

**TOWN OF BROOKLINE  
FY2018 FINANCING PLAN**

**REVENUE GROUP: Overall Summary  
SUB-GROUP: Overall Summary**

**OVERALL SUMMARY**

Municipal revenues consist of five primary sources: Property Taxes, State Aid, Local Receipts (excise taxes, fees, fines, etc.), Free Cash, and Enterprise / Revolving Funds. In Brookline, there are four primary funds that support operations: General Fund, Water and Sewer Enterprise Fund, Golf Course Enterprise Fund, and Recreation Revolving Fund. The General Fund is the largest, totaling \$272.5 million, or 90% of total Financial Plan revenues. Total Financial Plan revenue is \$303.76 million, which represents an increase of \$12.2 million, or 4.2%. FY18 General Fund revenues are projected to increase by \$11.8 million (4.5%) from the FY17 budgeted amounts. Operating Revenue, which is basically General Fund revenue less one-time revenues that support the Capital Improvement Program (CIP), increases \$8.8 million, or 3.5%. The below left table summarizes the General Fund changes while the below right table shows the calculation of Operating Revenue.

SOURCE	\$ CHANGE	
	(Millions)	% CHANGE
Property Taxes	\$7.23	3.5%
Capital Project Surplus	\$0.15	-
State Aid	\$0.62	3.1%
Motor Vehicle Excise	\$0.11	2.0%
Local Option Taxes	\$0.17	6.3%
Building Permits	\$0.10	4.2%
“Free Cash”	\$3.04	57.3%
All Others	\$0.40	
<b>TOTAL</b>	<b>\$11.82</b>	<b>4.5%</b>

	FY17	FY18	\$ Change	% Change
Total General Fund Revenue	260,709,753	272,527,996	11,818,243	4.5%
<b>Less:</b>				
SBA Reimbursements	556,757	556,757	0	0.0%
Debt Exclusions	1,048,400	1,020,800	(27,600)	-2.6%
Free Cash	5,311,538	8,354,017	3,042,479	57.3%
Add'l Revenue for CIP	0	147,900	147,900	-
Tax Abatement Reserve Surplus	0	0	0	-
Capital Project Surplus	0	147,900	147,900	-
<b>OPERATING REVENUE</b>	<b>253,793,058</b>	<b>262,448,522</b>	<b>8,655,464</b>	<b>3.4%</b>

It should be noted that the State Aid figures used in this Financial Plan are based on the Governor’s FY2018 budget proposal which was submitted on January 25<sup>th</sup>. For Brookline, the Governor’s proposal results in a total State Aid increase of \$616,462. Since both the House and Senate need to offer their own versions of a FY2018 State budget, it is likely that final State Aid figures will be different by the time a final FY2018 State budget is approved.

A detailed description and analysis of the FY2018 revenue items and related changes are found within the pages that follow.

REVENUE SOURCE	FY2015	FY2016	FY2017	FY2017	FY2018	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Property Taxes *	182,239,297	195,049,924	204,064,199	204,064,199	211,298,230	7,234,031	3.5%
Local Receipts	25,847,019	29,377,154	23,836,698	24,334,198	29,556,650	5,719,952	24.0%
State Aid	17,675,450	18,837,306	19,657,251	19,657,251	20,273,713	616,462	3.1%
Free Cash	5,084,152	5,016,501	5,311,538	5,311,538	8,354,017	3,042,479	57.3%
Other Available Funds	9,003,508	6,895,644	7,840,067	7,840,067	3,045,386	(4,794,681)	-61.2%
<b>General Fund Revenues</b>	<b>239,849,426</b>	<b>255,176,529</b>	<b>260,709,753</b>	<b>261,207,253</b>	<b>272,527,996</b>	<b>11,818,243</b>	<b>4.5%</b>
Water/Sewer Enterprise **	24,641,356	25,746,159	26,928,189	26,928,189	27,037,583	109,393	0.4%
Golf Enterprise**	1,135,781	1,098,890	1,340,733	1,340,733	1,467,107	126,374	9.4%
Recreation Revolving Fund **	2,312,626	2,500,158	2,608,741	2,608,741	2,724,756	116,015	4.4%
<b>Total Financial Plan Revenues</b>	<b>267,939,188</b>	<b>284,521,736</b>	<b>291,415,541</b>	<b>292,084,917</b>	<b>303,757,442</b>	<b>12,170,025</b>	<b>4.2%</b>

\* The figures provided for the FY15 and FY16 Property Tax Actuals represent the total levy, not actual collections.

\*\* These figures are net of reimbursements to the General Fund, as those amounts are accounted for in the “Other Available Funds” category.

**TOWN OF BROOKLINE  
FY2018 FINANCING PLAN**

**REVENUE GROUP: Overall Summary  
SUB-GROUP: Overall Summary**

**DETAILED REVENUE SUMMARY**

GENERAL FUND	FY15	FY16	FY17	FY18	FY18 vs FY17	
	ACTUAL	ACTUAL	BUDGET	BUDGET	\$\$	%
<b>Property Taxes *</b>	<b>182,239,297</b>	<b>195,049,924</b>	<b>204,064,199</b>	<b>211,298,230</b>	<b>7,234,031</b>	<b>3.5%</b>
<b>Local Receipts</b>	<b>25,847,019</b>	<b>29,377,154</b>	<b>23,836,698</b>	<b>29,556,650</b>	<b>5,719,952</b>	<b>24.0%</b>
Motor Vehicle Excise (MVE)	6,129,194	6,360,901	5,500,000	5,610,000	110,000	2.0%
Local Option Taxes	2,666,453	2,712,859	2,638,500	2,805,910	167,410	6.3%
Licenses & Permits	1,241,040	1,259,385	1,165,775	1,165,775	0	0.0%
Parking / Court Fines	3,989,818	4,053,279	4,100,000	4,100,000	0	0.0%
General Government	4,572,985	7,857,334	3,932,179	4,001,902	69,723	1.8%
Interest Income	779,436	715,483	727,250	732,875	5,625	0.8%
PILOTs	1,317,054	1,042,912	890,000	916,800	26,800	3.0%
Refuse Fee	2,698,242	2,673,838	2,650,000	2,800,000	150,000	5.7%
Departmental & Other	2,452,797	2,701,163	2,232,994	7,423,388	5,190,394	232.4%
<b>State Aid</b>	<b>17,634,878</b>	<b>18,837,306</b>	<b>19,657,251</b>	<b>20,273,713</b>	<b>616,462</b>	<b>3.1%</b>
General Government Aid	5,750,919	5,961,515	6,215,338	6,437,816	222,478	3.6%
School Aid	11,160,357	12,188,524	12,754,046	13,152,437	398,391	3.1%
School Construction Aid	556,757	556,757	556,757	556,757	0	0.0%
Tax Abatement Aid	40,402	39,059	41,913	39,720	(2,193)	-5.2%
Offset Aid	126,443	91,451	89,197	86,983	(2,214)	-2.5%
<b>Other Available Funds</b>	<b>9,003,508</b>	<b>6,895,644</b>	<b>7,840,067</b>	<b>3,045,386</b>	<b>(4,794,681)</b>	<b>-61.2%</b>
Parking Meter Receipts	4,300,000	4,300,000	5,150,000	0	(5,150,000)	-100.0%
Walnut Hill Cemetery Fund	75,000	75,000	75,000	100,000	25,000	33.3%
State Aid for Libraries	41,555	0	0	0	0	-
Golf Enterprise Fund Reimb.	163,049	177,791	182,098	179,991	(2,107)	-1.2%
Recreation Revolving Fund Reimb.	349,934	354,124	375,900	383,770	7,870	2.1%
Water and Sewer Enterprise Fund Reimb.	1,973,970	1,988,729	2,057,070	2,233,725	176,656	8.6%
Tax Abatement Reserve Surplus	2,100,000	0	0	0	0	-
Capital Project Surplus	0	0	0	147,900	147,900	-
Sale of Town-owned Land	0	0	0	0	0	0.0%
<b>Free Cash</b>	<b>5,084,152</b>	<b>5,016,501</b>	<b>5,311,538</b>	<b>8,354,017</b>	<b>3,042,479</b>	<b>57.3%</b>
Capital Improvements	4,148,339	4,224,403	4,421,493	6,058,567	1,637,074	37.0%
Operating Budget Reserve	530,584	550,050	587,184	615,003	27,819	4.7%
Strategic Reserves / Other Spec Approp's	405,229	242,048	302,861	1,680,447	1,377,586	454.9%
<b>TOTAL GENERAL FUND REVENUE</b>	<b>239,808,854</b>	<b>255,176,529</b>	<b>260,709,753</b>	<b>272,527,996</b>	<b>11,818,243</b>	<b>4.5%</b>
<b>ENTERPRISE FUND / REVOLVING FUND REVENUE</b>						
Water and Sewer Enterprise Fund **	24,641,356	25,746,159	26,928,189	27,037,583	109,393	0.4%
Golf Course Enterprise Fund **	1,135,781	1,098,890	1,340,733	1,467,107	126,374	9.4%
Recreation Revolving Fund **	2,312,626	2,500,158	2,608,741	2,724,756	116,015	4.4%
<b>TOTAL ENTERPRISE / REVOLVING FUND REVENUE</b>	<b>28,089,763</b>	<b>29,345,207</b>	<b>30,877,664</b>	<b>31,229,446</b>	<b>351,782</b>	<b>1.1%</b>
<b>TOTAL REVENUES</b>	<b>267,898,616</b>	<b>284,521,736</b>	<b>291,587,417</b>	<b>303,757,442</b>	<b>12,170,025</b>	<b>4.2%</b>

\* The figures provided for the FY14 and FY15 Property Tax Actuals represent the total levy, not actual collections.

\*\* These figures are net of Reimbursements to the General Fund, as those amounts are accounted for in the "Other Available Funds" category.

**TOWN OF BROOKLINE  
FY2018 FINANCING PLAN**

**REVENUE GROUP: Overall Summary  
SUB-GROUP: Overall Summary – By Fund**

**FY2018 REVENUE BY FUND**

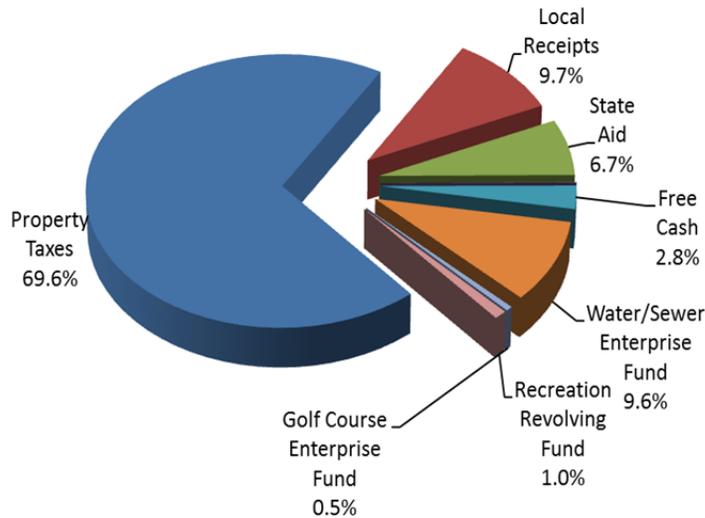
	General Fund <sup>1</sup>	Water & Sewer Enterprise Fund	Golf Enterprise Fund	Recreation Revolving Fund	Parking Meter Fund <sup>2</sup>	Cemetery Fund <sup>2</sup>	Capital Project Surplus <sup>2</sup>	TOTAL
Property Taxes	211,298,230							211,298,230
Local Receipts	29,556,650							29,556,650
State Aid	20,273,713							20,273,713
Parking Meter Receipts								
Walnut Hill Cemetery Fund						100,000		100,000
State Aid for Libraries								
Golf Enterprise Fund Reimbursement			179,991					179,991
Recreation Revolving Fund Reimbursement				383,770				383,770
Water and Sewer Enterprise Fund Reimbursement		2,233,725						2,233,725
Capital Project Surplus							147,900	147,900
Free Cash	8,354,017							8,354,017
<b>TOTAL GENERAL FUND</b>	<b>269,482,610</b>	<b>2,233,725</b>	<b>179,991</b>	<b>383,770</b>		<b>100,000</b>	<b>147,900</b>	<b>272,527,996</b>
Water and Sewer Enterprise Fund <sup>3</sup>		27,037,583						27,037,583
Golf Course Enterprise Fund <sup>3</sup>			1,467,107					1,467,107
Recreation Revolving Fund <sup>3</sup>				2,724,756				2,724,756
<b>TOTAL FINANCIAL PLAN</b>	<b>269,482,610</b>	<b>29,271,308</b>	<b>1,647,098</b>	<b>3,108,526</b>		<b>100,000</b>	<b>147,900</b>	<b>303,757,442</b>

<sup>1</sup> Includes revenue from property taxes, local receipts, state aid, and Free Cash (not the "Other Available Funds" category shown on the previous pages).

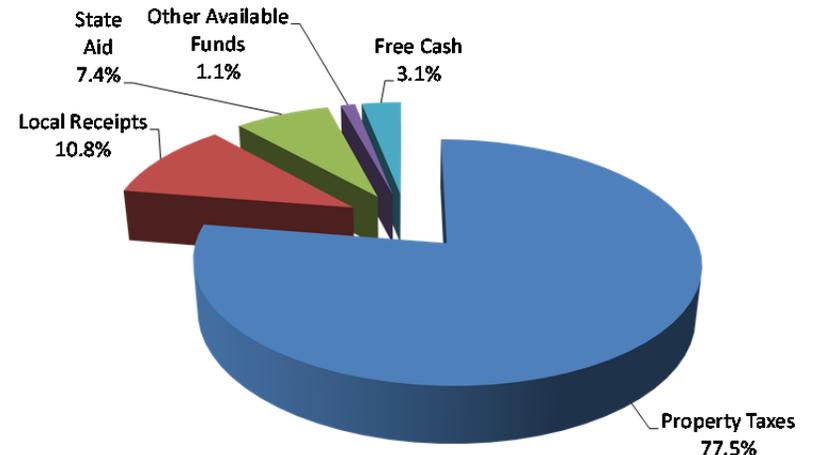
<sup>2</sup> The revenue from these funds are transferred into the General Fund.

<sup>3</sup> These are net of Reimbursements to the General Fund, as those amounts are accounted for in the "Reimbursement" figures listed under the General Fund.

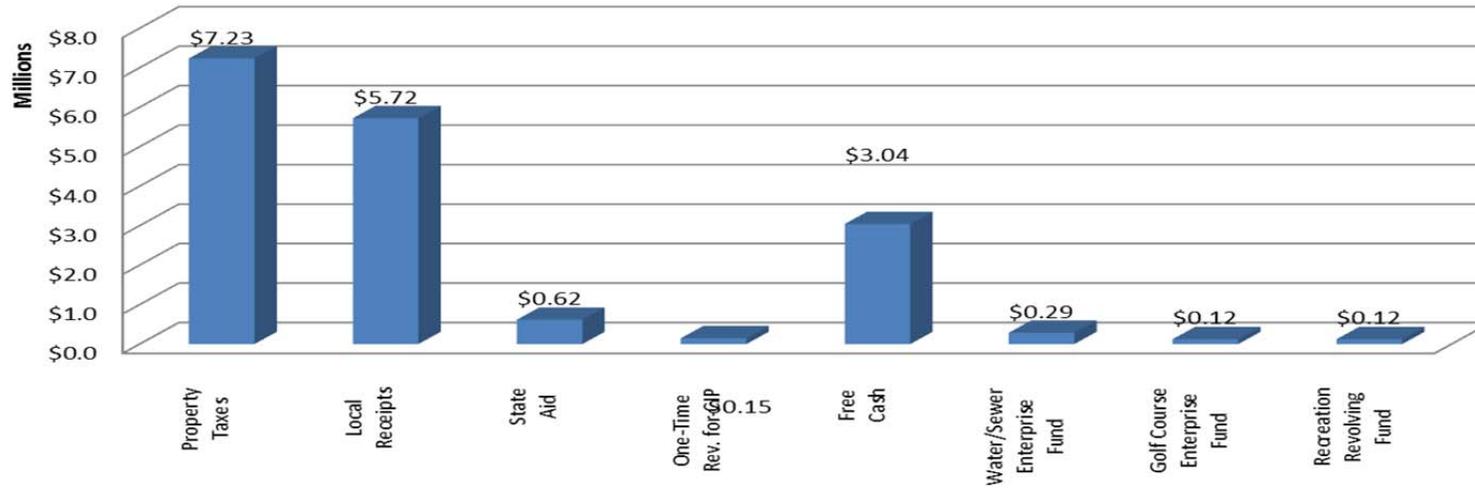
**FY18 TOTAL REVENUE COMPOSITION**



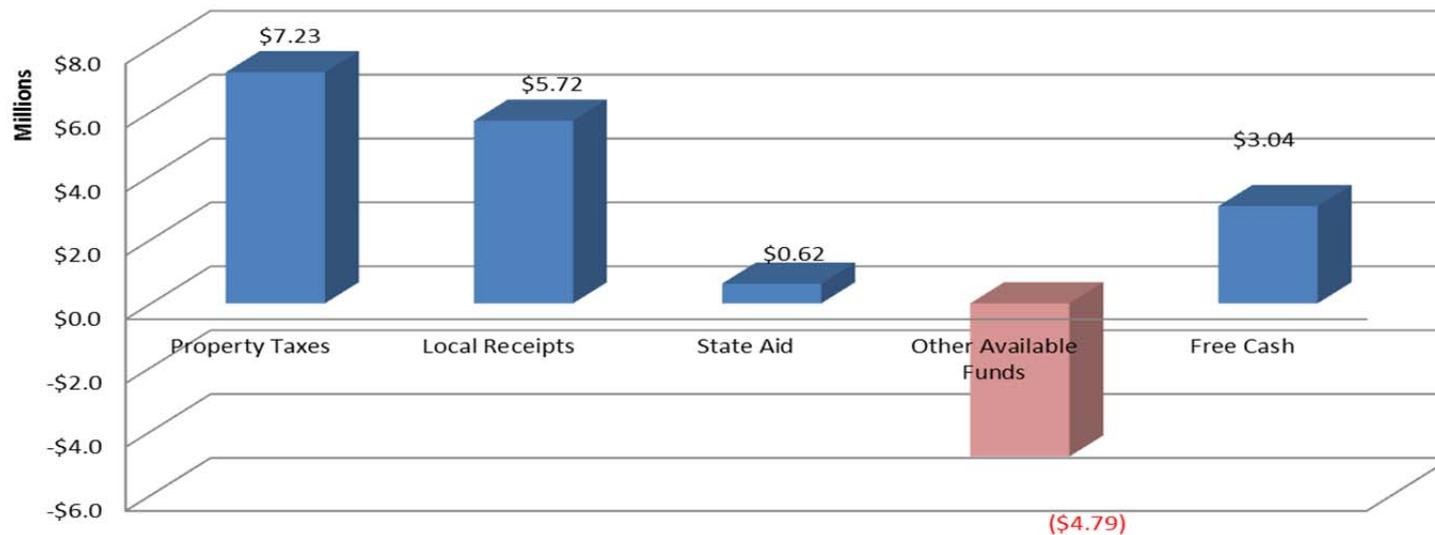
**FY18 GENERAL FUND REVENUE COMPOSITION**



**FY18 TOTAL REVENUE CHANGES**



**FY18 GENERAL FUND REVENUE CHANGES**



**TOTAL REVENUES**

\$ (millions)

