

Enterprise Fund Overview

What is an Enterprise Fund

An enterprise fund establishes a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. Under enterprise accounting, the revenues and expenditures of the service are segregated into a separate fund with its own financial statements, rather than commingled with the revenues and expenses of all other governmental activities. Financial transactions are reported using standards similar to private sector accounting. Revenues are recognized when earned and expenses are recognized when incurred, under a full accrual basis of accounting. An enterprise fund provides management and taxpayers with information to measure performance, analyze the impact of financial decisions, determine the costs of providing a service and identify any subsidy from the general fund in providing a service.

Enterprise accounting allows a community to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy or other available funds, if any. A community may choose to recover total service costs through user charges, but it is not required.

History

The enterprise fund statute, MGL Ch 44 § 53F ½ (formerly Chapter 41 § 39K), was enacted in 1986. Before that time, communities used special revenue funds authorized under various general laws or special acts in order to separately account for their business type services. These special revenue funds were limited, however, with regard to the services and costs covered. The funds were most commonly authorized for water, gas and electric utility departments and used primarily to account for annual operating costs, not the indirect costs, capital expenditures or fixed assets of the service. The purpose of the enterprise fund statute was to give communities the flexibility to account separately for all financial activities associated with a broader range of municipal services.

Basis of Accounting

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

The following major proprietary funds are classified as Proprietary funds and audited as such:

- 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 Trash Enterprise fund is used to account for the Trash activities.

The following major proprietary funds are classified by the City as Special Revenue Funds but are audited and reported as proprietary funds:

- The Golf Course Enterprise fund is used to account for the Golf Course activities.

The following major proprietary fund is budgeted and revenue collected as part of the General Fund but is audited and reported as proprietary funds:

- The Parking activities enterprise fund is used to account for the parking activities.

**For the entire MGL on Enterprise Funds visit the Massachusetts Department of Revenue website:
<http://www.mass.gov/Ador/docs/dls/publ/misc/EnterpriseFundManual.pdf>**

**Five Year Financial Forecast
Water and Sewer Enterprise Funds
FY10 - FY14**

Updated 5/27/2010

Desc		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<i>projected percent increase</i>					2%	3%	3%
Sewer Rates	Residential	4.62	4.85	5.10	5.20	5.35	5.51
	Non-Residential < 25,000 cu ft	7.00	7.35	7.72	7.87	8.11	8.35
	Non-Residential > 25,000 cu ft	8.97	9.42	9.89	10.09	10.39	10.70
SEWER REVENUE							
	User Charges	7,218,529	7,356,675	7,437,055	7,585,796	7,813,370	8,047,771
	Other Department Revenue	150,000	150,000	150,000	153,000	157,590	162,318
SEWER RATES		7,368,529	7,506,675	7,587,055	7,738,796	7,970,960	8,210,089
Other Financial Sources							
	Retained Earnings Appropriated	3,000					
	SESD Trans In	600,000	360,000	-	175,354	170,658	166,966
SEWER OFS/Trans In		603,000	360,000	-	175,354	170,658	166,966
TOTAL SEWER REVENUE		7,971,529	7,866,675	7,587,055	7,914,150	8,141,618	8,377,055
SEWER EXPENSES							
3% Administration		853,376	800,694	778,395	801,747	825,799	850,573
Short Term Debt - Interest			33,840	24,547			
Long Term Debt - Principal					91,000	90,000	90,000
Long Term Debt - Interest				36,923	71,798	67,725	63,675
3% SESD Assessment		5,841,346	5,922,201	5,987,926	6,167,564	6,352,591	6,543,168
Retained Earnings Expended		3,000					
Other Financial Uses							
Subtotal		6,697,722	6,756,735	6,827,791	7,132,109	7,336,115	7,547,417
3% Indirect Costs		673,882	749,940	759,264	782,042	805,503	829,668
Subtotal		7,371,604	7,506,675	7,587,055	7,914,151	8,141,618	8,377,085
TOTAL SEWER EXPENSES		7,371,604	7,506,675	7,587,055	7,914,151	8,141,618	8,377,085
NET CHANGE IN FUND BALANCE (Projected)		599,925	360,000	-	(0)	(0)	(30)

**Five Year Financial Forecast
Water and Sewer Enterprise Funds
FY10 - FY14**

Updated 5/27/2010

Desc		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<i>projected percent increase</i>					2%	3%	3%
Water Rates	Residential	2.18	2.27	2.36	2.41	2.48	2.55
	Non-Residential	2.96	3.08	3.20	3.27	3.36	3.46

WATER REVENUE

User Charges	4,370,000	4,432,798	4,618,851	4,711,228	4,852,565	4,998,142
Other Department Revenue	110,000	110,000	110,000	112,200	115,566	119,033

WATER RATES	4,480,000	4,542,798	4,728,851	4,823,428	4,968,131	5,117,175
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OFS				352,559	300,388	257,662
Retained Earnings Appropriated	69,000					

WATER OFS/Trans in	69,000	-	-	352,559	300,388	257,662
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TOTAL WATER REVENUE	4,549,000	4,542,798	4,728,851	5,175,987	5,268,519	5,374,837
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WATER EXPENSES

3% Administration	1,082,911	1,076,882	1,048,433	1,079,886	1,112,283	1,145,651
Short Term Debt	100,000	111,700	92,649			
Long Term Debt - Principal		165,000	201,000	514,000	505,000	505,000
Long Term Debt - Interest		126,063	239,067	344,215	320,463	297,738
MWPAT loan - Principal		99,806	101,822	103,880	105,978	108,119
MWPAT loan - Interest		41,821	39,803	37,747	35,648	33,507
3% SBWSB Assessment	2,168,075	2,241,401	2,313,119	2,382,513	2,453,988	2,527,608
Retained Earnings Expended	69,000					
Reserve Fund						

Subtotal	3,419,986	3,862,673	4,035,893	4,462,241	4,533,360	4,617,623
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3% Indirect Costs	615,198	680,125	692,958	713,747	735,159	757,214
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Subtotal	4,035,184	4,542,798	4,728,851	5,175,987	5,268,519	5,374,837
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TOTAL WATER EXPENSES	4,035,184	4,542,798	4,728,851	5,175,987	5,268,519	5,374,837
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NET CHANGE IN FUND BALANCE (Projected)	513,816	-	-	(0)	0	0
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BUREAU OF ACCOUNTS
SCHEDULE A-2
ENTERPRISE FUNDS

SALEM
SEWER ENTERPRISE FUND - FY11

	(b) FY10 Estimated Receipts DOR recap	(c) FY11 Estimated
1. Enterprise Revenues & Available Funds		
User Charges		
Connection Fees	7,356,675	7,437,055
Other Departmental Revenue		
Investment Income	150,000	150,000
Intergovernmental-SESD		
Total Revenues	<u>7,506,675</u>	<u>7,587,055</u>
Retained Earnings Appropriated		
Other Enterprise Available Funds		
Total Revenue & Available Funds	<u><u>7,506,675</u></u>	<u><u>7,587,055</u></u>

