

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 - FY15**

Updated 7/5/2011

Desc		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<i>projected percent increase</i>				<i>2%</i>	<i>3%</i>	<i>3%</i>	<i>3%</i>
Sewer Rates	Residential	4.85	5.10	5.20	5.35	5.51	5.68
	Non-Residential < 25,000 cu ft	7.35	7.72	7.87	8.11	8.35	8.60
	Non-Residential > 25,000 cu ft	9.42	9.89	10.09	10.39	10.70	11.02

SEWER REVENUE

User Charges	6,854,778	7,162,055	7,311,510	7,530,855	7,756,781	7,989,484
Other Department Revenue	315,718	225,000	225,000	231,750	238,703	245,864

SEWER RATES

7,170,496	7,387,055	7,536,510	7,762,605	7,995,483	8,235,348
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OFS (new meters)				174,723	176,110	179,049
Retained Earnings Appropriated			148,000			
SESD Trans In	360,389	200,000	200,000	201,908	197,716	197,216

SEWER OFS/Trans In

360,389	200,000	348,000	376,631	373,826	376,265
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TOTAL SEWER REVENUE

7,530,885	7,587,055	7,884,510	8,139,236	8,369,309	8,611,613
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SEWER EXPENSES

3% Administration	800,694	778,395	800,933	824,961	849,710	875,201
Short Term Debt	33,840	24,547				
Long Term Debt		36,923	166,125	158,050	150,125	147,275
Long Term Debt - FY12 CIP				31,250	30,750	30,250
3% SESD Assessment	5,922,201	5,987,926	6,140,989	6,325,219	6,514,975	6,710,424
Retained Earnings Expended						
Other Financial Uses						

Subtotal	6,756,735	6,827,791	7,108,047	7,339,480	7,545,560	7,763,151
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3% Indirect Costs

	749,940	759,264	776,463	799,757	823,750	848,462
Subtotal	7,506,675	7,587,055	7,884,510	8,139,237	8,369,310	8,611,613

TOTAL SEWER EXPENSES

7,506,675	7,587,055	7,884,510	8,139,237	8,369,310	8,611,613
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NET CHANGE IN FUND BALANCE (Projected)

24,210	-	-	(0)	(0)	0
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**Five Year Financial Forecast
Water and Sewer Enterprise Funds
FY10 - FY15**

Updated 7/5/2011

	Desc	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2014
	<i>projected percent increase</i>			<i>3%</i>	<i>3%</i>	<i>3%</i>	<i>3%</i>
Water Rates	Residential	2.27	2.36	2.43	2.50	2.58	2.65
	Non-Residential	3.08	3.20	3.30	3.40	3.50	3.60

WATER REVENUE

User Charges	4,129,081	4,578,851	4,721,992	4,863,652	5,009,561	5,159,848
Other Department Revenue	141,886	150,000	150,000	154,500	159,135	163,909

WATER RATES

4,270,967	4,728,851	4,871,992	5,018,152	5,168,696	5,323,757
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OFS (new meters)				311,388	245,319	200,361
Retained Earnings Appropriated			360,000			

WATER OFS/Trans in

-	-	360,000	311,388	245,319	200,361
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TOTAL WATER REVENUE

4,270,967	4,728,851	5,231,992	5,329,540	5,414,015	5,524,118
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WATER EXPENSES

3% Administration	1,076,882	1,048,433	998,236	1,028,183	1,059,029	1,090,799
Short Term Debt	111,700	92,649				
Long Term Debt	432,690	581,692	1,130,050	1,104,539	1,083,914	1,064,114
3% SBWSB Assessment	2,241,401	2,313,119	2,403,095	2,475,188	2,549,443	2,625,927
Retained Earnings Expended						
Reserve Fund						

Subtotal	3,862,673	4,035,893	4,531,381	4,607,910	4,692,386	4,780,840
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3% Indirect Costs

	680,125	692,958	700,611	721,629	721,629	743,278
Subtotal	4,542,798	4,728,851	5,231,992	5,329,539	5,414,015	5,524,118

TOTAL WATER EXPENSES

4,542,798	4,728,851	5,231,992	5,329,539	5,414,015	5,524,118
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NET CHANGE IN FUND BALANCE (Projected)

(271,831)	-	-	1	(0)	(0)
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SCHEDULE A-2
ENTERPRISE FUNDS
SALEM
SEWER ENTERPRISE FUND - FY12

	FY10 Actual	FY11 Estimated DOR recap	FY12 Mayor's Recommended	Percentage Change FY11 vs FY12
1. Enterprise Revenues & Available Funds				
User Charges	6,854,778	7,162,055	7,311,510	2.1%
Connection Fees				
Other Departmental Revenue	315,718	225,000	225,000	0.0%
Investment Income				
Intergovernmental-SESD	360,389	200,000	200,000	0.0%
Total Revenues	7,530,885	7,587,055	7,736,510	2.0%
Retained Earnings Appropriated (stabilize rates in FY12 - meter install)			148,000	
Other Enterprise Available Funds				
Total Revenue & Available Funds	7,530,885	7,587,055	7,884,510	3.9%
2. Total Costs Appropriated				
a. Costs appropriated in enterprise fund				
Salary & Wages	419,504	421,555	433,514	2.8%
Expenses	346,190	326,840	362,419	10.9%
Insurance Expense (Deductibles)	10,000	5,000	5,000	0.0%
Capital outlay	25,000	25,000	0	-100.0%
Short Term Debt (interest only)	33,840	24,547	0	-100.0%
Long Term Debt (principal and interest)		36,923	166,125	349.9%
Reserve Fund				
Other (SESD assessment)	5,922,201	5,987,926	6,140,989	2.6%
Retained Earnings Expenditures				
Total costs appropriated in enterprise fund	6,756,735	6,827,791	7,108,047	4.1%
b. Costs appropriated in the general fund (to be transferred to enterprise)				
Total costs appropriated in the general fund	749,940	759,264	776,463	2.3%
Total Costs	7,506,675	7,587,055	7,884,510	3.9%

SCHEDULE A-2
ENTERPRISE FUNDS
SALEM
SEWER ENTERPRISE FUND - FY12

	FY10 Actual	FY11 Estimated DOR recap	FY12 Mayor's Recommended	Percentage Change FY11 vs FY12
3. Calculation of General Fund Subsidy				
Revenue & available funds	7,530,885	7,587,055	7,884,510	3.9%
less: Total costs	7,506,675	7,587,055	7,884,510	3.9%
less: Prior year deficit				
(Negative represents general fund subsidy)	24,210	0	0	
4. Sources of Funding for Costs Appropriated in the Enterprise Fund				
a. Revenue & available funds	7,506,675	7,587,055	7,884,510	3.9%
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	7,884,510	3.9%

**SCHEDULE A-2
ENTERPRISE FUNDS
SALEM
WATER ENTERPRISE FUND - FY12**

	FY10 Actual	FY11 Estimated DOR recap	FY12 Mayor's Recommended	Percentage Change FY11 vs FY12
<u>1. Enterprise Revenues & Available Funds</u>				
User Charges	4,129,081	4,578,851	4,721,992	3.1%
Connection Fees				
Other Departmental Revenue	141,886	150,000	150,000	0.0%
Investment Income				
Total Revenues	4,270,967	4,728,851	4,871,992	3.0%
Retained Earnings Appropriated (stabilize rates in FY12 - meter install)			360,000	
Other Enterprise Available Funds				
Total Revenue & Available Funds	4,270,967	4,728,851	5,231,992	10.6%
<u>2. Total Costs Appropriated</u>				
a. Costs appropriated in enterprise fund				
Salary & Wages	431,504	437,995	449,628	2.7%
Expenses	610,378	580,438	548,608	-5.5%
Capital outlay	25,000	25,000	0	-100.0%
Insurance Expense (Deductibles)	10,000	5,000		-100.0%
Other (SBWB assessment)	2,241,401	2,313,119	2,403,095	3.9%
Long Term Debt (principal and interest)	432,690	581,692	1,130,050	94.3%
Short Term Debt (interest only)	111,700	92,649	0	-100.0%
Retained Earnings Expenditures				
Total costs appropriated in enterprise fund	3,862,673	4,035,893	4,531,381	12.3%
b. Costs appropriated in the general fund (to be transferred to enterprise)				
Total costs appropriated in the general fund	680,125	692,958	700,611	1.1%
Total Costs	4,542,798	4,728,851	5,231,992	10.6%

SCHEDULE A-2
ENTERPRISE FUNDS
SALEM
WATER ENTERPRISE FUND - FY12

	FY10 Actual	FY11 Estimated DOR recap	FY12 Mayor's Recommended	Percentage Change FY11 vs FY12
3. Calculation of General Fund Subsidy				
Revenue & available funds	4,270,967	4,728,851	5,231,992	10.6%
less: Total costs	4,542,798	4,728,851	5,231,992	10.6%
less: Prior year deficit				
(Negative represents general fund subsidy)	(271,831)	(0)	(0)	
4. Sources of Funding for Costs Appropriated in the Enterprise Fund				
a. Revenue & available funds	4,542,798	4,728,851	5,231,992	10.6%
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	5,231,992	10.6%

**SCHEDULE A-2
ENTERPRISE FUNDS
SALEM
SOLID WASTE ENTERPRISE FUND - FY12**

	FY10 Actual	FY11 Estimated DOR Recap	FY12 Mayor's Recommended	Percentage Change FY11 vs FY12
<u>1. Enterprise Revenues & Available Funds</u>				
User Charges	606,931	600,000	600,000	0.00%
Other Departmental Revenue	106,896	50,000	50,000	0.00%
Total Revenues	713,827	650,000	650,000	0.00%
Retained Earnings Appropriated				
Other Enterprise Available Funds				
Total Revenue & Available Funds	713,827	650,000	650,000	0.00%
<u>2. Total Costs Appropriated</u>				
a. Costs appropriated in enterprise fund				
Salary & Wages	32,728	36,019	32,990	-8.41%
Expenses	24,544	26,800	22,700	-15.30%
Contracted Services - Collection				
Contracted Services - Disposal				
Contracted Services - Collection and Disposal (flat fee)	2,496,590	2,545,430	2,674,291	5.06%
Recycling Initiative	11,108	12,000	10,000	-16.67%
Reserve Fund				
Total costs appropriated in enterprise fund	2,564,970	2,620,249	2,739,981	4.57%
b. Costs appropriated in the general fund (to be transferred to enterprise)				
Total costs appropriated in the general fund	0	0	0	
Total Costs	2,564,970	2,620,249	2,739,981	4.57%

**SCHEDULE A-2
ENTERPRISE FUNDS
SALEM
SOLID WASTE ENTERPRISE FUND - FY12**

	FY10 Actual	FY11 Estimated DOR Recap	FY12 Mayor's Recommended	Percentage Change FY11 vs FY12
<u>3. Calculation of General Fund Subsidy</u>				
Revenue & available funds	713,827	650,000	650,000	0.00%
less: Total costs	2,564,970	2,620,249	2,739,981	4.57%
less: Prior year deficit	43,455	0	0	
(Negative represents general fund subsidy)	(1,894,598)	(1,970,249)	(2,089,981)	6.08%
<u>4. Sources of Funding for Costs Appropriated in the Enterprise Fund</u>				
a. Revenue & available funds	713,827	650,000	650,000	0.00%
b. Taxation	1,834,049	1,970,249	2,089,981	6.08%
c. Free Cash				
d. Non-Enterprise available funds				
Total Sources of Funding for Costs Appropriated in Enterprise Fund	2,547,876	2,620,249	2,739,981	4.57%

**CITY OF SALEM
ENTERPRISE FUNDS A2 SUMMARY**

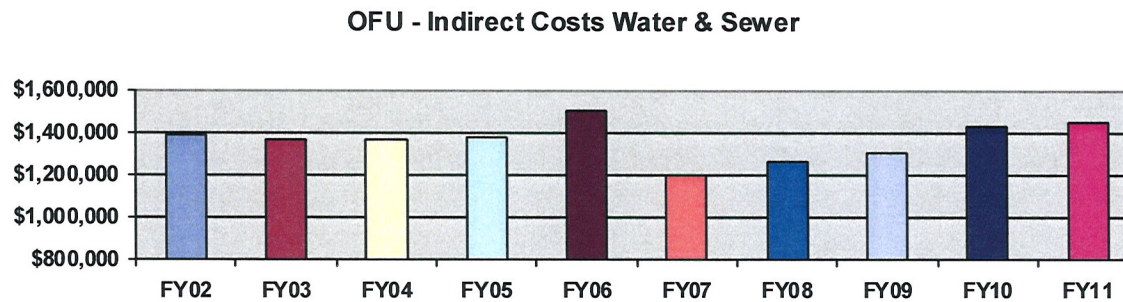
	RECAP FY 2011	Estimated FY 2012	Increase % FY 10 VS FY 11	INCREASE FY 10 VS FY 11
REVENUE				
SEWER RATES	7,587,055	7,884,510	3.92%	297,455
SEWER TRANS/OTHER FINANCIAL SOURCES	-	-		0
TOTAL SEWER REVENUE	7,587,055	7,884,510	3.92%	297,455
WATER RATES	4,728,851	5,231,992	10.64%	503,141
WATER TRANS/OTHER FINANCIAL SOURCES	-	-		0
TOTAL WATER REVENUE	4,728,851	5,231,992	10.64%	503,141
TRASH FEES	700,000	650,000	-7.14%	(50,000)
TRASH General Fund Subsidy/OTHER FINANCIAL SOURCE	1,920,249	2,089,981	8.84%	169,732
TOTAL TRASH REVENUE	2,620,249	2,739,981	4.57%	119,732
ENTERPRISE FUND TOTAL REVENUE	14,936,155	15,856,483	6.16%	920,328
EXPENDITURES				
SEWER PERSONNEL	421,555	433,514	2.84%	11,959
SEWER NON-PERSONNEL	6,406,236	6,674,533	4.19%	268,297
Sewer -Indirect Costs/OTHER FINANCIAL USES	759,264	776,463	2.27%	17,199
TOTAL SEWER EXPENDITURES	7,587,055	7,884,510	3.92%	297,455
WATER PERSONNEL	437,995	449,628	2.66%	11,633
WATER NON-PERSONNEL	3,597,898	4,081,753	13.45%	483,855
WATER -Indirect Costs/OTHER FINANCIAL USES	692,958	700,611	1.10%	7,653
TOTAL WATER EXPENDITURES	4,728,851	5,231,992	10.64%	503,141
TRASH PERSONNEL	36,019	32,990	-8.41%	(3,029)
TRASH NON-PERSONNEL	2,584,230	2,706,991	4.75%	122,761
TRASH -Indirect Costs/OTHER FINANCIAL USES	-	-		
TOTAL TRASH EXPENDITURES	2,620,249	2,739,981	4.57%	-3,029
ENTERPRISE FUND TOTAL EXPENDITURES	14,936,155	15,856,483	6.16%	507,765

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.

