



Town of Amherst

Financial Trend Monitoring Report

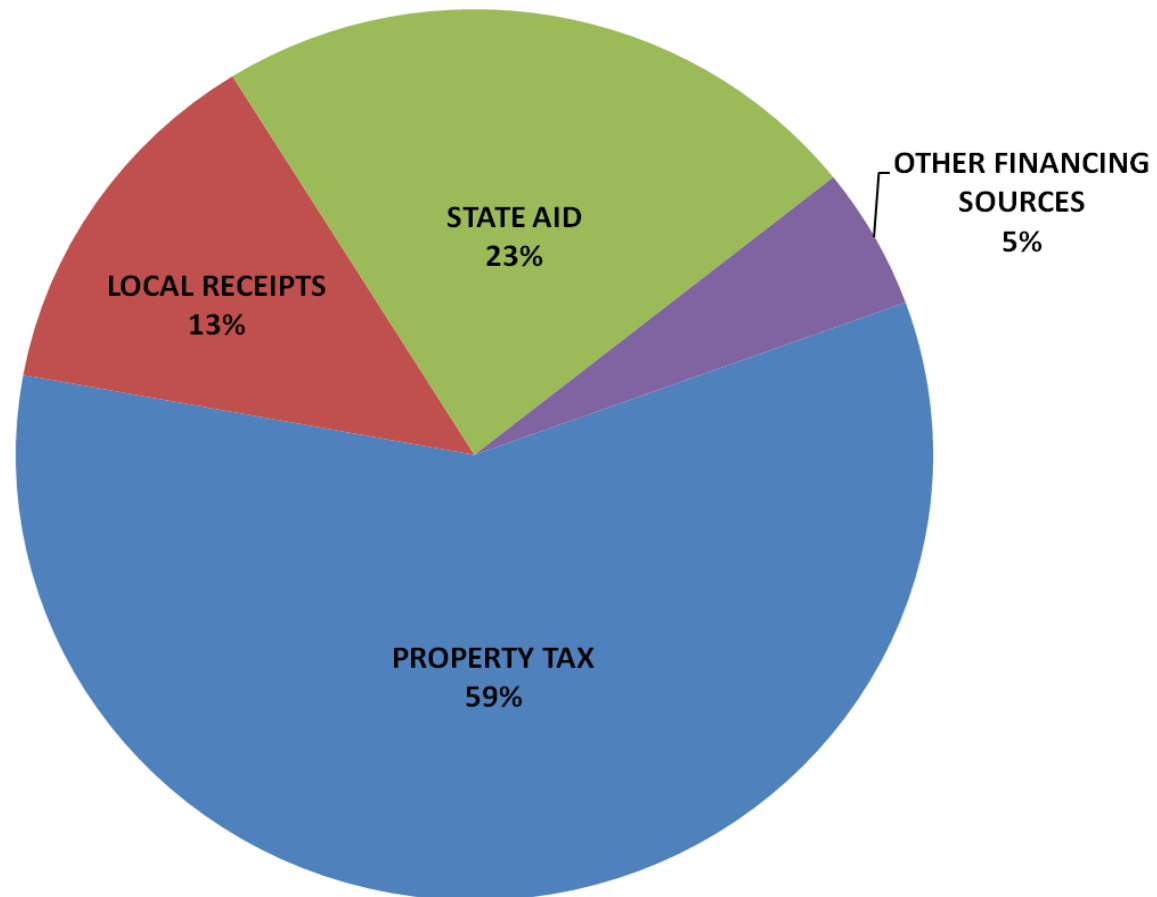
October 2009

Financial Indicator Analysis

FY 2000 - FY 2009

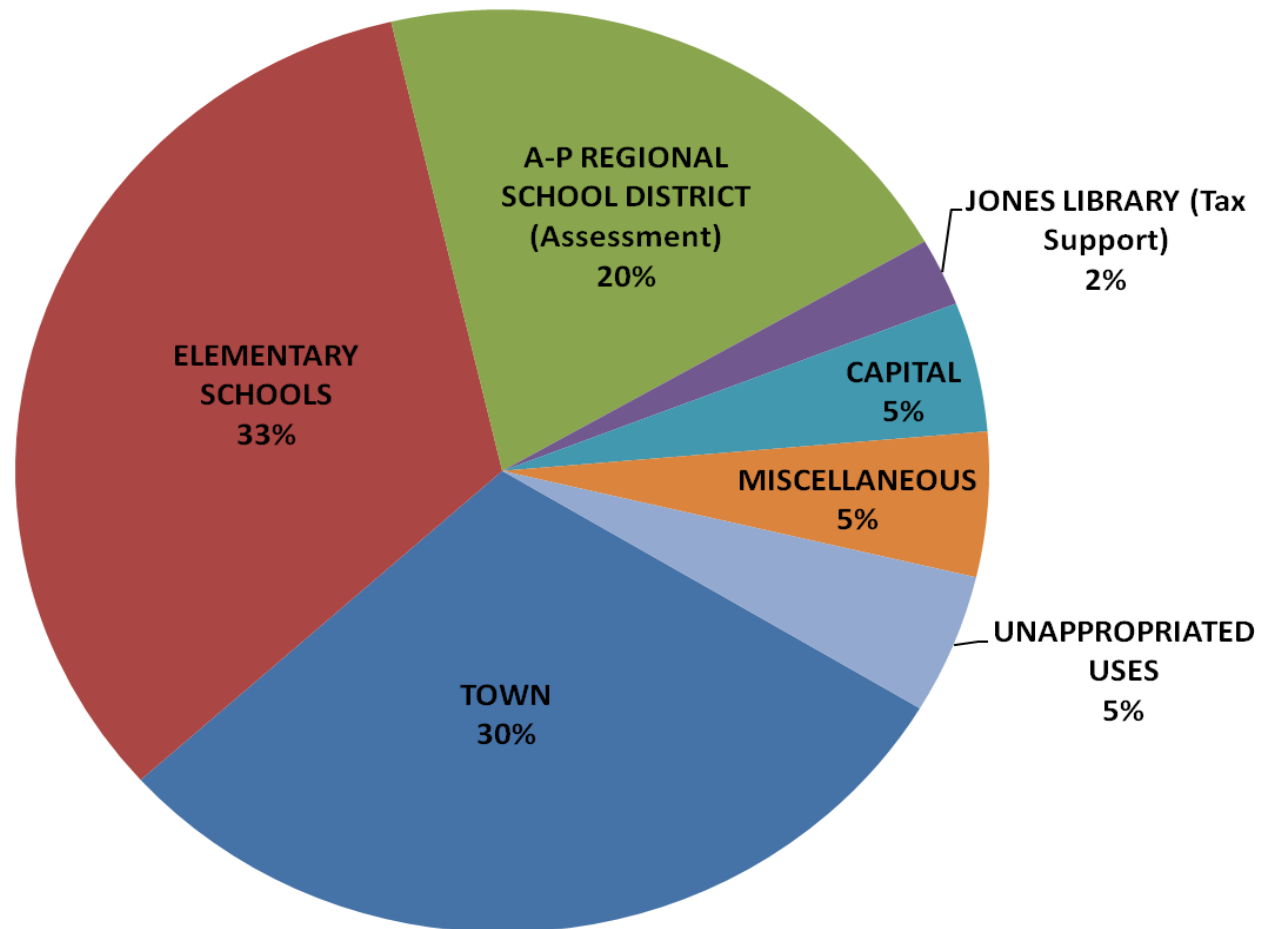


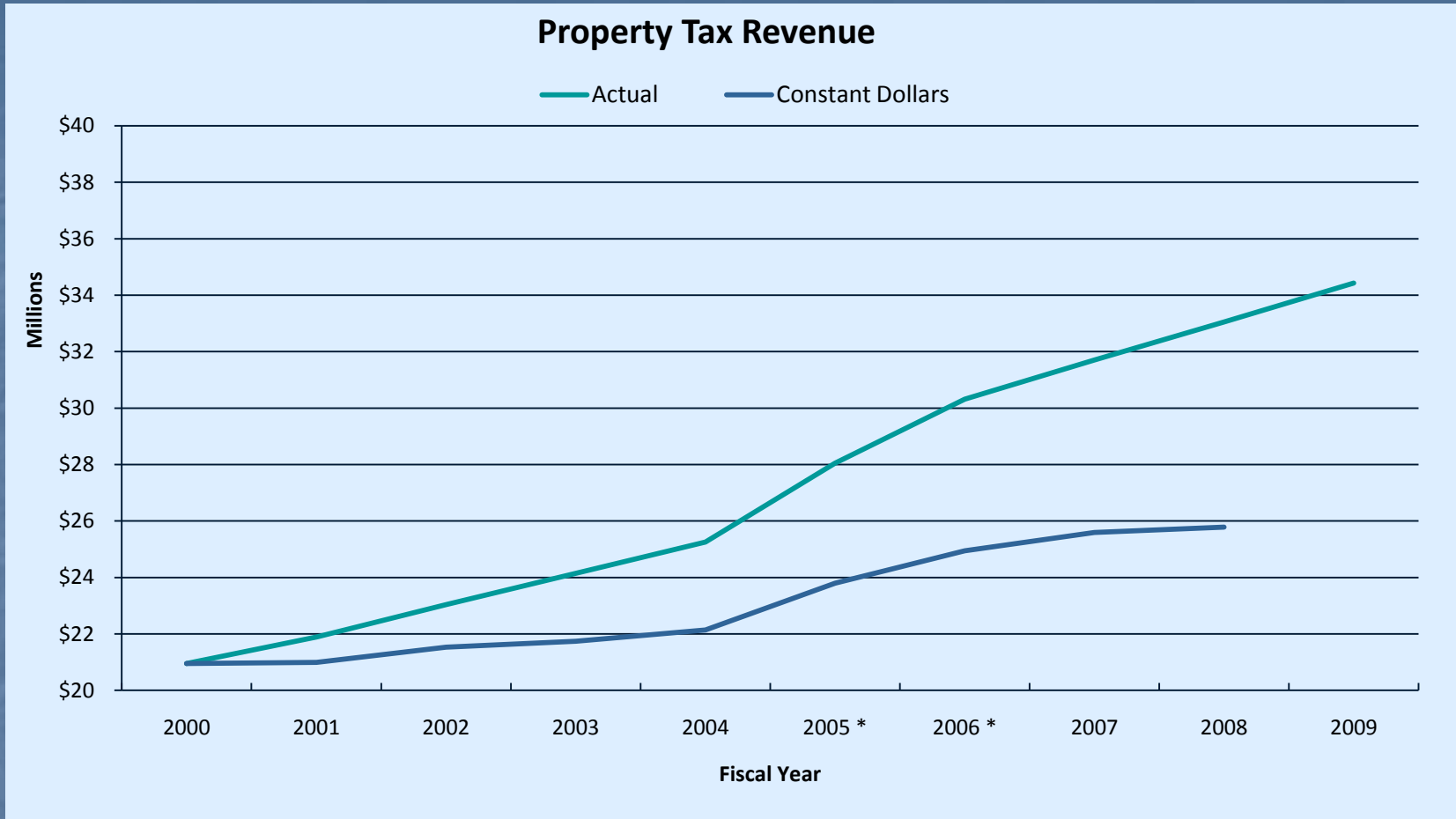
What Are Our Baseline Sources of Revenue? FY 10





What Are Our Current Expenditures? FY 10



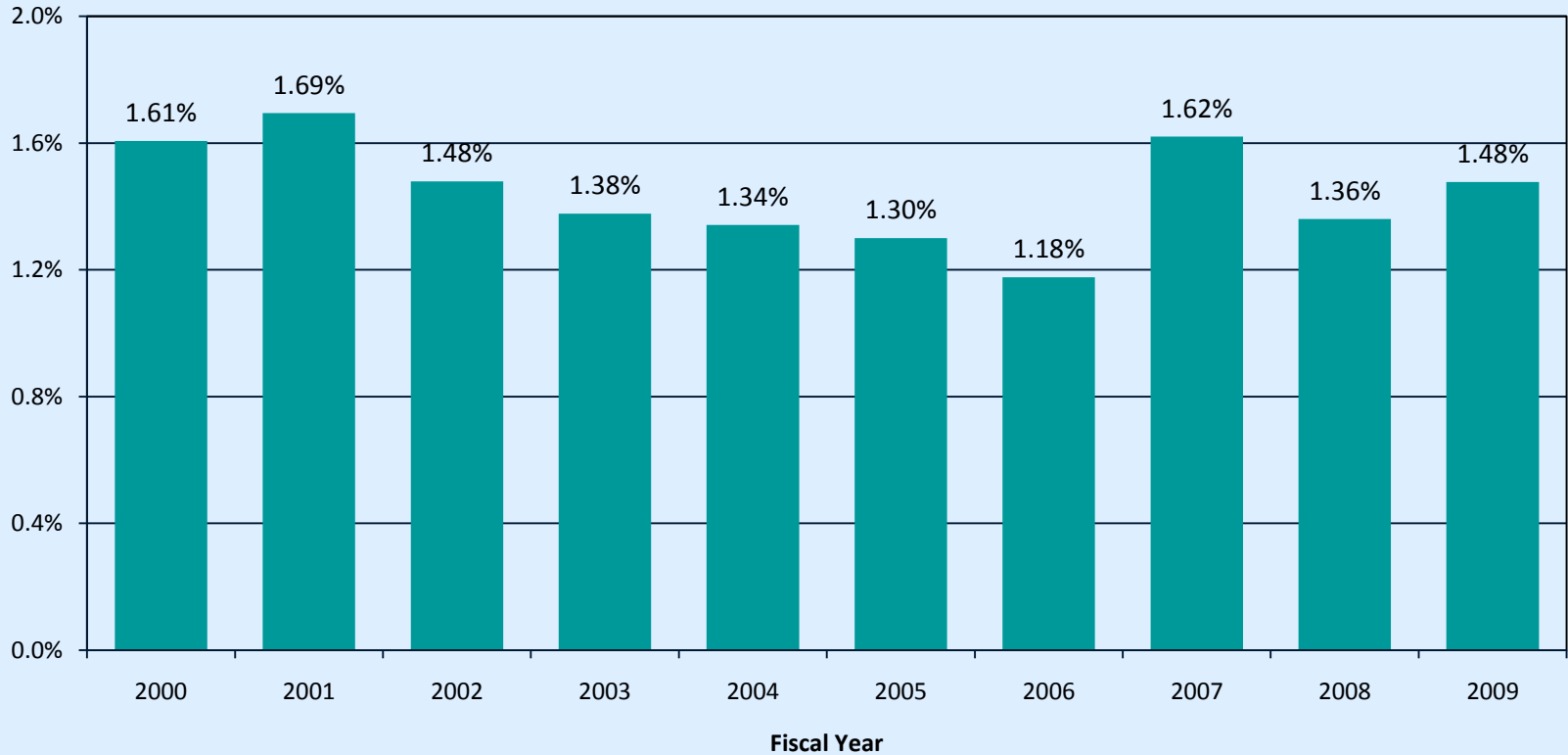


Amherst Trend	
Favorable	
Marginal	X
Unfavorable	
Uncertain	X

The Property Tax is the Town's primary revenue source for both operating and capital spending. Annual increases are limited by Proposition 2 1/2. The substantial increase in property tax revenue in FY 05 and FY 06 is in part due to the successful override in March 2004. The analysis shows that the only significant increases in constant dollars from year to year occurred when an override was passed by the community.



