

TOWN OF BROOKLINE FY2020 FINANCING PLAN	REVENUE GROUP: Overall Summary SUB-GROUP: Overall Summary
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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 \$304 million, or 91% of total Financial Plan revenues. Total Financial Plan revenue is \$335.3 million, which represents an increase of \$14.8 million, or 4.6%. FY20 General Fund revenues are projected to increase by \$14.2 million (4.9%) from the FY19 budgeted amounts. Operating Revenue, which is basically General Fund revenue less one-time revenues that support the Capital Improvement Program (CIP), increases \$12.7 million, or 4.6%. 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	\$15.01	6.7%
Capital Project Surplus	\$0.00	-
State Aid	\$0.20	0.9%
Motor Vehicle Excise	\$0.12	2.0%
Local Option Taxes	\$0.11	3.7%
Building Permits	\$0.03	1.0%
“Free Cash”	\$0.56	6.6%
All Others	(\$1.77)	
TOTAL	\$14.25	4.9%

	FY19	FY20	\$ Change	% Change
Total General Fund Revenue	289,770,790	304,020,293	14,249,503	4.9%
Less:				
SBA Reimbursements	556,757	434,662	(122,095)	-21.9%
Debt Exclusions	3,408,089	6,380,745	2,972,656	87.2%
Free Cash	8,516,286	9,081,257	564,971	6.6%
Add'l Revenue for CIP	1,900,000	0	(1,900,000)	-100.0%
Parking Meter Funds for CIP	1,900,000	0	(1,900,000)	-100.0%
Capital Project Surplus	0	0	0	-
OPERATING REVENUE	275,389,658	288,123,629	12,733,970	4.6%

It should be noted that the State Aid figures used in this Financial Plan are based on the Governor’s FY2020 budget proposal which was submitted on January 23rd. For Brookline, the Governor’s proposal results in a total State Aid increase of \$195,067. Since both the House and Senate need to offer their own versions of a FY2020 State budget, it is likely that final State Aid figures will be different by the time a final FY2020 State budget is approved.

A detailed description and analysis of the FY2020 revenue items and related changes are found within the pages that follow.

REVENUE SOURCE	FY2017	FY2018	FY2019	FY2019	FY2020	<u>BUDGET INCREASE</u>	
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ESTIMATE</u>	<u>BUDGET</u>	\$\$	%
Property Taxes *	204,064,199	211,374,488	224,490,479	224,490,479	239,499,109	15,008,630	6.7%
Local Receipts	28,648,804	36,277,400	29,778,588	30,712,978	29,943,370	164,783	0.6%
State Aid	19,658,441	20,352,973	22,112,759	22,112,759	22,307,826	195,067	0.9%
Free Cash	5,311,538	8,354,017	8,516,286	8,516,286	9,081,257	564,971	6.6%
Other Available Funds	7,840,067	3,050,446	4,872,678	4,872,678	3,188,731	(1,683,948)	-34.6%
General Fund Revenues	265,523,049	279,409,325	289,770,790	290,705,180	304,020,293	14,249,503	4.9%
Water/Sewer Enterprise **	27,532,949	24,842,976	26,240,192	26,240,192	26,246,455	6,262	0.0%
Golf Enterprise**	1,278,603	1,388,559	1,565,687	1,565,687	1,584,763	19,076	1.2%
Recreation Revolving Fund **	2,629,380	2,890,095	2,948,451	3,058,866	3,500,816	552,365	18.7%
Total Financial Plan Revenues	296,963,981	308,530,954	320,525,121	321,569,926	335,352,327	14,827,206	4.6%

* The figures provided for the FY17 and FY18 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
FY2020 FINANCING PLAN**

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

DETAILED REVENUE SUMMARY

	FY17 ACTUAL	FY18 ACTUAL	FY19 BUDGET	FY20 BUDGET	FY20 vs FY19	
					\$\$	%
GENERAL FUND						
Property Taxes *	204,064,199	211,374,488	224,490,479	239,499,109	15,008,630	6.7%
Local Receipts	28,648,804	36,277,400	29,778,588	29,943,370	164,783	0.6%
Motor Vehicle Excise (MVE)	6,211,079	6,544,129	6,022,200	6,142,644	120,444	2.0%
Local Option Taxes	2,904,370	3,310,839	2,972,410	3,081,858	109,448	3.7%
Licenses & Permits	1,191,181	1,073,646	1,165,775	1,170,775	5,000	0.4%
Parking / Court Fines	3,861,631	3,387,216	3,500,000	3,400,000	(100,000)	-2.9%
General Government	6,481,436	8,253,832	3,886,621	3,765,871	(120,750)	-3.1%
Interest Income	940,709	1,274,256	951,197	974,977	23,780	2.5%
PILOTs	1,407,085	1,090,649	983,636	1,010,509	26,873	2.7%
Refuse Fee	2,670,948	3,029,024	2,800,000	2,850,000	50,000	1.8%
Departmental & Other	2,980,364	8,313,809	7,496,749	7,546,736	49,987	0.7%
State Aid	19,705,394	20,569,202	22,112,759	22,307,826	195,067	0.9%
General Government Aid	6,216,528	6,652,829	6,645,199	6,825,378	180,179	2.7%
School Aid	12,803,192	13,232,356	14,781,524	14,931,341	149,817	1.0%
School Construction Aid	556,757	556,757	556,757	434,662	(122,095)	-21.9%
Tax Abatement Aid	39,720	40,277	40,779	29,174	(11,605)	-28.5%
Offset Aid	89,197	86,983	88,500	87,271	(1,229)	-1.4%
Other Available Funds	7,840,067	3,050,446	4,872,678	3,188,731	(1,683,948)	-34.6%
Parking Meter Receipts	5,150,000	161,040	1,900,000	0	(1,900,000)	-100.0%
Walnut Hill Cemetery Fund	75,000	100,000	100,000	100,000	0	0.0%
State Aid for Libraries	0	0	0	0	0	0.0%
Golf Enterprise Fund Reimb.	182,098	179,991	207,013	299,683	92,670	44.8%
Recreation Revolving Fund Reimb.	375,900	375,690	351,549	471,027	119,478	34.0%
Water and Sewer Enterprise Fund Reimb.	2,057,070	2,233,725	2,314,117	2,318,021	3,904	0.2%
Tax Abatement Reserve Surplus	0	0	0	0	0	0.0%
Capital Project Surplus	0	0	0	0	0	0.0%
Sale of Town-owned Land	0	0	0	0	0	0.0%
Free Cash	5,311,538	8,354,017	8,516,286	9,081,257	564,971	6.6%
Capital Improvements	4,421,493	6,058,567	5,977,194	6,719,184	741,990	12.4%
Operating Budget Reserve	587,184	615,003	637,218	672,373	35,155	5.5%
Strategic Reserves / Other Spec Approp's	302,861	1,680,447	1,901,874	1,689,700	(212,174)	-11.2%
TOTAL GENERAL FUND REVENUE	265,570,002	279,625,554	289,770,789	304,020,293	14,249,504	4.9%
ENTERPRISE FUND / REVOLVING FUND REVENUE						
Water and Sewer Enterprise Fund **	27,532,949	24,842,976	26,240,192	26,243,033	2,839	0.0%
Golf Course Enterprise Fund **	1,278,603	1,568,551	1,565,687	1,584,763	19,076	1.2%
Recreation Revolving Fund **	2,629,380	2,890,095	2,948,451	3,500,816	552,365	18.7%
TOTAL ENTERPRISE / REVOLVING FUND REVENUE	31,440,932	29,301,622	30,754,331	31,328,611	574,280	1.9%
TOTAL REVENUES	297,010,934	308,927,175	320,525,120	335,348,905	14,823,784	4.6%

* The figures provided for the FY17 and FY18 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.

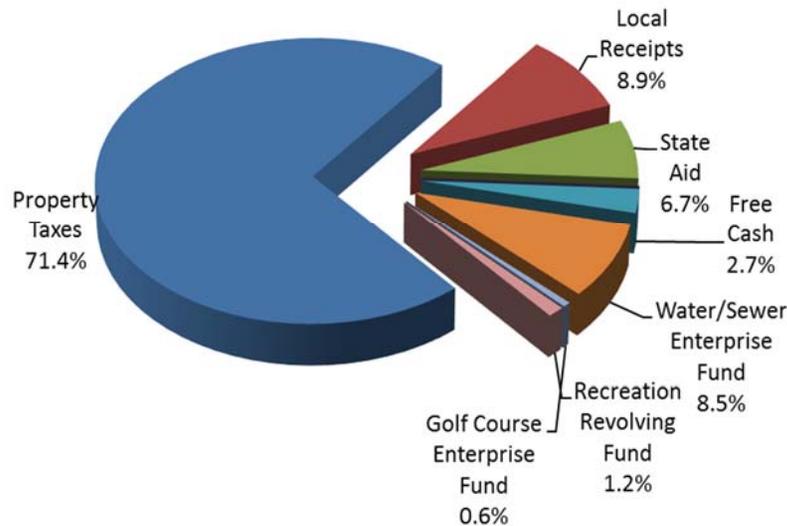
FY2020 REVENUE BY FUND						
	General Fund ¹	Water & Sewer Enterprise Fund	Golf Enterprise Fund	Recreation Revolving Fund	Cemetery Fund ²	TOTAL
Property Taxes	239,499,109					239,499,109
Local Receipts	29,943,370					29,943,370
State Aid	22,307,826					22,307,826
Parking Meter Receipts						-
Walnut Hill Cemetery Fund					100,000	100,000
State Aid for Libraries						
Golf Enterprise Fund Reimbursement			299,683			299,683
Recreation Revolving Fund Reimbursement				471,027		471,027
Water and Sewer Enterprise Fund Reimbursement		2,318,021				2,318,021
Capital Project Surplus						-
Free Cash	9,081,257					9,081,257
TOTAL GENERAL FUND	300,831,563	2,318,021	299,683	471,027	100,000	304,020,293
Water and Sewer Enterprise Fund ³		26,243,033				26,243,033
Golf Course Enterprise Fund ³			1,584,763			1,584,763
Recreation Revolving Fund ³				3,500,816		3,500,816
TOTAL FINANCIAL PLAN	300,831,563	28,561,053	1,884,446	3,971,843	100,000	335,348,905

¹ Includes revenue from property taxes, local receipts, state aid, and Free Cash (not the "Other Available Funds" category shown or

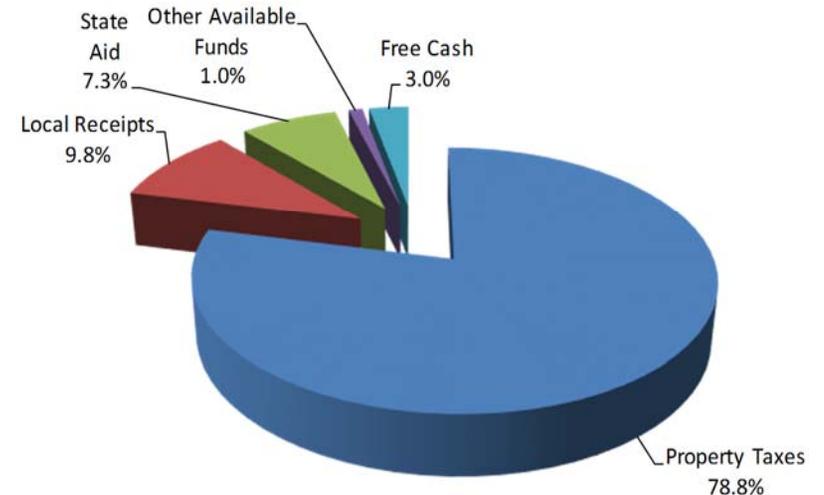
² The revenue from these funds are transferred into the General Fund.