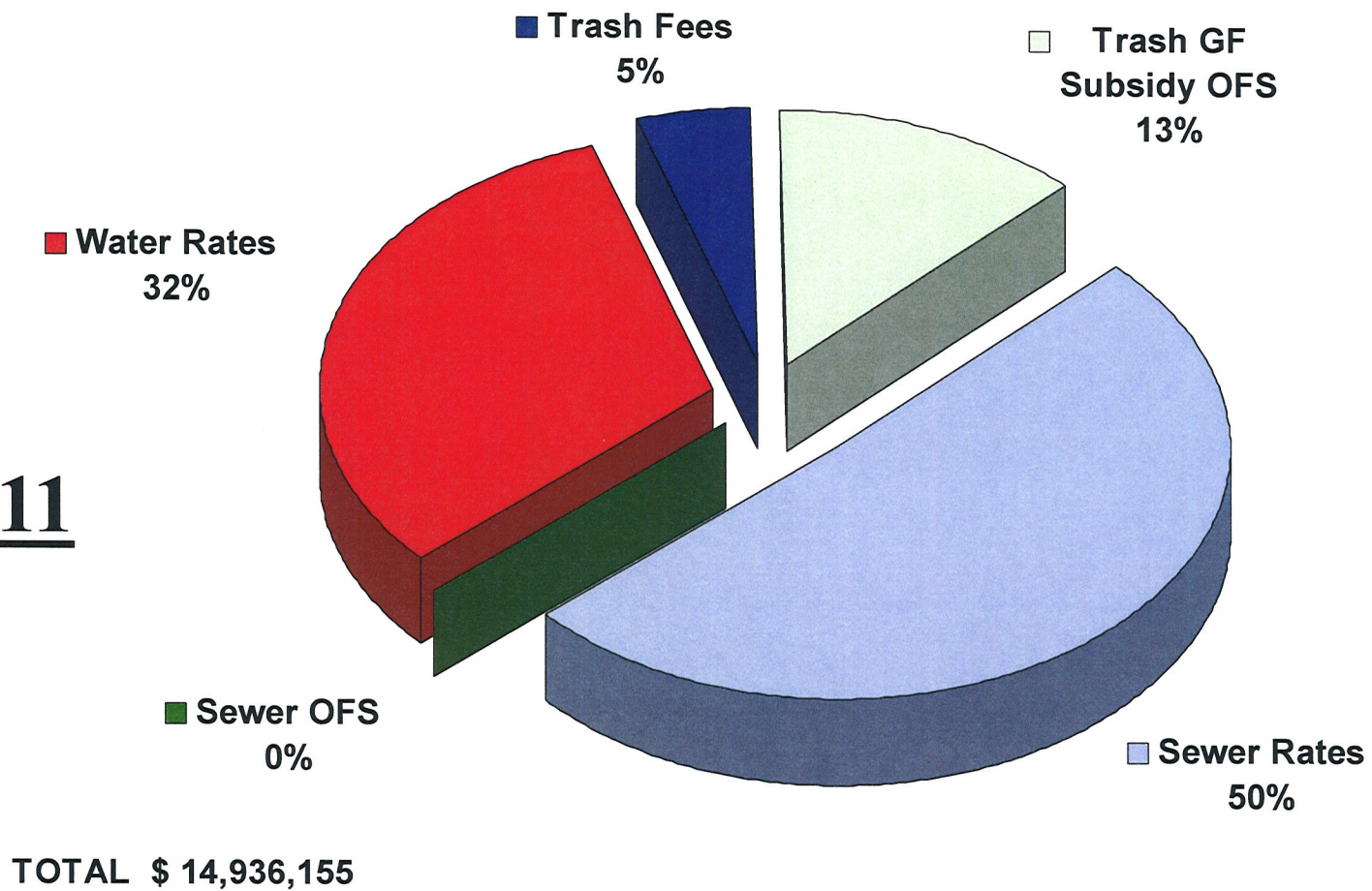
For FY 2012 an increase in indirect costs of \$24,852 (1.71%) is projected. The Trash Enterprise Fund is not self sustaining and therefore subsidized by the General Fund. Therefore no indirect costs are booked to the Trash Enterprise Fund. Indirect Costs are booked by a journal entry from Tax Recapitulation 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		
2003	1,374,060	2008	1,258,161		
2004	1,365,192	2009	1,301,747		
2005	1,384,097	2010	1,430,065		
2006	1,507,632	2011	1,452,222	Per Recap	
2007	1,195,330	2011	1,477,074	Estimated	
			% Change FY11 vs FY12	1.71%	

