



City of Salem
CITY OF SALEM AND SALEM URA
FINANCE COMMITTEE
MEETING AGENDA
February 13, 2023 2:30 PM

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PARTICIPANTS

Board Members

Councilor Jose Gonzalez, Chair
Councilor Deanna Gwyn
Councilor Vanessa Nordyke
Councilor Micki Varney
Alternate-Councilor Linda Nishioka

Staff

Keith Stahley, City Manager
Dan Atchison, City Attorney
Josh Eggleston, Chief Financial Officer
Jenny Mattecheck, Chief Accountant
Jeremy Morgan, Accounting Supervisor
Anja Hill, Treasury Supervisor
Kelli Blechschmidt, Management Analyst I
Shengnan Thomas, Administrative Analyst I

Guests

Ryan Pasquarella, Grove, Mueller, Swank, PC

AGENDA

1. Welcome and call to order
2. Approval of Minutes
3. Public Comment - Appearance of persons wishing to address the Committee on any matter other than those which appear on this Agenda
4. Action Items
5. Management Update/Information Items
 - a. Grove, Mueller and Swank, P.C. presentation of City of Salem ACFR and Salem URA Annual Report presentation (Package page 3)

6. Continued Business
7. New Business
8. Adjourn

Next Meeting: February 21, 2023

This meeting is being conducted virtually, with remote attendance by the governing body. No in-person attendance is possible. Interested persons may view the meeting online on [YouTube](#). To sign up to testify via Zoom or to submit public comment, contact the Finance Department via email at finance@cityofsalem.net or telephone at 503-588-6040 the day of the meeting by 1PM.

Special accommodations are available, upon request, for persons with disabilities or those needing sign language interpretation, or languages other than English. To request accommodations or services, please call 503-540-2371 (TTD/TTY 503-588-6439) at least two business days in advance.

It is the City of Salem's policy 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, as provided by Salem Revised Code 97. The City of Salem also fully complies with Title VI of the Civil Rights Act of 1964, Americans with Disabilities Act of 1990, and related statutes and regulations, in all programs and activities.

TO: Finance Committee of the Salem City Council and the Urban Renewal Agency of City of Salem

THROUGH: Josh Eggleston, Chief Financial Officer

FROM: Jennifer Mattecheck, Chief Accountant

SUBJECT:

Fiscal Year (FY) 2022 Financial Audit of the City of Salem, Oregon

ISSUE:

Results of the FY 2022 financial audit of the City of Salem, Oregon

RECOMMENDATION:

Information Only

SUMMARY:

The certified public accounting firm of Grove, Mueller & Swank, PC, completed the annual financial audit of the City for the fiscal year ending June 30, 2022. There were no formal findings or recommendations for improvement as a result of the audit.

Mr. Ryan Pasquarella, CPA, will present the results of the FY 2020-21 Annual Comprehensive Financial Report (ACFR) to the joint meeting of the Salem City Council Finance Committee and the Urban Renewal Agency Finance Committee. As in prior years, the audit will be provided to City Council as an information item.

The FY 2022 Federal Grant Compliance Report is pending completion of final audit procedures and will be finalized no later than March 31, 2023, in accordance with the Federal Grant Compliance Reporting requirements.

FACTS AND FINDINGS:

This was the sixth consecutive annual audit performed by Grove, Mueller & Swank, PC, pursuant to its current contract with the City and Urban Renewal Agency. Mr. Ryan Pasquarella of Grove, Mueller & Swank, PC, managed the City's audit engagement.

The financial reports can be found on the City's webpage at:

<https://www.cityofsalem.net/government/budget-finance/financial-reports>

BACKGROUND:

Oregon law requires an annual audit of the City's financial statements and for the results to be presented to the governing body. A report for the ACFR will be presented to the full City Council at their regular meeting on February 13, 2023.

TO: Finance Committee of the Salem City Council and the Urban
Renewal Agency of City of Salem

THROUGH: Josh Eggleston, Chief Financial Officer

FROM: Jennifer Mattecheck, Chief Accountant

SUBJECT:

Fiscal Year (FY) 2022 Urban Renewal Agency (URA) Financial Report

ISSUE:

Receive the FY 2022 URA Financial Report.

