

# Budget Calendar

FY 2010

Start Date

End Date

## Mayor & Finance

Finance Director prepares initial Revenue/Expenditure (FY10 RECAP) figures	2/1/2009		
Mayor issues budgets to departments with objectives & budget constraints Present 2 budgets - one level funded - on with 10% cut	2/4/2009		
Budget salary workshops with Finance & Departments	2/10/2009	to	2/19/2009
Departments compile budget information & submit to Finance	2/10/2009	to	3/3/2009
Data Entry by Finance	2/13/2009	to	3/6/2009
Budget Review By Mayor, Finance, Department Heads	3/19/2009	to	4/30/2009
School Committee Review of School Budget	5/11/2009	to	6/8/2009
Budget Review By Mayor & Finance Director to Balance Budget	5/1/2009	to	6/2/2009
Final School Budget to Finance Department for processing for City Council	5/29/2009		
Finance Director Finalizes FY10 Revenue/Expenditures - Balances Budget	6/2/2009		
Finance Department Prepares Final Budget for City Council	6/2/2009	to	6/4/2009

## City Council

Council receives budget	6/4/2009		
Oral Budget Presentation to Council	6/4/2009		
Administration & Finance budget review process	6/15/2009	to	6/29/2009
City Council Vote on City Budget	6/25/2009		
City Council Vote on FY 2010 Capital Improvement Plan	7/16/2009		

# Budget Overview

## Fiscal Year 2010 Budget Overview & Timeline

On January 22, 2009, the Finance Department sent out budget packages to each department requesting that they provide a FY 2010 budget using two budget scenarios. The first scenario required each department to level fund their FY 2010 budget based on the adopted FY 2009 budget. The second scenario required each department to submit a budget based on a 10% reduction of the adopted FY 2009 budget. Each department was instructed to update their personnel sheets, budget detail sheets and operating budget cover sheets using these two scenarios.

The departments were also required to complete their FY 2010 Mission Statement and Goals, Budget Detail Reports, and Revolving Fund budgets (if applicable). In March 2009, the Finance Department received back our Government Finance Officers Association (GFOA) Budget Award package for our FY 2009 budget. This package included feedback for different criteria required by the GFOA in order to receive the Distinguished Budget Presentation Award. One of the requirements of the award was performance measures for the organization both at the City level and at the departmental level. The Finance Department then sent out a letter to the departments requesting that they also submit performance measures for each of their department to be submitted by March 27, 2009.

The FY 2010 budgets were entered into the cities computerized system by the finance department using the level funded budget figures. Copies of the level funded operating budget were printed for each department and included the personnel and non-personnel sections with both scenarios. A complete copy of the proposed budgets was prepared for the Mayor, Chief Administrative Aide, Finance Director, and the Assistant Finance Director.

At the same time, the Finance Director prepared the five year forecast, capital improvement plan for FY 2010, as well as a preliminary FY 2010 budget using the Governor proposed state aid figures, estimated local revenue, Real Estate & Personal Property tax revenue estimates, and the level funded budget figures submitted by the departments.

During March and April, the Mayor, Chief Administrative Aide, Finance Director, and the Assistant Finance Director met with each department head to discuss their budgets and the impact of a 10% cut on each department, their capital improvement needs, and the possibility of revenue reductions at the state level that would affect the FY 2010 budgets.

Due to the uncertainties at the State regarding the local revenue figures that would be allotted to each municipality, the School Department held off its normal March and April meetings to discuss the upcoming budget year. In May, the School Committee starting meeting with the School Superintendent, School Business Manager and School Department Heads to review and approve the School budget for submission to the City Council.

In mid May, the City received State Senate local aid figures that we used to update the budget and determine what reductions were necessary to provide a balance budget to the City Council. The Mayor's Office and Finance Department reviewed each department's budget to determine which cuts would have to be made while trying to minimize the adverse effects of the operations within the City.

Once the budget was balanced, the Finance Department then undertook the task of preparing the proposed FY 2010 budget for the City Council. All information had to be checked carefully for accuracy and consistency. It was also important to ensure that the budget contained all of the information that was necessary for the City

Council to make an informed decision regarding the finances and the budget of the City of Salem for the FY 2010.

On June 4, 2009, a balanced FY 2010 budget was submitted to the City Council for their review and approval. The budget was then accepted by the Council of the Whole and recommended to be put into the Committee of Administration and Finance for their review and approval. During the month of June the City Council subcommittee on Administration and Finance met with each department head, Mayor, Administrative Aide, Finance Director, and Assistant Finance Director to review each departmental budget. On June 25, 2009 the budget was received back into the City Council Committee of the Whole for their final approval and vote. A final vote was taken to approve the FY 2010 budget 10 yes, 0 no, and 1 absent.

On July 6, 2009, a special council meeting was held to discuss funding the educational incentive for Police Officers also known as the Quinn Bill. Since the state did not fully fund this incentive as they had in previous years, the police budget was cut to meet the City's ½ and the additional 64K of state funding. The Mayor submitted a council order for \$125,000.00 to increase the educational incentive in the police budget. This will not fully fund the educational incentive, but will add to the amount budgeted. The mayor is still working with the Police Unions to resolve the unfunded balance. The City Council voted to approve the additional funds to the FY 2010 budget.

On July 16, 2009, the City Council voted to accept the FY 2010 Capital Improvement Projects submitted to them in June.

## **The Budget and Appropriation Process**

The budget document is the instrument used by the budget-making authority to present a comprehensive financial program to the appropriating body. The legalistic view is that a budget is a plan of financial operation embodying an estimate of proposed expenditures for a given period of time and the proposed means of financing them. In a much more general sense, budgets may be regarded as devised to aid management to operate an organization more effectively. In the general sense, budgets are the financial expression of plans prepared by managers for operating an organization during a time period and for changing its physical facilities and its capital structure.

The budget preparation process for all Cities is governed by Massachusetts General Law (MGL) Ch. 44. The General Laws require that the budget be supported by revenues earned during the year plus any savings from prior years. The General Laws also requires public involvement in the process, including the requirement for a public hearing on the proposed budget.

The Mayor provides leadership in the budget process by developing budgetary policy and working closely with department heads and the City Council to assure that the process identifies community needs and priorities and develops a farsighted and well crafted plan. The Mayor initiates the budget process that provides the policy context for identification of priorities and development of initiatives.

Within 170 days after the annual organization of the city government (which is ordinarily in early January), the Mayor is required to submit a budget of proposed expenditures for the fiscal year beginning on the next July 1. The City Council may make appropriations for the recommended purposes and may reduce or reject any item. Without a recommendation of the Mayor, the City Council may not increase any item or make an appropriation for a purpose not included in the proposed budget (except by a two-thirds vote in case of the failure of the Mayor to recommend an appropriation for such a purpose within 7 days after a request from the City Council). If the City Council fails to act on any item of the proposed budget within 45 days, that item takes effect.

If the Mayor does not make a timely budget submission, provision is made for preparation of a budget by the City Council. Provision is also made for supplementary appropriations upon recommendation of the Mayor.

Enterprise Fund expenditures are required to be included in the budget adopted by the City Council. The school budget is limited to the amount appropriated by the City Council, but the school committee retains full power to allocate the funds appropriated.

Under certain circumstances and subject to certain limits and requirements, the city council of a city, upon the recommendation of the Mayor, may transfer amounts appropriated for the use of the department (except for a municipal light department or a school department) to another appropriation for the same department or for the use of any other department.

Commencing September 1, 1992, the City established enterprise funds in accordance with Chapter 44, Section 531F 1/2, of the General Laws for the City's water and sewer services.

The Finance Department prepares budget packages for each department in January. The Mayor has a City wide budget meeting, attended by all department heads and finance personnel, concerning a general overview of the state of the economy, and to outline specific guidelines dictating the preparation of individual department budgets. In consultation with the Finance Department, each department then prepares an operating budgets and a mission statement outlining the projected goals for the future. These operating budgets are submitted to the Finance Department for review and entry into the computerized accounting system. The budgets are then prepared for the Mayor's review.

In March and April, each department head meets with the Mayor, Finance Director, and Assistant Finance Director to review their proposed budgets and program changes for the coming year. As the proposed budgets are reviewed by the Mayor, the budgets submitted may be adjusted based on the individual needs of each department. During the month of April, the Mayor finalizes the Annual Budget document for submission to the City Council. The proposed budget documentation is prepared by the Finance Department. The City Council accepts the budget and submits it to the subcommittee on Administration and Finance. The City Council Subcommittee on Administration and Finance then holds subcommittee meetings with the Mayor, Finance Director, Assistant Finance Director, and Department heads to review each departmental budget. The budget must be approved by a majority vote of the City Council within 45 days of receipt of the budget, but no later than June 30th of each year.

The school department budgets are prepared by the Superintendent of Schools and the School Business Manager. The school budget is reviewed and approved by the School Committee, and subsequently submitted to the City Finance Department for inclusion in the City Budget presented to the City Council for approval and appropriation.

## **BASIS OF BUDGETING**

The City of Salem uses a simplistic approach to budgeting called *Incremental Budgeting*. In essence, an incremental budget is derived from the current year's budget by adding amounts expected to be required by salary and wage increases and increases in the cost of supplies and equipment to be purchased; decreases would result from shrinkage in the scale of operations forced by pressures such as spending limitations mandated by the electorate (for example Proposition 2 ½ passed by Massachusetts voters in 1980) or cuts in capital equipment purchases. Incremental budgeting focuses largely on resource inputs and typically uses the line-item budget format in which the focus is on departmental expenditures for specified purposes, or objects, such as personnel, supplies, equipment, and travel.

## **WHAT IS A BALANCED BUDGET?**

A budget is considered in balance when revenues are equal to, or exceed expenditures. This is a requirement of all Massachusetts communities.

## THE BUDGET FORMAT

The budget summary contains summary totals from all operating segments. The revenue section details revenue sources with expected trends. Each departmental section contains a department mission statement and financial data relating to the entire department, including personnel detail. The enterprise section includes revenue and expenditure trends of the self-sustaining enterprise funds along with departmental goals. The CIP section details all expected capital program outlays in the current fiscal year, as well as a summary of the next following years.

## OTHER BUDGET ITEMS

**Budget Amendments** – Any increase to the budget or budget transfers (either between personnel and non-personnel line items or between departments), must be submitted to the City Council by the Mayor for approval.

## BUDGET GOALS

**Policy Driven Planning:** The budget is developed based upon community values and key City strategic financial and program policies. The City's Five Year Financial Forecast provides the nexus between the long-term financial plan and budgetary development. The plan includes a comprehensive multi-year projection of the financial position and budget projections, including documentation of revenue and cost assumptions and projections.

**Program of Services for the Community:** The budget is designed to focus on financial information and missions and goals that have value added outcomes to the community through City services. The Mayor and the City Council will use the City's fundamental principles as a basis for allocation choices and policy discussions. It also provides a basis for measuring progress toward goals during the budget period.

**Financial Plan of Allocation and Resource Management:** The budget establishes the plan and legal appropriations to allow the City to operate during the fiscal year. The budget provides specific direction for departments and agencies for management of resources. It also provides broad goals related to the City's overall financial position and identifies business decisions required to keep the City financially viable and strong. It is developed using all available financial and planning reviews, including the Five Year Financial Forecast and the five-year rolling Capital Improvement Program.

**Communication Tool:** The budget is intended to communicate to a broad range of readers, both locally and around the region, as well as the larger governmental and financial community. The budget expresses priorities and goals, assignments and plans, targets and hopes. It is a key statement of City priorities, and is meant to provide confidence in, and confirmation of, the Ordinance mandated Mayor form of government.

## BASIS OF ACCOUNTING

### FUND ACCOUNTING

Fund accounting is an accounting system organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Resources are allocated to and accounted for in individual funds based upon purposed for which

they are to be spent and the means by which spending activities are controlled. Fund accounting is used by states and local governments and by not-for-profit organizations that need to account for resources the use of which is restricted by donors or grantors.

## **TYPES OF FUNDS**

There are seven types of funds that should be used, as needed, by state and local governments, both general purpose and limited purpose. The types of funds are as follows:

### **Governmental Funds**

1. ***The General Fund*** – The General Fund is the major operating fund of municipal governments, and it accounts for the vast majority of municipal operations. The General Fund is supported by revenues from real estate and personal property taxes, state and federal aid, excise taxes, investment income, fines and forfeitures, and fees and charges. Most of the municipal departments, including the schools, are supported in whole or in part by the General Fund.
2. ***Special Revenue Funds*** – to account for the proceeds of specific revenue sources (other than expendable trust or for major capital projects) that are legally restricted to expenditures for specific purposes. These funds are used mostly for donations, state, federal, and other intergovernmental revenue and expenditures.
3. ***Capital Projects Funds*** – to account for financial resources to be used for the acquisition or construction of major capital facilities – other than those financed by proprietary funds and trust funds.
4. ***Debt Service Funds*** – to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

### **Proprietary Funds**

5. ***Enterprise Funds*** – to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.
6. ***Internal Service Funds*** – to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

### **Fiduciary Funds**

7. ***Trust and Agency Funds*** – to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (a) expendable trust funds, (b) nonexpendable trust funds, (c) pension trust funds, and (d) agency funds.

**Accrual Basis in Governmental Accounting-** The modified accrual basis of accounting, as appropriate, should be utilized in measuring financial position and operating results.

***Governmental fund*** revenues and expenditures should be recognized on the modified accrual basis. Revenues should be recognized in the accounting period in which they become available and

measurable. Expenditures should be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

**Proprietary fund** revenues and expenses should be recognized on the accrual basis. Revenues should be recognized in the accounting period in which they are earned and become measurable; expense should be recognized in the period incurred, if measurable.

**Fiduciary fund** revenues and expense or expenditures (as appropriate) should be recognized on the basis consistent with the fund's accounting measurement objective. Nonexpendable trust and pension trust funds (and investment trust funds) should be accounted for on the accrual basis; expendable trust funds should be accounted for on the modified accrual basis. Agency fund assets and liabilities should be accounted for on the modified accrual basis.

**Transfers** should be recognized in the accounting period in which the interfund receivable or payable arise.

**Fund Balance & Fund Equity** – The arithmetic difference between the amount of financial resources and the amount of liabilities recorded in the fund is the FUND EQUITY. Residents of the governmental unit have no legal claim on any excess of liquid assets over current liabilities; therefore, the Fund Equity is not analogous to the capital accounts of an investor-owned entity. Accounts in the Fund Equity category of the General Fund and special revenue funds consist of reserve accounts established to disclose that portions of the equity are not available for appropriation (reserved or designated); the portion of equity available for appropriation is disclosed in an account called FUND BALANCE.

## Annual Audits

At the close of each fiscal year, state law requires the City of Salem to publish a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), and that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, the City of Salem has been audited by the firm of Powers & Sullivan, Certified Public Accountants, of Wakefield, Massachusetts. A copy of the FY 2008 CAFR and prior fiscal year financial statements can be found on the City's website at [http://www.salem.com/Pages/SalemMA\\_Finance/Financials](http://www.salem.com/Pages/SalemMA_Finance/Financials).

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Salem, Massachusetts (the City) are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2008, can be found in the City's Comprehensive Annual Financial Statement (CAFR) at the website listed above.

## **Reporting Entity**

For financial reporting purposes, the City has included all funds, organizations, agencies, boards, commissions and institutions. The City has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the City (the primary government) and its component units. One entity has been included as a component unit in the reporting entity, because of the significance of its operational and/or financial relationship.

***Blended Component Units*** – Blended component units are entities that are legally separate from the City, but are so related that they are, in substance, the same as the City, or entities providing services entirely or almost entirely for the benefit of the City. The following component unit is blended within the Fiduciary Funds of the primary government:

The Salem Contributory Retirement System (the System) was established to provide retirement benefits to City employees, the Salem Housing Authority employees, the South Essex Sewerage District employees, the Salem-Beverly Water Supply Board employees, the North Shore Regional Vocational School employees and their beneficiaries. The System is governed by a five-member board comprised of the Finance Director (ex-officio), two members elected by the System's participants, one member appointed by the Mayor and one member appointed by the other board members. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements.

The City is a member of the South Essex Sewerage District (the District), a joint venture with the Cities of Salem and Beverly and the Towns of Danvers and Marblehead, for the operation of a septage disposal facility. The members share in overseeing the operations of the District. Each member is responsible for its proportionate share of the operational costs of the District, which are paid in the form of assessments. As of June 30, 2008, the City's equity interest in the operations of the District totaled \$1,113,183, which is recorded in the Sewer Enterprise Fund. Complete financial statements for the District can be obtained by contacting them at 50 Fort Avenue, Salem, MA 01970.

The City is a member of the Salem-Beverly Water Supply Board (Water Board), a joint venture with the City of Beverly for the operation of a water distribution system. The City does not have an equity interest in the Salem-Beverly Water Supply Board. The annual assessment from the Water Board for the fiscal year ended June 30, 2008 totaled approximately \$2,141,000. Complete financial information for the Water Board can be obtained by contacting them at 50 Arlington Avenue, Beverly, MA 01915.

## **Availability of Financial Information for Component Units**

The Salem Contributory Retirement System does not issue separate audited financial statement. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 20 Central Street, Suite 110, Salem, Massachusetts 01970.

## **Government-Wide and Fund Financial Statements**

### **Government-Wide Financial Statements**

The government-wide financial statements (i.e., statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

### **Fund Financial Statements**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and displayed in a single column.

#### *Major Fund Criteria*

Major funds must be reported if the following criteria are met:

- If the total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Internal service funds and fiduciary funds are reported by fund type.

## **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

### **Government-Wide Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of inter-fund activity has been removed from the government-wide financial statements. However, the effect of inter-fund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

## **Fund Financial Statements**

**Governmental** fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for un-matured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after fiscal year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *stabilization fund* is a special revenue fund used to account for the accumulation of resources to be used for general and/or capital purposes upon approval of City Council.

The *school capital projects fund* is used to account for the ongoing construction and renovations of the City's school buildings.

The non-major governmental funds consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the *non-major governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise Funds).

The *permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

**Proprietary** fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The following major proprietary funds are reported:

The *sewer enterprise fund* is used to account for the sewer activities.

The *water enterprise fund* is used to account for the water activities.

The *golf course enterprise fund* is used to account for the golf course activities.

The *parking activities enterprise fund* is used to account for parking activities.

The *trash enterprise fund* is used to account for the solid waste disposal activities.

Additionally, the following proprietary fund type is reported:

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to retirees' health insurance.

**Fiduciary** fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting except for the Agency Fund, which has no measurement focus. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

The *pension trust fund* is used to account for the activities of the System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries.

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions

and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The donor restrictions and trustee policies only allow the trustees to authorize spending of the realized investment earnings. The City's educational scholarships and housing subsidy trust funds are accounted for in this fund.

The *agency fund* is used to account for assets held in a purely custodial capacity. The City's agency funds consist primarily of payroll withholdings, police and fire details, escrow deposits and unclaimed property.

### **Government-Wide and Fund Financial Statements**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

# PERFORMANCE MANAGEMENT & MEASURERS

The Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award program requires all submitting agencies to incorporate Performance Management and Performance Measurers into their budget. The City of Salem is currently working to incorporate some of those ideas and strategies as part of the overall operation and management of the City.

One step the City of Salem has taken was to conduct a survey on the City's website ([www.salem.com](http://www.salem.com)) that allowed all citizens of Salem to voice their opinions on various issues. The survey was conducted during the month of April, 2009. The results of that survey follow this overview.

## What is Performance Management

Performance management is a logical and integrated approach to all aspects of the cycle of planning, budgeting, operations and evaluations that is based on data and analysis, for the purpose of continuously improving results. Performance management is:

- Data driven – using reliable, verifiable and relevant data.
- Outcome oriented – focused primarily on results, less on inputs and outputs.
- Citizen focused – based on community needs.
- Logically aligned – mission, goals, objectives, measurers, responsibilities are integrated.
- Transparent – information is available and understandable by outsiders and insiders alike.
- Sustainable – survives leadership changes.
- Learning, improvement and accountability driven.

Performance measurement has become increasingly prevalent in local government, yet most government managers still struggle with the fundamental question of what to do with performance measurement data when they have it. Management teams want to know how they can incorporate performance measurement into their management and decision making processes. Rather than simply reporting performance results, performance based management focuses on linking performance measurement to strategic planning and using it as a lever for cultural change. By creating a learning environment in which performance measures are regularly reviewed and discussed, organization can improve the pace of learning and decision making, improve performance, and facilitate broader cultural change.

## Where to get more information

The information above was obtained from the GFOA website ([www.gfoa.org](http://www.gfoa.org)) and more information on performance management and measurers is available on that website.

