

For Fiscal
Year Ended

June 30, 2021

CITY OF *Salem*
AT YOUR SERVICE

ANNUAL FINANCIAL REPORT

Urban Renewal Agency



**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, 2021

Prepared by the Finance Department

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

TABLE OF CONTENTS

	Page
AGENCY OFFICIALS	1
MAPS OF URBAN RENEWAL AREAS	
Riverfront/Downtown.....	2
Fairview	3
North Gateway	4
West Salem.....	5
Mill Creek Industrial Park	6
McGilchrist	7
South Waterfront.....	8
Jory Apartments TIF District.....	9
 INDEPENDENT AUDITOR'S REPORT.....	 10
 MANAGEMENT'S DISCUSSION AND ANALYSIS	 13
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position.....	23
Statement of Activities	24
Fund Financial Statements	
Governmental Funds	
Balance Sheet	25
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Proprietary Fund	
Statement of Net Position	28
Statement of Revenues, Expenses, and Changes in Net Position	29
Statement of Cash Flows.....	30
Notes to the Financial Statements	33

SUPPLEMENTARY INFORMATION

Governmental Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual - Governmental Funds..... 45

Debt Service Fund

Combining Balance Sheet 47
 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances..... 49
 Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
 Riverfront/Downtown..... 51
 Fairview 52
 North Gateway 53
 West Salem 54
 Mill Creek Industrial Park 55
 McGilchrist 56
 South Waterfront..... 57
 Jory Apartments TIF District..... 58

Capital Projects Fund

Combining Balance Sheet 59
 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances..... 61
 Schedule of Revenues, Expenditures, and Changes in Fund Balance –Budget and Actual
 Riverfront/Downtown..... 63
 Fairview 64
 North Gateway 65
 West Salem 66
 Mill Creek Industrial Park 67
 McGilchrist 68
 South Waterfront..... 69
 Jory Apartments TIF District..... 70
 Schedule of Expenditures by Project – Budget and Actual 71

Proprietary Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
 Salem Convention Center..... 72

OTHER INFORMATION

Impact on Overlapping Taxing Districts of Property Tax Levied by Urban Renewal Districts 74
 Urban Renewal Area Maximum Indebtedness Compliance..... 74

AUDITOR’S COMMENTS AND DISCLOSURES

Independent Auditor’s Report Required by Oregon State Regulations 75

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	Virginia Stapleton	2024
2	Tom Andersen	2022
3	Trevor Phillips	2024
4	Jackie Leung	2022
5	Jose Gonzalez	2024
6	Chris Hoy	2022
7	Vanessa Nordyke	2024
8	Jim Lewis	2022

ADMINISTRATIVE STAFF

City Manager: Steve Powers
Chief Accountant: Jennifer Mattecheck

All correspondence for persons listed above may be sent to:




City of Salem
555 Liberty St SE, Room 220
Salem, OR 97301-3513

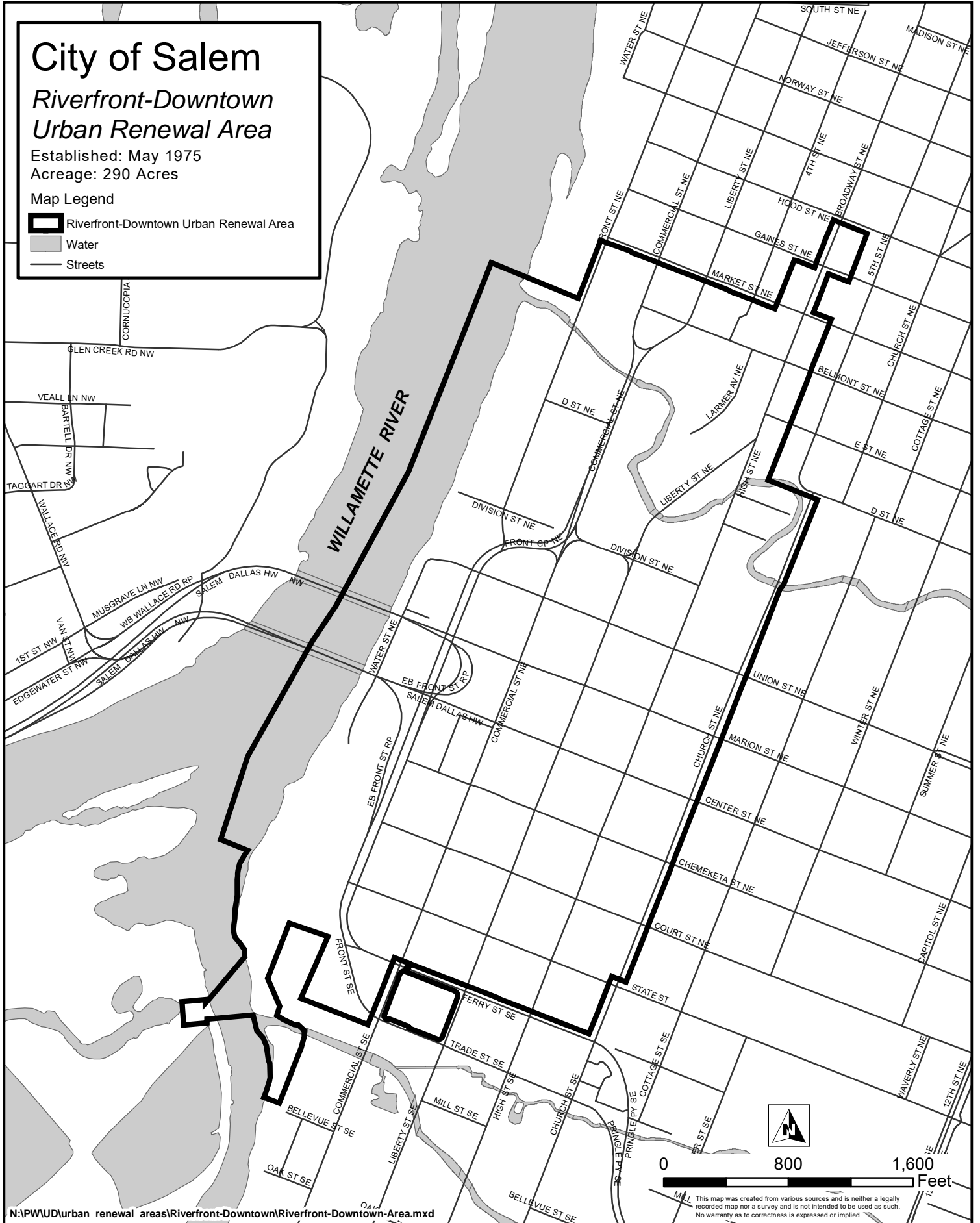
City of Salem

Riverfront-Downtown Urban Renewal Area

Established: May 1975
Acreage: 290 Acres

Map Legend

-  Riverfront-Downtown Urban Renewal Area
-  Water
-  Streets






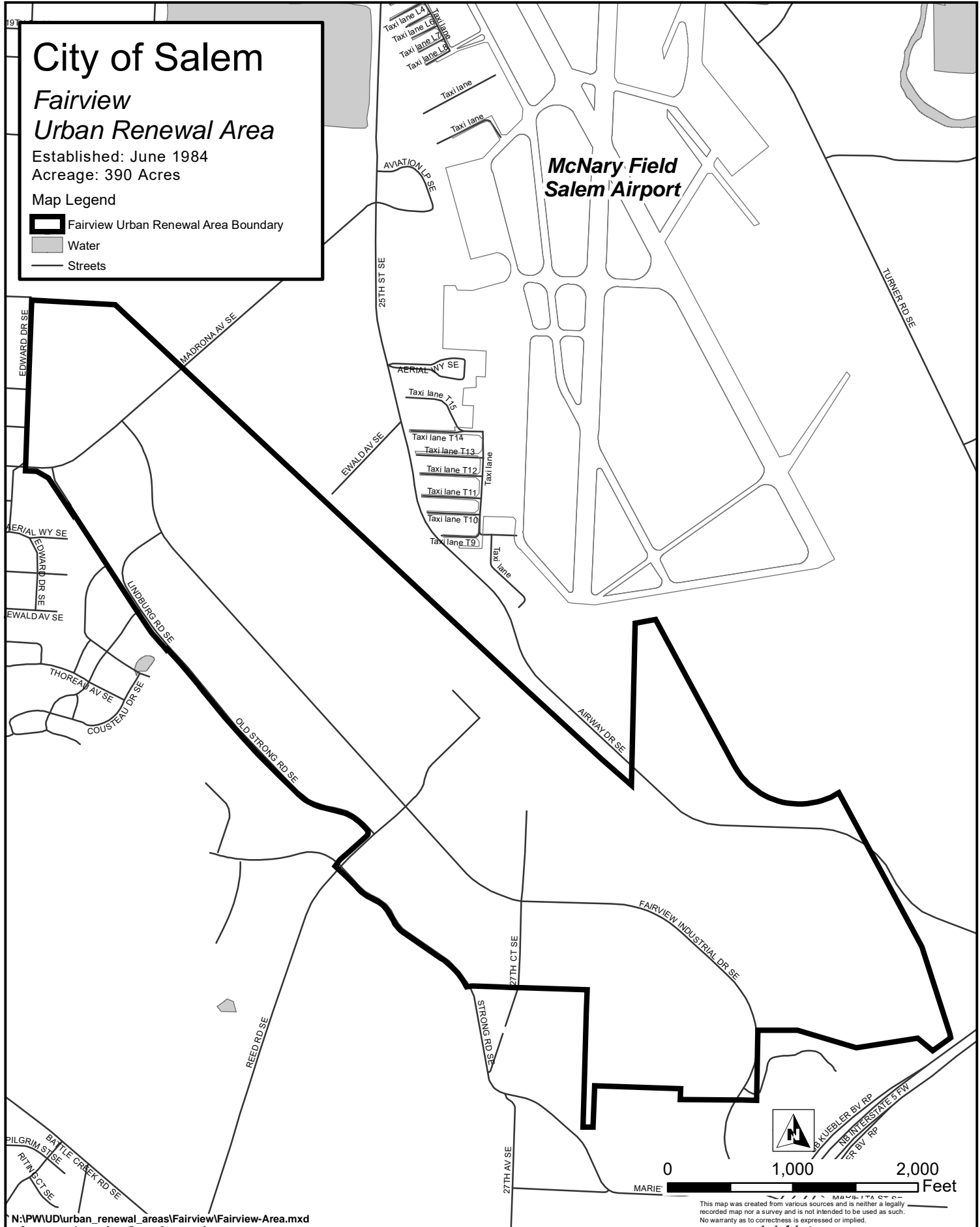
City of Salem

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.