**SALEM
SEWER ENTERPRISE FUND - FY11**

	(b) FY10 Estimated Receipts DOR recap	(c) FY11 Estimated
2. Total Costs Appropriated		
a. Costs appropriated in enterprise fund		
Salary & Wages	419,504	421,555
Expenses	346,190	326,840
Insurance Expense (Deductibles)	10,000	5,000
Capital outlay	25,000	25,000
Short term debt	33,840	24,547
Long Term Debt		36,923
Reserve Fund		
Other (SESD assessment)	5,922,201	5,987,926
Retained Earnings Expenditures		
Total costs appropriated in enterprise fund	6,756,735	6,827,791
b. Costs appropriated in the general fund (to be transferred to enterprise)		
Total costs appropriated in the general fund	749,940	759,264
Total Costs	7,506,675	7,587,055
3. Calculation of General Fund Subsidy		
Revenue & available funds	7,506,675	7,587,055
less: Total costs	7,506,675	7,587,055
less: Prior year deficit		
(Negative represents general fund subsidy)	0	0
4. Sources of Funding for Costs Appropriated in the Enterprise Fund		
a. Revenue & available funds	7,506,675	7,587,055
b. Taxation		
c. Free Cash		
d. Non-Enterprise available funds		
Total Sources of Funding for Costs Appropriated in Enterprise Fund	7,506,675	7,587,055

**BUREAU OF ACCOUNTS
SCHEDULE A-2
ENTERPRISE FUNDS**

**SALEM
WATER ENTERPRISE FUND - FY11**

	(b) FY10 Estimated Receipts DOR recap	(c) FY11 Estimated
1. Enterprise Revenues & Available Funds		
User Charges	4,432,798	4,618,851
Connection Fees		
Other Departmental Revenue	110,000	110,000
Investment Income		
Total Revenues	<u>4,542,798</u>	<u>4,728,851</u>
Retained Earnings Appropriated		
Other Enterprise Available Funds		
Total Revenue & Available Funds	<u><u>4,542,798</u></u>	<u><u>4,728,851</u></u>

**SALEM
WATER ENTERPRISE FUND - FY11**

	(b) FY10 Estimated Receipts DOR recap	(c) FY11 Estimated
2. Total Costs Appropriated		
a. Costs appropriated in enterprise fund		
Salary & Wages	431,504	437,995
Expenses	610,378	580,438
Capital outlay	25,000	25,000
Insurance Expense (Deductibles)	10,000	5,000
Other (SBWB assessment)	2,241,401	2,313,119
Other (Long Term Debt Service ~ FY09)	432,690	581,692
Short term debt (interest only)	111,700	92,649
Retained Earnings Expense		
Total costs appropriated in enterprise fund	3,862,673	4,035,893
b. Costs appropriated in the general fund (to be transferred to enterprise		
Total costs appropriated in the general fund	680,125	692,958
Total Costs	4,542,798	4,728,851
3. Calculation of General Fund Subsidy		
Revenue & available funds	4,542,798	4,728,851
less: Total costs	4,542,798	4,728,851
less: Prior year deficit		
(Negative represents general fund subsidy)	0	0
4. Sources of Funding for Costs Appropriated in the Enterprise Fund		
a. Revenue & available funds	4,542,798	4,728,851
b. Taxation		
c. Free Cash		
d. Non-Enterprise available funds		
Total Sources of Funding for Costs Appropriated in Enterprise Fund	4,542,798	4,728,851

BUREAU OF ACCOUNTS
SCHEDULE A-2
ENTERPRISE FUNDS

SALEM
SOLID WASTE ENTERPRISE FUND - FY11

	(b) FY10 Estimated Receipts DOR recap	(c) FY11 Estimated
1. Enterprise Revenues & Available Funds		
User Charges	625,000	625,000
Prior Year Liens	25,000	25,000
Other Departmental Revenue		
Other Departmental Revenue (recycling)	100,000	50,000
Investment Income		
Total Revenues	<u>750,000</u>	<u>700,000</u>
Retained Earnings Appropriated		
Other Enterprise Available Funds		
Total Revenue & Available Funds	<u><u>750,000</u></u>	<u><u>700,000</u></u>

**SALEM
SOLID WASTE ENTERPRISE FUND - FY11**

	(b) FY10 Estimated Receipts DOR recap	(c) FY11 Estimated
2. Total Costs Appropriated		
a. Costs appropriated in enterprise fund		
Salary & Wages	35,349	36,019
Expenses	26,700	26,800
Contracted Services - Collection		
Contracted Services - Disposal		
Contracted Services - Collection and Disposal (flat fee)	2,510,000	2,545,430
Recycling Initiative	12,000	12,000
Reserve Fund		
Total costs appropriated in enterprise fund	<u>2,584,049</u>	<u>2,620,249</u>
b. Costs appropriated in the general fund (to be transferred to enterprise)	<u>0</u>	<u>0</u>
Total Costs	<u><u>2,584,049</u></u>	<u><u>2,620,249</u></u>
 3. Calculation of General Fund Subsidy		
Revenue & available funds	750,000	700,000
less: Total costs	2,584,049	2,620,249
less: Prior year deficit	0	0
(Negative represents general fund subsidy)	<u>(1,834,049)</u>	<u>(1,920,249)</u>
 4. Sources of Funding for Costs Appropriated in the Enterprise Fund		
a. Revenue & available funds	750,000	700,000
b. Taxation	1,834,049	1,920,249
c. Free Cash		
d. Non-Enterprise available funds		
Total Sources of Funding for Costs Appropriated in Enterprise Fund	<u><u>2,584,049</u></u>	<u><u>2,620,249</u></u>

**CITY OF SALEM
ENTERPRISE FUNDS A2 SUMMARY**

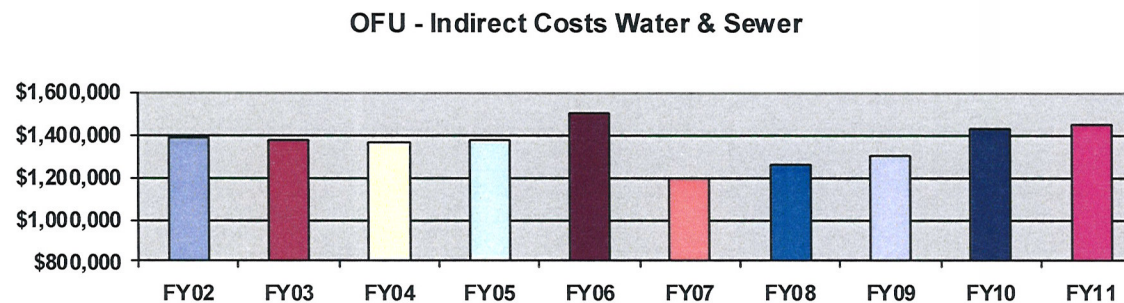
	RECAP FY 2010	Estimated FY 2011	Increase % FY 10 VS FY 11	INCREASE FY 10 VS FY 11
REVENUE				
SEWER RATES	7,506,675	7,587,055	1.07%	80,380
SEWER TRANS/OTHER FINANCIAL SOURCES	-	-		0
TOTAL SEWER REVENUE	7,506,675	7,587,055	1.07%	80,380
WATER RATES	4,542,798	4,728,851	4.10%	186,053
WATER TRANS/OTHER FINANCIAL SOURCES	-	-		0
TOTAL WATER REVENUE	4,542,798	4,728,851	4.10%	186,053
TRASH FEES	750,000	700,000	-6.67%	(50,000)
TRASH General Fund Subsidy/OTHER FINANCIAL SOURCES	1,834,049	1,920,249	4.70%	86,200
TOTAL TRASH REVENUE	2,584,049	2,620,249	1.40%	36,200
ENTERPRISE FUND TOTAL REVENUE	14,633,522	14,936,155	2.07%	302,633
EXPENDITURES				
SEWER PERSONNEL	419,504	421,555	0.49%	2,051
SEWER NON-PERSONNEL	6,337,231	6,406,236	1.09%	69,005
Sewer -Indirect Costs/OTHER FINANCIAL USES	749,940	759,264	1.24%	9,324
TOTAL SEWER EXPENDITURES	7,506,675	7,587,055	1.07%	80,380
WATER PERSONNEL	431,504	437,995	1.50%	6,491
WATER NON-PERSONNEL	3,431,169	3,597,898	4.86%	166,729
WATER -Indirect Costs/OTHER FINANCIAL USES	680,125	692,958	1.89%	12,833
TOTAL WATER EXPENDITURES	4,542,798	4,728,851	4.10%	186,053
TRASH PERSONNEL	35,349	36,019	1.90%	670
TRASH NON-PERSONNEL	2,548,700	2,584,230	1.39%	35,530
TRASH -Indirect Costs/OTHER FINANCIAL USES	-	-		
TOTAL TRASH EXPENDITURES	2,584,049	2,620,249	1.40%	670
ENTERPRISE FUND TOTAL EXPENDITURES	14,633,522	14,936,155	2.07%	199,556

