Budget Calendar - FY 2015

Mayor & City Finance

Mayor & City Finance	Start Date		End Date
Finance Director send out CIP requests to Departments.	12/9/2013		
Departments submit completed CIP requests to Finance Department	1/15/2014		
Mayor & Finance Director review CIP requests.	January		March
Finance Director prepares initial Revenue/Expenditure (FY15 RECAP) figures	January		
Mayor issues BUDGET requests to departs with budget instructions, and City's long/short term goals	1/15/2014		
Budget salary workshops with Finance & Depts.	1/16/2014	to	2/5/2014
Departments compile BUDGETS & submit to Finance	1/15/2014	to	2/6/2014
Budgets Entered in MUNIS by Finance	2/6/2014	to	2/14/2014
Budget Review-Mayor, Finance, Department Heads	February	to	March
Budge & CIP Review By Mayor & Finance Director	February	to	March
School Committee Approves School Budget	6/9/2014		
School Budget to City Finance Department for processing for City Council	5/9/2014		
Finance Director Finalizes FY2015 Revenue/Expenditures - Balanced Budget to Mayor	5/15/2014		
Finance Department Prepares Final Budget for City Council	5/1/2014	to	5/19/2014

Mayor & School Committee

Mayor & School Committee	Start Date		End Date
Finance Director send out CIP requests to Departments.	12/9/2013		12/9/2013
CIP Review - Superintendent, SBM, Principals, Directors	12/10/2013		1/15/2014
Finance Director, SBM & Super review CIP requests.	January		March
Superintendent & SBM give Budgets to Principals	January		
Budget workshops with SBM, Principals & Directors.	January		
Principals compile budget & submit to School Business Office	2/3/2014	to	2/21/2014
Budget & CIP Review - Super, SBM, Principals, Directors	2/24/2014	to	3/14/2014
Budge/CIP Review - Super, SBM, City Finance	March		
School Budget Submitted to School Committee & CIP Budget Submitted to Finance Director	April		
School Committee Budget Review Meetings	April	to	May
School Committee Approves School Budget	6/9/2014		
Final School Budget To City Finance Dept	5/9/2014		

City Council

City Council			
Capital Improvement Plan sumbitted to City Council	5/22/2014		
Budget Submitted to City Council	5/22/2014		
City Council Administration & Finance budget review process	5/27/2014	to	6/11/2014
City Council Vote on FY 2015 Capital Improvement Plan	6/12/2014		
City Council Vote on FY 2015 City Budget	6/12/2014		

The Budget Process

The Budget and Appropriation Process

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

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

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

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

If the Mayor does not make a timely budget submission, provision is made for preparation of a budget by the City Council. Provision is also made for supplementary appropriations upon recommendation of the Mayor. Enterprise Fund expenditures are required to be included in the budget adopted by the City Council. The school budget is limited to the amount appropriated by the City Council, but the school committee retains full power to allocate the funds appropriated.

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

Commencing September 1, 1992, the City established enterprise funds in accordance with Chapter 44, Section 531F 1/2, of the General Laws for the City's water and sewer services. In FY 2007 the City established an enterprise fund for Trash Disposal.

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

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

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

WHAT IS A BALANCED BUDGET?

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

THE BUDGET FORMAT

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

BUDGET AMENDMENTS

Budget Amendment Increases – Any increase to the budget must be submitted to the City Council by the Mayor for approval. Budget amendments usually occur from transfers from other special revenue funds (usually receipts reserved for appropriation funds), free cash appropriations in general fund, or retained earnings appropriations within the Enterprise Funds. They can also be voted as an additional appropriation to the budget to be offset by property taxes, local revenue, state aid, and reserves prior to the tax rate being set in December of each year.

Budget Amendment Transfers– Budget transfers within the school department are submitted to the School Committee for their approval, and are processed by the Finance Department once approved. Budget transfers for City (non-school) budgets, either between personnel and non-personnel line items or between departments, must be submitted to City Council for their approval. This is due to the fact that the City Council votes the original budget as follows:

- City Budgets – The City Council votes each personnel and non-personnel line separately within each departmental unit.
- School Budgets - The City Council votes the TOTAL for the school budget, not separate departments and/or organizational units as they do for the City budgets.

On June 27, 2013 the Salem City Council adopted the Department of Revenue, Division of Local Services Bulletin IGR no. 06-209 from May 2006 Section C2. This section refers to the alternative year end procedure which allows budget transfers during May and June and the first fifteen days of July, upon recommendation of the Mayor, of any departmental appropriation to another appropriation within the same department, not to exceed three percent of the department's annual budget. The Finance Department will provide the City Council Administration and Finance Committee with a list of these budget transfers in addition to the regular budget transfers provided in the A&F monthly report.

BUDGET GOALS

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

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

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

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

Fiscal Year 2015 Overview & Timeline

On January 15, 2014, the Finance Department sent out budget packages to each non-school department requesting that they prepared a FY 2015 budget based on the following:

- Level funded non-personnel budget - utilities should be funded to reflect any anticipated increase or decrease in charges or use a 3 year average.
- Level service personnel budget should be funded to include contractual step increases only – as of 6/30/14 all union contracts will have expired.
- 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 2015 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 2015 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.

The Finance Director prepared the five year forecast, capital improvement plan for FY 2015, as well as a preliminary FY 2015 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 February, 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.

All union contracts were settled in FY 2013 for years 2012, 2013 and 2014. The City is currently in 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 increased by $751,026 for FY 2015 and Local Aid Assessments increased by $707,436. Therefore the City will recognize a total increase in Local Aid of $43,590 for FY 2015. Please note that Local Aid Estimates are based on the House 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 2015 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 2015.

In April and May 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 May 9, 2014.

On May 22, 2014 the FY 2015 budget was submitted to the City Council for their review and approval along with the FY 2015 Capital Improvement Projects. 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 will meet with each department head, Mayor, Chief of Staff, Finance Director, and Assistant Finance Director to review each departmental budget. On June 12, 2014 the budget was approved by the City Council Committee of the Whole.

PROPERTY TAX "101" - A TAXPAYERS GUIDE – FY 2015

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 a 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 1st 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 FY2015 assessments are meant to reflect the value of your property on January 1st, 2014 and were derived from sales information obtained in calendar year 2013. 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 of 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 had shut down two of the four boilers and had 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 for more information.

WHAT IS VOTED BY CITY COUNCIL - BUDGET vs RECAP- FY 2015
Breakdown of Tax Recapitulation Report

FY 2015 BUDGET		DATE VOTED
		Budget Meetings
General Fund Budget Appropriations Submitted by Mayor		
City	71,124,754.00	
School	54,461,543.00	
Total General Fund Appropriations:	**125,586,297.00**	
Enterprise Fund Appropriations Submitted by Mayor:		
Sewer	7,171,355.00	
Water	4,929,788.00	
Trash	2,461,917.00	
Total Enterprise Fund Appropriations:	**14,563,060.00**	
Total Budget to be voted - June (Submitted by Mayor)	**140,149,357.00**	**June**

Other RECAP Items Voted at Tax Rate Setting - December		
		Tax Rate Meeting
Cherry Sheet Offsets	79,364.00	
Snow & Ice Deficit - Estimated	784,293.00	
Overlay - Allowance for Abatements - Estimated	600,000.00	
Offset Receipts	40,000.00	
Total Other Items on RECAP voted - December	**1,503,657.00**	
Total RECAP Expenditures	**141,653,014.00**	**December**

Other Votes By Council		Regular Council Meetings
Revolving Funds	1,628,000.00	**June**
Capital Improvement Projects - General Fund -Capital Outlay/Grants & OFS/Bonding	8,468,913.00	**June**
Capital Improvement Projects - Enterprise Funds - Retained Earnings/Grants & OFS/Bonding	7,225,000.00	**June**

RECAP SHEET
FY 2015 Budget
MAYOR'S RECOMMENDED BUDGET

REVENUES

	Actual 2013 Budget	Budgeted 2014 RECAP	Mayor's 2015 Budget	FY14-FY15 Variance	% change FY14 to FY15
PROPERTY TAXES					
PRIOR FISCAL YEAR LEVY LIMIT	75,492,988	77,955,293	80,587,733	2,632,440	3.38%
2 1/2% Increase	1,887,325	1,948,882	2,014,693	65,811	3.38%
Current New Growth (Value increases from new building)	574,980	683,558	600,000	(83,558)	-12.22%
LEVY LIMIT Subtotal (from DOR levy limit sheet)	**77,955,293**	**80,587,733**	**83,202,427**	**2,614,693**	3.35%
TAX LEVY Real & Personal Actual RECAP - Estimates on Current FY	***74,879,216***	***76,981,209***	***81,086,567***	***4,105,358***	5.33%
LOCAL RECEIPTS					
MOTOR VEHICLE	3,080,014	3,100,000	3,100,000	0	0.00%
Hotel Motel Tax	429,544	410,000	425,000	15,000	3.66%
Boat Excise Tax	33,044	30,000	30,000	0	
MEALS TAX (local options)	795,305	800,000	800,000	0	0.00%
INTEREST ON TAXES	396,661	400,000	380,000	(20,000)	-5.00%
IN LIEU OF TAXES	1,462,691	1,310,000	1,310,000	0	0.00%
CHARGES FOR SERVICES	2,073,901	1,668,443	1,600,000	(68,443)	-4.10%
PARKING FEES	2,580,261	2,300,000	2,300,000	0	0.00%
LICENSES AND PERMITS	484,183	450,000	430,000	(20,000)	-4.44%
FINES AND FORFEITS	1,230,761	1,200,000	1,100,000	(100,000)	-8.33%
INVESTMENT INCOME	110,033	125,000	100,000	(25,000)	-20.00%
MISCELLANEOUS RECURRING INCOME	1,198,734	1,050,000	850,000	(200,000)	-19.05%
MISCELLANEOUS NON-RECURRING INCOME	3,377,535	3,418,072	3,185,000	(233,072)	-6.82%
Local Receipt Subtotal (pg. 2 recap IIIb. 1)	**17,252,666**	**16,261,515**	**15,610,000**	**(651,515)**	-3.78%
SEWER ENTERPRISE FUND REVENUE	9,140,124	8,363,657	8,826,712	463,055	5.07%
WATER ENTERPRISE FUND REVENUE	5,522,061	5,563,667	4,776,085	(787,582)	-14.26%
TRASH ENTERPRISE FUND REVENUE	689,358	678,702	678,702	0	0.00%
Enterprise Fund Subtotal (pg. 2 recap IIIb. 3)	**15,351,543**	**14,606,026**	**14,281,499**	**(324,527)**	-2.11%
OTHER REVENUES AND FINANCING SOURCES					
CHERRY SHEET REVENUE (pg. 2 recap IIIa. 1)	27,701,712	28,104,329	28,851,672	747,343	2.70%
MASSACHUSETTS SBA PAYMENTS (pg. 2 recap IIIa. 2)	2,534,339	732,824	732,824	0	0.00%
FREE CASH USED FOR:					
Level the Tax Rate (pg. 2 recap IIId. 1b.)		500,000			
OFS-To Reduce Tax Rate (pg. 2 recap IIId. 4)					
R/Res - Witch House	178,757	184,632	190,089	5,457	3.05%
R/Res - Golf Course	562,171	579,794	629,794	50,000	8.89%
R/Res - Harbormaster	267,178	250,569	230,569	(20,000)	-7.49%
OFFSET RECEIPTS - Electric Dept	40,000	40,000	40,000	0	0.00%
Estimated State + Other Revenue Subtotal	**31,284,157**	**30,392,148**	**30,674,948**	**782,800**	2.50%
TOTAL REVENUES	**138,767,582**	**138,240,898**	**141,653,014**	**2,421,451**	1.74%

RECAP SHEET
FY 2015 Budget
MAYOR'S RECOMMENDED BUDGET

EXPENDITURES

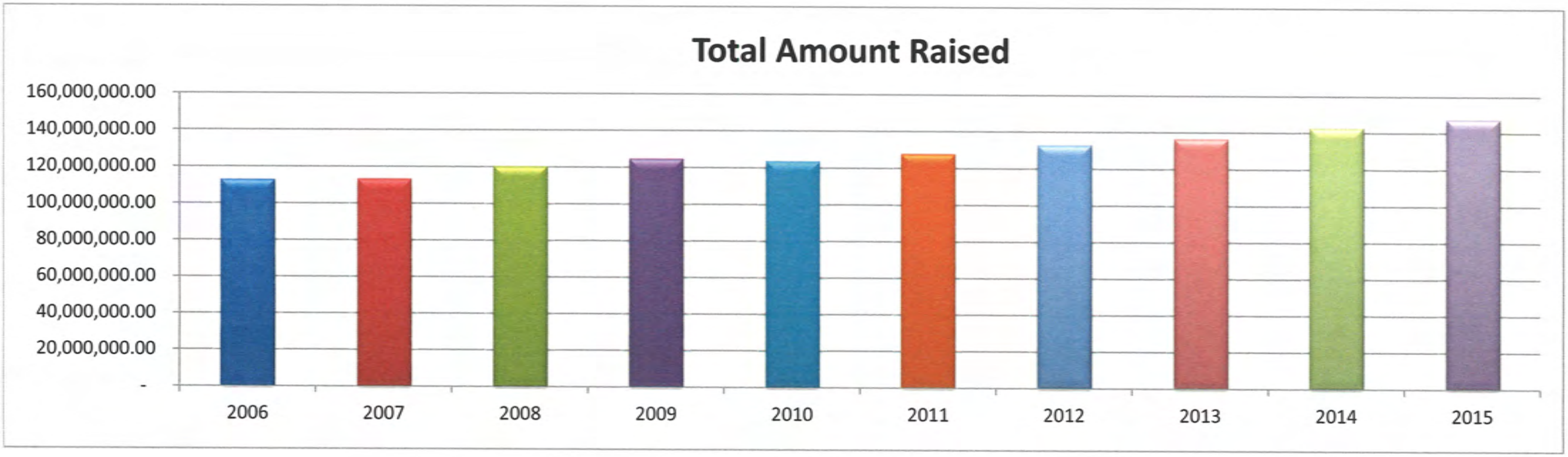
	Actual 2013 Budget	Budgeted 2014 RECAP	Mayor's 2015 Budget	FY14-FY15 Variance	% change FY14 to FY15
GENERAL GOVERNMENT	4,812,704	4,802,367	5,354,857	552,490	11.50%
PUBLIC SAFETY	17,775,918	18,966,567	19,170,700	204,133	1.08%
PUBLIC WORKS AND FACILITIES	4,035,341	3,609,902	3,765,086	155,184	4.30%
HUMAN SERVICES	1,210,657	1,227,257	1,277,825	50,568	4.12%
CULTURAL AND RECREATIONAL	2,283,201	2,433,767	2,520,109	86,342	3.55%
DEBT SERVICE - GENERAL FUND INCLUDING SCHOOLS	5,709,847	5,040,047	4,636,539	(403,508)	-8.01%
ASSESSMENT-Essex NS Agricultural & Vocational Tech	1,583,485	1,945,039	2,376,792	431,753	22.20%
ASSESSMENT-Cherry Sheet	5,141,397	5,658,953	6,366,389	707,436	12.50%
EMPLOYEE BENEFITS:					
SALEM RETIREMENT BOARD ASSESSMENT	9,186,990	9,526,094	10,011,291	485,197	5.09%
NON-CONTRIBUTORY PENSIONS	62,158	74,408	76,196	1,788	2.40%
WORKMAN'S COMPENSATION	561,800	870,000	452,345	(417,655)	-48.01%
UNEMPLOYMENT COMPENSATION	173,644	300,000	300,000	0	0.00%
GROUP INSURANCE - CITY, School & Retired Teachers	11,294,626	11,782,795	11,982,350	199,555	1.69%
MEDICARE	943,983	832,974	950,000	117,026	14.05%
P&C INSURANCE - CITY ONLY (SCHOOL IN EDU. BDGT.)	164,043	317,375	284,018	(33,357)	-10.51%
Budget Transfers Out:					
Transfer to CPA Fund	0	50,000	0	(50,000)	-100.00%
Retirement Anticipation Fund 8311 (City and School)	850,000	600,000	600,000	0	0.00%
CIP to fund 2000	340,000	303,000	0	(303,000)	-100.00%
EDUCATION - CHARTER SCHOOL	1,011,111	1,060,257	990,257	(70,000)	-6.60%
Health Reimbursement Fund	100,000	0	0	0	
Salem 2026 Fund		10,000	10,000	0	0.00%
City Subtotal	**67,240,905**	**69,410,802**	**71,124,754**	**1,713,952**	2.47%
EDUCATION - PUBLIC SCHOOLS	50,771,125	52,553,423	54,461,543	1,908,120	3.63%
Education Subtotal	**50,771,125**	**52,553,423**	**54,461,543**	**1,908,120**	3.63%
GENERAL FUND SUBTOTAL	**118,012,030**	**121,964,225**	**125,586,297**	**3,622,072**	2.97%
SEWER ENTERPRISE FUND BUDGET (NET- INDIRECT COSTS)	7,103,476	6,982,171	7,171,355	189,184	2.71%
WATER ENTERPRISE FUND BUDGET (NET-INDIRECT COSTS)	4,707,610	4,838,523	4,929,788	91,265	1.89%
TRASH - ENTERPRISE FUND BUDGET	2,692,599	2,424,288	2,461,917	37,629	1.55%
ENTERPRISE SUBTOTAL	**14,503,684**	**14,244,982**	**14,563,060**	**318,078**	2.23%
SUBTOTAL - GENERAL FUND + ENTERPRISE FUND	**132,515,714**	**136,209,207**	**140,149,357**	**3,940,150**	2.89%
ADD - OTHER EXPENDITURES:					
OTHER - Cherry Sheet Offset (pg. 2 IIb5 of recap)	76,024	75,681	79,364	3,683	4.87%
Overlay Deficit (pg. 2 IIb4 of recap)	0	0		0	
Snow and Ice Deficit (pg. 2 IIb9 of recap)	0	575,207	784,293	209,086	36.35%
OVERLAY (Allowance for Abatements)	974,015	817,809	600,000	(217,809)	-26.63%
OFFSET RECEIPTS - Electric Dept (A-1)	40,000	40,000	40,000	0	0.00%
SUBTOTAL - OTHER EXPENDITURES	**1,090,039**	**1,508,697**	**1,503,657**	**(5,040)**	-0.33%
TOTAL EXPENDITURES	**133,605,753**	**137,717,904**	**141,653,014**	**3,935,110**	2.86%
Revenue vs Expenditures (Negative represents revenue deficit)	***5,161,829***	***522,995***	***0***		0.00%

