

**GENERAL  
FUND**

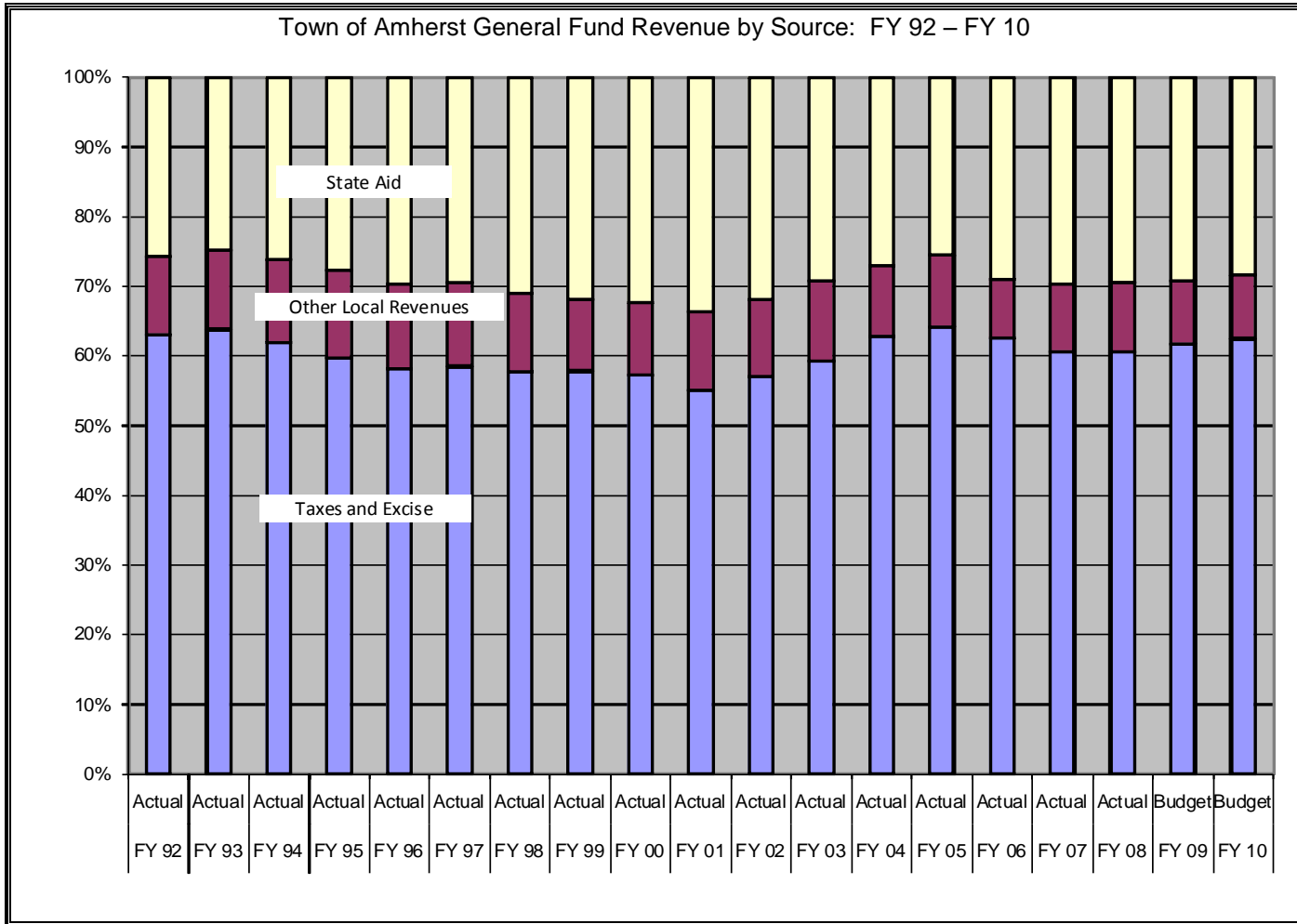
## GENERAL FUND RESOURCES SUMMARY

**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 05 <u>Actual</u></b>	<b>FY 06 <u>Actual</u></b>	<b>FY 07 <u>Actual</u></b>	<b>FY 08 <u>Actual</u></b>	<b>FY 09 <u>Actual</u></b>
<u>As % of Total Resources</u>					
Taxes	60	58	57	58	56
Other Local Source Revenues	7	7	9	10	14
State Revenues	25	26	28	28	25
Other Financial Sources	8	9	6	4	5



