

CITY OF SALEM FINANCIAL SUMMARY

Through Q2 / FY 2017

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 2018. Comparisons in this document are based on data through Q2 for all years.

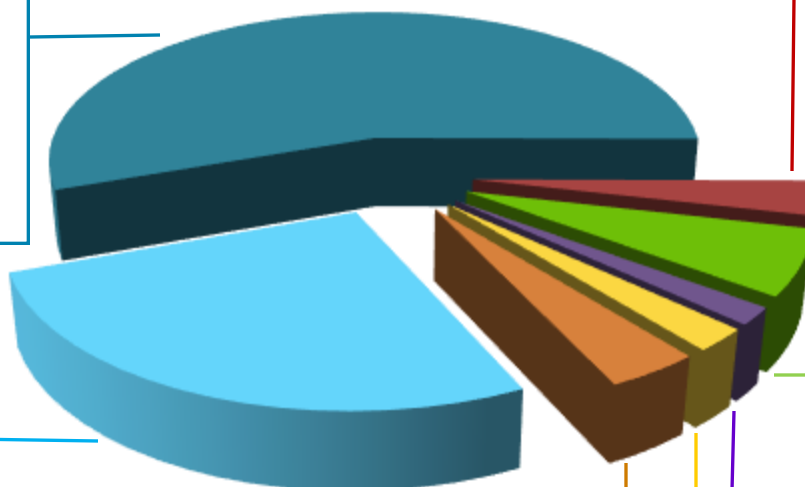
GENERAL FUND

RESOURCES—Through Q2 FY 2017

At **\$59.2M**, **property tax** receipts are 5.7 percent greater than the same period last fiscal year. Collections through Q2 represent 94 percent of *estimated current* year tax revenue for the year as compared to 93 percent collected through FY 2016 Q2 of *actual* year-end receipts.

Franchise fees are the second largest external funding source for the General Fund. Current revenues are flat as compared to FY 2016 with less than a 1 percent increase year-to-year. Timing of payments impacts this comparison. Receipts equal **\$3.72M**.

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 **\$6.96M** for the period.



Beginning working capital for the fund is **\$28.1M**, a \$3.2M increase over the prior year including \$2.26 million of carried over expenses from FY 2016. More than \$6 million of the total working capital is derived from legislated—and temporary—PERS rate relief, which the City held in reserve for three years in anticipation of higher, future rates.

At **\$4.06M**, the category of “**all other revenues**” includes grants, payments from other agencies, rents, and fines. The subset of rents includes parking meters, carpool permits, and space rental at the Civic Center and Pringle garages. Revenues from the new parking meters in the Capitol Mall area are consistent with budget estimates.

Fees, licenses, and permits are experiencing a 11.8 percent increase over the prior year with **\$2.44M** in revenue. Consistent with FY 2016 activity, planning-related fees are driving the year-to-year gains.

At **\$1.85M**, current receipts for **state shared revenues** exceed prior year payments by about 2 percent. Receipts in FY 2017 are expected to exceed FY 2016 by about 4.8 percent. Shared receipts from state marijuana tax are anticipated in FY 2018.

Q2 Property Tax Comparison—Total Tax Received Compared to Total Revenue Received

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Property Tax	\$49.42	\$50.93	\$53.33	\$56.02	\$59.20
Total Revenue	\$64.94	\$67.08	\$70.10	\$73.83	\$78.23
<i>As % of Total Revenue</i>	76.1%	75.9%	76.1%	75.9%	75.7%

