

**TOWN OF BROOKLINE
FY2016 FINANCING PLAN**

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

OVERALL SUMMARY

Municipal revenues consist of five primary sources: Property Taxes, State Aid, Local Receipts (excise taxes, fees, fines, etc.), Free Cash, and Enterprise / Revolving Funds. In Brookline, there are four primary funds that support operations: General Fund, Water and Sewer Enterprise Fund, Golf Course Enterprise Fund, and Recreation Revolving Fund. The General Fund is the largest, totaling \$243.63 million, or 89% of total Financial Plan revenues. Total Financial Plan revenue is \$273.69 million, which represents an increase of \$9.59 million, or 3.6%. FY16 General Fund revenues are projected to increase by \$8 million (3.4%) from the FY15 budgeted amounts. Operating Revenue, which is basically General Fund revenue less one-time revenues that support the Capital Improvement Program (CIP), increases \$8.05 million, or 3.5%. The below left table summarizes the General Fund changes while the below right table shows the calculation of Operating Revenue.

SOURCE	\$ CHANGE	
	(Millions)	% CHANGE
Property Taxes	\$6.37	3.5%
Capital Project Surplus	\$1.03	-
State Aid	\$0.85	4.8%
Motor Vehicle Excise	\$0.20	3.9%
Local Option Taxes	\$0.20	8.8%
Building Permits	\$0.16	7.7%
Tax Abatement Reserve Surplus	(\$1.00)	-100.0%
“Free Cash”	(\$0.07)	-1.3%
All Others	\$0.25	-
TOTAL	\$8.00	3.4%

	FY15	FY16	\$ Change	% Change
Total General Fund Revenue	235,632,053	243,629,902	7,997,849	3.4%
Less:				
SBA Reimbursements	556,757	556,757	0	0.0%
Debt Exclusions	1,094,400	1,076,000	(18,400)	-1.7%
Free Cash	5,084,152	5,016,500	(67,653)	-1.3%
Add'l Revenue for CIP	1,000,000	1,030,000	30,000	3.0%
Tax Abatement Reserve Surplus	1,000,000	0	(1,000,000)	-100.0%
Capital Project Surplus	0	1,030,000	1,030,000	-
OPERATING REVENUE	227,896,744	235,950,645	8,053,902	3.5%

Since a new Governor was sworn into office, his budget (House 1) does not have to be submitted until the first week of March as opposed to the third or fourth Wednesday in January. Therefore, the State Aid figures used in this Financial Plan are estimates carried over from the Town’s Forecast. Based on these assumptions, there is a 1.7% (\$99.5 million) statewide increase in Chapter 70 Education Aid and level-funding of Unrestricted General Government Aid (UGGA). For Brookline, this results in a total State Aid increase of \$850,000 (4.8%). Once the new Governor submits his budget, modifications will be made to this FY2016 Financial Plan accordingly.

A detailed description and analysis of the FY16 revenue items and related changes are found within the pages that follow.

REVENUE SOURCE	FY2013	FY2014	FY2015	FY2015	FY2016	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Property Taxes *	170,137,612	175,783,902	182,239,292	182,239,292	188,609,198	6,369,906	3.5%
Local Receipts	24,480,797	25,522,496	22,770,225	24,482,000	23,593,685	823,460	3.6%
State Aid	15,125,059	16,633,741	17,634,876	17,634,876	18,484,876	850,000	4.8%
Free Cash	5,336,413	7,655,155	5,084,152	5,084,152	5,016,500	(67,653)	-1.3%
Other Available Funds	11,894,344	6,852,688	7,903,508	7,903,508	7,925,643	22,135	0.3%
General Fund Revenues	226,974,226	232,447,982	235,632,053	237,343,828	243,629,902	7,997,849	3.4%
Water/Sewer Enterprise **	24,537,803	24,403,460	24,901,618	24,901,618	26,336,176	1,434,559	5.8%
Golf Enterprise**	1,070,131	1,122,798	1,168,874	1,158,874	1,198,520	29,646	2.5%
Recreation Revolving Fund **	2,199,093	2,138,359	2,399,544	2,399,544	2,528,527	128,983	5.4%
Total Financial Plan Revenues	254,781,252	260,112,599	264,102,089	265,803,864	273,693,126	9,591,037	3.6%

* The figures provided for the FY13 and FY14 Property Tax Actuals represent the total levy, not actual collections.

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

**TOWN OF BROOKLINE
FY2016 FINANCING PLAN**

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

DETAILED REVENUE SUMMARY

GENERAL FUND	FY13	FY14	FY15	FY16	FY16 vs FY15	
	ACTUAL	ACTUAL	BUDGET	BUDGET	\$	%
Property Taxes *	170,137,612	175,783,902	182,239,292	188,609,198	6,369,906	3.5%
Local Receipts	24,480,797	25,522,496	22,770,225	23,593,685	823,460	3.6%
Motor Vehicle Excise (MVE)	5,334,089	5,808,435	5,150,000	5,350,000	200,000	3.9%
Local Option Taxes	2,372,036	2,576,619	2,275,000	2,475,000	200,000	8.8%
Licenses & Permits	1,183,850	1,237,186	1,189,975	1,191,275	1,300	0.1%
Parking / Court Fines	4,246,169	4,229,720	4,200,000	4,200,000	0	0.0%
General Government	4,515,181	4,864,997	3,459,750	3,637,210	177,460	5.1%
Interest Income	895,193	777,030	740,000	740,000	0	0.0%
PILOTs	1,173,779	1,198,180	1,165,000	1,335,000	170,000	14.6%
Refuse Fee	2,704,119	2,656,738	2,650,000	2,650,000	0	0.0%
Departmental & Other	2,056,382	2,173,592	1,940,500	2,015,200	74,700	3.8%
State Aid	15,125,059	16,633,741	17,634,876	18,484,876	850,000	4.8%
General Government Aid	5,464,358	5,581,819	5,750,919	5,750,919	0	0.0%
School Aid	8,955,386	10,379,621	11,160,355	12,010,355	850,000	7.6%
School Construction Aid	556,757	556,757	556,757	556,757	0	0.0%
Tax Abatement Aid	39,398	4,518	40,402	40,402	0	0.0%
Offset Aid	109,160	111,026	126,443	126,443	0	0.0%
Other Available Funds	11,894,344	6,852,688	7,903,508	7,925,643	22,135	0.3%
Parking Meter Receipts	3,950,000	4,100,000	4,300,000	4,300,000	0	0.0%
Walnut Hill Cemetery Fund	50,000	75,000	75,000	75,000	0	0.0%
State Aid for Libraries	41,555	41,555	41,555	0	(41,555)	-100.0%
Golf Enterprise Fund Reimb.	155,037	150,416	163,049	177,791	14,742	9.0%
Recreation Revolving Fund Reimb.	281,764	353,717	349,934	354,124	4,190	1.2%
Water and Sewer Enterprise Fund Reimb.	1,855,987	2,125,747	1,973,970	1,988,729	14,758	0.7%
Tax Abatement Reserve Surplus	1,750,000	0	1,000,000	0	(1,000,000)	-100.0%
Capital Project Surplus	560,000	6,253	0	1,030,000	1,030,000	-
Sale of Town-owned Land	3,250,000	0	0	0	0	0.0%
Free Cash	5,336,413	7,655,155	5,084,152	5,016,500	(67,653)	-1.3%
Capital Improvements	3,947,729	4,818,745	4,148,339	4,224,403	76,064	1.8%
Operating Budget Reserve	486,736	507,190	530,584	550,050	19,465	3.7%
Strategic Reserves / Other Spec Approp's	901,948	2,329,221	405,229	242,047	(163,182)	-40.3%
TOTAL GENERAL FUND REVENUE	226,974,226	232,447,982	235,632,053	243,629,902	7,997,849	3.4%
ENTERPRISE FUND / REVOLVING FUND REVENUE						
Water and Sewer Enterprise Fund **	24,537,803	24,403,460	24,901,618	26,336,176	1,434,559	5.8%
Golf Course Enterprise Fund **	1,070,131	1,122,798	1,168,874	1,198,520	29,646	2.5%
Recreation Revolving Fund **	2,199,093	2,138,359	2,399,544	2,528,527	128,983	5.4%
TOTAL ENTERPRISE / REVOLVING FUND REVENUE	27,807,026	27,664,617	28,470,036	30,063,224	1,593,188	5.6%
TOTAL REVENUES	254,781,252	260,112,599	264,102,089	273,693,126	9,591,037	3.6%

* The figures provided for the FY13 and FY14 Property Tax Actuals represent the total levy, not actual collections.

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

FY2016 REVENUE BY FUND

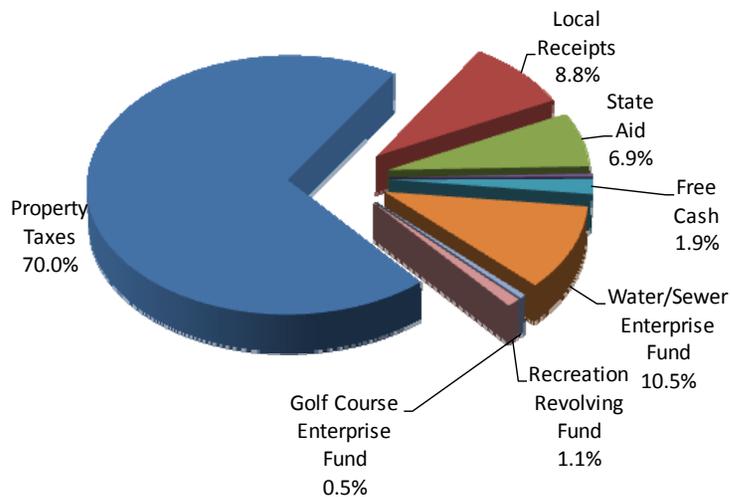
	General Fund ¹	Water & Sewer Enterprise Fund	Golf Enterprise Fund	Recreation Revolving Fund	Parking Meter Fund ²	Cemetery Fund ²	Capital Project Surplus ²	TOTAL
Property Taxes	188,609,198							188,609,198
Local Receipts	23,593,685							23,593,685
State Aid	18,484,876							18,484,876
Parking Meter Receipts					4,300,000			4,300,000
Walnut Hill Cemetery Fund						75,000		75,000
State Aid for Libraries								
Golf Enterprise Fund Reimbursement			177,791					177,791
Recreation Revolving Fund Reimbursement				354,124				354,124
Water and Sewer Enterprise Fund Reimbursement		1,988,729						1,988,729
Capital Project Surplus							1,030,000	1,030,000
Free Cash	5,016,500							5,016,500
TOTAL GENERAL FUND	235,704,259	1,988,729	177,791	354,124	4,300,000	75,000	1,030,000	243,629,902
Water and Sewer Enterprise Fund ³		26,336,176						26,336,176
Golf Course Enterprise Fund ³			1,198,520					1,198,520
Recreation Revolving Fund ³				2,528,527				2,528,527
TOTAL FINANCIAL PLAN	235,704,259	28,324,905	1,376,311	2,882,651	4,300,000	75,000	1,030,000	273,693,126

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

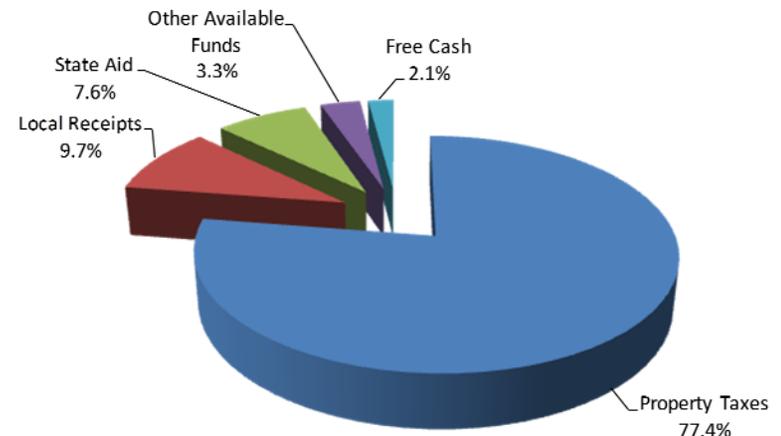
² The revenue from these funds are transferred into the General Fund.

