

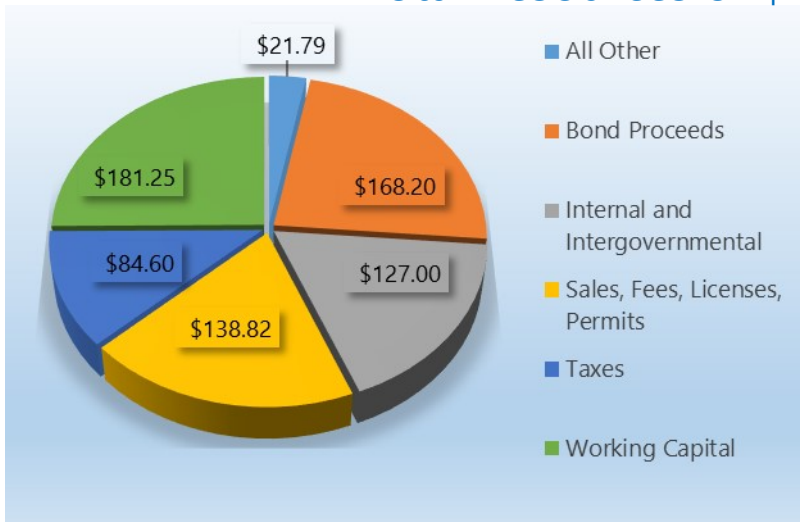
CITY OF SALEM FINANCIAL SUMMARY

YEAR END / FY 2018

This financial summary provides FY 2018 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 2018 activity.

Citywide Results—All Funds

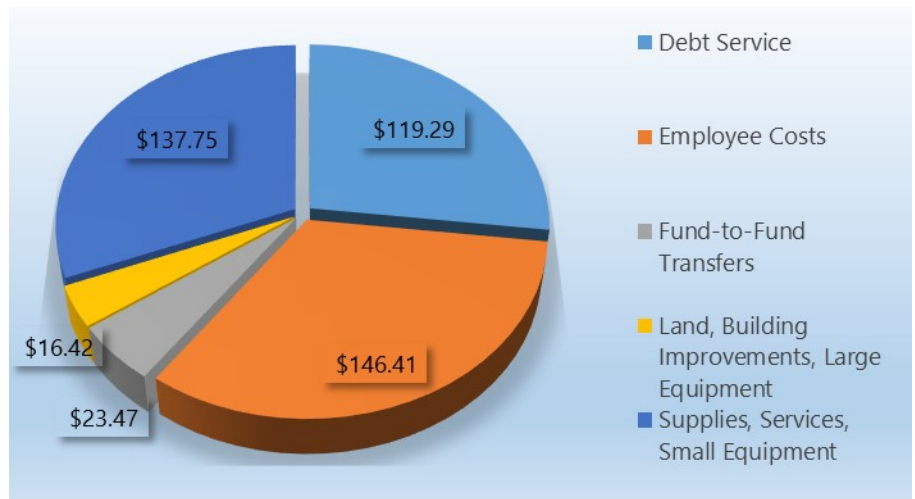
Total Resources of \$721.65 Million



This view of Citywide resources reveals the prominence of *Working Capital*—or cash-on-hand—at 25 percent of all resources. *Bond Proceeds* have a disproportionate share, which includes an approximate \$65 million refinancing for the Utility, \$61.80 million for police station construction, and \$18.60 million for the library upgrade. *Taxes* include property tax for General Fund operations and levied to pay debt service on voter-approved general obligation bonds, transient occupancy tax, and local marijuana sales tax. The category with *Sales, Fees* includes consumer-paid fees for water / sewer, franchise fees, building permits, and system development charges. *Internal and Intergovernmental* includes employer-paid insurance premiums, state shared revenues, and grants,

All chart and graph values displayed in millions

Total Expenditures of \$443.32 Million



On the expenditure side, *Debt Service*, with its relationship to bond proceeds, is disproportionately large from the refinancing of Utility revenue bonds. By contrast, debt service in the prior year was \$43.76 million. Everything associated with the cost of more than 1100 full-time equivalent employees—wages, overtime, insurances, and retirement benefits—is included in *Employee Costs*. The category of *Supplies, Services, Small Equipment* includes \$81.37 million of the total in just three of the City's 22 funds—Capital Improvements, Self Insurance, and Utility.

