

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON

(A Component Unit of the City of Salem, Oregon)

ANNUAL

FINANCIAL

REPORT

For the Fiscal Year Ended

June 30, 2014

Prepared by the Administrative Services Department - Finance Division

**URBAN RENEWAL AGENCY OF THE
CITY OF SALEM, OREGON**

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Title VI Disclosure

It is the policy of the Urban Renewal Agency of the City of Salem (URA) to assure that no person shall be discriminated against on the grounds of race, religion, color, sex, marital status, familial status, national origin, age, mental or physical disability, sexual orientation, gender identity and source of income. The URA also fully complies with Title VI of the Civil Rights Act of 1964, and related statutes and regulations, in all programs and activities.

URBAN RENEWAL AGENCY OF THE CITY OF SALEM

AGENCY OFFICIALS

<u>Ward No.</u>	<u>Name</u>	<u>Term Expires December 31,</u>
Mayor	Anna M. Peterson	2014
1	Chuck Bennett	2016
2	Laura Tesler	2014
3	Brad Nanke	2016
4	Rich Clausen	2014
5	Diana Dickey	2016
6	Bruce Rogers	2014
7	Warren Bednarz	2016
8	Dan Clem	2014

ADMINISTRATIVE STAFF

Executive Director: Linda Norris
Urban Development Department Director: John Wales




City of Salem
555 Liberty St SE, Room 230
Salem, OR 97301-3513

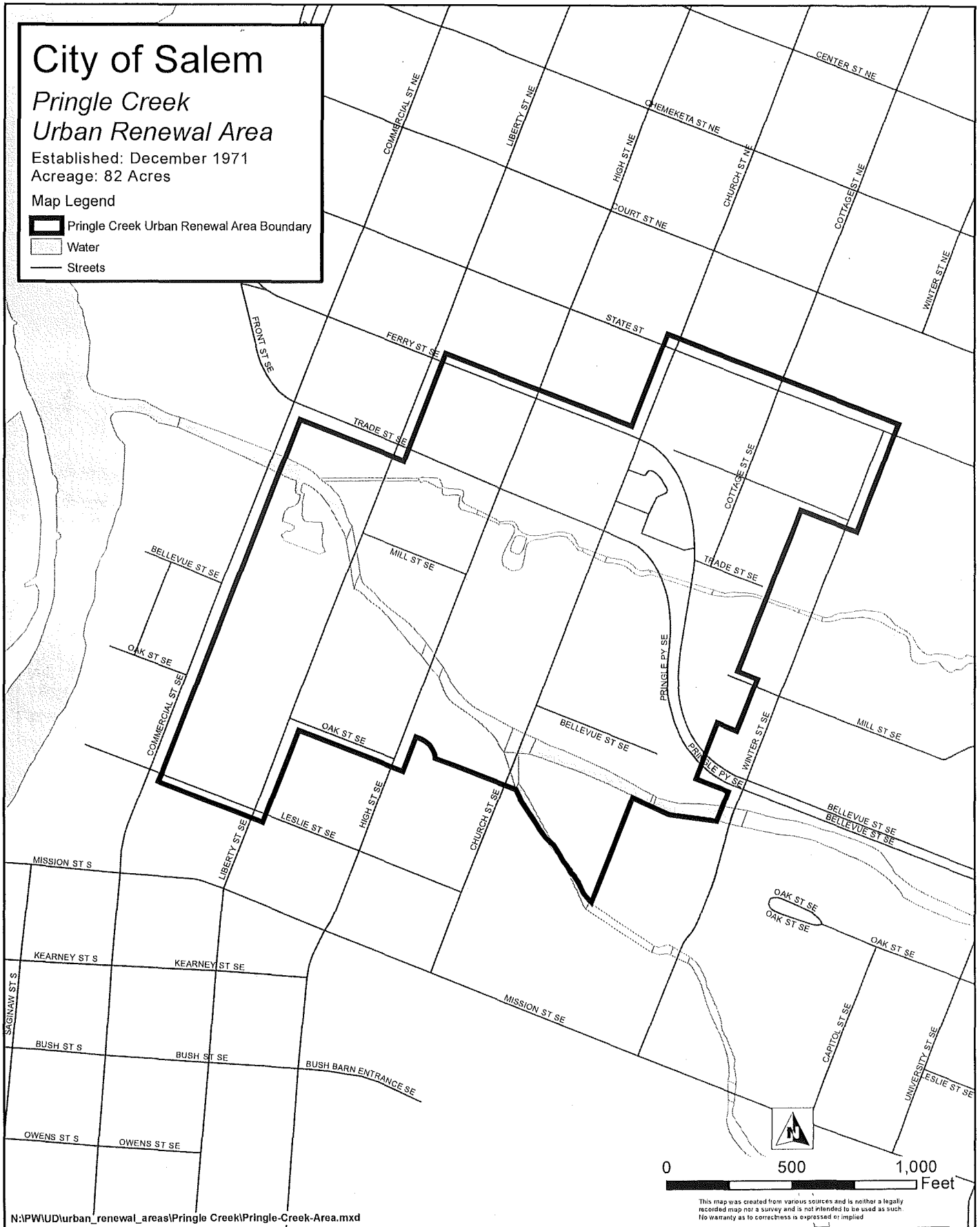
City of Salem

Pringle Creek Urban Renewal Area

Established: December 1971
Acreage: 82 Acres

Map Legend

-  Pringle Creek Urban Renewal Area Boundary
-  Water
-  Streets



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
City of Salem

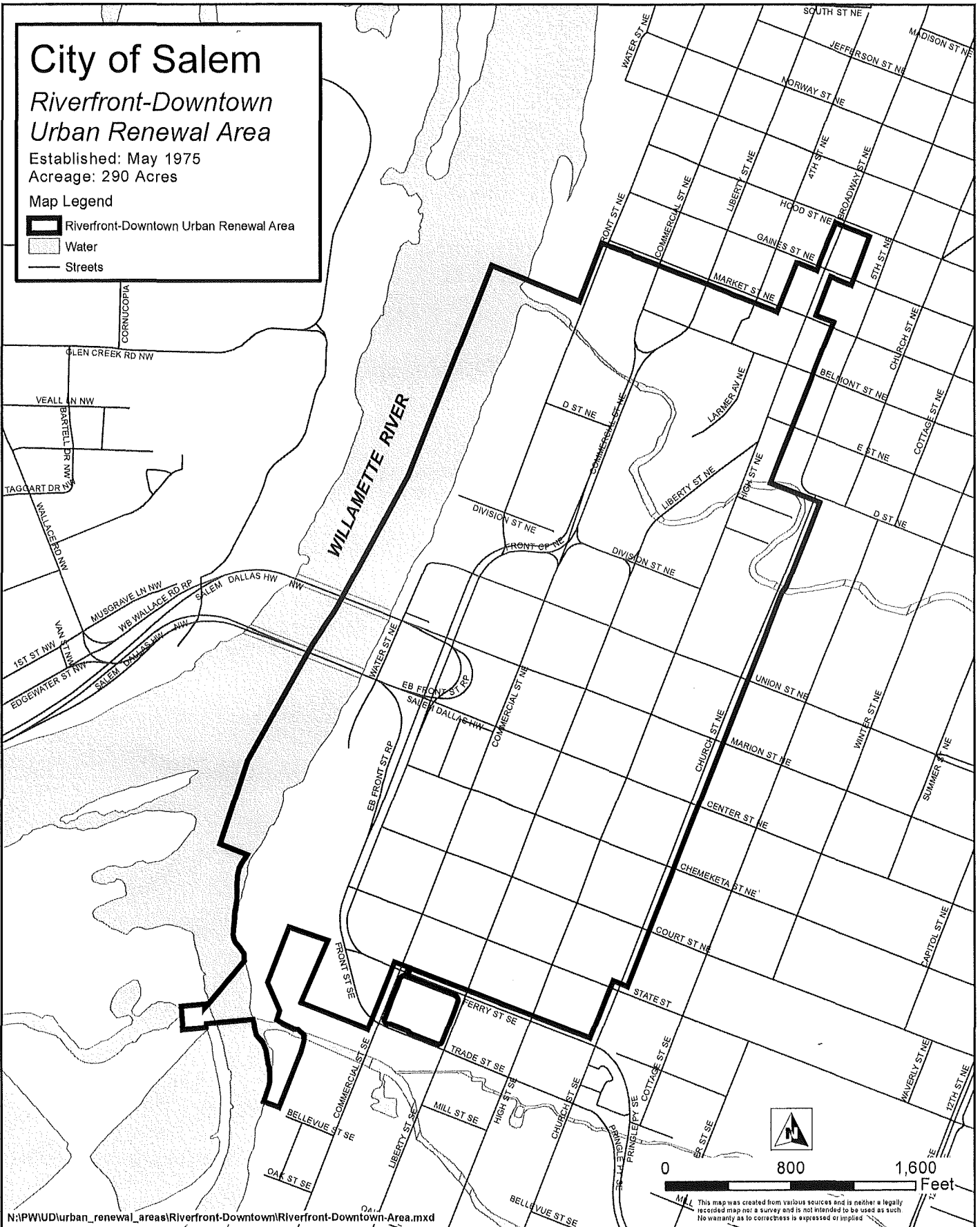
Riverfront-Downtown Urban Renewal Area

Established: May 1975

Acreage: 290 Acres

Map Legend

-  Riverfront-Downtown Urban Renewal Area
-  Water
-  Streets



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0 800 1,600 Feet
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City of Salem

