



Quarterly Financial Report

Reporting financial results for the third quarter ending March 31, 2016

Woodburn Finance Department
5/9/2016

Executive Summary

The Finance Department is pleased to offer this Quarterly Financial Report of City operations for your review. This report covers financial operations of major operating funds through the third quarter, which ended March 31, 2016, relating to the fiscal year ending June 30, 2016. The Quarterly Financial Report is intended to not only be a community report on the fiscal progress of the City, but a tool for the City Administrator (Budget Officer), City Council and Budget Committee.

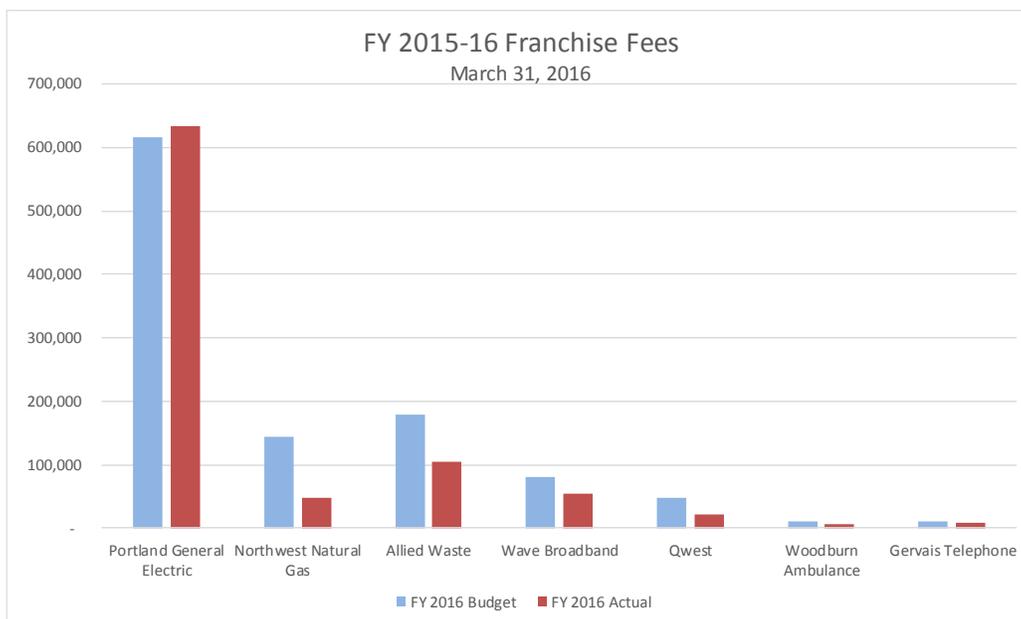
Description of Flexible Budget

The term *Flexible Budget* is used throughout this report as a dynamic value, or variable, which changes throughout the year. It consists of both estimated and actual revenues and expenditures at a given point in time within the budget cycle. The City relies on historical trends, current operating patterns and other information to develop an appropriate estimate for each revenue and expense value.

By creating the Flexible Budget values, we are providing a quick and easy means to evaluate the status of any given budget line item. This should lead to quicker identification of issues and concerns so that appropriate action can be taken.

Third Quarter Financial Results

Woodburn's General Fund contains all of the City's discretionary resources that provide critical services such as police, library, recreation and parks programs, administration and other services. The fund's largest source of revenue is property taxes. The City receives the majority of its property taxes in November and smaller tax revenues throughout the rest of the year. The second highest revenue source is Franchise Fees with PGE being the highest. The City received PGE's payment of \$633,000 in March, which was \$18,000 higher than budgeted.