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

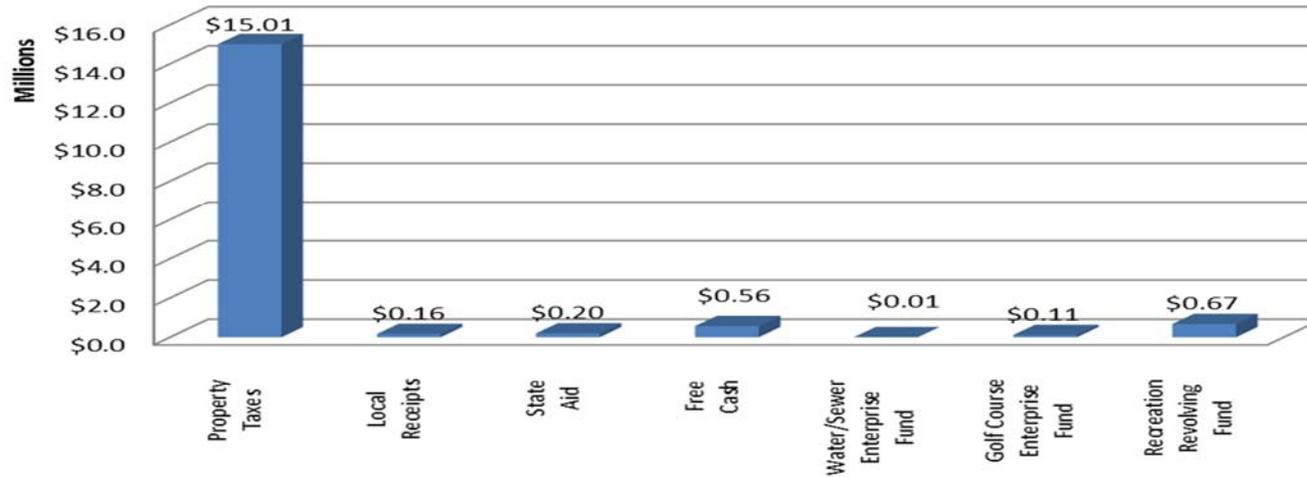
FY19 TOTAL REVENUE COMPOSITION



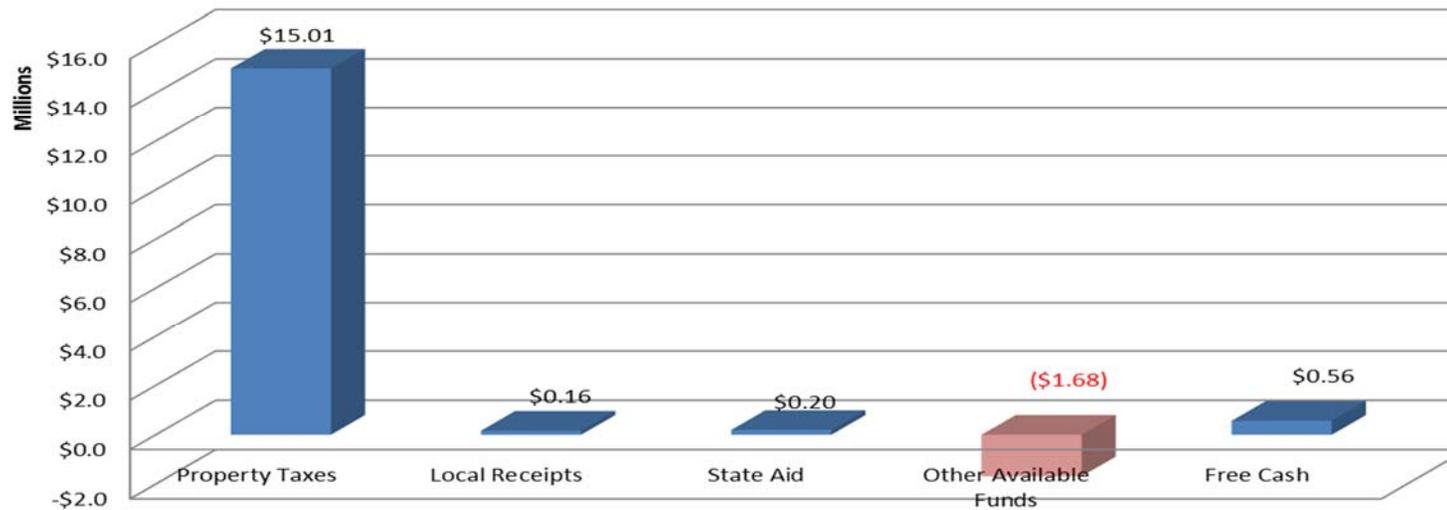
FY20 GENERAL FUND REVENUE COMPOSITION



FY19 TOTAL REVENUE CHANGES



FY20 GENERAL FUND REVENUE CHANGES



TOTAL REVENUES

\$ (millions)

% of General Fund Budget

REVENUE SOURCE	FY81	FY82	FY11 ACT.	FY12 ACT.	FY13 ACT.	FY14 ACT.	FY15 ACT.	FY16 ACT.	FY17 ACT.	FY18 ACT.	FY19 BUD.	FY20 BUD.
PROPERTY TAX	\$45.8 76.4%	\$40.8 71.0%	\$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 76.8%	\$211.4 75.6%	\$224.5 77.5%	\$239.5 78.8%
LOCAL RECEIPTS	\$3.8 6.4%	\$5.3 9.2%	\$22.6 11.2%	\$23.8 11.2%	\$24.5 10.8%	\$25.5 11.0%	\$25.8 10.8%	\$29.4 11.5%	\$28.6 10.8%	\$36.3 13.0%	\$29.8 10.3%	\$29.9 9.8%
STATE AID	\$5.5 9.2%	\$7.2 12.5%	\$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 7.4%	\$20.6 7.4%	\$22.1 7.6%	\$22.3 7.3%
FEDERAL REVENUE SHARING	\$1.1 1.8%	\$1.0 1.7%	\$0.0 0.0%									
FREE CASH	\$3.4 5.7%	\$2.7 4.7%	\$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 3.0%	\$8.5 2.9%	\$9.1 3.0%
OTHER AVAILABLE FUNDS	\$0.3 0.5%	\$0.5 0.9%	\$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%	\$3.1 1.1%	\$4.9 1.7%	\$3.2 1.0%
GENERAL FUND BUDGET TOTAL	\$59.9	\$57.5	\$202.0	\$212.3	\$225.9	\$231.5	\$239.8	\$255.2	\$265.6	\$279.6	\$289.8	\$304.0
WATER & SEWER ENT FUND (1)	\$2.1	\$2.9	\$22.4	\$23.1	\$24.5	\$24.4	\$24.6	\$25.7	\$27.5	\$24.8	\$26.2	\$26.2
GOLF COURSE ENT FUND (1)	\$0.0	\$0.0	\$0.9	\$1.0	\$1.1	\$1.1	\$1.1	\$1.1	\$1.3	\$1.6	\$1.6	\$1.6
RECREATION REVOLVING FUND (1)	\$0.0	\$0.0	\$1.9	\$1.9	\$2.2	\$2.1	\$2.3	\$2.5	\$2.6	\$2.9	\$2.9	\$3.5
TOTAL FINANCIAL PLAN	\$62.0	\$60.4	\$227.2	\$238.4	\$253.7	\$259.2	\$267.9	\$284.5	\$297.0	\$308.9	\$320.5	\$335.3

(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	FY09 ACT.	FY10 ACT.	FY11 ACT.	FY12 ACT.	FY13 ACT.	FY14 ACT.	FY15 ACT.	FY16 ACT.	FY17 ACT.	FY18 (2) ACT.	FY19 BUDGET	FY20 BUDGET
PROPERTY TAX	(\$5.1) -11.1%	\$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%	\$7.3 3.6%	\$13.1 6.2%	\$15.0 6.7%
LOCAL RECEIPTS	\$1.5 39.1%	(\$2.1) -8.4%	(\$1.4) -6.3%	\$1.6 7.5%	\$1.2 5.5%	\$0.6 2.6%	\$1.0 4.3%	\$0.3 1.3%	\$3.5 13.7%	(\$0.7) -2.5%	\$7.6 26.6%	\$0.3 1.1%	\$0.2 0.6%
STATE AID	\$1.7 31.1%	(\$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%	\$0.9 4.6%	\$0.9 4.4%	\$1.8 8.6%	\$0.2 0.9%
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%	\$0.0 0.0%
FREE CASH	(\$0.6) -17.9%	\$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%	\$0.2 1.9%	\$0.6 6.6%
OTHER AVAILABLE FUNDS	\$0.2 70.8%	(\$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%	\$0.9 13.7%	(\$4.8) -61.1%	\$1.4 40.0%	(\$1.7) -34.6%
GENERAL FUND BUDGET TOTAL	(\$2.4) -4.1%	\$9.2 4.8%	\$5.7 2.9%	(\$2.7) -1.3%	\$10.3 5.1%	\$13.5 6.4%	\$5.7 2.5%	\$8.3 3.6%	\$15.3 6.4%	\$10.4 4.1%	\$14.1 5.3%	\$16.8 6.1%	\$14.2 4.9%
WATER & SEWER ENT FUND (1)	\$0.9 41.0%	\$3.1 17.0%	(\$0.1) -0.6%	\$1.5 6.9%	\$0.7 3.3%	\$1.4 6.0%	(\$0.1) -0.5%	\$0.2 1.0%	\$1.1 4.5%	\$1.8 6.9%	(\$2.7) -9.8%	(\$0.1) -0.2%	\$0.0 0.0%
GOLF COURSE ENT FUND (1)	\$0.0 0.0%	\$0.1 14.3%	(\$0.1) -5.9%	(\$0.0) -1.5%	\$0.1 11.0%	\$0.0 3.4%	\$0.1 4.9%	\$0.0 1.2%	(\$0.0) -3.2%	\$0.2 16.4%	\$0.3 22.7%	\$0.1 10.1%	\$0.0 1.2%
RECREATION REVOLVING FUND (1)	\$0.0 0.0%	\$0.2 17.1%	\$0.1 6.3%	\$0.3 17.3%	\$0.0 0.9%	\$0.3 14.9%	(\$0.1) -2.8%	\$0.2 8.1%	\$0.2 8.1%	\$0.1 5.2%	\$0.3 9.9%	\$0.1 4.4%	\$0.6 18.7%
TOTAL FINANCIAL PLAN	(\$1.5) -2.6%	\$12.6 6.0%	\$5.6 2.5%	(\$0.9) -0.4%	\$11.2 4.9%	\$15.3 6.4%	\$5.5 2.2%	\$8.7 3.4%	\$16.6 6.2%	\$12.5 4.4%	\$11.9 4.0%	\$16.9 5.6%	\$14.8 4.6%

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

(2) Reflect conversion of Parking Meter Revenue from Other Available funds to a Local Receipt.

PROPERTY TAX

Property Tax is the primary source of revenue for most Massachusetts municipalities. In Brookline, Property Taxes represent more than 79% 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 every fifth year. A comprehensive town-wide revaluation was completed in FY2019, with the next one now scheduled for FY2024, the assessors continue to update assessments annually based on changes in market conditions, changes in use and new construction.

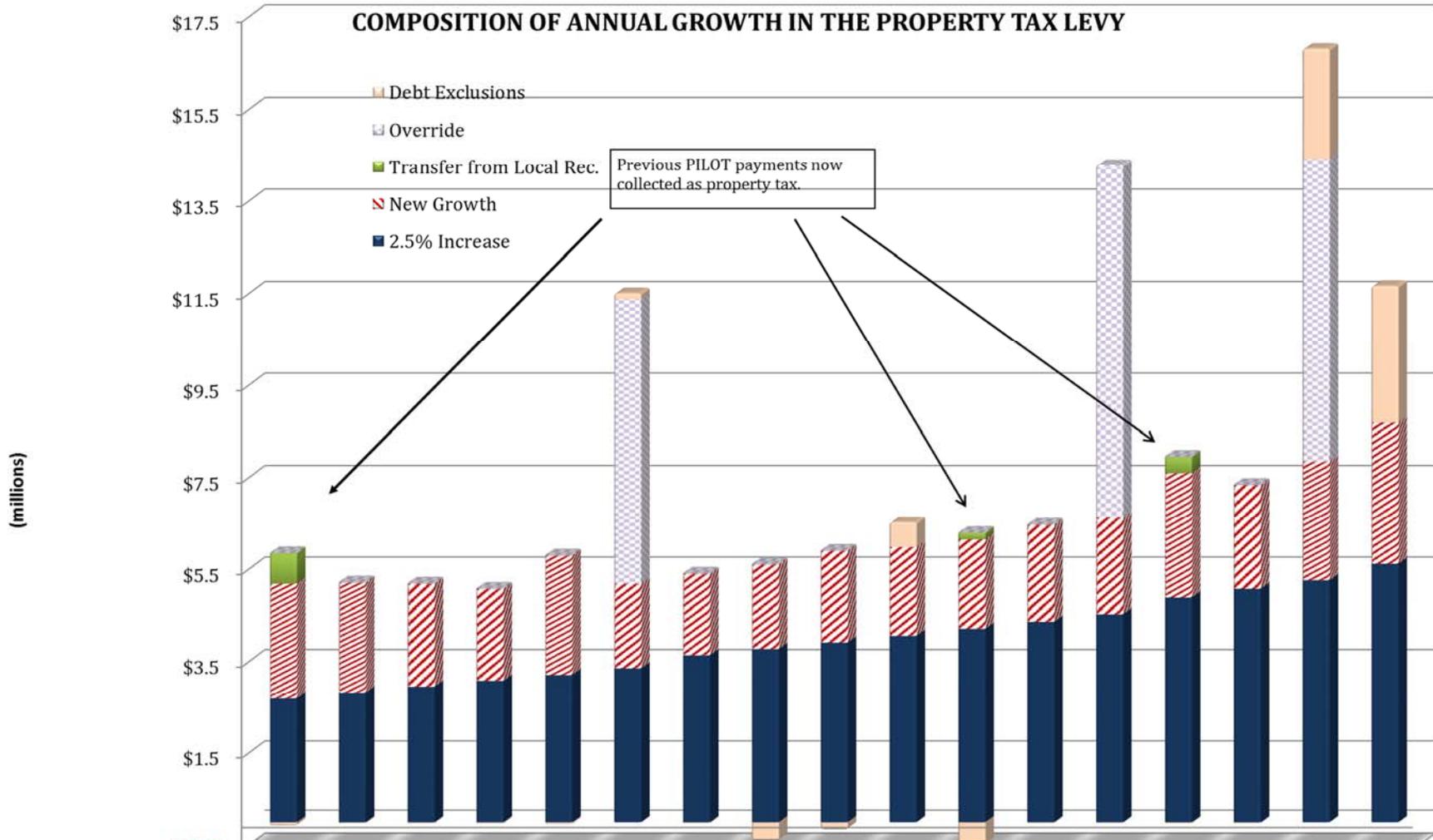
Under the provisions of Proposition 2 ½, property taxes, in the aggregate, may not exceed 2 ½% of their "full and fair cash value". This limit is known as the "Levy Ceiling". In addition, annual levy increases may not exceed 2 ½% more than the previous year's levy plus the "New Growth" in taxes added 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 FY2020 are preliminary estimates used to project the Levy Limit. The FY2020 Maximum Allowable Levy is projected to total \$239,499,109, representing an increase of \$15,008,630 (6.7%) over the FY2019 Levy. The figures below detail how the estimated FY2020 levy is calculated:

FY19 LEVY LIMIT	\$224,812,611
<u>PROP. 2 1/2 INCREASE</u>	\$5,620,315
SUB-TOTAL	\$230,432,927
NEW GROWTH (est.)	\$3,075,000
<u>OVERRIDE</u>	\$0
ESTIMATED FY20 LEVY LIMIT	\$233,507,927
LESS EXCESS CAPACITY	(\$389,563)
<u>DEBT EXCLUSIONS</u>	\$6,380,745
FY20 TOTAL PROPERTY TAX LEVY	\$239,499,109

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

<u>REVENUE SOURCE</u>	<u>FY2017 ACTUAL</u>	<u>FY2018 ACTUAL</u>	<u>FY2019 BUDGET</u>	<u>FY2019 ESTIMATE</u>	<u>FY2020 BUDGET</u>	<u>BUDGET INCREASE</u>	
						<u>\$\$</u>	<u>%</u>
Prior Year Levy Limit	195,438,924	203,036,517	210,376,447	210,376,447	224,812,611		
2.5% Increase	4,885,973	5,075,913	5,259,411	5,259,411	5,620,315		
New Growth	2,711,620	2,264,017	2,601,328	2,601,328	3,075,000		
Override	0	0	6,575,425	6,575,425	0		
Debt Exclusions	1,048,400	1,020,800	3,408,089	3,408,089	6,380,745		
(less) Excess Capacity	(20,718)	(22,759)	(3,730,221)	(3,730,221)	(389,563)		
Total Property Tax Levy	204,064,199	211,374,488	224,490,479	224,490,479	239,499,109	15,008,630	6.7%



	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20 (est.)
Debt Exclusions	-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	-0.03	2.39	2.97
Override	0	0	0	0	0	6.2	0	0	0	0	0	0	7.67	0.00	0.00	6.58	0.00
Transfer from Local Rec.	0.66	0	0	0	0	0	0	0	0	0	0.14	0	0	0.35	0	0	0
New Growth	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	2.26	2.59	3.08
2.5% Increase	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	5.26	5.62

TOWN OF BROOKLINE FY2020 FINANCING PLAN	FUND: General Fund	REVENUE GROUP: Property Tax SUB-GROUP: Property Tax
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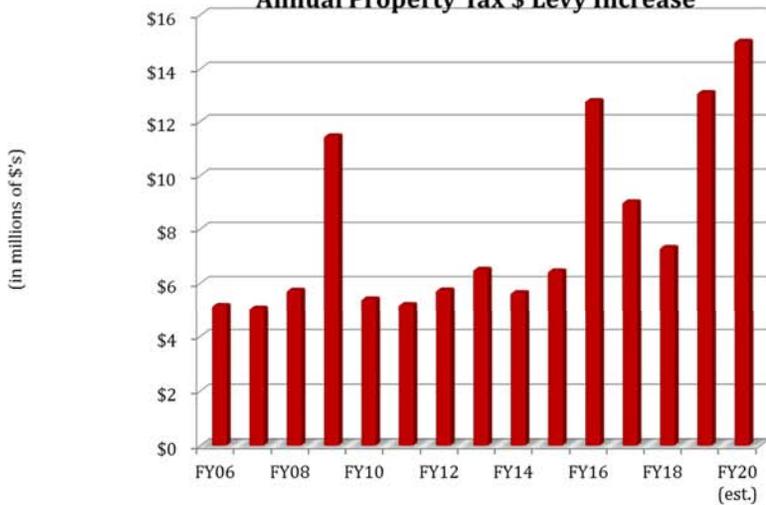
Fiscal Year	Real Estate & Personal Prop Levy	(1) Collections As Of Base Yr End	% As Of Base Yr End	Uncollected Bal As Of Base Yr End	(2) Cumulative Pr Yr Collections Yr End As Of Dec 31, 2018	Uncollected Real Estate & Pers Prop As Of Dec 31, 2018	% Collected As Of Dec 31, 2018	(3) Tax Titles / Foreclosures Receivable As of Yr-End
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	\$168,233,531	98.8%	\$1,960,757	\$1,587,428	\$373,329	99.8%	\$1,181,226
2014	\$175,831,775	\$173,998,921	99.0%	\$1,832,854	\$1,465,564	\$367,290	99.8%	\$1,451,799
2015	\$181,664,856	\$179,462,717	98.8%	\$2,202,139	\$1,814,106	\$388,032	99.8%	\$1,539,728
2016	\$194,656,307	\$193,023,340	99.2%	\$1,632,967	\$1,141,320	\$491,647	99.7%	\$2,052,653
2017	\$200,350,202	\$198,540,193	99.1%	\$1,810,009	\$1,331,159	\$478,850	99.8%	\$1,818,694
2018	\$211,374,488	\$209,298,765	99.0%	\$2,075,723	\$858,786	\$1,216,937	99.4%	\$1,773,963

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.

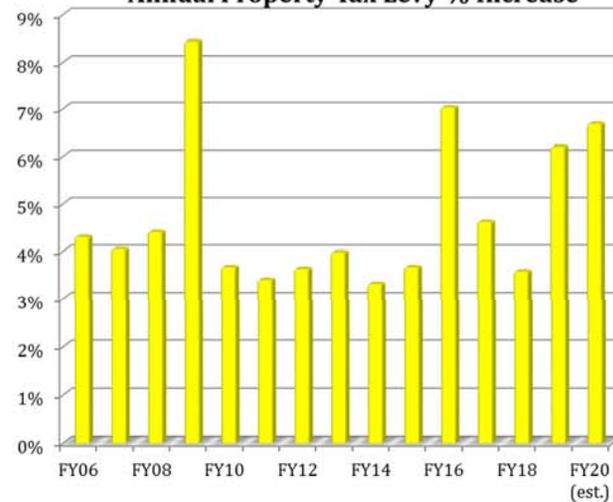
Annual Property Tax Levy



Annual Property Tax \$ Levy Increase



Annual Property Tax Levy % Increase



**TOWN OF BROOKLINE
FY2020 FINANCING PLAN**

FUND: General Fund

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

MEDIAN PER PARCEL VALUES AND TAX BILLS

DESCRIPTION	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Single Family Median Assessed Value	1,027,300	1,059,400	1,071,750	1,114,000	1,193,600	1,298,000	1,412,200	1,502,800	1,622,350
\$ Change	4,900	32,100	12,350	42,250	79,600	104,400	114,200	90,600	119,550
% Change	0.5%	3.1%	1.2%	3.9%	7.1%	8.7%	8.8%	6.4%	8.0%
Single Family Median Tax Bill	9,771	10,187	10,531	10,694	10,704	11,342	11,684	11,882	12,608
\$ Change	342	416	344	162	10	638	342	198	726
% Change	3.6%	4.3%	3.4%	1.5%	0.1%	6.0%	3.0%	1.7%	6.1%
Two Family Median Assessed Value	958,850	975,400	981,500	1,032,450	1,160,450	1,307,850	1,442,000	1,559,650	1,726,800
\$ Change	2,750	16,550	6,100	50,950	128,000	147,400	134,150	117,650	167,150
% Change	0.3%	1.7%	0.6%	5.2%	12.4%	12.7%	10.3%	8.2%	10.7%
Two Family Median Tax Bill	8,998	9,230	9,480	9,765	10,350	11,444	11,978	12,420	13,587
\$ Change	296	232	250	285	585	1,095	533	442	1,167
% Change	3.4%	2.6%	2.7%	3.0%	6.0%	10.6%	4.7%	3.7%	9.4%
Three Family Median Assessed Value	1,116,000	1,151,400	1,152,400	1,209,400	1,275,300	1,444,000	1,573,250	1,685,100	1,843,800
\$ Change	850	35,400	1,000	57,000	65,900	168,700	129,250	111,850	158,700
% Change	0.1%	3.2%	0.1%	4.9%	5.4%	13.2%	9.0%	7.1%	9.4%
Three Family Median Tax Bill	10,773	11,236	11,471	11,780	11,577	12,863	13,275	13,607	14,683
\$ Change	327	463	235	309	(204)	1,287	412	332	1,077
% Change	3.1%	4.3%	2.1%	2.7%	-1.7%	11.1%	3.2%	2.5%	7.9%
Condo Median Assessed Value	423,900	421,900	425,200	447,000	496,150	547,800	607,150	662,500	707,500
\$ Change	900	(2,000)	3,300	21,800	49,150	51,650	59,350	55,350	45,000
% Change	0.2%	-0.5%	0.8%	5.1%	11.0%	10.4%	10.8%	9.1%	6.8%
Condo Median Tax Bill	2,953	2,920	2,999	3,097	3,255	3,525	3,730	3,933	4,036
\$ Change	99	(33)	79	97	159	270	205	203	103
% Change	3.5%	-1.1%	2.7%	3.2%	5.1%	8.3%	5.8%	5.4%	2.6%
Commercial Median Assessed Value	1,038,350	1,048,450	1,085,750	1,171,800	1,350,600	1,475,100	1,607,850	1,688,800	2,003,300
\$ Change	4,550	10,100	37,300	86,050	178,800	124,500	132,750	80,950	314,500
% Change	0.4%	1.0%	3.6%	7.9%	15.3%	9.2%	9.0%	5.0%	18.6%
Commercial Median Tax Bill	19,002	19,480	20,597	21,678	23,487	25,062	26,047	26,548	30,791
\$ Change	600	478	1,116	1,082	1,809	1,575	985	501	4,243
% Change	3.3%	2.5%	5.7%	5.3%	8.3%		3.9%	1.9%	16.0%
Residential Tax Rate	11.30	11.40	11.65	11.39	10.68	10.42	9.88	9.46	9.37
% Change	3.0%	0.9%	2.2%	-2.2%	-6.2%	-2.4%	-5.2%	-4.3%	-1.0%
Commercial Tax Rate	18.30	18.58	18.97	18.50	17.39	16.99	16.20	15.72	15.37
% Change	2.8%	1.5%	2.1%	-2.5%	-6.0%	-2.3%	-4.6%	-3.0%	-2.2%
Residential Exemption	162,607	165,764	167,761	175,127	191,357	209,531	229,655	246,775	276,758
Residential Exemption (Tax)	1,837.46	1,889.71	1,954.42	1,994.70	2,043.69	2,183.31	2,268.99	2,334.49	2,593.22
% Change	2.8%	2.8%	3.4%	2.1%	2.5%	6.8%	3.9%	2.9%	11.1%

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

LOCAL RECEIPTS SUMMARY

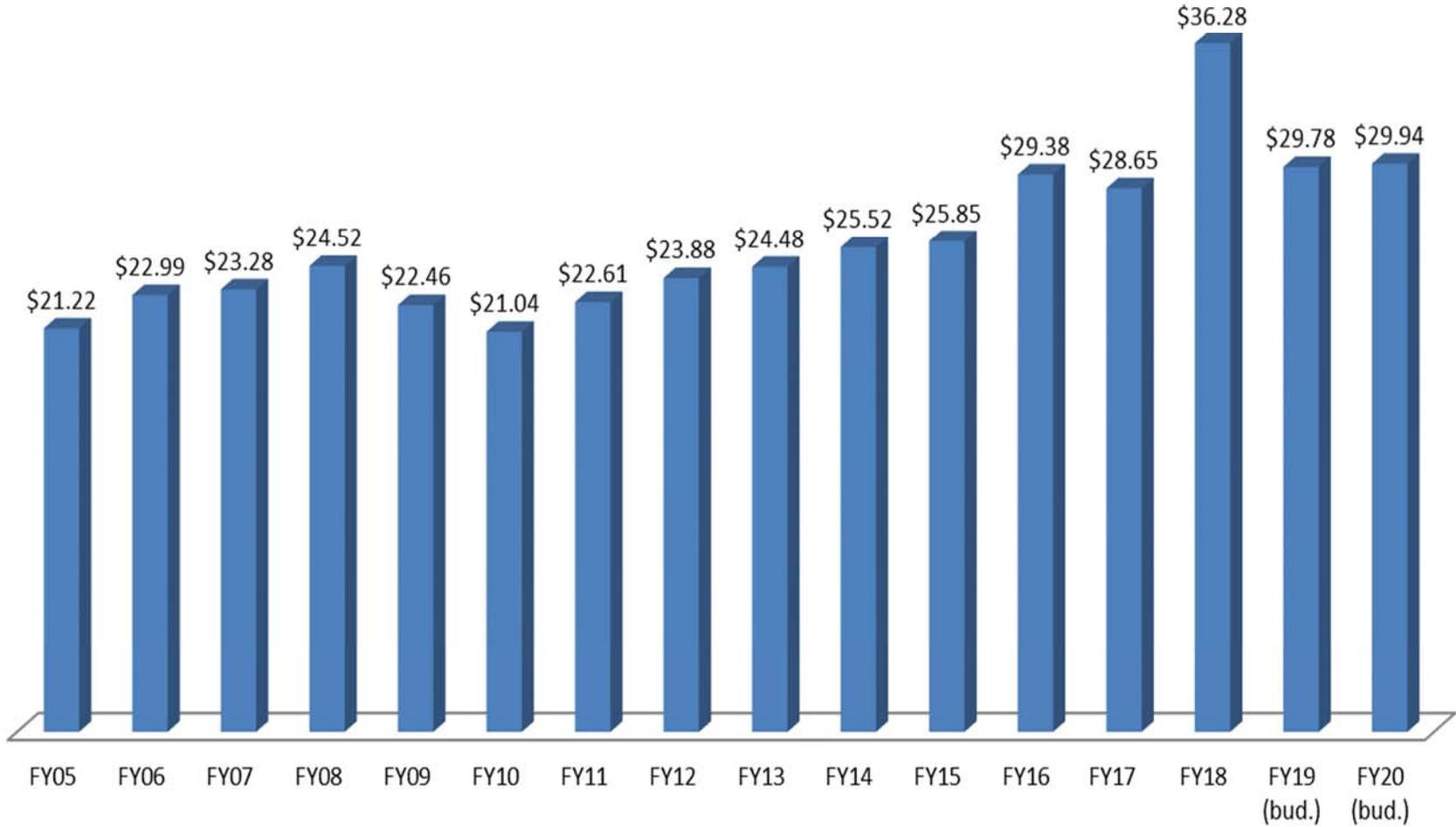
Local Receipts, estimated to add \$29.9 million to the Town's revenue stream, represent 9.8% of total General Fund revenues. They include motor vehicle excise, local option taxes, fees, fines, charges for licenses and permits, investment earnings, and other similar non-tax type items. These items are 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 \$164,783 (0.6%) over the FY19 budgeted amounts. A summary of the changes are as follows:

- 1.) **Motor Vehicle Excise (MVE)** - increases \$120,444 (2%) to \$6.14 million.
- 2.) **Local Option Taxes** - increase \$109,448 (3.7%) to \$3.08 million.
- 3.) **General Government** - this category decreases \$120,750 (3.1%) to \$3.8 million due primarily to a decrease in the Benefit Reimbursement driven by School Revolving funds (\$176,000), partially offset by an increase to the Registered Marijuana Dispensary (RMD) Host Community Agreement Revenue (\$25,000), Building Permits (\$25,250), and Distributed Antenna System (DAS) fees (\$5,000).
- 4.) **Interest Income** – this category increases \$23,780 (2.5%) to \$975K.
- 5.) **Payment in Lieu of Taxes (PILOTs)** - increase \$26,873 (2.7%) to \$1M 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 increased by \$50,000 (1.8%) to \$2.85M.
- 7.) **Departmental and Other** - increase \$49,987 (.7%) and reflects an increase in the Medicaid Reimbursement (\$63,361) offset by a decrease resulting from the conversion of revenue from the School bus program from a Local Receipt to a Revolving Fund in FY20 (\$75,000).

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

REVENUE SOURCE	FY2017	FY2018	FY2019	FY2019	FY2020	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Motor Vehicle Excise	6,211,079	6,544,129	6,022,200	6,200,000	6,142,644	120,444	2.0%
Local Option Taxes	2,904,370	3,310,839	2,972,410	3,729,000	3,081,858	109,448	3.7%
Licenses and Permits	1,191,181	1,073,646	1,165,775	1,165,775	1,170,775	5,000	0.4%
Parking and Court Fines	3,861,631	3,387,216	3,500,000	3,400,000	3,400,000	(100,000)	-2.9%
General Government	6,481,436	8,253,832	3,886,621	3,886,621	3,765,871	(120,750)	-3.1%
Interest Income	940,709	1,274,256	951,197	951,197	974,977	23,780	2.5%
In Lieu of Tax Payments	1,407,085	1,090,649	983,636	983,636	1,010,509	26,873	2.7%
Refuse Fees	2,670,948	3,029,024	2,800,000	2,900,000	2,850,000	50,000	1.8%
Departmental and Other	2,980,364	8,313,809	7,496,749	7,496,749	7,546,736	49,987	0.7%
Total	28,648,804	36,277,400	29,778,588	30,712,978	29,943,370	164,783	0.6%

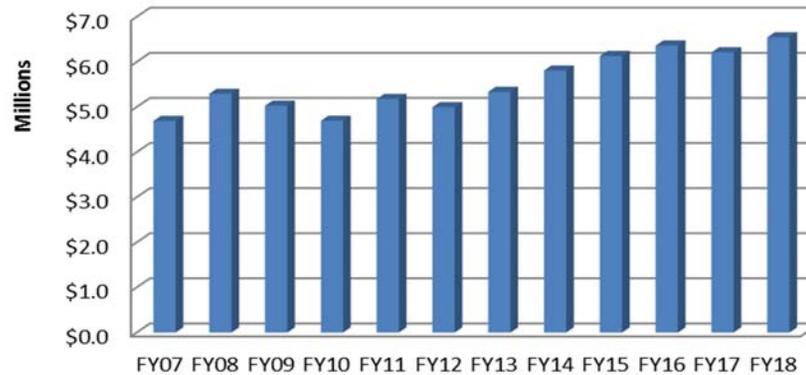
LOCAL RECEIPT HISTORY (in millions)



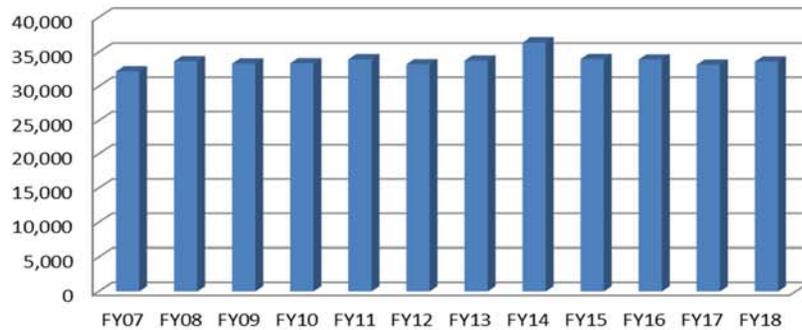
MOTOR VEHICLE EXCISE

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 \$6.1 million in FY20, an amount that is \$120,444 (2.0%) above the FY19 budgeted amount.

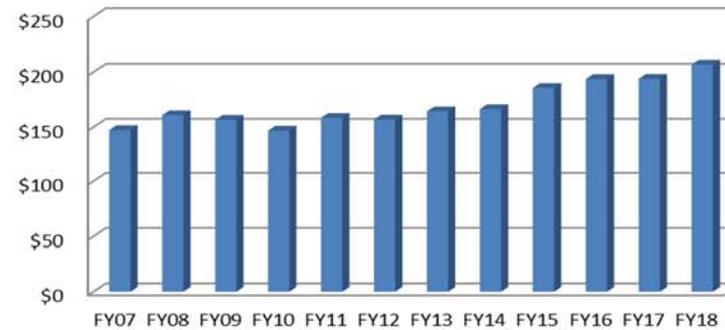
MVE COLLECTIONS (in millions)



NUMBER OF MVE BILLS



AVERAGE MVE BILL



<u>REVENUE SOURCE</u>	<u>FY2017 ACTUAL</u>	<u>FY2018 ACTUAL</u>	<u>FY2019 BUDGET</u>	<u>FY2019 ESTIMATE</u>	<u>FY2020 BUDGET</u>	<u>BUDGET INCREASE</u>	
						<u>\$</u>	<u>%</u>
Motor Vehicle Excise	6,211,079	6,544,129	6,022,200	6,022,200	6,142,644	120,444	2.0%

LOCAL OPTION TAXES

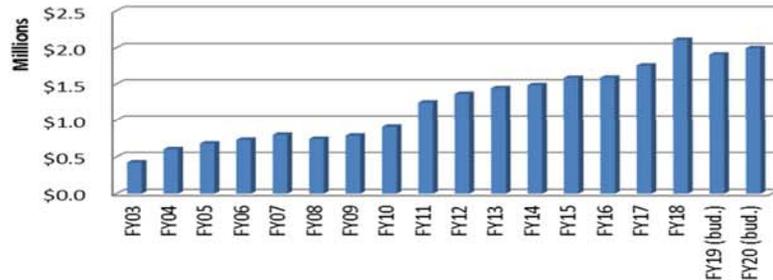
This category of local receipts consists of the Lodging Excise Tax, the Meals Excise Tax, and Recreational Marijuana Tax. These three revenue sources are made available to Massachusetts municipalities via local option, which, in Brookline, requires a vote of Town Meeting to enact. The Lodging Excise Tax was first adopted in 1985, the Meals Excise Tax was first adopted in 2009, and Recreational Marijuana Excise Tax was adopted in 2018.

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 FY20, this revenue source is expected to generate \$2 million, an increase of \$88,120, (4.6%) from the FY19 budgeted amount primarily due to revenue from the new AC Hotel at Cleveland Circle.

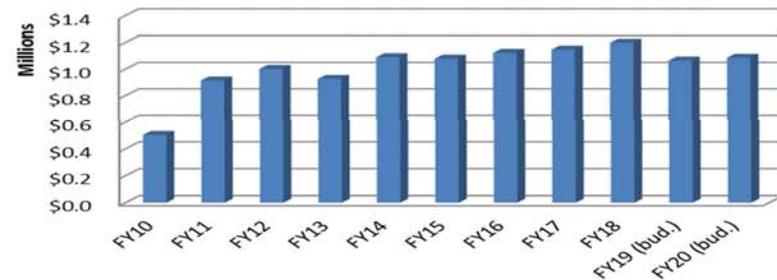
As part of the FY10 State budget, the meals tax was increased statewide by 1.25 percentage points (from 5% to 6.25%). In addition, municipalities were provided the local option to increase meals taxes by another 0.75 percentage points. In August, 2009, Town Meeting adopted the 0.75% local meals tax, effective October 1, 2009. In FY20, this revenue source is expected to generate \$1.09 million, which represents a \$21,328 (2%) increase.

In November, 2016, voters of the Commonwealth approved a law legalizing and regulating the cultivation, manufacture, processing, distribution, sale, possession, testing and use of recreational marijuana, which was amended by the legislature in July 2017. The local adoption statute permits a municipality to impose a sales tax of up to 3% on local sales of marijuana and marijuana products by marijuana retailers operating within the community. Town Meeting adopted this local option in May, 2018. Town Meeting also adopted the state’s minimum cap necessary to avoid a Town-wide referendum for Marijuana Retailers at 20% of the number of package store licenses issued in the Town. While applications are at various stages in the process, and one retail shop is expected to open in January, the Town will likely wait until November to provide a revenue estimate in order to use data from actual experience to build the projection for this new revenue source.

LODGING EXCISE TAX (in millions)



MEALS EXCISE TAX (in millions)



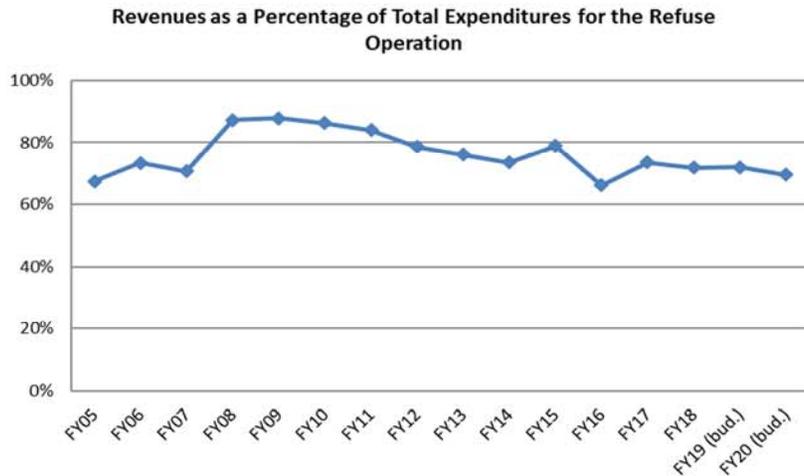
REVENUE SOURCE	FY2017	FY2018	FY2019	FY2019	FY2020	BUDGET	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE		BUDGET	INCREASE
						\$	%
Lodging Excise Tax	1,755,279	2,110,505	1,906,000	2,500,000	1,994,120	88,120	4.6%
Meals Excise Tax	1,149,091	1,200,334	1,066,410	1,229,000	1,087,738	21,328	2.0%
Recreational Marijuana Excise Tax	0	0	0	0	0	0	0.0%
Total	2,904,370	3,310,839	2,972,410	3,729,000	3,081,858	109,448	3.7%

REFUSE FEE

For FY20, the Refuse Fee reflects the implementation of the Hybrid PAYT (H-PAYT) Program. Variable sized wheeled carts of 35, 65 and 95 gallon capacity are available for residents to choose from at \$190, \$252, and \$312 respectively per year. This should generate \$2,850,000, which represents a \$50,000 (1.8%) increase from the FY19 budget amount. The FY18 actual also includes revenue from the sales of PAYT overflow bags, which reflects the startup of the program and is expected to be one-time in nature. 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	FY18-19 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 was then changed as part of the implementation of the new H-PAYT program in FY2018. The fee revenue covers approximately 70% of the service costs, as shown in the below left graph.