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

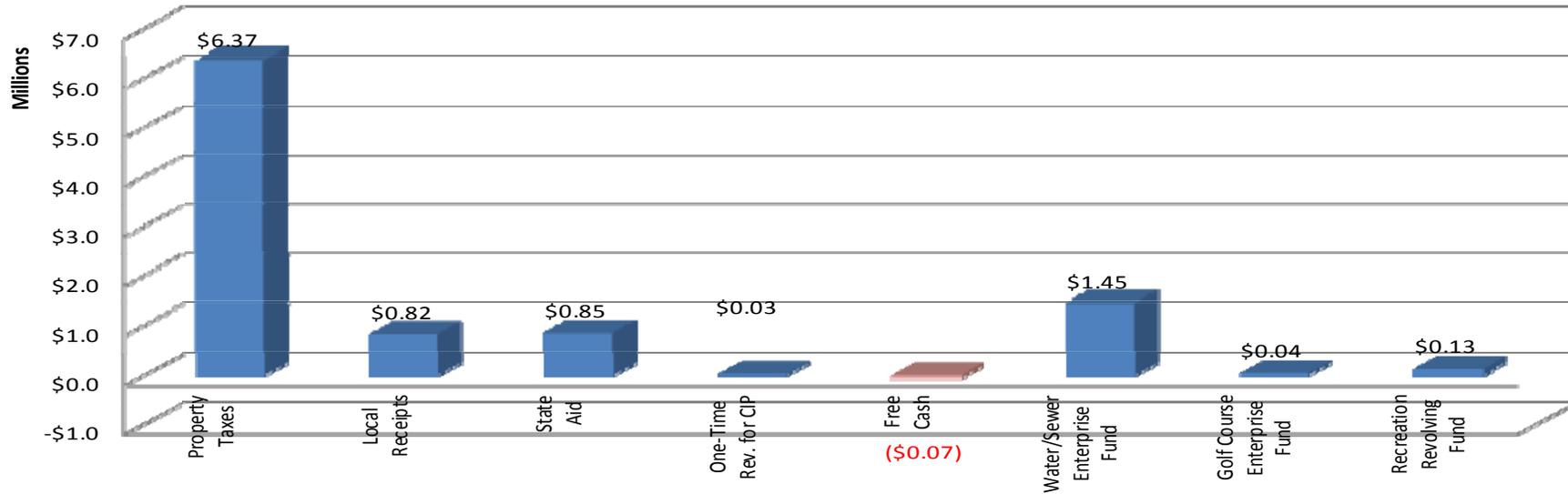
FY16 TOTAL REVENUE COMPOSITION



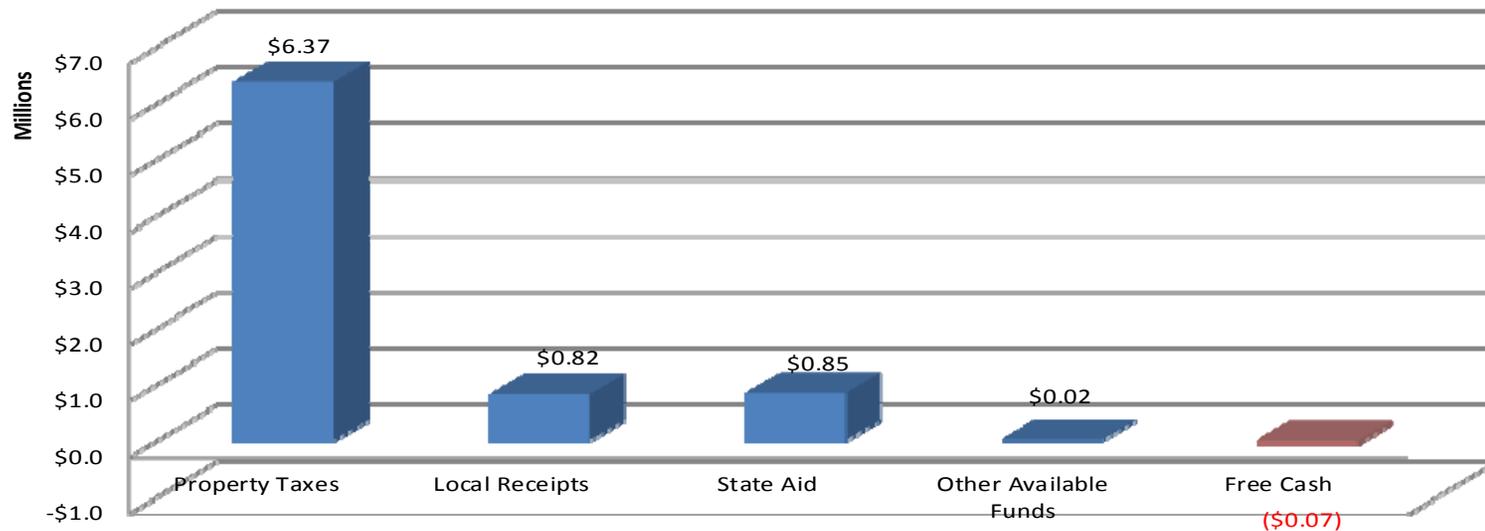
FY16 GENERAL FUND REVENUE COMPOSITION



FY16 TOTAL REVENUE CHANGES



FY16 GENERAL FUND REVENUE CHANGES



TOTAL REVENUES

\$ (millions)
% of General Fund Budget

REVENUE SOURCE	FY81	FY82	FY07 ACT.	FY08 ACT.	FY09 ACT.	FY10 ACT.	FY11 ACT.	FY12 ACT.	FY13 ACT.	FY14 ACT.	FY15 BUD.	FY16 BUD.
PROPERTY TAX	\$45.8 76.4%	\$40.8 71.0%	\$128.9 69.8%	\$133.8 70.5%	\$146.5 73.7%	\$152.6 74.6%	\$155.9 77.2%	\$162.7 76.6%	\$169.0 74.8%	\$174.9 75.5%	\$182.2 77.3%	\$188.6 77.4%
LOCAL RECEIPTS	\$3.8 6.4%	\$5.3 9.2%	\$23.3 12.6%	\$24.5 12.9%	\$22.5 11.3%	\$21.0 10.3%	\$22.6 11.2%	\$23.8 11.2%	\$24.5 10.8%	\$25.5 11.0%	\$22.8 9.7%	\$23.6 9.7%
STATE AID	\$5.5 9.2%	\$7.2 12.5%	\$18.0 9.8%	\$18.9 10.0%	\$18.0 9.0%	\$16.5 8.1%	\$13.8 6.8%	\$13.8 6.5%	\$15.1 6.7%	\$16.6 7.2%	\$17.6 7.5%	\$18.5 7.6%
FEDERAL REVENUE SHARING	\$1.1 1.8%	\$1.0 1.7%	\$0.0 0.0%									
FREE CASH	\$3.4 5.7%	\$2.7 4.7%	\$5.4 2.9%	\$3.8 2.0%	\$6.0 3.0%	\$7.1 3.4%	\$4.6 2.3%	\$5.4 2.5%	\$5.3 2.4%	\$7.7 3.3%	\$5.1 2.2%	\$5.0 2.1%
OTHER AVAILABLE FUNDS	\$0.3 0.5%	\$0.5 0.9%	\$8.9 4.8%	\$8.6 4.5%	\$6.0 3.0%	\$7.4 3.6%	\$5.1 2.5%	\$6.6 3.1%	\$11.9 5.3%	\$6.9 3.0%	\$7.9 3.4%	\$7.9 3.3%
GENERAL FUND BUDGET TOTAL	\$59.9	\$57.5	\$184.5	\$189.7	\$198.9	\$204.6	\$202.0	\$212.3	\$225.9	\$231.5	\$235.6	\$243.6
WATER & SEWER ENT FUND (1)	\$2.1	\$2.9	\$17.7	\$18.0	\$21.1	\$20.9	\$22.4	\$23.1	\$24.5	\$24.4	\$24.9	\$26.3
GOLF COURSE ENT FUND (1)	\$0.0	\$0.0	\$0.8	\$0.9	\$1.0	\$0.9	\$0.9	\$1.0	\$1.1	\$1.1	\$1.2	\$1.2
RECREATION REVOLVING FUND (1)	\$0.0	\$0.0	\$1.0	\$1.3	\$1.5	\$1.6	\$1.9	\$1.9	\$2.2	\$2.1	\$2.4	\$2.5
TOTAL FINANCIAL PLAN	\$62.0	\$60.4	\$204.0	\$209.9	\$222.5	\$228.2	\$227.2	\$238.4	\$253.7	\$259.2	\$264.1	\$273.7

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

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

REVENUE SOURCE	FY82	FY07 ACT.	FY08 ACT.	FY09 ACT.	FY10 ACT.	FY11 ACT.	FY12 ACT.	FY13 ACT.	FY14 BUDGET	FY15 BUDGET	FY16 BUDGET
PROPERTY TAX	(\$5.1) -11.1%	\$7.1 5.8%	\$5.0 3.9%	\$12.7 9.5%	\$6.0 4.1%	\$3.3 2.2%	\$6.8 4.3%	\$6.4 3.9%	\$5.8 3.5%	\$6.1 3.4%	\$6.4 3.5%
LOCAL RECEIPTS	\$1.5 39.1%	\$0.3 1.3%	\$1.2 5.3%	(\$2.1) -8.4%	(\$1.4) -6.3%	\$1.6 7.5%	\$1.2 5.5%	\$0.6 2.6%	\$1.0 4.9%	\$0.7 2.9%	\$0.8 3.6%
STATE AID	\$1.7 31.1%	\$0.1 0.4%	\$0.9 5.1%	(\$1.0) -5.2%	(\$1.4) -7.9%	(\$2.7) -16.5%	(\$0.0) -0.1%	\$1.3 9.6%	\$1.5 10.0%	\$1.0 5.9%	\$0.9 4.8%
FEDERAL REVENUE SHARING	(\$0.1) -5.5%	\$0.0 0.0%	\$0.0 0.0%	\$0.0 0.0%	\$0.0 0.0%	\$0.0 0.0%	\$0.0 0.0%	\$0.0 0.0%	\$0.0 0.0%	\$0.0 0.0%	\$0.0 0.0%
FREE CASH	(\$0.6) -17.9%	\$0.8 17.0%	(\$1.6) -29.2%	\$2.1 56.1%	\$1.1 18.4%	(\$2.5) -34.9%	\$0.8 17.2%	(\$0.0) -0.8%	\$2.3 43.5%	(\$2.6) -33.6%	(\$0.1) -1.3%
OTHER AVAILABLE FUNDS	\$0.2 70.8%	\$1.3 16.3%	(\$0.3) -3.8%	(\$2.6) -30.4%	\$1.4 23.9%	(\$2.3) -31.5%	\$1.5 30.3%	\$5.3 79.7%	(\$5.0) -42.4%	\$1.1 15.4%	\$0.0 0.3%
GENERAL FUND BUDGET TOTAL	(\$2.4) -4.1%	\$9.5 5.4%	\$5.2 2.8%	\$9.2 4.8%	\$5.7 2.9%	(\$2.7) -1.3%	\$10.3 5.1%	\$13.5 6.4%	\$5.7 2.5%	\$6.2 2.7%	\$8.0 3.4%
WATER & SEWER ENT FUND (1)	\$0.9 41.0%	\$1.8 11.5%	\$0.3 1.8%	\$3.1 17.0%	(\$0.1) -0.6%	\$1.5 6.9%	\$0.7 3.3%	\$1.4 6.0%	(\$0.1) -0.5%	(\$0.1) -0.2%	\$1.4 5.8%
GOLF COURSE ENT FUND (1)	\$0.0 0.0%	\$0.0 0.2%	\$0.1 7.5%	\$0.1 14.3%	(\$0.1) -5.9%	(\$0.0) -1.5%	\$0.1 11.0%	\$0.0 3.4%	\$0.1 4.9%	\$0.1 10.1%	\$0.0 2.5%
RECREATION REVOLVING FUND (1)	\$0.0 0.0%	\$0.2 21.2%	\$0.3 31.0%	\$0.2 17.1%	\$0.1 6.3%	\$0.3 17.3%	\$0.0 0.9%	\$0.3 14.9%	(\$0.1) -2.8%	\$0.1 4.4%	\$0.1 5.4%
TOTAL FINANCIAL PLAN	(\$1.5) -2.6%	\$11.5 6.0%	\$5.9 2.9%	\$12.6 6.0%	\$5.6 2.5%	(\$0.9) -0.4%	\$11.2 4.9%	\$15.3 6.4%	\$5.5 2.2%	\$6.4 2.5%	\$9.6 3.6%

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

PROPERTY TAX

Property Tax is the primary source of revenue for most Massachusetts municipalities. In Brookline, Property Taxes represent more than 77% of General Fund revenues. Property Taxes are levied on both real property (land and buildings) and personal property (equipment). State law mandates that communities update their property values every three years and obtain state certification that such values represent full and fair cash value. A comprehensive town-wide revaluation was just completed in FY15, with the next one scheduled for FY18.

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

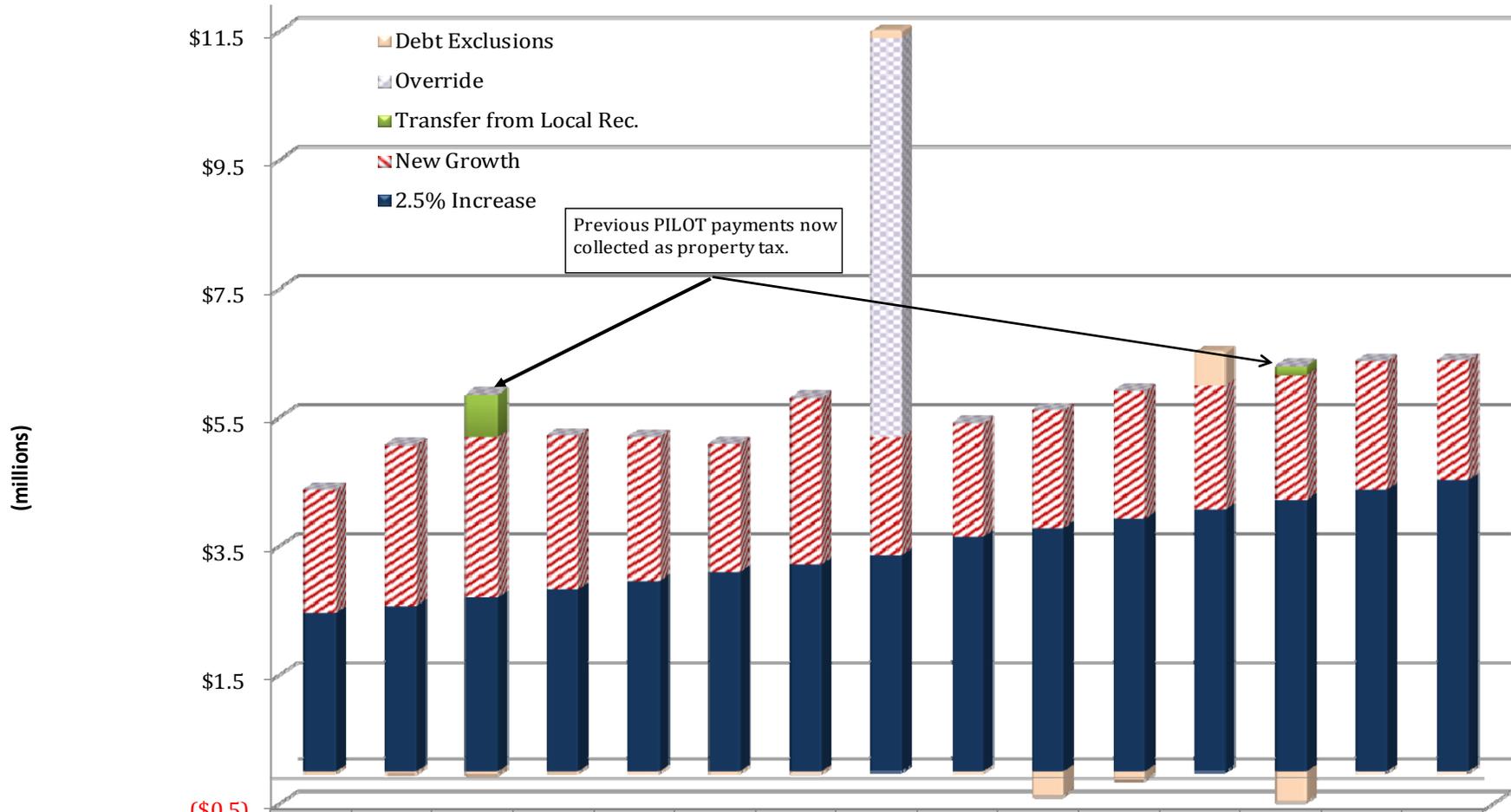
Property values and New Growth for FY15 are preliminary estimates used to project the Levy Limit. The FY16 Maximum Allowable Levy is projected to total \$188,609,198, representing an increase of \$6,369,906 (3.5%) over the FY15 Levy. The figures below detail how the estimated FY16 levy is calculated:

FY15 LEVY LIMIT	\$181,154,340
<u>PROP. 2 1/2 INCREASE</u>	<u>\$4,528,858</u>
SUB-TOTAL	\$185,683,198
NEW GROWTH (est.)	\$1,850,000
<u>OVERRIDE</u>	<u>\$0</u>
ESTIMATED FY16 LEVY LIMIT	\$187,533,198
<u>DEBT EXCLUSIONS</u>	<u>\$1,076,000</u>
FY16 TOTAL PROPERTY TAX LEVY	\$188,609,198

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

<u>REVENUE SOURCE</u>	<u>FY2013 ACTUAL</u>	<u>FY2014 ACTUAL</u>	<u>FY2015 BUDGET</u>	<u>FY2015 ESTIMATE</u>	<u>FY2016 BUDGET</u>	<u>BUDGET INCREASE</u>	
						<u>\$\$</u>	<u>%</u>
Prior Year Levy Limit	162,553,810	168,537,757	174,686,609	174,686,609	181,154,340		
2.5% Increase	4,063,845	4,213,444	4,367,165	4,367,165	4,528,858		
New Growth	1,920,101	1,935,408	2,100,566	2,100,566	1,850,000		
Override	0	0	0	0	0		
Debt Exclusions	1,630,808	1,112,800	1,094,400	1,094,400	1,076,000		
(less) Excess Capacity	(30,953)	(15,507)	(9,448)	(9,448)	0		
Total Property Tax Levy	170,137,612	175,783,902	182,239,292	182,239,292	188,609,198	6,369,906	3.5%

COMPOSITION OF ANNUAL GROWTH IN THE PROPERTY TAX LEVY



(\$0.5)

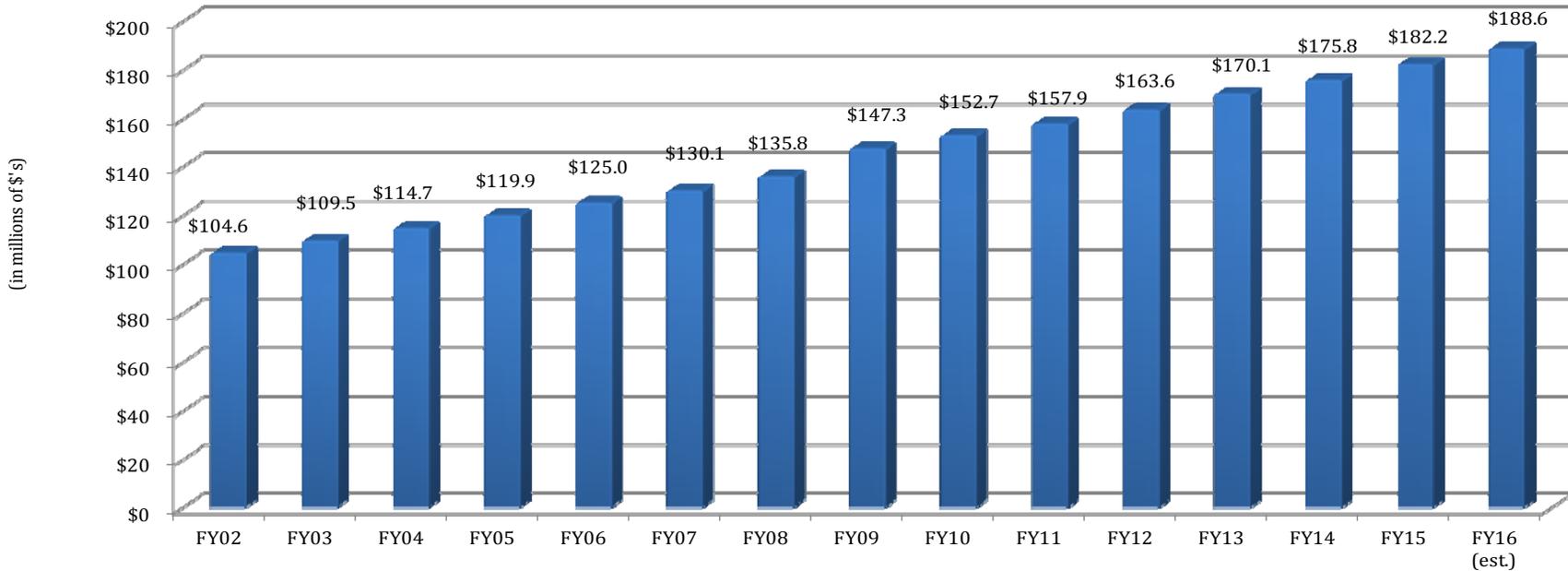
	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16 (est.)
Debt Exclusions	-0.03	-0.05	-0.08	-0.03	-0.03	-0.03	-0.05	0.12	-0.03	-0.41	-0.17	0.54	-0.52	-0.02	-0.02
Override	0	0	0	0	0	0	0	6.2	0	0	0	0	0	0	0
Transfer from Local Rec.	0	0	0.66	0	0	0	0	0	0	0	0	0	0.14	0	0
New Growth	1.91	2.49	2.49	2.39	2.23	1.99	2.58	1.83	1.76	1.83	1.98	1.92	1.94	2.00	1.85
2.5% Increase	2.46	2.57	2.69	2.82	2.95	3.08	3.21	3.36	3.64	3.78	3.92	4.06	4.21	4.37	4.53

