

CITY OF SALEM FINANCIAL SUMMARY

Through Q2 / FY 2015-16

Financial summaries through the second quarter of each year complement development of both the five-year forecast for the General Fund and the upcoming fiscal budget for all City funds. The data used in this summary document provides information used to trend year-end revenues and expenditures and calculate beginning working capital for FY 2017. Comparisons in this document are based on data through Q2 for all years.

GENERAL FUND

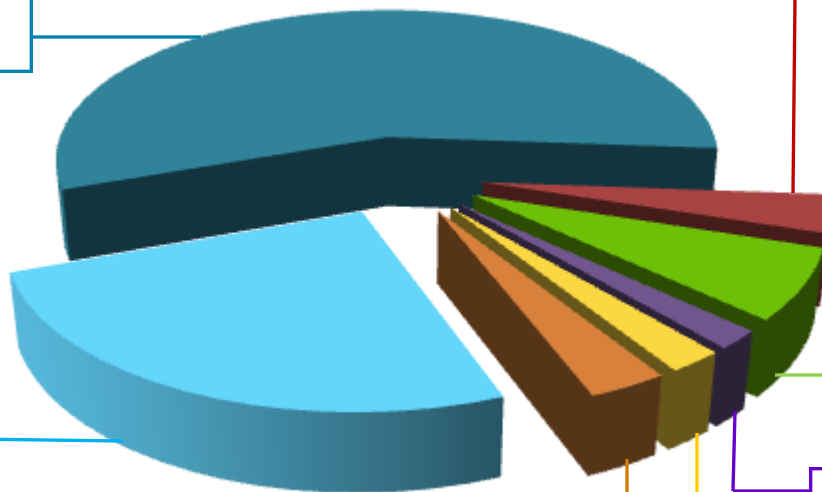
RESOURCES—Through Q2 FY 2016

At **\$56M**, **property tax** receipts are 5 percent greater than the same period last fiscal year. Gains in current year taxes offset lowered receipts for prior year collections.

Revenues from **franchise fees** are the second largest external funding source for the General Fund. Fees from the water / sewer utilities and solid waste haulers account for the 6.5 percent year-over-year increase for the period. Receipts equal **\$3.75M**.

Internal charge revenue for the fund includes the indirect cost allocation plan—payment from other funds for HR, IT, Legal, Finance, and Purchasing services. Total of all internal charges plus transfers is **\$6.9M** for the period.

Beginning working capital for the fund is **\$24.9M**, a \$3.9 million increase over the prior year. More than \$4 million of the total is derived from legislated PERS rate relief, which was overturned by the Oregon Supreme Court in April 2015.



The category of **“all other revenues”** at **\$3.1M** includes reimbursements from other agencies, grants, rents, and fines. The subset of rents includes parking meter, carpool, and space rental at the Civic Center and Pringle garages. Parking revenues are added to the “Watch” list noted below.

Fees, licenses, and permits are experiencing a 14 percent increase over the prior year with **\$2.2M** in revenue. Planning-related fees are driving the year-to-year gains.

At **\$1.8M**, current receipts for **state shared revenues** lag due to the timing of payments. Receipts in FY 2016 are expected to exceed FY 2015 by about 2 percent.

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



Performance
at a Glance



Franchise Fee Revenues
State Shared Revenues
Parking 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.

