



City Council Meeting
AGENDA
Monday, December 11, 2023, 6:30 PM

Work Session 5:30 P.M. Council Chambers Conference Room, City Hall, 114 North Broad Street, Salem, Virginia 24153

Regular Session 6:30 P.M. Council Chambers, City Hall, 114 North Broad Street, Salem, Virginia 24153

WORK SESSION

AMENDED AGENDA

1. Call to Order
2. New Business
 - A. **Discussion Items**
 - 1) Review proposed Legislative Agenda.
 - 2) Review of proposed Capital Reserve policy
 - 3) Overview of Annual Comprehensive Financial Report - Brown Edwards - John Aldridge
3. Adjournment

REGULAR SESSION

1. Call to Order
2. Pledge of Allegiance
3. Bid Openings, Awards, Recognitions
4. Consent Agenda
 - A. **Citizen Comments**

Comments from the public, limited to five minutes, on matters not already having a public hearing at the same meeting.
 - B. **Minutes**

Consider acceptance of the November 27, 2023, Regular Meeting minutes.

5. Old Business

A. **Amendment to the City Code - Chapter 66 Signs**

Consider adoption of ordinance on second reading amending Chapter 66, Article I, In General, Section 66-7, Nonconforming signs and 66-9, Removal of signs no longer advertising existing bona fide business, of the CODE OF THE CITY OF SALEM, VIRGINIA pertaining to signs. (Approved on first reading at the November 27, 2023, meeting.)

B. **Amendment to the City Code - Chapter 106 Zoning**

Consider adoption of ordinance on second reading amending Chapter 106, Zoning, Article II District Regulations, Sections 106-208.2, 106-214.2, 106-216.2, and 106-218.2, pertaining to permitted uses; Section 106-216.3 pertaining to site development regulations; Article III Use & Design Standards, section 106-304.21 pertaining to short term rentals; section 106-316.3 pertaining to accessory uses, residential; Article IV Development Standards, section 106-404 pertaining to parking requirements; and Article VI Definitions and use types, section 106-600 pertaining to definitions of the CODE OF THE CITY OF SALEM, VIRGINIA. (Approved at the November 27, 2023, Council meeting except Section 106-406.25 which was continued until the March 25, 2024, Council meeting.)

C. **Amendment to the City Code - Chapter 74 Streets, sidewalks and other public places**

Consider adoption of ordinance on second reading amending Chapter 74, Streets, Sidewalks, and Other Public Places, Article IV, Numbering of houses and buildings, Section 74-101(c) pertaining to assigning addresses, and Section 74-103 pertaining to placing of address numbers, of the CODE OF THE CITY OF SALEM, VIRGINIA. (Approved on first reading at the November 27, 2023, meeting.)

D. **Amendment to the City Code - Chapter 94 Nuisance Ordinance**

Consider adoption of ordinance on second reading amending Chapter 94, Nuisances, Section 94-3, Declaration of nuisances; abatement required, of the CODE OF THE CITY OF SALEM, VIRGINIA pertaining to trees. (Approved on first reading at the November 27, 2023, meeting.)

6. New Business

A. **Annual Comprehensive Financial Report**

Presentation of the Annual Comprehensive Financial Report for the year ended June 30, 2023. **Audit - Finance Committee**

B. **Appropriation of Funds**

Consider request to appropriate additional RSTP funding and local funding for the Elizabeth Campus Greenway. **Audit - Finance Committee**

C. **Appropriation of Funds**

Consider request to accept and appropriate the FY24 Staffing Recognition Grant from Virginia 911 Services Board. **Audit - Finance Committee**

D. **Appropriation of Funds**

Consider request to appropriate additional Smart Scale Funding and local funding for Downtown Improvements. **Audit - Finance Committee**

E. **Appropriation of Funds**

Consider request to accept and appropriate the FY24 Enterprise GIS Software Grant from Virginia 911 Services Board. **Audit - Finance Committee**

F. **Appropriation of Funds**

Consider request to re-appropriate funding for a Building Inspections vehicle. **Audit - Finance Committee**

G. **Appropriation of Funds**

Consider request to appropriate General Fund reserves for streetscape improvements for the development at the former Valleydale Plant. **Audit - Finance Committee**

H. **Appropriation of Funds**

Consider request to amend the School Operating Fund and School Grants Fund budgets as approved by the School Board on November 14, 2023. **Audit - Finance Committee**

I. **Appropriation of Funds**

Consider request to amend the School Operating Fund, School Grants Fund, and School Cafeteria Fund budgets as approved by the School Board on October 10, 2023. **Audit - Finance Committee**

J. **Abstract of Votes**

Receive the Abstract of Votes cast at the General Election held on November 7, 2023.

K. **2024 Legislative Package**

Consider adoption of Resolution 1460 adopting a Legislative Program for the 2024 session of the Virginia General Assembly and petitioning the General Assembly to favorably consider the issues and topics addressed herein.

L. **City Manager Appointment**

Consider the appointment of a new City Manager and approval of an employment agreement between the City Manager of the City of Salem and the City of Salem.

M. **City Holiday**

Consider addition of Tuesday, December 26, 2023, as a City holiday for employees.

7. **Adjournment**

City Council Meeting MINUTES

Monday, November 27, 2023, 6:30 PM

Work Session is cancelled for November 27, 2023

Regular Session 6:30 P.M. Council Chambers, City Hall, 114 North Broad Street, Salem, Virginia 24153

WORK SESSION

AMENDED AGENDA

WORK SESSION IS CANCELLED

REGULAR SESSION

1. Call to Order

A regular meeting of the Council of the City of Salem, Virginia, was called to order at 6:30 p.m., there being present the following members to wit: Renée Ferris Turk, Mayor; James W. Wallace, III, Vice-Mayor; Councilmembers: Byron Randolph Foley, William D. Jones, and H. Hunter Holliday (participated remotely); with Renée Ferris Turk, Mayor, presiding together with Rob Light, Interim City Manager and Clerk of Council; Rosemarie B. Jordan, Director of Finance; Chuck Van Allman, Director of Community Development; Mike Stevens, Director of Communications; Mary Ellen Wines, Zoning Administrator; Max Dillon, Planner; and Jim Guynn, City Attorney.

2. Pledge of Allegiance

Mayor Turk requested that Mr. Light read a request from Mr. Holliday to participate remotely in this Council meeting.

The request from Mr. Holliday stated: "in accordance with Section 2.2-3708.3 B.4 of the Code of the Commonwealth of Virginia and the Remote Participation Policy of the City of Salem, I hereby request to participate remotely due to a personal matter, specifically that I am out of town."

Randy Foley motioned to accept the remote participation of Mr. Holliday. William Jones seconded the motion.

Ayes: Foley, Jones, Turk, Wallace
Abstain: Holliday

Vice-Mayor Wallace motioned to amend tonight's agenda to add a Closed Session to discuss a personnel matter related to the City Manager position at the end of the meeting.

Randy Foley seconded the motion.

Ayes: Foley, Holliday, Jones, Turk, Wallace

Mr. Guynn clarified that this is done under Section 2.2-3711 A (1) of the Code of Virginia.

3. Bid Openings, Awards, Recognitions

Mayor Turk noted that Salem will be hitting a very impressive milestone this week. Beginning on Wednesday, November 29th, the Championship City will be hosting the 100th NCAA Championship event. The NCAA Division III Men's and Women's Soccer Championships will be held at Roanoke College starting on Thursday at three and finishing with championships on Saturday and Sunday. For thirty years now, Salem has crowned about ninety-nine NCAA Championship teams in Divisions II and III in seven different sports: baseball, basketball, football, soccer, volleyball, lacrosse, and softball. She expressed appreciation to City Staff, Tourism, and the Parks and Recreation Department that have worked so hard to bring these events to the City.

4. Consent Agenda

A. Citizen Comments

Comments from the public, limited to five minutes, on matters not already having a public hearing at the same meeting.

Stella Reinhard, 213 N. Broad Street, appeared before Council this evening. She shared copies of her notes with Council and for the City's records. She elaborated on details from a Freedom of Information Act (FOIA) request that she had submitted to the City on the process that has been followed by Hope Tree and the City for a potential rezoning request of this property. She expressed concern at the length of time that conversations on this potential project have been going on and regret that the residents surrounding the Hope Tree property have not been provided with the opportunity to attend open houses and offer input on the potential redevelopment of this land.

B. Minutes

Consider acceptance of the November 8, 2023 Special Meeting/East Bottom Community Engagement meeting with the Economic Development Authority of the City of Salem; the November 9, 2023, Special Meeting/Closed Session for the purpose of interviewing City

Manager candidates; and the November 13, 2023, Work Session and Regular Meeting minutes.

The minutes were approved as written.

C. Financial Reports

Consider acceptance of the Statement of Revenues and Expenditures for four months ending October 2023.

The financial reports were received.

5. Old Business

A. Water Rates

Consider ordinance on second reading to amend Chapter 90, Article IV Division 2, Section 90-257 of the City Code to adopt water rates for the years 2024 - 2028. (Approved on first reading at the November 13, 2023, meeting.)

William Jones motioned to adopt ordinance on second reading amending Chapter 90, Article IV, Division 2, Section 90-257 of the City Code to adopt water rates for the years 2024 -2028. Randy Foley seconded the motion.

Ayes: Foley, Holliday, Jones, Turk, Wallace

B. Sewer Rates

Consider ordinance on second reading to amend Chapter 90, Article IV, Division IV, Section 90-303, Subdivision I of the City Code to adopt changes pertaining to charges for sewage disposal for the years 2024-2028. (Approved on first reading at the November 13, 2023, meeting.)

Randy Foley motioned to adopt ordinance on second reading amending Chapter 90, Article IV, Division IV, Section 90-303, Subdivision I of the City Code to adopt changes pertaining to charges for sewage disposal for the years 2024-2028. William Jones seconded the motion.

Ayes: Foley, Holliday, Jones, Turk, Wallace

C. Water and Sewer Disposal Rates & Charges

Consider ordinance on second reading amending Chapter 90, Article III, Division 2, Subdivision I, Sections 90-74 and 90-128 pertaining to water and sewer disposal and rates and charges for the years 2024-2028. (Approved on first reading at the November 13, 2023, meeting.)

William Jones motioned to adopt ordinance on second reading amending Chapter 90, Article III, Division 2, Subdivision I, Sections 90-74 and 90-128 pertaining to water and sewer disposal and rates and charges for the years 2024-2028. Randy Foley seconded the motion.

Ayes: Foley, Holliday, Jones, Turk, Wallace

6. New Business

A. Special Exception Permit

Hold public hearing to consider the request of GKM Properties, LLC, property owner, for the issuance of a Special Exception Permit to allow a two-family dwelling on the property located at 800-802 Maryland Avenue (Tax Map # 147- 2 - 1). (Advertised in the November 16, and 22, 2023, issues of the *Salem Times-Register*.) (Recommend approval; see page 2 of Planning Commission minutes.) **STAFF REPORT**

Mr. Van Allman explained that this was originally built to accommodate a duplex. This sat abandoned for a period of time and the bottom level was not used. The grandfather clause fell out and they have reapplied to be a duplex which means separate electric service. There is no internal way to get upstairs from the downstairs on the interior and this is basically two separate living spaces.

Mayor Turk opened the public hearing.

Don Haddon, 1208 Corporate Circle, Roanoke, Balzer & Associates, agent for GKM Properties, appeared before Council and shared that this was built as a duplex and had been used as a duplex. Due to an unfortunate incident involving a sewer backup in 2013, the bottom unit was ruined. The unit went on the market in 2015. The building permit in 2013 was pulled and never finalized or closed out with a final inspection. The current owners wish to reinstate the special exception use. The current owners are planning to remedy the backup problem by putting in a backflow preventer in the bottom unit. Work is already being done on the current duplex to enhance the curb appeal of the property. They are putting in a retaining wall and flattening out the parking area. Access is off of Pine Street for both units. There are two access points. The top unit access is closer to the intersection and the bottom unit is accessed from behind. This property appears as a single-family residence and matches the surrounding area for aesthetics purposes. They have gone through the variance process as this is an existing non-conforming lot. That variance was approved for this process. The owners will be enlisting the help of MKB Realtors for the management and the vetting of

applicants that will potentially be renting in this location. He noted the stake that the owners have in this property.

Mayor Turk closed the public hearing.

Randy Foley motioned to approve the request of GKM Properties, LLC, property owner, for the issuance of a Special Exception Permit to allow a two-family dwelling on the property located at 800-802 Maryland Avenue (Tax Map # 147 – 2 - 1). William Jones seconded the motion.

Ayes: Foley, Holliday, Jones, Turk, Wallace

B. Amendment to the City Code - Chapter 66 Signs

Hold public hearing and consider adoption of ordinance on first reading amending Chapter 66, Article I, In General, Section 66-7, Nonconforming signs and 66-9, Removal of signs no longer advertising existing bona fide business, of the CODE OF THE CITY OF SALEM, VIRGINIA pertaining to signs. (Advertised in the November 16, and 22, 2023, issues of the *Salem Times - Register*.) (Recommend approval; see page 4 of Planning Commission minutes.) **STAFF REPORT**

Mayor Turk opened the public hearing.

Mary Ellen Wines, Zoning Administrator, 21 S. Bruffey Street, appeared before Council. She noted that a couple of years ago when Community Development started actively enforcing the City Code as opposed to a complaint basis, they took a look at the Sign Ordinance and noted many non-conforming signs existing in the City of Salem. Some of these have been around for decades. As they had discussions with property owners and informed them of their non-compliance, they quickly found out that it can be very expensive to alter or remove these signs. What is being proposed in this ordinance this evening is that they notify the property owner or business owner that the sign is in nonconformance and give them twelve months to either utilize the sign, bring it into compliance, or remove it. This will give the owners time to financially decide what is best for their business and property and give them an opportunity to make it happen. Currently they are given fifteen to thirty days. It can cost as much as \$25,000 - \$30,000 to remove a sign which can be difficult. This will allow them additional time to use the sign, bring it into conformance, or remove it. She noted that they are going to actively keep track of the signs that go into the two-year grandfathering period so that their twelve-month notification falls within the twenty-four-month period that they already have. This is geared to help those that have those signs and are not aware that they are in nonconformance. In addition, they wish to change the language for signs that no longer advertise and currently have sixty days to blank the face to read specifically that they have to be replaced with a white face.

Mr. Wallace asked when Council could expect a complete catalog of signs. Ms. Wines responded that she was unable to give a timeframe due to staffing. However, she noted that they would begin focusing on the main corridors and if this ordinance were approved this evening, they would start sending the Enforcement Officer back out to start actively looking for these signs. She anticipated that it could take up to a year to put together a complete catalog.

Mayor Turk closed the public hearing.

Randy Foley motioned to adopt ordinance on first reading amending Chapter 66, Article I, In General, Section 66-7, Nonconforming signs and 66-9, Removal of signs no longer advertising existing bona fide business, of the CODE OF THE CITY OF SALEM, VIRGINIA pertaining to signs. William Jones seconded the motion.

Ayes: Foley, Holliday, Jones, Turk, Wallace

C. Amendment to the City Code - Chapter 106 Zoning

Hold public hearing and consider adoption of ordinance on first reading amending Chapter 106, Zoning, Article II District Regulations, Sections 106-208.2, 106-214.2, 106-216.2, and 106-218.2, pertaining to permitted uses; Section 106-216.3 pertaining to site development regulations; Article III Use & Design Standards, section 106-304.21 pertaining to short term rentals; section 106-316.3 pertaining to accessory uses, residential; Article IV Development Standards, section 106-404 pertaining to parking requirements; section 106-406 miscellaneous provisions pertaining to storage containers; and Article VI Definitions and use types, section 106-600 pertaining to definitions of the CODE OF THE CITY OF SALEM, VIRGINIA. (Advertised in the November 16, and 22, 2023, issues of the *Salem Times - Register*.) (Recommend approval except Section 106-406.25 which was continued until the March 13, 2024, Planning Commission meeting; see page 5 of Planning Commission minutes.)

STAFF REPORT

Mayor Turk opened the public hearing and noted that this excludes Section 106-406.25, which was continued by the Planning Commission until the March 13, 2024, Planning Commission meeting.

Mary Ellen Wines, 21 S. Bruffey Street, noted that as the community and economy change, it is necessary to make changes to the zoning ordinance. A full rewrite of the zoning ordinance is foreseen once the Comprehensive Plan is complete. The first change being addressed this evening is regarding administrative services. Administrative services are governmental offices which provide administrative or clerical or public contact services that deal with the

citizen. Currently Salem does not allow administrative services in any zoning district by right. It is proposed to allow administrative services in Residential Business District, Highway Business District, and Light Manufacturing District. She also explained that Business Commerce District was designed as a flexible, industrial, custom manufacturing type district similar to Mill Race Drive. At the time that was created, the Site development regulations were supposed to be part of the rezoning process. Over the years, through zoning changes, many properties exist that are zoned as Business Commerce District that do not have those specified development regulations. It is being requested that any property zoned as Business Commerce District that did not have this done as part of the process be referred to the same site development as Highway Business District. In addition, due to the fact that Business Commerce District has spread to various locations over the years, it is being proposed to add retail and restaurant to those districts as well. This would also help to support the surrounding manufacturing districts.

They are also proposing to introduce Short-Term Rental as a use type, correspondingly identifying its parameters, while not currently allowing it in any zoning district. This is so that if and when these discussions are held with the community in the future, a base is already in place that would cover any state change that might come in the future.

An administrative change to the ordinance to promote uniformity with the yard sale policy of the Commissioner of Revenue has been included. This limits to two yard sales in a calendar year, each sale lasting a maximum of three days.

Ms. Wines noted that the City has talked for a number of years about revising parking regulations and that there were localities nationwide that removed minimum parking standards. She also stated that there were locations that instituted maximum parking regulations. The changes are being proposed, knowing that the zoning ordinance will be rewritten in the next few years, and that they can be tested knowing that they can be changed in the next few years. She explained the details of modifications to parking requirements as listed in the proposed ordinance that was included in this evening's Council packet as well as the reasoning for the changes.

Mr. Wallace requested Community Development's definition of administrative services.

Ms. Wines responded that it was "the governmental offices providing administrative, clerical, or public contact services that deal directly with a citizen. Typical uses are federal, state, county, and city offices.

Mr. Wallace clarified that this is limited to government with Ms. Wines.

Mr. John Breen, 142 Bogey Lane, also addressed Council. He asked if the City Attorney had reviewed and approved in writing these zoning regulation changes as well as the Code changes that were being proposed. He also requested to know if the word "shall" in these and other amendments to City Code means "must." He continued to express concerns about the enforcement of Code and requested whether there would be an assurance that these new changes would be enforced. Mr. Breen also expressed concern about definitions and clarity in the ordinances that are being presented to Council. He referenced specific sections and definitions in the proposed ordinances as examples of potential issues he saw that needed more clarification. He also offered suggestions for clarification in Section 106-406.25 that is being continued. Mr. Breen expressed the hope that Council will meet with the City Attorney and define if "shall" means "must".

Mayor Turk closed the public hearing.

William Jones motioned approval of first reading for the changes to Chapter 106 Zoning except Section 106-406.25 related to onsite storage and temporary mobile storage containers that was continued by the Planning Commission. Additionally, move to continue the public hearing and first reading of Section 106-406.25 only to the March 25, 2024, Council meeting. Randy Foley seconded the motion.

Ayes: Foley, Holliday, Jones, Turk, Wallace

Mr. Wallace went on record as noting that he wanted to acknowledge the comments this evening and that he felt that we could do a better job of writing the ordinances and codes so that there is more clarity.

D. Amendment to the City Code - Chapter 74 Streets, sidewalks and other public places

Consider adoption of ordinance on first reading amending Chapter 74, Streets, Sidewalks, and Other Public Places, Article IV, Numbering of houses and buildings, Section 74-101(c) pertaining to assigning addresses, and Section 74-103 pertaining to placing of address numbers, of the CODE OF THE CITY OF SALEM, VIRGINIA. **STAFF REPORT**

Mary Ellen Wines, 21 S. Bruffey Street, explained that historically in the City a property could be addressed to any street frontage available to that particular parcel regardless of access or to which street the primary structure faced. She shared an example of a corner lot in which there were two street frontages and noted that this could affect the zoning setback requirements for front yards, side yards, and rear yards. Moving forward, this proposed code change verifies that all buildings shall be addressed according to the street to which the lot (and

corresponding primary structure) faces. This is further defined in the zoning ordinance by **Building, front**. "That portion of a building facing the street of address." The goal of this change is to ensure the front door shall be provided with orientation to the street on which it is addressed. In addition, the proposed ordinance clarifies the manner in which each building should be numbered so that it corresponds with the State Code.

Mr. Wallace asked if homeowners would be grandfathered in that did not presently have numbers.

Ms. Wines responded that this section was not enforced except through the Fire Marshal's office on commercial property.

Randy Foley motioned to adopt ordinance on first reading amending Chapter 74, Streets, Sidewalks, and Other Public Places, Article IV, Numbering of houses and buildings, Section 74-101(c) pertaining to assigning addresses, and Section 74-103 pertaining to placing of address numbers, of the CODE OF THE CITY OF SALEM, VIRGINIA. William Jones seconded the motion.

Ayes: Foley, Holliday, Jones, Turk, Wallace

E. **Amendment to the City Code - Chapter 94 Nuisance Ordinance**

Consider adoption of ordinance on first reading amending Chapter 94, Nuisances, Section 94-3, Declaration of nuisances; abatement required, of the CODE OF THE CITY OF SALEM, VIRGINIA pertaining to trees. **STAFF REPORT**

Mary Ellen Wines, 21 S. Bruffey Street, gave background information on this item. She noted that since the introduction of trees into the nuisance ordinance in June of 2021, we have received numerous complaints regarding trees, their limbs, and their potential to possibly impact another property. From the inception of the nuisance ordinance, the incorporation of trees was ultimately intended to assist property owners when a danger to life and property was either probable or had already occurred due to the falling of trees and/or branches.

Throughout our implementation of the nuisance ordinance, our code enforcement team has learned and concluded that once the damage has occurred, it is simply a private property issue that should be handled between property owners. As a result, the phrase "have fallen" should be removed from the nuisance ordinance.

In addition to the removal of damage which has already occurred, we are proposing to add the term "imminent" to the "trees or parts thereof in danger of falling" phrase to mitigate the flooding of calls received for what in actuality are benign organisms. Certainly, an act of God can render any tree a significant

danger, but these changes are crafted in a way which establishes a credible threat to life/property under normal circumstances must be present for the City to get involved. She explained that this was in an effort to clarify what is appropriate for the City to enforce.

Mr. Wallace asked about a specific instance such that a neighbor had tree leaning forty-five degrees over on his property line if this would be considered "imminent danger"?

Ms. Wines responded that she would not be able to determine this without seeing the actual tree. If the roots were exposed and it was pulling up out of the ground, this would be considered an "imminent danger". If the tree was well-rooted and set, with green leaves, and leaning by nature then it would most likely not be considered an "imminent danger". She noted that they do their best to assist the citizen and that sometimes included beginning a conversation with the neighbor.

Mr. Wallace asked Mr. Guynn if this code was enforceable as written.

Mr. Guynn responded that it was. He explained that if a citizen was not able to reach an agreement with the neighbor that they would end up in front of a higher authority to determine the situation. It is not always predictable how a judge will interpret the code in a specific situation.

Mr. Van Allman added that this does not preclude Community Development from bringing Engineering into the situation and, if it was in their purview and the situation warranted it, they could seek the advice of professional arborists or horticulturists. They exercise due diligence.

Mr. Foley noted that this needed to be applied to trees belonging to the City of Salem as well.

William Jones motioned to adopt ordinance on first reading amending Chapter 94, Nuisances, Section 94-3, Declaration of nuisances; abatement required, of the CODE OF THE CITY OF SALEM, VIRGINIA pertaining to trees. Randy Foley seconded the motion.

Ayes: Foley, Holliday, Jones, Turk, Wallace

F. Boards and Commissions

Consider appointments to various boards and commissions.

Randy Foley motioned to appoint Patrick Snead for the remainder of the current five-year term of David Botts as a regular member ending January 1, 2025, and also to appoint David Botts as an alternate member for a five-year term ending January 1, 2029, to the Board of Appeals (USBC Building Code);

also, to reappoint Rob Light for a full four-year term ending December 31, 2027, to the Roanoke Valley Resource Authority. Jim Wallace seconded the motion.

Ayes: Foley, Holliday, Jones, Turk, Wallace

Jim Wallace motioned to reappoint Bill Jones and April M. Staton as members and Byron R. Foley, Rosemarie Jordan, and Steve Garber as Alternates for one-year terms ending December 31, 2024, to the Western Virginia Regional Jail Authority. Renée Turk seconded the motion.

Ayes: Foley, Holliday, Jones, Turk, Wallace

Mayor Turk noted several vacancies on various boards and encouraged them to go on the website and shared how to find this information. She shared appreciation for the involvement of citizens.

7. Closed Session

A. Closed Session

Hold a closed session in accordance with Section 2.2-3711 A (1) of the 1950 Code of Virginia, as amended, to discuss a personnel matter, namely the position of City Manager.

Jim Wallace motioned that in accordance with Section 2.2-3711 A (1) of the 1950 Code of Virginia, as amended, Council hereby convenes to closed session at 7:19 p.m. for the purpose of discussing a personnel matter, namely the position of City Manager. Randy Foley seconded the motion.

Ayes: Foley, Holliday, Jones, Turk, Wallace

It was noted that no action was anticipated this evening.

Mayor Turk encouraged the citizens to consider shopping local during the holiday season.

James Wallace motioned to reconvene at 7:54 p.m. in accordance with Section 2.2-3712 D. of the Code of Virginia, 1950 as amended to date, Council certifies that in

closed session only items lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act and only such items identified in the motion by which the closed session was convened were heard, discussed, or considered by the Council. Randy Foley seconded the motion.

Ayes: Foley, Holliday, Jones, Turk, Wallace

8. Adjournment

The meeting was adjourned at 7:54 p.m.

Item #5A
Date: 12/11/2023

AT A REGULAR MEETING OF CITY COUNCIL OF THE CITY OF SALEM,
VIRGINIA HELD IN COUNCIL CHAMBERS

AGENDA ITEM: Chapter 66 Code Changes
Consider adoption of ordinance on second reading amending Chapter 66, Article I, In General, Section 66-7, Nonconforming signs and 66-9, Removal of signs no longer advertising existing bona fide business, of the CODE OF THE CITY OF SALEM, VIRGINIA pertaining to signs. (Approved on first reading at the November 27, 2023, meeting.)

SUBMITTED BY: Max Dillon, Planner

SUMMARY OF INFORMATION:

Throughout the process of working with various property and business owners, it has come to staff's attention that nonconforming signs are prevalent throughout Salem, and the cost of removing those signs is often exorbitant. As a result, the following code change would allow property/business owners a period of 12 months to either utilize or remove a nonconforming sign, during which time no other signs will be permitted for that business.

The proposed change in Section 66-9 would require signs which no longer advertise a bona fide business to be replaced with a blank white face, as opposed to be replaced with a black face/covered. This adjustment is designed to promote uniformity and enhance the aesthetics of outdated signs.

Section 66-7

B(9): Discontinued use. If any nonconforming sign or any use to which such a sign applies is discontinued for a period exceeding two years, it shall then be made to conform with the requirements of this chapter or removed. In addition, a nonconforming sign structure shall be removed by the owner or lessee of the property. The city manager or his designee shall give the owner twelve (12) months to utilize the sign, make it conform with the requirements of this chapter or remove the sign and all parts of the sign structure. During this time no other sign permits will be issued for the parcel on which the nonconforming sign is located.

Section 66-9

Whenever any sign no longer advertises an existing bona fide business, service or product manufactured on a premise, and such business, service or product has not been located or been available on the premises for 60 days or more, such sign face shall be replaced with a blank white sign face. professionally covered, or the sign face painted blank.

AN ORDINANCE TO AMEND, REVISE, AND REORDAIN CHAPTER 66, SIGNS,
ARTICLE I, IN GENERAL, SECTIONS 66-7 and 66-9 OF THE CODE OF THE CITY OF
SALEM, VIRGINIA PERTAINING TO SIGNS.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SALEM, VIRGINIA, that Sections
66-7 and 66-9, Article I of The Code of the City of Salem, Virginia, be amended, revised, and
reordained to read as follows:

CHAPTER 66
SIGNS
ARTICLE I IN GENERAL

Sec. 66-7. Nonconforming signs.

- A. Signs legally in existence at the time of the adoption of this chapter, which do not conform to the requirements of this chapter, shall be considered nonconforming signs.
 - 1. Electronic sign settings not meeting the regulations herein shall not be considered nonconforming since the settings may be easily altered.
 - 2. The burden of establishing nonconforming status of signs and of the physical characteristics/location of such signs shall be that of the owner of the property. Upon notice from the city manager, or his designee, a property owner shall submit verification that sign(s) were lawfully existing at time of construction. Failure to provide such verification shall be cause for order to remove sign(s) or bring sign(s) into compliance with the current ordinance.
 - 3. To determine the legal status of existing signs in each of the cases listed in section 66-7(B), the applicant shall submit the following information to the city manager or his designee:
 - a. Type(s) of existing sign(s) located on the property.
 - b. The area and height of all signs.
 - c. For freestanding signs, the distance between the curbline or shoulder and the nearest portion of the sign. A certified plat may be required.
 - d. Type of sign illumination.
 - e. The electronic capabilities of the sign.
 - f. The material of which the sign is constructed.
 - g. The building frontage.
 - h. The control method for glare and brightness.
- B. All permanent signs and sign structures shall be brought into conformance with the sign regulations when and if the following occurs:
 - 1. The sign is removed, relocated, or significantly altered. Significant alterations include changes in the height, size or dimension of the sign. Changes to the sign copy or the replacement of a sign face on a nonconforming sign shall not be considered a significant alteration. Moving a window sign to another location within or to another window shall be considered a relocated sign.

2. If less than 50 percent of the sign area is destroyed or damaged, it may be restored within two years after such destruction or damage but shall not be enlarged in any manner.
 3. If more than 50 percent of the sign area is destroyed or damaged, it shall not be reconstructed but may be replaced with a sign that is in full accordance with the provisions of this chapter.
 4. An alteration in the structure of a sign support.
 5. A change in the mechanical facilities or type of illumination.
 6. A change in the material of the sign face.
 7. The property on which the nonconforming sign is located submits a subdivision or land development application or site plan requiring city review and approval.
 8. The property on which the nonconforming sign is located submits an application for an amendment to the zoning ordinance requiring the review and approval of city council.
 9. Discontinued use. If any nonconforming sign or any use to which such a sign applies is discontinued for a period exceeding two years, it shall then be made to conform with the requirements of this chapter or removed. In addition, a nonconforming sign structure shall be removed by the owner or lessee of the property. **The city manager or his designee shall give the owner twelve (12) months to utilize the sign, make it conform with the requirements of this chapter or remove the sign and all parts of the sign structure. During this time no other sign permits will be issued for the parcel on which the nonconforming sign is located.** If the owner or lessee fails to remove the sign structure, the city manager, or his designee, shall give the owner 15 days' written notice to remove it. Upon failure to comply with this notice, the city manager, or his designee, may enter the property upon which the sign is located and remove any such sign or may initiate such action as may be necessary to gain compliance with this provision. The cost of such removal shall be chargeable to the property owner and may be collected as taxes and levies.
 10. Nothing in this section shall be deemed to prevent keeping in good repair a nonconforming sign. Nonconforming signs shall not be extended or structurally reconstructed or altered in any manner, except a sign face may be changed so long as the new face is equal to or reduced in height and/or sign area. The material of the sign face shall not be changed.
- C. Prior to the events listed in section 66-7(B), nonconforming signs may be repainted or repaired up to 50 percent of the replacement cost of the sign, the sign copy may be changed, and sign faces may be replaced provided that these actions do not increase the dimensions of the existing sign, and do not in any way increase the extent of the sign's nonconformity.

- D. Nonconforming signs shall be exempt from the provisions of section 66-7, if the nonconforming sign possesses documented historic value, and has met the requirements and has been approved in accordance with section 66- 13.
- E. All electronic signs must be programmed so as to conform to the regulations of this chapter.

Sec. 66-9. Removal of sign no longer advertising existing bona fide business.

Whenever any sign no longer advertises an existing bona fide business, service or product manufactured on a premise, and such business, service or product has not been located or been available on the premises for 60 days or more, such sign **face** shall be replaced with a blank white sign face. ~~professionally covered, or the sign face painted blank.~~

All ordinances or parts of ordinances in conflict with the provisions of this ordinance be and the same are hereby repealed.

This ordinance shall be in full force and effect ten (10) days after its final passage.

Upon a call for an aye and a nay vote, the same stood as follows:

H. Hunter Holliday -
William D. Jones -
Byron Randolph Foley -
James W. Wallace, III –
Renee F. Turk –

Passed:
Effective:

Mayor

ATTEST:

H. Robert Light
Clerk of Council
City of Salem, Virginia

Planning Commission Meeting
MINUTES
Wednesday, November 15, 2023, 7:00 PM

Work Session 6:00PM Council Chambers Conference Room, City Hall, 114 North Broad Street:

WORK SESSION

1. Call to Order

A work session of the Planning Commission of the City of Salem, Virginia, was held in Council Chambers Conference Room, City Hall, 114 North Broad Street, Salem, Virginia, at 6:00 p.m. on November 15, 2023; there being the members of said Commission, to wit: Vicki G. Daulton, Chair; Reid Garst, Neil L. Conner, and Jackson Beamer; together with Mary Ellen Wines, Planning & Zoning Administrator; Charles E. Van Allman, Jr., Director of Community Development; Maxwell S. Dillon, Planner; and Christopher Dadak, City Attorney; and the following business was transacted: Chair Daulton called the meeting to order at 5:58 p.m. and reported that this date, place and time had been set for the Commission to hold a work session.

2. New Business

A. Discussion of items on the November agenda

1. 800-802 Maryland
2. Sign code changes
3. Zoning ordinance changes

A discussion was held regarding the item on the November agenda.

B. Introduction of items on the December agenda

1. 68 St. John Road Rezoning HBD to HM
2. 2105-2121 Apperson Drive BCD to HBD

Items for the December agenda were introduced, and a discussion was held.

3. Adjournment

Chair Daulton inquired if there were any other items for discussion and hearing none, adjourned the work session at 6:53 p.m.

REGULAR SESSION

1. Call to Order

A regular meeting of the Planning Commission of the City of Salem, Virginia, was held after due and proper notice in the Council Chambers, City Hall, 114 North Broad Street, Salem, Virginia, at 7:00 p.m., on November 15, 2023. Notice of such hearing was published in the November 2 and 9, 2023, issues of the "Salem Times Register," a newspaper published and having general circulation in the City of Salem. All adjacent property owners were notified via the U. S. Postal Service.

The Commission, constituting a legal quorum, presided together with H. Robert Light, interim City Manager; Christopher Dadak on behalf of Jim Guynn, City Attorney; Mary Ellen Wines, Planning & Zoning Administrator; Maxwell S. Dillon, City Planner; and Charles E. Van Allman, Jr., Director of Community Development, and the following business was transacted:

A. **Pledge of Allegiance**

2. Consent Agenda

A. **Minutes**

Consider acceptance of the minutes from the October 11, 2023, work session and regular meeting.

Jackson Beamer motioned Consider acceptance of the minutes from the September 13, 2023, work session and regular meeting and the September 29, 2023, joint work session with City Council. Neil Conner seconded the motion.

Ayes: Beamer, Conner, Daulton, Garst, King

3. New Business

A. **Special Exception Permit**

Hold public hearing to consider the request of GKM Properties, LLC, property owner, for the issuance of a Special Exception Permit to allow a two-family dwelling on the property located at 800-802 Maryland Avenue (Tax Map # 147 – 2 - 1).

Staff noted the following: The subject property (800-802 Maryland Avenue, Tax Map # 147-2-1) consists of a 0.226-acre tract which possesses the RSF Residential Single-Family designation. 800-802 Maryland Avenue was originally built as an up/down duplex (two family dwelling) in 1966; however, in 2013 a building permit was issued to demo the lower unit due to a sewer back up. The unit sat vacant, and the property sold in 2015. The owner at that time discussed putting the lower unit back; however, it was never completed. The property then sold in 2023 and the current owner wishes to reestablish the lower unit. The zoning ordinance requires that two family dwellings receive a Special Exception Permit in order to be constructed in the RSF Residential Single-Family District.

On October 26, 2023, the Board of Zoning Appeals approved a variance for the minimum lot frontage and width in order for the lot to meet the minimum requirements of the RSF Residential Single-Family District. As a result, the property now satisfies those standards.

The Future Land Use Map (FLUM) identifies this area as residential, consistent with the proposed utilization of the property should the Special Exception Permit be granted.

Don Hadden, Balzer & Associates, agent for GKM Properties, appeared before the Commission and stated that the request is to reinstate the property as a duplex. The property sat vacant for over two years; therefore, it lost its "grandfathered" status.

The property was built in 1966 as a duplex, but had some unfortunate circumstances happen that ruined the bottom unit. The current owners are local and are invested in the property and the community. Some landscaping and cleaning up of the exterior of the property has already started. Currently the house fronts facing Maryland Avenue and has access from Pine Street to both units, and street parking is also available.

Member Garst questioned what year the property was last occupied as multi-family.

Mr. Hadden stated that it was in 2015 and noted that the top unit is the only one that had been in use until the property became vacant.

Vice Chair King questioned what measures had been taken to correct the sewer issue.

Greg Matthews, property owner, 5364 Paragren Crest Circle, Roanoke, appeared before the Commission and stated that they currently have contractors evaluating the property. He plans to update the unit, but the project has been on hold until the outcome of the Special Exception Permit request is known.

Member Conner questioned the projected rent of the units.

Mr. Matthews stated that MKB Realtors would manage the property and handle the vetting of the renters. The projected rent would be just under \$1,500 a month for each unit. A landscaping company would mow the grass.

A discussion was held regarding the sewer issues of the property, landscaping, upgrades, etc.

It was again noted that the structure was originally built as a duplex and was also noted that the Special Exception Permit can be revoked.

Mark Jones, 808 Maryland Avenue, appeared before the Commission, and stated that he lives the closest to the residence and will be the most affected by the decision. He and his wife have lived there for almost 35 years and have raised a family in their home. He further stated that there have been some bad tenants over the years, and he is concerned about future tenants.

Member Conner questioned who owned the property during that time.

Mr. Jones stated that Luke Waldrop owned the property. He stated that there have been some good tenants, but mostly bad tenants over the years. He noted that his sewer goes

out the rear of his property and assumes it goes out the rear of the property in question as well.

A discussion was held regarding previous tenants, previous owners, the request is revocable, etc.

Vicki Jones, 808 Maryland Avenue, appeared before the Commission and stated that their master bedroom backs up to the right to the bottom unit of the subject property. She also noted the issues and struggles with the property over the years.

Marie Tourville, 812 Maryland Avenue, appeared before the Commission and stated that she has a disabled daughter that stays home alone during the day, and she is concerned about the potential nature of the tenants.

It was noted that only one person came into the office to ask about the request and did not address any concerns. Just inquired about the request.

Mr. Matthews reappeared before the Commission and discussed the applicant screening process done by MKB Realty.

Mr. Dadak noted that it is inappropriate for Planning Commission to assume illegal actions by the applicant.

No other person(s) appeared related to the request.

Neil Conner motioned approve the request of GKM Properties, LLC, property owner, for the issuance of a Special Exception Permit to allow a two-family dwelling on the property located at 800-802 Maryland Avenue (Tax Map # 147 – 2 - 1). Denise King seconded the motion.

Ayes: Beamer, Conner, Daulton, Garst, King

B. Amendment to the City Code - Chapter 66 Signs

Hold public hearing to consider amending Chapter 66, Article I, In General, Section 66-7, Nonconforming signs and 66-9, Removal of signs no longer advertising existing bona fide business, of the CODE OF THE CITY OF SALEM, VIRGINIA pertaining to signs.

Mary Ellen Wines, Zoning Administrator, appeared before the Commission and stated that signs perform an important function in identifying and promoting properties, businesses, services, residence, events, and other matters of interest to the public. However, signs can also obstruct views, distract motorists, displace alternative uses for land, and pose other problems that legitimately call for regulation. As a result, it is incredibly important to ensure that signs are properly managed, maintained, and even improved when necessary; especially those which do not meet the current standards and those that advertise businesses that are no longer in operation. The following guidelines are mechanisms by which non-conforming signs and signs no longer advertising a bona fide business will be regulated moving forward.

For non-conforming signs, the City shall give the owner twelve (12) months to utilize the sign, to make it conform to the current regulations of this chapter, or to remove the sign and all parts of the sign structure. By giving them the additional twelve months, no other sign permits can be pulled for the property. Failure to meet the required ten-foot setback will not

be enforced as a non-conforming violation due to the historic right-of-way expansion over the years. The size and height of the sign will come into play for non-conforming signs.

Signs that no longer advertise an existing bona fide business--instead of having the sign covered or replaced, the face only of the sign will be required to be replaced by a blank white face within 60 days after the closing of the business.

No other person(s) appeared related to the item.

Neil Conner motioned approve amending Chapter 66, Article I, In General, Section 66-7, Nonconforming signs and 66-9, Removal of signs no longer advertising existing bona fide business, of the CODE OF THE CITY OF SALEM, VIRGINIA pertaining to signs. Jackson Beamer seconded the motion.

Ayes: Beamer, Conner, Daulton, Garst, King

C. Amendment to the City Code - Chapter 106 Zoning

Hold public hearing to consider amending Chapter 106, Zoning, Article II District Regulations, Sections 106-208.2, 106-214.2, 106-216.2, and 106-218.2, pertaining to permitted uses; Section 106-216.3 pertaining to site development regulations; Article III Use & Design Standards, section 106-304.21 pertaining to short term rentals; section 106-316.3 pertaining to accessory uses, residential; Article IV Development Standards, section 106-404 pertaining to parking requirements; section 106-406 miscellaneous provisions pertaining to storage containers; and Article VI Definitions and use types, section 106-600 pertaining to definitions of the CODE OF THE CITY OF SALEM, VIRGINIA.

Staff noted the following:

As staff has worked through the enforcement of the current zoning ordinance, it has become apparent that a few use types (administrative services, restaurant, retail sales) are either missing, or not appropriate in certain zoning districts. The changes in bold below reflect those adjustments. Additionally, the establishment of previously absent site development regulations for BCD Business Commerce District have been introduced.

Staff would also like to introduce Short-Term Rental as a use type, correspondingly identifying its parameters, while not currently allowing it in any zoning district. This is designed to prevent the City of Salem from potentially being forced to adopt state-mandated short-term rental regulations.

Adjustments to the ordinance to promote uniformity with the yard sale policy have been included.

Off-street parking requirements have been modified in an effort to reduce the minimum requirements for several use types. The objective of these changes is to maximize usable space while also removing unnecessary impervious surfaces that introduce negative environmental benefits.

Changes to the regulation of storage containers have been proposed to improve the character of major commercial corridors (i.e., Main Street, Wildwood Road, 4th Street, etc.) by not allowing them to be viewed from the public way. Residential

storage containers which facilitate relocation and renovation will still be permitted temporarily through the Community Development Office.

Finally, staff has proposed additional language which will require the front door of any residential structure to face the street to which it is addressed. This change will remove ambiguity in the current code which potentially allows for the manipulation of front, side, and rear yards for lots which possess more than one street frontage.

Duane Smith, 462 Patricia Drive and 1020 S. College Avenue, appeared before the Commission regarding the proposed amendment regarding storage containers. He stated that he understands the restriction in certain corridors but does not agree with College Avenue. He knows certain properties are being targeted, two of which he owns. The storage containers on his property are well-maintained and mostly out of sight from the street. He listed a few properties he knew that currently had storage containers on their property. He feels that the storage containers are better suited for businesses as they are made of steel, last longer, have less repair, more economical, etc. He feels that the proposed amendment needs to be fine-tuned.

A discussion was held regarding the proposed amendment(s) to Section 106-406 miscellaneous provisions pertaining to storage containers and it was continued to the March 13, 2024, meeting.

No other person(s) appeared related to the item.

Jackson Beamer motioned approve amending Chapter 106, Zoning, Article II District Regulations, Sections 106-208.2, 106-214.2, 106-216.2, and 106-218.2, pertaining to permitted uses; Section 106-216.3 pertaining to site development regulations; Article III Use & Design Standards, section 106-304.21 pertaining to short term rentals; section 106-316.3 pertaining to accessory uses, residential; Article IV Development Standards, section 106-404 pertaining to parking requirements; and Article VI Definitions and use types, section 106-600 pertaining to definitions of the CODE OF THE CITY OF SALEM, VIRGINIA. Denise King seconded the motion.

Ayes: Beamer, Conner, Daulton, Garst, King

4. Adjournment

On motion by Member Conner, seconded by Vice Chair, the meeting was adjourned at 8:08 pm.

Classified Advertising **DELIVERS**

GENERAC

AT A REGULAR MEETING OF CITY COUNCIL OF THE CITY OF SALEM,
VIRGINIA HELD IN COUNCIL CHAMBERS

AGENDA ITEM: Chapter 106 Code Changes
Consider adoption of ordinance on second reading amending Chapter 106, Zoning, Article II District Regulations, Sections 106-208.2, 106-214.2, 106-216.2, and 106-218.2, pertaining to permitted uses; Section 106-216.3 pertaining to site development regulations; Article III Use & Design Standards, section 106-304.21 pertaining to short term rentals; section 106-316.3 pertaining to accessory uses, residential; Article IV Development Standards, section 106-404 pertaining to parking requirements; and Article VI Definitions and use types, section 106-600 pertaining to definitions of the CODE OF THE CITY OF SALEM, VIRGINIA. (Approved at the November 27, 2023, Council meeting except Section 106-406.25 which was continued until the March 25, 2024, Council meeting.)

SUBMITTED BY: Max Dillon, Planner

SUMMARY OF INFORMATION:

As staff has worked through the enforcement of the current zoning ordinance, it has become apparent that a few use types (administrative services, restaurant, retail sales) are either missing, or not appropriate in certain zoning districts. The changes in bold below reflect those adjustments. Additionally, the establishment of previously absent site development regulations for BCD Business Commerce District have been introduced.

Staff would also like to introduce Short-Term Rental as a use type, correspondingly identifying its parameters, while not currently allowing it in any zoning district. This is designed to prevent the City of Salem from potentially being forced to adopt state-mandated short-term rental regulations.

Adjustments to the ordinance to promote uniformity with the yard sale policy have been included.

Off-street parking requirements have been modified in an effort to reduce the minimum requirements for several use types. The objective of these changes is to maximize usable space, while also removing unnecessary impervious surfaces that introduce negative environmental benefits.

Changes to the regulation of storage containers have been proposed to improve the character of major commercial corridors (i.e. Main Street, Wildwood Road, 4th Street, etc.) by not allowing them to be viewed from the public way. Residential storage containers which facilitate relocation and renovation will still be permitted temporarily through the Community

Development Office.

Finally, staff has proposed additional language which will require the front door of any residential structure to face the street to which it is addressed. This change will remove ambiguity in the current code which potentially allows for the manipulation of front, side, and rear yards for lots which possess more than one street frontage.

AN ORDINANCE TO AMEND, REVISE, AND REORDAIN CHAPTER 106, ZONING, ARTICLE II DISTRICT REGULATIONS, SECTIONS 106-208.2, 106-214.2, 106-216.2, AND 106-218.2, PERTAINING TO PERMITTED USES; SECTION 106-216.3 PERTAINING TO SITE DEVELOPMENT REGULATIONS; ARTICLE III USE & DESIGN STANDARDS, SECTION 106-304.21 PERTAINING TO SHORT TERM RENTALS, SECTION 106-316.3 PERTAINING TO ACCESSORY USES, RESIDENTIAL; ARTICLE IV DEVELOPMENT STANDARDS, SECTION 106-404. PERTAINING TO PARKING REQUIREMENTS; AND ARTICLE VI DEFINITIONS AND USE TYPES, SECTIONS 106-600 PERTAINING TO DEFINITIONS OF THE CODE OF THE CITY OF SALEM, VIRGINIA.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SALEM, VIRGINIA, that Sections 106-208.2, 106-214.2, 106-216.2, 106-216.3 AND 106-218.2, Article II; Sections 106-304.21, 106-316.3, Article III; Section 106-404, Article IV; Section 106-600. Article VI, Chapter 106 of The Code of the City of Salem, Virginia, be amended, revised, and reordained to read as follows:

CHAPTER 106 ZONING

ARTICLE II DISTRICT REGULATIONS

Sec. 106-208.2. Permitted uses.

(A) The following uses are permitted by right in the RB Residential Business District, subject to all other applicable requirements contained in this chapter. An asterisk (*) indicates that the use is subject to additional, modified or more stringent standards as listed in article III, use and design standards.

1. *Agricultural Use Types*
(None)
2. *Residential Use Types*
Accessory Apartment *
Home Occupation *
Manufactured Home, Emergency *
Residential Human Care Facility
Single Family Dwelling, Detached *
Townhouse *
3. *Civic Use Types*
Administrative Services
Cultural Services
Public Parks and Recreation Areas
Religious Assembly

4. *Office Use Types*
General Offices
5. *Commercial Use Types*
Homestay Inn *
Studio, Fine Arts
6. *Industrial Use Types*
(None)
7. *Miscellaneous Use Types*
Amateur Radio Tower *
Utility Services—Minor

(B) The following uses are permitted by special exception in the RB Residential District, subject to all other applicable requirements contained in this chapter. An asterisk (*) indicates that the use is subject to additional, modified or more stringent standards as listed in article III, use and design standards.

1. *Agricultural Use Types*
(None)
2. *Residential Use Types*
Family Day Care Home *
Multi-Family Dwelling *
Single Family Dwelling, Attached
Two Family Dwelling
3. *Civic Use Types*
Administrative Services
Educational Facilities—Primary/Secondary
4. *Office Use Types*
Financial Institutions
Medical Offices/Clinics
5. *Commercial Use Types*
Antique Shops
Day Care Center *
Personal Services
Retail Sales
6. *Industrial Use Types*
(None)
7. *Miscellaneous Use Types*
(None)

Sec. 106-214.2. Permitted uses.

(A) The following uses are permitted by right in the HBD Highway Business District, subject to all other applicable requirements contained in this chapter. An asterisk (*) indicates that the use is subject to additional, modified or more stringent standards as listed in article III, use and design standards.

1. *Agricultural Use Types*

(None)

2. *Residential Use Types*

Home Occupation*

Manufactured Home, Emergency *

3. *Civic Use Types*

Administrative Services

Assisted Care Residence

Clubs

Cultural Services

Guidance Services

Life Care Facility

Nursing Home

Park and Ride Facility

Post Office

Public Assembly

Public Maintenance and Service Facilities

Public Parks and Recreation Areas

Religious Assembly

Safety Services

4. *Office Use Types*

Financial Institutions

General Offices

Laboratories

Medical Offices/Clinics

5. *Commercial Use Types*

Agricultural Services

Antique Shops

Assembly Hall

Athletic Instruction Services

Automobile Dealership, New *

Automobile Parts/Supply, Retail

Automobile Rental/Leasing

Automobile Repair Services, Minor

Business or Trade School
Business Support Services
Car Wash
Commercial Indoor Amusement
Commercial Indoor Entertainment
Commercial Indoor Sports and Recreation
Commercial Outdoor Entertainment
Commercial Outdoor Sports and Recreation
Communication Services
Construction Sales and Services
Consumer Repair Services
Convenience Store
Day Care Center *
Equipment Sales and Rental
Funeral Services
Garden Center
Gasoline Station
Golf Course
Homestay Inn *
Hotel/Motel/Motor Lodge
Kennel, Commercial
Laundry
Personal Improvement Services
Personal Services
Recreational Vehicle Sales and Service *
Restaurant
Retail Sales
Studio, Fine Arts
Veterinary Hospital/Clinic

6. *Industrial Use Types*

Custom Manufacturing
Recycling Centers and Stations
Transportation Terminal

7. *Miscellaneous Use Types*

Outdoor Gathering *
Utility Service, Minor

(B) The following uses are permitted by special exception in the HBD Highway Business District, subject to all other applicable requirements contained in this chapter. An asterisk (*) indicates that the use is subject to additional, modified or more stringent standards as listed in article III, use and design standards.

1. *Agricultural Use Types*
(None)
2. *Residential Use Types*
(None)
3. *Civic Use Types*
~~Administrative Services~~
Cemetery *
Correction Facilities
Crises Center
Educational Facilities, Primary/Secondary
Halfway House
4. *Office Use Types*
Outpatient Mental Health and Substance Abuse Clinic *
Short-Term Lender
5. *Commercial Use Types*
Adult Business *
Automobile Dealership, Used *
Automobile Repair Services, Major *
Dance Hall
Flea Market
Hospital
Manufactured Home Sales *
Massage Parlor
Pawn Shop
Personal Storage *
Truck Stop
6. *Industrial Use Types*
(None)
7. *Miscellaneous Use Types*
Aviation Facility
Parking Facility, Surface/Structure
Tower *
Utility Service, Major

Sec. 106-216.2. Permitted uses.

- (A) The following uses are permitted by right in the BCD Business Commerce District, subject to all other applicable requirements contained in this chapter. An asterisk (*) indicates that the use is subject to additional, modified or more stringent standards as listed in article III, use and design standards.

1. *Agricultural Use Types*
(None)
2. *Residential Use Types*
Manufactured Home, Emergency *
3. *Civic Use Types*
Cultural Services
Guidance Services
Post Office
Public Parks and Recreation Areas
Safety Services
4. *Office Use Types*
Financial Institutions
General Offices
Laboratories
Medical Offices/Clinics
5. *Commercial Use Types*
Business or Trade School
Communication Services
Day Care Center *
Hotel/Motel/Motor Lodge
Restaurant
Retail Sales
6. *Industrial Use Types*
Custom Manufacturing
Industry Type I
7. *Miscellaneous Use Types*
Utility Services Minor

Sec. 106-216.3. Site development regulations.

Business Commerce District (BCD) site development regulations and requirements pertaining to minimum lot sizes, minimum lot frontages, minimum open space requirements, minimum setbacks, maximum lot coverage and maximum building heights shall be established by the council **during the amendment to the ordinance process** after review and recommendation of the planning commission. **Should the property already be zoned BCD, Business Commerce District, and the development standards have not been established then the site development regulations from HBD, Highway Business District shall apply.**

Sec. 106-218.2. Permitted uses.

- (A) The following uses are permitted by right in the LM Light Manufacturing District, subject to all other applicable requirements contained in this chapter. An asterisk (*) indicates that the use is subject to additional, modified or more stringent standards as listed in article III, use and design standards.

1. *Agricultural Use Types*
(None)
2. *Residential Use Types*
Manufactured Home, Emergency *
3. *Civic Use Types*
Administrative Services
Public Maintenance and Service Facilities
Public Parks and Recreation Areas
Safety Services
4. *Office Use Types*
Financial Institutions
General Office
Laboratories
5. *Commercial Use Types*
Agricultural Services
Automotive Repair Services, Major *
Business Support Services
Day Care Center *
Equipment Sales and Rental
Laundry
Manufactured Home Sales *
Truck Stop
6. *Industrial Use Types*
Custom Manufacturing
Construction Yard
Industry Type I
Recycling Centers
Transfer Station
Transportation Terminal
Truck Terminal
Warehousing and Distribution
7. *Miscellaneous Use Types*
Parking Facility, Surface/Structure
Utility Services, Minor

(B) The following uses are permitted by special exception in the LM Light Manufacturing District, subject to all other applicable requirements contained in this chapter. An asterisk (*) indicates that the use is subject to

additional, modified or more stringent standards as listed in article III, use and design standards.

1. *Agricultural Use Types*
(None)
2. *Residential Use Types*
(None)
3. *Civic Use Types*
Administrative Services
4. *Office Use Types*
(None)
5. *Commercial Use Types*
Athletic Instruction Services
Automobile Rental/Leasing
Microbrewery *
Personal Storage *
6. *Industrial Use Types*
Asphalt Plant *
Brewery *
Distillery *
Industry Type II
Landfill, Construction Debris
Landfill, Rubble
Landfill, Sanitary
Meat Packing and Related Industries
Railroad Facilities
Resource Extraction
Scrap and Salvage Services
7. *Miscellaneous Use Types*
Tower *
Utility Services, Major

ARTICLE III USE AND DESIGN STANDARDS

Sec. 106-304.21. – Short-Term Rental.

- A. Safety:**
 - 1. Any property to be utilized for short-term rental shall have a life safety inspection performed by the Division of Building Inspections prior to occupancy.**
 - 2. Minimum guest room size of seventy (70) square feet per guest.**
 - 3. Only owner-occupied dwellings may be utilized as a short-term rental.**
- B. Registry**
 - 1. Any property to be utilized for short-term rental shall obtain a zoning permit.**
 - 2. Prior to offering any property for short-term rental, each operator shall register in accordance with Chapter 22, Businesses, of the city code.**
- C. Rental period:**
 - 1. Minimum stay of twenty-four (24) hours**
 - 2. Maximum stay of seven (7) days**
- D. Parking:**
 - 1. Must provide onsite parking**
 - 2. No parking of recreational vehicles, buses, trailers, or the like, in association with a short-term rental**
- E. Signage: none allowed**

Sec. 106-316.3. - Accessory uses: residential use types.

- (A) Residential use types may include the following accessory uses, activities or structures on the same site or lot:
 - 1. Private garages and parking for the principal use.
 - 2. Recreational activities and uses used by residents, including structures necessary for such uses.
 - 3. Playhouses, gazebos, incidental household storage buildings, swimming pools, and other similar accessory structures.
 - 4. Garage or yard sales provided that such sales occur ~~no more than seven days in a two-month period.~~ **in conjunction with a yard sale**

permit in accordance with Section 22-83 of the city code. (2 sales in a calendar year, each sale for 3 consecutive days maximum)

5. Other uses and activities necessarily and customarily associated with purpose and function of residential use types, as determined by the administrator.

ARTICLE IV DEVELOPMENT STANDARDS

Sec. 106-404. Off-street parking requirements.

- (A) These provisions for off-street parking are intended to address the off-street parking demands created by various land uses within the City of Salem. The standards established in this section are designed to protect the health safety and welfare of the Salem community by accommodating parked vehicles in a safe and functional manner with consideration given to the stormwater quality and quantity impacts of impervious parking areas.

Sec. 106-404.1. Applicability.

- (A) These provisions shall apply equally for all use types listed in this section, except for those use types located within the DBD Downtown Business District and the TBD Transitional Business District. No minimum parking shall be required for any use type within DBD and TBD. However, if parking is provided for any use type in the DBD and the TBD, it shall be constructed to the standards contained herein as well as applicable standards contained in section 106-402, buffer yards, screening and landscaping, except that parking areas designated for private use of residents may utilize compact size parking stalls.

Sec. 106-404.9. Access.

- (A) All off-street parking spaces shall provide safe and convenient access to a street.
- (B) Aisles between rows of parking, and aisles providing access to parking lots shall comply with the design standards established by the building official **set forth in section 106-404.13.**

Sec. 106-404.11. Construction standards.

- (A) All off-street parking areas shall be constructed of a hard surface consisting of bituminous concrete or concrete. Gravel parking areas shall not be permitted, unless the administrator determines that the use is of a temporary nature. Between the right-of-way and the rear building line, single-family and two-family dwellings must utilize bituminous concrete, concrete or chip seal type of hard surface. Once past the rear building line, single-family and two-family homes may utilize gravel. For corner lots between the right-of-way and the side building line, single-family and two-family dwellings must utilize bituminous concrete, concrete or chip seal type of hard surface. Once past the side building line, gravel may be used. For double frontage lots between the right-of way and the rear building setback line, single-family and two-family dwellings must utilize bituminous concrete, concrete or chip seal type of hard surface. Once past the rear building setback line, single-family and two-family homes may utilize gravel.
- (B) For sites or structures listed on the National Register of Historic Places, parking areas may be constructed using period correct materials as permitted by the administrator. Such development shall require a site plan.
- (C) The city engineer may require paving surfaces and/or construction techniques which minimize surface stormwater runoff in areas where it is deemed necessary. The developer may select precast interlocking blocks, porous-type asphalt paving, detention basins or other methods as approved by the city engineer.
- (D) In no case shall there be allowed excessive dust or debris to be transferred onto the roadway system or onto neighboring properties. Violators shall be guilty of a misdemeanor and subject to section 106-516, penalties.
- (E) ~~Commercial Use Types.~~

USE TYPE	PARKING REQUIRED
Agricultural Services	Schedule A
Antique Shops	1 space per 400 square feet
Assembly Hall	1 space per 5 seats
Athletic Instruction Services	Schedule B (minimum 1 space per 300 square feet)
Automobile Dealership, New	Schedule A
Automobile Dealership, Used	Schedule A
Automobile Repair Services, Major	2 spaces per repair bay plus 1 space per employee on shift

Automobile Repair Services, Minor	3 spaces per repair bay plus 1 space per employee on shift
Automobile Rental/Leasing	Schedule A
Automobile/Parts Supply, Retail	Schedule A
Business Support Services	1 space per 200 square feet
Business or Trade Schools	Schedule B
Campground	1 space per camp site
Car Wash	1 space per employee on shift plus stacking spaces
Commercial Indoor Amusement	1 space per 3 persons based on maximum occupancy

Commercial Indoor Entertainment	1 space per 4 seats plus one space per employee on shift
Commercial Indoor Sports and Recreation	1 space per 3 persons based on maximum occupancy plus 1 space per employee on shift
Commercial Outdoor Entertainment	1 space per 3 persons based on maximum occupancy plus 1 space per employee on shift
Commercial Outdoor Sports and Recreation	
Miniature Golf	1.5 space per hole
Swimming Pool	Schedule B
Tennis/Court Games	2 spaces per court
Other Outdoor Sports	Schedule B
Communications Services	1 space per 300 square feet plus 1 space per company vehicle based on site
Construction Sales and Services	Schedule A
Consumer Repair Services	1 space per 300 square feet
Convenience Store	5 spaces plus 1 space per 200 square feet plus one space per gas dispenser
Dance Hall	1 space per 3 persons based upon maximum occupancy
Day Care Center	1 space per employee on shift plus one space per three persons receiving care
Equipment Sales and Rental	Schedule A
Flea Market	1 space per 100 square feet of sales area accessible to the public

Funeral Services	1 space per 2 employees on shift plus one space per 5 seats in main chapel
Garden Center	Schedule A
Gasoline Station	1 space per employee plus required stacking spaces
Golf Course	36 spaces per 9 holes
Homestay Inn	1 space per sleeping room available for guests
Hospital	1 space per employee on shift plus one space per 2 beds
Hotel/Motel/Motor Lodge	1 space per guest room plus one space per employee, plus spaces as may be required for other uses on site
Kennel, Commercial	Schedule B
Laundry	1 space per 300 square feet

Manufactured Home Sales	Schedule B
Microbrewery	Schedule B
Microdistillery	Schedule B
Personal Storage	2 spaces for any live-in manager unit plus 2 spaces per 100 storage units
Pawn Shop	1 space per 300 square feet
Personal Improvement Services	1 space per 300 square feet
Personal Services	1 space per 300 square feet
Recreational Vehicle Sales and Service	Schedule A
Restaurant	1 space per four seats plus 1 space per employee on shift, plus required stacking spaces
Retail Sales	
Shopping Center	1 space per 250 square feet
Other Retail	Schedule A
Studio, Fine Arts	Schedule B
Truck Stop	Schedule B
Veterinary Hospital/Clinic	1 space per 300 square feet

SCHEDULE A

The following table contains minimum parking requirements for uses with elements having different functions or operating characteristics. The administrator shall consider and decide the minimum parking required for uses containing a mixture of these elements.

