

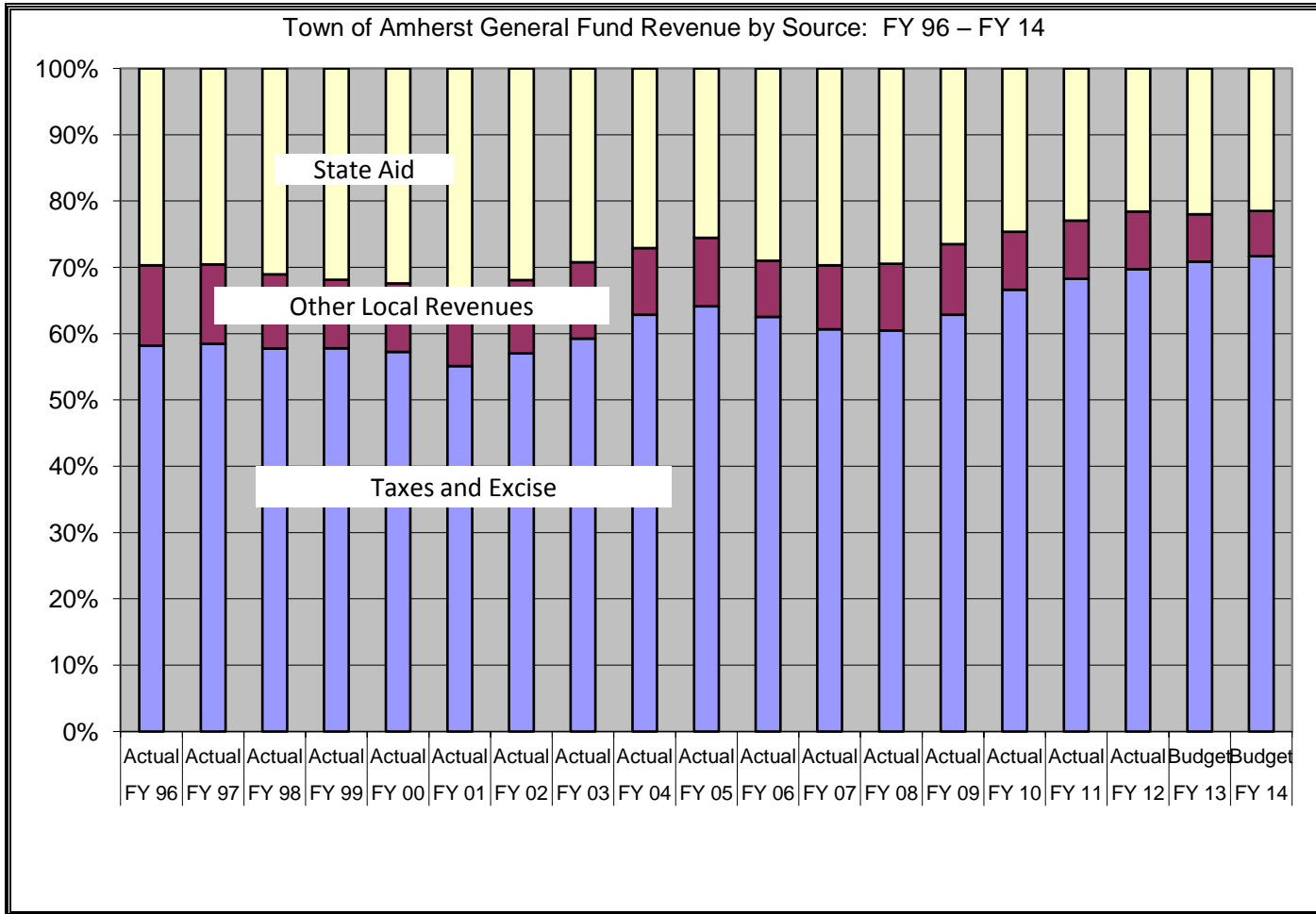
**GENERAL  
FUND**

## GENERAL FUND RESOURCES SUMMARY

**MISSION STATEMENT:** To identify funds to support General Fund services.

**CONTINUING OBJECTIVES:**  
 To increase the tax levy within constraints of Proposition 2½.  
 To monitor state aid distributions and formulas.  
 To monitor availability of Federal and State Grants.  
 To develop equitable fees, charges, and other local sources of funding wherever possible.