INTERFUND TRANSFERS/OTHER FINANCIAL USES (OFU)

Enterprise Fund Other Financial Uses (OFU) - 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 (health, life, dental insurances, etc) 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.

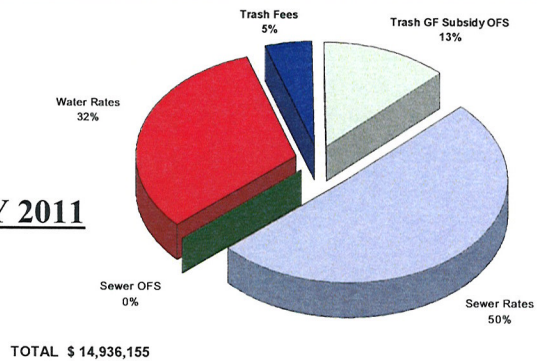
For FY 2011 an increase in indirect costs of \$22,157 (1.5%) is projected. The Trash Enterprise Fund is not self sustaining and therefore subsidized by the General Fund. Therefore no indirect costs are booked to the Trash Enterprise Fund. Indirect Costs are booked by a journal entry from Tax Recapitulation Sheet (RECAP) when the Tax Rate is sent in December as voted by City Council.

Other Financial Uses - Indirect Costs Water & Sewer					
Fiscal Year	OFU	Fiscal Year	OFU		
2002	1,387,236	2007	1,195,330		
2003	1,374,060	2008	1,258,161		
2004	1,365,192	2009	1,301,747		
2005	1,384,097	2010	1,430,065	Per Recap	
2006	1,507,632	2011	1,452,222	Estimated	
			% Change FY10 vs FY11	1.5%	



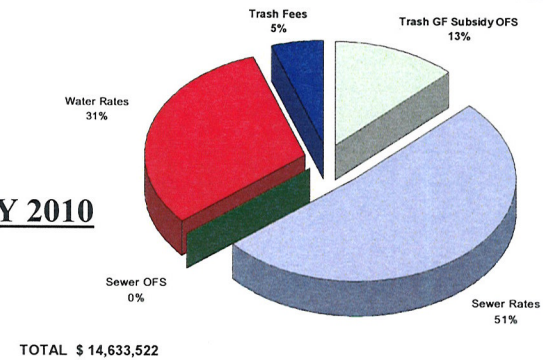
ENTERPRISE FUND – A2 REVENUE

FY 2011



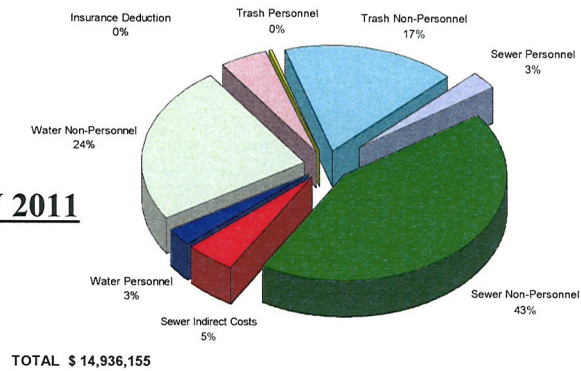
ENTERPRISE FUND – A2 REVENUE

FY 2010



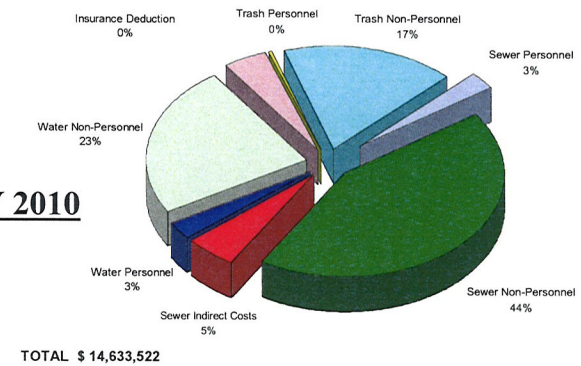
ENTERPRISE FUND – A2 EXPENDITURES

FY 2011



ENTERPRISE FUND – A2 EXPENDITURES

FY 2010



ENTERPRISE FUND REVENUE DETAIL

Revenues for enterprise funds are derived from the following sources:

- **Charges and Fees** – Amounts paid by those who use the service. These include late charges, fees and interest incurred in the collection process.
- **Other Revenue Sources (OFS)** – Includes all other receipts such as state funding, grants, surplus from South Essex Sewer District (SESD) & the Salem Beverly Water Supply Board (SBWSB) and monies from apportioned and un-apportioned betterments and special assessments relating to the enterprise fund.
- **Retained Earnings** – The operating surplus of the enterprise fund. Based on the submission of a June 30 balance sheet, the retained earnings of an enterprise may be used for appropriations only after the Bureau of Accounts certifies it as a surplus. This surplus may be used for capital projects or to offset the operating budget, which effectively reduces the user charges, rates, or general fund subsidy. Like free cash and other general fund reserves, the surplus must be appropriated before the subsequent June 20. After July 1, no appropriation can be made from the surplus until after it is certified by the Director of Accounts.
- **General Fund Subsidy** – Any revenue deficits in an enterprise fund can and should be funded by the general fund, either during the initial budgeting process (if anticipated) or raised on the Recap after year end.

The City of Salem uses the following sources to fund each enterprise fund:

Sewer – User fees, penalties and interest, sewer liens, backflow tests, other miscellaneous revenue and any fund balance surplus at the South Essex Sewerage District (SESD). SESD surpluses are the result of our assessment payment being more than the actual costs of running SESD.

Water – User fees, penalties and interest, water liens, sale of water meters, and revenue from shutoffs.

