

City of Salem, Oregon



View From Police Station Project Cam – November 12, 2020

Urban
Renewal
Agency
of the
City of
Salem,
Oregon

A Component Unit of the City of
Salem, Oregon

Annual Financial Report

For Fiscal Year Ended
June 30, 2020



Rendering of Salem's New Police Station

Realizing Progress and Preparing for the Future

**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, 2020

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

<u>Ward No.</u>	<u>Name</u>	<u>Term Expires December 31,</u>
Mayor	Chuck Bennett	2022
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	Vanessa Nordyke	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

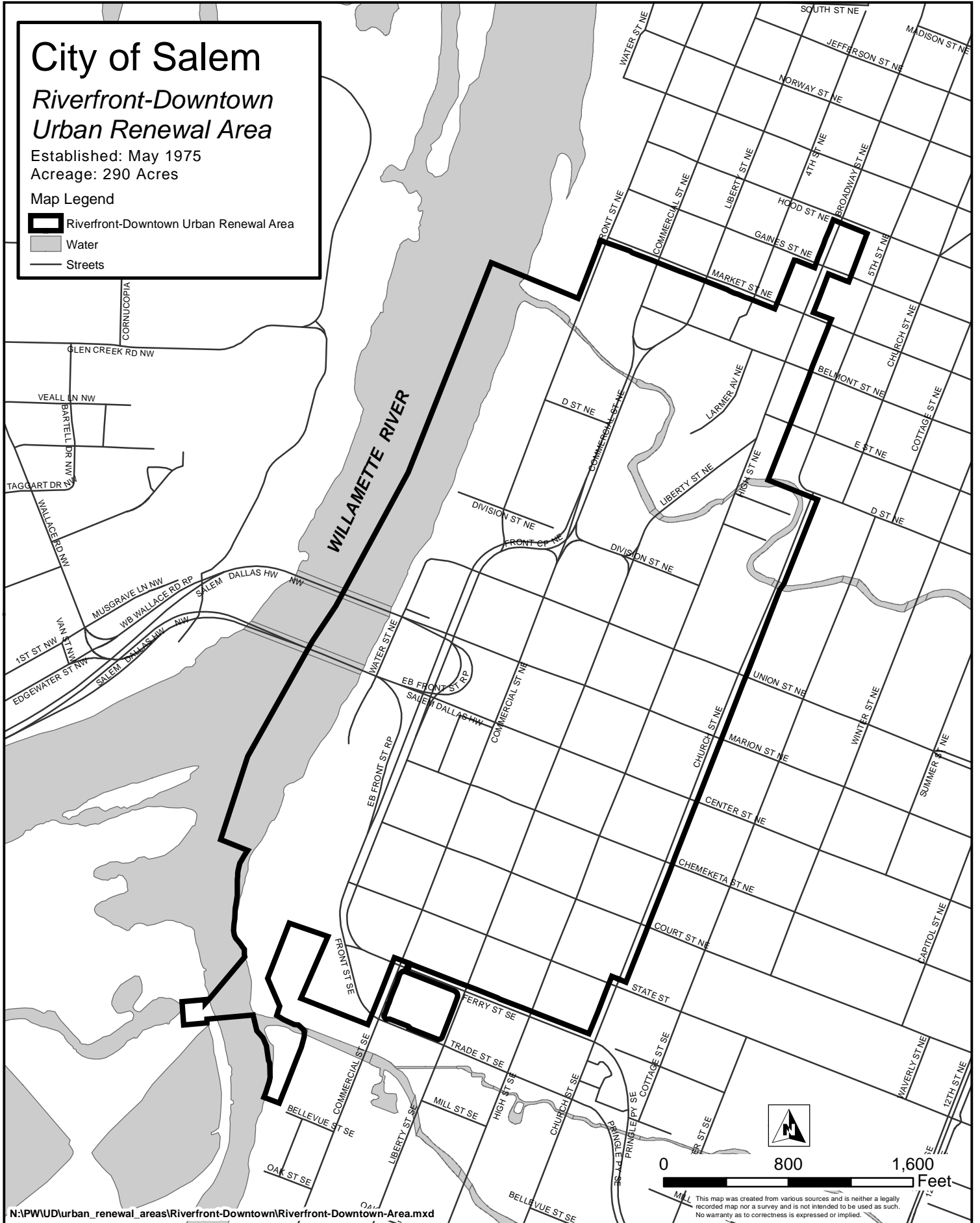
City of Salem

Riverfront-Downtown Urban Renewal Area

Established: May 1975
Acreage: 290 Acres

Map Legend

-  Riverfront-Downtown Urban Renewal Area
-  Water
-  Streets






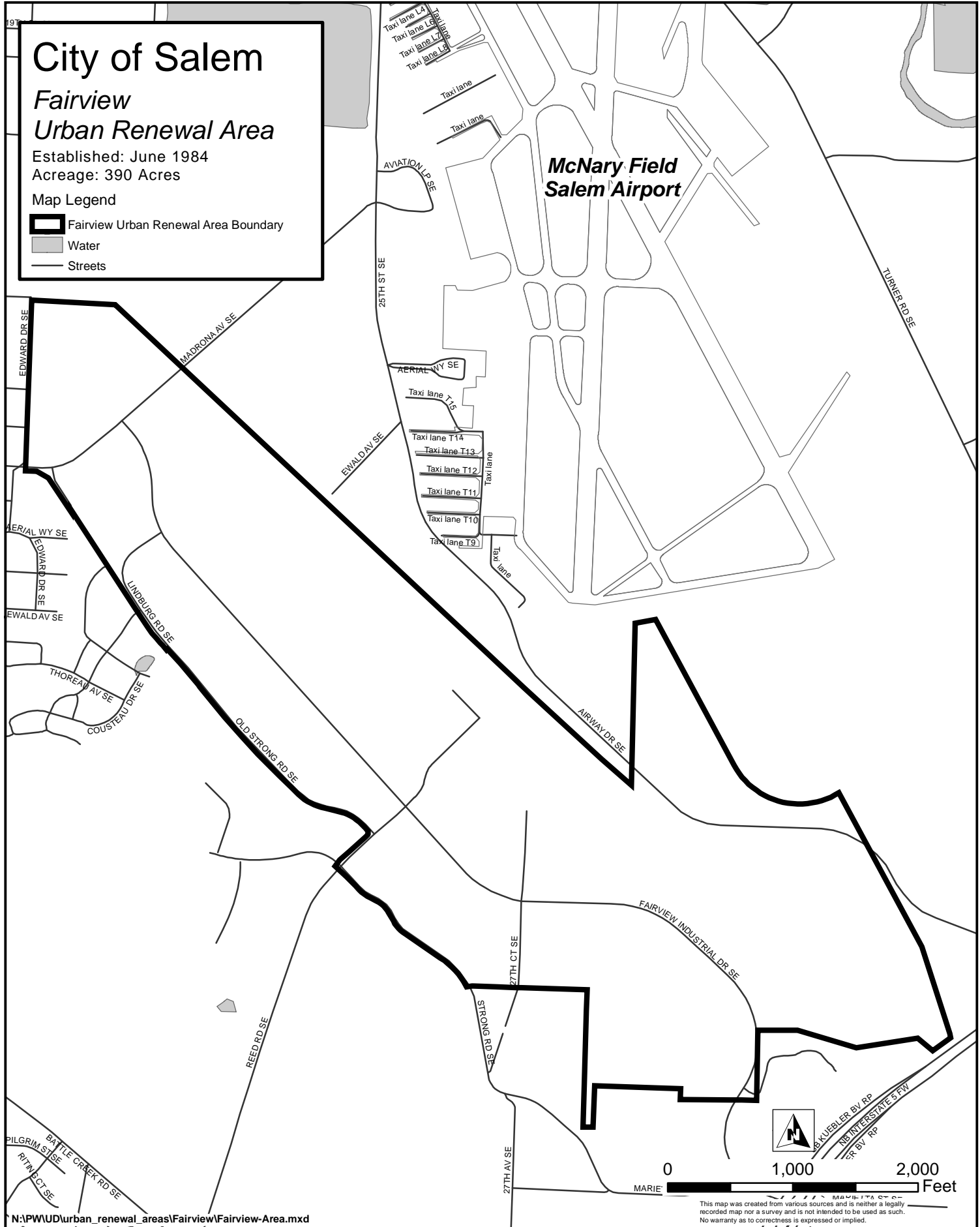
City of Salem

Fairview Urban Renewal Area

Established: June 1984
Acreage: 390 Acres

Map Legend

-  Fairview Urban Renewal Area Boundary
-  Water
-  Streets






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

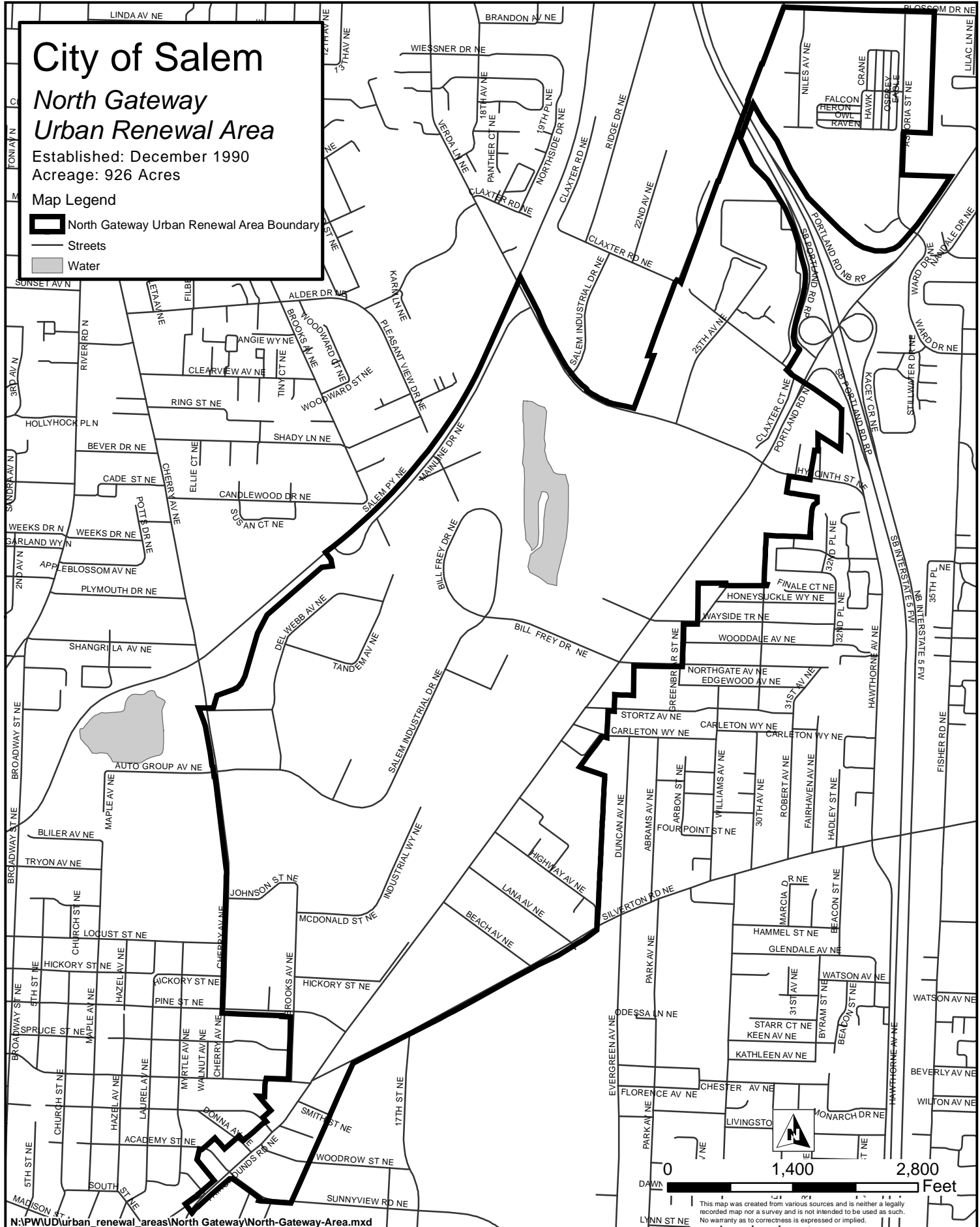
City of Salem

North Gateway Urban Renewal Area

Established: December 1990
Acreage: 926 Acres

Map Legend

-  North Gateway Urban Renewal Area Boundary
-  Streets
-  Water



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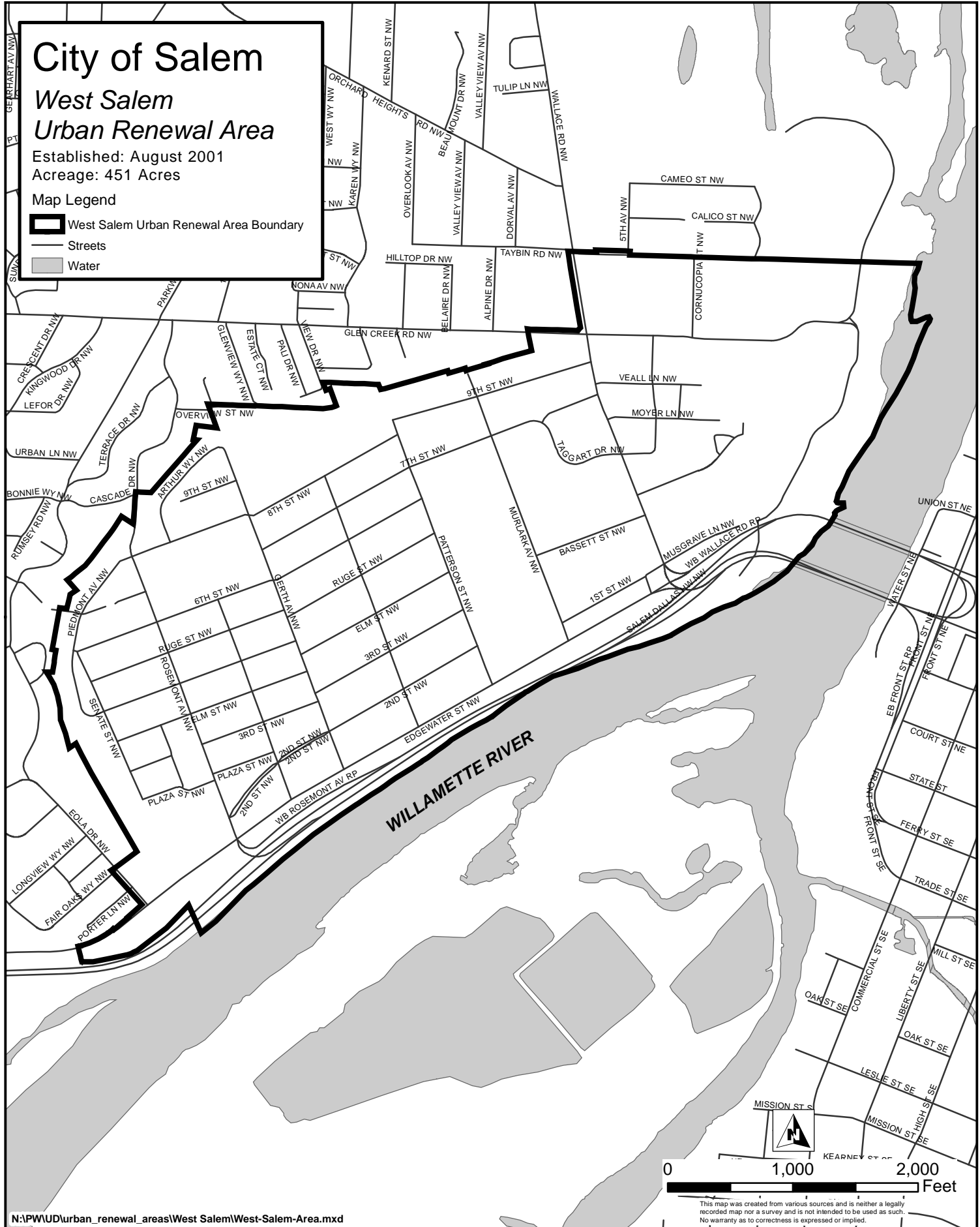
City of Salem

