

UNAPPROPRIATED

Section III

Budget Detail – Unappropriated

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Mission Statement:

This account funds certain charges that are levied on the Town by state law, which are not subject to Town Meeting appropriation. The primary item (constituting 86.9% of the General Fund assessment in FY19) is the Town's share of MBTA operating support.

Budget Highlights:

- The FY20 Town fiscal plan allows for State Assessments to increase to \$554,481.
- The Governor's Proposal in the FY20 Cherry Sheet recommends that State Assessments to be 537,472. Before the State Assessment amount is finalized, it requires the review and approval of the Massachusetts State Legislature and then the signature of the Governor.

Expenditure Summary

| | FY17 Actual | FY18 Actual | FY19 Budgeted | FY20 Proposed |
|---------------------------|-------------------|-------------------|-------------------|-------------------|
| General Fund | \$ 495,310 | \$ 486,446 | \$ 502,439 | \$ 537,472 |
| Other Funds | \$ - | \$ 42,556 | \$ - | \$ 17,009 |
| Total Expenditures | \$ 495,310 | \$ 529,002 | \$ 502,439 | \$ 554,481 |

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, which is \$436,996 for FY19 and is estimated at 449,158 for FY20. While existing state law stipulates that assessments on cities and towns in the aggregate cannot rise more than 2 ½% 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 forecasted charges to an individual municipality are not precisely predictable. Further, the state legislature has acted on occasion to exceed this overall 2 ½% 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 was enlarged beyond the prior 78 cities and towns previously comprising the assessment area. The assessment paid in FY01 was \$364,828. It declined to \$316,373 in FY06, but has since increased at an average annual rate of 2 ½%. The MBTA assessment for FY20 is budgeted to increase by 2.7%.

Detail – State Assessments

| | FY16 Actual | FY17 Actual | FY18 Actual | FY19 Budget | FY20 Est. * |
|--------------------------------|------------------|------------------|------------------|------------------|----------------|
| MBTA Assessment | \$412,978 | \$417,083 | \$422,609 | \$436,996 | \$449,158 |
| Air Pollution Control District | 9,124 | 9,353 | 9,557 | 9,830 | 9,632 |
| Metro Area Planning Council | 9,023 | 9,249 | 9,482 | 10,331 | 10,058 |
| RMV Non-Renewal Surcharge | 17,100 | 17,100 | 12,300 | 12,300 | 12,300 |
| Charter School Assessment | 45,906 | 15,725 | 19,711 | 18,400 | 39,180 |
| School Choice Assessment | 20812 | 26,800 | 13,400 | 19,056 | 17,144 |
| Total | \$514,943 | \$495,310 | \$486,446 | \$502,574 | 537,472 |

* Estimated from FY20 Cherry Sheet (Governor's FY20 Proposal)

UNAPPROPRIATED: State & County Assessments

Item 101

| Expenditure Detail | | | | | |
|---------------------------|-----------------------|-------------|---------------|--------------------|-------------------------|
| | Previous Fiscal Years | | | FY20 Proposed | |
| | FY17 Actual | FY18 Actual | FY19 Budgeted | Department Request | Town Manager's Proposed |
| State Assessments | \$ 495,310 | \$ 486,446 | \$ 502,439 | \$ 537,472 | \$ 537,472 |
| Other Assessments | - | 42,556 | - | 17,009 | 17,009 |
| Totals | \$ 495,310 | \$ 529,002 | \$ 502,439 | \$ 554,481 | \$ 554,481 |

| Funding Plan | | | | | |
|---------------------|---------------|-------------|---------------|-------------|---------------------|
| | FY19 Budgeted | % of Budget | FY20 Proposed | % of Budget | % Change in Dollars |
| General Fund | \$ 502,439 | 100.00% | \$ 554,481 | 100.00% | 10.36% |
| Totals | \$ 502,439 | 100.00% | \$ 554,481 | 100.00% | 10.36% |

Mission Statement:

This account covers the costs of property tax abatements, exemptions, abatements granted by the local Board of Assessors, and appeals made to the State Appellate Tax Board or the courts.