Element	Parking Required for Element
Office or Administrative Activity	3.5 spaces per 1,000 square feet
Indoor Sales, Display or Service Area	1 space per 500 square feet
Motor Vehicle Service Bays	2 spaces per service bays
Outdoor Sales, Display or Service Area	1 space per 2,000 square feet
General Equipment Servicing or Manufacturing	1 space per 1,000 square feet
Indoor or Outdoor Storage or Warehousing	1 space per 5,000 square feet

Sec. 106-404.13. Parking lot **standards** ~~space dimensions~~.

All required or provided parking **areas** spaces shall **comply with the following**:



City of Salem
Engineering and
Building Inspection
Department

25 East Main St
Salem, Va 24153
(540)375-3032

Drawn By: JLP

Checked By: CEV

Date: 12/10/2015

Drawing Name:

Parking Lot Standards

Scale: 1" = 60'

Revisions:

Sheet No: 1/1

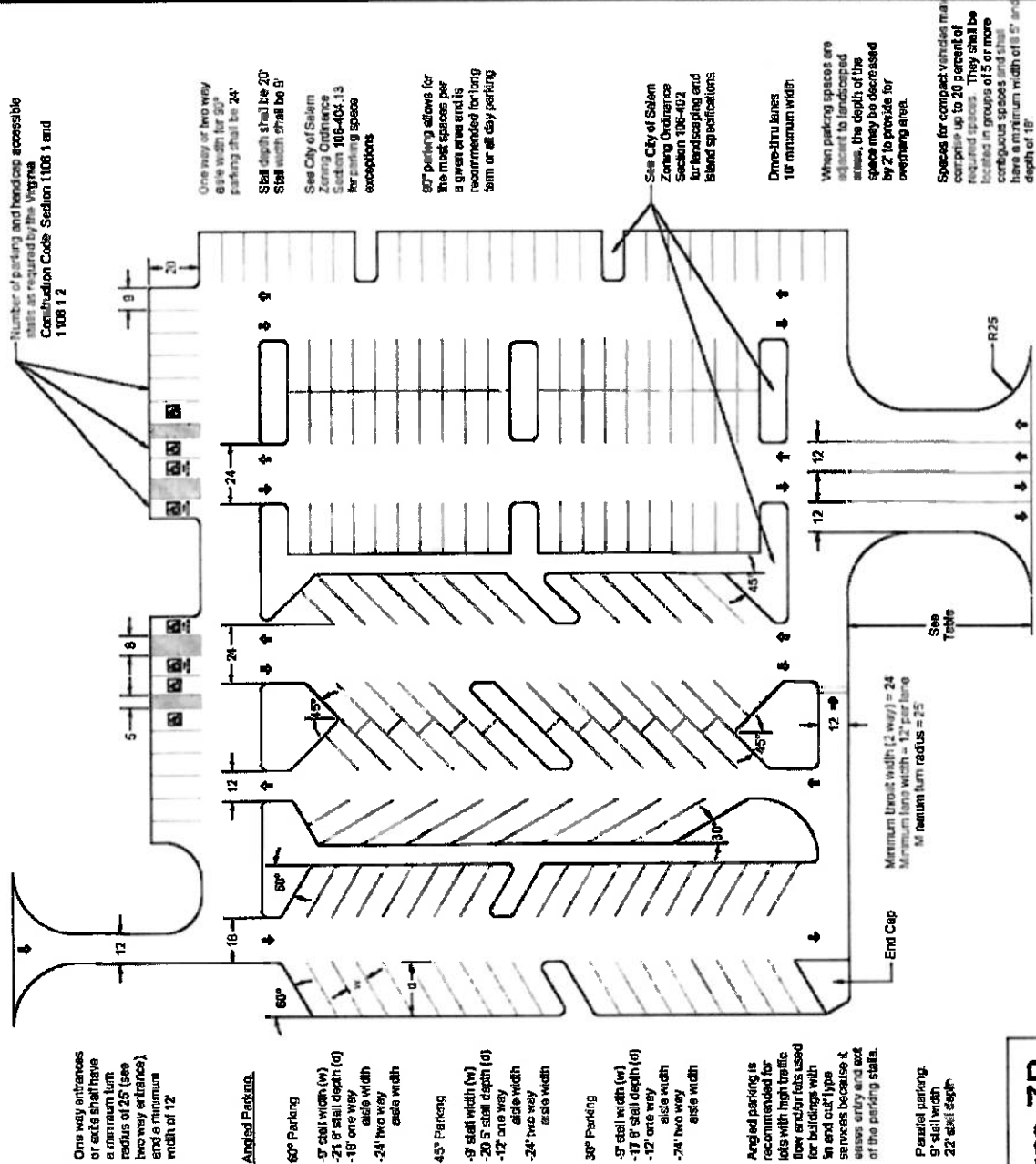


Figure 7B

~~have a minimum width of nine feet and a minimum depth of 20 feet except as follows:~~

~~When parking spaces are adjacent to landscaped areas, the paved depth of such spaces may be decreased by two feet to provide for vehicle overhang area.~~

~~Spaces for compact vehicles may comprise up to 20 percent of required spaces. Compact spaces shall be located in groups of five or more contiguous spaces and may have a minimum width of eight and one-half feet and a minimum depth of 18 feet.~~

Sec. 106-404.15. Criteria for determining required parking.

- (A) When a building includes a combination of uses, the required parking will be the sum of the required parking for each use.
- (B) Where the parking requirement for a use is not defined in this section, and no similar use is listed, the administrator shall determine the number of spaces to be provided.
- (C) All references to square feet in the parking requirements below shall refer to ~~gross~~ **net** square feet. **Net square feet is 75% of the gross floor area.**
- (D) All references to maximum occupancy shall refer to maximum occupancy as defined by the Virginia Uniform Statewide Building Code.
- (E) **The maximum allowed parking spaces shall be 140% of the minimums listed in 106-404.17. If there are no minimums listed, then the maximum parking shall be determined by the administrator.**
- (F) **Parking reductions:**
 - 1. **A reduction of 10% of the number of required parking spaces may be applied in the following conditions.**
 - a. **A contained bicycle parking area is provided.**
 - b. **A transit stop is located within 300'.**
 - 2. **A reduction of 20% of the number of required parking spaces may be applied in the following conditions.**
 - a. **The parking area utilizes green infrastructure as approved by the City Engineer.**
 - b. **Parking area is located in the rear yard only**
 - 3. **A total reduction of 30% may be applied.**

Sec. 106-404. 17.– Construction standards.

(C) *Civic Use Types.*

USE TYPE	PARKING REQUIRED
Administrative Services	1 space per employee plus 3 spaces per 1000 square feet 1 space per 300 square feet

(D) *Office Use Types.*

USE TYPE	PARKING REQUIRED
Financial Institutions	3 spaces per 1,000 square feet plus required stacking spaces 1 space per 300 square feet
General Offices	3.5 spaces per 1,000 square feet 1 space per 300 square feet
Medical Office/Clinic	7 spaces per practitioner or 1 space per 200 square feet, whichever is greater 1 space per 300 square feet

(E) *Commercial Use Types.*

USE TYPE	PARKING REQUIRED
Funeral Services	1 space per 2 employees on shift plus one space per 5 seats in main chapel 1 space per 250 square feet
Retail Sales	
Shopping Center	1 space per 250 300 square feet
Other Retail	1 space per 200 350 square feet

SCHEDULE A

The following table contains minimum parking requirements for uses with elements having different functions or operating characteristics. The administrator shall consider and decide the minimum parking required for uses containing a mixture of these elements.

Element	Parking Required for Element
Office or Administrative Activity	3.5 spaces per 1,000 square feet 1 space per 300 square feet

SCHEDULE B

Specific minimum parking requirements shall be determined by the administrator, based on requirements for similar uses, location of the proposed use, expected demand and traffic generated by the proposed use.

ARTICLE VI DEFINITIONS AND USE TYPES

Sec. 106-600. Definitions.

(C) The words and terms listed below shall have the following meanings:

Building, front. That portion of a building facing the street of address.

The front door shall be provided with orientation to the street on which the lot faces.

Lot, frontage. The horizontal distance between the side lot lines measured at the point where the side lot lines intersect the street right-of-way. ~~All sides of a lot which abuts a street shall be considered frontage.~~ On curvilinear streets the arc between the side lot lines shall be considered the lot frontage.

Sec. 106-602.3. Residential use types.

[The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:]

***Short-term rental.* The provision of a room or space within a residential dwelling unit that is suitable or intended for occupancy for dwelling, sleeping, or lodging purposes, for a period of fewer than 30 consecutive days, in exchange for a charge for the occupancy.**

All ordinances or parts of ordinances in conflict with the provisions of this ordinance be and the same are hereby repealed.

This ordinance shall be in full force and effect ten (10) days after its final passage.

Upon a call for an aye and a nay vote, the same stood as follows:

H. Hunter Holliday -
William D. Jones -
Byron Randolph Foley -
James W. Wallace, III -
Renee F. Turk -

Passed:
Effective:

Mayor

ATTEST:

H. Robert Light
Clerk of Council
City of Salem, Virginia

Item #5C
Date: 12/11/2023

AT A REGULAR MEETING OF CITY COUNCIL OF THE CITY OF SALEM,
VIRGINIA HELD IN COUNCIL CHAMBERS

AGENDA ITEM:

Chapter 74 Code Changes

Consider adoption of ordinance on second reading amending Chapter 74, Streets, Sidewalks, and other Public Places, Article IV Numbering of houses and buildings, section 74-101(c) pertaining to assigning addresses, and Section 74-103 pertaining to placing of address numbers of the CODE OF THE CITY OF SALEM, VIRGINIA. (Approved on first reading at the November 27, 2023, meeting.)

SUBMITTED BY:

Mary Ellen Wines, Planning & Zoning Administrator

SUMMARY OF INFORMATION:

Historically in the City of Salem, a property could be addressed to any street frontage available to that particular parcel regardless of access or to which street the primary structure was oriented. For example, corner lots or lots with two street frontages could "choose" which street to be addressed. This, in turn, can affect the zoning setback requirements for front yards, side yards, and rear yards. Moving forward, this proposed code change verifies that all buildings shall be addressed according to the street to which the lot (and corresponding primary structure) faces. This is further defined in the zoning ordinance by **Building, front**. "That portion of a building facing the street of address." The goal of this change is to ensure the front door shall be provided with orientation to the street on which it is addressed.

Furthermore, 13VAC5-63-224 of the Virginia Administrative Code states:

The numbers shall be legible and placed in a position that is visible from the street or road fronting the property. The numbers shall contrast with their background and shall be Arabic numbers. Numbers shall not be spelled out. Each character shall be a minimum of 4 inches (102 mm) high with a minimum stroke width of 1/2 inch (12.7 mm). Where required by the fire code official, address identification shall be provided in additional approved locations to facilitate emergency response. Where access is by means of a private drive and the building address cannot be viewed from the public way, a monument, pole or other approved sign or means shall be used to identify the structure.

AN ORDINANCE TO AMEND, REVISE, AND REORDAIN CHAPTER 74, STREETS, SIDEWALKS AND OTHER PUBLIC PLACES, ARTICLE IV, NUMBERING OF HOUSES AND BUILDINGS, SECTION 74-101(c) PERTAINING TO ASSIGNING ADDRESSES AND 74-103 PERTAINING TO PLACING OF ADDRESS NUMBERS OF THE CODE OF THE CITY OF SALEM, VIRGINIA PERTAINING TO SIGNS.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SALEM, VIRGINIA, that Section 74-101 (c) and 74-103, Article IV, Chapter 74, of The Code of the City of Salem, Virginia, be amended, revised, and reordained to read as follows:

Chapter 74
STREETS, SIDEWALKS AND OTHER PUBLIC PLACES
ARTICLE IV. NUMBERING OF HOUSES AND BUILDINGS

Sec. 74-101. Plans.

- a. All houses or buildings shall be numbered according to the centenary plan. The intersection of the centerline of Main Street and the centerline of North Broad Street on the north and South Broad Street on the south shall be considered the central point of the city, thus forming the quadrants to be styled northwest, northeast, southwest and southeast divisions. From the centerline of North Broad Street on the north and South Broad Street on the south, Main Street shall be known as West Main Street to the west and East Main Street to the east.
- b. Beginning at the central point as described in subsection (a) and moving therefrom upon the axis of reference, houses or buildings and vacant lot frontage shall be numbered from one upward, allowing one number for every 25 feet of street frontage on each side of the street. Odd numbers shall be placed upon the north side and even numbers upon the south side of the streets running in a generally east and west direction, and odd numbers shall be placed upon the west side and even numbers upon the east side of the streets running in a generally north and south direction. A new hundred shall be begun at each intersection as far as practicable, or where existing streets or proposed future streets would intersect if extended. Where blocks and intersection intervals are irregular a new hundred shall be begun at reasonable intervals corresponding in general to blocks or intersections in other parts of the city.
- c. **All buildings shall be addressed according to the street to which the lot faces.**

Sec. 74-102. Assignment of numbers.

The city manager shall assign the proper numbers to all existing houses or buildings and to future houses or buildings as they may be constructed, in accordance with the provisions of section 74-101.

Sec. 74-103. ~~City to furnish numbers;~~ Duty of owner of house or building shall place numbers.

~~Numbers of a uniform design shall be furnished for every house or building by the city. These numbers shall be properly placed upon the house or building by the owner or other person in charge thereof., and each owner or person in charge of a house or building within the city shall secure such numbers from the office of the city manager and place and maintain such numbers upon his house or building in a proper manner within 60 days after due notice has been given through publication in a newspaper having general circulation in the city, or otherwise, that the proper numbers have been assigned by the city manager.~~

The numbers shall be legible and placed in a position that is visible from the street or road fronting the property. The numbers shall contrast with their background and shall be Arabic numbers. Numbers shall not be spelled out. Each character shall be a minimum of 4 inches (102 mm) high with a minimum stroke width of 1/2 inch (12.7 mm). Where required by the fire code official, address identification shall be provided in additional approved locations to facilitate emergency response. Where access is by means of a private drive and the building address cannot be viewed from the public way, a monument, pole or other approved sign or means shall be used to identify the structure.

~~1Cross reference(s) — Numbering of buildings and structures in subdivisions, § 78- 214.~~

(From 13VAC5-63-224 of the Virginia Administrative Code.)

All ordinances or parts of ordinances in conflict with the provisions of this ordinance be and the same are hereby repealed.

This ordinance shall be in full force and effect ten (10) days after its final passage.

Upon a call for an aye and a nay vote, the same stood as follows:

H. Hunter Holliday -
William D. Jones -
Byron Randolph Foley -
James W. Wallace, III –
Renee F. Turk –

Passed:
Effective:

Mayor

ATTEST:

H. Robert Light
Clerk of Council
City of Salem, Virginia

AT A REGULAR MEETING OF CITY COUNCIL OF THE CITY OF SALEM, VIRGINIA HELD AT CITY HALL

AGENDA ITEM:

Chapter 94 Code Changes

Consider adoption of ordinance on second reading amending Chapter 94, Nuisances, Sections 94-3, Declaration of nuisances; abatement required, pertaining to trees of the CODE OF THE CITY OF SALEM, VIRGINIA. (Approved on first reading at the November 27, 2023, meeting.)

SUBMITTED BY:

Mary Ellen Wines, Planning & Zoning Administrator

SUMMARY OF INFORMATION:

Since the introduction of trees into the nuisance ordinance in June of 2021, we have received numerous complaints regarding trees, their limbs, and their potential to possibly impact another property. From the inception of the nuisance ordinance, the incorporation of trees was ultimately intended to assist property owners when a danger to life and property was either probable or had already occurred due to the falling of trees and/or branches.

Throughout our implementation of the nuisance ordinance, our code enforcement team has learned and concluded that once the damage has occurred, it is simply a private property issue that should be handled between property owners. As a result, the phrase "have fallen" should be removed from the nuisance ordinance.

In addition to the removal of damage which has already occurred, we are proposing to add the term "imminent" to the "trees or parts thereof in danger of falling" phrase to mitigate the flooding of calls received for what in actuality are benign organisms. Certainly, an act of God can render any tree a significant danger, but these changes are crafted in a way which establishes a credible threat to life/property under normal circumstances must be present for the City to get involved.

AN ORDINANCE TO AMEND, REVISE, AND REORDAIN CHAPTER 94, NUISANCES, SECTION 94-3 PERTAINING TO TREES, OF THE CODE OF THE CITY OF SALEM, VIRGINIA.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SALEM, VIRGINIA, THAT SECTION 94-3 OF CHAPTER 94, OF THE CODE OF THE CITY OF SALEM, VIRGINIA BE AMENDED, REVISED, AND REORDAINED TO READ AS FOLLOWS:

Chapter 94 Nuisances

Sec. 94-3. Declaration of nuisances; abatement required.

It shall be unlawful for any person who owns or occupies property to permit a nuisance as set forth in this chapter to exist on any parcel within the corporate limits of the city. The responsible party shall abate any nuisance as defined herein. The following conditions, when allowed to exist on property, are hereby declared to be nuisances:

1. Weeds growing on any parcel except weeds on property zoned AG Agricultural or in active farming operation, or in the case of a parcel greater than one acre in area natural vegetation growing more than 50 feet from every property line shall not constitute a public nuisance.
2. Trees or parts thereof in **imminent** danger of falling ~~or have fallen~~ onto neighboring property, buildings, structures, vehicles, or any public right-of-way. Trees growing into a structure resulting in damage to structural elements shall also be deemed a nuisance.
3. Hedges, shrubs, trees or other vegetation, any part of which extends or protrudes into any street, sidewalk, public right-of-way, grass strip or alley so as to obstruct or impede or threaten the safe and orderly movement of persons or vehicles.
4. Trash, as defined herein, which is not contained in an approved container that conforms to the requirements of sections 70-42 and 70-45.
5. Accumulation of stagnant water leading to the breeding of mosquitoes.
6. Vehicle tires that have been removed from the rim.
7. Infestation by bats, rodents, insects, arachnids, or vermin.
8. Any other condition that threatens the health, safety, order, and convenience of the public.

All ordinances or parts of ordinances in conflict with the provisions of this ordinance be and the same are hereby repealed.

This ordinance shall be in full force and effect ten (10) days after its final passage.

Upon a call for an aye and a nay vote, the same stood as follows:

H. Hunter Holliday -
William D. Jones -
Byron Randolph Foley -
James W. Wallace, III –
Renee F. Turk –

Passed:

Effective:

Mayor

ATTEST:

H. Robert Light
Clerk of Council
City of Salem, Virginia

Item #6A
Date: 12/11/2023

AT A REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF SALEM, VIRGINIA
HELD AT CITY HALL

MEETING DATE: December 11, 2023

AGENDA ITEM: Presentation of the Annual Comprehensive Financial Report
for the year ended June 30, 2023.

SUBMITTED BY: Rosemarie B. Jordan, Director of Finance

SUMMARY OF INFORMATION:

All Virginia localities are required to have an annual audit and the auditor is required to present the report and any findings in a public meeting before December 31st of each year. John Aldridge, with the firm of Brown, Edwards & Company, LLC, has presented the audit report to the City's Audit-Finance committee. He also presented the report at City Council work session prior to the regular Council meeting tonight.

STAFF RECOMMENDATION:

Staff recommends that Council accept the Annual Comprehensive Audit Report as presented.



CITY OF SALEM, VIRGINIA

Annual Comprehensive Financial Report

Year Ended June 30, 2023

CITY OF SALEM, VIRGINIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT YEAR ENDED JUNE 30, 2023

DEPARTMENT OF FINANCE

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INTRODUCTORY SECTION



The Introductory Section of the City of Salem, Virginia's Annual Comprehensive Financial Report contains the Letter of Transmittal, which presents an overview of the profile of the City of Salem government, the local economic condition and outlook, major initiatives and accomplishments, and financial policies and financial planning. Also included in this section are an organizational chart and the Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association of the United States and Canada (GFOA) for the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. It is the highest form of recognition in governmental financial reporting.

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CITY OF SALEM, VIRGINIA

November 16, 2023

The Honorable Mayor, Members of City Council and Citizens of Salem, Virginia

We are pleased to present the City of Salem, Virginia (City) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023, as required by state law. This report was prepared by the Department of Finance in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB). Brown, Edwards & Company, L.L.P., has issued unmodified opinions on the City's basic financial statements as of and for the fiscal year ended June 30, 2023.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the data as presented is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City as measured by the financial activity of various funds and component units. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City has established a comprehensive internal control framework designed to both safeguard the government's assets against loss from unauthorized use or theft and to properly record and adequately document transactions in order to compile information for the presentation of the City's financial statements. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Management's discussion and analysis (MD&A) beginning on page 16 provides a narrative introduction, overview, and analysis to assist users in interpreting the basic financial statements. This letter is meant to complement the MD&A and should be read in conjunction with it.

Profile of the Government

Salem is located in Virginia's Blue Ridge Mountains, approximately 190 miles west of Richmond and 250 miles southwest of Washington, DC. The City lies at the region's crossroads of major rail and highway systems, making it a part of the principal trade, industrial, transportation, medical and cultural center of western Virginia.

Chartered by the Commonwealth of Virginia as a town in 1806 and as a city in 1968, Salem encompasses a land area of 14.4 square miles. The City's 2023 population, 25,523, accounts for approximately 8.1% of the population in its metropolitan statistical area (MSA), which includes the neighboring City of Roanoke and Counties of Botetourt, Craig, Franklin, and Roanoke.

The City of Salem operates under a Council-Manager form of government. Under this form of government, City Council is elected by the voters and is comprised of five members, who elect two of their members as Mayor and Vice-Mayor for a two-year term. The City Council employs a City Manager who is responsible for administration of the City government. The Primary Government provides a full range of services

including general government administration, judicial administration, public safety, public works, health and welfare, parks and recreation, community development activities and support for education. The City also owns and operates an electric distribution system, water and sewage facilities and a civic center.

The financial reporting entity reflected in the Annual Comprehensive Financial Report includes all funds of the City as well as its component units. Component units are legally separate entities for which the primary government is financially accountable. The City's reporting entity includes two discretely presented component units, the City of Salem School Division and the Economic Development Authority of the City of Salem (EDA). The discretely presented component units are presented in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from that of the primary government. Additional information concerning these legally separate organizations can be found in Note 1 to the financial statements.

There are several commissions and authorities where the City's accountability is limited to appointments to, or seats on, the respective boards. The City does not exercise financial or administrative control over these entities, so they are excluded from this report.

Local Economic Condition and Outlook

Salem continues to provide an atmosphere and quality of life conducive to families and businesses. Over the years, Salem has been able to maintain stable property values, steady tax rates, a strong educational system and skilled workforce in a region with operating costs 18% lower than the national average (Moody's September 2022). These are significant reasons why employers have chosen to locate in Salem as well as continue to grow and prosper.

As of June 2023, Salem's unemployment rate was 3.0%, unchanged from June of 2022. Salem's unemployment rate remained lower than the national unemployment rate of 3.8% and just above the state unemployment rate of 2.8%.

A key factor to Salem establishing a low unemployment rate is having a diversified economy comprised of industry in health care, manufacturing, higher education, retail trade and government. Manufacturers include a strong mix of products comprising high-tech medical equipment, biopharmaceuticals, tires, steel products, tool and die, railroad equipment and concrete products, just to name a few. Health care remains an important part of Salem's economy as well. Two major hospitals operate in Salem. The Salem Veterans Affairs (VA) Medical Center is the City's largest employer with over 1,700 employees and HCA Health System's Lewis Gale Hospital employs over 1,200 people.

The City has been fortunate to have ongoing investment by new and existing businesses in historic downtown and other historic buildings throughout the City. In January 2016, City Council adopted the Downtown Plan and the Façade Grant Program. Over the years, both the downtown plan and façade grant program have been successful in attracting significant investment in the adaptive reuse of several well-known derelict properties. The Downtown plan has had the most visible improvements with new streetscapes, landscaping and lighting completed on College Avenue and East Main Street from North Broad Street to White Oak Alley. Improvements continued in fiscal year 2023 on East Main Street from Broad Street to Union Street. Engineering has begun for additional phases with approved funding for construction in fiscal year 2024 along Main Street from White Oak Alley to Thompson Memorial Drive.

Over the past year, Salem has been fortunate to see investment by existing and new business. Examples of new investment include:

- Developers Joe Thompson and Ed Walker partnered to announce their development of the former Valleydale meat packing site. The development will include three newly constructed multifamily buildings providing 300 new upscale apartments. The project is anticipated to cost \$50 million.
- STS Group, a European truck component manufacturer, announced their lease of 200,000 square feet at the former GE building. Their investment of \$32 million includes building upgrades and new equipment. The operation will create 119 new jobs with average annual wages near \$50,000.

- Layman Distributing, a mid-Atlantic distribution company headquartered in Salem, will invest over \$2 million to expand its operation to a larger building and create 42 new jobs with average wages of \$34,000.
- Wabtec Corporation announced the expansion of their existing Graham-White facility in Salem. The company plans an investment of \$2.7 million and the creation of 38 new jobs with average wages over \$50,000.
- Construction began on a three story, \$8.5 million storage facility located at the corner of East Main Street and Electric Road, replacing several derelict structures. The modern, state-of-the-art facility will significantly improve the corner, which is located on a major thoroughfare and is a gateway to the community.

As Salem is landlocked and near fully developed, leadership had the foresight to be a member of the Western Virginia Regional Industrial Facility Authority (WVRIFA), which was formed in 2013. The Authority provides a mechanism for localities to cooperate regionally on economic development projects to develop property and benefit in future revenue sharing. The WVRIFA member localities include Roanoke County, Botetourt County, Franklin County, Roanoke City, Salem City, and the Town of Vinton. The City of Salem, Roanoke County and the City of Roanoke are the only participants in the Wood Haven Technology Park. The 109-acre park is near the intersection of I-81 and I-581. Since 2019, the park was acquired, rezoned, and utilities and roads were extended to the site. Grading of the site was completed at the end of last year. The site represents a significant economic opportunity in the region and potential for a diversified revenue stream for the City of Salem. Since completion of the park, there has been a significant spike in prospect interest and on-site visits with industrial investment ranging from tens of millions to hundreds of millions of dollars.

In addition, the city acquired a 12-acre parcel off Mill Lane next to the Southside Drive Industrial Building. Acquisition of this parcel was to ensure the City controlled the site for future commercial development. The City's Economic Development Department has begun the steps to properly market the property and prepare the land for the right development.

As allowed by the *Code of Virginia*, the City, along with the EDA, may enter into performance agreements with businesses to provide economic development incentive payments for rehabilitation, renovation and replacement of commercial or industrial properties. These agreements sometimes include grants. Agreements are carefully analyzed to make sure the expected long-term benefit of the grants are based on improved real estate value.

Major Initiatives and Accomplishments

Salem City Council and management are committed to making Salem a great place to live, work and raise a family. To that end, the City and School Board work diligently to provide one of the finest school systems, not only in the region, but throughout the Commonwealth.

Salem students demonstrated high levels of performance in academic, extracurricular, and athletic activities. All six Salem schools were fully accredited by the Virginia Department of Education. The City of Salem School Division has one of the highest on-time graduation rates in the area at 94.3%. Approximately 72% of Salem High School graduates attend a 2-year or 4-year college or university.

Construction on the Salem High School renovation project continued. The multi-phase project includes classroom additions in the front and back of the building, a new administrative area in the front, façade improvements, a new roof, improved security, and a new cafeteria courtyard adjacent to the cafeteria. Renovations are being done in a way that will enable future incremental classroom modernization of the existing classrooms within the original structure. The project is expected to be completed in the fall of 2023. The City issued \$27 million in general obligation bonds including premiums in June 2020 to pay for the renovation project.

Renovation of the Salem High School Fieldhouse continued. The project includes an addition that will more than double the current square footage of the building, adding another weight room, additional locker rooms, expanded training room space and additional storage space. The project cost approximately \$4.3 million and is expected to be complete in the fall of 2023.

Renovation of the James I. Moyer Sports Complex was underway in fiscal year 2023. The \$27.5 million project will create new pickleball courts, new seating, replace lighting, enhance parking and renovate the playground and ballfields. The complex is in use an average of 230 days per calendar year and hosts multiple conference championships. The project upholds Salem's reputation as Virginia's Championship City, serving the citizens of Salem and boosting tourism in the greater Blue Ridge. The City issued \$15 million in general obligation public improvement bonds to help pay for the renovations. Construction began in August 2022 and the facility is expected to reopen in the summer of 2024.

Salem hosts hundreds of high school, collegiate and amateur tournaments, and championships. The City hosted Old Dominion Athletic Conference (ODAC) men's and women's basketball and indoor track. Virginia High School League (VHSL) championships in volleyball, cross country, football, wrestling and soccer were held in fiscal year 2023. Salem also hosted the Central Intercollegiate Athletic Association (CIAA) championships in football, cross country, volleyball and bowling. The City, in conjunction with ODAC and Roanoke College, hosted the NCAA Division III women's lacrosse championship and the Division III men's and women's soccer championship. Approximately 14,000 people traveled to Salem to attend events in fiscal year 2023 with an estimated economic impact of \$4 million.

The NCAA awarded Salem and its long-time partners, ODAC and Roanoke College, fifteen national championship events beginning in fiscal year 2023. The City will be hosting Division III championships in men's and women's soccer, women's basketball, softball, lacrosse and men's and women's volleyball. The historic 50th annual Amos Alonzo Stagg Bowl, NCAA Division III football championship, will be returning to Salem in 2023. Salem previously hosted the Stagg Bowl for 25 consecutive years, from 1993 to 2017. In fall of 2023 the City celebrated hosting 100 NCAA National Championships. By the end of fiscal year 2024, the City will have hosted 103 championships, a feat unmatched in small college athletics.

Financial Policies and Financial Planning

City management is responsible for establishing and maintaining internal controls. Internal controls are designed to provide reasonable, but not absolute, assurance that City assets are safeguarded against unauthorized use or disposition and that financial transactions are conducted properly and in accordance with City policy.

City Council adopted a formal fund balance policy to establish guidelines to maintain a prudent level of financial resources to ensure that a strong financial position is maintained. The policy establishes a minimum acceptable level of unassigned fund balance as 10% of the sum of General Fund, Debt Service Fund and School Division operating expenditures, net of the General Fund transfer to School Division. As of June 30, 2023, unassigned fund balance is 54.2%, well in excess of this minimum.

The City's annual budget is based on the financial policies of the City and reflects the balance between anticipated revenues and proposed expenditures. As required by City Code, the City Manager submits a recommended budget to City Council at least thirty days prior to the last Council meeting in May of each year for the fiscal year beginning July 1st. After an extensive study process and a public hearing to receive citizen input, City Council adopts the budget on or before June 30th.

The budget function is used as a management tool, including performance objectives, goals, and long-range planning, as well as maintaining budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. For activities of the General Fund, which incorporates debt service, budgetary compliance is established at the fund level (that is, the level at which expenditures cannot legally exceed the appropriated amount.) The City also utilizes encumbrance accounting as a way to accomplish budgetary control. Encumbered amounts lapse at year-end but are re-appropriated as part of the following year's budget.

The City prepares a six-year capital improvement plan, which identifies and prioritizes major City projects and includes cost estimates and potential funding sources. The City closely monitors available funding and proceeds with capital purchases only as funds become available. The City may issue debt obligations to finance the construction or acquisition of capital assets or major renovations to existing capital assets within the guidelines established in the debt management policy.

Independent Audit

Virginia law and the Charter of the City of Salem require that the financial statements of the City be audited by a certified public accountant. Brown, Edwards & Company, L.L.P., has performed an annual audit of the basic financial statements and other supplementary information contained within the City's Annual Comprehensive Financial Report. Their audit was conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns* and *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. The report of the independent auditor, which includes their opinion on the financial statements of the City, is contained in the Financial Section of this report. Other auditor's reports are included in the Compliance Section.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City for its Annual Comprehensive Financial Report for 2022. This represents the thirty-fifth year Salem has earned this distinction. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. We believe this report conforms to the Certificate of Achievement Program requirements and standards and are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

We would like to express our appreciation to the staff of the Department of Finance for the dedication and professionalism demonstrated daily assuring the financial integrity of the City and the preparation of this report. We would also like to express our appreciation to you, City Council, for the continued insight you bring to this City and the strong commitment you have made to its fiscal integrity and financial leadership. Lastly, we would like to express our appreciation to our independent auditing firm, Brown, Edwards & Company, L.L.P., for their cooperation and input in our efforts.

Respectfully submitted,



H. Robert Light
Interim City Manager



Rosemarie B. Jordan
Director of Finance

**CITY OF SALEM, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
JUNE 30, 2023**

MEMBERS OF CITY COUNCIL

Renée F. Turk	Mayor
James W. Wallace, III	Vice-Mayor
Byron R. Foley	Member
H. Hunter Holliday, III	Member
William D. Jones	Member

ELECTED OFFICERS

Danielle C. Crawford	Treasurer
Kristie D. Chittum	Commissioner of the Revenue
Thomas E. Bowers	Commonwealth's Attorney
Gary Chance Crawford	Clerk of Circuit Court
April M. Staton	City Sheriff

GENERAL CITY GOVERNMENT

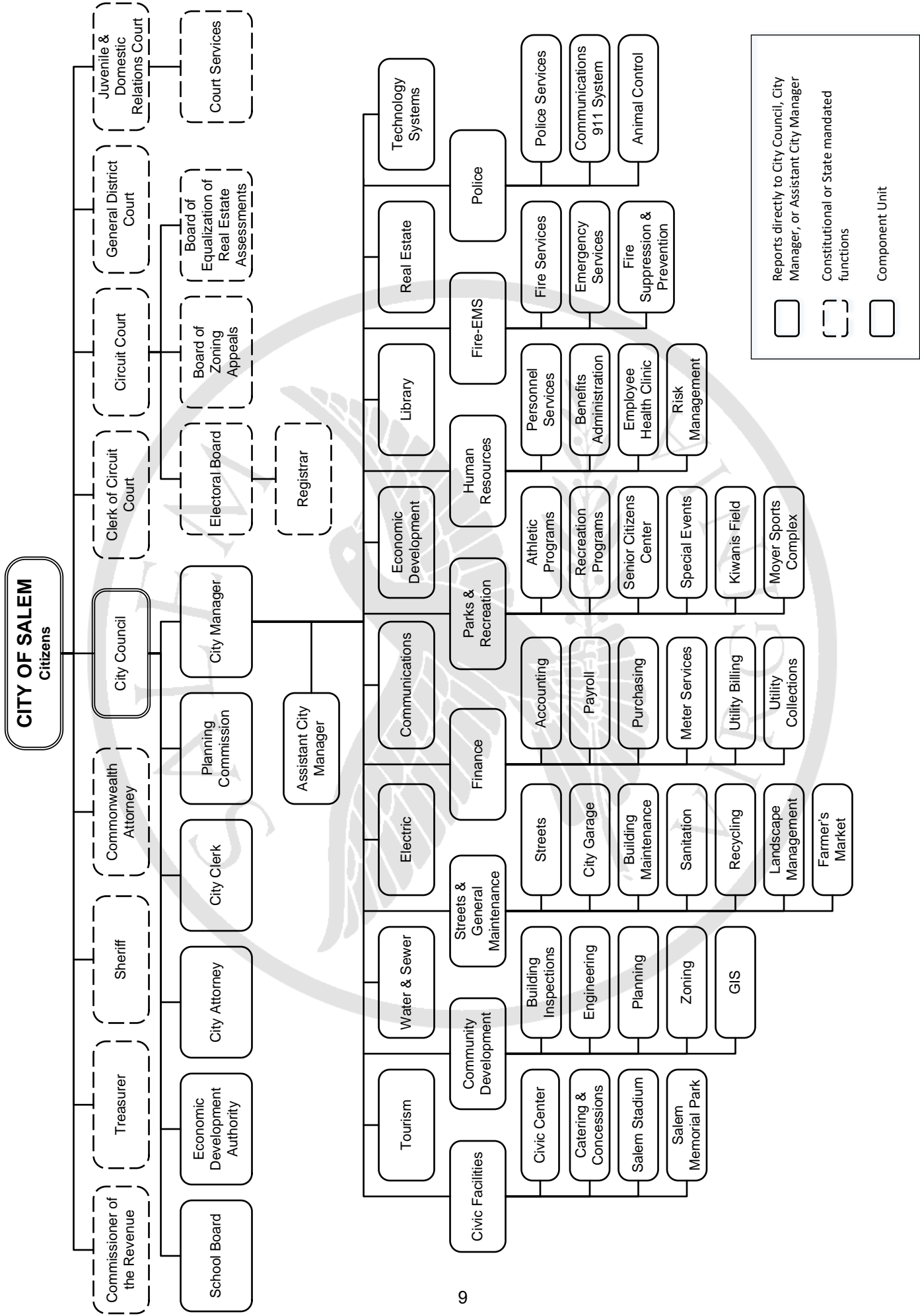
James E. Taliaferro, II	City Manager
H. Robert Light	Assistant City Manager
Rosemarie B. Jordan, CPA	Director of Finance
Jim H. Guynn, Jr.	City Attorney
Beth A. Rodgers	Director of Human Resources
Patrick W. Morton	Director of Technology Systems
Michael D. Crawley	Police Chief
John W. Prillaman	Fire Chief
Charles E. Van Allman, Jr.	Director of Community Development
Todd W. Sutphin.	Interim Director of Streets and General Maintenance
John P. Shaner	Director of Parks and Recreation
Ann G. Tripp	Library Director
Dana M. Oliver	Director of Elections
A. K. Briele, III	Director of Electric Department
Larado M. Robinson	Director of Water and Sewer Department
Justin W. Kuzmich	Real Estate Assessor
Troy D. Loving	Building Official
Thomas J. Miller	Director of Economic Development
Wendy S. Delano	Director of Civic Facilities
R. Carey Harveycutter, Jr.	Director of Tourism
Mike Stevens	Director of Communications
Angela A. Sellers	Process Improvement/Business Efficiency Director

MEMBERS OF SCHOOL BOARD

David H. Preston	Chairman
Dr. Nancy A. Bradley	Vice Chairman
Stacey G. Danstrom	Member
John A. (Andy) Raines	Member
Teresa E. Sizemore-Hernandez	Member

SCHOOL ADMINISTRATION

Dr. Curtis N. Hicks	Superintendent of Schools
Dr. James C. Soltis	Assistant Superintendent
Kirstine M. Barber	Executive Director of Human Resources
Jennifer P. Dean	Assistant Superintendent of Instruction
Mandy C. Hall	Chief Financial Officer
Dr. Randy L. Jennings	Director of Student Services
Dr. Forest I. Jones	Director of Administrative Services
Mark A. Thompson	Director of Technology and Data Management
Rosemarie B. Jordan, CPA	Director of Finance





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Salem
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



The Financial Section of the City of Salem, Virginia's Annual Comprehensive Financial Report includes the independent auditor's report, management's discussion and analysis, and basic financial statements, including accompanying notes, required supplementary information, notes to required supplementary information, and other supplementary information.

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council
City of Salem, Virginia
Salem, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Salem, Virginia (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities, and Towns* and the *Specifications for audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 21 to the financial statements, in 2023, the City adopted new accounting guidance, *GASB Statement No. 96, Subscription Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Report on the Audit of the Financial Statements (Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management, and, 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 the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, other supplemental schedules, and statistical section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 16, 2023

**CITY OF SALEM, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

The following discussion and analysis of the City of Salem, Virginia's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2023. It should be read in conjunction with the transmittal letter and the City's basic financial statements.

FINANCIAL HIGHLIGHTS

- As of June 30, 2023, the Primary Government had \$231.6 million in total net position, an increase of \$43.8 million from prior year. Unrestricted net position available to fund future expenses was \$69.5 million or 30.0% of total net position.
- As of June 30, 2023, the governmental activities had \$105.1 million in total net position, which increased \$33.5 million from prior year. Unrestricted net position was \$15.7 million or 14.9% of total net position.
- As of June 30, 2023, the business-type activities had \$126.5 million in total net position, an increase of \$10.3 million from prior year. Unrestricted net position available to fund future expenses was \$53.8 million or 42.5% of total net position.
- As of June 30, 2023, the General Fund had \$75.6 million in total fund balance, which increased by \$15.2 million from prior year. Unassigned fund balance was \$67.8 million or 89.6% of total fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

Our discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's financial statements present two types of statements, each with a different focus on the City's finances. The government-wide financial statements focus on the City as a whole and provide both short-term and long-term information about the City's overall financial status. The fund financials focus on the individual parts of City government, reporting the City's operations in more detail than the government-wide statements. Presentation of both perspectives provides the user a broader overview, enhances the basis for comparisons and better reflects the City's accountability.

Government-Wide Financial Statements

The government-wide financial statements begin on page 30 and include the Statement of Net Position and the Statement of Activities. These statements provide information about the City as a whole using the accrual basis of accounting, which is the method used by most private-sector enterprises. All current year revenues and expenses are reported in the Statement of Activities regardless of when cash is received or paid. These statements allow readers to answer the question, "Is the City's financial position, as a whole, better or worse as a result of the year's activities?"

One of the main goals of these two statements is to report the City's net position and changes that affected net position during the fiscal year. The change in the City's net position, which is the difference between assets and deferred outflows and liabilities and deferred inflows, is one way to measure the City's financial health or financial position. Increases or decreases in net position are indicators of whether the City's financial health is improving or declining. Other non-financial factors, such as changes in the City's property tax base and the condition of the City's infrastructure should also be considered in assessing the overall financial health of the City.

In the Statement of Net Position and the Statement of Activities, the City's fund-based activity is classified as follows:

Governmental activities – Most of the City's basic services are reported here including general government, judicial administration, public safety, public works, health and welfare, education, parks and recreation and community development. Property taxes, other local taxes, and federal and state grants finance most of these activities.

Business-type activities – The City's electric distribution system, water and sewage systems, Civic Center and catering and concessions are reported here as the City charges a fee to customers designed to cover all or most of the cost of services it provides.

**CITY OF SALEM, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

Component units – Because of the City's financial accountability for these organizations, the City includes two discretely presented component units in this report, the City of Salem School Division (School Division) and the Economic Development Authority of the City of Salem (Economic Development Authority).

Fund Financial Statements

The fund financial statements begin on page 32 and provide detailed information about the most significant funds, rather than the City as a whole. The City has three types of funds:

Governmental funds – Most of the City's basic services are presented as governmental funds. Fund based statements for these funds focus on how resources flow into and out of the funds and the balances left at year-end that are available for future spending. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. These funds are reported on the modified accrual basis of accounting, which measures cash and other liquid assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term overview that helps the reader determine the financial resources that can be spent in the near future to finance the City's programs. The City's governmental funds include the General Fund, Special Revenue Fund, Debt Service Fund and Capital Projects Fund. The differences between governmental activities as reported in the government-wide and fund financial statements are reconciled in Exhibits 4 and 6.

Proprietary funds – When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds which, like the government-wide statements, utilize the accrual basis of accounting, and their statements provide both short-term and long-term financial information.

The City's enterprise funds, one type of proprietary fund, are accounted for in the same manner as the government-wide business-type activities; however, the fund financial statements provide more detail and additional information, such as cash flows. The City's enterprise funds include the Electric Fund, Water and Sewage Fund, Civic Center Fund and Catering and Concessions Fund.

The City utilizes an internal service fund to account for health and dental insurance coverage for employees and retirees.

Fiduciary funds – Resources held for other governments or agencies not part of the City are reported as fiduciary funds. These activities are excluded from the government-wide financial statements because the City cannot use these assets to finance its operations. The accounting used for fiduciary funds is much like that used for proprietary funds. The City reports resources for other postemployment benefits (OPEB) related to its healthcare plan for retirees in an OPEB trust fund and accounts for resources held on behalf of the Cardinal Criminal Justice Academy and the Court-Community Corrections Program in custodial funds. In custodial funds, the City recognizes liabilities when events occur that compel the City to disburse fiduciary resources.

**CITY OF SALEM, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

A comparative analysis of government-wide information is as follows:

Summary of Net Position

The following table presents a condensed summary of net position:

	Summary of Net Position (In Millions)							
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2023	2022	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 117.2	\$ 112.2	\$ 72.5	\$ 68.7	\$ 189.7	\$ 180.9	\$ 29.3	\$ 28.6
Capital assets, net	111.6	98.5	102.5	102.5	214.1	201.0	73.9	67.8
Total assets	228.8	210.7	175.0	171.2	403.8	381.9	103.2	96.4
Deferred outflows of resources	8.5	8.6	2.5	2.6	11.0	11.2	9.8	9.1
Current and other liabilities	14.4	24.2	7.2	9.6	21.6	33.8	12.8	13.5
Long-term liabilities	110.6	103.0	41.9	42.3	152.5	145.3	36.1	27.1
Total liabilities	125.0	127.2	49.1	51.9	174.1	179.1	48.9	40.6
Deferred inflows of resources	7.2	20.5	1.9	5.7	9.1	26.2	7.3	17.6
Net investment in capital assets	83.6	84.4	72.7	67.4	156.3	151.8	73.2	67.8
Restricted	5.8	3.2	-	-	5.8	3.2	0.9	1.4
Unrestricted	15.7	(16.0)	53.8	48.8	69.5	32.8	(17.3)	(21.9)
Total net position	\$ 105.1	\$ 71.6	\$ 126.5	\$ 116.2	\$ 231.6	\$ 187.8	\$ 56.8	\$ 47.3

The Primary Government net position increased from \$187.8 million to \$231.6 million. Net position of governmental activities increased \$33.5 million, and net position of business-type activities increased \$10.3 million. A detailed description of the changes in revenues and expenses that create the differences in net position is discussed in the next section.

Net investment in capital assets represents the amount of capital assets owned by the City, including infrastructure, net of accumulated depreciation and amortization, net of outstanding debt issued to fund the asset purchase or construction, and net of other capital-related liabilities.

The Primary Government's unrestricted net position, the portion of net position that can be used to finance the daily operations of the City, was \$69.5 million. Debt totaling \$1.1 million issued for Civic Center improvements is being repaid by governmental activities while the related asset is recorded in business-type activities. The City also assumed \$34.8 million of debt including premiums issued for school improvements while the School Division recorded the related asset. As such, \$35.9 million is included in governmental activities long-term liabilities, which directly reduced unrestricted net position.

Net position is reported as restricted when constraints on asset use are externally imposed by creditors, grantors, contributors, regulators, or are imposed by law through constitutional provisions or enabling legislation. The City had restricted net position totaling \$5.8 million as of June 30, 2023, for governmental activities. Approximately \$4.1 million in state funding was received, but not yet spent, for highway maintenance. Federal and state grant funding totaling \$481,000 was received, but not yet spent, for fire programs, asset forfeiture, four for life and hazardous materials grants. Unspent donations totaling \$270,000 were restricted for law enforcement and public safety programs. Opioid settlement funds totaling \$961,000 were also restricted.

**CITY OF SALEM, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

As of June 30, 2023, the component units had \$56.8 million in total net position, an increase of \$9.5 million. Unrestricted net position (deficit) available to fund future expenses was (\$17.3) million. Net investment in capital assets was \$73.2 million, an increase of \$5.4 million.

Summary of Changes in Net Position

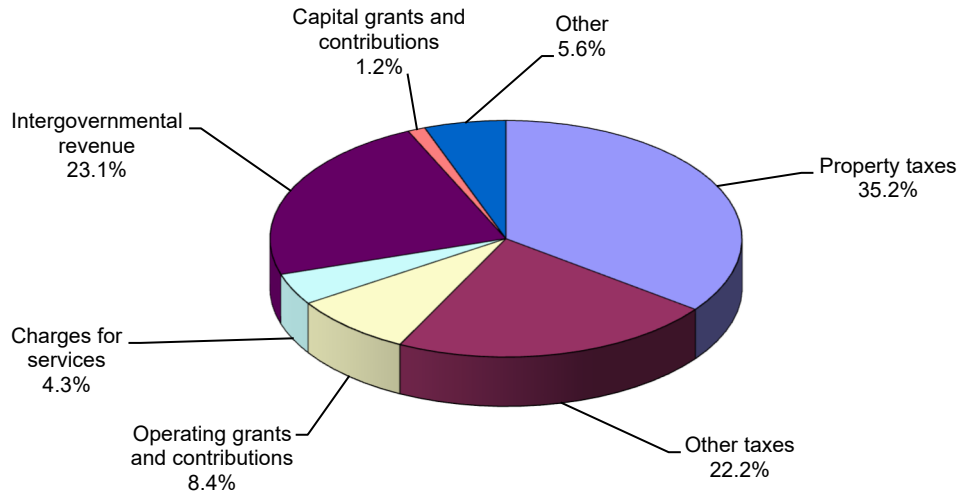
The following table presents a condensed summary of changes in net position.

Summary of Changes in Net Position (In Millions)								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenues								
<i>Program Revenues:</i>								
Charges for services	\$ 5.5	\$ 4.5	\$ 58.9	\$ 58.2	\$ 64.4	\$ 62.7	\$ 2.0	\$ 1.3
Operating grants and contributions	10.8	9.9	-	1.3	10.8	11.2	16.8	17.4
Capital grants and contributions	1.5	2.0	0.1	0.2	1.6	2.2	2.3	0.6
<i>General Revenues:</i>								
Property taxes	45.2	43.0	-	-	45.2	43.0	-	-
Local sales and use taxes	9.5	9.1	-	-	9.5	9.1	-	-
Business license taxes	6.9	6.2	-	-	6.9	6.2	-	-
Meals taxes	6.4	5.8	-	-	6.4	5.8	-	-
Utility taxes	1.2	1.2	-	-	1.2	1.2	-	-
Lodging taxes	1.8	1.7	-	-	1.8	1.7	-	-
Other taxes	2.7	2.7	-	-	2.7	2.7	-	-
Intergovernmental revenue	29.6	3.7	-	-	29.6	3.7	-	-
Investment earnings	5.7	0.4	0.1	0.1	5.8	0.5	0.1	0.1
Gain on disposal of capital assets	0.1	0.1	-	-	0.1	0.1	-	-
Payments from City of Salem	-	-	-	-	-	-	25.3	26.7
State aid	-	-	-	-	-	-	16.6	16.4
Other	1.4	0.7	-	-	1.4	0.7	1.9	0.9
Total revenues	128.3	91.0	59.1	59.8	187.4	150.8	65.0	63.4
Expenses								
General government	8.1	6.9	-	-	8.1	6.9	-	-
Judicial administration	2.6	2.5	-	-	2.6	2.5	-	-
Public safety	20.2	18.6	-	-	20.2	18.6	-	-
Public works	11.4	10.8	-	-	11.4	10.8	-	-
Health and welfare	5.8	5.4	-	-	5.8	5.4	-	-
Education	25.1	26.6	-	-	25.1	26.6	55.3	52.4
Parks, recreation and cultural	8.0	6.8	-	-	8.0	6.8	-	-
Community development	3.3	2.7	-	-	3.3	2.7	0.2	0.1
Interest and other fiscal charges	1.8	1.6	-	-	1.8	1.6	-	-
Electric	-	-	40.8	35.5	40.8	35.5	-	-
Water and sewage	-	-	10.5	9.9	10.5	9.9	-	-
Civic center	-	-	5.1	4.1	5.1	4.1	-	-
Catering and concessions	-	-	0.9	0.7	0.9	0.7	-	-
Total expenses	86.3	81.9	57.3	50.2	143.6	132.1	55.5	52.5
Excess before transfers	42.0	9.1	1.8	9.6	43.8	18.7	9.5	10.9
Transfers	(8.5)	1.6	8.5	(1.6)	-	-	-	-
Increase in net position	33.5	10.7	10.3	8.0	43.8	18.7	9.5	10.9
Net position, beginning	71.6	60.9	116.2	108.2	187.8	169.1	47.3	36.4
Net position, ending	\$ 105.1	\$ 71.6	\$ 126.5	\$ 116.2	\$ 231.6	\$ 187.8	\$ 56.8	\$ 47.3

**CITY OF SALEM, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

Governmental Activities – Revenues

The following graph presents revenues generated for governmental activities by category:



Property taxes, which were 35.2% of total governmental activities revenue, include real estate tax, the local portion of personal property tax, machinery and tools tax and public service corporation taxes. Property taxes in total increased \$2.2 million or 5.1% from the previous year. Current year real estate tax revenue was up approximately \$1.8 million or 6.3% from the prior year due to higher assessments. In fiscal year 2023, vehicle values decreased approximately 8% while tangible business property assessments increased 10%. The net effect of these fluctuations resulted in \$570,000 more in current year personal property tax revenue. Machinery and tools tax decreased \$170,000 or 5.2%

Intergovernmental revenue not restricted, which was 23.1% of total governmental activities revenue, increased \$25.9 million. The City was awarded \$31.2 million in American Rescue Plan Act (ARPA) funding. In fiscal year 2023, the City recognized \$25.8 million in ARPA revenue to cover the amount expended on general government services.

Local sales and use taxes continued trending up, increasing \$422,000 or 4.7%. The cost of goods and services has been steadily rising, resulting in higher gross sales and ultimately higher sales tax revenue. Business license tax, which is based on gross receipts for the previous calendar year, increased \$672,000 or 10.9%. Meals tax increased \$599,000 or 10.3% from the prior year. Lodging tax revenue increased \$138,905 or 8.3% from the prior year.

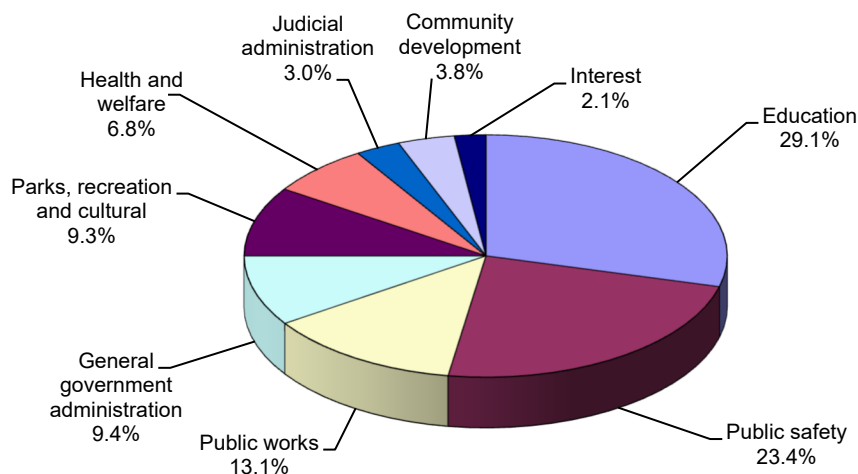
Unrestricted investment earnings, which comprised 4.4% of governmental activities revenue, increased \$5.3 million from the previous year. Higher cash balances and rising interest rates resulted in higher interest earnings. A change in investments also contributed to the increase.

Operating grants and contributions, which were 8.4% of governmental activities revenue, increased \$979,000. Highway maintenance funding from the state was \$689,000 higher than the prior year. Children's Services Act revenue increased by \$210,000 but there is a corresponding increase in health and welfare expenses.

**CITY OF SALEM, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

Governmental Activities – Expenses

Expenses of the governmental activities are shown below by functional area:



Pension expense in all functions was higher than the previous year. Differences between actuarially assumed investment returns and actual investment returns are amortized over a five-year closed period. The expensed portion of current period differences between actual and projected earnings on plan investments contributed to higher pension expense in fiscal year 2023. This is partially offset by higher projected earnings on plan investments.

Education expenses totaling \$25.1 million, or 29.1% of governmental activities, represented the largest allocation of resources. Education expenses decreased \$1.5 million or 5.5%. Funding of \$21.8 million was allocated to the School Division to cover operating costs, an increase of \$900,000. In fiscal year 2023, \$3.1 million in bond proceeds were transferred to the School Division to cover Salem High School renovation costs compared to \$5.3 million transferred in fiscal year 2022. Meals tax is shared with the School Division and \$258,000 was transferred in fiscal year 2023, which is more than the \$22,000 transferred in the previous year. In addition, the City transferred \$414,000 in fiscal year 2022 to help fund Salem High School Fieldhouse renovations.

Public safety expenses, which were 23.4% of total governmental activities expenses, increased \$1.6 million or 8.9% due to higher salary and benefit costs in the labor-intensive Fire and Police departments.

Public works expenses, which were 13.1% of governmental activities expenses, increased \$574,000 or 5.3% due to higher salary and benefit costs.

General government expenses were 9.4% of total governmental activities expenses and increased \$1.2 million or 16.8%. Higher salary and benefit costs accounted for approximately \$750,000 of this increase. Depreciation expense was \$140,000 higher than the prior year. Bank charges grew by \$85,000 due to more customers paying by credit card.

Parks, recreation and cultural expenses were 9.3% of total governmental activities expenses and increased \$1.2 million or 17.3%. Salary and benefit costs were \$570,000 higher than the prior year. Moyer Sports Complex assets were disposed of as part of the ongoing renovation project and resulted in a \$625,000 loss in fiscal year 2023.

Business-type Activities

The proprietary funds provide the same type of information reported in the government-wide financial statements for business-type activities, but in more detail. Please refer to the MD&A's section on Financial Analysis of the City's Funds - Proprietary Funds for detailed analysis of the business-type activities major funds.

**CITY OF SALEM, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

Component Units

Payments from the City to the School Division totaled \$25.1 million and were down \$1.5 million or 5.5% from the previous year. Operating support totaled \$21.8 million, an increase of \$900,000. Funds totaling \$3.1 million were transferred to cover Salem High School renovation costs, which was lower than the \$5.3 million provided for renovations in the previous year. Funding from the City to the Economic Development Authority totaled \$162,000 and increased \$106,000 from the previous year due to higher incentive payments.

Charges for services were up \$721,000 or 55.8% largely due to higher cafeteria sales. In the previous two fiscal years, federal funding was used to provide free lunch to all students. This funding was not received in fiscal year 2023. Students resumed purchasing meals, resulting in higher food sales. The EDA also received \$175,000 in administrative fees related to a loan offered to a private company. Operating grants and contributions reflected a decrease of \$509,000 due to the loss of federal funding for meals. Capital grants and contributions increased \$1.7 million due to receipt of School Construction Grant Program funding, which was a new funding source in fiscal year 2023.

The School Division incurred expenses of \$55.3 million for the year ended June 30, 2023, an increase of \$2.9 million or 5.6% from the prior year. Salary and benefit costs of the School Division were higher than the prior year and were partially offset by lower grant spending. Expenses of the Economic Development Authority totaled \$198,000 and increased \$126,000 due to higher incentive and façade grant payments.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

As of June 30, 2023, the governmental funds had \$97 million in total fund balance, an increase of \$14.3 million from prior year. Unassigned fund balances available to fund future expenditures were \$67.8 million or 69.8% of total fund balance. Unassigned fund balance, which contains all amounts not included in other classifications, is available to pay for future years' capital expenditures and provide for unforeseen circumstances. Restricted fund balance totaled \$10.2 million and included \$5 million of unspent bond proceeds and \$5.1 million that can be spent only for specific purposes stipulated by grantors and donors. Assigned fund balance totaled \$17.9 million and represents amounts set aside to liquidate encumbrances. Committed fund balance totaled \$132,000 and represents funds appropriated for the E-summons program and stormwater management.

General Fund

The General Fund is the chief operating fund of the City. As of June 30, 2023, the General Fund had \$75.6 million in total fund balance, which increased \$15.2 million from the prior year. Unassigned fund balance available to fund future expenditures was \$67.8 million or 89.6% of total fund balance and increased \$12.6 million from the previous year. As a measure of the General Fund's liquidity, it may be useful to compare both total fund balance and unassigned fund balance to total fund expenditures. Total fund balance to total fund expenditures increased from 82.1% to 94.2%. Unassigned fund balance to total fund expenditures increased from 75% to 84.4%.

Property taxes, which were 46% of total General Fund revenue, increased \$2.6 million or 5.9% from the prior year. Current year real estate tax revenue was up \$1.7 million or 6.1% due to higher assessed values. In fiscal year 2022, the assessed value of vehicles saw an unprecedented increase due to a shortage of vehicles available for purchase. To ease the burden on taxpayers, City Council provided a rebate of approximately 19.5% of personal property tax received for vehicles. In fiscal year 2023, vehicle values actually decreased slightly from the prior year while tangible business property assessments increased, resulting in growth of \$713,000 or 7.3% in current year personal property tax revenue. Machinery and tools tax decreased \$170,000 or 5.2%.