% of General Fund Budget

REVENUE SOURCE	FY81	FY82	FY09 ACT.	FY10 ACT.	FY11 ACT.	FY12 ACT.	FY13 ACT.	FY14 ACT.	FY15 ACT.	FY16 ACT.	FY17 BUD.	FY18 BUD.
<b>PROPERTY TAX</b>	\$45.8 76.4%	\$40.8 71.0%	\$146.5 73.7%	\$152.6 74.6%	\$155.9 77.2%	\$162.7 76.6%	\$169.0 74.8%	\$174.9 75.5%	\$182.2 76.0%	\$195.0 76.4%	\$204.1 78.3%	\$211.3 77.5%
<b>LOCAL RECEIPTS</b>	\$3.8 6.4%	\$5.3 9.2%	\$22.5 11.3%	\$21.0 10.3%	\$22.6 11.2%	\$23.8 11.2%	\$24.5 10.8%	\$25.5 11.0%	\$25.8 10.8%	\$29.4 11.5%	\$23.8 9.1%	\$29.6 10.8%
<b>STATE AID</b>	\$5.5 9.2%	\$7.2 12.5%	\$18.0 9.0%	\$16.5 8.1%	\$13.8 6.8%	\$13.8 6.5%	\$15.1 6.7%	\$16.6 7.2%	\$17.7 7.4%	\$18.8 7.4%	\$19.7 7.5%	\$20.3 7.4%
<b>FEDERAL REVENUE SHARING</b>	\$1.1 1.8%	\$1.0 1.7%	\$0.0 0.0%									
<b>FREE CASH</b>	\$3.4 5.7%	\$2.7 4.7%	\$6.0 3.0%	\$7.1 3.4%	\$4.6 2.3%	\$5.4 2.5%	\$5.3 2.4%	\$7.7 3.3%	\$5.1 2.1%	\$5.0 2.0%	\$5.3 2.0%	\$8.4 3.1%
<b>OTHER AVAILABLE FUNDS</b>	\$0.3 0.5%	\$0.5 0.9%	\$6.0 3.0%	\$7.4 3.6%	\$5.1 2.5%	\$6.6 3.1%	\$11.9 5.3%	\$6.9 3.0%	\$9.0 3.8%	\$6.9 2.7%	\$7.8 3.0%	\$3.0 1.1%
<b>GENERAL FUND BUDGET TOTAL</b>	\$59.9	\$57.5	\$198.9	\$204.6	\$202.0	\$212.3	\$225.9	\$231.5	\$239.8	\$255.2	\$260.7	\$272.5
<b>WATER &amp; SEWER ENT FUND (1)</b>	\$2.1	\$2.9	\$21.1	\$20.9	\$22.4	\$23.1	\$24.5	\$24.4	\$24.6	\$25.7	\$26.9	\$27.0
<b>GOLF COURSE ENT FUND (1)</b>	\$0.0	\$0.0	\$1.0	\$0.9	\$0.9	\$1.0	\$1.1	\$1.1	\$1.1	\$1.1	\$1.3	\$1.5
<b>RECREATION REVOLVING FUND (1)</b>	\$0.0	\$0.0	\$1.5	\$1.6	\$1.9	\$1.9	\$2.2	\$2.1	\$2.3	\$2.5	\$2.6	\$2.7
<b>TOTAL FINANCIAL PLAN</b>	\$62.0	\$60.4	\$222.5	\$228.2	\$227.2	\$238.4	\$253.7	\$259.2	\$267.9	\$284.5	\$291.6	\$303.8

(1) These figures are net of Reimbursements to the General Fund, as those amounts are accounted for in the "Other Available Funds" category.

**ANNUAL REVENUE CHANGES BY SOURCE  
\$ (millions)**

REVENUE SOURCE	FY82	FY08 ACT.	FY09 ACT.	FY10 ACT.	FY11 ACT.	FY12 ACT.	FY13 ACT.	FY14 ACT.	FY15 ACT.	FY16 ACT.	FY17 BUDGET	FY18 BUDGET
PROPERTY TAX	(\$5.1) -11.1%	\$5.0 3.9%	\$12.7 9.5%	\$6.0 4.1%	\$3.3 2.2%	\$6.8 4.3%	\$6.4 3.9%	\$5.8 3.5%	\$7.4 4.2%	\$12.8 7.0%	\$9.0 4.6%	\$7.2 3.5%
LOCAL RECEIPTS	\$1.5 39.1%	\$1.2 5.3%	(\$2.1) -8.4%	(\$1.4) -6.3%	\$1.6 7.5%	\$1.2 5.5%	\$0.6 2.6%	\$1.0 4.9%	\$0.3 104.9%	\$3.5 204.9%	\$0.3 1.1%	\$5.7 24.0%
STATE AID	\$1.7 31.1%	\$0.9 5.1%	(\$1.0) -5.2%	(\$1.4) -7.9%	(\$2.7) -16.5%	(\$0.0) -0.1%	\$1.3 9.6%	\$1.5 10.0%	\$1.0 6.3%	\$1.2 6.6%	\$0.8 4.4%	\$0.6 3.1%
FEDERAL REVENUE SHARING	(\$0.1) -5.5%	\$0.0 0.0%	\$0.0 0.0%	\$0.0 0.0%	\$0.0 0.0%	\$0.0 0.0%	\$0.0 0.0%	\$0.0 0.0%	\$0.0 0.0%	\$0.0 0.0%	\$0.0 0.0%	\$0.0 0.0%
FREE CASH	(\$0.6) -17.9%	(\$1.6) -29.2%	\$2.1 56.1%	\$1.1 18.4%	(\$2.5) -34.9%	\$0.8 17.2%	(\$0.0) -0.8%	\$2.3 43.5%	(\$2.6) -33.6%	(\$0.1) -1.3%	\$0.3 5.9%	\$3.0 57.3%
OTHER AVAILABLE FUNDS	\$0.2 70.8%	(\$0.3) -3.8%	(\$2.6) -30.4%	\$1.4 23.9%	(\$2.3) -31.5%	\$1.5 30.3%	\$5.3 79.7%	(\$5.0) -42.4%	\$2.2 31.4%	(\$2.1) -23.4%	(\$0.1) -1.1%	(\$4.8) -61.2%
<b>GENERAL FUND BUDGET TOTAL</b>	<b>(\$2.4)</b> -4.1%	<b>\$5.2</b> 2.8%	<b>\$9.2</b> 4.8%	<b>\$5.7</b> 2.9%	<b>(\$2.7)</b> -1.3%	<b>\$10.3</b> 5.1%	<b>\$13.5</b> 6.4%	<b>\$5.7</b> 2.5%	<b>\$8.3</b> 3.6%	<b>\$15.3</b> 6.4%	<b>\$10.3</b> 4.1%	<b>\$11.8</b> 4.5%
<b>WATER &amp; SEWER ENT FUND (1)</b>	<b>\$0.9</b> 41.0%	<b>\$0.3</b> 1.8%	<b>\$3.1</b> 17.0%	<b>(\$0.1)</b> -0.6%	<b>\$1.5</b> 6.9%	<b>\$0.7</b> 3.3%	<b>\$1.4</b> 6.0%	<b>(\$0.1)</b> -0.5%	<b>\$0.2</b> 1.0%	<b>\$1.1</b> 4.5%	<b>(\$0.1)</b> -0.2%	<b>\$0.1</b> 0.4%
<b>GOLF COURSE ENT FUND (1)</b>	<b>\$0.0</b> 0.0%	<b>\$0.1</b> 7.5%	<b>\$0.1</b> 14.3%	<b>(\$0.1)</b> -5.9%	<b>(\$0.0)</b> -1.5%	<b>\$0.1</b> 11.0%	<b>\$0.0</b> 3.4%	<b>\$0.1</b> 4.9%	<b>\$0.0</b> 1.2%	<b>(\$0.0)</b> -3.2%	<b>\$0.1</b> 10.1%	<b>\$0.1</b> 9.4%
<b>RECREATION REVOLVING FUND (1)</b>	<b>\$0.0</b> 0.0%	<b>\$0.3</b> 31.0%	<b>\$0.2</b> 17.1%	<b>\$0.1</b> 6.3%	<b>\$0.3</b> 17.3%	<b>\$0.0</b> 0.9%	<b>\$0.3</b> 14.9%	<b>(\$0.1)</b> -2.8%	<b>\$0.2</b> 8.1%	<b>\$0.2</b> 8.1%	<b>\$0.1</b> 4.4%	<b>\$0.1</b> 4.4%
<b>TOTAL FINANCIAL PLAN</b>	<b>(\$1.5)</b> -2.6%	<b>\$5.9</b> 2.9%	<b>\$12.6</b> 6.0%	<b>\$5.6</b> 2.5%	<b>(\$0.9)</b> -0.4%	<b>\$11.2</b> 4.9%	<b>\$15.3</b> 6.4%	<b>\$5.5</b> 2.2%	<b>\$8.7</b> 3.4%	<b>\$16.6</b> 6.2%	<b>\$10.5</b> 3.7%	<b>\$12.2</b> 4.2%

(1) These figures are net of Reimbursements to the General Fund, as those amounts are accounted for in the "Other Available Funds" category.

**PROPERTY TAX**

Property Tax is the primary source of revenue for most Massachusetts municipalities. In Brookline, Property Taxes represent more than 78% of General Fund revenues. Property Taxes are levied on both real property (land and buildings) and personal property (equipment). Recently amended state law mandates that communities update their property values every year and obtain state certification that such values represent full and fair cash value fifth year. A comprehensive town-wide revaluation was completed in FY2015, with the next one now scheduled for FY2019, although the assessors continue to update assessments annually based on changes in market conditions, changes in use and new construction.

Under the provisions of Proposition 2 ½, property taxes, in the aggregate, may not exceed 2 ½% of their "full and fair cash value". This limit is known as the "Levy Ceiling". In addition, annual levy increases may not exceed 2 ½% more than the previous year's levy plus the "New Growth" in taxes added from any new properties, renovations to existing properties, or condominium conversions added to the tax rolls. This is known as the "Levy Limit". Any Proposition 2 ½ override or debt exclusion amounts voted by the electorate are added to the Levy Limit while all related school construction reimbursements from the State are similarly subtracted.

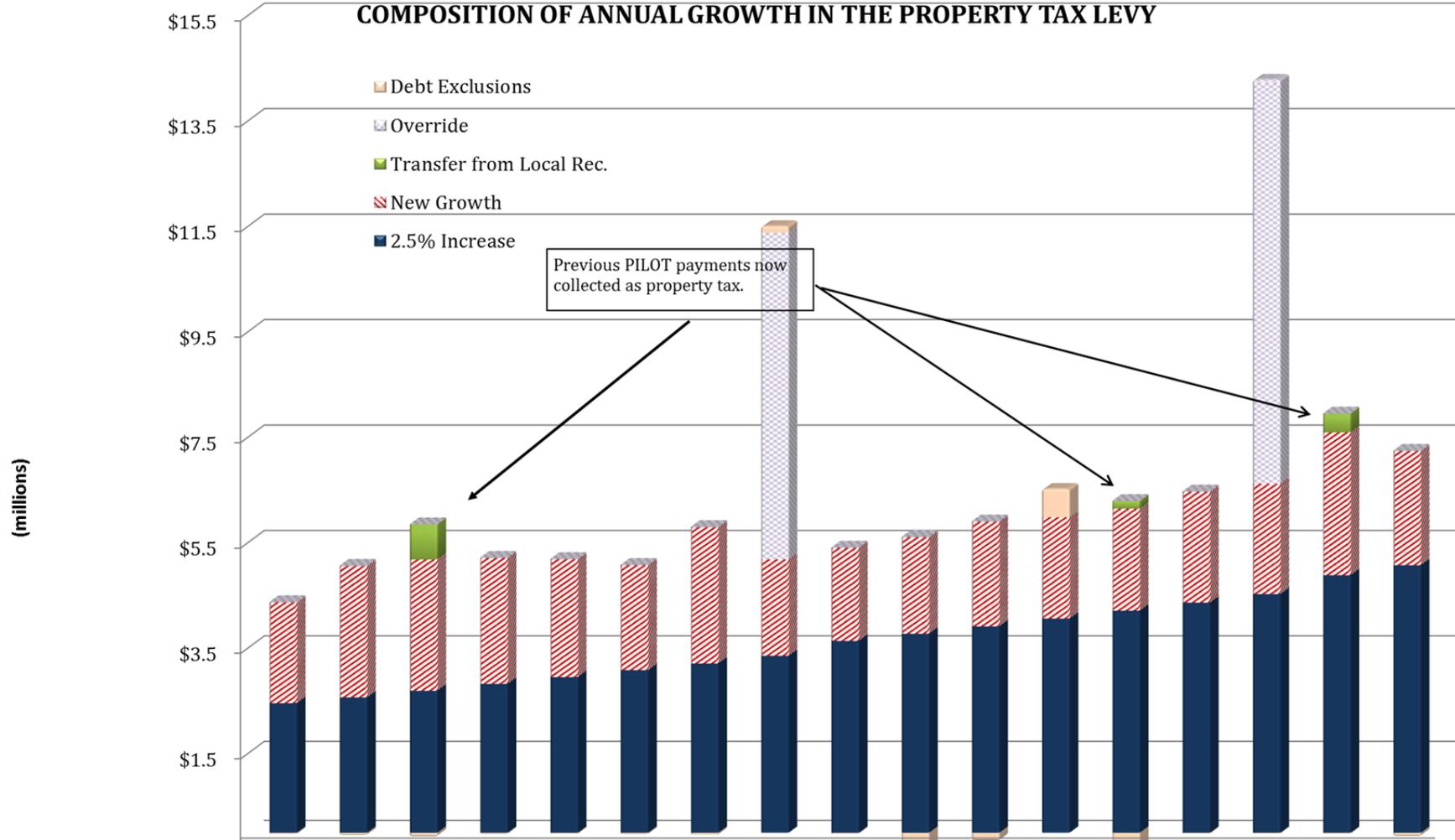
Property values and New Growth for FY2018 are preliminary estimates used to project the Levy Limit. The FY2018 Maximum Allowable Levy is projected to total \$211,298,230, representing an increase of \$7,274,933 (3.6%) over the FY2017 Levy. The figures below detail how the estimated FY2018 levy is calculated:

FY17 LEVY LIMIT	\$203,036,517
<u>PROP. 2 1/2 INCREASE</u>	<u>\$5,075,913</u>
SUB-TOTAL	\$208,112,430
NEW GROWTH (est.)	\$2,165,000
<u>OVERRIDE</u>	<u>\$0</u>
ESTIMATED FY17 LEVY LIMIT	\$210,277,430
<u>DEBT EXCLUSIONS</u>	<u>\$1,020,800</u>
<b>FY18 TOTAL PROPERTY TAX LEVY</b>	<b>\$211,298,230</b>

The following pages provide historical information on levy composition, collections, levy growth, and assessed values / tax bills.

REVENUE SOURCE	FY2015 <u>ACTUAL</u>	FY2016 <u>ACTUAL</u>	FY2017 <u>BUDGET</u>	FY2017 <u>ESTIMATE</u>	FY2018 <u>BUDGET</u>	<u>BUDGET INCREASE</u>	
						\$\$	%
Prior Year Levy Limit	174,686,609	181,154,340	195,438,924	195,438,924	203,036,517		
2.5% Increase	4,367,165	4,528,858	4,885,973	4,885,973	5,075,913		
New Growth	2,100,566	2,090,726	2,711,620	2,711,620	2,165,000		
Override	0	7,665,000	0	0	0		
Debt Exclusions	1,094,400	1,076,000	1,048,400	1,048,400	1,020,800		
(less) Excess Capacity	<u>(9,443)</u>	<u>(1,465,000)</u>	<u>(20,718)</u>	<u>(20,718)</u>	0		
Total Property Tax Levy	182,239,297	195,049,924	204,064,199	204,064,199	211,298,230	7,234,031	3.5%

**COMPOSITION OF ANNUAL GROWTH IN THE PROPERTY TAX LEVY**



	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18 (est.)
Debt Exclusions	-0.03	-0.05	-0.08	-0.03	-0.03	-0.03	-0.05	0.12	-0.03	-0.41	-0.17	0.54	-0.52	-0.02	-0.02	-0.03	-0.07
Override	0	0	0	0	0	0	0	6.2	0	0	0	0	0	0	7.67	0.00	0
Transfer from Local Rec.	0	0	0.66	0	0	0	0	0	0	0	0	0	0.14	0	0	0.35	0
New Growth	1.91	2.49	2.49	2.39	2.23	1.99	2.58	1.83	1.76	1.83	1.98	1.92	1.94	2.10	2.09	2.71	2.17
2.5% Increase	2.46	2.57	2.69	2.82	2.95	3.08	3.21	3.36	3.64	3.78	3.92	4.06	4.21	4.37	4.53	4.89	5.08

<b>TOWN OF BROOKLINE FY2018 FINANCING PLAN</b>	<b>FUND: General Fund</b>	<b>REVENUE GROUP: Property Tax SUB-GROUP: Property Tax</b>
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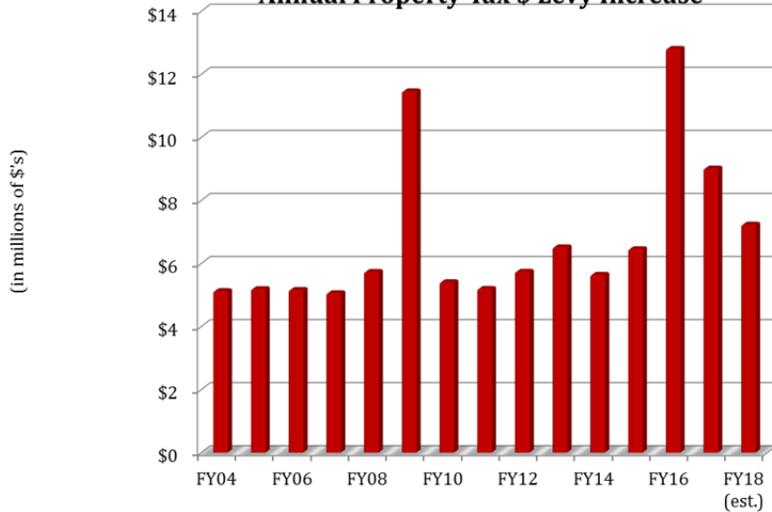
Fiscal Year	Real Estate & Personal Prop Levy	(1) Collections As Of Base Yr End	% As Of Base Yr End	Uncollected Bal As Of Base Yr End	(2) Cumulative Pr Yr Collections Yr End As Of Dec 31, 2015	Uncollected Real Estate & Pers Prop As Of Dec 31, 2015	% Collected As Of Dec 31, 2015	(3) Tax Titles / Foreclosures Receivable As of Yr-End
2000	96,399,645	95,425,278	99.0%	974,367	974,367	0	100.0%	446,610
2001	100,217,510	99,792,628	99.6%	424,882	424,882	0	100.0%	437,625
2002	104,560,815	104,041,776	99.5%	519,039	519,039	0	100.0%	396,040
2003	109,532,058	108,596,481	99.1%	935,577	935,577	0	100.0%	545,592
2004	114,660,482	113,242,093	98.8%	1,418,389	1,418,389	0	100.0%	657,047
2005	119,871,025	118,861,627	99.2%	1,009,398	1,009,398	0	100.0%	602,897
2006	125,192,168	123,383,654	98.6%	1,808,515	1,808,514	0	100.0%	909,734
2007	130,078,303	129,277,684	99.4%	800,619	800,619	0	100.0%	873,404
2008	135,822,982	134,144,599	98.8%	1,678,383	1,678,383	0	100.0%	1,306,938
2009	147,285,266	145,749,715	99.0%	1,535,551	1,535,551	0	100.0%	1,265,379
2010	152,703,449	151,324,018	99.1%	1,379,430	1,379,430	0	100.0%	1,625,779
2011	157,878,286	156,328,350	99.0%	1,549,936	1,548,420	0	100.0%	1,604,165
2012	163,627,088	161,979,091	99.0%	1,647,997	1,647,997	0	100.0%	1,442,356
2013	170,194,288	168,046,465	98.7%	2,147,823	1,773,994	373,829	99.8%	1,181,226
2014	175,831,775	174,403,437	99.2%	1,988,020	1,617,750	370,270	100.1%	1,451,799
2015	181,664,856	179,930,565	99.0%	1,970,655	(119,773)	2,090,428	99.0%	1,539,728
2016	193,084,196	190,894,245	98.9%	1,632,967	659,430	973,537	99.5%	1,509,936

1. Accounts Receivable Balance on June 30 of Base Year.
2. Each year-end sum of activities is added to the previous year. This column changes every year until the uncollected balance is \$0. The balance may equal the Tax Title balance for that year.
3. Base Year Tax Title amount.