Budget Highlights:

- About \$125,000 of the Overlay account covers the expected cost of property tax exemptions granted to eligible taxpayers by state law.

Expenditure Summary

| | FY17 Actual | FY18 Actual | FY19 Budgeted | FY20 Proposed |
|------------------|-------------|-------------|---------------|---------------|
| Original Overlay | \$ 552,900 | \$ 565,018 | \$ 527,016 | \$ 500,000 |

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 ½."

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 transfer 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 ½."

| Fiscal Year | Original Tax Levy | Overlay | Overlay as % of Levy | Used as of 6/30/18 | | Balance as of 6/30/18 |
|---------------|-------------------|---------|----------------------|--------------------|-----------|-----------------------|
| | | | | \$ | % of Levy | |
| FY06 | 53,273,087 | 481,979 | 0.90% | 384,565 | 0.72% | 97,414 |
| FY07 | 56,065,720 | 453,991 | 0.81% | 235,668 | 0.42% | 218,323 |
| FY08 | 58,946,964 | 588,461 | 1.00% | 353,342 | 0.60% | 235,119 |
| FY09 | 62,648,641 | 523,555 | 0.84% | 298,521 | 0.48% | 225,034 |
| FY10 | 65,797,569 | 506,857 | 0.77% | 511,071 | 0.78% | (4,214) |
| FY11 | 66,545,397 | 545,082 | 0.82% | 408,690 | 0.61% | 136,392 |
| FY12 | 69,122,997 | 500,183 | 0.72% | 304,279 | 0.44% | 195,904 |
| FY13 | 71,123,429 | 538,810 | 0.76% | 206,724 | 0.29% | 332,086 |
| FY14 | 74,135,633 | 539,880 | 0.73% | 135,198 | 0.18% | 404,682 |
| FY15 | 77,341,746 | 555,513 | 0.72% | 128,398 | 0.17% | 427,115 |
| FY16 | 81,319,099 | 543,663 | 0.67% | 156,682 | 0.19% | 386,981 |
| FY17 | 84,050,189 | 552,900 | 0.66% | 161,249 | 0.19% | 391,651 |
| FY18 | 87,807,058 | 565,018 | 0.64% | 123,895 | 0.14% | 441,123 |
| FY19 Budgeted | 91,291,586 | 527,016 | 0.58% | | | |
| FY20 Forecast | 95,782,135 | 500,000 | 0.52% | | | |

UNAPPROPRIATED: Overlay

Item 102

| Expenditure Detail | | | | | |
|--|-----------------------|-------------------|---------------|--------------------|-------------------------|
| | Previous Fiscal Years | | | FY20 Proposed | |
| | FY17 Actual | FY18 Actual | FY19 Budgeted | Department Request | Town Manager's Proposed |
| Original Overlay | \$ 552,900 | \$ 565,018 | \$ 527,016 | \$ 500,000 | \$ 500,000 |
| Plus: Amount to be raised from recap | - | - | - | - | - |
| Less: Used for abatements and exemptions thru 6/30/18. | (161,249) | (123,895) | - | - | - |
| Transferred to (from) other years | - | - | - | - | - |
| Transferred to unreserved fund balance | - | - | - | - | - |
| Balance | <u>\$ 391,651</u> | <u>\$ 441,123</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |

| Funding Plan | | | | | |
|--------------|-------------------|-------------|-------------------|-------------|---------------------|
| | FY19 Budgeted | % of Budget | FY20 Proposed | % of Budget | % Change in Dollars |
| General Fund | \$ 527,016 | 100.00% | \$ 500,000 | 100.00% | -5.13% |
| Totals | <u>\$ 527,016</u> | 100.00% | <u>\$ 500,000</u> | 100.00% | -5.13% |

Account Summary:

This account helps the Town address snow removal expense that can vary substantially from year to year. State law permits the appropriation for snow and ice removal to be overspent. The budget plan each year makes allowance for this possibility. This account also handles Overlay Account deficits, covering property tax abatements and exemptions.