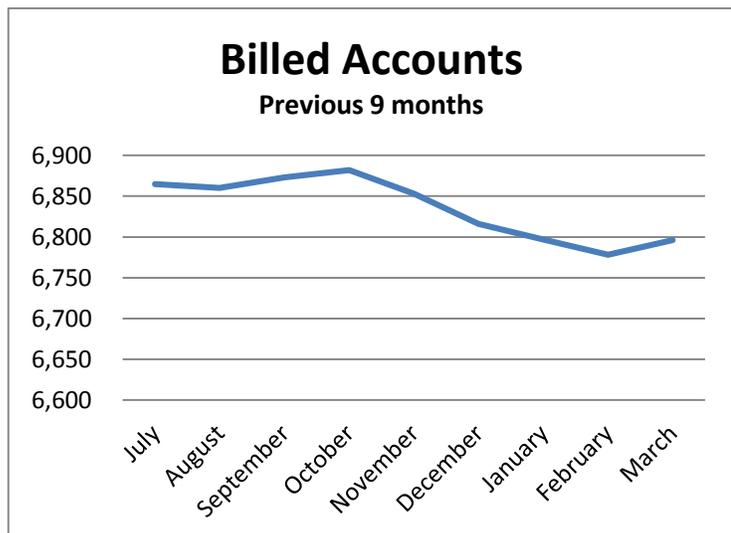
Expenditures in the General Fund are being closely monitored as the City nears the end of the year. The General Fund is appropriated at the departmental level for budget law purposes, but attention is still placed on the individual categories of expense (personnel, materials & services, etc.) for future budgeting concerns and is also used as a management tool to encourage Department Heads to monitor budgets on an ongoing basis. Based on the Council’s Adopted General Fund Forecast, several midyear corrective actions were taken in the General Fund to address current year shortfalls and in anticipation of the FY 2016-17 budget process. Three positions in the General Fund were laid off in March, two in the Engineering department and one in HR, which will save the General Fund \$65,000 this fiscal year. These positions will not be filled in FY 2016-17.

The **Transit Fund** is dependent on intergovernmental revenues from federal and state grants which are received for both operating expenditures and capital purchases. The majority of these grants are on a reimbursement basis, so revenues in this category are requested and received quarterly. The third quarter report will show revenues received for the first and second quarter. Third quarter revenues from the grants will not be received until May.

The **Building Inspection Fund** has seen an increase in building permits through the end of the third quarter. Several new commercial projects have begun as well as the Woodburn School Bond projects. The combination of these projects will substantially impact the fund in a positive way. There has been a rise in residential home permits this quarter but the amount of buildable lots is diminishing.

The **Street Fund** derives a vast majority of its revenue from state gas tax collections. This category of revenue is currently meeting projected budget for FY 2015-16. This trend is likely to continue due to the completion of the Woodburn Interchange project, as well as the completion of a brand new Chevron service station near the interchange. Privilege taxes are also budgeted in this fund. NW Natural Gas historically remit payments on a quarterly basis. The Street Fund expenses usually increase in the spring with annual street maintenance and striping.

The **Water Fund** revenue is currently meeting the budget for this time of year. The third quarter is when the water consumption is the lowest. For residential customers the water consumption in January, February and March is averaged and used to calculate the sewer charges for the next year beginning in April. The amount of billed accounts drop during the winter months due to customers who are gone and have their water shut off.



The **Sewer Fund** has a slight increase in revenue, which has been due to growth. There has been no increase in the sewer rates since July 2014.

FY 2016-17 Budget Season

The FY 2016-17 Proposed Budget is being finalized for the City Council to adopt at the June 13th City Council meeting. There is a growing sense of caution regarding the City's financial capacity to maintain current levels of services in upcoming years. Despite increases in building activity and lower unemployment rates the City's budget, and specifically the General Fund, continues to face serious financial pressures. The public is encouraged to attend the budget meeting. A copy of the proposed budget can be found on our website by clicking [here](#).

As you review this report, I welcome your questions, comments and any suggestions you may have. The best way to contact me is by email at sarah.head@ci.woodburn.or.us.

Respectfully,

A handwritten signature in black ink that reads "S Head". The signature is written in a cursive, flowing style.

