

**TOWN OF BROOKLINE
FY2014 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 \$228.98 million, or 89% of total Financial Plan revenues. Total Financial Plan revenue is \$257.4 million, which represents an increase of \$6.18 million, or 2.5%. FY14 General Fund revenues are projected to increase by \$5.39 million (2.4%) from the FY13 budgeted amounts. Operating Revenue, which is basically General Fund revenue less one-time revenues that support the Capital Improvement Program (CIP), increases \$9.25 million, or 4.4%. The below left table summarizes the changes while the below right table shows the calculation of Operating Revenue.

SOURCE	\$ CHANGE (Millions)	% CHANGE
Property Taxes	\$5.47	3.2%
State Aid	\$1.74	11.5%
Reimbursements from Other Funds	\$0.58	22.4%
Parking/Court Fines	\$0.20	5.0%
Local Option Taxes	\$0.20	10.3%
Parking Meter Receipts	\$0.15	3.8%
Medicare Part D Subsidy	\$0.10	33.3%
Motor Vehicle Excise	\$0.10	2.1%
Sale of Town-owned Land Fund	(\$3.25)	-100.0%
Tax Abatement Reserve Surplus	(\$1.75)	-100.0%
Capital Project Surplus	(\$0.56)	-100.0%
“Free Cash”	\$2.32	43.5%
All Others	\$0.09	
TOTAL	\$5.39	2.4%

	FY13	FY14	\$ Change	% Change
Total General Fund Revenue	223,584,082	228,978,337	5,394,255	2.4%
Less:				
SBA Reimbursements	556,757	556,757	0	0.0%
Net Debt Exclusions	1,630,808	1,112,800	(518,008)	-31.8%
Free Cash	5,336,413	7,655,155	2,318,741	43.5%
Add'l Revenue for CIP	5,660,000	0	(5,660,000)	-100.0%
Tax Abatement Reserve Surplus	1,750,000	0	(1,750,000)	-100.0%
Parking Meter Receipts	100,000	0	(100,000)	-100.0%
Sale of Town-owned Land Fund	3,250,000	0	(3,250,000)	-100.0%
Capital Project Surplus	560,000	0	(560,000)	-100.0%
OPERATING REVENUE	210,400,104	219,653,625	9,253,521	4.4%

The State Aid figures used in this Financial Plan are partially based on the Governor's FY14 budget proposal, which was submitted on January 23rd. He proposed a 5.4% (\$226.2 million) statewide increase in Chapter 70 Education Aid, level-funded Unrestricted General Government Aid (UGGA), and created a new \$31 million “Annual Formula Local Aid” program. For Brookline, the Governor's proposal results in a total State Aid increase of \$2.9 million (19.9%). Since the Governor’s budget is based on approval of his tax plans that would generate \$1.9 billion in new state revenue, and that legislative approval is uncertain, there is a strong likelihood that final State Aid figures will be different by the time a final FY14 State budget is approved. Therefore, this Financial Plan is based on a lower level of State Aid than proposed by the Governor. A detailed description and analysis of the FY14 revenue items and related changes are found within the pages that follow.

REVENUE SOURCE	FY2011	FY2012	FY2013	FY2013	FY2014	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Property Taxes *	157,878,286	163,620,490	170,137,611	170,137,611	175,604,001	5,466,389	3.2%
Local Receipts	22,611,569	23,849,795	21,084,438	22,862,938	21,997,366	912,928	4.3%
State Aid	13,808,845	13,796,975	15,131,276	15,131,276	16,875,381	1,744,105	11.5%
Free Cash	4,590,079	5,380,264	5,336,413	5,336,413	7,655,155	2,318,741	43.5%
Other Available Funds	5,080,435	6,618,966	11,894,344	11,894,344	6,846,435	(5,047,909)	-42.4%
General Fund Revenues	203,969,215	213,266,491	223,584,082	225,362,582	228,978,337	5,394,255	2.4%
Water/Sewer Enterprise **	22,397,091	23,146,968	24,475,343	24,475,343	25,088,575	613,233	2.5%
Golf Enterprise**	932,209	1,035,092	1,048,963	1,048,963	1,059,584	10,621	1.0%
Recreation Revolving Fund **	1,897,337	1,914,344	2,106,891	2,106,891	2,270,352	163,461	7.8%
Total Financial Plan Revenues	229,195,852	239,362,895	251,215,279	252,993,779	257,396,848	6,181,569	2.5%

* The figures provided for the FY11 and FY12 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
FY2014 FINANCING PLAN**

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

DETAILED REVENUE SUMMARY

GENERAL FUND	FY11	FY12	FY13	FY14	FY13 vs FY12	
	ACTUAL	ACTUAL	BUDGET	BUDGET	\$	%
Property Taxes *	157,878,286	163,620,490	170,137,611	175,604,001	5,466,389	3.2%
Local Receipts	22,611,569	23,849,795	21,084,438	21,997,366	912,928	4.3%
Motor Vehicle Excise (MVE)	5,178,153	4,996,690	4,850,000	4,950,000	100,000	2.1%
Local Option Taxes	2,160,684	2,367,620	1,950,000	2,150,000	200,000	10.3%
Licenses & Permits	1,062,248	1,225,478	1,153,975	1,180,975	27,000	2.3%
Parking / Court Fines	4,387,303	4,306,184	4,000,000	4,200,000	200,000	5.0%
General Government	3,282,853	4,228,916	2,873,463	3,237,391	363,928	12.7%
Interest Income	900,706	924,722	760,000	700,000	(60,000)	-7.9%
PILOTs	908,270	1,022,789	1,110,000	1,125,000	15,000	1.4%
Refuse Fee	2,663,996	2,657,101	2,600,000	2,600,000	0	0.0%
Departmental & Other	2,067,356	2,120,294	1,787,000	1,854,000	67,000	3.7%
State Aid	13,808,845	13,796,975	15,131,276	16,875,381	1,744,105	11.5%
General Government Aid	5,512,304	5,474,269	5,473,231	5,454,692	(18,539)	-0.3%
School Aid	6,929,820	6,950,005	8,953,571	10,714,176	1,760,605	19.7%
School Construction Aid	1,227,634	1,227,634	556,757	556,757	0	0.0%
Tax Abatement Aid	37,051	38,228	38,557	38,730	173	0.4%
Offset Aid	102,036	106,839	109,160	111,026	1,866	1.7%
Other Available Funds	5,080,435	6,618,966	11,894,344	6,846,435	(5,047,909)	-42.4%
Parking Meter Receipts	2,650,000	3,800,000	3,950,000	4,100,000	150,000	3.8%
Walnut Hill Cemetery Fund	50,000	50,000	50,000	75,000	25,000	50.0%
State Aid for Libraries	41,555	41,555	41,555	41,555	0	0.0%
Golf Enterprise Fund Reimb.	191,161	163,852	155,037	150,416	(4,621)	-3.0%
Recreation Revolving Fund Reimb.	257,205	295,912	281,764	353,717	71,953	25.5%
Water and Sewer Enterprise Fund Reimb.	1,869,338	1,867,647	1,855,987	2,125,747	269,759	14.5%
Tax Abatement Reserve Surplus	0	400,000	1,750,000	0	(1,750,000)	-100.0%
Capital Project Surplus	21,176	0	560,000	0	(560,000)	-100.0%
Sale of Town-owned Land	0	0	3,250,000	0	(3,250,000)	-100.0%
Free Cash	4,590,079	5,380,264	5,336,413	7,655,155	2,318,741	43.5%
Capital Improvements	3,675,340	4,413,752	3,947,729	4,818,744	871,015	22.1%
Operating Budget Reserve	459,239	469,288	486,736	507,190	20,454	4.2%
Strategic Reserves / Other Spec Approp's	455,500	497,224	901,948	2,329,221	1,427,273	158.2%
TOTAL GENERAL FUND REVENUE	203,969,215	213,266,491	223,584,082	228,978,337	5,394,255	2.4%
ENTERPRISE FUND / REVOLVING FUND REVENUE						
Water and Sewer Enterprise Fund **	22,397,091	23,146,968	24,475,343	25,088,575	613,233	2.5%
Golf Course Enterprise Fund **	932,209	1,035,092	1,048,963	1,059,584	10,621	1.0%
Recreation Revolving Fund **	1,897,337	1,914,344	2,106,891	2,270,352	163,461	7.8%
TOTAL ENTERPRISE / REVOLVING FUND REVENUE	25,226,637	26,096,404	27,631,196	28,418,511	787,315	2.8%
TOTAL REVENUES	229,195,852	239,362,895	251,215,279	257,396,848	6,181,569	2.5%

* The figures provided for the FY11 and FY12 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.

FY2014 REVENUE BY FUND

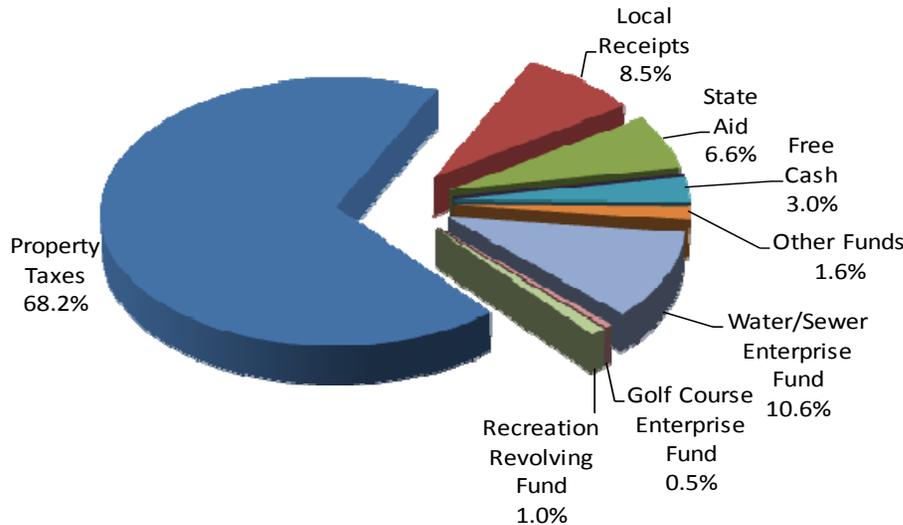
	General Fund ¹	Water & Sewer Enterprise Fund	Golf Enterprise Fund	Recreation Revolving Fund	Parking Meter Fund ²	Cemetery Fund ²	State Library Aid ²	TOTAL
Property Taxes	175,604,001							175,604,001
Local Receipts	21,997,366							21,997,366
State Aid	16,875,381							16,875,381
Parking Meter Receipts					4,100,000			4,100,000
Walnut Hill Cemetery Fund						75,000		75,000
State Aid for Libraries							41,555	41,555
Golf Enterprise Fund Reimbursement			150,416					150,416
Recreation Revolving Fund Reimbursement				353,717				353,717
Water and Sewer Enterprise Fund Reimbursement		2,125,747						2,125,747
Free Cash	7,655,155							7,655,155
TOTAL GENERAL FUND	222,131,902	2,125,747	150,416	353,717	4,100,000	75,000	41,555	228,978,337
Water and Sewer Enterprise Fund ³		25,088,575						25,088,575
Golf Course Enterprise Fund ³			1,059,584					1,059,584
Recreation Revolving Fund ³				2,270,352				2,270,352
TOTAL FINANCIAL PLAN	222,131,902	27,214,322	1,210,000	2,624,069	4,100,000	75,000	41,555	257,396,848

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

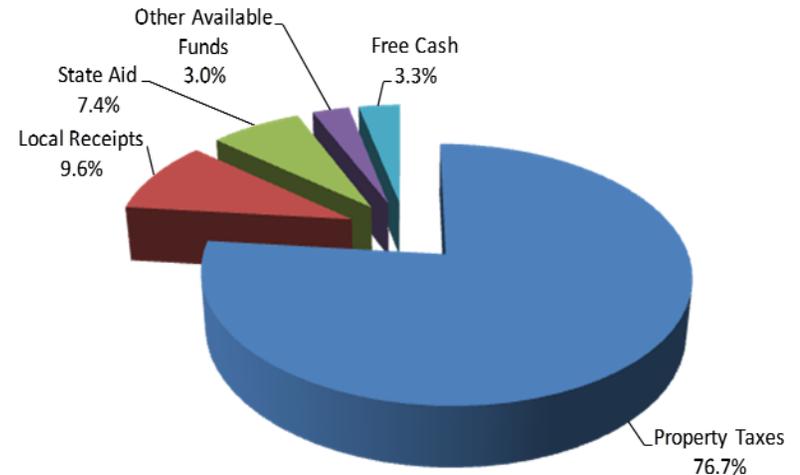
² The revenue from these funds are transferred into the General Fund.

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.

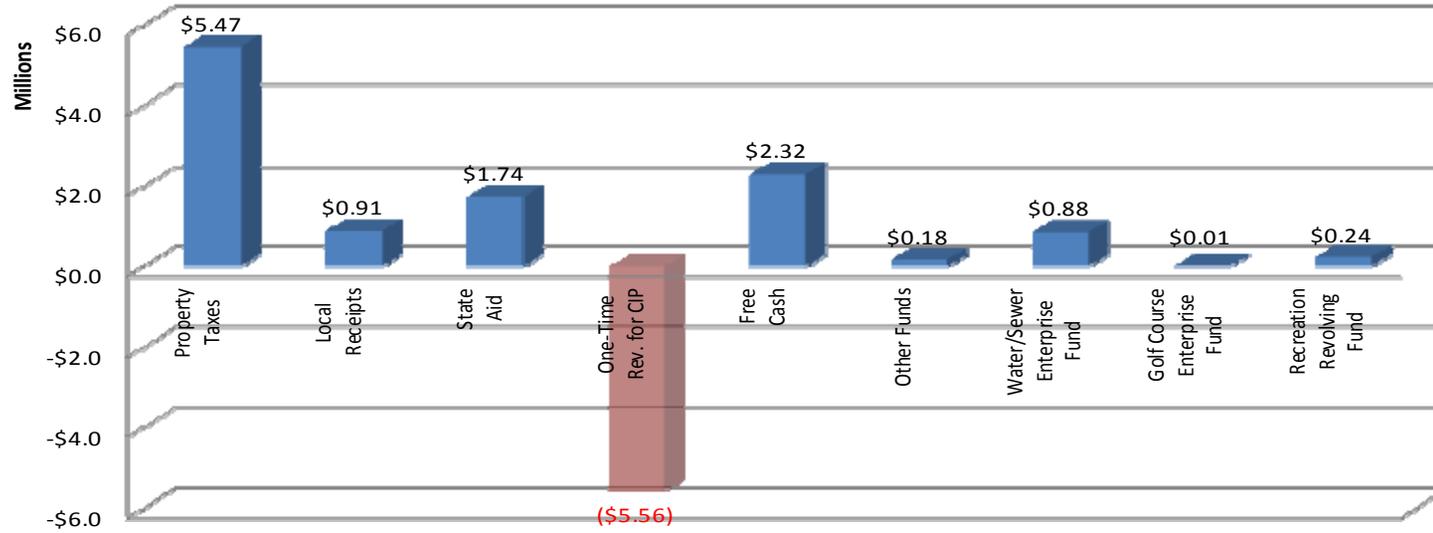
FY14 TOTAL REVENUE COMPOSITION



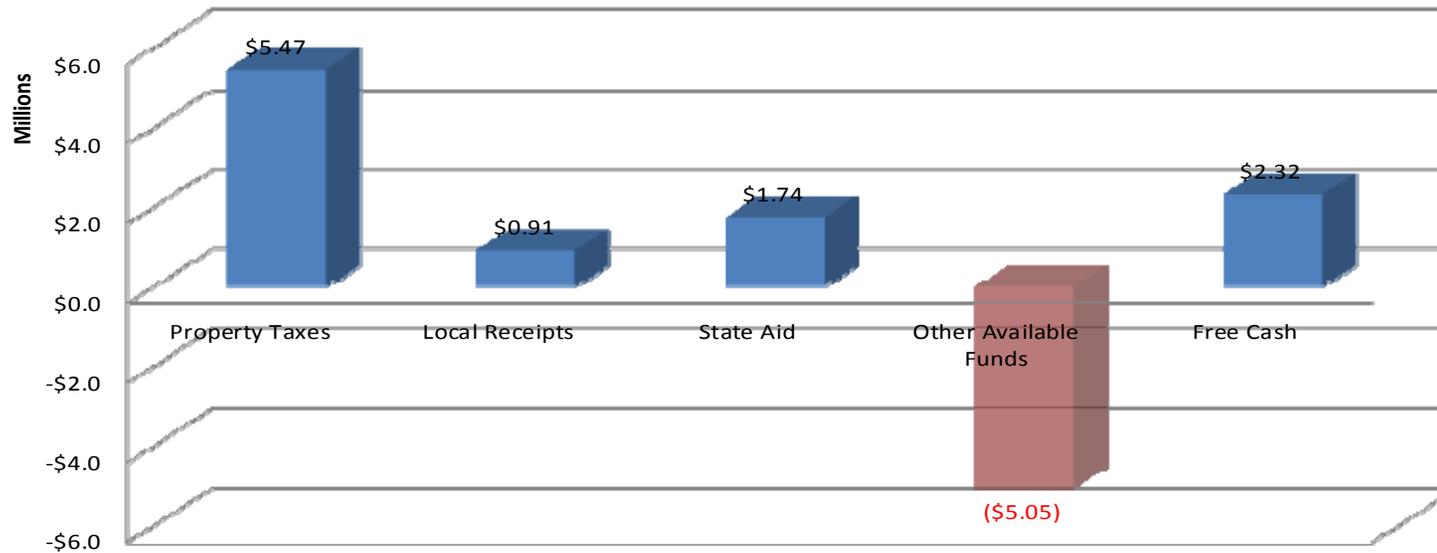
FY14 GENERAL FUND REVENUE COMPOSITION



FY14 TOTAL REVENUE CHANGES



FY14 GENERAL FUND REVENUE CHANGES



TOTAL REVENUES

\$ (millions)

