

City of Salem
Five-Year Financial Forecast
FY 2021 - 2025

	% INC/DEC FY23-FY25	FY21 RECAP	FY22 BUDGETED	FY23 PROJECTED	FY24 PROJECTED	FY25 PROJECTED
<u>PROPERTY TAXES</u>						
PRIOR YEAR LEVY LIMIT		107,591,472	111,930,861	116,782,246	121,001,802	125,526,847
PROPOSITION 2.5 INCREASE TO LEVY	2.50%	2,689,787	2,798,272	2,919,556	3,025,045	3,138,171
NEW GROWTH		1,649,602	2,053,113	1,300,000	1,500,000	1,500,000
TOTAL: LEVY LIMIT (not included in total)		111,930,861	116,782,246	121,001,802	125,526,847	130,165,018
REVENUES						
ACTUAL REAL ESTATE AND PERSONAL PRO	2.75%	107,207,389	110,173,970	114,503,754	118,511,386	122,659,284
<u>LOCAL RECEIPTS</u>						
MOTOR VEHICLE	3.00%	4,100,000	4,500,000	4,635,000	4,774,050	4,917,272
HOTEL MOTEL TAX	5.00%	350,000	550,000	577,500	606,375	636,694
MEALS TAX	3.00%	400,000	850,000	875,500	901,765	928,818
BOAT EXCISE TAX	1.00%	530,000	30,000	30,300	30,603	30,909
CANNABIS EXCISE TAX	Varies	400,000	950,000	950,000	1,000,000	1,025,000
INTEREST ON TAXES	1.00%	400,000	550,000	555,500	561,055	566,666
" Urban Renewal (Chap 121A)		500,000	500,000	500,000	500,000	500,000
IN LIEU OF TAXES	1.00%	700,000	700,000	700,000	700,000	700,000
CANNABIS CBA	Varies	500,000	1,000,000	1,000,000	1,300,000	1,400,000
CHARGES FOR SERVICES	2.50%	1,600,000	2,350,000	2,408,750	2,468,969	2,530,693
PARKING FEES	3.00%	1,500,000	2,500,000	2,575,000	2,652,250	2,731,818
LICENSES AND PERMITS	2.00%	172,500	300,000	306,000	312,120	318,362
FINES & FORFEITS	2.00%	600,000	800,000	816,000	832,320	848,966
INVESTMENT INCOME	0.00%	171,750	150,000	150,000	150,000	150,000
MEDICAID	1.00%	450,000	450,000	454,500	459,045	463,635
MISC. RECURRING (INCLUDES MEDICAID)	2.00%	0	100,000	102,000	104,040	106,121
MISC. NON-RECURRING	0.00%	230,000	0	0	0	0
TOTAL: LOCAL RECEIPTS	Varies	12,604,250	16,280,000	16,636,050	17,352,592	17,854,953
CHERRY SHEET REVENUE	1.00%	34,399,470	35,244,772	35,597,220	35,953,192	36,312,724

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OFS - RECURRING	Varies	975,000	1,361,195	975,000	1,250,000	1,500,000
<u>OTHER FINANCIAL SOURCES (OFS) - NON-RECURRING</u>						
OVERLAY SURPLUS						
STABILIZATION FUND						
FREE CASH - for a particular purpose						
FREE CASH - level the tax rate		500,000	1,000,000	500,000	500,000	500,000
ARPA						
OFS - NON RECURRING	0.00%	500,000	1,000,000	500,000	1,500,000	1,500,000
<u>ENTERPRISE FUNDS</u>						
SEWER ENTERPRISE FUND REVENUE	3.50%	10,165,959	10,547,323	10,916,479	11,298,556	11,694,006
WATER ENTERPRISE FUND REVENUE	3.50%	5,795,306	5,729,664	5,930,202	6,137,759	6,352,581
TRASH ENTERPRISE FUND	3.00%	899,925	899,925	926,923	954,730	983,372
PEG ACCESS ENTERPRISE FUND		691,250	691,250	691,250	691,250	691,250
TOTAL ENTERPRISE FUND REVENUE	varies	17,552,440	17,868,162	18,464,854	19,082,296	19,721,209
TOTAL REVENUES		173,238,549	181,928,098	186,676,878	193,649,465	199,548,170
EXPENDITURES						
TOTAL: GENERAL GOVERNMENT	3.00%	7,752,464	9,163,410	9,438,312	9,721,462	10,013,106
TOTAL: PUBLIC SAFETY	3.50%	22,042,166	23,072,889	23,350,667	24,167,940	25,013,818
TOTAL: PUBLIC WORKS & FACILITIES	varies	3,747,358	4,097,953	4,220,892	4,347,518	4,477,944
TOTAL: HUMAN SERVICES	3.00%	1,640,930	1,800,728	1,698,388	1,749,339	1,801,819
TOTAL: CULTURAL AND RECREATIONAL	3.00%	3,024,885	3,382,603	3,130,729	3,224,651	3,321,391
<u>FIXED COSTS</u>						
CONTRIBUTORY RETIREMENT	5.50%	12,778,085	13,687,118	14,439,909	15,234,105	16,071,980
NON-CONTRIBUTORY PENSIONS	-3.00%	10,034	10,315	10,006	9,705	9,414

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WORKMANS COMPENSATION CITY/SCHOOL	3.00%	491,305	528,270	544,118	560,442	577,255
UNEMPLOYMENT COMPENSATION	3.00%	300,000	300,000	309,000	318,270	327,818
GROUP INSURANCE	6.00%	15,427,036	16,022,048	16,983,371	18,002,373	19,082,516
MEDICARE	3.00%	1,262,407	1,278,187	1,316,533	1,356,029	1,396,709
MUNICIPAL INSURANCE- CITY ONLY	3.00%	292,384	373,500	384,705	396,246	408,134
HEALTH REIMBURSEMENT ACCOUNT		0	0		0	0
RETIREMENT ANTICIPATION STABILIZATION	3.00%	600,000	600,000	618,000	636,540	655,636
TRANSFER TO CPA FUND		0	0	0	0	0
SALEM 2026 FUND		25,000	50,000	75,000	75,000	100,000
C.I.P. (TO EXISTING FUND)	0.00%	0		0	0	0
TRANSFERS OUT-NLCS	3.00%	0	0		0	0
TRANSFERS OUT- BENTLEY	2.00%			0	0	0
TOTAL: FIXED COSTS		31,186,251	32,849,438	34,680,642	36,588,709	38,629,462
TOTAL: DEBT SERVICE	3.52%	7,627,024	7,408,350	7,687,974	7,968,106	8,258,576
TOTAL: ESSEX TECH ASSESSMENT	2.50%	2,637,453	2,602,989	2,668,064	2,734,765	2,803,134
CITY EXPENDITURE TOTAL	Varies	79,759,293	84,378,360	86,875,667	90,502,492	94,319,250
TOTAL: EDUCATION	2.50%	63,449,649	66,597,919	68,262,867	69,969,439	71,718,675
SCHOOL EXPENDITURE TOTAL	2.50%	63,449,649	66,597,919	68,262,867	69,969,439	71,718,675
TOTAL: SEWER ENTERPRISE	varies	8,017,900	8,329,470	8,350,642	8,807,986	9,298,287
TOTAL: WATER ENTERPRISE	varies	6,449,189	6,478,342	6,726,526	7,179,340	7,670,616
TOTAL: TRASH ENTERPRISE	3.00%	3,876,199	3,962,443	4,081,316	4,203,756	4,329,868
TOTAL: PEG ENTERPRISE	0.00%	691,250	691,250	691,250	691,250	691,250
ENTERPRISE FUND EXPENDITURE TOTAL		19,034,538	19,461,505	19,849,734	20,882,332	21,990,021
TOTAL - CITY, SCHOOL, AND ENTERPRISE		162,243,480	170,437,784	174,988,268	181,354,262	188,027,946
TOTAL: CHERRY SHEET ASSESSMENT	2.00%	9,049,302	9,430,263	9,618,868	9,811,246	10,007,471
OTHER EXPENDITURES						

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CHERRY SHEET OFFSET	2.00%	126,561	376,580	384,112	391,794	399,630
OVERLAY	2.00%	701,588	911,581	929,812	948,408	967,377
SNOW AND ICE DEFICIT	various	1,471,340	771,892	800,000	800,000	800,000
Less S/I Ammortization						
Less S/I Stabilization						
Less S/I School Portion						
OTHER DEFICITS RAISED ON RECAP		61,591				
Prior Year Overlay Deficit		20,429				
TOTAL: OTHER EXPENDITURES		1,509,630	2,060,052	1,500,000	1,500,000	1,500,000
TOTAL EXPENDITURES		172,802,412	181,928,099	186,107,137	192,665,508	199,535,416
BUDGET GAP		436,136	0	569,742	983,957	12,754

Five Year Financial Forecast – Narrative

Executive Summary

The five-year financial forecast for the City of Salem is used as a budget tool that enables municipal officials to review operating needs, identify fiscal challenges and opportunities, and help develop long term budgeting policies as part of an overall strategic plan. The five-year financial forecast is invaluable in identifying key areas that the City needs to focus on such as rising health insurance costs, retirement assessments, and collective bargaining agreements. It also helps the City plan for its capital budget, debt service management, and long-term sustainability.

Financial forecasting is the process of projecting revenues and expenditures over a five to ten-year period. Factors that affect forecasting are current and future economic conditions, collective bargaining agreements, future operating and capital scenarios, and other factors that affect future revenues and expenditures.

The five-year financial forecast is also used as a communication tool for both the City Council and the public. The forecast is always evolving and is constantly updated as information becomes available. The FY22 budget reflects a commitment to increasing our police force, and a serious investment in our public infrastructure.

Revenues

Tax Levy: \$110,173,970

The tax levy is the City's primary revenue source, comprising approximately 60% of the City's total general fund revenues to be raised in FY2022. Residential property values currently pay 73.16% of the total property taxes, while commercial, industrial, and personal property values pay 26.84%. The City has a split tax rate of 1.70, which translates to a residential rate of \$13.25 and a commercial rate of \$26.31 for FY22.

The City realizes an automatic 2.5% increase to the tax levy under Proposition 2 ½, plus any increase due to "new growth" in the City. New growth includes new development, condominium conversions, and renovations/expansions to existing properties, to name a few. The City has typically averaged approximately \$1,000,000 per year in new growth; however, the final new growth number for FY22 is \$2,053,113.

Local Receipts: \$16,280,000

Local receipts are locally generated revenues other than real and personal property taxes. Examples include motor vehicle excise, investment income, hotel/motel tax, fees, rentals, and charges. The City is seeing a healthy recovery from COVID-19 and is increasing its estimates by \$3.6 million over FY21 projections.

Cherry Sheet Revenue (State Aid): \$35,244,772

Named for the cherry-colored paper on which it was originally printed, the Cherry Sheet is the official notification by the Commissioner of Revenue to municipalities and regional school districts of estimated state aid to be paid and charges to be assessed over the next fiscal year. Cherry Sheets are usually issued each spring, following enactment by the Legislature of the state budget for the following year.

This year, the Legislature has increased the estimated state aid to the City of Salem by approximately \$448,625 from the FY2021 amount. This included decreases in Charter Tuition Reimbursement of \$5,755 and School Choice Receiving Tuition by \$4,169, and Veterans & Blind Exemption by \$4,722. Chapter 70 appropriation has been increased from \$25,807,152 in FY21 to \$25,936,602 in FY22, a 0.5% increase. Also, increased were, Unrestricted General Government Aid (UGGA) by \$256,382 or 3.5%.

It is difficult to gauge the amount that the Commonwealth will allocate to the 351 municipalities due to the volatile economy. Nevertheless, we need to assume a figure for purposes of completing the five-year financial forecast. Therefore, it is predicted that the State will increase the FY2022 appropriation by 1% each year through FY2025. We hope that this is a conservative estimate; however, it could be the opposite.

School Building Assistance: \$0

The Massachusetts School Building Authority (MSBA) administers the school building assistance program that reimburses cities, towns, and regional school districts varying percentages of their school construction costs depending on the wealth of the community or district and the category of reimbursement. The City of Salem was lucky enough to receive 90% reimbursement for all its building projects. The City is not anticipating any School Building Assistance funds in FY22.

Enterprise Fund Revenue: \$17,868,162

An enterprise fund, authorized by MGL Chapter 44, Section 53F ½ is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It allows a community to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy, if any.

The City of Salem has three Enterprise Funds; water, sewer, and solid waste. The water and sewer enterprise funds, with estimated revenues of \$5,729,664 and \$10,547,323 respectively, strive for full cost recovery, including indirect costs that are appropriated in the general fund. Water and sewer enterprise fund revenues are estimated to have various increases over the next three fiscal years depending on the costs of assessments from the Salem Beverly Water Supply Board and the South Essex Sewer District, as well as the debt service from some of the major projects underway in the City, including the completion of the water meter project, the reconstruction of several water mains, rehabilitation of the Folly Hill storage tanks, South River Basin upgrades, Canal Street Upgrades Phase II and water meter replacements.

In FY 2013, the City Council voted to combine the water and sewer enterprise funds for FY 2014, as allowed by the Department of Revenue as outlined in Bulletin 2012-B (page 3/7). Historically, the Water Enterprise fund revenue was not being sufficient to cover expenses and we have had to appropriate free cash to cover the deficits. By combining the funds, the City now utilizes sewer revenue to help offset the water deficit.

The water and sewer funds will remain in SEPARATE funds for accounting and budgeting purposes within the City. But they will be COMBINED for reporting purposes on the City's annual financial statements (CAFR) and when calculating Retained Earnings by the Department of Revenue.

For FY22, the administration is recommending a water rate increase of 0.45% and a sewer rate increase of 3.8%.

The Solid Waste Enterprise fund, established in FY08, does not recoup all operating costs. However, the \$899,925 estimated revenues will cover approximately 22.7% of the total cost of \$3,962,443 in FY2022.

Other Financial Resources – Recurring: \$1,361,195

The City has three “receipts reserve” accounts; Harbormaster, Witch House, and Golf Course. Receipts reserve accounts are accounts in which proceeds are earmarked by law and placed in separate accounts for appropriation for particular purposes. The City treats these

accounts similar to Enterprise Funds, by which the fees charged cover the expenses of the particular program. It is estimated that the revenues generated will increase each year by 2.5% to keep up with rising costs of running each of the three departments. This account is expected to be level funded for the foreseeable future.

Expenses

General Government: \$9,163,410

Departments under General Government include all of the financial offices and overhead support functions, including Mayor, City Council, Finance, Assessing, Legal, Treasury, Collector, Purchasing, and the City Clerk/Elections.

The expense increase for FY22 is 18.2%. Note, this increase is unusual due to cuts that were assumed during the FY21 budget process because of COVID-19. The FY22 appropriations assumed restored cuts as well as a new department, which is an outlier situation in the financial forecast. This amount includes the impact of collective bargaining agreement settlements, increases for exempt staff, and initiatives supported by the Mayor's office. The estimated increases for FY2023-2025 is projected at approx. 3%

Public Safety: \$23,072,889

Departments under Public Safety include Police, Fire, Inspectional Services, Electrical and Harbormaster. The estimated expense increase for public safety for the City will be 3% for police and fire and 3% for inspectional services, electrical and harbormaster for FY2023 through FY2025. These increases are expected due to the historical costs of collective bargaining agreements for police and fire, including minimum staffing levels, as well as the rising costs of utilities for both electrical and harbormaster departments and public safety resource needs resulting from increases in tourism.

In FY2022, Public Safety is seeing a 4.68% increase. This amount includes addressing academy training needs resulting from multiple projected retirements.