### GFOA Recommended Practices:

Budgeting for Results and Outcome (2007):

<http://www.gfoa.org/downloads/budgetingforresults.pdf>

Performance Management: Using Performance Measurement for Decision Making (2002 and 2007):

<http://www.gfoa.org/downloads/budgetperfmangement.pdf>

## City of Salem Survey - April 2009

Total Started Survey:	1120	
Total Completed Survey:	982	87.7%

### Living in Salem

1 Using the scale below, how do you rate Salem as a place to live?

Not a Great Place to Live	34	3.0%
An Average Place to Live	368	32.9%
A Great Place to Live	718	64.1%

Total 1120  
Skipped Question 0

### Neighborhood Life

2 Using the scale below, how do you rate your particular neighborhood as a place to live?

Not a Great Place to Live	80	7.2%
An Average Place to Live	385	34.5%
A Great Place to Live	650	58.3%

Total 1115  
Skipped Question 5

### Recommend Salem

3 Would you recommend Salem as a place to live?

Yes	1007	90.4%
No	107	9.6%

Total 1114  
Skipped Question 6

### City Services

4 Using the scale below, please rate how important you feel the following City services are.

		Not at all Important	Somewhat Important	Very Important	N/A	Count
Police	Percentage	22 2.0%	31 2.9%	151 13.9%	878 80.8%	4 0.4%
Fire	Percentage	22 2.0%	35 3.2%	154 14.2%	871 80.2%	4 0.4%
Education	Percentage	10 0.9%	57 5.2%	180 16.6%	811 74.7%	28 2.6%
Public Maintenance & Cleanliness	Percentage	5 0.5%	24 2.2%	316 29.1%	737 67.9%	4 0.4%
Recreation & Community Services	Percentage	45 4.1%	172 15.8%	444 40.9%	422 38.9%	3 0.3%
Trash Collection	Percentage	8 0.7%	67 6.2%	403 37.1%	601 55.3%	7 0.6%
Recycling	Percentage	37 3.4%	137 12.6%	329 30.3%	578 53.2%	5 0.5%
Roadway & Infrastructure Repairs	Percentage	7 0.6%	41 3.8%	348 32.0%	684 63.0%	6 0.6%
Public Health	Percentage	42 3.9%	149 13.7%	353 32.5%	538 49.5%	4 0.4%

Answered Question 1086  
Skipped Question 34

## City of Salem Survey - April 2009

### Important Issues

The city of Salem has identified its involvement in the following issues as important to the future of Salem. Using the scale below, please rate how important you feel the following issues are:

	Not at all Important	Somewhat Important	Important	Very Important	N/A	Count
Renewable Energy and Energy Efficiency Initiatives	43	133	343	545	2	1066
<i>Percentage</i>	<b>4.0%</b>	<b>12.5%</b>	<b>32.2%</b>	<b>51.1%</b>	<b>0.2%</b>	
Maintenance and Upgrade of Public Infrastructure (roads, parks, water & sewer, etc.)	2	41	329	692	2	1066
<i>Percentage</i>	<b>0.2%</b>	<b>3.8%</b>	<b>30.9%</b>	<b>64.9%</b>	<b>0.2%</b>	
Supporting the Growth of New and Existing Businesses	27	85	360	591	3	1066
<i>Percentage</i>	<b>2.5%</b>	<b>8.0%</b>	<b>33.8%</b>	<b>55.4%</b>	<b>0.3%</b>	
Providing Improved Recreational Opportunities for Youth and Adults	67	246	490	262	1	1066
<i>Percentage</i>	<b>6.3%</b>	<b>23.1%</b>	<b>46.0%</b>	<b>24.6%</b>	<b>0.1%</b>	
Offering a Quality Public Education	9	74	252	719	12	1066
<i>Percentage</i>	<b>0.8%</b>	<b>6.9%</b>	<b>23.6%</b>	<b>67.4%</b>	<b>1.1%</b>	
Providing a Supportive Environment for Tourism, Arts and Cultural Opportunities	41	163	414	445	3	1066
<i>Percentage</i>	<b>3.8%</b>	<b>15.3%</b>	<b>38.8%</b>	<b>41.7%</b>	<b>0.3%</b>	
Building a New, State of the Art Senior Community Center	211	399	292	149	15	1066
<i>Percentage</i>	<b>19.8%</b>	<b>37.4%</b>	<b>27.4%</b>	<b>14.0%</b>	<b>1.4%</b>	
Pursuing Options to Reginalize and Combine City Functions	106	297	378	263	22	1066
<i>Percentage</i>	<b>9.9%</b>	<b>27.9%</b>	<b>35.5%</b>	<b>24.7%</b>	<b>2.1%</b>	
Stabilizing Property Taxes & City Finances	4	77	271	702	12	1066
<i>Percentage</i>	<b>0.4%</b>	<b>7.2%</b>	<b>25.4%</b>	<b>65.9%</b>	<b>1.1%</b>	
Improving Communication between City and Residents	18	146	415	478	9	1066
<i>Percentage</i>	<b>1.7%</b>	<b>13.7%</b>	<b>38.9%</b>	<b>44.8%</b>	<b>0.8%</b>	

Answered Question 1066  
Skipped Question 54

# City of Salem Survey - April 2009

## Effectiveness

6 Using the scale below, please rate how effective the City of Salem is in addressing these same issues:

	Not at all Effective	Somewhat Effective	Effective	Very Effective	Don't Know or N/A	Count
Renewable Energy and Energy Efficiency Initiatives <i>Percentage</i>	137 13.4%	366 35.7%	247 24.1%	46 4.5%	230 22.4%	1026
Maintenance and Upgrade of Public Infrastructure (roads, parks, water & sewer, etc.) <i>Percentage</i>	190 18.5%	485 47.3%	268 26.1%	53 5.2%	30 2.9%	1026
Supporting the Growth of New and Existing Businesses <i>Percentage</i>	73 7.1%	323 31.5%	374 36.5%	125 12.2%	131 12.8%	1026
Providing Improved Recreational Opportunities for Youth and Adults <i>Percentage</i>	57 5.6%	303 29.5%	391 38.1%	110 10.7%	165 16.1%	1026
Offering a Quality Public Education <i>Percentage</i>	100 9.7%	329 32.1%	350 34.1%	97 9.5%	150 14.6%	1026
Providing a Supportive Environment for Tourism, Arts and Cultural Opportunities <i>Percentage</i>	23 2.2%	187 18.2%	494 48.1%	270 26.3%	52 5.1%	1026
Building a New, State of the Art Senior Community Center <i>Percentage</i>	144 14.0%	269 26.2%	247 24.1%	119 11.6%	247 24.1%	1026
Pursuing Options to Reginalize and Combine City Functions <i>Percentage</i>	135 13.2%	303 29.5%	183 17.8%	51 5.0%	354 34.5%	1026
Stablilizing Property Taxes & City Finances <i>Percentage</i>	233 22.7%	360 35.1%	219 21.3%	67 6.5%	147 14.3%	1026
Improving Communication between City and Residents <i>Percentage</i>	120 11.7%	282 27.5%	357 34.8%	213 20.8%	54 5.3%	1026

Answered Question 1026  
Skipped Question 94

# City of Salem Survey - April 2009

## Satisfaction

7 Using the scale below, please rate your satisfaction with the following city services:

		Not at all Important	Somewhat Important	Important	Very Important	N/A	Count
Parking Enforcement	Percentage	151	221	461	109	72	1014
		14.9%	21.8%	45.5%	10.7%	7.1%	
Snow Removal	Percentage	85	257	452	213	7	1014
		8.4%	25.3%	44.6%	21.0%	0.7%	
Road Maintenance & Repair	Percentage	275	423	270	34	12	1014
		27.1%	41.7%	26.6%	3.4%	1.2%	
Traffic Enforcement	Percentage	194	320	402	62	36	1014
		19.1%	31.6%	39.6%	6.1%	3.6%	
Park & Recreation Programs	Percentage	33	201	481	150	149	1014
		3.3%	19.8%	47.4%	14.8%	14.7%	
Senior Center Programs	Percentage	36	124	225	63	566	1014
		3.6%	12.2%	22.2%	6.2%	55.8%	
Overall Cleanliness of City	Percentage	164	375	375	97	3	1014
		16.2%	37.0%	37.0%	9.6%	0.3%	
Police Services	Percentage	56	135	487	297	39	1014
		5.5%	13.3%	48.0%	29.3%	3.8%	
Fire Services	Percentage	24	55	510	340	85	1014
		2.4%	5.4%	50.3%	33.5%	8.4%	
Trash Collection	Percentage	104	160	462	273	15	1014
		10.3%	15.8%	45.6%	26.9%	1.5%	
Recycling	Percentage	54	160	431	350	19	1014
		5.3%	15.8%	42.5%	34.5%	1.9%	
Public Library Services	Percentage	25	77	365	397	150	1014
		2.5%	7.6%	36.0%	39.2%	14.8%	
Appearance & Maintenance of Parks	Percentage	128	313	413	126	34	1014
		12.6%	30.9%	40.7%	12.4%	3.4%	

Answered Question 1014  
Skipped Question 106

## City of Salem Survey - April 2009

### Potential Reform and Revenue Options

With cutbacks in state funding, the City will need to operate differently and more efficiently. Using the 8 scale below, please indicate how you feel about the following revenue options and reform initiatives:

	Not at all Important	Somewhat Important	Very Important	N/A	Count
Privatizing & Outsourcing Certain Services	223 22.2%	320 31.9%	283 28.2%	150 14.9%	28 2.8%
Local Meals Tax	384 38.2%	277 27.6%	232 23.1%	99 9.9%	12 1.2%
Regional Services with Other Communities	107 10.7%	256 25.5%	331 33.0%	295 29.4%	15 1.5%
Layoffs & Reducing Personnel	371 37.0%	363 36.2%	163 16.2%	93 9.3%	14 1.4%
Increase Hotel & Motel Tax	163 16.2%	280 27.9%	332 33.1%	220 21.9%	9 0.9%
Restructure Employee Benefits	134 13.3%	268 26.7%	235 23.4%	339 33.8%	28 2.8%
Offer Less City Services	563 55.5%	282 27.8%	122 12.0%	37 3.6%	10 1.0%
Implement a Citywide Trash Fee	624 62.2%	185 18.4%	110 11.0%	76 7.6%	9 0.9%

Answered Question 1004  
Skipped Question 116

### Communication

Over the past year, would you say the responsiveness of local government has gotten worse, stayed the same, or improved?

Gotten Worse	134	13.4%
Stayed the Same	370	36.9%
Improved	361	36.0%
Don't Know or N/A (Not Applicable)	138	13.8%

Total 1003  
Skipped Question 117

### Overall Experience

10 How would you describe your overall experience with Salem city government?

Very Satisfied	147	14.7%
Satisfied	379	37.8%
Neutral / Don't Have Much Experience	298	29.7%
Dissatisfied	138	13.8%
Very Dissatisfied	40	4.0%

Total 1002  
Skipped Question 118

## City of Salem Survey - April 2009

### City of Salem Resident Survey 2009

**11 How Long have you lived in Salem?**

Less than a year	37	3.7%
1-5 Years	236	23.6%
5-15 Years	242	24.2%
More than 15 Years	486	48.6%

Total 1001  
Skipped Question 119

**12 What neighborhood of Salem do you live in?**

Bridge Street Neck	37	3.7%
Castler Neck	16	1.6%
Downtown Salem	104	10.4%
Gallows Hill	27	2.7%
Historic District	146	14.6%
Highland Avenue	64	6.4%
North Salem	146	14.6%
Salem Common	109	10.9%
Salem Willows	31	3.1%
South Salem	165	16.5%
Witchcraft Heights	56	5.6%
Other	98	9.8%

Total 999  
Skipped Question 121

**13 What is your gender?**

Male	446	45%
Female	553	55%

Total 999  
Skipped Question 121

**14 Do you have children in the Salem Public Schools?**

Yes	151	15%
No	847	85%

Total 998  
Skipped Question 122

**15 What age group do you fall in?**

Less than 18 years old	6	1%
18 - 30 years old	94	9%
31 - 40 years old	256	26%
41 - 50 years old	225	23%
51 - 64 years old	315	32%
65 years old or older	101	10%

Total 997  
Skipped Question 123

**16 Do you own your home or rent?**

Own	820	82%
Rent	149	15%
Other	27	3%

Total 996  
Skipped Question 124

## City of Salem Survey - April 2009

### Open Ended Suggestion

17 If you could make one suggestion to the City to make Salem better what would it be? Please be

Answered Question  
Skipped Question

765	77%
355	36%
Total	1120

### Conclusion

18 Please feel free to offer any additional comments regarding city services that you feel would be useful

Answered Question  
Skipped Question

399	40%
721	72%
Total	1120

# PROPERTY TAX “101” - A TAXPAYERS GUIDE

By Frank Kulik – Director of Assessing, City of Salem, Massachusetts

## Introduction

This information about real estate taxation is designed to explain the process leading to a tax bill and attempts to dispel many of the common misconceptions associated with this often-misunderstood subject. Slightly over half the money needed to fund Salem’s City Government must be raised through property taxation. The remainder of the revenue comes from other sources such as State aid and local receipts.

Massachusetts’s municipal law permits two types of local property taxation – real estate and personal property. Since it affects the greatest number of residents, most public attention is focused on the real estate tax. The following information pertains to the real estate tax.

## Assessed Value & Tax Rate

Every year the Assessing Department adjusts all of the City’s taxable property according to a procedure outlined in Massachusetts General Law. The new “assessed value” is designed to reflect the property’s “full and fair cash value” on the first day of January prior to the December bill on which it first appears. It is important to note, that your assessed value is a year old when it appears on your bill and is *not* intended to be a reflection of the property’s current value. The assessors then “add up” the total assessed value of all of the City’s taxable property.

This year, unlike many years in the past, many property assessments will reflect the downward trend of home sales in calendar year 2007. It is important to remember however, that this downward trend continued through calendar year 2008 and the influence of this drop in value will not be in evidence on the FY2009 tax bill, but will be reflected on your FY2010 bill. Many taxpayers wrongly think that the assessment they see on their bill is the assessor’s opinion of the property’s current value which it is not.

The City’s Finance Department provides the assessors with exactly how much revenue must be raised through property taxation. It is this revenue figure, divided into the total assessed value of the City’s taxable property that determines the basic “equalized” tax rate per \$1000 of assessed value. Some communities use this rate to tax all classes of property – Salem does not.

Since Salem has opted to tax residential taxpayers at a different rate than commercial/industrial taxpayers, the equalized rate information is submitted to the City Council, with a recommendation by the Mayor, and at the “annual classification hearing” it is decided how the tax burden will be apportioned. The two new rates, when applied to the new property values, produce the required total revenue figure and become the tax rates for that fiscal year.

Every three years, subject to the dictates of the Commissioner of Revenue, the City is required to undergo a “recertification” procedure. This is commonly known as a “revaluation year”. In past years, it was at this time that property owners usually saw the greatest change in their property assessments. With the use of computerized mass appraisal systems, most communities, including Salem, now adjust their property assessments on a yearly basis. These assessments closely follow the fluctuations in the marketplace and reflect a property value on the 1<sup>st</sup> of January prior to the bill on which the new assessed value first appears.

## How is Property Value Determined?

The average residential dwelling in Salem gets its new assessment each year from the Assessing Department's analysis of the property market. You could correctly say that the amount your "new neighbors" paid your "old neighbors" for the houses in your area provided the Assessors with the basis for your new assessment. The Assessors program the mass appraisal system with relevant sales information and it generates new values for similar property that did not sell.

In periods when residential property sales information indicates a decline in property value, it is important to understand that your fiscal year assessment is based on sales information that took place more than a year before the new assessment appears on your bill. For instance, the FY2009 assessments are meant to reflect the value of your property on January 1<sup>st</sup>, 2008 and were derived from sales information obtained in calendar year 2007. They *do not* reflect the property's current value. The influence of the market place is always a year behind your annual property assessment. Unlike many "appraisals" that are meant to reflect current value, "assessments" are retrospective and look back in time to "arms length sales" that have already taken place.

Income producing property, such as multi-unit residences or commercial/industrial property is also valued by the mass appraisal system only by a different methodology. Each year the Assessors request "income and expense" information from owners of "income" producing property and develop values based on the "return on investment". Sales and cost aspects of this methodology are important factors but the greatest emphasis is based on income.

## What Makes a Tax Bill Go Up or Down?

Many factors can affect the total amount of your property tax bill and often many influences are at work at the same time. Historically, the yearly cost of running a City increases each year much in the same way the cost of maintaining a household increases each year. If nothing else changed, this increase would more than likely cause your tax bill to go up.

These factors could also contribute to an increase:

- Improvement to a property in the form of an addition, finished basement or attic or other alteration that would increase the property's market value.
- A disproportionate increase in the market value of a particular section of the City when compared to another section.
- The discovery by the assessors of incorrect property information such as an additional apartment unit, bathroom or finished basement that was not recorded on the previous assessment.
- In the case of income producing property, the increase of income versus the cost of doing business.
- Loss of taxable property to tax exempt status thereby diminishing the tax base.
- Loss of commercial/industrial property causing a shift in the tax burden to the residential taxpayer.

These factors could contribute to a decrease:

- A disproportionate decrease in the market value of a particular section of the City when compared to another section.
- The reduction in the value of the property as a result of an alteration made to the structure.
- The deterioration of the property as a result of neglect, disaster or accident.
- In the case of income producing property, either the loss of income or a change in the income expense ratio.
- Reduction of a form of revenue consuming municipal service(s).
- The addition to the tax base of taxable property
- Other forms of budget reduction.

As you can see from the above, there are many dynamics to each tax bill. Any single factor, but usually a combination of factors, will influence the amount of your bill. Although an “average” tax bill can be statistically produced, very few bills would actually reflect the statistical average.

## **What about Proposition 2 ½?**

Simply stated, Proposition 2 ½ says that a community cannot collect any more than 2 ½ % more than the maximum amount it was legally allowed to collect through property taxation in the previous year. This refers to the “total” amount that the City collects from the community and not the “individual” amount it collects from a taxpayer.

## **What is “Growth” and why is it Important**

“Growth,” when referred to by municipal officials, means property eligible for taxation this year that was not there last year. The reason why so much importance is attributable to the “growth figures” is that this infusion of this new found revenue assists in defraying the impact of budget increases on the tax bill.

Large capital building projects normally contribute to the bulk of the growth figures, but the simple addition of a deck to the back of a house is also part of the calculation. The cumulative effect of growth on the City’s economy can often reduce a tax bill by a couple of percent over what it would have been had this “growth” not occurred.

## **What is the “Power Plant” Agreement**

Back in 1997, and as a result of the uncertainties surrounding the deregulation of the electricity generating industry, the City entered into a financial agreement with the operators of the power plant on Fort Avenue. Designed to allow both sides a degree of future financial planning, the agreement outlines a yearly schedule of payments in lieu of calculated tax assessments.

During Fiscal Years 1998-2001, the total remittance amount was \$8.7 million a year. In FY 2002, this amount was reduced to \$7.7 million. In FY 2003 it was again reduced to \$6.7 million, and in FY 2004 – FY 2007 it was reduced to \$5.025 million. Although plans for a plant upgrade were noted in the agreement and procedures for changing the remittance amount addressed, the upgrade did not occur.

The impact the reduction of revenue has on the tax bill is essentially the reverse effect of growth. It was a revenue contribution that was there in previous years that is not there in the ensuing tax years. Because State aid and local receipts are determinants in the amount to be raised from property taxation, the impact does not translate to a dollar for dollar increase, but like growth, can translate to a percent or two on a tax bill.

In December 2008, the City and Dominion Energy, agreed to a three-year payment in lieu of taxes that will provide the City an annual remittance of \$4,750,000.

## **Summary**

Although a community's tax rate or rates are often a measure of comparison by one city to another, your actual tax bill consists of not one but two parts – the tax rate and the property's value assessment. The better comparison would be to compare a similar home, in a like neighborhood and the "bottom line" of an actual tax bill.

Remember, the city's budget and what part of those funds come from property taxation, determine the amount property owners are asked to contribute in the form of their tax bills. The property assessment and tax rate are the mathematical way in which that sum is realized.

The City maintains a "state of the art" computerized mass appraisal system and periodically reviews, through various processes, all its taxable property. The resulting citywide adjustments made to property database assure taxpayers the most equitable distribution of the tax burden Salem tax assessors can provide.

Internet access to this information offers Salem's citizens and taxpayers a clear look at the statistical component of their property assessment and a way to track any discrepancies that might warrant correction now and into the future. Visit [www.salem.com](http://www.salem.com) for more information.