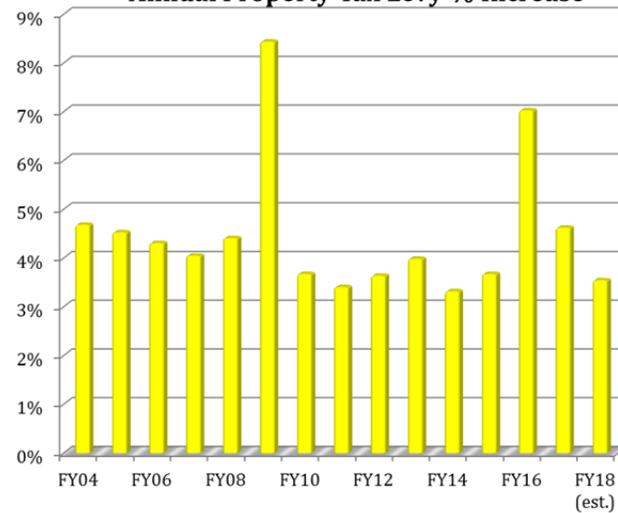
**Annual Property Tax Levy**



**Annual Property Tax \$ Levy Increase**



**Annual Property Tax Levy % Increase**



**TOWN OF BROOKLINE  
FY2018 FINANCING PLAN**

**FUND: General Fund**

**REVENUE GROUP: Property Tax  
SUB-GROUP: Property Tax**

**MEDIAN PER PARCEL VALUES AND TAX BILLS**

DESCRIPTION	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Single Family Median Assessed Value	1,017,000	1,022,400	1,027,300	1,059,400	1,071,750	1,114,000	1,193,600	1,298,000	1,412,200
\$ Change	30,100	5,400	4,900	32,100	12,350	42,250	79,600	104,400	114,200
% Change	3.0%	0.5%	0.5%	3.1%	1.2%	3.9%	7.1%	8.7%	8.8%
Single Family Median Tax Bill	9,130	9,429	9,771	10,187	10,531	10,694	10,704	11,342	11,684
\$ Change	693	299	342	416	344	162	10	638	342
% Change	8.2%	3.3%	3.6%	4.3%	3.4%	1.5%	0.1%	6.0%	3.0%
Two Family Median Assessed Value	953,200	956,100	958,850	975,400	981,500	1,032,450	1,160,450	1,307,850	1,442,000
\$ Change	20,750	2,900	2,750	16,550	6,100	50,950	128,000	147,400	134,150
% Change	2.2%	0.3%	0.3%	1.7%	0.6%	5.2%	12.4%	12.7%	10.3%
Two Family Median Tax Bill	8,448	8,701	8,998	9,230	9,480	9,765	10,350	11,444	11,978
\$ Change	565	253	296	232	250	285	585	1,095	533
% Change	7.2%	3.0%	3.4%	2.6%	2.7%	3.0%	6.0%	10.6%	4.7%
Three Family Median Assessed Value	1,113,200	1,115,150	1,116,000	1,151,400	1,152,400	1,209,400	1,275,300	1,444,000	1,573,250
\$ Change	34,750	1,950	850	35,400	1,000	57,000	65,900	168,700	129,250
% Change	3.2%	0.2%	0.1%	3.2%	0.1%	4.9%	5.4%	13.2%	9.0%
Three Family Median Tax Bill	10,158	10,446	10,773	11,236	11,471	11,780	11,577	12,863	13,275
\$ Change	789	288	327	463	235	309	(204)	1,287	412
% Change	8.4%	2.8%	3.1%	4.3%	2.1%	2.7%	-1.7%	11.1%	3.2%
Condo Median Assessed Value	423,500	423,000	423,900	421,900	425,200	447,000	496,150	547,800	607,150
\$ Change	12,050	(500)	900	(2,000)	3,300	21,800	49,150	51,650	59,350
% Change	2.9%	-0.1%	0.2%	-0.5%	0.8%	5.1%	11.0%	10.4%	10.8%
Condo Median Tax Bill	2,786	2,853	2,953	2,920	2,999	3,097	3,255	3,525	3,730
\$ Change	206	68	99	(33)	79	97	159	270	205
% Change	8.0%	2.4%	3.5%	-1.1%	2.7%	3.2%	5.1%	8.3%	5.8%
Commercial Median Assessed Value	1,015,600	1,033,800	1,038,350	1,048,450	1,085,750	1,171,800	1,350,600	1,475,100	1,607,850
\$ Change	44,100	18,200	4,550	10,100	37,300	86,050	178,800	124,500	132,750
% Change	4.5%	1.8%	0.4%	1.0%	3.6%	7.9%	15.3%	9.2%	9.0%
Commercial Median Tax Bill	17,590	18,402	19,002	19,480	20,597	21,678	23,487	25,062	26,047
\$ Change	1,366	811	600	478	1,116	1,082	1,809	1,575	985
% Change	8.4%	4.6%	3.3%	2.5%	5.7%	5.3%	8.3%		3.9%
Residential Tax Rate	10.69	10.97	11.30	11.40	11.65	11.39	10.68	10.42	9.88
% Change	5.0%	2.6%	3.0%	0.9%	2.2%	-2.2%	-6.2%	-2.4%	-5.2%
Commercial Tax Rate	17.32	17.80	18.30	18.58	18.97	18.50	17.39	16.99	16.20
% Change	3.7%	2.8%	2.8%	1.5%	2.1%	-2.5%	-6.0%	-2.3%	-4.6%
Residential Exemption	162,923	162,904	162,607	165,764	167,761	175,127	191,357	209,531	229,655
Residential Exemption (Tax)	1,741.65	1,787.06	1,837.46	1,889.71	1,954.42	1,994.70	2,043.69	2,183.31	2,268.99
% Change	8.2%	2.6%	2.8%	2.8%	3.4%	2.1%	2.5%	6.8%	3.9%

NOTE: Assumes the homeowner is eligible for the Residential Exemption.

**LOCAL RECEIPTS SUMMARY**

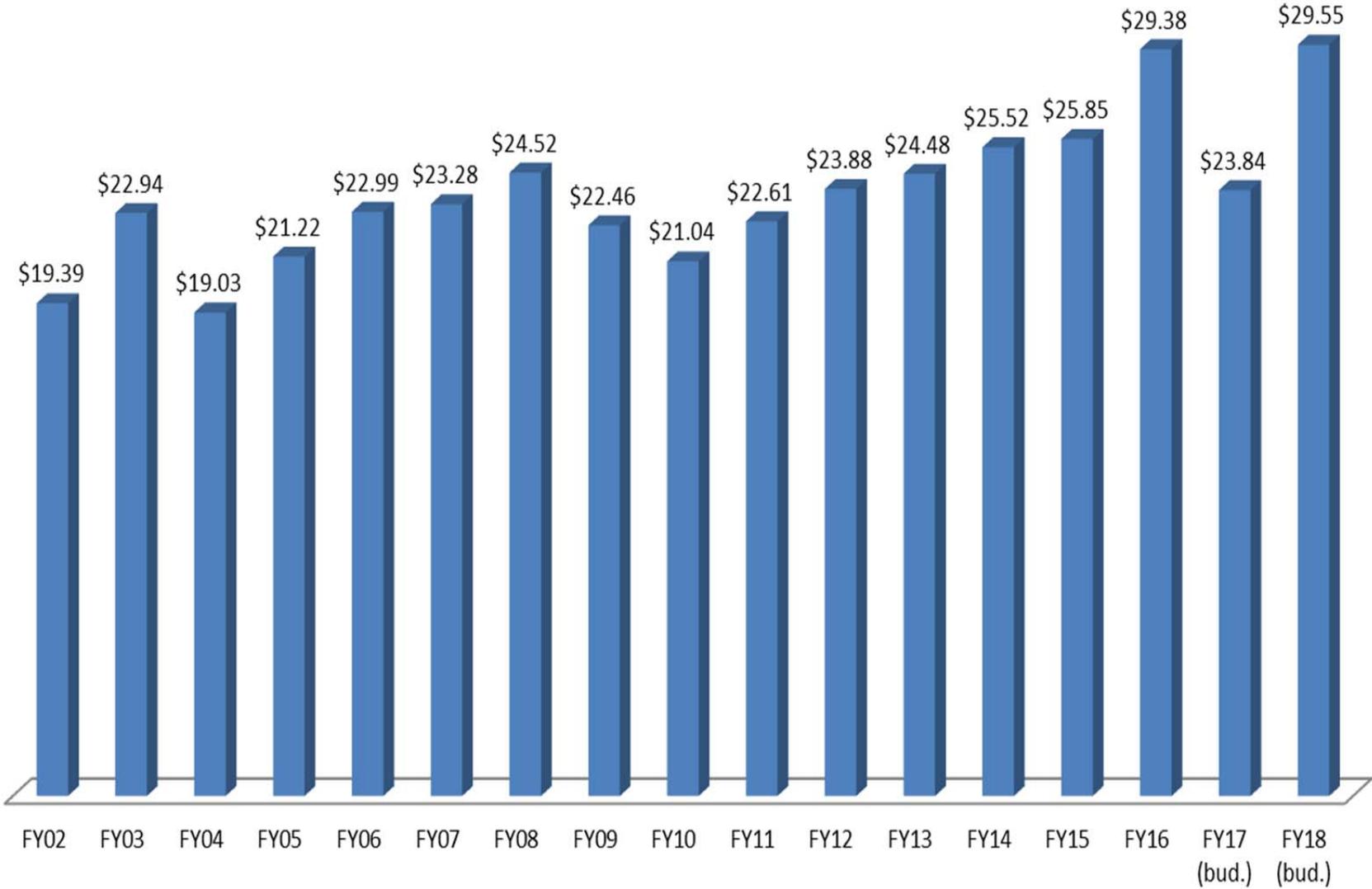
Local Receipts, estimated to add \$23.84 million to the Town's revenue stream, represent 9.1% of total General Fund revenues. They include motor vehicle excise, local option taxes, fees, fines, charges for licenses and permits, investment earnings, and other similar non-tax type items. These items are reviewed by departments to ensure that they continue to cover their fair share of the related administrative costs and are in accordance with the policies adopted by the respective oversight boards and commissions. They are projected to increase \$268,013 (1.1%) over the FY16 budgeted amounts. A summary of the changes are as follows:

- 1.) **Motor Vehicle Excise (MVE)** - increases \$110,000 (2%) to \$5.61 million.
- 2.) **Local Option Taxes** - increase \$167,410 (6.3%) to \$2.81 million to reflect the actual experience of the meals and lodging excise taxes and the opening of the new Homewood Suites hotel at the former Red Cab site and the anticipated opening of a hotel at the former site of the Circle Cinema.
- 3.) **General Government** - this category increases \$69,723 (1.8%) to \$4 million due primarily to Registered Marijuana Dispensary (RMD) Host Community Agreement Revenue (\$125,000, Building Permits (\$100,000, 4.2%) partially offset by a decrease in the Medicare Part D subsidy (\$200,000, 50%).
- 4.) **Interest Income** – this category increases \$5,625 (0.8%) to \$733K.
- 5.) **Payment in Lieu of Taxes (PILOTs)** - increase \$26,800 (3%) to \$917K due to scheduled increases in negotiated PILOT agreements.
- 6.) **Refuse Fees** – this category reflects the projected revenue from the Hybrid Pay-as-you-Throw (HPAYT) Program which is an increase of \$150K (5.7%).
- 7.) **Departmental and Other** - increases \$5,190,394 (232.4%) primarily due to the change allowing the Town to record Parking Meter revenue as a Local Receipt instead of an annual transfer from the Parking Meter Fund.

Further details of these and other revenue sources are discussed on the following pages.

REVENUE SOURCE	FY2015	FY2016	FY2017	FY2017	FY2018	BUDGET	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	INCREASE	
						\$	%
Motor Vehicle Excise	6,129,194	6,360,901	5,500,000	5,600,000	5,610,000	110,000	2.0%
Local Option Taxes	2,666,453	2,712,859	2,638,500	2,700,000	2,805,910	167,410	6.3%
Licenses and Permits	1,241,040	1,259,385	1,165,775	1,165,775	1,165,775	0	0.0%
Parking and Court Fines	3,989,818	4,053,279	4,100,000	4,100,000	4,100,000	0	0.0%
General Government	4,572,985	7,857,334	3,932,179	4,237,179	4,001,902	69,723	1.8%
Interest Income	779,436	715,483	727,250	727,250	732,875	5,625	0.8%
In Lieu of Tax Payments	1,317,054	1,042,912	890,000	890,000	916,800	26,800	3.0%
Refuse Fees	2,698,242	2,673,838	2,650,000	2,650,000	2,800,000	150,000	5.7%
Departmental and Other	2,452,797	2,701,163	2,232,994	2,263,994	7,423,388	5,190,394	232.4%
Total	25,847,019	29,377,154	23,836,698	24,334,198	29,556,650	5,719,952	24.0%

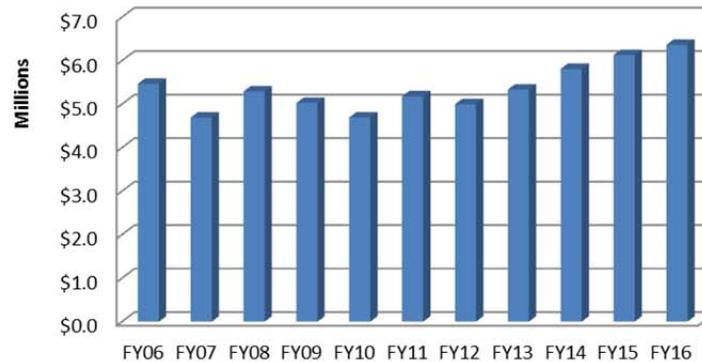
### LOCAL RECEIPT HISTORY (in millions)



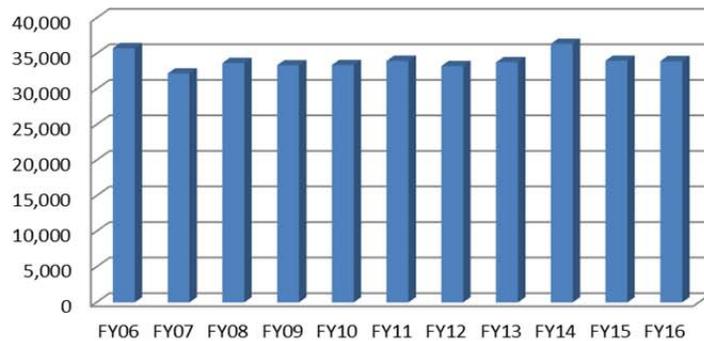
**MOTOR VEHICLE EXCISE**

State law establishes the Motor Vehicle Excise (MVE) tax rate. Proposition 2 ½ set the rate of \$25 per \$1,000 in automobile value. In the first year of ownership, the rate of \$25 per \$1,000 is assessed on 90% of the value of the vehicle; in year two, it is 60%; in year three, it is 40%; in year four, it is 25%; and in year five and thereafter, it is 10%. The actual billings are prepared by the Registry of Motor Vehicles (RMV) and then turned over to the Town for printing, distribution, and collection. The MVE tax is the Town's largest local receipt source and is expected to generate \$5.6 million in FY18, an amount that is \$110,000 (2.0%) above the FY17 budgeted amount.

