

# Budget Calendar - FY 2014

Mayor & City Finance	Start Date	End Date	Mayor & School Committee	Start Date	End Date
Finance Director prepares initial Revenue/Expenditure (FY12 RECAP) figures	January		Superintendent & SBM give Budgets to Principals	January	
Mayor issues budgets & CIP requests to departs with budget instructions, and City's long/short term goals	1/31/2013				
Budget salary workshops with Finance & Departments	2/6/2013	to 2/20/2013	Budget workshops with SBM, Principals & Directors.	2/4/2013	to 2/20/2013
Departments compile budget & CIP information & submit to Finance	2/4/2013	to 2/22/2013	Departments compile budget & CIP information & submit to School Business Office	2/4/2013	to 2/22/2013
Budgets Entered in MUNIS by Finance	2/25/2013	to 3/6/2012	Budget/CIP review - Superintendent, SBM, Principals, Directors	2/25/2013	to 3/15/2012
Budget/CIP Review-Mayor, Finance, Department Heads	3/7/2013	to 3/29/2013	Budget/CIP Review - Superintendent, SBM, City Finance	3/18/2012	to 3/22/2012
Budge/CIP Review By Mayor & Finance Director	April				
School Committee Approves School Budget	6/7/2013		School Budget Submitted to School Committee	4/1/2012	
School Budget to City Finance Department for processing for City Council	4/23/2013		School Budget Review Meetings	4/2/2012	to 4/19/2022
Finance Director Finalizes FY2014 Revenue/Expenditures - Balanced Budget to Mayor	5/1/2013		School Committee Approves School Budget	6/7/2013	
Finance Department Prepares Final Budget for City Council	5/1/2013	to 5/9/2013	Final School Budget To City Finance Dept	4/23/2013	

## City Council

Capital Improvement Plan submittted to City Council	5/9/2013
Budget Submitted to City Council	5/23/2013
City Council Administration & Finance budget review process	5/27/2013 to 6/26/2013
City Council Vote on FY 2014 Capital Improvement Plan	6/27/2013
City Council Vote on FY 2014 City Budget	6/27/2013

# Fiscal Year 2014 Overview

On February 1, 2014, the Finance Department sent out budget packages to each non-school department requesting that they prepared a FY 2014 budget based on the following:

- Non-personnel lines should be level serviced to reflect contractual agreements and utilities should be funded to reflect any anticipated increase or decrease in charges or use a 3 year average.
- Personnel lines should be funded to include any step increases only.
- The Mayor requested that the School Department submit a LEVEL SERVICE budget based on step and line increases only.

The departments were required to complete their FY 2014 Mission Statement and Goals, Budget Detail Reports, Revolving Fund budgets (if applicable) and Capital Requests. The Finance Department asked all departments to provide pictures that represented their respective departments. Many submitted great pictures which we put in the Mission Statements and throughout the budget.

The FY 2014 budget requests were entered into the cities computerized system by the finance department using the figures submitted by each department. Copies of the operating budget were printed for each department. A complete copy of the proposed budgets was prepared for the Mayor, Chief Administrative Aide, Finance Director, and the Assistant Finance Director.

During this time, the Finance Director prepared the five year forecast, capital improvement plan for FY 2014, as well as a preliminary FY 2014 budget using the Governor proposed state aid figures, estimated local revenue, Real Estate & Personal Property tax revenue estimates, and the 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 their capital improvement needs.

In FY 2012 the City of Salem adopted the State's Health Insurance Reform Act and the City negotiated with all unions to move all employees to the more cost effective Commonwealth of Massachusetts Group Insurance Commission (GIC) health insurance plan which has saved the City money. All union contracts were settled in FY 2013 for years 2012, 2013 and 2014. The City has already started the process of negotiating new contracts for FY 2015-2017.

In April, the City received State House local aid figures that we used to update the budget and determine if any changes were necessary to provide a balance budget to the City Council. Local Aid Estimates decreased by \$157,036 for FY 2014 and Local Aid Assessments increased by \$93,975. Therefore the City will recognize a total decrease in Local Aid of \$251,011 for FY 2014. Please note that Local Aid Estimates are based on the House Final Budget figures that were available at the time the budget was submitted to the City Council.

Once the budget was balanced, the Finance Department then prepared the proposed FY 2014 budget for the City Council. All information was reviewed carefully for accuracy and consistency 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 2014.

In April the School Committee met with the School Superintendent, School Business Manager and School Department Heads to review and approve the School budget for submission to the City Council. The final vote of the school committee is expected to be held on June 7, 2013.

The FY 2014 Capital Improvement Projects were submitted to council for their review on May 9, 2013. On May 23, 2013, a balanced FY 2014 budget was submitted to the City Council for their review and approval. The budget was put into the Committee of Administration and Finance for their review and approval. During the months of May and 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 27, 2013 the budget was approved by the City Council Committee of the Whole.

# PROPERTY TAX “101” - A TAXPAYERS GUIDE

## 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.

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 FY2014 assessments are meant to reflect the value of your property on January 1<sup>st</sup>, 2013 and were derived from sales information obtained in calendar year 2012. 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**

In 1997 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, another 3 year agreement was made for a total remittance amount of \$4.75 million. In the fall of 2011, the Mayor negotiated a five year “Hold Harmless Agreement” with the Department of Energy Resources (DOER), the group that oversees pollution control for the energy industry in



Massachusetts, to keep the remittance for the Power Plant site at \$4.75 million until 2016. With a known closing date of July 1, 2014, Dominion has shut down two of the four boilers and has planned no further upgrades to the Plant. As a result of this, the 2012 tax agreement between the City and Dominion has significantly reduced the tax revenue to \$1,750,000. In September 2012 Footprint Power Salem became the new owner of the Salem Power Plant and are in the process of negotiating a conversion from coal to a new gas fired plant. They have continued to honor the same agreement that had been made with Dominion. In accordance with the “Hold Harmless Agreement”, the Commonwealth will be making up the \$3 million balance through the Department of Energy Resources.

## 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.

**WHAT IS VOTED BY CITY COUNCIL - BUDGET vs RECAP- FY 2014**  
**Breakdown of Tax Recapitulation Report**

		DATE VOTED
FY 2014 BUDGET		Budget Meetings
General Fund Budget Appropriations Submitted by Mayor		
City	69,396,297.00	
School	52,553,423.00	
Total General Fund Appropriations:	121,949,720.00	
Enterprise Fund Appropriations Submitted by Mayor:		
Sewer	6,982,171.00	
Water	4,838,523.00	
Trash	2,424,288.00	
Total Enterprise Fund Appropriations:	14,244,982.00	
Total Budget to be voted - June 2013 (Submitted by Mayor)	136,194,702.00	June 27, 2013

Other RECAP Items Voted at Tax Rate Setting - December 2012		Tax Rate Meeting
Cherry Sheet Offsets	75,681.00	
Snow & Ice Deficit - Estimated	700,000.00	
Overlay - Allowance for Abatements - Estimated	900,000.00	
Offset Receipts	40,000.00	
Total Other Items on RECAP voted - December 2013	1,715,681.00	
Total RECAP Expenditures	137,910,383.00	December 2013

Other Votes By Council		Regular Council Meetings
Revolving Funds	1,193,000.00	
Capital Improvement Projects - General Fund -Capital Outlay/Grants & OFS/Bonding	5,880,700.00	
Capital Improvement Projects - Enterprise Funds - Retained Earnings/Grants & OFS/Bonding	1,275,000.00	



# RECAP SHEET FY 2014 Budget MAYOR'S RECOMMENDED BUDGET

## REVENUES

### PROPERTY TAXES

PRIOR FISCAL YEAR LEVY LIMIT	72,993,129	75,492,988	77,955,293	2,462,305
2 1/2% Increase	1,824,828	1,887,325	1,948,882	61,558
Current New Growth (Value increases from new building)	675,031	574,980	600,000	25,020
<b>LEVY LIMIT Subtotal (from DOR levy limit sheet)</b>	<b>75,492,988</b>	<b>77,955,293</b>	<b>80,504,175</b>	<b>2,548,882</b>

<b>Actual RECAP Real and Personal Taxes</b>	<b>71,788,367</b>	<b>74,879,216</b>	<b>77,849,522</b>	<b>2,970,306</b>
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### LOCAL RECEIPTS

MOTOR VEHICLE	3,179,764	2,960,000	3,000,000	40,000
OTHER EXCISE (Vessel and Hotel/Motel)	415,653	410,000	410,000	0
MEALS TAX (local options)	768,032	750,000	750,000	0
INTEREST ON TAXES	487,843	403,000	403,000	0
IN LIEU OF TAXES	1,440,185	1,384,835	1,235,835	(149,000)
CHARGES FOR SERVICES	1,464,056	1,050,000	1,200,000	150,000
PARKING FEES	2,274,469	2,070,000	2,100,000	30,000
LICENSES AND PERMITS	499,048	450,000	450,000	0
FINES AND FORFEITS	1,255,894	760,000	900,000	140,000
INVESTMENT INCOME	74,956	70,000	75,000	5,000
MISCELLANEOUS RECURRING INCOME	1,198,725	700,000	700,000	0
MISCELLANEOUS NON-RECURRING INCOME	3,681,252	3,184,789	3,185,000	211
<b>Local Receipt Subtotal (pg. 2 recap IIIb. 1)</b>	<b>16,739,877</b>	<b>14,192,624</b>	<b>14,408,835</b>	<b>216,211</b>

SEWER ENTERPRISE FUND REVENUE	8,090,844	8,783,034	7,797,389	(985,645)
WATER ENTERPRISE FUND REVENUE	4,934,151	5,522,061	5,624,959	102,898
TRASH ENTERPRISE FUND REVENUE	650,000	650,000	585,000	(65,000)
<b>Enterprise Fund Subtotal (pg. 2 recap IIIb. 3)</b>	<b>13,674,995</b>	<b>14,955,095</b>	<b>14,007,348</b>	<b>(947,747)</b>

### OTHER REVENUES AND FINANCING SOURCES

CHERRY SHEET REVENUE (pg. 2 recap IIIa. 1)	25,017,427	28,160,149	28,013,113	(147,036)
MASSACHUSETTS SBA PAYMENTS (pg. 2 recap IIIa. 2)	3,521,535	2,534,339	2,534,339	0
FREE CASH FOR PARTICULAR PURPOSE (pg. 2 recap IIIc. 1)	2,250,281			0
OTHER AVAILABLE FUNDS APPROPRIATED (pg. 2 recap IIIc. 2)	78,285			0
FREE CASH USED FOR:				0

**RECAP SHEET**  
**FY 2014 Budget**  
**MAYOR'S RECOMMENDED BUDGET**

	<b>Actual FY2012</b>	<b>RECAP 2013 Budget</b>	<b>Mayor's 2014 Budget</b>	<b>FY13-FY14 Variance</b>
Level the Tax Rate (pg. 2 recap Illd. 1b.)	1,000,000			0
OFS-To Reduce Tax Rate (pg. 2 recap Illd. 4)				0
R/Res - Witch House	178,757	178,757	184,632	5,875
R/Res - Golf Course	562,722	562,171	579,794	17,623
R/Res - Harbormaster	255,563	267,178	292,800	25,622
OFFSET RECEIPTS - Electric Dept	40,000	40,000	40,000	0
<b>Estimated State + Other Revenue Subtotal</b>	<b>32,904,570</b>	<b>31,742,594</b>	<b>31,644,678</b>	<b>(97,916)</b>
<b>TOTAL REVENUES</b>	<b>135,107,808</b>	<b>135,769,529</b>	<b>137,910,383</b>	<b>1,719,430</b>

# RECAP SHEET FY 2014 Budget MAYOR'S RECOMMENDED BUDGET

	Actual FY2012	RECAP 2013 Budget	Mayor's 2014 Budget	FY13-FY14 Variance
<b><u>EXPENDITURES</u></b>				
GENERAL GOVERNMENT	4,296,105	5,008,545	4,802,367	(206,178)
PUBLIC SAFETY	16,742,270	17,508,361	18,966,567	1,458,206
PUBLIC WORKS AND FACILITIES	3,285,959	3,349,406	3,609,902	260,496
HUMAN SERVICES	882,837	963,032	1,227,257	264,225
CULTURAL AND RECREATIONAL	2,264,062	2,347,595	2,433,767	86,172
DEBT SERVICE - GENERAL FUND INCLUDING SCHOOLS	6,679,247	5,513,983	5,040,047	(473,936)
ASSESSMENT - N.S. REGIONAL VOCATIONAL SCHOOL	1,574,316	1,603,586	1,945,039	341,453
CHERRY SHEET CHARGES (pg. 2 llc of recap)	6,390,908	5,510,721	5,644,448	133,727
EMPLOYEE BENEFITS:				
SALEM RETIREMENT BOARD ASSESSMENT	8,773,800	9,515,813	9,526,094	10,281
NON-CONTRIBUTORY PENSIONS	69,474	72,650	74,408	1,758
WORKMAN'S COMPENSATION	456,641	435,000	870,000	435,000
UNEMPLOYMENT COMPENSATION	349,378	356,000	300,000	(56,000)
MEDICARE - CITY AND SCHOOL COMBINED	852,215	797,239	832,974	35,735
GROUP INSURANCE - CITY & SCHOOL COMBINED				
ALL ACTIVES AND CITY RETIREES	11,139,834	9,541,857	11,782,795	2,240,938
ALL RMT's (cherry sheet assessment in FY12 and prior)		2,343,211	0	(2,343,211)
MUNI. INSURANCE - CITY ONLY (SCHOOL IN EDU. BDGT.)	249,689	302,500	317,375	14,875
<b><u>NON GENERAL FUND APPROPRIATIONS (RESERVE FUNDS)</u></b>				
C.I.P. APPROPRIATION (TO EXISTING FUND)	200,000	340,000	303,000	(37,000)
RETIREMENT ANTICIPATION STAB FUND (City and School)	400,000	850,000	600,000	(250,000)
HEALTH REIMBURSEMENT ACCOUNT	0	100,000	0	(100,000)
STABILIZATION FUND	0	0	0	0
Transfer to CPA Fund			50,000	
Salem 2026 Fund			10,000	
EDUCATION - CHARTER SCHOOL	764,000	1,011,111	1,060,257	49,146
<b>City Subtotal</b>	<b>65,370,735</b>	<b>67,470,610</b>	<b>69,396,297</b>	<b>1,865,687</b>
EDUCATION - PUBLIC SCHOOLS	48,315,381	50,508,040	52,553,423	2,045,383
<b>Education Subtotal</b>	<b>48,315,381</b>	<b>50,508,040</b>	<b>52,553,423</b>	<b>2,045,383</b>
<b>GENERAL FUND SUBTOTAL</b>	<b>113,686,116</b>	<b>117,978,650</b>	<b>121,949,720</b>	<b>4,292,534</b>

# RECAP SHEET FY 2014 Budget MAYOR'S RECOMMENDED BUDGET

	Actual FY2012	RECAP 2013 Budget	Mayor's 2014 Budget	FY13-FY14 Variance
SEWER ENTERPRISE FUND BUDGET (NET- INDIRECT COSTS)	7,266,938	7,103,476	6,982,171	(121,305)
WATER ENTERPRISE FUND BUDGET (NET-INDIRECT COSTS)	4,549,422	4,804,613	4,838,523	33,910
TRASH - ENTERPRISE FUND BUDGET	2,734,328	2,810,684	2,424,288	(386,396)
<b>ENTERPRISE SUBTOTAL</b>	<b>14,550,688</b>	<b>14,718,773</b>	<b>14,244,982</b>	<b>168,085</b>
<b>SUBTOTAL - GENERAL FUND + ENTERPRISE FUND</b>	<b>128,236,804</b>	<b>132,697,423</b>	<b>136,194,702</b>	<b>3,497,279</b>
<b>ADD - OTHER EXPENDITURES:</b>				
OTHER - Cherry Sheet Offset (pg. 2 llb5 of recap)	75,805	76,024	75,681	(343)
Overlay Deficit (pg. 2 llb4 of recap)	25,732	0	0	0
Snow and Ice Deficit (pg. 2 llb9 of recap)	592,366	0	700,000	700,000
Other Deficits (pg. 2 llb 10 of recap)				0
OVERLAY (Allowance for Abatements)	926,376	975,349	900,000	(75,349)
SUPPLEMENTAL APPROPRIATIONS (City Non-Union/Exempt @ 1%)		0	0	0
OFFSET Receipts				0
From Electric Dept (A-1)	40,000	40,000	40,000	0
From Raise and Appropriate (pg. 4 of recap - non school)	421,877			0
From Free Cash (pg. 4 of recap)	2,250,281			0
From Other Available Fund (pg. 4 of recap)	78,285			0
<b>SUBTOTAL - OTHER EXPENDITURES</b>	<b>4,410,722</b>	<b>1,091,373</b>	<b>1,715,681</b>	<b>624,308</b>
<b>TOTAL EXPENDITURES</b>	<b>132,647,526</b>	<b>133,788,796</b>	<b>137,910,383</b>	<b>4,121,587</b>
<b>Revenue vs Expenditures (Negative represents revenue deficit)</b>	<b>2,460,282</b>	<b>1,980,734</b>	<b>0</b>	

