

Section V

Budget Detail Unappropriated Accounts Items 101 - 103

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UNAPPROPRIATED: State & County Assessments

ITEM 101

Program Description

Certain charges are levied on the Town by state law and are not subject to Town Meeting appropriation. The principal item is the Town's assessment for MBTA services, which was \$328,032 for FY07 and is estimated at \$338,000 for FY08. While existing state law stipulates that assessments on cities and towns in the aggregate cannot rise more than 2 ½% per year, the allocations to individual municipalities are determined in part by relative equalized property valuation. A portion of the MBTA charge is allocated by periodic passenger boarding counts. Thus, the forecasted charges to an individual municipality are not precisely predictable. Further, the state legislature has acted on occasion to exceed this overall 2 ½% growth limit.

Legislation enacted in 1999 as part of the state budget established a new structure for financing the MBTA. Over the ensuing years, this legislation promised a modest reduction in Concord's assessment as the paying district has been enlarged beyond the prior 78 cities and towns. The MBTA assessment for FY07 is about 3.7% higher than the previous year, but about 10% less than the peak year FY01 assessment of \$364,828.

Spending Detail

The estimates are made by the state government and are required by law to be used by the Board of Assessors in calculating the Town's tax levy and setting the annual property tax rate.

The estimate for FY08 was made last September and will be updated based on the Governor's proposed FY08 budget, expected to be released at the end of January, and ensuing legislative action. An allowance of \$28,824 has been included in the assessment estimate for school choice/charter school assessments. Such assessments occur whenever a Concord resident student attends a school in another community through "school choice" provisions or attends a charter school.

The "Parking Surcharge" and "Excise Tax Clears" items are amounts paid to the Registry of Motor Vehicles for the clearing of a registration suspension due to an unpaid parking ticket or unpaid motor vehicle excise tax bill. These fees are first collected locally by addition to the fine or tax and are then paid to the Registry in the following fiscal year through the state assessment process.

The table below shows the General Fund amounts actually charged and paid for FY05 and FY06, which can differ slightly from the amounts required to be added to the budget based on original state estimates. The Estimated Charges for FY07 (shown in the Table below) are based upon the Notice of Assessment received from the state government on July 25, 2006, following enactment of the FY07 state budget. The projection for FY08 is in advance of the Governor's FY08 budget release.

Performance Highlights

General Fund charges	Expense FY 05	Expense FY 06	Est. Charges FY 07	Est. Charges FY 08
MBTA Assessment	\$326,435	\$316,373	\$328,032	\$338,000
Air Pollution Control District	7,704	7,312	7,499	7,700
Metro Area Planning Council	4,492	4,328	4,460	4,600
Special Education assessment	1,271	0	0	0
Charter School Tuition	7,425	39,720	28,023	28,824
TOTAL	\$347,327	\$367,733	\$368,084	\$379,124

Town of Concord, Massachusetts

UNAPPROPRIATED: State & County Assessments	ITEM 101
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EXPENDITURE DETAIL

	<u>FY05 Expend.</u>	<u>FY06 Expend.</u>	<u>FY07 Budget</u>	<u>FY08</u>	
				<u>Dept. Request</u>	<u>Town Mgr. Recomm.</u>
State Assessments	347,327	367,733	368,084	379,124	379,124
Parking Surcharge	11,200	11,140	10,960	11,000	11,000
Excise Tax Clears	3,260	3,280	3,700	3,500	3,500
TOTAL	<u>361,787</u>	<u>382,153</u>	<u>382,744</u>	<u>393,624</u>	<u>393,624</u>

FUNDING PLAN

	<u>FY07 Budget \$</u>	<u>% of Budget</u>	<u>FY08 Recomm.\$</u>	<u>% of Budget</u>	<u>% Change</u>
General Fund	368,084	96.2%	379,124	96.3%	3.0%
Parking Meter Fund	10,960	2.9%	11,000	2.8%	0.4%
Agency Fund	3,700	1.0%	3,500	0.9%	-5.4%
TOTAL	<u>382,744</u>	<u>100.1%</u>	<u>393,624</u>	<u>100.0%</u>	<u>2.8%</u>