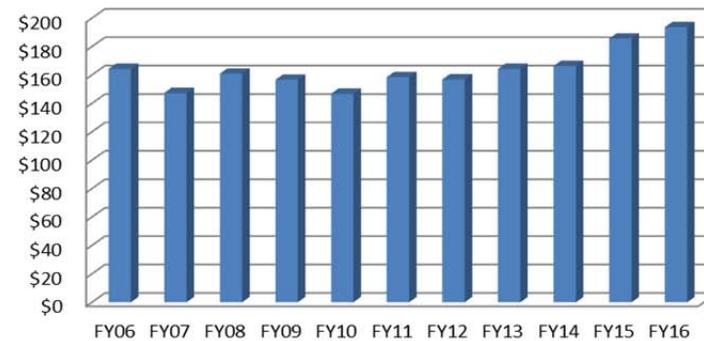
**MVE COLLECTIONS (in millions)**



**NUMBER OF MVE BILLS**



**AVERAGE MVE BILL**



<u>REVENUE SOURCE</u>	<u>FY2015 ACTUAL</u>	<u>FY2016 ACTUAL</u>	<u>FY2017 BUDGET</u>	<u>FY2017 ESTIMATE</u>	<u>FY2018 BUDGET</u>	<u>BUDGET INCREASE</u>	
						<u>\$\$</u>	<u>%</u>
Motor Vehicle Excise	6,129,194	6,360,901	5,500,000	5,600,000	5,610,000	110,000	2.0%

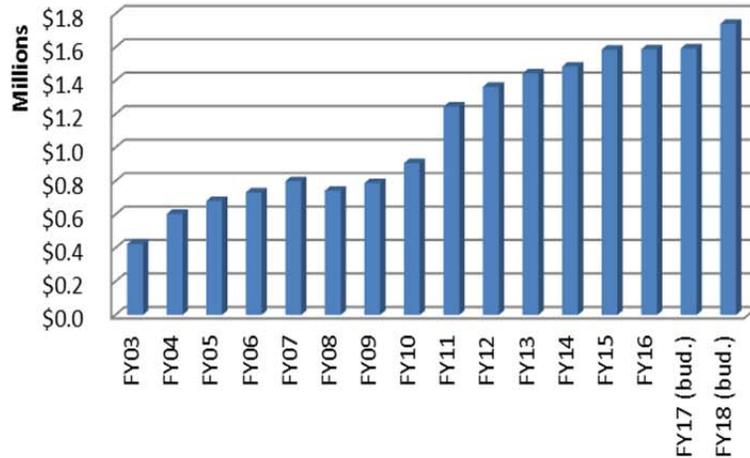
**LOCAL OPTION TAXES**

This category of local receipts consists of the Lodging Excise Tax and the Meals Excise Tax. These two revenue sources are made available to Massachusetts municipalities via local option, which, in Brookline, requires a vote of Town Meeting to enact. The Lodging Excise Tax was first adopted in 1985 and the Meals Excise Tax was first adopted in 2009.

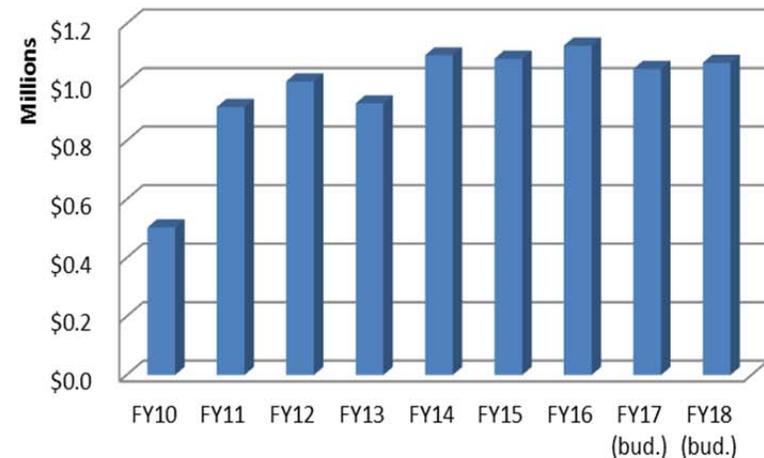
In 1985, legislation was enacted that enabled communities to impose a local option excise of up to 4% on gross receipts from room rentals of hotels and motels, in addition to the state excise of 5.7%. Brookline adopted the local option excise tax, at 4%, by a vote of Town Meeting in November, 1985. In 2009, as part of the FY10 State budget, cities and towns were authorized to increase the local option excise tax on room occupancies from a maximum of 4% to 6%. In August, 2009, Town Meeting increased the excise tax to 6%, which took effect on October 1, 2009. In FY18, this revenue source is expected to generate \$1.74 million, an increase of \$146,500 (9.2%) from the FY17 budgeted amount primarily due to revenue from the new Homewood Suites hotel and the new hotel at the former Circle Cinema site.

As part of the FY10 State budget, the meals tax was increased statewide by 1.25 percentage points (from 5% to 6.25%). In addition, municipalities were provided the local option to increase meals taxes by another 0.75 percentage points. In August, 2009, Town Meeting adopted the 0.75% local meals tax, effective October 1, 2009. In FY18, this revenue source is expected to generate \$1.07 million, an increase of \$20,910 (2%).

**LODGING EXCISE TAX (in millions)**



**MEALS EXCISE TAX (in millions)**



REVENUE SOURCE	FY2015	FY2016	FY2017	FY2017	FY2018	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Lodging Excise Tax	1,585,628	1,587,568	1,593,000	1,593,000	1,739,500	146,500	9.2%
Meals Excise Tax	1,080,825	1,125,291	1,045,500	1,045,500	1,066,410	20,910	2.0%
<b>Total</b>	<b>2,666,453</b>	<b>2,712,859</b>	<b>2,638,500</b>	<b>2,638,500</b>	<b>2,805,910</b>	<b>167,410</b>	<b>6.3%</b>

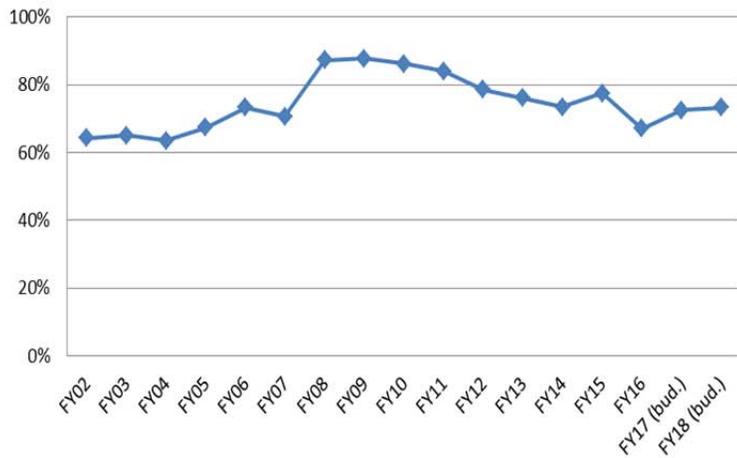
**REFUSE FEE**

For FY18, the Refuse Fee reflects the implementation of the Hybrid PAYT Program. Variable sized wheeled carts of 35, 65 and 95 gallon capacity will be available for residents to choose from at \$190, \$252, and \$312 respectively per year in place of the current flat fee of \$200 per year. This should generate \$2,800,000, an increase of \$150,000 (5.7%) over the FY17 budget amount. The Residential Refuse Fee was first instituted in FY89 when the Town was faced with a 300% increase in refuse disposal costs. The fee was set at \$150 per dwelling unit and has changed since then as follows:

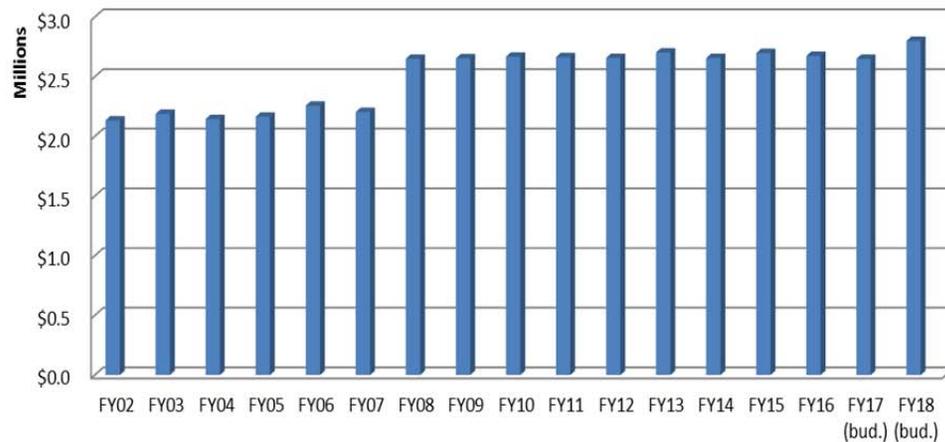
FY89-FY91	FY92	FY93-FY94	FY95-FY07	FY08-FY17	FY18 Est
\$150	\$175	\$200	\$165	\$200	varies

The Proposition 2 ½ override of 1994 included restoring a portion of the fee back to the tax levy. The amount of \$460,000 was added to the override and reduced from refuse fee revenue, resulting in a fee reduction from \$200 to \$165. The fee was then increased to \$200 in FY08 as part of a budget balancing plan to close a \$3.2 million deficit. The fee revenue covers approximately 73% of the service costs, as shown in the below left graph.

**Revenues as a Percentage of Total Expenditures for the Refuse Operation**



**REFUSE FEE REVENUE**

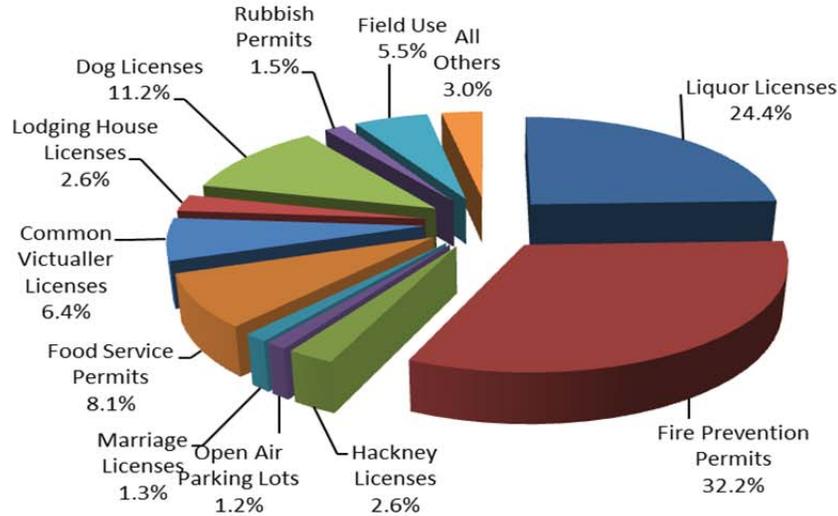


<u>REVENUE SOURCE</u>	<u>FY2015 ACTUAL</u>	<u>FY2016 ACTUAL</u>	<u>FY2017 BUDGET</u>	<u>FY2017 ESTIMATE</u>	<u>FY2018 BUDGET</u>	<u>BUDGET INCREASE</u>	
						<u>\$</u>	<u>%</u>
Refuse Fee	2,698,242	2,673,838	2,650,000	2,650,000	2,800,000	150,000	5.7%
Total	2,698,242	2,673,838	2,650,000	2,650,000	2,800,000	150,000	

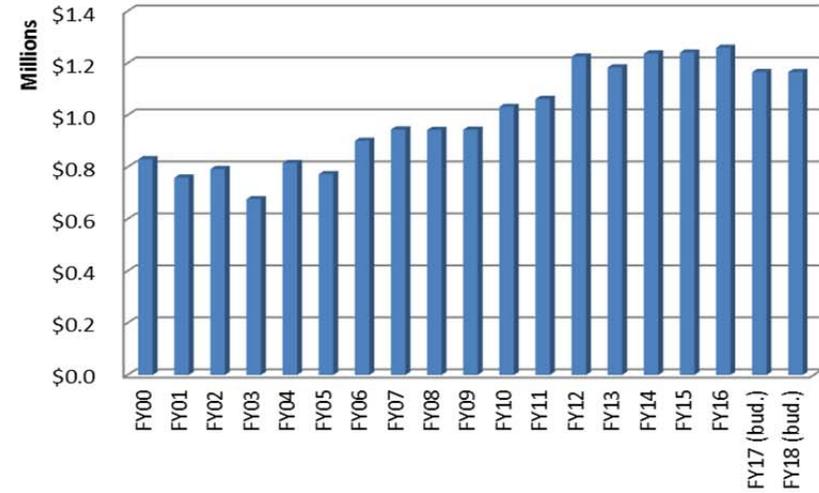
**LICENSES AND PERMITS**

The majority of the revenue from Licenses and Permits is derived from fire prevention permits, liquor licenses, dog licenses, and licenses from a variety of food establishments. For FY18, revenues from this category are expected to total \$1.17 million, which is level from the FY17 budget.

**FY18 LICENSE/PERMIT REVENUE**



**LICENSE & PERMIT REVENUE**

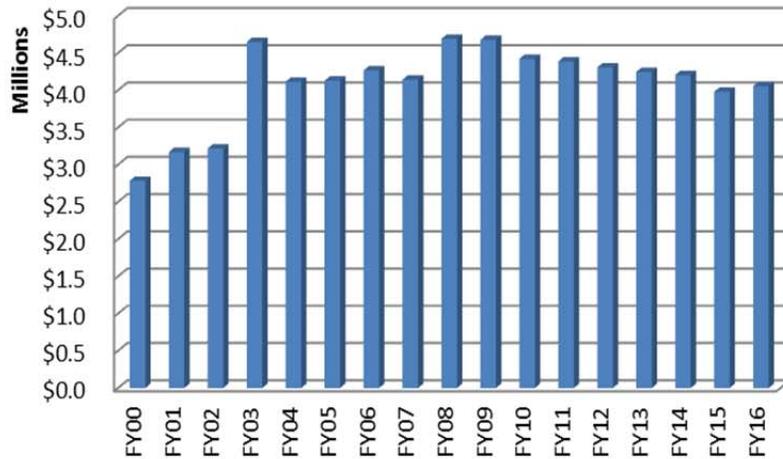


REVENUE SOURCE	FY2015	FY2016	FY2017	FY2017	FY2018	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Liquor Licenses	295,368	299,160	285,000	285,000	285,000	0	0.0%
Fire Prevention Permits	394,408	400,361	375,000	375,000	375,000	0	0.0%
Hackney Licenses	82,925	34,533	30,000	30,000	30,000	0	0.0%
Open Air Parking Lots	13,600	12,180	13,500	13,500	13,500	0	0.0%
Marriage Licenses	14,840	17,225	15,000	15,000	15,000	0	0.0%
Food Service Permits	86,337	94,626	95,000	95,000	95,000	0	0.0%
Common Victualler Licenses	83,110	88,163	75,000	75,000	75,000	0	0.0%
Lodging House Licenses	30,770	30,960	30,000	30,000	30,000	0	0.0%
Dog Licenses	137,561	139,821	130,000	130,000	130,000	0	0.0%
Rubbish Permits	15,860	20,080	18,000	18,000	18,000	0	0.0%
Field Use	64,000	64,000	64,000	64,000	64,000	0	0.0%
All Others	22,262	58,276	35,275	35,275	35,275	0	0.0%
<b>Total</b>	<b>1,241,040</b>	<b>1,259,385</b>	<b>1,165,775</b>	<b>1,165,775</b>	<b>1,165,775</b>	<b>0</b>	<b>0.0%</b>

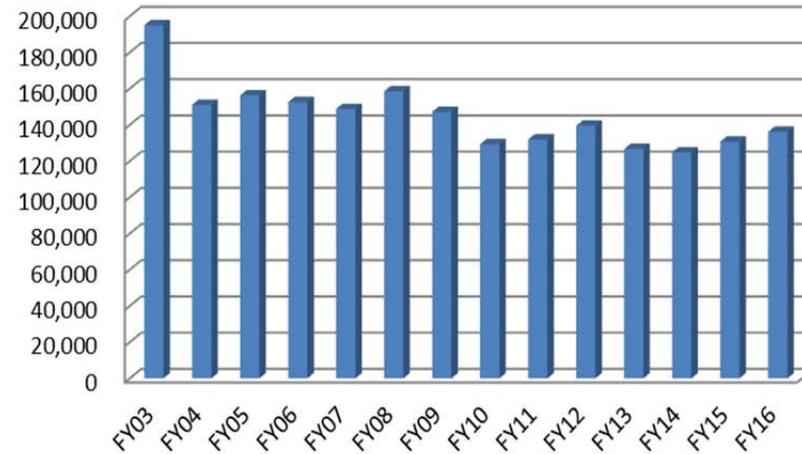
**PARKING AND COURT FINES**

Parking and Court Fines are the second largest local receipt of the Town. Approximately 85% of the revenue is derived from parking tickets for expired meters, violation of the Town's overnight parking ban, and violation of 2-hour parking restrictions. In September of 2002, the Board of Selectmen increased the fines for certain parking violations, including doubling the Overnight Parking fine from \$15 to \$30 and increasing the fine for expired meters from \$15 to \$25. This was made possible by the passage of Home Rule legislation, approved by the 2001 Annual Town Meeting and signed into law in November, 2001, that allowed the Board of Selectmen to raise parking violations to a maximum of \$50. In March, 2007 and July, 2007, the Selectmen further revised the schedule by adopting additional fine increases, including doubling the fine for violating the 2-hour parking rule from \$15 to \$30 and increasing the late fee from \$10 to \$15. The FY18 estimate of \$4.1 million reflects level funding from the FY17 budget.

**PARKING/COURT FINE COLLECTIONS**



**TICKET ISSUANCE**

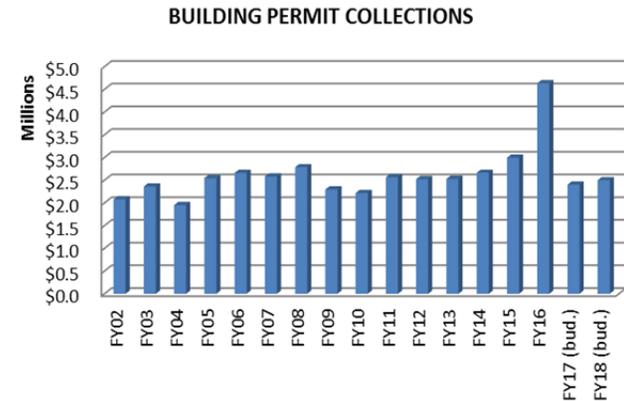


While there is a significantly higher amount of parking fine revenue being collected than prior to the fine increases (the \$4.1 million estimate is \$1.1 million higher than the average annual collections prior to the fine increases), there has been a decrease in issuance since the FY02 peak, when 204,000 tickets were issued. By FY04, there were 53,000 fewer tickets written. Since then, the number of tickets written has dropped to approximately 136,000 in FY16. This represents a decrease of 33% since the peak in FY02 and a 14% decline since FY08.