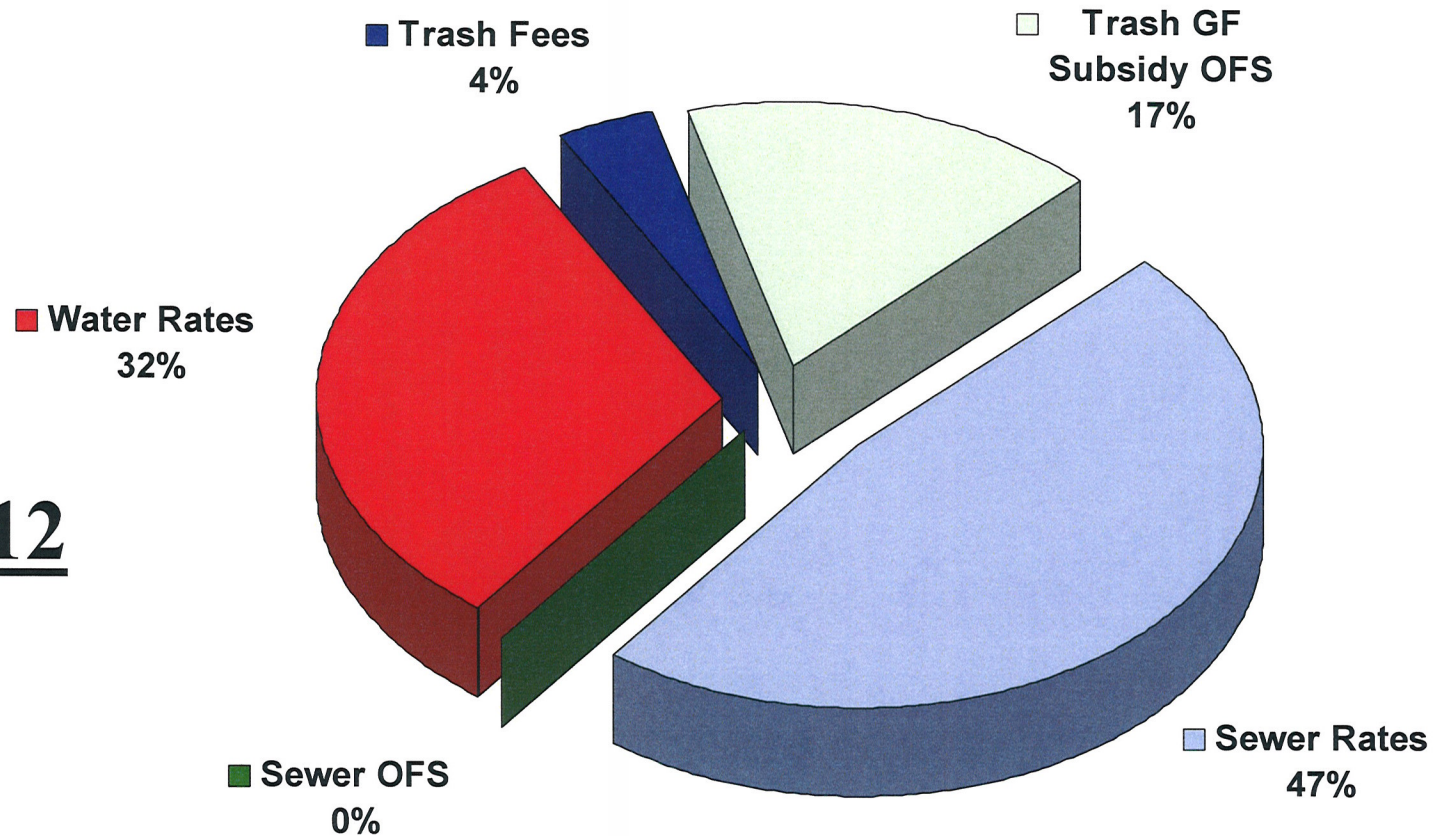


ENTERPRISE FUND – A2 REVENUE

FY 2011



ENTERPRISE FUND – A2 REVENUE

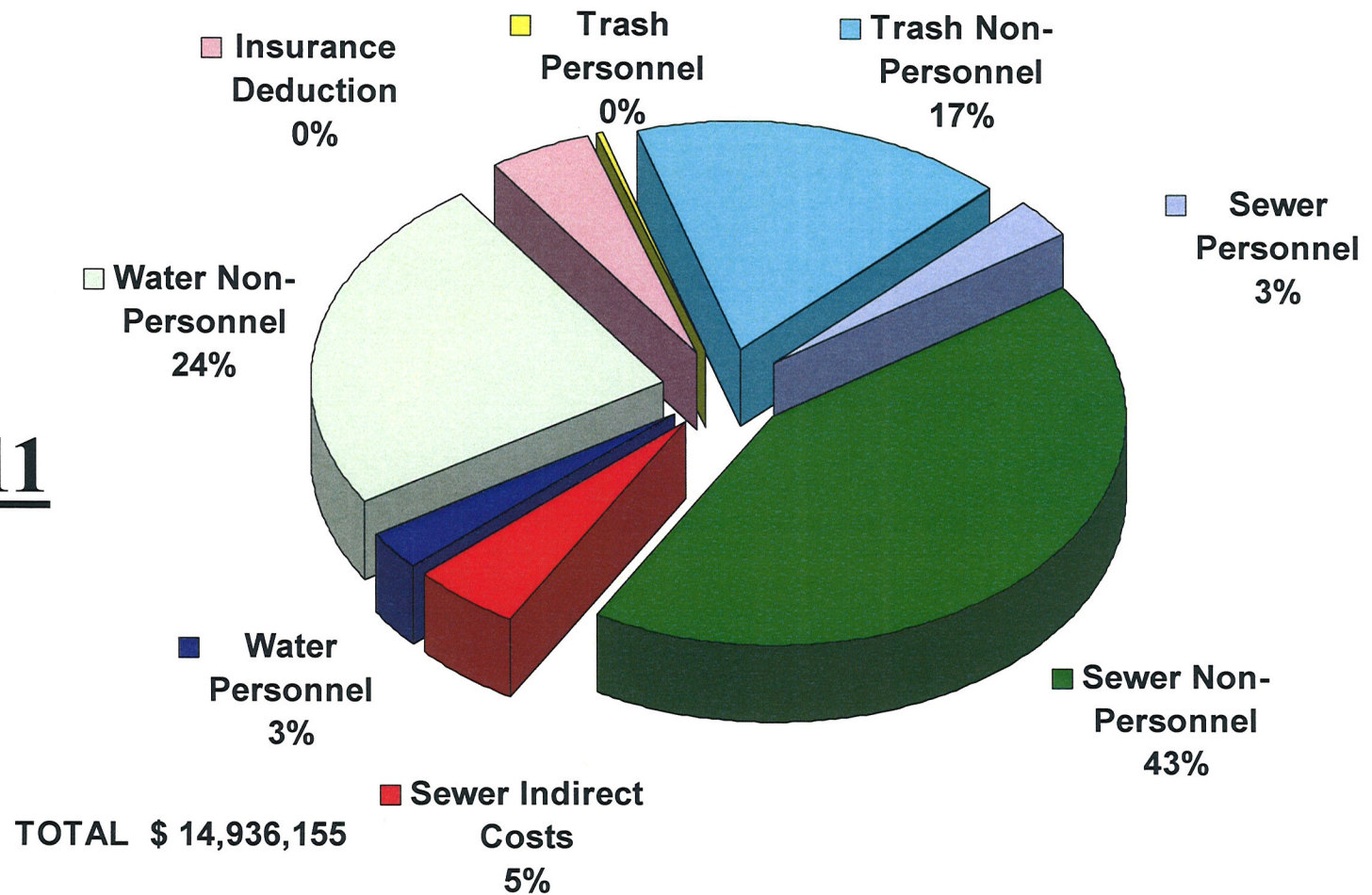


FY 2012

TOTAL \$ 16,506,483

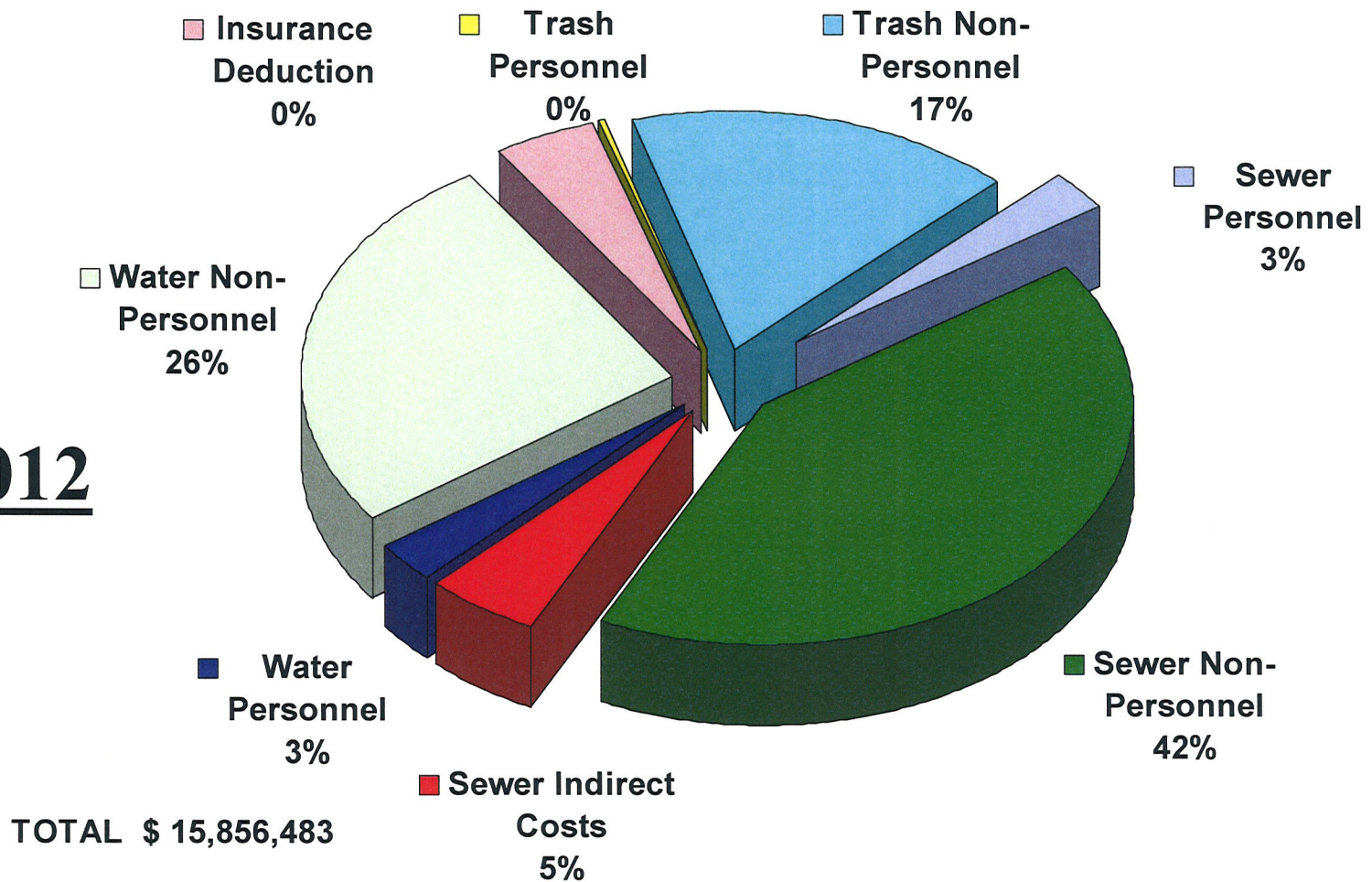
ENTERPRISE FUND – A2 EXPENDITURES

FY 2011



ENTERPRISE FUND – A2 EXPENDITURES

FY 2012



**CITY OF SALEM
REVENUE SUMMARY ENTERPRISE FUNDS**

	Actual FY 2008	Actual FY 2009	Actual FY 2010	RECAP FY 2011	Estimated FY 2012	Increase % FY 11 VS FY 12	INCREASE FY 11 VS FY 12
ENTERPRISE FUND							
SEWER RATES	6,480,185	6,975,595	7,170,497	7,587,055	7,884,510	3.92%	297,455
SEWER TRANS/OFS	601,846	606,694	360,389	-	-		0
TOTAL SEWER	7,082,031	7,582,289	7,530,885	7,587,055	7,884,510	3.92%	297,455
WATER RATES	4,483,929	4,056,195	4,270,968	4,728,851	5,231,992	10.64%	503,141
WATER TRANS/OFS	129,990	-	389	-	-		0
TOTAL WATER	4,613,919	4,056,195	4,271,357	4,728,851	5,231,992	10.64%	503,141
TRASH FEES	780,267	715,844	713,827	650,000	650,000	0.00%	0
TRASH General Fund Subsidy/OFS	2,425,186	1,811,834	1,902,504	1,920,249	2,089,981	8.84%	169,732
TOTAL TRASH	3,205,453	2,527,678	2,616,331	2,570,249	2,739,981	6.60%	169,732
ENTERPRISE FUND TOTAL	14,901,404	14,166,162	14,418,573	14,886,155	15,856,483	6.52%	970,328

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). SEDS surpluses are the result of our assessment payment being more than the actual costs of running SEDS.

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

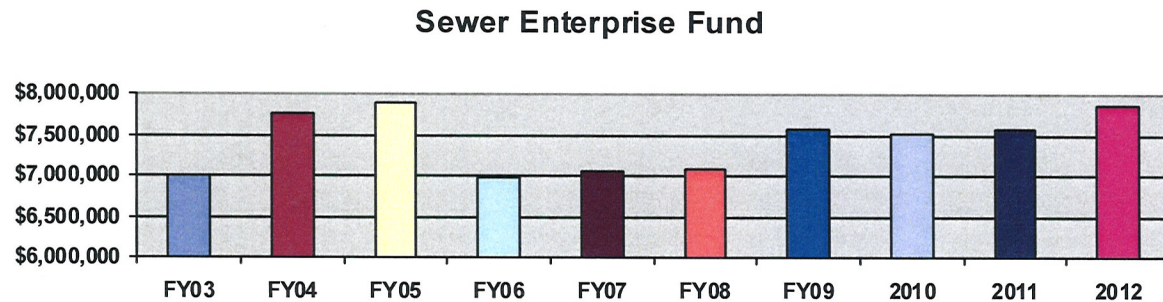
Trash – User fees, penalties and interest and general fund subsidy.

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 SEDS 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 was the last year of a three year rate increase voted by City Council. We are proposing a 2% rate increase for FY 2012 and a retained earnings appropriation of \$148,000 to offset the rate increase.

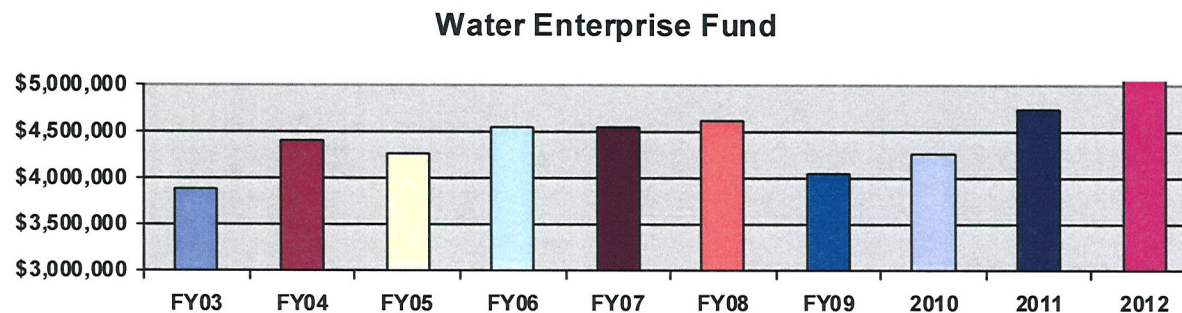
Sewer Enterprise Revenue			
Fiscal Year	Revenue	Fiscal Year	Revenue
2003	7,009,381	2008	7,082,031
2004	7,759,342	2009	7,582,289
2005	7,909,582	2010	7,530,885
2006	6,990,045	2011	7,587,055
2007	7,074,210	2012	7,884,510
		Per Recap Estimated	
% Change FY11 vs FY12		3.92%	



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 was the last year of a three year rate increase voted by City Council. We are proposing a 3% rate increase for FY 2012 and a retained earnings appropriation of \$360,000 to offset the rate increase.

Water Enterprise Revenue			
Fiscal Year	Revenue	Fiscal Year	Revenue
2003	3,894,865	2008	4,613,919
2004	4,402,276	2009	4,056,195
2005	4,273,573	2010	4,271,357
2006	4,544,002	2011	4,728,851
2007	4,544,171	2012	5,231,992
		Per Recap	
		Estimated	
		% Change FY11 vs FY12	
		10.64%	

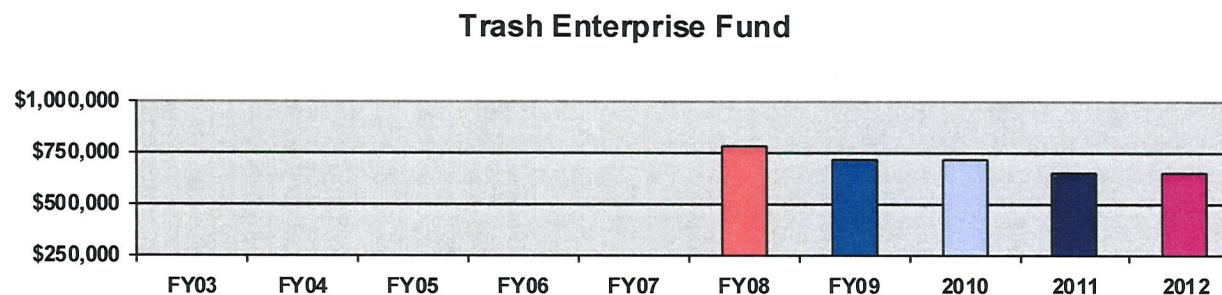


TRASH ENTERPRISE FUND

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.

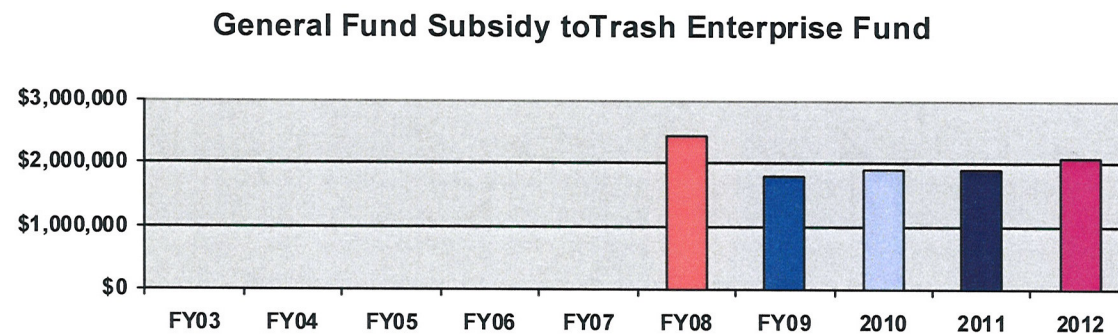
In FY 2012 we anticipate revenue to decrease 0.00% due to the current revenue trend in the Trash Enterprise Fund. We also anticipate stability in recycling revenue due to economic factors including stability in recycling rates.

Trash Enterprise Revenue			
Fiscal Year	Revenue	Fiscal Year	Revenue
2003		2008	780,268
2004		2009	715,844
2005		2010	713,827
2006		2011	650,000
2007		2012	650,000
		Per Recap Estimated	
		% Change FY11 vs FY12	
		0.00%	



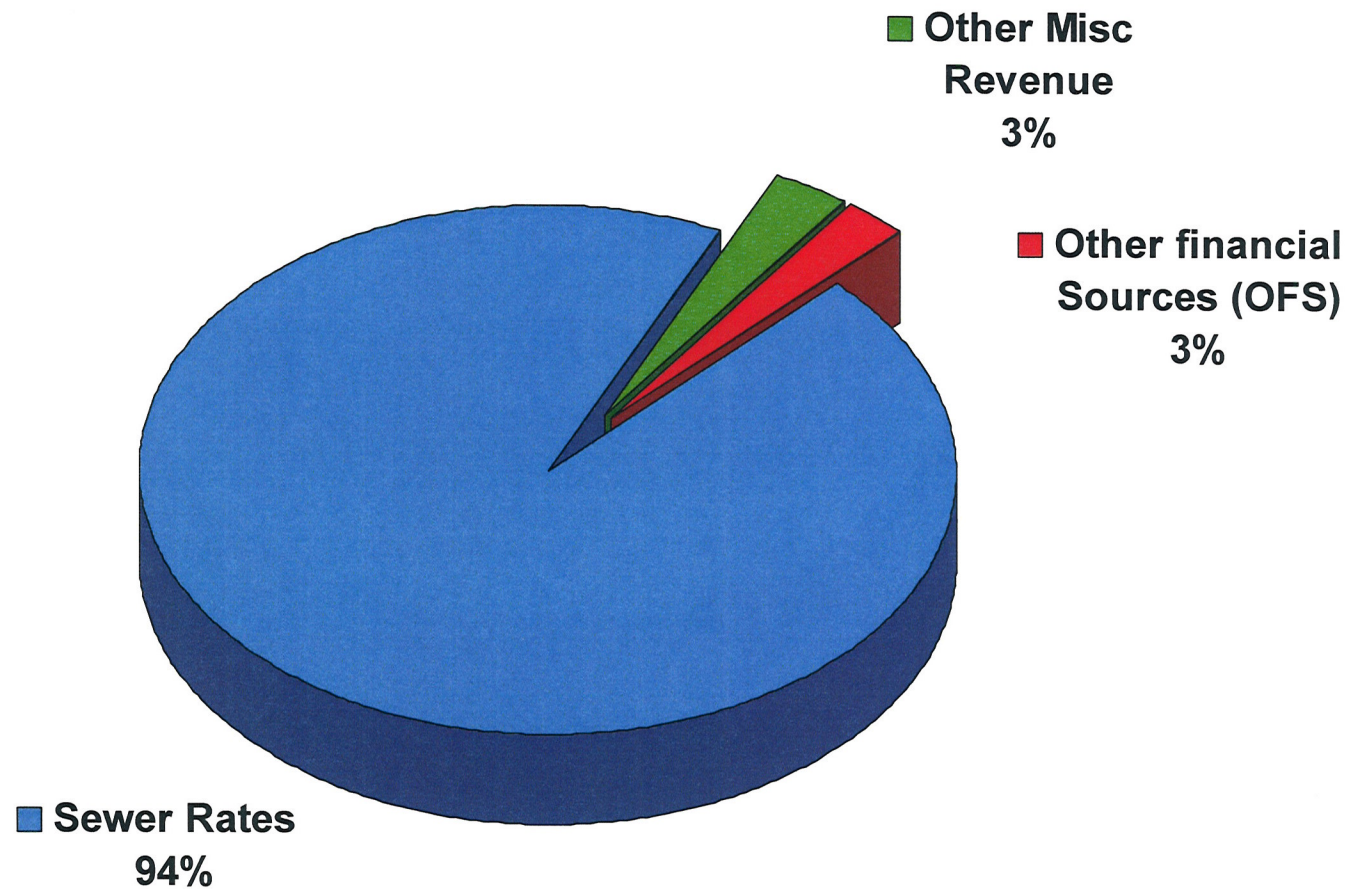
In FY 2012 we anticipate an 8.84% increase in the General Fund Subsidy to the Trash Enterprise fund due to the reduction in anticipated revenue in the Trash Enterprise fund.