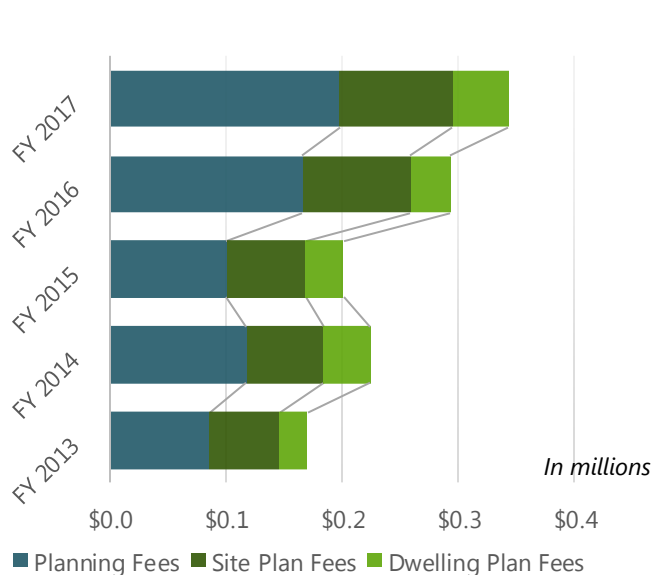
GENERAL FUND—RESOURCES FY 2017

Q2 in each fiscal year represents a significant benchmark for information used to calculate year-end results and inform estimates used in the five-year forecast and the upcoming fiscal year budget. The table below provides FY 2017 budget, year-to-date (Q2) actuals, an indicator of comparability to the budget, and year-end estimates for all General Fund resources. It also includes the resources proposed for FY 2018 in the five-year forecast. The resources used in the upcoming FY 2018 proposed budget may change somewhat over the three months from publication of the forecast to finalizing the City Manager's budget proposal.

<i>In Millions</i>	FY 2017 Budget	FY 2017 Q2	Q2 FY 2017 as % of	FY 2017 YE Estimate	FY 2018 Forecast	FY 2018 F to FY 2017 YE
Property Tax, Other Tax	\$ 63.05	\$59.20	93.9%	\$64.22	\$67.04	4.4%
Franchise Fees	16.81	3.72	22.1%	16.80	17.01	1.2%
Internal Charges	14.57	6.96	47.8%	14.26	15.76	10.5%
State Shared	5.05	1.85	36.7%	4.70	5.28	6.2%
Fees, Licenses, Permits	4.15	2.44	58.7%	4.30	4.44	3.1%
All Others	8.39	4.06	48.4%	8.61	7.71	-10.5%
TOTAL REVENUES	\$112.02	\$78.23	69.8%	\$113.17	\$117.24	3.6%
Beginning Working Capital	26.05	28.13	108.0%	28.13	24.21	-13.9%
TOTAL RESOURCES	\$138.07	\$106.36	77.0%	\$141.30	\$141.45	0.1%

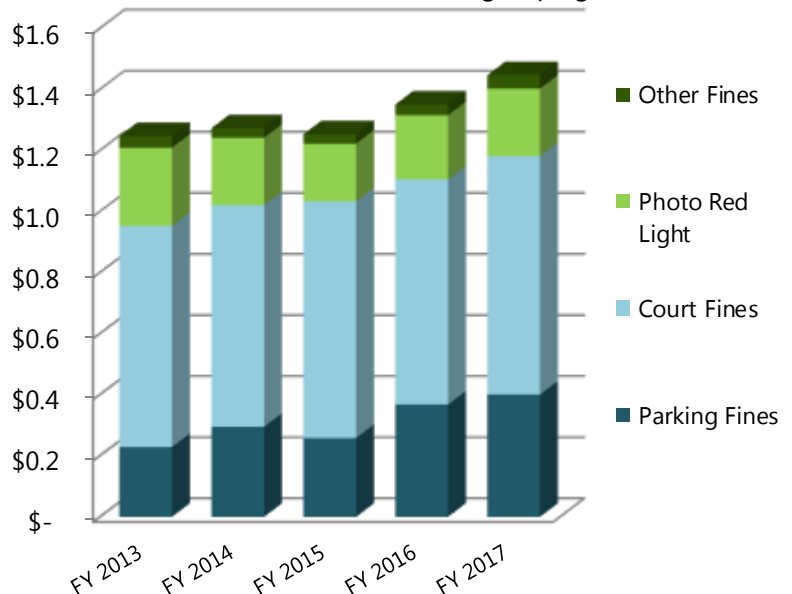
Q2 PLANNING-RELATED FEE REVENUES

Included in "Fees, Licenses, Permits" revenue grouping above



Q2 REVENUES FROM FINES AND PENALTIES

Included in "All Others" revenue grouping above



WHAT THE GENERAL FUND BUDGET SUPPORTS—Through Q2 FY 2017

By the Numbers

441 Land use applications through Q2, a 21 percent increase over FY 2016 demand.

Managing projects like the Marion Parkade lighting system upgrade retrofit that increased lighting in the garage by 45 percent, and decreased energy costs by 58 percent—an annual savings of **\$15,000.**

\$88,012

For a 3D laser scanner and software to aid in accident and crime scene investigations. These new high tech tools save investigators' time as most scenes can be done in a quarter of the time and with one person, rather than two. Important data becomes available within hours instead of days.

