

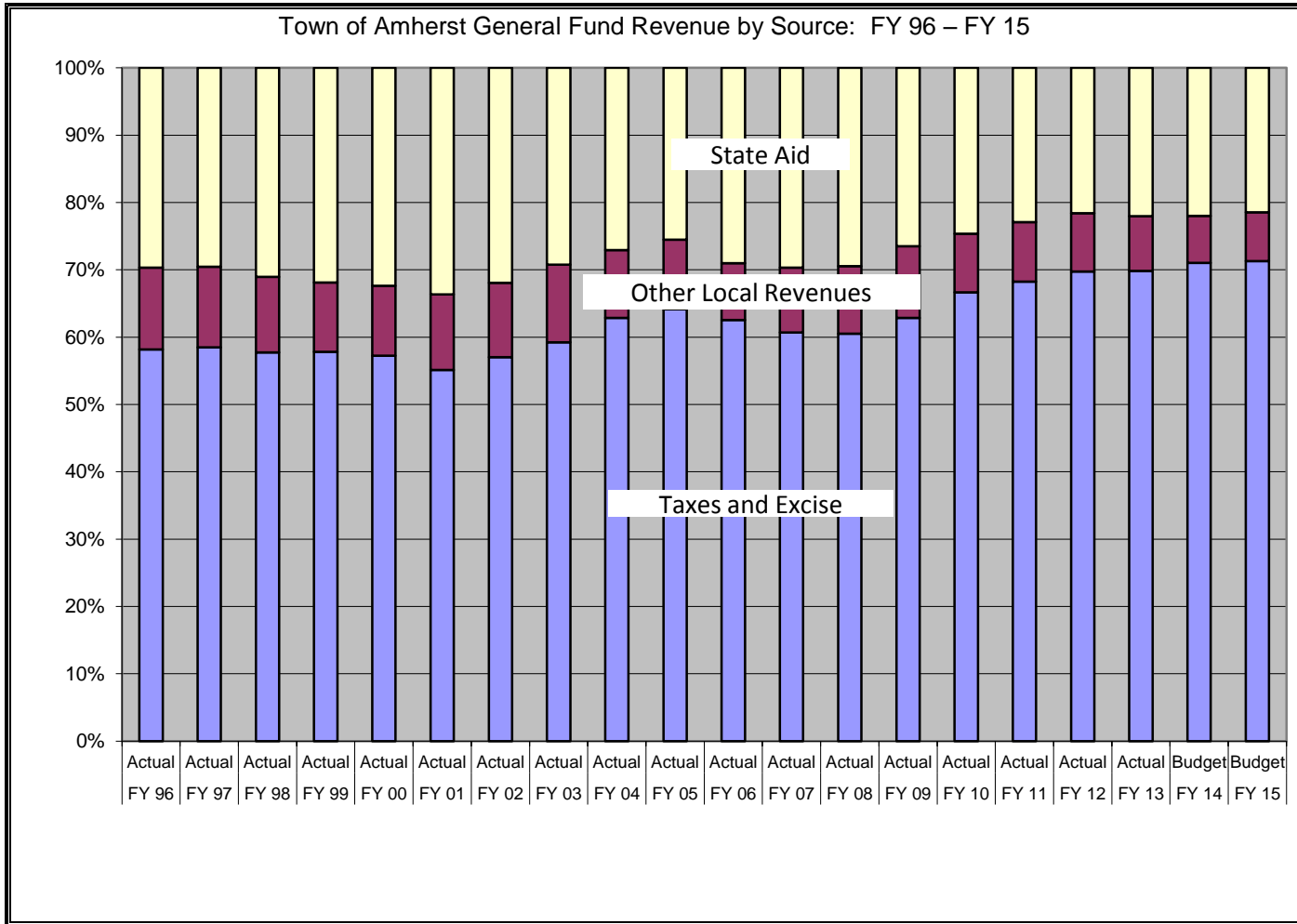
**GENERAL  
FUND**

## GENERAL FUND RESOURCES SUMMARY

**MISSION STATEMENT:** To identify funds to support General Fund services.

- CONTINUING OBJECTIVES:**
- To increase the tax levy within constraints of Proposition 2½.
  - To monitor state aid distributions and formulas.
  - To monitor availability of Federal and State Grants.
  - To develop equitable fees, charges, and other local sources of funding wherever possible.