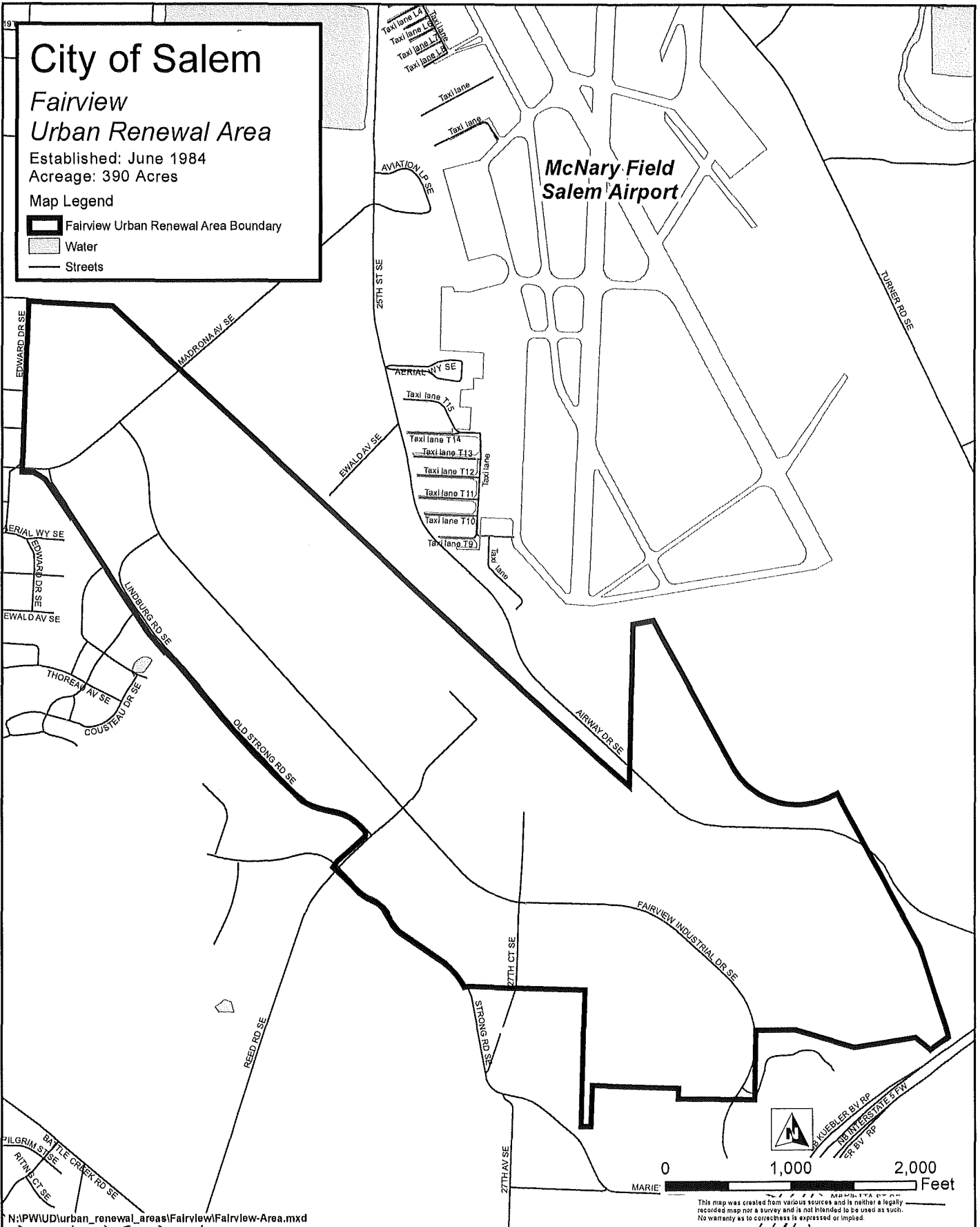
Fairview Urban Renewal Area

Established: June 1984
Acreage: 390 Acres

Map Legend

-  Fairview Urban Renewal Area Boundary
-  Water
-  Streets

**McNary Field
Salem Airport**






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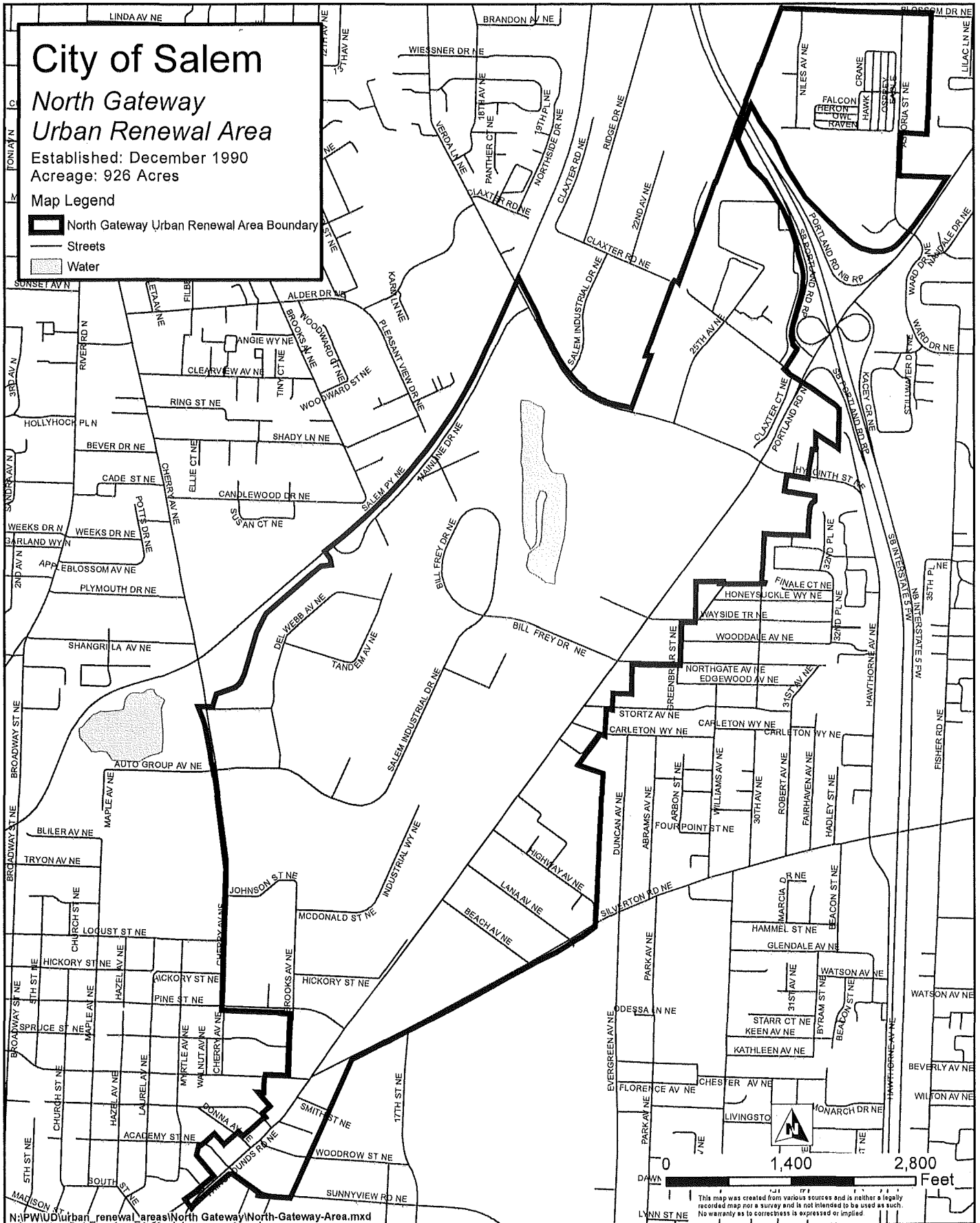
City of Salem

North Gateway Urban Renewal Area

Established: December 1990
Acreage: 926 Acres

Map Legend

-  North Gateway Urban Renewal Area Boundary
-  Streets
-  Water



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City of Salem

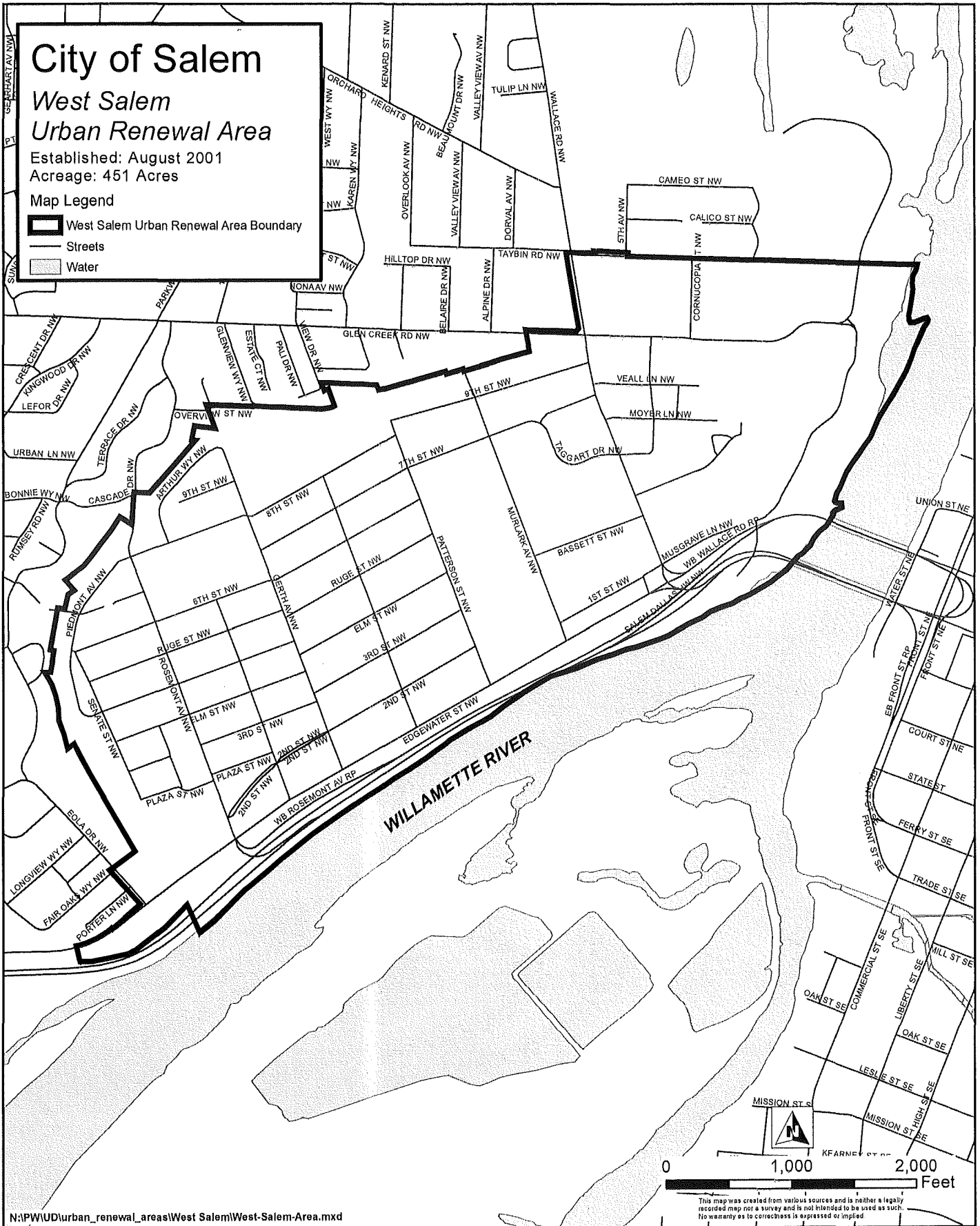
West Salem Urban Renewal Area

Established: August 2001

Acreage: 451 Acres

Map Legend

-  West Salem Urban Renewal Area Boundary
-  Streets
-  Water



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

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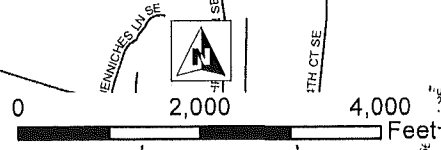
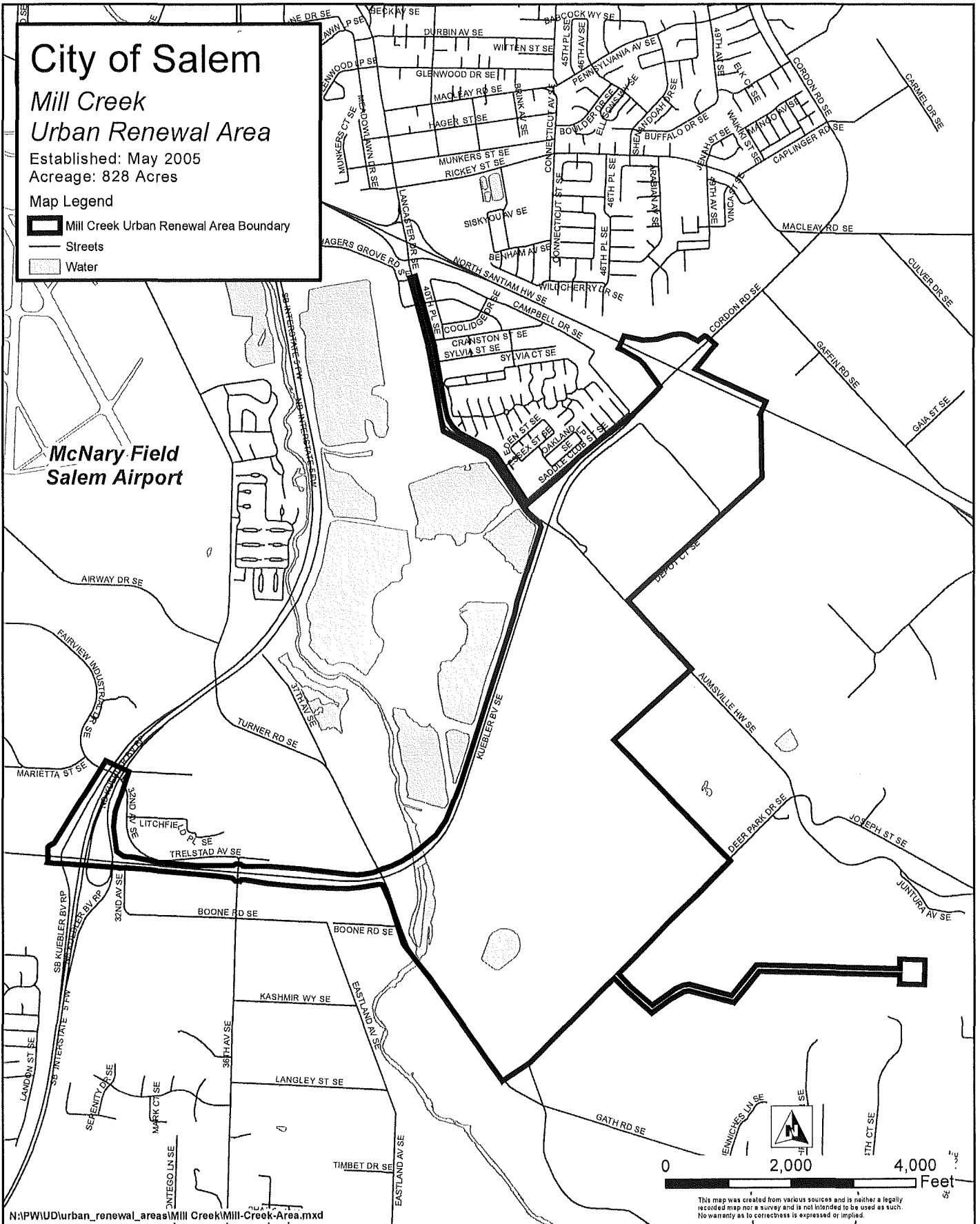
City of Salem