### TAX RATE RECAPITULATION (RECAP) SUMMARY BY FISCAL YEAR

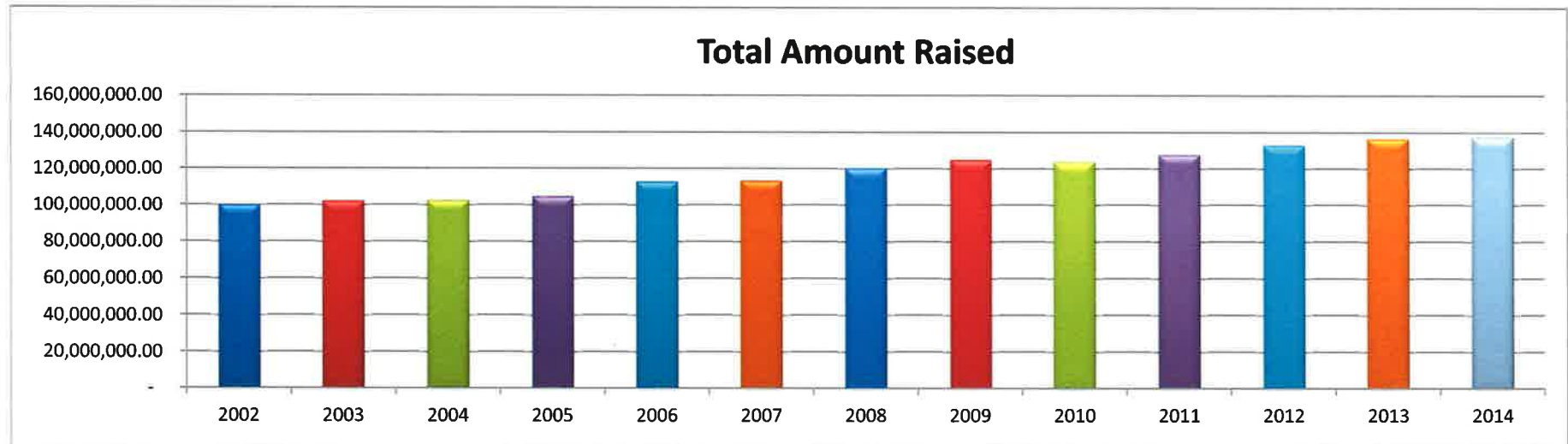
	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Total Estimated Receipts and other revenue from RECAP	45,554,584.87	50,810,217.62	50,177,821.01	48,511,706.39	48,185,227.35
Tax Levy	48,228,213.77	49,573,048.16	52,196,844.38	54,374,222.56	56,839,329.00
<b>Total Amt Raised on RECAP</b>	<b>93,782,798.64</b>	<b>100,383,265.78</b>	<b>102,374,665.39</b>	<b>102,885,928.95</b>	<b>105,024,556.35</b>
Prior FY Levy Limit	46,837,654.00	48,966,288.00	50,798,174.00	52,997,388.00	54,971,842.00
Amended Growth					2,369.00
2.5% allowable Increase	1,170,941.00	1,224,157.00	1,269,954.00	1,324,935.00	1,374,355.00
New Growth	957,693.00	607,729.00	929,260.00	649,519.00	799,828.00
<b>FY Levy Limit</b>	<b>48,966,288.00</b>	<b>50,798,174.00</b>	<b>52,997,388.00</b>	<b>54,971,842.00</b>	<b>57,148,394.00</b>
RE & PP Total Value	2,701,854,021	2,858,057,319	3,306,641,552	3,971,301,737	4,296,541,287
<b>Levy Ceiling (2.5% Total Value)</b>	<b>67,546,351</b>	<b>71,451,433</b>	<b>82,666,039</b>	<b>99,282,543</b>	<b>107,413,532</b>
<b>Equalized Value (EQV) as of 1/1</b>	<b>2,472,012,500.00</b>	<b>2,472,012,500.00</b>	<b>3,148,016,400.00</b>	<b>3,146,016,400.00</b>	<b>4,223,735,800.00</b>

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Total Estimated Receipts and other revenue from RECAP	53,975,790.62	51,809,151.16	56,356,588.55	58,037,734.88	54,079,177.26
Tax Levy	59,292,237.61	61,785,514.16	64,399,664.13	67,095,914.09	70,082,324.62
<b>Total Amt Raised on RECAP</b>	<b>113,268,028.23</b>	<b>113,594,665.32</b>	<b>120,756,252.68</b>	<b>125,133,648.97</b>	<b>124,161,501.88</b>
Prior FY Levy Limit	57,148,394.00	59,342,731.00	61,792,926.00	64,441,432.00	67,385,423.00
Amended Growth					
2.5% allowable Increase	1,428,710.00	1,483,568.00	1,544,823.00	1,611,036.00	1,684,636.00
New Growth	765,627.00	966,627.00	1,103,683.00	1,332,955.00	1,064,919.00
<b>FY Levy Limit</b>	<b>59,342,731.00</b>	<b>61,792,926.00</b>	<b>64,441,432.00</b>	<b>67,385,423.00</b>	<b>70,134,978.00</b>
RE & PP Total Value	4,586,174,179	4,978,320,083	4,805,481,341	4,511,212,336	4,294,563,427
<b>Levy Ceiling (2.5% Total Value)</b>	<b>114,654,354</b>	<b>124,458,002</b>	<b>120,137,034</b>	<b>112,780,308</b>	<b>107,364,086</b>
<b>Equalized Value (EQV) as of 1/1</b>	<b>4,223,735,800</b>	<b>4,923,330,400</b>	<b>4,923,330,400</b>	<b>5,168,060,200</b>	<b>5,168,060,200</b>

## TAX RATE RECAPITULATION (RECAP) SUMMARY BY FISCAL YEAR

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Total Estimated Receipts and other revenue from RECAP	55,634,447.00	61,675,449.07	61,913,527.67	60,143,233.00	
Tax Levy	72,532,236.85	71,788,366.61	74,879,216.43	77,658,320.00	
<b>Total Amt Raised</b>	<b>128,166,683.85</b>	<b>133,463,815.68</b>	<b>136,792,744.10</b>	<b>137,801,553.00</b>	<b>-</b>
Prior FY Levy Limit	70,134,978.00	72,993,129.45	75,492,988.69	77,955,293.40	
Amended Growth					
2.5% allowable Increase	1,753,374.45	1,824,828.24	1,887,324.72	1,948,882.34	
New Growth	1,104,777.00	675,031.00	574,980.00	600,000.00	
<b>FY Levy Limit</b>	<b>72,993,129.45</b>	<b>75,492,988.69</b>	<b>77,955,293.40</b>	<b>80,504,175.74</b>	<b>-</b>
RE & PP Total Value	4,115,970,775	3,973,785,748	3,927,232,741	4,000,000,000	
<b>Levy Ceiling</b>	<b>102,899,269</b>	<b>99,344,644</b>	<b>98,180,819</b>	<b>100,000,000</b>	
<b>Equalized Value (EQV) as of 1/1</b>	<b>4,568,374,700</b>	<b>4,568,374,700</b>	<b>4,256,808,900</b>	<b>4,256,808,900</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 2012.

Some of the taxation terminology used throughout the revenue section can be confusing to the average taxpayer. Below are descriptions of a few of those terms. More information can be found in the glossary section in the back of this book.

**Levy** - The amount of taxes, special assessments, or service charges imposed by a governmental unit.

**Levy Ceiling** - The limit imposed by Proposition 2 ½ that equals 2 ½ % of the total full and fair cash value of all taxable property.

**Levy Limit** - The amount that a municipality may raise in taxes each year which is based on the prior year's limit plus 2 ½% increases on that amount plus the amount certified by the State that results from "new growth".

**New Growth** – The additional tax revenue generated by new construction, renovations, and other increases in the property tax base during a calendar year.

**Proposition 2 ½** - A law which became effective on December 4, 1980. The two main components of the tax law relating to property taxes are: 1 ) the tax levy cannot exceed 2 ½ % of the full and fair cash value, and 2) for cities and towns at or below the above limit, the tax levy cannot exceed the maximum tax levy allowed for the prior by more than 2 ½ % (except in cases of property added to the tax rolls and for valuation increases of at least 50% other than as part of a general revaluation).

**Equalized Valuations (EQV)** – The commissioner of Revenue, in accordance with MGL CH. 58 Section 10C, is charged with the responsibility of biannually determining an equalized valuation for each city and town in the Commonwealth. EQVs present an estimate of fair cash value of all taxable property in each city and town as of January 1 of each year (MGL CH. 58, Sections 9 & 10C). The EQV is a measure of the relative property wealth in each municipality. Its purpose is to allow for comparisons of municipal property values at one point in time, adjusting for differences in local assessing practices and revaluation schedules. EQVs have historically been used as a variable in the allocation of certain state aid distributions, the calculation of various state and county assessments to municipalities, and the determination of municipal debt limits. EQVs are used in some distribution formulas so that communities with lower property values receive proportionately more aid than those with higher property values. In some assessment formulas they are used so that those with lower property values assume proportionately less of the cost than communities with higher property values. The local aid receipt programs using EQV are: Public Libraries, Chapter 70, and School Construction Aid. The assessments using EQV are: Boston's Metropolitan Transit Districts, the Count Tax, Mosquito Control Projects and Air Pollution Control Districts. A municipality's annual EQV is the sum of estimated fair market value for each property class plus an estimate of new growth, resulting in values indicative of January 1.

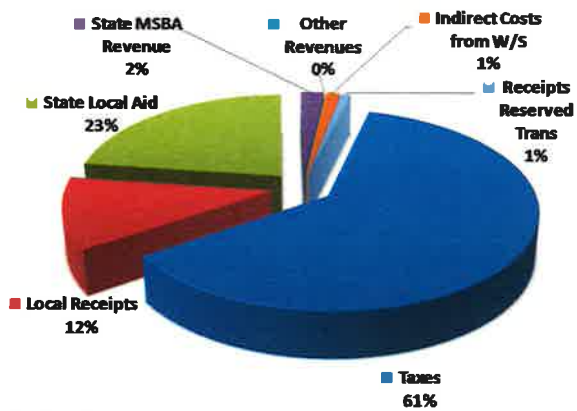
The following chart is a summary of the EQV, Tax Levy, Levy Ceiling, Levy Limit, 2 ½% increase, and New Growth by fiscal year.

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

	Actual FY 2010	Actual FY 2011	Actual FY 2012	RECAP FY 2013	Estimated FY 2014	Increase % FY13 vs. FY14	Increase \$ FY13 vs. FY14
<b>GENERAL FUND</b>							
<b>REAL AND PERSONAL</b>	<b>69,319,668</b>	<b>72,532,237</b>	<b>71,788,367</b>	<b>74,879,216</b>	<b>77,849,522</b>	<b>3.97%</b>	<b>5,317,285</b>
MOTOR VEHICLE	2,973,309	3,147,826	3,179,764	2,960,000	3,000,000	1.35%	(147,826)
HOTEL EXCISE	294,214	392,295	392,295	380,000	380,000	0.00%	(12,295)
VESSEL EXCISE	34,450	32,726	23,358	30,000	30,000	0.00%	(2,726)
MEALS TAXES		562,797	768,032	750,000	750,000	0.00%	187,203
INTEREST ON TAXES	437,361	437,282	487,843	403,000	403,000	0.00%	(34,282)
IN LIEU OF TAXES	1,307,078	1,319,079	1,440,185	1,384,835	1,235,835	-10.76%	(83,244)
CHARGES FOR SERVICES	1,265,194	1,274,446	1,464,056	1,050,000	1,200,000	14.29%	(74,446)
PARKING FEES	2,039,376	2,334,422	2,274,469	2,070,000	2,100,000	1.45%	(234,422)
LICENSES AND PERMITS	567,732	510,375	499,048	450,000	450,000	0.00%	(60,375)
FINES AND FORFEITS	1,266,266	1,208,272	1,255,894	760,000	900,000	18.42%	(308,272)
INVESTMENT INCOME	62,904	53,792	74,956	70,000	75,000	7.14%	21,208
MISCELLANEOUS INCOME	149,140	283,177	437,188	150,000	150,000	0.00%	(133,177)
MEDICAID INCOME	582,540	613,373	483,907	500,000	500,000	0.00%	(113,373)
MEDICAID PART D REIMBURSEMENT	197,871	258,783	277,629	50,000	50,000	0.00%	(208,783)
NON RECURRING	1,855,821	2,927,676	3,681,252	3,184,789	3,185,000	0.01%	257,324
<b>TOTAL LOCAL RECEIPTS</b>	<b>13,033,256</b>	<b>15,356,321</b>	<b>16,739,877</b>	<b>14,192,624</b>	<b>14,408,835</b>	<b>1.52%</b>	<b>(947,486)</b>
NET MA CHERRY SHEET ASST.	21,256,108	23,966,837	25,017,427	27,548,673	28,013,113	1.69%	4,046,276
MSBA REIMBURSEMENTS	4,369,366	4,310,837	3,521,535	2,534,339	2,534,339	0.00%	(1,776,498)
R/RES REDUCE TAX RATE	925,686	934,070	997,042	1,008,106	1,057,226	4.87%	123,156
OFS/TRANSFERS IN	241,019	-	1,000,000	-	-		
INDIRECT COSTS from W&S (OFS)	1,430,065	1,452,222	1,477,074	1,491,926	1,601,654	7.35%	149,432
<b>TOTAL OTHER RECEIPTS</b>	<b>28,222,244</b>	<b>30,663,966</b>	<b>32,013,078</b>	<b>32,583,044</b>	<b>33,206,332</b>	<b>1.91%</b>	<b>2,542,366</b>
<b>GENERAL FUND TOTAL</b>	<b>110,575,167</b>	<b>118,552,524</b>	<b>120,541,322</b>	<b>121,654,884</b>	<b>125,464,689</b>	<b>3.13%</b>	<b>6,912,165</b>
<b>ENTERPRISE FUND</b>							
SEWER RATES	7,170,497	7,587,055	7,941,520	8,783,034	8,595,936	-2.13%	1,008,881
SEWER TRANS/OFS	360,389	-	-	-	-		0
<b>TOTAL SEWER</b>	<b>7,530,885</b>	<b>7,587,055</b>	<b>7,941,520</b>	<b>8,783,034</b>	<b>8,595,936</b>	<b>-2.13%</b>	<b>1,008,881</b>
WATER RATES	4,270,968	4,728,851	4,574,150	5,053,323	5,365,989	6.19%	637,138
WATER TRANS/OFS	389	-	360,000	218,738	258,970		258,970
<b>TOTAL WATER</b>	<b>4,271,357</b>	<b>4,728,851</b>	<b>4,934,150</b>	<b>5,272,061</b>	<b>5,624,959</b>	<b>6.69%</b>	<b>896,108</b>
TRASH FEES	713,827	700,000	686,834	650,000	585,000	-10.00%	(115,000)
TRASH General Fund Subsidy/OFS	1,902,504	1,920,249	2,047,493	2,160,684	1,839,288	-14.87%	(80,961)
<b>TOTAL TRASH</b>	<b>2,616,331</b>	<b>2,620,249</b>	<b>2,734,327</b>	<b>2,810,684</b>	<b>2,424,288</b>	<b>-13.75%</b>	<b>(195,961)</b>
<b>ENTERPRISE FUND TOTAL</b>	<b>14,418,573</b>	<b>14,936,155</b>	<b>15,609,997</b>	<b>16,865,779</b>	<b>16,645,183</b>	<b>-1.31%</b>	<b>1,709,028</b>
<b>GRAND TOTAL</b>	<b>124,993,740</b>	<b>133,488,679</b>	<b>136,151,319</b>	<b>138,520,663</b>	<b>142,109,872</b>	<b>2.59%</b>	<b>10,057,529</b>

### ESTIMATED REVENUES GENERAL FUND

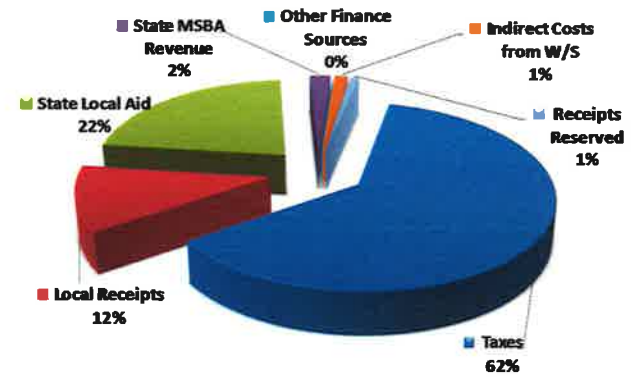
**FY 2013**



TOTAL \$ 121,654,884

### ESTIMATED REVENUES GENERAL FUND

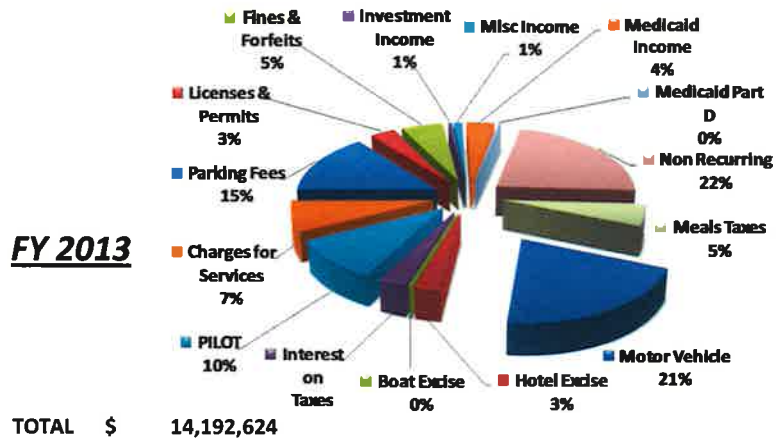
**FY 2014**



TOTAL \$ 125,464,689

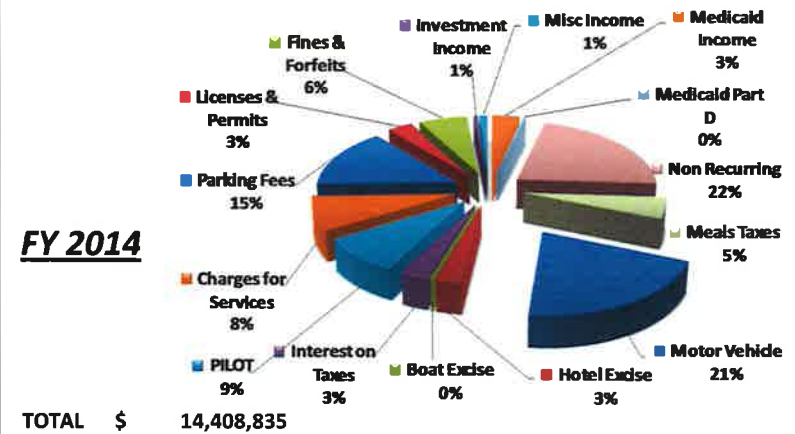
### ESTIMATED LOCAL RECEIPTS GENERAL FUND

**FY 2013**



### ESTIMATED LOCAL RECEIPTS GENERAL FUND

**FY 2014**



# 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 FY10 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.

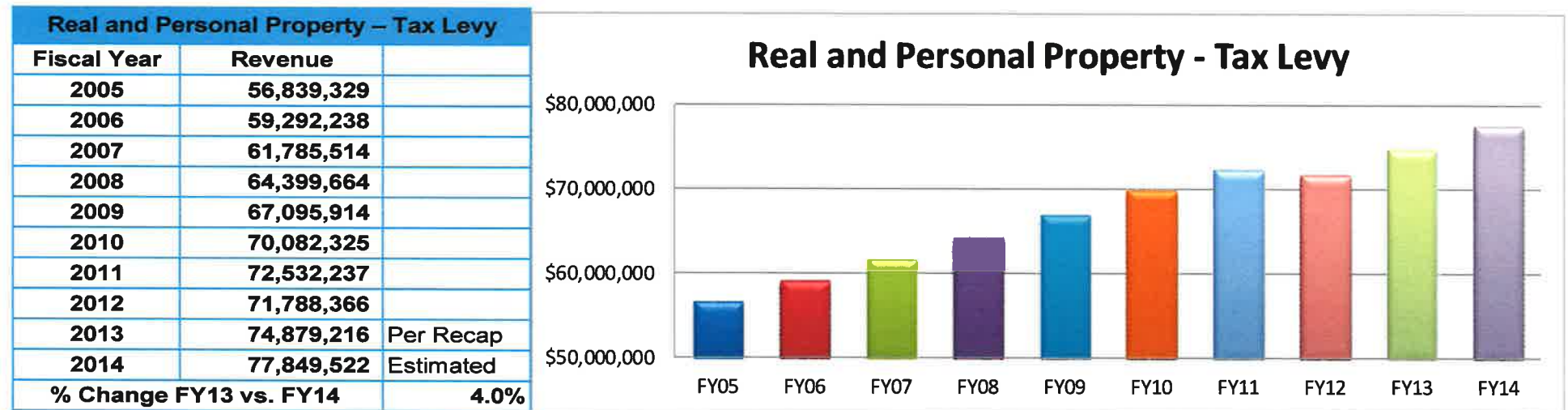
### Factors influencing property taxes:

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

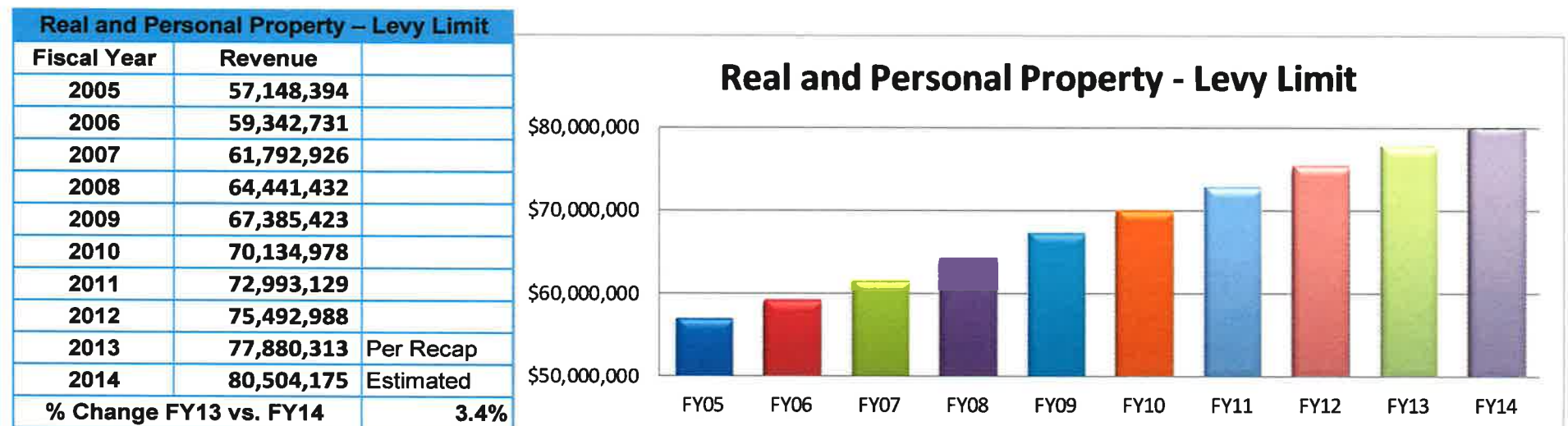
- 1. Automatic 2.5% Increase (Prop 2 ½)** – The levy limit is the maximum amount that can be collected through real and personal property taxes by the municipality. Each year, a community's levy limit automatically increases by 2.5% over the previous year's levy limit. This increase, which does not require any action on the part of local officials, is estimated to be \$1,948,882 for FY 14.
- 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 14 new growth is estimated to be \$600,000.
- 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 FY 13 was \$77,955,293.40; however, the City only raised \$74,879,216.43 in property taxes, which was approximately \$3 million under the levy limit. The levy ceiling is 2.5% of the valuation of the community (EQV-Equalized Value). The ceiling for Salem in FY 13 was \$98,180,819. The levy limit for FY 14 is estimated to be \$80,504,175.74. The total amount of revenue raised through the tax levy will be determined upon the Department of Revenue setting the tax rate in December.



**Real & Personal Property – Tax levy** – The amount of taxes, special assessments, or service charges imposed by a governmental unit.



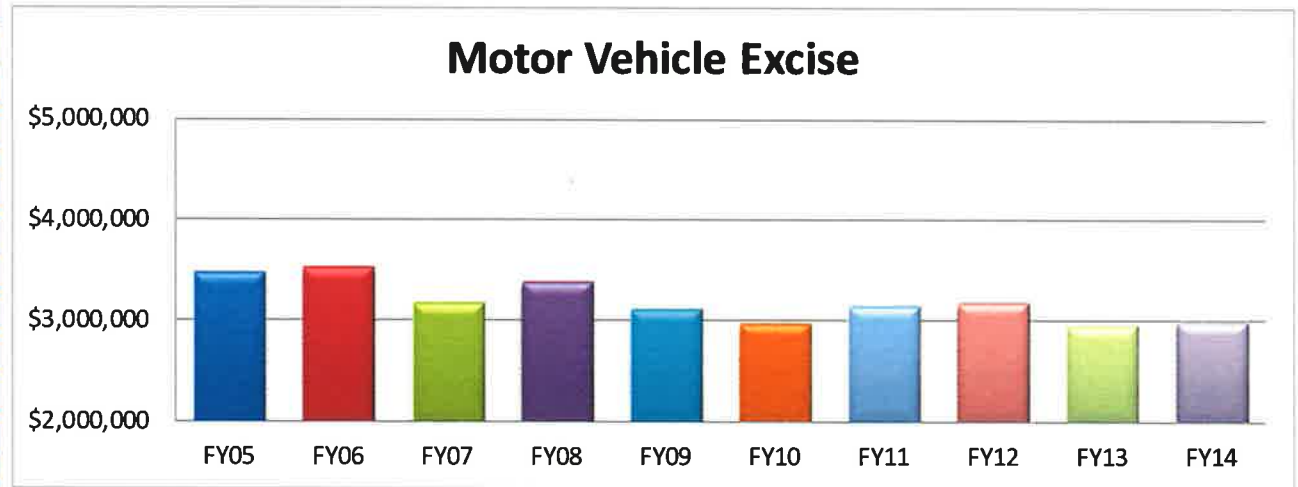
**Real & Personal Property – Levy Limit** – The amount that a municipality may raise in taxes each year which is based on the prior year’s limit plus 2 ½ % increase on that amount plus the amount certified by the State that results from “new growth”.



**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.

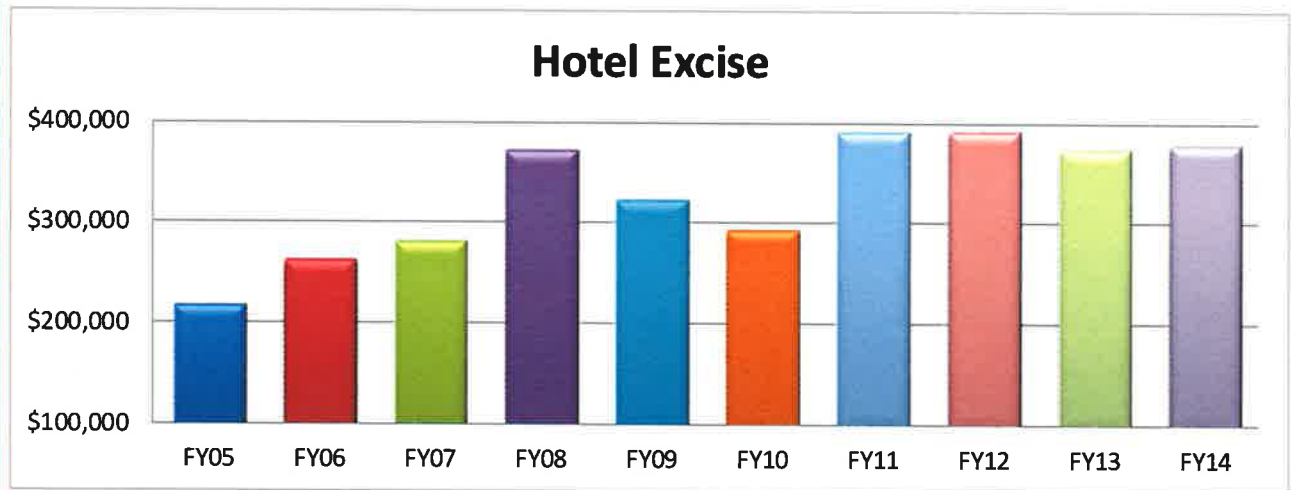
Those residents who do not pay their excise taxes in a timely manner are not allowed to renew registrations and licenses through a 'marking' process at the RMV. The City of Salem notifies the Registry of delinquent taxpayers, through its deputy collector, who prepares excise delinquent files for the Registry of Motor Vehicles. We are showing a modest increase in revenue for FY 2014.

Motor Vehicle Excise		
Fiscal Year	Revenue	
2005	3,485,883	
2006	3,540,267	
2007	3,179,235	
2008	3,390,013	
2009	3,120,411	
2010	2,973,309	
2011	3,147,826	
2012	3,179,764	
2013	2,960,000	Per Recap
2014	3,000,000	Estimated
% Change FY13 vs. FY14		1.4%



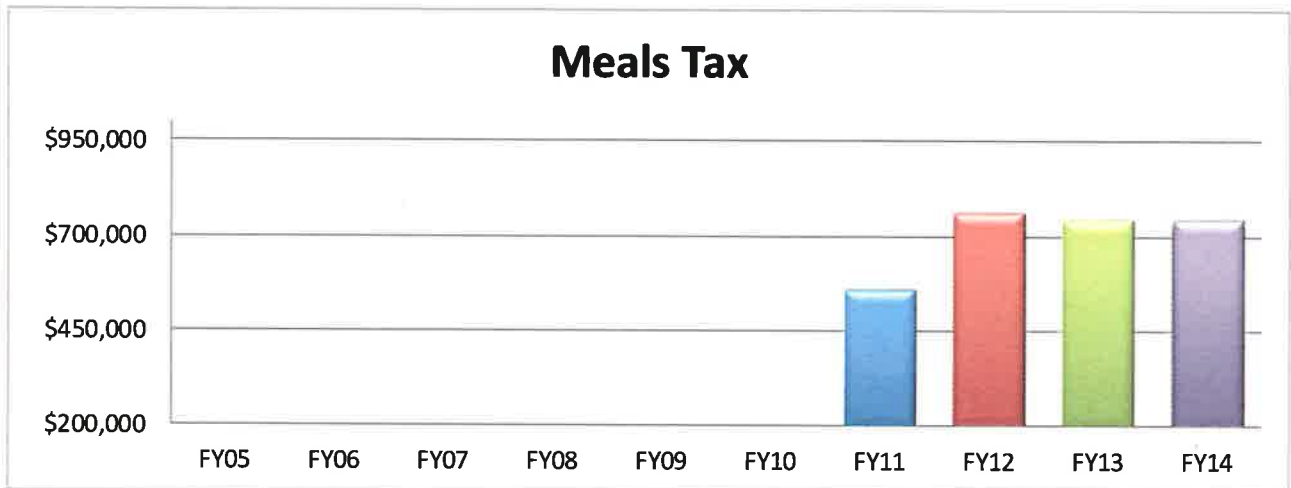
**Hotel Excise** – (Room Occupancy Excise - MGL Chapter 64G) This category includes taxes received through the state that are collected from all hotels, motels, and other lodging houses within the City at a rate up to, but not exceeding, 6% of the total amount of rent for each such occupancy. We anticipate no increase in FY 2014. On April 22, 2010 the City Council approved by a 6-5 vote to pass the local options tax increases of .75% on meals and 1% on Hotel/Motels.

Hotel Excise		
Fiscal Year	Revenue	
2005	219,628	
2006	263,962	
2007	282,324	
2008	373,655	
2009	324,622	
2010	294,214	
2011	392,295	
2012	392,974	
2013	375,000	Per Recap
2014	380,000	Estimated
% Change FY13 vs. FY14		1.3%



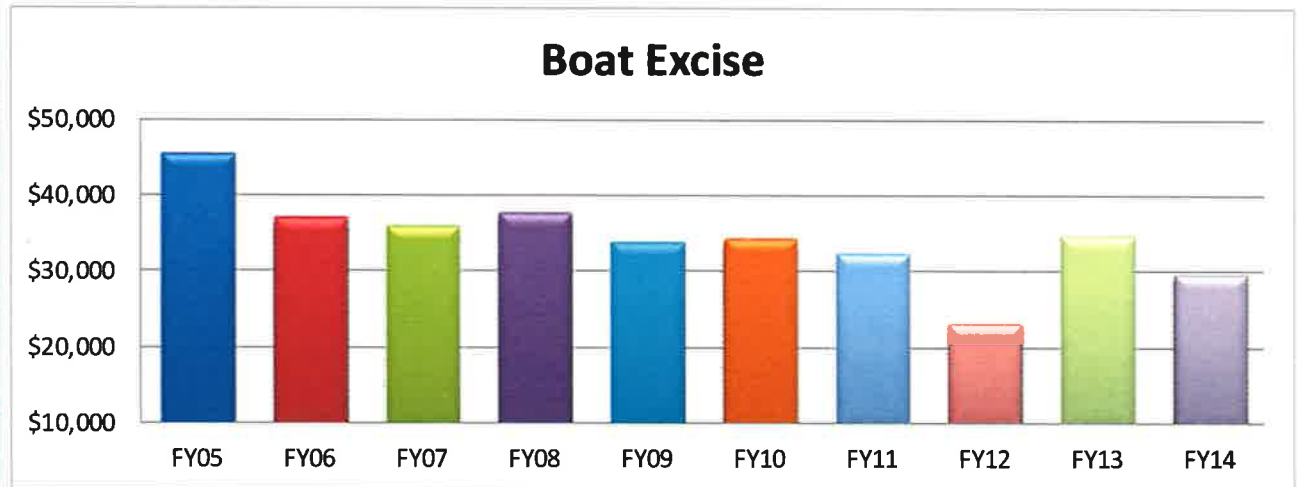
**Meals Tax** – (MGL CH27 §60 and 156 of the Acts of 2009). This category was new for FY 2011 as allowed by the Commonwealth of Massachusetts in FY 2010. As mentioned previously, the City Council approved a 0.75% increase in the meals tax that is anticipated to create additional \$768,032 in FY 2012 and \$750,000 in FY 2013. We anticipate no increase in FY 2014.

Meals Tax		
Fiscal Year	Revenue	
2005	-	
2006	-	
2007	-	
2008	-	
2009	-	
2010	-	
2011	562,797	
2012	768,032	
2013	750,000	Per Recap
2014	750,000	Estimated
% Change FY13 vs. FY14		0.0%



**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. We anticipate a 14.29% decrease in Boat Excise in FY 2014 based on prior fiscal year averages.

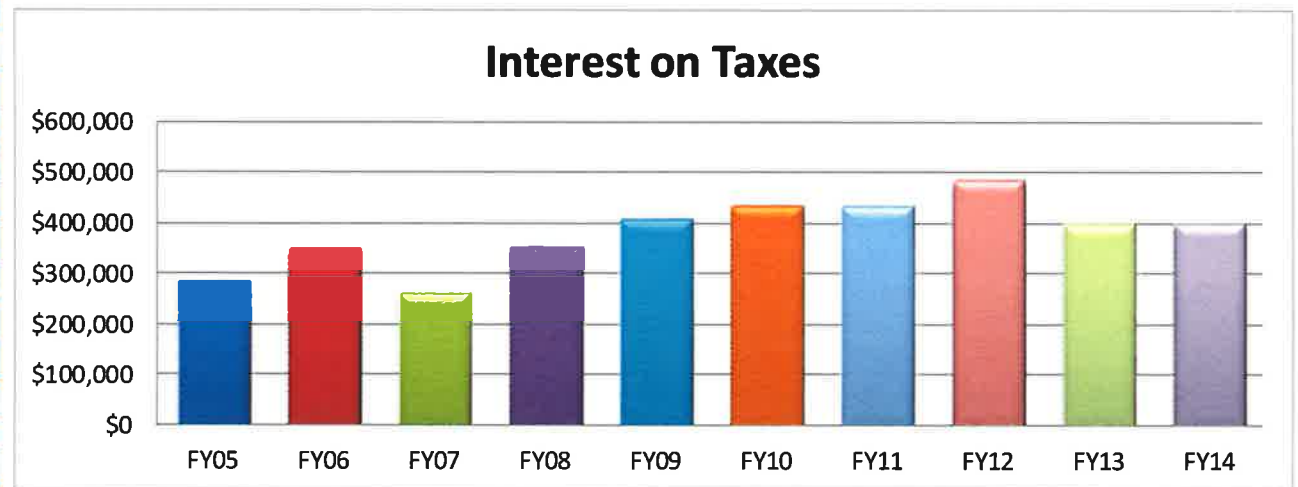
Boat Excise		
Fiscal Year	Revenue	
2005	45,790	
2006	37,277	
2007	36,203	
2008	37,876	
2009	34,231	
2010	34,450	
2011	32,726	
2012	23,358	
2013	35,000	Per Recap
2014	30,000	Estimated
% Change FY13 vs. FY14		-14.3%



**Interest on Taxes** - This category includes delinquent interest and penalties 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.

We anticipate no increase in penalties and interest in FY 2014.

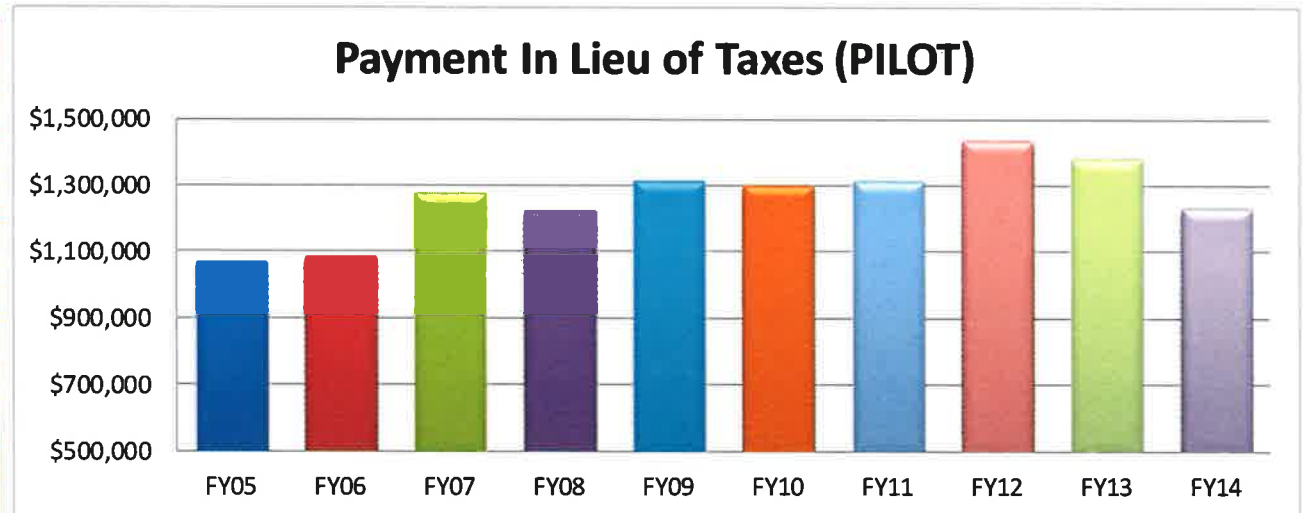
Interest on Taxes		
Fiscal Year	Revenue	
2005	288,874	
2006	350,651	
2007	266,246	
2008	353,952	
2009	412,572	
2010	437,361	
2011	437,282	
2012	487,843	
2013	403,000	Per Recap
2014	403,000	Estimated
% Change FY13 vs. FY14		0.0%



**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).

In FY 2014 the Piquot Highlands property will be coming off of a 121A status and will return to ad valorem taxation. Therefore the PILOT revenue will decrease by \$189,000.00.

