

CITY OF SALEM FINANCIAL SUMMARY

YEAR END / FY 2016

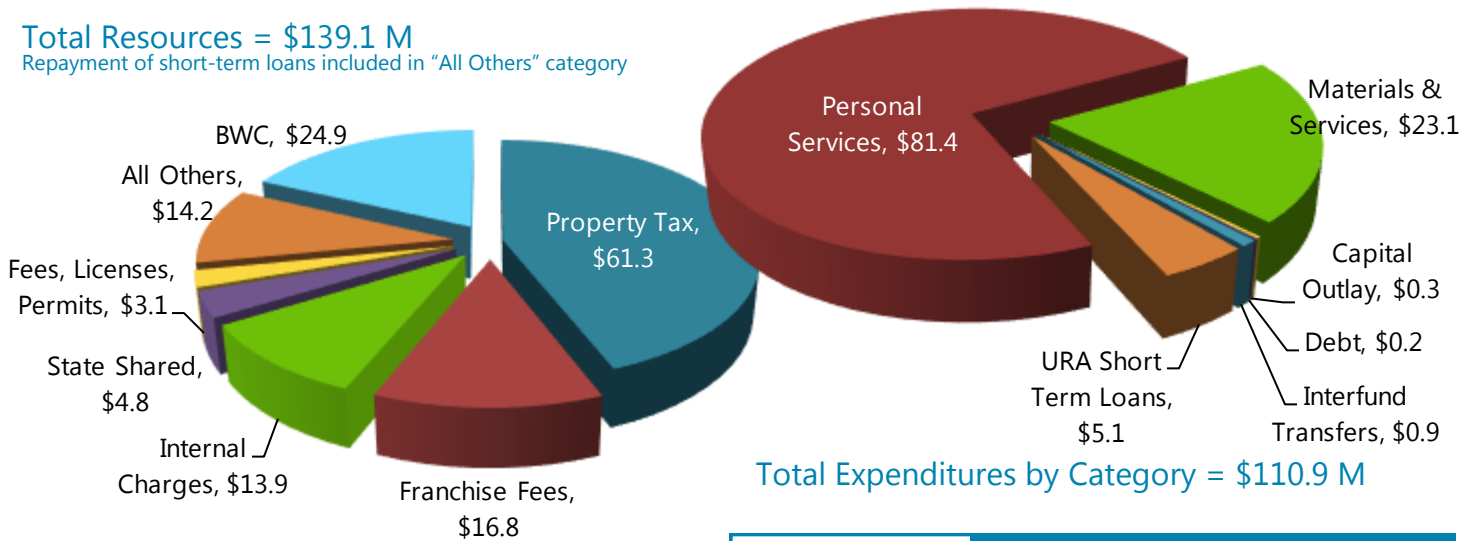
This financial summary provides FY 2016 year-end results. Notable occurrences are identified, described, and graphically illustrated through budget-to-actual and actual-to-actual comparisons. In addition, many comparisons extend to multiple fiscal years to augment context for FY 2016 activity.

