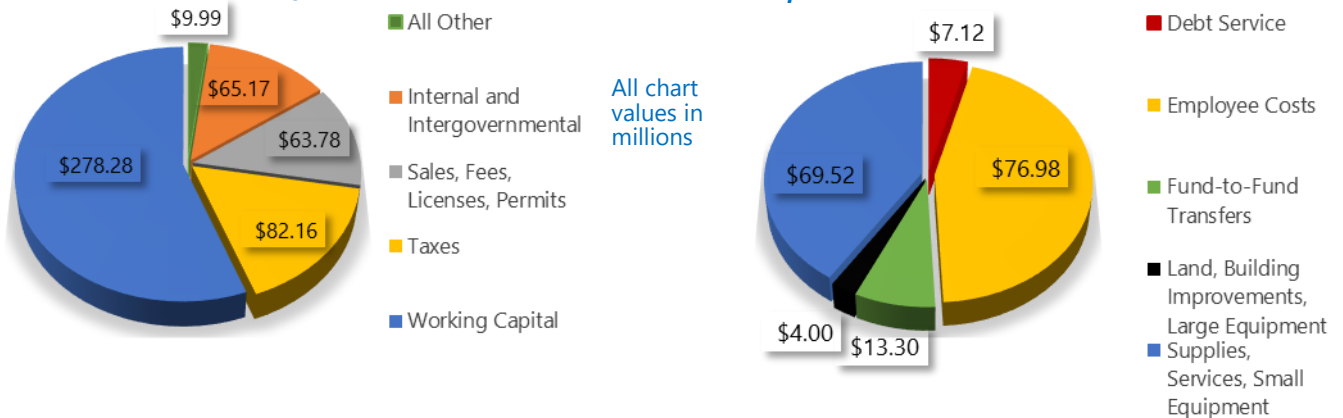


CITY OF SALEM FINANCIAL SUMMARY—Q2 / FY 2019

This financial summary provides FY 2019 Q2 results—the period of July 1, 2018 through December 31, 2018. Q2 activity is described and graphically illustrated through budget-to-actual and year-over-year comparisons. In addition, resources comparisons extend to multiple fiscal years to augment context for FY 2019 activity.

Citywide Results—All Funds

Total Resources of \$499.37 Million / Total Expenditures \$170.93 Million

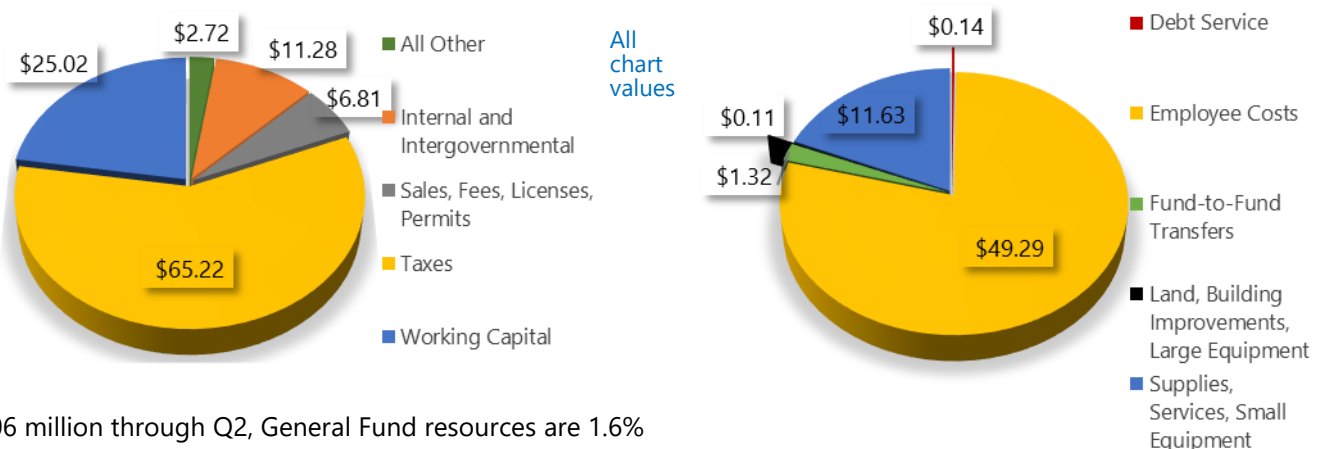


Through Q2 of FY 2019, total actual resources of \$499.37 million represent 73.1% of the amount anticipated in the budget for the City's 22 funds. This percentage is high as compared to the mid-point in the fiscal year due to the share represented by *Working Capital*. At \$278.28 million, actual Citywide working capital is only \$349,069 or 0.1% more than anticipated in the budget and equals 55.7% of the \$499.37 million.