<b>SERVICE LEVELS:</b>	<b>FY 09</b>	<b>FY 10</b>	<b>FY 11</b>	<b>FY 12</b>	<b>FY 13</b>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
As % of Total Resources					
Taxes	56	58	63	62	62
Other Local Source Revenues	14	12	12	13	12
State Revenues	25	23	20	20	21
Other Financial Sources	5	7	5	5	5



## GENERAL FUND RESOURCES SUMMARY

	FY 11 Actual	FY 12 Actual	FY 13 Actual	FY 14 Budget	FY 15 Manager	Change FY 14 - 15	Percent Change
Property Tax	38,532,310	40,344,032	41,799,726	43,254,058	44,892,428	1,638,370	3.8%
Local Receipts	8,085,439	8,438,919	8,314,786	7,622,874	8,009,275	386,401	5.1%
State Aid	13,585,433	13,173,566	13,880,140	14,066,500	14,203,240	136,740	1.0%
Other Financing Sources	3,059,258	3,256,914	3,700,109	3,445,221	3,398,012	(47,209)	-1.4%
	<u>63,262,440</u>	<u>65,213,431</u>	<u>67,694,761</u>	<u>68,388,653</u>	<u>70,502,955</u>	<u>2,114,302</u>	<u>3.1%</u>

### MAJOR COMPONENTS:

Revenues include all local sources of taxation and fees that are constitutionally allowed and assessed on an annual basis. Other Financing Sources include funds available for expenditure by the General Fund that are drawn from reserves or represent assessments to other operating funds of the Town. These may be funds available only once, e.g., when an asset is sold, or they may be available each year that the services are provided to other funds.

### SIGNIFICANT BUDGET CHANGES:

See following pages.