West Salem Urban Renewal Area

Established: August 2001
Acreage: 451 Acres

Map Legend

-  West Salem Urban Renewal Area Boundary
-  Streets
-  Water






City of Salem

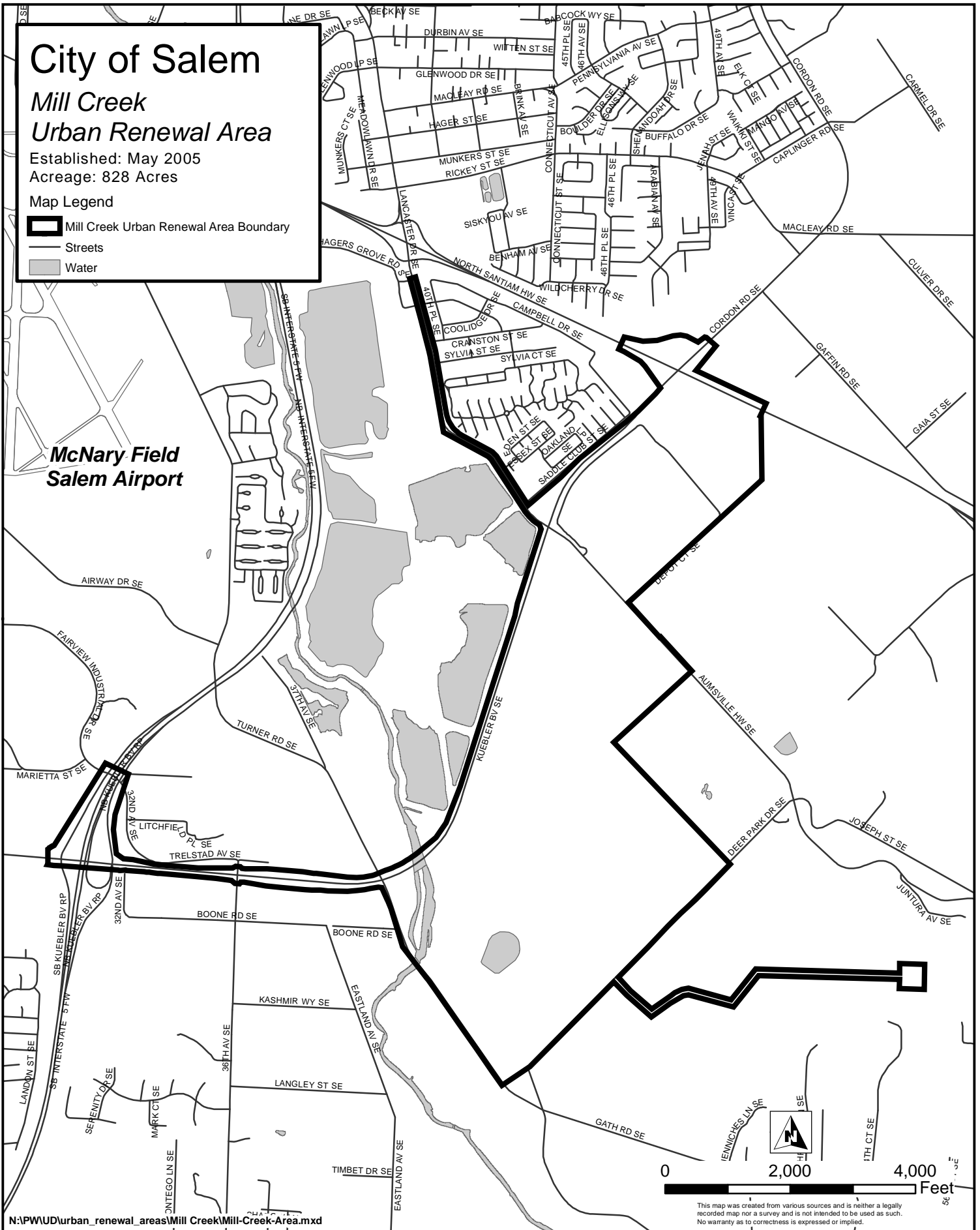
Mill Creek Urban Renewal Area

Established: May 2005
Acreage: 828 Acres

Map Legend

-  Mill Creek Urban Renewal Area Boundary
-  Streets
-  Water

**McNary Field
Salem Airport**






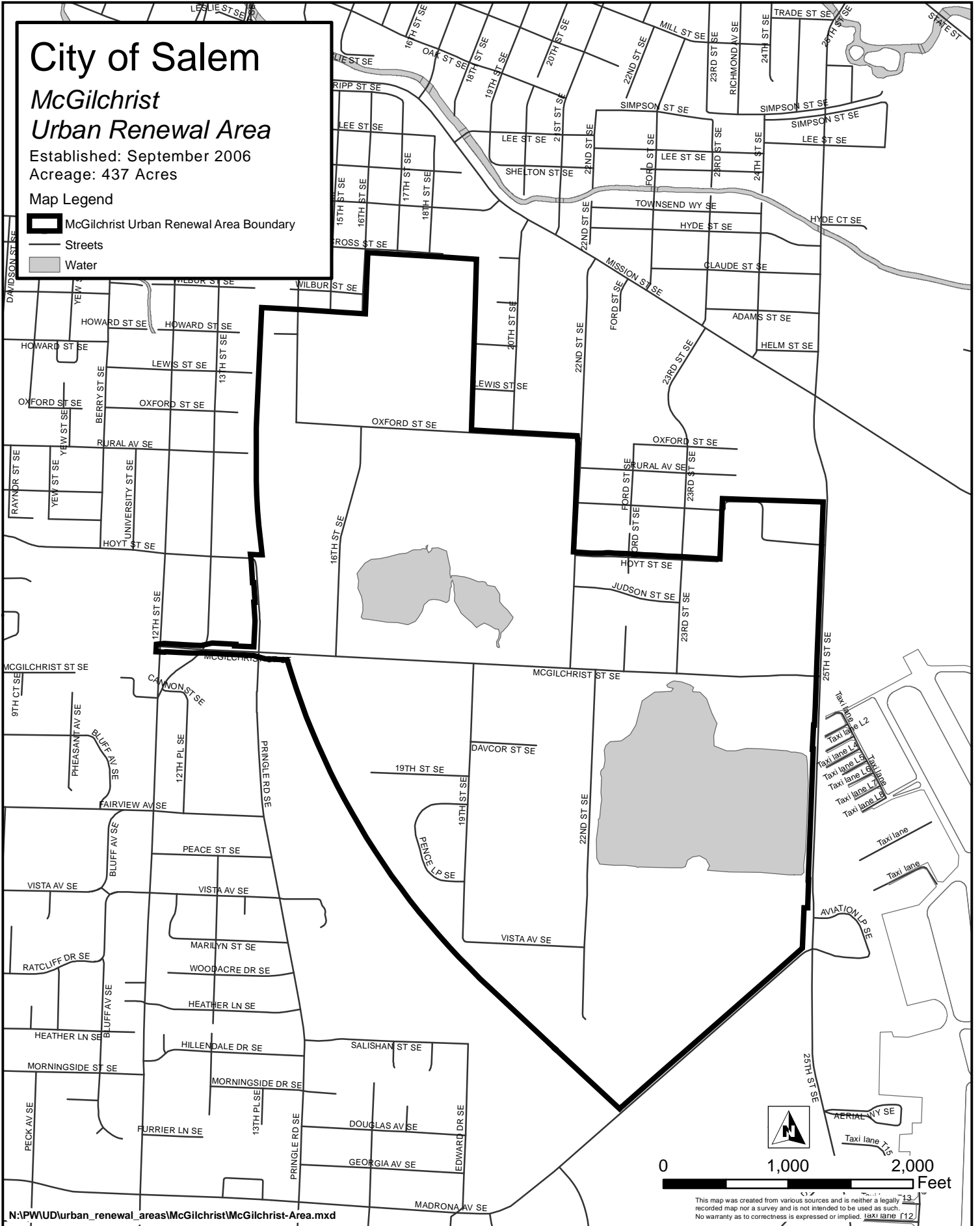
City of Salem

McGilchrist Urban Renewal Area

Established: September 2006
Acreage: 437 Acres

Map Legend

-  McGilchrist Urban Renewal Area Boundary
-  Streets
-  Water



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0 1,000 2,000 Feet
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City of Salem

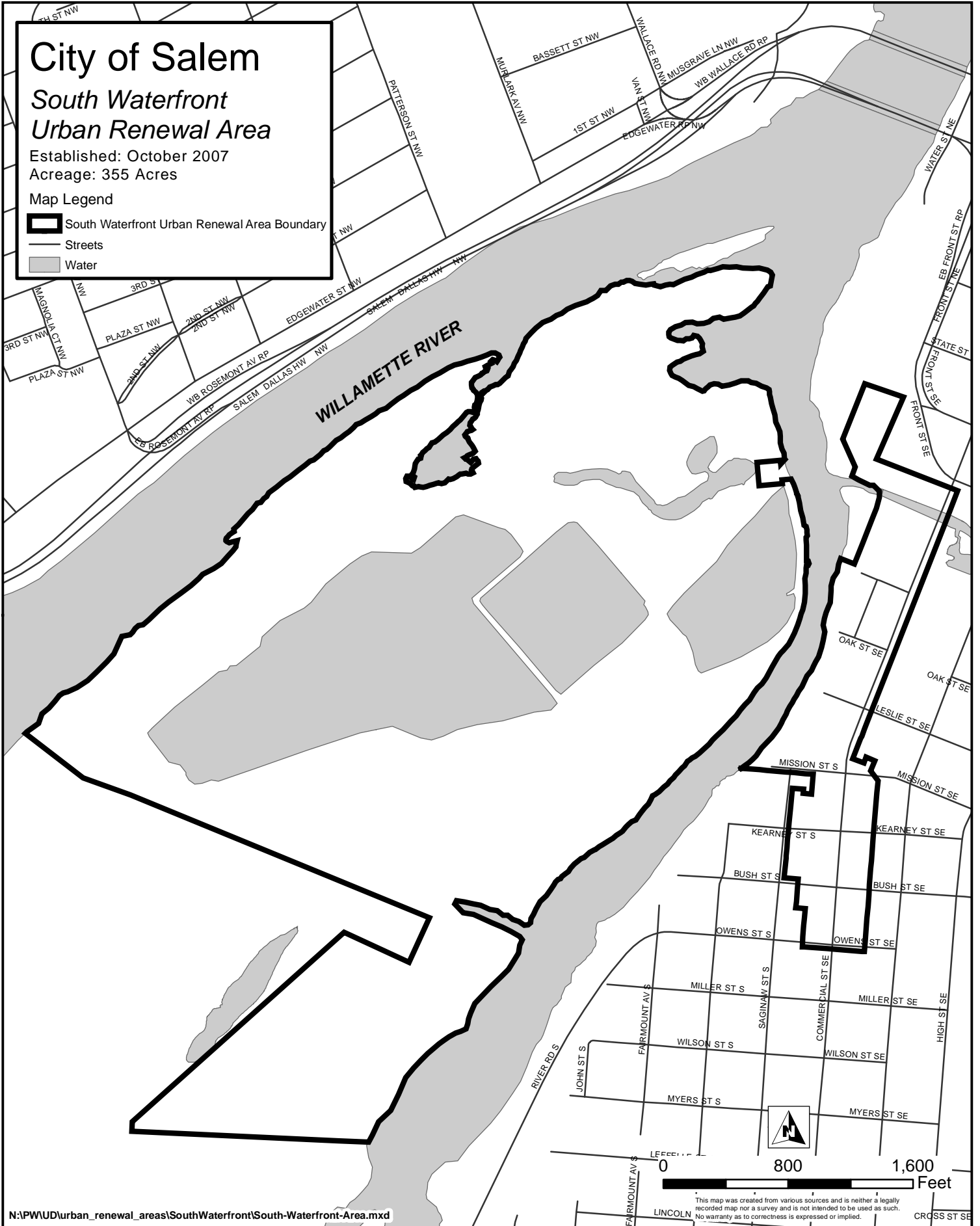
South Waterfront Urban Renewal Area

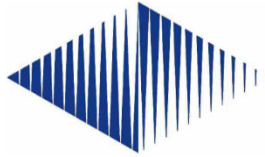
Established: October 2007

Acreage: 355 Acres

Map Legend

-  South Waterfront Urban Renewal Area Boundary
-  Streets
-  Water





GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

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, 2020, 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 Urban Renewal Agency of the City of Salem, Oregon, as of June 30, 2020, 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.

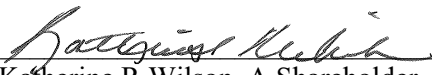
The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial 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 28, 2020, 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 28, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2020

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, 2020. 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 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 resource's 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 regarding 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 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2020

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2020

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Assets:						
Cash and investments	\$ 46.7	\$ 50.4	\$ 0.9	\$ 1.2	\$ 47.6	\$ 51.6
Other assets	3.9	4.9	(0.5)	0.4	3.4	5.3
Capital assets	13.6	15.5	22.8	23.5	36.4	39.0
Total assets	<u>64.2</u>	<u>70.8</u>	<u>23.2</u>	<u>25.1</u>	<u>87.4</u>	<u>95.9</u>
Liabilities:						
Current liabilities	1.2	2.2	0.2	1.4	1.4	3.6
Noncurrent liabilities	9.4	9.3	-	-	9.4	9.3
Total liabilities	<u>10.6</u>	<u>11.5</u>	<u>0.2</u>	<u>1.4</u>	<u>10.8</u>	<u>12.9</u>
Net position:						
Net investment in capital assets	4.2	5.9	22.8	23.5	27.0	29.4
Restricted						
Tax allocation debt	4.8	5.0	-	-	4.8	5.0
Tax allocation improvements	39.1	42.2	-	-	39.1	42.2
Convention Center gain/loss reserve	5.5	6.2	-	-	5.5	6.2
Unrestricted	-	-	0.2	0.2	0.2	0.2