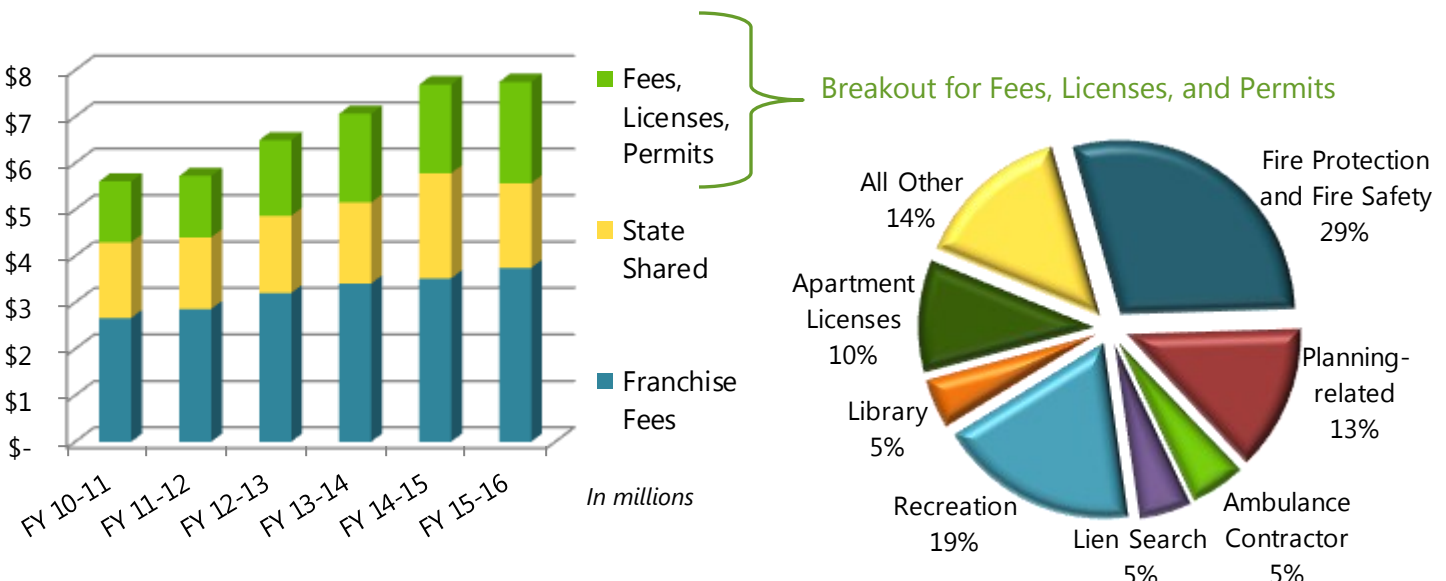
GENERAL FUND—RESOURCES THROUGH Q2 FY 2016

BY THE NUMBERS

| Year-to-Year Comparison | Fiscal Year 2014-15 | | | Fiscal Year 2015-16 | | | Difference FY to FY |
|--|---------------------|------------|-------|---------------------|------------|-------|---------------------|
| | Budget | Actual | % YTD | Budget | Actual | % YTD | |
| Beginning Working Capital | 19,564,780 | 20,997,247 | 7% | 21,976,470 | 24,940,155 | 13% | 3,942,908 |
| Property Taxes | 57,015,410 | 53,331,227 | -6% | 60,121,350 | 56,019,394 | -7% | 2,688,167 |
| Franchise Fees | 15,620,450 | 3,518,519 | -77% | 16,882,800 | 3,746,240 | -78% | 227,721 |
| Internal Charges | 12,386,730 | 5,948,586 | -52% | 14,364,120 | 6,899,854 | -52% | 951,268 |
| State Shared Revenues | 4,724,940 | 2,263,494 | -52% | 4,988,840 | 1,819,249 | -64% | (444,246) |
| Fees, Licenses, Permits | 3,839,620 | 1,908,630 | -50% | 3,590,090 | 2,180,623 | -39% | 271,992 |
| Grants, Other Agencies | 2,408,560 | 1,197,694 | -50% | 2,432,330 | 1,008,297 | -59% | (189,397) |
| Rents | 1,093,310 | 494,805 | -55% | 1,708,980 | 538,826 | -68% | 44,021 |
| Fines & Penalties | 2,613,630 | 1,253,414 | -52% | 2,585,500 | 1,350,637 | -48% | 97,223 |
| Other Misc. Revenue | 446,570 | 184,825 | -59% | 423,150 | 216,133 | -49% | 31,308 |
| Current Operating Revenues | 100,149,220 | 70,101,194 | -30% | 107,097,160 | 73,779,252 | -31% | 3,678,058 |
| Non Operating or One-Time* | 7,829,500 | 990 | -100% | 5,636,950 | 408 | -100% | (582) |
| <small>*includes URA short-term loans and parking loan proceeds in both years.</small> | | | | | | | |
| Total Resources | 127,543,500 | 91,099,431 | -29% | 134,710,580 | 98,719,815 | -27% | 7,620,384 |