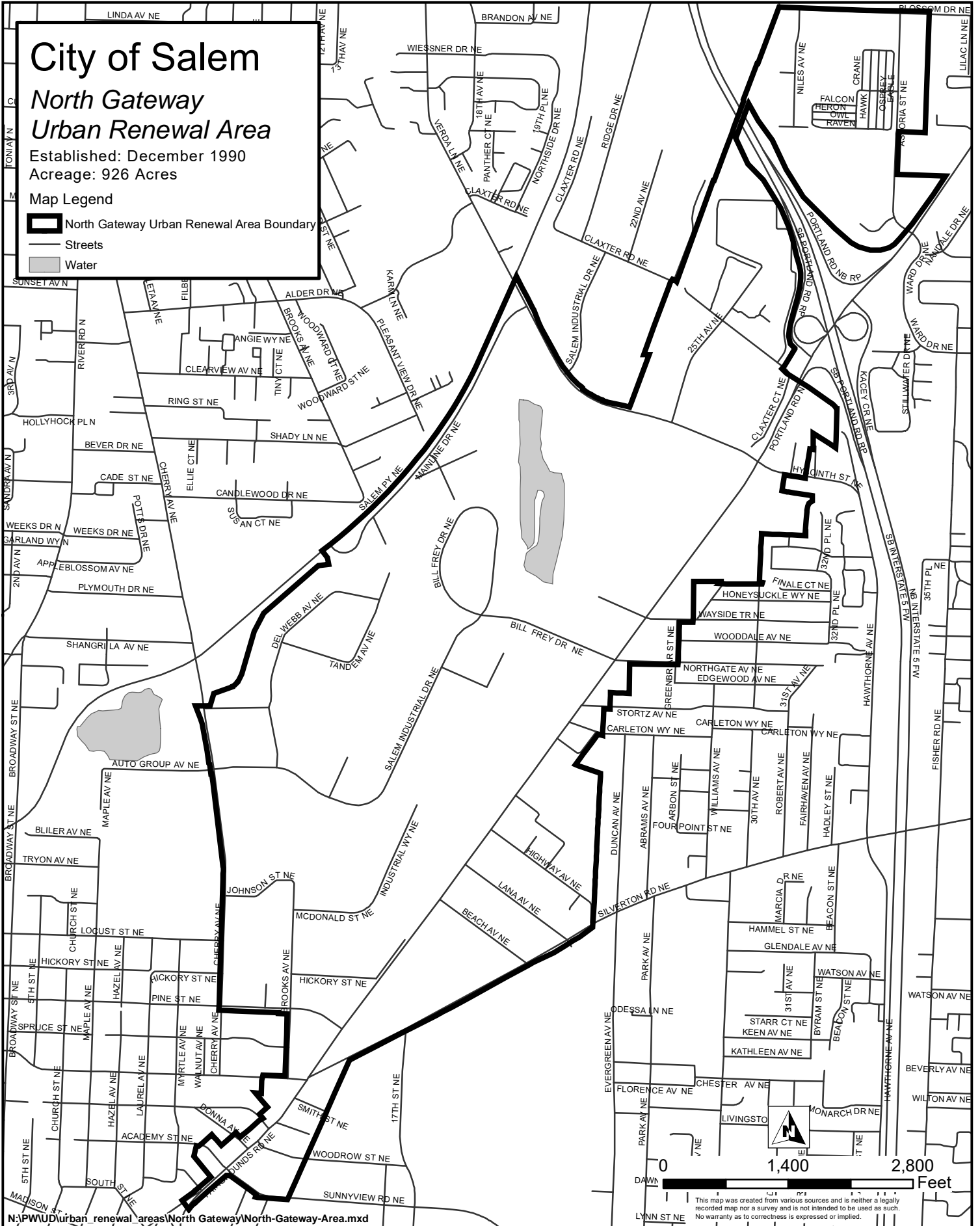
City of Salem

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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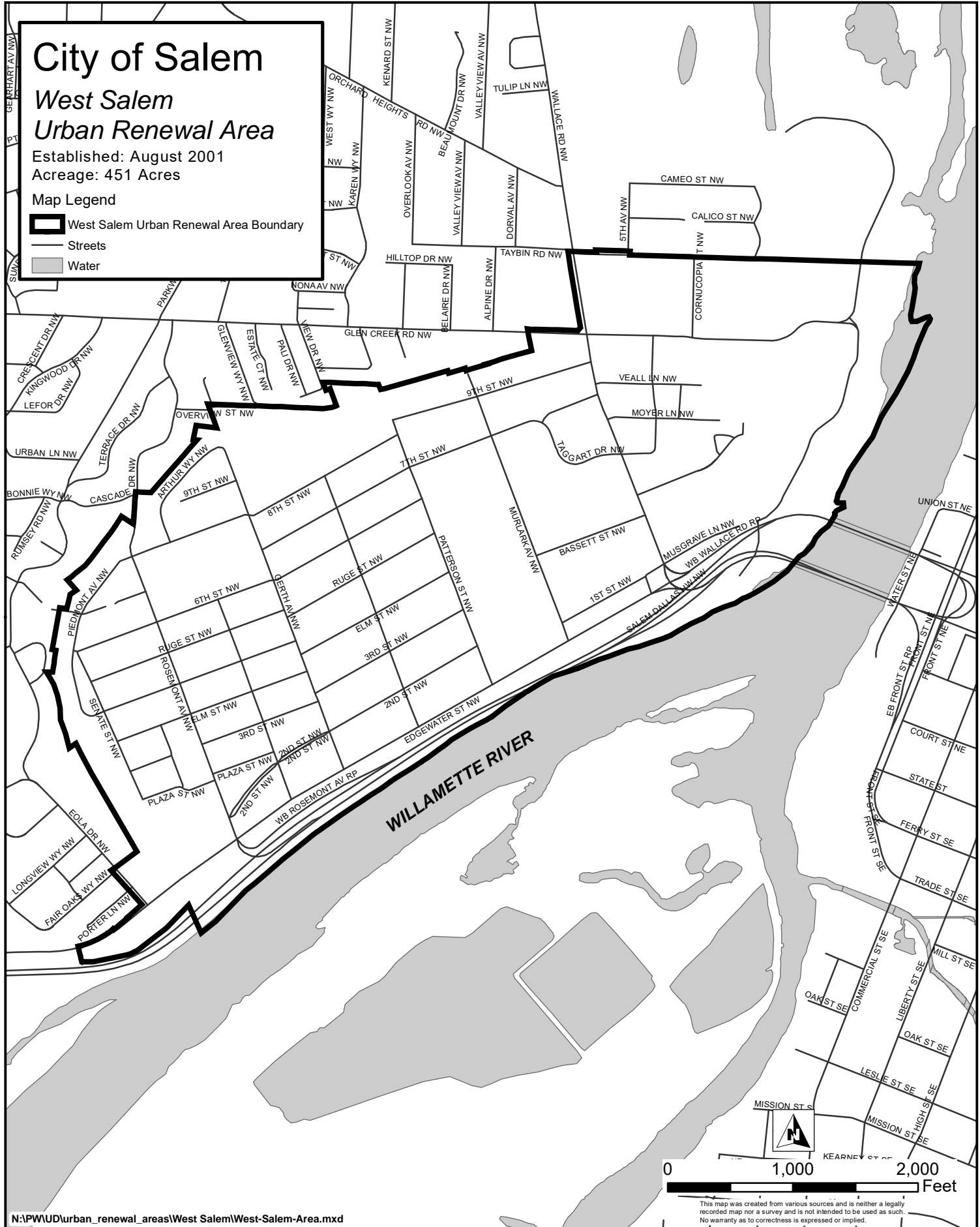
City of Salem

West Salem Urban Renewal Area

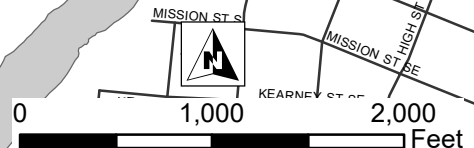
Established: August 2001
Acreage: 451 Acres

Map Legend

-  West Salem Urban Renewal Area Boundary
-  Streets
-  Water



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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

