

**TOWN OF BROOKLINE  
FY2009 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 \$193.17 million, or 89% of total Financial Plan revenues. Total Financial Plan revenue is \$217.08 million, which represents an increase of \$8.17 million, or 3.9%.

FY09 General Fund revenues are projected to increase by \$4.6 million (2.4%) from the FY08 budgeted amounts. Operating revenue, which is General Fund revenue less revenues that support the Capital Improvement Program (CIP) and the Enterprise Fund Reimbursements, the increase is \$5.5 million, or 3.1%. The below left table summarizes where the increases and decreases come from while the table to the below right shows the calculation of Operating Revenue.

| <b>SOURCE</b>                       | <b>\$ CHANGE<br/>(Millions)</b> | <b>% CHANGE</b> |
|-------------------------------------|---------------------------------|-----------------|
| Property Taxes                      | \$5.24                          | 3.9%            |
| Motor Vehicle Excise                | \$0.26                          | 5.3%            |
| Parking Fines / Fees                | \$0.24                          | 5.4%            |
| Interest Income                     | -\$0.71                         | -25.9%          |
| Building Permits                    | -\$0.10                         | -4.3%           |
| State Aid                           | \$0.63                          | 3.3%            |
| "Free Cash"                         | \$2.14                          | 56.1%           |
| Overlay Reserve Surplus             | -\$0.85                         | -100.0%         |
| Enterprise Fund Reimb. to Gen. Fund | -\$2.83                         | -57.9%          |
| Sale of Town-owned Land Fund        | \$0.55                          | -               |
| <b>TOTAL</b>                        | <b>\$4.59</b>                   | <b>2.4%</b>     |

|                                     | <b>FY08</b>        | <b>FY09</b>        | <b>\$ Change</b> | <b>% Change</b> |
|-------------------------------------|--------------------|--------------------|------------------|-----------------|
| Total Gen Fund Rev                  | 188,572,460        | 193,166,249        | 4,593,790        | 2.4%            |
| Revenue for CIP                     | 4,833,947          | 6,699,963          | 1,866,016        | 38.6%           |
| Free Cash                           | 3,814,792          | 5,954,963          | 2,140,171        | 56.1%           |
| Tax Abatement Reserve Surplus       | 850,000            | 0                  | (850,000)        | -100.0%         |
| Sale of Town-owned Land Fund        | 0                  | 550,000            | 550,000          | -               |
| Capital Project Surplus             | 169,155            | 195,000            | 25,845           | 15.3%           |
| Sub-Total                           | 183,738,513        | 186,466,286        | 2,727,774        | 1.5%            |
| Revenue for Overhead Reimbursements | 5,073,019          | 2,254,778          | (2,818,241)      | -55.6%          |
| <b>OPERATING REVENUE</b>            | <b>178,665,493</b> | <b>184,211,509</b> | <b>5,546,015</b> | <b>3.1%</b>     |

The State Aid figures used in this Financial Plan are based on the Governor's FY09 budget proposal, which was submitted on January 23rd. For Brookline, the Governor's proposal resulted in a State Aid increase of \$809,240, or 5.2%, exclusive of school building assistance (SBA). Since the final State Aid figures could be different by the time a final FY09 state budget is approved, there is the possibility of amendments to the Financial Plan.

A detailed description and analysis of the FY09 revenue items and related changes are found within the pages that follow. The FY06 and FY07 columns represent revenues collected during those respective years. The FY08 Budget column reflects the revenue projections used in setting the FY08 tax rate, while the FY08 Estimate column contains current expectations of revenues for the fiscal year based upon actual receipts through December 31, 2007 and revised estimates for the remaining six months. The FY09 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 FY09 versus the FY08 Budget.

| REVENUE SOURCE                       | FY2006             | FY2007             | FY2008             | FY2008             | FY2009             | BUDGET INCREASE  |             |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|-------------|
|                                      | ACTUAL             | ACTUAL             | BUDGET             | ESTIMATE           | BUDGET             | \$               | %           |
| Property Taxes                       | 121,812,454        | 128,871,387        | 135,811,901        | 135,811,901        | 141,059,080        | 5,247,179        | 3.9%        |
| Local Receipts                       | 22,986,108         | 23,281,092         | 21,243,421         | 23,045,800         | 20,953,925         | (289,496)        | -1.4%       |
| State Aid                            | 17,951,657         | 18,023,846         | 18,973,131         | 18,973,131         | 19,606,949         | 633,818          | 3.3%        |
| Free Cash                            | 4,606,534          | 5,387,435          | 3,814,792          | 3,814,792          | 5,954,963          | 2,140,171        | 56.1%       |
| Other Available Funds                | 7,691,658          | 8,948,053          | 8,729,215          | 8,729,215          | 5,591,333          | (3,137,882)      | -35.9%      |
| <b>General Fund Revenues</b>         | <b>175,048,412</b> | <b>184,511,814</b> | <b>188,572,460</b> | <b>190,374,839</b> | <b>193,166,249</b> | <b>4,593,790</b> | <b>2.4%</b> |
| Water and Sewer Enterprise *         | 15,880,810         | 17,712,284         | 18,108,965         | 18,108,965         | 21,439,780         | 3,330,815        | 18.4%       |
| Golf Enterprise *                    | 816,977            | 818,576            | 880,164            | 880,164            | 1,067,136          | 186,972          | 21.2%       |
| Recreation Revolving Fund *          | 819,035            | 992,551            | 1,339,551          | 1,339,551          | 1,402,126          | 62,575           | 4.7%        |
| <b>Total Financial Plan Revenues</b> | <b>192,565,234</b> | <b>204,035,225</b> | <b>208,901,139</b> | <b>210,703,518</b> | <b>217,075,292</b> | <b>8,174,152</b> | <b>3.9%</b> |

\* 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                                     | FY06               | FY07               | FY08               | FY09               | FY09 vs FY08       |               |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|---------------|
|  | ACTUAL             | ACTUAL             | BUDGET             | BUDGET             | \$\$               | %             |
| <b>Property Taxes</b>                            | <b>121,812,454</b> | <b>128,871,387</b> | <b>135,811,901</b> | <b>141,059,080</b> | <b>5,247,179</b>   | <b>3.9%</b>   |
| <b>Local Receipts</b>                            | <b>22,986,108</b>  | <b>23,281,092</b>  | <b>21,243,421</b>  | <b>20,953,925</b>  | <b>(289,496)</b>   | <b>-1.4%</b>  |
| Motor Vehicle Excise (MVE)                       | 5,468,444          | 4,691,252          | 4,940,321          | 5,200,000          | 259,679            | 5.3%          |
| Licenses & Permits                               | 901,641            | 945,113            | 839,300            | 863,475            | 24,175             | 2.9%          |
| Parking / Court Fines                            | 4,263,962          | 4,141,143          | 4,125,000          | 4,250,000          | 125,000            | 3.0%          |
| General Government                               | 3,911,939          | 4,462,711          | 2,927,000          | 2,648,000          | (279,000)          | -9.5%         |
| Recreation                                       | 362,446            | 0                  | 0                  | 0                  | 0                  | -             |
| Interest Income                                  | 2,585,036          | 3,211,157          | 2,719,000          | 2,014,455          | (704,545)          | -25.9%        |
| PILOT's  | 763,359            | 774,270            | 648,800            | 719,545            | 70,745             | 10.9%         |
| Refuse Fee                                       | 2,257,936          | 2,204,634          | 2,595,000          | 2,595,000          | 0                  | 0.0%          |
| Departmental & Other                             | 2,471,346          | 2,850,812          | 2,449,000          | 2,663,450          | 214,450            | 8.8%          |
| <b>State Aid</b>                                 | <b>17,951,657</b>  | <b>18,023,846</b>  | <b>18,973,131</b>  | <b>19,606,949</b>  | <b>633,818</b>     | <b>3.3%</b>   |
| General Government Aid                           | 7,987,902          | 8,631,339          | 8,679,253          | 8,687,715          | 8,462              | 0.1%          |
| School Aid                                       | 5,214,247          | 5,789,916          | 6,685,158          | 7,491,477          | 806,319            | 12.1%         |
| School Construction Aid                          | 3,442,794          | 3,442,794          | 3,442,794          | 3,267,372          | (175,422)          | -5.1%         |
| Tax Abatement Aid                                | 26,427             | 42,059             | 45,177             | 42,059             | (3,118)            | -6.9%         |
| Offset Aid                                       | 1,280,287          | 117,738            | 120,749            | 118,326            | (2,423)            | -2.0%         |
| <b>Other Available Funds</b>                     | <b>7,691,658</b>   | <b>8,948,053</b>   | <b>8,729,215</b>   | <b>5,591,333</b>   | <b>(3,137,882)</b> | <b>-35.9%</b> |
| Parking Meter Receipts                           | 1,977,500          | 1,930,000          | 2,495,486          | 2,500,000          | 4,514              | 0.2%          |
| Walnut Hill Cemetery Fund                        | 50,000             | 50,000             | 100,000            | 50,000             | (50,000)           | -50.0%        |
| Chapter 90                                       | 568,786            | 0                  | 0                  | 0                  | 0                  | -             |
| State Aid for Libraries                          | 41,555             | 41,555             | 41,555             | 41,555             | 0                  | 0.0%          |
| Golf Enterprise Fund Reimb.                      | 379,554            | 371,402            | 373,004            | 179,064            | (193,940)          | -52.0%        |
| Recreation Revolving Fund Reimb.                 | 119,737            | 145,601            | 186,355            | 198,027            | 11,672             | 6.3%          |
| Water and Sewer Enterprise Fund Reimb.           | 4,554,526          | 4,836,456          | 4,513,660          | 1,877,687          | (2,635,973)        | -58.4%        |
| Tax Abatement Reserve Surplus                    | 0                  | 950,000            | 850,000            | 0                  | (850,000)          | -100.0%       |
| Capital Project Surplus                          | 0                  | 623,039            | 169,155            | 195,000            | 25,845             | 15.3%         |
| Sale of Town-owned Land                          | 0                  | 0                  | 0                  | 550,000            | 550,000            | -             |
| <b>Free Cash</b>                                 | <b>4,606,534</b>   | <b>5,387,435</b>   | <b>3,814,792</b>   | <b>5,954,963</b>   | <b>2,140,171</b>   | <b>56.1%</b>  |
| Capital Improvements                             | 3,779,809          | 4,491,704          | 2,891,385          | 5,020,852          | 2,129,467          | 73.6%         |
| Operating Budget Reserve                         | 381,105            | 398,444            | 418,778            | 436,636            | 17,858             | 4.3%          |
| Strategic Reserves                               | 445,620            | 497,287            | 504,629            | 497,475            | (7,154)            | -1.4%         |
| <b>TOTAL GENERAL FUND REVENUE</b>                | <b>175,048,412</b> | <b>184,511,814</b> | <b>188,572,460</b> | <b>193,166,249</b> | <b>4,593,790</b>   | <b>2.4%</b>   |
| <b>ENTERPRISE FUND / REVOLVING FUND REVENUE</b>  |                    |                    |                    |                    |                    |               |
| Water and Sewer Enterprise Fund *                | 15,880,810         | 17,712,284         | 18,108,965         | 21,439,780         | 3,330,815          | 18.4%         |
| Golf Course Enterprise Fund *                    | 816,977            | 818,576            | 880,164            | 1,067,136          | 186,972            | 21.2%         |
| Recreation Revolving Fund *                      | 819,035            | 992,551            | 1,339,551          | 1,402,126          | 62,575             | 4.7%          |
| <b>TOTAL ENTERPRISE / REVOLVING FUND REVENUE</b> | <b>17,516,822</b>  | <b>19,523,411</b>  | <b>20,328,680</b>  | <b>23,909,042</b>  | <b>3,580,362</b>   | <b>17.6%</b>  |
| <b>TOTAL REVENUES</b>                            | <b>192,565,234</b> | <b>204,035,225</b> | <b>208,901,139</b> | <b>217,075,292</b> | <b>8,174,152</b>   | <b>3.9%</b>   |

\* 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  
FY2009 FINANCING PLAN**

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

**FY2009 REVENUE BY FUND**

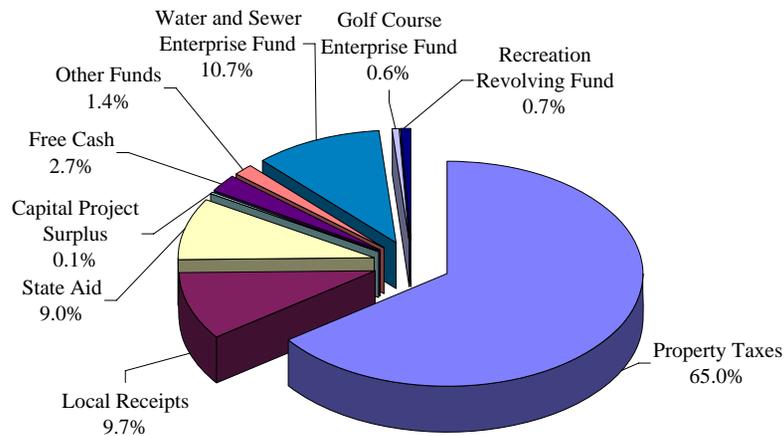
|   | General Fund <sup>1</sup> | Water & Sewer Enterprise | Golf Enterprise  | Recreation Revolving Fund | Parking Meter Fund <sup>2</sup> | Cemetery Fund <sup>2</sup> | State Library Aid <sup>2</sup> | Sale of Town-owned Land Fund <sup>2</sup> | TOTAL              |
|---|---------------------------|--------------------------|------------------|---------------------------|---------------------------------|----------------------------|--------------------------------|---|--------------------|
| Property Taxes                                | 141,059,080               |                          |                  |                           |                                 |                            |                                |   | 141,059,080        |
| Local Receipts                                | 20,953,925                |                          |                  |                           |                                 |                            |                                |   | 20,953,925         |
| State Aid                                     | 19,606,949                |                          |                  |                           |                                 |                            |                                |   | 19,606,949         |
| Parking Meter Receipts                        |                           |                          |                  |                           | 2,500,000                       |                            |                                |   | 2,500,000          |
| Walnut Hill Cemetery Fund                     |                           |                          |                  |                           |                                 | 50,000                     |                                |   | 50,000             |
| State Aid for Libraries                       |                           |                          |                  |                           |                                 |                            | 41,555                         |   | 41,555             |
| Golf Enterprise Fund Reimbursement            |                           |                          | 179,064          |                           |                                 |                            |                                |   | 179,064            |
| Recreation Revolving Fund Reimbursement       |                           |                          |                  | 198,027                   |                                 |                            |                                |   | 198,027            |
| Water and Sewer Enterprise Fund Reimbursement |                           | 1,877,687                |                  |                           |                                 |                            |                                |   | 1,877,687          |
| Capital Project Surplus                       | 195,000                   |                          |                  |                           |                                 |                            |                                |   | 195,000            |
| Sale of Town-owned Land Fund                  |                           |                          |                  |                           |                                 |                            |                                | 550,000                                   | 550,000            |
| Free Cash                                     | 5,954,963                 |                          |                  |                           |                                 |                            |                                |   | 5,954,963          |
| <b>TOTAL GENERAL FUND</b>                     | <b>187,769,917</b>        | <b>1,877,687</b>         | <b>179,064</b>   | <b>198,027</b>            | <b>2,500,000</b>                | <b>50,000</b>              | <b>41,555</b>                  | <b>550,000</b>                            | <b>193,166,249</b> |
| Water and Sewer Enterprise Fund <sup>3</sup>  |                           | 21,439,780               |                  |                           |                                 |                            |                                |   | 21,439,780         |
| Golf Course Enterprise Fund <sup>3</sup>      |                           |                          | 1,067,136        |                           |                                 |                            |                                |   | 1,067,136          |
| Recreation Revolving Fund <sup>3</sup>        |                           |                          |                  | 1,402,126                 |                                 |                            |                                |   | 1,402,126          |
| <b>TOTAL FINANCIAL PLAN</b>                   | <b>187,769,917</b>        | <b>23,317,467</b>        | <b>1,246,200</b> | <b>1,600,153</b>          | <b>2,500,000</b>                | <b>50,000</b>              | <b>41,555</b>                  | <b>550,000</b>                            | <b>217,075,292</b> |

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

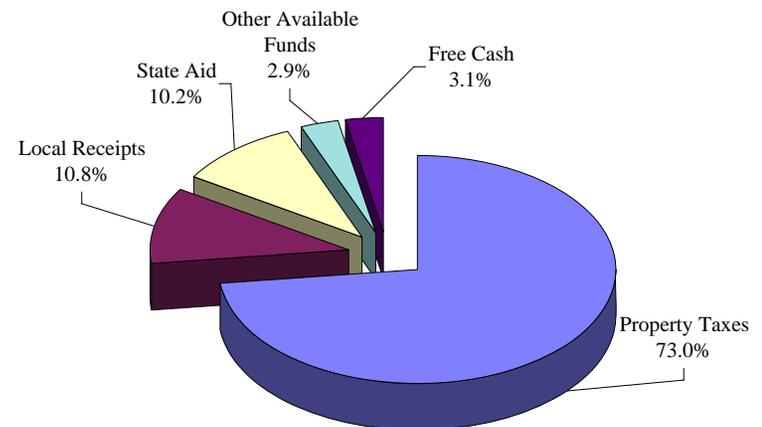
<sup>2</sup> The revenue from these funds are transferred into the General Fund.