FINANCIAL SNAPSHOT by FUND TYPE

GENERAL FUND RESOURCES and EXPENDITURES—Year End FY 2016 *(in millions)*

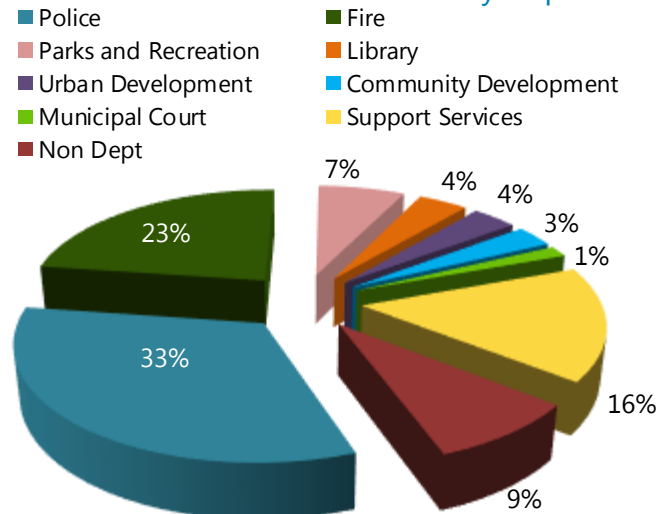
Total Resources = \$139.1 M

Repayment of short-term loans included in "All Others" category



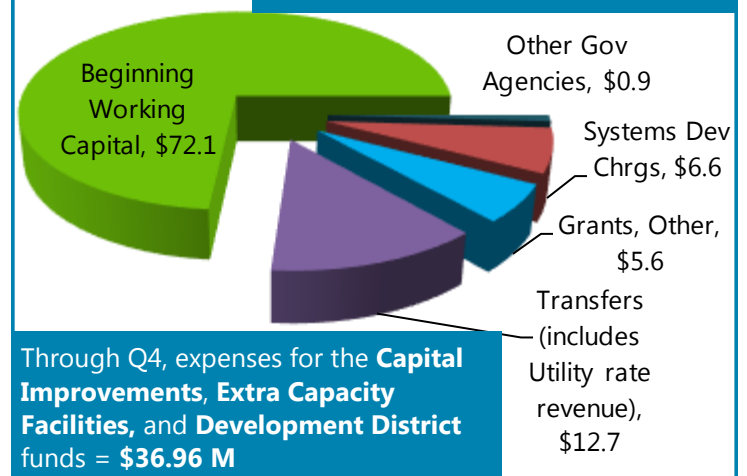
Total Expenditures by Category = \$110.9 M

GENERAL FUND EXPENDITURES By Department



CAPITAL PROJECT FUNDS

RESOURCES = \$97.9 M



Through Q4, expenses for the **Capital Improvements, Extra Capacity Facilities, and Development District** funds = \$36.96 M

FUND QUICK REFERENCE

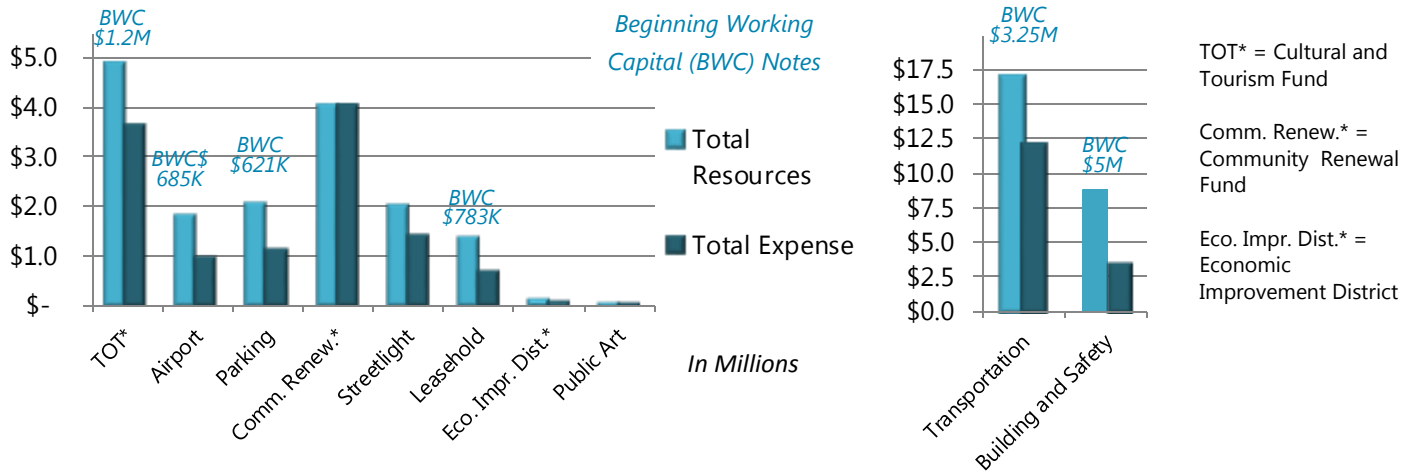
The "ticker" at the bottom of each page provides a quick view of resources and expenditures through FY 2016 year end. Each fund display includes an "EWC," which represents the ending working capital as of the period ending June 30, 2016. The color of each EWC represents its status

as compared to the prior year. **Green** signifies EWC that has grown or remained constant, while **blue** is used to signify an EWC that has decreased as compared to FY 2015.

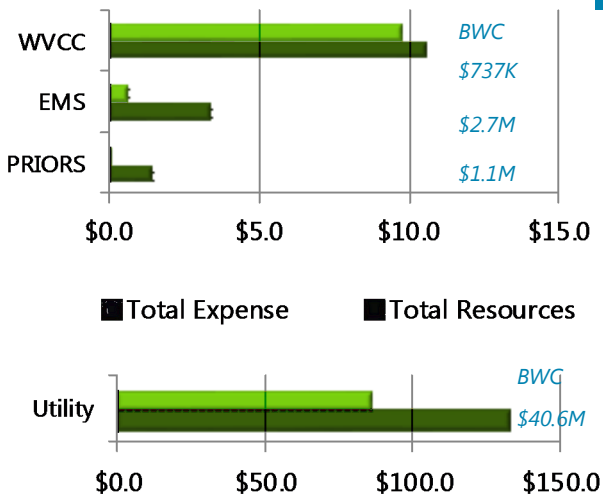
General Fund - YE		Transportation Fund - YE		Streetlight Fund - YE	
Resources	\$139,065,875	Resources	\$ 16,921,831	Resources	\$ 2,008,052
Expenses	110,939,943	Expenses	11,928,941	Expenses	1,413,447
EWC	\$ 28,125,932	EWC	\$ 4,992,889	EWC	\$ 594,605