Financial services that processed vendor payments and payroll checks through Q2.

8,125
18,412

48 New parking meter stations installed as part of the City's ongoing project to upgrade its parking management technology.

Every month, **60** Lifelong Learners participate in special programming at Center 50+

115

self-contained breathing apparatus to fully replace the Fire Department's inventory of this essential equipment.

A \$651,160 Homeland Security Assistance to Firefighters grant funded 80 percent of the purchase.

1,875 participants in youth sports and neighborhood recreations programs since July.

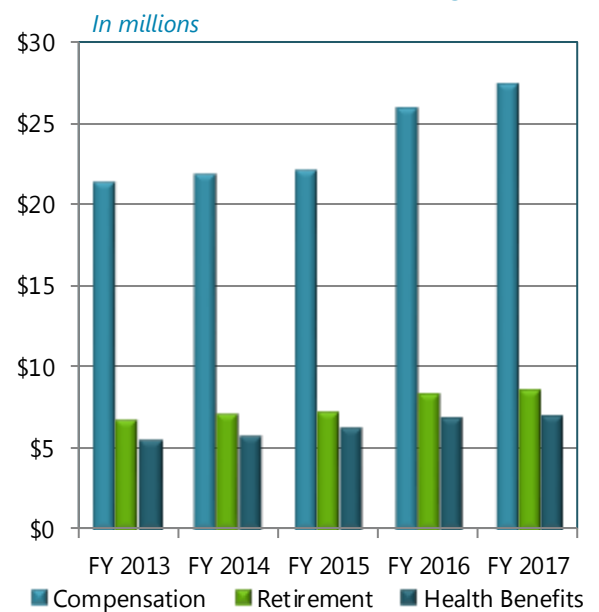
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reservations for Salem parks, fields, and Pringle Hall through December.

GENERAL FUND EXPENDITURES by CATEGORY Through Q2 FY 2017

In Millions	FY 2017 Q2 Actual	FY 2017 Actual as % of Budget	FY 2017 Q2 Compared to FY 2016 Q2
Personal Services	\$42.82	47.5%	4.7%
Materials and Services	11.85	46.7%	9.5%
Capital Outlay	0.04	12.6%	+100%
Debt Services	0.14	49.7%	71.9%
Transfers	0.73	35.7%	81.4%
TOTAL EXPENDITURES	\$55.58	46.1%	6.5%

PERSONAL SERVICES Through Q2

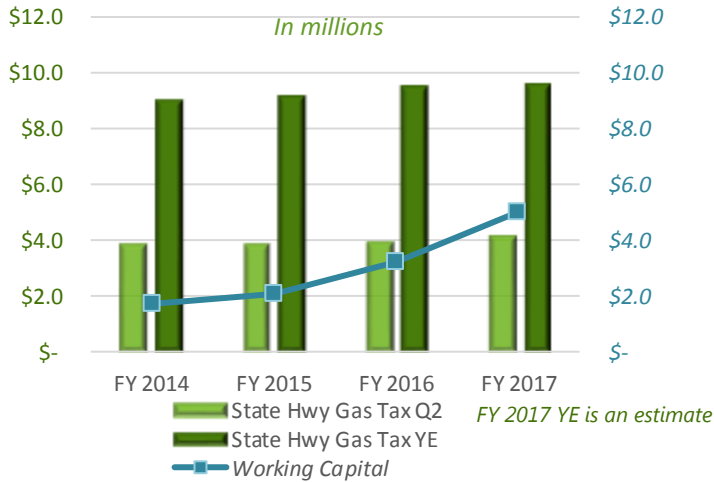


The year-over-year increase in personal services is due to a number of factors—market adjustments to salaries, the impact of those adjustments on Public Employee Retirement System (PERS) costs, and escalating expense for health benefits. The General Fund also added 23.5 FTE positions with the FY 2017 budget; 12.0 FTE through the re-opening of a fire station and several others through the offsetting reduction of seasonal staff expense.

