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URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON

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

ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2015



New Commercial Street
Bridge over Pringle Creek
March 2014



O R E G O N

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, 2015

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	2016
1	Chuck Bennett	2016
2	Tom Andersen	2018
3	Brad Nanke	2016
4	Steve McCoid	2018
5	Diana Dickey	2016
6	Daniel Benjamin	2018
7	Warren Bednarz	2016
8	Jim Lewis	2018

ADMINISTRATIVE STAFF

Executive Director: Linda Norris (retired March 31, 2015)

Interim Executive Director: Kacey Duncan (appointed April 1, 2015)

Urban Development Department Director: John Wales (retired January 2, 2015)

Interim Urban Development Department Director: Rick Scott (appointed January-March 2015)

Interim Urban Development Department Director: Mark Becketl (appointed April 1, 2015)




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

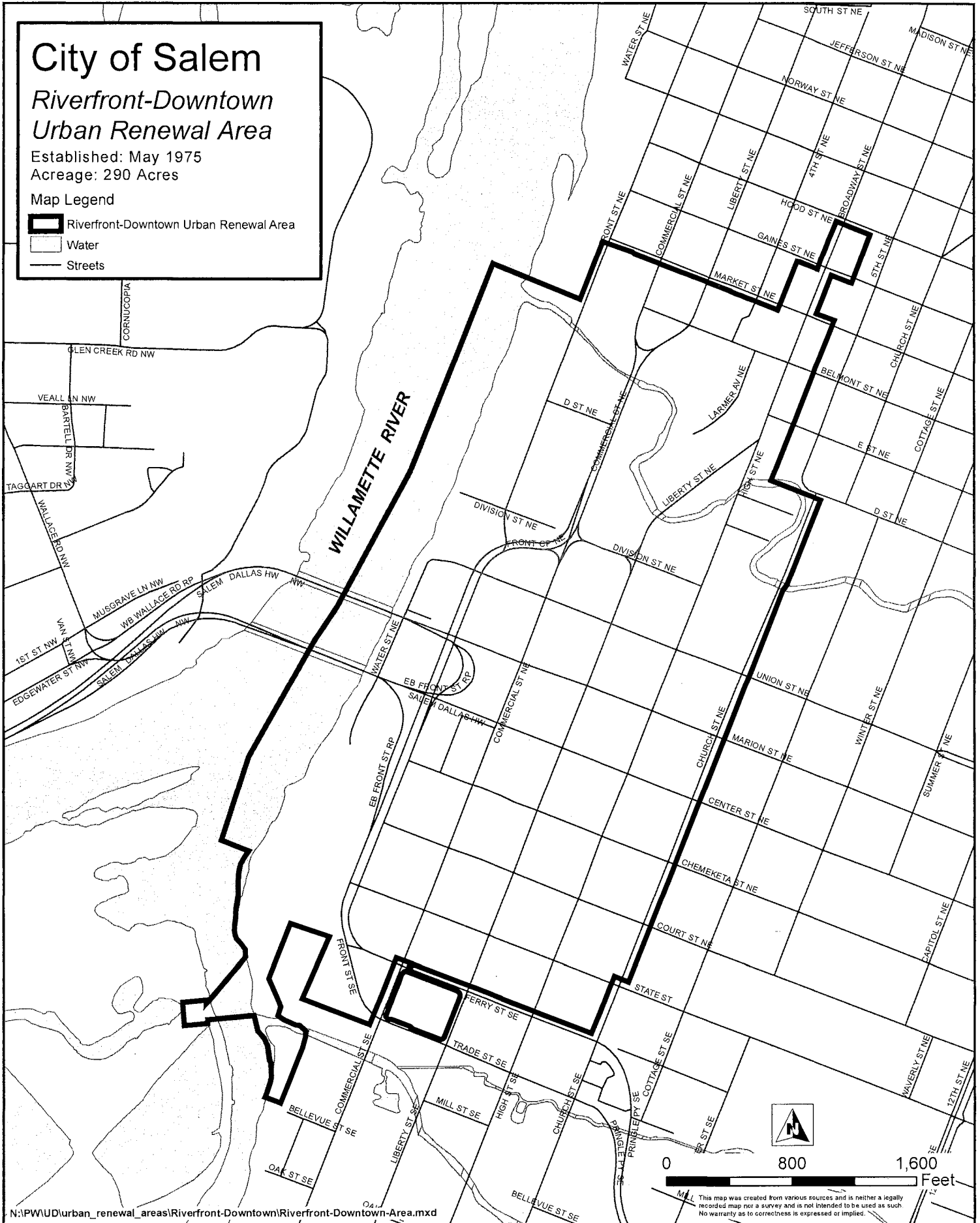
City of Salem

Riverfront-Downtown Urban Renewal Area

Established: May 1975
Acreage: 290 Acres

Map Legend

-  Riverfront-Downtown Urban Renewal Area
-  Water
-  Streets






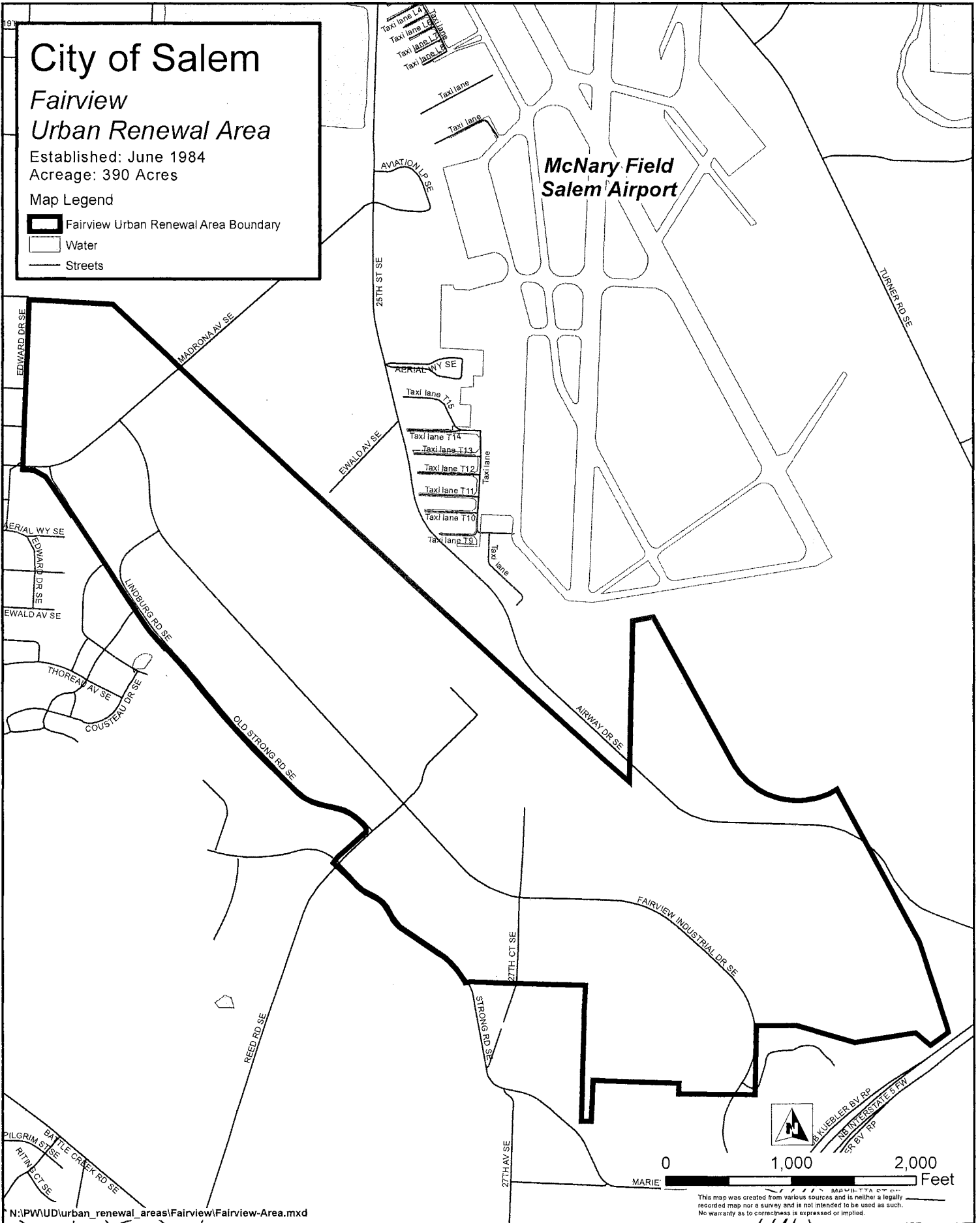
City of Salem

Fairview Urban Renewal Area

Established: June 1984
Acreage: 390 Acres

Map Legend

-  Fairview Urban Renewal Area Boundary
-  Water
-  Streets






This map was created from various sources and is neither a legally recorded map nor a survey and is not intended to be used as such. No warranty as to correctness is expressed or implied.

