

**TOWN OF BROOKLINE
FY2010 FINANCING PLAN**

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

OVERALL SUMMARY

Prior to 1981, Massachusetts local government budgets were controlled by expenditure projections. Property taxes were raised to the extent needed to finance the level of expenditures adopted by the local appropriating authority. In the early-1980's, tax limitation legislation, including Proposition 2 1/2, was enacted, making revenue limitations the beginning of the budget process. Projected revenues have now replaced expenditures as the budget base. As a result of this change, a greater amount of care and caution go into the development of revenue forecasts.

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 \$205.27 million, or 88% of total Financial Plan revenues. Total Financial Plan revenue is \$229.83 million, which represents an increase of \$6.45 million, or 2.9%.

FY10 General Fund revenues are projected to increase by \$5.96 million (3%) from the FY09 budgeted amounts. Operating revenue, which is basically General Fund revenue less revenues that support the Capital Improvement Program (CIP), increases \$2.84 million, or 1.5%. The below left table summarizes where the increases and decreases come from while the below right table shows the calculation of Operating Revenue.

SOURCE	\$ CHANGE		FY09 FY10 \$ Change % Change				
	(Millions)	% CHANGE					
Property Taxes	\$5.28	3.6%	Total Gen Fund Rev	199,313,718	205,273,534	5,959,816	3.0%
State Aid	-\$2.47	-12.6%	Less:				
Interest Income	-\$0.42	-26.1%	SBA Reimbursements	3,267,372	3,267,372	0	0.0%
Building Permits	-\$0.20	-9.1%	Net Debt Exclusions	1,692,697	1,667,074	(25,623)	-1.5%
Motor Vehicle Excise	-\$0.17	-3.4%	Revenue for CIP	7,094,963	10,238,295	3,143,332	44.3%
Recycling	-\$0.16	-82.0%	Free Cash	5,954,963	7,053,295	1,098,332	18.4%
Parking Fines / Fees	\$0.38	7.7%	Tax Abatement Reserve Surplus	0	1,505,000	1,505,000	-
"Free Cash"	\$1.10	18.4%	Sale of Town-owned Land Fund	550,000	0	(550,000)	-100.0%
Overlay Reserve Surplus	\$1.51	-	Capital Project Surplus	590,000	1,680,000	1,090,000	184.7%
Enterprise Fund Reimb. to Gen. Fund	\$0.21	9.4%	OPERATING REVENUE	187,258,687	190,100,794	2,842,107	1.5%
Capital Project Surplus	\$1.09	174.6%					
Sale of Town-owned Land Fund	-\$0.55	-84.5%					
All Others	\$0.38	2.4%					
TOTAL	\$5.96	3.0%					

The State Aid figures used in this Financial Plan are based on the Governor's FY10 budget proposal, which was submitted on January 28th. For Brookline, the Governor's proposal resulted in a total State Aid decrease of \$2.47 million, or 12.6%. Exclusive of school building assistance (SBA) reimbursements, the cut is 15.1%. Since the final State Aid figures could be different by the time a final FY10 state budget is approved, there is the possibility of amendments to the Financial Plan.

A detailed description and analysis of the FY10 revenue items and related changes are found within the pages that follow. The FY07 and FY08 columns represent revenues collected during those respective years. The FY09 Budget column reflects the revenue projections used in setting the FY09 tax rate, while the FY09 Estimate column contains current expectations of revenues for the fiscal year based upon actual receipts through December 31, 2008 and revised estimates for the remaining six months. The FY10 Budget column is the current estimate for the ensuing fiscal year. The Budget Increase column is the increase (or decrease), expressed in both dollar and percentage terms, expected in FY10 versus the FY09 Budget.

REVENUE SOURCE	FY2007	FY2008	FY2009	FY2009	FY2010	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Property Taxes *	130,076,534	135,811,901	147,273,068	147,273,068	152,552,834	5,279,766	3.6%
Local Receipts	23,281,092	24,524,074	20,475,664	21,659,185	20,217,125	(258,539)	-1.3%
State Aid	18,023,846	18,946,277	19,623,691	18,853,697	17,157,180	(2,466,511)	-12.6%
Free Cash	5,387,435	3,814,792	5,954,963	5,954,963	7,053,295	1,098,332	18.4%
Other Available Funds	8,948,053	8,603,612	5,986,333	5,986,333	8,293,101	2,306,768	38.5%
General Fund Revenues	185,716,961	191,700,656	199,313,718	199,727,246	205,273,534	5,959,816	3.0%
Water and Sewer Enterprise **	17,712,284	18,024,125	21,541,764	21,520,630	21,980,618	438,854	2.0%
Golf Enterprise **	818,576	880,062	1,067,136	1,067,136	1,079,851	12,715	1.2%
Recreation Revolving Fund **	992,551	1,299,758	1,459,336	1,459,336	1,496,063	36,727	2.5%
Total Financial Plan Revenues	205,240,372	211,904,601	223,381,955	223,774,348	229,830,066	6,448,111	2.9%

* The figures provided for the FY07 and FY08 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

DETAILED REVENUE SUMMARY

GENERAL FUND	FY07 ACTUAL	FY08 ACTUAL	FY09 BUDGET	FY10 BUDGET	FY10 vs FY09	
					\$\$	%
Property Taxes *	130,076,534	135,811,901	147,273,068	152,552,834	5,279,766	3.6%
Local Receipts	23,281,092	24,524,074	20,475,664	20,217,125	(258,539)	-1.3%
Motor Vehicle Excise (MVE)	4,691,252	5,291,912	5,021,739	4,850,000	(171,739)	-3.4%
Licenses & Permits	945,113	942,811	863,475	975,475	112,000	13.0%
Parking / Court Fines	4,141,143	4,690,251	4,395,000	4,750,000	355,000	8.1%
General Government	4,462,711	4,866,555	2,648,000	2,518,500	(129,500)	-4.9%
Interest Income	3,211,157	2,374,433	1,614,455	1,193,500	(420,955)	-26.1%
PILOT's	774,270	907,315	719,545	816,650	97,105	13.5%
Refuse Fee	2,204,634	2,650,476	2,595,000	2,600,000	5,000	0.2%
Departmental & Other	2,850,812	2,800,321	2,618,450	2,513,000	(105,450)	-4.0%
State Aid	18,023,846	18,946,277	19,623,691	17,157,180	(2,466,511)	-12.6%
General Government Aid	8,631,339	8,654,772	8,687,715	6,258,126	(2,429,589)	-28.0%
School Aid	5,789,916	6,686,568	7,503,679	7,477,676	(26,003)	-0.3%
School Construction Aid	3,442,794	3,442,794	3,267,372	3,267,372	0	0.0%
Tax Abatement Aid	42,059	41,394	42,059	41,896	(163)	-0.4%
Offset Aid	117,738	120,749	122,866	112,110	(10,756)	-8.8%
Other Available Funds	8,948,053	8,603,612	5,986,333	8,293,101	2,306,768	38.5%
Parking Meter Receipts	1,930,000	2,495,486	2,500,000	2,550,000	50,000	2.0%
Walnut Hill Cemetery Fund	50,000	100,000	50,000	50,000	0	0.0%
State Aid for Libraries	41,555	41,555	41,555	41,555	0	0.0%
Golf Enterprise Fund Reimb.	371,402	373,004	179,064	186,349	7,285	4.1%
Recreation Revolving Fund Reimb.	145,601	186,355	198,027	210,870	12,843	6.5%
Water and Sewer Enterprise Fund Reimb.	4,836,456	4,513,660	1,877,687	2,069,326	191,639	10.2%
Tax Abatement Reserve Surplus	950,000	850,000	0	1,505,000	1,505,000	-
Capital Project Surplus	623,039	43,552	590,000	1,680,000	1,090,000	184.7%
Sale of Town-owned Land	0	0	550,000	0	(550,000)	-100.0%
Free Cash	5,387,435	3,814,792	5,954,963	7,053,295	1,098,332	18.4%
Capital Improvements	4,491,704	2,891,385	5,020,852	3,121,351	(1,899,500)	-37.8%
Operating Budget Reserve	398,444	418,778	436,636	458,547	21,910	5.0%
Strategic Reserves / Other Spec Approp's	497,287	504,629	497,475	3,473,397	2,975,922	598.2%
TOTAL GENERAL FUND REVENUE	185,716,961	191,700,656	199,313,718	205,273,534	5,959,816	3.0%
ENTERPRISE FUND / REVOLVING FUND REVENUE						
Water and Sewer Enterprise Fund **	17,712,284	18,024,125	21,541,764	21,980,618	438,854	2.0%
Golf Course Enterprise Fund **	818,576	880,062	1,067,136	1,079,851	12,715	1.2%
Recreation Revolving Fund **	992,551	1,299,758	1,459,336	1,496,063	36,727	2.5%
TOTAL ENTERPRISE / REVOLVING FUND REVENUE	19,523,411	20,203,945	24,068,236	24,556,531	488,295	2.0%
TOTAL REVENUES	205,240,372	211,904,601	223,381,955	229,830,066	6,448,111	2.9%

* The figures provided for the FY07 and FY08 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
FY2010 FINANCING PLAN**

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

FY2010 REVENUE BY FUND

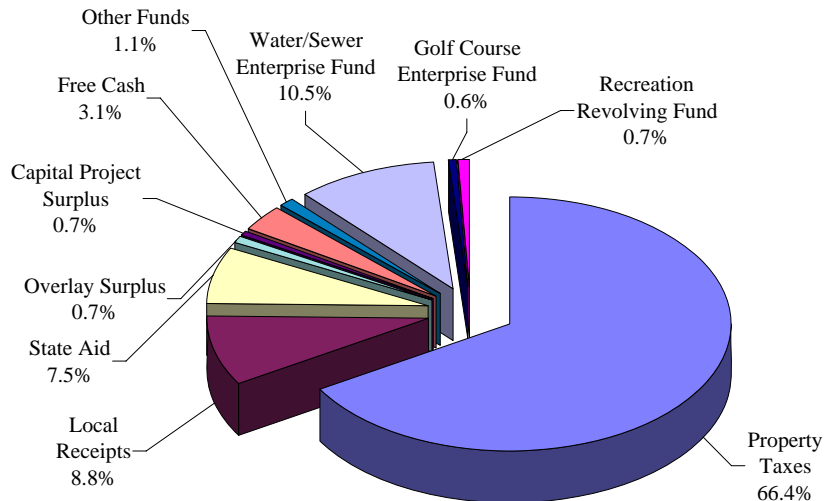
	General Fund ¹	Water & Sewer Enterprise	Golf Enterprise	Recreation Revolving Fund	Parking Meter Fund ²	Cemetery Fund ²	State Library Aid ²	Tax Abatement Reserve Surplus ²	TOTAL
Property Taxes	152,552,834								152,552,834
Local Receipts	20,217,125								20,217,125
State Aid	17,157,180								17,157,180
Parking Meter Receipts					2,550,000				2,550,000
Walnut Hill Cemetery Fund						50,000			50,000
State Aid for Libraries							41,555		41,555
Golf Enterprise Fund Reimbursement			186,349						186,349
Recreation Revolving Fund Reimbursement				210,870					210,870
Water and Sewer Enterprise Fund Reimbursement		2,069,326							2,069,326
Tax Abatement Reserve Surplus								1,505,000	1,505,000
Capital Project Surplus	1,680,000								1,680,000
Sale of Town-owned Land Fund								0	0
Free Cash	7,053,295								7,053,295
TOTAL GENERAL FUND	198,660,434	2,069,326	186,349	210,870	2,550,000	50,000	41,555	1,505,000	205,273,534
Water and Sewer Enterprise Fund ³		21,980,618							21,980,618
Golf Course Enterprise Fund ³			1,079,851						1,079,851
Recreation Revolving Fund ³				1,496,063					1,496,063
TOTAL FINANCIAL PLAN	198,660,434	24,049,944	1,266,200	1,706,933	2,550,000	50,000	41,555	1,505,000	229,830,066

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

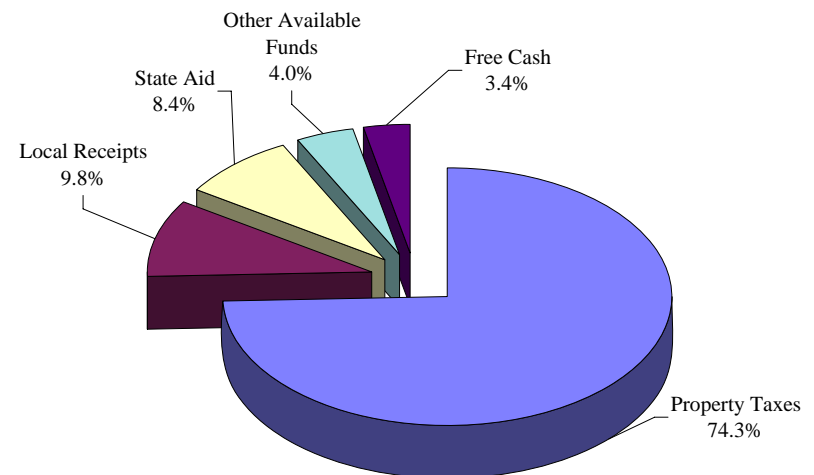
² The revenue from these funds are transferred into the General Fund.

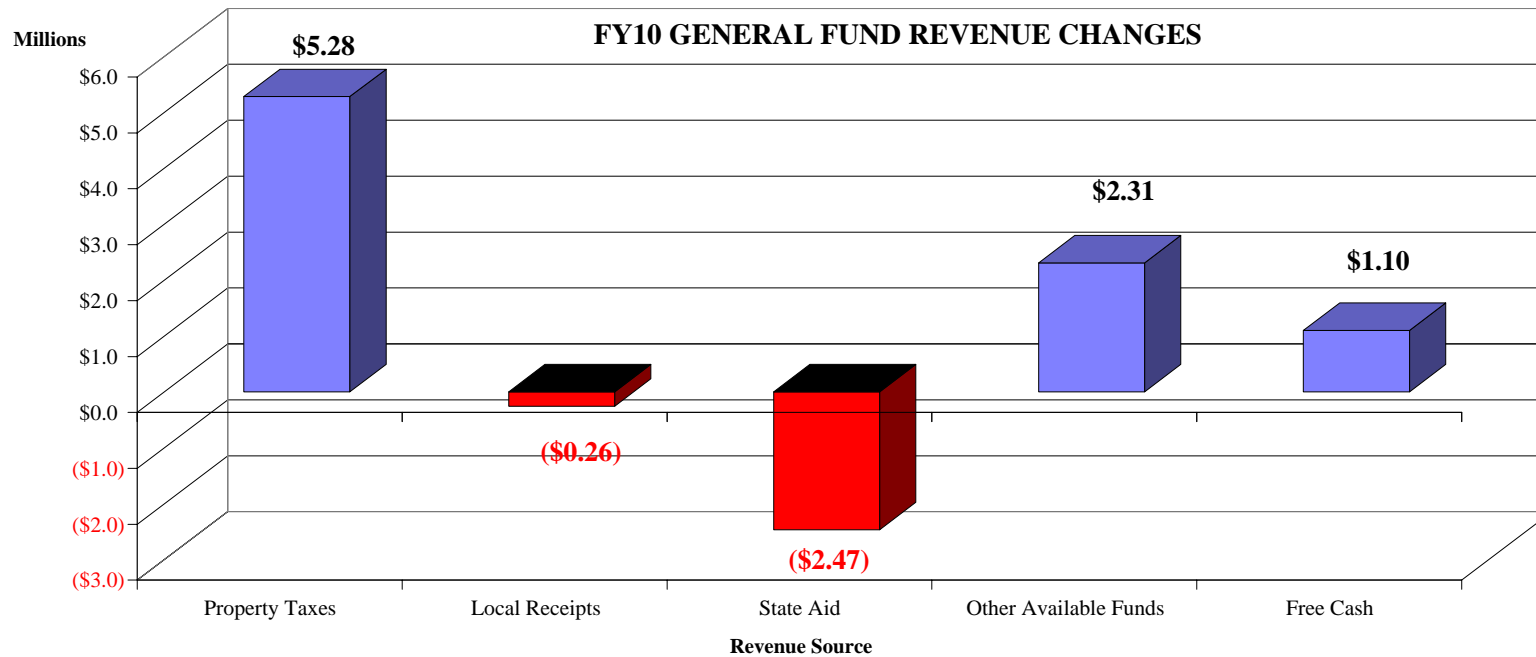
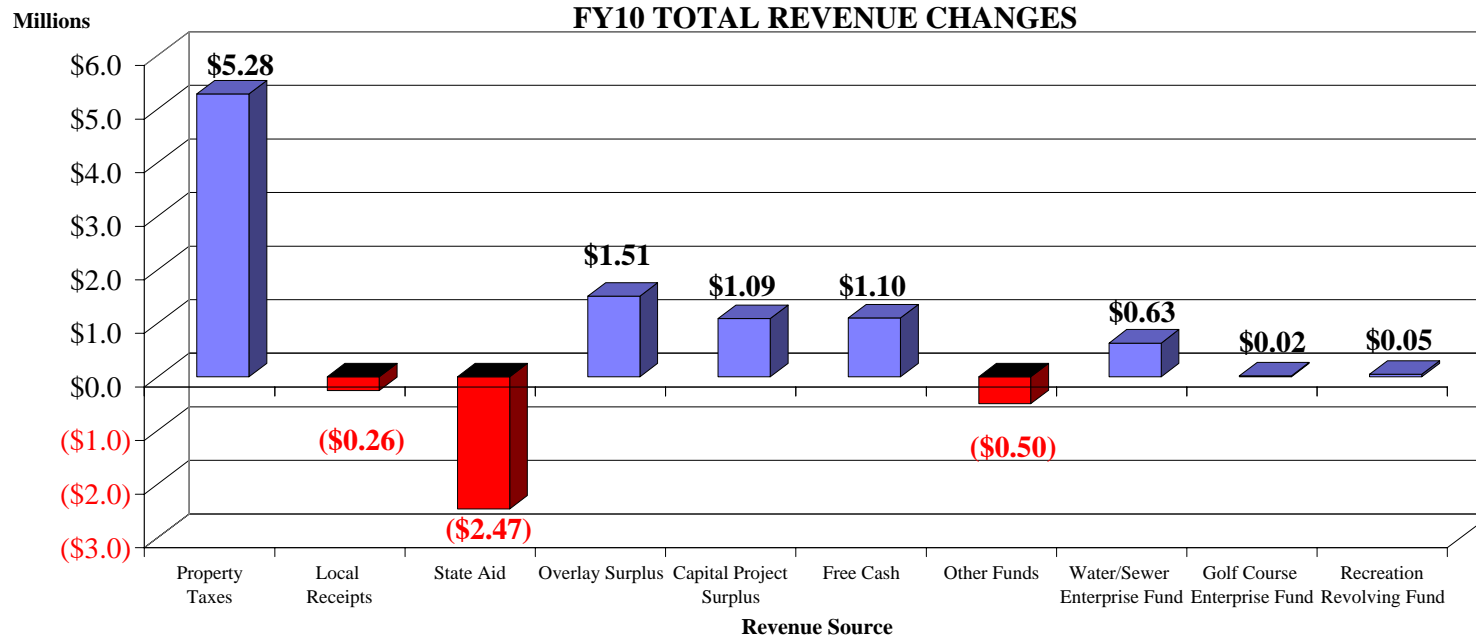
³ These are net of Reimbursements to the General Fund, as those amounts are accounted for in the "reimbursement" figures listed under the General Fund.