REVENUE SOURCE	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGET	FY2017 ESTIMATE	FY2018 BUDGET	BUDGET INCREASE	
						\$	%
Parking and Court Fines	3,977,818	4,053,279	4,100,000	4,100,000	4,100,000	0	0.0%

GENERAL GOVERNMENT

Revenues derived from this category are expected to increase \$69,723 (1.8%) from the FY17 budgeted amount, due primarily to a \$125,000 increase related to the Community Host payment from the Registered Marijuana Dispensary (RMD) combined with an increase in **Building Permits** (\$100,000, 4.2%). As shown in the graph to the right, Building Permit collections are a large revenue source and are quite volatile. The increase in FY16 was largely due to the permit for 2 Brookline Place, filed at the end of the year. Year-to-date experience indicates that the budget can be increased to \$2.5 million. **Damage/Legal Recovery** revenue results from the receipt of reimbursements for storms or from certain legal actions undertaken by the Town. The amounts collected vary greatly year-to-year because they are derived from unpredictable events that are the basis for the Town's recoveries. The estimate is level funded at \$10,000. **Town Clerk Fees** include fees for records and certified copies and the budget for those are level-funded at \$95,000. The budget for **Collector's Fees**, which consist primarily of Municipal Lien Certificates (MLC's) and Tailings, is level funded at \$135,000. **Plan Design Review** fees are charged by the Building Department when a project requires approval from the Zoning Board of Appeals (ZBA). That revenue source is level-funded at \$25,000.



The **Medicare Part D Subsidy** was an outcome of the Medicare Prescription Drug Improvement and Modernization Act of 2003, which added a prescription drug coverage component for seniors. The subsidy serves as an incentive for those employers that currently offer prescription drug coverage to its retirees to continue to offer the coverage. For FY18, the estimate reduced by \$200,000 based a change in which the GIC will use the subsidy to reduce Medicare premiums.

**Benefits Reimbursements** from special revenue/grant funds are increased \$34,723 (6.4%) to \$578,152. Those monies reimburse the General Fund for benefitted employees whose salaries are paid for out of non-General Funds. The Payments from the two companies that have built **Distributed Antenna Systems (DAS)** in town are expected to total \$90,000 in FY18. The **All Others** category is comprised of Community Host payment from the Registered Marijuana Dispensary (RMD), rental payment from the Fallon Ambulance contract, Zoning Board of Appeals fees, fees for copying documents of various departments, and many one-time reimbursements for miscellaneous expenditures. The budget increases \$125,000 (51.3%).

REVENUE SOURCE	FY2015	FY2016	FY2017	FY2017	FY2018	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Building Permits and Inspections	2,994,289	4,632,914	2,400,000	2,700,000	2,500,000	100,000	4.2%
Damage/Legal Recovery	245	282	10,000	5,000	10,000	0	0.0%
Town Clerk's Fees	92,090	92,071	95,000	95,000	95,000	0	0.0%
Collector's Fees	91,347	136,835	135,000	135,000	135,000	0	0.0%
Plan Design Review	40,583	25,650	25,000	25,000	25,000	0	0.0%
Medicare Part D Subsidy	418,116	441,373	400,000	400,000	200,000	(200,000)	-50.0%
Benefits Reimbursement	506,164	528,460	543,429	543,429	578,152	34,723	6.4%
Distributed Antenna System (DAS) Fees	86,774	94,133	80,000	90,000	90,000	10,000	12.5%
All Others	343,377	1,905,617	243,750	243,750	368,750	125,000	51.3%
<b>Total</b>	<b>4,572,985</b>	<b>7,857,334</b>	<b>3,932,179</b>	<b>4,237,179</b>	<b>4,001,902</b>	<b>69,723</b>	<b>1.8%</b>

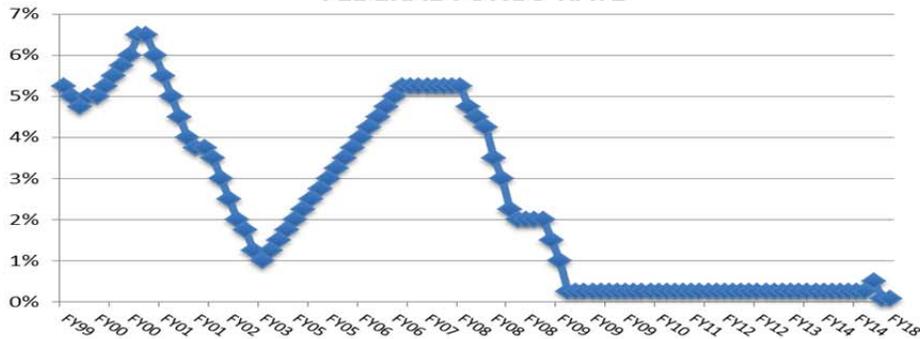
**INTEREST INCOME**

Interest Income is comprised of revenue from two sources: interest penalties on delinquent property taxes and fees and monies earned on the Town's available cash. The Town Treasurer regularly invests any cash not required for current disbursements and the amount of investment income earned in any given year is dependent upon a number of variables, the most important of which are available cash balances, anticipated cash flows, cash management policies and practices, and market interest rates. Investment income accounted for only 29% of the interest income earned in FY16, a significant change from the 62% it represented in FY09.

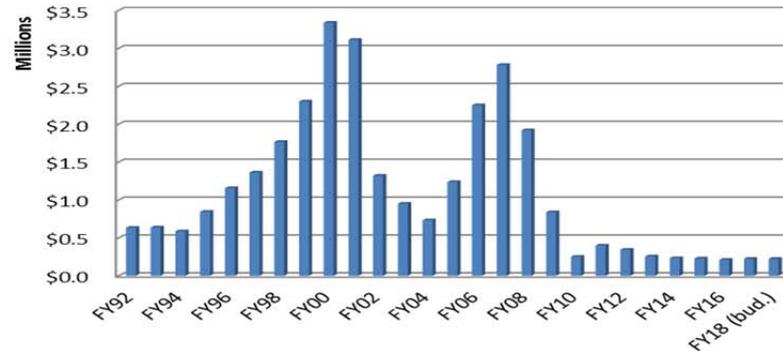
The estimate for interest earned on investments for FY18 is level-funded at \$225,000. This reflects an incredible \$2.5 million (92%) decrease from the FY07 actual. The large decrease is the result of actions taken by the Federal Reserve Bank to help improve the nation's economy. For historical context, between January, 2001 and June, 2003, the Federal Reserve lowered the Federal Funds Rate 13 times, from 6.5% to 1%. Since funds available for investment in FY04 were earning only approximately 1%, actual earnings were well below the levels realized during FY's 00-02. From FY00 to FY04, there was a downturn of \$2.6 million, or 78%. Between June, 2003 and June, 2006, the Federal Reserve increased rates 17 times, bringing the rate to 5.25%. The Town's earnings increased in conjunction with those actions.

The rate stayed at 5.25% until September, 2007, when the rate was dropped 50 basis points to 4.75%. Since then, it has been lowered nine more times to virtually 0%. This included an extraordinary week in late-January, 2008 when the rate dropped 75 basis points on January 22 and another 50 basis points on January 30. With such a dramatically reduced rate of return, the Town cannot expect to earn as much as it did during the FY07 - FY09 period. In December, 2015 and 2016 the Federal Reserve increased the rate slightly. The \$230,625 estimate continues to reflect the current projection. The two graphs below show the changes in the Federal Funds rate (left) and the historical Investment Income earnings (right).

**FEDERAL FUNDS RATE**



**HISTORICAL GENERAL FUND INVESTMENT EARNINGS**



The amount budgeted in FY18 for interest earned from delinquent taxpayers is level funded at \$502,250.

REVENUE SOURCE	FY2015	FY2016	FY2017	FY2017	FY2018	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE		BUDGET	\$\$
Interest Income	228,602	210,123	225,000	225,000	230,625	5,625	2.5%
Delinquent Tax Interest	550,834	505,360	502,250	502,250	502,250	0	0.0%
<b>Total</b>	<b>779,436</b>	<b>715,483</b>	<b>727,250</b>	<b>727,250</b>	<b>732,875</b>	<b>5,625</b>	<b>0.8%</b>

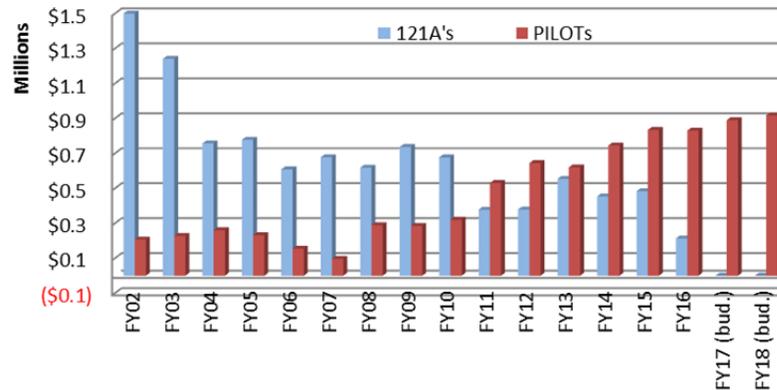
**PAYMENTS IN LIEU OF TAXES**

This category of Local Receipts consists of payments made by corporations that have entered into a State authorized Chapter 121A agreements and payments made in lieu of taxes (known as "PILOTs") by tax-exempt institutions.

In 1945, the Massachusetts General Court approved legislation that allowed cities and towns to enter into contracts with certain corporations in order to encourage development considered to be in the public interest. The corporations formed to carry out those projects are taxed as Urban Redevelopment corporations under Chapter 121A of the General Laws. Urban Redevelopment corporations pay an excise to the Commonwealth in lieu of a local property tax imposed by a city or town and in lieu of the general corporate excise. The Urban Redevelopment excise is applied by the sum of: 5% of gross income for the preceding calendar year and \$10 per thousand upon the fair cash value of real and tangible personal property as determined by the assessors. The amount of the fair cash value can be agreed upon within the provisions of section 6A of the chapter. A tax supplement payment agreement made directly to the town is also permitted. All 121A excise amounts collected by the Commissioner of Revenue are distributed back to cities and towns within the fiscal year. In FY17, the town's remaining Ch. 121A agreement: 55 Village Way converted into property tax.

PILOTs are agreements the Board of Selectmen have entered into with non-profits in Brookline, the purpose of which is to help cover a portion of the cost of public safety and public works services. They are estimated to yield \$916,800 for FY18, an increase of \$26,800 (3%) from FY17 budgeted amounts, due primarily to the agreements with Boston University. It should be noted that the BHA PILOT for FY16 came in after the fiscal year closed and was booked as FY17 revenue.

**HISTORICAL CH. 121A + PILOT PAYMENTS**



REVENUE SOURCE	FY2015	FY2016	FY2017	FY2017	FY2018	BUDGET	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE		BUDGET	INCREASE
						\$	%
Chapter 121A Projects	483,205	213,204	0	0	0	0	-
PILOT's	737,845	829,708	800,000	800,000	825,000	25,000	3.1%
Brookline Housing Authority (BHA) PILOT	96,004	0	90,000	185,718	91,800	1,800	2.0%
<b>Total</b>	<b>1,317,054</b>	<b>1,042,912</b>	<b>890,000</b>	<b>985,718</b>	<b>916,800</b>	<b>26,800</b>	<b>3.0%</b>

**TOWN OF BROOKLINE  
FY2018 FINANCING PLAN**

**FUND: General Fund**

**REVENUE GROUP: Local Receipts  
SUB-GROUP: Departmental and Other**

**DEPARTMENTAL AND OTHER**

All other local receipt sources combined are expected to total \$7.42 million, an amount that is \$5,190,394 (232.4%) more than the FY17 budget. This is primarily due to the conversion of Parking Meter Receipts from an annual transfer under Available funds to a Local Receipt. A summary of the items that comprise this category are as follows:

- Public Safety Fees - these include Towing Fees and Firearms Licenses and are level-funded at \$62,000.
- Parking Meter Receipts- a new Local Receipt, this amount represents level funding when compared to the FY17 transfer from the Parking Meter Fund.
- Health and Sanitation - these fees, which include Tobacco and Asbestos Fees, are collected by the Health Department. They are level-funded at \$44,500.
- Public Works Fees - these consist primarily of street cutting permits and are level-funded at \$77,000.
- On-Line Parking Ticket Convenience Fee - this is derived from the \$1.99 convenience fee charged to users of the On-Line Parking Ticket Payment application. (The fee is added to the fine amount in an effort to fully recover the costs of the application.) This is increased \$2,040 (2%) to \$104,040.
- Parking Fees - these fees include revenues from various parking permits, including the residential and commercial permit parking programs and municipal parking space rentals. They are increased \$5,000 (0.9%) to \$591,700.
- Medicaid Reimbursement (Schools) - this is the Medicaid reimbursement for medical services provided to qualified Brookline special education students. It is increased \$15,354 (3.6%) to \$446,148.
- Library - these consist of overdue fines and miscellaneous fees and reduced by \$20,000 (16.7%) to \$100,000.
- Detail Surcharge - this represents the 10% surcharge imposed on private police detail rates, the maximum percentage allowed under Massachusetts General Law, Chapter 44, Section 53C. It is increased \$50,000 (33.3%) to \$200,000.
- Cable Television Franchise Fee - this is a 3% tax on the gross receipts of the local cable television companies. It is level-funded at \$645,000.
- Pension Reimbursement - this includes the annual reimbursement from the State for cost of living adjustments (COLA's) for Brookline's non-contributory retirees. It is reduced \$12,000 (80%) to \$3,000.

REVENUE SOURCE	FY2015	FY2016	FY2017	FY2017	FY2018	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Public Safety	100,384	82,737	62,000	62,000	62,000	0	0.0%
Parking Meter Receipts	0	0	0	0	5,150,000	5,150,000	-
Health and Sanitation	50,193	49,572	44,500	44,500	44,500	0	0.0%
Public Works	88,062	112,748	77,000	90,000	77,000	0	0.0%
On-Line Parking Ticket Convenience Fee	77,105	102,785	102,000	102,000	104,040	2,040	2.0%
Parking Fees	654,643	653,131	586,700	586,700	591,700	5,000	0.9%
Medicaid Reimbursement (Schools)	442,631	571,128	430,794	430,794	446,148	15,354	3.6%
Library	100,052	83,638	120,000	100,000	100,000	(20,000)	-16.7%
Detail Surcharges	269,018	390,606	150,000	200,000	200,000	50,000	33.3%
Cable TV Franchise	660,683	651,692	645,000	645,000	645,000	0	0.0%
Pension Reimbursement	10,026	3,125	15,000	3,000	3,000	(12,000)	-80.0%
<b>Total</b>	<b>2,452,797</b>	<b>2,701,163</b>	<b>2,232,994</b>	<b>2,263,994</b>	<b>7,423,388</b>	<b>5,190,394</b>	<b>232.4%</b>

**STATE AID SUMMARY**

Since the passage of Proposition 2 ½, municipalities have been dependent upon the State to provide an equitable share of all growth tax revenues, which include income, sales, and corporate taxes. Since the intergovernmental relationship between municipalities and the State is a vital component of a municipality’s ability to fund the delivery of services, any reductions in State Aid could well lead to service cuts at the local level. This is especially true in Massachusetts, where the only local tax revenue is property tax; no local sales (other than the 0.75% allowed on meals) or income taxes are allowed under current law. Therefore, it is important that the State and municipalities work toward an equitable distribution of state revenue.

After sustaining major cuts in the early-1990's, local aid began to increase significantly in FY94 when the Legislature adopted a major Education Reform bill. Another source of the increase was Lottery revenue, which began in FY93 when the cap on disbursements to municipalities was phased out. (The cap was put into effect in the early-1990's to help balance the State budget.) Unfortunately, reductions in State Aid began a decade later in FY03, both for Cherry Sheet programs (e.g., Education Aid, General Government Aid) and discretionary grant programs (e.g., Education Grants, MWRA Debt Assistance). The cuts came as the State grappled with consecutive multi-billion dollar deficits. At the beginning of FY02, Cherry Sheet aid totaled \$5.14 billion; by FY04, it had been reduced by more than 6% (\$327.9 million) to \$4.81 billion. For Brookline, over this same period Cherry Sheet aid was cut by 15% (\$2.9 million) to \$17.1 million.

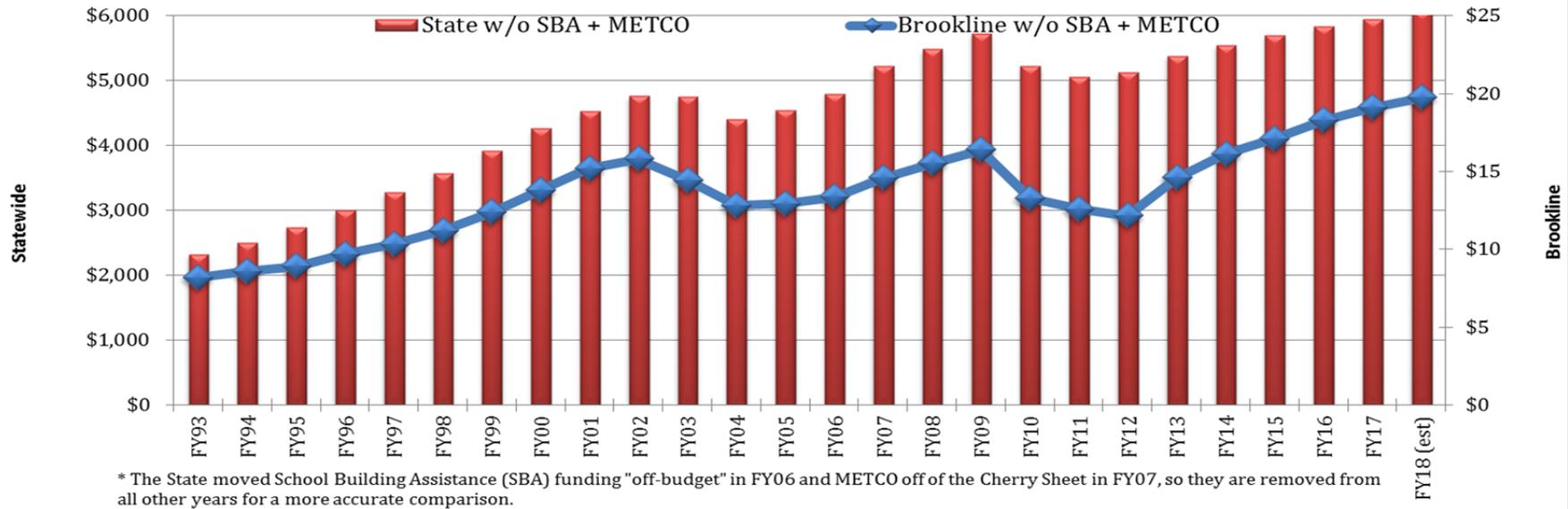
The final FY05 State budget increased State Aid by \$142.3 million (3%), but Brookline's State Aid increased by less than one-half of 1% (\$44,000). In FY06, the State began restoring some of the cuts it imposed in FY03 and FY04. This restoration continued into FY09, until the Governor announced \$128 million of mid-year "9C cuts" to Lottery and Additional Assistance in January, 2009, which reduced aid for Brookline by \$770,000. In FY10, the Town sustained a devastating State Aid cut of \$3.1 million (19%), followed by cuts of \$700,213 (5.3%) in FY11 and \$412,979 (3.3%) in FY12. In FY13, total Cherry Sheet Aid increased \$254 million (5%) to \$5.4 billion, driven mainly by increases in Chapter 70 Aid (\$180 million, 4.5%) and Unrestricted General Government Aid (UGGA) (\$65 million, 7.8%). For Brookline, Cherry Sheet Aid grew \$2.4 million (20%), due to a \$2 million (28.9%) increase in Ch. 70 Aid and a \$388,275 (7.8%) increase in UGGA. Similarly, in FY14 total Cherry Sheet Aid increased \$166 million (3%) to \$5.5 billion, driven mainly by increases in Chapter 70 Aid (\$130 million, 3.1%) and UGGA (\$21.3 million, 2.4%). For Brookline, Cherry Sheet Aid grew \$1.5 million (10.5%), due to a \$1.4 million (15.9%) increase in Ch. 70 Aid and a \$126,936 (2.4%) increase in UGGA.

