

**AMHERST FINANCE COMMITTEE MINUTES**  
Meeting of April 30, 2009

**Location:**

The meeting was called to order at 7:10 p.m. in the First Floor Meeting Room of Town Hall.

**Attendance:**

Marilyn Blaustein, Kay Moran (Vice-Chair), Brian Morton (Chair), Robert Saul, Douglas Slaughter, Andrew Steinberg, Marylou Theilman.

**Others Present:**

John Musante, Assistant Town Manager/Finance Director; Fred VanDerbeck, Pelham Finance Committee; Walter Wolnik, citizen

**Agenda:**

1. FY 09 3<sup>rd</sup> Quarterly Budget vs. Actual (See Report)
2. Joint Capital Planning Committee # 2
3. Discussion – Regional School Committee meeting of April 28
4. Legislative Update
5. Continuing Discussion – FY 10 budget balancing strategies
6. Member Reports
7. Minutes
8. Next Meeting
9. Miscellaneous

**Actions:**

Voted 7-0-0 to approve the minutes of April 7, 2009 as amended.

**Discussion:**

**FY 09 3<sup>rd</sup> Quarterly Budget vs. Actual (See Report)**

Musante distributed his report and reviewed the FY 09 3<sup>rd</sup> Quarterly Budget vs. actual revenues and expenditures for the General and Enterprise Funds. He stated that locally generated revenues are on track as the mid-year cut brought the plan back into balance. State aid receipts will be lower than budgeted. Expenditures are very tight. Musante highlighted the items listed below:

**General Fund Revenues:**

\*Golf Course: Receipts are on track to roughly equal prior FY 08 total of \$263,000. FY 09 is budgeted at \$250,000.

\*Investment Income: Watching carefully due to economic downturn and resulting lower interest rates. Several CDs which will mature later in fiscal year will boost earnings closer to budgeted amount.

\*Licenses & Permits: These will exceed their budget. Institutional projects are generating permit revenues while overall building activity is down.

\*Misc. Non-Recurring: A \$550,311 grant reimbursement for a roof replacement at Wildwood School was received from the Massachusetts School Building Authority (MSBA). The roof was funded originally by the Town's capital plan and some of the unanticipated revenue from MSBA will contribute to free cash at the end of the fiscal year. Only a portion of the grant (\$362,198) can be posted as revenue in the current fiscal year. The balance will be reserved for remaining fiscal years of the bond issue associated with this project. This unanticipated revenue will partially offset the mid-year state aid reduction.

\*Motor Vehicle Excise: This is on pace to meet budget of \$1,380,000. The Town is closely monitoring this billing as the economy has weakened.

\*Property Tax: This is on pace to again exceed 98% collection rate thru fiscal year end.

\*State Aid: Due to the rapidly deteriorating economy and resulting decline in state tax receipts, Governor Patrick enacted mid-year \$128 million in "9C cuts" to Lottery and Additional Assistance to cities and towns, including \$978,298 to Amherst. The cuts are being made to the 3/31 and 6/30 quarterly distributions of state aid. To keep the Town's FY 09 adopted budget in balance, the Town is implementing a 3-part strategy: a budget cut of \$462,125 to health insurance via a premium holiday in April, applying \$362,198 from the unanticipated Wildwood School roof grant (see above), and an appropriation of \$153,975 from overlay surplus as a replacement financing source.

Special Assessments refers to the Regional PVTA. There will be reimbursements from U. Mass Transit and Five College Inc.

#### General Fund Expenditures:

Expenditures totaled 78% of budgeted expenditures thru March 31, 2009. Surpluses in health insurance, Leisure Services, and General Services will help to reduce expected shortfalls in the Legal Services, Town Clerk, Public Safety, Snow & Ice, and Veterans Services budgets.

\*Legal: Watching expenditures as to date they have exceeded the budget by \$22,196.

\*Town Clerk: The volume of activity created by the November presidential election and the special town election called to fill Select Board vacancy will result in a \$19,000 shortfall.

\*Employee Benefits: The YTD expenditures are at 84% of budget which includes 100% of the annual retirement assessment from the Hampshire County Retirement System. There will be a small surplus in this account (\$80-100,000) thru June 30 in addition to the savings from the April premium holiday.

\*Public Safety: Police facility utility costs will exceed the budget due to heating and ventilation issues.

\*Snow & Ice: The \$189,410 budget was exhausted. The actual shortfall is \$104,196 although the report lists a shortfall of \$162,656. It was subsequently reduced when encumbrances were liquidated.

\*Veterans' Services: Benefits claims will exceed the budget. The State eventually reimburses Town for 75% of eligible claims approximately 10-11 months later.

It is too soon to determine amounts for Article 14 to transfer from one line to another. Public Works will need a transfer, but it may only be for snow and ice as other funds may cover other areas.

