

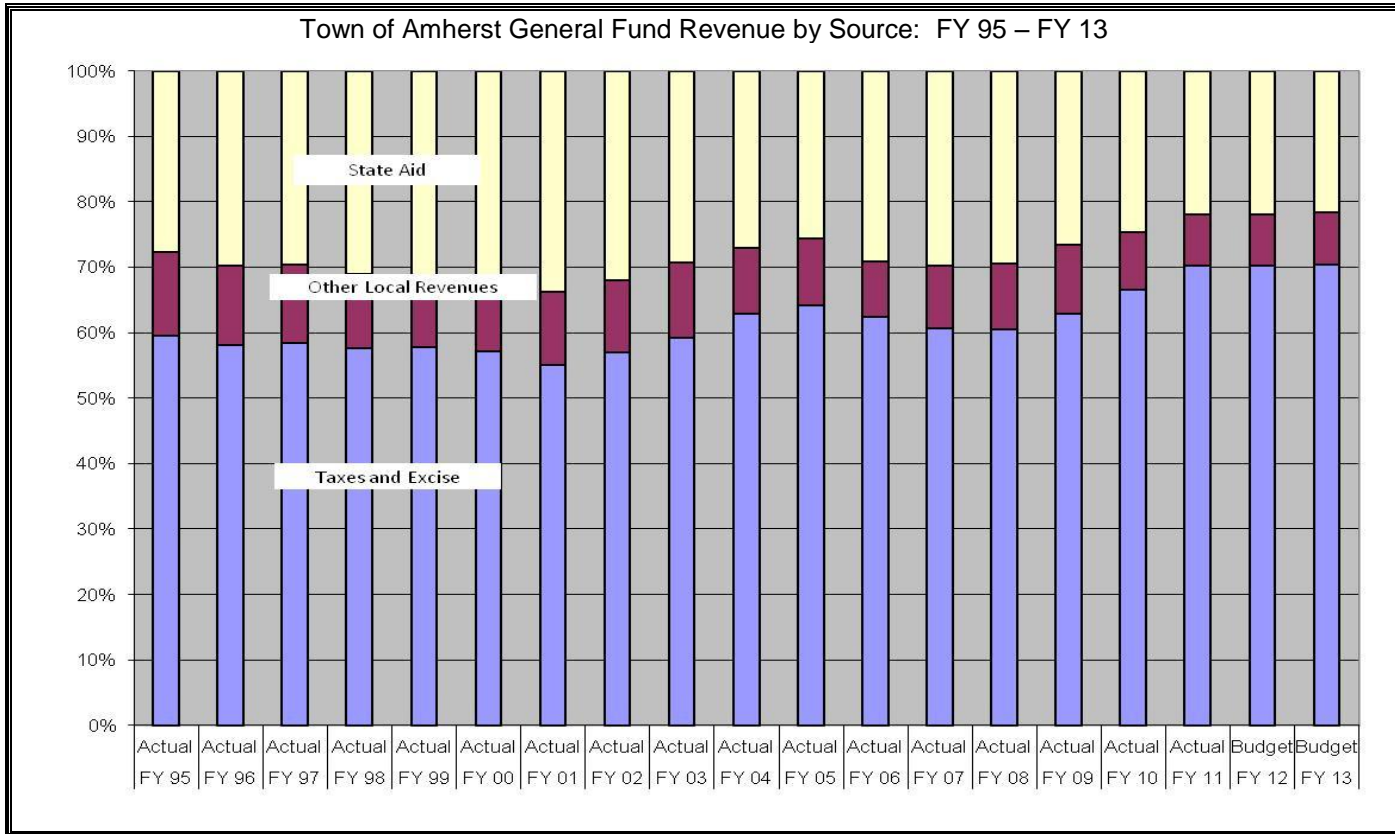
**GENERAL
FUND**

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.