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# RECAP SHEET FY10 Budget MAYOR'S RECOMMENDED BUDGET

	ACTUAL FY 2008 RECAP	ACTUAL FY2009 Recap	ESTIMATED FY2010 Budget	FY09 - FY10 INCREASE (DECREASE)
<b>REVENUES</b>				
<b>PROPERTY TAXES</b>				
PRIOR FISCAL YEAR LEVY LIMIT	61,792,926	64,441,432	67,385,423	2,943,991
2 1/2% Increase	1,544,823	1,611,036	1,684,636	73,600
Current New Growth (Value increases from new building) <i>(FY10 based upon 8 year average of new growth)</i>	1,103,683	1,332,955	894,404	(438,552)
<b>LEVY LIMIT Subtotal (from DOR levy limit sheet)</b>	<b>64,441,432</b>	<b>67,385,423</b>	<b>69,964,462</b>	<b>2,579,039</b>
<b>LOCAL RECEIPTS</b>				
MOTOR VEHICLE	3,350,000	3,370,000	3,070,000	(300,000)
OTHER EXCISE	315,000	401,034	400,000	(1,034)
INTEREST ON TAXES	275,000	332,000	340,000	8,000
IN LIEU OF TAXES	1,280,000	1,280,000	1,280,000	0
CHARGES FOR SERVICES	1,475,000	1,543,000	1,400,000	(143,000)
PARKING FEES	1,840,000	1,700,000	2,200,000	500,000
LICENSES AND PERMITS	525,000	510,000	510,000	0
FINES AND FORFEITS	1,281,000	1,215,000	855,000	(360,000)
INVESTMENT INCOME	200,000	225,000	200,000	(25,000)
MISCELLANEOUS RECURRING INCOME	1,472,000	1,400,000	1,250,000	(150,000)
MISCELLANEOUS NON-RECURRING INCOME	1,430,917	1,750,000	1,750,000	0
<b>Local Receipt Subtotal (pg. 2 recap IIIb. 1)</b>	<b>13,443,917</b>	<b>13,726,034</b>	<b>13,255,000</b>	<b>(471,034)</b>
TRASH ENTERPRISE FUND REVENUE	800,000	800,000	700,000	(100,000)
SEWER ENTERPRISE FUND REVENUE	7,043,383	7,368,529	7,506,675	138,146
WATER ENTERPRISE FUND REVENUE	4,200,196	4,480,396	4,542,798	62,402
<b>Enterprise Fund Subtotal (pg. 2 recap IIIb. 3)</b>	<b>12,043,579</b>	<b>12,648,925</b>	<b>12,749,473</b>	<b>100,548</b>
<b>OTHER REVENUES AND FINANCING SOURCES</b>				
CHERRY SHEET REVENUE (pg. 2 recap IIIa. 1)	23,188,542	24,243,216	21,056,663	(3,186,553)
MASSACHUSETTS SBA PAYMENTS (pg. 2 recap IIIa. 2)	5,140,317	4,369,073	4,369,073	0
FREE CASH FOR PARTICULAR PURPOSE (pg. 2 recap IIIc. 1)	676,602	445,980	0	(445,980)
OTHER AVAILABLE FUNDS APPROPRIATED (pg. 2 recap IIIc. 2)	439,055	1,479,782		(1,479,782)
FREE CASH USED FOR:				0
Level the Tax Rate (pg. 2 recap IIId. 1b.)	550,000	222,900	0	(222,900)
OFS-To Reduce Tax Rate (pg. 2 recap IIId. 4)				0
R/Res - Witch House	168,281	175,267	176,517	1,250
R/Res - Golf Course	509,396	500,000	537,405	37,405
R/Res - Harbormaster	196,900	180,000	233,136	53,136
<b>Estimated State + Other Revenue Subtotal</b>	<b>30,869,093</b>	<b>31,616,218</b>	<b>26,372,794</b>	<b>(4,496,299)</b>
<b>TOTAL REVENUES</b>	<b>120,798,021</b>	<b>125,376,600</b>	<b>122,341,729</b>	<b>(2,287,746)</b>

# **RECAP SHEET** **FY10 Budget** **MAYOR'S RECOMMENDED BUDGET**

	ACTUAL FY 2008 RECAP	ACTUAL FY2009 Recap	ESTIMATED FY2010 Budget	FY09 - FY10 INCREASE (DECREASE)
<b><u>EXPENDITURES</u></b>				
GENERAL GOVERNMENT	4,186,830	4,152,943	3,973,030	(179,913)
PUBLIC SAFETY	15,511,605	15,904,313	15,601,366	(302,947)
PUBLIC WORKS AND FACILITIES	3,074,436	3,069,818	3,039,587	(30,231)
HUMAN SERVICES	837,990	869,965	808,302	(61,663)
CULTURAL AND RECREATIONAL	2,127,825	2,215,505	2,224,856	9,351
DEBT SERVICE -	7,150,355	7,062,696	6,902,222	(160,474)
ASSESSMENT - N.S. REGIONAL VOCATIONAL SCHOOL	1,656,821	1,649,661	1,531,740	(117,921)
MUNI. INSURANCE - CITY ONLY (SCHOOL IN EDU. BDGT.)	326,300	326,300	291,535	(34,765)
EMPLOYEE BENEFITS:				0
SALEM RETIREMENT BOARD ASSESSMENT	7,521,529	7,790,999	8,082,746	291,747
NON-CONTRIBUTORY PENSIONS	143,047	130,692	133,852	3,160
UNEMPLOYMENT COMPENSATION	260,000	230,000	230,000	0
WORKMAN'S COMPENSATION	305,000	305,000	451,295	146,295
GROUP INSURANCE - CITY & SCHOOL COMBINED	10,275,797	10,029,642	10,385,915	356,273
MEDICARE - CITY AND SCHOOL COMBINED	655,000	672,200	696,450	24,250
<b><u>NON GENERAL FUND APPROPRIATIONS (RESERVE FUNDS)</u></b>				0
C.I.P. APPROPRIATION (TO EXISTING FUND)	125,000	75,000	100,000	25,000
RETIREMENT ANTICIPATION STAB FUND (City and School)		400,000	325,000	(75,000)
STABILIZATION FUND - MGL CH 40/5b			0	
<b>City Subtotal</b>	<b>54,157,535</b>	<b>54,884,734</b>	<b>54,777,896</b>	<b>(106,838)</b>
EDUCATION - PUBLIC SCHOOLS	43,040,189	45,876,000	45,876,000	0
<b>Education Subtotal</b>	<b>43,040,189</b>	<b>45,876,000</b>	<b>45,876,000</b>	<b>0</b>
<b>GENERAL FUND SUBTOTAL</b>	<b>97,197,724</b>	<b>100,760,734</b>	<b>100,653,896</b>	<b>(106,838)</b>
SEWER ENTERPRISE FUND BUDGET (NET- INDIRECT COSTS)	6,383,741	6,697,722	6,756,735	59,013
WATER ENTERPRISE FUND BUDGET (NET-INDIRECT COSTS)	3,619,930	3,935,923	3,862,673	(73,250)
TRASH - ENTERPRISE FUND BUDGET	3,225,186	2,600,780	2,584,049	(16,731)
<b>ENTERPRISE SUBTOTAL</b>	<b>13,228,857</b>	<b>13,234,425</b>	<b>13,203,457</b>	<b>(30,968)</b>
<b>SUBTOTAL - GENERAL FUND + ENTERPRISE FUND</b>	<b>110,426,581</b>	<b>113,995,159</b>	<b>113,857,353</b>	<b>(137,806)</b>
<b><u>ADD - OTHER EXPENDITURES:</u></b>				
CHERRY SHEET CHARGES (pg. 2 llc of recap)	6,214,013	6,118,712	6,485,907	367,195
OTHER - Cherry Sheet Offset (pg. 2 llb5 of recap)	96,540	94,447	76,202	(18,245)
Snow and Ice Deficit (pg. 2 llb9 of recap)	11,664	596,181	875,000	278,819
Other Deficits (pg. 2 llb 10 of recap)	1,809,985	616,194	146,191	(470,003)
OVERLAY (Allowance for Abatements)	593,227	729,466	725,296	(4,170)
<b><i>SPECIAL LEGISLATION - FY08 School Department (1/7 of \$1m)</i></b>			<b>175,780</b>	<b>175,780</b>
SUPPLEMENTAL APPROPRIATIONS				0
From Raise and Appropriate (pg. 4 of recap - non school)	488,586	1,086,673		(1,086,673)
From Free Cash (pg. 4 of recap)	676,602	445,980	0	(445,980)
From Other Available Fund (pg. 4 of recap)	439,055	1,479,783		(1,479,783)
<b>SUBTOTAL - OTHER EXPENDITURES</b>	<b>10,329,672</b>	<b>11,167,436</b>	<b>8,484,376</b>	<b>(2,683,060)</b>
<b>TOTAL EXPENDITURES</b>	<b>120,756,253</b>	<b>125,162,595</b>	<b>122,341,729</b>	<b>(2,820,866)</b>
GAP - Levy Limit minus the Net Amount To Be Raised.	<b>41,768</b>	<b>214,005</b>	<b>0</b>	

# Revenue Overview

## General Fund Budget Summary

A key component of the budget development process is the identification of revenue assumptions and projections to determine the range of choices that the Mayor can make in allocating resources. The City's revenue plans attempt to balance the desire to reduce the impact of government cost on the taxpayer, to provide for a relatively stable and diversified revenue portfolio that is not highly subject to economic fluctuations, and to equate the cost of services to the revenues received. Because of the critical nature of this information the revenue analysis and the revenue projections are monitored, updated and presented to the Mayor on a monthly basis. If significant changes in revenue streams were to present the potential for shortfalls, this process would allow for the action(s) to be made in time to maintain fiscal stability.

The City does not have the statutory ability to change rates and formulas for many of its revenue sources. The rates and/or formulas for property tax and certain fines, for example, are set by the State. The City may set user fees, permits and licenses. In 1980, the voters approved a statewide property tax initiative, Proposition 2 1/2. Prop. 2 1/2 established, among several restrictions, a "2 ½ percent cap" on property taxes increases in all local taxing districts in the State.

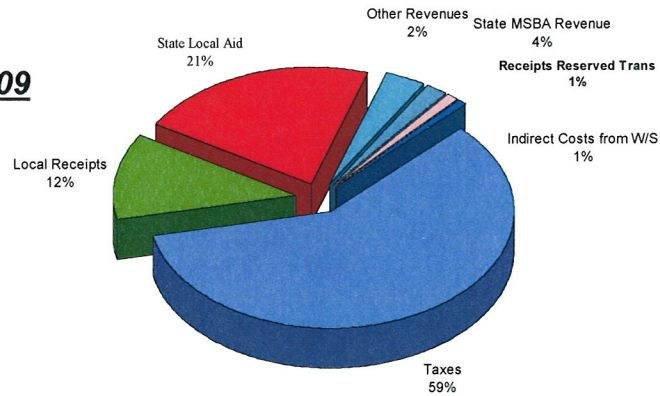
City revenues are divided into six basic categories recommended by the National Committee on Governmental Accounting. The categories are taxes, charges for services, licenses and permits, fines and forfeits, intergovernmental revenue, and miscellaneous revenue. The following pages discuss in detail the City's projections for those categories in FY 2010.

**CITY OF SALEM**  
**REVENUE SUMMARY - GENERAL & ENTERPRISE FUNDS**

	Actual FY 2007	Actual FY 2008	Actual - RECAP FY 2009	Estimated FY 2010	Increase % FY 09 VS FY 10	INCREASE FY 09 VS FY 10
<b>GENERAL FUND</b>						
<b>REAL AND PERSONAL</b>	<b>61,785,514</b>	<b>64,399,664</b>	<b>67,385,423</b>	<b>69,964,463</b>	<b>3.83%</b>	<b>2,579,040</b>
MOTOR VEHICLE	3,179,235	3,390,013	3,370,000	3,070,000	-8.90%	(300,000)
HOTEL EXCISE	282,324	373,655	366,034	365,000	-0.28%	(1,034)
VESSEL EXCISE*	36,203	37,876	35,000	35,000	0.00%	0
INTEREST ON TAXES	266,246	353,952	332,000	340,000	2.41%	8,000
IN LIEU OF TAXES	1,282,516	1,229,435	1,280,000	1,280,000	0.00%	0
CHARGES FOR SERVICES	1,923,414	1,619,899	1,543,000	1,400,000	-9.27%	(143,000)
PARKING FEES	1,713,649	1,651,032	1,700,000	2,200,000	29.41%	500,000
LICENSES AND PERMITS	517,697	510,120	510,000	510,000	0.00%	0
FINES AND FORFEITS	1,085,729	1,222,170	1,215,000	855,000	-29.63%	(360,000)
INVESTMENT INCOME	221,474	321,741	225,000	200,000	-11.11%	(25,000)
MISCELLANEOUS INCOME	248,905	168,417	238,000	200,000	-15.97%	(38,000)
MEDICAID INCOME	1,084,628	1,302,599	900,000	800,000	-11.11%	(100,000)
MEDICAID PART D REIMBURSEMENT	261,809	304,139	262,000	250,000	-4.58%	(12,000)
NON RECURRING	85,169	1,434,840	1,750,000	1,750,000	0.00%	0
<b>TOTAL LOCAL RECEIPTS</b>	<b>12,188,996</b>	<b>13,919,888</b>	<b>13,726,034</b>	<b>13,255,000</b>	<b>-3.43%</b>	<b>(471,034)</b>
NET MA CHERRY SHEET ASST.	21,797,650	22,941,994	24,243,216	21,056,663	-13.14%	(3,186,553)
MSBA REIMBURSEMENTS	5,140,317	5,140,317	4,369,073	4,369,073	0.00%	0
R/RES REDUCE TAX RATE	836,552	874,577	855,267	947,058	10.73%	91,791
OFS/TRANSFERS IN	151,115	1,124,988	2,148,662	-	-100.00%	(2,148,662)
INDIRECT COSTS from W&S	1,195,330	1,239,908	1,289,080	1,430,065	10.94%	140,985
<b>TOTAL OTHER RECEIPTS</b>	<b>29,120,965</b>	<b>31,321,784</b>	<b>32,905,298</b>	<b>27,802,859</b>	<b>-15.51%</b>	<b>(5,102,439)</b>
<b>GENERAL FUND TOTAL</b>	<b>103,095,474</b>	<b>109,641,336</b>	<b>114,016,755</b>	<b>111,022,322</b>	<b>-2.63%</b>	<b>(2,994,433)</b>
<b>ENTERPRISE FUND</b>						
SEWER RATES	6,474,210	6,480,185	7,368,529	7,506,675	1.87%	138,146
SEWER TRANS/OFS	600,000	601,846	600,000	-	-100.00%	(600,000)
<b>TOTAL SEWER</b>	<b>7,074,210</b>	<b>7,082,031</b>	<b>7,968,529</b>	<b>7,506,675</b>	<b>-5.80%</b>	<b>(461,854)</b>
WATER RATES	4,544,171	4,483,929	4,480,396	4,542,798	1.39%	62,402
WATER TRANS/OFS	-	129,990	-	-	-	0
<b>TOTAL SEWER</b>	<b>4,544,171</b>	<b>4,613,919</b>	<b>4,480,396</b>	<b>4,542,798</b>	<b>1.39%</b>	<b>62,402</b>
TRASH FEES	-	780,267	800,000	700,000	-12.50%	(100,000)
TRASH General Fund Subsidy/OFS	-	2,425,186	1,811,834	1,884,049	3.99%	72,215
<b>TOTAL SEWER</b>	<b>0</b>	<b>3,205,453</b>	<b>2,611,834</b>	<b>2,584,049</b>	<b>-1.06%</b>	<b>(27,785)</b>
<b>ENTERPRISE FUND TOTAL</b>	<b>11,618,381</b>	<b>14,901,404</b>	<b>15,060,759</b>	<b>14,633,522</b>	<b>-2.84%</b>	<b>(427,237)</b>
<b>GRAND TOTAL</b>	<b>114,713,855</b>	<b>124,542,740</b>	<b>129,077,514</b>	<b>125,655,844</b>	<b>-2.65%</b>	<b>4,534,774</b>

## ESTIMATED REVENUES GENERAL FUND

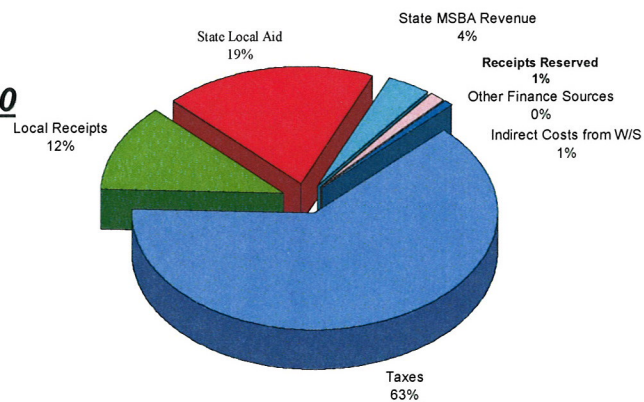
**FY 2009**



**TOTAL \$114,016,755**

## ESTIMATED REVENUES GENERAL FUND

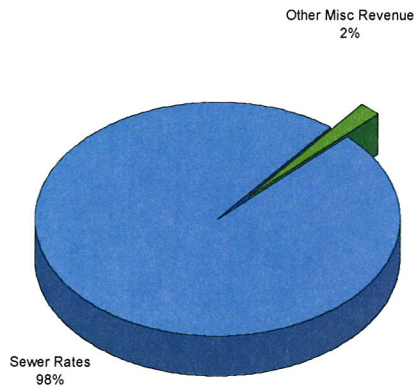
**FY 2010**



**TOTAL \$111,022,321**

## ESTIMATED REVENUES SEWER ENTERPRISE FUND

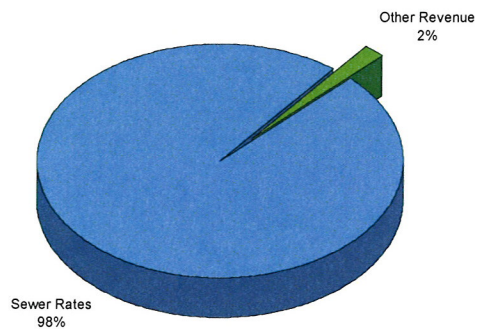
**FY 2009**



TOTAL 7,368,529

## ESTIMATED REVENUES SEWER ENTERPRISE FUND

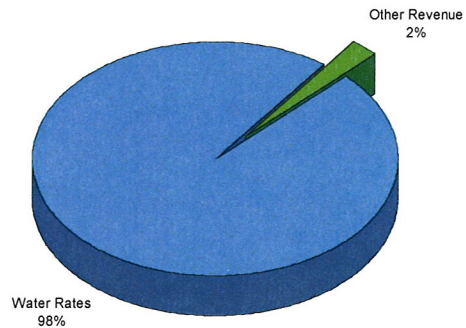
**FY 2010**



TOTAL 7,506,675

**ESTIMATED REVENUES  
WATER ENTERPRISE FUND**

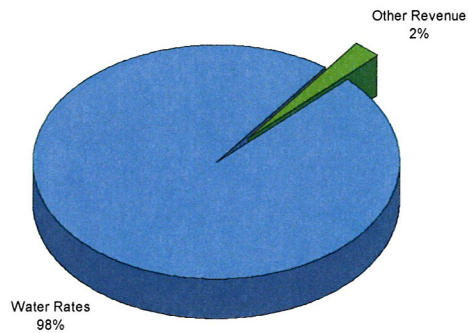
**FY 2009**



**TOTAL \$4,480,396**

**ESTIMATED REVENUES  
WATER ENTERPRISE FUND**

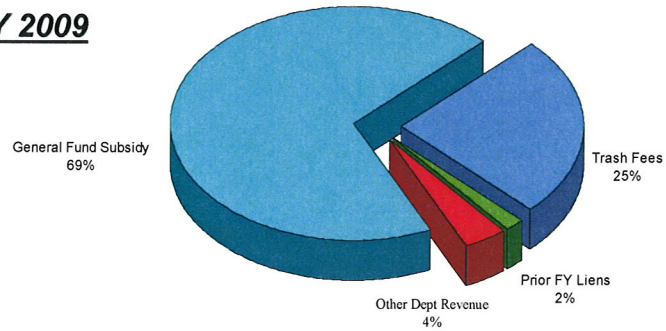
**FY 2010**



**TOTAL \$4,542,798**

## ESTIMATED REVENUES TRASH ENTERPRISE FUND

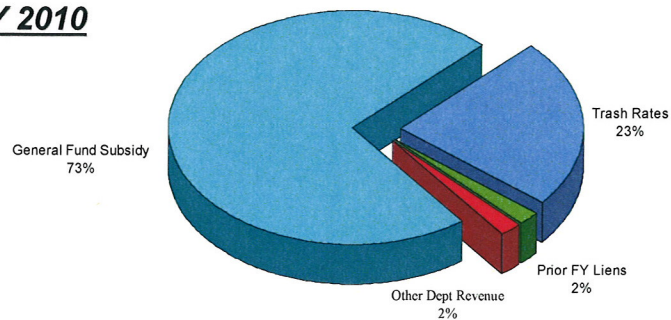
**FY 2009**



**TOTAL \$2,611,834**

## ESTIMATED REVENUES TRASH ENTERPRISE FUND

**FY 2010**



**TOTAL \$2,584,049**

# GENERAL FUND REVENUE DETAIL

## TAXES

### Real and Personal Property Tax

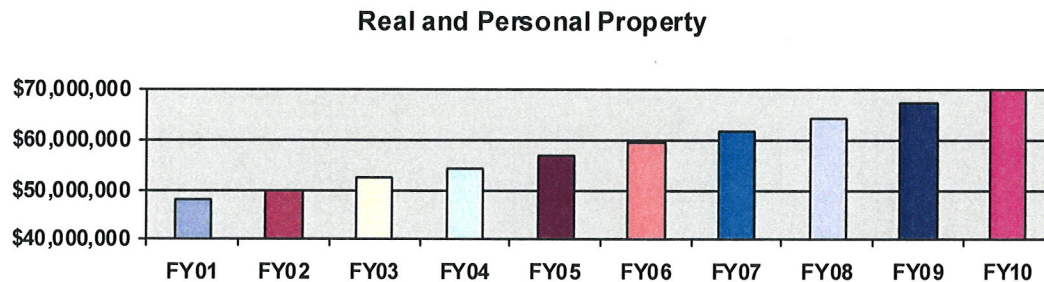
The primary source of revenue for most municipalities in the Commonwealth is real and personal property taxes; however, the property tax as a percentage of all revenues can greatly differ from community to community. For purposes of taxation, real property includes land, buildings and improvements erected or affixed to land and personal property consists of stock, inventory, furniture, fixtures and machinery. The City's Board of Assessors determines the value of all taxable land, which is revalued at fair market value every three years and updated every year. The City of Salem revalued all real property in FY07 adjusting property values to within 90%-100% of market value. The City's Board of Assessors is also responsible for determining the value of personal property through an annual review process.