Fund Quick Reference

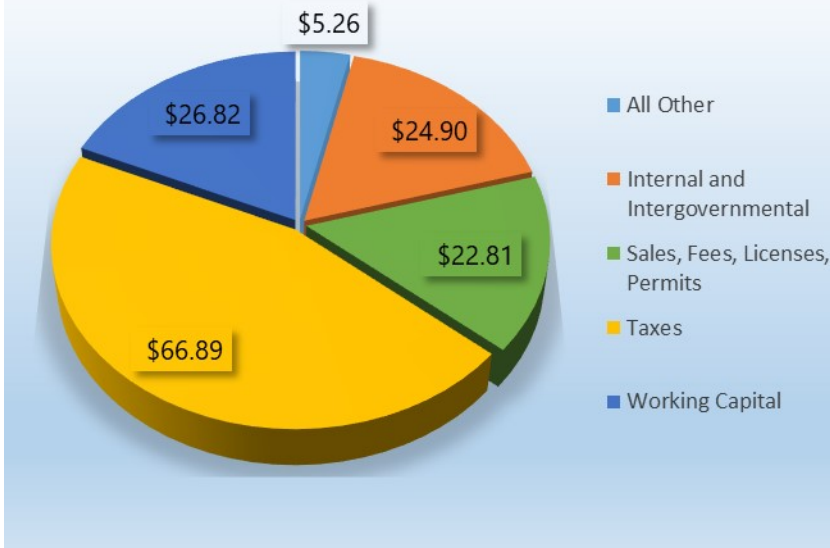
The "ticker" at the bottom of each page provides a quick view of resources and expenditures through FY 2018 year end. Each fund display includes an "EWC," which represents the ending working capital as of the period ending June 30, 2018. The color of each EWC represents its status

as compared to the beginning of the fiscal year. **Green** signifies working capital that has grown or remained constant, while **blue** is used to signify working capital that has decreased.

General Fund - YE		Transportation Fund - YE		Streetlight Fund - YE	
Resources	\$146,680,792	Resources	\$ 18,760,723	Resources	\$ 2,094,029
Expenses	121,656,383	Expenses	14,838,507	Expenses	1,368,931
EWC	\$ 25,024,409	EWC	\$ 3,922,216	EWC	\$ 725,098