Expenditures are being incurred as anticipated. In this view *Employee Costs* (or personal services) and *Supplies, Services, and Small Equipment* (or materials and services) are more closely aligned than the relationship in the General Fund (below). The impact of the City's capital construction activities across three funds is one reason why.

General Fund Results

Total Resources of \$111.06 Million / Total Expenditures \$62.50 Million



At \$111.06 million through Q2, General Fund resources are 1.6% more than the same period last year. The components of this increase are \$3.52 million or 4.3% more revenue and \$1.8 million or 6.7% less working capital. Conversely, expenditures, which are predominantly associated with *Employee Costs* in the General Fund, are \$3.15 million or 5.31% greater than the same period last year. As of December 2018, year-end projections result in a \$5.56 million or 4.6% increase in revenues and a \$9.19 million or 7.6% increase in expenditures over FY 2018 results and will require the use of approximately \$5 million of working capital to balance.

City Funds—Resources and Expenditures Q2 FY 2019

The display of City funds on pages 2 and 3 of the Q2 financial summary provides expenditures data through Q2, a comparison of those expenditures to budget (*Actual to Budget* column), a comparison of Q2 FY 2019 with Q2 FY 2018 (*Year-over-Year* column)—with an upward pointing arrow signifying an increase and a downward pointing arrow a decrease—and a five-year view of resources trending in the *Fund Resources 5-Year Trend, FY 2015-FY 2019* column.

<i>Expenditures FY 2019 Q2</i>	<i>Actual to Budget</i>	<i>Year-over- Year</i>	<i>Fund Resources 5-Year Trend, FY 2015-FY 2019</i>
Airport—\$0.55 Employee Costs, \$0.24M Supplies / Services, \$0.27M Debt Service, \$0.04M	24.1%	21.3%	
Building and Safety—\$2.78M Employee Costs, \$1.48M Supplies / Services, \$0.80M Fund-to-Fund Transfers, \$0.50M	51.3%	10.6%	
Capital Improvements—\$13.33M Supplies / Services, \$12.44M Improvements / Large Equipment, \$0.84M Fund-to-Fund Transfers, \$0.05M	7.7%	-5.1%	
City Services—\$4.83M Employee Costs, \$1.13M Supplies / Services, \$3.66M Fund-to-Fund Transfers, \$0.05M	42.5%	-13.8%	
Community Renewal—\$0.50M Supplies / Services, \$0.50M <i>Note: Grants to social services entities are managed through this fund, which receives the City's federal CDBG and HOME appropriations.</i>	10.0%	-9.1%	
Cultural and Tourism—\$1.89M Supplies / Services, \$1.01M Fund-to-Fund Transfers, \$0.87M	40.4%	-14.9%	
Debt Service—\$4.99M Debt Service, \$4.99M <i>Note: General obligation bonds for construction projects are paid with property tax receipts from this fund, as well as the City's pension obligation bond, which is paid by operating funds.</i>	24.3%	-74.1%	GO bond re-financing
Development District—\$0.01M Supplies / Services, \$0.01M <i>Note: Development districts are designated at Mill Creek Corporate Center (where Urban Renewal Funds cannot be used) and Sustainable Fairview.</i>	0.1%	-97.2%	
Downtown Parking—\$0.54M Supplies / Services, \$0.49M Fund-to-Fund Transfers, \$0.05M	37.3%	-17.9%	
Emergency Medical Services—\$0.38M Employee Costs, \$0.21M Supplies / Services, \$0.17M	43.3%	33.0%	