TAX RATE RECAPITULATION (RECAP) SUMMARY BY FISCAL YEAR

	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
Total Amt Raised on RECAP	**113,268,028.23**	**113,594,665.32**	**120,756,252.68**	**125,133,648.97**	**124,161,501.88**
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
FY Levy Limit	**59,342,731.00**	**61,792,926.00**	**64,441,432.00**	**67,385,423.00**	**70,134,978.00**
RE & PP Total Value	4,586,174,179	4,978,320,083	4,805,481,341	4,511,212,336	4,294,563,427
Levy Ceiling (2.5% Total Value)	**114,654,354**	**124,458,002**	**120,137,034**	**112,780,308**	**107,364,086**
Equalized Value (EQV) as of 1/1	**4,223,735,800**	**4,923,330,400**	**4,923,330,400**	**5,168,060,200**	**5,168,060,200**

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 Est.
Total Estimated Receipts and other revenue from RECAP	55,634,447.00	61,675,449.07	61,913,527.67	66,267,288.77	67,000,000.00
Tax Levy	72,532,236.85	71,788,366.61	74,879,216.43	76,981,208.83	80,959,291.00
Total Amt Raised	**128,166,683.85**	**133,463,815.68**	**136,792,744.10**	**143,248,497.60**	**147,959,291.00**
Prior FY Levy Limit	70,134,978.00	72,993,129.45	75,492,988.69	77,955,293.40	80,587,733.74
Amended Growth					
2.5% allowable Increase	1,753,374.45	1,824,828.24	1,887,324.72	1,948,882.34	2,014,693.34
New Growth	1,104,777.00	675,031.00	574,980.00	683,558.00	600,000.00
FY Levy Limit	**72,993,129.45**	**75,492,988.69**	**77,955,293.40**	**80,587,733.74**	**83,202,427.08**
RE & PP Total Value	4,115,970,775	3,973,785,748	3,927,232,741	3,962,936,296	4,000,000,000
Levy Ceiling	**102,899,269**	**99,344,644**	**98,180,819**	**99,073,407**	**100,000,000**
Equalized Value (EQV) as of 1/1	**4,568,374,700**	**4,568,374,700**	**4,256,808,900**	**4,256,808,900**	**4,191,566,000**

TAX RATE RECAPITULATION (RECAP) SUMMARY BY FISCAL YEAR



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 or 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 summon f estimated fair market value for each property class plus an estimate of new growth, resulting in values indicative of January 1.

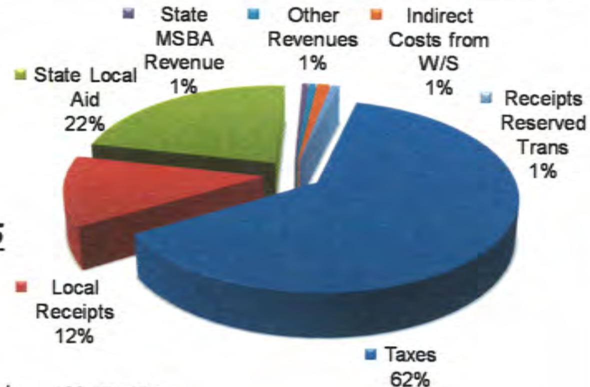
The following chart is a summary of the EQV, Tax Levy, Levy Ceiling, Levy Limit, 2 ½% increase, and New Growth by fiscal year.

CITY OF SALEM
REVENUE SUMMARY - GENERAL & ENTERPRISE FUNDS

	Actual FY 2010	Actual FY 2011	Actual FY 2012	Actual FY 2013	RECAP FY 2014	Estimated FY 2015	Increase % FY14 vs. FY15	Increase $ FY14 vs. FY15
GENERAL FUND								
REAL AND PERSONAL Tax Levy	**69,319,668**	**72,532,237**	**71,788,367**	**74,879,216**	**76,981,209**	**80,895,921**	**5.09%**	**3,914,712**
MOTOR VEHICLE	2,973,309	3,147,826	3,179,764	3,080,014	3,100,000	3,100,000	0.00%	0
HOTEL EXCISE	294,214	392,295	392,295	429,544	410,000	425,000	3.66%	15,000
VESSEL EXCISE	34,450	32,726	23,358	33,044	30,000	30,000	0.00%	0
MEALS TAXES		562,797	768,032	795,305	800,000	800,000	0.00%	0
INTEREST ON TAXES	437,361	437,282	487,843	396,661	400,000	380,000	-5.00%	(20,000)
IN LIEU OF TAXES	1,307,078	1,319,079	1,440,185	1,462,691	1,310,000	1,310,000	0.00%	0
CHARGES FOR SERVICES	1,265,194	1,274,446	1,464,056	2,073,901	1,668,443	1,600,000	-4.10%	(68,443)
PARKING FEES	2,039,376	2,334,422	2,274,469	2,580,261	2,300,000	2,300,000	0.00%	0
LICENSES AND PERMITS	567,732	510,375	499,048	484,183	450,000	430,000	-4.44%	(20,000)
FINES AND FORFEITS	1,266,266	1,208,272	1,255,894	1,230,761	1,200,000	1,100,000	-8.33%	(100,000)
INVESTMENT INCOME	62,904	53,792	74,956	110,033	125,000	100,000	-20.00%	(25,000)
MISCELLANEOUS INCOME	149,140	283,177	437,188	515,489	400,000	400,000	0.00%	0
MEDICAID INCOME	582,540	613,373	483,907	461,366	450,000	450,000	0.00%	0
MEDICAID PART D REIMBURSEMENT	197,871	258,783	277,629	221,879	200,000	0	-100.00%	(200,000)
NON RECURRING	1,855,821	2,927,676	3,681,252	3,377,535	3,418,072	3,185,000	-6.82%	(233,072)
TOTAL LOCAL RECEIPTS	**13,033,256**	**15,356,321**	**16,739,877**	**17,252,667**	**16,261,515**	**15,610,000**	**-4.01%**	**(651,515)**
NET MA CHERRY SHEET ASST.	21,256,108	23,966,837	25,017,427	27,701,712	28,104,329	28,851,672	2.66%	747,343
MSBA REIMBURSEMENTS	4,369,366	4,310,837	3,521,535	2,534,339	732,824	732,824	0.00%	0
R/RES REDUCE TAX RATE	925,686	934,070	997,042	1,008,106	1,014,995	1,050,452	3.49%	35,457
OFS/TRANSFERS IN	241,019	-	1,000,000	-	-	-		0
INDIRECT COSTS from W&S (OFS)	1,430,065	1,452,222	1,477,074	1,493,881	1,601,654	1,501,654	-6.24%	(100,000)
TOTAL OTHER RECEIPTS	**28,222,244**	**30,663,966**	**32,013,078**	**32,738,038**	**31,453,802**	**32,136,602**	**2.17%**	**682,800**
GENERAL FUND TOTAL	**110,575,167**	**118,552,524**	**120,541,322**	**124,869,921**	**124,696,526**	**128,642,523**	**3.16%**	**3,945,997**
ENTERPRISE FUND								
SEWER RATES	7,170,497	7,587,055	7,941,520	9,140,124	8,363,657	8,826,712	5.54%	463,055
SEWER TRANS/OFS	360,389	-	-	-	-	-		0
TOTAL SEWER	**7,530,885**	**7,587,055**	**7,941,520**	**9,140,124**	**8,363,657**	**8,826,712**	**5.54%**	**463,055**
WATER RATES	4,270,968	4,728,851	4,574,150	5,522,061	5,563,667	4,776,085	-14.16%	(787,582)
WATER TRANS/OFS	389	-	360,000	218,738	-	-		0
TOTAL WATER	**4,271,357**	**4,728,851**	**4,934,150**	**5,740,799**	**5,563,667**	**4,776,085**	**-14.16%**	**(787,582)**
TRASH FEES	713,827	700,000	686,834	689,358	678,702	678,702	0.00%	0
TRASH General Fund Subsidy/OFS	1,902,504	1,920,249	2,047,493	2,160,684	1,839,288	1,783,215	-3.05%	(56,073)
TOTAL TRASH	**2,616,331**	**2,620,249**	**2,734,327**	**2,850,042**	**2,517,990**	**2,461,917**	**-2.23%**	**(56,073)**
ENTERPRISE FUND TOTAL	**14,418,573**	**14,936,155**	**15,609,997**	**17,730,965**	**16,445,314**	**16,064,714**	**-2.31%**	**(380,600)**
GRAND TOTAL	**124,993,740**	**133,488,679**	**136,151,319**	**142,600,886**	**141,141,840**	**144,707,237**	**2.53%**	**10,057,529**

ESTIMATED REVENUES GENERAL FUND

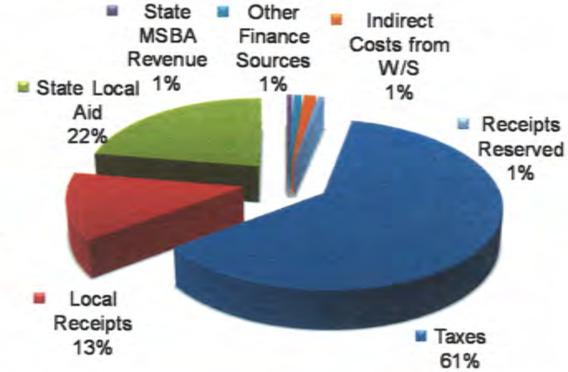
FY 2015



TOTAL $ 129,571,887

ESTIMATED REVENUES GENERAL FUND

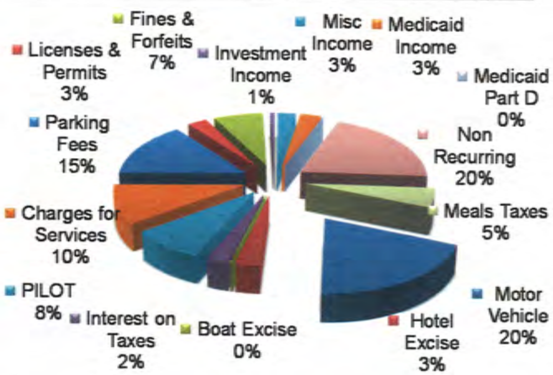
FY 2014



TOTAL $ 125,637,575

ESTIMATED LOCAL RECEIPTS GENERAL FUND

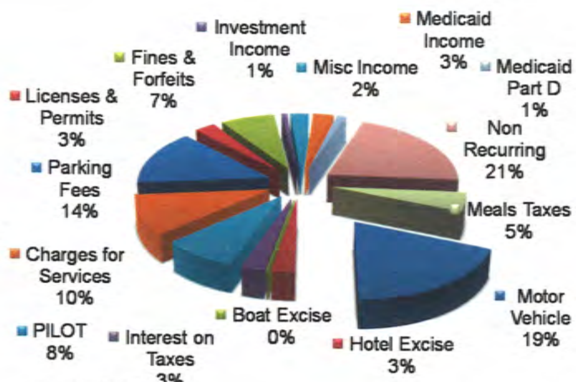
FY 2015



TOTAL $ 15,610,000

ESTIMATED LOCAL RECEIPTS GENERAL FUND

FY 2014



TOTAL $ 16,261,515

GENERAL FUND REVENUE DETAIL

I. 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:

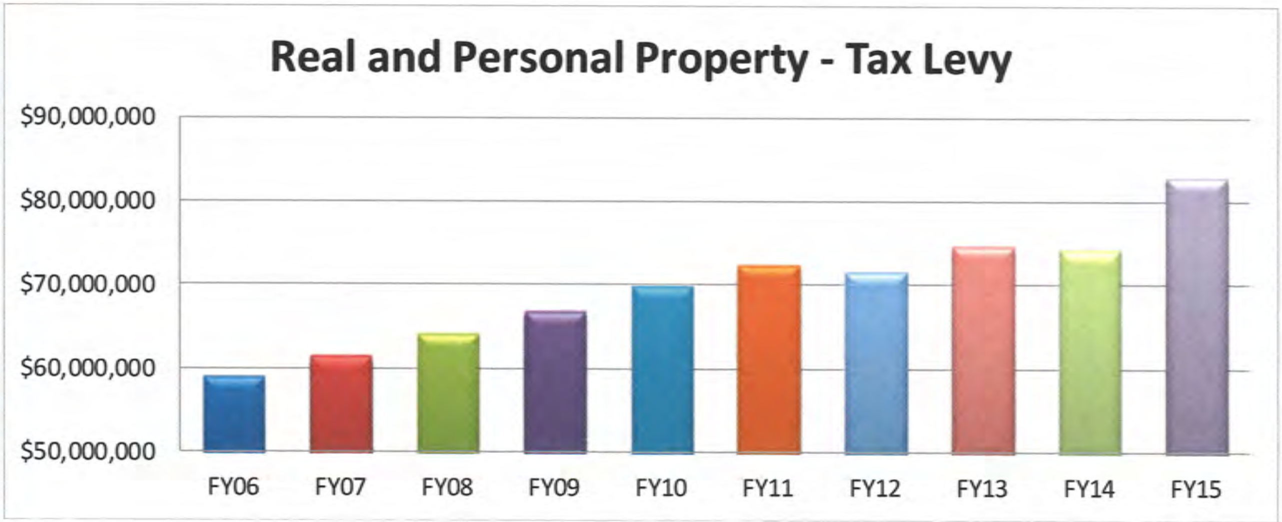
1. Automatic 2.5% Increase (Prop 2 ½) – The levy limit is the maximum amount that can be collected through real and personal property taxes by the municipality. Each year, a community's levy limit automatically increases by 2.5% over the previous year's levy limit. This increase, which does not require 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 and Personal Property – Tax Levy		
Fiscal Year	Revenue	
2006	59,292,238	
2007	61,785,514	
2008	64,399,664	
2009	67,095,914	
2010	70,082,325	
2011	72,532,237	
2012	71,788,366	
2013	74,879,216	
2014	74,440,495	Per Recap
2015	83,202,427	Estimated
% Change FY14 vs. FY15		11.8%



Real & Personal Property – Levy Limit – The amount that a municipality <u>may</u> 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".