% of General Fund Budget

REVENUE SOURCE	FY81	FY82	FY05 ACT.	FY06 ACT.	FY07 ACT.	FY08 ACT.	FY09 ACT.	FY10 ACT.	FY11 ACT.	FY12 ACT.	FY13 BUD.	FY14 BUD.
PROPERTY TAX	\$45.8 76.4%	\$40.8 71.0%	\$119.5 67.8%	\$121.8 69.6%	\$128.9 69.8%	\$133.8 70.5%	\$146.5 73.7%	\$152.6 74.6%	\$155.9 77.2%	\$162.7 76.6%	\$170.1 76.1%	\$175.6 76.7%
LOCAL RECEIPTS	\$3.8 6.4%	\$5.3 9.2%	\$21.2 12.0%	\$23.0 13.1%	\$23.3 12.6%	\$24.5 12.9%	\$22.5 11.3%	\$21.0 10.3%	\$22.6 11.2%	\$23.8 11.2%	\$21.1 9.4%	\$22.0 9.6%
STATE AID	\$5.5 9.2%	\$7.2 12.5%	\$17.4 9.9%	\$18.0 10.3%	\$18.0 9.8%	\$18.9 10.0%	\$18.0 9.0%	\$16.5 8.1%	\$13.8 6.8%	\$13.8 6.5%	\$15.1 6.8%	\$16.9 7.4%
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%	\$7.0 4.0%	\$4.6 2.6%	\$5.4 2.9%	\$3.8 2.0%	\$6.0 3.0%	\$7.1 3.4%	\$4.6 2.3%	\$5.4 2.5%	\$5.3 2.4%	\$7.7 3.3%
OTHER AVAIL. FUNDS	\$0.3 0.5%	\$0.5 0.9%	\$11.1 6.3%	\$7.7 4.4%	\$8.9 4.8%	\$8.6 4.5%	\$6.0 3.0%	\$7.4 3.6%	\$5.1 2.5%	\$6.6 3.1%	\$11.9 5.3%	\$6.8 3.0%
GENERAL FUND BUDGET TOTAL	\$59.9	\$57.5	\$176.3	\$175.0	\$184.5	\$189.7	\$198.9	\$204.6	\$202.0	\$212.3	\$223.6	\$229.0
WATER & SEWER ENT FUND (1)	\$2.1	\$2.9	\$15.7	\$15.9	\$17.7	\$18.0	\$21.1	\$20.9	\$22.4	\$23.1	\$24.5	\$25.1
GOLF COURSE ENT FUND (1)	\$0.0	\$0.0	\$0.8	\$0.8	\$0.8	\$0.9	\$1.0	\$0.9	\$0.9	\$1.0	\$1.0	\$1.1
RECREATION REVOLVING FUND (1)	\$0.0	\$0.0	\$0.8	\$0.8	\$1.0	\$1.3	\$1.5	\$1.6	\$1.9	\$1.9	\$2.1	\$2.3
TOTAL FINANCIAL PLAN	\$62.0	\$60.4	\$193.6	\$192.6	\$204.0	\$209.9	\$222.5	\$228.2	\$227.2	\$238.4	\$251.2	\$257.4

(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	FY05 ACT.	FY06 ACT.	FY07 ACT.	FY08 ACT.	FY09 ACT.	FY10 ACT.	FY11 ACT.	FY12 ACT.	FY13 BUDGET	FY14 BUDGET
PROPERTY TAX	(\$5.1) -11.1%	\$5.3 4.6%	\$2.3 1.9%	\$7.1 5.8%	\$5.0 3.9%	\$12.7 9.5%	\$6.0 4.1%	\$3.3 2.2%	\$6.8 4.3%	\$7.5 4.6%	\$5.5 3.2%
LOCAL RECEIPTS	\$1.5 39.1%	\$2.2 11.5%	\$1.8 8.3%	\$0.3 1.3%	\$1.2 5.3%	(\$2.1) -8.4%	(\$1.4) -6.3%	\$1.6 7.5%	\$1.2 5.5%	(\$2.8) -11.6%	\$0.9 4.3%
STATE AID	\$1.7 31.1%	\$0.1 0.7%	\$0.5 3.1%	\$0.1 0.4%	\$0.9 5.1%	(\$1.0) -5.2%	(\$1.4) -7.9%	(\$2.7) -16.5%	(\$0.0) -0.1%	\$1.3 9.7%	\$1.7 11.5%
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%
FREE CASH	(\$0.6) -17.9%	\$1.4 24.3%	(\$2.4) -33.9%	\$0.8 17.0%	(\$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%
OTHER AVAIL. FUNDS	\$0.2 70.8%	\$3.2 41.0%	(\$3.4) -30.8%	\$1.3 16.3%	(\$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%
GENERAL FUND BUDGET TOTAL	(\$2.4) -4.1%	\$12.2 7.4%	(\$1.2) -0.7%	\$9.5 5.4%	\$5.2 2.8%	\$9.2 4.8%	\$5.7 2.9%	(\$2.7) -1.3%	\$10.3 5.1%	\$11.3 5.3%	\$5.4 2.4%
WATER & SEWER ENT FUND (1)	\$0.9 41.0%	\$0.7 4.7%	\$0.1 0.9%	\$1.8 11.5%	\$0.3 1.8%	\$3.1 17.0%	(\$0.1) -0.6%	\$1.5 6.9%	\$0.7 3.3%	\$1.3 5.7%	\$0.6 2.5%
GOLF COURSE ENT FUND (1)	\$0.0 0.0%	\$0.0 5.4%	(\$0.0) -2.2%	\$0.0 0.2%	\$0.1 7.5%	\$0.1 14.3%	(\$0.1) -5.9%	(\$0.0) -1.5%	\$0.1 11.0%	\$0.0 1.3%	\$0.0 1.0%
RECREATION REVOLVING FUND (1)	\$0.0 0.0%	\$0.1 17.9%	\$0.1 8.9%	\$0.2 21.2%	\$0.3 31.0%	\$0.2 17.1%	\$0.1 6.3%	\$0.3 17.3%	\$0.0 0.9%	\$0.2 10.1%	\$0.2 7.8%
TOTAL FINANCIAL PLAN	(\$1.5) -2.6%	\$13.1 7.2%	(\$1.0) -0.5%	\$11.5 6.0%	\$5.9 2.9%	\$12.6 6.0%	\$5.6 2.5%	(\$0.9) -0.4%	\$11.2 4.9%	\$12.8 5.4%	\$6.2 2.5%

(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 77% of General Fund revenues. Property Taxes are levied on both real property (land and buildings) and personal property (equipment). State law mandates that communities update their property values every three years and obtain state certification that such values represent full and fair cash value. A comprehensive town-wide revaluation was completed in FY12, with the next one scheduled for FY15.

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.

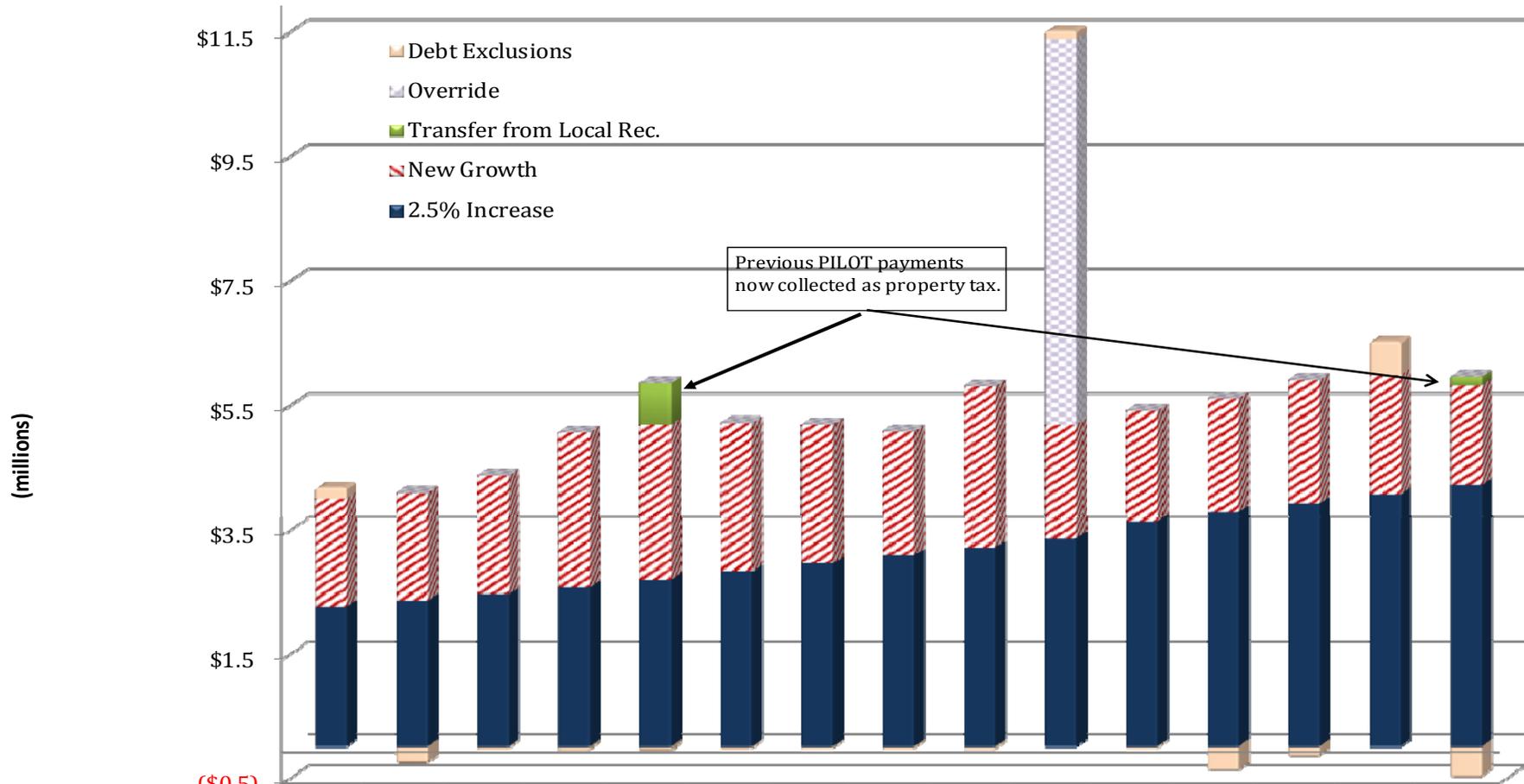
Property values and New Growth for FY14 are preliminary estimates used to project the Levy Limit. The FY14 Maximum Allowable Levy is projected to total \$175,604,001, representing an increase of \$5,466,389 (3.2%) over the FY13 Levy. The figures below detail how the estimated FY14 levy is calculated:

FY13 LEVY LIMIT	\$168,537,757
<u>PROP. 2 1/2 INCREASE</u>	<u>\$4,213,444</u>
SUB-TOTAL	\$172,751,201
CONVERSION OF Ch. 121A PYMT TO PROP. TAX	\$140,000
<u>NEW GROWTH (est.)</u>	<u>\$1,600,000</u>
ESTIMATED FY14 LEVY LIMIT	\$174,491,201
DEBT EXCLUSIONS	\$1,112,800
<u>STATE SCHOOL BLDG ASSISTANCE (SBA) REIMB.</u>	<u>\$0</u>
NET DEBT EXCLUSIONS	\$1,112,800
FY14 TOTAL PROPERTY TAX LEVY	\$175,604,001

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

<u>REVENUE SOURCE</u>	FY2011	FY2012	FY2013	FY2013	FY2014	BUDGET	
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ESTIMATE</u>		<u>BUDGET</u>	<u>INCREASE</u>
						\$	%
Prior Year Levy Limit	151,047,972	156,653,255	162,553,810	162,553,810	168,537,757		
2.5% Increase	3,776,199	3,916,331	4,063,845	4,063,845	4,213,444		
New Growth	1,829,084	1,984,224	1,920,101	1,920,101	1,600,000		
Conversion of Ch. 121A Payment to Prop. Taxes	0	0	0	0	140,000		
Net Debt Exclusions	1,258,944	1,090,408	1,630,808	1,630,808	1,112,800		
(less) Excess Capacity	(33,912)	(23,729)	(30,953)	(30,953)	0		
Total Property Tax Levy	157,878,286	163,620,490	170,137,611	170,137,611	175,604,001	5,466,389	3.2%

COMPOSITION OF ANNUAL GROWTH IN THE PROPERTY TAX LEVY



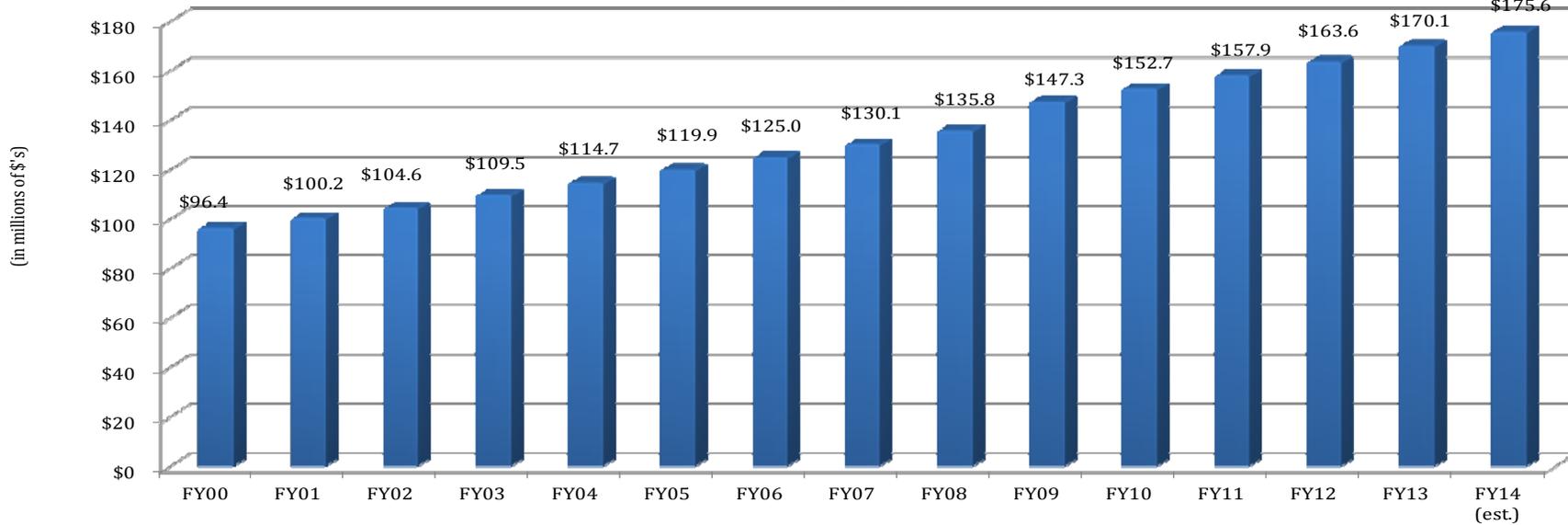
	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14 (est.)
Debt Exclusions	0.17	-0.28	-0.03	-0.05	-0.08	-0.03	-0.03	-0.03	-0.05	0.12	-0.03	-0.41	-0.17	0.54	-0.52
Override	0	0	0	0	0	0	0	0	0	6.2	0	0	0	0	0
Transfer from Local Rec.	0	0	0	0	0.66	0	0	0	0	0	0	0	0	0	0.14
New Growth	1.74	1.73	1.91	2.49	2.49	2.39	2.23	1.99	2.58	1.83	1.76	1.83	1.98	1.92	1.60
2.5% Increase	2.26	2.36	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

TOWN OF BROOKLINE FY2014 FINANCING PLAN	FUND: General Fund	REVENUE GROUP: Property Tax SUB-GROUP: Property Tax
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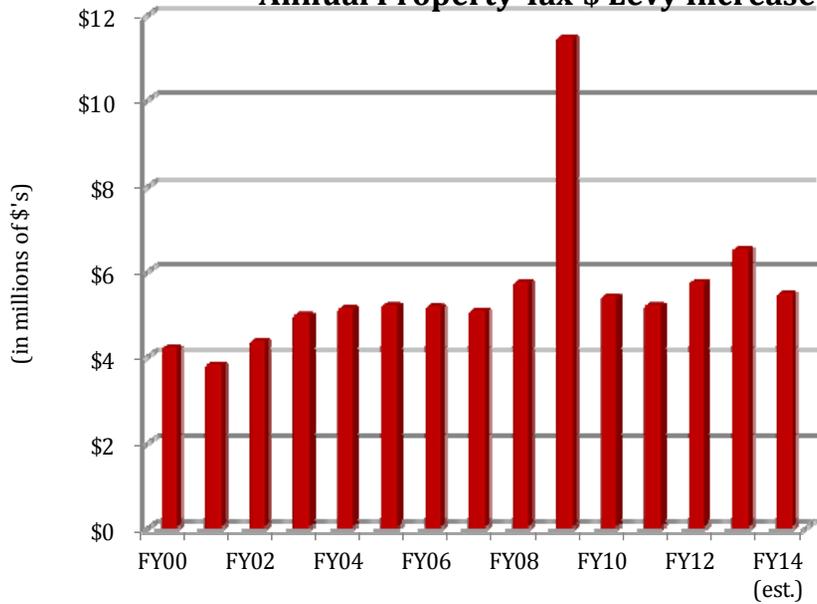
Fiscal Year	Real Estate & Personal Prop Levy	(1) Collections As Of Base Yr End	% As Of Base Yr End	Uncollected Bal As Of Base Yr End	(2) Cumulative Pr Yr Collections Yr End As Of Dec 31, 2012	Uncollected Real Estate & Pers Prop As Of Dec 31, 2012	% Collected As Of Dec 31, 2012	(3) Tax Titles / Foreclosures Receivable As of Yr-End
1998	87,880,687	86,352,738	98.3%	1,527,949	1,527,949	0	100.0%	852,386
1999	92,203,063	91,376,684	99.1%	826,379	826,379	0	100.0%	384,660
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	1,533,434	2,117	100.0%	1,265,379
2010	152,703,449	151,324,018	99.1%	1,379,430	1,385,883	(6,453)	100.0%	1,625,779
2011	157,878,286	156,328,350	99.0%	1,549,936	1,617,565	(67,629)	100.0%	1,604,165
2012	163,627,088	161,979,091	99.0%	1,647,997	176,218	1,471,779	99.1%	1,442,356

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.

