

**TOWN OF BROOKLINE
FY2013 FINANCING PLAN**

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

OVERALL SUMMARY

Prior to 1981, Massachusetts local government budgets were controlled by expenditure projections. Property taxes were raised to the extent needed to finance the level of expenditures adopted by the local appropriating authority. In the early-1980's, tax limitation legislation, most notably Proposition 2 1/2, was enacted, making revenue limitations the beginning of the budget process. 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 \$221.22 million, or 89% of total Financial Plan revenues. Total Financial Plan revenue is \$248.26 million, which represents an increase of \$13.76 million, or 5.9%. FY13 General Fund revenues are projected to increase by \$12.34 million (5.9%) from the FY12 budgeted amounts. Operating Revenue, which is basically General Fund revenue less one-time revenues that support the Capital Improvement Program (CIP), increases \$8.62 million, or 4.3%. The below left table summarizes the changes while the below right table shows the calculation of Operating Revenue.

SOURCE	\$ CHANGE (Millions)	% CHANGE
Property Taxes	\$6.23	3.8%
State Aid	\$1.42	10.6%
Medicare Part D Subsidy	\$0.30	-
Local Option Taxes	\$0.20	11.4%
Motor Vehicle Excise	\$0.15	3.2%
Licenses/Permits	\$0.14	14.1%
Interest Income	\$0.11	16.9%
Parking/Court Fines	-\$0.20	-4.8%
Sale of Town-owned Land	\$3.25	-
Capital Project Surplus	\$0.56	-
All Others	\$0.22	-
"Free Cash"	-\$0.04	-0.8%
TOTAL	\$12.34	5.9%

	FY12	FY13	\$ Change	% Change
Total General Fund Revenue	208,879,076	221,220,083	12,341,008	5.9%
Less:				
SBA Reimbursements	1,227,634	587,125	(640,509)	-52.2%
Net Debt Exclusions	1,090,408	1,630,808	540,400	49.6%
Add'l Revenue for CIP	5,430,264	9,246,413	3,816,149	70.3%
Free Cash	5,380,264	5,336,413	(43,851)	-0.8%
Parking Meter Receipts	50,000	100,000	50,000	100.0%
Sale of Town-owned Land Fund	0	3,250,000	3,250,000	-
Capital Project Surplus	0	560,000	560,000	-
OPERATING REVENUE	201,130,769	209,755,737	8,624,968	4.3%

The State Aid figures used in this Financial Plan are partially based on the Governor's FY13 budget proposal, which was submitted on January 25th. He proposed a 3.6% (\$145.6 million) statewide increase in Chapter 70 Education Aid and level-funded Unrestricted General Government Aid (UGGA). For Brookline, the Governor's proposal results in a total State Aid increase of \$1.42 million (10.6%). Since the final State Aid figures could be different by the time a final FY13 State budget is approved, there is the possibility of amendments to the Financial Plan.

A detailed description and analysis of the FY13 revenue items and related changes are found within the pages that follow.

REVENUE SOURCE	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 BUDGET	FY2012 ESTIMATE	FY2013 BUDGET	BUDGET INCREASE \$\$	%
Property Taxes *	152,681,998	157,878,286	163,620,490	163,620,490	169,848,463	6,227,973	3.8%
Local Receipts	21,038,710	22,611,569	20,275,792	22,157,792	21,084,438	808,646	4.0%
State Aid	16,542,765	13,808,845	13,383,563	13,771,838	14,806,425	1,422,862	10.6%
Free Cash	7,053,295	4,590,079	5,380,264	5,380,264	5,336,413	(43,851)	-0.8%
Other Available Funds	7,420,038	5,080,435	6,218,966	6,218,966	10,144,344	3,925,377	63.1%
General Fund Revenues	204,736,805	203,969,215	208,879,077	211,149,351	221,220,083	12,341,008	5.9%
Water and Sewer Enterprise **	20,946,542	22,397,091	22,819,959	22,819,959	23,880,635	1,060,676	4.6%
Golf Enterprise **	946,627	932,209	1,040,148	1,040,148	1,048,963	8,815	0.8%
Recreation Revolving Fund **	1,617,868	1,897,337	1,759,800	1,759,800	2,106,891	347,090	19.7%
Total Financial Plan Revenues	228,247,842	229,195,852	234,498,983	236,769,258	248,256,571	13,757,588	5.9%

* The figures provided for the FY10 and FY11 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 FY2013 FINANCING PLAN				REVENUE GROUP: Overall Summary SUB-GROUP: Overall Summary		
DETAILED REVENUE SUMMARY						
GENERAL FUND	FY10	FY11	FY12	FY13	FY13 vs FY12	
	ACTUAL	ACTUAL	BUDGET	BUDGET	\$\$	%
Property Taxes *	152,681,998	157,878,286	163,620,490	169,848,463	6,227,973	3.8%
Local Receipts	21,038,710	22,611,569	20,275,792	21,084,438	808,646	4.0%
Motor Vehicle Excise (MVE)	4,694,128	5,178,153	4,700,000	4,850,000	150,000	3.2%
Local Option Taxes	1,411,553	2,160,684	1,750,000	1,950,000	200,000	11.4%
Licenses & Permits	1,032,093	1,062,248	1,010,975	1,153,975	143,000	14.1%
Parking / Court Fines	4,421,553	4,387,303	4,200,000	4,000,000	(200,000)	-4.8%
General Government	2,969,579	3,282,853	2,482,817	2,873,463	390,646	15.7%
Interest Income	786,358	900,706	650,000	760,000	110,000	16.9%
PILOTS	996,834	908,270	1,160,000	1,110,000	(50,000)	-4.3%
Refuse Fee	2,668,453	2,663,996	2,600,000	2,600,000	0	0.0%
Departmental & Other	2,058,159	2,067,356	1,722,000	1,787,000	65,000	3.8%
State Aid	16,542,765	13,808,845	13,383,563	14,806,425	1,422,862	10.6%
General Government Aid	5,774,840	5,512,304	5,063,557	5,089,224	25,667	0.5%
School Aid	7,358,077	6,929,820	6,947,641	8,982,359	2,034,718	29.3%
School Construction Aid	3,267,371	1,227,634	1,227,634	587,125	(640,509)	-52.2%
Tax Abatement Aid	39,398	37,051	37,892	38,557	665	1.8%
Offset Aid	103,079	102,036	106,839	109,160	2,321	2.2%
Other Available Funds	7,420,038	5,080,435	6,218,966	10,144,344	3,925,377	63.1%
Parking Meter Receipts	2,550,000	2,650,000	3,800,000	3,950,000	150,000	3.9%
Walnut Hill Cemetery Fund	50,000	50,000	50,000	50,000	0	0.0%
State Aid for Libraries	41,555	41,555	41,555	41,555	0	0.0%
Golf Enterprise Fund Reimb.	186,349	191,161	163,852	155,037	(8,815)	-5.4%
Recreation Revolving Fund Reimb.	210,870	257,205	295,912	281,764	(14,148)	-4.8%
Water and Sewer Enterprise Fund Reimb.	2,046,264	1,869,338	1,867,647	1,855,987	(11,660)	-0.6%
Tax Abatement Reserve Surplus	1,505,000	0	0	0	0	-
Capital Project Surplus	830,000	21,176	0	560,000	560,000	-
Sale of Town-owned Land	0	0	0	3,250,000	3,250,000	-
Free Cash	7,053,295	4,590,079	5,380,264	5,336,413	(43,851)	-0.8%
Capital Improvements	3,121,351	3,675,340	4,413,753	3,947,729	(466,024)	-10.6%
Operating Budget Reserve	458,547	459,239	469,288	486,736	17,449	3.7%
Strategic Reserves / Other Spec Approp's	3,473,397	455,500	497,224	901,948	404,724	81.4%
TOTAL GENERAL FUND REVENUE	204,736,805	203,969,215	208,879,077	221,220,083	12,341,007	5.9%
ENTERPRISE FUND / REVOLVING FUND REVENUE						
Water and Sewer Enterprise Fund **	20,946,542	22,397,091	22,819,959	23,880,635	1,060,676	4.6%
Golf Course Enterprise Fund **	946,627	932,209	1,040,148	1,048,963	8,815	0.8%
Recreation Revolving Fund **	1,617,868	1,897,337	1,759,800	2,106,891	347,090	19.7%
TOTAL ENTERPRISE / REVOLVING FUND REVENUE	23,511,037	25,226,637	25,619,907	27,036,488	1,416,581	5.5%
TOTAL REVENUES	228,247,842	229,195,852	234,498,983	248,256,571	13,757,588	5.9%

* The figures provided for the FY10 and FY11 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
FY2013 FINANCING PLAN**

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

FY2013 REVENUE BY FUND

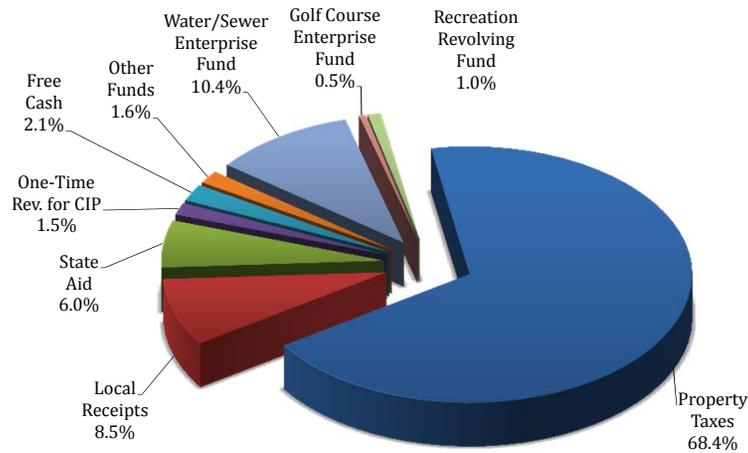
	General Fund ¹	Water & Sewer Enterprise Fund	Golf Enterprise Fund	Recreation Revolving Fund	Parking Meter Fund ²	Cemetery Fund ²	State Library Aid ²	Capital Project Surplus ²	Sale of Town-owned Land Fund ²	TOTAL
Property Taxes	169,848,463									169,848,463
Local Receipts	21,084,438									21,084,438
State Aid	14,806,425									14,806,425
Parking Meter Receipts					3,950,000					3,950,000
Walnut Hill Cemetery Fund						50,000				50,000
State Aid for Libraries							41,555			41,555
Golf Enterprise Fund Reimbursement			155,037							155,037
Recreation Revolving Fund Reimbursement				281,764						281,764
Water and Sewer Enterprise Fund Reimbursement		1,855,987								1,855,987
Capital Project Surplus							560,000			560,000
Sale of Town-owned Land Fund								3,250,000		3,250,000
Free Cash	5,336,413									5,336,413
TOTAL GENERAL FUND	211,075,740	1,855,987	155,037	281,764	3,950,000	50,000	41,555	560,000	3,250,000	221,220,083
Water and Sewer Enterprise Fund ³		23,880,635								23,880,635
Golf Course Enterprise Fund ³			1,048,963							1,048,963
Recreation Revolving Fund ³				2,106,891						2,106,891
TOTAL FINANCIAL PLAN	211,075,740	25,736,622	1,204,000	2,388,655	3,950,000	50,000	41,555	560,000	3,250,000	248,256,571

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

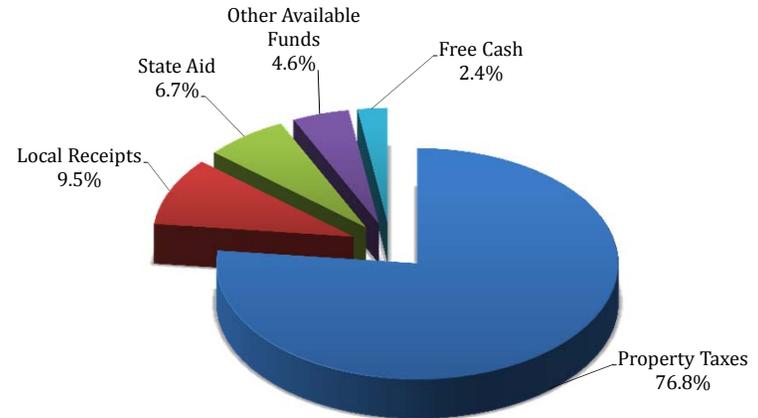
² The revenue from these funds are transferred into the General Fund.