Public Works and Facilities: \$4,097,953

Departments under Public Works and Facilities include Public Services, Engineering, Snow and Ice Removal and the Parking Department. Estimated expense increase for public services is expected to increase at 3% per year through FY2025.

The FY2022 budget reflects an 9.36% increase for public works, reflecting increases in Tree maintenance and other initiatives identified to improve services through the City. Engineering and Parking operating expenses are expected to increase by 3% per year through FY2025, and the Snow and Ice budget will be level funded through FY2025.

Human Services: \$1,800,728

Departments under Human Services include the Health Department, Council on Aging, and Veteran's Services. Although the benefits of veterans decreased this year due to less veterans applying for benefits, expenses in human services are still projected to increase by 3% per year due to normal increases in salaries and expenses, needs of an aging population, and the uncertainty of the number of veterans returning from war.

Cultural and Recreation: \$3,382,603

Departments under Cultural and Recreation include the Library, Park and Recreation, Golf Course, Witch House, Winter Island, Pioneer Village, and the Historical Commission. Expenses in Culture and Recreation are projected to increase by 3% per year due to normal increases in salaries and expenses.

Fixed Costs: \$32,849,438

Fixed costs are costs that are legally or contractually mandated such as health insurance, retirement assessment, Medicare, worker's compensation, unemployment, and several other items. Fixed costs continue to be the biggest challenge in municipal budgets. Each fixed cost has its own projected increase over the five-year forecast that reflects the average costs municipalities are seeing in each category. The projected increases through FY2025 for each fixed cost are as follows:

- Health Insurance: 8%
 - As a member of state GIC, Salem will see an FY22 increase of 3.86%. To be conservative, the average increase for FY23-25 will be 8%.
- Retirement Assessment: 7%
 - Estimated increases needed to fully fund liability by 2032 per current funding schedule.
- Retirement Anticipation Stabilization Fund: 3%
 - This fund is for those employees who retire and are due sick/vacation buyback.
- Medicare: 3%
 - Average increase in wages for City workers over the past several years.
- Municipal Insurance: 3%
 - Historical average of our increases since 2006.
- Worker's Compensation: 3%

- We are fully insured and expect rates to increase at this level.
- FY22 we will continue to share the cost with the school department.
- Unemployment: 3%
 - Reasonable estimate base on current economic conditions.
- Non – Contributory Pension: -3%
 - Negative number due to the shrinking number of those retirees who are part of this group.

Fixed Costs – Debt Service: \$7,408,350 (Long Term - \$6,805,440 & Short Term - \$612,364)

Debt service is the repayment cost, usually stated in annual terms and based on an amortization schedule, of the principal and interest on any particular bond issue. The overall debt service for the City is scheduled to decrease for existing debt; however, as part of our capital planning and the anticipated interest rate increase, we estimating a 3.5% increase in the total cost of debt service so that we can actively manage the replacement of vehicles and machinery, maintenance on existing buildings and infrastructure, and construction of new facilities.

Assessment – Essex Technical Vocational High School: \$2,602,989

The assessment to the City of Salem reflects the number of students attending the school and the associated costs. The assessment decreased in FY2022 resulting from lower enrollment numbers. To be conservative these assessments are projected to decrease -2.58% through FY2025.

Education - Salem School District: \$66,597,919

The School Committee oversees the budget process for the schools, and it has a bottom-line budget of \$66,597,919 for FY22, an increase of 4.96% from FY21.

For financial forecasting purposes, we expect that the cost of education will increase the general fund budget by 2.5% per year in both personnel and non-personnel expenses. The City's finance director and the School's business administrator continue to work on cost saving measures and shared services to ensure that the level of staff at the SPS will be adequate to provide quality education to its students.

Enterprise Fund Expenses: \$19,461,505

Expenses in the enterprise fund represent personnel, expenses, contracted services, assessments, and debt service costs for the three enterprise funds of the City: water, sewer, and solid waste. Expenses in the funds are projected to rise from FY2023 to FY2025 as follows:

- Water Enterprise
 - Personnel: 5%
 - Expenses: 5%
 - Assessments: 3.5%
 - Debt Service: per debt schedule (actual and projected)
- Sewer Enterprise
 - Personnel: 5%
 - Expenses: 5%
 - Assessments: 3.5%
 - Debt Service: per debt schedule (actual and projected)
- Solid Waste Enterprise
 - Personnel: 3%
 - Expenses: 3%
 - Contracted Services: 15%

Cherry Sheet Assessment: \$9,430,263

Named for the cherry-colored paper on which it was originally printed, the Cherry Sheet is the official notification by the Commissioner of Revenue to municipalities and regional school districts of estimated state aid to be paid and charges to be assessed over the next fiscal year. Cherry Sheets are usually issued each spring, following enactment by the Legislature of the state budget for the following year.

The categories of charges include mosquito control projects, RMV non-renewal surcharge, MBTA, and tuition assessment. This year's overall assessments, have increased by 2% or \$184,908 from last year's assessment of \$9,245,355, which reflects an increase in Charter School Tuition of \$150,300 (2%) and an increase to the School Choice Tuition Assessment of \$5,690. Other changes in assessments included increases in Mosquito control, MBTA, and a reduction in Special Education.

It is projected that the Cherry Sheet assessment from the Commonwealth will increase 6% from FY2023 to FY2025.

Other Expenditures: \$2,060,052

- Overlay: \$911,581
 - Overlay is an account established annually to fund anticipated property tax abatements exemptions and uncollected taxes in that year. It is anticipated that overlay will vary in its increases due to the triennial certifications of values per the DOR and the increased values of properties throughout the City. Typically, a municipality will increase its overlay on certification years (our next triennial is scheduled for 2024) due to the adjustments typically made to conform to all Massachusetts General Laws for assessing property taxes.
- Snow and Ice Deficit \$771,892.
- All amortized costs have been paid.
- Cherry Sheet Offset: \$376,580
 - Offset receipts are receipts from the Cherry Sheet that are to be used for a specific purpose (school lunch and public library). These obligations are expected to increase 3% for FY2022 to FY2025.

Conclusion

The City of Salem, like all municipalities throughout the Commonwealth, continue to struggle with rising fixed costs and contractual obligations that make balancing budgets very challenging. In most cases, Proposition 2 ½, the law that regulates the increases a municipality can increase its property taxes, does not allow for property tax revenue to keep up with the costs of doing business.

The five-year financial forecast is a tool that helps us best manage the challenges. It is a tool that uses reasonable estimates in both revenue and expenditure trends while considering the overall economic picture of the current times. The goal is to project revenues and expenditures up to five years into the future which will help the administration analyze where current trends are leading and estimate if money will be available for discretionary spending such as capital purchases, collective bargaining settlements, and new municipal program. It also will help identify those “budget buster” items that need reform from the local or state government.

The five-year forecast, combined with the capital improvement program and FY2022 budget will continue to be the basis for all future financial planning for the City of Salem.

City of Salem - Debt Policy

Bond Ratings – Upgraded

Standard & Poor's Rating Services

On June 08, 2018 the City of Salem received notification from Standard and Poor's that they City's bond rating remains at AA/Stable based on their view of the City's financial management procedures and sound budgeting practices. The bond rating helps decrease the City's borrowing costs and sends a positive message regarding the City's approach to budgeting both operational and capital needs. S&P assigned the 'AA' long-term rating to the city's series back in 2016 and the City has maintained that rating. The outlook is stable.

The bond rating is a great acknowledgement of all of the City's management of its finances. This is a confirmation Salem is managing its resources as well as it can.

Reasons for the rating cited by Standard and Poor's reflects their opinion of the city's:

- Very strong economy, with access to a broad and diverse metropolitan statistical area (MSA);
- Strong management, with "good" financial policies and practices under our financial management assessment
- (FMA) methodology;
- Strong budgetary performance, with a slight operating surplus in the general fund and operating surplus at the total-governmental – fund level in fiscal 2017
- Strong budgetary flexibility, with an available fund balance in fiscal 2017 of 9.5% of operating expenditures;
- Very strong liquidity, with total government available cash at 15.9% of total governmental fund expenditures and
- 5x governmental debt service, and access to external liquidity we consider strong;
- Adequate debt and contingent liability position, with debt service carrying charges at 3.2% of expenditures and net direct debt that is 35.8% of total governmental fund revenue, as well as low overall net debt at less than 3.0% of market

value, but a large pension and other postemployment benefit (OPEB) obligation and the lack of a plan to sufficiently address the obligation; and

- Strong institutional framework score.

Capital Improvement Projects

When the city finances capital projects by issuing bonds, it will pay back the bonds within a period not to exceed the expected useful life of the project. Total net debt service payments from general obligation debt will not exceed five (5) percent of total annual operating budget as listed on part 1a of the annual tax rate recapitulation as submitted to the Department of Revenue. Per the total amount to be raised on the FY22 Tax Rate Recapitulation Sheet - \$191,199,145 this limit would be \$9,559,957. Debt will only be issued for capital that is valued greater than \$25,000 and has a depreciable life of five (5) or more years. A cash flow statement will be required for each project funded with long term debt. Total general obligation debt will not exceed the limits provided in the state statutes.

Whenever possible, the city will use special revenue funds, special assessments, or other self-supporting bonds, instead of general obligation bonds. The city will not use long-term debt for current operations unless otherwise allowed via special legislation.

The city will maintain good communications with bond rating agencies about its financial condition. The city will follow a policy of full disclosure on every financial report and bond prospectus.

General Information on Debt Authorization and Legal Limit

Notes and notes including refunding notes are generally authorized on behalf of the City by vote of two-thirds of all the members of the City Council with the approval of the Mayor. Provision is made for a referendum on the filing of a petition bearing the requisite number of signatures. Borrowings for certain purposes require state administrative approval. When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes Temporary loans in anticipation of certain state and county reimbursements are generally authorized by majority vote but provision is made for temporary

loans in anticipation of current revenues and federal grants and for other purposes in certain circumstances without City Council authorization.

The general debt limit of the City consists of a normal debt limit and a double debt limit. The normal debt limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The City can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the double debt limit) with the approval of the State's Municipal Finance Oversight Board. Based on the City's equalized valuation (EQV) of \$6,641,110,700 effective January 1, 2021, its normal debt limit is \$332,055,355 and its double debt limit is \$664,111,070.

There are many categories of general obligation debt which are exempt from and do not count against the general debt limit. Among others, these exempt categories include revenues anticipation notes and grant anticipation notes; emergency loans exempted by special laws, bonds for water (limited to 10 percent of equalized valuation), housing, urban renewal and economic development (subject to various debt limits) and electric, gas, community antenna television systems, and telecommunication systems (subject to separate limits). Revenue bonds and water pollution abatement revenue bonds are not subject to these debt limits. The general debt limit and the special debt limit for water bonds apply at the time debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

The amount borrowed in each fiscal year by the issue of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The fiscal year ends on June 30. Notes may mature in the following fiscal year, and notes may be refunded into the following fiscal year to the extent of the uncollected, unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments and lawful un-appropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years. In any event, the period from an original borrowing to its final maturity cannot exceed one year.

Types of Obligations

General Obligations - Massachusetts cities and towns are authorized to issue general obligation indebtedness of the following types:

Serial Bonds and Notes.- These are generally required to be payable in equal or diminishing annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. Level debt service is permitted for bonds and notes issued for certain purposes including self supporting enterprise purposes, certain state aided school projects and for projects for which debt service has been exempted from property tax limitations. The maximum terms vary from one year to 40 years, depending on the purpose of the issue. Most of the purposes are capital projects. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum term measured from the date of the original bonds or notes. Serial bonds may be issued as "qualified bonds" with the approval the state Municipal Finance Oversight Board consisting of the Attorney General, the State Treasurer, the State Auditor, and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature in not less than 10 or more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service from state aid or other state payments. Administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Bond Anticipation Notes (BAN). These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed five years from their original dates of issuances, provided that (except for notes issued for certain school projects that have been approved for state school construction aid) for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. The maximum term of bonds issued to refund bond anticipation notes is measured from the date of the original issue of the notes, (except for certain school projects).

Revenue Anticipation Notes (RAN). These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue. (Such notes may be extended beyond fiscal year end in an amount not exceeding current receivables.)

Grant Anticipation Notes (GAN). These are issued for temporary financing in anticipation of federal grants and state and county reimbursements. Generally they must mature within two years, but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds - Cities and towns may issue revenue bonds for solid waste disposal facilities and for projects financed under the Commonwealth's Water Pollution Abatement or Drinking Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition to general obligation bonds and notes, cities and towns having electric departments may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy.

City of Salem, Massachusetts
Long-Term Debt Outstanding as of June 30, 2021

Aggregate Debt Service

			Part 1 of 4
DATE	PRINCIPAL	INTEREST	TOTAL P+I
06/30/2021	-	-	-
06/30/2022	7,106,880.00	3,463,436.68	10,570,316.68
06/30/2023	7,034,443.00	2,994,690.05	10,029,133.05
06/30/2024	6,577,058.00	2,686,250.04	9,263,308.04
06/30/2025	6,459,726.00	2,409,485.33	8,869,211.33
06/30/2026	5,617,447.00	2,164,591.73	7,782,038.73
06/30/2027	5,100,224.00	1,952,233.77	7,052,457.77
06/30/2028	4,895,000.00	1,754,453.39	6,649,453.39
06/30/2029	4,250,000.00	1,567,081.50	5,817,081.50
06/30/2030	4,065,000.00	1,400,606.50	5,465,606.50
06/30/2031	4,045,000.00	1,245,834.61	5,290,834.61
06/30/2032	3,950,000.00	1,101,437.68	5,051,437.68
06/30/2033	4,035,000.00	958,400.18	4,993,400.18
06/30/2034	3,680,000.00	815,659.56	4,495,659.56
06/30/2035	2,980,000.00	704,872.05	3,684,872.05
06/30/2036	2,250,000.00	625,122.00	2,875,122.00
06/30/2037	2,025,000.00	559,593.84	2,584,593.84
06/30/2038	1,665,000.00	501,887.62	2,166,887.62
06/30/2039	1,705,000.00	448,256.36	2,153,256.36
06/30/2040	1,635,000.00	394,334.50	2,029,334.50
06/30/2041	1,605,000.00	340,575.12	1,945,575.12
06/30/2042	1,650,000.00	285,840.75	1,935,840.75
06/30/2043	1,475,000.00	233,178.23	1,708,178.23
06/30/2044	1,010,000.00	192,537.57	1,202,537.57
06/30/2045	1,040,000.00	160,796.94	1,200,796.94
06/30/2046	1,070,000.00	128,125.02	1,198,125.02
06/30/2047	1,090,000.00	93,212.50	1,183,212.50
06/30/2048	1,130,000.00	57,262.50	1,187,262.50
06/30/2049	765,000.00	20,125.00	785,125.00
06/30/2050	330,000.00	4,525.00	334,525.00
Total	\$90,240,778.00	\$29,264,406.02	\$119,505,184.02

Par Amounts Of Selected Issues

December 14 2006 DW-05-12 (O).....	800,778.00
October 15 2010 (SQ) -Water Systems Improvement (O).....	960,000.00
October 15 2010 (SQ) -Water Meters (O).....	1,000,000.00
October 15 2010 (SQ) -Water Main (O).....	1,100,000.00
October 15 2010 (SQ) -Sewer Pump Station (I).....	80,000.00
October 15 2010 (SQ) -South River Basin Upgrade (I).....	650,000.00
October 15 2010 (SQ) -Fire Pumper Truck (I).....	125,000.00
October 15 2010 (SQ) -School Infrastructure (I).....	25,000.00
October 15 2010 (SQ) -Roads, Sidewalks & Crosswalks (I).....	420,000.00