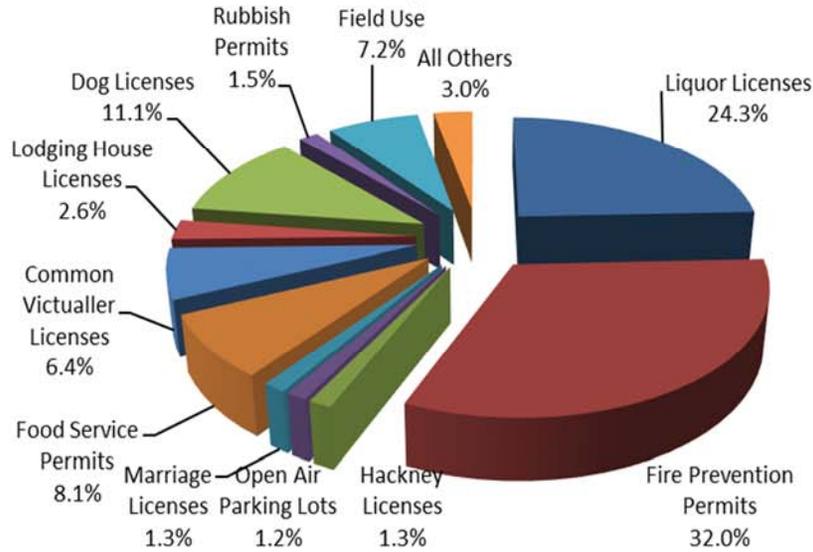


REVENUE SOURCE	FY2017 ACTUAL	FY2018 ACTUAL	FY2019 BUDGET	FY2019 ESTIMATE	FY2020 BUDGET	BUDGET INCREASE	
						\$	%
Refuse Fee	2,670,948	2,928,224	2,800,000	2,900,000	2,850,000	50,000	1.8%
PAYT Bag Revenue	0	100,800	0	0	0		
Total	2,670,948	3,029,024	2,800,000	2,900,000	2,850,000	50,000	

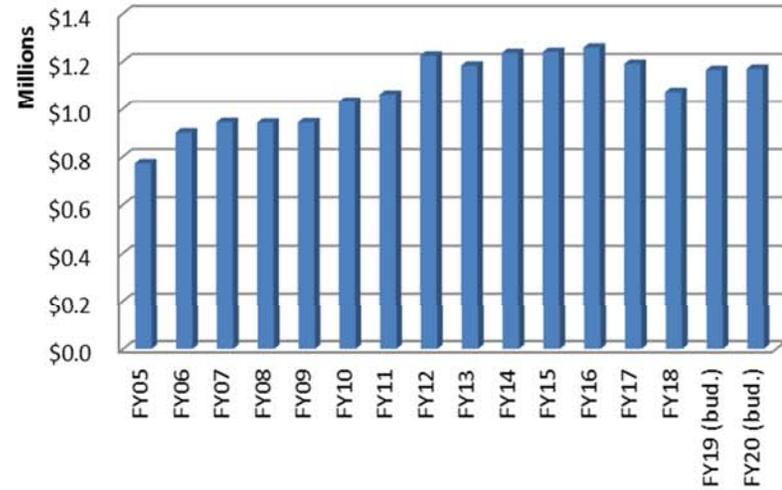
LICENSES AND PERMITS

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 FY20, revenues from this category are expected to total \$1.17 million, which is a \$5,000 (0.4%) increase from FY19.

FY20 LICENSE/PERMIT REVENUE



LICENSE & PERMIT REVENUE

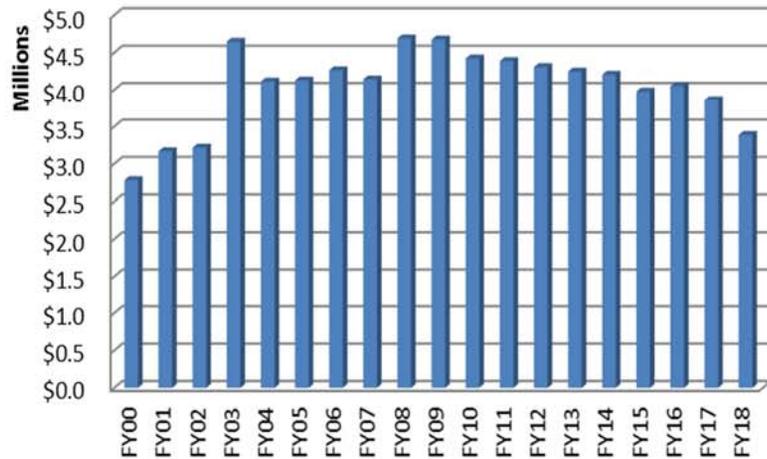


REVENUE SOURCE	FY2017	FY2018	FY2019	FY2019	FY2020	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Liquor Licenses	299,722	320,243	285,000	285,000	285,000	0	0.0%
Fire Prevention Permits	377,285	272,373	375,000	375,000	375,000	0	0.0%
Hackney Licenses	15,300	10,477	30,000	15,000	15,000	(15,000)	-50.0%
Open Air Parking Lots	10,620	8,205	13,500	13,500	13,500	0	0.0%
Marriage Licenses	15,790	12,440	15,000	15,000	15,000	0	0.0%
Food Service Permits	97,541	96,064	95,000	95,000	95,000	0	0.0%
Common Victualler Licenses	85,285	79,633	75,000	75,000	75,000	0	0.0%
Lodging House Licenses	27,300	29,760	30,000	30,000	30,000	0	0.0%
Dog Licenses	144,958	125,262	130,000	130,000	130,000	0	0.0%
Rubbish Permits	17,390	15,330	18,000	18,000	18,000	0	0.0%
Field Use	64,000	64,000	64,000	64,000	84,000	20,000	31.3%
All Others	35,990	39,859	35,275	35,275	35,275	0	0.0%
Total	1,191,181	1,073,646	1,165,775	1,165,775	1,170,775	5,000	0.4%

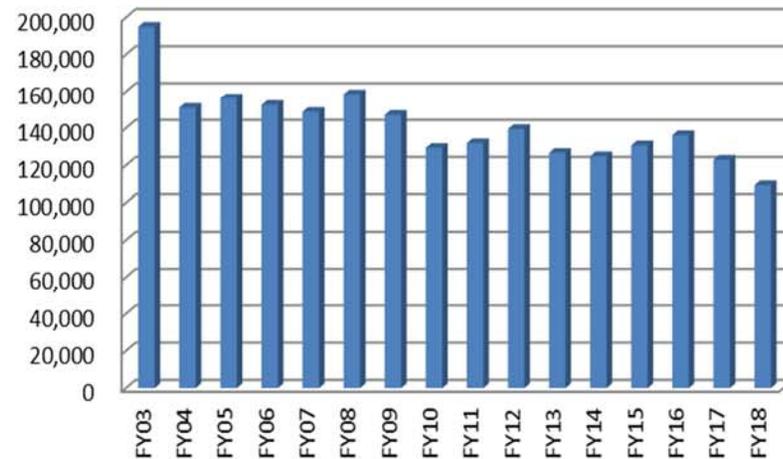
PARKING AND COURT FINES

Parking and Court Fines are the third 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 Select Board 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 Select Board to raise parking violations to a maximum of \$50. In March, 2007 and July, 2007, the Select Board 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 FY20 estimate of \$3.4 million reflects a \$100,000 decrease from the FY19 budget.

PARKING/COURT FINE COLLECTIONS



TICKET ISSUANCE



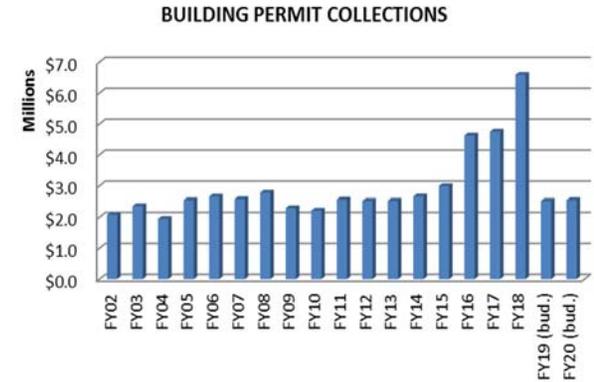
The Town has recently implemented pay-by-cell technology and rolled out credit card enabled meters, which have made compliance easier and contributed to a decline in issuance. There has been a decrease in issuance since the FY02 peak, when 204,000 tickets were issued. Since then, the number of tickets written has dropped to approximately 109,000 in FY18. This represents a decrease of 46% since the peak in FY02 and a 31% decline since FY08.

<u>REVENUE SOURCE</u>	<u>FY2017 ACTUAL</u>	<u>FY2018 ACTUAL</u>	<u>FY2019 BUDGET</u>	<u>FY2019 ESTIMATE</u>	<u>FY2020 BUDGET</u>	<u>BUDGET INCREASE</u>	
						<u>\$\$</u>	<u>%</u>
Parking and Court Fines	3,861,631	3,387,216	3,500,000	3,400,000	3,400,000	(100,000)	-2.9%

GENERAL GOVERNMENT

Revenues derived from this category are expected to decrease \$120,750 (3.1%) from the FY19 budgeted amount, due primarily to a reduction in the **Benefits Reimbursements** from special revenue/grant funds. Those monies reimburse the General Fund for benefitted employees whose salaries are paid for out of non-General Funds. This line item decreases \$176,000 (29.9%) in FY20. Revenue provided by School Department Revolving funds was eliminated because the funds could not sustain the transfer. The Department is assessing other funds that could provide a similar level of support in the future.

Other changes include a \$25,000 increase related to the Community Host payment from the Registered Marijuana Dispensary (RMD) combined with an increase in **Building Permits** (\$25,250, 1%). As shown in the graph to the right, Building Permit collections are a large revenue source and are quite volatile. The increase in FY18 was largely due to the permits filed for 2 Brookline Place, filed at the end of the year. The increase in FY17 was due to projects like the BU theater and the new Target on Commonwealth Avenue. **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 \$90,000. 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 Payments from the two companies that have built **Distributed Antenna Systems (DAS)** in town are expected to total \$100,000 in FY20. 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 \$25,000 (6%).

REVENUE SOURCE	FY2017	FY2018	FY2019	FY2019	FY2020	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Building Permits and Inspections	4,755,873	6,594,342	2,525,000	2,525,000	2,550,250	25,250	1.0%
Damage/Legal Recovery	299,000	1,908	10,000	10,000	10,000	0	0.0%
Town Clerk's Fees	85,659	92,732	90,000	90,000	90,000	0	0.0%
Collector's Fees	121,631	73,742	135,000	135,000	135,000	0	0.0%
Plan Design Review	24,446	24,583	25,000	25,000	25,000	0	0.0%
Medicare Part D Subsidy	479,205	353,862	0	0	0	0	0%
Benefits Reimbursement	299,127	158,283	587,871	587,871	411,871	(176,000)	-29.9%
Distributed Antenna System (DAS) Fees	112,115	136,597	95,000	95,000	100,000	5,000	5.3%
All Others	304,379	817,783	418,750	418,750	443,750	25,000	6.0%
Total	6,481,436	8,253,832	3,886,621	3,886,621	3,765,871	(120,750)	-3.1%

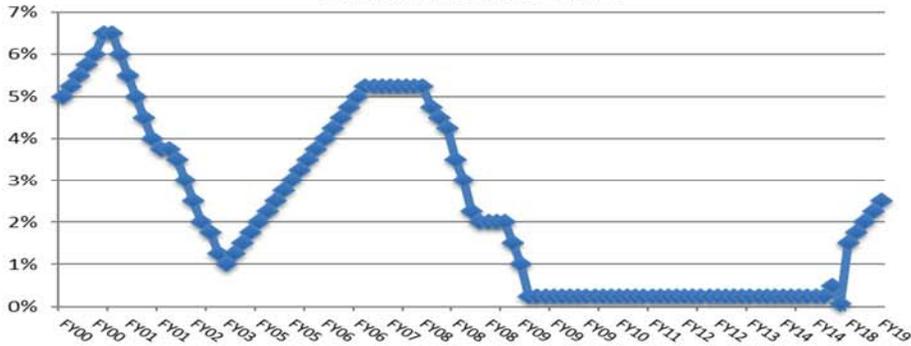
INTEREST INCOME

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 32% of the interest income earned in FY17, a significant change from the 62% it represented in FY09.

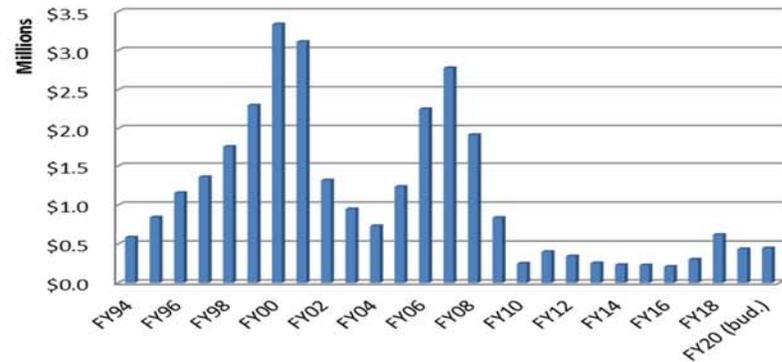
The estimate for interest earned on investments for FY20 is increased to \$447,300 (2.5%). This reflects an incredible \$2.3 million (84%) decrease from the FY07 actual. The large decrease is the result of actions taken by the Federal Reserve Bank to help improve the nation's economy. For historical 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, 2016 and 2017 the Federal Reserve increased the rate slightly. The \$447,300 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 FY20 for interest earned from delinquent taxpayers is increased \$12,870 (2.5%) to \$527,676.