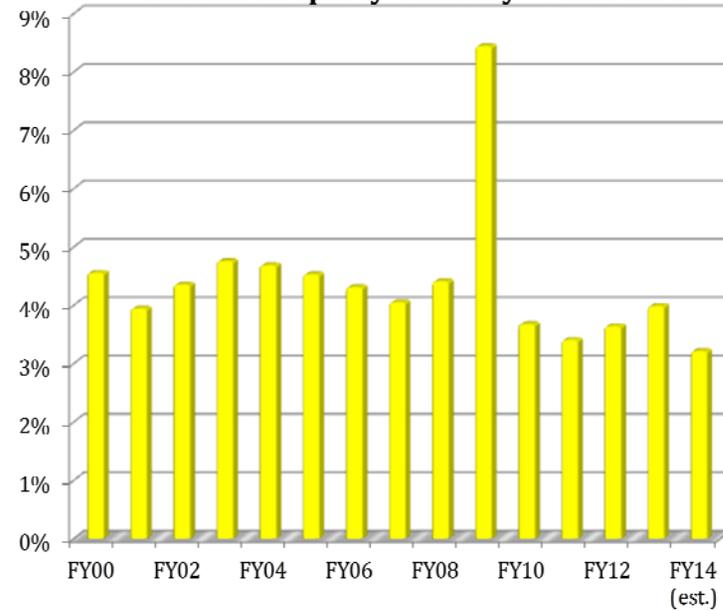
Annual Property Tax Levy



Annual Property Tax \$ Levy Increase



Annual Property Tax Levy % Increase



**TOWN OF BROOKLINE
FY2014 FINANCING PLAN**

FUND: General Fund

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

MEDIAN PER PARCEL VALUES AND TAX BILLS

DESCRIPTION	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Single Family Median Assessed Value	837,050	903,850	1,017,100	1,023,550	986,900	1,017,000	1,022,400	1,027,300	1,059,400	1,071,750
\$ Change	80,300	66,800	113,250	6,450	(36,650)	30,100	5,400	4,900	32,100	12,350
% Change	10.6%	8.0%	12.5%	0.6%	-3.6%	3.0%	0.5%	0.5%	3.1%	1.2%
Single Family Median Tax Bill	7,412	7,716	8,137	8,341	8,437	9,130	9,429	9,771	10,187	10,531
\$ Change	355	304	422	203	96	693	299	342	416	344
% Change	5.0%	4.1%	5.5%	2.5%	1.2%	8.2%	3.3%	3.6%	4.3%	3.4%
Single Family Median Tax Bill as a % of 4-Person Family Median Income	9.24%	9.85%	9.86%	9.62%	9.88%	10.64%	10.55%	10.47%	10.34%	10.51%
Two Family Median Assessed Value	777,900	837,200	950,000	950,900	932,450	953,200	956,100	958,850	975,400	981,500
\$ Change	75,900	59,300	112,800	900	(18,450)	20,750	2,900	2,750	16,550	6,100
% Change	10.8%	7.6%	13.5%	0.1%	-1.9%	2.2%	0.3%	0.3%	1.7%	0.6%
Two Family Median Tax Bill	6,783	7,034	7,497	7,634	7,883	8,448	8,701	8,998	9,230	9,480
\$ Change	340	251	463	137	249	565	253	296	232	250
% Change	5.3%	3.7%	6.6%	1.8%	3.3%	7.2%	3.0%	3.4%	2.6%	2.7%
Two Family Median Tax Bill as a % of 4-Person Family Median Income	8.45%	8.98%	9.08%	8.80%	9.23%	9.85%	9.74%	9.64%	9.36%	9.46%
Three Family Median Assessed Value	870,250	931,150	1,088,000	1,102,900	1,078,450	1,113,200	1,115,150	1,116,000	1,151,400	1,152,400
\$ Change	83,750	60,900	156,850	14,900	(24,450)	34,750	1,950	850	35,400	1,000
% Change	10.6%	7.0%	16.8%	1.4%	-2.2%	3.2%	0.2%	0.1%	3.2%	0.1%
Three Family Median Tax Bill	7,765	7,995	8,815	9,113	9,369	10,158	10,446	10,773	11,236	11,471
\$ Change	374	230	819	298	256	789	288	327	463	235
% Change	5.1%	3.0%	10.2%	3.4%	2.8%	8.4%	2.8%	3.1%	4.3%	2.1%
Three Family Median Tax Bill as a % of 4-Person Family Median Income	9.68%	10.21%	10.68%	10.51%	10.97%	11.84%	11.69%	11.54%	11.40%	11.44%
Condo Median Assessed Value	346,900	373,700	411,400	424,800	411,450	423,500	423,000	423,900	421,900	425,200
\$ Change	24,700	26,800	37,700	13,400	(13,350)	12,050	(500)	900	(2,000)	3,300
% Change	7.7%	7.7%	10.1%	3.3%	-3.1%	2.9%	-0.1%	0.2%	-0.5%	0.8%
Condo Median Tax Bill	2,202	2,292	2,353	2,515	2,579	2,786	2,853	2,953	2,920	2,999
\$ Change	16	91	61	162	64	206	68	99	(33)	79
% Change	0.7%	4.1%	2.6%	6.9%	2.6%	8.0%	2.4%	3.5%	-1.1%	2.7%
Condo Median Tax Bill as a % of 4-Person Family Median Income	2.74%	2.93%	2.85%	2.90%	3.02%	3.25%	3.19%	3.16%	2.96%	2.99%
Commercial Median Assessed Value	790,100	875,000	943,500	914,300	971,500	1,015,600	1,033,800	1,038,350	1,048,450	1,085,750
\$ Change	51,700	84,900	68,500	(29,200)	57,200	44,100	18,200	4,550	10,100	37,300
% Change	7.0%	10.7%	7.8%	-3.1%	6.3%	4.5%	1.8%	0.4%	1.0%	3.6%
Commercial Median Tax Bill	13,637	14,534	14,587	14,519	16,224	17,590	18,402	19,002	19,480	20,597
\$ Change	213	897	53	(67)	1,705	1,366	811	600	478	1,116
% Change	1.6%	6.6%	0.4%	-0.5%	11.7%	8.4%	4.6%	3.3%	2.5%	5.7%
Residential Tax Rate	10.63	10.23	9.55	9.73	10.18	10.69	10.97	11.30	11.40	11.65
% Change	-5.2%	-3.8%	-6.6%	1.9%	4.6%	5.0%	2.6%	3.0%	0.9%	2.2%
Commercial Tax Rate	17.26	16.61	15.46	15.88	16.70	17.32	17.80	18.30	18.58	18.97
% Change	-5.1%	-3.8%	-6.9%	2.7%	5.2%	3.7%	2.8%	2.8%	1.5%	2.1%
Residential Exemption	139,790	149,610	165,014	166,331	158,100	162,923	162,904	162,607	165,764	167,761
Residential Exemption (Tax)	1,485.97	1,530.51	1,575.88	1,618.40	1,609.46	1,741.65	1,787.06	1,837.46	1,889.71	1,954.42
% Change	4.2%	3.0%	3.0%	2.7%	-0.6%	8.2%	2.6%	2.8%	2.8%	3.4%

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

LOCAL RECEIPTS SUMMARY

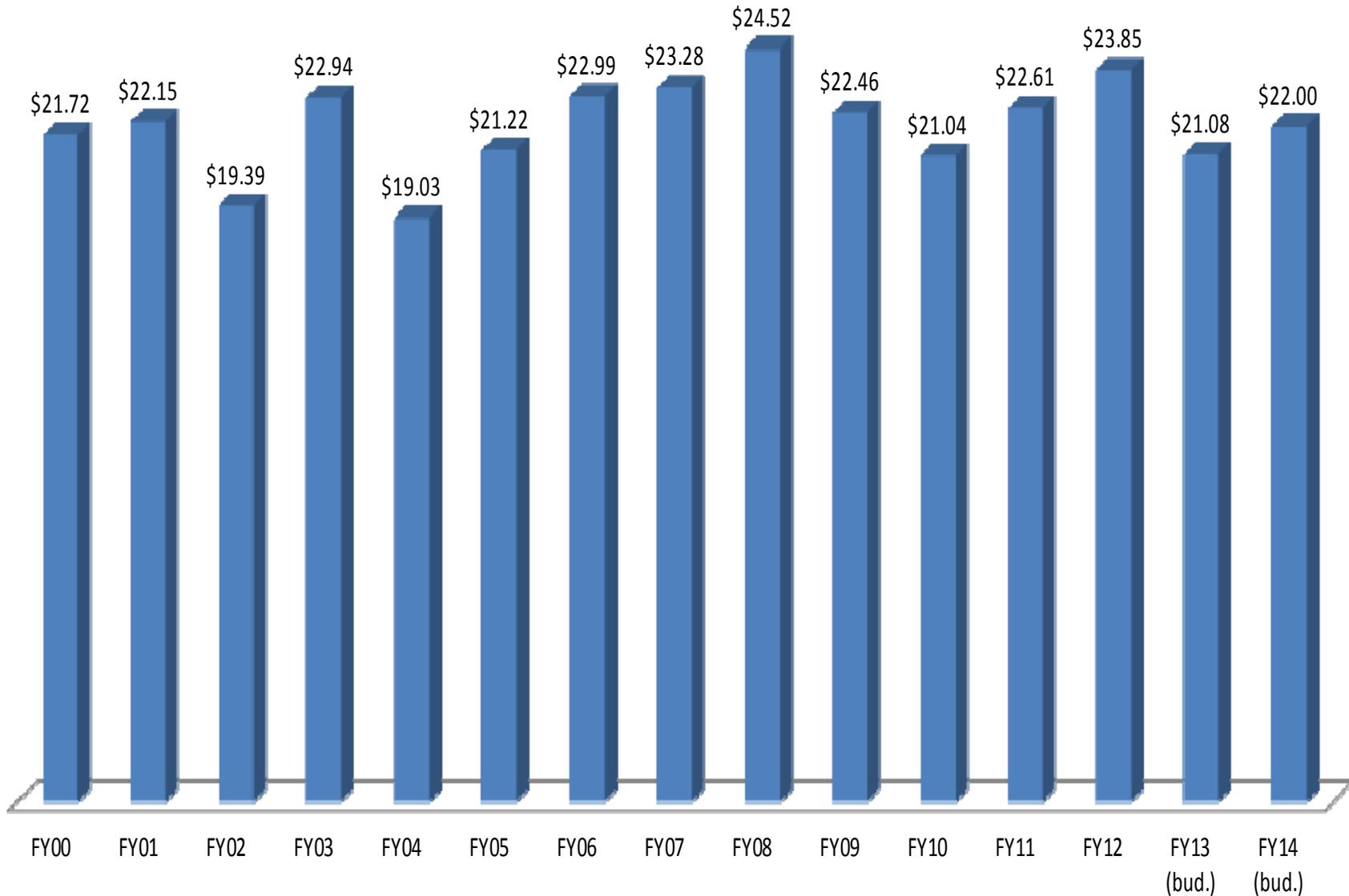
Local Receipts, estimated to add \$22.11 million to the Town's revenue stream, represent 9.7% of total General Fund revenues. They include motor vehicle excise, local option taxes, fees, fines, charges for licenses and permits, investment earnings, and other similar non-tax type items. These items are 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 \$1.02 million (4.9%) over the FY13 budgeted amounts. A summary of all changes are as follows:

- 1.) **General Government** - this category increases \$363,928 (12.7%) to \$3.24 million due primarily to increases in the Benefit Reimbursements from non-General Fund accounts (\$222,178, 100%), the Medicare Part D Subsidy (\$100,000, 33.3%), which the Town receives from the GIC, and Building Permits (\$50,000, 2.6%).
- 2.) **Local Option Taxes** - increase \$200,000 (10.3%) to \$2.15 million to reflect the actual experience of the meals and lodging excise taxes.
- 3.) **Parking/Court Fines** - increase \$200,000 (5%) to \$4.2 million due to an increase in the number of tickets being issued on an annual basis.
- 4.) **Motor Vehicle Excise (MVE)** - increases \$100,000 (2.1%) to \$4.95 million.
- 5.) **Departmental and Other** - increases \$67,000 (3.7%) to \$1.85 million due primarily to an increase in Parking Fees (\$35,000, 8.6%) and the Medicaid Reimbursement for eligible school expenses (\$15,000, 4.6%).
- 6.) **Licenses / Permits** - increase \$27,000 (3.7%) to \$1.18 million due to Liquor Licenses and Fire Prevention Fees.
- 7.) **Payment in Lieu of Taxes (PILOTs)** - increase \$15,000 (1.4%) to \$1.13 million due to scheduled increases in negotiated PILOT agreements.
- 8.) **Interest Income** - decreases \$60,000 (7.9%) to \$700,000, a reflection of the current and projected interest rate environment.

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

REVENUE SOURCE	FY2011	FY2012	FY2013	FY2013	FY2014	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Motor Vehicle Excise	5,178,153	4,996,690	4,850,000	5,100,000	4,950,000	100,000	2.1%
Local Option Taxes	2,160,684	2,367,620	1,950,000	2,300,000	2,150,000	200,000	10.3%
Licenses and Permits	1,062,248	1,225,478	1,153,975	1,199,475	1,180,975	27,000	2.3%
Parking and Court Fines	4,387,303	4,306,184	4,000,000	4,200,000	4,200,000	200,000	5.0%
General Government	3,282,853	4,228,916	2,873,463	3,588,463	3,237,391	363,928	12.7%
Interest Income	900,706	924,722	760,000	800,000	700,000	(60,000)	-7.9%
In Lieu of Tax Payments	908,270	1,022,789	1,110,000	1,120,000	1,125,000	15,000	1.4%
Refuse Fees	2,663,996	2,657,101	2,600,000	2,650,000	2,600,000	0	0.0%
Departmental and Other	2,067,356	2,120,294	1,787,000	1,905,000	1,854,000	67,000	3.7%
Total	22,611,569	23,849,795	21,084,438	22,862,938	21,997,366	912,928	4.3%

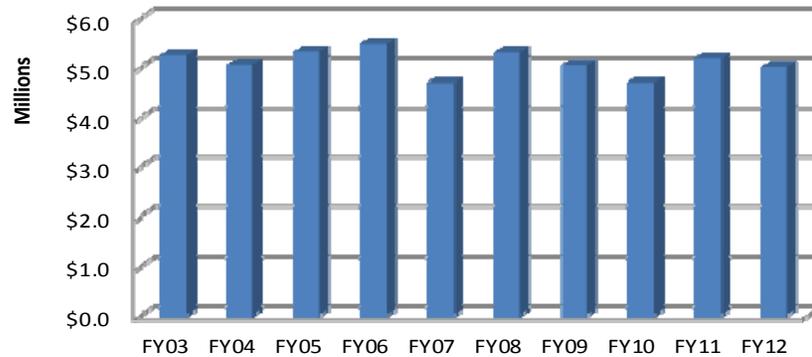
LOCAL RECEIPT HISTORY (in millions)



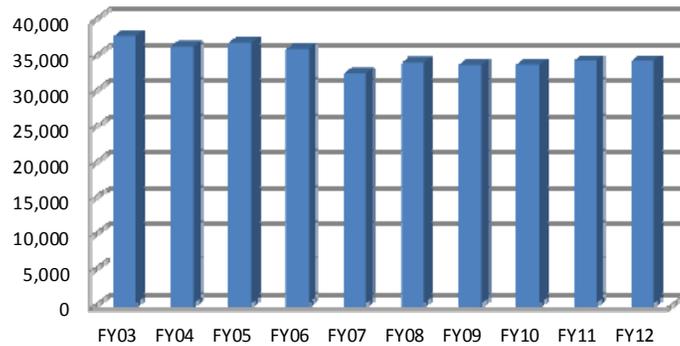
MOTOR VEHICLE EXCISE

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 \$4.95 million in FY14, an amount that is \$100,000 (2.1%) above the FY13 budgeted amount.