October 15 2010 (SQ) -Furlong Park Remodeling (I).....	80,000.00
October 15 2010 (SQ) -Roads, Sidewalks & Crosswalks 2 (I).....	50,000.00
October 15 2010 (SQ) -Canal St. Improvement Design (I).....	150,000.00
October 15 2010 (SQ) -School Ballfield Remodeling (I).....	20,000.00
September 27 2012 -Water System Improvements (OSQ).....	950,000.00
September 27 2012 -Sewer Pump Station Upgrade (ISQ).....	130,000.00
September 27 2012 -South River Basin Upgrade (ISQ).....	325,000.00
September 27 2012 -South River Basin Upgrade 2 (ISQ).....	235,000.00
September 27 2012 -Forrester Street Drain Relief (ISQ).....	255,000.00
September 27 2012 -City Hall Roof (ISQ).....	540,000.00
September 27 2012 -City Hall Skylights (ISQ).....	110,000.00
September 27 2012 -City Hall Windows (ISQ).....	280,000.00
September 27 2012 -City Hall Masonry Repairs (ISQ).....	695,000.00
September 27 2012 -Roads, Sidewalks & Crosswalks (ISQ).....	425,000.00
September 27 2012 -Collins Cove Seawall (ISQ).....	85,000.00
September 27 2012 -Remediation (ISQ).....	1,135,000.00
September 27 2012 -Collins School (OSQ).....	1,065,000.00
September 27 2012 -Collins School 2 (OSQ).....	4,365,000.00
September 27 2012 -Saltonstall School (OSQ).....	965,000.00
September 27 2012 -Saltonstall School 2 (OSQ).....	2,025,000.00
December 19 2013 -Saltonstall School (OSQ).....	1,165,000.00
December 19 2013 -Collins Middle School (OSQ).....	2,410,000.00
December 19 2013 -School Building Repairs (ISQ).....	80,000.00
December 19 2013 -School Equipment (ISQ).....	30,000.00
December 19 2013 -Police Equipment (ISQ).....	50,000.00
December 19 2013 -Fire Equipment (ISQ).....	620,000.00
December 19 2013 -Electric Dept Equipment (ISQ).....	30,000.00
December 19 2013 -Parks & Rec (ISQ).....	105,000.00
December 19 2013 -Canal Street Utility Program (ISQ).....	2,850,000.00
December 19 2013 -Cur Ref of Jan 15 2003 Bowditch School (OSQ).....	165,000.00
December 19 2013 -Cur Ref of Jan 15 2003 Carlton School (OSQ).....	120,000.00
December 19 2013 -Adv Ref of Jan 1 2005 Witchcraft School (ISQ).....	360,000.00
December 19 2013 -Adv Ref of Jan 1 2005 Carlton School (OSQ).....	95,000.00
December 3 2014 -South River Basin Upgrade (I).....	1,400,000.00
December 3 2014 -Drain Improvements (I).....	210,000.00
December 3 2014 -Road Improvements (I).....	800,000.00
December 3 2014 -Bertram Field (I).....	840,000.00
December 3 2014 -Electric- Generator (I).....	35,000.00
December 3 2014 -Parking- Water Proofing (I).....	770,000.00
December 3 2014 -Planning- MBTA Station (I).....	350,000.00
December 2 2015 -Folly Hill Tank Storage I (O).....	880,000.00
December 2 2015 -Folly Hill Tank Storage II (O).....	440,000.00
December 2 2015 -System Flushing/Valve Maintenance (O).....	175,000.00
December 2 2015 -Meter Replacement Program (O).....	40,000.00
December 2 2015 -Valve Pipe Replacement (O).....	40,000.00
December 2 2015 -I/I Study, Design & Construction (I).....	550,000.00
December 2 2015 -Canal St. Phase II (I).....	1,300,000.00
December 2 2015 -Illicit Connection Removal (I).....	75,000.00
December 2 2015 -Line Extension, Rehab & Upgrades (I).....	25,000.00
December 2 2015 -Garage Updates (I).....	100,000.00
December 2 2015 -Kiosk Umbrellas (I).....	20,000.00
December 2 2015 -Computer Replacement Program (I).....	85,000.00
December 2 2015 -District-Wide Security Updates (I).....	25,000.00
December 2 2015 -Replace Lunchroom/Cafeteria Equipment (I).....	10,000.00
December 2 2015 -HS Transformer Replacement (I).....	15,000.00

December 2 2015 -Saltonstall Elementary School I (O).....	430,000.00
December 2 2015 -Saltonstall Elementary School II (O).....	175,000.00
December 2 2015 -Collins Middle School I (O).....	280,000.00
December 2 2015 -Collins Middle School II (O).....	600,000.00
December 2 2015 -Collins Middle School III (O).....	850,000.00
December 2 2015 -Golf Course Equipment (I).....	35,000.00
December 2 2015 -Wrought Iron Fence (I).....	25,000.00
December 2 2015 -Blaney Street Terminal - City Match (I).....	175,000.00
December 2 2015 -Winter Island Pathway & Fort Restoration (I).....	25,000.00
December 2 2015 -Police Vehicle GPS Units (I).....	15,000.00
December 2 2015 -DPS 1988 Ladder Replacement (I).....	120,000.00
December 2 2015 -DPS 2000 Dump Truck Replacement (I).....	80,000.00
December 2 2015 -Paving (I).....	405,000.00
December 2 2015 -Seawalls (I).....	140,000.00
November 17 2016 -Advance Refunding October 15 2007 High School (I).....	2,182,000.00
November 17 2016 -Adv Ref Oct 15 2007 Water System Improvements (O).....	1,013,000.00
November 17 2016 -Collins Middle School (O).....	695,000.00
November 17 2016 -Districtwide Computer Replacement (School) (I).....	30,000.00
November 17 2016 -Saltonstall School Parking/DropOff Area Improve(I).....	100,000.00
November 17 2016 -Salerno Automotive Roof Replace (School) (I).....	30,000.00
November 17 2016 -Folly Hill Tank Storage (Water) (O).....	325,000.00
November 17 2016 -Water Meter Replacement Program (O).....	60,000.00
November 17 2016 -Rehab Gallows Hill Water Tanks 1 (O).....	780,000.00
November 17 2016 -Rehab Gallows Hill Water Tanks 2 (O).....	130,000.00
November 17 2016 -Water System Upgrade (Valves & Hydrants) (O).....	425,000.00
November 17 2016 -Water System Improvements (O).....	980,000.00
November 17 2016 -Water Leak Protection, Flushing & GIS Admin 1 (O).....	125,000.00
November 17 2016 -Water Leak Protection, Flushing & GIS Admin 2 (O).....	125,000.00
November 17 2016 -Canal Street Sewer Phase 2 (I).....	1,285,000.00
November 17 2016 -Sewer Leak Detection, Flushing & GIS Admin (I).....	340,000.00
November 17 2016 -Sewer Illicit Connection Removal (O).....	645,000.00
November 17 2016 -Bikeway & Roadway Improvements (I).....	230,000.00
November 17 2016 -Painting Pedestrian & Historical Lights (I).....	5,000.00
November 17 2016 -Bike Path Design/Construction (I).....	5,000.00
November 17 2016 -McGrath Park Paving/Concession Stand (I).....	105,000.00
November 17 2016 -Roads Sidewalk & Crosswalks (Non-Chapter 90) (I).....	110,000.00
November 17 2016 -General Building Maintenance Upgrades (I).....	5,000.00
November 17 2016 -Replace Fire Engine 2 or 5 (I).....	330,000.00
November 17 2016 -Citywide Computer Replacement (I).....	75,000.00
November 17 2016 -Winter Island Electrical Upgrades RVField(Ph 1)(I).....	5,000.00
November 17 2016 -Blaney Street Pier & Terminal (City Match) (I).....	190,000.00
November 17 2016 -Mary Jane Lee Park (Phase II) (I).....	40,000.00
November 17 2016 -Old City Hall Window Replacement (I).....	85,000.00
November 17 2016 -Open Space/Pocket Park Upgrades(Public Services)-I.....	5,000.00
November 17 2016 -Ford F550 6-wheel dump Truck (unit 71)(PubServ)(I).....	50,000.00
November 17 2016 -Ford F550 6-wheel Dump Truck (unit 71)(PubServ)(I).....	40,000.00
November 17 2016 -2000 Int'l Dump Truck (unit 14)(PubServ)(I).....	95,000.00
November 17 2016 -Trash Packer (Public Services) (I).....	50,000.00
November 17 2016 -2-Ton Propane Hot Box (Public Services) (I).....	25,000.00
November 17 2016 -Automation of South Harbor Garages (Parking) (I).....	360,000.00
November 17 2016 -Parking Garage Upgrades (I).....	130,000.00
November 17 2016 -Transfer Station Property Remediation (O).....	550,000.00
June 27 2018 -Planning Blaney St Pier & Terminal (I).....	85,000.00
June 27 2018 -Police GPS for Vehicles (I).....	15,000.00
June 27 2018 -Old Town Hall Roof (I).....	35,000.00

June 27 2018 -Bike Path Master Plan Upgrades (I).....	85,000.00
June 27 2018 -Canal St Roadway & Bike Path Improvements I (I).....	10,000.00
June 27 2018 -Canal St Roadway & Bike Path Improvements II (I).....	1,000,000.00
June 27 2018 -Citywide Traffic Calming Improvements II (I).....	45,000.00
June 27 2018 -Essex St Roadway Improvements I (I).....	15,000.00
June 27 2018 -Essex St Roadway Improvements II (I).....	30,000.00
June 27 2018 -First/Swampscott Rd Intersection Improvement II (I).....	80,000.00
June 27 2018 -Seawall at Collins Cove (I).....	85,000.00
June 27 2018 -South Salem Walk & Downtown Walk (I).....	15,000.00
June 27 2018 -Inflatable Boat & Motor II (I).....	5,000.00
June 27 2018 -Annual Life Cycle Management II (I).....	30,000.00
June 27 2018 -Fiber Optic Network Phase II (I).....	215,000.00
June 27 2018 -Telephone System Replacement I (I).....	65,000.00
June 27 2018 -Telephone System Replacement II (I).....	50,000.00
June 27 2018 -Basketball Court Renovations (I).....	15,000.00
June 27 2018 -Memorial Park Pillars & Fencing Phase II (I).....	10,000.00
June 27 2018 -Playground Upgrades (I).....	20,000.00
June 27 2018 -Historic Wrought Iron Fence- Salem Commons II (I).....	20,000.00
June 27 2018 -Dickson Memorial Chapel Restoration (I).....	35,000.00
June 27 2018 -Forest River Conservation Area Improvements (I).....	10,000.00
June 27 2018 -License Plate Readers (I).....	10,000.00
June 27 2018 -Roof Replacement Police II (I).....	500,000.00
June 27 2018 -Public Services Ford F150 (I).....	15,000.00
June 27 2018 -Public Services Dump Truck (Sander) (I).....	45,000.00
June 27 2018 -Fire Chief Response Vehicle I (I).....	10,000.00
June 27 2018 -Parking Ford F150 (I).....	5,000.00
June 27 2018 -Marked Cruisers (I).....	25,000.00
June 27 2018 -K9 Crusier (I).....	5,000.00
June 27 2018 -29 Passenger Bus (I).....	15,000.00
June 27 2018 -42 Passenger Bus (I).....	25,000.00
June 27 2018 -77 Passenger Bus (I).....	25,000.00
June 27 2018 -Traffic Signal Upgrades (I).....	10,000.00
June 27 2018 -Utility Pole Replacement (I).....	10,000.00
June 27 2018 -First Swampscott Rd Intersection Improvements (I).....	35,000.00
June 27 2018 -Forest River Park & Pool Improvements (I).....	35,000.00
June 27 2018 -Loring & Lafayette Improvements (I).....	130,000.00
June 27 2018 -McGrath Park Additional Assessments (I).....	85,000.00
June 27 2018 -Roads & Sidewalks (I).....	680,000.00
June 27 2018 -IT Annual Inventory (City) (I).....	60,000.00
June 27 2018 -IT Document Management System (I).....	145,000.00
June 27 2018 -IT Facilities Assessment Software (I).....	110,000.00
June 27 2018 -Library HVAC Upgrades (I).....	65,000.00
June 27 2018 -Library Structural Upgrades (I).....	35,000.00
June 27 2018 -Basketball Court Renovations 2 (I).....	85,000.00
June 27 2018 -Betram Field Schematic Design Phase II (I).....	40,000.00
June 27 2018 -Salem Common Fence (I).....	30,000.00
June 27 2018 -Winter Island Function Hall Accessibility (I).....	10,000.00
June 27 2018 -Parking Equipment/Kiosks (I).....	30,000.00
June 27 2018 -Traffic Signal Communication Upgrades (I).....	35,000.00
June 27 2018 -Historic Cemetery Restoration (I).....	65,000.00
June 27 2018 -Lafayette Park Restoration (I).....	10,000.00
June 27 2018 -Police Dive Equipment (I).....	30,000.00
June 27 2018 -Police Fire Alarm Replacement (I).....	10,000.00
June 27 2018 -School District Computer Replacement (I).....	10,000.00
June 27 2018 -Annual Life Cycle Management I (Schools) (I).....	15,000.00