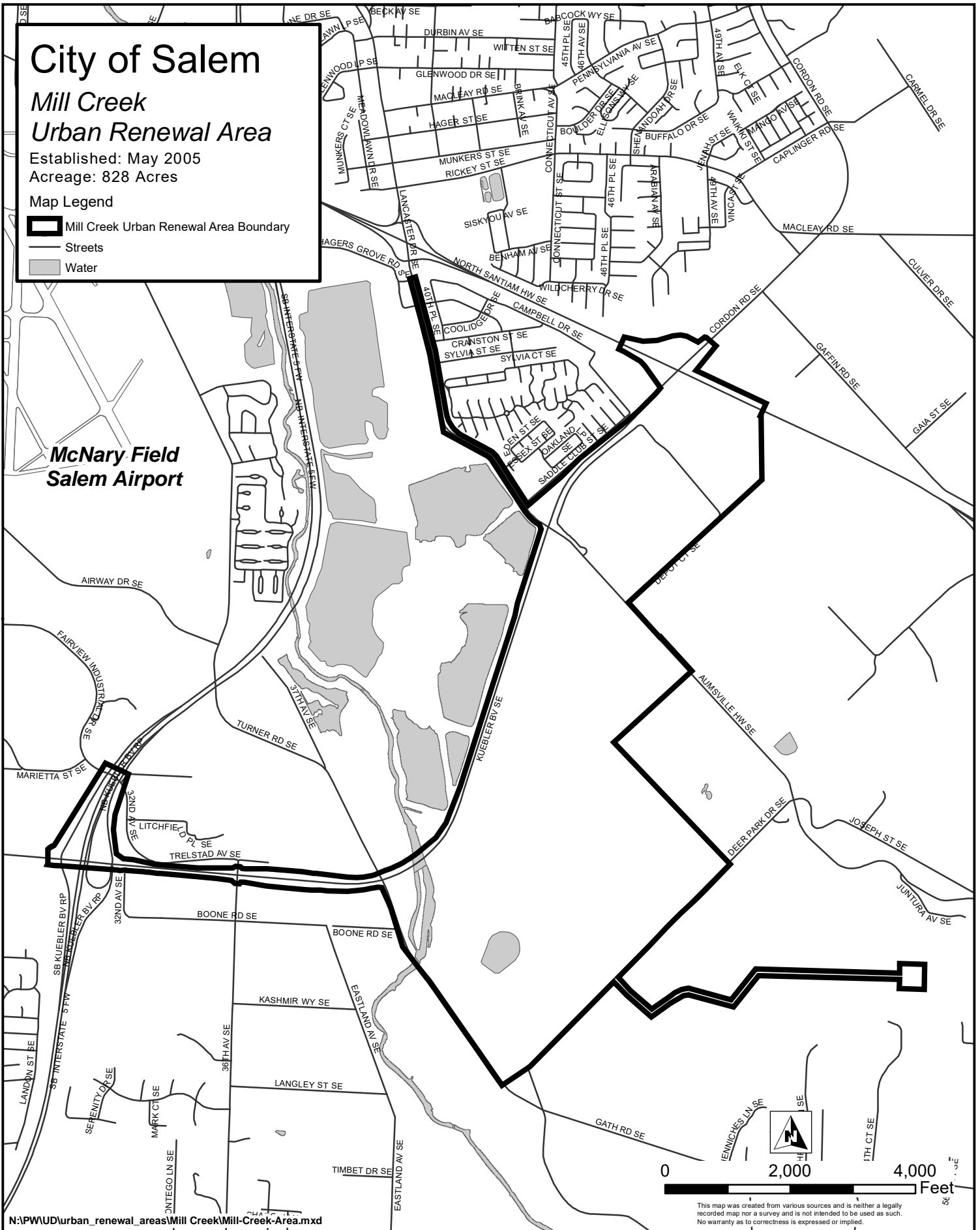
Mill Creek Urban Renewal Area

Established: May 2005
Acreage: 828 Acres

Map Legend

-  Mill Creek Urban Renewal Area Boundary
-  Streets
-  Water

**McNary Field
Salem Airport**






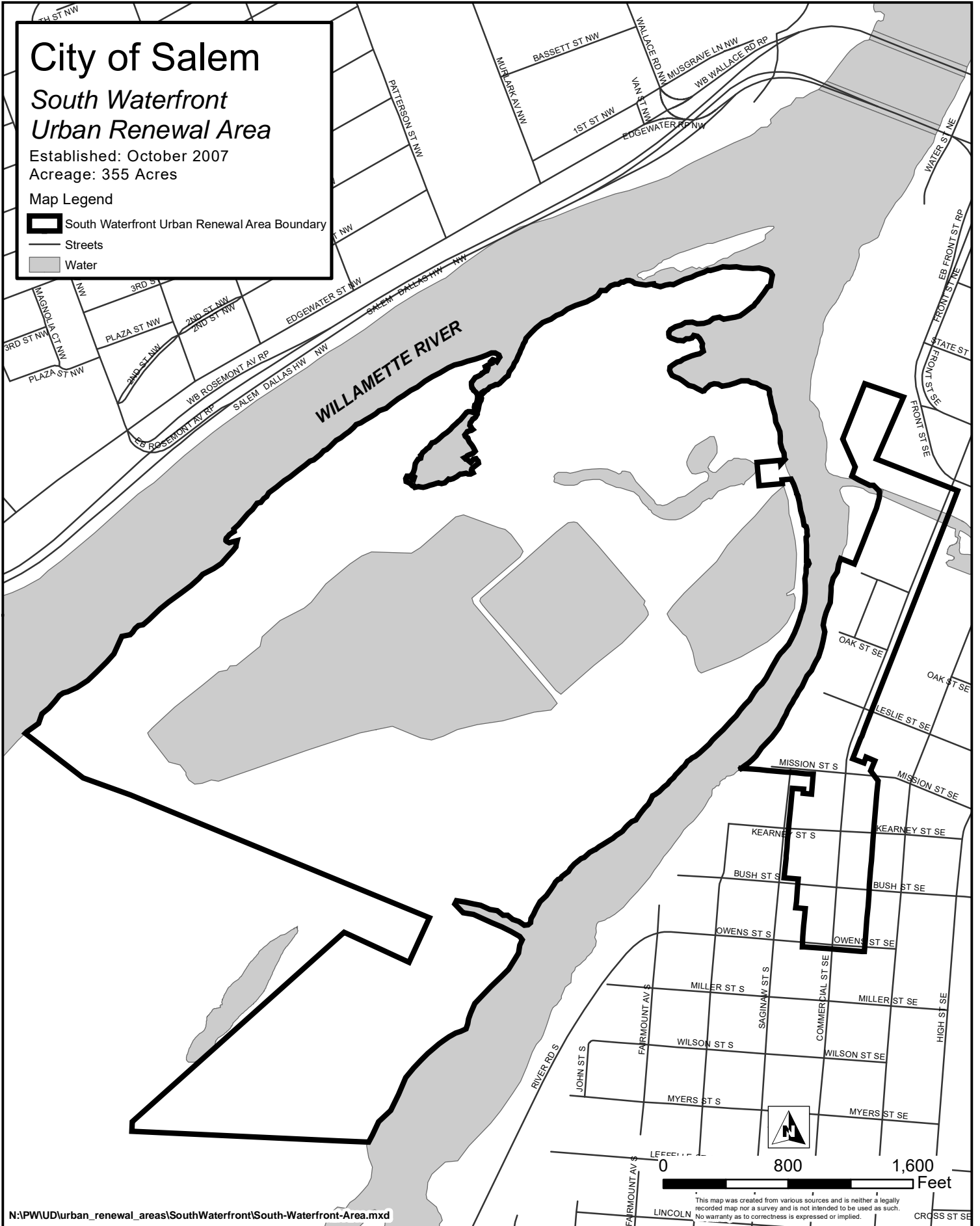
City of Salem

South Waterfront Urban Renewal Area

Established: October 2007
Acreage: 355 Acres

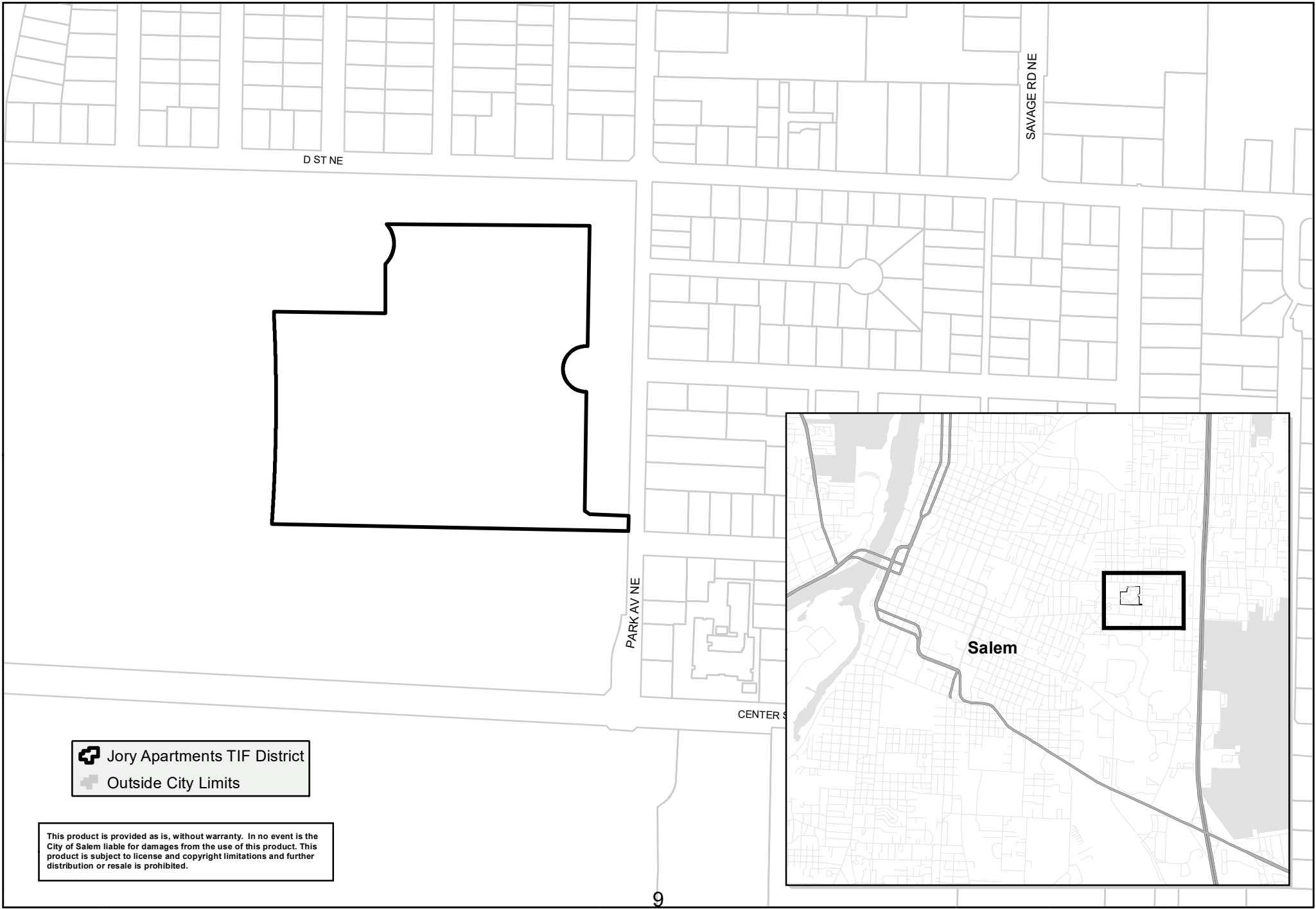
Map Legend

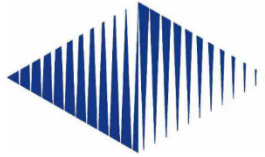
-  South Waterfront Urban Renewal Area Boundary
-  Streets
-  Water



Jory Apartments TIF District

Fiscal Year 2021-2022





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, 2021, 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, 2021, 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.

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.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 30, 2021, on our consideration of the City’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: 
Ryan T. Pasquarella, A Shareholder
December 30, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2021

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, 2021. 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 eight urban renewal project areas, and a reserve fund for the Salem Convention Center (Convention Center).

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

REPORTING ON THE AGENCY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2021

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

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

FINANCIAL ACTIVITIES OF THE AGENCY AS A WHOLE

Government-wide Financial Statements

Statement of Net Position

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

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Assets:						
Cash and investments	\$ 59.2	\$ 46.7	\$ 0.7	\$ 0.9	\$ 59.9	\$ 47.6
Other assets	3.8	3.9	0.0	(0.5)	3.8	3.4
Capital assets	15.6	13.6	24.5	22.8	40.1	36.4
Total assets	<u>78.6</u>	<u>64.2</u>	<u>25.2</u>	<u>23.2</u>	<u>103.8</u>	<u>87.4</u>
Liabilities:						
Current liabilities	2.3	1.2	0.7	0.2	3.0	1.4
Noncurrent liabilities	17.3	9.4	-	-	17.3	9.4
Total liabilities	<u>19.6</u>	<u>10.6</u>	<u>0.7</u>	<u>0.2</u>	<u>20.3</u>	<u>10.8</u>
Net position:						
Net investment in capital assets	6.9	4.2	24.5	22.8	31.4	27.0
Restricted						
Tax allocation debt	6.2	4.8	-	-	6.2	4.8
Tax allocation improvements	41.7	39.1	-	-	41.7	39.1
Convention Center gain/loss reserve	4.2	5.5	-	-	4.2	5.5
Unrestricted	-	-	0.0	0.2	0.0	0.2
Total net position	<u>\$ 59.0</u>	<u>\$ 53.6</u>	<u>\$ 24.5</u>	<u>\$ 23.0</u>	<u>\$ 83.5</u>	<u>\$ 76.6</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2021

Governmental Activities

The Agency's net position from governmental activities increased 10.1%, from \$53.6 million to \$59.0 million. The change is primarily composed of the following:

- Cash and investments increased \$12.5 million. The largest increase was in the capital projects fund due to issuance of short-term loans and long-term tax increment bonds – proceeds exceeding project expenses by \$12.4 million. In the debt service fund, property tax receipts exceeded bond and short-term debt repayment by \$1.4 million. The Convention Center reserve fund cash decreased by \$1.3 million due to reimbursement of construction at the Convention Center.
- Capital assets increased \$2.0 million, primarily from purchase of land in the Riverfront/Downtown area from the ARCHES organization.
- Long-term debt increased \$9.0 million due to issuance of \$9.7 million in new bonds in the Riverfront/Downtown area, \$0.5 million scheduled debt service, and \$0.2 million forgiven on a note.

Business-type Activities

Net position from business-type activities increased 6.5% from \$23.0 million, to \$24.5 million. The Convention Center experienced an operating loss of \$0.9 million due to being closed most of the year under COVID-19 restrictions. However, the operating loss was more than offset by a capital asset increase of \$2.4 million. This is construction-in-progress for a commercial kitchen remodel which is being reimbursed by the Convention Center reserve fund.