Other City Funds—Resources and Expenditures Q2 FY 2019

Expenditures FY 2019 Year End	Actual to Budget	Year-over- Year	Fund Resources 5-Year Trend, FY 2015-FY 2019												
Equip. Replacement Reserve—\$2.13M Supplies / Services, \$0.01M Improvements / Large Equipment, \$2.05M Fund-to-Fund Transfers, \$0.07M	20.1%	9.8%	<table border="1"> <tr><th>Fiscal Year</th><td>FY2015A</td><td>FY2016A</td><td>FY2017A</td><td>FY2018A</td><td>FY2019A</td></tr> <tr><th>Resources</th><td>\$5.0</td><td>\$5.2</td><td>\$7.0</td><td>\$9.0</td><td>\$10.6</td></tr> </table>	Fiscal Year	FY2015A	FY2016A	FY2017A	FY2018A	FY2019A	Resources	\$5.0	\$5.2	\$7.0	\$9.0	\$10.6
Fiscal Year	FY2015A	FY2016A	FY2017A	FY2018A	FY2019A										
Resources	\$5.0	\$5.2	\$7.0	\$9.0	\$10.6										
Leasehold—\$0.38M Supplies / Services, \$0.28M Fund-to-Fund Transfers, \$0.10M	28.2%	113.8%	<table border="1"> <tr><th>Fiscal Year</th><td>FY2015A</td><td>FY2016A</td><td>FY2017A</td><td>FY2018A</td><td>FY2019A</td></tr> <tr><th>Resources</th><td>\$0.8</td><td>\$1.1</td><td>\$1.0</td><td>\$1.0</td><td>\$0.9</td></tr> </table>	Fiscal Year	FY2015A	FY2016A	FY2017A	FY2018A	FY2019A	Resources	\$0.8	\$1.1	\$1.0	\$1.0	\$0.9
Fiscal Year	FY2015A	FY2016A	FY2017A	FY2018A	FY2019A										
Resources	\$0.8	\$1.1	\$1.0	\$1.0	\$0.9										
Police Regional Records—\$0.15M Supplies / Services, \$0.15M <i>Note: Salem and other participating agencies share the cost of operating a mutual records management system.</i>	10.9%	51.9%	<table border="1"> <tr><th>Fiscal Year</th><td>FY2015A</td><td>FY2016A</td><td>FY2017A</td><td>FY2018A</td><td>FY2019A</td></tr> <tr><th>Resources</th><td>\$1.1</td><td>\$1.3</td><td>\$1.5</td><td>\$1.7</td><td>\$1.4</td></tr> </table>	Fiscal Year	FY2015A	FY2016A	FY2017A	FY2018A	FY2019A	Resources	\$1.1	\$1.3	\$1.5	\$1.7	\$1.4
Fiscal Year	FY2015A	FY2016A	FY2017A	FY2018A	FY2019A										
Resources	\$1.1	\$1.3	\$1.5	\$1.7	\$1.4										
Public Art—\$0.02M Supplies / Services, \$0.02M <i>Note: This little fund supports acquisition and maintenance of the City's art collection. Funding comes from eligible public improvement projects.</i>	27.7%	730%	<table border="1"> <tr><th>Fiscal Year</th><td>FY2015A</td><td>FY2016A</td><td>FY2017A</td><td>FY2018A</td><td>FY2019A</td></tr> <tr><th>Resources</th><td>\$0.04</td><td>\$0.02</td><td>\$0.05</td><td>\$0.05</td><td>\$0.06</td></tr> </table>	Fiscal Year	FY2015A	FY2016A	FY2017A	FY2018A	FY2019A	Resources	\$0.04	\$0.02	\$0.05	\$0.05	\$0.06
Fiscal Year	FY2015A	FY2016A	FY2017A	FY2018A	FY2019A										
Resources	\$0.04	\$0.02	\$0.05	\$0.05	\$0.06										
Self Insurance—\$14.9M Employee Costs, \$0.47M Supplies / Services, \$14.34M Fund-to-Fund Transfers, \$0.10	34.4%	4.9%	<table border="1"> <tr><th>Fiscal Year</th><td>FY2015A</td><td>FY2016A</td><td>FY2017A</td><td>FY2018A</td><td>FY2019A</td></tr> <tr><th>Resources</th><td>\$24.9</td><td>\$26.4</td><td>\$27.9</td><td>\$30.6</td><td>\$32.6</td></tr> </table>	Fiscal Year	FY2015A	FY2016A	FY2017A	FY2018A	FY2019A	Resources	\$24.9	\$26.4	\$27.9	\$30.6	\$32.6
Fiscal Year	FY2015A	FY2016A	FY2017A	FY2018A	FY2019A										
Resources	\$24.9	\$26.4	\$27.9	\$30.6	\$32.6										