FY10 TOTAL REVENUE COMPOSITION



FY10 GENERAL FUND REVENUE COMPOSITION





TOTAL REVENUES

\$ (millions)
% of General Fund Budget

REVENUE SOURCE	FY81	FY82	FY01 ACT.	FY02 ACT.	FY03 ACT.	FY04 ACT.	FY05 ACT.	FY06 ACT.	FY07 ACT.	FY08 ACT.	FY09 BUD.	FY10 BUD.
PROPERTY TAX	\$45.8 76.4%	\$40.8 71.0%	\$99.5 65.3%	\$103.7 64.2%	\$108.2 66.1%	\$114.2 69.6%	\$119.5 67.8%	\$121.8 69.6%	\$128.9 69.8%	\$135.8 70.8%	\$147.3 73.9%	\$152.6 74.3%
LOCAL RECEIPTS	\$3.8 6.4%	\$5.3 9.2%	\$22.2 14.5%	\$19.4 12.0%	\$23.0 14.0%	\$19.0 11.6%	\$21.2 12.0%	\$23.0 13.1%	\$23.3 12.6%	\$24.5 12.8%	\$20.5 10.3%	\$20.2 9.8%
STATE AID	\$5.5 9.2%	\$7.2 12.5%	\$19.3 12.7%	\$20.0 12.4%	\$19.1 11.6%	\$17.3 10.5%	\$17.4 9.9%	\$18.0 10.3%	\$18.0 9.8%	\$18.9 9.9%	\$19.6 9.8%	\$17.2 8.4%
FEDERAL REVENUE SHARING	\$1.1 1.8%	\$1.0 1.7%	\$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	\$3.4 5.7%	\$2.7 4.7%	\$4.8 3.2%	\$11.5 7.1%	\$5.3 3.2%	\$5.6 3.4%	\$7.0 4.0%	\$4.6 2.6%	\$5.4 2.9%	\$3.8 2.0%	\$6.0 3.0%	\$7.1 3.4%
OTHER AVAIL. FUNDS	\$0.3 0.5%	\$0.5 0.9%	\$6.5 4.3%	\$6.8 4.2%	\$8.3 5.1%	\$7.9 4.8%	\$11.1 6.3%	\$7.7 4.4%	\$8.9 4.8%	\$8.6 4.5%	\$6.0 3.0%	\$8.3 4.0%
GENERAL FUND BUDGET TOTAL	\$59.9	\$57.5	\$152.4	\$161.4	\$163.9	\$164.1	\$176.3	\$175.0	\$184.5	\$191.7	\$199.3	\$205.3
WATER & SEWER ENT FUND (1) (2)	\$2.1	\$2.9	\$17.0	\$13.3	\$14.2	\$15.0	\$15.7	\$15.9	\$17.7	\$18.0	\$21.5	\$22.0
GOLF COURSE ENT FUND (1)	\$0.0	\$0.0	\$1.0	\$0.8	\$0.6	\$0.8	\$0.8	\$0.8	\$0.8	\$0.9	\$1.1	\$1.1
RECREATION REVOLVING FUND (1)	\$0.0	\$0.0	\$0.4	\$0.5	\$0.6	\$0.6	\$0.8	\$0.8	\$1.0	\$1.3	\$1.5	\$1.5
TOTAL FINANCIAL PLAN	\$62.0	\$60.4	\$170.7	\$176.0	\$179.3	\$180.5	\$193.6	\$192.6	\$204.0	\$211.9	\$223.4	\$229.8

(1) These figures are net of Reimbursements to the General Fund, as those amounts are accounted for in the "Other Available Funds" category.
(2) Prior to FY02, all Water & Sewer revenue was accounted for in the General Fund.

ANNUAL REVENUE CHANGES BY SOURCE
\$ (millions)

REVENUE SOURCE	FY82	FY01 ACT.	FY02 ACT.	FY03 ACT.	FY04 ACT.	FY05 ACT.	FY06 ACT.	FY07 ACT.	FY08 BUD.	FY09 BUD.	FY10 BUDGET
PROPERTY TAX	(\$5.1) -11.1%	\$3.6 3.7%	\$4.1 4.2%	\$4.5 4.4%	\$6.0 5.5%	\$5.3 4.6%	\$2.3 1.9%	\$7.1 5.8%	\$6.9 5.4%	\$11.5 8.4%	\$5.3 3.6%
LOCAL RECEIPTS	\$1.5 39.1%	\$0.4 2.0%	(\$2.8) -12.5%	\$3.6 18.4%	(\$3.9) -17.1%	\$2.2 11.5%	\$1.8 8.3%	\$0.3 1.3%	\$1.2 5.3%	(\$4.0) -16.5%	(\$0.3) -1.3%
STATE AID	\$1.7 31.1%	\$3.8 24.4%	\$0.7 3.4%	(\$0.9) -4.6%	(\$1.8) -9.3%	\$0.1 0.7%	\$0.5 3.1%	\$0.1 0.4%	\$0.9 5.1%	\$0.7 3.6%	(\$2.5) -12.6%
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%	(\$1.8) -27.0%	\$6.7 139.8%	(\$6.3) -54.4%	\$0.3 6.5%	\$1.4 24.3%	(\$2.4) -33.9%	\$0.8 17.0%	(\$1.6) -29.2%	\$2.1 56.1%	\$1.1 18.4%
OTHER AVAIL. FUNDS	\$0.2 70.8%	\$4.2 183.4%	\$0.2 3.6%	\$1.6 22.9%	(\$0.5) -5.4%	\$3.2 41.0%	(\$3.4) -30.8%	\$1.3 16.3%	(\$0.3) -3.8%	(\$2.6) -30.4%	\$2.3 38.5%
GENERAL FUND BUDGET TOTAL	(\$2.4) -4.1%	\$10.2 7.2%	\$9.0 5.9%	\$2.5 1.5%	\$0.2 0.1%	\$12.2 7.4%	(\$1.2) -0.7%	\$9.5 5.4%	\$7.2 3.9%	\$7.6 4.0%	\$6.0 3.0%
WATER & SEWER ENT FUND (1) (2)	\$0.9 41.0%	(\$1.0) -5.5%	(\$3.7) -21.6%	\$0.9 6.8%	\$0.8 5.8%	\$0.7 4.7%	\$0.1 0.9%	\$1.8 11.5%	\$0.3 1.8%	\$3.5 19.5%	\$0.4 2.0%
GOLF COURSE ENT FUND (1)	\$0.0 0.0%	\$0.3 57.3%	(\$0.1) -14.3%	(\$0.2) -23.0%	\$0.2 25.3%	\$0.0 5.4%	(\$0.0) -2.2%	\$0.0 0.2%	\$0.1 6.2%	\$0.2 14.4%	\$0.0 0.9%
RECREATION REVOLVING FUND (1)	\$0.0 0.0%	(\$0.0) -1.2%	\$0.2 42.4%	\$0.1 15.4%	\$0.0 7.4%	\$0.1 17.9%	\$0.1 8.9%	\$0.2 0.1%	\$0.3 0.2%	\$0.2 0.1%	\$0.0 0.0%
TOTAL FINANCIAL PLAN	(\$1.5) -2.6%	\$9.6 6.0%	\$5.4 3.1%	\$3.3 1.9%	\$1.2 0.7%	\$13.1 7.2%	(\$1.0) -0.5%	\$11.5 6.0%	\$7.9 3.9%	\$11.5 5.4%	\$6.4 2.9%

(1) These figures are net of Reimbursements to the General Fund, as those amounts are accounted for in the "Other Available Funds" category.
(2) Prior to FY02, all Water & Sewer revenue was accounted for in the General Fund.

PROPERTY TAX

Property tax is the primary source of revenue for virtually every Massachusetts municipality. In Brookline, Property taxes represent 74% of annual General Fund revenues. Property taxes are levied on real property (land and buildings) and personal property (equipment) used by Brookline's non-manufacturing business firms. 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 FY09, with the next one scheduled for FY12.

Under the provisions of Proposition 2 1/2, property taxes, in the aggregate, may not exceed 2 1/2% of their "full and fair cash value". This limit is known as the "levy ceiling". In addition, annual levy increases may not exceed 2 1/2% more than the previous year's levy plus the taxes added from any new properties, renovations to existing properties, or condominium conversions added to the tax rolls (known as "New Growth"). This is known as the "levy limit". Any Proposition 2 1/2 override or debt exclusion amounts voted are added to the levy limit while all related school construction reimbursements from the State (SBA) are similarly subtracted.

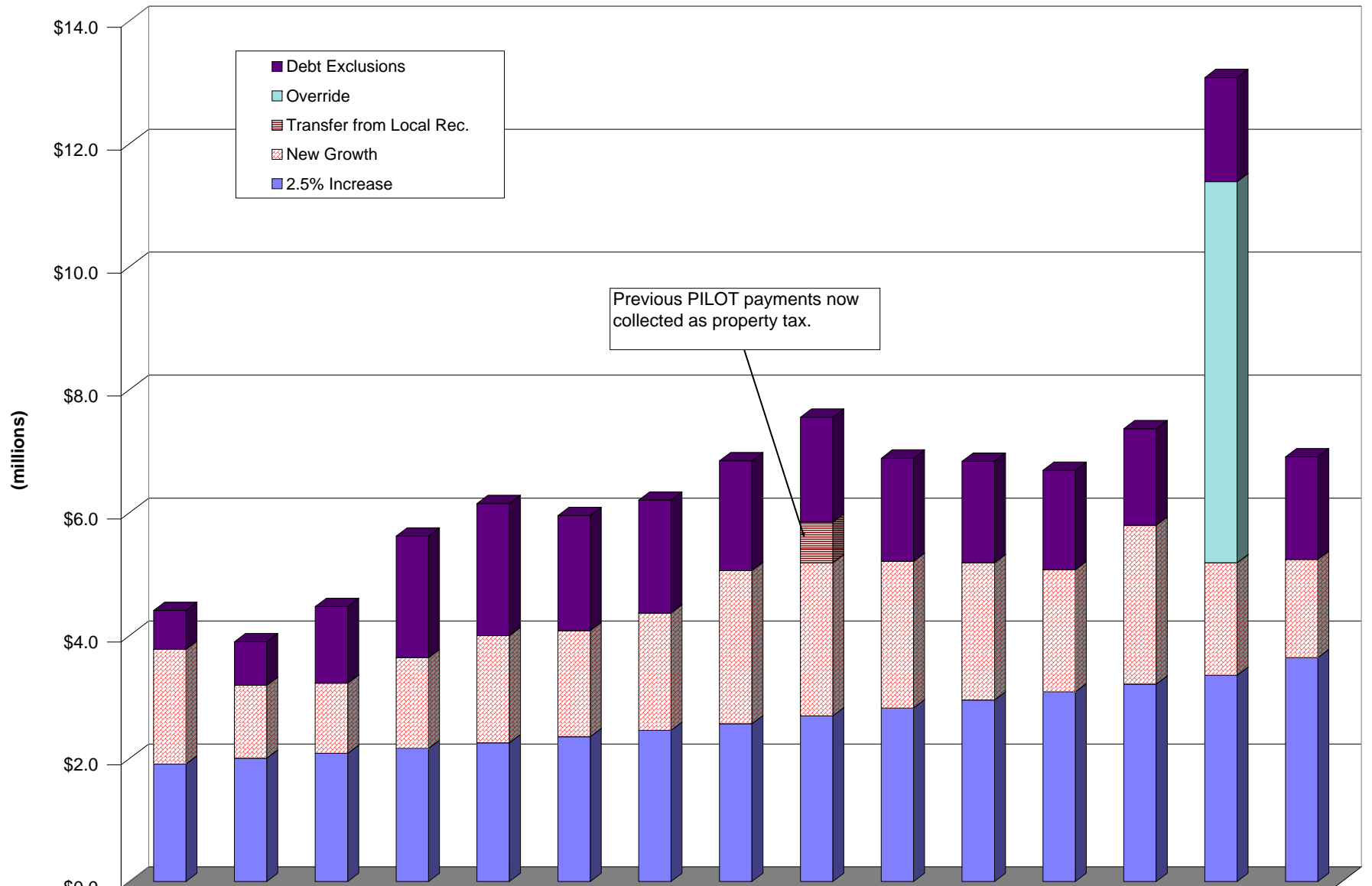
Property values and new growth for FY10 are preliminary estimates used to project the levy limit. The FY10 maximum allowable levy is projected to total \$152,552,834 representing an increase of \$5,279,766 (3.6%) over the FY09 Levy. The figures below detail how the estimated FY10 levy is calculated:

FY09 LEVY LIMIT	\$145,644,644
<u>PROP. 2 1/2 INCREASE</u>	<u>\$3,641,116</u>
SUB-TOTAL	\$149,285,760
<u>NEW GROWTH (est.)</u>	<u>\$1,600,000</u>
ESTIMATED FY10 LEVY LIMIT	\$150,885,760
DEBT EXCLUSIONS	\$4,347,320
<u>STATE SCHOOL BLDG ASSISTANCE (SBA) REIMB'S</u>	<u>(\$2,680,246)</u>
NET DEBT EXCLUSIONS	\$1,667,074
FY10 TOTAL PROPERTY TAX LEVY	\$152,552,834

New Growth in FY09 (\$1.8 million) was the lowest figure since FY01, when it was \$1.7 million. Early indications are that FY10 New Growth will be even less than FY09, and possibly lower than the FY01 level. This downward trend, if it continues, negatively impacts both FY10 and future fiscal years.

REVENUE SOURCE	FY2007 <u>LEVY CALC.</u>	FY2008 <u>LEVY CALC.</u>	FY2009 <u>BUDGET</u>	FY2009 <u>ESTIMATE</u>	FY2010 <u>BUDGET</u>	BUDGET INCREASE	
						\$	%
Prior Year Levy Limit	123,389,202	128,463,616	134,259,886	134,259,886	145,644,644		
2.5% Increase	3,084,730	3,211,590	3,356,497	3,356,497	3,641,116		
New Growth	1,989,683	2,584,680	1,828,261	1,828,261	1,600,000		
Override	0	0	6,200,000	6,200,000	0		
Net Debt Exclusions	1,614,854	1,568,947	1,692,697	1,692,697	1,667,074		
(less) Excess Capacity	(1,935)	(16,932)	(64,273)	(64,273)	0		
Total Property Tax Levy	130,076,534	135,811,901	147,273,068	147,273,068	152,552,834	5,279,766	3.6%

COMPOSITION OF ANNUAL GROWTH IN THE PROPERTY TAX LEVY - FY96-FY10 (est.)