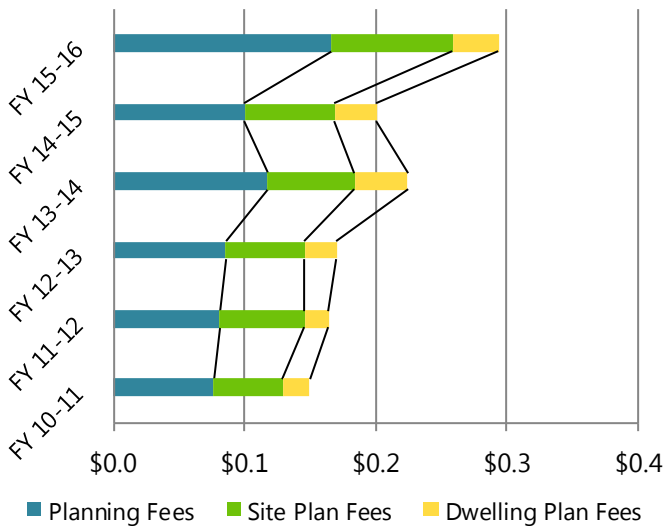
The year-to-year gain in total resources is largely due to two factors—a \$3.9 million dollar increase in working capital and gains of \$2.69 million in property tax receipts. The almost \$1 million increase in internal charges is primarily the result of moving Parks Operations back to the General Fund from the Transportation Services Fund and the corresponding transfer of gas tax revenues to support street tree and right-of-way maintenance. The increase in resources is offset with the full cost of Parks Operations in the fund. Lowered receipts for state shared revenues and grants relate to the timing of payments. In the category of "Rents," which is parking focused, the slight year-to-year increase has placed this revenue type on the "Watch" list. Discounted consultant estimates for additional revenue derived from new parking meter technology in the Capitol Mall area are not being realized after two months of operation. This revenue type will be carefully monitored over the next few months. If revenues are not realized as anticipated, year-end estimates for FY 2016 will need to be lowered, as well as estimates for the upcoming fiscal year.

General Fund Revenue Detail

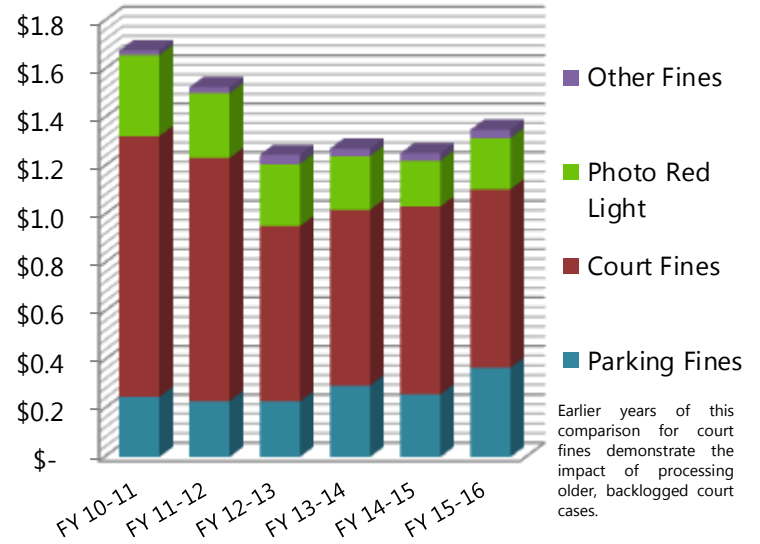


GENERAL FUND—RESOURCES Through Q2 FY 2016

Development-Related Fee Revenues, in millions



Fine and Penalty Revenues, in millions



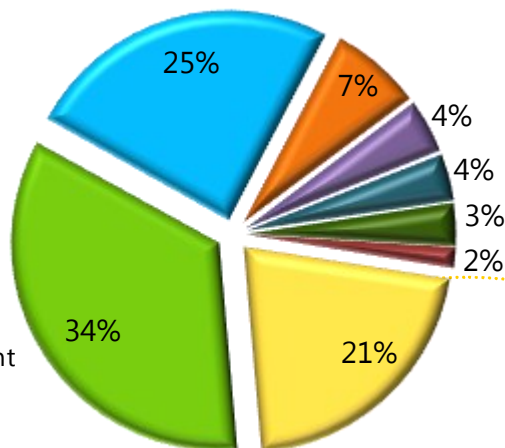
Year-over-year gains for planning fees, at 65.5 percent, demonstrate the impact of increased demand and rate increases to achieve progress on the stakeholder-agreed 50 percent cost recovery for planning services. Through Q2, site plan fee and dwelling plan fee revenues have increased by 36.4 percent and 6.7 percent, respectively.