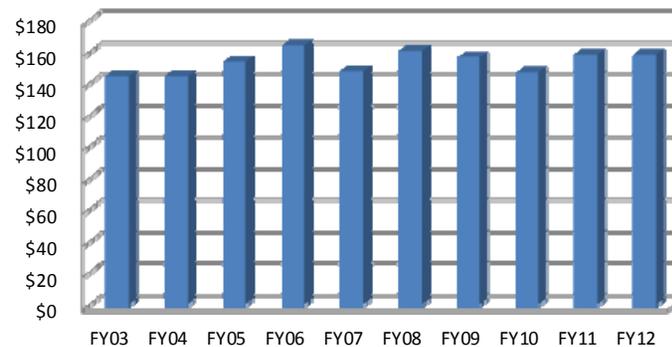
MVE COLLECTIONS (in millions)



NUMBER OF MVE BILLS



AVERAGE MVE BILL



<u>REVENUE SOURCE</u>	<u>FY2011 ACTUAL</u>	<u>FY2012 ACTUAL</u>	<u>FY2013 BUDGET</u>	<u>FY2013 ESTIMATE</u>	<u>FY2014 BUDGET</u>	<u>BUDGET INCREASE</u>	
						<u>\$\$</u>	<u>%</u>
Motor Vehicle Excise	5,178,153	4,996,690	4,850,000	5,100,000	4,950,000	100,000	2.1%

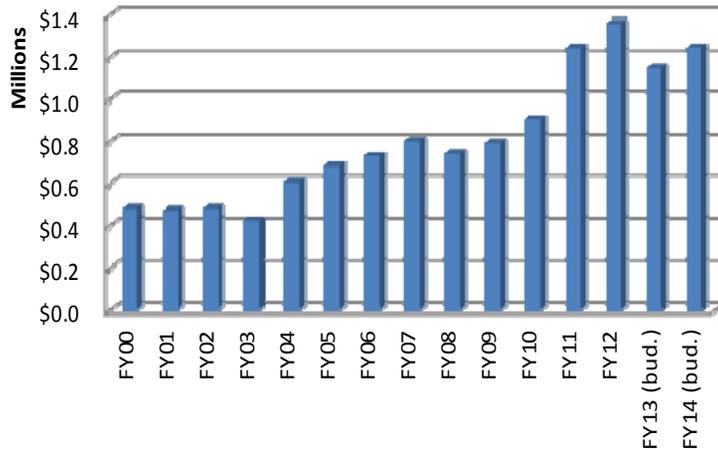
LOCAL OPTION TAXES

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.

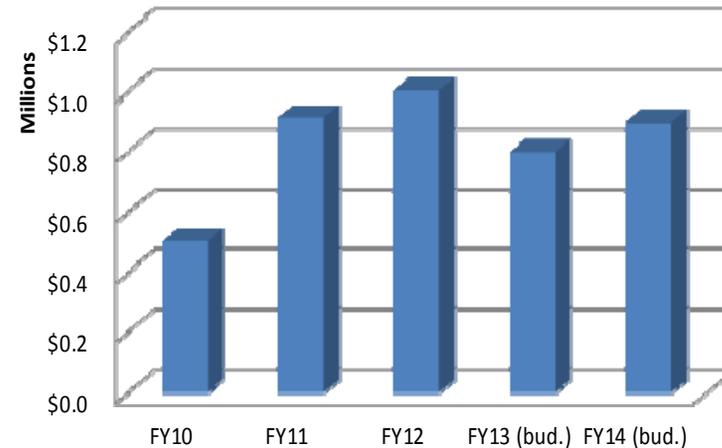
In 1985, legislation was enacted that enabled communities to impose a local option excise of up to 4% on gross receipts from room rentals of hotels and motels, in addition to the state excise of 5.7%. Brookline adopted the local option excise tax, at 4%, by a vote of Town Meeting in November, 1985. In 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 FY14, this revenue source is expected to generate \$1.25 million, an increase of \$100,000 (8.7%) from the FY13 budgeted amount.

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 FY14, this revenue source is expected to generate \$900,000, an increase of \$100,000 (12.5%).

LODGING EXCISE TAX (in millions)



MEALS EXCISE TAX (in millions)



REVENUE SOURCE	FY2011	FY2012	FY2013	FY2013	FY2014	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Lodging Excise Tax	1,244,887	1,364,218	1,150,000	1,300,000	1,250,000	100,000	8.7%
Meals Excise Tax	915,797	1,003,402	800,000	1,000,000	900,000	100,000	12.5%
Total	2,160,684	2,367,620	1,950,000	2,300,000	2,150,000	200,000	10.3%

**TOWN OF BROOKLINE
FY2014 FINANCING PLAN**

FUND: General Fund

**REVENUE GROUP: Local Receipts
SUB-GROUP: Refuse Fee**

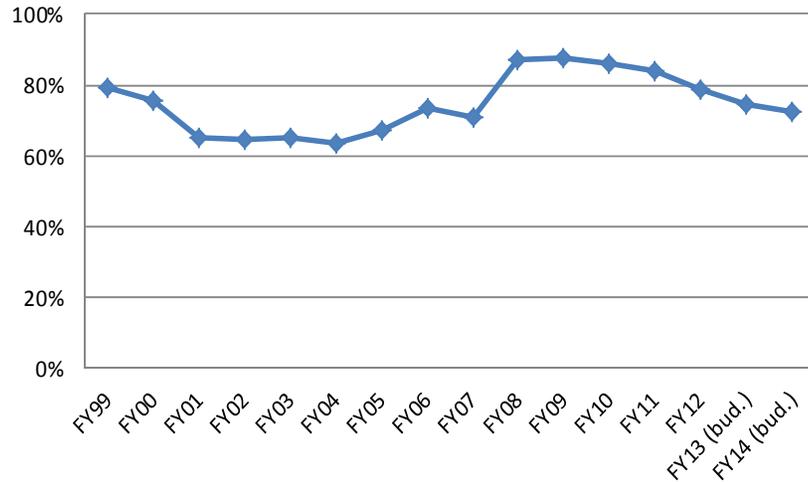
REFUSE FEE

For FY14, the Refuse Fee is assumed to remain level at \$200 per year. This should generate \$2,580,000 from residential collections and \$20,000 from commercial collections, for a total of \$2.6 million. 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:

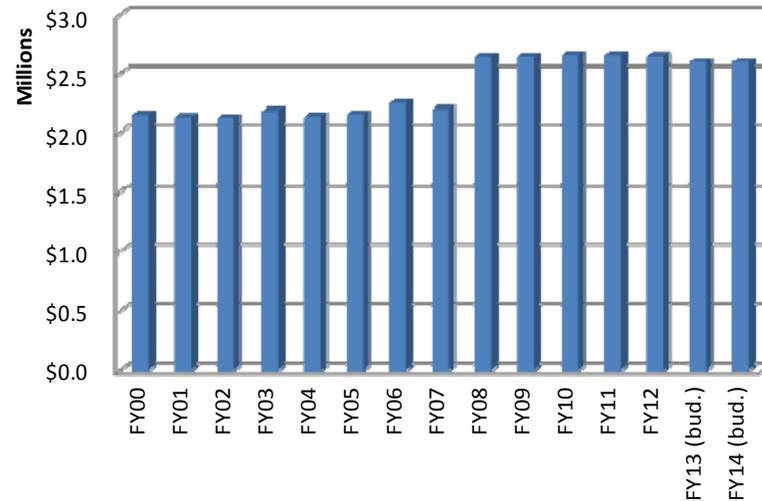
<u>FY89-FY91</u>	<u>FY92</u>	<u>FY93-FY94</u>	<u>FY95-FY07</u>	<u>FY08-FY13</u>	<u>FY14 Est</u>
\$150	\$175	\$200	\$165	\$200	\$200

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 75% 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

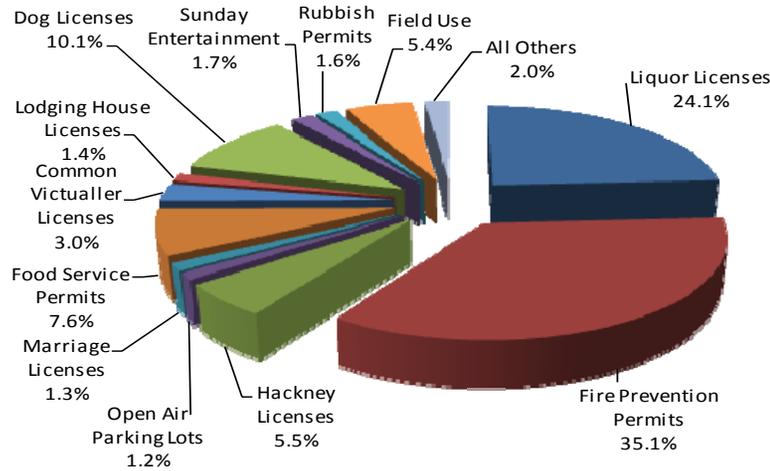


<u>REVENUE SOURCE</u>	<u>FY2011 ACTUAL</u>	<u>FY2012 ACTUAL</u>	<u>FY2013 BUDGET</u>	<u>FY2013 ESTIMATE</u>	<u>FY2014 BUDGET</u>	<u>BUDGET INCREASE</u>	
						<u>\$\$</u>	<u>%</u>
Refuse Fee	2,663,996	2,657,101	2,600,000	2,650,000	2,600,000	0	0.0%
Total	2,663,996	2,657,101	2,600,000	2,650,000	2,600,000	0	

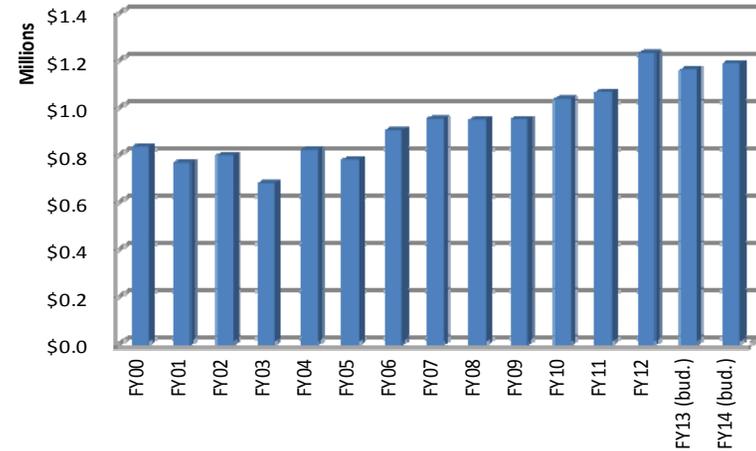
LICENSES AND PERMITS

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 FY14, revenues from this category are expected to total \$1.18 million, an increase of \$27,000 (2.3%) from FY13 budgeted levels. The increase comes from Fire Prevention Permits (\$15,000, 3.8%), Liquor Licenses (\$13,000, 4.8%) and Rubbish Permits (\$1,500, 8.6%), partially offset by a \$2,500 (9.4%) decrease in All Others.

FY14 LICENSE/PERMIT REVENUE



LICENSE & PERMIT REVENUE

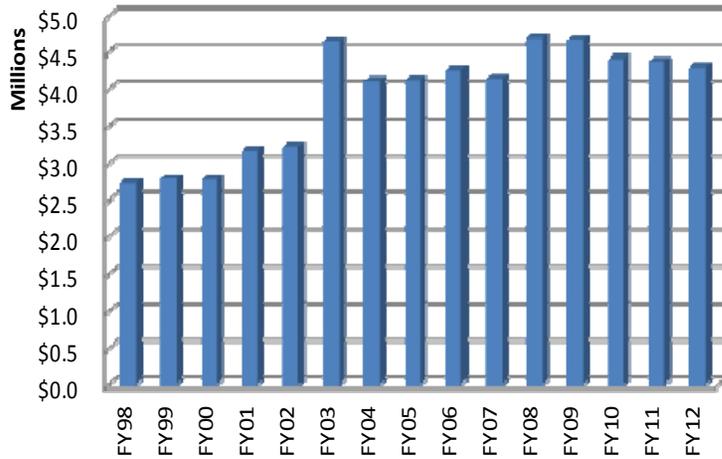


REVENUE SOURCE	FY2011	FY2012	FY2013	FY2013	FY2014	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Liquor Licenses	299,000	299,950	272,000	300,000	285,000	13,000	4.8%
Fire Prevention Permits	391,890	465,787	400,000	410,000	415,000	15,000	3.8%
Hackney Licenses	73,889	76,689	65,000	65,000	65,000	0	0.0%
Open Air Parking Lots	14,200	14,775	14,000	14,000	14,000	0	0.0%
Marriage Licenses	13,840	12,825	15,000	15,000	15,000	0	0.0%
Food Service Permits	89,741	96,629	90,000	95,000	90,000	0	0.0%
Common Victualler Licenses	36,420	35,410	35,000	35,000	35,000	0	0.0%
Lodging House Licenses	16,150	18,719	16,000	16,000	16,000	0	0.0%
Dog Licenses	60,975	137,023	119,000	119,000	119,000	0	0.0%
Sunday Entertainment	20,825	21,050	20,000	20,000	20,000	0	0.0%
Rubbish Permits	20,720	21,220	17,500	20,000	19,000	1,500	8.6%
Field Use	0	0	64,000	64,000	64,000	0	0.0%
All Others	24,597	25,402	26,475	26,475	23,975	(2,500)	-9.4%
Total	1,062,248	1,225,478	1,153,975	1,199,475	1,180,975	27,000	2.3%

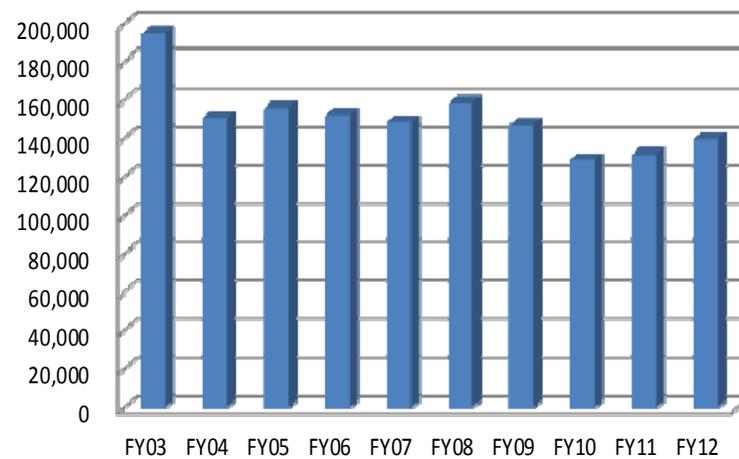
PARKING AND COURT FINES

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.

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 \$4.2 million estimate is \$1.2 million, or approximately 40%, higher than the average annual collections prior to the fine increases), there has been a decrease 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 140,000 in FY12. This represents a decrease of 32% since the peak in FY02 and a 12% decline since FY08. The combination of a CY12 increase in the number of tickets issued with new handheld enforcement technology should result in a return to the more recent revenue experience. The estimate for FY14 is \$4.2 million, an increase of \$200,000 (5%).

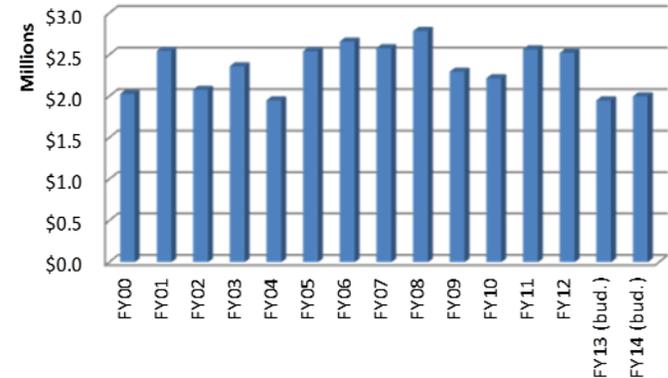
<u>REVENUE SOURCE</u>	<u>FY2011 ACTUAL</u>	<u>FY2012 ACTUAL</u>	<u>FY2013 BUDGET</u>	<u>FY2013 ESTIMATE</u>	<u>FY2013 BUDGET</u>	<u>BUDGET INCREASE</u>	
						<u>\$</u>	<u>%</u>
Parking and Court Fines	4,387,303	4,306,184	4,000,000	4,200,000	4,200,000	200,000	5.0%

GENERAL GOVERNMENT

Revenues derived from this category are expected to increase \$463,928 (16.1%) from the FY13 budgeted amount, due primarily to a \$222,178 (100%) increase in **Benefits Reimbursements** from special revenue/grant funds. Those funds reimburse the General Fund for employees who have benefits. The reasons for the significant increase are the School Department increasing its reimbursement by \$150,000 and a first-time reimbursement from the Retirement System of \$72,141. **Building Permits** are estimated to increase \$50,000 (2.6%) to \$2 million. As shown in the graph to the right, Building Permit collections are a large revenue source and are quite volatile. Because of the recession, Building Permit activity declined in FY09 and FY10, but rebounded in FY11 and FY12. Year-to-date experience indicates that the budget can be increased.

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. As part of the plan design changes to the Town's health insurance plans that were agreed to by the Town and its employees in mid-2007, a three-tiered co-pay Prescription Drug Program (PDP) Medicare supplement plan for retirees was chosen. As a result, the subsidy went to the insurance company, with the Town receiving the benefit through reduced premiums rather than through direct receipt of the subsidy. By joining the GIC, the Town began receiving the subsidy directly in FY13. For FY14, the estimate is \$400,000, an increase of \$100,000 (33.3%).

BUILDING PERMIT COLLECTIONS



Legal/Damage Recovery revenue results from certain legal actions undertaken by the Town or from the receipt of reimbursements for storms. The amounts collected vary greatly year to year because they are derived from unpredictable events that are the basis for the Town's recoveries. **Town Clerk Fees** include fees for records and certified copies and the budget for those are level-funded at \$100,000. The budget for **Collector's Fees**, which consist primarily of Municipal Lien Certificates (MLC's) and Tailings, is also level-funded, at \$120,000. **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 estimated to decrease \$20,000 (40%) to \$30,000 based on recent experience.