**RESOURCES**

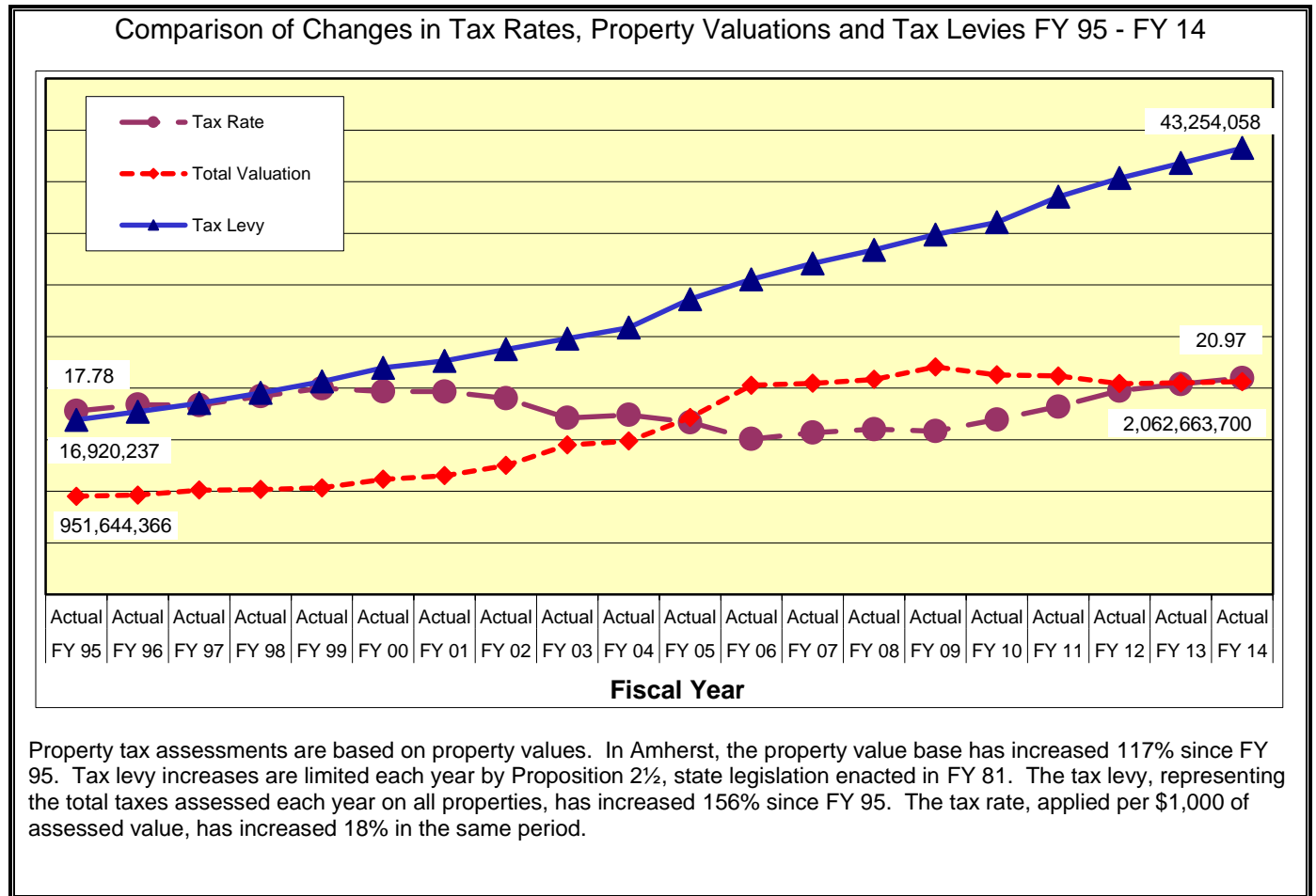
**PROPERTY TAX**

**MISSION STATEMENT:** To provide tax support for General Fund services.

**CONTINUING OBJECTIVES:**  
To manage the tax levy within constraints of Proposition 2½.

**FY 15 OBJECTIVES:**  
To accurately estimate the property tax levy capacity, including new growth, in order to provide the resources necessary to support the Town's programs and services.

<b>SERVICE LEVELS:</b>	<b>FY 09 Actual</b>	<b>FY 10 Actual</b>	<b>FY 11 Actual</b>	<b>FY 12 Actual</b>	<b>FY 13 Actual</b>
Taxes as % of Total Resources					
Real and Personal Property Taxes	54	58	63	62	62



## RESOURCES

## PROPERTY TAX

	FY 11 Actual	FY 12 Actual	FY 13 Actual	FY 14 Budget	FY 15 Manager	Change FY 14 - 15	Percent Change
<b>PROPERTY TAX</b>							
Base Levy	35,666,757	38,606,791	40,045,691	41,550,978	43,044,827	1,493,849	3.6%
2.5% Allowable Increase	891,669	965,170	1,001,142	1,038,774	1,076,121	37,347	3.6%
Estimated New Growth	367,924	473,730	504,145	455,075	600,000	144,925	31.8%
General Override	1,680,441	0	0	0	0	0	
Levy Limit	38,606,791	40,045,691	41,550,978	43,044,827	44,720,948	1,676,121	3.9%
Debt Exclusion	352,466	305,688	259,374	213,522	171,480	(42,042)	-19.7%
Maximum Allowable Levy	38,959,257	40,351,379	41,810,352	43,258,349	44,892,428	1,634,079	3.8%
Excess Levy Capacity	(426,947)	(7,347)	(10,626)	(4,291)	0		
Subtotal PROPERTY TAX	38,532,310	40,344,032	41,799,726	43,254,058	44,892,428	1,638,370	3.8%

**MAJOR COMPONENTS:**

Real and Personal Property Taxes are the Town's largest source of revenue.

