

CITY OF SALEM FINANCIAL SUMMARY

Quarter 4 / FY 2013-14

The financial data in this summary represents the entire FY 2013-14 reporting period – July 2013 through June 2014. Year end results – as measured by ending working capital (EWC) – for each City fund appear along the bottom of each page. The actual resources and expenditures included in this document will also form the City’s FY 2013-14 Comprehensive Annual Financial Report (CAFR), which is published in December following the annual financial audit.

PERFORMANCE AT A GLANCE

WHAT THE PERFORMANCE AT A GLANCE RATINGS MEAN

POSITIVE (green) – Current revenues and City Council-adopted use of reserves sufficient to support the current level of service. Fund working capital is stable over a 3-year forecast. No significant negative issues are identified.

WATCH (yellow) – Various stressors that may cause current revenues to be flat or decline and impact the fund’s capacity to support the current level of service. Factors exist that may contribute to the instability of the fund working capital over the next year.

General Fund

Beginning Working Capital
Expenditures vs Revenues
Expenditures vs Budget



Property Tax Revenues
Franchise Fee Revenues
State Shared Revenues
Fines and Penalties



Other City Funds

Building and Safety Fund
Cultural and Tourism Fund
Water and Sewer Fund
Self Insurance Fund



Public Works Fund
Airport Fund
Parking Fund
Emergency Services Fund



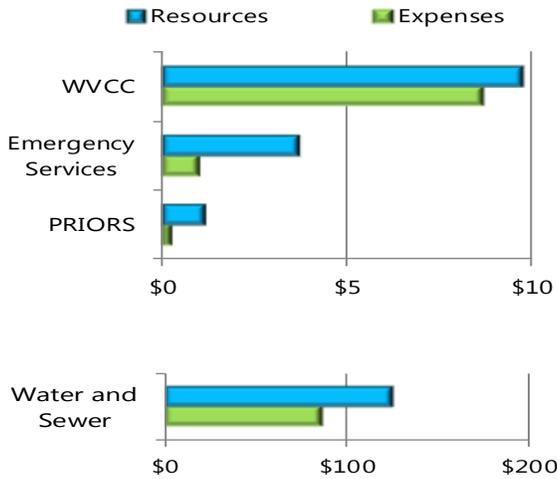
FUND Q4 QUICK REFERENCE

The "ticker" at the bottom of each page provides a quick view of resources and expenditures through the fourth quarter of FY 2013-14. Each fund display includes an "EWC," which represents the ending working capital as of the period ending June 30, 2014. The color of each EWC represents its status as compared to the previous year. **Green** signifies an EWC that has grown or remained constant, while **blue** is used to signify an EWC that has decreased as compared to FY 2012-13.

	General Fund - Q4		Public Works Fund - Q4
Resources	\$ 124,112,057	Resources	\$ 18,692,030
Expenses	103,114,810	Expenses	16,621,340
EWC	\$ 20,997,247	EWC	\$ 2,070,690

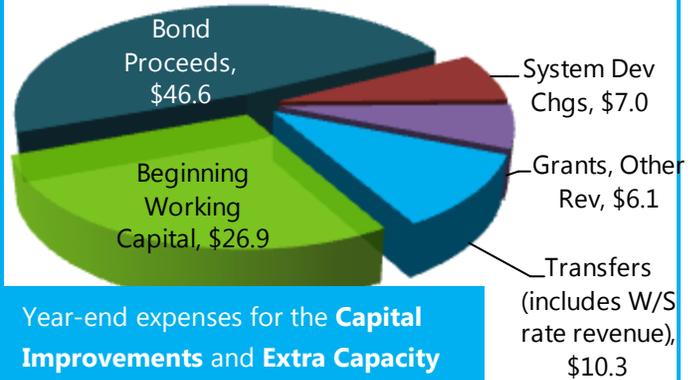
FINANCIAL SNAPSHOT by FUND TYPE

ENTERPRISE FUNDS – Q4 (In Millions)



CAPITAL PROJECT FUNDS

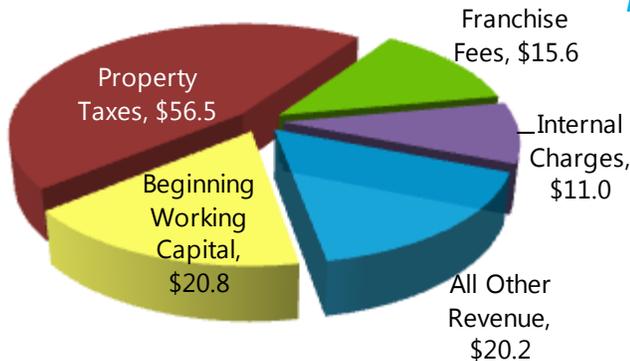
Resources = \$96.95 M



Year-end expenses for the **Capital Improvements and Extra Capacity Facilities** funds = \$34.5 M