TOWN OF BROOKLINE FY2016 FINANCING PLAN	FUND: General Fund	REVENUE GROUP: Property Tax SUB-GROUP: Property Tax
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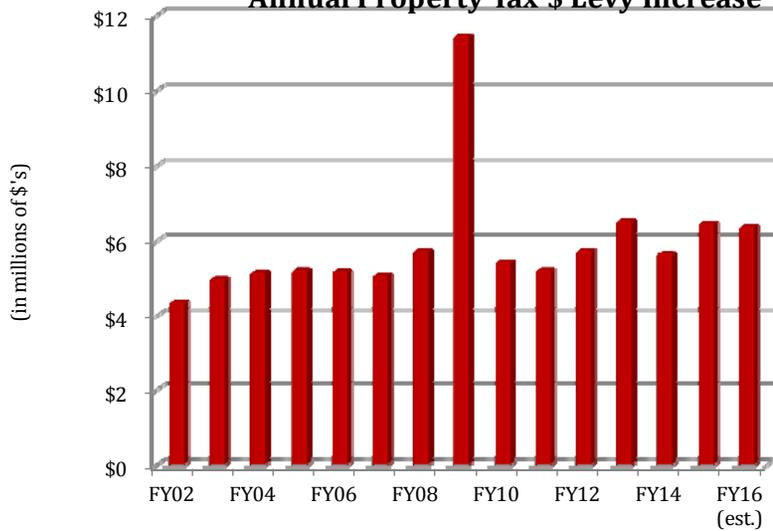
Fiscal Year	Real Estate & Personal Prop Levy	(1) Collections As Of Base Yr End	% As Of Base Yr End	Uncollected Bal As Of Base Yr End	(2) Cumulative Pr Yr Collections Yr End As Of Dec 31, 2014	Uncollected Real Estate & Pers Prop As Of Dec 31, 2014	% Collected As Of Dec 31, 2014	(3) Tax Titles / Foreclosures Receivable As of Yr-End
2000	96,399,645	95,425,278	99.0%	974,367	974,367	0	100.0%	446,610
2001	100,217,510	99,792,628	99.6%	424,882	424,882	0	100.0%	437,625
2002	104,560,815	104,041,776	99.5%	519,039	519,039	0	100.0%	396,040
2003	109,532,058	108,596,481	99.1%	935,577	935,577	0	100.0%	545,592
2004	114,660,482	113,242,093	98.8%	1,418,389	1,418,389	0	100.0%	657,047
2005	119,871,025	118,861,627	99.2%	1,009,398	1,009,398	0	100.0%	602,897
2006	125,192,168	123,383,654	98.6%	1,808,515	1,808,514	0	100.0%	909,734
2007	130,078,303	129,277,684	99.4%	800,619	800,619	0	100.0%	873,404
2008	135,822,982	134,144,599	98.8%	1,678,383	1,678,383	0	100.0%	1,306,938
2009	147,285,266	145,749,715	99.0%	1,535,551	1,535,551	0	100.0%	1,265,379
2010	152,703,449	151,324,018	99.1%	1,379,430	1,379,430	0	100.0%	1,625,779
2011	157,878,286	156,328,350	99.0%	1,549,936	1,548,420	1,516	100.0%	1,604,165
2012	163,627,088	161,979,091	99.0%	1,647,997	1,647,997	0	100.0%	1,442,356
2013	170,194,288	168,046,465	98.7%	2,147,823	1,784,155	363,668	99.8%	1,181,226
2014	175,831,775	174,403,437	99.2%	1,988,020	(24,514)	2,012,534	99.2%	1,451,799

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

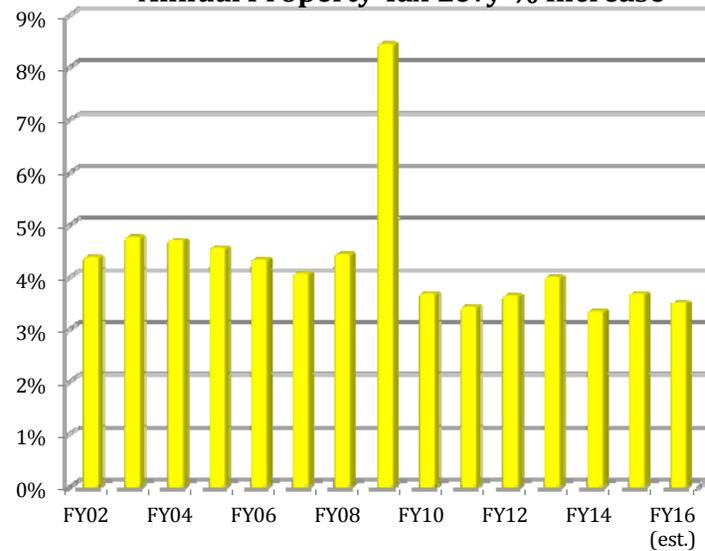
Annual Property Tax Levy



Annual Property Tax \$ Levy Increase



Annual Property Tax Levy % Increase



**TOWN OF BROOKLINE
FY2016 FINANCING PLAN**

FUND: General Fund

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

MEDIAN PER PARCEL VALUES AND TAX BILLS

DESCRIPTION	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
Single Family Median Assessed Value	1,017,100	1,023,550	986,900	1,017,000	1,022,400	1,027,300	1,059,400	1,071,750	1,114,000	1,193,600
\$ Change	113,250	6,450	(36,650)	30,100	5,400	4,900	32,100	12,350	42,250	79,600
% Change	12.5%	0.6%	-3.6%	3.0%	0.5%	0.5%	3.1%	1.2%	3.9%	7.1%
Single Family Median Tax Bill	8,137	8,341	8,437	9,130	9,429	9,771	10,187	10,531	10,694	10,704
\$ Change	422	203	96	693	299	342	416	344	162	10
% Change	5.5%	2.5%	1.2%	8.2%	3.3%	3.6%	4.3%	3.4%	1.5%	0.1%
Single Family Median Tax Bill as a % of 4-Person Family Median Income	9.86%	9.62%	9.88%	10.64%	10.55%	10.47%	10.34%	10.51%	10.41%	10.08%
Two Family Median Assessed Value	950,000	950,900	932,450	953,200	956,100	958,850	975,400	981,500	1,032,450	1,160,450
\$ Change	112,800	900	(18,450)	20,750	2,900	2,750	16,550	6,100	50,950	128,000
% Change	13.5%	0.1%	-1.9%	2.2%	0.3%	0.3%	1.7%	0.6%	5.2%	12.4%
Two Family Median Tax Bill	7,497	7,634	7,883	8,448	8,701	8,998	9,230	9,480	9,765	10,350
\$ Change	463	137	249	565	253	296	232	250	285	585
% Change	6.6%	1.8%	3.3%	7.2%	3.0%	3.4%	2.6%	2.7%	3.0%	6.0%
Two Family Median Tax Bill as a % of 4-Person Family Median Income	9.08%	8.80%	9.23%	9.85%	9.74%	9.64%	9.36%	9.46%	9.50%	9.75%
Three Family Median Assessed Value	1,088,000	1,102,900	1,078,450	1,113,200	1,115,150	1,116,000	1,151,400	1,152,400	1,209,400	1,275,300
\$ Change	156,850	14,900	(24,450)	34,750	1,950	850	35,400	1,000	57,000	65,900
% Change	16.8%	1.4%	-2.2%	3.2%	0.2%	0.1%	3.2%	0.1%	4.9%	5.4%
Three Family Median Tax Bill	8,815	9,113	9,369	10,158	10,446	10,773	11,236	11,471	11,780	11,577
\$ Change	819	298	256	789	288	327	463	235	309	(204)
% Change	10.2%	3.4%	2.8%	8.4%	2.8%	3.1%	4.3%	2.1%	2.7%	-1.7%
Three Family Median Tax Bill as a % of 4-Person Family Median Income	10.68%	10.51%	10.97%	11.84%	11.69%	11.54%	11.40%	11.44%	11.46%	10.90%
Condo Median Assessed Value	411,400	424,800	411,450	423,500	423,000	423,900	421,900	425,200	447,000	496,150
\$ Change	37,700	13,400	(13,350)	12,050	(500)	900	(2,000)	3,300	21,800	49,150
% Change	10.1%	3.3%	-3.1%	2.9%	-0.1%	0.2%	-0.5%	0.8%	5.1%	11.0%
Condo Median Tax Bill	2,353	2,515	2,579	2,786	2,853	2,953	2,920	2,999	3,097	3,255
\$ Change	61	162	64	206	68	99	(33)	79	97	159
% Change	2.6%	6.9%	2.6%	8.0%	2.4%	3.5%	-1.1%	2.7%	3.2%	5.1%
Condo Median Tax Bill as a % of 4-Person Family Median Income	2.85%	2.90%	3.02%	3.25%	3.19%	3.16%	2.96%	2.99%	3.01%	3.07%
Commercial Median Assessed Value	943,500	914,300	971,500	1,015,600	1,033,800	1,038,350	1,048,450	1,085,750	1,171,800	1,350,600
\$ Change	68,500	(29,200)	57,200	44,100	18,200	4,550	10,100	37,300	86,050	178,800
% Change	7.8%	-3.1%	6.3%	4.5%	1.8%	0.4%	1.0%	3.6%	7.9%	15.3%
Commercial Median Tax Bill	14,587	14,519	16,224	17,590	18,402	19,002	19,480	20,597	21,678	23,487
\$ Change	53	(67)	1,705	1,366	811	600	478	1,116	1,082	1,809
% Change	0.4%	-0.5%	11.7%	8.4%	4.6%	3.3%	2.5%	5.7%	5.3%	8.3%
Residential Tax Rate	9.55	9.73	10.18	10.69	10.97	11.30	11.40	11.65	11.39	10.68
% Change	-6.6%	1.9%	4.6%	5.0%	2.6%	3.0%	0.9%	2.2%	-2.2%	-6.2%
Commercial Tax Rate	15.46	15.88	16.70	17.32	17.80	18.30	18.58	18.97	18.50	17.39
% Change	-6.9%	2.7%	5.2%	3.7%	2.8%	2.8%	1.5%	2.1%	-2.5%	-6.0%
Residential Exemption	165,014	166,331	158,100	162,923	162,904	162,607	165,764	167,761	175,127	191,357
Residential Exemption (Tax)	1,575.88	1,618.40	1,609.46	1,741.65	1,787.06	1,837.46	1,889.71	1,954.42	1,994.70	2,043.69
% Change	3.0%	2.7%	-0.6%	8.2%	2.6%	2.8%	2.8%	3.4%	2.1%	2.5%

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

LOCAL RECEIPTS SUMMARY

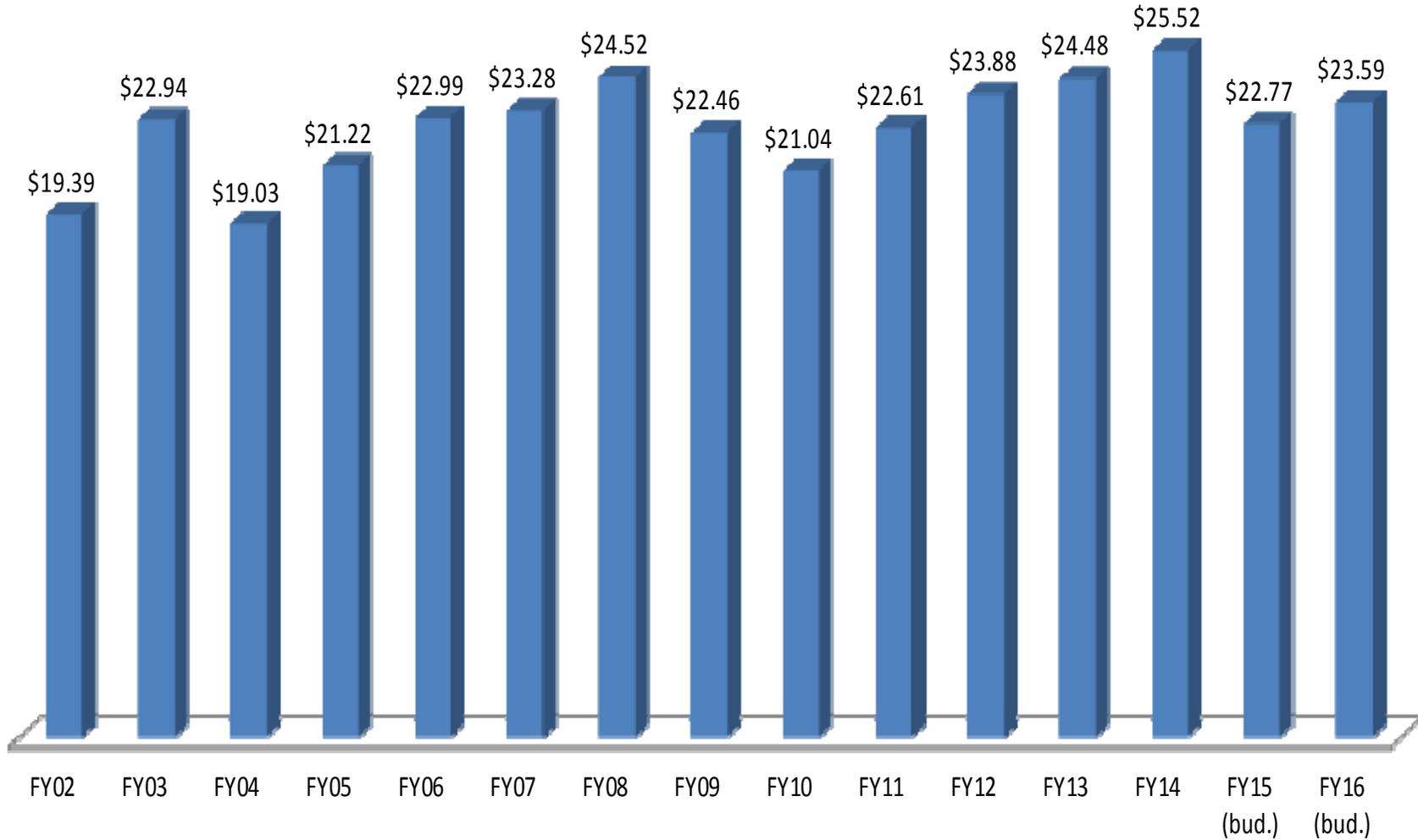
Local Receipts, estimated to add \$23.59 million to the Town's revenue stream, represent 9.7% of total General Fund revenues. They include motor vehicle excise, local option taxes, fees, fines, charges for licenses and permits, investment earnings, and other similar non-tax type items. These items are reviewed by departments to ensure that they continue to cover their fair share of the related administrative costs and are in accordance with the policies adopted by the respective oversight boards and commissions. They are projected to increase \$823,460 (3.6%) over the FY15 budgeted amounts. A summary of the changes are as follows:

- 1.) **Motor Vehicle Excise (MVE)** - increases \$200,000 (3.9%) to \$5.35 million.
- 2.) **Local Option Taxes** - increase \$200,000 (8.8%) to \$2.48 million to reflect the actual experience of the meals and lodging excise taxes.
- 3.) **General Government** - this category increases \$177,460 (5%) to \$3.64 million due primarily to increases in Building Permits (\$164,000, 7.7%).
- 4.) **Payment in Lieu of Taxes (PILOTs)** - increase \$170,000 (14.6%) to \$1.34 million due to scheduled increases in negotiated PILOT agreements.
- 5.) **Departmental and Other** - increases \$74,700 (3.8%) to \$2.02 million due to an increase in Parking Fees (\$26,700, 5.8%), On-Line Parking Ticket Convenience Fees (\$23,000, 31.9%), and Library Fees/Fines (\$20,000, 20%).
- 6.) **Licenses / Permits** - increase \$1,300 (0.1%) to \$1.19 million due primarily to Dog Licenses (\$5,000, 4.2%) and Common Victualler Licenses (\$1,000, 1.4%), partially offset by a reduction in Liquor Licenses (\$5,000, 1.7%).

