



NON-APPROPRIATED EXPENSES

This category includes mandated assessments and expenditures, which are automatically added to the tax rate without appropriation. Overall, non-appropriated expenses are anticipated to increase \$268,627 (6.9%) for FY2012. The total projected State Assessments for FY2012 is \$2,714,259, an increase of \$49,470 from FY2011. The MBTA accounts for \$2,515,239 of this total. The remaining Non-Appropriated expenses include Cherry Sheet Offsets, Court Judgments and Deficits, and Tax Abatement Overlay. These items total \$1,446,485, which is an increase of \$219,157 from FY2011.

Non-Appropriated Expenses	FY2010 Actual	FY2011 Budget	FY2012 Budget	Budget Change
State Assessments				
MBTA	2,527,845	2,509,188	2,515,239	6,051
RMV Non-Renewal Surcharge	43,800	62,900	52,060	(10,840)
Retired Employees Health Insurance	1,588	-	-	-
Air Pollution Districts	12,586	12,832	13,415	583
Metropolitan Area Planning Council (MAPC)	12,210	12,359	12,695	336
Special Education	1,908	-	-	-
Charter School tuition	40,575	67,510	120,850	53,340
State Assessments Sub-total	2,640,512	2,664,789	2,714,259	49,470
Cherry Sheet Offsets	61,490	58,547	62,085	3,538
Tax Abatement Overlay	1,153,427	670,331	600,000	(70,331)
Court Judgments & Deficits	1,470,773	498,450	784,400	285,950
Total	5,326,202	3,892,117	4,160,744	268,627

**MBTA**

The MBTA is composed of 175 communities: the 14 original member communities of the Metropolitan Transit Authority (MTA), and 161 additional communities, which are receiving direct MBTA service. Chapter 161A of the Acts of 2000 increased the number of communities that constitute the MBTA from 78 to 175. The additional 97 communities have been receiving MBTA service; however, the original authorizing language made no provision for these communities to be assessed. The Authority is required to assess each community's share of the overall Authority's assessments. All communities associated with the Authority must contribute to the MBTA State and Local Assistance Fund an amount not less than \$136,026,868. After FY2006, this amount will be adjusted each July 1 by the rate of inflation, but not more than 102.5% of the previous year's assessment. Each community's MBTA assessment shall equal its weighted share of the total population of the authority. Chapter 161A, Section 9 has determined the weights for each community. The population figures utilized in this calculation should be the most recent from the United States Census Bureau.

As of July 1, 2000, total assessments for the MBTA's net cost of service was frozen at the FY2000 level for the original 78 communities of the authority. Section 288 of Chapter 127 of the Acts of 1999 requires that in FY2002, each community assessed in FY2000 shall have its assessment reduced by one-fifth of the difference between its FY2000 assessment level and the level calculated according to Section 9 of chapter 161A. This resulted in decreases in the assessments for the original MBTA communities from FY2002 through FY2006. The total annual MBTA assessments after FY2006 are adjusted each July 1st by the growth rate of the inflation index over the preceding 12 months. However, said assessments cannot increase by more than 2½ percent of the prior year's actual assessment unless new or expanded service has been documented. In FY2012, Arlington's assessment is anticipated to increase slightly to a total of \$2,515,239.

PARKING FINE REGISTRY SURCHARGE

If after proper notices, a motorist fails to pay a parking fine, motor vehicle excise tax, or a charge for abandonment of a motor vehicle, the Town notifies the Registry of Motor Vehicles (RMV) not to renew the license and registration of that motorist. To cover the RMV's administrative costs of entering the necessary information into its computer system, the RMV assesses the Town a fee of \$20 for each notification it receives. This fee, which comes through as a charge on the Cherry Sheet, is recovered by the Town by adding this amount and other penalties to the original fine amount. The FY2012 surcharge assessment is estimated at \$52,060, a decrease of \$10,840.

HEALTH INSURANCE – RETIREES

General Laws Chapter 32A, Section 10B, requires communities to reimburse the State for the costs of providing a health insurance plan for governmental retirees who were pensioned prior to the implementation of Chapter 32B by their local governmental unit. Chapter 32B enabled municipalities to establish a mechanism for group insurance for retirees. Each participating municipality is assessed for the governmental share of health insurance premiums paid on behalf of its retirees by the State. The State pays 90% of the total premium and the retiree's co-payment is 10% of the total premium. A proportionate share of administrative expenses is also assessed to each municipality. The assessment in FY2010 was only \$1,588. No assessment is projected for FY2012.