The Governor’s FY18 budget proposal increases total Cherry Sheet Aid by \$127 million (2.1%) to \$6.1 billion, driven by a \$91.4 million increase in Chapter 70 education aid (to \$4.72 billion). Unrestricted General Government Aid increased \$39.9 million (3.9%) to \$1.06 billion. Charter School Reimbursement increased \$61K to \$80.1 million; Veterans’ Benefits decreased \$1.7M to \$75.7 million.

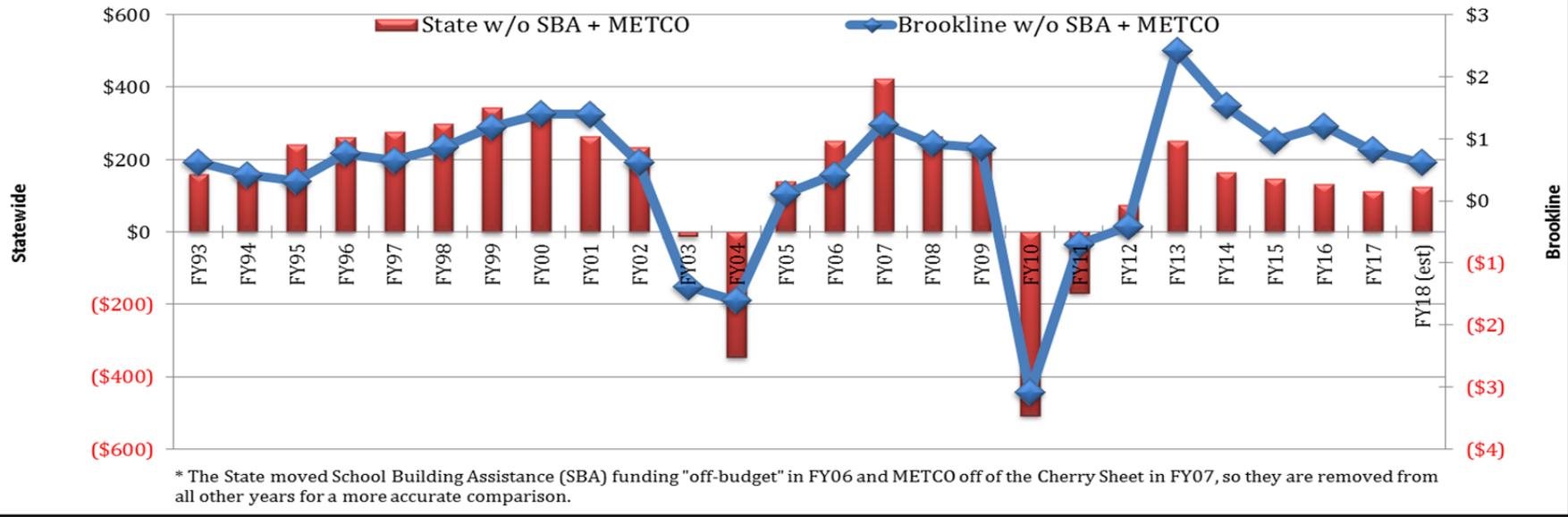
Since both the House and Senate need to offer their own versions of a FY18 budget, it is likely that a final State Aid figure will be different by the time a final FY18 State budget is approved.

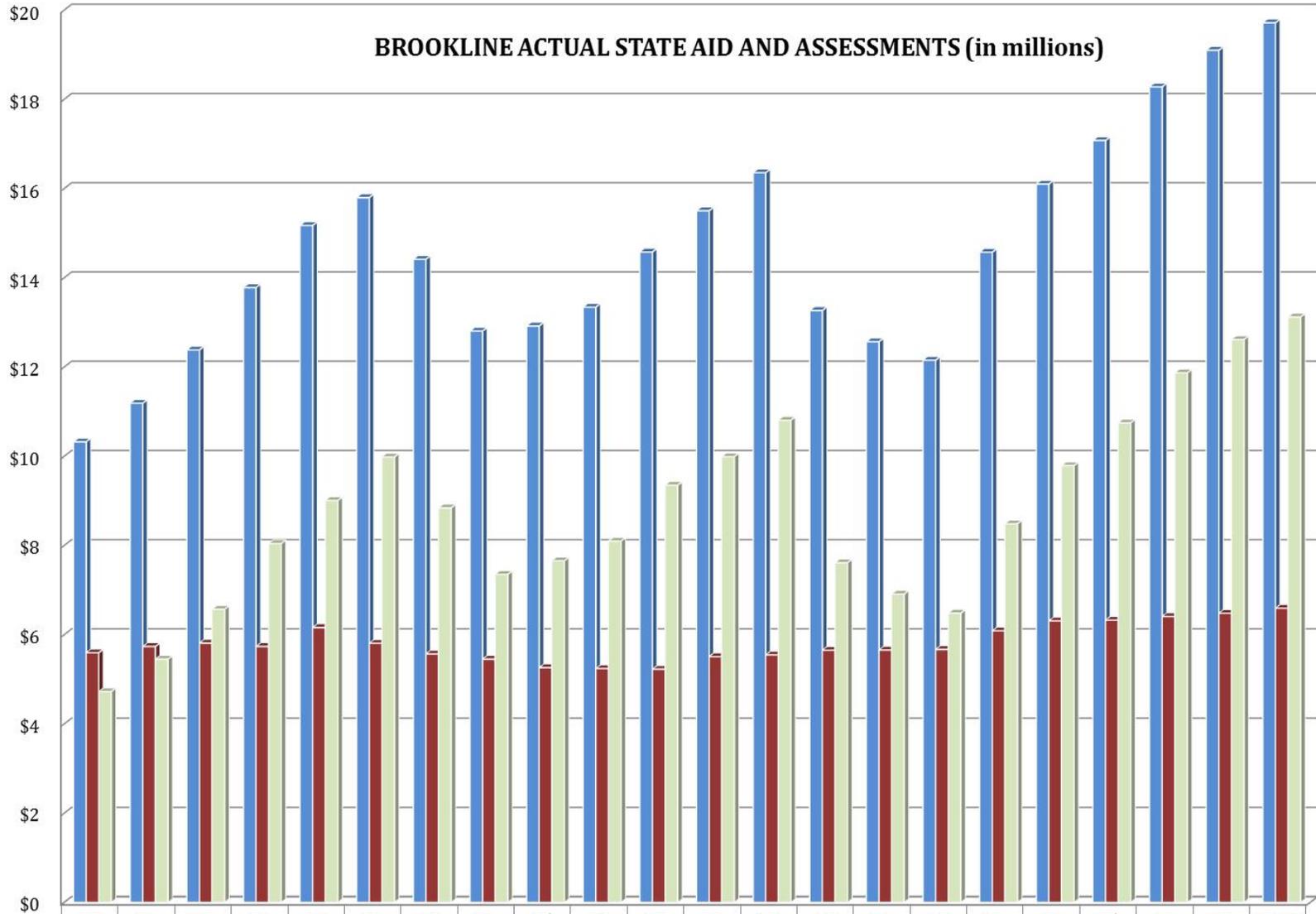
<u>REVENUE SOURCE</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2017</u>	<u>FY2018</u>	<u>BUDGET INCREASE</u>	
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ESTIMATE</u>	<u>BUDGET</u>	<u>\$</u>	<u>%</u>
General Government Aid	5,750,919	5,961,515	6,215,338	6,215,338	6,437,816	222,478	3.6%
School Aid	11,160,357	12,188,524	12,754,046	12,754,046	13,152,437	398,391	3.1%
School Construction Aid	556,757	556,757	556,757	556,757	556,757	0	0.0%
Tax Exemptions	40,402	39,059	41,913	41,913	39,720	(2,193)	-5.2%
Education Offset Items	126,443	91,451	89,197	89,197	86,983	(2,214)	-2.5%
<b>Total</b>	<b>17,634,878</b>	<b>18,837,306</b>	<b>19,657,251</b>	<b>19,657,251</b>	<b>20,273,713</b>	<b>616,462</b>	<b>3.1%</b>

**CHERRY SHEET AID HISTORY (in millions)**



**CHERRY SHEET AID HISTORY - ANNUAL CHANGE (in millions)**





	97	98	99	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18 est
■ STATE AID	10.33	11.19	12.38	13.78	15.17	15.80	14.42	12.81	12.92	13.34	14.58	15.50	16.36	13.27	12.57	12.16	14.57	16.10	17.08	18.28	19.10	19.72
■ ASSESSMENTS	5.60	5.74	5.81	5.74	6.16	5.81	5.57	5.45	5.26	5.24	5.23	5.51	5.55	5.65	5.66	5.67	6.09	6.31	6.33	6.41	6.48	6.60
■ NET STATE AID	4.73	5.45	6.57	8.04	9.01	9.99	8.84	7.35	7.66	8.10	9.35	9.99	10.81	7.62	6.91	6.48	8.49	9.79	10.75	11.87	12.62	13.12

**UNRESTRICTED GENERAL GOVERNMENT AID (UGGA)**

Prior to FY10, unrestricted general government aid consisted of Additional Assistance and Lottery. Additional Assistance was intended to provide flexible unrestricted aid to cities and towns. In the 1980's, the Legislature adopted a needs-based formula to allocate the then-new Resolution Aid. Prior to the Education Reform Act of 1993, additional aid was the difference between Chapter 70 Aid and the needs-based Resolution Aid. After the Education Reform Act was enacted, Additional Assistance became a static Cherry Sheet program, but nonetheless considered a critical component of the "base aid" for the 159 eligible cities and towns. Proceeds from the State Lottery, net of prizes and expenses, are intended to be distributed to cities and towns through a formula that is meant to be "equalizing", which means that communities with lower property values receive proportionately more aid than communities with higher values. The formula is based on population and Equalized Property Valuations (EQV), shown below:

$$\text{LOTTERY AID} = (\text{State Wide EQV Per Capita} / \text{Local EQV Per Capita}) \times \$10 \text{ per Capita}$$

In FY10, the final State budget eliminated the separate accounts and replaced them with a single Unrestricted General Government Aid (UGGA) account and cut them by \$377 million (29%) statewide, which meant a loss of \$2.3 million for Brookline. Historically, Additional Assistance sustained significant cuts during State budget crises. In FY90, the account stood at \$765 million statewide but was cut to \$476.3 million by FY92. By FY04, it was at \$378.5 million, ultimately reaching \$341.6 million in FY09. Similarly, Brookline's share dropped from \$6.9 million in FY90 to \$3.2 million by FY09.

The Lottery account was also used to help balance the State budget. In FY90, the State placed an artificial cap on the distributions to cities and towns and used the balance of the revenues for State budgetary purposes in disregard of the original Lottery enabling legislation. In FY91 and FY92, the Legislature capped the Lottery distributions at \$306 million, the FY90 level. By FY94, it reached \$329 million, at which point the "diversion" totaled \$170 million. In FY95, the Legislature authorized an additional \$42 million and pledged to continue to add, in the minimum, \$20 million per year for the next four years to restore the previously diverted growth proceeds. This commitment expired with the FY00 distribution, which totaled \$670 million. In FY01, Lottery proceeds increased to \$730 million and in FY02 it increased further to \$778 million. During this period, Brookline's share of Lottery proceeds increased 73%, from \$2.3 million to \$3.98 million. In January, 2003, the State again began to divert Lottery revenue when the Governor issued his mid-year cuts, which included reducing the amount of Lottery revenue sent to municipalities to \$661.4 million. Starting in FY06, the diversion began to be reduced and total Lottery proceeds sent to municipalities reached \$935 million in FY08, with Brookline's share ultimately increasing from \$3.6 million to \$4.4 million. Unfortunately, mid-year FY09, Lottery proceeds were cut again, to \$843.9 million, with Brookline's share dropping to \$4 million.

As previously stated, the final FY10 State budget eliminated the separate accounts and replaced them with a single Unrestricted General Government Aid (UGGA) account and cut them by \$377 million (29%) statewide and by \$2.3 million for Brookline. Cuts were also sustained in FY11 (\$37.4 million, 4%; \$223,751 for Brookline) and FY12 (\$65 million, 7.2%; \$388,275 for Brookline). FY13-FY17 saw some of those cuts restored, with \$65 million added in FY13 (a 7.8% increase), \$21.3 million added in FY14 (a 2.4% increase), \$25.5 million added in FY15 (a 2.8% increase), \$34.1M added in FY16 and \$42.1M added in FY17. For Brookline, the increases in those years were \$388,275 (FY13), \$126,936 (FY14), \$152,441 (FY15), \$203,379 (FY16) and \$251,670 (FY17). Based on the Governor's FY18 budget proposal UGGA is increased 3.9% which results in a \$238,074 increase for Brookline.

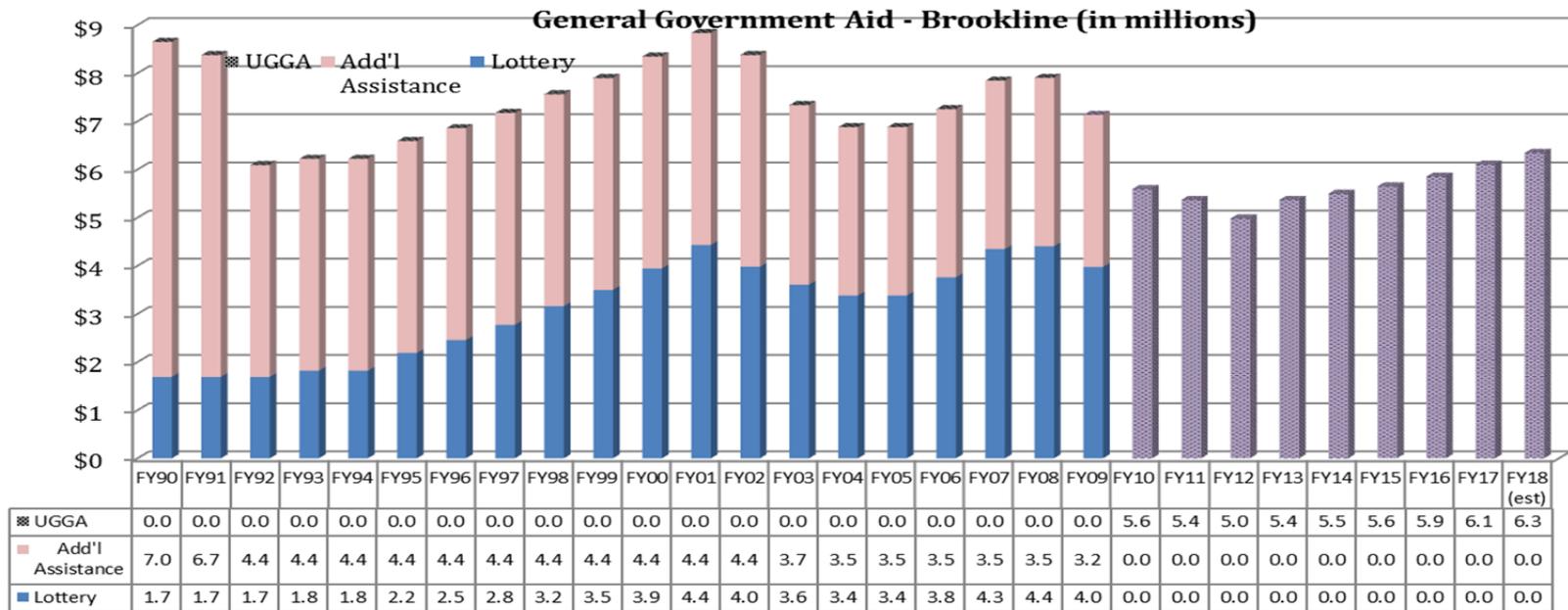
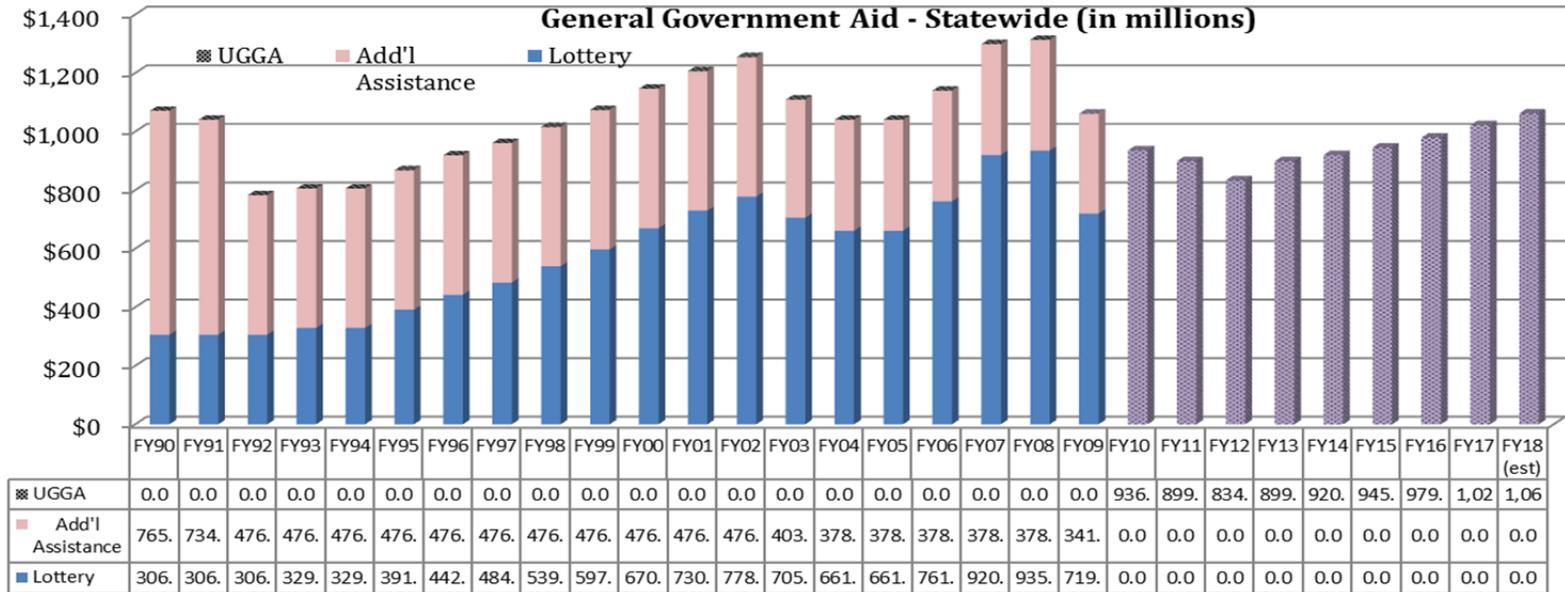
The graphs on the following page show the history of General Government Aid, both statewide and for Brookline.