Total net position	<u>\$ 53.6</u>	<u>\$ 59.3</u>	<u>\$ 23.0</u>	<u>\$ 23.7</u>	<u>\$ 76.6</u>	<u>\$ 83.0</u>

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

Governmental Activities

The Agency's net position from governmental activities decreased 9.6%, from \$59.3 million to \$53.6 million. This decrease is the change in net position in the Statement of Activities, and is primarily composed of the following:

- Cash and investments decreased by \$3.7 million. The largest decline was in the construction fund due to significant grants to the City for construction projects tied to the new Police facility.
- Capital assets decreased \$1.9 million. This reflects a decrease in construction work in process primarily associated with completion of the Minto Brown Island bridge and trail project which was transferred to the City.
- Other assets decreased by \$1.0 million, primarily notes receivable as program loans were paid down by borrowers.

Business-type Activities

Net position from business-type activities decreased 2.9% from \$23.7 million, to \$23.0 million. The change was primarily due to the operating loss at the Salem Convention Center due to the COVID-19 business closure near the end of the fiscal year. Cash and receivables declined more than accounts payable.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2020

Statement of Activities

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

Statement of Activities for the fiscal year ended June 30, 2020 (in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Charge for services	\$ 0.2	\$ 0.9	\$ 3.8	\$ 5.2	\$ 4.0	\$ 6.1
Capital grants and contributions	0.1	-	-	-	0.1	-
Taxes	15.6	14.4	-	-	15.6	14.4
Interest	1.1	1.1	-	-	1.1	1.1
Other	0.2	0.5	-	-	0.2	0.5
Total revenues	<u>17.2</u>	<u>16.9</u>	<u>3.8</u>	<u>5.2</u>	<u>21.0</u>	<u>22.1</u>
Program expenses	<u>20.8</u>	<u>7.3</u>	<u>4.2</u>	<u>5.0</u>	<u>25.0</u>	<u>12.3</u>
Increase (decrease) in net position before special items and transfers	(3.6)	9.6	(0.4)	0.2	(4.0)	9.8
Transfers to/from primary government	<u>(2.1)</u>	<u>(0.2)</u>	<u>(0.3)</u>	<u>(1.5)</u>	<u>(2.4)</u>	<u>(1.7)</u>
Increase (decrease) in net position	(5.7)	9.4	(0.7)	(1.3)	(6.4)	8.1
Beginning net position	<u>59.3</u>	<u>49.9</u>	<u>23.7</u>	<u>25.0</u>	<u>83.0</u>	<u>74.9</u>
Ending net position	<u>\$ 53.6</u>	<u>\$ 59.3</u>	<u>\$ 23.0</u>	<u>\$ 23.7</u>	<u>\$ 76.6</u>	<u>\$ 83.0</u>

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

Governmental Activities

The Agency's change in net position from governmental activities decreased from \$9.4 million last year to a negative \$5.7 million this year. This was due primarily to program expenses in the form of grants to the City for construction associated with the new Police station.