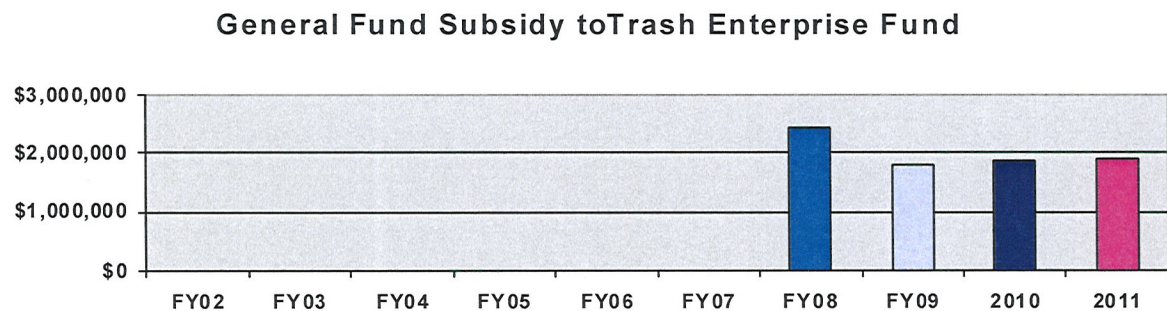
Trash – User fees, penalties and interest and general fund subsidy.

SEWER ENTERPRISE FUND

Sewer Revenue – The sewer revenues consist of penalties & interest, sewer rates revenues, sewer liens revenue, sewer backflow tests, and miscellaneous revenue. We also request on an annual basis that SESD send us any fund balances that they may be holding in our behalf.

In FY 2009 we received \$600,000 in December (after RECAP). That figure is not reflected in the 2010 revenue estimates on the RECAP. In FY 2011 we did not budget any fund balance transfers from SESD due to the potential elimination of the Commonwealths sewer rate relief program. Sewer rate revenue estimates are up slightly due to rate increases of 5% effective July 1, 2010. This is the last year of a three year rate increase voted by City Council.

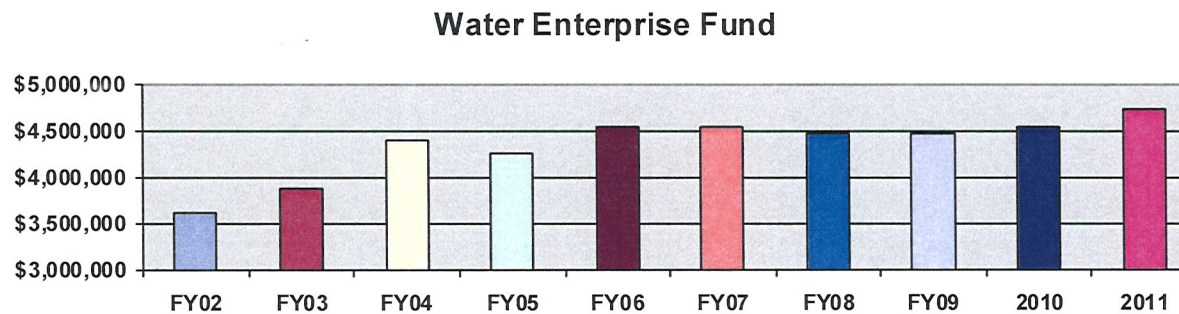
Sewer Enterprise Revenue					
Fiscal Year	Revenue		Fiscal Year	Revenue	
2002	7,371,417		2007	7,074,210	
2003	7,009,381		2008	7,082,031	
2004	7,759,342		2009	7,582,289	
2005	7,909,582		2010	7,506,675	Per Recap
2006	6,990,045		2011	7,587,055	Estimated
% Change FY10 vs FY11				1.1%	



WATER ENTERPRISE FUND

Water Revenue – The water revenues consist of penalties & interest, water rates revenues, water liens revenue, water backflow tests, and miscellaneous revenue. Water rate revenue estimates are up slightly due to rate increases of 6% effective July 1, 2010. This is the last year of a three year rate increase voted by City Council.

Water Enterprise Revenue			
Fiscal Year	Revenue	Fiscal Year	Revenue
2002	3,625,861	2007	4,544,171
2003	3,894,865	2008	4,483,929
2004	4,402,276	2009	4,056,195
2005	4,273,573	2010	4,542,798
2006	4,544,002	2011	4,728,851
		Per Recap Estimated	
% Change FY10 vs FY11		4.1%	

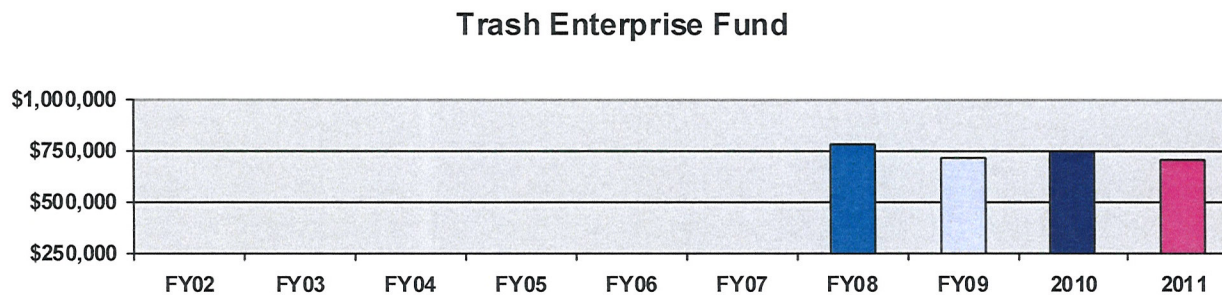


TRASH ENTERPRISE FUND

Trash Revenue – The trash revenues consist of penalties & interest and trash fee revenue. We subsidize the majority of the fund with a general fund transfer. In FY 2007 the trash fees totaling \$449,665 were collected and expensed entirely in the general fund. In FY 2008 we created a Trash Enterprise Fund by vote of City Council.

In FY 2011 we anticipate revenue to decrease 6.7% due to the current revenue trend in the Trash Enterprise Fund. We also anticipate stability in recycling revenue due to economic factors including stability in recycling rates.

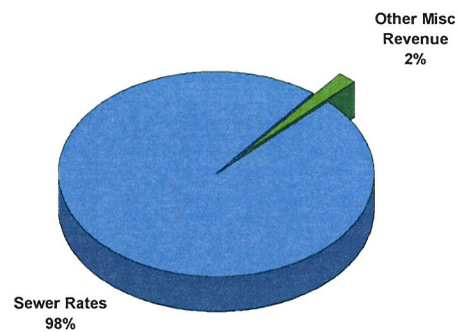
Trash Enterprise Revenue			
Fiscal Year	Revenue	Fiscal Year	Revenue
2002		2007	
2003		2008	780,268
2004		2009	715,844
2005		2010	750,000
2006		2011	700,000
		Per Recap Estimated	
		% Change FY10 vs FY11	-6.7%



In FY 2011 we anticipate a 4.7% increase in the General Fund Subsidy to the Trash Enterprise fund due to the reduction in anticipated revenue in the Trash Enterprise fund.