June 27 2018 -Annual Life Cycle Management II (Schools) (I).....	65,000.00
June 27 2018 -Bentley School HVAC Equipment (I).....	10,000.00
June 27 2018 -High School HVAC Upgrades (I).....	35,000.00
June 27 2018 -IT Annual Inventory Schools (I).....	115,000.00
June 27 2018 -Bentley School Roof Replacement (I).....	40,000.00
June 27 2018 -Water System Upgrades- Valves & Hydrants (O).....	940,000.00
June 27 2018 -Water Distribution System Improvements (O).....	1,085,000.00
June 27 2018 -Water System Flushing, Valves, Leak & GIS (O).....	115,000.00
June 27 2018 -Water System Transmission System (O).....	115,000.00
June 27 2018 -Water- Salem Pump Station & Booster Station (O).....	10,000.00
June 27 2018 -Water- Essex St Improvements (O).....	160,000.00
June 27 2018 -Sewer Pump Station I (O).....	35,000.00
June 27 2018 -Sewer Pump Station II (O).....	3,110,000.00
June 27 2018 -Sewer System Flushing, Valve, Leak & GIS I (I).....	115,000.00
June 27 2018 -Sewer System Flushing, Valve, Leak & GIS II (I).....	255,000.00
June 27 2018 -Swampscott Rd Sewer Pump Station II (I).....	30,000.00
June 27 2018 -Sewer MS4 Compliance/Connection Removal II (I).....	530,000.00
June 27 2018 -Canal St Sewer Upgrades Phase I (I).....	285,000.00
June 27 2018 -Sewer- Essex St Improvements (I).....	160,000.00
September 25 2019 -Senior Center Construction (I).....	4,900,000.00
September 25 2019 -Planning- Blaney Street Pier & Terminal 1 (I).....	40,000.00
September 25 2019 -Planning- Blaney Street Pier & Terminal 2 (I).....	205,000.00
September 25 2019 -Telephone System Replacement 1 (I).....	75,000.00
September 25 2019 -Telephone System Replacement 2 (I).....	30,000.00
September 25 2019 -Bike Path Design/ Construction 1 (I).....	20,000.00
September 25 2019 -Boston Street Roadway Improvements (I).....	70,000.00
September 25 2019 -First Swampscott Rd Intersection Improvements2 (I).....	250,000.00
September 25 2019 -370 Essex St. HVAC Design, & Construction (I).....	365,000.00
September 25 2019 -Boston Street Corridor Roadway Improvements 1 (I).....	70,000.00
September 25 2019 -Boston Street Corridor Roadway Improvements 2 (I).....	120,000.00
September 25 2019 -Bridge Street Massworks Roadway Improvements 2 (I).....	95,000.00
September 25 2019 -Canal Street Bike Path 1 (I).....	150,000.00
September 25 2019 -Canal Street Bike Path 2 (I).....	320,000.00
September 25 2019 -Canal Street Corridor Roadway Improvements 1 (I).....	105,000.00
September 25 2019 -Canal Street Corridor Roadway Improvements 2 (I).....	135,000.00
September 25 2019 -Essex St. Ped. & Vehicle Access Improvements 2 (I).....	1,385,000.00
September 25 2019 -First/Swampscott Rd Intersection Improvements 1(I).....	615,000.00
September 25 2019 -First/Swampscott Rd Intersection Improvements 2(I).....	95,000.00
September 25 2019 -Forest River Park and Pool Design (I).....	95,000.00
September 25 2019 -Forest River Park Seawall Replacement 1 (I).....	1,595,000.00
September 25 2019 -Forest River Park Seawall Replacement 2 (I).....	580,000.00
September 25 2019 -Roads, Sidewalks, & Crosswalks (I).....	475,000.00
September 25 2019 -Replacement School Bldg Grounds Equipment 1 (I).....	45,000.00
September 25 2019 -Replacement School Bldg Grounds Equipment 2 (I).....	5,000.00
September 25 2019 -Annual Equipment Life Cycle Mngment(Schools) (O).....	170,000.00
September 25 2019 -Telephone System Replacements (Schools) 1 (I).....	270,000.00
September 25 2019 -Telephone System Replacements (Schools) 2 (I).....	130,000.00
September 25 2019 -Bertram Field Schematic Design Phase II 2 (I).....	40,000.00
September 25 2019 -High School College & Career Center Floor (I).....	65,000.00
September 25 2019 -Salerno Roof & Mechanical HVAC Replacement (I).....	105,000.00
September 25 2019 -Canal Street - Phase II (Sewer) 1 (I).....	45,000.00
September 25 2019 -Sewer Pump Station (O).....	2,905,000.00
September 25 2019 -Canal Street (Sewer) Phase II 1 (I).....	85,000.00
September 25 2019 -Canal Street (Sewer) Phase II 2 (I).....	770,000.00

September 25 2019 -MS4 Compliance/Illicit Connection Removal 1 (I).....	5,000.00
September 25 2019 -MS4 Compliance/Illicit Connection Removal 2 (I).....	160,000.00
September 25 2019 -Pre-Paving Sewer/Drain Inspections (I).....	30,000.00
September 25 2019 -SSES Report Implementation 1 (O).....	145,000.00
September 25 2019 -289 Derby Drain (O).....	305,000.00
September 25 2019 -Fowler & No Pine Street Sewer Rehabilitation 1 (O).....	95,000.00
September 25 2019 -Fowler & No Pine Street Sewer Rehabilitation 2 (O).....	295,000.00
September 25 2019 -Willow Ave Sewer Replacement (O).....	95,000.00
September 25 2019 -Rosie's Pond Flood Improvements (O).....	690,000.00
September 25 2019 -Water System Upgrades- Valves & Hydrants (O).....	985,000.00
September 25 2019 -Szetela Lane Water (O).....	245,000.00
September 25 2019 -Citywide Flushing, Valve Leak Detection, GIS (O).....	215,000.00
September 25 2019 -Citywide Water System Flushing, Maintenance (O).....	395,000.00
November 18 2020 -Recreation-Bertram Field Phase II (I).....	1,000,000.00
November 18 2020 -Recreation-Court Renovations (I).....	50,000.00
November 18 2020 -IT-Equipment Life-Cycle Mgmt Program (City) (I).....	75,000.00
November 18 2020 -IT-Equipment Life-Cycle Mgmt Program (School) (I).....	171,506.00
November 18 2020 -IT-View Permit Upgrade (I).....	74,680.00
November 18 2020 -Bridge Light LED Conversion (I).....	75,000.00
November 18 2020 -Smart Signalization Expansion (I).....	50,000.00
November 18 2020 -Electrical - Smart Signalization Expansion (I).....	50,000.00
November 18 2020 -Fire Station One Parapet (I).....	100,000.00
November 18 2020 -Winter Island Function Hall Deck/Accessibility (I).....	100,000.00
November 18 2020 -Court Renovations (I).....	125,000.00
November 18 2020 -Golf Course Cart Paths (I).....	375,000.00
November 18 2020 -Parking-Traffic Calming Improvements (I).....	64,718.00
November 18 2020 -Parking and Traffic-MP & SH Garage Maintenance (I).....	50,000.00
November 18 2020 -Museum Place Parking Garage (I).....	754,000.00
November 18 2020 -Common Fence (I).....	85,000.00
November 18 2020 -Planning-Gallows Hill Park Renovation (I).....	125,000.00
November 18 2020 -Furnace and Hot Water Replacement (Police) (I).....	110,174.00
November 18 2020 -Police Cameras (I).....	45,000.00
November 18 2020 -Police-Boiler and Heaters (I).....	109,300.00
November 18 2020 -City Wide Traffic Calming Improvements (I).....	15,000.00
November 18 2020 -Boston Street Corridor Roadway Improvements (I).....	186,500.00
November 18 2020 -Bridge Street (Massworks) Roadway Improvements (I).....	100,000.00
November 18 2020 -Forest River Park and Pool Design/Improvements (I).....	200,000.00
November 18 2020 -Willows Park Restoration (I).....	120,000.00
November 18 2020 -Derby St Complete Streets (I).....	350,000.00
November 18 2020 -Szetela Lance Shared Use Path (I).....	303,000.00
November 18 2020 -Roads, Sidewalks & Crosswalks (Non Ch 90) (I).....	1,240,000.00
November 18 2020 -School-Saltonstall Water Heaters (I).....	83,122.00
November 18 2020 -School-Witchcraft Chiller & Assoc. HVAC System (I).....	350,000.00
November 18 2020 -Bentley Academy Boiler Replacement (I).....	400,000.00
November 18 2020 -Canal Street SSU Flood Mitigation Phase II (I).....	60,000.00
November 18 2020 -Derby St Drainage System Repairs (I).....	58,000.00
November 18 2020 -SSES Report Implementation (Eliminate I/I) (I).....	400,000.00
November 18 2020 -City Wide Sewer System Flushing & Maintenance (I).....	200,000.00
November 18 2020 -Pre-Paving Sewer/Drain Inspections (I).....	50,000.00
November 18 2020 -City Wide Water System Flushing & Maintenance (O).....	250,000.00
November 18 2020 -Water-Distribution Main System Initiatives (O).....	45,000.00
November 18 2020 -Water- Transmission Main System Initiatives (O).....	95,000.00

TOTAL..... 90,240,778.00

City of Salem, Massachusetts
Long-Term Debt Outstanding as of June 30, 2021
General

Aggregate Debt Service

DATE	PRINCIPAL	INTEREST	Part 1 of 3
			TOTAL P+I
06/30/2021	-	-	-
06/30/2022	2,958,878.00	1,501,183.15	4,460,061.15
06/30/2023	2,850,000.00	1,244,575.12	4,094,575.12
06/30/2024	2,550,000.00	1,114,025.12	3,664,025.12
06/30/2025	2,575,000.00	1,001,540.75	3,576,540.75
06/30/2026	2,230,000.00	899,781.38	3,129,781.38
06/30/2027	2,070,000.00	809,665.75	2,879,665.75
06/30/2028	2,120,000.00	721,503.24	2,841,503.24
06/30/2029	1,965,000.00	631,956.36	2,596,956.36
06/30/2030	1,900,000.00	549,456.36	2,449,456.36
06/30/2031	1,855,000.00	473,496.97	2,328,496.97
06/30/2032	1,820,000.00	403,706.29	2,223,706.29
06/30/2033	1,895,000.00	334,168.79	2,229,168.79
06/30/2034	1,615,000.00	264,540.68	1,879,540.68
06/30/2035	1,230,000.00	216,415.68	1,446,415.68
06/30/2036	640,000.00	188,406.29	828,406.29
06/30/2037	660,000.00	169,256.29	829,256.29
06/30/2038	635,000.00	149,912.55	784,912.55
06/30/2039	650,000.00	130,565.67	780,565.67
06/30/2040	540,000.00	112,631.30	652,631.30
06/30/2041	490,000.00	97,043.80	587,043.80
06/30/2042	485,000.00	82,065.68	567,065.68
06/30/2043	425,000.00	68,087.54	493,087.54
06/30/2044	325,000.00	57,040.64	382,040.64
06/30/2045	340,000.00	47,612.52	387,612.52
06/30/2046	345,000.00	37,884.39	382,884.39
06/30/2047	345,000.00	28,000.00	373,000.00
06/30/2048	355,000.00	17,900.00	372,900.00
06/30/2049	365,000.00	7,512.50	372,512.50
06/30/2050	90,000.00	1,125.00	91,125.00
Total	\$36,323,878.00	\$11,361,059.81	\$47,684,937.81

Par Amounts Of Selected Issues

October 15 2010 (SQ) -Fire Pumper Truck (I).....	125,000.00
October 15 2010 (SQ) -Roads, Sidewalks & Crosswalks (I).....	420,000.00
October 15 2010 (SQ) -Furlong Park Remodeling (I).....	80,000.00
October 15 2010 (SQ) -Roads, Sidewalks & Crosswalks 2 (I).....	50,000.00
October 15 2010 (SQ) -Canal St. Improvement Design (I).....	150,000.00
September 27 2012 -Forrester Street Drain Relief (ISQ).....	255,000.00
September 27 2012 -City Hall Roof (ISQ).....	540,000.00

September 27 2012 -City Hall Skylights (ISQ).....	110,000.00
September 27 2012 -City Hall Windows (ISQ).....	280,000.00
September 27 2012 -City Hall Masonry Repairs (ISQ).....	695,000.00
September 27 2012 -Roads, Sidewalks & Crosswalks (ISQ).....	425,000.00
September 27 2012 -Collins Cove Seawall (ISQ).....	85,000.00
September 27 2012 -Remediation (ISQ).....	1,135,000.00
December 19 2013 -Police Equipment (ISQ).....	50,000.00
December 19 2013 -Fire Equipment (ISQ).....	620,000.00
December 19 2013 -Electric Dept Equipment (ISQ).....	30,000.00
December 19 2013 -Parks & Rec (ISQ).....	105,000.00
December 19 2013 -Canal Street Utility Program (ISQ).....	2,850,000.00
December 3 2014 -Drain Improvements (I).....	210,000.00
December 3 2014 -Road Improvements (I).....	800,000.00
December 3 2014 -Bertram Field (I).....	840,000.00
December 3 2014 -Electric- Generator (I).....	35,000.00
December 3 2014 -Parking- Water Proofing (I).....	770,000.00
December 3 2014 -Planning- MBTA Station (I).....	350,000.00
December 2 2015 -Golf Course Equipment (I).....	35,000.00
December 2 2015 -Wrought Iron Fence (I).....	25,000.00
December 2 2015 -Blaney Street Terminal - City Match (I).....	175,000.00
December 2 2015 -Winter Island Pathway & Fort Restoration (I).....	25,000.00
December 2 2015 -Police Vehicle GPS Units (I).....	15,000.00
December 2 2015 -DPS 1988 Ladder Replacement (I).....	120,000.00
December 2 2015 -DPS 2000 Dump Truck Replacement (I).....	80,000.00
December 2 2015 -Paving (I).....	405,000.00
December 2 2015 -Seawalls (I).....	140,000.00
November 17 2016 -Bikeway & Roadway Improvements (I).....	230,000.00
November 17 2016 -Painting Pedestrian & Historical Lights (I).....	5,000.00
November 17 2016 -Bike Path Design/Construction (I).....	5,000.00
November 17 2016 -McGrath Park Paving/Concession Stand (I).....	105,000.00
November 17 2016 -Roads Sidewalk & Crosswalks (Non-Chapter 90) (I).....	110,000.00
November 17 2016 -General Building Maintenance Upgrades (I).....	5,000.00
November 17 2016 -Replace Fire Engine 2 or 5 (I).....	330,000.00
November 17 2016 -Citywide Computer Replacement (I).....	75,000.00
November 17 2016 -Winter Island Electrical Upgrades RVField(Ph 1)(I).....	5,000.00
November 17 2016 -Blaney Street Pier & Terminal (City Match) (I).....	190,000.00
November 17 2016 -Mary Jane Lee Park (Phase II) (I).....	40,000.00
November 17 2016 -Old City Hall Window Replacement (I).....	85,000.00
November 17 2016 -Open Space/Pocket Park Upgrades(Public Services)-I.....	5,000.00
November 17 2016 -Ford F550 6-wheel dump Truck (unit 71)(PubServ)(I).....	50,000.00
November 17 2016 -Ford F550 6-wheel Dump Truck (unit 71)(PubServ)(I).....	40,000.00
November 17 2016 -2000 Int'l Dump Truck (unit 14)(PubServ)(I).....	95,000.00
November 17 2016 -Trash Packer (Public Services) (I).....	50,000.00
November 17 2016 -2-Ton Propane Hot Box (Public Services) (I).....	25,000.00
November 17 2016 -Transfer Station Property Remediation (O).....	550,000.00
June 27 2018 -Planning Blaney St Pier & Terminal (I).....	85,000.00
June 27 2018 -Police GPS for Vehicles (I).....	15,000.00
June 27 2018 -Old Town Hall Roof (I).....	35,000.00
June 27 2018 -Bike Path Master Plan Upgrades (I).....	85,000.00
June 27 2018 -Canal St Roadway & Bike Path Improvements I (I).....	10,000.00
June 27 2018 -Canal St Roadway & Bike Path Improvements II (I).....	1,000,000.00
June 27 2018 -Citywide Traffic Calming Improvements II (I).....	45,000.00
June 27 2018 -Essex St Roadway Improvements I (I).....	15,000.00
June 27 2018 -Essex St Roadway Improvements II (I).....	30,000.00
June 27 2018 -First/Swampscott Rd Intersection Improvement II (I).....	80,000.00