GENERAL FUND Resources – Q4

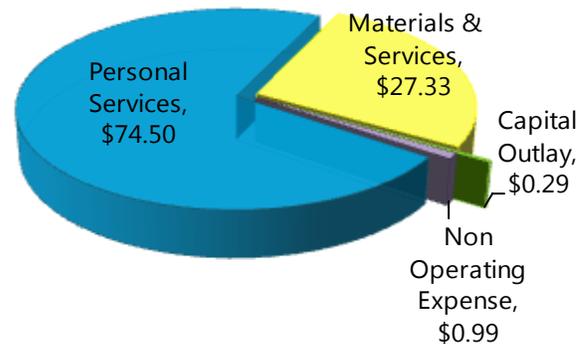
Total Revenue = \$124.1 M



GENERAL FUND Expenses – Q4

Total Expenditures = \$103.11 M

In Millions

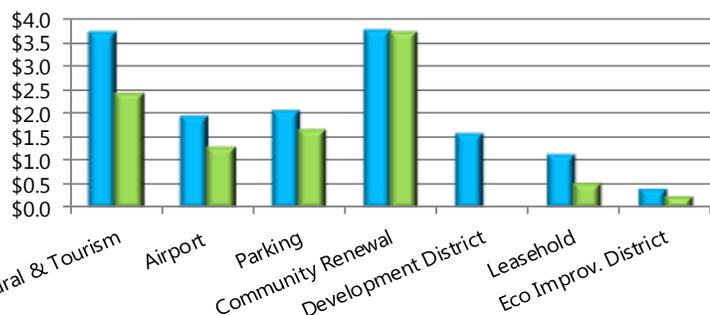


SPECIAL REVENUE FUNDS – Q4



In Millions

Resources
Expenditures



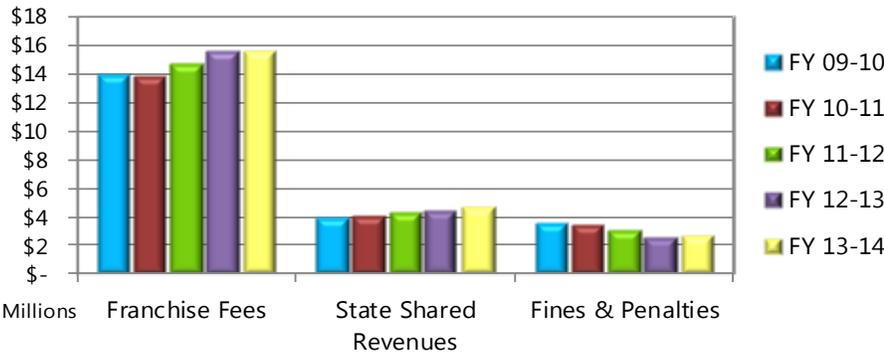
Airport Fund - Q4		Comm. Renewal Fund - Q4		Parking Fund - Q4		EID Fund - Q4	
Resources	\$ 1,914,056	Resources	\$ 3,704,618	Resources	\$ 2,021,600	Resources	\$ 405,934
Expenses	1,280,472	Expenses	3,679,297	Expenses	1,645,337	Expenses	233,130
EWC	\$ 633,584	EWC	\$ 25,321	EWC	\$ 376,263	EWC	\$ 172,804