AUTHORIZED POSITIONS

<u>Code</u>	<u>Position Title</u>	<u>Grade</u>	<u>FY07 Budget</u>		<u>FY08 Recommendation</u>	
			<u># Positions</u>	<u>\$ Amount</u>	<u># Positions</u>	<u>\$ Amount</u>
	NONE					

Program Description

"Overlay" is the amount added to the property tax levy in excess of the sum required to meet appropriations, state assessments, and deficits (if any). It cannot exceed five percent of the levy and is used to cover abatements and exemptions granted by the Board of Assessors or as a result of appeals to the State Appellate Tax Board or to the courts. The overlay amount is counted in the total tax levy subject to the limitations of "Proposition 2 ½."

After all abatements and exemptions have been settled for a given year, any surplus remaining in that year's overlay account is first applied to any deficit balances from other years. Funds remaining after such transfer become part of the Town's fund balance available for appropriation by Town Meeting ("Free Cash"). The overlay amount itself is not subject to Town Meeting appropriation or ratification. It is, however, a part of the Town's budget plan. A deficit overlay balance which cannot be met from any other year's overlay account surplus must be raised as part of the next tax levy. This allocation must, by state law, also remain within the annual levy limit prescribed by "Proposition 2 1/2."

Spending Detail

The following statistics show the original amount of annual overlay and the portion used as of June 30, 2006, as a percentage of that year's Total Levy (an asterisk denotes a revaluation certification year).

Fiscal Year	Tax Levy	Overlay	Original Overlay as % of Levy	Used as of 6/30/06		Balance as of 6/30/06
				Amount	% of Levy	
*2002	\$39,068,686	\$461,718	1.2%	\$744,520	1.91%	\$ 0
2003	\$42,496,029	\$413,140	1.0%	\$511,269	1.20%	\$ 0
2004	\$46,721,518	\$500,207	1.1%	\$342,891	0.74%	\$157,316
*2005	\$50,147,585	\$584,657	1.2%	\$444,081	0.89%	\$140,576
2006	\$53,273,087	\$481,979	0.9%	\$167,508	0.31%	\$314,471
Budget						
2007	\$56,085,720	\$453,991	0.8%			
Proposed						
*2008	\$59,501,199	\$500,000	0.8%			

Performance Highlights

Part of the overlay account funds the cost of various property tax exemptions granted to eligible taxpayers by state law. Article 19 of the 2001 Town Meeting adopted a local-option state law that permitted the Board of Assessors to increase the dollar value of the exemptions by 100%. Prior to that vote, Concord had increased the state-set exemption amounts by 50%. This authorization must be renewed by Town Meeting action each year. For FY07 this was voted by Article 14 at the 2006 Annual Town Meeting.

Partial state reimbursement is received for some exemptions. The gross dollar value of exemptions is charged to the overlay account. State reimbursement is a General Fund receipt.

	Exemptions			
	Granted	Dollar Value	State Share	Local Share
FY02	147	\$ 91,450	\$ 21,995	\$ 69,455
FY03	140	89,442	21,792	67,650
FY04	136	91,516	24,906	66,610
FY05	145	95,666	25,470	70,196
FY06	139	91,566	25,162	66,404

Town of Concord, Massachusetts

UNAPPROPRIATED: Overlay	ITEM 102
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EXPENDITURE DETAIL

	FY05 Expend.	FY06 Expend.	FY07 Budget	FY08	
				Dept. Request	Town Mgr. Recomm.
Original Overlay	584,657	481,979	453,991	500,000	500,000
<u>Plus:</u> Amount to Be Raised from Recap	0				
<u>Less:</u> Used for Abatements and Exemptions thru 6/29/02	444,081	167,508			
Transferred to (from) other Years	0	0			
Transfer to Unreserved Fund Balance	0	0			
Balance as of June 30, 2006	140,576	314,471	N/A	N/A	N/A