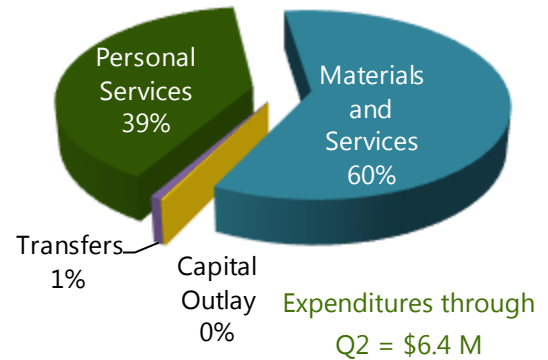
PERS rates for the current fiscal year and the prior year, FY 2016, are the same. A biennial increase goes into effect July 1, 2017 and represents a 33.2 percent increase to the rate charged to employers for PERS Tier 1 and 2 employees. The rate for the Oregon Public Service Retirement Plan (OPSRP, a subset of PERS created in 2003) increases by 31.5 percent for police and fire employer costs and 38.9 percent for the employer rate covering general service employees.

OTHER CITY FUNDS—RESOURCES and EXPENDITURES Through Q2 FY 2017

TRANSPORTATION SERVICES FUND RESOURCES

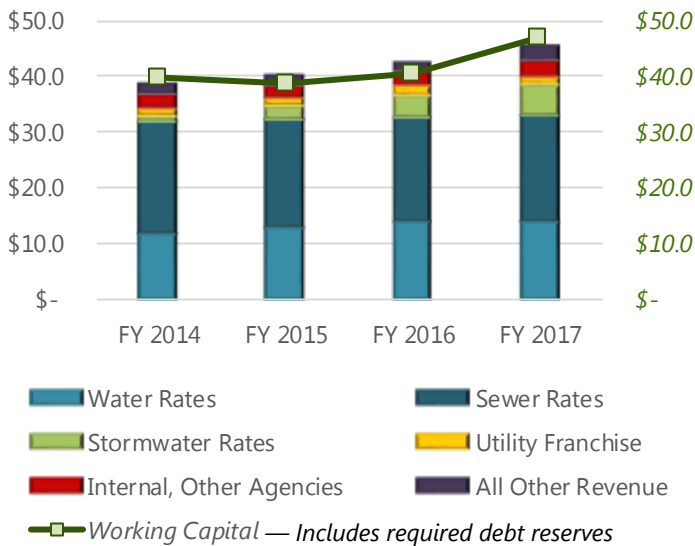


TRANSPORTATION SERVICES FUND Expenditures Through FY 2017 Q2

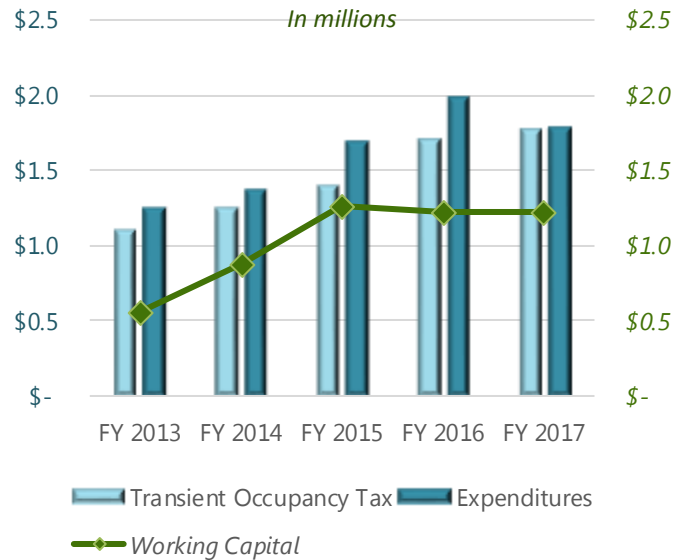


State highway revenues (gas tax and fees) represents 69 percent of the Transportation Services new revenues estimated for FY 2017 year end, and 51 percent of all resources anticipated during the fiscal year, which includes working capital. It is the primary funding source for City street maintenance activities. Expenditures for the fund include the people and supplies to operate and maintain the City's street system. In addition, street tree and right-of-way (landscape) maintenance are supported through a transfer of funds to Parks Operations—\$1.38 million by FY 2017 year end.

