

# 2025 Operating Budget

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Director





# Town Manager Executive Summary

## Fiscal Year 2025 Budget Executive Summary

I am pleased to present the Town Manager's recommended balanced budget for Fiscal Year 2025. The focus of this budget is maintaining consistent service levels despite economic pressures. Department Heads were instructed to submit "level-service" budgets—defined as the cost required to maintain the same level of services with adjustments for contractual and inflationary increases. Separate requests for enhancements were considered individually. Over the past two months, I have worked closely with each Department Head to understand their unique challenges and opportunities. Inflation and rising costs—particularly in utilities, supplies, and services—present significant hurdles this year. Despite these challenges, I am confident this budget is sustainable and aligns with the goals established by the Town Council, without creating a structural deficit.

# State of the Town



Property values  
remain high



2023 Tax rate  
remains low  
(\$5.48)



AAA Bond Rating  
(reaffirmed  
September 9, 2024)



Fund balance  
stable



No union  
contracts this  
year



Inflation Rate  
between 2023  
and 2024 is  
averaging 4.57%

# Town of Salem

Salem Schools  
55%

Town of Salem  
32%

State Education  
9%  
Rockingham County  
4%



Salem Schools  
\$9.24

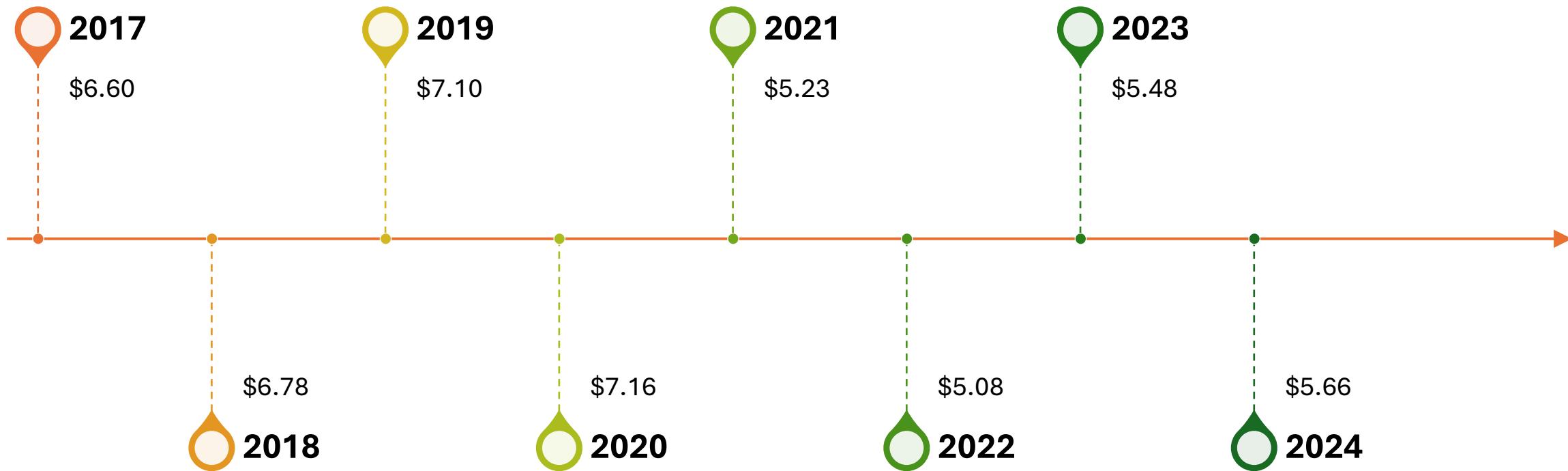
Town of Salem  
\$5.48

State Education  
\$1.51

Rockingham County  
\$0.73

**2023 - Tax Rate - \$16.96**

# Tax Rate History



# Municipal Tax Rates - 2023



# Budget Overview



**Align with Town Council Goals**



**Avoid Use of One-Time Revenues**



**Prevent Structural Deficits**



**Enhance Services for Salem Residents**



**Support Capital Investments**



**Promote Employee Retention and Development**



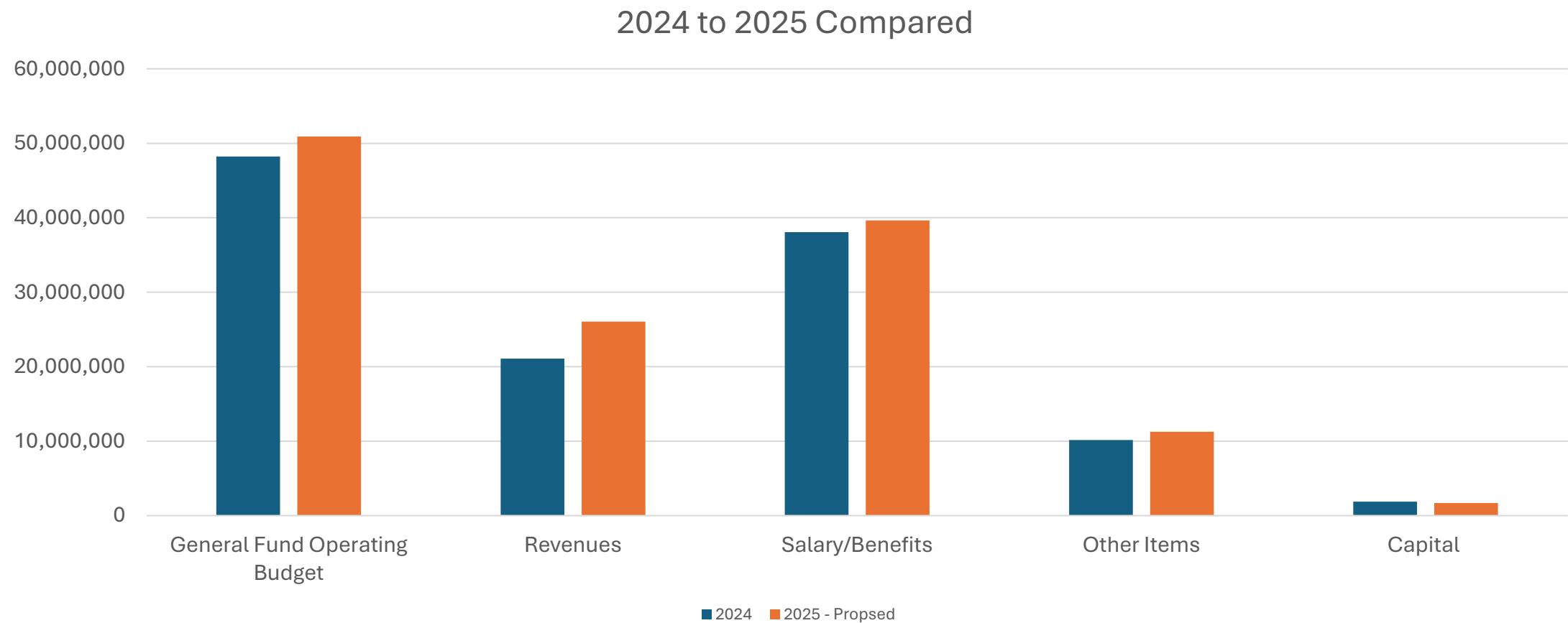