## GENERAL FUND RESOURCES SUMMARY

	FY 08 Actual	FY 09 Budget	FY 09 Actual	FY 10 Budget	FY 11 Manager	Change FY 10 - 11	Percent Change
Property Tax	33,251,759	34,871,426	34,471,642	36,059,006	37,260,892	1,201,886	3.3%
Local Receipts	8,505,453	7,679,548	8,675,637	7,373,016	7,808,008	434,992	5.9%
State Aid	16,913,265	17,129,832	15,542,235	14,278,972	12,929,724	(1,349,248)	-9.4%
Other Financing Sources	2,494,700	3,336,643	3,341,396	4,070,326	3,336,222	(734,104)	-18.0%
	<u>61,165,176</u>	<u>63,017,449</u>	<u>62,030,910</u>	<u>61,781,320</u>	<u>61,334,846</u>	<u>(446,474)</u>	<u>-0.7%</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

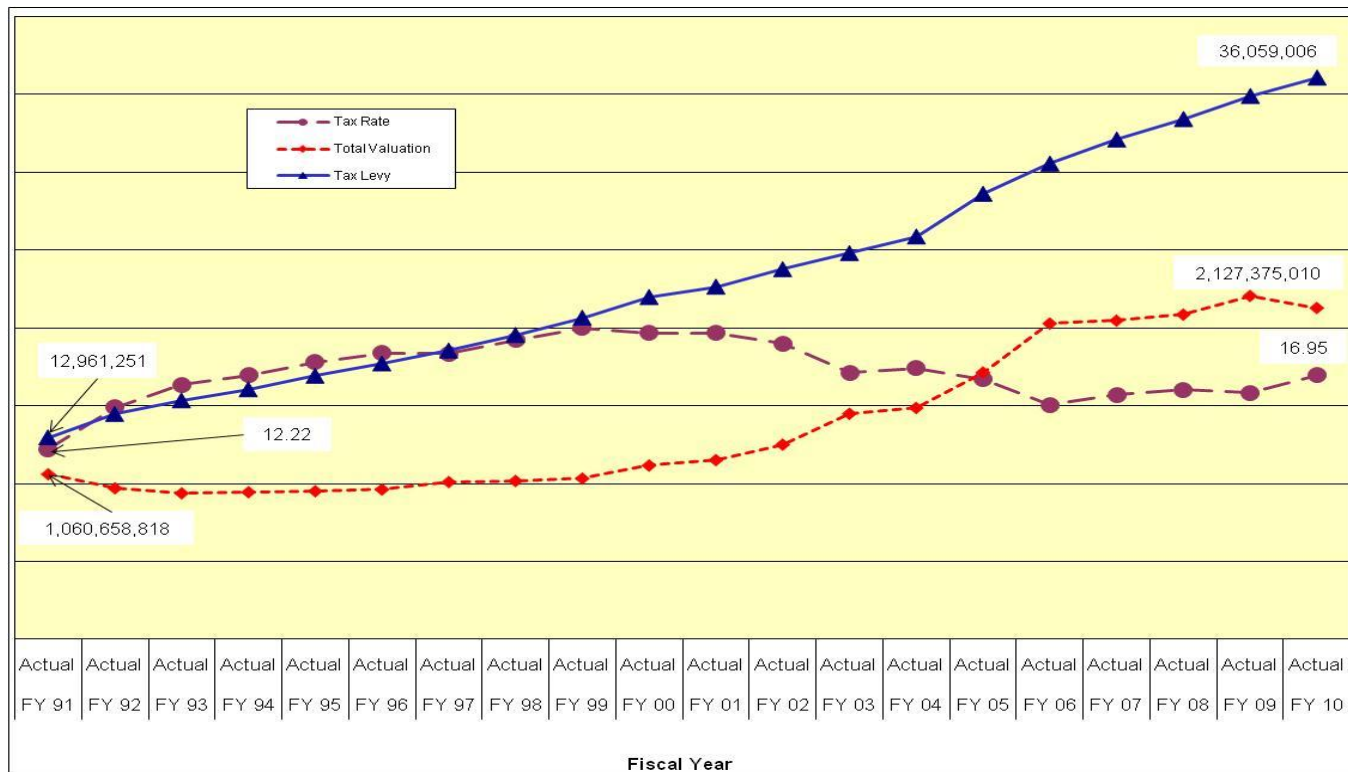
**MISSION STATEMENT:** To provide tax support for General Fund services.

