

CITY OF SALEM FINANCIAL SUMMARY

Through Q1 / FY 2015-16

The summary of FY 2016 first quarter financial activity displays expenditure information at the department level for the General Fund and resources displayed by type. For all other City funds, data is displayed with resources and expenditures. For all funds, the display includes columns noting comparison to budget and prior year actual activity. A positive number in the prior year comparison denotes an increase in FY 2016. The rating system employed in City of Salem financial summaries—positive (green), watch (yellow), and negative (orange)—is integrated in the tables.

GENERAL FUND

| Resources | Budget | Actual through Sept 30 | As a Percent of Budget | Difference FY 2015 to FY 2016 Actual |
|---------------------------|--------------------|------------------------|------------------------|--------------------------------------|
| Property Tax | 60,121,350 | 241,010 | 0.4% | -0.7% |
| Franchise Fees | 16,882,800 | 1,029,303 | 6.1% | -1.7% |
| Internal Charges | 13,184,770 | 3,016,601 | 22.9% | 12.8% |
| State Shared | 4,988,840 | 437,127 | 8.8% | 6.7% |
| Fees | 3,590,090 | 716,902 | 20.0% | -5.1% |
| All Others | 13,966,260 | 1,533,732 | 11.0% | 17.3% |
| Beginning Working Capital | 21,976,470 | 24,940,155 | 113.5% | 18.8% |
| TOTAL RESOURCES | 134,710,580 | 31,914,830 | 23.7% | 16.3% |

BY THE NUMBERS

Revenue totals in the first quarter are typically low as the General Fund's primary revenue source—property tax—has not yet been collected. Franchise fees and fee revenues maintain a watch status. The 6.7 percent year-over-year increase for state shared revenues reflects the timing of payments; this revenue type retains its watch status as well.

The 12.8 percent increase for internal charges is largely due to the return of Parks Operations to the General Fund. Gas tax revenues are paid by the Transportation Services Fund, representing an internal charge, for right-of-way and street tree maintenance.

The "All Others" category increase relates to the timing of anticipated payments from the Salem Keizer School District for the provision of school resource officers, and increased fine revenue, particularly for parking violations.

Expenditures are trending as anticipated. The year-over year increase in total is influenced by anticipated cost escalators and the return of the full Parks Operations budget to the General Fund.

| Expenditures by Department | Budget | Actual through Sept 30 | As a Percent of Budget | Difference FY 2015 to FY 2016 Actual |
|----------------------------|--------------------|------------------------|------------------------|--------------------------------------|
| Mayor and Council | 228,270 | 34,950 | 15.3% | -12.3% |
| City Manager's Office | 1,488,600 | 267,385 | 18.0% | -10.9% |
| Human Resources | 1,222,130 | 245,751 | 20.1% | 12.3% |
| Legal | 2,200,290 | 432,439 | 19.7% | 3.7% |
| Administrative Services | 3,943,200 | 804,317 | 20.4% | 3.8% |
| Municipal Court | 1,830,060 | 384,531 | 21.0% | 2.5% |
| Recreation Services | 2,159,560 | 589,192 | 27.3% | 9.9% |
| Parks | 6,212,910 | 1,296,218 | 20.9% | |
| Facilities Services | 3,841,390 | 812,587 | 21.2% | -0.4% |
| Community Development | 3,736,180 | 781,261 | 20.9% | 2.2% |
| Library | 4,817,550 | 1,077,133 | 22.4% | 3.4% |
| Police | 38,846,430 | 8,284,569 | 21.3% | 2.2% |
| Fire | 27,098,290 | 6,143,421 | 22.7% | 6.7% |
| Information Technology | 6,542,010 | 1,246,395 | 19.1% | 15.6% |
| Non Departmental | 13,317,600 | 1,163,375 | 8.7% | -30.7% |
| Urban Development | 5,186,160 | 953,880 | 18.4% | 4.8% |
| TOTAL EXPENDITURES | 122,670,630 | 24,517,402 | 20.0% | 7.5% |

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.

