

# CITY OF SALEM FINANCIAL SUMMARY

Through Q4 / FY 2014-15

This financial summary provides FY 2015 year-end results. Notable occurrences are identified, described, and graphically illustrated through budget-to-actual and actual-to-actual comparisons. In addition, many comparisons extend to multiple fiscal years to augment context for FY 2015 activity. In this document, emphasis is placed on the General Fund with its property tax dependent revenue base and support of essential City services.

## GENERAL FUND

### Performance at a Glance

Working Capital  
Expenditures vs Revenues  
Expenditures vs Budget  
Property Tax Revenues  
Fines and Penalties



Franchise Fee Revenues  
State Shared Revenues

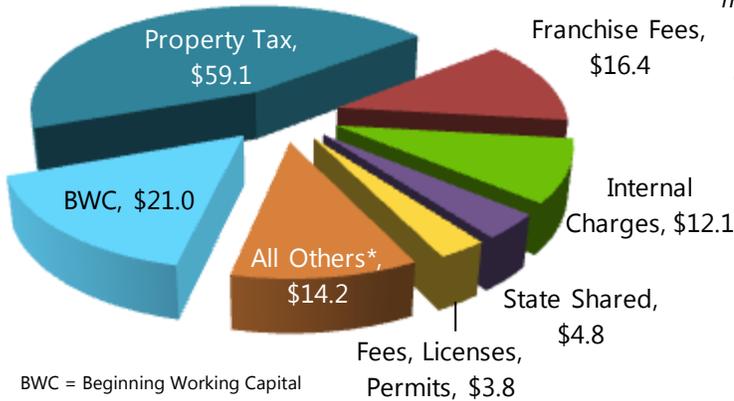


#### What the Ratings Mean

**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.

### RESOURCES—YEAR END, FY 2015

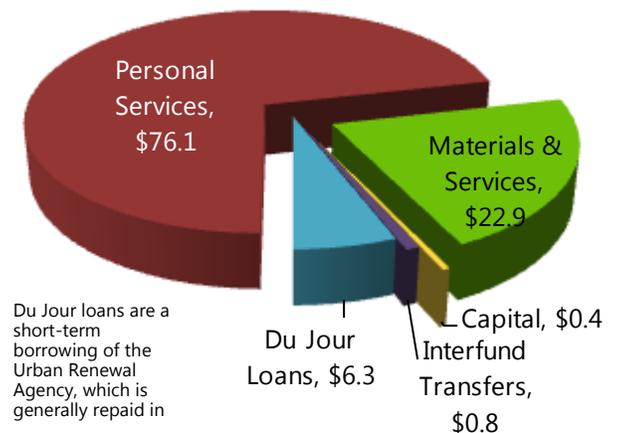


BWC = Beginning Working Capital

\* Includes \$7.27 M in short-term loan repayments and loan proceeds

In millions, both charts

### EXPENDITURES—YEAR END, FY 2015



Du Jour loans are a short-term borrowing of the Urban Renewal Agency, which is generally repaid in

## FUND QUICK REFERENCE

The "ticker" at the bottom of each page provides a quick view of resources and expenditures through the fourth quarter of FY 2015. Each fund display includes an "EWC," which represents the ending working capital as of the period ending June 30, 2015. 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 2013-14.

	General Fund - Q4		Transportation Fund - Q4
Resources	\$131,471,863	Resources	\$ 19,488,870
Expenses	106,531,708	Expenses	16,235,138
EWC	<b>\$ 24,940,155</b>	EWC	<b>\$ 3,253,732</b>