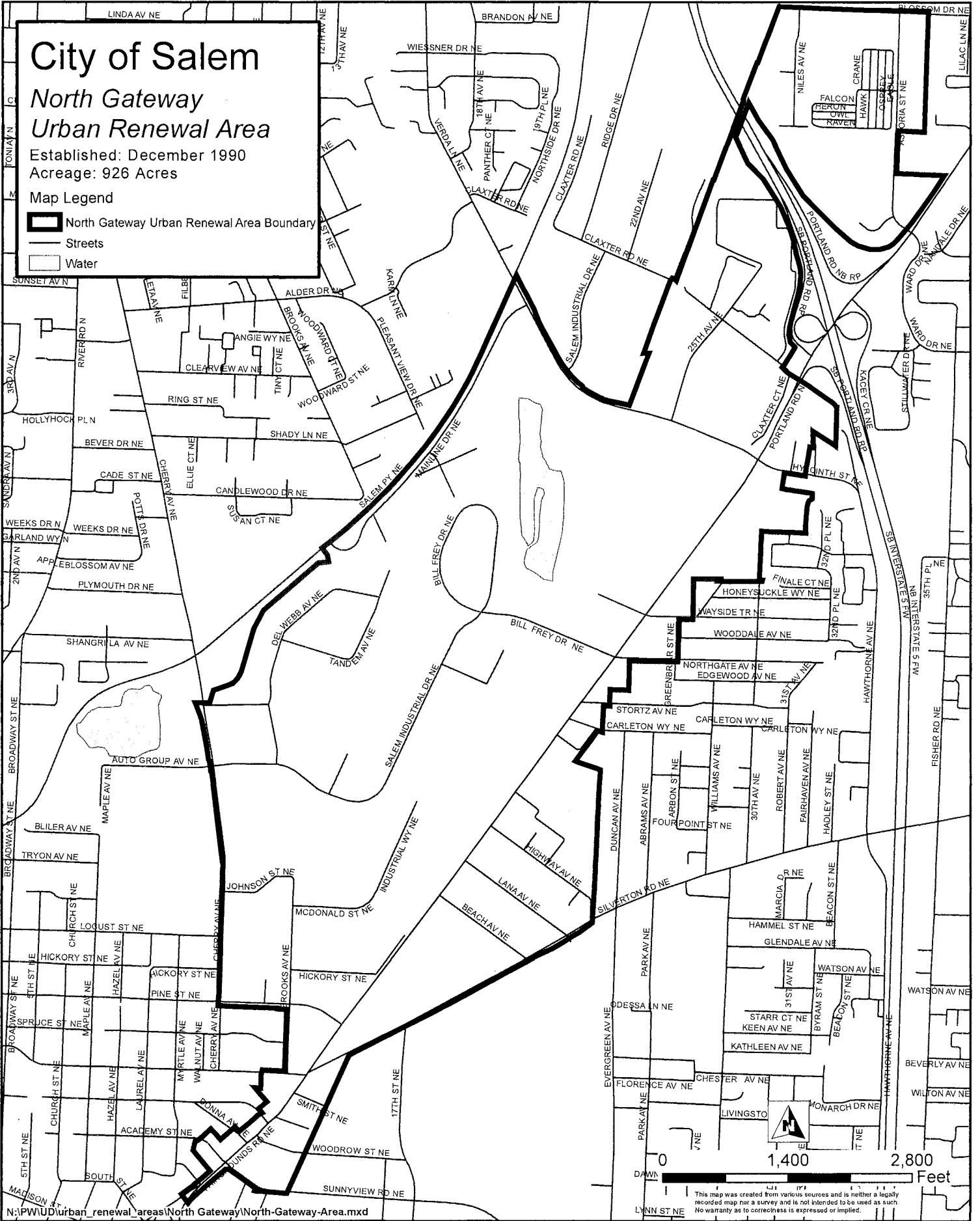
City of Salem

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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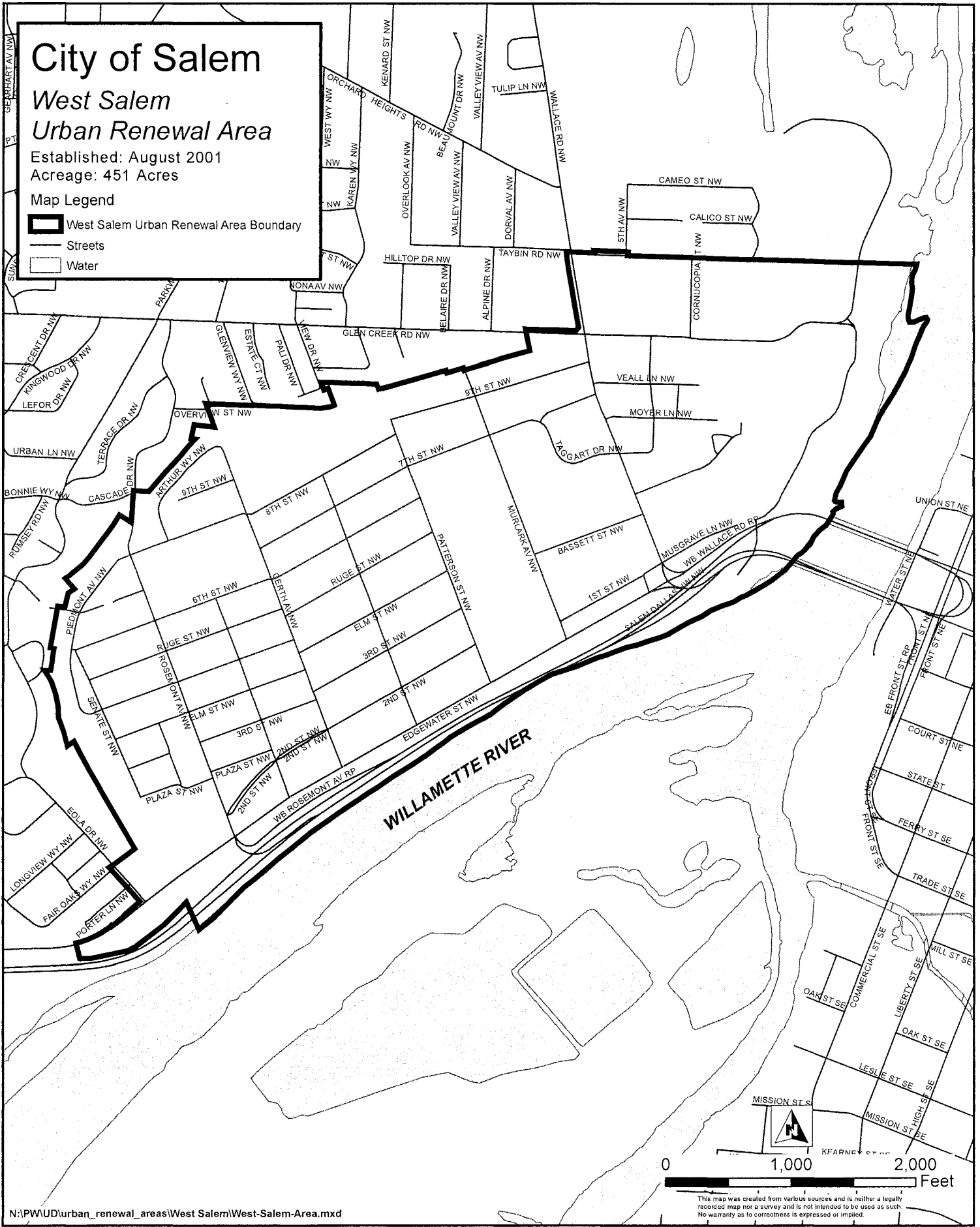
City of Salem