OTHER FUNDS—FY 2016, Q1

| <i>BY THE NUMBERS</i> | RESOURCES | | | EXPENDITURES | | |
|---------------------------|------------------------|------------------------|--------------------------------------|------------------------|------------------------|--------------------------------------|
| | Actual through Sept 30 | As a Percent of Budget | Difference FY 2015 to FY 2016 Actual | Actual through Sept 30 | As a Percent of Budget | Difference FY 2015 to FY 2016 Actual |
| Transportation Services | 5,703,491 | 35.6% | 7.7% | 3,055,759 | 20.7% | -25.3% |
| Streetlight | 485,773 | 24.5% | 0.0% | 240,806 | 13.5% | 0.0% |
| Airport | 1,180,475 | 71.3% | 17.2% | 192,450 | 11.6% | -13.9% |
| Community Renewal | 199,610 | 3.5% | -64.5% | 152,387 | 2.6% | -70.4% |
| Downtown Parking | 1,213,757 | 57.7% | 33.9% | 241,794 | 11.5% | 0.2% |
| Economic Improv. District | 99,074 | 122.9% | -42.8% | 19,861 | 24.6% | -31.3% |
| Cultural and Tourism | 2,001,168 | 46.0% | 0.0% | 1,102,862 | 27.3% | 13.3% |
| Public Art | 9,612 | 29.0% | 121.5% | - | 0.0% | 0.0% |
| Parking Leasehold | 929,878 | 69.7% | 35.1% | 59,535 | 4.5% | -25.4% |
| Building and Safety | 5,821,154 | 72.1% | 5.1% | 741,439 | 19.0% | 15.5% |
| General Debt | 1,904,512 | 11.8% | 29.9% | - | 0.0% | 0.0% |
| Capital Improvements | 55,895,565 | 62.1% | 17.1% | 5,401,915 | 6.0% | -15.7% |
| Extra Capacity Facilities | 18,736,194 | 74.2% | -2.3% | 1,174,591 | 4.7% | 145.6% |
| Development Districts | 1,572,310 | 75.7% | 0.7% | - | 0.0% | 0.0% |
| Utility | 61,939,258 | 47.6% | 6.8% | 14,349,688 | 14.8% | 4.9% |
| Emergency Services | 2,870,991 | 81.3% | -7.0% | 170,762 | 18.4% | -4.2% |
| WVCC* | 3,175,742 | 30.9% | -1.3% | 2,458,702 | 23.9% | 18.0% |
| PRIORS** | 1,236,280 | 84.3% | 21.3% | 36,327 | 2.5% | -31.4% |
| City Services | 6,744,076 | 47.2% | -54.0% | 1,909,181 | 18.0% | -17.3% |
| Self Insurance | 19,803,724 | 51.4% | 8.8% | 6,315,170 | 16.4% | -13.9% |
| Equipment Replacement | 4,704,629 | 72.1% | 7.2% | 320,974 | 12.0% | 70.8% |
| Trust and Agency | 5,682,708 | 58.7% | 0.3% | 119,766 | 2.5% | -30.2% |

*Willamette Valley Communication Center

** Police Regional Records System

Five funds carry a “watch” status as demonstrated by the yellow highlight in the above numeric table. While four of the funds—Transportation Services, Airport, Downtown Parking, and Emergency Services—have stabilized with careful management of expenditures to align with revenues, the watch status is retained.

The Willamette Valley Communication Center Fund was added to the watch list during FY 2015 resulting from a sharp decline in working capital over two years. The fund was placed under significant financial stress resulting from the operational impact of consolidating with the Lincoln County 9-1-1 Center service area, staff attrition, the escalating use of overtime to cover absences, and rate increases insufficient to meet the annual increase in operational costs. The FY 2016 budget marked the first step in a multi-year strategy to stabilize this fund.

The City’s “other” funds have realized 52 percent of budgeted resources through the first quarter, which is indicative of the impact of beginning working capital. Expenditures are 11.4 percent of budget estimates and 4.1 percent less than expenses in the prior year.