Streetlight—\$0.60M Supplies / Services, \$0.30M Debt Service, \$0.12M Fund-to-Fund Transfers, \$0.18M	31.6%	-9.5%	<table border="1"> <tr><th>Fiscal Year</th><td>FY2016A</td><td>FY2017A</td><td>FY2018A</td><td>FY2019A</td></tr> <tr><th>Resources</th><td>\$0.9</td><td>\$1.4</td><td>\$1.0</td><td>\$1.6</td></tr> </table>	Fiscal Year	FY2016A	FY2017A	FY2018A	FY2019A	Resources	\$0.9	\$1.4	\$1.0	\$1.6		
Fiscal Year	FY2016A	FY2017A	FY2018A	FY2019A											
Resources	\$0.9	\$1.4	\$1.0	\$1.6											
System Develop. Charge—\$2.95M Supplies / Services, \$2.88M Fund-to-Fund Transfers, \$0.08M	9.0%	42.8%	<table border="1"> <tr><th>Fiscal Year</th><td>FY2015A</td><td>FY2016A</td><td>FY2017A</td><td>FY2018A</td><td>FY2019A</td></tr> <tr><th>Resources</th><td>\$20.3</td><td>\$20.3</td><td>\$21.0</td><td>\$25.1</td><td>\$33.0</td></tr> </table>	Fiscal Year	FY2015A	FY2016A	FY2017A	FY2018A	FY2019A	Resources	\$20.3	\$20.3	\$21.0	\$25.1	\$33.0
Fiscal Year	FY2015A	FY2016A	FY2017A	FY2018A	FY2019A										
Resources	\$20.3	\$20.3	\$21.0	\$25.1	\$33.0										
Transportation Services—\$8.53M Employee Costs, \$2.88M Supplies / Services, \$4.11M Improvements / Large Equipment, \$0.52M Fund-to-Fund Transfers, \$1.03M	48.0%	16.2%	<table border="1"> <tr><th>Fiscal Year</th><td>FY2015A</td><td>FY2016A</td><td>FY2017A</td><td>FY2018A</td><td>FY2019A</td></tr> <tr><th>Resources</th><td>\$9.6</td><td>\$9.0</td><td>\$11.1</td><td>\$10.6</td><td>\$10.6</td></tr> </table>	Fiscal Year	FY2015A	FY2016A	FY2017A	FY2018A	FY2019A	Resources	\$9.6	\$9.0	\$11.1	\$10.6	\$10.6
Fiscal Year	FY2015A	FY2016A	FY2017A	FY2018A	FY2019A										
Resources	\$9.6	\$9.0	\$11.1	\$10.6	\$10.6										
Trust—\$0.26M Supplies / Services, \$0.25M Fund-to-Fund Transfers, \$0.01M <i>Note: 36 City trusts funds are rolled up into one budget entity. Funds support police, fire, parks, library, public works, and Center 50+ activities.</i>	9.7%	-14.9%	<table border="1"> <tr><th>Fiscal Year</th><td>FY2015A</td><td>FY2016A</td><td>FY2017A</td><td>FY2018A</td><td>FY2019A</td></tr> <tr><th>Resources</th><td>\$5.9</td><td>\$8.8</td><td>\$5.8</td><td>\$8.3</td><td>\$7.9</td></tr> </table>	Fiscal Year	FY2015A	FY2016A	FY2017A	FY2018A	FY2019A	Resources	\$5.9	\$8.8	\$5.8	\$8.3	\$7.9
Fiscal Year	FY2015A	FY2016A	FY2017A	FY2018A	FY2019A										
Resources	\$5.9	\$8.8	\$5.8	\$8.3	\$7.9										
Utility—\$43.61M Employee Costs, \$16.92M Supplies / Services, \$15.48M Improvements, Large Equipment, \$0.47M Debt Service, \$1.83M Fund-to-Fund Transfers, \$8.90M	37.5%	-59.1%	<table border="1"> <tr><th>Fiscal Year</th><td>FY2015A</td><td>FY2016A</td><td>FY2017A</td><td>FY2018A</td><td>FY2019A</td></tr> <tr><th>Resources</th><td>\$79.5</td><td>\$83.5</td><td>\$92.6</td><td>\$159.3</td><td>\$95.4</td></tr> </table> <p><i>Utility bond re-financing</i></p>	Fiscal Year	FY2015A	FY2016A	FY2017A	FY2018A	FY2019A	Resources	\$79.5	\$83.5	\$92.6	\$159.3	\$95.4
Fiscal Year	FY2015A	FY2016A	FY2017A	FY2018A	FY2019A										
Resources	\$79.5	\$83.5	\$92.6	\$159.3	\$95.4										
WVCC—\$5.09M Employee Costs, \$4.38M Materials / Services, \$0.72M	44.5%	-3.3%	<table border="1"> <tr><th>Fiscal Year</th><td>FY2015A</td><td>FY2016A</td><td>FY2017A</td><td>FY2018A</td><td>FY2019A</td></tr> <tr><th>Resources</th><td>\$5.5</td><td>\$5.6</td><td>\$5.8</td><td>\$6.3</td><td>\$6.9</td></tr> </table>	Fiscal Year	FY2015A	FY2016A	FY2017A	FY2018A	FY2019A	Resources	\$5.5	\$5.6	\$5.8	\$6.3	\$6.9
Fiscal Year	FY2015A	FY2016A	FY2017A	FY2018A	FY2019A										
Resources	\$5.5	\$5.6	\$5.8	\$6.3	\$6.9										