### Factors influencing property taxes:

There are three major factors that influence the amount of revenue generated by real and personal property taxes:

1. Automatic 2.5% Increase – The levy limit is the maximum amount that can be collected through real and personal property taxes by the municipality. Each year, a community's levy limit automatically increases by 2.5% over the previous year's levy limit. This increase, which does not require any action on the part of local officials, is estimated to be \$2,584,636 for FY 10.
2. New Growth – A community is able to increase its tax levy limit each year to reflect new growth in the tax base. Assessors are required to submit information on growth in the tax base for approval by the Massachusetts Department of Revenue as part of the tax rate setting process. In FY 10, based on an eight year average, new growth is estimated to be \$894,404.
3. Overrides/Exclusions – A community can permanently increase its levy limit by successfully voting an override. Debt and Capital exclusions, on the other hand, are temporary increases in a community's levy limit for the life of the project or debt service. Only a Debt or Capital exclusion can cause the tax levy to exceed the levy limit. The levy limit for Salem for FY09 was \$67,385,423. The levy ceiling is 2.5% of the valuation of the community (EQV-Equalized Value). The ceiling for Salem in FY 09 was \$129,201,505. The levy limit for FY 2010 is \$69,964,462. As the following shows, the City is just at its levy limit for FY10, but has plenty of room under the levy ceiling.

Real and Personal Property – Tax Levy			
Fiscal Year	Revenue	Fiscal Year	Revenue
2001	48,228,340	2006	59,292,238
2002	49,789,935	2007	61,785,514
2003	52,210,909	2008	64,399,664
2004	54,374,223	2009	67,385,423 Per Recap
2005	56,839,329	2010	69,964,463 Estimated
		% Change FY09 vs Fy10	
		3.8%	

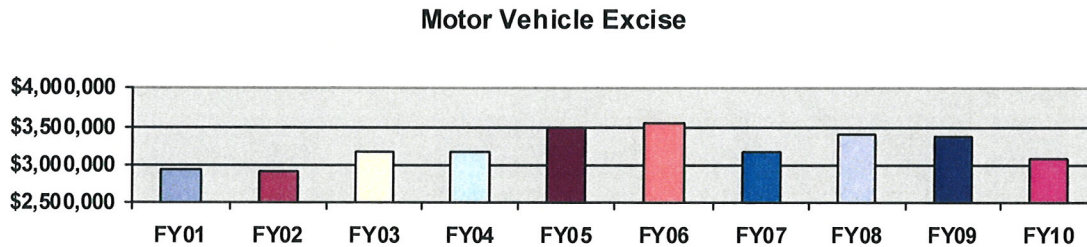


**Motor Vehicle Excise Tax Receipts** – Massachusetts General Law (MGL) Chapter 60A, Section 1 sets the motor vehicle excise rate at \$25 per \$1000 valuation. The City collects this revenue based on data provided by the Massachusetts Registry of Motor Vehicles (RMV). The Registry, using a statutory formula based on a manufacturer's list price and year of manufacture, determines valuations. The City or Town in which a vehicle is principally garaged at the time of registration collects the motor vehicle excise tax.

Those residents who do not pay their excise taxes in a timely manner are not allowed to renew registrations and licenses through a 'marking' process at the RMV. The City of Salem notifies the Registry of delinquent taxpayers, through its deputy collector, who prepares excise delinquent files for the Registry of Motor Vehicles.

We are projecting an -8.9% decrease in this revenue source due do the economical climate and the decrease in new car purchases.

Motor Vehicle Excise			
Fiscal Year	Revenue	Fiscal Year	Revenue
2001	2,925,787	2006	3,540,267
2002	2,901,526	2007	3,179,235
2003	3,176,883	2008	3,390,013
2004	3,178,767	2009	3,370,000 Per Recap
2005	3,485,883	2010	3,070,000 Estimated
		% Change FY09 vs FY10	
		-8.9%	



## OTHER EXCISE

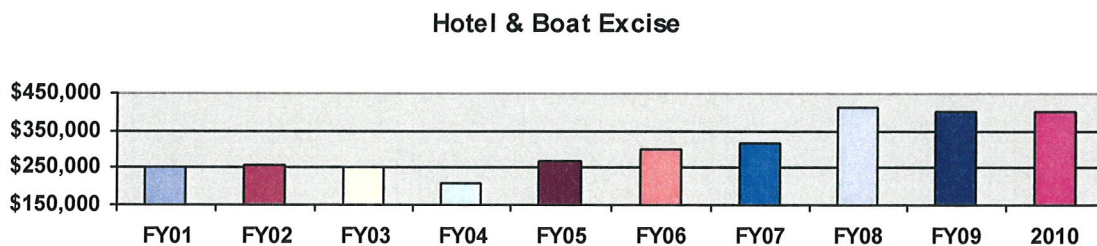
**Hotel Excise** – (Room Occupancy Excise - MGL Chapter 64G) This category includes taxes received through the state that are collected from all hotels, motels, and other lodging houses within the City at a rate up to, but not exceeding, 4% of the total amount of rent for each such occupancy.

Hotel excise for the first three quarters of FY09 have been on target March 2009. Due to the economic climate we are estimating a slight decrease on for estimated hotel revenues for FY10 by -0.3%.

**Boat Excise** – As per MGL Chapter 60B Section 2, boat excise tax is levied by each city and town in each fiscal year on every vessel, and its equipment, for the privilege of using the waterways of the Commonwealth. Based on prior fiscal year trends, we are estimating a decrease in the FY10 estimated revenue for boat excise of -7.6%

For hotel & boat excise tax, the combined overall decrease of receipts for FY10 is projected at -0.3%

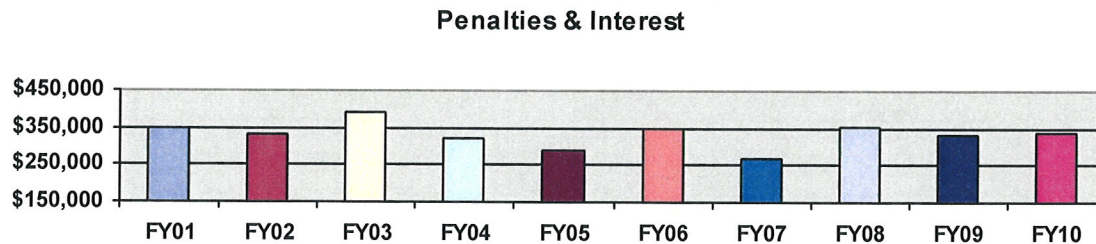
Hotel & Boat Excise				
Fiscal Year	Revenue	Fiscal Year	Revenue	
2001	252,895	2006	301,239	
2002	254,840	2007	318,527	
2003	253,566	2008	411,531	
2004	208,499	2009	401,034	Per Recap
2005	265,418	2010	400,000	Estimated
% Change FY09 vs FY10			-0.3%	



**Penalties and Interest** - This category includes delinquent interest on all taxes and tax title accounts. It also contains demand fees on real and personal property taxes as well as demands and warrants on late motor vehicle excise taxes and boat excise taxes.

Due to economic factors, more taxpayers are falling behind on paying their taxes. In March 2009, the City Council approved a demand fee increase from \$5.00 to \$15.00 on all delinquent taxes and excise. As such, we have realized an increase in demand and interest fees and therefore, we have increased the amount for FY10 by 2.4%.

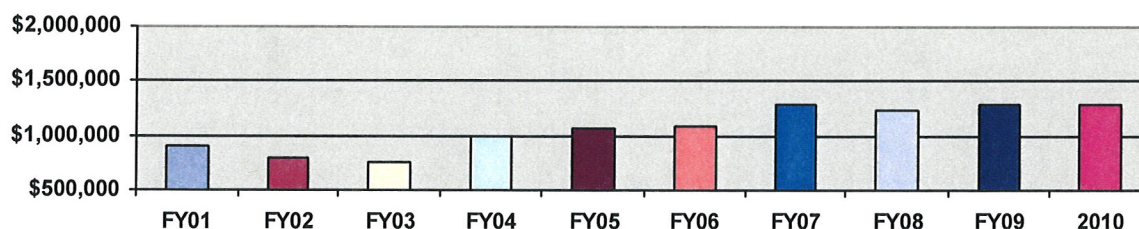
Penalties & Interest					
Fiscal Year	Revenue		Fiscal Year	Revenue	
2001	348,816		2006	350,651	
2002	330,035		2007	266,246	
2003	391,426		2008	353,952	
2004	322,003		2009	332,000	Per Recap
2005	288,874		2010	340,000	Estimated
% Change FY09 vs FY10				2.4%	



**Payment In Lieu Of Taxes (PILOT)** - Many communities, Salem included, are not able to put all the property within its borders to productive, tax generating uses. Federal, state and municipal facilities, hospitals, churches and colleges are examples of uses that are typically exempt from local property tax payments. The City currently has PILOT agreement with several entities, including the South Essex Sewerage District, North Shore Medical Center, and the Salem Housing Authority, Northeast Animal Shelter, as well as some Urban Redevelopment Corporations (MGL Chapter 121A). This revenue stream is fairly predictable and, as such, we have not projected any increase in this revenue source.

Payment in Lieu of Taxes (PILOT)					
Fiscal Year	Revenue		Fiscal Year	Revenue	
2001	902,292		2006	1,088,754	
2002	797,736		2007	1,282,516	
2003	747,706		2008	1,229,435	
2004	997,853		2009	1,280,000	Per Recap
2005	1,073,539		2010	1,280,000	Estimated
% Change FY09 vs FY10				0.0%	

### Payment In Lieu of Taxes (PILOT)



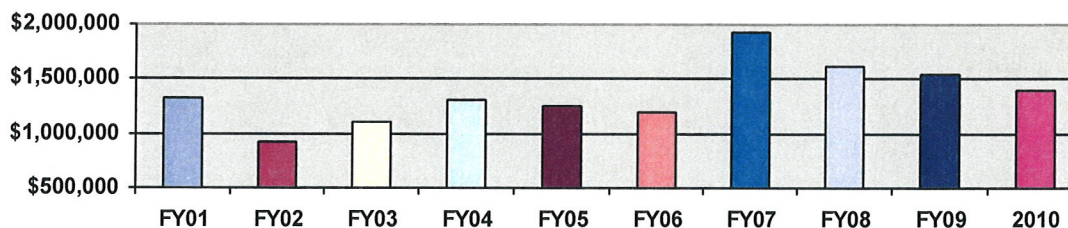
### CHARGES FOR SERVICES / SUMMARY

**Services / Charges / User Fees** – Charges for services are a revenue source to assist municipalities to offset the cost of certain services provided to the community. Some of the fees within this category are board of health fees, building and plumbing permits, electrical fees, engineering inspections as well as park and recreational fees. In FY 2007 the trash fee was also added to this category as well as passport and ferry fees. In FY08 the trash fee was moved to an enterprise fund, however police and fire administrative fees for detail work were added as a new revenue source.

Due to the economic climate we anticipate a 9.3% decrease due to a slowdown in new buildings and home renovations.

Charges for Services			
Fiscal Year	Revenue	Fiscal Year	Revenue
2001	1,316,141	2006	1,198,182
2002	916,975	2007	1,923,414
2003	1,097,503	2008	1,619,899
2004	1,296,431	2009	1,543,000
2005	1,252,781	2010	1,400,000
			Per Recap Estimated
% Change FY09 vs FY10			-9.3%

### Charges for Services

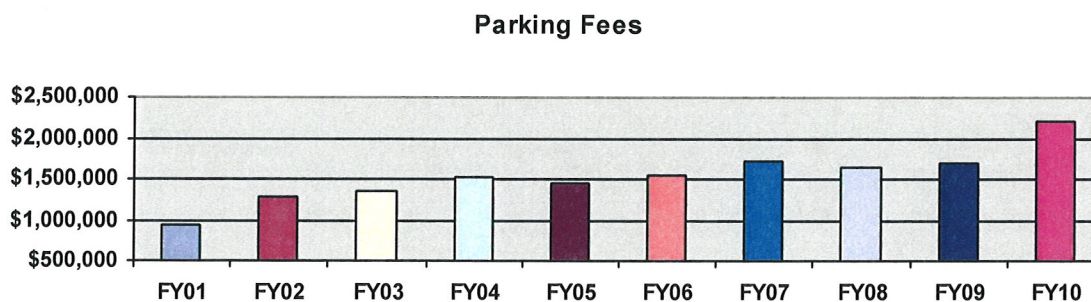


## PARKING FEES / SUMMARY

**Parking Fees** – Parking revenues are from fees charged for parking at the Museum Place Mall Parking Garage, South Harbor Parking Garage, Church Street Lot, and all metered parking. Parking revenues are set by City Ordinance.

Parking fee revenue has fluctuated over the last three years. However, we anticipate new programs such as a per diem fee for construction vehicles at metered spaces and guaranteed parking at the South Harbor Garage that will slightly offset any losses. The City of Salem will be increasing all 1 hour meters to 2 hour meters and increasing the hourly rate from 25 cents per hour to 50 cents per hour. The increase is anticipated to bring in an additional \$500,000 in meter revenue.

Parking Fees			
Fiscal Year	Revenue	Fiscal Year	Revenue
2001	949,247	2006	1,549,832
2002	1,270,928	2007	1,713,649
2003	1,364,076	2008	1,651,032
2004	1,536,390	2009	1,700,000
2005	1,453,089	2010	2,200,000
			Per Recap Estimated
% Change FY09 vs FY10			29.4%



## LICENSES AND PERMITS / SUMMARY

**Licenses & Permits** - License and permit revenue arises from the City's regulation of certain activities (e.g., selling alcoholic beverages). A person or organization pays a license fee to engage in the activity for a specified period. The primary licensing agency in the City is the City Council. All fees are set by one of three methods: State law, City By-Law or Licensing Body.

**Liquor Licenses** - Under Chapter 138 of the General Laws of Massachusetts, the City is empowered to grant licenses regulating the sale of alcoholic beverages. License fees vary depending upon the type of establishment, closing hours, number of days open, and whether the license is for all alcohol or beer and wine. All licenses issued by the City Council, with the exception of short-term and seasonal liquor licenses, have a maximum fee set by State statute.

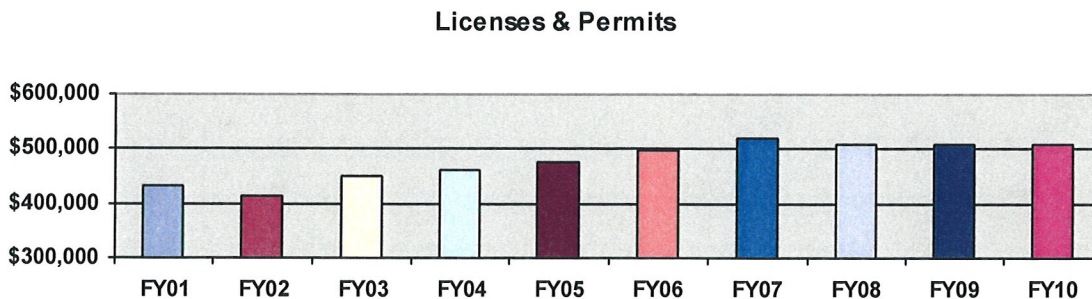
**Entertainment** - Entertainment licenses are issued for live performances, movie theaters, automatic amusement machines, billiard tables, bowling alleys, and several other forms of entertainment.

**City Clerk Licenses & Permits** - The City Clerk issues licenses and permits primarily relating to marriages, births, deaths and dog registrations.

**Other Departmental Permits** - Other Departments issue various permits including smoke detector, LP gas, firearms, and constable fees.

We do not anticipate an increase in license fees although we are looking to see if increases are warranted in comparison to surrounding communities.

Licenses & Permits			
Fiscal Year	Revenue	Fiscal Year	Revenue
2001	430,487	2006	497,478
2002	414,908	2007	517,697
2003	451,279	2008	510,120
2004	461,982	2009	510,000 Per Recap
2005	474,284	2010	510,000 Estimated
		% Change FY09 vs FY10	
		0.0%	



## FINES AND FORFEITS

**Court Fines** – Non-parking offenses result in fines for moving violations. Responding to the community's desires and public safety concerns, the police department has been focused on enforcing speed limits in local neighborhoods. Other moving violations that are included in this category are driving while intoxicated, passing in the wrong lane, and failing to stop at the traffic signal. These fines, collected by the District Court, are distributed to the City on a monthly basis. The City has also begun to explore red light cameras at certain dangerous intersections that are not State roads. This would have a major impact on local receipts, however, the Department of Revenue has addressed this issue in Bulletin 2008-04B and has stated that estimated receipts for these violations can not be allowed

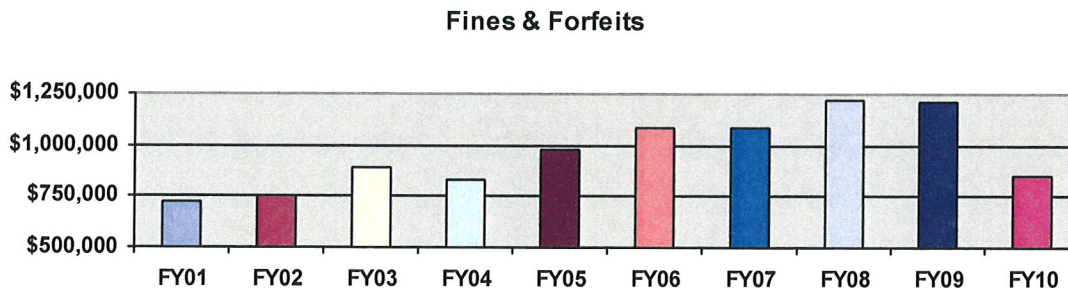
for tax rate setting purposes "...until these procedures under review by state agencies have been ruled upon and until the local government can document that it has properly employed them."

**Parking Fines** - The collection of outstanding parking fines continues to be an important source of revenue to the City. The timely collection of fines has been aided by automation, and by State law that violators are prohibited from renewing their driver's licenses and registrations until all outstanding tickets are paid in full. Like Motor Vehicle Excise, those individuals who do not pay their parking tickets in a timely manner are not allowed to renew registrations and licenses through a 'marking' process at the RMV. The City of Salem notifies the Registry of delinquent fine payers, through its deputy collector, who prepares parking ticket delinquent files for the Registry of Motor Vehicles.

For FY 2010, we are projecting a decrease of approximately \$400,000 in parking fines revenue due to the change in meter times from 1 hour to 2 hours. This decrease is offset by the anticipated increase of \$400,000 in parking fee revenue noted above. Over 75% of parking fines are for overtime meters and we expect those fines to decrease by 50% due to the increase in meter times noted above.

In February 2009, the Police Department purchased a License Plate Detection system that was installed in one of the City's police cruisers. This system scans and detects expired license plates, and licenses plates with 6 or more outstanding parking ticket violations. We do hope to realize some increased court and parking fines from this new system.

Fines & Forfeits			
Fiscal Year	Revenue	Fiscal Year	Revenue
2001	720,340	2006	1,084,428
2002	753,821	2007	1,085,729
2003	892,450	2008	1,222,170
2004	827,151	2009	1,215,000
2005	973,995	2010	855,000
			Per Recap
			Estimated
% Change FY09 vs FY10			-29.6%



## INTERGOVERNMENTAL REVENUE – CHERRY SHEET

**Cherry Sheet** - Every year the Commonwealth sends out to each municipality a "Cherry Sheet", named for the pink-colored paper on which it was originally printed. The Cherry sheet comes in two parts, one listing the State assessments to municipalities for Massachusetts Bay Transportation Authority (MBTA), Charter Schools, RMV non-renewal fees, Retired Teachers Health Insurance, air pollution control districts, and the other State programs; the other section lists the financial aid the City will receive from the State for funding local programs. Each Cherry Sheet receipt is detailed below.