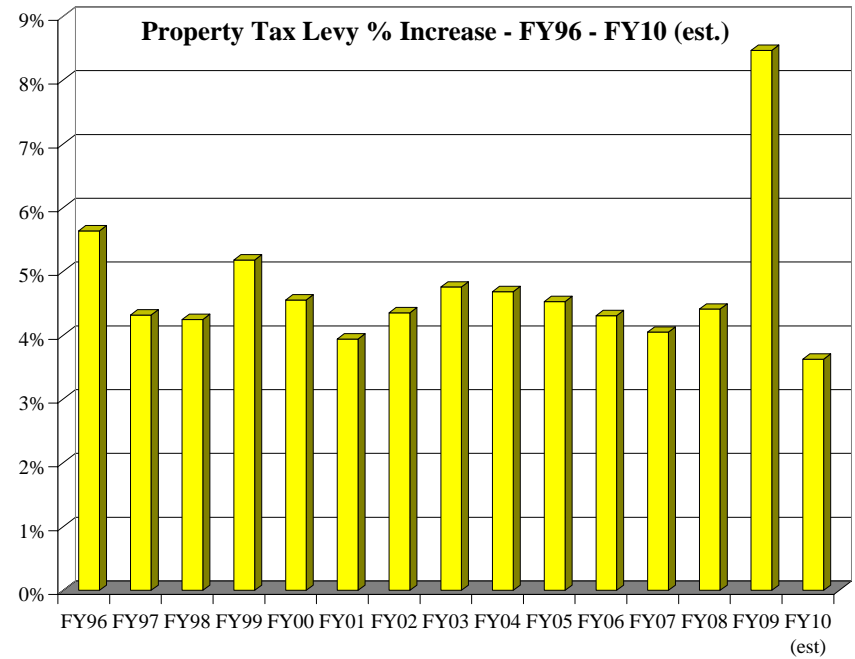
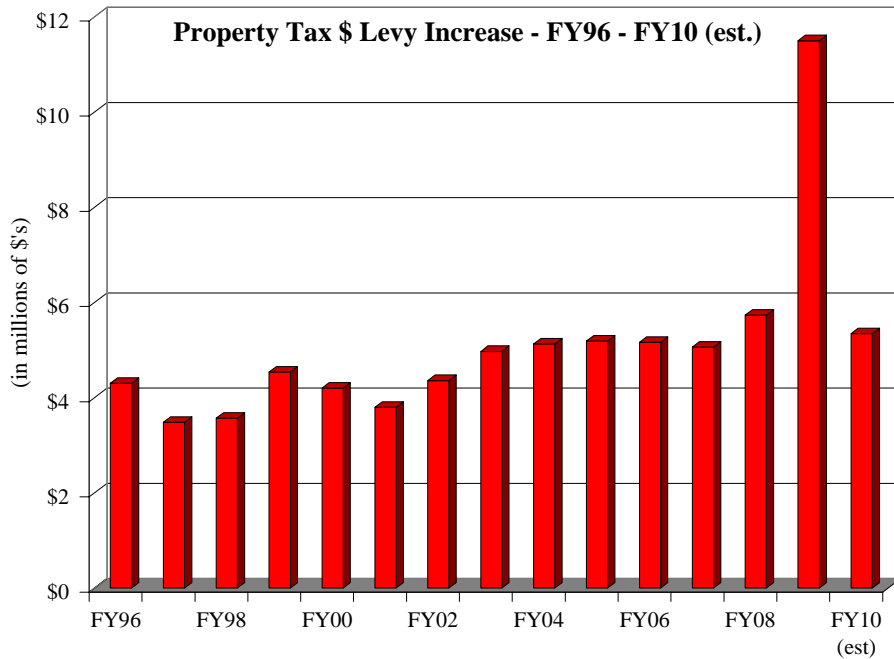
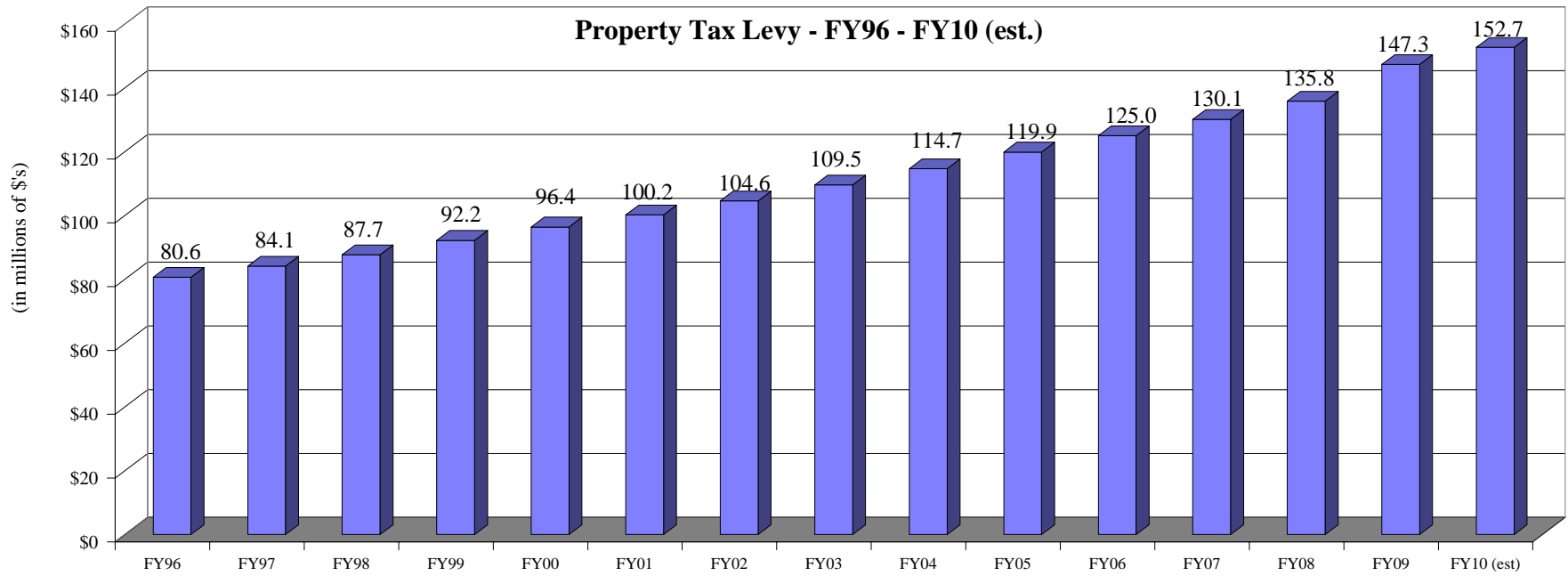
Previous PILOT payments now collected as property tax.

	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10
Debt Exclusions	0.6311	0.7101	1.2438	1.977223	2.149	1.868	1.837	1.785	1.705	1.676	1.64873441	1.615	1.569	1.692696	1.667
Override	0	0	0	0	0	0	0	0	0	0	0	0	0	6.2	0
Transfer from Local Rec.	0	0	0	0	0	0	0	0	0.661	0	0	0	0	0	0
New Growth	1.8687	1.1866	1.1443	1.475516	1.742	1.728	1.909	2.491979	2.491073	2.386251	2.232945	1.99	2.58468	1.828261	1.6
2.5% Increase	1.910312	2.004893	2.084679	2.165404	2.256427	2.356711	2.459234	2.568252	2.694758	2.824403838	2.954709109	3.08473	3.211590388	3.356497148	3.641116102

PROPERTY TAXES
COLLECTIONS AND UNPAID BALANCES
FOR FISCAL YEARS ENDED JUNE 30

Fiscal Year	Real Estate and Pers. Property 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, 2007	Uncollected Real Estate, Pers. Prop., & Tax Title As Of Dec 31, 2007	% Collected As Of Dec 31, 2007	(3) Tax Titles / Foreclosures Receivable As of Yr-End
1994	72,293,772	69,529,948	96.2%	2,763,824	2,763,824	0	100.00%	1,410,950
1995	77,700,314	75,817,926	97.6%	1,882,388	1,882,388	0	100.00%	1,203,962
1996	80,893,488	79,015,942	97.7%	1,877,546	1,877,546	0	100.00%	1,832,383
1997	84,086,279	82,401,669	98.0%	1,684,610	1,684,610	0	100.00%	861,700
1998	87,880,687	86,352,738	98.3%	1,527,949	1,527,949	0	100.00%	852,386
1999	92,203,063	91,376,684	99.1%	826,379	826,379	0	100.00%	384,660
2000	96,399,645	95,425,278	99.0%	974,367	974,367	0	100.00%	446,610
2001	100,217,510	99,792,628	99.6%	424,882	424,882	0	100.00%	437,625
2002	104,560,815	104,041,776	99.5%	519,039	426,506	119,859	99.91%	396,040
2003	109,532,058	108,596,481	99.1%	935,577	880,099	82,824	99.95%	545,592
2004	114,660,482	113,242,093	98.8%	1,418,389	1,292,528	161,713	99.89%	657,047
2005	119,871,025	118,861,627	99.2%	1,009,398	884,866	124,532	99.90%	602,897
2006	125,192,168	123,383,654	98.6%	1,808,515	1,700,053	108,462	99.91%	909,734
2007	130,078,303	129,277,684	99.4%	800,619	565,423	235,196	99.82%	873,404
2008	135,822,982	134,144,599	98.8%	1,678,383	522,819	1,155,564	99.15%	1,306,938

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.



ASSESSED VALUE AND TAX BILL HISTORIES

DESCRIPTION	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
Median Single Family Assessed Value	451,550	523,050	602,000	667,000	756,750	837,050	903,850	1,017,100	1,023,550	986,900	1,017,000
% Change	8.9%	15.8%	15.1%	10.8%	13.5%	10.6%	8.0%	12.5%	0.6%	-3.6%	3.0%
Median Two Family Assessed Value	387,800	471,200	548,650	592,800	702,000	777,900	837,200	950,000	950,900	932,450	953,200
% Change	9.6%	21.5%	16.4%	8.0%	18.4%	10.8%	7.6%	13.5%	0.1%	-1.9%	2.2%
Median Three Family Assessed Value	418,700	491,100	577,400	624,800	786,500	870,250	931,150	1,088,000	1,102,900	1,078,450	1,113,200
% Change	11.6%	17.3%	17.6%	8.2%	25.9%	10.6%	7.0%	16.8%	1.4%	-2.2%	3.2%
Median Condo Assessed Value	172,200	198,500	231,300	257,000	322,200	346,900	373,700	411,400	424,800	411,450	423,500
% Change	8.7%	15.3%	16.5%	11.1%	25.4%	7.7%	7.7%	10.1%	3.3%	-3.1%	2.9%
Median Commercial Assessed Value	399,000	499,000	547,000	655,700	738,400	790,100	875,000	943,500	914,300	971,500	1,015,600
% Change	2.8%	25.1%	9.6%	19.9%	12.6%	7.0%	10.7%	7.8%	-3.1%	6.3%	4.5%
Median Single Family Tax Bill	6,432	6,522	6,809	7,247	7,057	7,412	7,716	8,137	8,341	8,437	9,130
% Change	5.1%	1.4%	4.4%	6.4%	-2.6%	5.0%	4.1%	5.5%	2.5%	1.2%	8.2%
Median Two Family Tax Bill	5,354	5,753	6,091	6,290	6,443	6,783	7,034	7,497	7,634	7,883	8,448
% Change	5.9%	7.5%	5.9%	3.3%	2.4%	5.3%	3.7%	6.6%	1.8%	3.3%	7.2%
Median Three Family Tax Bill	5,877	6,049	6,478	6,703	7,391	7,765	7,995	8,815	9,113	9,369	10,158
% Change	8.2%	2.9%	7.1%	3.5%	10.3%	5.1%	3.0%	10.2%	3.4%	2.8%	8.4%
Median Condo Tax Bill	1,708	1,709	1,820	1,958	2,186	2,202	2,292	2,353	2,515	2,579	2,786
% Change	5.0%	0.1%	6.5%	7.6%	11.6%	0.7%	4.1%	2.6%	6.9%	2.6%	8.0%
Median Commercial Tax Bill	11,132	12,235	12,100	13,816	13,424	13,637	14,534	14,587	14,519	16,224	17,590
% Change	-0.3%	9.9%	-1.1%	14.2%	-2.8%	1.6%	6.6%	0.4%	-0.5%	11.7%	8.4%
Residential Tax Rate (per \$1,000 of value)	16.91	14.83	13.46	12.90	11.21	10.63	10.23	9.55	9.73	10.18	10.69
Commercial Tax Rate (per \$1,000 of value)	27.90	24.52	22.12	21.07	18.18	17.26	16.61	15.46	15.88	16.70	17.32

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

LOCAL RECEIPTS SUMMARY

Local Receipts, estimated to add \$20.2 million to the Town's revenue stream, represent 9.9% of total General Fund revenues. They include motor vehicle excise, fees, fines, charges for licenses and permits, violations, 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. The projected decrease is \$258,539 (1.3%), which includes the assumption of the adoption of some Fire Prevention and Town Clerk fee increases that total \$150,000. Those proposed increases, all of which require Board of Selectmen approval, are as follows:

- **Fire Prevention Fees** - a recommendation of the Efficiency Initiative Committee (EIC) was to increase fees so that they more appropriately cover the costs of the Fire Prevention Division. Included in the proposed fee increases are the Master Box Fee, Multiple Dwelling Unit Inspections, and Certificate of Occupancy Fees. If approved, these would add \$117,500 to Local Receipts. These fees are accounted for under Licenses and Permits.

- **Town Clerk Fees** - the Town Clerk has proposed increasing Marriage Certificates, Certified Copies, Business Certificates, Gasoline Permit Renewals, and ZBA Fees. If approved, these would add \$32,500 to Local Receipts.

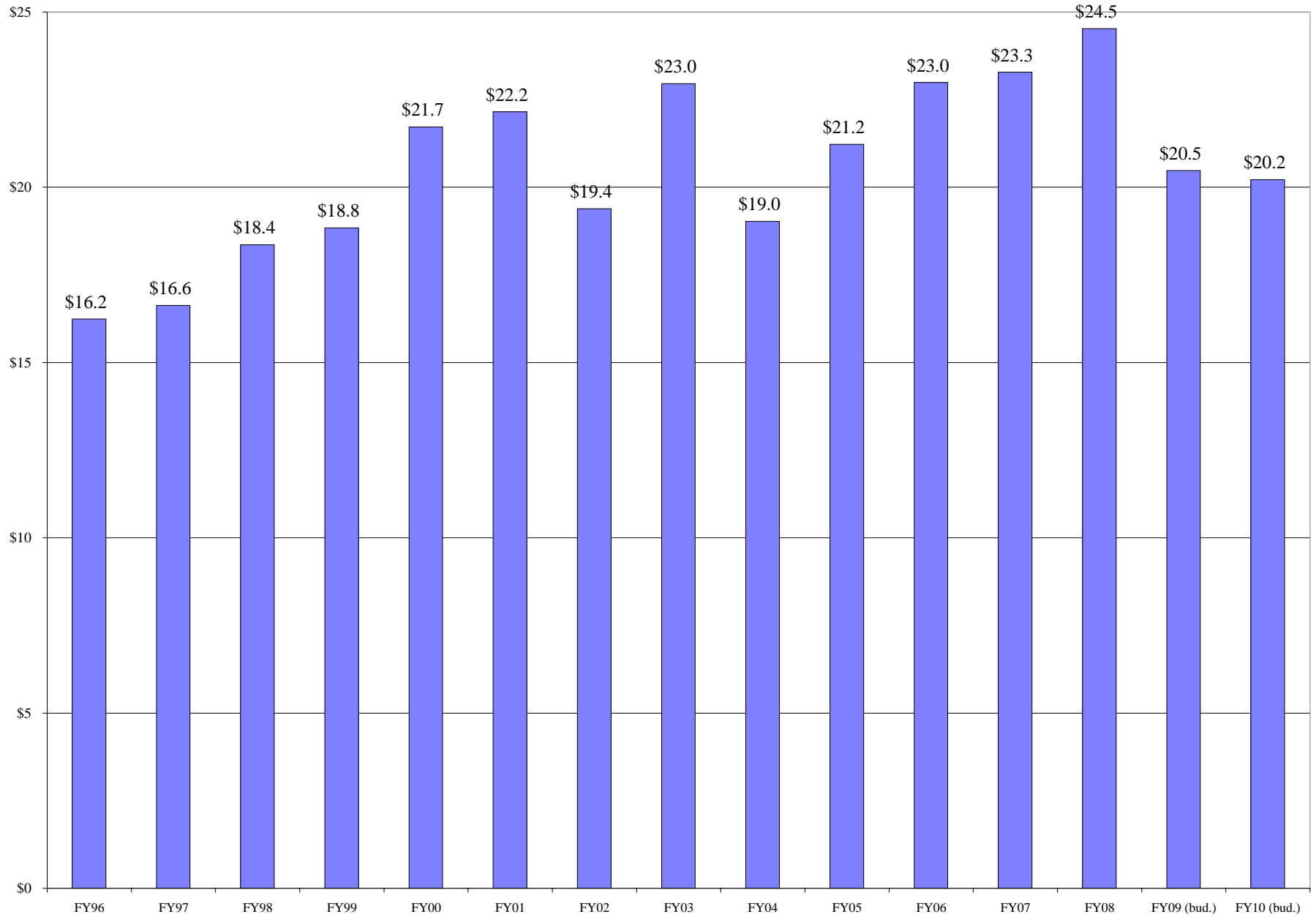
Without those increases, Local Receipts decrease \$408,539 (2%). A summary of all changes are as follows:

- 1.) **Parking and Court Fines** - increase \$355,000 (8.1%) to \$4.75 million.
- 2.) **Licenses / Permits** - increase \$112,000 (13%) due to (1) the proposed increases in Fire Prevention fees (\$117,500), (2) an increase in the estimate for liquor license revenues (\$11,500, 4.8%), (3) marriage licenses, as proposed by the Town Clerk (\$2,000, 13.3%), and (4) a loss of \$19,000 due to the State taking over the inspection of massage parlors.
- 3.) **Payment in Lieu of Taxes (PILOT's)** - increase \$97,105 (13.5%).
- 4.) **Interest Income** - decreases \$420,955 (26.1%) to \$1.2 million.
- 5.) **Motor Vehicle Excise (MVE)** - decreases \$171,739 (3.4%) to \$4.85 million.
- 6.) **General Government** - this category decreases \$129,500 (4.9%) to \$2.5 million due primarily to a \$200,000 (9.1%) decline in Building Permits, partially offset by increases in Property Rental Payments (\$30,000, 429%), Town Clerk Fees (\$20,500, 27.3%), and Benefit Reimbursements (\$15,000, 9.1%).
- 7.) **Departmental and Other** - decreases \$105,450 (4%) to \$2.5 million because of a drop in revenue from the Town's Recycling contract (\$164,000, 82%), which is partially offset by increases in CATV revenue (\$38,550, 7.9%), Parking Fees (\$19,500, 4.2%), and Convenience Fees associated with the on-line parking ticket application (\$10,000, 20%).