Other local taxes, which comprised 28.7% of total General Fund revenue increased \$1.8 million or 6.7% from the previous year. Sales tax reflected growth of \$422,000 or 4.7% from the previous year. The cost of goods and services has continued to rise resulting in increased sales tax revenue. Higher prices also resulted in higher meals taxes, which increased \$599,000 or 10.3%. Lodging taxes increased \$139,000 or

**CITY OF SALEM, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

8.3%. Business license tax, which is based on gross receipts of businesses, showed growth of \$672,000 or 10.9%.

Revenue from use of money and property experienced growth of \$4.6 million due to rising interest rates and a change in investments.

Intergovernmental revenue increased \$1.1 million or 7.8%. Highway maintenance funding from the state was \$689,000 higher than the prior year due to being reimbursed for more lane miles. Children's Services Act revenue from the state increased \$210,000 but there was a corresponding increase in program costs in health and welfare expenditures. Program costs can fluctuate significantly from year to year based on the number of children requiring services and the type of services needed.

General government expenditures increased \$1.6 million or 23.5%. Technology Systems costs were \$878,000 higher due to equipment purchases and an increase in software maintenance costs. A new street sweeper was purchased by the City Garage at a cost of \$311,000. Treasurer's office expenditures increased from the previous year. More customers are paying by credit card, resulting in higher bank charges.

Public safety expenditures, which were 24% of total General Fund expenditures, increased \$1.5 million or 8.7% largely due to higher salary and benefit costs. HVAC and plumbing work at the Animal Shelter totaled \$131,000.

Education expenditures comprised 27.5% of total General Fund expenditures and increased \$722,000 or 3.4%. Local operating support of \$21.8 million was provided in fiscal year 2023, an increase of \$900,000. Meals tax revenue is shared with the School Division and \$258,000 was transferred in fiscal year 2023. Only \$22,000 in meals tax was transferred in the previous year. The City also provided \$414,062 to assist with funding Salem High School Fieldhouse renovations in fiscal year 2022.

Community development expenditures were \$1.2 million or 41.8% higher than the previous year. Property on Mill Lane was purchased at a cost of \$871,000. Salary and benefit costs were up \$212,000. Payments to the Economic Development Authority were \$106,000 higher than the previous year due to higher incentive payments.

Transfers in were significantly higher than the prior year. The City was allocated \$31.2 million in ARPA funding. City Council determined that these funds should be used to provide general government services. Transfers from the Special Revenue fund totaled \$25.8 million and were transferred to cover the amount of ARPA funds expended on general government services in fiscal year 2023. Using ARPA funds for general government services freed up local funding for various capital projects. As a result, transfers out to Capital Projects fund were \$14.2 higher than the prior year and \$10.2 million was transferred to the Water and Sewage fund for various projects.

Special Revenue Fund

During fiscal year 2023, \$25.8 million in ARPA funding was recognized. Transfers to the General Fund totaled \$25.8 million to cover the amount of ARPA funds expended for general government services. The City also received two ARPA grants through Virginia Tourism Corporation to support post-covid tourism recovery.

Capital Projects Fund

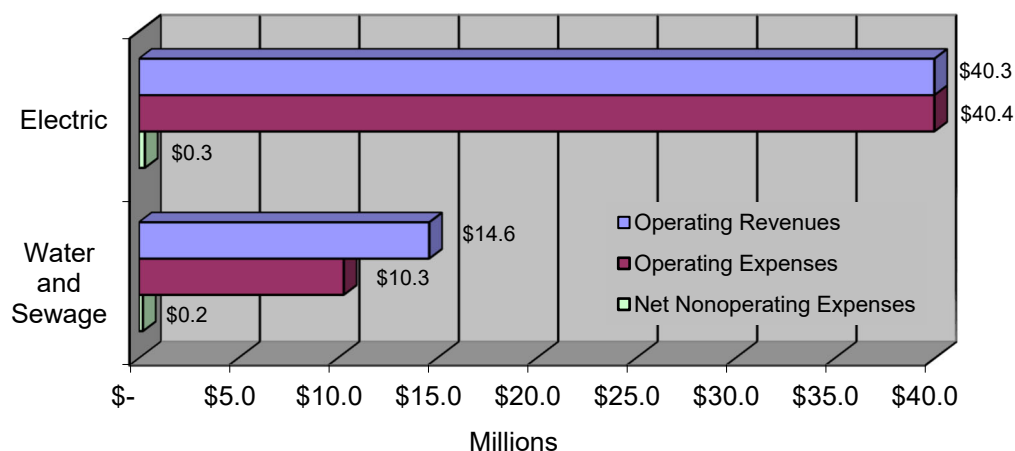
During fiscal year 2023, Capital Projects fund expenditures were \$18.9 million, which was \$10.6 million higher than the previous year. Renovation of the Moyer Sports Complex continued, with \$11.5 million expended in fiscal year 2023. Only \$863,000 was expended on this project in the previous fiscal year. Bond proceeds and interest totaling \$15.5 million were allocated to this project along with \$12.2 million in cash funding. In fiscal year 2023, bond proceeds of \$3.1 million were transferred to the School Division for the Salem High School renovation project. In fiscal year 2022, \$5.3 million in bond proceeds were transferred for the project. Downtown improvements continued with \$2 million expended in fiscal year 2023 compared to \$116,000 in the prior fiscal year. Work on phase 2 of the Hanging Rock Battlefield Trail was substantially completed with \$1.3 million expended in fiscal year 2023. In the previous fiscal year, bond

**CITY OF SALEM, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

proceeds funded the \$678,000 purchase of a fire truck and \$134,000 for the Longwood Park restroom replacement. Grant funding covered design work totaling \$415,000 on the Colorado Street bridge project and \$165,000 on the Apperson Drive bridge project.

Proprietary Funds

Revenues and expenses of the major enterprise funds are shown below:



Electric Fund

As of June 30, 2023, the Electric Fund had \$58.6 million in total net position, which decreased by \$3.6 million from the prior year. Net investment in capital assets was \$30.9 million or 52.7% of total net position. Unrestricted net position available to fund future expenses was \$27.7 million or 47.3% of total net position.

For fiscal year 2023, operating revenue remained flat compared to the previous fiscal year at \$40.3 million. Operating expenses were \$40.4 million and were \$5.2 million or 14.9% higher than the prior year. Purchased power costs grew \$4.2 million or 14.4%. Higher transmission costs, which are based on peak demand, contributed to the increase as did higher fuel costs. Distribution and maintenance costs were up due to additional tree trimming work. Substation improvements were capitalized in fiscal year 2023, resulting in a \$275,000 increase in depreciation expense.

Water and Sewage Fund

As of June 30, 2023, the Water and Sewage Fund had \$68 million in total net position, an increase of \$14.2 million from prior year. Net investment in capital assets was \$38.9 million or 57.3% of total net position. Unrestricted net position available to fund future expenses was \$29 million or 42.7% of total net position.

For fiscal year 2023, operating revenue was \$14.6 million, which was \$123,000 lower than the previous year. Charges for services were down \$134,000 or 1% due to lower consumption by customers. Operating expenses were \$10.3 million, an increase of \$679,000 or 7.1% from the prior year. Salary and fringe benefit costs grew \$348,000 from the prior year. Maintenance costs increased \$249,000 and materials and supplies costs increased \$130,000. Current inflationary conditions have resulted in higher prices for chemicals and other maintenance supplies. These increases are partially offset by a decrease of \$275,000 in sewage treatment costs. The rate paid to Western Virginia Water Authority (WVWA) decreased and the gallons of sewage treated were lower than the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's budget is prepared in accordance with the *Code of Virginia*. On the next page is a condensed version of the budgetary comparison of the General Fund original budget, amended budget and actual amounts.

**CITY OF SALEM, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

**Budgetary Highlights for 2023
(In Millions)**

	Original Budget	Budget As Amended	Actual
Revenues	\$ 89.4	\$ 90.1	\$ 99.5
Expenditures	(86.9)	(91.1)	(80.3)
Proceeds from sale of capital assets	-	-	0.1
Insurance recoveries	-	0.1	0.1
Transfers in	19.6	29.2	29.2
Transfers out	(24.0)	(33.8)	(33.4)
Use of fund balance	<u>\$ (1.9)</u>	<u>\$ (5.5)</u>	<u>\$ 15.2</u>

During the year, the City amended the original budget primarily for the following purposes:

- To re-appropriate monies for encumbrances established prior to July 1, 2022.
- To re-appropriate grants, donations and other revenues authorized in fiscal year 2022 or earlier, but not expended or encumbered as of June 30, 2022.
- To appropriate grants, donations and other revenues accepted or adjusted in fiscal year 2023 when official notice of approval was received.

The Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – General Fund is shown on page 36. Property taxes exceeded budget by \$894,000 largely due to personal property tax revenue. Because the City assesses and bills personal property in late spring, no current assessment data is available at the time revenue estimates are developed for the subsequent fiscal year. The Finance Department works with other City departments to determine reasonable revenue estimates based on the information that is available. In fiscal year 2022, vehicle values increased by an extraordinary amount because of the shortage of vehicles available for purchase. The expectation was that vehicle values would somewhat normalize in fiscal year 2023 and the City developed a conservative revenue estimate based on this assumption. Current year real estate and machinery and tools taxes achieved 100% of the budgeted amount.

Other local taxes revenue exceeded budget by \$2.7 million or 10.5%. The cost of goods and services has gone up dramatically over the past two years, impacting several revenue streams that are based on gross sales. The 2023 budget for sales, meals and lodging taxes was increased substantially but revenue still exceeded budget by 5%, 13% and 21%, respectively. Business license tax, which is based on gross receipts, exceeded budget by \$918,000 or 15%. The 2023 budget included an anticipated increase of 11.9% for business license tax.

Rising interest rates resulted in revenue from use of money and property exceeding the budget by \$4.5 million. Interest revenue was budgeted very conservatively because of economic uncertainties. Other revenue exceeded the amount budgeted by \$844,000 due to receipt of settlement funds that were not anticipated or budgeted.

Several functions ended the year with expenditures less than budget. Public works expenditures were under budget by \$4.1 million or 30.6%. Amounts totaling \$1.1 million were encumbered but not spent as of June 30, 2023. Highway maintenance spending was \$2.1 million under budget as some planned projects weren't completed in fiscal year 2023. Unspent highway maintenance funds are re-appropriated and spent in subsequent years. Waste disposal charges were under budget by \$143,000.

Public safety expenditures were under budget by \$1.8 million. Amounts totaling \$745,000 were encumbered but not spent as of June 30, 2023. Salary and fringe benefit costs were under budget by \$540,000 due to vacant positions. Detention costs were \$309,000 under budget as the number of prisoners housed was lower than anticipated.

**CITY OF SALEM, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

General government expenditures were \$1.2 million or 12.6% under budget. Salary and fringe benefit expenditures were \$500,000 below budget due to vacant positions. In Technology, software maintenance and professional services costs were less than budgeted. Funding for new software was included in the budget but was not purchased.

In the risk management category, \$1.7 million remained in the contingency budget at year end.

CAPITAL ASSETS

The City's total Primary Government capital assets, net of accumulated depreciation and amortization, increased 6.5% from \$201 million to \$214.1 million. This investment includes land, construction in progress, development in progress, machinery and equipment, buildings and improvements, public domain infrastructure, distribution and transmission, utility plant, sewage treatment contract, intangible right-to-use lease assets and subscription-based information technology arrangements. The following table presents a summary of capital asset balances at the end of the year. The changes in each category of capital assets, along with other important information regarding capital assets, are presented in Note 7 of the financial statements.

**Capital Assets, Net of Depreciation and Amortization
(In Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government		Component Unit	
	2023	2022	2023	2022	2023	2022	2023	2022
Land	\$ 7.2	\$ 6.4	\$ 1.6	\$ 1.6	\$ 8.8	\$ 8.0	\$ 1.1	\$ 1.1
Construction in progress	17.5	3.4	4.4	18.2	21.9	21.6	36.4	29.5
Development in progress	0.1	-	-	-	0.1	-	-	-
Machinery and equipment	10.6	11.0	2.3	2.4	12.9	13.4	2.5	2.4
Buildings and improvements	19.3	19.6	13.3	14.0	32.6	33.6	33.7	34.8
Public domain infrastructure	56.7	58.0	-	-	56.7	58.0	-	-
Distribution and transmission	-	-	29.1	18.4	29.1	18.4	-	-
Utility plant	-	-	34.7	29.9	34.7	29.9	-	-
Sewage treatment contract	-	-	17.1	18.0	17.1	18.0	-	-
Right-to-use leased assets	0.1	0.1	-	-	0.1	0.1	0.1	-
Subscription-based information technology arrangements	0.1	-	-	-	0.1	-	0.1	-
Total	<u>\$ 111.6</u>	<u>\$ 98.5</u>	<u>\$ 102.5</u>	<u>\$ 102.5</u>	<u>\$ 214.1</u>	<u>\$ 201.0</u>	<u>\$ 73.9</u>	<u>\$ 67.8</u>

Major capital asset additions in the *governmental activities* included:

- Renovations to the Moyer Sports Complex continued, with \$12.4 million included in construction in progress.
- Work on Downtown projects continued with \$2.2 million included in construction in progress.
- Hanging Rock Battlefield Trail Phase 2 was capitalized at a cost of \$1.4 million.
- Property located at 1900 Mill Lane was purchased at a cost of \$871,000.
- Design work on the Colorado Street Bridge continued with \$798,000 included in construction in progress.
- Design work on the Apperson Drive Bridge continued with \$748,000 included in construction in progress.
- The roof at Kiwanis Field was replaced at a cost of \$345,000.
- A new street sweeper was purchased at a cost of \$311,000.

**CITY OF SALEM, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

Major capital asset additions in the *business-type activities* included:

- In the Electric Fund, the substation equipment replacement was completed at a cost of \$11.3 million.
- Water and Sewer Fund costs for the automated meter reading project were capitalized at a cost of \$4.5 million.
- Renovation of the Franklin Street Water Tank was completed with a capitalized cost of \$1.5 million.
- The City paid \$553,000 in fiscal year 2023 for its share of the renovation of the existing anaerobic digestion facilities at the Western Virginia Water Authority Regional Wastewater Treatment Plant. Costs totaling \$1.9 million were included in construction in progress.
- HVAC replacement at the Water Treatment Plant was underway with \$758,000 included in construction in progress.

LONG-TERM DEBT

At June 30, 2023, the City's long-term liabilities, excluding financed purchase obligations, lease liabilities, subscription liabilities, compensated absences, net pension liabilities, net OPEB liabilities, bond premiums, and bond discounts, totaled \$87 million. This amount was comprised of \$60.4 million related to governmental activities (including \$32 million for debt held on behalf of the School Division and \$190,000 recorded as a receivable from Roanoke Valley Resource Authority) and \$26.6 million related to business-type activities. The City made \$7.6 million in principal payments and amortized \$772,000 in discounts and premiums. Detailed information regarding these changes in long-term debt is disclosed in Note 9 to the financial statements. Total debt decreased \$6.9 million during the fiscal year.

With its most recent rating in May 2020, the City received a rating of Aa2 from Moody's Investor Service, an upgrade from the previous Aa3 rating. The City received a rating of AA+ from S&P Global Ratings.

The City Charter and the *Code of Virginia* limits the City's net debt to 10% of the assessed valuation of real estate within the City limits. This limit applies to governmental fund tax supported debt and certain long-term liabilities of proprietary funds. The City considers long-term debt of its electric, water and sewage funds to be self-supporting. Additionally, in accordance with its contractual agreement with Roanoke Valley Resource Authority, the City will receive funding from RVRA toward \$190,000 of general obligation debt. The City's tax-supported debt of \$64.4 million is below the legal debt limit of \$194.9 million. Table 11 of the statistical section provides additional information related to the legal debt margin.

The School Division relies upon the City to provide full faith and credit for any debt obligations incurred. Therefore, the City reports School Division long-term liabilities, other than financed purchase obligations, lease liabilities, subscription liabilities, compensated absences, net pension liabilities and net OPEB liabilities as its own. In addition to bonded debt, the City's long-term obligations include financed purchase obligations, lease liabilities, subscription liabilities, compensated absences, net OPEB liabilities, and net pension liabilities. Additional information concerning the City's long-term liabilities is presented in Note 9 of the financial statements and Tables 9 and 10 of the statistical section.

Interest and other fiscal charges for fiscal year 2023 were \$1.8 million or 2.1% of total governmental activities expenses.

FACTORS INFLUENCING FUTURE BUDGETS

The City continues to struggle to attract and retain qualified employees. A pay study was completed in fiscal year 2023, which revamped the pay plan to be more competitive. Funding for salary and benefit costs was significantly higher in the fiscal year 2024 budget.

High inflation and rising costs of goods and services continue to cause budgetary challenges. Long lead times for purchasing larger pieces of equipment make it more difficult to keep up with equipment replacement needs. More resources are required to cover operating costs.

**CITY OF SALEM, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

In the Electric fund, purchased power costs are expected to go up substantially over the next few years due to higher fuel costs. An increase in the power cost adjustment was necessary in fiscal year 2024 to offset rising costs. Electric fund reserves will be used to offset a portion of the cost increase to ease the burden for electric customers. Water and sewer rate increases are anticipated to keep up with rising operating costs and to cover needed capital improvements.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have any questions about this report or need additional information, contact the Director of Finance, City of Salem, 114 North Broad Street, Salem, Virginia 24153, (540) 375-3061, or visit the City's website at www.salemva.gov.

Additional information on the Component Unit can be obtained from the Chief Financial Officer, Salem City Schools, 510 South College Avenue, Salem, Virginia 24153, or visit the School Division's website at www.salem.k12.va.us.

BASIC FINANCIAL STATEMENTS



The Basic Financial Statements subsection of the City of Salem, Virginia's Annual Comprehensive Financial Report includes the government-wide Statement of Net Position and Statement of Activities. Government-wide statements incorporate governmental and business-type activities of the City and activities of the component unit to provide an overview of the financial position and change in net position for the reporting entity. Also, this section includes the fund financial statements for governmental, proprietary, and fiduciary funds and the accompanying notes to the financial statements.

CITY OF SALEM, VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 94,568,098	\$ 57,290,231	\$ 151,858,329	\$ 18,059,068
Receivables, net	4,925,375	7,422,186	12,347,561	7,150,072
Lease receivable	1,075,882	243,494	1,319,376	484,152
Due from component unit	-	4,598,066	4,598,066	-
Due from other governmental units	6,199,151	-	6,199,151	2,168,184
Net pension asset	-	-	-	909,597
Inventories	757,911	2,686,145	3,444,056	88,157
Prepaid items	383,668	260,660	644,328	378,303
<i>Restricted assets:</i>				
Cash and cash equivalents	9,320,642	-	9,320,642	-
<i>Capital assets:</i>				
Nondepreciable and nonamortizable	24,814,983	5,968,194	30,783,177	37,489,328
Depreciable and amortizable, net	86,747,108	96,499,444	183,246,552	36,453,938
Total assets	<u>228,792,818</u>	<u>174,968,420</u>	<u>403,761,238</u>	<u>103,180,799</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>8,497,181</u>	<u>2,526,178</u>	<u>11,023,359</u>	<u>9,790,214</u>
LIABILITIES				
Accounts payable and accrued liabilities	6,724,777	5,102,816	11,827,593	1,200,864
Accrued payroll and related liabilities	1,362,471	387,887	1,750,358	6,174,850
Accrued interest	403,032	159,553	562,585	18,296
Self-insurance claims liability	376,443	-	376,443	317,670
Due to primary government	-	-	-	4,557,538
Due to component unit	40,528	-	40,528	-
Unearned revenues	5,448,811	423,897	5,872,708	485,345
Customer security deposits	-	1,061,178	1,061,178	-
<i>Long-term liabilities due in less than one year:</i>				
Bonds payable	4,216,724	4,335,499	8,552,223	-
Financed purchase obligation	14,529	-	14,529	-
Lease liability	26,445	7,152	33,597	32,033
Subscription liability	74,393	-	74,393	-
Compensated absences	1,708,902	564,017	2,272,919	457,962
<i>Long-term liabilities due in more than one year:</i>				
Bonds payable	60,402,408	24,842,415	85,244,823	2,523,544
Lease liability	36,839	13,106	49,945	83,931
Subscription liability	11,621	-	11,621	-
Compensated absences	842,286	166,595	1,008,881	369,449
Net pension liability	29,898,037	7,996,051	37,894,088	27,008,034
Net OPEB liability	13,344,392	3,999,999	17,344,391	5,673,830
Total liabilities	<u>124,932,638</u>	<u>49,060,165</u>	<u>173,992,803</u>	<u>48,903,346</u>
DEFERRED INFLOWS OF RESOURCES	<u>7,236,145</u>	<u>1,941,356</u>	<u>9,177,501</u>	<u>7,304,284</u>
NET POSITION				
Net investment in capital assets	83,584,944	72,671,638	156,256,582	73,141,922
Restricted for:				
Grant programs	530,694	-	530,694	-
Highway maintenance	4,111,761	-	4,111,761	-
Net pension asset	-	-	-	909,597
Other	1,231,475	-	1,231,475	-
Unrestricted (deficit)	15,662,342	53,821,439	69,483,781	(17,288,136)
Total net position	<u>\$ 105,121,216</u>	<u>\$ 126,493,077</u>	<u>\$ 231,614,293</u>	<u>\$ 56,763,383</u>

The Notes to Financial Statements are an integral part of this statement.

**CITY OF SALEM, VIRGINIA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Primary Government		Component Units
			Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary Government							
<i>Governmental activities:</i>							
General government	\$ 8,115,304	\$ 263,241	\$ 338,756	\$ -	\$ (7,513,307)	\$ (7,513,307)	
Judicial administration	2,601,089	242,015	1,397,686	-	(961,388)	(961,388)	
Public safety	20,216,655	2,411,593	1,177,467	26,761	(16,600,834)	(16,600,834)	
Public works	11,351,657	1,938,610	5,142,445	412,412	(3,858,190)	(3,858,190)	
Health and welfare	5,838,663	-	2,521,228	-	(3,317,435)	(3,317,435)	
Education	25,147,133	-	-	-	(25,147,133)	(25,147,133)	
Parks, recreation and cultural	8,020,313	570,633	221,823	490,658	(6,737,199)	(6,737,199)	
Community development	3,248,148	40,630	43,152	560,401	(2,603,965)	(2,603,965)	
Interest and other fiscal charges	1,803,089	-	-	-	(1,803,089)	(1,803,089)	
Total governmental activities	86,342,051	5,466,722	10,842,557	1,490,232	(68,542,540)	(68,542,540)	
<i>Business-type activities:</i>							
Electric	40,754,144	40,266,130	-	11,308	\$ (476,706)	(476,706)	
Water and sewage	10,479,500	14,554,254	14,465	34,000	4,123,219	4,123,219	
Civic Center	5,107,817	3,170,486	-	-	(1,937,331)	(1,937,331)	
Catering and concessions	918,177	874,199	-	-	(43,978)	(43,978)	
Total business-type activities	57,259,638	58,865,069	14,465	45,308	1,665,204	1,665,204	
Total primary government	\$ 143,601,689	\$ 64,331,791	\$ 10,857,022	\$ 1,535,540	(68,542,540)	(66,877,336)	
Component Units	\$ 55,491,503	\$ 2,012,177	\$ 16,842,179	\$ 2,304,642		\$ (34,332,505)	

General revenues:

Property taxes	45,224,724	-	-	-	45,224,724	-
Local sales and use taxes	9,493,549	-	-	-	9,493,549	-
Business license taxes	6,848,042	-	-	-	6,848,042	-
Meals taxes	6,434,438	-	-	-	6,434,438	-
Utility taxes	1,222,533	-	-	-	1,222,533	-
Lodging taxes	1,813,117	-	-	-	1,813,117	-
Other taxes	2,707,856	-	-	-	2,707,856	-
Intergovernmental revenue not restricted	29,633,059	-	-	-	29,633,059	-
Unrestricted investment earnings	5,704,295	-	-	-	5,797,454	83,692
Gain on disposal of capital assets	81,145	-	-	-	88,945	-
Gain on lease modification	1,394	-	-	-	1,394	-
Payments from City of Salem	-	-	-	-	-	25,308,970
Unrestricted state aid	-	-	-	-	-	16,562,083
Other	1,379,633	-	-	-	1,405,596	1,857,634
Transfers	(8,522,956)	-	-	-	-	-
Total general revenues and transfers	102,020,829	-	-	-	110,670,707	43,812,379
Change in net position	33,478,289	-	-	-	43,793,371	9,479,874
Net position, beginning*	71,642,927	-	-	-	187,820,922	47,283,509
Net position, ending	\$ 105,121,216	\$ 126,493,077	\$ 126,493,077	\$ 231,614,293	\$ 231,614,293	\$ 56,763,383

* Restated, due to implementation of the guidance in GASB Statement 96, *Subscription-Based Information*

Technology Arrangements

The Notes to Financial Statements are an integral part of this statement.

**CITY OF SALEM, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 69,949,695	\$ 5,322,900	\$ -	\$ 16,244,440	\$ 91,517,035
Cash and cash equivalents, restricted	-	-	-	9,320,642	9,320,642
Receivables, net	4,885,329	-	-	-	4,885,329
Lease receivable	1,075,882	-	-	-	1,075,882
Due from other governmental units	5,582,390	-	189,981	426,780	6,199,151
Inventories	757,911	-	-	-	757,911
Prepaid items	305,957	-	-	-	305,957
Total assets	<u>\$ 82,557,164</u>	<u>\$ 5,322,900</u>	<u>\$ 189,981</u>	<u>\$ 25,991,862</u>	<u>\$ 114,061,907</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 2,132,601	\$ -	\$ -	\$ 4,571,252	\$ 6,703,853
Accrued payroll and related liabilities	1,355,654	-	-	-	1,355,654
Due to component unit	40,528	-	-	-	40,528
Unearned revenues	81,496	5,322,900	-	-	5,404,396
Total liabilities	<u>3,610,279</u>	<u>5,322,900</u>	<u>-</u>	<u>4,571,252</u>	<u>13,504,431</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,348,463</u>	<u>-</u>	<u>189,981</u>	<u>-</u>	<u>3,538,444</u>
FUND BALANCES					
Nonspendable	1,063,868	-	-	-	1,063,868
Restricted	5,180,884	-	-	4,996,422	10,177,306
Committed	132,023	-	-	-	132,023
Assigned	1,462,671	-	-	16,424,188	17,886,859
Unassigned	67,758,976	-	-	-	67,758,976
Total fund balances	<u>75,598,422</u>	<u>-</u>	<u>-</u>	<u>21,420,610</u>	<u>97,019,032</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 82,557,164</u>	<u>\$ 5,322,900</u>	<u>\$ 189,981</u>	<u>\$ 25,991,862</u>	<u>\$ 114,061,907</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF SALEM, VIRGINIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS' BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total fund balance of governmental funds	\$ 97,019,032
Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds.	111,562,091
Some long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	
Deferred inflows of resources for unavailable revenues	2,388,550
For debt refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred outflow of resources or a deferred inflow of resources.	
Deferred amounts on refunding	217,872
Long-term liabilities related to governmental fund activities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Bonds payable	(60,382,298)
Bond premiums	(4,236,834)
Financed purchase obligation	(14,529)
Lease liability	(63,284)
Subscription liability	(86,014)
Accrued interest	(403,032)
Compensated absences	(2,539,338)
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.	
Deferred outflows of resources related to pension	5,324,203
Deferred inflows of resources related to pension	(4,655,392)
Net pension liability	(29,648,473)
Financial statement elements related to OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.	
Deferred outflows of resources related to OPEB	2,921,713
Deferred inflows of resources related to OPEB	(1,401,032)
Net OPEB liability	(13,314,773)
The internal service fund is used by management to charge the costs of health and dental insurance to individual funds. The assets, liabilities and net position of the internal service fund are included with governmental activities in the Statement of Net Position.	2,432,754
Net position of governmental activities	<u><u>\$ 105,121,216</u></u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF SALEM, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
REVENUES					
Property taxes	\$ 45,799,603	\$ -	\$ -	\$ -	\$ 45,799,603
Other local taxes	28,519,536	-	-	-	28,519,536
Permits, fees and licenses	404,802	-	-	-	404,802
Fines and forfeitures	140,085	-	-	-	140,085
Revenue from use of money and property	5,340,319	-	-	605,751	5,946,070
Charges for services	3,632,128	-	-	-	3,632,128
Other	1,125,713	-	-	-	1,125,713
Intergovernmental	14,538,018	25,878,231	201,592	1,480,222	42,098,063
Total revenues	<u>99,500,204</u>	<u>25,878,231</u>	<u>201,592</u>	<u>2,085,973</u>	<u>127,666,000</u>
EXPENDITURES					
<i>Current:</i>					
General government	8,455,102	-	-	-	8,455,102
Judicial administration	2,562,166	-	-	-	2,562,166
Public safety	19,271,847	-	-	-	19,271,847
Public works	9,346,515	-	-	-	9,346,515
Health and welfare	5,655,241	-	-	-	5,655,241
Education	22,055,911	-	-	3,091,222	25,147,133
Parks, recreation and cultural	6,679,800	-	-	-	6,679,800
Community development	3,936,882	36,745	-	-	3,973,627
Risk management	2,178,901	-	-	-	2,178,901
Capital projects	-	-	-	15,777,799	15,777,799
<i>Debt service:</i>					
Principal retirement	111,074	-	3,861,198	-	3,972,272
Interest	4,334	-	2,008,682	-	2,013,016
Total expenditures	<u>80,257,773</u>	<u>36,745</u>	<u>5,869,880</u>	<u>18,869,021</u>	<u>105,033,419</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,242,431</u>	<u>25,841,486</u>	<u>(5,668,288)</u>	<u>(16,783,048)</u>	<u>22,632,581</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	72,614	-	-	-	72,614
Inception of leases	26,335	-	-	-	26,335
Inception of subscriptions	28,159	-	-	-	28,159
Insurance recoveries	116,372	-	-	-	116,372
Transfers in	29,155,931	-	5,668,288	15,942,325	50,766,544
Transfers out	(33,483,683)	(25,841,486)	-	-	(59,325,169)
Total other financing sources (uses), net	<u>(4,084,272)</u>	<u>(25,841,486)</u>	<u>5,668,288</u>	<u>15,942,325</u>	<u>(8,315,145)</u>
Net change in fund balances	<u>15,158,159</u>	<u>-</u>	<u>-</u>	<u>(840,723)</u>	<u>14,317,436</u>
Fund balances, beginning	<u>60,440,263</u>	<u>-</u>	<u>-</u>	<u>22,261,333</u>	<u>82,701,596</u>
Fund balances, ending	<u>\$ 75,598,422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,420,610</u>	<u>\$ 97,019,032</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF SALEM, VIRGINIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS' STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Net changes in fund balances of governmental funds	\$ 14,317,436
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense and amortization expense to allocate the costs of those assets over the lives of the assets.	
Capital outlay	19,427,572
Depreciation and amortization expense	(5,747,803)
The net effect of various transactions involving capital assets does not provide or use current financial resources and is not reported as revenues or expenditures in the governmental funds.	(687,387)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds.	405,212
Issuance of debt and other obligations provides current financial resources to governmental funds but increases long-term liabilities in the Statement of Net Position. Repayment of bond, lease, and subscription principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, but these amounts are deferred and amortized in the Statement of Activities.	
Inception of leases	(26,335)
Inception of subscriptions	(28,159)
Principal payments	3,972,272
Amortization of current year bond premiums	337,218
Amortization of current year deferred amounts on refunding	(90,716)
Gain on lease modification	1,394
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in accrued interest payable	(5,279)
Change in compensated absences	(212,478)
Governmental funds report employer pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	
Employer pension contributions	4,115,474
Pension expense	(3,259,789)
Governmental funds report employer OPEB contributions as expenditures. However, in the Statement of Activities, the cost of OPEB benefits earned is reported as OPEB expense.	
Employer OPEB contributions	1,692,310
OPEB expense	(967,943)
The internal service fund is used by management to charge the costs of health and dental insurance to individual funds. The change in net position of the internal service fund is reported with governmental activities.	235,290
Change in net position of governmental activities	<u><u>\$ 33,478,289</u></u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF SALEM, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 44,905,191	\$ 44,905,191	\$ 45,799,603	\$ 894,412
Other local taxes	25,542,300	25,800,313	28,519,536	2,719,223
Permits, fees and licenses	342,740	342,740	404,802	62,062
Fines and forfeitures	76,000	76,000	140,085	64,085
Revenue from use of money and property	698,440	791,439	5,340,319	4,548,880
Charges for services	3,526,753	3,526,753	3,632,128	105,375
Other	266,000	282,000	1,125,713	843,713
Intergovernmental	14,089,222	14,336,000	14,538,018	202,018
Total revenues	<u>89,446,646</u>	<u>90,060,436</u>	<u>99,500,204</u>	<u>9,439,768</u>
EXPENDITURES				
<i>Current:</i>				
General government	9,104,458	9,670,718	8,455,102	1,215,616
Judicial administration	2,649,896	2,707,109	2,562,166	144,943
Public safety	20,245,396	21,117,982	19,271,847	1,846,135
Public works	11,353,057	13,460,987	9,346,515	4,114,472
Health and welfare	6,257,745	6,470,154	5,655,241	814,913
Education	20,897,899	22,055,911	22,055,911	-
Parks, recreation and cultural	6,833,916	7,226,911	6,679,800	547,111
Community development	3,064,511	4,293,970	3,936,882	357,088
Risk management	6,504,423	4,053,536	2,178,901	1,874,635
<i>Debt service:</i>				
Principal retirement	-	-	111,074	(111,074)
Interest	-	-	4,334	(4,334)
Total expenditures	<u>86,911,301</u>	<u>91,057,278</u>	<u>80,257,773</u>	<u>10,799,505</u>
Excess of revenues over expenditures	<u>2,535,345</u>	<u>(996,842)</u>	<u>19,242,431</u>	<u>20,239,273</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	72,614	72,614
Inception of leases	-	-	26,335	26,335
Inception of subscriptions	-	-	28,159	28,159
Insurance recoveries	-	116,375	116,372	(3)
Transfers in	19,558,438	29,224,929	29,155,931	(68,998)
Transfers out	(23,993,783)	(33,804,788)	(33,483,683)	321,105
Total other financing uses, net	<u>(4,435,345)</u>	<u>(4,463,484)</u>	<u>(4,084,272)</u>	<u>379,212</u>
Net change in fund balances	<u>\$ (1,900,000)</u>	<u>\$ (5,460,326)</u>	<u>\$ 15,158,159</u>	<u>\$ 20,618,485</u>

The Notes to Financial Statements are an integral part of this statement.

**CITY OF SALEM, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023**

	Enterprise Funds				Internal Service Fund
	Electric	Water and Sewage	Nonmajor Proprietary Funds	Total	
ASSETS					
<i>Current assets:</i>					
Cash and cash equivalents	\$ 24,412,875	\$ 32,634,349	\$ 243,007	\$ 57,290,231	\$ 3,051,063
Receivables, net	5,324,788	1,966,732	57,910	7,349,430	40,046
Lease receivable	-	102,901	-	102,901	-
Due from other funds	-	420,000	-	420,000	-
Due from component unit	169,105	-	-	169,105	-
Inventories	2,251,510	395,405	39,230	2,686,145	-
Prepaid items	59,677	49,157	151,826	260,660	77,711
Total current assets	32,217,955	35,568,544	491,973	68,278,472	3,168,820
<i>Noncurrent assets:</i>					
Receivables, net	72,756	-	-	72,756	-
Due from component unit	4,428,961	-	-	4,428,961	-
Lease receivable	-	140,593	-	140,593	-
<i>Capital assets:</i>					
Nondepreciable and nonamortizable	1,333,273	4,408,642	226,279	5,968,194	-
Depreciable and amortizable, net	40,439,124	53,430,105	2,630,215	96,499,444	-
Total capital assets	41,772,397	57,838,747	2,856,494	102,467,638	-
Total noncurrent assets	46,274,114	57,979,340	2,856,494	107,109,948	-
Total assets	78,492,069	93,547,884	3,348,467	175,388,420	3,168,820
DEFERRED OUTFLOWS OF RESOURCES	1,100,505	1,020,595	405,078	2,526,178	33,393
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable and accrued liabilities	4,000,380	992,570	109,866	5,102,816	20,924
Accrued payroll and related liabilities	120,300	141,596	125,991	387,887	6,817
Accrued interest	70,018	89,535	-	159,553	-
Self-insurance claims liability	-	-	-	-	376,443
Due to other funds	-	-	420,000	420,000	-
Unearned revenues	13,178	-	410,719	423,897	44,415
Customer security deposits	1,061,178	-	-	1,061,178	-
Bonds payable	1,359,558	2,975,941	-	4,335,499	-
Lease liability	-	4,261	2,891	7,152	-
Compensated absences	242,757	249,879	71,381	564,017	11,850
Total current liabilities	6,867,369	4,453,782	1,140,848	12,461,999	460,449
<i>Noncurrent liabilities:</i>					
Bonds payable	9,301,426	15,540,989	-	24,842,415	-
Lease liability	-	4,028	9,078	13,106	-
Compensated absences	71,318	9,645	85,632	166,595	-
Net pension liability	3,036,866	3,319,239	1,639,946	7,996,051	249,564
Net OPEB liability	1,148,523	2,191,070	660,406	3,999,999	29,619
Total noncurrent liabilities	13,558,133	21,064,971	2,395,062	37,018,166	279,183
Total liabilities	20,425,502	25,518,753	3,535,910	49,480,165	739,632
DEFERRED INFLOWS OF RESOURCES	571,257	1,070,196	299,903	1,941,356	29,827
NET POSITION					
Net investment in capital assets	30,894,392	38,932,721	2,844,525	72,671,638	-
Unrestricted (deficit)	27,701,423	29,046,809	(2,926,793)	53,821,439	2,432,754
Total net position	\$ 58,595,815	\$ 67,979,530	\$ (82,268)	\$ 126,493,077	\$ 2,432,754

The Notes to Financial Statements are an integral part of this statement.

CITY OF SALEM, VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	Enterprise Funds				Internal Service Fund
	Electric	Water and Sewage	Nonmajor Proprietary Funds	Total	
OPERATING REVENUES					
Charges for services	\$ 39,742,891	\$ 13,994,122	\$ 3,990,252	\$ 57,727,265	\$ 6,422,160
Connections and transfers	30,575	233,236	-	263,811	-
Penalties	150,812	153,873	-	304,685	-
Pole rentals	254,015	-	-	254,015	-
Commissions	-	-	18,962	18,962	-
Other	87,837	187,488	35,471	310,796	234,345
Total operating revenues	40,266,130	14,568,719	4,044,685	58,879,534	6,656,505
OPERATING EXPENSES					
Salaries	-	2,196,739	1,523,388	3,720,127	123,191
Fringe benefits	-	878,485	492,860	1,371,345	44,154
Show expenses	-	-	2,375,214	2,375,214	-
Maintenance	-	1,003,793	277,392	1,281,185	10,530
Billing and collection	626,920	602,696	-	1,229,616	-
Professional services	38,121	344,389	46,443	428,953	302,619
Insurance	27,712	74,972	32,445	135,129	-
Purchased water	-	34,154	-	34,154	-
Purchased power	33,608,163	-	-	33,608,163	-
Distribution - operations	1,033,844	-	-	1,033,844	-
Distribution - maintenance	2,134,194	-	-	2,134,194	-
Administration	810,783	427,058	132,012	1,369,853	3,346
Travel and training	21,173	19,081	10,330	50,584	-
Materials and supplies	-	257,852	308,923	566,775	7,568
Expendable equipment and small tools	228,104	89,616	5,107	322,827	-
Utilities	-	429,301	319,004	748,305	4,606
Miscellaneous	173,270	18,248	4,205	195,723	2,160
Depreciation	1,722,848	2,389,727	279,070	4,391,645	-
Amortization	-	4,066	505	4,571	-
Treatment of sewage	-	1,529,178	-	1,529,178	-
Commissions	-	-	211,275	211,275	-
Claims	-	-	-	-	6,041,674
Total operating expenses	40,425,132	10,299,355	6,018,173	56,742,660	6,539,848
Operating income (loss)	(159,002)	4,269,364	(1,973,488)	2,136,874	116,657
NONOPERATING REVENUES (EXPENSES)					
Investment income	82,499	9,976	684	93,159	118,479
Interest expense	(263,414)	(180,145)	-	(443,559)	-
Gain (loss) on disposal of capital assets	(101,267)	7,800	(7,821)	(101,288)	-
Miscellaneous	2,721	14,908	8,334	25,963	154
Net nonoperating revenues (expenses)	(279,461)	(147,461)	1,197	(425,725)	118,633
Income (loss) before contributions and transfers	(438,463)	4,121,903	(1,972,291)	1,711,149	235,290
Capital contributions	11,308	34,000	-	45,308	-
Transfers in	-	10,218,902	1,654,168	11,873,070	-
Transfers out	(3,160,000)	(154,445)	-	(3,314,445)	-
Change in net position	(3,587,155)	14,220,360	(318,123)	10,315,082	235,290
Net position, beginning	62,182,970	53,759,170	235,855	116,177,995	2,197,464
Net position, ending	\$ 58,595,815	\$ 67,979,530	\$ (82,268)	\$ 126,493,077	\$ 2,432,754

The Notes to Financial Statements are an integral part of this statement.

**CITY OF SALEM, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023**

	Enterprise Funds				Internal Service Fund
	Electric	Water and Sewage	Nonmajor Proprietary Funds	Total	
OPERATING ACTIVITIES					
Receipts from customers	\$ 40,481,187	\$ 14,308,987	\$ 3,674,450	\$ 58,464,624	\$ 6,425,619
Payments to suppliers	(36,384,553)	(4,932,372)	(3,763,802)	(45,080,727)	(517,112)
Payments to employees	(2,951,196)	(3,321,588)	(2,104,456)	(8,377,240)	(172,726)
Payments for claims	-	-	-	-	(6,119,326)
Other receipts	87,837	182,370	35,471	305,678	234,345
Nonoperating revenue	2,721	14,908	8,334	25,963	154
Net cash provided by (used in) operating activities	1,235,996	6,252,305	(2,150,003)	5,338,298	(149,046)
NONCAPITAL FINANCING ACTIVITIES					
Interfund loan	420,000	(420,000)	-	-	-
Component unit loan	565,079	-	-	565,079	-
Transfers in	-	10,218,902	1,654,168	11,873,070	-
Transfers out	(3,160,000)	(154,445)	-	(3,314,445)	-
Net cash provided by (used in) noncapital financing activities	(2,174,921)	9,644,457	1,654,168	9,123,704	-
CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of capital assets	-	7,800	-	7,800	-
Purchases of capital assets	(3,127,043)	(3,123,727)	(68,718)	(6,319,488)	-
Proceeds from capital debt	-	627,053	-	627,053	-
Principal paid on capital debt	(1,084,654)	(2,644,863)	-	(3,729,517)	-
Interest paid on capital debt	(457,650)	(412,961)	-	(870,611)	-
Lease obligations	-	(3,973)	(3,167)	(7,140)	-
Net cash used in capital and related financing activities	(4,669,347)	(5,550,671)	(71,885)	(10,291,903)	-
INVESTING ACTIVITIES					
Interest received	82,499	9,976	684	93,159	118,479
Net cash provided by investing activities	82,499	9,976	684	93,159	118,479
Net increase (decrease) in cash and cash equivalents	(5,525,773)	10,356,067	(567,036)	4,263,258	(30,567)
Cash and cash equivalents, beginning	29,938,648	22,278,282	810,043	53,026,973	3,081,630
Cash and cash equivalents, ending	\$ 24,412,875	\$ 32,634,349	\$ 243,007	\$ 57,290,231	\$ 3,051,063
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ (159,002)	\$ 4,269,364	\$ (1,973,488)	\$ 2,136,874	\$ 116,657
<i>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</i>					
Depreciation and amortization	1,722,848	2,393,793	279,575	4,396,216	-
Nonoperating revenue	2,721	14,908	8,334	25,963	154
Pension expense, net of employer contributions	(86,117)	213,683	(40,235)	87,331	(2,021)
OPEB expense, net of employer contributions	(51,786)	(396,204)	(31,347)	(479,337)	(1,701)
<i>Decrease (increase) in assets:</i>					
Receivables, net	277,845	(77,362)	(17,799)	182,684	1,273
Due from other governmental units	-	-	-	-	-
Inventories	(337,273)	(34,116)	(6,541)	(377,930)	-
Prepaid items	(13,848)	(20,059)	(43,062)	(76,969)	(744)
<i>Increase (decrease) in liabilities:</i>					
Accounts payable and accrued liabilities	(92,855)	(47,859)	8,151	(132,563)	(186,283)
Accrued payroll and related liabilities	(65,086)	(58,922)	(34,731)	(158,739)	(2,125)
Self-insurance claims liability	-	-	-	-	(76,908)
Unearned revenues	(2,305)	-	(316,965)	(319,270)	2,186
Customer security deposits payable	27,354	-	-	27,354	-
Compensated absences	13,500	(4,921)	18,105	26,684	466
Net cash provided by (used in) operating activities	\$ 1,235,996	\$ 6,252,305	\$ (2,150,003)	\$ 5,338,298	\$ (149,046)
<i>Noncash investing, capital, and financing activities</i>					
Capital assets financed with accounts payable	\$ (578,639)	\$ (399,186)	\$ -	\$ (977,825)	\$ -
Capital asset contributions received	\$ (11,308)	\$ (34,000)	\$ -	\$ (45,308)	\$ -

The Notes to Financial Statements are an integral part of this statement.

CITY OF SALEM, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	Custodial Funds	OPEB Trust Fund
ASSETS		
Cash and cash equivalents	\$ 2,647,713	\$ -
Investments held by trustee, fair value of pooled funds	-	10,399,780
Receivables, net	1,023	-
Due from Commonwealth of Virginia	46,042	-
Total assets	<u>2,694,778</u>	<u>10,399,780</u>
LIABILITIES		
Accounts payable and accrued liabilities	295,971	-
Accrued payroll and related liabilities	23,363	-
Due to City of Salem	76,923	-
Unearned revenues	142,087	-
Total liabilities	<u>538,344</u>	<u>-</u>
NET POSITION		
Restricted for:		
Individuals, organizations, and other governments	2,156,434	-
OPEB	-	10,399,780
Total net position	<u>\$ 2,156,434</u>	<u>\$ 10,399,780</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF SALEM, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2023

	Custodial Funds	OPEB Trust Fund
ADDITIONS		
Funds received for benefit of other organizations	\$ 2,479,063	\$ -
Employer contributions - City	-	1,935,471
Employer contributions - Custodial entities	-	103,590
<i>Investment income (loss)</i>		
Increase in fair value of investments	-	719,859
Total additions	<u>2,479,063</u>	<u>2,758,920</u>
DEDUCTIONS		
Funds disbursed for benefit of other organizations	2,447,628	-
Administrative	-	10,132
Retirement benefits - City	-	1,700,541
Retirement benefits - Custodial entities	-	82,184
Total deductions	<u>2,447,628</u>	<u>1,792,857</u>
Change in fiduciary net position	<u>31,435</u>	<u>966,063</u>
Net position, beginning	2,124,999	9,433,717
Net position, ending	<u><u>\$ 2,156,434</u></u>	<u><u>\$ 10,399,780</u></u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF SALEM, VIRGINIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2023

	School Division	Economic Development Authority	Total
ASSETS			
Cash and cash equivalents	\$ 17,415,005	\$ 644,063	\$ 18,059,068
Receivables, net	28,436	7,121,636	7,150,072
Lease receivable	484,152	-	484,152
Due from other governmental units	2,168,184	-	2,168,184
Net pension asset	909,597	-	909,597
Inventories	88,157	-	88,157
Prepaid items	378,303	-	378,303
<i>Capital assets:</i>			
Nondepreciable and nonamortizable	37,489,328	-	37,489,328
Depreciable and amortizable, net	36,453,938	-	36,453,938
Total assets	<u>95,415,100</u>	<u>7,765,699</u>	<u>103,180,799</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>9,790,214</u>	<u>-</u>	<u>9,790,214</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,159,423	41,441	1,200,864
Accrued payroll and related liabilities	6,174,850	-	6,174,850
Accrued interest	-	18,296	18,296
Self-insurance claims liability	317,670	-	317,670
Due to primary government	-	4,557,538	4,557,538
Unearned revenues	485,345	-	485,345
<i>Long-term liabilities due in less than one year:</i>			
Lease liability	32,033	-	32,033
Compensated absences	457,962	-	457,962
<i>Long-term liabilities due in more than one year:</i>			
Bonds payable	-	2,523,544	2,523,544
Lease liability	83,931	-	83,931
Compensated absences	369,449	-	369,449
Net pension liability	27,008,034	-	27,008,034
Net OPEB liability	5,673,830	-	5,673,830
Total liabilities	<u>41,762,527</u>	<u>7,140,819</u>	<u>48,903,346</u>
DEFERRED INFLOWS OF RESOURCES	<u>7,304,284</u>	<u>-</u>	<u>7,304,284</u>
NET POSITION			
Net investment in capital assets	73,141,922	-	73,141,922
Restricted for:			
Net pension asset	909,597	-	909,597
Unrestricted (deficit)	(17,913,016)	624,880	(17,288,136)
Total net position	<u>\$ 56,138,503</u>	<u>\$ 624,880</u>	<u>\$ 56,763,383</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF SALEM, VIRGINIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenues				Primary Government			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating		School Division	Economic		
			Grants and Contributions	Capital Grants and Contributions		Development Authority	Total Component Units	
School Division	\$ 55,293,574	\$ 1,837,177	\$ 16,842,179	\$ 2,304,642	\$ (34,309,576)	\$ -	\$ (34,309,576)	
Economic Development Authority	197,929	175,000	-	-	-	(22,929)	(22,929)	
Total component units	\$ 55,491,503	\$ 2,012,177	\$ 16,842,179	\$ 2,304,642	(34,309,576)	(22,929)	(34,332,505)	
General revenues:								
Unrestricted investment earnings					-	83,692	83,692	
Payments from City of Salem					25,147,133	161,837	25,308,970	
Unrestricted state aid					16,562,083	-	16,562,083	
Other					1,857,634	-	1,857,634	
Total general revenues					43,566,850	245,529	43,812,379	
Change in net position					9,257,274	222,600	9,479,874	
Net position, beginning					46,881,229	402,280	47,283,509	
Net position, ending					\$ 56,138,503	\$ 624,880	\$ 56,763,383	

The Notes to Financial Statements are an integral part of this statement.

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. Summary of Significant Accounting Policies

The Financial Reporting Entity

The Town of Salem was established by act of the Virginia General Assembly in 1806. The City of Salem, Virginia (City) was established by act of the Virginia General Assembly in 1968. It is a political subdivision of the Commonwealth of Virginia, operating under the council-manager form of government. The City Council is elected by the voters and is comprised of five members, who elect two of their members Mayor and Vice-Mayor for a two-year term. The City is not part of a county and has taxing powers subject to statewide restrictions and tax limits. The City is the Primary Government of the reporting entity.

The City provides a full range of services including general government administration, judicial administration, public safety, public works, health and welfare, parks and recreation, community development activities and support for education. The City also owns and operates an electric distribution system, water and sewage facilities and a civic center.

Discretely Presented Component Units

The City of Salem discretely presents two component units: the City of Salem School Division and the Economic Development Authority of the City of Salem.

The City of Salem School Division (School Division) is a legally separate entity which operates four elementary schools, a middle school and a high school. School Board members are appointed by City Council. City Council also provides fiscal guidance because it levies taxes for the School Division's operations and issues debt for its capital projects. Based on these facts, the City reports the School Division as a discretely presented component unit. Separately issued financial statements may be obtained by contacting the City of Salem Schools, Chief Financial Officer, 510 South College Avenue, Salem, Virginia 24153.

During the current year, the City provided \$21,797,899 of operating support and \$258,012 of capital support to the School Division and made debt service payments of \$2,592,482 on behalf of the School Division.

The Economic Development Authority of the City of Salem (Economic Development Authority) is a legally separate entity, which operates under the direction of City Council. The City provides financial resources to the Economic Development Authority, which it then uses for economic development incentives for local businesses and other operating costs. Based on these facts, the City reports the Economic Development Authority as a discretely presented component unit. During the current year, the City provided \$161,837 in operating support to the Economic Development Authority. Separate financial statements are not issued for the Economic Development Authority.

Government-wide Financial Statements

The government-wide financial statements report information on all nonfiduciary activities of the Primary Government and its component unit. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the Primary Government is reported separately from the legally separate component units for which the Primary Government is financially accountable.

The **Statement of Net Position** presents both governmental and business-type activities on the accrual basis of accounting, which incorporates long-term assets and receivables, as well as long-term debt and obligations.

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. Summary of Significant Accounting Policies (Continued)

Government-wide Financial Statements (Continued)

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 for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments that are clearly identifiable with a specific function. Taxes, internally dedicated resources, and other items not reported among program revenues are reported instead as *general revenues*.

Fund Financial Statements

These statements are organized based on funds, each of which is considered a separate accounting entity. The emphasis is on major governmental and proprietary funds. The operation of each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues and expenditures/expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the basic financial statements into three broad fund categories as follows:

Governmental Funds account for expendable financial resources, other than proprietary fund types. The City reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Special Revenue Fund* accounts for resources received from revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The revenue source for this fund is federal Coronavirus State and Local Fiscal Recovery Funds received under the American Rescue Plan Act, which was signed into law on March 11, 2021.
- The *Debt Service Fund* accounts for the accumulation of resources and payments made for principal and interest on long-term general obligation debt not being financed by the proprietary funds.
- The *Capital Projects Fund* accounts for resources to be used for the acquisition or construction of major capital facilities not being financed by the proprietary funds.

Proprietary Funds account for operations that are financed and operated in a manner similar to private business enterprises.

Enterprise Funds account for the financing of services to the general public where all or most of the operating expenses involved are recovered in the form of charges to users of such services. The City reports the following major enterprise funds:

- The *Electric Fund* accounts for the activities of the electric distribution operations.
- The *Water and Sewage Fund* accounts for the activities of the water and sewage operations.

Internal Service Funds account for the financing of goods or services provided solely to other departments within the City government on a cost-reimbursement basis. The City reports the following internal service fund:

- The *Health Insurance Fund* accounts for funding, claims, and operating costs of the City's self-insurance program and the employee health clinic. This fund is included in governmental activities for government-wide reporting purposes.

CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Fiduciary Funds account for assets held by the City in a trustee or custodial capacity for individuals, other governmental units or other funds. The City reports the following fiduciary funds:

- The *OPEB Trust Fund* accounts for the receipt and disbursement of assets held in trust for the other postemployment benefit (OPEB) plan of the City.
- The *Custodial Funds* account for monies held in a custodial capacity on behalf of the Cardinal Criminal Justice Academy and the Court-Community Corrections Program. Since these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide financial statements.

Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the current period. General fund tax revenues are considered measurable when they have been levied and available if collected within 60 days of year-end. Interest revenues are considered measurable and available if collected within 60 days of year-end. Grant revenues are considered measurable when the legal and contractual requirements have been met and available if collected within one year of the end of the current fiscal period. All other revenue items are considered measurable and available when cash is received by the City. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, long-term debt service, compensated absences, pension, and other postemployment benefit expenditures, as well as expenditures related to claims and judgments are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government right-to-use lease assets and subscription assets, are reported as expenditures. Proceeds of long-term debt, financing through leases, financing through subscriptions, and insurance recoveries are reported as other financing sources.

As a result of the different measurement focus and basis of accounting used in preparing the government-wide statements versus the governmental funds' financial statements, a reconciliation between the government-wide and fund financial statements is necessary. The reconciliations are presented following the governmental funds' financial statements.

Proprietary fund financial statements are reported using the *economic financial resources measurement focus* and the *accrual basis of accounting*. These statements distinguish *operating* from *nonoperating* revenues and expenses. Operating revenues and expenses generally result from providing goods and services in connection with a fund's principal ongoing operations. Operating revenues include charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

Fiduciary Fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. In custodial funds, a liability is recognized when an event occurs that compels the City to disburse fiduciary resources.

Budgets and Budgetary Accounting

The City's budget is presented and adopted in accordance with accounting principles generally accepted in the United States of America (GAAP). The following procedures are used by the City in establishing the budgetary data reflected in the financial statements:

Annual Budget Adoption – Not less than thirty days before the last regular meeting of council in May, the City Manager submits to City Council a proposed operating and capital budget for the fiscal year commencing July 1. This budget includes proposed expenditures and the means of financing them. A public hearing is conducted to obtain citizen comments. Prior to June 30, the budgets are legally adopted through passage of an appropriation ordinance by City Council.

Projects/Grants – The Capital Projects Fund utilizes a project length budget, and the Special Revenue Fund utilizes a grant length budget. These budgets are not legally enacted on an annual basis; therefore, budgetary comparison statements are not presented.

Amendment – The City Manager is authorized to transfer amounts within and between departments and categories within the same fund. City Council must approve budget amendments between funds and any budget amendments increasing or decreasing appropriations. During the year, City Council approved \$13,956,982 of additional appropriations primarily for grants, capital outlay, unforeseen operating expenditures and the reappropriation of fund balances for encumbrances.

Integration – Formal budgetary integration is employed as a management control device for the General Fund. Formal budgetary integration is not employed for the Debt Service Fund because effective budgetary control is alternatively achieved through budgeted transfers from the General Fund to the Debt Service Fund for debt payments.

Legal Compliance – Legal budgetary control is maintained at the fund level. Department heads may use discretion to transfer from one category to another within departments under their control within the same fund as long as the total for the departments under their control does not change. The City Manager may authorize a transfer of any unencumbered balance or portion thereof from one department to another within a fund. All other transfers require approval of City Council. Actual expenditures and operating transfers out may not legally exceed budget appropriations at the fund level. All appropriations lapse on June 30 except for in the Capital Projects Fund and Special Revenue Fund, which carry unexpended balances through a project's life or the end of the grant period.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in order to reserve the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Fund, and Capital Projects Fund. Encumbrances outstanding at year-end are reported as part of the restricted, committed, or assigned fund balances since they do not constitute expenditures or liabilities. These encumbrances are subject to reappropriation by City Council in the subsequent fiscal year. Significant encumbrances as of June 30, 2023, total \$2,078,030 in the General Fund and \$13,300,236 in the Capital Projects Fund.

Deposits and Investments

For purposes of the Statement of Cash Flows, cash and cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and investments with maturities of 90 days or less. Cash includes unrestricted and restricted, if any, cash and cash equivalents. Investments are recorded at fair value.

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. Summary of Significant Accounting Policies (Continued)

Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and specific account analysis.

Property Taxes

The City levies real estate taxes on all real estate within its boundaries, except that exempted by statute, each year as of July 1 based on 100% of estimated fair market value of the property. The City reassesses all property annually. Real estate taxes are due in equal semiannual payments on December 5 and June 5 and are considered delinquent after each due date. Real estate taxes become a lien on real property the first day of the levy year. The tax rate for 2023 was \$1.20 per \$100 of assessed value.

The City levies personal property taxes on motor vehicles and business and other tangible personal property each year as of January 1. Personal property taxes are due the following May 31 and are considered delinquent after the due date. Personal property taxes do not create a lien on property; however, a penalty of 10% of delinquent personal property tax or \$10, whichever is greater, is due for late payment. Interest on delinquent taxes is accrued monthly at a rate of 0.83%, or 10% annually. Personal property transactions during the year are taxed on a prorated basis. The tax rate for personal property for 2023 was \$3.40 per \$100 of assessed value. The tax rate for machinery and tools for 2023 was \$3.20 per \$100 of assessed value.

Interfund Balances

Outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide statements as internal balances. Outstanding balances between the City and its component units are reported as due to/from component unit or due to/from Primary Government. Flows of cash or goods between funds without a requirement of repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

Inventory

Governmental fund inventories consist of street and building materials and general supplies held for consumption. Inventories are valued at cost using the first-in, first-out (FIFO) method. The cost of materials and supplies is recorded as an expenditure at the time inventory is withdrawn for use.

Enterprise fund inventories consist primarily of spare parts held for consumption. Electric fund inventories are valued at cost using the average cost method. All other enterprise fund inventories are valued at cost using the FIFO method. The cost of spare parts is recorded as an expense at the time inventory is withdrawn for use.

Prepaid Items

Governmental fund prepaid items consist primarily of software maintenance and support for a subsequent period. The payments are recorded as expenditures in the fiscal year related to the agreement period.

Proprietary fund prepaid items consist primarily of fees for civic and community events held after year-end. The costs of these events are expensed in the subsequent fiscal year to obtain a proper matching of revenues and expenses.

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. Summary of Significant Accounting Policies (Continued)

Leases

City as Lessee – The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental or business-type activities column in the government-wide financial statements. Proprietary fund lease liabilities and intangible right-to-use lease assets are reported in the applicable fund financial statements. The City recognizes lease liabilities with initial values of \$5,000 or more, individually or in aggregate.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is measured initially as the amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset, but if the lease contains a purchase option the City is reasonably certain to exercise, the lease asset is amortized over the useful life of the underlying asset. If the underlying asset is nondepreciable, the lease asset is not amortized.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) the lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for equipment leases and prime for building and infrastructure leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets, and lease liabilities are reported with long-term debt on the statement of net position.

City as Lessor – The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund, and proprietary fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured initially as the amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for equipment leases and prime for building and infrastructure leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. Summary of Significant Accounting Policies (Continued)

Subscription-Based Information Technology Arrangements

The City recognizes a subscription liability and a subscription-based information technology arrangement asset (subscription asset) in the applicable governmental or business-type activities column in the government-wide financial statements. Proprietary fund subscription liabilities and subscription assets are reported in the applicable fund financial statements. The City recognizes subscription liabilities with initial, individual values of \$5,000 or more and subscription terms greater than twelve months, including any options to extend.