FINANCIAL SNAPSHOT by FUND TYPE, continued

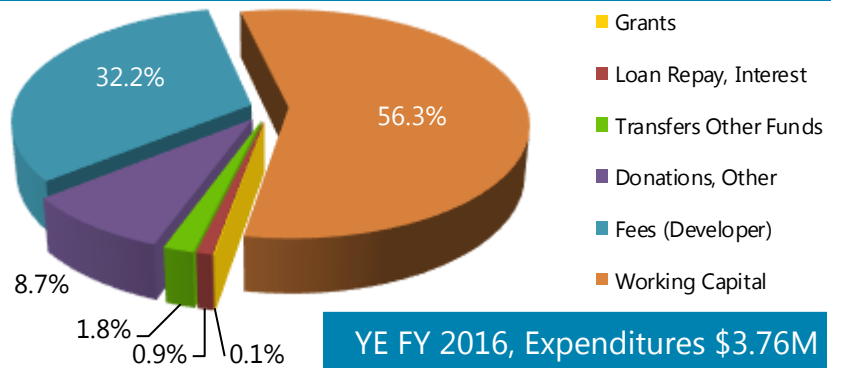
SPECIAL REVENUE FUNDS—YEAR END FY 2016



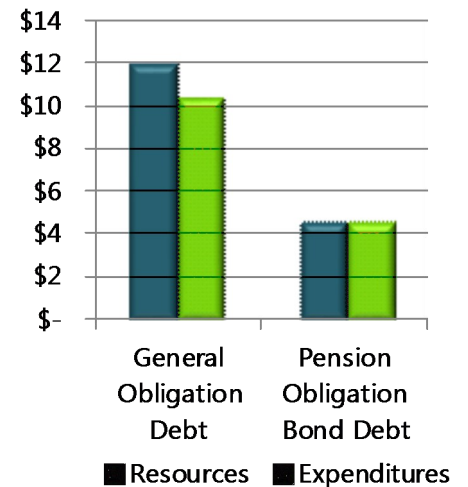
ENTERPRISE FUNDS YEAR END FY 2016 (in millions)



TRUST FUNDS—YEAR END FY 2016 Resources \$9.6M



DEBT SERVICE FUND YEAR END FY 2016



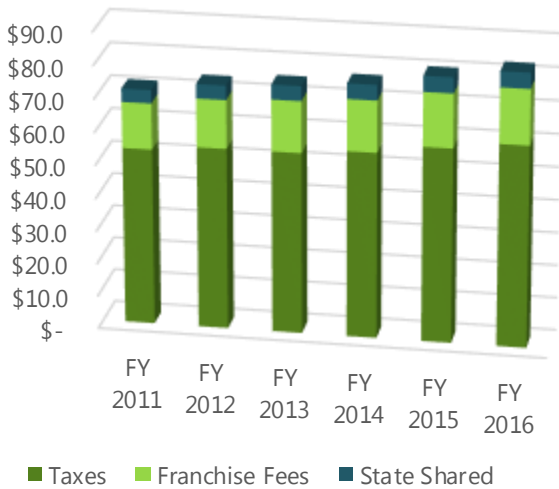
Enterprise Funds are used for services provided to / for the public on a user charge basis. In the case of the WVCC Fund and PRIORS Fund, the users are other agencies accessing 9-1-1 or police records services. The EMS Fund supports the provision of third-party ambulance services in our community.

Debt Service Funds for the City of Salem use a voter-approved property tax levy to repay bond indebtedness for improvements to city streets and bridges, as well as construction of new and rehabilitation of existing fire stations and purchase of large fire rolling stock. The Pension Obligation Bond allows the City to pay down its future liability in the public retirement system. City departments include this debt service as part of annual budgets.