Payment in Lieu of Taxes (PILOT)		
Fiscal Year	Revenue	
2005	1,073,539	
2006	1,088,754	
2007	1,282,516	
2008	1,229,435	
2009	1,320,945	
2010	1,307,078	
2011	1,319,079	
2012	1,440,185	
2013	1,384,835	Per Recap
2014	1,235,835	Estimated
% Change FY13 vs. FY14		-10.8%



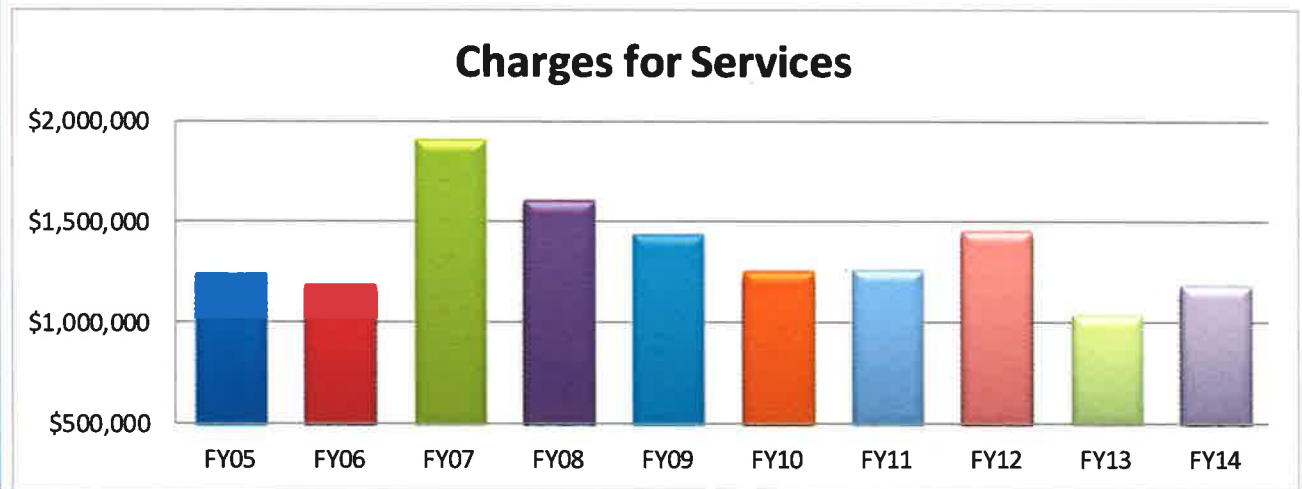


## CHARGES FOR SERVICES / SUMMARY

**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. There have not been any new revenue sources in FY 2013.

Revenues in Fiscal Year 2013 actually came in higher due to new and on-going projects including Peabody Essex Museum Phase 2, 28 Goodhue Street, Salem Hospital new electrical building. In FY 2014 there will be additional building permit revenue due to Salem Suede project starting up, continuation of PEM renovations (phases 3, 4 & 5), St. Josephs Project, and the Gateway Center project.

Charges for Services		
Fiscal Year	Revenue	
2005	1,252,781	
2006	1,198,182	
2007	1,923,414	
2008	1,619,899	
2009	1,452,177	
2010	1,265,194	
2011	1,274,446	
2012	1,464,056	
2013	1,050,000	Per Recap
2014	1,200,000	Estimated
% Change FY13 vs. FY14		14.3%





## 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.

In FY12 the City of Salem adopted a parking study that modifies the fee structure of many key components to the parking department; including a decrease from \$1.50/hr. to \$.75/hr. in the Museum Place Garage and a decrease from \$1.50/hr. to \$.25/hr. in the South Harbor Garage. Also, the parking lot at Church Street has been reduced from \$1.50 per hour to \$1.00 per hour. Some of the other changes are tiered meter rates, which will charge as high as \$1.50 per hour in the most active areas of the City and as low as \$.25 per hour in the least active areas. These changes have slightly affected the revenue stream in FY13 however, time will tell if the changes are going to be positive or negative from a revenue perspective.

The parking study was intended to be a budget neutral proposal so the City will be budgeting conservatively in FY13 and FY 14 for parking fee revenue. We anticipate a modest 1.45% increase in FY 14 due to the addition of new Smart Meters and sensors and new Kiosks at Church and Bridge Street lots installed in the spring of FY 2013.

Parking Fees		
Fiscal Year	Revenue	
2005	1,453,089	
2006	1,549,832	
2007	1,713,649	
2008	1,651,032	
2009	1,694,707	
2010	2,039,379	
2011	2,334,422	
2012	2,274,469	
2013	2,070,000	Per Recap
2014	2,100,000	Estimated
% Change FY13 vs. FY14		1.4%



## 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. In FY 2011 Liquor license fees for all restaurants impacted by the increase in meals tax were reduced by 25%.

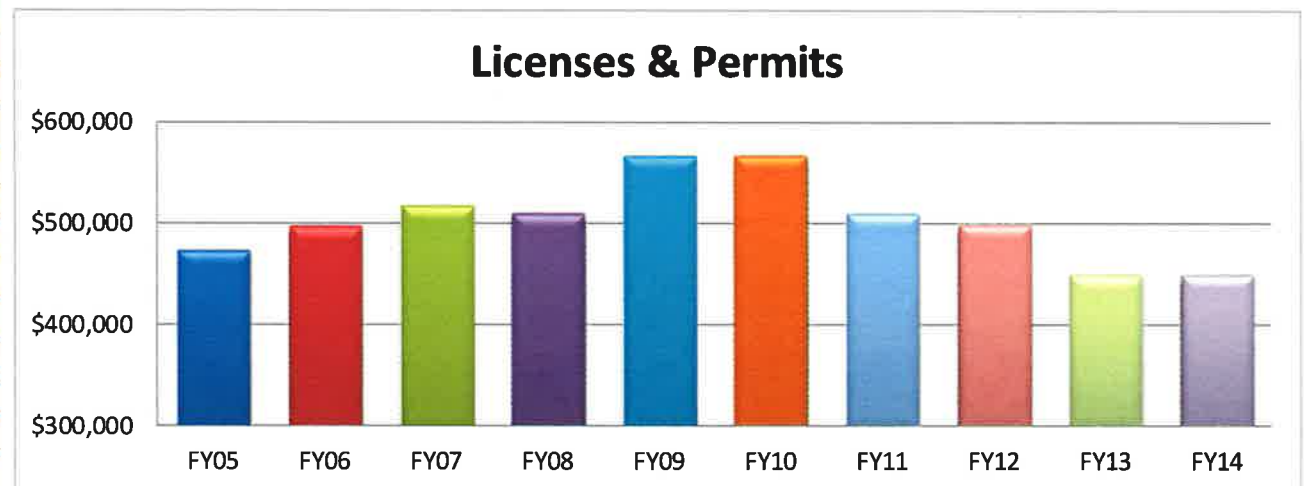
**Entertainment** - Entertainment licenses are issued for live performances, movie theaters, automatic amusement machines, billiard tables, bowling alleys, and several other forms of entertainment.

**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	
2005	474,284	
2006	497,478	
2007	517,697	
2008	510,120	
2009	567,166	
2010	567,732	
2011	510,375	
2012	499,048	
2013	450,000	Per Recap
2014	450,000	Estimated
% Change FY13 vs. FY14		0.0%



## FINES AND FORFEITS

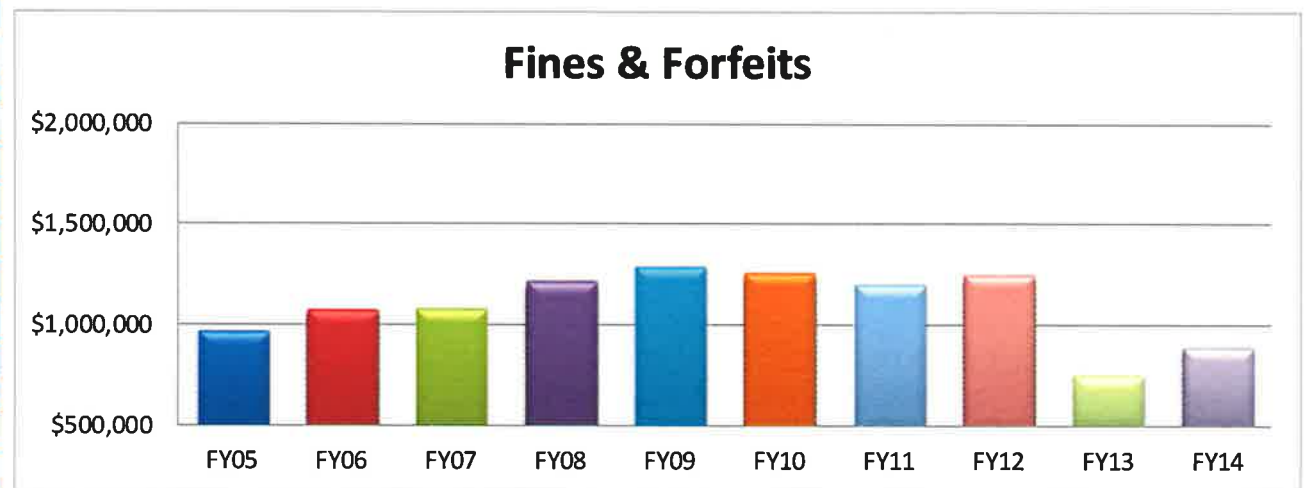
**Court Fines** – Non-parking offenses result in fines for moving violations. Responding to the community’s desires and public safety concerns, the police department has been focused on enforcing speed limits in local neighborhoods. Other moving violations that are included in this category are driving 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.

**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.

As part of the 2011 parking study, the City has changed both the time limits and the overtime fine for parking meters. The limits will increase from two (2) hours to four (4) hours, which will certainly decrease the amounts of overtime violations written by the meter enforcement division. However, the increase of the overtime fine will offset some of the decrease in the volume of tickets written. Furthermore, the sharply reduced rates in the City’s parking garages will certainly decrease the volume of cars parking curbside (where the tickets are written) and increase the volume of cars parking in the garage, where there will be virtually no tickets written (except for handicap violations, which go into a separate account).

In FY 2012 court fines increased by 31% and we anticipate that level of revenue to continue in FY 2013 and 2014 based on increased traffic enforcement as requested by the public as part of the Citizens Survey. As such, the City expects revenue from fines and forfeits to increase by 18% in FY 2014 based on those factors.

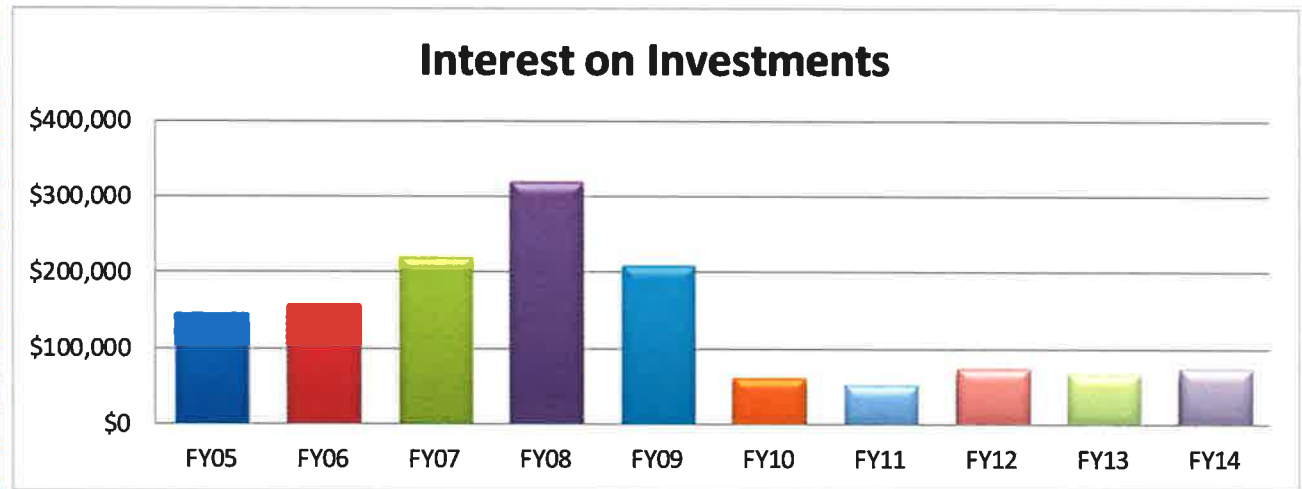
Fines & Forfeits		
Fiscal Year	Revenue	
2005	973,995	
2006	1,084,428	
2007	1,085,729	
2008	1,222,170	
2009	1,296,698	
2010	1,266,266	
2011	1,208,272	
2012	1,255,894	
2013	760,000	Per Recap
2014	900,000	Estimated
% Change FY13 vs. FY14		18.4%



**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.

The City Treasurer is looking to maximize our earning potential by evaluating investing options. We anticipate a slight increase in FY 14 due to the fact we are currently experiencing a higher rate of interest income in FY 2013 than originally budgeted.

Interest on Investments		
Fiscal Year	Revenue	
2005	147,055	
2006	159,031	
2007	221,474	
2008	321,741	
2009	211,490	
2010	62,904	
2011	53,792	
2012	74,956	
2013	70,000	Per Recap
2014	75,000	Estimated
% Change FY13 vs. FY14		7.1%

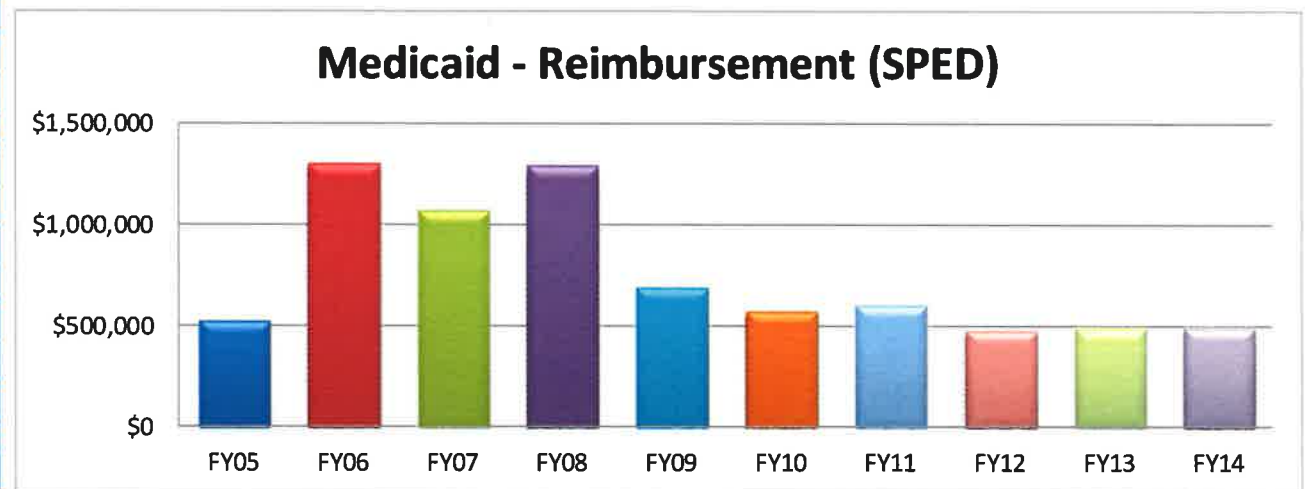


## MISCELLANEOUS REVENUE - RECURRING

**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.)

In FY 2014 we anticipate no changes in SPED Medicaid.

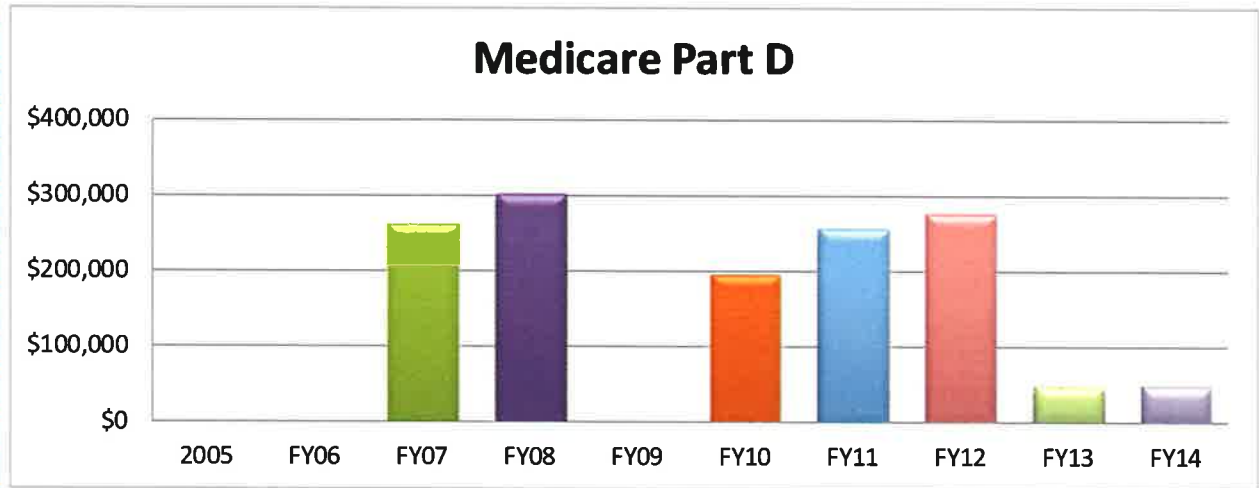
Medicaid - Reimbursement (SPED)		
Fiscal Year	Revenue	
2005	537,213	
2006	1,312,009	
2007	1,084,628	
2008	1,302,599	
2009	701,390	
2010	582,540	
2011	613,373	
2012	483,907	
2013	500,000	Per Recap
2014	500,000	Estimated
% Change FY13 vs. FY14		0.0%



**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. In FY 2007 the City started receiving Medicare Part D reimbursements as described above. Due to the uncertainty of these revenues (including timing of receipt of revenue) we project level revenue for FY 2014.