Business-type Activities

The Agency's change in net position from business-type activities increased from a negative \$1.3 million to a negative \$0.7 million. Charges for services decreased due to COVID-19, which forced conventions to be cancelled. Program expenses were cut back in response to the closure. Due to the downturn in business, the pre-depreciation operating income was much smaller than last year, requiring a smaller transfer to the gain/loss reserve in governmental activities which offsets depreciation expense.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2020

Fund Financial Statements

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

Governmental Funds - Fund Balances as of June 30, 2020

(in millions)

Major Funds	FY 2019-20		Compared to FY 2018-19	
	Amount	Percent of Total	Increase / (Decrease) Amount	Percent
Tax Allocation Debt	\$ 4.7	10.0%	\$ (0.8)	-10.4%
Tax Allocation Improvements	37.0	78.5%	(2.5)	-7.0%
Convention Center gain/loss reserve	5.4	11.5%	(0.8)	-16.3%
Total fund balances	<u>\$ 47.1</u>	<u>100.0%</u>	<u>\$ (4.1)</u>	

At June 30, 2020, the Agency's governmental funds reported combined fund balances of \$47.1 million, a decrease of \$4.1 million from 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, 2020, the Tax Allocation Debt fund decreased by \$0.8 million. Property tax receipts were \$1.0 million higher than last year, and debt service was \$0.7 million lower than last year, but overall, tax revenue was still below debt service.

The June 30, 2020 fund balance of \$4.7 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 decreased \$2.5 million. Revenue was similar to last year, but construction expenditures increased by \$4.4 million. The largest changes were in Riverfront URA, where \$8.6 million was granted to the City for street and other projects related to the new Police facility. Other right-of-way acquisitions were less than the prior year. North Gateway URA spending decreased \$4.4 million, reductions from last year's significant streetscape work and Fisher Road right-of-way acquisition. There were also expenditure increases of \$1.4 in Mill Creek URA for wetland mitigation, and \$1.3 million in South Waterfront URA for work on the former Boise Cascade site, adjacent to the South block apartments.

The June 30, 2020 fund balance of \$37.0 million is restricted for urban renewal projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2020

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 \$0.8 million decrease for the year. Convention Center net operating income of \$0.3 million was transferred in for the current fiscal year. Capital improvements expenditure was \$1.2 million for remodeling of the Convention Center kitchen.

The June 30, 2020 fund balance of \$5.4 million is restricted for future Convention Center capital needs.

Salem Convention Center Fund

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

Net position decreased \$0.7 million, this was caused by a decrease of \$1.6 million in operating revenues and a decrease of \$0.8 in operating expenses due to the COVID-19 closure for the last several months of the fiscal year.

Budgetary Highlights

For the year ended June 30, 2020, there were no changes to the original adopted budget.

Capital Assets

As of June 30, 2020, the Agency had \$36.4 million in capital assets. This represents a net decrease of \$2.6 million from the 2018-19 fiscal year. The change is primarily decreased work in progress in governmental activities by \$1.9 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, 2020
(Net of Depreciation)
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land	\$ 2.0	\$ 2.0	\$ 1.5	\$ 1.6	\$ 3.5	\$ 3.6
Buildings	-	-	20.8	21.4	20.8	21.4
Improvements	-	-	0.1	0.1	0.1	0.1
Equipment and machinery	-	-	0.3	0.3	0.3	0.3
Public Art	-	-	0.1	0.1	0.1	0.1
Work in progress	11.6	13.5	-	-	11.6	13.5
Total	<u>\$ 13.6</u>	<u>\$ 15.5</u>	<u>\$ 22.8</u>	<u>\$ 23.5</u>	<u>\$ 36.4</u>	<u>\$ 39.0</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2020

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

Change in Capital Assets for the fiscal year ended June 30, 2020
(in millions)

	Governmental Activities	Business-Type Activities	Total
Beginning balance	\$ 15.5	\$ 23.5	\$ 39.0
Additions	0.6	0.1	0.7
Retirement and depreciation	(2.5)	(0.8)	(3.3)
Ending balance	<u>\$ 13.6</u>	<u>\$ 22.8</u>	<u>\$ 36.4</u>

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

Debt Outstanding

As of June 30, 2020, the Agency had \$9.9 million in long-term debt outstanding, compared to \$10.1 million last year. The decrease of \$0.2 million was due to the net of debt service of \$0.5 million and a final draw on Business Oregon loan L65001-C of \$0.3 million.

Outstanding Debt as of June 30, 2020
(in millions)

	Totals	
	2020	2019
<u>Governmental:</u>		
Bonds	\$ 1.2	\$ 1.5
Notes	8.7	8.6
Total	<u>\$ 9.9</u>	<u>\$ 10.1</u>

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 2019-20, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2020

Urban Renewal Area	Division of Taxes Rate/\$1,000 AV	Special Levy Rate/\$1,000 AV
Riverfront/Downtown	\$ 0.1139	\$ 0.2424
North Gateway	0.1110	none
West Salem	0.0374	none
Mill Creek	0.0551	none
McGilchrist	0.0273	none
South Waterfront	0.0126	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, Room 230, 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, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and investments	\$ 46,725,360	\$ 904,721	\$ 47,630,081
Accounts receivable, net	624,834	-	624,834
Internal balances	508,359	(508,359)	-
Inventories and prepayments	6,695	41,235	47,930
Total current assets	<u>47,865,248</u>	<u>437,597</u>	<u>48,302,845</u>
Noncurrent assets			
Notes receivable	2,719,687	-	2,719,687
Capital assets:			
Land and construction in progress	13,609,852	1,659,123	15,268,975
Other capital assets, net	-	21,178,487	21,178,487
Total noncurrent assets	<u>16,329,539</u>	<u>22,837,610</u>	<u>39,167,149</u>
Total assets	<u>64,194,787</u>	<u>23,275,207</u>	<u>87,469,994</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	703,606	242,114	945,720
Long-term debt - due within one year	525,199	-	525,199
Total current liabilities	1,228,805	242,114	1,470,919
Non-current liabilities			
Long-term debt	9,408,536	-	9,408,536
Total liabilities	<u>10,637,341</u>	<u>242,114</u>	<u>10,879,455</u>
Net position			
Net investment in capital assets	4,223,014	22,837,610	27,060,624
Restricted			
Tax allocation debt	4,759,351	-	4,759,351
Tax allocation improvements	39,132,477	-	39,132,477
Convention Center gain/loss reserve	5,442,604	-	5,442,604
Unrestricted	-	195,483	195,483
Total net position	<u>\$ 53,557,446</u>	<u>\$ 23,033,093</u>	<u>\$ 76,590,539</u>

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

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)

Statement of Activities

For the fiscal year ended June 30, 2020

Functions/programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Capital Grants/Contributions	Governmental Activities	Business-type Activities	Total
Primary government						
Governmental activities						
Urban renewal	\$ 20,636,471	\$ 187,156	\$ 114,965	\$ (20,334,350)	\$ -	\$ (20,334,350)
Interest on long-term debt	205,005	-	-	(205,005)	-	(205,005)
Total governmental activities	<u>20,841,476</u>	<u>187,156</u>	<u>114,965</u>	<u>(20,539,355)</u>	<u>-</u>	<u>(20,539,355)</u>
Business - type activities						
Salem Convention Center	<u>4,226,454</u>	<u>3,848,954</u>	<u>-</u>	<u>-</u>	<u>(377,500)</u>	<u>(377,500)</u>
Total primary government	<u>\$ 25,067,930</u>	<u>\$ 4,036,110</u>	<u>\$ 114,965</u>	<u>(20,539,355)</u>	<u>(377,500)</u>	<u>(20,916,855)</u>
General revenues						
Property taxes				15,654,013	-	15,654,013
Investment earnings				1,117,736	-	1,117,736
Gain on sale of assets				207,500	-	207,500
Transfers to/from primary government				<u>(2,149,318)</u>	<u>(311,257)</u>	<u>(2,460,575)</u>
Total general revenues and transfers				<u>14,829,931</u>	<u>(311,257)</u>	<u>14,518,674</u>
Change in net position				<u>(5,709,424)</u>	<u>(688,757)</u>	<u>(6,398,181)</u>
Net position - beginning of year				<u>59,266,870</u>	<u>23,721,850</u>	<u>82,988,720</u>
Net position - end of year				<u>\$ 53,557,446</u>	<u>\$ 23,033,093</u>	<u>\$ 76,590,539</u>

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

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Balance Sheet - Governmental Funds
June 30, 2020

	Debt Service	Capital Projects		
	Tax Allocation Debt	Tax Allocation Improvements	Salem Convention Center Gain/Loss Reserve	Totals
Assets				
Cash and investments	\$ 4,580,267	\$ 37,144,101	\$ 5,000,992	\$ 46,725,360
Accounts receivable, net	573,743	51,091	-	624,834
Notes receivable	-	2,719,687	-	2,719,687
Due from other funds	-	-	508,359	508,359
Inventories and prepayments	-	6,695	-	6,695
Total assets	\$ 5,154,010	\$ 39,921,574	\$ 5,509,351	\$ 50,584,935
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 242,200	\$ 66,747	\$ 308,947
Deferred inflows of resources				
Unavailable revenue	425,242	2,728,980	-	3,154,222
Fund balances				
Nonspendable	-	6,695	-	6,695
Restricted for:				
Debt Service	4,728,768	-	-	4,728,768
Capital Projects	-	36,943,699	5,442,604	42,386,303
Total fund balances	4,728,768	36,950,394	5,442,604	47,121,766
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,154,010	\$ 39,921,574	\$ 5,509,351	

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds (net of accumulated depreciation)	13,609,852
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	2,728,980
Property taxes - earned but unavailable	425,242
Accrued interest on long-term debt	(394,659)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	(9,933,735)
Total net position	\$ 53,557,446