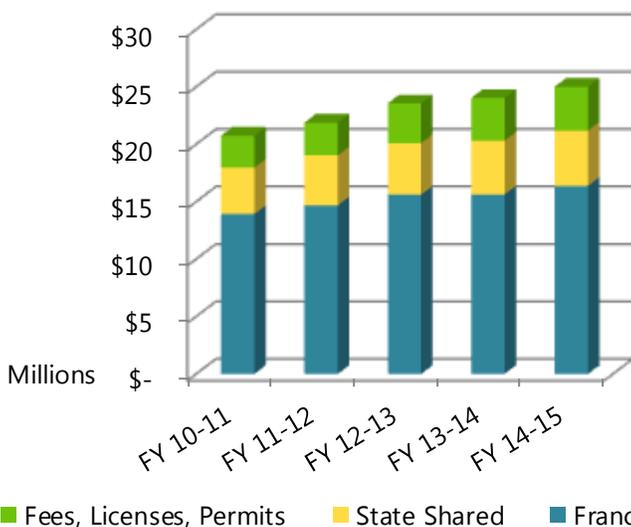
# GENERAL FUND—RESOURCES FY 2015

## BY THE NUMBERS

Year-to-Year Comparison	Fiscal Year 2013-14			Fiscal Year 2014-15			Difference FY to FY
	Budget	Actual	% YTD	Budget	Actual	% YTD	
<b>Beginning Working Capital</b>	18,195,680	20,799,360	14%	19,564,780	20,997,247	7%	197,887
Property Taxes	56,427,780	56,448,083	0%	57,015,410	59,097,637	4%	2,649,554
Franchise Fees	15,921,880	15,630,348	-2%	15,620,450	16,378,032	5%	747,683
Internal Charges	11,859,910	11,818,014	0%	12,386,730	12,137,802	-2%	319,788
State Shared Revenues	4,588,060	4,686,535	2%	4,724,940	4,821,232	2%	134,697
Fees, Licenses, Permits	3,469,700	3,716,168	7%	3,839,620	3,808,897	-1%	92,729
Grants, Other Agencies	2,873,910	2,498,096	-13%	2,408,560	2,492,956	4%	(5,140)
Rents	1,343,100	1,053,355	-22%	1,093,310	1,254,898	15%	201,543
Fines & Penalties	2,730,970	2,712,724	-1%	2,613,630	2,772,139	6%	59,415
Other Misc. Revenue	362,010	382,036	6%	446,570	444,640	0%	62,604
<b>Current Operating Revenues</b>	<b>99,577,320</b>	<b>98,945,360</b>	<b>-1%</b>	<b>100,149,220</b>	<b>103,208,233</b>	<b>3%</b>	<b>4,262,872</b>
<b>Non Operating or One-Time*</b>	<b>4,525,300</b>	<b>4,367,337</b>	<b>-3%</b>	<b>7,829,500</b>	<b>7,266,384</b>	<b>-7%</b>	<b>2,899,047</b>
*includes du jour loan payment in both years and loan proceeds in FY 2015							
<b>Total Resources</b>	<b>122,298,300</b>	<b>124,112,057</b>	<b>1%</b>	<b>127,543,500</b>	<b>131,471,863</b>	<b>3%</b>	<b>7,359,806</b>

The year-to-year gain in total resources is significantly impacted by the \$2.9 million increase in non-operating or one-time sources—short-term loan repayments from the Urban Renewal Agency and loan proceeds for the new parking meter technology in the Capitol Mall area. Focusing on Current Operating Revenues, the year-to-year gain is \$4.3 million or 3 percent and largely driven by the \$2.6 million increase in property tax revenue. The gain in property tax represents a 4.7 percent increase while the remaining operating revenues experienced a 3.8 percent increase.

### General Fund Revenue Detail



Five years of growth for 3 of the City's top external revenue sources after property tax are charted at left. In FY 2015, franchise fee receipts increased by 4.8 percent from the preceding year due in part to rate changes for the solid waste franchise and increased use of the water and wastewater utilities. Year-over-year increases for state shared revenues and the grouping of fees, licenses, and permits were 2.9 percent and 2.5 percent, respectively.

	Property Tax	Total Revenue	As % of Total Revenue
FY 10-11	\$ 53.41	\$ 93.80	56.9%
FY 11-12	\$ 54.97	\$ 96.59	56.9%
FY 12-13	\$ 55.02	\$ 97.84	56.2%
FY 13-14	\$ 56.45	\$ 98.95	57.0%
FY 14-15	\$ 59.10	\$ 103.21	57.3%

Excluding short term URA loans for all years and parking meter replacement loan in FY 2015.