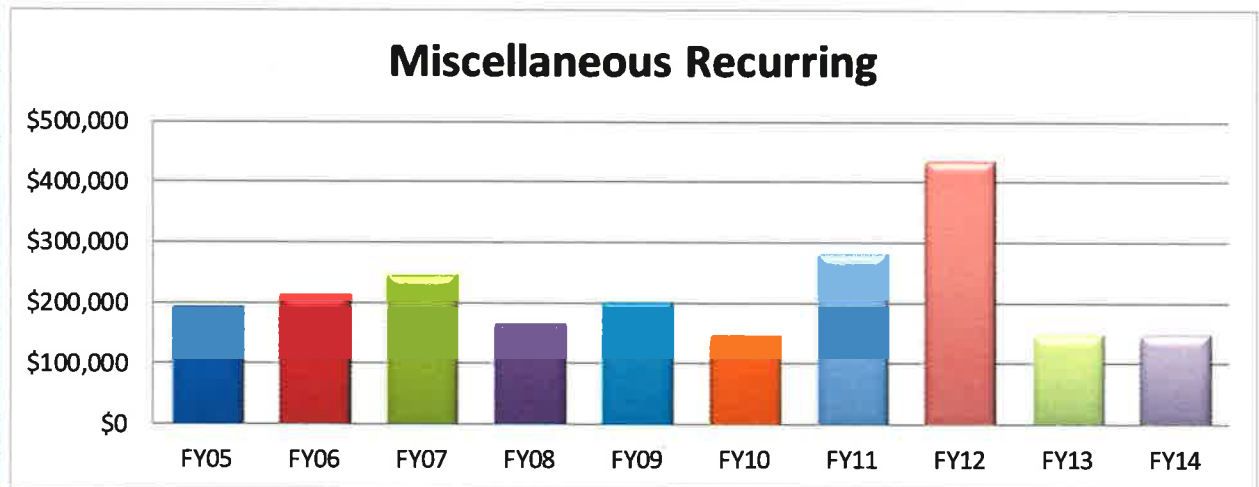
Medicare Part D		
Fiscal Year	Revenue	
2005	-	
2006	-	
2007	261,809	
2008	304,139	
2009	-	
2010	197,872	
2011	258,783	
2012	277,629	
2013	50,000	Per Recap
2014	50,000	Estimated
% Change FY13 vs. FY14		0.0%



**Other 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, collector’s fees, refunds, bad checks, etc.

We anticipate no changes for FY 2014.

Miscellaneous Recurring		
Fiscal Year	Revenue	
2005	197,246	
2006	214,069	
2007	248,905	
2008	168,331	
2009	203,694	
2010	149,140	
2011	283,177	
2012	437,027	
2013	150,000	Per Recap
2014	150,000	Estimated
% Change FY13 vs. FY14		0.0%

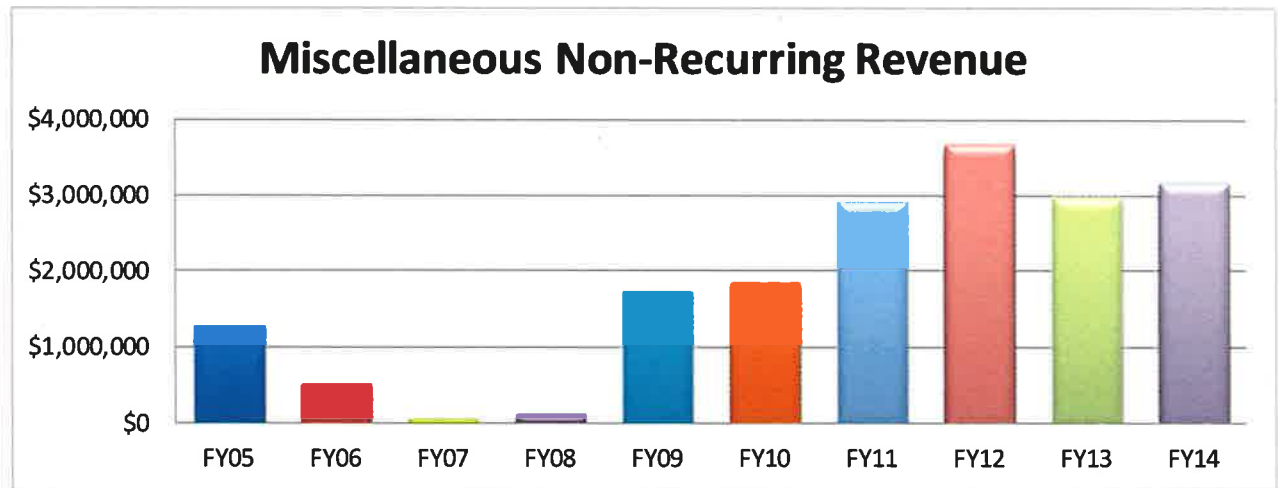




**Miscellaneous Non-Recurring** – This category is used for all one time income sources. In FY 2008 the City received \$1,250,000 host fee from the Power Plant for FY 2008, \$100,000 from police detail admin fees originally posted to agency fund, and \$80,916.78 from Bond and Bond Anticipation Note (BAN) premiums and Accrued Interest. In FY2011 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. We also received \$1,160,896 in bond premiums when we refinance several of our long term bonds on 10/23/11.

In FY 2012, Dominion announced its closing within the next few years. Massachusetts General Law (MGL) Chapter 21A, Section 33 allows for a Reimbursement for Communities Affected by the Regional Greenhouse Gas Initiative (RGGI) also known as the ‘Hold Harmless Agreement’. This reimbursement for FY 2013 & FY 2014 amounts to approximately Three Million Dollars. The increase in the FY 2014 includes the Host fee that Footprint will pay per the agreement with the City.

Miscellaneous Non-Recurring Revenue		
Fiscal Year	Revenue	
2005	1,292,682	
2006	530,745	
2007	85,169	
2008	143,840	
2009	1,750,000	
2010	1,855,821	
2011	2,927,676	
2012	3,681,377	
2013	3,000,000	Per Recap
2014	3,185,000	Estimated
% Change FY13 vs. FY14		6.2%



## INTERGOVERNMENTAL REVENUE – CHERRY SHEET

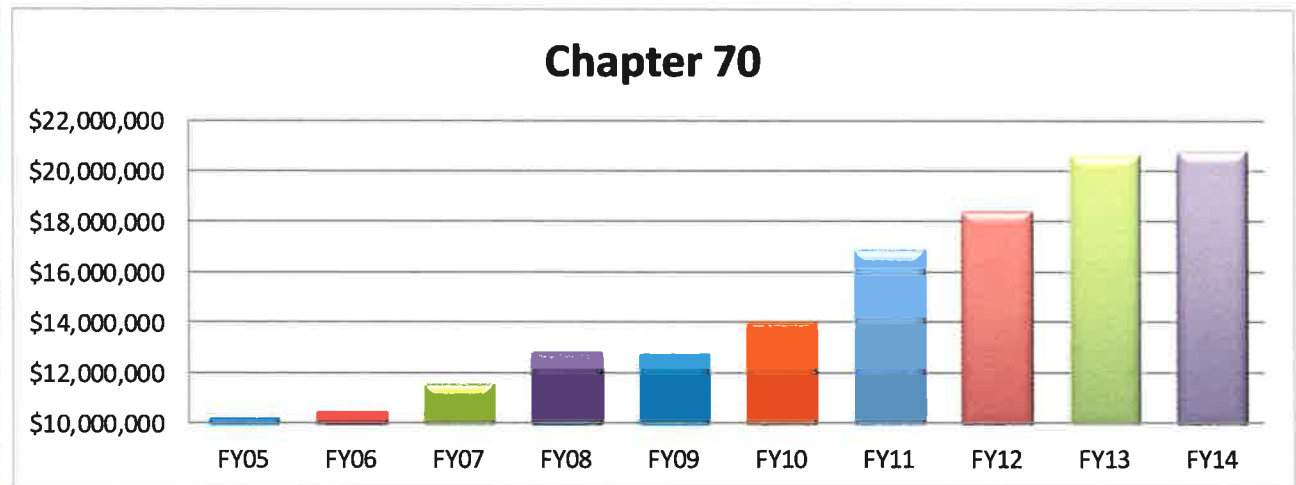
**Cherry Sheet** - Every year the Commonwealth sends out to each municipality a "Cherry Sheet", named for the pink-colored paper on which it was originally printed. The Cherry sheet comes in two parts, one listing the State assessments to municipalities for Massachusetts Bay Transportation Authority (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>.

The following revenues are based on the FY 2014 House Ways and Means Local Aid Estimates that came out in April, 2013.

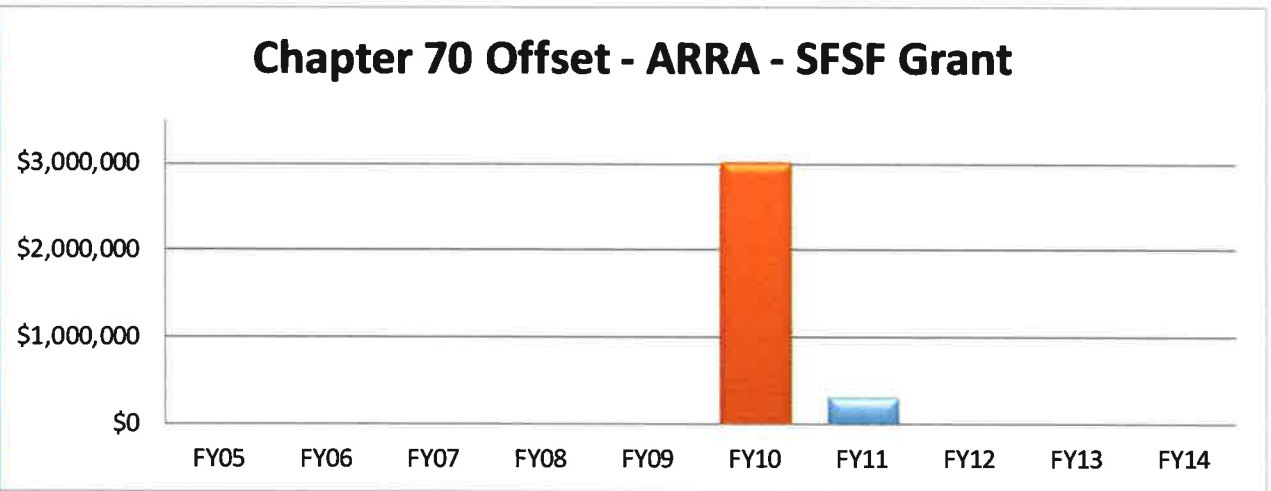
**School Aid** - Chapter 70 school aid is based on a complex formula that takes into account: (1) statewide average cost per pupil; (2) local district pupil counts, with weighing factors to reflect varying costs among programs such as special education or vocational education, and (3) municipal fiscal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

In FY 2014 the State increased CH 70 revenue by .6%. Overall, the FY 2014 cherry sheet revenue will decrease by -.52%

Chapter 70- School Aid		
Fiscal Year	Revenue	
2005	10,290,730	
2006	10,536,330	
2007	11,648,162	
2008	12,876,914	
2009	12,859,851	
2010	14,083,762	
2011	16,969,097	
2012	18,522,267	
2013	20,759,584	Per Recap
2014	20,879,459	Estimated
% Change FY13 vs. FY14		0.6%



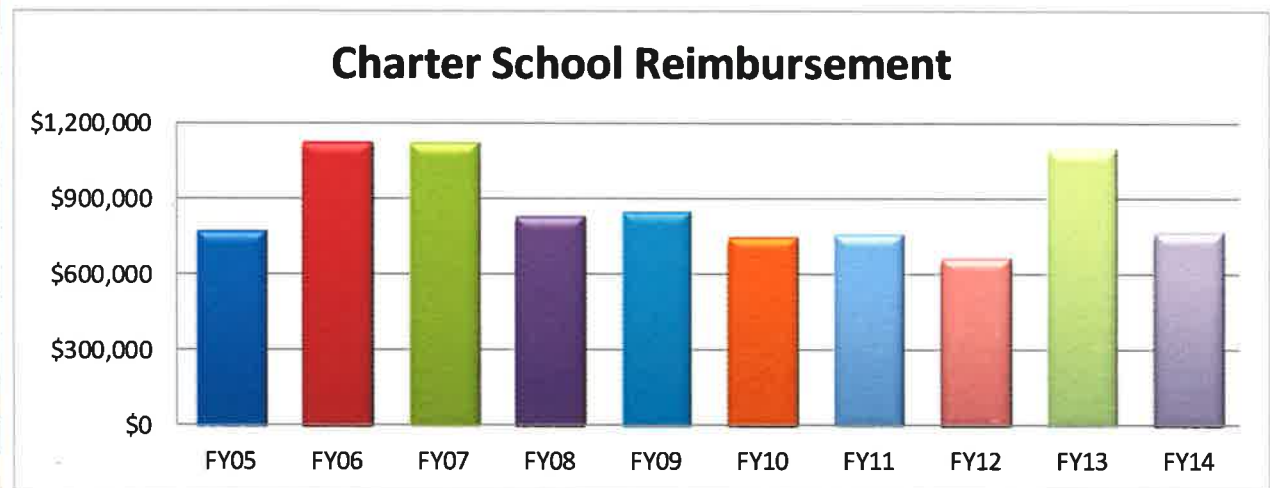
Chapter 70 Offset - ARRA - SFSF Grant		
Fiscal Year	Revenue	
2005	-	
2006	-	
2007	-	
2008	-	
2009	-	
2010	3,024,804	
2011	331,963	
2012	-	
2013	-	Per Recap
2014	-	Estimated
% Change FY13 vs. FY14		



**Local Aid** - The major non-school state aid items are Charter School Tuition Reimbursement and Unrestricted General Government Aid (UGGA). 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 charter 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 its statutory assessment cap of 9% of net school spending. The reimbursement is subject to appropriation in the final budget for the Commonwealth. This is a preliminary number based on school enrollment figures available at this time.

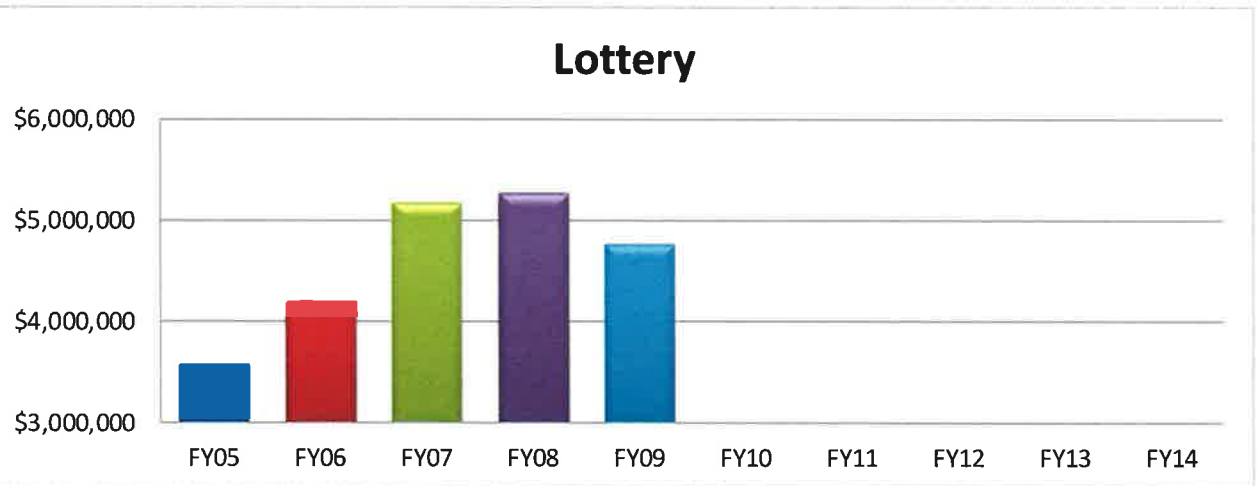
Charter School Reimbursement		
Fiscal Year	Revenue	
2005	782,350	
2006	1,131,218	
2007	1,128,304	
2008	835,700	
2009	856,228	
2010	753,941	
2011	768,178	
2012	671,726	
2013	1,105,297	Per Recap
2014	772,924	Estimated
% Change FY13 vs. FY14		-30.1%



**Lottery** – Lottery formula is equalizing, with municipalities with lower property values receiving proportionately more aid than 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 \$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 'Unrestricted General Government Aid'.

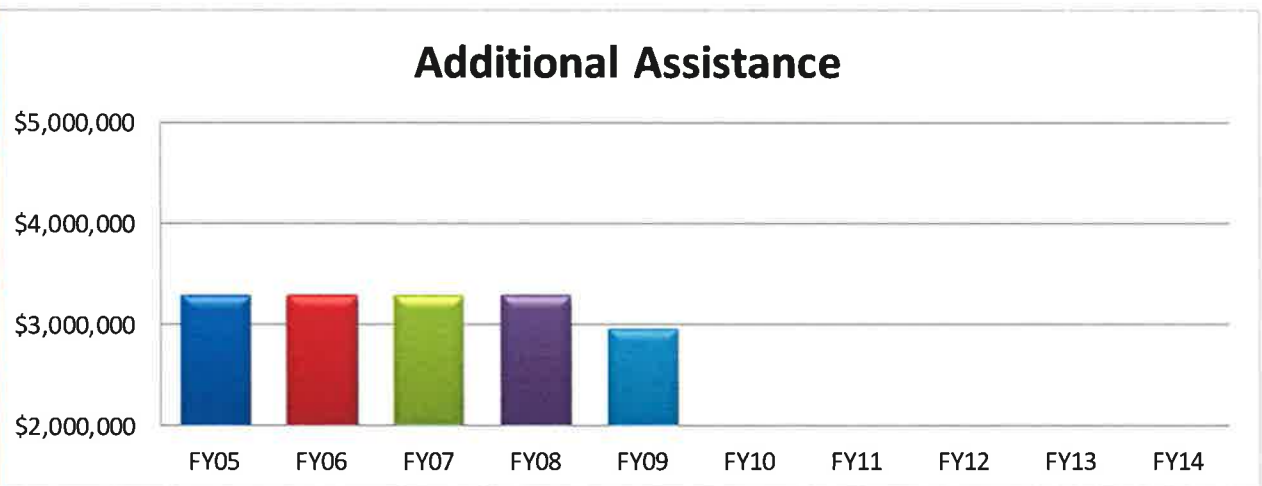
Lottery		
Fiscal Year	Revenue	
2005	3,582,967	
2006	4,204,299	
2007	5,187,791	
2008	5,286,837	
2009	4,771,655	
2010	-	
2011	-	
2012	-	
2013	-	Per Recap
2014	-	Estimated
% Change FY13 vs. FY14		



**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 'Unrestricted General Government Aid'.

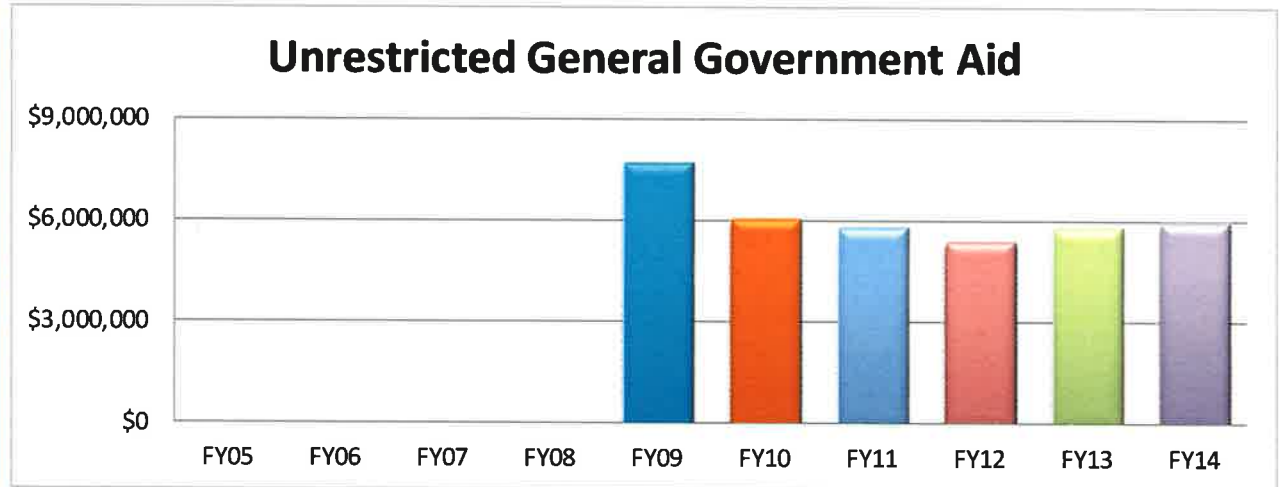
Additional Assistance		
Fiscal Year	Revenue	
2005	3,298,731	
2006	3,298,731	
2007	3,298,731	
2008	3,298,731	
2009	2,977,282	
2010	-	
2011	-	
2012	-	
2013	-	Per Recap
2014	-	Estimated
% Change FY13 vs. FY14		





**Unrestricted General Government Aid (UGGA).** 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 ‘Unrestricted 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). The FY 2013 amount is a 7.79% increase.