GENERAL FUND

Year-to-Year Comparison

	Fiscal Year 2012-13			Fiscal Year 2013-14			Difference FY to FY
	Budget	6/30/13	% YTD	Budget	6/30/14	% YTD	
Beginning Working Capital	\$ 14,620,800	\$ 18,197,655	124%	\$ 18,195,680	\$ 20,799,360	114%	\$ 2,601,705
Property Taxes	54,856,760	55,019,313	100%	56,427,780	56,448,083	100%	1,428,770
Franchise Fees	15,097,260	15,610,240	103%	15,921,880	15,630,348	98%	20,108
Internal Charges	11,842,080	12,003,089	101%	11,859,910	11,818,014	100%	(185,075)
State Shared Revenues	4,084,520	4,494,802	110%	4,588,060	4,686,535	102%	191,733
Fees, Licenses, and Permits	3,293,150	3,461,143	105%	3,469,700	3,716,168	107%	255,025
Rents and Other Agencies	2,920,710	3,104,289	106%	2,754,910	2,520,706	91%	(583,582)
Fines, Penalties, and Forfeitures	3,286,150	2,547,538	78%	2,730,970	2,712,724	99%	165,186
Grants, Other Misc. Revenue *	6,349,760	5,304,717	84%	6,349,410	5,780,118	91%	475,401
Current Revenues	\$ 101,730,390	\$ 101,545,131	100%	\$ 104,102,620	\$ 103,312,697	99%	\$ 1,767,566
Total Resources	\$ 116,351,190	\$ 119,742,786	103%	\$ 122,298,300	\$ 124,112,057	101%	\$ 4,369,271

* includes du jour loan proceeds



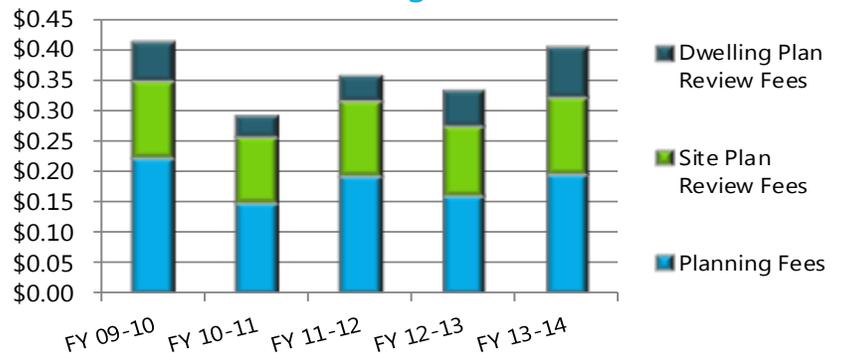
A five-year comparison of receipts for the City's top 3 external revenue sources – after property tax – for the General Fund are charted at left. At \$56.4 million, property tax receipts represent 54.6 percent of General Fund revenues for the fiscal year.

	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
Property Tax Total Revenue	51,979,746	53,414,867	54,967,027	55,019,313	56,448,083
As % of Total Revenue	55.49%	56.89%	56.91%	56.23%	57.05%

Du Jour loan proceeds removed from total revenue.

GENERAL FUND DEVELOPMENT FEES – Revenue through June 30 (In Millions)

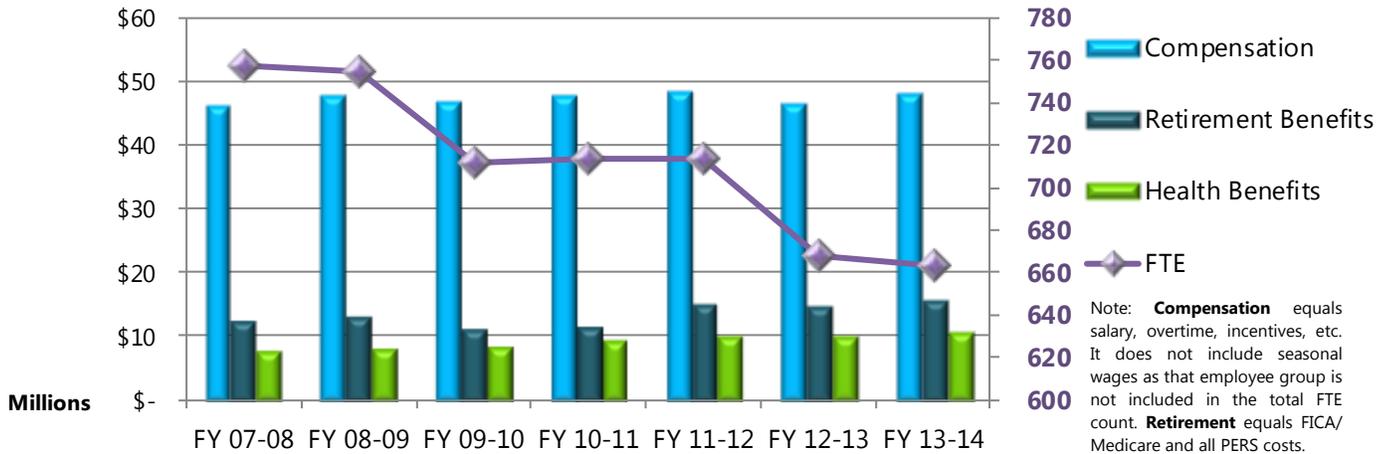
Development-related fees in the chart at right reflect the influence of federal stimulus programs in FY 2009-10, then the trough of the recession in the succeeding three years. A recovery in activity during FY 2013-14 equates to a 38 percent revenue increase as compared to FY 2010-11.