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

REVENUE SOURCE	FY2007	FY2008	FY2009	FY2009	FY2010	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Motor Vehicle Excise	4,691,252	5,291,912	5,021,739	5,093,185	4,850,000	(171,739)	-3.4%
Licenses and Permits	945,113	942,811	863,475	907,000	975,475	112,000	13.0%
Parking and Court Fines	4,141,143	4,690,251	4,395,000	4,650,000	4,750,000	355,000	8.1%
General Government	4,462,711	4,866,555	2,648,000	3,072,000	2,518,500	(129,500)	-4.9%
Recreation	0	0	0	0	0	0	-
Interest Income	3,211,157	2,374,433	1,614,455	1,600,000	1,193,500	(420,955)	-26.1%
In Lieu of Tax Payments	774,270	907,315	719,545	940,000	816,650	97,105	13.5%
Refuse Fees	2,204,634	2,650,476	2,595,000	2,600,000	2,600,000	5,000	0.2%
Departmental and Other	2,850,812	2,800,321	2,618,450	2,797,000	2,513,000	(105,450)	-4.0%
Total	23,281,092	24,524,074	20,475,664	21,659,185	20,217,125	(258,539)	-1.3%

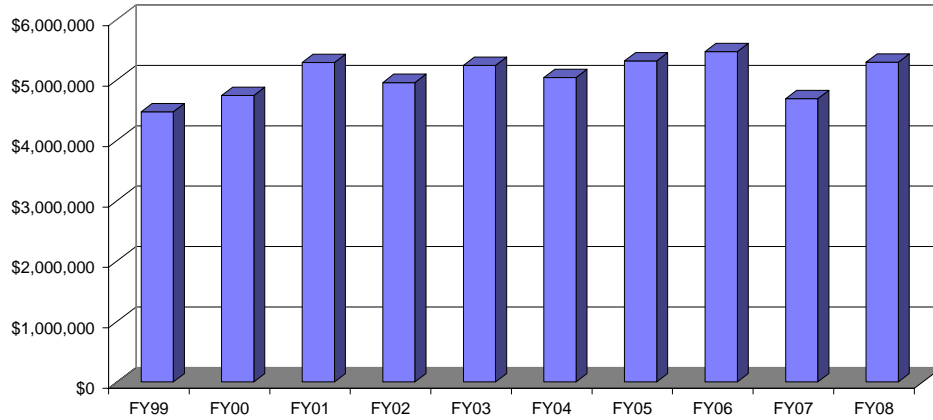
15-YEAR LOCAL RECEIPT HISTORY (in millions)



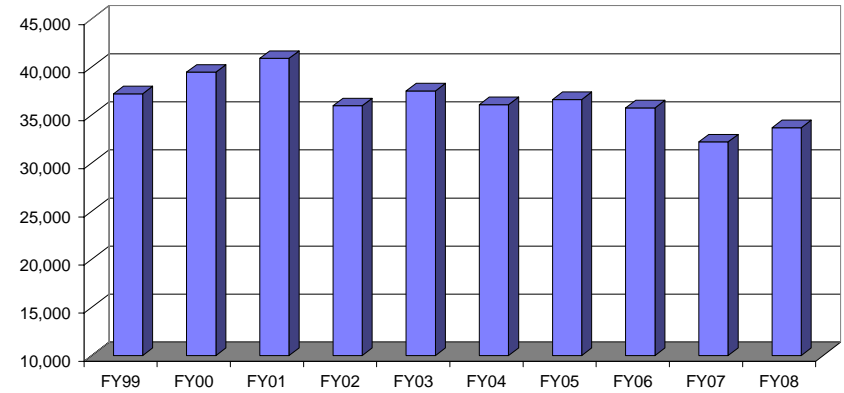
MOTOR VEHICLE EXCISE

State law establishes the Motor Vehicle Excise (MVE) tax rate. Proposition 2 1/2 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 \$4.9 million in FY10, an amount that is \$171,739 (3.4%) less than the FY09 budget.

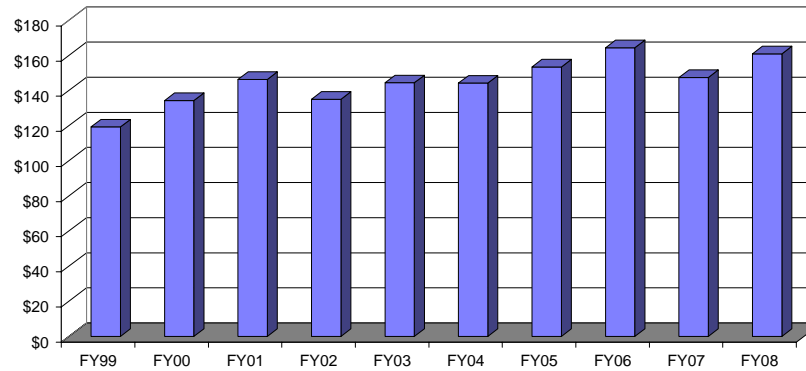
MVE COLLECTIONS



NUMBER OF MVE BILLS



AVERAGE MVE BILL



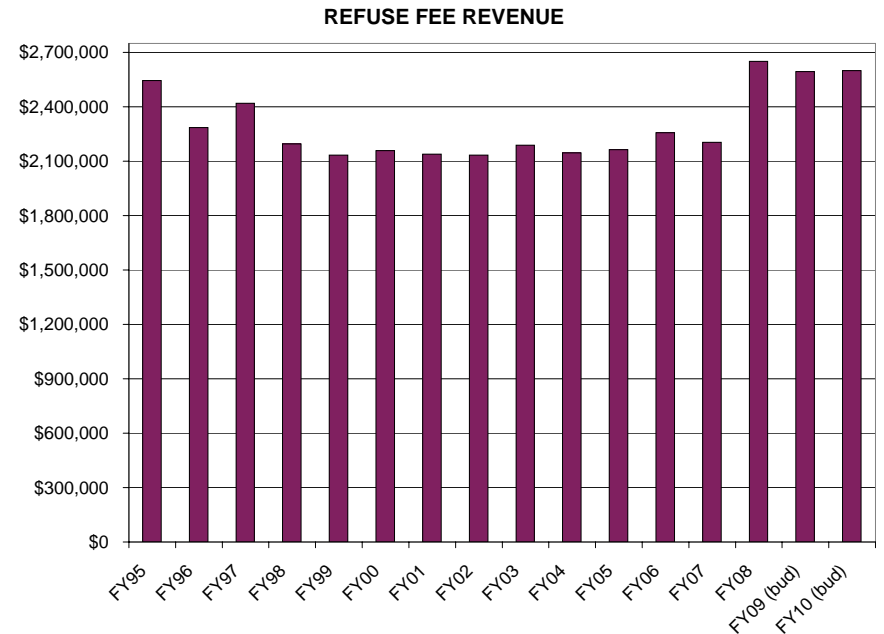
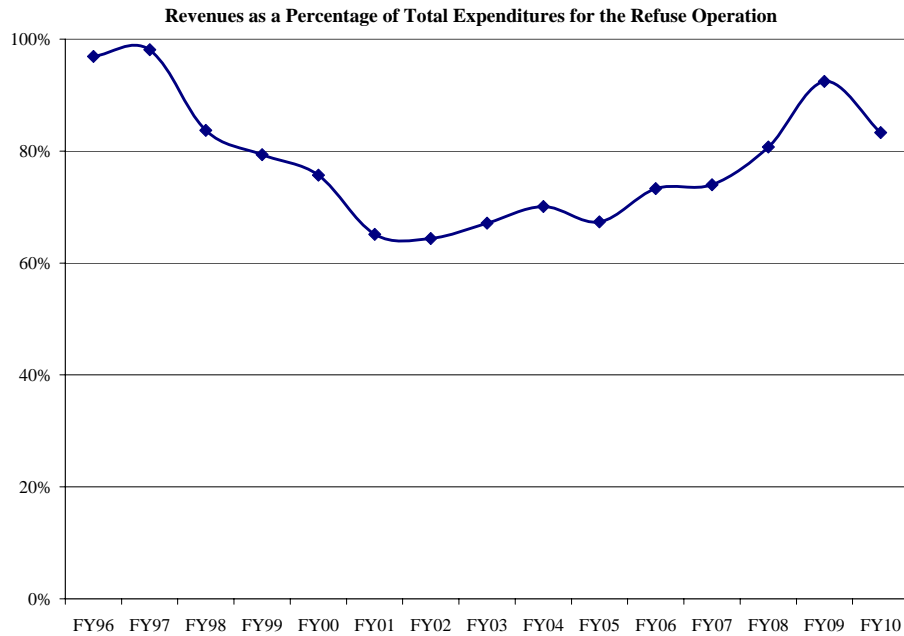
REVENUE SOURCE	FY2007 ACTUAL	FY2008 ACTUAL	FY2009 BUDGET	FY2009 ESTIMATE	FY2010 BUDGET	BUDGET INCREASE	
						\$S	%
Motor Vehicle Excise	4,691,252	5,291,912	5,021,739	5,093,185	4,850,000	(171,739)	-3.4%

REFUSE FEE

For FY10, 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:

FY89-FY91	FY92	FY93-FY94	FY95-FY07	FY08-FY09	FY10 est.
\$150	\$175	\$200	\$165	\$200	\$200

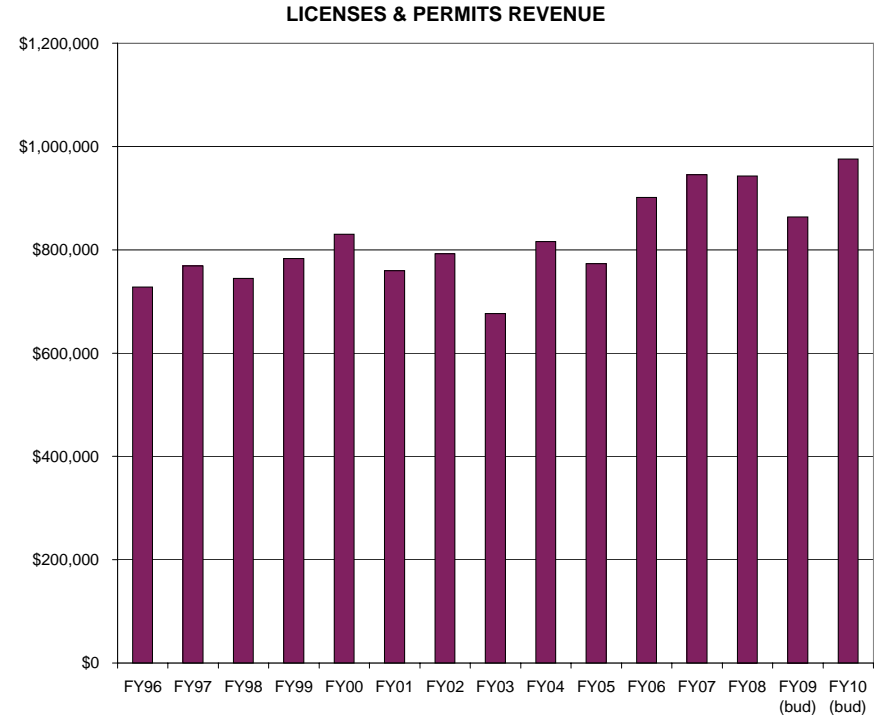
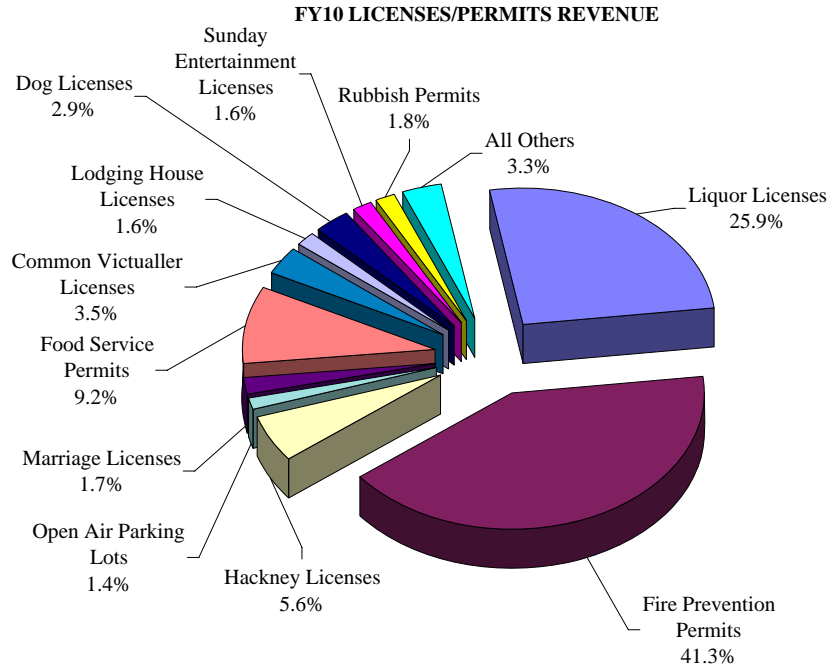
The Proposition 2 1/2 override of 1994 included restoring a portion of the fee back to the tax levy. The amount of \$460,000 was added to the override and reduced from refuse fee revenue, resulting in a fee reduction from \$200 to \$165. The fee revenue covers approximately 80% of the service costs, as shown in the below left graph.



REVENUE SOURCE	FY2007 ACTUAL	FY2008 ACTUAL	FY2009 BUDGET	FY2009 ESTIMATE	FY2010 BUDGET	BUDGET INCREASE	
						\$\$	%
Refuse Fee	2,204,634	2,650,476	2,595,000	2,600,000	2,600,000	5,000	0.2%

LICENSES AND PERMITS

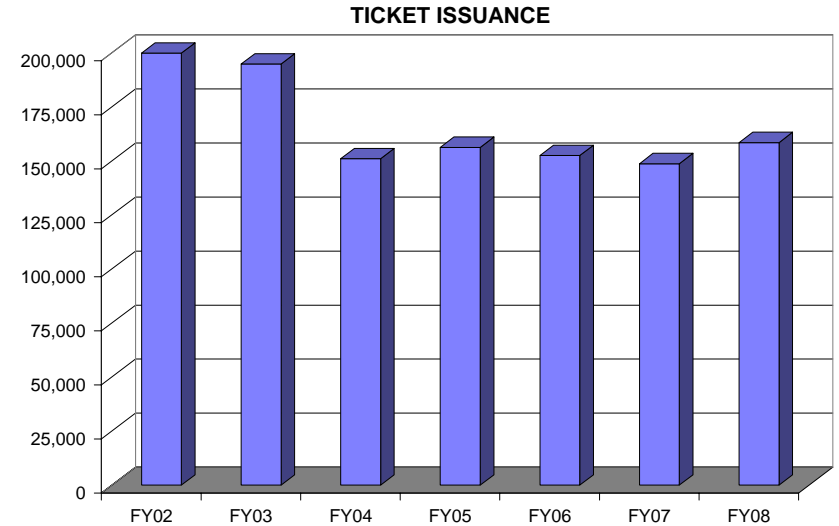
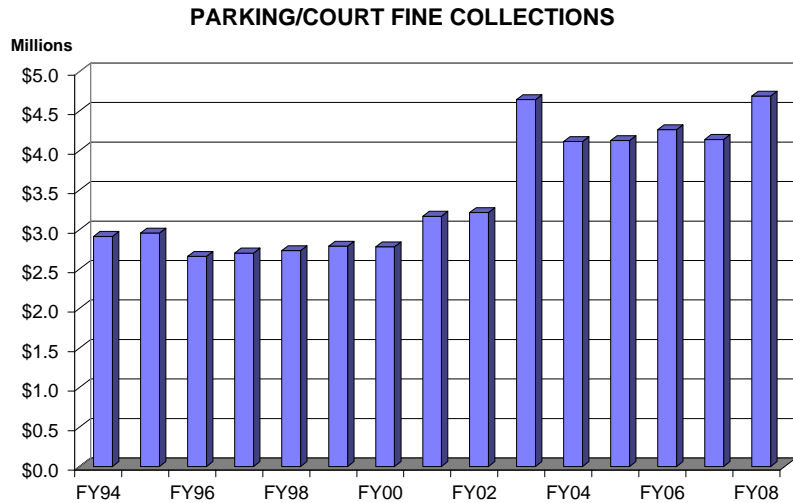
The majority of the revenue from Licenses and Permits is derived from fire prevention permits, liquor licenses, and licenses from a variety of food establishments. For FY10, revenues from this category are expected to total \$975,475, an increase of \$112,000 (13%) from FY09 levels. The increase is due to the proposal to increase fees for Fire Prevention (\$117,500) and Marriage Licenses (\$2,000), both of which require Board of Selectmen approval; an increase in the estimate for liquor license receipts; and the loss of \$19,000 from massage parlor inspections, which is now done by the State.



REVENUE SOURCE	FY2007	FY2008	FY2009	FY2009	FY2010	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Liquor Licenses	272,050	262,939	241,500	250,000	253,000	11,500	4.8%
Fire Prevention Permits	326,590	303,591	285,000	305,000	402,500	117,500	41.2%
Hackney Licenses	63,342	70,066	55,000	65,000	55,000	0	0.0%
Open Air Parking Lots	14,115	14,390	14,000	14,000	14,000	0	0.0%
Marriage Licenses	15,740	13,410	15,000	12,000	17,000	2,000	13.3%
Food Service Permits	87,966	98,863	90,000	95,000	90,000	0	0.0%
Common Victualler Licenses	33,665	35,065	34,000	34,000	34,000	0	0.0%
Lodging House Licenses	14,771	15,910	16,000	16,000	16,000	0	0.0%
Dog Licenses	30,601	34,214	28,000	30,000	28,000	0	0.0%
Sunday Entertainment Licenses	17,250	18,675	16,000	16,000	16,000	0	0.0%
Rubbish Permits	18,820	20,350	17,500	20,000	17,500	0	0.0%
All Others	50,204	55,338	51,475	50,000	32,475	(19,000)	-36.9%
Totals	945,113	942,811	863,475	907,000	975,475	112,000	13.0%

PARKING AND COURT FINES

Parking and Court Fines are the second largest local receipt of the Town. Approximately two-thirds of the revenue is derived from parking tickets for expired meters and violation of the Town's overnight parking ban. 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 after approval by the Legislature and Governor. This legislation 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.