**ESTIMATED REVENUES
SEWER ENTERPRISE FUND**

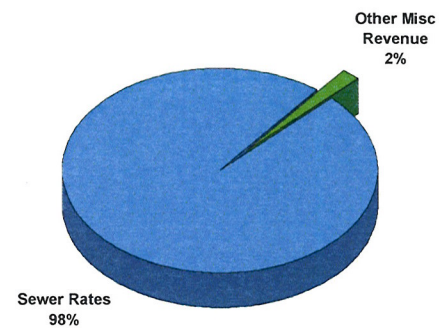
FY 2011



TOTAL 7,587,055

**ESTIMATED REVENUES
SEWER ENTERPRISE FUND**

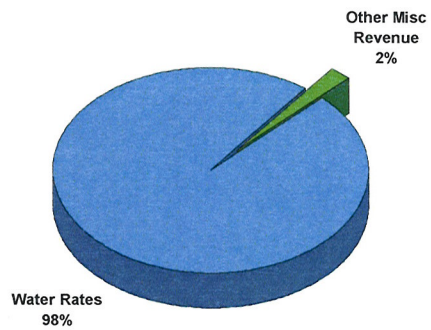
FY 2010



TOTAL 7,506,675

**ESTIMATED REVENUES
WATER ENTERPRISE FUND**

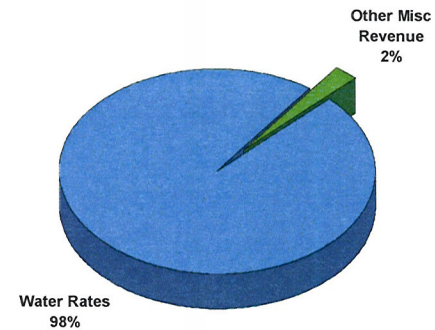
FY 2011



TOTAL \$4,728,851

**ESTIMATED REVENUES
WATER ENTERPRISE FUND**

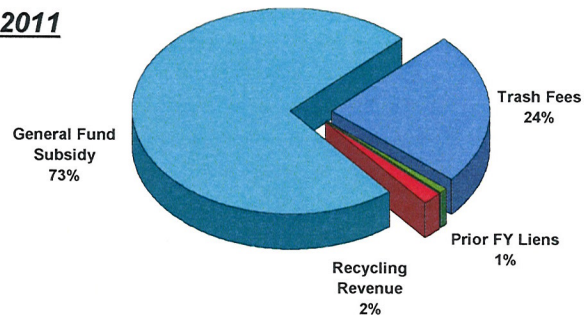
FY 2010



TOTAL \$4,542,798

ESTIMATED REVENUES TRASH ENTERPRISE FUND

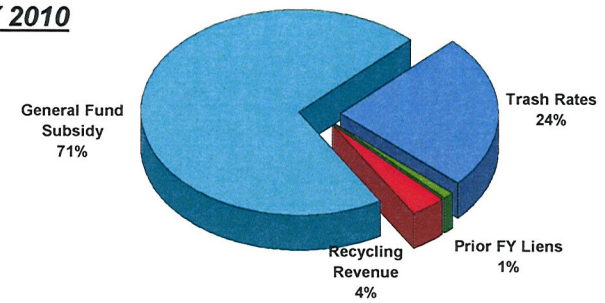
FY 2011



TOTAL \$2,620,249

ESTIMATED REVENUES TRASH ENTERPRISE FUND

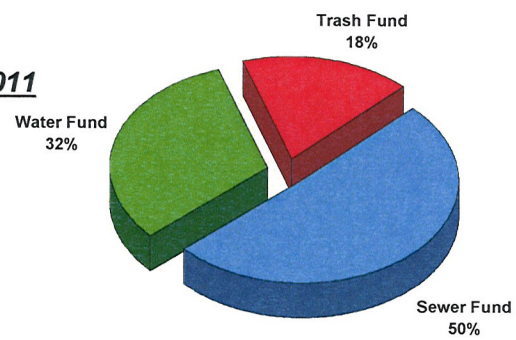
FY 2010



TOTAL \$2,584,049

**TOTAL ESTIMATED REVENUES
ENTERPRISE FUNDS**

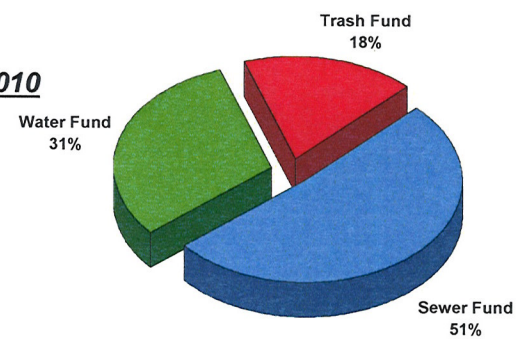
FY 2011



TOTAL \$14,936,155

**TOTAL ESTIMATED REVENUES
ENTERPRISE FUNDS**

FY 2010



TOTAL \$14,633,522

**CITY OF SALEM, MASSACHUSETTS
FY 2011 OPERATING BUDGET**

7/16/2010
9:27 AM

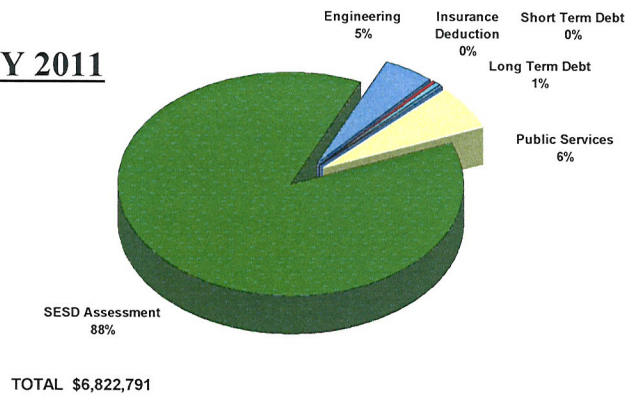
	ACTUAL EXPENDED FY 2009	ADOPTED BUDGET FY 2010	ADJUSTED BUDGET FY 2010	DEPT BUDGET FY 2011	MAYOR BUDGET FY 2011	CITY COUNCIL BUDGET FY 2011	FY 10 Adj vs FY 11 Budget Inc/Decr Amount	Percentage
ENTERPRISE FUNDS								
SEWER :								
Sewer - Public Services	472,444	453,494	453,494	453,494	438,318	438,318	(15,176)	-3.35%
Sewer - Engineering	350,303	337,200	382,200	337,105	335,077	330,077	(52,123)	-13.64%
SESD Assessment	5,841,133	5,922,201	5,922,201	5,987,926	5,987,926	5,987,926	65,725	1.11%
Long Term Debt	0	-	0	36,923	36,923	36,923	36,923	
Short Term Debt		33,840	33,840	24,547	24,547	24,547	(9,293)	
Sewer - Insurance Deduction	167	10,000	10,000	10,000	5,000	5,000	(5,000)	-50.00%
TOTAL SEWER	6,664,047	6,756,735	6,801,735	6,849,995	6,827,791	6,822,791	21,056	0.31%
WATER :								
Water-Public Services	547,067	496,487	496,487	496,487	486,261	486,261	(10,226)	-2.06%
Water-Engineering	639,601	570,395	570,395	570,300	557,172	552,172	(18,223)	-3.19%
Long Term Debt	515,936	432,690	432,690	581,692	581,692	581,692	149,002	34.44%
Short Term Debt	49,391	111,700	113,200	92,649	92,649	92,649	(20,551)	-18.15%
SBWS Assessment	2,168,075	2,241,401	2,241,401	2,313,119	2,313,119	2,313,119	71,718	3.20%
Water - Insurance Deduction	0	10,000	10,000	10,000	5,000	5,000	(5,000)	
TOTAL WATER	3,920,070	3,862,673	3,864,173	4,064,247	4,035,893	4,030,893	166,720	4.31%
TRASH :								
Trash - Engineering	2,549,508	2,584,049	2,584,049	2,619,775	2,620,249	2,620,249	36,200	1.40%
TOTAL TRASH	2,549,508	2,584,049	2,584,049	2,619,775	2,620,249	2,620,249	36,200	1.40%
ENTERPRISE FUND TOTAL	13,133,625	13,203,457	13,249,957	13,534,017	13,483,933	13,473,933	223,976	1.69%