Mill Creek Urban Renewal Area

Established: May 2005
Acreage: 828 Acres

Map Legend

-  Mill Creek Urban Renewal Area Boundary
-  Streets
-  Water



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City of Salem

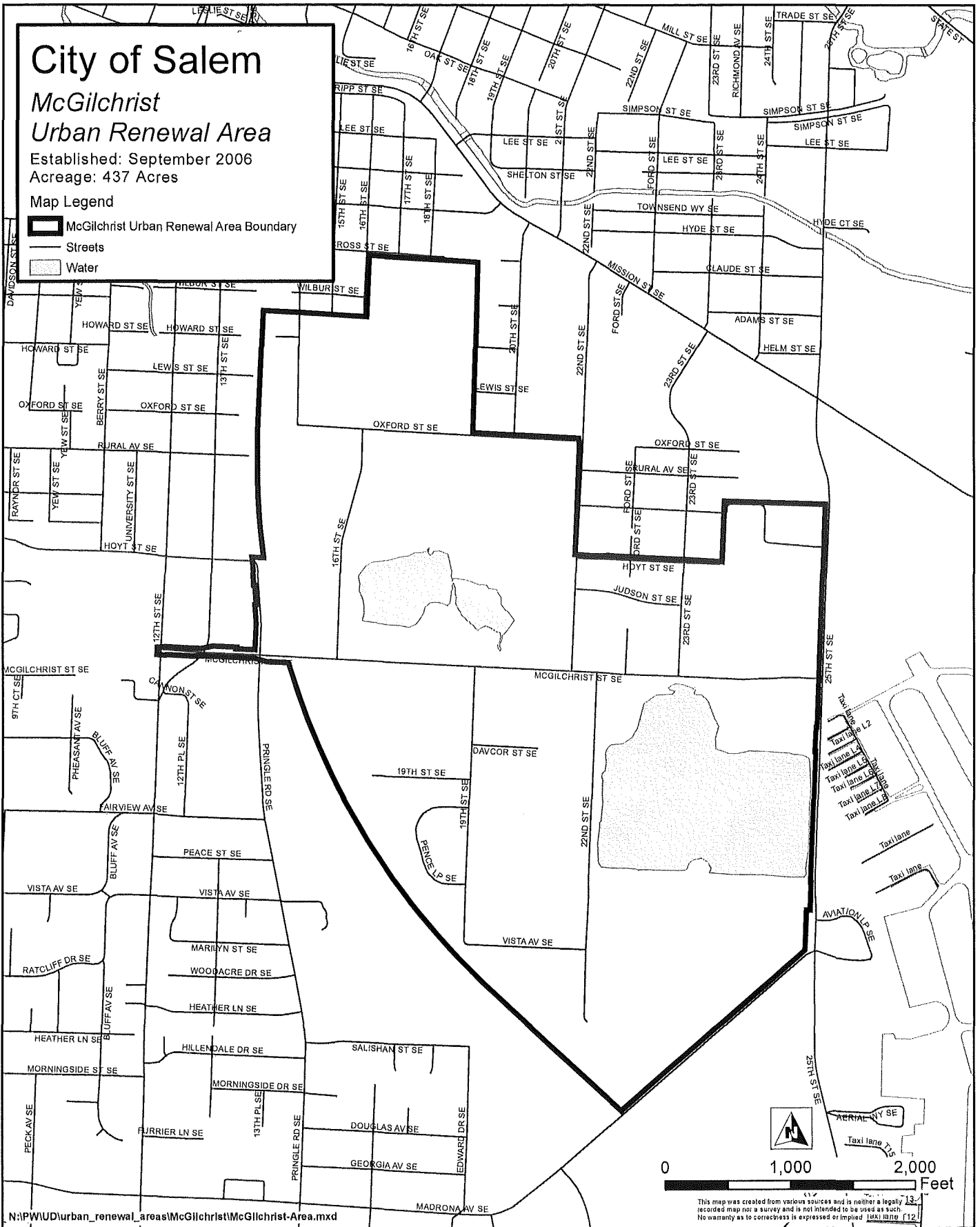
McGilchrist Urban Renewal Area

Established: September 2006

Acreage: 437 Acres

Map Legend

-  McGilchrist Urban Renewal Area Boundary
-  Streets
-  Water



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INDEPENDENT AUDITOR'S REPORT

Agency Officials
Urban Renewal Agency of the City of Salem, Oregon
Salem, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Urban Renewal Agency of the City of Salem, Oregon, a component unit of the City of Salem, Oregon, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Urban Renewal Agency of the City of Salem, Oregon's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Urban Renewal Agency of the City of Salem, Oregon, as of June 30, 2014, and, the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to management's discussion and analysis, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Urban Renewal Agency of the City of Salem, Oregon's basic financial statements. The agency officials, maps of urban renewal areas, and supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The agency officials and maps of urban renewal areas sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated November 26, 2014, on our consideration of the Urban Renewal Agency of the City of Salem, Oregon's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Merina & Company, LLP
West Linn, Oregon
November 26, 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2014

This discussion and analysis of the Urban Renewal Agency of the City of Salem (Agency) financial performance provides an overview of the Agency's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the Agency using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. The government-wide financial statements present the financial picture of the Agency from the economic resources measurement focus and the accrual basis of accounting. These statements include all assets of the Agency as well as all liabilities, including long-term debt. Additionally, certain eliminations have occurred as prescribed by Statement No. 34 in regard to payables and receivables. The fund financial statements for governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Reconciliation of the governmental fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach. Fund financial statements for the proprietary fund are reported in the same manner as the government-wide statements.

REPORTING ON THE AGENCY AS A WHOLE

The **Statement of Net Position** and the **Statement of Activities** report financial information about the Agency as a whole and about its activities. These statements include *all* assets and deferred outflows of the Agency, as well as all liabilities and deferred inflows (including long-term debt) using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues earned and expenses incurred are recorded regardless of when cash is received or paid.

These two statements report the Agency's *net position* and the change in net position. Net position is the residual of assets plus deferred outflows less liabilities and deferred inflows, and is one way to measure the Agency's financial health, or *financial position*. Over time, *increases or decreases* in the Agency's net position is one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the Agency's property tax base as well as the assessed values in the urban renewal areas. In these statements, all Agency activities are categorized as either governmental or business-type.

Governmental activities – Most of the Agency's activities are reported in this category, which include capital projects and applicable debt service associated with the eight urban renewal project areas, and a reserve fund for the Salem Convention Center (Convention Center).

Business-type activities – The Convention Center's activities are reported in this category. The Convention Center charges fees to customers to cover the cost of services provided.

REPORTING ON THE AGENCY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Agency uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds – The Agency's construction and debt service activities and Convention Center gain/loss reserve are reported in governmental funds. These funds focus on how money flows into and out of funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual*, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Agency's operations. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Agency's programs. The reconciliation of differences between the governmental fund financial statements and the government-wide financial statements are explained in a section following the governmental fund statements.

Proprietary fund – The Convention Center charges customers for services provided, whether to outside customers or to other units of the City of Salem (City). This activity is reported in a proprietary fund. The proprietary fund is reported using the *accrual basis* of accounting which focuses on the *changes in economic resources*. This is the method used in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position.

FINANCIAL ACTIVITIES OF THE AGENCY AS A WHOLE

Government-wide Financial Statements

Statement of Net Position

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

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2014	2013	2014	2013	2014
Assets:						
Cash and investments	\$ 36.0	\$ 37.8	\$ 0.6	\$ 0.5	\$ 36.6	\$ 38.3
Other assets	10.5	8.6	0.2	0.3	10.7	8.9
Capital assets	7.9	13.5	27.2	26.6	35.1	40.1
Total assets	<u>54.4</u>	<u>59.9</u>	<u>28.0</u>	<u>27.4</u>	<u>82.4</u>	<u>87.3</u>
Liabilities:						
Other liabilities	1.1	0.8	0.3	0.4	1.4	1.2
Long-term liabilities	26.3	24.7	-	-	26.3	24.7
Total liabilities	<u>27.4</u>	<u>25.5</u>	<u>0.3</u>	<u>0.4</u>	<u>27.7</u>	<u>25.9</u>
Net position:						
Net investment in capital assets	(18.4)	(11.0)	27.2	26.6	8.8	15.6
Restricted						
Tax allocation debt	18.0	17.0	-	-	18.0	17.0
Tax allocation improvements	23.4	24.3	-	-	23.4	24.3
Convention Center gain/loss reserve	4.0	4.1	-	-	4.0	4.1
Unrestricted						
	-	-	0.5	0.4	0.5	0.4
Total net position	<u>\$ 27.0</u>	<u>\$ 34.4</u>	<u>\$ 27.7</u>	<u>\$ 27.0</u>	<u>\$ 54.7</u>	<u>\$ 61.4</u>

For more detailed information, see the Statement of Net Position (page 26).

Governmental Activities

The Agency's net position from governmental activities increased 27%, from \$27.0 million to \$34.4 million. This increase is the change in net position in the Statement of Activities, and is composed of the following:

- Cash and investments increased \$1.8 million. This increase is primarily composed of a decrease in the debt service fund of \$0.7 million due to debt service, and an increase in the construction fund of \$2.4 million mainly due to increased program loan repayments received.
- Capital assets increased \$5.6 million due to increases in construction work in progress, primarily in the Mill Creek and West Salem urban renewal areas (URA's).
- Long-term liabilities decreased \$1.6 million. This is a net of \$5.8 million in new debt issuance, and \$7.4 million in debt service payment. New debt consists of a \$1.5 million bond in the West Salem URA, and \$4.3 million in additional loans from the State of Oregon to the Mill Creek URA.

Business-type Activities

Net position from business-type activities decreased 3%, from \$27.7 million, to \$27.0 million. The bulk of this change was in capital assets, which decreased \$0.6 million primarily due to depreciation.

Statement of Activities and Changes in Net Position

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

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2014	2013	2014	2013	2014
Revenues						
Charge for services	\$ 0.4	\$ 0.9	\$ 3.4	\$ 3.5	\$ 3.8	\$ 4.4
Capital grants and contributions	0.3	0.1	-	-	0.3	0.1
Taxes	13.0	12.1	-	-	13.0	12.1
Interest	0.2	0.2	-	-	0.2	0.2
Other	0.1	-	-	-	0.1	-
Total revenues	<u>14.0</u>	<u>13.3</u>	<u>3.4</u>	<u>3.5</u>	<u>17.4</u>	<u>16.8</u>
Program expenses	<u>5.7</u>	<u>6.0</u>	<u>3.8</u>	<u>3.9</u>	<u>9.5</u>	<u>9.9</u>
Increase (decrease) in net position before special items and transfers	8.3	7.3	(0.4)	(0.4)	7.9	6.9
Transfers to/from primary government	<u>(2.7)</u>	<u>0.1</u>	<u>(0.2)</u>	<u>(0.3)</u>	<u>(2.9)</u>	<u>(0.2)</u>
Increase (decrease) in net position	5.6	7.4	(0.6)	(0.7)	5.0	6.7
Beginning net position	<u>21.4</u>	<u>27.0</u>	<u>28.3</u>	<u>27.7</u>	<u>49.7</u>	<u>54.7</u>
Ending net position	<u>\$ 27.0</u>	<u>\$ 34.4</u>	<u>\$ 27.7</u>	<u>\$ 27.0</u>	<u>\$ 54.7</u>	<u>\$ 61.4</u>

For more detailed information, see the Statement of Activities (pages 27-28).

Governmental Activities

The Agency's change in net position from governmental activities increased 32%, from \$5.6 million last year to \$7.4 million this year. This change is primarily due to reduced transfers of capital assets to the City.

Business-type Activities

The Agency's change in net position from business-type activities decreased slightly from negative \$0.6 million to negative \$0.7 million. The decreases in each year are due to depreciation of capital assets.

Fund Financial Statements

The following table presents ending fund balances of governmental funds compared to the prior year.

Governmental Funds - Fund Balances as of June 30, 2014 (in millions)

<u>Major Funds</u>	<u>FY 2013-14</u>		<u>Compared to FY 2012-13</u>	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase / (Decrease) Amount</u>	<u>Percent</u>
Tax Allocation Debt	\$ 16.8	44.4%	\$ (0.7)	-4.1%
Tax Allocation Improvements	16.9	44.7%	1.7	11.5%
Convention Center gain/loss reserve	4.1	10.9%	0.1	2.6%
Total fund balances	<u>\$ 37.8</u>	<u>100.0%</u>	<u>\$ 1.1</u>	

At June 30, 2014, the Agency's governmental funds reported combined fund balances of \$37.8 million, an increase of \$1.1 million over the prior year. This is a net of decreased fund balance in the debt service fund due to decreased tax revenues, and increased balance in the construction fund due to West Salem bond issuance and increased program loan repayment.

Tax Allocation Debt Fund

This fund is a debt service fund that accounts for the accumulation of resources for the payment of urban renewal long-term liabilities. The principal source of revenue is property taxes.

The Tax Allocation Debt fund revenues decreased 5%, from \$13.1 million to \$12.4 million, due to decreased property tax receipts. Fairview URA stopped levying, North Gateway URA assessed property values and special levy decreased, and Mill Creek URA assessed values decreased. Expenditures increased 7%, from \$8.1 million to \$8.7 million. Scheduled debt service decreased, but actual debt payments increased due to accelerated payment on the outstanding North Gateway bond.