Airport Fund - YE		Comm. Renewal Fund - YE		Parking Fund - YE		EID Fund - YE	
Resources	\$ 1,792,059	Resources	\$ 4,044,333	Resources	\$ 2,038,989	Resources	\$ 100,909
Expenses	952,154	Expenses	4,028,753	Expenses	1,103,608	Expenses	67,634
EWC	\$ 839,905	EWC	\$ 15,580	EWC	\$ 935,380	EWC	\$ 33,276

GENERAL FUND RESOURCES —YEAR END FY 2016 AND HISTORY (in millions)

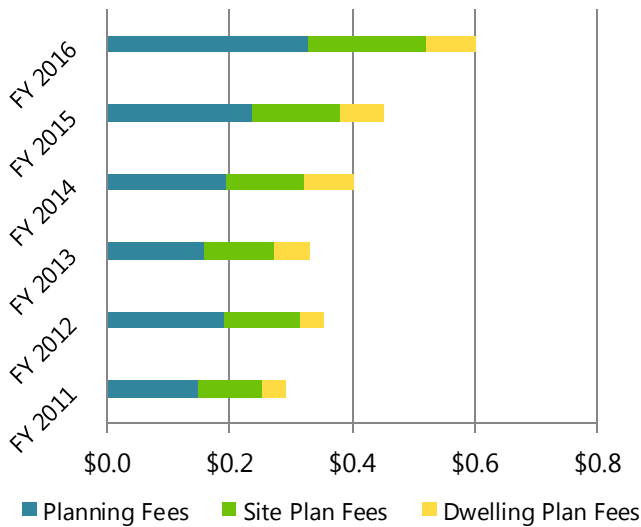
TOP 3 GENERAL FUND EXTERNAL REVENUES



Planning Fees (planning, site and dwelling plan)—A \$150,140 or 33.3 percent gain during FY 2016 resulted from a 6.2 percent fee increase for improved cost recovery and increased demand for services. Further analysis is underway to gauge how increased planning activity will impact future City revenue sources—building permit charges in the Building and Safety Fund and property tax in the General Fund.

Parking Rent—Additional meter revenue from the installation of new meter technology in the Capitol Mall area was offset by lowered sales of hanging tag permits. The category netted a 1.8 percent increase for the year.

PLANNING-RELATED FEE REVENUES



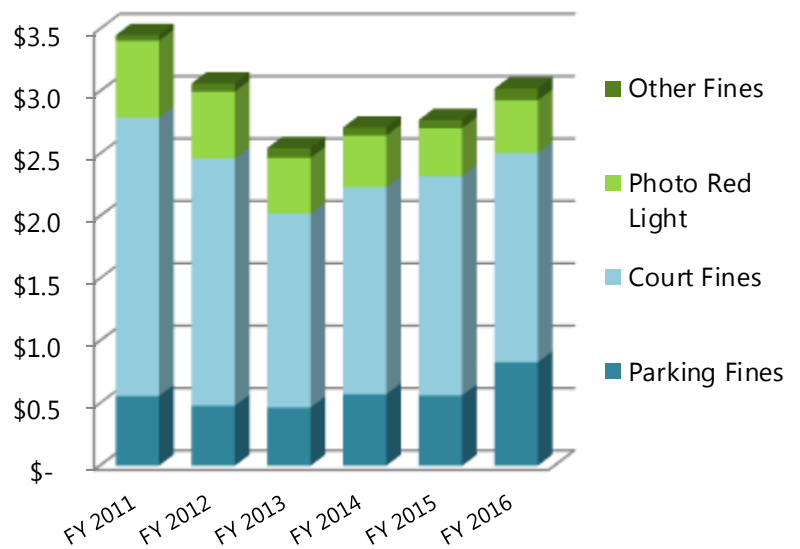
Property Tax—A re-set of real market property values increased receipts for both FY 2015 and FY 2016. Ongoing revenue gains beyond the statutory limit of 3 percent are indicative of new growth.

Franchise Fees—Revenue resulting from increased refuse franchise rates compounded by increased hauler rates in 2015 accounts for 81 percent of the year-over-year gain in franchise receipts.

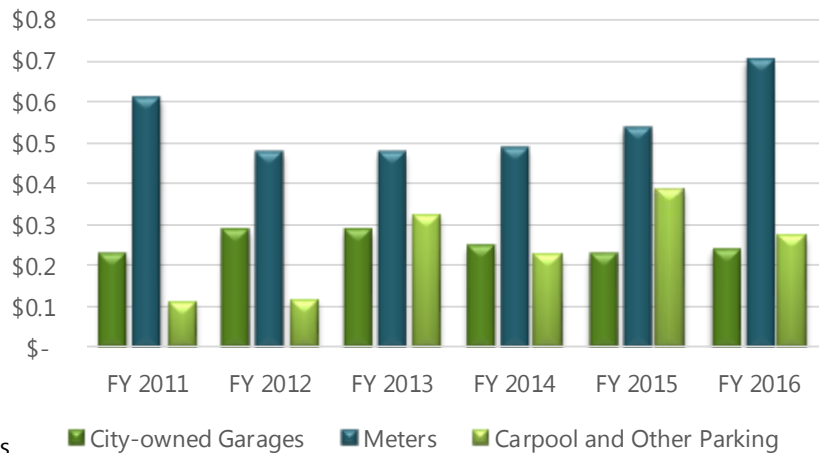
State Shared—This revenue category was essentially flat in FY 2016, experiencing a \$15,400 gain. A decline in alcohol-related shared revenues was offset by an increase to State 9-1-1.