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

REVENUE SOURCE	FY2013	FY2014	FY2015	FY2015	FY2016	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Motor Vehicle Excise	5,334,089	5,808,435	5,150,000	5,500,000	5,350,000	200,000	3.9%
Local Option Taxes	2,372,036	2,576,619	2,275,000	2,700,000	2,475,000	200,000	8.8%
Licenses and Permits	1,183,850	1,237,186	1,189,975	1,228,000	1,191,275	1,300	0.1%
Parking and Court Fines	4,246,169	4,229,720	4,200,000	4,200,000	4,200,000	0	0.0%
General Government	4,515,181	4,864,997	3,459,750	3,918,000	3,637,210	177,460	5.1%
Interest Income	895,193	777,030	740,000	775,000	740,000	0	0.0%
In Lieu of Tax Payments	1,173,779	1,198,180	1,165,000	1,290,000	1,335,000	170,000	14.6%
Refuse Fees	2,704,119	2,656,738	2,650,000	2,650,000	2,650,000	0	0.0%
Departmental and Other	2,056,382	2,173,592	1,940,500	2,221,000	2,015,200	74,700	3.8%
Total	24,480,797	25,522,496	22,770,225	24,482,000	23,593,685	823,460	3.6%

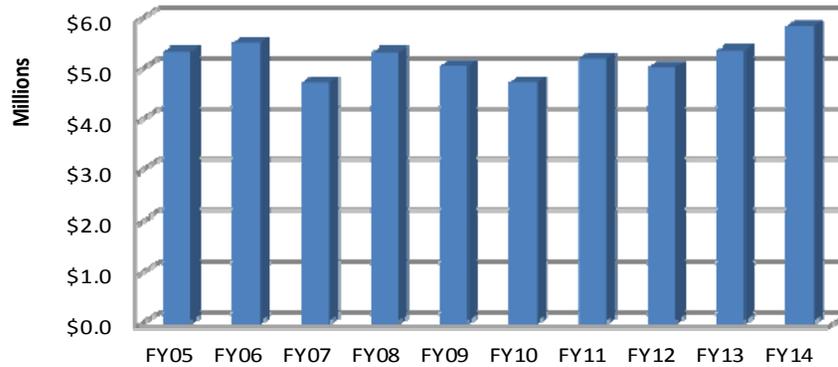
LOCAL RECEIPT HISTORY (in millions)



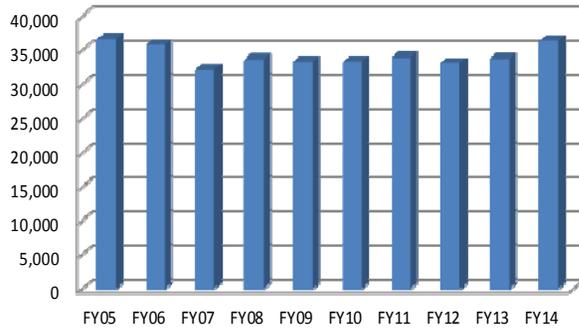
MOTOR VEHICLE EXCISE

State law establishes the Motor Vehicle Excise (MVE) tax rate. Proposition 2 ½ set the rate of \$25 per \$1,000 in automobile value. In the first year of ownership, the rate of \$25 per \$1,000 is assessed on 90% of the value of the vehicle; in year two, it is 60%; in year three, it is 40%; in year four, it is 25%; and in year five and thereafter, it is 10%. The actual billings are prepared by the Registry of Motor Vehicles (RMV) and then turned over to the Town for printing, distribution, and collection. The MVE tax is the Town's largest local receipt source and is expected to generate \$5.35 million in FY16, an amount that is \$200,000 (3.9%) above the FY15 budgeted amount.

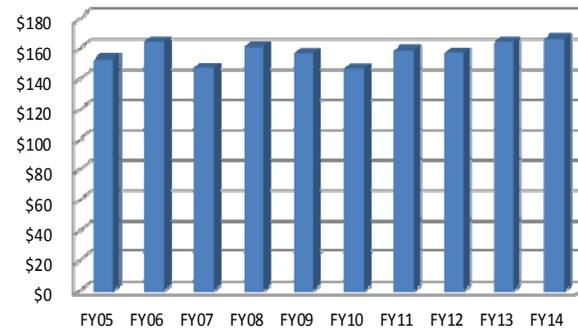
MVE COLLECTIONS (in millions)



NUMBER OF MVE BILLS



AVERAGE MVE BILL



<u>REVENUE SOURCE</u>	<u>FY2013 ACTUAL</u>	<u>FY2014 ACTUAL</u>	<u>FY2015 BUDGET</u>	<u>FY2015 ESTIMATE</u>	<u>FY2016 BUDGET</u>	<u>BUDGET INCREASE</u>	
						<u>\$\$</u>	<u>%</u>
Motor Vehicle Excise	5,334,089	5,808,435	5,150,000	5,500,000	5,350,000	200,000	3.9%

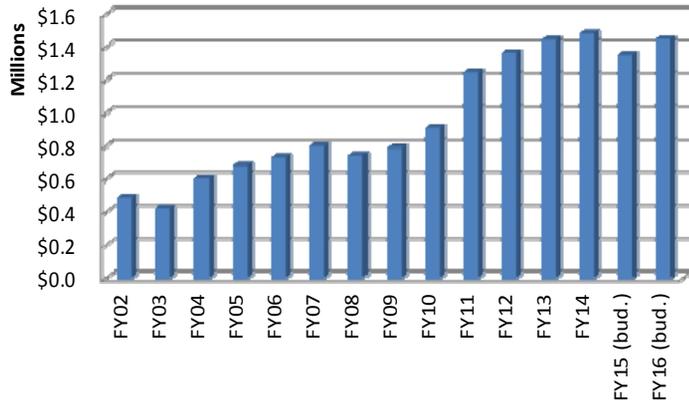
LOCAL OPTION TAXES

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

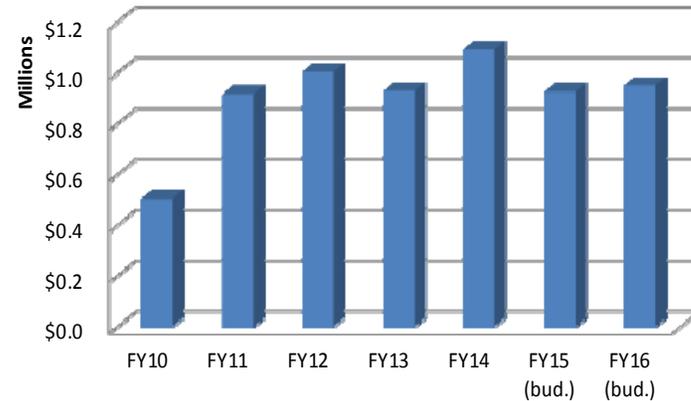
In 1985, legislation was enacted that enabled communities to impose a local option excise of up to 4% on gross receipts from room rentals of hotels and motels, in addition to the state excise of 5.7%. Brookline adopted the local option excise tax, at 4%, by a vote of Town Meeting in November, 1985. In 2009, as part of the FY10 State budget, cities and towns were authorized to increase the local option excise tax on room occupancies from a maximum of 4% to 6%. In August, 2009, Town Meeting increased the excise tax to 6%, which took effect on October 1, 2009. In FY16, this revenue source is expected to generate \$1.45 million, an increase of \$100,000 (7.4%) from the FY15 budgeted amount.

As part of the FY10 State budget, the meals tax was increased statewide by 1.25 percentage points (from 5% to 6.25%). In addition, municipalities were provided the local option to increase meals taxes by another 0.75 percentage points. In August, 2009, Town Meeting adopted the 0.75% local meals tax, effective October 1, 2009. In FY16, this revenue source is expected to generate \$1.025 million, an increase of \$100,000 (10.8%).

LODGING EXCISE TAX (in millions)



MEALS EXCISE TAX (in millions)



REVENUE SOURCE	FY2013	FY2014	FY2015	FY2015	FY2016	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE		\$\$	%
Lodging Excise Tax	1,443,781	1,484,588	1,350,000	1,600,000	1,450,000	100,000	7.4%
Meals Excise Tax	928,255	1,092,031	925,000	1,100,000	1,025,000	100,000	10.8%
Total	2,372,036	2,576,619	2,275,000	2,700,000	2,475,000	200,000	8.8%

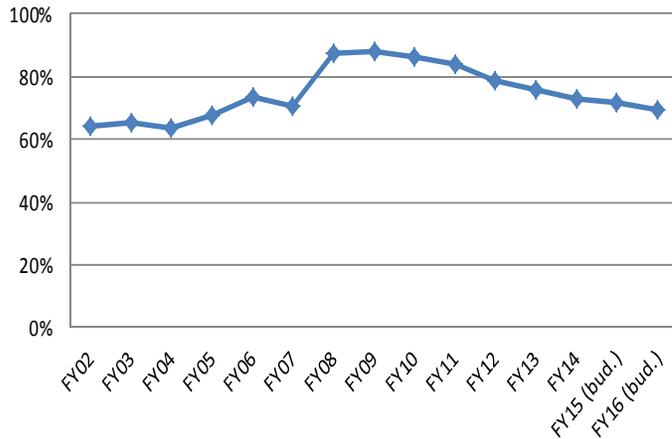
REFUSE FEE

For FY16, the Refuse Fee is assumed to remain level at \$200 per year. This should generate \$2,625,000 from residential collections and \$25,000 from commercial collections, for a total of \$2.65 million. The Residential Refuse Fee was first instituted in FY89 when the Town was faced with a 300% increase in refuse disposal costs. The fee was set at \$150 per dwelling unit and has changed since then as follows:

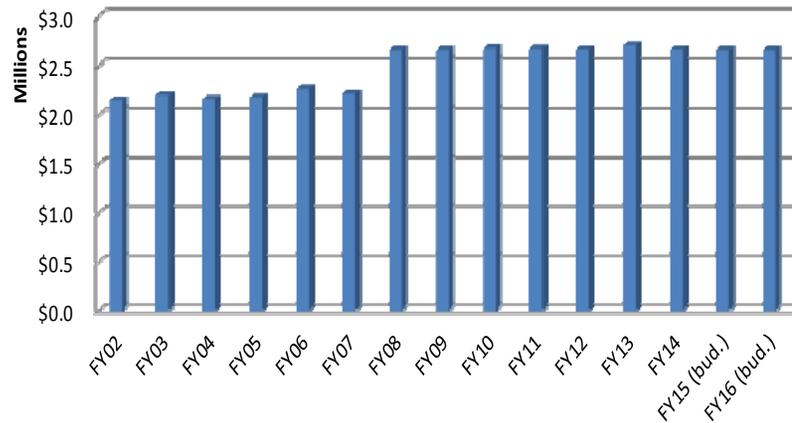
<u>FY89-FY91</u>	<u>FY92</u>	<u>FY93-FY94</u>	<u>FY95-FY07</u>	<u>FY08-FY15</u>	<u>FY16 Est</u>
\$150	\$175	\$200	\$165	\$200	\$200

The Proposition 2 ½ override of 1994 included restoring a portion of the fee back to the tax levy. The amount of \$460,000 was added to the override and reduced from refuse fee revenue, resulting in a fee reduction from \$200 to \$165. The fee was then increased to \$200 in FY08 as part of a budget balancing plan to close a \$3.2 million deficit. The fee revenue covers approximately 70% of the service costs, as shown in the below left graph.

Revenues as a Percentage of Total Expenditures for the Refuse Operation



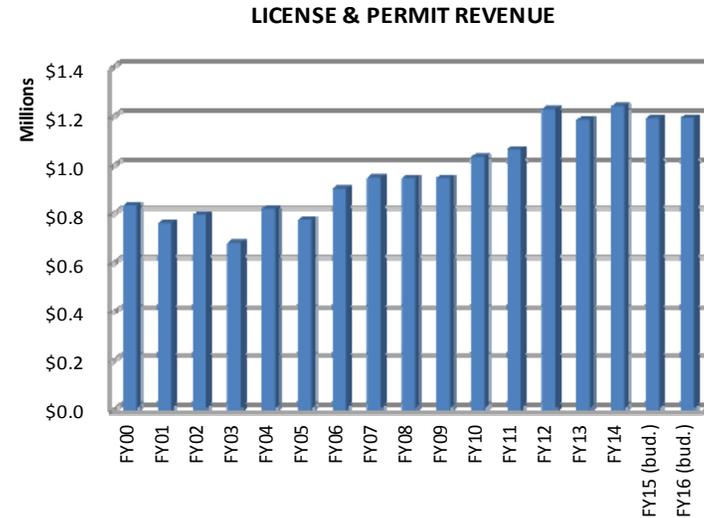
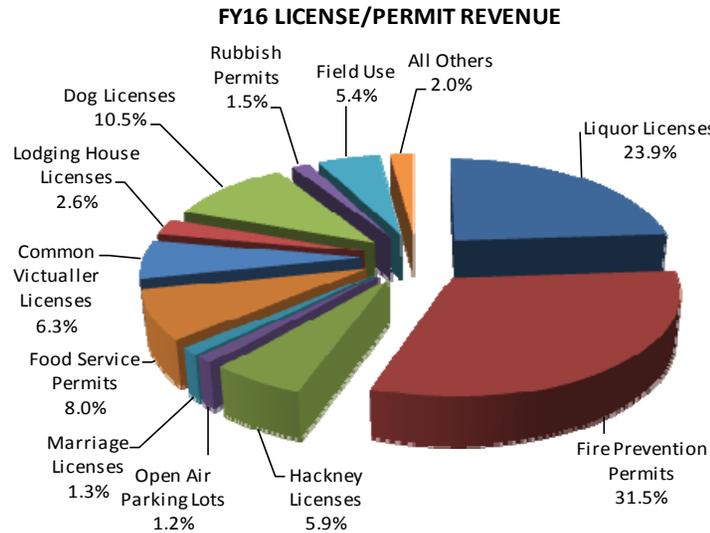
REFUSE FEE REVENUE



<u>REVENUE SOURCE</u>	<u>FY2013 ACTUAL</u>	<u>FY2014 ACTUAL</u>	<u>FY2015 BUDGET</u>	<u>FY2015 ESTIMATE</u>	<u>FY2016 BUDGET</u>	<u>BUDGET INCREASE</u>	
						<u>\$\$</u>	<u>%</u>
Refuse Fee	2,704,119	2,656,738	2,650,000	2,650,000	2,650,000	0	0.0%
Total	2,704,119	2,656,738	2,650,000	2,650,000	2,650,000	0	

LICENSES AND PERMITS

The majority of the revenue from Licenses and Permits is derived from fire prevention permits, liquor licenses, dog licenses, and licenses from a variety of food establishments. For FY16, revenues from this category are expected to total \$1.19 million, an increase of \$1,300 (0.1%) from FY15 budgeted levels. The increase comes from Dog licenses (\$5,000, 4.2%) and Common Victualler licenses (\$1,000, 1.4%), partially offset by a decrease in Liquor licenses (\$5,000, 1.7%).