The June 30, 2014 fund balance of \$16.8 million is restricted for future debt service.

Tax Allocation Improvements Fund

This fund is a capital projects fund that accounts for construction improvement projects within the urban renewal areas. Financing is provided by debt issuance and interest income. Primary expenditures are for capital projects, grants, studies, and loans to private parties for capital asset improvements within urban renewal areas.

The Tax Allocation Improvements fund revenues increased 45%, from \$1.1 million to \$1.6 million. The increase is a net of decreased federal grants and increased program loan repayment. Expenditures increased 33%, from \$7.6 million to \$10.1 million. This is primarily the result of construction of the Mill Creek reservoir.

The June 30, 2014 fund balance of \$16.9 million is restricted for urban renewal projects.

Salem Convention Center Gain/Loss Reserve Fund

This fund is a capital projects fund established to support the capital needs of the Convention Center.

The increase in fund balance of \$0.1 million is due to the transfer of pre-depreciation operating earnings from the Convention Center and interest earnings slightly exceeding capital asset purchases for the Convention Center.

The June 30, 2014 fund balance of \$4.1 million is restricted for future Convention Center capital needs.

Salem Convention Center Fund

This fund is a proprietary fund that accounts for the operation and maintenance of the Convention Center. Financing is provided mainly from user fees.

Net position decreased by \$0.7 million, caused by a \$0.3 million transfer of prior year earnings to the gain/loss reserve fund, and \$0.4 million in operating loss.

Budgetary Highlights

For the year ended June 30, 2014, there were no variations between the original budget and the final budget.

Capital Assets

As of June 30, 2014, the Agency had \$40.3 million in capital assets. This represents a net increase of \$5.2 million from the 2012-13 fiscal year, due to additions to construction work in process exceeding depreciation and transfers of completed assets to the City. Summary balances are shown in the following table.

**Capital Assets at Year Ending June 30,
(Net of Depreciation)
(in millions)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2014	2013	2014	2013	2014
Land	\$ 2.3	\$ 2.2	\$ 1.5	\$ 1.5	\$ 3.8	\$ 3.7
Buildings	-	-	25.3	24.6	25.3	24.6
Improvements	-	-	-	0.1	-	0.1
Equipment and machinery	-	-	0.3	0.3	0.3	0.3
Public Art	-	-	0.1	0.1	0.1	0.1
Work in progress	5.6	11.3	-	-	5.6	11.3
Total	<u>\$ 7.9</u>	<u>\$ 13.5</u>	<u>\$ 27.2</u>	<u>\$ 26.6</u>	<u>\$ 35.1</u>	<u>\$ 40.1</u>

The Agency's change in capital assets is reflected in the following table:

Change in Capital Assets for the fiscal year ended June 30, 2014

(in millions)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Beginning balance	\$ 7.9	\$ 27.2	\$ 35.1
Additions	6.6	0.1	6.7
Retirement and depreciation	(1.0)	(0.7)	(1.7)
Ending balance	<u>\$ 13.5</u>	<u>\$ 26.6</u>	<u>\$ 40.1</u>

For more detailed information, see page 45 of the notes to the financial statements.

Debt Outstanding

As of June 30, 2014, the Agency had \$24.7 million in long-term debt outstanding, compared to \$26.3 million last year. The decrease is due to \$5.8 million in new loans netted against \$7.4 million in retirement of existing debt.

Outstanding Debt as of June 30,

(in millions)

	<u>Totals</u>	
	<u>2013</u>	<u>2014</u>
<u>Governmental:</u>		
Bonds	\$ 21.2	\$ 15.9
Notes	5.1	8.8
Total	<u>\$ 26.3</u>	<u>\$ 24.7</u>

For more detailed information, see page 46-47 of the notes to the financial statements.

ECONOMIC FACTORS

The Agency is an important partner in economic development within the City of Salem, providing infrastructure improvements and loan programs to support growth and quality of service to those within the Agency's boundaries. As assessed property values within the boundaries of the Agency increase, so do the property taxes derived from the corresponding tax increment. That tax increment is then used to pay debt service on bonds issued to fund projects and improvements.

In fiscal year 2013-14, urban renewal taxes were collected through two methods. Under the tax increment or "division of taxes" method, the amount of tax collected is based on the increase in Assessed Value (AV) of property located in an urban renewal area over the "frozen base" value established at the time the district was formed. The tax collected from within a district may only be spent on urban renewal activity within that district. Certain urban renewal areas collect additional taxes through a citywide special levy, which is identified as such on tax bills. These taxes also must be spent only on urban renewal activity in the district for which the taxes are collected. The division of taxes rate and the special levy rate by urban renewal area are shown in the table on the following page.

<u>Urban Renewal Area</u>	<u>Division of Taxes Rate/\$1,000 AV</u>	<u>Special Levy Rate/\$1,000 AV</u>
Riverfront/Downtown	\$ 0.1257	\$ 0.2382
North Gateway	0.0872	0.1413
West Salem	0.0279	none
Mill Creek Industrial Park	0.0256	none
McGilchrist	0.0171	none
South Waterfront	0.0054	none

Pringle Creek Urban Renewal Area – During fiscal year 2010-11 the Urban Renewal Board and City Council initiated procedures to permanently close the Pringle Creek Urban Renewal Area and approved a December 30, 2011 closure date. The original objectives of the area have been accomplished and no tax increment has been levied since the 1992-93 fiscal year. The remaining loan was transferred to the City of Salem during 2010-11. The future revenues repaying this loan can only be used for purposes set out in the adopted Pringle Creek Urban Renewal Plan, even after the area is closed. During 2012-13, final administrative activities related to the closure of the area were completed, allowing return of the final cash balances of \$3,129 to Marion County in July 2014.

Fairview Urban Renewal Area – This URA permanently stopped levying tax increment during the 2013-14 fiscal year, and hereafter will only receive tax revenue from uncollected balances of prior levies.

FINANCIAL CONTACT

The Agency's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with an overview of the Agency's finances, and to demonstrate the Agency's accountability. If you have questions about the report or need additional financial information, please contact the City's Administrative Services Director at 555 Liberty Street SE, Salem, Oregon 97301.

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BASIC FINANCIAL STATEMENTS

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URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and investments	\$ 37,754,984	\$ 487,451	\$ 38,242,435
Accounts receivable, net	1,059,481	269,523	1,329,004
Inventories and prepayments	-	43,423	43,423
Total current assets	38,814,465	800,397	39,614,862
Noncurrent assets			
Notes receivable	7,585,813	-	7,585,813
Capital assets:			
Land and construction in progress	13,484,890	1,573,123	15,058,013
Other capital assets, net	-	24,992,345	24,992,345
Total noncurrent assets	21,070,703	26,565,468	47,636,171
Total assets	59,885,168	27,365,865	87,251,033
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	796,906	331,826	1,128,732
Due to City of Salem	-	22,107	22,107
Long-term debt - due within one year	4,429,000	-	4,429,000
Total current liabilities	5,225,906	353,933	5,579,839
Non-current liabilities			
Long-term debt	20,299,080	-	20,299,080
Total liabilities	25,524,986	353,933	25,878,919
Net position			
Net investment in capital assets	(11,023,290)	26,565,468	15,542,178
Restricted			
Tax allocation debt	17,014,636	-	17,014,636
Tax allocation improvements	24,304,093	-	24,304,093
Convention Center gain/loss reserve	4,064,743	-	4,064,743
Unrestricted	-	446,464	446,464
Total net position	\$ 34,360,182	\$ 27,011,932	\$ 61,372,114

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

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Statement of Activities
For the fiscal year ended June 30, 2014

Functions/programs Primary government	<u>Expenses</u>	Program Revenues	
		<u>Charges for Services</u>	<u>Capital Grants/ Contributions</u>
Governmental activities			
Urban renewal	\$ 4,644,024	\$ 901,250	\$ 30,449
Interest on long-term debt	1,394,143	-	-
Total governmental activities	6,038,167	901,250	30,449
Business - type activities			
Salem Convention Center	3,876,195	3,476,830	-
Total primary government	\$ 9,914,362	\$ 4,378,080	\$ 30,449

General revenues

Property taxes
Other taxes
Investment earnings
Gain on sale of assets
Miscellaneous

Transfers to/from primary government

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

Continued

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

**Net (Expense) Revenue and
Changes in Net Position**

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (3,712,325)	\$ -	\$ (3,712,325)
(1,394,143)	-	(1,394,143)
(5,106,468)	-	(5,106,468)
-	(399,365)	(399,365)
(5,106,468)	(399,365)	(5,505,833)
12,140,414	-	12,140,414
8,971	-	8,971
189,778	-	189,778
4,169	-	4,169
1	-	1
108,409	(274,831)	(166,422)
12,451,742	(274,831)	12,176,911
7,345,274	(674,196)	6,671,078
27,014,908	27,686,128	54,701,036
\$ 34,360,182	\$ 27,011,932	\$ 61,372,114

Concluded

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Balance Sheet - Governmental Funds
June 30, 2014

	<u>Debt Service</u>	<u>Capital Projects</u>		<u>Totals</u>
	<u>Tax Allocation Debt</u>	<u>Tax Allocation Improvements</u>	<u>Salem Convention Center Gain/Loss Reserve</u>	
Assets				
Cash and investments	\$ 16,577,253	\$ 17,108,891	\$ 4,068,840	\$ 37,754,984
Accounts receivable, net	826,348	233,133	-	1,059,481
Notes receivable	-	7,585,813	-	7,585,813
Total assets	<u>\$ 17,403,601</u>	<u>\$ 24,927,837</u>	<u>\$ 4,068,840</u>	<u>\$ 46,400,278</u>
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 403,844	\$ 4,097	\$ 407,941
Deferred inflows of resources				
Unavailable revenue	612,584	7,635,336	-	8,247,920
Fund balances				
Restricted for:				
Debt Service	16,791,017	-	-	16,791,017
Capital Projects	-	16,888,657	4,064,743	20,953,400
Total fund balances	<u>16,791,017</u>	<u>16,888,657</u>	<u>4,064,743</u>	<u>37,744,417</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,403,601</u>	<u>\$ 24,927,837</u>	<u>\$ 4,068,840</u>	

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds (net of accumulated depreciation)	13,484,890
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
Notes receivable - earned but unavailable	7,635,336
Property taxes - earned but unavailable	612,584
Accrued interest on long-term debt	(388,965)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	(24,728,080)
Total net position	<u>\$ 34,360,182</u>

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

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2014

	<u>Debt Service</u>		<u>Capital Projects</u>		<u>Totals</u>
	<u>Tax Allocation Debt</u>	<u>Tax Allocation Improvements</u>	<u>Salem Convention Center Gain/Loss Reserve</u>		
Revenues					
Property taxes	\$ 12,302,111	\$ -	\$ -	\$ -	\$ 12,302,111
Other taxes	8,971	-	-	-	8,971
Fees, licenses, and permits	-	500	-	-	500
Interest on investments	84,624	83,123	22,031	-	189,778
Grants	-	30,449	-	-	30,449
Intergovernmental	-	289,720	-	-	289,720
Loan payments received	-	1,198,581	-	-	1,198,581
Rents	-	5,979	-	-	5,979
Other	-	1	-	-	1
Total revenues	12,395,706	1,608,353	22,031	-	14,026,090
Expenditures					
Material and services	-	10,109,319	211,949	-	10,321,268
Debt service					
Principal retirement	7,447,717	-	-	-	7,447,717
Interest and fiscal charges	1,281,761	-	-	-	1,281,761
Total expenditures	8,729,478	10,109,319	211,949	-	19,050,746
Revenues over (under) expenditures	3,666,228	(8,500,966)	(189,918)	-	(5,024,656)
Other financing sources (uses)					
Transfers in	-	4,350,000	274,831	-	4,624,831
Sale of capital assets	-	4,169	-	-	4,169
Issuance of debt	-	5,796,855	-	-	5,796,855
Transfers out	(4,350,000)	-	-	-	(4,350,000)
Total other financing sources (uses)	(4,350,000)	10,151,024	274,831	-	6,075,855
Net change in fund balance	(683,772)	1,650,058	84,913	-	1,051,199
Fund balances, beginning of year	17,474,789	15,238,599	3,979,830	-	36,693,218
Fund balances, end of year	\$ 16,791,017	\$ 16,888,657	\$ 4,064,743	\$ -	\$ 37,744,417

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

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the fiscal year ended June 30, 2014

Net change in fund balances - total governmental funds	\$	1,051,199
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. This represents the increase/decrease in expenses that reflects the change in capital assets, change in construction in progress, and capitalized capital outlay.		
Capital outlay transfer		5,615,067
Revenues in the government-wide Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Accrued general revenue		(161,697)
Accrued program revenue		(593,530)
Debt issuance provides current financial resources and debt service payments use current financial resources in governmental funds. Neither transaction affects the government-wide net position since long-term debt is reported as a liability.		
Issuance of debt		(5,796,855)
Principal payments on long-term debt		7,343,472
Accrued interest expense on long-term debt is reported in the government-wide Statement of Activities, but does not require the use of current financial resources and is not reported as an expenditure in governmental funds.		
		<u>(112,382)</u>
Change in net position	\$	<u>7,345,274</u>