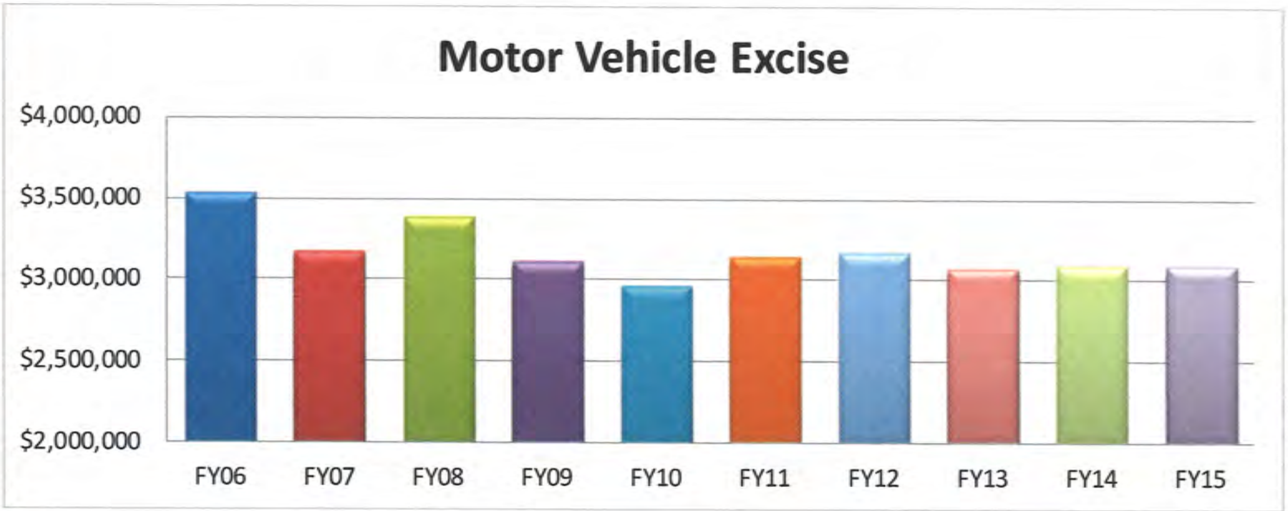
Real and Personal Property – Levy Limit		
Fiscal Year	Revenue	
2006	59,342,731	
2007	61,792,926	
2008	64,441,432	
2009	67,385,423	
2010	70,134,978	
2011	72,993,129	
2012	75,492,988	
2013	77,880,313	
2014	80,504,175	Per Recap
2015	81,086,567	Estimated
% Change FY14 vs. FY15		0.7%

II. LOCAL RECEIPTS

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 anticipating no increase for FY 2015.

Motor Vehicle Excise		
Fiscal Year	**Revenue**	
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	**3,080,014**	
2014	**3,100,000**	Per Recap
2015	**3,100,000**	Estimated
% Change FY14 vs. FY15		**0.0%**



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. We anticipate a 3.7% increase in FY 2015 based on recent revenue trends.

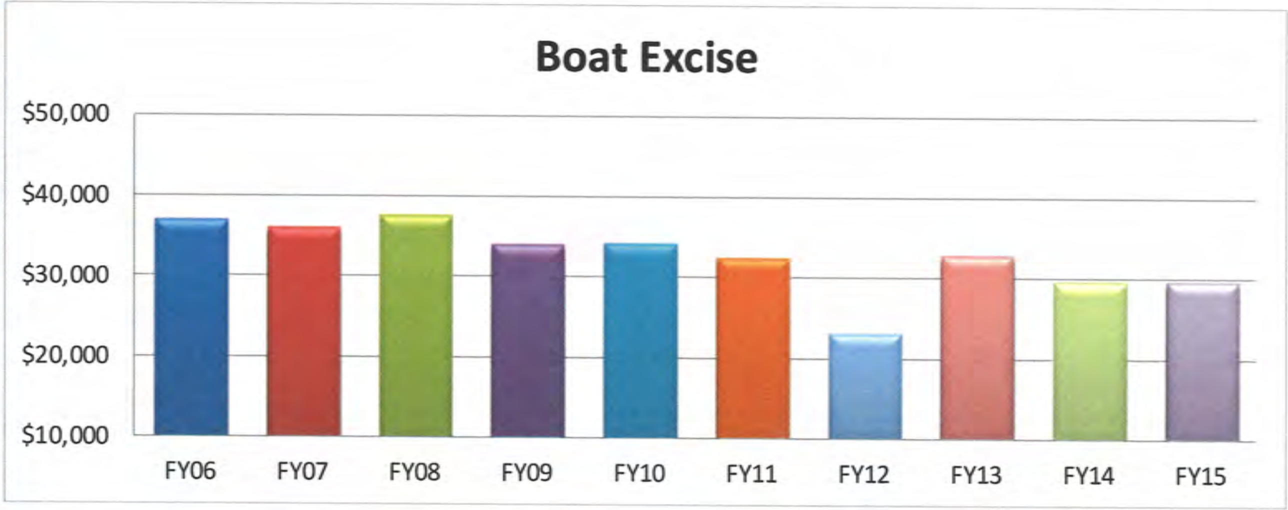
Hotel Excise		
Fiscal Year	Revenue	
2006	263,962	
2007	282,324	
2008	373,655	
2009	324,622	
2010	294,214	
2011	392,295	
2012	392,974	
2013	429,544	
2014	410,000	Per Recap
2015	425,000	Estimated
% Change FY14 vs. FY15		3.7%

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. We are anticipating no increase in FY 2015 based on recent trends.

Meals Tax		
Fiscal Year	Revenue	
2006	-	
2007	-	
2008	-	
2009	-	
2010	-	
2011	562,797	
2012	768,032	
2013	795,305	
2014	800,000	Per Recap
2015	800,000	Estimated
% Change FY14 vs. FY15		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 no increase in FY 2015.

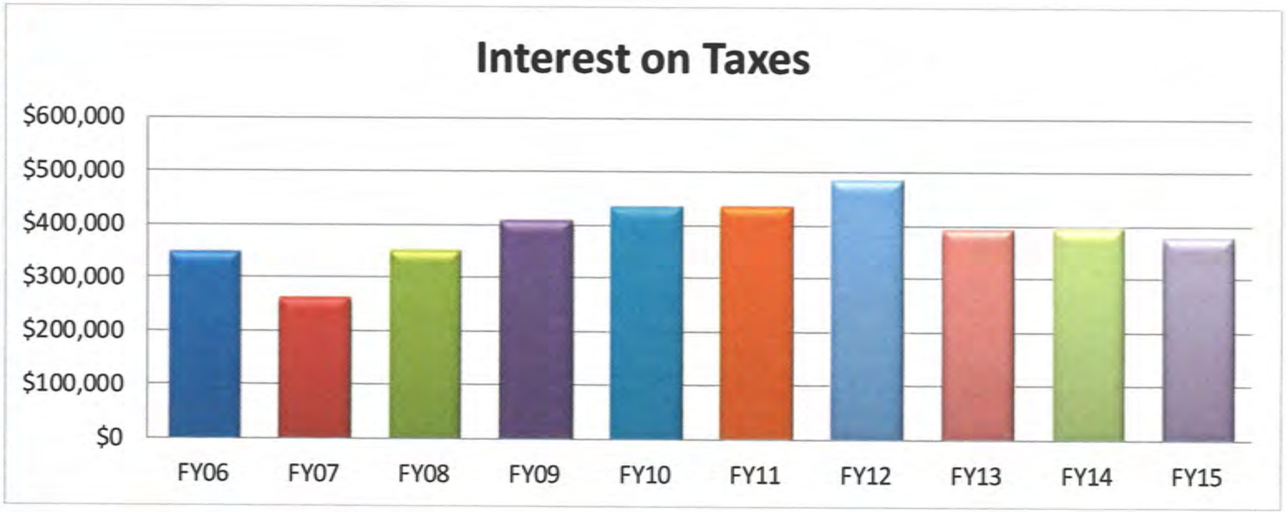
Boat Excise		
Fiscal Year	Revenue	
2006	37,277	
2007	36,203	
2008	37,876	
2009	34,231	
2010	34,450	
2011	32,726	
2012	23,358	
2013	33,044	
2014	30,000	Per Recap
2015	30,000	Estimated
% Change FY14 vs. FY15		0.0%



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 a decrease in penalties and interest in FY 2015 of 5% due to the deputy auditors retaining some fees to pay for on-line processing and bill printing.

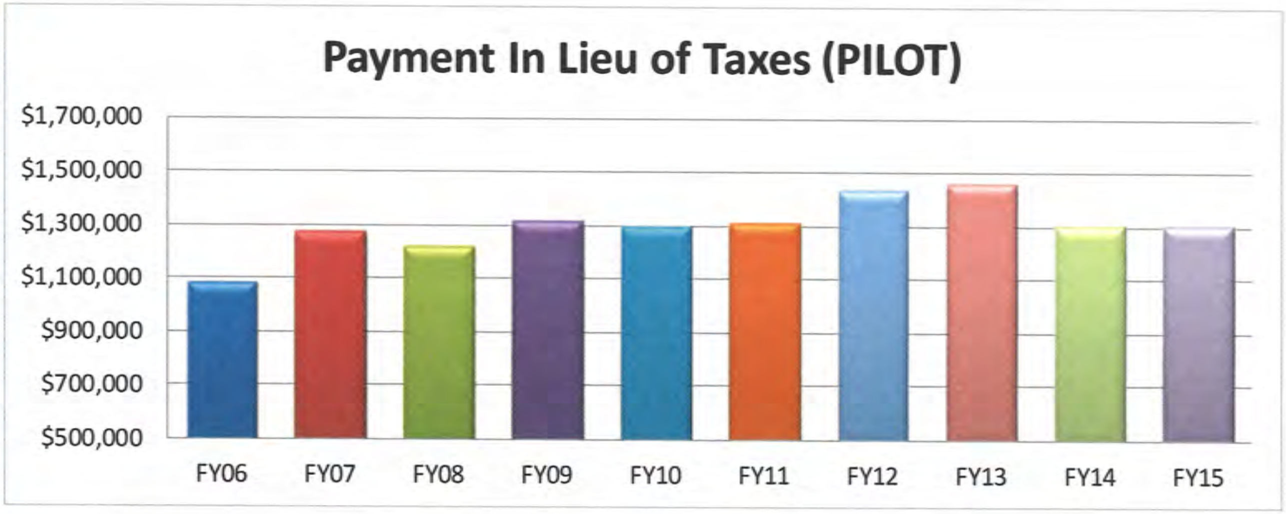
Interest on Taxes		
Fiscal Year	Revenue	
2006	350,651	
2007	266,246	
2008	353,952	
2009	412,572	
2010	437,361	
2011	437,282	
2012	487,843	
2013	396,661	
2014	400,000	Per Recap
2015	380,000	Estimated
% Change FY14 vs. FY15		-5.0%



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 came off of the 121A status and will return to ad valorem taxation. Therefore the PILOT revenue decreased in FY 2014 by $189,000.00. We anticipate no changes in FY 2015

Payment in Lieu of Taxes (PILOT)		
Fiscal Year	Revenue	
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	1,462,691	
2014	1,310,000	Per Recap
2015	1,310,000	Estimated
% Change FY13 vs. FY14		0.0%

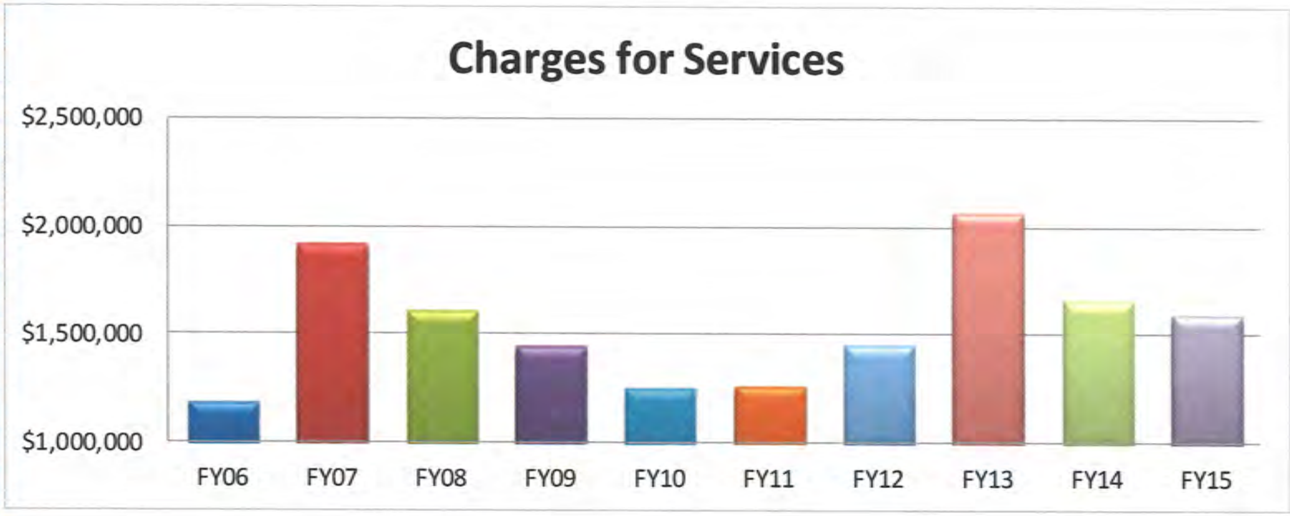


CHARGES FOR SERVICES

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. In FY 2015 we anticipate a 4.1% reduction in user fees and services due to the completion of many projects.