REVENUE SOURCE	FY2017	FY2018	FY2019	FY2019	FY2020 BUDGET	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE		\$	%
Interest Income	302,106	620,634	436,391	436,391	447,300	10,910	2.5%
Delinquent Tax Interest	638,604	653,622	514,806	514,806	527,676	12,870	2.5%
Total	940,709	1,274,256	951,197	951,197	974,977	23,780	2.5%

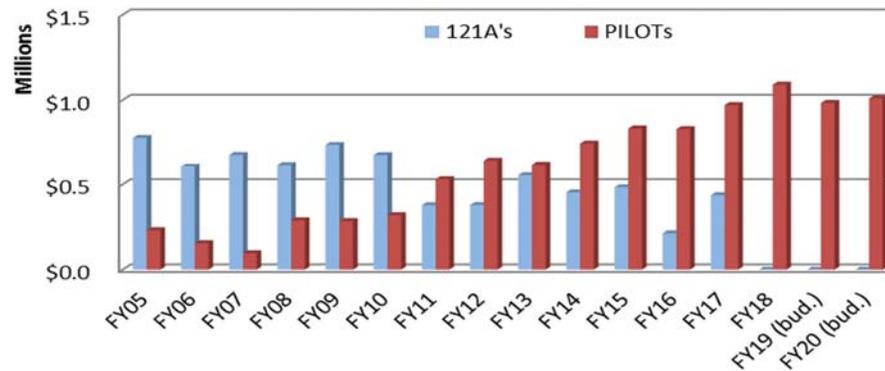
PAYMENTS IN LIEU OF TAXES

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 Select Board has 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 \$1,010,509 for FY20, an increase of \$26,873 (2.7%) from FY19 budgeted amounts, due primarily to the agreement with Boston University.

HISTORICAL CH. 121A + PILOT PAYMENTS



REVENUE SOURCE	FY2017	FY2018	FY2019	FY2019	FY2020	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Chapter 121A Projects	436,498	0	0	0	0	0	-
PILOT's	874,869	920,601	890,000	890,000	915,000	25,000	2.8%
Brookline Housing Authority (BHA) PILOT	95,718	170,048	93,636	93,636	95,509	1,873	2.0%
Total	1,407,085	1,090,649	983,636	983,636	1,010,509	26,873	2.7%

**TOWN OF BROOKLINE
FY2020 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 \$7.55 million, an amount that is \$49,987 (0.7%) more than the FY19 budget. A summary of the items in 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 in FY18, is level-funded at \$5,150,000.
- 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 level funded at \$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 level funded at \$591,700.
- Medicaid Reimbursement (Schools) - this is the Medicaid reimbursement for medical services provided to qualified Brookline special education students. It is increased \$124,987 (24.5%) to \$634,496.
- Library - these consist of overdue fines and miscellaneous fees and are level-funded at \$80,000.
- 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 level-funded at \$200,000.
- Cable Television Franchise Fee - this is a 3% tax on the gross receipts of the local cable television companies. It level-funded at \$600,000.
- 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 level-funded at \$3,000.

REVENUE SOURCE	FY2017	FY2018	FY2019	FY2019	FY2020	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Public Safety	76,669	62,062	62,000	62,000	62,000	0	0.0%
Parking Meter Receipts	0	5,292,667	5,150,000	5,150,000	5,150,000	0	-
Health and Sanitation	55,406	54,071	44,500	44,500	44,500	0	0.0%
Public Works	110,715	98,087	77,000	77,000	77,000	0	0.0%
On-Line Parking Ticket Convenience Fee	99,986	71,608	104,040	104,040	104,040	0	0.0%
Parking Fees	849,663	732,697	591,700	591,700	591,700	0	0.0%
Medicaid Reimbursement (Schools)	699,591	824,635	509,509	509,509	634,496	124,987	24.5%
School Department	0	0	75,000	75,000	0	(75,000)	-100.0%
Library	80,191	80,209	80,000	80,000	80,000	0	0.0%
Detail Surcharges	386,205	452,946	200,000	200,000	200,000	0	0.0%
Cable TV Franchise	614,795	641,337	600,000	600,000	600,000	0	0.0%
Pension Reimbursement	7,142	3,490	3,000	3,000	3,000	0	0.0%
Total	2,980,364	8,313,809	7,496,749	7,496,749	7,546,736	49,987	0.7%

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.

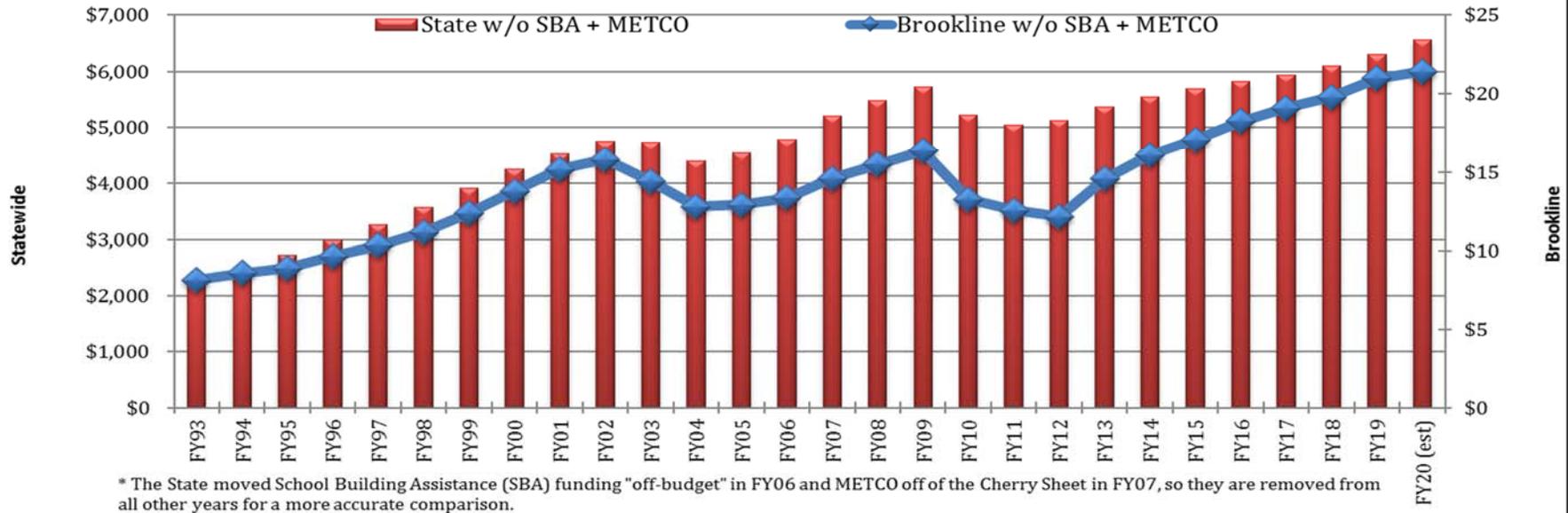
The final FY05 State budget increased State Aid by \$142.3 million (3%), but Brookline's State Aid increased by less than one-half of 1% (\$44,000). In FY06, the State began restoring some of the cuts it imposed in FY03 and FY04. This restoration continued into FY09, until the Governor announced \$128 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 FY20 \$42.7 billion budget, House 1, recommends funding FY2020 Chapter 70 at \$4.85 billion or \$104.6 million higher than the FY2018 level, increases Unrestricted General Government Aid (UGGA) by \$37.2 million to \$1.098 billion, and level funds most other cherry sheet accounts at the FY2019 amounts.

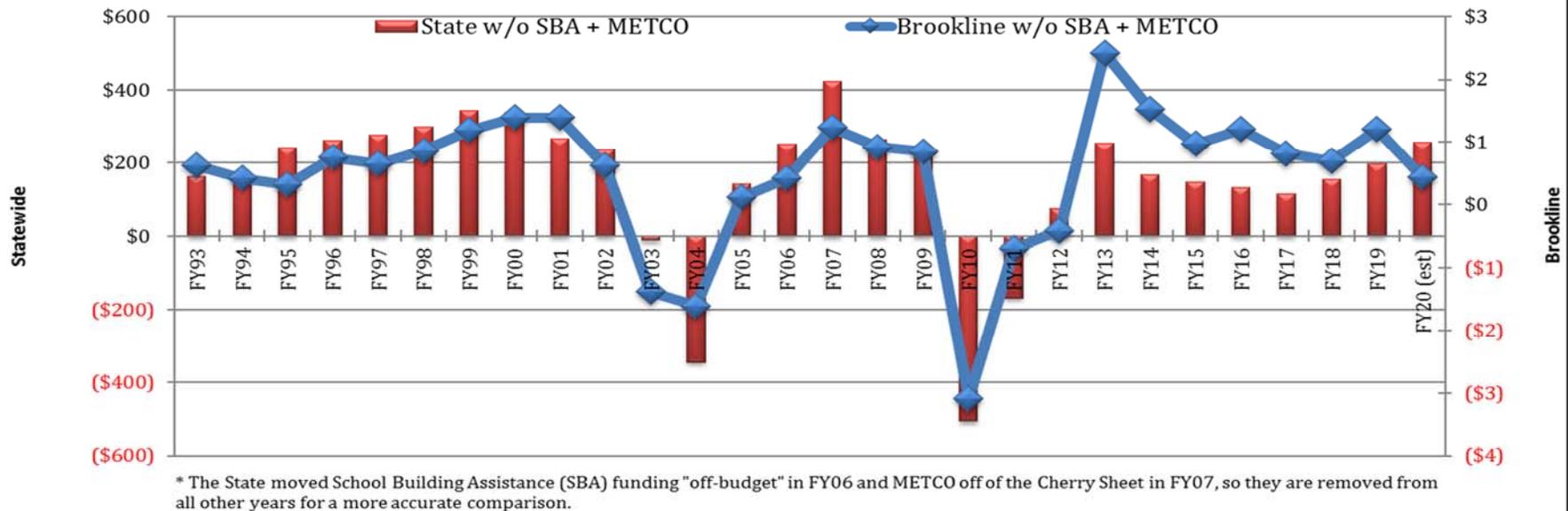
Since both the House and Senate need to offer their own versions of a FY20 budget, it is likely that a final State Aid figure will be different by the time a final FY20 State budget is approved.

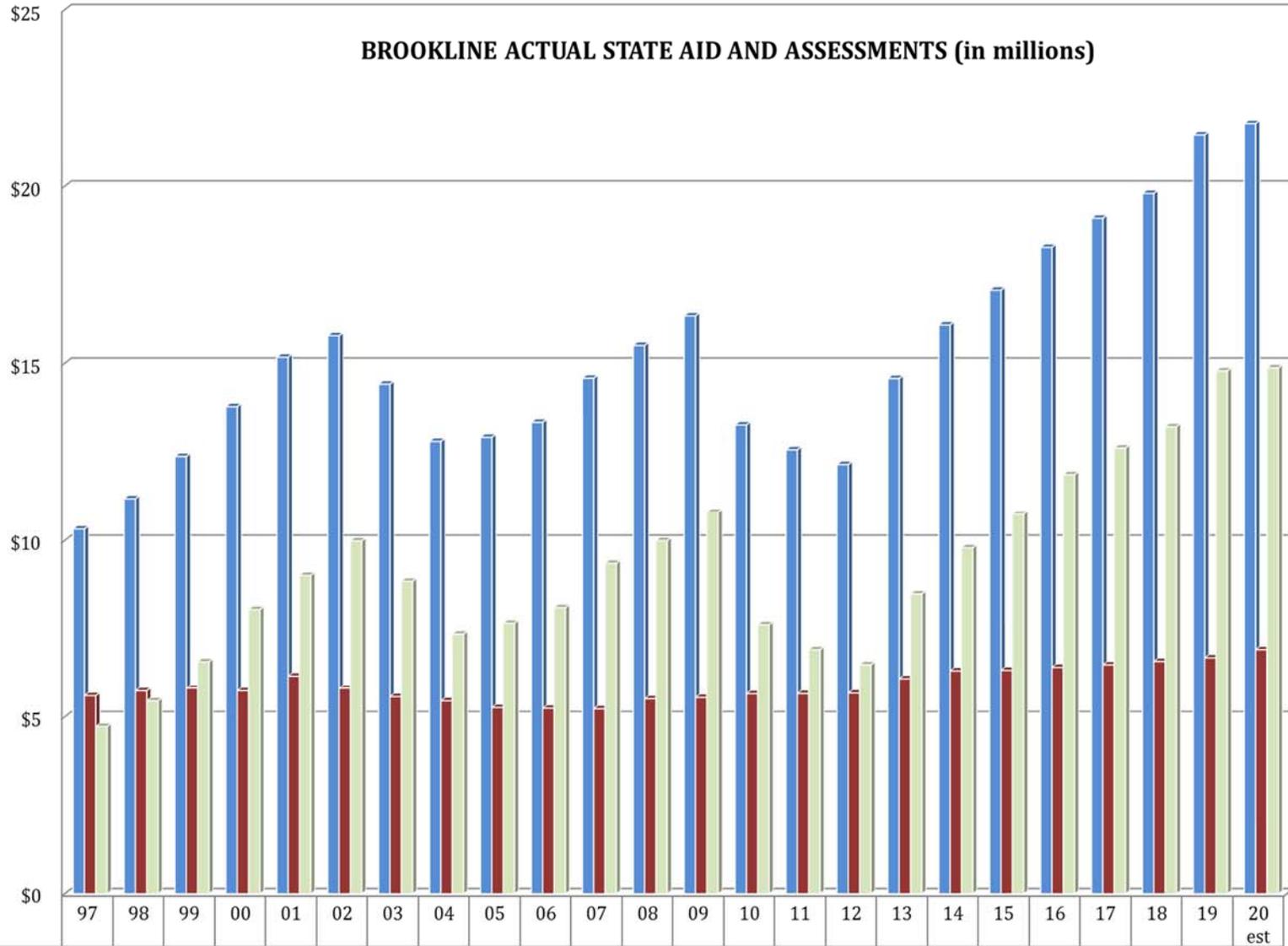
<u>REVENUE SOURCE</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2019</u>	<u>FY2020</u>	<u>BUDGET</u>	
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ESTIMATE</u>		<u>BUDGET</u>	<u>INCREASE</u>
						<u>\$\$</u>	<u>%</u>
General Government Aid	6,216,528	6,652,829	6,645,199	6,645,199	6,825,378	180,179	2.7%
School Aid	12,803,192	13,232,356	14,781,524	14,781,524	14,931,341	149,817	1.0%
School Construction Aid	556,757	556,757	556,757	556,757	434,662	(122,095)	-21.9%
Tax Exemptions	39,720	40,277	40,779	40,779	29,174	(11,605)	-28.5%
Education Offset Items	89,197	86,983	88,500	88,500	87,271	(1,229)	-1.4%
Total	19,705,394	20,569,202	22,112,759	22,112,759	22,307,826	195,067	0.9%

CHERRY SHEET AID HISTORY (in millions)



CHERRY SHEET AID HISTORY - ANNUAL CHANGE (in millions)





■ 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	19.80	21.47	21.79
■ 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	6.58	6.68	6.91
■ 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	13.22	14.79	14.87

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-FY18 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) \$251,670 (FY17) \$238,074 (FY18). Based on the Governor's FY20 budget proposal UGGA is increased 2.7% which results in a \$177,242 increase for Brookline.