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, 2020

	<u>Debt Service</u>	<u>Capital Projects</u>		<u>Totals</u>
	<u>Tax Allocation Debt</u>	<u>Tax Allocation Improvements</u>	<u>Salem Convention Center Gain/Loss Reserve</u>	
Revenues				
Property taxes	\$ 15,625,668	\$ -	\$ -	\$ 15,625,668
Interest on investments	197,003	801,683	119,050	1,117,736
Grants	-	114,965	-	114,965
Intergovernmental	-	340,290	-	340,290
Loan payments received	-	234,045	-	234,045
Rents	-	118,712	-	118,712
Other	-	1,382	-	1,382
	<u>15,822,671</u>	<u>1,611,077</u>	<u>119,050</u>	<u>17,552,798</u>
Total revenues				
	<u>15,822,671</u>	<u>1,611,077</u>	<u>119,050</u>	<u>17,552,798</u>
Expenditures				
Materials and services	-	20,041,288	1,207,711	21,248,999
Debt service				
Principal retirement	15,841,219	-	-	15,841,219
Interest and fiscal charges	737,946	-	-	737,946
	<u>16,579,165</u>	<u>20,041,288</u>	<u>1,207,711</u>	<u>37,828,164</u>
Total expenditures				
	<u>16,579,165</u>	<u>20,041,288</u>	<u>1,207,711</u>	<u>37,828,164</u>
Revenues over (under) expenditures	<u>(756,494)</u>	<u>(18,430,211)</u>	<u>(1,088,661)</u>	<u>(20,275,366)</u>
Other financing sources (uses)				
Transfers in	-	-	311,257	311,257
Sale of capital assets	-	207,500	-	207,500
Issuance of long-term debt	-	322,111	-	322,111
Proceeds of short-term capital related debt	-	15,350,920	-	15,350,920
	<u>-</u>	<u>15,880,531</u>	<u>311,257</u>	<u>16,191,788</u>
Total other financing sources (uses)				
	<u>-</u>	<u>15,880,531</u>	<u>311,257</u>	<u>16,191,788</u>
Net change in fund balance	<u>(756,494)</u>	<u>(2,549,680)</u>	<u>(777,404)</u>	<u>(4,083,578)</u>
Fund balances, beginning of year	<u>5,485,262</u>	<u>39,500,074</u>	<u>6,220,008</u>	<u>51,205,344</u>
Fund balances, end of year	<u>\$ 4,728,768</u>	<u>\$ 36,950,394</u>	<u>\$ 5,442,604</u>	<u>\$ 47,121,766</u>

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

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the fiscal year ended June 30, 2020

Net change in fund balances - total governmental funds	\$	(4,083,578)
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		(1,848,045)
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		28,344
Change in deferred inflows for program revenue		(507,274)
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 long-term debt		(322,111)
Principal payments on long-term debt		490,299
Issuance of short-term debt		(15,350,920)
Principal payments on short-term debt		15,350,920
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.		
		532,941
Change in net position	\$	(5,709,424)

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, 2020

	Salem Convention Center
Assets	
Cash and investments	\$ 904,721
Inventories and prepayments	41,235
Total current assets	945,956
Noncurrent assets	
Capital assets:	
Land and construction in progress	1,659,123
Other capital assets, net	21,178,487
Total noncurrent assets	22,837,610
Total assets	23,783,566
Liabilities	
Accounts payable and accrued liabilities	242,114
Due to other funds	508,359
Total liabilities	750,473
Net Position	
Net investment in capital assets	22,837,610
Unrestricted	195,483
Total net position	\$ 23,033,093

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, 2020

	Salem Convention Center
Operating revenues	
Sales	\$ 2,570,146
Rents	1,272,769
Other	6,039
Total operating revenues	3,848,954
Operating expenses	
Materials and services	3,481,046
Depreciation	745,408
Total operating expenses	4,226,454
Operating income (loss)	(377,500)
Transfers out	(311,257)
Change in net position	(688,757)
Net position - beginning of year	23,721,850
Net position - end of year	\$ 23,033,093

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, 2020

	Salem Convention Center
Cash Flows from Operating Activities	
Receipts from customers	\$ 4,240,737
Payments to suppliers	(4,389,986)
	(149,249)
Cash Flows from Noncapital Financing Activities	
Transfers paid	(27,217)
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(93,654)
	(270,120)
Net increase (decrease) in cash and cash equivalents	(270,120)
Cash and cash equivalents - beginning of year	1,174,841
Cash and cash equivalents - end of year	\$ 904,721
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (377,500)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	745,408
Changes in assets and liabilities:	
Accounts receivable	391,784
Inventories and prepayments	27,441
Accounts payable and accrued liabilities	(936,382)
	(936,382)
Net cash provided (used) by operating activities	\$ (149,249)

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

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NOTES TO THE FINANCIAL STATEMENTS

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

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.

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

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.

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

Governmental Funds

Governmental funds finance all 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).

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

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, except for assets of the Convention Center.

Debt

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

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

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

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, 2020:

	<u>Book Value</u>
Deposits with City of Salem	\$ 8,297,093
Investments	39,332,988
Total cash and investments	\$ 47,630,081

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, 2020, the Agency's deposits in City bank accounts have a book value of \$8,297,093.

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

2. Investments

As of June 30, 2020, the Agency held the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Weighted avg. maturity in months</u>	<u>% of investment portfolio</u>
Local Government Investment Pool	\$ 39,679,118	0.033	100.0%

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

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

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

<u>Investment type</u>	<u>Maximum % of portfolio</u>	<u>Maximum length to maturity</u>
Bankers' acceptances	20%	6 months
Certificates of deposit	25%	2 years
Commercial paper	} 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, 2020 this limit is \$50,400,000.

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, 2020, the credit risk for the Agency's investments is as follows:

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
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Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

Investment type	Fair Value	Credit Risk
Local Government Investment Pool	\$ 39,679,118	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, 2020 are as follows:

	Tax Allocation Debt	Tax Allocation Improvements	Totals
Accounts receivable	\$ -	\$ 41,799	\$ 41,799
Property taxes	573,396	-	573,396
Interest	347	9,292	9,639
Notes receivable	-	2,719,687	2,719,687
Total	\$ 573,743	\$ 2,770,778	\$ 3,344,521

Salem Convention Center had no accounts receivable balance as of June 30, 2020.

PROPERTY TAXES

Fiscal Year of Levy	Balances July 1, 2019	2019-20 Levy	Adjustments To Date	Collections To Date	Balances June 30, 2020
2019-20	\$ -	\$ 16,124,071	\$ (449,247)	\$ 15,355,380	\$ 319,444
2018-19	294,175	-	(457)	171,681	122,037
2017-18	110,752	-	(86)	44,505	66,161
2016-17	65,255	-	938	42,864	23,329
2015-16	25,754	-	363	17,983	8,134
2014-15	9,396	-	(480)	2,776	6,140
2013-14	5,772	-	(428)	1,140	4,204
All Prior	27,450	-	(944)	2,559	23,947
	\$ 538,554	\$ 16,124,071	\$ (450,341)	\$ 15,638,888	\$ 573,396

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

Ensuing Year's Levies

Property tax levies for the year beginning July 1, 2020 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 obligations.

The Fairview plan area will not levy for the 2020-21 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.	\$ 2,546,777
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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.	<u>172,910</u>
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\$ 2,719,687

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

CAPITAL ASSETS

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities</u>				
Land and land improvements	\$ 1,979,524	\$ -	\$ -	\$ 1,979,524
Construction in progress	13,478,375	612,529	(2,460,576)	11,630,328
Governmental activities capital assets, net	<u>\$ 15,457,899</u>	<u>\$ 612,529</u>	<u>\$ (2,460,576)</u>	<u>\$ 13,609,852</u>
<u>Business-type activities</u>				
Land and land improvements	\$ 1,500,646	\$ -	\$ -	\$ 1,500,646
Public art	147,477	11,000	-	158,477
Construction in progress	10,791	-	(10,791)	-
Total non-depreciable	<u>1,658,914</u>	<u>11,000</u>	<u>(10,791)</u>	<u>1,659,123</u>
Buildings and building improvements	30,368,457	-	-	30,368,457
Other improvements	254,161	-	-	254,161
Equipment and machinery	1,360,247	93,446	-	1,453,693
Total depreciable	<u>31,982,865</u>	<u>93,446</u>	<u>-</u>	<u>32,076,311</u>
Accumulated depreciation				
Buildings and building improvements	(8,980,457)	(643,802)	-	(9,624,259)
Improvements	(167,971)	(6,361)	-	(174,332)
Equipment and machinery	(1,003,988)	(95,245)	-	(1,099,233)
Total accumulated depreciation	<u>(9,414,826)</u>	<u>(745,408)</u>	<u>-</u>	<u>(10,897,824)</u>
Business-type activities capital assets, net	<u>\$ 24,179,050</u>	<u>\$ (640,962)</u>	<u>\$ (10,791)</u>	<u>\$ 22,837,610</u>

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 \$311,257 for fiscal year 2019/20 net operating income to the Salem Convention Center Gain/Loss Reserve fund for future projects.

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

SHORT-TERM DEBT

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020
<u>Due to City of Salem:</u>				
Riverfront, 2019	\$ -	\$ 7,500,000	\$ 7,500,000	\$ -
North Gateway, 2019	-	3,925,920	3,925,920	-
West Salem, 2019	-	1,500,000	1,500,000	-
Mill Creek, 2019	-	925,000	925,000	-
McGilchrist, 2019	-	1,000,000	1,000,000	-
South Waterfront, 2019	-	500,000	500,000	-
Total due to City of Salem	<u>\$ -</u>	<u>\$ 15,350,920</u>	<u>\$ 15,350,920</u>	<u>\$ -</u>

LONG-TERM DEBT

Transactions for the year ended June 30, 2020 are as follows:

	Balances July 1, 2019	Additions	Reductions	Balances June 30, 2020	Due in One Year
<u>Direct borrowing tax increment bonds</u>					
Riverfront/Downtown, Series 2009 Bond payable dated Sep 17, 2009, at 4.35%.	\$ 1,470,000	\$ -	\$ 270,000	\$ 1,200,000	\$ 280,000
<u>Direct borrowing notes</u>					
Mill Creek, OR Econ & Comm Dev Dept, Series 2007, L06001A	3,768,214	-	220,299	3,547,915	230,014
Mill Creek, OR Econ & Comm Dev Dept, Series 2007, L06001B	185,820	-	-	185,820	15,185
Mill Creek, OR Econ & Comm Dev Dept, Series 2007, L06001C	4,677,889	322,111	-	5,000,000	-
	<u>\$ 10,101,923</u>	<u>\$ 322,111</u>	<u>\$ 490,299</u>	<u>\$ 9,933,735</u>	<u>\$ 525,199</u>

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:

<u>Riverfront/Downtown URA</u>	
2009:	\$335,255

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Notes to the Financial Statements
Fiscal Year Ended June 30, 2020

Governmental activity notes

The Agency issues notes to provide funds for acquisition and construction of capital assets. The Agency's currently outstanding notes primarily funded economic development and wetland mitigation in the Mill Creek urban renewal area. Mill Creek tax increment revenues are pledged to repay the notes, which were directly borrowed from the Oregon Economic Development and Community Development Department (also known as Business Oregon). In the event of default, Business Oregon could demand immediate payment on all outstanding note balances. 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 made a final draw to its maximum amount of \$5,000,000.