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

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Proprietary Fund
Statement of Net Position
June 30, 2014

	Salem Convention Center
Assets	
Cash and investments	\$ 487,451
Accounts receivable, net	269,523
Inventories and prepayments	43,423
 Total current assets	 800,397
 Noncurrent assets	
Capital assets:	
Land and construction in progress	1,573,123
Other capital assets, net	24,992,345
 Total noncurrent assets	 26,565,468
 Total assets	 27,365,865
 Liabilities	
Accounts payable and accrued liabilities	331,826
Due to City of Salem	22,107
 Total liabilities	 353,933
 Net Position	
Net investment in capital assets	26,565,468
Unrestricted	446,464
 Total net position	 \$ 27,011,932

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

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the fiscal year ended June 30, 2014

	Salem Convention Center
Operating revenues	
Sales	\$ 2,322,531
Rents	1,150,590
Other	3,709
Total operating revenues	3,476,830
Operating expenses	
Materials and services	3,174,851
Depreciation	701,344
Total operating expenses	3,876,195
Operating income (loss)	(399,365)
Transfers out	(274,831)
Change in net position	(674,196)
Net position - beginning of year	27,686,128
Net position - end of year	\$ 27,011,932

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

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Proprietary Fund
Statement of Cash Flows
For the fiscal year ended June 30, 2014

	<u>Salem Convention Center</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 3,336,887
Payments to suppliers	<u>(3,118,489)</u>
Net cash provided (used) by operating activities	218,398
Cash Flows from Noncapital Financing Activities	
Transfers paid	(274,831)
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	<u>(60,785)</u>
Net increase (decrease) in cash and cash equivalents	(117,218)
Cash and cash equivalents - beginning of year	<u>604,669</u>
Cash and cash equivalents - end of year	<u><u>\$ 487,451</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (399,365)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	701,344
Changes in assets and liabilities:	
Accounts receivable	(139,943)
Inventories and prepayments	(446)
Accounts payable and accrued liabilities	<u>56,808</u>
Net cash provided (used) by operating activities	<u><u>\$ 218,398</u></u>

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

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NOTES TO THE FINANCIAL STATEMENTS

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Notes to the Financial Statements
June 30, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Urban Renewal Agency of the City of Salem, Oregon (Agency) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

The more significant of the Agency's accounting policies are described below.

The Financial Reporting Entity

The Urban Renewal Agency of the City of Salem is a municipal corporation created by Oregon statute and activated by the Salem City Council (Council). The Council elected to have the Agency exercise its powers and engage in urban renewal activity within the boundaries of the City. The Council has been designated as the governing body of the Agency and acts in that capacity. The Agency develops urban renewal plans that must be approved by the Agency Board and Council. Pursuant to Oregon Revised Statutes (ORS) 457.210(3), the City has been delegated responsibility for fiscal matters of the Agency related to the planning and construction of urban renewal projects. The tax increment collections resulting from the division of taxes under ORS 457.420 are used to retire any indebtedness incurred to finance urban renewal projects.

Urban Renewal Areas

Tax allocation bonds for urban renewal plan areas are authorized by state law to 1) "...eliminate and prevent the development or spread of urban blight and deterioration; and 2) encourage needed urban conservation and rehabilitation and provide for redevelopment of blighted or deteriorated areas."

Projects are financed in urban renewal plan areas as follows:

- The County Assessor "freezes" the assessed value of property within the urban renewal area when the area is established. This is referred to as the "frozen value."
- Any increase in assessed value above the frozen value is called the "incremental value." The tax revenue generated by the tax rate times the incremental value is used to pay the principal and interest on any indebtedness incurred by the Urban Renewal Agency to finance urban renewal projects.

Government-wide and Fund Financial Statements

The government-wide financial statements report information on all activities of the Agency. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Notes to the Financial Statements
June 30, 2014

The Statement of Activities demonstrates the degree to which the expenses of a given function are offset by program revenues. Program revenues include (1) fines, fees, and charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Grants and contributions not restricted are reported as general revenues rather than program revenues. Taxes and other items not properly included among program revenues are also reported as general revenues.

Fund financial statements are provided for all governmental and proprietary funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities are included in the Statement of Net Position. The Statement of Activities presents changes in net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Current assets, deferred outflows, current liabilities, and deferred inflows are included in the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases and decreases in fund balances. Revenues are recorded when susceptible to accrual (both measurable and available). Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter (30 days) to be used to liquidate liabilities of the current period. Expenditures other than interest on long-term obligations are recorded when a liability is incurred.

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

Governmental Funds

Governmental funds finance all of the construction and debt service functions of the Agency, as well as provide a reserve fund for the Salem Convention Center. The following are the Agency's major fund types.

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Notes to the Financial Statements
June 30, 2014

Tax Allocation Debt Fund

The Tax Allocation Debt fund is a debt service fund that accounts for the accumulation of tax increment collections assessed on property and the payment of principal and interest on debt.

Tax Allocation Improvements Fund

The Tax Allocation Improvements fund is a capital projects fund that accounts for construction improvement projects in the Urban Renewal areas. Financing is provided by debt issuance and interest income.

Salem Convention Center Gain/Loss Reserve Fund

The Convention Center gain/loss reserve fund is a capital projects fund that accounts for resources accumulated to finance the capital asset needs of the Center.

Proprietary Funds

Proprietary funds record the business-type activities of the Agency. Revenues are expected to offset expenses. The Salem Convention Center fund is the only proprietary fund of the Agency and accounts for the operations of the Center.

Cash and Investments

The City of Salem (City) maintains a common cash and investment pool for all City funds, including funds of the Agency. Interest earned on the pooled cash and investments is allocated based on each fund's average cash and investments balance as a proportion of the City's total.

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

It is the City's policy to report at amortized cost all short-term, highly liquid money market investments (including corporate bonds, commercial paper, bankers' acceptances, municipal bonds, and U.S. Treasury and agency obligations) and participating interest-earning investment contracts with a remaining maturity of one year or less at the time of purchase. Investments with a remaining maturity at the time of purchase of more than one year are valued at fair value in accordance with GASB Statement No. 31.

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Notes to the Financial Statements
June 30, 2014

Receivables and Deferred Inflows of Resources

Property tax receivables for the governmental fund types that have been collected within thirty days subsequent to year-end are considered measurable and available and are recognized as revenues. All other property tax receivables are offset by deferred inflows of resources, and accordingly, have not been recorded as revenue in the fund financial statements. Real and personal property taxes are levied upon all taxable property within the urban renewal areas and become liens against the property as of July 1 of each year, and are payable in three installments that are due on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes not collected by May 15 are considered delinquent. In the government-wide financial statements, taxes are recognized as revenue when levied.

Notes receivable are recorded as receivables when loaned, are offset by deferred inflows of resources, and accordingly, not recorded as revenue in the funds until payments are received.

Capital Assets

Capital assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. In the governmental fund statements, capital outlays are charged to expenditures as purchased. Governmental capital assets are reported only on the government-wide statement of net position. In the proprietary fund statements, capital assets are reported on the statement of net position.

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

Construction-in-progress represents amounts expended to date on construction projects that are not yet complete.

It is the Agency's practice to transfer capital assets to the City when projects are completed, with the exception of assets of the Convention Center.

Debt

Long-term debt is reported in the Statement of Net Position as noncurrent liabilities. The governmental fund financial statements do not report long-term debt because it does not require the use of current financial resources.

Tax increment bonds are direct obligations of the Urban Renewal Agency and are payable solely from tax increment revenues. The Agency issues tax increment bonds specific to each urban renewal area to provide funds for projects within the respective area.

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Notes to the Financial Statements
June 30, 2014

Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted. Net position is the residual of assets and deferred outflows, less liabilities and deferred inflows.

Budget and Budgetary Accounting

A budget is prepared for each fund in accordance with the modified accrual basis of accounting for all funds. Appropriations are made by expenditure type for all funds. Expenditures may not legally exceed appropriations. Appropriations lapse at the end of each fiscal year. Budget amounts include original approved amounts and all subsequent appropriation transfers approved by the Agency Board. The budget for the funds includes capital outlay expenditures in each program for capital outlays applicable to that program.

After budget approval, the Agency Board may approve supplemental appropriations if an occurrence, condition, or need exists that was not identified at the time the budget was adopted. Management may not amend the budget. A supplemental budget requires hearings before the public, publication in newspapers, and approval by the Agency Board.

CASH AND INVESTMENTS

The Agency's cash and investments are comprised of the following at June 30, 2014:

	<u>Book Value</u>
Cash on hand	\$ 2,000
Deposits with City of Salem	18,785,434
Investments	<u>19,455,001</u>
Total cash and investments	<u>\$ 38,242,435</u>

1. Deposits

In the case of deposits, there is a custodial credit risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All Agency deposits are held by the City of Salem, which is covered by the State of Oregon Public Funds Collateralization Program. At June 30, 2014, the Agency's deposits in City bank accounts have a book value of \$18,785,434.

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Notes to the Financial Statements
June 30, 2014

2. Investments

As of June 30, 2014, the Agency held the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Weighted avg. maturity in months</u>	<u>% of investment portfolio</u>
Local Government Investment Pool	\$ 19,455,001	0.033	100.0%

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

Agency funds are invested by the City on behalf of the Agency. The City's investment policies are governed by state statutes, which authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, certain municipal and corporate bonds, bank repurchase agreements, bankers' acceptances, certain commercial paper, and the State Treasurer's Local Government Investment Pool (LGIP), among others. The LGIP is a portion of the Oregon Short Term Fund (OSTF). This fund is not registered with the US Securities and Exchange Commission, but is governed by ORS, the Oregon Investment Council, and the OSTF Board. The fair value of the fund is the same as the value of the pool shares.

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

<u>Investment type</u>	<u>Maximum % of portfolio</u>	<u>Maximum length to maturity</u>
Bankers' acceptances	20%	6 months
Certificates of deposit	25%	2 years
Commercial paper	20%	9 months
Corporate indebtedness	15%	5 years
Local government investment pool	100% *	N/A
Repurchase agreements	10%	3 months
U.S. agency securities	100%	5 years
U.S. Treasuries	100%	5 years

*Dollar amount limited by ORS 294.810. As of June 30, 2014 this limit is \$45,642,885.

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Notes to the Financial Statements
June 30, 2014

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

At June 30, 2014, the credit risk for the Agency's investments is as follows:

<u>Investment type</u>	<u>Fair Value</u>	<u>Credit Risk</u>
Local Government Investment Pool	\$ 19,455,001	Unrated

The Agency's policy, which adheres to State of Oregon law, is to limit its investments to the following: issuers within Oregon must be rated A (bonds) or A-2/P-2 (commercial paper) or better by Standard and Poor's, Moody's Investors Service, or any other nationally recognized statistical rating organization. Issuers not in Oregon must be rated AA/Aa (bonds) or A-1/P-1 (commercial paper) or better.

RECEIVABLES

Receivables for governmental funds at June 30, 2014 are as follows:

	<u>Tax Allocation Debt</u>	<u>Tax Allocation Improvements</u>	<u>Totals</u>
Accounts receivable	\$ -	\$ 183,610	\$ 183,610
Property taxes	826,197	-	826,197
Interest	151	49,523	49,674
Notes receivable	-	7,585,813	7,585,813
Total	\$ 826,348	\$ 7,818,946	\$ 8,645,294

Salem Convention Center accounts receivable for June 30, 2014 are \$269,523.

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Notes to the Financial Statements
June 30, 2014

PROPERTY TAXES

Fiscal Year of Levy	Balances July 1, 2013	2013-14 Levy	Adjustments To Date	Collections To Date	Balances June 30, 2014
2013-14	\$	\$ 12,494,321	\$ (362,913)	\$ 11,752,817	\$ 378,591
2012-13	475,777	-	(18,951)	237,681	219,145
2011-12	244,565	-	(7,511)	107,890	129,164
2010-11	156,457	-	(363)	102,394	53,700
2009-10	57,412	-	2,651	39,633	20,430
2008-09	13,493	-	(1,595)	5,141	6,757
2007-08	7,037	-	(1,333)	2,491	3,213
All Prior	20,839	-	(4,080)	1,562	15,197
	<u>\$ 975,580</u>	<u>\$ 12,494,321</u>	<u>\$ (394,095)</u>	<u>\$ 12,249,609</u>	<u>\$ 826,197</u>

Ensuing Year's Levies

Property tax levies for the year beginning July 1, 2014 are as follows:

The Riverfront/Downtown and North Gateway plan areas will levy 100% of the amount of their authority under option one of ORS 457.435(2)(a) as selected by the Agency for the retirement of debt obligations.

The Fairview plan area will not levy for the 2014-15 fiscal year.