General Fund Subsidy to Trash Enterprise Fund			
Fiscal Year	Revenue	Fiscal Year	Revenue
2003		2008	2,425,186
2004		2009	1,811,834
2005		2010	1,902,504
2006		2011	1,920,249
2007		2012	2,089,981
			Per Recap
			Estimated
		% Change FY11 vs FY12	8.84%



ESTIMATED REVENUES SEWER ENTERPRISE FUND

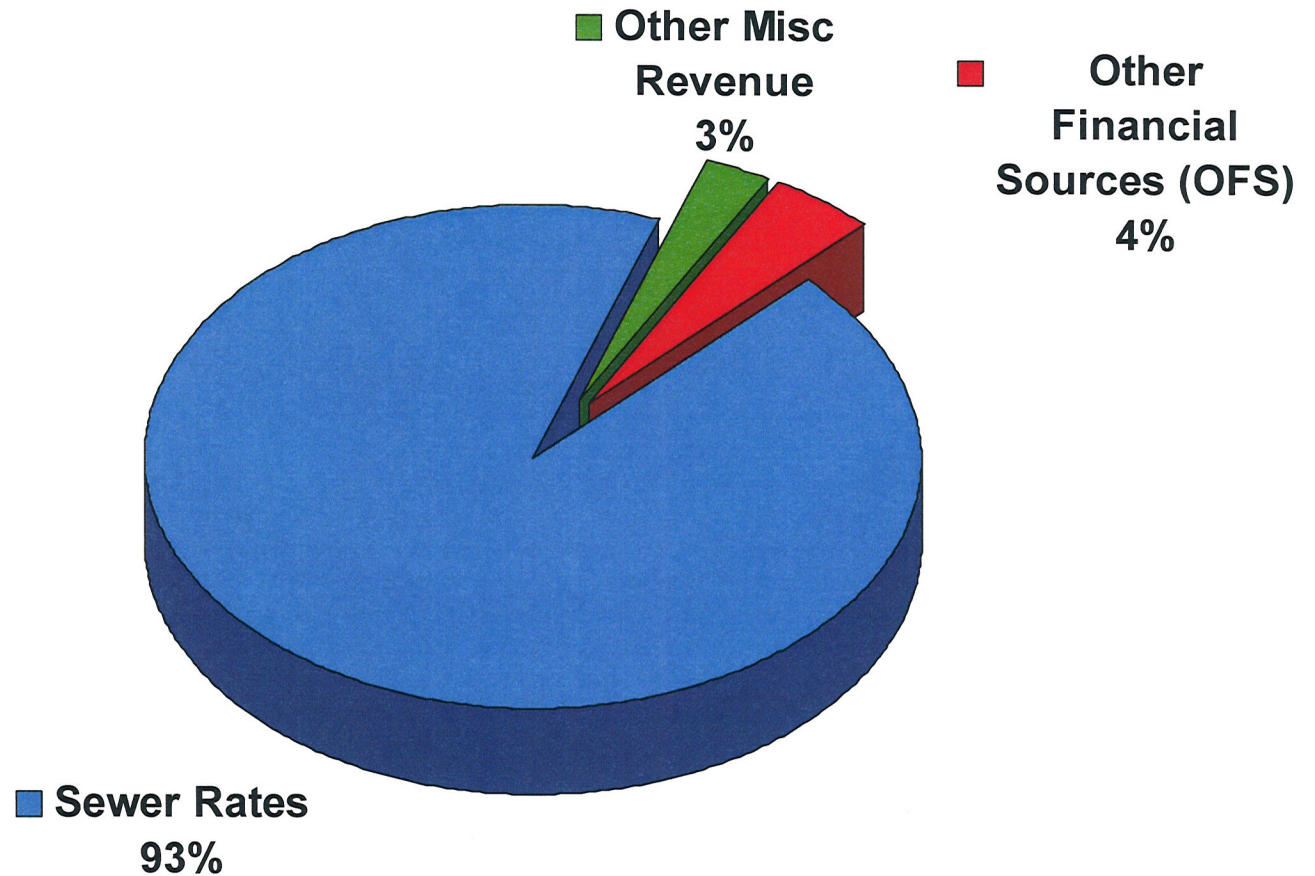
FY 2011



TOTAL 7,587,055

ESTIMATED REVENUES SEWER ENTERPRISE FUND

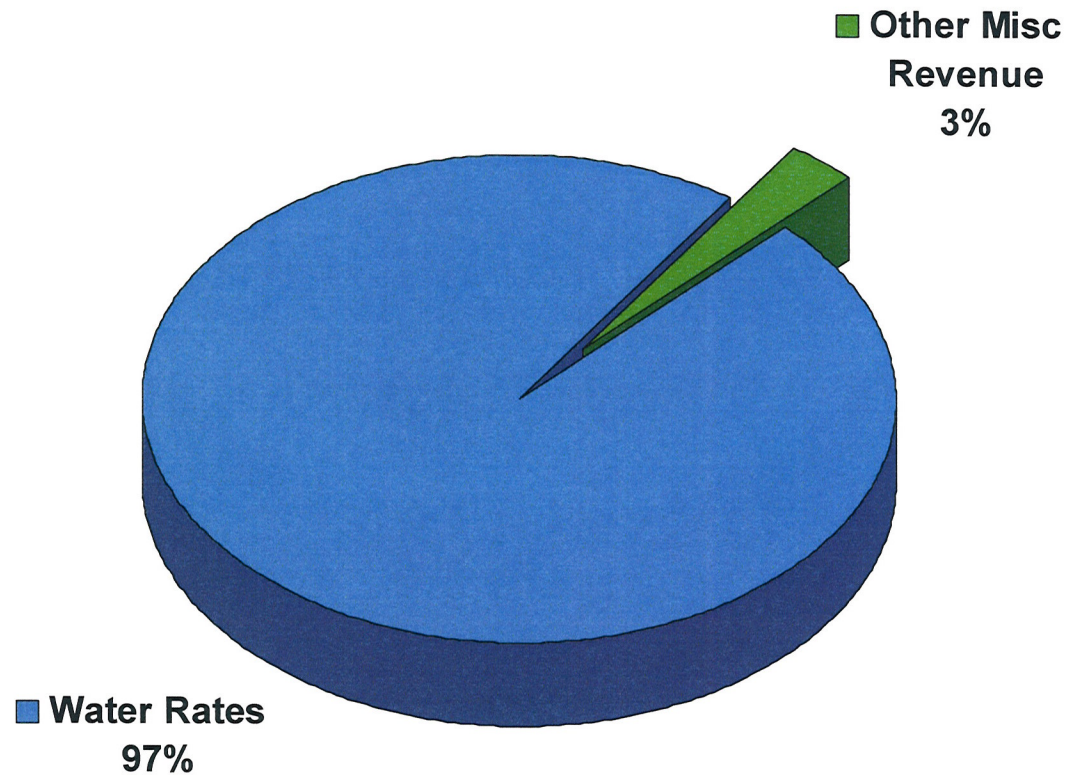
FY 2012



TOTAL 7,884,510

ESTIMATED REVENUES WATER ENTERPRISE FUND

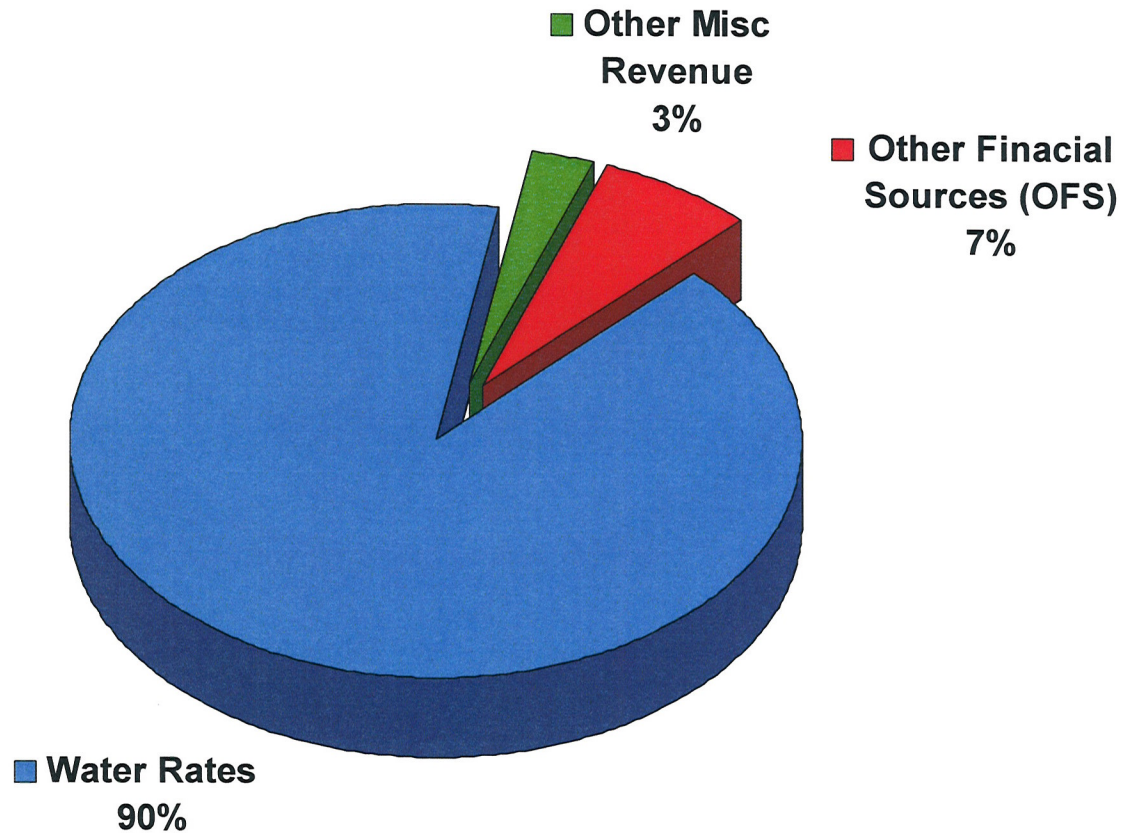
FY 2011



TOTAL \$4,728,851

ESTIMATED REVENUES WATER ENTERPRISE FUND

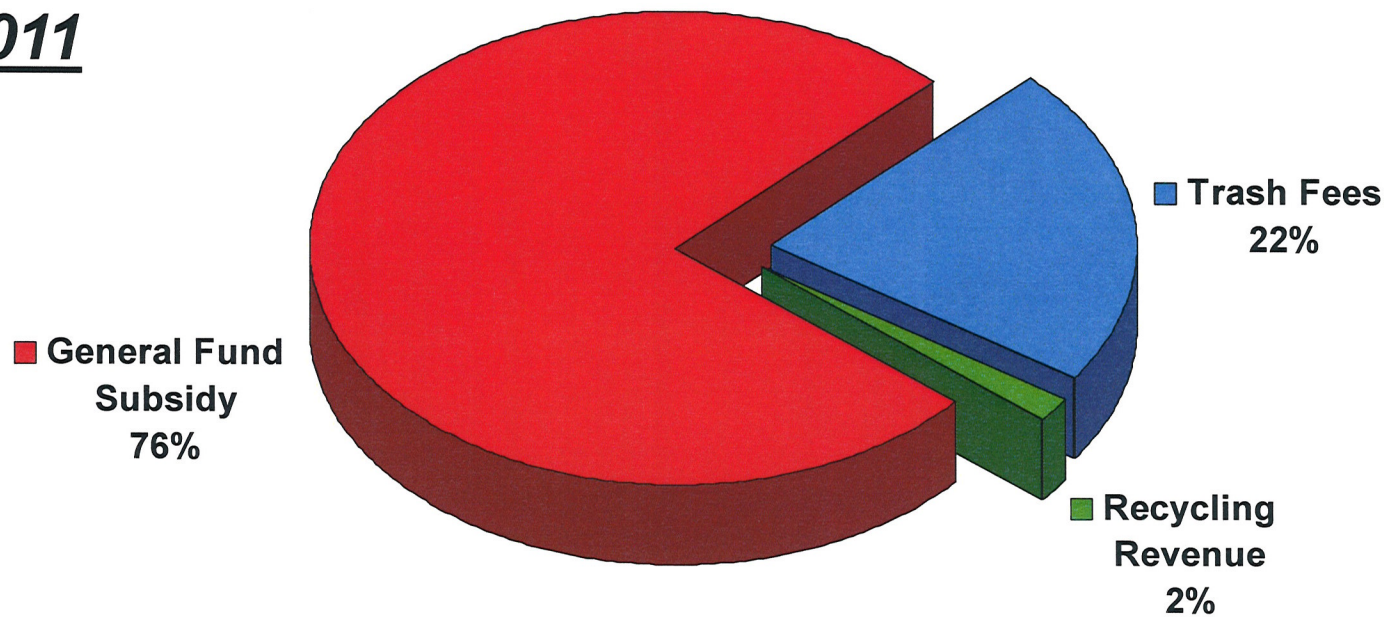
FY 2012



TOTAL \$5,231,992

ESTIMATED REVENUES TRASH ENTERPRISE FUND

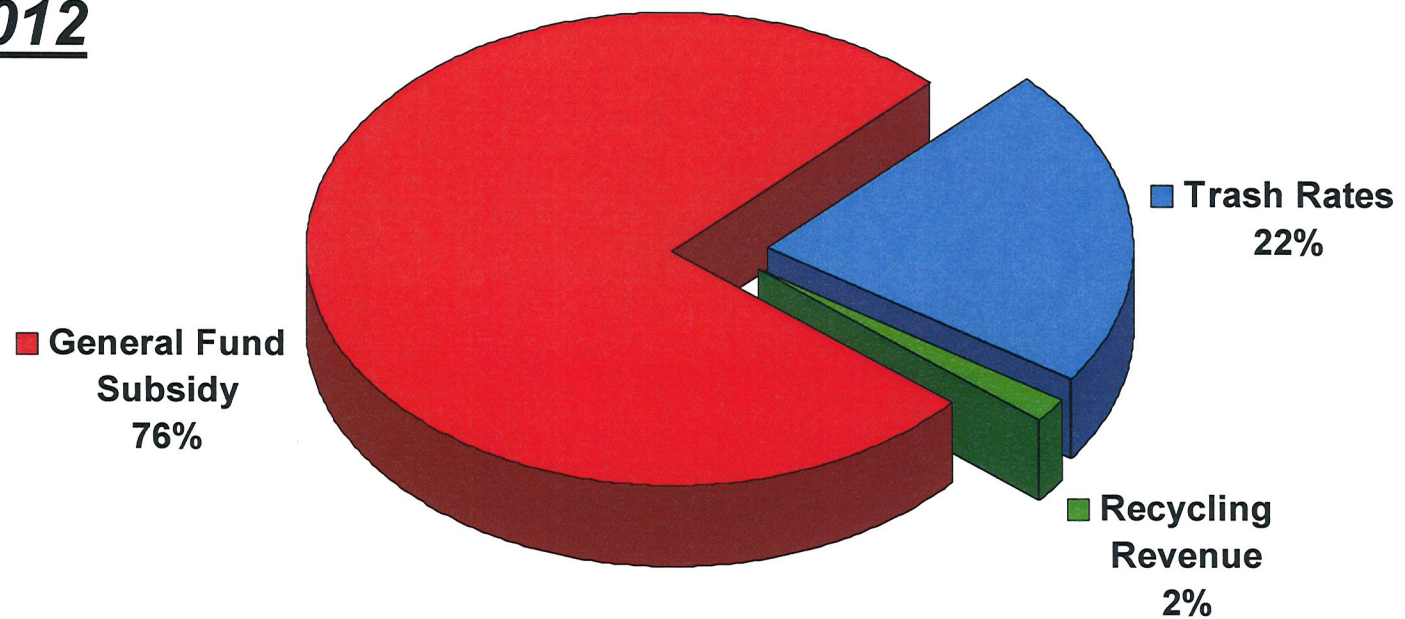
FY 2011



TOTAL \$2,620,249

ESTIMATED REVENUES TRASH ENTERPRISE FUND

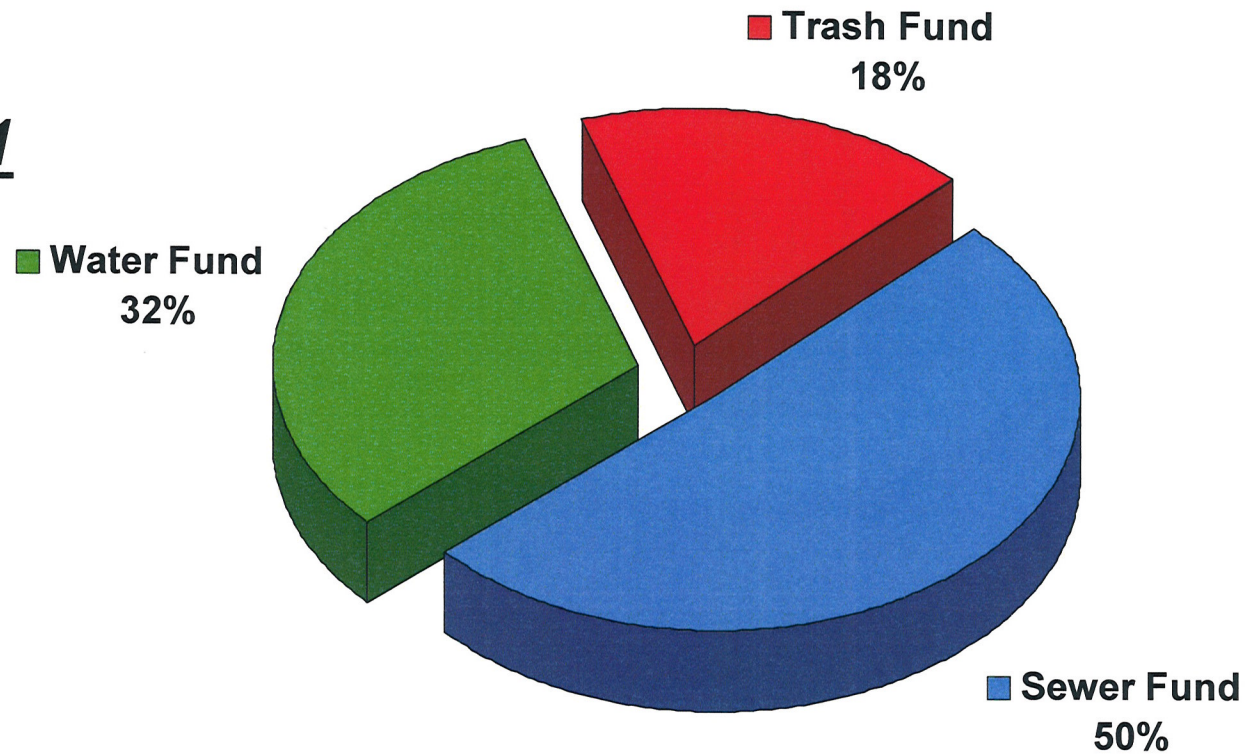
FY 2012



TOTAL \$2,739,981

TOTAL ESTIMATED REVENUES ENTERPRISE FUNDS

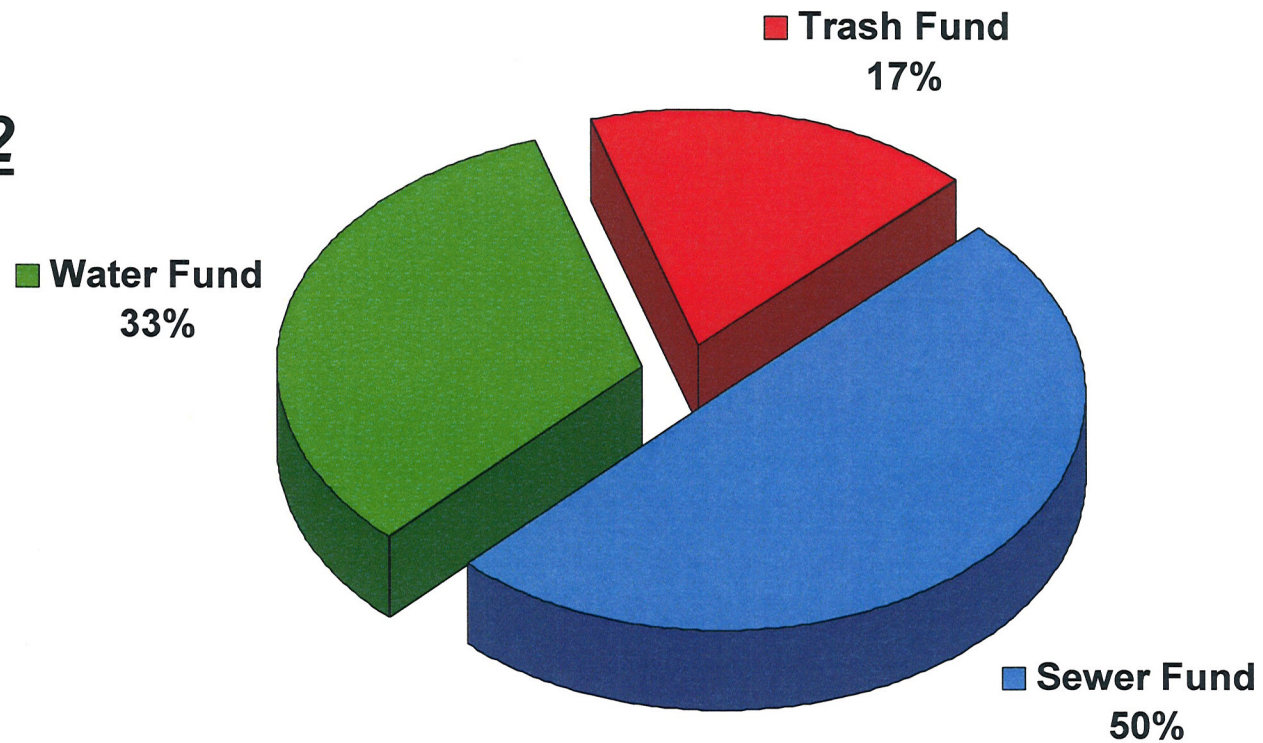
FY 2011



TOTAL \$14,936,155

TOTAL ESTIMATED REVENUES ENTERPRISE FUNDS

FY 2012



TOTAL \$15,856,483

**CITY OF SALEM, MASSACHUSETTS
FY 2012 OPERATING BUDGET**

7/5/2011
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	ACTUAL EXPENDED FY 2010	ADOPTED BUDGET FY 2011	ADJUSTED BUDGET FY 2011	DEPT BUDGET FY 2012	MAYOR BUDGET FY 2012	FY 11 Adj vs FY 12 Budget Inc/Decr Amount Percentage	
ENTERPRISE FUNDS							
SEWER :							
Sewer - Public Services	447,833	438,318	438,318	446,667	430,046	(8,272)	-1.89%
