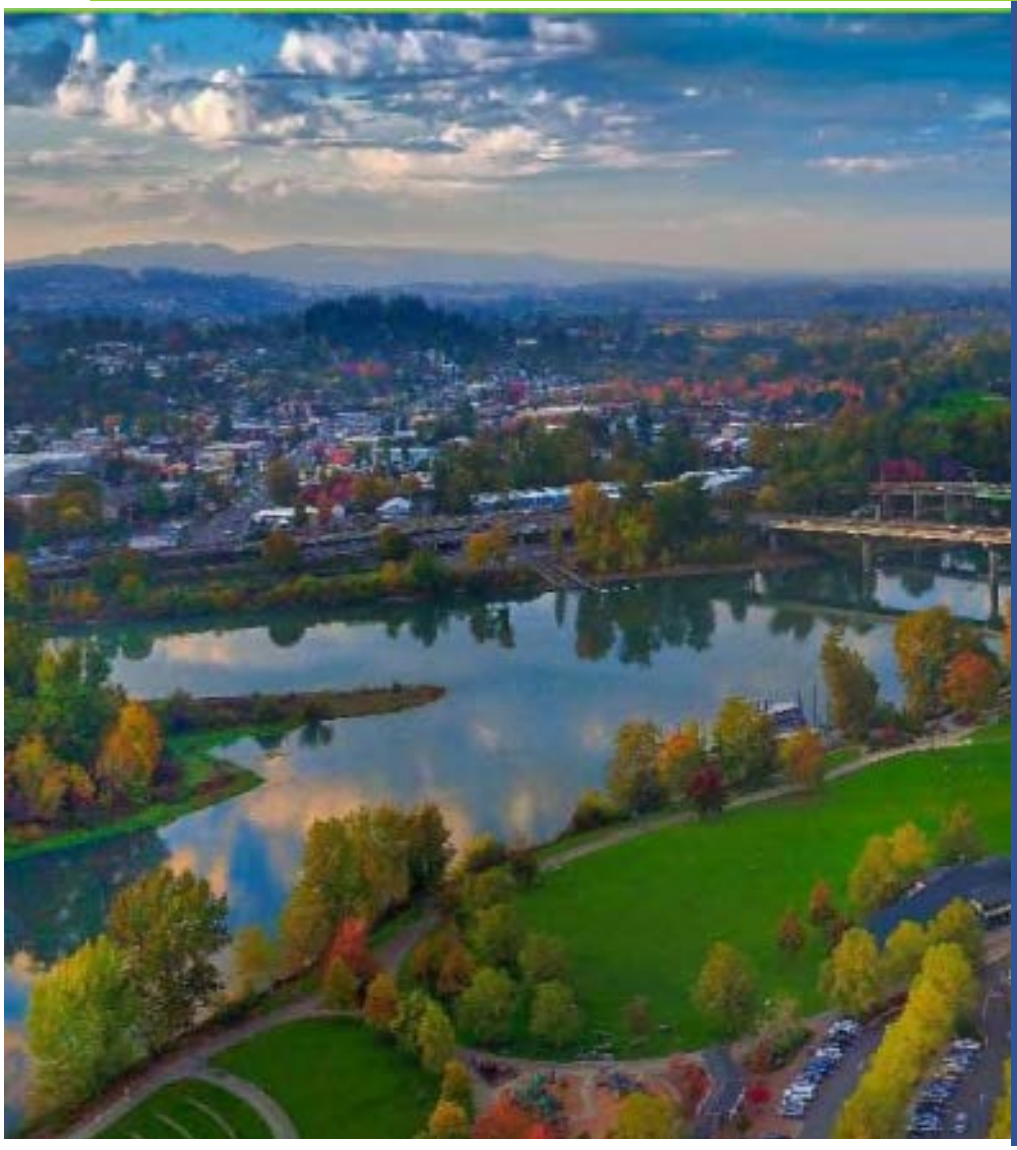
City of Salem, Oregon

Urban Renewal Agency of The City of Salem, Oregon

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



For Fiscal Year Ended June 30, 2019

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, 2019

Prepared by the Finance Department

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 AREA OF THE CITY OF SALEM

AGENCY OFFICIALS

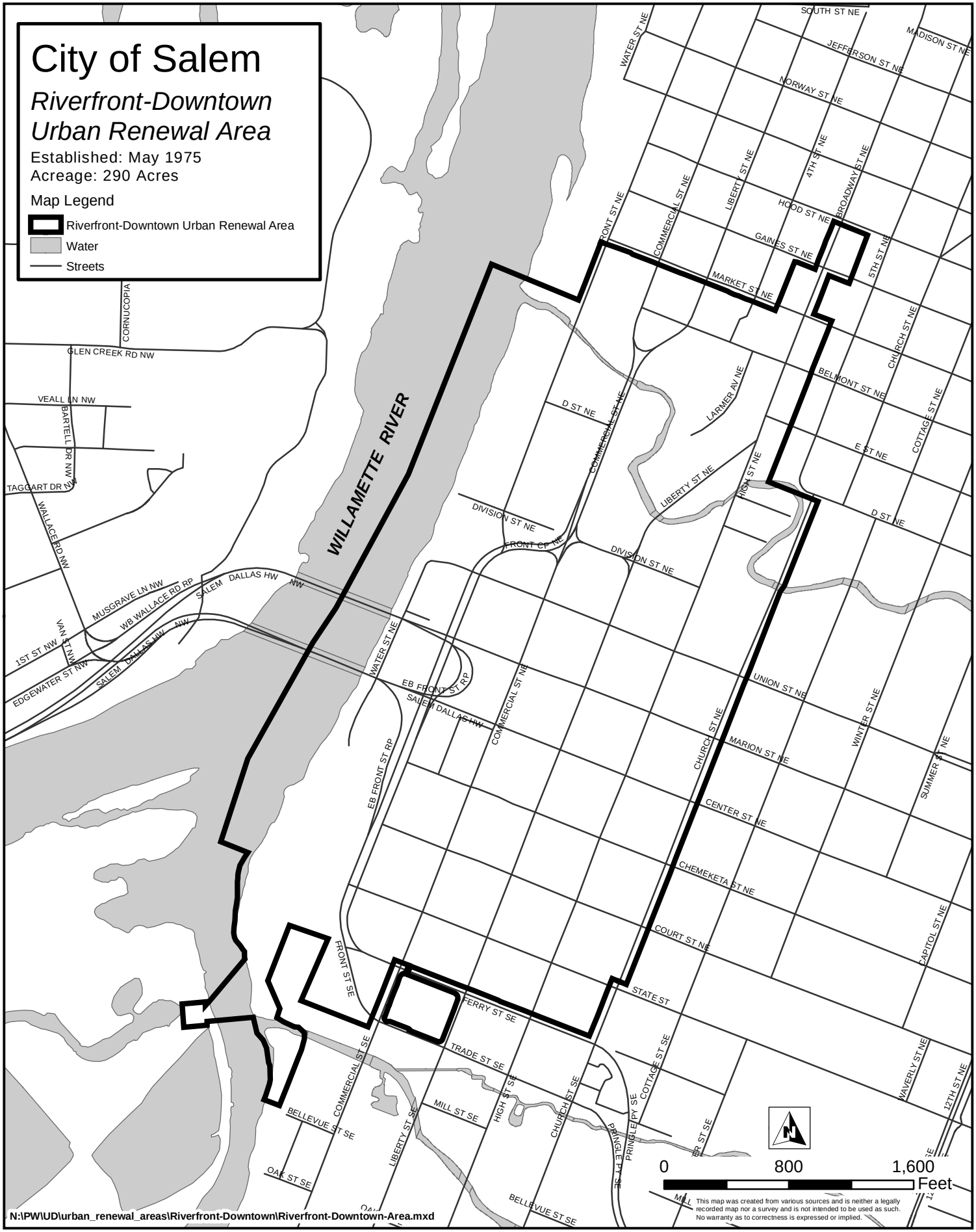
Ward No.	Name	Term Expires December 31,
Mayor	Chuck Bennett	2020
1	Cara Kaser	2020
2	Tom Andersen	2022
3	Brad Nanke	2020
4	Jackie Leung	2022
5	Matt Ausec	2020
6	Chris Hoy	2022
7	Sally Cook	2020
8	Jim Lewis	2022

ADMINISTRATIVE STAFF

City Manager: Steve Powers
Chief Financial Officer: Robert Barron

All correspondence for persons listed above may be sent to:

City of Salem
555 Liberty St SE, Room 220
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
WILLAMETTE RIVER
SOUTH ST NE
JEFFERSON ST NE
MADISON ST NE
NORWAY ST NE
WATER ST NE
COMMERCIAL ST NE
LIBERTY ST NE
4TH ST NE
BROADWAY ST NE
HOOD ST NE
GAINES ST NE
MARKET ST NE
5TH ST NE
CHURCH ST NE
BELMONT ST NE
COTTAGE ST NE
LARMER AV NE
D ST NE
E ST NE
HIGH ST NE
DIVISION ST NE
FRONT CP NE
UNION ST NE
WINTER ST NE
SUMMER ST NE
MARION ST NE
CENTER ST NE
CHEMEKETA ST NE
COURT ST NE
CAPITOL ST NE
STATE ST
WAVERLY ST NE
127TH ST NE
EB FRONT ST RP
SALEM DALLAS HW
FRONT ST SE
FERRY ST SE
TRADE ST SE
MILL ST SE
BELLEVUE ST SE
OAK ST SE
LIBERTY ST SE
PRINGLE PY SE
CORNUCOPIA
GLEN CREEK RD NW
VEALL LN NW
BARTELL DR NW
TAGGART DR NW
WALLACE RD NW
MUSGRAVE LN NW
WB WALLACE RD RP
1ST ST NW
VAN ST NW
EDGEWATER ST NW
0
800
1,600
Feet
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.
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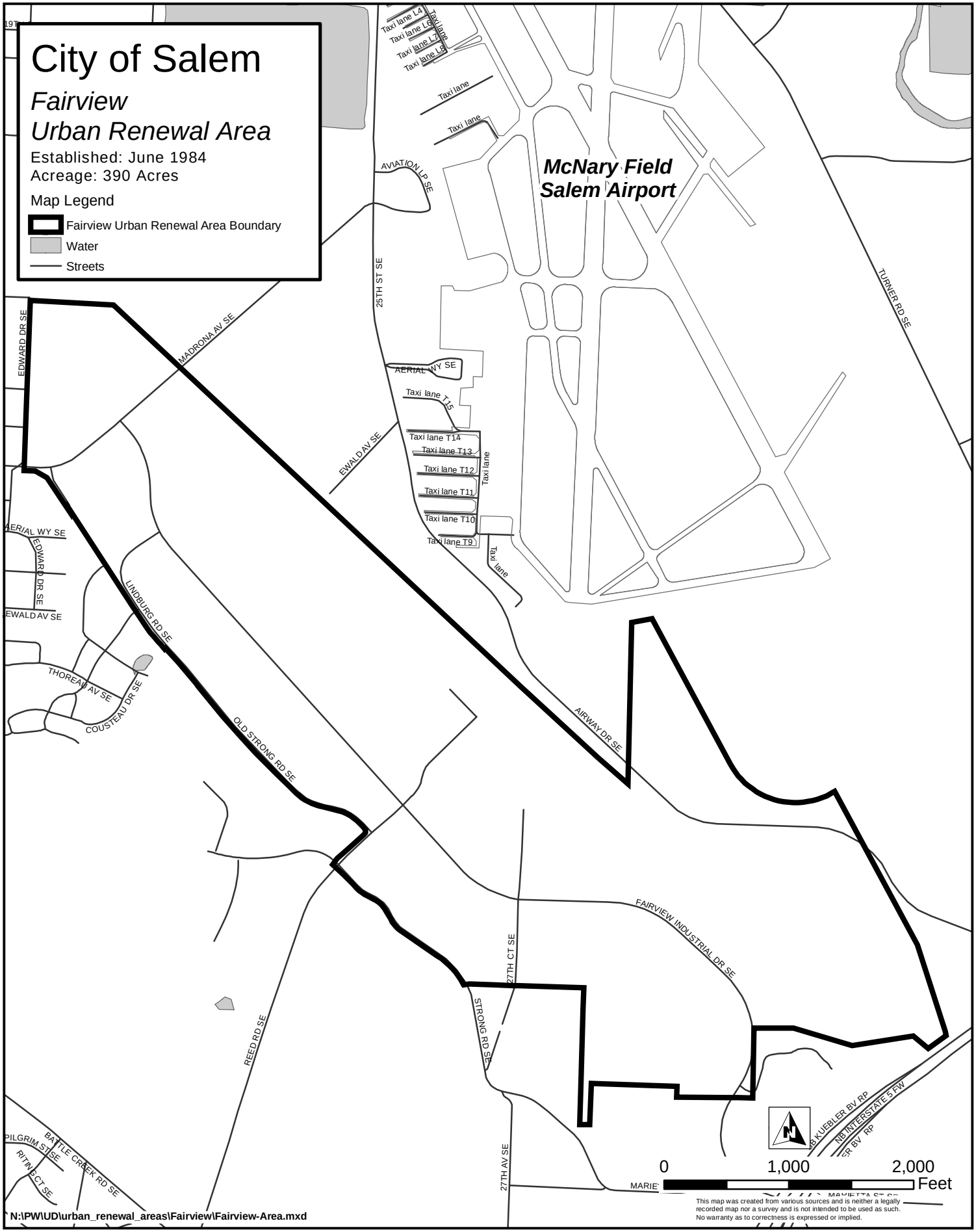
City of Salem
Fairview
Urban Renewal Area
Established: June 1984
Acreage: 390 Acres
Map Legend
Fairview Urban Renewal Area Boundary
Water
Streets
McNary Field
Salem Airport
Taxi lane L4
Taxi lane L6
Taxi lane L7
Taxi lane L3
Taxi lane
Taxi lane
AVIATION LP SE
25TH ST SE
TURNER RD SE
MADRONA AV SE
EDWARD DR SE
AERIAL WY SE
Taxi lane T15
Taxi lane T14
Taxi lane T13
Taxi lane T12
Taxi lane T11
Taxi lane T10
Taxi lane T9
Taxi lane
EWALD AV SE
LINDBURG RD SE
THOREAU AV SE
COUSTEAU DR SE
OLD STRONG RD SE
AIRWAY DR SE
FAIRVIEW INDUSTRIAL DR SE
27TH CT SE
STRONG RD SE
REED RD SE
27TH AV SE
PILGRIM ST SE
BATTLE CREEK RD SE
RITNER CT SE
NB INTERSTATE 5 FW
0
1,000
2,000
Feet
N:\PW\UD\urban_renewal_areas\Fairview\Fairview-Area.mxd
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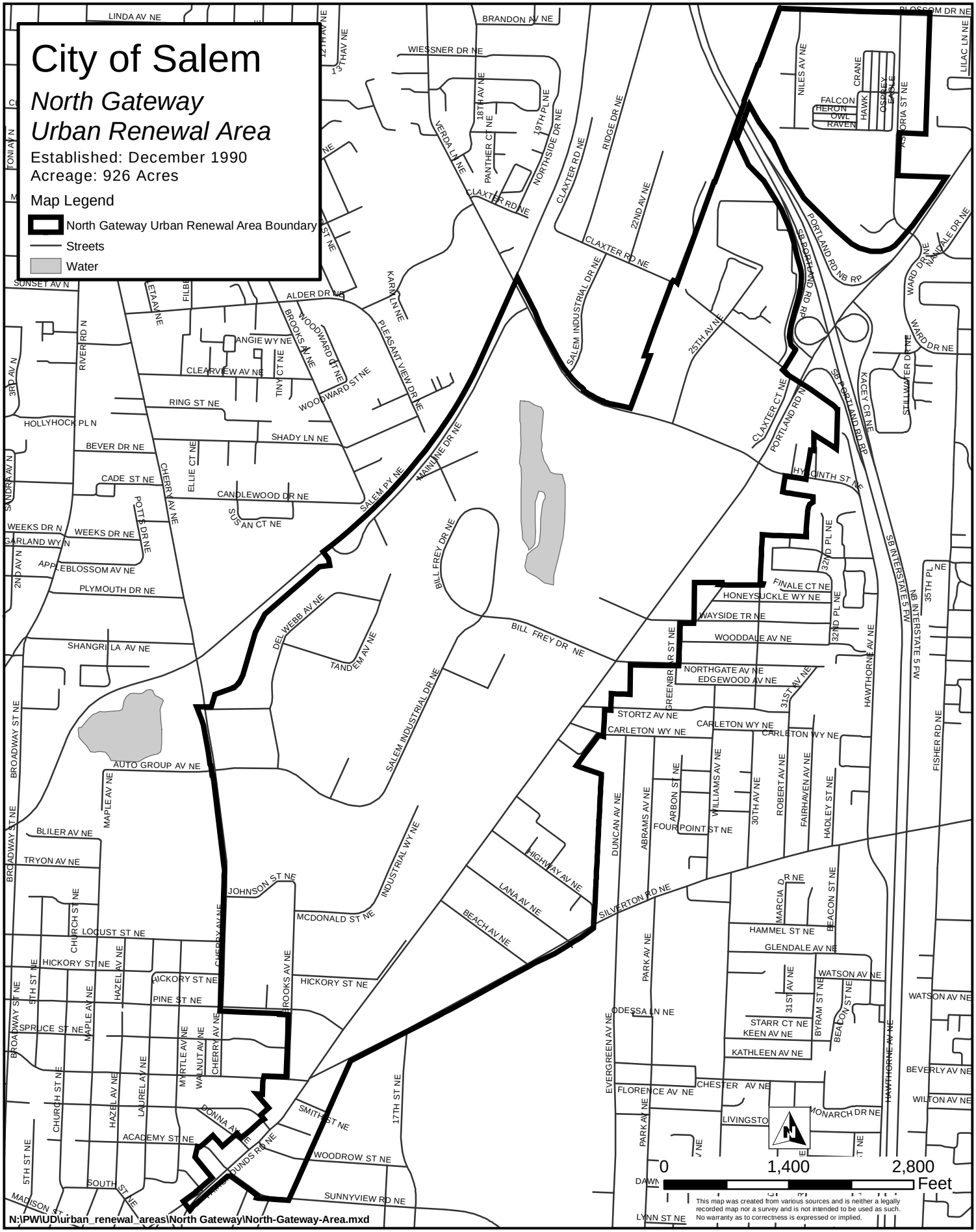
City of Salem
North Gateway
Urban Renewal Area
Established: December 1990
Acreage: 926 Acres
Map Legend
North Gateway Urban Renewal Area Boundary
Streets
Water
0
1,400
2,800
Feet
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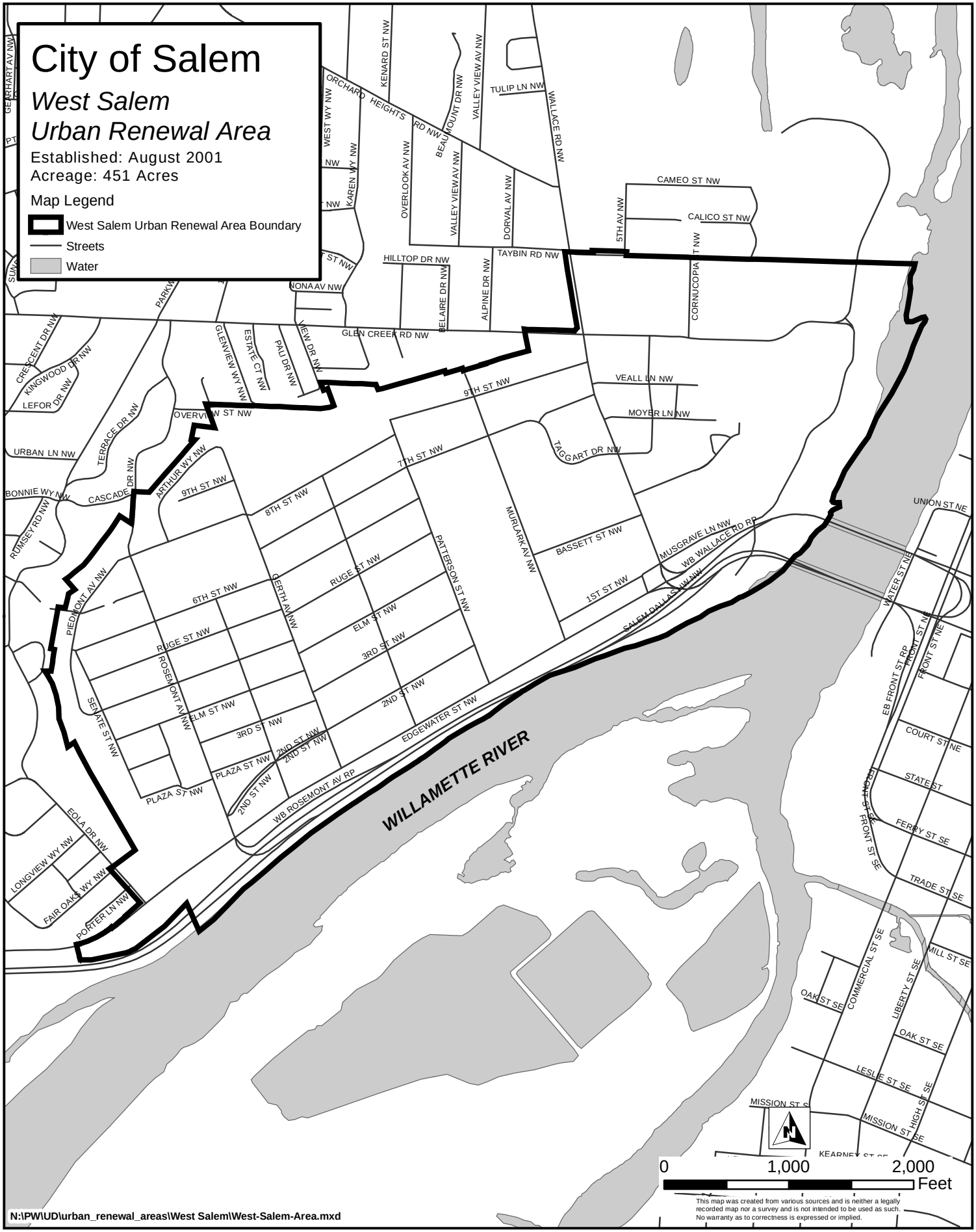
City of Salem
West Salem
Urban Renewal Area
Established: August 2001
Acreage: 451 Acres
Map Legend
West Salem Urban Renewal Area Boundary
Streets
Water
WILLAMETTE RIVER
ORCHARD HEIGHTS RD NW
KENARD ST NW
WEST WY NW
KAREN WY NW
BEAUMOUNT DR NW
VALLEY VIEW AV NW
TULIP LN NW
WALLACE RD NW
OVERLOOK AV NW
DORVAL AV NW
CAMEO ST NW
CALICO ST NW
5TH AV NW
HILLTOP DR NW
TAYBIN RD NW
BELAIRE DR NW
ALPINE DR NW
CORNUCOPIA ST NW
NONA AV NW
GLEN CREEK RD NW
GLENVIEW WY NW
ESTATE CT NW
PALI DR NW
CRESCENT DR NW
KINGWOOD DR NW
LEFOR DR NW
TERRACE DR NW
OVERVIEW ST NW
9TH ST NW
VEALL LN NW
MOYER LN NW
TAGGART DR NW
URBAN LN NW
BONNIE WY NW
CASCADE DR NW
ARTHUR WY NW
RUMSEY RD NW
8TH ST NW
7TH ST NW
MURLARK AV NW
PATTERSON ST NW
BASSETT ST NW
MUSGRAVE LN NW
WB WALLACE RD RP
UNION ST NE
PIEDMONT AV NW
GERTH AV NW
RUGE ST NW
6TH ST NW
1ST ST NW
SALEM DALLAS HWY NW
ELM ST NW
3RD ST NW
ROSEMONT AV NW
2ND ST NW
SENATE ST NW
EDGEWATER ST NW
PLAZA ST NW
WB ROSEMONT AV RP
EOLA DR NW
LONGVIEW WY NW
FAIR OAKS WY NW
PORTER LN NW
WATER ST NE
FRONT ST NE
EB FRONT ST RP
COURT ST NE
STATE ST
FRONT ST SE
FERRY ST SE
TRADE ST SE
MILL ST SE
COMMERCIAL ST SE
LIBERTY ST SE
OAK ST SE
LESLIE ST SE
HIGH ST SE
MISSION ST SE
KEARNEY ST SE
0
1,000
2,000
Feet
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.
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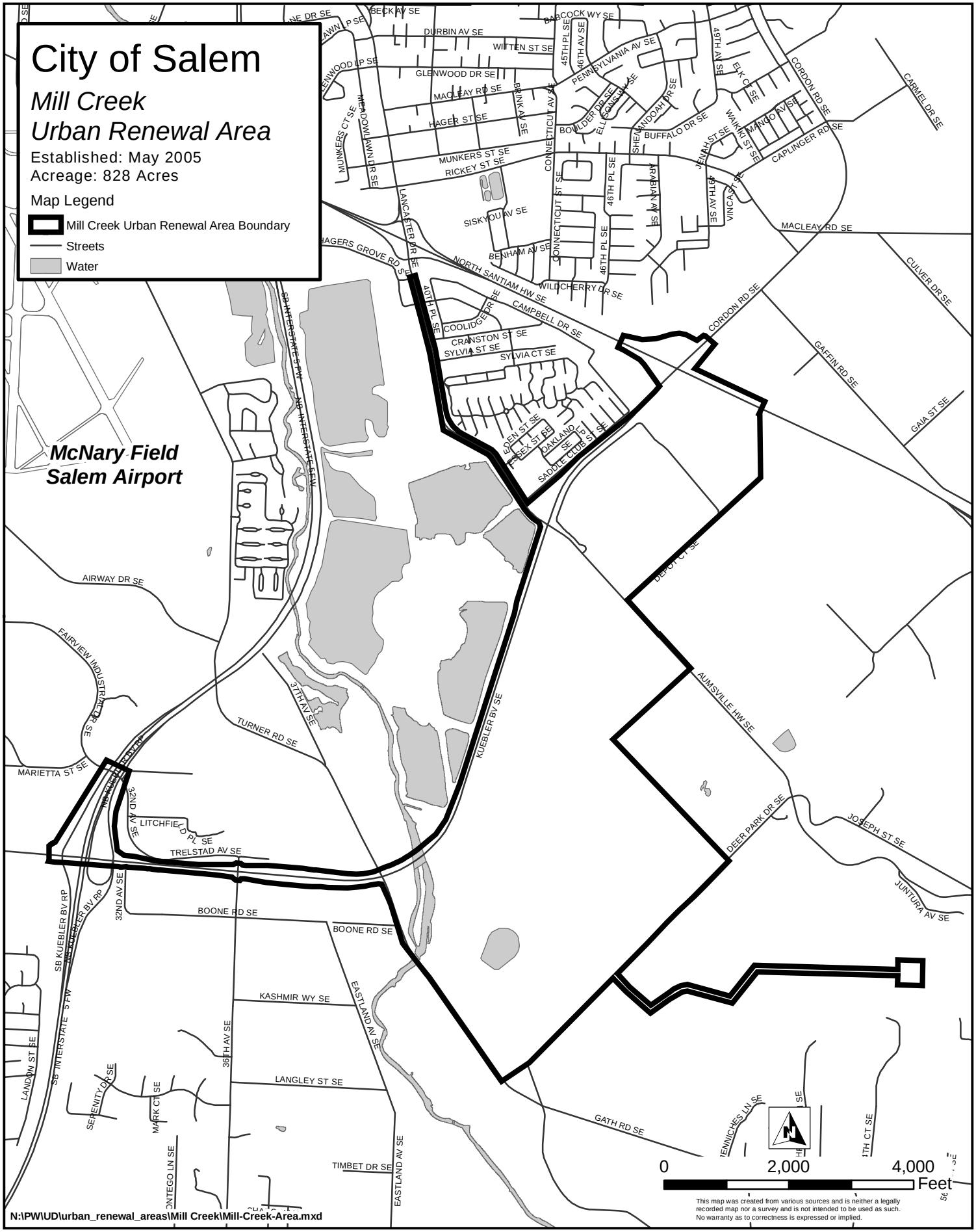
City of Salem
Mill Creek
Urban Renewal Area
Established: May 2005
Acreage: 828 Acres
Map Legend
Mill Creek Urban Renewal Area Boundary
Streets
Water
McNary Field
Salem Airport
BECKAY AV SE
DURBIN AV SE
WITTEN ST SE
GLENWOOD DR SE
MACLEAY RD SE
HAGER ST SE
MUNKERS ST SE
RICKEY ST SE
MEADOWLAWN DR SE
MUNKERS CT SE
BRINK AV SE
CONNECTICUT AV SE
BABCOCK WY SE
45TH PL SE
46TH AV SE
PENNSYLVANIA AV SE
BOULDER DR SE
ELLISON LN SE
SHENANDOAH DR SE
BUFFALO DR SE
49TH AV SE
ELK CT SE
WAIKIKI ST SE
MANGO AV SE
JENNAH ST SE
CORDON RD SE
CAPLINGER RD SE
CARMEL DR SE
VINCAS ST SE
CONNECTICUT ST SE
46TH PL SE
ARABIAN AV SE
SISKYOU AV SE
BENHAM AV SE
WILDCHERRY DR SE
MACLEAY RD SE
CULVER DR SE
HAGERS GROVE RD SE
LANCASTER DR SE
NORTH SANTIAM HW SE
CAMPBELL DR SE
40TH PL SE
COOLIDGE DR SE
CRANSTON ST SE
SYLVIA ST SE
SYLVIA CT SE
CORDON RD SE
GAFFIN RD SE
GAIA ST SE
SB INTERSTATE 5 FW
NB INTERSTATE 5 FW
EDEN ST SE
ESSEX ST SE
OAKLAND LP SE
SADDLE CLUB ST SE
DEPOT CT SE
AIRWAY DR SE
FAIRVIEW INDUSTRIAL DR SE
37TH AV SE
TURNER RD SE
KUEBLER BV SE
AUMSVILLE HW SE
MARIETTA ST SE
NB KUEBLER BV RP
32ND AV SE
LITCHFIELD PL SE
TRELSTAD AV SE
DEER PARK DR SE
JOSEPH ST SE
JUNTURA AV SE
SB KUEBLER BV RP
NB KUEBLER BV RP
BOONE RD SE
BOONE RD SE
KASHMIR WY SE
EASTLAND AV SE
36TH AV SE
LANGLEY ST SE
LANDON ST SE
SB INTERSTATE 5 FW
SERENITY DR SE
MARK CT SE
ONTEGO LN SE
TIMBET DR SE
EASTLAND AV SE
GATH RD SE
0
2,000
4,000
Feet
N:\PW\UD\urban_renewal_areas\Mill Creek\Mill-Creek-Area.mxd
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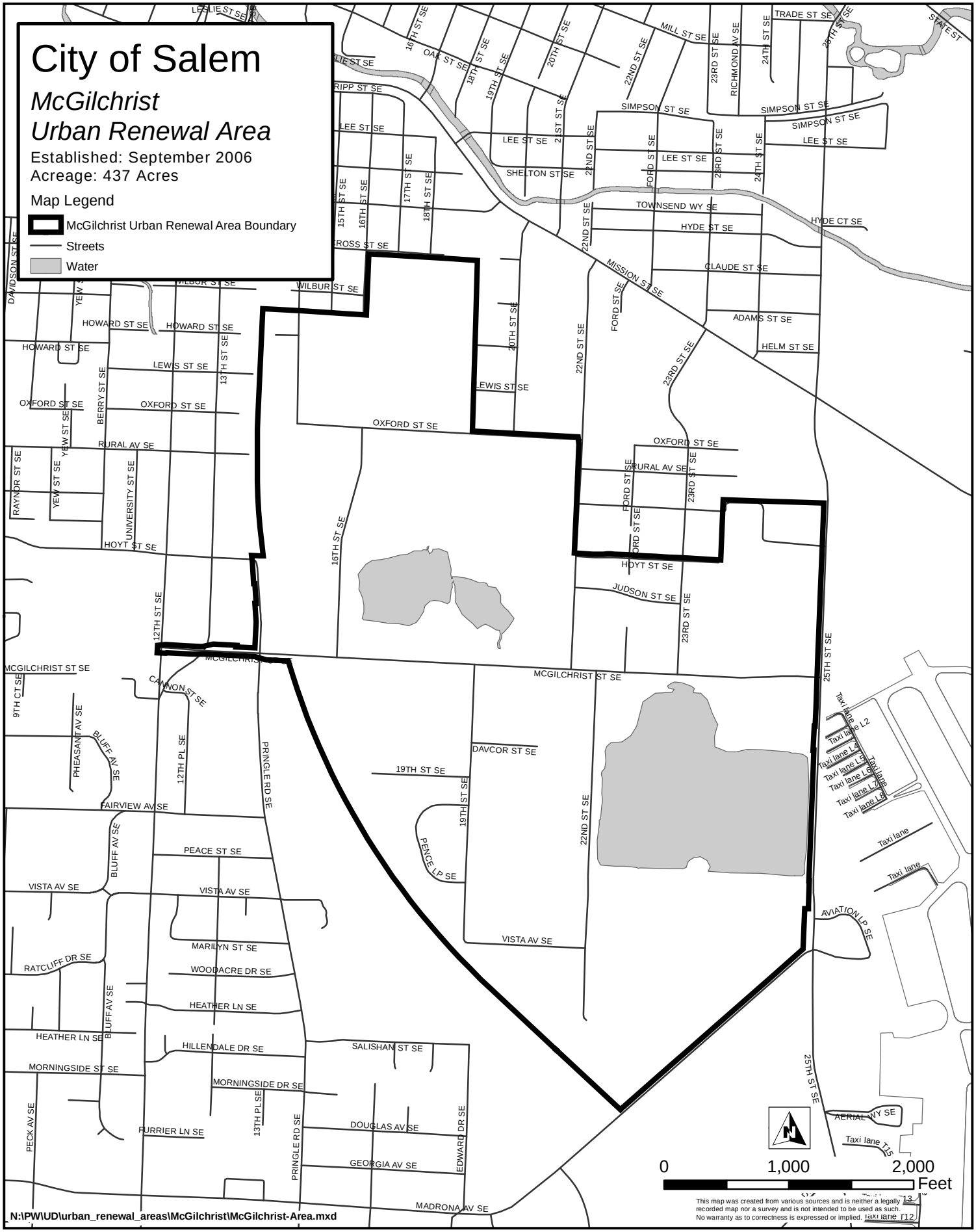
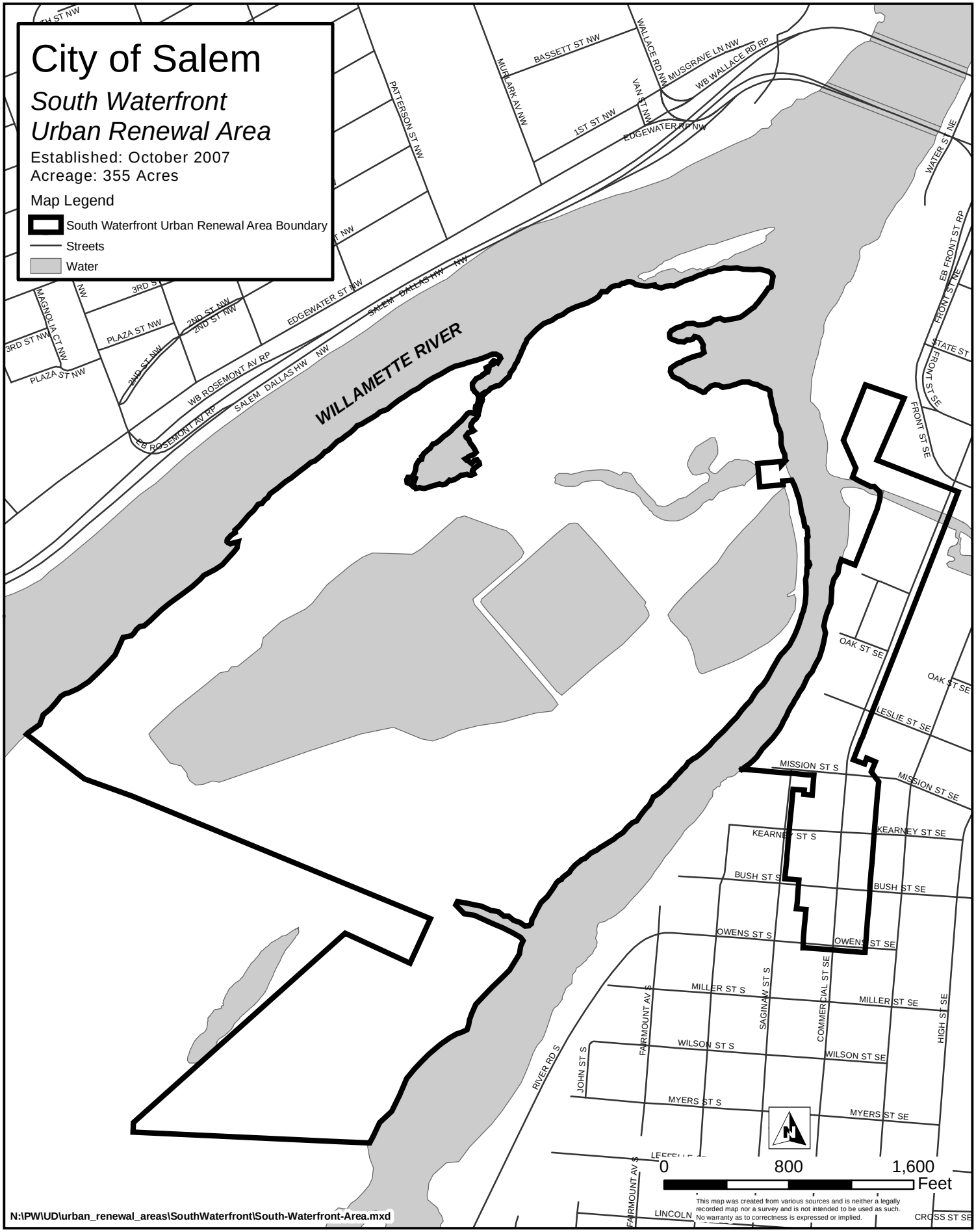

