

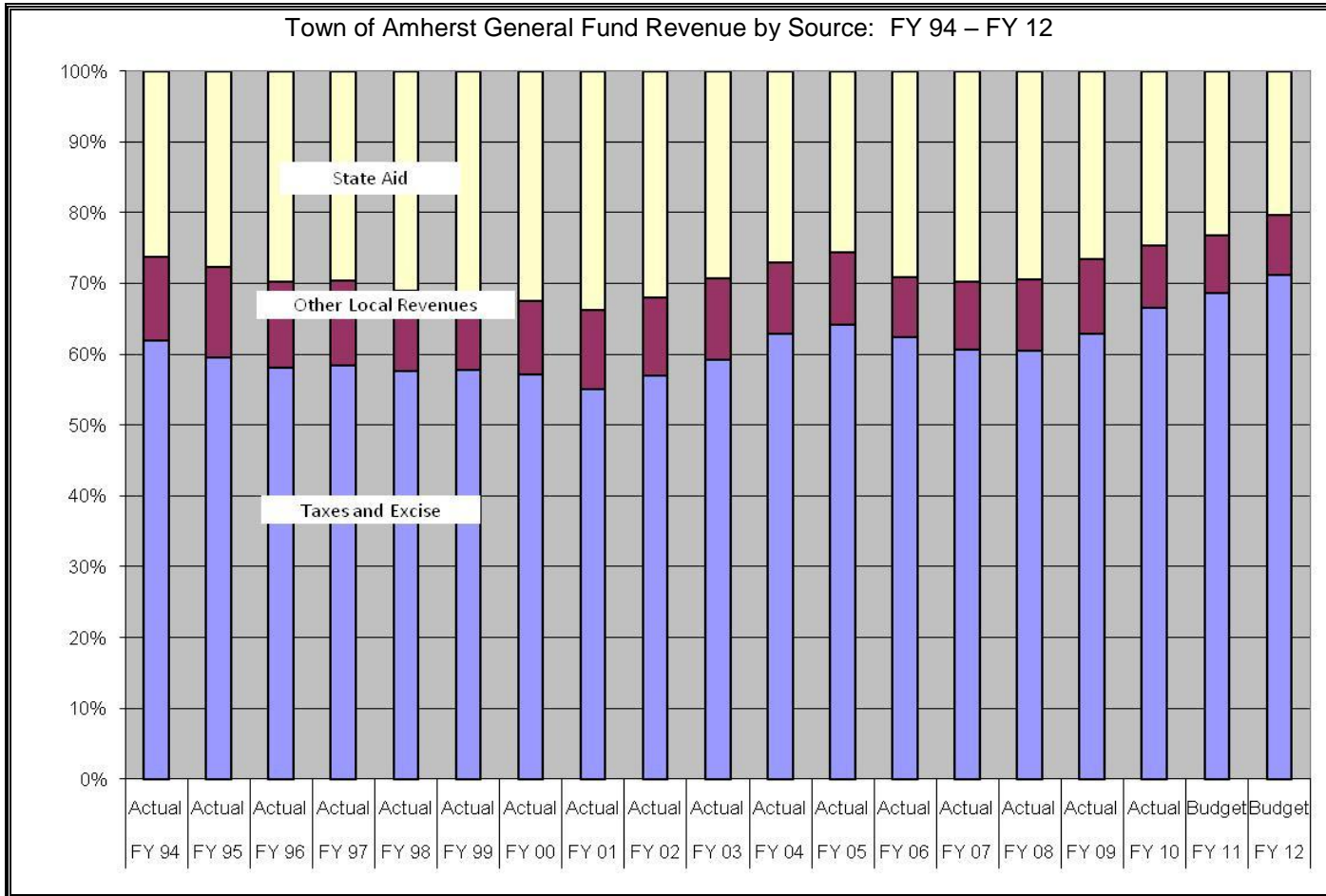
**GENERAL
FUND**

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.