Cultural/Tourism Fund - Q4		Public Art Fund - Q4		Leasehold Fund - Q4		Building/Safety Fund - Q4	
Resources	\$ 3,656,683	Resources	\$ 5,336	Resources	\$ 1,100,897	Resources	\$ 7,604,022
Expenses	2,390,801	Expenses	1,000	Expenses	527,464	Expenses	2,801,712
EWC	\$ 1,265,882	EWC	\$ 4,336	EWC	\$ 573,432	EWC	\$ 4,802,311

GENERAL FUND PERSONAL SERVICES Expense Comparison Through June 30

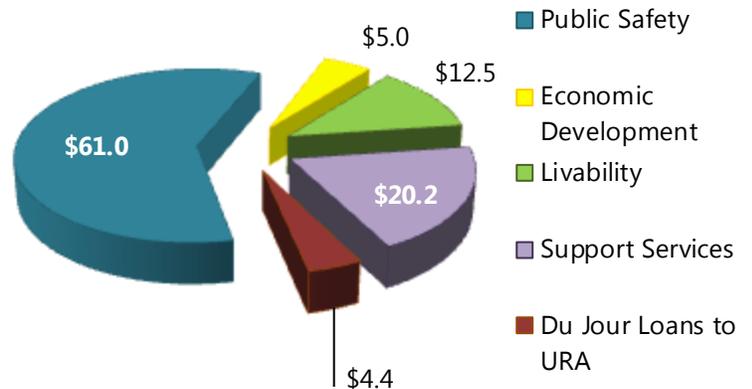
Left Axis in Millions / Right Axis by Number of FTE



This chart demonstrates the recent history of position reductions in the General Fund, and the leveling effect in compensation costs from significant FTE reductions in the FY 2012-13 budget. Comparing FY 2011-12 to FY 2012-13, the authorized count is lowered by 41.65 FTE positions resulting in a \$1.38 million net reduction in total personal services costs. Reductions in positions do not result in a proportionate decrease in PERS costs; the outstanding liability to fund the retirement remains. PERS rates increased in FY 2011-12 prompting an approximate 40 percent escalation in PERS-related costs. The year-to-year increase for total costs in FY 2013-14 was \$2.7 million or 3.8 percent as compared to the prior year. In this comparison, "Retirement Benefits" also includes FICA / Medicare which has a consistent charge rate of 7.65 percent of salary.

GENERAL FUND TOTAL EXPENDITURES by Service Type – Q4

The pie chart at right is a view of General Fund actual expenditures through FY 2013-14. The "service types" represent police, fire, and municipal court combined as **Public Safety**; the **Economic Development** grouping of costs includes Community Development and Urban Development; **Livability** joins Salem Public Library, the cost for Parks maintenance charged to the General Fund, the Neighborhood Enhancement Division, and Housing and Social Services. **Support Services** include the full cost of executive management, legal, human resources, finance, procurement, information technology, and facilities services plus the costs in Non Departmental that have a citywide benefit, plus \$2.5 million in contingency.



Note: Support Services in the General Fund benefit all City funds.

General Debt Fund - Q4		Capital Improve. Fund - Q4		Extra Capacity Fund - Q4		Dev. District Fund - Q4	
Resources	\$ 14,019,883	Resources	\$ 72,269,538	Resources	\$ 24,681,435	Resources	\$ 1,559,943
Expenses	13,690,035	Expenses	27,558,169	Expenses	6,955,384	Expenses	-
EWC	\$ 329,848	EWC	\$ 44,711,369	EWC	\$ 17,726,051	EWC	\$ 1,559,943

OTHER CITY FUNDS PERFORMANCE AT A GLANCE

Building and Safety Fund
Cultural and Tourism Fund
Water and Sewer Fund
Self Insurance Fund