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

**FY 11 OBJECTIVES:**  
To consider the need for and type of Proposition 2 ½ override, if necessary, to balance the FY 11 Budget.

<b>SERVICE LEVELS:</b>	<b>FY 05 Actual</b>	<b>FY 06 Actual</b>	<b>FY 07 Actual</b>	<b>FY 08 Actual</b>	<b>FY 09 Actual</b>
Taxes as % of Total Resources					
Real and Personal Property Taxes	55	54	52	54	54
Other Taxes	5	4	4	4	NA

Comparison of Changes in Tax Rates, Property Valuations and Tax Levies FY 91 - FY 10



Property tax assessments are based on property values. In Amherst, the property value base has increased 138% since FY 90. Tax levy increases are limited each year by Proposition 2½, state legislation enacted in FY 81. The tax levy, representing the total taxes assessed each year on all properties, has increased 190% since FY 89. The tax rate, applied per \$1,000 of assessed value, has increased 22% in the same period.

## RESOURCES

## PROPERTY TAX

	FY 08 Actual	FY 09 Budget	FY 09 Actual	FY 10 Budget	FY 11 Manager	Change FY 10 - 11	Percent Change
<b>PROPERTY TAX</b>							
Base Levy	33,251,759	33,066,697	34,471,642	34,439,142	35,666,757	1,227,615	3.6%
2.5% Allowable Increase	0	826,667	0	860,979	891,669	30,690	3.6%
Estimated New Growth	0	545,778	0	366,636	350,000	(16,636)	-4.5%
General Override	0	0	0	0	0	0	
Levy Limit	33,251,759	34,439,142	34,471,642	35,666,757	36,908,426	1,241,669	3.5%
Debt Exclusion	0	441,321	0	400,837	352,466	(48,371)	-12.1%
Maximum Allowable Levy	33,251,759	34,880,463	34,471,642	36,067,594	37,260,892	1,193,298	3.3%
Excess Levy Capacity	0	(9,037)	0	(8,588)	0		
Subtotal PROPERTY TAX	33,251,759	34,871,426	34,471,642	36,059,006	37,260,892	1,201,886	3.3%

**MAJOR COMPONENTS:**

Real and Personal Property Taxes are the Town's largest source of revenue. Payments in lieu of taxes include taxes assessed to municipal enterprise funds (approximately 90% of total payments). Excise taxes include motor vehicle, hotel/motel, farm animal and boat excise.

**SIGNIFICANT BUDGET CHANGES:**

This estimate does NOT include any additional revenue that could be generated from a Proposition 2 ½ override referendum that the Select Board is considering for the March 23, 2010 town election ballot. Property taxes increase at the 2.5% limit per year (+\$891,503). New growth added to property tax is estimated at only \$350,000, which is 60% of 10-year average 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 11 OBJECTIVES:**

To review current fee levels in relation to FY 11 costs of services.