PERSONNEL & NON-PERSONNEL SUMMARIES

Sewer	Personnel	421,438	419,504	419,504	419,409	421,555	421,555	2,051	0.49%
	Non-Personnel	6,242,609	6,337,231	6,382,231	6,430,586	6,406,236	6,401,236	19,005	0.30%
		6,664,047	6,756,735	6,801,735	6,849,995	6,827,791	6,822,791	21,056	0.31%
Water	Personnel	439,081	431,504	431,504	435,849	437,995	437,995	6,491	1.50%
	Non-Personnel	3,480,989	3,431,169	3,432,669	3,628,398	3,597,898	3,592,898	160,229	4.67%
		3,920,070	3,862,673	3,864,173	4,064,247	4,035,893	4,030,893	166,720	4.31%
Trash	Personnel	69,731	35,349	35,349	35,545	36,019	36,019	670	1.90%
	Non-Personnel	2,479,778	2,548,700	2,548,700	2,584,230	2,584,230	2,584,230	35,530	1.39%
		2,549,508	2,584,049	2,584,049	2,619,775	2,620,249	2,620,249	36,200	1.40%
TOTAL Enterprise Fund		13,133,625	13,203,457	13,249,957	13,534,017	13,483,933	13,473,933	223,976	1.69%

ADOPTED BUDGET SEWER ENTERPRISE FUND

FY 2011

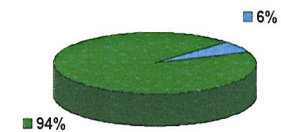


ADOPTED BUDGET SEWER ENTERPRISE FUND

FY 2011

SEWER FUND

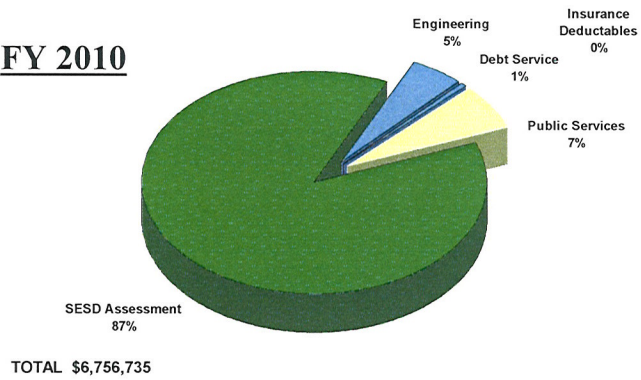
• Personnel	\$ 421,555
• Expenses	\$ 6,401,236
• TOTAL	\$ 6,822,791



■ Personnel ■ Expenses

ADOPTED BUDGET SEWER ENTERPRISE FUND

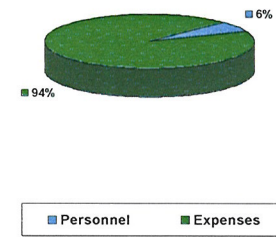
FY 2010



ADOPTED BUDGET SEWER ENTERPRISE FUND

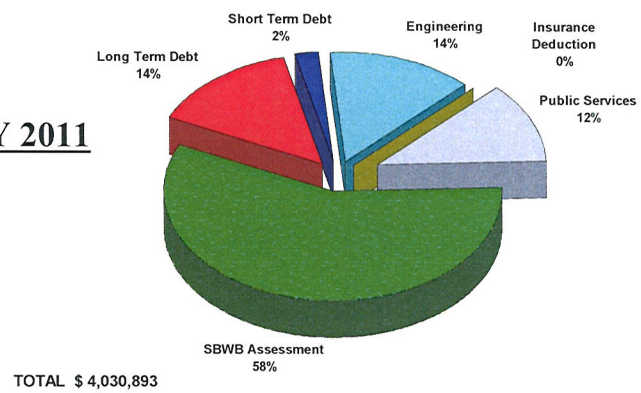
FY 2010

SEWER FUND	
• Personnel	\$ 419,504
• Expenses	\$ 6,337,231
• TOTAL	\$ 6,756,735



ADOPTED BUDGET WATER ENTERPRISE FUND

FY 2011



PROPOSED BUDGET WATER ENTERPRISE FUND

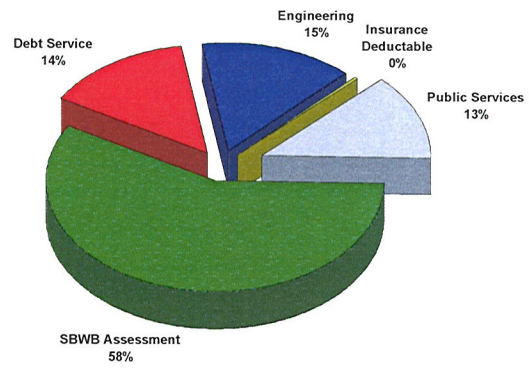
FY 2011	
WATER FUND	
• Personnel	\$ 437,995
• Expenses	\$ 3,592,898
• TOTAL	\$ 4,030,893