■ Fees, Licenses, Permits    ■ State Shared    ■ Franchise Fees

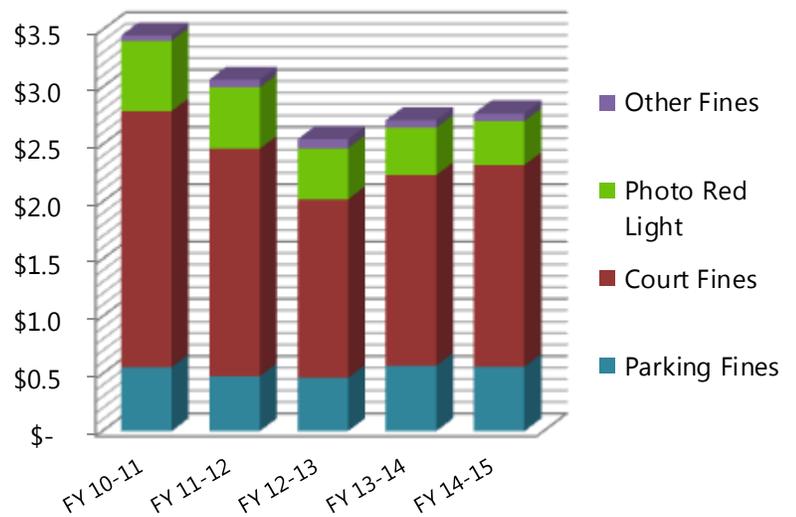
Airport Fund - Q4		Comm. Renewal Fund - Q4		Parking Fund - Q4		EID Fund - Q4	
Resources	\$ 1,792,059	Resources	\$ 4,471,483	Resources	\$ 2,365,333	Resources	\$ 182,807
Expenses	1,043,724	Expenses	4,424,267	Expenses	1,743,832	Expenses	83,926
EWC	<b>\$ 748,335</b>	EWC	<b>\$ 47,216</b>	EWC	<b>\$ 621,501</b>	EWC	<b>\$ 98,881</b>

# GENERAL FUND—RESOURCES FY 2015

Development-Related Fee Revenues, in millions



Fine and Penalty Revenues, in millions

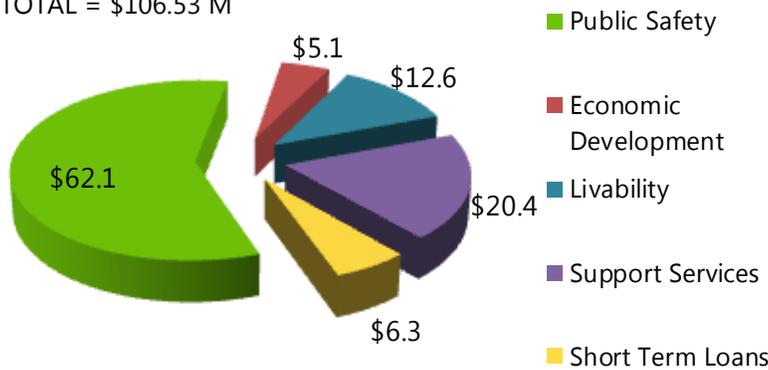


Planning and site plan fees continue to signal an improving economy and interest in development in Salem. The year-over-year gain for planning fees, 22.4 percent, was driven by demand and rate increases to achieve the stakeholder-agreed 50 percent cost recovery for planning services.

Earlier years of this comparison for court fines demonstrate the impact of processing older, backlogged court cases. The year-over-year increase in FY 2015 was almost 6 percent. Photo red light fines have experienced a steady decline with FY 2015 receipts 7.4 percent less than the prior year.