SERVICE LEVELS:	FY 06	FY 07	FY 08	FY 09	FY 10
<u>As % of Total Resources</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
Taxes	58	57	58	56	58
Other Local Source Revenues	7	9	10	14	12
State Revenues	26	28	28	25	23
Other Financial Sources	9	6	4	5	7



GENERAL FUND RESOURCES SUMMARY

	FY 09 Actual	FY 10 Budget	FY 10 Actual	FY 11 Budget	FY 12 Manager	Change FY 11 - 12	Percent Change
Property Tax	34,471,642	36,059,006	36,067,594	38,532,310	40,177,649	1,645,339	4.3%
Local Receipts	8,675,637	7,373,016	7,703,266	7,509,884	7,787,722	277,839	3.7%
State Aid	15,542,235	14,278,972	14,310,187	13,606,299	11,949,005	(1,657,294)	-12.2%
Other Financing Sources	3,341,396	4,070,326	4,070,326	3,306,923	3,203,413	(103,510)	-3.1%
	<u>62,030,910</u>	<u>61,781,320</u>	<u>62,151,373</u>	<u>62,955,416</u>	<u>63,117,789</u>	<u>162,373</u>	<u>0.3%</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

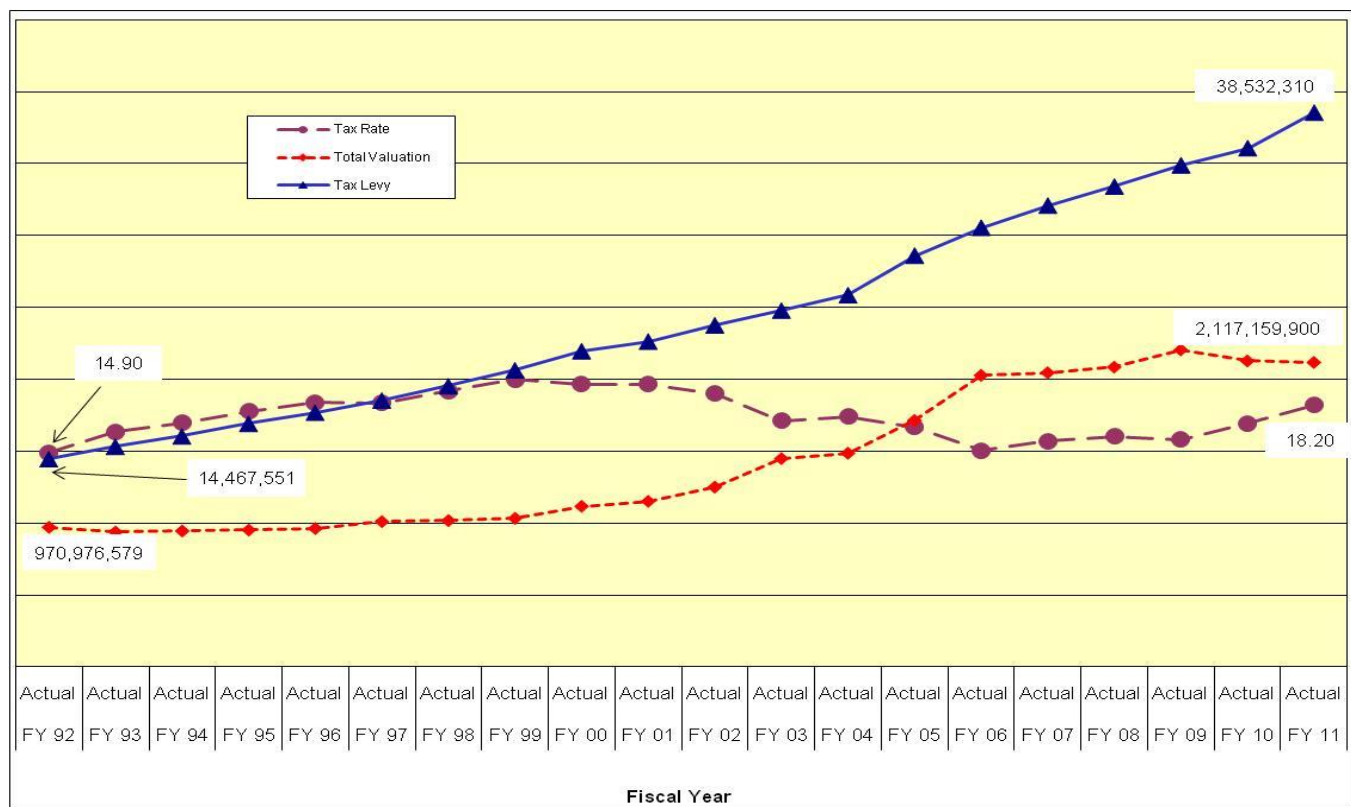
MISSION STATEMENT: To provide tax support for General Fund services.