General Fund Results

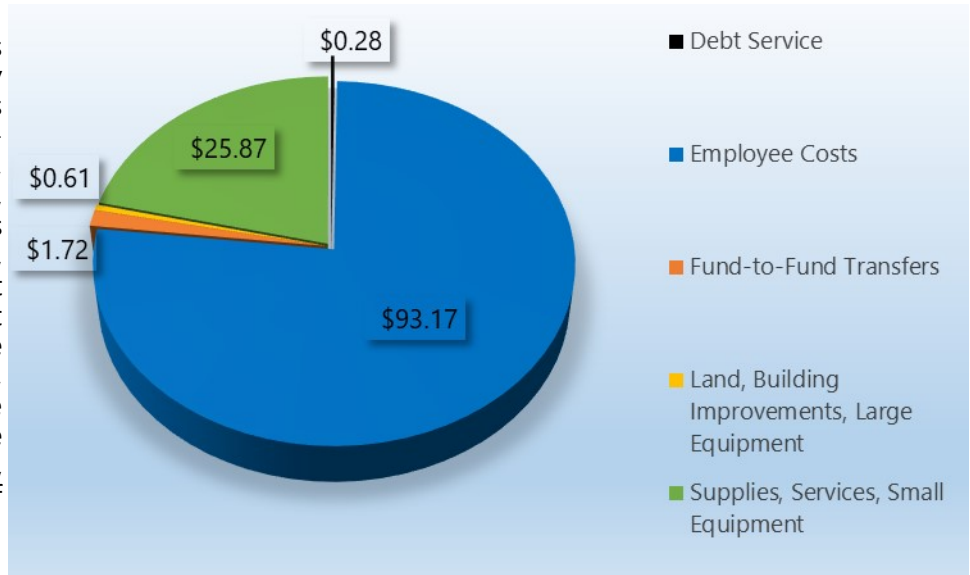
Total Resources of \$146.68 Million



Total resources for FY 2018 in the General Fund equal \$146.68 million, representing \$26.82 million working capital and \$119.86 million in new revenues. Property taxes provide \$66.13 million in the category, *Taxes*, with the remaining \$758,250 from the City's sales tax on marijuana. *Sales, Fees, Licenses, Permits* includes over \$18 million in franchise fees, \$731,580 in planning-related revenues, and \$219,960 from the City's ambulance contractor. Internal charges, including the cost for support services assessed to other City funds for services housed in the General Fund—Legal, Human Resources, Finance, and Information Technology—provide \$14.44 million of the \$24.90 million for the *Internal and Intergovernmental* category. Revenues shared by the State of Oregon add another \$6.27 million. *All Other* revenues include \$2.89 million in fines and penalties and \$1.54 million in parking rents.

Total General Fund Expenditures of \$121.66 Million

The City's General Fund maintains the services of fire emergency response, municipal court, parks maintenance, police, multi-generational recreation programs, long range and current planning, code enforcement, social services program aid, Salem Public Library, and the support services that benefit all City departments and funds. At year end, expenditures for these services equaled \$121.66 million, representing a 5.3 percent increase over FY 2017. To offset the imbalance of expenditures over revenues, approximately \$1.8 million of working capital was used to balance.



Future Outlook: The use of working capital in the General Fund to balance ongoing expenses is illustrative of the issues defined in the City Council's strategic goal of *Sustainable Services Delivery*. Initiatives for this goal include redesigning the City's budget process; defining the desired level of City services and the associated costs; evaluating new, additional revenue sources; and exploring new ways to provide the services our community seeks, create partnerships, and improve efficiencies. To help fulfill the direction of Council, City staff are implementing the best practice, Priority Based Budgeting (PBB). The purpose of PBB is to identify what the City is in the business of doing and ensuring resources are allocated to the highest and best use to support the results of Good Governance; Natural Environment Stewardship; Safe Community; Safe, Reliable, and Efficient Infrastructure; Strong and Diverse Economy; and Welcoming and Livable Community.

Fund Quick Reference

	Airport Fund - YE	Comm. Renewal Fund - YE	Parking Fund - YE	Cultural/Tourism Fund - YE
Resources	\$ 2,122,189	\$ 2,224,504	\$ 1,749,847	\$ 4,502,767
Expenses	985,470	1,732,623	1,441,662	3,713,371
EWC	\$ 1,136,719	\$ 491,881	\$ 308,185	\$ 789,396

General Fund Revenues —Year End FY 2018 and History (in millions)

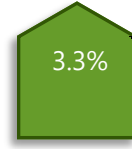
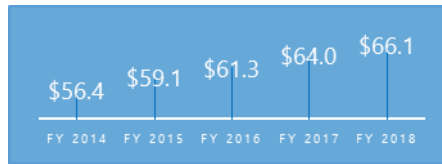
Resource Type

5-Year Trend, FY 2014-FY 2018

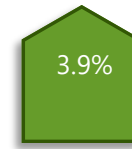
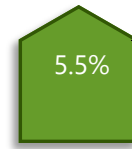
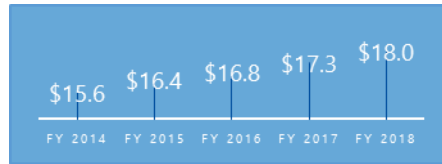
Actual to Budget