<b>SERVICE LEVELS:</b>	<b>FY 08</b>	<b>FY 09</b>	<b>FY 10</b>	<b>FY 11</b>	<b>FY 12</b>
<u>As % of Total Resources</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
Taxes	58	56	58	63	62
Other Local Source Revenues	10	14	12	12	13
State Revenues	28	25	23	20	20
Other Financial Sources	4	5	7	5	5



## GENERAL FUND RESOURCES SUMMARY

	FY 10 Actual	FY 11 Actual	FY 12 Actual	FY 13 Budget	FY 14 Manager	Change FY 13 - 14	Percent Change
Property Tax	36,067,594	38,532,310	40,344,032	41,810,352	43,303,274	1,492,922	3.6%
Local Receipts	7,703,266	8,085,439	8,438,919	7,410,678	7,534,109	123,431	1.7%
State Aid	14,310,187	13,585,433	13,173,566	13,608,331	13,659,091	50,760	0.4%
Other Financing Sources	4,070,326	3,059,258	3,256,914	3,401,009	3,181,221	(219,788)	-6.5%
	<u>62,151,373</u>	<u>63,262,440</u>	<u>65,213,431</u>	<u>66,230,370</u>	<u>67,677,695</u>	<u>1,447,325</u>	<u>2.2%</u>

### MAJOR COMPONENTS:

Revenues include all local sources of taxation and fees that are constitutionally allowed and assessed on an annual basis. Other Financing Sources include funds available for expenditure by the General Fund that are drawn from reserves or represent assessments to other operating funds of the Town. These may be funds available only once, e.g., when an asset is sold, or they may be available each year that the services are provided to other funds.

### SIGNIFICANT BUDGET CHANGES:

See following pages.