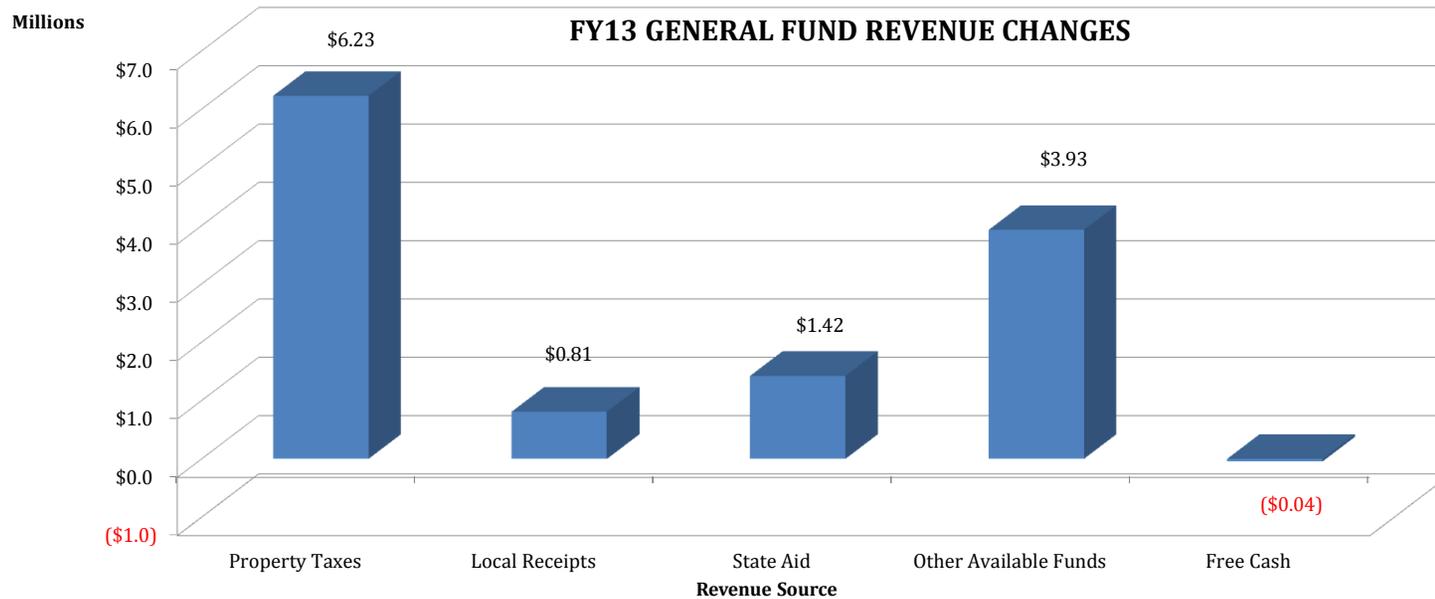
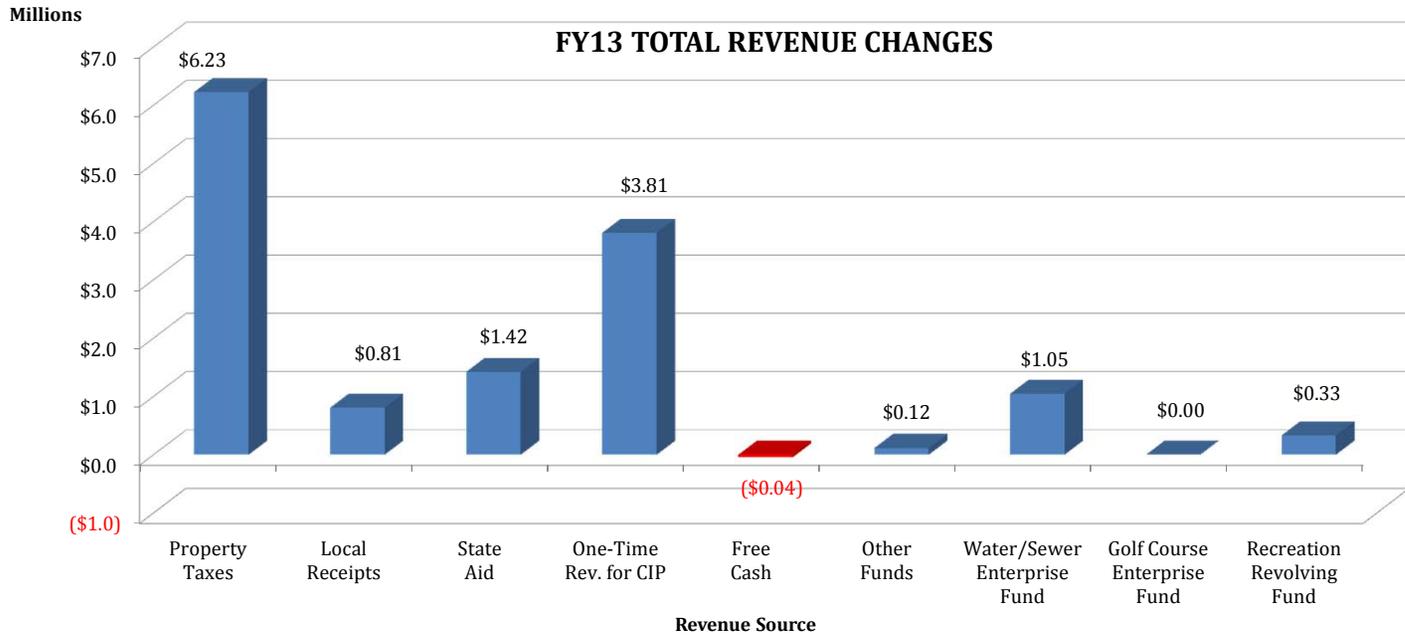
³ These are net of Reimbursements to the General Fund, as those amounts are accounted for in the "Reimbursement" figures listed under the General Fund.

FY13 TOTAL REVENUE COMPOSITION



FY13 GENERAL FUND REVENUE COMPOSITION





TOTAL REVENUES

\$ (millions)

% of General Fund Budget

REVENUE SOURCE	FY81	FY82	FY04 ACT.	FY05 ACT.	FY06 ACT.	FY07 ACT.	FY08 ACT.	FY09 ACT.	FY10 ACT.	FY11 ACT.	FY12 BUD.	FY13 BUD.
PROPERTY TAX	\$45.8 76.4%	\$40.8 71.0%	\$114.2 69.6%	\$119.5 67.8%	\$121.8 69.6%	\$128.9 69.8%	\$133.8 70.5%	\$146.5 73.7%	\$152.6 74.6%	\$155.9 77.2%	\$163.6 78.3%	\$169.8 76.8%
LOCAL RECEIPTS	\$3.8 6.4%	\$5.3 9.2%	\$19.0 11.6%	\$21.2 12.0%	\$23.0 13.1%	\$23.3 12.6%	\$24.5 12.9%	\$22.5 11.3%	\$21.0 10.3%	\$22.6 11.2%	\$20.3 9.7%	\$21.1 9.5%
STATE AID	\$5.5 9.2%	\$7.2 12.5%	\$17.3 10.5%	\$17.4 9.9%	\$18.0 10.3%	\$18.0 9.8%	\$18.9 10.0%	\$18.0 9.0%	\$16.5 8.1%	\$13.8 6.8%	\$13.4 6.4%	\$14.8 6.7%
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%	\$5.6 3.4%	\$7.0 4.0%	\$4.6 2.6%	\$5.4 2.9%	\$3.8 2.0%	\$6.0 3.0%	\$7.1 3.4%	\$4.6 2.3%	\$5.4 2.6%	\$5.3 2.4%
OTHER AVAIL. FUNDS	\$0.3 0.5%	\$0.5 0.9%	\$7.9 4.8%	\$11.1 6.3%	\$7.7 4.4%	\$8.9 4.8%	\$8.6 4.5%	\$6.0 3.0%	\$7.4 3.6%	\$5.1 2.5%	\$6.2 3.0%	\$10.1 4.6%
GENERAL FUND BUDGET TOTAL	\$59.9	\$57.5	\$164.1	\$176.3	\$175.0	\$184.5	\$189.7	\$198.9	\$204.6	\$202.0	\$208.9	\$221.2
WATER & SEWER ENT FUND (1)	\$2.1	\$2.9	\$15.0	\$15.7	\$15.9	\$17.7	\$18.0	\$21.1	\$20.9	\$22.4	\$22.8	\$23.9
GOLF COURSE ENT FUND (1)	\$0.0	\$0.0	\$0.8	\$0.8	\$0.8	\$0.8	\$0.9	\$1.0	\$0.9	\$0.9	\$1.0	\$1.0
RECREATION REVOLVING FUND (1)	\$0.0	\$0.0	\$0.6	\$0.8	\$0.8	\$1.0	\$1.3	\$1.5	\$1.6	\$1.9	\$1.8	\$2.1
TOTAL FINANCIAL PLAN	\$62.0	\$60.4	\$180.5	\$193.6	\$192.6	\$204.0	\$209.9	\$222.5	\$228.2	\$227.2	\$234.5	\$248.3

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

ANNUAL REVENUE CHANGES BY SOURCE
\$ (millions)

REVENUE SOURCE	FY82	FY04 ACT.	FY05 ACT.	FY06 ACT.	FY07 ACT.	FY08 ACT.	FY09 ACT.	FY10 ACT.	FY11 ACT.	FY12 BUDGET	FY13 BUDGET
PROPERTY TAX	(\$5.1) -11.1%	\$6.0 5.5%	\$5.3 4.6%	\$2.3 1.9%	\$7.1 5.8%	\$5.0 3.9%	\$12.7 9.5%	\$6.0 4.1%	\$3.3 2.2%	\$7.7 5.0%	\$6.2 3.8%
LOCAL RECEIPTS	\$1.5 39.1%	(\$3.9) -17.1%	\$2.2 11.5%	\$1.8 8.3%	\$0.3 1.3%	\$1.2 5.3%	(\$2.1) -8.4%	(\$1.4) -6.3%	\$1.6 7.5%	(\$2.3) -10.3%	\$0.8 4.0%
STATE AID	\$1.7 31.1%	(\$1.8) -9.3%	\$0.1 0.7%	\$0.5 3.1%	\$0.1 0.4%	\$0.9 5.1%	(\$1.0) -5.2%	(\$1.4) -7.9%	(\$2.7) -16.5%	(\$0.4) -3.1%	\$1.4 10.6%
FEDERAL REVENUE SHARING	(\$0.1) -5.5%	\$0.0 0.0%	\$0.0 0.0%	\$0.0 0.0%	\$0.0 0.0%	\$0.0 0.0%	\$0.0 0.0%	\$0.0 0.0%	\$0.0 0.0%	\$0.0 0.0%	\$0.0 0.0%
FREE CASH	(\$0.6) -17.9%	\$0.3 6.5%	\$1.4 24.3%	(\$2.4) -33.9%	\$0.8 17.0%	(\$1.6) -29.2%	\$2.1 56.1%	\$1.1 18.4%	(\$2.5) -34.9%	\$0.8 17.2%	(\$0.0) -0.8%
OTHER AVAIL. FUNDS	\$0.2 70.8%	(\$0.5) -5.4%	\$3.2 41.0%	(\$3.4) -30.8%	\$1.3 16.3%	(\$0.3) -3.8%	(\$2.6) -30.4%	\$1.4 23.9%	(\$2.3) -31.5%	\$1.1 22.4%	\$3.9 63.1%
GENERAL FUND BUDGET TOTAL	(\$2.4) -4.1%	\$0.2 0.1%	\$12.2 7.4%	(\$1.2) -0.7%	\$9.5 5.4%	\$5.2 2.8%	\$9.2 4.8%	\$5.7 2.9%	(\$2.7) -1.3%	\$6.9 3.4%	\$12.3 5.9%
WATER & SEWER ENT FUND (1)	\$0.9 41.0%	\$0.8 5.8%	\$0.7 4.7%	\$0.1 0.9%	\$1.8 11.5%	\$0.3 1.8%	\$3.1 17.0%	(\$0.1) -0.6%	\$1.5 6.9%	\$0.4 1.9%	\$1.1 4.6%
GOLF COURSE ENT FUND (1)	\$0.0 0.0%	\$0.2 25.3%	\$0.0 5.4%	(\$0.0) -2.2%	\$0.0 0.2%	\$0.1 6.2%	\$0.1 9.7%	(\$0.1) -3.9%	(\$0.0) -1.5%	\$0.1 11.6%	\$0.0 0.8%
RECREATION REVOLVING FUND (1)	\$0.0 0.0%	\$0.0 7.4%	\$0.1 17.9%	\$0.1 8.9%	\$0.2 0.1%	\$0.3 0.2%	\$0.2 0.1%	\$0.1 0.0%	\$0.3 17.3%	(\$0.1) -7.2%	\$0.3 19.7%
TOTAL FINANCIAL PLAN	(\$1.5) -2.6%	\$1.2 0.7%	\$13.1 7.2%	(\$1.0) -0.5%	\$11.5 6.0%	\$5.9 2.9%	\$12.6 6.0%	\$5.6 2.5%	(\$0.9) -0.4%	\$7.3 3.2%	\$13.8 5.9%

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

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

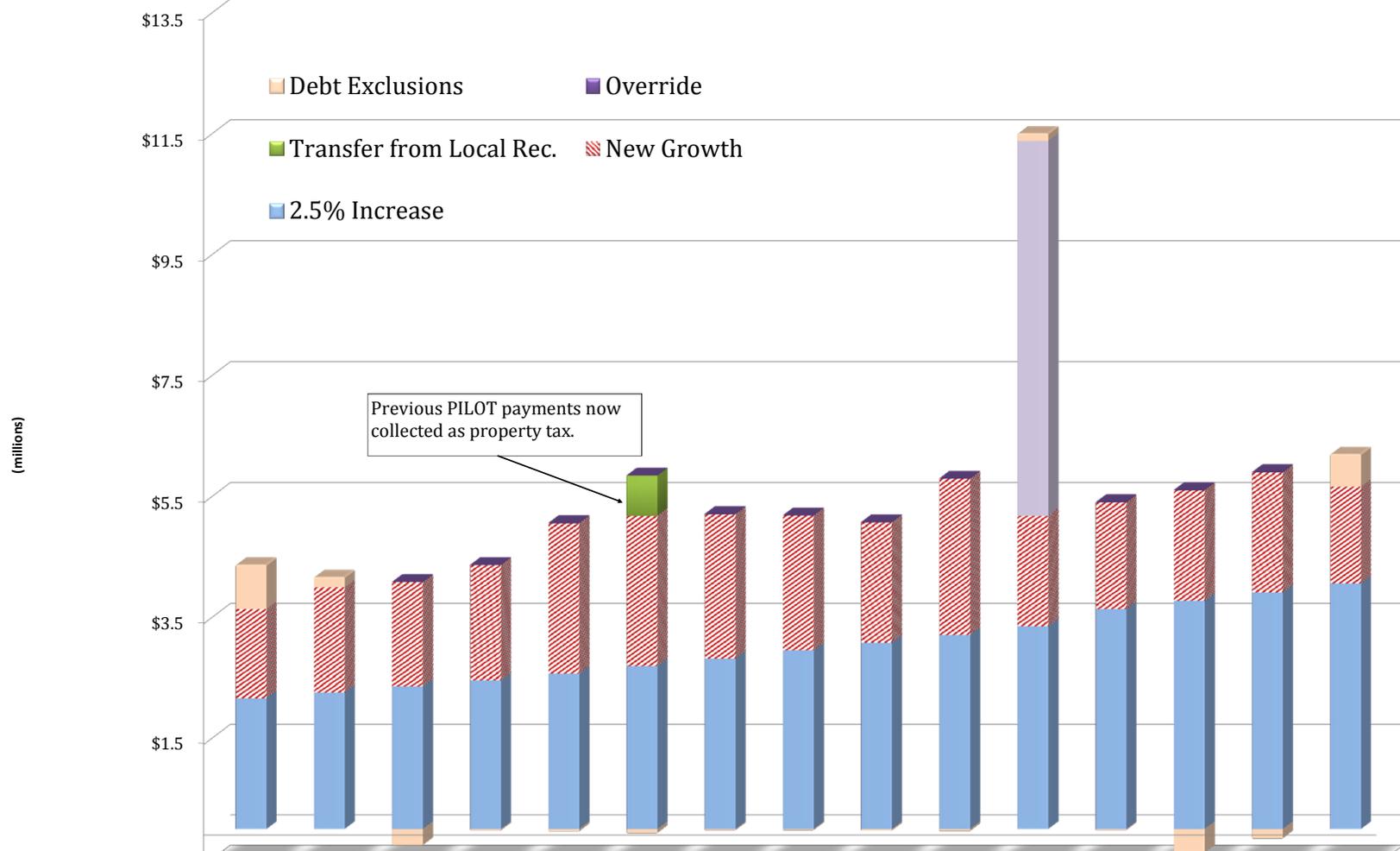
Property values and New Growth for FY13 are preliminary estimates used to project the levy limit. The FY13 maximum allowable levy is projected to total \$169,848,463, representing an increase of \$6,227,973 (3.8%) over the FY12 Levy. The figures below detail how the estimated FY13 levy is calculated:

FY12 LEVY LIMIT	\$162,553,810
<u>PROP. 2 1/2 INCREASE</u>	<u>\$4,063,845</u>
SUB-TOTAL	\$166,617,656
<u>NEW GROWTH (est.)</u>	<u>\$1,600,000</u>
ESTIMATED FY13 LEVY LIMIT	\$168,217,656
DEBT EXCLUSIONS	\$1,630,808
<u>STATE SCHOOL BLDG ASSISTANCE (SBA) REIMB.</u>	<u>\$0</u>
NET DEBT EXCLUSIONS	\$1,630,808
FY13 TOTAL PROPERTY TAX LEVY	\$169,848,463

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

REVENUE SOURCE	FY2010	FY2011	FY2012	FY2012	FY2013	BUDGET INCREASE	
	<u>LEVY CALC.</u>	<u>LEVY CALC.</u>	<u>BUDGET</u>	<u>ESTIMATE</u>	<u>BUDGET</u>	<u>\$\$</u>	<u>%</u>
Prior Year Levy Limit	145,644,644	151,047,972	156,653,255	156,653,255	162,553,810		
2.5% Increase	3,641,116	3,776,199	3,916,331	3,916,331	4,063,845		
New Growth	1,762,212	1,829,084	1,984,224	1,984,224	1,600,000		
Override	0	0	0	0	0		
Net Debt Exclusions	1,667,074	1,258,944	1,090,408	1,090,408	1,630,808		
(less) Excess Capacity	<u>(33,048)</u>	<u>(33,912)</u>	<u>(23,729)</u>	<u>(23,729)</u>	0		
Total Property Tax Levy	152,681,998	157,878,286	163,620,490	163,620,490	169,848,463	6,227,973	3.8%

COMPOSITION OF ANNUAL GROWTH IN THE PROPERTY TAX LEVY - 15-Year History



	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13 (est.)
Debt Exclusions	0.73	0.17	-0.28	-0.03	-0.05	-0.08	-0.03	-0.03	-0.03	-0.05	0.12	-0.03	-0.41	-0.17	0.54
Override	0	0	0	0	0	0	0	0	0	0	6.2	0	0	0	0
Transfer from Local Rec.	0	0	0	0	0	0.66	0	0	0	0	0	0	0	0	0
New Growth	1.48	1.74	1.73	1.91	2.49	2.49	2.39	2.23	1.99	2.58	1.83	1.76	1.83	1.98	1.60
2.5% Increase	2.17	2.26	2.36	2.46	2.57	2.69	2.82	2.95	3.08	3.21	3.36	3.64	3.78	3.92	4.06

**TOWN OF BROOKLINE
FY2013 FINANCING PLAN**

FUND: General Fund

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

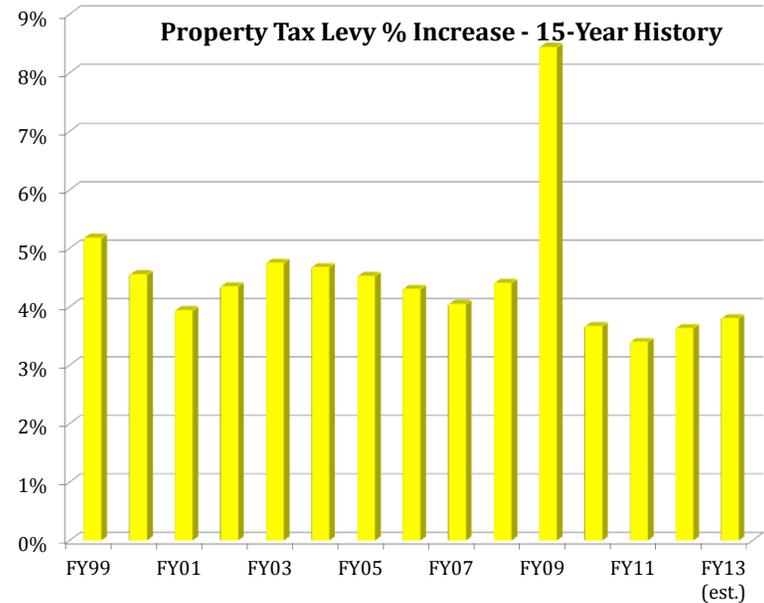
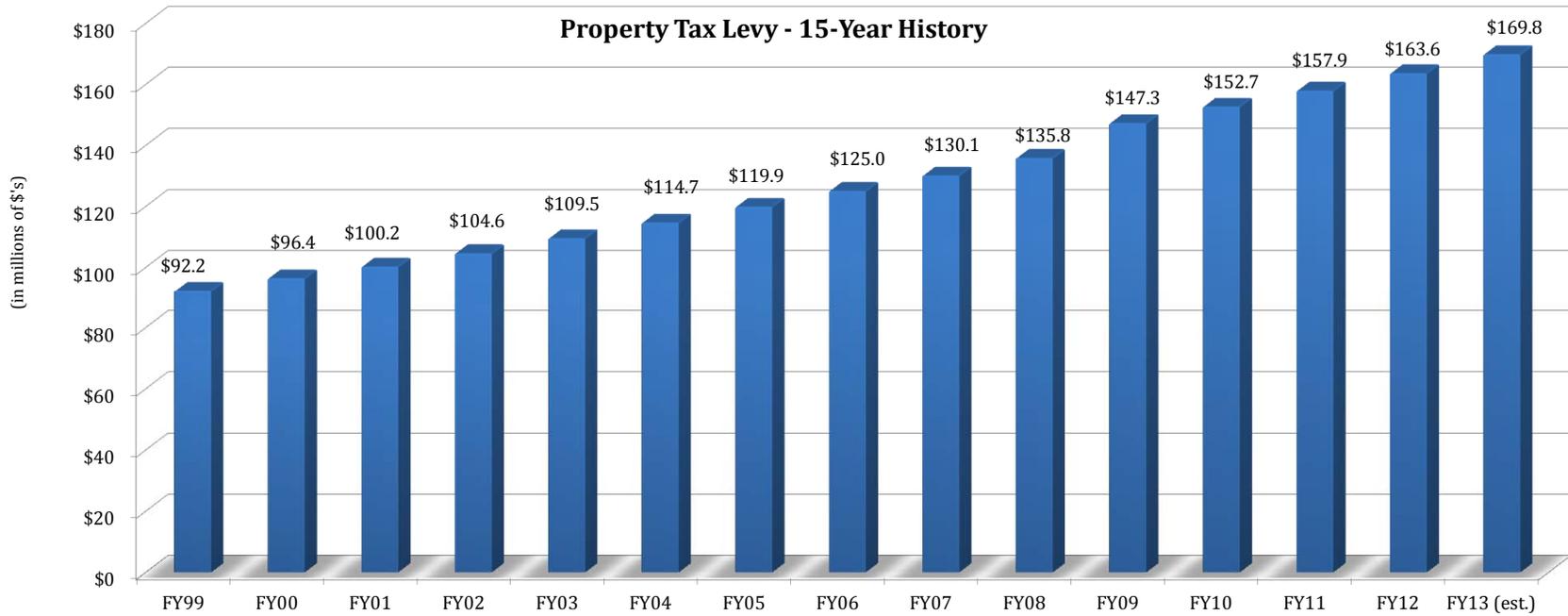
**PROPERTY TAXES
COLLECTIONS AND UNPAID BALANCES
FOR FISCAL YEARS ENDED JUNE 30**

Fiscal Year	Real Estate and Pers. Property Levy	(1) Collections As Of Base Yr End	% As Of Base Yr End	Uncollected Bal As Of Base Yr End	(2) Cumulative Pr Yr Collections Yr End As Of Dec 31, 2011	Uncollected Real Estate, Pers. Prop., & Tax Title As Of Dec 31, 2011	% Collected As As Of Dec 31, 2011	(3) Tax Titles / Foreclosures Receivable As of Yr-End
1997	84,086,279	82,401,669	98.0%	1,684,610	1,684,610	0	100.0%	861,700
1998	87,880,687	86,352,738	98.3%	1,527,949	1,527,949	0	100.0%	852,386
1999	92,203,063	91,376,684	99.1%	826,379	826,379	0	100.0%	384,660
2000	96,399,645	95,425,278	99.0%	974,367	974,367	0	100.0%	446,610
2001	100,217,510	99,792,628	99.6%	424,882	424,882	0	100.0%	437,625
2002	104,560,815	104,041,776	99.5%	519,039	519,039	0	100.0%	396,040
2003	109,532,058	108,596,481	99.1%	935,577	935,577	0	100.0%	545,592
2004	114,660,482	113,242,093	98.8%	1,418,389	1,418,389	0	100.0%	657,047
2005	119,871,025	118,861,627	99.2%	1,009,398	920,940	88,457	99.9%	602,897
2006	125,192,168	123,383,654	98.6%	1,808,515	1,783,351	25,163	100.0%	909,734
2007	130,078,303	129,277,684	99.4%	800,619	503,288	297,331	99.8%	873,404
2008	135,822,982	134,144,599	98.8%	1,678,383	1,544,205	134,178	99.9%	1,306,938
2009	147,285,266	145,749,715	99.0%	1,535,551	1,181,825	353,726	99.8%	1,265,379
2010	152,703,449	151,324,018	99.1%	1,379,430	1,039,954	339,476	99.8%	1,625,779
2011	157,878,286	156,328,350	99.0%	1,549,936	399,537	1,150,399	99.3%	1,604,165

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.



**TOWN OF BROOKLINE
FY2013 FINANCING PLAN**

FUND: General Fund

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

MEDIAN PER PARCEL VALUES AND TAX BILLS

DESCRIPTION	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Single Family Median Assessed Value	756,750	837,050	903,850	1,017,100	1,023,550	986,900	1,017,000	1,022,400	1,027,300	1,059,400
\$ Change	89,750	80,300	66,800	113,250	6,450	(36,650)	30,100	5,400	4,900	32,100
% Change	13.5%	10.6%	8.0%	12.5%	0.6%	-3.6%	3.0%	0.5%	0.5%	3.1%
Single Family Median Tax Bill	7,057	7,412	7,716	8,137	8,341	8,437	9,130	9,429	9,771	10,187
\$ Change	(190)	355	304	422	203	96	693	299	342	416
% Change	-2.6%	5.0%	4.1%	5.5%	2.5%	1.2%	8.2%	3.3%	3.6%	4.3%
Single Family Median Tax Bill as a % of 4-Person Family Median Income	9.04%	9.24%	9.85%	9.86%	9.62%	9.88%	10.64%	10.55%	10.47%	10.34%
Two Family Median Assessed Value	702,000	777,900	837,200	950,000	950,900	932,450	953,200	956,100	958,850	975,400
\$ Change	109,200	75,900	59,300	112,800	900	(18,450)	20,750	2,900	2,750	16,550
% Change	18.4%	10.8%	7.6%	13.5%	0.1%	-1.9%	2.2%	0.3%	0.3%	1.7%
Two Family Median Tax Bill	6,443	6,783	7,034	7,497	7,634	7,883	8,448	8,701	8,998	9,230
\$ Change	153	340	251	463	137	249	565	253	296	232
% Change	2.4%	5.3%	3.7%	6.6%	1.8%	3.3%	7.2%	3.0%	3.4%	2.6%
Two Family Median Tax Bill as a % of 4-Person Family Median Income	8.26%	8.45%	8.98%	9.08%	8.80%	9.23%	9.85%	9.74%	9.64%	9.36%
Three Family Median Assessed Value	786,500	870,250	931,150	1,088,000	1,102,900	1,078,450	1,113,200	1,115,150	1,116,000	1,151,400
\$ Change	161,700	83,750	60,900	156,850	14,900	(24,450)	34,750	1,950	850	35,400
% Change	25.9%	10.6%	7.0%	16.8%	1.4%	-2.2%	3.2%	0.2%	0.1%	3.2%
Three Family Median Tax Bill	7,391	7,765	7,995	8,815	9,113	9,369	10,158	10,446	10,773	11,236
\$ Change	688	374	230	819	298	256	789	288	327	463
% Change	10.3%	5.1%	3.0%	10.2%	3.4%	2.8%	8.4%	2.8%	3.1%	4.3%
Three Family Median Tax Bill as a % of 4-Person Family Median Income	9.47%	9.68%	10.21%	10.68%	10.51%	10.97%	11.84%	11.69%	11.54%	11.40%
Condo Median Assessed Value	322,200	346,900	373,700	411,400	424,800	411,450	423,500	423,000	423,900	421,900
\$ Change	65,200	24,700	26,800	37,700	13,400	(13,350)	12,050	(500)	900	(2,000)
% Change	25.4%	7.7%	7.7%	10.1%	3.3%	-3.1%	2.9%	-0.1%	0.2%	-0.5%
Condo Median Tax Bill	2,186	2,202	2,292	2,353	2,515	2,579	2,786	2,853	2,953	2,920
\$ Change	228	16	91	61	162	64	206	68	99	(33)
% Change	11.6%	0.7%	4.1%	2.6%	6.9%	2.6%	8.0%	2.4%	3.5%	-1.1%
Condo Median Tax Bill as a % of 4-Person Family Median Income	2.80%	2.74%	2.93%	2.85%	2.90%	3.02%	3.25%	3.19%	3.16%	2.96%
Commercial Median Assessed Value	738,400	790,100	875,000	943,500	914,300	971,500	1,015,600	1,033,800	1,038,350	1,048,450
\$ Change	82,700	51,700	84,900	68,500	(29,200)	57,200	44,100	18,200	4,550	10,100
% Change	12.6%	7.0%	10.7%	7.8%	-3.1%	6.3%	4.5%	1.8%	0.4%	1.0%
Commercial Median Tax Bill	13,424	13,637	14,534	14,587	14,519	16,224	17,590	18,402	19,002	19,480
\$ Change	(391)	213	897	53	(67)	1,705	1,366	811	600	478
% Change	-2.8%	1.6%	6.6%	0.4%	-0.5%	11.7%	8.4%	4.6%	3.3%	2.5%
Residential Tax Rate	11.21	10.63	10.23	9.55	9.73	10.18	10.69	10.97	11.30	11.40
% Change	-13.1%	-5.2%	-3.8%	-6.6%	1.9%	4.6%	5.0%	2.6%	3.0%	0.9%
Commercial Tax Rate	18.18	17.26	16.61	15.46	15.88	16.70	17.32	17.80	18.30	18.58
% Change	-13.7%	-5.1%	-3.8%	-6.9%	2.7%	5.2%	3.7%	2.8%	2.8%	1.5%
Residential Exemption	127,220	139,790	149,610	165,014	166,331	158,100	162,923	162,904	162,607	165,764
Residential Exemption (Tax)	1,426.14	1,485.97	1,530.51	1,575.88	1,618.40	1,609.46	1,741.65	1,787.06	1,837.46	1,889.71
% Change		4.2%	3.0%	3.0%	2.7%	-0.6%	8.2%	2.6%	2.8%	2.8%