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,
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
Charge for services	\$ 0.1	\$ 0.2	\$ 0.3	\$ 3.8	\$ 0.4	\$ 4.0
Capital grants and contributions	0.7	0.1	-	-	0.7	0.1
Taxes	15.8	15.6	-	-	15.8	15.6
Interest	0.8	1.1	-	-	0.8	1.1
Other	0.1	0.2	-	-	0.1	0.2
Total revenues	<u>17.5</u>	<u>17.2</u>	<u>0.3</u>	<u>3.8</u>	<u>17.8</u>	<u>21.0</u>
Program expenses	<u>6.3</u>	<u>20.8</u>	<u>1.2</u>	<u>4.2</u>	<u>7.5</u>	<u>25.0</u>
Increase (decrease) in net position before special items and transfers	11.2	(3.6)	(0.9)	(0.4)	10.3	(4.0)
Transfers to/from primary government	<u>(5.8)</u>	<u>(2.1)</u>	<u>1.3</u>	<u>(0.3)</u>	<u>(4.5)</u>	<u>(2.4)</u>
Increase (decrease) in net position	5.4	(5.7)	0.4	(0.7)	5.8	(6.4)
Beginning net position	53.6	59.3	23.0	23.7	76.6	83.0
Prior period adjustment	<u>-</u>	<u>-</u>	<u>1.1</u>	<u>-</u>	<u>1.1</u>	<u>-</u>
Ending net position	<u>\$ 59.0</u>	<u>\$ 53.6</u>	<u>\$ 24.5</u>	<u>\$ 23.0</u>	<u>\$ 83.5</u>	<u>\$ 76.6</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2021

Governmental Activities

The Agency's change in net position from governmental activities increased from a negative \$5.7 million last year to positive \$5.4 million this year. Last year's reduction was due to one-time grants to the City for construction associated with the new Police facility. The debt service fund also had an increase in net position due to tax receipts exceeding debt service for the year.

Business-type Activities

The Agency's change in net position from business-type activities increased from a negative \$0.7 million last year to positive \$0.4 million this year. The Convention Center operating loss in the current year was more than offset by growth in the kitchen remodel capital asset as discussed earlier.

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, 2021

(in millions)

Major Funds	FY 2020-21		Compared to FY 2019-20	
	Amount	Percent of Total	Amount	Percent
Tax Allocation Debt	\$ 6.1	10.2%	\$ 1.4	29.8%
Tax Allocation Improvements	49.4	82.8%	12.4	33.5%
Convention Center gain/loss reserve	4.2	7.0%	(1.2)	-22.2%
Total fund balances	<u>\$ 59.7</u>	<u>100.0%</u>	<u>\$ 12.6</u>	

At June 30, 2021, the Agency's governmental funds reported combined fund balances of \$59.7 million, an increase of \$12.6 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.

The Tax Allocation Debt fund increased by \$1.4 million. Property tax receipts exceeded debt repayment by \$0.4 million and \$1.0 million in bond issuance proceeds were recorded in this fund for required reserves.

The June 30, 2021 fund balance of \$6.1 million is restricted for future debt service.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2021

Tax Allocation Improvements Fund

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

The Tax Allocation Improvements fund increased by \$12.4 million, a net of bond issuance proceeds of \$8.7 million, short term loan issuance of \$14.4 million, revenues of \$1.6 million, and project expenditures of \$12.3 million. Construction expenditures overall were \$7.7 million less than last year. The most significant changes were seen in Riverfront with a reduction of \$7.0 million from last year's grants to the City for street improvements related to the new Police facility. North Gateway increased \$0.9 million due to property purchase on Portland Road. Mill Creek reduced by \$0.9 million with less expended on a wetland mitigation project. McGilchrist spent \$0.5 million more than last year related to planning and design of McGilchrist Street improvements. South Waterfront reduced expenditure by \$1.2 million due to finishing demolition of the Boise building foundation on Pringle Creek last year.

The June 30, 2021 fund balance of \$49.4 million is restricted for urban renewal projects.

Salem Convention Center Gain/Loss Reserve Fund

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

Salem Convention Center Gain/Loss Reserve fund had a \$1.2 million decrease for the year related to spending on the kitchen remodel project.

The June 30, 2021 fund balance of \$4.2 million is restricted for future Convention Center capital needs.

Salem Convention Center Fund

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

Net position increased \$1.5 million. This was a net of the operating loss of \$0.9 million and the \$2.4 million increase in capital assets from the kitchen remodel project.

Budgetary Highlights

There were no changes to the original adopted budget.

Capital Assets

As of June 30, 2021, the Agency had \$40.1 million in capital assets. This represents a net increase of \$3.7 million from the prior year. The change is primarily due to the \$2.2 million land purchase in governmental activities, and the \$2.2 million increase in work-in-progress in business-type activities for the Convention Center kitchen project.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2021

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	\$ 4.2	\$ 2.0	\$ 1.5	\$ 1.5	\$ 5.7	\$ 3.5
Buildings	-	-	20.1	20.8	20.1	20.8
Improvements	-	-	0.1	0.1	0.1	0.1
Equipment and machinery	-	-	0.2	0.3	0.2	0.3
Public Art	-	-	0.2	0.1	0.2	0.1
Work in progress	11.4	11.6	2.4	-	13.8	11.6
Total	<u>\$ 15.6</u>	<u>\$ 13.6</u>	<u>\$ 24.5</u>	<u>\$ 22.8</u>	<u>\$ 40.1</u>	<u>\$ 36.4</u>

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

Change in Capital Assets for the fiscal year ended June 30, 2021 (in millions)

	Governmental Activities	Business-Type Activities	Total
	Beginning balance	\$ 13.6	\$ 22.8
Additions	11.8	2.4	14.2
Retirement and depreciation	(9.8)	(0.7)	(10.5)
Ending balance	<u>\$ 15.6</u>	<u>\$ 24.5</u>	<u>\$ 40.1</u>

For more detailed information on capital assets, see page 40 of the notes to the financial statements.

Debt Outstanding

As of June 30, 2021, the Agency had \$18.9 million in long-term debt outstanding, compared to \$9.9 million last year. The increase of \$9.0 million was due to issuance of \$9.7 million in tax increment bonds in the Riverfront/Downtown area, debt service of \$0.5 million, and \$0.2 million forgiven on Business Oregon note L06001B. This note, originally \$1.0 million is now fully forgiven.

Outstanding Debt as of June 30, (in millions)

	Totals	
	2021	2020
<u>Governmental:</u>		
Bonds	\$ 10.6	\$ 1.2
Notes	8.3	8.7
Total	<u>\$ 18.9</u>	<u>\$ 9.9</u>

For more detailed information on debt, see page 40-42 of the notes to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2021

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 2020-21, urban renewal taxes were collected through two methods. Under the tax increment or "division of taxes" method, the amount of tax collected is based on the increase in Assessed Value (AV) of property located in an urban renewal area over the "frozen base" value established at the time the district was formed. The tax collected from within a district may only be spent on urban renewal activity within that district. Certain urban renewal areas collect additional taxes through a citywide special levy, which is identified as such on tax bills. These taxes also must be spent only on urban renewal activity in the district for which the taxes are collected. The division of taxes rate and the special levy rate by urban renewal area are shown in the following table.

Urban Renewal Area	Division of Taxes Rate/\$1,000 AV	Special Levy Rate/\$1,000 AV
Riverfront/Downtown	\$ 0.1129	\$ 0.2403
North Gateway	0.1128	none
West Salem	0.0445	none
Mill Creek	0.0375	none
McGilchrist	0.0285	none
South Waterfront	0.0128	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, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and investments	\$ 59,150,601	\$ 609,215	\$ 59,759,816
Accounts receivable, net	736,225	40,440	776,665
Internal balances	508,359	(508,359)	-
Inventories and prepayments	-	21,893	21,893
Total current assets	<u>60,395,185</u>	<u>163,189</u>	<u>60,558,374</u>
Noncurrent assets			
Notes receivable	2,582,194	-	2,582,194
Capital assets:			
Land and construction in progress	15,624,522	4,091,569	19,716,091
Other capital assets, net	-	20,440,221	20,440,221
Total noncurrent assets	<u>18,206,716</u>	<u>24,531,790</u>	<u>42,738,506</u>
Total assets	<u>78,601,901</u>	<u>24,694,979</u>	<u>103,296,880</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	660,375	185,070	845,445
Long-term debt - due within one year	1,587,256	-	1,587,256
Total current liabilities	<u>2,247,631</u>	<u>185,070</u>	<u>2,432,701</u>
Non-current liabilities			
Long-term debt	17,318,645	-	17,318,645
Total liabilities	<u>19,566,276</u>	<u>185,070</u>	<u>19,751,346</u>
Net position			
Net investment in capital assets	6,938,182	24,531,790	31,469,972
Restricted			
Tax allocation debt	6,171,162	-	6,171,162
Tax allocation improvements	41,713,791	-	41,713,791
Convention Center gain/loss reserve	4,212,490	-	4,212,490
Unrestricted	-	(21,881)	(21,881)
Total net position	<u>\$ 59,035,625</u>	<u>\$ 24,509,909</u>	<u>\$ 83,545,534</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, 2021

Functions/programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Capital Grants/ Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
Primary government						
Governmental activities						
Urban renewal	\$ 5,681,294	\$ 96,979	\$ 710,498	\$ (4,873,817)	\$ -	\$ (4,873,817)
Interest on long-term debt	663,049	-	-	(663,049)	-	(663,049)
Total governmental activities	<u>6,344,343</u>	<u>96,979</u>	<u>710,498</u>	<u>(5,536,866)</u>	<u>-</u>	<u>(5,536,866)</u>
Business - type activities						
Salem Convention Center	1,256,563	320,405	-	-	(936,158)	(936,158)
Total primary government	<u>\$ 7,600,906</u>	<u>\$ 417,384</u>	<u>\$ 710,498</u>	<u>(5,536,866)</u>	<u>(936,158)</u>	<u>(6,473,024)</u>
General revenues						
Property taxes				15,865,378	-	15,865,378
Investment earnings				821,933	-	821,933
Gain on sale of assets				84,416	-	84,416
Transfers to/from primary government				<u>(5,756,682)</u>	<u>1,291,831</u>	<u>(4,464,851)</u>
Total general revenues and transfers				<u>11,015,045</u>	<u>1,291,831</u>	<u>12,306,876</u>
Change in net position				5,478,179	355,673	5,833,852
Net position - beginning of year				<u>53,557,446</u>	<u>23,033,093</u>	<u>76,590,539</u>
Prior period adjustment				-	1,121,143	1,121,143
Net position - end of year				<u>\$ 59,035,625</u>	<u>\$ 24,509,909</u>	<u>\$ 83,545,534</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, 2021