City of Salem
McGilchrist
Urban Renewal Area
Established: September 2006
Acreage: 437 Acres
Map Legend
McGilchrist Urban Renewal Area Boundary
Streets
Water
0
1,000
2,000
Feet
This map was created from various sources and is neither a legally recorded map nor a survey and is not intended to be used as such.
No warranty as to correctness is expressed or implied.
N:\PW\UD\urban_renewal_areas\McGilchrist\McGilchrist-Area.mxd
LESLIE ST SE
OAK ST SE
MILL ST SE
TRADE ST SE
STATE ST
RICHMOND AV SE
SIMPSON ST SE
LEE ST SE
SHELTON ST SE
TOWNSEND WY SE
HYDE ST SE
HYDE CT SE
CLAUDE ST SE
MISSION ST SE
ADAMS ST SE
HELM ST SE
WILBUR ST SE
HOWARD ST SE
LEWIS ST SE
OXFORD ST SE
RURAL AV SE
HOYT ST SE
JUDSON ST SE
MCGILCHRIST ST SE
CANYON ST SE
DAVCOR ST SE
19TH ST SE
PENCE LP SE
FAIRVIEW AV SE
PEACE ST SE
VISTA AV SE
MARILYN ST SE
RATCLIFF DR SE
WOODACRE DR SE
HEATHER LN SE
HILLENDALE DR SE
SALISHAN ST SE
MORNINGSIDE ST SE
MORNINGSIDE DR SE
FURRIER LN SE
DOUGLAS AV SE
GEORGIA AV SE
MADRONA AV SE
AVIATION LP SE
AERIAL WY SE
Taxi lane
Taxi lane L2
Taxi lane L4
Taxi lane L5
Taxi lane L6
Taxi lane L7
Taxi lane L8
Taxi lane T15
Taxi lane T12
DAVIDSON ST SE
RAYNDR ST SE
YEW ST SE
BERRY ST SE
UNIVERSITY ST SE
9TH CT SE
PHEASANT AV SE
BLUFF AV SE
12TH PL SE
PRINGLE RD SE
PECK AV SE
13TH PL SE
EDWARD DR SE
12TH ST SE
13TH ST SE
15TH ST SE
16TH ST SE
17TH ST SE
18TH ST SE
19TH ST SE
20TH ST SE
21ST ST SE
22ND ST SE
23RD ST SE
24TH ST SE
25TH ST SE
FORD ST SE