Future maturities of long-term debt are as follows:

Year	Riverfront/Downtown		Mill Creek		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2020-21	\$ 280,000	\$ 52,200	\$ 245,199	\$ 671,308	\$ 525,199	\$ 723,508
2021-22	295,000	40,020	479,111	437,396	774,111	477,416
2022-23	305,000	27,187	586,698	329,810	891,698	356,997
2023-24	320,000	13,920	611,007	305,500	931,007	319,420
2024-25	-	-	636,326	280,182	636,326	280,182
2025-30	-	-	3,599,840	982,698	3,599,840	982,698
2030-34	-	-	2,575,554	233,053	2,575,554	233,053
Total	<u>\$ 1,200,000</u>	<u>\$ 133,327</u>	<u>\$ 8,733,735</u>	<u>\$ 3,239,947</u>	<u>\$ 9,933,735</u>	<u>\$ 3,373,274</u>

OTHER INFORMATION

Risk Management

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

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

New Urban Renewal Area

The Jory Apartments Tax Increment Funding District was formally created in May 2020. No tax increment will be collected in fiscal year 2020-21 and no financial transactions have occurred as of the date of this report.

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, 2020

	Tax Allocation Debt		
	Original/ Final Budget	Actual	Variance¹
Revenues			
Property taxes	\$ 14,733,590	\$ 15,625,668	\$ (892,078)
Interest on investments	219,000	197,003	21,997
Grants	-	-	-
Intergovernmental	-	-	-
Loan payments received	-	-	-
Rents	-	-	-
Other	-	-	-
Total revenues	14,952,590	15,822,671	(870,081)
Expenditures			
Operations	856,750	-	856,750
Debt service	16,628,350	16,579,165	49,185
Total expenditures	17,485,100	16,579,165	905,935
Revenues over (under) expenditures	(2,532,510)	(756,494)	(1,776,016)
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)	(2,532,510)	(756,494)	(1,776,016)
Fund balance, beginning of year	5,100,010	5,485,262	(385,252)
Fund balance, end of year	<u>\$ 2,567,500</u>	<u>\$ 4,728,768</u>	<u>\$ (2,161,268)</u>

Continued

1 () indicates revenues/expenditures in excess of budget

Tax Allocation Improvements		
Original/ Final Budget	Actual	Variance¹
\$ -	\$ -	\$ -
242,500	801,683	(559,183)
-	114,965	(114,965)
8,258,010	340,290	7,917,720
179,010	234,045	(55,035)
-	118,712	(118,712)
3,600	1,382	2,218
<u>8,683,120</u>	<u>1,611,077</u>	<u>7,072,043</u>
65,960,890	20,047,983	45,912,907
-	-	-
<u>65,960,890</u>	<u>20,047,983</u>	<u>45,912,907</u>
<u>(57,277,770)</u>	<u>(18,436,906)</u>	<u>(38,840,864)</u>
-	-	-
-	207,500	(207,500)
270,290	322,111	(51,821)
15,425,920	15,350,920	75,000
<u>15,696,210</u>	<u>15,880,531</u>	<u>(184,321)</u>
(41,581,560)	(2,556,375)	(39,025,185)
<u>41,581,560</u>	<u>39,500,074</u>	<u>2,081,486</u>
<u>\$ -</u>	<u>\$ 36,943,699</u>	<u>\$ (36,943,699)</u>

Salem Convention Center Gain/Loss Reserve		
Original/ Final Budget	Actual	Variance¹
\$ -	\$ -	\$ -
75,000	119,050	(44,050)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>75,000</u>	<u>119,050</u>	<u>(44,050)</u>
2,421,190	1,207,711	1,213,479
-	-	-
<u>2,421,190</u>	<u>1,207,711</u>	<u>1,213,479</u>
<u>(2,346,190)</u>	<u>(1,088,661)</u>	<u>(1,257,529)</u>
750,000	311,257	438,743
-	-	-
-	-	-
-	-	-
<u>750,000</u>	<u>311,257</u>	<u>438,743</u>
(1,596,190)	(777,404)	(818,786)
<u>4,921,040</u>	<u>6,220,008</u>	<u>(1,298,968)</u>
<u>\$ 3,324,850</u>	<u>\$ 5,442,604</u>	<u>\$ (2,117,754)</u>

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, 2020

	Riverfront/ Downtown	Fairview	North Gateway
Assets			
Cash and investments	\$ 641,836	\$ -	\$ 1,449,912
Accounts receivable, net	272,062	-	144,197
 Total assets	 \$ 913,898	 \$ -	 \$ 1,594,109
 Liabilities, deferred inflows of resources, and fund balances			
Deferred inflows of resources			
Unavailable revenue	\$ 202,701	\$ -	\$ 108,529
 Fund balances			
Restricted for debt service	711,197	-	1,485,580
 Total liabilities, deferred inflows of resources, and fund balances	 \$ 913,898	 \$ -	 \$ 1,594,109

Continued

West Salem	Mill Creek Industrial Park	McGilchrist	South Waterfront	Totals
\$ 827,790	\$ 1,153,963	\$ 297,180	\$ 209,586	\$ 4,580,267
56,838	54,554	32,303	13,789	573,743
<u>\$ 884,628</u>	<u>\$ 1,208,517</u>	<u>\$ 329,483</u>	<u>\$ 223,375</u>	<u>\$ 5,154,010</u>

\$ 40,692	\$ 39,432	\$ 23,808	\$ 10,080	\$ 425,242
<u>843,936</u>	<u>1,169,085</u>	<u>305,675</u>	<u>213,295</u>	<u>4,728,768</u>
<u>\$ 884,628</u>	<u>\$ 1,208,517</u>	<u>\$ 329,483</u>	<u>\$ 223,375</u>	<u>\$ 5,154,010</u>

Concluded

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Debt Service Fund
For the fiscal year ended June 30, 2020

	<u>Riverfront/ Downtown</u>	<u>Fairview</u>	<u>North Gateway</u>
Revenues			
Property taxes	\$ 7,018,866	\$ -	\$ 3,766,006
Interest on investments	<u>64,169</u>	<u>-</u>	<u>50,804</u>
Total revenues	7,083,035	-	3,816,810
Expenditures			
Debt service	<u>7,834,518</u>	<u>-</u>	<u>3,926,220</u>
Revenues over (under) expenditures	(751,483)	-	(109,410)
Fund balance, beginning of year	<u>1,462,680</u>	<u>-</u>	<u>1,594,990</u>
Fund balance, end of year	<u><u>\$ 711,197</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,485,580</u></u>

Continued

West Salem	Mill Creek Industrial Park	McGilchrist	South Waterfront	Totals
\$ 1,647,921	\$ 1,851,548	\$ 920,315	\$ 421,012	\$ 15,625,668
30,626	29,469	12,334	9,601	197,003
1,678,547	1,881,017	932,649	430,613	15,822,671
1,500,115	1,818,198	1,000,076	500,038	16,579,165
178,432	62,819	(67,427)	(69,425)	(756,494)
665,504	1,106,266	373,102	282,720	5,485,262
<u>\$ 843,936</u>	<u>\$ 1,169,085</u>	<u>\$ 305,675</u>	<u>\$ 213,295</u>	<u>\$ 4,728,768</u>

Concluded

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Riverfront/Downtown (Debt Service Fund)
For the fiscal year ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ 7,344,980	\$ 7,344,980	\$ 7,018,866	\$ 326,114
Interest on investments	50,000	50,000	64,169	(14,169)
Total revenues	<u>7,394,980</u>	<u>7,394,980</u>	<u>7,083,035</u>	<u>311,945</u>
Expenditures				
Debt service				
Principal	7,770,000	7,770,000	7,770,000	-
Interest	65,450	65,450	64,518	932
Total expenditures	<u>7,835,450</u>	<u>7,835,450</u>	<u>7,834,518</u>	<u>932</u>
Excess (deficiency) of revenues over expenditures	(440,470)	(440,470)	(751,483)	311,013
Fund balance, beginning of year	<u>1,692,980</u>	<u>1,692,980</u>	<u>1,462,680</u>	<u>230,300</u>
Fund balance, end of year	<u>\$ 1,252,510</u>	<u>\$ 1,252,510</u>	<u>\$ 711,197</u>	<u>\$ 541,313</u>

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

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Fairview (Debt Service Fund)
For the fiscal year ended June 30, 2020

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

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

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - North Gateway (Debt Service Fund)
For fiscal year ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ 3,813,460	\$ 3,813,460	\$ 3,766,006	\$ 47,454
Interest on investments	76,500	76,500	50,804	25,696
Total revenues	<u>3,889,960</u>	<u>3,889,960</u>	<u>3,816,810</u>	<u>73,150</u>
Expenditures				
Operations	856,750	856,750	-	856,750
Debt service				
Principal	3,925,920	3,925,920	3,925,920	-
Interest	1,500	1,500	300	1,200
Total expenditures	<u>4,784,170</u>	<u>4,784,170</u>	<u>3,926,220</u>	<u>857,950</u>
Excess (deficiency) of revenues over expenditures	(894,210)	(894,210)	(109,410)	(784,800)
Fund balance, beginning of year	<u>894,210</u>	<u>894,210</u>	<u>1,594,990</u>	<u>(700,780)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,485,580</u>	<u>\$ (1,485,580)</u>

1 () indicates revenues/expenditures in excess of budget

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - West Salem (Debt Service Fund)
For the fiscal year ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ 1,346,010	\$ 1,346,010	\$ 1,647,921	\$ (301,911)
Interest on investments	35,000	35,000	30,626	4,374
Total revenues	<u>1,381,010</u>	<u>1,381,010</u>	<u>1,678,547</u>	<u>(297,537)</u>
Expenditures				
Debt service				
Principal	1,500,000	1,500,000	1,500,000	-
Interest	<u>1,000</u>	<u>1,000</u>	<u>115</u>	<u>885</u>
Total expenditures	<u>1,501,000</u>	<u>1,501,000</u>	<u>1,500,115</u>	<u>885</u>
Excess (deficiency) of revenues over expenditures	(119,990)	(119,990)	178,432	(298,422)
Fund balance, beginning of year	<u>699,030</u>	<u>699,030</u>	<u>665,504</u>	<u>33,526</u>
Fund balance, end of year	<u>\$ 579,040</u>	<u>\$ 579,040</u>	<u>\$ 843,936</u>	<u>\$ (264,896)</u>