West Salem Urban Renewal Area

Established: August 2001
Acreage: 451 Acres

Map Legend

-  West Salem Urban Renewal Area Boundary
-  Streets
-  Water






City of Salem

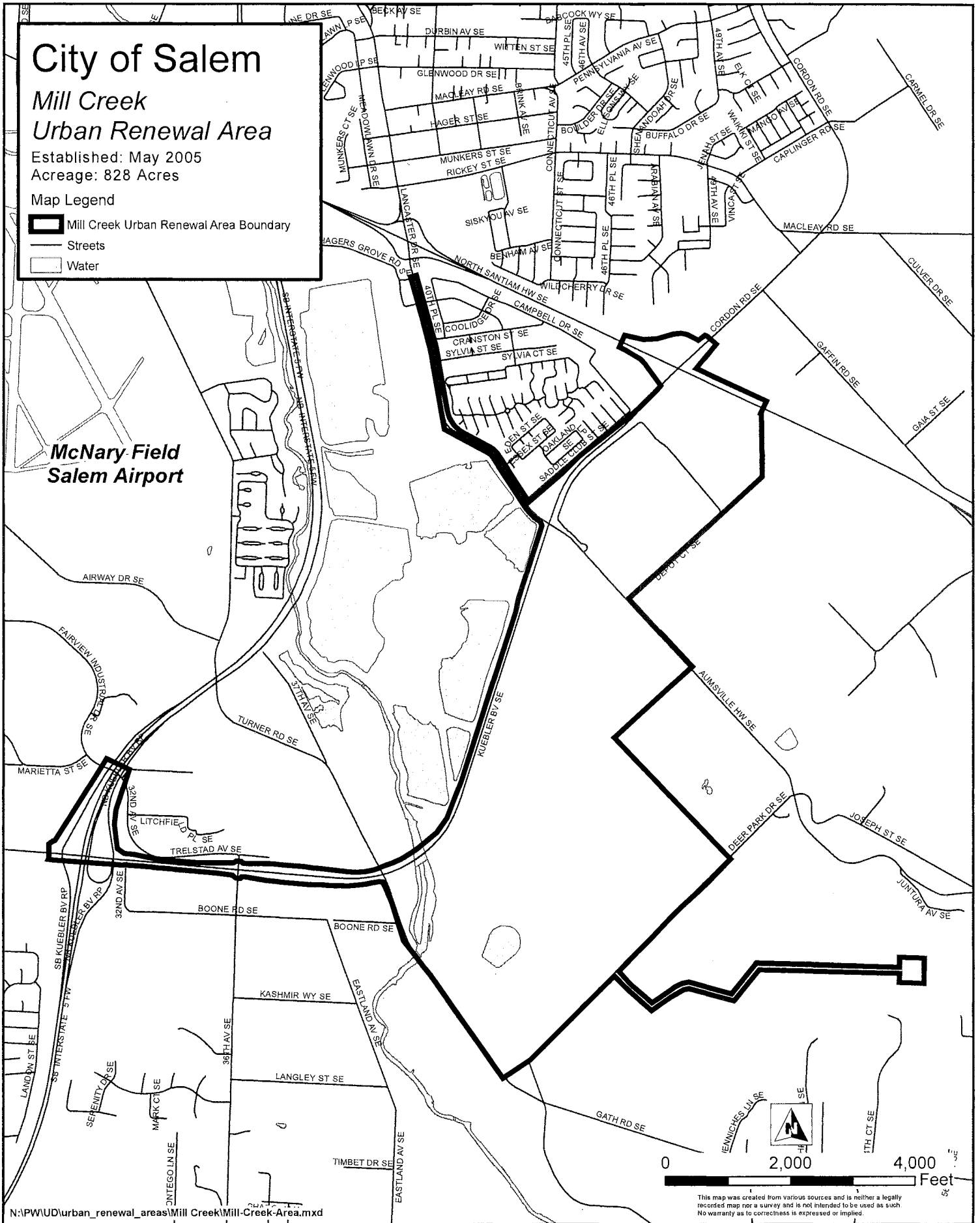
Mill Creek Urban Renewal Area

Established: May 2005
Acreage: 828 Acres

Map Legend

-  Mill Creek Urban Renewal Area Boundary
-  Streets
-  Water

**McNary Field
Salem Airport**






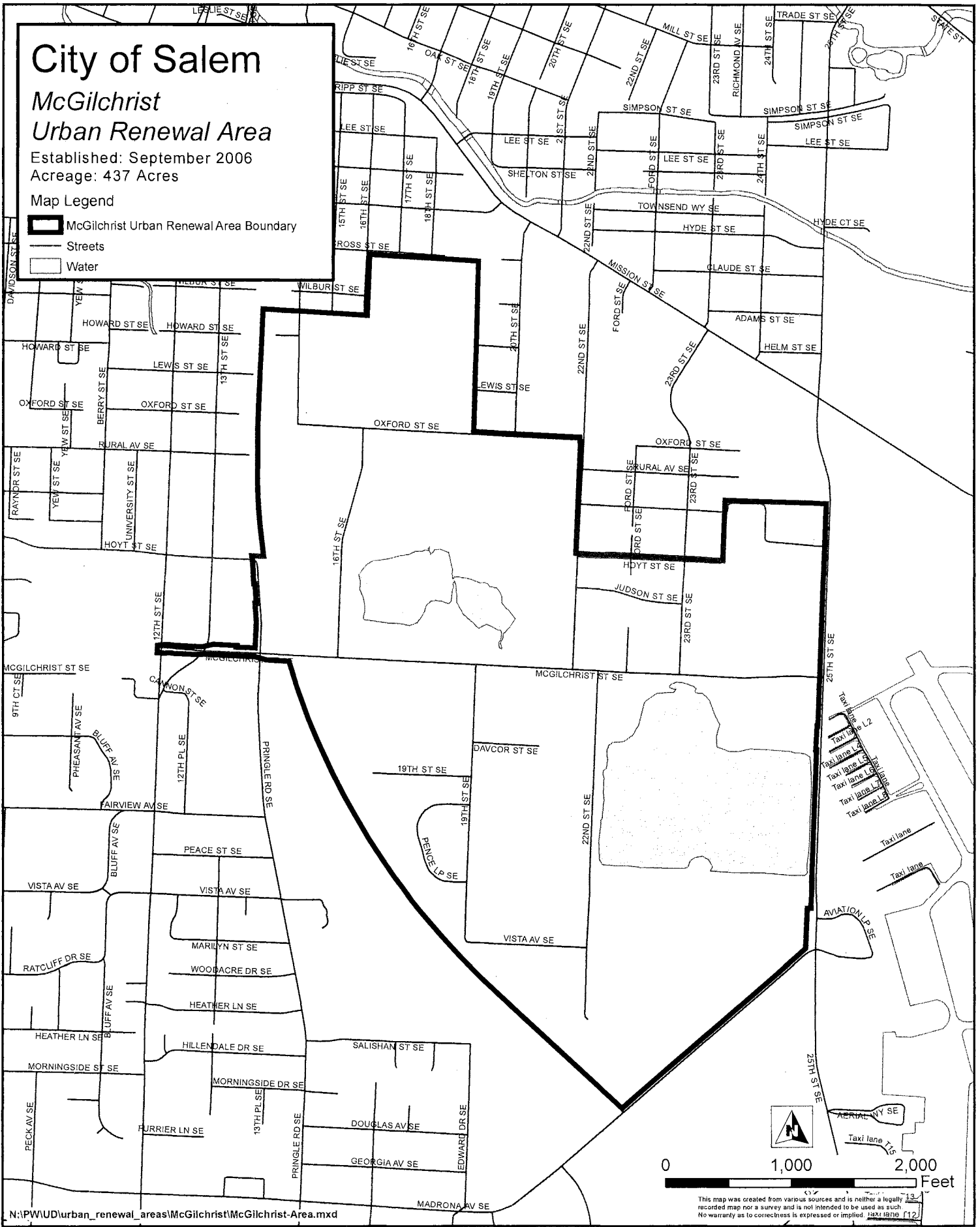
City of Salem

McGilchrist Urban Renewal Area

Established: September 2006
Acreage: 437 Acres

Map Legend

-  McGilchrist Urban Renewal Area Boundary
-  Streets
-  Water


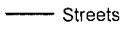
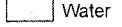


City of Salem

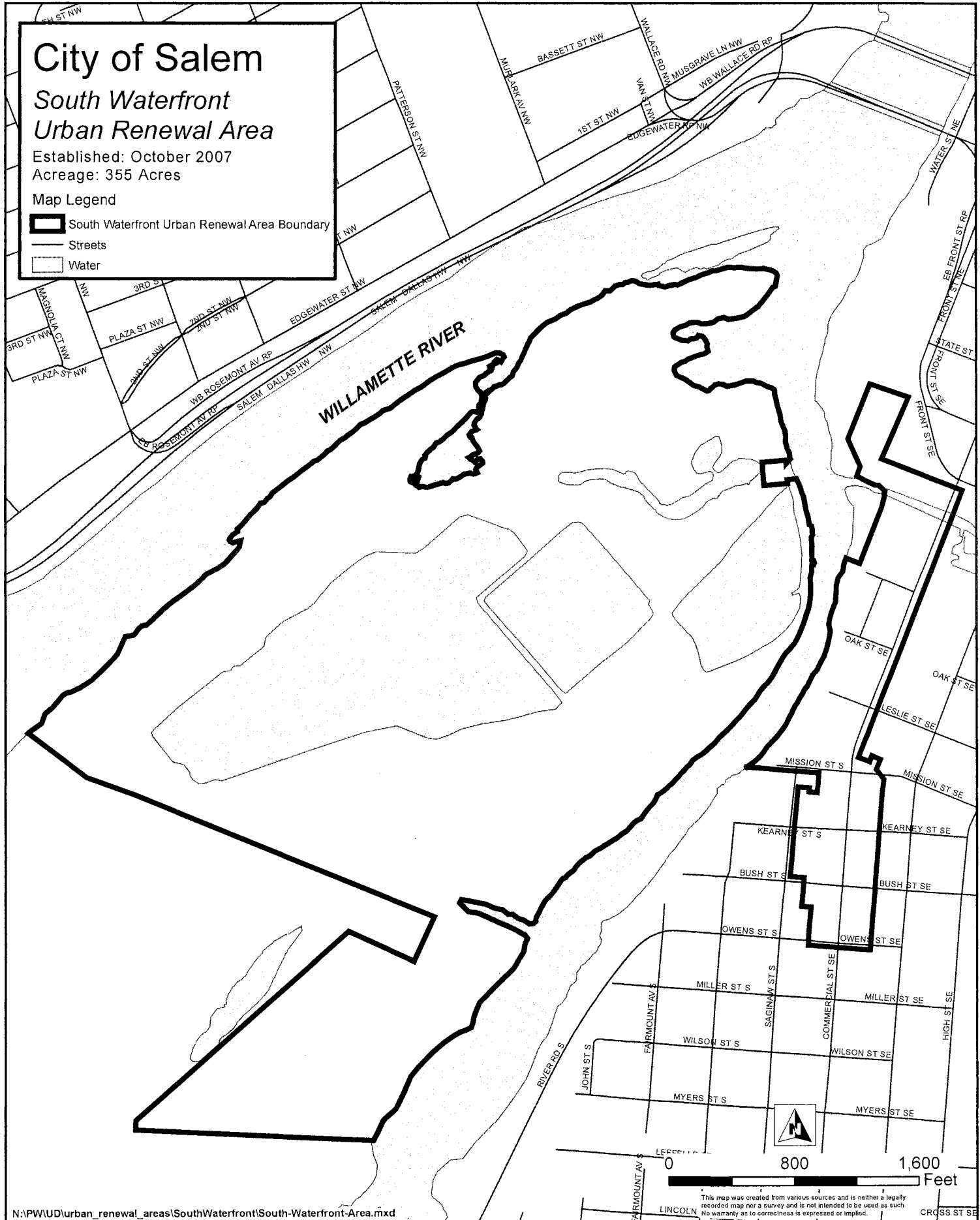
South Waterfront Urban Renewal Area

Established: October 2007
Acreage: 355 Acres

Map Legend

-  South Waterfront Urban Renewal Area Boundary
-  Streets
-  Water

WILLAMETTE RIVER



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, 2015, 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, 2015, 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, this 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 December 4, 2015, 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

Merina & Company, LLP
West Linn, Oregon
December 4, 2015

**MANAGEMENT'S DISCUSSION AND
ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2015

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, 2015. 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	
	2014	2015	2014	2015	2014	2015
Assets:						
Cash and investments	\$ 37.8	\$ 37.9	\$ 0.5	\$ 0.6	\$ 38.3	\$ 38.5
Other assets	8.6	7.6	0.3	0.3	8.9	7.9
Capital assets	13.5	12.8	26.6	25.9	40.1	38.7
Total assets	<u>59.9</u>	<u>58.3</u>	<u>27.4</u>	<u>26.8</u>	<u>87.3</u>	<u>85.1</u>
Liabilities:						
Other liabilities	0.8	0.7	0.4	0.4	1.2	1.1
Long-term liabilities	24.7	20.3	-	-	24.7	20.3
Total liabilities	<u>25.5</u>	<u>21.0</u>	<u>0.4</u>	<u>0.4</u>	<u>25.9</u>	<u>21.4</u>
Net position:						
Net investment in capital assets	(11.0)	(3.3)	26.6	25.9	15.6	22.6
Restricted						
Tax allocation debt	17.0	15.4	-	-	17.0	15.4
Tax allocation improvements	24.3	21.0	-	-	24.3	21.0
Convention Center gain/loss reserve	4.1	4.2	-	-	4.1	4.2
Unrestricted	-	-	0.4	0.5	0.4	0.5
Total net position	<u>\$ 34.4</u>	<u>\$ 37.3</u>	<u>\$ 27.0</u>	<u>\$ 26.4</u>	<u>\$ 61.4</u>	<u>\$ 63.7</u>

For more detailed information, see the Statement of Net Position (page 24).