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
BASSETT ST NW
WALLACE RD NW
MUSGRAVE LN NW
WB WALLACE RD RP
MULBARK AV NW
VAN ST NW
1ST ST NW
EDGEWATER RD NW
PATTERSON ST NW
WATER ST NE
EB FRONT ST RP
FRONT ST NE
STATE ST
FRONT ST SE
3RD ST NW
MAGNOLIA CT NW
PLAZA ST NW
2ND ST NW
EDGEWATER ST NW
SALEM DALLAS HW NW
WB ROSEMONT AV RP
EB ROSEMONT AV RP
OAK ST SE
LESLIE ST SE
MISSION ST S
MISSION ST SE
KEARNEY ST S
KEARNEY ST SE
BUSH ST S
BUSH ST SE
OWENS ST S
OWENS ST SE
MILLER ST S
MILLER ST SE
FAIRMOUNT AV S
SAGINAW ST S
COMMERCIAL ST SE
HIGH ST SE
WILSON ST S
WILSON ST SE
JOHN ST S
RIVER RD S
MYERS ST S
MYERS ST SE
LINCOLN
CROSS ST SE
0
800
1,600
Feet
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GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT

Agency Officials
Urban Renewal Agency of the City of Salem, Oregon
555 Liberty Street SE
Salem, Oregon 97301

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities 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, 2019, and the related notes to the financial statements, which collectively comprise the Agency'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 Agency'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 Agency'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 Agency, as of June 30, 2019, 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 (MD&A) 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 the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The agency officials, maps of urban renewal areas, supplementary information and other information, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

The agency officials, maps of urban renewal areas, and other information section 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 them.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 19, 2019, on our consideration of the Agency's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and results of that testing and not to provide an opinion on compliance.

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

By: _____
Katherine R Wilson, A Shareholder
December 19, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2019

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, 2019. 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 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 includes capital projects and applicable debt service associated with the seven 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, 2019
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2019	2018	2019	2018	2019
Assets:						
Cash and investments	$ 49.2	$ 50.4	$ 0.9	$ 1.2	$ 50.1	$ 51.6
Other assets	4.1	4.9	0.4	0.4	4.5	5.3
Capital assets	8.2	15.5	24.2	23.5	32.4	39.0
Total assets	61.5	70.8	25.5	25.1	87.0	95.9
Liabilities:						
Other liabilities	1.9	1.4	0.5	1.4	2.4	2.8
Long-term liabilities	9.7	10.1	-	-	9.7	10.1
Total liabilities	11.6	11.5	0.5	1.4	12.1	12.9
Net position:						
Net investment in capital assets	(1.0)	5.9	24.2	23.5	23.2	29.4
Restricted						
Tax allocation debt	7.7	5.0	-	-	7.7	5.0
Tax allocation improvements	38.3	42.2	-	-	38.3	42.2
Convention Center gain/loss reserve	4.9	6.2	-	-	4.9	6.2
Unrestricted	-	-	0.8	0.2	0.8	0.2
Total net position	$ 49.9	$ 59.3	$ 25.0	$ 23.7	$ 74.9	$ 83.0

For more detailed information, see the Statement of Net Position (page 23).

Governmental Activities

The Agency's net position from governmental activities increased 18.8%, from $49.9 million to $59.3 million. This increase is the change in net position in the Statement of Activities, and is composed of the following:

- Capital assets increased $7.3 million. This is composed of a large increase in Work in process capital assets. It is a large number of projects that were not complete at the end of the fiscal year.
- Cash and investments increased by $1.2 million. This is property tax funds collected but not yet spent on projects by the end of the year.
- Other assets increased by $0.8 million due to an increased funds due to the City that was accrued for the future transfer from the Salem Convention Center.

Business-type Activities

Net position from business-type activities decreased 5.2%, from $25.0 million, to $23.7 million. The change was primarily due to the decrease of net capital assets by $0.7 million which was caused by normal year to year depreciation on existing assets. There was an increase in other liabilities by $0.9 million, caused by the accrual of amounts due to the City for the transfer of 2018-19 operating net income.

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, 2019
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2019	2018	2019	2018	2019
Revenues						
Charge for services	$ 0.6	$ 0.9	$ 4.7	$ 5.2	$ 5.3	$ 6.1
Taxes	13.0	14.4	-	-	13.0	14.4
Interest	0.7	1.1	-	-	0.7	1.1
Other	-	0.5	-	-	-	0.5
Total revenues	14.3	16.9	4.7	5.2	19.0	22.1
Program expenses	7.9	7.3	4.6	5.0	12.5	12.3
Increase (decrease) in net position before special items and transfers	6.4	9.6	0.1	0.2	6.5	9.8
Transfers to/from primary government	-	(0.2)	(0.7)	(1.5)	(0.7)	(1.7)
Increase (decrease) in net position	6.4	9.4	(0.6)	(1.3)	5.8	8.1
Beginning net position	43.5	49.9	25.6	25.0	69.1	74.9
Ending net position	$ 49.9	$ 59.3	$ 25.0	$ 23.7	$ 74.9	$ 83.0

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

Governmental Activities

The Agency's change in net position from governmental activities increased from $6.4 million last year to $9.4 million this year. This increased change was due primarily to an increase in property taxes of $1.4 million, increase of $0.5 million in other revenue for sale of land, and a decrease in program expenses of $0.6 million due to lower non-capital spending. The increase in investment interest of $0.4 million was due to higher investment yields.

Business-type Activities

The Agency's change in net position from business-type activities decreased from a negative $0.6 million to a negative $1.3 million. The decrease was caused by a transfer of 2017/18 net operating income and an accrual of transfer for 2018-19 net operating income from $0.7 million in 2018 to $1.5 million in 2019. Program expenses increased by $0.4 million due to increased business at the Convention Center.

Fund Financial Statements

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

Governmental Activities - Program Expenses as of June 30, 2019
(in millions)

	FY 2018-19		Compared to FY 2017-18	
		Percent of	Increase / (Decrease)	
Program	Amount	Total	Amount	Percent
Urban Renewal	$ 7.9	95.2%	$ 0.4	5.3%
Interest on long-term debt	0.4	4.8%	-	0.0%
Total expenses	$ 8.3	100.0%	$ 0.4	

At June 30, 2019, the Agency's governmental funds reported combined fund balances of $51.2 million, an increase of $3.0 million over the prior year.

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.

At June 30, 2019, the Tax Allocation Debt fund decreased by $2.2 million. The decrease was due to repayments on short-term loans and long-term debt of $16.5 million and $0.7 million respectively, offset by property tax collections and interest of $15.0 million.

The June 30, 2019 fund balance of $5.5 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.

Tax Allocation Improvements fund increased $3.9 million. This is due to $16.5 million of short-term loan proceeds, a loan draw from Business Oregon of $0.9 million, $1.5 million in interest and program revenue, and $0.5 million received for the sale of a portion of the land for the Fisher Road extension offset by project spending of $15.6 million. Increased project spending of $5.6 million overall was mostly in the North Gateway urban renewal area for streetscape improvements and Portland Road projects, and the Riverfront and North Gateway Toolbox Grant Programs.

The June 30, 2019 fund balance of $39.5 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.

Salem Convention Center Gain/Loss Reserve fund had a $1.3 million increase for the year. Convention Center net operating income of $1.5 million was transferred in for fiscal years 2017-18 and 2018-19. Capital improvements expenditure was 0.2 million. The Convention Center uses these funds for capital improvements throughout the year. Future fiscal years plan for a Convention Center kitchen remodel.