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

FY 12 OBJECTIVES:
To phase-in and levy the remaining \$427,000 of unused levy capacity generated by the voter-approved \$1.68 million Proposition 2 ½ override in March 2010, if necessary, to balance the FY 12 Budget.

SERVICE LEVELS:	FY 06 Actual	FY 07 Actual	FY 08 Actual	FY 09 Actual	FY 10 Actual
Taxes as % of Total Resources					
Real and Personal Property Taxes	54	52	54	54	58
Other Taxes	4	4	4	NA	NA

Comparison of Changes in Tax Rates, Property Valuations and Tax Levies FY 92 - FY 11



Property tax assessments are based on property values. In Amherst, the property value base has increased 118% since FY 92. Tax levy increases are limited each year by Proposition 2½, state legislation enacted in FY 81. The tax levy, representing the total taxes assessed each year on all properties, has increased 166% since FY 92. The tax rate, applied per \$1,000 of assessed value, has increased 22% in the same period.

RESOURCES

PROPERTY TAX

	FY 09 Actual	FY 10 Budget	FY 10 Actual	FY 11 Budget	FY 12 Manager	Change FY 11 - 12	Percent Change
PROPERTY TAX							
Base Levy	34,471,642	34,439,142	34,439,142	35,666,757	38,606,791	2,940,034	8.2%
2.5% Allowable Increase	0	860,979	860,979	891,669	965,170	73,501	8.2%
Estimated New Growth	0	366,636	366,636	367,924	300,000	(67,924)	-18.5%
General Override	0	0	0	1,680,441	0	(1,680,441)	
Levy Limit	34,471,642	35,666,757	35,666,757	38,606,791	39,871,961	1,265,170	3.3%
Debt Exclusion	0	400,837	400,837	352,466	305,688	(46,778)	-13.3%
Maximum Allowable Levy	34,471,642	36,067,594	36,067,594	38,959,257	40,177,649	1,218,392	3.1%
Excess Levy Capacity	0	(8,588)	0	(426,947)	0		
Subtotal PROPERTY TAX	34,471,642	36,059,006	36,067,594	38,532,310	40,177,649	1,645,339	4.3%

MAJOR COMPONENTS:

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

SIGNIFICANT BUDGET CHANGES:

This budget assumes that the remaining \$427,000 of unused levy capacity generated by the voter-approved \$1.68 million Proposition 2 ½ override in March 2010 is levied to balance the FY 12 Budget. In FY 11, actual state aid appropriated by the state legislature exceeded the estimates available at the time of the override vote so the Town did not increase property taxes by the full amount approved by voters. Property taxes in FY 12 will increase at the 2.5% limit per year (+\$965,170). New growth added to property tax is estimated at only \$300,000, which is less than 50% of 10-year average 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 12 OBJECTIVES:

To review current fee levels in relation to FY 12 costs of services.

