

AMHERST FINANCE COMMITTEE MINUTES

Meeting of July 11, 2007

CALL TO ORDER

The meeting was called to order at 7:30 p.m. in the first-floor meeting room, Town Hall.

FINANCE COMMITTEE MEMBERS IN ATTENDANCE

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

STAFF AND OTHERS IN ATTENDANCE

John Musante, Finance Director/Treasurer; Walter Wolnik

AGENDA

1. Reorganize if all members present: Elect officers and make committee assignments
2. FY 07 Reserve Fund transfers
3. Financial policies and budget process: Discussion and planning; BCG undertaking
4. Format of budget presentation/report to Town Meeting
5. Next meeting and agenda
6. Minutes of June 4, 6, 13 and 18 2007 meetings
7. Miscellaneous

COMMITTEE ACTIONS AND DISCUSSION

1. Reorganize. Since not all members were present, this was postponed to the committee's next meeting.

2. FY 07 Reserve Fund transfers. Musante distributed copies of the year-end FY 07 budget/actual chart for the municipal budget e-mailed earlier to committee members. Town Meeting on June 6 authorized transferring \$72,800 from Planning, Conservation and Inspections Services and Debt Service to General Government to cover the mid-year 12% increase in health insurance premiums. There is a further shortfall of \$36,029 in General Government due to higher than budgeted costs for the Town Manager's salary and moving expenses, legal services, and utilities. A shortfall in Community Services of \$30,285 is due to higher than budgeted costs for veterans benefits, Veterans Agent payout at retirement, pool utilities, and Cherry Hill utilities, seasonal help and golf course manager payout upon resignation. If taken as a whole, the net shortfall for the municipal budget is \$8,816, since other areas of the municipal budget have surpluses. But only Town Meeting can vote transfers between functional areas, so those year-end surpluses can't be used to offset the accounts in deficit, but instead go into the undesignated fund balance.

In response to various questions, Musante said Tax collections and local receipts were strong for FY 07 and state aid was as expected. He will give us a detailed report on FY 07 revenues at a later meeting. When making budget projections he assumes \$100,000 unspent at the end of the fiscal year, and this year the elementary schools are

turning back a little over that. Carlozzi pointed out how close his excellent projections for FY 07 came to the actual outcome.

The Committee VOTED 6-0, one absent to approve transfers from the Reserve Fund of \$36,029 to General Government and \$30,285 to Community Service to balance the FY 07 budget. The \$33,686 remaining in the FY 07 Reserve Fund will be closed to the Undesignated Fund Balance.

3. Financial policies and budget process. Carlozzi reported that the Budget Coordinating Group (BCG) agreed at its last meeting that it should begin a long-term financial planning process for the town, since BCG comprises representatives of all four major boards. BCG would undertake the first, “mobilization” phase, including consensus on what the purpose and results should be, developing strategies for involving stakeholders, and developing a calendar. The Finance Committee would have a role in the second “analysis” phase, developing strategies for financial sustainability, long-term revenue and expenditure projections, analyzing capital and debt requirements, etc. The third and fourth parts, including reaching consensus on priorities, making decisions and convincing the public, are the hardest, he said. Morton said doing a market analysis of what type of package townspeople are willing to pay accept might help; Blaustein said the survey already done by the Comprehensive Planning Committee might help, and she’ll send Finance Committee members copies. Steinberg pointed out that in cities like Greenfield and Northampton, the municipal, school and library budgets are all consolidated in the mayor’s budget and considered as a whole by the Council, whereas in a town like Amherst the three are developed quite separately with no official coordination until Town Meeting gets them. Morton and Carlozzi noted that the Finance Committee does look at and consider all three budgets, but we can’t make decisions about policies in any of the three. Morton said the BCG’s charge includes educating its members about the operating needs of each (town, schools and library), just as the Joint Capital Planning Committee looks at the capital needs of each in the context of the whole, but BCG is too recently formed to have fully developed that kind of working relationship. BCG meets again tomorrow.

4. Format of budget presentation/report to Town Meeting. Several suggestions, including e-mails from Town Meeting member Baer Tierkel, have been made for including more data for the municipal budget and/or reorganizing it in the Finance Committee report to Town Meeting. Many such details are in the budget submitted by the Town Manager in January; Musante suggested posting an updated Town Manager budget proposal on the town web site closer to town meeting and publicizing its availability there. Committee members noted that the school and library budgets contain considerably less financial detail, and Town Meeting votes bottom lines for those with few if any requests for more. Each of the five functional areas of the municipal budget, voted on separately, receives much closer scrutiny. Blaustein noted that we never focus on how capital spending is divided up among the town, schools and library, but look at each need in relation to the overall picture. Carlozzi said she had invited Tierkel to this meeting to explain his request and would invite him again.

5. Next meeting and agenda. A budget-planning process suggested by the Town Manager has the Finance Committee holding hearings in late summer to get input on developing financial guidelines. Committee members were unsure what this means, or how it would be helpful before financial projections are available. Musante suggested meeting in September, a month earlier than usual, to discuss issues confronting the schools, library and town and to look at financial projections. Carlozzi suggested an August meeting to get started, and the committee agreed on Thursday, Aug. 30. Musante said he'll update projections, and committee members should think about what the elements of a financial plan should be and what milestones to set, and think of suggestions about where to save money and get more revenue (including earlier discussions of regionalizing some services, reorganizing, etc.). The committee will also reorganize and elect officers.

6. Minutes. VOTED 5-0, 1 abstaining, 1 absent to approve the minutes of June 4 as corrected. VOTED 6-0, 1 absent to approve the minutes of June 6 as corrected. VOTED 5-0, 1 abstaining, 1 absent to approve the June 13 minutes. VOTED 6-0, 1 absent to approve the June 18 minutes.

7. Miscellaneous. Slaughter reported that as of July 1, he is employed by the schools. The former Town Counsel had advised him that his work as a consultant to the schools did not pose a conflict of interest as Finance Committee member as long as he abstained from discussions of school budget sections that included his work. He will seek another opinion from the new Town Counsel who begins work Aug. 1, and perhaps from the state Ethics Commission.

The meeting adjourned at 9:20 p.m.

Submitted by Kay Moran, Acting Clerk

Approved 8/29/2007