The June 30, 2019 fund balance of $6.2 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 $1.3 million, this was caused by a $1.5 million transfer of prior year and current year earnings to the gain/loss reserve fund, and a $0.2 million operating income after depreciation for the year.

Budgetary Highlights

For the year ended June 30, 2019, there were no budgetary changes made for the Salem Convention Center for fiscal year 2018-19.

Capital Assets

As of June 30, 2019, the Agency had $39.0 million in capital assets. This represents a net increase of $6.6 million from the 2017-18 fiscal year. The change is primarily increased construction in progress in governmental activities by $7.3 million. In business type activities, the change is mainly depreciation of the Convention Center building. Summary balances are shown in the following table.

Capital Assets as of June 30, 2019
(Net of Depreciation)
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2019	2018	2019	2018	2019
Land	$ 2.0	$ 2.0	$ 1.6	$ 1.6	$ 3.6	$ 3.6
Buildings	-	-	22.0	21.4	22.0	21.4
Improvements	-	-	0.1	0.1	0.1	0.1
Equipment and machinery	-	-	0.4	0.3	0.4	0.3
Public Art	-	-	0.1	0.1	0.1	0.1
Work in progress	6.2	13.5	-	-	6.2	13.5
Total	$ 8.2	$ 15.5	$ 24.2	$ 23.5	$ 32.4	$ 39.0

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

Change in Capital Assets for the fiscal year ended June 30, 2019
(in millions)

	Governmental Activities	Business-Type Activities	Total
Beginning balance	$ 8.2	$ 24.2	$ 32.4
Additions	7.3	0.1	7.4
Retirement and depreciation	0.0	(0.8)	(0.8)
Ending balance	$ 15.5	$ 23.5	$ 39.0

For more detailed information, see page 41 of the notes to the financial statements.

Debt Outstanding

As of June 30, 2019, the Agency had $10.1 million in long-term debt outstanding, compared to $9.7 million last year. The increase of $0.4 million was due to a draw on Business Oregon loan L65001-C of $0.9 million. There was a paydown of L065001-A and additional forgiveness on L065001-B for a total of $0.5 million. There were no additions to bonded debt for 2018-19 fiscal year.

Outstanding Debt as of June 30, 2019
(in millions)

	Totals	
	2018	2019
Governmental:		
Bonds	$ 1.7	$ 1.5
Notes	8.0	8.6
Total	$ 9.7	$ 10.1

For more detailed information, see page 42-43 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 2018-19, 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 following table.

Urban Renewal Area	Division of Taxes Rate/$1,000 AV	Special Levy Rate/$1,000 AV
Riverfront/Downtown	$ 0.1199	$ 0.2438
North Gateway	0.1107	none
West Salem	0.0374	none
Mill Creek	0.0304	none
McGilchrist	0.0241	none
South Waterfront	0.0088	none

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 Finance Division at 555 Liberty Street SE, Salem, Oregon 97301.

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Basic Financial Statements

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and investments	$ 50,444,884	$ 1,174,841	$ 51,619,725
Accounts receivable, net	825,574	391,783	1,217,357
Internal balances	887,317	(887,317)	-
Inventories and prepayments	-	68,676	68,676
Total current assets	52,157,775	747,983	52,905,758
Noncurrent assets			
Notes receivable	3,229,279	-	3,229,279
Capital assets:			
Land and construction in progress	15,457,899	1,658,914	17,116,813
Other capital assets, net	-	21,830,449	21,830,449
Total noncurrent assets	18,687,178	23,489,363	42,176,541
Total assets	70,844,953	24,237,346	95,082,299
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	1,476,160	515,496	1,991,656
Long-term debt - due within one year	747,441	-	747,441
Total current liabilities	2,223,601	515,496	2,739,097
Non-current liabilities			
Long-term debt	9,354,482	-	9,354,482
Total liabilities	11,578,083	515,496	12,093,579
Net position			
Net investment in capital assets	5,902,873	23,489,363	29,392,236
Restricted			
Tax allocation debt	4,954,559	-	4,954,559
Tax allocation improvements	42,189,430	-	42,189,430
Convention Center gain/loss reserve	6,220,008	-	6,220,008
Unrestricted	-	232,487	232,487
Total net position	$ 59,266,870	$ 23,721,850	$ 82,988,720

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, 2019

		Program	Net (Expense) Revenue and Changes in Net Position		
			Primary Government		
Functions/programs	**Expenses**	**Charges for Services**	**Governmental Activities**	**Business-type Activities**	**Total**
Primary government					
Governmental activities					
Urban renewal	$ 6,952,357	$ 901,503	$ (6,050,854)	$ -	$ (6,050,854)
Interest on long-term debt	412,740	-	(412,740)	-	(412,740)
Total governmental activities	7,365,097	901,503	(6,463,594)	-	(6,463,594)
Business - type activities					
Salem Convention Center	4,987,614	5,212,461	-	224,847	224,847
Total primary government	$ 12,352,711	$ 6,113,964	(6,463,594)	224,847	(6,238,747)
General revenues					
Property taxes			14,385,826	-	14,385,826
Investment earnings			1,130,723	-	1,130,723
Gain on sale of assets			509,038	-	509,038
Transfers to/from primary government			(157,749)	(1,500,000)	(1,657,749)
Total general revenues and transfers			15,867,838	(1,500,000)	14,367,838
Change in net position			9,404,244	(1,275,153)	8,129,091
Net position - beginning of year			49,862,626	24,997,003	74,859,629
Net position - end of year			$ 59,266,870	$ 23,721,850	$ 82,988,720

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)
Balance Sheet - Governmental Funds
June 30, 2019

	Debt Service	Capital Projects		
	Tax Allocation Debt	Tax Allocation Improvements	Salem Convention Center Gain/Loss Reserve	Totals
Assets				
Cash and investments	$ 5,343,111	$ 39,769,082	$ 5,332,691	$ 50,444,884
Accounts receivable, net	539,048	286,526	-	825,574
Notes receivable	-	3,229,279	-	3,229,279
Due from other funds	-	-	887,317	887,317
Total assets	$ 5,882,159	$ 43,284,887	$ 6,220,008	$ 55,387,054
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable and accrued liabilities	$ -	$ 548,560	$ -	$ 548,560
Deferred inflows of resources				
Unavailable revenue	396,897	3,236,253	-	3,633,150
Fund balances				
Restricted for:				
Debt Service	5,485,262	-	-	5,485,262
Capital Projects	-	39,500,074	6,220,008	45,720,082
Total fund balances	5,485,262	39,500,074	6,220,008	51,205,344
Total liabilities, deferred inflows of resources, and fund balances	$ 5,882,159	$ 43,284,887	$ 6,220,008	
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)				15,457,899
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				3,236,253
Property taxes - earned but unavailable				396,897
Accrued interest on long-term debt				(927,600)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds				(10,101,923)
Total net position				$ 59,266,870

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, 2019

	Debt Service	Capital Projects		
	Tax Allocation Debt	Tax Allocation Improvements	Salem Convention Center Gain/Loss Reserve	Totals
Revenues				
Property taxes	$ 14,692,542	$ -	$ -	$ 14,692,542
Fees, licenses, and permits	-	728	-	728
Interest on investments	359,221	659,404	112,098	1,130,723
Grants	-	61,639	-	61,639
Intergovernmental	-	526,923	-	526,923
Loan payments received	-	214,776	-	214,776
Rents	-	56,217	-	56,217
Total revenues	15,051,763	1,519,687	112,098	16,683,548
Expenditures				
Materials and services	-	15,637,140	264,462	15,901,602
Debt service				
Principal retirement	470,994	-	-	470,994
Interest and fiscal charges	252,347	-	-	252,347
Total expenditures	723,341	15,637,140	264,462	16,624,943
Revenues over (under) expenditures	14,328,422	(14,117,453)	(152,364)	58,605
Other financing sources (uses)				
Transfers in	-	16,550,000	1,500,000	18,050,000
Sale of capital assets	-	509,038	-	509,038
Issuance of long-term capital related debt	-	905,808	-	905,808
Transfers out	(16,550,000)	-	-	(16,550,000)
Total other financing sources (uses)	(16,550,000)	17,964,846	1,500,000	2,914,846
Net change in fund balance	(2,221,578)	3,847,393	1,347,636	2,973,451
Fund balances, beginning of year	7,706,840	35,652,681	4,872,372	48,231,893
Fund balances, end of year	$ 5,485,262	$ 39,500,074	$ 6,220,008	$ 51,205,344

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, 2019

Net change in fund balances - total governmental funds	$	2,973,451
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		7,242,685
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		(306,716)
Change in deferred inflows for program revenue		41,221
Debt issuance provides current financial resources and debt service payments use current financial resources in governmental funds. Neither transaction affects the government-wide net position since long-term debt is reported as a liability.		
Issuance of refunding debt		(905,808)
Principal payments on long-term debt		470,994
Debt forgiven for capital construction at Mill Creek URA		48,810
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.		(160,393)
Change in net position	$	9,404,244

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, 2019

	Salem Convention Center
Assets	
Cash and investments	$ 1,174,841
Accounts receivable, net	391,783
Inventories and prepayments	68,676
Total current assets	1,635,300
Noncurrent assets	
Capital assets:	
Land and construction in progress	1,658,914
Other capital assets, net	21,830,449
Total noncurrent assets	23,489,363
Total assets	25,124,663
Liabilities	
Accounts payable and accrued liabilities	515,496
Due to other funds	887,317
Total liabilities	1,402,813
Net Position	
Net investment in capital assets	23,489,363
Unrestricted	232,487
Total net position	$ 23,721,850

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, 2019

	Salem Convention Center
Operating revenues	
Sales	$ 3,416,553
Rents	1,789,370
Other	6,538
Total operating revenues	5,212,461
Operating expenses	
Materials and services	4,250,024
Depreciation	737,590
Total operating expenses	4,987,614
Operating income (loss)	224,847
Transfers out	(1,500,000)
Change in net position	(1,275,153)
Net position - beginning of year	24,997,003
Net position - end of year	$ 23,721,850

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, 2019

	Salem Convention Center
Cash Flows from Operating Activities	
Receipts from customers	$ 5,211,326
Payments to suppliers	(4,251,890)
Net cash provided (used) by operating activities	959,436
Cash Flows from Noncapital Financing Activities	
Transfers paid	(612,683)
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(47,903)
Net increase (decrease) in cash and cash equivalents	298,850
Cash and cash equivalents - beginning of year	875,991
Cash and cash equivalents - end of year	$ 1,174,841
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	$ 224,847
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	737,590
Changes in assets and liabilities:	
Accounts receivable	(1,135)
Inventories and prepayments	(10,907)
Accounts payable and accrued liabilities	9,041
Net cash provided (used) by operating activities	$ 959,436

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

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NOTES TO THE FINANCIAL STATEMENTS

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.

The Agency is governed by a nine-member board of directors that include the City's mayor and other council members and is included as a component unit in the City's financial statements.

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.

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 (60 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.

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 and address any operating deficits that may arise.

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 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.

For purposes of the statement of cash flows, proprietary funds consider all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

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

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

Receivables and Deferred Inflows of Resources

Property tax receivables for the governmental fund types that have been collected within 60 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 acquisition 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.

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.

Use of estimates

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

CASH AND INVESTMENTS

The Agency's cash and investments are comprised of the following at June 30, 2019:

	Book Value
Cash on hand	$ 2,004
Deposits with City of Salem	9,777,645
Investments	41,840,076
Total cash and investments	$ 51,619,725

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, 2019, the Agency's deposits in City bank accounts have a book value of $9,777,645.

2. Investments

As of June 30, 2019, the Agency held the following investments and maturities:

Investment type	Fair Value	Weighted avg. maturity in months	% of investment portfolio
Local Government Investment Pool	$ 42,112,036	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:

Investment type	Maximum % of portfolio	Maximum length to maturity
Bankers' acceptances	20%	6 months
Certificates of deposit	25%	2 years
Commercial paper	35%	9 months
Corporate indebtedness		5 years
Local government investment pool	100% *	N/A
Municipal Debt	10%	5 years
Repurchase agreements	10%	3 months
U.S. agency securities	100%	5 years
U.S. Instrumentality Debt	10%	5 years
U.S. Treasuries	100%	5 years

*Dollar amount limited by ORS 294.810. As of June 30, 2019 this limit is $49,500,000.

