

#9



CITY OF SALEM

In City Council,

January 13, 2022

Ordered:

That the sum of Seven Million, Four Hundred Forty-Eight Dollars and Twenty-Five Cents (\$7,400,048.25) is hereby appropriated from General Fund Balance Reserved for Free Cash (1-3245) to the following special revenue funds. The amount of free cash to be transferred is per the City's Financial Policies and in accordance with the recommendation of Her Honor the Mayor.

Description	Amount
Stabilization Fund (8301) 20%	3,288,910.60
Capital Improvement Fund (2000) 20%	3,288,910.60
Other Post Employ Benefits (OPEB) (8313) 5%	822,227.65
Total	7,400,048.25

In City Council January 13, 2022
Referred to the Committee on Administration and Finance under the rules

ATTEST:

ILENE SIMONS
CITY CLERK



CITY OF SALEM, MASSACHUSETTS

**Kimberley Driscoll
Mayor**

Office of the Mayor

January 13, 2022

Honorable Salem City Council
Salem City Hall
Salem, Massachusetts 01970

Ladies and Gentlemen of the City Council:

I am writing to inform you that the Department of Revenue has certified Free Cash for the City of Salem for the current fiscal year. Free Cash is derived from unexpended budget dollars and/or higher than anticipated revenues from prior fiscal years. Our available Free Cash balance for FY2022 is \$17,444,553.

Over the last decade the City of Salem has successfully built up our reserve accounts and is in a strong financial position due, in large part, to responsible budgeting practices and professional fiscal policies. It was not that many years ago when our Free Cash account held next to nothing, putting a significant strain on our ability to appropriately save for the future.

Prior to the recommended allocations here, our reserve accounts currently total just under \$15.5 million. These include our Stabilization Fund, our Capital Outlay Fund, our Retirement Stabilization Fund, and our OPEB Trust Fund. It is as critical as ever for the City to continue to save wisely and plan appropriately for these upcoming challenges. In addition to building up our rainy-day fund balance, we have continued to implement routine regular financial forecasting and improved our operational and capital budget procedures.

Evidence of our success in these efforts can be found in the recognition we have received annually over the last 16 years in a row through the Government Finance Officials Association "Certificate of Excellence" for Salem's Comprehensive Annual Financial Report and receipt of the organization's "Distinguished Budget Presentation Award." Salem is one of only a handful of communities in the Commonwealth to be recognized annually for both distinctions. It is also apparent from Standard & Poor's recent affirmation of our current AA bond rating, the highest credit rating on record in the City's history. In explaining what prompted the rating, the agency has specifically cited our strong financial management practices and conservative budgeting. The

hard work of our finance team has been supported by the City Council's foresight and adoption of sound fiscal policies, in particular the goals we set for growing our stabilization, capital, retirement, and OPEB accounts specifically.

Therefore, consistent with our previously adopted fiscal policy, I am submitting the enclosed Order to appropriate \$7.4 million of free cash to our City's reserve funds: \$3,288,910.60 to the Stabilization Fund, \$3,288,910.60 to the Capital Improvement Program Fund, and \$822,227.65 to the OPEB Fund. In all, these appropriations increase the total amount in these funds by 51% and bring them collectively to a very healthy \$23.2 million in all, the largest amount our City has ever had in our stabilization and reserve funds, positioning the City strongly for the future.

Thank you for your consideration of these important requests and for your continued commitment to supporting sound fiscal policies for our City. I respectfully request your adoption of the accompanying Order, which will continue our positive work together in this regard. If you have any questions, please feel free to contact Finance Director Anna Freedman.

Respectfully,



Kimberley Driscoll
Mayor
City of Salem



City of Salem, Massachusetts

Finance Department
93 Washington Street
Salem, MA 01970
www.salem.com

Kimberley L. Driscoll, Mayor

Anna Freedman, Finance Director

January 5, 2022

Honorable Salem Mayor Kimberley Driscoll
Salem City Hall
Salem, Massachusetts

Dear Honorable Mayor Driscoll:

Enclosed herewith is a request to transfer \$7,400,048.25 from certified Free Cash pursuant to Salem's Free Cash Policy. Of this total amount, \$3,288,910.60 (20%) will be transferred to the Stabilization Fund, \$3,288,910.60 (20%) to the Capital Improvement Fund (2000), and \$822,227.65 (5%) to the Other Post-Employment Benefits (OPEB) Fund (8313).

The Massachusetts Department of Revenue – Division of Local Services certified the city of Salem's FY2021 Free Cash at \$17,444,553. Of that amount, \$1,000,000 has since been appropriated to reduce the FY22 tax rate. After the requested transfers enclosed herewith, the balance remaining would be \$9,044,504.15.

The balance of the city's Stabilization Fund as a result of the requested transfer would be \$12,104,826.62 (approximately 8% of the current year operating budget), the balance of the OPEB Fund would be \$4,910,953.73, and the cash balance of the Capital Improvement Fund would be \$6,172,999.25.