While there is a significantly higher amount of parking fine revenue being collected than prior to the fine increase (the \$4.75 million estimate is \$1.8 million, or approximately 60% higher than the average annual collections prior to the fine increase), there has been a decrease since the FY03 peak. In FY04, there were 44,000 fewer tickets written, resulting in a decrease of \$533,000. In FY06, the number of tickets issued decreased by 3,700 (2.4%) to 153,000 and in FY07 it decreased 3,800 (2.5%) to 149,000. In FY08, this downward was reversed, as ticket issuance increased in FY08 by 9,750 (6.6%). The graph to the above left shows fine revenue since FY94 while the graph to the above right shows the number of tickets issued annually. The estimate for FY10 is increased \$355,000 (8.1%) to \$4.75 million due to the (a) the general increase in ticket issuance realized in FY08 and (b) the anticipated increase from increased enforcement of the 2-hour rule.

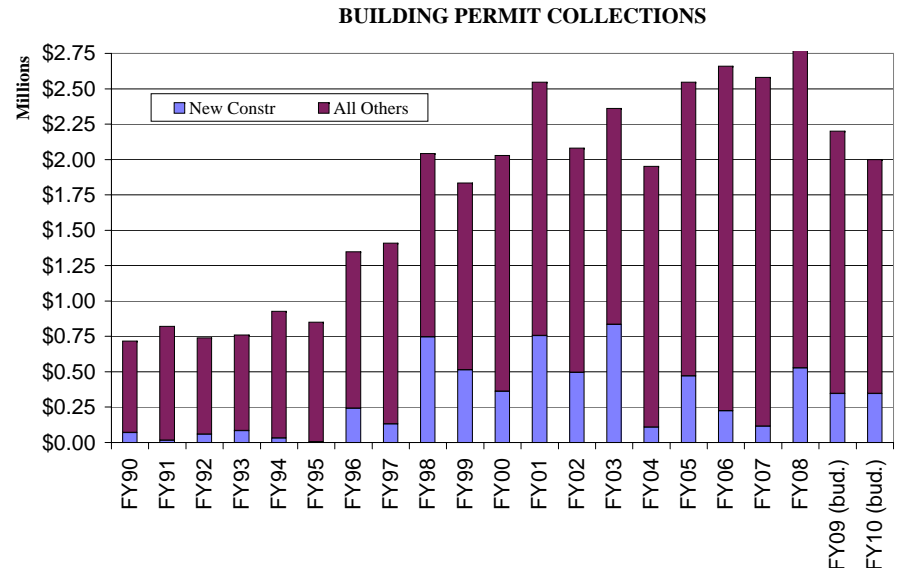
REVENUE SOURCE	FY2007 ACTUAL	FY2008 ACTUAL	FY2009 BUDGET	FY2009 ESTIMATE	FY2010 BUDGET	BUDGET INCREASE	
						\$	%
Parking and Court Fines	4,141,143	4,690,251	4,395,000	4,650,000	4,750,000	355,000	8.1%

GENERAL GOVERNMENT

Revenues derived from this category are expected to decrease \$129,500 (4.9%) due primarily to a \$200,000 (9.1%) decline in Building Permits, partially offset by increases in Property Rental Payments (\$30,000, 429%), Town Clerk Fees (\$20,500, 27.3%), and Benefit Reimbursements (\$15,000, 9.1%). The increase in Town Clerk Fees are due to a proposal from the Town Clerk to increase various fees, which require Board of Selectmen approval. As shown in the graph below, Building Permit collections are quite volatile. Because of the recession, the Building Permit activity is expected to decline in FY10 by \$200,000 (9.1%) to \$2 million. The graph also shows the composition of Building Permits. New construction permits, on average, account for approximately 15% of all Building Permit revenue. The other 85% comes primarily from renovation-related permits.

Legal Damage Recovery revenue results from certain legal actions undertaken by the Town. The amounts collected vary greatly year to year because they are derived from unpredictable events that are the basis for the Town's recoveries. Town Clerk Fees include fees for records and certified copies and Collector's Fees consist primarily of Municipal Lien Certificates (MLC's) and Tailings. Plan Design Review fees are charged by the Building Department when a project requires approval from the Zoning Board of Appeals (ZBA).

The Property Rental payments come from two sources: a \$7,000 payment made by the Town's ambulance provider for space at Fire Station #7 and payments from the two companies that have built Distributed Antenna Systems (DAS) in town. The DAS payments are expected to total \$30,000 in FY10. 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 now goes to the insurance company, with the Town receiving the benefit through reduced premiums rather than through direct receipt of the subsidy.



The Benefits Reimbursement item consists primarily of reimbursements from the School Department for employees who have benefits and are paid from special revenue funds, in addition to COBRA fees and reimbursements for those Town employees funded through the Community Development Block Grant (CDBG). That budget is increased \$15,000 (9.1%). 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 \$5,000 (10.9%) to \$51,000.

REVENUE SOURCE	FY2007 ACTUAL	FY2008 ACTUAL	FY2009 BUDGET	FY2009 ESTIMATE	FY2010 BUDGET	BUDGET INCREASE	
						\$	%
Building Permits and Inspections	2,581,629	2,785,724	2,200,000	2,500,000	2,000,000	(200,000)	-9.1%
Legal Damage Recovery	35,000	804,405	5,000	46,000	5,000	0	0.0%
Town Clerk's Fees	73,915	69,429	75,000	60,000	95,500	20,500	27.3%
Collector's Fees	152,790	153,786	100,000	100,000	100,000	0	0.0%
Plan Design Review	44,885	53,105	50,000	100,000	50,000	0	0.0%
Property Rental Payments	17,000	7,000	7,000	40,000	37,000	30,000	428.6%
Medicare Part D Subsidy	637,770	210,766	0	0	0	0	-
Benefits Reimbursement	164,666	181,224	165,000	180,000	180,000	15,000	9.1%
All Others	755,056	601,117	46,000	46,000	51,000	5,000	10.9%
Totals	4,462,711	4,866,555	2,648,000	3,072,000	2,518,500	(129,500)	-4.9%

INTEREST INCOME

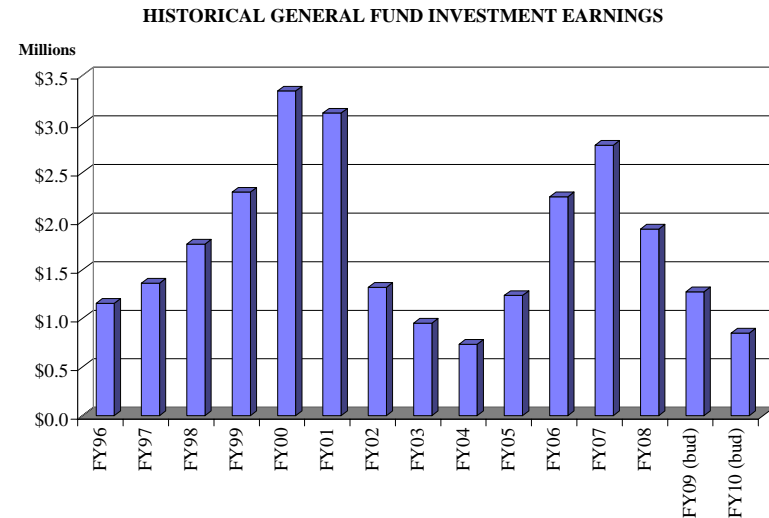
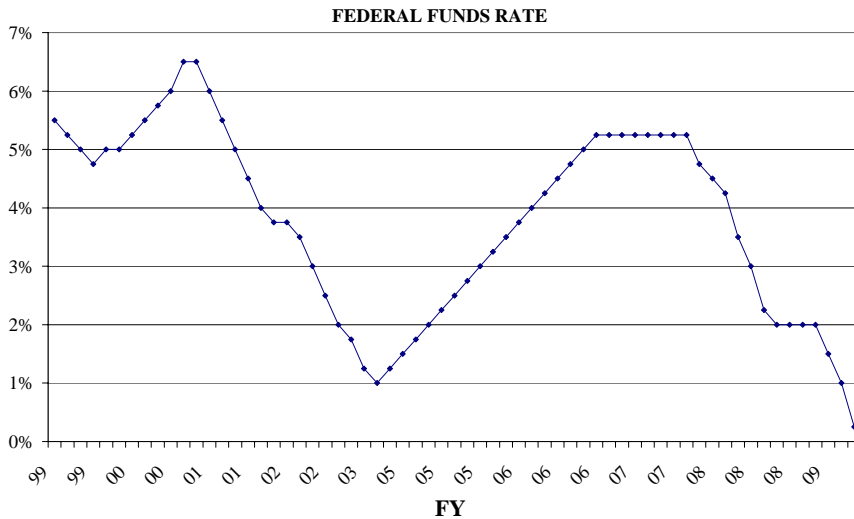
The Town Treasurer regularly invests any cash not required for current disbursements. The interest earned from these investments is credited to the Interest Income account. The amount of investment income earned in any given year is dependent upon a number of variables, the most important of which are:

1. Available cash balances
2. Anticipated cash flows
3. Cash management policies and practices
4. Market interest rates

Investment income accounted for more than 81% of the interest income earned in FY08. The other significant source of interest is from payments made by delinquent taxpayers.

The estimate for interest earned on investments for FY10 is \$850,000, a decrease of \$424,455 (33.3%). The large decrease is the result of recent 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 approximately 1% (compared to 5% - 6.5% in FY00; 3.75% - 6.5% in FY01; 1.75% - 3.75% in FY02; and 1% - 1.25% in FY03), actual earnings were well below the levels realized during FY's 00-02. From FY00 to FY04, there was a drop 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 a reduced rate of return, the Town cannot expect to earn as much as it did in FY08. The \$850,000 estimate reflects this reality. The two graphs below show the changes in the Federal Funds rate (left) and the historical Investment Income earnings (right).



The amount budgeted in FY10 for interest earned from delinquent taxpayers is increased \$3,500 (1%) to \$343,500.

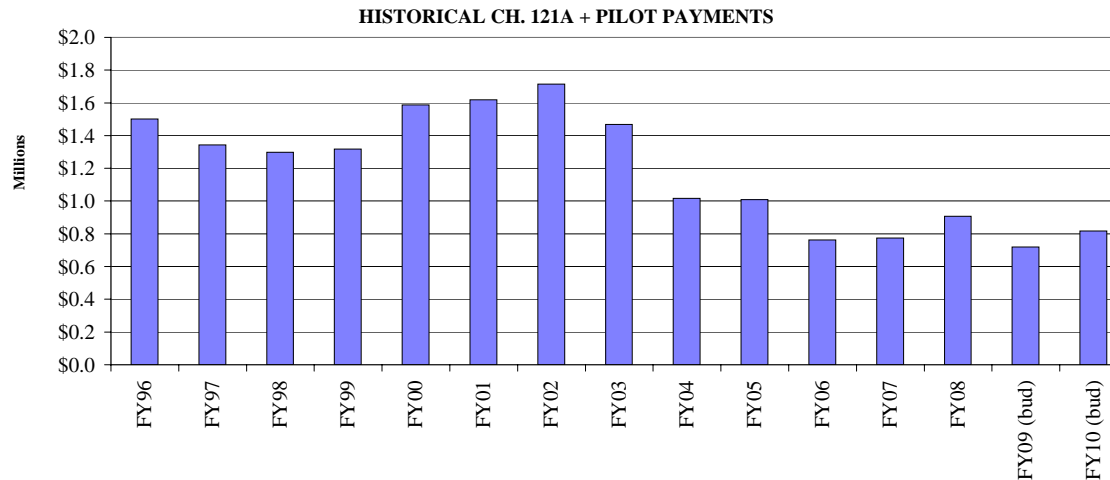
REVENUE SOURCE	FY2007	FY2008	FY2009	FY2009	FY2010	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Interest Income	2,781,905	1,918,511	1,274,455	1,100,000	850,000	(424,455)	-33.3%
Delinquent Tax Interest	429,252	455,922	340,000	500,000	343,500	3,500	1.0%
Totals	3,211,157	2,374,433	1,614,455	1,600,000	1,193,500	(420,955)	-26.1%

PAYMENTS IN LIEU OF TAXES

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

Under the provisions of Chapter 121A, a community may enter into an agreement with a developer, under certain conditions, to pay a percentage of their income from a project rather than pay property taxes. The Town has agreements on two Chapter 121A properties that call for payments of a percentage of gross income varying from 10% to 16.5%. This payment is subject to a minimum and maximum amount set by state law. The minimum payment is \$10.00 per thousand of property value, plus 5% of gross income for the project. A portion of the minimum payment is considered an excise tax and is paid to the State and then turned over to the Town. The difference between the excise tax portion and the total payment (based on 10% to 16.5% of gross income) is directly billed and collected by the Town. The Ch. 121A agreements, along with their estimated FY10 estimated payment, are as follows: \$114,000 for 1371 Beacon St. (Beacon Park Associates) and \$521,000 for 55 Village Way, for a total of \$635,000. This reflects a \$61,000 (10.6%) increase.

PILOTs are estimated to yield \$181,650 for FY10, with \$75,000 coming from the Brookline Housing Authority (BHA). The increase in "Other" is due to the agreements the Board of Selectmen have entered into with a number of non-profits in Brookline, the purpose of which is to help cover a portion of the cost of public safety and public works services. The two largest agreements are with Boston University (estimated at \$55,010) and the Chestnut Benevolent Association (estimated at \$37,322).



REVENUE SOURCE	FY2007 <u>ACTUAL</u>	FY2008 <u>ACTUAL</u>	FY2009 <u>BUDGET</u>	FY2009 <u>ESTIMATE</u>	FY2010 <u>BUDGET</u>	BUDGET INCREASE	
						\$	%
Chapter 121A Projects	641,612	618,040	574,000	630,000	635,000	61,000	10.6%
Brookline Housing Authority	96,351	72,655	95,000	75,000	75,000	(20,000)	-21.1%
Other	<u>36,307</u>	<u>216,620</u>	<u>50,545</u>	<u>235,000</u>	<u>106,650</u>	<u>56,105</u>	<u>111.0%</u>
Totals	<u>774,270</u>	<u>907,315</u>	<u>719,545</u>	<u>940,000</u>	<u>816,650</u>	<u>97,105</u>	<u>13.5%</u>

**TOWN OF BROOKLINE
FY2010 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 \$2.5 million, an amount that is \$105,450 (3.7%) less than the FY09 budgeted amount. This is primarily due to a reduction in the amount of money the Town receives from the sale of its paper waste for recycling purposes. 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 \$92,000.
- Health and Sanitation - these fees, which include Tobacco and Asbestos Fees, are collected by the Health Department. They are level-funded at \$50,000.
- Public Works Fees - these consist primarily of street cutting permits. They are reduced \$1,500 (1.8%) to \$81,000.
- Recycling - this comes from the Town's recycling contract. Entered into in September of 2005, the contract guarantees the Town a minimum of \$10 per ton for recycled paper. Through the Fall of 2008, the Town was receiving more than \$100 per ton for paper. After that, because of the worldwide recession, the demand for goods made with recycled paper dropped off dramatically, driving the per ton price down to the contractual minimum price of \$10 per ton. Therefore, the FY10 estimate is \$36,000, a decrease of \$164,000, or 82%.
- Parking Fees - these fees include revenues from various parking permits, including the residential and commercial permit parking programs; municipal parking space rentals; and rental vehicle lease surcharges. They are increased \$19,500 (4.2%) to \$480,000.
- Credit Card Convenience Fees - this is derived from the \$2 convenience fee charged to users of the On-Line Parking Ticket Payment application. (The \$2 fee is added to the fine amount in an effort to fully recover the costs of the application.) This is increased \$10,000 (20%) to \$60,000.
- Schools (Medicaid Reimbursement) - this is the Medicaid reimbursement for medical services provided to qualified Brookline special education students. It is level-funded at \$230,000.
- Library - these consist of overdue fines and miscellaneous fees and are level-funded at \$110,000.
- 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.
- Hotel/Motel Excise - this revenue source is a 4% tax on gross receipts from room rentals of hotels and motels. It is level-funded at \$685,000.
- Cable Television Franchise Fee - this is a 3% tax on the gross receipts of the local cable television companies. It is estimated to increase \$38,550 (7.9%) to \$525,000 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 FY10 estimate is \$24,000, a reduction of \$8,000 (25%).