Charges for Services		
Fiscal Year	**Revenue**	
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	2,073,901	
2014	1,668,443	Per Recap
2015	1,600,000	Estimated
% Change FY14 vs. FY15		**-4.1%**



PARKING FEES

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 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 budgeted conservatively in FY13 and FY 14 for parking fee revenue. In FY 15 we are not anticipating any increases based on the free half hour of meter time on the Smart Meters, the closing of the Bridge Street MBTA lot and budget trends in FY 2014.

Parking Fees		
Fiscal Year	**Revenue**	
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	2,580,261	
2014	2,300,000	Per Recap
2015	2,300,000	Estimated
% Change FY14 vs. FY15		**0.0%**

LICENSES AND PERMITS

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 anticipate a 4.4% decrease in license fees for FY 2015 based on FY 2014 revenue trends.

Licenses & Permits		
Fiscal Year	Revenue	
2006	497,478	
2007	517,697	
2008	510,120	
2009	567,166	
2010	567,732	
2011	510,375	
2012	499,048	
2013	484,183	
2014	450,000	Per Recap
2015	430,000	Estimated
% Change FY14 vs. FY15		-4.4%

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).

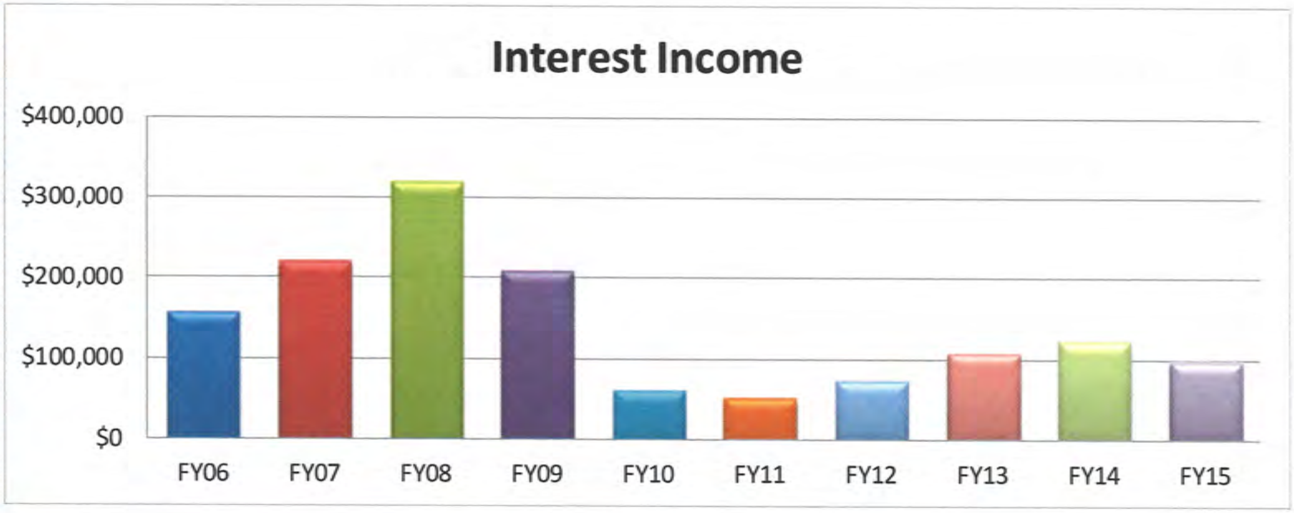
Due to longer meter times available we anticipate lower parking fines revenue due to less parking violations and also based on revenue trends in FY 2014.

Fines & Forfeits		
Fiscal Year	Revenue	
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	1,230,761	
2014	1,200,000	Per Recap
2015	1,100,000	Estimated
% Change FY14 vs. FY15		-8.3%

Interest Income - 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. However, we anticipate a 20% decrease based on a fluctuating market and FY 2014 revenue trends.

Interest Income		
Fiscal Year	Revenue	
2006	159,031	
2007	221,474	
2008	321,741	
2009	211,490	
2010	62,904	
2011	53,792	
2012	74,956	
2013	110,033	
2014	125,000	Per Recap
2015	100,000	Estimated
% Change FY14 vs. FY15		-20.0%

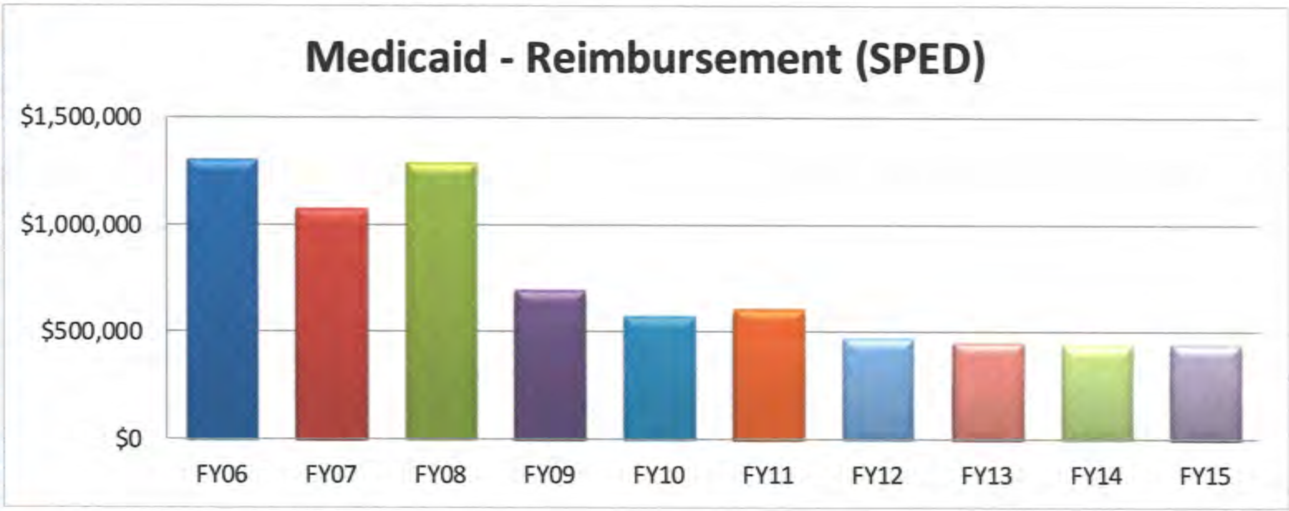


MISCELLANEOUS REVENUE - RECURRING

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.)

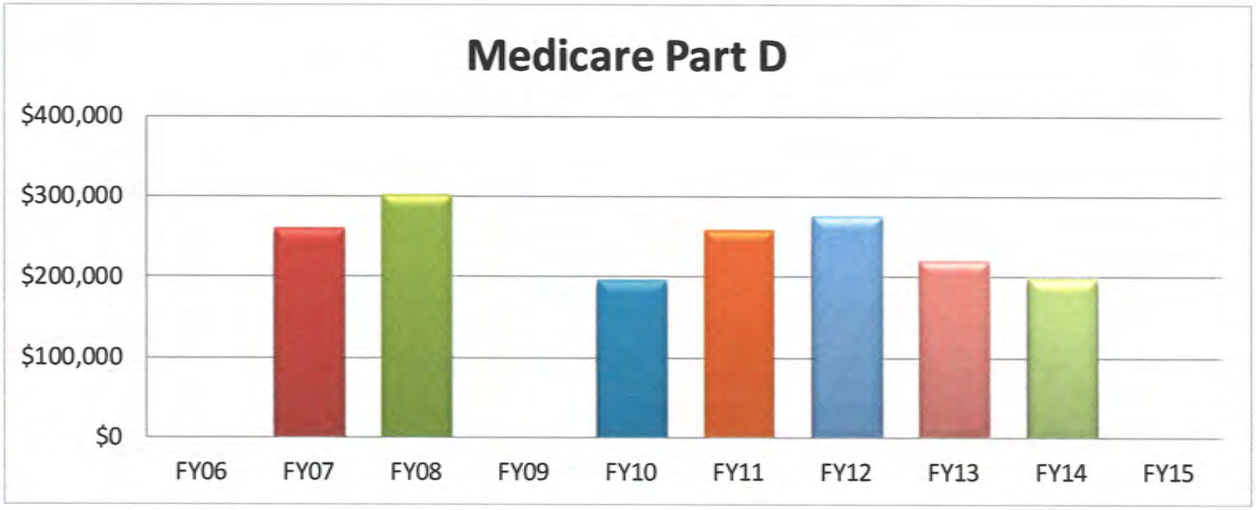
In FY 2015 we anticipate no increase in SPED Medicaid based on FY 2014 revenue trends and continuous changes to the formula for calculating reimbursements.

Medicaid - Reimbursement (SPED)		
Fiscal Year	Revenue	
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	461,366	
2014	450,000	Per Recap
2015	450,000	Estimated
% Change FY14 vs. FY15		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 now that we are with the GIC health insurance plan, we are not anticipating any Medicare Part D revenue from now on.

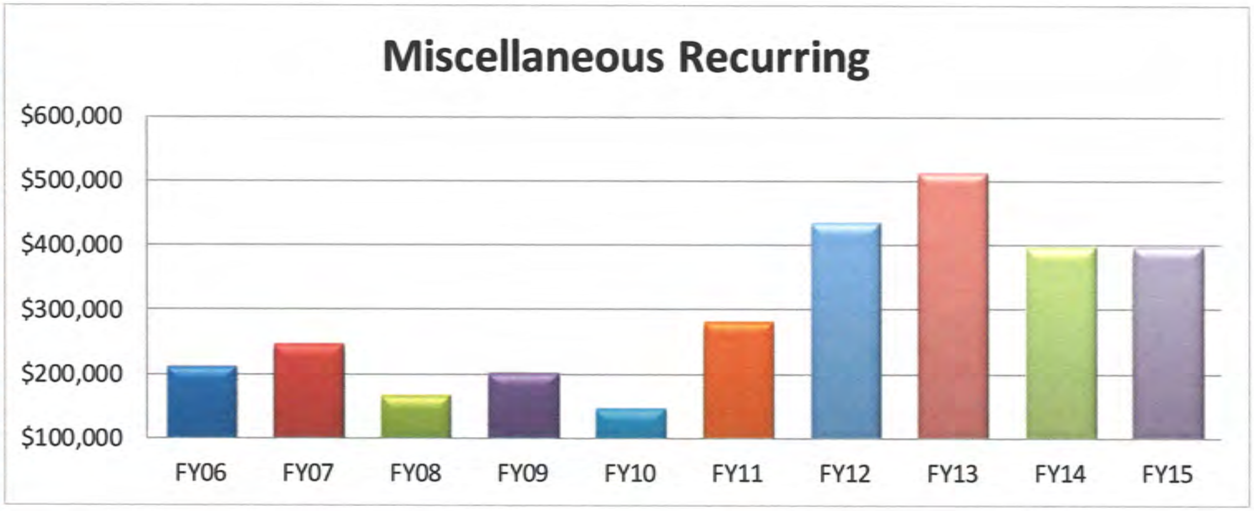
Medicare Part D		
Fiscal Year	Revenue	
2006	-	
2007	261,809	
2008	304,139	
2009	-	
2010	197,872	
2011	258,783	
2012	277,629	
2013	221,879	
2014	200,000	Per Recap
2014	-	Estimated
% Change FY14 vs. FY15		-100.0%



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 2015 based on current revenue trends.

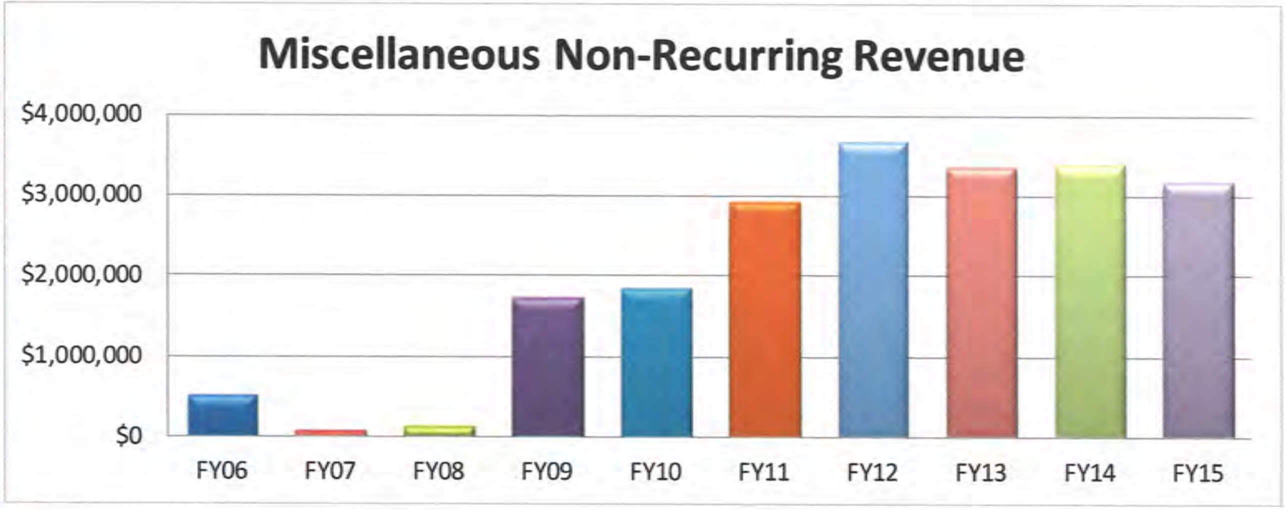
Miscellaneous Recurring		
Fiscal Year	Revenue	
2006	214,069	
2007	248,905	
2008	168,331	
2009	203,694	
2010	149,140	
2011	283,177	
2012	437,027	
2013	515,489	
2014	400,000	Per Recap
2015	400,000	Estimated
% Change FY14 vs. FY15		0.0%



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 2015 much of the Host Fee money comes in as tax revenue and is part of the Tax Levy. Only 185K actually comes in as revenue outside of the tax levy.

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 2015 amounts to approximately Three Million Dollars in hold harmless money and 185,000 in a host fee. In FY 2015 we do not anticipate any premiums from refinancing.