The Payments from the two companies that have built **Distributed Antenna Systems (DAS)** in town are expected to total \$75,000 in FY14. The **All Others** category is comprised of Zoning Board of Appeals fees, fees for copying documents of various departments, and many one-time reimbursements for miscellaneous expenditures. The budget for those are increased \$11,750 (23%) to \$62,750.

REVENUE SOURCE	FY2011	FY2012	FY2013	FY2013	FY2014	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Building Permits and Inspections	2,566,259	2,523,020	1,950,000	2,200,000	2,000,000	50,000	2.6%
Damage Recovery	38,169	346,874	5,000	320,000	5,000	0	0.0%
Town Clerk's Fees	119,562	97,811	100,000	100,000	100,000	0	0.0%
Collector's Fees	180,229	162,958	120,000	150,000	120,000	0	0.0%
Plan Design Review	41,947	25,730	50,000	30,000	30,000	(20,000)	-40.0%
Medicare Part D Subsidy	0	0	300,000	435,000	400,000	100,000	33.3%
Benefits Reimbursement	182,140	190,451	222,463	222,463	444,641	222,178	99.9%
Distributed Antenna System (DAS) Fees	77,556	80,356	75,000	80,000	75,000	0	0.0%
All Others	76,991	801,717	51,000	51,000	62,750	11,750	23.0%
Total	3,282,853	4,228,916	2,873,463	3,588,463	3,237,391	363,928	12.7%

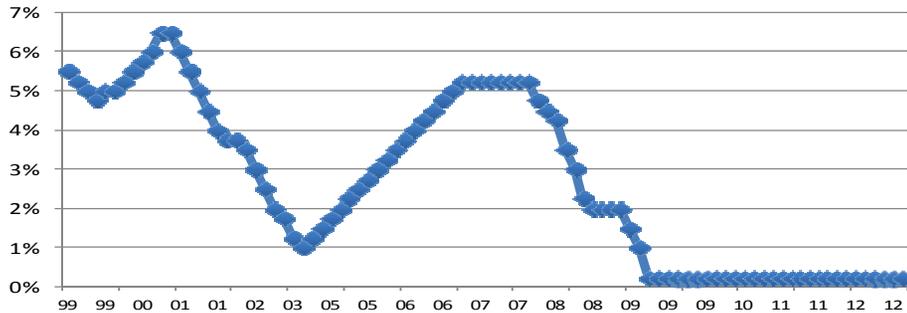
INTEREST INCOME

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 37% of the interest income earned in FY12, a significant change from the 62% it represented in FY09.

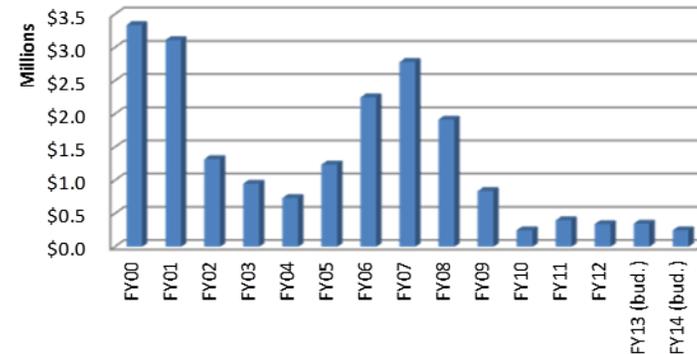
The estimate for interest earned on investments for FY14 is decreased \$100,000 (28.6%) to \$250,000. This reflects an incredible \$2.5 million (91%) decrease from the FY07 actual. The large decrease is the result of actions taken by the Federal Reserve Bank to help improve the nation's economy. For 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. The \$250,000 estimate continues to reflect this reality. 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 FY14 for interest earned from delinquent taxpayers is increased \$4

REVENUE SOURCE	FY2011	FY2012	FY2013	FY2013	FY2014	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE		BUDGET	\$
Interest Income	399,531	343,841	350,000	250,000	250,000	(100,000)	-28.6%
Delinquent Tax Interest	501,175	580,881	410,000	550,000	450,000	40,000	9.8%
Total	900,706	924,722	760,000	800,000	700,000	(60,000)	-7.9%

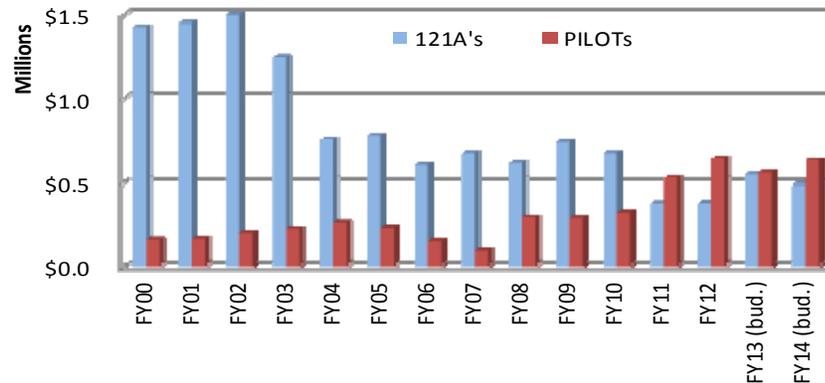
PAYMENTS IN LIEU OF TAXES

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 FY14, there will be one Ch. 121A agreement: 55 Village Way, which is estimated at \$490,000. Overall this category decreases by \$60,000 (10.9%), which is due to the expiration of the agreement in FY13 for 1371 Beacon St. (Beacon Park Associates).

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 \$635,000 for FY14, an increase of \$75,000 (13.4%) from FY13 budgeted amounts.

HISTORICAL CH. 121A + PILOT PAYMENTS



<u>REVENUE SOURCE</u>	<u>FY2011 ACTUAL</u>	<u>FY2012 ACTUAL</u>	<u>FY2013 BUDGET</u>	<u>FY2013 ESTIMATE</u>	<u>FY2014 BUDGET</u>	<u>BUDGET INCREASE</u>	
						<u>\$\$</u>	<u>%</u>
Chapter 121A Projects	377,825	378,757	550,000	510,000	490,000	(60,000)	-10.9%
PILOT's	453,328	550,406	475,000	525,000	550,000	75,000	15.8%
Brookline Housing Authority (BHA) PILOT	77,116	93,627	85,000	85,000	85,000	0	0.0%
Total	908,270	1,022,789	1,110,000	1,120,000	1,125,000	15,000	1.4%

**TOWN OF BROOKLINE
FY2014 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 \$1.85 million, an amount that is \$67,000 (3.7%) more than the FY13 budgeted amount. 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.
- Health and Sanitation - these fees, which include Tobacco and Asbestos Fees, are collected by the Health Department. They are level-funded at \$45,000.
- Public Works Fees - these consist primarily of street cutting permits and are level-funded at \$77,000.
- Recycling - Under the previous recycling contract, the Town received revenue equal to the per ton market rate for recycled paper, with a guaranteed minimum of \$10 per ton. As part of the Single-Stream Recycling contract, if the market rate exceeds \$40 per ton, the Town receives 60% of the difference in the form of a credit on the monthly bill. Therefore, no revenue is budgeted for.
- 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 \$35,000 (8.6%) to \$440,000.
- Schools (Medicaid Reimbursement) - this is the Medicaid reimbursement for medical services provided to qualified Brookline special education students. It increased \$15,000 (4.6%) to \$340,000 based on the experience of the past couple years and advisement from the School's consultant that assists with the reporting of data required to obtain this revenue.
- Library - these consist of overdue fines and miscellaneous fees and are level-funded at \$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 level-funded at \$140,000.
- Cable Television Franchise Fee - this is a 3% tax on the gross receipts of the local cable television companies. It is estimated to increase \$10,000 (1.6%) to \$635,000 because of previous experience and the fact that the fee is based upon gross receipts of the companies.
- Pension Reimbursement - this includes the annual reimbursement from the State for cost of living adjustments (COLA's) for Brookline's non-contributory retirees, along with reimbursements from other Massachusetts pension systems for retirees who worked in other municipalities at some time during their career. The FY14 estimate is increased \$7,000 (87.5%) to \$15,000.

REVENUE SOURCE	FY2011	FY2012	FY2013	FY2013	FY2014	BUDGET	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	INCREASE	
						\$	%
Public Safety	71,261	83,150	62,000	75,000	62,000	0	0.0%
Health and Sanitation	43,033	45,262	45,000	45,000	45,000	0	0.0%
Public Works	84,032	82,868	77,000	80,000	77,000	0	0.0%
Recycling	19,414	0	0	0	0	0	-
Parking Fees	461,507	508,018	405,000	475,000	440,000	35,000	8.6%
Schools (Medicaid Reimb.)	480,659	485,689	325,000	340,000	340,000	15,000	4.6%
Library	98,699	105,855	100,000	100,000	100,000	0	0.0%
Detail Surcharges	157,836	144,218	140,000	140,000	140,000	0	0.0%
Cable TV Franchise	628,186	633,879	625,000	625,000	635,000	10,000	1.6%
Pension Reimbursement	22,726	31,355	8,000	25,000	15,000	7,000	87.5%
Total	2,067,356	2,120,294	1,787,000	1,905,000	1,854,000	67,000	3.7%

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 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 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.

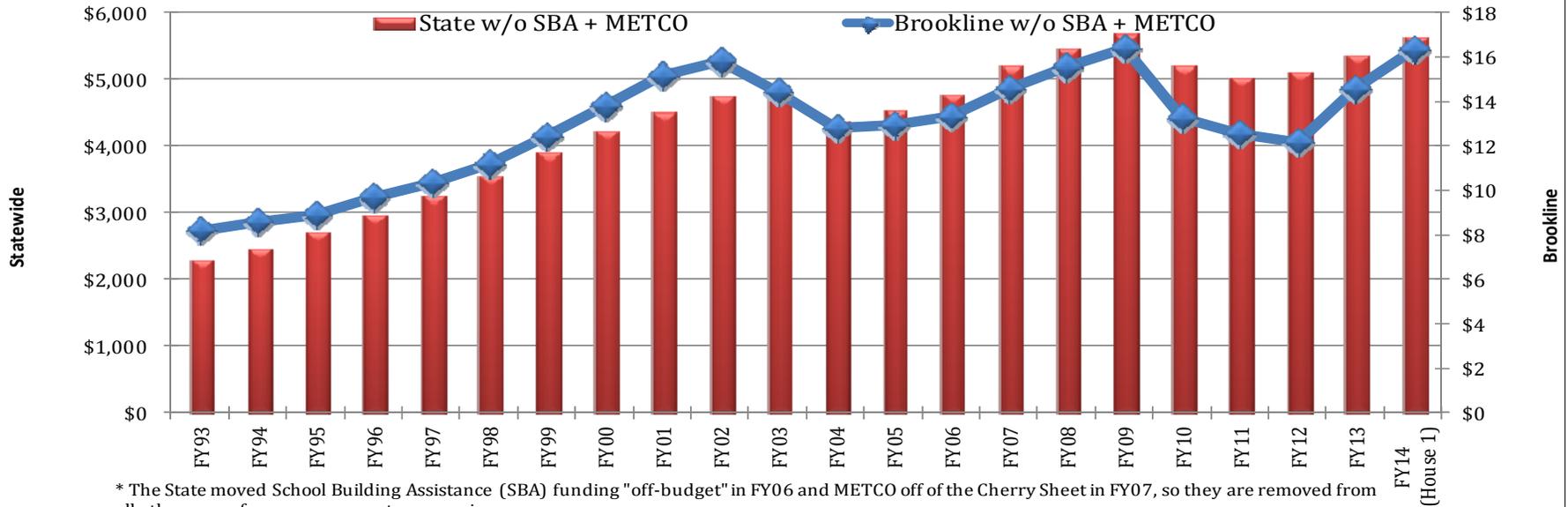
The final FY05 state budget increased state aid by \$142.3 million (3%), but Brookline's state aid increased by less than one-half of 1% (\$44,000). In FY06, the State began restoring some of the cuts it imposed in FY03 and FY04. This restoration continued into FY09, until the Governor announced \$128 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.

The Governor's FY14 budget proposal increases total Cherry Sheet Aid by \$270 million (5%) to \$5.6 billion, driven primarily by an increase in Chapter 70 Education aid of \$226.2 million (5.4%) to \$4.4 billion. Unrestricted General Government Aid (UGGA) is level-funded at \$834 million. A new \$31 million “Annual Formula Local Aid” category is included to provide a simple formula using a combined measure of property values and income to calculate each municipality’s relative ability to provide local services. All other Cherry Sheet accounts are level-funded, except for increases in Charter School Reimbursements (\$9.8 million, 13.9%), Veterans’ Benefits (\$5.4 million, 12.6%), and School Choice Receiving Tuition (\$4.1 million, 5.8%). For Brookline, the result is an increase of \$2.9 million (20%), due primarily to the increase in Ch. 70 funding. It should also be noted that funding for the Special Education Circuit Breaker and METCO, both critical non-Cherry Sheet accounts, were level-funded at \$231 million and \$18.1 million, respectively.

The Governor’s budget proposal includes significant public policy proposals involving taxation and spending of the new tax revenue (\$1.9 billion when annualized). Because of that, there is a high probability that the legislative review process will result in different budget proposals by the House and/or Senate. Therefore, this Financial Plan does not use the Local Aid figures from the Governor’s budget. Specifically, no funding is assumed from the new \$31M local aid program and a less aggressive funding approach for Ch. 70 is used. In total, this Financial Plan assumes a \$1.7 million (11.5%) increase in Local Aid.

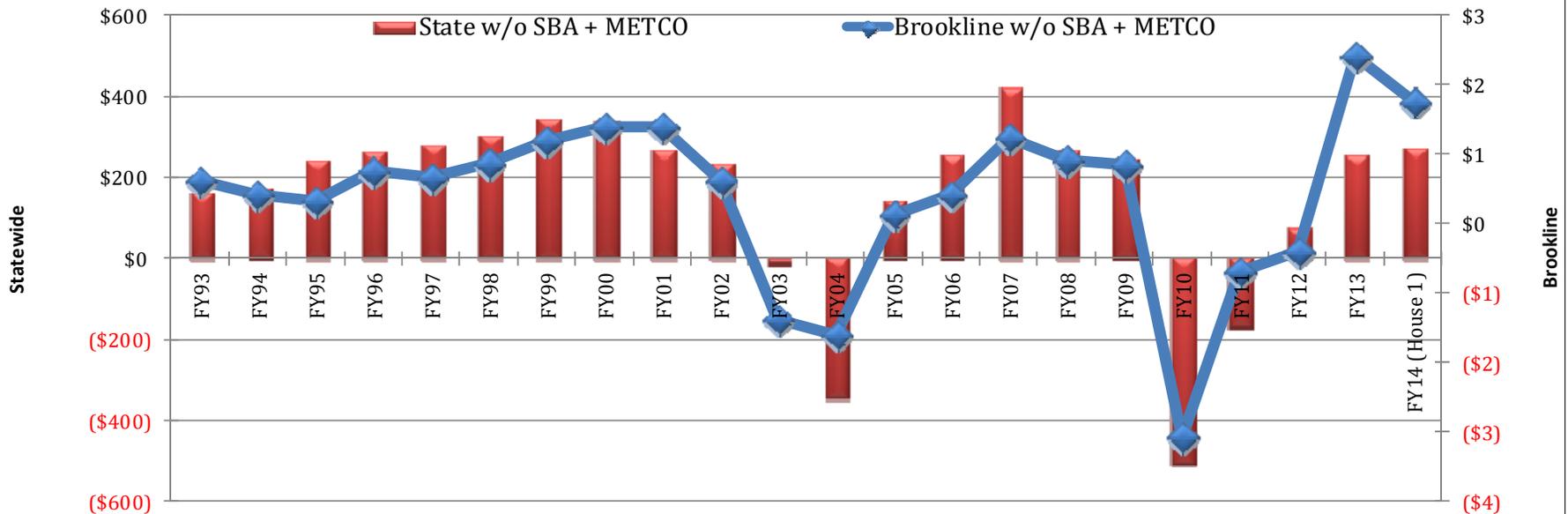
REVENUE SOURCE	FY2011	FY2012	FY2013	FY2013	FY2014	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
General Government Aid	5,512,304	5,474,269	5,473,231	5,473,231	5,454,692	(18,539)	-0.3%
School Aid	6,929,820	6,950,005	8,953,571	8,953,571	10,714,176	1,760,605	19.7%
School Construction Aid	1,227,634	1,227,634	556,757	556,757	556,757	0	0.0%
Tax Exemptions	37,051	38,228	38,557	38,557	38,730	173	0.4%
Education Offset Items	102,036	106,839	109,160	109,160	111,026	1,866	1.7%
Total	13,808,845	13,796,975	15,131,276	15,131,276	16,875,381	1,744,105	11.5%

CHERRY SHEET AID HISTORY (in millions)