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

LOCAL RECEIPTS SUMMARY

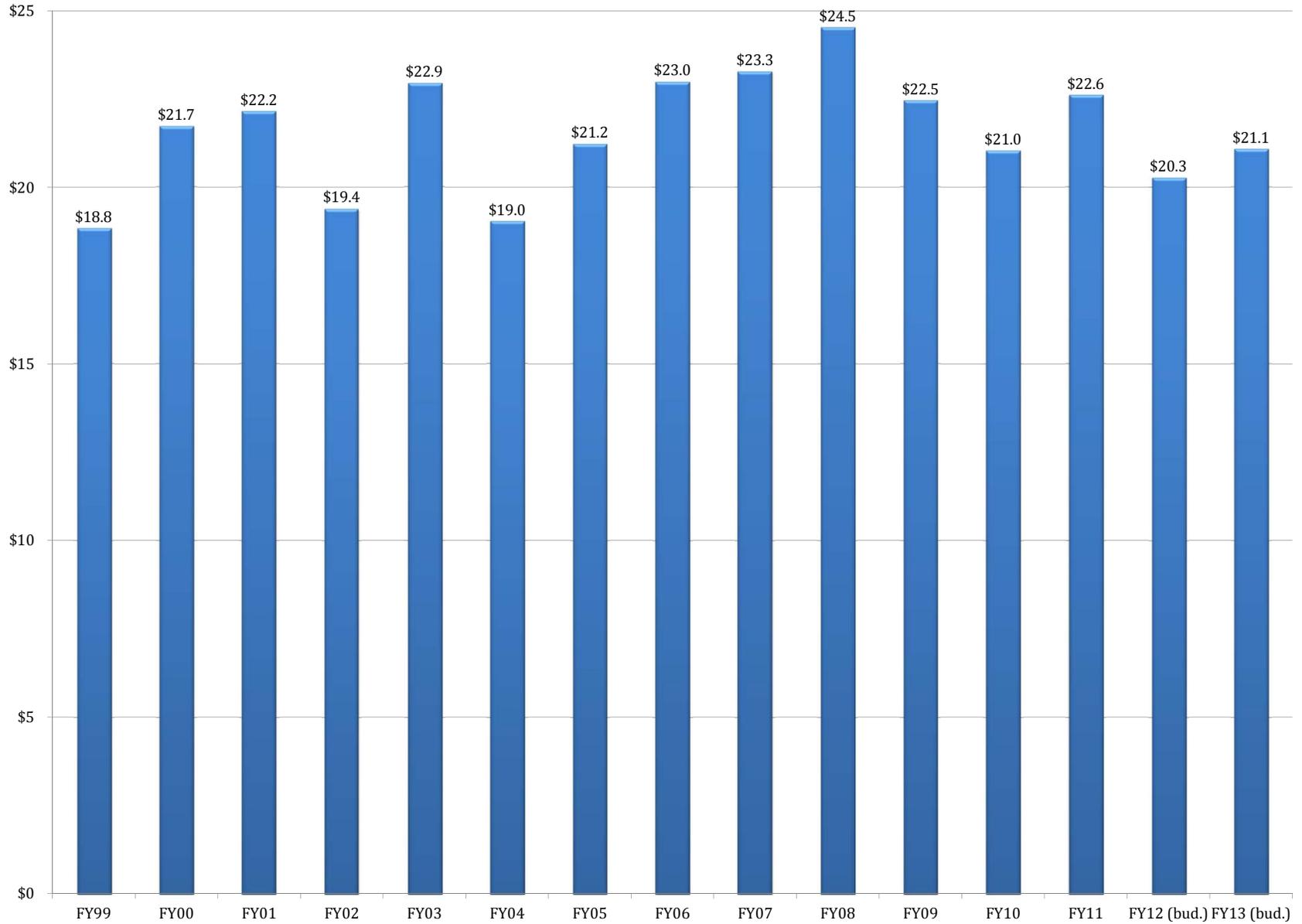
Local Receipts, estimated to add \$21.08 million to the Town's revenue stream, represent 9.5% of total General Fund revenues. They include motor vehicle excise, local option taxes, fees, fines, charges for licenses and permits, violations, investment earnings, and other similar non-tax type items. These items are reviewed by departments to ensure that they continue to cover their fair share of the related administrative costs and are in accordance with the policies adopted by the respective oversight boards and commissions. They are projected to increase \$808,646 (4%) over the FY12 budgeted amounts. A summary of all changes are as follows:

- 1.) **General Government** - this category increases \$390,646 (15.7%) to \$2.87 million due primarily to the Medicare Part D Subsidy, which the Town will be receiving now as a member of the GIC (estimated at \$300,000), and a \$50,000 (2.6%) increase in Building Permits.
- 2.) **Local Option Taxes** - increase \$200,000 (11.4%) to \$1.95 million to reflect actual experience of the meals and lodging excise taxes.
- 3.) **Motor Vehicle Excise (MVE)** - increases \$150,000 (3.2%) to \$4.85 million.
- 4.) **Licenses / Permits** - increase \$143,000 (14.1%) to \$1.15 million due primarily to the new Green Dog program.
- 5.) **Interest Income** - increases \$110,000 (16.9%) to \$760,000, a reflection of the current and projected interest rate environment.
- 6.) **Departmental and Other** - increases \$65,000 (3.8%) to \$1.79 million due primarily to an increase in the Medicaid Reimbursement for eligible school expenses (\$95,000, 41.3%) and an increase in CATV revenue (\$25,000, 4.2%).
- 7.) **Parking/Court Fines** - decrease \$200,000 (4.8%) to \$4 million due to a reduction in the number of tickets being issued on an annual basis.
- 8.) **Payment in Lieu of Taxes (PILOTs)** - decrease \$50,000 (4.3%) to \$1.11 million due to a reduction in one of the Town's Ch. 121A agreements.

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

REVENUE SOURCE	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 BUDGET	FY2012 ESTIMATE	FY2013 BUDGET	BUDGET INCREASE	
						\$	%
Motor Vehicle Excise	4,694,128	5,178,153	4,700,000	5,000,000	4,850,000	150,000	3.2%
Local Option Taxes	1,411,553	2,160,684	1,750,000	2,200,000	1,950,000	200,000	11.4%
Licenses and Permits	1,032,093	1,062,248	1,010,975	1,113,475	1,153,975	143,000	14.1%
Parking and Court Fines	4,421,553	4,387,303	4,200,000	4,075,000	4,000,000	(200,000)	-4.8%
General Government	2,969,579	3,282,853	2,482,817	3,273,317	2,873,463	390,646	15.7%
Interest Income	786,358	900,706	650,000	935,000	760,000	110,000	16.9%
In Lieu of Tax Payments	996,834	908,270	1,160,000	965,000	1,110,000	(50,000)	-4.3%
Refuse Fees	2,668,453	2,663,996	2,600,000	2,650,000	2,600,000	0	0.0%
Departmental and Other	2,058,159	2,067,356	1,722,000	1,946,000	1,787,000	65,000	3.8%
Total	21,038,710	22,611,569	20,275,792	22,157,792	21,084,438	808,646	4.0%

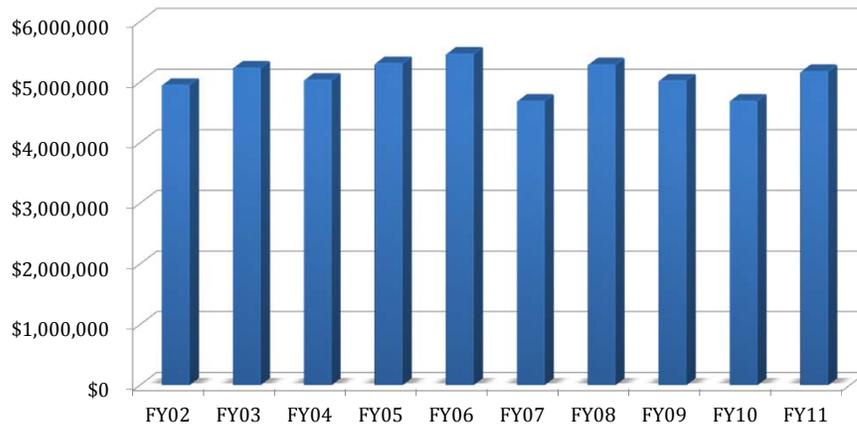
15-YEAR LOCAL RECEIPT HISTORY (in millions)



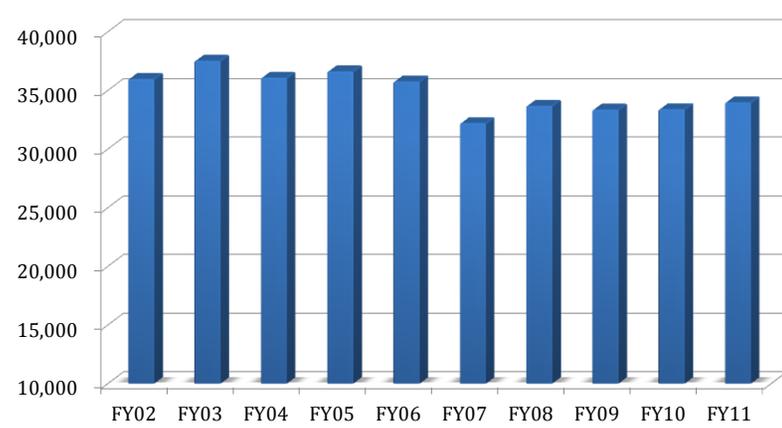
MOTOR VEHICLE EXCISE

State law establishes the Motor Vehicle Excise (MVE) tax rate. Proposition 2 1/2 set the rate of \$25 per \$1,000 in automobile value. In the first year of ownership, the rate of \$25 per \$1,000 is assessed on 90% of the value of the vehicle; in year two, it is 60%; in year three, it is 40%; in year four, it is 25%; and in year five and thereafter, it is 10%. The actual billings are prepared by the Registry of Motor Vehicles (RMV) and then turned over to the Town for printing, distribution, and collection. The MVE tax is the Town's largest local receipt source and is expected to generate \$4.85 million in FY13, an amount that is \$150,000 (3.2%) above the FY12 budgeted amount.

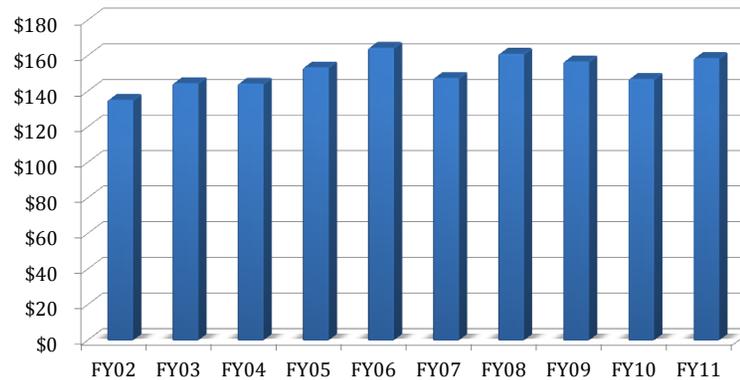
MVE COLLECTIONS



NUMBER OF MVE BILLS



AVERAGE MVE BILL



REVENUE SOURCE	FY2010 <u>ACTUAL</u>	FY2011 <u>ACTUAL</u>	FY2012 <u>BUDGET</u>	FY2012 <u>ESTIMATE</u>	FY2013 <u>BUDGET</u>	BUDGET INCREASE	
						\$	%
Motor Vehicle Excise	4,694,128	5,178,153	4,700,000	5,000,000	4,850,000	150,000	3.2%

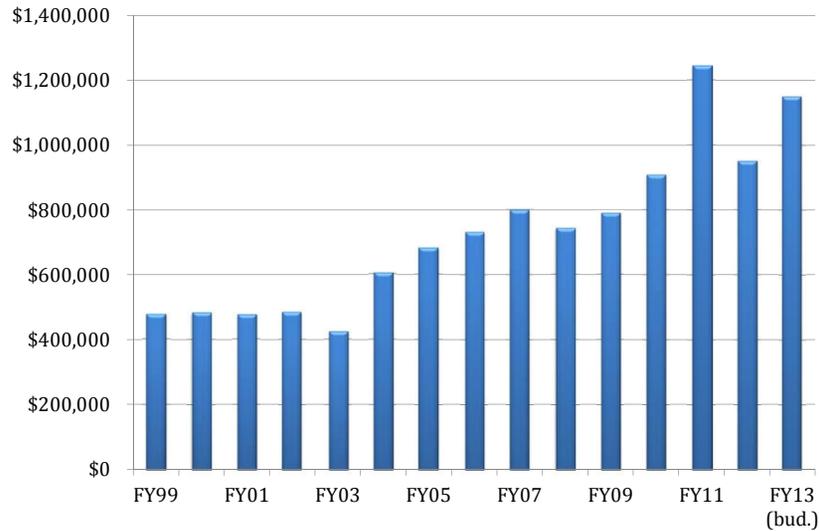
LOCAL OPTION TAXES

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 tax was first adopted in 1985 and the meals tax was first adopted in 2009.

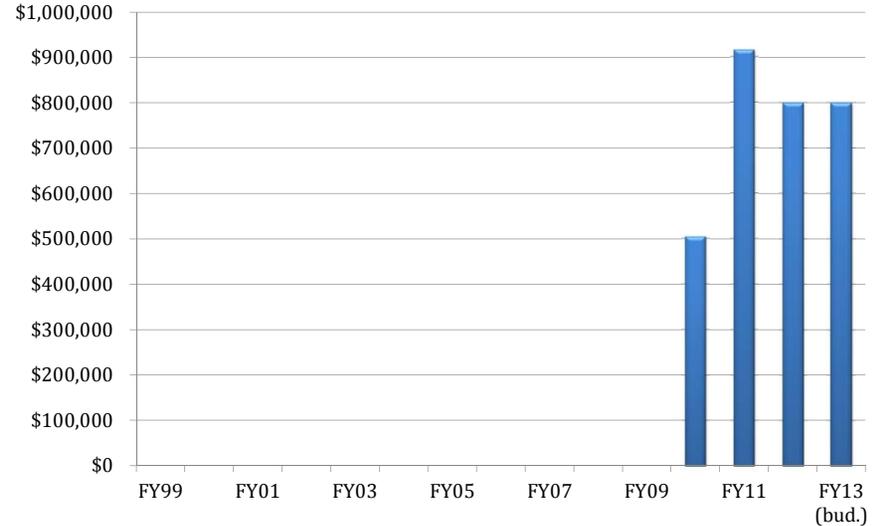
In 1985, legislation was enacted that enabled communities to impose a local option excise of up to 4% on gross receipts from room rentals of hotels and motels, in addition to the state excise of 5.7%. Brookline adopted the local option excise tax, at 4%, by a vote of Town Meeting in November, 1985. In 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 FY13, this revenue source is expected to generate \$1.15 million, an increase of \$200,000 (21.1%) from the FY12 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%. In August, 2009, Town Meeting adopted the 0.75% local meals tax, effective October 1, 2009. In FY13, this revenue source is expected to generate \$800,000, an amount that reflects level-funding.