**SERVICE LEVELS:**

	<u>FY 05</u> <u>Actual</u>	<u>FY 06</u> <u>Actual</u>	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Actual</u>	<u>FY 09</u> <u>Actual</u>
Revenues as % of Local Source Revenues					
Other Taxes	NA	NA	NA	NA	28
Charges for Services	19	15	14	13	9
Departmental Revenue	19	24	34	28	16
Rentals	1	1	1	1	1
Licenses and Permits	25	25	14	15	10
Special Assessments	16	15	11	11	7
Fines and Forfeits	4	4	3	3	2
Penalties and Interest	6	4	3	3	2
Investment Income	6	8	8	7	3
Miscellaneous	3	3	10	20	22

**MAJOR COMPONENTS:**Departmental Revenue

General Government	\$ 222,100
Public Safety	57,600
Public Works	7,000
Conservation, Planning, Inspections	68,400
Community Services	<u>820,667</u>
Total Departmental Revenues	\$ 1,175,767

Special Assessments:

UMASS PVTA Assessment	\$ 501,193
Five College PVTA Assessment	<u>204,736</u>
Total Special Revenue Funds	\$ 705,929

Licenses & Permits

General Government	\$ 159,550
Public Safety	96,000
Public Works	19,800
Inspection Services	443,500
Community Services	<u>71,700</u>
Total Licenses & Permits	\$ 790,550

Miscellaneous

Reimbursements of	
Cherry Sheet Assessments **	1,609,804
Amherst College	90,000
Real Estate Tax Supplemental	<u>10,000</u>
Total Miscellaneous	\$ 1,709,804

## RESOURCES

## LOCAL RECEIPTS

	FY 08 Actual	FY 09 Budget	FY 09 Actual	FY 10 Budget	FY 11 Manager	Change FY 10 - 11	Percent Change
<b>LOCAL RECEIPTS</b>							
Motor Vehicle Excise	1,537,624	1,380,000	1,435,003	1,350,000	1,350,000	0	0.0%
Hotel/Motel and Meals Excise	93,705	70,000	68,161	370,000	600,000	230,000	62.2%
Penalties and Interest	150,439	150,000	186,444	132,000	132,000	0	0.0%
PILOT	924,380	918,458	924,112	918,458	918,458	0	0.0%
Charges for Services	771,091	777,492	777,492	0	0	0	0.0%
Rentals	56,856	56,254	62,665	56,500	56,500	0	0.0%
Departmental Revenue	1,653,953	1,038,281	1,420,447	1,193,768	1,175,767	(18,001)	-1.5%
Licenses and Permits	888,616	791,535	841,873	790,550	790,550	0	0.0%
Special Assessments	644,640	653,187	644,640	669,517	705,929	36,412	5.4%
Fines and Forfeits	151,062	169,000	174,287	169,000	169,000	0	0.0%
Investment Income	431,421	342,500	262,531	200,000	200,000	0	0.0%
Miscellaneous	1,201,665	1,332,841	1,877,982	1,523,223	1,709,804	186,581	12.2%
<b>Subtotal LOCAL RECEIPTS</b>	<b>8,505,453</b>	<b>7,679,548</b>	<b>8,675,637</b>	<b>7,373,016</b>	<b>7,808,008</b>	<b>434,992</b>	<b>5.9%</b>

**SIGNIFICANT BUDGET CHANGES:**

Due to the downturn in the economy, motor vehicle excise revenues are estimated at \$1,350,000, a decrease of 6% from FY 09 actual receipts. The estimated increase of \$230,000 from the local option 6% hotel/motel excise and 0.75% meals excise taxes reflect a full year of revenue from the increases approved by Town Meeting that were implemented October 1, 2009. Departmental revenue net decrease of \$18,001 includes \$30,000 in new revenue from the City of Northampton to support added hours for a shared Sanitarian inspector position in the Health Department, an increase of \$8,000 from Cherry Hill Golf Course primarily from increased greens fees receipts, and a \$54,581 decrease in the LSSE administrative reimbursement to the General Fund generated from program user fees. There is a corresponding reduction to the LSSE operating budget. Special assessments receipts are estimated to increase by \$36,412 (5.4%) from increased reimbursements from UMass Transit and Five College, Inc for the PVTA assessment. Miscellaneous revenues include an Amherst College donation of \$90,000 to support Town services (the same amount as FY 10) and includes \$1,609,804 in reimbursements to the Town from the Elementary Schools (for retired teachers health insurance, school choice/charter school tuition) and Transportation Enterprise Fund (RMV non-renewal surcharge and Town share of PVTA assessment) to reimburse the Town for cherry sheet assessments, an estimated increase of \$186,581 from FY 10. This increase is more than offset by projected FY 11 increases in cherry sheet assessments for retired teachers' health insurance costs, charter school sending tuition, and 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**

