

CITY OF SALEM FINANCIAL SUMMARY Through Q2 / FY 2026

The summary of the second quarter (Q2) of FY 2026 represents July 2025 through December 2025 financial activity with displays for expenditures at the department level for the General Fund and resources by type. For all other funds, data is displayed with total resources and expenditures. For all funds, the display includes columns comparing budget to prior year actual activity. A positive number in the prior year comparison denotes an increase in FY 2026.

General Fund

Resources	Budget	Actual through Dec 31	As a Percent of Budget	Difference FY 2025 to FY 2026 Actual
Property Taxes	92,233,890	83,374,790	90.4%	3.7%
Franchise Fees	23,669,020	4,883,003	20.6%	0.6%
Internal Charges	22,041,520	10,416,627	47.3%	-2.5%
Marijuana Sales Tax	1,451,360	658,738	45.4%	87.1%
State Shared	7,707,640	2,354,623	30.5%	5.9%
Fees, Permits	21,155,090	9,153,105	43.3%	-4.7%
All Other Revenues	7,348,150	3,840,136	52.3%	5.1%
Beginning Working Capital	31,516,370	31,632,618	100.4%	-9.7%
Total Resources	207,123,040	146,313,641	70.6%	-0.8%

BY THE NUMBERS - Resources
The City received over 90 percent of total current-year budgeted Property Taxes during the second quarter. Property tax receipts in FY 2026 are 3.7 percent higher than the same time last year.

Marijuana Sales Tax receipts are collected by the State and remitted to the City quarterly. Currently sales tax revenue as well as State Shared Revenue are trending higher than last year due to year-over-year payment posting timing.

Expenditures by Department	Budget	Actual through Dec 31	As a Percent of Budget	Difference FY 2025 to FY 2026 Actual
Mayor & Council	455,550	198,301	43.5%	1.7%
Municipal Court	2,933,650	1,288,744	43.9%	11.5%
City Manager	2,644,240	1,097,006	41.5%	69.2%
Human Resources	3,294,240	1,402,873	42.6%	11.2%
Customer Service Center	1,011,270	409,182	40.5%	7.8%
Legal	3,357,550	1,554,506	46.3%	13.1%
Finance	4,974,840	2,172,504	43.7%	18.5%
SOS Team and Tree Interns	1,149,510	504,686	43.9%	-94.2%
Facilities Services	6,386,590	2,589,392	40.5%	-0.9%
Community Development	7,256,290	2,788,848	38.4%	3.0%
Police	68,883,040	32,347,891	47.0%	8.9%
Fire	55,354,120	25,195,429	45.5%	6.9%
Information Technology	15,694,200	5,798,087	36.9%	5.3%
Non Departmental	8,508,480	1,534,635	18.0%	-30.1%
Urban Development	3,560,160	1,393,985	39.2%	8.2%
Total Expenditures	185,463,730	80,276,070	43.3%	-3.4%

Beginning Working Capital—the funding available at the start of each fiscal year—equals over 21 percent of total resources through Q2, and is 9.7 percent less than FY 2025 showing the use of working capital for expenses. Year-to-date Franchise Fees receipts are coming in as expected.

Internal Charges include the support services charges, reimbursements for labor and overhead from other funds, and fund-to-fund transfers. This category is flat compared with last year as Community Services internal charge revenue now is posted to the Local Option Levy Fund.

Other Revenues increased by 5 percent, primarily due to State reimbursement and subrecipient repayment of US Housing and Urban Development funds for noncompliance.

BY THE NUMBERS Expenditures

With 50 percent of the fiscal year complete, including 12 payroll periods, or 46 percent of payroll periods for the year, expenditures are largely trending as anticipated. The 3.4 percent decrease is due to much of Community Services moving from the General Fund to the Local Option Levy Fund. The decrease in year-over-year spending in Non Departmental is a result of transfers for construction projects that will be processed in January this year instead of December. The large year-over-year increase in the City Manager's Office is from staff who moved to the Department this year while the increase in Finance relates to fewer vacancies compared to the prior year.