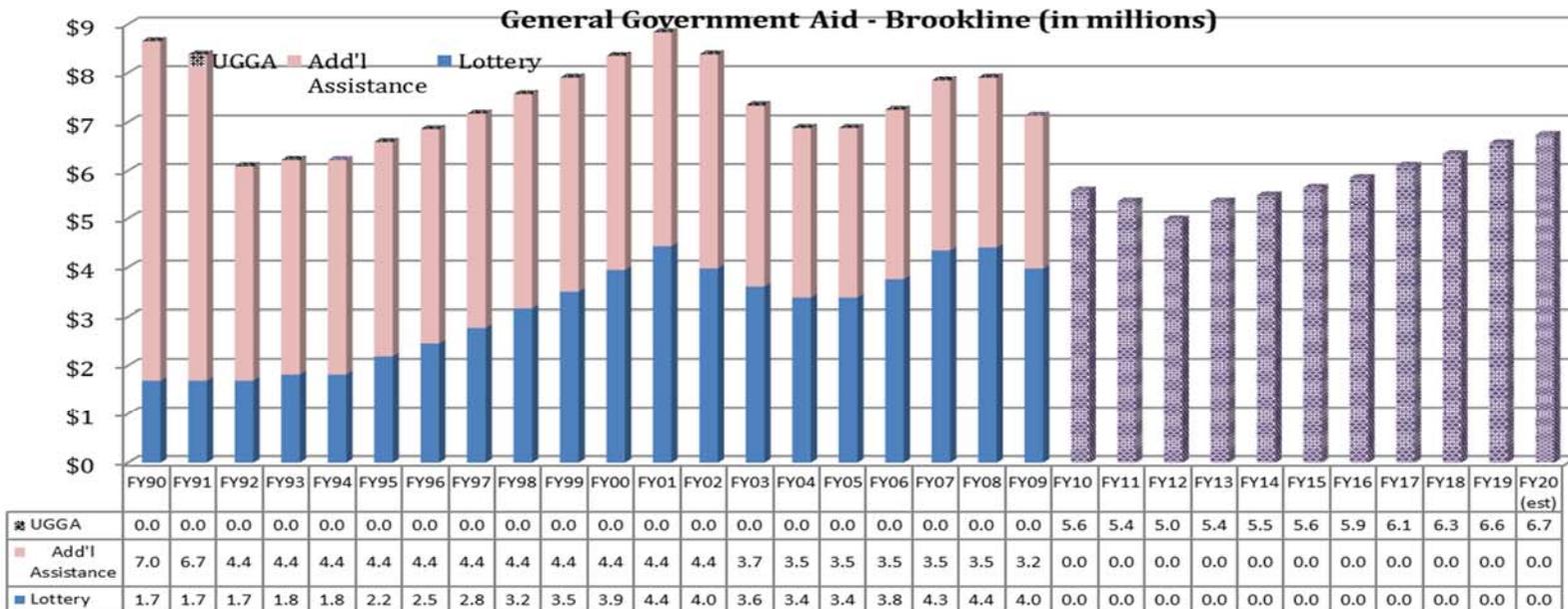
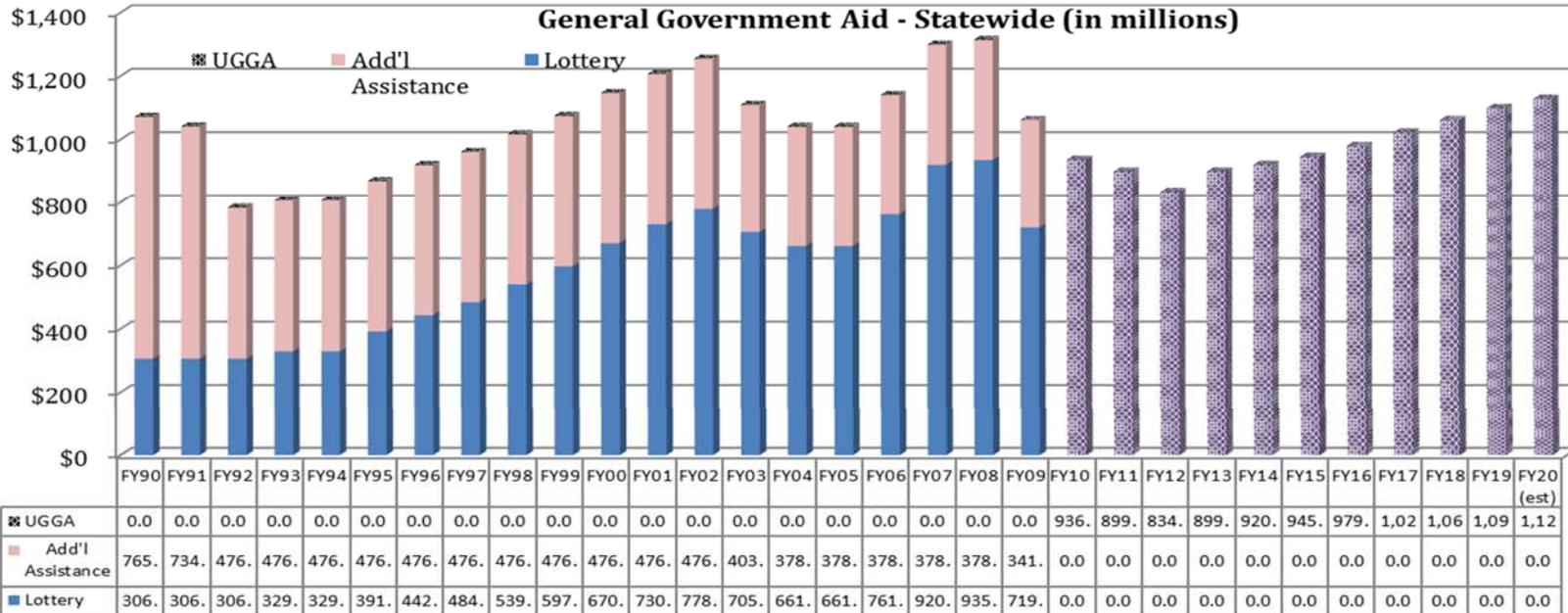
The graphs on the following page show the history of General Government Aid, both statewide and for Brookline.

REVENUE SOURCE	FY2017	FY2018	FY2019	FY2019	FY2020	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Unrestricted General Government Aid (UGGA)	6,104,455	6,564,518	6,564,518	6,564,518	6,741,760	177,242	2.7%
Veteran's Benefits	112,073	88,311	80,681	80,681	83,618	2,937	3.6%
Total	6,216,528	6,652,829	6,645,199	6,645,199	6,825,378	180,179	2.7%

**TOWN OF BROOKLINE
FY2020 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 FY20 budget proposal results in an increase of \$2,937 (3.6%) 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.

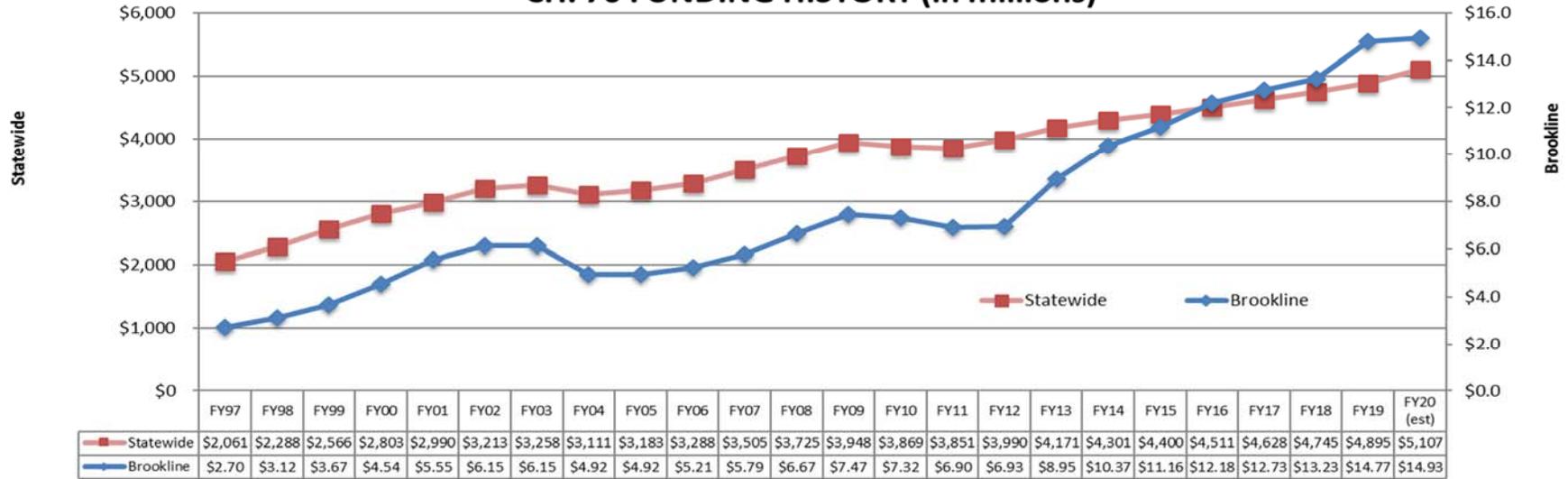
The reform legislation targeted the majority of funds to poorer communities and required them to increase school spending. School districts with relatively higher property wealth, such as Brookline, tended to be classified as "Minimum Aid" communities and were originally entitled to a minimum increase 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%).

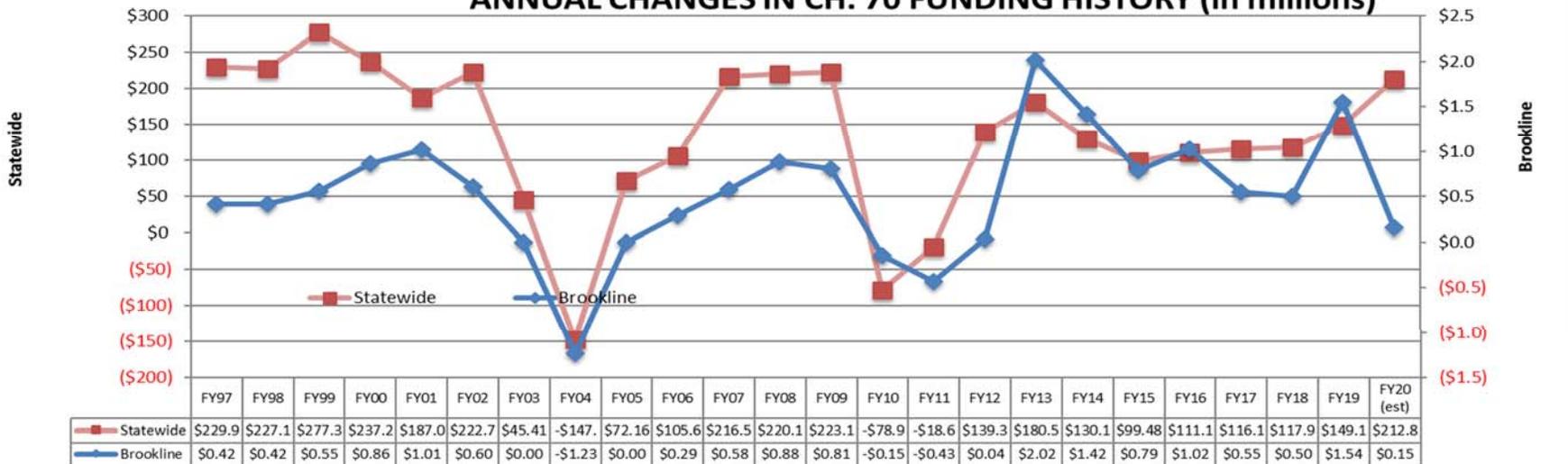
In the FY13 – FY19 period, total funding was increased \$904.6 million to statewide funding of \$4.9 billion. For Brookline, the Ch. 70 aid rose by \$7.8 million during that same time period. The Governor's FY20 budget brings statewide funding to \$5.1B, an increase of \$212.8 million (4.3%). For Brookline, there is an increase of \$154,740 (1%) to \$14.9 million.