Sarah Head, MSFA, CMA
Finance Director, City of Woodburn

May 9, 2016

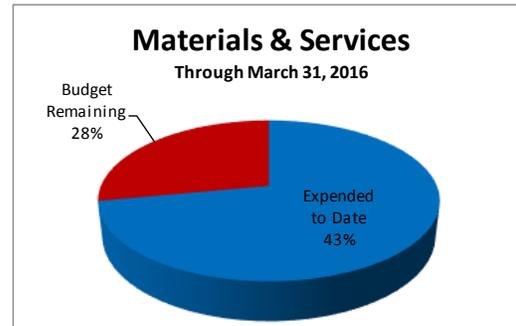
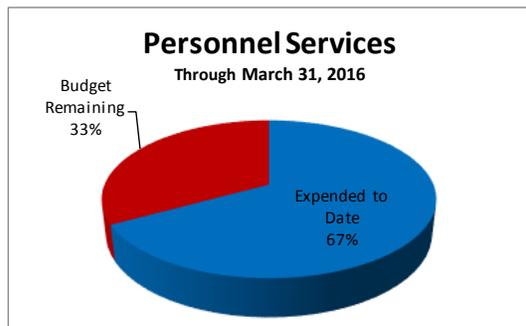
City of Woodburn, Oregon
Quarterly Financial Report
Summary of Revenues and Expenditures
Through March 31, 2016

General Fund

Revenues	Year to Date			Annual			
	3rd Qtr through March 31, 2016			through June 30, 2016			
	Flexible Budget	Actual	% of Budget	Annual Budget	Actual	Difference	% of Budget
Taxes	\$ 7,993,989	\$ 8,139,886	102% ¹	\$ 8,206,000	\$ 8,139,886	\$ 66,114	99%
Licenses and Permits	43,575	41,625	96%	58,100	41,625	16,475	72%
Franchise Fees	1,384,716	1,299,630	94% ²	1,635,212	1,299,630	335,582	79%
Intergovernmental	579,189	469,828	81% ³	720,189	469,828	250,361	65%
Fines and Forfeits	491,550	332,054	68% ⁴	655,400	332,054	323,346	51%
Charges for Goods and Services	435,133	458,098	105%	580,177	458,098	122,079	79%
Misc	581,118	498,517	86% ⁵	754,299	498,517	255,782	66%
Total Revenues	11,509,269	11,239,638	98%	12,609,377	11,239,638	1,369,739	89%
Expenditures							
<i>Council & Mayor</i>							
Materials & Services	16,007	17,684	110%	17,803	17,684	119	99%
<i>Administration</i>							
Personnel Services	147,701	153,801	104% ⁶	202,117	153,801	48,316	76%
Materials & Services	38,139	31,744	83%	43,639	31,744	11,895	73%
<i>Economic Development</i>							
Personnel Services	34,845	17,917	51%	47,683	17,917	29,766	38%
Materials & Services	6,900	1,761	26%	9,200	1,761	7,439	19%
<i>City Recorder</i>							
Personnel Services	45,502	44,447	98%	62,266	44,447	17,819	71%
Materials & Services	13,206	7,144	54%	16,368	7,144	9,224	44%
<i>City Attorney</i>							
Personnel Services	147,244	108,721	74%	201,492	108,721	92,771	54%
Materials & Services	27,915	20,961	75%	33,665	20,961	12,704	62%
<i>Finance</i>							
Personnel Services	261,935	242,661	93%	358,437	242,661	115,776	68%
Materials & Services	172,015	132,729	77%	213,702	132,729	80,973	62%
<i>Human Resources</i>							
Personnel Services	58,578	68,702	117%	80,160	68,702	11,458	86%
Materials & Services	26,793	18,061	67%	33,193	18,061	15,132	54%
<i>Police</i>							
Personnel Services	4,104,490	3,770,243	92%	5,616,670	3,770,243	1,846,427	67%
Materials & Services	1,238,206	1,106,194	89%	1,492,537	1,106,194	386,343	74%
Capital Outlay	48,000	43,572	91%	48,000	43,572	4,428	91%
<i>Library</i>							
Personnel Services	410,837	372,823	91%	562,198	372,823	189,375	66%
Materials & Services	252,323	238,740	95%	293,298	238,740	54,558	81%
Capital Outlay	6,600	6,577	100%	6,600	6,577	23	100%
<i>Recreation</i>							
Personnel Services	142,762	108,101	76%	195,358	108,101	87,257	55%
Materials & Services	216,478	233,263	108% ⁷	257,562	233,263	24,299	91%
<i>Aquatics</i>							
Personnel Services	213,323	193,975	91% ⁷	291,916	193,975	97,941	66%
Materials & Services	187,823	174,493	93%	242,348	174,493	67,855	72%
<i>RSVP</i>							
Personnel Services	44,117	37,160	84%	60,371	37,160	23,211	62%
Materials & Services	11,231	6,542	58%	13,639	6,542	7,097	48%
<i>Community Services Admin</i>							
Personnel Services	170,887	142,273	83%	233,845	142,273	91,572	61%
Materials & Services	62,708	54,306	87%	77,987	54,306	23,681	70%
<i>Planning</i>							
Personnel Services	239,608	218,479	91%	327,884	218,479	109,405	67%
Materials & Services	41,644	33,162	80%	47,169	33,162	14,007	70%