Governmental Activities

The Agency's net position from governmental activities increased 9%, from \$34.4 million to \$37.3 million. This increase is the change in net position in the Statement of Activities, and is composed of the following:

- Cash and investments increased \$0.1 million. This increase is primarily composed of a decrease in the debt service fund of \$1.2 million due to debt service payments, and an increase in the construction fund of \$1.1 million mainly due to reduced construction expenditures, as well as a \$0.1 million increase in the Convention Center gain/loss reserve fund.
- Capital assets decreased \$0.7 million due to decreased construction work in progress, primarily in the West Salem urban renewal area, which transferred some completed street projects to the City.
- Long-term liabilities decreased \$4.4 million due to scheduled debt service payments and no new debt issuance.

Business-type Activities

Net position from business-type activities decreased 2%, from \$27.0 million, to \$26.4 million. The bulk of this change was in capital assets, which decreased \$0.7 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	
	2014	2015	2014	2015	2014	2015
Revenues						
Charge for services	\$ 0.9	\$ 0.4	\$ 3.5	\$ 3.7	\$ 4.4	\$ 4.1
Capital grants and contributions	0.1	-	-	-	0.1	-
Taxes	12.1	13.1	-	-	12.1	13.1
Interest	0.2	0.2	-	-	0.2	0.2
Other	-	-	-	-	-	-
Total revenues	<u>13.3</u>	<u>13.7</u>	<u>3.5</u>	<u>3.7</u>	<u>16.8</u>	<u>17.4</u>
Program expenses	<u>6.0</u>	<u>10.4</u>	<u>3.9</u>	<u>4.1</u>	<u>9.9</u>	<u>14.5</u>
Increase (decrease) in net position before special items and transfers	7.3	3.3	(0.4)	(0.4)	6.9	2.9
Transfers to/from primary government	<u>0.1</u>	<u>(0.4)</u>	<u>(0.3)</u>	<u>(0.2)</u>	<u>(0.2)</u>	<u>(0.6)</u>
Increase (decrease) in net position	7.4	2.9	(0.7)	(0.6)	6.7	2.3
Beginning 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>
Ending net position	<u>\$ 34.4</u>	<u>\$ 37.3</u>	<u>\$ 27.0</u>	<u>\$ 26.4</u>	<u>\$ 61.4</u>	<u>\$ 63.7</u>

For more detailed information, see the Statement of Activities (pages 25-26).

Governmental Activities

The Agency's change in net position from governmental activities decreased from \$7.4 million last year to \$2.9 million this year. The reduction is primarily due to higher program expenses. Last year, program expense was heavily offset by additions to work in progress (mostly the Mill Creek reservoir), while this year it was not.

Business-type Activities

The Agency's change in net position from business-type activities increased slightly from negative \$0.7 million to negative \$0.6 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, 2015 (in millions)

Major Funds	FY 2014-15		Compared to FY 2013-14	
	Amount	Percent of Total	Increase / (Decrease) Amount	Percent
Tax Allocation Debt	\$ 15.6	41.0%	\$ (1.2)	-7.1%
Tax Allocation Improvements	18.2	47.9%	1.3	7.7%
Convention Center gain/loss reserve	4.2	11.1%	0.1	2.4%
Total fund balances	\$ 38.0	100.0%	\$ 0.2	

At June 30, 2015, the Agency's governmental funds reported combined fund balances of \$38.0 million, an increase of \$0.2 million over the prior year. This is a net of decreased fund balance in the debt service fund due to paydown of bonds, and increased fund balance in the construction fund due to reduced expenditures.

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 increased 8%, from \$12.4 million to \$13.3 million, due to increased property tax receipts. The Riverfront and North Gateway special levies returned to historical levels after decreases last year. Expenditures decreased 37%, from \$8.7 million to \$5.5 million. This decrease was primarily due to last year's extra payment on the North Gateway bond, which was done to pay off the debt early.

The June 30, 2015 fund balance of \$15.6 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 decreased 19%, from \$1.6 million to \$1.3 million. The decrease was due to reduced program loan repayments received. Expenditures decreased 12%, from \$10.1 million to \$8.9 million. This is primarily from reduced street work in the West Salem URA due to project completion. A \$4.3 million increase in Riverfront URA for its contribution to the Minto-Brown Island bridge offset a similar decrease in Mill Creek URA as it completed the Mill Creek reservoir last year.

The June 30, 2015 fund balance of \$18.2 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, 2015 fund balance of \$4.2 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 \$0.6 million, caused by a \$0.2 million transfer of prior year earnings to the gain/loss reserve fund, and a \$0.4 million operating loss after depreciation.

Budgetary Highlights

For the year ended June 30, 2015, there were no variations between the original budget and the final budget.

Capital Assets

As of June 30, 2015, the Agency had \$38.7 million in capital assets. This represents a net decrease of \$1.4 million from the 2013-14 fiscal year. The change is due to reduced construction in progress in governmental activities and depreciation of the Convention Center building in business-type activities. 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	
	2014	2015	2014	2015	2014	2015
Land	\$ 2.2	\$ 2.0	\$ 1.5	\$ 1.5	\$ 3.7	\$ 3.5
Buildings	-	-	24.6	23.9	24.6	23.9
Improvements	-	-	0.1	0.1	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	11.3	10.8	-	-	11.3	10.8
Total	<u>\$ 13.5</u>	<u>\$ 12.8</u>	<u>\$ 26.6</u>	<u>\$ 25.9</u>	<u>\$ 40.1</u>	<u>\$ 38.7</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, 2015
(in millions)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Beginning balance	\$ 13.5	\$ 26.6	\$ 40.1
Additions	0.2	0.0	0.2
Retirement and depreciation	(0.9)	(0.7)	(1.6)
Ending balance	<u>\$ 12.8</u>	<u>\$ 25.9</u>	<u>\$ 38.7</u>

For more detailed information, see page 43 of the notes to the financial statements.

Debt Outstanding

As of June 30, 2015, the Agency had \$20.3 million in long-term debt outstanding, compared to \$24.7 million last year. The decrease is due to \$4.4 million in debt service payments and no issuance of new debt.

Outstanding Debt as of June 30,
(in millions)

	<u>Totals</u>	
	<u>2014</u>	<u>2015</u>
<u>Governmental:</u>		
Bonds	\$ 15.9	\$ 11.5
Notes	8.8	8.8
Total	<u>\$ 24.7</u>	<u>\$ 20.3</u>

For more detailed information, see page 44-45 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 2014-15, 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	\$ 0.1273	\$ 0.2604
North Gateway	0.0845	0.1497
West Salem	0.0288	none
Mill Creek Industrial Park	0.0250	none
McGilchrist	0.0171	none
South Waterfront	0.0078	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. During 2014-15, final administrative activities related to the closure of the area were completed, allowing return of the final cash balances of \$232,215.25 to Marion County and \$45,197.86 to Polk County in two installments – one in June 2015 and one in September 2015.

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, 2015

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and investments	\$ 37,867,444	\$ 596,860	\$ 38,464,304
Accounts receivable, net	767,294	258,689	1,025,983
Inventories and prepayments	-	45,965	45,965
Total current assets	<u>38,634,738</u>	<u>901,514</u>	<u>39,536,252</u>
Noncurrent assets			
Notes receivable	6,839,232	-	6,839,232
Capital assets:			
Land and construction in progress	12,829,364	1,576,123	14,405,487
Other capital assets, net	-	24,312,040	24,312,040
Total noncurrent assets	<u>19,668,596</u>	<u>25,888,163</u>	<u>45,556,759</u>
Total assets	<u>58,303,334</u>	<u>26,789,677</u>	<u>85,093,011</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	730,327	393,737	1,124,064
Long-term debt - due within one year	3,089,000	-	3,089,000
Total current liabilities	<u>3,819,327</u>	<u>393,737</u>	<u>4,213,064</u>
Non-current liabilities			
Long-term debt	17,210,080	-	17,210,080
Total liabilities	<u>21,029,407</u>	<u>393,737</u>	<u>21,423,144</u>
Net position			
Net investment in capital assets	(3,380,841)	25,888,163	22,507,322
Restricted			
Tax allocation debt	15,439,630	-	15,439,630
Tax allocation improvements	20,998,168	-	20,998,168
Convention Center gain/loss reserve	4,216,970	-	4,216,970
Unrestricted	-	507,777	507,777
Total net position	<u>\$ 37,273,927</u>	<u>\$ 26,395,940</u>	<u>\$ 63,669,867</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 Activities
For the fiscal year ended June 30, 2015

Functions/programs	Program Revenues	
Primary government	Expenses	Charges for Services
Governmental activities		
Urban renewal	\$ 9,311,649	\$ 404,333
Interest on long-term debt	1,137,710	-
Total governmental activities	10,449,359	404,333
Business - type activities		
Salem Convention Center	4,114,169	3,739,372
Total primary government	\$ 14,563,528	\$ 4,143,705

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

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
\$ (8,907,316)	\$ -	\$ (8,907,316)
(1,137,710)	-	(1,137,710)
(10,045,026)	-	(10,045,026)
-	(374,797)	(374,797)
(10,045,026)	(374,797)	(10,419,823)
13,091,113	-	13,091,113
7,734	-	7,734
234,803	-	234,803
6,247	-	6,247
523	-	523
(381,649)	(241,195)	(622,844)
12,958,771	(241,195)	12,717,576
2,913,745	(615,992)	2,297,753
34,360,182	27,011,932	61,372,114
<u>\$ 37,273,927</u>	<u>\$ 26,395,940</u>	<u>\$ 63,669,867</u>