Electricity cost for street lights is going up and the outdoor pool water bill is being reconciled. LSSE will see a substantial savings of between \$40,000 and \$50,000 due to an aquatics instructor who resigned. Veterans' services may have money transferred from LSSE to cover its budget shortfall. In addition there is some additional money in Human Services as one agency did not use its money.

The General Fund expenditure report includes an expenditure labeled "Interfund Transfers" totaling \$22,988,830. This is an accounting entry for the Elementary Schools budget and the adopted capital plan for the Town. This report treats these expenditures as 100% "expended" because they are transferred out of the General Fund.

#### Enterprise Funds:

Revenues and expenditures are within a reasonable range for each of the Enterprise Funds (Water, Sewer, Solid Waste, and Transportation) thru March 31, 2009. Variances are due to timing issues rather than any trend.

#### Joint Capital Planning Committee # 2

Slaughter reported on the JCPC stating that the committee developed a prioritized list totaling \$215,000 that would reducing the Capital Plan from 7.25% of the tax levy to 6.75%. The first three items on the list were deferred while all the rest remain on the list. The JCPC will discuss the bottom line and will have the list ready for Town Meeting by mid May. The Capital budget is down 6% from FY09.

Over a two to five year period it is assumed that tax support will increase if there is local revenue and state aid growth.

There is a detailed set of recommendations for roads which are not in the Capital budget this spring, but will be paid through bonds issued for a five year period with bond authorization in 2011 with debt service starting in FY12.

A new fire station was moved out of the capital plan entirely as more planning is needed. It still needs to be determined if the town will have two newer stations or if the town will have three by maintaining Central Station.

### **Discussion – Regional School Committee meeting of April 28**

Slaughter recused himself from the discussion on schools as he is a school employee.

At the Amherst Budget Coordinating Group meeting it was suggested that the group meet with the RSC at their meeting on April 28 to have a dialog about their budget since it appeared to some that some of the towns were locked into Tier One which is the best possible scenario. Leverett has already passed the budget at “Tier One” at their annual town meeting on April 25. If three of the four towns vote the budget at this level, all four towns must support the Regional Schools at that level whether it is through using reserves, reducing other budgets or an override. The RSC could also amend the budget. It was suggested that using the higher budget figure allows the RSC to use revenues up to the voted amount as it is always easier to reduce a budget than to increase it since it would require approval of three of the four towns to increase it. If it is reduced, no action is required of the towns. In any case, elementary budgets in all four towns will be impacted.

Steinberg stated that Level Three cuts would be devastating for the schools and would affect the quality of education. Level Two cuts would be painful and would take multi years to rebuild. The proposed elementary school budget includes Tier One and a portion of Tier Two. The Regional budget is at Tier One. The elementary schools may bear the brunt of the impact of the Regional budget.

It is unclear if the regional budget includes the \$400,000 in transportation funding or does not. It could be used to reduce their budget.

### **Legislative Update**

Musante outlined some possible revenue sources from the state. The House was finalizing their budget by May 1. At the present time they have proposed legislation that would increase the sales tax by 1.25 cents which includes the meals tax all of which will bring in \$900,000,000. \$205,000,000 will partially restore money for cities and towns. In addition a proposal would allocate \$50 per child for towns not receiving Stimulus money for schools. So far there is no money for the Quinn Bill, nor is there any proposed legislation for local option taxes or for the telecom loophole.

The Senate will have its budget proposal out 5/15/09 and finalized by the end of May.

Rosenberg’s Commission has not yet come out with a report.

The Jones Library will see a 40% reduction in state aid. They are considering proposals for new revenues.

### **Continuing Discussion – FY 10 Budget Balancing Strategies**

Steinberg recused himself from discussions on the Library as his wife works for the Library.

The Library Trustees continue to discuss using the Endowment to offset the budget, a Health Premium Holiday, and fund raising activities in which the money generated would be kept by the Library. It was

suggested that the Finance Committee wait to see fund raising proposals for new revenue before any decisions are made.

If the sales tax proposal does not materialize, budget cuts would go beyond both Tier 1 and 1.5 and the Reserves. At the present time the town is comfortable with the way the gap is closed, but revenues won't be known until May 15. It may be late before the state budget will be known, but the town needs to move forward.

Overrides are not the purview of the Finance Committee, but of the Select Board.

### **Member Reports**

Steinberg reported that a motion to close Marks Meadow School at the end of the school year in June 2010 was made at the last meeting of the School Committee and will be discussed again at the April meeting.

### **Next Meeting**

May 4 at 7:25pm Middle School Auditorium front table

May 6 at 6:30pm Middle School Band Room

May 13 at 6:45pm Town Hall First Floor Meeting Room

### **Adjournment:**

The meeting adjourned at 9:30p.m.

Submitted by:

Marylou Theilman, Acting Clerk