**Address Inflation and Cost Increases**

# Tax Rate Information



- 2024 Estimated Tax Rate for GF operations only: \$5.0754
- 2025 Estimated Tax Rate for GF operations only: \$5.42
  - 6.83% Increase
- Town Council Goal was to deliver a budget at or under CPI minus debit service.
  - May 2024 CPI 4%
  - GF Operations minus debit service 3.81% increase (\$5.27)

# 2024 to 2025 Compared



# Key Priorities and Expense Drivers for 2025



**Police Station Bond** - The 2025 budget includes the initial payment of **\$1,177,000** towards the new Police Station Bond. With an estimated tax impact of **\$0.18**



**Town-Wide Property Revaluation**  
A comprehensive revaluation of all properties in Salem is budgeted at **\$200,000**.



**Employee Retention and Contractual Obligations** The budget addresses salary adjustments due to union agreements and initiatives to reduce turnover, enhancing overall organizational stability.



**Strategic Use of Fund Balance** I am recommending the use of **\$3 million Unassigned Fund Balance** to offset the tax rate this year.



**Fire Department: Increase:** \$811,442 (5.43%) in salary and benefits due to contractual requirements.



**Debt Service: Increase:** \$1,021,795 (143.84%), primarily due to new debt issuances.



**Information Technology: New IT Manager Position:** \$114,049 (285.70% increase), This position was only budgeted for 13 weeks in 2024 and 52 weeks in 2025



# Capital Improvements

## Third year of the Fleet Replacement Program

- In addition to the Fleet Replacement Program
  - A new ambulance costing \$465,880 (Increase of 17.35%)
  - Sidewalk Tractor

## New Tasers for Police Department

Bridge Street Bridge Tax Impact \$510,000 (Offsetting revenues \$5,690,000)

Revaluation of all properties – Required every 5 years.