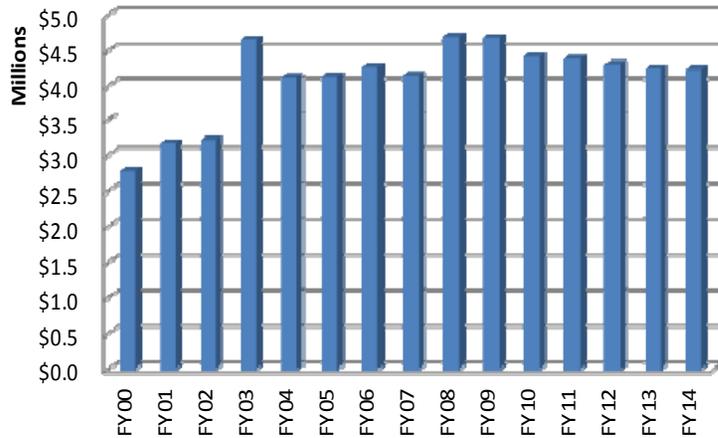


REVENUE SOURCE	FY2013	FY2014	FY2015	FY2015	FY2016	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Liquor Licenses	307,642	290,350	290,000	295,000	285,000	(5,000)	-1.7%
Fire Prevention Permits	355,019	410,423	375,000	390,000	375,000	0	0.0%
Hackney Licenses	76,219	50,386	70,000	65,000	70,000	0	0.0%
Open Air Parking Lots	13,690	13,785	14,000	14,000	14,000	0	0.0%
Marriage Licenses	15,805	16,600	15,000	15,000	15,000	0	0.0%
Food Service Permits	105,583	99,253	95,000	100,000	95,000	0	0.0%
Common Victualler Licenses	38,535	79,770	74,000	80,000	75,000	1,000	1.4%
Lodging House Licenses	15,770	31,570	31,000	32,000	31,000	0	0.0%
Dog Licenses	127,358	136,849	120,000	130,000	125,000	5,000	4.2%
Entertainment	21,250	2,165	0	0	0	0	-
Rubbish Permits	17,940	18,080	18,000	18,000	18,000	0	0.0%
Field Use	64,000	64,000	64,000	64,000	64,000	0	0.0%
All Others	25,040	23,955	23,975	25,000	24,275	300	1.3%
Total	1,183,850	1,237,186	1,189,975	1,228,000	1,191,275	1,300	0.1%

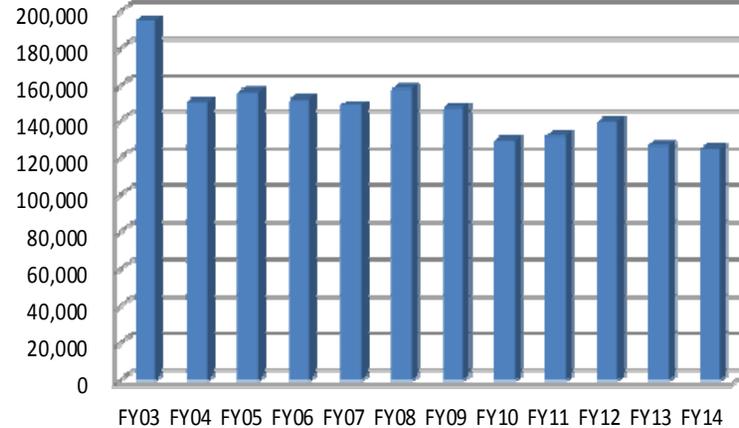
PARKING AND COURT FINES

Parking and Court Fines are the second largest local receipt of the Town. Approximately 85% of the revenue is derived from parking tickets for expired meters, violation of the Town's overnight parking ban, and violation of 2-hour parking restrictions. In September of 2002, the Board of Selectmen increased the fines for certain parking violations, including doubling the Overnight Parking fine from \$15 to \$30 and increasing the fine for expired meters from \$15 to \$25. This was made possible by the passage of Home Rule legislation, approved by the 2001 Annual Town Meeting and signed into law in November, 2001, that allowed the Board of Selectmen to raise parking violations to a maximum of \$50. In March, 2007 and July, 2007, the Selectmen further revised the schedule by adopting additional fine increases, including doubling the fine for violating the 2-hour parking rule from \$15 to \$30 and increasing the late fee from \$10 to \$15. The FY16 estimate of \$4.2 million reflects level-funding.

PARKING/COURT FINE COLLECTIONS



TICKET ISSUANCE

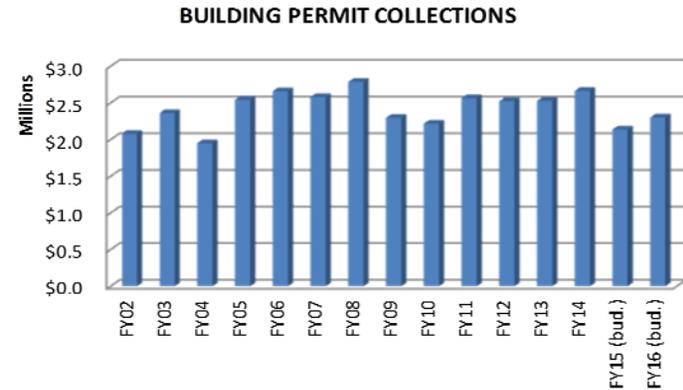


While there is a significantly higher amount of parking fine revenue being collected than prior to the fine increases (the \$4.2 million estimate is \$1.2 million, or approximately 40%, higher than the average annual collections prior to the fine increases), there has been a decrease in issuance since the FY02 peak, when 204,000 tickets were issued. By FY04, there were 53,000 fewer tickets written. Since then, the number of tickets written has dropped to approximately 125,000 in FY14. This represents a decrease of 39% since the peak in FY02 and a 21% decline since FY08.

<u>REVENUE SOURCE</u>	<u>FY2013 ACTUAL</u>	<u>FY2014 ACTUAL</u>	<u>FY2015 BUDGET</u>	<u>FY2015 ESTIMATE</u>	<u>FY2016 BUDGET</u>	<u>BUDGET INCREASE</u>	
						<u>\$</u>	<u>%</u>
Parking and Court Fines	4,246,169	4,229,720	4,200,000	4,200,000	4,200,000	0	0.0%

GENERAL GOVERNMENT

Revenues derived from this category are expected to increase \$199,000 (5.8%) from the FY15 budgeted amount, due primarily to a \$164,000 (7.7%) increase in **Building Permits**. As shown in the graph to the right, Building Permit collections are a large revenue source and are quite volatile. Because of the recession, Building Permit activity declined in FY09 and FY10, but rebounded in FY11 - FY14. Year-to-date experience indicates that the budget can be increased to \$2.3 million. **Damage/Legal Recovery** revenue results from the receipt of reimbursements for storms or from certain legal actions undertaken by the Town. The amounts collected vary greatly year-to-year because they are derived from unpredictable events that are the basis for the Town's recoveries. The estimate is increased \$5,000 to \$10,000. **Town Clerk Fees** include fees for records and certified copies and the budget for those are level-funded at \$95,000. The budget for **Collector's Fees**, which consist primarily of Municipal Lien Certificates (MLC's) and Tailings, is decreased \$5,000 (3.6%) to \$135,000. **Plan Design Review** fees are charged by the Building Department when a project requires approval from the Zoning Board of Appeals (ZBA). That revenue source is level-funded at \$25,000.



The **Medicare Part D Subsidy** was an outcome of the Medicare Prescription Drug Improvement and Modernization Act of 2003, which added a prescription drug coverage component for seniors. The subsidy serves as an incentive for those employers that currently offer prescription drug coverage to its retirees to continue to offer the coverage. As part of the plan design changes to the Town's health insurance plans that were agreed to by the Town and its employees in mid-2007, a three-tiered co-pay Prescription Drug Program (PDP) Medicare supplement plan for retirees was chosen. As a result, the subsidy went to the insurance company, with the Town receiving the benefit through reduced premiums rather than through direct receipt of the subsidy. By joining the GIC, the Town began receiving the subsidy directly in FY13. For FY16, the estimate is level-funded at \$400,000.

Benefits Reimbursements from special revenue/grant funds are increased \$3,460 (0.7%) to \$528,460. Those monies reimburse the General Fund for benefitted employees whose salaries are paid for out of non-General Funds. The Payments from the two companies that have built **Distributed Antenna Systems (DAS)** in town are expected to total \$75,000 in FY16. 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 is increased \$10,000 (17%) to \$68,750.

REVENUE SOURCE	FY2013	FY2014	FY2015	FY2015	FY2016	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Building Permits and Inspections	2,528,184	2,663,898	2,136,000	2,500,000	2,300,000	164,000	7.7%
Damage/Legal Recovery	395,401	48,171	5,000	5,000	10,000	5,000	100.0%
Town Clerk's Fees	96,030	95,629	95,000	90,000	95,000	0	0.0%
Collector's Fees	172,388	96,128	140,000	120,000	135,000	(5,000)	-3.6%
Plan Design Review	26,875	29,193	25,000	30,000	25,000	0	0.0%
Medicare Part D Subsidy	436,083	452,826	400,000	418,000	400,000	0	0.0%
Benefits Reimbursement	214,547	489,777	525,000	525,000	528,460	3,460	0.7%
Distributed Antenna System (DAS) Fees	62,032	83,198	75,000	80,000	75,000	0	0.0%
All Others	583,642	906,176	58,750	150,000	68,750	10,000	17.0%
Total	4,515,181	4,864,997	3,459,750	3,918,000	3,637,210	177,460	5.1%

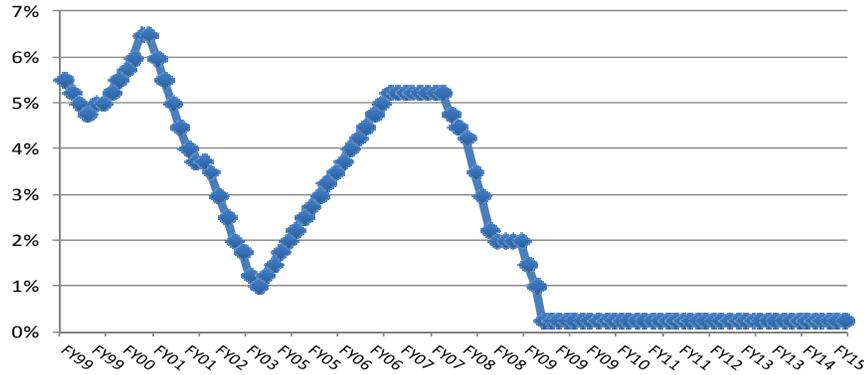
INTEREST INCOME

Interest Income is comprised of revenue from two sources: interest penalties on delinquent property taxes and fees and monies earned on the Town's available cash. The Town Treasurer regularly invests any cash not required for current disbursements and the amount of investment income earned in any given year is dependent upon a number of variables, the most important of which are available cash balances, anticipated cash flows, cash management policies and practices, and market interest rates. Investment income accounted for only 30% of the interest income earned in FY14, a significant change from the 62% it represented in FY09.

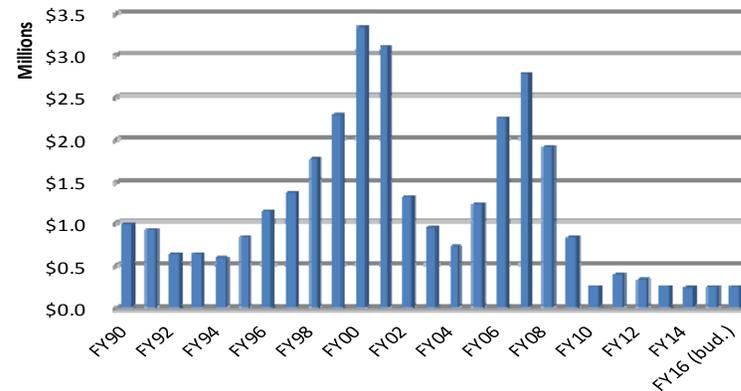
The estimate for interest earned on investments for FY16 is level-funded at \$250,000. This reflects an incredible \$2.5 million (91%) decrease from the FY07 actual. The large decrease is the result of actions taken by the Federal Reserve Bank to help improve the nation's economy. For historical context, between January, 2001 and June, 2003, the Federal Reserve lowered the Federal Funds Rate 13 times, from 6.5% to 1%. Since funds available for investment in FY04 were earning only approximately 1%, actual earnings were well below the levels realized during FY's 00-02. From FY00 to FY04, there was a downturn of \$2.6 million, or 78%. Between June, 2003 and June, 2006, the Federal Reserve increased rates 17 times, bringing the rate to 5.25%. The Town's earnings increased in conjunction with those actions.

The rate stayed at 5.25% until September, 2007, when the rate was dropped 50 basis points to 4.75%. Since then, it has been lowered nine more times to virtually 0%. This included an extraordinary week in late-January, 2008 when the rate dropped 75 basis points on January 22 and another 50 basis points on January 30. With such a dramatically reduced rate of return, the Town cannot expect to earn as much as it did during the FY07 - FY09 period. The \$250,000 estimate continues to reflect this reality. The two graphs below show the changes in the Federal Funds rate (left) and the historical Investment Income earnings (right).

FEDERAL FUNDS RATE



HISTORICAL GENERAL FUND INVESTMENT EARNINGS



The amount budgeted in FY16 for interest earned from delinquent taxpayers is level-funded at \$490,000.

<u>REVENUE SOURCE</u>	<u>FY2013 ACTUAL</u>	<u>FY2014 ACTUAL</u>	<u>FY2015 BUDGET</u>	<u>FY2015 ESTIMATE</u>	<u>FY2016 BUDGET</u>	<u>BUDGET INCREASE</u>	
						<u>\$\$</u>	<u>%</u>
Interest Income	255,765	233,380	250,000	250,000	250,000	0	0.0%
Delinquent Tax Interest	639,428	543,650	490,000	525,000	490,000	0	0.0%
Total	895,193	777,030	740,000	775,000	740,000	0	0.0%

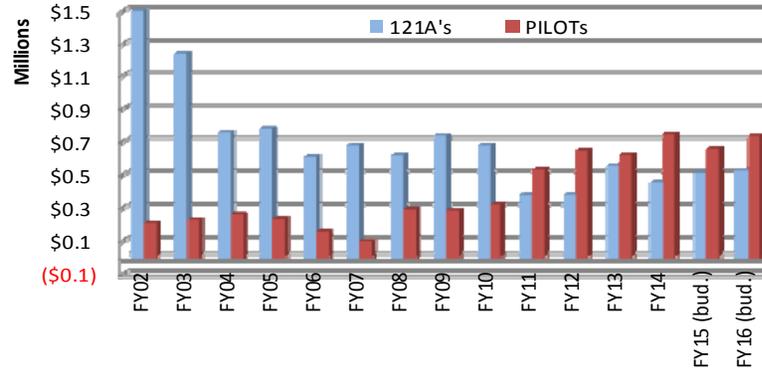
PAYMENTS IN LIEU OF TAXES

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

In 1945, the Massachusetts General Court approved legislation that allowed cities and towns to enter into contracts with certain corporations in order to encourage development considered to be in the public interest. The corporations formed to carry out those projects are taxed as Urban Redevelopment corporations under Chapter 121A of the General Laws. Urban Redevelopment corporations pay an excise to the Commonwealth in lieu of a local property tax imposed by a city or town and in lieu of the general corporate excise. The Urban Redevelopment excise is applied by the sum of: 5% of gross income for the preceding calendar year and \$10 per thousand upon the fair cash value of real and tangible personal property as determined by the assessors. The amount of the fair cash value can be agreed upon within the provisions of section 6A of the chapter. A tax supplement payment agreement made directly to the town is also permitted. All 121A excise amounts collected by the Commissioner of Revenue are distributed back to cities and towns within the fiscal year. In FY16, there will be one Ch. 121A agreement: 55 Village Way, which is estimated at \$525,000, an increase of \$15,000 (2.9%).

PILOTs are agreements the Board of Selectmen have entered into with non-profits in Brookline, the purpose of which is to help cover a portion of the cost of public safety and public works services. They are estimated to yield \$810,000 for FY16, an increase of \$155,000 (23.7%) from FY15 budgeted amounts, due primarily to the agreements with Boston University.

HISTORICAL CH. 121A + PILOT PAYMENTS



<u>REVENUE SOURCE</u>	<u>FY2013 ACTUAL</u>	<u>FY2014 ACTUAL</u>	<u>FY2015 BUDGET</u>	<u>FY2015 ESTIMATE</u>	<u>FY2016 BUDGET</u>	<u>BUDGET INCREASE</u>	
						<u>\$</u>	<u>%</u>
Chapter 121A Projects	554,116	453,255	510,000	510,000	525,000	15,000	2.9%
PILOT's	549,809	655,028	575,000	690,000	725,000	150,000	26.1%
Brookline Housing Authority (BHA) PILOT	69,853	89,897	80,000	90,000	85,000	5,000	6.3%
Total	1,173,779	1,198,180	1,165,000	1,290,000	1,335,000	170,000	14.6%

**TOWN OF BROOKLINE
FY2016 FINANCING PLAN**

FUND: General Fund

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

DEPARTMENTAL AND OTHER

All other local receipt sources combined are expected to total \$2.02 million, an amount that is \$74,700 (3.8%) more than the FY15 budgeted amount. A summary of the items that comprise this category are as follows:

- Public Safety Fees - these include Towing Fees and Firearms Licenses and are level-funded at \$62,000.
- Health and Sanitation - these fees, which include Tobacco and Asbestos Fees, are collected by the Health Department. They are level-funded at \$44,500.
- Public Works Fees - these consist primarily of street cutting permits and are increased \$5,000 (6.9%) to \$77,000.
- On-Line Parking Ticket Convenience Fee - this is derived from the \$1.99 convenience fee charged to users of the On-Line Parking Ticket Payment application. (The fee is added to the fine amount in an effort to fully recover the costs of the application.) This is increased \$23,000 (31.9%) to \$95,000.
- Parking Fees - these fees include revenues from various parking permits, including the residential and commercial permit parking programs and municipal parking space rentals. They are increased \$26,700 (5.8%) to \$486,700.
- Medicaid Reimbursement (Schools) - this is the Medicaid reimbursement for medical services provided to qualified Brookline special education students. It is reduced \$15,000 (4.4%) to \$325,000.
- Library - these consist of overdue fines and miscellaneous fees and are level-funded increased \$20,000 (20%) to \$120,000.
- 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 \$10,000 (7.1%) to \$150,000.
- Cable Television Franchise Fee - this is a 3% tax on the gross receipts of the local cable television companies. It is increased \$5,000 (0.8%) to \$640,000.
- 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. It is level-funded at \$15,000.