June 27 2018 -Seawall at Collins Cove (I).....	85,000.00
June 27 2018 -South Salem Walk & Downtown Walk (I).....	15,000.00
June 27 2018 -Inflatable Boat & Motor II (I).....	5,000.00
June 27 2018 -Annual Life Cycle Management II (I).....	30,000.00
June 27 2018 -Fiber Optic Network Phase II (I).....	215,000.00
June 27 2018 -Telephone System Replacement I (I).....	65,000.00
June 27 2018 -Telephone System Replacement II (I).....	50,000.00
June 27 2018 -Basketball Court Renovations (I).....	15,000.00
June 27 2018 -Memorial Park Pillars & Fencing Phase II (I).....	10,000.00
June 27 2018 -Playground Upgrades (I).....	20,000.00
June 27 2018 -Historic Wrought Iron Fence- Salem Commons II (I).....	20,000.00
June 27 2018 -Dickson Memorial Chapel Restoration (I).....	35,000.00
June 27 2018 -Forest River Conservation Area Improvements (I).....	10,000.00
June 27 2018 -License Plate Readers (I).....	10,000.00
June 27 2018 -Roof Replacement Police II (I).....	500,000.00
June 27 2018 -Public Services Ford F150 (I).....	15,000.00
June 27 2018 -Public Services Dump Truck (Sander) (I).....	45,000.00
June 27 2018 -Fire Chief Response Vehicle I (I).....	10,000.00
June 27 2018 -Parking Ford F150 (I).....	5,000.00
June 27 2018 -Marked Cruisers (I).....	25,000.00
June 27 2018 -K9 Crusier (I).....	5,000.00
June 27 2018 -29 Passenger Bus (I).....	15,000.00
June 27 2018 -42 Passenger Bus (I).....	25,000.00
June 27 2018 -77 Passenger Bus (I).....	25,000.00
June 27 2018 -Traffic Signal Upgrades (I).....	10,000.00
June 27 2018 -Utility Pole Replacement (I).....	10,000.00
June 27 2018 -First Swampscott Rd Intersection Improvements (I).....	35,000.00
June 27 2018 -Forest River Park & Pool Improvements (I).....	35,000.00
June 27 2018 -Loring & Lafayette Improvements (I).....	130,000.00
June 27 2018 -McGrath Park Additional Assessments (I).....	85,000.00
June 27 2018 -Roads & Sidewalks (I).....	680,000.00
June 27 2018 -IT Annual Inventory (City) (I).....	60,000.00
June 27 2018 -IT Document Management System (I).....	145,000.00
June 27 2018 -IT Facilities Assessment Software (I).....	110,000.00
June 27 2018 -Library HVAC Upgrades (I).....	65,000.00
June 27 2018 -Library Structural Upgrades (I).....	35,000.00
June 27 2018 -Basketball Court Renovations 2 (I).....	85,000.00
June 27 2018 -Betram Field Schematic Design Phase II (I).....	40,000.00
June 27 2018 -Salem Common Fence (I).....	30,000.00
June 27 2018 -Winter Island Function Hall Accessibility (I).....	10,000.00
June 27 2018 -Parking Equipment/Kiosks (I).....	30,000.00
June 27 2018 -Traffic Signal Communication Upgrades (I).....	35,000.00
June 27 2018 -Historic Cemetery Restoration (I).....	65,000.00
June 27 2018 -Lafayette Park Restoration (I).....	10,000.00
June 27 2018 -Police Dive Equipment (I).....	30,000.00
June 27 2018 -Police Fire Alarm Replacement (I).....	10,000.00
September 25 2019 -Senior Center Construction (I).....	4,900,000.00
September 25 2019 -Planning- Blaney Street Pier & Terminal 1 (I).....	40,000.00
September 25 2019 -Planning- Blaney Street Pier & Terminal 2 (I).....	205,000.00
September 25 2019 -Telephone System Replacement 1 (I).....	75,000.00
September 25 2019 -Telephone System Replacement 2 (I).....	30,000.00
September 25 2019 -Bike Path Design/ Construction 1 (I).....	20,000.00
September 25 2019 -Boston Street Roadway Improvements (I).....	70,000.00
September 25 2019 -First Swampscott Rd Intersection Improvements2 (I).....	250,000.00

September 25 2019 -370 Essex St. HVAC Design, & Construction (I).....	365,000.00
September 25 2019 -Boston Street Corridor Roadway Improvements 1 (I).....	70,000.00
September 25 2019 -Boston Street Corridor Roadway Improvements 2 (I).....	120,000.00
September 25 2019 -Bridge Street Massworks Roadway Improvements 2 (I).....	95,000.00
September 25 2019 -Canal Street Bike Path 1 (I).....	150,000.00
September 25 2019 -Canal Street Bike Path 2 (I).....	320,000.00
September 25 2019 -Canal Street Corridor Roadway Improvements 1 (I).....	105,000.00
September 25 2019 -Canal Street Corridor Roadway Improvements 2 (I).....	135,000.00
September 25 2019 -Essex St. Ped. & Vehicle Access Improvements 2 (I).....	1,385,000.00
September 25 2019 -First/Swampscott Rd Intersection Improvements 1(I).....	615,000.00
September 25 2019 -First/Swampscott Rd Intersection Improvements 2(I).....	95,000.00
September 25 2019 -Forest River Park and Pool Design (I).....	95,000.00
September 25 2019 -Forest River Park Seawall Replacement 1 (I).....	1,595,000.00
September 25 2019 -Forest River Park Seawall Replacement 2 (I).....	580,000.00
September 25 2019 -Roads, Sidewalks, & Crosswalks (I).....	475,000.00
November 18 2020 -Recreation-Bertram Field Phase II (I).....	1,000,000.00
November 18 2020 -Recreation-Court Renovations (I).....	50,000.00
November 18 2020 -IT-Equipment Life-Cycle Mgmt Program (City) (I).....	75,000.00
November 18 2020 -IT-Equipment Life-Cycle Mgmt Program (School) (I).....	171,506.00
November 18 2020 -IT-View Permit Upgrade (I).....	74,680.00
November 18 2020 -Bridge Light LED Conversion (I).....	75,000.00
November 18 2020 -Smart Signalization Expansion (I).....	50,000.00
November 18 2020 -Electrical - Smart Signalization Expansion (I).....	50,000.00
November 18 2020 -Fire Station One Parapet (I).....	100,000.00
November 18 2020 -Winter Island Function Hall Deck/Accessibility (I).....	100,000.00
November 18 2020 -Court Renovations (I).....	125,000.00
November 18 2020 -Golf Course Cart Paths (I).....	375,000.00
November 18 2020 -Parking-Traffic Calming Improvements (I).....	64,718.00
November 18 2020 -Parking and Traffic-MP & SH Garage Maintenance (I).....	50,000.00
November 18 2020 -Museum Place Parking Garage (I).....	754,000.00
November 18 2020 -Common Fence (I).....	85,000.00
November 18 2020 -Planning-Gallows Hill Park Renovation (I).....	125,000.00
November 18 2020 -Furnace and Hot Water Replacement (Police) (I).....	110,174.00
November 18 2020 -Police Cameras (I).....	45,000.00
November 18 2020 -Police-Boiler and Heaters (I).....	109,300.00
November 18 2020 -City Wide Traffic Calming Improvements (I).....	15,000.00
November 18 2020 -Boston Street Corridor Roadway Improvements (I).....	186,500.00
November 18 2020 -Bridge Street (Massworks) Roadway Improvements (I).....	100,000.00
November 18 2020 -Forest River Park and Pool Design/Improvements (I).....	200,000.00
November 18 2020 -Willows Park Restoration (I).....	120,000.00
November 18 2020 -Derby St Complete Streets (I).....	350,000.00
November 18 2020 -Szetela Lance Shared Use Path (I).....	303,000.00
November 18 2020 -Roads, Sidewalks & Crosswalks (Non Ch 90) (I).....	1,240,000.00
TOTAL.....	36,323,878.00

Hilltop Securities Inc.

Public Finance

City of Salem, Massachusetts
Long-Term Debt Outstanding as of June 30, 2021
School

Aggregate Debt Service

DATE	PRINCIPAL	INTEREST	TOTAL P+I
06/30/2021	-	-	-
06/30/2022	1,673,122.00	723,204.19	2,396,326.19
06/30/2023	1,680,000.00	637,667.58	2,317,667.58
06/30/2024	1,500,000.00	568,092.58	2,068,092.58
06/30/2025	1,330,000.00	511,542.58	1,841,542.58
06/30/2026	1,180,000.00	465,930.08	1,645,930.08
06/30/2027	1,180,000.00	423,664.46	1,603,664.46
06/30/2028	1,197,000.00	382,196.33	1,579,196.33
06/30/2029	865,000.00	346,081.32	1,211,081.32
06/30/2030	885,000.00	315,631.32	1,200,631.32
06/30/2031	915,000.00	284,506.32	1,199,506.32
06/30/2032	935,000.00	252,687.57	1,187,687.57
06/30/2033	950,000.00	220,562.57	1,170,562.57
06/30/2034	970,000.00	187,525.06	1,157,525.06
06/30/2035	645,000.00	160,687.55	805,687.55
06/30/2036	655,000.00	140,465.66	795,465.66
06/30/2037	525,000.00	121,325.02	646,325.02
06/30/2038	485,000.00	104,187.52	589,187.52
06/30/2039	500,000.00	87,059.40	587,059.40
06/30/2040	520,000.00	69,015.66	589,015.66
06/30/2041	535,000.00	50,337.53	585,337.53
06/30/2042	560,000.00	30,915.65	590,915.65
06/30/2043	430,000.00	13,362.52	443,362.52
06/30/2044	30,000.00	5,400.01	35,400.01
06/30/2045	30,000.00	4,687.51	34,687.51
06/30/2046	35,000.00	3,915.63	38,915.63
06/30/2047	35,000.00	3,062.50	38,062.50
06/30/2048	35,000.00	2,187.50	37,187.50
06/30/2049	35,000.00	1,312.50	36,312.50
06/30/2050	35,000.00	437.50	35,437.50
Total	\$20,350,122.00	\$6,117,651.62	\$26,467,773.62

Par Amounts Of Selected Issues

October 15 2010 (SQ) -School Infrastructure (I).....	25,000.00
October 15 2010 (SQ) -School Ballfield Remodeling (I).....	20,000.00
September 27 2012 -Collins School (OSQ).....	1,065,000.00
September 27 2012 -Collins School 2 (OSQ).....	4,365,000.00
September 27 2012 -Saltonstall School (OSQ).....	965,000.00

September 27 2012 -Saltonstall School 2 (OSQ).....	2,025,000.00
December 19 2013 -Saltonstall School (OSQ).....	1,165,000.00
December 19 2013 -Collins Middle School (OSQ).....	2,410,000.00
December 19 2013 -School Building Repairs (ISQ).....	80,000.00
December 19 2013 -School Equipment (ISQ).....	30,000.00
December 19 2013 -Cur Ref of Jan 15 2003 Bowditch School (OSQ).....	165,000.00
December 19 2013 -Cur Ref of Jan 15 2003 Carlton School (OSQ).....	120,000.00
December 19 2013 -Adv Ref of Jan 1 2005 Witchcraft School (ISQ).....	360,000.00
December 19 2013 -Adv Ref of Jan 1 2005 Carlton School (OSQ).....	95,000.00
December 2 2015 -Computer Replacement Program (I).....	85,000.00
December 2 2015 -District-Wide Security Updates (I).....	25,000.00
December 2 2015 -Replace Lunchroom/Cafeteria Equipment (I).....	10,000.00
December 2 2015 -HS Transformer Replacement (I).....	15,000.00
December 2 2015 -Saltonstall Elementary School I (O).....	430,000.00
December 2 2015 -Saltonstall Elementary School II (O).....	175,000.00
December 2 2015 -Collins Middle School I (O).....	280,000.00
December 2 2015 -Collins Middle School II (O).....	600,000.00
December 2 2015 -Collins Middle School III (O).....	850,000.00
November 17 2016 -Advance Refunding October 15 2007 High School (I).....	2,182,000.00
November 17 2016 -Collins Middle School (O).....	695,000.00
November 17 2016 -Districtwide Computer Replacement (School) (I).....	30,000.00
November 17 2016 -Saltonstall School Parking/DropOff Area Improve(I).....	100,000.00
November 17 2016 -Salerno Automotive Roof Replace (School) (I).....	30,000.00
June 27 2018 -School District Computer Replacement (I).....	10,000.00
June 27 2018 -Annual Life Cycle Management I (Schools) (I).....	15,000.00
June 27 2018 -Annual Life Cycle Management II (Schools) (I).....	65,000.00
June 27 2018 -Bentley School HVAC Equipment (I).....	10,000.00
June 27 2018 -High School HVAC Upgrades (I).....	35,000.00
June 27 2018 -IT Annual Inventory Schools (I).....	115,000.00
June 27 2018 -Bentley School Roof Replacement (I).....	40,000.00
September 25 2019 -Replacement School Bldg Grounds Equipment 1 (I).....	45,000.00
September 25 2019 -Replacement School Bldg Grounds Equipment 2 (I).....	5,000.00
September 25 2019 -Annual Equipment Life Cycle Mngment(Schools) (O).....	170,000.00
September 25 2019 -Telephone System Replacements (Schools) 1 (I).....	270,000.00
September 25 2019 -Telephone System Replacements (Schools) 2 (I).....	130,000.00
September 25 2019 -Bertram Field Schematic Design Phase II 2 (I).....	40,000.00
September 25 2019 -High School College & Career Center Floor (I).....	65,000.00
September 25 2019 -Salerno Roof & Mechanical HVAC Replacement (I).....	105,000.00
November 18 2020 -School-Saltonstall Water Heaters (I).....	83,122.00
November 18 2020 -School-Witchcraft Chiller & Assoc. HVAC System (I).....	350,000.00
November 18 2020 -Bentley Academy Boiler Replacement (I).....	400,000.00
TOTAL.....	20,350,122.00

Hilltop Securities Inc.

Public Finance

City of Salem, Massachusetts
Long-Term Debt Outstanding as of June 30, 2021
Water

Aggregate Debt Service

DATE	PRINCIPAL	INTEREST	TOTAL P+I
06/30/2021	-	-	-
06/30/2022	1,621,880.00	550,115.63	2,171,995.63
06/30/2023	1,644,443.00	475,472.29	2,119,915.29
06/30/2024	1,652,058.00	406,707.28	2,058,765.28
06/30/2025	1,659,726.00	338,426.94	1,998,152.94
06/30/2026	1,292,447.00	280,030.21	1,572,477.21
06/30/2027	935,224.00	238,241.00	1,173,465.00
06/30/2028	708,000.00	206,228.76	914,228.76
06/30/2029	525,000.00	180,068.76	705,068.76
06/30/2030	400,000.00	161,518.76	561,518.76
06/30/2031	420,000.00	145,918.76	565,918.76
06/30/2032	330,000.00	132,856.26	462,856.26
06/30/2033	350,000.00	121,331.26	471,331.26
06/30/2034	270,000.00	110,856.26	380,856.26
06/30/2035	280,000.00	102,081.26	382,081.26
06/30/2036	285,000.00	93,481.26	378,481.26
06/30/2037	290,000.00	84,787.51	374,787.51
06/30/2038	175,000.00	77,775.03	252,775.03
06/30/2039	175,000.00	72,300.01	247,300.01
06/30/2040	180,000.00	66,637.51	246,637.51
06/30/2041	180,000.00	60,506.26	240,506.26
06/30/2042	185,000.00	54,225.01	239,225.01
06/30/2043	185,000.00	47,737.51	232,737.51
06/30/2044	200,000.00	41,175.01	241,175.01
06/30/2045	205,000.00	34,550.01	239,550.01
06/30/2046	215,000.00	27,668.75	242,668.75
06/30/2047	215,000.00	20,075.00	235,075.00
06/30/2048	230,000.00	12,400.00	242,400.00
06/30/2049	95,000.00	4,325.00	99,325.00
06/30/2050	100,000.00	1,462.50	101,462.50
Total	\$15,003,778.00	\$4,148,959.80	\$19,152,737.80

Par Amounts Of Selected Issues

December 14 2006 DW-05-12 (O).....	800,778.00
October 15 2010 (SQ) -Water Systems Improvement (O).....	960,000.00
October 15 2010 (SQ) -Water Meters (O).....	1,000,000.00
October 15 2010 (SQ) -Water Main (O).....	1,100,000.00
September 27 2012 -Water System Improvements (OSQ).....	950,000.00