SERVICE LEVELS:

	<u>FY 06</u> <u>Actual</u>	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Actual</u>	<u>FY 09</u> <u>Actual</u>	<u>FY 10</u> <u>Actual</u>
Revenues as % of Local Source Revenues					
Other Taxes	NA	NA	NA	28	34
Charges for Services	15	14	13	9	NA
Departmental Revenue	24	34	28	16	17
Rentals	1	1	1	1	1
Licenses and Permits	25	14	15	10	11
Special Assessments	15	11	11	7	11
Fines and Forfeits	4	3	3	2	2
Penalties and Interest	4	3	3	2	2
Investment Income	8	8	7	3	2
Miscellaneous	3	10	20	22	20

MAJOR COMPONENTS:

Departmental Revenue

General Government	\$ 222,100
Public Safety	57,600
Public Works	7,000
Conservation, Planning, Inspections	65,400
Community Services	<u>736,235</u>
Total Departmental Revenues	\$ 1,088,335

Special Assessments:

UMASS PVTA Assessment	\$ 487,471
Five College PVTA Assessment	<u>205,483</u>
Total Special Revenue Funds	\$ 692,954

Licenses & Permits

General Government	\$ 157,950
Public Safety	106,000
Public Works	17,000
Inspection Services	438,500
Community Services	<u>71,100</u>
Total Licenses & Permits	\$ 790,550

Miscellaneous

Reimbursements of	
Cherry Sheet Assessments **	\$ 1,815,925
Amherst College	90,000
Real Estate Tax Supplemental	<u>10,000</u>
Total Miscellaneous	\$ 1,915,925

RESOURCES

LOCAL RECEIPTS

	FY 09 Actual	FY 10 Budget	FY 10 Actual	FY 11 Budget	FY 12 Manager	Change FY 11 - 12	Percent Change
LOCAL RECEIPTS							
Motor Vehicle Excise	1,435,003	1,350,000	1,355,180	1,350,000	1,350,000	0	0.0%
Hotel/Motel and Meals Excise	68,161	370,000	343,042	465,000	540,000	75,000	16.1%
Penalties and Interest	186,444	132,000	179,980	132,000	132,000	0	0.0%
PILOT	924,112	918,458	937,568	918,458	918,458	0	0.0%
Charges for Services	777,492	0	0	0	0	0	0.0%
Rentals	62,665	56,500	57,732	56,500	80,500	24,000	42.5%
Departmental Revenue	1,420,447	1,193,768	1,292,870	1,063,510	1,088,335	24,825	2.3%
Licenses and Permits	841,873	790,550	808,840	790,550	790,550	0	0.0%
Special Assessments	644,640	669,517	855,146	705,929	692,954	(12,974)	-1.8%
Fines and Forfeits	174,287	169,000	178,086	169,000	169,000	0	0.0%
Investment Income	262,531	200,000	159,206	110,000	110,000	0	0.0%
Miscellaneous	1,877,982	1,523,223	1,535,615	1,748,937	1,915,925	166,988	9.5%
Subtotal LOCAL RECEIPTS	8,675,637	7,373,016	7,703,266	7,509,884	7,787,722	277,839	3.7%

SIGNIFICANT BUDGET CHANGES:

Due to the downturn in the economy, motor vehicle excise revenues are estimated at \$1,350,000, a decrease of 6% from FY 09 actual receipts. The estimated increase of \$75,000 from the local option 6% hotel/motel excise and 0.75% meals excise taxes reflects a full year of revenue from the increases approved by Town Meeting that were implemented October 1, 2009. Rental income increases by \$24,000 from new lease agreements at the Bangs Community Center with human service agencies Big Brothers Big Sisters and the Center for New Americans. These funds help support operations and maintenance costs of this facility.

Departmental revenue net increase of \$24,825 includes \$29,257 budgeted increase in Medicaid reimbursements (for total of \$140,000, closer to recent experience) and a \$2,000 decrease to estimated Cherry Hill Golf Course receipts (to \$268,000).

Also budgeted is a \$77,432 decrease in the LSSE administrative reimbursement to the General Fund generated from program user fees compared to the original FY 11 budget. There is a corresponding reduction to the LSSE operating budget. Special assessments receipts are estimated to decrease by \$12,974 from reimbursements from UMass Transit and Five College, Inc for the PVTA assessment based upon updated audit results from PVTA. Investment income is estimated at only \$110,000 due to historic low interest rates, in contrast to the \$262,531 earned as recently as FY 09.