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, 2019, the credit risk for the Agency's investments is as follows:

Investment type	Fair Value	Credit Risk
Local Government Investment Pool	$ 42,112,036	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, 2019 are as follows:

	Tax Allocation Debt	Tax Allocation Improvements	Totals
Accounts receivable	$ -	$ 279,552	$ 279,552
Property taxes	538,553	-	538,553
Interest	495	6,974	7,469
Notes receivable	-	3,229,279	3,229,279
Total	$ 539,048	$ 3,515,805	$ 4,054,853

Salem Convention Center accounts receivable for June 30, 2019 are $391,783.

PROPERTY TAXES

Fiscal Year of Levy	Balances July 1, 2018	2018-19 Levy	Adjustments To Date	Collections To Date	Balances June 30, 2019
2018-19	$ -	$ 14,792,287	$ (417,096)	$ 14,081,017	$ 294,174
2017-18	296,188	-	(18,847)	166,588	110,753
2016-17	142,077	-	(9,789)	67,033	65,255
2015-16	89,845	-	(3,179)	60,913	25,753
2014-15	81,239	-	(1,620)	70,223	9,396
2013-14	48,161	-	(2,009)	40,380	5,772
2012-13	46,590	-	(1,479)	40,144	4,967
All Prior	142,000	-	(4,090)	115,427	22,483
	$ 846,101	$ 14,792,287	$ (458,109)	$ 14,641,726	$ 538,553

Ensuing Year's Levies

Property tax levies for the year beginning July 1, 2019 are as follows:

The Riverfront/Downtown and North Gateway plan areas will each 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 Riverfront/Downtown plan area will continue its special levy for the retirement of debt obliagatons.

The Fairview plan area will not levy for the 2019-20 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.

The Mill Creek Industrial Park, McGilchrist, and South Waterfront plan areas will each levy 100% of the amount of their authority under the reduced rate plan of ORS 457.445(1) as selected by the Agency for the retirement of debt obligations.

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.	$ 2,879,690
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.	141,110
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.	208,479
	$ 3,229,279

CAPITAL ASSETS

Governmental activities	Beginning Balance	Increases	Decreases	Ending Balance
Land and land improvements	$ 1,979,524	$ -	$ -	$ 1,979,524
Construction in progress	6,235,690	8,900,433	(1,657,748)	13,478,375
Governmental activities capital assets, net	$ 8,215,214	$ 8,900,433	$ (1,657,748)	$ 15,457,899
Business-type activities				
Land and land improvements	$ 1,500,646	$ -	$ -	$ 1,500,646
Public art	110,477	37,000	-	147,477
Construction in progress	-	10,791	-	10,791
Total non-depreciable	1,611,123	47,791	-	1,658,914
Buildings and building improvements	30,368,457	-	-	30,368,457
Other improvements	254,161	-	-	254,161
Equipment and machinery	1,360,135	22,112	(22,000)	1,360,247
Total depreciable	31,982,753	22,112	(22,000)	31,982,865
Accumulated depreciation				
Buildings and building improvements	(8,336,655)	(643,802)	-	(8,980,457)
Improvements	(161,609)	(6,362)	-	(167,971)
Equipment and machinery	(916,562)	(87,426)	-	(1,003,988)
Total accumulated depreciation	(9,414,826)	(737,590)	-	(10,152,416)
Business-type activities capital assets, net	$ 24,179,050	$ (667,687)	$ (22,000)	$ 23,489,363

TRANSFERS

Transfers are used to: 1) move revenues from the fund with collection authority to the fund in which the expenditure is required by budget or statute or, 2) move unrestricted revenues to finance programs accounted for in other funds in accordance with budgetary authorization.

Debt proceeds are receipted into the Capital Projects fund for construction funding, and all debt is repaid by the Debt Service fund. Transfers are the GAAP accounting classification used to move short-term debt from the Capital Projects fund to the Debt Service fund for reporting purposes (reported as transfer from Debt Service fund to Capital Projects fund). Salem Convention Center transferred $612,683 for fiscal year 2017/18 net operating income to the Salem Convention Center Gain/Loss Reserve fund for future projects. An additional $887,317 for fiscal year 2018/19 net operating income was accrued in 2018/19 based on the current year's operations of the Salem Convention Center.

SHORT-TERM DEBT

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019
Due to City of Salem:				
Riverfront, 2019	$ -	$ 7,000,000	$ 7,000,000	$ -
North Gateway, 2019	-	3,500,000	3,500,000	-
West Salem, 2019	-	3,500,000	3,500,000	-
Mill Creek, 2019	-	900,000	900,000	-
McGilchrist, 2019	-	900,000	900,000	-
South Waterfront, 2019	-	750,000	750,000	-
Total due to City of Salem	$ -	$ 16,550,000	$ 16,550,000	$ -

LONG-TERM DEBT – DIRECT BORROWING

Transactions for the year ended June 30, 2019 are as follows:

	Balances July 1, 2018	New Obligations	Matured/ Retired	Balances June 30, 2019	Due in One Year
Tax increment bonds					
Riverfront/Downtown, Series 2009 Bond payable dated Sep 17, 2009, at 4.35%.	$ 1,730,000	-	$ 260,000	$ 1,470,000	$ 270,000
Notes					
Mill Creek, OR Econ & Comm Dev Dept, Series 2007, L06001A	3,979,208	-	210,994	3,768,214	220,299
Mill Creek, OR Econ & Comm Dev Dept, Series 2007, L06001B	234,630	-	48,810	185,820	-
Mill Creek, OR Econ & Comm Dev Dept, Series 2007, L06001C	3,772,081	905,808	-	4,677,889	257,142
	$ 9,715,919	$ 905,808	$ 519,804	$ 10,101,923	$ 747,441

Governmental activity urban renewal bonds

Urban renewal bonds are special obligations of the Urban Renewal Agency and are payable solely from tax increment revenues. The Agency issues bonds to provide funds for urban renewal projects within designated project areas.

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

Riverfront/Downtown URA

2009: $335,255

Governmental activity notes

The Agency issues notes to provide funds for the acquisition and construction of capital asset improvements. The Agency's currently outstanding notes represent funding primarily for projects associated with economic development and wetland mitigation in the Mill Creek urban renewal area. Mill Creek tax increment revenues are pledged to repay the notes. In the event of default, Business Oregon could demand payment on all outstanding note balances as of the date of default. Note L06001A, as of December 1, 2018, had a payment made of $210,994 against the capitalized principal amount for 2018. Note L06001B is potentially forgivable based on job creation in the Mill Creek urban renewal area. To date, $814,180 of the original $1,000,000 has been forgiven. Note L06001C, has issued an additional $905,808 in 2018/19 and will be completely capped in 2019/20 at $5,000,000.

Future maturities of long-term debt are as follows:

	Riverfront/Downtown		Mill Creek		Totals	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2019-20	$ 270,000	$ 63,945	$ 477,441	$ 381,895	$ 747,441	$ 445,840
2020-21	280,000	52,200	512,421	370,295	792,421	422,495
2021-22	295,000	40,020	533,710	349,006	828,710	389,026
2022-27	625,000	41,107	3,020,267	1,393,315	3,645,267	1,434,422
2027-32	-	-	3,664,181	712,002	3,664,181	712,002
2032-37	-	-	423,903	48,961	423,903	48,961
Total	$ 1,470,000	$ 197,272	$ 8,631,923	$ 3,255,474	$ 10,101,923	$ 3,452,746

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.

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, 2019

	Tax Allocation Debt		
	Original/ Final Budget	Actual	Variance[1]
Revenues			
Property taxes	$ 13,872,330	$ 14,692,542	$ (820,212)
Fees, licenses and permits	-	-	-
Interest on investments	141,000	359,221	(218,221)
Grants	-	-	-
Intergovernmental	-	-	-
Loan payments received	-	-	-
Rents	-	-	-
Other	-	-	-
Total revenues	14,013,330	15,051,763	(1,038,433)
Expenditures			
Operations	-	-	-
Debt service	17,782,780	17,273,341	509,439
Total expenditures	17,782,780	17,273,341	509,439
Revenues over (under) expenditures	(3,769,450)	(2,221,578)	(1,547,872)
Other financing sources (uses)			
Transfers in	-	-	-
Sale of capital assets	-	-	-
Issuance of debt	-	-	-
Issuance of short-term debt	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	(3,769,450)	(2,221,578)	(1,547,872)
Fund balance, beginning of year	7,773,830	7,706,840	66,990
Fund balance, end of year	$ 4,004,380	$ 5,485,262	$ (1,480,882)

Continued

1 ( ) indicates revenues/expenditures in excess of budget

Tax Allocation Improvements			Salem Convention Center Gain/Loss Reserve		
Original/ Final Budget	Actual	Variance[1]	Original/ Final Budget	Actual	Variance[1]
$ -	$ -	$ -	$ -	$ -	$ -
-	728	(728)	-	-	-
156,000	659,404	(503,404)	50,000	112,098	(62,098)
-	61,639	(61,639)	-	-	-
4,575,280	526,923	4,048,357	-	-	-
78,240	214,776	(136,536)	-	-	-
-	56,217	(56,217)	-	-	-
294,210	-	294,210	-	-	-
5,103,730	1,519,687	3,584,043	50,000	112,098	(62,098)
60,541,970	15,637,140	44,904,830	825,000	264,462	560,538
-	-	-	-	-	-
60,541,970	15,637,140	44,904,830	825,000	264,462	560,538
(55,438,240)	(14,117,453)	(41,320,787)	(775,000)	(152,364)	(622,636)
-	-	-	1,500,000	1,500,000	-
-	509,038	(509,038)	-	-	-
427,920	905,808	(477,888)	-	-	-
16,550,000	16,550,000	-	-	-	-
16,977,920	17,964,846	(986,926)	1,500,000	1,500,000	-
(38,460,320)	3,847,393	(42,307,713)	725,000	1,347,636	(622,636)
38,460,320	35,652,681	2,807,639	4,704,580	4,872,372	(167,792)
$ -	$ 39,500,074	$ (39,500,074)	$ 5,429,580	$ 6,220,008	$ (790,428)

Concluded

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, 2019

	Riverfront/ Downtown	Fairview	North Gateway
Assets			
Cash and investments	$ 1,392,096	$ -	$ 1,557,890
Accounts receivable, net	271,832	-	139,898
Total assets	$ 1,663,928	$ -	$ 1,697,788
Liabilities, deferred inflows of resources, and fund balances			
Deferred inflows of resources			
Unavailable revenue	$ 201,248	$ -	$ 102,798
Fund balances			
Restricted for debt service	1,462,680	-	1,594,990
Total liabilities, deferred inflows of resources, and fund balances	$ 1,663,928	$ -	$ 1,697,788

Continued

West Salem	Mill Creek Industrial Park	McGilchrist	South Waterfront	Totals
$ 651,424	$ 1,096,520	$ 365,331	$ 279,850	$ 5,343,111
51,926	35,433	29,008	10,951	539,048
$ 703,350	$ 1,131,953	$ 394,339	$ 290,801	$ 5,882,159
$ 37,846	$ 25,687	$ 21,237	$ 8,081	$ 396,897
665,504	1,106,266	373,102	282,720	5,485,262
$ 703,350	$ 1,131,953	$ 394,339	$ 290,801	$ 5,882,159

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, 2019

	Riverfront/ Downtown	Fairview	North Gateway
Revenues			
Property taxes	$ 7,226,899	$ -	$ 3,832,083
Interest on investments	98,991	-	125,173
Total revenues	7,325,890	-	3,957,256
Expenditures			
Debt service	335,936	-	340
Revenues over (under) expenditures	6,989,954	-	3,956,916
Other financing sources (uses)			
Transfers out	(7,000,000)	-	(3,500,000)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(10,046)	-	456,916
Fund balance, beginning of year	1,472,726	-	1,138,074
Fund balance, end of year	$ 1,462,680	$ -	$ 1,594,990