Year-over-Year

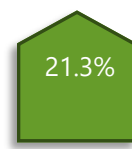
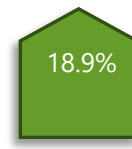
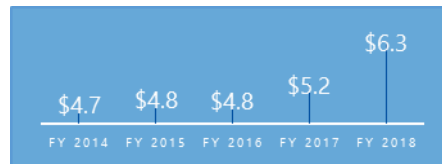
Property Tax—In FY 2018, this revenue source continued to achieve the 3% statutory increase. However, assessed valuation did not increase commensurate with budget estimates. The year-over-year increase was \$2.1 million or 3.3%.



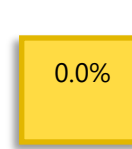
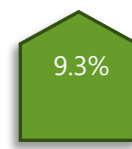
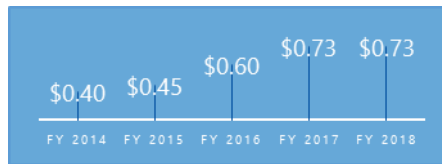
Franchise Fees—The impact of increases for refuse hauler fees, ongoing growth in telecomm receipts, and gains in electric and water / wastewater / stormwater utility receipts added \$677,692 or 3.9% year-over-year for City franchises.



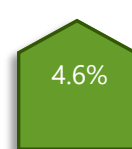
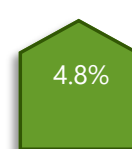
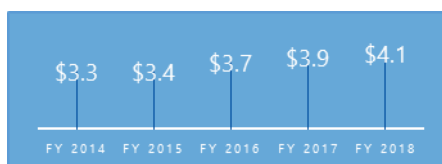
State Shared Revenues—Marijuana shared revenues of more than \$917,000 fueled a year-over-year increase of 21.3% in this category. Marijuana receipts included current year activity plus 18 months of prior activity paid in arrears.



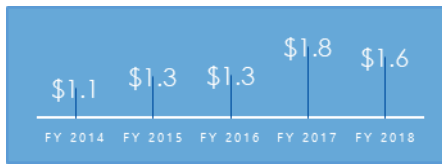
Planning-Related Fees—No year-over-year change occurred with the three fees in this grouping—planning, site plan review, and dwelling plan review.



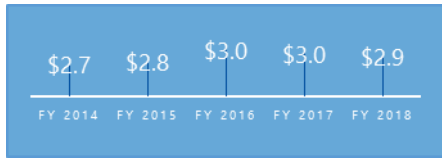
Other Fees—User charges for fire protection, code enforcement, softball, parks reservations, fire safety permits, apartment licensing, and sign permits supported increased receipts of \$178,174 or 4.6% more than FY 2017.



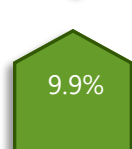
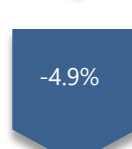
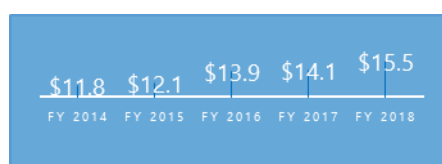
Rents—the lack of a full legislative session has a significant impact on the City's parking-related revenues. The year-over-year decrease of 10.4% represents receipts lowered by more than \$187,000.



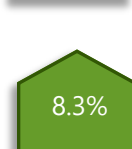
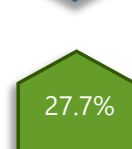
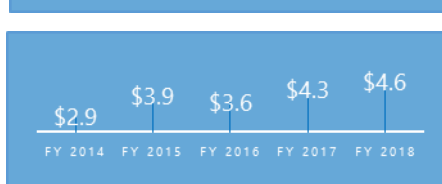
Fines—With court fines declining by more than \$200,000 in FY 2018, the category of fines realized an overall decrease of \$72,207 or 2.4% — similar to the percentage decrease experienced in FY 2017 for this revenue category.