<i>Engineering</i>							
Personnel Services	448,900	420,366	✓ 94%	614,284	420,366	193,918	68%
Materials & Services	136,767	97,886	✓ 72%	158,936	97,886	61,050	62%
<i>Maintenance</i>							
Personnel Services	318,747	290,748	✓ 91%	436,180	290,748	145,432	67%
Materials & Services	361,213	266,451	✓ 74%	457,092	266,451	190,641	58%
<i>Non-Departmental</i>							
Materials & Services	295,223	274,604	🟡 93% ⁸	365,560	274,604	90,956	75%
Transfers Out	326,824	326,824	✓ 100%	402,241	326,824	75,417	81%
Capital Outlay	6,875	8,970	✓ 130%	6,875	8,970	(2,095)	130%
<i>Ending Fund Balance</i>	-	-	0%	2,781,102	-	2,781,102	0%
Total Expenditures	<u>10,282,363</u>	<u>9,292,083</u>	90%	<u>16,309,377</u>	<u>9,292,083</u>	<u>7,017,294</u>	57%
Revenue over (under) Expenditures	1,226,906	1,947,555		(3,700,000)	1,947,555	5,647,555	
Beginning Fund Balance	<u>3,700,000</u>	<u>4,470,383</u>		<u>3,700,000</u>	<u>4,470,383</u>	<u>770,383</u>	
Ending Fund Balance	<u>\$ 4,926,906</u>	<u>\$ 6,417,938</u>		<u>\$ -</u>	<u>\$ 6,417,938</u>	<u>\$ 6,417,938</u>	

- 1 The City receives the majority of its property taxes in November.
- 2 A large portion of this revenue type is the annual PGE franchise fee turnover which typically arrives in March
- 3 A majority of this category of revenue accounts for grant proceeds which typically are on a reimbursement basis.
- 4 Includes court fines which are still experiencing a decline in revenues.
- 5 Includes engineering support charges from Street, Water, Sewer & other funds.
- 6 Council approved one time payroll expense.
- 7 Due to the seasonal nature of these departments, expenditures are higher in the summer months.
- 8 Recruitment for Chief of Police and other professional fees are higher than expected this year. It is possible that a supplemental budget may be required.



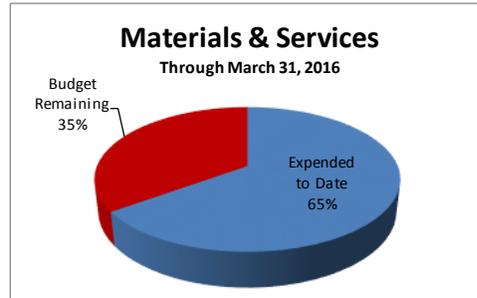
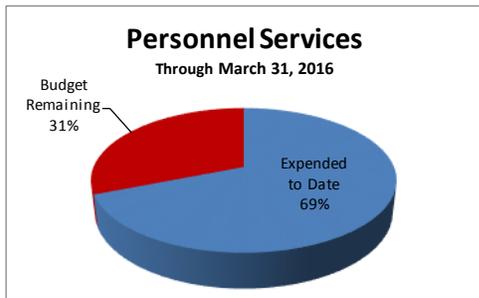
City of Woodburn, Oregon
Quarterly Financial Report
Summary of Revenues and Expenditures
Through March 31, 2016