Budget Highlights:

- The average annual expenditures for FY09-FY18 is \$690,063.
- The budget objective is to appropriate at or close to the 10-year average (see Account Item 18 Snow & Ice Removal). The FY20 proposed budget is \$65,063 short of this objective.
- Variance from the average annual cost is significant; the average deviation for the past ten years is \$213,886.
- When deficits occurred, the average annual snow account deficit for the past 5 years is \$232,495.

Expenditure Summary - Snow Account Deficit

| | FY17 Actual | FY18 Actual | FY19 Budgeted | FY20 Proposed |
|--------------|-------------|--------------|---------------|---------------|
| General Fund | \$ - | \$ (178,656) | \$ - | \$ (230,000) |

Description:

Snow removal expense is unpredictable from year to year and is subject to wide variations. The budget strategy is to recognize long-term trends without assuming a "worst-case" situation. As long as the amount originally appropriated is at least equal to the prior year's original appropriation, the state law permits deficit spending for this purpose. The amount of any deficit is then added to the following year's levy. However, this is subject to the levy limit, so budget changes could be required if the size of the snow removal deficit is greater than the budget plan allowance. 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 above as an "expenditure" represent budget overruns of the prior year added to the budget plan of the year shown, as authorized by MGL Ch.44, s31D. For example, the FY18 snow and ice deficit budget covers the deficit that may be incurred during FY18 (July 1, 2017 - June 30, 2018) which would have to be funded as part of the FY19 tax levy. This is only an estimate at this stage of the FY19 Budget process.

| Surplus (Deficit) History | | Snow Appropriation | Snow Expenditure | Xfers from other Appropriated Accts. | State and Federal Aid | Net Expenditure | Surplus (Deficit) |
|---------------------------|-------|--------------------|------------------|--------------------------------------|-----------------------|-----------------|-------------------|
| | FY06 | 405,000 | 516,857 | | | 516,857 | (111,857) |
| | FY07 | 430,000 | 401,226 | | | 401,226 | 28,774 |
| | FY08 | 444,750 | 803,665 | | | 803,665 | (358,915) |
| | FY09* | 500,255 | 739,985 | | | 739,985 | (239,730) |
| | FY10 | 455,000 | 554,198 | | | 554,198 | (99,198) |
| | FY11 | 495,000 | 722,017 | | 69,179 | 652,838 | (157,838) |
| | FY12 | 513,000 | 291,685 | | | 291,685 | 221,315 |
| | FY13 | 525,000 | 626,951 | | | 626,951 | (101,951) |
| | FY14 | 540,000 | 825,362 | | | 825,362 | (285,362) |
| | FY15 | 555,000 | 965,611 | | 99,839 | 865,772 | (310,772) |
| | FY16 | 570,000 | 468,988 | | | 468,988 | 101,012 |
| | FY17 | 597,500 | 776,065 | | | 776,065 | (178,565) |
| | FY18 | 610,000 | 1,098,696 | 488,696 | | 610,000 | - |
| Budgeted | FY19 | 610,001 | - | | | - | 610,001 |
| Proposed | FY20 | 625,000 | - | | | - | 625,000 |

*FY09 includes \$48,255 transfer from the Reserve Fund.