Internal Charges—Less-than-anticipated revenues are offset with savings from vacant positions. A lower vacancy rate would have generated additional internal reimbursement revenues. However, the year-over-year increase was almost 10%.



Other Agencies, Grants, All Other Revenue—Year-over-year gains resulting from marijuana sales tax receipts, City proceeds from the sale of state-owned property in the Mill Creek Urban Renewal Area, reimbursement for state conflagrations, and interest earnings combined for a \$354,857 increase.



Fund Quick Reference

	Public Art Fund - YE	Leasehold Fund - YE	Building/Safety Fund - YE	General Debt Fund - YE
Resources	\$ 61,155	\$ 1,235,860	\$ 12,004,715	\$ 19,374,911
Expenses	27,914	588,450	4,314,852	18,451,224
EWC	\$ 33,242	\$ 647,411	\$ 7,689,863	\$ 923,686

General Fund Expenditures by Department

<i>Expenditures FY 2018 Year End</i>	<i>Actual to Budget</i>	<i>Year-over- Year (YOY)</i>	<i>Expenditures FY 2018 Year End</i>	<i>Actual to Budget</i>	<i>Year-over- Year (YOY)</i>
Budget, Finance, and Purchasing—\$3.64M Personal Services, \$3.19M Materials / Services, \$0.45M	94.1%	8.1%	Mayor and Council—\$0.18M Materials / Services, \$0.18M	80.0%	-16.0%
City Manager's Office—\$1.34M Personal Services, \$1.19M Materials / Services, \$0.15M	96.7%	17.8%	Municipal Court—\$1.81M Personal Services, \$1.26M Materials / Services, \$0.56M	91.8%	6.3%
Community Development—\$3.74M Personal Services, \$3.30M Materials / Services, \$0.44M Interfund Transfer, \$5,000	84.5%	2.3%	Parks—\$7.13M Personal Services, \$3.75M Materials / Services, \$3.31M Capital Outlay, \$0.06M	100.9%	3.3%
Facilities Services—\$4.11M Personal Services, \$2.53M Materials / Services, \$1.59M	98.2%	7.0%	Police—\$42.60M Personal Services, \$34.25M Materials / Services, \$7.97M Capital Outlay, \$0.38M	98.7%	8.2%
Fire—\$30.52M Personal Services, \$26.31M Materials / Services, \$4.18M Capital Outlay, \$0.04M	97.6%	4.5%	Recreation and Center 50+—\$2.20M Personal Services, \$1.42M Materials / Services, \$0.77M Interfund Transfers, \$7,500	96.7%	9.9%
Human Resources—\$1.39M Personal Services, \$1.20M Materials / Services, \$0.19M	88.2%	13.0%	Urban Development—\$4.29M Personal Services, \$2.85M Materials / Services, \$1.31M Interfund Transfers, \$0.14M	82.2%	0.5%
Info Technology—\$7.16M Personal Services, \$6.02M Materials / Services, \$1.00M Capital Outlay, \$0.14M	89.2%	5.8%	Non Departmental—\$4.75M Personal Services, \$0.08M Materials / Services, \$2.84M Debt Service, \$0.28M Interfund Transfers, \$1.55M	58.9%	-6.5%
Legal—\$2.18M Personal Services, \$2.04M Materials / Services, \$0.14M	95.1%	8.2%	General Fund Total—\$121.66M Personal Services, \$93.17M Materials / Services, \$25.87M Capital Outlay, \$0.61M Debt Service, \$0.28M Interfund Transfers, \$1.72M	93.6%	5.3%
Library—\$4.60M Personal Services, \$3.78M Materials / Services, \$0.80M Interfund Transfers, \$0.02M	92.7%	-3.8%			

Fund Quick Reference

	Capital Improve. Fund - YE	Extra Capacity Fund - YE	Dev. District Fund - YE	Utility Fund - YE
Resources	\$162,998,710	\$ 31,110,354	\$ 3,506,086	\$212,871,069
Expenses	44,791,476	7,182,416	330,161	166,618,513
EWC	\$118,207,234	\$ 23,927,938	\$ 3,175,925	\$ 46,252,556