LODGING EXCISE TAX



MEALS EXCISE TAX



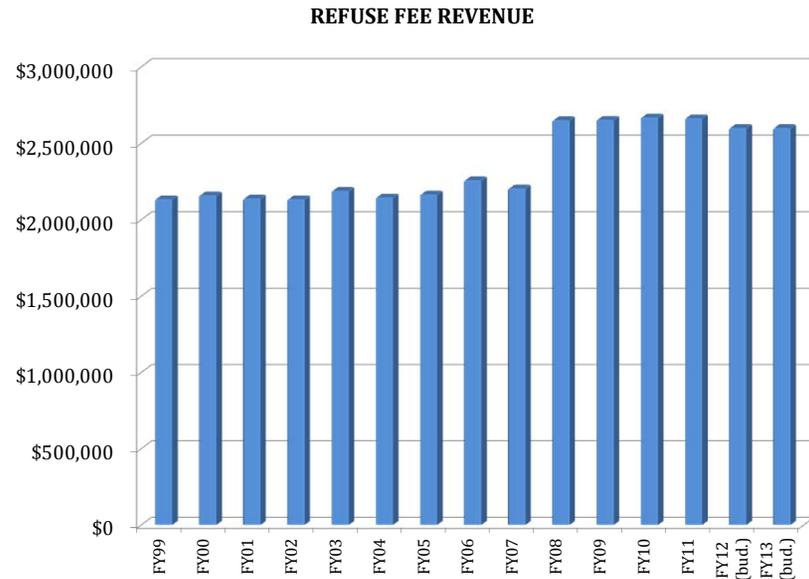
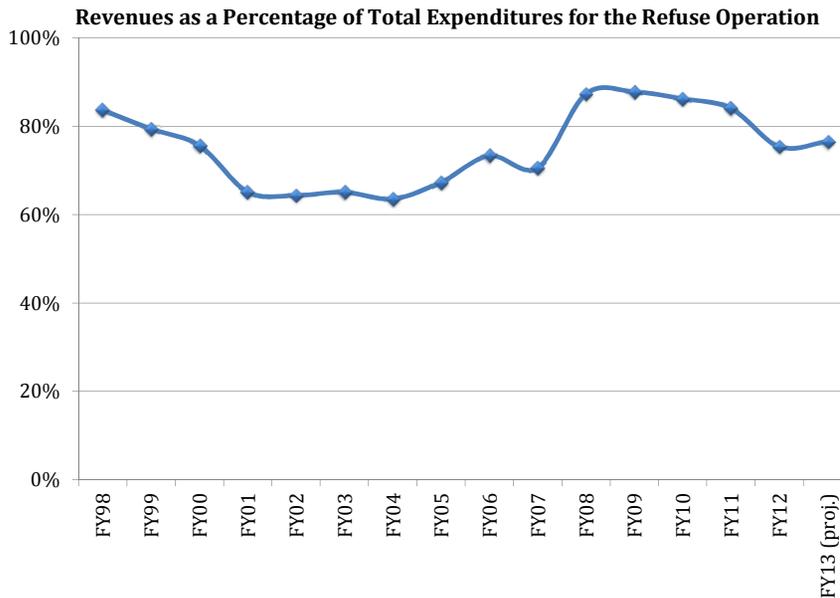
REVENUE SOURCE	FY2010	FY2011	FY2012	FY2012	FY2013	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Hotel/Motel Excise	907,474	1,244,887	950,000	1,250,000	1,150,000	200,000	21.1%
Meals Tax	504,079	915,797	800,000	950,000	800,000	0	0.0%
Totals	1,411,553	2,160,684	1,750,000	2,200,000	1,950,000	200,000	11.4%

REFUSE FEE

For FY13, the Refuse Fee is assumed to remain level at \$200 per year. This should generate \$2,580,000 from residential collections and \$20,000 from commercial collections, for a total of \$2.6 million. The Residential Refuse Fee was first instituted in FY89 when the Town was faced with a 300% increase in refuse disposal costs. The fee was set at \$150 per dwelling unit and has changed since then as follows:

FY89-FY91	FY92	FY93-FY94	FY95-FY07	FY08-FY12	FY13 est.
\$150	\$175	\$200	\$165	\$200	\$200

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

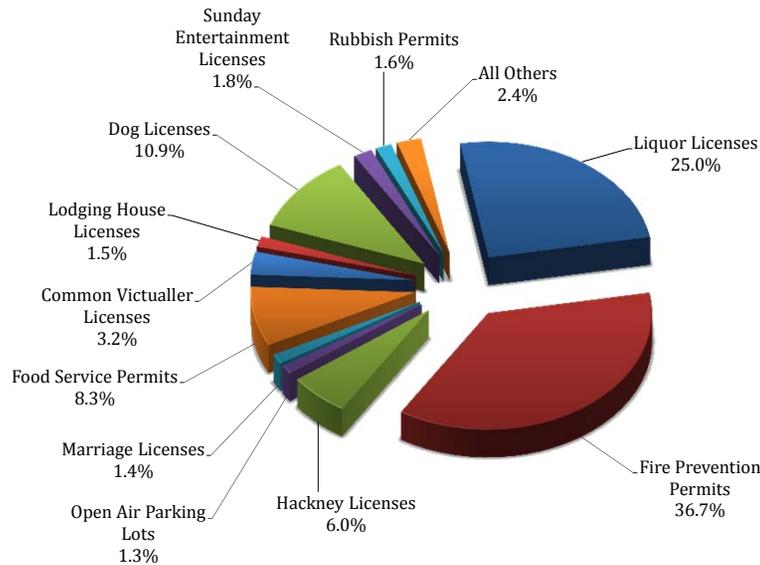


REVENUE SOURCE	FY2010 <u>ACTUAL</u>	FY2011 <u>ACTUAL</u>	FY2012 <u>BUDGET</u>	FY2012 <u>ESTIMATE</u>	FY2013 <u>BUDGET</u>	BUDGET INCREASE	
						\$	%
Refuse Fee	2,668,453	2,663,996	2,600,000	2,650,000	2,600,000	0	0.0%

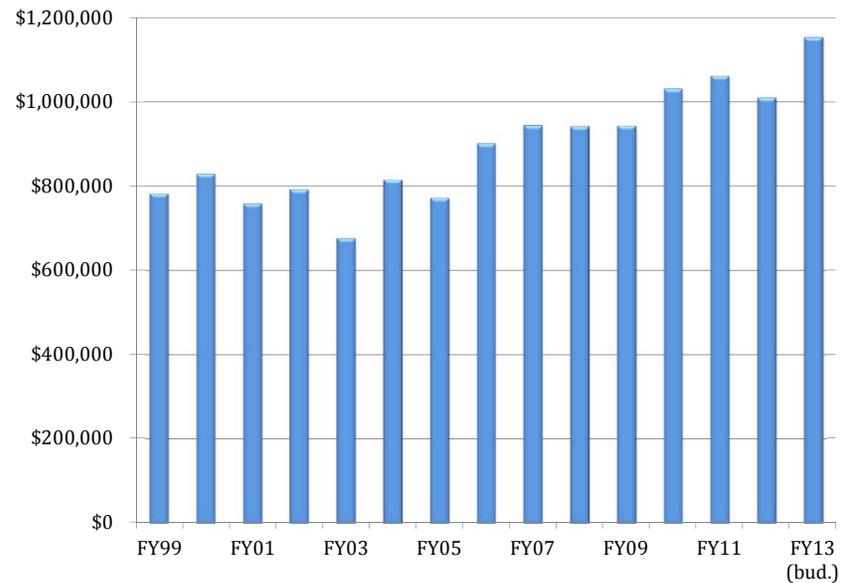
LICENSES AND PERMITS

The majority of the revenue from Licenses and Permits is derived from fire prevention permits, liquor licenses, and licenses from a variety of food establishments. For FY13, revenues from this category are expected to total \$1.15 million, an increase of \$143,000 (14.1%) from FY12 budgeted levels. The increase comes from Field Permit Fees that were previously accounted for in the Recreation Revolving Fund and support the Green Dog program (\$64,000), Dog Licenses (\$54,000, 83.1%, most of which is attributable to the Green Dog program), and Fire Prevention Permits (\$25,000, 6.7%).

FY13 LICENSES/PERMITS REVENUE



LICENSES & PERMITS REVENUE

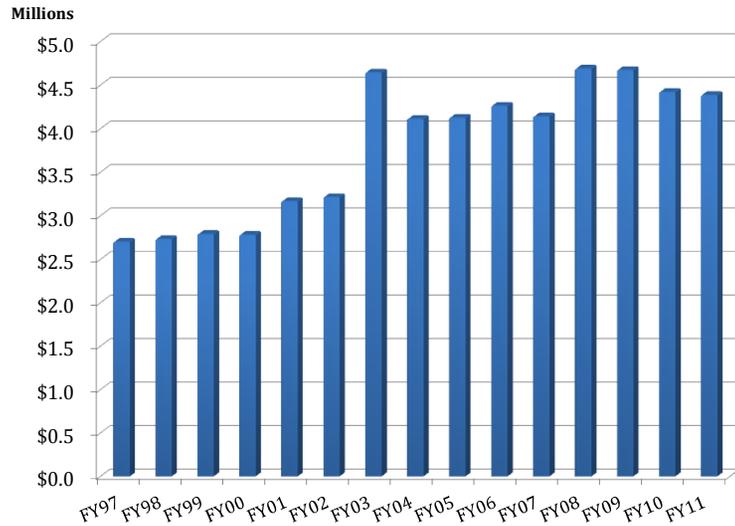


REVENUE SOURCE	FY2010	FY2011	FY2012	FY2012	FY2013	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Liquor Licenses	292,008	299,000	270,000	280,000	272,000	2,000	0.7%
Fire Prevention Permits	380,659	391,890	375,000	420,000	400,000	25,000	6.7%
Hackney Licenses	74,584	73,889	65,000	58,000	65,000	0	0.0%
Open Air Parking Lots	13,890	14,200	14,000	14,000	14,000	0	0.0%
Marriage Licenses	18,720	13,840	17,000	11,000	15,000	(2,000)	-11.8%
Food Service Permits	93,514	89,741	90,000	90,000	90,000	0	0.0%
Common Victualler Licenses	36,240	36,420	34,000	34,000	35,000	1,000	2.9%
Lodging House Licenses	15,955	16,150	16,000	18,000	16,000	0	0.0%
Dog Licenses	37,988	60,975	65,000	120,000	119,000	54,000	83.1%
Sunday Entertainment Licenses	22,185	20,825	20,000	21,000	20,000	0	0.0%
Rubbish Permits	19,330	20,720	17,500	20,000	17,500	0	0.0%
Field Permits	0	0	0	0	64,000	64,000	-
All Others	27,022	24,597	27,475	27,475	26,475	(1,000)	-3.6%
Totals	1,032,093	1,062,248	1,010,975	1,113,475	1,153,975	143,000	14.1%

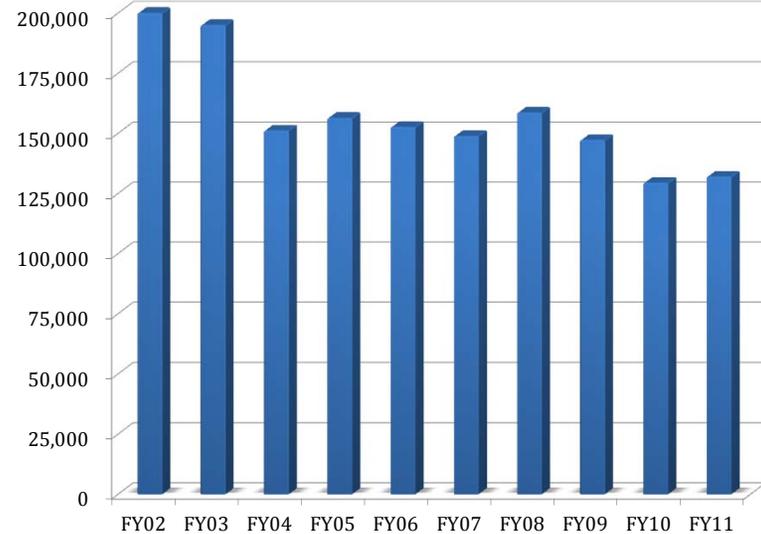
PARKING AND COURT FINES

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. This legislation allowed the Board of Selectmen to raise parking violations to a maximum of \$50. In March, 2007 and July, 2007, the Selectmen further revised the schedule by adopting additional fine increases, including doubling the fine for violating the 2-hour parking rule from \$15 to \$30 and increasing the late fee from \$10 to \$15.

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 million estimate is \$1 million, or approximately 33%, higher than the average annual collections prior to the fine increases), there has been a decrease since the FY03 peak. In FY04, there were 44,000 fewer tickets written, resulting in a decrease of \$533,000. Since then, the number of tickets written has dropped to approximately 132,000 in FY11. This represents a decrease of 35% since the peak in FY02 and a 16% decline since FY05. The estimate for FY13 \$4 million, a decrease of \$200,000 (4.8%).

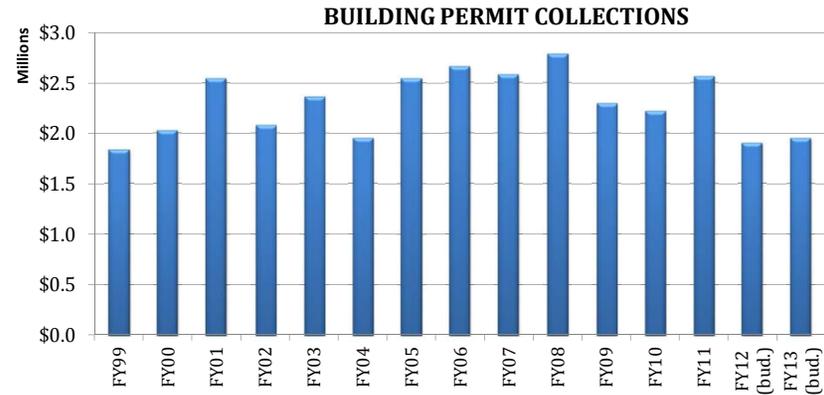
REVENUE SOURCE	FY2010 <u>ACTUAL</u>	FY2011 <u>ACTUAL</u>	FY2012 <u>BUDGET</u>	FY2012 <u>ESTIMATE</u>	FY2013 <u>BUDGET</u>	BUDGET INCREASE	
						\$	%
Parking and Court Fines	4,421,553	4,387,303	4,200,000	4,075,000	4,000,000	(200,000)	-4.8%

GENERAL GOVERNMENT

Revenues derived from this category are expected to increase \$390,646 (15.7%) from the FY12 budgeted amount, due primarily to the Town's anticipated receipt of \$300,000 in **Medicare Part D Subsidy** revenue. 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. Now that the Town is in the Group Insurance Commission (GIC) for health insurance, the Town will begin receiving this revenue again.