Uncollected Taxes as a Percentage of Net Property Tax Levy

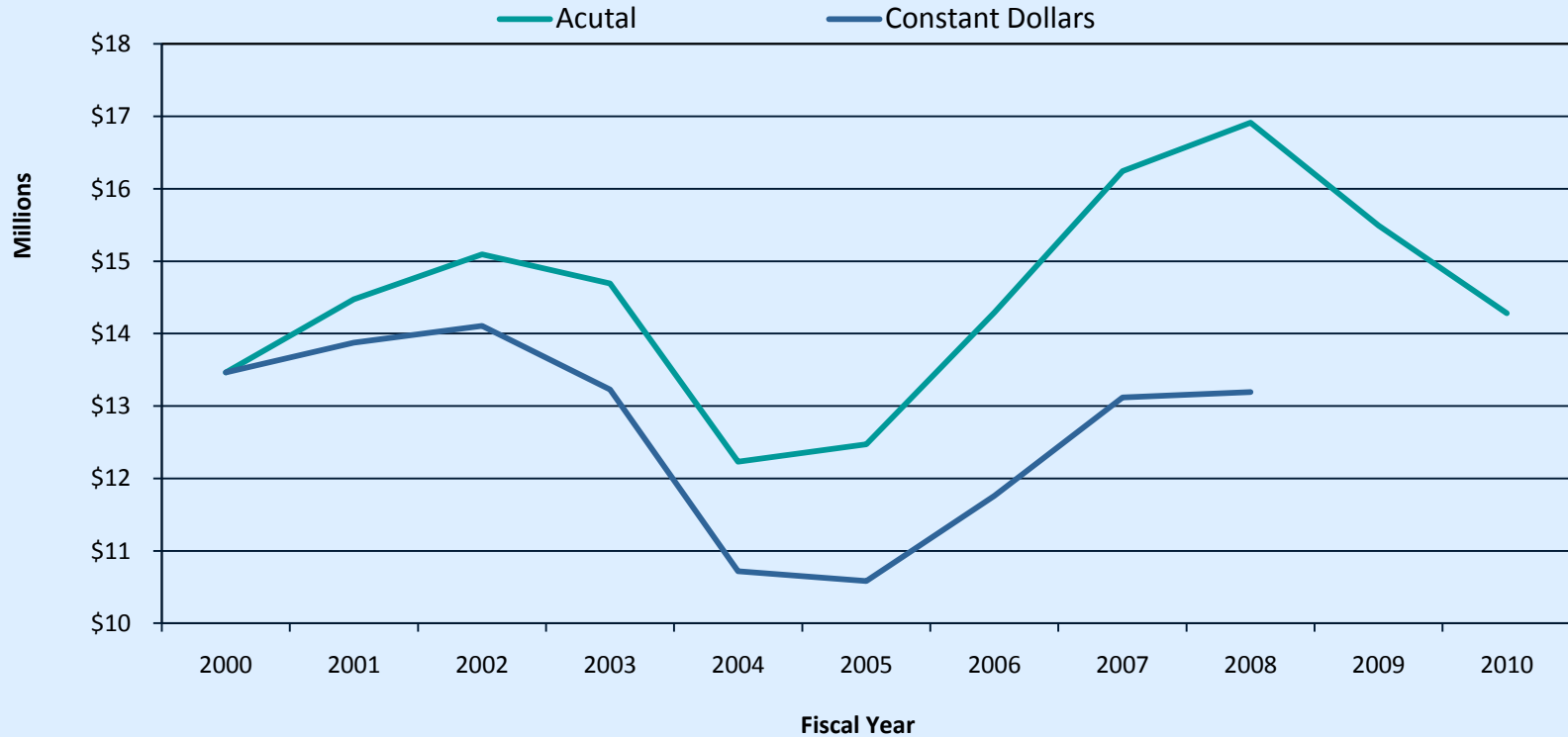


Amherst Trend	
Favorable	X
Marginal	
Unfavorable	
Uncertain	

An increase in uncollected property taxes may indicate an inability by property owners to pay their taxes due to economic conditions. Additionally, as uncollected property taxes rise, liquidity decreases, resulting in less cash on hand for the Town to invest. Bond rating organizations generally consider uncollected taxes in excess of 5% as a warning trend. Amherst has maintained a strong position on this indicator, regardless of economic conditions.



State Aid - Actual and Constant Dollars



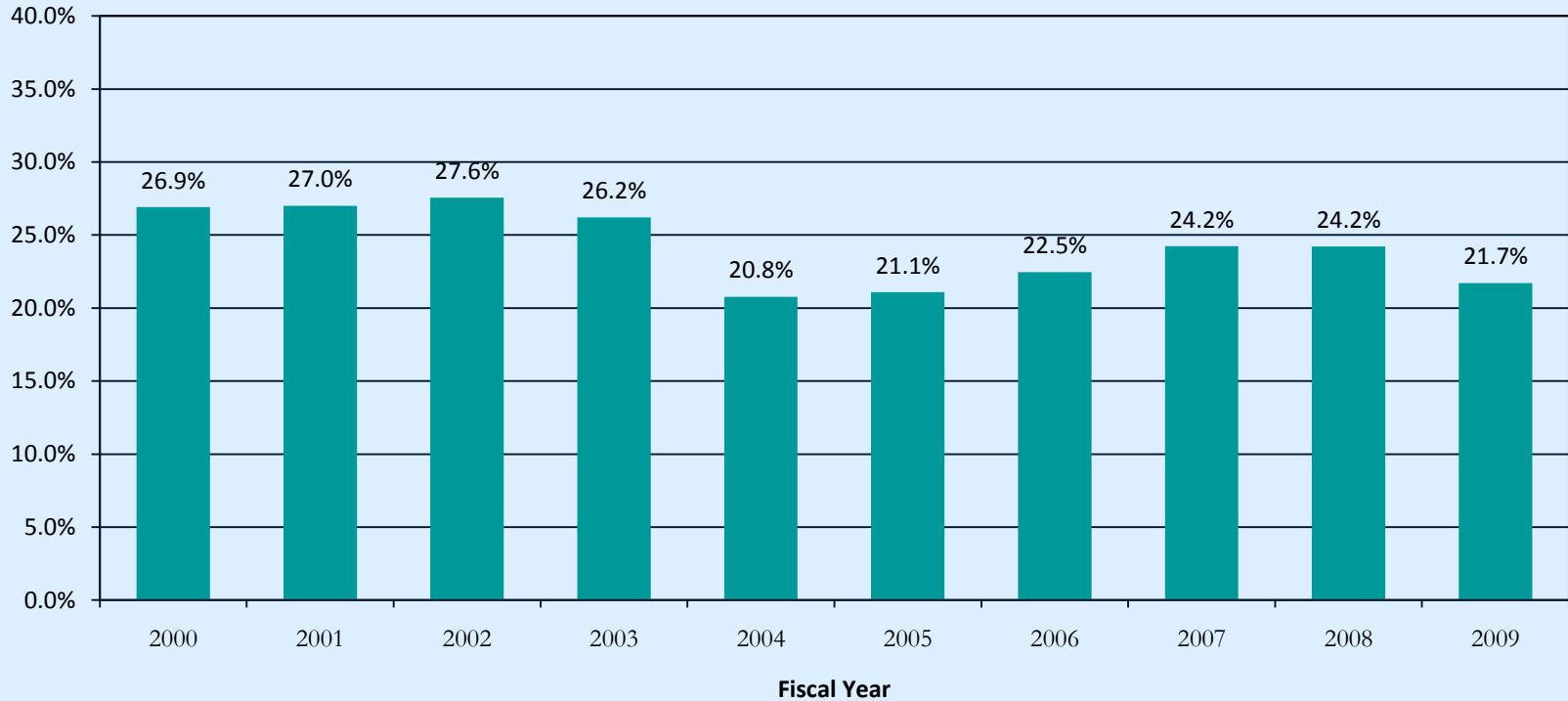
Amherst Trend	
Favorable	
Marginal	
Unfavorable	X
Uncertain	

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 is lower in FY 10 than FY 01 in both actual and inflation adjusted dollars.



State Aid as a Percentage of Operating Revenues



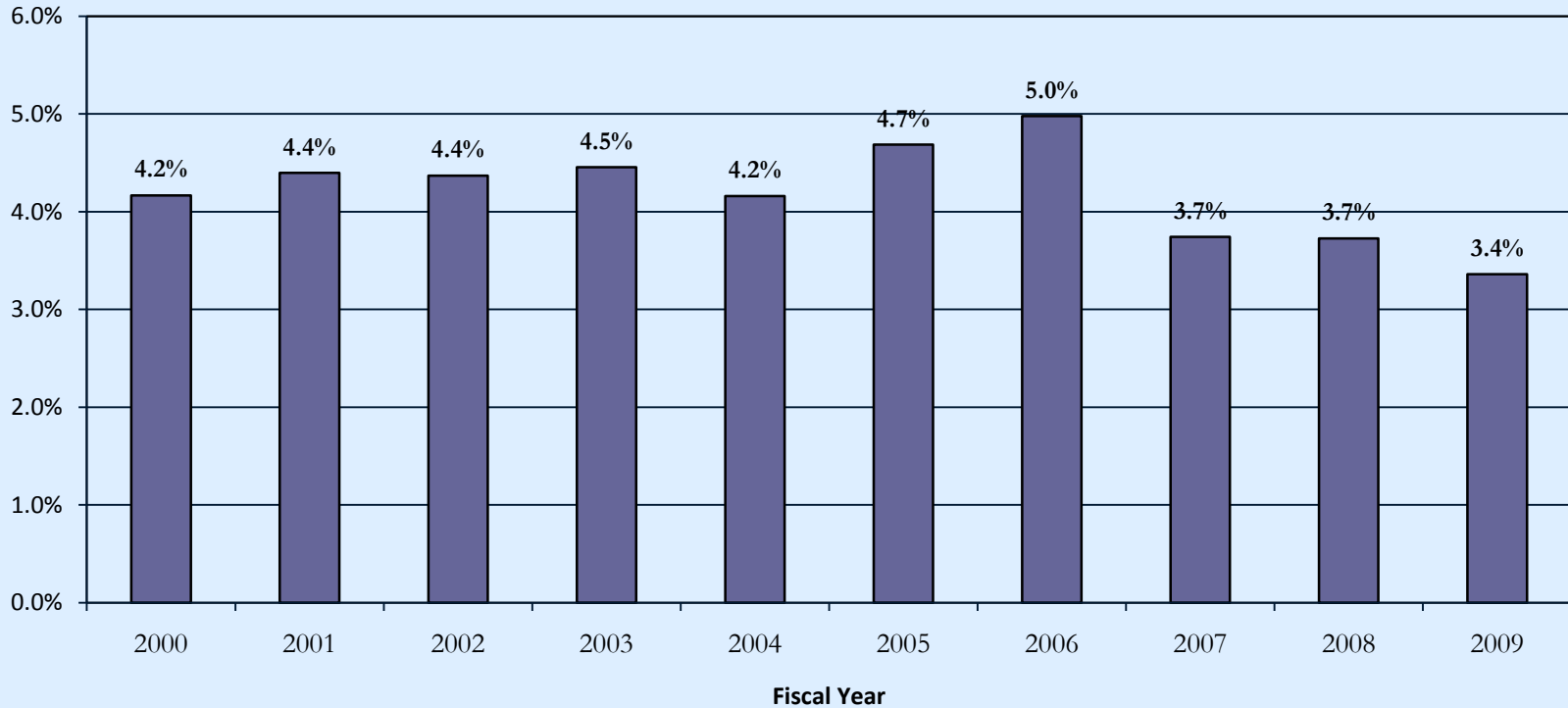
Amherst Trend	
Favorable	
Marginal	
Unfavorable	X
Uncertain	

State Aid as a percentage of operating revenue dropped significantly in FY 04 and again in FY 09 (mid-year) and FY 10.