General Fund Revenues —Q2 FY 2019 and History for Q2 (in millions)

The graphics and explanations on this page drill down on the *General Fund Results / Total Resources* pie chart displayed in the lower left corner on the first page of the document. The only detail missing on this page is a comparison of working capital for the General Fund. FY 2019 actual working capital of \$25,024,409 was \$855,321 or 3.3% less than budgeted and represents an approximate \$1.8 million or 6.7% decrease from the prior year.

Revenue Type

Property Tax—Q2 receipts include the majority of anticipated tax revenue for FY 2019 (92.8%) plus payment of a long-term arrearage from Comcast of \$1.38 million. This payment accounts for 2.3% of the 5.7% year-over-year increase.

Franchise Fees—Increases in telecomm, refuse, electric, and water / wastewater / stormwater utility franchise receipts net \$109,410 or 2.7% over the same period last fiscal year. Combined cable TV and natural gas receipts are 4.9% lower than the prior year.

State Shared Revenues—A year-over-year decline in this revenue grouping relates to the one-time arrearage payment of 18 months of marijuana shared revenues in October 2017. All other shared revenues have experienced a 12.6% increase.

Planning-Related Fees—Escalations in planning fees to address improved cost recovery have helped to spur a 64.9% year-over-year increase in revenue, equaling more than \$212,000.

Other Fees—Increased apartment licensing receipts due to a fee increase were offset by declining user charges for code enforcement, lien searches, library, and fire safety permits netting approximately \$197,000 or 8.7% lower receipts for the grouping of "Other Fees."

Rents—Revenues derived from parking meters top prior year activity by \$134,370, leading the year-over-year increase of \$162,990 or 22.6% in this revenue category. Current year-end estimates anticipate a similar level of increase over FY 2018.

Fines—Current fiscal year totals in this category exceed prior year activity by 5.1% or \$73,470. More than half of the increase is related to the imposition of civil penalties for code violations.