# Unknown Factors



Health Insurance – 5% Increase

Dental Insurance – 2% Increase

Heat – 5% Increase

Electricity – 25% Increase

Telephone – 15% Increase

Property and Liability Insurance – 5% Increase

Workers Compensation – 6% Increase

# Reductions



WINDOWS AT THE  
SENIOR CENTER -  
\$45,962



REPLACEMENT  
PAY FOR FIRE -  
\$49,700



MUNICIPAL  
SERVICES DUMP  
TRUCK - \$165,000



WINDOWS IN  
HOSE HOUSE -  
\$24,300



FOURTH OF JULY  
DETAIL - \$7,600

# 2025 Estimated Tax Rate Information



**The estimated 2024 tax rate is  
\$5.66**



**The estimated 2025 tax rate is  
\$6.04 for an anticipated tax  
rate increase of 7.15%**



**This would result in an  
increase of \$202 for a home  
valued at \$500,000**



**2025 estimated valuation  
\$6,674,700,583**

Tax Rate Impact  
 $\$6,674,700 = \$1.00$   
 $\$667,470 - \$0.10$   
 $\$66,747 = \$0.01$

# Town Property Tax Calculation

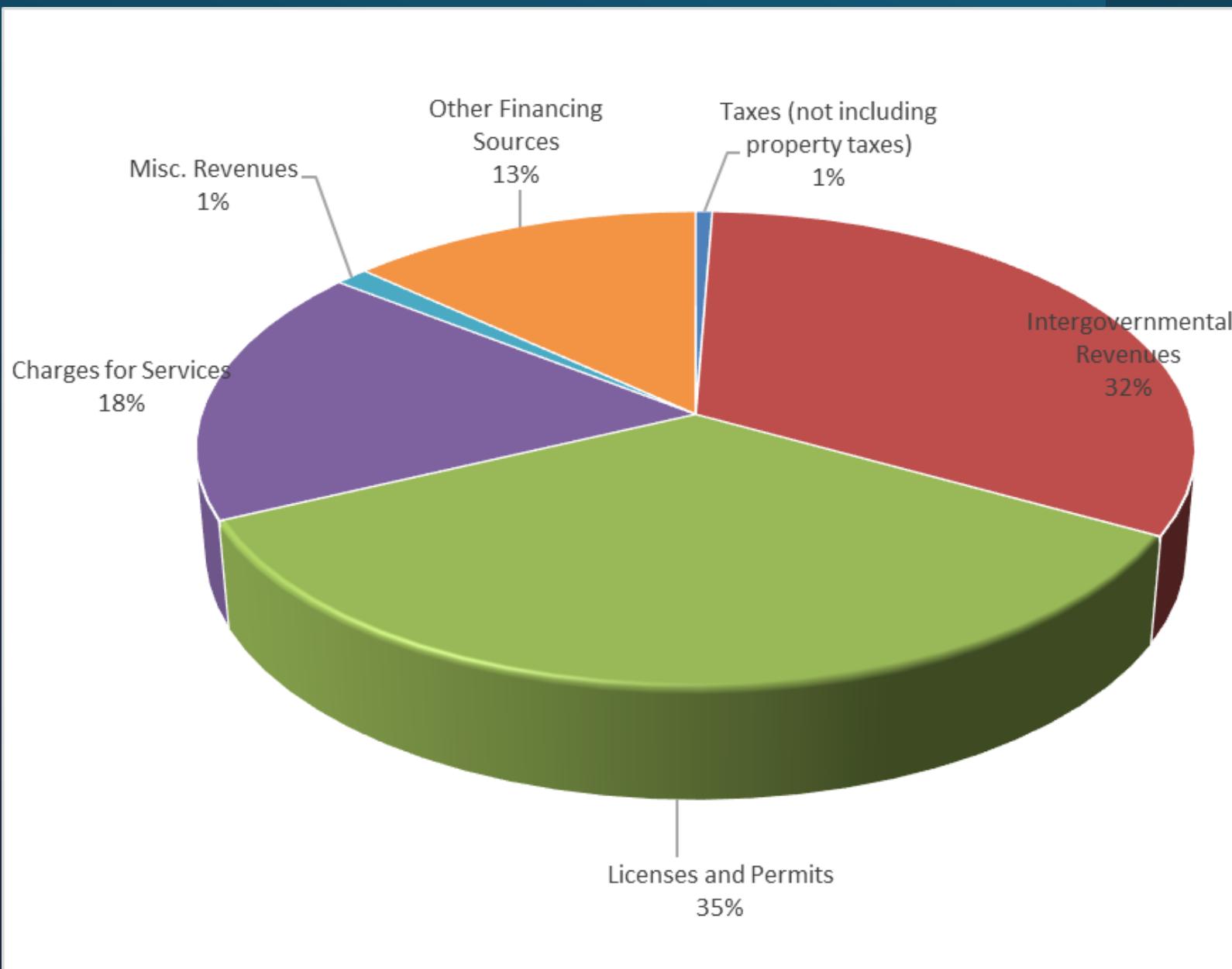
2025 Estimated Tax Rate		
	<u>2024</u>	<u>2025</u>
Town Operating Budget (Incl. Library)	51,747,033	60,520,956
Warrant Articles	5,640,000	4,290,000
Revenue	(21,066,991)	(26,056,458)
<b>Sub Total</b>	<b>36,320,042</b>	<b>38,754,498</b>
War Credits/Overlay	1,000,000	1,725,000
<b>Total to be raised by taxes</b>	<b>37,320,042</b>	<b>40,479,498</b>
Assessed Valuation Estimate	6,608,614,439	6,674,700,583
<b>Total Estimated Tax Rate</b>	<b>5.66</b>	<b>6.06</b>
Estimate Current Rate	5.48	5.66
Tax Rate Increase	0.18	0.40
Proposed Tax Rate % Increase	3.28%	7.07%