Public Works Fund
Airport Fund
Parking Fund
Emergency Services Fund



RESOURCES

Fund Number and Name	Resources 6/30/2013	Resources 6/30/2014	% of FY14 Resources Budget	Variance 12-13 to 13-14
155 <i>Public Works</i>	\$ 24,518,784	\$ 18,692,030	103.9%	\$ (5,826,754)
160 <i>Airport</i>	1,529,606	1,914,056	109.1%	384,450
165 Community Renewal	2,228,545	3,704,618	62.5%	1,476,072
170 Parking	2,170,540	2,021,600	70.9%	(148,940)
172 Economic Improvement Dist.	225,829	405,934	129.7%	180,106
175 Cultural and Tourism	3,038,174	3,656,683	118.0%	618,509
176 Public Art	1,327	5,336	123.5%	4,009
180 Leasehold	1,052,230	1,100,897	97.7%	48,666
185 <i>Building and Safety</i>	6,442,443	7,604,022	118.7%	1,161,580
210 General Debt Service	14,295,189	14,019,883	102.2%	(275,306)
255 Capital Improvements	40,285,166	72,269,538	73.1%	31,984,372
260 Extra Capacity Facilities	21,141,818	24,681,435	112.4%	3,539,617
275 Development Districts	1,576,072	1,559,943	79.8%	(16,129)
310 <i>Water and Sewer</i>	225,874,983	125,124,213	103.9%	(100,750,769)
320 <i>Emergency Medical Services</i>	4,023,364	3,692,878	98.5%	(330,486)
330 <i>WVCC*</i>	9,841,199	9,700,303	102.8%	(140,895)
335 PRIORS	1,101,040	1,183,874	107.3%	82,834
355 <i>City Services</i>	24,738,830	25,350,170	106.5%	611,340
365 <i>Self Insurance</i>	33,684,480	35,417,186	105.1%	1,732,705
388 Equipment Reserve	-	5,419,064	94.4%	5,419,064
400 Trust	6,624,748	6,851,287	100.3%	226,540
TOTAL FOR REPORT	\$ 424,394,365	\$ 364,374,950	114.5%	\$ (60,019,416)

Italicized text denotes funds with direct costs for staff.

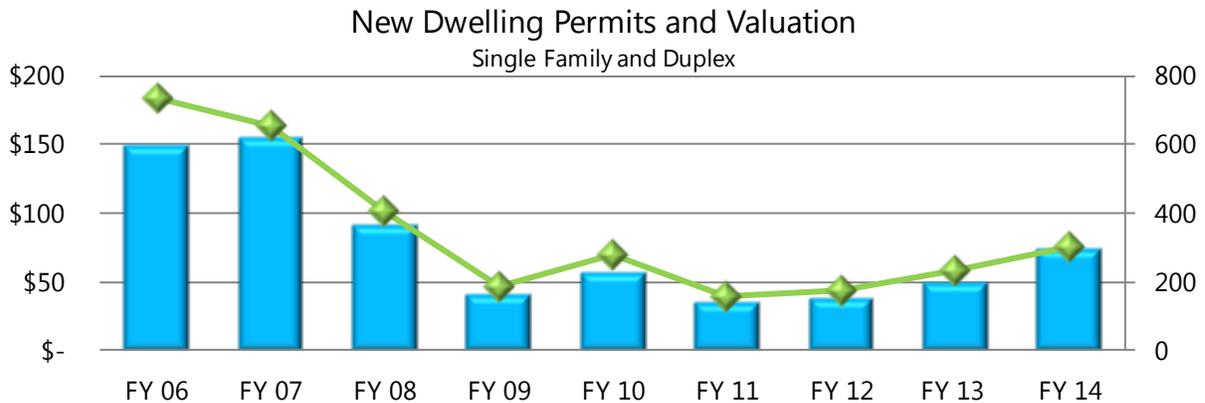
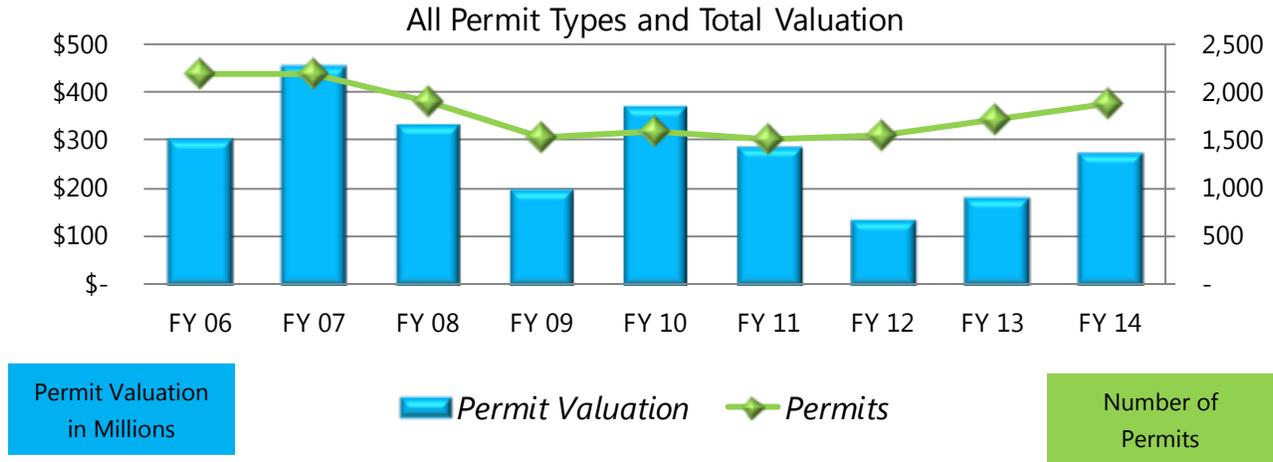
*Willamette Valley Communication Center