	<u>Debt Service</u>	<u>Capital Projects</u>		<u>Totals</u>
	<u>Tax Allocation Debt</u>	<u>Tax Allocation Improvements</u>	<u>Salem Convention Center Gain/Loss Reserve</u>	
Assets				
Cash and investments	\$ 5,977,208	\$ 49,469,262	\$ 3,704,131	\$ 59,150,601
Accounts receivable, net	535,849	200,376	-	736,225
Notes receivable	-	2,582,194	-	2,582,194
Due from other funds	-	-	508,359	508,359
Total assets	<u>\$ 6,513,057</u>	<u>\$ 52,251,832</u>	<u>\$ 4,212,490</u>	<u>\$ 62,977,379</u>
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 318,480	\$ -	\$ 318,480
Deferred inflows of resources				
Unavailable revenue	359,534	2,582,592	-	2,942,126
Fund balances				
Restricted for:				
Debt Service	6,153,523	-	-	6,153,523
Capital Projects	-	49,350,760	4,212,490	53,563,250
Total fund balances	<u>6,153,523</u>	<u>49,350,760</u>	<u>4,212,490</u>	<u>59,716,773</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,513,057</u>	<u>\$ 52,251,832</u>	<u>\$ 4,212,490</u>	

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds (net of accumulated depreciation)	15,624,522
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	2,582,592
Property taxes - earned but unavailable	359,534
Accrued interest on long-term debt	(341,895)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	<u>(18,905,901)</u>
Total net position	<u>\$ 59,035,625</u>

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

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

For the fiscal year ended June 30, 2021

	<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	\$ 15,931,086	\$ -	\$ -	\$ 15,931,086
Interest on investments	152,696	591,854	77,383	821,933
Grants	-	410,498	-	410,498
Intergovernmental	-	300,000	-	300,000
Loan payments received	-	163,891	-	163,891
Rents	-	71,476	-	71,476
Other	-	-	8,000	8,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	16,083,782	1,537,719	85,383	17,706,884
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Materials and services	-	12,322,969	23,666	12,346,635
Debt service				
Principal retirement	1,225,827	-	-	1,225,827
Interest and fiscal charges	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	1,225,827	12,322,969	23,666	13,572,462
	<hr/>	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures	14,857,955	(10,785,250)	61,717	4,134,422
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Transfers in	-	14,400,000	-	14,400,000
Sale of capital assets	-	84,416	-	84,416
Issuance of long-term debt	966,800	8,701,200	-	9,668,000
Transfers out	(14,400,000)	-	(1,291,831)	(15,691,831)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(13,433,200)	23,185,616	(1,291,831)	8,460,585
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	1,424,755	12,400,366	(1,230,114)	12,595,007
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	4,728,768	36,950,394	5,442,604	47,121,766
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, end of year	<u>\$ 6,153,523</u>	<u>\$ 49,350,760</u>	<u>\$ 4,212,490</u>	<u>\$ 59,716,773</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, 2021

Net change in fund balances - total governmental funds	\$	12,595,007
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		2,014,670
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		(65,708)
Change in deferred inflows for program revenue		(146,388)
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		(9,668,000)
Principal payments on long-term debt		510,014
Debt forgiven - Mill Creek URA note		185,820
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.		
		52,764
Change in net position	\$	5,478,179

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, 2021

	Salem Convention Center
Assets	
Cash and investments	\$ 609,215
Accounts receivable, net	40,440
Inventories and prepayments	<u>21,893</u>
Total current assets	<u>671,548</u>
Noncurrent assets	
Capital assets:	
Land and construction in progress	4,091,569
Other capital assets, net	<u>20,440,221</u>
Total noncurrent assets	<u>24,531,790</u>
Total assets	<u>25,203,338</u>
Liabilities	
Accounts payable and accrued liabilities	185,070
Due to other funds	<u>508,359</u>
Total liabilities	<u>693,429</u>
Net Position	
Net investment in capital assets	24,531,790
Unrestricted	<u>(21,881)</u>
Total net position	<u><u>\$ 24,509,909</u></u>

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

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the fiscal year ended June 30, 2021

	Salem Convention Center
Operating revenues	
Sales	\$ 15,539
Rents	205,558
Other	99,308
Total operating revenues	320,405
Operating expenses	
Materials and services	518,298
Depreciation	738,265
Total operating expenses	1,256,563
Operating income (loss)	(936,158)
Transfers in	1,291,831
Change in net position	355,673
Net position - beginning of year	23,033,093
Prior period adjustment	1,121,143
Net position - end of year	\$ 24,509,909

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, 2021

	Salem Convention Center
Cash Flows from Operating Activities	
Receipts from customers	\$ 279,965
Payments to suppliers	(555,999)
Net cash provided (used) by operating activities	(276,034)
 Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(19,472)
Net increase (decrease) in cash and cash equivalents	(295,506)
Cash and cash equivalents - beginning of year	904,721
Cash and cash equivalents - end of year	\$ 609,215
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (936,158)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	738,265
Changes in assets and liabilities:	
Accounts receivable	(40,440)
Inventories and prepayments	19,342
Accounts payable and accrued liabilities	(57,043)
Net cash provided (used) by operating activities	\$ (276,034)

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, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The Financial Reporting Entity

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

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

Urban Renewal Areas

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

Projects are financed in urban renewal plan areas as follows:

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

Government-wide and Fund Financial Statements

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

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, 2021

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Current assets, deferred outflows, current liabilities, and deferred inflows are included in the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases and decreases in fund balances. Revenues are recorded when susceptible to accrual (both measurable and available). Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter (60 days) to be used to liquidate liabilities of the current period. Expenditures other than interest on long-term obligations are recorded when a liability is incurred.

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

Governmental Funds

Governmental funds finance all 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.

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, 2021

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

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

Receivables and Deferred Inflows of Resources

Property tax receivables 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

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, 2021

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.

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.

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, 2021

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, 2021:

	Book Value
Deposits with City of Salem	\$ 16,133,376
Investments	43,626,440
Total cash and investments	\$ 59,759,816

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, 2021, the Agency's deposits in City bank accounts have a book value of \$16,133,376.

2. Investments

As of June 30, 2021, the Agency held the following investments and maturities:

Investment type	Fair Value	Weighted avg. maturity in months	% of investment portfolio
Local Government Investment Pool	\$ 43,800,946	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.

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, 2021

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

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, 2021, the credit risk for the Agency's investments is as follows:

<u>Investment type</u>	<u>Fair Value</u>	<u>Credit Risk</u>	<u>Concentration Risk</u>
Local Government Investment Pool	\$ 43,800,946	Unrated	100.0%

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, 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, 2021 are as follows:

	<u>Tax Allocation Debt</u>	<u>Tax Allocation Improvements</u>	<u>Totals</u>
Accounts receivable	\$ -	\$ 199,978	\$ 199,978
Property taxes	535,716	-	535,716
Interest	133	398	531
Notes receivable	-	2,582,194	2,582,194
Total	<u>\$ 535,849</u>	<u>\$ 2,782,570</u>	<u>\$ 3,318,419</u>

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, 2021

Salem Convention Center accounts receivable balance as of June 30, 2021 is \$40,440.

PROPERTY TAXES

Fiscal Year of Levy	Balances July 1, 2020	2020-21 Levy	Adjustments To Date	Collections To Date	Balances June 30, 2021
2020-21	\$ -	\$ 16,370,004	\$ (464,864)	\$ 15,623,171	\$ 281,969
2019-20	319,444	-	(3,003)	196,650	119,791
2018-19	122,037	-	(300)	57,719	64,018
2017-18	66,161	-	267	41,741	24,687
2016-17	23,329	-	391	14,624	9,096
2015-16	8,134	-	(201)	1,952	5,981
2014-15	6,140	-	(180)	1,391	4,569
All Prior	28,151	-	56	2,602	25,605
	<u>\$ 573,396</u>	<u>\$ 16,370,004</u>	<u>\$ (467,834)</u>	<u>\$ 15,939,850</u>	<u>\$ 535,716</u>

Ensuing Year's Levies

Property tax levies for the year beginning July 1, 2021 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 2021-22 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, South Waterfront, and Jory Apartments 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. \$ 2,502,705

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. 79,489
\$ 2,582,194

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, 2021

CAPITAL ASSETS

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities</u>				
Land and land improvements	\$ 1,979,524	\$ 3,801,288	\$ (1,560,081)	\$ 4,220,731
Construction in progress	11,630,328	8,039,602	(8,266,139)	11,403,791
Governmental activities capital assets, net	<u>\$ 13,609,852</u>	<u>\$ 11,840,890</u>	<u>\$ (9,826,220)</u>	<u>\$ 15,624,522</u>
<u>Business-type activities</u>				
Land and land improvements	\$ 1,500,646	\$ -	\$ -	\$ 1,500,646
Public art	158,477	15,000	-	173,477
Construction in progress	-	2,417,446	-	2,417,446
Total non-depreciable	<u>1,659,123</u>	<u>2,432,446</u>	<u>-</u>	<u>4,091,569</u>
Buildings and building improvements	30,368,457	-	-	30,368,457
Other improvements	254,161	-	-	254,161
Equipment and machinery	1,453,693	-	-	1,453,693
Total depreciable	<u>32,076,311</u>	<u>-</u>	<u>-</u>	<u>32,076,311</u>
Accumulated depreciation				
Buildings and building improvements	(9,624,260)	(643,801)	-	(10,268,061)
Improvements	(174,332)	(6,361)	-	(180,693)
Equipment and machinery	(1,099,233)	(88,103)	-	(1,187,336)
Total accumulated depreciation	<u>(10,897,825)</u>	<u>(738,265)</u>	<u>-</u>	<u>(11,636,090)</u>
Business-type activities capital assets, net	<u>\$ 22,837,609</u>	<u>\$ 1,694,181</u>	<u>\$ -</u>	<u>\$ 24,531,790</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 of cash from Debt Service fund to Capital Projects fund).

SHORT-TERM DEBT

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021
Riverfront, 2021	\$ -	\$ 6,000,000	\$ 6,000,000	\$ -
North Gateway, 2021	-	4,500,000	4,500,000	-
West Salem, 2021	-	2,000,000	2,000,000	-
Mill Creek, 2021	-	500,000	500,000	-
McGilchrist, 2021	-	900,000	900,000	-
South Waterfront, 2021	-	500,000	500,000	-
Total due to City of Salem	<u>\$ -</u>	<u>\$ 14,400,000</u>	<u>\$ 14,400,000</u>	<u>\$ -</u>

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, 2021

LONG-TERM DEBT

Transactions for the year ended June 30, 2021 are as follows:

	Balances July 1, 2020	Additions	Reductions	Balances June 30, 2021	Due in One Year
<u>Direct borrowing tax increment bonds</u>					
Riverfront/Downtown, Series 2009 Dated Sep 17, 2009, 4.35%.	\$ 1,200,000	\$ -	\$ 280,000	\$ 920,000	\$ 295,000
Riverfront/Downtown, Series 2020A Dated Dec 7, 2021, 1.66%.	-	7,445,000	-	7,445,000	-
Riverfront/Downtown, Series 2020B Dated Dec 7, 2021, 1.75%.	-	2,223,000	-	2,223,000	829,000
<u>Direct borrowing notes</u>					
Mill Creek, OR Econ & Comm Dev Dept, Series 2007, L06001A	3,547,915	-	230,014	3,317,901	240,158
Mill Creek, OR Econ & Comm Dev Dept, Series 2007, L06001B	185,820	-	185,820	-	-
Mill Creek, OR Econ & Comm Dev Dept, Series 2007, L06001C	5,000,000	-	-	5,000,000	223,098
	<u>\$ 9,933,735</u>	<u>\$ 9,668,000</u>	<u>\$ 695,834</u>	<u>\$ 18,905,901</u>	<u>\$ 1,587,256</u>

Governmental activity urban renewal bonds

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

On December 17, 2020, the Agency issued Riverfront/Downtown Urban Renewal Area Series 2020A and 2020B bonds. Series 2020A is tax-exempt with a par value of \$7,445,000. Series 2020B is taxable with a par value of \$2,223,000. Bond proceeds will be used for land acquisition and transportation and streetscape redevelopment grants for capital improvements to properties within the Riverfront/Downtown plan area.