State Aid is lower in FY 10 than FY 01 in both actual and inflation adjusted dollars. State aid as a share of Town revenues is smaller than at any time since the enactment of Proposition 2 1/2 in 1980.



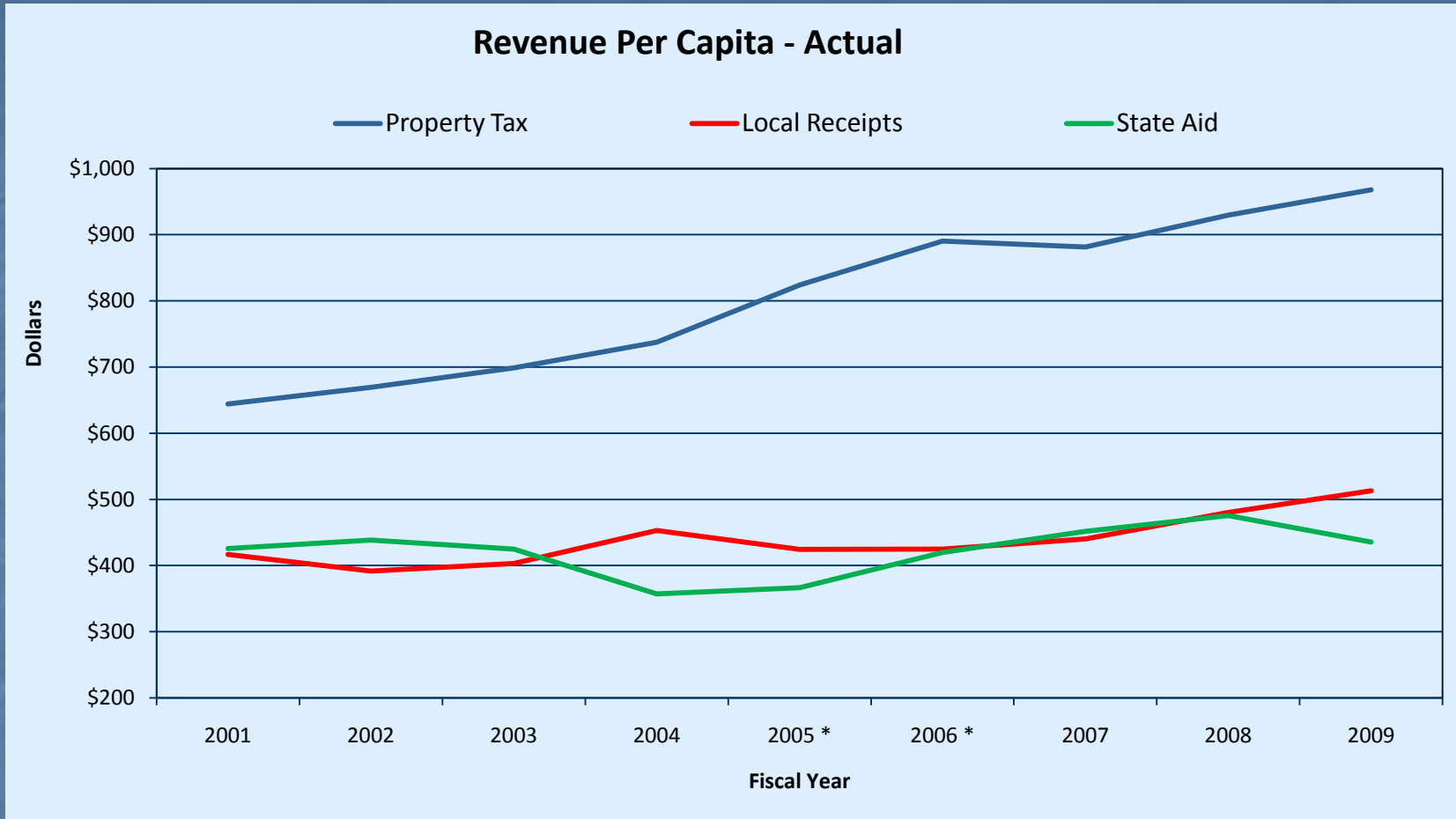
Economic Growth Revenues as a Percentage of Operating Revenues



Amherst Trend	
Favorable	
Marginal	
Unfavorable	X
Uncertain	

A balance between economic growth and other (non-growth) revenues mitigates the effect of macroeconomic changes--during a recession a higher percentage of revenue from non-growth sources is preferred.

The decrease in building permit fees may be an indicator of smaller future increases in the property tax levy.

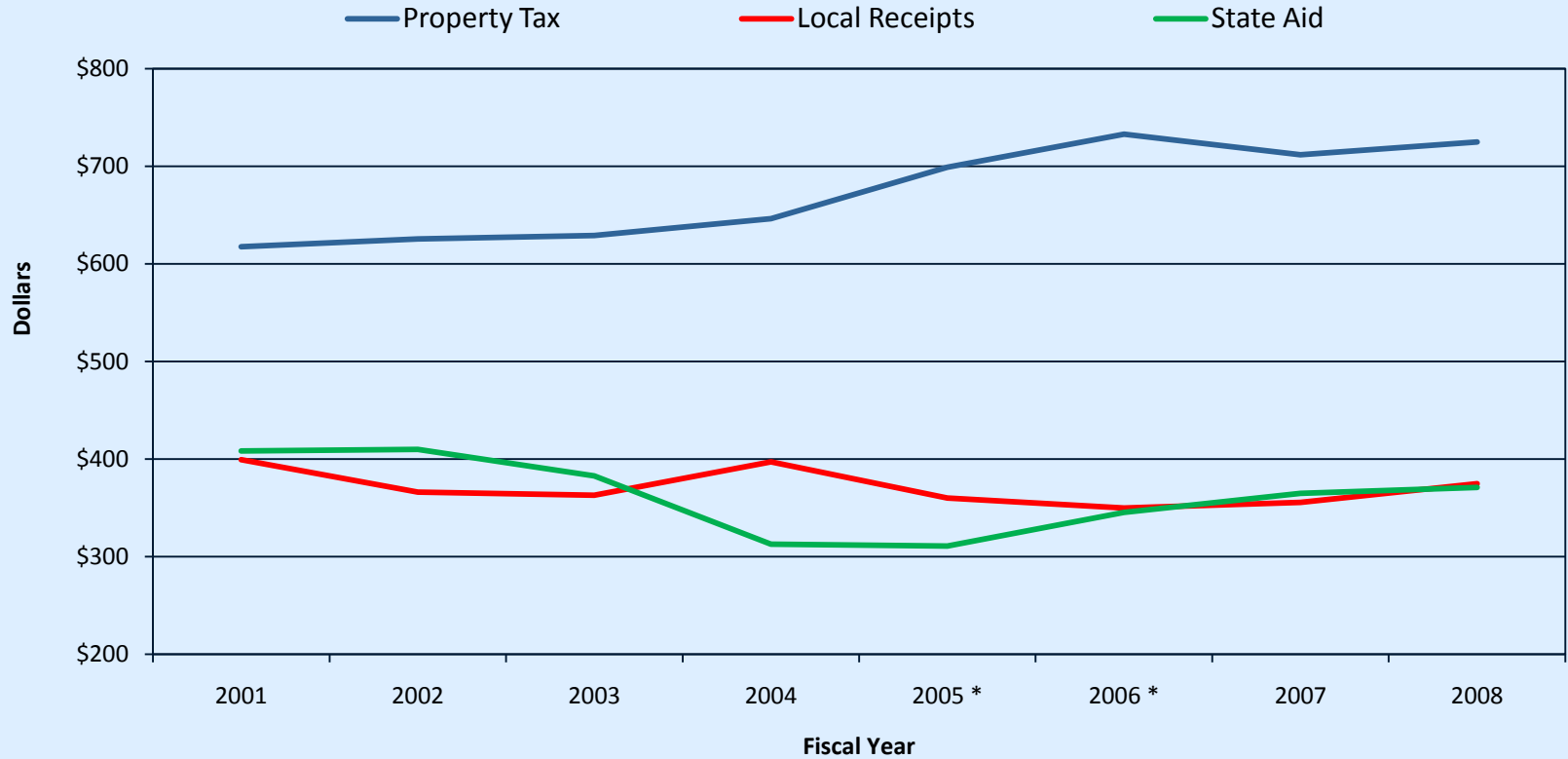


Amherst Trend	
Favorable	
Marginal	X
Unfavorable	
Uncertain	X

Revenues from the property tax have increased by the allowable limits of Proposition 2 1/2 and were further increased in 2005 via a voter-approved referendum. Local receipts have also increased due to increased reliance on user fees to fund certain Town services such as LSSE. State aid has fluctuated and now is below FY 01 levels even before adjusting for inflation.