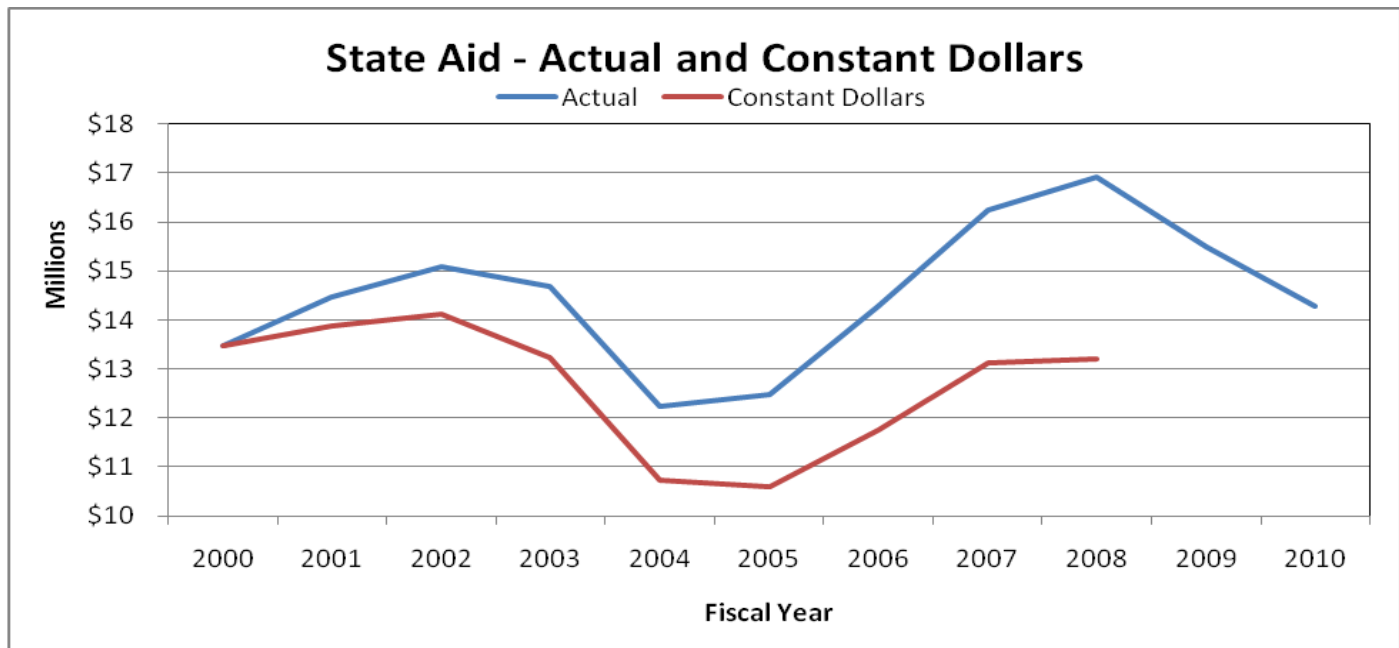
**MISSION STATEMENT:** To administer state revenues received for general purposes and purposes related to specific grants.

**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 05</u> <u>Actual</u>	<u>FY 06</u> <u>Actual</u>	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Actual</u>	<u>FY 09</u> <u>Actual</u>
State revenues as a % of Total Resources	25	26	28	28	25

**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.



<b>Amherst Trend</b>	
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 is lower in FY 10 than FY 01 in both actual and inflation adjusted dollars.