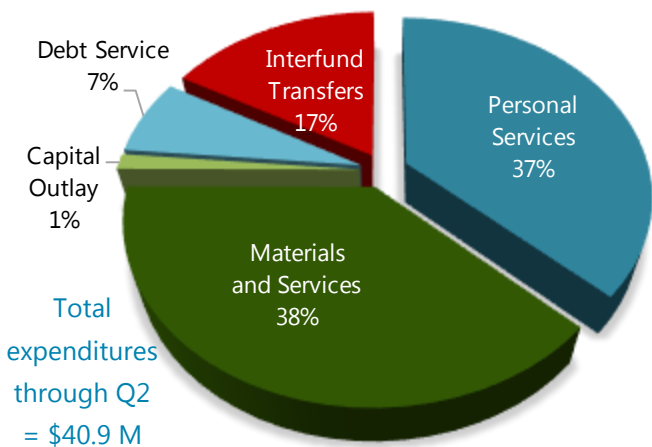
UTILITY FUND RESOURCES Through Q2 (In millions)



CULTURAL AND TOURISM (TOT) FUND Through Q2



UTILITY FUND EXPENDITURES Through FY 2017 Q2

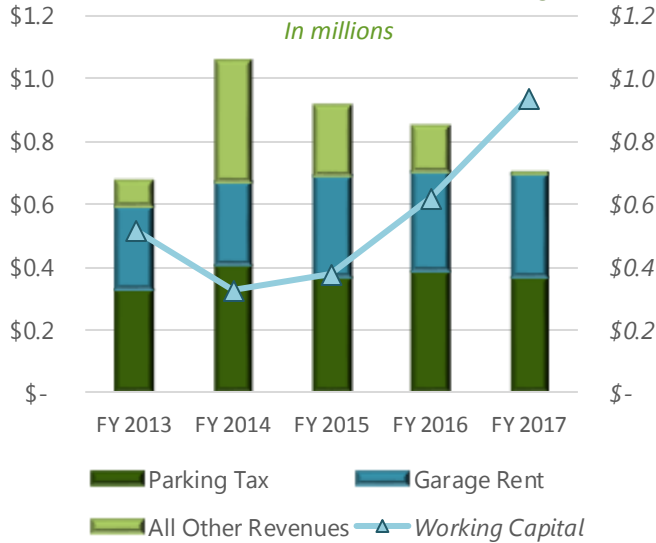


The year-over-year increase in transient occupancy tax (TOT) revenue is approximately 4 percent. Adjusting the comparison by removing a large "catch-up" payment (for taxes collected, but not paid in the previous year) made by an intermediary service in FY 2016, the year-over-year increase is about 12 percent.

At the beginning of FY 2017, fund balance was \$1,219,127. Investments in tourism-related infrastructure (improved and expanded electrical capacity at Riverfront Park, trail paving at Minto-Brown Island Park, and upgrades at Wallace Marine Sports Complex) in the budget will cause an approximate \$886,000 reduction (about 73 percent) to working capital by the end of the fiscal year.

OTHER CITY FUNDS—RESOURCES and EXPENDITURES Through Q2 FY 2017

PARKING FUND RESOURCES Through Q2

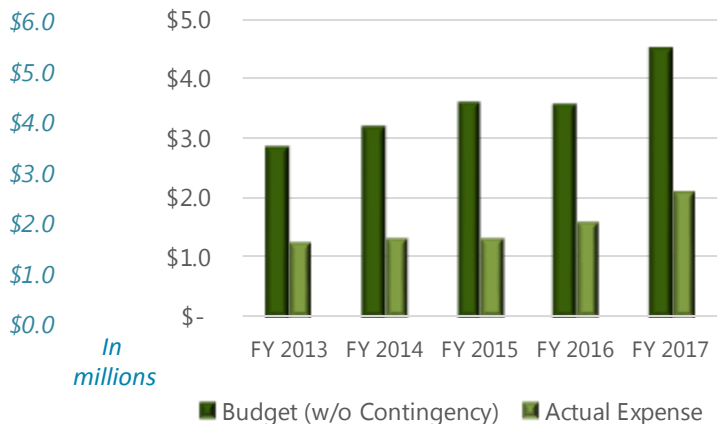
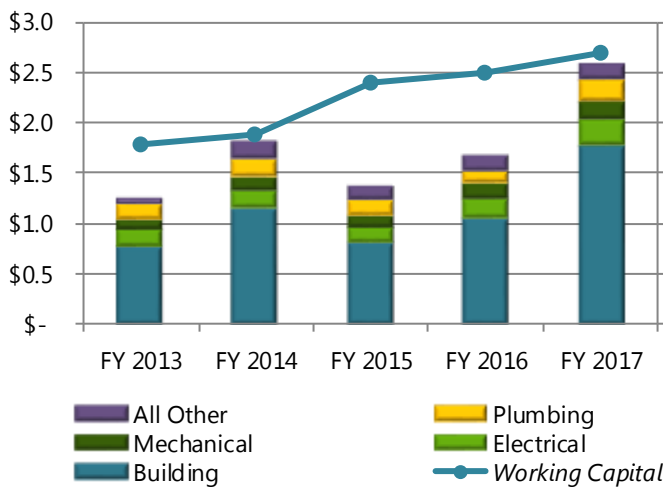