Continued

West Salem	Mill Creek Industrial Park	McGilchrist	South Waterfront	Totals
$ 1,480,894	$ 1,034,252	$ 820,615	$ 297,799	$ 14,692,542
57,085	40,762	21,573	15,637	359,221
1,537,979	1,075,014	842,188	313,436	15,051,763
340	386,565	87	73	723,341
1,537,639	688,449	842,101	313,363	14,328,422
(3,500,000)	(900,000)	(900,000)	(750,000)	(16,550,000)
(1,962,361)	(211,551)	(57,899)	(436,637)	(2,221,578)
2,627,865	1,317,817	431,001	719,357	7,706,840
$ 665,504	$ 1,106,266	$ 373,102	$ 282,720	$ 5,485,262

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 - Riverfront/Downtown (Debt Service Fund)
For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	
	Original	Final	(Budgetary Basis)	Variance[1]
Revenues				
Property taxes	$ 7,105,970	$ 7,105,970	$ 7,226,899	$ (120,929)
Interest on investments	60,000	60,000	98,991	(38,991)
Total revenues	7,165,970	7,165,970	7,325,890	(159,920)
Expenditures				
Debt service				
Principal	7,260,000	7,260,000	7,260,000	-
Interest	76,760	76,760	75,936	824
Total expenditures	7,336,760	7,336,760	7,335,936	824
Excess (deficiency) of revenues over expenditures	(170,790)	(170,790)	(10,046)	(160,744)
Fund balance, beginning of year	1,531,620	1,531,620	1,472,726	58,894
Fund balance, end of year	$ 1,360,830	$ 1,360,830	$ 1,462,680	$ (101,850)

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, 2019

	Budgeted Amounts		Actual Amounts	
	Original	Final	(Budgetary Basis)	Variance[1]
Total revenues	$ -	$ -	$ -	$ -
Total expenditures	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ -	$ -

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, 2019

	Budgeted Amounts		Actual Amounts	
	Original	Final	(Budgetary Basis)	Variance[1]
Revenues				
Property taxes	$ 3,247,080	$ 3,247,080	$ 3,832,083	$ (585,003)
Interest on investments	25,000	25,000	125,173	(100,173)
Total revenues	3,272,080	3,272,080	3,957,256	(685,176)
Expenditures				
Debt service				
Principal	3,500,000	3,500,000	3,500,000	-
Interest	1,000	1,000	340	660
Total expenditures	3,501,000	3,501,000	3,500,340	660
Excess (deficiency) of revenues over expenditures	(228,920)	(228,920)	456,916	(685,836)
Fund balance, beginning of year	1,123,130	1,123,130	1,138,074	(14,944)
Fund balance, end of year	$ 894,210	$ 894,210	$ 1,594,990	$ (700,780)

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, 2019

	Budgeted Amounts		Actual Amounts	
	Original	Final	(Budgetary Basis)	Variance[1]
Revenues				
Property taxes	$ 1,509,170	$ 1,509,170	$ 1,480,894	$ 28,276
Interest on investments	17,500	17,500	57,085	(39,585)
Other	-	-	-	-
Total revenues	1,526,670	1,526,670	1,537,979	(11,309)
Expenditures				
Debt service				
Principal	3,500,000	3,500,000	3,500,000	-
Interest	1,000	1,000	340	660
Total expenditures	3,501,000	3,501,000	3,500,340	660
Excess (deficiency) of revenues over expenditures	(1,974,330)	(1,974,330)	(1,962,361)	(11,969)
Fund balance, beginning of year	2,635,900	2,635,900	2,627,865	8,035
Fund balance, end of year	$ 661,570	$ 661,570	$ 665,504	$ (3,934)

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, 2019

	Budgeted Amounts		Actual Amounts	
	Original	Final	(Budgetary Basis)	Variance[1]
Revenues				
Property taxes	$ 871,460	$ 871,460	$ 1,034,252	$ (162,792)
Interest on investments	25,000	25,000	40,762	(15,762)
Total revenues	896,460	896,460	1,075,014	(178,554)
Expenditures				
Debt service				
Principal	1,394,400	1,394,400	1,110,994	283,406
Interest	397,620	397,620	175,571	222,049
Total expenditures	1,792,020	1,792,020	1,286,565	505,455
Excess (deficiency) of revenues over expenditures	(895,560)	(895,560)	(211,551)	(684,009)
Fund balance, beginning of year	1,325,760	1,325,760	1,317,817	7,943
Fund balance, end of year	$ 430,200	$ 430,200	$ 1,106,266	$ (676,066)

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, 2019

	Budgeted Amounts		Actual Amounts	
	Original	Final	(Budgetary Basis)	Variance[1]
Revenues				
Property taxes	$ 827,580	$ 827,580	$ 820,615	$ 6,965
Interest on investments	7,500	7,500	21,573	(14,073)
Total revenues	835,080	835,080	842,188	(7,108)
Expenditures				
Debt service				
Principal	900,000	900,000	900,000	-
Interest	1,000	1,000	87	913
Total expenditures	901,000	901,000	900,087	913
Excess (deficiency) of revenues over expenditures	(65,920)	(65,920)	(57,899)	(8,021)
Fund balance, beginning of year	435,960	435,960	431,001	4,959
Fund balance, end of year	$ 370,040	$ 370,040	$ 373,102	$ (3,062)

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, 2019

	Budgeted Amounts		Actual Amounts	
	Original	Final	(Budgetary Basis)	Variance[1]
Revenues				
Property taxes	$ 311,070	$ 311,070	$ 297,799	$ 13,271
Interest on investments	6,000	6,000	15,637	(9,637)
Total revenues	317,070	317,070	313,436	3,634
Expenditures				
Debt service				
Principal	750,000	750,000	750,000	-
Interest	1,000	1,000	73	927
Total expenditures	751,000	751,000	750,073	927
Excess (deficiency) of revenues over expenditures	(433,930)	(433,930)	(436,637)	2,707
Fund balance, beginning of year	721,460	721,460	719,357	2,103
Fund balance, end of year	$ 287,530	$ 287,530	$ 282,720	$ 4,810

1 ( ) indicates revenues/expenditures in excess of budget

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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, 2019

	Riverfront/ Downtown	Fairview	North Gateway
Assets			
Cash and investments	$ 15,661,851	$ 2,404,043	$ 9,746,286
Accounts receivable, net	9,735	-	1,132
Notes receivable	2,879,690	141,110	208,479
Total assets	$ 18,551,276	$ 2,545,153	$ 9,955,897
Liabilities, deferred inflows of resources, and fund balances			
Liabilities			
Accounts payable	$ 92,376	$ -	$ 215,704
Deferred inflows of resources			
Unavailable revenue	2,886,452	141,109	208,692
Fund balances			
Restricted for capital projects	15,572,448	2,404,044	9,531,501
Total liabilities, deferred inflows of resources, and fund balances	$ 18,551,276	$ 2,545,153	$ 9,955,897

Continued

West Salem	Mill Creek Industrial Park	McGilchrist	South Waterfront	Total
$ 4,170,832	$ 2,897,334	$ 3,649,416	$ 1,239,320	$ 39,769,082
-	248,177	27,482	-	286,526
-	-	-	-	3,229,279
$ 4,170,832	$ 3,145,511	$ 3,676,898	$ 1,239,320	$ 43,284,887
$ 218,160	$ 18,988	$ 3,332	$ -	$ 548,560
-	-	-	-	3,236,253
3,952,672	3,126,523	3,673,566	1,239,320	39,500,074
$ 4,170,832	$ 3,145,511	$ 3,676,898	$ 1,239,320	$ 43,284,887

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, 2019

	Riverfront/ Downtown	Fairview	North Gateway
Revenues			
Fees, licenses, and permits	$ 500	$ 228	$ -
Interest on investments	295,091	50,959	172,303
Grants	-	-	-
Intergovernmental	294,210	-	-
Loan payments received	51,410	123,141	40,225
Rents	40,897	-	15,320
Total revenues	682,108	174,328	227,848
Expenditures			
Materials and services	7,359,890	24,574	6,305,816
Excess (deficiency) of revenues over expenditures	(6,677,782)	149,754	(6,077,968)
Other financing sources (uses)			
Transfers in	7,000,000	-	3,500,000
Sale of capital assets	-	-	509,038
Issuance of long-term debt	-	-	-
Total other financing sources (uses)	7,000,000	-	4,009,038
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	322,218	149,754	(2,068,930)
Fund balance, beginning of year	15,250,230	2,254,290	11,600,431
Fund balance, end of year	$ 15,572,448	$ 2,404,044	$ 9,531,501

Continued

West Salem	Mill Creek Industrial Park	McGilchrist	South Waterfront	Total
$ -	$ -	$ -	$ -	$ 728
31,524	33,762	63,009	12,756	659,404
-	-	61,639	-	61,639
-	232,713	-	-	526,923
-	-	-	-	214,776
-	-	-	-	56,217
31,524	266,475	124,648	12,756	1,519,687
601,761	699,144	641,121	4,834	15,637,140
(570,237)	(432,669)	(516,473)	7,922	(14,117,453)
3,500,000	900,000	900,000	750,000	16,550,000
-	-	-	-	509,038
-	905,808	-	-	905,808
3,500,000	1,805,808	900,000	750,000	17,964,846
2,929,763	1,373,139	383,527	757,922	3,847,393
1,022,909	1,753,384	3,290,039	481,398	35,652,681
$ 3,952,672	$ 3,126,523	$ 3,673,566	$ 1,239,320	$ 39,500,074

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 - Riverfront/Downtown (Capital Projects Fund)
For the fiscal year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	
	Original	Final	(Budgetary Basis)	Variance[1]
Revenues				
Fees, licenses, and permits	$ -	$ -	$ 500	$ (500)
Rents	-	-	40,897	(40,897)
Interest on investments	60,000	60,000	295,091	(235,091)
Loan payments received	48,950	48,950	51,410	(2,460)
Other	294,210	294,210	294,210	-
Total revenues	403,160	403,160	682,108	(278,948)
Expenditures				
Operations	23,420,240	23,420,240	7,359,890	16,060,350
Excess (deficiency) of revenues over expenditures	(23,017,080)	(23,017,080)	(6,677,782)	15,781,402
Other financing sources (uses)				
Issuance of short-term capital related debt	7,000,000	7,000,000	7,000,000	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(16,017,080)	(16,017,080)	322,218	15,781,402
Fund balance, beginning of year	16,017,080	16,017,080	15,250,230	766,850
Fund balance, end of year	$ -	$ -	$ 15,572,448	$ 16,548,252

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, 2019

	Budgeted Amounts		Actual Amounts	
	Original	Final	(Budgetary Basis)	Variance[1]
Revenues				
Fees, licenses and permits	$ -	$ -	$ 228	$ (228)
Interest on investments	25,000	25,000	50,959	(25,959)
Loan payments received	-	-	123,141	(123,141)
Total revenues	25,000	25,000	174,328	(149,328)
Expenditures				
Operations	2,270,060	2,270,060	24,574	2,245,486
Excess (deficiency) of revenues over expenditures	(2,245,060)	(2,245,060)	149,754	(2,394,814)
Fund balance, beginning of year	2,245,060	2,245,060	2,254,290	(9,230)
Fund balance, end of year	$ -	$ -	$ 2,404,044	$ (2,404,044)

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, 2019

	Budgeted Amounts		Actual Amounts	
	Original	Final	(Budgetary Basis)	Variance[1]
Revenues				
Rents	$ -	$ -	$ 15,320	$ (15,320)
Interest on investments	25,000	25,000	172,303	(147,303)
Loan payments received	29,290	29,290	40,225	(10,935)
Total revenues	54,290	54,290	227,848	(173,558)
Expenditures				
Operations	16,027,150	16,027,150	6,305,816	9,721,334
Excess (deficiency) of revenues over expenditures	(15,972,860)	(15,972,860)	(6,077,968)	(9,894,892)
Other financing sources (uses)				
Sale of assets	-	-	509,038	(509,038)
Proceeds of short-term capital related debt	3,500,000	3,500,000	3,500,000	-
Total other financing sources (uses)	3,500,000	3,500,000	4,009,038	(509,038)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(12,472,860)	(12,472,860)	(2,068,930)	(10,403,930)
Fund balance, beginning of year	12,472,860	12,472,860	11,600,431	872,429
Fund balance, end of year	$ -	$ -	$ 9,531,501	$ (9,531,501)