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, 2015

	<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	\$ 15,401,548	\$ 18,244,821	\$ 4,221,075	\$ 37,867,444
Accounts receivable, net	735,349	31,945	-	767,294
Notes receivable	-	6,839,232	-	6,839,232
Total assets	<u>\$ 16,136,897</u>	<u>\$ 25,115,998</u>	<u>\$ 4,221,075</u>	<u>\$ 45,473,970</u>
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 28,955	\$ 4,105	\$ 33,060
Deferred inflows of resources				
Unavailable revenue	527,154	6,870,655	-	7,397,809
Fund balances				
Restricted for:				
Debt Service	15,609,743	-	-	15,609,743
Capital Projects	-	18,216,388	4,216,970	22,433,358
Total fund balances	<u>15,609,743</u>	<u>18,216,388</u>	<u>4,216,970</u>	<u>38,043,101</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,136,897</u>	<u>\$ 25,115,998</u>	<u>\$ 4,221,075</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)	12,829,364
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	6,870,655
Property taxes - earned but unavailable	527,154
Accrued interest on long-term debt	(697,267)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	(20,299,080)
Total net position	<u>\$ 37,273,927</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, 2015

	<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	\$ 13,176,543	\$ -	\$ -	\$ 13,176,543
Other taxes	7,734	-	-	7,734
Fees, licenses, and permits	-	323	-	323
Interest on investments	98,172	110,814	25,817	234,803
Intergovernmental	-	298,620	-	298,620
Loan payments received	-	863,853	-	863,853
Rents	-	6,218	-	6,218
Other	-	523	-	523
Total revenues	<u>13,282,449</u>	<u>1,280,351</u>	<u>25,817</u>	<u>14,588,617</u>
Expenditures				
Material and services	259,955	8,904,227	114,785	9,278,967
Debt service				
Principal retirement	4,429,000	-	-	4,429,000
Interest and fiscal charges	829,408	-	-	829,408
Total expenditures	<u>5,518,363</u>	<u>8,904,227</u>	<u>114,785</u>	<u>14,537,375</u>
Revenues over (under) expenditures	<u>7,764,086</u>	<u>(7,623,876)</u>	<u>(88,968)</u>	<u>51,242</u>
Other financing sources (uses)				
Transfers in	-	8,945,360	241,195	9,186,555
Sale of capital assets	-	6,247	-	6,247
Transfers out	(8,945,360)	-	-	(8,945,360)
Total other financing sources (uses)	<u>(8,945,360)</u>	<u>8,951,607</u>	<u>241,195</u>	<u>247,442</u>
Net change in fund balance	<u>(1,181,274)</u>	<u>1,327,731</u>	<u>152,227</u>	<u>298,684</u>
Fund balances, beginning of year	<u>16,791,017</u>	<u>16,888,657</u>	<u>4,064,743</u>	<u>37,744,417</u>
Fund balances, end of year	<u>\$ 15,609,743</u>	<u>\$ 18,216,388</u>	<u>\$ 4,216,970</u>	<u>\$ 38,043,101</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)
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, 2015

Net change in fund balances - total governmental funds	\$	298,684
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		(655,526)
Revenues in the government-wide Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in deferred inflows for general revenue		(85,430)
Change in deferred inflows for program revenue		(764,681)
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.		
Principal payments on long-term debt		4,429,000
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>(308,302)</u>
Change in net position	\$	<u>2,913,745</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, 2015

	<u>Salem Convention Center</u>
Assets	
Cash and investments	\$ 596,860
Accounts receivable, net	258,689
Inventories and prepayments	<u>45,965</u>
 Total current assets	 <u>901,514</u>
 Noncurrent assets	
Capital assets:	
Land and construction in progress	1,576,123
Other capital assets, net	<u>24,312,040</u>
 Total noncurrent assets	 <u>25,888,163</u>
 Total assets	 <u>26,789,677</u>
 Liabilities	
Accounts payable and accrued liabilities	<u>393,737</u>
 Net Position	
Net investment in capital assets	25,888,163
Unrestricted	<u>507,777</u>
 Total net position	 <u><u>\$ 26,395,940</u></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 Revenues, Expenses, and Changes in Net Position
For the fiscal year ended June 30, 2015

	Salem Convention Center
Operating revenues	
Sales	\$ 2,443,006
Rents	1,290,754
Other	5,612
Total operating revenues	3,739,372
Operating expenses	
Materials and services	3,411,955
Depreciation	702,214
Total operating expenses	4,114,169
Operating income (loss)	(374,797)
Transfers out	(241,195)
Change in net position	(615,992)
Net position - beginning of year	27,011,932
Net position - end of year	\$ 26,395,940

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, 2015

	<u>Salem Convention Center</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 3,750,206
Payments to suppliers	<u>(3,374,693)</u>
Net cash provided (used) by operating activities	375,513
Cash Flows from Noncapital Financing Activities	
Transfers paid	(241,195)
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	<u>(24,909)</u>
Net increase (decrease) in cash and cash equivalents	109,409
Cash and cash equivalents - beginning of year	<u>487,451</u>
Cash and cash equivalents - end of year	<u><u>\$ 596,860</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (374,797)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	702,214
Changes in assets and liabilities:	
Accounts receivable	10,834
Inventories and prepayments	(2,542)
Accounts payable and accrued liabilities	<u>39,804</u>
Net cash provided (used) by operating activities	<u><u>\$ 375,513</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, 2015

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, 2015

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, 2015

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, 2015

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, 2015

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, 2015:

	<u>Book Value</u>
Cash on hand	\$ 2,429
Deposits with City of Salem	12,066,616
Investments	26,395,259
Total cash and investments	\$ 38,464,304

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, 2015, the Agency's deposits in City bank accounts have a book value of \$12,066,616.

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, 2015

2. Investments

As of June 30, 2015, 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	\$ 26,395,259	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, 2015 this limit is \$46,364,262.

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, 2015

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, 2015, the credit risk for the Agency's investments is as follows:

Investment type	Fair Value	Credit Risk
Local Government Investment Pool	\$ 26,395,259	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, 2015 are as follows:

	Tax Allocation Debt	Tax Allocation Improvements	Totals
Accounts receivable	\$ -	\$ 522	\$ 522
Property taxes	735,208	-	735,208
Interest	141	31,423	31,564
Notes receivable	-	6,839,232	6,839,232
Total	\$ 735,349	\$ 6,871,177	\$ 7,606,526

Salem Convention Center accounts receivable for June 30, 2015 are \$258,689.

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, 2015

PROPERTY TAXES

Fiscal Year of Levy	Balances July 1, 2014	2014-15 Levy	Adjustments To Date	Collections To Date	Balances June 30, 2015
2014-15	\$ -	\$ 13,423,360	\$ (388,479)	\$ 12,680,360	\$ 354,521
2013-14	378,591	-	(1,553)	208,944	168,094
2012-13	219,145	-	(4,332)	102,927	111,886
2011-12	129,164	-	520	82,460	47,224
2010-11	53,700	-	1,086	35,459	19,327
2009-10	20,430	-	(557)	5,230	14,643
2008-09	6,757	-	(603)	1,662	4,492
All Prior	18,410	-	(2,227)	1,162	15,021
	<u>\$ 826,197</u>	<u>\$ 13,423,360</u>	<u>\$ (396,145)</u>	<u>\$ 13,118,204</u>	<u>\$ 735,208</u>

Ensuing Year's Levies

Property tax levies for the year beginning July 1, 2015 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 2015-16 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, 2015

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. \$ 5,812,972

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. 680,301

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. 345,959

\$ 6,839,232

CAPITAL ASSETS

<u>Governmental activities</u>	Beginning Balance	Increases	Decreases	Ending Balance
Land and land improvements	\$ 2,190,586	\$ -	\$ (211,062)	\$ 1,979,524
Construction in progress	11,294,304	178,380	(622,844)	10,849,840
Governmental activities capital assets, net	<u>\$ 13,484,890</u>	<u>\$ 178,380</u>	<u>\$ (833,906)</u>	<u>\$ 12,829,364</u>
 <u>Business-type activities</u>				
Land and land improvements	\$ 1,500,646	\$ -	\$ -	\$ 1,500,646
Public art	72,477	3,000	-	75,477
Total non-depreciable	<u>1,573,123</u>	<u>3,000</u>	<u>-</u>	<u>1,576,123</u>
Buildings and building improvements	30,340,091	11,092	-	30,351,183
Other improvements	249,438	-	-	249,438
Equipment and machinery	968,148	10,816	-	978,964
Total depreciable	<u>31,557,677</u>	<u>21,908</u>	<u>-</u>	<u>31,579,585</u>
Accumulated depreciation				
Buildings and building improvements	(5,765,504)	(642,411)	-	(6,407,915)
Improvements	(98,400)	(18,657)	-	(117,057)
Equipment and machinery	(701,428)	(41,145)	-	(742,573)
Total accumulated depreciation	<u>(6,565,332)</u>	<u>(702,213)</u>	<u>-</u>	<u>(7,267,545)</u>
Business-type activities capital assets, net	<u>\$ 26,565,468</u>	<u>\$ (677,305)</u>	<u>\$ -</u>	<u>\$ 25,888,163</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, 2015

SHORT-TERM DEBT

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015
<u>Due to City of Salem:</u>				
Riverfront, 2015	\$ -	\$ 4,000,000	\$ 4,000,000	\$ -
West Salem, 2015	-	500,000	500,000	-
Mill Creek, 2015	-	150,000	150,000	-
McGilchrist, 2015	-	1,500,000	1,500,000	-
South Waterfront, 2015	-	175,000	175,000	-
Salem Convention Center	22,107	-	22,107	-
Total due to City of Salem	<u>\$ 22,107</u>	<u>\$ 6,325,000</u>	<u>\$ 6,347,107</u>	<u>\$ -</u>

LONG-TERM DEBT

Transactions for the year ended June 30, 2015 are as follows:

	Balances July 1, 2014	Matured/ Retired	Balances June 30, 2015	Due in One Year
<u>Tax increment bonds</u>				
North Gateway, Series 2003 Bond payable dated Mar 12, 2003, at 5.40%.	\$ 1,500,000	\$ 1,500,000	\$ -	\$ -
Riverfront/Downtown, Series 2003A Bond payable dated Jul 29, 2003, at 5.35%.	1,175,000	270,000	905,000	285,000
Riverfront/Downtown, Series 2003B Bond payable dated Jul 29, 2003, at 6.25%.	9,420,000	2,145,000	7,275,000	2,280,000
Riverfront/Downtown, Series 2009 Bond payable dated Sep 17, 2009, at 4.35%.	2,655,000	220,000	2,435,000	225,000
West Salem, Series 2013 Bond payable dated Jul 23, 2013, at 1.90%.	1,206,000	294,000	912,000	299,000
<u>Notes</u>				
Mill Creek, OR Econ & Comm Dev Dept, Series 2007, L06001A	3,999,999	-	3,999,999	-
Mill Creek, OR Econ & Comm Dev Dept, Series 2007, L06001B	1,000,000	-	1,000,000	-
Mill Creek, OR Econ & Comm Dev Dept, Series 2007, L06001C	3,772,081	-	3,772,081	-
	<u>\$ 24,728,080</u>	<u>\$ 4,429,000</u>	<u>\$ 20,299,080</u>	<u>\$ 3,089,000</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, 2015

Future maturities of long-term debt are as follows:

Year	Riverfront/Downtown		West Salem		Mill Creek		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015-16	2,790,000	609,029	299,000	15,912	-	514,633	3,089,000	1,139,574
2016-17	2,955,000	441,493	304,000	10,203	128,711	176,400	3,387,711	628,096
2017-18	3,140,000	263,971	309,000	4,408	134,387	170,724	3,583,387	439,103
2018-19	260,000	75,255	-	-	140,314	164,797	400,314	240,052
2019-20	270,000	63,945	-	-	146,502	158,609	416,502	222,554
2020-21	280,000	52,200	-	-	152,962	152,149	432,962	204,349
2021-22	295,000	40,020	-	-	159,708	145,403	454,708	185,423
2022-23	305,000	27,188	-	-	166,751	138,360	471,751	165,548
2023-28	320,000	13,918	-	-	5,722,847	574,790	6,042,847	588,708
2028-33	-	-	-	-	1,179,733	345,822	1,179,733	345,822
2033-36	-	-	-	-	840,165	75,168	840,165	75,168
Total	\$ 10,615,000	\$ 1,587,019	\$ 912,000	\$ 30,523	\$ 8,772,080	\$ 2,616,855	\$ 20,299,080	\$ 4,234,397

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, 2015

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.

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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, 2015

	Tax Allocation Debt		
	Original/ Final Budget	Actual	Variance¹
Revenues			
Property taxes	\$ 11,878,150	\$ 13,176,543	\$ (1,298,393)
Other taxes	-	7,734	(7,734)
Fees, licenses and permits	-	-	-
Interest on investments	87,540	98,172	(10,632)
Intergovernmental	-	-	-
Loan payments received	-	-	-
Rents	-	-	-
Other	-	-	-
Total revenues	<u>11,965,690</u>	<u>13,282,449</u>	<u>(1,316,759)</u>
Expenditures			
Operations	259,960	259,955	5
Debt service	11,628,160	11,583,408	44,752
Total expenditures	<u>11,888,120</u>	<u>11,843,363</u>	<u>44,757</u>
Revenues over (under) expenditures	<u>77,570</u>	<u>1,439,086</u>	<u>(1,361,516)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Sale of capital assets	-	-	-
Issuance of long-term debt	-	-	-
Issuance of short-term debt	-	-	-
Transfers out	(2,620,570)	(2,620,360)	(210)
Total other financing sources (uses)	<u>(2,620,570)</u>	<u>(2,620,360)</u>	<u>(210)</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	(2,543,000)	(1,181,274)	(1,361,726)
Fund balance, beginning of year	<u>16,672,000</u>	<u>16,791,017</u>	<u>(119,017)</u>
Fund balance, end of year	<u>\$ 14,129,000</u>	<u>\$ 15,609,743</u>	<u>\$ (1,480,743)</u>

Continued

1 () indicates revenues/expenditures in excess of budget

Tax Allocation Improvements		
Original/ Final Budget	Actual	Variance ¹
\$ -	\$ -	\$ -
-	-	-
-	323	(323)
65,060	110,814	(45,754)
-	298,620	(298,620)
346,170	863,853	(517,683)
-	6,218	(6,218)
303,620	523	303,097
<u>714,850</u>	<u>1,280,351</u>	<u>(565,501)</u>
28,457,460	8,904,227	19,553,233
-	-	-
<u>28,457,460</u>	<u>8,904,227</u>	<u>19,553,233</u>
<u>(27,742,610)</u>	<u>(7,623,876)</u>	<u>(20,118,734)</u>
2,620,570	2,620,360	210
-	6,247	(6,247)
1,845,810	-	1,845,810
6,325,000	6,325,000	-
-	-	-
<u>10,791,380</u>	<u>8,951,607</u>	<u>1,839,773</u>
(16,951,230)	1,327,731	(18,278,961)
<u>16,951,230</u>	<u>16,888,657</u>	<u>62,573</u>
<u>\$ -</u>	<u>\$ 18,216,388</u>	<u>\$ (18,216,388)</u>

Salem Convention Center Gain/Loss Reserve		
Original/ Final Budget	Actual	Variance ¹
\$ -	\$ -	\$ -
-	-	-
-	-	-
15,000	25,817	(10,817)
-	-	-
-	-	-
-	-	-
-	-	-
<u>15,000</u>	<u>25,817</u>	<u>(10,817)</u>
1,006,450	114,785	891,665
-	-	-
<u>1,006,450</u>	<u>114,785</u>	<u>891,665</u>
<u>(991,450)</u>	<u>(88,968)</u>	<u>(902,482)</u>
300,000	241,195	58,805
-	-	-
-	-	-
-	-	-
-	-	-
<u>300,000</u>	<u>241,195</u>	<u>58,805</u>
(691,450)	152,227	(843,677)
<u>4,103,760</u>	<u>4,064,743</u>	<u>39,017</u>
<u>\$ 3,412,310</u>	<u>\$ 4,216,970</u>	<u>\$ (804,660)</u>

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, 2015

	<u>Pringle Creek</u>	<u>Riverfront/ Downtown</u>	<u>Fairview</u>	<u>North Gateway</u>
Assets				
Cash and investments	\$ -	\$ 5,185,974	\$ 18,373	\$ 6,860,768
Accounts receivable, net	-	359,020	-	247,301
Total assets	<u>\$ -</u>	<u>\$ 5,544,994</u>	<u>\$ 18,373</u>	<u>\$ 7,108,069</u>
 Liabilities, deferred inflows of resources, and fund balances				
Deferred inflows of resources				
Unavailable revenue	\$ -	\$ 258,300	\$ -	\$ 177,519
Fund balances				
Restricted for debt service	-	5,286,694	18,373	6,930,550
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 5,544,994</u>	<u>\$ 18,373</u>	<u>\$ 7,108,069</u>

Continued

<u>West Salem</u>	<u>Mill Creek Industrial Park</u>	<u>McGilchrist</u>	<u>South Waterfront</u>	<u>Totals</u>
\$ 521,092	\$ 1,728,220	\$ 965,136	\$ 121,985	\$ 15,401,548
50,732	40,202	26,853	11,241	735,349
<u>\$ 571,824</u>	<u>\$ 1,768,422</u>	<u>\$ 991,989</u>	<u>\$ 133,226</u>	<u>\$ 16,136,897</u>
\$ 36,629	\$ 28,222	\$ 18,869	\$ 7,615	\$ 527,154
<u>535,195</u>	<u>1,740,200</u>	<u>973,120</u>	<u>125,611</u>	<u>15,609,743</u>
<u>\$ 571,824</u>	<u>\$ 1,768,422</u>	<u>\$ 991,989</u>	<u>\$ 133,226</u>	<u>\$ 16,136,897</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, 2015

	<u>Pringle Creek</u>	<u>Riverfront/ Downtown</u>	<u>Fairview</u>	<u>North Gateway</u>
Revenues				
Property taxes	\$ -	\$ 6,414,493	\$ 6,180	\$ 4,411,203
Other taxes	-	3,635	-	2,356
Interest on investments	-	35,561	2,479	34,251
Total revenues	-	6,453,689	8,659	4,447,810
Expenditures				
Operations	915	-	259,040	-
Debt service	-	3,402,285	-	1,540,500
Total expenditures	915	3,402,285	259,040	1,540,500
Revenues over (under) expenditures	(915)	3,051,404	(250,381)	2,907,310
Other financing sources (uses)				
Transfers out	-	(4,110,570)	-	(2,509,790)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(915)	(1,059,166)	(250,381)	397,520
Fund balance, beginning of year	915	6,345,860	268,754	6,533,030
Fund balance, end of year	<u>\$ -</u>	<u>\$ 5,286,694</u>	<u>\$ 18,373</u>	<u>\$ 6,930,550</u>