Other City Funds—Expenditures Year End FY 2018

Expenditures FY 2018 Year End	Actual to Budget	Year-over- Year (YOY)	Fund Resources 5-Year Trend, FY 2014-FY 2018												
Airport—\$0.99M Personal Services, \$0.44M Materials / Services, \$0.48M Debt Service / Interfund Transfers, \$0.02M	50.5%	-19.0%	<table border="1"> <tr><th>Fiscal Year</th><td>FY2014A</td><td>FY2015A</td><td>FY2016A</td><td>FY2017A</td><td>FY2018A</td></tr> <tr><th>Resources</th><td>\$1.9</td><td>\$1.7</td><td>\$1.9</td><td>\$2.1</td><td>\$2.1</td></tr> </table>	Fiscal Year	FY2014A	FY2015A	FY2016A	FY2017A	FY2018A	Resources	\$1.9	\$1.7	\$1.9	\$2.1	\$2.1
Fiscal Year	FY2014A	FY2015A	FY2016A	FY2017A	FY2018A										
Resources	\$1.9	\$1.7	\$1.9	\$2.1	\$2.1										
Building and Safety—\$4.31M Personal Services, \$2.69M Materials / Services, \$1.05M Interfund Transfers, \$0.58M	86.0%	3.6%	<table border="1"> <tr><th>Fiscal Year</th><td>FY2014A</td><td>FY2015A</td><td>FY2016A</td><td>FY2017A</td><td>FY2018A</td></tr> <tr><th>Resources</th><td>\$7.6</td><td>\$7.9</td><td>\$8.8</td><td>\$10.3</td><td>\$12.0</td></tr> </table>	Fiscal Year	FY2014A	FY2015A	FY2016A	FY2017A	FY2018A	Resources	\$7.6	\$7.9	\$8.8	\$10.3	\$12.0
Fiscal Year	FY2014A	FY2015A	FY2016A	FY2017A	FY2018A										
Resources	\$7.6	\$7.9	\$8.8	\$10.3	\$12.0										
Capital Improvements—\$44.79M Materials / Services, \$21.44M Capital Outlay, \$7.58M Debt Service, \$14.93M Interfund Transfers, \$0.84M	52.0%	27.8%	<table border="1"> <tr><th>Fiscal Year</th><td>FY2014A</td><td>FY2015A</td><td>FY2016A</td><td>FY2017A</td><td>FY2018A</td></tr> <tr><th>Resources</th><td>\$72.3</td><td>\$75.2</td><td>\$71.7</td><td>\$70.4</td><td>\$163.0</td></tr> </table>	Fiscal Year	FY2014A	FY2015A	FY2016A	FY2017A	FY2018A	Resources	\$72.3	\$75.2	\$71.7	\$70.4	\$163.0
Fiscal Year	FY2014A	FY2015A	FY2016A	FY2017A	FY2018A										
Resources	\$72.3	\$75.2	\$71.7	\$70.4	\$163.0										
City Services—\$10.38M Personal Services, \$2.40M Materials / Services, \$6.42M Capital Outlay, \$0.055M Interfund Transfers, \$1.50M	76.5%	0.7%	<table border="1"> <tr><th>Fiscal Year</th><td>FY2014A</td><td>FY2015A</td><td>FY2016A</td><td>FY2017A</td><td>FY2018A</td></tr> <tr><th>Resources</th><td>\$25.4</td><td>\$21.8</td><td>\$14.6</td><td>\$16.4</td><td>\$17.0</td></tr> </table>	Fiscal Year	FY2014A	FY2015A	FY2016A	FY2017A	FY2018A	Resources	\$25.4	\$21.8	\$14.6	\$16.4	\$17.0
Fiscal Year	FY2014A	FY2015A	FY2016A	FY2017A	FY2018A										
Resources	\$25.4	\$21.8	\$14.6	\$16.4	\$17.0										
Community Renewal—\$1.73M Materials / Services, \$1.73M	48.3%	-29.1%	<table border="1"> <tr><th>Fiscal Year</th><td>FY2014A</td><td>FY2015A</td><td>FY2016A</td><td>FY2017A</td><td>FY2018A</td></tr> <tr><th>Resources</th><td>\$3.7</td><td>\$4.5</td><td>\$4.0</td><td>\$2.7</td><td>\$2.2</td></tr> </table>	Fiscal Year	FY2014A	FY2015A	FY2016A	FY2017A	FY2018A	Resources	\$3.7	\$4.5	\$4.0	\$2.7	\$2.2