REVENUE SOURCE	FY2007	FY2008	FY2009	FY2009	FY2010	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Public Safety	94,190	100,631	92,000	90,000	92,000	0	0.0%
Health and Sanitation	46,070	48,949	50,000	50,000	50,000	0	0.0%
Public Works	83,106	81,653	82,500	80,000	81,000	(1,500)	-1.8%
Recycling	199,318	270,194	200,000	150,000	36,000	(164,000)	-82.0%
Parking Fees	380,477	427,569	460,500	460,000	480,000	19,500	4.2%
Credit Card Convenience Fees	50,002	63,254	50,000	60,000	60,000	10,000	20.0%
Schools (Medicaid Reimbursement)	257,890	209,057	230,000	230,000	230,000	0	0.0%
Library	121,035	122,132	110,000	115,000	110,000	0	0.0%
Detail Surcharges	142,712	158,448	140,000	180,000	140,000	0	0.0%
Hotel/Motel Excise	799,339	742,744	685,000	785,000	685,000	0	0.0%
Cable TV Franchise	630,129	538,290	486,450	565,000	525,000	38,550	7.9%
Pension Reimbursement	46,544	37,401	32,000	32,000	24,000	(8,000)	-25.0%
Totals	2,850,812	2,800,321	2,618,450	2,797,000	2,513,000	(105,450)	-4.0%

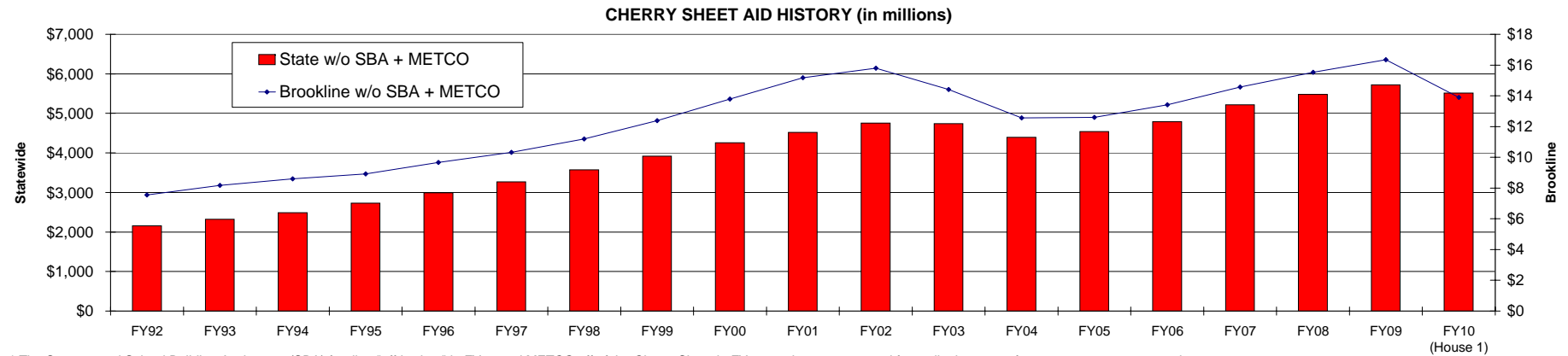
STATE AID SUMMARY

Since the passage of Proposition 2 1/2, municipalities have been dependent upon the State to provide an equitable share of all growth tax revenues. (Growth taxes include income, sales, and corporate taxes.) Since the intergovernmental relationship between municipalities and the State is a vital component of service delivery for cities and towns, any reductions in local 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 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 back 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 local aid began in FY03, both for Cherry Sheet programs (e.g., Ch. 70 (Education) Aid, Additional Assistance, Lottery) and discretionary grant programs (e.g., Education Grants, MWRA Debt Assistance, DARE). 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. These changes are shown in the table below:

	STATEWIDE INCR.	BROOKLINE INCR.
FY06	\$252M (5.6%)	\$825K (6.6%)
FY07	\$424M (8.8%)	\$1.2M (8.6%)
FY08	\$269M (5.2%)	\$952K (6.5%)
FY09	\$240M (4.4%)	\$826K (5.3%)
FY09 Post-9C	\$112M (2%)	\$56K (0.4%)

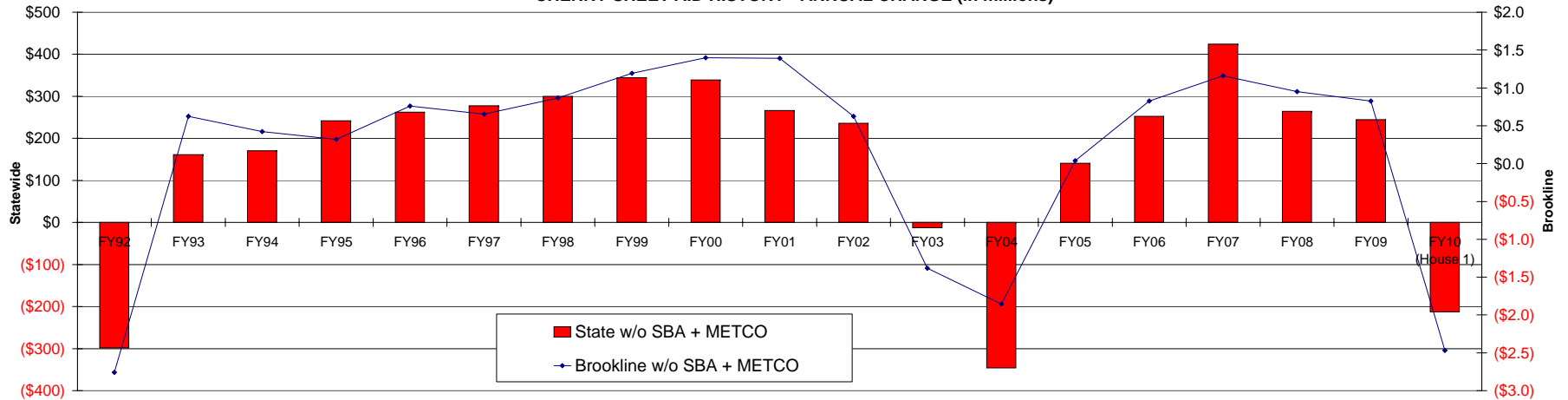
* These figures do not include School Building Assistance (SBA) or METCO funding.



* 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.

REVENUE SOURCE	FY2007 ACTUAL	FY2008 ACTUAL	FY2009 BUDGET	FY2009 ESTIMATE	FY2010 BUDGET	BUDGET INCREASE \$\$	%
General Government Aid	8,631,339	8,654,772	8,687,715	7,917,721	6,258,126	(2,429,589)	-28.0%
School Aid	5,789,916	6,686,568	7,503,679	7,503,679	7,477,676	(26,003)	-0.3%
School Construction Aid	3,442,794	3,442,794	3,267,372	3,267,372	3,267,372	0	0.0%
Tax Exemptions	42,059	41,394	42,059	42,059	41,896	(163)	-0.4%
Education Offset Items	117,738	120,749	122,866	122,866	112,110	(10,756)	-8.8%
Totals	18,023,846	18,946,277	19,623,691	18,853,697	17,157,180	(2,466,511)	-12.6%

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.

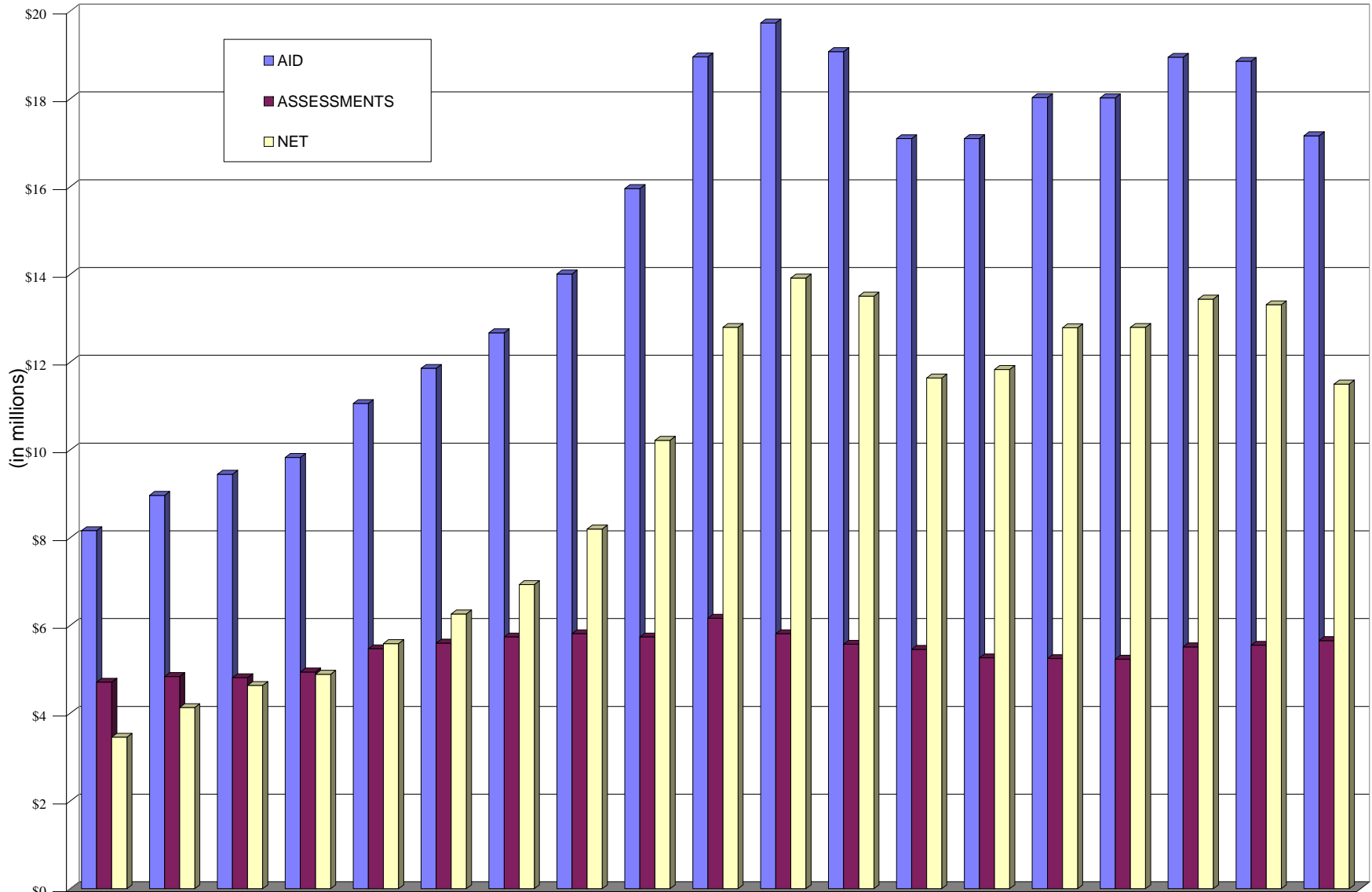
The Governor's FY10 budget proposal combines Additional Assistance and Lottery into a new category called "Unrestricted Aid" and then cuts "Section 3 Aid" (Ch. 70, Lottery, and Additional Assistance) by \$375 million (7.1%) and total Cherry Sheet aid by \$382 million (6.8%). In an effort to reduce that cut, he proposes a one percentage point increase in the State's meals tax and hotel/ motel tax, which would raise \$150 million. That \$150 million would then be allocated back to cities and towns based on a formula, not based on point of origin. If approved, the Section 3 Aid cut would be \$219 million (4.2%) and the total local aid cut would be \$233 million (4.1%). For Brookline, without the allocation from the tax increases, the proposed Section 3 Aid cut would be \$2.3 million (14.7%) and the total local aid cut would be \$2.5 million (12.6%). If the additional taxes were approved, Brookline would receive close to \$900,000, reducing the Section 3 Aid cut to \$1.4 million (8.8%) and reducing the total local aid cut to \$1.6 million (8%).

The tables below shows how the Governor's FY10 local aid proposals are calculated, both statewide (left) and for Brookline (right):

	FY09	FY10	
Chapter 70	3,948,824,061	3,948,824,061	
Additional Assistance	378,517,988		
Lottery	935,028,283		
Unrestricted Aid	0	938,546,271	
"Section 3 Aid" Total	5,262,370,332	4,887,370,332	(375,000,000)
Without Additional Taxes			-7.1%
1% Meals		125,000,000	
1% Hotel / Motel		24,247,706	
Mitigation Aid for < 10%		6,290,435	
Sub-Total Additional Local Aid		155,538,141	
"Section 3 Aid" Total	5,262,370,332	5,042,908,473	(219,461,859)
With Additional Taxes			-4.2%

	FY09 SEC. 3	FY10 SEC. 3	
Ch. 70	7,473,142	7,473,142	
Unrestricted General Gov't Aid		5,645,898	
Add. Assistance	3,497,741	0	
Total Lottery	4,403,998	0	
Revenues from Meals Tax Increase		751,947	
Revenues from Rooms Tax Increase		145,864	
Section 3 Total without Add'l Taxes	15,374,881	13,119,040	(2,255,841) -14.7%
Section 3 Total with Add'l Taxes	15,374,881	14,016,851	(1,358,030) -8.8%

BROOKLINE STATE AID AND ASSESSMENTS



	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03 *	'04	'05	'06	'07	'08	'09 *	'10 (H1)
AID	8.16	8.96	9.44	9.83	11.06	11.86	12.67	14.01	15.96	18.95	19.73	19.08	17.09	17.09	18.03	18.02	18.95	18.85	17.16
ASSESSMENTS	4.71	4.84	4.81	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	5.66
NET	3.45	4.13	4.63	4.89	5.59	6.26	6.93	8.20	10.22	12.79	13.92	13.50	11.64	11.83	12.78	12.79	13.44	13.31	11.50

* The FY03 State Aid figure reflects the \$756,647 mid-year cut announced by Governor on January 30, 2003. The FY09 State Aid figure reflects the \$769,994 mid-year cut announced by Governor on January 28, 2009.

ADDITIONAL ASSISTANCE

Additional Assistance is intended to provide flexible unrestricted aid to 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 School 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. The table below shows the history of Additional Assistance, both statewide and for Brookline, between FY90 and FY09.

	STATEWIDE AMT.	BROOKLINE AMT.
FY90	\$765M	\$6.9M
FY92-FY02	\$476.3M	\$4.4M
FY03 Post 9C Cut	\$403.7M	\$3.7M
FY04-FY08	\$378.5M	\$3.5M
FY09 Orig.	\$378.5M	\$3.5M
FY09 Post-9C Cut	\$341.6M	\$3.2M

As previously mentioned, for FY10 the Governor proposes combining Additional Assistance and Lottery into a single category called "Unrestricted Aid". Once combined, they are then cut by 28.55%, or \$375 million. For Brookline, the cut is \$2.3 million. If the proposal to increase meals and hotel / motel taxes is adopted by the Legislature, then the cut is reduced by \$150 million statewide, or \$897,811 for Brookline.

LOTTERY

Proceeds from the State Lottery, net of prizes and expenses, are intended to be distributed to cities and towns through a formula that is meant to be "equalizing", which means that communities with lower property values receive proportionately more aid than communities with higher values. The formula is based on population and Equalized Property Valuations (EQV), shown below:

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

In 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. For FY93 and FY94, the Legislature increased the distribution by \$23 million to a total of \$329 million. At that point, the "diversion" totaled \$170 million. As a result of increased pressure from local government, the Legislature authorized an additional \$42 million during FY95. They also 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, the amount increased to \$730 million and in FY02 it further increased to \$778 million, which was also the FY03 amount. During this period, Brookline's share of lottery proceeds increased 73%, from \$2.3 million to \$3.98 million.

Unfortunately for cities and towns, the State began to cut the level of revenue distributed back to municipalities when the Governor issued his mid-year cuts in January, 2003. The FY04 level of \$661.4 million was \$116.7 million (15%) below the original FY03 budgeted amount. For Brookline, the 15% cut translated into \$596,624. In FY06, this account was increased \$100 million (15.1%) to \$761.4 million. For Brookline, it resulted in an increase of approximately \$376,000 (11.1%) to \$3.76 million. In FY07, statewide funding increased \$158.7 million, or 20.8%. For Brookline, this translated into an increase of \$589,245 (15.7%) to \$4.3 million. In FY08, the statewide appropriation was increased \$15 million (1.6%) to \$935 million, with Brookline's amount increasing \$58,304 (1.3%) to \$4.4 million. In FY09, Lottery was ultimately level-funded by using other state revenues to plug the difference between the expected net proceeds (\$811 million) and the FY08 budgeted amount (\$935 million). For Brookline, the use of other state receipts to level-fund Lottery avoided a cut of \$584,764.

All of this history is summarized in the table on the following page.

REVENUE SOURCE	FY2007 ACTUAL	FY2008 ACTUAL	FY2009 BUDGET	FY2009 ESTIMATE	FY2010 BUDGET	BUDGET INCREASE	
						\$\$	%
Additional Assistance	3,497,741	3,497,741	3,497,741	3,156,900	0	(3,497,741)	-100.0%
Lottery	4,345,694	4,403,998	4,403,998	3,974,845	0	(4,403,998)	-100.0%
General Gov't Aid	0	0	0	0	5,645,898	5,645,898	-
Veteran's Benefits	55,026	39,542	51,062	51,062	61,624	10,562	20.7%
Police Career Incentive	732,878	713,491	734,914	734,914	550,604	(184,310)	-25.1%
Totals	8,631,339	8,654,772	8,687,715	7,917,721	6,258,126	(2,429,589)	-28.0%

	<u>STATEWIDE AMT.</u>	<u>BROOKLINE AMT.</u>
FY92	\$306M	\$1.7M
FY93 - FY94	\$329M	\$1.8M
FY95	\$391M	\$2.2M
FY96	\$442.6M	\$2.5M
FY97	\$484.2M	\$2.8M
FY98	\$539.7M	\$3.2M
FY99	\$597.5M	\$3.5M
FY00	\$670M	\$3.9M
FY01	\$730M	\$4.4M
FY02	\$778.1M	\$4M
FY03 Post 9C Cut	\$705.3M	\$3.6M
FY04 - FY05	\$661.4M	\$3.4M
FY06	\$761.4M	\$3.8M
FY07	\$920M	\$4.3M
FY08 - FY09	\$935M	\$4.4M
FY09 Post-9C Cut	\$843.9M	\$4M

As previously mentioned, for FY10 the Governor proposes combining Additional Assistance and Lottery into a single category called "Unrestricted Aid". Once combined, they are then cut by 28.55%, or \$375 million. For Brookline, the cut is \$2.3 million. If the proposal to increase meals and hotel / motel taxes is adopted by the Legislature, then the cut is reduced by \$150 million statewide, or \$897,811 for Brookline.

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 FY09 was \$21 million, with Brookline's share being \$51,062. The Governor's FY10 budget proposal increases statewide funding by \$6.8 million (32.5%). Based on the Preliminary Cherry Sheets, Brookline will receive \$61,624, an increase of \$10,562 (20.7%).