SERVICE LEVELS:	FY 07	FY 08	FY 09	FY 10	FY 11
<u>As % of Total Resources</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
Taxes	57	58	56	58	63
Other Local Source Revenues	9	10	14	12	12
State Revenues	28	28	25	23	20
Other Financial Sources	6	4	5	7	5



GENERAL FUND RESOURCES SUMMARY

	FY 09 Actual	FY 10 Actual	FY 11 Actual	FY 12 Budget	FY 13 Manager	Change FY 12 - 13	Percent Change
Property Tax	34,471,642	36,067,594	36,851,869	40,344,032	41,656,206	1,312,174	3.3%
Local Receipts	8,675,637	7,703,266	8,085,439	7,541,195	7,864,672	323,477	4.3%
State Aid	15,542,235	14,310,187	13,585,433	13,104,161	13,356,820	252,659	1.9%
Other Financing Sources	3,341,396	4,070,326	3,059,258	3,256,914	3,166,331	(90,583)	-2.8%
	<u>62,030,910</u>	<u>62,151,373</u>	<u>61,581,999</u>	<u>64,246,302</u>	<u>66,044,029</u>	<u>1,797,727</u>	<u>2.8%</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

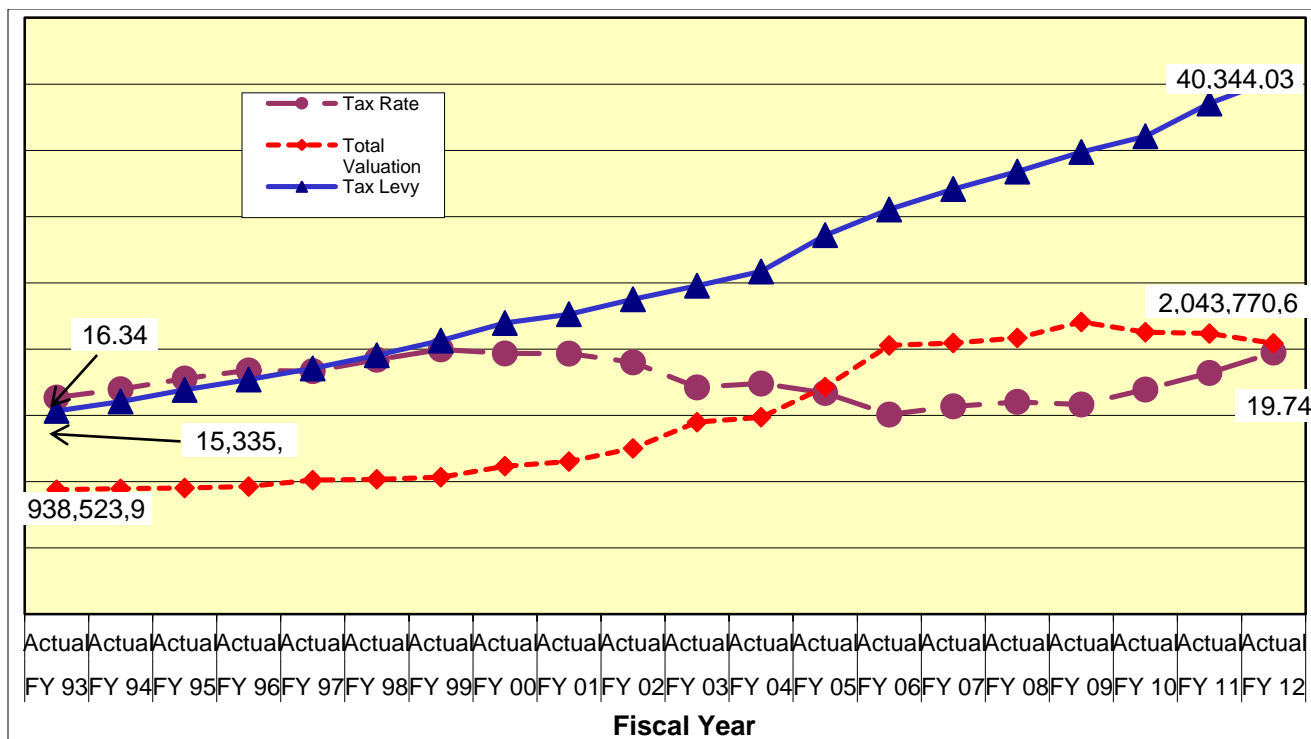
MISSION STATEMENT: To provide tax support for General Fund services.