Revenues Per Capita – Constant Dollars

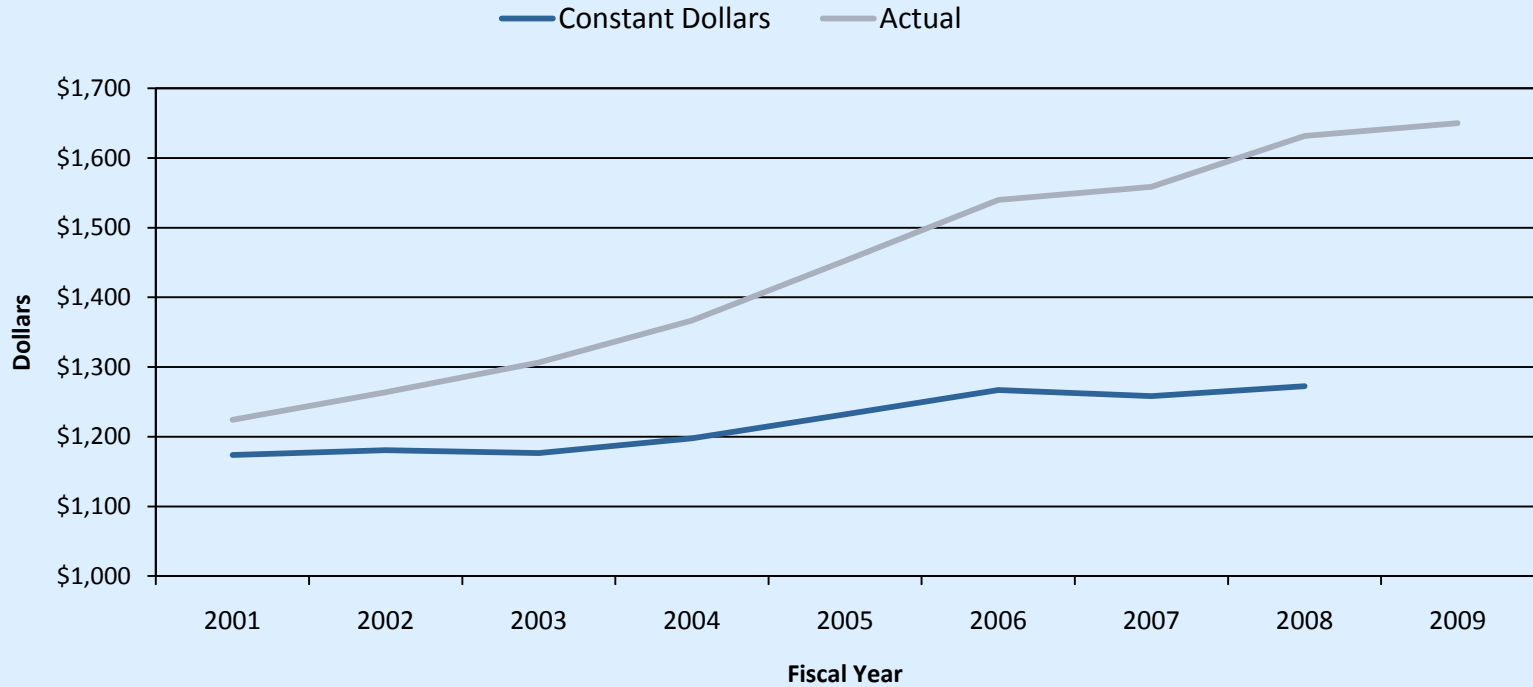


Amherst Trend	
Favorable	
Marginal	X
Unfavorable	
Uncertain	X

Property tax revenues have increased at about the rate of inflation except in years (2005) when an override was passed by voters. State aid and local receipts have not kept pace with inflation.



Operating Expenditures Per Capita



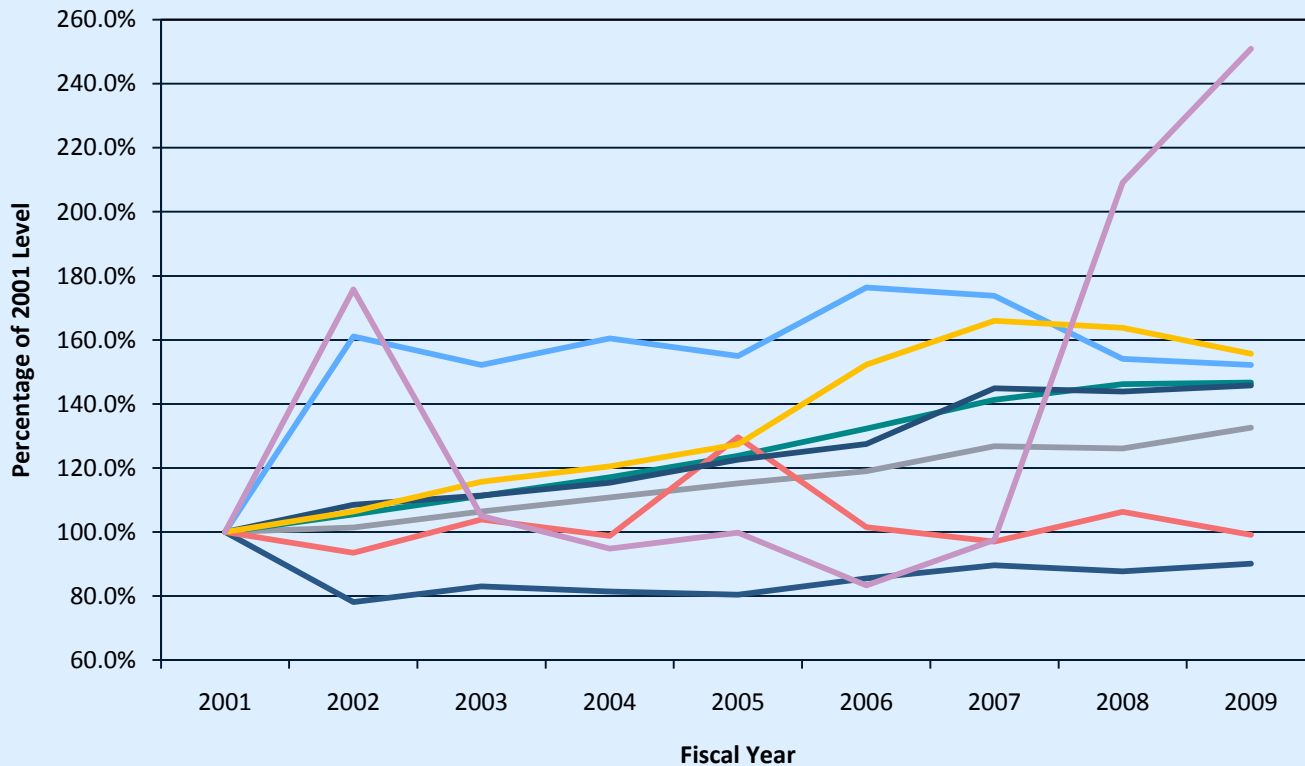
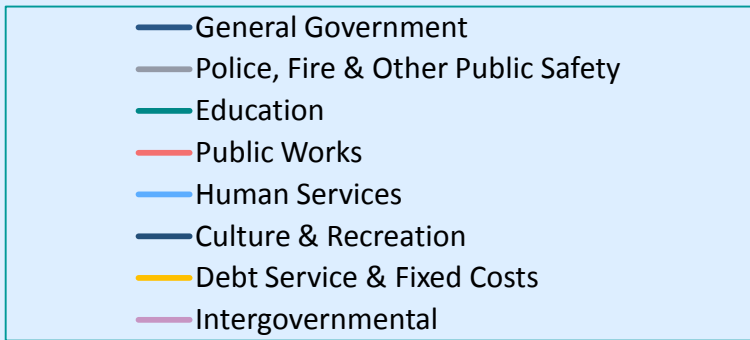
Amherst Trend	
Favorable	
Marginal	X
Unfavorable	
Uncertain	

Increasing operating expenditures per capita can indicate that the cost of providing services is outpacing the Town's ability to pay.