The above table compares FY 2014 year end resources (beginning working capital plus all revenues received during the year) with the previous fiscal year results. Large negative variances represent the transfer of the Engineering Division from the Public Works Fund to the Water and Sewer Fund and the impact of a bond re-financing during FY 2013 for the Water and Sewer Fund.

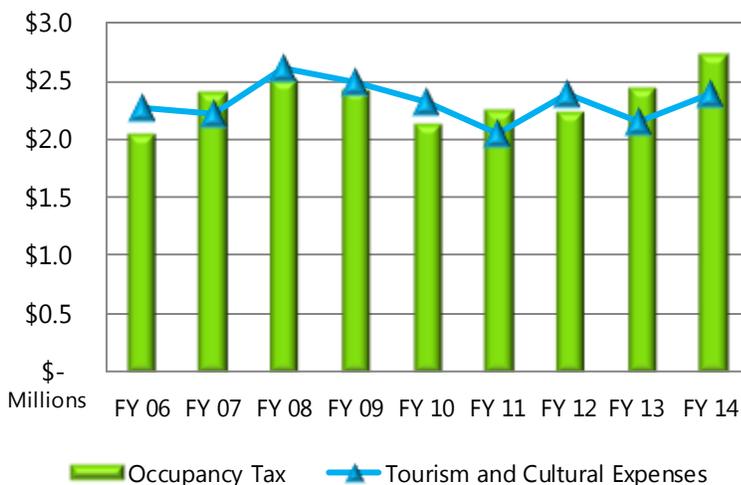
Water/Sewer Fund - Q4		Emergency Svcs. Fund - Q4		WVCC Fund - Q4		PRIORS Fund - Q4	
Resources	\$ 125,124,213	Resources	\$ 3,692,878	Resources	\$ 9,700,303	Resources	\$ 1,183,874
Expenses	86,485,416	Expenses	1,011,671	Expenses	8,638,755	Expenses	235,292
EWC	\$ 38,638,797	EWC	\$ 2,681,207	EWC	\$ 1,061,548	EWC	\$ 948,582

BUILDING AND SAFETY FUND PERMITS ISSUED AND VALUATION

For Salem, building activity has been an indicator of economic recovery. It is also an essential component of property tax growth for the City, and the source of permit revenue for the Building and Safety Fund. Below is the year-over-year trend for all permit types and total valuation. All permit types include everything from new single family / duplex dwellings, multi-family buildings, commercial / industrial, manufactured homes, alterations, and demolitions. A break out of permit activity and valuation related to single family / duplex dwellings is also provided. (Fund 185 / Building and Safety)