# 2025 Town Operating Budget

2025 Budget Summary					
	2023	2024 Town Manager	Increase	%	
All Funds	Budget	Recommended	(Decrease)		
General Fund	\$ 48,213,337	\$ 50,907,990	\$ 2,694,653	5.59%	
Capital	1,859,973	7,889,886	6,029,913	324.19%	
Sewer Fund	4,679,493	4,920,836	241,343	5.16%	
Water Fund	6,187,048	5,586,460	(600,588)	-9.71%	
Library	1,673,723	1,723,080	49,357	2.95%	
Sub - Total	\$ 62,613,574	\$ 71,028,252	\$ 8,414,678	13.44%	
Warrant Articles - General	5,640,000	6,390,000	750,000	13.30%	
Warrant Articles - Sewer	5,000	5,000	-	0.00%	
Warrant Articles - Water	5,000	5,000	-	0.00%	
Total	\$ 68,263,574	\$ 77,428,252	\$ 9,164,678	13.43%	

# 2024/2025 Revenue Comparison

	2024 Budget	2025 Manager Recom.	Increase (Decrease)
Taxes (not including property taxes)	156,000	160,000	4,000
Intergovernmental Revenues	4,532,696	8,470,000	3,937,304
Licenses and Permits	8,898,500	9,067,900	169,400
Charges for Services	4,061,942	4,610,633	548,691
Misc. Revenues	121,000	321,000	200,000
Other Financing Sources	3,296,853	3,426,925	130,072
<b>Total General Fund</b>	<b>21,066,991</b>	<b>26,056,458</b>	<b>4,989,467</b>
Note: 2025 does not include warrant article funding sources			



# Sewer Fund Budget Comparison

## 2024/2025

<b>Proposed Sewer Fund 2025 Budget</b>					
<b>Sewer Summary</b>	<b>2024</b>	<b>2025</b>	<b>Increase/Decrease</b>	<b>%</b>	
Administration	3,025,847	3,180,286	154,439	5.10%	
Debt Services	593,646	765,550	171,904	28.96%	
Sewer Capital	1,060,000	975,000	(85,000)	100.00%	
Sewer Warrant Articles	5,000	5,000	-	100.00%	
<b>Total - Sewer Fund</b>	<b>4,684,493</b>	<b>4,925,836</b>	<b>241,343</b>	<b>5.15%</b>	

# Water Fund Budget Comparison – 2024/2025

<b>Proposed Sewer Fund 2025 Budget</b>					
<b>Sewer Summary</b>	<b>2024</b>	<b>2025</b>	<b>Increase/Decrease</b>	<b>%</b>	
Administration	3,025,847	3,180,286	154,439	5.10%	
Debt Services	593,646	765,550	171,904	28.96%	
Sewer Capital	1,060,000	975,000	(85,000)	100.00%	
Sewer Warrant Articles	5,000	5,000	-	100.00%	
<b>Total - Sewer Fund</b>	<b>4,684,493</b>	<b>4,925,836</b>	<b>241,343</b>	<b>5.15%</b>	

# Possible Warrant Articles



Road Program -  
\$3,400,000



OPEB Contribution -  
\$50,000



Tower Truck FD –  
\$2,600,000



Winter Weather Trust  
Fund – TBD



Information  
Technology CRF - TBD



Clean Water State  
Revolving Fund - TBD