**SIGNIFICANT BUDGET CHANGES:**

This budget assumes that the Town will use its full tax levy capacity in FY 15. Property taxes will increase at the allowable 2.5% limit per year (+\$1,076,121). New growth added to property tax is estimated at \$600,000, which is 114% of 10-year median for new growth. The amount added to the levy via a debt exclusion override back in 1994 for renovations and addition to Amherst Pelham Regional High School continues to decline annually as the local share of debt service for that project is retired.

## RESOURCES

## LOCAL RECEIPTS

**MISSION STATEMENT:** To provide revenues to support General Fund services.

**FY 15 OBJECTIVES:**

To review current fee levels in relation to FY 15 costs of services.

**SERVICE LEVELS:**

	<u>FY 09</u> <u>Actual</u>	<u>FY 10</u> <u>Actual</u>	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Actual</u>	<u>FY 13</u> <u>Actual</u>
Revenues as % of Local Source Revenues					
Other Taxes	28	34	37	37	38
Charges for Services	9	NA	NA	NA	NA
Departmental Revenue	16	17	15	16	18
Rentals	1	1	1	1	1
Licenses and Permits	10	11	11	11	13
Special Assessments	7	11	9	8	8
Fines and Forfeits	2	2	2	3	3
Penalties and Interest	2	2	2	3	3
Investment Income	3	2	2	1	1
Miscellaneous	22	20	22	21	15

**MAJOR COMPONENTS:**

Departmental Revenue

General Government	\$368,456
Public Safety	35,100
Public Works	6,000
Conservation, Planning, Inspections	68,400
Community Services	<u>771,464</u>
Total Departmental Revenues	\$1,249,420

Special Assessments:

UMASS PVTA Assessment	\$526,256
Five College PVTA Assessment	<u>202,432</u>
Total Special Revenue Funds	\$ 728,688

Licenses & Permits

General Government	\$ 184,950
Public Safety	113,000
Public Works	10,000
Inspection Services	759,484
Community Services	<u>67,100</u>
Total Licenses & Permits	\$1,134,534

Miscellaneous

Reimbursements of	
Cherry Sheet Assessments	\$992,535
Amherst College	90,000
Real Estate Tax Supplemental	<u>10,000</u>
Total Miscellaneous	\$1,092,535

## RESOURCES

## LOCAL RECEIPTS

	FY 11 Actual	FY 12 Actual	FY 13 Actual	FY 14 Budget	FY 15 Manager	Change FY 14 - 15	Percent Change
<b>LOCAL RECEIPTS</b>							
Motor Vehicle Excise	1,423,261	1,559,389	1,488,012	1,484,344	1,521,453	37,109	2.5%
Hotel/Motel and Meals Excise	494,989	638,973	745,008	733,297	751,629	18,332	2.5%
Penalties and Interest	199,214	210,239	216,058	208,125	208,125	0	0.0%
PILOT	937,452	947,646	941,877	940,958	944,358	3,400	0.4%
Charges for Services*	0	0	0	0	0	0	0.0%
Rentals	74,506	85,438	85,729	83,000	81,500	(1,500)	-1.8%
Departmental Revenue	1,435,020	1,314,518	1,484,745	1,201,209	1,249,420	48,211	4.0%
Licenses and Permits	739,013	884,535	1,109,086	968,441	1,134,534	166,093	17.2%
Special Assessments	695,986	671,811	649,540	583,126	728,688	145,562	25.0%
Fines and Forfeits	243,692	256,169	269,229	227,033	227,033	0	0.0%
Investment Income	103,369	79,177	76,094	70,000	70,000	0	0.0%
Miscellaneous	1,738,937	1,791,024	1,249,408	1,123,341	1,092,535	(30,806)	-2.7%
<b>Subtotal LOCAL RECEIPTS</b>	<b>8,085,439</b>	<b>8,438,919</b>	<b>8,314,786</b>	<b>7,622,874</b>	<b>8,009,275</b>	<b>386,401</b>	<b>5.1%</b>