Continued

West Salem	Mill Creek Industrial Park	McGilchrist	South Waterfront	Totals
\$ 921,548	\$ 715,545	\$ 487,608	\$ 219,966	\$ 13,176,543
982	406	271	84	7,734
4,332	8,139	12,547	863	98,172
926,862	724,090	500,426	220,913	13,282,449
-	-	-	-	259,955
315,540	7	68	8	5,258,408
315,540	7	68	8	5,518,363
611,322	724,083	500,358	220,905	7,764,086
(500,000)	(150,000)	(1,500,000)	(175,000)	(8,945,360)
111,322	574,083	(999,642)	45,905	(1,181,274)
423,873	1,166,117	1,972,762	79,706	16,791,017
<u>\$ 535,195</u>	<u>\$ 1,740,200</u>	<u>\$ 973,120</u>	<u>\$ 125,611</u>	<u>\$ 15,609,743</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Expenditures				
Operations	\$ 920	\$ 920	\$ 915	\$ 5
Excess (deficiency) of revenues over expenditures	(920)	(920)	(915)	(5)
Fund balance, beginning of year	920	920	915	5
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ 5,863,800	\$ 5,863,800	\$ 6,414,493	\$ (550,693)
Other taxes	-	-	3,635	(3,635)
Interest on investments	27,900	27,900	35,561	(7,661)
Total revenues	<u>5,891,700</u>	<u>5,891,700</u>	<u>6,453,689</u>	<u>(561,989)</u>
Expenditures				
Debt service				
Principal	6,635,000	6,635,000	6,635,000	-
Interest	768,130	768,130	767,285	845
Total expenditures	<u>7,403,130</u>	<u>7,403,130</u>	<u>7,402,285</u>	<u>845</u>
Excess (deficiency) of revenues over expenditures	(1,511,430)	(1,511,430)	(948,596)	(562,834)
Other financing sources (uses)				
Transfers out	(110,570)	(110,570)	(110,570)	-
Fund balance, beginning of year	6,360,690	6,360,690	6,345,860	14,830
Fund balance, end of year	<u>\$ 4,738,690</u>	<u>\$ 4,738,690</u>	<u>\$ 5,286,694</u>	<u>\$ (548,004)</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ -	\$ -	\$ 6,180	\$ (6,180)
Interest on investments	1,000	1,000	2,479	(1,479)
Total revenues	1,000	1,000	8,659	(7,659)
Expenditures				
Operations	259,040	259,040	259,040	-
Excess (deficiency) of revenues over expenditures	(258,040)	(258,040)	(250,381)	(7,659)
Fund balance, beginning of year	258,040	258,040	268,754	(10,714)
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,373</u>	<u>\$ (18,373)</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ 3,731,760	\$ 3,731,760	\$ 4,411,203	\$ (679,443)
Other taxes	-	-	2,356	(2,356)
Interest on investments	29,980	29,980	34,251	(4,271)
Total revenues	<u>3,761,740</u>	<u>3,761,740</u>	<u>4,447,810</u>	<u>(686,070)</u>
Expenditures				
Debt service				
Principal	1,500,000	1,500,000	1,500,000	-
Interest	81,010	81,010	40,500	40,510
Total expenditures	<u>1,581,010</u>	<u>1,581,010</u>	<u>1,540,500</u>	<u>40,510</u>
Excess (deficiency) of revenues over expenditures	2,180,730	2,180,730	2,907,310	(726,580)
Other financing sources (uses)				
Transfers out	<u>(2,510,000)</u>	<u>(2,510,000)</u>	<u>(2,509,790)</u>	<u>(210)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(329,270)	(329,270)	397,520	(726,790)
Fund balance, beginning of year	<u>6,175,010</u>	<u>6,175,010</u>	<u>6,533,030</u>	<u>(358,020)</u>
Fund balance, end of year	<u>\$ 5,845,740</u>	<u>\$ 5,845,740</u>	<u>\$ 6,930,550</u>	<u>\$ (1,084,810)</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ 876,910	\$ 876,910	\$ 921,548	\$ (44,638)
Other taxes	-	-	982	(982)
Interest on investments	8,450	8,450	4,332	4,118
Total revenues	<u>885,360</u>	<u>885,360</u>	<u>926,862</u>	<u>(41,502)</u>
Expenditures				
Debt service				
Principal	794,000	794,000	794,000	-
Interest	22,520	22,520	21,540	980
Total expenditures	<u>816,520</u>	<u>816,520</u>	<u>815,540</u>	<u>980</u>
Excess (deficiency) of revenues over expenditures	<u>68,840</u>	<u>68,840</u>	<u>111,322</u>	<u>(42,482)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	68,840	68,840	111,322	(42,482)
Fund balance, beginning of year	<u>650,560</u>	<u>650,560</u>	<u>423,873</u>	<u>226,687</u>
Fund balance, end of year	<u>\$ 719,400</u>	<u>\$ 719,400</u>	<u>\$ 535,195</u>	<u>\$ 184,205</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 - Mill Creek Industrial Park (Debt Service Fund)
For the fiscal year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ 739,100	\$ 739,100	\$ 715,545	\$ 23,555
Other taxes	-	-	406	(406)
Interest on investments	14,710	14,710	8,139	6,571
Total revenues	<u>753,810</u>	<u>753,810</u>	<u>724,090</u>	<u>29,720</u>
Expenditures				
Debt service				
Principal	150,000	150,000	150,000	-
Interest	1,000	1,000	7	993
Total expenditures	<u>151,000</u>	<u>151,000</u>	<u>150,007</u>	<u>993</u>
Excess (deficiency) of revenues over expenditures	602,810	602,810	574,083	28,727
Fund balance, beginning of year	<u>1,176,730</u>	<u>1,176,730</u>	<u>1,166,117</u>	<u>10,613</u>
Fund balance, end of year	<u>\$ 1,779,540</u>	<u>\$ 1,779,540</u>	<u>\$ 1,740,200</u>	<u>\$ 39,340</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 - McGilchrist (Debt Service Fund)
For the fiscal year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ 503,910	\$ 503,910	\$ 487,608	\$ 16,302
Other taxes	-	-	271	(271)
Interest on investments	5,000	5,000	12,547	(7,547)
Total revenues	508,910	508,910	500,426	8,484
Expenditures				
Debt service				
Principal	1,500,000	1,500,000	1,500,000	-
Interest	1,000	1,000	68	932
Total expenditures	1,501,000	1,501,000	1,500,068	932
Excess (deficiency) of revenues over expenditures	(992,090)	(992,090)	(999,642)	7,552
Fund balance, beginning of year	1,972,210	1,972,210	1,972,762	(552)
Fund balance, end of year	<u>\$ 980,120</u>	<u>\$ 980,120</u>	<u>\$ 973,120</u>	<u>\$ 7,000</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ 162,670	\$ 162,670	\$ 219,966	\$ (57,296)
Other taxes	-	-	84	(84)
Interest on investments	500	500	863	(363)
Total revenues	<u>163,170</u>	<u>163,170</u>	<u>220,913</u>	<u>(57,743)</u>
Expenditures				
Debt service				
Principal	175,000	175,000	175,000	-
Interest	500	500	8	492
Total expenditures	<u>175,500</u>	<u>175,500</u>	<u>175,008</u>	<u>492</u>
Excess (deficiency) of revenues over expenditures	(12,330)	(12,330)	45,905	(58,235)
Fund balance, beginning of year	<u>77,840</u>	<u>77,840</u>	<u>79,706</u>	<u>(1,866)</u>
Fund balance, end of year	<u>\$ 65,510</u>	<u>\$ 65,510</u>	<u>\$ 125,611</u>	<u>\$ (60,101)</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, 2015

	Pringle Creek	Riverfront/ Downtown	Fairview	North Gateway
Assets				
Cash and investments	\$ -	\$ 5,765,726	\$ 2,310,450	\$ 5,544,960
Accounts receivable, net	-	11,750	19,684	511
Notes receivable	-	5,812,972	680,301	345,959
Total assets	\$ -	\$ 11,590,448	\$ 3,010,435	\$ 5,891,430
 Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable	\$ -	\$ 3,243	\$ -	\$ 10,982
 Deferred inflows of resources				
Unavailable revenue	-	5,824,200	699,985	346,470
 Fund balances				
Restricted for capital projects	-	5,763,005	2,310,450	5,533,978
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 11,590,448	\$ 3,010,435	\$ 5,891,430

Continued

<u>West Salem</u>	<u>Mill Creek Industrial Park</u>	<u>McGilchrist</u>	<u>South Waterfront</u>	<u>Total</u>
\$ 1,368,690	\$ 911,774	\$ 2,018,530	\$ 324,691	\$ 18,244,821
-	-	-	-	31,945
-	-	-	-	6,839,232
<u>\$ 1,368,690</u>	<u>\$ 911,774</u>	<u>\$ 2,018,530</u>	<u>\$ 324,691</u>	<u>\$ 25,115,998</u>

\$ 14,677	\$ 53	\$ -	\$ -	\$ 28,955
-	-	-	-	6,870,655
<u>1,354,013</u>	<u>911,721</u>	<u>2,018,530</u>	<u>324,691</u>	<u>18,216,388</u>
<u>\$ 1,368,690</u>	<u>\$ 911,774</u>	<u>\$ 2,018,530</u>	<u>\$ 324,691</u>	<u>\$ 25,115,998</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, 2015

	<u>Pringle Creek</u>	<u>Riverfront/ Downtown</u>	<u>Fairview</u>	<u>North Gateway</u>
Revenues				
Fees, licenses, and permits	\$ -	\$ 323	\$ -	\$ -
Interest on investments	-	50,758	14,156	27,573
Intergovernmental	-	298,620	-	-
Loan payments received	-	834,568	-	29,285
Rents	-	6,218	-	-
Other	-	323	-	200
Total revenues	-	1,190,810	14,156	57,058
Expenditures				
Materials and services	2,214	7,822,392	39,595	438,020
Excess (deficiency) of revenues over expenditures	(2,214)	(6,631,582)	(25,439)	(380,962)
Other financing sources (uses)				
Transfers in	-	4,110,570	-	2,509,790
Sale of capital assets	-	-	-	6,247
Total other financing sources (uses)	-	4,110,570	-	2,516,037
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(2,214)	(2,521,012)	(25,439)	2,135,075
Fund balance, beginning of year	2,214	8,284,017	2,335,889	3,398,903
Fund balance, end of year	<u>\$ -</u>	<u>\$ 5,763,005</u>	<u>\$ 2,310,450</u>	<u>\$ 5,533,978</u>

Continued

<u>West Salem</u>	<u>Mill Creek Industrial Park</u>	<u>McGilchrist</u>	<u>South Waterfront</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 323
6,974	6,006	3,814	1,533	110,814
-	-	-	-	298,620
-	-	-	-	863,853
-	-	-	-	6,218
-	-	-	-	523
<u>6,974</u>	<u>6,006</u>	<u>3,814</u>	<u>1,533</u>	<u>1,280,351</u>
<u>237,656</u>	<u>219,267</u>	<u>24,246</u>	<u>120,837</u>	<u>8,904,227</u>
<u>(230,682)</u>	<u>(213,261)</u>	<u>(20,432)</u>	<u>(119,304)</u>	<u>(7,623,876)</u>
500,000	150,000	1,500,000	175,000	8,945,360
-	-	-	-	6,247
<u>500,000</u>	<u>150,000</u>	<u>1,500,000</u>	<u>175,000</u>	<u>8,951,607</u>
269,318	(63,261)	1,479,568	55,696	1,327,731
<u>1,084,695</u>	<u>974,982</u>	<u>538,962</u>	<u>268,995</u>	<u>16,888,657</u>
<u>\$ 1,354,013</u>	<u>\$ 911,721</u>	<u>\$ 2,018,530</u>	<u>\$ 324,691</u>	<u>\$ 18,216,388</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Expenditures				
Operations	\$ 2,300	\$ 2,300	\$ 2,214	\$ 86
Excess (deficiency) of revenues over expenditures	(2,300)	(2,300)	(2,214)	(86)
Fund balance, beginning of year	2,300	2,300	2,214	86
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2015