Since 2001, Amherst's expenditures per capita have only increased slightly when adjusted for inflation (constant dollars).



Expenditures By Category As Percentage of FY 01 Spending



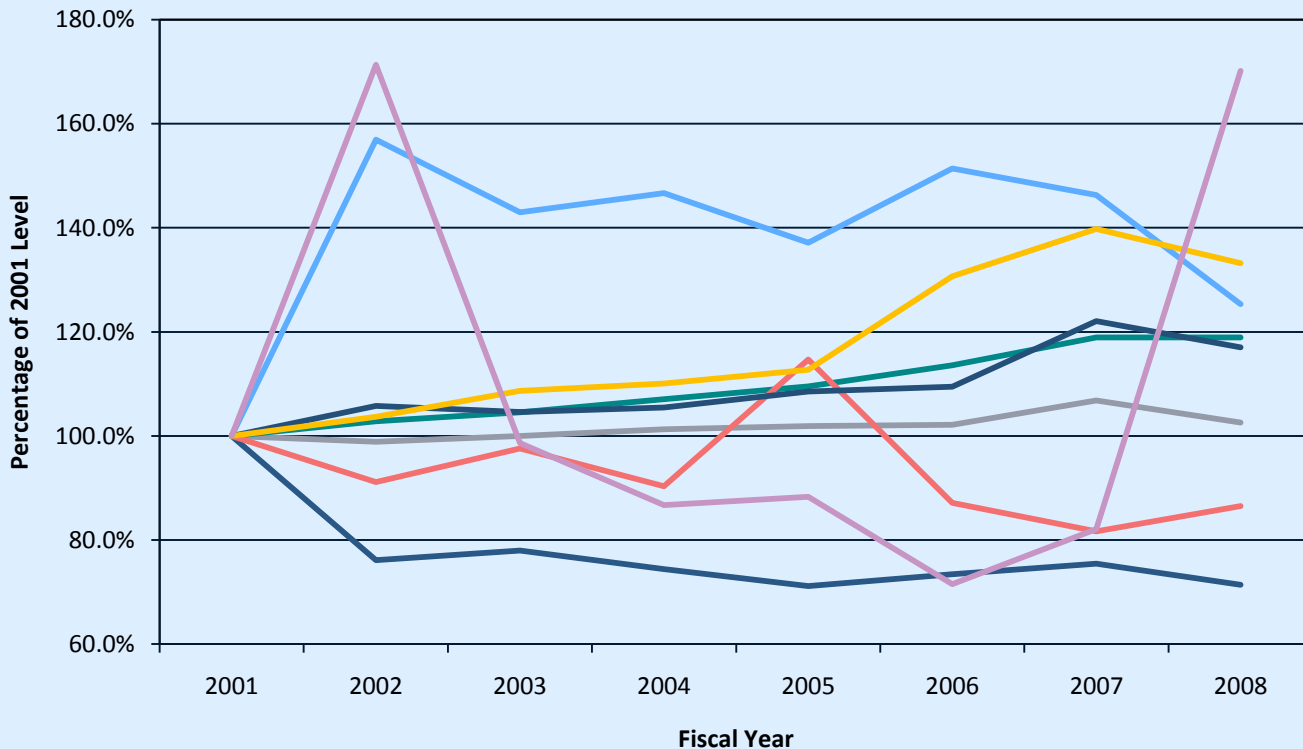
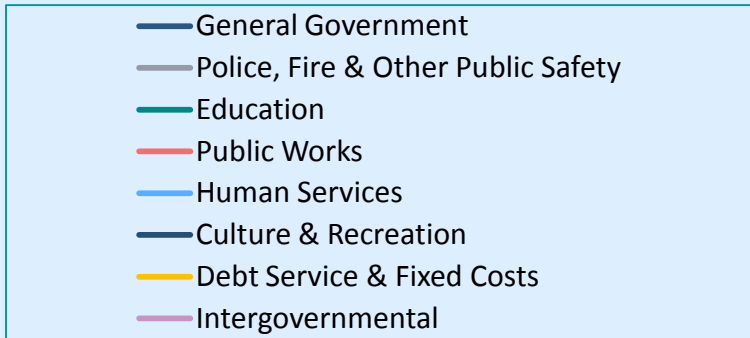
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Uncertain	

Spending levels below 100% mean that year's expenditure was less than 2001 levels.

Intergovernmental assessments (retired teachers health insurance, School Choice/Charter sending tuition, and PVTAs), Education, Employee Benefits, and Human Services expenditures have increased the most since FY 01. General Government and Public Works spending are below 2001 levels, even before adjusting for inflation.



Expenditures By Category As Percentage of FY 01 Spending



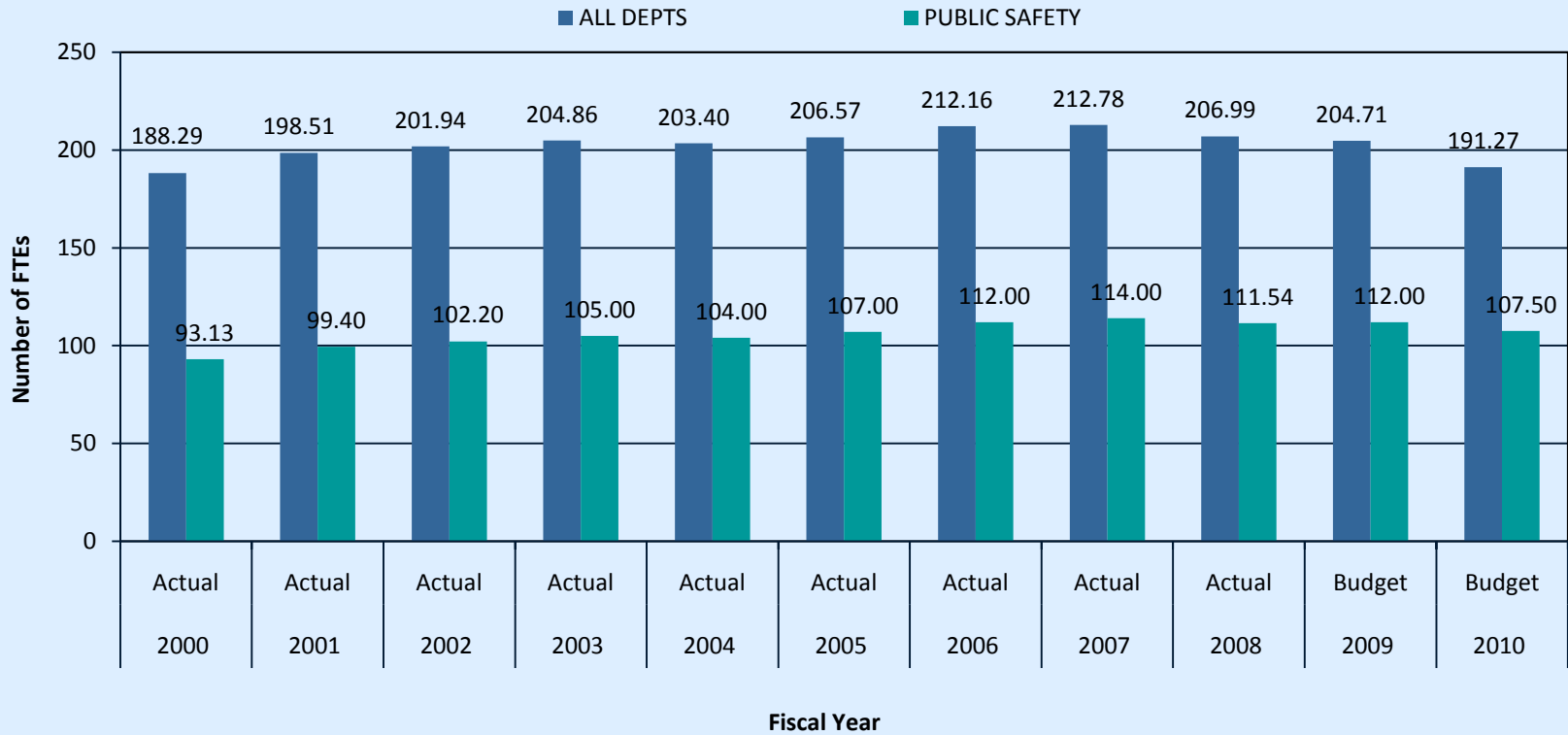
Amherst Trend	
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Marginal	X
Unfavorable	
Uncertain	

Spending levels below 100% mean that year's expenditure was less than 2001 levels.