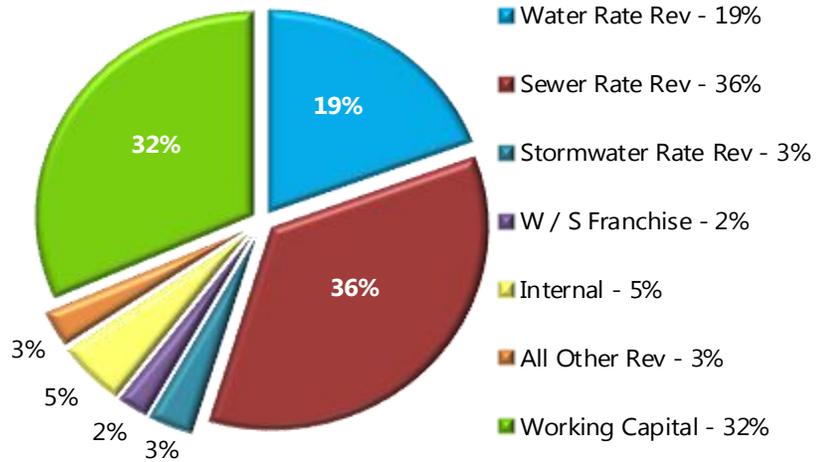
THE "TOT" FUND



The chart at left reflects nine years of transient occupancy tax (TOT) collection (charged at 9 percent for a lodging room night) and the corresponding expenses supporting Salem Convention Center marketing and operating reserve; Travel Salem destination marketing activities; maintenance of City-owned historic properties and parks; and grants to tourism and cultural enhancement non-profits in the community. (Fund 175 / Cultural and Tourism)

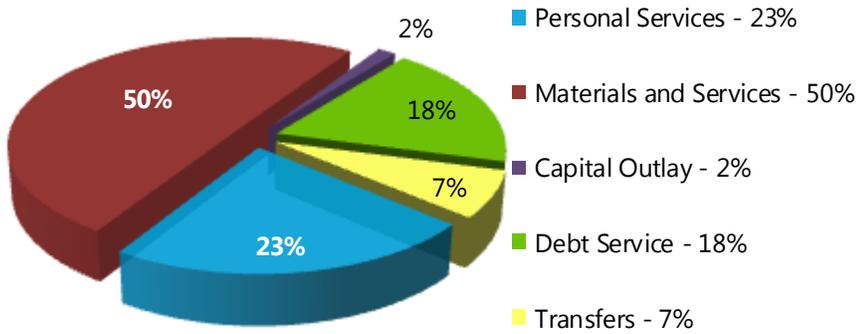
FY 14 WATER AND SEWER FUND RESOURCES through Q4

Total resources for the Water and Sewer Fund in FY 2013-14 equaled \$125.1 million with the largest revenue source being sanitary sewer rates. In total, utility rates accounted for 58 percent of total resources during the fiscal year. The fund's working capital equaled \$39.6 million and includes required reserves on outstanding debt of approximately \$171.3 million for improvements to the water distribution and wastewater treatment utilities. (Fund 310 / Water and Sewer Fund)



TOTAL EXPENDITURES FOR ALL OTHER CITY FUNDS through Q4

Non General Fund



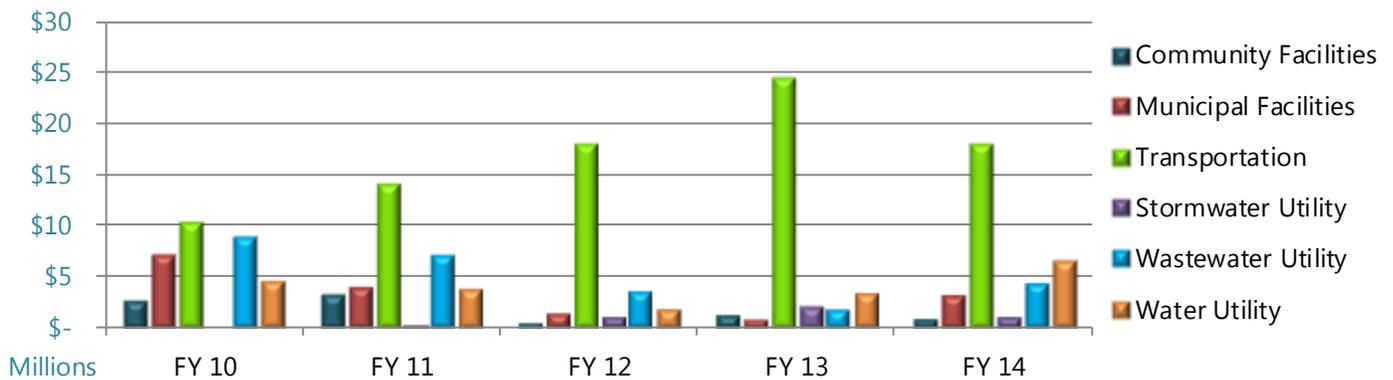
The chart at left illustrates total expenditures through Q4 for the 21 City funds excluding the General Fund. **Personal Services** expenses for City employees accrue in eight of these funds with the Water and Sewer Fund accounting for 57 percent of the total \$48.9 million expense during the fiscal year. The Public Works Fund, which includes Transportation Services and Parks