**RESOURCES**

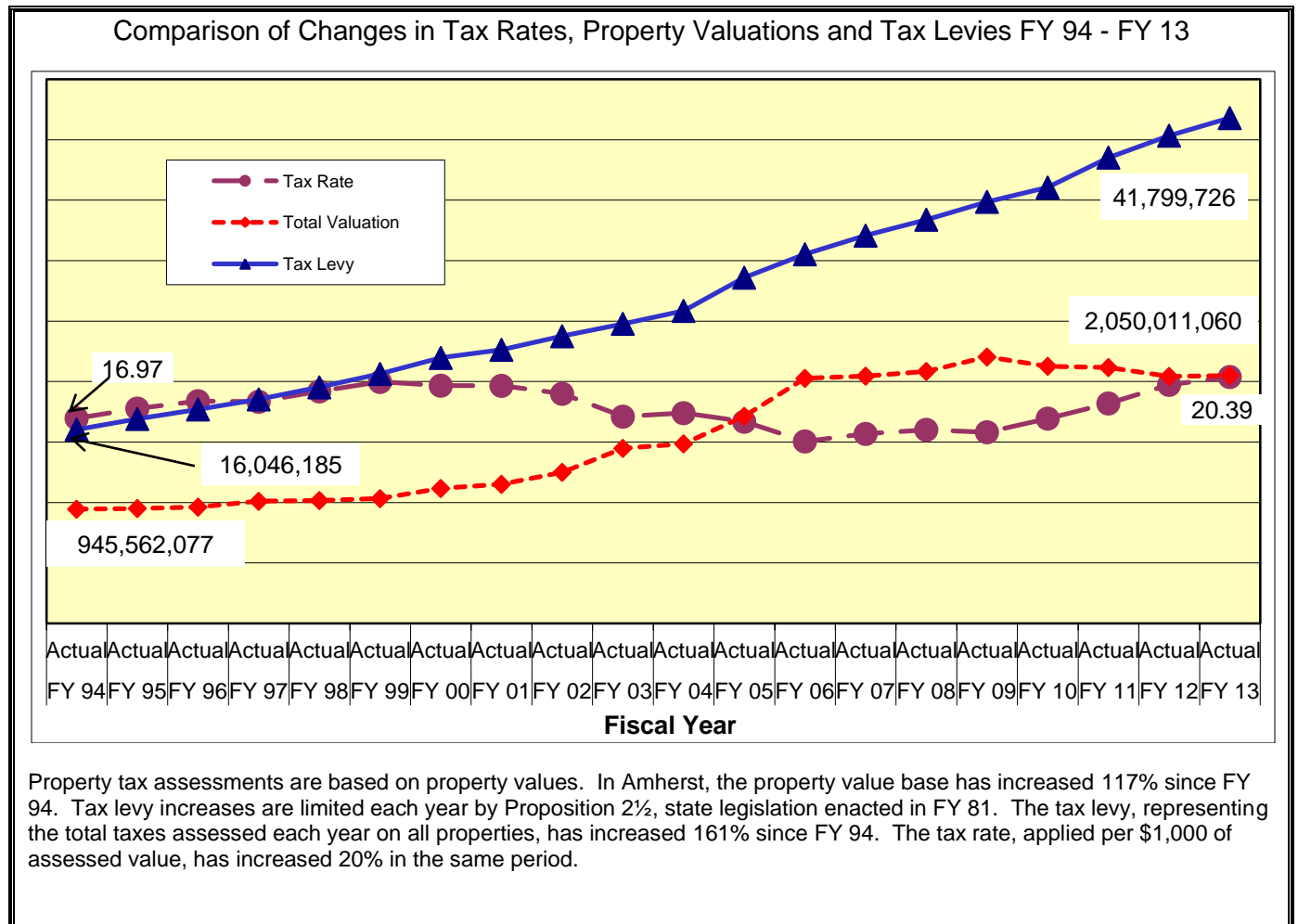
**PROPERTY TAX**

**MISSION STATEMENT:** To provide tax support for General Fund services.

**CONTINUING OBJECTIVES:**  
To manage the tax levy within constraints of Proposition 2½.

**FY 14 OBJECTIVES:**  
To accurately estimate the property tax levy capacity, including new growth, in order to provide the resources necessary to support the Town's programs and services.

<b>SERVICE LEVELS:</b>	<b>FY 08 Actual</b>	<b>FY 09 Actual</b>	<b>FY 10 Actual</b>	<b>FY 11 Actual</b>	<b>FY 12 Actual</b>
<u>Taxes as % of Total Resources</u>					
Real and Personal Property Taxes	54	54	58	63	62
Other Taxes	4	NA	NA	NA	NA



## RESOURCES

## PROPERTY TAX

	FY 10 Actual	FY 11 Actual	FY 12 Actual	FY 13 Budget	FY 14 Manager	Change FY 13 - 14	Percent Change
<b>PROPERTY TAX</b>							
Base Levy	34,439,142	35,666,757	38,606,791	40,045,691	41,550,978	1,505,287	3.8%
2.5% Allowable Increase	860,979	891,669	965,170	1,001,142	1,038,774	37,632	3.8%
Estimated New Growth	366,636	367,924	473,730	504,145	500,000	(4,145)	-0.8%
General Override	0	1,680,441	0	0	0	0	
Levy Limit	35,666,757	38,606,791	40,045,691	41,550,978	43,089,752	1,538,774	3.7%
Debt Exclusion	400,837	352,466	305,688	259,374	213,522	(45,852)	-17.7%
Maximum Allowable Levy	36,067,594	38,959,257	40,351,379	41,810,352	43,303,274	1,492,922	3.6%
Excess Levy Capacity	0	(426,947)	(7,347)	0	0		
Subtotal PROPERTY TAX	36,067,594	38,532,310	40,344,032	41,810,352	43,303,274	1,492,922	3.6%

**MAJOR COMPONENTS:**

Real and Personal Property Taxes are the Town's largest source of revenue.

**SIGNIFICANT BUDGET CHANGES:**

This budget assumes that the Town will use its full tax levy capacity in FY 14. Property taxes in FY 14 will increase at the 2.5% limit per year (+\$1,038,774). New growth added to property tax is estimated at only \$500,000, which is 94% of 10-year median for new growth. The amount added to the levy via a debt exclusion override back in 1994 for renovations and addition to Amherst Pelham Regional High School continues to decline annually as the local share of debt service for that project is retired.

## RESOURCES

## LOCAL RECEIPTS

**MISSION STATEMENT:** To provide revenues to support General Fund services.

**FY 14 OBJECTIVES:**

To review current fee levels in relation to FY 14 costs of services.