At the commencement of a subscription term, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is measured initially as the amount of the subscription liability, plus any payments made to the subscription vendor at the commencement of the subscription term associated with the contract and any capitalizable initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying asset.

Key estimates and judgments related to subscriptions include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) the subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the subscription vendor as the discount rate. When the interest rate charged by the subscription vendor is not provided, the City uses its estimated incremental borrowing rate as the discount rate.
- The subscription term includes the noncancellable period of the subscription, plus periods covered by the City's or the subscription vendor's option to extend if it is reasonably certain the City or subscription vendor will extend and periods covered by the City's or subscription vendor's option to terminate if it is reasonably certain the City or subscription vendor will not terminate. Periods for which both the City and subscription vendor have the option to terminate without permission from the other party, or for which both parties have to agree to extend, are excluded from the subscription term.

The City monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription asset or liability.

Subscription assets are reported with other capital assets, and subscription liabilities are reported with long-term debt on the statement of net position.

Capital Assets

Capital assets, which include property, plant and equipment, infrastructure, right-to-use lease assets, and subscription-based information technology arrangement assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Proprietary fund capital assets are reported in the applicable fund financial statements. Nondepreciable and depreciable capital assets are defined by the City as assets with initial individual costs in excess of \$0 for land, \$5,000 for machinery and equipment or \$10,000 for buildings, plant and infrastructure, and estimated useful lives in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value on the date of donation. The leases section of this note provides additional information about right-to-use lease assets. The subscription-based information technology arrangements section of this note provides additional information about subscription assets. The City includes the costs of other intangible assets with definite lives in the appropriate asset classes.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are completed.

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

Machinery, furniture and equipment	5-25 years
Buildings and improvements	10-50 years
Distribution and transmission systems	35 years
Utility plant	35 years
Sewage treatment contract	40 years
Public domain infrastructure	25-50 years

Right-to-use lease assets and subscription assets are amortized as described in the leases and subscription-based information technology arrangements sections of this note. Other amortizable capital assets are amortized using the straight-line method over the estimated useful lives of the underlying assets. Depreciation expense and amortization expense are identified with functions, whenever possible, and included as direct expenses. Upon the sale or retirement of a capital asset, the cost and related accumulated depreciation or accumulated amortization, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

According to the *Code of Virginia*, when a local government incurs a financial obligation payable over more than one fiscal year to fund an acquisition, construction or improvement of public school property, the local government acquires title to the school property as a tenant in common with the local school board for the term of the financial obligation. For financial reporting purposes, the local government may report the school property and related financial obligation. In these cases, at the time the financial obligation is paid in full, the net value of the school property is transferred to the local school board and reflected as program revenue and expense in the government-wide financial statements for the local school board and the local government, respectively. In the City's case, the City reports this debt in its Statement of Net Position while the School Division reports the capital asset on its Statement of Net Position.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements that present net position report a separate section for deferred outflows of resources. These items represent a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statements that present net position report a separate section for deferred inflows of resources. These items represent an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Surety Bond Payable

Deposits may be received in lieu of bond insurance or letters of credit for a performance bond. The amount is included in restricted cash and accounts payable and accrued liabilities since the funds will be returned upon successful completion of the performance bond.

Unearned Revenues

Unearned revenues arise when assets are recognized before revenue recognition criteria can be satisfied. Grants and entitlements received before the eligibility requirements are met have been recorded as unearned revenue. Unearned revenues consist primarily of unspent Coronavirus State and Local Fiscal Recovery Funds received under the American Rescue Plan Act, retiree health insurance premiums billed in advance, event deposits and rentals.

CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds' Statement of Net Position. Bonds payable are reported net of the applicable bond premiums and discounts. Gains or losses on bond refundings are reported as deferred outflows or inflows, respectively. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Deferred amounts on refunding are deferred and amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the period incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

The City and the School Division have policies to allow the accumulation and vesting of limited amounts of paid leave and extended illness leave until termination or retirement. Amounts of such absences are accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. Expenditures and liabilities for these amounts are reported in governmental funds when the amounts are due for payment.

Pensions

The Virginia Retirement System (VRS) Retirement Plan is a multi-employer, agent plan. The VRS Teacher Retirement Plan is a multiple-employer, cost-sharing plan. For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the plans and the additions to/deductions from the plans' fiduciary net positions have been determined on the same basis as they were reported by VRS. 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.

Other Postemployment Benefits – Retiree Health Plan

In connection with the City's funding of other postemployment benefits (OPEB) obligations, the City participates in the Virginia Pooled OPEB Trust (OPEB Trust Fund). The City's policy is to fully fund actuarially determined OPEB costs, which include both normal costs and amortization of unfunded accrued liability. The OPEB Trust Fund assets and investments are recorded at fair value. The OPEB Trust Fund's Board of Trustees establishes investment objectives and risk tolerance and asset allocation policies based on the investment policy, market and economic conditions and generally prevailing prudent investment practices.

Other Postemployment Benefits – Group Life Insurance and Health Insurance Credit

The VRS Group Life Insurance Program and VRS Teacher Employee Health Insurance Credit Program are multiple-employer, cost-sharing plans. The VRS Political Subdivision Health Insurance Credit Program is a multiple-employer, agent defined benefit plan. The VRS Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, which provides the authority under which benefit terms are established or may be amended. The VRS Political Subdivision Health Insurance Credit Program and VRS Teacher Employee Health Insurance Credit Program were established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, which provides the authority under which benefit terms are established or may be amended.

CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. **Summary of Significant Accounting Policies (Continued)**

Other Postemployment Benefits – Group Life Insurance and Health Insurance Credit (Continued)

The VRS Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. The VRS Political Subdivision Health Insurance Credit Program and VRS Teacher Employee Health Insurance Program are defined benefit plans that provide credits toward the cost of health insurance coverage for retired political subdivision employees of participating employers and retired teachers. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources, and OPEB expense related to each plan, information about the fiduciary net position and the additions to/deductions from fiduciary net position for each plan have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is divided into three components:

- **Net investment in capital assets** – consists of the historical cost of capital assets, less accumulated depreciation and accumulated amortization, less any debt that remains outstanding which was used to finance those assets, less other capital-related liabilities.
- **Restricted** – consists of assets where there are limitations imposed on their use through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- **Unrestricted** – all other net position is reported in this category.

Net investment in capital assets for governmental activities excludes \$34,813,457 of School Division debt, \$1,078,397 of Civic Center debt, and \$189,981 of Roanoke Valley Resource Authority (RVRA) debt reported by the City because the related assets are reported by the School Division, Civic Center, and RVRA, respectively. Noncapital debt of \$935,146, \$5,544, and \$156,501 is also excluded from the net investment in capital assets for governmental activities, the Electric Fund, and the Water and Sewage Fund, respectively.

The Catering and Concessions Fund, a Non-Major Proprietary Fund, has a deficit of \$782,135 in total net position as of June 30, 2023, because sales revenues have not covered operating expenses in that fund.

Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** – Amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.
- **Restricted** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed** – Amounts constrained to specific purposes by the City, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purposes unless the same highest level of action is taken to remove or change the constraint.
- **Assigned** – Amounts the City intends to use for a specified purpose; intent can be expressed by the governing body (City Council) or by an official or body to which the governing body designates the authority.

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

- **Unassigned** – Amounts that are available for any purpose; positive amounts are reported only in the General Fund.

City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through amendment of the budget. Assigned fund balance is established by City Council as amounts intended for a specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes). City Council has also delegated to the City Manager and Director of Finance the authority to assign fund balance; however, before the assigned funds can be spent, such amounts, excluding appropriations related to encumbrances that are carried forward to the subsequent fiscal year, must be appropriated by City Council.

Restricted Amounts

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Minimum Fund Balance

The City's fund balance policy establishes a minimum acceptable level of unassigned fund balance in the General Fund equal to ten percent of the sum of the General Fund, Debt Service Fund, and School Division operating expenditures net of the General Fund transfer to the School Division. For the purposes of this calculation, the operating expenditures are the budget as originally adopted for the current fiscal year.

Other governmental funds of the City do not have specified fund balance targets. Recommended levels of committed and/or assigned fund balance will be determined on a case by case basis, based on the needs of each fund and as recommended by officials and approved by the City Council.

Reclassifications

Certain amounts in the prior-year comparison information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Estimates

Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and deferred outflows of resources, liabilities and deferred inflows of resources, the disclosure of contingent liabilities, and reported revenues, expenditures and expenses. Actual results could differ from those estimates.

2. Deposits and Investments

The City maintains a concentration bank account used by all nonfiduciary funds, including the School Division. Each fund's portion of this account is presented in the basic financial statements as cash and cash equivalents. Restricted cash and cash equivalents consist of unspent bond proceeds in the City Capital Projects Fund.

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

2. Deposits and Investments (Continued)

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development, the Asian Development Bank, the African Development Bank, prime quality commercial paper and certain corporate notes, bankers' acceptances, repurchase agreements, the State Non-Arbitrage Program (SNAP), and the Local Government Investment Pool (LGIP).

Pursuant to Sec. 2.1-234.7 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings and the carrying value of the position in LGIP is the same as the value of the pool shares (i.e., the LGIP maintains a stable net asset value of \$1 per share) in accordance with GASB Statement No. 79.

All deposits and investments are reflected in the statements as follows:

	Primary Government	Component Units	Total
Cash and cash equivalents	\$ 151,858,329	\$ 18,059,068	\$ 169,917,397
Cash and cash equivalents, restricted	9,320,642	-	9,320,642
	<u>\$ 161,178,971</u>	<u>\$ 18,059,068</u>	<u>\$ 179,238,039</u>

As of June 30, 2023, the City's deposits and investments consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>S&P Credit Rating</u>
Primary Government		
Demand & time deposits	\$ 55,693,973	unrated
Cash on hand	7,985	unrated
Local Government Investment Pool (LGIP)	96,156,371	AAAm
VA State Non-Arbitrage Program (SNAP)	9,320,642	AAAm
Total primary government	<u>161,178,971</u>	
Component Units		
Demand & time deposits	11,917,713	unrated
Cash on hand	515	unrated
Local Government Investment Pool (LGIP)	6,140,840	AAAm
Total component units	<u>18,059,068</u>	
 Grand Total	 <u>\$ 179,238,039</u>	

The City's investments are subject to credit risk, concentration of credit risk, interest rate risk, and custodial risk as described below.

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The City's investment policy states that the City shall invest only in securities allowed under the *Code of Virginia*, Virginia Security of Public Deposits Act, Section 2.2-4400 through 2.2-4411 and the *Code of Virginia*, Investment of Public Funds Act, Section 2.2-4500 through 2.2-4518.

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

2. Deposits and Investments (Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of a government's investment in a single issuer. The City endeavors to diversify its investment portfolio to avoid incurring unreasonable risks regarding an individual financial institution or issuing entity. Target asset allocation strategies are developed by the Director of Finance to provide guidance as to appropriate levels of diversification. The City's investment policy states that, with the exception of U.S. Treasury securities and authorized pools/funds, no more than 50% of the City's total investment may be the obligation of a single financial institution.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City endeavors to diversify its investment portfolio to avoid incurring unreasonable risks regarding maturity. To the extent possible, the City attempts to match its investments with anticipated cash flow requirements. The City's investment policy states that unless matched to a specific cash flow, the City will not directly invest in securities maturing more than one year from the date of purchase.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that all securities purchased for the City be secured through third-party custody and safekeeping procedures. Ownership shall be protected through third-party custodial safekeeping. The securities must be in the City's name or in the custodian's nominee name and identifiable on the custodian's books as belonging to the City. Further, the custodian must be a third party, not a counterparty (buyer, issuer, or seller) to the transaction. This requirement does not apply to excess checking account funds invested overnight in a bank "sweep" agreement or similar vehicle authorized under the City's investment policy.

3. Receivables

Receivables, Net

Receivables other than lease receivables are aggregated into a single receivables line net of allowances for uncollectible accounts. Details of receivables other than lease receivables are as follows:

	Governmental Activities	Business-type Activities			Component Units
		Electric	Water and Sewage	Nonmajor Proprietary	
Tax receivables	\$ 2,405,645	\$ -	\$ -	\$ -	\$ -
Account receivables	40,046	5,493,621	2,000,516	63,421	-
Other receivables	3,050,905	-	-	-	7,150,072
Gross receivables	5,496,596	5,493,621	2,000,516	63,421	7,150,072
Allowance for uncollectibles	(571,221)	(96,077)	(33,784)	(5,511)	-
Receivables, net	\$ 4,925,375	\$ 5,397,544	\$ 1,966,732	\$ 57,910	\$ 7,150,072

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

3. Receivables (Continued)

Lease Receivables

The City, as a lessor, has entered into lease agreements involving a City-owned baseball facility, City-owned office space, and space on certain City-owned water tanks and property. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the fiscal year was \$322,468. This total includes \$7,138 of variable and other payments not previously included in the measurement of the lease receivable.

The School Division, as a lessor, has entered into a lease agreement involving School Division-owned broadband channels. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the fiscal year was \$40,446.

4. Interfund Balances and Transfers

The composition of the interfund balances is as follows:

	<u>Due from (fund)</u> Nonmajor Proprietary
Due to (fund) Water and Sewage	\$ 420,000

The amount due to the Water and Sewage Fund from the Nonmajor Proprietary Funds is a short-term loan to fund operations in the Catering and Concessions Fund.

The composition of the interfund transfers is as follows:

		<u>Transfer out (fund)</u>			
		General	Special Revenue	Electric	Water and Sewage
Transfer in (fund)	General	\$ -	\$ 25,841,486	\$ 3,160,000	\$ 154,445
	Debt Service	5,668,288	-	-	-
	Capital Projects	15,942,325	-	-	-
	Water and Sewage	10,218,902	-	-	-
	Nonmajor Proprietary	1,654,168	-	-	-
	Total	<u>\$ 33,483,683</u>	<u>\$ 25,841,486</u>	<u>\$ 3,160,000</u>	<u>\$ 154,445</u>
					<u>\$ 62,639,614</u>

Transfers to the General Fund from the Special Revenue Fund are for expenditures covered by the American Rescue Plan Act. Other transfers to the General Fund are payments in lieu of taxes. Transfers to the Debt Service Fund include principal and interest payments for general government and school debt. Transfers to the Capital Projects Fund are funding for current projects. Transfers to the Water and Sewage Funds are for water and sewer projects. Transfers to Nonmajor Proprietary Funds include funding assistance for operating expenses and building improvements.

5. Due from/to Primary Government and Component Unit

The amount due to a component unit from governmental activities of \$40,528 is the net of \$40,913 due from the General Fund to the Economic Development Authority for tax rebate payments due as of the end of the fiscal year and \$385 due to the General Fund from the Economic Development Authority for legal services paid by the General Fund for the Economic Development Authority.

The amount due from a component unit to business-type activities is a loan from the Electric Fund to the Economic Development Authority. The Economic Development Authority used these funds to provide loans to three developers for rehabilitation projects within the City.

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

5. Due from/to Primary Government and Component Unit (Continued)

The loan balance outstanding as of June 30, 2023, is \$4,598,066. The loan is being repaid as follows:

- \$2,107,932 over twenty years maturing February 1, 2039, with an interest rate of 3.79%.
- \$1,613,097 over twenty years maturing July 22, 2040, with an interest rate of 3.72%.
- \$877,037 at the end of six years maturing November 15, 2028, with an interest rate of 0%.

6. Due from Other Governmental Units

Amounts due from other governmental units are as follows:

	Governmental Activities	Component Units
Commonwealth of Virginia		
Personal property tax relief	\$ 2,588,707	\$ -
Local sales tax	1,686,600	-
Sales tax	-	730,190
Children's Services Act	776,989	-
Capital projects funding	426,780	-
Communications tax	117,734	-
Compensation Board reimbursement	130,732	
Other	263,728	3,735
Federal government		
School funds	-	1,434,259
Lease payment from General Services Administration	11,059	-
Other	6,841	-
Roanoke Valley Resource Authority	189,981	-
	<u>\$ 6,199,151</u>	<u>\$ 2,168,184</u>

7. Capital Assets

Capital asset activity for the year for the primary government is as follows:

	Beginning Balance*	Transfers and Additions	Transfers and Retirements	Ending Balance
Governmental Activities				
Capital assets, nondepreciable and nonamortizable				
Land	\$ 6,360,564	\$ 870,805	\$ -	\$ 7,231,369
Construction in progress	3,444,565	17,671,910	(3,588,861)	17,527,614
Development in progress	-	56,000	-	56,000
Capital assets, nondepreciable and nonamortizable	<u>9,805,129</u>	<u>18,598,715</u>	<u>(3,588,861)</u>	<u>24,814,983</u>

(Continued)

CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

7. Capital Assets (Continued)

	Beginning Balance*	Transfers and Additions	Transfers and Retirements	Ending Balance
Governmental Activities (Continued)				
Capital assets, depreciable and amortizable				
Machinery and equipment	29,451,817	1,346,876	(826,967)	29,971,726
Buildings and improvements	41,511,206	790,645	(11,196)	42,290,655
Leasehold improvements	42,806	-	-	42,806
Public domain infrastructure	117,764,256	2,292,333	(1,476,711)	118,579,878
Right-to-use leased assets	144,290	26,336	(75,861)	94,765
Subscription-based information technology arrangements	147,833	28,159	-	175,992
Capital assets, depreciable and amortizable	189,062,208	4,484,349	(2,390,735)	191,155,822
Accumulated depreciation and accumulated amortization				
Machinery and equipment	(18,445,747)	(1,712,656)	744,866	(19,413,537)
Buildings and improvements	(21,944,495)	(1,066,970)	11,196	(23,000,269)
Leasehold improvements	(17,598)	(2,854)	-	(20,452)
Public domain infrastructure	(59,814,224)	(2,880,126)	825,746	(61,868,604)
Right-to-use leased assets	(27,605)	(32,816)	27,902	(32,519)
Subscription-based information technology arrangements	-	(73,333)	-	(73,333)
Accumulated depreciation and accumulated amortization	(100,249,669)	(5,768,755)	1,609,710	(104,408,714)
Capital assets, depreciable and amortizable, net	88,812,539	(1,284,406)	(781,025)	86,747,108
Capital assets, net	<u>\$ 98,617,668</u>	<u>\$ 17,314,309</u>	<u>\$ (4,369,886)</u>	<u>\$ 111,562,091</u>
Business-type Activities				
Capital assets, nondepreciable and nonamortizable				
Land	\$ 1,585,417	\$ -	\$ -	\$ 1,585,417
Construction in progress	18,245,582	2,142,321	(16,005,126)	4,382,777
Capital assets, nondepreciable and nonamortizable	19,830,999	2,142,321	(16,005,126)	5,968,194
Capital assets, depreciable and amortizable				
Machinery and equipment	9,742,974	366,058	(168,442)	9,940,590
Buildings and improvements	27,601,324	57,892	(17,380)	27,641,836
Distribution and transmission	41,794,582	11,805,072	(547,602)	53,052,052
Utility plant	85,472,126	6,074,752	(18,491)	91,528,387
Public domain infrastructure	-	35,669	(35,669)	-
Sewage treatment contract	31,955,606	-	-	31,955,606
Right-to-use leased assets	9,196	21,762	(3,071)	27,887
Capital assets, depreciable and amortizable	196,575,808	18,361,205	(790,655)	214,146,358

(Continued)

CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

7. Capital Assets (Continued)

	Beginning Balance*	Transfers and Additions	Transfers and Retirements	Ending Balance
Business-type Activities (Continued)				
Accumulated depreciation and accumulated amortization				
Machinery and equipment	(7,340,787)	(492,303)	168,443	(7,664,647)
Buildings and improvements	(13,628,803)	(710,999)	9,559	(14,330,243)
Distribution and transmission	(23,431,562)	(1,028,987)	482,005	(23,978,544)
Utility plant	(55,573,844)	(1,314,696)	18,491	(56,870,049)
Sewage treatment contract	(13,953,690)	(844,660)	-	(14,798,350)
Right-to-use leased assets	(3,581)	(4,571)	3,071	(5,081)
Accumulated depreciation and accumulated amortization	(113,932,267)	(4,396,216)	681,569	(117,646,914)
Capital assets, depreciable and amortizable, net	82,643,541	13,964,989	(109,086)	96,499,444
Capital assets, net	<u>\$ 102,474,540</u>	<u>\$ 16,107,310</u>	<u>\$ (16,114,212)</u>	<u>\$ 102,467,638</u>

* As restated, due to implementation of the guidance in GASB Statement 96, *Subscription-Based Information Technology Arrangements*

Depreciation expense and amortization expense are charged to functions/programs of the primary government as follows:

Governmental Activities		Business-type Activities	
General government	\$ 550,049	Electric	\$ 1,722,848
Judicial administration	51,707	Water and sewage	2,393,793
Public safety	1,074,543	Civic Center	275,191
Public works	3,004,445	Catering and concessions	4,384
Parks, recreation and cultural	1,039,632	Total depreciation expense	<u>\$ 4,396,216</u>
Community development	27,427		
Total depreciation expense	<u>\$ 5,747,803</u>		

Current year increases to accumulated depreciation and accumulated amortization shown in the capital asset table for governmental activities exceed depreciation expense by \$20,952 because the table includes accumulated depreciation for machinery and equipment transferred from the Electric Department to the Street Department.

Capital asset activity for the year for the component unit is as follows:

	Beginning Balance	Transfers and Additions	Transfers and Retirements	Ending Balance
Component Unit - School Division				
Capital assets, nondepreciable and nonamortizable				
Land	\$ 1,123,637	\$ -	\$ -	\$ 1,123,637
Construction in progress	29,460,826	7,665,486	(760,621)	36,365,691
Capital assets, nondepreciable and nonamortizable	30,584,463	7,665,486	(760,621)	37,489,328

(Continued)

CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

7. Capital Assets (Continued)

	Beginning Balance	Transfers and Additions	Transfers and Retirements	Ending Balance
Component Unit - School Division (Continued)				
Capital assets, depreciable and amortizable				
Machinery and equipment	9,050,948	530,488	(142,924)	9,438,512
Buildings and improvements	71,780,236	1,043,436	(96,769)	72,726,903
Right-to-use leased assets	-	131,663	-	131,663
Subscription-based information technology arrangements	-	131,497	-	131,497
Capital assets, depreciable and amortizable	80,831,184	1,837,084	(239,693)	82,428,575
Accumulated depreciation and accumulated amortization				
Machinery and equipment	(6,618,046)	(484,923)	128,667	(6,974,302)
Buildings and improvements	(37,043,403)	(2,021,531)	96,769	(38,968,165)
Right-to-use leased assets	-	(16,458)	-	(16,458)
Subscription-based information technology arrangements	-	(15,712)	-	(15,712)
Accumulated depreciation and accumulated amortization	(43,661,449)	(2,538,624)	225,436	(45,974,637)
Capital assets, depreciable and amortizable, net	37,169,735	(701,540)	(14,257)	36,453,938
Capital assets, net	\$ 67,754,198	\$ 6,963,946	\$ (774,878)	\$ 73,943,266

Intangible Right-to Use Assets

As of June 30, 2023, the City and School Division recognized right-to-use assets for the value of copiers leased under long-term contracts as part of capital assets. The intangible right-to-use assets are being amortized over the lease terms for each lease. Terms of the leases are described in Note 9.

Additional detail regarding the right-to-use leased assets included in capital assets is as follows:

	Beginning Balance	Transfers and Additions	Transfers and Retirements	Ending Balance
Governmental Activities				
Right-to-use leased assets				
Leased machinery and equipment	\$ 76,821	\$ 26,336	\$ (8,392)	\$ 94,765
Leased public domain infrastructure	67,469	-	(67,469)	-
Right-to-use leased assets	144,290	26,336	(75,861)	94,765
Accumulated amortization, right-to-use leased assets				
Leased machinery and equipment	(17,850)	(23,061)	8,392	(32,519)
Leased public domain infrastructure	(9,755)	(9,755)	19,510	-
Accumulated amortization, right-to- use leased assets	(27,605)	(32,816)	27,902	(32,519)
Right-to-use leased assets, net	\$ 116,685	\$ (6,480)	\$ (47,959)	\$ 62,246

(Continued)

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

7. Capital Assets (Continued)

Intangible Right-to Use Assets (Continued)

	Beginning Balance	Transfers and Additions	Transfers and Retirements	Ending Balance
Business-type Activities				
Right-to-use leased assets				
Leased machinery and equipment	\$ 9,196	\$ 21,762	\$ (3,071)	\$ 27,887
Accumulated amortization, right-to-use leased assets				
Leased machinery and equipment	(3,581)	(4,571)	3,071	(5,081)
Right-to-use leased assets, net	<u>\$ 5,615</u>	<u>\$ 17,191</u>	<u>\$ -</u>	<u>\$ 22,806</u>
Component Unit - School Division				
Right-to-use leased assets				
Leased machinery and equipment	\$ -	\$ 131,663	\$ -	\$ 131,663
Right-to-use leased assets	<u>-</u>	<u>131,663</u>	<u>-</u>	<u>131,663</u>
Accumulated amortization, right-to-use leased assets				
Leased machinery and equipment	-	(16,458)	-	(16,458)
Accumulated amortization, right-to- use leased assets	<u>-</u>	<u>(16,458)</u>	<u>-</u>	<u>(16,458)</u>
Right-to-use leased assets, net	<u>\$ -</u>	<u>\$ 115,205</u>	<u>\$ -</u>	<u>\$ 115,205</u>

Subscription-Based Information Technology Arrangements

As of June 30, 2023, the City and School Division recognized subscription-based information technology arrangement assets for the value of software subscriptions under subscription contracts as part of capital assets. The subscription-based information technology arrangement assets are being amortized over the subscription terms for each subscription. Terms of the subscriptions are described in Note 9.

8. Deferred Outflows/Inflows of Resources

Deferred outflows/inflows of resources reported in the Statement of Net Position are as follows:

	Governmental Activities	Business-type Activities	Component Units
Deferred outflows of resources			
Deferred loss on refunding of debt	\$ 217,872	\$ 356,074	\$ -
Pension	5,351,550	1,419,566	8,293,446
OPEB	2,927,759	750,538	1,496,768
Total deferred outflows of resources	<u>\$ 8,497,181</u>	<u>\$ 2,526,178</u>	<u>\$ 9,790,214</u>
Deferred inflows of resources			
Deferred gain on refunding of debt	\$ -	\$ 100,564	\$ -
Property taxes collected in advance	74,318	-	-
Leases	1,075,576	231,179	470,468
Pension	4,681,777	1,248,065	6,084,119
OPEB	1,404,474	361,548	749,697
Total deferred inflows of resources	<u>\$ 7,236,145</u>	<u>\$ 1,941,356</u>	<u>\$ 7,304,284</u>

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

8. Deferred Outflows/Inflows of Resources (Continued)

Deferred inflows of resources reported in the governmental funds are as follows:

	General	Debt Service	Total Governmental Funds
Deferred inflows of resources			
Unavailable revenue - property taxes	\$ 1,193,347	\$ -	\$ 1,193,347
Property taxes collected in advance	74,318	-	74,318
Unavailable revenue - charges for services and fees	1,005,222	-	1,005,222
Unavailable revenue - transfer station debt service reimbursement	-	189,981	189,981
Leases	1,075,576	-	1,075,576
Total deferred inflows of resources	<u>\$ 3,348,463</u>	<u>\$ 189,981</u>	<u>\$ 3,538,444</u>

Deferred outflows/inflows of resources reported in the proprietary funds are as follows:

	Electric	Water and Sewage	Nonmajor Proprietary Funds	Internal Service Fund
Deferred outflows of resources				
Deferred loss on refunding of debt	\$ 356,074	\$ -	\$ -	\$ -
Pension	533,146	624,142	262,278	27,347
OPEB	211,285	396,453	142,800	6,046
Total deferred outflows of resources	<u>\$ 1,100,505</u>	<u>\$ 1,020,595</u>	<u>\$ 405,078</u>	<u>\$ 33,393</u>
Deferred inflows of resources				
Deferred gain on refunding of debt	\$ -	\$ 100,564	\$ -	\$ -
Leases	-	231,179	-	-
Pension	465,723	551,014	231,328	26,385
OPEB	105,534	187,439	68,575	3,442
Total deferred inflows of resources	<u>\$ 571,257</u>	<u>\$ 1,070,196</u>	<u>\$ 299,903</u>	<u>\$ 29,827</u>

9. Long-Term Liabilities

Summary of Changes in Long-Term Liabilities

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. These bonds are direct obligations and pledge the full faith and credit of the government and are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage, interest and income tax regulations.

The City's component unit, the Economic Development Authority, issued taxable revenue bonds in fiscal year 2023. Additional information about the revenue bonds is available in the current year bond issuance section of this note.

CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

9. Long-Term Liabilities (Continued)

Summary of Changes in Long-Term Liabilities (Continued)

The following is a summary of changes in long-term liabilities:

	Beginning Balance*	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 64,228,966	\$ -	\$ (3,846,668)	\$ 60,382,298	\$ 3,878,275
Bond premiums	4,574,052	-	(337,218)	4,236,834	338,449
Bonds payable	68,803,018	-	(4,183,886)	64,619,132	4,216,724
Financed purchase obligation	29,059	-	(14,530)	14,529	14,529
Lease liability	117,998	26,335	(81,049)	63,284	26,445
Subscription liability	137,233	28,159	(79,378)	86,014	74,393
Compensated absences	2,338,244	1,921,974	(1,709,030)	2,551,188	1,708,902
Net pension liability	20,043,160	21,552,616	(11,697,739)	29,898,037	-
Net OPEB liability	11,675,792	5,906,138	(4,237,538)	13,344,392	-
	<u>\$ 103,144,504</u>	<u>\$ 29,435,222</u>	<u>\$ (22,003,150)</u>	<u>\$ 110,576,576</u>	<u>\$ 6,040,993</u>

* As restated, due to implementation of the guidance in GASB Statement 96, *Subscription-Based Information Technology Arrangements*

The Debt Service Fund liquidates most long-term liabilities of governmental activities as shown above. However, portions of compensated absences, the pension plan and other postemployment benefits (OPEB) are liquidated by the Internal Service Fund. The remaining portions of compensated absences, other postemployment benefits, and leases are liquidated by the General Fund. Decreases in the governmental activities' lease liability include a \$49,353 lease modification.

	Beginning Balance*	Increases	Decreases	Ending Balance	Due Within One Year
Business-type Activities					
General obligation bonds	\$ 29,686,286	\$ 627,053	\$ (3,729,517)	\$ 26,583,822	\$ 3,899,994
Bond premiums	3,028,039	-	(433,947)	2,594,092	435,505
Bonds payable	32,714,325	627,053	(4,163,464)	29,177,914	4,335,499
Lease liability	5,637	21,761	(7,140)	20,258	7,152
Compensated absences	703,928	542,331	(515,647)	730,612	564,017
Net pension liability	5,284,748	5,834,582	(3,123,279)	7,996,051	-
Net OPEB liability	3,549,560	1,531,241	(1,080,802)	3,999,999	-
	<u>\$ 42,258,198</u>	<u>\$ 8,556,968</u>	<u>\$ (8,890,332)</u>	<u>\$ 41,924,834</u>	<u>\$ 4,906,668</u>
Component Unit - School Division					
Lease liability	\$ -	\$ 131,663	\$ (15,699)	\$ 115,964	\$ 32,033
Subscription liability	-	131,497	(131,497)	-	-
Compensated absences	817,953	467,420	(457,962)	827,411	457,962
Net pension liability	21,062,060	21,079,229	(15,133,255)	27,008,034	-
Net OPEB liability	5,176,050	2,536,677	(2,038,897)	5,673,830	-
	<u>\$ 27,056,063</u>	<u>\$ 24,346,486</u>	<u>\$ (17,777,310)</u>	<u>\$ 33,625,239</u>	<u>\$ 489,995</u>
Component Unit - Economic Development Authority					
Bonds payable	\$ -	\$ 2,523,544	\$ -	\$ 2,523,544	\$ -

* As restated, due to implementation of the guidance in GASB Statement 96, *Subscription-Based Information Technology Arrangements*

CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

9. Long-Term Liabilities (Continued)

Bonds Payable

Details of long-term indebtedness for bonds payable are as follows:

	Interest Rates	Issue Date	Maturity Date	Issue Amount	Governmental Activities	Business-type Activities
General Obligation Bonds						
2004 Public Improvement	1.00%	04/04	07/26	\$ 11,052,222	\$ -	\$ 2,455,963
2010 Public Improvement	2.45%	09/10	03/30	3,648,124	-	1,600,069
2011 Refunding	2.14%	12/11	10/23	7,840,619	855,019	-
2012 Public Improvement	2.35%	12/12	08/32	9,545,000	4,772,500	-
2013 Public Improvement	1.25%	03/13	04/34	3,058,522	-	1,909,206
2013 Public Improvement	3.03%	12/13	08/33	7,275,000	3,990,000	-
2016B Public Improvement	2.50%	06/16	04/26	6,393,385	441,146	1,633,872
2018 Public Improvement	0.00%	05/18	07/38	5,592,757	-	4,561,608
2019 Public Improvement	3.24%	02/19	04/39	5,025,000	4,273,000	-
2020 Public Improvement	2.00-5.00%	06/20	05/40	26,555,000	25,500,000	-
2020 Refunding	2.00-5.00%	06/20	05/36	24,035,000	4,703,652	12,746,348
2021 Refunding	1.24%	05/21	02/28	1,555,000	1,166,000	-
2022 Public Improvement	0.95%	03/22	09/37	1,676,756	-	1,676,756
2022 Public Improvement	3.03%	05/22	05/42	15,080,000	14,491,000	-
General Obligation Bonds - RVRA						
2011 Refunding	2.14%	12/11	10/23	1,644,381	189,981	-
					60,382,298	26,583,822
					4,236,834	2,594,092
					<u>\$ 64,619,132</u>	<u>\$ 29,177,914</u>
				Bond premiums		

The annual requirements to amortize bonds payable and related interest are as follows:

Fiscal Year	Governmental Activities					
	Governmental Activities		RVRA		Business-type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 3,688,294	\$ 1,929,105	\$ 189,981	\$ 2,033	\$ 3,899,994	\$ 774,876
2025	3,715,456	1,830,299	-	-	4,072,542	640,516
2026	3,834,752	1,683,745	-	-	4,203,042	509,500
2027	3,788,166	1,531,834	-	-	3,414,687	372,868
2028	3,902,301	1,393,447	-	-	1,833,334	249,764
2029-2033	18,965,348	4,709,238	-	-	6,827,749	405,470
2034-2038	14,655,000	2,057,611	-	-	2,190,073	13,615
2039-2043	7,643,000	415,724	-	-	142,401	-
	<u>\$ 60,192,317</u>	<u>\$ 15,551,003</u>	<u>\$ 189,981</u>	<u>\$ 2,033</u>	<u>\$ 26,583,822</u>	<u>\$ 2,966,609</u>

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

9. Long-Term Liabilities (Continued)

Bonds Payable (Continued)

On November 1, 2016, the City became a member of the already established Roanoke Valley Resource Authority (RVRA). Per the amended and restated Members and Facilities Use Agreement, the City conveyed title of the City's existing transfer station and all related equipment, property, and site work to RVRA. RVRA agreed to pay the City amounts equal to the remaining debt service on the transfer station building. As of June 30, 2023, the City has \$189,981 in outstanding general obligation debt that will be repaid contractually by RVRA in the next fiscal year. Further details are presented in Note 20.

The annual requirements to amortize bonds payable and related interest for the component unit are as follows:

Fiscal Year	Component Unit - Economic Development Authority	
	Principal	Interest
2024	\$ -	\$ 186,006
2025	175,736	188,547
2026	193,218	172,580
2027	207,508	158,377
2028	222,254	143,516
2029-2033	1,383,997	445,053
2034-2038	340,831	25,054
	<u>\$ 2,523,544</u>	<u>\$ 1,319,133</u>

Current Year Bond Issuance

In May 2023, the City's component unit, the Economic Development Authority, obtained a drawdown loan from a financial institution to provide economic incentives to a private company in the form of a loan. The maximum principal amount for this loan is \$16,600,000. Drawdowns will only occur in the first twelve months and the interest rate is variable for the first twelve months. The Economic Development Authority will make interest only payments for the first year of the loan. At the one-year anniversary of the loan, the principal amount and interest rate will be fixed. The Economic Development Authority will then begin making principal and interest payments to the financial institution and be reimbursed by the private company for these payments. As of June 30, 2023, the Economic Development Authority has drawn down \$2,523,544.

Financed Purchase Obligation

On July 24, 2019, the City entered into a 60-month financed purchase obligation agreement with De Lage Landen Public Finance LLC to purchase two Cisco Firepower 2120 NGFW Appliances. Under the agreement, the City pays \$14,529 annually to De Lage Landen Public Finance LLC, representing principal payments only. Ownership transfers to the City at the end of the obligation. The City reported this liability previously as a capital lease liability but began reporting the liability as a financed purchase obligation in fiscal year 2022 due to implementation of the guidance in GASB Statement No. 87, *Leases*. The assets and liability are accounted for in the Statement of Net Position. At June 30, 2023, the original cost of the equipment was \$72,648, and accumulated depreciation was \$56,907. Financed purchase obligation payments over the next five years are as follows:

Fiscal Year	Governmental Activities
	Principal
2024	<u>\$ 14,529</u>

CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

9. Long-Term Liabilities (Continued)

Copier Leases

The City and School Division lease a variety of copiers from Xerox Corporation, US Bank Equipment Finance, and De Lage Landen Financial Services for terms ranging from 36 months to 60 months. For purposes of discounting future payments, the City used its incremental borrowing rate at lease inception. The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note 7. Future minimum lease payments include:

Fiscal Year	Governmental Activities		Business-type Activities		Component Unit - School Division	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 26,445	\$ 1,498	\$ 7,152	\$ 440	\$ 32,033	\$ 2,712
2025	19,806	786	6,796	261	32,901	1,845
2026	13,320	304	3,215	142	33,792	953
2027	3,234	50	3,095	72	17,238	135
2028	479	5	-	-	-	-
	<u>\$ 63,284</u>	<u>\$ 2,643</u>	<u>\$ 20,258</u>	<u>\$ 915</u>	<u>\$ 115,964</u>	<u>\$ 5,645</u>

Subscription-Based Information Technology Arrangements

The City and School Division subscribe to information technology assets, such as software, from vendors for terms greater than 12 months ranging from 22 months to 72 months. For purposes of discounting future payments, the City used its incremental borrowing rate at subscription inception. The School Division paid in full for each subscription at inception, and no future minimum payments are required. The subscription-based information technology arrangement assets and related accumulated amortization are outlined in Note 7. Future minimum subscription payments include:

Fiscal Year	Governmental Activities	
	Principal	Interest
2024	\$ 74,393	\$ 1,891
2025	11,621	281
	<u>\$ 86,014</u>	<u>\$ 2,172</u>

Legal Debt Limit

The *Constitution of Virginia*, Article VII, Section 10(a), sets forth the City's legal debt limit as ten percent of the assessed valuation of the real estate in the City subject to taxation. As of June 30, 2023, ten percent of the assessed value of real property in the City is \$259,369,614. The City's net debt applicable to the legal debt limit is \$64,443,680, and the legal debt margin is \$194,925,934. Additional information about the City's legal debt margin is available in Table 11.

10. Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the governmental funds are presented in the table on the following page.

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

10. Fund Balance (Continued)

	General	Capital Projects	Total Governmental Funds
Fund Balances:			
Nonspendable:			
Inventories	\$ 757,911	\$ -	\$ 757,911
Prepays	305,957	-	305,957
	<u>1,063,868</u>	<u>-</u>	<u>1,063,868</u>
Restricted for:			
Law enforcement	730,270	-	730,270
Fire and rescue	287,083	-	287,083
Highway maintenance	4,111,761	-	4,111,761
Education	-	801,131	801,131
Parks and recreation	51,770	4,195,291	4,247,061
	<u>5,180,884</u>	<u>4,996,422</u>	<u>10,177,306</u>
Committed to:			
Law enforcement	102,266	-	102,266
Stormwater management	29,757	-	29,757
	<u>132,023</u>	<u>-</u>	<u>132,023</u>
Assigned to:			
Technology systems	83,451	-	83,451
Law enforcement	342,973	-	342,973
Fire and rescue	317,831	1,863,768	2,181,599
Street equipment	452,605	-	452,605
Building maintenance and improvements	20,784	367,767	388,551
Landscape management	7,534	-	7,534
Engineering	65,666	-	65,666
Public works	-	151,120	151,120
Parks and recreation	85,500	12,651,497	12,736,997
Library	-	345,000	345,000
Economic development	27,864	583,473	611,337
Other purposes	58,463	461,563	520,026
	<u>1,462,671</u>	<u>16,424,188</u>	<u>17,886,859</u>
Unassigned:	<u>67,758,976</u>	<u>-</u>	<u>67,758,976</u>
Total fund balances	<u>\$ 75,598,422</u>	<u>\$ 21,420,610</u>	<u>\$ 97,019,032</u>

11. Risk Management

The risk management programs of the City and School Division are as follows:

Workers' Compensation

Workers' Compensation Insurance is provided through the Virginia Risk Sharing Association (VRSA) for the City and through VACORP for the School Division. Benefits are those afforded through the Commonwealth of Virginia as outlined in *Code of Virginia* §65.2-100. Premiums are based on covered payroll, job rates and claims experience. Total premiums for the current year were \$505,696 and \$95,347 for the City and School Division, respectively.

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

11. Risk Management (Continued)

General Liability and Other

The City provides general liability and other insurance through VRSA. General liability and automotive liability have a \$1,000,000 limit per occurrence. Boiler and machinery coverage and property coverage are covered per statement of values. The City maintains an additional \$10,000,000 umbrella policy over all forms of liability. The City has flood insurance coverage through Selective Insurance Company of America for properties in designated flood zones or that are part of the water plant. Total premiums for the current fiscal year were \$474,863.

The School Division provides general liability and other insurance through VACORP. General liability, automobile liability, and property damage have a \$2,000,000 limit per occurrence. The School Division also has a separate student accident insurance policy through VACORP. Total premiums for the current fiscal year were \$125,227.

Line of Duty

The Line of Duty Act (LODA) provides benefits to local government employees who hold specified hazardous duty positions (*Code of Virginia* §9.1-400 et seq.). By statute, LODA benefits must be provided. The Virginia Department of Accounts administers the benefit. As of July 1, 2011, the General Assembly shifted the financial responsibility from the state government to local governments. The City provides an insured Line of Duty OPEB benefit plan through coverage with VRSA. In exchange for annual premiums paid while employees are in active service, VRSA covers the Line of Duty OPEB of those employees. The Line of Duty coverage provides a death benefit of \$100,000 to beneficiaries of public safety officers who die in the line of duty and a death benefit of \$25,000 to beneficiaries of public safety employees who die within five years of becoming disabled as a result of a qualifying illness as defined in the LODA. A health insurance benefit is also provided to the disabled public safety employees, their surviving spouses, and their dependents. The City retains an obligation for benefits in the event of VRSA's insolvency. The Commonwealth of Virginia has the authority to establish and amend LODA. Total premiums for the current year to VRSA for Line of Duty coverage were \$126,996.

Healthcare

The City's professionally administered self-insurance program provides health coverage for employees of the City and School Division on a cost-reimbursement basis. All active employees, retired City employees and retired School Division employees pay a premium equivalent for participation. The premium equivalent represents a minimum of 3% active or retired employee participation. The City is obligated for claims payments under the program. A stop loss insurance contract executed with an insurance carrier covers claims in excess of \$250,000 per covered individual.

During the current fiscal year, total claim expenses of \$8,075,826 were incurred. This represents claims processed and an estimate for claims incurred but not reported (IBNR) as of June 30, 2023. The estimated liability for the City and School Division was \$369,443 and \$309,670, respectively for a total of \$679,113 at year-end.

Changes in the reported liability during the last three fiscal years are as follows:

Year Ended June 30	Beginning Balance	Claim Expenses	Claim Payments	Ending Balance
2023	\$ 765,656	\$ 8,075,826	\$ 8,162,369	\$ 679,113
2022	716,796	9,042,833	8,993,973	765,656
2021	581,259	8,932,896	8,797,359	716,796

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

11. Risk Management (Continued)

Dental

The City's professionally administered self-insurance program provides dental coverage for employees of the City and School Division on a cost-reimbursement basis. The City began offering dental coverage through the self-insurance program on January 1, 2020. All active employees, retired City employees and retired School Division employees pay a premium equivalent for participation. The premium equivalent represents a minimum of 0% active or retired employee participation. The City is obligated for claims payments under the program.

During the current fiscal year, total claim expenses of \$511,769 were incurred. This represents claims processed and an estimate for claims incurred but not reported (IBNR) as of June 30, 2023. The estimated liability for the City and School Division was \$7,000 and \$8,000, respectively for a total of \$15,000 at year-end.

Changes in the reported liability during the last three fiscal years are as follows:

Year Ended June 30	Beginning Balance	Claim Expenses	Claim Payments	Ending Balance
2023	\$ 19,000	\$ 511,769	\$ 515,769	\$ 15,000
2022	24,000	534,284	539,284	19,000
2021	19,400	535,775	531,175	24,000

Other

There were no significant changes in insurance coverage from the prior year and no settlements that exceeded the amount of insurance coverage during the last three fiscal years.

12. Pension Plan – Virginia Retirement System Political Subdivision Retirement Plan

Plan Description

All full-time, salaried, permanent employees of the City and all full-time, salaried, permanent, non-professional employees (non-teachers) of the School Division are automatically covered by the Virginia Retirement System (VRS) Political Subdivision Retirement Plan upon employment. This multi-employer, agent plan is administered by VRS (the System) along with plans for other employer groups in the Commonwealth of Virginia.

Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are available at:

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>
- <https://www.varetirement.org/hybrid.html>

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

12. Pension Plan – Virginia Retirement System Political Subdivision Retirement Plan (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2021, actuarial valuation, the following City and School Division employees were covered by the benefit terms of the pension plan:

	<u>City of Salem</u>	<u>School Division (Non-Professional)</u>
Inactive members or their beneficiaries currently receiving benefits	716	80
Inactive members:		
Vested inactive members	160	15
Non-vested inactive members	217	48
Inactive members active elsewhere in VRS	232	17
Total inactive members	<u>609</u>	<u>80</u>
Active members	<u>474</u>	<u>62</u>
Total covered employees	<u><u>1,799</u></u>	<u><u>222</u></u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The City's contractually required contribution rate for the year ended June 30, 2023, was 20.33% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the VRS Political Subdivision Retirement Plan from the City were \$5,237,058 and \$4,351,329 for the years ended June 30, 2023, and June 30, 2022, respectively. Contributions for the fiscal year ended June 30, 2022, were adjusted to reflect actual amounts as shown on the VRS actuarial report rather than estimated amounts used in the prior year's annual financial report.

The School Division's non-professional employees' contractually required contribution rate for the year ended June 30, 2023, was 1.92% of covered employee compensation. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. Contributions to the VRS Political Subdivision Retirement Plan from the School Division were \$17,170 and \$22,143 for the years ended June 30, 2023, and June 30, 2022, respectively.

Net Pension Liability

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

12. Pension Plan – Virginia Retirement System Political Subdivision Retirement Plan (Continued)

Actuarial Assumptions

The total pension liabilities for general employees and public safety employees with hazardous duty benefits in the City's and School Division's retirement plans were based on actuarial valuations as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50% - 5.35%
Public Safety Employees with Hazardous Duty Benefits – Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates:

General Employees – 15 to 20% of deaths are assumed to be service related.

Public Safety Employees – 45% to 70% of deaths are assumed to be service related. Mortality is projected using the applicable Pub-2010 Mortality Table with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2021, valuations were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rates; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates; no change to salary scale; no change to line of duty disability; and no change to discount rate.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rate to better fit experience and increased final retirement age to 70; decreased rates of withdrawal; no change to disability rates; no changes to salary scale; no change to line of duty disability; and no change to discount rate.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

12. Pension Plan – Virginia Retirement System Political Subdivision Retirement Plan (Continued)

Long-Term Expected Rate of Return (Continued)

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.83%

* The above allocation provides for a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in the fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever was greater. From July 1, 2022, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. 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 active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

12. Pension Plan – Virginia Retirement System Political Subdivision Retirement Plan (Continued)

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
City of Salem			
Balances at June 30, 2021	\$ 215,164,211	\$ 189,836,303	\$ 25,327,908
Changes for the year:			
Service cost	2,677,959	-	2,677,959
Interest	14,410,668	-	14,410,668
Difference between expected and actual experience	897,327	-	897,327
Contributions - employer	-	4,351,329	(4,351,329)
Contributions - employee	-	1,178,545	(1,178,545)
Net investment income	-	7,131	(7,131)
Benefit payments, including refunds of employee contributions	(12,998,412)	(12,998,412)	-
Administrative expenses	-	(120,750)	120,750
Other changes	-	3,519	(3,519)
Net changes	4,987,542	(7,578,638)	12,566,180
Balances at June 30, 2022	\$ 220,151,753	\$ 182,257,665	\$ 37,894,088
School Division (Non-Professional)			
Balances at June 30, 2021	\$ 5,422,830	\$ 6,866,985	\$ (1,444,155)
Changes for the year:			
Service cost	118,969	-	118,969
Interest	361,795	-	361,795
Difference between expected and actual experience	132,716	-	132,716
Contributions - employer	-	22,143	(22,143)
Contributions - employee	-	65,114	(65,114)
Net investment income	-	(4,145)	4,145
Benefit payments, including refunds of employee contributions	(363,739)	(363,739)	-
Administrative expenses	-	(4,345)	4,345
Other changes	-	155	(155)
Net changes	249,741	(284,817)	534,558
Balances at June 30, 2022	\$ 5,672,571	\$ 6,582,168	\$ (909,597)

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

12. Pension Plan – Virginia Retirement System Political Subdivision Retirement Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's and School Division's net pension liabilities (assets) under the VRS Political Subdivision Retirement Plan using the discount rate of 6.75%, as well as what the City's and School Division's net pension liabilities (assets) would be if they were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Net Pension Liability (Asset)		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
City of Salem	\$ 64,977,159	\$ 37,894,088	\$ 15,577,014
School Division (Non-Professional)	(270,342)	(909,597)	(1,439,049)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the City and School Division recognized pension expense of \$4,152,182 and \$(16,628) respectively, under the VRS Political Subdivision Retirement Plan. At June 30, 2023, the City and School Division 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
City of Salem		
Differences between expected and actual experience	\$ 503,763	\$ 256,134
Changes in assumptions	1,030,295	-
Net difference between projected and actual earnings on pension plan investments	-	5,673,708
Employer contributions subsequent to the measurement date	5,237,058	-
Total	<u>\$ 6,771,116</u>	<u>\$ 5,929,842</u>
School Division (Non-Professional)		
Differences between expected and actual experience	\$ 58,985	\$ -
Net difference between projected and actual earnings on pension plan investments	-	207,738
Employer contributions subsequent to the measurement date	17,170	-
Total	<u>\$ 76,155</u>	<u>\$ 207,738</u>

The deferred outflow of resources related to pensions resulting from the City's contributions of \$5,237,058 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. The deferred outflows of resources related to pensions resulting from the School Division's contributions of \$17,170 subsequent to the measurement date will be recognized as an increase to the net pension asset in the fiscal year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

12. Pension Plan – Virginia Retirement System Political Subdivision Retirement Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

<u>Year Ended June 30,</u>	<u>City of Salem</u>	<u>School Division (Non-Professional)</u>
2024	\$ (992,929)	\$ (20,186)
2025	(2,163,932)	(82,831)
2026	(3,793,395)	(137,373)
2027	2,554,472	91,637
	<u>\$ (4,395,784)</u>	<u>\$ (148,753)</u>

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report. A copy of the report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2023, \$555,200 and \$8,547 were payable to the System under the VRS Political Subdivision Retirement Plan for the legally required contributions of the City and School Division, respectively, related to the June 2023 payroll.

13. Pension Plan – Virginia Retirement System Teacher Retirement Plan

Plan Description

All full-time, salaried, permanent (professional) employees of the School Division and other Virginia public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This multiple-employer, cost sharing plan is administered by VRS (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees in the VRS Teacher Retirement Plan – Plan 1, Plan 2, and Hybrid. The provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those referenced in the previous note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required contribution rate for the year ended June 30, 2023, was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the VRS Teacher Retirement Plan from the School Division were \$4,458,980 and \$4,214,246 for the years ended June 30, 2023, and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act and is classified as a non-employer contribution.

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

13. Pension Plan – Virginia Retirement System Teacher Retirement Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the School Division reported a liability of \$27,008,034 for its proportionate share of the VRS Teacher Retirement Plan net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The School Division's proportion of the net pension liability was based on the School Division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the School Division's proportion was 0.28368% as compared to 0.27131% at June 30, 2021.

For the year ended June 30, 2023, the School Division recognized pension expense of \$1,492,240 under the VRS Teacher Retirement Plan. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022, measurement date, the difference between the expected and actual contributions is included with the pension expense calculation.

At June 30, 2023, the School Division 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
School Division (Professional)		
Differences between expected and actual experience	\$ -	\$ 3,521,282
Changes in assumptions	2,546,314	-
Net difference between projected and actual earnings on pension plan investments	-	1,862,311
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,211,997	492,788
Employer contributions subsequent to the measurement date	4,458,980	-
Total	<u>\$ 8,217,291</u>	<u>\$ 5,876,381</u>

The \$4,458,980 reported as deferred outflows of resources related to pensions resulting from the School Division's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	School Division (Professional)
2024	\$ (802,902)
2025	(1,086,155)
2026	(2,093,905)
2027	1,864,892
	<u>\$ (2,118,070)</u>

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

13. Pension Plan – Virginia Retirement System Teacher Retirement Plan (Continued)

Net Pension Liability

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2022, net pension liability amounts for the VRS Teacher Employee Retirement Plan are as follows (amounts expressed in thousands):

	VRS Teacher Retirement Plan
Total Pension Liability	\$ 54,732,329
Plan Fiduciary Net Position	45,211,731
Employers' Net Pension Liability	<u>\$ 9,520,598</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School Division's proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the School Division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Net Pension Liability (Asset)		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School Division (Professional)	48,238,417	27,008,034	9,721,834

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's fiduciary net position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report. A copy of the report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2023, \$55,030 was payable to the System under the VRS Teacher Retirement Plan for the legally required contributions of the School Division related to the June 2023 payroll.

CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

14. Summary of Pension Elements

A summary of the pension-related financial statement elements is as follows:

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Units
Pension Expense				
VRS Political Subdivision Retirement Plan	\$ 3,278,264	\$ 873,918	\$ 4,152,182	\$ (16,628)
VRS Teacher Retirement Plan	-	-	-	1,492,240
Total Pension Expense	<u>\$ 3,278,264</u>	<u>\$ 873,918</u>	<u>\$ 4,152,182</u>	<u>\$ 1,475,612</u>
Net Pension Asset				
VRS Political Subdivision Retirement Plan	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 909,597</u>
Net Pension Liability				
VRS Political Subdivision Retirement Plan	\$ 29,898,037	\$ 7,996,051	\$ 37,894,088	\$ -
VRS Teacher Retirement Plan	-	-	-	27,008,034
Total Pension Liability	<u>\$ 29,898,037</u>	<u>\$ 7,996,051</u>	<u>\$ 37,894,088</u>	<u>\$ 27,008,034</u>
Deferred Outflows of Resources				
Differences between expected and actual experience				
VRS Political Subdivision Retirement Plan	\$ 397,734	\$ 106,029	\$ 503,763	\$ 58,985
Changes in assumptions				
VRS Political Subdivision Retirement Plan	813,448	216,847	1,030,295	-
VRS Teacher Retirement Plan	-	-	-	2,546,314
Changes in proportion and differences between employer contributions and proportionate share of contributions				
VRS Teacher Retirement Plan	-	-	-	1,211,997
Employer contributions subsequent to the measurement date				
VRS Political Subdivision Retirement Plan	4,140,368	1,096,690	5,237,058	17,170
VRS Teacher Retirement Plan	-	-	-	4,458,980
Total Deferred Outflows of Resources	<u>\$ 5,351,550</u>	<u>\$ 1,419,566</u>	<u>\$ 6,771,116</u>	<u>\$ 8,293,446</u>
Deferred Inflows of Resources				
Differences between expected and actual experience				
VRS Political Subdivision Retirement Plan	\$ 202,225	\$ 53,909	\$ 256,134	\$ -
VRS Teacher Retirement Plan	-	-	-	1,862,311
Net difference between projected and actual earnings on pension plan investments				
VRS Political Subdivision Retirement Plan	4,479,552	1,194,156	5,673,708	207,738
VRS Teacher Retirement Plan	-	-	-	3,521,282
Changes in proportion and differences between employer contributions and proportionate share of contributions				
VRS Teacher Retirement Plan	-	-	-	492,788
Total Deferred Inflows of Resources	<u>\$ 4,681,777</u>	<u>\$ 1,248,065</u>	<u>\$ 5,929,842</u>	<u>\$ 6,084,119</u>

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

15. Other Postemployment Benefits – Retiree Health Plan

Plan Description

The City and School Division participate in a single-employer defined benefit healthcare plan (Retiree Health Plan) administered and sponsored by the City. Full-time employees retiring directly from the City must have at least 15 years of service, unless approved for VRS disability, to participate in the Retiree Health Plan. In addition, they must be eligible for retirement under VRS.

Eligible employees and dependents covered at the time of retirement may continue participation in the Retiree Health Plan at the same premium levels as active employees. This creates a benefit to the retiree in the form of a lower insurance rate by blending retirees with active employees, also known as an implicit rate subsidy.

In addition to the implicit rate subsidy, all pre-65 retirees who retired on or before October 1, 2010 receive a premium subsidy based on their coverage election. If the retiree elects retiree-only coverage, the City contributes between 87% and 97% of the subscriber-only premium. If the retiree elects retiree/child coverage, the City contributes between 76% and 85% of the retiree/child premium. If the retiree elects retiree/spouse, the City contributes between 57% and 65% of the retiree/spouse premium. If the retiree elects retiree/children, the City contributes between 49% and 58% of the retiree/children premium. If the retiree elects family coverage, the City contributes between 53% and 61% of the family premium. The actual City contribution within each range depends on the health plan selected by the retiree.

For individuals retiring after October 1, 2010, and who were hired before July 1, 2010, the City will contribute 3% of the retiree-only premium for each year of service up to 97% of the total retiree-only premium for the lifetime of the retiree. For employees hired on or after July 1, 2010, the City will contribute 3% of the retiree-only premium for each year of service up to 50% of the total retiree-only premium for the lifetime of the retiree.

When a retiree turns age 65 or otherwise becomes eligible for Medicare, the retiree transfers to a Medicare health supplement plan and/or drug plan. These individuals no longer receive the implicit rate subsidy; however, they still receive a premium subsidy. The City contributes 3% of the retiree-only premium for each year of service up to 97% not to exceed \$3,300. Employees hired on or after July 1, 2010 are not eligible to receive the Medicare health supplement plan and/or drug plan benefit.

Individuals retiring after October 1, 2010, do not receive a premium subsidy for dependents and are responsible to pay the difference in the actual premium rates above the premium subsidy. School Division retirees do not receive any premium subsidy and are responsible to pay the entire premium.

The benefits are governed by City Council or School Board policy and can be amended through Council or School Board action. The Retiree Health Plan does not issue a publicly available financial report.

The City participates in the OPEB Trust Fund, an irrevocable trust established for the purpose of accumulating assets to fund postemployment benefits other than pensions. The Virginia Pooled OPEB Trust Fund issues a separate report, which may be obtained from VML/VACo Finance Program, 919 East Main Street, Suite 1100, Richmond, Virginia 23219.

Employees Covered by Benefit Terms

As of June 30, 2023, the date of the latest actuarial valuation for the City and School Division, the following employees were covered by the benefit terms of the Retiree Health Plan:

	<u>City of Salem</u>	<u>School Division</u>
Active employees	471	557
Retired participants	298	24
Total participants	<u>769</u>	<u>581</u>

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

15. Other Postemployment Benefits – Retiree Health Plan (Continued)

Contributions

The Retiree Health Plan is funded through member and employer contributions on a pay-as-you-go basis. City Retirees receiving benefits contribute a minimum of 3% to 13%, 15% to 24%, 35% to 43%, 42% to 51%, and 39% to 47% of the health insurance premium rate for retiree only, retiree + one minor child, retiree + spouse, retiree + children, and family coverage, respectively. The actual contribution within each range depends on the health plan selected by the retiree. School Division Retirees receiving benefits contribute 100% of the health insurance premium rate. During the current year, retired City and School Division members contributed \$449,101 and \$215,098, respectively, of the total premiums through their required contributions of between \$10.90 and \$1,471, depending on the type of coverage and years of service.

The City and School Division contributed \$1,700,541 and \$143,627, respectively, in pay-as-you-go contributions to the Retiree Health Plan for the year ended June 30, 2023. In addition, the City and School Division contributed \$234,930 and \$97,135, respectively, to the OPEB Trust Fund. It is the intent of the City and School Division to fully fund the actuarially determined contributions each year.