Sewer - Engineering	356,802	330,077	330,077	514,087	365,887	35,810	10.85%
SESD Assessment	5,922,201	5,987,926	5,987,926	6,053,793	6,140,989	153,063	2.56%
Long Term Debt	0	36,923	36,923	166,125	166,125	129,202	
Short Term Debt	33,840	24,547	24,547	0	-	(24,547)	
Sewer - Insurance Deduction	0	5,000	5,000	5,000	5,000	-	0.00%
TOTAL SEWER	6,760,677	6,822,791	6,822,791	7,185,672	7,108,047	285,256	4.18%
WATER :							
Water-Public Services	493,754	486,261	501,261	494,884	468,204	(33,057)	-6.59%
Water-Engineering	524,944	552,172	552,172	649,065	527,532	(24,640)	-4.46%
Long Term Debt	432,689	581,692	581,692	1,130,050	1,130,050	548,358	94.27%
Short Term Debt	113,105	92,649	92,649	13,031	-	(92,649)	-100.00%
SBWS Assessment	2,241,401	2,313,119	2,313,119	2,403,095	2,403,095	89,976	3.89%
Water - Insurance Deduction	0	5,000	5,000	5,000	2,500	(2,500)	
TOTAL WATER	3,805,893	4,030,893	4,045,893	4,695,125	4,531,381	485,488	12.00%
TRASH :							
Trash - Engineering	2,564,971	2,620,249	2,620,475	2,747,377	2,739,981	119,506	4.56%
TOTAL TRASH	2,564,971	2,620,249	2,620,475	2,747,377	2,739,981	119,506	4.56%
ENTERPRISE FUND TOTAL	13,131,541	13,473,933	13,489,159	14,628,174	14,379,409	890,250	6.60%

**CITY OF SALEM, MASSACHUSETTS
FY 2012 OPERATING BUDGET**

7/5/2011
11:46 AM

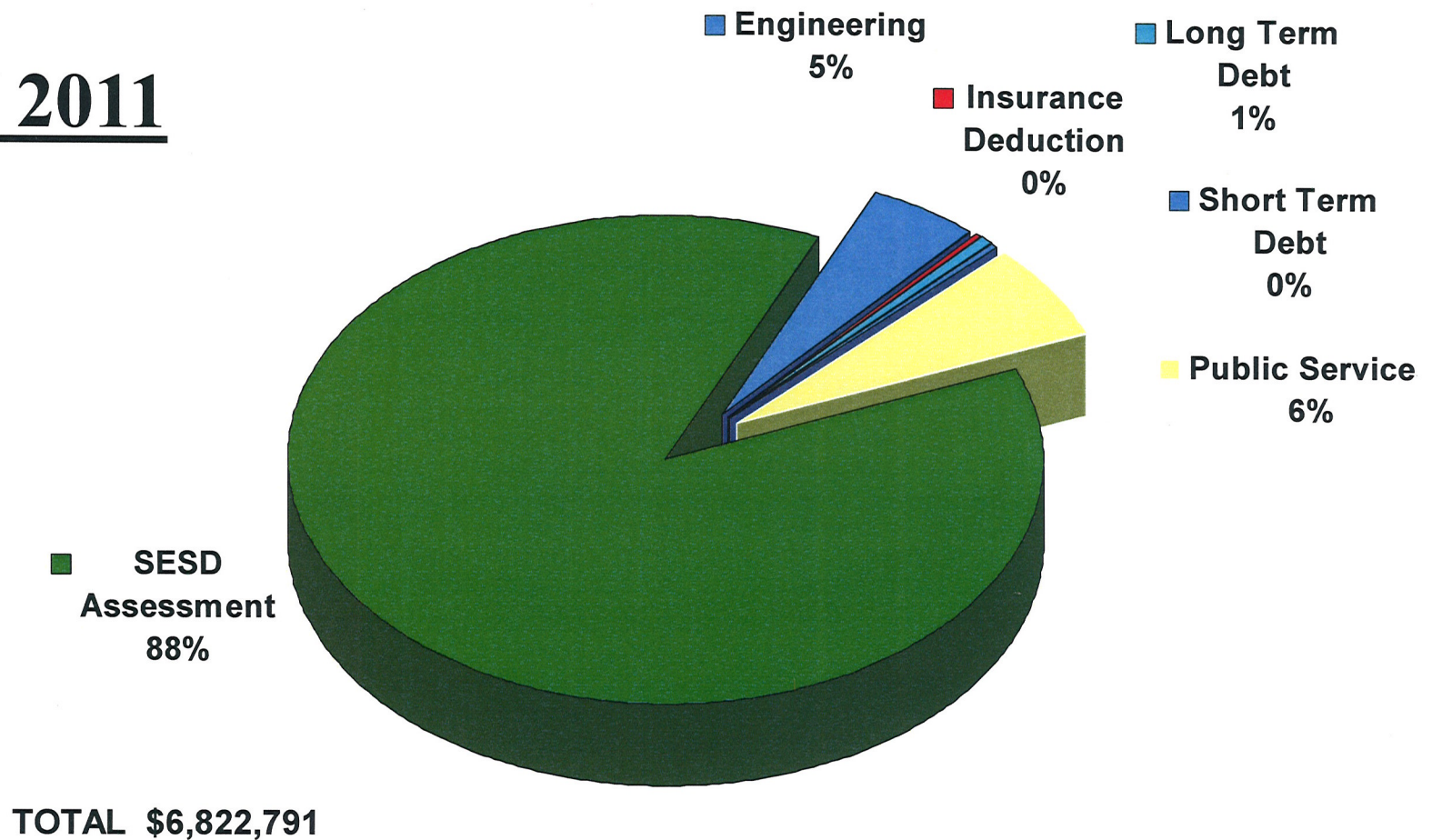
ACTUAL EXPENDED FY 2010	ADOPTED BUDGET FY 2011	ADJUSTED BUDGET FY 2011	DEPT BUDGET FY 2012	MAYOR BUDGET FY 2012	FY 11 Adj vs FY 12 Budget Inc/Decr Amount Percentage
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PERSONNEL & NON-PERSONNEL SUMMARIES