## RESOURCES

## STATE AID

	FY 08 Actual	FY 09 Budget	FY 09 Actual	FY 10 Budget	FY 11 Manager	Change FY 10 - 11	Percent Change
<b>STATE AID</b>							
Chapter 70	6,158,796	6,266,707	5,607,673	6,141,373	5,527,236	(614,137)	-10.0%
Charter Tuition Assessment Reimbursement	152,841	228,361	301,933	320,491	324,886	4,395	1.4%
Lottery	9,816,456	9,816,456	8,859,880	0	0		
Additional Assistance	222,910	222,910	201,188	0	0		
Unrestricted General Govt Aid	0	0	0	7,417,544	6,675,790	(741,754)	-10.0%
Police Career Incentive	181,796	193,159	169,955	33,348	33,348	0	0.0%
Veterans Benefits	91,850	100,873	97,659	91,069	91,069	0	0.0%
Exempt: Vets, Blind, Surv. Spouses, Elderly	39,761	35,774	38,355	39,754	39,754	0	0.0%
State Owned Land	160,225	173,456	173,456	163,254	163,254	0	0.0%
Offset Receipts	0	0	0	0	0		
School Lunch	6,403	6,560	6,560	6,866	6,866	0	0.0%
Public Libraries	82,226	85,576	85,576	65,273	67,522	2,249	3.4%
<b>Subtotal STATE AID</b>	<b>16,913,265</b>	<b>17,129,832</b>	<b>15,542,235</b>	<b>14,278,972</b>	<b>12,929,724</b>	<b>(1,349,248)</b>	<b>-9.4%</b>

**SIGNIFICANT BUDGET CHANGES:**

Assumes state aid cut of 10% in Chapter 70 education aid and Unrestricted General Government Aid (formerly distributed as Lottery Aid and Additional Assistance). All other aid accounts are level funded with the exception of the Charter School Assessment Reimbursement, which is based upon estimated enrollments as of December 2009. These estimates will be revised as the state budget process unfolds, beginning with the expected release of the Governor's FY 11 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 \$4 million since FY 09, including \$1.6 million in mid-year cuts in FY 09 (\$650,000 was replaced with one-time education grants), and a whopping \$2.8 million reduction in FY 10, a decrease of 16%. State aid, when adjusted for inflation, is below 2000 levels even BEFORE any additional cuts in FY 11.

**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 11 OBJECTIVES:**

Maximize Ambulance Fund receipts to support EMS operating and capital costs and thereby reduce tax support needed.  
To eliminate the use of reserves (Free Cash and/or Stabilization Fund) to balance the FY 11 budget, if possible.

**SERVICE LEVELS:**

	<u>FY 05</u> <u>Actual</u>	<u>FY 06</u> <u>Actual</u>	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Actual</u>	<u>FY 09</u> <u>Actual</u>
<u>% of Total Resources</u>					
Borrowing Authorization	0	0	0	0	0
Special Revenue Funds	2	3	3	3	3
Stabilization from 10% Plan	0	0	0	0	0
Overlay Reserve Account	0	0	0	0	0
Available Funds	0	1	1	0	0
Surplus Funds:					
Free Cash	0	3	0	0	2
Stabilization	4	1	2	1	0
Other Interfund Transactions	0	0	0	0	0
Jones Inc	1	1	1	0	0

## RESOURCES

## OTHER FINANCING SOURCES

	FY 08 Actual	FY 09 Budget	FY 09 Actual	FY 10 Recap	FY 11 Projected	Change FY 10 - 11	Percent Change
<b>OTHER FINANCING SOURCES</b>							
Ambulance Fund	1,619,611	2,068,818	2,068,818	2,094,262	2,394,878	300,616	14.4%
Reserve for							
Debt Service - WW Roof	0	0	0	49,990	44,844	(5,146)	-10.3%
Community Preservation							
Act (debt service only)	43,666	86,582	86,582	83,774	66,411	(17,363)	-20.7%
Enterprise Fund Reimbursements	0	0	0	797,467	830,089	32,622	4.1%
Overlay Surplus	0	0	153,975	0	0	0	0.0%
Miscellaneous	0	190,000	40,778	0	0	0	0.0%
Free Cash	831,423	991,243	991,243	1,044,833	0	(1,044,833)	-100.0%
Stabilization Fund	0	0	0	0	0	0	0.0%
Subtotal OTHER FINANCING SOURCES	<u>2,494,700</u>	<u>3,336,643</u>	<u>3,341,396</u>	<u>4,070,326</u>	<u>3,336,222</u>	<u>(734,104)</u>	<u>-18.0%</u>