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

	Reserve
Riverfront/Downtown, series 2009	\$ 335,255
Riverfront/Downtown, series 2020A	744,500
Riverfront/Downtown, series 2020B	<u>222,300</u>
Total debt service reserves	<u>\$ 1,302,055</u>

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, 2021

Governmental activity notes

The Agency issues notes to provide funds for urban renewal projects within designated project areas. 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 (known as Business Oregon). In the event of default, Business Oregon could demand immediate payment of all outstanding balances. Note L06001B was potentially forgivable based on job creation in the Mill Creek urban renewal area and the original \$1,000,000 has been fully forgiven as of fiscal year 2020-21.

Future maturities of long-term debt are as follows:

Year	Riverfront/Downtown		Mill Creek		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2021-22	\$ 1,124,000	\$ 276,533	\$ 463,256	\$ 429,871	\$ 1,587,256	\$ 706,404
2022-23	1,223,000	175,169	570,144	322,984	1,793,144	498,153
2023-24	1,254,000	145,837	593,723	299,404	1,847,723	445,241
2024-25	950,000	115,984	618,280	274,848	1,568,280	390,832
2025-26	965,000	100,214	643,855	249,272	1,608,855	349,486
2026-31	5,072,000	255,358	3,641,661	823,976	8,713,661	1,079,334
2031-35	-	-	1,786,982	128,498	1,786,982	128,498
Total	<u>\$ 10,588,000</u>	<u>\$ 1,069,095</u>	<u>\$ 8,317,901</u>	<u>\$ 2,528,853</u>	<u>\$ 18,905,901</u>	<u>\$ 3,597,948</u>

OTHER INFORMATION

Risk Management

The Agency is provided coverage under the City's self-insurance program. Excess insurance policies are purchased by the City's Self-insurance fund, which include property damage and liability. No claims have 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.

Prior Period Adjustment

A capital project in progress was incorrectly omitted from business-type activities and reported as expense in the 2019-20 annual report. This has been reported as a positive prior period adjustment of \$1,121,143 in the current report. The project is a kitchen remodel at the Convention Center.

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SUPPLEMENTARY INFORMATION

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem)
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Governmental Funds
For the fiscal year ended June 30, 2021

	Tax Allocation Debt		
	Original/ Final Budget	Actual	Variance¹
Revenues			
Property taxes	\$ 16,855,280	\$ 15,931,086	\$ 924,194
Interest on investments	198,000	152,696	45,304
Grants	-	-	-
Intergovernmental	-	-	-
Loan payments received	-	-	-
Rents	-	-	-
Other	-	-	-
Total revenues	17,053,280	16,083,782	969,498
Expenditures			
Operations	-	-	-
Debt service	16,970,820	15,625,827	1,344,993
Total expenditures	16,970,820	15,625,827	1,344,993
Revenues over (under) expenditures	82,460	457,955	(375,495)
Other financing sources (uses)			
Sale of capital assets	-	-	-
Issuance of debt	1,300,000	966,800	-
Issuance of short-term debt	-	-	-
Total other financing sources (uses)	1,300,000	966,800	-
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	1,382,460	1,424,755	(375,495)
Fund balance, beginning of year	5,564,160	4,728,768	835,392
Fund balance, end of year	<u>\$ 6,946,620</u>	<u>\$ 6,153,523</u>	<u>\$ 459,897</u>

Continued

1 () indicates revenues/expenditures in excess of budget

Tax Allocation Improvements		
Original/ Final Budget	Actual	Variance¹
\$ -	\$ -	\$ -
500,500	591,854	(91,354)
4,527,170	410,498	4,116,672
349,090	300,000	49,090
85,000	163,891	(78,891)
96,000	71,476	24,524
3,600	-	3,600
<u>5,561,360</u>	<u>1,537,719</u>	<u>4,023,641</u>
63,329,260	12,316,274	51,012,986
-	-	-
<u>63,329,260</u>	<u>12,316,274</u>	<u>51,012,986</u>
<u>(57,767,900)</u>	<u>(10,778,555)</u>	<u>(46,989,345)</u>
-	84,416	(84,416)
8,700,000	8,701,200	(1,200)
14,440,000	14,400,000	40,000
<u>23,140,000</u>	<u>23,185,616</u>	<u>(45,616)</u>
(34,627,900)	12,407,061	(47,034,961)
<u>34,627,900</u>	<u>36,943,699</u>	<u>(2,315,799)</u>
<u>\$ -</u>	<u>\$ 49,350,760</u>	<u>\$ (49,350,760)</u>

Salem Convention Center Gain/Loss Reserve		
Original/ Final Budget	Actual	Variance¹
\$ -	\$ -	\$ -
100,000	77,383	22,617
-	-	-
-	-	-
-	-	-
-	-	-
-	8,000	(8,000)
<u>100,000</u>	<u>85,383</u>	<u>14,617</u>
2,892,360	1,315,497	1,576,863
-	-	-
<u>2,892,360</u>	<u>1,315,497</u>	<u>1,576,863</u>
<u>(2,792,360)</u>	<u>(1,230,114)</u>	<u>(1,562,246)</u>
1,500,000	-	1,500,000
-	-	-
-	-	-
<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>
(1,292,360)	(1,230,114)	(62,246)
<u>6,356,620</u>	<u>5,442,604</u>	<u>914,016</u>
<u>\$ 5,064,260</u>	<u>\$ 4,212,490</u>	<u>\$ 851,770</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, 2021

	Riverfront/ Downtown	North Gateway	West Salem
Assets			
Cash and investments	\$ 2,601,329	\$ 977,366	\$ 716,299
Accounts receivable, net	250,134	137,138	56,790
Total assets	<u>\$ 2,851,463</u>	<u>\$ 1,114,504</u>	<u>\$ 773,089</u>
 Liabilities, deferred inflows of resources, and fund balances			
Deferred inflows of resources			
Unavailable revenue	\$ 169,435	\$ 91,866	\$ 36,914
Fund balances			
Restricted for debt service	2,682,028	1,022,638	736,175
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,851,463</u>	<u>\$ 1,114,504</u>	<u>\$ 773,089</u>

Continued

Mill Creek Industrial Park	McGilchrist	South Waterfront	Totals
\$ 1,113,472	\$ 407,535	\$ 161,207	\$ 5,977,208
46,246	31,699	13,842	535,849
<u>\$ 1,159,718</u>	<u>\$ 439,234</u>	<u>\$ 175,049</u>	<u>\$ 6,513,057</u>

\$ 31,440	\$ 20,800	\$ 9,079	\$ 359,534
<u>1,128,278</u>	<u>418,434</u>	<u>165,970</u>	<u>6,153,523</u>
<u>\$ 1,159,718</u>	<u>\$ 439,234</u>	<u>\$ 175,049</u>	<u>\$ 6,513,057</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, 2021

	<u>Riverfront/ Downtown</u>	<u>North Gateway</u>	<u>West Salem</u>
Revenues			
Property taxes	\$ 7,272,970	\$ 4,000,595	\$ 1,873,301
Interest on investments	<u>63,470</u>	<u>36,619</u>	<u>19,007</u>
Total revenues	7,336,440	4,037,214	1,892,308
Expenditures			
Debt service	<u>332,409</u>	<u>156</u>	<u>69</u>
Revenues over (under) expenditures	7,004,031	4,037,058	1,892,239
Other financing sources (uses)			
Proceeds of short-term capital related debt	966,800	-	-
Transfers out	<u>(6,000,000)</u>	<u>(4,500,000)</u>	<u>(2,000,000)</u>
Total other financing sources (uses)	<u>(5,033,200)</u>	<u>(4,500,000)</u>	<u>(2,000,000)</u>
Net change in fund balance	1,970,831	(462,942)	(107,761)
Fund balance, beginning of year	<u>711,197</u>	<u>1,485,580</u>	<u>843,936</u>
Fund balance, end of year	<u>\$ 2,682,028</u>	<u>\$ 1,022,638</u>	<u>\$ 736,175</u>

Continued

Mill Creek Industrial Park	McGilchrist	South Waterfront	Totals
\$ 1,332,149	\$ 1,004,385	\$ 447,686	\$ 15,931,086
20,189	8,405	5,006	152,696
1,352,338	1,012,790	452,692	16,083,782
893,145	31	17	1,225,827
459,193	1,012,759	452,675	14,857,955
-	-	-	966,800
(500,000)	(900,000)	(500,000)	(14,400,000)
(500,000)	(900,000)	(500,000)	(13,433,200)
(40,807)	112,759	(47,325)	1,424,755
1,169,085	305,675	213,295	4,728,768
<u>\$ 1,128,278</u>	<u>\$ 418,434</u>	<u>\$ 165,970</u>	<u>\$ 6,153,523</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ 7,477,810	\$ 7,477,810	\$ 7,272,970	\$ 204,840
Interest on investments	60,000	60,000	63,470	(3,470)
Total revenues	<u>7,537,810</u>	<u>7,537,810</u>	<u>7,336,440</u>	<u>201,370</u>
Expenditures				
Debt service				
Principal	7,070,800	7,070,800	6,280,000	790,800
Interest	562,400	562,400	52,409	509,991
Total expenditures	<u>7,633,200</u>	<u>7,633,200</u>	<u>6,332,409</u>	<u>1,300,791</u>
Excess (deficiency) of revenues over expenditures	(95,390)	(95,390)	1,004,031	(1,099,421)
Other financing sources (uses)				
Issuance of short-term debt	1,300,000	1,300,000	966,800	333,200
Net change in fund balance	1,204,610	1,204,610	1,970,831	(766,221)
Fund balance, beginning of year	<u>1,258,420</u>	<u>1,258,420</u>	<u>711,197</u>	<u>547,223</u>
Fund balance, end of year	<u>\$ 2,463,030</u>	<u>\$ 2,463,030</u>	<u>\$ 2,682,028</u>	<u>\$ (218,998)</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, 2021