# GENERAL FUND—EXPENDITURES FY 2015

TOTAL = \$106.53 M



In millions, chart and graph



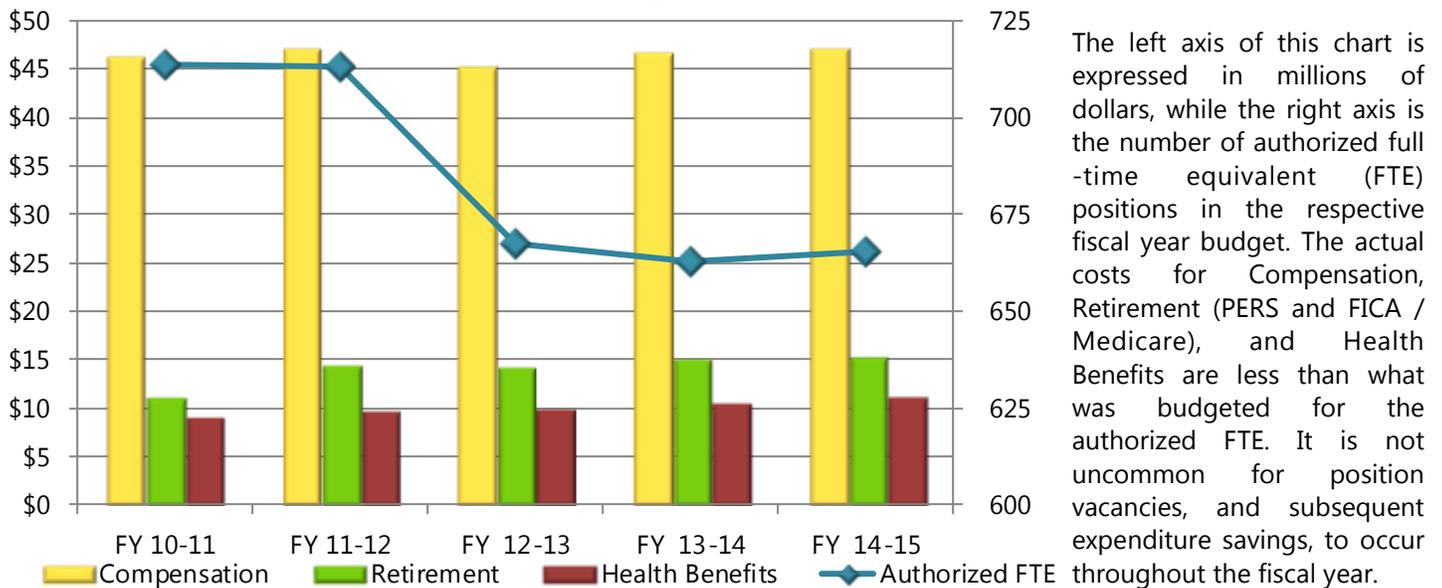
The pie chart at left is a view of General Fund actual expenditures through FY 2014-15. The "service types" represent police, fire, and municipal court combined as **Public Safety**; the **Economic Development** grouping of costs includes Community Development and Urban Development; **Livability** joins 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 General Fund contingency and costs in Non Departmental that have a citywide benefit.

The bar graph at left compares the police and fire component of the **Public Safety** expenditure grouping with total General Fund **Property Tax** receipts for the fiscal year.

Cultural/Tourism Fund - Q4		Public Art Fund - Q4		Leasehold Fund - Q4		Building/Safety Fund - Q4	
Resources	\$ 4,484,655	Resources	\$ 6,227	Resources	\$ 1,155,033	Resources	\$ 7,922,541
Expenses	3,268,434	Expenses	5,120	Expenses	371,787	Expenses	2,920,395
EWC	\$ 1,216,221	EWC	\$ 1,106	EWC	\$ 783,246	EWC	\$ 5,002,147

## GENERAL FUND—EXPENDITURES FY 2015

Personal Services Expense Comparison through June 30 (in millions and FTE)

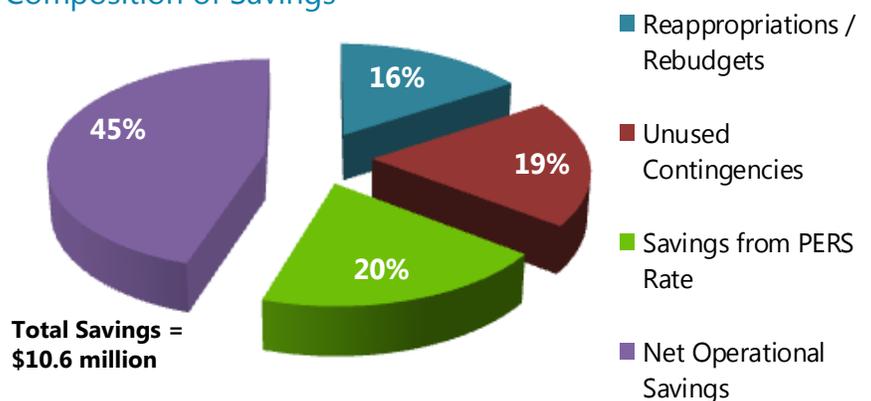


The left axis of this chart is expressed in millions of dollars, while the right axis is the number of authorized full-time equivalent (FTE) positions in the respective fiscal year budget. The actual costs for Compensation, Retirement (PERS and FICA / Medicare), and Health Benefits are less than what was budgeted for the authorized FTE. It is not uncommon for position vacancies, and subsequent expenditure savings, to occur throughout the fiscal year.

In addition to displaying the escalation of PERS (included in Retirement with FICA / Medicare) and health benefits expense, the above chart demonstrates the cost stabilization derived from position reductions in FY 2013. The General Fund's authorized position count was decreased by 41.65 FTE. PERS costs in FY 2014 and FY 2015 reflect the lowered PERS charge rates resulting from legislation in 2013. In April 2015, the majority of the legislated cost relief was overturned by the Oregon Supreme Court. However, the lowered rates will be in effect for a total of four years—through FY 2016. Future PERS rates are anticipated to significantly increase to recover the employee contributions during the period of rate relief and to offset the impact of lower-than-anticipated investment earnings.