**SIGNIFICANT BUDGET CHANGES:**

The increase of \$300,616 in support from the Ambulance Fund is allocated to the capital plan (\$277,000 for a replacement ambulance and other equipment), the Fire Department operating budget, and other administrative support costs (billing, IT, etc.),

The \$44,844 allocated from the Reserve for Debt Service – Wildwood School Roof Project supports the debt service budget from a grant reimbursement to the Town from the Massachusetts School Building Authority.

Community Preservation Act funds of \$66,411 are necessary to support the CPA-funded portion of debt service costs for previously approved projects (Town Hall exterior repairs, Plum Brook Recreation Area improvements). The CPA Committee will offer their recommendations for FY 11 projects prior to Annual Town Meeting.

Consistent with Finance Committee budget guidelines, no contribution from Free Cash/Stabilization Fund reserves is included to balance the FY 11 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.

\*\* 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 08 Actual	FY 09 Budget	FY 09 Actual	FY 10 Budget	FY 11 Manager	Change FY 10 - 11	Percent Change	FY 11 FinCom -3%	Change FY 10 - 11	Percent Change
General Government	\$ 5,627,681	5,989,728	5,708,397	5,905,708	6,122,195	216,487	3.7%	5,950,303	44,595	0.8%
Public Safety	\$ 8,063,272	8,265,817	8,352,499	8,315,386	8,394,386	79,000	1.0%	7,987,735	(327,651)	-3.9%
Public Works	\$ 1,859,422	1,756,999	1,820,205	1,812,364	1,941,540	129,176	7.1%	1,788,240	(24,124)	-1.3%
Planning, Conservation & Inspections	\$ 802,423	859,656	859,004	818,578	745,073	(73,505)	-9.0%	727,530	(91,048)	-11.1%
Community Services	\$ 1,680,488	1,734,363	1,733,734	1,479,516	1,474,725	(4,791)	-0.3%	1,327,798	(151,718)	-10.3%
<b>TOTAL APPROPRIATION</b>	<b>\$ 18,033,287</b>	<b>18,606,563</b>	<b>18,473,838</b>	<b>18,331,552</b>	<b>18,677,919</b>	<b>346,367</b>	<b>1.9%</b>	<b>17,781,606</b>	<b>(549,946)</b>	<b>-3.0%</b>

### SIGNIFICANT BUDGET CHANGES:

#### RECOMMENDED BUDGET:

This budget demonstrates the reductions from level services and places those reductions into two categories. The first category is represented throughout this document in the "FY 11 Manager" recommended budget column of the various budget worksheets. It outlines those changes that would be done irrespective of the revenue challenges affecting this budget. Those changes, which total \$570,211, include the reduction in health insurance premiums from a 6% increase to a 3% increase, reduction in cost of living increase as negotiated with the Police collective bargaining unit and the elimination of the cost of living increase for non union employees. These two groups represent over 60% of the municipal workforce. Negotiations continue with other Town unions. Utilization of grant funding for previously General Fund activity is also included and positions are reduced or eliminated in the Health department and LSSE. This produces a net budget increase of 1.9% over the current year's approved budget. This funding level is possible only with new revenue from a property tax override or state aid cuts less than the 10% reduction that is assumed. It represents the Town Manager's recommended budget for FY 11.

#### ADDITIONAL CUTS TO MEET FINANCE COMMITTEE'S -3% BUDGET GUIDELINE:

The second category of budgetary cuts would be necessary to meet the Finance Committee's "worst case" -3% budget cut guideline which assumes a 10% reduction in state aid and no new revenues from an override or other sources. These additional cuts total \$896,313. They include reductions in a prioritized fashion that the Town Manager can recommend for restoration should revenue become available. Those include two firefighters, one police officer, one dispatcher, two DPW laborers, restoration of full street lighting, restoration of the full time Animal Control Officer, and the restoration of the four administrative staff.