**SIGNIFICANT BUDGET CHANGES:**

Consistent with data showing increases in new car sales this year, motor vehicle excise revenues are estimated at \$1,521,453, an increase of 2.2% from FY 13 actual receipts and a 2.5% increase from the FY 14 estimate. The estimated increase of \$18,332 from the local option 6% hotel/motel excise and 0.75% meals excise taxes reflects strong growth in local restaurant food sales. Payment in Lieu of Taxes (PILOT) payments increases by \$3,400 to reflect actual collections from previous years.

Departmental revenue increased because of revenue from the City of Northampton to reimburse Amherst for half the costs of the health inspector that the two communities share and increased Medicaid reimbursements. The projection reflects the actual revenue from those sources in recent years.

Licenses and Permits revenues increase 17.2% to account for recent increases in building inspection, plumbing, and electrical permits, reflecting increased building activity. In addition, this category includes the new Rental Registration program fees. Special assessments receipts are estimated to increase by \$145,562 from reimbursements from UMass Transit and Five College, Inc. for the PVTa assessment, based upon updated audit results from PVTa; there is a matching increase in the overall PVTa assessment to the Town.

Miscellaneous revenues include an Amherst College donation of \$90,000 to support Town services (the same amount as FY14) and includes \$855,480 in reimbursements to the Town from the Elementary Schools (for school choice and charter school tuition). With the move of retired teachers from the State GIC to the Town health insurance plan, the Town is no longer assessed a health insurance cost from the State, and School Department will no longer reimburse the Town for these costs. The costs are budgeted directly in the School budget. Miscellaneous revenue also includes Transportation Enterprise Fund (RMV non-renewal surcharge and Town share of PVTa assessment) reimbursement to the Town for cherry sheet assessments.

**RESOURCES**

**STATE AID**

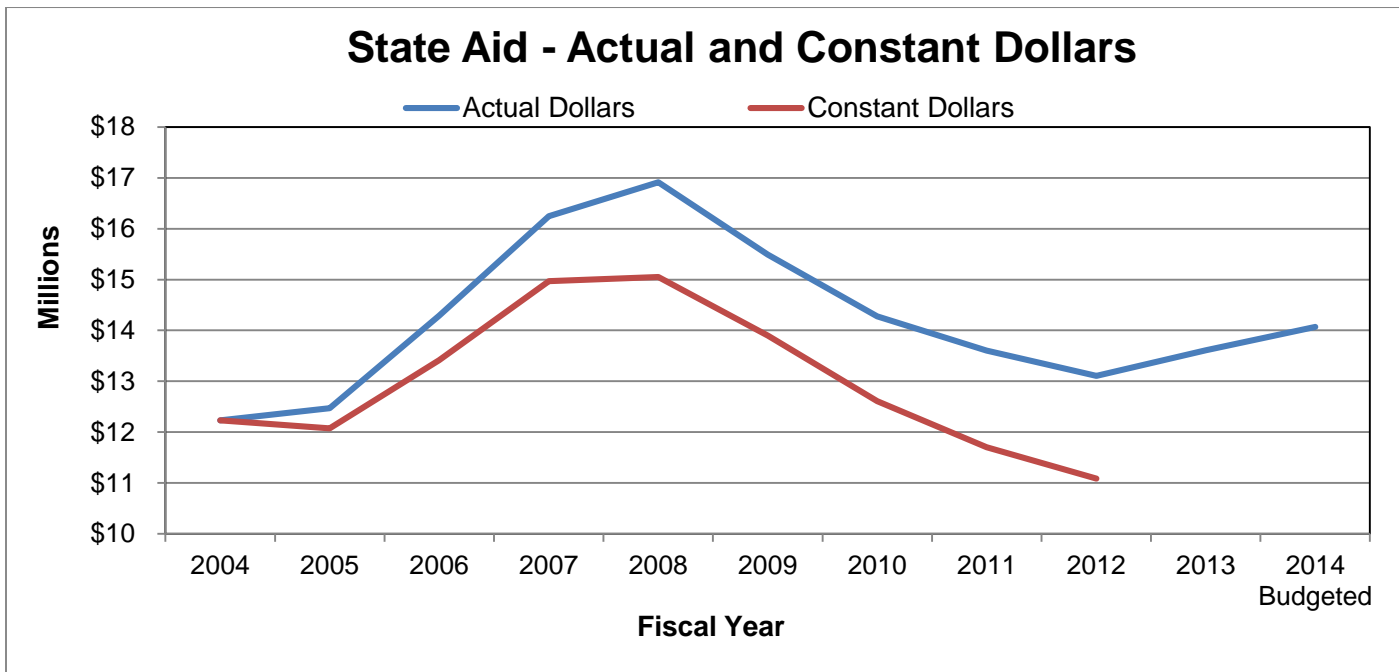
**MISSION STATEMENT:** To administer state revenues received for general purposes and purposes related to specific grants.