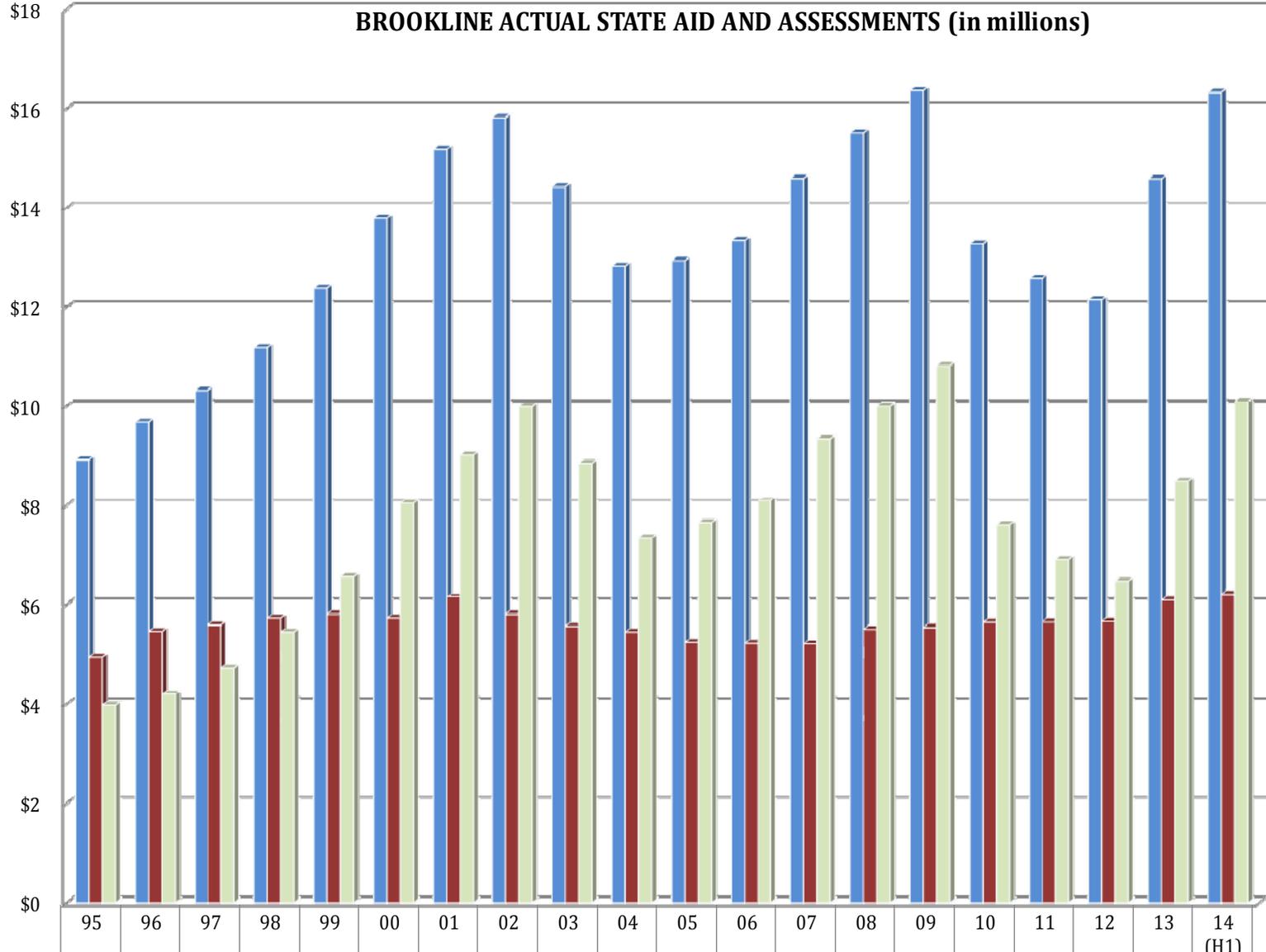


* The State moved School Building Assistance (SBA) funding "off-budget" in FY06 and METCO off of the Cherry Sheet in FY07, so they are removed from all other years for a more accurate comparison.

CHERRY SHEET AID HISTORY - ANNUAL CHANGE (in millions)



* The State moved School Building Assistance (SBA) funding "off-budget" in FY06 and METCO off of the Cherry Sheet in FY07, so they are removed from all other years for a more accurate comparison.



■ STATE AID	8.91	9.67	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	16.32
■ ASSESSMENTS	4.94	5.47	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	6.22
■ NET STATE AID	3.97	4.20	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	10.10

**TOWN OF BROOKLINE
FY2014 FINANCING PLAN**

FUND: General Fund

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

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:

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

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 and by \$2.3 million (29%) 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 in 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.

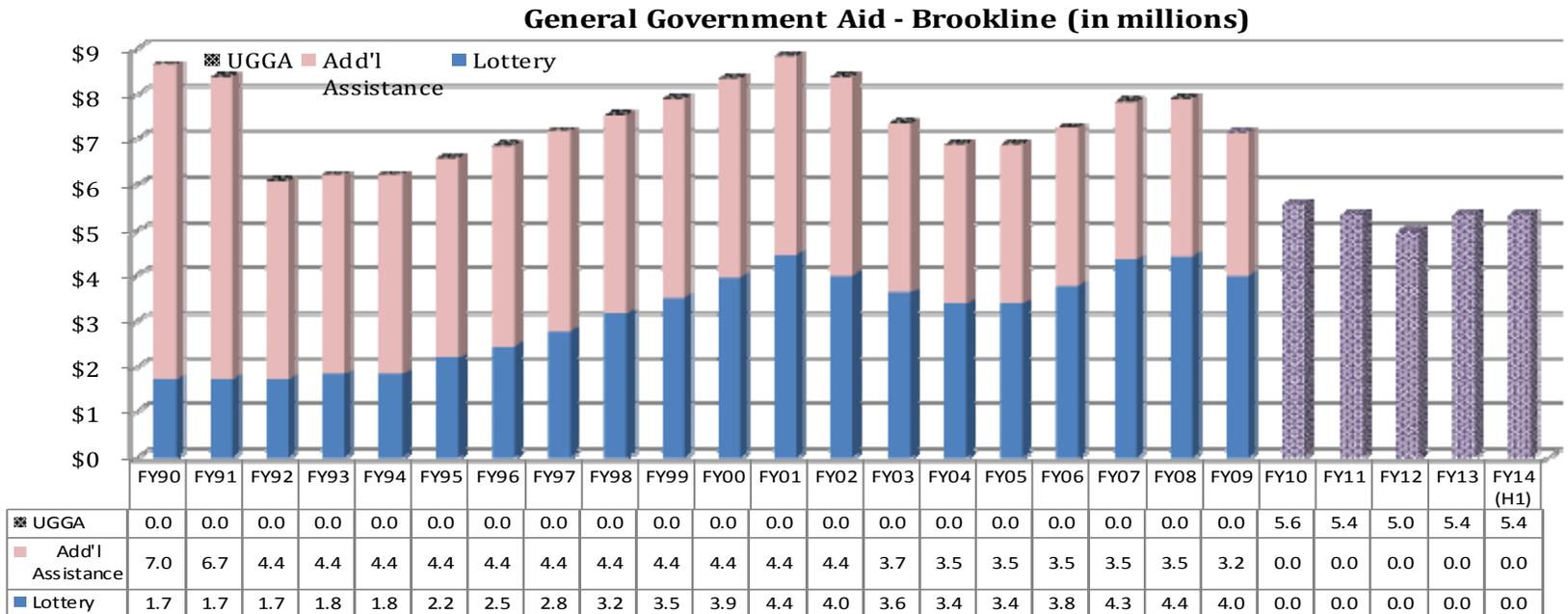
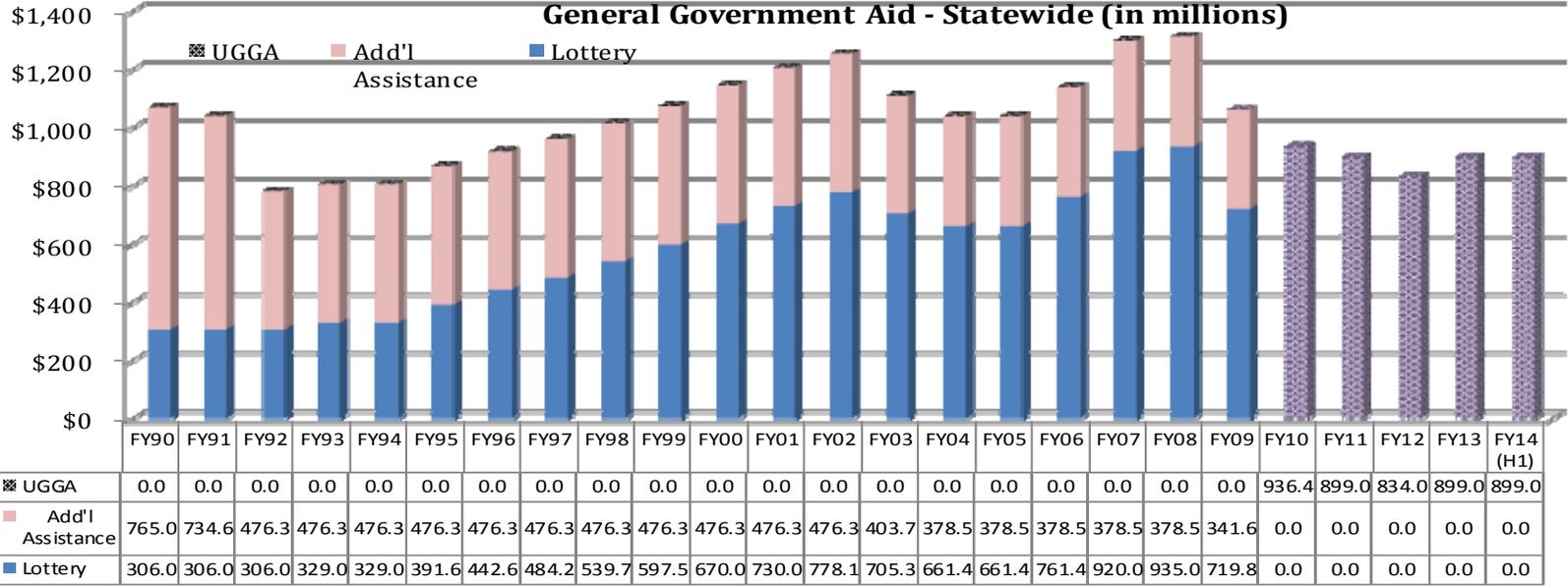
As previously stated, the final FY10 State budget eliminated the separate accounts and replaced them with a single Unrestricted General Government Aid (UGGA) account and cut them by \$377 million (29%) statewide and by \$2.3 million (29%) for Brookline. The graphs on the following page show the history of General Government Aid, both statewide and for Brookline.

<u>REVENUE SOURCE</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2013</u>	<u>FY2014</u>	<u>BUDGET INCREASE</u>	
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ESTIMATE</u>	<u>BUDGET</u>	<u>\$\$</u>	<u>%</u>
Unrestricted General Government Aid (UGGA)	5,370,029	5,395,837	5,370,029	5,370,029	5,370,029	0	0.0%
Veteran's Benefits	76,256	78,432	103,202	103,202	84,663	(18,539)	-18.0%
Police Career Incentive	66,019	0	0	0	0	0	-
Total	5,512,304	5,474,269	5,473,231	5,473,231	5,454,692	(18,539)	-0.3%

**TOWN OF BROOKLINE
FY2014 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%. Total statewide funding in FY13 was \$42.9 million, with Brookline's share being \$103,202. The Governor's FY14 budget proposal increases statewide funding by \$5.4 million (12.6%) to \$48.3 million. Based on the Preliminary Cherry Sheets, Brookline will receive \$84,663, a decrease of \$18,539 (18%).

POLICE CAREER INCENTIVE REIMBURSEMENT (QUINN BILL)

In 1996, Town Meeting accepted the provisions of G.L. Ch. 41, S.108L, which established a police career incentive program. The program encourages police officers to earn degrees in law enforcement and criminal justice through salary increases. Officers are eligible for 10%, 20%, or 25% base salary pay increases for associates, bachelor's, or master's degrees, respectively. The Town pays the full cost of the program and is then reimbursed by the State for 50% of the cost. As part of the FY10 State budget, the program was eliminated, with existing participants grandfathered in. Total statewide funding in FY10 was cut \$40.2 million (80.1%) to \$10 million, with Brookline's share being cut from \$625,518 to \$129,879. This amount was reduced to \$5 million in FY11 and ultimately eliminated in FY12.

SCHOOL AID - CHAPTER 70

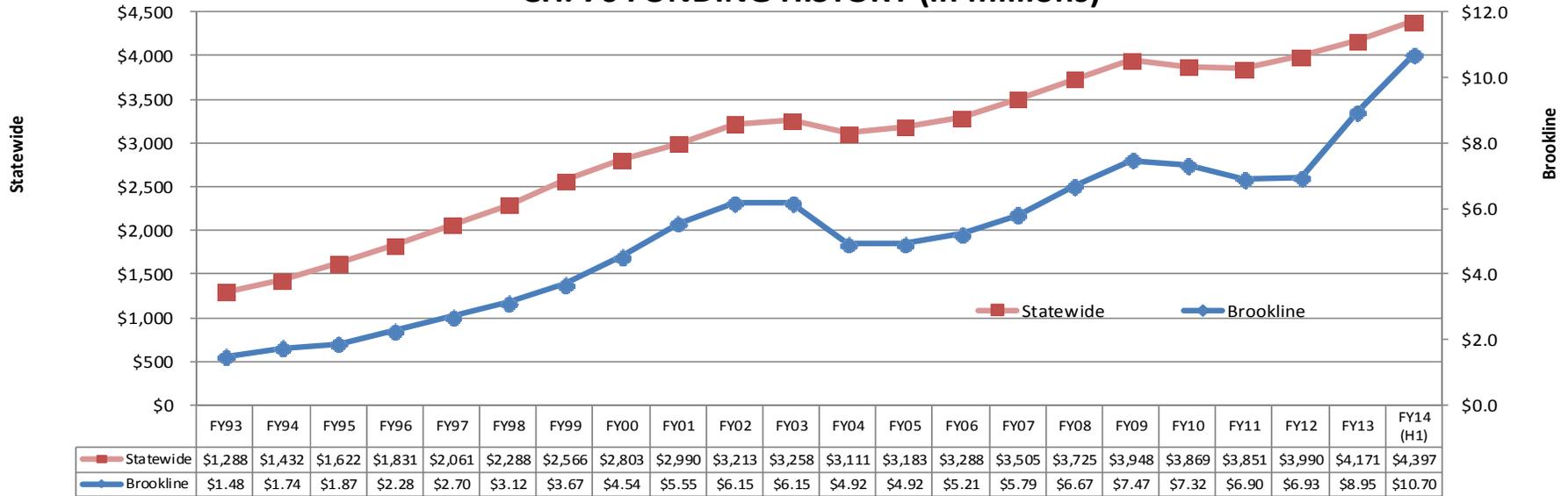
Chapter 70 Aid was revised in FY94 as a result of the historic enactment of the Education Reform Act of 1993. Education reform was undertaken in an effort to ensure both fair and adequate funding through a universal "foundation budget" formula to establish base spending levels for all of the Commonwealth's 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.

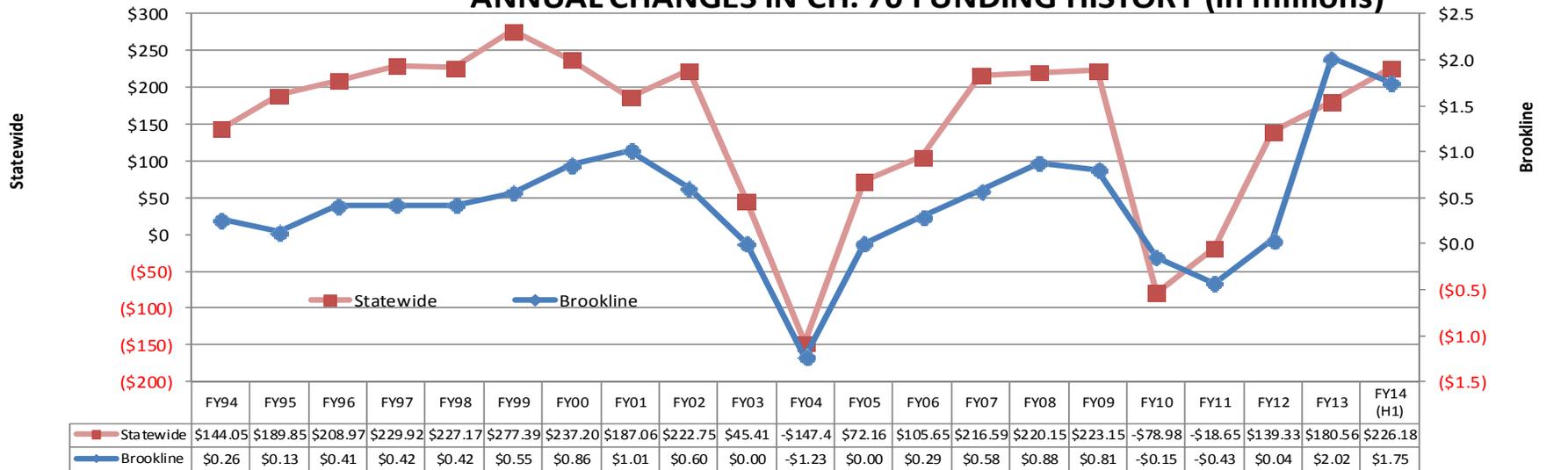
Between FY93 and FY03, the amount of Ch. 70 aid appropriated by the State increased significantly, as the charts on the following page show.