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

FY 13 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.

SERVICE LEVELS:	FY 07 Actual	FY 08 Actual	FY 09 Actual	FY 10 Actual	FY 11 Actual
Taxes as % of Total Resources					
Real and Personal Property Taxes	52	54	54	58	63
Other Taxes	4	4	NA	NA	NA

Comparison of Changes in Tax Rates, Property Valuations and Tax Levies FY 93 - FY 12



Property tax assessments are based on property values. In Amherst, the property value base has increased 118% since FY 93. 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 163% since FY 93. The tax rate, applied per \$1,000 of assessed value, has increased 21% in the same period.

RESOURCES

PROPERTY TAX

	FY 09 Actual	FY 10 Actual	FY 11 Actual	FY 12 Budget	FY 13 Manager	Change FY 12 - 13	Percent Change
PROPERTY TAX							
Base Levy	34,471,642	34,439,142	35,666,757	38,606,791	40,045,691	1,438,900	3.7%
2.5% Allowable Increase	0	860,979	891,669	965,170	1,001,142	35,972	3.7%
Estimated New Growth	0	366,636	367,924	473,730	350,000	(123,730)	-26.1%
General Override	0	0	0	0	0	0	
Levy Limit	34,471,642	35,666,757	36,926,350	40,045,691	41,396,833	1,351,142	3.4%
Debt Exclusion	0	400,837	352,466	305,688	259,373	(46,315)	-15.2%
Maximum Allowable Levy	34,471,642	36,067,594	37,278,816	40,351,379	41,656,206	1,304,827	3.2%
Excess Levy Capacity	0	0	(426,947)	(7,347)	0		
Subtotal PROPERTY TAX	<u>34,471,642</u>	<u>36,067,594</u>	<u>36,851,869</u>	<u>40,344,032</u>	<u>41,656,206</u>	<u>1,312,174</u>	<u>3.3%</u>

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 13. Property taxes in FY 13 will increase at the 2.5% limit per year (+\$1,001,142). New growth added to property tax is estimated at only \$350,000, which is less than 65% 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, and FY 13 will be the final year of that surcharge to the Amherst levy.

RESOURCES

LOCAL RECEIPTS

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

FY 13 OBJECTIVES:

To review current fee levels in relation to FY 13 costs of services.

SERVICE LEVELS:

	<u>FY 07</u> <u>Actual</u>	<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>
Revenues as % of Local Source Revenues					
Other Taxes	NA	NA	28	34	37
Charges for Services	14	13	9	NA	NA
Departmental Revenue	34	28	16	17	15
Rentals	1	1	1	1	1
Licenses and Permits	14	15	10	11	11
Special Assessments	11	11	7	11	9
Fines and Forfeits	3	3	2	2	2
Penalties and Interest	3	3	2	2	2
Investment Income	8	7	3	2	2
Miscellaneous	10	20	22	20	22

MAJOR COMPONENTS:

Departmental Revenue

General Government	\$300,980
Public Safety	57,600
Public Works	7,000
Conservation, Planning, Inspections	65,400
Community Services	<u>756,230</u>
Total Departmental Revenues	\$1,187,210

Special Assessments:

UMASS PVTA Assessment	\$475,752
Five College PVTA Assessment	<u>199,463</u>
Total Special Revenue Funds	\$ 675,215

Licenses & Permits

General Government	\$167,950
Public Safety	111,000
Public Works	17,000
Inspection Services	443,264
Community Services	<u>71,100</u>
Total Licenses & Permits	\$810,314