AIR POLLUTION CONTROL DISTRICT

General Laws Chapter 11, Section 142B, requires that communities be assessed for a portion of the costs incurred by the State Department of Environmental Protection (DEP) to monitor air pollution levels and enforce air quality standards at industrial, commercial, and institutional facilities. Expenditures made for such purposes are assessed against the metropolitan communities, one-half in proportion to the EQV's and one-half by the population of each community. Costs for FY2012 are estimated at \$13,415, an increase of \$583.

(Continued on page 3)



METROPOLITAN AREA PLANNING COUNCIL

The basic purpose of the Council is to coordinate and assist communities in their planning efforts, particularly for those activities or projects that may have a regional impact. The per capita assessment for FY2012 is estimated at \$12,695, an increase of \$336 over FY2011.

SPECIAL EDUCATION

This assessment is a reimbursement to the State for providing special needs education to children enrolled in State hospital schools. The cost that each municipality is charged is the average per pupil cost of education within the school district, multiplied by the Full Time Equivalent of resident pupils served by the State. FY2011 charges are for pupils served in the 2009- 2010 school year. The Department of Education determines a per-pupil cost for each school system based on enrollments and costs in the prior school year. In FY2010 the State assessed a cost of \$1,908. The State is projecting no assessment for FY2012.

CHARTER SCHOOL TUITION

The purpose of this program is to assess the sending municipality or regional school district for pupils attending charter schools. Charter school tuition charges are assessed against the sending district and paid to the charter school district. Charter Schools receive per-pupil payments from sending districts equal to the average cost per student in that district, plus a capital funding share equal to the state average of what districts pay per pupil in principal and interest for land and buildings. Cherry Sheet assessments for the upcoming fiscal year are based on pre-enrollment data from October of the current fiscal year. Final assessments are based upon March 15 figures. The tuition assessment for FY2012 is estimated on the preliminary Cherry Sheet at \$120,850 an increase of \$53,340 over FY2010.

CHERRY SHEET OFFSETS

Included in the estimated amount of aid to be received from the state are grant funds for the Schools and Libraries. These funds are reserved for direct expenditure by the departments and cannot be counted as general available revenues. Consequently, as part of the tax rate preparation process, whatever amount is included within the State aid estimate is also included in the non-appropriated expenses section as offsetting debits.

The Town receives two such grants annually – one for school lunch, and one for public libraries.

The school lunch grant is actually a partial reimbursement for operating a school lunch program. This is expected to be funded at \$19,545.

The library grant actually includes three grant programs more fully described in the revenue section of this budget under Cherry Sheet Offsets. It is projected to increase slightly to a total of \$42,540.

(Continued on page 4)



TAX ABATEMENT OVERLAY

State law requires that the Assessors put aside funds from each tax levy in a reserve that is called an Overlay. This account is established in anticipation that a certain percentage of the tax levy may end up being abated. Individual tax abatements are paid out of this fund. The final amount of the overlay account is determined by the Assessors and added to the tax rate without appropriation, and is usually set at anywhere from 1% to 2.5% of the tax levy. In revaluation years, which occur every three years, the overlay account is usually set at a higher amount in anticipation of an increased number of abatements. In other years, the overlay is set closer to \$600,000. For FY2012, the overlay is set at \$600,000. Any surplus left in an overlay account is appropriated by Town Meeting in much the same manner as free cash. Below is a chart showing the disposition of Overlay funds for the last three years, showing a total remaining balance of approximately \$320,000. Prior to FY2008, the reserve balance from all prior fiscal years is \$122,439. Adding all these balances amounts to just over \$442,000. From these reserve balances, \$200,000 is proposed to be declared surplus and be used in FY2012.

	Tax Abatement Overlay Funds		
	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>
Overlay Amount	\$651,772	\$566,909	\$1,153,427
Abatements & Exemptions To-Date	(\$500,217)	(\$502,715)	(\$483,555)
Declared Surplus To General Fund	<u>(\$65,401)</u>	<u>\$0</u>	<u>(\$500,000)</u>
Available Balance	\$86,154	\$64,194	\$169,872

COURT JUDGMENTS, DEFICITS, AND OTHER

State law provides that if the Town receives a court judgment requiring the payment of funds, the Treasurer, with the Director of Account's approval, may pay the award from the treasury without appropriation. The amount must then be added to the tax rate for the following year unless a subsequent appropriation is made to cover the deficit prior to setting the next year's tax rate.

From time to time, there are other non-appropriated expenses which have to be added to the tax rate. Any deficits in revenue, overlay, pensions, or debt and interest accounts, along with tax title amounts, and snow and ice budgets, must be added to the following year's tax rate.

In FY2011, the total of these items was \$498,450. For FY2012, an allowance of \$784,400 has been made for any such judgments or deficits, in anticipation of a larger snow and ice budget deficit from FY2011.