State Cherry Sheet revenue funds are the primary intergovernmental revenue and in the case of many cities, is the single largest source of annual revenue. Cherry Sheet revenue consists of direct school aid, local aid, and specific reimbursements and distributions such as aid to public libraries, veteran's benefits, police career incentives, and a number of school related items. For a complete copy of the Cherry Sheet Manual or the actual Cherry Sheet Local Receipts and/or Assessments go to: <http://www.mass.gov/Ador/docs/dls/cherry/CSManual.pdf>.

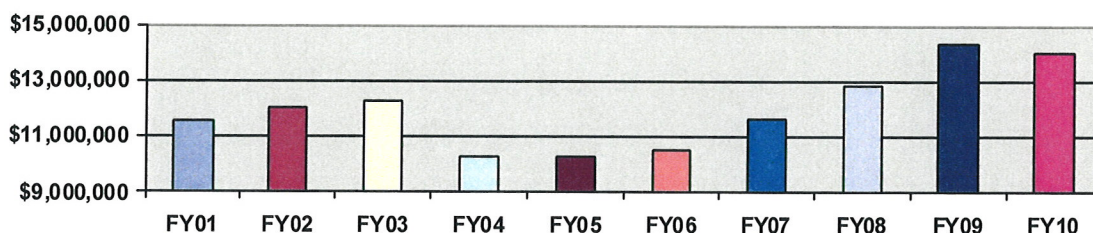
In FY 2009 the State cut revenue to municipalities based on projected revenue shortfalls. The City of Salem had a state revenue reduction totaling \$836,234.00

For the FY 10 budget, the City is anticipating a -13.1% decrease of Cherry Sheet revenues based on the assumptions offered by House Ways & Means Committee Budget. The Cherry Sheet assessments were increased by 4.8%.

**School Aid** - Chapter 70 school aid is based on a complex formula that takes into account: (1) statewide average cost per pupil; (2) local district pupil counts, with weighing factors to reflect varying costs among programs such as special education or vocational education, and (3) municipal fiscal "ability to pay" for education, as measured by equalized valuation per capita as a percent of statewide averages.

Chapter 70 - School Aid			
Fiscal Year	Revenue	Fiscal Year	Revenue
2001	11,563,901	2006	10,536,330
2002	12,078,597	2007	11,648,162
2003	12,334,597	2008	12,876,914
2004	10,290,730	2009	14,371,186
2005	10,290,730	2010	14,083,762
			Per Recap Senate Final
% Change FY09 vs FY10			0.0%

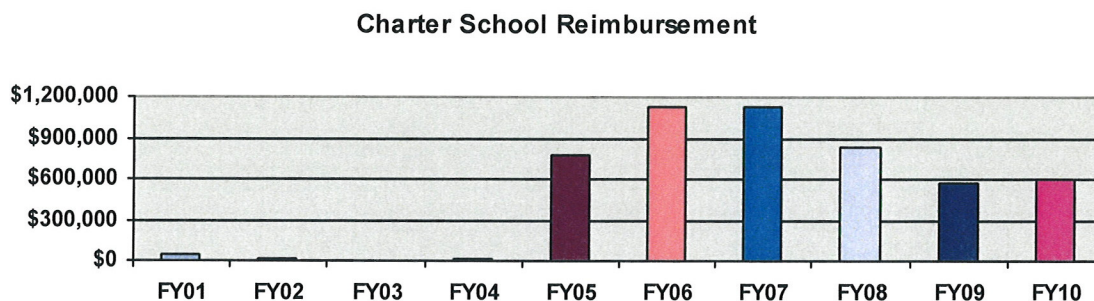
Chapter 70



**Local Aid** - The major non-school state aid items are Lottery Aid, Charter School Tuition Reimbursement and Additional Assistance. These funds are unrestricted and can therefore be used by the municipality for any municipal purpose.

**Charter Tuition Reimbursement** - Under Chapter 71, Section 89, 2004 Chapter 46 of the Acts of 1997 provides for the reimbursement sending districts for the tuition they pay to Commonwealth charter schools. It is a reimbursement for those students that elect to attend a charter school. Sending districts are reimbursed a portion of the costs associated with pupils attending charger schools beginning with the second quarterly distribution. There are three levels to the reimbursement; 100% of the tuition increase in the first year, 60% of the tuition increase in the second year, and 40% of the tuition increase in the third year. In addition, the reimbursement covers 100% of the first-year cost of pupils at charter schools who attend private or independent schools in the previous year. The reimbursement also covers 100% of the cost of any sibling students whose tuition brings a district above it statutory assessment cap of 9% of net school spending. The reimbursement is subject to appropriation in the final budget for the Commonwealth.

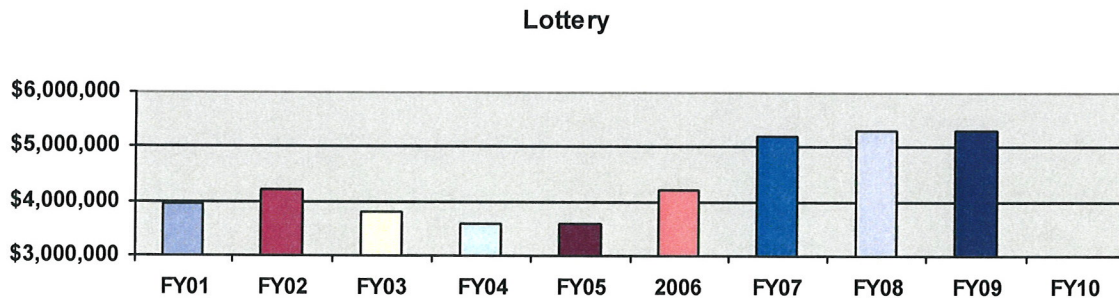
Charter School Reimbursement					
Fiscal Year	Revenue		Fiscal Year	Revenue	
2001	42,066		2006	1,131,218	
2002	13,127		2007	1,128,304	
2003	0		2008	835,700	
2004	13,948		2009	571,722	Per Recap
2005	782,350		2010	593,617	Senate Final
% Change FY09 vs FY10				3.8%	



**Lottery** – Lottery formula is equalizing, with municipalities with lower property values receiving proportionately more aid then those with greater property values. The formula is based on population and Equalized Property Valuation. It should be noted that the state had to supplement of \$701,988.00 in order to level fund lottery aid for FY 2009 (General Fund Subsidy to Lottery).

**NOTE** - In FY 2010 the state has eliminated the Lottery Aid, General Fund Subsidy to Lottery, and Additional Assistance revenue and replaced it with 'General Government Aid'.

Lottery			
Fiscal Year	Revenue	Fiscal Year	Revenue
2001	3,934,399	2006	4,204,299
2002	4,215,255	2007	5,187,791
2003	3,821,129	2008	5,286,837
2004	3,582,967	2009	5,286,837
2005	3,582,967	2010	0
			Per Recap Senate Final
% Change FY09 vs FY10			-100.0%

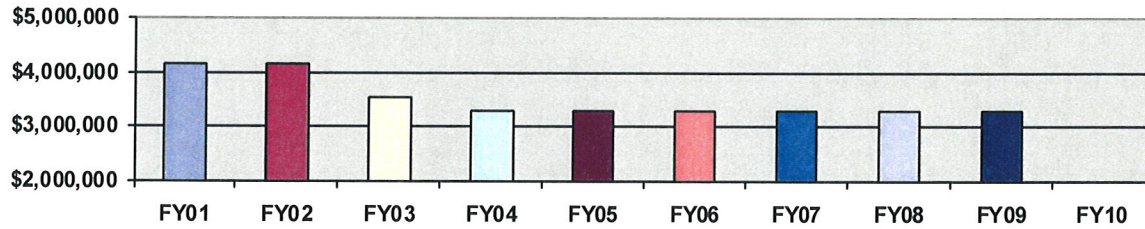


**Additional Assistance** – These aid amounts cannot be attributed to any one formula or factor, but rather are the combined legacy of several factors. For detailed description go to [www.mass.gov/Ador/docs/dls/cherry/csmanual.pdf](http://www.mass.gov/Ador/docs/dls/cherry/csmanual.pdf).

**NOTE** - In FY 2010 the state has eliminated the Lottery Aid, General Fund Subsidy to Lottery, and Additional Assistance revenue and replaced it with 'General Government Aid'.

Additional Assistance			
Fiscal Year	Revenue	Fiscal Year	Revenue
2001	4,151,021	2006	3,298,731
2002	4,151,021	2007	3,298,731
2003	3,518,000	2008	3,298,731
2004	3,298,731	2009	3,298,731
2005	3,298,731	2010	0
			Per Recap Senate Final
% Change FY09 vs FY10			-100.0%

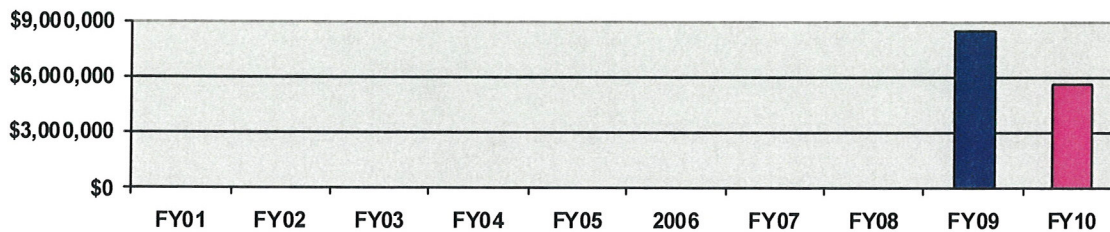
### Additional Assistance



**General Government Aid.** In FY 2010 the state has eliminated the Lottery Aid, General Fund Subsidy to Lottery, and Additional Assistance revenue and replaced it with this revenue called 'General Government Aid'. The FY 2009 figure below is a total of the three revenue sources no longer used (lottery, subsidy to lottery, & additional assistance).

General Government Aid			
Fiscal Year	Revenue	Fiscal Year	Revenue
2001		2006	
2002		2007	
2003		2008	
2004		2009	8,585,568
2005		2010	5,653,022
			Combined 3 Senate Final
% Change FY09 vs FY10			-34.2%

### General Government Aid

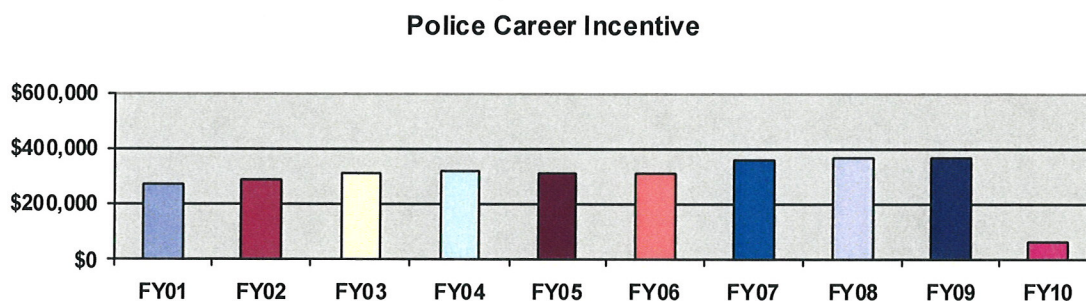


**Police Career Incentive** - Under Chapter 41 of the Mass General Laws, members of participating police departments receive a salary increase predicated on the amount of college credits earned toward a law enforcement degree. The Commonwealth reimburses municipalities for one-half of this salary increase. Under the revised law, officers are awarded a ten-percent increase in their base pay for an Associate's Degree, a twenty percent increase for a Bachelor's degree and a twenty-five percent

increase for a Master's degree. This revenue has been reduced by -82.7% in the Senate Final Budget for FY 2010. The police educational incentive budget has been reduced in the FY 2010 budget to compensate for this revenue loss.

Note – On July 6, 2009 the City Council held a special meeting to consider the Mayor's order increasing the Educational Incentive in the police department budget by \$125,000.00. This increase was feasible due to the fact that the final State Cherry Sheet figures came in slightly higher than the City had budgeted.

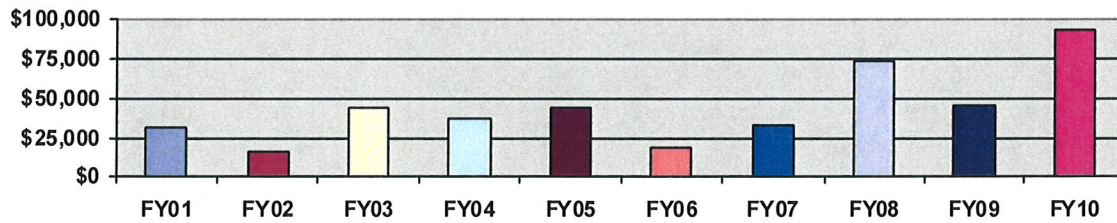
Police Career Incentive			
Fiscal Year	Revenue	Fiscal Year	Revenue
2001	271,969	2006	317,915
2002	287,716	2007	358,801
2003	310,534	2008	369,742
2004	322,040	2009	372,031
2005	311,888	2010	64,475
			Per Recap Senate Final
% Change FY09 vs FY10			-82.7%



**Veterans' Benefits** - Under Chapter 115, Section 6, municipalities receive a seventy-five percent State reimbursement on the total expenditures made on veterans' financial, medical and burial benefits. Due to the increase in veterans filing for benefits, this revenue has increased significantly as has the veterans benefits expense line.

Veterans Benefits			
Fiscal Year	Revenue	Fiscal Year	Revenue
2001	31,171	2006	18,960
2002	16,080	2007	33,124
2003	43,786	2008	74,249
2004	36,702	2009	46,181
2005	44,320	2010	93,176
			Per Recap Senate Final
% Change FY09 vs FY10			101.8%

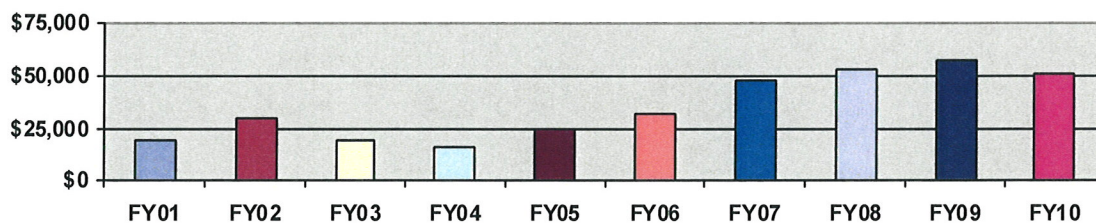
### Veterans Benefits



**State Owned Land** – This revenue is to reimburse communities for forgone tax revenues due to certain types of tax-exempt state-owned land. Eligibility for reimbursement depends on land use and the state agency with jurisdiction over the property as specified in the legislation.

State Owned Land			
Fiscal Year	Revenue	Fiscal Year	Revenue
2001	19,901	2006	31,730
2002	29,947	2007	47,443
2003	19,896	2008	53,007
2004	15,928	2009	56,834
2005	24,898	2010	51,117
			Per Recap Senate Final
% Change FY09 vs FY10			-10.1%

### State Owned Land



**Exemptions: Vets, Blind, Surviving Spouses, and Elderly** - The State Cherry Sheet reimburses the City for loss of taxes due to real estate abatements to veterans, surviving spouses and the legally blind. The abatement categories are authorized by the State. The City is not empowered to offer abatements in other categories. Under Chapter 59, Section 5, of the General Laws, municipalities are reimbursed for amounts abated in excess of \$175 of taxes of \$2,000.00 in valuation times the rate, whichever is greater.

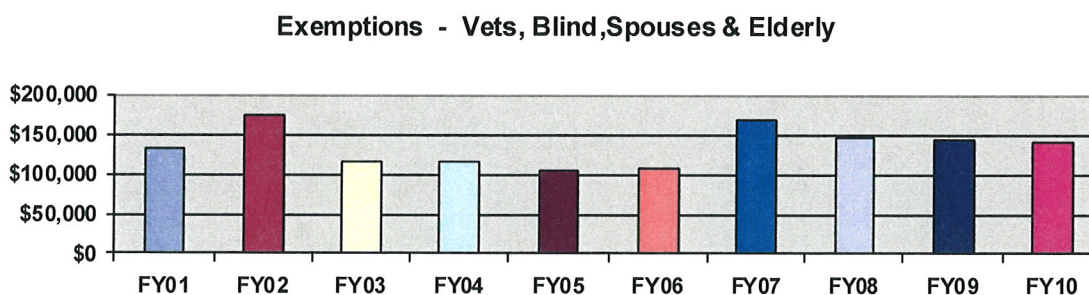
Qualifying veterans or their surviving spouses receive an abatement of \$175 or \$2,000 in valuation times the tax rate, whichever is the greater. Chapter 59, Section 5, Clause 17c, of the General Laws, as amended by Section 2, Chapter 653 of the Acts of 1982, provides a flat \$175 in tax relief to certain persons over seventy, minors, and widows/widowers.

Chapter 59, Section 5, Clause 37a, of the General Laws as amended by Section 258 of the Acts of 1982 provides an abatement of \$500 for the legally blind.

Chapter 59, Section 5, Clause 41b, of the General Laws as amended by Section 5, of Chapter 653 of the Acts of 1982, qualifying persons over seventy years of age are eligible to receive a flat tax exemption of \$500.

**NOTE** – In FY 2010 the state combined the elderly exemption with the veterans, blind and surviving spouses exemptions. In previous years, it was budgeted separately.

Exemptions - Vets, Blind, Spouses & Elderly			
Fiscal Year	Revenue	Fiscal Year	Revenue
2001	133,178	2006	108,032
2002	174,502	2007	169,737
2003	115,850	2008	146,814
2004	117,530	2009	145,247
2005	105,050	2010	141,292
			Per Recap Senate Final
% Change FY09 vs FY10			-2.7%



**Cherry Sheet Offsets For Direct Expenditure** – The state provides receipts that are paid directly to departments through state granting agencies, and are not part of the City’s General Fund Cherry Sheet Revenue. These revenues are for School Lunch and Public Library as shown in the charts below.

For a description of Offset Receipts go to <http://www.mass.gov/Ador/docs/dls/cherry/CSManual.pdf>.

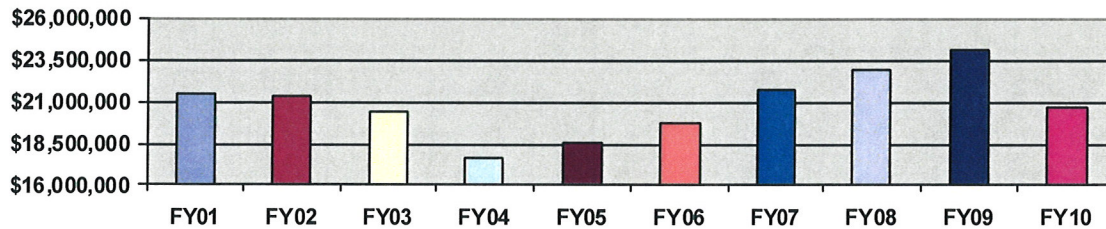
School Lunch Offset Receipts for Direct Expenditure				
Fiscal Year	Revenue	Fiscal Year	Revenue	
2001	36,368	2006	29,012	
2002	35,271	2007	25,785	
2003	35,666	2008	28,460	
2004	35,398	2009	24,377	Per Recap
2005	29,646	2010	25,228	Senate Final
% Change FY09 vs FY10			3.5%	

Library Offset Receipts for Direct Expenditure				
Fiscal Year	Revenue	Fiscal Year	Revenue	
2001	67,016	2006	62,921	
2002	62,272	2007	62,504	
2003	54,072	2008	68,080	
2004	50,537	2009	70,070	Per Recap
2005	59,837	2010	50,974	Senate Final
% Change FY09 vs FY10			-27.3%	

**Total Estimated Cherry Sheet Revenue (Net of Offsets)** – The total of all cherry sheet revenue is as follows:

Total Cherry Sheet Revenue (Net of Offsets)				
Fiscal Year	Revenue	Fiscal Year	Revenue	
2001	21,569,874	2006	19,789,849	
2002	21,334,130	2007	21,797,650	
2003	20,478,864	2008	22,941,994	
2004	17,678,576	2009	24,148,769	Per Recap
2005	18,526,876	2010	20,756,663	Senate Final
% Change FY09 vs FY10			-14.0%	

**Total Cherry Sheet Revenue (Net of Offsets)**



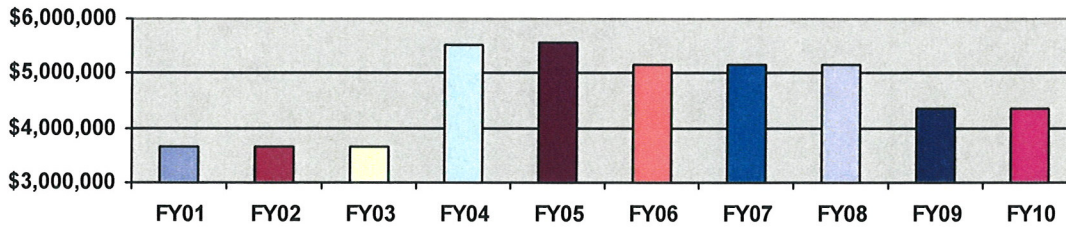
**School Construction** - The School Assistance Act, as amended, provides for the reimbursement of school construction projects that involve any of the following: The replacement of unsound or unsafe buildings; the prevention or elimination of overcrowding; prevention of the loss of accreditation; energy conservation projects, and the replacement of, or remedying of, obsolete buildings. The law also provides formulas (involving equalized valuation, school population, construction costs, and interest payments) for reimbursement of costs that include fees, site development, construction, and original equipping of the school.