Fines and Penalties—A rate increase for parking fines coupled with improved enforcement activities help to net a 9 percent gain in this category.

REVENUE FROM FINES AND PENALTIES



REVENUE FROM PARKING SOURCES



Cultural/Tourism Fund - YE		Public Art Fund - YE		Leasehold Fund - YE		Building/Safety Fund - YE	
Resources	\$ 4,862,616	Resources	\$ 32,804	Resources	\$ 1,353,759	Resources	\$ 8,780,608
Expenses	3,643,489	Expenses	278	Expenses	684,948	Expenses	3,406,626
EWC	\$ 1,219,127	EWC	\$ 32,525	EWC	\$ 668,811	EWC	\$ 5,373,982

GENERAL FUND by Department

SERVING THE COMMUNITY

Expenditures FY 2016 Year End	Actual to Budget	Year over Year
Community Development—\$3.44M Personal Services, \$3.04M Materials / Services, \$0.39M Interfund Transfers, \$5,000	92.1%	4.1%
Fire—\$25.66M Personal Services, \$21.98M Materials / Services, \$3.65M Capital Outlay, \$13,440 Interfund Transfers, \$13,360	94.7%	2.8%
Library—\$4.38M Personal Services, \$3.68M Materials / Services, \$0.69M	90.9%	1.7%
Municipal Court—\$1.74M Personal Services, \$1.24M Materials / Services, \$0.5M	95.1%	1.5%
Parks and Recreation—\$7.67M Personal Services, \$4.38M Materials / Services, \$3.28M Interfund Transfers, \$10,000	91.7%	6.5%
Police—\$36.35M Personal Services, \$29.8M Materials / Services, \$6.34M Capital Outlay, \$0.21M	93.6%	2.6%
Urban Development—\$3.99M Personal Services, \$2.87M Materials / Services, \$1.08M Interfund Transfers, \$35,890	76.9%	0%
Info Technology—\$6.13M Personal Services, \$4.91M Materials / Services, \$1.19M Capital Outlay, \$37,480	93.8%	12.1%
Support, Non-Dept—\$16.50M Personal Services, \$9.51M Materials / Services, \$5.97M Debt Service, \$0.16M Interfund Transfers, \$0.86M Excludes \$5.07M URA short-term loans	78.0%	-13.7%

The **Police Department** strives to employ the most effective and innovative ways to provide public safety services. While working within existing resources, the department also looks for opportunities to obtain new funding through grants and intergovernmental agreements, such as the partnership with Polk County for the mobile crisis response team during FY 2016.

As part of its "business retention and recruitment" goal, the **Urban Development Department** responded to 39 inquiries from site selectors with information about locating businesses in Salem and the region.

During FY 2016, the City expanded its Enterprise Zone Program by 57 acres. Seven companies in Marion County claimed the Enterprise Zone benefit for business expansion totaling \$26.5 million in private investment and 115 new jobs.

Less time is spent waiting for a judge by individuals with **Municipal Court** matters, and diversion entries now occur within 30 days from the first court appearance resulting from efficiencies realized through a new scheduling model introduced in FY 2016.

In FY 2016, the **Salem Fire Department** was awarded two significant grants, the Emergency Management Performance Grant (EMPG) and the Assistance to Firefighters Grant (AFG) both awarded by the Federal Emergency Management Agency. The EMPG provides reimbursement to the department for eligible expenses related to emergency management. The award for the fiscal year totaled \$130,340. In addition, at the end of the year, notice of a \$651,160 AFG award allowed the department to plan the replacement of its aging self-contained breathing apparatus inventory (for FY 2017).

The **Information Technology Department** completed a Statement Of Earnings (SOE) program to generate a supplemental statement to print on the back of existing paystubs for all employees. This project avoided additional printing costs, software acquisition, and sorting costs. Completing this project ensures the City is compliant with all state payroll reporting requirements.

Facilities Services collaborated with the Salem Art Association (SAA) in a public / private (non-profit) project to install an elevator in the Bush Barn, enhancing the accessibility and functionality of the facility. The project was primarily funded through a variety of grants and other sources secured by the SAA.