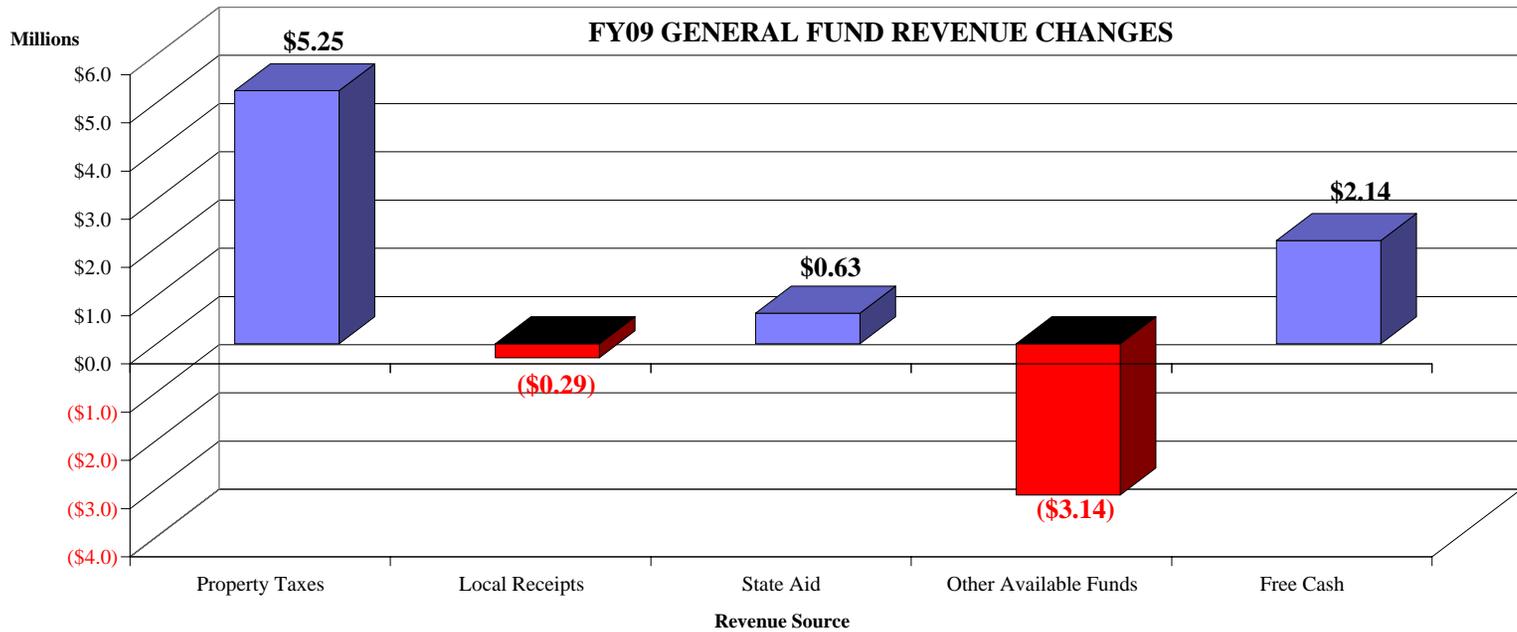
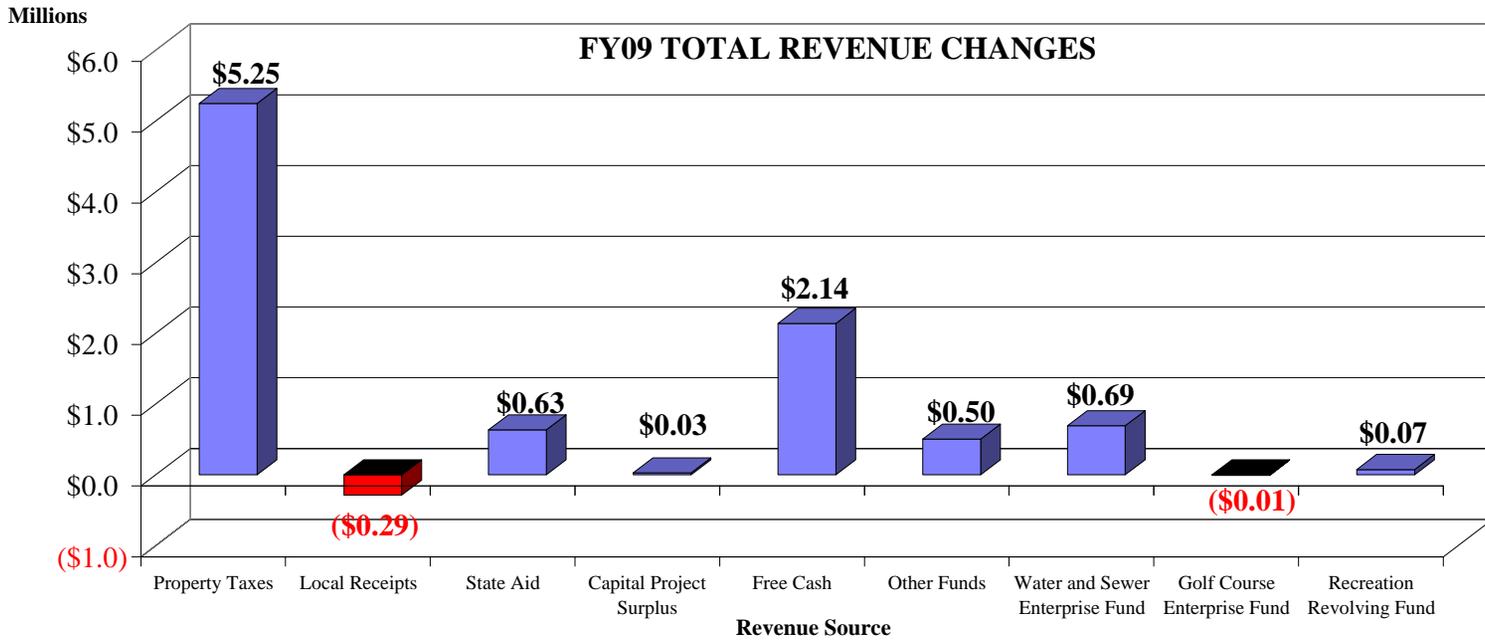
<sup>3</sup> These are net of Reimbursements to the General Fund, as those amounts are accounted for in the "reimbursement" figures listed under the General Fund.

**FY09 TOTAL REVENUE COMPOSITION**



**FY09 GENERAL FUND REVENUE COMPOSITION**





**TOTAL REVENUES**

\$ (millions)  
% of General Fund Budget

| REVENUE SOURCE                            | FY81            | FY82            | FY00<br>ACT.    | FY01<br>ACT.    | FY02<br>ACT.     | FY03<br>ACT.     | FY04<br>ACT.     | FY05<br>ACT.     | FY06<br>ACT.     | FY07<br>ACT.     | FY08<br>BUD.     | FY09<br>BUD.     |
|---|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>PROPERTY TAX</b>                       | \$45.8<br>76.4% | \$40.8<br>71.0% | \$96.0<br>67.5% | \$99.5<br>65.3% | \$103.7<br>64.2% | \$108.2<br>66.1% | \$114.2<br>69.6% | \$119.5<br>67.8% | \$121.8<br>69.6% | \$128.9<br>69.8% | \$135.8<br>72.0% | \$141.1<br>73.0% |
| <b>LOCAL RECEIPTS</b>                     | \$3.8<br>6.4%   | \$5.3<br>9.2%   | \$21.7<br>15.3% | \$22.2<br>14.5% | \$19.4<br>12.0%  | \$23.0<br>14.0%  | \$19.0<br>11.6%  | \$21.2<br>12.0%  | \$23.0<br>13.1%  | \$23.3<br>12.6%  | \$21.2<br>11.3%  | \$21.0<br>10.8%  |
| <b>STATE AID</b>                          | \$5.5<br>9.2%   | \$7.2<br>12.5%  | \$15.5<br>10.9% | \$19.3<br>12.7% | \$20.0<br>12.4%  | \$19.1<br>11.6%  | \$17.3<br>10.5%  | \$17.4<br>9.9%   | \$18.0<br>10.3%  | \$18.0<br>9.8%   | \$19.0<br>10.1%  | \$19.6<br>10.2%  |
| <b>FEDERAL REVENUE<br/>SHARING</b>        | \$1.1<br>1.8%   | \$1.0<br>1.7%   | \$0.0<br>0.0%   | \$0.0<br>0.0%   | \$0.0<br>0.0%    | \$0.0<br>0.0%    | \$0.0<br>0.0%    | \$0.0<br>0.0%    | \$0.0<br>0.0%    | \$0.0<br>0.0%    | \$0.0<br>0.0%    | \$0.0<br>0.0%    |
| <b>FREE CASH</b>                          | \$3.4<br>5.7%   | \$2.7<br>4.7%   | \$6.6<br>4.6%   | \$4.8<br>3.2%   | \$11.5<br>7.1%   | \$5.3<br>3.2%    | \$5.6<br>3.4%    | \$7.0<br>4.0%    | \$4.6<br>2.6%    | \$5.4<br>2.9%    | \$3.8<br>2.0%    | \$6.0<br>3.1%    |
| <b>OTHER AVAIL. FUNDS</b>                 | \$0.3<br>0.5%   | \$0.5<br>0.9%   | \$2.3<br>1.6%   | \$6.5<br>4.3%   | \$6.8<br>4.2%    | \$8.3<br>5.1%    | \$7.9<br>4.8%    | \$11.1<br>6.3%   | \$7.7<br>4.4%    | \$8.9<br>4.8%    | \$8.7<br>4.6%    | \$5.6<br>2.9%    |
| <b>GENERAL FUND BUDGET TOTAL</b>          | \$59.9          | \$57.5          | \$142.2         | \$152.4         | \$161.4          | \$163.9          | \$164.1          | \$176.3          | \$175.0          | \$184.5          | \$188.6          | \$193.2          |
| <b>WATER &amp; SEWER ENT FUND (1) (2)</b> | \$2.1           | \$2.9           | \$17.9          | \$17.0          | \$13.3           | \$14.2           | \$15.0           | \$15.7           | \$15.9           | \$17.7           | \$18.1           | \$21.4           |
| <b>GOLF COURSE ENT FUND (1)</b>           | \$0.0           | \$0.0           | \$0.6           | \$1.0           | \$0.8            | \$0.6            | \$0.8            | \$0.8            | \$0.8            | \$0.8            | \$0.9            | \$1.1            |
| <b>RECREATION REVOLVING FUND (1)</b>      | \$0.0           | \$0.0           | \$0.4           | \$0.4           | \$0.5            | \$0.6            | \$0.6            | \$0.8            | \$0.8            | \$1.0            | \$1.3            | \$1.4            |
| <b>TOTAL FINANCIAL PLAN</b>               | \$62.0          | \$60.4          | \$161.1         | \$170.7         | \$176.0          | \$179.3          | \$180.5          | \$193.6          | \$192.6          | \$204.0          | \$208.9          | \$217.1          |

(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 INCREASES BY SOURCE**

\$ (millions)

| REVENUE SOURCE                                | FY82              | FY99<br>ACTUAL   | FY00<br>ACTUAL   | FY01<br>ACTUAL    | FY02<br>ACTUAL    | FY03<br>ACTUAL    | FY04<br>ACTUAL    | FY05<br>ACTUAL | FY06<br>ACTUAL    | FY07<br>ACTUAL | FY08<br>BUDGET    | FY09<br>BUDGET    |
|---|-------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|----------------|-------------------|----------------|-------------------|-------------------|
| <b>PROPERTY TAX</b>                           | (\$5.1)<br>-11.1% | \$3.5<br>4.0%    | \$4.8<br>5.3%    | \$3.6<br>3.7%     | \$4.1<br>4.2%     | \$4.5<br>4.4%     | \$6.0<br>5.5%     | \$5.3<br>4.6%  | \$2.3<br>1.9%     | \$7.1<br>5.8%  | \$6.9<br>5.4%     | \$5.2<br>3.9%     |
| <b>LOCAL RECEIPTS</b>                         | \$1.5<br>39.1%    | \$0.5<br>2.8%    | \$2.8<br>15.1%   | \$0.4<br>2.0%     | (\$2.8)<br>-12.5% | \$3.6<br>18.4%    | (\$3.9)<br>-17.1% | \$2.2<br>11.5% | \$1.8<br>8.3%     | \$0.3<br>1.3%  | (\$2.0)<br>-8.8%  | (\$0.3)<br>-1.4%  |
| <b>STATE AID</b>                              | \$1.7<br>31.1%    | \$1.2<br>9.5%    | \$1.7<br>12.1%   | \$3.8<br>24.4%    | \$0.7<br>3.4%     | (\$0.9)<br>-4.6%  | (\$1.8)<br>-9.3%  | \$0.1<br>0.7%  | \$0.5<br>3.1%     | \$0.1<br>0.4%  | \$0.9<br>5.3%     | \$0.6<br>3.3%     |
| <b>FEDERAL REVENUE<br/>SHARING</b>            | (\$0.1)<br>-5.5%  | \$0.0<br>0.0%    | \$0.0<br>0.0%    | \$0.0<br>0.0%     | \$0.0<br>0.0%     | \$0.0<br>0.0%     | \$0.0<br>0.0%     | \$0.0<br>0.0%  | \$0.0<br>0.0%     | \$0.0<br>0.0%  | \$0.0<br>0.0%     | \$0.0<br>0.0%     |
| <b>FREE CASH</b>                              | (\$0.6)<br>-17.9% | \$0.6<br>21.6%   | \$3.0<br>85.0%   | (\$1.8)<br>-27.0% | \$6.7<br>139.8%   | (\$6.3)<br>-54.4% | \$0.3<br>6.5%     | \$1.4<br>24.3% | (\$2.4)<br>-33.9% | \$0.8<br>17.0% | (\$1.6)<br>-29.2% | \$2.1<br>56.1%    |
| <b>OTHER AVAIL. FUNDS</b>                     | \$0.2<br>70.8%    | (\$0.0)<br>-1.3% | \$0.1<br>3.5%    | \$4.2<br>183.4%   | \$0.2<br>3.6%     | \$1.6<br>22.9%    | (\$0.5)<br>-5.4%  | \$3.2<br>41.0% | (\$3.4)<br>-30.8% | \$1.3<br>16.3% | (\$0.2)<br>-2.4%  | (\$3.1)<br>-35.9% |
| <b>GENERAL FUND BUDGET TOTAL</b>              | (\$2.4)<br>-4.1%  | \$5.8<br>4.7%    | \$12.5<br>9.6%   | \$10.2<br>7.2%    | \$9.0<br>5.9%     | \$2.5<br>1.5%     | \$0.2<br>0.1%     | \$12.2<br>7.4% | (\$1.2)<br>-0.7%  | \$9.5<br>5.4%  | \$4.1<br>2.2%     | \$4.6<br>2.4%     |
| <b>WATER &amp; SEWER<br/>ENT FUND (1) (2)</b> | \$0.9<br>41.0%    | \$1.1<br>7.2%    | \$1.2<br>7.3%    | (\$1.0)<br>-5.5%  | (\$3.7)<br>-21.6% | \$0.9<br>6.8%     | \$0.8<br>5.8%     | \$0.7<br>4.7%  | \$0.1<br>0.9%     | \$1.8<br>11.5% | \$0.4<br>2.2%     | \$3.3<br>18.4%    |
| <b>GOLF COURSE<br/>ENT FUND (1)</b>           | \$0.0<br>0.0%     | (\$0.0)<br>-3.6% | (\$0.0)<br>-6.4% | \$0.3<br>57.3%    | (\$0.1)<br>-14.3% | (\$0.2)<br>-23.0% | \$0.2<br>25.3%    | \$0.0<br>5.4%  | (\$0.0)<br>-2.2%  | \$0.0<br>0.2%  | \$0.1<br>6.2%     | \$0.2<br>14.0%    |
| <b>RECREATION<br/>REVOLVING FUND (1)</b>      | \$0.0<br>0.0%     | \$0.0<br>3.4%    | \$0.0<br>15.8%   | (\$0.0)<br>-1.2%  | \$0.2<br>42.4%    | \$0.1<br>15.4%    | \$0.0<br>7.4%     | \$0.1<br>17.9% | \$0.1<br>8.9%     | \$0.2<br>0.1%  | \$0.3<br>0.2%     | \$0.1<br>0.0%     |
| <b>TOTAL FINANCIAL PLAN</b>                   | (\$1.5)<br>-2.6%  | \$6.9<br>4.9%    | \$13.7<br>9.3%   | \$9.6<br>6.0%     | \$5.4<br>3.1%     | \$3.3<br>1.9%     | \$1.2<br>0.7%     | \$13.1<br>7.2% | (\$1.0)<br>-0.5%  | \$11.5<br>6.0% | \$4.9<br>2.4%     | \$8.2<br>3.9%     |

(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 73% 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 FY06, with the next one scheduled for FY09.

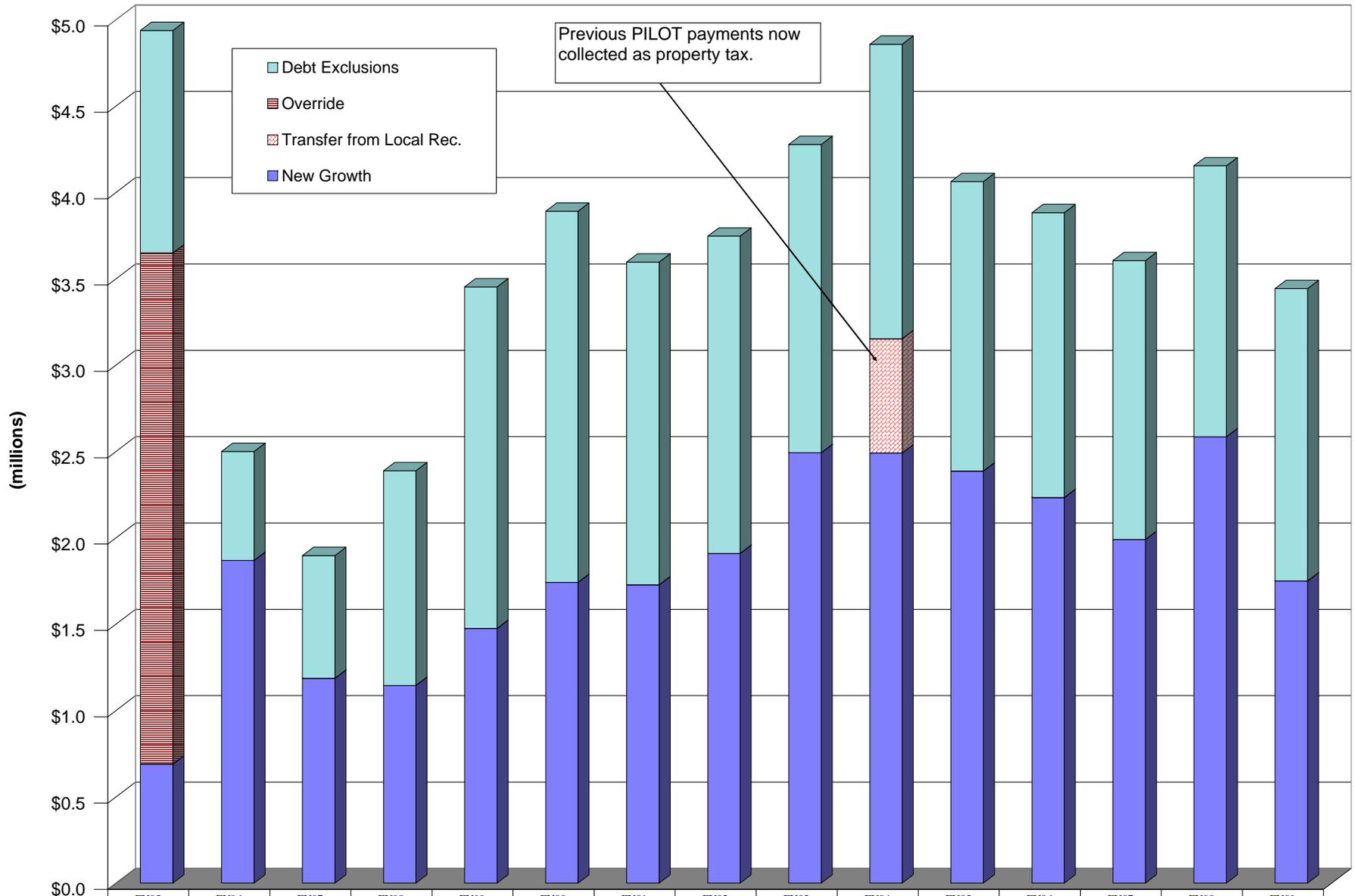
Under the provisions of Proposition 2 1/2, property taxes, in the aggregate, may not exceed 2 1/2% of their "full and fair cash value". This limit is known as the "levy ceiling". In addition, annual levy increases may not exceed 2 1/2% more than the previous year's levy plus the taxes added from any 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 FY09 are preliminary estimates used to project the levy limit. The FY09 maximum allowable levy is projected to total \$141,059,080 representing an increase of \$5,247,179 (3.9%) over the FY08 Levy. The figures below detail how the estimated FY09 levy is calculated:

|   |                      |
|---|----------------------|
| FY08 LEVY LIMIT                                   | \$134,259,886        |
| <u>PROP. 2 1/2 INCREASE</u>                       | <u>\$3,356,497</u>   |
| SUB-TOTAL   | \$137,616,383        |
| <u>NEW GROWTH (est.)</u>                          | <u>\$1,750,000</u>   |
| ESTIMATED FY09 LEVY LIMIT                         | \$139,366,383        |
| DEBT EXCLUSIONS                                   | \$4,372,943          |
| <u>STATE SCHOOL BLDG ASSISTANCE (SBA) REIMB'S</u> | <u>(\$2,680,246)</u> |
| FY09 TOTAL PROPERTY TAX LEVY                      | \$141,059,080        |

| REVENUE SOURCE    | FY2006<br>ACTUAL | FY2007<br>ACTUAL | FY2008<br>BUDGET | FY2008<br>ESTIMATE | FY2009<br>BUDGET | BUDGET INCREASE |      |
|-------------------|------------------|------------------|------------------|--------------------|------------------|-----------------|------|
|                   |                  |                  |                  |                    |                  | \$              | %    |
| Property Tax Levy | 121,812,454      | 128,871,387      | 135,811,901      | 135,811,901        | 141,059,080      | 5,247,179       | 3.9% |

NEW GROWTH, OVERRIDE, AND DEBT EXCLUSIONS FY95-FY09 (est.)