	<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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ 4,072,730	\$ 4,072,730	\$ 4,000,595	\$ 72,135
Interest on investments	50,000	50,000	36,619	13,381
Total revenues	<u>4,122,730</u>	<u>4,122,730</u>	<u>4,037,214</u>	<u>85,516</u>
Expenditures				
Debt service				
Principal	4,500,000	4,500,000	4,500,000	-
Interest	1,000	1,000	156	844
Total expenditures	<u>4,501,000</u>	<u>4,501,000</u>	<u>4,500,156</u>	<u>844</u>
Excess (deficiency) of revenues over expenditures	(378,270)	(378,270)	(462,942)	84,672
Fund balance, beginning of year	<u>1,615,170</u>	<u>1,615,170</u>	<u>1,485,580</u>	<u>129,590</u>
Fund balance, end of year	<u>\$ 1,236,900</u>	<u>\$ 1,236,900</u>	<u>\$ 1,022,638</u>	<u>\$ 214,262</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ 1,636,240	\$ 1,636,240	\$ 1,873,301	\$ (237,061)
Interest on investments	35,000	35,000	19,007	15,993
Total revenues	<u>1,671,240</u>	<u>1,671,240</u>	<u>1,892,308</u>	<u>(221,068)</u>
Expenditures				
Debt service				
Principal	2,000,000	2,000,000	2,000,000	-
Interest	1,000	1,000	69	931
Total expenditures	<u>2,001,000</u>	<u>2,001,000</u>	<u>2,000,069</u>	<u>931</u>
Excess (deficiency) of revenues over expenditures	(329,760)	(329,760)	(107,761)	(221,999)
Fund balance, beginning of year	<u>902,970</u>	<u>902,970</u>	<u>843,936</u>	<u>59,034</u>
Fund balance, end of year	<u>\$ 573,210</u>	<u>\$ 573,210</u>	<u>\$ 736,175</u>	<u>\$ (162,965)</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ 2,141,500	\$ 2,141,500	\$ 1,332,149	\$ 809,351
Interest on investments	25,000	25,000	20,189	4,811
Total revenues	<u>2,166,500</u>	<u>2,166,500</u>	<u>1,352,338</u>	<u>814,162</u>
Expenditures				
Debt service				
Principal	730,010	730,010	730,014	(4)
Interest	663,610	663,610	663,131	479
Total expenditures	<u>1,393,620</u>	<u>1,393,620</u>	<u>1,393,145</u>	<u>475</u>
Excess (deficiency) of revenues over expenditures	772,880	772,880	(40,807)	813,687
Fund balance, beginning of year	<u>1,217,260</u>	<u>1,217,260</u>	<u>1,169,085</u>	<u>48,175</u>
Fund balance, end of year	<u>\$ 1,990,140</u>	<u>\$ 1,990,140</u>	<u>\$ 1,128,278</u>	<u>\$ 861,862</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ 1,025,070	\$ 1,025,070	\$ 1,004,385	\$ 20,685
Interest on investments	17,500	17,500	8,405	9,095
Total revenues	<u>1,042,570</u>	<u>1,042,570</u>	<u>1,012,790</u>	<u>29,780</u>
Expenditures				
Debt service				
Principal	900,000	900,000	900,000	-
Interest	1,000	1,000	31	969
Total expenditures	<u>901,000</u>	<u>901,000</u>	<u>900,031</u>	<u>969</u>
Excess (deficiency) of revenues over expenditures	141,570	141,570	112,759	28,811
Fund balance, beginning of year	<u>339,680</u>	<u>339,680</u>	<u>305,675</u>	<u>34,005</u>
Fund balance, end of year	<u>\$ 481,250</u>	<u>\$ 481,250</u>	<u>\$ 418,434</u>	<u>\$ 62,816</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ 461,930	\$ 461,930	\$ 447,686	\$ 14,244
Interest on investments	10,000	10,000	5,006	4,994
Total revenues	<u>471,930</u>	<u>471,930</u>	<u>452,692</u>	<u>19,238</u>
Expenditures				
Debt service				
Principal	500,000	500,000	500,000	-
Interest	500	500	17	483
Total expenditures	<u>500,500</u>	<u>500,500</u>	<u>500,017</u>	<u>483</u>
Excess (deficiency) of revenues over expenditures	(28,570)	(28,570)	(47,325)	18,755
Fund balance, beginning of year	<u>230,660</u>	<u>230,660</u>	<u>213,295</u>	<u>17,365</u>
Fund balance, end of year	<u><u>\$ 202,090</u></u>	<u><u>\$ 202,090</u></u>	<u><u>\$ 165,970</u></u>	<u><u>\$ 36,120</u></u>

1 () indicates revenues/expenditures in excess of budget

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Jory Apartments TIF District (Debt Service Fund)
For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Property taxes	\$ 40,000	\$ 40,000	\$ -	\$ 40,000
Interest on investments	500	500	-	500
Total revenues	<u>40,500</u>	<u>40,500</u>	<u>-</u>	<u>40,500</u>
Expenditures				
Debt service				
Principal	40,000	40,000	-	40,000
Interest	500	500	-	500
Total expenditures	<u>40,500</u>	<u>40,500</u>	<u>-</u>	<u>40,500</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

1 () indicates revenues/expenditures in excess of budget

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Combining Balance Sheet - Capital Projects Fund
June 30, 2021

	<u>Riverfront/ Downtown</u>	<u>Fairview</u>	<u>North Gateway</u>	<u>West Salem</u>
Assets				
Cash and investments	\$ 18,804,845	\$ 2,405,317	\$ 13,834,961	\$ 6,701,430
Accounts receivable, net	6,347	-	158	-
Notes receivable	2,502,705	-	79,489	-
Total assets	<u>\$ 21,313,897</u>	<u>\$ 2,405,317</u>	<u>\$ 13,914,608</u>	<u>\$ 6,701,430</u>
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable	\$ 154,346	\$ 1,093	\$ 46,826	\$ 60,110
Deferred inflows of resources				
Unavailable revenue	2,502,946	-	79,646	-
Fund balances				
Restricted for capital projects	18,656,605	2,404,224	13,788,136	6,641,320
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,313,897</u>	<u>\$ 2,405,317</u>	<u>\$ 13,914,608</u>	<u>\$ 6,701,430</u>

Continued

Mill Creek Industrial Park	McGilchrist	South Waterfront	Jory Apartments	Total
\$ 1,862,616	\$ 4,997,565	\$ 863,050	\$ (522)	\$ 49,469,262
-	193,871	-	-	200,376
-	-	-	-	2,582,194
<u>\$ 1,862,616</u>	<u>\$ 5,191,436</u>	<u>\$ 863,050</u>	<u>\$ (522)</u>	<u>\$ 52,251,832</u>
\$ 47,545	\$ 292	\$ 8,268	\$ -	\$ 318,480
-	-	-	-	2,582,592
<u>1,815,071</u>	<u>5,191,144</u>	<u>854,782</u>	<u>(522)</u>	<u>49,350,760</u>
<u>\$ 1,862,616</u>	<u>\$ 5,191,436</u>	<u>\$ 863,050</u>	<u>\$ (522)</u>	<u>\$ 52,251,832</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, 2021

	<u>Riverfront/ Downtown</u>	<u>Fairview</u>	<u>North Gateway</u>	<u>West Salem</u>
Revenues				
Interest on investments	\$ 180,705	\$ 38,617	\$ 179,252	\$ 79,157
Grants	60,000	38,000	-	-
Intergovernmental	300,000	-	-	-
Loan payments received	67,047	-	96,844	-
Rents	66,291	-	5,185	-
Total revenues	674,043	76,617	281,281	79,157
Expenditures				
Materials and services	6,975,079	53,303	2,814,791	511,163
Excess (deficiency) of revenues over expenditures	(6,301,036)	23,314	(2,533,510)	(432,006)
Other financing sources (uses)				
Sale of capital assets	84,416	-	-	-
Issuance of debt	8,701,200	-	-	-
Transfers in	6,000,000	-	4,500,000	2,000,000
Total other financing sources (uses)	14,785,616	-	4,500,000	2,000,000
Net change in fund balance	8,484,580	23,314	1,966,490	1,567,994
Fund balance, beginning of year	10,172,025	2,380,910	11,821,645	5,073,326
Fund balance, end of year	<u>\$ 18,656,605</u>	<u>\$ 2,404,224</u>	<u>\$ 13,788,135</u>	<u>\$ 6,641,320</u>

Continued

Mill Creek Industrial Park	McGilchrist	South Waterfront	Jory Apartments	Total
\$ 35,731	\$ 71,987	\$ 6,405	\$ -	\$ 591,854
-	312,498	-	-	410,498
-	-	-	-	300,000
-	-	-	-	163,891
-	-	-	-	71,476
35,731	384,485	6,405	-	1,537,719
1,133,611	739,807	94,693	522	12,322,969
(1,097,880)	(355,322)	(88,288)	(522)	(10,785,250)
-	-	-	-	84,416
-	-	-	-	8,701,200
500,000	900,000	500,000	-	14,400,000
500,000	900,000	500,000	-	23,185,616
(597,880)	544,678	411,712	(522)	12,400,366
2,412,951	4,646,466	443,071	-	36,950,394
<u>\$ 1,815,071</u>	<u>\$ 5,191,144</u>	<u>\$ 854,783</u>	<u>\$ (522)</u>	<u>\$ 49,350,760</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Rents	\$ 96,000	\$ 96,000	\$ 66,291	\$ 29,709
Grants	-	-	60,000	(60,000)
Intergovernmental	309,090	309,090	300,000	9,090
Interest on investments	200,000	200,000	180,705	19,295
Loan payments received	<u>8,725,000</u>	<u>8,725,000</u>	<u>67,047</u>	<u>8,657,953</u>
Total revenues	9,330,090	9,330,090	674,043	8,656,047
Expenditures				
Operations	<u>25,817,750</u>	<u>25,817,750</u>	<u>6,975,079</u>	<u>18,842,671</u>
Excess (deficiency) of revenues over expenditures	<u>(16,487,660)</u>	<u>(16,487,660)</u>	<u>(6,301,036)</u>	<u>27,498,718</u>
Other financing sources (uses)				
Sale of assets	-	-	84,416	(84,416)
Issuance of long-term debt	-	-	8,701,200	(8,701,200)
Issuance of short-term debt	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>-</u>
Total other financing sources (uses)	<u>6,000,000</u>	<u>6,000,000</u>	<u>14,785,616</u>	<u>(8,785,616)</u>
Net change in fund balance	(10,487,660)	(10,487,660)	8,484,580	27,498,718
Fund balance, beginning of year	<u>10,487,660</u>	<u>10,487,660</u>	<u>10,172,025</u>	<u>315,635</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,656,605</u>	<u>\$ 27,814,353</u>

1 () indicates revenues/expenditures in excess of budget

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON
(A Component Unit of the City of Salem, Oregon)
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Fairview (Capital Projects Fund)
For the fiscal year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Grants	\$	\$	\$ 38,000	\$ (38,000)
Interest on investments	40,000	40,000	38,617	1,383
Loan payments received	25,000	25,000	-	25,000
Total revenues	65,000	65,000	76,617	(11,617)
Expenditures				
Operations	2,623,250	2,623,250	53,303	2,569,947
Excess (deficiency) of revenues over expenditures	(2,558,250)	(2,558,250)	23,314	(2,581,564)
Fund balance, beginning of year	2,558,250	2,558,250	2,380,910	177,340
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,404,224</u>	<u>\$ (2,404,224)</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Rents	\$ -	\$ -	\$ 5,185	\$ (5,185)
Interest on investments	100,000	100,000	179,252	(79,252)
Loan payments received	35,000	35,000	96,844	(61,844)
Other	3,600	3,600	-	3,600
Total revenues	138,600	138,600	281,281	(142,681)
Expenditures				
Operations	14,072,990	14,072,990	2,808,096	11,264,894
Excess (deficiency) of revenues over expenditures	(13,934,390)	(13,934,390)	(2,526,815)	(11,407,575)
Other financing sources (uses)				
Proceeds of short-term capital related debt	4,500,000	4,500,000	4,500,000	-
Net change in fund balance	(9,434,390)	(9,434,390)	1,973,185	(11,407,575)
Fund balance, beginning of year	9,434,390	9,434,390	11,814,950	(2,380,560)
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,788,135</u>	<u>\$ (13,788,135)</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, 2021