Net OPEB Liability

Under the Retiree Health Plan, the City's and School Division's net OPEB liabilities were measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2023. The components of the net OPEB liability as of June 30, 2023, were as follows:

	<u>City of Salem</u>	<u>School Division</u>
Total OPEB liability	\$ 25,865,246	\$ 2,846,224
Plan fiduciary net position	9,868,826	2,314,901
Net OPEB liability	<u>\$ 15,996,420</u>	<u>\$ 531,323</u>
Plan fiduciary net position as a percentage of total OPEB liability	38.15%	81.33%

Actuarial Assumptions

The total OPEB liability was determined as part of the actuarial valuation at the date indicated, using the following actuarial assumptions:

Valuation date	June 30, 2023
Measurement date	June 30, 2023
Actuarial cost method	Entry age normal, level percentage of pay
Inflation	2.50%
Investment rate of return	6.5%, net of investment expense
Pre-65 healthcare cost trend rates	City: 6.50% for 2023 graded to 3.90% by 2073 School Division: 6.50% for 2023 graded to 3.90% by 2073
Post-65 healthcare cost trend rates	City: 6.00% for 2023 graded to 3.90% by 2072 School Division: N/A
Pre-retirement mortality	General Employees: Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years. Public Safety Employees: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years. Teachers: Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

15. Other Postemployment Benefits – Retiree Health Plan (Continued)

Actuarial Assumptions (Continued)

Post-retirement mortality

General Employees: Pub-2010 Amount Weighted Healthy Retiree Rates projected generationally; 110% of rates for females.

Public Safety Employees: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Teachers: Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.

Plan Investments

In an effort to assist local governments in funding their OPEB liabilities, the Virginia Association of Counties and the Virginia Municipal League established the VACo/VML Pooled OPEB Trust (Trust). The Trust is an irrevocable trust offered to local governments and authorities and is governed by a Board of Trustees consisting of local officials of participants in the Trust. The Board of Trustees has adopted an investment policy to achieve a compound annualized rate of return over a market cycle, including current income and capital appreciation, in excess of 5 percent after inflation, in a manner consistent with prudent risk-taking. Investment decisions of the funds' assets are made by the Board of Trustees.

The Board of Trustees establishes investment objectives, risk tolerance and asset allocation policies in light of the investment policy, market and economic conditions, and prevailing prudent investment practices. The Board of Trustees monitors the investments to ensure adherence to the adopted policies and guidelines, while also reviewing and evaluating the performance of the investments and its investment advisors in light of available investment opportunities, market conditions, and publicly available indices for the generally accepted evaluation and measurement of such performance. The Trust provides a diversified portfolio consisting of investments in various asset classes such as bonds, domestic equities, international equities and cash. Specific investment information for the Trust can be obtained by writing to VML/VACo Finance Program, 919 East Main Street, Suite 1100, Richmond, Virginia 23219.

The Trust categorizes its investments within the fair value hierarchy established by GAAP. A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value (NAV) per share (or its equivalent) of the investment. Investments in the Trust are valued using the NAV per share, which is determined by dividing the total value of the Trust by the number of outstanding shares. The NAV per share changes with the value of the underlying investments in the Trust. Generally, participants may redeem their investment at the end of a calendar quarter upon 90 days' written notice. The Trust currently invests in the asset classes and strategies on the following page.

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

15. Other Postemployment Benefits – Retiree Health Plan (Continued)

Plan Investments (Continued)

Asset Class	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Geometric Long-Term Expected Rate of Return
US Core Fixed Income	20.00%	2.27%	2.13%
US Large Cap Equity	21.00%	5.64%	4.09%
US Small Cap Equity	10.00%	7.25%	4.67%
Foreign Developed Equity	13.00%	6.90%	5.15%
Emerging Markets Equity	5.00%	9.58%	6.20%
Private Real Estate Property	15.00%	4.86%	3.70%
Private Equity	10.00%	10.74%	6.54%
Hedge Fund of Funds - Strategic	6.00%	4.42%	3.48%
Assumed Inflation - Mean		2.33%	2.33%
Assumed Inflation - Standard Deviation		1.41%	1.41%
Portfolio Real Mean Return		5.81%	4.90%
Portfolio Nominal Mean Return		8.14%	7.34%
Portfolio Standard Deviation			13.07%
Long-Term Expected Rate of Return			6.50%

At June 30, 2023, the Plan held no investments in any one organization that represented 5% or more of fiduciary net position.

Rate of Return

As of June 30, 2023, the annual money-weighted rate of return on the plan investments, net of OPEB plan investment expense, was 7.63% for the City and 7.63% for the School Division. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at current contribution rates. Based on the current and historical commitment of the City to fully fund actuarially determined contribution amounts, the Retiree Health Plan's fiduciary net position combined with future contributions is sufficient to cover all projected future benefit payments. The long-term expected rate of return on plan investments is 6.50% and, when applied to the periods of projected benefit payments, it is not anticipated that the Retiree Health Plan's assets will be exhausted; therefore, the expected municipal bond rate was not applied in determining the discount rate.

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

15. Other Postemployment Benefits – Retiree Health Plan (Continued)

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
City of Salem			
Balances at June 30, 2022	\$ 22,891,289	\$ 8,956,239	\$ 13,935,050
Changes for the year:			
Service cost	343,023	-	343,023
Interest	1,460,383	-	1,460,383
Effect of economic/demographic gains or losses	2,135,795	-	2,135,795
Effect of assumption changes	735,297	-	735,297
Contributions - employer	-	1,935,471	(1,935,471)
Net investment income	-	687,322	(687,322)
Benefit payments	(1,700,541)	(1,700,541)	-
Administrative expenses	-	(9,665)	9,665
Net changes	2,973,957	912,587	2,061,370
Balances at June 30, 2023	\$ 25,865,246	\$ 9,868,826	\$ 15,996,420
School Division			
Balances at June 30, 2022	\$ 2,324,032	\$ 2,062,855	\$ 261,177
Changes for the year:			
Service cost	99,076	-	99,076
Interest	152,908	-	152,908
Effect of economic/demographic gains or losses	381,935	-	381,935
Effect of assumption changes	31,900	-	31,900
Contributions - employer	-	240,762	(240,762)
Net investment income	-	157,543	(157,543)
Benefit payments	(143,627)	(143,627)	-
Administrative expenses	-	(2,632)	2,632
Net changes	522,192	252,046	270,146
Balances at June 30, 2023	\$ 2,846,224	\$ 2,314,901	\$ 531,323

(The previous table presents amounts associated with the primary government. The OPEB Trust Fund financial statements present amounts associated with the primary government and custodial entities.)

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

15. Other Postemployment Benefits – Retiree Health Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability calculated using the discount rate of 6.50%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	Net OPEB Liability		
	1% Decrease (5.50%)	Current Discount (6.50%)	1% Increase (7.50%)
City of Salem	\$ 18,573,712	\$ 15,996,420	\$ 13,774,637
School Division	746,201	531,323	331,538

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the net OPEB liability calculated using the current healthcare cost trend rate as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rate:

	Net OPEB Liability		
	1% Decrease	Current Trend Rate	1% Increase
City of Salem	\$ 14,458,784	\$ 15,996,420	\$ 17,782,152
School Division	273,989	531,323	824,990

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the City and School Division recognized OPEB expense of \$1,194,780 and \$156,092, respectively. At June 30, 2023, the City and School Division 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
City of Salem		
Differences between expected and actual experience	\$ 1,812,190	\$ 701,663
Changes in assumptions	1,333,895	728,767
Net difference between projected and actual earnings on plan investments	203,177	-
Total	<u>\$ 3,349,262</u>	<u>\$ 1,430,430</u>
School Division		
Differences between expected and actual experience	\$ 336,887	\$ 33,110
Changes in assumptions	72,243	112,713
Net difference between projected and actual earnings on plan investments	49,510	-
Total	<u>\$ 458,640</u>	<u>\$ 145,823</u>

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

15. Other Postemployment Benefits – Retiree Health Plan (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

<u>Year ended June 30,</u>	<u>City of Salem</u>	<u>School Division</u>
2024	\$ (65,008)	\$ 28,783
2025	(113,439)	18,128
2026	813,560	93,399
2027	571,968	39,115
2028	450,742	58,839
Thereafter	261,009	74,553
	<u>\$ 1,918,832</u>	<u>\$ 312,817</u>

16. Other Postemployment Benefits – Group Life Insurance and Health Insurance Credit

Virginia Retirement System OPEB Plans

In addition to participation in the pension plans offered through VRS, the City and School Division also participate in various cost sharing and agent multi-employer other postemployment benefit plans, described as follows.

Plan Description – Group Life Insurance Program

All full-time, salaried, permanent employees of the City and School Division are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment. In addition to the basic group life insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

Specific information for the GLI Program is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>. The GLI Program is administered by the VRS, along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. This plan is considered a multiple-employer, cost sharing plan.

Plan Description – Political Subdivision Health Insurance Credit Program

All full-time, salaried permanent (non-professional) employees of the School Division are automatically covered by the Political Subdivision Health Insurance Credit (HIC) Program. The Political Subdivision HIC provides all the same benefits as the Teacher HIC described below, except the Political Subdivision HIC Program is considered a multi-employer agent plan. As of the June 30, 2021, actuarial valuation, the following School Division employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

	<u>School Division (Non-Professional)</u>
Inactive members or their beneficiaries currently receiving benefits	25
Inactive members:	
Vested inactive members	1
Total inactive members	<u>26</u>
Active members	<u>62</u>
Total covered employees	<u><u>88</u></u>

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

16. Other Postemployment Benefits – Group Life Insurance and Health Insurance Credit (Continued)

Plan Description – Teacher Employee Health Insurance Credit Program

All full time, salaried permanent (professional) employees of the School Division and other Virginia public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit (HIC) Program. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

Specific information about the Teacher HIC Program is available at <https://www.varetire.org/retirees/insurance/healthinscredit/index.asp>. The Teacher HIC Program is administered by the VRS, along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. It is considered a multiple-employer, cost sharing plan.

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2021. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

	OPEB Contributions	
	Year Ended June 30, 2022	Year Ended June 30, 2023
City of Salem - GLI	\$ 133,025	\$ 143,787
School Division - Non-Professional GLI	7,834	9,029
School Division - Professional GLI	141,459	150,865
School Division - Political Subdivision HIC	16,389	18,538
School Division - Teacher Employee HIC	316,975	337,914

GLI Program

Governed by	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly</i>
Total rate	1.34% of covered employee compensation; rate allocated 60/40, 0.80% employee and 0.54% employer; employers may elect to pay all or part of the employee contribution

Political Subdivision HIC Program

Governed by	<i>Code of Virginia 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly</i>
Total rate	1.11% of covered employee compensation

Teacher Employee HIC Program

Governed by	<i>Code of Virginia 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly</i>
Total rate	1.21% of covered employee compensation

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

16. Other Postemployment Benefits – Group Life Insurance and Health Insurance Credit (Continued)

OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

The net OPEB liabilities were measured as of June 30, 2022, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022.

The covered employer's proportions of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. Specific details related to the City's and School Division's proportionate shares of the net VRS OPEB liabilities and VRS OPEB expenses for the GLI Program and Teacher Employee HIC Program are as follows:

	Proportionate Share of Net OPEB Liability	Employer's Proportion	
	June 30, 2023	June 30, 2022	June 30, 2021
City of Salem - GLI	\$ 1,347,971	0.11778%	0.11657%
School Division - Non-Professional GLI	80,313	0.00667%	0.00614%
School Division - Professional GLI	1,450,093	0.12043%	0.11525%
School Division - Teacher Employee HIC	3,510,695	0.28107%	0.26840%

	OPEB Expense Year Ended June 30, 2023
City of Salem - GLI	\$ 22,647
School Division - Non-Professional GLI	2,787
School Division - Professional GLI	50,147
School Division - Teacher Employee HIC	281,550

Since there was a change in proportionate share between measurement dates, proportions of the OPEB expenses were related to deferred amounts from changes in proportion.

The net OPEB liabilities for the GLI Program and the Teacher Employee HIC Program represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, net OPEB liability amounts for the entire GLI Program and the entire Teacher Employee HIC Program are as follows (amounts expressed in thousands):

	GLI Program	Teacher Employee HIC Program
Total OPEB liability	\$ 3,672,085	\$ 1,470,891
Plan fiduciary net position	2,467,989	221,845
Net OPEB liability	<u>\$ 1,204,096</u>	<u>\$ 1,249,046</u>
Plan fiduciary net position as a percentage of total OPEB liability	67.21%	15.08%

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

16. Other Postemployment Benefits – Group Life Insurance and Health Insurance Credit (Continued)

OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)

The total liabilities for the GLI Program and Teacher Employee HIC Program are calculated by the VRS actuary, and each plan's fiduciary net position is reported in the VRS financial statements. The net OPEB liabilities are disclosed in accordance with the requirements of GASB Statement No. 74 in the VRS notes to the financial statements and required supplementary information.

Changes in the net OPEB liability of the Political Subdivision HIC Program are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
School Division - Political Subdivision HIC			
Balances at June 30, 2021	\$ 126,824	\$ 70,359	\$ 56,465
Changes for the year:			
Service cost	3,280	-	3,280
Interest	8,186	-	8,186
Changes in benefit terms	62,508	-	62,508
Changes in assumptions	26,248	-	26,248
Differences between expected and actual experience	(28,738)	-	(28,738)
Contributions - employer	-	16,389	(16,389)
Net investment income	-	(12)	12
Benefit payments	(17,649)	(17,649)	-
Administrative expenses	-	(130)	130
Other changes	-	10,296	(10,296)
Net changes	53,835	8,894	44,941
Balances at June 30, 2022	\$ 180,659	\$ 79,253	\$ 101,406

For the year ended June 30, 2023, the School Division recognized OPEB expense of \$53,608 related to the Political Subdivision HIC Program.

At June 30, 2023, the City and School Division reported deferred outflows of resources and deferred inflows of resources related to VRS OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City of Salem - GLI		
Differences between expected and actual experience	\$ 108,528	\$ 54,983
Net difference between projected and actual earnings on program investments	-	85,638
Changes in assumptions	51,119	133,496
Changes in proportion	25,601	61,475
Employer contributions subsequent to the measurement date	143,787	-
Total	\$ 329,035	\$ 335,592

CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

16. Other Postemployment Benefits – Group Life Insurance and Health Insurance Credit (Continued)

OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
School Division - Non-Professional GLI		
Differences between expected and actual experience	\$ 6,360	\$ 3,222
Net difference between projected and actual earnings on program investments	-	5,018
Changes in assumptions	2,996	7,823
Changes in proportion	6,442	4,218
Employer contributions subsequent to the measurement date	9,029	-
Total	<u>\$ 24,827</u>	<u>\$ 20,281</u>
School Division - Professional GLI		
Differences between expected and actual experience	\$ 114,829	\$ 58,174
Net difference between projected and actual earnings on program investments	-	90,609
Changes in assumptions	54,086	141,245
Changes in proportion	61,737	24,723
Employer contributions subsequent to the measurement date	150,865	-
Total	<u>\$ 381,517</u>	<u>\$ 314,751</u>
School Division - Political Subdivision HIC		
Differences between expected and actual experience	\$ -	\$ 26,064
Changes in assumptions	21,639	-
Net difference between projected and actual earnings on program investments	-	1,376
Employer contributions subsequent to the measurement date	18,538	-
Total	<u>\$ 40,177</u>	<u>\$ 27,440</u>
School Division - Teacher Employee HIC		
Differences between expected and actual experience	\$ -	\$ 143,101
Net difference between projected and actual earnings on program investments	-	3,524
Changes in assumptions	102,565	8,965
Changes in proportion	151,128	85,812
Employer contributions subsequent to the measurement date	337,914	-
Total	<u>\$ 591,607</u>	<u>\$ 241,402</u>

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

16. Other Postemployment Benefits – Group Life Insurance and Health Insurance Credit (Continued)

OPEB Liabilities, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)

The deferred outflows of resources related to OPEB resulting from City's and School Division's contributions subsequent to the measurement date will be recognized as reductions of the net OPEB liabilities in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to VRS OPEB will be recognized in OPEB expense in future reporting periods as follows:

City of Salem				
Year ended June 30,	GLI			
2024	\$	(41,442)		
2025		(30,294)		
2026		(75,889)		
2027		4,817		
2028		(7,536)		
	\$	(150,344)		

School Division				
Year ended June 30,	GLI Non-Professional	GLI Professional	Political Subdivision HIC	Teacher Employee HIC
2024	\$ (1,431)	\$ (20,589)	\$ (3,459)	\$ (9,732)
2025	(1,596)	(19,437)	(1,526)	(5,584)
2026	(3,635)	(66,864)	(1,676)	(2,478)
2027	1,550	21,629	860	10,124
2028	629	1,162	-	6,458
Thereafter	-	-	-	13,503
	\$ (4,483)	\$ (84,099)	\$ (5,801)	\$ 12,291

Actuarial Assumptions and Other Inputs

The total VRS OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2021, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

Inflation	2.50%
Salary increases, including inflation	
Locality – General employees	3.50% - 5.35%
Locality – Hazardous duty employees	3.50% - 4.75%
Teachers	3.50% - 5.95%
Investment rate of return, net of expenses, Including inflation	6.75%

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail in note 12.

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

16. Other Postemployment Benefits – Group Life Insurance and Health Insurance Credit (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.83%

* The above allocation provides for a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including inflation of 2.50%.

Discount Rate

The discount rate used to measure the GLI and HIC OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020, on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net positions were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

16. Other Postemployment Benefits – Group Life Insurance and Health Insurance Credit (Continued)

Sensitivity of the Net OPEB Liabilities to Changes in the Discount Rate

The following presents the City's and School Division's net VRS OPEB liabilities, as well as what the City's and School Division's net VRS OPEB liabilities would be if they were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Net OPEB Liability		
	1%	Current	1%
	Decrease (5.75%)	Discount (6.75%)	Increase (7.75%)
City of Salem - GLI	\$ 1,961,455	\$ 1,347,971	\$ 852,191
School Division - Non-Professional GLI	116,865	80,313	50,774
School Division - Professional GLI	2,110,056	1,450,093	916,754
School Division - Political Subdivision HIC	120,396	101,406	85,174
School Division - Teacher Employee HIC	3,956,594	3,510,695	3,312,718

OPEB Plan Fiduciary Net Positions

Information about the various VRS OPEB plan fiduciary net positions is available in the separately issued VRS 2022 Annual Comprehensive Financial Report. A copy of the report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the OPEB Plans

At June 30, 2023, the following amounts were payable to VRS for the legally required contributions related to the June 2023 payroll:

	Payable to VRS June 30, 2023
City of Salem - GLI	\$ 30,344
School Division - Non-Professional GLI	2,133
School Division - Professional GLI	36,096
School Division - Political Subdivision HIC	1,767
School Division - Teacher Employee HIC	32,559

17. Summary of Other Postemployment Benefit Elements

A summary of the other postemployment benefit financial statement elements is as follows:

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Units
OPEB Expense				
Retiree Health Plan	\$ 951,791	\$ 242,989	\$ 1,194,780	\$ 156,092
VRS GLI	17,881	4,766	22,647	52,934
VRS Political Subdivision HIC	-	-	-	53,608
VRS Teacher Employee HIC	-	-	-	281,550
Total OPEB Expense	<u>\$ 969,672</u>	<u>\$ 247,755</u>	<u>\$ 1,217,427</u>	<u>\$ 544,184</u>
Net OPEB Liability				
Retiree Health Plan	\$ 12,293,597	\$ 3,702,823	\$ 15,996,420	\$ 531,323
VRS GLI	1,050,795	297,176	1,347,971	1,530,406
VRS Political Subdivision HIC	-	-	-	101,406
VRS Teacher Employee HIC	-	-	-	3,510,695
Total OPEB Liability	<u>\$ 13,344,392</u>	<u>\$ 3,999,999</u>	<u>\$ 17,344,391</u>	<u>\$ 5,673,830</u>

CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

17. Summary of Other Postemployment Benefit Elements (Continued)

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Units
Deferred Outflows of Resources				
Differences between expected and actual experience				
Retiree Health Plan	\$ 1,443,635	\$ 368,555	\$ 1,812,190	\$ 336,887
VRS GLI	85,686	22,842	108,528	121,189
Net difference between projected and actual earnings on program investments				
Retiree Health Plan	161,857	41,320	203,177	49,510
Changes in assumptions				
Retiree Health Plan	1,062,614	271,281	1,333,895	72,243
VRS GLI	40,360	10,759	51,119	57,082
VRS Political Subdivision HIC	-	-	-	21,639
VRS Teacher Employee HIC	-	-	-	102,565
Changes in proportion				
VRS GLI	20,213	5,388	25,601	68,179
VRS Teacher Employee HIC	-	-	-	151,128
Employer contributions subsequent to the measurement date				
VRS GLI	113,394	30,393	143,787	159,894
VRS Political Subdivision HIC	-	-	-	18,538
VRS Teacher Employee HIC	-	-	-	337,914
Total Deferred Outflows of Resources	\$ 2,927,759	\$ 750,538	\$ 3,678,297	\$ 1,496,768
Deferred Inflows of Resources				
Differences between expected and actual experience				
Retiree Health Plan	\$ 558,960	\$ 142,703	\$ 701,663	\$ 33,110
VRS GLI	43,411	11,572	54,983	61,396
VRS Political Subdivision HIC	-	-	-	26,064
VRS Teacher Employee HIC	-	-	-	143,101
Net difference between projected and actual earnings on program investments				
VRS GLI	67,613	18,025	85,638	95,627
VRS Political Subdivision HIC	-	-	-	1,376
VRS Teacher Employee HIC	-	-	-	3,524
Changes in assumptions				
Retiree Health Plan	580,554	148,213	728,767	112,713
VRS GLI	105,399	28,097	133,496	149,068
VRS Teacher Employee HIC	-	-	-	8,965
Changes in proportion				
VRS GLI	48,537	12,938	61,475	28,941
VRS Teacher Employee HIC	-	-	-	85,812
Total Deferred Inflows of Resources	\$ 1,404,474	\$ 361,548	\$ 1,766,022	\$ 749,697

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

18. Commitments and Contingencies

Construction Commitments

Active construction projects at the end of the year are as follows:

	Spent To Date	Remaining Contract
Digester Project - WVWA (Salem Portion)	\$ 2,013,643	\$ 306,794
Moyer Sports Complex Renovation	9,219,354	11,662,470
Downtown Improvements - E. Main St. from Broad St. to Union St.	1,877,796	361,783
Salem High School Renovation	27,438,212	12,992
Salem High School Fieldhouse Renovation	3,949,620	6,247
	<u>\$ 44,498,625</u>	<u>\$ 12,350,286</u>

Electrical Service

On July 1, 2006, the City entered into an agreement with American Electric Power Service Corporation to purchase electricity for consumption and resale to City residents. The rates are recalculated annually based on the supplier's cost. As part of the agreement, an annual cost true-up is required based upon American Electric Power's FERC filing. The City's policy is to recognize the true-up as an expense when it is billed. The true-up for December 31, 2022 resulted in a credit of \$84,174 in the current fiscal year. The agreement expires May 31, 2026 with two possible five-year period renewals and may be terminated under certain circumstances.

On July 1, 2006, the City entered into an agreement with the United States Department of Energy to purchase electricity during American Electric Power's peak usage periods. The agreement requires a 37-month notification prior to termination.

Water and Wastewater Treatment Contract

On July 1, 2021, the City entered into a new agreement with the Western Virginia Water Authority to sell surplus water at a bulk rate determined by a mutually agreed upon formula. The agreement automatically renews for 10-year terms upon expiration and requires a 24-month notification prior to termination.

On November 1, 2003, the City entered into an agreement with the City of Roanoke, Virginia for the transportation and treatment of wastewater and to fund a portion of certain sewage treatment plant improvements. Rates for the former services are adjusted annually, while the costs recognized by the City for the latter have been capitalized as the sewage treatment contract in capital assets. The agreement expires October 31, 2033.

On July 1, 2004, the Western Virginia Water Authority (WVWA) was created by the County of Roanoke and the City of Roanoke. The WVWA is a full-service authority that provides water and wastewater treatment to the Roanoke Valley region. This authority assumed the previously mentioned wastewater treatment contractual obligation.

Special Services

On July 1, 1973, the City entered into an agreement with the County of Roanoke, Virginia for social services, agricultural and home demonstration services and jail services. The agreement can be renewed or terminated at the end of any two-year period with proper notice.

Participation Agreement

On October 10, 2016, the City entered into a participation agreement with the Western Virginia Regional Industrial Facility Authority (WVRIFA), the County of Roanoke, and the City of Roanoke to acquire the property at Wood Haven Road to be used for an industrial park or other economic development purpose. The City's proportionate share of this agreement is 11.6% and costs will not exceed \$1,200,000 payable through 2037.

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

18. Commitments and Contingencies (Continued)

Consent Order

On December 8, 2005, the Virginia Department of Environmental Quality issued a State Water Control Board Enforcement Action Special Order by Consent to the City for the purpose of resolving certain alleged violations of the State Water Control Law and the Regulations. The action requires the City to identify sources of inflow and infiltration into the sanitary sewer system that lead to overflows and Wastewater Treatment Plant bypasses and perform actions to improve the system on the approved schedule as defined in the Corrective Action Plan completed on September 28, 2007. The project costs through 2029 are anticipated to be approximately \$35.1 million.

Special Purpose Grants

Special purpose grants are subject to audit to determine compliance with their requirements. City officials believe that if any refunds are required, they will be immaterial.

Litigation

Various claims and lawsuits are pending against the City. In the opinion of management, after consulting with legal counsel, the potential loss on all claims and lawsuits will not materially affect the City's financial position.

19. Tax Abatements

Under the authority provided by the *Code of Virginia* sections 15.2-4905 and 58.1-3221, the City, along with the Economic Development Authority, entered into several performance agreements with companies to provide economic development incentive payments for rehabilitation, renovation, and replacement of commercial or industrial properties. Each company must meet certain capital expenditure and development requirements as specified in the performance agreement in order to qualify for the incentive payments. Incentive payments may include one of the following or any combination of the following:

- Annual rebate payments equal to the difference in additional real estate taxes resulting from rehabilitation, renovation, or replacement of the associated property.
- Annual rebate payments based on personal property taxes, retail sales tax, meals tax, lodging tax, and business license tax received by the City from the company.
- One-time grant payments to assist in costs of rehabilitation, renovation, or replacement of the associated property.

Rebate payments commence upon completion of the rehabilitation, renovation, or replacement, or on January 1 of the year following completion of the rehabilitation, renovation, or replacement and shall run for a period as specified in each performance agreement, typically between five and ten years. In fiscal year 2023, tax abatements for economic development incentives totaled \$121,387.

20. Jointly Governed Organizations

The following entities are considered to be jointly governed. The City has no ongoing financial responsibility or interest in jointly governed organizations.

Roanoke Valley Resource Authority

The County of Roanoke, the Cities of Roanoke and Salem, and the Town of Vinton jointly participate in the Roanoke Valley Resource Authority (RVRA), which operates the regional sanitary landfill, waste collection and transfer station, and related treatment facilities. RVRA is governed by a seven-member board, of which one member is appointed by the City. The City has control over the budget and financing for RVRA only to the extent of representation by the board member appointed. The participating localities are each responsible for their pro rata share, based on population, of any year-end operating deficit. For the fiscal year ended June 30, 2023, the City remitted \$902,269 to RVRA for services. Financial statements may be obtained from RVRA at 1020 Hollins Road NE, Roanoke, Virginia 24012.

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

20. Jointly Governed Organizations (Continued)

Blue Ridge Behavioral Healthcare

The Counties of Botetourt, Craig and Roanoke and the Cities of Roanoke and Salem formed Blue Ridge Behavioral Healthcare (BRBH) to provide a system of comprehensive community mental health, intellectual disability and substance abuse services. BRBH is governed by a 16-member board; three members are appointed by the City. Each locality's financial obligation is based on the type and amount of services performed for individuals in the locality. For the year ended June 30, 2023, the City remitted \$170,559 to BRBH for services. Financial statements may be obtained from BRBH at 301 Elm Avenue SW, Roanoke, Virginia, 24016.

Roanoke Valley Detention Commission

The Counties of Botetourt, Franklin and Roanoke and the Cities of Roanoke and Salem formed the Roanoke Valley Detention Commission (Commission) to renovate, expand and operate a detention facility for juveniles. The Commission is governed by a six-member board, of which one member is appointed by the City. Each locality's financial obligation is calculated as its percentage of utilization or average daily population, for the previous three fiscal years. The Commission has the authority to issue debt and such debt is the responsibility of the Commission. For the year ended June 30, 2023, the City remitted \$103,795 to the Commission for per diem charges. Financial statements may be obtained from the Commission at 498 Coyner Springs Road, Roanoke, Virginia 24012.

Roanoke Valley Regional Fire/EMS Training Center

The County of Roanoke, the Cities of Roanoke and Salem and the Town of Vinton jointly operate a fire/EMS training center (Center). The Center is governed by a committee designated by the participating jurisdictions. New fire/EMS recruits are required to take a 17-week training course at the facility before being assigned to a station. After completion of the training, the new recruits are state certified. Each jurisdiction is responsible for a percentage of the annual operating costs of the facility. The City of Salem is responsible for 8% of the annual operating costs. For the year ended June 30, 2023, the City remitted \$7,090 for operating costs of the facility. Financial statements may be obtained from the Center at 1220 Kessler Mill Road, Salem, Virginia 24153.

Western Virginia Regional Jail Authority

The Counties of Franklin, Montgomery and Roanoke and the City of Salem formed the Western Virginia Regional Jail Authority (Jail Authority) to develop and operate a regional jail. The Jail Authority is governed by a 12-member board; three from each participating locality. Each locality's financial obligation, which includes operating expenses and debt, is based on the number of prisoner days used and a share of the capital costs to build the facility. For the year ended June 30, 2023, the City remitted \$820,346 for per diem charges and \$237,607 for debt service to the Jail Authority. Financial statements may be obtained from the Jail Authority at 5885 West River Road, Salem, Virginia 24153.

Roanoke Valley Broadband Authority

The Counties of Botetourt and Roanoke and the Cities of Salem and Roanoke formed the Roanoke Valley Broadband Authority (RVBA) in order to acquire, finance, construct, operate, manage, and maintain a broadband system and related facilities pursuant to the Virginia Wireless Services Authorities Act. RVBA is governed by a five-member board, of which one member is appointed by the City. Based upon participation in the fiber expansion project, the Cities of Salem and Roanoke share equally in the operating and debt service costs of the Authority. For the year ending June 30, 2023, the City remitted \$250,000 for operating costs and \$334,605 for debt service to the RVBA. Financial statements may be obtained from RVBA at 601 South Jefferson Street SW, Suite 110, Roanoke, Virginia 24011.

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

20. Jointly Governed Organizations (Continued)

Western Virginia Regional Industrial Facility Authority

The Counties of Botetourt, Roanoke and Franklin, the Cities of Roanoke and Salem and the Town of Vinton formed the Western Virginia Regional Industrial Facility Authority (WVRIFA) in order to enhance the economic base of each such locality through the developing, owning and operating of one or more facilities on a cooperative basis in the region. WVRIFA is governed by a twelve-member board, of which two members are appointed by the City. Each locality's financial obligation is based on their percentage of participation in each economic development project. For the year ended June 30, 2023, the City remitted \$7,494 for operating budget member dues and \$97,071 for debt service to WVRIFA. Financial statements may be obtained from WVRIFA at PO Box 2569, Roanoke, Virginia 24010.

Roanoke Valley Governor's School

The Counties of Bedford, Botetourt, Craig, Franklin and Roanoke and the Cities of Roanoke and Salem jointly participate in a regional education program focusing on science, technology, engineering and mathematics operated by Roanoke Valley Governor's School (RVGS). RVGS is governed by a seven member board, with one member from each participating locality. The School Division has control over budget and financing only to the extent of representation by the one board member appointed. Each locality's financial obligation is based on their proportionate share of students attending RVGS. For the year ended June 30, 2023, the School Division remitted \$77,222 for services. Financial statements may be obtained from RVGS at 2104 Grandin Road, Roanoke, Virginia 24015.

Roanoke Regional Airport Commission

The County of Roanoke and the Cities of Roanoke and Salem jointly participate in the Roanoke Regional Airport Commission (Commission), owner and operator of the Roanoke-Blacksburg Regional Airport. The Commission is governed by a seven-member board, of which one member is appointed by the City. Financial obligations of participating localities include any year end operating deficit and the current payment with respect to approved capital expenditures. Each locality's pro rata financial obligation is based on their population. For the year ended June 30, 2023, the City did not have a financial obligation to the Commission. Financial statements may be obtained from the Commission at 5202 Aviation Drive NW, Roanoke, VA 24012.

21. Accounting Change and Restatement

In fiscal year 2023, the City adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement required recognition of subscription assets and liabilities for certain subscriptions that were recognized previously as outflows of resources based on the payment provisions of the subscription agreements. The adoption of this statement resulted in capitalization of initial implementation stage outlays and restatement of the primary government's governmental activities' beginning net position.

The following is a summary of the restatement of the primary government's governmental activities' beginning net position:

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Net position, beginning, as reported previously	\$ 71,632,327	\$ 116,177,995	\$ 187,810,322
Capitalization of initial implementation stage outlays in accordance with GASB Statement No. 96	10,600	-	10,600
Net position, beginning, as restated	<u>\$ 71,642,927</u>	<u>\$ 116,177,995</u>	<u>\$ 187,820,922</u>

**CITY OF SALEM, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

21. Accounting Change and Restatement (Continued)

Additionally, adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, resulted in recognition of the following beginning balances in assets and liabilities related to subscriptions:

	Governmental Activities
ASSETS	
<i>Capital assets:</i>	
Subscription-based information technology arrangements, net	\$ 147,833
Total assets	<u>\$ 147,833</u>
LIABILITIES	
<i>Long-term liabilities due in less than one year:</i>	
Subscription liability	\$ 73,741
<i>Long-term liabilities due in more than one year:</i>	
Subscription liability	63,492
Total liabilities	<u>\$ 137,233</u>

Comparative prior year information, to the extent presented, has not been restated because the necessary information is not available.

22. New Accounting Standards

The GASB has issued Statement No. 99, *Omnibus 2022*, to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. Some provisions of this statement are effective for fiscal years beginning after June 15, 2023. Management has not completed the process of evaluating the impact that will result from full adoption of the standard and is, therefore, unable to disclose the impact of adoption.

The GASB has issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The provisions of this statement are effective for fiscal years beginning after June 15, 2023. Management has not completed the process of evaluating the impact that will result from adoption of the standard and is, therefore, unable to disclose the impact of adoption.

The GASB has issued Statement No. 101, *Compensated Absences*, to update the recognition and measurement guidance for compensated absences. The provisions of this statement are effective for fiscal years beginning after December 15, 2023. Management has not completed the process of evaluating the impact that will result from adoption of the standard and is, therefore, unable to disclose the impact of adoption.

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REQUIRED SUPPLEMENTARY INFORMATION



The Required Supplementary Information subsection of the City of Salem, Virginia's Annual Comprehensive Financial Report includes changes in the net pension liability (asset) and related ratios, the employer's share of net pension liability for the VRS Teacher Retirement Plan, employer pension contributions for the VRS Retirement Plan and VRS Teacher Retirement Plan, changes in net OPEB liability and related ratios, and employer other postemployment benefits contributions.

CITY OF SALEM, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2023

	City of Salem Plan Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	
Total pension liability										
Service cost	\$ 2,677,959	\$ 2,579,718	\$ 2,591,870	\$ 2,379,695	\$ 2,306,014	\$ 2,482,886	\$ 2,507,103	\$ 2,505,415	\$ 2,527,218	
Interest	14,410,668	13,532,366	13,245,037	13,021,673	12,687,766	12,477,728	12,159,380	12,004,363	11,654,127	
Difference between expected and actual experience	897,327	(1,898,137)	1,086,023	901,477	351,330	(1,567,004)	906,524	(2,262,692)	-	
Changes in assumptions	-	7,635,262	-	5,416,334	-	279,953	-	-	-	
Benefit payments, including refunds of employee contributions	(12,998,412)	(12,415,757)	(12,314,513)	(11,777,457)	(11,091,760)	(10,997,027)	(10,244,175)	(9,521,624)	(8,944,860)	
Net change in total pension liability	4,987,542	9,433,452	4,608,417	9,941,722	4,253,350	2,676,536	5,328,832	2,725,462	5,236,485	
Total pension liability - beginning	215,164,211	205,730,759	201,122,342	191,180,620	186,927,270	184,250,734	178,921,902	176,196,440	170,959,955	
Total pension liability - ending	\$ 220,151,753	\$ 215,164,211	\$ 205,730,759	\$ 201,122,342	\$ 191,180,620	\$ 186,927,270	\$ 184,250,734	\$ 178,921,902	\$ 176,196,440	
Plan fiduciary net position										
Contributions - employer	\$ 4,351,329	\$ 4,093,089	\$ 3,730,748	\$ 3,615,284	\$ 3,449,144	\$ 3,496,819	\$ 3,915,838	\$ 3,942,152	\$ 3,507,946	
Contributions - employee	1,178,545	1,214,809	1,144,061	1,102,819	1,061,292	1,106,906	1,149,948	1,094,070	1,098,206	
Net investment income	7,131	41,862,509	3,024,486	10,202,403	11,076,102	16,881,766	2,383,779	6,436,800	19,787,728	
Benefit payments, including refunds of employee contributions	(12,998,412)	(12,415,757)	(12,314,513)	(11,777,457)	(11,091,760)	(10,997,027)	(10,244,175)	(9,521,624)	(8,944,860)	
Administrative expense	(120,750)	(108,142)	(107,374)	(106,073)	(99,013)	(101,645)	(91,609)	(91,265)	(109,414)	
Other	3,519	3,255	(3,719)	(6,401)	(9,719)	(14,845)	(1,041)	(1,350)	1,043	
Net change in plan fiduciary net position	(7,578,638)	34,649,763	(4,526,311)	3,030,575	4,386,046	10,371,974	(2,887,260)	1,858,783	15,340,649	
Plan fiduciary net position - beginning	189,836,303	155,186,540	159,712,851	156,682,276	152,296,230	141,924,256	144,811,516	142,952,733	127,612,084	
Plan fiduciary net position - ending	\$ 182,257,665	\$ 189,836,303	\$ 155,186,540	\$ 159,712,851	\$ 156,682,276	\$ 152,296,230	\$ 141,924,256	\$ 144,811,516	\$ 142,952,733	
Net pension liability - ending	\$ 37,894,088	\$ 25,327,908	\$ 50,544,219	\$ 41,409,491	\$ 34,498,344	\$ 34,631,040	\$ 42,326,478	\$ 34,110,386	\$ 33,243,707	
Plan fiduciary net position as a percentage of the total pension liability	82.79%	88.23%	75.43%	79.41%	81.96%	81.47%	77.03%	80.94%	81.13%	
Covered payroll	\$ 23,869,057	\$ 22,452,490	\$ 22,944,330	\$ 22,234,219	\$ 21,264,760	\$ 21,558,687	\$ 21,598,665	\$ 21,743,806	\$ 21,655,628	
Net pension liability as a percentage of covered payroll	158.76%	112.81%	220.29%	186.24%	162.23%	160.64%	195.97%	156.87%	153.51%	

Schedule is intended to show information for 10 years. Since fiscal year 2023 (plan year 2022) is the ninth year for this presentation, only eight additional years of data are available. However, additional years will be included as they become available.

The amounts presented have a measurement date (plan year) of the previous fiscal year end.

CITY OF SALEM, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
YEAR ENDED JUNE 30, 2023

	School Division Plan Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 118,969	\$ 106,418	\$ 119,513	\$ 130,680	\$ 130,240	\$ 120,806	\$ 124,227	\$ 132,051	\$ 145,676
Interest	361,795	344,320	350,152	348,873	350,464	345,744	347,691	337,943	323,812
Changes of assumptions	-	150,153	-	134,293	-	-	-	-	-
Difference between expected and actual experience	132,716	(89,731)	(195,286)	(81,471)	(177,270)	(39,860)	(182,245)	(45,142)	-
Changes in assumptions	-	-	-	-	-	(23,501)	-	-	-
Benefit payments, including refunds of employee contributions	(363,739)	(378,725)	(342,849)	(314,833)	(337,479)	(334,040)	(300,945)	(270,236)	(264,987)
Net change in total pension liability	249,741	132,435	(68,470)	217,542	(34,045)	69,149	(11,272)	154,616	204,501
Total pension liability - beginning	5,422,830	5,290,395	5,358,865	5,141,323	5,175,368	5,106,219	5,117,491	4,962,875	4,758,374
Total pension liability - ending	\$ 5,672,571	\$ 5,422,830	\$ 5,290,395	\$ 5,358,865	\$ 5,141,323	\$ 5,175,368	\$ 5,106,219	\$ 5,117,491	\$ 4,962,875
Plan fiduciary net position									
Contributions - employer	\$ 22,143	\$ 19,987	\$ 39,178	\$ 40,178	\$ 51,406	\$ 51,554	\$ 92,100	\$ 93,028	\$ 97,271
Contributions - employee	65,114	57,197	58,791	57,762	61,121	61,318	58,188	59,073	61,480
Net investment income	(4,145)	1,516,515	110,040	369,207	399,866	608,458	86,505	228,863	697,591
Benefit payments, including refunds of employee contributions	(363,739)	(378,725)	(342,849)	(314,833)	(337,479)	(334,040)	(300,945)	(270,236)	(264,987)
Administrative expense	(4,345)	(3,965)	(3,871)	(3,796)	(3,562)	(3,661)	(3,256)	(3,202)	(3,812)
Other	155	141	(128)	(231)	(350)	(535)	(37)	(47)	37
Net change in plan fiduciary net position	(284,817)	1,211,150	(138,839)	148,287	171,002	383,094	(67,445)	107,479	587,580
Plan fiduciary net position - beginning	6,866,985	5,655,835	5,794,674	5,646,387	5,475,385	5,092,291	5,159,736	5,052,257	4,464,677
Plan fiduciary net position - ending	\$ 6,582,168	\$ 6,866,985	\$ 5,655,835	\$ 5,794,674	\$ 5,646,387	\$ 5,475,385	\$ 5,092,291	\$ 5,159,736	\$ 5,052,257
Net pension liability (asset) - ending	\$ (909,597)	\$ (1,444,155)	\$ (365,440)	\$ (435,809)	\$ (505,064)	\$ (300,017)	\$ 13,928	\$ (42,245)	\$ (89,382)
Plan fiduciary net position as a percentage of the total pension liability	116.04%	126.63%	106.91%	108.13%	109.82%	105.80%	99.73%	100.83%	101.80%
Covered payroll	\$ 962,739	\$ 869,000	\$ 1,061,734	\$ 1,088,835	\$ 1,187,206	\$ 1,190,624	\$ 1,173,248	\$ 1,185,071	\$ 1,229,675
Net pension liability (asset) as a percentage of covered payroll	(94.48%)	(166.19%)	(34.42%)	(40.03%)	(42.54%)	(25.20%)	1.19%	(3.56%)	(7.27%)

Schedule is intended to show information for 10 years. Since fiscal year 2023 (plan year 2022) is the ninth year for this presentation, only eight additional years of data are available. However, additional years will be included as they become available.

The amounts presented have a measurement date (plan year) of the previous fiscal year end.

**CITY OF SALEM, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
YEAR ENDED JUNE 30, 2023**

Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
	(a)	(b)	(a-b)	(c)	(b/c)
City of Salem					
2023	\$ 5,237,058	\$ 5,237,058	\$ -	\$ 25,760,246	20.33%
2022*	4,351,329	4,351,329	-	23,869,057	18.23%
2021	4,093,089	4,093,089	-	22,452,490	18.23%
2020	3,730,748	3,730,748	-	22,944,330	16.26%
2019	3,615,284	3,615,284	-	22,234,219	16.26%
2018	3,449,144	3,449,144	-	21,264,760	16.22%
2017	3,496,819	3,496,819	-	21,558,687	16.22%
2016	3,915,838	3,915,838	-	21,598,665	18.13%
2015	3,942,152	3,942,152	-	21,743,806	18.13%
School Division (Non-Professional Staff)					
2023	\$ 17,170	\$ 17,170	\$ -	\$ 894,271	1.92%
2022	22,143	22,143	-	962,739	2.30%
2021	19,987	19,987	-	869,000	2.30%
2020	39,178	39,178	-	1,061,734	3.69%
2019**	40,178	40,178	-	1,088,835	3.69%
2018	51,406	51,406	-	1,187,206	4.33%
2017	51,554	51,554	-	1,190,624	4.33%
2016	92,100	92,100	-	1,173,248	7.85%
2015	93,028	93,028	-	1,185,071	7.85%

Schedule is intended to show information for 10 years. Since 2023 is the ninth year for this presentation, only eight additional years of data are available. However, additional years will be included as they become available.

* Revised to reflect actual 2022 amounts as shown in the VRS actuarial report rather than estimated amounts used in the prior year ACFR.

** Prior to 2019, VRS contributions were made over twelve months for all employees, regardless of contract term. In fiscal year 2019, the School Division began contributing to VRS over each employee's contract term. For employees with contract terms less than twelve months, contributions and covered payroll recognized in fiscal year 2019 include amounts accrued for July and August of 2018, in addition to the full annual amount for fiscal year 2019.

CITY OF SALEM, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
VRS TEACHER RETIREMENT PLAN
YEAR ENDED JUNE 30, 2023

Plan Year Ended June 30	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Covered Payroll	Employer's Share of the Net Pension Liability as a % of Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
		(a)	(b)	(a/b)	
2022	0.28368%	\$ 27,008,034	\$ 25,356,474	106.51%	82.61%
2021	0.27131%	21,062,060	23,117,413	91.11%	85.46%
2020	0.27321%	39,759,230	23,135,236	171.86%	71.47%
2019	0.27613%	36,340,277	22,568,718	161.02%	73.51%
2018	0.28140%	33,092,000	22,299,761	148.40%	74.81%
2017	0.27878%	34,284,000	21,639,120	158.44%	72.92%
2016	0.28026%	39,276,000	21,368,521	183.80%	68.28%
2015	0.28555%	35,941,000	21,230,718	169.29%	70.68%
2014	0.29170%	35,251,000	19,575,450	180.08%	70.88%

Schedule is intended to show information for 10 years. Since fiscal year 2023 (plan year 2022) is the ninth year for this presentation, only eight additional years of data are available. However, additional years will be included as they become available.

The amounts presented have a measurement date (plan year) of the previous fiscal year end.

**CITY OF SALEM, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
VRS TEACHER RETIREMENT PLAN
YEAR ENDED JUNE 30, 2023**

Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
	(a)	(b)	(a-b)	(c)	(b/c)
2023	\$ 4,458,980	\$ 4,458,980	\$ -	\$ 26,829,001	16.62%
2022*	4,214,246	4,214,246	-	25,356,474	16.62%
2021	3,842,114	3,842,114	-	23,117,413	16.62%
2020	3,627,605	3,627,605	-	23,135,236	15.68%
2019**	3,538,775	3,538,775	-	22,568,718	15.68%
2018	3,639,321	3,639,321	-	22,299,761	16.32%
2017	3,172,295	3,172,295	-	21,639,120	14.66%
2016	3,004,414	3,004,414	-	21,368,521	14.06%
2015	3,078,454	3,078,454	-	21,230,718	14.50%

Schedule is intended to show information for 10 years. Since 2023 is the ninth year for this presentation, only eight additional years of data are available. However, additional years will be included as they become available.

* Revised to reflect actual 2022 amounts as shown in the VRS actuarial report rather than estimated amounts used in the prior year ACFR.

** Prior to 2019, VRS contributions were made over twelve months for all employees, regardless of contract term. In fiscal year 2019, the School Division began contributing to VRS over each employee's contract term. For employees with contract terms less than twelve months, contributions and covered payroll recognized in fiscal year 2019 include amounts accrued for July and August of 2018, in addition to the full annual amount for fiscal year 2019.

CITY OF SALEM, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
RETIREE HEALTH PLAN
YEAR ENDED JUNE 30, 2023

	City of Salem				
	2023	2022	2021	2020	2019
Total OPEB liability					
Service cost	\$ 343,023	\$ 296,489	\$ 270,595	\$ 298,111	\$ 319,409
Interest	1,460,383	1,451,615	1,375,786	1,377,095	1,612,928
Effect of plan changes	-	-	114,679	-	-
Effect of economic/demographic gains or losses	2,135,795	-	(113,226)	-	(2,149,293)
Effect of assumption changes	735,297	-	1,232,616	(77,972)	(2,370,696)
Benefit payments	(1,700,541)	(1,653,421)	(1,677,090)	(1,496,341)	(1,461,997)
Net change in total OPEB liability	2,973,957	94,683	1,203,360	100,893	(4,049,649)
Total OPEB liability - beginning	22,891,289	22,796,606	21,593,246	21,492,353	25,542,002
Total OPEB liability - ending	\$ 25,865,246	\$ 22,891,289	\$ 22,796,606	\$ 21,593,246	\$ 21,492,353
Plan fiduciary net position					
Contributions - employer	\$ 1,935,471	\$ 1,888,352	\$ 1,912,020	\$ 1,731,271	\$ 1,698,429
Net investment income	687,322	(912,887)	2,186,418	223,747	289,012
Benefit payments	(1,700,541)	(1,653,421)	(1,677,090)	(1,496,341)	(1,461,997)
Administrative expense	(9,665)	(10,804)	(8,677)	(8,014)	(7,245)
Net change in plan fiduciary net position	912,587	(688,760)	2,412,671	450,663	518,199
Plan fiduciary net position - beginning	8,956,239	9,644,999	7,232,328	6,781,665	6,263,466
Plan fiduciary net position - ending	\$ 9,868,826	\$ 8,956,239	\$ 9,644,999	\$ 7,232,328	\$ 6,781,665
Net OPEB liability - ending	\$ 15,996,420	\$ 13,935,050	\$ 13,151,607	\$ 14,360,918	\$ 14,710,688
Plan fiduciary net position as a percentage of the total OPEB liability	38.15%	39.13%	42.31%	33.49%	31.55%
Covered-employee payroll	\$ 27,280,579	\$ 23,727,114	\$ 23,727,114	\$ 23,606,599	\$ 23,606,599
Net OPEB liability as a percentage of covered-employee payroll	58.64%	58.73%	55.43%	60.83%	62.32%
Annual money-weighted rate of return, net of investment expense	7.63%	(9.32%)	30.04%	3.05%	4.59%

Schedule is intended to show information for 10 years. Since 2023 is the seventh year for this presentation, only six additional years of data are available. However, additional years will be included as they become available.

2023 data reflects totals for the City and excludes \$103,590 and \$82,184 of contributions and benefit payments, respectively, of custodial entities.

Notes to Schedule:

There have been no significant changes to the benefit provisions since the prior actuarial valuation.

CITY OF SALEM, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
RETIREE HEALTH PLAN
YEAR ENDED JUNE 30, 2023

	School Division				
	2023	2022	2021	2020	2019
Total OPEB liability					
Service cost	\$ 99,076	\$ 78,070	\$ 72,888	\$ 74,370	\$ 73,179
Interest	152,908	146,183	139,914	136,316	158,451
Effect of economic/demographic gains or losses	381,935	-	(51,503)	-	17,662
Effect of assumption changes	31,900	-	69,553	(16,279)	(255,288)
Benefit payments	(143,627)	(140,032)	(139,150)	(136,057)	(151,400)
Net change in total OPEB liability	522,192	84,221	91,702	58,350	(157,396)
Total OPEB liability - beginning	2,324,032	2,239,811	2,148,109	2,089,759	2,247,155
Total OPEB liability - ending	\$ 2,846,224	\$ 2,324,032	\$ 2,239,811	\$ 2,148,109	\$ 2,089,759
Plan fiduciary net position					
Contributions - employer	\$ 240,762	\$ 237,167	\$ 236,285	\$ 233,192	\$ 248,535
Net investment income	157,543	(205,312)	480,434	44,595	59,924
Benefit payments	(143,627)	(140,032)	(139,150)	(136,057)	(151,400)
Administrative expense	(2,632)	(2,813)	(2,294)	(2,100)	(1,894)
Net change in plan fiduciary net position	252,046	(110,990)	575,275	139,630	155,165
Plan fiduciary net position - beginning	2,062,855	2,173,845	1,598,570	1,458,940	1,303,775
Plan fiduciary net position - ending	\$ 2,314,901	\$ 2,062,855	\$ 2,173,845	\$ 1,598,570	\$ 1,458,940
Net OPEB liability - ending	\$ 531,323	\$ 261,177	\$ 65,966	\$ 549,539	\$ 630,819
Plan fiduciary net position as a percentage of the total OPEB liability	81.33%	88.76%	97.05%	74.42%	69.81%
Covered-employee payroll	\$ 29,388,566	\$ 24,787,563	\$ 24,787,563	\$ 23,962,730	\$ 23,962,730
Net OPEB liability as a percentage of covered-employee payroll	1.81%	1.05%	0.27%	2.29%	2.63%
Annual money-weighted rate of return, net of investment expense	7.63%	(9.39%)	30.01%	3.05%	4.59%

Schedule is intended to show information for 10 years. Since 2023 is the seventh year for this presentation, only six additional years of data are available. However, additional years will be included as they become available.

Notes to Schedule:

There have been no significant changes to the benefit provisions since the prior actuarial valuation.

**CITY OF SALEM, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS
RETIREE HEALTH PLAN
YEAR ENDED JUNE 30, 2023**

Year Ended June 30	Actuarially Determined Contribution*	Contributions in Relation to Actuarially Determined Contribution*	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
	(a)	(b)	(a-b)	(c)	(b/c)
City of Salem					
2023	\$ 1,273,132	\$ 1,935,471	\$ (662,339)	\$ 27,280,579	7.09%
2022	1,110,672	1,888,352	(777,680)	23,727,114	7.96%
2021	1,081,831	1,912,020	(830,189)	23,727,114	8.06%
2020	1,159,709	1,731,271	(571,562)	23,606,599	7.33%
2019	1,111,485	1,698,429	(586,944)	23,606,599	7.19%
2018	1,516,523	1,824,467	(307,944)	22,779,070	8.01%
2017	1,475,809	1,772,562	(296,753)	22,779,070	7.78%
School Division					
2023	\$ 128,179	\$ 240,762	\$ (112,583)	\$ 29,388,566	0.82%
2022	94,871	237,167	(142,296)	24,787,563	0.96%
2021	92,108	236,285	(144,177)	24,787,563	0.95%
2020	120,718	233,192	(112,474)	23,962,730	0.97%
2019	114,675	248,535	(133,860)	23,962,730	1.04%
2018	140,801	233,189	(92,388)	23,076,891	1.01%
2017	136,700	211,531	(74,831)	23,076,891	0.92%

Schedule is intended to show information for 10 years. Since 2023 is the seventh year for this presentation, only six additional years of data are available. However, additional years will be included as they become available.

* Contribution amounts for the City of Salem do not include contributions for custodial entities.

Notes to Schedule

There have been no significant changes to the benefit provisions since the prior actuarial valuation.

Methods and assumptions used to determine contribution rates:

Valuation date	June 30, 2023
Measurement date	June 30, 2023
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Amortization period	Closed over 24 years
Asset valuation method	Market value
Investment rate of return	6.50%
Projected long-term salary increases	2.50%

CITY OF SALEM, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM
YEAR ENDED JUNE 30, 2023

	School Division Plan Year					
	2022	2021	2020	2019	2018	2017
Total HIC OPEB liability						
Service cost	\$ 3,280	\$ 4,085	\$ 4,133	\$ 3,643	\$ 2,543	\$ 2,412
Interest	8,186	8,118	8,927	9,771	11,059	10,832
Changes of benefit terms	62,508	-	955	-	-	-
Changes in assumptions	26,248	2,663	-	2,818	-	370
Differences between expected and actual experience	(28,738)	(750)	(10,631)	(9,720)	(20,255)	-
Benefit payments	(17,649)	(15,100)	(15,662)	(12,020)	(11,482)	(9,254)
Net change in total HIC OPEB liability	53,835	(984)	(12,278)	(5,508)	(18,135)	4,360
Total HIC OPEB liability - beginning	126,824	127,808	140,086	145,594	163,729	159,369
Total HIC OPEB liability - ending	\$ 180,659	\$ 126,824	\$ 127,808	\$ 140,086	\$ 145,594	\$ 163,729
Plan fiduciary net position						
Contributions - employer	\$ 16,389	\$ 8,589	\$ 7,533	\$ 7,318	\$ 8,875	\$ 8,704
Net investment income	(12)	15,149	1,341	4,257	4,693	6,952
Benefit payments	(17,649)	(15,100)	(15,662)	(12,020)	(11,482)	(9,254)
Administrative expense	(130)	(164)	(116)	(90)	(108)	(109)
Other	10,296	-	(1)	(5)	(359)	359
Net change in plan fiduciary net position	8,894	8,474	(6,905)	(540)	1,619	6,652
Plan fiduciary net position - beginning	70,359	61,885	68,790	69,330	67,711	61,059
Plan fiduciary net position - ending	\$ 79,253	\$ 70,359	\$ 61,885	\$ 68,790	\$ 69,330	\$ 67,711
Net OPEB liability - ending	\$ 101,406	\$ 56,465	\$ 65,923	\$ 71,296	\$ 76,264	\$ 96,018
Plan fiduciary net position as a percentage of the total OPEB liability	43.87%	55.48%	48.42%	49.11%	47.62%	41.36%
Covered payroll	\$ 1,450,354	\$ 1,263,088	\$ 1,276,780	\$ 1,240,339	\$ 1,286,232	\$ 1,261,449
Net OPEB liability as a percentage of covered payroll	6.99%	4.47%	5.16%	5.75%	5.93%	7.61%

Schedule is intended to show information for 10 years. Since fiscal year 2023 (plan year 2022) is the sixth year for this presentation, only five additional years of data are available. However, additional years will be included as they become available.

The amounts presented have a measurement date (plan year) of the previous fiscal year end.

**CITY OF SALEM, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS
POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM
YEAR ENDED JUNE 30, 2023**

Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
	(a)	(b)	(a-b)	(c)	(b/c)
2023	\$ 11,189	\$ 18,538	\$ (7,349)	\$ 1,670,090	1.11%
2022*	9,863	16,389	(6,526)	1,450,354	1.13%
2021	8,589	8,589	-	1,263,088	0.68%
2020	7,533	7,533	-	1,276,780	0.59%
2019**	7,318	7,318	-	1,240,339	0.59%
2018	8,875	8,875	-	1,286,232	0.69%

Schedule is intended to show information for 10 years. Since 2023 is the sixth year for this presentation, only five additional years of data are available. However, additional years will be included as they become available.

* Revised to reflect actual 2022 amounts as shown in the VRS actuarial report rather than estimated amounts used in the prior year ACFR.

** Prior to 2019, VRS contributions were made over twelve months for all employees, regardless of contract term. In fiscal year 2019, the School Division began contributing to VRS over each employee's contract term. For employees with contract terms less than twelve months, contributions and covered payroll recognized in fiscal year 2019 include amounts accrued for July and August of 2018, in addition to the full annual amount for fiscal year 2019.

CITY OF SALEM, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
GLI AND TEACHER EMPLOYEE HIC PROGRAMS
YEAR ENDED JUNE 30, 2023

Plan Year Ended June 30	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability (a)	Covered Payroll (b)	Employer's Share of the Net OPEB Liability as a % of Covered Payroll (a/b)	Plan Fiduciary Net Position as a % of the Total OPEB Liability
City of Salem - Group Life Insurance Program					
2022	0.11778%	\$ 1,347,971	\$ 24,634,259	5.47%	67.21%
2021	0.11657%	1,290,302	23,241,296	5.55%	67.45%
2020	0.11949%	1,902,916	23,655,385	8.04%	52.64%
2019	0.12131%	1,883,072	22,818,462	8.25%	52.00%
2018	0.11921%	1,726,760	21,687,115	7.96%	51.22%
2017	0.12390%	1,778,837	22,853,532	7.78%	48.86%
School Division - Group Life Insurance Program (Non-Professional Staff)					
2022	0.00667%	\$ 80,313	\$ 1,450,741	5.54%	67.21%
2021	0.00614%	71,486	1,271,111	5.62%	67.45%
2020	0.00623%	103,968	1,285,000	8.09%	52.64%
2019	0.00634%	103,169	1,243,077	8.30%	52.00%
2018	0.00676%	102,000	1,286,154	7.93%	51.22%
2017	0.00687%	103,000	1,268,277	8.12%	48.86%
School Division - Group Life Insurance Program (Professional Staff)					
2022	0.12043%	\$ 1,450,093	\$ 26,196,111	5.54%	67.21%
2021	0.11525%	1,341,822	23,860,556	5.62%	67.45%
2020	0.11525%	1,923,334	23,770,577	8.09%	52.64%
2019	0.11726%	1,908,133	22,986,731	8.30%	52.00%
2018	0.11861%	1,801,000	22,553,654	7.99%	51.22%
2017	0.11835%	1,781,000	21,829,358	8.16%	48.86%
School Division - Teacher Employee Health Insurance Credit Program					
2022	0.28107%	\$ 3,510,695	\$ 26,196,281	13.40%	15.08%
2021	0.26840%	3,445,100	23,772,562	14.49%	9.95%
2020	0.27051%	3,528,848	23,716,667	14.88%	9.95%
2019	0.27380%	3,584,308	22,965,750	15.61%	8.97%
2018	0.27878%	3,540,000	22,545,854	15.70%	8.08%
2017	0.27639%	3,506,000	21,812,560	16.07%	7.04%

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**CITY OF SALEM, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS
GLI AND TEACHER EMPLOYEE HIC PROGRAMS
YEAR ENDED JUNE 30, 2023**

Year Ended June 30	Contractually Required Contribution (a)	Contributions in Relation to Contractually Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a % of Covered Payroll (b/c)
City of Salem - Group Life Insurance Program					
2023	\$ 143,787	\$ 143,787	\$ -	\$ 26,627,222	0.54%
2022*	133,025	133,025	-	24,634,259	0.54%
2021	125,503	125,503	-	23,241,296	0.54%
2020	123,008	123,008	-	23,655,385	0.52%
2019	118,656	118,656	-	22,818,462	0.52%
2018	112,773	112,773	-	21,687,115	0.52%
School Division - Group Life Insurance Program (Non-Professional Staff)					
2023	\$ 9,029	\$ 9,029	\$ -	\$ 1,672,037	0.54%
2022*	7,834	7,834	-	1,450,741	0.54%
2021	6,864	6,864	-	1,271,111	0.54%
2020	6,682	6,682	-	1,285,000	0.52%
2019**	6,464	6,464	-	1,243,077	0.52%
2018	6,688	6,688	-	1,286,154	0.52%
School Division - Group Life Insurance Program (Professional Staff)					
2023	\$ 150,865	\$ 150,865	\$ -	\$ 27,937,963	0.54%
2022*	141,459	141,459	-	26,196,111	0.54%
2021	128,847	128,847	-	23,860,556	0.54%
2020	123,607	123,607	-	23,770,577	0.52%
2019**	119,531	119,531	-	22,986,731	0.52%
2018	117,279	117,279	-	22,553,654	0.52%
School Division - Teacher Employee Health Insurance Credit Program					
2023	\$ 337,914	\$ 337,914	\$ -	\$ 27,926,777	1.21%
2022*	316,975	316,975	-	26,196,281	1.21%
2021	287,648	287,648	-	23,772,562	1.21%
2020	284,600	284,600	-	23,716,667	1.20%
2019**	275,589	275,589	-	22,965,750	1.20%
2018	277,314	277,314	-	22,545,854	1.23%

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* Revised to reflect actual 2022 amounts as shown in the VRS actuarial report rather than estimated amounts used in the prior year ACFR.