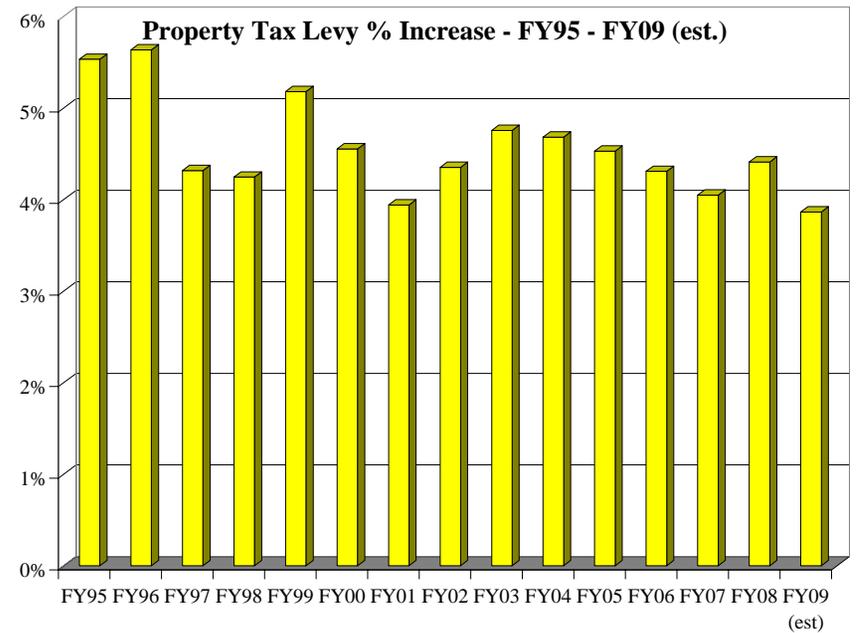
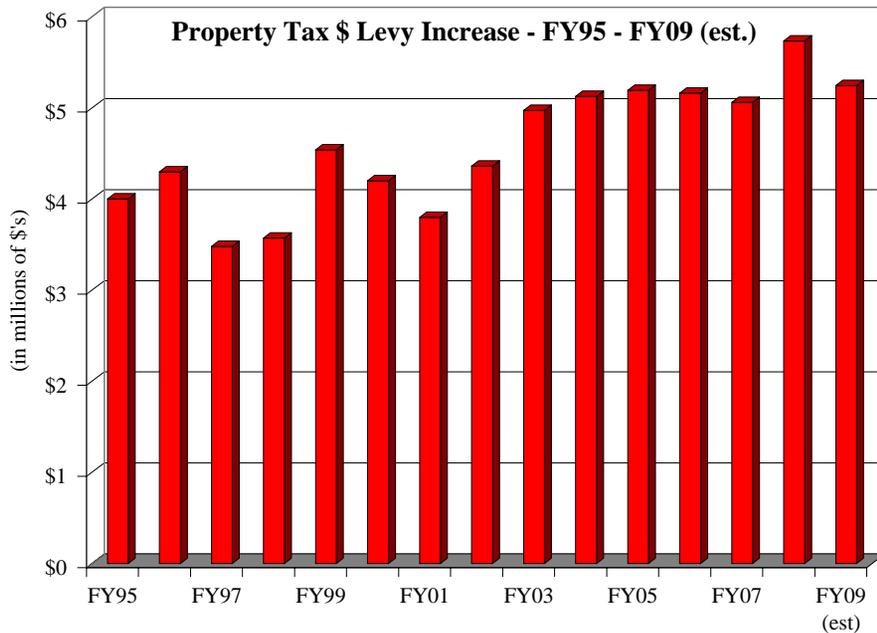
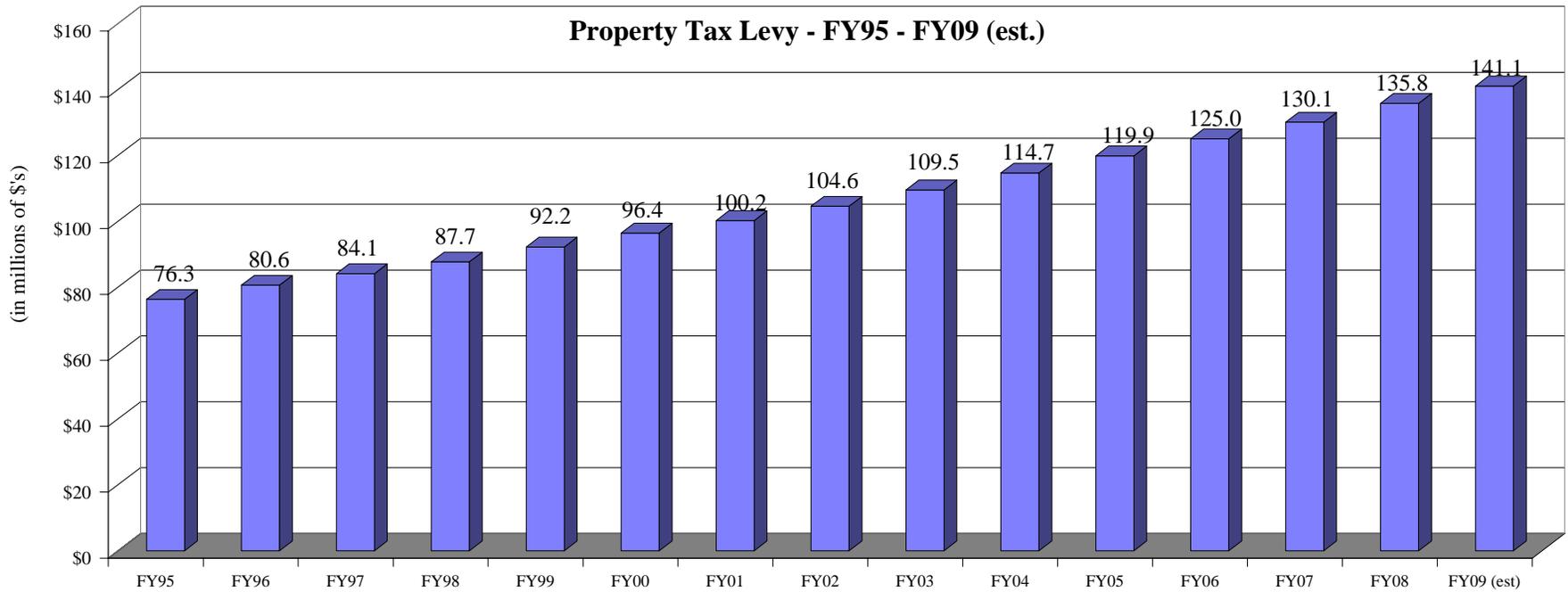


|                          | FY95   | FY96   | FY97   | FY98   | FY99     | FY00  | FY01  | FY02  | FY03     | FY04     | FY05     | FY06       | FY07  | FY08    | FY09     |
|--------------------------|--------|--------|--------|--------|----------|-------|-------|-------|----------|----------|----------|------------|-------|---------|----------|
| Debt Exclusions          | 1.2883 | 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 |
| Override                 | 2.96   | 0      | 0      | 0      | 0        | 0     | 0     | 0     | 0        | 0        | 0        | 0          | 0     | 0       | 0        |
| Transfer from Local Rec. | 0      | 0      | 0      | 0      | 0        | 0     | 0     | 0     | 0        | 0.661    | 0        | 0          | 0     | 0       | 0        |
| New Growth               | 0.6889 | 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 | 1.75     |

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 |
|-------------|-------------------------------------|-----------------------------------|---------------------|-----------------------------------|--|--|--------------------------------|---|
| 1993        | 68,820,895                          | 67,169,184                        | 97.6%               | 1,651,711                         | 1,651,711  | 0  | 100.00%                        | 1,521,401   |
| 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                           | 412,843  | 106,196  | 99.90%                         | 396,040   |
| 2003        | 109,532,058                         | 108,596,481                       | 99.1%               | 935,577                           | 866,426  | 69,151   | 99.94%                         | 545,592   |
| 2004        | 114,660,482                         | 113,242,093                       | 98.8%               | 1,418,389                         | 1,274,602  | 143,787  | 99.87%                         | 657,047   |
| 2005        | 119,871,025                         | 118,861,627                       | 99.2%               | 1,009,398                         | 755,927  | 253,470  | 99.79%                         | 602,897   |
| 2006        | 125,192,168                         | 123,383,654                       | 98.6%               | 1,808,515                         | 1,666,388  | 142,127  | 99.89%                         | 909,734   |
| 2007        | 130,078,303                         | 129,277,684                       | 99.4%               | 800,619                           | 272,308  | 528,311  | 99.59%                         | 873,404   |

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                                 | FY98    | FY99    | FY00    | FY01    | FY02    | FY03    | FY04    | FY05    | FY06      | FY07      | FY08      |
|---|---------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|-----------|
| Median Single Family Assessed Value         | 414,500 | 451,550 | 523,050 | 602,000 | 667,000 | 756,750 | 837,050 | 903,850 | 1,017,100 | 1,023,550 | 986,900   |
| % Change                                    | 7.8%    | 8.9%    | 15.8%   | 15.1%   | 10.8%   | 13.5%   | 10.6%   | 8.0%    | 12.5%     | 0.6%      | -3.6%     |
| Median Two Family Assessed Value            | 353,750 | 387,800 | 471,200 | 548,650 | 592,800 | 702,000 | 777,900 | 837,200 | 950,000   | 950,900   | 932,450   |
| % Change                                    | 7.5%    | 9.6%    | 21.5%   | 16.4%   | 8.0%    | 18.4%   | 10.8%   | 7.6%    | 13.5%     | 0.1%      | -1.9%     |
| Median Three Family Assessed Value          | 375,300 | 418,700 | 491,100 | 577,400 | 624,800 | 786,500 | 870,250 | 931,150 | 1,088,000 | 1,102,900 | 1,078,450 |
| % Change                                    | 7.6%    | 11.6%   | 17.3%   | 17.6%   | 8.2%    | 25.9%   | 10.6%   | 7.0%    | 16.8%     | 1.4%      | -2.2%     |
| Median Condo Assessed Value                 | 158,400 | 172,200 | 198,500 | 231,300 | 257,000 | 322,200 | 346,900 | 373,700 | 411,400   | 424,800   | 411,450   |
| % Change                                    | 7.9%    | 8.7%    | 15.3%   | 16.5%   | 11.1%   | 25.4%   | 7.7%    | 7.7%    | 10.1%     | 3.3%      | -3.1%     |
| Median Commercial Assessed Value            | 388,000 | 399,000 | 499,000 | 547,000 | 655,700 | 738,400 | 790,100 | 875,000 | 943,500   | 914,300   | 971,500   |
| % Change                                    | -1.5%   | 2.8%    | 25.1%   | 9.6%    | 19.9%   | 12.6%   | 7.0%    | 10.7%   | 7.8%      | -3.1%     | 6.3%      |
| Median Single Family Tax Bill               | 6,121   | 6,432   | 6,522   | 6,809   | 7,247   | 7,057   | 7,412   | 7,716   | 8,137     | 8,341     | 8,437     |
| % Change                                    | 4.4%    | 5.1%    | 1.4%    | 4.4%    | 6.4%    | -2.6%   | 5.0%    | 4.1%    | 5.5%      | 2.5%      | 1.2%      |
| Median Two Family Tax Bill                  | 5,055   | 5,354   | 5,753   | 6,091   | 6,290   | 6,443   | 6,783   | 7,034   | 7,497     | 7,634     | 7,883     |
| % Change                                    | 4.1%    | 5.9%    | 7.5%    | 5.9%    | 3.3%    | 2.4%    | 5.3%    | 3.7%    | 6.6%      | 1.8%      | 3.3%      |
| Median Three Family Tax Bill                | 5,433   | 5,877   | 6,049   | 6,478   | 6,703   | 7,391   | 7,765   | 7,995   | 8,815     | 9,113     | 9,369     |
| % Change                                    | 4.2%    | 8.2%    | 2.9%    | 7.1%    | 3.5%    | 10.3%   | 5.1%    | 3.0%    | 10.2%     | 3.4%      | 2.8%      |
| Median Condo Tax Bill                       | 1,626   | 1,708   | 1,709   | 1,820   | 1,958   | 2,186   | 2,202   | 2,292   | 2,353     | 2,515     | 2,579     |
| % Change                                    | 4.8%    | 5.0%    | 0.1%    | 6.5%    | 7.6%    | 11.6%   | 0.7%    | 4.1%    | 2.6%      | 6.9%      | 2.6%      |
| Median Commercial Tax Bill                  | 11,171  | 11,132  | 12,235  | 12,100  | 13,816  | 13,424  | 13,637  | 14,534  | 14,587    | 14,519    | 16,224    |
| % Change                                    | 3.4%    | -0.3%   | 9.9%    | -1.1%   | 14.2%   | -2.8%   | 1.6%    | 6.6%    | 0.4%      | -0.5%     | 11.7%     |
| Residential Tax Rate (per \$1,000 of value) | 17.55   | 16.91   | 14.83   | 13.46   | 12.90   | 11.21   | 10.63   | 10.23   | 9.55      | 9.73      | 10.18     |
| Commercial Tax Rate (per \$1,000 of value)  | 28.79   | 27.90   | 24.52   | 22.12   | 21.07   | 18.18   | 17.26   | 16.61   | 15.46     | 15.88     | 16.70     |

**LOCAL RECEIPTS SUMMARY**

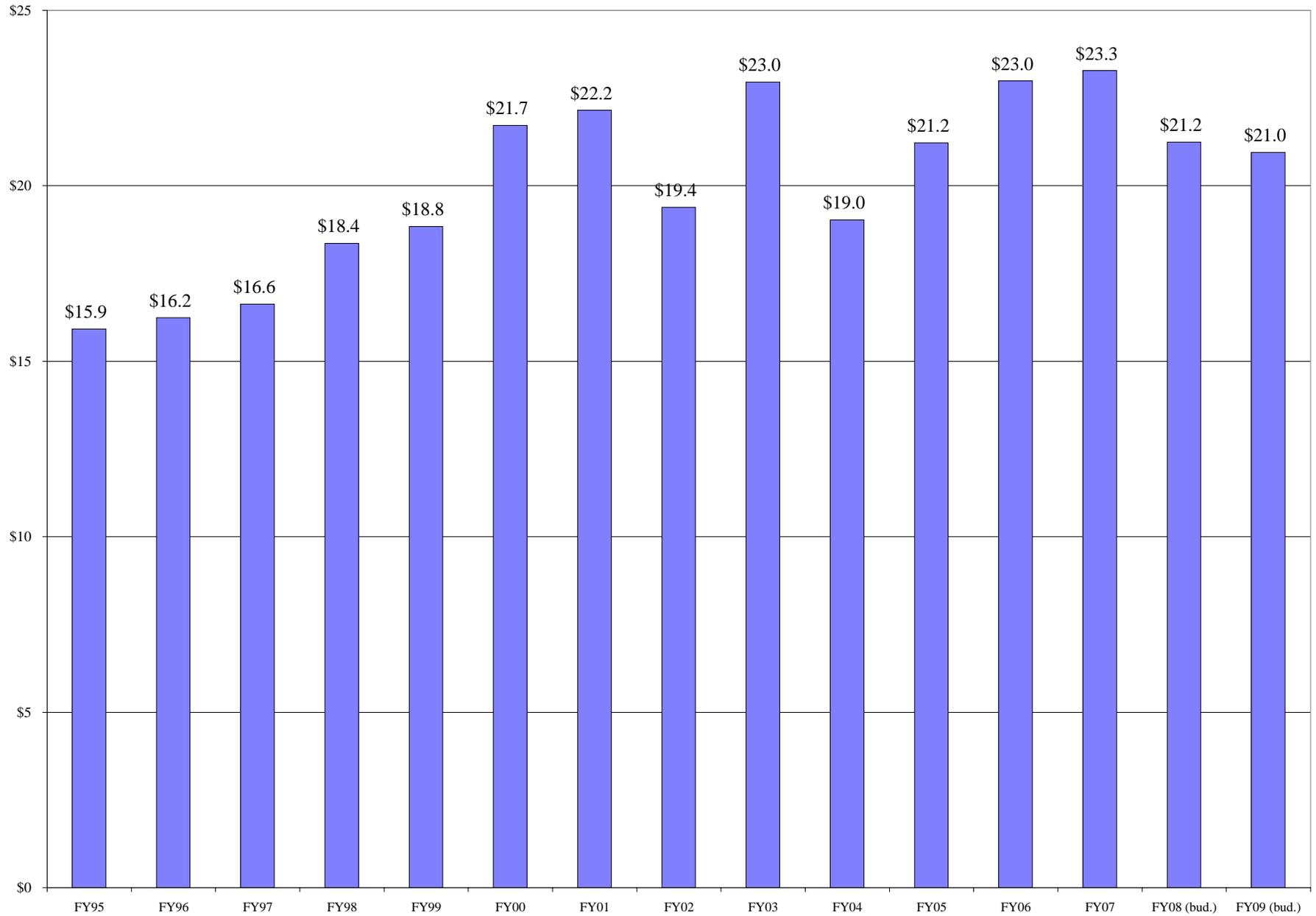
Local Receipts, estimated to add \$20.9 million to the Town's revenue stream, represent 10.8% of total General Fund revenues. They include motor vehicle excise, fees, fines, charges for licenses and permits, violations, investment earnings, and other similar non-tax type items. These items are reviewed 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 of \$289,496 (1.4%) is due primarily to the following:

- 1.) **Motor Vehicle Excise (MVE)** - increases \$259,679 (5.3%) to \$5.2 million.
- 2.) **Departmental and Other** - increases \$214,450 (8.8%) to \$2.7 million because of Parking Fees (\$119,000, 30.8%), revenue from the Town's Recycling contract (\$92,000, 85.2%), and Pension Reimbursement from the State (\$32,000), partially offset by a decrease in the Hotel / Motel Excise Tax of \$67,000 (8.7%).
- 3.) **Parking and Court Fines** - increase \$125,000 (3%) to \$4.25 million.
- 4.) **In Lieu of Tax Payments (PILOT's)** - increase \$70,745 (10.9%) to \$719,545.
- 5.) **Licenses / Permits** - increase \$24,175 (2.9%) to \$863,475 because of Fire Prevention permits.
- 6.) **General Government** - decreases \$279,000 (9.5%) due primarily to the loss of the Medicare Part D Subsidy (\$195,000) from the Federal government and a \$100,000 (4.3%) decline in Building Permits.
- 7.) **Interest Income** - decreases \$704,545 (25.9%) to \$2 million.