Miscellaneous Non-Recurring Revenue		
Fiscal Year	Revenue	
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	3,377,535	
2014	3,418,072	Per Recap
2015	3,185,000	Estimated
% Change FY14 vs. FY15		-6.8%



III. INTERGOVERNMENTAL REVENUE – CHERRY SHEET

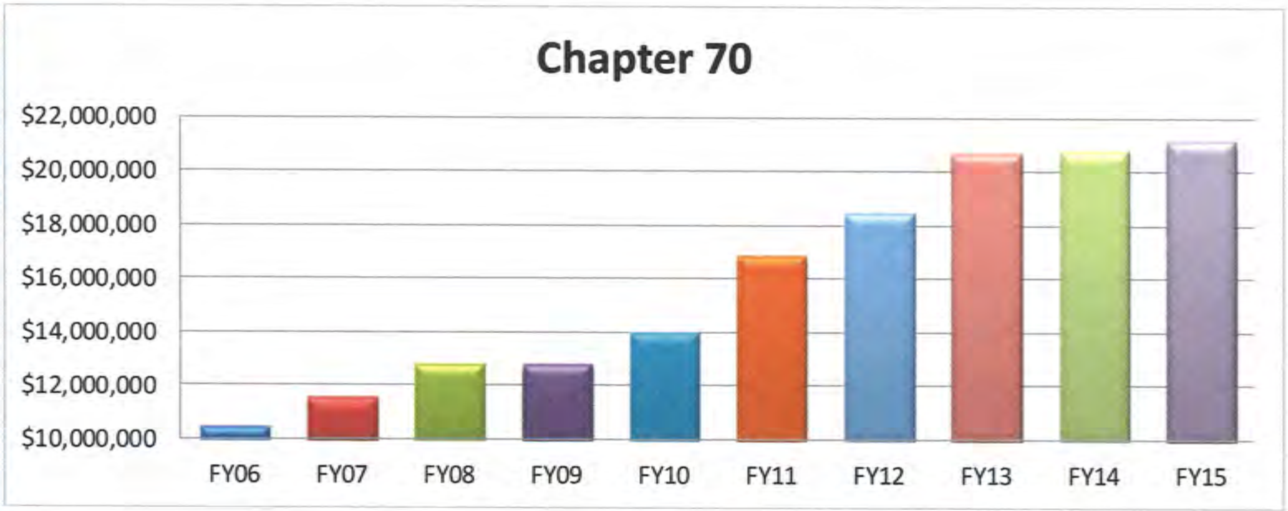
Cherry Sheet - Every year the Commonwealth sends out to each municipality a "Cherry Sheet", named for the pink-colored paper on which it was originally printed. The Cherry sheet comes in two parts, one listing the State assessments to municipalities for Massachusetts Bay Transportation Authority (MBTA), 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/dor/docs/dls/cherry/cherrysheetmanual.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 2015 the State increased CH 70 revenue by 1.7%.

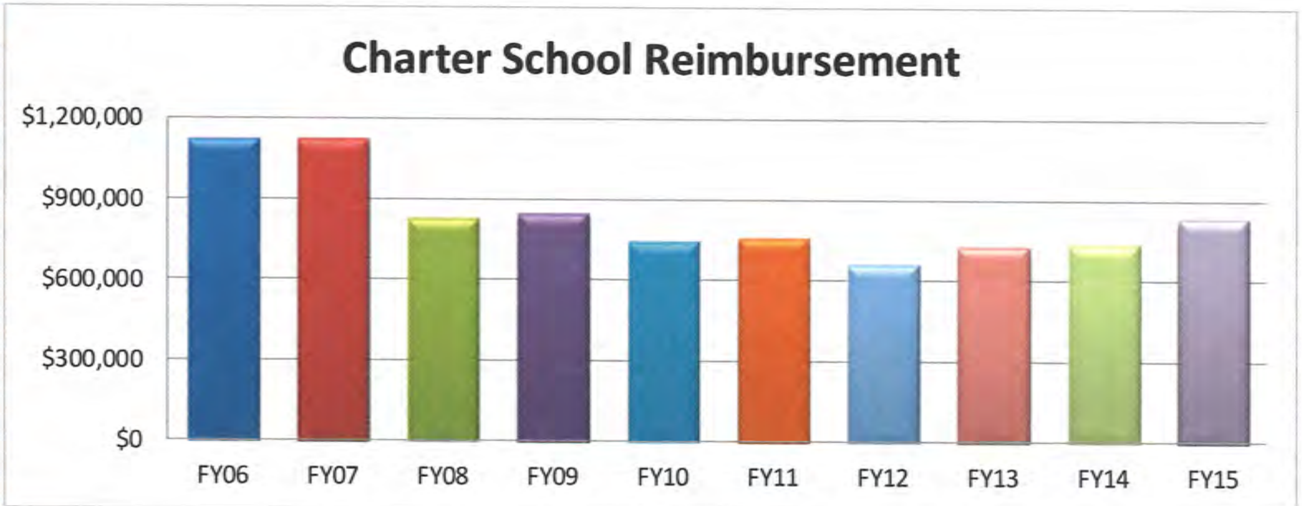
Chapter 70- School Aid		
Fiscal Year	Revenue	
2006	10,536,330	
2007	11,648,162	
2008	12,876,914	
2009	12,859,851	
2010	14,083,762	
2011	16,969,097	
2012	18,522,267	
2013	20,759,584	
2014	20,879,459	Per Recap
2015	21,231,627	Estimated
% Change FY14 vs. FY15		1.7%



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.

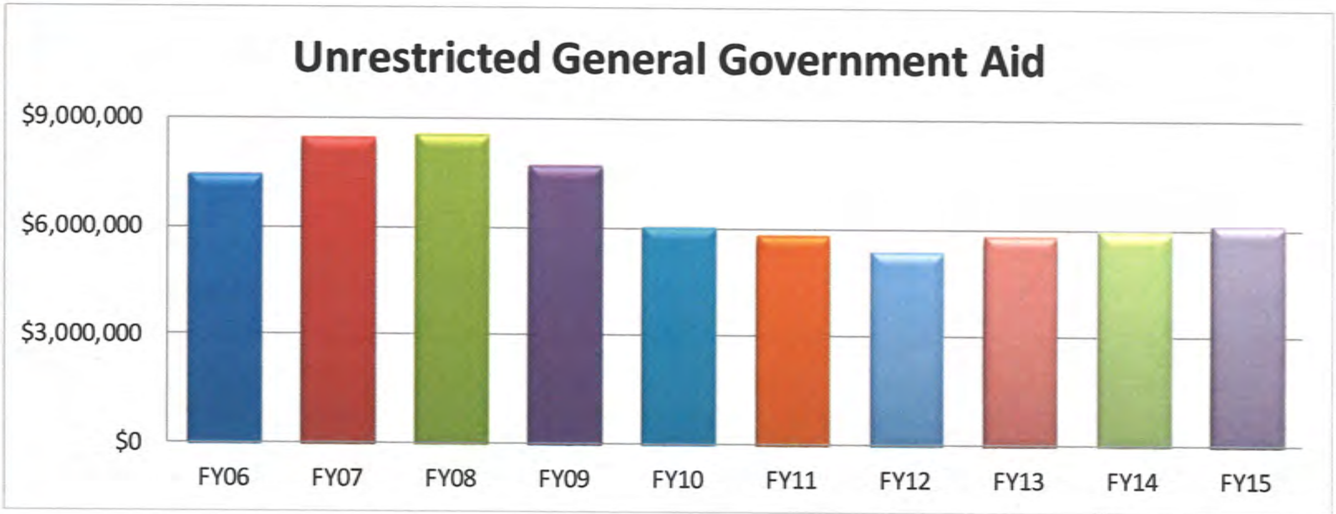
Charter Tuition Reimbursement - Under Chapter 71, Section 89, 2004 Chapter 46 of the Acts of 1997 provides for the reimbursement sending districts for the tuition they pay to Commonwealth charter schools. It is a reimbursement for those students that elect to attend a charter school. Sending districts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

Charter School Reimbursement		
Fiscal Year	Revenue	
2006	1,131,218	
2007	1,128,304	
2008	835,700	
2009	856,228	
2010	753,941	
2011	768,178	
2012	671,726	
2013	738,383	
2014	745,832	Per Recap
2015	842,884	Estimated
% Change FY14 vs. FY15		13.0%



Unrestricted General Government Aid (UGGA). In FY 2010 the state 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 2006 to FY 2009 combines the three revenue sources no longer used (lottery, subsidy to lottery, & additional assistance). The FY 2015 amount is a 2.8% increase.

Unrestricted Gen. Govt. Aid		
Fiscal Year	Revenue	
2006	7,503,030	
2007	8,486,522	
2008	8,585,568	
2009	7,748,937	
2010	6,077,873	
2011	5,834,758	
2012	5,412,881	
2013	5,834,758	
2014	5,972,679	Per Recap
2015	6,138,313	Estimated
% Change FY14 vs. FY15		2.8%

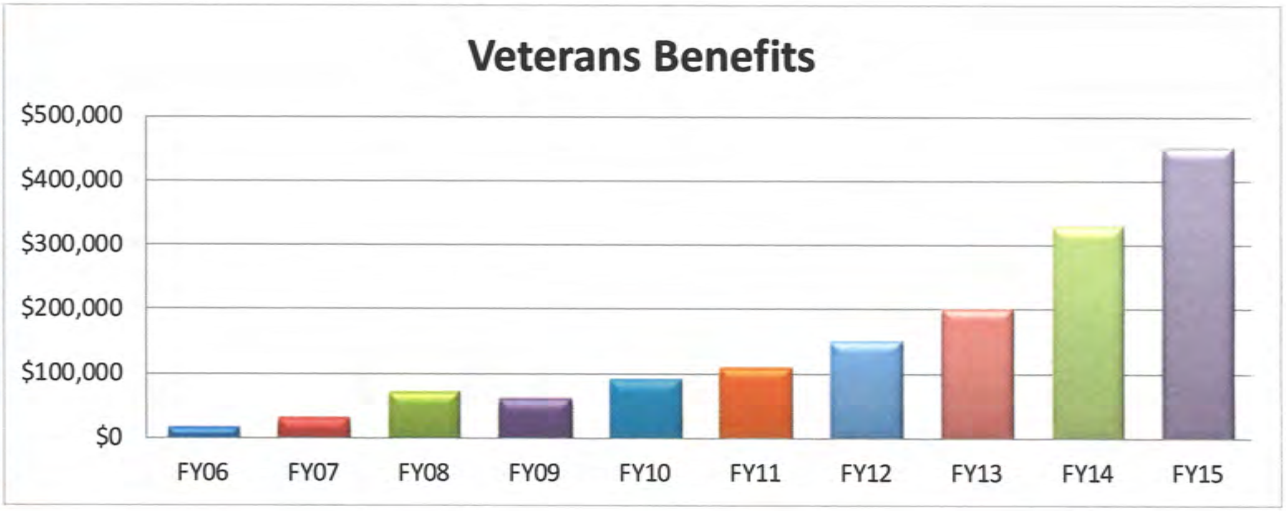


Police Career Incentive - Under Chapter 41 of the Mass General Laws, members of participating police departments receive a salary increase predicated on the amount of college credits earned toward a law enforcement degree. The Commonwealth reimburses municipalities for one-half of this salary increase. 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% and again reduced by 51.2% in FY 2011. FY 2012 decrease was 48.41%. 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	
2006	317,915	
2007	358,801	
2008	369,742	
2009	337,343	
2010	64,475	
2011	31,492	
2012	16,248	
2013	-	
2014	-	Per Recap
2015	-	Estimated
% Change FY14 vs. FY15		

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	
2006	18,960	
2007	33,124	
2008	74,249	
2009	62,123	
2010	93,176	
2011	109,431	
2012	153,533	
2013	202,949	
2014	332,364	Per Recap
2015	451,957	Estimated
% Change FY14 vs. FY15		36.0%



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	
2006	31,730	
2007	47,443	
2008	53,007	
2009	56,834	
2010	51,200	
2011	45,145	
2012	46,760	
2013	46,774	
2014	47,700	Per Recap
2015	53,305	Estimated
% Change FY14 vs. FY15		11.8%

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.

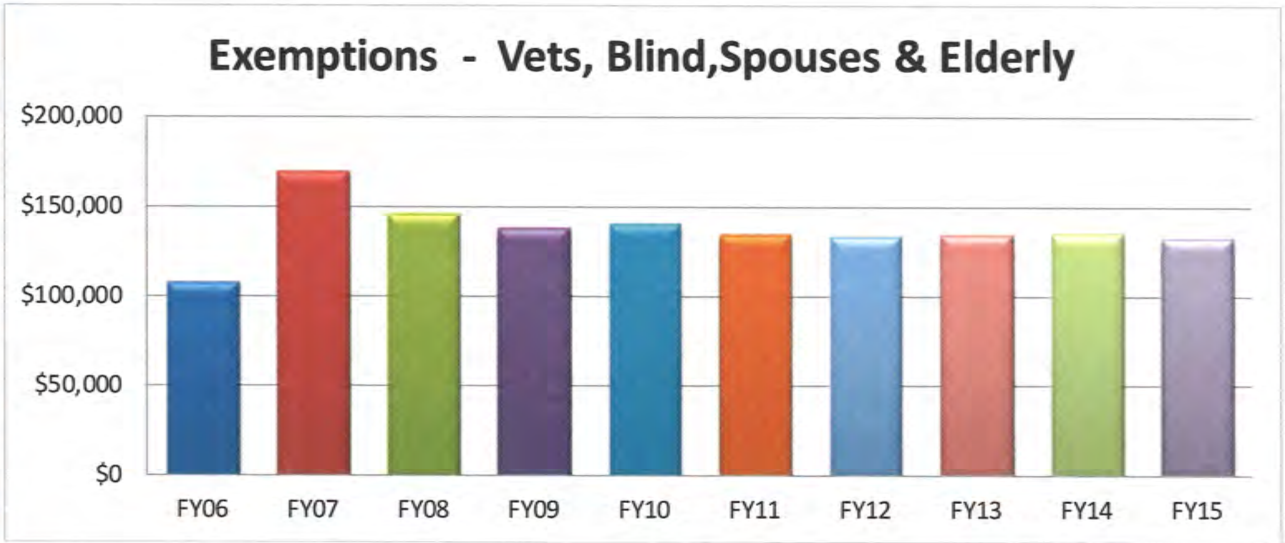
Qualifying veterans or their surviving spouses receive an abatement of $175 or $2,000 in valuation times the tax rate, whichever is the greater. Chapter 59, Section 5, Clause 17d, of the General Laws, as amended by Section 2, Chapter 653 of the Acts of 1982, provides a flat $175 in tax relief to certain 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. FY 2015 shows a decrease of 2%.