Transit Fund

	Year to Date 3rd Qtr through March 31, 2016			Annual through June 30, 2016			
	Flexible Budget	Actual	% of Budget	Annual Budget	Actual	Difference	% of Budget
Revenues							
Intergovernmental	\$ 330,000	283,211	86% ¹	\$ 440,000	\$ 283,211	\$ 156,789	64%
Charges for Goods and Services	36,375	31,811	87%	48,500	31,811	16,689	66%
Misc	7,688	8,525	111%	10,250	8,525	1,725	83%
Transfers In	116,000	116,000	100%	116,000	116,000	-	100%
Total Revenues	490,063	439,546	90%	614,750	439,546	175,204	72%
Expenditures							
Personnel Services	299,524	282,309	94% ²	409,875	282,309	127,566	69%
Materials & Services	184,426	148,139	80%	226,772	148,139	78,633	65%
Transfers Out	3,001	3,001	100%	3,001	3,001	-	100%
Contingency & Unapprop.	-	-	0%	45,102	-	45,102	0%
Total Expenditures	486,951	433,449	89%	684,750	433,449	251,301	63%
Revenue over (under) Expenditures	3,111	6,097		(70,000)	6,097	76,097	
Beginning Fund Balance	70,000	140,025		70,000	140,025	70,025	
Ending Fund Balance	\$ 73,111	\$ 146,122		\$ -	\$ 146,122	\$ 146,122	

¹ This category of revenue accounts for grant proceeds, which typically are on a quarterly reimbursement basis. Revenue arrives in the following quarter.

² Transit Manager position was vacant in July.



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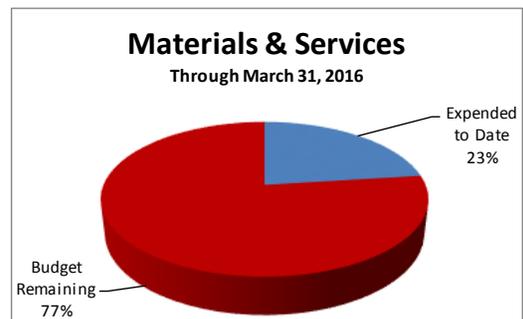
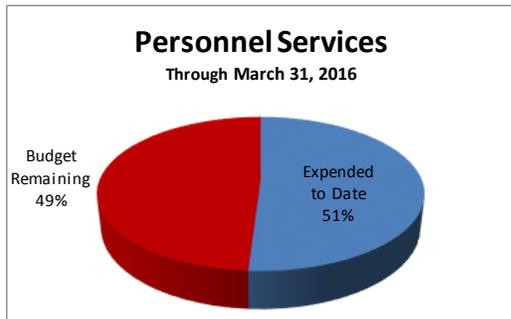
Building Inspection Fund

	Year to Date 3rd Qtr through March 31, 2016			Annual through June 30, 2016			
	Flexible Budget	Actual	% of Budget	Annual Budget	Actual	Difference	% of Budget
Revenues							
Intergovernmental	\$ 281,648	130,973	47% ¹	\$ 375,530	\$ 130,973	\$ 244,557	35%
Licenses & Permits	316,916	339,756	107%	422,554	339,756	82,798	80%
Misc	16,275	14,738	91%	21,700	14,738	6,962	68%
Total Revenues	614,838	485,467	79%	819,784	485,467	334,317	59%
Expenditures							
Personnel Services	341,345	239,818	70% ²	467,104	239,818	227,286	51%
Materials & Services	347,888	106,243	31% ³	453,715	106,243	347,472	23%
Transfers Out	3,001	3,001	100%	3,001	3,001	-	100%
Contingency & Unapprop.	-	-	0%	245,964	-	245,964	0%
Total Expenditures	692,234	349,062	50%	1,169,784	349,062	820,722	30%
Revenue over (under) Expenditures	(77,396)	136,404		(350,000)	136,404	486,404	
Beginning Fund Balance	350,000	464,903		350,000	464,903	114,903	
Ending Fund Balance	\$ 272,604	\$ 601,307		\$ -	\$ 601,307	\$ 601,307	