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. The Governor's FY10 budget proposal cuts the statewide appropriation by \$8 million (15.9%) to \$42.2 million. Based on the Preliminary Cherry Sheets, Brookline will receive \$550,604, a decrease of \$184,310, or 25.1%.

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.

Under the provisions of the Act, every school system must meet certain minimum levels of spending. Two key factors are the Standard of Effort, which measures the local contribution toward education, and the Foundation Budget, which measures the minimum amount necessary to provide a quality education on a per pupil basis. These two measures determine which types of aid a community is entitled. They also highlight those communities that need to increase their own contribution.

SCHOOL AID - CHAPTER 70 (con't.)

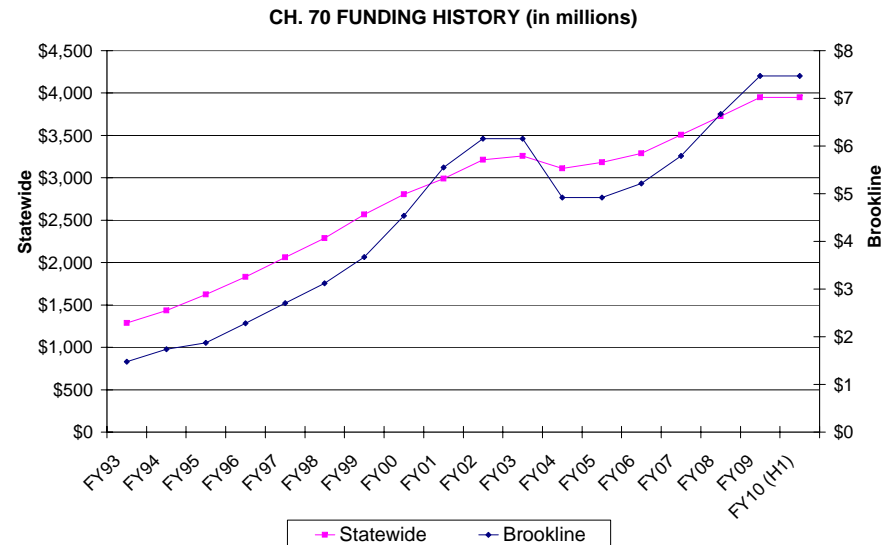
The reform legislation targeted the majority of funds to poorer communities and required them to increase school spending. School districts with relatively higher property wealth, such as Brookline, tend to be classified as Minimum Aid communities. Minimum Aid communities were originally entitled to 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. Since FY07, the State has been using the "aggregate wealth model" to distribute new Ch. 70 monies. This distribution formula, in the simplest of explanations, as it is a quite complex model, 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 chart below shows. 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%), going from \$1.48 million to more than \$6 million.

The Governor's FY10 budget proposal level-funds Ch. 70 statewide at \$3.9 billion. By doing so, the five-year phase-in of the aggregate wealth model for calculating required local contributions is suspended. (FY10 would have been the fourth year.) Level-funding means that as foundation budget costs increase, some school districts will have insufficient state aid to spend at the foundation budget levels that the State has estimated to be the minimum amount needed to provide an adequate educational program. House 1 estimates the need to bring all communities to foundation is \$300 million.

The history since FY03 is shown in the table and graph below:

	<u>Statewide Incr.</u>	<u>Brookline Incr.</u>
FY03	\$45.4M (1.4%)	\$0
FY04	-\$147.4M (-4.5%)	-\$1.2M (20%)
FY05	\$72.2M (2.3%)	\$0
FY06	\$105.6M (3.3%)	\$292K (5.9%)
FY07	\$216.6M (6.6%)	\$576K (11%)
FY08	\$220.2M (6.3%)	\$878K (15.2%)
FY09	\$223.1M (6%)	\$805K (12.1%)
FY10	\$0	\$0



REVENUE SOURCE	FY2007 <u>ACTUAL</u>	FY2008 <u>ACTUAL</u>	FY2009 <u>BUDGET</u>	FY2009 <u>ESTIMATE</u>	FY2010 <u>BUDGET</u>	BUDGET INCREASE	
						\$	%
School Aid Chapter 70	5,789,916	6,667,814	7,473,142	7,473,142	7,473,142	0	0.0%
School Construction Aid	3,442,794	3,442,794	3,267,372	3,267,372	3,267,372	0	0.0%
Charter Tuition Assessment Reimbursemen	0	18,754	30,537	30,537	4,534	(26,003)	-85.2%
Totals	9,232,710	10,110,608	10,740,514	10,740,514	10,740,514	0	0.0%

SCHOOL TRANSPORTATION

Chapter 71, Section 7A, provides for reimbursement of the previous year's costs of transporting students who live more than 1.5 miles from school. Reimbursement is subject to a \$5 deductible per student and is usually pro-rated due to short funding by the State. Section 37D provides for reimbursement of the transportation costs associated with the program for eliminating racial isolation without the 1.5 miles minimum requirement. Chapter 71A, Section 8, and Chapter 71B, Sections 13 and 14, provide for reimbursement of the incremental costs of transportation for bilingual and special needs students without the 1.5 miles minimum requirement. In FY02, total municipal statewide funding was \$55.3 million. In FY03, it was cut 10%. In FY04, all funding was eliminated, resulting in a loss of \$217,681 for the Town. Since then, no funding has been restored.

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 (one of which was the Lawrence School) 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. An 18-member advisory board was established, including municipal officials, to provide advice to the new authority. The new law provided an "off budget" revenue stream for future projects: roughly 20% of the sales tax revenue is dedicated to a special trust fund to finance the State's share of projects. The new law pays in full the State's share of projects already receiving payments and projects on the waiting list. Projects already receiving payments continued to receive annual reimbursement of principal and interest for the rest of the payment period for the project. Projects on the waiting list, including already-built schools and not-yet-started schools, received up-front payment of the full state share of principal and interest on temporary borrowing. Municipalities and school districts will borrow only for the local share of any project.

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%, and the maximum local contribution was increased from 50% to 60%.

While there is much to be desired in the restructured SBA program, including the elimination of the waiting list in 3 1/2 years versus the prior 10 - 12 year time frame, a dedicated funding stream, and no cuts in subsidy levels for current projects and current waitlist projects, the fact that there will be a reduction in reimbursement rates for future projects means that an outcome of the new law is that municipalities will have to pay more for a school project. It has also become quite evident that the dedicated sales tax will not fund many projects annually. The Authority will have approximately \$669 million for distribution in FY10, an amount that sounds large, but, based on school construction costs, will only fund a minimal number of major school projects.

The FY10 - FY15 CIP, which is detailed in Section VII of this Financial Plan, shows that the Town can afford \$15.8 million for the Runkle School project and \$33.2 million for the Devotion School project. Since the current estimates for the two projects are \$24 million (Runkle) and \$50 million (Devotion), the only way the full projects can be undertaken is with SBA assistance. In January, 2009, the Town and the MSBA announced that a firm had been selected to design the Runkle project. Since neither the total project cost nor the reimbursement rate are known at this time, potential changes to this project could very well be reflected in next year's CIP. As for the Devotion School, the Town must wait at least a couple of years to see if MSBA funding would be awarded. If the MSBA does not approve funding for the Devotion School, then the total project will be \$33.2 million, not a \$55.3 million project, unless additional funding was made available through a Debt Exclusion vote.

Under the new program, the Town will continue to receive payments under the existing schedule, which total \$3.27 million. That funding reimburses the Town for principal and interest costs for the following four projects:

1. Lincoln School - between FY96 and FY08, the Town received annual payments of \$616,287. For FY09 - FY12, the payments will be \$640,509 per year. The total (\$10.57 million) represents the State's 61% share of the project.
2. 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.

SCHOOL CONSTRUCTION AID (con't.)

3. High School - between FY01 and FY08, the Town received annual payments of \$2,214,516. For FY09-FY19, the payments will be \$2,039,737 per year. The total (\$42.19 million) represents the State's 61% share of the project.

4. Baker School - between FY03 and FY08, the Town received annual payments of \$489,896. For FY09-FY22, the payments will be \$465,031 per year. The total (\$9.45 million) represents the State's 61% share of the project.

As for the Lawrence School, the Town received 75% of its anticipated reimbursement in FY06, which allowed the Town to pay off a \$7.9 million BAN. The remaining 25% was received in FY07, once the normal auditing process was completed by the State.

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 22A-22E provide for tax exemptions for veterans that meet certain criteria. The amount of the exemption ranges from \$250 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 FY09, the combined impact of the COLAs since FY04 has increased the estate provision to \$49,253. 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). In FY09, the combined impact of the COLAs since FY04 has increased the income provision to \$16,007 single / \$18,470 married and increased the asset provision to \$34,477 single / \$36,940 married.

REVENUE SOURCE	FY2007 ACTUAL	FY2008 ACTUAL	FY2009 BUDGET	FY2009 ESTIMATE	FY2010 BUDGET	BUDGET INCREASE	
						\$	%
Veterans/Blind/Surviving Spouse	40,553	39,888	40,553	40,553	41,896	1,343	3.3%
<u>Elderly Taxpayer</u>	<u>1,506</u>	<u>1,506</u>	<u>1,506</u>	<u>1,506</u>	<u>0</u>	<u>(1,506)</u>	<u>-100.0%</u>
Totals	42,059	41,394	42,059	42,059	41,896	(163)	-0.4%

TAX EXEMPTION AID (con't)

In FY09, the total appropriation for all of these exemption reimbursements was \$26.7 million, with Brookline receiving \$42,059. In the Governor's FY10 budget proposal, total statewide funding is decreased \$1.8 million (6.8%) to \$24.9 million. For Brookline, the reimbursement is estimated at \$41,896, an amount that is \$163 (0.4%) less than FY09.

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.

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. Commencing in FY93, elderly lunch reimbursements were no longer included on the Cherry Sheet. Statewide FY09 funding totaled \$5.4 million. The Governor's FY10 budget proposal reduces that amount by \$208,881 (3.8%) to \$5.2 million. For Brookline, funding is estimated at \$21,193, an increase of \$2,271 (11.6%).

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-24. 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 FY09 funding totaled \$10 million. The Governor's FY10 budget proposal cuts the appropriation by \$1.4 million to \$8.6 million. For Brookline, funding is estimated at \$90,198, an amount that is \$13,026 less than FY09.

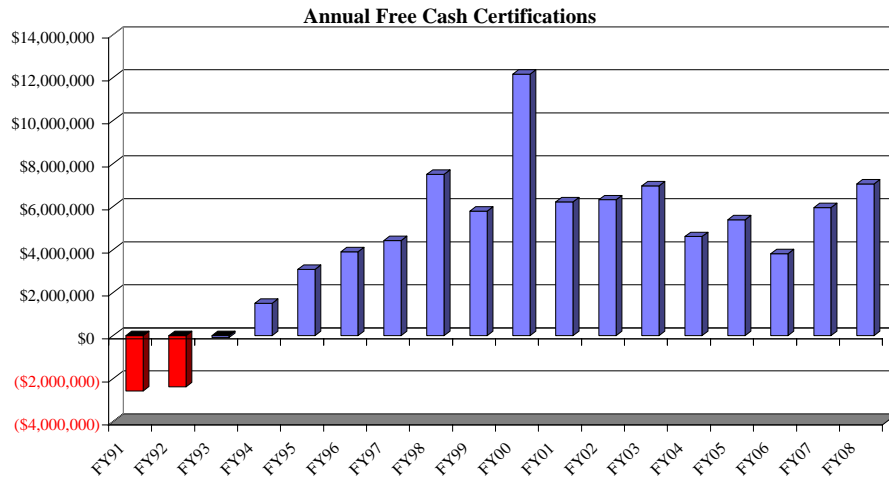
REVENUE SOURCE	FY2007	FY2008	FY2009	FY2009	FY2010	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Lunch Programs	19,993	22,427	19,642	19,642	21,913	2,271	11.6%
Public Libraries	97,745	98,322	103,224	103,224	90,198	(13,027)	-12.6%
Totals	117,738	120,749	122,866	122,866	112,110	(10,756)	-8.8%

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. 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, states that all Free Cash, after funding reserves at target levels, goes to support the Town's Capital Improvement Program (CIP).

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. Massachusetts General Law permits an updated Free Cash determination during the fiscal year. Any community may request the DOR to compute an Adjusted Free Cash based upon their collections, net of refunds, of the previous years' property taxes. The collection period, under normal circumstances, begins July 1, the first day of the new fiscal year, and may not go beyond March 31, or nine months later, except in years when bills are late. Special rules apply to those unusual years.

From FY91 through FY93, Free Cash was certified with negative balances, as can be seen in the graph below. 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 the strong economy of the late 1990's have contributed to the favorable levels of Free Cash. The Free Cash certification for funds available for use in FY10 (i.e., Free Cash as of 7/1/08) increased \$1.1 million (18.4%) to \$7.05 million.



Due to the difficulty in predicting Free Cash and the need to provide some reserve for potential unforeseen or extraordinary expenses, especially in a tight budgeting environment, the Selectmen have adopted a formal Free Cash appropriation policy. An amount equivalent to 0.25% of the prior year's net revenue (approximately \$460,000) is appropriated for use as part of the Town's operating budget. When combined with the tax-supported portion of the budget reserve, which is an amount equivalent to 0.75% of the prior year's net revenue, the result is a total budget reserve equivalent to 1% of the prior year's net revenue.

The Free Cash balance as of the close of FY08 has been certified at \$7,053,295. After making the following appropriations, \$3,121,351 is available for capital improvements:

- \$458,547 to the Operating Budget Reserve Fund
- \$1,443,397 to the Liability/Catastrophe Fund
- \$2,030,000 for Other Special Appropriations

REVENUE SOURCE	FY2007 ACTUAL	FY2008 ACTUAL	FY2009 BUDGET	FY2009 ESTIMATE	FY2010 BUDGET	BUDGET INCREASE	
						\$	%
Free Cash appropriated for:							
Capital Improvements	4,491,704	2,891,385	5,020,852	5,020,852	3,121,351	(1,899,500)	-37.8%
Operating Budget Reserve Fund	398,444	418,778	436,636	436,636	458,547	21,910	5.0%
Stabilization Fund	22,248	0	0	0	0	0	-
Affordable Housing Trust Fund	0	0	0	0	0	0	-
Worker's Compensation Trust Fund	250,000	250,000	200,000	200,000	0	(200,000)	-100.0%
Liability Reserve	225,039	254,629	297,475	297,475	1,443,397	1,145,922	385.2%
Other Special Appropriations	0	0	0	0	2,030,000	2,030,000	-
Totals	5,387,435	3,814,792	5,954,963	5,954,963	7,053,295	1,098,332	18.4%

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 FY10 appropriations is \$6.9 million, an increase of \$955,412 (17.6%) from the amount available in FY09.

1. **Parking Meter Receipts** - an increase of \$50,000 (2%) to \$2.55 million is anticipated.
2. **Walnut Hills Cemetery Funds** - these are receipts from the sale of lots and income from the perpetual care fund, which are deposited into separate funds. The transfer from these funds to the General Fund is to reimburse the General Fund for the expenses associated with the operation of the cemetery, which is funded in the DPW budget.
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 in FY10.
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 the FY01 loan from the Town, the Town Fee (i.e., projected year-end surplus), and property insurance. The total reimbursement increases \$7,285 (4.1%). The Town Fee component decreases \$15,184 (20.1%).
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 53E1/2, 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 FY10 reimbursement increases \$12,843 (6.5%) to \$210,870.
6. **Water and Sewer Enterprise Fund Reimbursement** - this reimbursement to the General Fund consists of fringe benefits and certain interdepartmental expenses. The total reimbursement increases \$191,639 (10.2%).
7. **Tax Abatement Reserve Surplus** - also known as the Overlay Reserve Surplus, the \$1,505,000 for FY10 is being to fund one-time expenses, per the Town's policies.
8. **Capital Project Surplus** - \$1,680,000 of remaining balances from existing capital projects is being re-appropriated to support the CIP, an increase of \$1.1 million (185%) from FY09.
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 FY09, no funds are anticipated to be available from this revenue source.

REVENUE SOURCE	FY2007	FY2008	FY2009	FY2009	FY2010	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Parking Meter Receipts	1,930,000	2,495,486	2,500,000	2,500,000	2,550,000	50,000	2.0%
Walnut Hill Cemetery Fund	50,000	100,000	50,000	50,000	50,000	0	0.0%
State Aid for Libraries	41,555	41,555	41,555	41,555	41,555	0	0.0%
Golf Enterprise Fund Reimbursement	371,402	373,004	179,064	179,064	186,349	7,285	4.1%
Recreation Revolving Fund Reimbursemen	145,601	186,355	198,027	198,027	210,870	12,843	6.5%
Water and Sewer Enterprise Fund Reimb.	4,836,456	4,513,660	1,877,687	1,877,687	2,069,326	191,639	10.2%
Tax Abatement Reserve Surplus	950,000	850,000	0	0	1,505,000	1,505,000	-
Capital Project Surplus	623,039	43,552	590,000	590,000	1,680,000	1,090,000	184.7%
Sale of Town-owned Land Fund	0	0	550,000	550,000	0	(550,000)	-100.0%
Totals	8,948,053	8,603,612	5,436,333	5,436,333	8,293,101	2,306,768	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.