** Prior to 2019, VRS contributions were made over twelve months for all employees, regardless of contract term. In fiscal year 2019, the School Division began contributing to VRS over each employee's contract term. For employees with contract terms less than twelve months, contributions and covered payroll recognized in fiscal year 2019 include amounts accrued for July and August of 2018, in addition to the full annual amount for fiscal year 2019.

CITY OF SALEM, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

1. Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (VRS) benefit provisions since the prior actuarial valuation.

Other Postemployment Benefits (OPEB)

There have been no actuarially material changes to the VRS benefit provisions since the prior actuarial valuation.

2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to Pub-2010 public sector mortality tables; for future mortality improvements, replace load with a modified Mortality Scape MP-2020
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- No change to disability rates
- No change to salary scale
- No change to line of duty rates
- No change to discount rate

All Others (Non 10 Largest) – Non-Hazardous Duty:

- Update mortality table to Pub-2010 public sector mortality tables; for future mortality improvements, replace load with a modified Mortality Scape MP-2020
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age
- Adjusted withdrawal rates to better fit experience at each year and service through 9 years of service
- No change to disability rates
- No changes to salary scale
- No change to line of duty rates
- No change to discount rate

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to Pub-2010 public sector mortality tables; for future mortality improvements, replace load with a modified Mortality Scape MP-2020
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70
- Decreased withdrawal rates
- No change to disability rates
- No change to salary scale
- No change to line of duty rates
- No change to discount rate

**CITY OF SALEM, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

2. Changes of Assumptions (Continued)

All Others (Non-10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table to Pub-2010 public sector mortality tables; for future mortality improvements, replace load with a modified Mortality Scape MP-2020
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70
- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
- No change to disability rates
- No change to salary scale
- No change to line of duty rates
- No change to discount rate

Teacher Cost-Sharing Pool:

- Update mortality table to Pub-2010 public sector mortality tables; for future mortality improvements, replace load with a modified Mortality Scape MP-2020
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- No change to disability rates
- No changes to salary scale
- No change to discount rate

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OTHER SUPPLEMENTARY INFORMATION



The Other Supplementary Information subsection of the City of Salem, Virginia's Annual Comprehensive Financial Report includes the Combining Statement of Net Position; Combining Statement of Revenues, Expenses, and Changes in Fund Net Position; and Combining Statement of Cash Flows for the Nonmajor Proprietary Funds. This subsection also includes the Combining Statement of Fiduciary Assets and Liabilities and the Combining Statement of Changes in Fiduciary Assets and Liabilities for the Custodial Funds; and the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance for the Economic Development Authority of the City of Salem.

CITY OF SALEM, VIRGINIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2023

	Enterprise Funds		
	Civic Center	Catering and Concessions	Total Nonmajor Proprietary Funds
ASSETS			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 192,687	\$ 50,320	\$ 243,007
Receivables, net	26,696	31,214	57,910
Inventories	-	39,230	39,230
Prepaid items	151,826	-	151,826
Total current assets	371,209	120,764	491,973
<i>Noncurrent assets:</i>			
<i>Capital assets:</i>			
Nondepreciable and nonamortizable	226,279	-	226,279
Depreciable and amortizable, net	2,605,956	24,259	2,630,215
Total capital assets	2,832,235	24,259	2,856,494
Total noncurrent assets	2,832,235	24,259	2,856,494
Total assets	3,203,444	145,023	3,348,467
DEFERRED OUTFLOWS OF RESOURCES			
	348,099	56,979	405,078
LIABILITIES			
<i>Current liabilities:</i>			
Accounts payable and accrued liabilities	96,063	13,803	109,866
Accrued payroll and related liabilities	109,205	16,786	125,991
Due to other funds	-	420,000	420,000
Unearned revenues	407,719	3,000	410,719
Lease liability	2,891	-	2,891
Compensated absences	65,324	6,057	71,381
Total current liabilities	681,202	459,646	1,140,848
<i>Noncurrent liabilities:</i>			
Lease liability	9,078	-	9,078
Compensated absences	73,793	11,839	85,632
Net pension liability	1,278,256	361,690	1,639,946
Net OPEB liability	551,753	108,653	660,406
Total noncurrent liabilities	1,912,880	482,182	2,395,062
Total liabilities	2,594,082	941,828	3,535,910
DEFERRED INFLOWS OF RESOURCES			
	257,594	42,309	299,903
NET POSITION			
Net investment in capital assets	2,820,266	24,259	2,844,525
Unrestricted (deficit)	(2,120,399)	(806,394)	(2,926,793)
Total net position	\$ 699,867	\$ (782,135)	\$ (82,268)

CITY OF SALEM, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	Enterprise Funds		
	Civic Center	Catering and Concessions	Total Nonmajor Proprietary Funds
OPERATING REVENUES			
Charges for services	\$ 3,129,464	\$ 860,788	\$ 3,990,252
Commissions	18,962	-	18,962
Other	22,060	13,411	35,471
Total operating revenues	<u>3,170,486</u>	<u>874,199</u>	<u>4,044,685</u>
OPERATING EXPENSES			
Salaries	1,240,272	283,116	1,523,388
Fringe benefits	407,788	85,072	492,860
Show expenses	2,375,214	-	2,375,214
Maintenance	275,253	2,139	277,392
Professional services	24,477	21,966	46,443
Insurance	30,924	1,521	32,445
Administration	109,079	22,933	132,012
Travel and training	10,300	30	10,330
Materials and supplies	30,157	278,766	308,923
Expendable equipment and small tools	1,447	3,660	5,107
Utilities	318,839	165	319,004
Miscellaneous	1,055	3,150	4,205
Depreciation	274,686	4,384	279,070
Amortization	505	-	505
Commissions	-	211,275	211,275
Total operating expenses	<u>5,099,996</u>	<u>918,177</u>	<u>6,018,173</u>
Operating loss	<u>(1,929,510)</u>	<u>(43,978)</u>	<u>(1,973,488)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	684	-	684
Loss on disposal of capital assets	(7,821)	-	(7,821)
Miscellaneous	8,144	190	8,334
Net nonoperating revenues	<u>1,007</u>	<u>190</u>	<u>1,197</u>
Loss before transfers	<u>(1,928,503)</u>	<u>(43,788)</u>	<u>(1,972,291)</u>
Transfers in	<u>1,609,168</u>	<u>45,000</u>	<u>1,654,168</u>
Change in net position	<u>(319,335)</u>	<u>1,212</u>	<u>(318,123)</u>
Net position, beginning	<u>1,019,202</u>	<u>(783,347)</u>	<u>235,855</u>
Net position, ending	<u>\$ 699,867</u>	<u>\$ (782,135)</u>	<u>\$ (82,268)</u>

CITY OF SALEM, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	Enterprise Funds		
	Civic Center	Catering and Concessions	Total Nonmajor Proprietary Funds
OPERATING ACTIVITIES			
Receipts from customers	\$ 2,806,387	\$ 868,063	\$ 3,674,450
Payments to suppliers	(3,208,079)	(555,723)	(3,763,802)
Payments to employees	(1,718,075)	(386,381)	(2,104,456)
Other receipts	22,060	13,411	35,471
Nonoperating revenue	8,144	190	8,334
Net cash used in operating activities	(2,089,563)	(60,440)	(2,150,003)
NONCAPITAL FINANCING ACTIVITIES			
Transfers in	1,609,168	45,000	1,654,168
Net cash provided by noncapital financing activities	1,609,168	45,000	1,654,168
CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(68,718)	-	(68,718)
Lease obligations	(3,167)	-	(3,167)
Net cash used in capital and related financing activities	(71,885)	-	(71,885)
INVESTING ACTIVITIES			
Interest received	684	-	684
Net cash provided by investing activities	684	-	684
Net decrease in cash and cash equivalents	(551,596)	(15,440)	(567,036)
Cash and cash equivalents, beginning	744,283	65,760	810,043
Cash and cash equivalents, ending	<u>\$ 192,687</u>	<u>\$ 50,320</u>	<u>\$ 243,007</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES			
Operating loss	\$ (1,929,510)	\$ (43,978)	\$ (1,973,488)
<i>Adjustments to reconcile operating loss to net cash used in operating activities</i>			
Depreciation and amortization	275,191	4,384	279,575
Nonoperating revenue (expense)	8,144	190	8,334
Pension expense, net of employer contributions	(34,890)	(5,345)	(40,235)
OPEB expense, net of employer contributions	(27,078)	(4,269)	(31,347)
<i>Decrease (increase) in assets:</i>			
Receivables, net	(22,074)	4,275	(17,799)
Inventories	-	(6,541)	(6,541)
Prepaid items	(43,062)	-	(43,062)
<i>Increase (decrease) in liabilities:</i>			
Accounts payable and accrued liabilities	11,728	(3,577)	8,151
Accrued payroll and related liabilities	(19,740)	(14,991)	(34,731)
Unearned revenues	(319,965)	3,000	(316,965)
Compensated absences	11,693	6,412	18,105
Net cash used in operating activities	<u>\$ (2,089,563)</u>	<u>\$ (60,440)</u>	<u>\$ (2,150,003)</u>

CITY OF SALEM, VIRGINIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2023

	Cardinal Criminal Justice Academy	Court- Community Corrections Program	Total Custodial Funds
ASSETS			
Cash and cash equivalents	\$ 823,790	\$ 1,823,923	\$ 2,647,713
Receivables, net	259	764	1,023
Due from Commonwealth of Virginia	-	46,042	46,042
Total assets	<u>824,049</u>	<u>1,870,729</u>	<u>2,694,778</u>
LIABILITIES			
Accounts payable and accrued liabilities	87,295	208,676	295,971
Accrued payroll and related liabilities	7,464	15,899	23,363
Due to City of Salem	23,728	53,195	76,923
Unearned revenues	142,087	-	142,087
Total liabilities	<u>260,574</u>	<u>277,770</u>	<u>538,344</u>
NET POSITION			
Restricted for:			
Individuals, organizations, and other governments	563,475	1,592,959	2,156,434
Total net position	<u>\$ 563,475</u>	<u>\$ 1,592,959</u>	<u>\$ 2,156,434</u>

CITY OF SALEM, VIRGINIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
YEAR ENDED JUNE 30, 2023

	Cardinal Criminal Justice Academy	Court- Community Corrections Program	Total Custodial Funds
ADDITIONS			
Funds received for benefit of other organizations	\$ 955,114	\$ 1,523,949	\$ 2,479,063
Total additions	<u>955,114</u>	<u>1,523,949</u>	<u>2,479,063</u>
DEDUCTIONS			
Funds disbursed for benefit of other organizations	818,951	1,628,677	2,447,628
Total deductions	<u>818,951</u>	<u>1,628,677</u>	<u>2,447,628</u>
Change in fiduciary net position	<u>136,163</u>	<u>(104,728)</u>	<u>31,435</u>
Net position, beginning	427,312	1,697,687	2,124,999
Net position, ending	<u><u>\$ 563,475</u></u>	<u><u>\$ 1,592,959</u></u>	<u><u>\$ 2,156,434</u></u>

**CITY OF SALEM, VIRGINIA
BALANCE SHEET
ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF SALEM
GOVERNMENTAL FUND
JUNE 30, 2023**

ASSETS

Cash and cash equivalents	\$ 644,063
Receivables, net	7,121,636
Total assets	<u>\$ 7,765,699</u>

LIABILITIES

Accounts payable and accrued liabilities	\$ 41,441
Due to primary government	4,557,538
Total liabilities	<u>4,598,979</u>

FUND BALANCE

Committed	48,857
Assigned	3,117,863
Total fund balance	<u>3,166,720</u>
Total liabilities and fund balance	<u>\$ 7,765,699</u>

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total fund balance of governmental fund \$ 3,166,720

Long-term liabilities related to governmental fund activities are not due and payable in the current period and, therefore, are not reported in the governmental fund.

Bonds payable	(2,523,544)
Accrued interest	(18,296)
Net position of governmental activities	<u>\$ 624,880</u>

CITY OF SALEM, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF SALEM
GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2023

REVENUES

Revenue from use of money and property	\$ 83,692
Charges for services	175,000
Intergovernmental	161,837
Total revenues	<u>420,529</u>

EXPENDITURES

Community development	<u>179,633</u>
Total expenditures	<u>179,633</u>

OTHER FINANCING SOURCES

Issuance of long-term debt	<u>2,523,544</u>
Total other financing sources	<u>2,523,544</u>

Net change in fund balance	<u>2,764,440</u>
----------------------------	------------------

Fund balance, beginning	<u>402,280</u>
Fund balance, ending	<u><u>\$ 3,166,720</u></u>

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net change in fund balance of governmental fund	\$ 2,764,440
---	--------------

Issuance of debt and other obligations provides current financial resources to the governmental fund but increases long-term liabilities in the Statement of Net Position.

Bond proceeds	(2,523,544)
---------------	-------------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.

Change in accrued interest payable	(18,296)
------------------------------------	----------

Change in net position of governmental activities	<u><u>\$ 222,600</u></u>
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The Statistical Section of the City of Salem, Virginia's Annual Comprehensive Financial Report presents additional detail, context, and historical information to assist in understanding the information in the financial statements, note disclosures and required supplementary information.

Contents	Page
Financial Trends.....	127
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity.....	132
<i>These schedules contain information to help the reader assess the City's most significant local revenue sources, property tax and sale of electricity.</i>	
Debt Capacity.....	135
<i>These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information.....	138
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information.....	140
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.</i>	

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TABLE 1
UNAUDITED

CITY OF SALEM, VIRGINIA NET POSITION BY COMPONENT LAST TEN FISCAL YEARS										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
				(1)		(2)		(3), (4)	(3), (4), (5)	(4), (6)
Governmental Activities										
Net investment in capital assets	\$ 83,584,944	\$ 84,385,804	\$ 83,813,635	\$ 74,013,712	\$ 75,906,865	\$ 75,637,028	\$ 76,704,584	\$ 80,613,041	\$ 82,468,633	\$ 84,803,933
Restricted	5,873,930	3,242,954	2,264,159	7,407,955	5,868,862	4,211,042	4,247,628	1,962,017	4,246,340	2,987,926
Unrestricted	15,662,342	(15,996,431)	(25,162,020)	(18,144,742)	(21,585,631)	(30,860,648)	(24,252,734)	(33,750,410)	(44,779,654)	(22,664,736)
Total governmental activities net position	\$ 105,121,216	\$ 71,632,327	\$ 60,915,774	\$ 63,276,925	\$ 60,190,096	\$ 48,987,422	\$ 56,699,478	\$ 48,824,648	\$ 41,935,319	\$ 65,127,123
Business-type activities										
Net investment in capital assets	\$ 72,671,638	\$ 67,400,911	\$ 60,959,490	\$ 55,215,300	\$ 52,850,038	\$ 49,386,338	\$ 46,775,751	\$ 44,477,804	\$ 42,195,035	\$ 42,936,315
Unrestricted	53,821,439	48,777,084	47,208,736	47,252,971	42,561,767	37,549,539	34,837,935	29,574,731	24,406,951	27,531,700
Total business-type activities net position	\$ 126,493,077	\$ 116,177,995	\$ 108,168,226	\$ 102,468,271	\$ 95,411,805	\$ 86,935,877	\$ 81,613,686	\$ 74,052,535	\$ 66,601,986	\$ 70,468,015
Primary Government										
Net investment in capital assets	\$ 156,256,582	\$ 151,786,715	\$ 144,773,125	\$ 129,229,012	\$ 128,756,903	\$ 125,023,367	\$ 123,480,335	\$ 125,090,845	\$ 124,663,668	\$ 127,740,248
Restricted	5,873,930	3,242,954	2,264,159	7,407,955	5,868,862	4,211,042	4,247,628	1,962,017	4,246,340	2,987,926
Unrestricted	69,483,781	32,780,653	22,046,716	29,108,229	20,976,136	6,688,890	10,585,201	(4,175,679)	(20,372,703)	4,866,964
Total primary government net position	\$ 231,614,293	\$ 187,810,322	\$ 169,084,000	\$ 165,745,196	\$ 155,601,901	\$ 135,923,299	\$ 138,313,164	\$ 122,877,183	\$ 108,537,305	\$ 135,595,138

Notes:

Source: City of Salem Finance Department

(1) There were reclassifications within the net position of governmental activities and the net position of the primary government for comparative purposes to conform with the presentation in other fiscal years.

(2) In 2018, the City implemented GASB Statement No. 75 requiring recognition of the net OPEB liability.

(3) Net investment in capital assets of governmental activities and business-type activities were restated to record deferred loss on refunding of debt from the 2015 refunding bonds.

(4) Net investment in capital assets of governmental activities was restated to record deferred loss on refunding of debt from the 2011 refunding bonds.

(5) In 2015, the City implemented GASB Statement No. 68 requiring recognition of the net pension liability.

(6) In 2014, the City implemented GASB Statement No. 65 requiring debt issuance costs to be expensed as incurred and also segregated health insurance into internal service funds.

TABLE 2
UNAUDITED

CITY OF SALEM, VIRGINIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2023 (1)	2022 (2)	2021 (3)	2020 (4)	2019	2018	2017	2016 (5), (6)	2015 (5), (6)	2014 (6), (7), (8)
Expenses										
<i>Governmental activities:</i>										
General government	\$ 8,115,304	\$ 6,946,772	\$ 7,398,186	\$ 7,732,057	\$ 5,999,310	\$ 6,388,884	\$ 6,864,181	\$ 5,943,899	\$ 6,335,563	\$ 6,248,574
Judicial administration	2,601,089	2,460,730	2,685,074	2,427,038	2,019,802	2,009,007	2,072,538	1,934,263	1,921,789	2,026,034
Public safety	20,216,655	18,560,637	19,746,567	19,710,088	15,953,011	15,776,102	17,011,463	15,753,795	16,192,190	17,532,682
Public works	11,351,657	10,777,374	16,605,367	10,268,769	9,434,930	11,617,750	12,228,329	16,652,913	12,758,967	13,399,134
Health and welfare	5,838,663	5,441,656	5,707,730	4,969,943	4,014,354	3,318,498	3,026,330	2,974,663	3,050,634	2,578,984
Education	25,147,133	26,611,308	34,606,636	25,341,148	21,032,249	20,170,298	19,760,242	19,739,512	19,151,270	25,103,243
Parks, recreation and cultural	8,020,313	6,835,914	6,871,297	6,286,470	6,300,706	6,129,809	5,937,858	5,335,902	5,127,367	5,279,886
Community development	3,248,148	2,748,883	3,046,081	3,392,520	3,173,232	3,429,290	3,296,760	2,107,808	2,006,736	2,388,701
Interest and other fiscal changes	1,803,089	1,567,370	1,598,185	1,312,981	1,008,095	950,247	988,059	1,011,115	1,093,989	1,118,286
Total governmental activities	86,342,051	81,950,644	98,265,123	81,441,014	68,935,689	69,789,885	71,185,760	71,453,870	67,638,505	75,675,524
<i>Business-type activities:</i>										
Electric	40,754,144	35,521,249	32,791,502	32,282,516	33,022,574	31,361,242	31,628,232	30,200,956	33,901,497	34,182,987
Water and sewage	10,479,500	9,902,890	10,491,167	10,141,238	9,538,640	9,206,719	9,776,628	10,000,056	10,568,840	10,999,420
Civic Center	5,107,817	4,085,173	2,693,683	4,382,316	4,291,121	4,708,634	4,046,125	4,103,577	2,888,263	2,600,249
Catering and concessions	918,177	738,240	457,944	875,293	937,758	981,396	933,894	980,147	851,760	856,866
Total business-type activities	57,259,638	50,247,552	46,434,296	47,681,363	47,790,093	46,257,991	46,384,879	45,284,736	48,210,360	48,639,522
Total Primary Government	\$ 143,601,689	\$ 132,198,196	\$ 144,699,419	\$ 129,122,377	\$ 116,725,782	\$ 116,047,876	\$ 117,570,639	\$ 116,738,606	\$ 115,848,865	\$ 124,315,046
Program revenues										
<i>Governmental activities:</i>										
Charges for services										
Public safety	\$ 2,411,593	\$ 1,516,411	\$ 1,406,150	\$ 1,378,117	\$ 1,487,180	\$ 1,358,612	\$ 1,237,985	\$ 1,281,509	\$ 1,237,901	\$ 1,103,765
Public works	1,938,610	1,964,802	1,888,588	1,859,310	1,488,934	1,528,945	2,563,620	4,706,219	4,351,157	3,695,667
Other activities	1,116,519	975,700	724,797	777,397	981,634	1,162,193	1,254,639	779,384	849,596	1,009,342
Operating grants and contributions	10,842,557	9,863,682	9,856,578	9,458,112	8,466,964	8,207,848	8,318,690	7,623,373	7,567,973	6,975,699
Capital grants and contributions	1,490,232	1,950,019	8,608,472	1,344,324	566,366	1,403,327	202,451	80,406	192,430	391,399
Total governmental activities	17,799,511	16,270,614	22,484,585	14,817,260	12,991,078	13,660,925	13,577,385	14,470,891	14,199,057	13,175,872
<i>Business-type activities:</i>										
Charges for services										
Electric	40,266,130	40,294,957	38,045,804	38,441,256	39,719,859	40,153,923	39,437,330	38,080,149	39,715,705	39,861,201
Water and sewage	14,554,254	14,664,782	14,200,570	14,222,844	14,165,379	14,009,576	13,530,659	13,537,310	13,658,281	12,645,216
Civic Center	3,170,486	2,595,998	522,276	2,282,153	2,745,582	3,106,144	2,475,661	2,313,348	799,948	934,047
Catering and concessions	874,199	698,317	206,559	674,404	778,605	922,287	819,571	935,973	791,311	779,220
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Electric	-	37,718	-	-	-	-	-	-	-	-
Civic Center	-	1,268,542	-	-	-	-	-	-	-	-
Water and sewage	14,465	27,015	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Electric	11,308	-	-	78,034	-	124,385	-	-	47,196	27,380
Civic Center	-	-	-	-	-	51,133	-	-	-	-
Water and sewage	34,000	162,746	541,915	-	-	-	-	-	-	21,671
Total business-type activities	58,924,842	59,750,075	53,517,124	55,698,691	57,409,425	58,367,448	56,263,221	54,866,780	55,012,441	54,268,735
Total Primary Government	\$ 76,724,353	\$ 76,020,689	\$ 76,001,709	\$ 70,515,951	\$ 70,400,503	\$ 72,028,373	\$ 69,840,606	\$ 69,337,671	\$ 69,211,498	\$ 67,444,607

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net (expense) revenue										
Total governmental activities	\$ (68,542,540)	\$ (65,680,030)	\$ (75,780,538)	\$ (66,623,754)	\$ (55,944,611)	\$ (56,128,960)	\$ (57,608,375)	\$ (56,982,979)	\$ (53,439,448)	\$ (62,499,652)
Total business-type activities	1,665,204	9,502,523	7,082,828	8,017,328	9,619,332	12,109,457	9,878,342	9,582,044	6,802,081	5,629,213
Total primary government	<u>\$ (66,877,336)</u>	<u>\$ (56,177,507)</u>	<u>\$ (68,697,710)</u>	<u>\$ (58,606,426)</u>	<u>\$ (46,325,279)</u>	<u>\$ (44,019,503)</u>	<u>\$ (47,730,033)</u>	<u>\$ (47,400,935)</u>	<u>\$ (46,637,367)</u>	<u>\$ (56,870,439)</u>

General Revenues and Other Changes in Net Position

<i>Governmental activities:</i>										
Taxes										
Property taxes	\$ 45,224,724	\$ 43,037,351	\$ 40,367,128	\$ 38,374,597	\$ 36,825,133	\$ 35,688,231	\$ 35,631,665	\$ 34,610,154	\$ 33,371,609	\$ 32,666,172
Local sales and use taxes	9,493,549	9,071,908	7,837,554	7,661,772	7,296,272	7,015,296	7,174,034	6,638,448	6,688,509	6,432,110
Business license taxes	6,848,042	6,176,361	5,546,287	5,572,638	5,615,337	5,333,382	5,320,865	5,391,215	5,088,724	5,078,755
Meals taxes	6,434,438	5,835,238	4,973,630	4,747,513	5,085,168	4,802,780	4,718,631	4,715,137	4,464,873	4,277,741
Utility taxes	1,222,533	1,220,636	1,179,676	1,190,153	1,203,020	1,208,943	1,182,963	1,169,894	1,217,299	1,150,691
Lodging taxes	1,813,117	1,674,212	990,879	1,122,580	1,328,739	1,232,470	1,201,759	1,170,289	1,015,079	1,049,572
Other taxes	2,707,856	2,755,457	2,589,185	2,337,148	2,713,735	2,765,227	2,706,305	2,699,122	2,482,140	2,134,996
Intergovernmental revenue not restricted	29,633,059	3,728,399	7,160,161	5,003,579	3,951,338	3,952,121	3,941,937	3,989,413	3,942,960	3,961,782
Unrestricted investment earnings	5,704,295	420,399	248,514	1,707,740	994,037	752,672	554,437	269,350	164,585	143,186
Gain on disposal of capital assets	81,145	105,486	93,131	40,778	44,471	35,647	20,985	100,081	389,290	33,051
Gain on lease modification	1,394	-	-	-	-	-	-	-	-	-
Other	1,379,633	743,542	744,086	641,479	757,329	626,372	676,502	986,182	586,008	554,303
Transfers	(8,522,956)	1,627,594	1,689,156	1,310,606	1,332,706	2,008,304	2,353,122	2,133,023	2,266,120	1,694,330
Total governmental activities	<u>102,020,829</u>	<u>76,396,583</u>	<u>73,419,387</u>	<u>69,710,593</u>	<u>67,147,285</u>	<u>65,421,445</u>	<u>65,483,205</u>	<u>63,872,308</u>	<u>61,677,196</u>	<u>59,176,689</u>
<i>Business-type activities:</i>										
Unrestricted investment earnings	93,159	94,733	85,199	166,317	189,302	78,511	35,931	93	158	172
Gain on disposal of capital assets	7,800	40,107	-	-	-	8,483	-	1,435	8,225	5,013
Other	25,963	-	221,084	183,427	-	-	-	-	-	-
Transfers	8,522,956	(1,627,594)	(1,689,156)	(1,310,606)	(1,332,706)	(2,008,304)	(2,353,122)	(2,133,023)	(2,266,120)	(1,694,330)
Total business-type activities	<u>8,649,878</u>	<u>(1,492,754)</u>	<u>(1,382,873)</u>	<u>(960,862)</u>	<u>(1,143,404)</u>	<u>(1,921,310)</u>	<u>(2,317,191)</u>	<u>(2,131,495)</u>	<u>(2,257,737)</u>	<u>(1,689,145)</u>
Total Primary Government	<u>\$ 110,670,707</u>	<u>\$ 74,903,829</u>	<u>\$ 72,036,514</u>	<u>\$ 68,749,721</u>	<u>\$ 66,003,881</u>	<u>\$ 63,500,135</u>	<u>\$ 63,166,014</u>	<u>\$ 61,740,813</u>	<u>\$ 59,419,459</u>	<u>\$ 57,487,544</u>

Changes in Net Position

Total governmental activities	\$ 33,478,289	\$ 10,716,553	\$ (2,361,151)	\$ 3,086,829	\$ 11,202,674	\$ 9,292,485	\$ 7,874,830	\$ 6,889,329	\$ 8,237,748	\$ (3,322,963)
Total business-type activities	10,315,082	8,009,769	5,699,955	7,056,466	8,475,928	10,188,147	7,561,151	7,450,549	4,544,344	3,940,068
Total Primary Government	<u>\$ 43,793,371</u>	<u>\$ 18,726,322</u>	<u>\$ 3,338,804</u>	<u>\$ 10,143,295</u>	<u>\$ 19,678,602</u>	<u>\$ 19,480,632</u>	<u>\$ 15,435,981</u>	<u>\$ 14,339,878</u>	<u>\$ 12,782,092</u>	<u>\$ 617,105</u>

Notes:

- (1) Education expenses of governmental activities include \$3,091,222 of bond funds transferred to the School Division to fund capital projects.
- (2) Education expenses of governmental activities include \$5,277,634 of bond funds transferred to the School Division to fund capital projects.
- (3) Education expenses of governmental activities include \$14,384,051 of bond funds transferred to the School Division to fund capital projects.
- (4) Education expenses of governmental activities include \$3,445,962 of bond funds transferred to the School Division to fund capital projects.
- (5) Interest and other fiscal charges of governmental activities and Electric expenses of business-type activities were restated to record amortization of the deferred loss on refunding of debt from the 2015 refunding bonds.
- (6) Interest and other fiscal charges of governmental activities were restated to record amortization of the deferred loss on refunding on debt from the 2011 refunding bonds.
- (7) Education expenses of governmental activities include \$5,481,200 of bond funds transferred to the School Division to fund capital projects.
- (8) In 2014, the City implemented GASB Statement No. 65 requiring debt issuance costs to be expensed as incurred and also segregated health insurance into internal service funds.

TABLE 3
UNAUDITED

CITY OF SALEM, VIRGINIA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
										(1)
General Fund										
Nonspendable	\$ 1,063,868	\$ 1,074,923	\$ 788,399	\$ 1,009,261	\$ 862,437	\$ 694,658	\$ 588,204	\$ 567,605	\$ 514,556	\$ 421,117
Restricted	5,180,884	3,242,954	2,264,159	7,407,955	5,868,862	4,071,765	4,245,248	1,959,638	4,180,415	2,661,958
Committed	132,023	129,601	97,692	120,291	110,092	94,789	89,261	76,219	-	-
Assigned	1,462,671	816,915	875,274	857,041	697,043	741,677	672,251	743,727	505,633	465,178
Unassigned	67,758,976	55,175,870	45,953,252	37,456,968	32,652,599	28,803,322	22,212,433	15,701,124	9,797,393	5,271,609
Total General Fund	\$ 75,598,422	\$ 60,440,263	\$ 49,978,776	\$ 46,851,516	\$ 40,191,033	\$ 34,406,211	\$ 27,807,397	\$ 19,048,313	\$ 14,997,997	\$ 8,819,862
All Other Governmental Funds										
Restricted	\$ 4,996,422	\$ 19,276,969	\$ 10,729,118	\$ 27,358,827	\$ 1,983,825	\$ 935,933	\$ 2,894,061	\$ 4,193,169	\$ 65,925	\$ 325,968
Assigned	16,424,188	2,984,364	2,008,162	1,320,266	736,959	551,356	342,149	63,848	-	8,291
Total all other governmental funds	\$ 21,420,610	\$ 22,261,333	\$ 12,737,280	\$ 28,679,093	\$ 2,720,784	\$ 1,487,289	\$ 3,290,668	\$ 4,338,771	\$ 162,428	\$ 459,910

Notes:

Source: City of Salem Finance Department

(1) In 2014, the City segregated health insurance into internal service funds.

TABLE 4
UNAUDITEDCITY OF SALEM, VIRGINIA
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										(1)
Taxes	\$ 74,319,139	\$ 69,975,513	\$ 63,943,565	\$ 61,066,795	\$ 60,404,459	\$ 58,583,459	\$ 58,668,891	\$ 57,116,158	\$ 54,697,901	\$ 53,203,553
Permits, fees and licenses	404,802	411,600	340,649	349,081	343,811	313,860	277,582	394,968	394,827	218,804
Fines and forfeitures	140,085	123,352	62,489	64,460	109,705	137,911	145,820	116,417	127,002	126,761
Revenue from use of money and property	5,946,070	750,535	588,607	1,992,301	1,293,449	1,049,368	842,624	531,379	511,980	697,565
Charges for services	3,632,128	3,561,617	3,217,818	3,576,056	3,212,585	3,118,065	4,192,436	6,075,639	5,632,172	4,956,368
Other	1,125,713	382,382	354,698	277,828	250,381	496,510	409,131	357,115	153,748	160,095
Intergovernmental	42,098,063	14,553,949	18,781,397	15,762,773	13,165,857	13,360,836	12,652,827	11,603,416	11,638,740	11,289,569
Total revenues	127,666,000	89,758,948	87,269,223	83,089,294	78,780,247	77,060,009	77,189,311	76,195,092	73,156,370	70,652,715
Expenditures										
General government	8,455,102	6,844,143	6,679,583	6,703,274	6,152,838	5,679,004	6,410,086	5,918,110	6,062,763	5,689,510
Judicial administration	2,562,166	2,458,099	2,368,502	2,180,401	2,092,625	2,033,068	2,018,898	2,026,255	1,913,666	1,919,961
Public safety	19,271,847	17,737,298	17,615,998	17,368,101	16,112,960	15,741,300	16,403,627	15,824,899	15,779,717	16,358,165
Public works	9,346,515	9,044,426	15,144,607	8,507,779	8,289,463	9,796,765	8,452,569	14,672,498	10,709,120	11,087,740
Health and welfare	5,655,241	5,253,983	5,523,827	4,779,853	3,877,830	3,202,498	2,909,343	2,827,459	2,900,389	2,465,194
Education	25,147,133	26,611,308	34,606,636	25,341,148	21,026,377	20,170,298	19,760,242	19,739,512	19,151,270	25,103,243
Parks, recreation and cultural	6,679,800	5,967,259	5,471,944	5,134,939	5,225,517	5,106,766	5,071,566	4,482,414	4,401,263	4,323,040
Community development	3,973,627	2,780,253	2,864,732	3,255,301	4,582,992	3,340,911	3,178,844	1,087,606	1,062,184	857,219
Risk management	2,178,901	2,168,819	2,187,212	2,210,715	2,018,406	1,978,778	2,085,343	3,240,075	3,248,409	2,759,940
Capital projects	15,777,799	2,919,667	4,256,021	2,768,847	4,886,835	3,302,614	1,674,861	2,187,595	697,503	1,788,469
<i>Debt service:</i>										
Principal retirement	3,972,272	3,230,483	3,285,371	3,017,446	3,056,511	3,055,319	3,082,999	2,988,314	3,018,738	2,647,514
Interest	2,013,016	1,680,772	1,649,830	928,405	831,282	908,720	960,419	941,386	1,101,829	980,558
Bond issuance cost	-	79,400	61,160	350,394	73,849	-	-	32,987	10,377	15,500
Total expenditures	105,033,419	86,775,910	101,715,423	82,546,603	78,227,485	74,316,041	72,008,797	75,969,110	70,057,228	75,996,053
Excess (deficiency) of revenues over (under) expenditures	22,632,581	2,983,038	(14,446,200)	542,691	552,762	2,743,968	5,180,514	225,982	3,099,142	(5,343,338)
Other Financing Sources (Uses)										
Issuance of long-term debt	-	15,080,000	-	26,555,000	5,025,000	-	-	5,281,400	-	7,275,000
Issuance of refunding bonds	-	-	1,555,000	5,799,023	-	-	-	-	1,932,097	-
Payment to refunded bond escrow agent	-	-	(1,493,089)	(7,074,459)	-	-	-	-	(1,921,720)	-
Premium on sale of bonds	-	-	-	5,262,352	-	-	-	-	-	-
Proceeds from sale of capital assets	72,614	155,902	92,605	40,778	41,167	34,084	177,345	211,254	505,014	-
Issuance of financed purchase obligation	-	-	-	72,648	-	-	-	375,000	-	-
Inception of leases	26,335	63,096	-	-	-	-	-	-	-	-
Inception of subscriptions	28,159	-	-	-	-	-	-	-	-	-
Insurance recoveries	116,372	75,910	21,835	72,653	66,682	9,079	-	-	-	-
Transfers in	50,766,544	9,837,192	9,229,573	7,880,961	7,552,251	7,383,186	7,676,999	7,930,241	7,766,233	6,832,903
Transfers out	(59,325,169)	(8,209,598)	(7,774,277)	(6,532,855)	(6,219,545)	(5,374,882)	(5,323,877)	(5,797,218)	(5,500,113)	(5,131,569)
Total other financing sources, net	(8,315,145)	17,002,502	1,631,647	32,076,101	6,465,555	2,051,467	2,530,467	8,000,677	2,781,511	8,976,334
Net change in fund balances	\$ 14,317,436	\$ 19,985,540	\$ (12,814,553)	\$ 32,618,792	\$ 7,018,317	\$ 4,795,435	\$ 7,710,981	\$ 8,226,659	\$ 5,880,653	\$ 3,632,996
Debt service as a percentage of noncapital expenditures	6.99%	6.03%	5.29%	5.09%	5.53%	5.62%	5.87%	5.44%	6.06%	4.93%

Notes:

Source: City of Salem Finance Department

(1) In 2014, the City segregated health insurance into internal service funds.

TABLE 5
UNAUDITED

CITY OF SALEM
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Estate			Personal Property			Machinery and Tools			Public Service Corporation			Mobile Homes			Total Taxable		
	Assessed Value	Direct Tax Rate		Assessed Value	Direct Tax Rate		Assessed Value	Direct Tax Rate		Assessed Value	Direct Tax Rate		Assessed Value	Direct Tax Rate		Assessed Value	Direct Tax Rate	
2023	\$ 2,531,447,388	\$1.20		\$ 409,058,153	\$3.40		\$ 98,620,864	\$3.20		\$ 62,248,749	\$1.20		\$ 732,557	\$1.20		\$ 3,102,107,711	\$1.55	
2022	2,384,635,100	1.20		417,131,385	3.40		102,879,430	3.20		65,235,010	1.20		741,052	1.20		2,970,621,977	1.54	
2021	2,296,615,563	1.20		346,874,881	3.40		99,551,587	3.20		64,324,330	1.20		827,954	1.20		2,808,194,315	1.54	
2020	2,223,003,261	1.20		319,099,250	3.40		98,084,487	3.20		60,840,085	1.20		758,822	1.20		2,701,785,905	1.54	
2019	2,144,567,539	1.18		310,426,127	3.25		91,646,255	3.20		53,418,469	1.18		749,392	1.18		2,600,807,782	1.51	
2018	2,092,863,676	1.18		306,890,700	3.25		97,999,444	3.20		51,247,569	1.18		816,174	1.18		2,549,817,563	1.50	
2017	2,054,446,049	1.18		312,495,313	3.25		89,186,639	3.20		44,507,648	1.18		984,368	1.18		2,501,620,017	1.51	
2016	2,022,951,024	1.18		295,173,346	3.25		91,322,128	3.20		41,308,358	1.18		1,059,063	1.18		2,451,813,919	1.50	
2015	2,012,050,247	1.18		282,311,121	3.25		91,977,805	3.20		40,513,445	1.18		1,195,515	1.18		2,428,048,133	1.50	
2014	2,003,007,334	1.18		276,846,201	3.20		91,226,535	3.20		41,408,575	1.18		1,249,050	1.18		2,413,737,695	1.49	

Note:

Source: City of Salem Finance Department
Tax rates are per \$100 of assessed value.

TABLE 6
UNAUDITED

CITY OF SALEM, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN CALENDAR YEARS

Calendar Year Ended December 31,	Taxes Levied for the Calendar Year	Collected within the		Supplemental Assessments & Exonerations Levied in Subsequent Years	Collections in Subsequent Years	Total Collections to Date	
		Calendar Year of the Levy				Amount	Percentage of Levy
		Amount	Percentage of Levy				
2023	\$ 45,280,224	\$ 43,064,907	95.11%	\$ -	\$ -	\$ 43,064,907	95.11%
2022	43,896,135	41,921,818	95.50%	111,045	1,504,790	43,426,608	98.68%
2021	40,322,441	38,719,642	96.03%	(141)	1,257,225	39,976,867	99.14%
2020	38,547,607	35,634,651	92.44%	32,424	2,637,147	38,271,798	99.20%
2019	36,274,839	35,191,478	97.01%	170,855	1,206,102	36,397,580	99.87%
2018	35,837,963	34,375,408	95.92%	(350,519)	1,075,471	35,450,879	99.90%
2017	35,253,119	34,012,836	96.48%	(71,996)	1,138,857	35,151,693	99.92%
2016	33,896,364	32,608,317	96.20%	(19,524)	1,222,259	33,830,576	99.86%
2015	33,407,499	31,903,905	95.50%	(62,546)	1,332,578	33,236,483	99.67%
2014	32,905,743	31,229,276	94.91%	(83,736)	1,552,138	32,781,414	99.88%

Notes:

Source: City of Salem Finance Department

In 2020, the due date for the second half of Real Estate and Personal Property was extended to June 30th due to the COVID-19 pandemic.

**TABLE 7
UNAUDITED**

**CITY OF SALEM, VIRGINIA
PRINCIPAL REAL ESTATE PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Lewis-Gale Medical Center LLC (1)	\$ 67,221,700	1	2.43%	\$ 36,118,600	1	1.81%
Carter Machinery/Carthy Corp/Mount Sinai	16,316,000	2	0.59%	7,586,000	10	0.38%
Lowes/NS Retail Holdings LLC (2)	15,628,000	3	0.57%	12,462,800	4	0.62%
Yokohama Industries	15,357,900	4	0.56%	13,946,300	3	0.70%
EGAP Salem I LLC - Spartan Square	12,864,500	5	0.47%	8,953,000	8	0.45%
USF Propco I LLC (3)	12,033,100	6	0.44%	10,708,600	5	0.54%
Phoenix Salem Industrial	10,560,900	7	0.38%			
Valley Properties & L&M Properties LLC	10,491,000	8	0.38%			
Chateau Riviera Apts/CSW Associates	10,256,800	9	0.37%	9,694,200	7	0.49%
Friendship Salem Terrace LLC	10,192,100	10	0.37%	8,361,700	9	0.42%
Lewis-Gale Clinic/HRT				22,095,300	2	1.11%
General Electric				10,655,700	6	0.53%

Notes:

Source: City of Salem Real Estate Valuation Department

(1) In 2018, Lewis-Gale Medical Center LLC acquired the assets of Lewis-Gale Hospital HCA and Lewis Gale Clinic/HRT.

(2) In 2020, Lowes transferred from VALO LLC to NS Retail Holdings LLC

(3) Formerly U.S Food Service Inc.

**TABLE 8
UNAUDITED**

**CITY OF SALEM, VIRGINIA
PRINCIPAL ELECTRIC CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO**

Customer	2023			2014		
	Services Billed	Rank	Percentage of Total Services Billed	Services Billed	Rank	Percentage of Total Services Billed
Lewis Gale Hospital HCA	\$ 2,494,738	1	6.21%	\$ 1,981,687	1	5.01%
Roanoke College	1,667,994	2	4.16%	1,449,142	2	3.67%
Lake Region Medical (Formerly Accellent)	1,072,439	3	2.67%			
Graham White	815,913	4	2.03%	854,244	3	2.16%
U.S. Food Service, Inc.	783,851	5	1.95%	734,552	5	1.86%
Rowe Furniture/Salem Frame	681,192	6	1.70%	853,484	4	2.16%
Carter Machinery Co.	593,715	7	1.48%	500,626	8	1.27%
Sewell Products	589,573	8	1.47%	513,463	7	1.30%
Kroger	572,602	9	1.43%	574,816	6	1.45%
Novozymes	486,531	10	1.21%			
Wal-Mart, Inc.				361,840	9	0.92%
Old VA Brick Co.				349,814	10	0.88%

Note:

Source: City of Salem Finance Department

**TABLE 9
UNAUDITED**

**CITY OF SALEM, VIRGINIA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	
	General Obligation Bonds		General Obligation Bonds			
	(1)					
2023	\$	64,619,132	\$	29,177,914	\$	93,797,046
2022		68,803,018		32,714,325		101,517,343
2021		57,250,371		35,559,482		92,809,853
2020		60,686,620		39,296,513		99,983,133
2019		32,910,038		40,780,877		73,690,915
2018		30,897,265		41,669,640		72,566,905
2017		33,916,905		45,723,894		79,640,799
2016		36,971,375		49,665,950		86,637,325
2015		34,681,163		47,663,394		82,344,557
2014		37,640,582		49,258,943		86,899,525

Fiscal Year	Total Taxable Assessed Value	Percentage of Estimated Actual Value of Taxable Property	Population	Bonded Debt Per Capita	Per Capita Personal Income	Percentage of Bonded Debt Per Capita to Per Capita Personal Income
	(2)		(3)		(3)	
2023	\$ 3,102,107,711	3.02%	25,523	\$ 3,675	\$ 57,434	6.00%
2022	2,970,621,977	3.42%	25,373	4,001	54,977	7.00%
2021	2,808,194,315	3.30%	25,346	3,662	53,489	7.00%
2020	2,701,785,905	3.70%	25,301	3,952	52,248	8.00%
2019	2,600,807,782	2.83%	25,643	2,874	49,860	6.00%
2018	2,549,817,563	2.85%	25,862	2,806	48,384	6.00%
2017	2,501,620,017	3.18%	25,549	3,117	48,047	6.00%
2016	2,451,813,919	3.53%	25,432	3,407	45,577	7.00%
2015	2,428,048,133	3.39%	25,483	3,231	43,418	7.00%
2014	2,413,737,695	3.60%	25,299	3,435	42,288	8.00%

Source: City of Salem Finance Department

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

The City is independent from any county, town, or other political subdivision of the Commonwealth of Virginia. There is no overlapping general obligation debt or taxing power.

(1) Outstanding debt for the School Division is included with Governmental Activities.

(2) See Table 5 for assessed value of taxable property.

(3) See Table 12 for population and per capita personal income.

TABLE 10
UNAUDITED

CITY OF SALEM, VIRGINIA
RATIOS OF OUTSTANDING DEBT
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-Type Activities			Primary Government Outstanding Debt	Primary Government Outstanding Debt as a Percentage of Personal Income	Primary Government Outstanding Debt Per Capita
	General Obligation Bonds	Financed Purchase Obligation	Lease Liability	Subscription Liability	General Obligation Bonds	Lease Liability			
	(1)		(2)	(3)			(4)	(4)	(4)
2023	\$ 64,619,132	\$ 14,529	\$ 63,284	\$ 86,014	\$ 29,177,914	\$ 20,258	\$ 93,981,131	1.34%	\$ 3,682
2022	68,803,018	29,059	117,998	-	32,714,325	5,637	101,670,037	1.54%	4,007
2021	57,250,371	43,589	-	-	35,559,482	-	92,853,442	1.45%	3,663
2020	60,686,620	99,520	-	-	39,296,513	-	100,082,653	1.60%	3,956
2019	32,910,038	121,467	-	-	40,780,877	-	73,812,382	1.24%	2,878
2018	30,897,265	198,016	-	-	41,669,640	-	72,764,921	1.26%	2,814
2017	33,916,905	271,203	-	-	45,723,894	-	79,912,002	1.39%	3,128
2016	36,971,375	341,175	-	-	49,665,950	-	86,978,500	1.60%	3,420
2015	34,681,163	-	-	-	47,663,394	-	82,344,557	1.60%	3,231
2014	37,640,582	-	-	-	49,258,943	-	86,899,525	1.74%	3,435

Source: City of Salem Finance Department

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

The City is independent from any county, town, or other political subdivision of the Commonwealth of Virginia. There is no overlapping general obligation debt or taxing power.

(1) Outstanding debt for the School Division is included with Governmental Activities.

(2) In 2022, the City implemented GASB Statement No. 87 requiring recognition of certain lease assets and liabilities for leases that were classified previously as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contracts. Comparative prior year information has not been restated because the necessary information is not available.

(3) In 2023, the City implemented GASB Statement No. 96 requiring recognition of certain subscription-based information technology arrangements as subscription assets and corresponding subscription liabilities. Comparative prior year information has not been restated because the necessary information is not available.

(4) See Table 12 for population and per capita personal income.

TABLE 11
UNAUDITED

CITY OF SALEM, VIRGINIA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value of Real Property	Debt Limit 10% of Assessed Value	Amount of Debt Applicable to Limit					Net Debt Applicable to Limit as a Percent of Debt Limit
			Total General Obligation Bonds	Financed Purchase Obligation	Enterprise Bonds	RVRA Supported Debt	Net Debt Applicable to Limit	
					(2)		(3)	
2023	\$ 2,593,696,137	\$ 259,369,614	\$ 93,797,046	\$ 14,529	\$ (29,177,914)	\$ (189,981)	\$ 64,443,680	24.85%
2022	2,449,870,110	244,987,011	101,517,343	29,059	(32,714,325)	(385,416)	68,446,661	27.94%
2021	2,360,939,893	236,093,989	92,809,853	43,589	(35,559,482)	(585,396)	56,708,564	24.02%
2020	2,283,843,346	228,384,335	99,983,133	99,520	(39,296,513)	(789,921)	59,996,219	26.27%
2019	2,197,986,008	219,798,601	73,690,915	121,467	(40,780,877)	(998,082)	32,033,423	14.57%
2018	2,144,111,245	214,411,125	72,566,905	198,016	(41,669,640)	(1,209,879)	29,885,402	13.94%
2017	2,098,953,697	209,895,370	79,640,799	271,203	(45,723,894)	(1,425,312)	32,762,796	15.61%
2016	2,064,259,382	206,425,938	86,637,325	341,175	(49,665,950)	-	37,312,550	18.08%
2015	2,052,563,692	205,256,369	82,344,557	-	(47,663,394)	-	34,681,163	16.90%
2014	2,044,415,909	204,441,591	86,899,525	-	(49,258,943)	-	37,640,582	18.41%

Notes:

Source: City of Salem Finance Department

(1) Includes real estate and public service corporation assessments from Table 5.

(2) The Enterprise Fund bonds are backed by the full faith and credit of the City but are expected to be paid from the revenue and receipts of the Enterprise Funds.

(3) School debt is included in the amount of debt applicable to limit.

TABLE 12
UNAUDITED

CITY OF SALEM, VIRGINIA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year Ended	Population	Total Personal Income (In Thousands)	Per Capita Personal Income	Public School Enrollment	Unemployment Rate
(1)	(2)	(3)	(3)	(4)	(5)
2023	25,523	\$ 7,004,787	\$ 57,434	3,650	3.0%
2022	25,373	6,588,916	54,977	3,701	3.0%
2021	25,346	6,391,212	53,489	3,756	4.0%
2020	25,301	6,254,966	52,248	3,882	7.7%
2019	25,643	5,962,802	49,860	3,872	2.9%
2018	25,862	5,785,780	48,384	3,889	3.4%
2017	25,549	5,758,037	48,047	3,843	4.1%
2016	25,432	5,435,865	45,577	3,751	4.0%
2015	25,483	5,159,100	43,418	3,797	5.2%
2014	25,299	4,984,547	42,288	3,770	5.2%

Notes:

(1) Population, public school enrollment and unemployment rate figures are based on fiscal years ending June 30. Per capita personal income figures are as of November.

(2) Population is based on intercensal estimates of the resident population for counties of Virginia: U.S Census Bureau, Population Division. Population was obtained from U.S. Census Bureau Population Estimates Program.

(3) Bureau of Economic Analysis (BEA). Total personal income reported is for Roanoke County and the City of Salem. No data is available for the City of Salem only. Per capita personal income was computed using Census Bureau midyear population estimates.

(4) Director of Business, School Division

(5) Virginia Employment Commission

TABLE 13
UNAUDITED

CITY OF SALEM, VIRGINIA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2023			2014		
	Rank	Ownership	Number of Employees	Rank	Ownership	Number of Employees
Veterans Administration Medical Center	1	Fed Govt.	1500-1800	1	Fed Govt.	1800-2000
Lewis-Gale Hospital HCA	2	Private	1100-1300	2	Private	1300-1500
Virginia Department of Transportation	3	State Govt.	600-700	7	State Govt.	400-500
Yokohama Industries	4	Private	600-700	3	Private	800-1000
Lewis Gale Physicians	5	Private	500-600	5	Private	500-600
City of Salem Schools	6	Local Govt.	500-600	6	Local Govt.	500-600
Roanoke College	7	Private	400-500	8	Private	400-500
City of Salem	8	Local Govt.	400-450	9	Local Govt.	400-500
Integer	9	Private	380-450			
Carter Machinery	10	Private	300-500			
U.S. Foodservice, Inc.				10	Private	400-500
General Electric				4	Private	700-900

Notes:

Source: City of Salem Economic Development

TABLE 14
UNAUDITED

CITY OF SALEM, VIRGINIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General government	74	74	71	77	71	76	70	69	69	67
Judicial administration	23	22	22	22	21	19	20	18	19	19
Public safety	159	158	163	166	167	153	152	157	157	159
Public works	86	79	80	84	84	82	79	89	88	94
Parks, recreation and cultural	33	34	33	34	33	32	30	32	32	31
Community development	3	3	2	3	3	3	3	2	3	3
Electric	23	27	23	28	29	28	27	27	29	27
Water and sewage	46	46	49	48	49	48	47	48	52	49
Civic Center	17	16	17	19	18	15	15	16	17	17
Catering and concessions	3	2	3	3	4	4	4	4	4	4
Total	467	461	463	484	479	460	447	462	470	470

Note:

Source: City of Salem Finance Department

TABLE 15
UNAUDITED

CITY OF SALEM, VIRGINIA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General government										
<i>Finance</i>										
Accounts payable checks issued	22,768	10,600	11,518	10,983	10,817	9,926	10,942	9,238	8,601	9,280
<i>Human resources</i>										
Positions filled (full-time and temporary)	183	223	126	138	156	164	158	154	140	184
<i>Registrar</i>										
Number of registered voters	17,727	17,756	17,542	17,158	16,785	16,887	16,704	16,584	16,282	16,695
<i>Fleet</i>										
Pieces of equipment maintained	560	584	593	573	576	568	575	567	583	576
Judicial administration										
<i>Sheriff</i>										
Inmates housed	1,622	1,867	1,987	2,373	2,790	2,961	3,132	2,681	2,730	2,885
Inmate transports	779	427	354	1,039	1,479	1,489	1,333	1,222	1,137	1,240
Courts worked	433	536	589	500	462	525	680	595	614	699
Public safety										
<i>Police</i>										
Calls for service	41,345	44,501	40,504	35,830	30,790	32,905	31,651	27,017	27,018	27,990
Accidents	1,052	911	830	917	1,079	1,026	1,015	1,108	983	1,053
DUI Arrests	53	58	60	66	109	137	91	92	63	68
<i>Fire</i>										
Calls for service	5,721	5,875	5,272	5,123	5,264	5,135	4,872	4,274	3,991	3,784
Emergency Responses - Fire	83	80	79	95	82	111	93	95	71	101
Emergency Responses - EMS	4,664	4,855	4,278	4,122	4,321	4,169	4,048	3,446	3,264	3,042
<i>Building inspections</i>										
Residential construction permits	163	187	183	177	181	188	175	158	150	198
Commercial construction permits	87	93	104	98	126	133	120	133	139	148
Public works										
<i>Refuse collection</i>										
Refuse collected (tons per year)*	15,000	15,351	16,040	17,424	16,409	16,261	18,208	88,565	80,827	82,905
Tons recycled	2,836	1,599	3,195	4,350	7,419	9,139	9,152	5,060	1,404	1,386
<i>Other public works</i>										
Tons of asphalt used in resurfacing	2,650	-	27,480	-	-	13,263	-	15,453	-	639
Square yards of milling completed	44,254	-	546,965	1,208	-	219,862	-	302,937	-	10,718
Tons of salt used	15	729	650	85	915	1,330	315	848	705	769
Leaves collected (loads)	331	285	246	335	302	350	113	295	360	293
Parks, recreation and cultural										
<i>Parks and recreation</i>										
Tournaments hosted	19	35	41	23	58	52	48	52	47	58
Special events held	25	27	22	29	35	28	26	25	26	24
Youth sports teams	133	127	51	130	135	148	151	151	155	164
Adult sports teams	23	20	17	34	30	27	28	29	27	29
<i>Library</i>										
Circulation	166,179	148,771	86,953	147,646	194,000	212,350	227,443	230,454	240,516	252,237
Children's program attendance	4,292	1,862	2,149	5,077	9,516	10,901	7,226	8,972	3,622	3,616
Patron visits to the library	74,425	71,798	27,034	102,485	152,091	167,389	170,879	172,012	178,323	195,878
New patrons	1,382	830	188	773	769	904	879	968	1,049	1,138
Internet sessions	29,386	26,022	26,332	41,008	55,932	39,884	28,554	25,944	27,571	28,965
Electric										
Number of customer accounts	13,710	13,333	13,227	13,217	13,129	13,084	12,838	12,880	13,021	13,204
Water										
Number of customer accounts	9,711	9,739	9,720	9,665	9,636	9,482	9,567	9,486	9,381	9,372
Million gallons sold to customers	831	871	862	859	910	861	850	932	989	876
Sewage										
Number of customer accounts	9,123	9,181	9,160	9,108	9,072	9,041	9,018	8,952	8,929	8,824
Waste/water treated (million gallons/day)	5.6	5.8	7.9	7.3	8.7	6.0	7.2	9.1	6.8	7.8
Civic Center										
Concerts	10	13	5	13	13	15	13	11	6	9
Meetings	613	609	522	475	614	599	660	852	778	721
Tickets sold	91,255	81,276	16,531	66,954	78,745	93,510	88,662	93,373	73,668	82,929
Arena utilization days	173	156	86	108	155	162	202	215	198	191

Notes:

Source: Various City of Salem Departments

*In FY2017, Roanoke Valley Resource Authority (RVRA) started managing waste disposal services instead of the City Transfer Station.

TABLE 16
UNAUDITED

CITY OF SALEM, VIRGINIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public safety										
Police station	1	1	1	1	1	1	1	1	1	1
Law enforcement vehicles	52	60	57	52	53	48	47	47	46	48
Fire stations	3	3	3	3	3	3	3	3	3	3
Fire trucks	6	6	5	5	6	7	7	7	6	6
Ambulances	5	5	4	4	4	4	4	4	4	4
Public works										
Primary streets (lane miles)	68	68	68	68	68	68	68	68	68	68
Secondary streets (lane miles)	272	272	272	272	272	272	272	272	272	272
Alleys (lane miles)	12	12	12	12	12	12	12	12	12	12
Garbage trucks	18	18	19	17	17	16	16	16	16	14
Parks, recreation and cultural										
Community center/senior center	1	1	1	1	1	1	1	1	1	1
Parks/athletic fields	15	15	15	15	15	15	15	15	15	15
Acres of parks maintained	495	495	495	495	495	495	495	495	495	495
Library	1	1	1	1	1	1	1	1	1	1
Golf course	1	1	1	1	1	1	1	1	1	1
Dog park	1	1	1	1	1	1	1	1	1	1
Electric										
Substations	11	11	11	11	11	11	11	11	11	11
Overhead distribution lines (miles)	160	161	161	161	163	163	166	165	172	172
Underground distribution lines (miles)	43	41	41	41	42	42	40	42	38	38
Transmission lines (miles)	17	17	17	17	17	17	17	17	17	17
Water and sewage										
Water treatment plant	1	1	1	1	1	1	1	1	1	1
Water distribution lines (miles)	178	177	176	176	176	176	176	176	175	175
Sanitary sewer lines (miles)	198	171	171	171	170	170	170	170	170	170

Notes:

Source: City of Salem Finance Department

COMPLIANCE SECTION



The Compliance Section of the City of Salem, Virginia's Annual Comprehensive Financial Report includes reports from the independent auditors.