Miscellaneous

Reimbursements of	
Cherry Sheet Assessments	\$1,627,700
Amherst College	90,000
Real Estate Tax Supplemental	<u>10,000</u>
Total Miscellaneous	\$1,727,700

RESOURCES

LOCAL RECEIPTS

	FY 09	FY 10	FY 11	FY 12	FY 13	Change	Percent
	Actual	Actual	Actual	Budget	Manager	FY 12 - 13	Change
LOCAL RECEIPTS							
Motor Vehicle Excise	1,435,003	1,355,180	1,423,261	1,350,000	1,383,750	33,750	2.5%
Hotel/Motel and Meals Excise	68,161	343,042	494,989	570,000	640,000	70,000	12.3%
Penalties and Interest	186,444	179,980	199,214	132,000	135,300	3,300	2.5%
PILOT	924,112	937,568	937,452	918,458	918,458	0	0.0%
Charges for Services*	777,492	0	0	0	0	0	0.0%
Rentals	62,665	57,732	74,506	80,500	78,500	(2,000)	-2.5%
Departmental Revenue	1,420,447	1,292,870	1,435,020	1,092,215	1,187,210	94,995	8.7%
Licenses and Permits	841,873	808,840	739,013	790,550	810,314	19,764	2.5%
Special Assessments	644,640	855,146	695,986	671,811	675,215	3,404	0.5%
Fines and Forfeits	174,287	178,086	243,692	169,000	198,225	29,225	17.3%
Investment Income	262,531	159,206	103,369	110,000	110,000	0	0.0%
Miscellaneous	1,877,982	1,535,615	1,738,937	1,656,661	1,727,700	71,039	4.3%
Subtotal LOCAL RECEIPTS	8,675,637	7,703,266	8,085,439	7,541,195	7,864,672	323,477	4.3%

SIGNIFICANT BUDGET CHANGES:

Consistent with data showing increases in new car sales this year, motor vehicle excise revenues are estimated at \$1,385,750, an increase of 2.5% from FY 11 actual receipts. The estimated increase of \$70,000 from the local option 6% hotel/motel excise and 0.75% meals excise taxes reflects the opening of the Lord Jeffery Inn in 2012. Penalties and Interest on Tax increase by \$3,300 and Rental income decreases by \$2,000 to reflect actual collections from previous years.

A departmental revenue net increase of \$94,995 includes \$19,995 in Pool fees from the reopened War Memorial Pool and \$70,000 from increases in various other departmental receipts (prior year refunds, bond premiums, car rental surcharges, certified copy fees, business certificates, and state reimbursement for elections) that have been adjusted to reflect more closely the actual revenue from those sources in recent years.

License and Permit revenue increase 2.5% to account for actual recent increases in building inspection and plumbing and electrical permits. Special assessments receipts are estimated to increase by \$3,404 from reimbursements from UMass Transit and Five College, Inc. for the PVTA assessment based upon updated audit results from PVTA. Investment income is estimated at only \$110,000 due to historic low interest rates, in contrast to the \$262,531 earned as recently as FY 09.

Miscellaneous revenues include an Amherst College donation of \$90,000 to support Town services (the same amount as FY 11) and includes \$1,727,700 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 \$71,039 from FY 12. This increase is mostly offset by projected FY 13 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