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

| REVENUE SOURCE          | FY2006<br>ACTUAL | FY2007<br>ACTUAL | FY2008<br>BUDGET | FY2008<br>ESTIMATE | FY2009<br>BUDGET | BUDGET INCREASE |        |
|-------------------------|------------------|------------------|------------------|--------------------|------------------|-----------------|--------|
|                         |                  |                  |                  |                    |                  | \$              | %      |
| Motor Vehicle Excise    | 5,468,444        | 4,691,252        | 4,940,321        | 5,200,000          | 5,200,000        | 259,679         | 5.3%   |
| Licenses and Permits    | 901,641          | 945,113          | 839,300          | 930,500            | 863,475          | 24,175          | 2.9%   |
| Parking and Court Fines | 4,263,962        | 4,141,143        | 4,125,000        | 4,250,000          | 4,250,000        | 125,000         | 3.0%   |
| General Government      | 3,911,939        | 4,462,711        | 2,927,000        | 4,037,000          | 2,648,000        | (279,000)       | -9.5%  |
| Recreation              | 362,446          | 0                | 0                | 0                  | 0                | 0               | -      |
| Interest Income         | 2,585,036        | 3,211,157        | 2,719,000        | 2,555,000          | 2,014,455        | (704,545)       | -25.9% |
| In Lieu of Tax Payments | 763,359          | 774,270          | 648,800          | 843,800            | 719,545          | 70,745          | 10.9%  |
| Refuse Fees             | 2,257,936        | 2,204,634        | 2,595,000        | 2,595,000          | 2,595,000        | 0               | 0.0%   |
| Departmental and Other  | 2,471,346        | 2,850,812        | 2,449,000        | 2,634,500          | 2,663,450        | 214,450         | 8.8%   |
| Total                   | 22,986,108       | 23,281,092       | 21,243,421       | 23,045,800         | 20,953,925       | (289,496)       | -1.4%  |

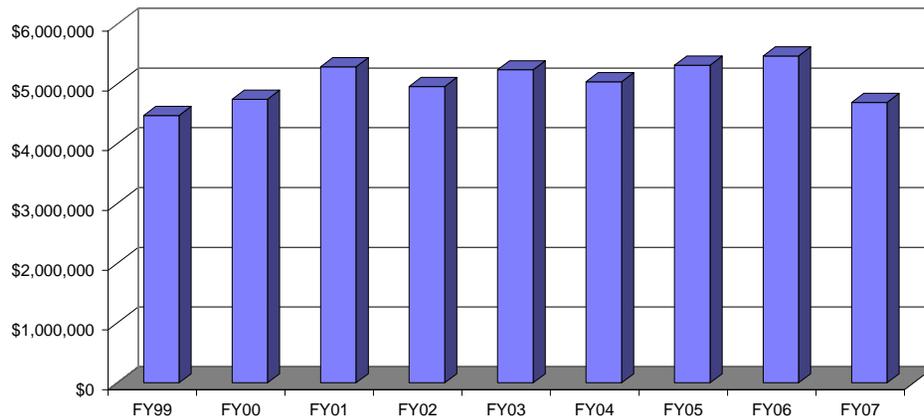
15-YEAR LOCAL RECEIPT HISTORY (in millions)



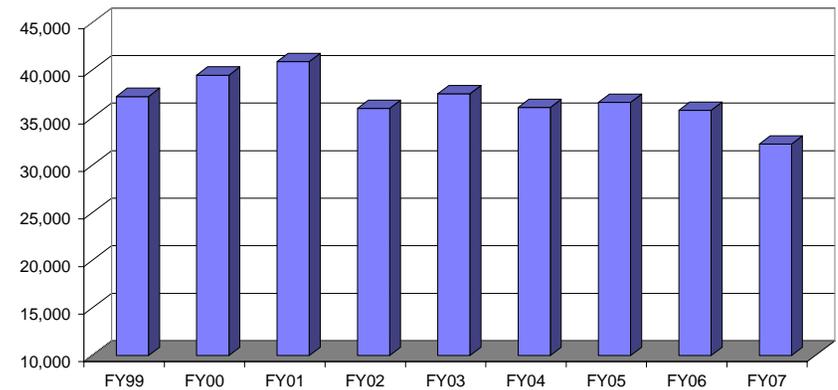
**MOTOR VEHICLE EXCISE**

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 \$5.2 million in FY09, an amount that is \$259,679 (5.3%) greater than the FY08 estimate.

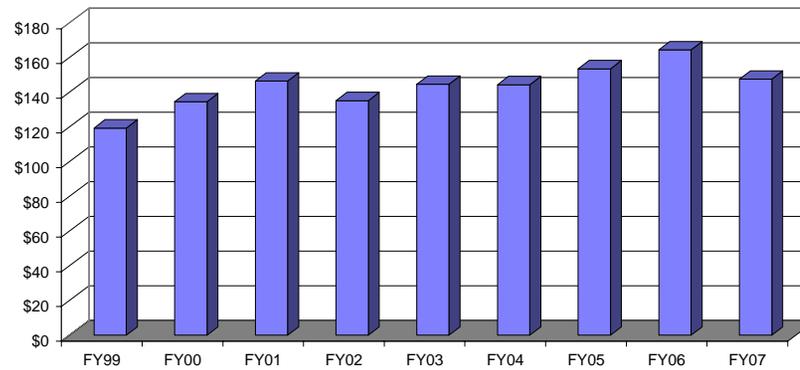
**MVE COLLECTIONS**



**NUMBER OF MVE BILLS**



**AVERAGE MVE BILL**



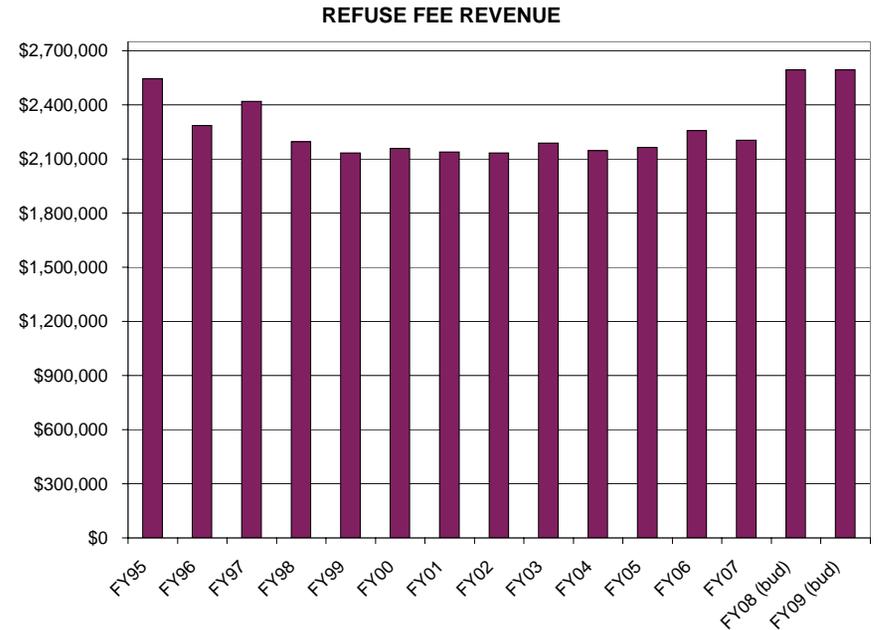
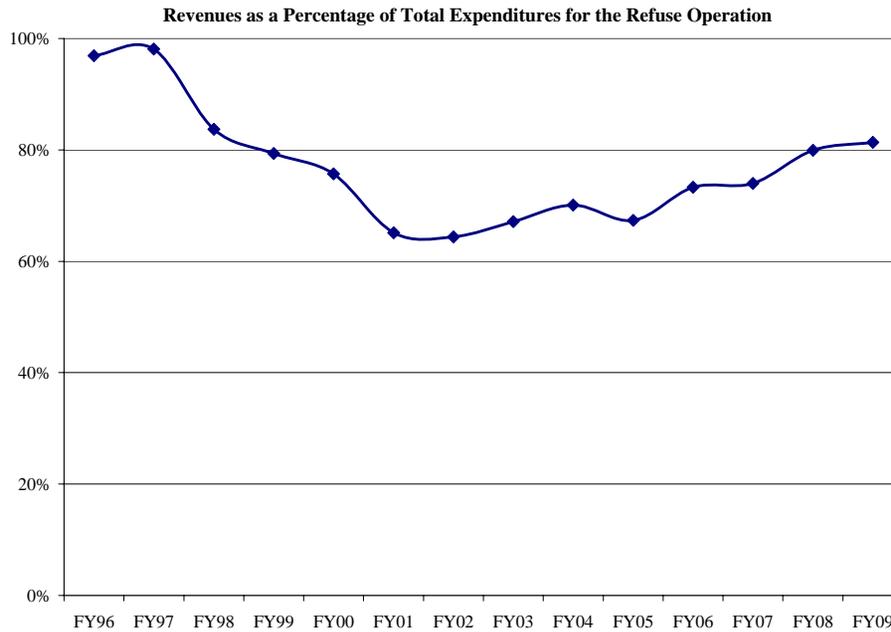
| REVENUE SOURCE       | FY2006<br>ACTUAL | FY2007<br>ACTUAL | FY2008<br>BUDGET | FY2008<br>ESTIMATE | FY2009<br>BUDGET | BUDGET INCREASE |      |
|----------------------|------------------|------------------|------------------|--------------------|------------------|-----------------|------|
|                      |                  |                  |                  |                    |                  | \$              | %    |
| Motor Vehicle Excise | 5,468,444        | 4,691,252        | 4,940,321        | 5,200,000          | 5,200,000        | 259,679         | 5.3% |

**REFUSE FEE**

For FY09, the Refuse Fee is assumed to remain level at \$200 per annum. This should generate \$2,560,000 from residential collections and \$35,000 from commercial collections, for a total of \$2.595 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 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.

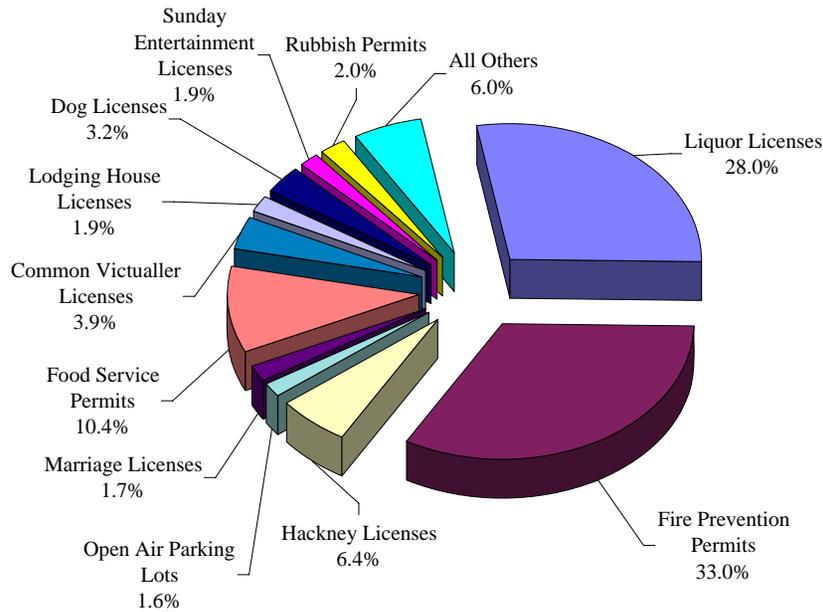


| REVENUE SOURCE | FY2006<br>ACTUAL | FY2007<br>ACTUAL | FY2008<br>BUDGET | FY2008<br>ESTIMATE | FY2009<br>BUDGET | BUDGET INCREASE |      |
|----------------|------------------|------------------|------------------|--------------------|------------------|-----------------|------|
|                |                  |                  |                  |                    |                  | \$\$            | %    |
| Refuse Fee     | 2,257,936        | 2,204,634        | 2,595,000        | 2,595,000          | 2,595,000        | 0               | 0.0% |

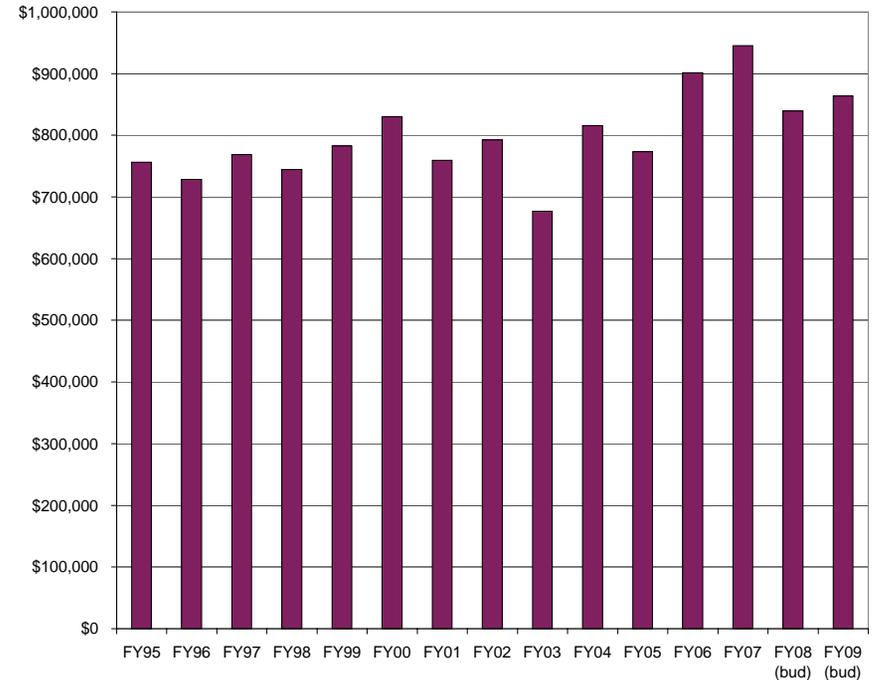
LICENSES AND PERMITS

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 FY09, revenues from this category are expected to total \$863,475, an increase of \$24,175 (2.9%) from FY08 levels. The increase comes from Fire Prevention Permits.

FY09 LICENSES/PERMITS REVENUE



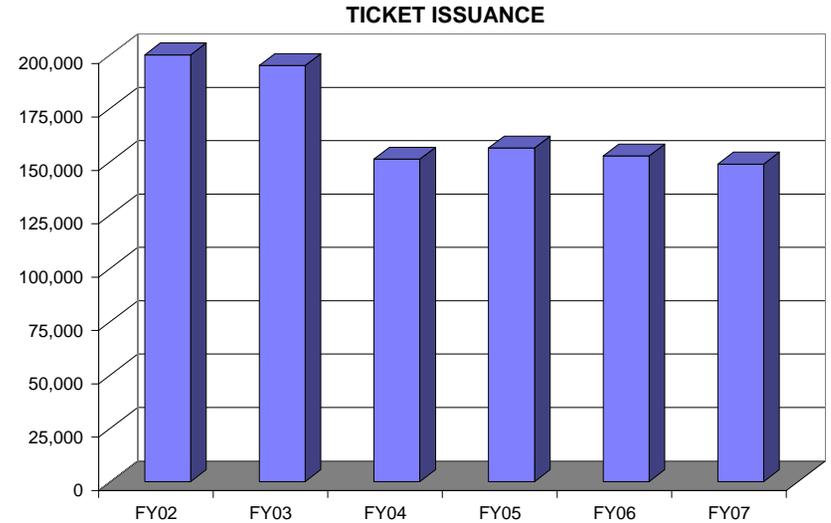
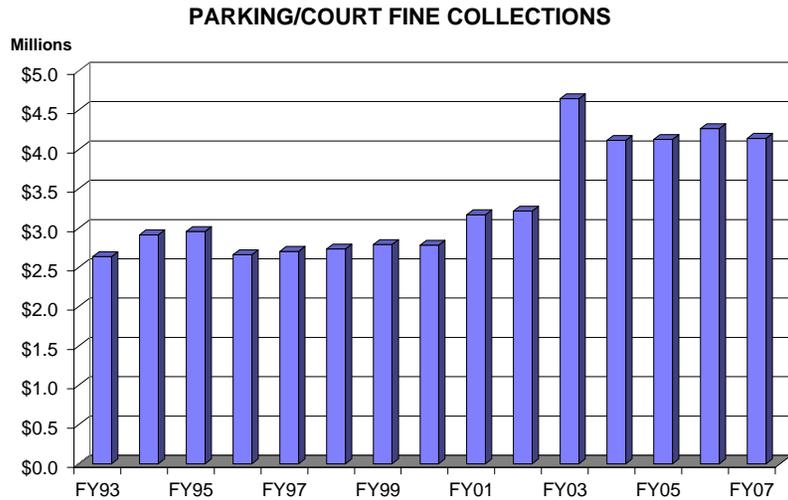
LICENSES & PERMITS REVENUE



| REVENUE SOURCE                | FY2006         | FY2007         | FY2008         | FY2008         | FY2009         | BUDGET INCREASE |             |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|-------------|
|                               | ACTUAL         | ACTUAL         | BUDGET         | ESTIMATE       | BUDGET         | \$              | %           |
| Liquor Licenses               | 267,065        | 272,050        | 241,500        | 280,000        | 241,500        | 0               | 0.0%        |
| Fire Prevention Permits       | 287,246        | 326,590        | 260,000        | 315,000        | 285,000        | 25,000          | 9.6%        |
| Hackney Licenses              | 53,500         | 63,342         | 55,000         | 55,000         | 55,000         | 0               | 0.0%        |
| Open Air Parking Lots         | 14,465         | 14,115         | 14,000         | 14,000         | 14,000         | 0               | 0.0%        |
| Marriage Licenses             | 15,390         | 15,740         | 15,000         | 15,000         | 15,000         | 0               | 0.0%        |
| Food Service Permits          | 93,400         | 87,966         | 90,000         | 90,000         | 90,000         | 0               | 0.0%        |
| Common Victualler Licenses    | 34,850         | 33,665         | 34,000         | 34,000         | 34,000         | 0               | 0.0%        |
| Lodging House Licenses        | 16,170         | 14,771         | 16,000         | 16,000         | 16,000         | 0               | 0.0%        |
| Dog Licenses                  | 29,157         | 30,601         | 28,000         | 28,000         | 28,000         | 0               | 0.0%        |
| Sunday Entertainment Licenses | 16,875         | 17,250         | 16,000         | 16,000         | 16,000         | 0               | 0.0%        |
| Rubbish Permits               | 19,820         | 18,820         | 17,500         | 17,500         | 17,500         | 0               | 0.0%        |
| All Others                    | 53,703         | 50,204         | 52,300         | 50,000         | 51,475         | (825)           | -1.6%       |
| <b>Totals</b>                 | <b>901,641</b> | <b>945,113</b> | <b>839,300</b> | <b>930,500</b> | <b>863,475</b> | <b>24,175</b>   | <b>2.9%</b> |

**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 \$3.9 million estimate is \$1.2 million, or nearly 50%, 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. Through the first half of FY08, there was a 5% increase in the number of tickets issued. The graph to the above left shows fine revenue since FY92 while the graph to the above right shows the number of tickets issued annually. The estimate for FY09 is increased \$125,000 (3%) to \$4.25 million.

| REVENUE SOURCE          | FY2006<br>ACTUAL | FY2007<br>ACTUAL | FY2008<br>BUDGET | FY2008<br>ESTIMATE | FY2009<br>BUDGET | BUDGET INCREASE |      |
|-------------------------|------------------|------------------|------------------|--------------------|------------------|-----------------|------|
|                         |                  |                  |                  |                    |                  | \$              | %    |
| Parking and Court Fines | 4,263,962        | 4,141,143        | 4,125,000        | 4,250,000          | 4,250,000        | 125,000         | 3.0% |

**GENERAL GOVERNMENT**

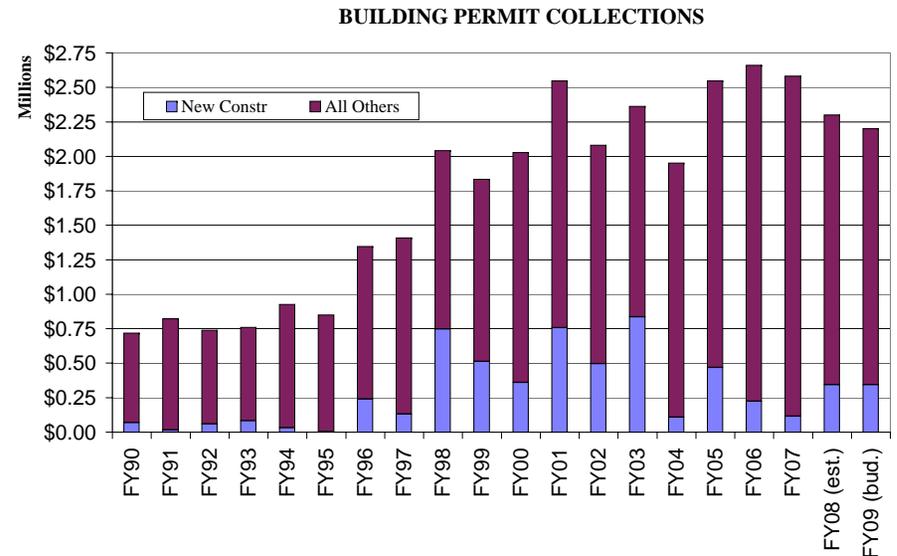
Revenues derived from this category are expected to decrease over the amount budgeted for FY08 by \$279,000 (9.5%) due to the loss of the Medicare Part D reimbursement from the Federal government and a \$100,000 (4.3%) decrease in Building Permits. The Medicare Part D Subsidy was an outcome of the Medicare 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.