¹ Intergovernmental fees are based on building activities

² Unfilled part-time plans examiner

³ State Construction taxes are based on building activities



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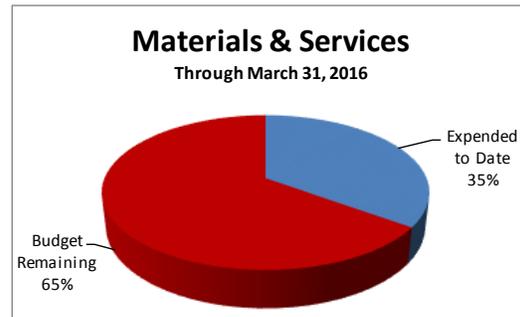
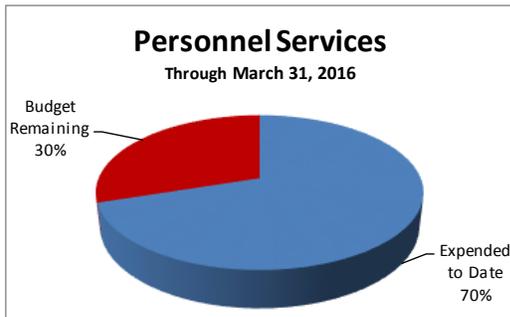
Street Fund

	Year to Date			Annual			
	3rd Qtr through March 31, 2016			through June 30, 2016			
	Flexible Budget	Actual	% of Budget	Annual Budget	Actual	Difference	% of Budget
Revenues							
Intergovernmental	\$ 975,000	958,742	98% ¹	\$ 1,300,000	\$ 958,742	\$ 341,258	74%
Franchise Fees	327,500	302,832	92% ²	350,000	302,832	47,168	87%
Taxes	78,750	75,841	96%	105,000	75,841	29,159	72%
Licenses & Permits	-	201	0%	-	201	(201)	0%
Misc	142,526	117,294	82%	190,034	117,294	72,740	62%
Transfers In	220,000	220,000	100%	220,000	220,000	-	100%
Total Revenues	1,743,776	1,674,910	96%	2,165,034	1,674,910	490,124	77%
Expenditures							
Personnel Services	438,051	416,896	95%	599,438	416,896	182,542	70%
Materials & Services	1,242,215	578,868	47% ³	1,635,179	578,868	1,056,311	35%
Transfers Out	34,501	34,501	100%	264,501	34,501	230,000	13%
Capital Outlay	-	9,150	0%	12,000	9,150	2,850	76%
Contingency & Unapprop.	-	-	0%	2,553,916	-	2,553,916	0%
Total Expenditures	1,714,767	1,039,414	61%	5,065,034	1,039,414	4,025,620	21%
Revenue over (under) Expenditures	29,008	635,495		(2,900,000)	635,495	3,535,495	
Beginning Fund Balance	2,900,000	2,966,045		2,900,000	2,966,045	66,045	
Ending Fund Balance	\$ 2,929,008	\$ 3,601,540		\$ -	\$ 3,601,540	\$ 3,601,540	

¹ State Gas Tax revenue is currently meeting estimates.

² A large portion of this revenue type is the annual PGE privilege tax, which typically arrives in March.

