

Section V

Budget Detail Unappropriated Accounts Items 101 - 103

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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, estimated at \$323,000 for FY2007. While existing state law stipulates that assessments on cities and towns in the aggregate cannot rise more than 2 1/2% 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 charges to an individual municipality are not predictable with exactness. Further, the state legislature has acted on occasion to exceed this overall 2 1/2% 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 FY2006 (actual)--\$316,373--is about 13% less than the peak year FY2001 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 FY2007 was made last September and will be updated based on the Governor's proposed FY2007 budget to be released at the end of January and ensuing legislative action. An allowance of \$25,000 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 FY2004 and FY2005, which can differ slightly from the amounts required to be added to the budget based on original state estimates. The Estimated Charges for FY2006 (shown in the Table below) are based upon the Notice of Assessment received from the state government on June 30, 2005 following enactment of the FY2006 state budget. The projection for FY2007 is in advance of the Governor's FY2007 budget release.

Performance Highlights

General Fund Charges	Expense FY2004	Expense FY2005	Est. Charges FY2006	Est. Charges FY2007
MBTA Assessment	\$336,786	\$326,435	\$316,373	\$323,000
Air Pollution Control	7,538	7,704	7,312	7,500
MAPC	4,148	4,492	4,328	4,500
Special Education	1,219	1,271	0	0
Charter School Tuition	11,670	0	25,802	25,000
Parking Surcharge	9,600	11,200	11,140	10,960
Excise Tax Clears	4,280	3,260	3,280	3,780
TOTAL	\$375,241	\$354,362	\$368,235	\$374,740

Town of Concord, Massachusetts

UNAPPROPRIATED: State & County Assessments

ITEM 101

EXPENDITURE DETAIL

	FY04 Expend.	FY05 Expend.	FY06 Budget	FY07	
				Dept. Request	Town Mgr. Recomm.
State Assessments	361,361	347,327	353,815	360,000	360,000
Parking Surcharge	9,600	11,200	11,140	10,960	10,960
Excise Tax Clears	4,280	3,260	3,280	3,780	3,780
TOTAL	375,241	361,787	368,235	374,740	374,740

FUNDING PLAN

	FY06 Budget \$	% of Budget	FY07 Recomm.\$	% of Budget	% Change
General Fund	353,815	96.1%	360,000	96.2%	1.7%
Parking Meter Fund	11,140	3.0%	10,960	2.9%	-1.6%
Agency Fund	3,280	0.9%	3,780	1.0%	15.2%
TOTAL	368,235	100.0%	374,740	100.0%	1.8%

AUTHORIZED POSITIONS

Code	Position Title	Grade	FY06 Budget		FY07 Recommendation	
			# Positions	\$ Amount	# Positions	\$ Amount
	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 1/2."

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 transfers 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, 2005, as a percentage of that year's Total Levy (an asterisk denotes a revaluation certification year).

<u>Fiscal Year</u>	<u>Tax Levy</u>	<u>Overlay</u>	<u>Original Overlay as % of Levy</u>	<u>Used as of 6/30/05</u>		<u>Balance as of 6/30/05</u>
				<u>Amount</u>	<u>% of Levy</u>	
2001	\$34,906,895	\$370,151	1.1%	\$101,963	0.29%	\$70,407
*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%	\$188,078	0.40%	\$312,129
*2005	\$50,147,585	\$584,657	1.2%	\$316,575	0.63%	\$268,082
Budget						
2006	\$53,273,087	\$481,979	0.9%			
Proposed						
2007	\$57,058,503	\$500,000	0.9%			

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 FY2006, this was voted by Article 14 at the 2005 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.

	<u>Exemptions Granted</u>	<u>Dollar Value</u>	<u>State Share</u>	<u>Local Share</u>
FY 01	148	70,500	23,145	47,355
FY 02	147	91,450	21,995	69,455
FY 03	140	89,442	21,792	67,650
FY 04	136	91,516	24,906	66,610
FY 05	145	95,666	25,470	70,196

Town of Concord, Massachusetts

UNAPPROPRIATED: Overlay	ITEM 102
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EXPENDITURE DETAIL

	<u>FY04 Expend.</u>	<u>FY05 Expend.</u>	<u>FY06 Budget</u>	<u>FY07</u>	
				<u>Dept. Request</u>	<u>Town Mgr. Recomm.</u>
Original Overlay	500,207	584,657	481,979	500,000	500,000
<u>Plus:</u> Amount to Be Raised from Recap	0	0			
<u>Less:</u> Used for Abatements and Exemptions thru 6/30/05	188,078	316,575			
Transferred to (from) other Years	0	0			
Transfer to Unreserved Fund Balance	0	0			
Balance as of June 30, 2004	312,129	268,082	N/A	N/A	N/A

FUNDING PLAN

	<u>FY06 Budget \$</u>	<u>% of Budget</u>	<u>FY07 Recomm.\$</u>	<u>% of Budget</u>	<u>% Change</u>
General Fund	481,979	100.0%	500,000	100.0%	3.7%

AUTHORIZED POSITIONS

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

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 (subject, however, to the levy limit; thus, 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" ("Expend.") represent budget overruns of the prior year added to the budget of the year shown, as authorized by MGL Ch.44, s31D. Thus, the FY2006 "snow and ice deficit" budget covers the deficit incurred during FY2005 (July 1, 2004 - June 30, 2005), which was funded as part of the FY2006 tax levy.

Spending Detail

The snow removal appropriation recommended for FY2007 is \$430,000 (see Item 21, page IV-73). The annual appropriation has generally tracked a **ten-year** average (unadjusted for inflation). Net of federal and state aid emergency aid, average annual expense has been \$452,000, while the five year average has been approximately \$517,000.