West Salem plan area will levy 100% of the amount of its authority under the standard rate plan of ORS 457.445(2) as selected by the Agency for the retirement of debt obligations.

Mill Creek Industrial Park plan area will levy 100% of the amount of its authority under the reduced rate plan of ORS 457.445(1) as selected by the Agency for the retirement of debt obligations.

McGilchrist plan area will levy 100% of the amount of its authority under the reduced rate plan of ORS 457. 445(1) as selected by the Agency for the retirement of debt obligations.

South Waterfront plan area will levy 100% of the amount of its authority under the reduced rate plan of ORS 457. 445(1) as selected by the Agency for the retirement of debt obligations.

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Notes to the Financial Statements
June 30, 2014

NOTES RECEIVABLE

Riverfront/Downtown

Loan repayments are receivable in monthly or annual installments; interest rates range from 0% to 6%. Notes are secured by the underlying renewal project improvements or land sold. \$ 6,500,213

Fairview

Loan repayments are receivable in monthly installments with an interest rate of 3%. Notes are secured by the underlying renewal project improvements. Some notes are forgivable based on job creation. 713,677

North Gateway

Loan repayments are receivable in monthly or annual installments; interest rates range from 0% to 3%. Notes are secured by the underlying renewal project improvements or land sold. 371,923

\$ 7,585,813

CAPITAL ASSETS

<u>Governmental activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Land and land improvements	\$ 2,312,766	\$ 385,761	\$ (507,941)	\$ 2,190,586
Construction in progress	<u>5,557,057</u>	<u>6,289,430</u>	<u>(552,183)</u>	<u>11,294,304</u>
Governmental activities capital assets, net	<u>\$ 7,869,823</u>	<u>\$ 6,675,191</u>	<u>\$ (1,060,124)</u>	<u>\$ 13,484,890</u>
<u>Business-type activities</u>				
Land and land improvements	\$ 1,500,646	\$ -	\$ -	\$ 1,500,646
Public art	<u>57,477</u>	<u>15,000</u>	<u>-</u>	<u>72,477</u>
Total non-depreciable	<u>1,558,123</u>	<u>15,000</u>	<u>-</u>	<u>1,573,123</u>
Buildings and building improvements	30,340,091	-	-	30,340,091
Other improvements	215,127	34,311	-	249,438
Equipment and machinery	<u>991,663</u>	<u>32,696</u>	<u>(56,211)</u>	<u>968,148</u>
Total depreciable	<u>31,546,881</u>	<u>67,007</u>	<u>(56,211)</u>	<u>31,557,677</u>
Accumulated depreciation				
Buildings and building improvements	(5,123,092)	(642,412)	-	(5,765,504)
Improvements	(81,264)	(17,136)	-	(98,400)
Equipment and machinery	<u>(694,621)</u>	<u>(41,796)</u>	<u>34,989</u>	<u>(701,428)</u>
Total accumulated depreciation	<u>(5,898,977)</u>	<u>(701,344)</u>	<u>34,989</u>	<u>(6,565,332)</u>
Business-type activities capital assets, net	<u>\$ 27,206,027</u>	<u>\$ (619,337)</u>	<u>\$ (21,222)</u>	<u>\$ 26,565,468</u>

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Notes to the Financial Statements
June 30, 2014

SHORT-TERM DEBT

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014
Due to City of Salem:				
Riverfront, 2014	\$ -	\$ 3,025,000	\$ 3,025,000	\$ -
Fairview, 2014	-	350,000	350,000	-
West Salem, 2014	-	350,000	350,000	-
Mill Creek, 2013	346,018	500,000	846,018	-
South Waterfront, 2013	-	125,000	125,000	-
Salem Convention Center	17,065	22,107	17,065	22,107
Total due to City of Salem	<u>\$ 363,083</u>	<u>\$ 4,372,107</u>	<u>\$ 4,713,083</u>	<u>\$ 22,107</u>

LONG-TERM DEBT

Transactions for the year ended June 30, 2014 are as follows:

	Balances July 1, 2013	New Obligations	Matured/ Retired	Balances June 30, 2014	Due in One Year
Tax increment bonds					
North Gateway, Series 2003 Bond payable dated Mar 12, 2003, at 5.40%.	\$ 5,490,000	\$ -	\$ 3,990,000	\$ 1,500,000	\$ 1,500,000
Riverfront/Downtown, Series 2003A Bond payable dated Jul 29, 2003, at 5.35%.	1,435,000	-	260,000	1,175,000	270,000
Riverfront/Downtown, Series 2003B Bond payable dated Jul 29, 2003, at 6.25%.	11,440,000	-	2,020,000	9,420,000	2,145,000
Riverfront/Downtown, Series 2009 Bond payable dated Sep 17, 2009, at 4.35%.	2,865,000	-	210,000	2,655,000	220,000
West Salem, Series 2013 Bond payable dated Jul 23, 2013, at 1.90%.	-	1,500,000	294,000	1,206,000	294,000
Notes					
Fairview Phase II - Note payable dated Oct 15, 1997, at 5.01%	569,472	-	569,472	-	-
Mill Creek, OR Econ & Comm Dev Dept, Series 2007, L06001A	3,481,891	518,108	-	3,999,999	-
Mill Creek, OR Econ & Comm Dev Dept, Series 2007, L06001B	993,334	6,666	-	1,000,000	-
Mill Creek, OR Econ & Comm Dev Dept, Series 2007, L06001C	-	3,772,081	-	3,772,081	-
	<u>\$ 26,274,697</u>	<u>\$ 5,796,855</u>	<u>\$ 7,343,472</u>	<u>\$ 24,728,080</u>	<u>\$ 4,429,000</u>

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Notes to the Financial Statements
June 30, 2014

Future maturities of long-term debt are as follows:

Year	Riverfront/Downtown		North Gateway		West Salem		Mill Creek		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014-15	\$ 2,635,000	\$ 767,105	\$ 1,500,000	\$ 81,000	\$ 294,000	\$ 21,518	\$ -	\$ -	\$ 4,429,000	\$ 869,623
2015-16	2,790,000	609,029	-	-	299,000	15,912	-	-	3,089,000	624,941
2016-17	2,955,000	441,493	-	-	304,000	10,203	-	-	3,259,000	451,696
2017-18	3,140,000	263,971	-	-	309,000	4,408	-	-	3,449,000	268,379
2018-19	260,000	75,255	-	-	-	-	-	-	260,000	75,255
2019-20	270,000	63,945	-	-	-	-	-	-	270,000	63,945
2020-21	280,000	52,200	-	-	-	-	-	-	280,000	52,200
2021-22	295,000	40,020	-	-	-	-	-	-	295,000	40,020
2022-23	305,000	27,188	-	-	-	-	-	-	305,000	27,188
2023-24	320,000	13,918	-	-	-	-	8,772,080	-	9,092,080	13,918
Total	\$ 13,250,000	\$ 2,354,124	\$ 1,500,000	\$ 81,000	\$ 1,206,000	\$ 52,041	\$ 8,772,080	\$ -	\$ 24,728,080	\$ 2,487,165

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Notes to the Financial Statements
June 30, 2014

OTHER INFORMATION

Risk Management

The Agency is provided coverage under the City of Salem self-insurance program. Excess insurance policies are purchased by the City's Self-insurance fund, which include property damage and liability. No insurance claims have been settled in the prior three years that have exceeded policy coverage.

From time to time, the Agency is a defendant in various litigation proceedings. Management believes any losses arising from these actions will not materially affect the Agency's financial position.

New Pronouncements

The Agency early implemented GASB Statement 65, *Items Previously Reported as Assets and Liabilities* when the fiscal year 2012-13 Annual Financial Report was published.

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SUPPLEMENTARY INFORMATION

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem)
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Governmental Funds
For the fiscal year ended June 30, 2014

	Tax Allocation Debt		
	Original/ Final Budget	Actual	Variance¹
Revenues			
Property taxes	\$ 12,081,950	\$ 12,302,111	\$ (220,161)
Other taxes	-	8,971	(8,971)
Fees, licenses and permits	-	-	-
Interest on investments	83,330	84,624	(1,294)
Grants	-	-	-
Intergovernmental	-	-	-
Loan payments received	-	-	-
Rents	-	-	-
Other	-	-	-
Total revenues	12,165,280	12,395,706	(230,426)
Expenditures			
Operations	-	-	-
Debt service	13,126,960	13,079,478	47,482
Total expenditures	13,126,960	13,079,478	47,482
Revenues over (under) expenditures	(961,680)	(683,772)	(277,908)
Other financing sources (uses)			
Transfers in	-	-	-
Sale of capital assets	-	-	-
Issuance of long-term debt	-	-	-
Issuance of short-term debt	306,380	-	306,380
Total other financing sources (uses)	306,380	-	306,380
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	(655,300)	(683,772)	28,472
Fund balance, beginning of year	16,829,950	17,474,789	(644,839)
Fund balance, end of year	<u>\$ 16,174,650</u>	<u>\$ 16,791,017</u>	<u>\$ (616,367)</u>

Continued

1 () indicates revenues/expenditures in excess of budget

Tax Allocation Improvements		
Original/ Final Budget	Actual	Variance ¹
\$ -	\$ -	\$ -
-	-	-
-	500	(500)
53,400	83,123	(29,723)
-	30,449	(30,449)
-	289,720	(289,720)
643,510	1,198,581	(555,071)
-	5,979	(5,979)
290,000	1	289,999
986,910	1,608,353	(621,443)
27,782,900	10,109,319	17,673,581
-	-	-
27,782,900	10,109,319	17,673,581
(26,795,990)	(8,500,966)	(18,295,024)
-	-	-
-	4,169	(4,169)
6,479,040	5,796,855	682,185
4,525,000	4,350,000	175,000
11,004,040	10,151,024	853,016
(15,791,950)	1,650,058	(17,442,008)
15,791,950	15,238,599	553,351
\$ -	\$ 16,888,657	\$ (16,888,657)

Salem Convention Center Gain/Loss Reserve		
Original/ Final Budget	Actual	Variance ¹
\$ -	\$ -	\$ -
-	-	-
-	-	-
15,000	22,031	(7,031)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
15,000	22,031	(7,031)
1,325,000	211,949	1,113,051
-	-	-
1,325,000	211,949	1,113,051
(1,310,000)	(189,918)	(1,120,082)
300,000	274,831	25,169
-	-	-
-	-	-
-	-	-
300,000	274,831	25,169
(1,010,000)	84,913	(1,094,913)
4,001,000	3,979,830	21,170
\$ 2,991,000	\$ 4,064,743	\$ (1,073,743)

Concluded

1 () indicates revenues/expenditures in excess of budget

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Combining Balance Sheet - Debt Service Fund
June 30, 2014

	<u>Pringle Creek</u>	<u>Riverfront/ Downtown</u>	<u>Fairview</u>	<u>North Gateway</u>
Assets				
Cash and investments	\$ 915	\$ 6,245,092	\$ 264,904	\$ 6,459,605
Accounts receivable, net	-	389,245	15,610	279,459
Total assets	<u>\$ 915</u>	<u>\$ 6,634,337</u>	<u>\$ 280,514</u>	<u>\$ 6,739,064</u>
 Liabilities, deferred inflows of resources, and fund balances				
Deferred inflows of resources				
Unavailable revenue	\$ -	\$ 288,477	\$ 11,760	\$ 206,034
Fund balances				
Restricted for debt service	<u>915</u>	<u>6,345,860</u>	<u>268,754</u>	<u>6,533,030</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 915</u>	<u>\$ 6,634,337</u>	<u>\$ 280,514</u>	<u>\$ 6,739,064</u>

Continued

<u>West Salem</u>	<u>Mill Creek Industrial Park</u>	<u>McGilchrist</u>	<u>South Waterfront</u>	<u>Totals</u>
\$ 410,130	\$ 1,155,915	\$ 1,964,614	\$ 76,078	\$ 16,577,253
54,306	45,829	30,215	11,684	826,348
<u>\$ 464,436</u>	<u>\$ 1,201,744</u>	<u>\$ 1,994,829</u>	<u>\$ 87,762</u>	<u>\$ 17,403,601</u>

\$ 40,563	\$ 35,627	\$ 22,067	\$ 8,056	\$ 612,584
<u>423,873</u>	<u>1,166,117</u>	<u>1,972,762</u>	<u>79,706</u>	<u>16,791,017</u>
<u>\$ 464,436</u>	<u>\$ 1,201,744</u>	<u>\$ 1,994,829</u>	<u>\$ 87,762</u>	<u>\$ 17,403,601</u>

Concluded

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Debt Service Fund
For the fiscal year ended June 30, 2014