While court fine receipts are down by almost 5 percent as compared to last year, gains in parking and photo red light fines support an overall 7.8 percent increase for this revenue category. The year-to-year increase in parking fines is 42.5 percent resulting from increased fine rates and improved enforcement.

GENERAL FUND—EXPENDITURES Through Q2 FY 2016

Year-to-date total of \$52.2M within an expenditure budget of \$122.67M

- Police
- Fire
- Parks and Recreation
- Library
- Urban Development
- Community Development
- Municipal Court
- Support Services

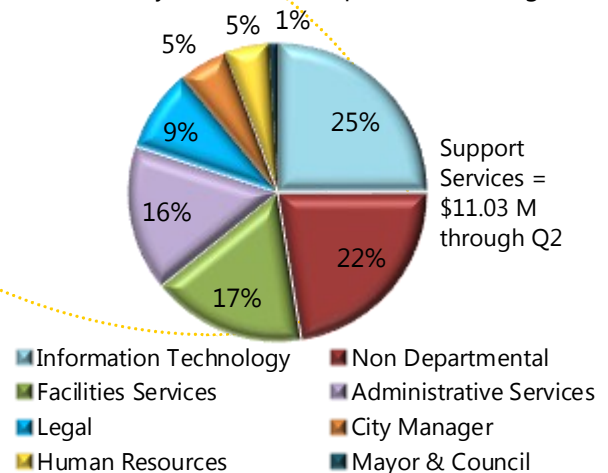


The 21 percent of General Fund costs assigned to "Support Services" is detailed in the adjacent chart. Current costs for Information Technology services equal 25 percent of the \$11.03 million total. At \$2.47 million, Non Departmental expenses share 22 percent of the total and include costs associated with the installation of new parking meter technology, liability insurance for all General Fund departments, plus the costs associated with planning for a new police facility and creating a strategic communications plan for the City. Through the period, a total of \$3.77 million has been reimbursed to the fund as revenue from other City funds that benefit from the services listed at right.

By the Numbers

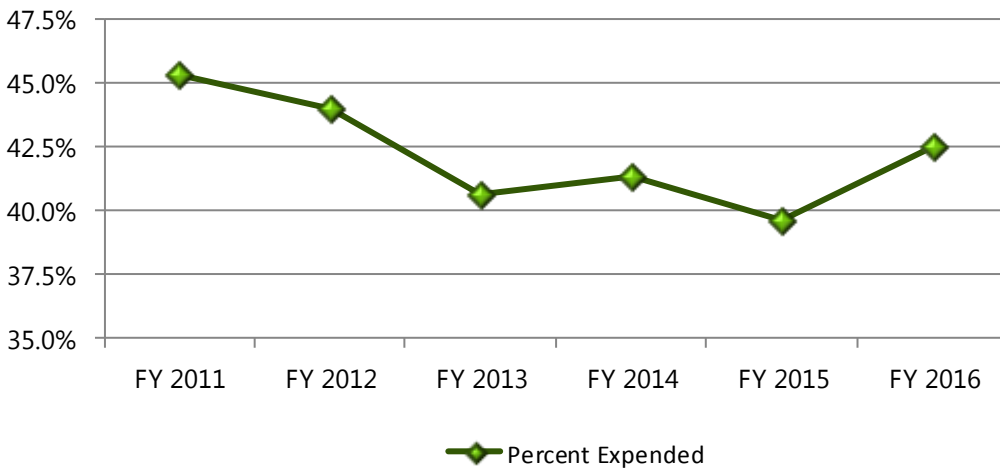
Total General Fund expenses through the second period equal \$52.2 million and represent expenditure of the FY 2016 budget at 42.6 percent. Of the \$52.2 million expense, \$40.9 (or 78.3 percent) is personal services costs. The relatively low percentage of expended budget is partly due to position vacancies, PERS savings derived from lower-than-budgeted charge rates, and health benefit rate increases in December 2015 less than budgeted.

