

Amherst Finance Committee

March 11, 2010, 7:00 P.M.

First Floor Meeting Room, Town Hall

Members Present: Marilyn Blaustein, Marylou Theilman, Kay Moran, Andy Steinberg, Bob Saul, Doug Slaughter, Phil Jackson

Others in attendance: John Musante, Assistant Town Manager/Finance Director, Walter Wolnik.

Agenda:

1. FY 11 budget
 - a. General Government – Retirement
 - b. Debt Service
 - c. Other expenditures and assessments
2. Audit Committee report
3. Retiree obligations
4. News affecting budget
5. Member reports
6. Next meetings and agenda
7. Minutes of Feb. 4, 6, 11, 25 and March 4 (if available)
8. Miscellaneous

Steinberg called the meeting to order at 7:03 p.m.

1. FY11 budget

Musante reported on the state of our assessment to the Hampshire County Retirement System. The increase of 6.3% is primarily due to changes in the member units. For example, the County sold its long-term care facility in Leeds so those employees are no longer in the tally, thus increasing our funding obligation. The assessment structure has not been adjusted for the stock market drop of 2008. This adjustment will occur for the FY 2012 assessment and will be significant. The Governor has proposed legislation regarding pensions which includes proposals to change the inclusion rules, retirement age, an extension of the funding schedule to 2040, etc.

Musante reported that the capital portion of the FY 2011 budget would be approximately 6% of the levy down from 6.5% in FY 2010. Some of this is due to a refinancing of debt in December of 2009 resulting in \$125,306 in savings but the rest is due to reductions in Capital expenditure and the retirement of old debt. Moran asked if the total appropriation for Capital would be less in FY 2011 than in FY 2010. Musante replied that it would be approximately \$250,000 less in FY 2011. Saul asked whether there was any large, new debt scheduled to be incurred for FY 2011 or the near future. Musante replied that there are several items on the JCPC agenda, e.g., a roads repair and reconstruction bond issue, renovations at Fort River and Wildwood Schools, etc., but none are ready for the FY 2011 budget. Blaustein asked

what level of debt is appropriate for a community like ours. Musante replied that it is typically measured per capita or as a percentage of assessed value. In the five year trends report the Town is shown to be well under the amounts utilized by the bond market relative to the Town's bond rating.

Musante noted other expenditures and assessment in the budget. Namely, the Retired Teachers Health Insurance – an assessment for Amherst Elementary Retired Teachers, Regional Transit – payment to PVRTA for our portion of the operation of the bus system, School Choice and Charter – payments made to cover the cost of educating students outside of our district (Choice students are billed at a flat rate per student statewide while Charter students are billed based on the per pupil expenditure of the district), and Regional Lockup Assessment – assessment for the use of the County Regional Lockup facility (\$1 per capita).

2. Audit Committee Report

Saul reported that the audit revealed very few gaps in oversight, a slight decrease in the value of the Town Physical Plant, and the liability of pensions and health care costs for the future is very large. The extension of the funding schedule for the retirement obligation will be a significant help if approved. Musante stated that he was pleased with the audit results especially the comment praising the \$740,000 surplus for FY 2009. He also noted that the translation of fixed assets into the Audit is tricky so the decrease in the value of the Town Physical Plant is hard to interpret.

3. Retiree Obligations

Musante noted that the Town currently expends \$1.9 Million for retiree health care costs, but this amount is expected to grow substantially in the years ahead. The current estimated liability for current and future retirees is \$69 Million. This estimate includes a number of assumptions, such as Medicare eligibility, and is tied to the National Health Care debate.

4. News Affecting Budget

Musante stated that we do not know the specifics regarding the Senate and House Budgets but all indications are a 5% reduction in local aid. The specifics are expected to be released on March 26th. Steinberg noted that on the advice of Musante the BCG has used a 5% reduction in local aid for budgeting purposes. Musante reported that this reduction coupled with the previous years' reductions total approximately \$5 Million. This is the first time since the 1930s that there have been three consecutive years of real dollar cuts to state aid. For FY 2011 the plan is \$2.5 Million in cuts coupled with the \$1.67 Million override question. Blaustein asked about the status of the revenues related to the local option taxes recently adopted. Musante reported that the December numbers were a little lower than expected and we'll have to watch the Spring numbers, but the estimate of \$600,000 for FY 2011 is still O.K.

5. Member reports

Steinberg reported that the next BCG meeting would be March 25th and the Summary Points from the February 10th meeting were sent via email. Theilman stated the School Committees would meet March 24th and March 25th to set their budgets. Also she reported that the school committees will start the search for a new Superintendent during the next school year. Saul

reported that the Library Trustees have been meeting regularly to determine how to use the Woodbury Gift. Musante reported that the JCPC will finalize its recommendations on March 26th or April 2nd, but will most likely have a draft report by April 1st.

6. Next meeting and agenda

Steinberg stated the next meeting will be on March 25. He also noted the event calendar leading up to Town Meeting and encouraged the delivery of draft descriptions for inclusion in the Finance Committee Report to Town Meeting as soon as possible. Most positions on Articles will be taken at the meetings of April 8th and 15th. Moran stated the deadline for report write ups would be April 16th in order to accomplish editing and compilation of the report in time for the mailing deadline. The Committee confirmed writing and speaking assignments.

7. Minutes of February 4, 6, 11, 25 and March 4

Slaughter made the motion to approve the minutes of February 4th as amended. Blaustein seconded. The motion passed 6-0 with one abstention. Theilman made the motion to approve the minutes of February 6th as amended. Slaughter seconded. The motion passed 5-0 with two abstentions. Blaustein made the motion to approve the minutes of February 11th as amended. Theilman seconded. The motion passed 4-0 with three abstentions. Moran made the motion to approve the minutes of February 25th as amended. Blaustein seconded. The motion passed 7-0

8. Miscellaneous

Moran made the motion to adjourn, and the motion passed 7-0. The meeting adjourned at 9:35 pm.

Doug Slaughter, acting clerk