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	Resources			Expenditures		
	Actual through Dec 31	As a Percent of Budget	Difference FY 2025 to FY 2026 Actual	Actual through Dec 31	As a Percent of Budget	Difference FY 2025 to FY 2026 Actual
Other Funds						
* Local Option Levy	15,432,657	77.2%	0.0%	8,279,306	41.5%	0.0%
* Transportation Services	18,386,484	63.7%	5.3%	9,804,376	42.7%	6.8%
Streetlight	2,042,564	63.5%	-8.1%	1,118,186	43.8%	16.5%
* Airport	1,441,426	45.6%	-30.4%	1,344,107	42.5%	-9.3%
Community Renewal	1,421,026	22.2%	2.9%	1,020,954	15.9%	-17.0%
Downtown Parking	1,586,428	68.2%	104.7%	829,020	42.0%	28.8%
Cultural and Tourism	5,403,123	65.4%	-21.2%	2,769,226	36.4%	-17.8%
Public Art	106,009	75.4%	7.5%	1,028	0.7%	-90.8%
Tourism Promotion Area	518,810	34.6%	-2.0%	409,808	27.3%	-9.0%
Parking Leasehold	487,522	46.1%	-23.6%	310,312	41.5%	12.0%
* Building and Safety	13,077,801	91.2%	-31.6%	3,427,407	37.8%	-10.4%
General Debt	25,858,588	79.5%	2.7%	3,661,916	13.7%	-10.3%
Capital Improvements	157,428,137	63.8%	-1.0%	22,911,100	17.4%	32.1%
Extra Capacity Facilities	52,461,394	84.5%	-1.1%	7,122,273	25.4%	-35.1%
Development Districts	11,507,436	80.2%	5.2%	513,670	13.3%	11470.4%
* Utility	121,604,114	65.6%	-2.1%	57,638,743	39.6%	-4.2%
* Emergency Services	26,807,756	42.2%	354.1%	14,748,614	25.0%	567.9%
* WVCC	11,527,094	60.7%	6.2%	7,617,233	42.3%	9.4%
Police Regional Records	2,669,554	99.2%	18.3%	97,530	15.2%	-73.7%
* City Services	13,554,291	66.4%	9.5%	6,802,262	39.3%	0.8%
* Self Insurance Benefits	23,581,623	54.6%	-4.6%	16,881,444	39.1%	-7.1%
* Self Insurance Risk	7,215,163	57.8%	28.3%	6,435,385	51.5%	-7.0%
Equipment Replacement	27,462,168	88.5%	5.4%	1,252,808	4.0%	-54.5%
Trust and Agency	21,098,380	100.6%	-9.8%	723,083	9.6%	-54.2%

Resources

Through FY 2026 Q2, total resources equal 66.7 percent of budgeted resources for this grouping of funds. Many significant year-over-year changes occurred in the resources category. The large increase from last year in the Emergency Services fund is a result of starting City-provided ambulance transport services. Building and Safety issued an internal loan to Emergency Services for the start up, reducing the Building and Safety fund balance. Another increase in revenue is the Downtown Parking Fund as paid parking downtown started on July 1. In the Leasehold Fund, vacant tenant spaces resulted in lower building rent collections. The Airport Fund started the year with a lower fund balance from higher expenses last year associated with commercial air service, accounting for most of the revenue decrease. Also lower than last year are Cultural and Tourism Fund resources as fund balance associated with ARPA revenue replacement was transferred to the General Fund for continuity of services.

Expenditures

The ten funds marked with an * have a total of 732.6 full-time equivalent (FTE) authorized positions, approximately 52 percent of the total FTE count for the City in the FY 2026 budget. Of the \$175.7 million in actual expenditures through December 31, \$43.9 million or 26 percent are personal services expenses related to providing services.

Materials and services, equal \$102 million or 60.9 percent of total expenses. Four funds— Utility, Self Insurance Benefits, Emergency Services, and Capital Improvements —account for \$112.2 million or 67 percent of the total quarterly expenses of all the other funds.

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The largest expense for the City are its employees who provide services to the community. All authorized positions are included in the budget each fiscal year. If a position is vacant during budget development, the City includes a lower cost for the position and budgets at the lowest step of the pay scale, with full-family benefits, and OPSRP (Tier 3) PERS.