December 2 2015 -Folly Hill Tank Storage I (O).....	880,000.00
December 2 2015 -Folly Hill Tank Storage II (O).....	440,000.00
December 2 2015 -System Flushing/Valve Maintenance (O).....	175,000.00
December 2 2015 -Meter Replacement Program (O).....	40,000.00
December 2 2015 -Valve Pipe Replacement (O).....	40,000.00
November 17 2016 -Adv Ref Oct 15 2007 Water System Improvements (O).....	1,013,000.00
November 17 2016 -Folly Hill Tank Storage (Water) (O).....	325,000.00
November 17 2016 -Water Meter Replacement Program (O).....	60,000.00
November 17 2016 -Rehab Gallows Hill Water Tanks 1 (O).....	780,000.00
November 17 2016 -Rehab Gallows Hill Water Tanks 2 (O).....	130,000.00
November 17 2016 -Water System Upgrade (Valves & Hydrants) (O).....	425,000.00
November 17 2016 -Water System Improvements (O).....	980,000.00
November 17 2016 -Water Leak Protection, Flushing & GIS Admin 1 (O).....	125,000.00
November 17 2016 -Water Leak Protection, Flushing & GIS Admin 2 (O).....	125,000.00
June 27 2018 -Water System Upgrades- Valves & Hydrants (O).....	940,000.00
June 27 2018 -Water Distribution System Improvements (O).....	1,085,000.00
June 27 2018 -Water System Flushing, Valves, Leak & GIS (O).....	115,000.00
June 27 2018 -Water System Transmission System (O).....	115,000.00
June 27 2018 -Water- Salem Pump Station & Booster Station (O).....	10,000.00
June 27 2018 -Water- Essex St Improvements (O).....	160,000.00
September 25 2019 -Water System Upgrades- Valves & Hydrants (O).....	985,000.00
September 25 2019 -Szetela Lane Water (O).....	245,000.00
September 25 2019 -Citywide Flushing, Valve Leak Detection, GIS (O).....	215,000.00
September 25 2019 -Citywide Water System Flushing, Maintenance (O).....	395,000.00
November 18 2020 -City Wide Water System Flushing & Maintenance (O).....	250,000.00
November 18 2020 -Water-Distribution Main System Initiatives (O).....	45,000.00
November 18 2020 -Water- Transmission Main System Initiatives (O).....	95,000.00
TOTAL.....	15,003,778.00

Hilltop Securities Inc.
Public Finance

City of Salem, Massachusetts
Long-Term Debt Outstanding as of June 30, 2021
Sewer

Aggregate Debt Service

DATE	PRINCIPAL	INTEREST	TOTAL P+I
06/30/2021	-	-	-
06/30/2022	778,000.00	666,427.45	1,444,427.45
06/30/2023	785,000.00	617,618.80	1,402,618.80
06/30/2024	795,000.00	581,318.80	1,376,318.80
06/30/2025	815,000.00	545,218.80	1,360,218.80
06/30/2026	835,000.00	509,418.80	1,344,418.80
06/30/2027	840,000.00	474,381.30	1,314,381.30
06/30/2028	855,000.00	440,006.30	1,295,006.30
06/30/2029	880,000.00	404,993.80	1,284,993.80
06/30/2030	865,000.00	370,568.80	1,235,568.80
06/30/2031	840,000.00	339,031.30	1,179,031.30
06/30/2032	850,000.00	309,812.55	1,159,812.55
06/30/2033	825,000.00	280,425.05	1,105,425.05
06/30/2034	810,000.00	251,293.80	1,061,293.80
06/30/2035	810,000.00	224,706.30	1,034,706.30
06/30/2036	655,000.00	202,240.66	857,240.66
06/30/2037	540,000.00	184,075.02	724,075.02
06/30/2038	370,000.00	170,012.52	540,012.52
06/30/2039	380,000.00	158,331.28	538,331.28
06/30/2040	395,000.00	146,050.03	541,050.03
06/30/2041	400,000.00	132,687.53	532,687.53
06/30/2042	420,000.00	118,634.41	538,634.41
06/30/2043	435,000.00	103,990.66	538,990.66
06/30/2044	455,000.00	88,921.91	543,921.91
06/30/2045	465,000.00	73,946.90	538,946.90
06/30/2046	475,000.00	58,656.25	533,656.25
06/30/2047	495,000.00	42,075.00	537,075.00
06/30/2048	510,000.00	24,775.00	534,775.00
06/30/2049	270,000.00	6,975.00	276,975.00
06/30/2050	105,000.00	1,500.00	106,500.00
Total	\$17,953,000.00	\$7,528,094.02	\$25,481,094.02

Par Amounts Of Selected Issues

October 15 2010 (SQ) -Sewer Pump Station (I).....	80,000.00
October 15 2010 (SQ) -South River Basin Upgrade (I).....	650,000.00
September 27 2012 -Sewer Pump Station Upgrade (ISQ).....	130,000.00
September 27 2012 -South River Basin Upgrade (ISQ).....	325,000.00

September 27 2012 -South River Basin Upgrade 2 (ISQ).....	235,000.00
December 3 2014 -South River Basin Upgrade (I).....	1,400,000.00
December 2 2015 -I/I Study, Design & Construction (I).....	550,000.00
December 2 2015 -Canal St. Phase II (I).....	1,300,000.00
December 2 2015 -Illicit Connection Removal (I).....	75,000.00
December 2 2015 -Line Extension, Rehab & Upgrades (I).....	25,000.00
November 17 2016 -Canal Street Sewer Phase 2 (I).....	1,285,000.00
November 17 2016 -Sewer Leak Detection, Flushing & GIS Admin (I).....	340,000.00
November 17 2016 -Sewer Illicit Connection Removal (O).....	645,000.00
June 27 2018 -Sewer Pump Station I (O).....	35,000.00
June 27 2018 -Sewer Pump Station II (O).....	3,110,000.00
June 27 2018 -Sewer System Flushing, Valve, Leak & GIS I (I).....	115,000.00
June 27 2018 -Sewer System Flushing, Valve, Leak & GIS II (I).....	255,000.00
June 27 2018 -Swampscott Rd Sewer Pump Station II (I).....	30,000.00
June 27 2018 -Sewer MS4 Compliance/Connection Removal II (I).....	530,000.00
June 27 2018 -Canal St Sewer Upgrades Phase I (I).....	285,000.00
June 27 2018 -Sewer- Essex St Improvements (I).....	160,000.00
September 25 2019 -Canal Street - Phase II (Sewer) 1 (I).....	45,000.00
September 25 2019 -Sewer Pump Station (O).....	2,905,000.00
September 25 2019 -Canal Street (Sewer) Phase II 1 (I).....	85,000.00
September 25 2019 -Canal Street (Sewer) Phase II 2 (I).....	770,000.00
September 25 2019 -MS4 Compliance/Illicit Connection Removal 1 (I).....	5,000.00
September 25 2019 -MS4 Compliance/Illicit Connection Removal 2 (I).....	160,000.00
September 25 2019 -Pre-Paving Sewer/Drain Inspections (I).....	30,000.00
September 25 2019 -SSES Report Implementation 1 (O).....	145,000.00
September 25 2019 -289 Derby Drain (O).....	305,000.00
September 25 2019 -Fowler & No Pine Street Sewer Rehabilitation 1 (O).....	95,000.00
September 25 2019 -Fowler & No Pine Street Sewer Rehabilitation 2 (O).....	295,000.00
September 25 2019 -Willow Ave Sewer Replacement (O).....	95,000.00
September 25 2019 -Rosie's Pond Flood Improvements (O).....	690,000.00
November 18 2020 -Canal Street SSU Flood Mitigation Phase II (I).....	60,000.00
November 18 2020 -Derby St Drainage System Repairs (I).....	58,000.00
November 18 2020 -SSES Report Implementation (Eliminate I/I) (I).....	400,000.00
November 18 2020 -City Wide Sewer System Flushing & Maintenance (I).....	200,000.00
November 18 2020 -Pre-Paving Sewer/Drain Inspections (I).....	50,000.00
TOTAL.....	17,953,000.00

Hilltop Securities Inc.

Public Finance

City of Salem, Massachusetts
Long-Term Debt Outstanding as of June 30, 2021
Parking

Aggregate Debt Service

DATE	PRINCIPAL	INTEREST	TOTAL P+I
06/30/2021	-	-	-
06/30/2022	75,000.00	22,506.26	97,506.26
06/30/2023	75,000.00	19,356.26	94,356.26
06/30/2024	80,000.00	16,106.26	96,106.26
06/30/2025	80,000.00	12,756.26	92,756.26
06/30/2026	80,000.00	9,431.26	89,431.26
06/30/2027	75,000.00	6,281.26	81,281.26
06/30/2028	15,000.00	4,518.76	19,518.76
06/30/2029	15,000.00	3,981.26	18,981.26
06/30/2030	15,000.00	3,431.26	18,431.26
06/30/2031	15,000.00	2,881.26	17,881.26
06/30/2032	15,000.00	2,375.01	17,375.01
06/30/2033	15,000.00	1,912.51	16,912.51
06/30/2034	15,000.00	1,443.76	16,443.76
06/30/2035	15,000.00	981.26	15,981.26
06/30/2036	15,000.00	528.13	15,528.13
06/30/2037	10,000.00	150.00	10,150.00
Total	\$610,000.00	\$108,640.77	\$718,640.77

Par Amounts Of Selected Issues

December 2 2015 -Garage Updates (I).....	100,000.00
December 2 2015 -Kiosk Umbrellas (I).....	20,000.00
November 17 2016 -Automation of South Harbor Garages (Parking) (I).....	360,000.00
November 17 2016 -Parking Garage Upgrades (I).....	130,000.00
TOTAL.....	610,000.00

City of Salem – Financial Reserve Policy

Stabilization Fund

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. The total of all stabilization fund balances shall not exceed ten percent of the community's equalized value, and any interest shall be added to and become a part of the funds. A two-thirds vote of the city council is required to establish, amend the purpose of, or appropriate money from the stabilization fund.

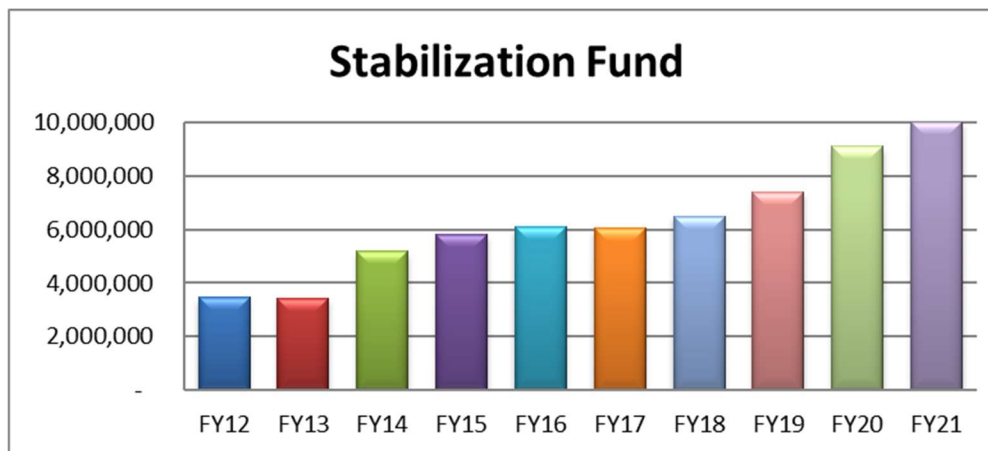
The City has set a target level for minimum Stabilization fund of 5% of the City's current general fund operating budget which is 7.26M based on 2019 budget of 145M. The stabilization fund shall be funded by appropriations from free cash, operating budget appropriations when available, and other one-time non-recurring revenues that become available for appropriation per M.G.L.

1. Any draw down of the stabilization fund from the prior fiscal year should be allocated from the certified free cash if available.
2. Twenty percent of any free cash available after funding #1 above will be allocated from free cash to the stabilization fund, up to the proposed reserve balance of the stabilization fund (5% of operating budget).

The stabilization fund should only be used for the following circumstances:

1. When net State Aid (receipts less assessments) is reduced by an amount less than the average of the prior two years.
2. When Local Receipts projected are below a three per cent (3%) increase of the prior two year's actual receipts as reported on page three of the Tax Rate Recapitulation as certified by the Director of the Bureau of Accounts (excluding non-recurring receipts).
3. When there is a catastrophic or emergency event(s) that cannot be supported by current general fund appropriations.

Stabilization Fund		
Fiscal Year	End Bal	
2012	3,453,722	
2013	3,438,799	
2014	5,173,812	
2015	5,831,296	
2016	6,092,766	
2017	6,037,015	
2018	6,511,290	
2019	7,397,757	
2020	9,111,337	
2021	10,043,960	



Retirement Stabilization Fund

The Retirement Stabilization Fund was created in FY 2008 to fund all appropriations for sick and vacation time earned by an employee as regulated by collective bargaining agreements or City of Salem policy for non-union and management employees. When budget season begins, the finance department will request each department to determine if there are any employees in their department who may be retiring. Departments (including Salem Public Schools) will submit list of employees and the anticipated amounts of each employee's retirement buyout.

In FY 2013 the Commonwealth of Massachusetts created Massachusetts General Law Chapter 40 Section 13D which authorizes the creation of a retirement stabilization account to fund future payment of accrued liabilities for compensated absences. A council order was submitted to the City Council on May 23, 2013 to adopt this legislation.

The Finance Department will calculate the cumulative amount of anticipated retirement dollars needed for the following year's budget and incorporate the amount into the Mayor's recommended budget submitted to Council. There is line item within the Budget Transfers Out to account for retirement anticipations. This line item will be reviewed and voted on by the City Council as it does with other budgets.

Once Council approves the budget, the funds are then booked into the Retirement Stabilization Fund as voted. Appropriations both into and from the Retirement Stabilization Fund require a 2/3 vote of the City Council.

1. The fund is limited to 10% of the prior year's tax levy.

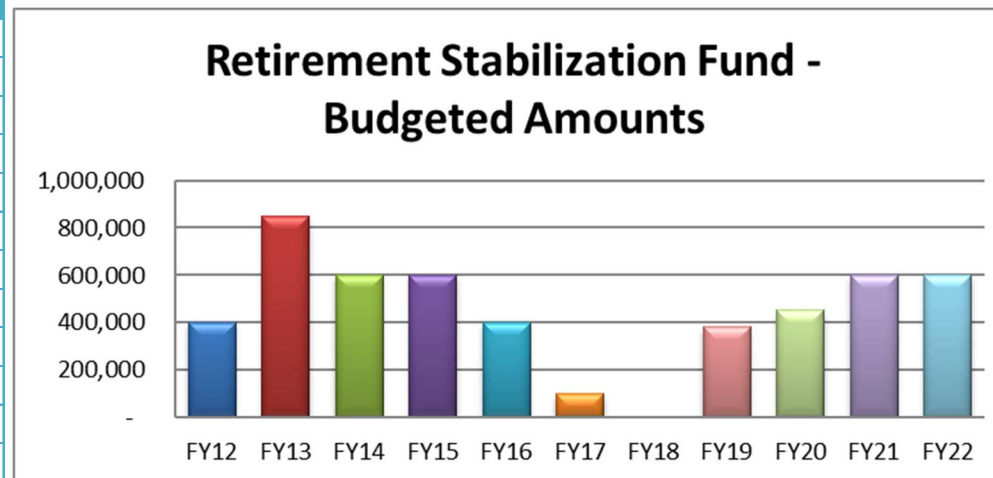
2. All interest earned in the Retirement Stabilization Fund will stay with the Fund.