RECOMMENDATION:

Information only

SUMMARY:

Under ORS 457.460, each year an urban renewal agency must prepare a report on its finances and file that report with the governing body of the municipality where the agency is located. This report will be forwarded to the full Urban Renewal Agency Board during its regular meeting on February 13, 2023.

FACTS AND FINDINGS:

ORS 457.460 requires an urban renewal agency to report:

1. The tax increment revenue received in FY 2022 and budgeted in FY 2023.
2. The debt service payments made in FY 2022 and budgeted in FY 2023.
3. The amount of debt issued in FY 2022 and budgeted in FY 2023.
4. The amount and purpose of actual expenditures in FY 2022, and budgeted expenditures in FY 2023.
5. An analysis of the impact, if any, of the urban renewal plan on the tax collections for FY 2022 for all taxing districts included under ORS 457.430.
6. The maximum indebtedness for each urban renewal area included in an urban renewal plan of the agency, including the amount of indebtedness incurred through the end of the immediately preceding fiscal year.

The City's Finance Department will ensure that the notice is published as required by ORS 457.460. The statement is on file with the City Recorder, 555 Liberty Street SE, Room 205, Salem, OR 97301, and is available to all interested persons.

Requirements 1-4 are displayed in table 1 below. Expenditures by project can be found on page 71 of the Annual Financial Report of the Urban Renewal Agency located through the link below:

<https://www.cityofsalem.net/government/budget-finance/financial-reports>

Table 1:

	ORS 457 Requirement	Actual 2021-22	Budget 2022-23
Debt Service Fund			
Beginning balance		\$ 6,153,523	\$ 4,945,710
Tax increment revenue received	1	16,854,620	18,027,260
Debt service expenditures	2	(17,394,185)	(20,700,230)
Refunding debt		-	-
Other revenue sources		156,548	103,980
Other expenditures		-	-
Ending balance		\$ 5,770,506	\$ 2,376,720
Improvements Fund			
Beginning balance		\$ 49,350,760	\$ 58,308,620
Debt issuance proceeds received	3	15,100,000	18,400,000
Improvement expenditures	4	(8,688,119)	(86,098,000)
Other revenue sources		2,503,356	9,389,380
Ending balance		\$ 58,265,997	\$ -

Table 2 below meets requirement 5 and shows FY 2022 tax increment revenue that would have gone to the taxing districts if the urban renewal areas had not been in place. An expanded view of the tax increment revenue table below, including the breakout of tax increment revenue by Urban Renewal Plan Area, can be found on page 74 of the Annual Financial Report of the Urban Renewal located through the link above.

Table 2:

Taxing District	
Chemeketa Community College	\$ 590,278
Chemeketa Regional Library	73,301
City of Salem	5,225,751
City of Salem bonds after 2001	132,640
Marion County	2,379,034
MC & 4-H Extension Service District	39,321
Marion Soil & Water	39,321
Polk County	188,215
Polk 4-H/M Garden/Ag/Forest Ext Dist	8,119
Polk Soil/Water Conservation Dist	5,413
Salem Area Mass Transit	681,862
Salem-Keizer School Dist	4,051,359
Salem-Keizer SD bond after 2021	297,033
Willamette Regional ESD	265,880
Total	\$ 13,977,527

Table 3 below meets requirement 6 and shows the maximum indebtedness by area. This information can also be found on page 74 of this same document.

Table 3:

URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON				
Maximum Indebtedness				
<i>For the fiscal year ended June 30, 2022</i>				
Urban Renewal District	Maximum Indebtedness	Borrowed to Date	Borrowing Capacity Remaining	Outstanding Debt
Riverfront/Downtown	\$ 315,000,000	\$ 135,632,345	\$ 179,367,655	\$ 9,464,000
Fairview	6,286,000	6,281,615	4,385	-
North Gateway	101,466,402	83,998,004	17,468,399	-
West Salem	31,000,000	15,027,425	15,972,575	-
Mill Creek	26,000,000	16,636,299	9,363,701	7,854,645
McGilchrist	11,000,000	8,500,000	2,500,000	-
South Waterfront	24,000,000	4,077,000	19,923,000	-
Jory Apartments	20,725,125	-	20,725,125	-
				<u><u>\$ 17,318,645</u></u>

BACKGROUND:

The City's independent auditor, Grove, Mueller and Swank, P.C., have completed the audit of the Urban Renewal Agency for the year end date of June 30, 2022. Their review resulted with an unmodified opinion and no significant findings.