UNAPPROPRIATED: Snow and Ice Deficit/Other Deficits

Item 103

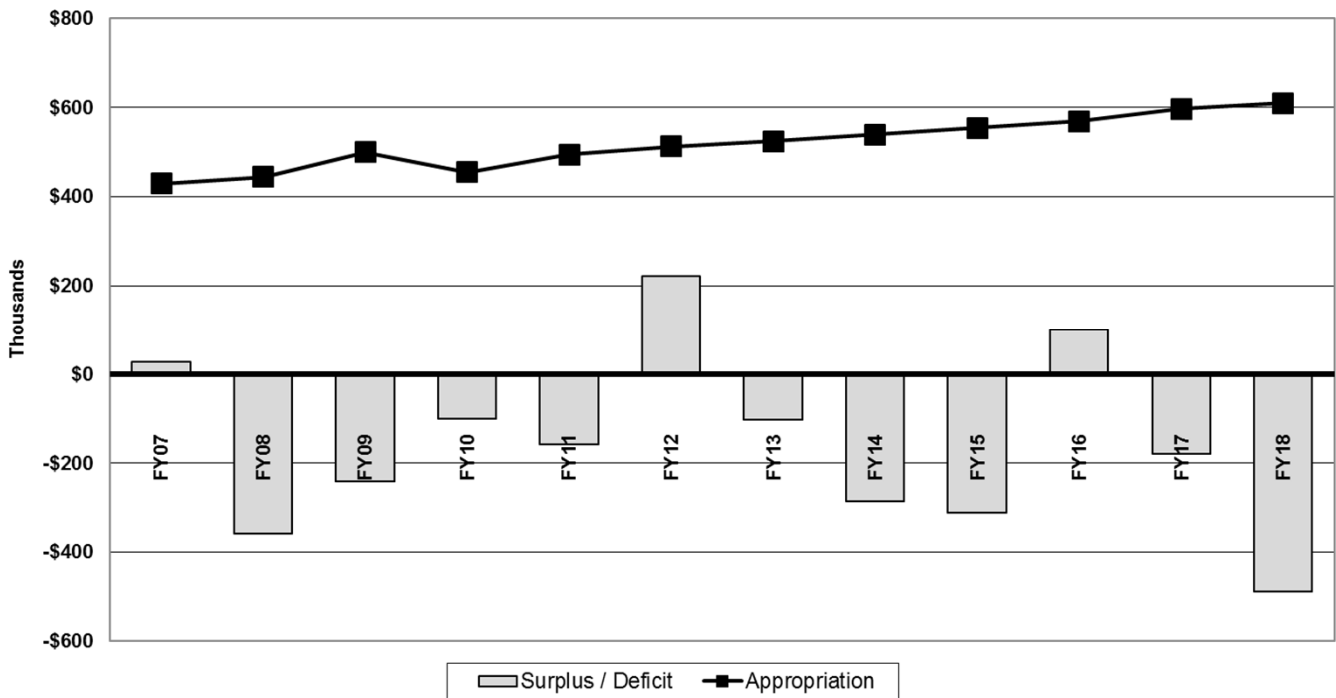
| Expenditure Detail | | | | | |
|--|---------------------------------|---------------------------|---------------------------|----------------------------------|----------------------------|
| | Tax Levy for Prior Year Deficit | | | FY20 Proposed (Deficit for FY19) | |
| | FY17 (Deficit of FY16) | FY18 (Deficit of FY17) | FY19 (Deficit of FY18) | Department Request | Town Manager's Proposed |
| Snow and Ice Deficit of Prior Year (raised in current tax levy) | \$ - | \$ (178,656) | \$ * | \$ (230,000) | \$ (230,000) |
| Totals | \$ - | \$ (178,656) | \$ - | \$ (230,000) | \$ (230,000) |

Note: A negative number represents a surplus or funds not spent for snow and ice removal.

* FY19 (Deficit of FY18) covered by the transfer of \$488,696 from other appropriated accounts.

| Funding Plan | | | | | |
|--------------|---------------|-------------|---------------|-------------|------------------------|
| | FY19 Budgeted | % of Budget | FY20 Proposed | % of Budget | % Change in Dollars |
| General Fund | \$ - | 100.00% | \$ (230,000) | 100.00% | N/A |
| Totals | \$ - | 100.00% | \$ (230,000) | 100.00% | N/A |

Snow and Ice Appropriation and Surplus/Deficit History



Discussion: The above chart demonstrates that while the Town's snow and ice removal appropriation has risen steadily over the past 10 years (see the above line-graph), the actual cost of snow and ice removal is unpredictable (see the above bar graph). During the past 5 years (FY14 to FY18), the actual cost has exceeded the appropriation 4 times for the 5-year average of approximately \$230,000.

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