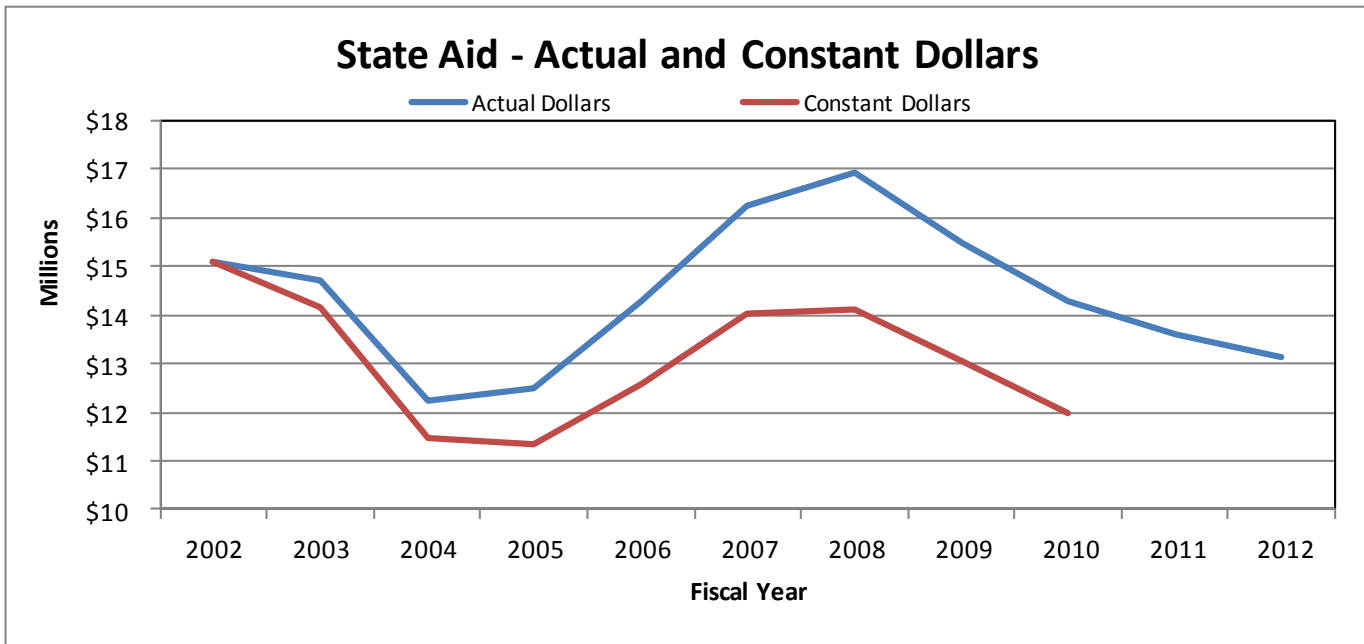
MISSION STATEMENT: To administer state revenues received for general purposes and purposes related to specific grants.

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.

SERVICE LEVELS:	<u>FY 07 Actual</u>	<u>FY 08 Actual</u>	<u>FY 09 Actual</u>	<u>FY 10 Actual</u>	<u>FY 11 Actual</u>
State revenues as a % of Total Resources	28	28	25	23	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 12 than FY 02 in both actual and inflation adjusted dollars, with cuts of over \$3.3 million in the last three years.

RESOURCES

STATE AID

	FY 09 Actual	FY 10 Actual	FY 11 Actual	FY 12 Budget	FY 13 Manager	Change FY 12 - 13	Percent Change
STATE AID							
Chapter 70	5,607,673	6,141,373	5,782,594	5,813,638	5,929,911	116,273	2.0%
Charter Tuition Assessment							
Reimbursement	301,933	323,191	287,059	210,672	210,672	0	0.0%
Lottery	8,859,880	0	0	0	0		
Additional Assistance	201,188	0	0	0	0		
Unrestricted General Govt Aid	0	7,417,544	7,120,842	6,605,976	6,738,096	132,120	2.0%
Police Career Incentive	169,955	33,796	16,444	0	0	0	
Veterans Benefits	97,659	120,555	144,499	213,343	217,610	4,267	2.0%
Exempt: Vets, Blind, Surv. Spouses, Elderly	38,355	38,335	17,572	38,329	38,329	0	0.0%
State Owned Land	173,456	163,254	146,327	151,747	151,747	0	0.0%
Offset Receipts	0	0	0	0	0		
School Lunch	6,560	6,866	6,018	6,591	6,591	0	0.0%
Public Libraries	85,576	65,273	64,078	63,865	63,865	0	0.0%
Subtotal STATE AID	15,542,235	14,310,187	13,585,433	13,104,161	13,356,820	252,659	1.9%

SIGNIFICANT BUDGET CHANGES:

Assumes state aid increase of 2.0% 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 Veterans' Benefit reimbursement, which is based upon estimated actual expenditures for FY 11. These estimates will be revised as the state budget process unfolds, beginning with the expected release of the Governor's FY 13 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 13 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 13 budget, if possible.