As shown in the graph to the right, **Building Permit** collections are a large revenue source and are quite volatile. Because of the recession, the Building Permit activity declined significantly in FY08 and FY10. However, year-to-date experience indicates that the budget can be increased by \$50,000 (2.6%) to \$1.95 million.

Legal/Damage Recovery revenue results from certain legal actions undertaken by the Town or from the receipt of reimbursements for storms. The amounts collected vary greatly year to year because they are derived from unpredictable events that are the basis for the Town's recoveries. **Town Clerk Fees** include fees for records and certified copies and the budget for those are increased \$7,500 (8.1%). The budget for **Collector's Fees**, which consist primarily of Municipal Lien Certificates (MLC's) and Tailings, are increased \$5,000 (4.3%). **Plan Design Review** fees are charged by the Building Department when a project requires approval from the Zoning Board of Appeals (ZBA).



The **Benefits Reimbursement** item consists primarily of reimbursements from special revenue/grant funds for employees who have benefits and are paid from those sources, in addition to COBRA fees. That budget is increased \$19,146 (9.4%). Payments from the two companies that have built **Distributed Antenna Systems (DAS)** in town are expected to total \$75,000 in FY13, an increase of \$5,000 (7.1%). The **All Others** category is comprised of Zoning Board of Appeals fees, fees for copying documents of various departments, and many one-time reimbursements for miscellaneous expenditures. The budget for those are increased \$4,000 (8.5%) to \$51,000.

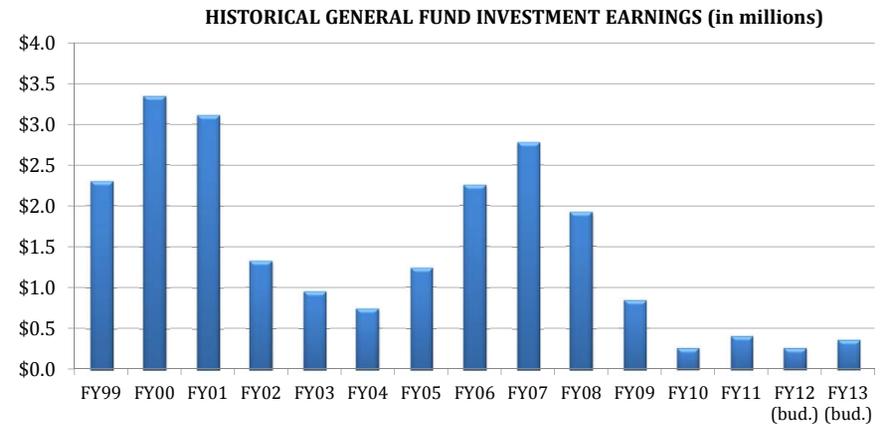
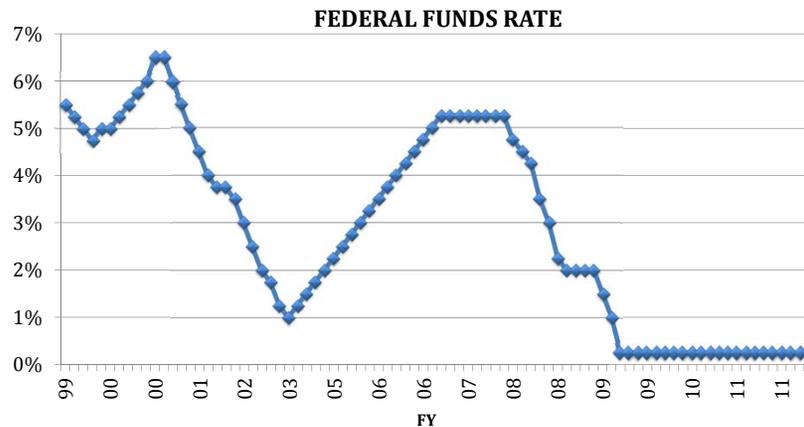
REVENUE SOURCE	FY2010	FY2011	FY2012	FY2012	FY2013	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Building Permits and Inspections	2,218,575	2,566,259	1,900,000	2,250,000	1,950,000	50,000	2.6%
Legal/Damage Recovery	5,094	38,169	5,000	300,000	5,000	0	0.0%
Town Clerk's Fees	93,124	119,562	92,500	110,000	100,000	7,500	8.1%
Collector's Fees	148,282	180,229	115,000	130,000	120,000	5,000	4.3%
Plan Design Review	19,695	41,947	50,000	30,000	50,000	0	0.0%
Medicare Part D Subsidy	10,867	0	0	0	300,000	300,000	-
Benefits Reimbursement	205,425	182,140	203,317	203,317	222,463	19,146	9.4%
Distributed Antenna System (DAS) Fees	74,701	77,556	70,000	80,000	75,000	5,000	7.1%
All Others	193,816	76,991	47,000	170,000	51,000	4,000	8.5%
Totals	2,969,579	3,282,853	2,482,817	3,273,317	2,873,463	390,646	15.7%

INTEREST INCOME

Interest Income is comprised of revenue from two sources: interest penalties on delinquent property taxes and fees and monies earned on the Town's available cash. The Town Treasurer regularly invests any cash not required for current disbursements and the amount of investment income earned in any given year is dependent upon a number of variables, the most important of which are available cash balances, anticipated cash flows, cash management policies and practices, and market interest rates. Investment income accounted for only 44% of the interest income earned in FY11, a significant change from the 62% it represented in FY09.

The estimate for interest earned on investments for FY13 is increased \$100,000 (40%) to \$350,000. This reflects a \$489,000 (58%) decrease from the FY09 actual and an even more incredible \$2.4 million (87%) 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 a reduced rate of return, the Town cannot expect to earn as much as it did in FY08 and FY09. The \$350,000 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).



The amount budgeted in FY13 for interest earned from delinquent taxpayers is increased \$10,000 (2.5%) from the FY12 budgeted amount to \$410,000.

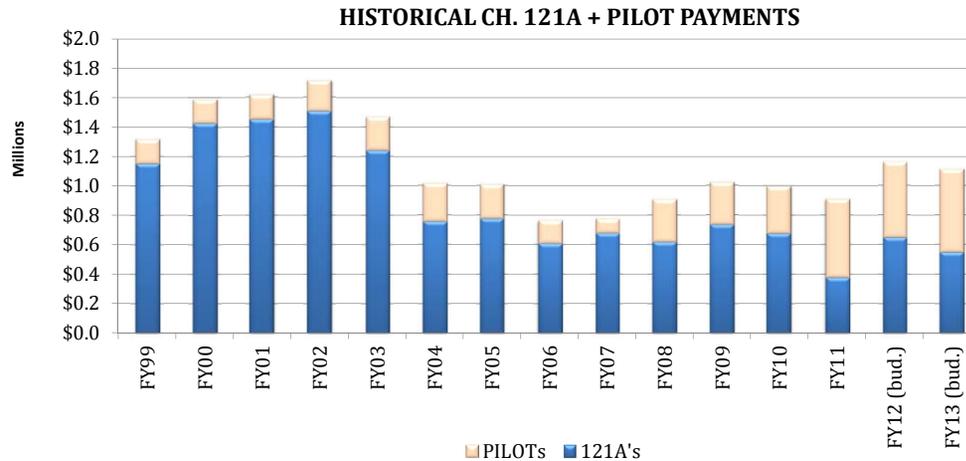
REVENUE SOURCE	FY2010	FY2011	FY2012	FY2012	FY2013	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Interest Income	251,538	399,531	250,000	360,000	350,000	100,000	40.0%
Delinquent Tax Interest	534,820	501,175	400,000	575,000	410,000	10,000	2.5%
Totals	786,358	900,706	650,000	935,000	760,000	110,000	16.9%

PAYMENTS IN LIEU OF TAXES

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

Under the provisions of Chapter 121A, a community may enter into an agreement with a developer, under certain conditions, to pay a percentage of their income from a project rather than pay property taxes. The Town has agreements on two Chapter 121A properties that call for payments of a percentage of gross income varying from 10% to 16.5%. This payment is subject to a minimum and maximum amount set by State law. The minimum payment is \$10.00 per thousand of property value, plus 5% of gross income for the project. A portion of the minimum payment is considered an excise tax and is paid to the State and then turned over to the Town. The difference between the excise tax portion and the total payment (based on 10% to 16.5% of gross income) is directly billed and collected by the Town. The Ch. 121A agreements, along with their estimated FY13 estimated payment, are as follows: \$114,000 for 1371 Beacon St. (Beacon Park Associates) and \$436,000 for 55 Village Way, for a total of \$550,000. This reflects a decrease of \$100,000 (15.4%) from FY12 budgeted amounts.

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 \$560,000 for FY13, an increase of \$50,000 (9.8%) from FY12 budgeted amounts.



REVENUE SOURCE	FY2010	FY2011	FY2012	FY2012	FY2013	BUDGET INCREASE	
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ESTIMATE</u>	<u>BUDGET</u>	\$	%
Chapter 121A Projects	677,015	377,825	650,000	375,000	550,000	(100,000)	-15.4%
Other PILOTs	224,023	453,328	425,000	510,000	475,000	50,000	11.8%
<u>Brookline Housing Authority PILOT</u>	<u>95,796</u>	<u>77,116</u>	<u>85,000</u>	<u>80,000</u>	<u>85,000</u>	<u>0</u>	<u>0.0%</u>
Totals	996,834	908,270	1,160,000	965,000	1,110,000	(50,000)	-4.3%

**TOWN OF BROOKLINE
FY2013 FINANCING PLAN**

FUND: General Fund

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

DEPARTMENTAL AND OTHER

All other local receipt sources combined are expected to total \$1.79 million, an amount that is \$65,000 (3.8%) more than the FY12 budgeted amount, due primarily to the Medicaid Reimbursement. 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 decreased \$9,000 (16.7%) to \$45,000.
- Public Works Fees - these consist primarily of street cutting permits and are decreased \$5,000 (6.1%) to \$77,000.
- Recycling - Under the previous recycling contract, the Town received revenue equal to the per ton market rate for recycled paper, with a guaranteed minimum of \$10 per ton. As part of the Single-Stream Recycling contract, if the market rate exceeds \$40 per ton, the Town receives 60% of the difference in the form of a credit on the monthly bill. Therefore, no revenue is budgeted for.
- Parking Fees - these fees include revenues from various parking permits, including the residential and commercial permit parking programs; municipal parking space rentals; and rental vehicle lease surcharges. They are level-funded at \$405,000.
- Credit Card Convenience Fees - this was derived from the \$2 convenience fee that is charged to users of the On-Line Parking Ticket Payment application to fully recover the costs of the application. The Town changed vendors for the application and the new vendor collects and keeps the \$2 fee to offset their expenses. (The Information Technology Department's budget is \$60,000 less than what it would have been, resulting in a \$0 impact on the overall budget.)
- Schools (Medicaid Reimbursement) - this is the Medicaid reimbursement for medical services provided to qualified Brookline special education students. It increased \$95,000 (41.3%) to \$325,000 based on the experience of the past couple years and the School's consultant that assists with the reporting of data required to obtain this revenue.
- Library - these consist of overdue fines and miscellaneous fees and are decreased \$5,000 (4.8%) to \$100,000.
- Detail Surcharge - this represents the 10% surcharge imposed on private police detail rates, the maximum percentage allowed under Massachusetts General Law, Chapter 44, Section 53C. It is level-funded at \$140,000.
- Cable Television Franchise Fee - this is a 3% tax on the gross receipts of the local cable television companies. It is estimated to increase \$25,000 (4.2%) to \$625,000 because of previous experience and the fact that the fee is based upon gross receipts of the companies.
- Pension Reimbursement - this includes the annual reimbursement from the State for cost of living adjustments (COLA's) for Brookline's non-contributory retirees, along with reimbursements from other Massachusetts pension systems for retirees who worked in other municipalities at some time during their career. The FY13 estimate is level-funded at \$8,000.