Any appropriations that are not used during the fiscal year will be carried over into the next fiscal year as a fund balance. All employees who are on the list will then be compensated at retirement for their accrued sick, vacation, and other benefits that they are entitled once approved by both Human Resources and the Department Head.

If an employee retires and was not budgeted for in the Retirement Stabilization Fund, the department head shall submit a request to the human resource department who will verify the buyback amounts and forward the request to the Finance Department. The Finance Director will consider the request and fund it from surplus Retirement Stabilization funds or other available funds. It is the policy of the City to build up an adequate reserve in the retirement anticipation fund to cover those retirements that were not anticipated.

At the end of FY 2021 we may transfer some free cash into this fund to cover FY 2022 retirements. In FY 2022 we are budgeting 600,000 to be transferred to this fund.

Retirement Stabilization Fund Budgeted Amounts		
Fiscal Year	Budgeted	
2012	400,000	
2013	850,000	
2014	600,000	
2015	600,000	
2016	400,000	
2017	100,000	
2018	-	
2019	380,808	
2020	452,314	
2021	600,000	
2022	600,000	

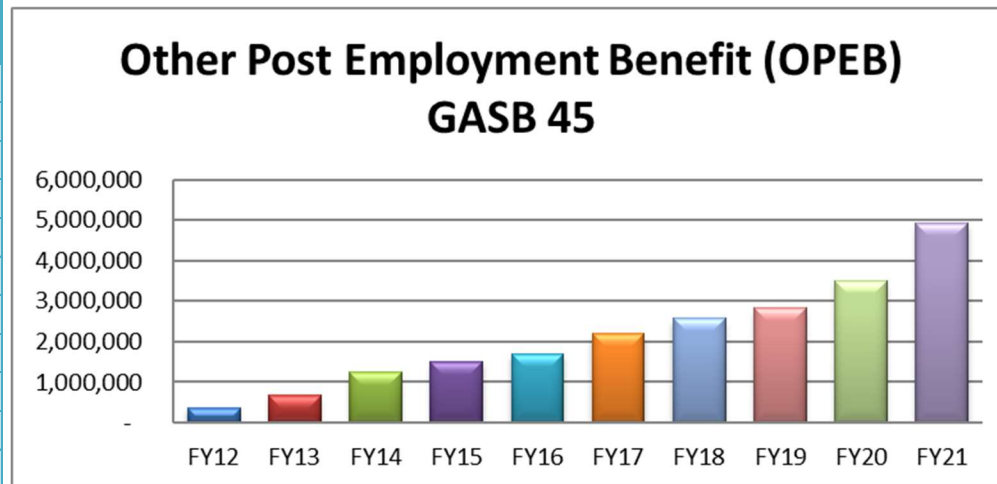


Other Post Employment Benefit (OPEB) (GASB 45)

The City is mandated by the Governmental Accounting Standards Board (GASB) to start accounting for Other Post Employment Benefit (OPEB) as outlined in statement 45. In FY 2011 the City Council voted to establish an OPEB Stabilization Fund. We anticipate funding this account through annual appropriation from certified free cash (10%) as we do for our Capital Project and our Stabilization fund.

In FY 2015 the Mayor modified the policy to move 5% of free cash to OPEB and 5% of free cash to the Retirement Board to help offset the pension liability. Five percent (5%) of free cash certified will be allocated to the OPEB Reserve Fund for the future liability of current worker's post-employment benefits (other than retirement pension). This includes the cost of health, life, and dental benefits. The amount to be funded for GASB 45 is to be determined by an actuarial study that is to be performed by an actuary that the City chooses (perhaps in conjunction with actuarial studies done by the Salem Contributory Retirement System).

Other Post Employment Benefit (OPEB) GASB 45	
Fiscal Year	End Bal
2012	374,924
2013	675,003
2014	1,250,000
2015	1,507,000
2016	1,701,917
2017	2,189,299
2018	2,572,670
2019	2,830,000
2020	3,511,488
2021	4,914,890



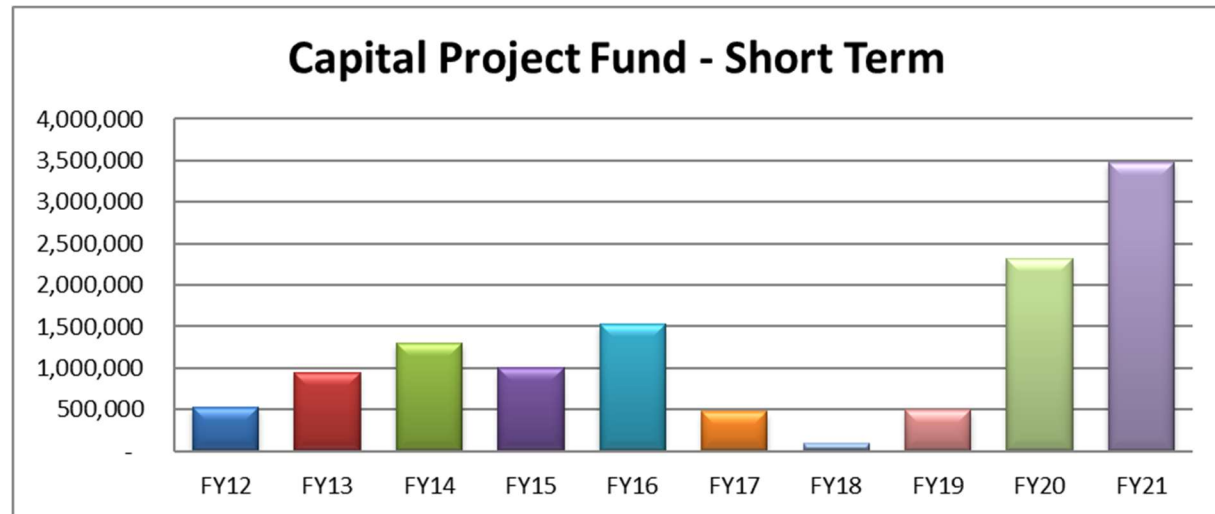
Capital Project Fund – Short-Term Supplemental Miscellaneous & Unanticipated Funds

The City of Salem uses a capital project fund to supplement the short-term capital needs of the City.

1. Twenty percent of any free cash available after funding #1 above will be allocated from free cash to the Capital Improvement Program (CIP) Fund.

These funds are used during the fiscal year for to supplement the Capital Improvement Plan (Section 7) for unanticipated or emergency equipment or repairs as needed, or for those items that don't meet the CIP criteria (value > \$25,000 and a life expectancy of 5 or more years).

Capital Project Fund - Short Term	
Fiscal Year	End Bal
2012	525,874
2013	947,324
2014	1,300,000
2015	1,000,000
2016	1,521,621
2017	472,539
2018	89,285
2019	500,000
2020	2,315,098
2021	3,476,794



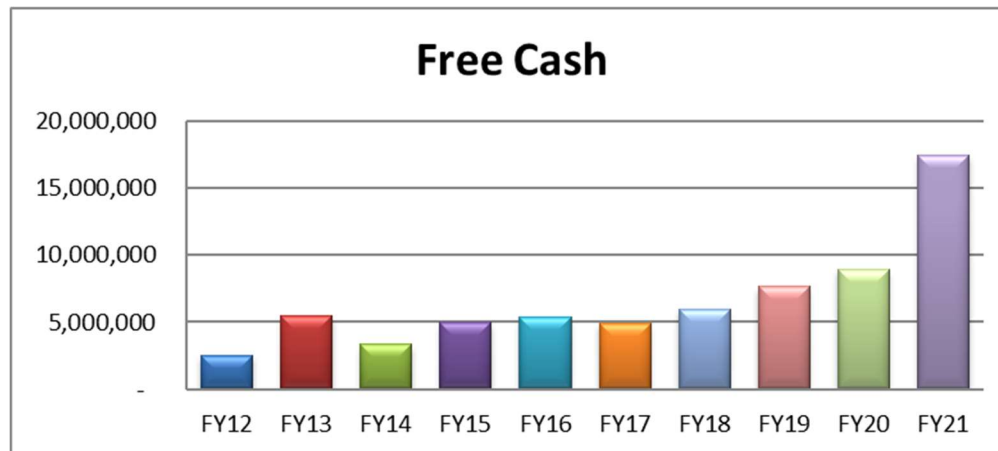
Free Cash

Free cash is the remaining, unrestricted funds from operations of the previous fiscal year including unexpended free cash from the previous year, actual receipts in excess of revenue estimates shown on the tax rate recapitulation sheet, and unspent amounts in budget line-items. Unpaid property taxes and certain deficits reduce the amount that can be certified as free cash. The calculation of free cash is based on the balance sheet as of June 30, which is submitted by the community's auditor, accountant, or comptroller. Free cash is not available for appropriation until certified by the Massachusetts Director of Accounts. Free cash is the term used for a community's funds that are available for appropriation. Once free cash is certified, it is available for appropriation by City Council.

Free cash may be used for any lawful municipal purpose and provides communities with flexibility to fund additional appropriations after the tax rate has been set. Free cash balances do not necessarily carry forward to the next fiscal year (July 1st); the Director's certification expires on June 30th at the end of the fiscal year.

The City's policy is to use free cash for reserves, capital, and special uses in accordance with the policies set forth by the Mayor and Finance Director as stated above. Any free cash available after funding the above may be used to augment trust funds related to fringe benefits and un-funded liabilities related to employee benefits, Workers' Compensation Fund, Unemployment Fund, and any health benefits payable through Police and Fire operating budgets (111f settlements). Free Cash available may also be used to augment general fund appropriations for expenses that increased due to extraordinary and/or unforeseen events as detailed by the department head of the affected budget.

Free Cash Certified by DOR		
Fiscal Year	End Bal	
2012	2,525,829	
2013	5,498,710	
2014	3,349,683	
2015	4,949,767	
2016	5,380,858	
2017	4,922,937	
2018	5,949,483	
2019	7,638,739	
2020	8,951,313	
2021	17,444,553	



Retained Earnings – Enterprise Funds

Retained Earnings is the portion of Net Assets Unrestricted that is certified by the Department of Revenue as available for appropriation. Certification requires submission of a June 30 balance sheet accompanied by all information necessary to calculate free cash in the General Fund. Once certified, retained earnings may be appropriated through the following June 30 and no appropriation may be in excess of the certified amount.

Retained earnings may be appropriated to:

1. Fund direct costs of the enterprise for the current fiscal year;
2. Fund costs appropriated in the General Fund operating budget and allocated to the enterprise for the current fiscal year;
3. Reimburse the General or other fund for subsidized capital costs of the enterprise not already reimbursed for the two full, immediately prior, fiscal years.

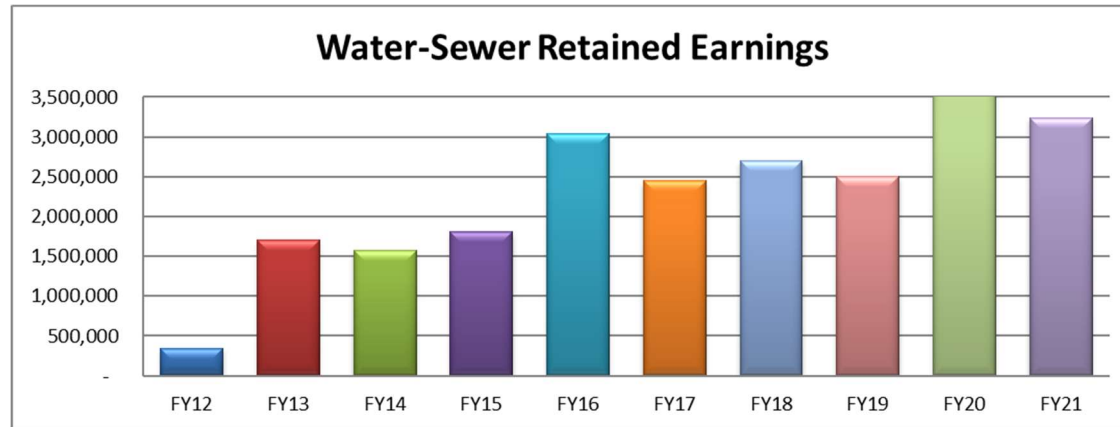
The City of Salem generally uses Water & Sewer retained earnings to fund capital improvements that may come up during the fiscal year as well as emergency repairs needed due to water or sewer main breaks or other related repairs. Some capital equipment may be funded during the year from these as well.

In FY 2013 the Mayor submitted a council order to request that the water and sewer enterprise funds be combined for FY 2014 as allowed by the Department of Revenue as outlined in Bulletin 2012-B (page 3/7). The Water Enterprise fund revenues had been insufficient to cover expenses and the City had to appropriate free cash to cover the deficits. Part of the problem was the one time use of retained earnings in FY 2012 to supplement the revenue. That funding was not used in FY 2013 and the rate increases were insufficient to cover expenses. In FY 2013 we had to raise \$218,738 on the General Fund RECAP to cover the FY 2012 deficit. We also had to appropriate Free Cash to cover the June 30, 2013 deficit of \$307,522.50. By combining the funds we can use sewer revenue to help offset the water deficit. We may be requesting an increase on both water and sewer rates for FY 2019 to cover increased debt expenses.

The water and sewer funds will remain in separate funds for accounting and budgeting purposes within the City. However, they are combined for reporting purposes on the City's annual financial statements (CAFR), when calculating Retained Earnings by the Department of Revenue, and when filing the City's annual Tax Recapitulation (RECAP).

The following are the Sewer and Water COMBINED retained earnings.

Water-Sewer Retained Earnings Certified by DOR		
Fiscal Year	Certified	
2012	347,312	
2013	1,704,682	
2014	1,574,157	
2015	1,803,130	
2016	3,044,317	
2017	2,449,470	
2018	2,703,564	
2019	2,500,000	
2020	3,640,860	
2021	3,239,564	



The Trash Enterprise fund is not a fully self-supporting fund but has generated retained earnings.

Trash Retained Earnings Certified by DOR		
Fiscal Year	Certified	
2012	110,108	
2013	323,738	
2014	480,116	
2015	327,688	
2016	446,379	
2017	489,884	
2018	324,422	
2019	113,461	
2020	73,365	
2021	343,181	



City of Salem - Investment Policy

Section I - The investment of General Funds, Special Revenue Funds, Enterprise Funds, and Capital Projects Funds.

Scope

This section of the policy applies only to short term operating funds such as general funds, special revenue funds, enterprise funds, and capital project funds. Section 2 will deal with trust funds, bond proceeds, and any other funds with special circumstances such as stabilization funds. A separate Contributory Retirement Board, either local or county, is responsible for the investment of the pension funds.

Objectives

Massachusetts General Laws, Chapter 44, section 55B requires the municipal/district treasurer to invest all public funds except those required to be kept un-invested for purposes of immediate distribution. Modern banking systems enable the public treasurer to maintain even these funds in interest bearing form until the date a disbursement order clears through the banking system.

The state law further requires that invested funds are to be placed at the highest possible rate of interest reasonably available, taking account of safety, liquidity and yield. Therefore, these guidelines are intended to further the objective of securing the highest return that is consistent with safety of principal while meeting the daily cash requirements for the operation of the entity's business.

- ***Safety*** of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital through the mitigation of credit risk and interest rate risk. The diversification and prudent selection of investment instruments and choice of depository shall mitigate these risks. Credit risk is the risk of loss due to the failure of the security issuer or backer. Interest rate risk is the risk that the market value of the security will fall due to changes in general interest rates.
- ***Liquidity*** is the next most important objective. The overall investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. Since all possible cash demands cannot be anticipated, the treasurer shall carry out investment activities in a manner that provides for meeting unusual cash demands without the liquidation of investments that could result in forfeiture of accrued interest earnings, and loss of principal in some cases.