### FY 2015 General Fund Expenditures and Composition of Savings

The General Fund houses the people-driven services of police, fire, library, parks maintenance, planning, parking and code enforcement, recreation, and economic development plus all of the support activities, like IT, human resources, legal, and finance necessary to address the City's goal of good governance and stewardship of the public's resources. **Personal services** costs equaled **\$76.1 million** in FY 2015 or 71.4 percent of the \$106.5 million expended in the fund during the year and approximately \$1.6 million more than the previous year. At **\$22.9 million, materials and services expenses**, which include costs for supplies, equipment, professional services, training, and operation and maintenance of fleet vehicles, was equal to the prior year. Capital outlay and transfers to other funds were also approximately equivalent to FY 2014 costs.



General Fund budget-to-actual savings of \$10.6 million are segregated into four components as noted in the above chart. Three of the components – reappropriations, savings derived from the assessed PERS rate, and unused contingencies – totaled \$5.8 million resulting in net operational savings of \$4.8 million.

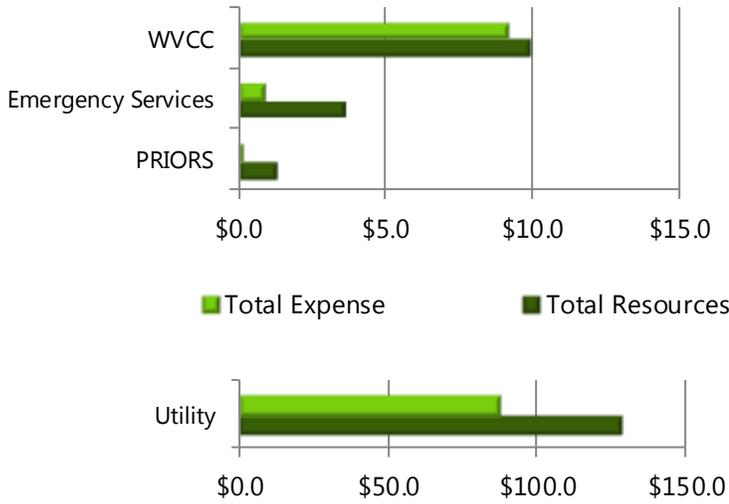
PERS-related savings equaled approximately \$2.1 million in FY 2015 with an equivalent amount realized in FY 2014.

General Debt Fund - Q4		Capital Improve. Fund - Q4		Extra Capacity Fund - Q4		Dev. District Fund - Q4	
Resources	\$ 15,201,998	Resources	\$ 75,238,555	Resources	\$ 22,770,950	Resources	\$ 1,583,731
Expenses	14,480,733	Expenses	22,317,236	Expenses	5,156,800	Expenses	14,043
EWC	\$ 721,265	EWC	\$ 52,921,319	EWC	\$ 17,614,150	EWC	\$ 1,569,689