With the anticipated improvement to fund working capital, the FY 2017 budget for the Parking Fund includes a planned transfer of \$617,820 to a capital construction reserve for future projects in the garages. Diminished reliance on capital project funding from the Downtown Riverfront Urban Renewal Area is evident in the decrease to "All Other Revenues" in this five-year view of fund activity.

In addition to capital improvements and regular maintenance to the garages, the Parking Fund provides \$277,900 to support the Downtown Bike Unit (about the cost of 2 officers per year) and various downtown services like the Clean Team and seasonal decorations.

Expenses through Q2 are \$533,150.

BUILDING AND SAFETY FUND RESOURCES—and—BUDGET TO ACTUAL EXPENDITURES Through Q2



ABOUT OTHER CITY FUNDS, RESOURCES and EXPENDITURES Through Q2

Streetlight Fund—Fee revenues are being realized as anticipated, and re-lamping project is underway. Resources (R): \$1,361,715 / Expenditures (E): \$1,069,823

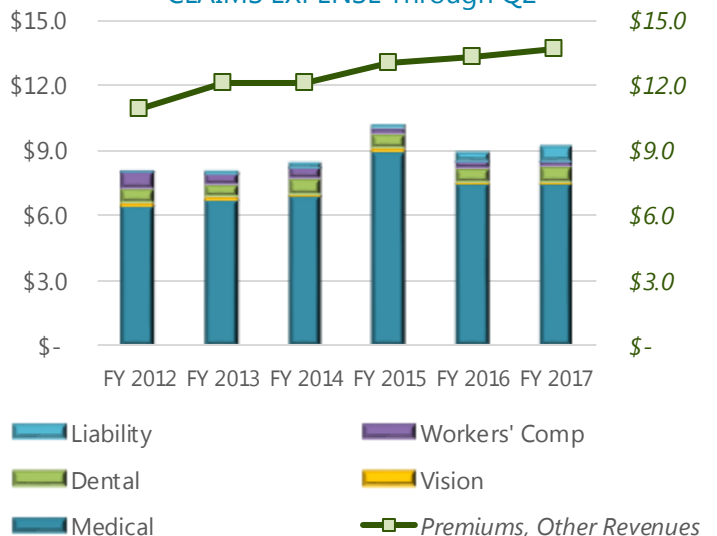
Airport Fund—Lease revenues and expenses are being realized as anticipated. R: \$1,592,356 / E: \$557,919

Leasehold Fund—Sufficient working capital to establish a capital project reserve (\$200,000) for the garages. R: \$966,640 / E: \$132,424

Emergency Services Fund—Stabilized working capital for operating reserve (to prevent service interruption); current receipts and expenditures as anticipated in the budget. R: \$3,254,674 / E: \$404,529

WVCC (9-1-1) Fund—Rate increases have stabilized this fund. Forecast projects renewed fiscal health. R: \$5,845,035 / E: \$4,935,227

