

Amherst Finance Committee Meeting Minutes Approved 10/19/17
Special Joint Meeting – Select Board, Finance Committee,
School Committee & Library Trustees
Thursday, October 12, 2017
Town Room, Town Hall

Attendance: Select Board: Slaughter, Brewer, Wald, Kruger, Steinberg. Finance Committee: Jayne, Kubiak, Neale, Povinelli, Ratner, Sharma, Theilman. School Committee: Hazzard, Ordonez, Douangmany Page. Library Trustees: Sarat, Pam, Edwards, Hoffmann, LeFebvre. Others: Town Manager Bockelman, Town Co-Finance Directors Aldrich & McGinnis, Town Asst. Comptroller Bowser, School Superintendent Morris, School Finance Director Mangano, Library Director Sharry.

Chair Theilman called the Finance Committee to order as part of this Joint Meeting at 5:07 pm.

Bockelman, Aldrich, and McGinnis presented a 10-year financial trend monitoring report, summarized the Town's current finances, and highlighted various assumptions, projections, and challenges to consider as the Town prepares its FY19 budget.

Although on very strong financial footing, Bockelman cautioned that the FY19 budget would be a "grit-your-teeth" budget due to several difficult upcoming decisions and uncertainties. In sum, Bockelman concluded that Amherst had/has:

- A solid economic base.
- Good management and progressive planning, with strong financial systems and working relationships.
- The prospect for slow and steady growth.
- Major challenges ahead, including state aid, health insurance, a need for new staff, a need for capital investment, and pressure on taxpayers.
- A positive team approach to solving problems, which equals smart and thoughtful decisions.

Summary of FY 17 final results:

- Revenues were in excess of budget, and expenses below budget.
- Town maintained a strong AA+ bond rating.
- Reserves (free cash + stabilization fund) are healthy.

Current FY18 budget situation

- Budgets reflect current level of services.
- Capital expenditures are up to 8.5% of tax levy, on track to meet goal of 10%.
- Issues include health insurance increases, the first increases necessary in several years, and some key staff vacancies, such as the finance director.

FY19 key working assumptions include:

- Revenues: property tax levy continues to grow at the 2.5% limit per year, new growth continues to add to the property tax levy (estimated +\$600,000), State aid budgeted as level funded, local receipts project minimal growth, there will be no use of Town reserves for recurring expenditures, and there will be no override for operating expenses.

- Expenditures: employee health insurance will continue to increase, some collective bargaining units are outstanding, retirement assessments will increase, and capital investment will increase another 0.5% of levy annually to 9%.
- Operating budgets projected at a 2.5% increase, which will be a challenge considering the prospect of health insurance and contractual salary increases.

Major challenges for FY19

- Town: health insurance, fire staffing, collective bargaining, federal funding for CDBG (Community Development Block Grant) and Medicaid.
- Schools: health insurance, regional assessment, collective bargaining, out of district costs (special education and charter), State and federal funding for grants and Medicaid.
- Library: health insurance, reduced reliance on the endowment and reserves.

Identification of key FY19 budget variables

- Expand tax base utilizing sustainable development practices
- Seek additional sources of funds in conjunction with local colleges and universities.
- State revenues are unpredictable
- Need debt exclusion as part of strategy to address major capital needs.

After the joint meeting concluded its business at around 6:30 pm, the Finance Committee recessed until it could reconvene in separate session later that evening.

Timothy A. Neale, acting clerk

Documents distributed, used:

Joint Meeting of the Select Board, Finance Committee, School Committee & Library Trustees October 12, 2017, Preliminary Financial Projections for FY19 Budget Planning (July 1, 2018 – June 30, 2019) – presented as power point and available on Town of Amherst website.