



Amherst Massachusetts

ASSISTANT TOWN MANAGER / FINANCE DIRECTOR

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October 2, 2009

TO: Larry Shaffer, Town Manager
Select Board
Finance Committee

FROM: John P. Musante, Assistant Town Manager/Finance Director

SUBJECT: Background Information – Articles 2 and 3 (November 2, 2009 STM)

**ARTICLE 2. Transfer of Funds – Unpaid Bills
(Select Board)**

To see if the Town will, in accordance with Chapter 44, Section 64, of the Massachusetts General Laws, appropriate and transfer a sum of money to pay unpaid bills of previous years.

This is an article that allows the Town to pay unpaid bills from a prior fiscal year, if any, for which funds were not already encumbered. As of this date, the Town is not aware of any such bills requiring action by Town Meeting. If no such bills are received prior to Town Meeting, the Finance Committee will move to dismiss this article.

**ARTICLE 3. FY 2010 Budget Amendments
(Finance Committee)**

- A. To see if the Town will amend the budget voted under Article 22 of the 2009 Annual Town Meeting (FY 2010 Operating Budget) to transfer sums of money between General Government, Public Safety, Public Works, Planning, Conservation, and Inspections, Community Services, and Debt Service accounts to balance the 2010 Fiscal Year.

Part A of the article would allow the Town to transfer appropriated funds between functional areas of the municipal portion of the budget to allocate so-called "Tier 3" cuts to the appropriate functional area of the operating budget. See the attached worksheet dated June 11, 2009 that reflects estimates of potential savings from these cuts. The Tier 3 cuts were implemented as a lump sum cut to the General Government portion of the FY 10 budget at the annual town meeting because cost savings were still being refined. Tier 1 and Tier 2 cuts were included in the budgets voted at annual town meeting. I will have

a recommended motion and worksheet with the most current information ready to review with you at your meeting.

- B. To see if the Town will appropriate and transfer \$63,674 from Free Cash in the Undesignated Fund Balance of the General Fund to the Health Claims Trust Fund to account for Medicare Part D reimbursements received by the Town of Amherst for prescription drug costs incurred by the Health Claims Trust Fund for Town of Amherst, Amherst-Pelham Regional School District, and Town of Pelham members.

Medicare Part D, enacted in 2003, reimburses health care insurers, including our Health Claims Trust Fund (HCTF), for roughly 28% of eligible prescription drug costs incurred by subscribers. The Massachusetts Department of Revenue requires that these reimbursements be credited to the Town of Amherst General Fund; however, the HCTF is comprised of the Town of Amherst, the Town of Pelham, and the Regional School District. Since the payments for the prescriptions came from the HCTF and since it would not be right for the Town of Amherst to keep all of the reimbursement, this part of the article asks to appropriate funds from Free Cash (where the reimbursement will be when Free Cash is certified) to the Health Claims Trust Fund. The amount is equal to the reimbursement received this fiscal year. A similar transfer and appropriation was approved as part of Article 14 of the 2009 annual town meeting for prior year reimbursements.

- C. To see if the Town will appropriate and transfer a sum of money from Free Cash in the Undesignated Fund Balance of the General Fund to balance the 2010 Fiscal Year Budget.

Part C of the article would allow an appropriation, if necessary, in addition to the \$900,000 voted from Free Cash at the 2009 annual town meeting to balance the FY 10 budget. This article was placed on the warrant as a placeholder in case the Town needs to take additional steps to keep the adopted budget in balance if FY 10 state aid is reduced again mid-year due to the slumping economy. A specific recommendation and motion will be developed closer to Town Meeting, which could include a motion to dismiss, with the most current information.

FY 10 Budget Amendments - Municipal
November 2, 2009 Special Town Meeting - Article 3, Part A

5-Oct-2009

Department	By Dept	By Functional Area	11.2.09 STM Transfer	
Select Board	1			
Town Manager	1,720			
Finance	(3,647)			
Accounting	(1,116)			
Assessors	(1,168)			
Collectors	1,415			
Clerk	(974)			
Human Resources/Rights	(97,626)			
IT	9,159			
Town Hall	(32,726)			
Bangs Center	0			
Munson	0			
GENERAL GOVERNMENT		(124,962)	153,683	Gen Govt Transfer In = Sum of Public Works, P/C/I, and Community Services Transfers Out
Public Works Administration	(1,739)			
Highway	(3,295)			
Equipment Maintenance	(1)			
Tree	(6,096)			
Cemetery	0			
Parks and Common	(20,447)			
PUBLIC WORKS		(31,578)	(31,578)	
Inspection Services	(25,046)			
Conservation	(1,265)			
Planning	(41,673)			
P/C/I		(67,984)	(67,984)	
Health	(33,872)			
Senior Center	(19,983)			
Veterans	0			
LSSE	(662)			
Pools	(56)			
Cherry Hill	452			
COMMUNITY SERVICES		(54,121)	(54,121)	
Total Municipal		(278,644)	0	
Fire	209			
Police	56,244			
Animal Welfare	0			
Police Facility	(1,356)			
Communication Center	4,298			
PUBLIC SAFETY		59,395	0	