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

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Mill Creek Industrial Park (Debt Service Fund)
For the fiscal year ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ 1,096,180	\$ 1,096,180	\$ 1,851,548	\$ (755,368)
Interest on investments	25,000	25,000	29,469	(4,469)
Total revenues	<u>1,121,180</u>	<u>1,121,180</u>	<u>1,881,017</u>	<u>(759,837)</u>
Expenditures				
Debt service				
Principal	1,455,200	1,455,200	1,145,299	309,901
Interest	407,280	407,280	672,899	(265,619)
Total expenditures	<u>1,862,480</u>	<u>1,862,480</u>	<u>1,818,198</u>	<u>44,282</u>
Excess (deficiency) of revenues over expenditures	(741,300)	(741,300)	62,819	(804,119)
Fund balance, beginning of year	<u>1,122,500</u>	<u>1,122,500</u>	<u>1,106,266</u>	<u>16,234</u>
Fund balance, end of year	<u>\$ 381,200</u>	<u>\$ 381,200</u>	<u>\$ 1,169,085</u>	<u>\$ (787,885)</u>

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

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - McGilchrist (Debt Service Fund)
For the fiscal year ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ 830,080	\$ 830,080	\$ 920,315	\$ (90,235)
Interest on investments	20,000	20,000	12,334	7,666
Total revenues	<u>850,080</u>	<u>850,080</u>	<u>932,649</u>	<u>(82,569)</u>
Expenditures				
Debt service				
Principal	1,000,000	1,000,000	1,000,000	-
Interest	1,000	1,000	76	924
Total expenditures	<u>1,001,000</u>	<u>1,001,000</u>	<u>1,000,076</u>	<u>924</u>
Excess (deficiency) of revenues over expenditures	(150,920)	(150,920)	(67,427)	(83,493)
Fund balance, beginning of year	<u>400,850</u>	<u>400,850</u>	<u>373,102</u>	<u>27,748</u>
Fund balance, end of year	<u>\$ 249,930</u>	<u>\$ 249,930</u>	<u>\$ 305,675</u>	<u>\$ (55,745)</u>

1 () indicates revenues/expenditures in excess of budget

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - South Waterfront (Debt Service Fund)
For the fiscal year ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ 302,880	\$ 302,880	\$ 421,012	\$ (118,132)
Interest on investments	12,500	12,500	9,601	2,899
Total revenues	<u>315,380</u>	<u>315,380</u>	<u>430,613</u>	<u>(115,233)</u>
Expenditures				
Debt service				
Principal	500,000	500,000	500,000	-
Interest	1,000	1,000	38	962
Total expenditures	<u>501,000</u>	<u>501,000</u>	<u>500,038</u>	<u>962</u>
Excess (deficiency) of revenues over expenditures	(185,620)	(185,620)	(69,425)	(116,195)
Fund balance, beginning of year	<u>290,440</u>	<u>290,440</u>	<u>282,720</u>	<u>7,720</u>
Fund balance, end of year	<u>\$ 104,820</u>	<u>\$ 104,820</u>	<u>\$ 213,295</u>	<u>\$ (108,475)</u>

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, 2020

	Riverfront/ Downtown	Fairview	North Gateway
Assets			
Cash and investments	\$ 10,279,125	\$ 2,425,680	\$ 11,820,044
Accounts receivable, net	32,026	-	1,165
Notes receivable	2,546,777	-	172,910
Prepayments	-	-	6,695
Total assets	\$ 12,857,928	\$ 2,425,680	\$ 12,000,814
 Liabilities, deferred inflows of resources, and fund balances			
Liabilities			
Accounts payable	\$ 130,099	\$ 44,770	\$ 5,993
 Deferred inflows of resources			
Unavailable revenue	2,555,804	-	173,176
 Fund balances			
Nonspendable	-	-	6,695
Restricted for capital projects	10,172,025	2,380,910	11,814,950
Total fund balances	10,172,025	2,380,910	11,821,645
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,857,928	\$ 2,425,680	\$ 12,000,814

Continued

West Salem	Mill Creek Industrial Park	McGilchrist	South Waterfront	Total
\$ 5,073,326	\$ 2,470,662	\$ 4,632,193	\$ 443,071	\$ 37,144,101
-	-	17,900	-	51,091
-	-	-	-	2,719,687
-	-	-	-	6,695
<u>\$ 5,073,326</u>	<u>\$ 2,470,662</u>	<u>\$ 4,650,093</u>	<u>\$ 443,071</u>	<u>\$ 39,921,574</u>
\$ -	\$ 57,711	\$ 3,627	\$ -	\$ 242,200
-	-	-	-	2,728,980
-	-	-	-	6,695
<u>5,073,326</u>	<u>2,412,951</u>	<u>4,646,466</u>	<u>443,071</u>	<u>36,943,699</u>
<u>5,073,326</u>	<u>2,412,951</u>	<u>4,646,466</u>	<u>443,071</u>	<u>36,950,394</u>
<u>\$ 5,073,326</u>	<u>\$ 2,470,662</u>	<u>\$ 4,650,093</u>	<u>\$ 443,071</u>	<u>\$ 39,921,574</u>

Concluded

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Capital Projects Fund
For the fiscal year ended June 30, 2020

	<u>Riverfront/ Downtown</u>	<u>Fairview</u>	<u>North Gateway</u>
Revenues			
Interest on investments	\$ 304,687	\$ 53,913	\$ 212,093
Grants	-	-	-
Intergovernmental	300,090	-	-
Loan payments received	169,762	24,058	40,225
Rents	109,592	-	9,120
Other	-	-	1,382
	<hr/>	<hr/>	<hr/>
Total revenues	884,131	77,971	262,820
Expenditures			
Materials and services	<u>13,992,054</u>	<u>101,105</u>	<u>1,898,596</u>
Excess (deficiency) of revenues over expenditures	<u>(13,107,923)</u>	<u>(23,134)</u>	<u>(1,635,776)</u>
Other financing sources (uses)			
Issuance of short term debt	7,500,000	-	3,925,920
Sale of capital assets	207,500	-	-
Issuance of debt	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	<u>7,707,500</u>	<u>-</u>	<u>3,925,920</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(5,400,423)	(23,134)	2,290,144
Fund balance, beginning of year	<u>15,572,448</u>	<u>2,404,044</u>	<u>9,531,501</u>
Fund balance, end of year	<u>\$ 10,172,025</u>	<u>\$ 2,380,910</u>	<u>\$ 11,821,645</u>

Continued

<u>West Salem</u>	<u>Mill Creek Industrial Park</u>	<u>McGilchrist</u>	<u>South Waterfront</u>	<u>Total</u>
\$ 80,121	\$ 56,014	\$ 81,710	\$ 13,145	\$ 801,683
-	-	114,965	-	114,965
-	40,200	-	-	340,290
-	-	-	-	234,045
-	-	-	-	118,712
-	-	-	-	1,382
80,121	96,214	196,675	13,145	1,611,077
459,467	2,056,897	223,775	1,309,394	20,041,288
(379,346)	(1,960,683)	(27,100)	(1,296,249)	(18,430,211)
1,500,000	925,000	1,000,000	500,000	15,350,920
-	-	-	-	207,500
-	322,111	-	-	322,111
1,500,000	1,247,111	1,000,000	500,000	15,880,531
1,120,654	(713,572)	972,900	(796,249)	(2,549,680)
3,952,672	3,126,523	3,673,566	1,239,320	39,500,074
<u>\$ 5,073,326</u>	<u>\$ 2,412,951</u>	<u>\$ 4,646,466</u>	<u>\$ 443,071</u>	<u>\$ 36,950,394</u>

Concluded

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Riverfront/Downtown (Capital Projects Fund)
For the fiscal year ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Rents	\$ -	\$ -	\$ 109,592	\$ (109,592)
Intergovernmental	300,090	300,090	300,090	-
Interest on investments	75,000	75,000	304,687	(229,687)
Loan payments received	49,720	49,720	169,762	(120,042)
Total revenues	424,810	424,810	884,131	(459,321)
Expenditures				
Operations	25,177,810	25,177,810	13,992,054	11,185,756
Excess (deficiency) of revenues over expenditures	(24,753,000)	(24,753,000)	(13,107,923)	10,726,435
Other financing sources (uses)				
Sale of assets	-	-	207,500	(207,500)
Issuance of short-term debt	7,500,000	7,500,000	7,500,000	-
Total other financing sources (uses)	7,500,000	7,500,000	7,707,500	(207,500)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(17,253,000)	(17,253,000)	(5,400,423)	10,726,435
Fund balance, beginning of year	17,253,000	17,253,000	15,572,448	1,680,552
Fund balance, end of year	\$ -	\$ -	\$ 10,172,025	\$ 12,406,987

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Interest on investments	\$ 35,000	\$ 35,000	\$ 53,913	\$ (18,913)
Loan payments received	100,000	100,000	24,058	75,942
Total revenues	135,000	135,000	77,971	57,029
Expenditures				
Operations	2,529,800	2,529,800	101,105	2,428,695
Excess (deficiency) of revenues over expenditures	(2,394,800)	(2,394,800)	(23,134)	(2,371,666)
Fund balance, beginning of year	2,394,800	2,394,800	2,404,044	(9,244)
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,380,910</u>	<u>\$ (2,380,910)</u>

1 () indicates revenues/expenditures in excess of budget

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - North Gateway (Capital Projects Fund)
For the fiscal year ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Rents	\$ -	\$ -	\$ 9,120	\$ (9,120)
Interest on investments	50,000	50,000	212,093	(162,093)
Loan payments received	29,290	29,290	40,225	(10,935)
Other	3,600	3,600	1,382	2,218
Total revenues	82,890	82,890	262,820	(179,930)
Expenditures				
Operations	13,723,150	13,723,150	1,905,291	11,817,859
Excess (deficiency) of revenues over expenditures	(13,640,260)	(13,640,260)	(1,642,471)	(11,997,789)
Other financing sources (uses)				
Proceeds of short-term capital related debt	3,925,920	3,925,920	3,925,920	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(9,714,340)	(9,714,340)	2,283,449	(11,997,789)
Fund balance, beginning of year	9,714,340	9,714,340	9,531,501	182,839
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	11,814,950	<u>\$ (11,814,950)</u>
Reconciliation to generally accepted accounting principles:				
Prepayments			6,695	
Fund balance - end of year (modified accrual)			<u>\$ 11,821,645</u>	

1 () indicates revenues/expenditures in excess of budget

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - West Salem (Capital Projects Fund)
For the fiscal year ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Interest on investments	\$ 20,000	\$ 20,000	\$ 80,121	\$ (60,121)
Expenditures				
Operations	5,673,350	5,673,350	459,467	5,213,883
Excess (deficiency) of revenues over expenditures	(5,653,350)	(5,653,350)	(379,346)	(5,274,004)
Other financing sources (uses)				
Proceeds of short-term capital related debt	1,500,000	1,500,000	1,500,000	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(4,153,350)	(4,153,350)	1,120,654	(5,274,004)
Fund balance, beginning of year	4,153,350	4,153,350	3,952,672	200,678
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,073,326</u>	<u>\$ (5,073,326)</u>