General Government, Public safety, and Public Works spending is at or below FY 01 levels when adjusted for inflation (constant dollars). Intergovernmental Assessments, Employee Benefits, and Education have increased the most.



Municipal Staffing Levels Full Time Equivalent Employees

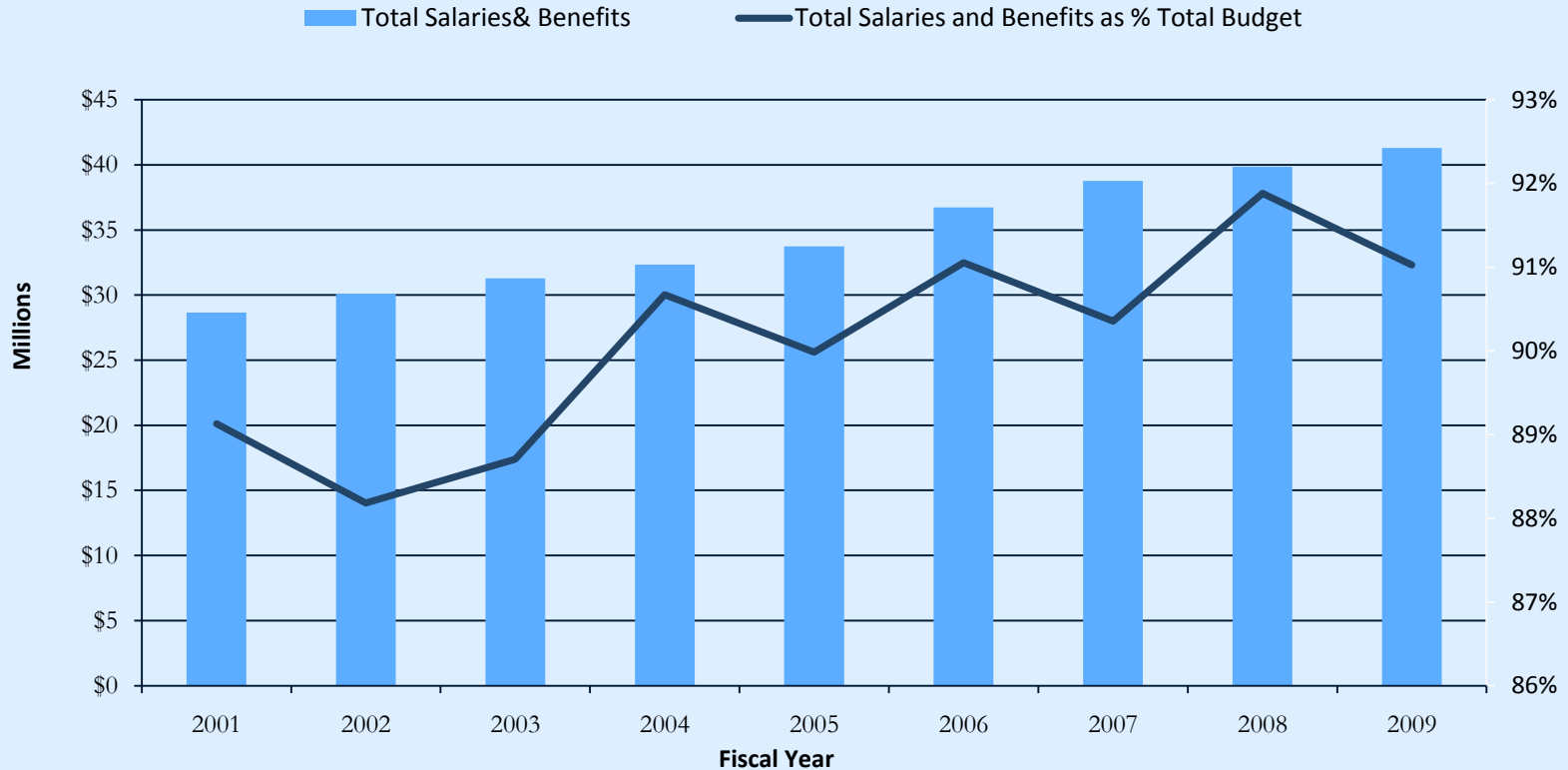


Amherst Trend	
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Marginal	
Unfavorable	
Uncertain	

Since FY 00 staffing levels are relatively constant. However, Public Safety FTEs have increased by 14.37 FTEs while all other Municipal FTEs have decreased by 11.39 FTEs, or 12%.



Salaries & Benefits as Percentage Total Budget

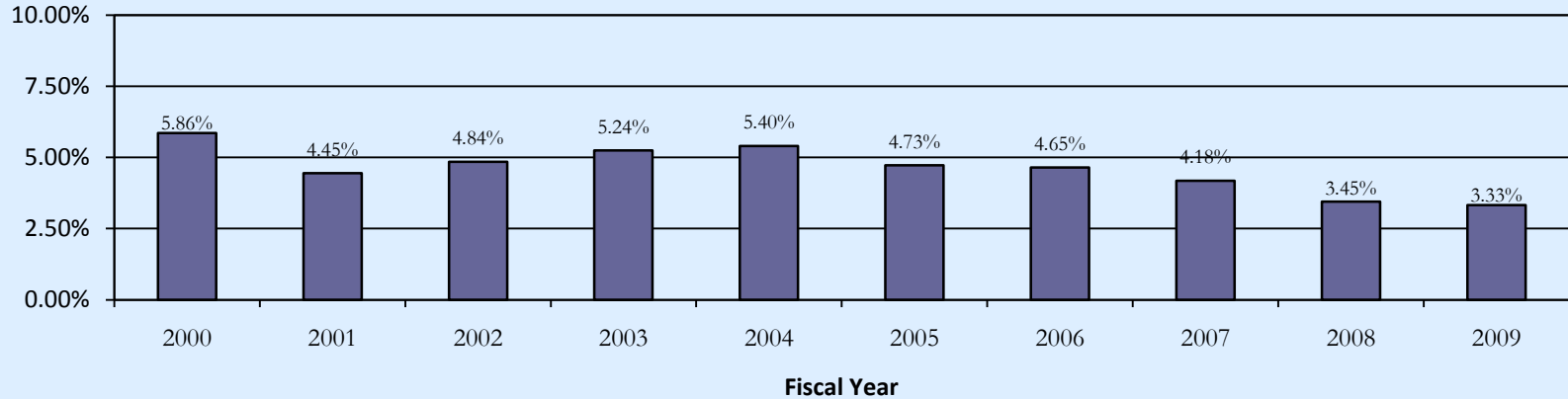


Amherst Trend	
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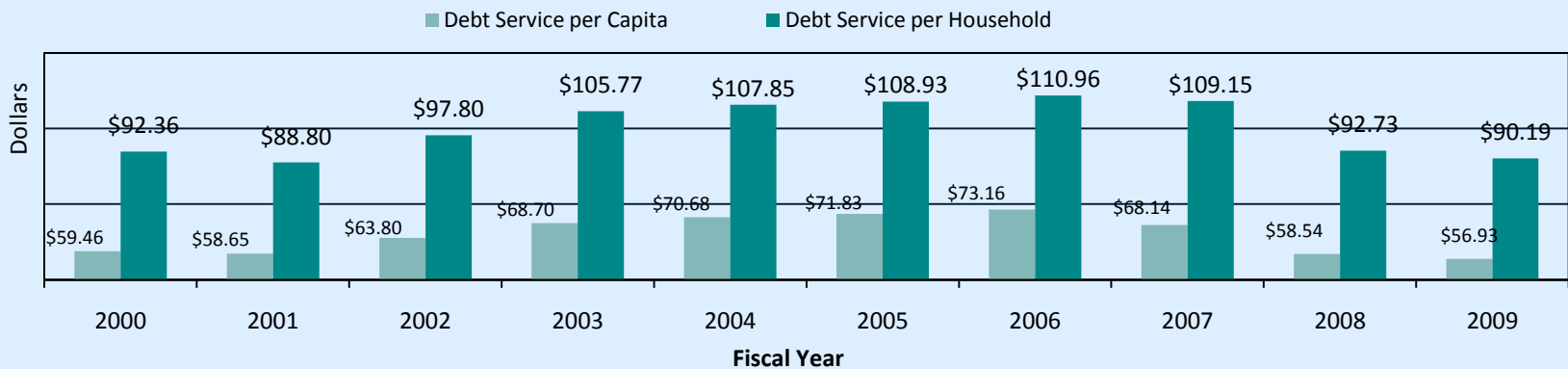
Total benefit costs as a percentage of wages and salaries had increased dramatically over the past two years, with little reason for optimism that the trend will change. The rapid increase is primarily the result of increased costs of providing health benefits to municipal employees, as total spending on health benefits is projected to double from FY 2005 to FY 2008.