# FINANCIAL SNAPSHOT by FUND TYPE

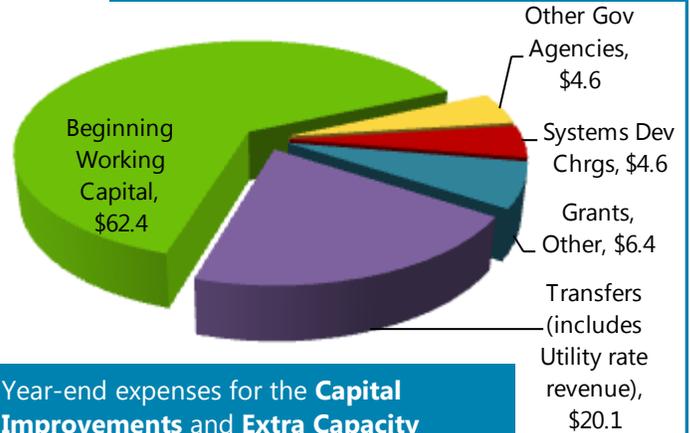
## Other City Funds

### ENTERPRISE FUNDS—FY 2015 (in millions)



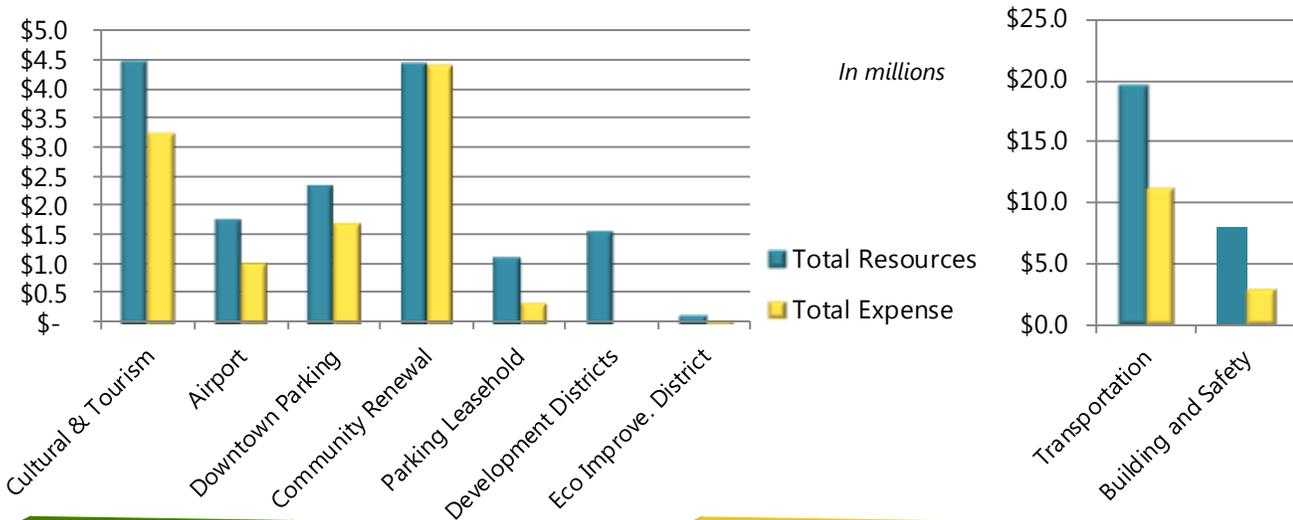
### CAPITAL PROJECT FUNDS

RESOURCES = \$98.0 M



Year-end expenses for the **Capital Improvements and Extra Capacity Facilities** funds = \$27.5 M

### SPECIAL REVENUE FUNDS—FY 2015



Building and Safety Fund  
Cultural and Tourism Fund  
Utility Fund  
Self Insurance Fund  
Plus remaining 12 funds

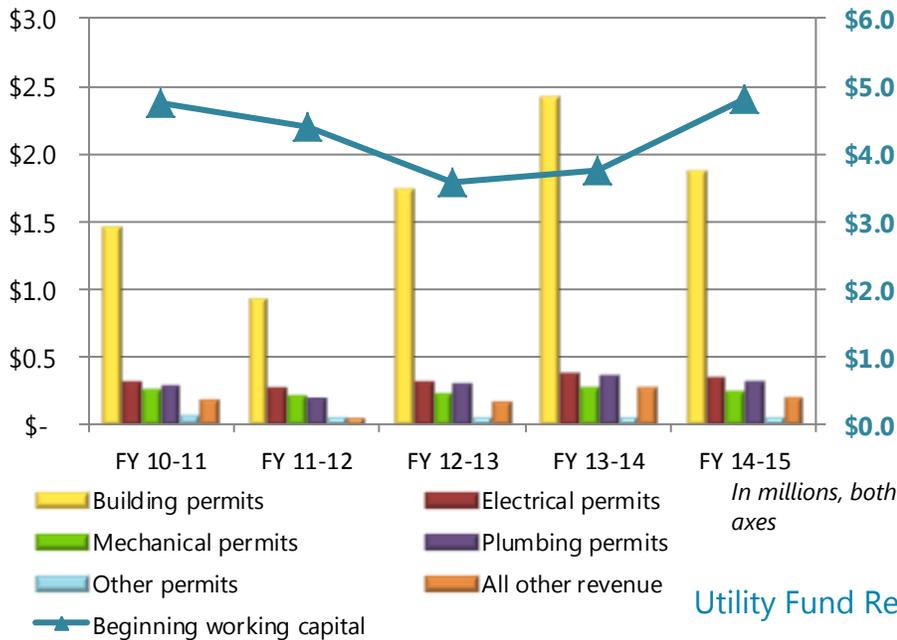


Transportation Services Fund  
Airport Fund  
Parking Fund  
Emergency Services Fund  
WVCC Fund