**SERVICE LEVELS:**

	<u>FY 08</u> <u>Actual</u>	<u>FY 09</u> <u>Actual</u>	<u>FY 10</u> <u>Actual</u>	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Actual</u>
Revenues as % of Local Source Revenues					
Other Taxes	NA	28	34	37	37
Charges for Services	13	9	NA	NA	NA
Departmental Revenue	28	16	17	15	16
Rentals	1	1	1	1	1
Licenses and Permits	15	10	11	11	11
Special Assessments	11	7	11	9	8
Fines and Forfeits	3	2	2	2	3
Penalties and Interest	3	2	2	2	3
Investment Income	7	3	2	2	1
Miscellaneous	20	22	20	22	21

**MAJOR COMPONENTS:**

Departmental Revenue

General Government	\$307,855
Public Safety	55,100
Public Works	6,000
Conservation, Planning, Inspections	62,400
Community Services	<u>731,030</u>
Total Departmental Revenues	\$1,162,385

Special Assessments:

UMASS PVTA Assessment	\$380,694
Five College PVTA Assessment	<u>194,598</u>
Total Special Revenue Funds	\$ 575,292

Licenses & Permits

General Government	\$170,950
Public Safety	113,000
Public Works	10,000
Inspection Services	508,386
Community Services	<u>67,100</u>
Total Licenses & Permits	\$869,436

Miscellaneous

Reimbursements of	
Cherry Sheet Assessments	\$1,039,739
Amherst College	90,000
Real Estate Tax Supplemental	<u>10,000</u>
Total Miscellaneous	\$1,139,739

## RESOURCES

## LOCAL RECEIPTS

	FY 10 Actual	FY 11 Actual	FY 12 Actual	FY 13 Budget	FY 14 Manager	Change FY 13 - 14	Percent Change
<b>LOCAL RECEIPTS</b>							
Motor Vehicle Excise	1,355,180	1,423,261	1,559,389	1,423,750	1,584,344	160,594	11.3%
Hotel/Motel and Meals Excise	343,042	494,989	638,973	640,000	673,297	33,297	5.2%
Penalties and Interest	179,980	199,214	210,239	198,125	208,125	10,000	5.0%
PILOT	937,568	937,452	947,646	935,958	940,958	5,000	0.5%
Charges for Services*	0	0	0	0	0	0	0.0%
Rentals	57,732	74,506	85,438	78,500	78,500	0	0.0%
Departmental Revenue	1,292,870	1,435,020	1,314,518	1,158,385	1,162,385	4,000	0.3%
Licenses and Permits	808,840	739,013	884,535	797,550	869,436	71,886	9.0%
Special Assessments	855,146	695,986	671,811	675,215	575,292	(99,923)	-14.8%
Fines and Forfeits	178,086	243,692	256,169	227,033	227,033	0	0.0%
Investment Income	159,206	103,369	79,177	75,000	75,000	0	0.0%
Miscellaneous	1,535,615	1,738,937	1,791,024	1,201,162	1,139,739	(61,423)	-5.1%
<b>Subtotal LOCAL RECEIPTS</b>	<b>7,703,266</b>	<b>8,085,439</b>	<b>8,438,919</b>	<b>7,410,678</b>	<b>7,534,109</b>	<b>123,431</b>	<b>1.7%</b>

**SIGNIFICANT BUDGET CHANGES:**

Consistent with data showing increases in new car sales this year, motor vehicle excise revenues are estimated at \$1,584,344, an increase of 1.6% from FY 12 actual receipts. The estimated increase of \$33,297 from the local option 6% hotel/motel excise and 0.75% meals excise taxes reflects the full year operation of the Lord Jeffery Inn, which reopened in 2012. Penalties and Interest on Tax increase by \$10,000 and PILOT payments increases by \$5,000 to reflect actual collections from previous years.

Departmental revenue is relatively unchanged; there are no changes in fees in areas such as other departmental receipts (prior year refunds, bond premiums, car rental surcharges, certified copy fees, business certificates, and state reimbursement for elections). The projection reflects the actual revenue from those sources in recent years.

License and Permit revenue increase 9% to account for actual recent increases in building inspection and plumbing and electrical permits. Special assessments receipts are estimated to decrease by -\$99,923 from reimbursements from UMass Transit and Five College, Inc. for the PVTA assessment based upon updated audit results from PVTA; there is a matching decrease in the overall PVTA assessment to the Town.

Miscellaneous revenues include an Amherst College donation of \$90,000 to support Town services (the same amount as FY 13) and includes \$862,293 in reimbursements to the Town from the Elementary Schools (for school choice and charter school tuition). With the move of retired teachers from the State GIC to the Town health insurance plan, the Town is no longer assessed a health insurance cost from the State, and School Department will no longer reimburse the Town for these costs. They are budgeted directly in the School budget. Miscellaneous revenue also includes Transportation Enterprise Fund (RMV non-renewal surcharge and Town share of PVTA assessment) reimbursement to the Town for cherry sheet assessments. This amount decreases this year because of a lower PVTA assessment.