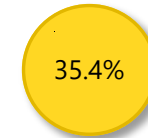
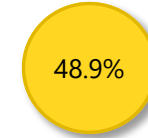
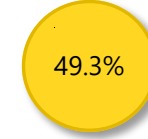
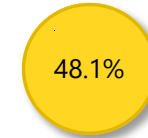
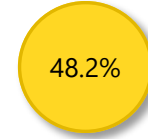
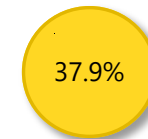
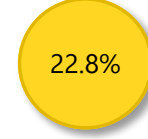
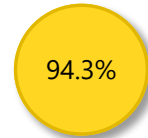
Internal Charges—At 48.9% of budget through 50% of the fiscal year, revenues in this category are being received approximately as anticipated with some offsetting activity between labor charges and budgeted transfers.

Other Agencies, Grants, All Other Revenue—Despite a \$47,390 gain in marijuana sales tax proceeds, receipts for this revenue grouping are \$279,530 less than the prior year. City proceeds of \$359,670 from the sale of state-owned property in the Mill Creek Urban Renewal Area in FY 2018 have not been replicated to date in FY 2019.

5-Year Trend, FY 2015-FY 2019

Actual to Budget

Year-over-Year



General Fund Expenditures by Department

The view on this page reflects operating expenditures for General Fund departments or program areas through the second quarter of FY 2019. The *Actual to Budget* pie chart graphics illustrate the distribution of employee costs (gold); supplies and services (blue); fund-to-fund transfers (green); land, building improvements, and large equipment (black); and debt service (red). This visual clearly displays the prominence of employee costs in the General Fund.

The number adjacent to the pie chart is the percent of budget expended through Q2—half of the fiscal year. The upward or downward pointing arrows in the *Year-over-Year* column reflect the change in expenditures comparing FY 2018 Q2 with FY 2019 Q2. As an example, current fiscal year expenses in the Fire Department are 6.6 percent greater than the same period last fiscal year.

Total expenditures in the General Fund through the second quarter are \$62.50 million, a 5.3 percent increase over the same period in FY 2018.

<i>Expenditures FY 2019 Q2</i>	<i>Actual to Budget</i>	<i>Year-over-Year (YOY)</i>	<i>Expenditures FY 2019 Q2</i>	<i>Actual to Budget</i>	<i>Year-over-Year (YOY)</i>
City Manager's Office, including Budget, Finance, and Purchasing—\$2.47M Employee Costs, \$2.28M Supplies / Services, \$0.19M	46.0%	5.2%	Mayor and Council—\$0.10M Supplies / Services, \$0.10M	42.4%	-17.4%
Community Development—\$2.13M Employee Costs, \$1.77M Supplies / Services, \$0.35M Fund-to-Fund Transfers, \$5,000	44.4%	15.3%	Municipal Court—\$0.87M Employee Costs, \$0.67M Supplies / Services, \$0.21M	42.6%	1.8%
Facilities Services—\$2.24M Employee Costs, \$1.26M Supplies / Services, \$0.85M Fund-to-Fund Transfers, \$0.13	52.0%	11.7%	Parks—\$3.30M Employee Costs, \$1.85M Supplies / Services, \$1.35M Fund-to-Fund Transfers, \$0.10M	47.8%	-12.0%
Fire—\$16.58M Employee Costs, \$14.40M Supplies / Services, \$2.17M	48.3%	6.6%	Police—\$21.90M Employee Costs, \$17.97M Supplies / Services, \$3.82M Improvements / Large Equipment, \$0.11M	48.8%	5.6%
Human Resources—\$0.72M Employee Costs, \$0.61M Supplies / Services, \$0.11M	47.6%	15.4%	Recreation and Center 50+—\$1.16M Employee Costs, \$0.75M Supplies / Services, \$0.40M Fund-to-Fund Transfers, \$3.750	48.6%	-1.0%
Info Technology—\$3.64M Employee Costs, \$3.22M Supplies / Services, \$0.43M	42.3%	6.9%	Urban Development —\$2.17M Employee Costs, \$1.54M Supplies / Services, \$0.49M Fund-to-Fund Transfers, \$0.14M	42.1%	10.2%
Legal—\$1.09M Employee Costs, \$1.05M Supplies / Services, \$0.04M	46.7%	3.4%	Non Departmental—\$1.82M Employee Costs, \$0.04M Supplies / Services, \$0.81M Debt Service, \$0.14M Fund-to-Fund Transfers, \$0.83M	21.6%	7.4%
Library—\$2.31M Employee Costs, \$1.88M Supplies / Services, \$0.31M Fund-to-Fund Transfers, \$0.11M	45.8%	4.1%			

City of Salem—At Your Service—By the Numbers, Q2 FY 2019

182 single family dwelling permits issued, and **13** multi-family permits issued for **120** living units.