General Debt Fund - YE		Capital Improve. Fund - YE		Extra Capacity Fund - YE		Dev. District Fund - YE	
Resources	\$ 16,503,721	Resources	\$ 71,659,262	Resources	\$ 24,460,579	Resources	\$ 1,785,292
Expenses	14,785,393	Expenses	29,327,357	Expenses	7,485,051	Expenses	146,006
EWC	\$ 1,718,328	EWC	\$ 42,331,905	EWC	\$ 16,975,528	EWC	\$ 1,639,287

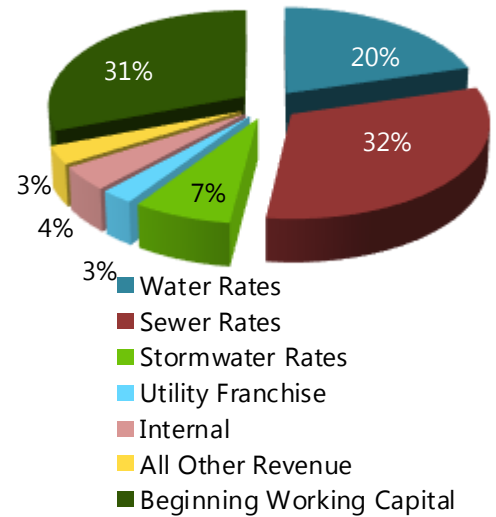
RESOURCES for OTHER FUNDS—YEAR END FY 2016 AND HISTORY (IN MILLIONS)

SERVING THE COMMUNITY

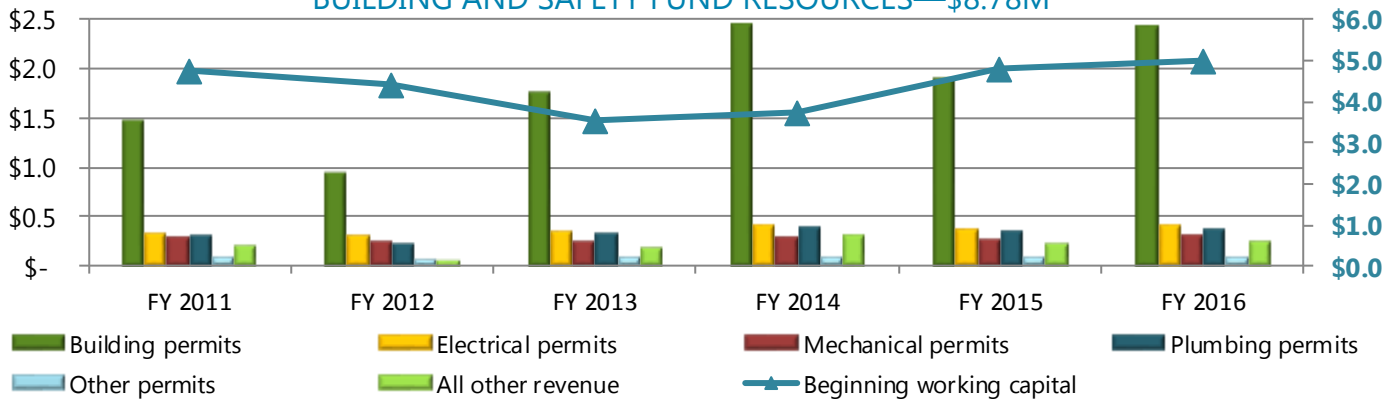
Thanks to floodplain management activities by the City of Salem, residents will save 25 percent on their flood insurance premiums. The Federal Insurance and Mitigation Administration, has upgraded Salem from Class 6 to Class 5 in the National Flood Insurance Program (NFIP) Community Ratings System (CRS). The discount applies to NFIP policies issued on or after October 1, 2016, for properties in a Special Flood Hazard Area. This also means Salem is the highest ranked city in Oregon for floodplain management activities and one of only 123 cities in the United States to achieve a Class 5 rating.

With \$75,000 of grant money from The Energy Trust of Oregon, the City will conduct a \$150,000 comprehensive pre-design to upgrade and replace the 650 kW cogeneration system which is powered by the biogas generated at Willow Lake Wastewater Treatment Facility. Based on the results of this study, funding for replacement of the 27-year-old engine and the facility that houses it will be pursued to decrease the City's long-term electricity costs.