REVENUE SOURCE	FY2010	FY2011	FY2012	FY2012	FY2013	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Public Safety	64,372	71,261	62,000	65,000	62,000	0	0.0%
Health and Sanitation	49,861	43,033	54,000	42,000	45,000	(9,000)	-16.7%
Public Works	83,461	84,032	82,000	80,000	77,000	(5,000)	-6.1%
Recycling	116,832	19,414	36,000	0	0	(36,000)	-100.0%
Parking Fees	523,292	461,507	405,000	500,000	405,000	0	0.0%
Credit Card Convenience Fees	12,228	0	0	0	0	0	-
Schools (Medicaid Reimbursement)	346,268	480,659	230,000	350,000	325,000	95,000	41.3%
Library	105,251	98,699	105,000	100,000	100,000	(5,000)	-4.8%
Detail Surcharges	140,594	157,836	140,000	165,000	140,000	0	0.0%
Cable TV Franchise	597,834	628,186	600,000	630,000	625,000	25,000	4.2%
Pension Reimbursement	18,166	22,726	8,000	14,000	8,000	0	0.0%
Totals	2,058,159	2,067,356	1,722,000	1,946,000	1,787,000	65,000	3.8%

STATE AID SUMMARY

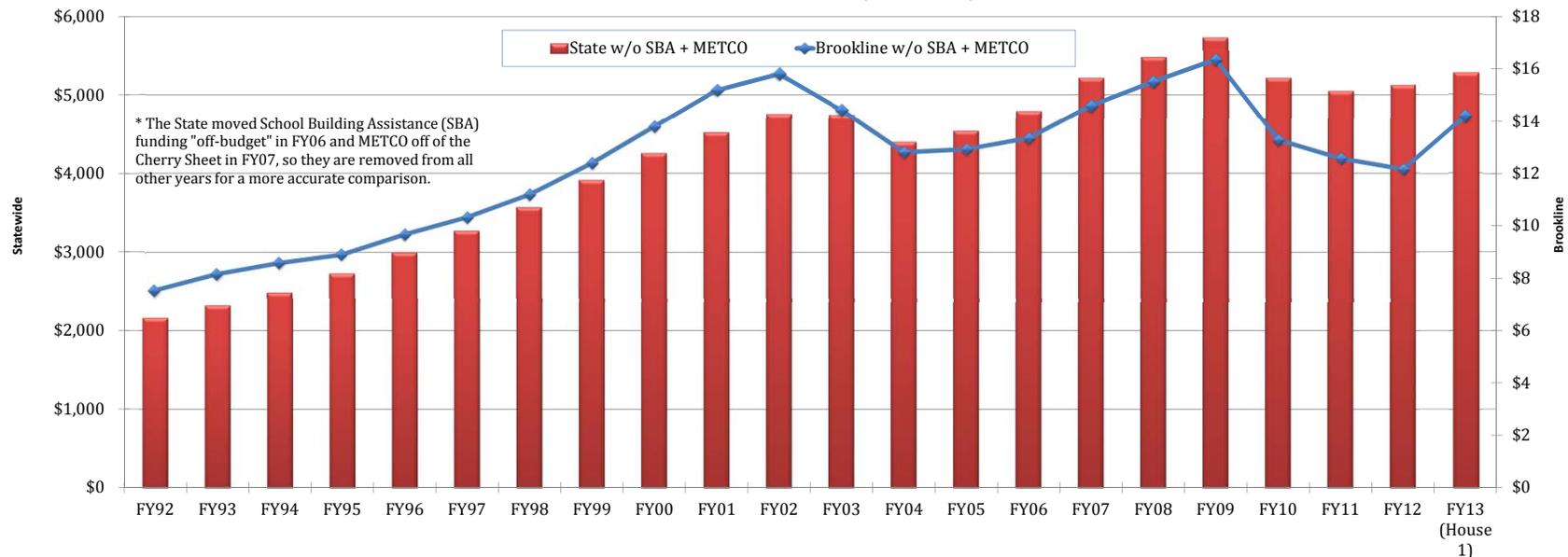
Since the passage of Proposition 2 1/2, municipalities have been dependent upon the State to provide an equitable share of all growth tax revenues, which include income, sales, and corporate taxes.) Since the intergovernmental relationship between municipalities and the State is a vital component of service delivery for cities and towns, any reductions in State Aid could well lead to service cuts at the local level. This is especially true in Massachusetts, where the only local tax revenue is property tax; no local sales (other than on meals) or income taxes are allowed under current law. Therefore, it is important that the State and municipalities work toward an equitable distribution of state revenue.

After sustaining major cuts in the early-1990's, local aid began to increase significantly in FY94 when the Legislature adopted a major Education Reform bill. Another source of the increase was Lottery revenue, which began in FY93 when the cap on disbursements back to municipalities was phased out. (The cap was put into effect in the early-1990's to help balance the State budget.) Unfortunately, reductions in State Aid began in FY03, both for Cherry Sheet programs (e.g Education Aid, Additional Assistance, Lottery) 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.

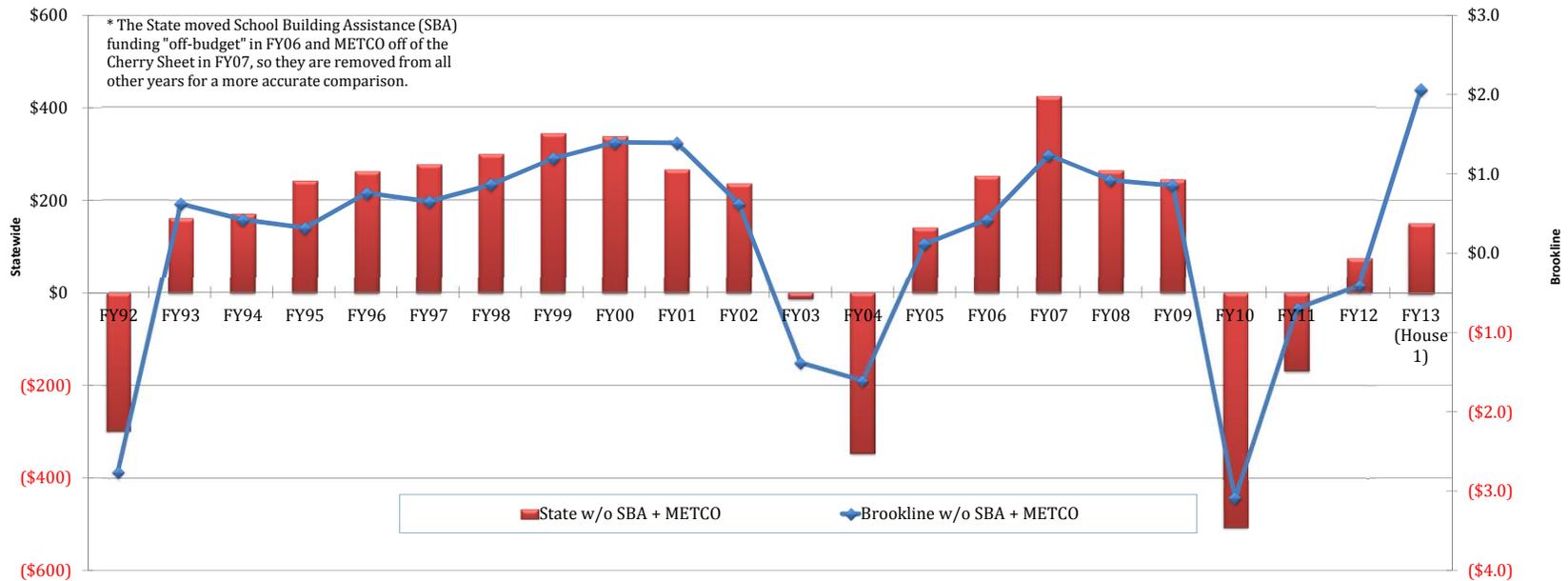
The final FY05 state budget increased state aid by \$142.3 million (3%), but Brookline's state aid increased by less than one-half of 1% (\$44,000). In FY06, the State began restoring some of the cuts it imposed in FY03 and FY04. This restoration continued into FY09, until the Governor announced \$128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

The Governor's FY13 budget proposal increases total Cherry Sheet Aid by \$153 million (3%) to \$5.3 billion, driven primarily by an increase in Chapter 70 Education aid of \$145.6 million (3.6%) to \$4.14 billion. Unrestricted General Government Aid (UGGA) is level-funded at \$834 million. All other Cherry Sheet accounts are level-funded, except for increases in Veterans Benefits (\$6.9 million, 17.7%), School Choice Receiving Tuition (\$709,060, 1%), and Property Tax Exemption Reimbursements (\$135,000, 0.5%). For Brookline, the result is an increase of \$2.1 million (17%), due to the increase in Ch. 70 funding. It should also be noted that funding for the Special Education Circuit Breaker and METCO, both critical non-Cherry Sheet accounts, were level-funded at \$213 million and \$17.6 million, respectively.

CHERRY SHEET AID HISTORY (in millions)



CHERRY SHEET AID HISTORY - ANNUAL CHANGE (in millions)



UNRESTRICTED GENERAL GOVERNMENT AID

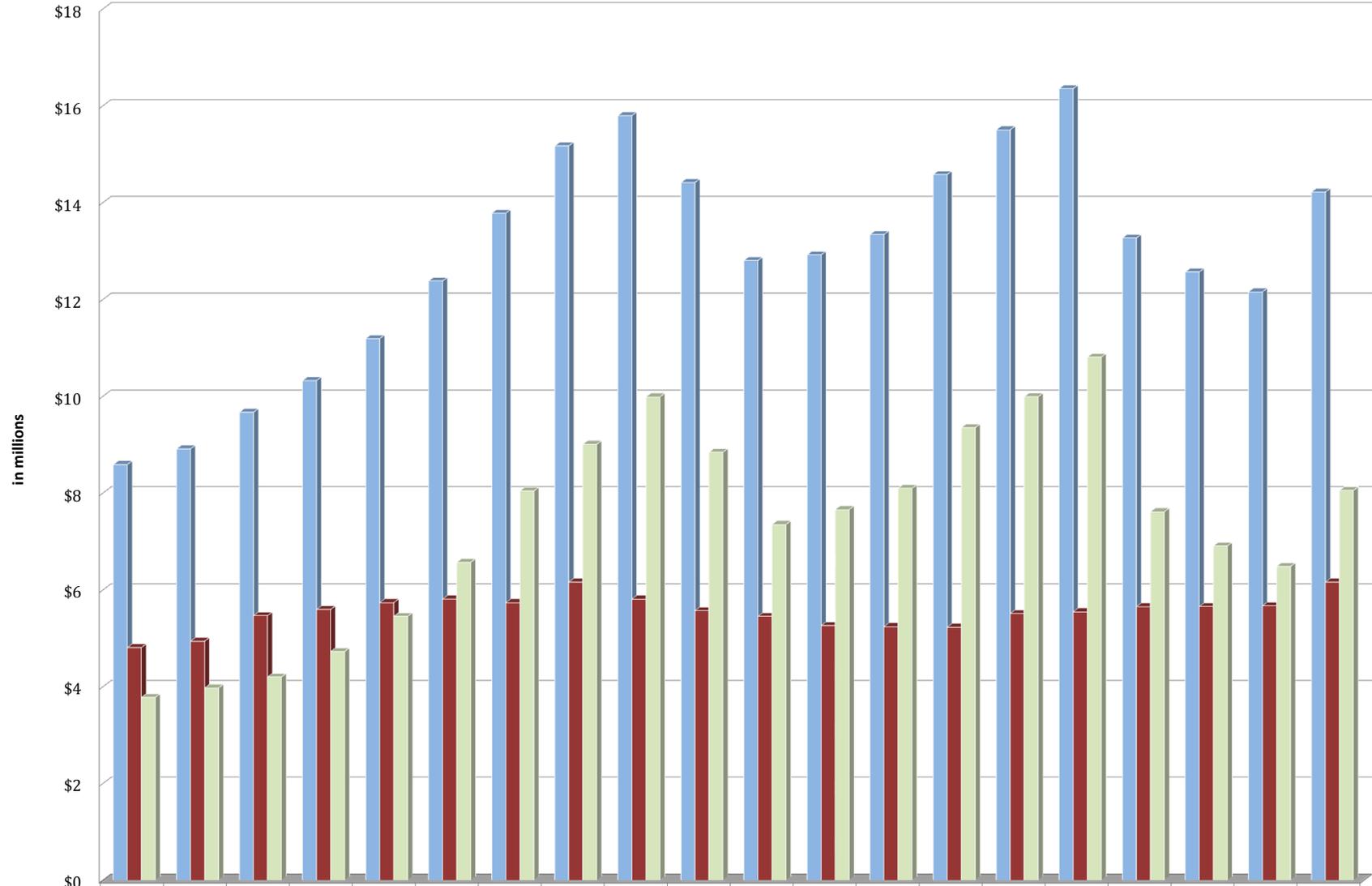
Prior to FY10, unrestricted general government aid consisted of Additional Assistance and Lottery. Additional Assistance was intended to provide flexible unrestricted aid to cities and towns. In the 1980's, the Legislature adopted a needs-based formula to allocate the then-new Resolution Aid. Prior to 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 and by \$2.3 million (29%) for Brookline.

REVENUE SOURCE	FY2010	FY2011	FY2012	FY2012	FY2013	BUDGET INCREASE	
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ESTIMATE</u>	<u>BUDGET</u>	<u>\$\$</u>	<u>%</u>
General Government Aid	5,774,840	5,512,304	5,063,557	5,451,832	5,089,224	25,667	0.5%
School Aid	7,358,077	6,929,820	6,947,641	6,947,641	8,982,359	2,034,718	29.3%
School Construction Aid	3,267,371	1,227,634	1,227,634	1,227,634	587,125	(640,509)	-52.2%
Tax Exemptions	39,398	37,051	37,892	37,892	38,557	665	1.8%
<u>Education Offset Items</u>	<u>103,079</u>	<u>102,036</u>	<u>106,839</u>	<u>106,839</u>	<u>109,160</u>	<u>2,321</u>	<u>2.2%</u>
Totals	16,542,765	13,808,845	13,383,563	13,771,838	14,806,425	1,422,862	10.6%

BROOKLINE ACTUAL STATE AID AND ASSESSMENTS



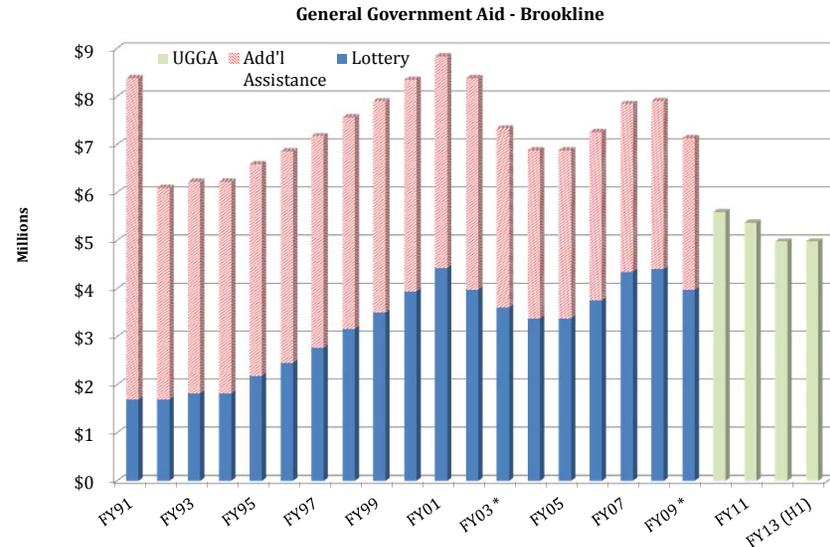
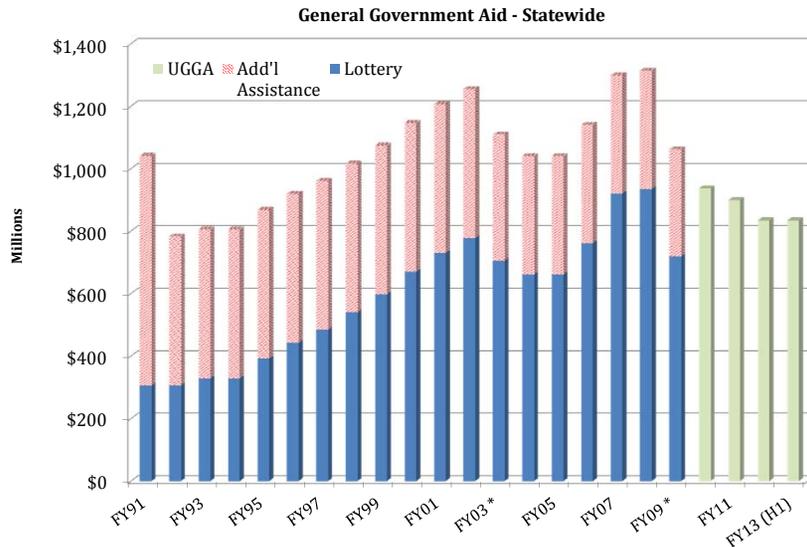
STATE AID	8.59	8.91	9.67	10.33	11.19	12.38	13.78	15.17	15.80	14.42	12.81	12.92	13.34	14.58	15.50	16.36	13.27	12.57	12.16	14.22
ASSESSMENTS	4.81	4.94	5.47	5.60	5.74	5.81	5.74	6.16	5.81	5.57	5.45	5.26	5.24	5.23	5.51	5.55	5.65	5.66	5.67	6.16
NET STATE AID	3.78	3.97	4.20	4.73	5.45	6.57	8.04	9.01	9.99	8.84	7.35	7.66	8.10	9.35	9.99	10.81	7.62	6.91	6.48	8.06

UNRESTRICTED GENERAL GOVERNMENT AID (con't.)