In addition, more than \$5.07 million is budgeted—and unspent—for short term URA loans and \$2.45 million remains in contingency, which also contributes to year-to-date expenditure savings.



GENERAL FUND—EXPENDITURES Through Q2 FY 2016

Budget to Actual Expenditure Comparison through December 31

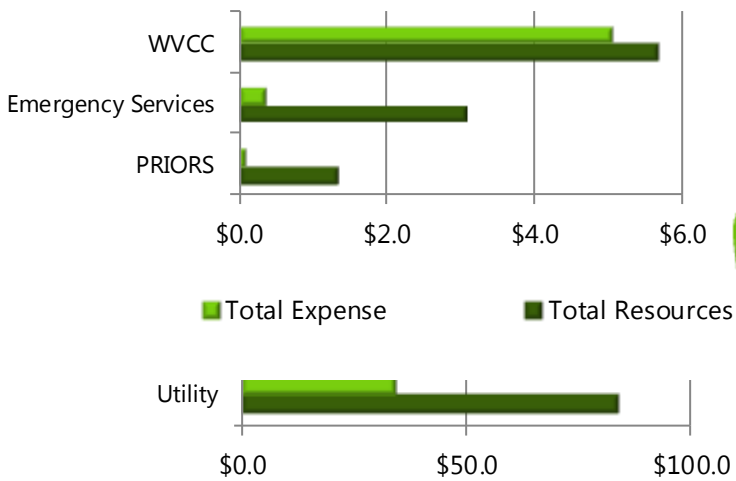


The graph at left is a six-year comparison representing the percentage expended of the General Fund budget by December 31 each fiscal year.

Over the six years, FY 2015 expenses, as a percent of budget, were the lowest through the second quarter. At 42.6 percent expended, the current fiscal year is approaching an expenditure percentage more aligned with the earlier years of the comparison.

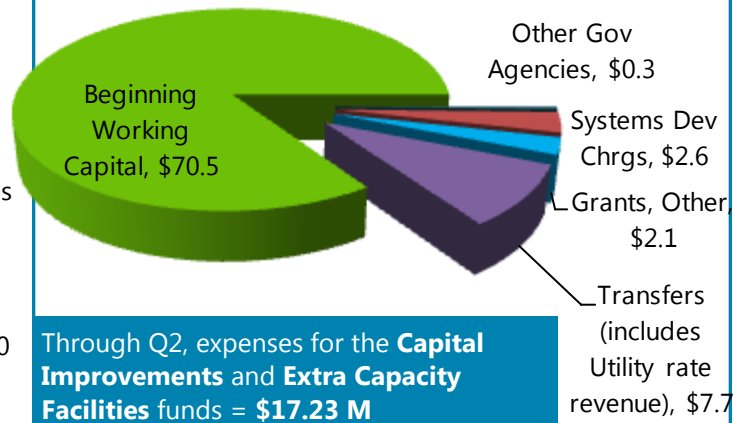
FINANCIAL SNAPSHOT by FUND TYPE Other City Funds

ENTERPRISE FUNDS—Q2 FY 2016 (in millions)