Miscellaneous revenues include an Amherst College donation of \$90,000 to support Town services (the same amount as FY 11) and includes \$1,815,925 in reimbursements to the Town from the Elementary Schools (for retired teachers health insurance, school choice/charter school tuition) and Transportation Enterprise Fund (RMV non-renewal surcharge and Town share of PVTA assessment) to reimburse the Town for cherry sheet assessments, an estimated increase of \$166,988 from FY 11. This increase is mostly offset by projected FY 12 increases in cherry sheet assessments for retired teachers' health insurance costs, charter school sending tuition, and PVTA assessment.

** NOTE: Due to changes required by the state regarding the method of reporting the indirect costs incurred by enterprise funds effective with FY 10 budget, the presentation of these costs are reflected in the "Other Financing Sources" section rather than as a local receipt in the "Charges for Services" category. There has been no change in our enterprise fund operations, merely a change in the accounting methods used to report the indirect costs.

RESOURCES

STATE AID

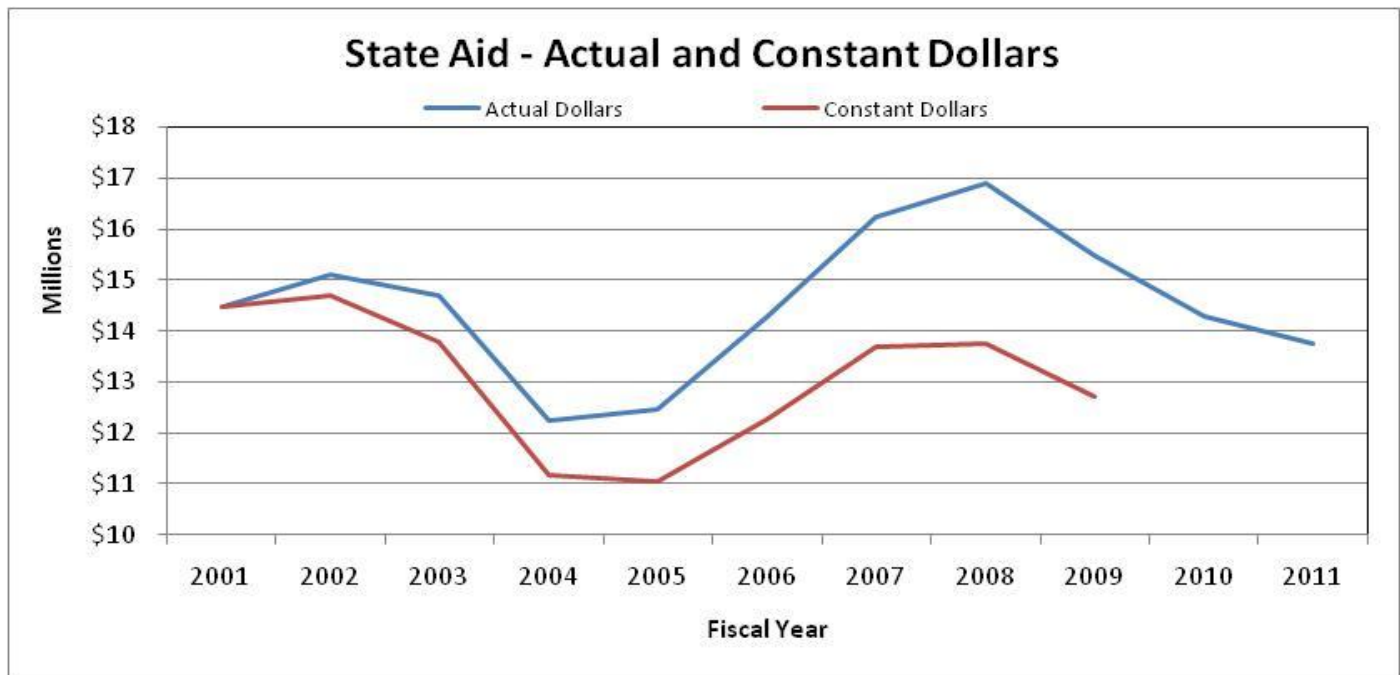
MISSION STATEMENT: To administer state revenues received for general purposes and purposes related to specific grants.