<u>REVENUE SOURCE</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2013</u>	<u>FY2014</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	6,895,830	6,932,850	8,949,381	8,949,381	10,700,000	1,750,619	19.6%
School Construction Aid	1,227,634	1,227,634	556,757	556,757	556,757	0	0.0%
Charter Tuition Assessment Reimbursement	33,990	17,155	4,190	4,190	14,176	9,986	238.3%
Total	8,157,454	8,177,639	9,510,328	9,510,328	11,270,933	1,760,605	18.5%

CH. 70 FUNDING HISTORY (in millions)



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



**TOWN OF BROOKLINE
FY2014 FINANCING PLAN**

FUND: General Fund

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

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 FY13 total funding was increased by \$180.6 million (4.5%) statewide to \$4.17 billion. For Brookline, the increase was \$2 million (29.1%) to \$8.9 million. The Governor's FY14 budget proposal increases funding by \$226.2 million (5.4%) statewide to \$4.4 billion. For Brookline, there is an increase of \$2.8 million (31.1%) to \$11.7 million. However, as previously noted, this Financial Plan is not incorporating the Governor's Local Aid proposals due to the fact that his budget includes significant public policy proposals involving taxation and spending of the new tax revenue (\$1.9B when annualized). Because of that, there is a high probability that the legislative review process will result in different budget proposals by the House and/or Senate.

The key factor that positively impacts Brookline and results in the FY13 and FY14 increases is the aggregate wealth model used in the formula since FY07 continues to be in effect. For FY14, it is proposed to be fully-implemented, meaning all municipalities with required contributions above their targets, such as Brookline, have the gap eliminated. In other words, Ch. 70 aid for those districts is increased so that Ch. 70 aid represents 17.5% of the foundation budget. Another fact that aids Brookline is the district's Foundation Budget has increased 9% in FY13 and 6% in FY14, due in part to increases for inflation and enrollment. With the Foundation Budget increasing so significantly, the district 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. The table below shows how, over the past few years, the district has gone from Required Net School Spending (NSS) as a percent of the Foundation Budget of 140% down to 100%:

	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>
Foundation budget	46,243,375	49,807,109	52,046,875	55,448,798	55,383,764	57,861,962	63,110,212	67,027,675
Required net school spending	64,819,179	63,319,142	60,268,078	60,526,653	59,137,816	59,481,712	63,110,212	67,027,675
NSS a % of Foundation	140.17%	127.13%	115.80%	109.16%	106.78%	102.80%	100.00%	100.00%

This is important because once NSS is equal to the Foundation Budget, Foundation Aid is required to get the district to the Foundation Budget. This is shown below, using the FY12 - FY14 calculations.

Prior Year Aid		Prior Year Aid		Prior Year Aid	
1 Chapter 70 +SFSF FY11	6,932,850	1 Chapter 70 FY12	6,932,850	1 Chapter 70 FY13	8,949,381
Foundation Aid		Foundation Aid		Foundation Aid	
2 Foundation budget FY12	57,861,962	2 Foundation budget FY13	63,110,212	2 Foundation budget FY14	67,027,675
3 Required district contribution FY12	52,548,862	3 Required district contribution FY13	54,160,831	3 Required district contribution FY14	55,297,832
4 Foundation aid (2 -3)	5,313,100	4 Foundation aid (2 -3)	8,949,381	4 Foundation aid (2 -3)	11,729,843
5 Increase over FY11 (4 - 1)	0	5 Increase over FY12 (4 - 1)	2,016,531	5 Increase over FY13 (4 - 1)	2,780,462
Non-Operating District Reduction to Foundation		Non-Operating District Reduction to Foundation		Non-Operating District Reduction to Foundation	
6 Non-operating district reduction to foundation	0	6 Reduction to foundation	0	6 Reduction to foundation	0
Chapter 70 Aid FY12		Chapter 70 Aid FY13		Chapter 70 Aid FY14	
sum of line 1 and 5 minus line 6	6,932,850	sum of line 1 and 5 minus line 6	8,949,381	sum of line 1 and 5 minus line 6	11,729,843

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 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".

The FY14 - FY19 CIP, which is detailed in Section VII of this Financial Plan, assumes that the Town will receive \$36 million (40% of total project costs) for the Devotion School.

Under the new program, the Town continues to receive payments under the existing schedule, which total \$556,757 in FY14. 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 FY13, the combined impact of the COLAs since FY04 has increased the estate provision to \$53,191. 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 FY13, the combined impact of these changes since FY04 has increased the income provision to \$20,530 single / \$30,795 married and increased the asset provision to \$41,060 single / \$56,458 married.

In FY13, the total appropriation for all of these exemption reimbursements was \$25 million, with Brookline receiving \$38,557. In the Governor's FY14 budget proposal, total statewide funding is level-funded. For Brookline, the reimbursement is estimated at \$38,730, an amount that is \$173 (0.4%) more than FY13.

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>FY2011 ACTUAL</u>	<u>FY2012 ACTUAL</u>	<u>FY2013 BUDGET</u>	<u>FY2013 ESTIMATE</u>	<u>FY2014 BUDGET</u>	<u>BUDGET INCREASE</u>	
						<u>\$\$</u>	<u>%</u>
Veterans/Blind/Surviving Spouse	37,051	38,228	38,557	38,557	38,730	173	0.4%
Total	37,051	38,228	38,557	38,557	38,730	173	0.4%

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 FY13 funding totaled \$5.4 million. The Governor's FY14 budget proposal level-funds the account. For Brookline, funding is estimated at \$28,666, an increase of \$886 (3.2%).

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.

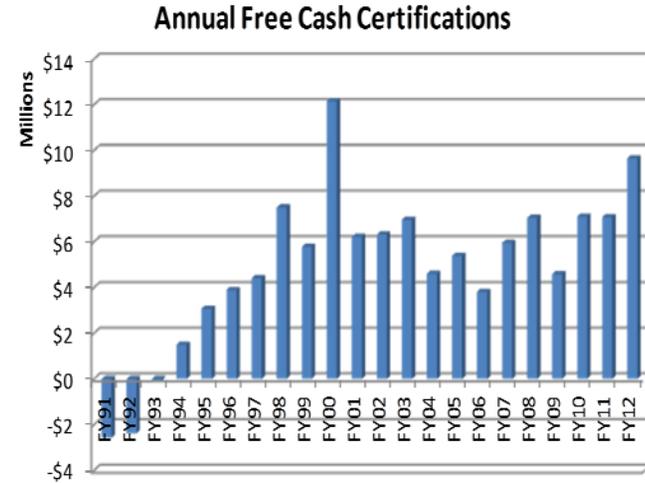
Three different funding formulas are used to distribute these funds. The LIG formula provides for \$0.50 per capita to communities who have populations over 2,500 and who have appropriated at least \$1,250 for public library services during the preceding year. The MEG formula is the same as the lottery 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. Statewide FY13 funding totaled \$6.8 million. The Governor's FY14 budget proposal level funds the account. For Brookline, funding is estimated at \$82,360, an increase of \$980 (1.2%).

<u>REVENUE SOURCE</u>	<u>FY2011 ACTUAL</u>	<u>FY2012 ACTUAL</u>	<u>FY2013 BUDGET</u>	<u>FY2013 ESTIMATE</u>	<u>FY2014 BUDGET</u>	<u>BUDGET INCREASE</u>	
						<u>\$\$</u>	<u>%</u>
Lunch Programs	21,034	26,417	27,780	27,780	28,666	886	3.2%
Public Libraries	81,002	80,422	81,380	81,380	82,360	980	1.2%
Total	102,036	106,839	109,160	109,160	111,026	1,866	1.7%

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. Appropriated 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 to the right. 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 FY14 (i.e., Free Cash as of 7/1/12) is \$9,654,859. However, as discussed in the Town Administrator's Budget Message, this Financial Plan spends \$7.66 million, leaving \$2 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	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 BUDGET	FY2013 ESTIMATE	FY2014 BUDGET	BUDGET INCREASE	
						\$\$	%
Free Cash appropriated for:							
Operating Budget Reserve Fund	459,239	469,288	486,736	486,736	507,190	20,454	4.2%
Stabilization Fund	0	0	0	0	250,000	250,000	-
Liability Reserve	437,000	141,959	253,669	253,669	154,115	(99,554)	-39.2%
Capital Improvements	3,675,340	4,413,752	3,947,729	3,947,729	4,818,744	871,015	22.1%
Affordable Housing Trust Fund	0	355,264	251,363	251,363	555,106	303,743	120.8%
OPEB's	0	0	211,256	211,256	500,000	288,744	136.7%
Public Safety IOD Medical Expenses Trust Fund	0	0	185,660	185,660	0	(185,660)	-100.0%
Worker's Comp. Trust Fund	0	0	0	0	270,000	270,000	-
Pension Fund	0	0	0	0	500,000	500,000	-
Unemployment Trust Fund	0	0	0	0	100,000	100,000	-
Operating Budget	18,500	0	0	0	0	0	-
Total	4,590,079	5,380,264	5,336,413	5,336,413	7,655,155	2,318,741	43.5%

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 FY14 appropriations is \$6.85 million, a decrease of \$5.05 million (42.4%) from the amount available in FY13.

1. **Parking Meter Receipts** - an increase of \$150,000 (3.8%) to \$4.1 million is anticipated, which reflects recent collection history.
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 is increased \$25,000 (50%) to \$75,000. This brings to approximately 25% the percentage of cemetery operating costs paid for by cemetery funds.
3. **State Aid for Libraries** - this is the portion of the Cherry Sheet Offset aid, previously described under the "Cherry Sheet Offsets" section, that is used as a direct offset to the Library. It is level-funded at \$41,555.
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 \$4,621 (3%) to \$150,416.
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 FY14 reimbursement increases \$71,953 (25.5%) to \$353,717.
6. **Water and Sewer Enterprise Fund Reimbursement** - this reimbursement to the General Fund consists of fringe benefits and certain interdepartmental expenses. The reimbursement increases \$269,759 (14.5%) to \$2.13 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 FY13, \$1.75 million was used to support the CIP. No such use is planned for FY14.
8. **Capital Project Surplus** - \$560,000 of remaining balances from existing capital projects was re-appropriated in FY13 to support the CIP. No such use is planned for FY14.
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. In FY13, \$3.25 million was available from the proceeds generated by the sale of the Fisher Hill Reservoir and they were used in the CIP to pay for the park/playground that will be constructed across the street on the old State-owned reservoir site that the Town purchased.

REVENUE SOURCE	FY2011	FY2012	FY2013	FY2013	FY2014	BUDGET	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	INCREASE	
						\$	%
Parking Meter Receipts	2,650,000	3,800,000	3,950,000	3,950,000	4,100,000	150,000	3.8%
Walnut Hill Cemetery Fund	50,000	50,000	50,000	50,000	75,000	25,000	50.0%
State Aid for Libraries	41,555	41,555	41,555	41,555	41,555	0	0.0%
Golf Enterprise Fund Reimbursement	191,161	163,852	155,037	155,037	150,416	(4,621)	-3.0%
Recreation Revolving Fund Reimbursement	257,205	295,912	281,764	281,764	353,717	71,953	25.5%
Water and Sewer Enterprise Fund Reimbursement	1,869,338	1,867,647	1,855,987	1,855,987	2,125,747	269,759	14.5%
Tax Abatement Reserve Surplus	0	400,000	1,750,000	1,750,000	0	(1,750,000)	-100.0%
Capital Project Surplus	21,176	0	560,000	560,000	0	(560,000)	-100.0%
Sale of Town-owned Land Fund	0	0	3,250,000	3,250,000	0	(3,250,000)	-100.0%
Total	5,080,435	6,618,966	11,894,344	11,894,344	6,846,435	(5,047,909)	-42.4%

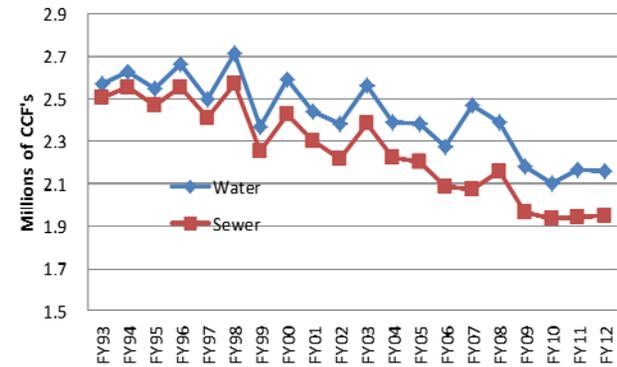
WATER AND SEWER ENTERPRISE

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 FY14 will increase by \$882,992 (3.4%) over FY13. The increase is driven primarily by the MWRA Assessment (\$662,506, 3.6%) and the Reimbursement to the General Fund (\$269,759, 14.5%). Since the Enterprise Fund is 100% cost recovery, the rates will need to be adjusted to generate the revenue required to cover the increase in costs.

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. 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.

CONSUMPTION HISTORY



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.

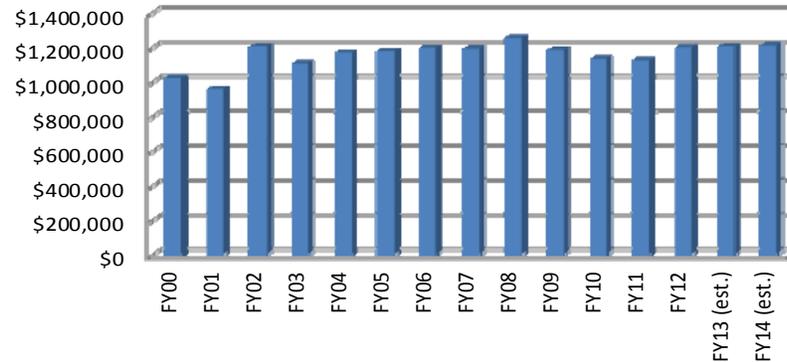
REVENUE SOURCE	FY2011	FY2012	FY2013	FY2013	FY2014	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Water and Sewer Charges	24,008,193	24,485,212	25,894,330	25,894,330	26,777,322	882,992	3.4%
Late Payment Fees	80,953	79,727	80,000	80,000	80,000	0	0.0%
Service Fees	113,253	92,059	115,500	115,500	115,500	0	0.0%
Fire Service Fee	0	219,792	225,000	225,000	225,000	0	0.0%
Misc	64,030	137,825	16,500	16,500	16,500	0	0.0%
Gross Total	24,266,429	25,014,615	26,331,330	26,331,330	27,214,322	882,992	3.4%
less Reimbursement to the General Fund	1,869,338	1,867,647	1,855,987	1,855,987	2,125,747	269,759	14.5%
Net Total	22,397,091	23,146,968	24,475,343	24,475,343	25,088,575	613,233	2.5%

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 FY14, collections are estimated to total \$1.21 million, an increase of \$6,000 (0.5%) from the FY13 budget. 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



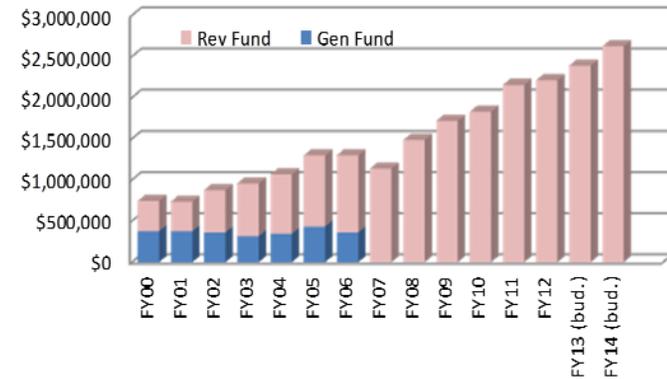
REVENUE SOURCE	FY2011	FY2012	FY2013	FY2013	FY2014	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Green Fees / Permits	915,530	970,239	984,000	984,000	985,000	1,000	0.1%
Cart Rentals	79,033	83,282	75,000	75,000	80,000	5,000	6.7%
Pro Shop	45,148	49,891	44,000	44,000	47,740	3,740	8.5%
Concessions	30,431	36,785	42,000	42,000	43,260	1,260	3.0%
Golf Clinics	24,499	21,386	30,000	30,000	25,000	(5,000)	-16.7%
Other	28,729	37,361	29,000	29,000	29,000	0	0.0%
Gross Total	1,123,370	1,198,944	1,204,000	1,204,000	1,210,000	6,000	0.5%
less Reimbursement to the General Fund	191,161	163,852	155,037	155,037	150,416	(4,621)	-3.0%
Net Total	932,209	1,035,092	1,048,963	1,048,963	1,059,584	10,621	1.0%

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 is 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 FY14 estimate for the Revolving Fund is \$2.62 million, an increase of \$235,414 (9.9%). 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	FY2011	FY2012	FY2013	FY2013	FY2014	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Adult Programs	14,745	0	0	0	0	0	-
Aquatic	489,731	524,847	489,000	489,000	535,000	46,000	9.4%
Community Programs	21,041	0	0	0	0	0	-
Eliot Center	0	149,791	175,142	175,142	149,609	(25,533)	-14.6%
Environmental Programs	47,533	49,334	50,000	50,000	52,030	2,030	4.1%
Ice Skating	151,207	153,113	151,206	151,206	172,724	21,518	14.2%
Off-Site Out of Town Trip	0	0	84,851	84,851	63,619	(21,232)	-25.0%
Outdoor Recreation	0	535,072	464,987	464,987	563,317	98,330	21.1%
Outdoor Athletics	0	213,514	169,491	169,491	213,479	43,988	26.0%
Permits	103,695	0	0	0	0	0	-
School Based Programs	582,567	0	0	0	0	0	-
Soule Center	0	453,534	582,000	582,000	650,930	68,930	11.8%
Soule Gym	0	39,482	73,165	73,165	34,438	(38,727)	-52.9%
Summer Camp	310,623	0	0	0	0	0	-
Tappan Facility	0	141,410	148,813	148,813	188,923	40,110	27.0%
Teen Programs	63,098	0	0	0	0	0	-
Tennis/Open Basketball Programs	22,080	0	0	0	0	0	-
Youth Programs	296,789	0	0	0	0	0	-
Misc Revenue	51,433	(49,841)	0	0	0	0	-
Gross Total	2,154,542	2,210,256	2,388,655	2,388,655	2,624,069	235,414	9.9%
less Reimbursement to the General Fund	257,205	295,912	281,764	281,764	353,717	71,953	25.5%
Net Total	1,897,337	1,914,344	2,106,891	2,106,891	2,270,352	163,461	7.8%

FUND ACCOUNTING

The financial operations of the Town are organized into funds and account groups, each of which is a separate fiscal and accounting entity. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

1. GOVERNMENTAL FUNDS - most Town functions are financed through what are called governmental funds. There are three types of governmental funds maintained by the Town: the General Fund, Special Revenue Funds, and the Capital Projects Fund.