\* NOTE: Due to changes required by the state regarding the method of reporting the indirect costs incurred by enterprise funds effective with FY 10 budget, the presentation of these costs are reflected in the "Other Financing Sources" section rather than as a local receipt in the "Charges for Services" category. There has been no change in our enterprise fund operations, merely a change in the accounting methods used to report the indirect costs.

# RESOURCES

# STATE AID

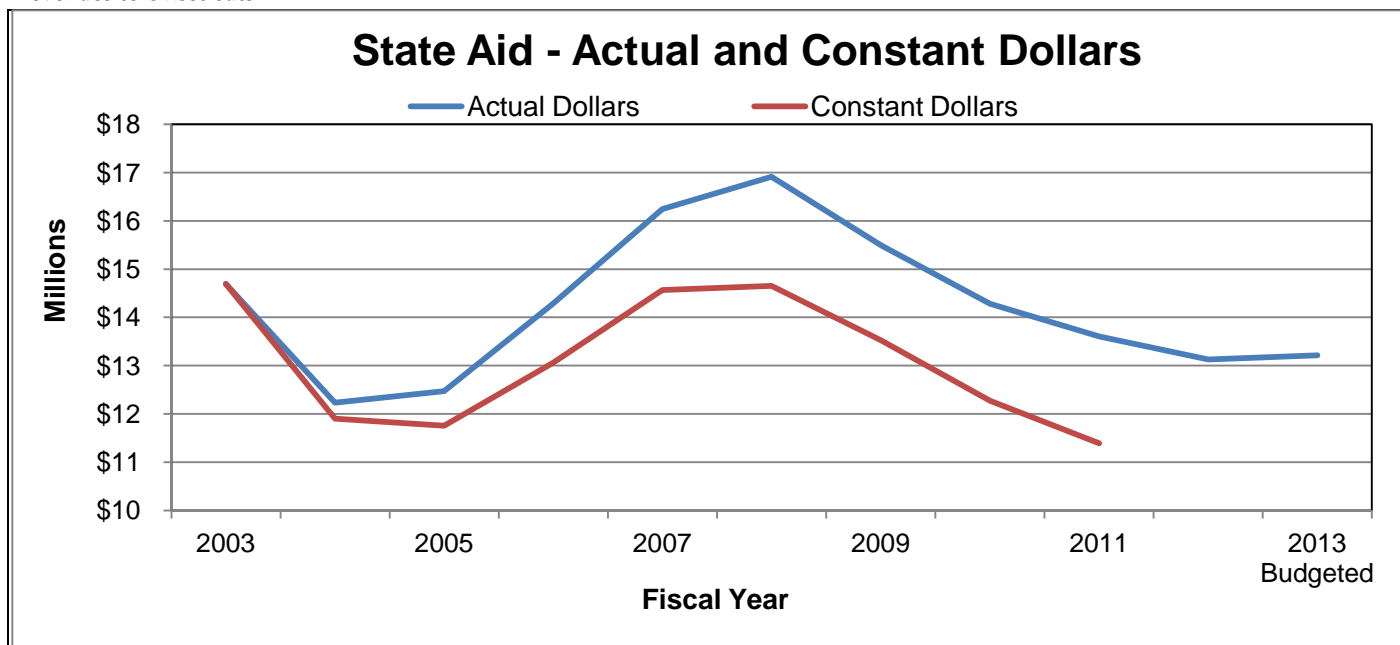
**MISSION STATEMENT:** To administer state revenues received for general purposes and purposes related to specific grants.

**CONTINUING OBJECTIVES:**  
To review and monitor State Aid distributions, the availability of other State and Federal funds, and the State Aid and Education Reform formulas.

<b>SERVICE LEVELS:</b>	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
State revenues as a % of Total Resources	28	25	23	20	20

## State Aid - Actual and Constant Dollars

Reductions in State Aid are considered a warning indicator, particularly if the Town does not have adequate reserves or other revenues to offset cuts.