REVENUE SOURCE	FY2013	FY2014	FY2015	FY2015	FY2016	BUDGET	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	INCREASE	
						\$	%
Public Safety	70,105	44,445	62,000	70,000	62,000	0	0.0%
Health and Sanitation	48,522	49,783	44,500	50,000	44,500	0	0.0%
Public Works	93,915	115,903	72,000	90,000	77,000	5,000	6.9%
On-Line Parking Ticket Convenience Fee	0	64,470	72,000	70,000	95,000	23,000	31.9%
Parking Fees	526,911	580,214	460,000	625,000	486,700	26,700	5.8%
Medicaid Reimbursement (Schools)	364,617	324,733	340,000	325,000	325,000	(15,000)	-4.4%
Library	104,299	104,288	100,000	101,000	120,000	20,000	20.0%
Detail Surcharges	184,838	214,937	140,000	225,000	150,000	10,000	7.1%
Cable TV Franchise	639,481	653,841	635,000	650,000	640,000	5,000	0.8%
Pension Reimbursement	23,695	20,977	15,000	15,000	15,000	0	0.0%
Total	2,056,382	2,173,592	1,940,500	2,221,000	2,015,200	74,700	3.8%

STATE AID SUMMARY

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

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

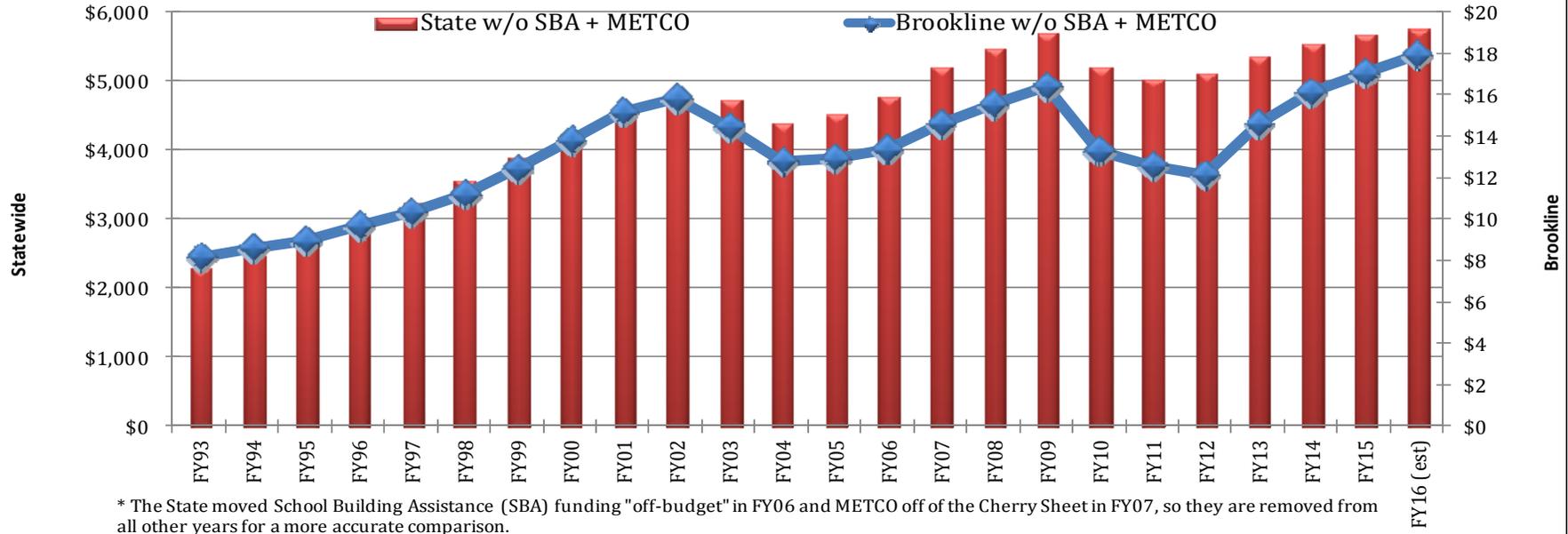
The final FY05 State budget increased State Aid by \$142.3 million (3%), but Brookline's State Aid increased by less than one-half of 1% (\$44,000). In FY06, the State began restoring some of the cuts it imposed in FY03 and FY04. This restoration continued into FY09, until the Governor announced \$128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

Since a new Governor was sworn into office, his budget (House 1) does not have to be submitted until the first week of March as opposed to the third or fourth Wednesday in January. Therefore, the State Aid figures used in this Financial Plan are estimates carried over from the Town’s Forecast. The assumptions include an increase in total Cherry Sheet Aid of \$99.5 million (2%) to \$5.7 billion, all coming from a 2.3% increase in Chapter 70 Education aid (to \$4.5 billion). Unrestricted General Government Aid (UGGA) is assumed to be level-funded at \$920 million, along with all other Cherry Sheet accounts are level-funded. For Brookline, these assumptions result in an increase of \$850,000 (4.8%).

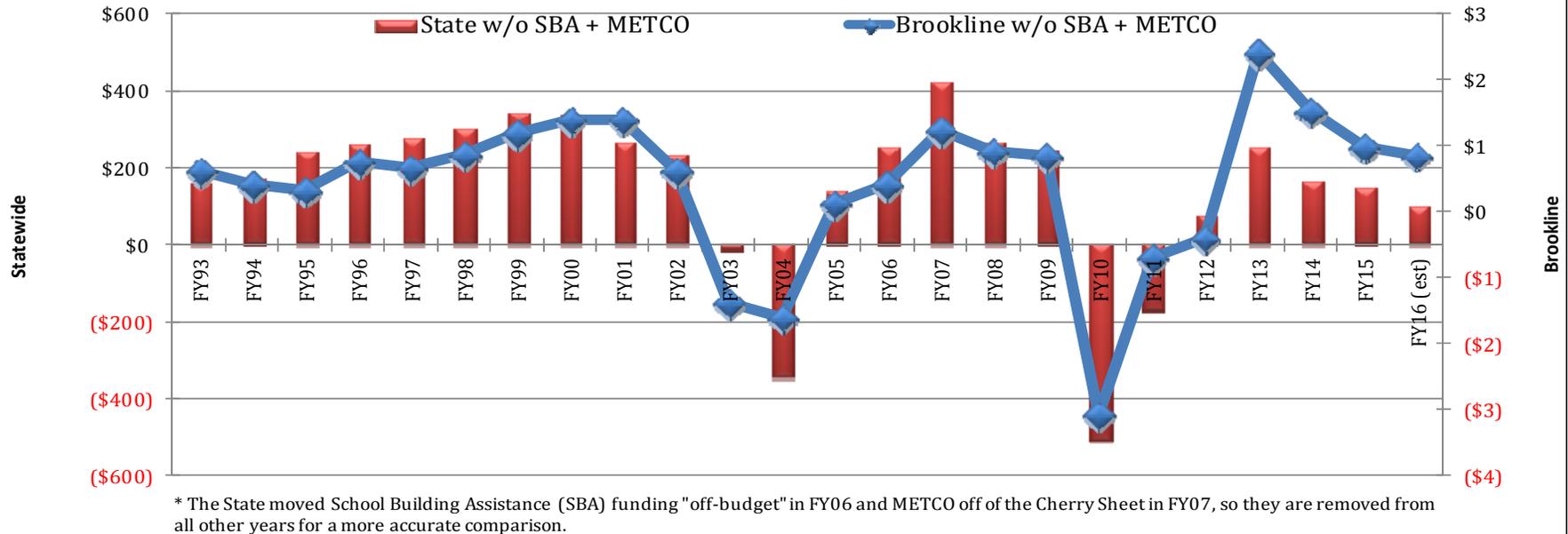
Once the new Governor submits his budget, modifications will be made to this FY2016 Financial Plan accordingly.

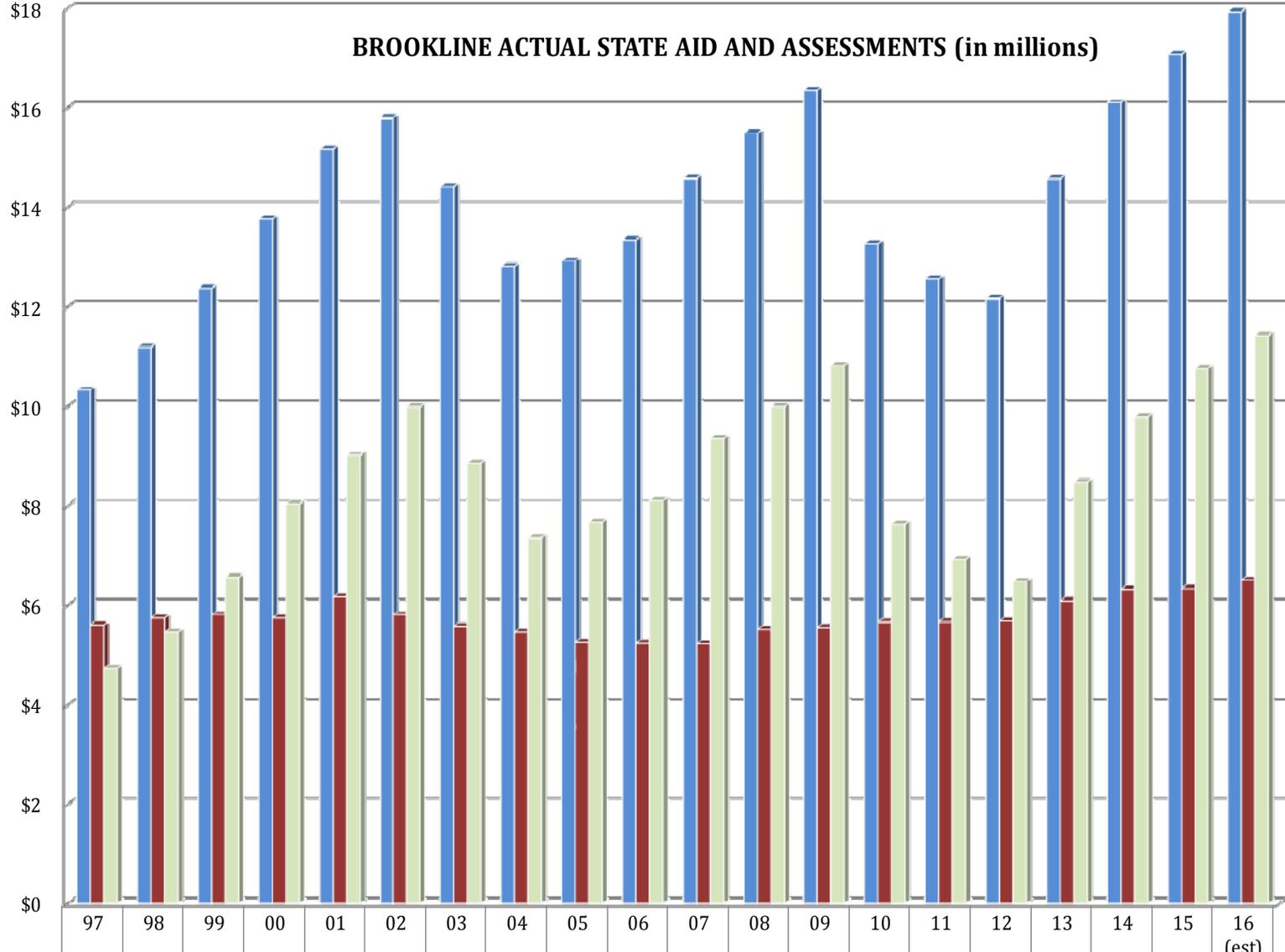
<u>REVENUE SOURCE</u>	<u>FY2013 ACTUAL</u>	<u>FY2014 ACTUAL</u>	<u>FY2015 BUDGET</u>	<u>FY2015 ESTIMATE</u>	<u>FY2016 BUDGET</u>	<u>BUDGET INCREASE</u>	
						<u>\$</u>	<u>%</u>
General Government Aid	5,464,358	5,581,819	5,750,919	5,750,919	5,750,919	0	0.0%
School Aid	8,955,386	10,379,621	11,160,355	11,160,355	12,010,355	850,000	7.6%
School Construction Aid	556,757	556,757	556,757	556,757	556,757	0	0.0%
Tax Exemptions	39,398	4,518	40,402	40,402	40,402	0	0.0%
Education Offset Items	109,160	111,026	126,443	126,443	126,443	0	0.0%
Total	15,125,059	16,633,741	17,634,876	17,634,876	18,484,876	850,000	4.8%

CHERRY SHEET AID HISTORY (in millions)



CHERRY SHEET AID HISTORY - ANNUAL CHANGE (in millions)





■ STATE AID	10.33	11.19	12.38	13.78	15.17	15.80	14.42	12.81	12.92	13.34	14.58	15.50	16.36	13.27	12.57	12.16	14.57	16.10	17.08	17.93
■ ASSESSMENTS	5.60	5.74	5.81	5.74	6.16	5.81	5.57	5.45	5.26	5.24	5.23	5.51	5.55	5.65	5.66	5.67	6.09	6.31	6.33	6.51
■ NET STATE AID	4.73	5.45	6.57	8.04	9.01	9.99	8.84	7.35	7.66	8.10	9.35	9.99	10.81	7.62	6.91	6.48	8.49	9.79	10.75	11.42

UNRESTRICTED GENERAL GOVERNMENT AID (UGGA)

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

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

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

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

As previously stated, the final FY10 State budget eliminated the separate accounts and replaced them with a single Unrestricted General Government Aid (UGGA) account and cut them by \$377 million (29%) statewide and by \$2.3 million for Brookline. Cuts were also sustained in FY11 (\$37.4 million, 4%; \$223,751 for Brookline) and FY12 (\$65 million, 7.2%; \$388,275 for Brookline). FY13-FY15 saw some of those cuts restored, with \$65 million added in FY13 (a 7.8% increase), \$21.3 million added in FY14 (a 2.4% increase), and \$25.5 million added in FY15 (a 2.8% increase). For Brookline, the increases in those years were \$388,275 (FY13), \$126,936 (FY14), and \$152,441 (FY15). Since a new Governor was sworn into office, his budget (House 1) does not have to be submitted until the first week of March as opposed to the third or fourth Wednesday in January. Therefore, the State Aid figures used in this Financial Plan are estimates carried over from the Town's Forecast. The assumption is level-funding of UGGA.