As shown in the graph to the right, Building Permit collections are quite volatile. The data for the first six months of FY08 point to a slowdown in this revenue source, so it is reduced in FY09. 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. The first six months of FY08 revealed a downturn in the renovation-related portion, so the FY09 budget is reduced by \$100,000 (4.3%) to \$2.2 million.

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 payment is a \$7,000 payment made by the Town's ambulance provider for space at Fire Station #7. 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 \$20,000 (13.8%). 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 decreased \$4,000 (8%) for FY09.

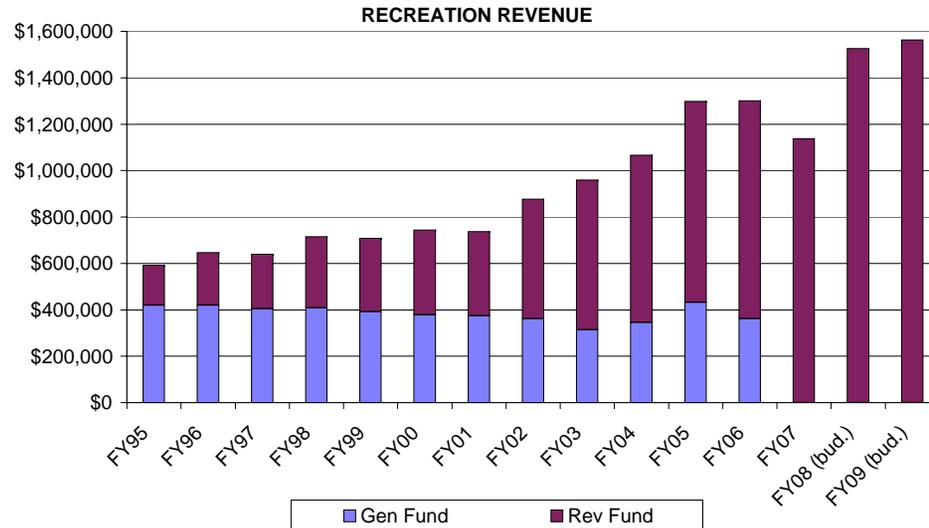


| REVENUE SOURCE                   | FY2006<br>ACTUAL | FY2007<br>ACTUAL | FY2008<br>BUDGET | FY2008<br>ESTIMATE | FY2009<br>BUDGET | BUDGET INCREASE  |              |
|----------------------------------|------------------|------------------|------------------|--------------------|------------------|------------------|--------------|
|                                  |                  |                  |                  |                    |                  | \$               | %            |
| Building Permits and Inspections | 2,660,513        | 2,581,629        | 2,300,000        | 2,300,000          | 2,200,000        | (100,000)        | -4.3%        |
| Legal Damage Recovery            | 631,477          | 35,000           | 5,000            | 805,000            | 5,000            | 0                | 0.0%         |
| Town Clerk's Fees                | 75,568           | 73,915           | 75,000           | 75,000             | 75,000           | 0                | 0.0%         |
| Collector's Fees                 | 187,709          | 152,790          | 100,000          | 150,000            | 100,000          | 0                | 0.0%         |
| Plan Design Review               | 57,785           | 44,885           | 50,000           | 50,000             | 50,000           | 0                | 0.0%         |
| Property Rental Payments         | 37,000           | 17,000           | 7,000            | 7,000              | 7,000            | 0                | 0.0%         |
| Medicare Part D Subsidy          | 0                | 637,770          | 195,000          | 195,000            | 0                | (195,000)        | -100.0%      |
| Benefits Reimbursement           | 155,033          | 164,666          | 145,000          | 155,000            | 165,000          | 20,000           | 13.8%        |
| All Others                       | 106,853          | 755,056          | 50,000           | 300,000            | 46,000           | (4,000)          | -8.0%        |
| <b>Totals</b>                    | <b>3,911,939</b> | <b>4,462,711</b> | <b>2,927,000</b> | <b>4,037,000</b>   | <b>2,648,000</b> | <b>(279,000)</b> | <b>-9.5%</b> |

**RECREATION**

The Recreation Department charges user fees for its programs in order to generate revenue and cover costs associated with those programs. Prior to FY07, the Department's revenue was split between the General Fund and the Recreation Revolving Fund. Commencing in FY07, all Recreation Department revenue is deposited in 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 as opposed to the 1% ceiling imposed by Chapter 44, Sec. 53E1/2 of Massachusetts General Laws. See page III-35 for a description of the Recreation Department's Revolving Fund, as well as the expenditure breakdown of the Revolving Fund in the Recreation Department's budget in Section IV of this Financial Plan.

The Recreation Department is also responsible for the operation of the Town-owned Robert T. Lynch Municipal Golf Course at Putterham Meadows. Please see the Enterprise Fund piece of this Revenue Section (page III-34), as well as the expenditure breakdown of the Enterprise Fund in the Recreation Department's budget in Section IV of this Financial Plan.



| REVENUE SOURCE              | FY2006<br><u>ACTUAL</u> | FY2007<br><u>ACTUAL</u> | FY2008<br><u>BUDGET</u> | FY2008<br><u>ESTIMATE</u> | FY2009<br><u>BUDGET</u> | BUDGET INCREASE |   |
|-----------------------------|-------------------------|-------------------------|-------------------------|---------------------------|-------------------------|-----------------|---|
|                             |                         |                         |                         |                           |                         | \$              | % |
| Swimming                    | 93,770                  | 0                       | 0                       | 0                         | 0                       | 0               |   |
| Summer Day Camps            | 157,354                 | 0                       | 0                       | 0                         | 0                       | 0               |   |
| Tennis                      | 26,893                  | 0                       | 0                       | 0                         | 0                       | 0               |   |
| Physical Education Facility | 3,148                   | 0                       | 0                       | 0                         | 0                       | 0               |   |
| Skating                     | 33,066                  | 0                       | 0                       | 0                         | 0                       | 0               |   |
| Picnic Charges              | 33,120                  | 0                       | 0                       | 0                         | 0                       | 0               |   |
| Other                       | 15,095                  | 0                       | 0                       | 0                         | 0                       | 0               |   |
| Totals                      | 362,446                 | 0                       | 0                       | 0                         | 0                       | 0               |   |

**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:

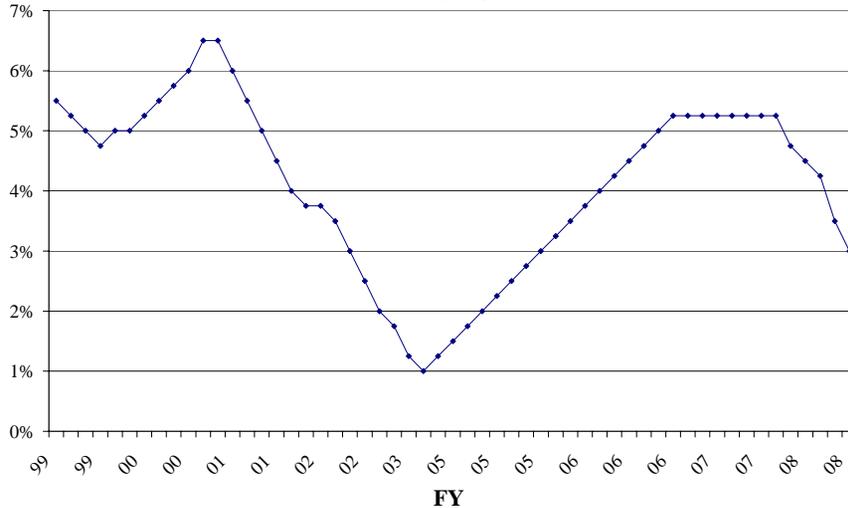
1. Market interest rates
2. Available cash balances
3. Anticipated cash flows
4. Cash management policies and practices

Investment income accounted for more than 85% of the interest income earned in FY07. The other significant source of interest is from payments made by delinquent taxpayers.

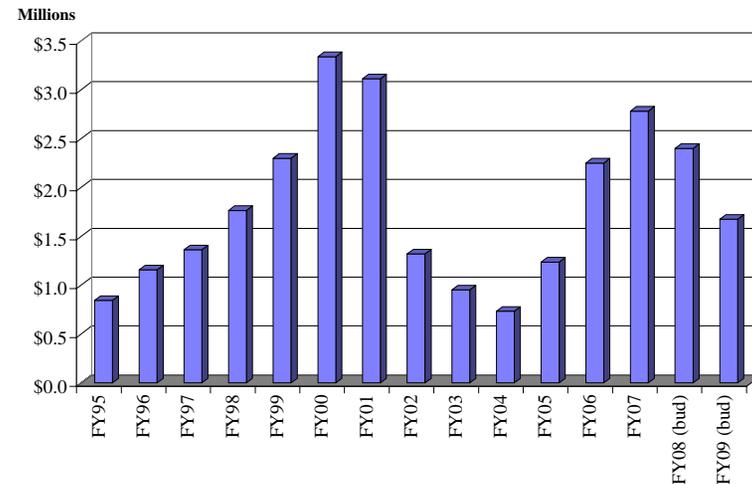
The estimate for interest earned on investments for FY09 is \$1.7 million, a decrease of \$725,545 (30.2%). The large decrease is the result of recent actions taken by the Federal Reserve Bank to help improve the nation's economy. For historical context, between January, 2001 and June, 2003, the Federal 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 four more times to 3%, including a drop of 75 basis points on January 22 and a subsequent drop of 50 basis points just one week later on January 30. With a reduced rate of return, the Town cannot expect to earn as much as it did in FY07. The \$1.7 million estimate reflects this reality. The two graphs below show the changes in the Federal Funds rate (left) and the historical Investment Income earnings (right).

**FEDERAL FUNDS RATE**



**HISTORICAL GENERAL FUND INVESTMENT EARNINGS**



The amount budgeted in FY09 for interest earned from delinquent taxpayers is increased \$21,000 (6.6%) to \$340,000.

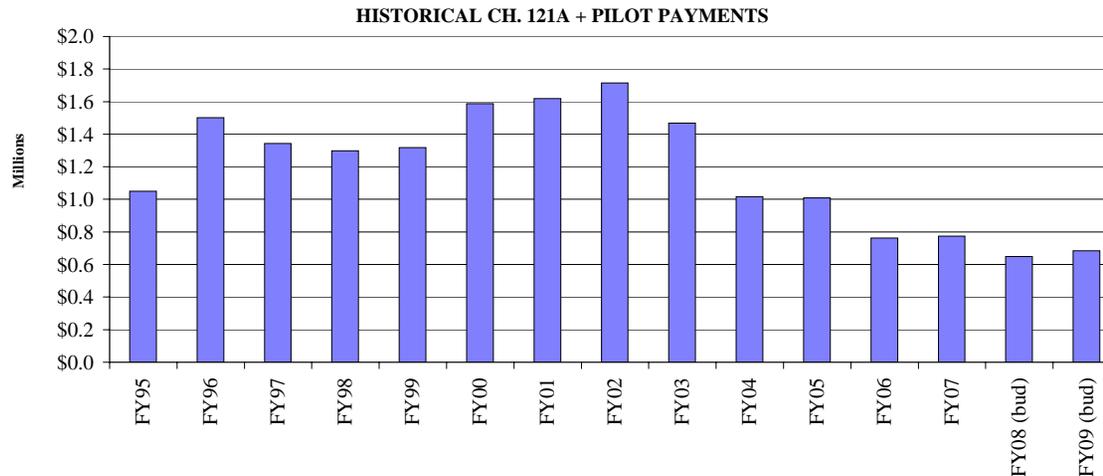
| REVENUE SOURCE          | FY2006    | FY2007    | FY2008    | FY2008    | FY2009    | BUDGET INCREASE |        |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------------|--------|
|                         | ACTUAL    | ACTUAL    | BUDGET    | ESTIMATE  | BUDGET    | \$              | %      |
| Interest Income         | 2,251,178 | 2,781,905 | 2,400,000 | 2,175,000 | 1,674,455 | (725,545)       | -30.2% |
| Delinquent Tax Interest | 333,858   | 429,252   | 319,000   | 380,000   | 340,000   | 21,000          | 6.6%   |
| Totals                  | 2,585,036 | 3,211,157 | 2,719,000 | 2,555,000 | 2,014,455 | (704,545)       | -25.9% |

**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 FY09 estimated payment, are as follows: \$114,000 for 1371 Beacon St. (Beacon Park Associates) and \$460,000 for 55 Village Way, for a total of \$574,000. This reflects a \$54,000 (10.4%) increase.

PILOTs are estimated to yield \$145,545 for FY09, with \$95,000 coming from the Brookline Housing Authority (BHA) and the balance from miscellaneous agreements the Board of Assessors and Board of Selectmen have entered into with some non-profits in Brookline. The increase in "Other" is due primarily to the agreement with the Chestnut Hill Benevolent Association (\$35,545 in FY09). The purpose of the PILOT agreement with these non-profits is to help cover a portion of the cost of public safety and public works services.



| REVENUE SOURCE              | FY2006<br><u>ACTUAL</u> | FY2007<br><u>ACTUAL</u> | FY2008<br><u>BUDGET</u> | FY2008<br><u>ESTIMATE</u> | FY2009<br><u>BUDGET</u> | BUDGET INCREASE |        |
|-----------------------------|-------------------------|-------------------------|-------------------------|---------------------------|-------------------------|-----------------|--------|
|                             |                         |                         |                         |                           |                         | \$              | %      |
| Chapter 121A Projects       | 608,406                 | 641,612                 | 520,000                 | 520,000                   | 574,000                 | 54,000          | 10.4%  |
| Brookline Housing Authority | 129,805                 | 96,351                  | 103,800                 | 103,800                   | 95,000                  | (8,800)         | -8.5%  |
| Other                       | 25,148                  | 36,307                  | 25,000                  | 220,000                   | 50,545                  | 25,545          | 102.2% |
| Totals                      | 763,359                 | 774,270                 | 648,800                 | 843,800                   | 719,545                 | 70,745          | 10.9%  |

**DEPARTMENTAL AND OTHER**

All other local receipt sources combined are expected to total \$2.7 million, an amount that is \$214,450 (8.8%) above the FY08 budgeted amount. This is primarily due to four revenue sources:

1. Parking Fees - these fees include revenues from various parking permits, municipal parking space rentals, and rental vehicle lease surcharges. They are expected to increase \$119,000 (30.8%) to \$505,500, the result of the new residential and commercial permit parking programs.
2. 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. Based upon the historical tonnage and the price received for paper, the FY09 estimate is \$200,000, an increase of \$92,000, or 85.2%.
3. 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. As the number of non-contributory retirees declines, so too will the reimbursement. The FY09 estimate is \$32,000 compared to \$0 in FY08. The FY08 budget was set at \$0 since the State had made an overpayment in the past and was holding the reimbursement as a way to pay back the overpayment. The Town has now repaid the overpayment in full, so it can budget for the reimbursement.
4. Hotel/Motel Excise - this revenue source is a 4% tax on gross receipts from room rentals of hotels and motels. It is estimated to decrease \$65,000 (8.7%) to \$685,000, an amount that includes the excise taxes from both hotels in town and the numerous inns and bed and breakfasts.

The remaining revenue sources in this category are:

- Public Safety Fees - these include Towing Fees and Firearms Licenses and are decreased \$5,000 (5.2%) to \$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 level-funded at \$82,500.
- 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 \$5,000 (11.1%) to \$50,000.
- Schools (Medicaid Reimbursement) - this is the Federal Medicaid reimbursement for medical services provided to qualified Brookline special education students. It is increased \$15,000 (7%) to \$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 increased \$5,000 (3.7%) to \$140,000.
- Cable Television Franchise Fee - this is a 3% tax on the gross receipts of the local cable television companies. It is estimated to increase \$16,450 (3.5%) to \$486,450 because of previous experience and the fact that the fee is based upon gross receipts of the companies.

| REVENUE SOURCE                   | FY2006    | FY2007    | FY2008    | FY2008    | FY2009    | BUDGET INCREASE |       |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------------|-------|
|                                  | ACTUAL    | ACTUAL    | BUDGET    | ESTIMATE  | BUDGET    | \$S             | %     |
| Public Safety                    | 103,209   | 94,190    | 97,000    | 97,000    | 92,000    | (5,000)         | -5.2% |
| Health and Sanitation            | 51,166    | 46,070    | 50,000    | 50,000    | 50,000    | 0               | 0.0%  |
| Public Works                     | 85,801    | 83,106    | 82,500    | 82,500    | 82,500    | 0               | 0.0%  |
| Recycling                        | 135,949   | 199,318   | 108,000   | 245,000   | 200,000   | 92,000          | 85.2% |
| Parking Fees                     | 359,060   | 380,477   | 386,500   | 460,000   | 505,500   | 119,000         | 30.8% |
| Credit Card Convenience Fees     | 39,310    | 50,002    | 45,000    | 50,000    | 50,000    | 5,000           | 11.1% |
| Schools (Medicaid Reimbursement) | 234,346   | 257,890   | 215,000   | 215,000   | 230,000   | 15,000          | 7.0%  |
| Library                          | 116,919   | 121,035   | 110,000   | 110,000   | 110,000   | 0               | 0.0%  |
| Detail Surcharges                | 131,909   | 142,712   | 135,000   | 135,000   | 140,000   | 5,000           | 3.7%  |
| Hotel/Motel Excise               | 732,178   | 799,339   | 750,000   | 665,000   | 685,000   | (65,000)        | -8.7% |
| Cable TV Franchise               | 471,069   | 630,129   | 470,000   | 500,000   | 486,450   | 16,450          | 3.5%  |
| Pension Reimbursement            | 10,430    | 46,544    | 0         | 25,000    | 32,000    | 32,000          | =     |
| Totals                           | 2,471,346 | 2,850,812 | 2,449,000 | 2,634,500 | 2,663,450 | 214,450         | 8.8%  |