Amherst Trend	
Favorable	
Marginal	
Unfavorable	X
Uncertain	

Reliance on state aid for funding has both an upside and a downside. While increases in state aid may permit additional services, increased state aid as a percentage of operating revenue may be difficult to manage when there is a reduction in this funding.

State Aid to the Town is lower in FY 14 than FY 03 in both actual and inflation adjusted dollars, with cuts of over \$3.6 million in the last five years.



## RESOURCES

## STATE AID

	FY 10 Actual	FY 11 Actual	FY 12 Actual	FY 13 Budget	FY 14 Manager	Change FY 13 - 14	Percent Change
<b>STATE AID</b>							
Chapter 70	6,141,373	5,782,594	5,813,638	5,864,398	5,915,158	50,760	0.9%
Charter Tuition Assessment							
Reimbursement	323,191	287,059	284,995	171,425	171,425	0	0.0%
Lottery	0	0	0	0	0		
Additional Assistance	0	0	0	0	0		
Unrestricted General Govt Aid	7,417,544	7,120,842	6,605,976	7,120,842	7,120,842	0	0.0%
Police Career Incentive	33,796	16,444	0	0	0	0	
Veterans Benefits	120,555	144,499	192,615	196,112	196,112	0	0.0%
Exempt: Vets, Blind, Surv. Spouses, Elderly	38,335	17,572	54,139	33,876	33,876	0	0.0%
State Owned Land	163,254	146,327	151,747	151,796	151,796	0	0.0%
Offset Receipts	0	0	0	0	0		
School Lunch	6,866	6,018	6,591	6,306	6,306	0	0.0%
Public Libraries	65,273	64,078	63,865	63,576	63,576	0	0.0%
<b>Subtotal STATE AID</b>	<b>14,310,187</b>	<b>13,585,433</b>	<b>13,173,566</b>	<b>13,608,331</b>	<b>13,659,091</b>	<b>50,760</b>	<b>0.4%</b>

**SIGNIFICANT BUDGET CHANGES:**

Assumes state aid increase of 0.9% in Chapter 70 education, the same amount it increased in FY 13. All other aid estimates are level funded. These estimates will be revised as the state budget process unfolds, beginning with the expected release of the Governor's FY 14 state budget proposal in late January. Per the chart on the previous page and the table above, please note that state aid has been cut by over \$3.5 million since FY 08. State aid, when adjusted for inflation, is below FY 02 levels.

## RESOURCES

## OTHER FINANCING SOURCES

**MISSION STATEMENT:** To make use of sources other than recurring revenues to finance government services and specific major capital projects.

### CONTINUING OBJECTIVES:

To transfer appropriate amounts from Enterprise Funds for services provided by General Fund departments.  
To manage debt financing in accordance with the Capital Plan.

### FY 14 OBJECTIVES:

To maximize Ambulance Fund receipts to support EMS operating and capital costs and thereby minimize tax support needed.  
To not use reserves (Free Cash and/or Stabilization Fund) to balance the FY 14 budget, if possible.

### SERVICE LEVELS:

	<u>FY 08</u> <u>Actual</u>	<u>FY 09</u> <u>Actual</u>	<u>FY 10</u> <u>Actual</u>	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Actual</u>
<u>% of Total Resources</u>					
Borrowing Authorization	0	0	0	0	0
Special Revenue Funds	3	3	3	3	4
Stabilization from 10% Plan	0	0	0	0	0
Overlay Reserve Account	0	0	0	0	1
Available Funds	0	0	0	0	0
Surplus Funds:					
Free Cash	0	2	2	1	1
Stabilization	1	0	0	0	0
Other Interfund Transactions	1	1	1	1	1
Jones Inc	0	0	0	0	0

## RESOURCES

## OTHER FINANCING SOURCES

	FY 10 Actual	FY 11 Actual	FY 12 Actual	FY 13 Budget	FY 14 Manager	Change FY 13 - 14	Percent Change
<b>OTHER FINANCING SOURCES</b>							
Ambulance Fund	2,094,262	2,117,978	2,276,577	2,291,028	2,301,028	10,000	0.4%
Reserve for							
Debt Service - WW Roof	49,990	44,844	44,844	39,698	0	(39,698)	-100.0%
Community Preservation							
Act (debt service only)	83,774	0	0	0	0	0	0.0%
Enterprise Fund Reimbursements*	797,467	830,089	831,243	852,083	880,193	28,110	3.3%
Overlay Surplus	0	0	39,000	0	0	0	0.0%
Miscellaneous	0	0	0	0	0	0	0.0%
Free Cash	1,044,833	66,347	65,250	218,200	0	(218,200)	0.0%
Stabilization Fund	0	0	0	0	0	0	0.0%
Subtotal OTHER FINANCING SOURCES	4,070,326	3,059,258	3,256,914	3,401,009	3,181,221	(219,788)	-6.5%

**SIGNIFICANT BUDGET CHANGES:**

A total of \$2,301,028 in support from the Ambulance Fund is allocated to the Fire Department operating budget including recently settled collective bargaining agreements, other administrative support costs (billing, IT, etc.).