**CONTINUING OBJECTIVES:**  
To review and monitor State Aid distributions, the availability of other State and Federal funds, and the State Aid and Education Reform formulas.

<b>SERVICE LEVELS:</b>	<b>FY 09 <u>Actual</u></b>	<b>FY 10 <u>Actual</u></b>	<b>FY 11 <u>Actual</u></b>	<b>FY 12 <u>Actual</u></b>	<b>FY 13 <u>Actual</u></b>
State revenues as a % of Total Resources	25	23	20	20	21

**State Aid - Actual and Constant Dollars**

Reductions in State Aid are considered a warning indicator, particularly if the Town does not have adequate reserves or other revenues to offset cuts.



<b>Amherst Trend</b>	
Favorable	
Marginal	
Unfavorable	X
Uncertain	X

Reliance on state aid for funding has both an upside and a downside. While increases in state aid may permit additional services, increased state aid as a percentage of operating revenue may be difficult to manage when there is a reduction in this funding.

State Aid to the Town is lower in FY 14 than in FY 08 in both actual and inflation adjusted dollars, with cuts of over \$2.8 million in the last five years.



## RESOURCES

## STATE AID

	FY 11 Actual	FY 12 Actual	FY 13 Actual	FY 14 Budget	FY 15 Manager	Change FY 14 - 15	Percent Change
<b>STATE AID</b>							
Chapter 70	5,782,594	5,813,638	5,864,398	5,895,073	5,954,024	58,951	1.0%
Charter Tuition Assessment							
Reimbursement	287,059	284,995	220,114	195,880	200,777	4,897	2.5%
Lottery	0	0	0	0	0		
Additional Assistance	0	0	0	0	0		
Unrestricted General Govt Aid	7,120,842	6,605,976	7,120,842	7,289,164	7,362,056	72,892	1.0%
Police Career Incentive	16,444	0	0	0	0	0	
Veterans Benefits	144,499	192,615	195,681	201,423	201,423	0	0.0%
Exempt: Vets, Blind, Surv. Spouses, Elderly	17,572	54,139	37,803	35,825	35,825	0	0.0%
State Owned Land	146,327	151,747	151,796	155,965	155,965	0	0.0%
Offset Receipts	0	0	0	0	0		
School Lunch	6,018	6,591	6,306	6,443	6,443	0	0.0%
School Tuition	0	0	219,624	219,624	219,624		
Public Libraries	64,078	63,865	63,576	67,103	67,103	0	0.0%
<b>Subtotal STATE AID</b>	<b>13,585,433</b>	<b>13,173,566</b>	<b>13,880,140</b>	<b>14,066,500</b>	<b>14,203,240</b>	<b>136,740</b>	<b>1.0%</b>