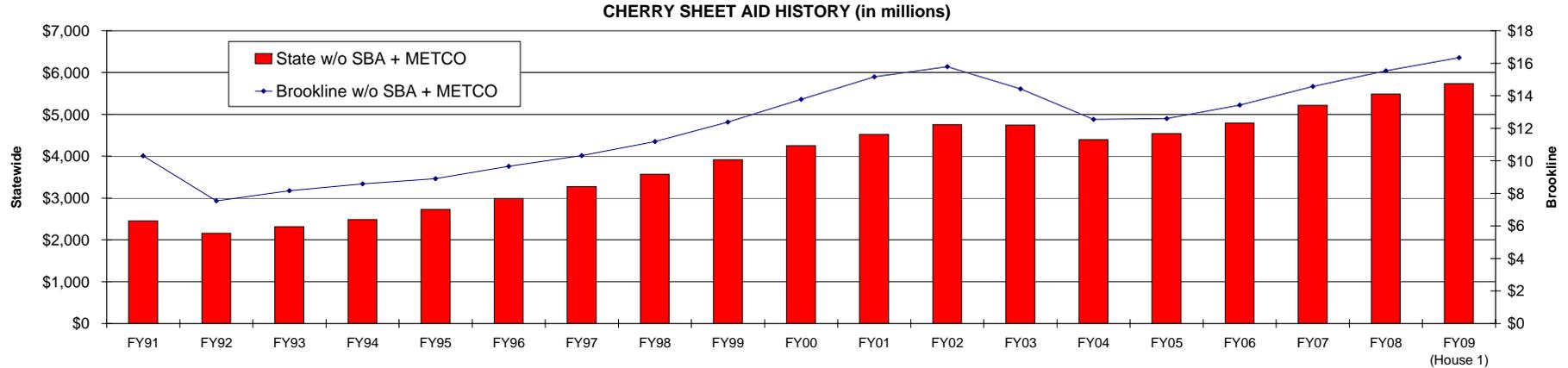
**STATE AID SUMMARY**

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, local aid started being reduced 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 begin restoring some of the cuts it imposed in FY03 and FY04, as shown in the table below:

|                   | <u>STATEWIDE INCR.</u> | <u>BROOKLINE INCR.</u> |
|-------------------|------------------------|------------------------|
| FY06              | \$252M (5.6%)          | \$825K (6.6%)          |
| FY07              | \$424M (8.8%)          | \$1.2M (8.6%)          |
| FY08              | \$269M (5.2%)          | \$952K (6.5%)          |
| FY09 (Governor's) | \$248M (4.5%)          | \$809K (5.2%)          |

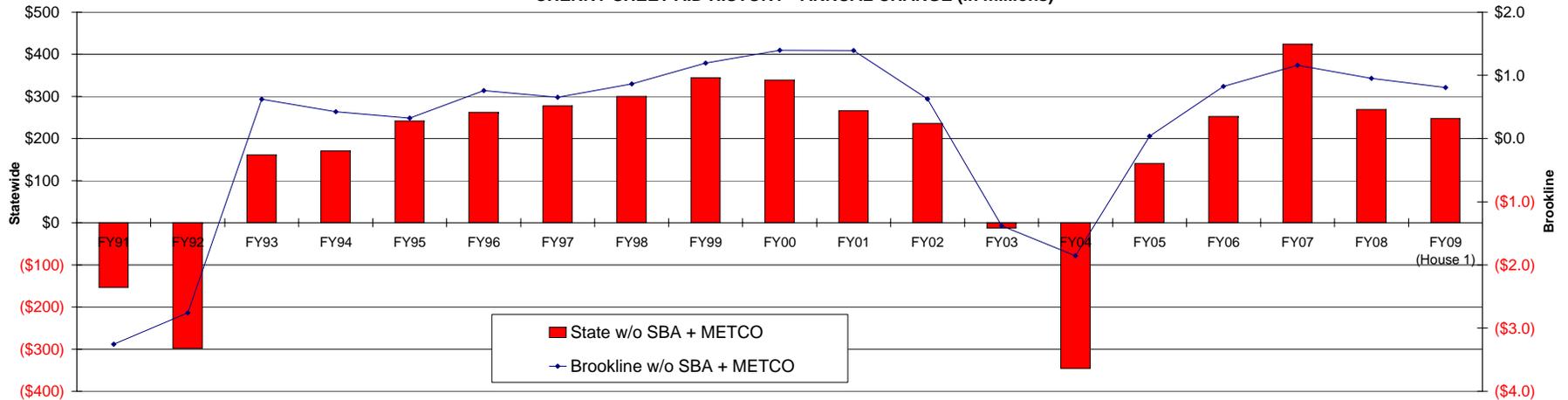
\* These figures do not include School Building Assistance (SBA) or METCO funding.



\* 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          | FY2006        | FY2007        | FY2008        | FY2008          | FY2009        | BUDGET INCREASE |          |
|-------------------------|---------------|---------------|---------------|-----------------|---------------|-----------------|----------|
|                         | <u>ACTUAL</u> | <u>ACTUAL</u> | <u>BUDGET</u> | <u>ESTIMATE</u> | <u>BUDGET</u> | <u>\$</u>       | <u>%</u> |
| General Government Aid  | 7,987,902     | 8,631,339     | 8,679,253     | 8,679,253       | 8,687,715     | 8,462           | 0.1%     |
| School Aid              | 5,214,247     | 5,789,916     | 6,685,158     | 6,685,158       | 7,491,477     | 806,319         | 12.1%    |
| School Construction Aid | 3,442,794     | 3,442,794     | 3,442,794     | 3,442,794       | 3,267,372     | (175,422)       | -5.1%    |
| Tax Exemptions          | 26,427        | 42,059        | 45,177        | 45,177          | 42,059        | (3,118)         | -6.9%    |
| Education Offset Items  | 1,280,287     | 117,738       | 120,749       | 120,749         | 118,326       | (2,423)         | -2.0%    |
| Totals                  | 17,951,657    | 18,023,846    | 18,973,131    | 18,973,131      | 19,606,949    | 633,818         | 3.3%     |

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 FY09 budget proposal increases total Cherry Sheet aid by \$248 million (4.5%). For Brookline, this translates into a \$809,240 (5.2%) increase, exclusive of School Building Assistance (SBA), which is no longer a Cherry Sheet item. The majority of the growth comes from the proposal to increase Ch. 70 funding statewide by \$223 million (6%), of which Brookline receives \$805,328, representing a 12.1% increase. The \$223 million increase reflects the third year of the planned five-year phase-in of the aggregate wealth model for calculating required local contributions. Each municipality's target contribution has been updated using 2006 property values and 2005 personal income data. For municipalities with required contributions above their targets, the requirement is reduced by 33% of the gap (compared to 25% last year). In addition, Foundation aid is fully funded, down-payment aid is calculated using 33% of the target, compared to 30% last year, Growth aid provides funds to districts whose foundation budgets are growing due to inflation or enrollment, and Minimum aid guarantees every district a minimum increase of at least \$50 per pupil. This funding level enables all 328 school districts to realize an increase in funding from FY08 levels.

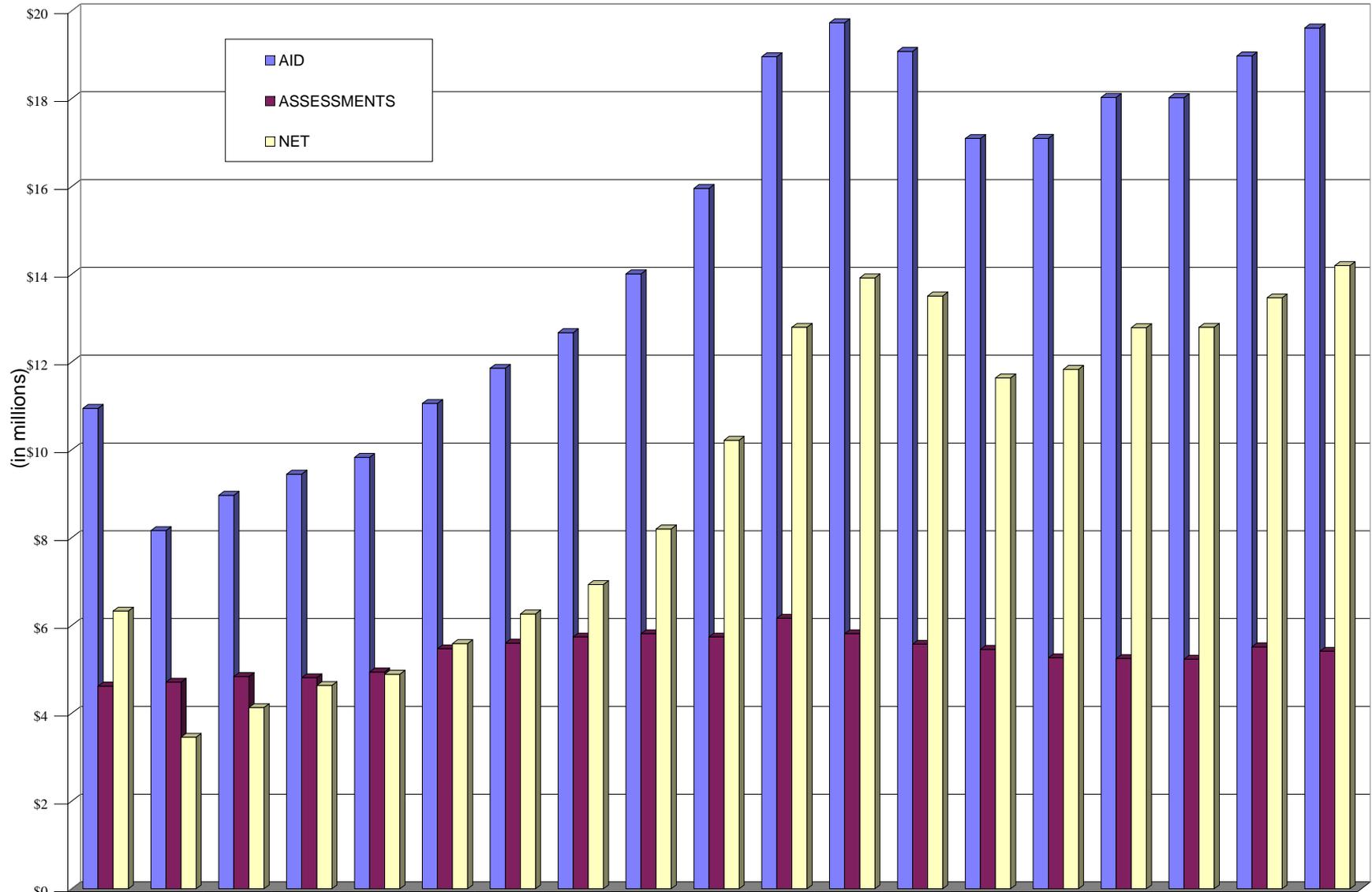
The Governor also proposes level-funding the amount of Lottery proceeds sent back to cities and towns at \$935 million statewide. That is accomplished, however, by using \$124 million in assumed casino licensing fees to plug the difference between the expected net proceeds (\$811 million) and the current budgeted amount (\$935 million). As the Governor noted in his Brief on the Gaming Initiative:

"It should be noted that the State's commitment to cities and towns is to distribute uncapped net lottery revenues to them for unrestricted use to support their municipal budgets. Based on current projections of FY09 net lottery receipts, a distribution to cities and towns of \$811 million would satisfy this commitment. The Governor, however, recognizes the fact that municipalities have come to rely on an aggregate distribution of \$935 million. Although the Commonwealth cannot afford to fund the expected shortfall for existing State resources, passage of the Governor's casino proposal would provide new State revenues that the Governor proposes to dedicate in part to funding this shortfall."

For Brookline, level-funding results in a revenue budget of \$4.4 million, an amount that is \$400,000 greater than was assumed in the Financial Forecast presented to the Board of Selectmen in December, 2007. Based on Section 3 of the budget proposal (the Local Aid distribution section), if the casino revenue was not used and Lottery had to be cut, Brookline's share would be cut \$584,764, an amount that is approximately \$185,000 more than the \$400,000 cut assumed in the Forecast. The Governor's plan to help stave off cuts in Lottery proceeds for municipalities is a welcome initiative and is something that cities and towns should embrace.

When increases in State Assessments are included, the Net State Aid increase for FY09 is \$908,755 (9.1%), exclusive of SBA payments. The chart on the next page shows Brookline's total state aid amounts since FY91, as well as state assessments and net state aid for the same period.

BROOKLINE STATE AID AND ASSESSMENTS



|             | 91    | 92   | 93   | 94   | 95   | 96    | 97    | 98    | 99    | 00    | 01    | 02    | 03 *  | 04    | 05    | 06    | 07    | 08    | 09 (H1) |
|-------------|-------|------|------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------|
| AID         | 10.94 | 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 | 18.97 | 19.61   |
| ASSESSMENTS | 4.62  | 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  | 5.41    |
| NET         | 6.33  | 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 | 13.46 | 14.20   |

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

**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.

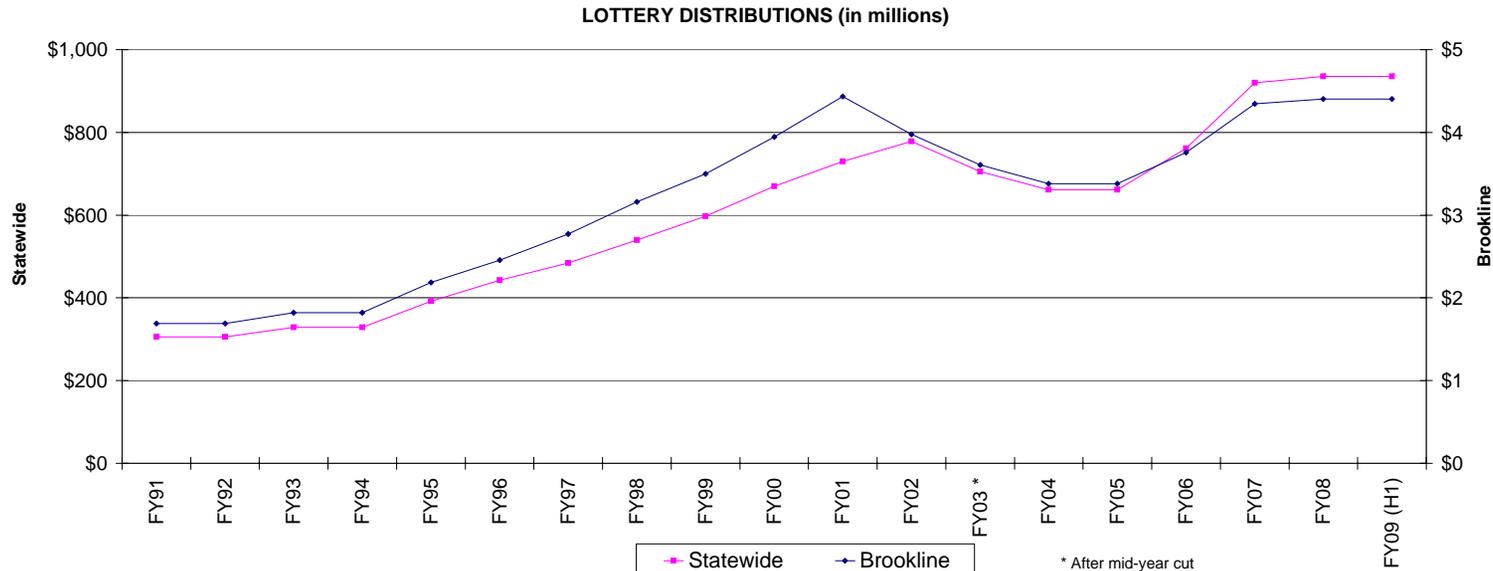
The table to the right shows the history of Additional Assistance, both statewide and for Brookline, since FY90. The Governor's FY09 budget proposal level-funds Additional Assistance at \$378.5 million statewide. Therefore, \$3.5 million is budgeted.

|                 | STATEWIDE AMT. | BROOKLINE AMT. |
|-----------------|----------------|----------------|
| FY90            | \$765M         | \$6.9M         |
| FY92-FY02       | \$476.3M       | \$4.4M         |
| FY03            | \$403.7M       | \$3.7M         |
| FY04-FY08       | \$378.5M       | \$3.5M         |
| FY09 (Proposed) | \$378.5M       | \$3.5M         |

**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:

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



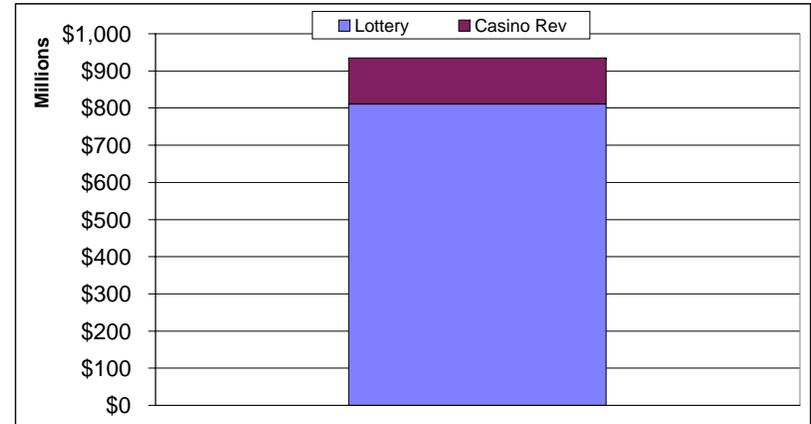
| REVENUE SOURCE          | FY2006    | FY2007    | FY2008    | FY2008    | FY2009    | BUDGET INCREASE |      |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------------|------|
|                         | ACTUAL    | ACTUAL    | BUDGET    | ESTIMATE  | BUDGET    | \$\$            | %    |
| Additional Assistance   | 3,497,741 | 3,497,741 | 3,497,741 | 3,497,741 | 3,497,741 | 0               | 0.0% |
| Lottery                 | 3,756,449 | 4,345,694 | 4,403,998 | 4,403,998 | 4,403,998 | 0               | 0.0% |
| Veteran's Benefits      | 70,618    | 55,026    | 47,455    | 47,455    | 51,062    | 3,607           | 7.6% |
| Police Career Incentive | 663,094   | 732,878   | 730,059   | 730,059   | 734,914   | 4,855           | 0.7% |
| Totals                  | 7,987,902 | 8,631,339 | 8,679,253 | 8,679,253 | 8,687,715 | 8,462           | 0.1% |

**LOTTERY (con't.)**

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. This occurred because the final state budget approved a plan to phase-out the diversion over a four-year period: 45% in FY06; 65% in FY07; 85% in FY08; and 100% in FY09. The final FY07 state budget eliminated the four-year phase-in and included full restoration of Lottery proceeds. As a result, 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. As previously noted, for FY09, the Governor proposes level-funding the amount of Lottery proceeds sent back to cities and towns at \$935 million statewide. That is accomplished, however, by using \$124 million in assumed casino licensing fees to plug the difference between the expected net proceeds (\$811 million) and the current budgeted amount (\$935 million). This is shown in the graph to the right. For Brookline, the level-funding results in a revenue budget of \$4.4 million, an amount that is \$400,000 greater than was assumed in the Financial Forecast presented to the Board of Selectmen in December, 2007. Based on Section 3 of the budget proposal (the Local Aid distribution section), if the casino revenue was not used and Lottery had to be cut, Brookline's share would be cut \$584,764, an amount that is approximately \$185,000 more than the \$400,000 cut assumed in the Forecast.



**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 FY08 was \$15.2 million, with Brookline's share being \$47,455. The Governor's FY09 budget proposal increases statewide funding by \$5.7 million (37.8%). Based on the Preliminary Cherry Sheets, Brookline will receive \$51,062, an increase of \$3,607 (7.6%).

**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 FY09 budget proposal increases the statewide appropriation by \$3.1 million (5.8%) to \$56.4 million. Based on the Preliminary Cherry Sheets, Brookline will receive \$734,914, an increase of \$4,855, or 0.7%.