In past year funds were allocated from the Reserve for Debt Service – Wildwood School Roof Project to support the debt service budget from a grant reimbursement to the Town from the Massachusetts School Building Authority. FY 13 was the last year of this reimbursement and of those debt payments.

Consistent with Finance Committee budget guidelines, no contribution from Free Cash/Stabilization Fund reserves is included to balance the FY 14 budget. In FY 10, a total of \$1,044,833 was appropriated from Free Cash, including \$900,000 to support the operating budget (\$700,000 for elementary schools budget in anticipation of Marks Meadow School closure effective 2010-11 school year, and \$200,000 as a bridge from partial year funding in FY 10 to a full year of revenue in FY 11 from Town Meeting approval of local option hotel/motel and meals excise taxes effective October 1, 2009), \$63,674 to reimburse the Health Claims Trust Fund with federal Medicare Part D reimbursements, and \$81,159 to offset anticipated FY 10 mid-year state aid cuts. In FY 12, \$65,250 was appropriated from Free Cash to reimburse the Health Claims Trust Fund with federal Medicare Part D reimbursements. In FY 13, \$218,200 of Free Cash was appropriated to supplement the School Department budget as it started a school choice program.

\* NOTE: Due to changes required by the state regarding the method of reporting the indirect costs incurred by enterprise funds effective with FY 10 budget, the presentation of these costs are reflected here in the “Other Financing Sources” section rather than as a local receipt in the “Charges for Services” category. There has been no change in our enterprise fund operations, merely a change in the accounting methods used to report the indirect costs.

## GENERAL FUND EXPENDITURES SUMMARY

		FY 10	FY 11	FY 12	FY 13	FY 14	Change	%
		Actual	Actual	Actual	Budget	Manager	FY 13-14	Change
General Government	\$	5,672,090	5,848,641	6,019,118	6,088,418	6,387,374	298,956	4.9%
Public Safety	\$	8,318,133	8,384,953	8,549,237	8,877,651	9,099,025	221,374	2.5%
Public Works	\$	1,662,025	2,012,856	1,950,987	1,996,684	2,020,127	23,443	1.2%
Conservation & Development	\$	799,789	762,484	878,785	927,560	955,927	28,367	3.1%
Community Services	\$	1,531,827	1,491,495	1,595,253	1,692,882	1,708,238	15,356	0.9%
<b>TOTAL APPROPRIATION</b>	<b>\$</b>	<b>17,983,864</b>	<b>18,500,429</b>	<b>18,993,379</b>	<b>19,583,195</b>	<b>20,170,691</b>	<b>587,496</b>	<b>3.0%</b>

### SIGNIFICANT BUDGET CHANGES:

#### RECOMMENDED BUDGET:

The Town Manager's proposed FY 14 municipal budget is funded at \$20,170,691 and meets the Finance Committee's suggested guideline. It represents an increase of 3% from FY 13. Proactive efforts by the Town to control health insurance costs and reduce utilities costs from capital investments in energy efficiency are largely responsible for level funded operating budgets to keep largely intact services from the current year. Personnel costs have risen as a result of modest and prudent collective bargaining settlements reached in 2011. Other than the full funding of a Fire Prevention Inspector position and the move of part of a DPW clerical position from DPW Administration to the Water and Sewer Departments, there are no increases or decreases in staff.

#### POSSIBLE BUDGET RESTORATIONS AND ADDITIONS IF ADDITIONAL FUNDS AVAILABLE:

The Finance Committee budget guideline assumes a modest increase of 0.4% in state aid in FY 14. Once the Governor releases his budget in late January 2013, revenue estimates will become more definitive. In the "Introduction" section of this budget document, the Town Manager has prepared a list of recommended restorations and new additions to his proposed FY 14 budget, if additional funds become available.