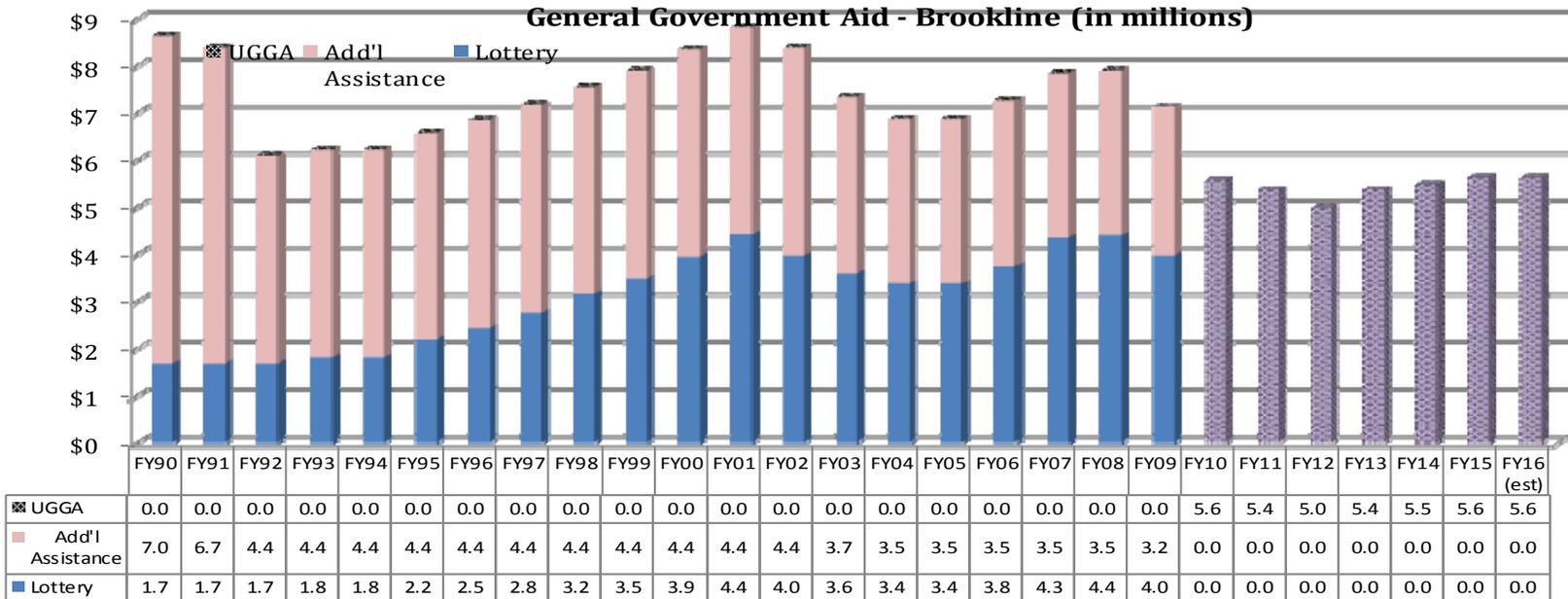
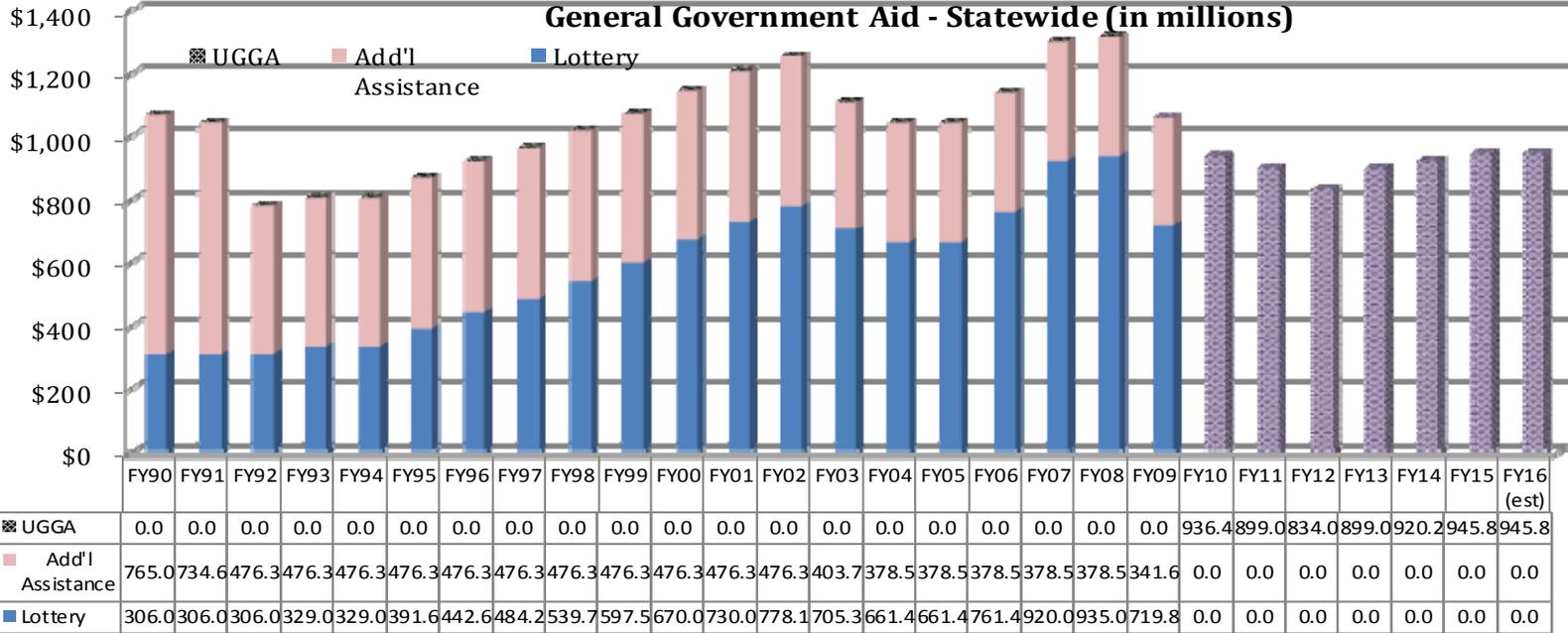
The graphs on the following page show the history of General Government Aid, both statewide and for Brookline.

REVENUE SOURCE	FY2013	FY2014	FY2015	FY2015	FY2016	BUDGET	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE		BUDGET	INCREASE
						\$	%
Unrestricted General Government Aid (UGGA)	5,370,029	5,496,965	5,649,406	5,649,406	5,649,406	0	0.0%
Veteran's Benefits	94,329	84,854	101,513	101,513	101,513	0	0.0%
Total	5,464,358	5,581,819	5,750,919	5,750,919	5,750,919	0	0.0%

**TOWN OF BROOKLINE
FY2016 FINANCING PLAN**

FUND: General Fund

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



VETERANS' BENEFITS

Chapter 115, Section 6, provides for reimbursement to communities for amounts expended to assist needy veterans and/or their dependents. Benefits paid out in accordance with state guidelines and approved by the Commissioner of Veterans' Services are reimbursed 75%. Total statewide funding in FY15 was \$50.3 million, with Brookline's share being \$101,513. Since a new Governor was sworn into office, his budget (House 1) does not have to be submitted until the first week of March as opposed to the third or fourth Wednesday in January. Therefore, the State Aid figures used in this Financial Plan are estimates carried over from the Town's Forecast. The assumption is level-funding at \$50.3 million statewide and \$101,513 for Brookline.

SCHOOL AID - CHAPTER 70

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

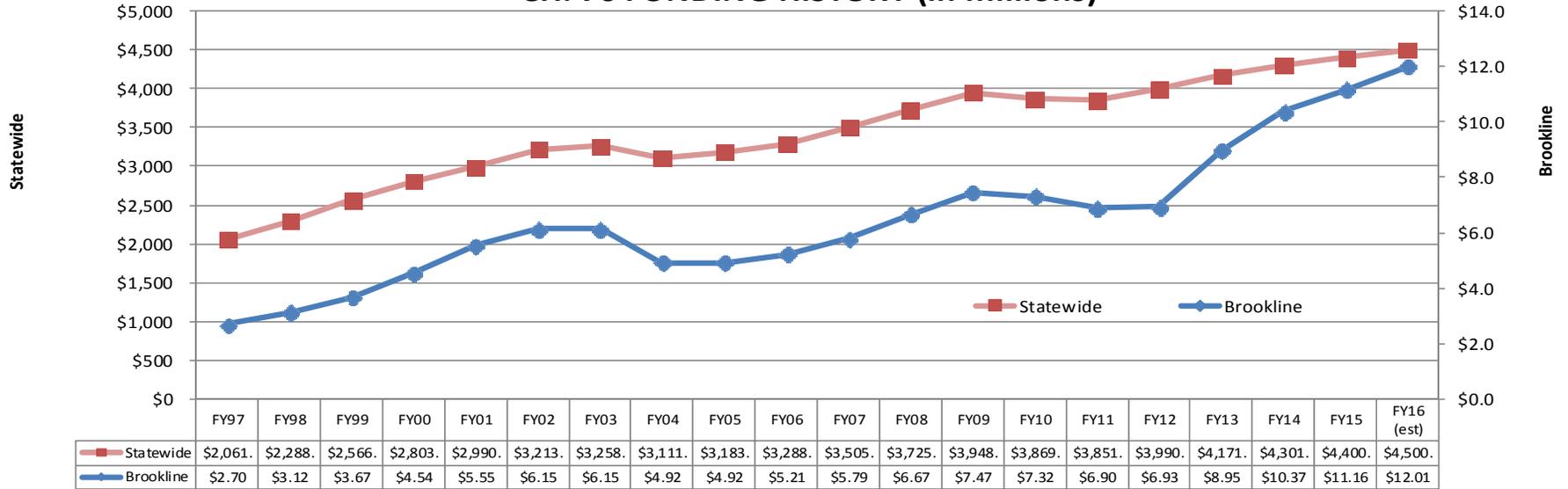
The reform legislation targeted the majority of funds to poorer communities and required them to increase school spending. School districts with relatively higher property wealth, such as Brookline, tended to be classified as "Minimum Aid" communities and were originally entitled to a minimum increase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

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

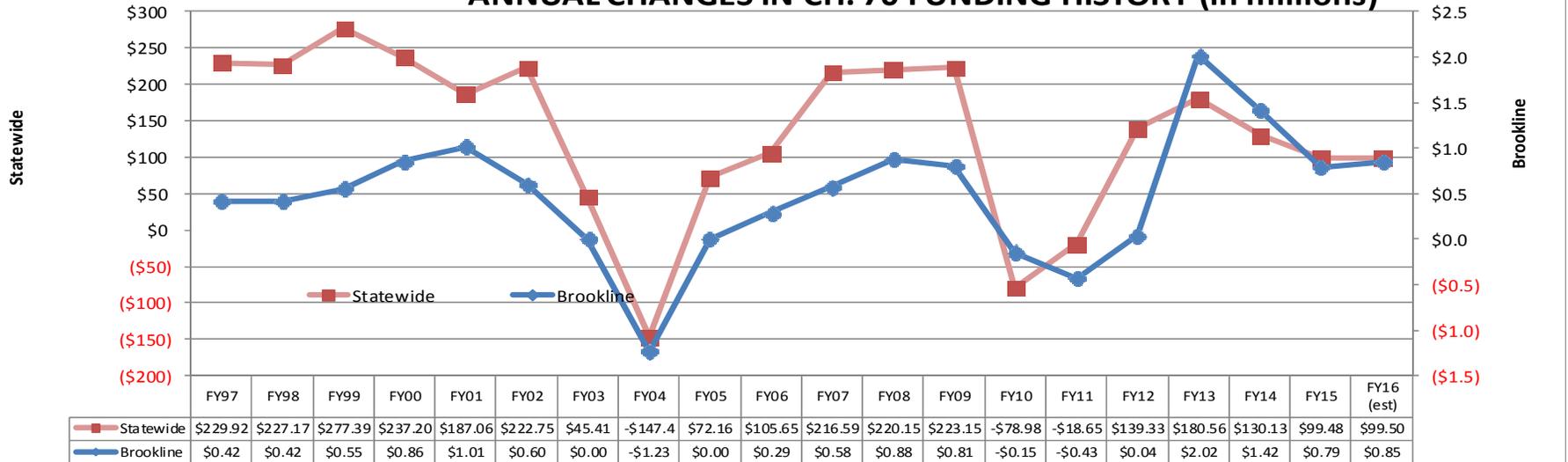
In the FY13 – FY15 period, total funding was increased by between \$100 million (2.3%) and \$180 million (4.5%) statewide to \$4.4 billion, for a total increase of \$410.2 million (10.3%). For Brookline, the increases ranged between \$789,996 (7.6%) and \$2 million (29.1%) to \$11.2 million, for a total increase of \$4.2 million (61%). Since a new Governor was sworn into office, his budget (House 1) does not have to be submitted until the first week of March as opposed to the third or fourth Wednesday in January. Therefore, the State Aid figures used in this Financial Plan are estimates carried over from the Town's Forecast. The assumption is an increase in Ch. 70 funding of \$99.5 million (2.3%), which would yield an additional \$850,000 (7.6%) for Brookline.

REVENUE SOURCE	FY2013	FY2014	FY2015	FY2015	FY2016	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
School Aid Chapter 70	8,949,381	10,369,466	11,159,462	11,159,462	12,009,462	850,000	7.6%
School Construction Aid	556,757	556,757	556,757	556,757	556,757	0	0.0%
Charter Tuition Assessment Reimbursement	6,005	10,155	893	893	893	0	0.0%
Total	9,512,143	10,936,378	11,717,112	11,717,112	12,567,112	850,000	7.3%

CH. 70 FUNDING HISTORY (in millions)



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



**TOWN OF BROOKLINE
FY2016 FINANCING PLAN**

FUND: General Fund

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

The key factor that has positively impacted Brookline is the aggregate wealth model, which was first used in FY07. This is reflected in the FY13 - FY15 increases. The past few budgets made progress on the Ch. 70 equity reforms of 2007 by reducing by the gap that exists to be fully implemented. While the goal of the aggregate wealth model (increase Ch. 70 aid so that it represents 17.5% of each district's foundation budget) has not been reached, the gap has been significantly reduced. Since FY12, Brookline's Ch. 70 figure has been raised from less than 12% of foundation to 16.3%.

With the Foundation Budget increasing so significantly, Brookline became a "Foundation Aid Community", meaning Ch. 70 aid is required to bridge the gap between the foundation budget and the district's required contribution. The table below shows how, over the past few years, the district has gone from Required Net School Spending (NSS) as a percent of the Foundation Budget of 140% down to 100%:

	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>
Foundation budget	46,243,375	49,807,109	52,046,875	55,448,798	55,383,764	57,861,962	63,110,212	66,334,276	68,558,217
Required net school spending	64,819,179	63,319,142	60,268,078	60,526,653	59,137,816	59,481,712	63,110,212	66,334,276	68,558,217
NSS a % of Foundation	140.17%	127.13%	115.80%	109.16%	106.78%	102.80%	100.00%	100.00%	100.00%

This is important because once NSS is equal to the Foundation Budget, Foundation Aid is required to get the district to the Foundation Budget. This is shown below, using the FY12 - FY15 calculations.

Prior Year Aid		Prior Year Aid		Prior Year Aid	
1 Chapter 70 FY12	6,932,850	1 Chapter 70 FY13	8,949,381	1 Chapter 70 FY14	10,369,466
Foundation Aid		Foundation Aid		Foundation Aid	
2 Foundation budget FY13	63,110,212	2 Foundation budget FY14	66,334,276	2 Foundation budget FY15	68,558,217
3 Required district contribution FY13	54,160,831	3 Required district contribution FY14	55,964,810	3 Required district contribution FY15	57,398,755
4 Foundation aid (2-3)	8,949,381	4 Foundation aid (2-3)	10,369,466	4 Foundation aid (2-3)	11,159,462
5 Increase over FY12 (4 - 1)	2,016,531	5 Increase over FY13 (4 - 1)	1,420,085	5 Increase over FY14 (4 - 1)	789,996
Non-Operating District Reduction to Foundation		Non-Operating District Reduction to Foundation		Non-Operating District Reduction to Foundation	
6 Reduction to foundation	0	6 Reduction to foundation	0	6 Reduction to foundation	0
Chapter 70 Aid FY13		Chapter 70 Aid FY14		Chapter 70 Aid FY15	
sum of line 1 and 5 minus line 6	8,949,381	sum of line 1 and 5 minus line 6	10,369,466	sum of line 1 and 5 minus line 6	11,159,462

SCHOOL CONSTRUCTION AID

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

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

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

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

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

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

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

TAX EXEMPTION AID

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

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

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

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

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

In FY15, the total appropriation for all of these exemption reimbursements was \$24.4 million, with Brookline receiving \$40,402. Since a new Governor was sworn into office, his budget (House 1) does not have to be submitted until the first week of March as opposed to the third or fourth Wednesday in January. Therefore, the State Aid figures used in this Financial Plan are estimates carried over from the Town's Forecast, which assumes 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.

<u>REVENUE SOURCE</u>	<u>FY2013 ACTUAL</u>	<u>FY2014 ACTUAL</u>	<u>FY2015 BUDGET</u>	<u>FY2015 ESTIMATE</u>	<u>FY2016 BUDGET</u>	<u>BUDGET INCREASE</u>	
						<u>\$\$</u>	<u>%</u>
Veterans/Blind/Surviving Spouse	39,398	4,518	40,402	40,402	40,402	0	0.0%
Total	39,398	4,518	40,402	40,402	40,402	0	0.0%

CHERRY SHEET OFFSETS

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

Lunch Programs - Under Chapter 871 of the Acts of 1970, the State reimburses cities and towns a small portion of the costs of providing breakfasts and lunches to school children. The majority of funding for the lunch programs comes from the federal government and fees paid by the diners. Statewide FY15 funding totaled \$5.4 million. Since a new Governor was sworn into office, his budget (House 1) does not have to be submitted until the first week of March as opposed to the third or fourth Wednesday in January. Therefore, the State Aid figures used in this Financial Plan are estimates carried over from the Town's Forecast, which assumes level-funding.