■ Personnel ■ Expenses

ADOPTED BUDGET WATER ENTERPRISE FUND

FY 2010

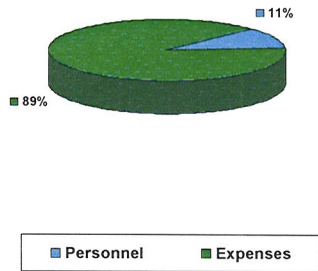


TOTAL \$ 3,862,673

ADOPTED BUDGET WATER ENTERPRISE FUND

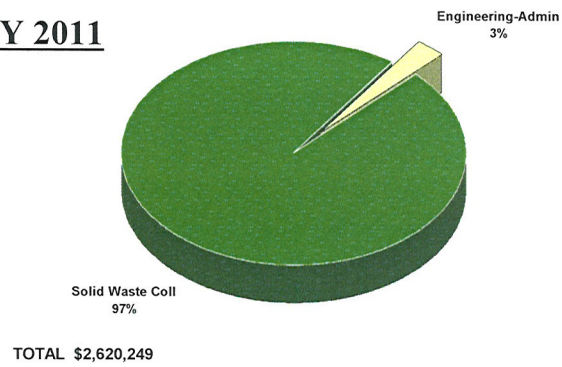
FY 2010

WATER FUND	
• Personnel	\$ 431,504
• Expenses	\$ 3,431,169
• TOTAL	\$ 3,862,673



ADOPTED BUDGET TRASH ENTERPRISE FUND

FY 2011

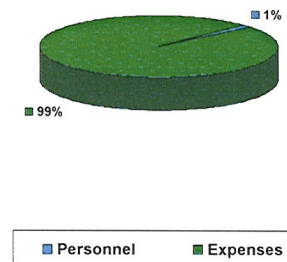


ADOPTED BUDGET TRASH ENTERPRISE FUND

FY 2011

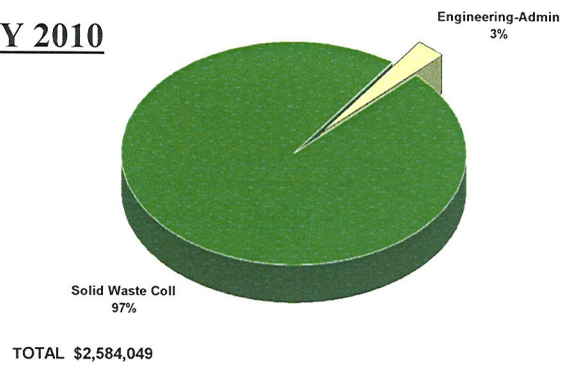
TRASH FUND

• Personnel	\$ 36,019
• Expenses	\$ 2,584,230
• TOTAL	\$ 2,260,249



ADOPTED BUDGET TRASH ENTERPRISE FUND

FY 2010

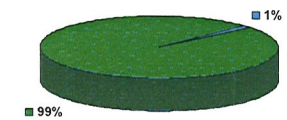


ADOPTED BUDGET TRASH ENTERPRISE FUND

FY 2010

TRASH FUND

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



■ Personnel ■ Expenses

City of Salem
Proposed Capital Plan ~ Water and Sewer Enterprise Fund
Fiscal Year 2010 - 2014

CAPITAL REQUEST	FY11 PRIORITY	FUNDING SOURCE	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY2014
Water Enterprise-Engineering								
Highland Ave Water Tank (2003 Bond issue)	wip	authorized and unissued	\$ 4,500,000.00					
Main System Upgrades Vales/Pipe replacement (2003 Bond issue)	wip	authorized and unissued	\$ 1,828,208.00					
Upgrade Water Meters - Entire City (2009 bond issue)	wip	BAN	\$ 3,000,000.00					
Design/Construction of Transmission Main Upgrades (Rantoul Street) (2009 bond issue)	wip	BAN	\$ 2,500,000.00					
Main System Upgrades Vales/Pipe replacement	wip	r/e		\$ 100,000.00				
Water Easements - Research, Taking, Clearing	wip	r/e		\$ 175,000.00				
Folly Hill Reservoir ~ Slope Stabilization Project	wip	r/e		\$ 80,000.00				
Main System Upgrades Vales/Pipe replacement	1	r/e			\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Energy efficiency evaluation - SBWSB pump station	2	ESCO			\$ 35,000.00			
Internal/External Rehabilitation ~ Gallows and Folly Hills Storage Tanks	3	bonding			\$ 1,000,000.00			
Subtotal: Water Enterprise			\$ 11,828,208.00	\$ 355,000.00	\$ 1,135,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Sewer Enterprise-Engineering								
South River Basin Upgrades (study, design/permit, construction) (2009 bond issue)	wip	BAN	\$ 4,350,000.00					
Sewer Pump Station Upgrades/Replacements (2009 bond issue)	done	BAN	\$ 400,000.00					
Forrester St. study (study, design, construct) (2009 bond issue)	wip	BAN	\$ 150,000.00					
Station/Moffat Rd. (study, design, construct) (2009 bond issue)	wip	BAN	\$ 150,000.00					
North River improvements - Peer Review	done		\$ 50,000.00					
I/I Removal Program	wip	SESD		\$ 25,000.00				
Sewer Line Extension/Upgrade/Rehabilitation	wip	r/e		\$ 50,000.00				
Bridge St. Sewer Reconstruction (design/construction)	1	bonding			\$ 900,000.00			
Illicit connection removal (study, design, construction)	2	r/e			\$ 200,000.00	\$ 400,000.00		
Sewer Line Extension/Upgrade/Rehabilitation	3	r/e			\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
I/I Removal Program	4	SESD			\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
Subtotal: Sewer Enterprise			\$ 5,100,000.00	\$ 75,000.00	\$ 1,175,000.00	\$ 475,000.00	\$ 75,000.00	\$ 75,000.00
Total: Enterprise Fund			\$ 16,928,208.00	\$ 430,000.00	\$ 2,310,000.00	\$ 575,000.00	\$ 175,000.00	\$ 175,000.00

NOTES ~ Funding Sources:

Bonds: Issuance of long term bonds to fund (analysis below on yearly estimated debt payments and effect on water/sewer rates)

R/E: Retained Earnings of the respective enterprise fund (no effect on rates)

SESD: South Essex Sewerage District Retained Earnings to be used going forward to fund I/I campaigns (inflow and infiltration).

BAN: Bond anticipation notes

Authorized and Unissued: Debt has been authorized, but no issuance of bonds have occurred

Water and Sewer Enterprise Fund
Capital Projects Update – Approved Projects
May 27, 2010

Water Enterprise Fund

Highland Avenue Water Tank & Main System Upgrades (2003)

- Authorized: \$6,328,208
- BAN: \$2,000,000 payable October 2010

Status:

The 2003 \$12 million loan authorization included the recently completed Lafayette and Loring Ave. water main improvement project, the Highland Ave water tank design, and various system-wide upgrades to ensure proper long term operation of the city's water distribution system.

The Highland Ave water tank project is on hold pending the advancement of the Walmart/Lowe's development. The development should have its permits by the end of 2010, and complete site work (considerable blasting of ledge) by the end of 2011. The water tank construction can start in 2012. The estimated cost of the water tank, piping and scada system is \$4.5 million.

The main system upgrades includes the "non participating portion" of the Bridge Street project in the amount of \$600,000 (of a \$10.4 million dollar project). Other main system upgrades include looping many dead-end water mains and replacement of aging pipes and valves throughout the City. Estimated cost for the remaining improvements is \$1.2 million.

The existing \$2 million BAN will be converted to bonds in FY2011. The balance of the authorization (\$4,328,208) will continue to remain unauthorized and unissued until the Highland Avenue Water Tank work begins.

Transmission Main – Rantoul St. (2007)

- Authorized: \$2,500,000
- BAN: \$2,500,000 payable October 2010

Status:

The 2007 \$2.5 million loan authorization is for the upgrade of the City's 20-inch transmission main in Rantoul Street, from Beverly Hospital to the Salem Beverly Bridge. The main upgrade is needed in anticipation of the city of Beverly's Rantoul street roadway construction project.

Construction will start in May 2010 and should be complete by the end of calendar year 2010.

The existing \$2,500,000 BAN will be converted to bonds in FY2011.

Upgrade of Water Meters (2007)

- Authorized: \$3,000,000
- BAN: \$ 925,000 payable October 2010

Status:

The 2007 \$3.0 million loan authorization is for the replacement of aging and inaccurate water meters and replacement of the meter reading capability in the city. A 100% replacement program is expected.

Proposals from meter and meter reading manufacturers have been received and a committee has been reviewing them. A decision on the meter and meter reading devices will be made by June 15, 2010. Shortly thereafter, the City will open bids for the installation of the new meters and reading system. The installation of new meters throughout the City will begin this summer and should be complete within two years.

The existing \$925,000 BAN will be converted into bonds in FY2011. Furthermore, an additional \$1,075,000 will be bonded for the project. The remaining \$1,000,000 will remain unauthorized and unissued for FY2011, as it is not anticipated that we will need these funds until FY2012.