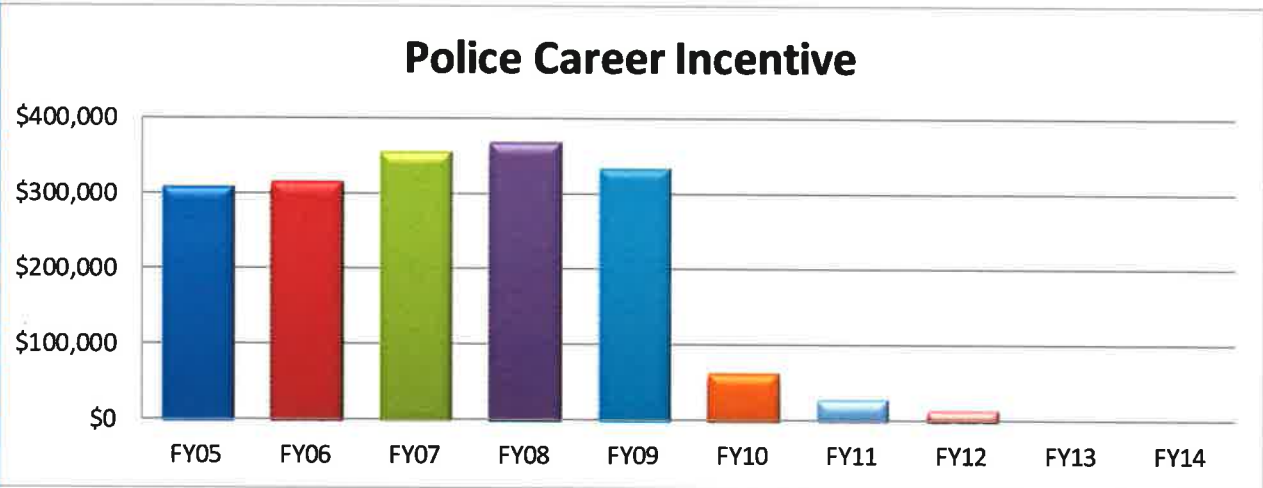
Unrestricted Gen. Govt. Aid		
Fiscal Year	Revenue	
2005	-	
2006	-	
2007	-	
2008	-	
2009	7,748,937	
2010	6,077,873	
2011	5,834,758	
2012	5,412,881	
2013	5,834,758	Per Recap
2014	5,972,679	Estimated
% Change FY13 vs. FY14		2.4%



**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. In FY 2010 revenue was reduced by 82.7% in the Senate Final Budget. This amount was again reduced by 51.2% in FY 2011 in the House budget. FY 2012 shows decrease of 48.41% due to the state reductions in this revenue source. In FY 2013 the state eliminated this funding so the City of Salem will pick up the additional costs associated with this stipend from taxes and local revenue.

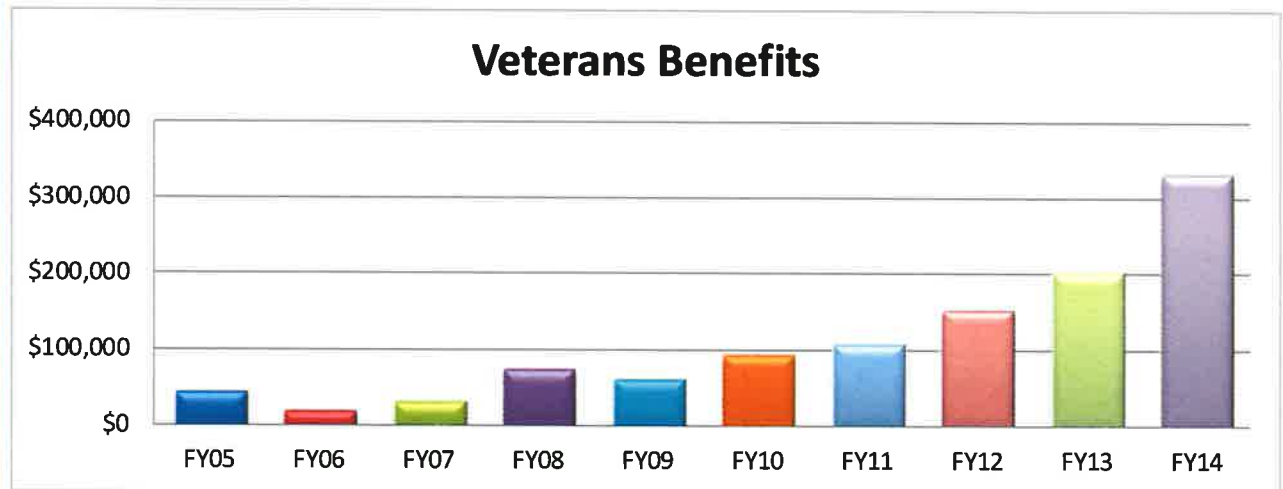


Police Career Incentive		
Fiscal Year	Revenue	
2005	311,888	
2006	317,915	
2007	358,801	
2008	369,742	
2009	337,343	
2010	64,475	
2011	31,492	
2012	16,248	
2013	-	Per Recap
2014	-	Estimated
% Change FY13 vs. FY14		



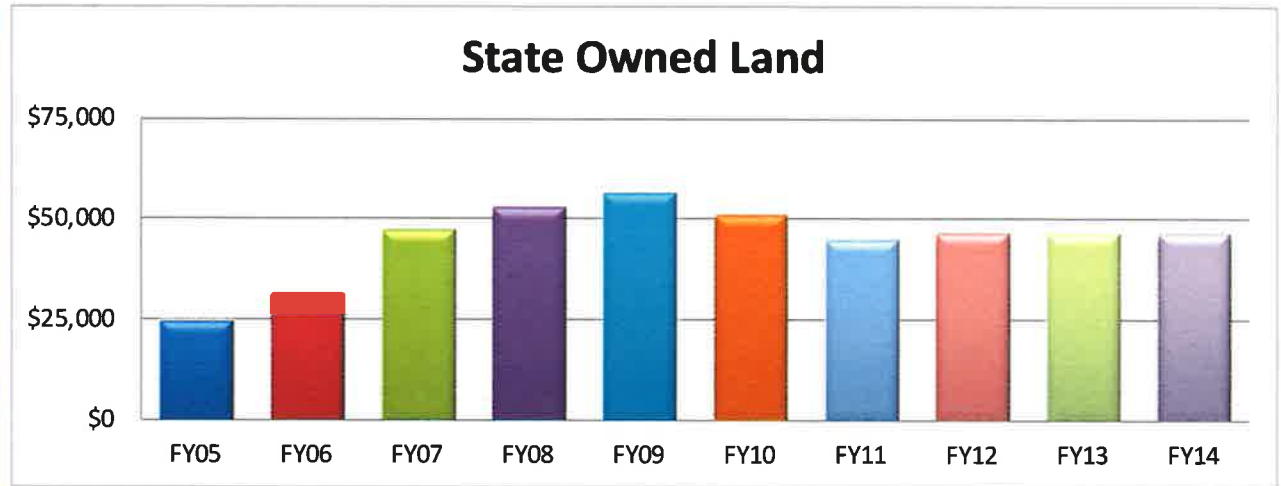
**Veterans' Benefits** - Under Chapter 115, Section 6 municipalities receive a seventy-five percent (75%) State reimbursement on the total expenditures made on veterans' financial, medical and burial benefits. Due to the increase in veterans filing for benefits, this revenue has increased significantly as has the veterans' benefits expense line.

Veterans Benefits		
Fiscal Year	Revenue	
2005	44,320	
2006	18,960	
2007	33,124	
2008	74,249	
2009	62,123	
2010	93,176	
2011	109,431	
2012	153,533	
2013	202,949	Per Recap
2014	332,364	Estimated
% Change FY13 vs. FY14		63.8%



**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	
2005	24,898	
2006	31,730	
2007	47,443	
2008	53,007	
2009	56,834	
2010	51,200	
2011	45,145	
2012	46,760	
2013	46,775	Per Recap
2014	46,809	Estimated
% Change FY13 vs. FY14		0.1%



**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.

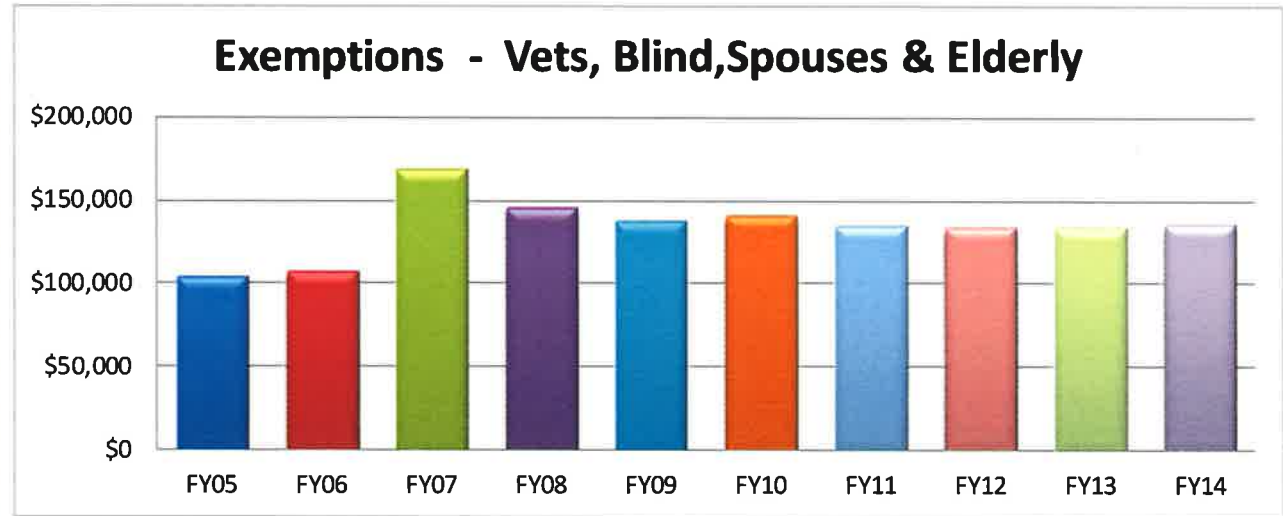
Qualifying veterans or their surviving spouses receive an abatement of \$175 or \$2,000 in valuation times the tax rate, whichever is the greater. Chapter 59, Section 5, Clause 17d, of the General Laws, as amended by Section 2, Chapter 653 of the Acts of 1982, provides a flat \$175 in tax relief to certain 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 41c, 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.

In FY 2010 the state combined the elderly exemption with the veterans, blind and surviving spouse's exemptions. In previous years, the elderly exemption was budgeted separately.

Exemptions- Vets, Blind, Sps & Elderly		
Fiscal Year	Revenue	
2005	105,050	
2006	108,032	
2007	169,737	
2008	146,814	
2009	138,505	
2010	141,292	
2011	135,493	
2012	134,455	
2013	134,762	Per Recap
2014	136,295	Estimated
% Change FY13 vs. FY14		1.1%



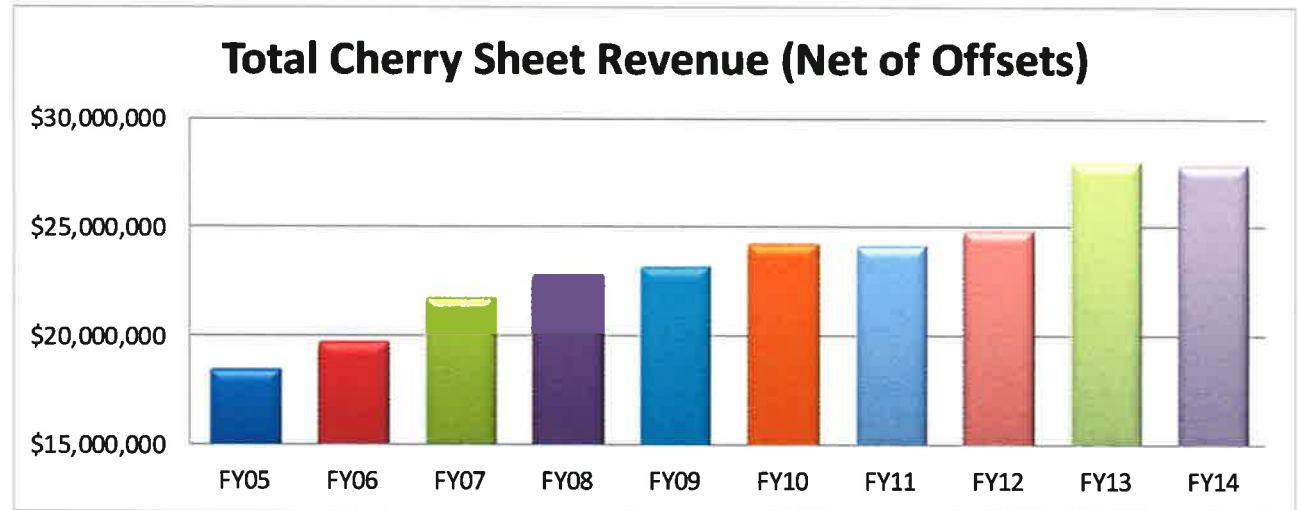
**Cherry Sheet Offsets For Direct Expenditure** – The state provides receipts that are paid directly to departments through state granting agencies, and are not part of the City’s General Fund Cherry Sheet Revenue. These revenues are for School Lunch and Public Library as shown in the charts below. For 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	
2005	29,646	
2006	29,012	
2007	25,785	
2008	28,460	
2009	28,460	
2010	25,228	
2011	23,310	
2012	28,080	
2013	27,762	Per Recap
2014	27,578	Estimated
% Change FY13 vs. FY14		-0.7%

Library Offset Receipts for Direct Expenditure		
Fiscal Year	Revenue	
2005	59,837	
2006	62,921	
2007	62,504	
2008	68,080	
2009	68,080	
2010	49,196	
2011	49,934	
2012	47,725	
2013	48,262	Per Recap
2014	48,103	Estimated
% Change FY13 vs. FY14		-0.3%

**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	
2005	18,526,867	
2006	19,789,849	
2007	21,845,093	
2008	22,941,994	
2009	23,312,138	
2010	24,290,523	
2011	24,225,556	
2012	24,941,622	
2013	28,084,125	Per Recap
2014	27,937,432	Estimated
% Change FY13 vs. FY14		-0.5%

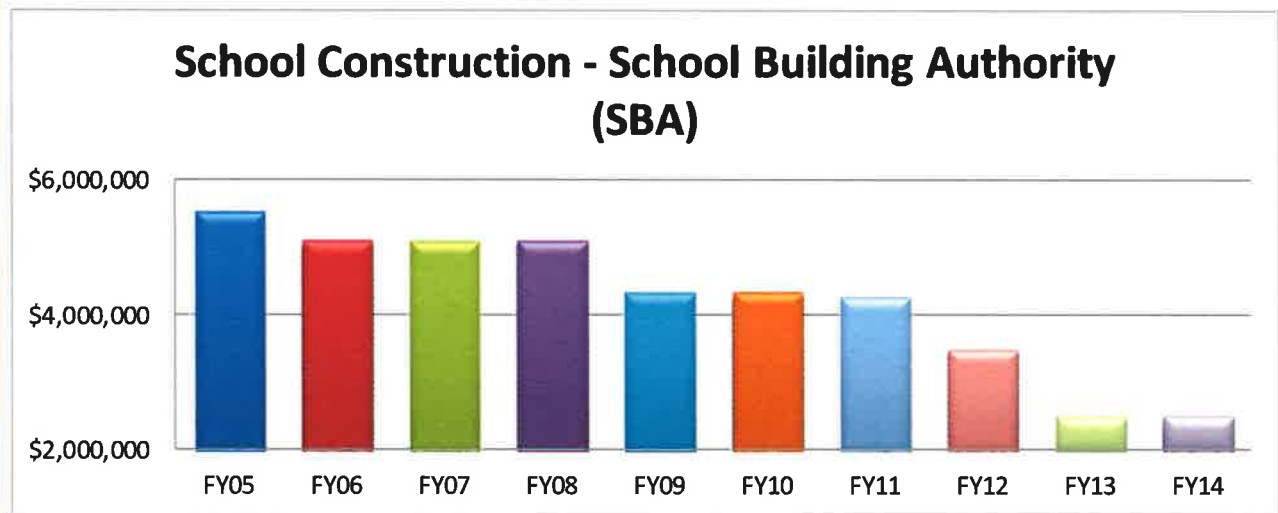


**School Construction** - The School Assistance Act, as amended, provides for the reimbursement of school construction projects that involve any of the following: The replacement of unsound or unsafe buildings; the prevention or elimination of overcrowding; prevention of the loss of accreditation; energy 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 some payments under the old SBA program and also receives monthly reimbursements for ALL eligible costs for the ongoing Collins and Saltonstall Schools under the new MSBA program. For FY 2012 the SBA payment for old projects was reduced to \$3,521,535. This was due to the elimination of reimbursement for the Bentley and OLD Salem High School projects. The amount received in FY 2013 was reduced once again due to the elimination of reimbursement of \$987,196.00 for the OLD Middle School West (now Collins Middle School) that has been paid off. The remaining projects that the City is still receiving reimbursements for are Bates (\$850,966.00), Carlton (\$578,710.00) and Bowditch Elementary Schools (\$1,104,663.00).