In July of 2004, the governor signed Chapter 208 and Chapter 210, of the Acts of 2004 into law, which makes substantial changes to the School Building Assistance (SBA) program. This legislation transfers responsibility for the SBA program from the Department of Education to the Massachusetts School Building Authority (MSBA), under the Office of the State Treasurer. The authority is a new and independent governing body comprised of seven members. The legislation under Chapter 210 dedicates 1 percent of the sales tax receipts to help fund School Building projects. For more information go to - [www.mass.gov/msba](http://www.mass.gov/msba).

The City of Salem still receives payments under the old SBA program and also receives monthly reimbursements for ALL eligible costs (at 90%) for the ongoing High School Project under the new MSBA program. For FY 2009 the SBA payment for old projects was reduced to \$4,369,073. This was due to the completion of the audits for all projects (excluding High School) in FY 2009. The amount received in FY 2010 will be the same as FY 2009 and remain the same through 2011.

School Construction –Massachusetts School Building Authority (MSBA)			
Fiscal Year	Revenue	Fiscal Year	Revenue
2001	3,676,179	2006	5,140,317
2002	3,676,179	2007	5,140,317
2003	3,676,179	2008	5,140,317
2004	5,516,928	2009	4,369,073 Per Recap
2005	5,563,233	2010	4,369,073 Per MSBA
		% Change FY09 vs FY10	
		0.0%	

### Massachusetts School Building Authority

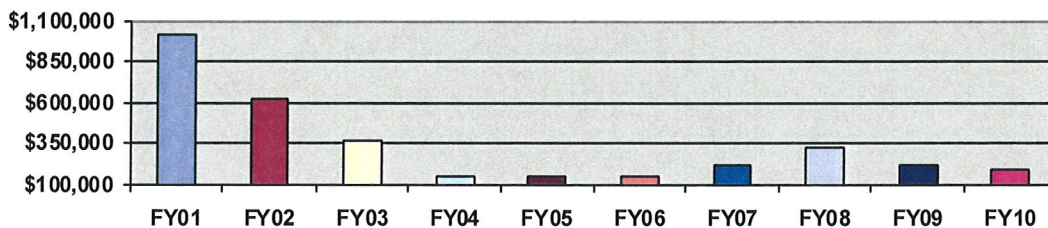


### MISCELLANEOUS REVENUE

**Interest On Investments** - Under Chapter 44 Section 55B of the Mass. General Laws, all monies held in the name of the City which are not required to be kept liquid for purposes of distribution shall be invested in such manner as to require the payment of interest on the money at the highest possible rate reasonably available. The investment decision must take into account safety, liquidity and yield.

Interest on Investments			
Fiscal Year	Revenue	Fiscal Year	Revenue
2001	1,021,933	2006	159,031
2002	630,270	2007	221,474
2003	372,948	2008	321,741
2004	146,520	2009	225,000 Per Recap
2005	147,055	2010	200,000 Estimated
% Change FY09 vs FY10		-11.1%	

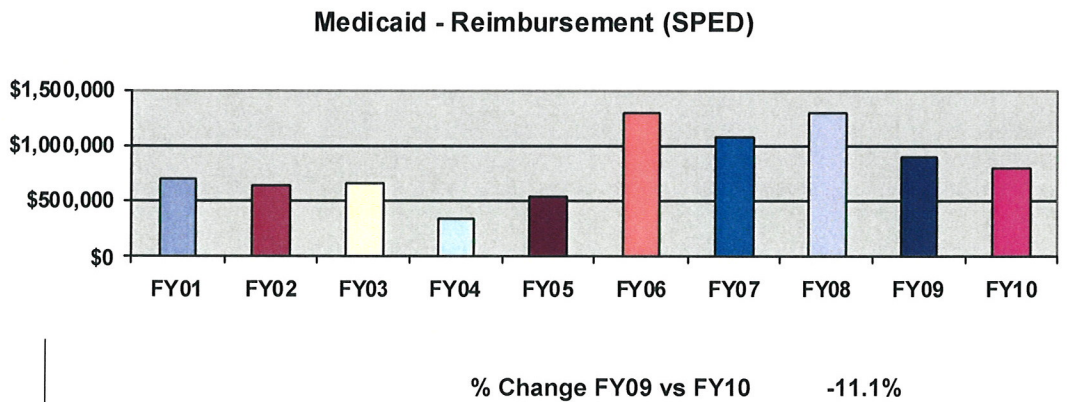
### Interest On Investments



**Medicaid Reimbursements (SPED)** – In accordance with laws and regulations governing the Medicaid program, school systems are mandated by the Individuals with Disabilities Education Act (IDEA) to provide health related services to their special education student population. They are permitted to file claims for partial federal reimbursement for both their student health

services and the administrative support expenditures incurred in providing those services. We receive both the Direct Student Expenditures reimbursement (school based health services provided directly to the student) and the Administrative expenditures reimbursement (to assist in the delivery of Special Education (SPED) services to students.)

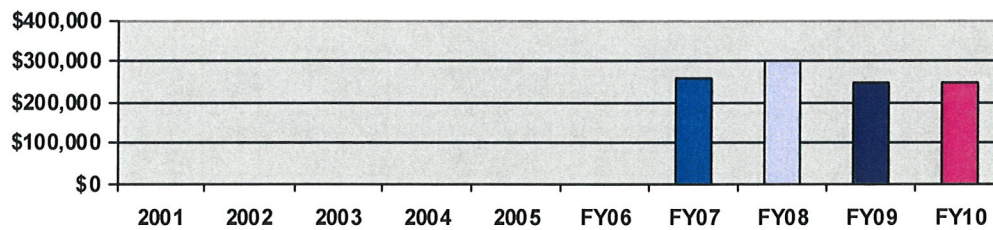
Medicaid – Reimbursements (SPED)			
Fiscal Year	Revenue	Fiscal Year	Revenue
2001	697,569	2006	1,312,009
2002	654,425	2007	1,084,628
2003	665,161	2008	1,302,599
2004	356,666	2009	900,000 Per Recap
2005	537,213	2010	800,000 Estimated



**Medicare Part D** – Medicare Part D is part of the Medicare Modernization Act (MMA) that was signed into law on 12/8/2003. One of the key provisions of MMA was the introduction of the Medicare Prescription Drug Benefit (Part D). This subsidizes part of the cost of drug costs for retirees. However, since the City of Salem offers its employees health insurance with prescription drug benefits that are superior to the Medicare part D benefits, we become eligible for a Medicare subsidy. This subsidy is 28% of Rx claims between \$250 and \$5,000. This subsidy is designed to encourage employers to continue offering health benefits with prescription drug coverage that is actuarially equivalent or better than what is offered under Medicare Part D.

Medicare Part D			
Fiscal Year	Revenue	Fiscal Year	Revenue
2001	N/A	2006	N/A
2002	N/A	2007	261,809
2003	N/A	2008	304,139
2004	N/A	2009	262,000 Per Recap
2005	N/A	2010	250,000 Estimated
		% Change FY09 vs FY10      -4.6%	

### Medicare Part D

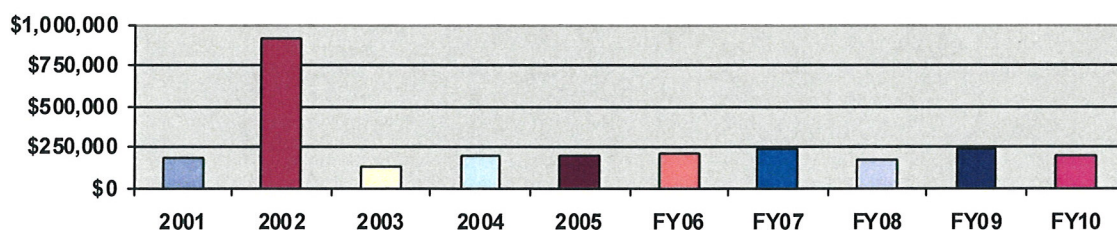


**Miscellaneous Recurring** – This category is used for all ‘other’ non-categorized income such as revenue from sale of copies of reports generated by a department, sale of data from tax files, census files, etc.

In FY 2006 the City of Salem received a significant increase in miscellaneous income due to additional filing for Medicare Reimbursements for SPED students. In FY 2007 the City started receiving Medicare Part D reimbursements as described above. Due to the uncertainty of some of these revenues we project for FY 2010 a -4.9% decrease.

Other Miscellaneous Recurring			
Fiscal Year	Revenue	Fiscal Year	Revenue
2001	184,148	2006	214,069
2002	921,783	2007	248,905
2003	138,641	2008	168,417
2004	198,878	2009	238,000
2005	197,246	2010	200,000
			Per Recap
			Estimated
% Change FY09 vs FY10			-16.0%

### Other Miscellaneous Recurring

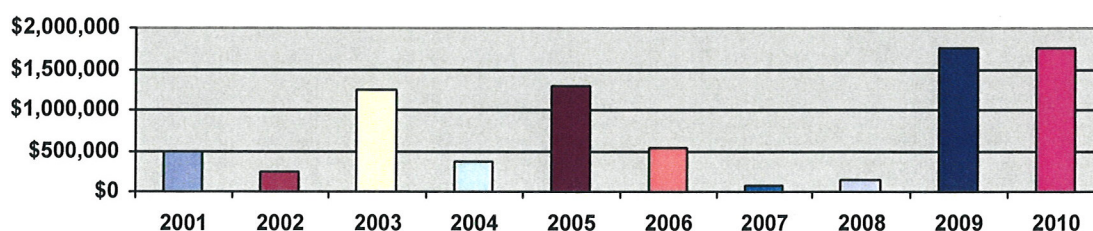


**Miscellaneous Non-Recurring** – This category is used for all one time income sources. In FY 2008 the City received \$1,250,000 host fee from the Power Plant for FY 2008, \$100,000 from police detail admin fees originally posted to agency fund, and \$80,916.78 from Bond and Bond Anticipation Note

(BAN) premiums and Accrued Interest. In FY2010 we will receive a \$1,750,000 Host Fee once again from the Power Plant per a three year agreement reached between Dominion and the City of Salem.

Miscellaneous Non-Recurring			
Fiscal Year	Revenue	Fiscal Year	Revenue
2001	488,890	2006	530,745
2002	244,240	2007	85,169
2003	1,245,423	2008	1,434,840
2004	370,350	2009	1,750,000 Per Recap
2005	1,292,682	2010	1,750,000 Estimated
		% Change FY09 vs FY10	
		0.0%	

Miscellaneous Non-Recurring Revenue



## INTERGOVERNMENTAL / INTERFUND TRANSFERS

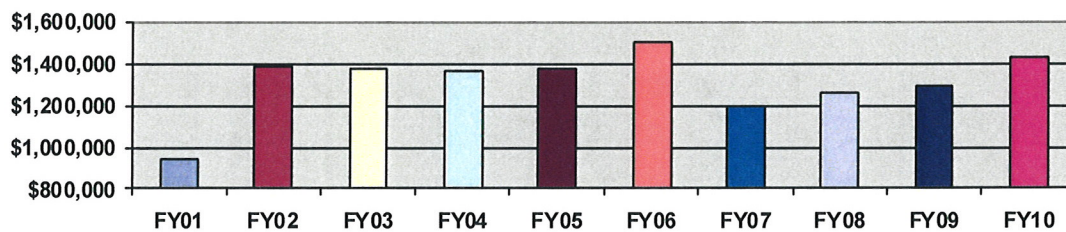
**Enterprise Fund Transfer** - The Water and Sewer Enterprise Funds, financed by water and sewer usage charges, provide reimbursements for direct and indirect costs associated with a variety of City services, provided by Finance, Treasury, Human Resources, and other City Departments. Additionally, enterprise funds provide reimbursements to the general fund for all employee benefits (including fringe benefits) of those employees who work for the water and sewer departments, as well as costs for the maintenance of the Water and Sewer accounting and billing system. Finally, a portion of the City's assessments for property/casualty insurance, unemployment and worker's compensation are also captured in the indirect costs of the enterprise funds of the water and sewer departments.

For FY 2010 an increase in indirect costs of \$153,353 (12%) is due to the increase of fixed costs for health insurance, workers comp insurance (now premium based – no longer self-insured), postage, utilities and rent, as well as salary increases for employees.

The Trash Enterprise Fund created in FY 2008 is not self sustaining and therefore subsidized by the General Fund. Therefore no indirect costs are provided to the General Fund from the Trash Enterprise Fund.

Inter-fund Operating Transfers In - Indirect Costs from Enterprise			
Fiscal Year	Revenue	Fiscal Year	Revenue
2001	939,044	2006	1,507,632
2002	1,387,236	2007	1,195,330
2003	1,374,060	2008	1,258,161
2004	1,365,192	2009	1,289,080
2005	1,384,097	2010	1,430,065
% Change FY09 vs FY10			10.9%

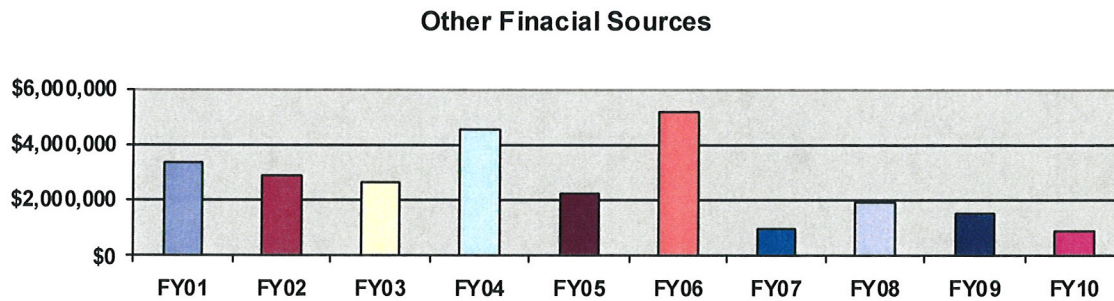
Indirect Costs From Enterprise Funds



## OTHER FINANCIAL SOURCES

**Receipts Reserved for Appropriation** – They City of Salem has three Receipts' Reserved for Appropriation Funds for Harbormaster, Golf Course, and Witch House. The revenue earned from these activities is credited to each of these special revenue funds. At the request of the Mayor, that money is appropriated by the City Council to the General Fund to cover both direct and indirect costs of each department in December for purposes of the certification of the City's tax rate by the Massachusetts Department of Revenue, as well as periodically throughout the year at the request of the department head of the Golf Course, Witch House, or Harbormasters Office to cover unforeseen or extraordinary expenses.

Other Financial Sources			
Fiscal Year	Revenue	Fiscal Year	Revenue
2001	3,371,533	2006	5,243,675
2002	2,914,628	2007	987,667
2003	2,648,820	2008	1,981,312
2004	4,600,439	2009	1,524,147
2005	2,558,640	2010	947,058
% Change FY09 vs FY10			-37.9%



### **Other Receipts Reserved – Not Budgeted**

The City has three other receipts reserved accounts – Sale of Lots, Sale of Vaults, and Salem Common. The first two can only be used for the care and maintenance of graves in the City's cemetery, and the Salem Common money can only be used for care and maintenance of the Salem Common. This money is transferred to the General Fund by appropriation from the City Council as needed.

**Other Sources of Revenue** – The City of Salem has in the past used Free Cash, Stabilization, and overlay (abatement and exemption reserve) to balance the budget. In fiscal year 2010 we do not anticipate using any other financing sources, with the exception of the Receipts' Reserved, to balance the budget.

**Massachusetts Department of Revenue  
Division of Local Services  
FY2010 Local Aid Estimates**

**SALEM**

	FY2009 Cherry Sheet Estimate	FY2010 Governor's Budget (House 1)	FY2010 House Final Budget Proposal	FY2010 Senate Final Budget Proposal	FY2010 Conference Committee
Education:					
Chapter 70	14,371,186	14,371,186	14,371,186	14,083,762	14,083,762
School Transportation	0	0	0	0	0
Retired Teachers' Pensions	0	0	0	0	0
Charter Tuition Reimbursement	571,722	300,603	593,617	593,617	593,617
Offset Receipts:					
School Lunch	24,377	25,228	25,228	25,228	25,228
School Choice Receiving Tuition	0	0	0	0	0
<b>Sub-Total, All Education Items</b>	<b>14,967,285</b>	<b>14,697,017</b>	<b>14,990,031</b>	<b>14,702,607</b>	<b>14,702,607</b>

**General Government:**

Lottery Aid	4,584,849				
General Fund Subsidy to Lottery	701,988				
Additional Assistance	3,298,731				
<b>Unrestricted General Government Aid</b>	<b>8,585,568</b>	<b>6,134,502</b>	<b>7,110,011</b>	<b>5,653,022</b>	<b>6,077,873</b>
Revenues from Meals Tax Increase	0	817,022	0	0	0
Revenues from Rooms Tax Increase	0	158,487	0	0	0
Local Share of Racing Taxes	0	0	0	0	0
Regional Public Libraries	0	0	0	0	0
Police Career Incentive	372,031	273,332	161,187	64,475	64,475
Urban Renewal Projects	0	0	0	0	0
Veterans' Benefits	46,181	85,112	85,112	93,176	93,176
State Owned Land	56,834	56,794	56,796	51,117	51,200
Exemptions: Vets, Blind, Surviving Spouses & Elderly	145,247	141,292	141,292	141,292	141,292
Offset Receipts:					
Public Libraries	70,070	60,058	60,579	50,974	50,974
<b>Sub-Total, All General Government</b>	<b>9,275,931</b>	<b>7,726,599</b>	<b>7,614,977</b>	<b>6,054,056</b>	<b>6,478,990</b>

**Sub-Total, All General Government**

**Total Estimated Receipts**

<b>24,243,216</b>	<b>22,423,616</b>	<b>22,605,008</b>	<b>20,756,663</b>	<b>21,181,597</b>
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**CITY OF SALEM, MASSACHUSETTS  
FY 2010 OPERATING BUDGET**

	ACTUAL EXPENDED FY 2008	ADOPTED BUDGET FY 2009	ADJUSTED BUDGET FY 2009	DEPT BUDGET FY 2010	MAYOR BUDGET FY 2010	CITY COUNCIL BUDGET FY 2010	FY09 Adj vs FY 10 Inc/Decr Amount    Percentage	
GENERAL FUND								
GENERAL GOVERNMENT	4,072,489	4,152,943	4,274,185	4,136,657	3,973,030	3,973,030	(301,155)	-7.05%
PUBLIC SAFETY	15,415,904	15,904,313	15,838,589	15,937,447	15,601,367	15,601,367	(237,222)	-1.50%
PUBLIC WORKS & FACILITIES	3,600,106	3,069,818	3,087,451	3,016,008	3,039,587	3,039,587	(47,864)	-1.55%
HUMAN SERVICES	812,480	869,965	873,687	870,542	808,302	808,302	(65,385)	-7.48%
CULTURAL & RECREATIONAL	2,046,576	2,215,505	2,197,057	2,215,961	2,224,856	2,224,856	27,799	1.27%
DEBT SERVICE	7,043,643	7,062,696	7,062,696	6,902,222	6,871,442	6,871,442	(191,254)	-2.71%
ASSESSMENTS	7,542,438	7,767,225	7,767,225	7,718,083	8,017,647	8,017,647	250,422	3.22%
EMPLOYEE BENEFITS	19,239,184	19,158,533	19,315,210	20,219,927	19,980,258	19,980,258	665,048	3.44%
MUNICIPAL INSURANCE	289,937	326,300	311,300	356,300	291,535	291,535	(19,765)	-6.35%
TRANSFERS OUT OF GENERAL FUND	0	-	0	475,000	425,000	425,000	425,000	
CITY TOTAL	60,062,758	60,527,298	60,727,400	61,848,147	61,233,024	61,233,024	505,624	0.83%
EDUCATION-PUBLIC SCHOOLS	46,317,676	45,376,000	45,774,696	45,876,000	45,876,000	45,876,000	101,304	0.22%
EDUCATION TOTAL	46,317,676	45,376,000	45,774,696	45,876,000	45,876,000	45,876,000	101,304	0.22%
GENERAL FUND TOTAL	106,380,434	105,903,298	106,502,096	107,724,147	107,109,024	107,109,024	606,928	0.57%
ENTERPRISE FUNDS								
SEWER	6,782,878	6,694,722	6,755,722	6,774,249	6,756,735	6,756,735	1,013	0.01%
WATER	3,673,766	3,866,923	4,428,923	3,897,472	3,862,673	3,862,673	(566,250)	-12.79%
TRASH	3,216,507.17	2,600,780	2,560,780	2,552,429	2,584,049	2,584,049	23,269	0.91%
ENTERPRISE FUND TOTAL	13,673,151	13,162,425	13,745,425	13,224,150	13,203,457	13,203,457	(541,968)	-3.94%
GRAND TOTAL ALL FUNDS	120,053,585	119,065,723	120,247,521	120,948,297	120,312,481	120,312,481	64,960	0.05%