SELF INSURANCE REVENUES and CLAIMS EXPENSE Through Q2

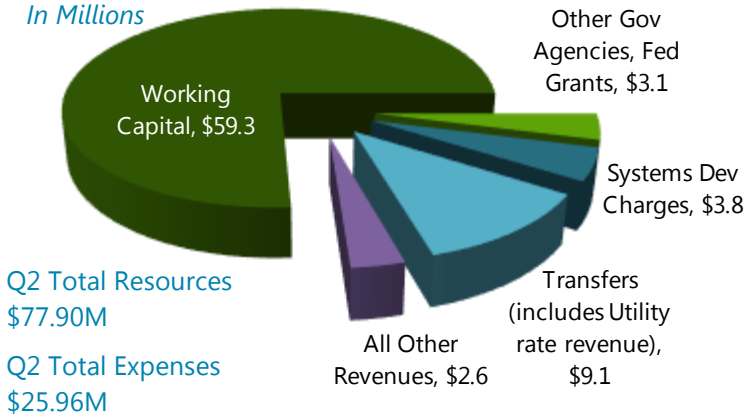


Note: Expenses presented here are claims only. Total expenditures paid by premiums include program administration costs—staff, excess insurance, Kaiser Permanente insurance, third party administration, and actuarial work.

OTHER CITY FUNDS—RESOURCES and EXPENDITURES Through Q2 FY 2017

CAPITAL CONSTRUCTION RESOURCES Through Q2

In Millions



FY 2017 Q2 Construction Highlights

Construction progressed or was completed on the following projects through Q2:

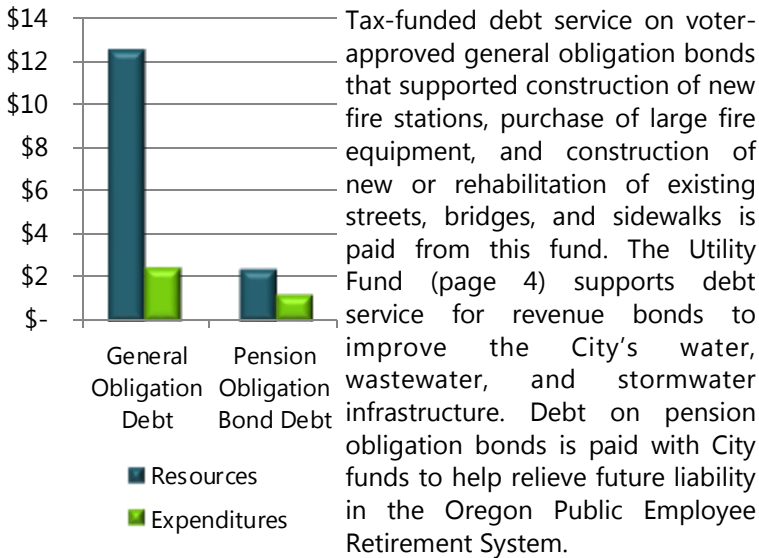
The [Commercial Street at Kuebler Boulevard Intersection Improvement](#) project added additional turn lanes at this high volume intersection to reduce congestion and improve safety. The project was completed under budget.

Using Transient Occupancy Tax (TOT) funding, the City is undertaking a series of improvements at the [Wallace Marine Softball Complex](#) in order to preserve Salem’s demonstrated ability to attract and host high level national softball tournaments. Improvements completed this year include purchase and installation of five new state of the art scoreboards, concrete replacement, pavement repairs, new fence cap materials, field lighting to meet the American Softball Association’s standards for tournament play, and a new drinking fountain. Future improvements planned for 2017 include video security, streaming, roofing, and fencing improvements.

The second phase of the [railroad crossing safety improvements](#) at the Woodrow Street NE and Silverton Road NE crossings of the Union Pacific Railroad are almost complete. Adding the safety measures at these crossings will allow the City to extend the existing Railroad Quiet Zone between Mill Street SE and Market Street NE northerly to Silverton Road NE. The northerly extension of the Quiet Zone is anticipated to take effect in spring 2017.

With \$75,000 of grant money from The Energy Trust of Oregon, the City conducted 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 the project is estimated to cost around \$9.5 million for replacement of the 27-year-old engine and the facility that houses it. The Public Utility Commission of Oregon recently approved \$3 million in grant funding from Portland General Electric to the City. City staff plans to begin design efforts this year and continue to pursue additional grant funding from the Energy Trust of Oregon for this energy savings project.

DEBT SERVICE FUND Through Q2



CITY SERVICES FUND Through Q2