FUNDING PLAN

	FY07 Budget \$	% of Budget	FY08 Recomm.\$	% of Budget	% Change
General Fund	453,991	100.0%	500,000	100.0%	10.1%

AUTHORIZED POSITIONS

<u>Code</u>	<u>Position Title</u>	<u>Grade</u>	FY06 Budget		FY07 Recommendation	
			<u># Positions</u>	<u>\$ Amount</u>	<u># Positions</u>	<u>\$ Amount</u>
	NONE					

UNAPPROPRIATED: Snow & Ice Deficit/Other Deficits

ITEM 103

Program Description

Snow removal expense is unpredictable from year to year, and subject to wide variations. The budget strategy is to recognize long-term trends without assuming a "worst-case" situation. As long as the amount appropriated is at least equal to the prior year's appropriation, the state law permits deficit spending for this purpose. The amount of any deficit is then added to the following year's levy. (However, this is subject to the levy limit, so budget changes could be required if the size of the snow removal deficit is greater than planned.) This deficit spending allowance is contingent upon the appropriation amount being no less than the prior year's appropriation. By the time of the Annual Town Meeting, the size of the deficit is known or at least susceptible to more precise estimation and is considered in making any final revisions to the proposed budget.

Authorization to spend in excess of the appropriated budget for Snow and Ice Removal requires the joint approval of the Town Manager and the Finance Committee.

The amounts shown on the facing page as "expenditure" represent budget overruns of the prior year added to the budget of the year shown, as authorized by MGL Ch.44, s31D. Thus, the FY07 "snow and ice deficit" budget covers the deficit incurred during FY06 (July 1, 2005 - June 30, 2006) which was funded as part of the FY07 tax levy.

Spending Detail

The snow removal appropriation recommended for FY08 is \$444,750 (see account #21, page IV-70). The annual appropriation has generally tracked a **ten-year** average (unadjusted for inflation). Net of federal and state emergency aid, the average annual expense has been \$447,566, while the five-year average has been approximately \$547,605.

The level of FY07 (current year) expense provided for is \$565,000; \$430,000 in the appropriation and \$135,000 in the deficit provision. This deficit provision, which is the average deficit of the past five years, is part of the FY08 financial plan. Any actual deficit of FY07 would need to be raised as part of the FY08 tax levy. This allowance will be modified as necessary prior to Town Meeting based on actual expenses of the current winter period. This structure provides greater flexibility in fiscal planning than the alternative of a larger increase in the appropriation account (which would set a permanent floor on future annual appropriations).

Performance Highlights

10-year History:	Fiscal Year	Snow Appropriation	Snow Expenditure	State & Federal Aid	Net Expenditure	Surplus (Deficit)
Actual	1997	300,000	355,704		355,704	(55,704)
	1998	315,000	320,942		320,942	(5,942)
	1999	315,000	387,641		387,641	(72,641)
	2000	320,000	311,243		311,243	8,757
	2001	335,000	615,817	53,708	562,109	(227,109)
	2002	335,000	281,900		281,900	53,100
	2003	360,000	654,568	44,726	609,842	(249,842)
	2004	360,000	462,943	77,457	385,486	(25,486)
	2005	405,000	822,732	78,795	743,937	(338,937)
	2006	405,000	516,858		516,858	(111,858)
Budget	2007	430,000	N/A	N/A	N/A	N/A
Proposed	2008	444,750	N/A	N/A	N/A	N/A