**SIGNIFICANT BUDGET CHANGES:**

Assumes state aid increase of 1% in Chapter 70 education and Unrestricted General Government Aid and a 2.5% increase in Charter Tuition Assessment Reimbursement, based on recent trends. All other aid estimates are level funded. These estimates will be revised as the state budget process unfolds, beginning with the expected release of the Governor's FY 15 state budget proposal in late January. Per the chart on the previous page and the table above, please note that state aid has been cut by over \$3.5 million since FY 08. State aid, when adjusted for inflation, is below FY 02 levels.

## RESOURCES

## OTHER FINANCING SOURCES

**MISSION STATEMENT:** To make use of sources other than recurring revenues to finance government services and specific major capital projects.

### CONTINUING OBJECTIVES:

- To transfer appropriate amounts from Enterprise Funds for services provided by General Fund departments.
- To manage debt financing in accordance with the Capital Plan.

### FY 15 OBJECTIVES:

- To maximize Ambulance Fund receipts to support EMS operating and capital costs and thereby minimize tax support needed.
- To not use reserves (Free Cash and/or Stabilization Fund) to balance the FY 15 budget, if possible.

### SERVICE LEVELS:

	<u>FY 09</u> <u>Actual</u>	<u>FY 10</u> <u>Actual</u>	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Actual</u>	<u>FY 13</u> <u>Actual</u>
<u>% of Total Resources</u>					
Borrowing Authorization	0	0	0	0	0
Special Revenue Funds	3	3	3	4	4
Stabilization from 10% Plan	0	0	0	0	0
Overlay Reserve Account	0	0	0	1	0
Available Funds	0	0	0	0	0
Surplus Funds:					
Free Cash	2	2	1	1	3
Stabilization	0	0	0	0	0
Other Interfund Transactions	1	1	1	1	1
Jones Inc.	0	0	0	0	0

## RESOURCES

## OTHER FINANCING SOURCES

	FY 11 Actual	FY 12 Actual	FY 13 Actual	FY 14 Budget	FY 15 Manager	Change FY 14 - 15	Percent Change
<b>OTHER FINANCING SOURCES</b>							
Ambulance Fund	2,117,978	2,276,577	2,546,028	2,445,028	2,492,833	47,805	2.0%
Reserve for							
Debt Service - WW Roof	44,844	44,844	83,798	0	0	0	0.0%
Community Preservation							
Act (debt service only)	0	0	0	0	0	0	0.0%
Enterprise Fund Reimbursements*	830,089	831,243	852,083	880,193	905,179	24,986	2.8%
Overlay Surplus	0	39,000	0	0	0	0	0.0%
Miscellaneous	0	0	0	0	0	0	0.0%
Free Cash	66,347	65,250	218,200	120,000	0	(120,000)	0.0%
Stabilization Fund	0	0	0	0	0	0	0.0%
Subtotal OTHER FINANCING SOURCES	3,059,258	3,256,914	3,700,109	3,445,221	3,398,012	(47,209)	-1.4%

**SIGNIFICANT BUDGET CHANGES:**

A total of \$2,492,833 in support from the Ambulance Fund is allocated to the Fire Department operating budget including recently settled collective bargaining agreements, other administrative support costs (billing, IT, etc.).

In past years, funds were allocated from the Reserve for Debt Service – Wildwood School Roof Project to support the debt service budget from a grant reimbursement to the Town from the Massachusetts School Building Authority. FY 13 was the last year of this reimbursement and of those debt payments.