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.

SERVICE LEVELS:	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
State revenues as a % of Total Resources	26	28	28	25	23

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.



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 to the Town is lower in FY 11 than FY 01 in both actual and inflation adjusted dollars, with cuts of over \$3.1 million in the last three years.

RESOURCES

STATE AID

	FY 09 Actual	FY 10 Budget	FY 10 Actual	FY 11 Budget	FY 12 Manager	Change FY 11 - 12	Percent Change
STATE AID							
Chapter 70	5,607,673	6,141,373	6,141,373	5,782,594	5,059,770	(722,824)	-12.5%
Charter Tuition Assessment							
Reimbursement	301,933	320,491	323,191	279,365	235,000	(44,365)	-15.9%
Lottery	8,859,880	0	0	0	0		
Additional Assistance	201,188	0	0	0	0		
Unrestricted General Govt Aid	0	7,417,544	7,417,544	7,120,842	6,230,737	(890,105)	-12.5%
Police Career Incentive	169,955	33,348	33,796	16,788	16,788	0	0.0%
Veterans Benefits	97,659	91,069	120,555	152,021	152,021	0	0.0%
Exempt: Vets, Blind, Surv. Spouses, Elderly	38,355	39,754	38,335	38,266	38,266	0	0.0%
State Owned Land	173,456	163,254	163,254	146,327	146,327	0	0.0%
Offset Receipts	0	0	0	0	0		
School Lunch	6,560	6,866	6,866	6,018	6,018	0	0.0%
Public Libraries	85,576	65,273	65,273	64,078	64,078	0	0.0%
Subtotal STATE AID	15,542,235	14,278,972	14,310,187	13,606,299	11,949,005	(1,657,294)	-12.2%

SIGNIFICANT BUDGET CHANGES:

Assumes state aid cut of 12.5% in Chapter 70 education aid and Unrestricted General Government Aid (formerly distributed as Lottery Aid and Additional Assistance). All other aid accounts are level funded with the exception of the Charter School Assessment Reimbursement, which is based upon estimated enrollments as of December 2010. These estimates will be revised as the state budget process unfolds, beginning with the expected release of the Governor's FY 12 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 \$4 million since FY 08, before factoring in what is likely to be a fourth consecutive year of reductions in FY 12. State aid, when adjusted for inflation, is below 2000 levels even BEFORE any additional cuts in FY 12.

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 12 OBJECTIVES:

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 12 budget, if possible.

SERVICE LEVELS:

	<u>FY 06</u> <u>Actual</u>	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Actual</u>	<u>FY 09</u> <u>Actual</u>	<u>FY 10</u> <u>Actual</u>
<u>% of Total Resources</u>					
Borrowing Authorization	0	0	0	0	0
Special Revenue Funds	3	3	3	3	3
Stabilization from 10% Plan	0	0	0	0	0
Overlay Reserve Account	0	0	0	0	0
Available Funds	1	1	0	0	0
Surplus Funds:					
Free Cash	3	0	0	2	2
Stabilization	1	2	1	0	0
Other Interfund Transactions	0	0	0	0	0
Jones Inc	1	1	0	0	0

RESOURCES

OTHER FINANCING SOURCES

	FY 09 Actual	FY 10 Budget	FY 10 Actual	FY 11 Budget	FY 12 Manager	Change FY 11 - 12	Percent Change
OTHER FINANCING SOURCES							
Ambulance Fund	2,068,818	2,094,262	2,094,262	2,307,978	2,303,577	(4,401)	-0.2%
Reserve for							
Debt Service - WW Roof	0	49,990	49,990	44,844	44,844	0	0.0%
Community Preservation							
Act (debt service only)	86,582	83,774	83,774	0	0	0	0.0%
Enterprise Fund Reimbursements	0	797,467	797,467	830,089	854,992	24,903	3.0%
Overlay Surplus	153,975	0	0	0	0	0	0.0%
Miscellaneous	40,778	0	0	57,665	0	(57,665)	0.0%
Free Cash	991,243	1,044,833	1,044,833	66,347	0	(66,347)	0.0%
Stabilization Fund	0	0	0	0	0	0	0.0%
Subtotal OTHER FINANCING SOURCES	<u>3,341,396</u>	<u>4,070,326</u>	<u>4,070,326</u>	<u>3,306,923</u>	<u>3,203,413</u>	<u>(103,510)</u>	<u>-3.1%</u>