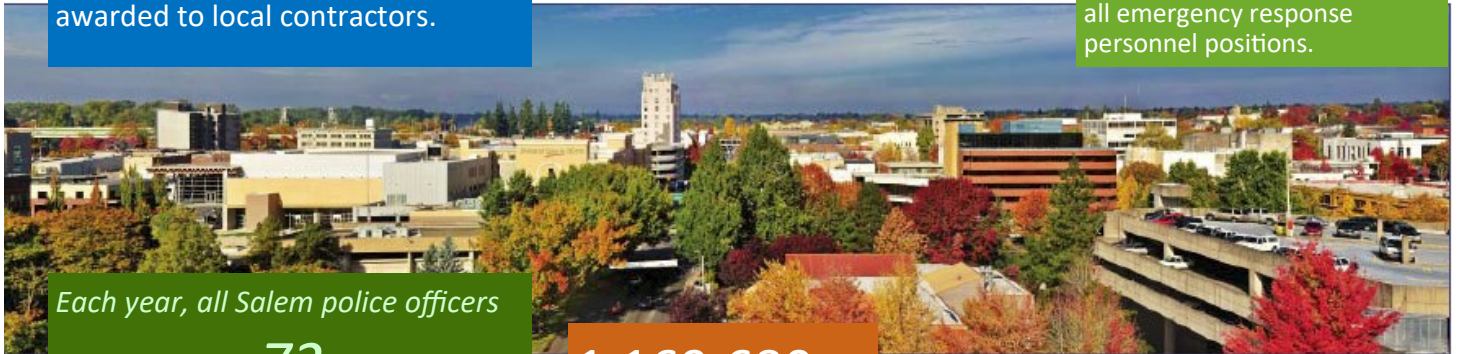
In the **3** months comprising the second quarter of 2019—October through December 2018, the Library provided **384** programs for **18,946** attendees.

That averages **49** attendees per program!

15 firefighter-medic recruits have been hired to fill existing vacancies and provide service to the newly re-opened Fire Station 11. The recruits have all successfully completed the recruit academy process and are currently assigned to their front line 24-hour shift schedule to complete the probationary training period. The station re-opening also necessitated the promotion of 3 Fire Captains and 3 Fire Apparatus Operator/Engineers. The department is fully staffed in all emergency response personnel positions.

\$20.5 million awarded in construction projects during the first half of the fiscal year. Of the total, **\$20.1 million** was awarded to local contractors.

1 ordinance, eliminating the use of plastic carryout bags in the City of Salem, was adopted by the City Council in November 2018.



Each year, all Salem police officers receive at least **72** hours of skills training and continuing education in defensive tactics, firearms, situational de-escalation, crisis intervention, ethics, and more.

1,169,680 lineal feet of sewer and stormwater mains cleaned—that's 221.5 miles of pipe—plus **471,330** lineal feet of mains TV inspected equaling 89.3 miles of pipe.

109 recruitments processed by Human Resources comprising **5,166** total applications and resulting in **133** career hires and **36** seasonal or part-time exempt hires.

Salem Fire personnel provided over **1,900** hours of front line emergency response to assist in supporting the local fire agencies in California fighting the Klondike West and the Chico wildfires that devastated several communities. Conflagration events of this type are eligible for 100% cost recovery.

80-plus attendees at the first *Our Salem* public workshop in December 2018, and 260 respondents to the *Our Salem* survey during the same month.

333,039 utility bills generated resulting in **206,807** electronic payments—**27.7%** of utility customers have gone paperless, saving the City about **\$115,000** in mail processing and postage costs annually.

217 charges of driving under the influence of intoxicants, and **156** judgements obtained by criminal prosecution.

With the elimination of the DVD rental fee at the Library, usage has increased through Q2 by **111** percent as compared to last year—**49,953** checkouts versus **23,720** in FY 2018.