Fiscal Year	FY2014A	FY2015A	FY2016A	FY2017A	FY2018A										
Resources	\$3.7	\$4.5	\$4.0	\$2.7	\$2.2										
Cultural and Tourism—\$3.71M Materials / Services, \$2.24M Interfund Transfers, \$1.48M	88.8%	-20.9%	<table border="1"> <tr><th>Fiscal Year</th><td>FY2014A</td><td>FY2015A</td><td>FY2016A</td><td>FY2017A</td><td>FY2018A</td></tr> <tr><th>Resources</th><td>\$3.7</td><td>\$4.5</td><td>\$4.9</td><td>\$5.2</td><td>\$4.5</td></tr> </table>	Fiscal Year	FY2014A	FY2015A	FY2016A	FY2017A	FY2018A	Resources	\$3.7	\$4.5	\$4.9	\$5.2	\$4.5
Fiscal Year	FY2014A	FY2015A	FY2016A	FY2017A	FY2018A										
Resources	\$3.7	\$4.5	\$4.9	\$5.2	\$4.5										
Debt Service—\$18.45M Debt Service, \$18.45M	99.4%	4.9%	<table border="1"> <tr><th>Fiscal Year</th><td>FY2014A</td><td>FY2015A</td><td>FY2016A</td><td>FY2017A</td><td>FY2018A</td></tr> <tr><th>Resources</th><td>\$14.0</td><td>\$15.2</td><td>\$16.5</td><td>\$18.2</td><td>\$19.4</td></tr> </table>	Fiscal Year	FY2014A	FY2015A	FY2016A	FY2017A	FY2018A	Resources	\$14.0	\$15.2	\$16.5	\$18.2	\$19.4
Fiscal Year	FY2014A	FY2015A	FY2016A	FY2017A	FY2018A										
Resources	\$14.0	\$15.2	\$16.5	\$18.2	\$19.4										
Development District—\$0.33M Materials / Services, \$0.33M	9.7%	12.0%	<table border="1"> <tr><th>Fiscal Year</th><td>FY2014A</td><td>FY2015A</td><td>FY2016A</td><td>FY2017A</td><td>FY2018A</td></tr> <tr><th>Resources</th><td>\$1.6</td><td>\$1.6</td><td>\$1.8</td><td>\$2.4</td><td>\$3.5</td></tr> </table>	Fiscal Year	FY2014A	FY2015A	FY2016A	FY2017A	FY2018A	Resources	\$1.6	\$1.6	\$1.8	\$2.4	\$3.5
Fiscal Year	FY2014A	FY2015A	FY2016A	FY2017A	FY2018A										
Resources	\$1.6	\$1.6	\$1.8	\$2.4	\$3.5										
Downtown Parking—\$1.44M Materials / Services, \$1.14M Interfund Transfers, \$0.30M	77.2%	-15.3%	<table border="1"> <tr><th>Fiscal Year</th><td>FY2014A</td><td>FY2015A</td><td>FY2016A</td><td>FY2017A</td><td>FY2018A</td></tr> <tr><th>Resources</th><td>\$2.0</td><td>\$2.4</td><td>\$2.0</td><td>\$2.4</td><td>\$1.7</td></tr> </table>	Fiscal Year	FY2014A	FY2015A	FY2016A	FY2017A	FY2018A	Resources	\$2.0	\$2.4	\$2.0	\$2.4	\$1.7
Fiscal Year	FY2014A	FY2015A	FY2016A	FY2017A	FY2018A										
Resources	\$2.0	\$2.4	\$2.0	\$2.4	\$1.7										
Emergency Medical Services—\$0.60M Personal Services, \$0.39M Materials / Services, \$0.21M	83.1%	-12.3%	<table border="1"> <tr><th>Fiscal Year</th><td>FY2014A</td><td>FY2015A</td><td>FY2016A</td><td>FY2017A</td><td>FY2018A</td></tr> <tr><th>Resources</th><td>\$3.4</td><td>\$3.6</td><td>\$3.4</td><td>\$3.5</td><td>\$3.8</td></tr> </table>	Fiscal Year	FY2014A	FY2015A	FY2016A	FY2017A	FY2018A	Resources	\$3.4	\$3.6	\$3.4	\$3.5	\$3.8
Fiscal Year	FY2014A	FY2015A	FY2016A	FY2017A	FY2018A										
Resources	\$3.4	\$3.6	\$3.4	\$3.5	\$3.8										