**CITY OF SALEM, MASSACHUSETTS  
FY 2010 OPERATING BUDGET**

	ACTUAL EXPENDED FY 2008	ADOPTED BUDGET FY 2009	ADJUSTED BUDGET FY 2009	DEPT BUDGET FY 2010	MAYOR BUDGET FY 2010	CITY COUNCIL BUDGET FY 2010	FY09 Adj vs FY 10 Inc/Decr Amount    Percentage	
GENERAL GOVERNMENT:								
CITY COUNCIL Legislative	147,673	158,350	151,350	151,350	151,350	151,350	-	0.00%
MAYOR Executive	310,131	353,575	343,575	353,575	356,741	356,741	13,166	3.83%
FINANCE/AUDITING Accounting	234,634	253,546	248,546	253,546	257,232	257,232	8,686	3.49%
PURCHASING Purchasing	118,318	117,219	130,383	117,235	119,516	119,516	(10,867)	-8.33%
Fixed Costs	62,393	54,181	64,981	54,181	63,000	63,000	(1,981)	-3.05%
ASSESSORS Board of Assessors	254,084	272,800	269,800	272,800	264,672	264,672	(5,128)	-1.90%
TREASURER Treasury Services	186,821	201,276	209,976	205,179	186,613	186,613	(23,363)	-11.13%
COLLECTOR Tax Collections	196,128	221,715	217,465	221,677	205,420	205,420	(12,045)	-5.54%
SOLICITOR Legal Services	222,241	224,269	209,269	224,269	215,858	215,858	6,589	3.15%
HUMAN RESOURCES Personnel	406,332	267,471	481,249	267,471	244,917	244,917	(236,332)	-49.11%
MIS Data Processing	168,785	179,085	174,085	177,258	179,680	179,680	5,595	3.21%
Fixed Costs	227,796	293,741	223,741	292,733	249,536	249,536	25,795	11.53%
GIS	52,873	43,154	43,154	42,733	43,363	43,363	209	0.48%
CITY CLERK Record Maintenance	161,499	159,656	157,156	164,623	227,126	227,126	69,970	44.52%
ELECTION/REGISTRATION Voting	220,409	229,401	223,151	228,999	169,444	169,444	(53,707)	-24.07%
LICENSING BOARD Licensing	42,686	50,682	50,682	51,798	51,798	51,798	1,116	2.20%
CONSERVATION Active/Passive Conservation	22,484	23,987	23,987	25,987	26,426	26,426	2,439	10.17%
PLANNING BOARD Subdivision, Planning & Zoning	24,664	26,858	23,658	25,597	25,999	25,999	2,341	9.90%
APPEALS, BOARD OF Zoning Appeals	3,491	3,900	3,900	3,900	3,900	3,900	-	0.00%
PLANNING Planning & Community Development	216,145	225,219	225,219	225,219	204,079	204,079	(21,140)	-9.39%
PUBLIC PROPERTY Public Building Maintenance	201,742	199,858	191,858	183,027	0	-	(191,858)	-100.00%
Public Prop-Fixed Costs	518,170	510,000	524,000	510,500	643,360	643,360	119,360	22.78%
MARKET AND TOURIST COMM. Tourist Promotion	72,991	83,000	83,000	83,000	83,000	83,000	-	0.00%
TOTAL GENERAL GOVERNMENT	4,072,489	4,152,943	4,274,185	4,136,657	3,973,030	3,973,030	(301,155)	-7.05%

**CITY OF SALEM, MASSACHUSETTS  
FY 2010 OPERATING BUDGET**

	ACTUAL EXPENDED FY 2008	ADOPTED BUDGET FY 2009	ADJUSTED BUDGET FY 2009	DEPT BUDGET FY 2010	MAYOR BUDGET FY 2010	CITY COUNCIL BUDGET FY 2010	FY09 Adj vs FY 10 Inc/Decr Amount    Percentage	
PUBLIC SAFETY:								
POLICE								
Citizen Protection	7,532,020	7,625,272	7,569,460	7,660,159	7,199,751	7,199,751	(369,709)	-4.88%
FIRE								
Fire Suppression	6,411,815	6,673,916	6,660,805	6,673,916	6,824,489	6,824,489	163,684	2.46%
PUBLIC PROPERTY/BLDG INSP								
Building/Plumbing/Gas Inspection	310,169	370,543	359,543	365,230	312,086	312,086	(47,457)	-13.20%
ELECTRICAL								
Electrical Inspection & Maintenance	921,845	1,001,446	998,446	1,006,199	1,052,434	1,052,434	53,988	5.41%
HARBORMASTER								
Harbormaster	240,055	233,136	250,336	231,943	212,607	212,607	(37,729)	-15.07%
TOTAL PUBLIC SAFETY	15,415,904	15,904,313	15,838,589	15,937,447	15,601,367	15,601,367	(237,222)	-1.50%
EDUCATION :								
City Public Schools	46,317,676	45,376,000	45,774,696	45,876,000	45,876,000	45,876,000	101,304	0.22%
TOTAL EDUCATION	46,317,676	45,376,000	45,774,696	45,876,000	45,876,000	45,876,000	101,304	0.22%
PUBLIC WORKS & FACILITIES:								
PUBLIC SERVICES								
Public Services-General/Park/Open Space/C	1,943,177	1,981,216	2,010,199	1,977,042	1,996,901	1,996,901	(13,298)	-0.66%
Snow and Ice	990,742	79,950	78,600	394,560	394,560	394,560	315,960	401.98%
ENGINEERING								
Engineering-General Admin	77,076	394,560	394,560	71,428	72,786	72,786	(321,774)	-81.55%
Solid Waste Coll - Moved to Trash Enterprise	9,600							
PARKING DEPARTMENT								
General Operations	579,512	614,092	604,092	572,978	575,340	575,340	(28,752)	-4.76%
TOTAL PUBLIC WORKS & FACILITIES	3,600,106	3,069,818	3,087,451	3,016,008	3,039,587	3,039,587	(47,864)	-1.55%
HUMAN SERVICES:								
HEALTH, BOARD OF								
Administration & Support	357,539	398,282	318,282	398,282	356,823	356,823	38,541	12.11%
COUNCIL ON AGING								
Administration & Support	298,346	320,431	320,431	321,008	262,827	262,827	(57,604)	-17.98%
VETERANS AGENT								
Administration & Support	156,595	151,252	234,974	151,252	188,652	188,652	(46,322)	-19.71%
TOTAL HUMAN SERVICES	812,480	869,965	873,687	870,542	808,302	808,302	(65,385)	-7.48%
CULTURAL & RECREATIONAL								
LIBRARY								
Administration & Support	1,051,023	1,110,101	1,097,153	1,110,101	1,114,556	1,114,556	17,403	1.59%
RECREATION								
Administration & Support	414,239	480,379	479,879	480,379	482,908	482,908	3,029	0.63%
Golf Course	309,829	327,508	327,508	327,502	328,600	328,600	1,092	0.33%
Witch House	121,356	138,346	133,346	138,346	138,346	138,346	5,000	3.75%
Winter Island	142,765	150,757	150,757	150,757	151,453	151,453	696	0.46%
HISTORICAL COMMISSION								
Historic Preservation	7,364	8,414	8,414	8,876	8,993	8,993	579	6.88%
TOTAL CULTURAL & RECREATIONAL	2,046,576	2,215,505	2,197,057	2,215,961	2,224,856	2,224,856	27,799	1.27%

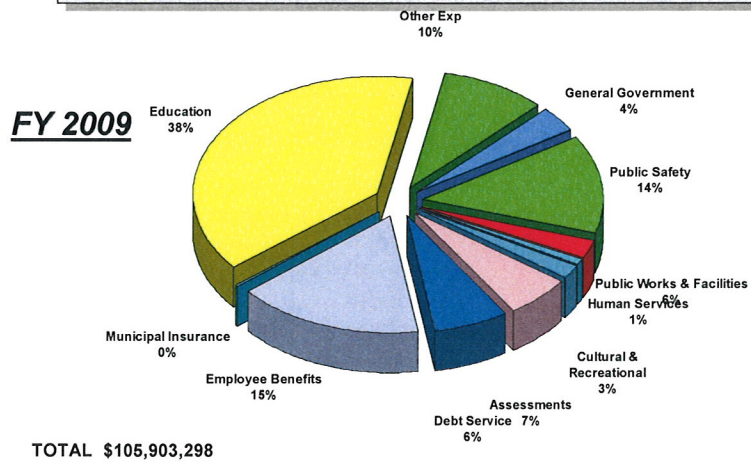
**CITY OF SALEM, MASSACHUSETTS  
FY 2010 OPERATING BUDGET**

	ACTUAL EXPENDED FY 2008	ADOPTED BUDGET FY 2009	ADJUSTED BUDGET FY 2009	DEPT BUDGET FY 2010	MAYOR BUDGET FY 2010	CITY COUNCIL BUDGET FY 2010	FY09 Adj vs FY 10 Inc/Decr Amount Percentage	
<b>DEBT SERVICE:</b>								
Long Term Debt	6,472,332	6,925,496	6,925,496	6,644,102	6,644,102	6,644,102	(281,394)	-4.06%
Short Term Debt	571,312	137,200	137,200	258,120	227,340	227,340	90,140	65.70%
<b>TOTAL DEBT SERVICE</b>	<b>7,043,643</b>	<b>7,062,696</b>	<b>7,062,696</b>	<b>6,902,222</b>	<b>6,871,442</b>	<b>6,871,442</b>	<b>(191,254)</b>	<b>-2.71%</b>
<b>ASSESSMENTS:</b>								
North Shore Regional Vocational School	1,608,768	1,649,661	1,649,661	1,531,740	1,531,740	1,531,740	(117,921)	-7.15%
State Assessments (Budgeted from RECAP)	5,933,670.00	6,117,564	6,117,564	6,186,343	6,485,907	6,485,907	368,343	6.02%
<b>TOTAL ASSESSMENTS</b>	<b>7,542,438</b>	<b>7,767,225</b>	<b>7,767,225</b>	<b>7,718,083</b>	<b>8,017,647</b>	<b>8,017,647</b>	<b>250,422</b>	<b>3.22%</b>
<b>EMPLOYEE BENEFITS:</b>								
Contributory Retirement	7,538,983	7,790,999	7,805,147	8,233,450	8,082,746	8,082,746	277,599	3.56%
Non-contributory Pensions	130,113	130,692	130,692	133,852	133,852	133,852	3,160	2.42%
Workmen's Compensation	262,376	305,000	408,895	451,295	451,295	451,295	42,400	10.37%
Unemployment Compensation	182,155	230,000	238,000	230,000	230,000	230,000	(8,000)	-3.36%
Group Insurance	10,436,039	10,029,642	10,054,274	10,474,880	10,385,915	10,385,915	331,641	3.30%
Medicare	689,517	672,200	678,202	696,450	696,450	696,450	18,248	2.69%
<b>TOTAL EMPLOYEE BENEFITS</b>	<b>19,239,184</b>	<b>19,158,533</b>	<b>19,315,210</b>	<b>20,219,927</b>	<b>19,980,258</b>	<b>19,980,258</b>	<b>665,048</b>	<b>3.44%</b>
<b>MUNICIPAL INSURANCE :</b>								
Municipal Insurance	289,937	326,300	311,300	356,300	291,535	291,535	(19,765)	-6.35%
<b>TOTAL Municipal Insurance</b>	<b>289,937</b>	<b>326,300</b>	<b>311,300</b>	<b>356,300</b>	<b>291,535</b>	<b>291,535</b>	<b>(19,765)</b>	<b>-6.35%</b>
<b>BUDGET TRANSFERS OUT OF GF</b>								
Retirement Stabilization Transfer	0	-	0	475,000	425,000	425,000	425,000	
<b>TOTAL Budget Transfers Out of GF</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>475,000</b>	<b>425,000</b>	<b>425,000</b>	<b>425,000</b>	
<b>GENERAL FUND TOTAL</b>	<b>106,380,434</b>	<b>105,903,298</b>	<b>106,502,096</b>	<b>107,724,147</b>	<b>107,109,024</b>	<b>107,109,024</b>	<b>606,928</b>	<b>0.57%</b>
<b>ENTERPRISE FUNDS</b>								
<b>SEWER :</b>								
Sewer - Public Services	574,224	485,088	496,088	485,088	453,494	453,494	(42,594)	-8.59%
Sewer - Engineering	596,788	358,288	408,288	356,960	337,200	337,200	(71,088)	-17.41%
SESD Assessment	5,603,209	5,841,346	5,841,346	5,922,201	5,922,201	5,922,201	80,855	1.38%
Short Term Debt					33,840	33,840	33,840	
Sewer - Insurance Deduction	8,656	10,000	10,000	10,000	10,000	10,000	-	0.00%
<b>TOTAL SEWER</b>	<b>6,782,878</b>	<b>6,694,722</b>	<b>6,755,722</b>	<b>6,774,249</b>	<b>6,756,735</b>	<b>6,756,735</b>	<b>1,013</b>	<b>0.01%</b>
<b>WATER :</b>								
Water-Public Services	772,981	528,123	565,123	528,081	496,487	496,487	(68,636)	-12.15%
Water-Engineering	485,877	544,788	1,069,788	539,760	570,395	570,395	(499,393)	-46.68%
Long Term Debt	141,626	515,937	515,937	432,690	432,690	432,690	(83,247)	-16.14%
Short Term Debt	132,603	100,000	100,000	145,540	111,700	111,700	11,700	11.70%
SBWS Assessment	2,140,679	2,168,075	2,168,075	2,241,401	2,241,401	2,241,401	73,326	3.38%
Water - Insurance Deduction	0	10,000	10,000	10,000	10,000	10,000	-	
<b>TOTAL WATER</b>	<b>3,673,766</b>	<b>3,866,923</b>	<b>4,428,923</b>	<b>3,897,472</b>	<b>3,862,673</b>	<b>3,862,673</b>	<b>(566,250)</b>	<b>-12.79%</b>
<b>TRASH :</b>								
Trash - Engineering	3,216,507	2,600,780	2,560,780	2,552,429	2,584,049	2,584,049	23,269	0.91%
<b>TOTAL TRASH</b>	<b>3,216,507</b>	<b>2,600,780</b>	<b>2,560,780</b>	<b>2,552,429</b>	<b>2,584,049</b>	<b>2,584,049</b>	<b>23,269</b>	<b>0.91%</b>
<b>ENTERPRISE FUND TOTAL</b>	<b>13,673,151</b>	<b>13,162,425</b>	<b>13,745,425</b>	<b>13,224,150</b>	<b>13,203,457</b>	<b>13,203,457</b>	<b>(541,968)</b>	<b>-3.94%</b>
<b>GRAND TOTAL ALL FUNDS</b>	<b>120,053,585</b>	<b>119,065,723</b>	<b>120,247,521</b>	<b>120,948,297</b>	<b>120,312,481</b>	<b>120,312,481</b>	<b>64,960</b>	<b>0.05%</b>

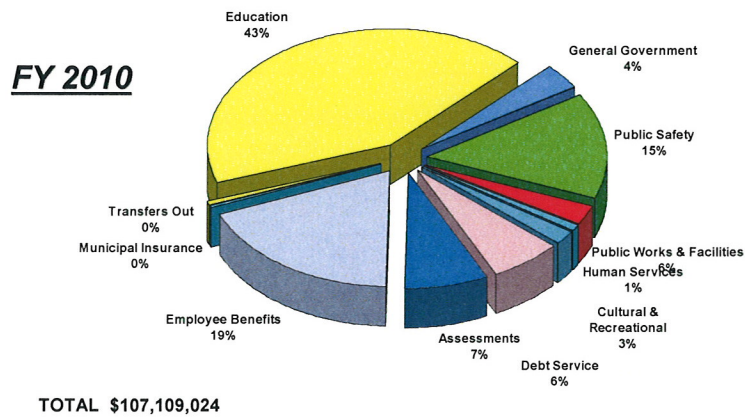
**CITY OF SALEM, MASSACHUSETTS  
FY 2010 OPERATING BUDGET**

		ACTUAL EXPENDED FY 2008	ADOPTED BUDGET FY 2009	ADJUSTED BUDGET FY 2009	DEPT BUDGET FY 2010	MAYOR BUDGET FY 2010	CITY COUNCIL BUDGET FY 2010	FY09 Adj vs FY 10 Inc/Decr Amount    Percentage	
PERSONNEL & NON-PERSONNEL SUMMARIES									
City	Personnel	39,701,061	40,117,515	40,155,444	41,209,773	40,482,296	40,482,296	326,852	0.81%
	Non-Personnel	20,361,697	20,409,783	20,571,955	20,638,374	20,750,728	20,750,728	178,773	0.87%
	Total City	60,062,758	60,527,298	60,727,400	61,848,147	61,233,024	61,233,024	505,624	0.83%
Schools	Personnel	32,395,722	32,789,050	33,956,900	33,476,661	33,877,056	33,877,056	(79,844)	-0.24%
	Non-Personnel	13,921,954	12,586,950	11,817,796	12,399,339	11,998,944	11,998,944	181,148	1.53%
	Total School	46,317,676	45,376,000	45,774,696	45,876,000	45,876,000	45,876,000	101,304	0.22%
TOTAL General Fund		106,380,434	105,903,298	106,502,096	107,724,147	107,109,024	107,109,024	606,928	0.57%
Sewer	Personnel	391,188	422,676	422,676	443,558	419,504	419,504	(3,172)	-0.75%
	Non-Personnel	6,391,690	6,272,046	6,333,046	6,330,691	6,337,231	6,337,231	4,185	0.07%
		6,782,878	6,694,722	6,755,722	6,774,249	6,756,735	6,756,735	1,013	0.01%
Water	Personnel	409,626	435,276	443,776	455,558	431,504	431,504	(12,272)	-2.77%
	Non-Personnel	3,264,139	3,431,647	3,985,147	3,441,914	3,431,169	3,431,169	(553,978)	-13.90%
		3,673,766	3,866,923	4,428,923	3,897,472	3,862,673	3,862,673	-566,250	-12.79%
Trash	Personnel	55,139	71,580	71,580	23,729	35,349	35,349	(36,231)	-50.62%
	Non-Personnel	3,161,368	2,529,200	2,489,200	2,528,700	2,548,700	2,548,700	59,500	2.39%
		3,216,507	2,600,780	2,560,780	2,552,429	2,584,049	2,584,049	23,269	0.91%
TOTAL Enterprise Fund		13,673,151	13,162,425	13,745,425	13,224,150	13,203,457	13,203,457	-541,968	-3.94%
GRAND TOTAL All Funds		120,053,585	119,065,723	120,247,521	120,948,297	120,312,481	120,312,481	64,960	0.05%

## ADOPTED BUDGET GENERAL FUND



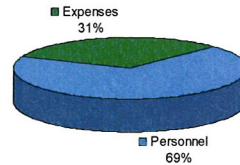
## ADOPTED BUDGET GENERAL FUND



## ADOPTED BUDGET GENERAL FUND

### FY 2009

<b>City</b>	
• Personnel	\$40,117,515
• Expenses	<u>20,409,783</u>
• TOTAL	<b>\$60,527,298</b>
<b>School</b>	
• Personnel	\$32,789,050
• Expenses	<u>12,586,950</u>
• TOTAL	<b>\$45,376,000</b>
<b>City &amp; School</b>	
• Personnel	\$72,906,565
• Expenses	<u>32,996,733</u>
• TOTAL	<b>\$105,903,298</b>

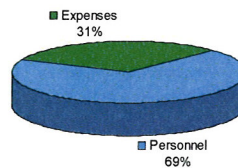


■ Personnel    ■ Expenses

## ADOPTED BUDGET GENERAL FUND

### FY 2010

<b>City</b>	
• Personnel	\$40,482,296
• Expenses	<u>20,750,728</u>
• TOTAL	<b>\$61,233,024</b>
<b>School</b>	
• Personnel	\$33,877,056
• Expenses	<u>11,998,944</u>
• TOTAL	<b>\$45,876,000</b>
<b>City &amp; School</b>	
• Personnel	\$74,359,352
• Expenses	<u>32,749,672</u>
• TOTAL	<b>\$107,109,024</b>