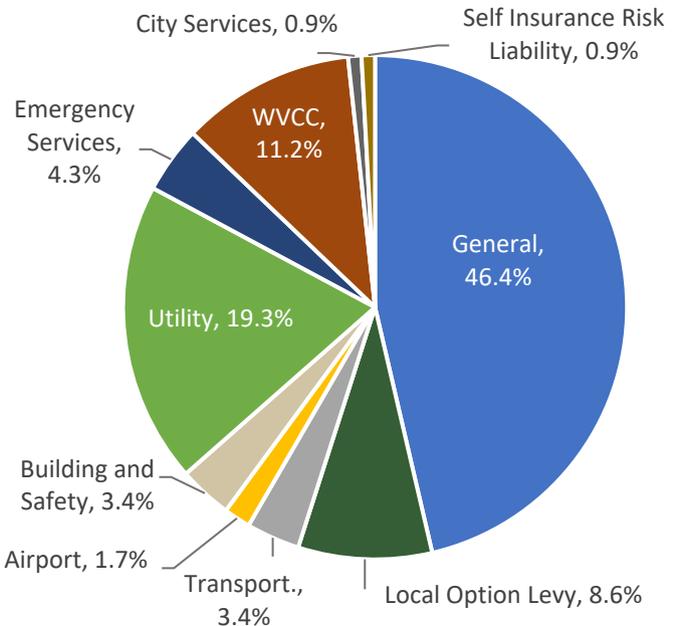
Below is vacancy data for the second quarter for the City of Salem. The Urban Renewal Agency does not have employees. This report compares the last pay period in September and the last pay period in December. Numbers are expressed in Full Time Equivalent (FTE) positions unless otherwise noted.

Beginning of Quarter 1

Total authorized positions	1,418.50
Total FTE vacancies	116.50
Percent %	8.21%

Funds

<i>General</i>	54.00
<i>Local Option Levy</i>	10.00
<i>Transportation Services</i>	4.00
<i>Airport</i>	2.00
<i>Building and Safety</i>	4.00
<i>Utility</i>	22.50
<i>Emergency Medical Services</i>	5.00
<i>Willamette Valley Comm. Center (WVCC)</i>	13.00
<i>City Services - Radio Communications</i>	1.00
<i>Self Insurance Risk Liability</i>	1.00

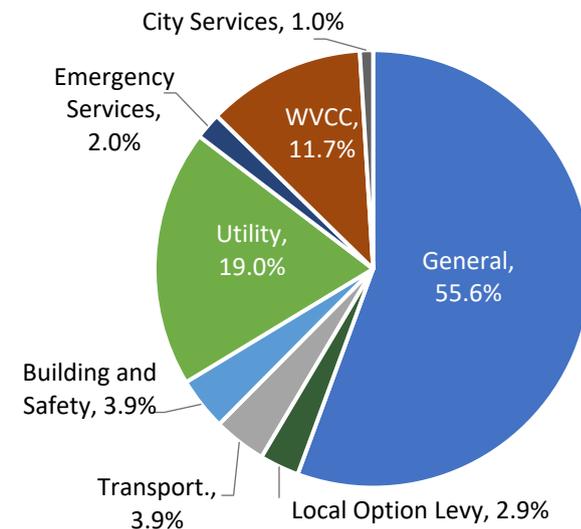


End of Quarter 2

Total authorized positions	1,420.50
Total FTE vacancies	102.50
Percent %	7.22%

Funds

<i>General</i>	57.00
<i>Local Option Levy</i>	3.00
<i>Transportation Services</i>	4.00
<i>Building and Safety</i>	4.00
<i>Utility</i>	19.50
<i>Emergency Medical Services</i>	2.00
<i>Willamette Valley Comm. Center (WVCC)</i>	12.00
<i>City Services - Radio Communications</i>	1.00



ANALYSIS: The citywide vacancy rate at the end of Q2 was 7.2%, down from 8.2% at the end of Q1. The majority of vacancies were in the General Fund in the Fire, Police, and Enterprise Services departments. During this quarter, two new Police Officer positions were authorized by City Council for the Safe, Clean, and Healthy Salem initiative pilot.

Of the 117 vacant positions (116.20 FTE) at the beginning of the quarter, 103 (102.50 FTE) remained vacant at the end of the quarter. Position vacancies include 57 FTE in the General Fund, 19.50 FTE in the Utility Fund, and 12 FTE in the WVCC Fund with the balance spread across other funds.