Exemptions- Vets, Blind, Spouse & Elderly		
Fiscal Year	Revenue	
2006	108,032	
2007	169,737	
2008	146,814	
2009	138,505	
2010	141,292	
2011	135,493	
2012	134,455	
2013	134,762	
2014	136,295	Per Recap
2015	133,586	Estimated
% Change FY14 vs. FY15		-2.0%



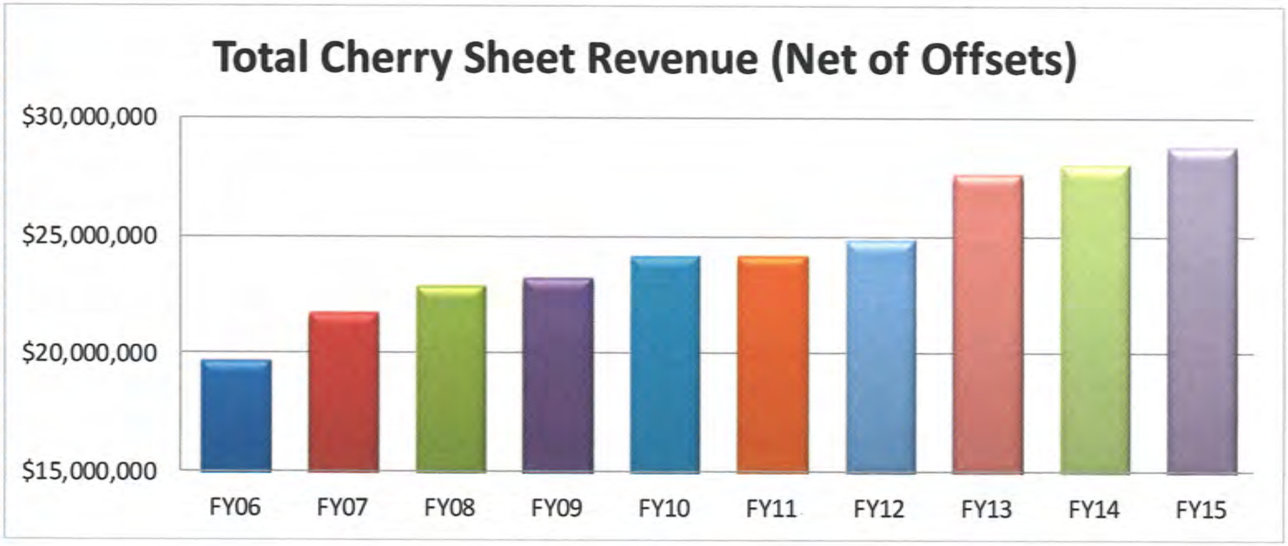
Cherry Sheet Offsets For Direct Expenditure – The state provides receipts that are paid directly to departments through state granting agencies, and are not part of the City's General Fund Cherry Sheet Revenue. These revenues are for School Lunch and Public Library as shown in the charts below. For a description of Offset Receipts go to http://www.mass.gov/dor/docs/dls/cherry/cherrysheetmanual.pdf

School Lunch Offset Receipts for Direct Expenditure		
Fiscal Year	Revenue	
2006	29,012	
2007	25,785	
2008	28,460	
2009	28,460	
2010	25,228	
2011	23,310	
2012	28,080	
2013	27,762	
2014	27,578	Per Recap
2015	27,439	Estimated
% Change FY14 vs. FY15		-0.5%

Library Offset Receipts for Direct Expenditure		
Fiscal Year	Revenue	
2006	62,921	
2007	62,504	
2008	68,080	
2009	68,080	
2010	49,196	
2011	49,934	
2012	47,725	
2013	48,262	
2014	48,103	Per Recap
2015	51,925	Estimated
% Change FY14 vs. FY15		7.9%

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	
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	27,701,712	
2014	28,104,329	Per Recap
2015	28,851,672	Estimated
% Change FY14 vs. FY15		2.7%



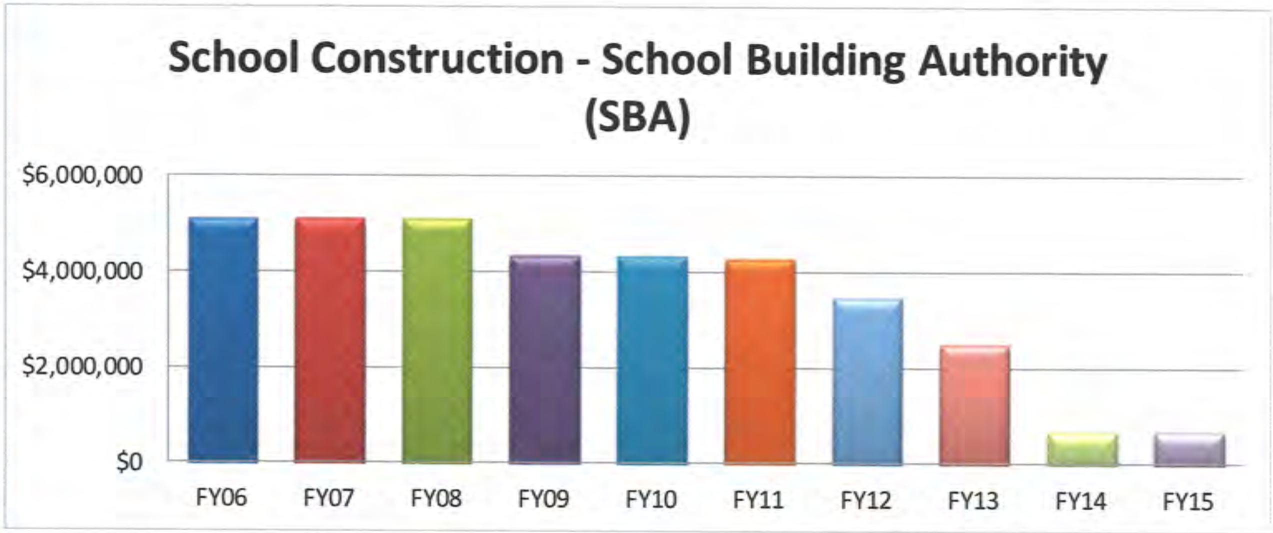
IV. SCHOOL BUILDING AUTHORITY (SBA) REIMBURSEMENTS

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

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. The amount received in FY 2013 was reduced 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. FY 2014 saw a significant reduction in SBA reimbursement of $1.8M (71.1%) due to the payoff of the Bowditch, Saltonstall and part of Bates bonds. The only project the SBA is still reimbursing is the reduced amount on the Bates school. See SBA reimbursement chart later in this section.

School Construction School Building Authority (SBA)		
Fiscal Year	Revenue	
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	
2014	732,824	Per Recap
2015	732,824	Estimated
% Change FY14 vs. FY15		0.0%

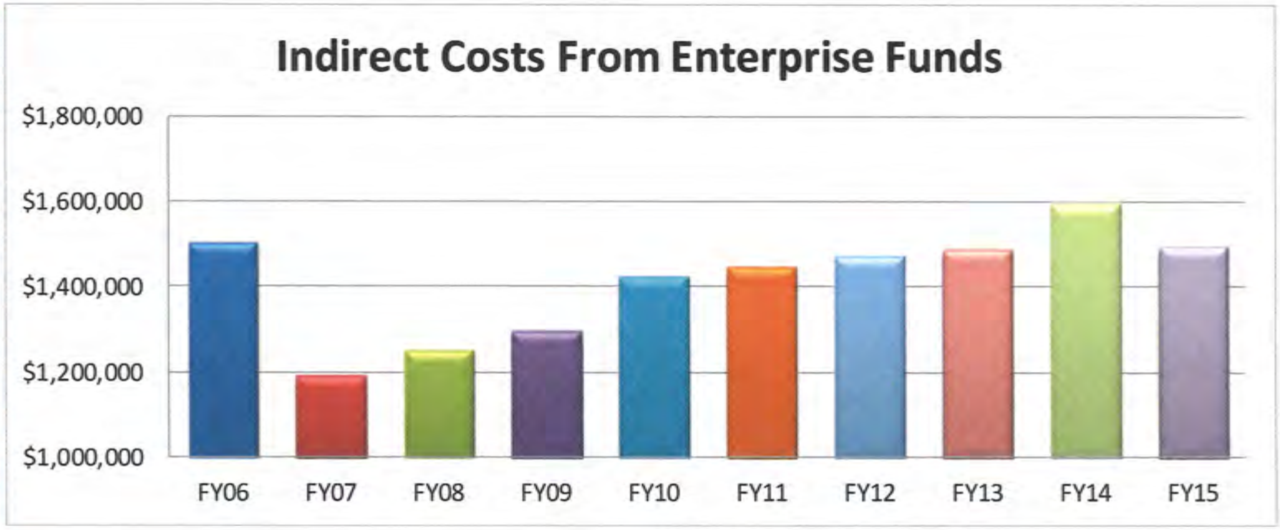


V. INTERGOVERNMENTAL & INTERFUND TRANSFERS

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. The Trash Enterprise Fund is subsidized by the General Fund and therefore no indirect costs are reimbursed back to the General Fund from the Trash Enterprise Fund.

Starting in FY 2015 the City will slowly reduce the amount of indirect costs transferred to the General Fund in response to the recommendation of the City's outside auditors. These indirect costs will continue to decrease until we comply with the auditor's recommendations on indirect cost calculations. .

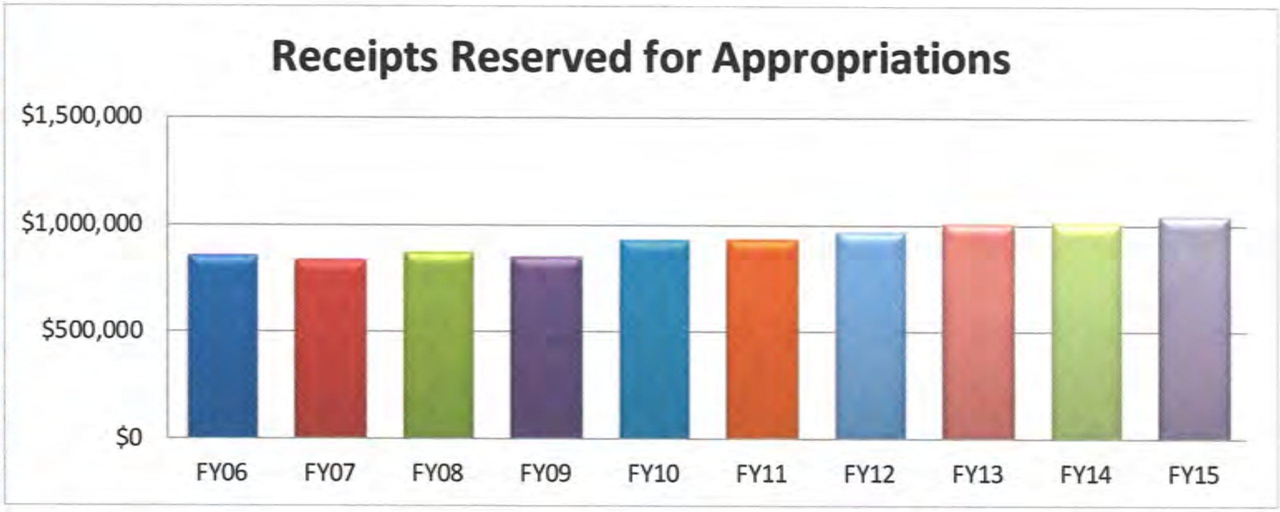
Inter-fund Operating Transfers In Indirect Costs from Enterprise Funds		
Fiscal Year	Revenue	
2006	1,507,633	
2007	1,195,330	
2008	1,258,161	
2009	1,301,747	
2010	1,430,065	
2011	1,452,222	
2012	1,477,074	
2013	1,493,881	
2014	1,601,654	Per Recap
2015	1,501,654	Estimated
% Change FY14 vs. FY15		-6.2%



OTHER FINANCIAL SOURCES

Receipts Reserved for Appropriation – They City of Salem has three Receipts' Reserved for Appropriation Funds for Harbormaster, Golf Course, and Witch House. The revenue earned from these activities is credited to each of these special revenue funds. At the request of the Mayor, that money is appropriated by the City Council to the General Fund to cover both direct and indirect costs of each department in December for purposes of the certification of the City's tax rate by the Massachusetts Department of Revenue, as well as periodically throughout the year at the request of the department head of the Golf Course, Witch House, or Harbormasters Office to cover unforeseen or extraordinary expenses. We anticipate an increase of 3.5% for FY 2015 based on revised indirect cost calculations and increases to budgets.

Receipts Reserved for Appropriations		
Fiscal Year	Revenue	
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	
2014	1,014,995	Per Recap
2015	1,050,452	Estimated
% Change FY14 vs. FY15		3.5%



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 2015 we do not anticipate using any other financing sources to balance the budget.

FY2015 Local Aid Estimates

Salem

	FY2014 Cherry Sheet Estimate	FY2015 Governor's Budget Proposal	FY2015 HWM Budget Proposal	FY2015 SWM Budget Proposal	FY2015 Conference Committee
Education:					
Chapter 70	20,879,459	21,231,627	21,231,627	21,231,627	
School Transportation	0	0	0		
Charter Tuition Reimbursement	745,832	584,464	842,884		
Smart Growth School Reimbursement	0	0	0		
Offset Receipts:					
School Lunch	27,578	27,439	27,439		
School Choice Receiving Tuition	0	0	0		
Sub-total, All Education Items:	**21,652,869**	**21,843,530**	**22,101,950**	**21,231,627**	
General Government:					
Unrestricted Gen Gov't Aid	5,972,679	5,972,679	6,138,313	6,138,313	
Local Sh of Racing Taxes	0	0	0		
Regional Public Libraries	0	0	0		
Urban Revitalization	0	0	0		
Veterans Benefits	322,364	451,957	451,957		
State Owned Land	47,700	52,309	53,305		
Exemp: VBS and Elderly	136,295	133,586	133,586		
Offset Receipts:					
Public Libraries	48,103	49,301	51,925		
Sub-Total, All General Government	**6,527,141**	**6,659,832**	**6,829,086**	**6,138,313**	
Total Estimated Receipts	**28,180,010**	**28,503,362**	**28,931,036**	**27,369,940**	

Estimates for Chapter 70 and Unrestricted General Government Aid are based on local aid resolution approved by the Legislature. All other Cherry Sheet programs will be subject to debate as the House and Senate prepare their budget proposals.