School Construction School Building Authority (SBA)		
Fiscal Year	Revenue	
2005	5,563,233	
2006	5,140,317	
2007	5,140,317	
2008	5,140,317	
2009	4,369,366	
2010	4,369,366	
2011	4,310,837	
2012	3,521,535	
2013	2,534,339	Per Recap
2014	2,534,339	Estimated
% Change FY13 vs. FY14		0.0%



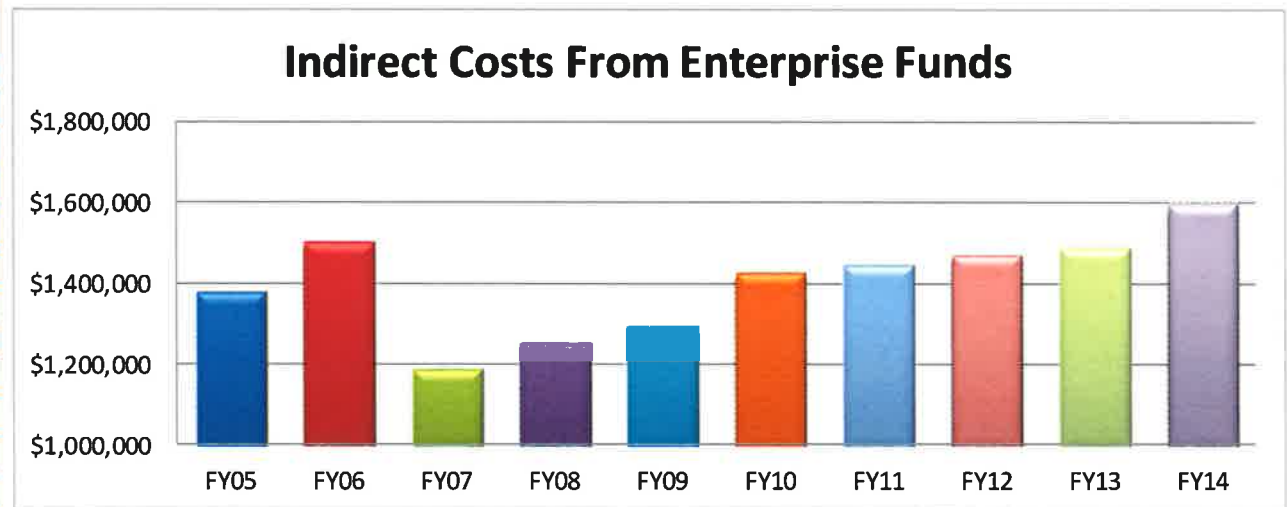


## INTERGOVERNMENTAL/INTERFUND TRANSFERS

**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 2014 an increase in indirect costs of 7.2% 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.

Inter-fund Operating Transfers In Indirect Costs from Enterprise Funds		
Fiscal Year	Revenue	
2005	1,384,097	
2006	1,507,633	
2007	1,195,330	
2008	1,258,161	
2009	1,301,747	
2010	1,430,065	
2011	1,452,222	
2012	1,477,074	
2013	1,493,881	Per Recap
2014	1,601,654	Estimated
% Change FY13 vs. FY14		7.2%

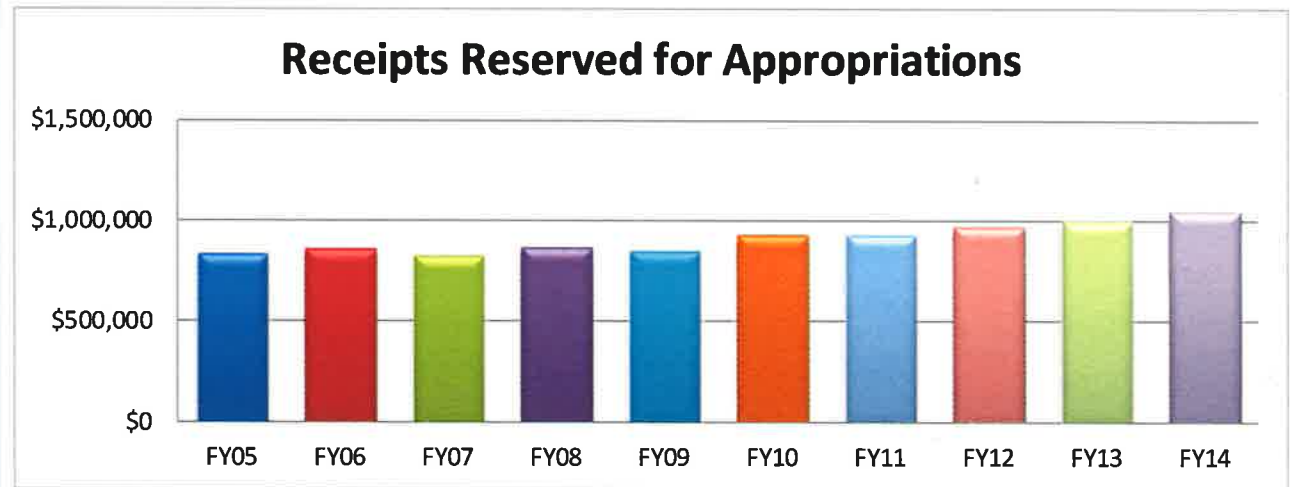




## OTHER FINANCIAL SOURCES

**Receipts Reserved for Appropriation** – The 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.

Receipts Reserved for Appropriations		
Fiscal Year	Revenue	
2005	839,236	
2006	864,669	
2007	836,552	
2008	874,577	
2009	855,267	
2010	933,922	
2011	934,070	
2012	977,042	
2013	1,008,106	Per Recap
2014	1,057,226	Estimated
% Change FY13 vs. FY14		4.9%



### 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 2013 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  
FY2014 Local Aid Estimates**

**SALEM**

	<b>FY2013 Cherry Sheet Estimate</b>	<b>FY2014 Governor's Budget (H1)</b>	<b>FY2014 House Final Budget Proposal</b>
<b>Education:</b>			
Chapter 70	20,759,584	21,413,628	20,879,459
School Transportation	0	0	0
Charter Tuition Reimbursement	1,105,297	772,924	569,826
Smart Growth School Reimbursement	0	0	0
<b>Offset Receipts:</b>			
School Lunch	27762	27,578	27,578
School Choice Receiving Tuition	0	0	0
<b>Sub-Total, All Education Items</b>	<b>21,892,643</b>	<b>22,214,130</b>	<b>21,476,863</b>
<b>General Government:</b>			
Unrestricted General Government Aid	5,834,758	5,834,758	5,972,679
Annual Formula Aid Calculation	0	211,761	
Local Share of Racing Taxes	0	0	0
Regional Public Libraries	0	0	0
Urban Renewal Projects	0	0	0
Veterans' Benefits	202,949	326,302	322,364
State Owned Land	46,775	46,809	46,809
Exemptions: Vets, Blind, Surviving Spouses & Elderly	134,762	136,295	136,295
<b>Offset Receipts:</b>			
Public Libraries	48,262	48,103	48,103
<b>Sub-Total, All General Government</b>	<b>6,267,506</b>	<b>6,604,028</b>	<b>6,526,250</b>
<b>Total Estimated Receipts</b>	<b>28,160,149</b>	<b>28,818,158</b>	<b>28,003,113</b>

## FY2014 Local Aid Assessments SALEM

	FY2013 Cherry Sheet Estimate	FY2014 Governor's Budget (H1)	FY2014 House Final Budget Proposal
<b>County Assessments:</b>			
County Tax	0	0	0
Suffolk County Retirement	0	0	0
<b>Sub-Total, County Assessments</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>State Assessments and Charges:</b>			
Retired Employees Health Insurance	0	0	0
Retired Teachers Health Insurance	0	1,858,493	0
Mosquito Control Projects	40,706	44,155	44,155
Air Pollution Districts	10,940	11,114	11,114
Metropolitan Area Planning Council	13,023	13,349	13,349
Old Colony Planning Council	0	0	0
RMV Non-Renewal Surcharge	179,760	188,000	188,000
<b>Sub-Total, State Assessments</b>	<b>244,429</b>	<b>2,115,111</b>	<b>256,618</b>
<b>Transportation Authorities:</b>			
MBTA	873,554	883,027	883,027
Boston Metro. Transit District	0	0	0
Regional Transit		0	0
<b>Sub-Total, Transportation Authorities</b>	<b>873,554</b>	<b>883,027</b>	<b>883,027</b>
<b>Annual Charges Against Receipts:</b>			
Special Education	37,466	4,182	4,182
STRAP Repayments	0	0	0
<b>Sub-Total, Annual Charges</b>	<b>37,466</b>	<b>4,182</b>	<b>4,182</b>
<b>Tuition Assessments</b>			
School Choice Sending Tuition	187,040	273,255	273,255
Charter School Sending Tuition	3,946,008	4,107,235	4,026,516
Essex County Tech Sending Tuition	261,976	200,850	200,850
<b>Sub-Total, Tuition Assessments</b>	<b>4,395,024</b>	<b>4,581,340</b>	<b>4,500,621</b>
<b>Total Estimated Charges</b>	<b>5,550,473</b>	<b>7,583,660</b>	<b>5,644,448</b>

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

**CITY OF SALEM, MASSACHUSETTS  
FY 2014 OPERATING BUDGET**

	<b>ACTUAL EXPENDED FY 2012</b>	<b>ADOPTED BUDGET FY 2013</b>	<b>ADJUSTED BUDGET FY 2013</b>	<b>DEPT BUDGET FY 2014</b>	<b>MAYOR BUDGET FY 2014</b>	<b>CITY COUNCIL BUDGET FY 2014</b>	<b>FY 13 Adj vs FY 14 Budget Inc/Decr Amount Percentage</b>	
<b>GENERAL FUND</b>								
GENERAL GOVERNMENT	4,296,105	5,008,545	5,021,509	4,734,638	4,802,367	4,802,367	(219,142)	-4.36%
PUBLIC SAFETY	16,742,270	17,508,361	17,983,624	19,361,837	18,966,567	18,966,567	982,944	5.47%
PUBLIC WORKS & FACILITIES	3,285,959	3,349,406	3,511,206	3,613,248	3,609,902	3,609,902	98,696	2.81%
HUMAN SERVICES	882,837	963,032	1,236,267	1,229,287	1,227,257	1,227,257	(9,010)	-0.73%
CULTURAL & RECREATIONAL	2,264,062	2,347,595	2,393,713	2,411,482	2,433,767	2,433,767	40,054	1.67%
DEBT SERVICE	6,679,247	6,496,343	5,794,705	4,979,871	5,040,047	5,040,047	(754,658)	-13.02%
ASSESSMENTS	7,965,224	7,114,307	7,114,307	7,625,576	7,589,487	7,589,487	475,180	6.68%
EMPLOYEE BENEFITS	21,641,343	22,713,118	22,801,118	24,095,473	23,386,271	23,386,271	585,153	2.57%
MUNICIPAL INSURANCE	249,689	302,500	302,500	317,375	317,375	317,375	14,875	4.92%
TRANSFERS OUT OF GENERAL FUND	-	2,301,111	2,301,111	2,023,257	2,023,257	2,023,257	(277,854)	-12.07%
<b>CITY TOTAL</b>	<b>64,006,736</b>	<b>68,104,318</b>	<b>68,460,060</b>	<b>70,392,044</b>	<b>69,396,297</b>	<b>69,396,297</b>	<b>936,238</b>	<b>1.37%</b>
EDUCATION-PUBLIC SCHOOLS	48,315,381	50,508,040	51,581,113	52,553,423	52,553,423	52,553,423	972,310	1.89%
<b>EDUCATION TOTAL</b>	<b>48,315,381</b>	<b>50,508,040</b>	<b>51,581,113</b>	<b>52,553,423</b>	<b>52,553,423</b>	<b>52,553,423</b>	<b>972,310</b>	<b>1.89%</b>
<b>GENERAL FUND TOTAL</b>	<b>112,322,117</b>	<b>118,612,358</b>	<b>120,041,173</b>	<b>122,945,467</b>	<b>121,949,720</b>	<b>121,949,720</b>	<b>1,908,548</b>	<b>1.59%</b>
<b>ENTERPRISE FUNDS</b>								
SEWER	7,266,938	7,103,476	7,128,476	6,990,307	6,982,171	6,982,171	(146,305)	-2.05%
WATER	4,549,422	4,804,613	4,804,613	4,849,009	4,838,523	4,838,523	33,910	0.71%
TRASH	2,734,328	2,810,684	2,810,684	2,465,395	2,424,288	2,424,288	(386,396)	-13.75%
<b>ENTERPRISE FUND TOTAL</b>	<b>14,550,688</b>	<b>14,718,773</b>	<b>14,743,773</b>	<b>14,304,711</b>	<b>14,244,982</b>	<b>14,244,982</b>	<b>(498,791)</b>	<b>-3.38%</b>
<b>GRAND TOTAL ALL FUNDS</b>	<b>126,872,805</b>	<b>133,331,131</b>	<b>134,784,946</b>	<b>137,250,178</b>	<b>136,194,702</b>	<b>136,194,702</b>	<b>1,409,757</b>	<b>1.05%</b>

**CITY OF SALEM, MASSACHUSETTS  
FY 2014 OPERATING BUDGET**

	ACTUAL EXPENDED FY 2012	ADOPTED BUDGET FY 2013	ADJUSTED BUDGET FY 2013	DEPT BUDGET FY 2014	MAYOR BUDGET FY 2014	CITY COUNCIL BUDGET FY 2014	FY 13 Adj vs FY 14 Budget Inc/Decr Amount      Percentage	
GENERAL GOVERNMENT:								
CITY COUNCIL								
Legislative	159,793	172,327	172,327	172,827	175,577	175,577	3,250	1.89%
MAYOR								
Executive	345,858	382,298	382,298	446,484	462,685	462,685	80,387	21.03%
FINANCE/AUDITING								
Accounting	274,926	292,683	294,541	315,023	319,327	319,327	24,786	8.42%
PURCHASING								
Purchasing	116,421	120,716	122,570	123,548	124,683	124,683	2,113	1.72%
Fixed Costs	50,798	50,726	50,726	56,580	56,580	56,580	5,854	11.54%
ASSESSORS								
Board of Assessors	295,620	286,476	289,478	305,682	309,095	309,095	19,617	6.78%
TREASURER								
Treasury Services	213,356	281,820	283,674	312,917	322,885	322,885	39,211	13.82%
COLLECTOR								
Tax Collections	202,600	208,555	214,039	214,033	215,329	215,329	1,290	0.60%
SOLICITOR								
Legal Services	293,658	296,407	298,312	301,022	300,570	300,570	2,258	0.76%
HUMAN RESOURCES								
Personnel	251,706	782,402	734,329	282,024	286,570	286,570	(447,759)	-60.98%
MIS								
Data Processing	179,716	135,477	159,477	175,065	188,377	188,377	28,900	18.12%
Fixed Costs	303,253	332,116	308,116	358,559	358,559	358,559	50,443	16.37%
CITY CLERK								
Record Maintenance	257,863	261,030	261,873	268,900	271,981	271,981	10,108	3.86%
ELECTION/REGISTRATION								
Voting	146,883	147,829	187,066	154,720	156,560	156,560	(30,506)	-16.31%
CONSERVATION								
Active/Passive Conservation	24,676	25,857	25,857	27,949	28,426	28,426	2,569	9.94%
PLANNING BOARD								

**CITY OF SALEM, MASSACHUSETTS  
FY 2014 OPERATING BUDGET**

	<b>ACTUAL EXPENDED FY 2012</b>	<b>ADOPTED BUDGET FY 2013</b>	<b>ADJUSTED BUDGET FY 2013</b>	<b>DEPT BUDGET FY 2014</b>	<b>MAYOR BUDGET FY 2014</b>	<b>CITY COUNCIL BUDGET FY 2014</b>	<b>FY 13 Adj vs FY 14 Budget Inc/Decr Amount      Percentage</b>	
Subdivision, Planning & Zoning	24,852	27,275	27,275	28,107	28,559	28,559	1,284	4.71%
<b>APPEALS, BOARD OF</b>								
Zoning Appeals	3,262	3,550	3,550	550	550	550	(3,000)	-84.51%
<b>PLANNING</b>								
Planning & Community Development	262,001	284,244	284,244	280,666	286,072	286,072	1,828	0.64%
<b>PUBLIC PROPERTY</b>								
Public Prop-Fixed Costs	692,509	706,882	711,882	697,107	697,107	697,107	(14,775)	-2.08%
<b>MARKET AND TOURIST COMM.</b>								
Tourist Promotion	196,354	209,875	209,875	212,875	212,875	212,875	3,000	1.43%
<b>TOTAL GENERAL GOVERNMENT</b>	<b>4,296,105</b>	<b>5,008,545</b>	<b>5,021,509</b>	<b>4,734,638</b>	<b>4,802,367</b>	<b>4,802,367</b>	<b>(219,142)</b>	<b>-4.36%</b>



**CITY OF SALEM, MASSACHUSETTS  
FY 2014 OPERATING BUDGET**

	ACTUAL EXPENDED FY 2012	ADOPTED BUDGET FY 2013	ADJUSTED BUDGET FY 2013	DEPT BUDGET FY 2014	MAYOR BUDGET FY 2014	CITY COUNCIL BUDGET FY 2014	FY 13 Adj vs FY 14 Budget Inc/Decr Amount      Percentage	
PUBLIC SAFETY:								
POLICE								
Citizen Protection	7,988,127	8,483,732	8,732,676	9,502,153	9,308,222	9,308,222	575,546	6.59%
FIRE								
Fire Suppression	7,187,662	7,447,574	7,651,504	8,110,253	8,070,253	8,070,253	418,749	5.47%
PUBLIC PROPERTY/BLDG INSP								
Building/Plumbing/Gas Inspection	364,426	325,523	339,356	385,482	393,405	393,405	54,050	15.93%
ELECTRICAL								
Electrical Inspection & Maintenance	1,005,131	1,021,039	1,029,595	1,115,534	944,118	944,118	(85,477)	-8.30%
HARBORMASTER								
Harbormaster	196,924	230,493	230,493	248,415	250,569	250,569	20,076	8.71%
TOTAL PUBLIC SAFETY	16,742,270	17,508,361	17,983,624	19,361,837	18,966,567	18,966,567	982,944	5.47%
EDUCATION :								
City Public Schools	48,315,381	50,508,040	51,581,113	52,553,423	52,553,423	52,553,423	972,310	1.89%
TOTAL EDUCATION	48,315,381	50,508,040	51,581,113	52,553,423	52,553,423	52,553,423	972,310	1.89%
PUBLIC WORKS & FACILITIES:								
PUBLIC SERVICES								
Public Services-General/Park/Open Space/Cem	2,182,284	2,092,158	2,240,982	2,224,421	2,225,654	2,225,654	(15,328)	-0.68%
Snow and Ice	339,391	432,335	432,335	432,335	432,335	432,335	-	0.00%
ENGINEERING								
Engineering-General Admin	77,448	82,361	82,361	87,454	83,938	83,938	1,577	1.91%
PARKING DEPARTMENT								
General Operations	686,835	742,552	755,528	869,038	867,975	867,975	112,447	14.88%
TOTAL PUBLIC WORKS & FACILITIES	3,285,959	3,349,406	3,511,206	3,613,248	3,609,902	3,609,902	98,696	2.81%