UNAPPROPRIATED: Snow & Ice Deficit/Other Deficits	ITEM 103
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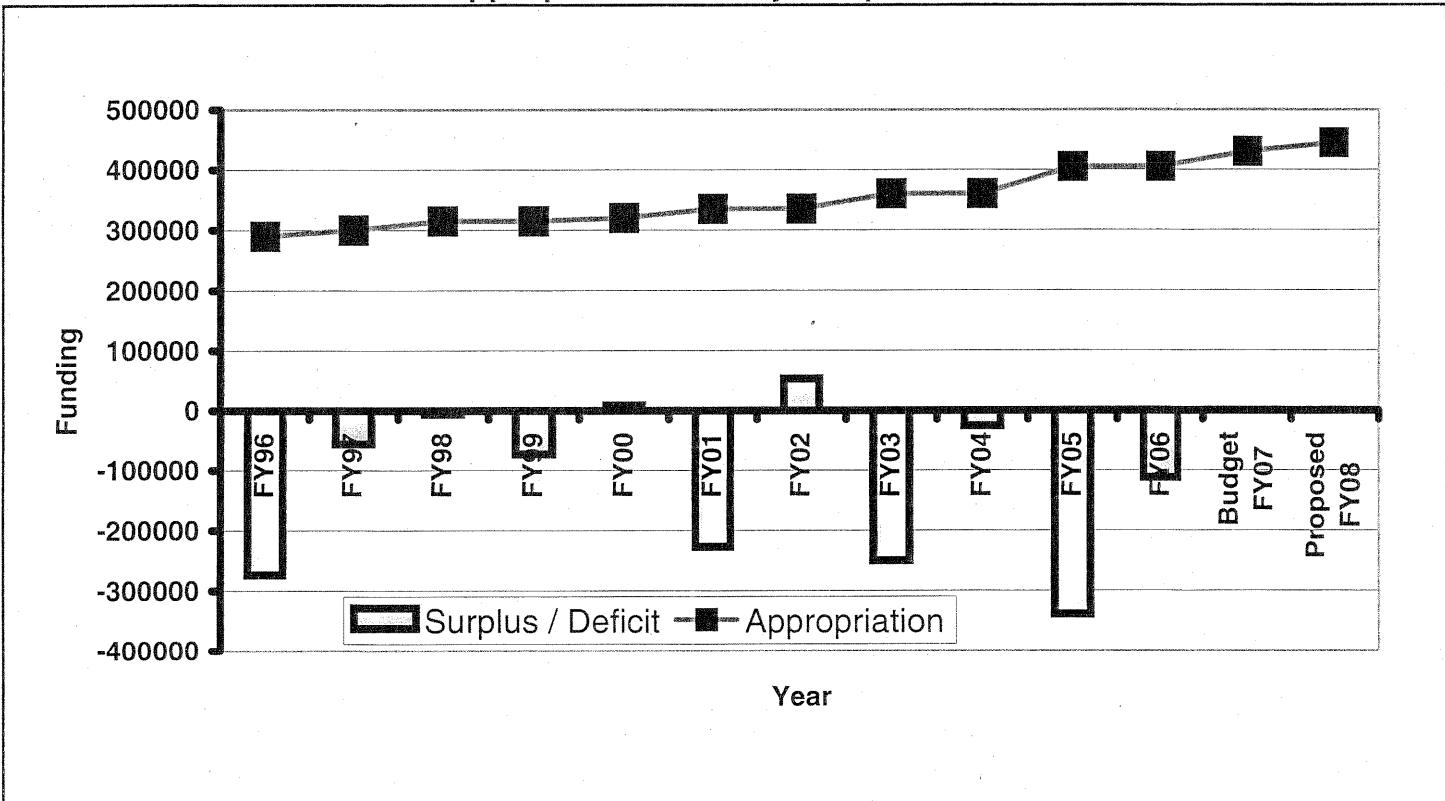
EXPENDITURE DETAIL

	FY05 Expend.	FY06 Expend.	FY07 Expend.	FY08	
				Dept. Request	Town Mgr. Recomm.
Snow and Ice Deficit	25,486	338,937	111,857	135,000	135,000
Overlay Deficit	47,708	0	0	0	0
TOTAL	73,194	338,937	111,857	135,000	135,000

FUNDING PLAN

	FY07 Budget \$	% of Budget	FY08 Recomm.\$	% of Budget	% Change
General Fund	111,857	100.0%	135,000	100.0%	--

Snow Appropriation History: Surplus and Deficit



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