



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 decrease \$474,792 (9.31%) for FY2018. The total projected State Assessments for FY2018 are \$3,187,048, an increase of \$23,602 from FY2017. The MBTA accounts for \$2,890,723 of this total and is increasing 1%. The remaining Non-Appropriated expenses include Cherry Sheet Offsets, Court Judgments and Deficits, and Tax Abatement Overlay. These items total \$1,732,736 which is a decrease of \$508,061 from FY2017.

Non-Appropriated Expenses	FY2016 Actual	FY2017 Budget (Recap)	FY2018 Budget	Budget Change
State Assessments				
MBTA	2,829,341	2,857,454	2,890,723	33,269
RMV Non-Renewal Surcharge	50,040	50,040	39,520	(10,520)
Air Pollution Districts	15,660	16,051	16,571	520
Metropolitan Area Planning Council (MAPC)	21,787	22,328	22,842	514
Special Education Charge	27,050	28,132	12,140	(15,992)
Charter School tuition	130,500	176,041	190,534	14,493
School Choice	14,806	13,400	14,718	1,318
State Assessments Sub-total	3,089,184	3,163,446	3,187,048	23,602
Cherry Sheet Offsets	73,716	54,397	58,073	3,676
Tax Abatement Overlay	1,534,082	1,202,533	600,000	(602,533)
Court Judgments & Deficits	1,182,750	677,875	778,338	100,463
Total	2,790,548	5,098,251	4,623,459	(474,792)

**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 was 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. Assessments are also weighted by the level of service within each community.

For FY2018, the Town's assessment will increase \$33,269 or 1.16%. This is consistent with the increase in FY2017.

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 FY2018 surcharge assessment is estimated to decrease to by \$10,520 to \$39,520.

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 FY2017 are estimated at \$16,571, an increase of \$520.

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 FY2018 is estimated at \$22,842, an increase of \$514 from FY2017.

**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 FY2018 is estimated on the preliminary Cherry Sheet at \$190,534 an increase of \$14,493 from FY2017.

SCHOOL CHOICE SENDING TUITION

This is an assessment to the Town of Arlington for pupils attending another school district under school choice. School choice tuition charges are assessed against a sending district and paid to a receiving school district. Per pupil tuition rates are based on the receiving district's per pupil costs for the prior fiscal year. Costs are based on instruction, pupil services, administration, maintenance, and fixed charges. A student's tuition equals 75 percent of the per pupil cost, up to a limit of \$5,000, so effectively Arlington is charged \$5,000 per student, except for students with an individualized education plan, in which case a special education increment augments that tuition.

CHERRY SHEET OFFSETS

Included in the estimated amount of aid to be received from the state are grant funds for the Town's Public Libraries. These funds are reserved for direct expenditure by the Library 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. Through FY2015, the Town included school lunch assistance in this category. In preparation of FY2016, the State has removed this grant from the cherry sheet for accounting purposes.

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 \$58,073.



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. FY2016 was a revaluation year. In FY2017 the overlay was set at \$600,000 and in FY18 it will be 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 \$1,217,427. From these reserve balances, \$500,000 is proposed to be declared surplus and be used in FY2018; \$200,000 as part of the usual amount declared surplus by the Assessors and an additional \$300,000 the Assessors have asked to be appropriated to cover upcoming revaluation costs.

Tax Abatement Overlay Funds

	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>
Overlay Amount	\$1,019,663	\$1,534,082	\$1,746,721
Abatements & Exemptions To-Date	(\$338,474))	\$343,828	\$329,294
Declared Surplus To General Fund	<u>(\$200,000)</u>	<u>(\$225,000)</u>	<u>\$200,000</u>
Available Balance	\$481,189	\$965,254	\$1,217,427

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 addition, as a result of a special act of the legislature, any tax revenue from the Symmes project is debited here as a reserve to pay down the debt for the Symmes project. Once the debt is paid off in FY2022, the taxes associated with the project will go into the general fund, like all other property taxes. In FY2016, the total of these items was \$677,875. For FY2017, an allowance of \$778,338 has been made for any such judgments, snow deficits, or Symmes taxes.