<u>REVENUE SOURCE</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2019</u>	<u>FY2020</u>	<u>BUDGET INCREASE</u>	
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ESTIMATE</u>		<u>\$\$</u>	<u>%</u>
School Aid Chapter 70	12,729,627	13,229,766	14,774,677	14,774,677	14,929,417	154,740	1.0%
School Construction Aid	556,757	556,757	556,757	556,757	434,662	(122,095)	-21.9%
Charter Tuition Assessment Reimbursement	24,419	3,572	6,847	6,847	1,924	(4,923)	-71.9%
Total	13,310,803	13,790,095	15,338,281	15,338,281	15,366,003	27,722	0.2%

CH. 70 FUNDING HISTORY (in millions)



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



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 \$434,662 in FY20. That funding reimburses the Town for principal and interest costs for the following project:

1. 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). 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 70th 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 FY19, the total appropriation for all of these exemption reimbursements was \$25.3 million, with Brookline receiving \$40,779. The Governor's FY20 budget increases this line item by \$709K; Brookline's reimbursement on the preliminary Cherry Sheet is decreased to \$29,174.

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>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2019</u>	<u>FY2020</u>	<u>BUDGET</u>	
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ESTIMATE</u>		<u>BUDGET</u>	<u>INCREASE</u>
						<u>\$</u>	<u>%</u>
Veterans/Blind/Surviving Spouse	41,913	39,720	40,779	40,779	29,174	(11,605)	-28.5%
Total	41,913	39,720	40,779	40,779	29,174	(11,605)	-28.5%

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 Library reserves the Public Libraries funds for direct expenditure. The Library uses the funds to augment the Town's appropriation.

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.

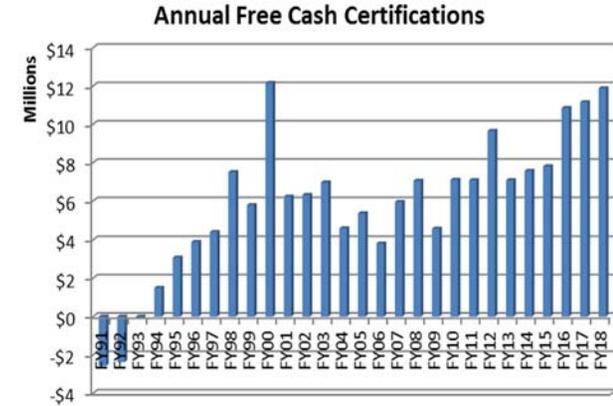
Three different funding formulas are used to distribute these funds. The LIG formula provides for \$0.50 per capita to communities who have populations over 2,500 and who have appropriated at least \$1,250 for public library services during the preceding year. The MEG formula is the same as the lottery 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 FY20 budget decreases this line item by \$250,000 with Brookline receiving \$87,271 a \$1,229 (1.4%) decrease.

<u>REVENUE SOURCE</u>	<u>FY2017 ACTUAL</u>	<u>FY2018 ACTUAL</u>	<u>FY2019 BUDGET</u>	<u>FY2019 ESTIMATE</u>	<u>FY2020 BUDGET</u>	<u>BUDGET INCREASE</u>	
						<u>\$\$</u>	<u>%</u>
Public Libraries	89,197	86,983	88,500	88,500	87,271	(1,229)	-1.4%
Total	89,197	86,983	88,500	88,500	87,271	(1,229)	-1.4%

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 FY19 (i.e., Free Cash as of 7/1/17) is \$11,881,257. However, as discussed in the Town Administrator's Budget Message, this Financial Plan spends \$9.1 million, leaving \$2.6 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	FY2017	FY2018	FY2019	FY2019	FY2020	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Free Cash appropriated for:							
Operating Budget Reserve Fund	587,184	615,003	637,218	637,218	672,373	35,155	5.5%
Stabilization Fund						0	-
Liability Reserve	144,322	203,644	456,762	456,762	389,700	(67,062)	-14.7%
Capital Improvements	4,421,493	6,058,567	5,977,194	5,977,194	6,719,184	741,990	12.4%
Affordable Housing Trust Fund	158,539	576,803	545,112	545,112	200,000	(345,112)	-63.3%
OPEB's	0	600,000	600,000	600,000	600,000	0	-
Public Safety IOD Medical Expenses Trust Fund	0	0	0	0	0	0	-
Worker's Comp. Trust Fund	0	0	0	0	200,000	200,000	-
Pension Fund	0	300,000	300,000	300,000	300,000	0	-
Unemployment Trust Fund	0	0	0	0	0	0	-
Operating Budget	0	0	0	0	0	0	-
Total	5,311,538	8,354,017	8,516,286	8,516,286	9,081,257	564,971	6.6%

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 FY20 appropriations is \$3.19 million, a decrease of \$2,983,948 (48.3%) from the amount available in FY19.

1. **Parking Meter Receipts** – the Municipal Modernization Act now allows revenue generated from parking meters to revert to the city or town’s general fund. This item became a Local Receipt in FY18.
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 level-funded at \$100,000, which covers approximately 34% of cemetery operating costs.
3. **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 increases \$92,670 (44.8%) to \$299,683.
4. **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 FY20 reimbursement increases \$119,478 (34%) to \$471,027.
5. **Water and Sewer Enterprise Fund Reimbursement** - this reimbursement to the General Fund consists of fringe benefits and certain interdepartmental expenses. The reimbursement increases \$3,904 (0.2%) to \$2.32 million.
6. **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. No such funding is planned for FY20.
7. **Capital Project Surplus** - Remaining balances from previously appropriated capital projects can be used to support the CIP. No such use is planned for FY20.
8. **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 FY20.

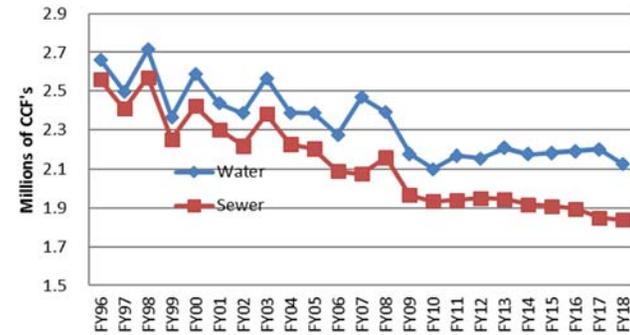
REVENUE SOURCE	FY2017	FY2018	FY2019	FY2019	FY2020	BUDGET	
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ESTIMATE</u>	<u>BUDGET</u>	<u>INCREASE</u>	
						\$	%
Parking Meter Receipts	5,150,000	161,040	1,900,000	1,900,000	0	(1,900,000)	-
Walnut Hill Cemetery Fund	75,000	100,000	100,000	100,000	100,000	0	0.0%
Golf Enterprise Fund Reimbursement	182,098	179,991	207,013	207,013	299,683	92,670	44.8%
Recreation Revolving Fund Reimbursement	375,900	375,690	351,549	351,549	471,027	119,478	34.0%
Water and Sewer Enterprise Fund Reimbursement	2,057,070	2,233,725	2,314,117	2,314,117	2,318,021	3,904	0.2%
Tax Abatement Reserve Surplus	0		0	0	0	0	-
Capital Project Surplus	0		0	0	0	0	-
Sale of Town-owned Land Fund	0		0	0	0	0	0.0%
Total	7,840,067	3,050,446	4,872,678	4,872,678	3,188,731	(1,683,948)	-34.6%

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 FY20 will increase \$6,262 from FY19. The increase is driven primarily by a decrease in Debt Service (\$320K) and the use of retained earnings in FY19, but not in FY20 to fund Capital (\$430K).

CONSUMPTION HISTORY



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 Select Board 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.

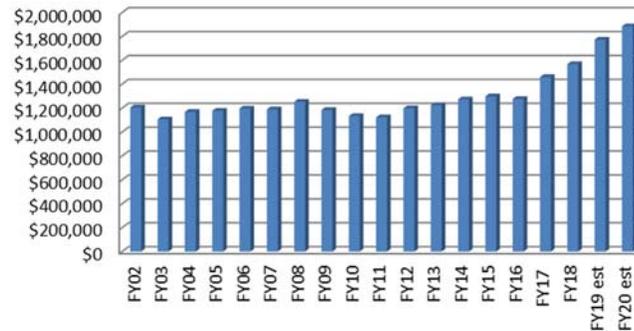
<u>REVENUE SOURCE</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2019</u>	<u>FY2020</u>	<u>BUDGET INCREASE</u>	
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ESTIMATE</u>		<u>\$\$</u>	<u>%</u>
Water and Sewer Charges	28,975,487	26,541,900	27,661,809	27,661,809	28,086,975	425,166	1.5%
Late Payment Fees	101,805	92,494	80,000	80,000	80,000	0	0.0%
Service Fees	233,016	183,437	115,500	115,500	115,500	0	0.0%
Fire Service Fee	251,148	235,129	225,000	225,000	225,000	0	0.0%
Misc	28,563	23,741	472,000	472,000	57,000	(415,000)	-87.9%
Gross Total	29,590,019	27,076,701	28,554,309	28,554,309	28,564,475	10,166	0.0%
less Reimbursement to the General Fund	2,057,070	2,233,725	2,314,117	2,314,117	2,318,020	3,904	0.2%
Net Total	27,532,949	24,842,976	26,240,192	26,240,192	26,246,455	6,262	0.0%

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 FY20, collections are estimated to total \$1.88 million, an increase of \$111,746 (6.3%) from the FY19 budget, driven primarily by an increase in the estimate of the number of rounds played (greens fees and cart rentals) and an anticipated increase in greens fees. 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 with additional bays coming online this past year. Lastly, the Fund is using retained earnings to pay off one of the loans the Fund has with the Town two years earlier than planned. 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



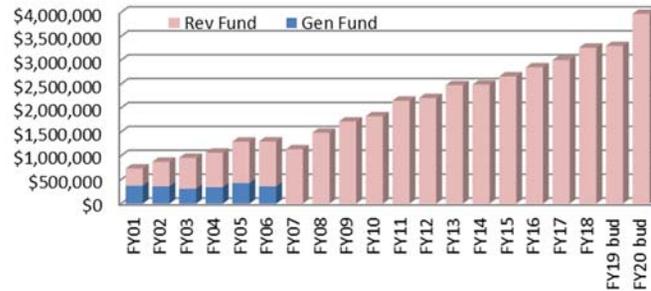
REVENUE SOURCE	FY2017	FY2018	FY2019	FY2019	FY2020	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Green Fees / Permits	883,501	941,043	997,000	997,000	1,029,787	32,787	3.3%
Cart Rentals	199,738	225,082	238,000	238,000	247,000	9,000	3.8%
Pro Shop	96,204	86,244	105,000	105,000	110,000	5,000	4.8%
Concessions	47,271	49,974	48,700	48,700	52,659	3,959	8.1%
Golf Clinics	30,868	29,930	26,000	26,000	34,000	8,000	30.8%
Other	203,119	236,278	358,000	358,000	411,000	53,000	14.8%
Gross Total	1,460,701	1,568,551	1,772,700	1,772,700	1,884,446	111,746	6.3%
less Reimbursement to the General Fund	182,098	179,992	207,013	207,013	299,683	92,670	44.8%
Net Total	1,278,603	1,388,559	1,565,687	1,565,687	1,584,763	19,076	1.2%

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 FY20 estimate for the Revolving Fund is \$3.97 million, an increase of \$671,843 (20.4%). 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	FY2017	FY2018	FY2019	FY2019	FY2020	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Aquatic	573,878	699,375	633,434	653,834	683,834	50,400	8.0%
Eliot Center	143,890	174,776	159,383	159,383	179,383	20,000	12.5%
Environmental Programs	76,198	78,934	77,225	77,225	75,965	(1,260)	-1.6%
Ice Skating	179,364	152,715	194,197	203,197	203,197	9,000	4.6%
Off-Site Out of Town Trip	40,335	39,698	39,955	39,955	36,600	(3,355)	-8.4%
Outdoor Recreation	666,156	681,276	706,395	787,395	837,377	130,982	18.5%
Outdoor Athletics	278,410	296,524	305,502	305,502	306,364	862	0.3%
Soule Center	895,894	988,379	945,963	945,978	1,299,296	353,333	37.4%
Soule Gym	42,830	36,699	39,197	39,197	36,165	(3,032)	-7.7%
Tappan Facility	190,798	193,159	198,749	198,749	203,662	4,913	2.5%
Misc Revenue	(82,472)	(75,750)	0	0	110,000	110,000	-
Gross Total	3,005,280	3,265,785	3,300,000	3,410,415	3,971,843	671,843	20.4%
less Reimbursement to the General Fund	375,900	375,690	351,549	351,549	367,957	16,408	4.7%
Net Total	2,629,380	2,890,095	2,948,451	3,058,866	3,603,886	655,435	22.2%