	<u>Pringle Creek</u>	<u>Riverfront/ Downtown</u>	<u>Fairview</u>	<u>North Gateway</u>
Revenues				
Property taxes	\$ -	\$ 6,059,792	\$ 16,928	\$ 3,983,156
Other taxes	-	4,047	275	2,696
Interest on investments	-	32,792	5,704	29,427
Total revenues	-	6,096,631	22,907	4,015,279
Expenditures				
Debt service	-	3,406,524	598,206	4,232,760
Revenues over (under) expenditures	-	2,690,107	(575,299)	(217,481)
Other financing sources (uses)				
Transfers out	-	(3,025,000)	(350,000)	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	(334,893)	(925,299)	(217,481)
Fund balance, beginning of year	915	6,680,753	1,194,053	6,750,511
Fund balance, end of year	<u>\$ 915</u>	<u>\$ 6,345,860</u>	<u>\$ 268,754</u>	<u>\$ 6,533,030</u>

Continued

<u>West Salem</u>	<u>Mill Creek Industrial Park</u>	<u>McGilchrist</u>	<u>South Waterfront</u>	<u>Totals</u>
\$ 861,625	\$ 732,759	\$ 492,081	\$ 155,770	\$ 12,302,111
1,050	549	277	77	8,971
2,531	5,165	8,430	575	84,624
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
865,206	738,473	500,788	156,422	12,395,706
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
317,001	174,982	-	5	8,729,478
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
548,205	563,491	500,788	156,417	3,666,228
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
(350,000)	(500,000)	-	(125,000)	(4,350,000)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
198,205	63,491	500,788	31,417	(683,772)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
225,668	1,102,626	1,471,974	48,289	17,474,789
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 423,873</u>	<u>\$ 1,166,117</u>	<u>\$ 1,972,762</u>	<u>\$ 79,706</u>	<u>\$ 16,791,017</u>

Concluded

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Pringle Creek (Debt Service Fund)
For the fiscal year ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Fund balance, beginning of year	\$ -	\$ -	\$ 915	\$ (915)
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 915</u>	<u>\$ (915)</u>

1 () indicates revenues/expenditures in excess of budget

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Riverfront/Downtown (Debt Service Fund)
For the fiscal year ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ 5,624,850	\$ 5,624,850	\$ 6,059,792	\$ (434,942)
Other taxes	-	-	4,047	(4,047)
Interest on investments	30,000	30,000	32,792	(2,792)
Total revenues	<u>5,654,850</u>	<u>5,654,850</u>	<u>6,096,631</u>	<u>(441,781)</u>
Expenditures				
Debt service				
Principal	5,990,000	5,990,000	5,515,000	475,000
Interest	917,410	917,410	916,524	886
Total expenditures	<u>6,907,410</u>	<u>6,907,410</u>	<u>6,431,524</u>	<u>475,886</u>
Excess (deficiency) of revenues over expenditures	(1,252,560)	(1,252,560)	(334,893)	(917,667)
Fund balance, beginning of year	<u>6,506,180</u>	<u>6,506,180</u>	<u>6,680,753</u>	<u>(174,573)</u>
Fund balance, end of year	<u>\$ 5,253,620</u>	<u>\$ 5,253,620</u>	<u>\$ 6,345,860</u>	<u>\$ (1,092,240)</u>

1 () indicates revenues/expenditures in excess of budget.

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Fairview (Debt Service Fund)
For the fiscal year ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ 14,200	\$ 14,200	\$ 16,928	\$ (2,728)
Other taxes	-	-	275	(275)
Interest on investments	2,980	2,980	5,704	(2,724)
Total revenues	<u>17,180</u>	<u>17,180</u>	<u>22,907</u>	<u>(5,727)</u>
Expenditures				
Debt service				
Principal	919,480	919,480	919,472	8
Interest	29,720	29,720	28,734	986
Total expenditures	<u>949,200</u>	<u>949,200</u>	<u>948,206</u>	<u>994</u>
Excess (deficiency) of revenues over expenditures	(932,020)	(932,020)	(925,299)	(6,721)
Fund balance, beginning of year	<u>1,195,590</u>	<u>1,195,590</u>	<u>1,194,053</u>	<u>1,537</u>
Fund balance, end of year	<u>\$ 263,570</u>	<u>\$ 263,570</u>	<u>\$ 268,754</u>	<u>\$ (5,184)</u>

1 () indicates revenues/expenditures in excess of budget at the area level.

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - North Gateway (Debt Service Fund)
For fiscal year ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ 4,161,800	\$ 4,161,800	\$ 3,983,156	\$ 178,644
Other taxes	-	-	2,696	(2,696)
Interest on investments	30,750	30,750	29,427	1,323
Total revenues	<u>4,192,550</u>	<u>4,192,550</u>	<u>4,015,279</u>	<u>177,271</u>
Expenditures				
Debt service				
Principal	3,990,000	3,990,000	3,990,000	-
Interest	296,460	296,460	242,760	53,700
Total expenditures	<u>4,286,460</u>	<u>4,286,460</u>	<u>4,232,760</u>	<u>53,700</u>
Excess (deficiency) of revenues over expenditures	(93,910)	(93,910)	(217,481)	123,571
Fund balance, beginning of year	<u>6,361,530</u>	<u>6,361,530</u>	<u>6,750,511</u>	<u>(388,981)</u>
Fund balance, end of year	<u>\$ 6,267,620</u>	<u>\$ 6,267,620</u>	<u>\$ 6,533,030</u>	<u>\$ (265,410)</u>

1 () indicates revenues/expenditures in excess of budget

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - West Salem (Debt Service Fund)
For the fiscal year ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ 797,560	\$ 797,560	\$ 861,625	\$ (64,065)
Other taxes	-	-	1,050	(1,050)
Interest on investments	-	-	2,531	(2,531)
Total revenues	<u>797,560</u>	<u>797,560</u>	<u>865,206</u>	<u>(67,646)</u>
Expenditures				
Debt service				
Principal	521,080	521,080	644,000	(122,920)
Interest	136,310	136,310	23,001	113,309
Total expenditures	<u>657,390</u>	<u>657,390</u>	<u>667,001</u>	<u>(9,611)</u>
Excess (deficiency) of revenues over expenditures	140,170	140,170	198,205	(58,035)
Other financing sources (uses)				
Proceeds of long-term capital related debt	306,380	306,380	-	306,380
Excess (deficiency) of revenues over expenditures and other sources (uses)	446,550	446,550	198,205	248,345
Fund balance, beginning of year	198,730	198,730	225,668	(26,938)
Fund balance, end of year	<u>\$ 645,280</u>	<u>\$ 645,280</u>	<u>\$ 423,873</u>	<u>\$ 221,407</u>

1 () indicates revenues/expenditures in excess of budget at the area level.
Appropriations are made at the fund level, so an expenditure variance shown as () does not indicate a violation of budget law.

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Mill Creek Industrial Park (Debt Service Fund)
For the fiscal year ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ 877,730	\$ 877,730	\$ 732,759	\$ 144,971
Other taxes	-	-	549	(549)
Interest on investments	14,100	14,100	5,165	8,935
Total revenues	891,830	891,830	738,473	153,357
Expenditures				
Debt service				
Principal	200,000	200,000	604,245	(404,245)
Interest	1,000	1,000	70,737	(69,737)
Total expenditures	201,000	201,000	674,982	(473,982)
Excess (deficiency) of revenues over expenditures	690,830	690,830	63,491	627,339
Fund balance, beginning of year	1,072,030	1,072,030	1,102,626	(30,596)
Fund balance, end of year	<u>\$ 1,762,860</u>	<u>\$ 1,762,860</u>	<u>\$ 1,166,117</u>	<u>\$ 596,743</u>

1 () indicates revenues/expenditures in excess of budget at the area level.
Appropriations are made at the fund level, so an expenditure variance shown as () does not indicate a violation of budget law.

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - McGilchrist (Debt Service Fund)
For the fiscal year ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ 477,010	\$ 477,010	\$ 492,081	\$ (15,071)
Other taxes	-	-	277	(277)
Interest on investments	5,000	5,000	8,430	(3,430)
Total revenues	482,010	482,010	500,788	(18,778)
Fund balance, beginning of year	1,455,560	1,455,560	1,471,974	(16,414)
Fund balance, end of year	<u>\$ 1,937,570</u>	<u>\$ 1,937,570</u>	<u>\$ 1,972,762</u>	<u>\$ (35,192)</u>

1 () indicates revenues/expenditures in excess of budget

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - South Waterfront (Debt Service Fund)
For the fiscal year ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ 128,800	\$ 128,800	\$ 155,770	\$ (26,970)
Other taxes	-	-	77	(77)
Interest on investments	500	500	575	(75)
Total revenues	<u>129,300</u>	<u>129,300</u>	<u>156,422</u>	<u>(27,122)</u>
Expenditures				
Debt service				
Principal	125,000	125,000	125,000	-
Interest	500	500	5	495
Total expenditures	<u>125,500</u>	<u>125,500</u>	<u>125,005</u>	<u>495</u>
Excess (deficiency) of revenues over expenditures	3,800	3,800	31,417	(27,617)
Fund balance, beginning of year	<u>40,330</u>	<u>40,330</u>	<u>48,289</u>	<u>(7,959)</u>
Fund balance, end of year	<u>\$ 44,130</u>	<u>\$ 44,130</u>	<u>\$ 79,706</u>	<u>\$ (35,576)</u>

1 () indicates revenues/expenditures in excess of budget

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Combining Balance Sheet - Capital Projects Fund
June 30, 2014

	Pringle Creek	Riverfront/ Downtown	Fairview	North Gateway
Assets				
Cash and investments	\$ 2,214	\$ 8,292,274	\$ 2,335,895	\$ 3,399,352
Accounts receivable, net	-	33,240	16,191	590
Notes receivable	-	6,500,213	713,677	371,923
Total assets	\$ 2,214	\$ 14,825,727	\$ 3,065,763	\$ 3,771,865
 Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable	\$ -	\$ 8,755	\$ 6	\$ 449
 Deferred inflows of resources				
Unavailable revenue	-	6,532,955	729,868	372,513
 Fund balances				
Restricted for capital projects	2,214	8,284,017	2,335,889	3,398,903
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,214	\$ 14,825,727	\$ 3,065,763	\$ 3,771,865

Continued

<u>West Salem</u>	<u>Mill Creek Industrial Park</u>	<u>McGilchrist</u>	<u>South Waterfront</u>	<u>Total</u>
\$ 1,114,203	\$ 1,156,996	\$ 538,962	\$ 268,995	\$ 17,108,891
-	183,112	-	-	233,133
-	-	-	-	7,585,813
<u>\$ 1,114,203</u>	<u>\$ 1,340,108</u>	<u>\$ 538,962</u>	<u>\$ 268,995</u>	<u>\$ 24,927,837</u>
\$ 29,508	\$ 365,126	\$ -	\$ -	\$ 403,844
-	-	-	-	7,635,336
<u>1,084,695</u>	<u>974,982</u>	<u>538,962</u>	<u>268,995</u>	<u>16,888,657</u>
<u>\$ 1,114,203</u>	<u>\$ 1,340,108</u>	<u>\$ 538,962</u>	<u>\$ 268,995</u>	<u>\$ 24,927,837</u>

Concluded

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Capital Projects Fund
For the fiscal year ended June 30, 2014

	<u>Pringle Creek</u>	<u>Riverfront/ Downtown</u>	<u>Fairview</u>	<u>North Gateway</u>
Revenues				
Fees, licenses, and permits	\$ -	\$ 500	\$ -	\$ -
Interest on investments	1	39,550	10,366	20,018
Grants	-	-	-	-
Intergovernmental	-	289,720	-	-
Loan payments received	-	1,010,423	158,872	29,286
Rents	-	5,979	-	-
Other	-	-	-	-
Total revenues	1	1,346,172	169,238	49,304
Expenditures				
Materials and services	-	3,507,685	42,558	240,939
Excess (deficiency) of revenues over expenditures	1	(2,161,513)	126,680	(191,635)
Other financing sources (uses)				
Transfers in	-	3,025,000	350,000	-
Sale of capital assets	-	-	-	4,169
Issuance of long-term debt	-	-	-	-
Total other financing sources (uses)	-	3,025,000	350,000	4,169
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	1	863,487	476,680	(187,466)
Fund balance, beginning of year	2,213	7,420,530	1,859,209	3,586,369
Fund balance, end of year	<u>\$ 2,214</u>	<u>\$ 8,284,017</u>	<u>\$ 2,335,889</u>	<u>\$ 3,398,903</u>

Continued

<u>West Salem</u>	<u>Mill Creek Industrial Park</u>	<u>McGilchrist</u>	<u>South Waterfront</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 500
6,800	1,635	2,960	1,793	83,123
-	30,449	-	-	30,449
-	-	-	-	289,720
-	-	-	-	1,198,581
-	-	-	-	5,979
-	1	-	-	1
<u>6,800</u>	<u>32,085</u>	<u>2,960</u>	<u>1,793</u>	<u>1,608,353</u>
<u>1,616,232</u>	<u>4,520,771</u>	<u>9,951</u>	<u>171,183</u>	<u>10,109,319</u>
<u>(1,609,432)</u>	<u>(4,488,686)</u>	<u>(6,991)</u>	<u>(169,390)</u>	<u>(8,500,966)</u>
350,000	500,000	-	125,000	4,350,000
-	-	-	-	4,169
<u>1,500,000</u>	<u>4,296,855</u>	<u>-</u>	<u>-</u>	<u>5,796,855</u>
<u>1,850,000</u>	<u>4,796,855</u>	<u>-</u>	<u>125,000</u>	<u>10,151,024</u>
240,568	308,169	(6,991)	(44,390)	1,650,058
<u>844,127</u>	<u>666,813</u>	<u>545,953</u>	<u>313,385</u>	<u>15,238,599</u>
<u>\$ 1,084,695</u>	<u>\$ 974,982</u>	<u>\$ 538,962</u>	<u>\$ 268,995</u>	<u>\$ 16,888,657</u>

Concluded

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Pringle Creek (Capital Projects Fund)
For the fiscal year ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Interest on investments	\$ -	\$ -	\$ 1	\$ (1)
Fund balance, beginning of year	-	-	2,213	(2,213)
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,214</u>	<u>\$ (2,214)</u>

1 () indicates revenues/expenditures in excess of budget.

