

**TOWN OF BROOKLINE
FY2007 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 \$7,727,481, a decrease of \$311,987 (3.9%) for FY07. The total projected State and County Assessments of \$5,221,479, a decrease of \$22,260 (0.4%), includes \$4,359,334 for the MBTA and \$586,509 for Norfolk County. The remaining Non-Appropriated expenses include Education Offsets, Tax Titles/ Court Judgments/ Deficits, and the Tax Levy Overlay.

CLASS OF EXPENDITURE	ACTUAL FY2005	BUDGET FY2006	REQUEST FY2007	BUDGET INCREASE
State and County Assessments				
County	547,767	572,204	586,509	14,305
Health Insurance	10,458	0	0	0
Air Pollution District	20,085	20,794	21,273	479
MAPC	15,046	15,428	15,790	362
Special Education	16,743	42,843	45,853	3,010
School Choice Assessment	4,738	4,738	0	(4,738)
Charter School Sending Tuition	0	63,065	0	(63,065)
Registry Parking Surcharges	290,740	290,740	192,720	(98,020)
MBTA	4,447,407	4,233,927	4,359,334	125,407
SUB-TOTAL - STATE AND COUNTY ASSESSMENTS	5,352,984	5,243,739	5,221,479	(22,260)
Education Offsets	1,157,237	1,280,287	1,281,002	715
Racial Equality	1,056,407	1,164,886	1,164,886	0
School Lunch	17,721	21,742	19,993	(1,749)
Libraries	83,109	93,659	96,123	2,464
Tax Levy Overlay	1,800,995	1,490,442	1,200,000	(290,442)
Tax Titles/ Court Judgments/ Deficits	0	25,000	25,000	0
SUB-TOTAL - MISC. NON-APPROPRIATED	2,958,232	2,795,729	2,506,002	(289,727)
TOTAL NON-APPROPRIATED	8,311,216	8,039,468	7,727,481	(311,987)

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 CY2005. Under the present EQV's, Brookline pays more than 12% of the Norfolk County assessment. While the overall county assessment is limited to a 2 1/2% increase under Proposition 2 1/2, individual communities' assessments are not. The Town's FY07 assessment will increase \$14,305 (2.5%) to a total of \$586,509.

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 FY07 are estimated at \$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 FY07 are estimated at \$21,273, an increase of \$479 (2.3%).

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 total assessment is apportioned among communities based on the community's share of the total district population. The current year assessments use the 7/1/04 US Census Estimates. The assessment is expected to increase \$362 (2.3%) for FY07, resulting in a projected cost of \$15,790.

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 FY06 assessment was \$42,843 and, based on the Preliminary Cheery Sheets, is expected to increase \$3,010 (7%) for FY07, resulting in a projected cost of \$45,853.

SCHOOL CHOICE ASSESSMENT

The School Choice program allows parents to send their children to schools in communities other than the city or town in which they reside. Tuition is paid by the sending district to the receiving district. The State assesses a municipality or regional school district that sends pupils to another school district under School Choice. The current assessment is \$4,738 and, based on the Preliminary Cheery Sheets, is expected to be eliminated for Brookline in FY07.

CHARTER SCHOOL SENDING TUITION

General Laws Chapter 71, Section 89 (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 current assessment is \$63,065 and, based on the Preliminary Cheery Sheets, is expected to be eliminated for Brookline in FY07. (The FY06 assessment will not be charged to the Town, as no students ended up attending the charter school in Marlboro. Similarly, no revenue will be received in FY06.)

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 FY07 surcharge assessment is estimated at \$192,720, a decrease of \$98,020 (33.7%).

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 decline over a six-year period, ending in FY06, until it reaches \$127.5 million. With the total assessment being spread over a larger number of communities, the assessment for the original 78 communities will be lowered over the six-year period. This is governed by General Laws, Chapter 161A. Beginning in FY07, total assessments cannot increase by more than 2 1/2% annually.

For purposes of determining each community's assessment, the expenses are broken down into two categories: local and express service. Express service, which basically involves rapid transit service, is assessed 75% by the commuter count (the number of people who live in the town but work elsewhere), and 25% by the number of people boarding in the community. The boarding count is taken for a one-week period each Spring. The local service is assessed 50% by population and 50% by the total deficit divided by the route miles in a community.

The MBTA is required by law to notify the State Treasurer of the amount of the Net Assessable Cost of Service to be assessed to the municipalities within the district. The Statement of Facts is the official document for assessment purposes and is formally approved and certified by the MBTA Board of Directors. The FY06 total assessment for all communities was \$136 million, with the Town's assessment at \$4,233,927. The assessment is expected to increase 3% in FY07 to \$4,359,334, an increase of \$125,407.

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 largest piece of these Offsets is for the METCO program, which comprises \$1.16 million of the total. Chapter 76, Section 12A, provides financial assistance to communities that educate children who reside in other towns where racial imbalance exists. Each school system must submit a plan to the Board of Education that shall include an estimate of the costs associated with its implementation. If the plan is approved by the Board of Education, it enters into an agreement for reimbursement with the school system. The METCO Offset is estimated to be level-funded at \$1.16 million. The other two components of Education Offsets are School Lunch (\$19,993) and Libraries (\$96,123), a decrease of \$1,749 (8%) and an increase of \$2,464 (2.6%), respectively. A more detailed explanation of these items can be found in the financing section (Section III) under State Aid. Total Offsets are projected to increase \$715 (0.1%) in FY07 to \$1.28 million.

TAX LEVY OVERLAY

General Laws Chapter 59, Section 25 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. The proposed overlay for FY07 is \$1.2 million, or approximately 1% of the total property tax levy, a reduction of \$290,442 (19.5%).

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 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, must be added to the following year's tax rate. Expenses for FY07 are projected to level-funded at \$25,000.