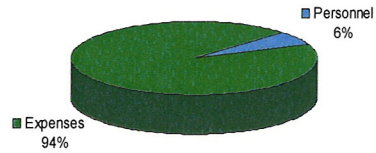
■ Personnel    ■ Expenses

## ADOPTED BUDGET SEWER ENTERPRISE FUND

**FY 2009**

### SEWER FUND

• Personnel	\$ 422,676
• Expenses	<u>6,272,046</u>
• TOTAL	\$ 6,694,722



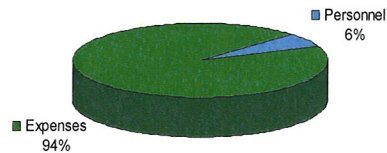
■ Personnel    ■ Expenses

## ADOPTED BUDGET SEWER ENTERPRISE FUND

**FY 2010**

### SEWER FUND

• Personnel	\$ 419,504
• Expenses	<u>6,337,231</u>
• TOTAL	\$ 6,756,735



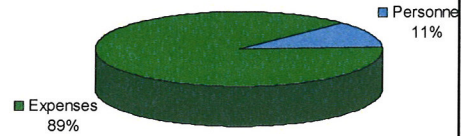
■ Personnel    ■ Expenses

# ADOPTED BUDGET WATER ENTERPRISE FUND

**FY 2009**

## WATER FUND

• Personnel	\$ 435,276
• Expenses	<u>3,431,647</u>
• TOTAL	<b>\$ 3,866,923</b>



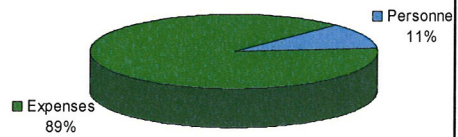
■ Personnel ■ Expenses

# ADOPTED BUDGET WATER ENTERPRISE FUND

**FY 2010**

## WATER FUND

• Personnel	\$ 431,504
• Expenses	<u>3,431,169</u>
• TOTAL	<b>\$ 3,862,673</b>



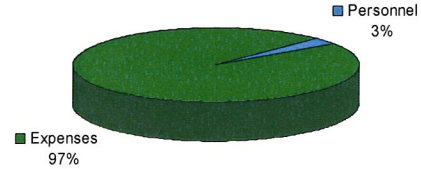
■ Personnel ■ Expenses

# ADOPTED BUDGET TRASH ENTERPRISE FUND

**FY 2009**

## TRASH FUND

• Personnel	\$ 71,580
• Expenses	<u>2,529,200</u>
• TOTAL	\$ 2,600,780



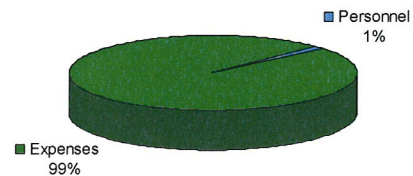
■ Personnel ■ Expenses

# ADOPTED BUDGET TRASH ENTERPRISE FUND

**FY 2010**

## TRASH FUND

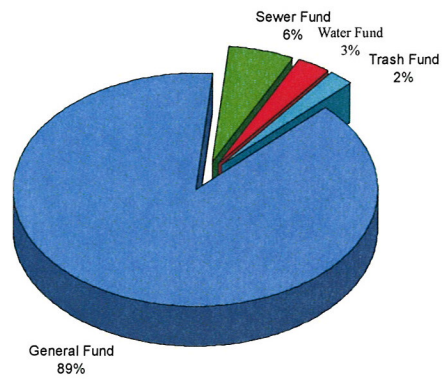
• Personnel	\$ 35,349
• Expenses	2,548,700
• TOTAL	\$ 2,584,049



■ Personnel ■ Expenses

## TOTAL OPERATING BUDGET ALL FUNDS

**FY 2010**



**TOTAL \$120,312,481**

# FY2010 Local Aid Assessments SALEM

	FY2009 Cherry Sheet Estimate	FY2010 Governor's Budget (House 1)	FY2010 House Final Budget Proposal	FY2010 Senate Final Budget Proposal	FY2010 Conference Committee
<b>County Assessments</b>	0	0	0	0	0
<b>State Assessments and Charges:</b>					
Retired Employees Health Insurance	0	0	0	0	0
Retired Teachers Health Insurance	2,045,538	2,018,668	2,018,668	2,018,668	2,018,668
Mosquito Control Projects	39,592	39,408	39,408	39,408	39,193
Air Pollution Districts	10,479	10,542	10,542	10,542	10,542
Metropolitan Area Planning Council	12,118	12,292	12,292	12,292	12,292
Old Colony Planning Council	0	0	0	0	0
RMV Non-Renewal Surcharge	174,880	182,480	182,480	182,480	182,480
<b>Sub-Total, State Assessments</b>	<b>2,282,607</b>	<b>2,263,390</b>	<b>2,263,390</b>	<b>2,263,390</b>	<b>2,263,175</b>
<b>Transportation Authorities:</b>					
MBTA	833,219	847,807	848,013	848,013	848,013
Boston Metro. Transit District	0	0	0	0	0
Regional Transit	0	0	0	0	0
<b>Sub-Total, Transportation Authorities</b>	<b>833,219</b>	<b>847,807</b>	<b>848,013</b>	<b>848,013</b>	<b>848,013</b>
<b>Annual Charges Against Receipts:</b>					
Multi-Year Repayment Programs	0	0	0	0	0
Special Education	16,193	23,351	23,351	23,351	23,470
STRAP Repayments	0	0	0	0	0
<b>Sub-Total, Annual Charges</b>	<b>16,193</b>	<b>23,351</b>	<b>23,351</b>	<b>23,351</b>	<b>23,470</b>
<b>Tuition Assessments</b>					
School Choice Sending Tuition	231,026	224,965	224,965	224,965	207,494
Charter School Sending Tuition	2,514,135	2,495,597	2,794,955	2,794,955	2,794,955
Essex County Tech Sending Tuition	241,532	331,233	331,233	331,233	331,233
<b>Sub-Total, Tuition Assessments</b>	<b>2,986,693</b>	<b>3,051,795</b>	<b>3,351,153</b>	<b>3,351,153</b>	<b>3,333,682</b>
<b>Total Estimated Charges</b>	<b>6,118,712</b>	<b>6,186,343</b>	<b>6,485,907</b>	<b>6,485,907</b>	<b>6,468,340</b>

For information about how the estimates were determined and what may cause them to change, click: [Local Aid Estimate Program Summary](#).

# **OTHER BUDGETED ITEMS**

## **General Fund**

In FY 2009 two other budgeted items from the general fund were submitted to the City Council as a separate order from the regular FY 2009 budget submission. In FY 2010, the Finance Department included these items as part of the regular budget submission to the City Council.

## **Retirement Stabilization Trust Fund**

In FY 2010 Three Hundred and Twenty-Five Thousand Dollars (\$325,000.00) is budgeted in the general fund to be transferred to the Retirement Stabilization Trust Fund. This trust fund was established in FY 2009 in accordance with Massachusetts General Law – Chapter 46 sections 14 and 50 and Chapter 140 sections 19 and 137 of the Acts of 2003. The purpose of this trust fund is to fund retiring employees' accrued sick and vacation buybacks as established by City Policy and contractual agreements.

## **Capital Improvement Project Special Revenue Funds**

In FY 2010 One Hundred Thousand Dollars (\$100,000.00) is budgeted in the general fund to be transferred to the Capital Improvement Project Special Revenue Fund. The purpose of this fund is to fund unanticipated small capital improvement projects or equipment that is under the \$25,000 limit required for CIP Bonded projects and/or equipment.

## **Revolving Funds**

The Revolving Funds were submitted to the City Council as a separate order in May 2009 as a supplemental part of the FY 2010 budget process. Revolving funds were voted pursuant to the provisions of Massachusetts General Law Chapter 44, Section 53E ½. Expenditures from these funds shall not exceed the amount of the funds received in the respective funds or the budget amount voted by council. A complete explanation of revolving funds can be found at <http://www.mass.gov/legis/laws/mgl/44-53e.5.htm>.

FY 2010 is the second year that we submitted revolving fund budgets for vote by council. A complete listing of all revolving accounts voted by council is on the following page.

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City of Salem, Massachusetts  
Fiscal 2010  
Long Term Debt Service By Month  
As of February 10, 2009

Purpose	Original Principal	July	August	September	October	November	December	January	February	March	April	May	June	Total
1 School Remodeling	\$7,000,000 Principal		75,000.00											75,000.00
	Interest		28,431.25						26,368.75					54,800.00
2 School Renovation	\$1,800,000 Principal		95,000.00											95,000.00
	Interest		18,330.00						15,717.50					34,047.50
General Obligation Bonds of 1996 Payable August 15 and February 15	Principal		170,000.00						42,086.25					170,000.00
	Interest		46,761.25											89,847.50
3 Bates School	\$10,705,000 Principal			505,000.00										505,000.00
	Interest			189,326.88						177,964.38				367,291.26
4 Golf Course Clubhouse	\$470,000 Principal			30,000.00										30,000.00
	Interest			5,537.50						4,862.50				10,400.00
5 Swimming Pool	\$450,000 Principal			40,000.00										40,000.00
	Interest			2,760.00						1,860.00				4,620.00
General Obligation Bonds of 2000 Payable September 15 and March 15	Principal			575,000.00										575,000.00
	Interest			197,624.38						184,686.88				382,311.26
6 School Project Refunding	\$4,710,000 Principal	520,000.00												520,000.00
	Interest	20,500.00						10,100.00						30,600.00
7 Building Const. Police Refunding	\$2,935,000 Principal	293,000.00												293,000.00
	Interest	17,580.00						11,720.00						29,300.00
8 School Project Refunding	\$6,495,000 Principal	647,000.00												647,000.00
	Interest	37,820.00						24,880.00						62,700.00
General Obligation Bonds of 2001 Payable July 15 and January 15	Principal	1,460,000.00												1,460,000.00
	Interest	75,900.00						46,700.00						122,600.00
9 School Project Bowditch School	\$17,646,075 Principal							740,000.00						740,000.00
	Interest	297,487.50						297,487.50						594,975.00
10 School Project Carlton School	\$9,523,925 Principal							400,000.00						400,000.00
	Interest	160,426.88						160,426.88						320,853.76
11 School Project Bates School	\$1,500,000 Principal							80,000.00						80,000.00
	Interest	22,815.00						22,815.00						45,630.00
General Obligation Bonds of 2003 Payable July 15 and January 15	Principal							1,220,000.00						1,220,000.00
	Interest	480,729.38						480,729.38						961,458.76
12 School Project-Refunding	\$4,480,000 Principal	485,000.00												485,000.00
	Interest	31,118.75						24,450.00						55,568.75
General Obligation Bonds of 2003 Payable July 15 and January 15	Principal	485,000.00												485,000.00
	Interest	31,118.75						24,450.00						55,568.75
13 Parking Garage	\$1,100,000 Principal							75,000.00						75,000.00
	Interest	16,243.75						16,243.75						32,487.50
14 Witchcraft Elementary	\$1,887,447 Principal							95,000.00						95,000.00
	Interest	30,749.38						30,749.38						61,498.76
15 Carlton School	\$577,553 Principal							30,000.00						30,000.00
	Interest	9,291.25						9,291.25						18,582.50
General Obligation Bonds of 2005 Payable July 1 and January 1	Principal							200,000.00						200,000.00
	Interest	56,284.38						56,284.38						112,568.76
16 Water - MWPAT - DW-05-12	\$2,330,656 Principal	99,806.00												99,806.00
	Interest	21,408.08						20,411.02						41,820.10
17 High School	\$6,885,633 Principal							345,000.00						345,000.00
	Interest							138,121.88		129,496.88				267,618.76
18 Police Equipment	\$658,864 Principal							85,000.00						85,000.00
	Interest							12,950.00		10,825.00				23,775.00
19 Ferry Boat	\$775,000 Principal							60,000.00						60,000.00
	Interest							15,425.00		13,925.00				29,350.00
20 Water System Improv	\$3,250,503 Principal							165,000.00						165,000.00
	Interest							65,093.75		60,968.75				126,062.50
General Obligation Bonds of 2007 Payable July 1 and January 1	Principal							655,000.00						655,000.00
	Interest							231,590.63		215,215.63				446,806.26
Total														
	Principal	2,044,806.00	170,000.00	575,000.00	655,000.00	0.00	0.00	1,420,000.00	0.00	0.00	0.00	0.00	0.00	4,864,806.00
	Interest	665,441.59	46,761.25	197,624.38	231,590.63	0.00	0.00	628,574.78	42,086.25	184,686.88	215,215.63	0.00	0.00	2,211,981.39
Grand Total		2,710,247.59	216,761.25	772,624.38	886,590.63	0.00	0.00	2,048,574.78	42,086.25	184,686.88	215,215.63	0.00	0.00	7,076,787.39

(1) Does not include HUD 108 1995-A loans.

City of Salem, Massachusetts  
Fiscal 2010

Short Term Debt Service By Month

Purpose	Principal	July	August	September	October	November	December	January	February	March	April	May	June	Total
School	3,380,000				121,680.00									121,680.00
Sewer	940,000				33,840.00									33,840.00
Fire Departmental Equipment	440,000				15,840.00									15,840.00
Water	2,825,000				101,700.00									101,700.00
Police Equipment	185,000				6,660.00									6,660.00
Golf Course	100,000				3,600.00									3,600.00
Other General	960,000				34,560.00									34,560.00
<b>Deficit Paydown (1)</b>	<b>855,000</b>				<b>145,000.00</b>									<b>145,000.00</b>
Deficit Interest					30,780.00									30,780.00
<b>Total</b>	<b>9,685,000</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>493,660.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>493,660.00</b>
<b>Total Debt Service</b>														
Total		2,044,806.00	170,000.00	575,000.00	655,000.00	0.00	0.00	1,420,000.00	0.00	0.00	0.00	0.00	0.00	4,864,806.00
Principal		665,441.59	46,761.25	197,624.38	725,250.63	0.00	0.00	626,574.78	42,086.25	184,686.88	215,215.63	0.00	0.00	2,705,641.39
Interest		2,710,247.59	216,761.25	772,624.38	1,380,250.63	0.00	0.00	2,048,574.78	42,086.25	184,686.88	215,215.63	0.00	0.00	7,570,447.39
Grand Total														

(1) Paydown based on 7 year equal principal schedule.

**FY 2010  
Revolving Funds**

Department	Fund Name	Fund #	Programs & Purposes	Type of Receipts Credited	Authorization for Spending	FY 2010 Budget Request Maximum Annual Expenditures
Fire	R/A Local Emergency Planning Comm	2433	Training and special equipment needed to respond to hazardous materials incidents per CH 21E	Fees charged to persons spilling or releasing hazardous materials	Fire Chief and Mayor	\$ 20,000.00
Fire	R/A Confined Space Drills	2449	Confined space training for Firefighters.	Fee charged to Dominion Power Plant to cover OT costs for Firefighter Confined Space Drill training.	Fire Chief and Mayor	\$ 58,000.00
Recreation	Dog Park	2435	Renovations and Maintenance of Dog Park at Leslie's Retreat Park.	Fee charged for pass to use dog park (pooch pass). Twenty-Five dollars annually for pass.	Recreation Director and Mayor	\$ 5,000.00
Recreation	Park & Rec Public Access	2452	To be used for the operation and maintenance of Winter Island and McCabe Marina	Parking and launch fees charged at McCabe Marina & Winter Island	Recreation Director and Mayor	\$ 25,000.00
Recreation & Planning & Community Development	Salem Willows Meters	2459	Renovations and Maintenance of Willows Park.	Money generated from Willows Meters	Recreation Director and Mayor	\$ 25,000.00
	Salem Ferry Operational	2453	Fund operational costs of the Salem Ferry and Blaney Street Dock	Fees received during the off season for use/rent of ferry	Director of Planning and Mayor	\$ 6,699.38
Public Services	Sticker Program	2455	To pay for costs of disposal of hazardous items picked up as part of sticker program, and for abandoned pieces picked up by this department.	\$20.00 fee charged for each sticker bought when scheduling a curbside pick up for item disposal.	Public Service Director and Mayor	\$ 15,000.00
Engineering	Environmental Fund	2438	Provide for City purchase of environmental items such as recycling bins, recycling totes, rain barrels, composters, water conservation devices, recycling calendar and educational material.	Fees charged for recycling bins, recycling totes, rain barrels, composters, water conservation devices.	City Engineer and Mayor	\$ 30,000.00
Engineering	Traffic Island	2439	Projects related to City beautification events including Traffic Island, Beautification, and special events such as Treemendous	Primarily from: Traffic Island Sponsorships, Special Events Revenues, Event and Beautification effort sponsors	City Engineer and Mayor	\$ 25,000.00
School	Building Rental	2601	Building Rental	Payments for rental of building by outside groups	School Committee and Mayor	\$ 175,000.00
School	Custodial	2607	Custodial Overtime	Payments of building rentals for custodians overtime	School Committee and Mayor	\$ 80,000.00
School	Early Childhood	2608	Pre-School Tuition	Tuition payments for students attending the pre-school program at the Early Childhood Center	School Committee and Mayor	\$ 125,000.00
School	School Busing	2614	School Bus pass	Purchases of school bus passes	School Committee and Mayor	\$ 150,000.00

FY 2010  
Revolving Funds

Department	Fund Name	Fund #	Programs & Purposes	Type of Receipts Credited	Authorization for Spending	FY 2010 Budget Request Maximum Annual Expenditures
School	Night School	2620	Night School Tuition	Tuition payments for students attending the night school program	School Committee and Mayor	\$ 25,000.00
Mayor	Renewable Energy Task Force	2360	Promotional and Educational materials to advance the mission and objectives of the Renewable Energy Task Force	Funding from the Massachusetts Technology Collaborative (MTC) Clean Energy Choice Matching Grant Account	Mayor	\$ 5,000.00

Revolving funds are special revenue funds established by the Commonwealth of Massachusetts under Massachusetts General Law (MGL) chapter 44, Section 53E 1/2. The expenditures in the revolving funds must be voted annually in accordance to the MGL. Further information on Revolving Funds can be found at <http://www.mass.gov/legis/laws/mgl/44-53e.5.htm>.

The above revolving funds Council Order # 270 were approved on May 28, 2009 by the City Council.

# CHANGES IN FUND BALANCE BY FISCAL YEAR - APPROPRIATED FUNDS

## General Fund - 100

	Beg FB	End FB	Inc (Decr)
FY 2005	4,552,406.00	4,167,259.00	(385,147.00)
FY 2006	4,167,259.00	2,010,721.00	(2,156,538.00)
FY 2007	2,010,721.00	1,969,775.00	(40,946.00)
FY 2008	1,969,775.00	1,666,376.00	(303,399.00)
FY 2009	1,666,376.00	1,666,376.00	-
FY 2010	1,666,376.00	1,666,376.00	-
			Estimated
			Estimated

## Water Enterprise Fund - 6100

	Beg FB	End FB	Inc (Decr)
FY 2005	584,098.00	431,126.00	(152,972.00)
FY 2006	431,126.00	1,195,963.00	764,837.00
FY 2007	1,195,963.00	1,836,129.00	640,166.00
FY 2008	1,836,129.00	1,743,685.33	(92,443.67)
FY 2009	1,743,685.33	1,743,685.33	-
FY 2010	1,743,685.33	1,743,685.33	-
			Estimated
			Estimated

## Stabilization Fund - 8301

	Beg FB	End FB	Inc (Decr)
FY 2005	1,297,417.00	1,021,351.00	(276,066.00)
FY 2006	1,021,351.00	277,759.00	(743,592.00)
FY 2007	277,759.00	487,979.00	210,220.00
FY 2008	487,979.00	648,946.66	160,967.66
FY 2009	648,946.66	1,371,936.66	722,990.00
FY 2010	1,371,936.66	1,371,936.66	-
			Estimated
			Estimated

## Capital Improvement Fund - 2000

	Beg FB	End FB	Inc (Decr)
FY 2005	1,184,200.00	1,027,976.00	(156,224.00)
FY 2006	1,027,976.00	265,606.00	(762,370.00)
FY 2007	265,606.00	53,259.00	(212,347.00)
FY 2008	53,259.00	146,130.93	92,871.93
FY 2009	146,130.93	178,416.93	32,286.00
FY 2010	278,416.93	278,416.93	-
			Estimated
			Estimated

## Sewer Enterprise Fund - 6000

	Beg FB	End FB	Inc (Decr)
FY 2005	395,482.00	590,516.00	195,034.00
FY 2006	590,516.00	364,609.00	(225,907.00)
FY 2007	364,609.00	511,158.00	146,549.00
FY 2008	511,158.00	168,999.31	(342,158.69)
FY 2009	168,999.31	168,999.31	-
FY 2010	168,999.31	168,999.31	-
			Estimated
			Estimated

## Trash Enterprise Fund - 6200

	Beg FB	End FB	Inc (Decr)
FY 2005	-	-	-
FY 2006	-	-	-
FY 2007	-	(11,054.00)	(11,054.00)
FY 2008	-	-	-
FY 2009	(11,054.00)	-	11,054.00
FY 2010	-	-	-
			Estimated
			Estimated

## Stabilization Retirement Anticipation Fund - 8311

	Beg FB	End FB	Inc (Decr)
FY 2005	-	-	-
FY 2006	-	-	-
FY 2007	-	-	-
FY 2008	-	-	-
FY 2009	400,000.00	-	(400,000.00)
FY 2010	325,000.00	-	(325,000.00)
			Estimated
			Estimated

## Sale of City Land Fund - 2441

	Beg FB	End FB	Inc (Decr)
FY 2005	-	350,000.00	350,000.00
FY 2006	350,000.00	350,000.00	-
FY 2007	350,000.00	95,290.50	(254,709.50)
FY 2008	95,290.50	44,290.50	(51,000.00)
FY 2009	44,290.50	44,290.50	-
FY 2010	-	-	-
			Estimated
			Estimated