A. General Fund - this is the major operating fund of the Town and it accounts for the vast majority of Town operations. The General Fund is supported by revenues from real estate and personnel property taxes, state and federal aid, excise taxes, investment income, fines and forfeitures, and fees, fines and charges. Most of the Town's departments, including the Schools, are supported in whole or in part by the General Fund.

B. Special Revenue Funds - these are used to account for those types of revenues that are legally restricted to being spent for a specific purpose (except for expendable trusts or major capital projects). These revenues must be accounted for separately from the General Fund for a variety of reasons. The Town's Special Revenue Funds are grouped into five categories:

1. *Revolving Funds* - these allow the Town to raise revenues from a specific service and use those revenues to support the service. Revolving Funds are established by state statute and may require reauthorization each year at Town Meeting. There are four revolving funds on the Town side that require annual reauthorization: the Recreation Revolving Fund, the Sidewalk Betterment Fund, the Facade Improvement Loan Fund, and the Rental of Town Property Fund. Examples of revolving funds on the School side include the School Lunch Fund, the School Athletics Fund, and Summer School Fund.

2. *Receipts Reserved for Appropriation* - these are restricted to a specific use but also require appropriation by Town Meeting such as Parking Meter Receipts and the Sale of Town-owned real estate.

3. *School Grants* - these are state and federal grants for School programs including smoking cessation, drug free school programs, community partnership, education technology, health services, Title I, and special education.

4. *Other Intergovernmental Funds* - these are state and federal grants for Town programs, such as community policing, Chapter 90 (road repairs), state elections, Council on Aging programs, and library aid.

5. *Other Special Revenue Funds* - these account for miscellaneous special revenues often including private donations for a specific purpose, such as gifts for Police and Fire equipment, numerous Health Department sponsored programs, and Senior Center programs.

C. Capital Projects Fund - this is used to account for monies used for the acquisition or construction of major capital facilities. It is funded primarily by the receipts of bond proceeds resulting from the Town's issuance of bonds for a specific project. Other funding sources include private donations and grants.

2. PROPRIETARY FUNDS - these are used to account for a government's business-type activities. There are two types of proprietary funds - enterprise funds and internal service funds. Both fund types use the same generally accepted accounting principles (GAAP) as similar to businesses in the private sector. Both enterprise and internal service funds recover the full cost of providing services (including capital costs) through fees and charges on those who use their services.

A. Enterprise Funds - these allow for a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. The Town has two enterprise funds: the Water and Sewer Enterprise Fund and the Golf Course Enterprise Fund. Both were established per the provisions of Ch. 44, Sec. 53F1/2.

B. Internal Service Funds - these are an accounting device used to accumulate and allocate costs internally among various functions. The Town uses internal service funds to account for health insurance activities, worker's compensation benefits, and municipal insurance.

3. FIDUCIARY FUNDS - these are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, and other governmental units. Fiduciary Funds include expendable trusts, non-expendable trusts, and agency funds.

A. Expendable Trusts - these are used to account for monies received by the Town in a trustee capacity where both the principal and earnings of the fund may be expended. Examples include the Town's Stabilization Fund, the BAA Trust Fund, and the Friends of Brookline Health.

B. Non-Expendable Trusts - these are used to account for trusts where the principal must remain intact. Generally, income earned on the non-expendable trust principal may be expended in accordance with the conditions of the trust. Examples include the Cemetery Perpetual Trust, the Ben Alper Tree Trust, and the Abbie Deanne School Trust.

C. Agency Funds - these are used to account for funds that are custodial in nature and do not involve the measurement of operations. An example is the private details fund.

The table on the following page shows the Combined Summary of Revenues and Expenditures, on a budgetary basis, for the Town. It shows the beginning and year-end fund balances for the Town's funds.

**TOWN OF BROOKLINE
FY2014 FINANCING PLAN**

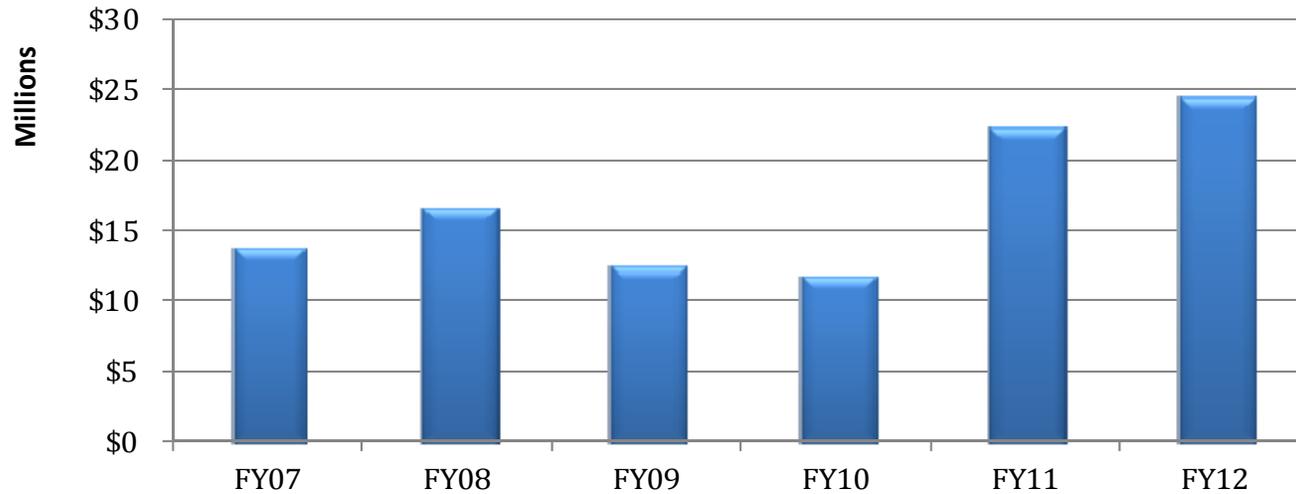
FUND ACCOUNTING: Actual FY12 Consolidated Summary

COMBINED SUMMARY OF REVENUES AND EXPENDITURES (Budgetary basis) - FY12											
	Governmental General Fund	Special Revenue - Recreation Revolving Fund	Other Special Revenue	Enterprise - Water & Sewer	Enterprise - Golf	Capital Projects	Agency Funds	Private Purpose Trust Funds	Internal Service Funds		Total All Funds
Revenues											
Real & Personal Property Taxes, net of refunds	162,674,174										\$ 162,674,174
Motor Vehicle & other Excise Taxes	4,996,690										\$ 4,996,690
Hotel/Motel Tax	1,364,218										\$ 1,364,218
Meals Tax	1,003,402										\$ 1,003,402
Charges for Services	4,790,393	2,260,096	4,299,259	24,891,352	1,101,751		2,668,904				\$ 40,011,755
Penalties & Interest on Taxes	565,628										\$ 565,628
PILOT	1,022,790										\$ 1,022,790
Licenses and Permits	3,421,805										\$ 3,421,805
Fines & forfeitures	4,333,279										\$ 4,333,279
Intergovernmental	13,714,544		22,729,897			6,119,669					\$ 42,564,110
Departmental & other	1,367,423		6,315,040					94,926			\$ 7,777,389
Contributions			1,022,642					265,255	3,476,004		\$ 4,763,902
Other Revenue		(49,841)	309,420	11,270	88,670			125,004			\$ 484,523
Investment Income	343,841		25,159		2,089			108,103	8,631		\$ 487,823
Total Revenues	\$ 199,598,187	\$ 2,210,256	\$ 34,701,417	\$ 24,902,622	\$ 1,192,510	\$ 6,119,669	\$ 2,668,904	\$ 593,288	\$ 3,484,635		\$ 274,468,087
Expenditures:											
Current:											
General Government	8,188,276		841,679			381,703		741,828	871,407		\$ 11,024,893
Public Safety	34,360,256		828,498			6,106,738	2,543,787	16,124			\$ 43,855,403
Education	75,251,892		14,244,356			15,951,959		236,731			\$ 105,684,939
Public Works	13,218,118		11,360,039	2,988,567		3,393,087		34,990			\$ 30,994,802
CDBG			1,478,145								\$ 1,478,145
Human Services	2,303,134		451,438					43,312			\$ 2,797,884
Leisure Services	4,622,224	2,124,777	122,952		826,043	192,644		125,458			\$ 8,014,098
Pension benefits	14,556,225										\$ 14,556,225
Fringe Benefits	27,116,815								13,968,546		\$ 41,085,361
State and county charges	5,654,190			17,238,307							\$ 22,892,497
Debt Service:											\$ -
Principal	7,931,237			1,919,511	145,000						\$ 9,995,748
Interest	2,119,798			401,731	34,104						\$ 2,555,633
Total Expenditures	\$ 195,322,165	\$ 2,124,777	\$ 29,327,107	\$ 22,548,116	\$ 1,005,146	\$ 26,026,132	\$ 2,543,787	\$ 1,198,444	\$ 14,839,952		\$ 294,935,627
Excess (deficiency) of Revenues over Expenditures	\$ 4,276,022	\$ 85,479	\$ 5,374,311	\$ 2,354,506	\$ 187,364	\$ (19,906,463)	\$ 125,117	\$ (605,155)	\$ (11,355,317)		\$ (20,467,539)
Other Financing Sources (Uses):											
Proceeds from bonds & notes	4,375,500					12,855,100					\$ 17,230,600
Premium from issuance of bonds	630,808			103,604	6,433						\$ 740,845
Premium from issuance of refunding bonds, net of expenses	440,363										\$ 440,363
Sale of Capital Assets	3,668		2,512,020								\$ 2,515,688
Payments to current refunding fund	(4,815,863)										\$ (4,815,863)
Overlay Transfer											\$ -
Insurance recovery			35,299	8,389							\$ 43,688
Transfers in	6,196,316		27,200			7,401,546		355,265	253,092		\$ 14,233,419
Transfers out	(8,009,902)	(295,912)	(3,891,555)	(1,820,366)	(138,852)	(49,631)		(27,201)			\$ (14,233,419)
Total Other Financing Sources (Uses):	\$ (1,179,110)	\$ (295,912)	\$ (1,317,036)	\$ (1,708,373)	\$ (132,419)	\$ 20,207,015	\$ -	\$ 328,064	\$ 253,092		\$ 16,155,321
Other Adjustments to Fund Balance	\$ -										\$ -
Net Change in Fund Balances	\$ 3,096,912	\$ (210,433)	\$ 4,057,275	\$ 646,133	\$ 54,944	\$ 300,552	\$ 125,117	\$ (277,091)	\$ (11,102,225)		\$ (3,308,817)
Budgetary Fund Balance at Beginning of Year	\$ 19,150,450	\$ 464,403	\$ 12,445,073	\$ 338,605	\$ 149,695	\$ 21,087,392	\$ (525,646)	\$ 12,170,160	\$ 15,249,331		\$ 80,529,463
Budgetary Fund Balance at End of Year	\$ 22,247,362	\$ 253,970	\$ 16,502,348	\$ 984,738	\$ 204,639	\$ 21,387,944	\$ (400,529)	\$ 11,893,068	\$ 4,147,106		\$ 77,220,647

GENERAL FUND

	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>
Beginning Unreserved Fund Balance	12,093,785	13,823,065	16,688,414	12,604,133	11,883,429	22,555,076
Net Change in Unreserved Fund Balance ¹	1,729,280	2,865,349	(4,084,281)	(720,704)	na	2,245,971
Year-End Unreserved Fund Balance	13,823,065	16,688,414	12,604,133	11,883,429	22,555,076	24,801,047

Year-End Unreserved Fund Balance - General Fund



¹ Under new GASB requirements, fund balance calculation changed starting in FY11. The Year-End Unreserved Fund Balance figures shown from FY11 on are the "Unassigned" Fund Balances per the new GASB requirements.

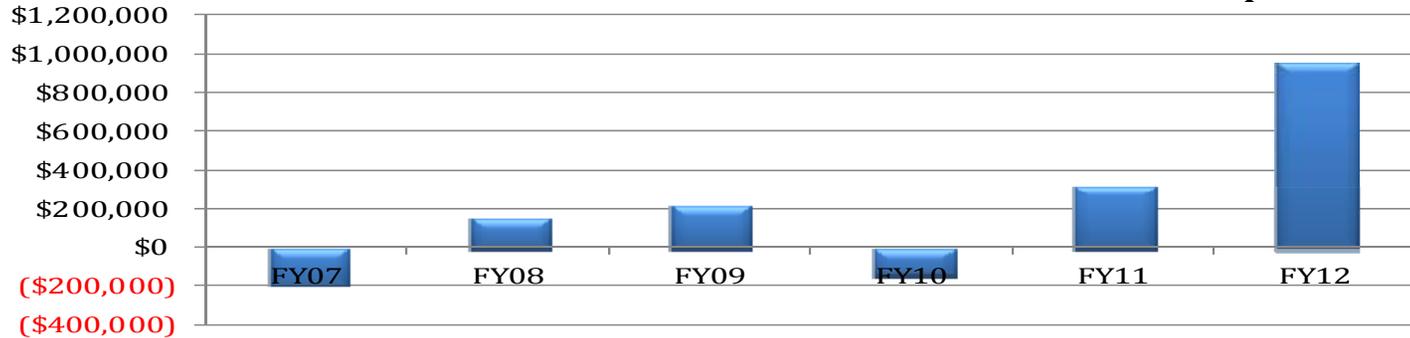
**TOWN OF BROOKLINE
FY2014 FINANCING PLAN**

FUND ACCOUNTING: Fund Balance Histories

WATER & SEWER ENTERPRISE FUND (exclusive of bonded capital accounts)

	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>
Beginning Unreserved Fund Balance	(870,421)	(190,622)	161,895	223,195	(137,879)	322,324
Net Change in Unreserved Fund Balance	679,799	352,517	61,300	(361,074)	460,203	643,722
Year-End Unreserved Fund Balance	(190,622)	161,895	223,195	(137,879)	322,324	966,046

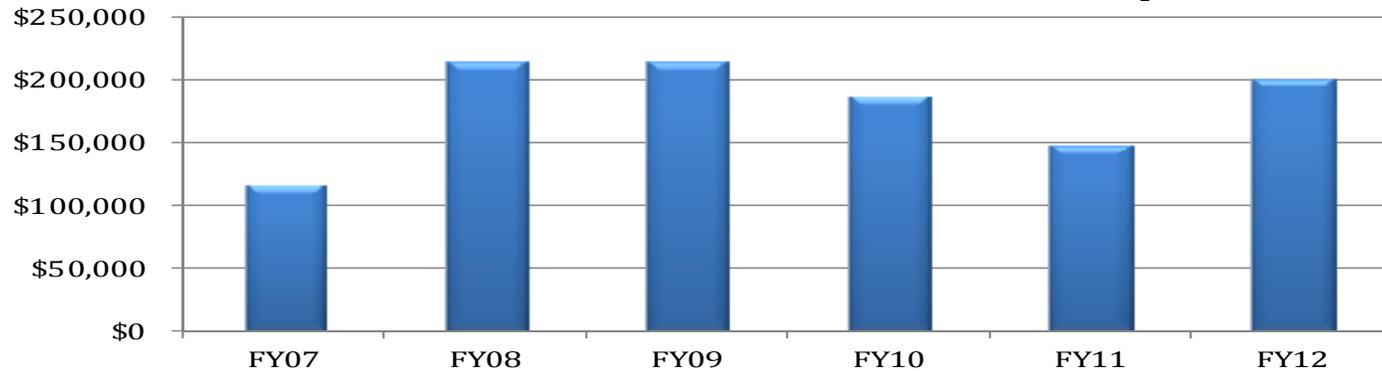
Year-End Unreserved Fund Balance - Water & Sewer Enterprise Fund



GOLF COURSE ENTERPRISE FUND (exclusive of bonded capital accounts)

	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>
Beginning Fund Balance	72,073	116,871	215,334	215,613	187,413	148,737
Net Change in Unreserved Fund Balance	44,798	98,463	279	(28,200)	(38,676)	54,074
Year-End Unreserved Fund Balance	116,871	215,334	215,613	187,413	148,737	202,811

Year-End Unreserved Fund Balance - Golf Course Enterprise Fund



RECREATION REVOLVING FUND

	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>
Beginning Fund Balance	135,546	148,400	163,360	211,415	312,137	464,403
Net Change in Unreserved Fund Balance	12,854	14,960	48,055	100,722	152,266	(348,532)
Year-End Unreserved Fund Balance	148,400	163,360	211,415	312,137	464,403	115,871

Year-End Unreserved Fund Balance - Recreation Revolving Fund