Sewer	Personnel	420,967	421,555	421,555	430,905	433,514	11,959	2.84%
	Non-Personnel	6,339,710	6,401,236	6,401,236	6,754,767	6,674,533	273,297	4.27%
		6,760,677	6,822,791	6,822,791	7,185,672	7,108,047	285,256	4.18%
Water	Personnel	435,722	437,995	452,995	481,731	449,628	(3,367)	-0.74%
	Non-Personnel	3,370,171	3,592,898	3,592,898	4,213,394	4,081,753	488,855	13.61%
		3,805,893	4,030,893	4,045,893	4,695,125	4,531,381	485,488	12.00%
Trash	Personnel	32,729	36,019	36,245	32,386	32,990	(3,255)	-8.98%
	Non-Personnel	2,532,243	2,584,230	2,584,230	2,714,991	2,706,991	122,761	4.75%
		2,564,971	2,620,249	2,620,475	2,747,377	2,739,981	119,506	4.56%
TOTAL Enterprise Fund		13,131,541	13,473,933	13,489,159	14,628,174	14,379,409	890,250	6.60%

ADOPTED BUDGET SEWER ENTERPRISE FUND

FY 2011

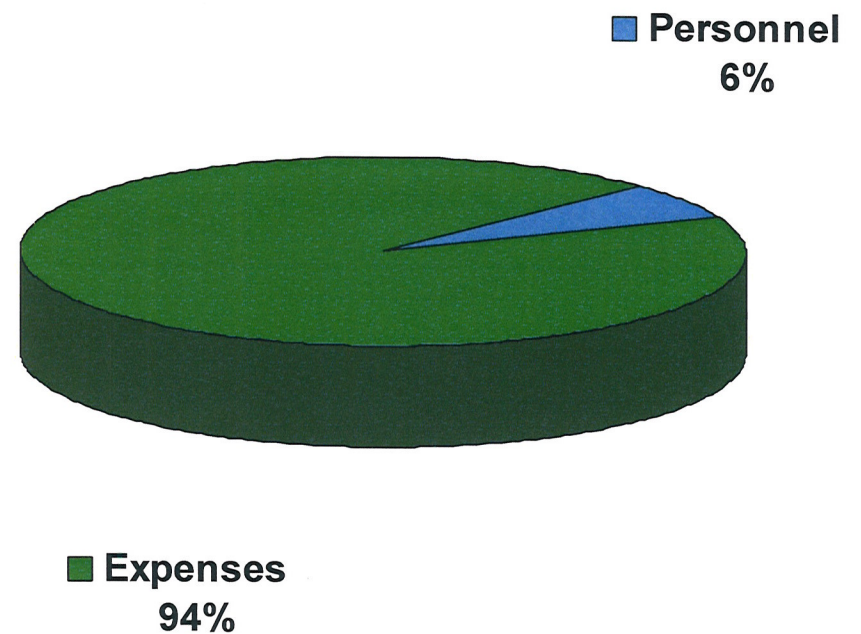


ADOPTED BUDGET SEWER ENTERPRISE FUND

FY 2011

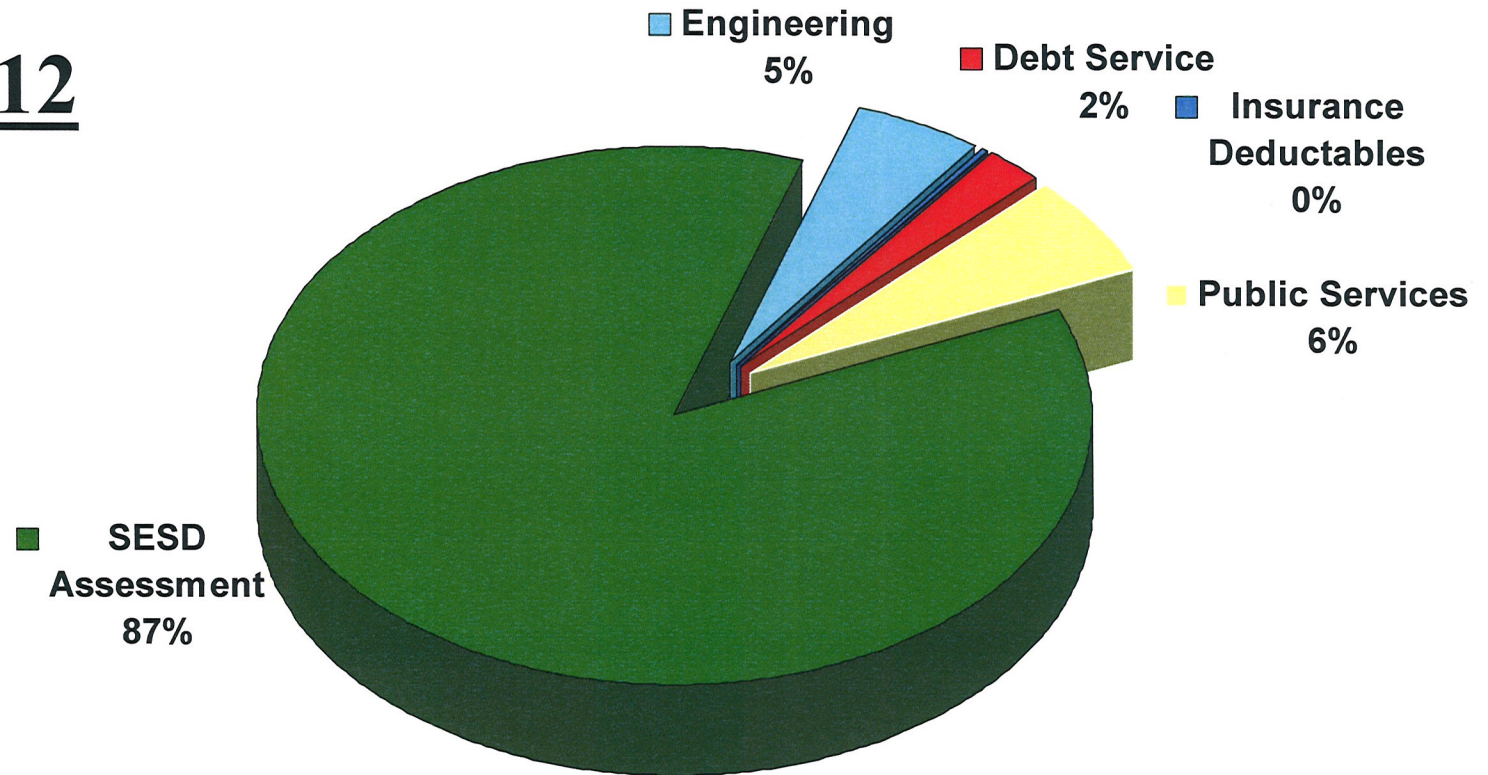
SEWER FUND

• Personnel	\$ 421,555
• Expenses	\$ <u>6,401,236</u>
• TOTAL	\$ 6,822,791



ADOPTED BUDGET SEWER ENTERPRISE FUND

FY 2012



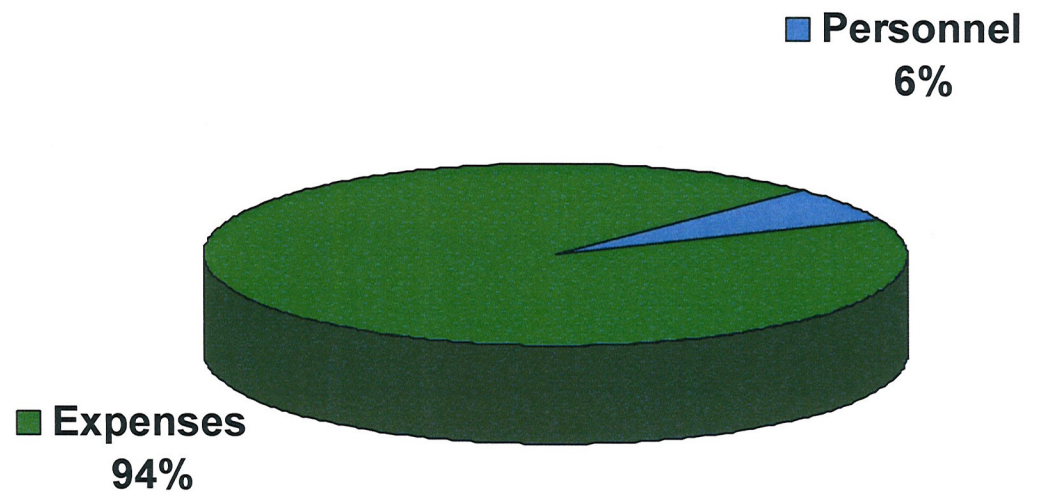
TOTAL \$7,108,047

ADOPTED BUDGET SEWER ENTERPRISE FUND

FY 2012

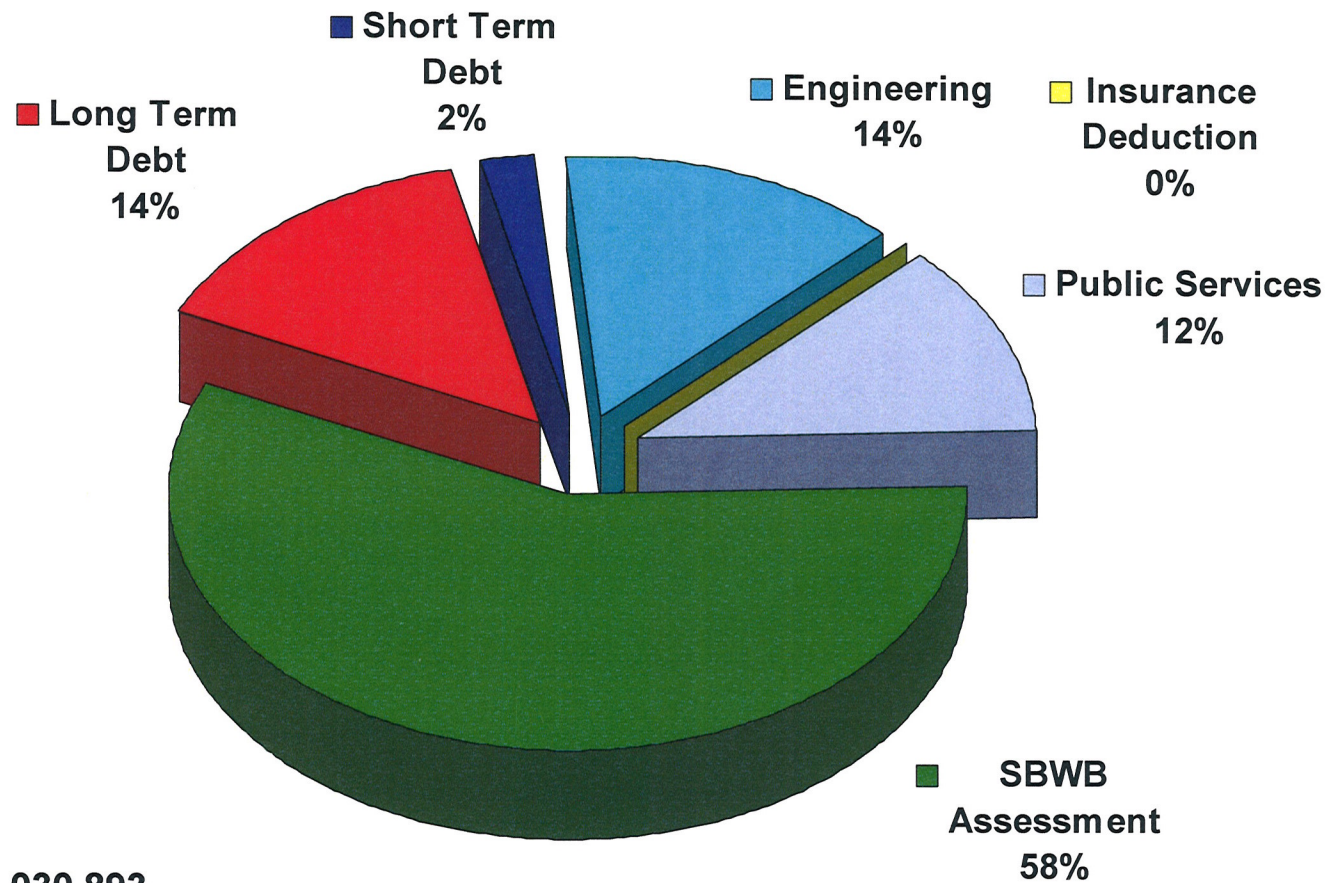
SEWER FUND

• Personnel	\$ 433,514
• Expenses	\$ <u>6,674,533</u>
• TOTAL	\$ 7,108,047



ADOPTED BUDGET WATER ENTERPRISE FUND

FY 2011



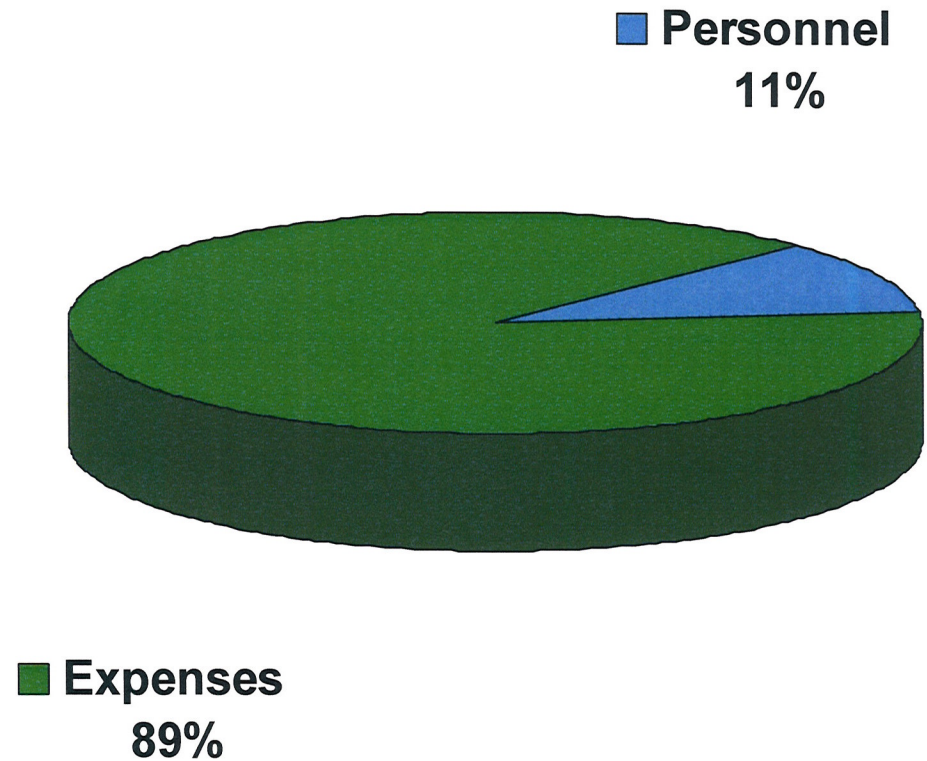
TOTAL \$ 4,030,893

ADOPTED BUDGET WATER ENTERPRISE FUND

FY 2011

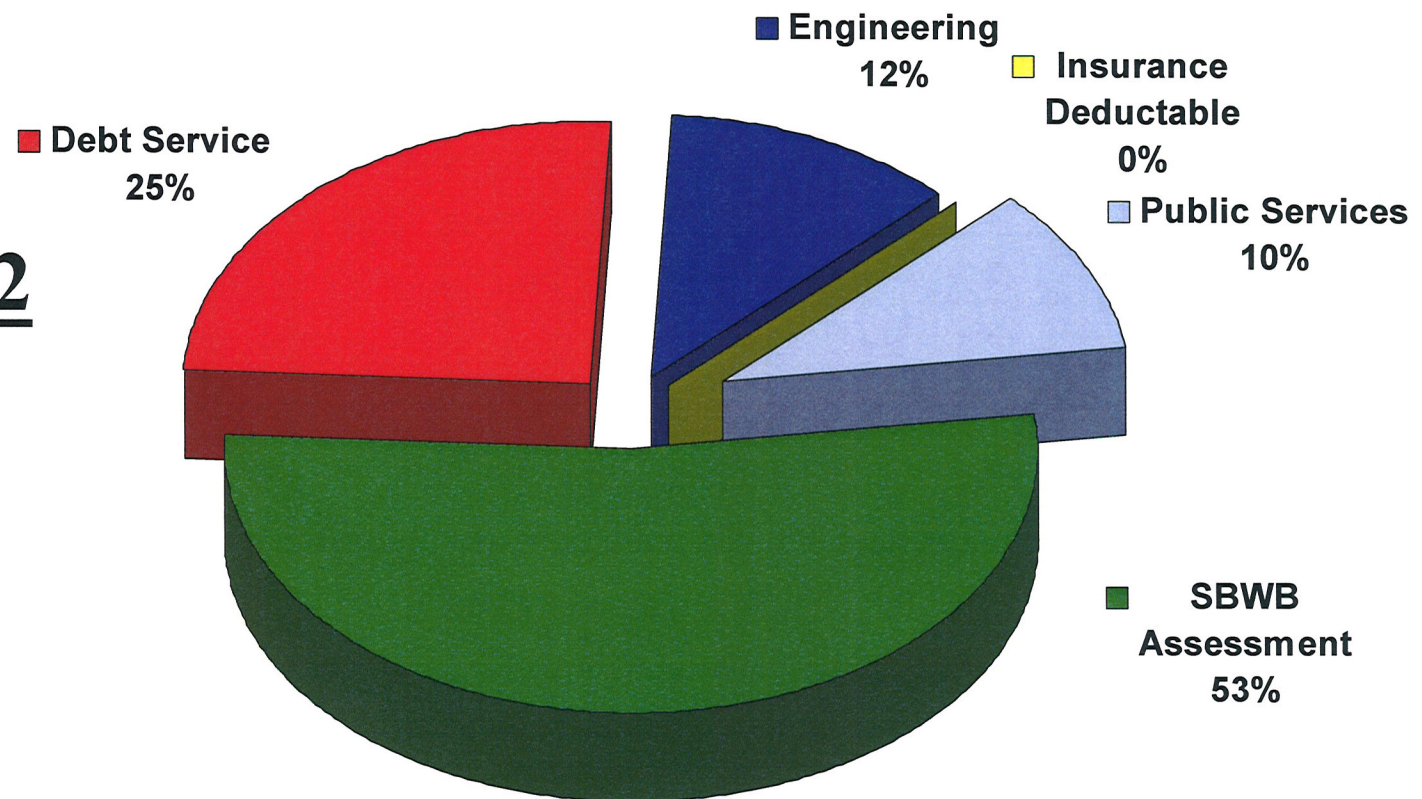
WATER FUND

• Personnel	\$ 437,995
• Expenses	\$ <u>3,592,898</u>
• TOTAL	\$ 4,030,893



ADOPTED BUDGET WATER ENTERPRISE FUND

FY 2012



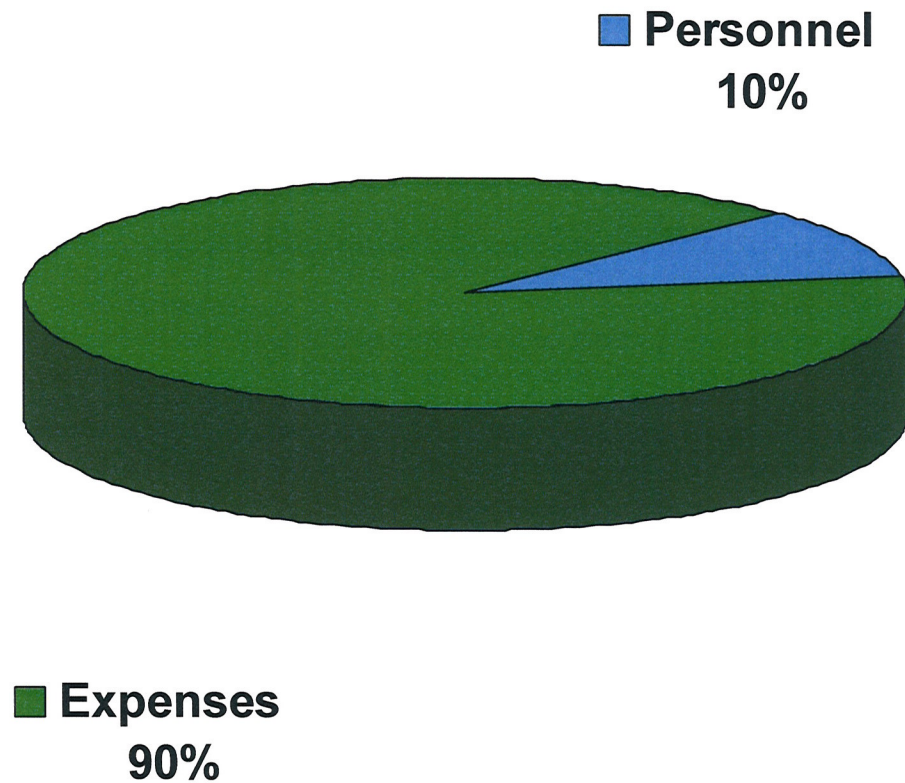
TOTAL \$ 4,531,381

ADOPTED BUDGET WATER ENTERPRISE FUND

FY 2012

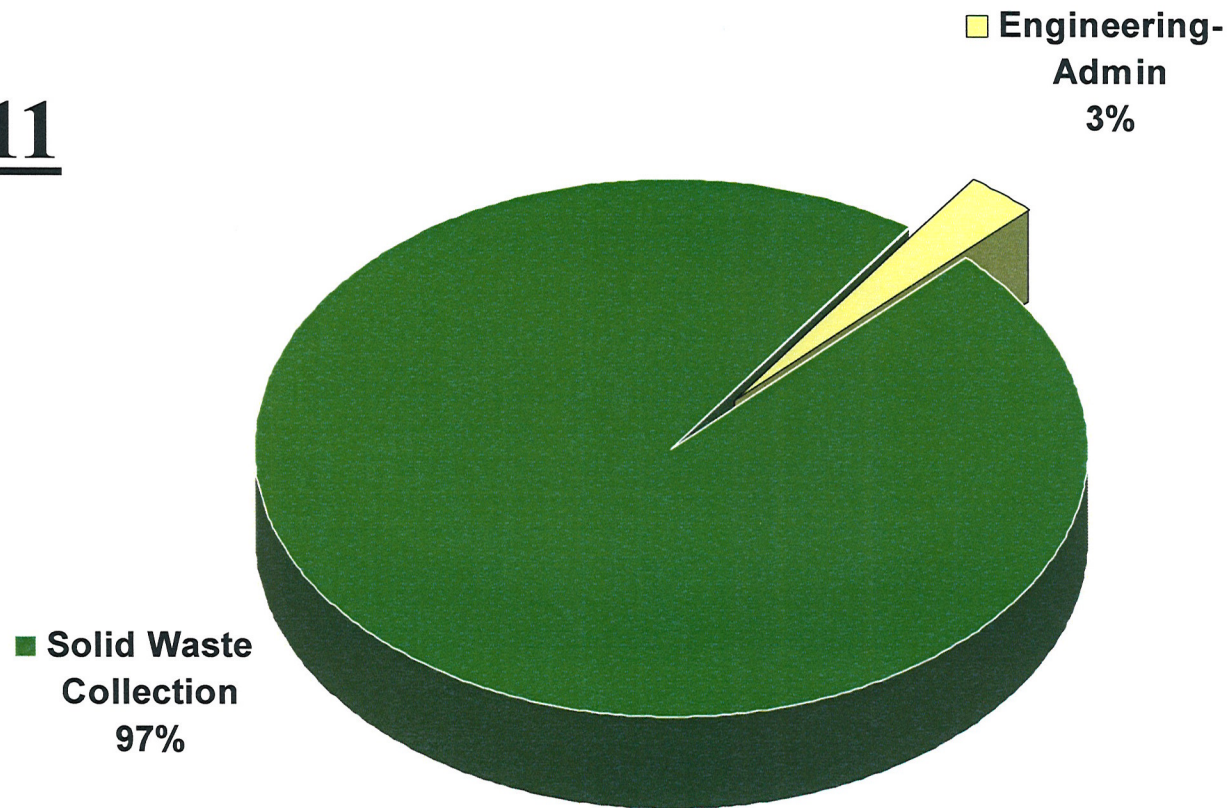
WATER FUND

• Personnel	\$ 449,628
• Expenses	\$ <u>4,081,753</u>
• TOTAL	\$ 4,531,381



ADOPTED BUDGET TRASH ENTERPRISE FUND

FY 2011



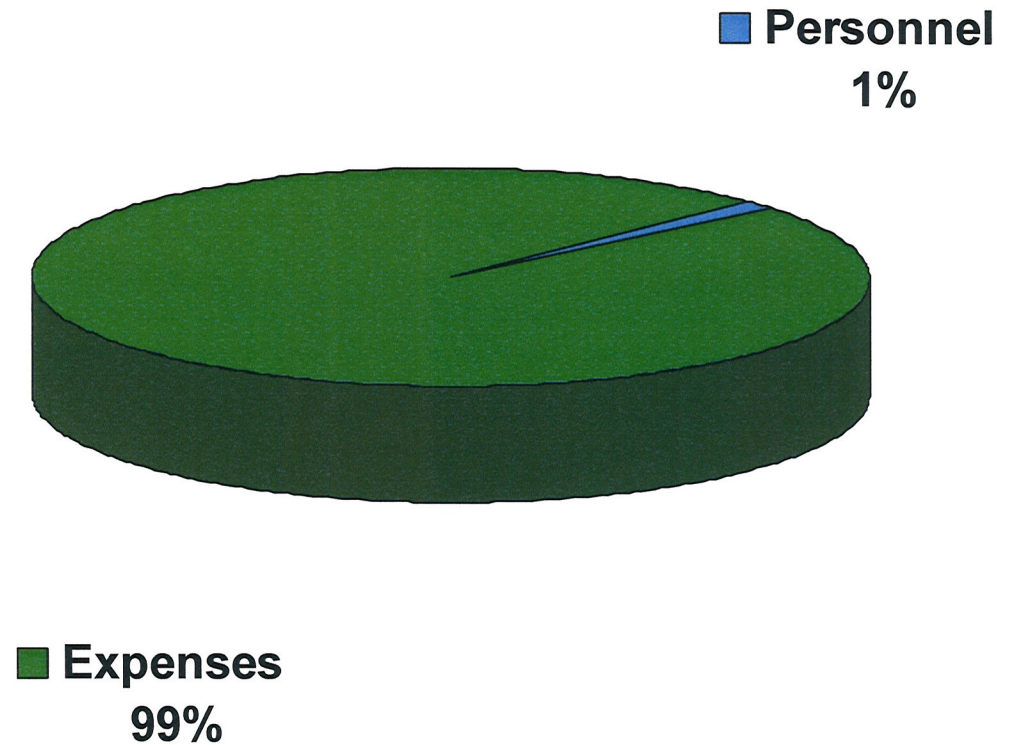
TOTAL \$2,620,249

ADOPTED BUDGET TRASH ENTERPRISE FUND

FY 2011

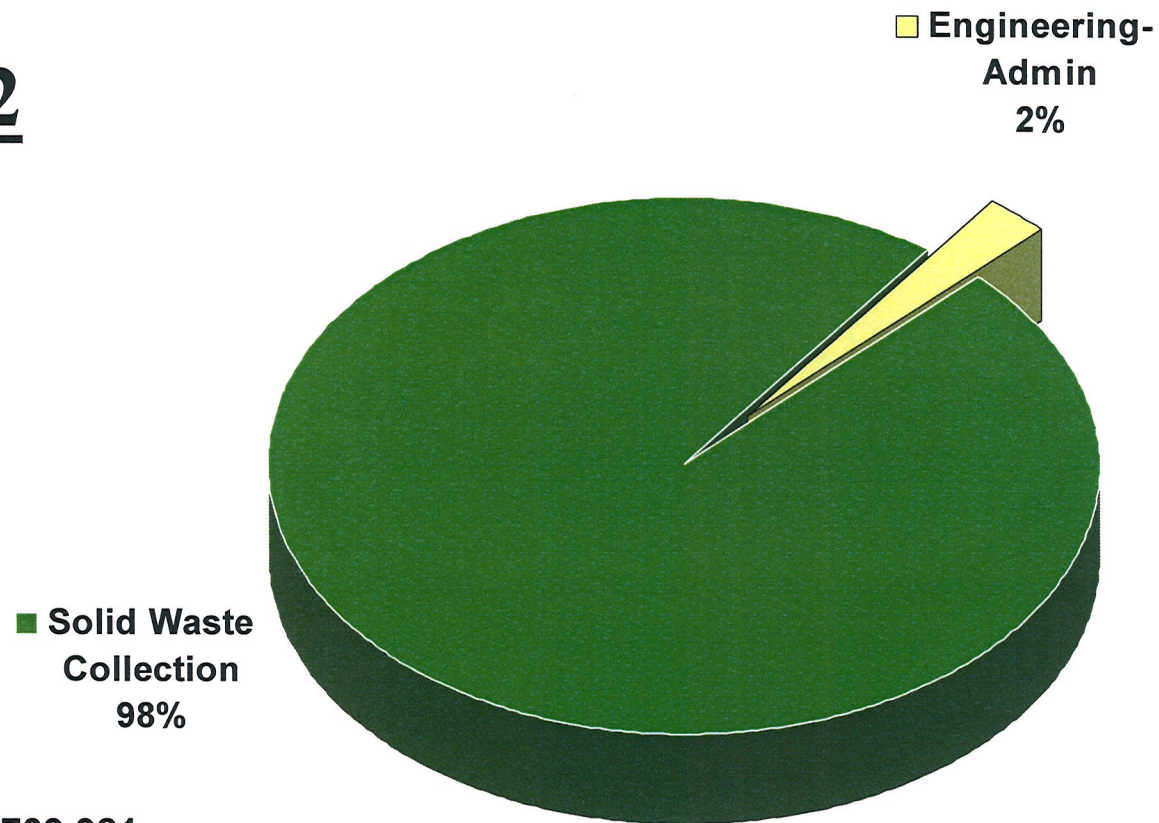
TRASH FUND

• Personnel	\$ 36,019
• Expenses	\$ <u>2,584,230</u>
• TOTAL	\$ 2,260,249



ADOPTED BUDGET TRASH ENTERPRISE FUND

FY 2012



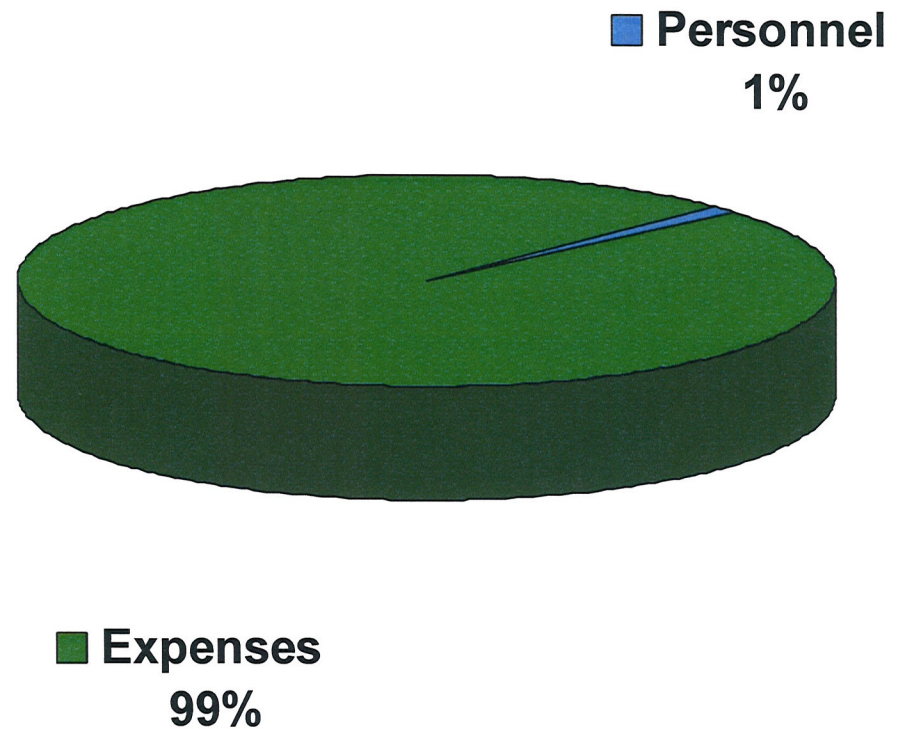
TOTAL \$2,739,981

ADOPTED BUDGET TRASH ENTERPRISE FUND

FY 2012

TRASH FUND

• Personnel	\$ 32,990
• Expenses	\$ <u>2,706,991</u>
• TOTAL	\$ 2,739,981



City of Salem
Capital Plan ~ Water and Sewer Enterprise Fund
Fiscal Year 2010 - 2015

CAPITAL REQUEST	FY12 PRIORITY	FUNDING SOURCE	ACTUAL pre - 2010	ACTUAL FY 2010	ACTUAL FY 2011	DEPT REQUEST FY 2012	FY 2013	FY2014	FY2015
Water Enterprise-Engineering									
Water System Improvements (2003)	ongoing	bonding	12,000,000						
Water Meters (2009)	ongoing	bonding	3,000,000						
Water Transmission Main (2009)	ongoing	bonding	2,500,000						
Main System Upgrades Vales/Pipe replacement	done	r/e		\$ 100,000.00					
Folly Hill Reservoir ~ Slope Stabilization Project	done	r/e		\$ 80,000.00					
Internal/External Rehabilitation ~ Gallows and Folly Hills Storage Tanks		bonding			\$ 1,000,000.00				
Energy efficiency evaluation - SBWSB pump station	1	r/e				\$ 35,000.00			