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Riverfront/Downtown (Capital Projects Fund)
For the fiscal year ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Fees, licenses, and permits	\$ -	\$ -	\$ 500	\$ (500)
Rents	-	-	5,979	(5,979)
Intergovernmental	-	-	289,720	(289,720)
Interest on investments	17,070	17,070	39,550	(22,480)
Loan payments received	614,220	614,220	1,010,423	(396,203)
Other	290,000	290,000	-	290,000
Total revenues	921,290	921,290	1,346,172	(424,882)
Expenditures				
Operations	12,254,830	12,254,830	3,507,685	8,747,145
Excess (deficiency) of revenues over expenditures	(11,333,540)	(11,333,540)	(2,161,513)	(9,172,027)
Other financing sources (uses)				
Proceeds of short-term capital related debt	3,500,000	3,500,000	3,025,000	475,000
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(7,833,540)	(7,833,540)	863,487	(8,697,027)
Fund balance, beginning of year	7,833,540	7,833,540	7,420,530	413,010
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,284,017</u>	<u>\$ (8,284,017)</u>

1 () indicates revenues/expenditures in excess of budget

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Fairview (Capital Projects Fund)
For the fiscal year ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Interest on investments	\$ 10,080	\$ 10,080	\$ 10,366	\$ (286)
Loan payments received	-	-	158,872	(158,872)
Total revenues	10,080	10,080	169,238	(159,158)
Expenditures				
Operations	2,235,030	2,235,030	42,558	2,192,472
Excess (deficiency) of revenues over expenditures	(2,224,950)	(2,224,950)	126,680	(2,351,630)
Other financing sources (uses)				
Proceeds of short-term capital related debt	350,000	350,000	350,000	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(1,874,950)	(1,874,950)	476,680	(2,351,630)
Fund balance, beginning of year	1,874,950	1,874,950	1,859,209	15,741
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,335,889</u>	<u>\$ (2,335,889)</u>

1 () indicates revenues/expenditures in excess of budget

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - North Gateway (Capital Projects Fund)
For the fiscal year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance¹
	Original	Final	(Budgetary Basis)	
Revenues				
Interest on investments	\$ 14,650	\$ 14,650	\$ 20,018	\$ (5,368)
Loan payments received	29,290	29,290	29,286	4
Total revenues	43,940	43,940	49,304	(5,364)
Expenditures				
Operations	3,558,590	3,558,590	240,939	3,317,651
Excess (deficiency) of revenues over expenditures	(3,514,650)	(3,514,650)	(191,635)	(3,323,015)
Other financing sources (uses)				
Sale of assets	-	-	4,169	(4,169)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(3,514,650)	(3,514,650)	(187,466)	(3,327,184)
Fund balance, beginning of year	3,514,650	3,514,650	3,586,369	(71,719)
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,398,903</u>	<u>\$ (3,398,903)</u>

1 () indicates revenues/expenditures in excess of budget

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - West Salem (Capital Projects Fund)
For the fiscal year ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Interest on investments	\$ 3,200	\$ 3,200	\$ 6,800	\$ (3,600)
Expenditures				
Operations	<u>2,849,410</u>	<u>2,849,410</u>	<u>1,616,232</u>	<u>1,233,178</u>
Excess (deficiency) of revenues over expenditures	<u>(2,846,210)</u>	<u>(2,846,210)</u>	<u>(1,609,432)</u>	<u>(1,236,778)</u>
Other financing sources (uses)				
Proceeds of long-term capital related debt	1,903,520	1,903,520	1,500,000	403,520
Proceeds of short-term capital related debt	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Total other financing sources (uses)	<u>2,253,520</u>	<u>2,253,520</u>	<u>1,850,000</u>	<u>403,520</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(592,690)	(592,690)	240,568	(833,258)
Fund balance, beginning of year	<u>592,690</u>	<u>592,690</u>	<u>844,127</u>	<u>(251,437)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,084,695</u>	<u>\$ (1,084,695)</u>

1 () indicates revenues/expenditures in excess of budget

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Mill Creek Industrial Park (Capital Projects Fund)
For the fiscal year ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Grants	\$ -	\$ -	\$ 30,449	\$ (30,449)
Interest on investments	5,000	5,000	1,635	3,365
Other	-	-	1	(1)
Total revenues	5,000	5,000	32,085	(27,085)
Expenditures				
Operations	5,876,360	5,876,360	4,520,771	1,355,589
Excess (deficiency) of revenues over expenditures	(5,871,360)	(5,871,360)	(4,488,686)	(1,382,674)
Other financing sources (uses)				
Proceeds of long-term capital related debt	4,575,520	4,575,520	4,296,855	278,665
Proceeds of short-term capital related debt	200,000	200,000	500,000	(300,000)
Total other financing sources (uses)	4,775,520	4,775,520	4,796,855	(21,335)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(1,095,840)	(1,095,840)	308,169	(1,404,009)
Fund balance, beginning of year	1,095,840	1,095,840	666,813	429,027
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 974,982</u>	<u>\$ (974,982)</u>

1 () indicates revenues/expenditures in excess of budget

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - McGilchrist (Capital Projects Fund)
For the fiscal year ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Interest on investments	\$ 2,400	\$ 2,400	\$ 2,960	\$ (560)
Expenditures				
Operations	<u>542,860</u>	<u>542,860</u>	<u>9,951</u>	<u>532,909</u>
Excess (deficiency) of revenues over expenditures	(540,460)	(540,460)	(6,991)	(533,469)
Fund balance, beginning of year	<u>540,460</u>	<u>540,460</u>	<u>545,953</u>	<u>(5,493)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 538,962</u>	<u>\$ (538,962)</u>

1 () indicates revenues/expenditures in excess of budget

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - South Waterfront (Capital Projects Fund)
For the fiscal year ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Interest on investments	\$ 1,000	\$ 1,000	\$ 1,793	\$ (793)
Expenditures				
Operations	<u>465,820</u>	<u>465,820</u>	<u>171,183</u>	<u>294,637</u>
Excess (deficiency) of revenues over expenditures	(464,820)	(464,820)	(169,390)	(295,430)
Other financing sources (uses)				
Proceeds of short-term capital related debt	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(339,820)	(339,820)	(44,390)	(295,430)
Fund balance, beginning of year	<u>339,820</u>	<u>339,820</u>	<u>313,385</u>	<u>26,435</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 268,995</u>	<u>\$ (268,995)</u>

1 () indicates revenues/expenditures in excess of budget

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Expenditures by Project - Budget and Actual
For the fiscal year ended June 30, 2014

		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Riverfront/Downtown				
682000	Project Coordination/Support	\$ -	\$ 363,766	\$ -
682005	Conference Center-HUD Sec 108 Loan Payments	-	1,010,423	-
682018	Toolbox Grant Program	-	462,968	-
682022	Engineering Work - Ped Bridge to Minto Brown	-	692,658	-
682023	Marketing for Salem Conference Center	-	289,720	-
682047	Downtown Core Inventory	-	18,031	-
682063	Parking Structures	-	599,396	-
682064	Downtown Traffic Counts and Circulation Studies	-	13,361	-
682070	Downtown Housing Investment Strategy	-	21,828	-
682071	PC&S Toolbox & Grant Admin	-	25,518	-
682072	Downtown Property Acquisition	-	139	-
682073	Salem Convention Center Signage	-	2,205	-
682074	Signal Improvement - Union & Commercial	-	7,405	-
682076	Streetscape - Art Pedestals	-	267	-
Total Riverfront/Downtown		<u>12,254,830</u>	<u>3,507,685</u>	<u>8,747,145</u>
Fairview				
683000	Project Coordination/Support	-	42,558	-
Total Fairview Industrial Park		<u>2,235,030</u>	<u>42,558</u>	<u>2,192,472</u>
North Gateway				
684000	Project Coordination/Support	-	110,230	-
684008	Demolition & Site Prep - Various	-	2,848	-
684032	Toolbox Grant Program	-	43,945	-
684037	Portland Road/Hyacinth Street Lighting	-	75,212	-
684041	PC&S Toolbox & Grant Admin	-	8,704	-
Total North Gateway		<u>3,558,590</u>	<u>240,939</u>	<u>3,317,651</u>

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Expenditures by Project - Budget and Actual
For the fiscal year ended June 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
West Salem			
685000	-	78,623	-
685001	-	27,679	-
685008	-	19,477	-
685016	-	4,662	-
685018	-	1,272,015	-
685020	-	62,993	-
685022	-	50,000	-
685023	-	10,865	-
685025	-	10,789	-
685026	-	79,129	-
Total West Salem	<u>2,849,410</u>	<u>1,616,232</u>	<u>1,233,178</u>
Mill Creek Industrial Park			
686000	-	108,459	-
686009	-	104,212	-
686011	-	75,000	-
686012	-	5,054	-
686015	-	3,093	-
686018	-	9,887	-
686019	-	1,106	-
686020	-	4,213,960	-
Total Mill Creek Industrial Park	<u>5,876,360</u>	<u>4,520,771</u>	<u>1,355,589</u>
McGilchrist			
687000	-	9,951	-
Total McGilchrist	<u>542,860</u>	<u>9,951</u>	<u>532,909</u>
South Waterfront			
688000	-	27,521	-
688006	-	6,837	-
688013	-	123,139	-
688015	-	13,686	-
Total South Waterfront	<u>465,820</u>	<u>171,183</u>	<u>294,637</u>
Total all projects	<u>\$ 27,782,900</u>	<u>\$ 10,109,319</u>	<u>\$ 17,673,581</u>

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Salem Convention Center (Proprietary Fund)
For the fiscal year ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Sales, fees, licenses, and permits	\$ 2,175,000	\$ 2,175,000	\$ 2,322,531	\$ (147,531)
Intergovernmental	450,000	450,000	-	450,000
Rents	825,000	825,000	1,150,590	(325,590)
Other	290,000	290,000	3,709	286,291
Total revenues	<u>3,740,000</u>	<u>3,740,000</u>	<u>3,476,830</u>	<u>263,170</u>
Expenditures				
Operations	3,454,870	3,454,870	3,235,636	219,234
Contingency	656,840	656,840	-	656,840
Total expenditures	<u>4,111,710</u>	<u>4,111,710</u>	<u>3,235,636</u>	<u>876,074</u>
Excess (deficiency) of revenues over expenditures	(371,710)	(371,710)	241,194	(612,904)
Other financing sources (uses)				
Transfers out	(300,000)	(300,000)	(274,831)	(25,169)
Net change in fund balance	(671,710)	(671,710)	(33,637)	(638,073)
Fund balance, beginning of year	671,710	671,710	480,101	191,609
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	446,464	<u>\$ (446,464)</u>
Reconciliation to generally accepted accounting principles:				
Capital assets			<u>26,565,468</u>	
Net position at end of year			<u>\$ 27,011,932</u>	

1 () indicates revenues/expenditures in excess of budget

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATION**

We have audited the basic financial statements of the Urban Renewal Agency of the City of Salem, Oregon, a component unit of the City of Salem, Oregon, as of and for the year ended June 30, 2014 and have issued our report thereon dated November 26, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Urban Renewal Agency of the City of Salem, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets. The Agency does not receive highway revenue.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).
- Accountability for collecting or receiving money by elected officials. The Agency does not have any elected officials collecting or receiving money.

In connection with our testing, nothing came to our attention that caused us to believe the Urban Renewal Agency of the City of Salem, Oregon was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the Urban Renewal Agency of the City of Salem, Oregon's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Urban Renewal Agency of the City of Salem, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of the Urban Renewal Agency of the City of Salem, Oregon'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 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 may exist that have not been identified.

This report is intended solely for the information and use of the Agency Officials, Oregon Secretary of State Audits Division, and management of the Urban Renewal Agency of the City of Salem, and is not intended to be and should not be used by anyone other than these specified parties.



Merina & Company, LLP
West Linn, Oregon
November 26, 2014