Separately, please note, as a result of Salem's Free Cash Policy, other sound financial practices, and properly conservative revenue estimates (particularly during COVID-19), the city's reserve funds are funded at levels in line with best practice. I recommend that the city evaluate adjusting its Free Cash Policy going forward to direct a higher percentage (e.g. 30%) of Free Cash to the Capital Improvement Fund and slightly lowering the amount dedicated to the Stabilization Fund (e.g. to 10-15%). This would allow the city to utilize more "pay-as-you-go" funding for capital improvements and reduce the amount needed for future debt service while still maintaining regular investments into its "rainy-day" fund.

Please let me know if you would like to discuss further.

Sincerely,

A handwritten signature in black ink, appearing to read "Anna Freedman".

Anna Freedman
Finance Director

#14



CITY OF SALEM

In City Council,

Ordered:

January 13, 2022

That the sum of Eleven Thousand Six Hundred Dollars (\$11,600.00) is hereby transferred from the Assessing Department's "Full-Time Salaries" account (11411-5111) to the Assessing Department's "Contract Services" account as provided below to cover temporary assistance for FY2022 due to department personnel turnover in accordance with the recommendation of Her Honor the Mayor.

Description	Fund	Amount
Contract Services	11412-5308	\$ 11,600.00
		\$ 11,600.00

In City Council January 13, 2022
Referred to the Committee on Administration and Finance co-posted with Committee of the Whole

ATTEST:

ILENE SIMONS
CITY CLERK



CITY OF SALEM, MASSACHUSETTS
Kimberley Driscoll
Mayor

January 13, 2022

To the City Council
City Hall
Salem, Massachusetts

Ladies and Gentlemen of the Council:

Enclosed herewith is a request for a transfer of Eleven Thousand Six Hundred Dollars (\$11,600.00) from the Assessing Department's "Full-time" Salaries account (11411-5111) to the Assessing Department's "Contract Services" account.

Description	Fund	Amount
Contracted Services	11412-5308	\$11,600.00

This transfer is necessary to cover temporary assistance for FY2022 due to department personnel turnover.

I recommend passage of the accompanying Order.

Very truly yours,

A handwritten signature in black ink that reads "Kim Driscoll".

Kimberley Driscoll
Mayor



CITY OF SALEM, MASSACHUSETTS

ASSESSING DEPARTMENT

93 WASHINGTON STREET

SALEM, MA 01970

TEL. (978) 619-5608

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MAYOR

KIMBERLEY DRISCOLL

ACTING DIRECTOR

STEPHEN CORTES

BOARD OF ASSESSORS

RICHARD W. JAGOLTA, JR.

ROBERT MILLERICK

TINA ZELANO

Date: December 27, 2021

The Honorable Kimberley Driscoll
Mayor of Salem
City Hall
Salem, MA 01970

Dear Mayor Driscoll,

I respectfully request a transfer in the amount of \$11,600 from Payroll Account (11411-5111) to Contract Services Account (11412-5308). There are funds available due to the retirement of the former Director of Assessing and the Assistant Assessor's position still being vacant at this time. Funds are being requested to cover contracts with Patriot Properties CAMA system as well as services provided on a contract basis for temporary assistance (legal counsel) with ATB cases, also temporary assistance with issuance of the tax bills.

Thank you for your consideration.

Very truly yours,

Stephen Cortes
Acting Director of Assessing

CITY OF SALEM – Finance Department

Free Cash, W & S R/E, R/Res & Budget Transfer Request Form

From: Assessing Department Stephen Conley 12/27/21
Department Department Head Authorizing Signature Date

Budget or R/Res Budget Amt: \$ 35,000.00
Transfers To: 11412-5308 Desc: Contract Services Balance: \$ 128.50
(Org/Object)
 From: 11411-5111 Desc: Payroll Account Balance: \$ 198,846.44
(*Note - Please include letter to Mayor for Transfers from different Personnel & Non-personnel lines)
 Current Balance in Receipts Reserved Fund Above (if applicable) - \$ _____ Date: _____

Free Cash or To: _____ Desc: _____ Budget Amt: _____
Retained Earnings (W/S) (Org/Object) Balance: _____
Raise & Appropriate
Please circle one

Amount Requested: \$ 11,600

Reason (Be Specific) I respectfully request a transfer in the amount of \$11,600 from Payroll Account to Contract Services Account. There are funds available due to the retirement of the former Director of Assessing and the vacant Assistant Assessor positions. Funds are requested for contracts with Patriot Properties CAMA System as well as temporary assistance providing help with ATB cases (legal) & tax bill assistance.

For Finance Department and Mayor's Use Only:

- Budget Transfer _____ Mayor Approval _____ City Council Approval
- _____ Free Cash Appropriation – City Council Approval – Gen Fund \$ _____
Free Cash Balance
- _____ R/E Appropriation – Water \$ _____ _____ R/E Appropriation Sewer \$ _____
R/E Balance R/E Balance
- _____ Receipts Reserve – City Council Approval \$ _____
R/Res Fund Balance
- _____ Raise & Appropriate _____ Other

Recommendation: Approved _____ Denied

[Signature]
 Finance Director

Completed: Date: _____ By: _____ CO # _____ JE#: _____ Transfer #: _____