

**TOWN OF BROOKLINE
FY2014 PROGRAM BUDGET**

NON-APPROPRIATED EXPENSES

This category consists of mandated expenditures and assessments that are automatically added to the tax rate without appropriation. Overall, Non-Appropriated expenses are expected to total \$8,058,759, an increase of \$122,000 (1.5%) for FY14. The total projected State and County Assessments of \$6,222,733, an increase of \$134,914 (2.2%), includes \$5,019,840 for the MBTA and \$766,133 for Norfolk County. The remaining Non-Appropriated expenses include Education Offsets, Tax Titles/ Court Judgments/ Deficits, and the Tax Levy Overlay. Those items decrease \$256,914 (12.3%).

CLASS OF EXPENDITURE	ACTUAL FY2012	BUDGET FY2013	REQUEST FY2014	FY14 vs FY13	
				\$ CHANGE	% CHANGE
<u>State and County Assessments</u>					
County	698,333	715,791	766,133	50,342	7.0%
Retired Employee Health Insurance	1,855	0	0	0	-
Air Pollution District	23,793	24,993	26,690	1,697	6.8%
Metropolitan Area Planning Council (MAPC)	17,164	18,502	18,965	463	2.5%
Special Education	54,728	55,275	66,535	11,260	20.4%
School Choice Sending Tuition	5,000	5,000	10,000	5,000	100.0%
Charter School Assessment	56,101	39,669	66,750	27,081	68.3%
Registry Parking Surcharges	262,660	262,660	247,820	(14,840)	-5.6%
MBTA	4,534,376	4,965,929	5,019,840	53,911	1.1%
SUB-TOTAL - STATE AND COUNTY ASSESSMENTS	5,654,010	6,087,819	6,222,733	134,914	2.2%
<u>Misc. Non-Appropriated Expenses</u>					
Education Offsets	106,839	109,160	111,026	1,866	1.7%
School Lunch	26,417	27,780	28,666	886	3.2%
Libraries	80,422	81,380	82,360	980	1.2%
Tax Levy Overlay	1,910,493	1,958,780	1,700,000	(258,780)	-13.2%
Tax Titles/ Court Judgments/ Deficits	7,374	25,000	25,000	0	0.0%
SUB-TOTAL - MISC. NON-APPROPRIATED	2,024,706	2,092,940	1,836,026	(256,914)	-12.3%
TOTAL NON-APPROPRIATED	7,678,716	8,180,759	8,058,759	(122,000)	-1.5%

COUNTY TAX

General Laws Chapter 35, Section 31, provides that the cost of county government shall be apportioned among the cities and towns within each County according to the equalized valuation (EQV) of each city and town in relation to the total EQV of all cities and towns in the County. EQV's are updated by the State every two years and were updated by the State in CY2012. Under the present EQV's, Brookline pays more than 13% of the Norfolk County assessment. While the overall county assessment is limited to a 2 ½% increase under Proposition 2 ½, individual communities' assessments are not. The Town's FY14 assessment will increase \$50,342 (7%) to a total of \$766,133.

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, as well as full payment for catastrophic illness coverage. A proportionate share of administrative expenses is also assessed to each municipality. Costs for FY14 will remain \$0.

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 FY14 will increase \$1,697 (6.8%) to \$26,690.

METROPOLITAN AREA PLANNING COUNCIL (MAPC)

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 total assessment is apportioned among communities based on the community's share of the total district population. The assessment will increase \$463 (2.5%) for FY14, resulting in a projected cost of \$18,965

SPECIAL EDUCATION

This assessment is to partially reimburse 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. Current year charges are for pupils served in the prior school year. The FY14 assessment will increase \$11,260 (20.4%), resulting in a cost of \$66,535.

SCHOOL CHOICE SENDING TUITION

General Laws Chapter 71, Section 12B mandates that the State assess a municipality or regional school district for pupils attending another school district under School Choice. School Choice tuition charges are assessed against the sending district and paid to the receiving school district. Cherry Sheet estimates are based on the prior year's final tuition rates and enrollment figures. The tuition charge is based on the number of Full Time Equivalent students multiplied by the per pupil tuition rate. 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% of the per pupil cost, up to a limit of \$5,000. For a student with an individualized education plan, a special education increment augments that tuition. The amount of the increment is determined by applying annual cost rates to the specific services cited in a pupil's individual education plan. Based on the Preliminary Cherry Sheets, a \$10,000 assessment is expected for FY14, an increase of \$5,000 (100%).

CHARTER SCHOOL ASSESSMENT

General Laws Chapter 71, Section 89, Sub-section (nn) mandates that the State assess a municipality or regional school district for the costs associated with pupils attending a Charter School district. Municipalities and school districts are reimbursed for this assessment based on the following schedule: in year one, an amount equal to 100% of the assessment; in year two, an amount equal to 60% of the assessment; in year three, an amount equal to 40% of the assessment; after year three, no reimbursement. The reimbursement of the assessment, which appears as revenue under State Aid, is, of course, subject to appropriation. If the account is not fully-funded, then the reimbursement is pro-rated. The FY14 assessment will increase \$27,081 (68.3%) to \$66,750.

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) to not 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 FY14 surcharge assessment will decrease \$14,840 (5.6%) to \$247,820.

MBTA

The MBTA provides rapid transit and other mass transit services to 175 cities and towns including Brookline. Prior to the 1999 enactment of the reform package that overhauled the budgeting and assessment procedures for the MBTA (commonly referred to as "forward-funding"), only 78 communities were assessed, totaling \$145 million and increasing 2 1/2 % annually. Now 175 communities are assessed and total assessments declined over a six-year period, ending in FY06, when it reached \$127.5 million. With the total assessment being spread over a larger number of communities, the assessment for the original 78 communities was lowered over the six-year period. This is governed by General Laws, Chapter 161A. Beginning in FY07, total assessments could not increase by more than 2 1/2% annually.

MBTA (con't.)

Each community's MBTA assessment equals 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 are the most recent from the United States Census Bureau. The FY14 total assessment for all communities is estimated at \$157.1 million, with the Town's assessment at \$5.02 million, an increase \$53,911 (1.1%).

EDUCATION 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 expense section as an off-setting debit. The two components of Education Offsets are School Lunch (\$28,666) and Libraries (\$82,360). In total, they increase by \$1,866 (1.7%). A more detailed explanation of these items can be found in the financing section (Section III) under State Aid.

TAX LEVY OVERLAY

General Laws Chapter 59, Section 25 requires that the Board of 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 or exempted. Individual tax abatements are paid out of this fund, as are exemptions for certain elderly, veterans, surviving spouses, and blind persons. The final amount of the overlay account is determined by the Assessors and added to the tax rate without appropriation. The proposed overlay for FY14 is \$1.7 million, or approximately 1% of the total property tax levy, a decrease of \$258,780 (13.2%).

TAX TITLES, COURT JUDGMENTS, AND DEFICITS

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 that have to be added to the tax rate. Any deficits in revenue, overlay, pensions, or debt and interest accounts, along with tax title amounts, must be added to the following year's tax rate. Expenses for FY14 are level-funded at \$25,000.