Main System Upgrades Vales/Pipe replacement	2	r/e				\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Water Easements - Research, Taking, Clearing							\$ 175,000.00		
Subtotal: Water Enterprise			\$ 17,500,000.00	\$ 180,000.00	\$ 1,000,000.00	\$ 135,000.00	\$ 275,000.00	\$ 100,000.00	\$ 100,000.00
Sewer Enterprise-Engineering									
South River Basin Upgrade (2009)	ongoing	bonding	4,350,000						
Sewer Line Extension/Upgrade/Rehabilitation	done	r/e		\$ 50,000.00					
I/I Removal Program	ongoing	SESD		\$ 25,000.00	\$ 25,000.00				
Bridge St. Sewer Reconstruction (design/construction)	ongoing	SESD			\$ 900,000.00				
Forrester St. Relief Drain	1	bonding				\$ 375,000.00			
Illicit connection removal (study, design, construction)	2	r/e				\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
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			\$ 4,350,000.00	\$ 75,000.00	\$ 925,000.00	\$ 550,000.00	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00
Total: Enterprise Fund			\$ 21,850,000.00	\$ 255,000.00	\$ 1,925,000.00	\$ 685,000.00	\$ 450,000.00	\$ 275,000.00	\$ 275,000.00

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 25, 2011

Water Enterprise Fund

Highland Avenue Water Tank & Main System Upgrades (2003)

- Authorized: \$ 6,328,208
- Issued: \$ 2,000,000 (included \$36,000 paydown)
- Unissued: \$ 4,328,208

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 2011, and complete site work (considerable blasting of ledge) by the end of 2012. The water tank construction can start in 2013. 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 \$800,000 (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 City recently completed some emergency repairs and improvements (valves and pipe replacement) to the 30-inch transmission main in North Street, at a cost of \$450,000.

The existing \$2 million BAN has been 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
- Issued: \$ 2,500,000
- Unissued: \$ 0

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 **was** needed in anticipation of the city of Beverly's Rantoul street roadway construction project.*

Construction was completed in 2010, and planning for the improvement to the remaining 20- and 30-inch water transmission main is underway, utilizing the available balance of the appropriation. Construction for this second phase of improvements should be completed by the end of calendar year 2011.

The existing \$2,500,000 BAN has been converted to bonds in FY2011.

Upgrade of Water Meters (2007)

- Authorized: \$ 3,000,000
- Issued: \$ 3,000,000
- Unissued: \$ 0

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.

The installation of new automatic meter reading system and the new meters throughout the City began this year and should be complete within two years. All BAN's have been converted to bonds in FY2011.

Sewer Enterprise Fund

South River Basin Upgrade

- Authorized: \$ 4,350,000
- Issued: \$ 1,500,000
- Unissued: \$ 2,850,000

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.

Improvement alternatives have been developed and currently being reviewed. A FEMA/MEMA grant application for the Canal Street and Parallel/Brooks/Jefferson Avenue area has been submitted. Once the alternative analysis is complete, a capital improvement plan will be created for implementation.