UTILITY FUND RESOURCES—\$132.18M



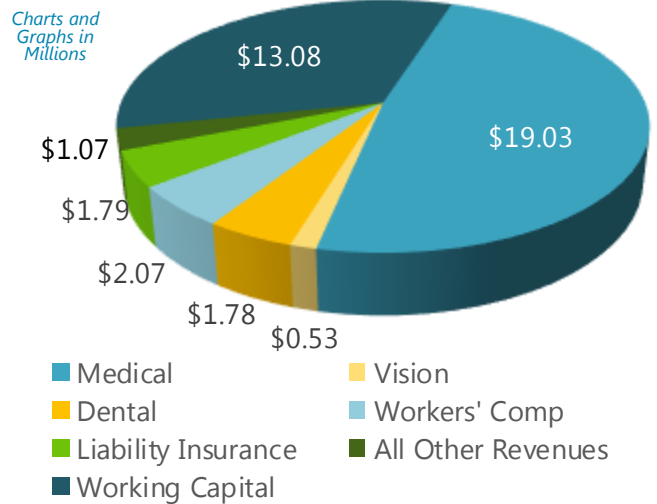
BUILDING AND SAFETY FUND RESOURCES—\$8.78M



TRANSPORTATION FUND—REVENUE FROM GAS TAX



SELF INSURANCE FUND FY 2016—\$39.36M



TOT* FUND—COMPARING THE TAX and WORKING CAPITAL



*TOT Fund = Cultural and Tourism Fund

Utility Fund - YE		Emergency Svcs. Fund - YE		WVCC Fund - YE		PRIORS Fund - YE	
Resources	\$132,182,379	Resources	\$ 3,440,983	Resources	\$ 10,521,157	Resources	\$ 1,466,705
Expenses	85,157,425	Expenses	720,660	Expenses	9,710,374	Expenses	149,157
EWC	\$ 47,024,954	EWC	\$ 2,720,324	EWC	\$ 810,784	EWC	\$ 1,317,549

OTHER CITY FUNDS—EXPENDITURES YEAR END FY 2016

Expenditures FY 2016 Year End	Actual to Budget	Year over Year	Expenditures FY 2016 Year End	Actual to Budget	Year over Year
Airport—\$.95M Personal Services, \$.40M Materials / Services, \$.50M Capital Outlay / Debt Svc, \$.05M	57.5%	-8.8%	Building and Safety—\$3.41M Personal Services, \$2.26M Materials / Services, \$1.04M Capital Outlay / Transfers, \$.11M	87.3%	16.6%
Capital Improv*—\$29.33M Materials / Services, \$26.82M Capital Outlay, \$2.35M Interfund Transfers, \$0.16M *Capital Improvements	32.6%	31.4%	City Services—\$8.47M Personal Services, \$2.56M Materials / Services, \$5.57M Capital Outlay / Transfers, \$0.34M Big year-over-year change = equipment reserve moved to its own fund	79.8%	-51.0%
Comm Renewal*—\$4.03M Materials / Services, \$1.77M Debt Service, \$2.26M *Community Renewal	69.7%	-8.9%	Development Dist—\$0.15M Materials / Services, \$0.15M Big year-over-year change = expenses increasing by \$132,000	7.0%	939%
Downtown Parking—\$1.10M Materials / Services, \$1.10M	52.5%	-36.7%	Eco Improv Dist*—\$0.07M Materials / Services, \$0.07M *Economic Improvement District	83.9%	-19.4%
Emergency Services—\$0.72M Personal Services, \$0.35M Materials / Services, \$0.37M	77.8%	-17.1%	Equip Replacement—\$1.45M Materials / Services, \$15,751 Capital Outlay, \$1.44M	54.5%	-35.8%
Extra Cap Facilities*—\$7.49M Materials / Services, \$7.03M Capital Outlay, \$0.38M Interfund Transfers—\$0.08M *Extra Capacity Facilities	29.6%	45.1%	Leasehold—\$0.68M Materials / Services, \$0.68M	51.3%	84.2%
PRIORS—\$0.15M Materials / Services, \$0.15M	10.2%	-11.3%	Self Insurance—\$25.18M Personal Services, \$0.67M Materials / Services, \$24.51M	65.4%	-0.7%
Streetlight—\$1.41M Materials / Services, \$1.41M New fund in FY 2016	79.4%	No prior year activity	Transportation Svcs—\$11.93M Personal Services, \$4.46M Materials / Services, \$6.12M Capital Outlay \$0.14M Interfund Transfers, \$1.22M	80.7%	8.8%
TOT*—\$3.64M Materials / Services, \$1.90M Interfund Transfers, \$1.74M *Cultural and Tourism	90.2%	11.5%	Trust—\$3.64M Materials / Services, \$1.90M Interfund Transfers, \$1.74M Big year-over-year change = expense for a developer pass-through	77.0%	303%
Utility—\$85.16M Personal Services, \$28.72M Materials / Services, \$26.94M Capital Outlay \$1.07M Debt Service, \$20.98M Interfund Transfers, \$7.45M	87.9%	-2.5%	WVCC—\$9.71M Personal Services, \$8.15M Materials / Services, \$1.56M	94.5%	6.5%