Debt Service as a Percentage of General Fund Revenue



Debt Service Per Capita/Per Household



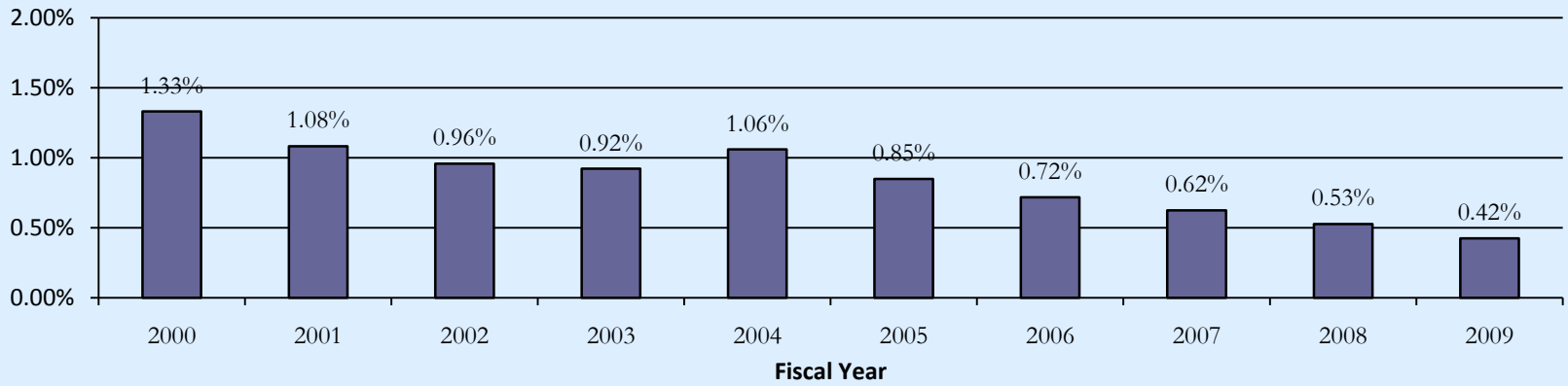
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Amherst maintains a strong credit rating, due in part to a low percentage of debt relative to general fund revenue.

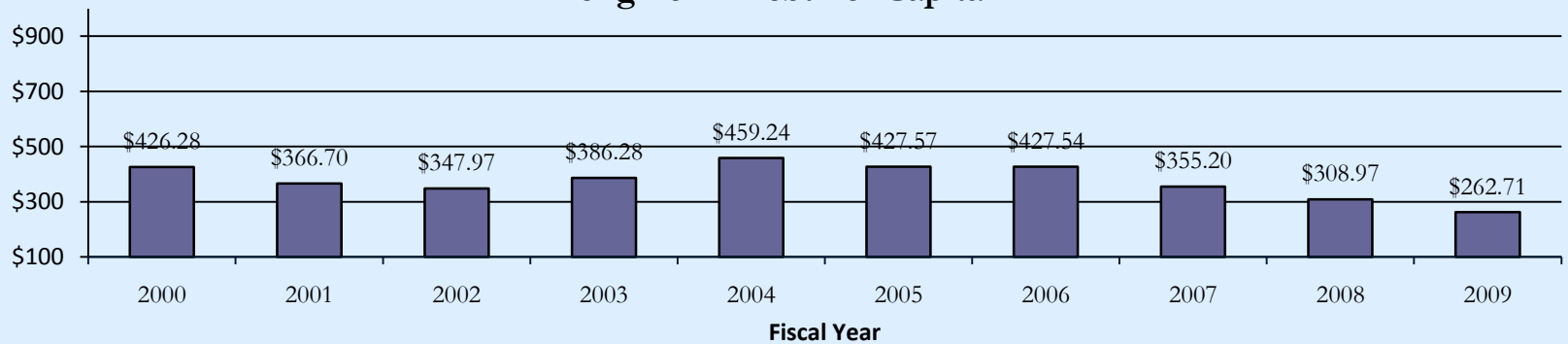
Over the past seven years, debt service as a percentage of general fund revenue has remained relatively low and stable.



Long Term Debt as a Percentage of Assessed Valuation



Long Term Debt Per Capita



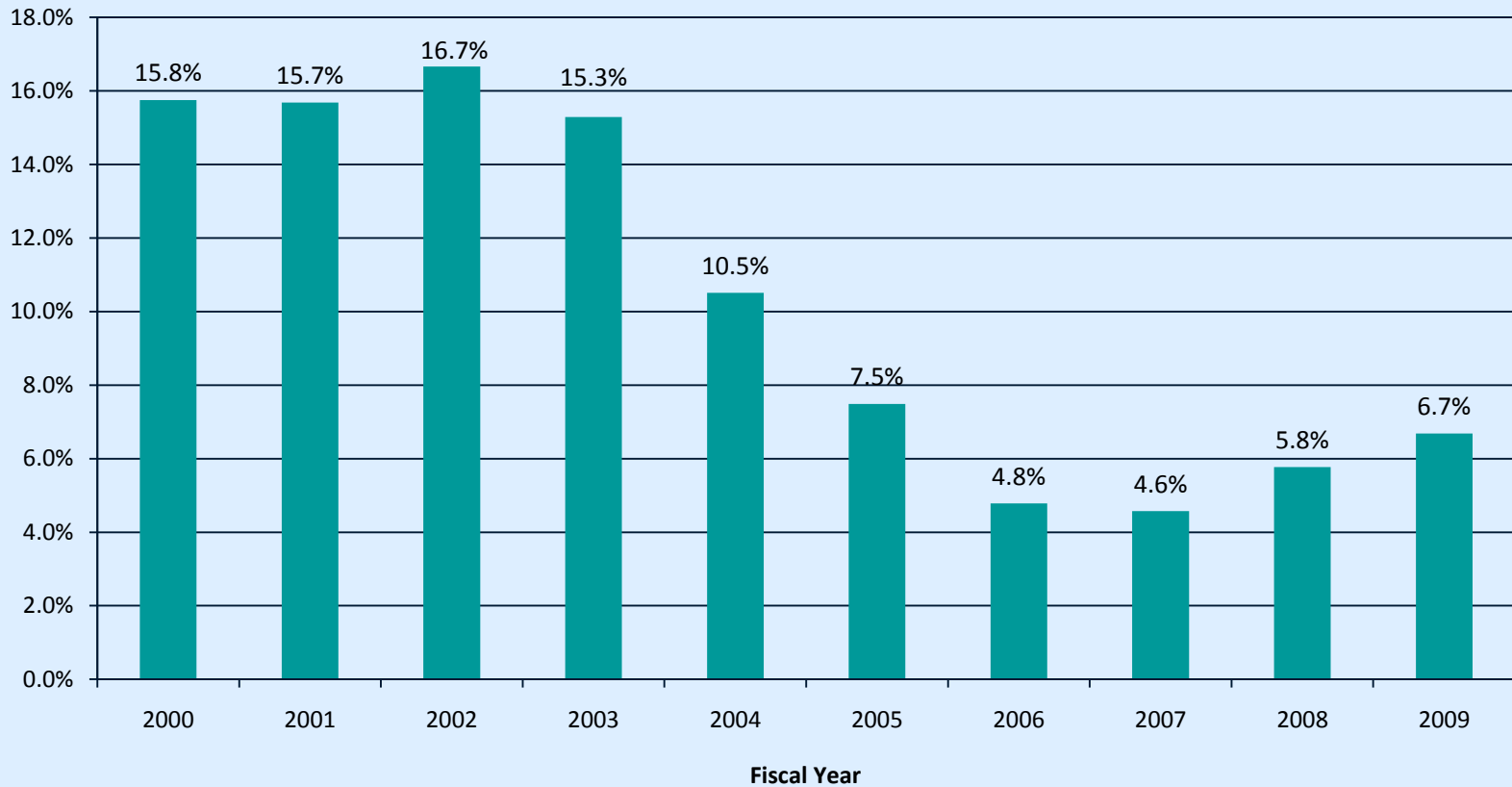
Amherst Trend	
Favorable	X
Marginal	
Unfavorable	
Uncertain	

Like debt service, rating agencies look at long term debt as a percentage of assessed valuations and per capita.

Overall, Amherst's long term debt has remained relatively consistent.



Reserves as a Percentage of Operating Revenues



Amherst Trend	
Favorable	X
Marginal	
Unfavorable	
Uncertain	

Free cash and a stabilization fund permit greater financial flexibility and provide the Town with a safety net.

Between 2002 and 2007, Amherst's reserves as a percentage of operating revenue declined substantially, but have rebounded slightly since then.