The \$1,451,000 BAN has been converted to \$1,500,000 in bonds in FY2011. The remaining \$2,850,000 will remain authorized and unissued.

Sewer Pump Station Upgrade/Replacement

- Authorized \$ 400,000
- Issued \$ 190,000
- Unissued \$ 210,000

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 FY2012.

Forrester St and Station/Moffat upgrades

- Authorized \$ 300,000 (\$150,000 per project)
- Issued \$ 300,000

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

2011 COMBINED RETAIL WATER AND SEWER RATE COMMUNITY CHARGE COMPARISON

	Water				Sewer				Fund	Last Rate Adjustment	% change from FY2010	Annual Cost per 120 HCF (approx 90,000 gallons)
	Residential	Commercial			Residential	Commercial						
Salem - current	\$ 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
Salem - 7/1/2011 Proposed	\$ 2.43	\$ 2.43	HCF		\$ 5.20	\$ 7.87	0-250 HCF	yes	Enterprise Fund	7/1/2011	2.50%	Water: \$ 291.80
					\$ 5.20	\$ 10.09	251+ HCF	10% water if pd. within 15 days	Water & Sewer			Sewer: \$ 623.32
												Combined: \$ 915.12
Beverly	\$ 2.45	same	HCF		\$ 5.34	same	HCF	no	Enterprise Water & Sewer	7/1/2010	3.50%	Water: \$ 294.00
												Sewer: \$ 640.80
												Combined: \$ 934.80
Chelsea	\$ 3.91	same	0-10 HCF		\$ 7.37	same	0-10 HCF	no	Enterprise Fund	1/1/2010	10.50%	Water: \$ 469.20
	\$ 4.76	same	11-50 HCF		\$ 8.03	same	11-50 HCF		Water & Sewer			Sewer: \$ 884.40
	\$ 5.69	same	balance		\$ 9.23	same	Over 50 HCF					Combined: \$ 1,353.60
Danvers	\$ 4.79		0-20 HCF		\$ 5.67		0-20 HCF	yes	General Fund	7/1/2010	10.50%	Water: \$ 574.80
	\$ 5.35		20-24 HCF		\$ 5.85		20-24 HCF	15% water	Water & Sewer			Sewer: \$ 680.40
	\$ 6.99		24 - Greater HCF		\$ 7.03		24-Greater HCF	elderly/low income				Combined: \$ 1,255.20
		\$ 4.79	0-40 HCF			\$ 5.67	0-40 HCF					
		\$ 5.35	40- Greater HCF			\$ 5.85	40- Greater HCF					
Gloucester	\$ 8.75	same	HCF		\$ 10.60	same	HCF	no	Enterprise Fund	4/1/2010	-4.00%	Water: \$ 1,050.00
									Water & Sewer			Sewer: \$ 1,272.00
												Combined: \$ 2,322.00
Lynn	\$ 3.33	same	0-27 HCF		\$ 6.12	same	0-27 HCF	yes	Enterprise Fund	7/1/2010	3.80%	Water: \$ 400.80
	\$ 3.43	same	27-73 HCF		\$ 6.33	same	27-73 HCF	owner occ.	Water & Sewer			Sewer: \$ 736.92
	\$ 3.47	same	73-2,812 HCF		\$ 6.39	same	73-2,812 HCF	elderly/disabled				Combined: \$ 1,137.72
	\$ 3.52	same	balance		\$ 6.44	same	balance	single @ 15%, 2-fam @ 7.5%, 3-Fam @ 5%				
Marblehead	\$ 3.90	same	0-30 HCF		\$ 5.95	same	0-30 HCF	no	Enterprise Fund	7/1/2010	5.20%	Water: \$ 521.00
	\$ 4.20	same	balance		\$ 6.30	same	balance		Water & Sewer			Sewer: \$ 752.00
												Combined: \$ 1,273.00
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	\$ 3.22	\$ 4.70	HCF		\$ 10.05	\$ 14.20	HCF	yes senior	Enterprise Fund	7/1/2010	14.50%	Water: \$ 386.40
									Water & Sewer			Sewer: \$ 1,206.00
												Combined: \$ 1,592.40
Swampscott	\$ 6.40	same	HCF		\$ 4.99	same	HCF	no	Enterprise Fund	7/1/2010	4.80%	Water: \$ 812.00
									Water & Sewer			Sewer: \$ 633.80
												Combined: \$ 1,445.80

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

Average Costs of listed communities:	
Water:	\$ 534.91
Sewer:	\$ 801.79
Combined:	\$ 1,336.70