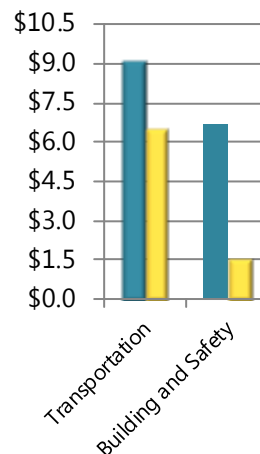
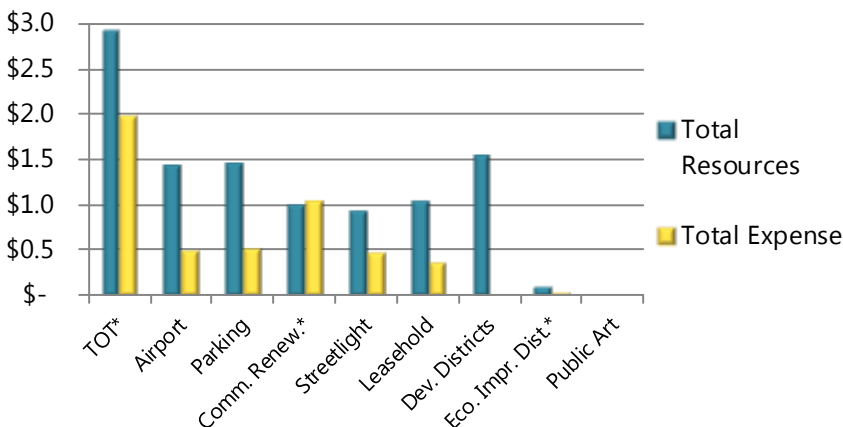
CAPITAL PROJECT FUNDS

RESOURCES = \$83.2 M



Through Q2, expenses for the **Capital Improvements and Extra Capacity Facilities** funds = \$17.23 M

SPECIAL REVENUE FUNDS—Q2 FY 2016



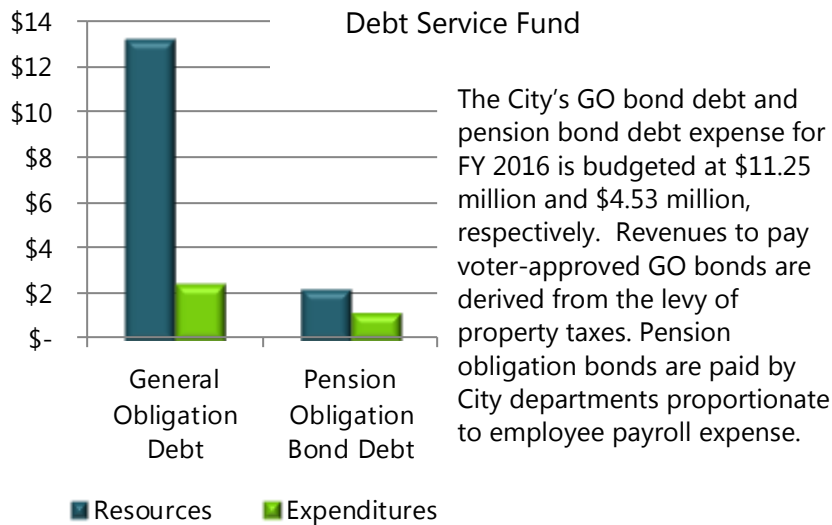
In millions

TOT* = Cultural and Tourism Fund

Comm. Renew.* = Community Renewal Fund

Eco. Impr. Dist.* = Economic Improvement District

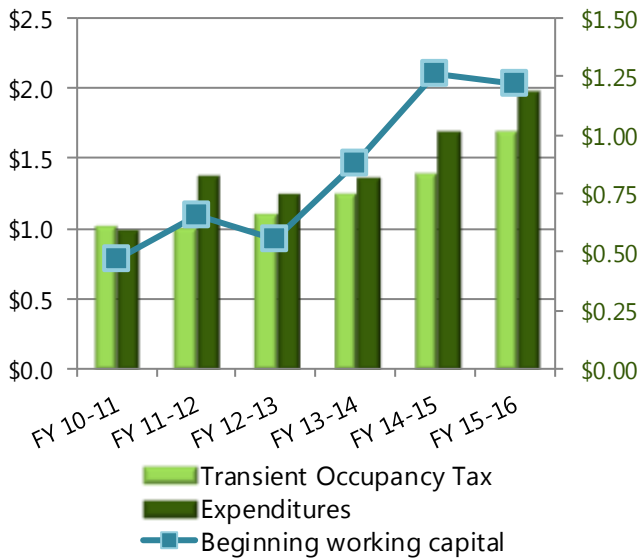
FINANCIAL SNAPSHOT by FUND TYPE—Other City Funds, continued