**CITY OF SALEM, MASSACHUSETTS  
FY 2014 OPERATING BUDGET**

	<b>ACTUAL EXPENDED FY 2012</b>	<b>ADOPTED BUDGET FY 2013</b>	<b>ADJUSTED BUDGET FY 2013</b>	<b>DEPT BUDGET FY 2014</b>	<b>MAYOR BUDGET FY 2014</b>	<b>CITY COUNCIL BUDGET FY 2014</b>	<b>FY 13 Adj vs FY 14 Budget Inc/Decr Amount Percentage</b>	
<b>HUMAN SERVICES:</b>								
<b>HEALTH, BOARD OF</b>								
Administration & Support	328,804	359,198	370,579	418,306	381,106	381,106	10,527	2.84%
<b>COUNCIL ON AGING</b>								
Administration & Support	260,141	285,567	287,421	291,558	325,916	325,916	38,495	13.39%
<b>VETERANS AGENT</b>								
Administration & Support	293,892	318,267	578,267	519,423	520,235	520,235	(58,032)	-10.04%
<b>TOTAL HUMAN SERVICES</b>	<b>882,837</b>	<b>963,032</b>	<b>1,236,267</b>	<b>1,229,287</b>	<b>1,227,257</b>	<b>1,227,257</b>	<b>(9,010)</b>	<b>-0.73%</b>
<b>CULTURAL &amp; RECREATIONAL</b>								
<b>LIBRARY</b>								
Administration & Support	1,133,697	1,181,528	1,183,485	1,191,000	1,207,830	1,207,830	24,345	2.06%
<b>RECREATION</b>								
Administration & Support	465,710	491,252	496,618	504,391	507,129	507,129	10,511	2.12%
Golf Course	366,459	362,822	401,617	391,359	392,554	392,554	(9,063)	-2.26%
Witch House	128,877	138,346	138,346	140,942	141,441	141,441	3,095	2.24%
Winter Island	160,361	164,451	164,451	174,574	175,499	175,499	11,048	6.72%
<b>HISTORICAL COMMISSION</b>								
Historic Preservation	8,959	9,196	9,196	9,216	9,314	9,314	118	1.28%
<b>TOTAL CULTURAL &amp; RECREATIONAL</b>	<b>2,264,062</b>	<b>2,347,595</b>	<b>2,393,713</b>	<b>2,411,482</b>	<b>2,433,767</b>	<b>2,433,767</b>	<b>40,054</b>	<b>1.67%</b>
<b>DEBT SERVICE:</b>								
Long Term Debt	6,641,057	6,456,546	5,754,908	4,387,820	4,387,820	4,387,820	(1,367,088)	-23.76%
Short Term Debt	38,190	39,797	39,797	592,051	652,227	652,227	612,430	1538.88%
<b>TOTAL DEBT SERVICE</b>	<b>6,679,247</b>	<b>6,496,343</b>	<b>5,794,705</b>	<b>4,979,871</b>	<b>5,040,047</b>	<b>5,040,047</b>	<b>(754,658)</b>	<b>-13.02%</b>
<b>ASSESSMENTS:</b>								
North Shore Regional Vocational School	1,574,316	1,603,586	1,603,586	1,900,409	1,945,039	1,945,039	341,453	21.29%
State Assessments (Budgeted from RECAP)	6,390,908	5,510,721	5,510,721	5,725,167	5,644,448	5,644,448	133,727	2.43%
<b>TOTAL ASSESSMENTS</b>	<b>7,965,224</b>	<b>7,114,307</b>	<b>7,114,307</b>	<b>7,625,576</b>	<b>7,589,487</b>	<b>7,589,487</b>	<b>475,180</b>	<b>6.68%</b>

**CITY OF SALEM, MASSACHUSETTS  
FY 2014 OPERATING BUDGET**

	<b>ACTUAL EXPENDED FY 2012</b>	<b>ADOPTED BUDGET FY 2013</b>	<b>ADJUSTED BUDGET FY 2013</b>	<b>DEPT BUDGET FY 2014</b>	<b>MAYOR BUDGET FY 2014</b>	<b>CITY COUNCIL BUDGET FY 2014</b>	<b>FY 13 Adj vs FY 14 Budget Inc/Decr Amount Percentage</b>	
<b>EMPLOYEE BENEFITS:</b>								
Contributory Retirement	8,773,800	9,167,161	9,167,161	9,686,094	9,526,094	9,526,094	358,933	3.92%
Non-contributory Pensions	69,474	72,650	72,650	74,408	74,408	74,408	1,758	2.42%
Workmen's Compensation	456,641	435,000	523,000	870,000	870,000	870,000	347,000	66.35%
Unemployment Compensation	349,378	356,000	356,000	300,000	300,000	300,000	(56,000)	-15.73%
Group Insurance	11,139,834	11,885,068	11,885,068	12,331,997	11,782,795	11,782,795	(102,273)	-0.86%
Medicare	852,215	797,239	797,239	832,974	832,974	832,974	35,735	4.48%
<b>TOTAL EMPLOYEE BENEFITS</b>	<b>21,641,343</b>	<b>22,713,118</b>	<b>22,801,118</b>	<b>24,095,473</b>	<b>23,386,271</b>	<b>23,386,271</b>	<b>585,153</b>	<b>2.57%</b>
<b>MUNICIPAL INSURANCE :</b>								
Municipal Insurance	249,689	302,500	302,500	317,375	317,375	317,375	14,875	4.92%
<b>TOTAL Municipal Insurance</b>	<b>249,689</b>	<b>302,500</b>	<b>302,500</b>	<b>317,375</b>	<b>317,375</b>	<b>317,375</b>	<b>14,875</b>	<b>4.92%</b>
<b>BUDGET TRANSFERS OUT OF GF</b>								
Retirement Stabilization & CIP Transfer	1,364,000	2,301,111	2,301,111	2,023,257	2,023,257	2,023,257	(277,854)	-12.07%
<b>TOTAL Budget Transfers Out of GF</b>	<b>1,364,000</b>	<b>2,301,111</b>	<b>2,301,111</b>	<b>2,023,257</b>	<b>2,023,257</b>	<b>2,023,257</b>	<b>(277,854)</b>	
<b>GENERAL FUND TOTAL</b>	<b>113,686,117</b>	<b>118,612,358</b>	<b>120,041,173</b>	<b>122,945,467</b>	<b>121,949,720</b>	<b>121,949,720</b>	<b>1,908,548</b>	<b>1.59%</b>

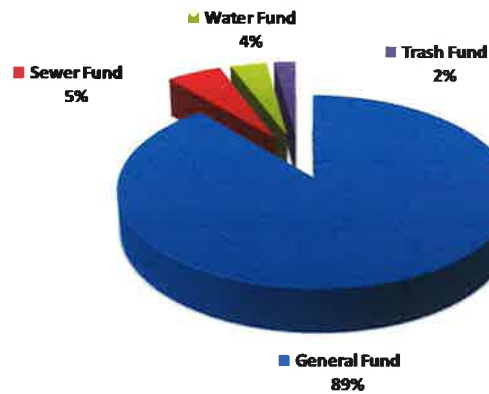
**CITY OF SALEM, MASSACHUSETTS  
FY 2014 OPERATING BUDGET**

	ACTUAL EXPENDED FY 2012	ADOPTED BUDGET FY 2013	ADJUSTED BUDGET FY 2013	DEPT BUDGET FY 2014	MAYOR BUDGET FY 2014	CITY COUNCIL BUDGET FY 2014	FY 13 Adj vs FY 14 Budget Inc/Decr Amount      Percentage	
ENTERPRISE FUNDS								
SEWER :								
Sewer - Public Services	445,781	460,255	491,769	501,395	502,910	502,910	11,141	2.27%
Sewer - Engineering	514,043	415,858	419,596	403,245	393,594	393,594	(26,002)	-6.20%
SESD Assessment	6,140,989	5,962,900	5,962,900	5,831,817	5,831,817	5,831,817	(131,083)	-2.20%
Long Term Debt	166,125	259,463	249,211	248,850	248,850	248,850	(361)	
Short Term Debt	0	-	-	-	-	-	-	
Sewer - Insurance Deduction	0	5,000	5,000	5,000	5,000	5,000	-	0.00%
TOTAL SEWER	7,266,938	7,103,476	7,128,476	6,990,307	6,982,171	6,982,171	-146,305	-2.05%
WATER :								
Water-Public Services	492,341	500,939	507,453	542,079	541,144	541,144	33,691	6.64%
Water-Engineering	523,937	524,658	528,396	512,045	502,494	502,494	(25,902)	-4.90%
Long Term Debt	1,130,049	1,322,701	1,312,449	1,306,854	1,306,854	1,306,854	(5,595)	-0.43%
Short Term Debt	0	3,000	3,000	3,000	3,000	3,000	-	0.00%
SBWS Assessment	2,403,095	2,450,815	2,450,815	2,482,531	2,482,531	2,482,531	31,716	1.29%
Water - Insurance Deduction	0	2,500	2,500	2,500	2,500	2,500	-	
TOTAL WATER	4,549,422	4,804,613	4,804,613	4,849,009	4,838,523	4,838,523	33,910	0.71%
TRASH :								
Trash - Engineering	2,734,328	2,810,684	2,810,684	2,465,395	2,424,288	2,424,288	(386,396)	-13.75%
TOTAL TRASH	2,734,328	2,810,684	2,810,684	2,465,395	2,424,288	2,424,288	(386,396)	-13.75%
ENTERPRISE FUND TOTAL								
GRAND TOTAL ALL FUNDS	128,236,805	133,331,131	134,784,946	137,250,178	136,194,702	136,194,702	1,409,757	1.05%

**CITY OF SALEM, MASSACHUSETTS  
FY 2014 OPERATING BUDGET**

		ACTUAL EXPENDED FY 2012	ADOPTED BUDGET FY 2013	ADJUSTED BUDGET FY 2013	DEPT BUDGET FY 2014	MAYOR BUDGET FY 2014	CITY COUNCIL BUDGET FY 2014	FY 13 Adj vs FY 14 Budget Inc/Decr Amount	FY 14 Budget Percentage
PERSONNEL & NON-PERSONNEL SUMMARIES									
City	Personnel	43,525,848	46,228,033	46,872,118	49,322,139	48,482,642	48,482,642	1,610,524	3.44%
	Non-Personnel	21,844,888	21,876,285	21,587,941	21,069,905	20,913,655	20,913,655	(674,286)	-3.12%
	Total City	65,370,736	68,104,318	68,460,059	70,392,044	69,396,297	69,396,297	936,238	1.37%
Schools	Personnel	38,542,803	40,789,732	41,932,805	42,732,158	42,732,158	42,732,158	799,353	1.91%
	Non-Personnel	9,772,578	9,718,308	9,648,308	9,821,265	9,821,265	9,821,265	172,957	1.79%
	Total School	48,315,381	50,508,040	51,581,113	52,553,423	52,553,423	52,553,423	972,310	1.89%
TOTAL General Fund		113,686,117	118,612,358	120,041,172	122,945,467	121,949,720	121,949,720	1,908,548	1.59%
Sewer	Personnel	419,506	438,844	449,096	466,881	466,325	466,325	17,229	3.84%
	Non-Personnel	6,847,432	6,664,632	6,679,380	6,523,426	6,515,846	6,515,846	(163,534)	-2.45%
		7,266,938	7,103,476	7,128,476	6,990,307	6,982,171	6,982,171	-146,305	-2.05%
Water	Personnel	441,267	455,284	465,536	483,321	482,765	482,765	17,229	3.70%
	Non-Personnel	4,108,155	4,349,329	4,339,077	4,365,688	4,355,758	4,355,758	16,681	0.38%
		4,549,422	4,804,613	4,804,613	4,849,009	4,838,523	4,838,523	33,910	0.71%
Trash	Personnel	30,416	34,585	34,585	66,185	67,078	67,078	32,493	93.95%
	Non-Personnel	2,703,913	2,776,099	2,776,099	2,399,210	2,357,210	2,357,210	(418,889)	-15.09%
		2,734,328	2,810,684	2,810,684	2,465,395	2,424,288	2,424,288	-386,396	-13.75%
TOTAL Enterprise Fund		14,550,688	14,718,773	14,743,773	14,304,711	14,244,982	14,244,982	-498,791	-3.38%
GRAND TOTAL All Funds		128,236,805	133,331,131	134,784,945	137,250,178	136,194,702	136,194,702	1,409,757	1.05%

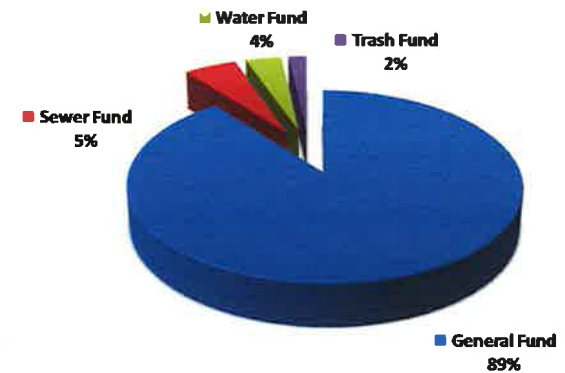
**TOTAL ADOPTED OPERATING BUDGET  
ALL FUNDS**



**FY 2013**

TOTAL \$ 133,331,131

**TOTAL ADOPTED OPERATING BUDGET  
ALL FUNDS**



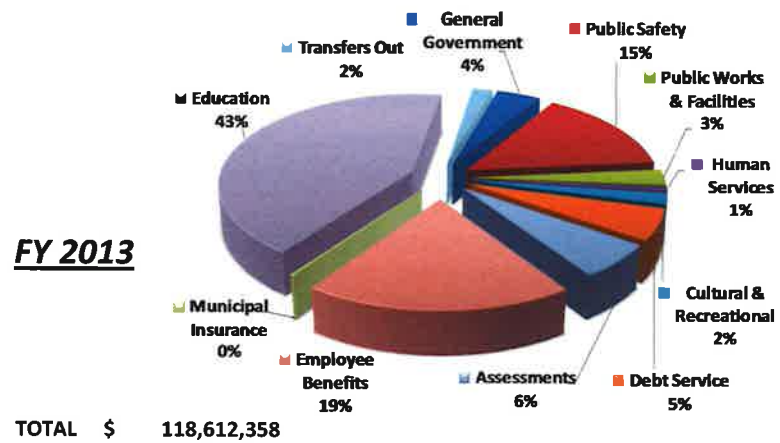
**FY 2014**

TOTAL \$ 136,194,702



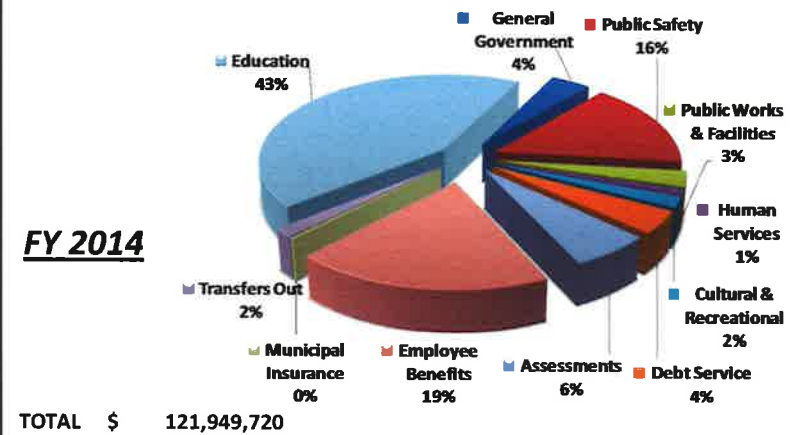
### ADOPTED BUDGET GENERAL FUND

**FY 2013**



### ADOPTED BUDGET GENERAL FUND

**FY 2014**



### ADOPTED BUDGET GENERAL FUND

#### FY 2013

##### City

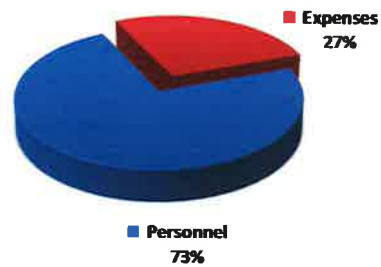
Personnel	46,228,033
Expenses	21,876,285
<b>TOTAL</b>	<b>68,104,318</b>

##### School

Personnel	40,789,732
Expenses	9,718,308
<b>TOTAL</b>	<b>50,508,040</b>

##### City & School

Personnel	87,017,765
Expenses	31,594,593
<b>TOTAL</b>	<b>118,612,358</b>



### ADOPTED BUDGET GENERAL FUND

#### FY 2014

##### City

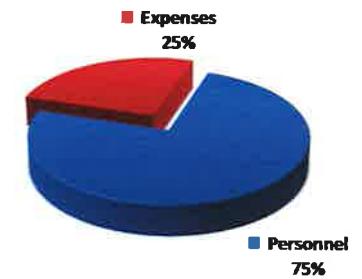
Personnel	48,482,642
Expenses	20,913,655
<b>TOTAL</b>	<b>69,396,297</b>

##### School

Personnel	42,732,158
Expenses	9,821,265
<b>TOTAL</b>	<b>52,553,423</b>

##### City & School

Personnel	91,214,800
Expenses	30,734,920
<b>TOTAL</b>	<b>121,949,720</b>



# **Other Budgeted Items Voted By Council**

## **Retirement Stabilization Trust Fund – Included in General Fund Budget**

In FY 2014 \$600,000.00 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. FY 2014 saw a slight decrease.

## **Stabilization Funds – Included in General Fund Budget**

Due to economic conditions we will not budget any money for transfer into the Stabilization Fund in FY 2014. A stabilization fund is a fund designed to accumulate amounts for capital and other future spending purposes, although it may be appropriated for any lawful purpose (MGL Ch. 40 §5B). Communities may establish one or more stabilization funds for different purposes and may appropriate into them in any year an amount not to exceed ten percent of the prior year's tax levy. We do anticipate transferring 20% of our certified free cash to this fund once it is certified by DOR in accordance with our financial policies outlined in section 6.

## **Capital Improvement Project Special Revenue Funds – Short Term – Included in General Fund Budget**

In FY 2014 \$303,000.00 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 are under the \$25,000 limit required for CIP Bonded projects and/or equipment.

## **Salem Community Charter School (SCCS) – City Portion – Included in General Fund Budget**

In FY 2014 \$1,060,257 is budgeted in the general fund to be transferred to the Salem Community Charter School Special Revenue Fund. The purpose of this fund is outlined in the Superintendent's Budget Narrative in Section 4 – 1.

## **Salem 2026 – 400 Anniversary Fund– Included in General Fund Budget**

In FY 2014 the Mayor set up a new special revenue fund to help fund the City's 400<sup>th</sup> anniversary celebration. The Mayor anticipates putting \$10,000.00 per year to help pay for events in 2026.

## **Transfers to CPA fund– Included in General Fund Budget**

In FY 2014 the Mayor will appropriate funds as part of a City appropriation to assist in CPA funding. The Mayor anticipates putting \$50,000.00 in FY 2014 in this fund. The State will partially match what the City contributes based on a percentage established by the state.

## **Revolving Funds – Separate Vote - Not in Budget**

The Revolving Funds were submitted to the City Council as a separate order as a supplemental part of the FY 2014 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>. A complete listing of all revolving accounts voted by council can be found in the Appendix.