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

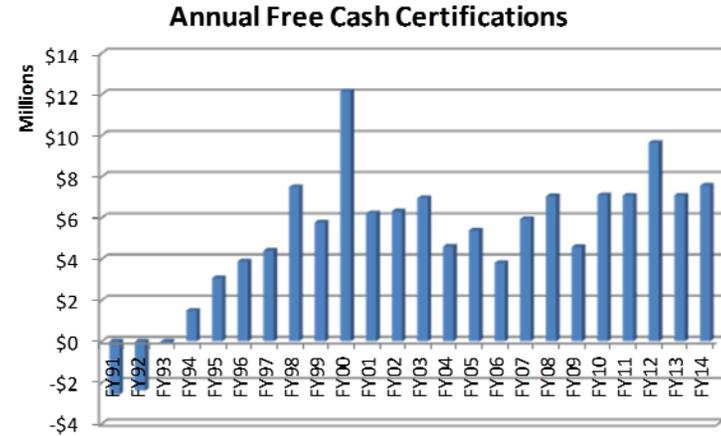
Three different funding formulas are used to distribute these funds. The LIG formula provides for \$0.50 per capita to communities who have populations over 2,500 and who have appropriated at least \$1,250 for public library services during the preceding year. The MEG formula is the same as the lottery formula, which is related to a community's comparative wealth and can be found on page III-26. The Non-resident Circulation Offset is determined annually by the (State) Board of Library Commissioners, based upon each community's share of the total statewide-circulated items. Statewide FY15 funding totaled \$9 million, with Brookline receiving \$97,058. Since a new Governor was sworn into office, his budget (House 1) does not have to be submitted until the first week of March as opposed to the third or fourth Wednesday in January. Therefore, the State Aid figures used in this Financial Plan are estimates carried over from the Town's Forecast, which assumes level-funding.

<u>REVENUE SOURCE</u>	<u>FY2013 ACTUAL</u>	<u>FY2014 ACTUAL</u>	<u>FY2015 BUDGET</u>	<u>FY2015 ESTIMATE</u>	<u>FY2016 BUDGET</u>	<u>BUDGET INCREASE</u>	
						<u>\$\$</u>	<u>%</u>
Lunch Programs	27,780	28,666	29,385	29,385	29,385	0	0.0%
Public Libraries	81,380	82,360	97,058	97,058	97,058	0	0.0%
Total	109,160	111,026	126,443	126,443	126,443	0	0.0%

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

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



From FY91 through FY93, Free Cash was certified with negative balances, as can be seen in the graph above. Very tight budgeting and unusually large delinquent tax balances created this situation. This condition began to improve in FY94. Since then, the combination of adopting prudent fiscal policies, more conservative revenue estimates, and closely monitoring expenditures have contributed to the favorable levels of Free Cash. The Free Cash certification for funds available for use in FY16 (i.e., Free Cash as of 7/1/14) is \$7,569,881. However, as discussed in the Town Administrator's Budget Message, this Financial Plan spends \$5.02 million, leaving \$2.55 million unappropriated to help improve the Town's undesignated fund balance position. The breakout below shows where Free Cash is allocated in accordance with the Town's Free Cash policy.

REVENUE SOURCE	FY2013 ACTUAL	FY2014 ACTUAL	FY2015 BUDGET	FY2015 ESTIMATE	FY2016 BUDGET	BUDGET INCREASE	
						\$\$	%
Free Cash appropriated for:							
Operating Budget Reserve Fund	486,736	507,190	530,584	530,584	550,050	19,465	3.7%
Stabilization Fund	0	250,000	0	0	0	0	-
Liability Reserve	253,669	154,115	234,839	234,839	78,970	(155,869)	-66.4%
Capital Improvements	3,947,729	4,818,745	4,148,339	4,148,339	4,224,403	76,064	1.8%
Affordable Housing Trust Fund	251,363	555,106	170,390	170,390	163,078	(7,312)	-4.3%
OPEB's	211,256	500,000	0	0	0	0	-
Public Safety IOD Medical Expenses Trust Fund	185,660	0	0	0	0	0	-
Worker's Comp. Trust Fund	0	270,000	0	0	0	0	-
Pension Fund	0	500,000	0	0	0	0	-
Unemployment Trust Fund	0	100,000	0	0	0	0	-
Operating Budget	0	0	0	0	0	0	-
Total	5,336,413	7,655,155	5,084,152	5,084,152	5,016,500	(67,653)	-1.3%

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 FY16 appropriations is \$7.93 million, an increase of \$22,135 (0.3%) from the amount available in FY15.

1. **Parking Meter Receipts** – these are level-funded at \$4.3 million.
2. **Walnut Hills Cemetery Funds** - these are receipts from the sale of lots and services. The transfer from these funds to the General Fund is to reimburse the General Fund for a portion of the expenses associated with the operation of the cemetery, which is funded in the DPW budget. It is level-funded at \$75,000, which covers approximately 25% of cemetery operating costs.
3. **State Aid for Libraries** - this is the portion of the Cherry Sheet Offset aid, previously described under the "Cherry Sheet Offsets" section, that was used as a direct offset to the Library. Withholding funds from this direct source of revenue to the Library is no longer recommended.
4. **Golf Enterprise Fund Reimbursement** - this reimbursement to the General Fund consists of the fringe benefit costs associated with those employees whose salaries are charged to the Enterprise Fund, supervision/overhead, re-payment of both the FY01 Town loan (operating losses) and the FY13 Town loan (new maintenance facility), and property insurance. The reimbursement increases \$14,742 (9%) to \$177,791.
5. **Recreation Revolving Fund Reimbursement** - this reimbursement to the General Fund represents the fringe benefit costs associated with those employees whose salaries are funded in the Revolving Fund. Massachusetts General Law, Chapter 44, Section 53E ½, the statute under which the Recreation Revolving Fund was established, mandates that "[N]o revolving fund expenditures shall be made for the purpose of paying any wages or salaries for full time employees unless such revolving fund is also charged for the costs of fringe benefits associated with the wages or salaries so paid." Therefore, with full-time employees being charged to the fund, fringe benefits must be charged. The FY16 reimbursement increases \$4,190 (1.2%) to \$354,124.
6. **Water and Sewer Enterprise Fund Reimbursement** - this reimbursement to the General Fund consists of fringe benefits and certain interdepartmental expenses. The reimbursement increases \$14,758 (0.7%) to \$1.99 million.
7. **Tax Abatement Reserve Surplus** - also known as the Overlay Reserve Surplus, the Town's Fiscal Policies dictate that these funds be used to support one-time expenses. In FY15, \$1 million was declared surplus and used to support the CIP. No such funding is available for FY16.
8. **Capital Project Surplus** - \$1.03 million of remaining balances from previously appropriated capital projects is recommended in FY16 to support the CIP. The sources of the revenue are (1) the May, 2014 \$1 million appropriation for the feasibility/schematic design phase of the Driscoll School, a project that is not moving forward and (2) \$30,000 from the \$120,000 May, 2003 appropriation for the Mountfort St. / Carlton St. Traffic Signal.
9. **Sale of Town-owned Land Fund** - Chapter 44, Section 63 of Massachusetts General Laws requires the proceeds from the sale of any publicly-owned land, except for property acquired through tax title foreclosures, be placed in a separate fund and be used for paying any debt service associated with the acquisition of the land. If no indebtedness exists, then the proceeds can be used for any purpose for which a municipality is authorized to incur debt. In FY13, \$3.25 million was available from the proceeds generated by the sale of the Fisher Hill Reservoir and they were used in the CIP to pay for the park/playground project.

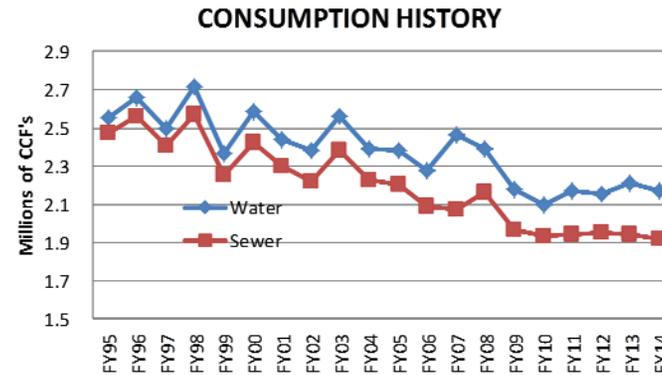
REVENUE SOURCE	FY2013	FY2014	FY2015	FY2015	FY2016	BUDGET	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	INCREASE	
						\$	%
Parking Meter Receipts	3,950,000	4,100,000	4,300,000	4,300,000	4,300,000	0	0.0%
Walnut Hill Cemetery Fund	50,000	75,000	75,000	75,000	75,000	0	0.0%
State Aid for Libraries	41,555	41,555	41,555	41,555	0	(41,555)	-100.0%
Golf Enterprise Fund Reimbursement	155,037	150,416	163,049	163,049	177,791	14,742	9.0%
Recreation Revolving Fund Reimbursement	281,764	353,717	349,934	349,934	354,124	4,190	1.2%
Water and Sewer Enterprise Fund Reimbursement	1,855,987	2,125,747	1,973,970	1,973,970	1,988,729	14,758	0.7%
Tax Abatement Reserve Surplus	1,750,000	0	1,000,000	1,000,000	0	(1,000,000)	-100.0%
Capital Project Surplus	560,000	6,253	0	0	1,030,000	1,030,000	-
Sale of Town-owned Land Fund	3,250,000	0	0	0	0	0	0.0%
Total	11,894,344	6,852,688	7,903,508	7,903,508	7,925,643	22,135	0.3%

WATER AND SEWER ENTERPRISE

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

The operation is treated as an enterprise fund under Massachusetts General Laws, Ch. 44, Sec. 53F½. The Enterprise Fund was established by Town Meeting in 2001. Prior to that vote, the Water and Sewer operation was accounted for in the General Fund. Treating the operation as an enterprise fund allows for the use of the full accrual basis of accounting, a requirement of the Government Accounting Standards Board's (GASB) financial reporting standard statement #34. The Enterprise Fund fully reimburses the General Fund for expenses incurred on behalf of its operation, including fringe benefits. The Fund covers 100% of its expenses. Early indications are that the costs for water and sewer services for FY16 will increase \$1.45 million (5.4%) from FY15. The increase is driven primarily by increases in the MWRA Assessment (\$954,402 5%), Debt Service (\$243,648, 11.4%), and Capital Outlay (\$191,500, 61.1%).

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



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

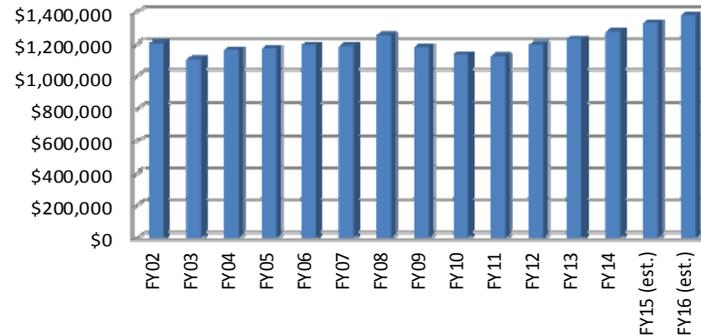
REVENUE SOURCE	FY2013	FY2014	FY2015	FY2015	FY2016	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Water and Sewer Charges	25,850,955	25,910,938	26,438,588	26,438,588	27,887,905	1,449,317	5.5%
Late Payment Fees	89,197	80,858	80,000	80,000	80,000	0	0.0%
Service Fees	130,600	165,159	115,500	115,500	115,500	0	0.0%
Fire Service Fee	237,977	237,974	225,000	225,000	225,000	0	0.0%
Misc	85,061	134,278	16,500	16,500	16,500	0	0.0%
Gross Total	26,393,790	26,529,207	26,875,588	26,875,588	28,324,905	1,449,317	5.4%
less Reimbursement to the General Fund	1,855,987	2,125,747	1,973,970	1,973,970	1,988,729	14,758	0.7%
Net Total	24,537,803	24,403,460	24,901,618	24,901,618	26,336,176	1,434,559	5.8%

GOLF COURSE ENTERPRISE

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

In FY16, collections are estimated to total \$1.38 million, an increase of \$44,388 (3.3%) from the FY15 budget, driven primarily by an increase in the estimate of the number of rounds played (greens fees and cart rentals). This reflects the experience of the past golf season, which is due, in part, to the significant capital improvements that have been completed at the course, including extensive drainage restoration and bunker renovation. In addition, the employee golf benefit was changed to better utilize the golf course at peak times and will further increase revenue. Lastly, management revised the Pro Shop marketing plan and has since realized a 40% increase in sales. Please see the Enterprise Fund section of the Recreation Department's budget in Section IV of this Financial Plan for a breakdown of the expenditures associated with the Golf Course.

GOLF COURSE ENTERPRISE FUND REVENUE



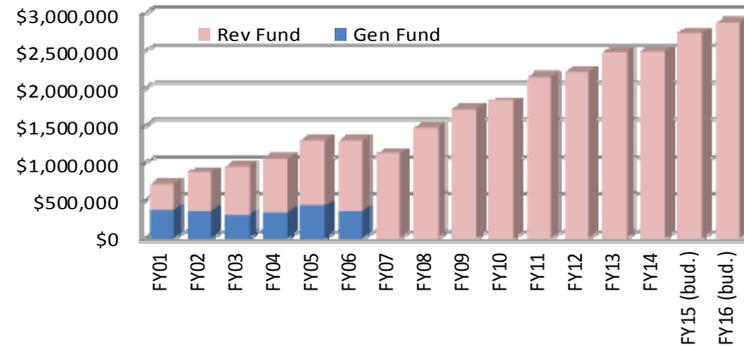
REVENUE SOURCE	FY2013	FY2014	FY2015	FY2015	FY2016	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Green Fees / Permits	914,792	878,323	1,005,000	1,005,000	971,211	(33,789)	-3.4%
Cart Rentals	140,679	178,476	140,000	140,000	193,000	53,000	37.9%
Pro Shop	72,132	87,936	80,000	70,000	95,314	15,314	19.1%
Concessions	42,000	43,260	45,423	45,423	46,786	1,363	3.0%
Golf Clinics	22,230	20,854	25,000	25,000	24,000	(1,000)	-4.0%
Other	33,335	64,365	36,500	36,500	46,000	9,500	26.0%
Gross Total	1,225,168	1,273,214	1,331,923	1,321,923	1,376,311	44,388	3.3%
less Reimbursement to the General Fund	155,037	150,416	163,049	163,049	177,791	14,742	9.0%
Net Total	1,070,131	1,122,798	1,168,874	1,158,874	1,198,520	29,646	2.5%

RECREATION REVOLVING FUND

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

Approved every year by Town Meeting as part of the annual appropriations article, the FY16 estimate for the Revolving Fund is \$2.88 million, an increase of \$133,173 (4.8%). Please see the Revolving Fund section of the Recreation Department's budget in Section IV of this Financial Plan for a breakdown of the expenditures associated with the programs accounted for under the Revolving Fund.

RECREATION REVENUE



REVENUE SOURCE	FY2013	FY2014	FY2015	FY2015	FY2016	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Aquatic	564,654	513,277	561,996	561,996	570,000	8,004	1.4%
Eliot Center	131,863	127,840	98,078	98,078	119,500	21,422	21.8%
Environmental Programs	52,589	55,700	52,589	52,589	52,589	0	0.0%
Ice Skating	135,302	179,649	161,086	161,086	158,596	(2,490)	-1.5%
Off-Site Out of Town Trip	28,246	39,737	51,970	51,970	46,900	(5,070)	-9.8%
Outdoor Recreation	636,367	586,714	624,270	624,270	615,000	(9,270)	-1.5%
Outdoor Athletics	221,282	250,705	250,991	250,991	264,500	13,509	5.4%
Soule Center	522,528	569,932	700,000	700,000	810,322	110,322	15.8%
Soule Gym	52,572	43,892	69,796	69,796	69,796	0	0.0%
Tappan Facility	188,173	169,796	178,702	178,702	175,448	(3,254)	-1.8%
Misc Revenue	(52,719)	(45,166)	0	0	0	0	-
Gross Total	2,480,857	2,492,076	2,749,478	2,749,478	2,882,651	133,173	4.8%
less Reimbursement to the General Fund	281,764	353,717	349,934	349,934	354,124	4,190	1.2%
Net Total	2,199,093	2,138,359	2,399,544	2,399,544	2,528,527	128,983	5.4%