Utility Fund - Q4		Emergency Svcs. Fund - Q4		WVCC Fund - Q4		PRIORS Fund - Q4	
Resources	\$128,024,846	Resources	\$ 3,561,159	Resources	\$ 9,854,791	Resources	\$ 1,277,589
Expenses	87,371,281	Expenses	869,166	Expenses	9,116,974	Expenses	168,121
EWC	\$ 40,653,565	EWC	\$ 2,691,993	EWC	\$ 737,817	EWC	\$ 1,109,467

# OTHER CITY FUNDS—RESOURCES FY 2015

## Building and Safety Fund—5 Year Comparison of Resources, Permit Issuance, and Valuation



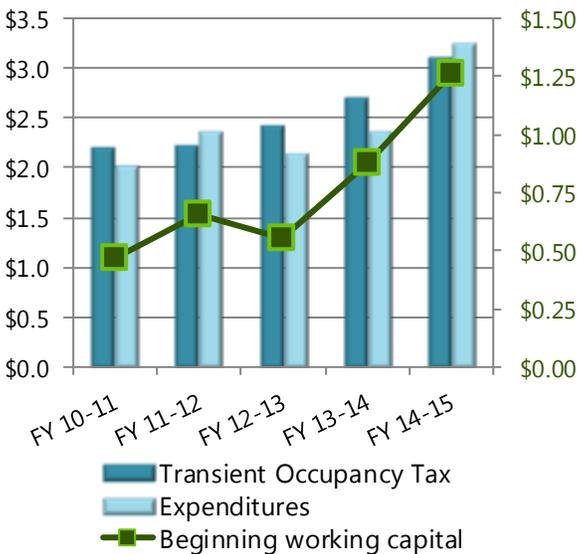
	Permits	Total Valuation <i>in millions</i>
FY 10-11	1,506	\$288.95
FY 11-12	1,556	\$138.49
FY 12-13	1,726	\$184.56
FY 13-14	1,892	\$277.13
FY-14-15	1,814	\$204.48
<b>TOTAL 5 YEARS</b>	<b>8,494</b>	<b>\$1,093.61</b>

## Utility Fund Resources—FY 2015

Total = \$128.02 M

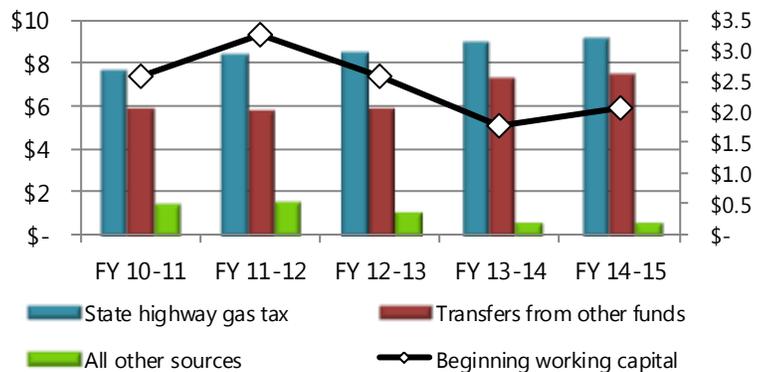


## Cultural and Tourism Fund Revenues, Expenditures, and BWC—5 Year Comparison (in millions)



## Parks and Transportation Resources—Fund 155

In millions, both axes



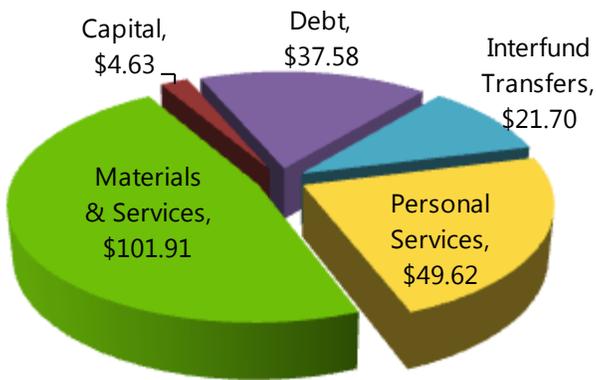
Normalized to exclude reimbursements for Engineering (FY11, 12, 13) and Recreation (FY 11, 12)

At \$3.27 million, expenses in the Cultural and Tourism Fund exceeded FY 2015 transient occupancy tax receipts of \$3.12 million by approximately \$143,000. The year-to-year increase for tax revenues was over \$394,000 or 14.4 percent.