FY2015 Local Aid Assessments

Salem

	FY2014 Cherry Sheet Estimate	FY2015 Governor's Budget Proposal	FY2015 HWM Budget Proposal	FY2015 SWM Budget Proposal	FY2015 Conference Committee
County Assessments:					
County Tax	0	0	0		
Suffolk County Retirement	0	0	0		
Essex County Reg Comm Center	0	0	0		
Sub-Total, County Assessments:	**0**	**0**	**0**		
State Assessments and Charges:					
Retired Employees Health Insurance	0	0	0		
Retired Teachers Health Insurance	0	0	0		
Mosquito Control Projects	40,540	40,670	40,670		
Air Pollution Districts	11,114	11,154	11,154		
Metropolitan Area Planning Council	13,349	13,681	13,681		
Old Colony Planning Council	0	0	0		
RMV Non-Renewal Surcharge	188,000	170,100	170,100		
Sub-Total, State Assessments:	**253,003**	**235,605**	**235,605**		
Transportation Authorities:					
MBTA	883,027	898,463	898,463		
Boston Metro. Transit District	0	0	0		
Regional Transit	0	0	0		
Sub-Total, Transp Authorities:	**883,027**	**898,463**	**898,463**		
Annual Charges Against Receipts:					
Special Education	4,205	1,407	1,407		
STRAP Repayments	0	0	0		
Sub-Total, Annual Charges:	**4,205**	**1,407**	**1,407**		
Tution Assessments:					
School Choice Sending Tuition	292,124	349,798	349,798		
Charter School Sending Tuition	4,025,744	4,488,350	4,881,116		
Essex County Tech Sending Tuition	200,850	0	0		
Sub-Total, Tution Assessments:	**4,518,718**	**4,838,148**	**5,230,914**		
Total Estimated Charges:	**5,658,953**	**5,973,623**	**6,366,389**		

Massachusetts Department of Revenue
Division of Local Services
FY2014 Local Aid Estimates

SALEM

	FY2013 Cherry Sheet Estimate	FY2014 Governor's Budget (H1)	FY2014 House Final Budget Proposal	FY2014 Senate Final Budget Proposal	FY2014 Conference Committee
Education:					
Chapter 70	20,759,584	21,413,628	20,879,459	20,879,459	20,879,459
School Transportation	0	0	0	0	0
Charter Tuition Reimbursement	1,105,297	772,924	569,826	609,243	745,832
Smart Growth School Reimbursement	0	0	0	0	0
Offset Receipts:					
School Lunch	27762	27,578	27,578	27,578	27,578
School Choice Receiving Tuition	0	0	0	0	0
Sub-Total, All Education Items	**21,892,643**	**22,214,130**	**21,476,863**	**21,516,280**	**21,652,869**
General Government:					
Unrestricted General Government Aid	5,834,758	5,834,758	5,972,679	5,834,758	5,972,679
Annual Formula Aid Calculation	0	211,761	0	0	0
Local Share of Racing Taxes	0	0	0	0	0
Regional Public Libraries	0	0	0	0	0
Urban Renewal Projects	0	0	0	0	0
Veterans' Benefits	202,949	326,302	322,364	322,364	322,364
State Owned Land	46,775	46,809	46,809	48,591	47,700
Exemptions: Vets, Blind, Surviving Spouses & Elderly	134,762	136,295	136,295	136,295	136,295
Offset Receipts:					
Public Libraries	48,262	48,103	48,103	48,103	48,103
Sub-Total, All General Government	**6,267,506**	**6,604,028**	**6,526,250**	**6,390,111**	**6,527,141**
Total Estimated Receipts	**28,160,149**	**28,818,158**	**28,003,113**	**27,906,391**	**28,180,010**

FY2014 Local Aid Assessments
SALEM

	FY2013 Cherry Sheet Estimate	FY2014 Governor's Budget (H1)	FY2014 House Final Budget Proposal	FY2014 Senate Final Budget Proposal	FY2014 Conference Committee
County Assessments:					
County Tax	0	0	0	0	0
Suffolk County Retirement	0	0	0	0	0
Sub-Total, County Assessments	**0**	**0**	**0**	**0**	**0**
State Assessments and Charges:					
Retired Employees Health Insurance	0	0	0	0	0
Retired Teachers Health Insurance	0	1,858,493	0	0	0
Mosquito Control Projects	40,706	44,155	44,155	44,155	40,540
Air Pollution Districts	10,940	11,114	11,114	11,114	11,114
Metropolitan Area Planning Council	13,023	13,349	13,349	13,349	13,349
Old Colony Planning Council	0	0	0	0	0
RMV Non-Renewal Surcharge	179,760	188,000	188,000	188,000	188,000
Sub-Total, State Assessments	**244,429**	**2,115,111**	**256,618**	**256,618**	**253,003**
Transportation Authorities:					
MBTA	873554	883,027	883,027	883,027	883,027
Boston Metro. Transit District	0	0	0	0	0
Regional Transit		0	0	0	0
Sub-Total, Transportation Authorities	**873,554**	**883,027**	**883,027**	**883,027**	**883,027**
Annual Charges Against Receipts:					
Special Education	37,466	4,182	4,182	4,182	4,205
STRAP Repayments	0	0	0	0	0
Sub-Total, Annual Charges	**37,466**	**4,182**	**4,182**	**4,182**	**4,205**
Tuition Assessments					
School Choice Sending Tuition	187,040	273,255	273,255	273,255	292,124
Charter School Sending Tuition	3,946,008	4,107,235	4,026,516	4,026,516	4,025,744
Essex County Tech Sending Tuition	261,976	200,850	200,850	200,850	200,850
Sub-Total, Tuition Assessments	**4,395,024**	**4,581,340**	**4,500,621**	**4,500,621**	**4,518,718**
Total Estimated Charges	**5,550,473**	**7,583,660**	**5,644,448**	**5,644,448**	**5,658,953**

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

Massachusetts School Building Authority (MSBA)

City of Salem
REIMBURSEMENTS BY FISCAL YEAR

MSBA ID	School Name	Pay Qtr	2012	2013	2014	2015	2016	2017	2018	2019	2020
C20003730	BATES ELEMENTARY	Q1	850,966	850,966	732,824	732,824	732,824	732,824	732,824	732,824	732,824
C20033838	CARLTON	Q3	578,710	578,710							
C20033839	FEDERAL STREET ELEM. (Bowditch)	Q3	1,104,663	1,104,663							
Total			**2,534,339**	**2,534,339**	**732,824**	**732,824**	**732,824**	**732,824**	**732,824**	**732,824**	**732,824**

CITY OF SALEM, MASSACHUSETTS
FY 2015 OPERATING BUDGET

	ACTUAL EXPENDED FY 2013	ADOPTED BUDGET FY 2014	ADJUSTED BUDGET FY 2014	DEPT BUDGET FY 2014	MAYOR BUDGET FY 2015	CITY COUNCIL BUDGET FY 2015	FY14 Adj vs. FY15 Budget Inc/Decr Amount	FY14 Adj vs. FY15 Budget Inc/Decr Percentage
GENERAL FUND								
GENERAL GOVERNMENT	4,812,704	4,802,367	4,894,918	5,174,870	5,354,857	5,354,857	459,939	9.40%
PUBLIC SAFETY	17,775,918	18,966,567	19,264,567	19,342,166	19,170,700	19,170,700	(93,867)	-0.49%
PUBLIC WORKS & FACILITIES	4,035,341	3,609,902	3,657,347	3,718,787	3,765,086	3,765,086	107,739	2.95%
HUMAN SERVICES	1,210,657	1,227,257	1,443,757	1,318,296	1,277,825	1,277,825	(165,932)	-11.49%
CULTURAL & RECREATIONAL	2,283,201	2,433,767	2,573,866	2,539,622	2,520,109	2,520,109	(53,757)	-2.09%
DEBT SERVICE	5,709,847	5,040,047	5,040,047	4,896,445	4,636,539	4,636,539	(403,508)	-8.01%
ASSESSMENTS	6,724,882	7,589,487	7,603,992	7,977,013	8,743,181	8,743,181	1,139,189	14.98%
EMPLOYEE BENEFITS	22,223,201	23,386,271	23,386,271	25,150,480	23,772,182	23,772,182	385,911	1.65%
MUNICIPAL INSURANCE	164,043	317,375	317,375	332,994	284,018	284,018	(33,357)	-10.51%
TRANSFERS OUT OF GENERAL FUND	2,301,111	2,023,257	2,023,257	2,163,257	1,600,257	1,600,257	(423,000)	-20.91%
CITY TOTAL	**67,240,902**	**69,396,297**	**70,205,398**	**72,613,930**	**71,124,754**	**71,124,754**	**919,356**	**1.31%**
EDUCATION-PUBLIC SCHOOLS	50,771,125	52,553,423	52,553,423	54,461,543	54,461,543	54,461,543	1,908,120	3.63%
EDUCATION TOTAL	**50,771,125**	**52,553,423**	**52,553,423**	**54,461,543**	**54,461,543**	**54,461,543**	**1,908,120**	**3.63%**
GENERAL FUND TOTAL	**118,012,027**	**121,949,720**	**122,758,821**	**127,075,473**	**125,586,297**	**125,586,297**	**2,827,476**	**2.30%**
ENTERPRISE FUNDS								
SEWER	7,021,187	6,982,171	7,041,171	7,176,574	7,171,355	7,171,355	130,184	1.85%
WATER	4,707,610	4,838,523	4,929,523	4,949,617	4,929,788	4,929,788	265	0.01%
TRASH	2,692,599	2,424,288	2,424,288	2,547,779	2,461,917	2,461,917	37,629	1.55%
ENTERPRISE FUND TOTAL	**14,421,396**	**14,244,982**	**14,394,982**	**14,673,970**	**14,563,060**	**14,563,060**	**168,078**	**1.17%**
GRAND TOTAL ALL FUNDS	**132,433,422**	**136,194,702**	**137,153,803**	**141,749,443**	**140,149,357**	**140,149,357**	**2,995,554**	**2.18%**

CITY OF SALEM, MASSACHUSETTS
FY 2015 OPERATING BUDGET

	ACTUAL EXPENDED FY 2013	ADOPTED BUDGET FY 2014	ADJUSTED BUDGET FY 2014	DEPT BUDGET FY 2014	MAYOR BUDGET FY 2015	CITY COUNCIL BUDGET FY 2015	FY14 Adj vs. FY15 Budget Inc/Decr Amount	Percentage
GENERAL GOVERNMENT:								
CITY COUNCIL								
Legislative	149,828	175,577	175,577	183,827	172,827	172,827	(2,750)	-1.57%
MAYOR								
Executive	358,825	462,685	532,685	510,160	521,119	521,119	(11,566)	-2.17%
FINANCE/AUDITING								
Accounting	273,585	319,327	319,327	319,327	324,814	324,814	5,487	1.72%
PURCHASING								
Purchasing	120,038	124,683	124,683	124,222	127,956	127,956	3,273	2.63%
Fixed Costs	48,889	56,580	56,580	57,396	57,396	57,396	816	1.44%
ASSESSORS								
Board of Assessors	267,708	309,095	309,095	313,497	317,147	317,147	8,052	2.61%
TREASURER								
Treasury Services	280,982	322,885	322,885	327,465	329,508	329,508	6,623	2.05%
COLLECTOR								
Tax Collections	211,382	215,329	215,329	224,826	222,795	222,795	7,466	3.47%
SOLICITOR								
Legal Services/Licensing	293,900	300,570	300,570	300,570	308,758	308,758	8,188	2.72%
HUMAN RESOURCES								
Personnel	693,665	286,570	276,570	286,571	519,651	519,651	243,081	87.89%
		-	-		-	-		
MIS								
Data Processing	148,293	188,377	188,377	283,346	232,850	232,850	44,473	23.61%
Fixed Costs	305,853	358,559	358,559	383,190	383,190	383,190	24,631	6.87%
CITY CLERK								
Record Maintenance	257,405	271,981	271,981	277,535	275,544	275,544	3,563	1.31%
ELECTION/REGISTRATION								
Voting	177,169	156,560	156,560	154,386	155,582	155,582	(978)	-0.62%
CONSERVATION								
Active/Passive Conservation	25,385	28,426	28,426	28,623	29,232	29,232	806	2.84%
PLANNING BOARD								

CITY OF SALEM, MASSACHUSETTS
FY 2015 OPERATING BUDGET

	ACTUAL EXPENDED FY 2013	ADOPTED BUDGET FY 2014	ADJUSTED BUDGET FY 2014	DEPT BUDGET FY 2014	MAYOR BUDGET FY 2015	CITY COUNCIL BUDGET FY 2015	FY14 Adj vs. FY15 Budget Inc/Decr Amount	Percentage
Subdivision, Planning & Zoning	25,482	28,559	28,559	27,856	28,414	28,414	(145)	-0.51%
APPEALS, BOARD OF								
Zoning Appeals	2,956	550	550	550	550	550	-	0.00%
PLANNING								
Planning & Community Development	272,090	286,072	301,972	445,167	421,168	421,168	119,196	39.47%
PUBLIC PROPERTY								
Public Prop-Fixed Costs	691,456	697,107	713,758	686,831	686,831	686,831	(26,927)	-3.77%
MARKET AND TOURIST COMM.								
Tourist Promotion	207,812	212,875	212,875	239,525	239,525	239,525	26,650	12.52%
TOTAL GENERAL GOVERNMENT	**4,812,704**	**4,802,367**	**4,894,918**	**5,174,870**	**5,354,857**	**5,354,857**	**459,939**	**9.40%**

CITY OF SALEM, MASSACHUSETTS
FY 2015 OPERATING BUDGET

	ACTUAL EXPENDED FY 2013	ADOPTED BUDGET FY 2014	ADJUSTED BUDGET FY 2014	DEPT BUDGET FY 2014	MAYOR BUDGET FY 2015	CITY COUNCIL BUDGET FY 2015	FY14 Adj vs. FY15 Budget Inc/Decr Amount	FY14 Adj vs. FY15 Budget Inc/Decr Percentage
PUBLIC SAFETY:								
POLICE								
Citizen Protection	8,634,202	9,308,222	9,378,222	9,606,274	9,434,566	9,434,566	56,344	0.60%
FIRE								
Fire Suppression	7,574,214	8,070,253	8,092,253	8,142,706	8,130,903	8,130,903	38,650	0.48%
PUBLIC PROPERTY/BLDG INSP								
Building/Plumbing/Gas Inspection	353,573	393,405	399,405	395,897	398,381	398,381	(1,024)	-0.26%
ELECTRICAL								
Electrical Inspection & Maintenance	990,547	944,118	1,144,118	946,720	948,535	948,535	(195,583)	-17.09%
HARBORMASTER								
Harbormaster	223,382	250,569	250,569	250,569	258,315	258,315	7,746	3.09%
TOTAL PUBLIC SAFETY	**17,775,918**	**18,966,567**	**19,264,567**	**19,342,166**	**19,170,700**	**19,170,700**	**(93,867)**	**-0.49%**
EDUCATION :								
City Public Schools	50,771,125	52,553,423	52,553,423	54,461,543	54,461,543	54,461,543	1,908,120	3.63%
TOTAL EDUCATION	**50,771,125**	**52,553,423**	**52,553,423**	**54,461,543**	**54,461,543**	**54,461,543**	**1,908,120**	**3.63%**
PUBLIC WORKS & FACILITIES:								
PUBLIC SERVICES								
Public Services-General/Park/Open Space/Cem	2,215,340	2,225,654	2,273,099	2,326,478	2,362,561	2,362,561	89,462	3.94%
Snow and Ice	1,007,542	432,335	432,335	432,335	432,335	432,335	-	0.00%
ENGINEERING								
Engineering-General Admin	80,595	83,938	83,938	85,935	87,391	87,391	3,453	4.11%
PARKING DEPARTMENT								
General Operations	731,864	867,975	867,975	874,039	882,799	882,799	14,824	1.71%
TOTAL PUBLIC WORKS & FACILITIES	**4,035,341**	**3,609,902**	**3,657,347**	**3,718,787**	**3,765,086**	**3,765,086**	**107,739**	**2.95%**