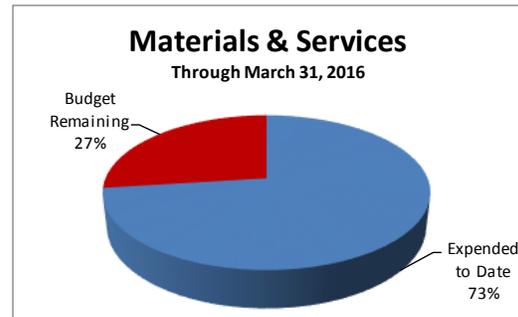
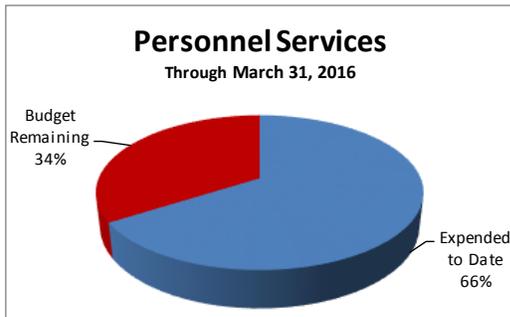
³ Most of the Street maintenance expense occurs in spring months



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Water Fund

	Year to Date			Annual			
	3rd Qtr through March 31, 2016			through June 30, 2016			
	Flexible Budget	Actual	% of Budget	Annual Budget	Actual	Difference	% of Budget
Revenues							
Charges for Goods and Services \$	2,593,730	2,610,553	101%	\$ 3,458,306	\$ 2,610,553	\$ 847,753	75%
Misc	47,700	62,653	131%	63,600	62,653	947	99%
Total Revenues	2,641,430	2,673,206	101%	3,521,906	2,673,206	848,700	76%
Expenditures							
Personnel Services	937,176	845,842	90%	1,282,452	845,842	436,610	66%
Materials & Services	722,176	676,240	94%	925,040	676,240	248,800	73%
Debt Service	1,156,098	1,156,098	100%	1,156,098	1,156,098	0	100%
Transfers Out	32,391	32,391	100%	32,391	32,391	-	100%
Contingency & Unapprop.	-	-	0%	1,983,925	-	1,983,925	0%
Total Expenditures	2,847,841	2,710,570	95%	5,379,906	2,710,570	2,669,336	50%
Revenue over (under) Expenditures	(206,412)	(37,364)		(1,858,000)	(37,364)	1,820,636	
Beginning Fund Balance	1,858,000	1,942,867		1,858,000	1,942,867	84,867	
Ending Fund Balance	\$ 1,651,588	\$ 1,905,503		\$ -	\$ 1,905,503	\$ 1,905,503	



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Sewer Fund

	Year to Date 3rd Qtr through March 31, 2016			Annual through June 30, 2016			
	Flexible Budget	Actual	% of Budget	Annual Budget	Actual	Difference	% of Budget
Revenues							
Charges for Goods and Services \$	5,813,950	6,012,249	103%	\$ 7,751,933	\$ 6,012,249	\$ 1,739,684	78%
Misc	23,250	28,591	123%	31,000	28,591	2,409	92%
Total Revenues	5,837,200	6,040,840	103%	7,782,933	6,040,840	1,742,093	78%
Expenditures							
Personnel Services	1,321,446	1,177,376	89%	1,808,295	1,177,376	630,919	65%
Materials & Services	1,814,710	1,510,648	83%	2,356,766	1,510,648	846,118	64%
Debt Service	3,380,064	3,380,063	100%	3,380,064	3,380,063	1	100%
Transfers Out	146,142	146,142	100%	826,142	146,142	680,000	18%
Contingency & Unapprop.	-	-	0%	4,155,666	-	4,155,666	0%
Total Expenditures	6,662,362	6,214,229	93%	12,526,933	6,214,229	6,312,704	50%
Revenue over (under) Expenditures	(825,162)	(173,389)		(4,744,000)	(173,389)	4,570,611	
Beginning Fund Balance	4,744,000	5,869,126		4,744,000	5,869,126	1,125,126	
Ending Fund Balance	\$ 3,918,838	\$ 5,695,737		\$ -	\$ 5,695,737	\$ 5,695,737	