**SCHOOL AID - CHAPTER 70**

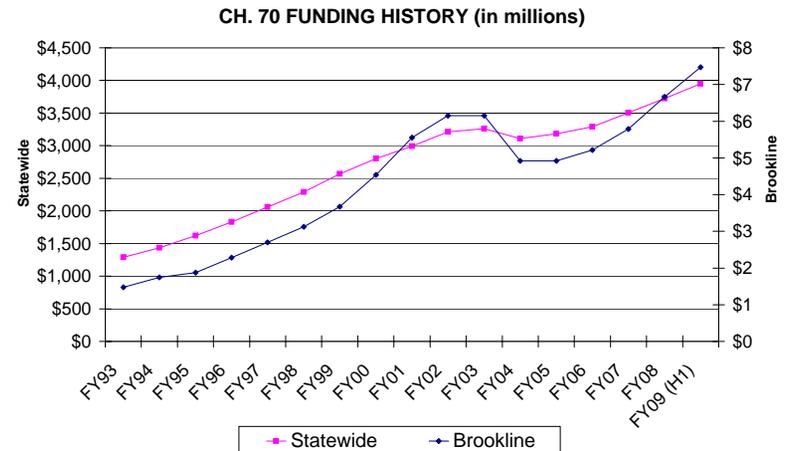
Chapter 70 Aid was revised in FY94 as a result of the historic enactment of the Education Reform Act of 1993. Education reform was undertaken in an effort to ensure both fair and adequate funding through a universal "foundation budget" formula to establish base spending levels for all of the Commonwealth's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

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 FY09 budget proposal increases funding by \$223.1 million (6%) statewide to \$3.9 billion. This reflects the third year of the planned five-year phase-in of the aggregate wealth model for calculating required local contributions. Each municipality's target contribution has been updated using 2006 property values and 2005 personal income data. For municipalities with required contributions above their targets, the requirement is reduced by 33% of the gap (compared to 25% last year). In addition, Foundation aid is fully funded, down-payment aid is calculated using 33% of the target, compared to 30% last year, Growth aid provides aid to districts whose foundation budgets are growing due to inflation or enrollment, and Minimum aid guarantees every district a minimum increase of at least \$50 per pupil. This funding level enables all 328 school districts to realize an increase in funding from FY08 levels. For Brookline, the increase is \$805,328 (12.1%). The history since FY03 is shown in the



|                   | <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 (Governor's) | \$223.1M (6%)          | \$805K (12.1%)         |

| REVENUE SOURCE                          | FY2006        | FY2007        | FY2008        | FY2008          | FY2009        | BUDGET INCREASE |       |
|---|---------------|---------------|---------------|-----------------|---------------|-----------------|-------|
|   | <u>ACTUAL</u> | <u>ACTUAL</u> | <u>BUDGET</u> | <u>ESTIMATE</u> | <u>BUDGET</u> | \$              | %     |
| School Aid Chapter 70                   | 5,214,247     | 5,789,916     | 6,667,814     | 6,667,814       | 7,473,142     | 805,328         | 12.1% |
| School Construction Aid                 | 3,442,794     | 3,442,794     | 3,442,794     | 3,442,794       | 3,267,372     | (175,422)       | -5.1% |
| Charter Tuition Assessment Reimbursemen | 0             | 0             | 17,344        | 17,344          | 18,335        | 991             | 5.7%  |
| Totals                                  | 8,657,041     | 9,232,710     | 10,110,608    | 10,110,608      | 10,740,514    | 629,906         | 6.2%  |

### 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.

An independent state authority was created to operate the new SBA program, which is governed by a seven-member board led by the State Treasurer. An 18-member advisory board has been 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 current waiting list. Projects already receiving payments continue 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, receive 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 have been 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 is reduced from 90% to 80%, and the maximum local contribution is 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 \$702 million for distribution in FY09, an amount that sounds large, but, based on school construction costs, will only fund a minimal number of major school projects.

The FY09 - FY14 CIP, which is detailed in Section VI of this Financial Plan, shows that the Town can afford \$12 million for the Runkle School project and \$25 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. The Town received encouraging news relative to the Runkle School project when the Authority placed the project on its "Feasibility Invitation" list, one of just 49 statewide. The Town will continue to work very closely with the Authority on the Runkle project. As for the Devotion School project, a Statement of Interest (SOI) was submitted, but the Authority asked each community to prioritize its projects. The Authority then focused on just the top priority of each community, meaning other SOI's will be reviewed at a later time. As shown in the CIP, the Town can afford \$25 million for Devotion project.

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-FY19, 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**

**VETERANS/BLIND PERSONS/SURVIVING SPOUSES AND OTHERS**

Chapter 59, Section 5, includes so-called "clause exemptions" that provide property tax exemptions for veterans, blind persons, and surviving spouses 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 FY08, the combined impact of the COLAs since FY04 has increased the estate provision to \$45,670. The State partially reimburses the Town for this exemption.

Total FY08 statewide funding for the above three reimbursements was \$15.2 million. For Brookline, the total was \$43,671. In the Governor's FY09 budget proposal, these are increased \$198,148 (1.3%) to \$15.4 million. For Brookline, \$40,553 is estimated, a decrease of \$3,118 (7.1%).

**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

| REVENUE SOURCE                  | FY2006 | FY2007 | FY2008 | FY2008   | FY2009 | BUDGET INCREASE |       |
|---------------------------------|--------|--------|--------|----------|--------|-----------------|-------|
|                                 | ACTUAL | ACTUAL | BUDGET | ESTIMATE | BUDGET | \$              | %     |
| Veterans/Blind/Surviving Spouse | 24,921 | 40,553 | 43,671 | 43,671   | 40,553 | (3,118)         | -7.1% |
| Elderly Taxpayer                | 1,506  | 1,506  | 1,506  | 1,506    | 1,506  | 0               | 0.0%  |
| Totals                          | 26,427 | 42,059 | 45,177 | 45,177   | 42,059 | (3,118)         | -6.9% |

**ELDERLY PERSONS (con't)**

estate provisions annually by a cost of living adjustment as determined by the Commissioner of the Department of Revenue (DOR). In FY08, the combined impact of the COLAs since FY04 has increased the income provision to \$14,843 single / \$17,126 married and increased the asset provision to \$31,969 single / \$34,252 married.

The State determines its reimbursement by dividing the total number of exemptions throughout the State into the total appropriation, which was \$9.6 million in FY08. Brookline's reimbursement entitlement is calculated by multiplying the statewide unit reimbursement by the number of exemptions granted by the Town. In FY08, the reimbursement was \$1,506. In the Governor's FY09 budget proposal, total statewide funding is decreased \$148,514 (1.5%) to \$9.5 million. For Brookline, the reimbursement is estimated at \$1,506, an amount that represents level-funding.

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 FY08 funding totaled \$5.4 million. The Governor's FY09 budget proposal level funds the account. For Brookline, funding is estimated at \$20,004, decrease of \$2,423 (10.8%).

**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-25. 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 FY08 funding totaled \$9.5 million. The Governor's FY09 budget proposal level-funds the account. For Brookline, funding is estimated at \$98,322, an amount that reflects level-funding.

**METCO**

Until FY07, the Racial Imbalance (METCO) account was considered a Cherry Sheet Offset. In FY07, the Division of Local Services (DLS), in consultation with the Department of Education (DOE), removed METCO from the Cherry Sheet, as they viewed it as a grant that has no impact on the local tax rate setting process. Chapter 76, Section 12A, provides financial assistance to communities that educate children who reside in other towns where a racial imbalance exists. Each school system must submit a plan to the Board of Education that shall include an estimate of the costs associated with its implementation. If the plan is approved by the Board of Education, it enters into an agreement for reimbursement with the school system.

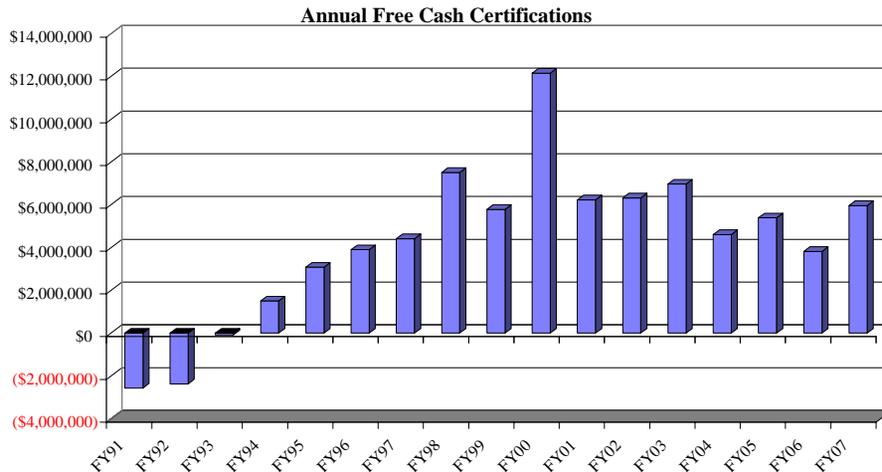
| REVENUE SOURCE   | FY2006    | FY2007  | FY2008  | FY2008   | FY2009  | BUDGET INCREASE |        |
|------------------|-----------|---------|---------|----------|---------|-----------------|--------|
|                  | ACTUAL    | ACTUAL  | BUDGET  | ESTIMATE | BUDGET  | \$\$            | %      |
| Racial Imbalance | 1,164,886 | 0       | 0       | 0        | 0       | 0               | -      |
| Lunch Programs   | 21,742    | 19,993  | 22,427  | 22,427   | 20,004  | (2,423)         | -10.8% |
| Public Libraries | 93,659    | 97,745  | 98,322  | 98,322   | 98,322  | 0               | 0.0%   |
| Totals           | 1,280,287 | 117,738 | 120,749 | 120,749  | 118,326 | (2,423)         | -2.0%  |

**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 FY09 (i.e., Free Cash as of 7/1/07) increased \$2.1 million (56.1%) to \$5.95 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 \$440,000) 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 FY07 has been certified at \$5,954,963. After making the following appropriations, \$5,020,852 is available for capital improvements:

- \$436,636 to the Operating Budget Reserve Fund
- \$200,000 to the Worker's Compensation Trust Fund
- \$297,475 to the Liability/Catastrophe Fund

| REVENUE SOURCE                   | FY2006<br>ACTUAL | FY2007<br>ACTUAL | FY2008<br>BUDGET | FY2008<br>ESTIMATE | FY2009<br>BUDGET | BUDGET INCREASE |         |
|----------------------------------|------------------|------------------|------------------|--------------------|------------------|-----------------|---------|
|                                  |                  |                  |                  |                    |                  | \$\$            | %       |
| Free Cash appropriated for:      |                  |                  |                  |                    |                  |                 |         |
| Capital Improvements             | 3,779,809        | 4,491,704        | 2,891,385        | 2,891,385          | 5,020,852        | 2,129,467       | 73.6%   |
| Operating Budget Reserve Fund    | 381,105          | 398,444          | 418,778          | 418,778            | 436,636          | 17,858          | 4.3%    |
| Stabilization Fund               | 39,004           | 22,248           | 0                | 0                  | 0                | 0               | #DIV/0! |
| Affordable Housing Trust Fund    | 0                | 0                | 0                | 0                  | 0                | 0               | -       |
| Worker's Compensation Trust Fund | 0                | 250,000          | 250,000          | 250,000            | 200,000          | (50,000)        | -20.0%  |
| Liability Reserve                | 406,616          | 225,039          | 254,629          | 254,629            | 297,475          | 42,846          | 16.8%   |
| Totals                           | 4,606,534        | 5,387,435        | 3,814,792        | 3,814,792          | 5,954,963        | 2,140,171       | 56.1%   |

**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 FY09 appropriations is \$5 million, a decrease of \$3.1 million (35.9%) from the amount available in FY08. The decrease is the result of the following changes:

1. **Water and Sewer Enterprise Fund Reimbursement** - until FY09, this reimbursement to the General Fund consisted of debt service, fringe benefits, and certain interdepartmental expenses. Starting in FY09, debt service is budgeted within the Enterprise Fund instead of as part of the General Fund. Doing so reduces the amount of the reimbursement by an amount equal to debt service, or approximately \$2.6 million.
2. **Tax Abatement Reserve Surplus** - also known as the Overlay Reserve Surplus, the \$850,000 reduction is due to the fact that in FY08, \$850,000 was used as part of the FY08 Capital Improvement Program (CIP), and in FY09, no such surplus has been declared by the Board of Assessor's.
3. **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 FY07, the Town received \$550,000 associated with the transfer of 1 Brookline Place under the terms of the 1985 Ground Lease and Land Disposition Agreement. Per the provisions of Ch. 44, Sec. 63, this amount goes toward financing the CIP.
4. **Golf Enterprise Fund Reimbursement** - until FY09, this reimbursement to the General Fund consisted of debt service, 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., year-end surplus), and property insurance. Starting in FY09, debt service is budgeted within the Enterprise Fund instead of as part of the General Fund. Doing so reduces the amount of the reimbursement by an amount equal to debt service, or approximately \$197,000. The Town Fee decreases \$1,491 (1.9%).
5. **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. In FY08, the reimbursement was doubled to help reduce the General Fund subsidy. The Cemetery Trustees stipulated that the doubling be for FY08 only, so the FY09 Financial Plan reflects this.
6. **Capital Project Surplus** - \$195,000 of remaining balances from existing capital projects is being re-appropriated to support the CIP, an increase of \$25,845 (15.3%) from FY08.
7. **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 FY09 reimbursement increases \$11,672 (6.3%) to \$198,027.
8. **Parking Meter Receipts** - an increase of \$4,514 (0.2%) to \$2.5 million is anticipated.
9. **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 FY09.

| REVENUE SOURCE                         | FY2006<br>ACTUAL | FY2007<br>ACTUAL | FY2008<br>BUDGET | FY2008<br>ESTIMATE | FY2009<br>BUDGET | BUDGET INCREASE |         |
|--|------------------|------------------|------------------|--------------------|------------------|-----------------|---------|
|  |                  |                  |                  |                    |                  | \$\$            | %       |
| Parking Meter Receipts                 | 1,977,500        | 1,930,000        | 2,495,486        | 2,495,486          | 2,500,000        | 4,514           | 0.2%    |
| Walnut Hill Cemetery Fund              | 50,000           | 50,000           | 100,000          | 100,000            | 50,000           | (50,000)        | -50.0%  |
| Chapter 90                             | 568,786          | 0                | 0                | 0                  | 0                | 0               | -       |
| State Aid for Libraries                | 41,555           | 41,555           | 41,555           | 41,555             | 41,555           | 0               | 0.0%    |
| Golf Enterprise Fund Reimbursement     | 379,554          | 371,402          | 373,004          | 373,004            | 179,064          | (193,940)       | -52.0%  |
| Recreation Revolving Fund Reimbursemen | 119,737          | 145,601          | 186,355          | 186,355            | 198,027          | 11,672          | 6.3%    |
| Water and Sewer Enterprise Fund Reimb. | 4,554,526        | 4,836,456        | 4,513,660        | 4,513,660          | 1,877,687        | (2,635,973)     | -58.4%  |
| Tax Abatement Reserve Surplus          | 0                | 950,000          | 850,000          | 850,000            | 0                | (850,000)       | -100.0% |
| Capital Project Surplus                | 0                | 623,039          | 169,155          | 169,155            | 195,000          | 25,845          | 15.3%   |
| Sale of Town-owned Land Fund           | 0                | 0                | 0                | 0                  | 550,000          | 550,000         | -       |
| Totals                                 | 7,691,658        | 8,948,053        | 8,729,215        | 8,729,215          | 5,041,333        | (3,137,882)     | -35.9%  |

**WATER AND SEWER ENTERPRISE**

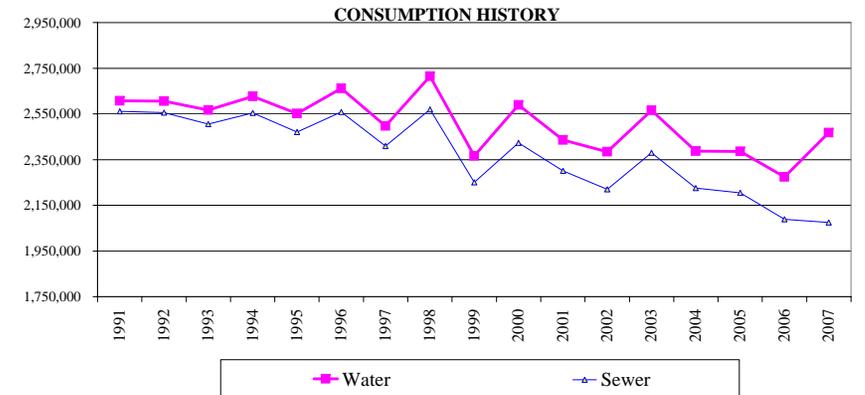
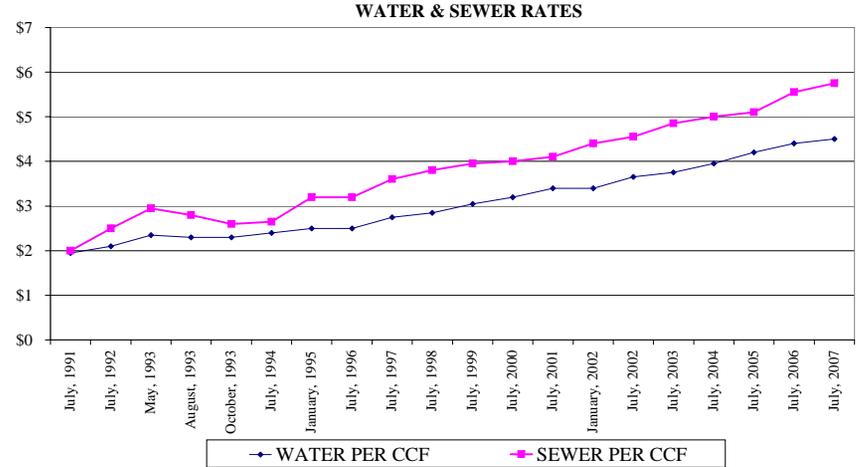
The Department of Public Works is responsible for the operation of the Water and Sewer Division. The Division is responsible for maintaining and operating the municipal water distribution system in accordance with industry standards promulgated by the American Water Works Association and all applicable 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 reason for the large decrease in the reimbursement to the General Fund is that starting in FY09, debt service is budgeted within the Enterprise Fund instead of as part of the General Fund. Doing so reduces the amount of the reimbursement by an amount equal to debt service.) The Fund covers 100% of its expenses.

Early indications are that the costs for water and sewer services for FY09 will increase by \$694,842 (3.1%) over FY08. The increase is driven by the MWRA Assessment (\$814,826). 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. The consumption estimates for FY08 and FY09 more accurately reflect the historical experience. The Town will continue to reduce the estimate for annual consumption, as long as the trend continues.