- Positive**
- Building and Safety Fund
 - Cultural and Tourism Fund
 - Utility Fund
 - Self Insurance Fund
 - Plus remaining 12 funds
- Watch**
- Transportation Services Fund
 - Airport Fund
 - Parking Fund
 - Emergency Services Fund
 - WVCC Fund
- AT A GLANCE**

OTHER CITY FUNDS—RESOURCES and EXPENDITURES Through Q2 FY 2016

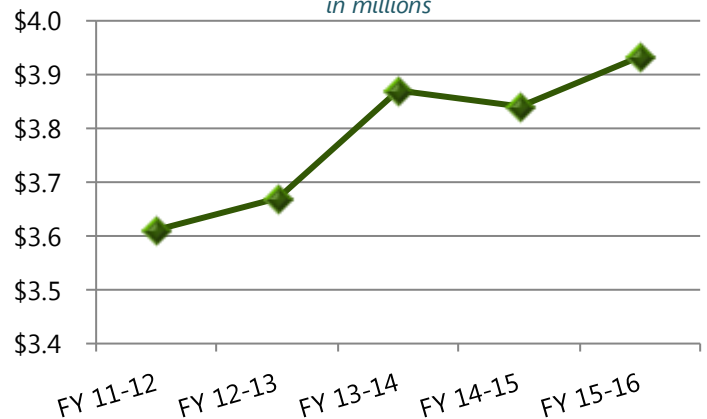
Cultural and Tourism Fund Revenues, Expenditures, and BWC—6 Year Comparison through Q2 (in millions)



Expenditures in the Cultural and Tourism Fund exceed transient occupancy tax receipts in FY 2016, which is typical for the mid-point in the fiscal year. Current fiscal year expenses are 17 percent greater than the prior year and represent 49.2 percent of budget.

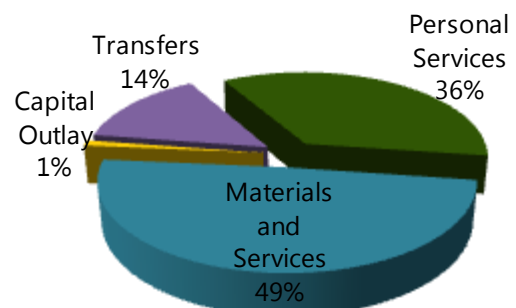
Actual tax receipts through December 31 represent only five months of activity as lodging establishments transmit taxes in August for July activity. This creates a one-month lag until the end of the fiscal year when June receipts represent two months of activity. Through Q2, tax receipts in FY 2016 are 21.8 percent greater than the same period last year. Receipts in October 2015, representing September 2015 activity, were 65.6 percent greater than the prior year.

Transportation - State Highway Revenue (in millions)



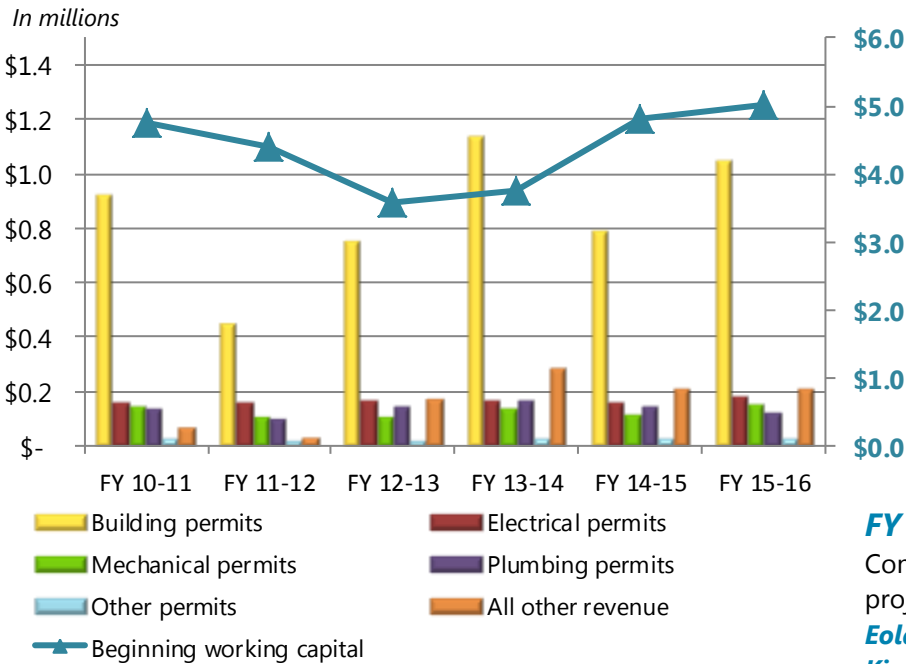
State highway revenues received in the Transportation Services Fund through December 31 are 2 percent more than the same period last fiscal year. Spanning the five year comparison period, receipts in FY 2016 are 8.9 percent greater than FY 2012. Total resources in the fund through the period equal \$9.01 million with expenditures of \$6.4 million.