REVENUE SOURCE	FY2015	FY2016	FY2017	FY2017	FY2018	BUDGET	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE		BUDGET	INCREASE
						\$	%
Unrestricted General Government Aid (UGGA)	5,649,406	5,852,785	6,104,455	6,104,455	6,342,529	238,074	3.9%
Veteran's Benefits	101,513	108,730	110,883	110,883	95,287	(15,596)	-14.1%
Total	5,750,919	5,961,515	6,215,338	6,215,338	6,437,816	222,478	3.6%

**TOWN OF BROOKLINE  
FY2018 FINANCING PLAN**

**FUND: General Fund**

**REVENUE GROUP: State Aid  
SUB-GROUP: General Government**



**VETERANS' BENEFITS**

Chapter 115, Section 6, provides for reimbursement to communities for amounts expended to assist needy veterans and/or their dependents. Benefits paid out in accordance with state guidelines and approved by the Commissioner of Veterans' Services are reimbursed 75%. The Governor's FY18 budget proposal results in a decrease of \$15,596 (14.1%) for Brookline.

**SCHOOL AID - CHAPTER 70**

Chapter 70 Aid was revised in FY94 as a result of the historic enactment of the Education Reform Act of 1993. Education reform was undertaken in an effort to ensure both fair and adequate funding through a universal "foundation budget" formula to establish base spending levels for all of the Commonwealth's public school systems. The law seeks to ensure a constitutionally adequate educational opportunity for all public school students regardless of the property wealth of the community in which they live. Fundamental to the goal of funding equity is the creation of a school finance structure that includes a base spending level that becomes an annual spending target known as the Foundation Budget. Over a seven-year period ending in FY00, through increased state and local funding, all communities were expected to bring their education spending up to the minimum foundation budget level.

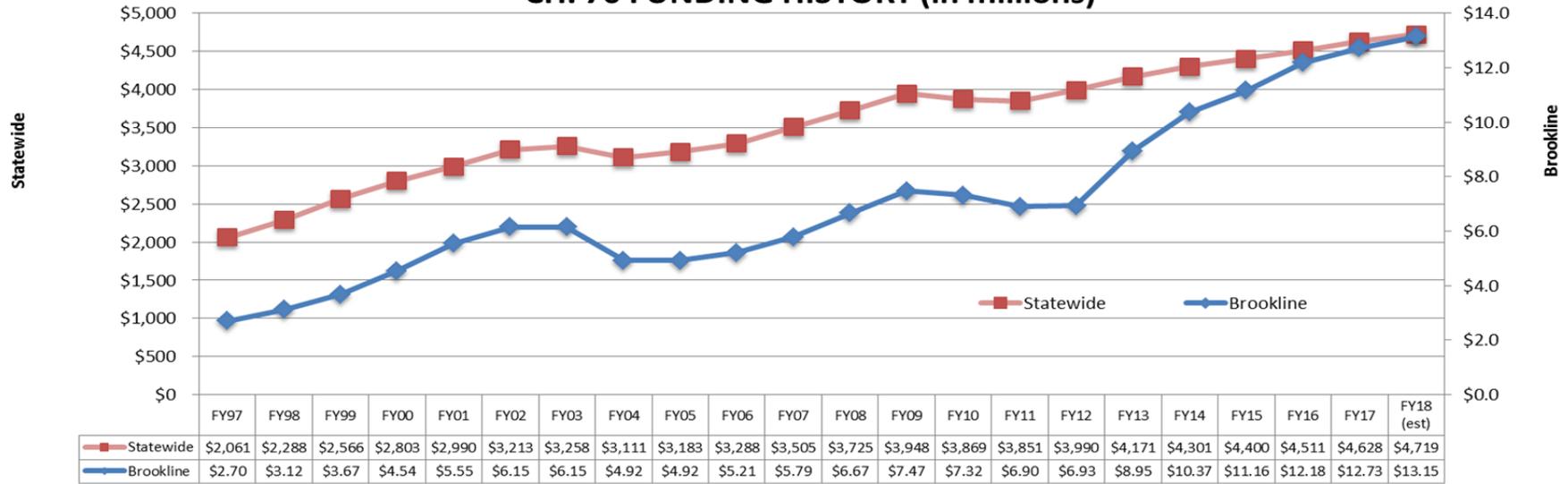
The reform legislation targeted the majority of funds to poorer communities and required them to increase school spending. School districts with relatively higher property wealth, such as Brookline, tended to be classified as "Minimum Aid" communities and were originally entitled to a minimum increase of \$25 per student. The Legislature changed this to \$100 per student for FY99, \$150 per student for FY00, and \$175 per student for FY01. Starting in FY07, the State moved to the "Aggregate Wealth Model" to distribute new Ch. 70 monies. This complex distribution formula aims to move all districts toward receiving at least 17.5% of their foundation budget in State aid.

Between FY93 and FY03, the amount of Ch. 70 aid appropriated by the State increased significantly, as the charts on the following page show. Total funding increased nearly 153%, going from \$1.29 billion in FY93 to \$3.26 billion in FY03. For Brookline, during that same period, funding increased \$4.7 million (316%), increasing from \$1.48 million to more than \$6 million. In FY04, the State reduced Ch. 70 funding by more than \$147 million (1.5%), with Brookline losing \$1.2 million, or 20%. Between FY05 - FY09, there were statewide annual increases in the \$100 million - \$200 million (2% - 6%) range, totaling \$837.7 million (26.9%), bringing the total appropriation to \$3.95 billion. For Brookline, the increase during that period totaled \$2.6 million (51.8%), bringing the Town's appropriation to \$7.5 million. That trend changed in FY10, when Chapter 70 funding was cut by \$79 million, or 2%. For Brookline, the reduction was \$149,463 (2%). In FY11, statewide funding was cut another \$18.7 million (0.5%), with Brookline losing \$427,849 (5.8%). In FY12, funding was increased \$139.6 million (3.6%) to \$3.99 billion, with Brookline's appropriation increasing \$37,020 (0.5%).

In the FY13 – FY17 period, total funding was increased \$637.5 million to statewide funding of \$4.6 billion. For Brookline, the Ch. 70 aid rose by \$5.8 million during that same time period. The Governor's FY18 budget brings statewide funding to \$4.72B, an increase of \$91.4 million (2%). For Brookline, there is an increase of \$418,061 (3.3%) to \$13.1 million.

<u>REVENUE SOURCE</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2017</u>	<u>FY2018</u>	<u>BUDGET INCREASE</u>	
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ESTIMATE</u>	<u>BUDGET</u>	<u>\$</u>	<u>%</u>
School Aid Chapter 70	11,159,464	12,183,520	12,729,627	12,729,627	13,147,688	418,061	3.3%
School Construction Aid	556,757	556,757	556,757	556,757	556,757	0	0.0%
Charter Tuition Assessment Reimbursement	893	5,004	24,419	24,419	4,749	(19,670)	-80.6%
Total	11,717,114	12,745,281	13,181,313	13,310,803	13,709,194	398,391	3.0%

**CH. 70 FUNDING HISTORY (in millions)**



**ANNUAL CHANGES IN CH. 70 FUNDING HISTORY (in millions)**



**TOWN OF BROOKLINE  
FY2018 FINANCING PLAN**

**FUND: General Fund**

**REVENUE GROUP: State Aid  
SUB-GROUP: School Aid**

The key factor that has positively impacted Brookline is the aggregate wealth model, which was first used in FY07. This is reflected in the FY13 - FY17 increases. The past few budgets made progress on the Ch. 70 equity reforms of 2007 by reducing by the gap that exists to be fully implemented. While the goal of the aggregate wealth model (increase Ch. 70 aid so that it represents 17.5% of each district's foundation budget) has not been reached, the gap has been significantly reduced. Since FY12, Brookline's Ch. 70 figure has been raised from less than 12% of foundation to 17.4%.

	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>
<b>Foundation Budget</b>	57,861,962	63,110,212	66,334,276	68,558,217	71,400,246	73,409,265	75,545,144
<b>Required District Contribution</b>	52,548,862	54,160,831	55,964,810	57,398,755	59,216,726	60,679,638	62,397,456
<b>C70 Aid</b>	6,932,850	8,949,381	10,369,466	11,159,462	12,183,520	12,729,627	13,147,688
<b>Ch. 70 as % of Foundation budget</b>	<b>11.98%</b>	<b>14.18%</b>	<b>15.63%</b>	<b>16.28%</b>	<b>17.06%</b>	<b>17.34%</b>	<b>17.40%</b>

The key factors in the School funding formula are the components of the Foundation budget (Enrollment, Wage Adjustment Factor, and Inflation) and the Local Contribution (Property Value, Income, and the Municipal Revenue Growth Factor). Over the past 10 years, Brookline has seen unprecedented enrollment growth of 28%. With the Foundation Budget increasing so significantly, Brookline became a "Foundation Aid Community", meaning Ch. 70 aid is required to bridge the gap between the foundation budget and the district's required contribution.

**SCHOOL CONSTRUCTION AID**

In 2004, the State enacted a major overhaul of the School Building Assistance (SBA) program, which provides for the partial reimbursement of the costs of local school construction projects. By the late-1990's, the level of local participation began to outstrip the State's ability to finance the program. In FY04, more than \$400 million was appropriated to fund the program, an amount that was more than double the amount required in FY97. (Brookline's share increased nearly \$3 million, or 479%, during the same period.) Therefore, on July 1, 2003, the State put in place a moratorium that assured a.) none of the 425 approved projects on the wait list would be funded and b.) no new projects could be added to the wait list. The moratorium ended on July 1, 2007.

The Massachusetts School Building Authority (MSBA), an independent state authority, was created to operate the new program, which is governed by a seven-member board led by the State Treasurer. The new law provided an "off-budget" revenue stream for future projects: roughly one cent of the sales tax revenue is dedicated to a special trust fund to finance the State's share of projects. Projects that were already receiving payments continued to receive annual reimbursement of principal and interest for the rest of the payment period for the project. For projects constructed under the new program, municipalities borrow only for the local share of any project and receive the State's share on a real-time basis rather than being repaid for principal and interest payments after-the-fact over the life of the bond (normally 20-25 years).

Reimbursement rates for all new projects were reduced by 10 percentage points. The reform legislation cut the "base rate" for all projects by eight points and eliminated the two incentive points that had applied to projects when a project manager was hired. (Separate construction reform legislation requires that a project manager be hired for all projects costing more than \$1.5 million.) Separate reimbursement rules apply to racial balance projects. The maximum state reimbursement rate was reduced from 90% to 80% while the minimum state contribution was decreased from 50% to 40%. The minimum state contribution was further reduced in CY09, when the 40% minimum was stricken from the statute. A community's reimbursement rate is now totally dependent on the base rate plus income and poverty factors, as shown below:

$$\text{Reimbursement Rate} = 31\% \text{ base rate} + \text{income factor} + \text{property wealth factor} + \text{poverty factor}$$

There are incentive points that can be added for things such as re-use versus building new, energy efficiency/"green buildings", maintenance, regionalization, and use of "model schools".

Under the new program, the Town continues to receive payments under the existing schedule, which total \$556,757 in FY16. That funding reimburses the Town for principal and interest costs for the following two projects:

1. Heath School - between FY00 and FY04, the Town received annual payments of \$286,161. For FY05-FY19, the Town will receive \$122,095 per year. The total (\$3.26 million) represents the State's 61% share of the project.
2. Baker School - between FY03 and FY08, the Town received annual payments of \$489,896. For FY09-FY12, the payments were \$465,031 per year. For FY13-FY22, the payments will be \$434,662 per year. (The amount was reduced after the bond was re-financed.) The total (\$9.15 million) represents the State's 61% share of the project.

**TAX EXEMPTION AID**

Chapter 59, Section 5, includes so-called "clause exemptions" that provide property tax exemptions for veterans, blind persons, surviving spouses, elderly persons, and others. Each of these are detailed below:

Veterans - Chapter 59, Section 5, Clauses 22-22E provide for tax exemptions for veterans that meet certain criteria. The amount of the exemption ranges from \$400 to \$1,500. Chapter 58, Section 8A provides a total tax exemption to paraplegic veterans who have been certified as such by the Veterans Administration. Exemptions that qualify under these provisions are partially reimbursed by the State.

Blind Persons - Chapter 59, Section 5, Clause 37A, which was accepted by the Town, provides for a tax exemption of \$500 for eligible blind persons. The State reimburses the Town \$87.50 for each exemption granted.

Surviving Spouses and Others - Chapter 59, Section 5, Clause 17D, which was accepted by the Town, provides a tax exemption to persons over the age of 70, to minors with a parent deceased, or to widows or widowers. The amount of the exemption is \$175. To be eligible, the person must meet certain requirements, including a provision that his/her total estate does not exceed \$40,000 exclusive of the value of the domicile except so much of the domicile as produces income and exceeds two dwelling units. At the November, 2003 Special Town Meeting, the Town adopted the state statute that allows cities and towns to increase the \$40,000 estate provision annually by a cost of living adjustment (COLA) as determined by the Commissioner of the Department of Revenue (DOR). In FY15, the combined impact of the COLAs since FY04 has increased the estate provision to \$54,836. The State partially reimburses the Town for this exemption.

Elderly Persons - Chapter 59, Section 5, Clause 41C, provides that a person who has reached his/her 70<sup>th</sup> birthday prior to the fiscal year for which an exemption is sought, and who owns and occupies property, may qualify for a tax exemption of \$500 from the tax bill. In determining eligibility, gross income of said person for the preceding calendar year must be less than \$13,000, if single, or if married, combined income must be less than \$15,000. In addition, the whole estate, real and personal, less the value of the domicile, except so much of the domicile as produces income and exceeds two dwelling units, cannot exceed \$28,000, if single, or, if married, combined income cannot exceed \$30,000. If the applicant receives Social Security, a deduction is applied to determine income eligibility. At the November, 2003 Special Town Meeting, the Town adopted the state statute that allows cities and towns to increase the income and whole estate provisions annually by a cost of living adjustment as determined by the Commissioner of the Department of Revenue (DOR). Then at the 2011 Annual Town Meeting, further adjustments were made, including reducing the eligibility age to 65 and increasing the income and asset limits. In FY15, the combined impact of these changes since FY04 has increased the income provision to \$21,165 single / \$31,748 married and increased the asset provision to \$42,330 single / \$58,204 married.

In FY16, the total appropriation for all of these exemption reimbursements was \$24.4 million, with Brookline receiving \$39,059. The Governor's FY18 budget reduces this line item by \$976K; Brookline's reimbursement on the preliminary Cherry Sheet is reduced to \$39,720.

All of the above exemptions have been doubled annually by Town Meeting in accordance with Chapter 73, Section 4 of the Acts of 1986, as amended by Chapter 126 of the Acts of 1988.

<u>REVENUE SOURCE</u>	<u>FY2015 ACTUAL</u>	<u>FY2016 ACTUAL</u>	<u>FY2017 BUDGET</u>	<u>FY2017 ESTIMATE</u>	<u>FY2018 BUDGET</u>	<u>BUDGET INCREASE</u>	
						<u>\$\$</u>	<u>%</u>
Veterans/Blind/Surviving Spouse	40,402	39,059	41,913	41,913	39,720	(2,193)	-5.2%
Total	40,402	39,059	41,913	41,913	39,720	(2,193)	-5.2%

**CHERRY SHEET OFFSETS**

Cherry Sheet Offsets are amounts that constitute categorical aid and must be spent for specific municipal and regional school district programs. Funds received under programs designated as Offset items may be spent without appropriation in the local budget. The School Department reserves the Lunch Program funds for direct expenditure while the Library does the same with the Public Libraries appropriation. The School Department expends the Lunch Programs monies above and beyond the appropriated budget while the Library uses the funds to augment the Town's appropriation.

Lunch Programs - Under Chapter 871 of the Acts of 1970, the State reimburses cities and towns a small portion of the costs of providing breakfasts and lunches to school children. The majority of funding for the lunch programs comes from the federal government and fees paid by the diners. Statewide FY15 funding totaled \$5.4 million. In FY16 the Lunch Program was removed from the Cherry Sheet because it is an offset item that does not have an impact on the tax rate setting process.

Public Libraries – Public Libraries include three programs: the Library Incentive Grant (LIG), the Municipal Equalization Grant (MEG), and the Non-resident Circulation Offset. The LIG is intended to maintain and promote improved services. The MEG is meant to provide for some equalization amongst communities based upon their relative revenue raising capacities. Non-resident Circulation helps offset costs incurred through permitting non-residents access to the community's library facilities.

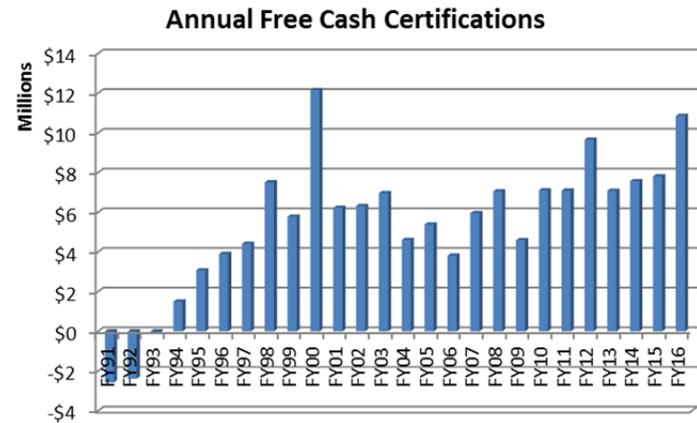
Three different funding formulas are used to distribute these funds. The LIG formula provides for \$0.50 per capita to communities who have populations over 2,500 and who have appropriated at least \$1,250 for public library services during the preceding year. The MEG formula is the same as the lottery formula, which is related to a community's comparative wealth and can be found on page III-26. The Non-resident Circulation Offset is determined annually by the (State) Board of Library Commissioners, based upon each community's share of the total statewide-circulated items. The Governor's FY18 budget increases this line item by \$193,000 with Brookline receiving \$86,983 a \$2,214 (2.5%) reduction.