SERVICE LEVELS:

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

RESOURCES

OTHER FINANCING SOURCES

	FY 09 Actual	FY 10 Actual	FY 11 Actual	FY 12 Budget	FY 13 Manager	Change FY 12 - 13	Percent Change
OTHER FINANCING SOURCES							
Ambulance Fund	2,068,818	2,094,262	2,117,978	2,276,577	2,273,141	(3,436)	-0.2%
Reserve for							
Debt Service - WW Roof	0	49,990	44,844	44,844	41,107	(3,737)	-8.3%
Community Preservation							
Act (debt service only)	86,582	83,774	0	0	0	0	0.0%
Enterprise Fund Reimbursements*	0	797,467	830,089	831,243	852,083	20,840	2.5%
Overlay Surplus	153,975	0	0	39,000	0	(39,000)	0.0%
Miscellaneous	40,778	0	0	0	0	0	0.0%
Free Cash	991,243	1,044,833	66,347	65,250	0	(65,250)	0.0%
Stabilization Fund	0	0	0	0	0	0	0.0%
Subtotal OTHER FINANCING SOURCES	3,341,396	4,070,326	3,059,258	3,256,914	3,166,331	(90,583)	-2.8%

SIGNIFICANT BUDGET CHANGES:

A total of \$2,273,141 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.).

The \$41,107 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. FY 13 will be the last year of this reimbursement.

Consistent with Finance Committee budget guidelines, no contribution from Free Cash/Stabilization Fund reserves is included to balance the FY 13 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 11, only \$66,347 was appropriated from Free Cash to reimburse the Health Claims Trust Fund with federal Medicare Part D reimbursements.

* 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 09 Actual	FY 10 Actual	FY 11 Actual	FY 12 Budget	FY 13 Manager	Change FY12-13	% Change
General Government	\$ 5,720,851	5,672,090	5,848,641	6,091,477	6,088,418	(3,059)	-0.1%
Public Safety	\$ 8,399,858	8,318,133	8,384,953	8,497,470	8,877,651	380,181	4.5%
Public Works	\$ 1,763,841	1,662,025	2,012,856	1,941,230	1,996,684	55,454	2.9%
Conservation & Development	\$ 927,061	799,789	762,484	885,862	927,560	41,698	4.7%
Community Services	\$ 1,667,808	1,531,827	1,491,495	1,575,402	1,652,882	77,480	4.9%
TOTAL APPROPRIATION	\$ 18,479,419	17,983,864	18,500,429	18,991,440	19,543,195	551,755	2.9%

SIGNIFICANT BUDGET CHANGES:

RECOMMENDED BUDGET:

The Town Manager's proposed FY 13 municipal budget is funded at \$19,543,195 and meets the Finance Committee's suggested guideline. It represents an increase of 2.8% from FY 12, plus an additional 0.1% (\$19,995) for the costs and new revenue associated with reopening the War Memorial Pool. Proactive efforts by the Town to control health insurance costs and reduce utilities costs from capital investments in energy efficiency are largely responsible for a 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, otherwise there are no increases in staff.

POSSIBLE BUDGET RESTORATIONS AND ADDITIONS IF ADDITIONAL FUNDS AVAILABLE:

The Finance Committee budget guideline assumes a modest increase of 2.0% in state aid in FY 13. Once the Governor releases his budget in late January 2012, 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 13 budget, if additional funds become available.