	<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	\$ -	\$ -	\$ 323	\$ (323)
Rents	-	-	6,218	(6,218)
Intergovernmental	-	-	298,620	(298,620)
Interest on investments	22,000	22,000	50,758	(28,758)
Loan payments received	316,880	316,880	834,568	(517,688)
Other	303,620	303,620	323	303,297
Total revenues	642,500	642,500	1,190,810	(548,310)
Expenditures				
Operations	13,369,130	13,369,130	7,822,392	5,546,738
Excess (deficiency) of revenues over expenditures	(12,726,630)	(12,726,630)	(6,631,582)	(6,095,048)
Other financing sources (uses)				
Transfers in	110,570	110,570	110,570	-
Proceeds of short-term capital related debt	4,000,000	4,000,000	4,000,000	-
Total other financing sources (uses)	4,110,570	4,110,570	4,110,570	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(8,616,060)	(8,616,060)	(2,521,012)	(6,095,048)
Fund balance, beginning of year	8,616,060	8,616,060	8,284,017	332,043
Fund balance, end of year	\$ -	\$ -	\$ 5,763,005	\$ (5,763,005)

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, 2015

	<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	\$ 10,090	\$ 10,090	\$ 14,156	\$ (4,066)
Total revenues	10,090	10,090	14,156	(4,066)
Expenditures				
Operations	2,327,380	2,327,380	39,595	2,287,785
Excess (deficiency) of revenues over expenditures	(2,317,290)	(2,317,290)	(25,439)	(2,291,851)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(2,317,290)	(2,317,290)	(25,439)	(2,291,851)
Fund balance, beginning of year	2,317,290	2,317,290	2,335,889	(18,599)
Fund balance, end of year	\$ -	\$ -	\$ 2,310,450	\$ (2,310,450)

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, 2015

	<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	\$ 20,000	\$ 20,000	\$ 27,573	\$ (7,573)
Loan payments received	29,290	29,290	29,285	5
Other	-	-	200	(200)
Total revenues	49,290	49,290	57,058	(7,768)
Expenditures				
Operations	5,939,360	5,939,360	438,020	5,501,340
Excess (deficiency) of revenues over expenditures	(5,890,070)	(5,890,070)	(380,962)	(5,509,108)
Other financing sources (uses)				
Transfers in	2,510,000	2,510,000	2,509,790	210
Sale of assets	-	-	6,247	(6,247)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(3,380,070)	(3,380,070)	2,135,075	(5,515,145)
Fund balance, beginning of year	3,380,070	3,380,070	3,398,903	(18,833)
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,533,978</u>	<u>\$ (5,533,978)</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, 2015

	<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	\$ 6,750	\$ 6,750	\$ 6,974	\$ (224)
Expenditures				
Operations	1,420,230	1,420,230	237,656	1,182,574
Excess (deficiency) of revenues over expenditures	(1,413,480)	(1,413,480)	(230,682)	(1,182,798)
Other financing sources (uses)				
Issuance of short-term capital related debt	500,000	500,000	500,000	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(913,480)	(913,480)	269,318	(1,182,798)
Fund balance, beginning of year	913,480	913,480	1,084,695	(171,215)
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,354,013</u>	<u>\$ (1,354,013)</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, 2015

	<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	1,720	1,720	6,006	(4,286)
Total revenues	1,720	1,720	6,006	(4,286)
Expenditures				
Operations	2,951,630	2,951,630	219,267	2,732,363
Excess (deficiency) of revenues over expenditures	(2,949,910)	(2,949,910)	(213,261)	(2,736,649)
Other financing sources (uses)				
Issuance of long-term capital related debt	1,845,810	1,845,810	-	1,845,810
Issuance of short-term capital related debt	150,000	150,000	150,000	-
Total other financing sources (uses)	1,995,810	1,995,810	150,000	1,845,810
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(954,100)	(954,100)	(63,261)	(890,839)
Fund balance, beginning of year	954,100	954,100	974,982	(20,882)
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 911,721</u>	<u>\$ (911,721)</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, 2015

	<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	\$ 3,000	\$ 3,000	\$ 3,814	\$ (814)
Expenditures				
Operations	2,031,060	2,031,060	24,246	2,006,814
Excess (deficiency) of revenues over expenditures	(2,028,060)	(2,028,060)	(20,432)	(2,007,628)
Other financing sources (uses)				
Issuance of short-term capital related debt	1,500,000	1,500,000	1,500,000	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(528,060)	(528,060)	1,479,568	(2,007,628)
Fund balance, beginning of year	528,060	528,060	538,962	(10,902)
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,018,530</u>	<u>\$ (2,018,530)</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, 2015

	<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	\$ 1,500	\$ 1,500	\$ 1,533	\$ (33)
Expenditures				
Operations	416,370	416,370	120,837	295,533
Excess (deficiency) of revenues over expenditures	(414,870)	(414,870)	(119,304)	(295,566)
Other financing sources (uses)				
Issuance of short-term capital related debt	175,000	175,000	175,000	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(239,870)	(239,870)	55,696	(295,566)
Fund balance, beginning of year	239,870	239,870	268,995	(29,125)
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 324,691</u>	<u>\$ (324,691)</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, 2015

		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Pringle Creek				
681000	Project Coordination/Support	\$ -	\$ 2,214	\$ -
Total Pringle Creek		<u>2,300</u>	<u>2,214</u>	<u>86</u>
Riverfront/Downtown				
682000	Project Coordination/Support	\$ -	\$ 329,709	\$ -
682004	Bond Proceeds and Issuance Expenses	-	16,049	-
682005	Conference Center-HUD Sec 108 Loan Payments	-	834,567	-
682018	Toolbox Grant Program	-	703,058	-
682022	Engineering Work - Ped Bridge to Minto Brown	-	4,415,186	-
682023	Marketing for Salem Conference Center	-	298,620	-
682047	Downtown Core Inventory	-	13,970	-
682063	Parking Structures	-	863,858	-
682070	Downtown Housing Investment Strategy	-	6,735	-
682071	PC&S Toolbox & Grant Admin	-	45,449	-
682074	Signal Improvement - Union & Commercial	-	9,642	-
682075	Grant - Sidewalk Improvements	-	105,000	-
682076	Streetscape - Art Pedestals	-	10,549	-
682079	Grant to City for Park Acquisition Costs	-	170,000	-
Total Riverfront/Downtown		<u>13,369,130</u>	<u>7,822,392</u>	<u>5,546,738</u>
Fairview				
683000	Project Coordination/Support	-	36,539	-
683014	PC&S Toolbox & Grant Admin	-	3,056	-
Total Fairview Industrial Park		<u>2,327,380</u>	<u>39,595</u>	<u>2,287,785</u>
North Gateway				
684000	Project Coordination/Support	-	130,102	-
684032	Toolbox Grant Program	-	200,882	-
684041	PC&S Toolbox & Grant Admin	-	15,225	-
684042	Redevelopment Action Plan	-	46,414	-
684045	Cherry Ave Stormwater Improvements	-	45,397	-
Total North Gateway		<u>5,939,360</u>	<u>438,020</u>	<u>5,501,340</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
West Salem			
685000 Project Coordination/Support	-	60,981	-
685008 Toolbox Grant Program	-	242	-
685018 Second Street Redevelopment	-	865	-
685025 PC&S Toolbox & Grant Admin	-	7,954	-
685026 West Salem Business District Study	-	161,364	-
685027 Second St Design Renderings	-	6,250	-
Total West Salem	<u>1,420,230</u>	<u>237,656</u>	<u>1,182,574</u>
Mill Creek Industrial Park			
686000 Project Coordination/Support	-	144,267	-
686011 SEDCOR Contract	-	75,000	-
Total Mill Creek Industrial Park	<u>2,951,630</u>	<u>219,267</u>	<u>2,732,363</u>
McGilchrist			
687000 Project Coordination/Support	-	5,594	-
687002 Design Road Improvements (12th to 25th)	-	18,652	-
Total McGilchrist	<u>2,031,060</u>	<u>24,246</u>	<u>2,006,814</u>
South Waterfront			
688000 Project Coordination/Support	-	33,037	-
688017 Grant to City for Park Acquisition Costs	-	30,000	-
688018 Pedestrian Access Easement	-	57,800	-
Total South Waterfront	<u>416,370</u>	<u>120,837</u>	<u>295,533</u>
Total all projects	<u>\$ 28,457,460</u>	<u>\$ 8,904,227</u>	<u>\$ 19,553,233</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, 2015

	<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	\$ 2,209,000	\$ 2,209,000	\$ 2,443,006	\$ (234,006)
Rents	915,000	915,000	1,290,754	(375,754)
Other	741,500	741,500	5,612	735,888
Total revenues	<u>3,865,500</u>	<u>3,865,500</u>	<u>3,739,372</u>	<u>126,128</u>
Expenditures				
Operations	3,578,480	3,578,480	3,436,864	141,616
Contingency	1,018,070	1,018,070	-	1,018,070
Total expenditures	<u>4,596,550</u>	<u>4,596,550</u>	<u>3,436,864</u>	<u>1,159,686</u>
Excess (deficiency) of revenues over expenditures	(731,050)	(731,050)	302,508	(1,033,558)
Other financing sources (uses)				
Transfers out	(300,000)	(300,000)	(241,195)	(58,805)
Net change in fund balance	(1,031,050)	(1,031,050)	61,313	(1,092,363)
Fund balance, beginning of year	<u>1,031,050</u>	<u>1,031,050</u>	<u>446,464</u>	<u>584,586</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>507,777</u>	<u>\$ (507,777)</u>
Reconciliation to generally accepted accounting principles:				
Capital assets			<u>25,888,163</u>	
Net position at end of year			<u>\$ 26,395,940</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, 2015 and have issued our report thereon dated December 4, 2015. 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.
- 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
December 4, 2015