CITY OF SALEM, MASSACHUSETTS
FY 2015 OPERATING BUDGET

	ACTUAL EXPENDED FY 2013	ADOPTED BUDGET FY 2014	ADJUSTED BUDGET FY 2014	DEPT BUDGET FY 2014	MAYOR BUDGET FY 2015	CITY COUNCIL BUDGET FY 2015	FY14 Adj vs. FY15 Budget Inc/Decr Amount	Percentage
HUMAN SERVICES:								
HEALTH, BOARD OF								
Administration & Support	362,429	381,106	382,606	417,491	380,776	380,776	(1,830)	-0.48%
COUNCIL ON AGING								
Administration & Support	280,634	325,916	325,916	350,400	357,019	357,019	31,103	9.54%
VETERANS AGENT								
Administration & Support	567,594	520,235	735,235	550,405	540,030	540,030	(195,205)	-26.55%
TOTAL HUMAN SERVICES	**1,210,657**	**1,227,257**	**1,443,757**	**1,318,296**	**1,277,825**	**1,277,825**	**(165,932)**	**-11.49%**
CULTURAL & RECREATIONAL								
LIBRARY								
Administration & Support	1,157,579	1,207,830	1,207,830	1,212,700	1,233,010	1,233,010	25,180	2.08%
RECREATION								
Administration & Support	447,197	507,129	507,129	546,332	507,883	507,883	754	0.15%
Golf Course	396,235	392,554	524,134	406,453	407,976	407,976	(116,158)	-22.16%
Witch House	127,487	141,441	149,960	154,383	155,342	155,342	5,382	3.59%
Pioneer Village	0	-	-	18,900	18,900	18,900	18,900	
Winter Island	145,671	175,499	175,499	191,540	187,521	187,521	12,022	6.85%
HISTORICAL COMMISSION								
Historic Preservation	9,032	9,314	9,314	9,314	9,477	9,477	163	1.75%
TOTAL CULTURAL & RECREATIONAL	**2,283,201**	**2,433,767**	**2,573,866**	**2,539,622**	**2,520,109**	**2,520,109**	**(53,757)**	**-2.09%**
DEBT SERVICE:								
Long Term Debt	5,632,614	4,387,820	4,387,820	4,247,491	4,247,491	4,247,491	(140,329)	-3.20%
Short Term Debt	77,233	652,227	652,227	648,954	389,048	389,048	(263,179)	-40.35%
TOTAL DEBT SERVICE	**5,709,847**	**5,040,047**	**5,040,047**	**4,896,445**	**4,636,539**	**4,636,539**	**(403,508)**	**-8.01%**
ASSESSMENTS:								
Essex NS Agricultural & Vocational School	1,583,485	1,945,039	1,945,039	2,003,390	2,376,792	2,376,792	431,753	22.20%
State Assessments (Budgeted from RECAP)	5,141,397	5,644,448	5,658,953	5,973,623	6,366,389	6,366,389	707,436	12.50%
TOTAL ASSESSMENTS	**6,724,882**	**7,589,487**	**7,603,992**	**7,977,013**	**8,743,181**	**8,743,181**	**1,139,189**	**14.98%**

CITY OF SALEM, MASSACHUSETTS
FY 2015 OPERATING BUDGET

	ACTUAL EXPENDED FY 2013	ADOPTED BUDGET FY 2014	ADJUSTED BUDGET FY 2014	DEPT BUDGET FY 2014	MAYOR BUDGET FY 2015	CITY COUNCIL BUDGET FY 2015	FY14 Adj vs. FY15 Budget Inc/Decr Amount	FY14 Adj vs. FY15 Budget Inc/Decr Percentage
EMPLOYEE BENEFITS:								
Contributory Retirement	9,186,990	9,526,094	9,526,094	10,911,932	10,011,291	10,011,291	485,197	5.09%
Non-contributory Pensions	62,158	74,408	74,408	76,196	76,196	76,196	1,788	2.40%
Workmen's Compensation	561,800	870,000	870,000	905,000	452,345	452,345	(417,655)	-48.01%
Unemployment Compensation	173,644	300,000	300,000	300,000	300,000	300,000	-	0.00%
Group Insurance	11,294,626	11,782,795	11,782,795	12,007,352	11,982,350	11,982,350	199,555	1.69%
Medicare	943,983	832,974	832,974	950,000	950,000	950,000	117,026	14.05%
TOTAL EMPLOYEE BENEFITS	**22,223,201**	**23,386,271**	**23,386,271**	**25,150,480**	**23,772,182**	**23,772,182**	**385,911**	**1.65%**
MUNICIPAL INSURANCE :								
Municipal Insurance	164,043	317,375	317,375	332,994	284,018	284,018	(33,357)	-10.51%
TOTAL Municipal Insurance	**164,043**	**317,375**	**317,375**	**332,994**	**284,018**	**284,018**	**(33,357)**	**-10.51%**
BUDGET TRANSFERS OUT OF GF								
Retirement Stabilization & CIP Transfer	2,301,111	2,023,257	2,023,257	2,163,257	1,600,257	1,600,257	(423,000)	-20.91%
TOTAL Budget Transfers Out of GF	**2,301,111**	**2,023,257**	**2,023,257**	**2,163,257**	**1,600,257**	**1,600,257**	**(423,000)**	
GENERAL FUND TOTAL	**118,012,027**	**121,949,720**	**122,758,821**	**127,075,473**	**125,586,297**	**125,586,297**	**2,827,476**	**2.30%**

CITY OF SALEM, MASSACHUSETTS
FY 2015 OPERATING BUDGET

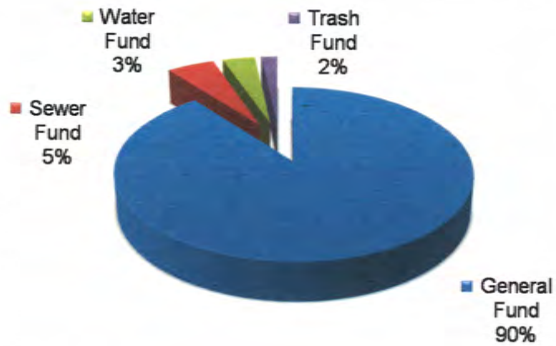
	ACTUAL EXPENDED FY 2013	ADOPTED BUDGET FY 2014	ADJUSTED BUDGET FY 2014	DEPT BUDGET FY 2014	MAYOR BUDGET FY 2015	CITY COUNCIL BUDGET FY 2015	FY14 Adj vs. FY15 Budget Inc/Decr Amount	Percentage
ENTERPRISE FUNDS								
SEWER :								
Sewer - Public Services	474,191	502,910	502,910	496,631	494,688	494,688	(8,222)	-1.63%
Sewer - Engineering	407,014	393,594	452,594	396,776	393,500	393,500	(59,094)	-13.06%
Long Term Debt	177,109	248,850	248,850	529,563	529,563	529,563	280,713	
Short Term Debt	0	-	-	5,000	5,000	5,000	5,000	
SESD Assessment	5,962,873	5,831,817	5,831,817	5,743,604	5,743,604	5,743,604	(88,213)	-1.51%
Sewer - Insurance Deduction	0	5,000	5,000	5,000	5,000	5,000	-	0.00%
TOTAL SEWER	**7,021,187**	**6,982,171**	**7,041,171**	**7,176,574**	**7,171,355**	**7,171,355**	**130,184**	**1.85%**
WATER :								
Water-Public Services	492,954	541,144	541,144	534,916	533,463	533,463	(7,681)	-1.42%
Water-Engineering	507,383	502,494	593,494	591,876	573,500	573,500	(19,994)	-3.37%
Long Term Debt	1,253,785	1,306,854	1,306,854	1,285,040	1,285,040	1,285,040	(21,814)	-1.67%
Short Term Debt	2,674	3,000	3,000	8,000	8,000	8,000	5,000	166.67%
SBWS Assessment	2,450,815	2,482,531	2,482,531	2,527,285	2,527,285	2,527,285	44,754	1.80%
Water - Insurance Deduction	0	2,500	2,500	2,500	2,500	2,500	-	
TOTAL WATER	**4,707,610**	**4,838,523**	**4,929,523**	**4,949,617**	**4,929,788**	**4,929,788**	**265**	**0.01%**
TRASH :								
Trash - Engineering	2,692,599	2,424,288	2,424,288	2,547,779	2,461,917	2,461,917	37,629	1.55%
TOTAL TRASH	**2,692,599**	**2,424,288**	**2,424,288**	**2,547,779**	**2,461,917**	**2,461,917**	**37,629**	**1.55%**
ENTERPRISE FUND TOTAL	**14,421,396**	**14,244,982**	**14,394,982**	**14,673,970**	**14,563,060**	**14,563,060**	**168,078**	**1.17%**
GRAND TOTAL ALL FUNDS	**132,433,422**	**136,194,702**	**137,153,803**	**141,749,443**	**140,149,357**	**140,149,357**	**2,995,554**	**2.18%**

CITY OF SALEM, MASSACHUSETTS
FY 2015 OPERATING BUDGET

		ACTUAL EXPENDED FY 2013	ADOPTED BUDGET FY 2014	ADJUSTED BUDGET FY 2014	DEPT BUDGET FY 2014	MAYOR BUDGET FY 2015	CITY COUNCIL BUDGET FY 2015	FY14 Adj vs. FY15 Budget Inc/Decr Amount	Percentage
PERSONNEL & NON-PERSONNEL SUMMARIES									
City	Personnel	45,996,668	48,482,642	48,487,161	50,926,619	49,548,834	49,548,834	1,061,673	2.19%
	Non-Personnel	21,244,234	20,913,655	21,718,237	21,687,311	21,575,920	21,575,920	(142,317)	-0.66%
	Total City	**67,240,902**	**69,396,297**	**70,205,398**	**72,613,930**	**71,124,754**	**71,124,754**	**919,356**	**1.31%**
Schools	Personnel	41,882,680	42,732,158	42,485,802	43,834,642	43,834,642	43,834,642	1,348,840	3.17%
	Non-Personnel	8,888,445	9,821,265	10,067,621	10,626,901	10,626,901	10,626,901	559,280	5.56%
	Total School	**50,771,125**	**52,553,423**	**52,553,423**	**54,461,543**	**54,461,543**	**54,461,543**	**1,908,120**	**3.63%**
TOTAL General Fund		**118,012,027**	**121,949,720**	**122,758,821**	**127,075,473**	**125,586,297**	**125,586,297**	**2,827,476**	**2.30%**
Sewer	Personnel	428,949	466,325	466,325	443,827	446,688	446,688	(19,637)	-4.21%
	Non-Personnel	6,592,237	6,515,846	6,574,846	6,732,747	6,724,667	6,724,667	149,821	2.28%
		7,021,186	**6,982,171**	**7,041,171**	**7,176,574**	**7,171,355**	**7,171,355**	**130,184**	**1.85%**
Water	Personnel	445,086	482,765	482,765	460,267	463,128	463,128	(19,637)	-4.07%
	Non-Personnel	4,262,524	4,355,758	4,446,758	4,489,350	4,466,660	4,466,660	19,902	0.45%
		4,707,610	**4,838,523**	**4,929,523**	**4,949,617**	**4,929,788**	**4,929,788**	**265**	**0.01%**
Trash	Personnel	31,800	67,078	67,078	70,334	71,472	71,472	4,394	6.55%
	Non-Personnel	2,660,799	2,357,210	2,357,210	2,477,445	2,390,445	2,390,445	33,235	1.41%
		2,692,599	**2,424,288**	**2,424,288**	**2,547,779**	**2,461,917**	**2,461,917**	**37,629**	**1.55%**
TOTAL Enterprise Fund		**14,421,394**	**14,244,982**	**14,394,982**	**14,673,970**	**14,563,060**	**14,563,060**	**168,078**	**1.17%**
GRAND TOTAL All Funds		**132,433,421**	**136,194,702**	**137,153,803**	**141,749,443**	**140,149,357**	**140,149,357**	**2,995,554**	**2.18%**

TOTAL ADOPTED OPERATING BUDGET ALL FUNDS

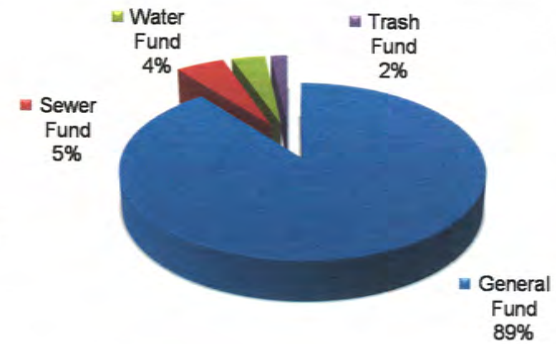
FY 2015



TOTAL $ 140,149,357

TOTAL ADOPTED OPERATING BUDGET ALL FUNDS

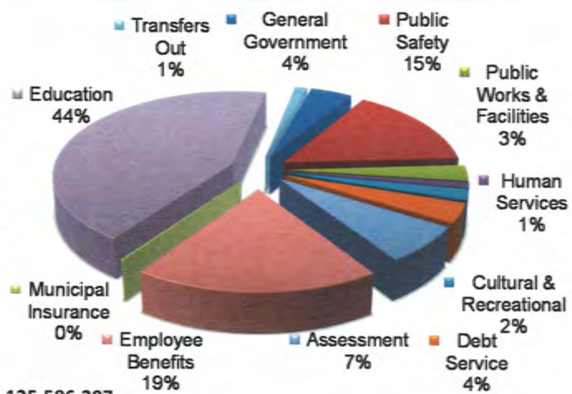
FY 2014



TOTAL $ 136,194,702

ADOPTED BUDGET GENERAL FUND

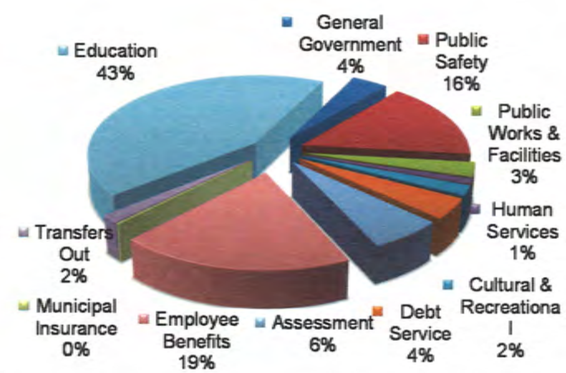
FY 2015



TOTAL $ 125,586,297

ADOPTED BUDGET GENERAL FUND

FY 2014

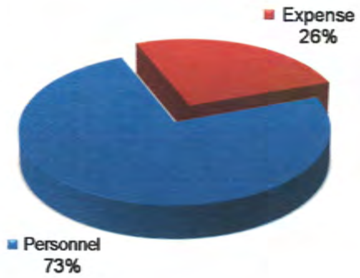


TOTAL $ 121,964,225

ADOPTED BUDGET
GENERAL FUND

FY 2015

City	
Personnel	49,548,834
Expenses	21,575,920
TOTAL	**71,124,754**
School	
Personnel	43,834,642
Expenses	10,626,901
TOTAL	**54,461,543**
City & School	
Personnel	93,383,476
Expenses	32,202,821
TOTAL	**125,586,297**



ADOPTED BUDGET
GENERAL FUND

FY 2014

City	
Personnel	48,482,642
Expenses	20,913,655
TOTAL	**69,396,297**
School	
Personnel	42,732,158
Expenses	9,821,265
TOTAL	**52,553,423**
City & School	
Personnel	91,214,800
Expenses	30,734,920
TOTAL	**121,949,720**

Other Budgeted Items Voted By Council

Retirement Stabilization Trust Fund – Included in General Fund Budget

In FY 2015 $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 2015 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 2015. 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 (CIP) Special Revenue Funds – Short Term – Included in General Fund Budget

In FY 2015 we will not budget a transfer to the Capital Improvement Project Special Revenue Fund. In FY 2014 we transferred $1,099,742 of free cash (per City Finance Reserve Policy) which will allow for sufficient funding for FY 2015. 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 2015 $990,257 is budgeted in the general fund to be transferred to the Salem Community Charter School (SCCS) Special Revenue Fund. The SCCS has had substantial unspent balances in the prior fiscal year's budgets that can cover expenses for FY 2015. 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 established a new special revenue fund to help fund the City's 400th 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 2015 the Mayor will not appropriate funds as part of a City appropriation to assist in CPA funding. It is uncertain if the State will match any portion of what the City contributes and therefore no additional funding will be appropriated in FY 2015 until that is clarified.

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 2015 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.