REVENUE SOURCE	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGET	FY2017 ESTIMATE	FY2018 BUDGET	BUDGET INCREASE	
						\$	%
Lunch Programs	29,385	0	0	0	0	0 -	
Public Libraries	97,058	91,451	89,197	89,197	86,983	(2,214)	-2.5%
Total	126,443	91,451	89,197	89,197	86,983	(2,214)	-2.5%

**FREE CASH**

Free Cash, which is certified as of July 1 each year by the Commonwealth's Department of Revenue (DOR), represents the portion of General Fund surplus revenue that is unrestricted and available for appropriation. Free Cash is generated when the actual operating results compare favorably with the budget, such as when actual revenues exceed the original estimates and/or when actual expenditures are less than appropriated. It is also affected by increases or decreases in uncollected property taxes, non-General Fund deficit balances, and any other legally incurred operating deficits. These funds, once certified, may be used to support supplemental appropriations during the year, to support the ensuing fiscal year's budget, or to reduce the tax levy. The Town's Free Cash Policy, which can be found in its entirety in the Appendix of this Financial Plan, prioritizes the use of Free Cash in the following manner:

1. Budget Reserve – 25% of the annual reserve fund
2. Unreserved Fund Balance / Stabilization Fund – maintain at a minimum of 10% of revenue
3. Liability / Catastrophe Fund – maintain at 1% of net revenue
4. Capital Improvement Program (CIP) – bring CIP funding up to 7.5% from the 6% CIP Policy
5. Affordable Housing Trust Fund (AHTF) – deposit if the fund balance is less than \$5 million
6. Special Use – augment trust funds related to fringe benefits, unfunded liabilities related to employee benefits, and other one-time uses, including additional funding for the CIP



From FY91 through FY93, Free Cash was certified with negative balances, as can be seen in the graph above. Very tight budgeting and unusually large delinquent tax balances created this situation. This condition began to improve in FY94. Since then, the combination of adopting prudent fiscal policies, more conservative revenue estimates, and closely monitoring expenditures have contributed to the favorable levels of Free Cash. The Free Cash certification for funds available for use in FY18 (i.e., Free Cash as of 7/1/15) is \$10,854,017. However, as discussed in the Town Administrator's Budget Message, this Financial Plan spends \$8.35 million, leaving \$2.5 million unappropriated to help improve the Town's undesignated fund balance position. The breakout below shows where Free Cash is allocated in accordance with the Town's Free Cash policy.

REVENUE SOURCE	FY2015	FY2016	FY2017	FY2017	FY2018	BUDGET	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	INCREASE	
Free Cash appropriated for:						\$	%
Operating Budget Reserve Fund	530,584	550,050	587,184	587,184	615,003	27,819	4.7%
Stabilization Fund	0	0	0	0	0	0	-
Liability Reserve	234,839	78,970	144,322	144,322	203,644	59,322	41.1%
Capital Improvements	4,148,339	4,224,403	4,421,493	4,421,493	6,058,567	1,637,074	37.0%
Affordable Housing Trust Fund	170,390	163,078	158,539	158,539	576,803	418,264	263.8%
OPEB's	0	0	0	0	600,000	600,000	-
Public Safety IOD Medical Expenses Trust Fund	0	0	0	0	0	0	-
Worker's Comp. Trust Fund	0	0	0	0	0	0	-
Pension Fund	0	0	0	0	300,000	300,000	-
Unemployment Trust Fund	0	0	0	0	0	0	-
Operating Budget	0	0	0	0	0	0	-
<b>Total</b>	<b>5,084,152</b>	<b>5,016,501</b>	<b>5,311,538</b>	<b>5,311,538</b>	<b>8,354,017</b>	<b>3,042,479</b>	<b>57.3%</b>

**OTHER AVAILABLE FUNDS**

Other Available Funds are derived from legally restricted funds and can only be used to offset related appropriations. The anticipated amount available to defray FY18 appropriations is \$7.93 million, an increase of \$22,135 (0.3%) from the amount available in FY15.

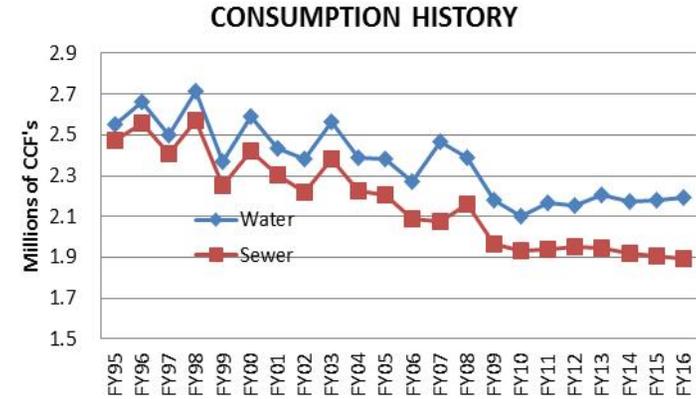
1. **Parking Meter Receipts** – the Municipal Modernization Act allows revenue generated from parking meters to revert to the city or town’s general fund.
2. **Walnut Hills Cemetery Funds** - these are receipts from the sale of lots and services. The transfer from these funds to the General Fund is to reimburse the General Fund for a portion of the expenses associated with the operation of the cemetery, which is funded in the DPW budget. It increased to \$100,000, which covers approximately 34% of cemetery operating costs.
3. **State Aid for Libraries** - this is the portion of the Cherry Sheet Offset aid, previously described under the "Cherry Sheet Offsets" section that was used as a direct offset to the Library. Withholding funds from this direct source of revenue to the Library is no longer recommended.
4. **Golf Enterprise Fund Reimbursement** - this reimbursement to the General Fund consists of the fringe benefit costs associated with those employees whose salaries are charged to the Enterprise Fund, supervision/overhead, re-payment of both the FY01 Town loan (operating losses) and the FY13 Town loan (new maintenance facility), and property insurance. The reimbursement decreases \$2,107 (1.2%) to \$179,991.
5. **Recreation Revolving Fund Reimbursement** - this reimbursement to the General Fund represents the fringe benefit costs associated with those employees whose salaries are funded in the Revolving Fund. Massachusetts General Law, Chapter 44, Section 53E ½, the statute under which the Recreation Revolving Fund was established, mandates that "[N]o revolving fund expenditures shall be made for the purpose of paying any wages or salaries for full time employees unless such revolving fund is also charged for the costs of fringe benefits associated with the wages or salaries so paid." Therefore, with full-time employees being charged to the fund, fringe benefits must be charged. The FY18 reimbursement increases \$7,870 (2.1%) to \$383,770.
6. **Water and Sewer Enterprise Fund Reimbursement** - this reimbursement to the General Fund consists of fringe benefits and certain interdepartmental expenses. The reimbursement increases \$176,656 (8.6%) to \$2.23 million.
7. **Tax Abatement Reserve Surplus** - also known as the Overlay Reserve Surplus, the Town's Fiscal Policies dictate that these funds be used to support one-time expenses. In FY15, \$1 million was declared surplus and used to support the CIP and \$1.1 million was used to cover a snow and ice deficit. No such funding is planned for FY18.
8. **Capital Project Surplus** - \$147,900 of remaining balances from previously appropriated capital projects is planned to support the CIP in FY18.
9. **Sale of Town-owned Land Fund** - Chapter 44, Section 63 of Massachusetts General Laws requires the proceeds from the sale of any publicly-owned land, except for property acquired through tax title foreclosures, be placed in a separate fund and be used for paying any debt service associated with the acquisition of the land. If no indebtedness exists, then the proceeds can be used for any purpose for which a municipality is authorized to incur debt. No funds from this revenue source are planned for FY18.

REVENUE SOURCE	FY2015	FY2016	FY2017	FY2017	FY2018	BUDGET	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	INCREASE	
						\$	%
Parking Meter Receipts	4,300,000	4,300,000	5,150,000	5,150,000	0	(5,150,000)	-100.0%
Walnut Hill Cemetery Fund	75,000	75,000	75,000	75,000	100,000	25,000	33.3%
State Aid for Libraries	41,555	0	0	0	0	0	-
Golf Enterprise Fund Reimbursement	163,049	177,791	182,098	182,098	179,991	(2,107)	-1.2%
Recreation Revolving Fund Reimbursement	349,934	354,124	375,900	375,900	383,770	7,870	2.1%
Water and Sewer Enterprise Fund Reimbursement	1,973,970	1,988,729	2,057,070	2,057,070	2,233,725	176,656	8.6%
Tax Abatement Reserve Surplus	2,100,000	0	0	0	0	0	-
Capital Project Surplus	0	0	0	0	147,900	147,900	-
Sale of Town-owned Land Fund	0	0	0	0	0	0	0.0%
Total	9,003,508	6,895,644	7,840,067	7,840,067	3,045,386	(4,794,681)	-61.2%

**WATER AND SEWER ENTERPRISE**

The Department of Public Works is responsible for the operation of the Water and Sewer Division. The Division is responsible for maintaining and operating the municipal water distribution system in accordance with industry standards promulgated by the American Water Works Association and all applicable state and federal regulations, as well as for maintaining and operating the municipal sewer and surface water drain systems in accordance with all applicable state, federal, and MWRA regulations for the collection and discharge of wastewater.

The operation is treated as an enterprise fund under Massachusetts General Laws, Ch. 44, Sec. 53F½. The Enterprise Fund was established by Town Meeting in 2001. Prior to that vote, the Water and Sewer operation was accounted for in the General Fund. Treating the operation as an enterprise fund allows for the use of the full accrual basis of accounting, a requirement of the Government Accounting Standards Board's (GASB) financial reporting standard statement #34. The Enterprise Fund fully reimburses the General Fund for expenses incurred on behalf of its operation, including fringe benefits. The Fund covers 100% of its expenses. Early indications are that the costs for water and sewer services for FY18 will increase \$286K (1%) from FY17. The increase is driven primarily by increases in the MWRA Assessment (\$708,215 3.5%), which is partially offset by a decrease in Capital from the Stormwater and Netherlands Road improvement projects (\$490K total) which were funded with retained earnings.



Consumption plays a major role in the financial condition of the Enterprise Fund: when consumption estimates (i.e., sales estimates) are not met, revenue is not generated at the estimated levels and a revenue deficit occurs. As shown in the chart to the right, there has been a gradual decrease in consumption, although it appears to have leveled-off recently. This trend is factored in each year when the new rates are set. In order to reduce the revenue volatility resulting from swings in consumption, a new rate structure was enacted by the Board of Selectmen in FY12 that included a base fee, which took approximately one-third of the rate off of consumption dependence. As a result, if there is a significant reduction in consumption during the course of the fiscal year, then approximately one-third of the revenue is not impacted. The new rate structure also included tiered rates, with the first seven hundred cubic feet (hcf) being charged at a lower rate than any consumption above that level.

Please see the Enterprise Fund section of the Department of Public Works' budget in Section IV of this Financial Plan for a breakdown of the expenditures associated with the Water and Sewer Division.

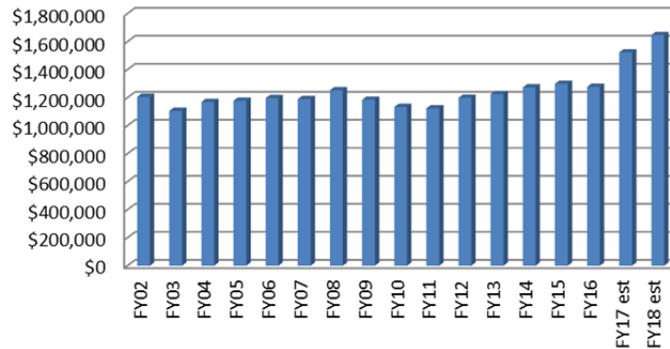
REVENUE SOURCE	FY2015	FY2016	FY2017	FY2017	FY2018	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Water and Sewer Charges	26,044,743	27,082,847	28,058,259	28,058,259	28,793,808	735,549	2.6%
Late Payment Fees	104,730	107,198	80,000	80,000	80,000	0	0.0%
Service Fees	152,983	197,937	115,500	115,500	115,500	0	0.0%
Fire Service Fee	251,250	233,941	225,000	225,000	225,000	0	0.0%
Misc	61,620	112,965	506,500	506,500	57,000	(449,500)	-88.7%
<b>Gross Total</b>	26,615,326	27,734,888	28,985,259	28,985,259	29,271,308	286,049	1.0%
less Reimbursement to the General Fund	1,973,970	1,988,729	2,057,070	2,057,070	2,233,725	176,656	8.6%
<b>Net Total</b>	24,641,356	25,746,159	26,928,189	26,928,189	27,037,583	109,393	0.4%

**GOLF COURSE ENTERPRISE**

The Recreation Department is responsible for the operation of the Town-owned Robert T. Lynch Municipal Golf Course at Putterham Meadows. In doing so, the Department collects golf course revenues for green fees, golf cart rentals, concessions, and Pro Shop sales that are deposited into the Golf Course Enterprise Fund, as allowed for under Massachusetts General Laws, Ch. 44, Sec. 53F½. The golf course operation has been treated as an enterprise fund since FY91. Treating the operation as an enterprise fund allows for the use of the full accrual basis of accounting, a requirement of the Government Accounting Standards Board's (GASB) financial reporting standard statement #34. The Enterprise Fund fully reimburses the General Fund for expenses incurred on behalf of the golf operation, including fringe benefits.

In FY18, collections are estimated to total \$1.65 million, an increase of \$124,267 (8.2%) from the FY17 budget, driven primarily by an increase in the estimate of the number of rounds played (greens fees and cart rentals). This reflects the experience of the past golf season, which is due, in part, to the significant capital improvements that have been completed at the course, including extensive drainage restoration and bunker renovation. In addition, the activity from the recently completed driving range is reflected in the revenue estimate. Lastly, management revised the Pro Shop marketing plan and has since realized a 40% increase in sales. Please see the Enterprise Fund section of the Recreation Department's budget in Section IV of this Financial Plan for a breakdown of the expenditures associated with the Golf Course.

**GOLF COURSE ENTERPRISE FUND REVENUE**



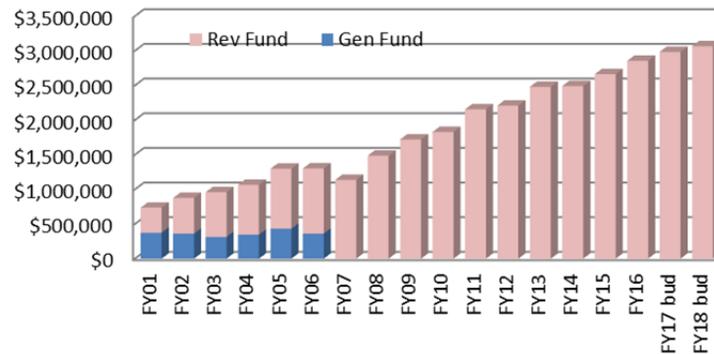
REVENUE SOURCE	FY2015	FY2016	FY2017	FY2017	FY2018	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Green Fees / Permits	895,051	884,941	1,027,431	1,027,431	949,462	(77,969)	-7.6%
Cart Rentals	190,539	200,331	194,661	194,661	210,000	15,339	7.9%
Pro Shop	87,910	73,945	100,000	100,000	100,000	0	0.0%
Concessions	44,558	46,353	48,190	48,190	49,636	1,446	3.0%
Golf Clinics	22,715	28,421	25,000	25,000	25,000	0	0.0%
Other	58,057	42,690	127,549	127,549	313,000	185,451	145.4%
<b>Gross Total</b>	<b>1,298,830</b>	<b>1,276,681</b>	<b>1,522,831</b>	<b>1,522,831</b>	<b>1,647,098</b>	<b>124,267</b>	<b>8.2%</b>
less Reimbursement to the General Fund	163,049	177,791	182,098	182,098	179,991	(2,107)	-1.2%
<b>Net Total</b>	<b>1,135,781</b>	<b>1,098,890</b>	<b>1,340,733</b>	<b>1,340,733</b>	<b>1,467,107</b>	<b>126,374</b>	<b>9.4%</b>

**RECREATION REVOLVING FUND**

Established by Town Meeting in 1992 per the provisions of Massachusetts General Laws Chapter 44, Section 53E½, the Recreation Revolving Fund holds the fees collected for the programs the Recreation Department sponsors. Prior to FY07, Recreation Department revenue was split between the General Fund and the Revolving Fund; from that point forward, all Recreation revenue has been deposited into the Revolving Fund. This was made possible by the passage of Chapter 79 of the Acts of 2005, which enabled the Town to have a revolving fund revenue ceiling equal to 2 1/2% of the property tax levy instead of the 1% ceiling imposed by the State statute.

Approved every year by Town Meeting as part of the annual appropriations article, the FY18 estimate for the Revolving Fund is \$3.07 million, an increase of \$82,944 (2.8%). Please see the Revolving Fund section of the Recreation Department's budget in Section IV of this Financial Plan for a breakdown of the expenditures associated with the programs accounted for under the Revolving Fund.

**RECREATION REVENUE**



REVENUE SOURCE	FY2015	FY2016	FY2017	FY2017	FY2018	BUDGET	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	INCREASE	%
Aquatic	565,001	561,411	577,765	577,765	617,875	40,110	6.9%
Eliot Center	131,878	133,225	114,500	114,500	133,126	18,626	16.3%
Environmental Programs	60,525	55,011	54,162	54,162	54,493	331	0.6%
Ice Skating	168,536	172,773	161,768	161,768	173,596	11,828	7.3%
Off-Site Out of Town Trip	39,778	42,061	46,900	46,900	35,730	(11,170)	-23.8%
Outdoor Recreation	647,992	599,929	630,024	630,024	675,414	45,390	7.2%
Outdoor Athletics	259,786	303,405	288,767	288,767	301,730	12,963	4.5%
Soule Center	658,041	798,154	857,611	857,611	900,492	42,881	5.0%
Soule Gym	40,004	40,535	70,996	70,996	31,430	(39,566)	-55.7%
Tappan Facility	161,389	173,169	182,148	182,148	184,640	2,492	1.4%
Misc Revenue	(70,370)	(25,391)	0	0	0	0	-
<b>Gross Total</b>	<b>2,662,560</b>	<b>2,854,282</b>	<b>2,984,641</b>	<b>2,984,641</b>	<b>3,108,526</b>	<b>123,885</b>	<b>4.2%</b>
less Reimbursement to the General Fund	349,934	354,124	375,900	375,900	383,770	7,870	2.1%
<b>Net Total</b>	<b>2,312,626</b>	<b>2,500,158</b>	<b>2,608,741</b>	<b>2,608,741</b>	<b>2,724,756</b>	<b>116,015</b>	<b>4.4%</b>