SIGNIFICANT BUDGET CHANGES:

A total of \$2,303,577 in support from the Ambulance Fund is allocated to the Fire Department operating budget, other administrative support costs (billing, IT, etc.), and the capital plan (estimated \$97,000 for equipment).

The \$44,844 allocated from the Reserve for Debt Service – Wildwood School Roof Project supports the debt service budget from a grant reimbursement to the Town from the Massachusetts School Building Authority.

Consistent with Finance Committee budget guidelines, no contribution from Free Cash/Stabilization Fund reserves is included to balance the FY 12 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 11, only \$66,347 was appropriated from Free Cash to reimburse the Health Claims Trust Fund with federal Medicare Part D reimbursements.

** NOTE: Due to changes required by the state regarding the method of reporting the indirect costs incurred by enterprise funds effective with FY 10 budget, the presentation of these costs are reflected here in the "Other Financing Sources" section rather than as a local receipt in the "Charges for Services" category. There has been no change in our enterprise fund operations, merely a change in the accounting methods used to report the indirect costs.

GENERAL FUND EXPENDITURES SUMMARY

	FY 09 Actual	FY 10 Budget	FY 10 Actual	FY 11 Budget	FY 12 Manager	Change FY 11 - 12	Percent Change
General Government	\$ 5,708,397	5,732,499	5,703,574	5,830,363	6,012,376	182,013	3.1%
Public Safety	\$ 8,352,499	8,488,595	8,371,484	8,600,218	8,446,470	(153,748)	-1.8%
Public Works	\$ 1,820,205	1,812,364	1,798,478	1,941,540	1,895,905	(45,636)	-2.4%
Conservation & Development	\$ 859,004	818,578	805,773	745,073	781,017	35,944	4.8%
Community Services	\$ 1,733,734	1,472,316	1,539,844	1,474,725	1,456,152	(18,573)	-1.3%
TOTAL APPROPRIATION	\$ 18,473,838	18,324,352	18,219,153	18,591,919	18,591,919	0	0.0%

SIGNIFICANT BUDGET CHANGES:

RECOMMENDED BUDGET:

The Town Manager's proposed FY 12 municipal budget is level funded at \$18,592,919 and meets the Finance Committee's suggested guideline. Proactive efforts by the Town to control health insurance costs and reduce utilities costs from capital investments in energy efficiency are largely responsible for a level funded budget to keep largely intact services from the current year. Staff turnover in public safety and public works have also resulted in reduced payroll expense for the coming year. A vacant Program Coordinator for Adult Education/Community Theater is eliminated in the LSSE budget. In the Conservation and Development Department, a part-time management assistant is increased to full-time to support that department's rapidly growing portfolio of inspectional and permitting services and the many economic development and other projects overseen by the staff.

POSSIBLE BUDGET RESTORATIONS AND ADDITIONS IF ADDITIONAL FUNDS AVAILABLE:

The Finance Committee budget guideline assumes what is hoped to be a worst case scenario of a 12.5% state aid cut in FY 12. It is quite possible that the actual cut will be less. In the "Introduction" section of this budget document, the Town Manager has prepared a list of recommended restorations and new additions, in priority order, to his proposed FY 12 budget if additional funds become available later in the budget process. The list totals \$382,344 and includes a new Housing/Code Enforcement Inspector, funds for Town assumption of operations costs at the East Street School, an increased allocation of funds for veterans benefits (qualifies for a 75% state reimbursement), replacement of CDBG funding with Town tax support funding for Conservation and Development staff, overtime for police, fire, and dispatch operations, an additional crew supervisor to provide maintenance support for our growing parks, commons, and tree inventory, and funds for a new Energy/Sustainability Coordinator.