Transportation Services Fund Expenditures FY 2016 Q2



OTHER CITY FUNDS—RESOURCES and EXPENDITURES Through Q2 FY 2016

Building and Safety Fund—5 Year Comparison of Resources



Growth in working capital for the Building and Safety Fund is attributable to the combination of a fairly consistent “base” of permit activity over the past few years, significant permit / project activity in FY 2014, and declining or flat expenditures during FY 2012 and FY 2013. Current year expenditures exceed the prior fiscal year for the period by 19 percent and represent 40.6 percent of budget at the mid-point in the fiscal year.

The department utilizes a variety of performance measurements and data to gauge activity and needed staffing levels. Staffing has been consistent for several years.

FY 2016 Q2 Construction Highlights

Construction was completed on the following projects:

Eola Drive NW Pavement Rehabilitation: Kingwood Drive NW to Edgewater Street NW

This Streets and Bridges Bond savings project rehabilitated the sidewalks and street pavement on Eola Drive NW through a combination of pavement grinding, pavement overlays, and road reconstruction. The project also added sidewalk on the easterly side of the street, replaced fiber optic traffic signal interconnect and added bike lanes.

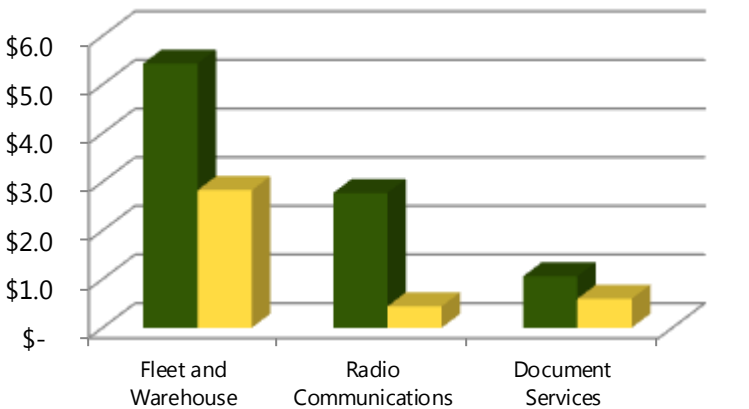
Skyline Road S Corridor Improvements

This Streets and Bridges Bond-funded project widened Skyline Road to minor arterial street standards with a center turn lane, proper travel lane widths, bicycle lanes, curbs, gutters, sidewalks, storm drains and street lights between Kuebler Boulevard S and Liberty Road S. The project will improve safety for pedestrians, bicyclists, and motorists.

Trelstad Avenue SE to Turner Road SE Waterline Project

This project installed approximately 7,300 feet of new 18-inch diameter water main and was funded with a combination of water rates and water system development charge funds. Combined with the Mill Creek Reservoir, completed in 2014, the Trelstad waterline improvements will provide increased water distribution capacity to support development and attract businesses and industry to the Mill Creek Corporate Center and Salem Renewable Energy Park.

City Services Fund Through Q2 FY 2016 (in millions)



Resources This internal service fund also includes costs associated with maintaining the City's shop complex on 22nd Street with resources of \$79,797 and \$39,610 in expenses through the period.

Expenditures

OTHER CITY FUNDS—EXPENDITURES Q2 FY 2016

Total expenditures for all other City funds—excluding the General Fund—equal \$89.5 million through Q2. This level of spending represents approximately 26.7 percent of budgeted expense for the fiscal year.