Consistent with Finance Committee budget guidelines, no contribution from Free Cash/Stabilization Fund reserves is included to balance the FY 15 budget. In FY 10, a total of \$1,044,833 was appropriated from Free Cash, including \$900,000 to support the operating budget (\$700,000 for elementary schools budget in anticipation of Marks Meadow School closure effective 2010-11 school year, and \$200,000 as a bridge from partial year funding in FY 10 to a full year of revenue in FY 11 from Town Meeting approval of local option hotel/motel and meals excise taxes effective October 1, 2009), \$63,674 to reimburse the Health Claims Trust Fund with federal Medicare Part D reimbursements, and \$81,159 to offset anticipated FY 10 mid-year state aid cuts. In FY 12, \$65,250 was appropriated from Free Cash to reimburse the Health Claims Trust Fund with federal Medicare Part D reimbursements. In FY 13, \$218,200 of Free Cash was appropriated to supplement the School Department budget as it started a school choice program. In FY 14, \$120,000 of Free Cash was appropriated to pay for a joint Town-Gown study with UMass and to provide social service program funds.

## GENERAL FUND EXPENDITURES SUMMARY

		FY 11 Actual	FY 12 Actual	FY 13 Actual	FY 14 Budget	FY 15 Manager	Change FY 14-15	% Change
General Government	\$	5,848,641	6,019,118	6,614,757	6,305,009	6,333,845	28,836	0.5%
Public Safety	\$	8,384,953	8,549,237	8,876,436	9,162,324	9,596,952	434,628	4.7%
Public Works	\$	2,012,856	1,950,987	1,928,722	2,020,127	2,076,997	56,870	2.8%
Conservation & Development	\$	762,484	878,785	928,279	1,027,501	1,161,383	133,882	13.0%
Community Services	\$	1,491,495	1,595,253	1,730,271	1,745,231	1,778,749	33,518	1.9%
<b>TOTAL APPROPRIATION</b>	<b>\$</b>	<b>18,500,429</b>	<b>18,993,379</b>	<b>20,078,464</b>	<b>20,260,192</b>	<b>20,947,926</b>	<b>687,734</b>	<b>3.4%</b>

### SIGNIFICANT BUDGET CHANGES:

#### RECOMMENDED BUDGET:

The Town Manager's proposed FY 15 municipal budget is funded at \$20,947,926 and meets the Finance Committee's guideline of a 2.7% increase from FY 14, plus three other adjustments that are related to specific fees tied to specific departments. First, in January, 2014 (FY 14), the Inspections Department began its Rental Registration program. Only half the cost of the program was contained in the FY 14 budget. The full cost, paid for entirely by rental registration fees, is included in the Town FY 15 budget. Second, the FY 14 Health Department budget originally contained no funds for a public health nurse, because that position was shared with the City of Northampton. The nurse resigned from Northampton, and Amherst no longer shares that position with the City. Instead, Northampton will reimburse Amherst for the salary and benefit costs of a health inspector, and the Health Department will use those funds to hire a part-time public health nurse. Third, in keeping with the provisions of a new collective bargaining agreement with the firefighters, the Fire Department will maintain staffing levels consistent with the new contract's staffing philosophy of eight firefighters per shift. This will be paid for from the Ambulance Fund. Proactive efforts by the Town to control health insurance costs and reduce utilities costs from capital investments in energy efficiency are largely responsible for level funded operating budgets to keep largely intact services from the current year. Personnel costs have risen as a result of modest and prudent collective bargaining settlements reached in 2013. Other than the full funding some staff previously paid through the CDBG program, there are no increases or decreases in staff paid by General Fund or Enterprise Fund revenue.

#### POSSIBLE BUDGET RESTORATIONS AND ADDITIONS IF ADDITIONAL FUNDS AVAILABLE:

The Finance Committee budget guideline assumes a modest increase of 1% in state aid in FY 15. Once the Governor releases his budget in late January 2014, revenue estimates will become more definitive. In the "Introduction" section of this budget document, the Town Manager has prepared a list of recommended restorations and new additions to his proposed FY 15 budget, if additional funds become available.