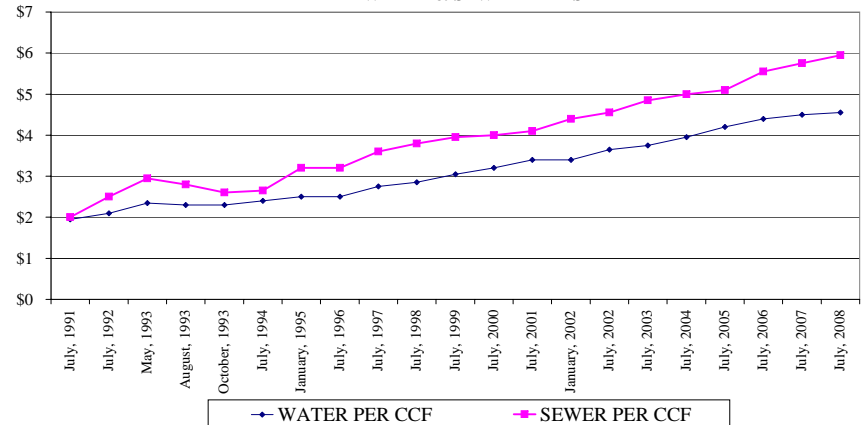
The operation is treated as an enterprise fund under Massachusetts General Laws, Ch. 44, Sec. 53F1/2. The Enterprise Fund was established by Town Meeting in 2001. Prior to that vote, the Water and Sewer operation was accounted for in the General Fund. Treating the operation as an enterprise fund allows for the use of the full accrual basis of accounting, a requirement of the Government Accounting Standards Board's (GASB) financial reporting standard GASB 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 FY10 will increase by \$630,493 (2.7%) over FY09. The increase is driven primarily by the MWRA Assessment (+\$548,000). 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.

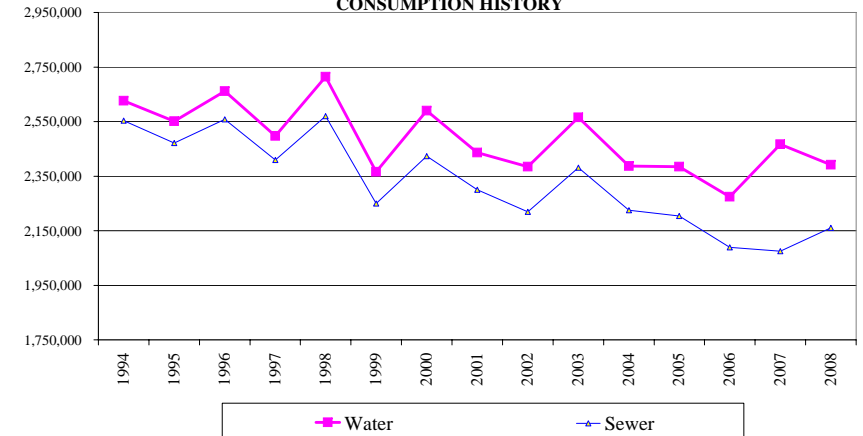
The financial condition of the Enterprise Fund has improved greatly over the past few years. After budgetary deficits were realized in three consecutive years (FY01-FY03), FY04 and FY05 produced surpluses, reducing the overall negative fund balance. Unfortunately, FY06 realized a deficit that was covered as part of the FY07 rate setting process. The FY06 deficit was the result of a record low water consumption level. When consumption estimates (i.e., sales estimates) are not met, revenue is not generated at the estimated levels and a revenue deficit occurs. As the chart to the right shows, there has been a gradual decrease in consumption. In both FY07 and FY08, the fund realized an operating surplus, ending FY08 in a positive fund balance situation. The Town will continue to monitor consumption and reduce the estimate, if necessary, to avoid operating deficits.

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.

WATER & SEWER RATES



CONSUMPTION HISTORY



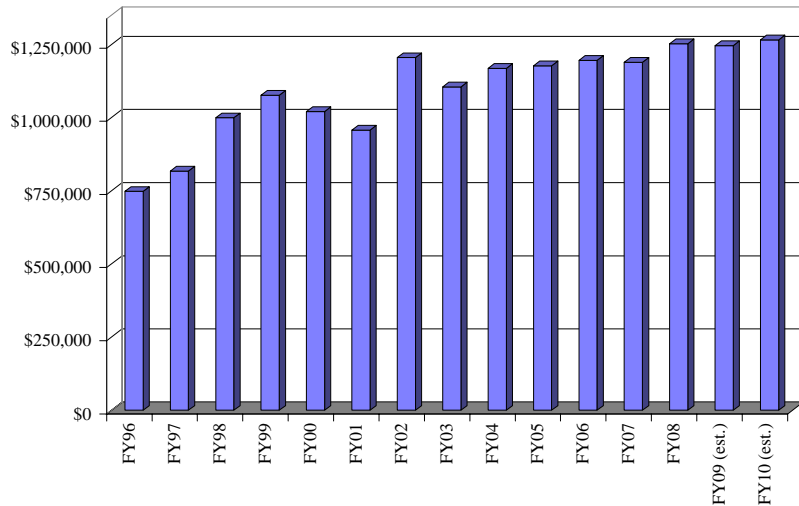
REVENUE SOURCE	FY2007 ACTUAL	FY2008 ACTUAL	FY2009 BUDGET	FY2009 ESTIMATE	FY2010 BUDGET	BUDGET INCREASE	
						\$S	%
Water and Sewer Charges	22,270,193	22,235,871	23,149,017	23,149,017	23,800,644	651,627	2.8%
Late Payment Fees	100,918	103,714	120,000	120,000	120,000	0	0.0%
Service Fees	108,839	119,336	120,000	120,000	120,000	0	0.0%
Rate Relief (State Aid)	57,486	49,798	21,134	0	0	(21,134)	-100.0%
Misc	11,304	29,066	9,300	9,300	9,300	0	0.0%
Gross Total	22,548,740	22,537,785	23,419,451	23,398,317	24,049,944	630,493	2.7%
less Reimbursement to the General Fund	4,836,456	4,513,660	1,877,687	1,877,687	2,069,326	191,639	10.2%
Net Total	17,712,284	18,024,125	21,541,764	21,520,630	21,980,618	438,854	2.0%

GOLF COURSE ENTERPRISE

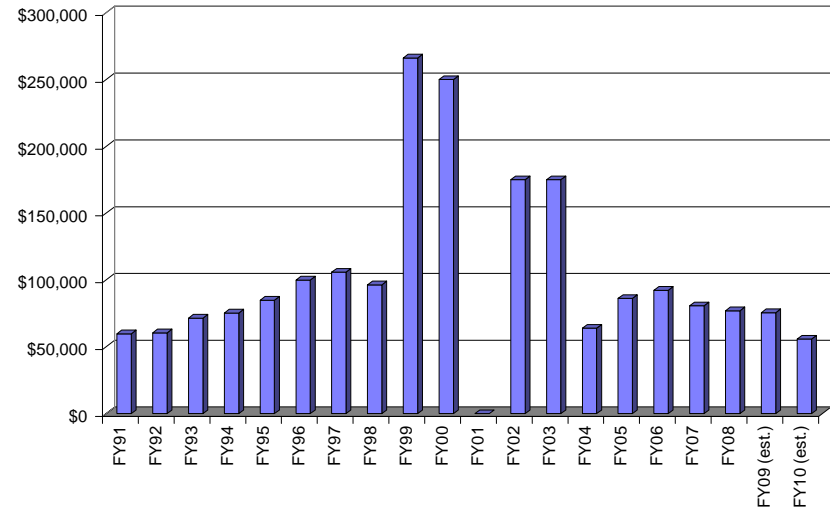
The Recreation Department is responsible for the operation of the Town-owned Robert T. Lynch Municipal Golf Course at Putterham Meadows. In doing so, the Department collects golf course-related revenues for green fees, golf cart rentals, concessions, and Pro Shop sales that are deposited into the Golf Course Enterprise Fund, as allowed for under Massachusetts General Laws, Ch. 44, Sec. 53F1/2. 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 GASB statement #34. The Enterprise Fund fully reimburses the General Fund for expenses incurred on behalf of the golf operation, including fringe benefits. In addition to covering 100% of its expenses, the Enterprise Fund sends to the General Fund its projected year-end operating surplus, thereby supplying the General Fund with an annual source of revenue to support other operations. The history of this so-called "Town Fee" is shown in the bottom-right graph.

In FY10, collections are estimated to total \$1.27 million, an increase of \$20,000 (1.6%) from the budgeted FY09 figure, the result of using \$15,000 of retained earnings for a one-time expense. 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



GOLF COURSE ENTERPRISE FUND "TOWN FEE" PAYMENTS

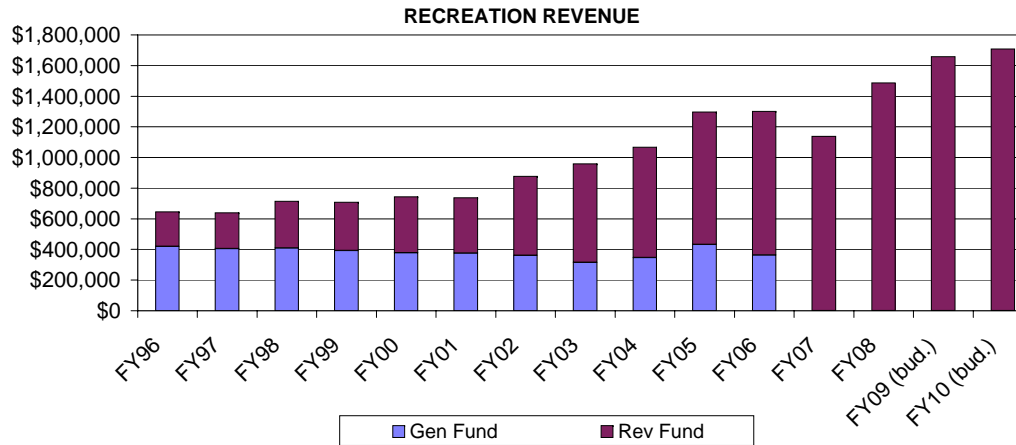


REVENUE SOURCE	FY2007	FY2008	FY2009	FY2009	FY2010	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Green Fees / Permits	999,729	1,031,274	1,030,000	1,030,000	1,030,000	0	0.0%
Cart Rentals	81,974	95,167	85,000	85,000	85,000	0	0.0%
Pro Shop	78,476	92,243	90,000	90,000	90,000	0	0.0%
Concessions	13,569	19,327	20,000	20,000	25,000	5,000	25.0%
Other	16,230	15,055	21,200	21,200	21,200	0	0.0%
<u>Retained Earnings</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,000</u>	<u>15,000</u>	-
Gross Total	1,189,978	1,253,066	1,246,200	1,246,200	1,266,200	20,000	1.6%
less Reimbursement to the General Fund	371,402	373,004	179,064	179,064	186,349	7,285	4.1%
Net Total	818,576	880,062	1,067,136	1,067,136	1,079,851	12,715	1.2%

RECREATION REVOLVING FUND

Established by Town Meeting in 1992 per the provisions of Massachusetts General Laws Chapter 44, Section 53E1/2, the Recreation Revolving Fund holds the fees collected for the programs the Recreation Department sponsors. Beginning in FY07, all Recreation Department revenue is deposited in the Revolving Fund, as opposed to being split between the General Fund and 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 FY10 estimate for the Revolving Fund is \$1.7 million, an increase of \$49,570 (3%). This increase in revenue helps cover the \$12,843 increase in the Reimbursement to the General Fund. 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.



REVENUE SOURCE	FY2007	FY2008	FY2009	FY2009	FY2010	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Adult Programs	0	0	17,000	17,000	20,000	3,000	17.6%
Amory & Main Gym	51,394	35,730	0	0	0	0	-
Aquatic	79,672	264,114	350,163	350,163	355,163	5,000	1.4%
Community Programs	0	0	16,160	16,160	16,160	0	0.0%
Environmental Programs	22,206	27,584	65,378	65,378	68,647	3,269	5.0%
Facility Program	86,905	98,109	0	0	0	0	-
Ice Skating	97,018	109,717	97,018	97,018	97,018	0	0.0%
Permits	0	0	80,050	80,050	84,060	4,010	5.0%
Recreation Admin	0	0	53,800	53,800	53,800	0	0.0%
School Based Programs	368,463	431,432	414,054	414,054	445,605	31,551	7.6%
Ski Programs and Trips	17,410	17,524	0	0	0	0	-
Summer Camp	166,582	226,550	263,000	263,000	265,740	2,740	1.0%
Teen Programs	28,312	41,558	23,000	23,000	23,000	0	0.0%
Tennis/Open Basketball Programs	0	0	42,700	42,700	42,700	0	0.0%
Youth Programs	102,650	111,055	235,040	235,040	235,040	0	0.0%
Youth Soccer	117,540	122,740	0	0	0	0	-
Gross Total	1,138,152	1,486,113	1,657,363	1,657,363	1,706,933	49,570	3.0%
less Reimbursement to the General Fund	145,601	186,355	198,027	198,027	210,870	12,843	6.5%
Net Total	992,551	1,299,758	1,459,336	1,459,336	1,496,063	36,727	2.5%

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
FY2010 FINANCING PLAN**

FUND ACCOUNTING: Actual FY08 Consolidated Summary

COMBINED SUMMARY OF REVENUES AND EXPENDITURES (Budgetary basis) - FY08

	Governmental General Fund	Special Revenue - Recreation Revolving Fund	Other Special Revenue	Enterprise - Water & Sewer	Enterprise - Golf	Capital Projects	Trust & Agency Funds	Private Purpose Trust Funds	Internal Service Funds	Total All Funds
Revenues										
Real & Personal Property Taxes, net of refunds	133,860,013									\$ 133,860,013.00
Motor Vehicle & other Excise Taxes	5,291,912									\$ 5,291,912.00
hotel/Motel Tax	742,744									\$ 742,744.00
Charges for Services	4,892,038	1,486,112	3,989,890	22,478,955	1,253,065					\$ 34,100,059.73
Penalites & Interest on Taxes	455,388									\$ 455,388.00
PILOT	907,316									\$ 907,316.00
Licenses and Permits	3,622,581									\$ 3,622,581.00
Fines & forfeitures	4,555,357		12,550							\$ 4,567,907.00
Intergovernmental	19,087,776		10,885,509	49,798						\$ 30,023,083.00
Departmental & other	731,697		3,849,475				2,773,573			\$ 7,354,744.74
Contributions			2,282,317				411,562	125,217	70,000	\$ 2,889,096.26
Other Revenue			296,076	2,835						\$ 298,910.68
Investment Income	1,934,480		87,605				540,647	(47,322)	105,464	\$ 2,620,874.03
Total Revenues	\$ 176,081,302	\$ 1,486,112	\$ 21,403,422	\$ 22,531,588	\$ 1,253,065	\$ -	\$ 3,725,782	\$ 77,895	\$ 175,464	\$ 226,734,629
Expenditures:										
Current:										
General Government	9,963,090		124,032			10,502,741	422,799		240,143	\$ 21,252,805.23
Public Safety	32,575,654		664,675			49,107	2,830,574			\$ 36,120,009.78
Education	63,929,279		12,405,677			304,150		224,340		\$ 76,863,446.19
Public Works	15,985,179		2,350,608	17,701,423		4,184,157	29,190			\$ 40,250,556.98
CDBG			1,889,642							\$ 1,889,642.27
Human Services	2,154,633		379,521			100	(40,726)			\$ 2,493,527.73
Leisure Services	4,816,786	1,284,857	177,477		781,986	146,214	186,491			\$ 7,393,810.56
Pension benefits	11,038,289									\$ 11,038,289.00
Fringe Benefits	21,294,411		101						1,669,931	\$ 22,964,442.77
State and county charges	5,410,405									\$ 5,410,405.00
Debt Service:										
Principal	7,290,036			2,000,842	143,709					\$ 9,434,587.00
Interest	3,542,544			884,411	38,916					\$ 4,465,871.00
Total Expenditures	\$ 178,000,306	\$ 1,284,857	\$ 17,991,733	\$ 20,586,676	\$ 964,611	\$ 15,186,469	\$ 3,428,327	\$ 224,340	\$ 1,910,074	\$ 239,577,394
Excess (deficiency) of Revenues over Expenditures	\$ (1,919,004)	\$ 201,255	\$ 3,411,689	\$ 1,944,912	\$ 288,454	\$ (15,186,469)	\$ 297,455	\$ (146,445)	\$ (1,734,610)	\$ (12,842,764)
Other Financing Sources (Uses):										
Proceeds from bonds & notes	(14,868)									\$ (14,868.00)
Premium from issuance of bonds	86,828					8,910,000				\$ 8,996,828.00
Sale of Capital Assets	252,300									\$ 252,300.00
Overlay Transfer	-									\$ -
Insurance recovery	804,405		79,858	6,206						\$ 890,468.86
Transfers in	4,736,749		5,140						2,270,629	\$ 7,012,518.00
Transfers out	(2,270,629)	(186,355)	(2,637,041)	(1,495,008)	(373,004)	(45,341)	(5,140)			\$ (7,012,518.00)
Total Other Financing Sources (Uses):	\$ 3,594,785	\$ (186,355)	\$ (2,552,043)	\$ (1,488,802)	\$ (373,004)	\$ 8,864,659	\$ (5,140)	\$ -	\$ 2,270,629	\$ 10,124,729
Other Adjustments to Fund Balance	\$ -	\$ -	\$ 246,952	\$ (133,399)	\$ 182,625	\$ 2,409,488	\$ -	\$ 14,175	\$ -	\$ 2,719,842
Net Change in Fund Balances	\$ 1,675,781	\$ 14,900	\$ 859,646	\$ 456,110	\$ (84,550)	\$ (6,321,810)	\$ 292,315	\$ (146,445)	\$ 536,019	\$ (2,718,035)
Fund Balance at Beginning of Year	\$ 32,376,246	\$ 148,660	\$ 11,316,077	\$ (141,961)	\$ 118,170	\$ 5,006,725	\$ 12,375,831	\$ 4,821,143	\$ 7,721,805	\$ 73,742,697
Fund Balance at End of Year	\$ 34,052,027	\$ 163,559	\$ 12,422,675	\$ 180,750	\$ 216,246	\$ 1,094,403	\$ 12,668,146	\$ 4,688,873	\$ 8,257,824	\$ 73,744,503

SOURCE: Office of the Comptroller