Sewer Enterprise Fund

South River Basin Upgrade

- Authorized: \$4,350,000
- BAN: \$1,451,000 payable October 2010

Status:

The 2007 \$4.35 million loan authorization included investigations and exhaustive elevation surveys, conduit cleanings, modeling and analysis to identify specific mitigation measures that should be implemented to achieve the projects objectives. Immediately following, the implementation of the selected measures, including permitting, design and construction would be conducted.

Completed to date is the 1' and 2' contour survey of the project area, manhole and catch basin survey and inspection, installation of flow depth and volume metering, and the cleaning and inspection of key conduits and inlets and outlets of the piping system. A detailed computer model of the drainage system, utilizing the survey and flow metering data previously gathered, is being finalized. When completed, the model will be used to develop a range of alternative to mitigate the flooding. The alternative will be reviewed by the City and a capital improvement plan will be created for implementation.

The existing \$1,451,000 BAN will be converted to bonds in FY2011. Furthermore, an additional \$500,000 will be bonded in FY2011 for further work to be completed. The remaining \$2,400,000 will remain authorized and unissued.

Sewer Pump Station Upgrade/Replacement

- Authorized \$400,000
- BAN \$190,000 payable October 2010

Status:

The 2007 \$400,000 loan authorization included capital improvements to the City's water and sewerage pumps stations. Improvements include, but are not limited to new scada equipment, new pumps and motors, new stand by generators, etc at each station.

This work has been completed and the entire \$400,000 authorization will be converted to bonds in FY2011.

Forrester St and Station/Moffat upgrades

- Authorized \$300,000 (\$150,000 per project)
- BAN \$300,000 payable October 2010

Status:

The 2007 \$300,000 loan authorization included the study, design, permitting and construction of storm water improvements to mitigate flooding events in the city. Two major flood locations are on Station/Moffat road's drainage terminus at Monroe Road and the Forrester Ave. drainage systems' terminus at Derby and Webb Street.

Completed to date is the cleaning and investigation of each drainage system. A new tide gate is planned for installation at the Forrester Avenue outfall and rehabilitation of the storm water treatment device system at the terminus of the Station/Moffat Road system is planned.

This work has been completed and the entire \$300,000 authorization will be converted to bonds in FY2011.

2010 COMBINED RETAIL WATER AND SEWER RATE COMMUNITY CHARGE COMPARISON

	Water			Sewer			Discounts	Fund	Last Rate Adjustment	% change from FY2008	Annual Cost per 120 HCF (approx 90,000 gallons)
	Residential	Commercial		Residential	Commercial						
Salem - current	\$ 2.27	\$ 2.27	HCF	\$ 4.85	\$ 7.35	0-250 HCF	yes	Enterprise Fund	7/1/2009	4.70%	Water: \$ 272.40
				\$ 4.85	\$ 9.42	251+ HCF	10% water if pd. within 15 days	Water & Sewer			Sewer: \$ 582.00
											Combined: \$ 854.40
Salem - 7/1/10	\$ 2.36	\$ 2.36	HCF	\$ 5.10	\$ 7.72	0-250 HCF	yes	Enterprise Fund	7/1/2010	4.70%	Water: \$ 283.30
				\$ 5.10	\$ 9.89	251+ HCF	10% water if pd. within 15 days	Water & Sewer			Sewer: \$ 611.10
											Combined: \$ 894.40
Beverly	\$ 2.55	same	HCF	\$ 4.98	same	HCF	no	Enterprise Water & Sewer	7/1/2009	3.90%	Water: \$ 306.00
											Sewer: \$ 597.60
											Combined: \$ 903.60
Chelsea	\$ 3.69	same	0-10 HCF	\$ 6.52	same	0-10 HCF	no	Enterprise Fund	1/1/2009	6.00%	Water: \$ 442.80
	\$ 4.49	same	11-50 HCF	\$ 7.11	same	11-50 HCF		Water & Sewer			Sewer: \$ 782.40
	\$ 5.37	same	balance	\$ 8.17	same	Over 50 HCF					Combined: \$ 1,225.20
Danvers	\$ 3.98		0-20 HCF	\$ 5.49		0-20 HCF	yes	General Fund	7/1/2009	4.60%	Water: \$ 477.60
	\$ 4.45		20-24 HCF	\$ 5.67		20-24 HCF	15% water elderly/low income	Water & Sewer			Sewer: \$ 658.80
	\$ 5.88		24 - Greater HCF	\$ 6.76		24-Greater HCF					Combined: \$ 1,136.40
		\$ 3.98	0-40 HCF		\$ 5.49	0-40 HCF					
		\$ 4.45	40- Greater HCF		\$ 5.67	40- Greater HCF					
Gloucester	\$ 7.52	same	HCF	\$ 12.90	same	HCF	no	Enterprise Fund	7/1/2009	2.50%	Water: \$ 676.80
								Water & Sewer			Sewer: \$ 1,161.00
											Combined: \$ 1,837.80
Lynn	\$ 3.22	same	0-27.40 HCF	\$ 5.91	same	0-27.40 HCF	yes	Enterprise Fund	7/1/2009	2.50%	Water: \$ 386.40
	\$ 3.31	same	27.41-73.05 HCF	\$ 6.12	same	27.41-73.05 HCF	owner occ.	Water & Sewer			Sewer: \$ 709.20
	\$ 3.35	same	73.06-281.245 HCF	\$ 6.18	same	73.06-281.245 HCF	elderly/disabled				Combined: \$ 1,095.60
	\$ 3.40	same	balance	\$ 6.23	same	balance	single @ 15%, 2-fam @ 7.5%, 3-Fam @ 5%				
Marblehead	\$ 3.65	same	0-30 HCF	\$ 5.70	same	0-30 HCF	no	Enterprise Fund	7/1/2008	3.40%	Water: \$ 490.00
	\$ 3.95	same	balance	\$ 6.00	same	balance		Water & Sewer			Sewer: \$ 720.00
											Combined: \$ 1,210.00
Peabody	\$ 2.44	\$ 2.90	0-15 HCF	\$ 3.25	\$ 3.75	0-15 HCF	no	General Fund	3/1/2003	0.00%	Water: \$ 306.00
	\$ 2.66	\$ 3.16	15-30 HCF	\$ 3.58	\$ 4.13	balance		Water & Sewer			Sewer: \$ 409.80
	\$ 2.90	\$ 3.44	balance								Combined: \$ 715.80
Revere	\$ 2.81	\$ 3.99	HCF	\$ 8.78	\$ 12.04	HCF	yes senior	Enterprise Fund	7/1/2009	7.80%	Water: \$ 337.20
								Water & Sewer			Sewer: \$ 1,053.60
											Combined: \$ 1,390.80
Swampscott	\$ 6.02	same	HCF	\$ 4.82	same	HCF	no	Enterprise Fund	8/1/2009	12.40%	Water: \$ 766.40
								Water & Sewer			Sewer: \$ 613.40
											Combined: \$ 1,379.80

NOTE: All data taken from MWRA Annual Water and Sewer Retail Rate Survey - December 2009 except Danvers (gathered from Danvers Accounting office April 2010)

Average Costs of listed communities:	
Water:	\$ 465.47
Sewer:	\$ 745.09
Combined:	\$ 1,210.56