Operations, and the Willamette Valley Communications Center (9-1-1) Fund supported \$7.7 million and \$7.5 million in personal services costs, respectively. **Materials and Services** include costs to maintain streets, sidewalks, traffic signals, streetlights, and parks (\$8.1 million); operate and maintain City parking structures and leased space (\$2.2 million); construct capital assets or improvements to the City's streets, bridges, utilities, parks, and airport (\$32.4 million); pay health, worker's comp, and liability claims and excess insurance (\$22.9 million); and operate the City's water, wastewater, and stormwater utilities (\$25.8 million). **Capital Outlay** expenses for items exceeding \$10,000 in cost with a useful life of more than two years account for only \$3.1 million or a 1.47 percent share of the total. At \$39.3 million, **Debt Service** payments support general obligation bonds for the 2006 Fire and 2008 Streets and Bridges bond measures, as well as more than \$24 million for utility revenue bonds. **Transfer** expense of \$14.9 million includes funding moved from the Water and Sewer Fund to the Capital Improvements Fund to support capital improvement projects and a transfer from the Fleet Services Division to initiate an equipment replacement reserve (Fund 388 / Equipment Reserve) in FY 2013-14.

City Services Fund - Q4		Self Insurance Fund - Q4		Equip. Reserve Fund - Q4		Trust Fund - Q4	
Resources	\$ 25,350,170	Resources	\$ 35,417,186	Resources	\$ 5,419,064	Resources	\$ 6,851,287
Expenses	13,158,778	Expenses	23,595,280	Expenses	1,563,912	Expenses	1,346,103
EWC	\$ 12,191,392	EWC	\$ 11,821,906	EWC	\$ 3,855,152	EWC	\$ 5,505,185

CAPITAL ASSET / IMPROVEMENT PROJECT EXPENDITURES

Capital Improvement and Extra Capacity Facilities Fund



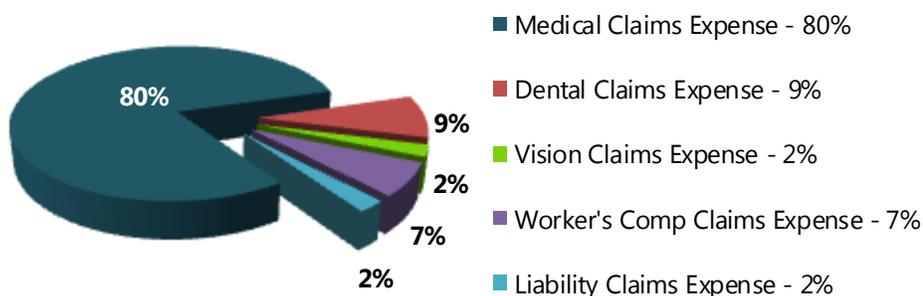
The City’s capital construction budget is primarily organized in two funds – the Capital Improvements Fund and Extra Capacity Facilities (or system development charge) Fund. The above graph represents five years of expenditure history for the six categories of project types within those two funds. Transportation project expenses are indicative of funding support from the 2008 Streets and Bridges Bond. The Municipal Facilities category includes costs associated with completing construction of new and improvements to existing fire stations through the 2006 Fire Bond.

Between the two funds, a total of \$34.5 million was expended in FY 2013-14. The table below provides a few project highlights from the fiscal year.

Project	FY 2013-14 Expense	Project Life-to-Date
Mill Creek Reservoir	\$5,600,853	\$6,138,510
Aeration Basin Improvements at Willow Lake	\$2,740,664	\$2,858,840
Skyline Rd S Corridor Improvements	\$569,527	\$1,071,307
Market/Swegle Realignment and Corridor Improvements	\$3,371,680	\$7,235,543
Aumsville Highway Improvements	\$3,235,754	\$5,860,914
Eola Dr NW Corridor Safety Improvements	\$4,111,282	\$5,860,914
Edgewater St NW Transportation, Safety and Access Enhancements	\$2,266,827	\$3,117,547

Note: This is not a comprehensive list of project expenses through Q4 of FY 2013-14.

SELF INSURANCE CLAIMS EXPENSE



Insurance claims expense in the City’s Self Insurance Fund totaled \$18.1 million for the fiscal year. This total does not include claims expense covered by the City’s stop loss insurance, which is accessed for individual claims exceeding \$150,000. The health benefits component of the fund serves approximately 3,700 employees and dependents.