	<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	\$ 65,000	\$ 65,000	\$ 79,157	\$ (14,157)
Expenditures				
Operations	6,874,800	6,874,800	511,163	6,363,637
Excess (deficiency) of revenues over expenditures	(6,809,800)	(6,809,800)	(432,006)	(6,377,794)
Other financing sources (uses)				
Proceeds of short-term capital related debt	2,000,000	2,000,000	2,000,000	-
Net change in fund balance	(4,809,800)	(4,809,800)	1,567,994	(6,377,794)
Fund balance, beginning of year	4,809,800	4,809,800	5,073,326	(263,526)
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,641,320</u>	<u>\$ (6,641,320)</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Intergovernmental	\$ 40,000	\$ 40,000	\$ -	\$ 40,000
Interest on investments	20,000	20,000	35,731	(15,731)
Total revenues	60,000	60,000	35,731	24,269
Expenditures				
Operations	2,975,480	2,975,480	1,133,611	1,841,869
Excess (deficiency) of revenues over expenditures	(2,915,480)	(2,915,480)	(1,097,880)	(1,817,600)
Other financing sources (uses)				
Issuance of short-term debt	500,000	500,000	500,000	-
Net change in fund balance	(2,415,480)	(2,415,480)	(597,880)	(1,817,600)
Fund balance, beginning of year	2,415,480	2,415,480	2,412,951	2,529
Fund balance, end of year	\$ -	\$ -	\$ 1,815,071	\$ (1,815,071)

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Grants	\$ 4,527,170	\$ 4,527,170	\$ 312,498	\$ 4,214,672
Interest on investments	65,000	65,000	71,987	(6,987)
Total revenues	<u>4,592,170</u>	<u>4,592,170</u>	<u>384,485</u>	<u>4,207,685</u>
Expenditures				
Operations	<u>9,978,560</u>	<u>9,978,560</u>	<u>739,807</u>	<u>9,238,753</u>
Excess (deficiency) of revenues over expenditures	(5,386,390)	(5,386,390)	(355,322)	(5,031,068)
Other financing sources (uses)				
Issuance of short-term capital related debt	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>	<u>-</u>
Net change in fund balance	(4,486,390)	(4,486,390)	544,678	(5,031,068)
Fund balance, beginning of year	<u>4,486,390</u>	<u>4,486,390</u>	<u>4,646,466</u>	<u>(160,076)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,191,144</u>	<u>\$ (5,191,144)</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Interest on investments	\$ 10,000	\$ 10,000	\$ 6,405	\$ 3,595
Expenditures				
Operations	945,930	945,930	94,693	851,237
Excess (deficiency) of revenues over expenditures	(935,930)	(935,930)	(88,288)	(847,642)
Other financing sources (uses)				
Proceeds of short-term capital related debt	500,000	500,000	500,000	-
Net change in fund balance	(435,930)	(435,930)	411,712	(847,642)
Fund balance, beginning of year	435,930	435,930	443,071	(7,141)
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 854,783</u>	<u>\$ (854,783)</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 - Jory Apartments TIF District (Capital Projects Fund)
For the fiscal year ended June 30, 2021

	<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	\$ 500	\$ 500	\$ -	\$ 500
Expenditures				
Operations	40,500	40,500	522	39,978
Excess (deficiency) of revenues over expenditures	(40,000)	(40,000)	(522)	(39,478)
Other financing sources (uses)				
Proceeds of short-term capital related debt	40,000	40,000	-	40,000
Net change in fund balance	-	-	(522)	522
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (522)</u>	<u>\$ 522</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Riverfront/Downtown			
682000 Project coordination/support	\$ 346,910	\$ 582,249	\$ -
682018 Toolbox grant program	-	1,917,942	-
682023 Marketing for Salem Convention Center	297,000	306,478	-
682083 Streetscape concepts	-	1,171,820	-
682086 Alley improvements	-	15,772	-
682087 Left turn lane removals	-	164,153	-
682089 State Street one-way to two-way conversion	200,000	270,103	-
682091 Zoning review	-	427	-
682093 UGM & Saffron Acquisition	100,000	225,348	-
682097 Strategic project grant program	-	47,452	-
682098 Salem Police Station improvements	-	2,563	-
682102 Acquisition of ARCHES Site	-	2,236,720	-
682105 Alley Poles-Hardware	-	29,096	-
682107 Liberty Parkade ScrtY Udgrds	-	4,956	-
Total Riverfront/Downtown	<u>943,910</u>	<u>6,975,079</u>	<u>(6,031,169)</u>
Fairview			
683000 Project coordination/support	136,750	20,127	-
683016 Industrial site readiness	115,000	33,176	-
Total Fairview Industrial Park	<u>251,750</u>	<u>53,303</u>	<u>198,447</u>
North Gateway			
684000 Project coordination/support	147,220	179,247	-
684032 Toolbox grant program	-	957,889	-
684052 CTEC grant	2,000,000	269,844	-
684053 UR N Gateway-2640 Portland Rd	-	1,330,405	-
684059 2640 Portland Rd Swr Ln Rplc	-	70,711	-
Total North Gateway	<u>2,147,220</u>	<u>2,808,096</u>	<u>(660,876)</u>
West Salem			
685000 Project coordination/support	102,830	94,312	-
685008 Capital Grant Program	-	176,810	-
685030 Wallace Road-2nd Street design	-	240,041	-
Total West Salem	<u>102,830</u>	<u>511,163</u>	<u>(408,333)</u>
Mill Creek Industrial Park			
686000 Project coordination/support	-	102,473	-
686011 SEDCOR contract	-	62,500	-
686025 Wetland phase II	2,000,000	627,434	-
686026 Mill Creek sewer conversion	-	341,204	-
Total Mill Creek Industrial Park	<u>2,000,000</u>	<u>1,133,611</u>	<u>866,389</u>
McGilchrist			
687000 Project coordination/support	-	62,880	-
687002 Design road improvements, 12th to 25th	-	312,495	-
687005 McGilchrist St SE/12th to 25th	5,000,000	335,542	-
687006 McGilchrist St SE at 22nd Ave SE	5,525,000	28,890	-
Total McGilchrist	<u>10,525,000</u>	<u>739,807</u>	<u>9,785,193</u>
South Waterfront			
688000 Project coordination/support	-	3,128	-
688020 Pringle Crk Trail Improvements	-	91,565	-
Total South Waterfront	<u>-</u>	<u>94,693</u>	<u>(94,693)</u>
Jory Apartments			
689000 Project coordination/support	-	522	(522)
Total all projects	<u>\$ 15,970,710</u>	<u>\$ 12,316,274</u>	<u>\$ 3,654,436</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance¹</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues				
Sales, fees, licenses, and permits	\$ 4,000,000	\$ 4,000,000	\$ 15,539	\$ 3,984,461
Rents	1,875,000	1,875,000	205,558	1,669,442
Other	309,090	309,090	99,308	209,782
Total revenues	<u>6,184,090</u>	<u>6,184,090</u>	<u>320,405</u>	<u>5,863,685</u>
Expenditures				
Operations	5,420,460	5,420,460	537,769	4,882,691
Contingency	65,160	65,160	-	65,160
Total expenditures	<u>5,485,620</u>	<u>5,485,620</u>	<u>537,769</u>	<u>4,947,851</u>
Excess (deficiency) of revenues over expenditures	698,470	698,470	(217,364)	915,834
Other financing sources (uses)				
Transfers out	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>-</u>	<u>(1,500,000)</u>
Net change in fund balance	(801,530)	(801,530)	(217,364)	(584,166)
Fund balance, beginning of year	<u>801,530</u>	<u>801,530</u>	<u>195,483</u>	<u>606,047</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	(21,881)	<u>\$ 21,881</u>
Reconciliation to generally accepted accounting principles: Capital assets			<u>24,531,790</u>	
Net position at end of year			<u>\$ 24,509,909</u>	

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 2020-21

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 2020-21, the City of Salem Urban Renewal areas had a total property tax levy impact on overlapping taxing districts of \$13,115,515. The following table details each urban renewal area’s impact on each overlapping taxing district:

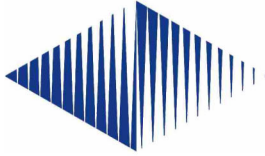
Taxing District	Urban Renewal Plan Area						Total
	Riverfront	N. Gateway	W. Salem	Mill Creek	McGilchrist	S. Waterfront	
Chemeketa Community College	\$ 170,056	\$ 169,892	\$ 67,134	\$ 56,576	\$ 42,922	\$ 19,286	\$ 525,866
Chemeketa CC bonds after 2001			27,909				27,909
Chemeketa Regional Library	22,225	22,203	8,774	7,394	5,610	2,521	68,726
City of Salem	1,584,406	1,582,881	625,486	527,118	399,907	179,688	4,899,485
City of Salem bonds after 2001			126,513				126,513
Marion County	821,940	821,149		273,452	207,459	93,216	2,217,217
MC & 4-H Extension Service District	13,585	13,572		4,520	3,429	1,541	36,646
Marion Soil & Water	13,585	13,572		4,520	3,429	1,541	36,646
Polk County			183,893				183,893
Polk 4-H/M Garden/Ag/Forest Ext Dist			6,846				6,846
Polk Soil/Water Conservation Dist			5,193				5,193
Salem Area Mass Transit	206,735	206,536	81,614	68,779	52,180	23,446	639,290
Salem-Keizer School Dist	1,228,346	1,227,163	484,922	408,660	310,036	139,307	3,798,435
Salem-Keizer SD bonds prior to 2001			293,570				293,570
Willamette Regional ESD	80,613	80,535	31,824	26,819	20,347	9,142	249,280
Total	\$4,141,490	\$4,137,503	\$1,943,679	\$1,377,837	\$1,045,319	\$ 469,687	\$13,115,515

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON

Maximum Indebtedness

For the fiscal year ended June 30, 2021

Urban Renewal District	Maximum Indebtedness	Borrowed to Date	Borrowing Capacity Remaining	Outstanding Debt
Riverfront/Downtown	\$ 315,000,000	\$ 129,132,345	\$ 185,867,655	\$ 10,588,000
Fairview	6,286,000	6,281,615	4,385	-
North Gateway	101,466,402	79,498,004	21,968,399	-
West Salem	31,000,000	13,227,425	17,722,575	-
Mill Creek	26,000,000	15,836,299	10,163,701	8,317,901
McGilchrist	11,000,000	7,500,000	3,500,000	-
South Waterfront	24,000,000	3,577,000	20,423,000	-
Jory Apartments	20,725,125	-	20,725,125	-
				<u>\$ 18,905,901</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, 2021, and have issued our report thereon dated December 30, 2021.

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.

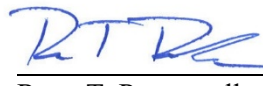
Internal Control Over Financial Reporting

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: 

Ryan T. Pasquarella, A Shareholder
December 30, 2021