City Services Fund - Q4		Self Insurance Fund - Q4		Equip. Reserve Fund - Q4		Trust Fund - Q4	
Resources	\$ 21,822,098	Resources	\$ 38,425,705	Resources	\$ 6,533,419	Resources	\$ 6,272,936
Expenses	17,301,500	Expenses	25,350,622	Expenses	2,262,550	Expenses	933,544
EWC	\$ 4,520,598	EWC	\$ 13,075,083	EWC	\$ 4,270,869	EWC	\$ 5,339,391

# OTHER CITY FUNDS—EXPENDITURES FY 2015

Total Expenditures for All Other City Funds by Category through June 30, 2015



In millions

"All Other City Funds" encompass everything from the smallest City fund—Public Art—to the second largest, Utility (or Water and Sewer). The 22 "other" funds account for 41.8 percent of the City's full-time equivalent positions at a cost of \$49.6 million in FY 2015.

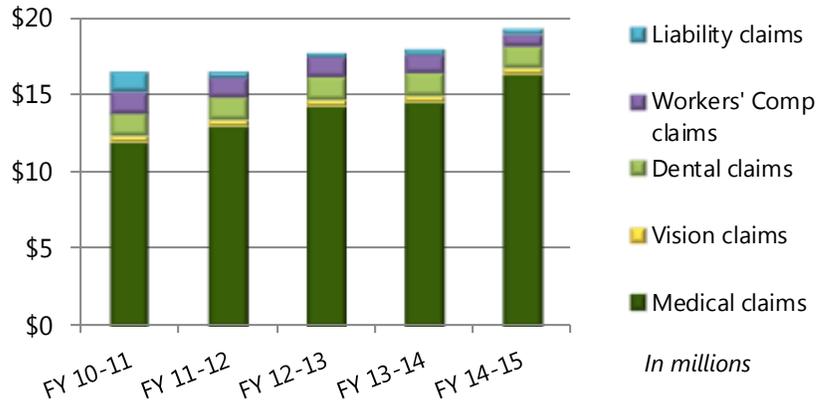
At \$101.9 million, materials and services expense equaled 47.3 percent of the total expended in these funds. Costs for services included \$11 million for construction contracts; \$3 million for engineering and architect services; and \$8.6 for other professional services (which can include everything from financial modeling to manhole sealing). City fleet-related expenses equaled approximately \$6.9 million.

Debt service expense at \$37.6 million includes general obligation bonds, pension obligation bonds, and water / sewer revenue bonds.

## FY 2015 Self Insurance Claims Expense

Insurance claims expense in the City's Self Insurance Fund totaled \$19.4 million during the fiscal year for the five insurance types noted in the adjacent chart.

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 3,604 employees and dependents.



In millions

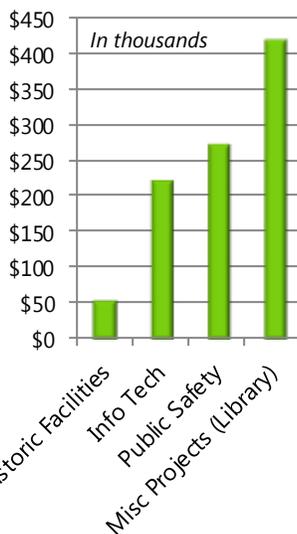


Capital Improvement Project expenses totaled \$27.5 million in FY 2015.

## Capital Asset / Improvement Project Expenditures

### Capital Improvement and Extra Capacity Facilities Funds Project Highlights

**Commercial Street SE and Liberty Street SE Water Transmission Line Replacement Project:** Over 2,100 feet of 24-inch diameter water main and over 1,200 of 12-inch diameter water main were installed to replace old water transmission lines that were constructed between 1890 and 1930. The new water lines, which are also larger than the old pipes, will provide increased water distribution capacity in the downtown area and will better support the water supply system in West Salem.



**Market Street NE/Swegle Road NE Realignment and Widening Project:** The final phase of construction was completed on this project which widened Market Street NE and Swegle Road NE to minor arterial standards between Clay Street NE and Royalty Drive NE. The project also realigned the two streets to create a single intersection at 45<sup>th</sup> Street NE, which is now controlled by a traffic signal. The new roadway and intersection will improve pedestrian safety and traffic capacity in the area.

**Glen Creek Road NW at Wallace Road NW Intersection Improvements Project:** Construction was completed on this project which widened the intersection to improve traffic capacity. The new intersection now has dual left turn lanes on northbound Wallace Road, dual right turn lanes on eastbound Glenn Creek Road, and a right-turn lane on northbound Wallace Road.