The level of FY2006 (current year) expense provided for is \$563,000; \$405,000 in the appropriation and \$158,000 in the deficit provision. This provision, which is the average deficit of the past five years, is part of the FY2007 financial plan. Any actual deficit of FY2006 would need to be raised as part of the FY2007 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 & Fed'l Aid (\$)	Surplus (Deficit) (\$)
	1996	290,000	677,565	113,984	(273,581)
	1997	300,000	355,704	0	(55,704)
	1998	315,000	320,942	0	(5,942)
	1999	315,000	387,641	0	(72,641)
	2000	320,000	311,243	0	8,757
	2001	335,000	615,817	53,708	(227,109)
	2002	335,000	281,900	0	53,100
	2003	360,000	654,568	44,726	(249,842)
	2004	360,000	462,943	77,457	(25,486)
	2005	405,000	822,732	78,795	(338,937)
Current	2006	405,000	NA	NA	NA
Proposed	2007	430,000	NA	NA	NA

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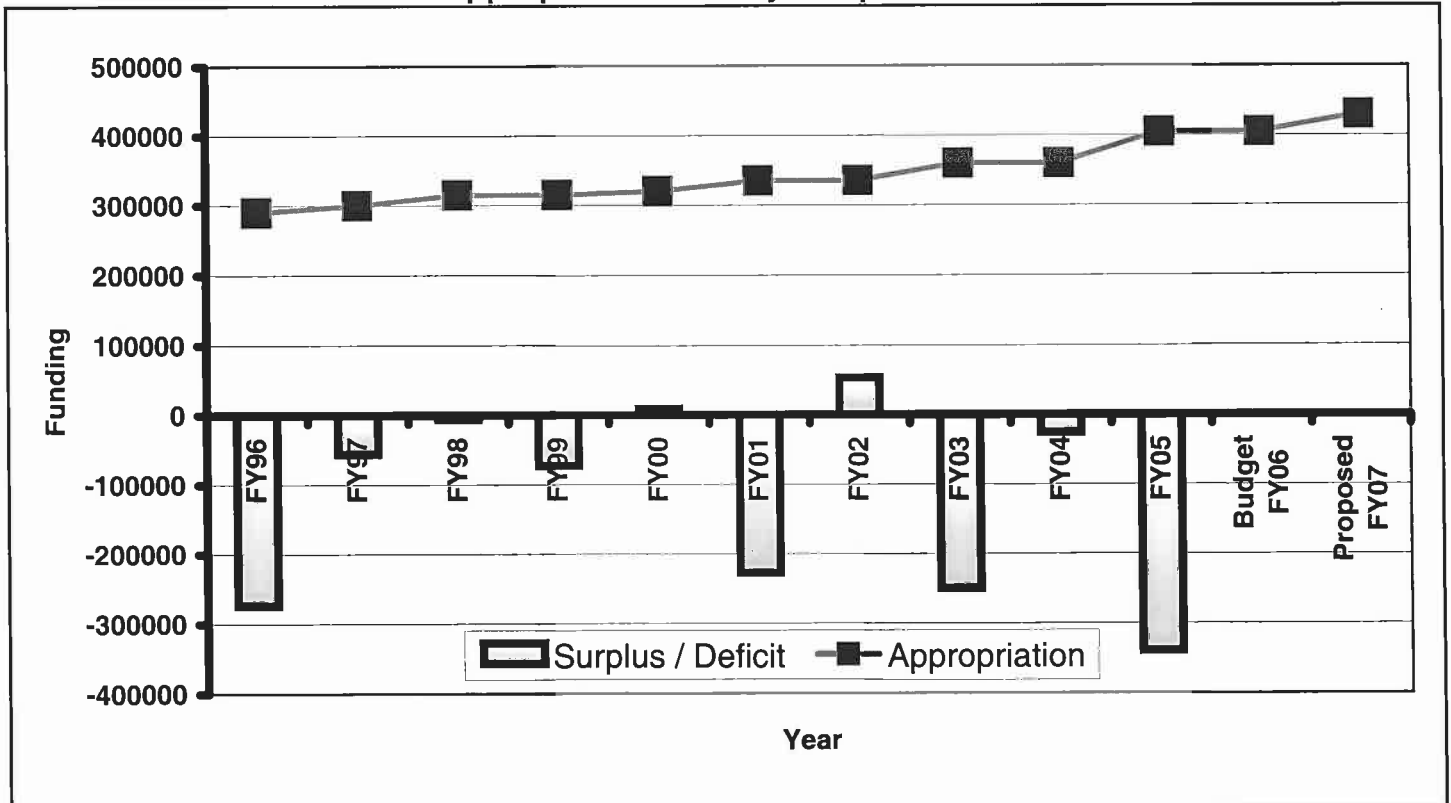
EXPENDITURE DETAIL

	FY04 Expend.	FY05 Expend.	FY06 Expend.	FY07	
				Dept. Request	Town Mgr. Recomm.
Snow and Ice Deficit	249,842	25,486	338,937	158,000	158,000
Overlay Deficit	0	47,708	0	0	0
TOTAL	<u>249,842</u>	<u>73,194</u>	<u>338,937</u>	<u>158,000</u>	<u>158,000</u>

FUNDING PLAN

	FY06 Budget \$	% of Budget	FY07 Recomm.\$	% of Budget	% Change
General Fund	338,937	100.0%	158,000	100.0%	--

Snow Appropriation History: Surplus and Deficit



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