CITY OF SALEM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

Federal Grantor <i>Pass-through Grantor</i> Program Title or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number		Federal Expenditures	Passed Through to Subrecipients
Department of Agriculture					
Local Environmental Agricultural Project Inc					
Food Insecurity Nutrition Incentive Grants Program	10.331	FINI-120		\$ 3,960	
Food Insecurity Nutrition Incentive Grants Program-GusNIP	10.331	--		966	
Virginia Department of Agriculture and Consumer Services					
SNAP Cluster:					
Supplemental Nutrition Assistance Program	10.551	--	\$ 6,617		
Total SNAP Cluster				6,617	
Child Nutrition Cluster:					
Food Distribution - Commodities	10.555	--	194,604		
COVID-19 State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	202222S900941		3,135	
Virginia Department of Education					
Child Nutrition Cluster (Continued):					
National School Breakfast Program	10.553	202222N11994 1	41,799		
National School Breakfast Program	10.553	202323N11994 1	286,369		
National School Lunch Program	10.555	202222N11994 1	176,646		
National School Lunch Program	10.555	202222N89034 1	66,373		
National School Lunch Program	10.555	202323N11994 1	922,222		
National School Lunch Program	10.555	202322N89034 1	32,185		
Total Child Nutrition Cluster				1,720,198	
Department of Justice					
Direct Payments					
Bulletproof Vest Partnership Program	16.607	--		7,287	
Virginia Department of Criminal Justice Services					
Crime Victim Assistance	16.575	23-01281VW19		75,335	
Edward Byrne Memorial Justice Assistance Grant Program:					
Edward Byrne Memorial Justice Assistance Grant Program FY21	16.738	500919	1,139		
Edward Byrne Memorial Justice Assistance Grant Program FY22	16.738	500919	859		
Edward Byrne Memorial Justice Assistance Grant Program Total				1,998	
Department of Transportation					
Virginia Department of Transportation					
Highway Planning and Construction:					
Hanging Rock Battlefield Phase 2	20.205	UPC 106268	212,325		
Apperson Drive Bridge Replacement	20.205	UPC 110574	323,574		
Mason Creek Greenway Phase 3	20.205	UPC 111367	52,914		
Downtown Streetscape and Intersection Improvements	20.205	UPC 111371	114,170		
Elizabeth Campus Greenway	20.205	UPC 113566	95,329		
Downtown Streetscape and Intersection Improvements	20.205	UPC 119473	16,280		
Total Highway Planning and Construction				814,592	
Virginia Division of Motor Vehicles					
Highway Safety Cluster:					
State and Community Highway Safety:					
Selective Enforcement - Speed FY22	20.600	FCS-2022-52190-22190	2,230		
Selective Enforcement - Speed FY23	20.600	BSC-2023-53210-23210	10,707		
Selective Enforcement - Pedestrian/Bicycle FY22	20.600	FPS-2022-52191-22191	792		
Total Highway Safety Cluster				13,729	
Alcohol Open Container Requirements:					
Selective Enforcement - Alcohol FY23	20.607	ENF_AL-2023-53192-23192		8,511	
Department of the Treasury					
Virginia Department of Accounts					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds:					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds - City	21.027	Not available	25,841,486		
Virginia Department of Education					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (Continued):					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds - School Division	21.027	SLFRP1026	778,950		
Virginia Tourism Corporation					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (Continued):					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds - Virginia ARPA Tourism Recovery Program	21.027	Not available	31,245		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds - Virginia ARPA Sports Marketing Incentive Program	21.027	1032	5,500		
Total COVID-19 Coronavirus State and Local Fiscal Recovery Funds				26,657,181	
Department of Education					
Virginia Department of Education					
Adult Education - Basic Grants to States:					
Adult Education - Basic Grants to States 2020	84.002	V002A200047	633		
Adult Education - Basic Grants to States 2021	84.002	V002A210047	18,610		84
Adult Education - Basic Grants to States 2022	84.002	V002A220047	292,667		231,669
Total Adult Education - Basic Grants to States				311,910	

(Continued)

CITY OF SALEM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2023

Federal Grantor <i>Pass-through Grantor</i> Program Title or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
Department of Education (Continued)				
Virginia Department of Education (Continued)				
Title I Grants to Local Education Agencies:				
Title I Grants to Local Educational Agencies 2020	84.010	S010A200046	913	
Title I Grants to Local Educational Agencies 2021	84.010	S010A210046	56,207	
Title I Grants to Local Educational Agencies 2022	84.010	S010A220046	558,638	
Total Title I Grants to Local Education Agencies				615,758
Special Education Cluster (IDEA):				
Special Education - Grants to States (IDEA, Part B) 2020	84.027	H027A200107	13,385	
Special Education - Grants to States (IDEA, Part B) 2021	84.027	H027A210107	32,197	
Special Education - Grants to States (IDEA, Part B) 2022	84.027	H027A220107	761,978	
Special Education - Grants to States (IDEA, Part B) 2023	84.027	H027A230107	128,953	
Special Education - Grants to States (IDEA, Part B ARP) 2021	84.027X	H027X210107	109,594	
Special Education - Preschool Grants (IDEA Preschool) 2021	84.173	H173A210112	630	
Special Education - Preschool Grants (IDEA Preschool) 2022	84.173	H173A220112	13,897	
Total Special Education Cluster (IDEA)				1,060,634
Career and Technical Education - Basic Grants to States:				
Career and Technical Education - Basic Grants to States (Perkins IV) 2021	84.048	V048A210046	839	
Career and Technical Education - Basic Grants to States (Perkins IV) 2022	84.048	V048A220046	55,779	
Total Career and Technical Education - Basic Grants to States				56,618
English Language Acquisition State Grants:				
English Language Acquisition State Grants 2019	84.365	S365A190046	463	
English Language Acquisition State Grants 2022	84.365	S365A220046	16,396	
Total English Language Acquisition State Grants				16,859
Supporting Effective Instruction State Grants:				
Supporting Effective Instruction State Grants 2020	84.367	S367A200044	143	
Supporting Effective Instruction State Grants 2021	84.367	S367A210044	15,658	
Supporting Effective Instruction State Grants 2022	84.367	S367A220044	79,898	
Total Supporting Effective Instruction State Grants				95,699
Student Support and Academic Enrichment Grants:				
Student Support and Academic Enrichment Grants 2020	84.424	S424A200048	1,045	
Student Support and Academic Enrichment Grants 2022	84.424	S424A220048	39,632	
Total Student Support and Academic Enrichment Grants				40,677
COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425C	S425C200042		18,804
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund 2021	84.425D	S425D210008		384,882
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	84.425U	S425U210008		1,648,160
The College of William & Mary				
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W	S425W210048		7,495
Department of Health and Human Services				
Virginia Department of Health				
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	SLCSST610GY23		16,928
Public Health Crisis Response - COVID-19	93.354	NU90TP922153		31,925
Preventative Health and Health Services Block Grants:				
Preventative Health and Health Services Block Grant FY22	93.991	709BI220076	800	
Preventative Health and Health Services Block Grant FY23	93.991	709BI2300188	13,665	
Total Preventative Health and Health Services Block Grants				14,465
Virginia Office of Children's Services				
Social Services Block Grant	93.667	--		8,808
Total Expenditures of Federal Awards			\$33,643,131	\$ 231,753

Note 1: Basis of Accounting

This schedule was prepared on the modified accrual basis of accounting.

Note 2: Nonmonetary Assistance

Nonmonetary assistance is reported in the Schedule of Expenditures of Federal Awards at the fair market value of the food commodities disbursed. As of June 30, 2023, the City of Salem School Division (School Division) had food commodities in inventory of \$58,821.

Note 3: Indirect Cost Rate

The City and School Division did not elect to use the 10% de minimis indirect cost rate.

Note 4: Outstanding Loan Balances

At June 30, 2023, the City and School Division had no outstanding loan balances requiring continuing disclosure.

**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**

To the Honorable Members of City Council
City of Salem, Virginia
Salem, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Salem, Virginia (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 16, 2023.

Report on 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 (internal control) as a basis for designing 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. **Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.**

Report on 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 grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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. **The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs, as item 2023-001.**

City of Salem's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subject to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 16, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

To the Honorable Members of City Council
City of Salem, Virginia
Salem, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited the City of Salem, Virginia's (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal documentation of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Report on Compliance for Each Major Federal Program (Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Report on Internal Control over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. **Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.**

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 16, 2023

CITY OF SALEM, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2023

As more fully described in 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*, we performed tests of the City's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia:

Budget and Appropriation Laws
Cash and Investment Laws
Conflicts of Interest Act
Debt Provisions
Local Retirement Systems
Procurement Laws
Uniform Disposition of Unclaimed Property Act
Sheriff Internal Controls
Comprehensive Services Act

State Agency Requirements:

Education
Urban Highway Maintenance
Fire Programs Aid to Localities

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal programs selected for testing.

CITY OF SALEM, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the basic financial statements.
2. **No significant deficiencies and no material weaknesses** related to the audit of the financial statements were reported in 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*.
3. **No instances of noncompliance material** to the basic financial statements were disclosed during the audit.
4. **No significant deficiencies and no material weaknesses** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no findings** relating to major programs.
7. The programs tested as major programs include:

Name of Programs	Assistance Lising #
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027
Child Nutrition Cluster:	
School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program	10.559
COVID-19 – Education Stabilization Fund	84.425

8. The **threshold for** distinguishing Types A and B programs was **\$1,009,294**.
9. The City **was determined to be a low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

2023-001: Exoneration Forms

Condition:

Personal property exoneration sheets did not contain any evidence of review and approval from the Commissioner of Revenue.

Recommendation:

Procedures should be implemented to ensure that each exoneration sheet is reviewed, signed, and dated by both the Commissioner of Revenue and another staff member.

CITY OF SALEM, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023**

D. FINDINGS – COMMONWEALTH OF VIRGINIA (Continued)

2023-001: Exoneration Forms (Continued)

Management's Response:

Management concurs with the recommendation. Each weekly exoneration sheet will now be signed and dated by both the Commissioner of Revenue and another staff member.

**Department of Finance
City of Salem, Virginia**

Rosemarie B. Jordan, CPA

Director of Finance

Accounting/Accounts Payable/Purchasing

Patricia L. Bidanset
Ellen T. Bowen, CPA
Michelle Braxton
Jordan M. Doyle
Connor K. Kennedy
Dawn M. Layne
Amy R. Morris, CPA
Tammy H. Todd, CPA, CPFO

Senior Accountant
Financial Services Supervisor
Purchasing Manager
Senior Accountant
Accountant
Accounting Supervisor
Special Projects Accountant
Assistant Director of Finance

Administrative

Alyson R. Chaisson

Finance Administrative Secretary/
Accounting Technician

Payroll

Tara N. Pugh
Carrington R. Sumner

Payroll Technician
Payroll Manager

Item #6B
Date: 12/11/2023

AT A REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF SALEM, VIRGINIA
HELD AT CITY HALL

MEETING DATE: December 11, 2023

AGENDA ITEM: Request to appropriate additional RSTP funding and local funding for the Elizabeth Campus Greenway

SUBMITTED BY: Rosemarie B. Jordan, Director of Finance

SUMMARY OF INFORMATION:

In March 2020, RSTP (Regional Surface Transportation Program) funds of \$1,104,400 were awarded and appropriated for the completion of the Elizabeth Campus Greenway. No local match is required for these funds. Due to significant inflation subsequent to the original appropriation date, additional RSTP federal funding of \$996,861 was awarded to complete the project. In addition, local funds of \$151,317 are estimated to be needed to complete the project. General Fund reserves will be used to cover the local funding needed.

A total of \$2,252,578 has been allocated to complete the Elizabeth Campus Greenway, which will consist of approximately a mile and half of paved multiuse trail completing the missing link between the Mason Creek Greenway and the East Main Street Greenway along Lynchburg Turnpike.

FISCAL IMPACT:

The additional RSTP funds and local funding will allow the City to construct the Elizabeth Campus Greenway linking two sections of greenway already completed.

STAFF RECOMMENDATION:

Staff recommends accepting the additional RSTP funds of \$996,861 and appropriating \$996,861 to the Capital Projects Federal Grants revenue account, 20-012-0200-48995, and to the Elizabeth Campus Greenway account, 20-042-0205-54721.

Staff recommends appropriating \$151,317 to the Capital Projects Transfer from General Fund account, 20-012-0200-49905, and to the Elizabeth Campus Greenway account, 20-042-0205-54721. Staff recommends appropriating \$151,317 to the General Fund Designation of Beginning Fund Balance account, 10-012-0100-40200 and to the Transfer

To Capital Projects account, 10-012-9100-59410.

Budget Entry

Date	GL Account	Account Name	Increase/ (Decrease)	Description
12/11/2023	10-012-0100-40200	Designation of Beginning Fund Balance	151,317	Council 12/11 - Appropriate Addl Fed and Local Funds to Elizabeth Campus
12/11/2023	10-012-9100-59410	Transfer to Capital Projects	151,317	Council 12/11 - Appropriate Addl Fed and Local Funds to Elizabeth Campus
12/11/2023	20-012-0200-49905	Transfer From General Fund - Capital Projects	151,317	Council 12/11 - Appropriate Addl Fed and Local Funds to Elizabeth Campus
12/11/2023	20-012-0200-48995	Federal Grants - Capital Projects	996,861	Council 12/11 - Appropriate Addl Fed and Local Funds to Elizabeth Campus
12/11/2023	20-042-0205-54721	Elizabeth Campus Greenway	1,148,178	Council 12/11 - Appropriate Addl Fed and Local Funds to Elizabeth Campus

Item #6C
Date: 12/11/2023

AT A REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF SALEM, VIRGINIA
HELD AT CITY HALL

MEETING DATE: December 11, 2023

AGENDA ITEM: Request to accept and appropriate the FY24 Staffing Recognition Grant from Virginia 911 Services Board

SUBMITTED BY: Rosemarie B. Jordan, Director of Finance

SUMMARY OF INFORMATION:

911 Centers across the state are observing staffing issues. The City was awarded a Staffing Recognition Grant in the amount of \$47,500 from the Virginia 911 Services Board to help address the staffing crisis at the City's 911 Communications Center and reward current staff for their efforts. Full-time telecommunicators and PSAP supervisors will receive a one-time bonus of \$2,500 and part-time telecommunicators will receive a one-time bonus of \$1,250. No local match is required.

FISCAL IMPACT:

The \$47,500 grant will allow the City to pay one-time bonuses to telecommunicators.

STAFF RECOMMENDATION:

Staff recommends accepting the \$47,500 grant from the Virginia 911 Services Board and appropriating \$47,500 in state grant revenue, account 10-030-0100-48395. Increase the expenditure budget for Communication Center's full-time salaries, account 10-030-3140-51100 by \$45,000 and part-time salaries, 10-030-3140-51300, by \$2,500.

Budget Entry

Date	GL Account	Account Name	Increase/ (Decrease)	Description
12/11/2023	10-030-0100-48395	Police State Grants	47,500	Appropriate Staffing Recognition grant per 12/11 council action
12/11/2023	10-030-3140-51100	Salaries-Regular	45,000	Appropriate Staffing Recognition grant per 12/11 council action
12/11/2023	10-030-3140-51300	Part-Time Salaries-Regular	2,500	Appropriate Staffing Recognition grant per 12/11 council action

Item# 6D
Date: 12/11/2023

AT A REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF SALEM, VIRGINIA
HELD AT CITY HALL

MEETING DATE: December 11, 2023

AGENDA ITEM: Request to appropriate additional Smart Scale Funding and local funding for Downtown Improvements

SUBMITTED BY: Rosemarie B. Jordan, Director of Finance

SUMMARY OF INFORMATION:

In March 2020, Smart Scale federal funding of \$3,629,869 was awarded and appropriated for streetscape and intersection improvements along Main Street from Market Street to Thompson Memorial. This award required no local match.

Due to significant inflation subsequent to the original appropriation date, additional Smart Scale federal funding of \$366,012 was awarded to complete the project. In addition, local funds of \$1,444,796 are estimated to be needed to complete the project. \$250,000 of local funds is included in the 2023-2024 General Fund adopted budget. The remaining local funding needed of \$1,194,796 will be covered by General Fund reserves. Total allocated to the project is \$5,440,677.

FISCAL IMPACT:

The additional Smart Scale funding and local funding will allow the City to complete a portion of the streetscape and intersection improvements in Downtown from Market Street to Thompson Memorial.

STAFF RECOMMENDATION:

Staff recommends accepting the additional Smart Scale funding of \$366,012 and appropriating \$366,012 to the Capital Projects Federal Grants revenue account, 20-012-0200-48995, and to the Downtown Improvement – E Main St/Market St to Thompson expenditure account, 20-080-0205-54806.

Staff recommends appropriating \$1,444,796 to the Capital Projects Transfer from General Fund account, 20-012-0200-49905, and to the Downtown Improvement – E Main St/Market St to Thompson expenditure account, 20-080-0205-54806.

Staff recommends appropriating \$1,194,796 to the General Fund Designation of Beginning Fund Balance account, 10-012-0100-40200, and to the Transfer To Capital Projects

account, 10-012-9100-59410.

Budget Entry

Date	GL Account	Account Name	Increase/ (Decrease)	Description
12/11/2023	10-012-0100-40200	Designation of Beginning Fund Balance	1,194,796	Council 12/11 - Appropriate Addl Fed and Local Funds to Downtown Impr
12/11/2023	10-012-9100-59410	Transfer to Capital Projects	1,194,796	Council 12/11 - Appropriate Addl Fed and Local Funds to Downtown Impr
12/11/2023	20-012-0200-49905	Transfer From General Fund - Capital Projects	1,444,796	Council 12/11 - Appropriate Addl Fed and Local Funds to Downtown Impr
12/11/2023	20-012-0200-48995	Federal Grants - Capital Projects	366,012	Council 12/11 - Appropriate Addl Fed and Local Funds to Downtown Impr
12/11/2023	20-080-0205-54806	Downtown Improvement - E Main St/Market St to Thomspn	1,810,808	Council 12/11 - Appropriate Addl Fed and Local Funds to Downtown Impr

Item #6E
Date: 12/11/2023

AT A REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF SALEM, VIRGINIA
HELD AT CITY HALL

MEETING DATE: December 11, 2023

AGENDA ITEM: Request to accept and appropriate the FY24 Enterprise GIS Software Grant from Virginia 911 Services Board

SUBMITTED BY: Rosemarie B. Jordan, Director of Finance

SUMMARY OF INFORMATION:

The City was awarded the FY24 Enterprise GIS Software Grant in the amount of \$3,000 from the Virginia 911 Services Board to support GIS software needs. No local match is required.

FISCAL IMPACT:

The \$3,000 grant will cover costs related to the GIS system.

STAFF RECOMMENDATION:

Staff recommends accepting the \$3,000 grant from the Virginia 911 Services Board and appropriating \$3,000 in state grant revenue, account 10-030-0100-48395. Increase the expenditure budget for Communication Center's state grant account, 10-030-3140-55859, by \$3,000.

Budget Entry

Date	GL Account	Account Name	Increase/ (Decrease)	Description
12/11/2023	10-030-0100-48395	Police State Grants	3,000	Appropriate Enterprise GIS Software grant per 12/11 council action
12/11/2023	10-030-3140-55859	State Grants	3,000	Appropriate Enterprise GIS Software grant per 12/11 council action

Item #6F
Date: 12/11/2023

AT A REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF SALEM, VIRGINIA
HELD AT CITY HALL

MEETING DATE: December 11, 2023

AGENDA ITEM: Request to re-appropriate funding for a Building Inspections vehicle

SUBMITTED BY: Rosemarie B. Jordan, Director of Finance

SUMMARY OF INFORMATION:

In fiscal year 2023, funds were budgeted for a Building Inspections vehicle that was unable to be purchased. A fiscal year 2023 purchase order was completed prior to June 30, 2023; however, the vendor was unable to fulfill delivery of the vehicle due to lack of availability. The Building Inspections department was not notified of the cancellation until fiscal year 2024. Funding needs to be reappropriated in fiscal year 2024 in order to purchase this vehicle.

FISCAL IMPACT:

Re-appropriated funds will be used to cover the cost of a Building Inspections vehicle.

STAFF RECOMMENDATION:

Staff recommends re-appropriating fund balance of \$35,000 to the Designation of Beginning Fund Balance account, 10-012-0100-40200, and the Motor Vehicles and Equipment account for Building Inspections, 10-042-3410-58004.

Budget Entry

Date	GL Account	Account Name	Increase/ (Decrease)	Description
12/11/2023	10-012-0100-40200	Designation of Beginning Fund Balance	35,000	Council 12/11 - Reappropriate building inspections vehicle
12/11/2023	10-042-3410-58004	Motor Vehicles and Equipment	35,000	Council 12/11 - Reappropriate building inspections vehicle

Item #6G
Date: 12/11/2023

AT A REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF SALEM,
VIRGINIA HELD AT CITY HALL

MEETING DATE: December 11, 2023

AGENDA ITEM: Request to Appropriate General Fund Reserves for Streetscape Improvements for the development at the former Valleydale Plant

SUBMITTED BY: Rosemarie B. Jordan, Director of Finance

SUMMARY OF INFORMATION:

As part of the performance agreement between the City of Salem, the Economic Development Authority of the City of Salem, and Valleydale Catalyst LLC, the City agreed to spend up to \$1,500,000 for streetscape and related utility improvements to support the development at the former Valleydale Plant. These street beautification and utility improvements are to be completed within 24 months of the issuance of the building permit for the first apartment building. General Fund reserves will be used to cover the \$1,500,000 needed to complete these streetscape improvements.

FISCAL IMPACT:

Appropriating General Fund reserves will allow the City to fulfill its obligation under the performance agreement to fund \$1,500,000 towards these agreed upon improvements.

STAFF RECOMMENDATION:

Staff recommends appropriating \$1,500,000 to the Designation of Beginning Fund Balance account, 10-012-0100-40200, and to the Transfer to Capital Projects account, 10-012-9100-59410, in the General Fund.

Staff recommends appropriating \$1,500,000 to the Transfer from General Fund account, 20-012-0200-49905, and to the Valleydale Streetscape Improvements account, 20-042-0205-54420, in the Capital Projects Fund.

Budget Entry

Date	GL Account	Account Name	Increase/ (Decrease)	Description
12/11/2023	10-012-0100-40200	Designation of Beginning Fund Balance	1,500,000	Council 12/11 - Appropriate GF Reserve Valleydale Streetscape Impr
12/11/2023	10-012-9100-59410	Transfer To Capital Projects	1,500,000	Council 12/11 - Appropriate GF Reserve Valleydale Streetscape Impr
12/11/2023	20-012-0200-49905	Transfer From General Fund - Capital Projects	1,500,000	Council 12/11 - Appropriate GF Reserve Valleydale Streetscape Impr
12/11/2023	20-042-0205-54420	Valleydale Streetscape Improvements	1,500,000	Council 12/11 - Appropriate GF Reserve Valleydale Streetscape Impr

Item #6H
Date: 12/11/2023

AT A REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF SALEM, VIRGINIA
HELD AT SALEM CIVIC CENTER

MEETING DATE: December 11, 2023

AGENDA ITEM: Request to amend the School Operating Fund and School Grants Fund budgets as approved by the School Board on November 14, 2023

SUBMITTED BY: Rosemarie B. Jordan, Director of Finance

SUMMARY OF INFORMATION:

The School Operating Fund and School Grants Fund budgets were amended for fiscal year 2023-2024 by the School Board at their meeting on November 14, 2023. The Board amended the Operating Fund budget to increase revenues and expenditures by \$322,131 and the Grants Fund to increase revenues and expenditures by \$1,222,014. The attached memo details the appropriation changes.

FISCAL IMPACT:

Appropriation changes totaling \$322,131 and \$1,222,014 to be made to the School Operating and Grants Funds, respectively.

STAFF RECOMMENDATION:

Staff recommends that Council approve the School Board's appropriation changes of \$322,131 to the School Operating Fund and \$1,222,014 to the School Grants Fund per the attached report.

Salem City Schools
Budget Amendments FY 24
November 14, 2023

Summary of Issue:

Presented for your consideration are amendments to the 2023-2024 School Operating Fund and School Grants Fund budgets. Amendments are required for a variety of reasons. When the Board adopts the budget, it is based on known facts and assumptions made throughout the budget process. Over time, these assumptions change; demands may be made by parents and/or students, state mandates previously unknown may come in to play, student enrollment may change, and even the Board itself may place additional requirements on school finances. In this instance, the State approved a “skinny budget” at the end of June for governments to have a working budget for FY 2024. They have since (September 2023) approved a full budget that has implications on funding of our division budget. We can now amend the budget to reflect the final State revenues to be received by Salem City Schools.

School Operating Fund

- **State revenue** is increased by \$322,131 due to changes made by the General Assembly based on an increase in the compensation supplement and a reduction in the support cap by three positions.
- **Expenditures** are increased by the same \$322,131 net amount in various cost centers to offset the increase in revenues within salary and benefit lines for the increases to compensation for employees for the additional percent to get all employees to a 7% raise over FY 23 salaries. Any additional funding will be used to offset the cost of the raises.

School Grants Fund

- The State also allocated new funding for ALL In Tutoring (\$1,222,014) in the adopted budget. The ALL In Tutoring funds are allocated to accounts aligning with the required spending plan to pay tutors and for tutoring related expenditures. Examples of how these funds will be used are below:
 - Teachers on Special Assignment specifically for tutoring small groups
 - Hourly tutors to work with students in small groups
 - An English Language (EL) Teacher position to work on tutoring with the growing EL population
 - An AIIMS Teacher position to work on tutoring in our alternative setting
 - Increasing hours for a Reading Specialist to full time to address needs of students to improve reading scores

- To purchase curriculum required by the Virginia Literacy Act
- An Attendance position to help with making sure students are in school where tutoring will occur.

Cafeteria & Capital Projects Funds are in satisfactory condition and we are not recommending any amendments at the time.

Policy Reference:

DA-BR Budget Transfers

Fiscal Impact:

The budget adjustments in attachment A will increase the revenue and expenditure budgets in the school operating fund in total by the same amount of **\$ 322,131**. The budget adjustments in attachment B will increase the revenue and expenditure budgets in the school grants fund in total by the same amount of **\$ 1,222,014**.

Recommended Action:

Move approval of the budget amendments in the School Operating and School Grants Funds as presented and recommend that City Council approve the same

Budget Worksheet Report

2024 City Council/Board

Approval Amended Budget Requested

Adjustment Needed

G/L Account Number Account Description

Fund: 30 - School General Fund

REVENUES

Attachment A

Department: 110 - Central Instruction

Cost Center: 00 - Revenue

Sub-Function: 00 - Revenues

Level: 9 - District Wide

Program: 000 - General Revenue

30-110-00-00-9-000-61006	Basic Aid	12,340,641.00	12,533,777.00	193,136.00
30-110-00-00-9-000-61009	Vocational Education	237,649.00	234,348.00	(3,301.00)
30-110-00-00-9-000-61012	Gifted Education	124,483.00	122,754.00	(1,729.00)
30-110-00-00-9-000-61015	Special Education	1,391,942.00	1,372,609.00	(19,333.00)
30-110-00-00-9-000-61018	Textbooks (SOQ)	299,618.00	295,457.00	(4,161.00)
30-110-00-00-9-000-61021	Prevention, Intervention, Remediation	310,075.00	305,768.00	(4,307.00)
30-110-00-00-9-000-61050	VRS Teacher Retirement Reimb- Instructional	1,688,437.00	1,664,986.00	(23,451.00)
30-110-00-00-9-000-61053	FICA Reimb - Instructional	724,262.00	714,203.00	(10,059.00)
30-110-00-00-9-000-61056	VRS Group Life Insurance Reimb - Instructional	52,056.00	51,333.00	(723.00)
30-110-00-00-9-000-61101	At Risk (Incentive Funded)	397,030.00	251,135.00	(145,895.00)
30-110-00-00-9-000-61113	Compensation Supplement	1,644,403.00	1,832,735.00	188,332.00
30-110-00-00-9-000-61330	At Risk (Lottery Funded)	278,794.00	432,768.00	153,974.00
30-110-00-00-9-000-63115	Alternative Ed Program Reimbursement	93,561.00	93,209.00	(352.00)
Program Total: 000 - General Revenue		\$19,582,951.00	\$19,905,082.00	\$322,131.00
Level Total: 9 - District Wide		\$19,582,951.00	\$19,905,082.00	\$322,131.00
Sub-Function Total: 00 - Revenues		\$19,582,951.00	\$19,905,082.00	\$322,131.00
Cost Center Total: 00 - Revenue		\$19,582,951.00	\$19,905,082.00	\$322,131.00
Department Total: 110 - Central Instruction		\$19,582,951.00	\$19,905,082.00	\$322,131.00
REVENUES Total		\$19,582,951.00	\$19,905,082.00	\$322,131.00

EXPENSES

30-121-62-62-9-212-71110	Compensation - Administrative	88,806.00	94,250.00	5,444.00
30-121-62-62-9-212-72210	VRS Pension Contribution	88,383.00	89,200.00	817.00
30-121-62-62-9-214-71110	Compensation - Administrative	124,222.00	128,668.00	4,446.00
30-121-62-62-9-214-72210	VRS Pension Contribution	34,144.00	34,961.00	817.00
30-121-62-62-9-216-71110	Compensation - Administrative	124,222.00	128,668.00	4,446.00
30-121-62-62-9-216-72210	VRS Pension Contribution	39,110.00	39,927.00	817.00
30-110-61-31-2-120-71110	Compensation - Administrative	113,665.00	118,111.00	4,446.00
30-110-61-31-2-120-72210	VRS Pension Contribution	28,923.00	29,590.00	667.00
30-110-61-31-3-120-71110	Compensation - Administrative	113,665.00	115,887.00	2,222.00
30-110-61-31-3-120-72210	VRS Pension Contribution	28,923.00	29,256.00	333.00
30-110-61-31-2-110-71110	Compensation - Administrative	138,558.00	181,701.00	43,143.00
30-110-61-31-2-110-72210	VRS Pension Contribution	27,341.00	32,554.00	5,213.00
30-110-61-31-3-110-71110	Compensation - Administrative	0.00	17,374.00	17,374.00
30-110-61-31-3-110-72210	VRS Pension Contribution	9,849.00	12,455.00	2,606.00
30-111-61-10-3-110-71120	Compensation-Instructional Salaries	3,883,889.00	3,942,379.00	58,490.00
30-111-61-10-3-110-72210	VRS Pension Contribution	650,721.00	659,494.00	8,773.00
30-112-61-10-4-110-71120	Compensation-Instructional Salaries	3,174,822.00	3,215,685.00	40,863.00
30-112-61-10-4-110-72210	VRS Pension Contribution	546,172.00	552,302.00	6,130.00
30-113-61-10-2-110-71120	Compensation-Instructional Salaries	1,774,950.00	1,796,356.00	21,406.00
30-113-61-10-2-110-72210	VRS Pension Contribution	320,816.00	324,027.00	3,211.00
30-114-61-10-2-110-71120	Compensation-Instructional Salaries	1,607,017.00	1,626,206.00	19,189.00
30-114-61-10-2-110-72210	VRS Pension Contribution	291,876.00	294,754.00	2,878.00
30-115-61-10-2-110-71120	Compensation-Instructional Salaries	1,339,162.00	1,357,736.00	18,574.00

Budget Worksheet Report

G/L Account Number		2024 City Council/Board Approval		Amended Budget Requested	Adjustment Needed
30-115-61-10-2-110-72210	VRS Pension Contribution		247,667.00	250,453.00	2,786.00
30-116-61-10-2-110-71120	Compensation-Instructional Salaries		1,550,113.00	1,570,490.00	20,377.00
30-116-61-10-2-110-72210	VRS Pension Contribution		279,657.00	282,713.00	3,056.00
30-122-62-62-9-222-71131	Compensation-School Nurses		379,332.00	388,090.00	8,758.00
30-122-62-62-9-222-72210	VRS Pension Contribution		74,679.00	75,993.00	1,314.00
30-130-63-63-9-320-71170	Compensation-Bus Drivers		665,445.00	677,215.00	11,770.00
30-130-63-63-9-320-72210	VRS Pension Contribution		12,777.00	14,542.00	1,765.00
EXPENSES Total			\$17,758,906.00	\$18,081,037.00	\$322,131.00
Fund REVENUE Total: 30 - School General Fund					\$322,131.00
Fund EXPENSE Total: 30 - School General Fund					\$322,131.00
Fund Total: 30 - School General Fund					\$0.00

Salem City Schools			
Budget Adjustments 11/14/2023			
		Attachment B	
<u>To set up budget for new revenues received in FY 24</u>			
Account Code	Description	Revenue Amount	Expenditure Amount
Grant Fund			
32-680-00-00-9-000-6XXXX	ALL In Tutoring Per Pupil Funding	\$ 1,222,014.00	
32-680-61-10-2-110-71120	Compensation-Instructional Salaries		\$ 172,921.00
32-680-61-10-2-110-72100	FICA		\$ 13,228.00
32-680-61-10-2-110-72210	VRS Pension Contribution		\$ 28,141.00
32-680-61-10-2-110-72300	Group Health & Dental Insurance		\$ 31,356.00
32-680-61-10-2-110-72400	VRS Group Life Insurance		\$ 2,269.00
32-680-61-10-2-110-72750	VRS Retiree Health Care Credit		\$ 2,049.00
32-680-61-10-3-121-71120	Compensation-Instructional Salaries		\$ 120,434.00
32-680-61-10-3-121-72100	FICA		\$ 9,213.00
32-680-61-10-3-121-72210	VRS Pension Contribution		\$ 20,016.00
32-680-61-10-3-121-72300	Group Health & Dental Insurance		\$ 17,246.00
32-680-61-10-3-121-72400	VRS Group Life Insurance		\$ 1,614.00
32-680-61-10-3-121-72750	VRS Retiree Health Care Credit		\$ 1,457.00
32-680-61-10-2-120-71146	Compensation - ELL		\$ 97,994.00
32-680-61-10-2-120-72100	FICA		\$ 7,497.00
32-680-61-10-2-120-72210	VRS Pension Contribution		\$ 16,287.00
32-680-61-10-2-120-72300	Group Health & Dental Insurance		\$ 17,246.00
32-680-61-10-2-120-72400	VRS Group Life Insurance		\$ 1,313.00
32-680-61-10-2-120-72750	VRS Retiree Health Care Credit		\$ 1,186.00
32-680-61-10-4-110-71120	Compensation-Instructional Salaries		\$ 85,061.00
32-680-61-10-4-110-72100	FICA		\$ 6,507.00
32-680-61-10-4-110-72210	VRS Pension Contribution		\$ 14,137.00
32-680-61-10-4-110-72300	Group Health & Dental Insurance		\$ 17,246.00
32-680-61-10-4-110-72400	VRS Group Life Insurance		\$ 1,140.00
32-680-61-10-4-110-72750	VRS Retiree Health Care Credit		\$ 1,029.00
32-680-61-10-4-110-71120	Compensation-Instructional Salaries		\$ 85,500.00
32-680-61-10-4-110-72100	FICA		\$ 6,541.00
32-680-61-22-2-110-71120	Compensation-Instructional Salaries		\$ 27,000.00
32-680-61-22-2-120-71120	Compensation-Instructional Salaries		\$ 18,000.00
32-680-61-22-3-110-71120	Compensation-Instructional Salaries		\$ 27,000.00
32-680-61-22-3-120-71120	Compensation-Instructional Salaries		\$ 18,000.00
32-680-61-22-2-110-72100	FICA		\$ 2,066.00
32-680-61-22-2-120-72100	FICA		\$ 1,377.00
32-680-61-22-3-110-72100	FICA		\$ 2,066.00
32-680-61-22-3-120-72100	FICA		\$ 1,377.00
32-680-61-22-2-110-72210	VRS Pension Contribution		\$ 4,487.00
32-680-61-22-2-120-72210	VRS Pension Contribution		\$ 2,992.00
32-680-61-22-3-110-72210	VRS Pension Contribution		\$ 4,487.00
32-680-61-22-3-120-72210	VRS Pension Contribution		\$ 2,992.00

32-680-61-22-2-110-72300	Group Health & Dental Insurance		\$ 5,174.00
32-680-61-22-2-120-72300	Group Health & Dental Insurance		\$ 3,449.00
32-680-61-22-3-110-72300	Group Health & Dental Insurance		\$ 5,174.00
32-680-61-22-3-120-72300	Group Health & Dental Insurance		\$ 3,449.00
32-680-61-22-2-110-72400	VRS Group Life Insurance		\$ 362.00
32-680-61-22-2-120-72400	VRS Group Life Insurance		\$ 241.00
32-680-61-22-3-110-72400	VRS Group Life Insurance		\$ 362.00
32-680-61-22-3-120-72400	VRS Group Life Insurance		\$ 241.00
32-680-61-22-2-110-72750	VRS Retiree Health Care Credit		\$ 327.00
32-680-61-22-2-120-72750	VRS Retiree Health Care Credit		\$ 218.00
32-680-61-22-3-110-72750	VRS Retiree Health Care Credit		\$ 327.00
32-680-61-22-3-120-72750	VRS Retiree Health Care Credit		\$ 218.00
32-680-61-10-3-110-71120	Compensation-Instructional Salaries		\$ 900.00
32-680-61-10-3-110-72100	FICA		\$ 69.00
32-680-61-10-4-110-71120	Compensation-Instructional Salaries		\$ 900.00
32-680-61-10-4-110-72100	FICA		\$ 69.00
32-680-61-10-2-110-76435	Supplies - Instructional		\$ 18,391.00
32-680-61-10-4-110-76435	Supplies - Instructional		\$ 9,195.00
32-680-61-10-2-110-76130	Textbooks		\$ 282,476.00
		\$ 1,222,014.00	\$ 1,222,014.00

Item #6I

Date: 12/11/2023

AT A REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF SALEM, VIRGINIA
HELD AT SALEM CIVIC CENTER

MEETING DATE: December 11, 2023

AGENDA ITEM: Request to amend the School Operating Fund, School Grants Fund, and School Cafeteria Fund budgets as approved by the School Board on October 10, 2023

SUBMITTED BY: Rosemarie B. Jordan, Director of Finance

SUMMARY OF INFORMATION:

The School Operating Fund, School Grants Fund, and School Cafeteria Fund budgets were amended for fiscal year 2023-2024 by the School Board at their meeting on October 10, 2023. The Board amended the Operating Fund budget to increase revenues and expenditures by \$44,234, the Grants Fund to increase revenues and expenditures by \$747,769, and the Cafeteria Fund to increase revenues and expenditures by \$4,306. The attached memo details the appropriation changes.

FISCAL IMPACT:

Appropriation changes totaling \$44,234, \$747,769, and \$4,306 to be made to the School Operating, Grants, and Cafeteria Funds, respectively.

STAFF RECOMMENDATION:

Staff recommends that Council approve the School Board's appropriation changes of \$44,234 to the School Operating Fund, \$747,769 to the School Grants Fund, and \$4,306 to the School Cafeteria Fund, per the attached report.

Salem City Schools
Budget Adjustments Report
October 10, 2023

Summary of Issue:

At times during the year, additional funding may be received by the school division through donation, grant, or some other means. This revenue increases the budget requiring Board approval before the funds can be utilized.

Grant budgets need to be adjusted at this time each year because:

1. The actual grant award for the current year was either larger or smaller than the adopted budget estimate.
2. The actual unspent funds carried forward from June 30, 2023 for grants that have not ended are either larger or smaller than the adopted budget estimate, or to reallocate funds between line items to bring budgets up to date with consolidated application.
3. New grants may have been awarded since budget adoption and need to be budgeted on the books

Grant activity to note:

- We added a VPI program at West Salem in FY 24, which increased the amount of revenue we receive for this grant. It also increases the local match costs, which are reflected in the General Fund adjustments.
- We received the Extended School Year grant again of \$124,588 to assist with our summer school programs and the Jobs for Virginia Graduates (JVG) grant again of \$30,000 that helps students with securing jobs when they graduate.
- We received a School Safety grant for \$29,919 for window film coverings at Carver and ALMS.
- Multiple grants had allowable carryover balance amounts that were unknown at budget creation time totaling a net of \$460,639, with the majority being COVID related grants that span multiple years before they must be liquidated

A few general fund budgets need adjustment based on notifications we have received from the State such as CTE Equipment, Skills Assessment and Certification Cost accounts based on State amounts awarded. We also adjusted for the local accounts for the VPI grant based on updated State amounts as well as adding a local budget for the Adult Education program. That program has been removed from our grant fund for FY 24 as we are no longer the fiscal agent, but because we will have expenses that will occur as a participating division, we need a budget for those transactions. Reimbursement will come from another locality who is now the fiscal agent for the grant. Other adjustments are only housekeeping in nature.

A few cafeteria fund budgets need adjustment based on notifications we have received from the State that we are to receive additional funding from the Pandemic EBT Local Admin Cost grant, as well as funding from the federal government for Supply Chain Assistance.

Policy Reference:

DA-BR Budget Transfers

Fiscal Impact:

The budget adjustments will increase the revenue and expenditure budgets in the School Grant Fund (attachment A) in total by the same amount of **\$747,769** and increase the revenue and expenditure budgets in the School Operating Fund (attachment B) in total by the same amount of **\$44,234**. The Cafeteria Fund budget will also increase by **\$4,306** (attachment B).

Recommended Action:

Move approval of the budget adjustments in the School Operating, School Grant and School Cafeteria Funds as presented and recommend that City Council approve the same.

Grant Budget Adjustments

Attachment A

G/L Account Number		Account Description	2024 City Council/Board Approval	Revised Budget	Difference
Fund: 32 - School Grants Fund					
REVENUES				New account	
Department: 200 - ISAEP Grant					
Cost Center: 00 - Revenue					
Sub-Function: 00 - Revenues					
Level: 9 - District Wide					
Program: 000 - General Revenue					
32-200-00-00-9-000-61300	ISAEP - GED Prep		8,204.00	8,174.00	(30.00)
		Program Total: 000 - General Revenue	\$8,204.00	\$8,174.00	(\$30.00)
		Level Total: 9 - District Wide	\$8,204.00	\$8,174.00	(\$30.00)
		Sub-Function Total: 00 - Revenues	\$8,204.00	\$8,174.00	(\$30.00)
		Cost Center Total: 00 - Revenue	\$8,204.00	\$8,174.00	(\$30.00)
		Department Total: 200 - ISAEP Grant	\$8,204.00	\$8,174.00	(\$30.00)
Department: 230 - Preschool Mini Grants					
Cost Center: 00 - Revenue					
Sub-Function: 00 - Revenues					
Level: 9 - District Wide					
Program: 000 - General Revenue					
32-230-00-00-9-000-62210	IDEA Part B Sec 619 Spec Ed Preschool 84.173		19,331.00	19,331.00	0.00
32-230-00-00-9-000-62211	IDEA Part B Sec 619 Spec Ed Preschool Carryover 84.173		0.00	5,434.00	5,434.00
		Program Total: 000 - General Revenue	\$19,331.00	\$24,765.00	\$5,434.00
		Level Total: 9 - District Wide	\$19,331.00	\$24,765.00	\$5,434.00
		Sub-Function Total: 00 - Revenues	\$19,331.00	\$24,765.00	\$5,434.00
		Cost Center Total: 00 - Revenue	\$19,331.00	\$24,765.00	\$5,434.00
		Department Total: 230 - Preschool Mini Grants	\$19,331.00	\$24,765.00	\$5,434.00
Department: 250 - ESEA Title I Grant					
Cost Center: 00 - Revenue					
Sub-Function: 00 - Revenues					
Level: 9 - District Wide					
Program: 000 - General Revenue					
32-250-00-00-9-000-62000	NCLB Title I A 84.010		561,228.00	561,811.00	583.00
32-250-00-00-9-000-62001	Title 1A Carryover 84.010		0.00	1,188.00	1,188.00
		Program Total: 000 - General Revenue	\$561,228.00	\$562,999.00	\$1,771.00
		Level Total: 9 - District Wide	\$561,228.00	\$562,999.00	\$1,771.00
		Sub-Function Total: 00 - Revenues	\$561,228.00	\$562,999.00	\$1,771.00
		Cost Center Total: 00 - Revenue	\$561,228.00	\$562,999.00	\$1,771.00
		Department Total: 250 - ESEA Title I Grant	\$561,228.00	\$562,999.00	\$1,771.00
Department: 270 - ESEA II A Teacher Qual Grant					
Cost Center: 00 - Revenue					
Sub-Function: 00 - Revenues					
Level: 9 - District Wide					
Program: 000 - General Revenue					
32-270-00-00-9-000-62150	NCLB Title II A Improving Teacher Quality 84.367		100,146.00	106,293.00	6,147.00
32-270-00-00-9-000-62151	Title IIA Impr Teacher Quality Carryover 84.367		0.00	18,683.00	18,683.00
		Program Total: 000 - General Revenue	\$100,146.00	\$124,976.00	\$24,830.00
		Level Total: 9 - District Wide	\$100,146.00	\$124,976.00	\$24,830.00
		Sub-Function Total: 00 - Revenues	\$100,146.00	\$124,976.00	\$24,830.00
		Cost Center Total: 00 - Revenue	\$100,146.00	\$124,976.00	\$24,830.00
		Department Total: 270 - ESEA II A Teacher Qual Grant	\$100,146.00	\$124,976.00	\$24,830.00
Department: 280 - ESEA III A Grant					
Cost Center: 00 - Revenue					
Sub-Function: 00 - Revenues					
Level: 9 - District Wide					
Program: 000 - General Revenue					
32-280-00-00-9-000-62060	NCLB Title III A LEP 84.365		16,547.00	19,699.00	3,152.00
		Program Total: 000 - General Revenue	\$16,547.00	\$19,699.00	\$3,152.00

Grant Budget Adjustments

Attachment A

G/L Account Number		Account Description	2024 City Council/Board Approval	Revised Budget	Difference
Level Total: 9 - District Wide			\$16,547.00	\$19,699.00	\$3,152.00
Sub-Function Total: 00 - Revenues			\$16,547.00	\$19,699.00	\$3,152.00
Cost Center Total: 00 - Revenue			\$16,547.00	\$19,699.00	\$3,152.00
Department Total: 280 - ESEA III A Grant			\$16,547.00	\$19,699.00	\$3,152.00
Department: 300 - Flow Thru Title VI B Grant					
Cost Center: 00 - Revenue					
Sub-Function: 00 - Revenues					
Level: 9 - District Wide					
Program: 000 - General Revenue					
32-300-00-00-9-000-62120		Flow Thru Title VI B 84.027	828,369.00	854,556.00	26,187.00
32-300-00-00-9-000-62121		Flow Thru Title VI B 84.027 Carryover	0.00	8,084.00	8,084.00
Program Total: 000 - General Revenue			\$828,369.00	\$862,640.00	\$34,271.00
Level Total: 9 - District Wide			\$828,369.00	\$862,640.00	\$34,271.00
Sub-Function Total: 00 - Revenues			\$828,369.00	\$862,640.00	\$34,271.00
Cost Center Total: 00 - Revenue			\$828,369.00	\$862,640.00	\$34,271.00
Department Total: 300 - Flow Thru Title VI B Grant			\$828,369.00	\$862,640.00	\$34,271.00
Department: 310 - Perkins Vocational Ed Grant					
Cost Center: 00 - Revenue					
Sub-Function: 00 - Revenues					
Level: 9 - District Wide					
Program: 000 - General Revenue					
32-310-00-00-9-000-62270		Perkins Voc Ed 84.048	55,780.00	58,497.00	2,717.00
Program Total: 000 - General Revenue			\$55,780.00	\$58,497.00	\$2,717.00
Level Total: 9 - District Wide			\$55,780.00	\$58,497.00	\$2,717.00
Sub-Function Total: 00 - Revenues			\$55,780.00	\$58,497.00	\$2,717.00
Cost Center Total: 00 - Revenue			\$55,780.00	\$58,497.00	\$2,717.00
Department Total: 310 - Perkins Vocational Ed Grant			\$55,780.00	\$58,497.00	\$2,717.00
Department: 340 - School Security Grant					
Cost Center: 00 - Revenue					
Sub-Function: 00 - Revenues					
Level: 9 - District Wide					
Program: 000 - General Revenue					
32-340-00-00-9-000-31301		School Security Grant	0.00	29,919.00	29,919.00
Program Total: 000 - General Revenue			\$0.00	\$29,919.00	\$29,919.00
Level Total: 9 - District Wide			\$0.00	\$29,919.00	\$29,919.00
Sub-Function Total: 00 - Revenues			\$0.00	\$29,919.00	\$29,919.00
Cost Center Total: 00 - Revenue			\$0.00	\$29,919.00	\$29,919.00
Department Total: 340 - School Security Grant			\$0.00	\$29,919.00	\$29,919.00
Department: 400 - VA Preschool Initiative Grants					
Cost Center: 00 - Revenue					
Sub-Function: 00 - Revenues					
Level: 9 - District Wide					
Program: 000 - General Revenue					
32-400-00-00-9-000-61615		Virginia Preschool Initiative Grant 240281	441,446.00	493,994.00	52,548.00
Program Total: 000 - General Revenue			\$441,446.00	\$493,994.00	\$52,548.00
Level Total: 9 - District Wide			\$441,446.00	\$493,994.00	\$52,548.00
Sub-Function Total: 00 - Revenues			\$441,446.00	\$493,994.00	\$52,548.00
Cost Center Total: 00 - Revenue			\$441,446.00	\$493,994.00	\$52,548.00
Department Total: 400 - VA Preschool Initiative Grants			\$441,446.00	\$493,994.00	\$52,548.00
Department: 420 - PBIS of the VTSS					
Cost Center: 00 - Revenue					
Sub-Function: 00 - Revenues					
Level: 9 - District Wide					
Program: 000 - General Revenue					
32-420-00-00-9-000-61621		PBIS of the VTSS Carryover 240427	0.00	27,580.00	27,580.00
Program Total: 000 - General Revenue			\$0.00	\$27,580.00	\$27,580.00
Level Total: 9 - District Wide			\$0.00	\$27,580.00	\$27,580.00
Sub-Function Total: 00 - Revenues			\$0.00	\$27,580.00	\$27,580.00

Grant Budget Adjustments

Attachment A

G/L Account Number	Account Description	2024 City Council/Board Approval	Revised Budget	Difference
Cost Center Total: 00 - Revenue		\$0.00	\$27,580.00	\$27,580.00
Department Total: 420 - PBIS of the VTSS		\$0.00	\$27,580.00	\$27,580.00
Department: 440 - Student Supp & Acad Achievement				
Cost Center: 00 - Revenue				
Sub-Function: 00 - Revenues				
Level: 9 - District Wide				
Program: 000 - General Revenue				
32-440-00-00-9-000-62250	Title IV A Student Support & Acad Enrichment 84.424	40,769.00	44,008.00	3,239.00
32-440-00-00-9-000-62251	Title IV A Student Support & Acad Enrichment Carryover 84.424	0.00	0.00	0.00
Program Total: 000 - General Revenue		\$40,769.00	\$44,008.00	\$3,239.00
Level Total: 9 - District Wide		\$40,769.00	\$44,008.00	\$3,239.00
Sub-Function Total: 00 - Revenues		\$40,769.00	\$44,008.00	\$3,239.00
Cost Center Total: 00 - Revenue		\$40,769.00	\$44,008.00	\$3,239.00
Department Total: 440 - Student Supp & Acad Achievement		\$40,769.00	\$44,008.00	\$3,239.00
Department: 460 - Year Round School				
Cost Center: 00 - Revenue				
Sub-Function: 00 - Revenues				
Level: 9 - District Wide				
Program: 000 - General Revenue				
32-460-00-00-9-000-61402	Year Round School Start-Up Grant	0.00	124,588.00	124,588.00
32-460-00-00-9-000-61404	Year Round School Start-Up Grant Carryover	0.00	61,500.00	61,500.00
Program Total: 000 - General Revenue		\$0.00	\$186,088.00	\$186,088.00
Level Total: 9 - District Wide		\$0.00	\$186,088.00	\$186,088.00
Sub-Function Total: 00 - Revenues		\$0.00	\$186,088.00	\$186,088.00
Cost Center Total: 00 - Revenue		\$0.00	\$186,088.00	\$186,088.00
Department Total: 440 - Student Supp & Acad Achievement		\$0.00	\$186,088.00	\$186,088.00
Department: 520 - Jobs for Virginia Graduates-JVG Grant				
Cost Center: 00 - Revenue				
Sub-Function: 00 - Revenues				
Level: 9 - District Wide				
Program: 000 - General Revenue				
32-520-00-00-9-000-61625	Jobs for Virginia Graduates (JVG) Grant	0.00	30,000.00	30,000.00
Program Total: 000 - General Revenue		\$0.00	\$30,000.00	\$30,000.00
Level Total: 9 - District Wide		\$0.00	\$30,000.00	\$30,000.00
Sub-Function Total: 00 - Revenues		\$0.00	\$30,000.00	\$30,000.00
Cost Center Total: 00 - Revenue		\$0.00	\$30,000.00	\$30,000.00
Department Total: 510 - CARES ESSER 84.425D		\$0.00	\$30,000.00	\$30,000.00
Department: 530 - CRRSA ESSER II 84.425D				
Cost Center: 00 - Revenue				
Sub-Function: 00 - Revenues				
Level: 9 - District Wide				
Program: 000 - General Revenue				
32-530-00-00-9-000-62263	CRRSA ESSER II 84.425D	0.00	39,583.00	39,583.00
Program Total: 000 - General Revenue		\$0.00	\$39,583.00	\$39,583.00
Level Total: 9 - District Wide		\$0.00	\$39,583.00	\$39,583.00
Sub-Function Total: 00 - Revenues		\$0.00	\$39,583.00	\$39,583.00
Cost Center Total: 00 - Revenue		\$0.00	\$39,583.00	\$39,583.00
Department Total: 530 - CRRSA ESSER II 84.425D		\$0.00	\$39,583.00	\$39,583.00
Department: 540 - CRRSA ESSER III 84.425U				
Cost Center: 00 - Revenue				
Sub-Function: 00 - Revenues				
Level: 9 - District Wide				
Program: 000 - General Revenue				
32-540-00-00-9-000-62264	CRRSA ESSER III 84.425U	1,509,290.00	1,126,514.00	(382,776.00)
Program Total: 000 - General Revenue		\$1,509,290.00	\$1,126,514.00	(\$382,776.00)
Level Total: 9 - District Wide		\$1,509,290.00	\$1,126,514.00	(\$382,776.00)

Grant Budget Adjustments

Attachment A

G/L Account Number		Account Description	2024 City Council/Board Approval	Revised Budget	Difference
Sub-Function Total: 00 - Revenues			\$1,509,290.00	\$1,126,514.00	(\$382,776.00)
Cost Center Total: 00 - Revenue			\$1,509,290.00	\$1,126,514.00	(\$382,776.00)
Department Total: 540 - CRRSA ESSER III 84.425U			\$1,509,290.00	\$1,126,514.00	(\$382,776.00)
Department: 600 - ARP ESSER III Set-Aside 84.425U					
Cost Center: 00 - Revenue					
Sub-Function: 00 - Revenues					
Level: 9 - District Wide					
Program: 000 - General Revenue					
32-600-00-00-9-000-62267		ARP ESSER III State Set-Aside 84.425U	237,471.00	328,156.00	90,685.00
Program Total: 000 - General Revenue			\$237,471.00	\$328,156.00	\$90,685.00
Level Total: 9 - District Wide			\$237,471.00	\$328,156.00	\$90,685.00
Sub-Function Total: 00 - Revenues			\$237,471.00	\$328,156.00	\$90,685.00
Cost Center Total: 00 - Revenue			\$237,471.00	\$328,156.00	\$90,685.00
Department Total: 600 - ARP ESSER III Set-Aside 84.425U			\$237,471.00	\$328,156.00	\$90,685.00
Department: 610 - ARPA CSLFRF Ventilation 21.027					
Cost Center: 00 - Revenue					
Sub-Function: 00 - Revenues					
Level: 9 - District Wide					
Program: 000 - General Revenue					
32-610-00-00-9-000-62268		ARPA CSLFRF Ventilation Improvement 21.027	0.00	307,990.00	307,990.00
Program Total: 000 - General Revenue			\$0.00	\$307,990.00	\$307,990.00
Level Total: 9 - District Wide			\$0.00	\$307,990.00	\$307,990.00
Sub-Function Total: 00 - Revenues			\$0.00	\$307,990.00	\$307,990.00
Cost Center Total: 00 - Revenue			\$0.00	\$307,990.00	\$307,990.00
Department Total: 610 - ARPA CSLFRF Ventilation 21.027			\$0.00	\$307,990.00	\$307,990.00
Department: 640 - School-Based Health Workforce Grant					
Cost Center: 00 - Revenue					
Sub-Function: 00 - Revenues					
Level: 9 - District Wide					
Program: 000 - General Revenue					
32-640-00-00-9-000-62275		School-Based Health Workforce Grant 93.354	40,000.00	48,080.00	8,080.00
Program Total: 000 - General Revenue			\$40,000.00	\$48,080.00	\$8,080.00
Level Total: 9 - District Wide			\$40,000.00	\$48,080.00	\$8,080.00
Sub-Function Total: 00 - Revenues			\$40,000.00	\$48,080.00	\$8,080.00
Cost Center Total: 00 - Revenue			\$40,000.00	\$48,080.00	\$8,080.00
Department Total: 640 - School-Based Health Workforce Grant			\$40,000.00	\$48,080.00	\$8,080.00
Department: 660 - Community Schools Grant 84.215J					
Cost Center: 00 - Revenue					
Sub-Function: 00 - Revenues					
Level: 9 - District Wide					
Program: 000 - General Revenue					
32-660-00-00-9-000-62460		Community Schools Grant 84.215J	0.00	131,188.00	131,188.00
Program Total: 000 - General Revenue			\$0.00	\$131,188.00	\$131,188.00
Level Total: 9 - District Wide			\$0.00	\$131,188.00	\$131,188.00
Sub-Function Total: 00 - Revenues			\$0.00	\$131,188.00	\$131,188.00
Cost Center Total: 00 - Revenue			\$0.00	\$131,188.00	\$131,188.00
Department Total: 660 - Community Schools Grant 84.215J			\$0.00	\$131,188.00	\$131,188.00
Department: 670 - School Based Mental Health SBMH2-Yr1 84.184H					
Cost Center: 00 - Revenue					
Sub-Function: 00 - Revenues					
Level: 9 - District Wide					
Program: 000 - General Revenue					
32-670-00-00-9-000-62320		School Based Mental Health SBMH2-Yr1 84.184H	0.00	151,500.00	151,500.00
Program Total: 000 - General Revenue			\$0.00	\$151,500.00	\$151,500.00
Level Total: 9 - District Wide			\$0.00	\$151,500.00	\$151,500.00
Sub-Function Total: 00 - Revenues			\$0.00	\$151,500.00	\$151,500.00
Cost Center Total: 00 - Revenue			\$0.00	\$151,500.00	\$151,500.00
Department Total: 660 - Community Schools Grant			\$0.00	\$151,500.00	\$151,500.00

Grant Budget Adjustments

Attachment A

G/L Account Number	Account Description	2024 City Council/Board Approval	Revised Budget	Difference
REVENUES Total		\$3,858,581.00	\$4,606,350.00	\$747,769.00
EXPENSES				
Department: 200 - ISAEP Grant				
Cost Center: 61 - Instruction				
Sub-Function: 10 - Classroom Instruction				
Level: 3 - Secondary				
Program: 120 - Special Education				
32-200-61-10-3-120-71120	Compensation-Instructional Salaries	3,288.00	2,629.00	(659.00)
32-200-61-10-3-120-72100	FICA	252.00	202.00	(50.00)
32-200-61-10-3-120-76435	Supplies - Instructional	4,664.00	5,343.00	679.00
Program Total: 120 - Special Education		\$8,204.00	\$8,174.00	(\$30.00)
Level Total: 3 - Secondary		\$8,204.00	\$8,174.00	(\$30.00)
Sub-Function Total: 10 - Classroom Instruction		\$8,204.00	\$8,174.00	(\$30.00)
Cost Center Total: 61 - Instruction		\$8,204.00	\$8,174.00	(\$30.00)
Department Total: 200 - ISAEP Grant		\$8,204.00	\$8,174.00	(\$30.00)
Department: 230 - Preschool Mini Grants				
Cost Center: 61 - Instruction				
Sub-Function: 10 - Classroom Instruction				
Level: 8 - Pre-K				
Program: 180 - Pre-K Non- Sp Ed				
32-230-61-10-8-180-71151	Compensation-Instructional Asst	17,957.00	23,005.00	5,048.00
32-230-61-10-8-180-72100	FICA	1,374.00	1,760.00	386.00
32-230-61-10-8-180-76435	Supplies - Instructional	0.00	0.00	0.00
Program Total: 180 - Pre-K Non- Sp Ed		\$19,331.00	\$24,765.00	\$5,434.00
Level Total: 8 - Pre-K		\$19,331.00	\$24,765.00	\$5,434.00
Sub-Function Total: 10 - Classroom Instruction		\$19,331.00	\$24,765.00	\$5,434.00
Cost Center Total: 61 - Instruction		\$19,331.00	\$24,765.00	\$5,434.00
Department Total: 230 - Preschool Mini Grants		\$19,331.00	\$24,765.00	\$5,434.00
Department: 250 - ESEA Title I Grant				
Cost Center: 61 - Instruction				
Sub-Function: 10 - Classroom Instruction				
Level: 2 - Elementary				
Program: 110 - Regular Instruction				
32-250-61-10-2-110-71120	Compensation-Instructional Salaries	275,085.00	169,177.00	(105,908.00)
32-250-61-10-2-110-71151	Compensation-Instructional Asst	100,000.00	157,705.00	57,705.00
32-250-61-10-2-110-72100	FICA	20,919.00	25,026.00	4,107.00
32-250-61-10-2-110-72210	VRS Pension Contribution	52,672.00	69,170.00	16,498.00
32-250-61-10-2-110-72300	Group Health and Dental Insurance	60,000.00	75,710.00	15,710.00
32-250-61-10-2-110-72400	VRS Group Life Insurance	4,000.00	5,018.00	1,018.00
32-250-61-10-2-110-72510	Hybrid Disability Insurance	300.00	358.00	58.00
32-250-61-10-2-110-72750	VRS Retiree Health Care Credit	3,600.00	4,481.00	881.00
32-250-61-10-2-110-73037	Contractual Services - Other	40,652.00	37,872.00	(2,780.00)
32-250-61-10-2-110-76435	Supplies - Instructional	0.00	14,482.00	14,482.00
Program Total: 110 - Regular Instruction		\$557,228.00	\$558,999.00	\$1,771.00
Level Total: 2 - Elementary		\$557,228.00	\$558,999.00	\$1,771.00
Sub-Function Total: 10 - Classroom Instruction		\$557,228.00	\$558,999.00	\$1,771.00
Cost Center Total: 61 - Instruction		\$557,228.00	\$558,999.00	\$1,771.00
Cost Center: 63 - Pupil Transportation				
Sub-Function: 63 - Pupil Transportation				
Level: 9 - District Wide				
Program: 320 - Vehicle Operation Services				
32-250-63-63-9-320-71170	Compensation-Bus Drivers	3,716.00	3,716.00	0.00
32-250-63-63-9-320-72100	FICA	284.00	284.00	0.00
Program Total: 320 - Vehicle Operation Services		\$4,000.00	\$4,000.00	\$0.00
Level Total: 9 - District Wide		\$4,000.00	\$4,000.00	\$0.00
Sub-Function Total: 63 - Pupil Transportation		\$4,000.00	\$4,000.00	\$0.00
Cost Center Total: 63 - Pupil Transportation		\$4,000.00	\$4,000.00	\$0.00
Department Total: 250 - ESEA Title I Grant		\$561,228.00	\$562,999.00	\$1,771.00