ABOUT . . . OTHER CITY FUNDS

In the Other City Funds data on pages 5 and 6, downward pointing arrows and negative percentages in the *Year-over-Year* change column reflect, in some cases, a plan for the fund to lower expenses and it coincides with the budget. The Emergency Medical Services and Downtown Parking funds are examples. For other funds, like the Equipment Replacement Reserve, a year-over-year decrease is about the timing of replacement purchases. For a number of the smaller funds a year-over-year decrease is not a lot of money, but due to the size of the fund it is a big percentage. As an example, the Economic Improvement District had expenses of \$83,926 in FY 2015 versus \$67,634 in FY 2016, creating a change of -19.4 percent. The same thing happens to the positive—with a 939 percent increase year-over-year, the Development District Fund expended about \$132,000 more in FY 2016.

One City fund remains with a “watch list” status. The Willamette Valley Communications Center Fund, which supports the provision of 9-1-1 services, will continue to be closely monitored to determine the effectiveness of corrective actions that have been implemented.

SERVING THE COMMUNITY—Public Works / Construction Projects

Geren Island (Water) Treatment Facility

Over time, the slow sand filters at the Geren Island Treatment Facility accumulate dirt and other debris as a result of the filtration process. This accumulation slows the rate of water passing through the filters and, if not addressed, eventually would prevent the filters from working effectively. Over the past four years, the City has issued a renewable contract to clean the dirt and debris from the filter sand using specialized equipment and then placing it back into service for continued filtration. This can be done at a unit cost that is significantly less than it would cost to dispose of the old sand and purchase new clean sand. Cleaning and reusing the existing filter sand results in annual savings of \$100,000 to the water utility.

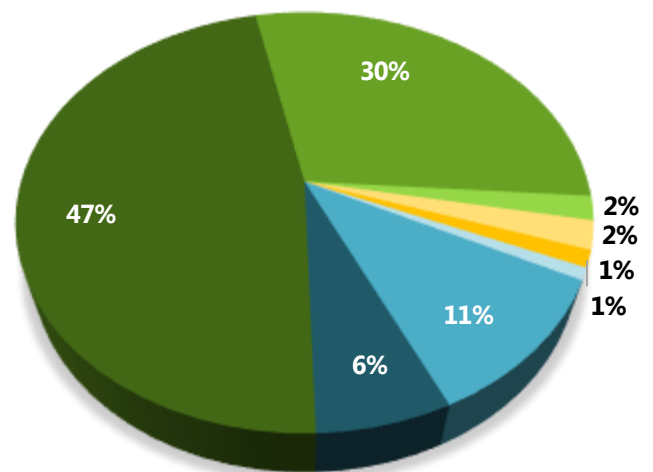
Kuebler Eastbound Widening

Substantial construction progress on this Streets and Bridges Bond project—funded partially with savings—occurred in FY 2016. The Kuebler eastbound widening project between Commercial Street and the I-5 Interchange adds another travel lane eastbound and additional turn lanes at the Battle Creek Road and 27th Avenue intersections. Project funding included \$3,000,000 from a public / private partnership between the City and PacTrust. (The project was completed in the fall of 2016, technically in FY 2017, and has improved the flow of eastbound traffic to I-5.)

Madrona Avenue at 25th Street Intersection

Like the Kuebler Eastbound Widening project, this improvement project at the intersection of Madrona Avenue and 25th Street spanned two fiscal years. The project, which was adjacent to the Salem Airport, realigned and signalized the existing intersection including additional through and turn lanes, sidewalks and bike lanes to reduce congestion and improve safety. Project funding included a \$1,000,000 Immediate Opportunity Fund (IOF) grant from the State of Oregon related to job creation from an expansion of the NORPAC Foods facilities which is adjacent to Madrona Avenue. This project was completed eight months ahead of schedule (during FY 2017) and has significantly relieved congestion at this intersection.

FY 2016 YEAR END Capital Construction—\$36.96M



- Airport, \$0.68M
- Historic Facilities, \$0.80M
- Info Tech, \$0.48M
- Misc Projects, \$0.34M
- Parks, \$3.97M
- Public Safety, \$2.36M
- Transportation, \$17.45M
- Utility, \$10.87M

City Services Fund - YE		Self Insurance Fund - YE		Equip. Reserve Fund - YE		Trust Fund - YE	
Resources	\$ 14,573,567	Resources	\$ 39,360,800	Resources	\$ 6,434,904	Resources	\$ 9,604,638
Expenses	8,469,432	Expenses	25,179,851	Expenses	1,452,031	Expenses	3,762,400
EWC	\$ 6,104,135	EWC	\$ 14,180,949	EWC	\$ 4,982,873	EWC	\$ 5,842,238