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



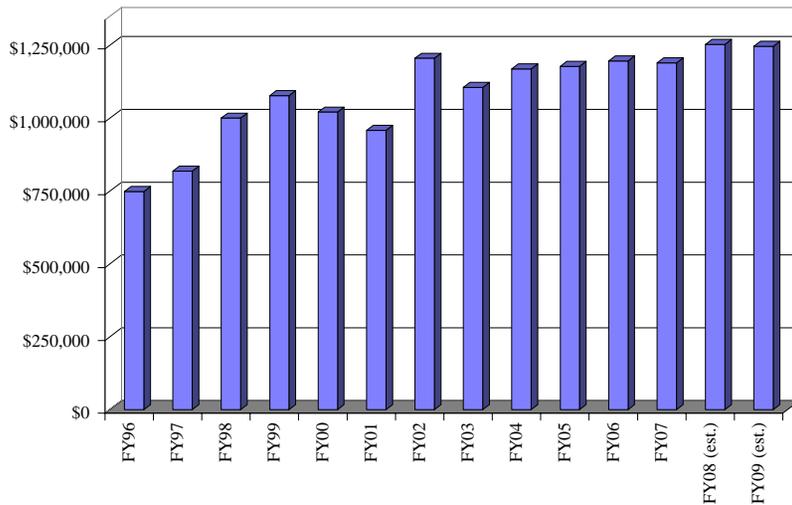
| REVENUE SOURCE                         | FY2006<br>ACTUAL | FY2007<br>ACTUAL | FY2008<br>BUDGET | FY2008<br>ESTIMATE | FY2009<br>BUDGET | BUDGET INCREASE |        |
|--|------------------|------------------|------------------|--------------------|------------------|-----------------|--------|
|  |                  |                  |                  |                    |                  | \$              | %      |
| Water and Sewer Charges                | 20,267,005       | 22,270,193       | 22,352,191       | 22,352,191         | 23,047,033       | 694,842         | 3.1%   |
| Late Payment Fees                      | 76,347           | 100,918          | 120,000          | 120,000            | 120,000          | 0               | 0.0%   |
| Service Fees                           | 67,841           | 108,839          | 129,300          | 129,300            | 129,300          | 0               | 0.0%   |
| Rate Relief (State Aid)                | 21,134           | 57,486           | 21,134           | 21,134             | 21,134           | 0               | 0.0%   |
| Misc                                   | 3,009            | 11,304           | 0                | 0                  | 0                | 0               | -      |
| Gross Total                            | 20,435,336       | 22,548,740       | 22,622,625       | 22,622,625         | 23,317,467       | 694,842         | 3.1%   |
| less Reimbursement to the General Func | 4,554,526        | 4,836,456        | 4,513,660        | 4,513,660          | 1,877,687        | (2,635,973)     | -58.4% |
| Net Total                              | 15,880,810       | 17,712,284       | 18,108,965       | 18,108,965         | 21,439,780       | 3,330,815       | 18.4%  |

**GOLF COURSE ENTERPRISE**

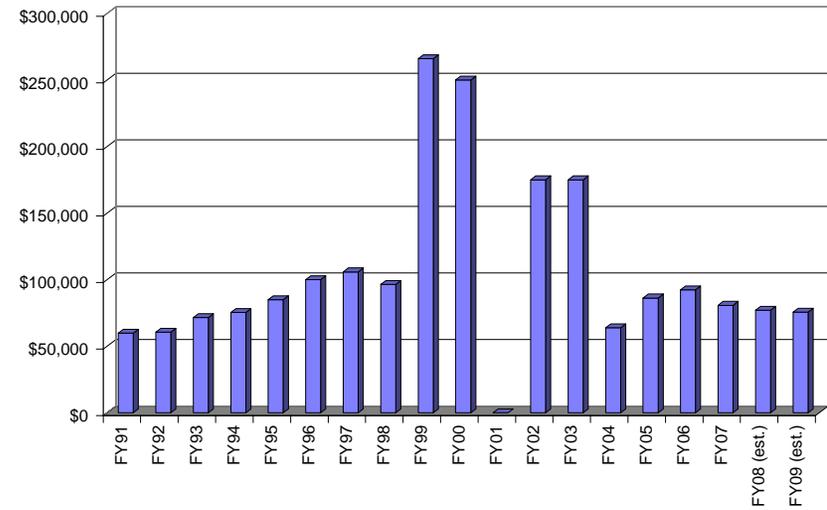
The Recreation Department is responsible for the operation of the Town-owned Robert T. Lynch Municipal Golf Course at Putterham Meadows. In doing so, the Department collects golf course-related revenues for green fees, golf cart rentals, concessions, and Pro Shop sales that are deposited into the Golf 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. (The reason for the large decrease in the reimbursement to the General Fund is that starting in FY09, debt service is budgeted within the Enterprise Fund instead of as part of the General Fund. Doing so reduces the amount of the reimbursement by an amount equal to debt service.) In addition to covering 100% of its expenses, the Enterprise Fund sends to the General Fund its 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 FY09, collections are estimated to total \$1.25 million, a decrease of \$6,968 (0.6%) from the budgeted FY08 figure. 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**

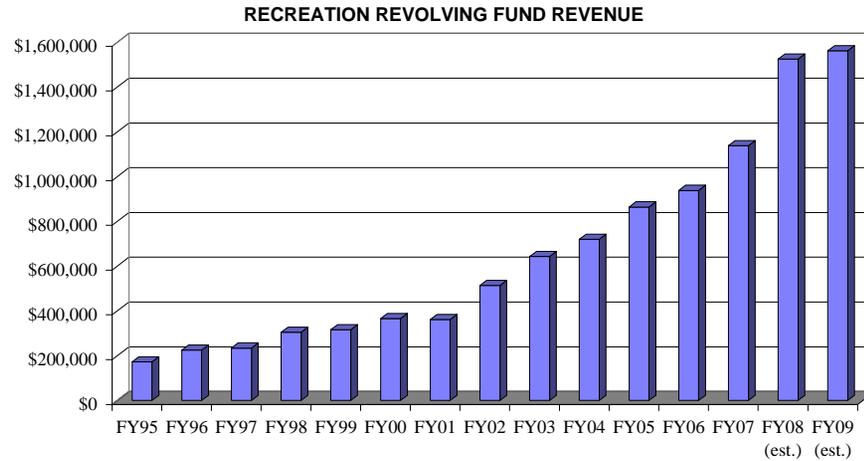


| REVENUE SOURCE                         | FY2006           | FY2007           | FY2008           | FY2008           | FY2009           | BUDGET INCREASE |              |
|--|------------------|------------------|------------------|------------------|------------------|-----------------|--------------|
|  | ACTUAL           | ACTUAL           | BUDGET           | ESTIMATE         | BUDGET           | \$              | %            |
| Green Fees / Permits                   | 1,005,503        | 999,729          | 1,030,168        | 1,030,168        | 1,030,000        | (168)           | 0.0%         |
| Cart Rentals                           | 72,795           | 81,974           | 85,000           | 85,000           | 85,000           | 0               | 0.0%         |
| Pro Shop                               | 87,406           | 78,476           | 100,000          | 100,000          | 90,000           | (10,000)        | -10.0%       |
| Concessions                            | 15,672           | 13,569           | 20,000           | 20,000           | 20,000           | 0               | 0.0%         |
| Other                                  | 15,155           | 16,230           | 18,000           | 18,000           | 21,200           | 3,200           | 17.8%        |
| <b>Gross Total</b>                     | <b>1,196,531</b> | <b>1,189,978</b> | <b>1,253,168</b> | <b>1,253,168</b> | <b>1,246,200</b> | <b>(6,968)</b>  | <b>-0.6%</b> |
| less Reimbursement to the General Fund | 379,554          | 371,402          | 373,004          | 373,004          | 179,064          | (193,940)       | -52.0%       |
| <b>Net Total</b>                       | <b>816,977</b>   | <b>818,576</b>   | <b>880,164</b>   | <b>880,164</b>   | <b>1,067,136</b> | <b>186,972</b>  | <b>21.2%</b> |

**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 FY09 estimate for the Revolving Fund is \$1.6 million, an increase of \$74,247 (4.9%). This increase in revenue helps cover the \$11,672 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                         | FY2006         | FY2007         | FY2008        | FY2008          | FY2009         | BUDGET INCREASE |              |
|--|----------------|----------------|---------------|-----------------|----------------|-----------------|--------------|
|  | <u>ACTUAL</u>  | <u>ACTUAL</u>  | <u>BUDGET</u> | <u>ESTIMATE</u> | <u>BUDGET</u>  | \$              | %            |
| After School Activities                | 382,055        | 368,463        | 416,054       | 416,054         | 414,054        | (2,000)         | -0.5%        |
| Amory & Main Gym                       | 7,250          | 51,394         | 37,031        | 37,031          | 56,700         | 19,669          | 53.1%        |
| Aquatic                                | 204,211        | 79,672         | 311,078       | 311,078         | 335,163        | 24,085          | 7.7%         |
| Environmental Programs                 | 24,778         | 22,206         | 25,378        | 25,378          | 65,378         | 40,000          | 157.6%       |
| Facility Program                       | 27,191         | 86,905         | 103,795       | 103,795         | 87,000         | (16,795)        | -16.2%       |
| Ice Skating                            | 27,221         | 97,018         | 85,288        | 85,288          | 97,018         | 11,730          | 13.8%        |
| Ski Programs and Trips                 | 13,580         | 17,410         | 20,350        | 20,350          | 17,350         | (3,000)         | -14.7%       |
| Summer Camp                            | 0              | 166,582        | 258,000       | 258,000         | 258,000        | 0               | 0.0%         |
| Teen Programs                          | 28,825         | 28,312         | 40,000        | 40,000          | 30,000         | (10,000)        | -25.0%       |
| Youth Soccer                           | 116,460        | 117,540        | 136,840       | 136,840         | 136,840        | 0               | 0.0%         |
| <u>Youth Sports Leagues</u>            | <u>107,201</u> | <u>102,650</u> | <u>92,092</u> | <u>92,092</u>   | <u>102,650</u> | <u>10,558</u>   | <u>11.5%</u> |
| Gross Total                            | 938,772        | 1,138,152      | 1,525,906     | 1,525,906       | 1,600,153      | 74,247          | 4.9%         |
| less Reimbursement to the General Fund | 119,737        | 145,601        | 186,355       | 186,355         | 198,027        | 11,672          | 6.3%         |
| Net Total                              | 819,035        | 992,551        | 1,339,551     | 1,339,551       | 1,402,126      | 62,575          | 4.7%         |

**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  
FY2009 FINANCING PLAN**

**FUND ACCOUNTING: Actual FY06 Consolidated Summary**

**COMBINED SUMMARY OF REVENUES AND EXPENDITURES (Budgetary basis) - FY07**

|  | Governmental<br>General Fund | Special Revenue -<br>Recreation<br>Revolving Fund | Other<br>Special<br>Revenue | Enterprise -<br>Water & Sewer | Enterprise -<br>Golf | Capital<br>Projects    | Trust &<br>Agency<br>Funds | Private<br>Purpose<br>Trust Funds | Internal<br>Service<br>Funds | Total All Funds        |
|--|------------------------------|---|-----------------------------|-------------------------------|----------------------|------------------------|----------------------------|-----------------------------------|------------------------------|------------------------|
| <b>Revenues</b>  |                              |   |                             |                               |                      |                        |                            |                                   |                              |                        |
| Real & Personal Property Taxes, net of refunds           | 128,871,387                  |   |                             |                               |                      |                        |                            |                                   |                              | \$ 128,871,387.00      |
| Motor Vehicle & other Excise Taxes                       | 4,691,252                    |   |                             |                               |                      |                        |                            |                                   |                              | \$ 4,691,252.00        |
| hotel/Motel Tax  | 799,339                      |   |                             |                               |                      |                        |                            |                                   |                              | \$ 799,339.00          |
| Charges for Services                                     | 4,881,463                    | 1,138,152   | 6,711,024                   | 22,491,252                    | 1,189,978            |                        |                            |                                   |                              | \$ 36,411,869.98       |
| Penalites & Interest on Taxes                            | 428,659                      |   |                             |                               |                      |                        |                            |                                   |                              | \$ 428,659.00          |
| PILOT  | 774,270                      |   |                             |                               |                      |                        |                            |                                   |                              | \$ 774,270.00          |
| Licensees and Permits                                    | 3,413,839                    |   |                             |                               |                      |                        |                            |                                   |                              | \$ 3,413,839.00        |
| Fines & forfeitures                                      | 4,020,887                    |   | 11,775                      |                               |                      |                        |                            |                                   |                              | \$ 4,032,662.00        |
| Intergovernmental  | 18,248,642                   |   | 11,422,961                  | 57,486                        |                      | 1,908,983              |                            |                                   |                              | \$ 31,638,072.25       |
| Departmental & other                                     | 578,124                      |   | 3,783,872                   |                               |                      |                        | 2,417,887                  |                                   |                              | \$ 6,779,882.18        |
| Contributions  |                              |   |                             |                               |                      |                        | 87,811                     | 76,443                            |                              | \$ 164,254.07          |
| Other Revenue  |                              |   |                             |                               |                      |                        | 619,746                    |                                   |                              | \$ 619,745.84          |
| Investment Income  | 2,782,461                    |   | 76,480                      |                               |                      |                        | 728,570                    | 535,986                           | 706,043                      | \$ 4,829,540.51        |
| <b>Total Revenues</b>                                    | <b>\$ 169,490,323</b>        | <b>\$ 1,138,152</b>                               | <b>\$ 22,006,113</b>        | <b>\$ 22,548,738</b>          | <b>\$ 1,189,978</b>  | <b>\$ 1,908,983</b>    | <b>\$ 3,854,014</b>        | <b>\$ 612,429</b>                 | <b>\$ 706,043</b>            | <b>\$ 223,454,773</b>  |
| <b>Expenditures:</b>                                     |                              |   |                             |                               |                      |                        |                            |                                   |                              |                        |
| Current:   |                              |   |                             |                               |                      |                        |                            |                                   |                              |                        |
| General Government                                       | 8,016,167                    |   | 341,452                     |                               |                      | 754,926                | 652,718                    |                                   | 150,000                      | \$ 9,915,263.29        |
| Public Safety  | 35,253,993                   |   | 917,385                     |                               |                      | 110,146                | 2,482,505                  |                                   |                              | \$ 38,764,029.04       |
| Education  | 60,329,723                   |   | 13,484,518                  |                               |                      | 626,247                |                            | 220,546                           |                              | \$ 74,661,034.23       |
| Public Works   | 16,359,481                   |   | 1,408,444                   | 17,029,100                    |                      | 10,172,495             | 22,238                     |                                   |                              | \$ 44,991,758.97       |
| CDBG   |                              |   | 2,491,678                   |                               |                      |                        |                            |                                   |                              | \$ 2,491,678.00        |
| Human Services   | 2,085,442                    |   | 348,531                     |                               |                      | 381,783                | 71,676                     |                                   |                              | \$ 2,887,432.28        |
| Leisure Services   | 4,389,304                    | 980,901   | 105,353                     |                               | 773,911              | 1,693,050              | 131,477                    |                                   |                              | \$ 8,073,996.26        |
| Pension benefits   | 10,129,852                   |   |                             |                               |                      |                        |                            |                                   |                              | \$ 10,129,852.00       |
| Fringe Benefits  | 21,069,319                   |   |                             |                               |                      |                        |                            |                                   | 1,578,313                    | \$ 22,647,632.15       |
| State and county charges                                 | 5,375,086                    |   |                             |                               |                      |                        |                            |                                   |                              | \$ 5,375,086.00        |
| Debt Service:  |                              |   |                             |                               |                      |                        |                            |                                   |                              | \$ -                   |
| Principal  | 9,804,751                    |   |                             |                               |                      |                        |                            |                                   |                              | \$ 9,804,751.00        |
| Interest   | 4,571,556                    |   |                             |                               |                      |                        |                            |                                   |                              | \$ 4,571,556.00        |
| <b>Total Expenditures</b>                                | <b>\$ 177,384,674</b>        | <b>\$ 980,901</b>                                 | <b>\$ 19,097,362</b>        | <b>\$ 17,029,100</b>          | <b>\$ 773,911</b>    | <b>\$ 13,738,647</b>   | <b>\$ 3,360,615</b>        | <b>\$ 220,546</b>                 | <b>\$ 1,728,313</b>          | <b>\$ 234,314,069</b>  |
| <b>Excess (deficiency) of Revenues over Expenditures</b> | <b>\$ (7,894,351)</b>        | <b>\$ 157,251</b>                                 | <b>\$ 2,908,751</b>         | <b>\$ 5,519,638</b>           | <b>\$ 416,067</b>    | <b>\$ (11,829,664)</b> | <b>\$ 493,399</b>          | <b>\$ 391,883</b>                 | <b>\$ (1,022,270)</b>        | <b>\$ (10,859,296)</b> |
| <b>Other Financing Sources (Uses):</b>                   |                              |   |                             |                               |                      |                        |                            |                                   |                              |                        |
| Proceeds from bonds & notes                              |                              |   |                             |                               |                      | 2,516,000              |                            |                                   |                              | \$ 2,516,000.00        |
| Premium from issuance of bonds                           | 1,460                        |   |                             |                               |                      |                        |                            |                                   |                              | \$ 1,460.00            |
| Sale of Capital Assets                                   | 16,855                       |   | 550,000                     |                               |                      |                        |                            |                                   |                              | \$ 566,855.00          |
| Overlay Transfer   | 950,000                      |   |                             |                               |                      |                        |                            |                                   |                              | \$ 950,000.00          |
| Insurance recovery                                       |                              |   |                             |                               |                      |                        |                            |                                   |                              | \$ -                   |
| Transfers in   | 7,375,014                    |   | 1,031,973                   |                               |                      |                        | 22,248                     |                                   | 2,045,039                    | \$ 10,474,273.67       |
| Transfers out  | (3,093,860)                  | (145,601)   | (2,016,955)                 | (4,836,456)                   | (371,402)            |                        | (10,000)                   |                                   |                              | \$ (10,474,273.67)     |
| <b>Total Other Financing Sources (Uses):</b>             | <b>\$ 5,249,469</b>          | <b>\$ (145,601)</b>                               | <b>\$ (434,982)</b>         | <b>\$ (4,836,456)</b>         | <b>\$ (371,402)</b>  | <b>\$ 2,516,000</b>    | <b>\$ 12,248</b>           | <b>\$ -</b>                       | <b>\$ 2,045,039</b>          | <b>\$ 4,034,315</b>    |
| <b>Other Adjustments to Fund Balance</b>                 | <b>\$ (1,222,352)</b>        | <b>\$ -</b>                                       | <b>\$ 17,244</b>            | <b>\$ -</b>                   | <b>\$ -</b>          | <b>\$ 30,539</b>       | <b>\$ (25)</b>             | <b>\$ 15,700</b>                  | <b>\$ -</b>                  | <b>\$ (1,158,894)</b>  |
| <b>Net Change in Fund Balances</b>                       | <b>\$ (2,644,882)</b>        | <b>\$ 11,650</b>                                  | <b>\$ 2,473,769</b>         | <b>\$ 683,182</b>             | <b>\$ 44,665</b>     | <b>\$ (9,313,664)</b>  | <b>\$ 505,647</b>          | <b>\$ 391,883</b>                 | <b>\$ 1,022,769</b>          | <b>\$ (6,824,981)</b>  |
| <b>Fund Balance at Beginning of Year</b>                 | <b>\$ 35,693,479</b>         | <b>\$ 137,009</b>                                 | <b>\$ 8,825,064</b>         | <b>\$ (825,142)</b>           | <b>\$ 73,505</b>     | <b>\$ 14,289,850</b>   | <b>\$ 11,870,209</b>       | <b>\$ 4,413,560</b>               | <b>\$ 6,699,036</b>          | <b>\$ 81,176,570</b>   |
| <b>Fund Balance at End of Year</b>                       | <b>\$ 31,826,246</b>         | <b>\$ 148,659</b>                                 | <b>\$ 11,316,077</b>        | <b>\$ (141,960)</b>           | <b>\$ 118,170</b>    | <b>\$ 5,006,725</b>    | <b>\$ 12,375,831</b>       | <b>\$ 4,821,143</b>               | <b>\$ 7,721,805</b>          | <b>\$ 73,192,695</b>   |

SOURCE: Office of the Comptroller