Grant Budget Adjustments

Attachment A

G/L Account Number		Account Description	2024 City Council/Board Approval	Revised Budget	Difference
Department: 270 - ESEA II A Teacher Qual Grant					
Cost Center: 61 - Instruction					
Sub-Function: 10 - Classroom Instruction					
Level: 2 - Elementary					
Program: 110 - Regular Instruction					
32-270-61-10-2-110-71120		Compensation-Instructional Salaries	33,600.00	13,600.00	(20,000.00)
32-270-61-10-2-110-72100		FICA	2,571.00	1,040.00	(1,531.00)
32-270-61-10-2-110-73225		Professional Development - Conferences	42,496.00	84,199.00	41,703.00
32-270-61-10-2-110-75530		Travel - Other	15,510.00	18,081.00	2,571.00
32-270-61-10-2-110-76115		Supplies - Training	5,969.00	8,056.00	2,087.00
Program Total: 110 - Regular Instruction			\$100,146.00	\$124,976.00	\$24,830.00
Level Total: 2 - Elementary			\$100,146.00	\$124,976.00	\$24,830.00
Level: 3 - Secondary					
Program: 110 - Regular Instruction					
32-270-61-10-3-110-71120		Compensation-Instructional Salaries	0.00	0.00	0.00
32-270-61-10-3-110-72100		FICA	0.00	0.00	0.00
32-270-61-10-3-110-73225		Professional Development - Conferences	0.00	0.00	0.00
32-270-61-10-3-110-75530		Travel - Other	0.00	0.00	0.00
32-270-61-10-3-110-76115		Supplies - Training	0.00	0.00	0.00
Program Total: 110 - Regular Instruction			\$0.00	\$0.00	\$0.00
Level Total: 3 - Secondary			\$0.00	\$0.00	\$0.00
Level: 4 - Middle					
Program: 110 - Regular Instruction					
32-270-61-10-4-110-71120		Compensation-Instructional Salaries	0.00	0.00	0.00
32-270-61-10-4-110-72100		FICA	0.00	0.00	0.00
32-270-61-10-4-110-73225		Professional Development - Conferences	0.00	0.00	0.00
32-270-61-10-4-110-75530		Travel - Other	0.00	0.00	0.00
32-270-61-10-4-110-76115		Supplies - Training	0.00	0.00	0.00
Program Total: 110 - Regular Instruction			\$0.00	\$0.00	\$0.00
Level Total: 4 - Middle			\$0.00	\$0.00	\$0.00
Sub-Function Total: 10 - Classroom Instruction			\$100,146.00	\$124,976.00	\$24,830.00
Cost Center Total: 61 - Instruction			\$100,146.00	\$124,976.00	\$24,830.00
Department Total: 270 - ESEA II A Teacher Qual Grant			\$100,146.00	\$124,976.00	\$24,830.00
Department: 280 - ESEA III A Grant					
Cost Center: 61 - Instruction					
Sub-Function: 10 - Classroom Instruction					
Level: 2 - Elementary					
Program: 110 - Regular Instruction					
32-280-61-10-2-110-71120		Compensation-Instructional Salaries	15,371.00	18,299.00	2,928.00
32-280-61-10-2-110-72100		FICA	1,176.00	1,400.00	224.00
32-280-61-10-2-110-72220		VRS Hybrid Pension Contribution	0.00	0.00	0.00
Program Total: 110 - Regular Instruction			\$16,547.00	\$19,699.00	\$3,152.00
Level Total: 2 - Elementary			\$16,547.00	\$19,699.00	\$3,152.00
Sub-Function Total: 10 - Classroom Instruction			\$16,547.00	\$19,699.00	\$3,152.00
Cost Center Total: 61 - Instruction			\$16,547.00	\$19,699.00	\$3,152.00
Department Total: 280 - ESEA III A Grant			\$16,547.00	\$19,699.00	\$3,152.00
Department: 300 - Flow Thru Title VI B Grant					
Cost Center: 61 - Instruction					
Sub-Function: 10 - Classroom Instruction					
Level: 2 - Elementary					
Program: 120 - Special Education					
32-300-61-10-2-120-71120		Compensation-Instructional Salaries	26,998.00	28,985.00	1,987.00
32-300-61-10-2-120-71151		Compensation-Instructional Asst	300,000.00	324,980.00	24,980.00
32-300-61-10-2-120-72100		FICA	25,016.00	27,528.00	2,512.00
32-300-61-10-2-120-72210		VRS Pension Contribution	7,500.00	142.00	(7,358.00)
32-300-61-10-2-120-72220		VRS Hybrid Pension Contribution	37,900.00	39,990.00	2,090.00
32-300-61-10-2-120-72300		Group Health and Dental Insurance	44,280.00	56,492.00	12,212.00
32-300-61-10-2-120-72400		VRS Group Life Insurance	3,860.00	3,512.00	(348.00)

Grant Budget Adjustments

Attachment A

G/L Account Number	Account Description	2024 City Council/Board Approval	Revised Budget	Difference
32-300-61-10-2-120-72510	Hybrid Disability Insurance	620.00	692.00	72.00
32-300-61-10-2-120-72750	VRS Retiree Health Care Credit	3,710.00	3,244.00	(466.00)
32-300-61-10-2-120-73037	Contractual Services - Other	0.00	0.00	0.00
32-300-61-10-2-120-73305	Set Aside Funds	4,800.00	0.00	(4,800.00)
32-300-61-10-2-120-76435	Supplies - Instructional	3,000.00	0.00	(3,000.00)
Program Total: 120 - Special Education		\$457,684.00	\$485,565.00	\$27,881.00
Level Total: 2 - Elementary		\$457,684.00	\$485,565.00	\$27,881.00
Level: 3 - Secondary				
Program: 120 - Special Education				
32-300-61-10-3-120-71120	Compensation-Instructional Salaries	41,076.00	9,529.00	(31,547.00)
32-300-61-10-3-120-71151	Compensation-Instructional Asst	45,950.00	52,106.00	6,156.00
32-300-61-10-3-120-72100	FICA	4,277.00	4,715.00	438.00
32-300-61-10-3-120-72210	VRS Pension Contribution	8,555.00	8,592.00	37.00
32-300-61-10-3-120-72220	VRS Hybrid Pension Contribution	0.00	3,120.00	3,120.00
32-300-61-10-3-120-72300	Group Health and Dental Insurance	0.00	12,705.00	12,705.00
32-300-61-10-3-120-72400	VRS Group Life Insurance	570.00	976.00	406.00
32-300-61-10-3-120-72510	Hybrid Disability Insurance	0.00	51.00	51.00
32-300-61-10-3-120-72750	VRS Retiree Health Care Credit	623.00	882.00	259.00
Program Total: 120 - Special Education		\$101,051.00	\$92,676.00	(\$8,375.00)
Level Total: 3 - Secondary		\$101,051.00	\$92,676.00	(\$8,375.00)
Level: 4 - Middle				
Program: 120 - Special Education				
32-300-61-10-4-120-71120	Compensation-Instructional Salaries	115,589.00	127,642.00	12,053.00
32-300-61-10-4-120-71151	Compensation-Instructional Asst	55,440.00	63,241.00	7,801.00
32-300-61-10-4-120-72100	FICA	13,083.00	14,603.00	1,520.00
32-300-61-10-4-120-72210	VRS Pension Contribution	17,350.00	9,687.00	(7,663.00)
32-300-61-10-4-120-72220	VRS Hybrid Pension Contribution	19,610.00	16,787.00	(2,823.00)
32-300-61-10-4-120-72300	Group Health and Dental Insurance	42,610.00	46,812.00	4,202.00
32-300-61-10-4-120-72400	VRS Group Life Insurance	2,982.00	2,848.00	(134.00)
32-300-61-10-4-120-72510	Hybrid Disability Insurance	290.00	207.00	(83.00)
32-300-61-10-4-120-72750	VRS Retiree Health Care Credit	2,680.00	2,572.00	(108.00)
Program Total: 120 - Special Education		\$269,634.00	\$284,399.00	\$14,765.00
Level Total: 4 - Middle		\$269,634.00	\$284,399.00	\$14,765.00
Sub-Function Total: 10 - Classroom Instruction		\$828,369.00	\$862,640.00	\$34,271.00
Cost Center Total: 61 - Instruction		\$828,369.00	\$862,640.00	\$34,271.00
Department Total: 300 - Flow Thru Title VI B Grant		\$828,369.00	\$862,640.00	\$34,271.00
Department: 310 - Perkins Vocational Ed Grant				
Cost Center: 61 - Instruction				
Sub-Function: 10 - Classroom Instruction				
Level: 3 - Secondary				
Program: 130 - Vocational				
32-310-61-10-3-130-71120	Compensation-Instructional Salaries	6,000.00	3,000.00	(3,000.00)
32-310-61-10-3-130-72100	FICA	1,530.00	500.00	(1,030.00)
32-310-61-10-3-130-73037	Contractual Services - Other	24,695.00	21,246.00	(3,449.00)
32-310-61-10-3-130-76435	Supplies - Instructional	23,555.00	33,751.00	10,196.00
Program Total: 130 - Vocational		\$55,780.00	\$58,497.00	\$2,717.00
Level Total: 3 - Secondary		\$55,780.00	\$58,497.00	\$2,717.00
Level: 4 - Middle				
Program: 130 - Vocational				
32-310-61-10-4-130-76435	Supplies - Instructional	0.00	0.00	0.00
Program Total: 130 - Vocational		\$0.00	\$0.00	\$0.00
Level Total: 4 - Middle		\$0.00	\$0.00	\$0.00
Sub-Function Total: 10 - Classroom Instruction		\$55,780.00	\$58,497.00	\$2,717.00
Cost Center Total: 61 - Instruction		\$55,780.00	\$58,497.00	\$2,717.00
Department Total: 310 - Perkins Vocational Ed Grant		\$55,780.00	\$58,497.00	\$2,717.00
Department: 340 - School Security Grant				
Cost Center: 64 - Operation & Maintenance				
Sub-Function: 64 - Operation & Maintenance				

Grant Budget Adjustments

Attachment A

G/L Account Number	Account Description	2024 City Council/Board Approval	Revised Budget	Difference
Level: 9 - District Wide				
Program: 460 - Security Services				
32-340-64-64-2-460-73181	Repair/Maint - Other Contracted - Carver	0.00	3,329.00	3,329.00
32-340-64-64-4-460-73180	Repair/Maint - Other Contracted	0.00	26,590.00	26,590.00
Program Total: 460 - Security Services		\$0.00	\$29,919.00	\$29,919.00
Level Total: 9 - District Wide		\$0.00	\$29,919.00	\$29,919.00
Sub-Function Total: 64 - Operation & Maintenance		\$0.00	\$29,919.00	\$29,919.00
Cost Center Total: 64 - Operation & Maintenance		\$0.00	\$29,919.00	\$29,919.00
Department Total: 340 - School Security Grant		\$0.00	\$29,919.00	\$29,919.00
Department: 400 - VA Preschool Initiative Grants				
Cost Center: 61 - Instruction				
Sub-Function: 10 - Classroom Instruction				
Level: 8 - Pre-K				
Program: 180 - Pre-K Non- Sp Ed				
32-400-61-10-8-180-71120	Compensation-Instructional Salaries	282,219.00	301,914.00	19,695.00
32-400-61-10-8-180-71151	Compensation-Instructional Asst	19,381.00	40,224.00	20,843.00
32-400-61-10-8-180-72100	FICA	23,072.00	26,174.00	3,102.00
32-400-61-10-8-180-72210	VRS Pension Contribution	50,126.00	56,597.00	6,471.00
32-400-61-10-8-180-72300	Group Health and Dental Insurance	48,042.00	60,401.00	12,359.00
32-400-61-10-8-180-72400	VRS Group Life Insurance	4,041.00	4,563.00	522.00
32-400-61-10-8-180-72750	VRS Retiree Health Care Credit	3,649.00	4,121.00	472.00
32-400-61-10-8-180-73037	Contractual Services - Other	0.00	0.00	0.00
32-400-61-10-8-180-73255	Professional Development	0.00	0.00	0.00
32-400-61-10-8-180-76435	Supplies - Instructional	10,916.00	0.00	(10,916.00)
Program Total: 180 - Pre-K Non- Sp Ed		\$441,446.00	\$493,994.00	\$52,548.00
Level Total: 8 - Pre-K		\$441,446.00	\$493,994.00	\$52,548.00
Sub-Function Total: 10 - Classroom Instruction		\$441,446.00	\$493,994.00	\$52,548.00
Cost Center Total: 61 - Instruction		\$441,446.00	\$493,994.00	\$52,548.00
Department Total: 400 - VA Preschool Initiative Grants		\$441,446.00	\$493,994.00	\$52,548.00
Department: 420 - PBIS of the VTSS				
Cost Center: 61 - Instruction				
Sub-Function: 10 - Classroom Instruction				
Level: 2 - Elementary				
Program: 110 - Regular Instruction				
32-420-61-10-2-110-71120	Compensation-Instructional Salaries	0.00	12,900.00	12,900.00
32-420-61-10-2-110-72100	FICA	0.00	987.00	987.00
32-420-61-10-2-110-76435	Supplies - Instructional	0.00	4,603.00	4,603.00
Program Total: 110 - Regular Instruction		\$0.00	\$18,490.00	\$18,490.00
Level Total: 2 - Elementary		\$0.00	\$18,490.00	\$18,490.00
Level: 3 - Secondary				
Program: 110 - Regular Instruction				
32-420-61-10-3-110-71120	Compensation-Instructional Salaries	0.00	3,200.00	3,200.00
32-420-61-10-3-110-72100	FICA	0.00	245.00	245.00
32-420-61-10-3-110-76435	Supplies - Instructional	0.00	1,100.00	1,100.00
Program Total: 110 - Regular Instruction		\$0.00	\$4,545.00	\$4,545.00
Level Total: 3 - Secondary		\$0.00	\$4,545.00	\$4,545.00
Level: 4 - Middle				
Program: 110 - Regular Instruction				
32-420-61-10-4-110-71120	Compensation-Instructional Salaries	0.00	3,200.00	3,200.00
32-420-61-10-4-110-72100	FICA	0.00	245.00	245.00
32-420-61-10-4-110-76435	Supplies - Instructional	0.00	1,100.00	1,100.00
Program Total: 110 - Regular Instruction		\$0.00	\$4,545.00	\$4,545.00
Level Total: 4 - Middle		\$0.00	\$4,545.00	\$4,545.00
Sub-Function Total: 10 - Classroom Instruction		\$0.00	\$27,580.00	\$27,580.00
Cost Center Total: 61 - Instruction		\$0.00	\$27,580.00	\$27,580.00
Department Total: 420 - PBIS of the VTSS		\$0.00	\$27,580.00	\$27,580.00
Department: 440 - Student Supp & Acad Achievement				
Cost Center: 61 - Instruction				

Grant Budget Adjustments

Attachment A

G/L Account Number		Account Description	2024 City Council/Board Approval	Revised Budget	Difference
Sub-Function: 10 - Classroom Instruction					
Level: 2 - Elementary					
Program: 110 - Regular Instruction					
32-440-61-10-2-110-76435		Supplies - Instructional	0.00	0.00	0.00
Program Total: 110 - Regular Instruction			\$0.00	\$0.00	\$0.00
Level Total: 2 - Elementary			\$0.00	\$0.00	\$0.00
Level: 4 - Middle					
Program: 110 - Regular Instruction					
32-440-61-10-4-110-73037		Contractual Services - Other	24,601.00	40,643.00	16,042.00
32-440-61-10-4-110-76435		Supplies - Instructional	12,354.00	0.00	(12,354.00)
Program Total: 110 - Regular Instruction			\$36,955.00	\$40,643.00	\$3,688.00
Program: 150 - Other					
32-440-61-10-4-150-71620		Compensation-Extracurricular Supplements	3,543.00	3,126.00	(417.00)
32-440-61-10-4-150-72100		FICA	271.00	239.00	(32.00)
Program Total: 150 - Other			\$3,814.00	\$3,365.00	(\$449.00)
Level Total: 4 - Middle			\$40,769.00	\$44,008.00	\$3,239.00
Sub-Function Total: 10 - Classroom Instruction			\$40,769.00	\$44,008.00	\$3,239.00
Cost Center Total: 61 - Instruction			\$40,769.00	\$44,008.00	\$3,239.00
Department Total: 440 - Student Supp & Acad Achievement			\$40,769.00	\$44,008.00	\$3,239.00
Department: 460 - Year Round School					
Cost Center: 61 - Instruction					
Sub-Function: 10 - Classroom Instruction					
Level: 6 - Summer					
Program: 163 - Summer Startup Yr 3					
32-460-61-10-6-163-71120		Compensation-Instructional Salaries	0.00	0.00	0.00
32-460-61-10-6-163-72100		FICA	0.00	0.00	0.00
32-460-61-10-6-163-73037		Contractual Services - Other	0.00	5,919.00	5,919.00
32-460-61-10-6-163-76435		Supplies - Instructional	0.00	55,581.00	55,581.00
Program Total: 163 - Summer Startup Yr 3			\$0.00	\$61,500.00	\$61,500.00
Program: 164 - Summer Startup Yr 4					
32-460-61-10-6-164-71120		Compensation-Instructional Salaries	0.00	101,800.00	101,800.00
32-460-61-10-6-164-72100		FICA	0.00	7,788.00	7,788.00
32-460-61-10-6-164-73037		Contractual Services - Other	0.00	15,000.00	15,000.00
32-460-61-10-6-164-76435		Supplies - Instructional	0.00	0.00	0.00
Program Total: 164 - Summer Startup Yr 4			\$0.00	\$124,588.00	\$124,588.00
Level Total: 6 - Summer			\$0.00	\$186,088.00	\$186,088.00
Sub-Function Total: 10 - Classroom Instruction			\$0.00	\$186,088.00	\$186,088.00
Cost Center Total: 61 - Instruction			\$0.00	\$186,088.00	\$186,088.00
Department Total: 460 - Year Round School			\$0.00	\$186,088.00	\$186,088.00
Department: 520 - Jobs for Virginia Graduates-JVG Grant					
Cost Center: 61 - Instruction					
Sub-Function: 10 - Classroom Instruction					
Level: 3 - Secondary					
Program: 110 - Regular Instruction					
32-520-61-10-3-110-71120		Compensation-Instructional Salaries	0.00	22,280.00	22,280.00
32-520-61-10-3-110-72100		FICA	0.00	1,704.00	1,704.00
32-520-61-10-3-110-73037		Contractual Services - Other	0.00	5,000.00	5,000.00
32-520-61-10-3-110-75530		Travel - Other	0.00	500.00	500.00
32-520-61-10-3-110-76435		Supplies - Instructional	0.00	516.00	516.00
Program Total: 110 - Regular Instruction			\$0.00	\$30,000.00	\$30,000.00
Level Total: 3 - Secondary			\$0.00	\$30,000.00	\$30,000.00
Sub-Function Total: 10 - Classroom Instruction			\$0.00	\$30,000.00	\$30,000.00
Cost Center Total: 61 - Instruction			\$0.00	\$30,000.00	\$30,000.00
Department Total: 520 - Jobs for Virginia Graduates-JVG Grant			\$0.00	\$30,000.00	\$30,000.00
Department: 530 - CRRSA ESSER II 84.425D					
Cost Center: 61 - Instruction					
Sub-Function: 10 - Classroom Instruction					
Level: 2 - Elementary					

Grant Budget Adjustments

Attachment A

G/L Account Number	Account Description	2024 City Council/Board Approval	Revised Budget	Difference
Program: 110 - Regular Instruction				
32-530-61-10-2-110-71120	Compensation-Instructional Salaries	0.00	0.00	0.00
32-530-61-10-2-110-71151	Compensation-Instructional Asst	0.00	0.00	0.00
32-530-61-10-2-110-72100	FICA	0.00	0.00	0.00
32-530-61-10-2-110-72210	VRS Pension Contribution	0.00	0.00	0.00
32-530-61-10-2-110-72300	Group Health and Dental Insurance	0.00	0.00	0.00
32-530-61-10-2-110-72400	VRS Group Life Insurance	0.00	0.00	0.00
32-530-61-10-2-110-72750	VRS Retiree Health Care Credit	0.00	0.00	0.00
Program Total: 110 - Regular Instruction		\$0.00	\$0.00	\$0.00
Program: 120 - Special Education				
32-530-61-10-2-120-71120	Compensation-Instructional Salaries	0.00	0.00	0.00
32-530-61-10-2-120-72100	FICA	0.00	0.00	0.00
32-530-61-10-2-120-72210	VRS Pension Contribution	0.00	0.00	0.00
32-530-61-10-2-120-72300	Group Health and Dental Insurance	0.00	0.00	0.00
32-530-61-10-2-120-72400	VRS Group Life Insurance	0.00	0.00	0.00
32-530-61-10-2-120-72750	VRS Retiree Health Care Credit	0.00	0.00	0.00
Program Total: 120 - Special Education		\$0.00	\$0.00	\$0.00
Level Total: 2 - Elementary		\$0.00	\$0.00	\$0.00
Level: 3 - Secondary				
Program: 110 - Regular Instruction				
32-530-61-10-3-110-71120	Compensation-Instructional Salaries	0.00	0.00	0.00
32-530-61-10-3-110-72100	FICA	0.00	0.00	0.00
32-530-61-10-3-110-72210	VRS Pension Contribution	0.00	0.00	0.00
32-530-61-10-3-110-72300	Group Health and Dental Insurance	0.00	0.00	0.00
32-530-61-10-3-110-72400	VRS Group Life Insurance	0.00	0.00	0.00
32-530-61-10-3-110-72750	VRS Retiree Health Care Credit	0.00	0.00	0.00
Program Total: 110 - Regular Instruction		\$0.00	\$0.00	\$0.00
Level Total: 3 - Secondary		\$0.00	\$0.00	\$0.00
Level: 4 - Middle				
Program: 110 - Regular Instruction				
32-530-61-10-4-110-71120	Compensation-Instructional Salaries	0.00	0.00	0.00
32-530-61-10-4-110-71151	Compensation-Instructional Asst	0.00	0.00	0.00
32-530-61-10-4-110-72100	FICA	0.00	0.00	0.00
32-530-61-10-4-110-72210	VRS Pension Contribution	0.00	0.00	0.00
32-530-61-10-4-110-72300	Group Health and Dental Insurance	0.00	0.00	0.00
32-530-61-10-4-110-72400	VRS Group Life Insurance	0.00	0.00	0.00
32-530-61-10-4-110-72750	VRS Retiree Health Care Credit	0.00	0.00	0.00
Program Total: 110 - Regular Instruction		\$0.00	\$0.00	\$0.00
Program: 120 - Special Education				
32-530-61-10-4-120-71120	Compensation-Instructional Salaries	0.00	0.00	0.00
32-530-61-10-4-120-72100	FICA	0.00	0.00	0.00
32-530-61-10-4-120-72210	VRS Pension Contribution	0.00	0.00	0.00
32-530-61-10-4-120-72300	Group Health and Dental Insurance	0.00	0.00	0.00
32-530-61-10-4-120-72400	VRS Group Life Insurance	0.00	0.00	0.00
32-530-61-10-4-120-72750	VRS Retiree Health Care Credit	0.00	0.00	0.00
Program Total: 120 - Special Education		\$0.00	\$0.00	\$0.00
Level Total: 4 - Middle		\$0.00	\$0.00	\$0.00
Sub-Function Total: 10 - Classroom Instruction		\$0.00	\$0.00	\$0.00
Cost Center Total: 61 - Instruction		\$0.00	\$0.00	\$0.00
Cost Center: 64 - Operation & Maintenance				
Sub-Function: 64 - Operation & Maintenance				
Level: 9 - District Wide				
Program: 420 - Building Services				
32-530-64-64-9-420-73180	Repair/Maint - Other Contracted	0.00	12,644.00	12,644.00
32-530-64-64-9-420-78020	Furniture & Equipment >\$5,000	0.00	26,939.00	26,939.00
Program Total: 420 - Building Services		\$0.00	\$39,583.00	\$39,583.00
Level Total: 9 - District Wide		\$0.00	\$39,583.00	\$39,583.00
Sub-Function Total: 64 - Operation & Maintenance		\$0.00	\$39,583.00	\$39,583.00

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G/L Account Number		Account Description	2024 City Council/Board Approval	Revised Budget	Difference
Cost Center Total: 64 - Operation & Maintenance			\$0.00	\$39,583.00	\$39,583.00
Department Total: 530 - CRRSA ESSER II 84.425D			\$0.00	\$39,583.00	\$39,583.00
Department: 540 - CRRSA ESSER III 84.425U					
Cost Center: 61 - Instruction					
Sub-Function: 10 - Classroom Instruction					
Level: 2 - Elementary					
Program: 110 - Regular Instruction					
32-540-61-10-2-110-71120		Compensation-Instructional Salaries	520,000.00	292,746.00	(227,254.00)
32-540-61-10-2-110-71151		Compensation-Instructional Asst	0.00	0.00	0.00
32-540-61-10-2-110-72100		FICA	39,780.00	22,395.00	(17,385.00)
32-540-61-10-2-110-72210		VRS Pension Contribution	86,424.00	48,654.00	(37,770.00)
32-540-61-10-2-110-72300		Group Health and Dental Insurance	60,011.00	36,226.00	(23,785.00)
32-540-61-10-2-110-72400		VRS Group Life Insurance	6,968.00	3,923.00	(3,045.00)
32-540-61-10-2-110-72750		VRS Retiree Health Care Credit	6,292.00	3,864.00	(2,428.00)
32-540-61-10-2-110-73037		Contractual Services - Other	18,000.00	18,000.00	0.00
32-540-61-10-2-110-76015		Allotment	20,000.00	0.00	(20,000.00)
Program Total: 110 - Regular Instruction			\$757,475.00	\$425,808.00	(\$331,667.00)
Program: 120 - Special Education					
32-540-61-10-2-120-71120		Compensation-Instructional Salaries	0.00	0.00	0.00
32-540-61-10-2-120-71185		Compensation- Speech and Vision Teachers	0.00	0.00	0.00
32-540-61-10-2-120-72100		FICA	0.00	0.00	0.00
32-540-61-10-2-120-72210		VRS Pension Contribution	0.00	0.00	0.00
32-540-61-10-2-120-72300		Group Health and Dental Insurance	0.00	0.00	0.00
32-540-61-10-2-120-72400		VRS Group Life Insurance	0.00	0.00	0.00
32-540-61-10-2-120-72750		VRS Retiree Health Care Credit	0.00	0.00	0.00
32-540-61-10-2-120-73037		Contractual Services - Other	0.00	0.00	0.00
32-540-61-10-2-120-76435		Supplies - Instructional	0.00	0.00	0.00
Program Total: 120 - Special Education			\$0.00	\$0.00	\$0.00
Level Total: 2 - Elementary			\$757,475.00	\$425,808.00	(\$331,667.00)
Level: 3 - Secondary					
Program: 110 - Regular Instruction					
32-540-61-10-3-110-71120		Compensation-Instructional Salaries	210,000.00	154,092.00	(55,908.00)
32-540-61-10-3-110-72100		FICA	16,065.00	11,788.00	(4,277.00)
32-540-61-10-3-110-72210		VRS Pension Contribution	34,902.00	25,503.00	(9,399.00)
32-540-61-10-3-110-72300		Group Health and Dental Insurance	97,824.00	17,448.00	(80,376.00)
32-540-61-10-3-110-72400		VRS Group Life Insurance	2,814.00	2,056.00	(758.00)
32-540-61-10-3-110-72750		VRS Retiree Health Care Credit	2,541.00	1,703.00	(838.00)
32-540-61-10-3-110-73037		Contractual Services - Other	10,730.00	10,730.00	0.00
32-540-61-10-3-110-76015		Allotment	5,000.00	0.00	(5,000.00)
Program Total: 110 - Regular Instruction			\$379,876.00	\$223,320.00	(\$156,556.00)
Program: 120 - Special Education					
32-540-61-10-3-120-71120		Compensation-Instructional Salaries	0.00	0.00	0.00
32-540-61-10-3-120-72100		FICA	0.00	0.00	0.00
32-540-61-10-3-120-72210		VRS Pension Contribution	0.00	0.00	0.00
32-540-61-10-3-120-72300		Group Health and Dental Insurance	0.00	0.00	0.00
32-540-61-10-3-120-72400		VRS Group Life Insurance	0.00	0.00	0.00
32-540-61-10-3-120-72750		VRS Retiree Health Care Credit	0.00	0.00	0.00
Program Total: 120 - Special Education			\$0.00	\$0.00	\$0.00
Level Total: 3 - Secondary			\$379,876.00	\$223,320.00	(\$156,556.00)
Level: 4 - Middle					
Program: 110 - Regular Instruction					
32-540-61-10-4-110-71120		Compensation-Instructional Salaries	0.00	77,523.00	77,523.00
32-540-61-10-4-110-72100		FICA	0.00	5,931.00	5,931.00
32-540-61-10-4-110-72210		VRS Pension Contribution	0.00	12,884.00	12,884.00
32-540-61-10-4-110-72300		Group Health and Dental Insurance	0.00	0.00	0.00
32-540-61-10-4-110-72400		VRS Group Life Insurance	0.00	1,039.00	1,039.00
32-540-61-10-4-110-72750		VRS Retiree Health Care Credit	0.00	938.00	938.00
32-540-61-10-4-110-73037		Contractual Services - Other	0.00	0.00	0.00

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G/L Account Number	Account Description	2024 City Council/Board Approval	Revised Budget	Difference
32-540-61-10-4-110-76015	Allotment	0.00	0.00	0.00
Program Total: 110 - Regular Instruction		\$0.00	\$98,315.00	\$98,315.00
Program: 120 - Special Education				
32-540-61-10-4-120-71120	Compensation-Instructional Salaries	0.00	0.00	0.00
32-540-61-10-4-120-72100	FICA	0.00	0.00	0.00
32-540-61-10-4-120-72210	VRS Pension Contribution	0.00	0.00	0.00
32-540-61-10-4-120-72300	Group Health and Dental Insurance	0.00	0.00	0.00
32-540-61-10-4-120-72400	VRS Group Life Insurance	0.00	0.00	0.00
32-540-61-10-4-120-72750	VRS Retiree Health Care Credit	0.00	0.00	0.00
Program Total: 120 - Special Education		\$0.00	\$0.00	\$0.00
Level Total: 4 - Middle		\$0.00	\$98,315.00	\$98,315.00
Level: 6 - Summer				
Program: 160 - Summer				
32-540-61-10-6-160-71151	Compensation-Instructional Asst	0.00	0.00	0.00
32-540-61-10-6-160-71195	Compensation - Summer School Principal	0.00	0.00	0.00
32-540-61-10-6-160-71196	Compensation - Summer School Teacher	132,554.00	68,459.00	(64,095.00)
32-540-61-10-6-160-72100	FICA	10,141.00	5,237.00	(4,904.00)
32-540-61-10-6-160-72210	VRS Pension Contribution	0.00	0.00	0.00
32-540-61-10-6-160-72300	Group Health and Dental Insurance	0.00	0.00	0.00
32-540-61-10-6-160-72400	VRS Group Life Insurance	0.00	0.00	0.00
32-540-61-10-6-160-72750	VRS Retiree Health Care Credit	0.00	0.00	0.00
Program Total: 160 - Summer		\$142,695.00	\$73,696.00	(\$68,999.00)
Level Total: 6 - Summer		\$142,695.00	\$73,696.00	(\$68,999.00)
Sub-Function Total: 10 - Classroom Instruction		\$1,280,046.00	\$821,139.00	(\$458,907.00)
Cost Center Total: 61 - Instruction		\$1,280,046.00	\$821,139.00	(\$458,907.00)
Cost Center: 62 - Administration, Attend. & Health				
Sub-Function: 62 - Admin, Attend. & Health				
Level: 9 - District Wide				
Program: 213 - Information Services				
32-540-62-62-9-213-73210	Special Report Services-Supt	60,000.00	58,590.00	(1,410.00)
Program Total: 213 - Information Services		\$60,000.00	\$58,590.00	(\$1,410.00)
Program: 222 - Health Services				
32-540-62-62-9-222-71131	Compensation-School Nurses	60,255.00	63,265.00	3,010.00
32-540-62-62-9-222-71135	Compensation-Board Cert. Behavior Analyst	0.00	58,555.00	58,555.00
32-540-62-62-9-222-72100	FICA	4,610.00	9,319.00	4,709.00
32-540-62-62-9-222-72210	VRS Pension Contribution	10,015.00	20,246.00	10,231.00
32-540-62-62-9-222-72300	Group Health and Dental Insurance	4,788.00	9,461.00	4,673.00
32-540-62-62-9-222-72400	VRS Group Life Insurance	808.00	1,632.00	824.00
32-540-62-62-9-222-72750	VRS Retiree Health Care Credit	730.00	1,474.00	744.00
Program Total: 222 - Health Services		\$81,206.00	\$163,952.00	\$82,746.00
Level Total: 9 - District Wide		\$141,206.00	\$222,542.00	\$81,336.00
Sub-Function Total: 62 - Admin, Attend. & Health		\$141,206.00	\$222,542.00	\$81,336.00
Cost Center Total: 62 - Administration, Attend. & Health		\$141,206.00	\$222,542.00	\$81,336.00
Cost Center: 63 - Pupil Transportation				
Sub-Function: 63 - Pupil Transportation				
Level: 9 - District Wide				
Program: 320 - Vehicle Operation Services				
32-540-63-63-9-320-71170	Compensation-Bus Drivers	0.00	0.00	0.00
32-540-63-63-9-320-72100	FICA	0.00	0.00	0.00
32-540-63-63-9-320-72220	VRS Hybrid Pension Contribution	0.00	0.00	0.00
32-540-63-63-9-320-72300	Group Health and Dental Insurance	0.00	0.00	0.00
32-540-63-63-9-320-72400	VRS Group Life Insurance	0.00	0.00	0.00
32-540-63-63-9-320-72750	VRS Retiree Health Care Credit	0.00	0.00	0.00
Program Total: 320 - Vehicle Operation Services		\$0.00	\$0.00	\$0.00
Program: 350 - Bus Regular Purchases				
32-540-63-63-9-350-78030	School Buses and Other Vehicles	0.00	0.00	0.00
Program Total: 350 - Bus Regular Purchases		\$0.00	\$0.00	\$0.00
Level Total: 9 - District Wide		\$0.00	\$0.00	\$0.00

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G/L Account Number	Account Description	2024 City Council/Board Approval	Revised Budget	Difference
Sub-Function Total: 63 - Pupil Transportation		\$0.00	\$0.00	\$0.00
Cost Center Total: 63 - Pupil Transportation		\$0.00	\$0.00	\$0.00
Cost Center: 64 - Operation & Maintenance				
Sub-Function: 64 - Operation & Maintenance				
Level: 9 - District Wide				
Program: 420 - Building Services				
32-540-64-64-9-420-73180	Repair/Maint - Other Contracted	0.00	0.00	0.00
32-540-64-64-9-420-74900	Building Maintenance - City	10,355.00	0.00	(10,355.00)
32-540-64-64-9-420-76110	Supplies - Operational	0.00	0.00	0.00
32-540-64-64-9-420-78020	Furniture & Equipment >\$5,000	0.00	0.00	0.00
Program Total: 420 - Building Services		\$10,355.00	\$0.00	(\$10,355.00)
Level Total: 9 - District Wide		\$10,355.00	\$0.00	(\$10,355.00)
Sub-Function Total: 64 - Operation & Maintenance		\$10,355.00	\$0.00	(\$10,355.00)
Cost Center Total: 64 - Operation & Maintenance		\$10,355.00	\$0.00	(\$10,355.00)
Cost Center: 68 - Technology				
Sub-Function: 10 - Classroom Instruction				
Level: 9 - District Wide				
Program: 800 - Technology				
32-540-68-10-9-800-71139	Compensation-ITRT	53,754.00	57,006.00	3,252.00
32-540-68-10-9-800-72100	FICA	4,113.00	4,362.00	249.00
32-540-68-10-9-800-72210	VRS Pension Contribution	8,934.00	9,474.00	540.00
32-540-68-10-9-800-72300	Group Health and Dental Insurance	9,510.00	10,536.00	1,026.00
32-540-68-10-9-800-72400	VRS Group Life Insurance	721.00	765.00	44.00
32-540-68-10-9-800-72750	VRS Retiree Health Care Credit	651.00	690.00	39.00
Program Total: 800 - Technology		\$77,683.00	\$82,833.00	\$5,150.00
Level Total: 9 - District Wide		\$77,683.00	\$82,833.00	\$5,150.00
Sub-Function Total: 10 - Classroom Instruction		\$77,683.00	\$82,833.00	\$5,150.00
Cost Center Total: 68 - Technology		\$77,683.00	\$82,833.00	\$5,150.00
Department Total: 540 - CRRSA ESSER III 84.425U		\$1,509,290.00	\$1,126,514.00	(\$382,776.00)
Department: 600 - ARP ESSER III Set-Aside 84.425U				
Cost Center: 61 - Instruction				
Sub-Function: 10 - Classroom Instruction				
Level: 6 - Summer				
Program: 165 - Addressing Unfinished Learning				
32-600-61-10-6-165-71120	Compensation-Instructional Salaries	76,955.00	88,023.00	11,068.00
32-600-61-10-6-165-72100	FICA	5,888.00	7,678.00	1,790.00
32-600-61-10-6-165-73037	Contractual Services - Other	57,801.00	53,867.00	(3,934.00)
Program Total: 165 - Addressing Unfinished Learning		\$140,644.00	\$149,568.00	\$8,924.00
Program: 167 - Summer Programs				
32-600-61-10-6-167-71120	Compensation-Instructional Salaries	83,946.00	151,104.00	67,158.00
32-600-61-10-6-167-72100	FICA	6,422.00	12,517.00	6,095.00
Program Total: 167 - Summer Programs		\$90,368.00	\$163,621.00	\$73,253.00
Level Total: 6 - Summer		\$231,012.00	\$313,189.00	\$82,177.00
Level: 2 - Elementary				
Program: 166 - Before and After School Program				
32-600-61-10-2-166-71120	Compensation-Instructional Salaries	6,000.00	14,259.00	8,259.00
32-600-61-10-2-166-72100	FICA	459.00	708.00	249.00
Program Total: 166 - Before and After School Program		\$6,459.00	\$14,967.00	\$8,508.00
Level Total: 2 - Elementary		\$6,459.00	\$14,967.00	\$8,508.00
Sub-Function Total: 10 - Classroom Instruction		\$237,471.00	\$328,156.00	\$90,685.00
Cost Center Total: 61 - Instruction		\$237,471.00	\$328,156.00	\$90,685.00
Cost Center: 63 - Pupil Transportation				
Sub-Function: 63 - Pupil Transportation				
Level: 9 - District Wide				
Program: 166 - Before and After School Program				
32-600-63-63-9-166-71170	Compensation-Bus Drivers	0.00	0.00	0.00
32-600-63-63-9-166-72100	FICA	0.00	0.00	0.00
Program Total: 166 - Before and After School Program		\$0.00	\$0.00	\$0.00

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G/L Account Number	Account Description	2024 City Council/Board Approval	Revised Budget	Difference
Level Total: 9 - District Wide		\$0.00	\$0.00	\$0.00
Sub-Function Total: 63 - Pupil Transportation		\$0.00	\$0.00	\$0.00
Cost Center Total: 63 - Pupil Transportation		\$0.00	\$0.00	\$0.00
Department Total: 600 - ARP ESSER III Set-Aside 84.425U		\$237,471.00	\$328,156.00	\$90,685.00
Department: 610 - ARPA CSLFRF Ventilation 21.027				
Cost Center: 64 - Operation & Maintenance				
Sub-Function: 64 - Operation & Maintenance				
Level: 9 - District Wide				
Program: 420 - Building Services				
32-610-64-64-9-420-73180	Repair/Maint - Other Contracted	0.00	77,452.00	77,452.00
32-610-64-64-9-420-78020	Furniture & Equipment >\$5,000	0.00	230,538.00	230,538.00
Program Total: 420 - Building Services		\$0.00	\$307,990.00	\$307,990.00
Level Total: 9 - District Wide		\$0.00	\$307,990.00	\$307,990.00
Sub-Function Total: 64 - Operation & Maintenance		\$0.00	\$307,990.00	\$307,990.00
Cost Center Total: 64 - Operation & Maintenance		\$0.00	\$307,990.00	\$307,990.00
Department Total: 610 - ARPA CSLFRF Ventilation 21.027		\$0.00	\$307,990.00	\$307,990.00
Department: 640 - School-Based Health Workforce Grant				
Cost Center: 62 - Administration, Attend. & Health				
Sub-Function: 62 - Admin, Attend. & Health				
Level: 9 - District Wide				
Program: 222 - Health Services				
32-640-62-62-9-222-71131	Compensation-Instructional Salaries	20,000.00	0.00	(20,000.00)
32-640-62-62-9-222-72100	FICA	1,530.00	0.00	(1,530.00)
32-640-62-62-9-222-72210	VRS Pension Contribution	3,324.00	0.00	(3,324.00)
32-640-62-62-9-222-72300	Group Health and Dental Insurance	7,963.00	0.00	(7,963.00)
32-640-62-62-9-222-72400	VRS Group Life Insurance	268.00	0.00	(268.00)
32-640-62-62-9-222-72750	VRS Retiree Health Care Credit	242.00	0.00	(242.00)
32-640-62-62-9-222-73037	Contractual Services - Other	3,000.00	6,498.00	3,498.00
32-640-62-62-9-222-73255	Professional Development	2,522.00	14,280.00	11,758.00
32-640-62-62-9-222-76045	Furniture & Equipment >\$5,000	1,151.00	27,302.00	26,151.00
Program Total: 222 - Health Services		\$40,000.00	\$48,080.00	\$8,080.00
Level Total: 9 - District Wide		\$40,000.00	\$48,080.00	\$8,080.00
Sub-Function Total: 62 - Admin, Attend. & Health		\$40,000.00	\$48,080.00	\$8,080.00
Cost Center Total: 62 - Administration, Attend. & Health		\$40,000.00	\$48,080.00	\$8,080.00
Department Total: 640 - School-Based Health Workforce Grant		\$40,000.00	\$48,080.00	\$8,080.00
Department: 660 - Community Schools Grant				
Cost Center: 62 - Administration, Attend. & Health				
Sub-Function: 62 - Admin, Attend. & Health				
Level: 9 - District Wide				
Program: 222 - Health Services				
32-660-62-62-9-222-73037	Contractual Services - Other	0.00	123,188.00	123,188.00
32-660-62-62-9-222-76100	Supplies - Nursing	0.00	0.00	0.00
32-660-62-62-9-222-76435	Supplies - Instructional	0.00	8,000.00	8,000.00
Program Total: 222 - Health Services		\$0.00	\$131,188.00	\$131,188.00
Level Total: 9 - District Wide		\$0.00	\$131,188.00	\$131,188.00
Sub-Function Total: 62 - Admin, Attend. & Health		\$0.00	\$131,188.00	\$131,188.00
Cost Center Total: 62 - Administration, Attend. & Health		\$0.00	\$131,188.00	\$131,188.00
Department Total: 660 - Community Schools Grant		\$0.00	\$131,188.00	\$131,188.00
Department: 670 - SBMH2-Yr1 84.184H				
Cost Center: 61 - Instruction				
Sub-Function: 21 - Student Guidance				
Level: 2 - Elementary				
Program: 110 - Regular Instruction				
32-670-61-21-2-110-71665	Bonus Payments to Teachers	0.00	12,500.00	12,500.00
32-670-61-21-3-110-71665	Bonus Payments to Teachers	0.00	10,000.00	10,000.00
32-670-61-21-4-110-71665	Bonus Payments to Teachers	0.00	7,500.00	7,500.00
32-670-61-21-2-110-72100	FICA	0.00	956.00	956.00
32-670-61-21-3-110-72100	FICA	0.00	765.00	765.00

Grant Budget Adjustments

Attachment A

G/L Account Number	Account Description	2024 City Council/Board Approval	Revised Budget	Difference
32-670-61-21-4-110-72100	FICA	0.00	574.00	574.00
32-670-62-62-9-223-71655	Compensation - Stipends for PD	0.00	8,100.00	8,100.00
32-670-62-62-9-223-72100	FICA	0.00	620.00	620.00
32-670-61-22-2-110-71665	Bonus Payments to Teachers	0.00	1,250.00	1,250.00
32-670-61-22-2-110-72100	FICA	0.00	96.00	96.00
32-670-61-22-3-110-71665	Bonus Payments to Teachers	0.00	1,250.00	1,250.00
32-670-61-22-3-110-72100	FICA	0.00	96.00	96.00
32-670-61-31-2-120-71110	Compensation - Administrative	0.00	12,250.00	12,250.00
32-670-61-31-2-120-72100	FICA	0.00	938.00	938.00
32-670-61-31-3-120-71110	Compensation - Administrative	0.00	12,250.00	12,250.00
32-670-61-31-3-120-72100	FICA	0.00	938.00	938.00
32-670-62-62-9-223-71665	Bonus Payments to Teachers	0.00	7,500.00	7,500.00
32-670-62-62-9-223-72100	FICA	0.00	574.00	574.00
32-670-62-62-9-223-71665	Bonus Payments to Teachers	0.00	5,000.00	5,000.00
32-670-62-62-9-223-72100	FICA	0.00	383.00	383.00
32-670-61-10-3-110-71665	Bonus Payments to Teachers	0.00	2,500.00	2,500.00
32-670-61-10-3-110-72100	FICA	0.00	192.00	192.00
32-670-68-21-9-800-71665	Bonus Payments to Teachers	0.00	2,500.00	2,500.00
32-670-68-21-9-800-72100	FICA	0.00	192.00	192.00
32-670-62-62-9-212-73035	Consultants	0.00	33,010.00	33,010.00
32-670-62-62-9-223-75530	Travel - Other	0.00	8,000.00	8,000.00
32-670-61-21-2-110-75802	Dues	0.00	340.00	340.00
32-670-61-21-3-110-75802	Dues	0.00	340.00	340.00
32-670-61-21-4-110-75802	Dues	0.00	715.00	715.00
32-670-61-21-2-110-76435	Supplies - Instructional	0.00	6,724.00	6,724.00
32-670-61-21-3-110-76435	Supplies - Instructional	0.00	6,724.00	6,724.00
32-670-61-21-4-110-76435	Supplies - Instructional	0.00	6,723.00	6,723.00
Department Total: 670 - School Based Mental Health		\$0.00	\$151,500.00	\$151,500.00
EXPENSES Total		\$3,858,581.00	\$4,606,350.00	\$747,769.00
Fund REVENUE	Total: 32 - School Grants Fund	\$3,858,581.00	\$4,606,350.00	\$747,769.00
Fund EXPENSE	Total: 32 - School Grants Fund	\$3,858,581.00	\$4,606,350.00	\$747,769.00
Fund Total: 32 - School Grants Fund		\$0.00	\$0.00	\$0.00
REVENUE GRAND Totals:		\$3,858,581.00	\$4,606,350.00	\$747,769.00
EXPENSE GRAND Totals:		\$3,858,581.00	\$4,606,350.00	\$747,769.00
Grand Totals:		\$0.00	\$0.00	\$0.00

General & Cafeteria Fund Budget Adjustments

Attachment B

G/L Account Number	Account Description	Adjustment Needed
REVENUES		
30-110-00-00-9-000-63020	Sale of Property/Equipment	\$135.00
30-110-00-00-9-000-61321	Career & Technical Ed - Equipment	(\$1,573.00)
30-110-00-00-9-000-61354	Industry Certification Costs	(\$3,088.00)
30-110-00-00-9-000-61355	CTE STEM-H Industry Credentials	(\$428.00)
30-110-00-00-9-000-61104	Virginia Workplace Readiness Skills Assessment	(\$255.00)
30-110-00-00-9-000-61115	Adult Education	\$49,443.00
REVENUES Total		\$44,234.00
EXPENSES		
30-111-61-10-3-110-76160	Auto Body	\$90.00
30-111-61-10-3-110-76470	Welding	\$45.00
30-122-62-62-9-223-71132	Compensation-Psychologists	(\$40,000.00)
30-122-62-62-9-223-72100	FICA	(\$3,060.00)
30-122-62-62-9-223-72210	VRS Pension Contribution	(\$6,648.00)
30-122-62-62-9-223-72300	Group Health & Dental Insurance	(\$4,704.00)
30-122-62-62-9-223-72400	VRS Group Life Insurance	(\$536.00)
30-122-62-62-9-223-72750	VRS Retiree Health Care Credit	(\$484.00)
30-110-61-22-2-110-71120	Compensation-Instructional Salaries	\$12,000.00
30-110-61-22-2-120-71120	Compensation-Instructional Salaries	\$8,000.00
30-110-61-22-3-110-71120	Compensation-Instructional Salaries	\$12,000.00
30-110-61-22-3-120-71120	Compensation-Instructional Salaries	\$8,000.00
30-110-61-22-2-110-72100	FICA	\$918.00
30-110-61-22-2-120-72100	FICA	\$612.00
30-110-61-22-3-110-72100	FICA	\$918.00
30-110-61-22-3-120-72100	FICA	\$612.00
30-110-61-22-2-110-72210	VRS Pension Contribution	\$1,995.00
30-110-61-22-2-120-72210	VRS Pension Contribution	\$1,330.00

General & Cafeteria Fund Budget Adjustments

Attachment B

G/L Account Number	Account Description	Adjustment Needed
30-110-61-22-3-110-72210	VRS Pension Contribution	\$1,994.00
30-110-61-22-3-120-72210	VRS Pension Contribution	\$1,329.00
30-110-61-22-2-110-72300	Group Health & Dental Insurance	\$1,412.00
30-110-61-22-2-120-72300	Group Health & Dental Insurance	\$941.00
30-110-61-22-3-110-72300	Group Health & Dental Insurance	\$1,411.00
30-110-61-22-3-120-72300	Group Health & Dental Insurance	\$940.00
30-110-61-22-2-110-72400	VRS Group Life Insurance	\$161.00
30-110-61-22-2-120-72400	VRS Group Life Insurance	\$107.00
30-110-61-22-3-110-72400	VRS Group Life Insurance	\$161.00
30-110-61-22-3-120-72400	VRS Group Life Insurance	\$107.00
30-110-61-22-2-110-72750	VRS Retiree Health Care Credit	\$145.00
30-110-61-22-2-120-72750	VRS Retiree Health Care Credit	\$97.00
30-110-61-22-3-110-72750	VRS Retiree Health Care Credit	\$145.00
30-110-61-22-3-120-72750	VRS Retiree Health Care Credit	\$97.00
30-122-62-62-9-223-71132	Compensation-Psychologists	(\$40,000.00)
30-122-62-62-9-223-72100	FICA	(\$3,060.00)
30-122-62-62-9-223-72210	VRS Pension Contribution	(\$6,648.00)
30-122-62-62-9-223-72300	Group Health & Dental Insurance	(\$4,704.00)
30-122-62-62-9-223-72400	VRS Group Life Insurance	(\$536.00)
30-122-62-62-9-223-72750	VRS Retiree Health Care Credit	(\$484.00)
30-113-61-21-2-110-71124	Compensation-Guidance Counselors	\$10,000.00
30-114-61-21-2-110-71124	Compensation-Guidance Counselors	\$10,000.00
30-115-61-21-2-110-71124	Compensation-Guidance Counselors	\$10,000.00
30-116-61-21-2-110-71124	Compensation-Guidance Counselors	\$10,000.00
30-113-61-21-2-110-72100	FICA	\$765.00
30-114-61-21-2-110-72100	FICA	\$765.00

General & Cafeteria Fund Budget Adjustments

Attachment B

G/L Account Number	Account Description	Adjustment Needed
30-115-61-21-2-110-72100	FICA	\$765.00
30-116-61-21-2-110-72100	FICA	\$765.00
30-113-61-21-2-110-72210	VRS Pension Contribution	\$1,662.00
30-114-61-21-2-110-72210	VRS Pension Contribution	\$1,662.00
30-115-61-21-2-110-72210	VRS Pension Contribution	\$1,662.00
30-116-61-21-2-110-72210	VRS Pension Contribution	\$1,662.00
30-113-61-21-2-110-72300	Group Health & Dental Insurance	\$1,176.00
30-114-61-21-2-110-72300	Group Health & Dental Insurance	\$1,176.00
30-115-61-21-2-110-72300	Group Health & Dental Insurance	\$1,176.00
30-116-61-21-2-110-72300	Group Health & Dental Insurance	\$1,176.00
30-113-61-21-2-110-72400	VRS Group Life Insurance	\$134.00
30-114-61-21-2-110-72400	VRS Group Life Insurance	\$134.00
30-115-61-21-2-110-72400	VRS Group Life Insurance	\$134.00
30-116-61-21-2-110-72400	VRS Group Life Insurance	\$134.00
30-113-61-21-2-110-72750	VRS Retiree Health Care Credit	\$121.00
30-114-61-21-2-110-72750	VRS Retiree Health Care Credit	\$121.00
30-115-61-21-2-110-72750	VRS Retiree Health Care Credit	\$121.00
30-116-61-21-2-110-72750	VRS Retiree Health Care Credit	\$121.00
30-111-61-10-3-110-76167	CTE State Equipment	(\$1,573.00)
30-110-61-10-3-110-73018	CTE Testing	(\$3,771.00)
30-110-61-10-7-170-71120	Compensation-Instructional Salaries	\$45,000.00
30-110-61-10-7-170-72100	FICA	\$3,443.00
30-110-61-10-7-170-75202	Telephone Services	\$1,000.00
30-113-61-10-8-180-71151	Compensation-Instructional Asst	(\$27,479.00)
30-113-61-10-8-180-72100	FICA	(\$2,102.00)
30-113-61-10-8-180-72220	VRS Hybrid Pension Contribution	(\$4,567.00)

General & Cafeteria Fund Budget Adjustments

Attachment B

G/L Account Number	Account Description	Adjustment Needed
30-113-61-10-8-180-72300	Group Health and Dental Insurance	(\$6,500.00)
30-113-61-10-8-180-72400	VRS Group Life Insurance	(\$368.00)
30-113-61-10-8-180-72750	VRS Retiree Health Care Credit	(\$332.00)
30-113-61-10-8-180-73037	Contractual Services - Other	\$3,690.00
30-113-61-10-8-180-73255	Professional Development	\$3,690.00
30-113-61-10-8-180-76435	Supplies - Instructional	\$7,380.00
30-116-61-10-8-180-71151	Compensation-Instructional Asst	\$8,891.00
30-116-61-10-8-180-72100	FICA	\$680.00
30-116-61-10-8-180-72220	VRS Hybrid Pension Contribution	\$1,478.00
30-116-61-10-8-180-72300	Group Health and Dental Insurance	\$8,355.00
30-116-61-10-8-180-72400	VRS Group Life Insurance	\$119.00
30-116-61-10-8-180-72750	VRS Retiree Health Care Credit	\$107.00
30-116-61-10-8-180-73037	Contractual Services - Other	\$3,690.00
30-116-61-10-8-180-73255	Professional Development	\$3,690.00
30-116-61-10-8-180-76435	Supplies - Instructional	\$7,380.00
30-115-61-10-8-180-73037	Contractual Services - Other	\$3,690.00
30-115-61-10-8-180-73255	Professional Development	\$3,690.00
30-115-61-10-8-180-76435	Supplies - Instructional	\$7,380.00
30-114-61-10-8-180-71151	Compensation-Instructional Asst	\$20,871.00
30-114-61-10-8-180-72100	FICA	\$1,597.00
30-114-61-10-8-180-72220	VRS Hybrid Pension Contribution	\$3,469.00
30-114-61-10-8-180-72300	Group Health and Dental Insurance	\$9,407.00
30-114-61-10-8-180-72400	VRS Group Life Insurance	\$280.00
30-114-61-10-8-180-72750	VRS Retiree Health Care Credit	\$253.00
30-114-61-10-8-180-73037	Contractual Services - Other	\$3,690.00
30-114-61-10-8-180-73255	Professional Development	\$3,690.00

General & Cafeteria Fund Budget Adjustments

Attachment B

G/L Account Number	Account Description	Adjustment Needed
30-114-61-10-8-180-76435	Supplies - Instructional	\$7,380.00
30-113-61-10-2-110-71120	Compensation-Instructional Salaries	(\$57,494.00)
30-113-61-10-2-110-72100	FICA	(\$4,479.00)
30-113-61-10-2-110-72210	VRS Pension Contribution	(\$9,732.00)
30-113-61-10-2-110-72400	VRS Group Life Insurance	(\$785.00)
30-113-61-10-2-110-72750	VRS Retiree Health Care Credit	(\$709.00)
EXPENSES Total		\$44,234.00
Fund REVENUE Total: 30 - School General Fund		\$44,234.00
Fund EXPENSE Total: 30 - School General Fund		\$44,234.00
Fund Total: 30 - School General Fund		\$0.00

General & Cafeteria Fund Budget Adjustments

Attachment B

G/L Account Number	Account Description	Adjustment Needed
REVENUES		
33-111-65-65-9-510-62370	Pandemic EBT Local Admin Cost Grant	\$3,256.00
33-111-65-65-9-510-62365	Supply Chain Assistance 10.555	\$175.00
33-112-65-65-9-510-62365	Supply Chain Assistance 10.555	\$175.00
33-113-65-65-9-510-62365	Supply Chain Assistance 10.555	\$175.00
33-114-65-65-9-510-62365	Supply Chain Assistance 10.555	\$175.00
33-115-65-65-9-510-62365	Supply Chain Assistance 10.555	\$175.00
33-116-65-65-9-510-62365	Supply Chain Assistance 10.555	\$175.00
REVENUES Total		\$4,306.00
EXPENSES		
33-111-65-65-9-510-71192	Compensation - Cafeteria	\$3,025.00
33-111-65-65-9-510-72100	FICA	\$231.00
33-111-65-65-9-510-76120	Food Products	\$175.00
33-112-65-65-9-510-76120	Food Products	\$175.00
33-113-65-65-9-510-76120	Food Products	\$175.00
33-114-65-65-9-510-76120	Food Products	\$175.00
33-115-65-65-9-510-76120	Food Products	\$175.00
33-116-65-65-9-510-76120	Food Products	\$175.00
EXPENSES Total		\$4,306.00
Fund REVENUE Total: 33 - School Cafeteria Fund		\$4,306.00
Fund EXPENSE Total: 33 - School Cafeteria Fund		\$4,306.00
Fund Total: 33 - School Cafeteria Fund		\$0.00

Item # 6J
Date: 12/11/2023

AT A REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF SALEM, VIRGINIA
HELD AT CITY HALL

MEETING DATE: December 11, 2023

AGENDA ITEM: Receive the Abstract of Votes cast at the General Election held on November 7, 2023.

SUBMITTED BY: Dana M. Oliver, General Registrar/Director of Elections

SUMMARY OF INFORMATION:

Per the Code of Virginia, a certified copy of the abstract of votes from each election must be received and formally recorded.

FISCAL IMPACT:

None

STAFF RECOMMENDATION:

Staff recommends that Council receive the Abstract of Votes for the General Election held on November 7, 2023.

CITY OF SALEM, VIRGINIA
OFFICE OF GENERAL REGISTRAR
ELECTORAL BOARD
P. O. BOX 203
SALEM, VIRGINIA 24153



DANA M. OLIVER, GENERAL REGISTRAR
SHARON E. PRATT, DEPUTY REGISTRAR

ZACHARY S. AGEE, CHAIRMAN
ELIZABETH BOWLES, VICE CHAIRMAN
KATHERIN A. ELAM, SECRETARY

November 13, 2023

Rob Light
Interim City Manager of Salem City
114 North Broad Street
Salem, VA 24153

Dear Mr. Light:

Pursuant to provisions of §24.2-675 of the Code of Virginia, as amended, I hereby deliver to you one certified copy of the Abstract of Votes cast at the General Election held on November 7, 2023.

Sincerely,

Dana M. Oliver
General Registrar / Director of Elections

_____, Acting Secretary

Cast in SALEM CITY, VIRGINIA
at the 2023 November General and Special Elections held on November 07, 2023 for,

TOTAL VOTES RECEIVED
(IN FIGURES)

We, the undersigned Electoral Board, upon examination of the official records deposited with the Clerk of the Circuit Court of the election held on November 07, 2023, do hereby certify that the above is a true and correct Abstract of Votes cast at said election for the Member, House of Delegates (40th District).



Given under our hands this 14th day of November, 2023

Gabe L. Lopez, Chairman

Mr. Covles, Vice Chairman

Katherine A. Elam, Secretary

_____, Acting Secretary

AT A REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF SALEM, VIRGINIA HELD
AT CITY HALL

MEETING DATE: December 11, 2023

AGENDA ITEM: Resolution adopting a Legislative Program for the 2024 session of the Virginia General Assembly and petitioning the General Assembly to favorably consider the issues and topics addressed herein

SUBMITTED BY: H. Robert Light, Interim City Manager

SUMMARY OF INFORMATION:

This resolution will adopt priorities for use in working with our local legislative delegation and others to promote the interests of the City.

FISCAL IMPACT:

There is no fiscal impact for the development of the legislative program.

STAFF RECOMMENDATION:

Staff recommends Council adopt the 2024 General Assembly Legislative Program for the City.

Item # 6L
Date: 12/11/2023

AT A REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF SALEM, VIRGINIA
HELD AT CITY HALL

MEETING DATE: December 11, 2023

AGENDA ITEM: Consider the appointment of a new City Manager and approval of an employment agreement between the City Manager of the City of Salem and the City of Salem.

SUBMITTED BY: Jim Guynn, City Attorney

SUMMARY OF INFORMATION:

Consider the appointment of new City Manager and approval of employment agreement between the City Manager of the City of Salem and the City of Salem.

STAFF RECOMMENDATION:

Consider approval of the employment agreement between the new Salem City Manager and the City of Salem; and authorize the Mayor to execute the agreement.