1 () indicates revenues/expenditures in excess of budget

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Mill Creek Industrial Park (Capital Projects Fund)
For the fiscal year ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Intergovernmental	\$ 3,382,640	\$ 3,382,640	\$ 40,200	\$ 3,342,440
Interest on investments	20,000	20,000	56,014	(36,014)
Loan payments received	270,290	270,290	-	270,290
Total revenues	3,672,930	3,672,930	96,214	3,576,716
Expenditures				
Operations	7,874,760	7,874,760	2,056,897	5,817,863
Excess (deficiency) of revenues over expenditures	(4,201,830)	(4,201,830)	(1,960,683)	(2,241,147)
Other financing sources (uses)				
Issuance of long-term debt	-	-	322,111	(322,111)
Issuance of short-term debt	1,000,000	1,000,000	925,000	75,000
Total other financing sources (uses)	1,000,000	1,000,000	1,247,111	(247,111)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(3,201,830)	(3,201,830)	(713,572)	(2,488,258)
Fund balance, beginning of year	3,201,830	3,201,830	3,126,523	75,307
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,412,951</u>	<u>\$ (2,412,951)</u>

1 () indicates revenues/expenditures in excess of budget

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - McGilchrist (Capital Projects Fund)
For the fiscal year ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Grants	\$ 4,575,280	\$ 4,575,280	\$ 114,965	\$ 4,460,315
Interest on investments	35,000	35,000	81,710	(46,710)
Total revenues	<u>4,610,280</u>	<u>4,610,280</u>	<u>196,675</u>	<u>4,413,605</u>
Expenditures				
Operations	<u>9,242,200</u>	<u>9,242,200</u>	<u>223,775</u>	<u>9,018,425</u>
Excess (deficiency) of revenues over expenditures	(4,631,920)	(4,631,920)	(27,100)	(4,604,820)
Other financing sources (uses)				
Issuance of short-term capital related debt	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(3,631,920)	(3,631,920)	972,900	(4,604,820)
Fund balance, beginning of year	<u>3,631,920</u>	<u>3,631,920</u>	<u>3,673,566</u>	<u>(41,646)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,646,466</u>	<u>\$ (4,646,466)</u>

1 () indicates revenues/expenditures in excess of budget

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - South Waterfront (Capital Projects Fund)
For the fiscal year ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Interest on investments	\$ 7,500	\$ 7,500	\$ 13,145	\$ (5,645)
Expenditures				
Operations	<u>1,739,820</u>	<u>1,739,820</u>	<u>1,309,394</u>	<u>430,426</u>
Excess (deficiency) of revenues over expenditures	(1,732,320)	(1,732,320)	(1,296,249)	(436,071)
Other financing sources (uses)				
Proceeds of short-term capital related debt	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(1,232,320)	(1,232,320)	(796,249)	(436,071)
Fund balance, beginning of year	<u>1,232,320</u>	<u>1,232,320</u>	<u>1,239,320</u>	<u>(7,000)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 443,071</u>	<u>\$ (443,071)</u>

1 () indicates revenues/expenditures in excess of budget

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Expenditures by Project - Budget and Actual
For the fiscal year ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Riverfront/Downtown			
682000 Project coordination/support	\$ -	\$ 588,206	\$ -
682018 Toolbox grant program	-	3,090,476	-
682023 Marketing for Salem Convention Center	-	300,090	-
682083 Streetscape concepts	-	200,095	-
682086 Alley improvements	-	210,512	-
682087 Left turn lane removals	-	34,055	-
682089 State Street one-way to two-way conversion	-	50,021	-
682091 Zoning review	-	42,613	-
682093 Acquisition	-	117,545	-
682095 Division Street improvements	-	3,883,847	-
682096 Broadband feasibility study	-	78,240	-
682097 Strategic project grant program	-	223,224	-
682098 Salem Police Station improvements	-	4,745,404	-
682100 Loan-440 State Street LLC	-	372,907	-
682101 Benefit cost analysis-SCC expansion	-	50,332	-
682102 Acquisition of ARCHES Site	-	4,487	-
Total Riverfront/Downtown	<u>25,177,810</u>	<u>13,992,054</u>	<u>11,185,756</u>
Fairview			
683000 Project coordination/support	-	54,717	-
683016 Industrial site readiness	-	46,388	-
Total Fairview Industrial Park	<u>2,529,800</u>	<u>101,105</u>	<u>2,428,695</u>
North Gateway			
684000 Project coordination/support	-	121,727	-
684032 Toolbox grant program	-	1,289,772	-
684048 N Gateway-streetscape improvements	-	172,379	-
684050 Portland Road improvements	-	38,336	-
684052 CTEC grant	-	130,156	-
684053 2640 Portland Rd	-	152,921	-
Total North Gateway	<u>13,723,150</u>	<u>1,905,291</u>	<u>11,817,859</u>
West Salem			
685000 Project coordination/support	-	108,343	-
685008 Toolbox grant program	-	348,721	-
685030 Wallace Road-2nd Street design	-	2,403	-
Total West Salem	<u>5,673,350</u>	<u>459,467</u>	<u>5,213,883</u>
Mill Creek Industrial Park			
686000 Project coordination/support	-	109,127	-
686011 SEDCOR contract	-	62,500	-
686025 Wetland phase II	-	1,863,014	-
686026 Mill Creek sewer conversion	-	22,256	-
Total Mill Creek Industrial Park	<u>7,874,760</u>	<u>2,056,897</u>	<u>5,817,863</u>
McGilchrist			
687000 Project coordination/support	-	73,764	-
687002 Design road improvements, 12th to 25th	-	19,068	-
687005 McGilchrist St SE/12th to 25th	-	130,943	-
Total McGilchrist	<u>9,242,200</u>	<u>223,775</u>	<u>9,018,425</u>
South Waterfront			
688000 Project coordination/support	-	9,394	-
688019 Boise Foundation removal/creek restore	-	1,300,000	-
Total South Waterfront	<u>1,739,820</u>	<u>1,309,394</u>	<u>430,426</u>
Total all projects	<u>\$ 65,960,890</u>	<u>\$ 20,047,983</u>	<u>\$ 45,912,907</u>

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

For the fiscal year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance ¹
	Original	Final	(Budgetary Basis)	
Revenues				
Sales, fees, licenses, and permits	\$ 4,000,000	\$ 4,000,000	\$ 2,570,145	\$ 1,429,855
Intergovernmental	450,000	450,000	-	450,000
Rents	2,176,800	2,176,800	1,272,769	904,031
Other	300,090	300,090	6,039	294,051
Total revenues	6,926,890	6,926,890	3,848,953	3,077,937
Expenditures				
Operations	5,385,820	5,385,820	3,574,700	1,811,120
Contingency	1,451,340	1,451,340	-	1,451,340
Total expenditures	6,837,160	6,837,160	3,574,700	3,262,460
Excess (deficiency) of revenues over expenditures	89,730	89,730	274,253	(184,523)
Other financing sources (uses)				
Transfers out	(750,000)	(750,000)	(311,257)	(438,743)
Net change in fund balance	(660,270)	(660,270)	(37,004)	(623,266)
Fund balance, beginning of year	660,270	660,270	232,487	427,783
Fund balance, end of year	\$ -	\$ -	195,483	\$ (195,483)
Reconciliation to generally accepted accounting principles: Capital assets			22,837,610	
Net position at end of year			\$ 23,033,093	

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 2019-20

Urban renewal areas in Oregon receive revenue through division of property tax. When an urban renewal area has (URA) 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 2019-20, the City of Salem Urban Renewal areas had a total property tax levy impact on overlapping taxing districts of \$12,984,380. The following table details each urban renewal area’s impact on each overlapping taxing district:

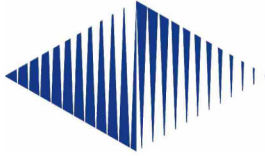
Taxing District	Urban Renewal Plan Area						Total
	Riverfront	N. Gateway	W. Salem	Mill Creek	McGilchrist	S. Waterfront	
Chemeketa Community College	\$ 164,644	\$ 160,541	\$ 59,632	\$ 79,696	\$ 39,573	\$ 18,258	\$ 522,344
Chemeketa CC bonds after 2001	-	-	25,029	-	-	-	25,029
Chemeketa Regional Library	21,518	20,981	7,793	10,416	5,172	2,386	68,266
City of Salem	1,533,983	1,495,756	555,593	742,528	368,704	170,108	4,866,672
City of Salem bonds after 2001	-	-	110,623	-	-	-	110,623
Marion County	795,782	775,951	-	385,200	191,272	88,247	2,236,452
MC & 4-H Extension Service District	13,152	12,825	-	6,367	3,161	1,459	36,964
Marion Soil & Water	13,152	12,825	-	6,367	3,161	1,459	36,964
Polk County	-	-	163,410	-	-	-	163,410
Polk 4-H/M Garden/Ag/Forest Ext Dist	-	-	6,930	-	-	-	6,930
Polk Soil/Water Conservation Dist	-	-	4,694	-	-	-	4,694
Salem Area Mass Transit	200,156	195,167	72,494	96,886	48,109	22,196	635,008
Salem-Keizer School Dist	1,189,254	1,159,618	430,736	575,661	285,846	131,880	3,772,995
Salem-Keizer SD bonds prior to 2001	-	-	250,419	-	-	-	250,419
Willamette Regional ESD	78,047	76,102	28,268	37,779	18,760	8,654	247,610
Total	\$4,009,688	\$3,909,766	\$1,715,621	\$1,940,900	\$ 963,758	\$ 444,647	\$12,984,380

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON

Maximum Indebtedness

For the fiscal year ended June 30, 2020

Urban Renewal District	Maximum Indebtedness	Borrowed to Date	Borrowing	Outstanding Debt
			Capacity Remaining	
Riverfront/Downtown	\$ 315,000,000	\$ 113,464,345	\$ 201,535,655	\$ 1,200,000
Fairview	6,286,000	6,281,615	4,385	-
North Gateway	101,466,402	74,998,004	26,468,399	-
West Salem	31,000,000	11,227,425	19,772,575	-
Mill Creek	26,000,000	15,336,299	10,663,701	8,733,735
McGilchrist	11,000,000	6,600,000	4,400,000	-
South Waterfront	24,000,000	3,077,000	20,923,000	-
				<u>\$ 9,933,735</u>



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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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, 2020, and have issued our report thereon dated December 28, 2020.

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.

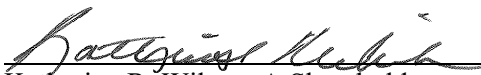
Internal Control Over Financial Reporting

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 28, 2020