

AMHERST FINANCE COMMITTEE MINUTES

Meeting of September 13, 2007

CALL TO ORDER

The meeting was called to order at 7:00 p.m. in the First Floor Meeting Room of Town Hall.

FINANCE COMMITTEE MEMBERS IN ATTENDANCE

Alice Carlozzi, Marilyn Blaustein, Kay Moran (Vice-Chair), Brian Morton (Chair), Douglas Slaughter

STAFF AND OTHERS IN ATTENDANCE

John Musante, Finance Director/Treasurer; Town Manager Larry Shaffer; Eva Schiffer, Walter Wolnik, Fred Van Derbeck

AGENDA

1. FY07 Budget Results
2. Initial draft of Financial Policy Guidelines
3. Preliminary list of Town Meeting articles
4. Town/UMass Strategic Partnership Agreement
5. Speed Cushions
6. Member reports
7. Next meeting and agenda
8. Minutes 8/29/07

COMMITTEE ACTIONS AND DISCUSSION

1. FY07 Budget Results. J. Musante presented both summary and detailed unaudited reports for FY07. Highlights are as follows:
 - Overall General Fund revenues were 102% of the budgeted amount
 - Licenses and permits were 94% of budget. This is due largely to lower building permit revenue, a result of a slowdown in building activity, which was \$101.4K below budget.
 - Interest earnings were well above budget by \$164.7K
 - Miscellaneous non-recurring revenues including \$435.5K reimbursement for Crocker Farm debt and \$80,000 from UMass for Fire. An additional \$100,000 from UMass will go to the Ambulance Fund
 - There were strong collections in property taxes -- 98.7% of the levy. In addition, \$149,567 in tax liens was redeemed.
 - \$1,255,895 in excess of revenues over expenditures will help the free cash balance
 - The actual amount in reserves (free cash and stabilization) (\$3,904,385) is in the range of what was estimated in February 2007 (\$4,283,655). The lower amount is a result of \$237,893 voted by Town Meeting for the Regional assessment. The actual amount in reserves reflects a shortfall in the Health Claims Trust Fund for FY07 (\$111,883).

2. Initial Draft of Financial Policy Guidelines. J. Musante presented the first draft of the guidelines. It includes overarching principles and guidelines and detailed policies for the general fund, capital planning and the enterprise funds. He also indicated that it was likely that sections would be added to the document over time. Several suggestions were made by the FC:
 - A. Accounting, Auditing and Financial Planning.
 - Policies that are mandated should be identified
 - Charge of the audit committee should be added
 - B. General Fund
 - Reserves: Needs clarification about how reserves could be used under highly unusual circumstances. What should the minimum amount be, and what is an appropriate level to cap reserves? What's a reasonable amount of money to have in reserves that will get us through the next recession? Should this be a percentage rather than a dollar amount?
 - Capital Program: (C11) The FY08 amount for capital was 7% of the tax levy. However, is this amount too low? There was concern expressed that 7% may become the new target.
 - C. Capital Planning
 - Does the definition of a capital project need clarification. Is \$5,000 too low?
 - D. Debt Management. Needs clarification on what is mandated by state law or other non-municipal agency.

The FC thanked Musante for compiling the document and discussed the adoption process. Musante said the policies should be formally adopted by the FC and included with the guidelines. He was not sure if it needed to be formally adopted by other boards and committees.

3. Preliminary List of Town Meeting Articles. Musante presented the preliminary list of articles. The deadline for citizen petitions was September 14. There will be two Budget amendments: 1) Health insurance -- to retire the deficit and fund one-third of reserves. There was an \$111,000 deficit in the Health Insurance trust fund at the end of FY07. 2) Regional Lockup Assessment. Beginning in FY08 the Town is being billed to cover its share of operating costs at the Hampshire County Regional Lock-up Facility. The Town's share will be \$31,323.
4. Town/UMass Strategic Partnership Agreement. L. Shaffer summarized the agreement. He stated that there continue to be discussions with UMass about other topics that may be wrapped into the agreement. The fire and ambulance agreement is an addendum with deductions for PILOT receipts. The agreement will result in an additional \$140,000 in the FY08 budget. The Police Mutual Aid agreement is built in, but unchanged. As part of the agreement, sewer effluent charges are waived. He added that the water conservation efforts on the part of UMass were significant for the Town and reduces the Town's liability to develop future resources. The agreement also states that in the event the Town abandons use of Marks Meadow, the University will consider reimbursement for cost of educating those students who live in university housing. This is a five-year

agreement and expires June, 2012. The agreement allows Shaffer to begin discussions with the other two colleges in town.

5. Speed Cushions. Musante said that this was a traffic calming experiment on Lincoln Avenue and the \$7,985 expense was not budgeted. The desire was to get it under way in the warm months. The expense should be considered a reserve fund transfer request and would evolve into a capital project request. There was concern expressed by the FC about transferring funds from the reserve fund at this early date. Morton stated he was not against the project, but questioned whether the expense met Reserve Fund transfer guidelines. Discussions about Speed Cushions were occurring before the FY08 budget was voted and the budget could have been adjusted at that time. He suggested that it be considered part of the highway maintenance budget. Carlozzi said that it was unexpected but was reluctant to spend reserve fund money this early in the year. Moran was also concerned about spending funds and said that it was not an emergency because conditions on Lincoln Ave. have not changed dramatically. She was concerned that the expense was not discussed at Town Meeting. Musante said he appreciated the concerns being expressed, but the Public Works budget is tight and it will be difficult to identify savings. The FC was reluctant to fund this expense at this point and took no action.
6. Member Reports. Morton asked when the next meeting of the BCG will take place. Musante said it would occur before the end of the month. Moran reported that the library trustees will be meeting Thursday nights.
7. Next Meeting and Agenda. The joint meeting with the Select Board, School Committee and Library Trustees will be Monday September 24. Musante will present budget projections. The FC will meet Tuesday September 25. Preliminary items include: financial projections recap, review of the public hearing on budget priorities, and updated financial guidelines and policies.
8. Minutes 8/29. The FC voted 5-0-2 to approve the minutes of 8/29 as amended.

The meeting adjourned at 9:50 p.m.

Submitted by Marilyn Blaustein, Acting Clerk

Approved 9/25/2007