Fund Quick Reference

	Emergency Svcs. Fund - YE	WVCC Fund - YE	PRRMS Fund - YE	City Services Fund - YE
Resources	\$ 3,793,286	\$ 11,582,331	\$ 1,830,410	\$ 16,988,632
Expenses	601,154	10,215,802	595,390	10,377,444
EWC	\$ 3,192,131	\$ 1,366,529	\$ 1,235,020	\$ 6,611,187

Other City Funds—Expenditures Year End FY 2018

Expenditures FY 2018 Year End	Actual to Budget	Year-over- Year (YOY)	Fund Resources 5-Year Trend, FY 2014-FY 2018
Equip. Replacement Reserve—\$3.58M Materials / Services, \$0.02M Capital Outlay, \$3.40M Interfund Transfers, \$0.16M	35.8%	20.8%	
Leasehold—\$0.59M Materials / Services, \$0.39M Interfund Transfers, \$0.20M	48.2%	14.2%	
Police Regional Records—\$0.60M Materials / Services, \$0.36M Capital Outlay, \$0.24M	32.5%	128.5%	
Public Art—\$0.03M Materials / Services, \$0.03M	47.5%	43.4%	
System Develop. Charge—\$7.18M Materials / Services, \$4.06M Capital Outlay, \$2.97M Interfund Transfers, \$0.16M	25.6%	64.2%	
Self Insurance—\$27.62M Personal Services, \$0.81M Materials / Services, \$26.81M	65.0%	7.5%	
Streetlight—\$1.37M Materials / Services, \$0.89M Debt Service, \$0.23M Interfund Transfers, \$0.25M	66.4%	-38.1%	
Transportation Svcs—\$14.84M Personal Services, \$5.37M Materials / Services, \$8.68M Capital Outlay \$0.33M Interfund Transfers, \$0.46M	92.6%	7.3%	
Utility—\$166.62M Personal Services, \$32.52M Materials / Services, \$33.14M Capital Outlay \$1.17M Debt Service, \$85.35M Interfund Transfers, \$14.44M	149%	63.1%	
WVCC—\$10.22M Personal Services, \$8.62M Materials / Services, \$1.57M Capital Outlay, \$0.03M	93.2%	3.3%	

Fund Quick Reference

Self Insurance Fund - YE		Equip. Reserve Fund - YE		Trust Fund - YE	
Resources	\$ 45,235,741	Resources	\$ 11,326,596	Resources	\$ 9,598,192
Expenses	27,621,828	Expenses	3,575,515	Expenses	2,303,333
EWC	\$ 17,613,913	EWC	\$ 7,751,081	EWC	\$ 7,294,859

The City's trust funds hold donations and other revenues benefitting Police, Fire, Salem Public Library, parks, Center 50+, Minto Island restoration, and various neighborhood enhancement efforts.