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, 2019

	Budgeted Amounts		Actual Amounts	
	Original	Final	(Budgetary Basis)	Variance[1]
Revenues				
Interest on investments	$ 15,000	$ 15,000	$ 31,524	$ (16,524)
Expenditures				
Operations	4,525,490	4,525,490	601,761	3,923,729
Excess (deficiency) of revenues over expenditures	(4,510,490)	(4,510,490)	(570,237)	(3,940,253)
Other financing sources (uses)				
Proceeds of short-term capital related debt	3,500,000	3,500,000	3,500,000	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(1,010,490)	(1,010,490)	2,929,763	(3,940,253)
Fund balance, beginning of year	1,010,490	1,010,490	1,022,909	(12,419)
Fund balance, end of year	$ -	$ -	$ 3,952,672	$ (3,952,672)

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, 2019

	Budgeted Amounts		Actual Amounts	
	Original	Final	(Budgetary Basis)	Variance[1]
Revenues				
Intergovernmental	-	-	$ 232,713	(232,713)
Interest on investments	$ 9,500	$ 9,500	$ 33,762	$ (24,262)
Total revenues	9,500	9,500	266,475	(256,975)
Expenditures				
Operations	4,236,070	4,236,070	699,144	3,536,926
Excess (deficiency) of revenues over expenditures	(4,226,570)	(4,226,570)	(432,669)	(3,793,901)
Other financing sources (uses)				
Issuance of long-term capital related debt	427,920	427,920	905,808	(477,888)
Issuance of short-term capital related debt	900,000	900,000	900,000	-
Total other financing sources (uses)	1,327,920	1,327,920	1,805,808	(477,888)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(2,898,650)	(2,898,650)	1,373,139	(4,271,789)
Fund balance, beginning of year	2,898,650	2,898,650	1,753,384	1,145,266
Fund balance, end of year	$ -	$ -	$ 3,126,523	$ (3,126,523)

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, 2019

	Budgeted Amounts		Actual Amounts	
	Original	Final	(Budgetary Basis)	Variance[1]
Revenues				
Grants	-	-	$ 61,639	(61,639)
Intergovernmental	$ 4,575,280	$ 4,575,280	-	$ 4,575,280
Interest on investments	15,000	15,000	63,009	(48,009)
Total revenues	4,590,280	4,590,280	124,648	4,465,632
Expenditures				
Operations	8,828,630	8,828,630	641,121	8,187,509
Excess (deficiency) of revenues over expenditures	(4,238,350)	(4,238,350)	(516,473)	(3,721,877)
Other financing sources (uses)				
Issuance of short-term capital related debt	900,000	900,000	900,000	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(3,338,350)	(3,338,350)	383,527	(3,721,877)
Fund balance, beginning of year	3,338,350	3,338,350	3,290,039	48,311
Fund balance, end of year	$ -	$ -	$ 3,673,566	$ (3,673,566)

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, 2019

	Budgeted Amounts		Actual Amounts	
	Original	Final	(Budgetary Basis)	Variance[1]
Revenues				
Interest on investments	$ 6,500	$ 6,500	$ 12,756	$ (6,256)
Expenditures				
Operations	1,234,330	1,234,330	4,834	1,229,496
Excess (deficiency) of revenues over expenditures	(1,227,830)	(1,227,830)	7,922	(1,235,752)
Other financing sources (uses)				
Proceeds of short-term capital related debt	750,000	750,000	750,000	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(477,830)	(477,830)	757,922	(1,235,752)
Fund balance, beginning of year	477,830	477,830	481,398	(3,568)
Fund balance, end of year	$ -	$ -	$ 1,239,320	$ (1,239,320)

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, 2019

		Budget	Actual	Variance
Riverfront/Downtown				
682000	Project coordination/support	$ -	$ 517,362	$ -
682018	Toolbox grant program	-	1,507,055	-
682022	Engineering Work - Ped Bridge to Minto Brown	-	690,000	-
682023	Marketing for Salem Conference Center	-	294,210	-
682083	Streetscape Concepts	-	219,290	-
682086	Alley Improvements	-	81,737	-
682087	Left Turn Lane Removals	-	3,698	-
682089	State St One Way/Two Way Con	-	130	-
682090	North Block-Prelim Design	-	21,275	-
682091	Zoning Review	-	7,623	-
682093	Acquisition	-	3,577,266	-
682095	UR Rvft-Slm Pol Stn Rd Imprv	-	316,779	-
682096	Broadband Feasibility Study	-	10,080	-
682097	Strategic Project Grant Prog	-	44,213	-
682100	Loan-440 State Street LLC	-	51,918	-
682101	Benefit Cost Analysis-SCC Exp	-	17,255	-
Total Riverfront/Downtown		23,420,240	7,359,890	16,060,350
Fairview				
683000	Project coordination/support	-	24,574	-
Total Fairview Industrial Park		2,270,060	24,574	2,245,486
North Gateway				
684000	Project coordination/support	-	209,794	-
684032	Toolbox grant program	-	1,588,916	-
684048	N Gateway-Streetscape Imprvnts	-	2,240,250	-
684050	Portland Road Improvements	-	40,374	-
684052	CTEC	-	479,036	-
684053	UR N Gateway-2640 Portland Rd	-	184,465	-
684054	N Gateway-Fisher Road Property Acquisition	-	1,560,081	-
684055	N Gateway-Loan-Western Construction	-	2,900	-
Total North Gateway		16,027,150	6,305,816	9,721,334
West Salem				
685000	Project coordination/support	-	81,349	-
685008	Toolbox Grant Program	-	518,160	-
685029	Zoning Code Clean Up	-	2,252	
Total West Salem		4,525,490	601,761	3,923,729
Mill Creek Industrial Park				
686000	Project coordination/support	-	185,452	-
686011	SEDCOR contract	-	50,000	-
686023	Mill Creek Drive	-	183,651	-
686025	UR Mll Crk-Wtlnd Ph II SWtlnd	-	254,985	-
686027	Feasibility Stdy-Brdgs/Kuebler	-	25,055	-
Total Mill Creek Industrial Park		4,236,070	699,144	3,536,926
McGilchrist				
687000	Project coordination/support	-	25,661	-
687002	Design road improvements, 12th to 25th	-	239,046	-
687004	McGilchrist-Grant to Oregon Fruit	-	300,000	-
687005	McGilchrist St SE/12th to 25th	-	76,414	-
Total McGilchrist		8,828,630	641,121	8,187,509
South Waterfront				
688000	Project coordination/support	-	4,834	-
Total South Waterfront		1,234,330	4,834	1,229,496
Total all projects		$ 60,541,970	$ 15,637,140	$ 44,904,830

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, 2019

	Budgeted Amounts		Actual Amounts	
	Original	Final	(Budgetary Basis)	Variance[1]
Revenues				
Sales, fees, licenses, and permits	$ 4,055,660	$ 4,055,660	$ 3,416,553	$ 639,107
Intergovernmental	450,000	450,000	-	450,000
Rents	2,176,800	2,176,800	1,789,370	387,430
Other	294,210	294,210	6,538	287,672
Total revenues	6,976,670	6,976,670	5,212,461	1,764,209
Expenditures				
Operations	5,385,820	5,385,820	4,297,927	1,087,893
Contingency	897,300	897,300	-	897,300
Total expenditures	6,283,120	6,283,120	4,297,927	1,985,193
Excess (deficiency) of revenues over expenditures	693,550	693,550	914,534	(220,984)
Other financing sources (uses)				
Transfers out	(1,500,000)	(1,500,000)	(1,500,000)	-
Net change in fund balance	(806,450)	(806,450)	(585,466)	(220,984)
Fund balance, beginning of year	806,450	806,450	817,953	(11,503)
Fund balance, end of year	$ -	$ -	232,487	$ (232,487)
Reconciliation to generally accepted accounting principles:				
Capital assets			23,489,363	
Net position at end of year			$ 23,721,850	

1 ( ) indicates revenues/expenditures in excess of budget

OTHER INFORMATION

Impact on Overlapping Taxing Districts of Property Tax Levied by Urban Renewal Districts for Fiscal Year 2018-19

Urban renewal areas in Oregon receive revenue through division of property tax. When an urban renewal area has assessed value above a frozen base, the URA receives most of the property tax on the excess value that would have otherwise been paid to the overlapping taxing districts. ORS 457.460(1)(e) requires an annual "analysis of the impact, if any, of carrying out the urban renewal plan on the tax collections for the preceding year for all taxing districts" subject to division of tax. In fiscal year 2018-19, property tax of $11,773,888 was levied on behalf of the urban renewal districts of the Urban Renewal Agency of the City of Salem. The following table presents each urban renewal area's impact on each overlapping taxing district:

	Urban Renewal Plan Area						
Taxing District	**Riverfront**	**N. Gateway**	**W. Salem**	**Mill Creek**	**McGilchrist**	**S. Waterfront**	**Total**
Chemeketa Community College	$ 165,766	$ 153,027	$ 51,740	$ 42,089	$ 33,421	$ 12,179	$ 458,222
Chemeketa CC bonds after 2001	-	-	22,377	-	-	-	22,377
Chemeketa Regional Library	21,664	19,999	6,762	5,501	4,368	1,592	59,886
City of Salem	1,544,437	1,425,750	482,057	392,147	311,383	113,471	4,269,245
City of Salem bonds after 2001	-	-	105,091	-	-	-	105,091
Marion County	801,206	739,634	-	203,433	161,536	58,865	1,964,674
MC & 4-H Extension Service District	13,242	12,225	-	3,362	2,670	973	32,472
Marion Soil & Water	11,150	10,293	-	2,831	2,248	819	27,341
Polk County	-	-	141,803	-	-	-	141,803
Polk 4-H/M Garden/Ag/Forest Ext Dist	-	-	5,998	-	-	-	5,998
Polk Soil/Water Conservation Dist	-	-	4,070	-	-	-	4,070
Salem Area Mass Transit	201,520	186,033	62,899	51,168	40,629	14,806	557,055
Salem-Keizer School Dist	1,197,359	1,105,344	373,725	304,021	241,407	87,971	3,309,827
Salem-Keizer SD bonds prior to 2001	148,233	136,842	46,267	37,638	29,886	10,891	409,757
Salem-Keizer SD bonds after 2001	-	-	188,855	-	-	-	188,855
Willamette Regional ESD	78,579	72,541	24,527	19,952	15,843	5,773	217,215
Total	**$ 4,183,156**	**$ 3,861,688**	**$ 1,516,171**	**$ 1,062,142**	**$ 843,391**	**$ 307,340**	**$ 11,773,888**

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
Maximum Indebtedness
For the fiscal year ended June 30, 2019

Urban Renwal District	**Maximum Indebtedness**	**Borrowed to Date**	**Borrowing Capacity Remaining**	**Outstanding Debt**
Riverfront/Downtown	$ 315,000,000	$ 105,964,345	$ 209,035,655	$ 1,470,000
Fairview	6,286,000	6,281,615	4,385	-
North Gateway	75,000,000	71,072,084	3,927,917	-
West Salem	31,000,000	9,727,425	21,272,575	-
Mill Creek	26,000,000	14,089,188	11,910,812	8,631,923
McGilchrist	11,000,000	5,600,000	5,400,000	-
South Waterfront	24,000,000	2,577,000	21,423,000	-
				$ 10,101,923

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Agency Officials
Urban Renewal Agency of the City of Salem, Oregon
555 Liberty Street SE
Salem, Oregon 97301

We have audited, in accordance with auditing standards generally accepted in the United States of America, 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, 2019, and have issued our report thereon dated December 19, 2019.

Compliance and Other Matters

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

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

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Accountability for collecting or receiving money by elected officials – no money was collected or received by elected officials.**

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

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Restriction on Use

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

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

By: _____
Katherine R. Wilson, A Shareholder
December 19, 2019