- **Yield** is the third, and last, objective. Investments shall be undertaken so as to achieve a fair market average rate of return, taking into account safety and liquidity constraints as well as all legal requirements.

Investment Instruments

The Treasurer may invest in the following instruments:

1. Massachusetts State pooled fund: Unlimited amounts (Pool is liquid)

The Massachusetts Municipal Depository Trust (MMDT), an investment pool for state, local, county and other independent governmental authorities, is under the auspices of the Massachusetts State Treasurer and currently managed by Fidelity Investments. It invests in Bankers Acceptances, Commercial Paper of high quality, Bank Certificates of Deposit, Repurchase agreements (Repos), and U. S. Treasury Obligations. It has Federal Deposit Insurance Corporation (F.D.I.C.) pass-through insurance on the CD's and takes delivery on the Repos and Treasuries. Under Government Accounting Standards Board Regulation (GASB III), it is not considered an uncollateralized product.

2. U. S. Treasuries that will be held to maturity: Unlimited amounts (Up to one-year maturity from date of purchase)
3. U.S. Agency obligations that will be held to maturity. Unlimited amounts (Up to one-year maturity from date of purchase)
4. Bank accounts or Certificates of Deposit, hitherto termed CD's. (Up to one year) which are fully collateralized through a third party agreement: Unlimited amounts
5. Bank accounts and CD's (Up to one year) fully insured by F.D.I.C. and in some cases also Depository Insurance Fund of Massachusetts (D.I.F.M): \$250,000 limit all bank accounts and CD's in one institution are considered in the aggregate to receive the \$250,000 insurance coverage.
6. Unsecured bank deposits of any kind such as other checking, savings, money market, or Certificates of Deposit accounts at Banks that do not fit the above categories. These investments are subject to the following limitations: These investments will be limited to no more than 5% of an institution's assets and no more than 10% of a municipality's cash. Their credit worthiness will be tracked by Veribanc, Sheshunoff, or other bank credit worthiness reporting systems. They will be diversified as much as possible. CD's will be purchased for no more than three months and will be reviewed frequently.
7. Money Market Mutual Funds that are registered with the Securities and Exchange Commission that have received the highest possible rating from at least one nationally recognized statistical rating organization and as otherwise referenced in the MGL 44 Section 55.

Risk Tolerance

Credit Risk is the risk that an issuer or other counterparty to an investment neither will fulfill its obligations. The City will manage credit risk several ways. There will be no limit to the amount of United States Treasury and United States Government Agency obligations, as they carry an AAA rating. In regards to other investments, the City will only purchase investment grade securities with a high concentration in securities rated A or better. The City may invest in the Massachusetts Municipal Depository Trust (MMDT) with no limit to the amount of funds placed in the fund.

Custodial Risk is the risk for deposits that in the event of the failure of a depository financial institution, a municipality will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a municipality will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City will review the financial institution's financial statements and the background of the advisor. The intent of qualification is to limit the city's exposure to only those institutions with a proven financial strength, capital adequacy of the firm, and the overall affirmative reputation in the municipal industry. Further all securities not held directly by the city will be held in the city's name and tax identification number by a third party custodian approved by the Treasurer and evidenced by safekeeping receipts showing individual CUSIP numbers for each security.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City will minimize concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized or not exist.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The City will manage interest rate risk by managing duration in the account.

Foreign Currency Risk is the risk that changes in foreign monetary exchange rates will adversely affect the fair value of an investment. The City will not invest in any instrument exposed to foreign currency risk.

Diversification

Diversification should be interpreted in two ways: in terms of maturity as well as instrument type and issuer. The diversification concept should include prohibition against over concentration of maturities as well as concentration in a specific institution. With the exception of U.S. Treasury obligations or investments fully collateralized by U.S. Treasuries or agencies, and State pools (MMDT), no more than 10% of the Town's investments shall be invested in a single financial institution.

Authorization

The Treasurer has authority to invest municipality/district funds, subject to the statutes of the Commonwealth cited above.

Ethics

The Treasurer (and any Assistant Treasurers) shall refrain from any personal activity that may conflict with the proper execution of the investment program or which could impair or appear to impair ability to make impartial investment decisions. Said individuals shall disclose to the Chief Executive Officer any material financial interest in financial institutions that do business with the City. They shall also disclose any large personal financial investment positions or loans that could be related to the performance of the town's investments.

Relationship with Financial Institutions

Financial institutions should be selected first and foremost with regard to safety. Municipalities/Districts should subscribe to and use one or more of the recognized bank rating services, such as Veribanc or Sheshunoff. Brokers should be recognized, reputable dealers.

The Treasurer shall require any brokerage houses and broker/dealers, wishing to do business with the municipality, to supply the following information to the Treasurer:

- Audited financial statements
- Proof of National Association of Security Dealers certification
- A statement that the dealer has read the municipality's investment policy and will comply with it
- Proof of credit worthiness (minimum standards: at least five years in operation and a minimum capital of 10 million dollars)

Section II - The Investment of Trust Funds and Bond Proceeds

This section of the policy applies only to funds that could be invested long term, i.e. trust funds, stabilization funds and bond proceeds. For issues subject to arbitrage rebate, an arbitrage tracking system such as those available at banks and Mass Municipal Depository Trust (MMDT) will be used to track expenditures of and interest earned on borrowed funds. Alternative tracking systems should be approved by and used under the advice of Bond Counsel.

Arbitrage Regulations

Tax free debt may be issued by cities, towns, and districts, which means that they are able to borrow at rates well below market rates. At the same time, the federal government has issued regulations to prevent them from issuing debt with the goal of investing the borrowed funds at a higher rate of interest than that at which the money was borrowed, or committing arbitrage. If the federal regulations are not followed, there are fines and penalties, but even worse, the tax free status of the debt could be jeopardized. The following arbitrage regulations will be followed:

Unless debt is issued as a "small issuer," that is, an entity issuing less than \$10 million of tax exempt debt in a calendar year, the proceeds shall be used within certain prescribed time frames, or be subject to fines and penalties as described above.

Following are the general rules and time frames for spending borrowed funds in order to avoid having to pay a rebate to the Federal government on investment income earned on the borrowed funds. All funds must be used according to the following schedules or sooner:

CONSTRUCTION DEBT

First six months:	10%
First year:	45%
Eighteen months:	75%
Two years:	100%

CAPITAL EXPENDITURES DEBT OTHER THAN CONSTRUCTION PROJECTS

First six months:	15%
First year:	60%
Eighteen months:	100%

ALL OTHER MUNICIPAL PURPOSE DEBT

First six months:	100%
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Trust Funds

Trust Funds may be co-mingled and invested in any instruments allowed by the Legal List issued by the Banking Commissioner each July. Each trust fund must be accounted for separately.

Stabilization Funds

The Stabilization Fund shall not exceed ten per cent of the equalized valuation of the city or town, and any interest shall be added to and become a part of the fund. The treasurer may invest the proceeds in the following:

- National Banks
- Savings Banks
- Cooperative banks or trust companies organized under Massachusetts laws
- Securities legal for savings banks (i.e. those on the Legal List described above)
- Federal Savings and Loan Associations situated in the Commonwealth
- Massachusetts Municipal Depository Trust

Reporting Requirements

On a regular basis (quarterly, semi-annually, or annually), a report containing the following information will be prepared by the Treasurer and distributed to the Chief Executive Officer, Town Manager, and/or Finance Committee, as appropriate. The quarterly report will include the following information, as a minimum requirement:

- A listing of the individual accounts and individual securities held at the end of the reporting period.
- A listing of the short-term investment portfolio by security type and maturity to ensure compliance with the diversification and maturity guidelines established in the "Diversification" section of this Investment Policy.
- A summary of the income earned on a monthly basis and year to date basis shall be reported.
- The municipal treasurer shall include in the report a brief statement of general market and economic conditions and other factors that may affect the City's cash position.
- The report should demonstrate the degree of compliance with the tenets set forth in the Investment Policy.

City of Salem - Fraud Policy

The City of Salem is committed to protecting its revenue, property, information, and other assets from any attempt, either by members of the public, contractors, vendors, agents or its own employees, to gain by deceit, financial or other benefits at the expense of the taxpayers.

City Officials and employees must, at all times, comply with all applicable laws and regulations. The City will not condone the activities of officials or employees who achieve results through violation of the law or unethical business dealings. The City does not permit any activity that fails to stand the closest possible public scrutiny.

This policy sets out specific guidelines and responsibilities regarding appropriate actions that must be followed for the investigation of fraud and other similar irregularities.

In FY 2015 the City hired the auditing firm of Melanson & Heath to conduct a fraud risk assessment covering accounts receivable, accounts payable and payroll. Melanson & Heath will provide the Finance Director with a comprehensive report outlining how each department is performing in these areas and make recommendations as to what we can do to further protect the City's assets. This will be an ongoing project with annual reviews and updates.

Definitions

Occupational fraud is defined by the Association of Certified Fraud Examiners as the use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization's resources or assets. There are three major categories of occupational fraud.

- **Asset Misappropriations** – Theft or misuse of an organization's assets.
 - Cash
 - Fraudulent Disbursements – Perpetrator causes organization to disburse funds through some trick or device (e.g. submitting false invoices/time card/sheets, expense reimbursement schemes, check tampering, etc.)
 - Skimming – Cash is stolen from an organization before it is recorded on the organization's books and records.

- Cash Larceny – Cash is stolen from an organization after it has been recorded on the organization’s books and records.
 - Inventory and all other assets
 - Misuse – Misuse of an organization’s inventory or assets for personal use (e.g. City vehicles, computers, supplies, etc.)
 - Larceny – Inventory or other assets are stolen from an organization.
- **Corruption** – Wrongfully use influence in a business transaction in order to procure some benefit for themselves or another person, contrary to duty to employer or the rights of another.
 - Conflicts of Interest – An undisclosed economic or personal interest in a transaction that adversely affects the employer.
 - Bribery – The offering, giving, receiving, or soliciting of anything of value to influence an official act or business decision.
 - Illegal Gratuities – A party who benefits from an official act or a business decision gives a gift to a person who made the decision. An illegal gratuity does not require proof
 - Economic Extortion – An employee demands that a vendor/contractor/etc. pay to influence an official act or a business decision.
- **Fraudulent Statements** – Falsification of an organization’s financial statements.

Other similar irregularities is defined as any activity involving questionable behavior or business dealings by members of the public, contractors, vendors, agents or government employees, that put government revenue, property, information and other assets at risk of waste or abuse.

Applicability

This policy applies to all Elected Officials and employees of the City of Salem as well as any business or individual doing business with the government.

General Policy and Responsibility

1. It is the government's intent to fully investigate any suspected acts of fraud or other similar irregularity. An objective and impartial investigation will be conducted regardless of the position, title, and length of service, or relationship with the government of any party who might be or becomes involved in or becomes/is the subject of such investigation.
2. Each Elected Official, Department Head, Commissioner and Manager is responsible for instituting and maintaining a system of internal control to provide reasonable assurance for the prevention and detection of fraud, misappropriations and other irregularities. Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct.
3. The Finance Director has the primary responsibility for the investigation of all activity defined in this policy.
4. The Finance Director will notify their Independent Auditing Firm and the Mayor of a reported allegation of fraudulent or irregular conduct upon the commencement of the investigation to the extent practical. Throughout the investigation the Mayor will be informed of pertinent investigative findings.
5. In all circumstance where there are reasonable grounds to indicate that a fraud may have occurred, the Finance Department and/or Independent Auditor, subject to the advice of Mayor and City Solicitor, will contact the office of the District Attorney and/or the Salem Police.
6. Upon conclusion of the investigation, the results will be reported to the Mayor and others as determined necessary.
7. The City Solicitor will pursue every reasonable effort, including court ordered restitution, to obtain recovery of the City's losses from the offender, or other appropriate source.

Procedures

1. All Employees

Any employee who has knowledge of an occurrence of irregular conduct, or has reason to suspect that a fraud has occurred, shall immediately notify his/her supervisor. If the employee has reason to believe that their supervisor may be involved or does not feel comfortable reporting the occurrence to their supervisor, the employee shall immediately notify the OTA.

Employees have a duty to cooperate during an investigation. Employees who knowingly make false allegations will be subject to discipline and possible termination of employment.

2. City Management/Elected Officials/Board Members

Upon notification from an employee of suspected fraud, or if management has reason to suspect that a fraud has occurred, they shall immediately notify the Finance Director.

3. Office of the Mayor

Upon notification or discovery of a suspected fraud, the Finance Director and/or Independent Auditor will promptly investigate the suspected fraud. In all circumstances, where there are reasonable grounds to indicate that a fraud may have occurred, the Finance Director or Independent Auditor will inform the Mayor. Subject to the advice of the City Solicitor, the Finance Director or Independent Auditor will contact the Office of the District Attorney and/or the Salem Police.

4. Contacts/Protocols

After an initial review and a determination that the suspected fraud warrants additional investigation, the Finance Director or Independent Auditor will notify the Mayor. The Finance Director or Independent Auditor will coordinate the investigation with the Mayor and appropriate law enforcement officials.

5. Security of Evidence

Once a suspected fraud is reported, the Finance Director or Independent Auditor, in consultation with the City Solicitor, shall take immediate action to prevent the theft, alteration, or destruction of relevant records. Such actions include, but are not necessarily limited to, removing the records and placing them in a secure location, limiting access to the location where the records currently exist, and preventing the individual suspected of committing the fraud from having access to the records. The records must be adequately secured until the Finance Director or Independent Auditor obtains the records to begin the audit investigation.

6. Personnel Actions

If a suspicion of fraud is substantiated by the investigation, disciplinary action shall be taken by the Mayor, in consultation with the Personnel Director and the Finance Director or Independent Auditor.

7. Whistle-Blower Protection

Under Massachusetts General Law Chapter 149, paragraphs 148A, 185 and 187, no employer or person acting on behalf of an employer shall:

- Dismiss or threaten to dismiss an employee
- Discipline or suspend, or threaten to discipline or suspend, an employee
- Impose any penalty upon an employee; or
- Intimidate or coerce an employee

because the employee has acted in accordance with the requirements of this policy. The violation of this section will result in discipline up to and including dismissal in accordance with the applicable federal, state, and local administrative laws.

8. Media Issues

Any City employee or elected official contacted by the media with respect to an audit investigation shall refer the media to the Mayor's Office at 978-619-5600. The alleged fraud or audit investigation shall not be discussed with the media by any person other than the through the Mayor's Office.

If the Finance Director or Independent Auditor is contacted by the media regarding an alleged fraud or audit investigation, they will consult the Mayor, before responding to a media request.

Neither the Finance Director nor Independent Auditor will discuss the details of any ongoing fraud investigation with the media that may compromise the integrity of the investigation.

9. Documentation

At the conclusion of the investigation, the results will be reported to the Mayor and others as determined necessary. If the report concludes that the allegations are founded, the report will be forwarded to the Office of the District Attorney and/or the Salem Police.

10. Completion of the Investigation

Upon completion of the investigation, including all legal and personnel action, any records, documents and other evidentiary material will be returned by the Finance Director or Independent Auditor to the appropriate department.

11. Training

New employees are trained at the time of hiring about the City's Code of Conduct and Fraud Policy. This training explicitly covers expectations of all employees regarding:

- (1) Their duty to communicate certain matters;
- (2) A list of the types of matters, including actual or suspected fraud, to be communicated along with specific examples;
and
- (3) Information on how to communicate those matters.