Historically, Additional Assistance sustained significant cuts during state budget crises. In FY90, the account stood at \$765 million statewide but was cut to \$476.3 million in FY92. By FY04, it was at \$378.5 million, ultimately reaching \$341.6 million in FY09. Similarly, Brookline's share dropped from \$6.9 million in FY90 to \$3.2 million by FY09.

The Lottery account was also used to help balance the state budget. In FY90, the State placed an artificial cap on the distributions to cities and towns and used the balance of the revenues for state budgetary purposes in disregard of the original Lottery enabling legislation. In FY91 and FY92, the Legislature capped the lottery distributions at \$306 million, the FY90 level. By FY94, it reached \$329 million, at which point the "diversion" totaled \$170 million. In FY95, the Legislature authorized an additional \$42 million and pledged to continue to add, in the minimum, \$20 million per year for the next four years to restore the previously diverted growth proceeds. This commitment expired with the FY00 distribution, which totaled \$670 million. In FY01, the amount increased to \$730 million and in FY02 it further increased 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 back 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 share ultimately increasing from \$3.6 million to \$4.4 million. Unfortunately, mid-year FY09, Lottery proceeds were cut again, to \$843.9 million, with Brookline's share dropping to \$4 million.

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



REVENUE SOURCE	FY2010	FY2011	FY2012	FY2012	FY2013	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Unrestricted General Gov't Aid	5,593,780	5,370,029	4,981,754	5,370,029	4,981,754	0	0.0%
Veteran's Benefits	55,849	76,256	81,803	81,803	107,470	25,667	31.4%
Police Career Incentive	125,211	66,019	0	0	0	0	-
Totals	5,774,840	5,512,304	5,063,557	5,451,832	5,089,224	25,667	0.5%

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 FY12 was \$39 million, with Brookline's share being \$81,803. The Governor's FY13 budget proposal increases statewide funding by \$6.9 million (17.7%) to \$45.9 million. Based on the Preliminary Cherry Sheets, Brookline will receive \$107,470, an increase of \$25,667 (31.4%).

POLICE CAREER INCENTIVE REIMBURSEMENT (QUINN BILL)

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

SCHOOL AID - CHAPTER 70

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

The reform legislation targeted the majority of funds to poorer communities and required them to increase school spending. School districts with relatively higher property wealth, such as Brookline, tended to be classified as "Minimum Aid" communities, which 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 shows. Total funding increased nearly 153%, going from \$1.29 billion in FY93 to \$3.26 billion in FY03. For Brookline, during that same period, funding increased \$4.7 million (316%), going from \$1.48 million to more than \$6 million. 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 \$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%). The Governor's FY13 budget proposal increases funding by \$145.6 million (3.6%) statewide to \$4.14 billion. For Brookline, there is an increase of \$2 million (29.1%) to \$8.9 million.

Two key factors that positively impact Brookline and result in the \$2 million increase are (1) the aggregate wealth model used in the formula since FY07 continues to be in effect and (2) for municipalities with required contributions above their targets, such as Brookline, the requirement is reduced by 15% of the gap. In addition, Brookline is aided by the fact that the district's Foundation Budget increases 9%, due in part to a 3.65% increase for inflation, a 3.7% increase in foundation enrollment, and increases in areas such as ELL. With the Foundation Budget increasing so significantly, the district becomes 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 on the following page 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%:

**TOWN OF BROOKLINE
FY2013 FINANCING PLAN**

FUND: General Fund

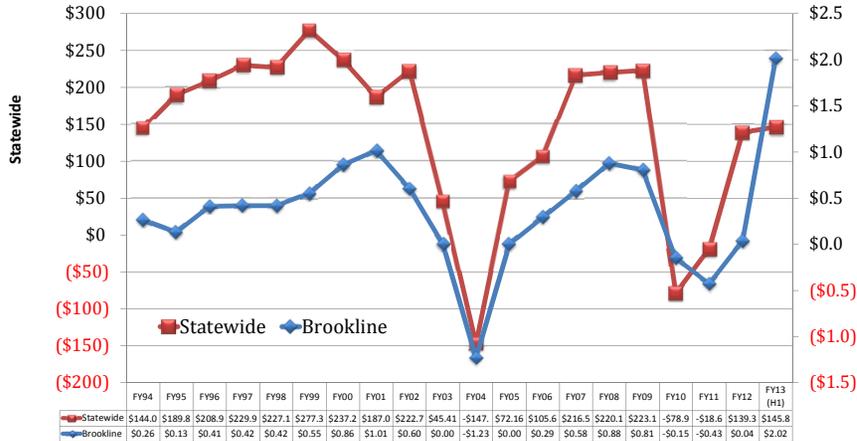
**REVENUE GROUP: State Aid
SUB-GROUP: School Aid**

	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Foundation budget	46,243,375	49,807,109	52,046,875	55,448,798	55,383,764	57,861,962	63,110,212
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
NSS a % of Foundation	140.17%	127.13%	115.80%	109.16%	106.78%	102.80%	100.00%

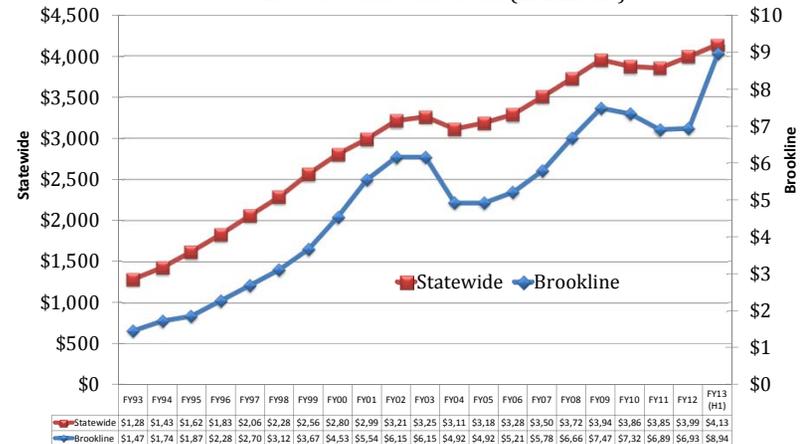
This is important because once NSS is equal to the Foundation Budget, Foundation Aid is required to get the district to the Foundation Budget. This is shown below, using the FY12 and FY13 calculations. It also shows how the result is an increase in for FY13.

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

ANNUAL CHANGES IN CH. 70 FUNDING HISTORY



CH. 70 FUNDING HISTORY (in millions)



REVENUE SOURCE	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 BUDGET	FY2012 ESTIMATE	FY2013 BUDGET	BUDGET INCREASE \$	%
School Aid Chapter 70	7,323,679	6,895,830	6,932,850	6,932,850	8,949,381	2,016,531	29.1%
School Construction Aid	3,267,371	1,227,634	1,227,634	1,227,634	587,125	(640,509)	-52.2%
Charter Tuition Assessment Reimbursement	34,398	33,990	14,791	14,791	32,978	18,187	123.0%
Totals	10,625,448	8,157,454	8,175,275	8,175,275	9,569,484	1,394,209	17.1%

SCHOOL CONSTRUCTION AID

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

The Massachusetts School Building Authority (MSBA), an independent state authority, was created to operate the new program, which is governed by a seven-member board led by the State Treasurer. 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. The new law pays in full the State's share of projects already receiving payments and projects on the waiting list. Projects already receiving payments continued to receive annual reimbursement of principal and interest for the rest of the payment period for the project. 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 a 20-year period.

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:

$$31\% \text{ base rate} + \text{income factor} + \text{poverty wealth factor} + \text{poverty factor}$$

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

The FY13 - FY18 CIP, which is detailed in Section VII of this Financial Plan, assumes that the Town will receive \$30.75 million (40% of eligible project costs) for the Devotion School.

Under the new program, the Town will continue to receive payments under the existing schedule, which total \$587,125 in FY13. 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-FY22, the payments will be \$465,031 per year. The total (\$9.45 million) represents the State's 61% share of the project.

The decrease of \$640,509 (52.2%) is the result of FY12 being the last reimbursement year for the Lincoln School 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 22A-22E provide for tax exemptions for veterans that meet certain criteria. The amount of the exemption ranges from \$250 to \$1,500. Chapter 58, Section 8A provides a total tax exemption to paraplegic veterans who have been certified as such by the Veterans Administration. Exemptions that qualify under these provisions are partially reimbursed by the State.

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

Surviving Spouses and Others - Chapter 59, Section 5, Clause 17D, which was accepted by the Town, provides a tax exemption to persons over the age of 70, to minors with a parent deceased, or to widows or widowers. The amount of the exemption is \$175. To be eligible, the person must meet certain requirements, including a provision that his/her total estate does not exceed \$40,000 exclusive of the value of the domicile except so much of the domicile as produces income and exceeds two dwelling units. At the November, 2003 Special Town Meeting, the Town adopted the state statute that allows cities and towns to increase the \$40,000 estate provision annually by a cost of living adjustment (COLA) as determined by the Commissioner of the Department of Revenue (DOR). In FY12, the combined impact of the COLAs since FY04 has increased the estate provision to \$51,818. The State partially reimburses the Town for this exemption.

Elderly Persons - Chapter 59, Section 5, Clause 41C, provides that a person who has reached his/her 70th birthday prior to the fiscal year for which an exemption is sought, and who owns and occupies property, may qualify for a tax exemption of \$500 from the tax bill. In determining eligibility, gross income of said person for the preceding calendar year must be less than \$13,000, if single, or if married, combined income must be less than \$15,000. In addition, the whole estate, real and personal, less the value of the domicile, except so much of the domicile as produces income and exceeds two dwelling units, cannot exceed \$28,000, if single, or, if married, combined income cannot exceed \$30,000. If the applicant receives Social Security, a deduction is applied to determine income eligibility. At the November, 2003 Special Town Meeting, the Town adopted the state statute that allows cities and towns to increase the income and whole estate provisions annually by a cost of living adjustment as determined by the Commissioner of the Department of Revenue (DOR). In FY12, the combined impact of the COLAs since FY04 has increased the income provision to \$16,841 single / \$19,432 married and increased the asset provision to \$36,272 single / \$38,863 married.

In FY12, the total appropriation for all of these exemption reimbursements was \$25.3 million, with Brookline receiving \$37,892. In the Governor's FY13 budget proposal, total statewide funding is increased \$135,000 (0.5%). For Brookline, the reimbursement is estimated at \$38,557, an amount that is \$665 (1.8%) more than FY12.

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.

REVENUE SOURCE	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 BUDGET	FY2012 ESTIMATE	FY2013 BUDGET	BUDGET INCREASE	
						\$	%
<u>Veterans/Blind/Surviving Spouse</u>	<u>39,398</u>	<u>37,051</u>	<u>37,892</u>	<u>37,892</u>	<u>38,557</u>	<u>665</u>	<u>1.8%</u>
Totals	39,398	37,051	37,892	37,892	38,557	665	1.8%

**TOWN OF BROOKLINE
FY2013 FINANCING PLAN**

FUND: General Fund

**REVENUE GROUP: State Aid
SUB-GROUP: Cherry Sheet Offsets**

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 FY12 funding totaled \$5.4 million. The Governor's FY13 budget proposal level-funds the account. For Brookline, funding is estimated at \$27,780, an increase of \$1,363 (5.2%).

PUBLIC LIBRARIES

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

Three different funding formulas are used to distribute these funds. The LIG formula provides for \$0.50 per capita to communities who have populations over 2,500 and who have appropriated at least \$1,250 for public library services during the preceding year. The MEG formula is the same as the lottery formula, which is related to a community's comparative wealth and can be found on page III-24. The Non-resident Circulation Offset is determined annually by the (State) Board of Library Commissioners, based upon each community's share of the total statewide-circulated items. Statewide FY12 funding totaled \$6.8 million. The Governor's FY13 budget proposal level funds the account. For Brookline, funding is estimated at \$81,380, an increase of \$958 (1.2%).

REVENUE SOURCE	FY2010 <u>ACTUAL</u>	FY2011 <u>ACTUAL</u>	FY2012 <u>BUDGET</u>	FY2012 <u>ESTIMATE</u>	FY2013 <u>BUDGET</u>	BUDGET INCREASE	
						\$	%
Lunch Programs	21,913	21,034	26,417	26,417	27,780	1,363	5.2%
Public Libraries	81,166	81,002	80,422	80,422	81,380	958	1.2%
Totals	103,079	102,036	106,839	106,839	109,160	2,321	2.2%

FREE CASH

Free Cash, which is certified as of July 1 each year by the Commonwealth's Department of Revenue (DOR), represents the portion of General Fund surplus revenue that is unrestricted and available for appropriation. Free Cash is generated when the actual operating results compare favorably with the budget, such as when actual revenues exceed the original estimates and/or when actual expenditures are less than appropriated. It is also affected by increases or decreases in uncollected property taxes, non-General Fund deficit balances, and any other legally incurred operating deficits. These funds, once certified, may be used to support supplemental appropriations during the year, to support the ensuing fiscal year's budget, or to reduce the tax levy. The Town's Free Cash Policy, which can be found in its entirety in the Appendix of this Financial Plan, prioritizes the use of Free Cash in the following manner:

1. Appropriated Budget Reserve – ¼ 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 \$5million
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 and AHTF

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

From FY91 through FY93, Free Cash was certified with negative balances, as can be seen in the graph to the right. Very tight budgeting and unusually large delinquent tax balances created this situation. This condition began to improve in FY94. Since then, the combination of adopting prudent fiscal policies, more conservative revenue estimates, and closely monitoring expenditures have contributed to the favorable levels of Free Cash. The Free Cash certification for funds available for use in FY13 (i.e., Free Cash as of 7/1/11) is \$7,086,413. However, as discussed in the Town Administrator's Budget Message, this Financial Plan spends \$5.34 million, leaving \$1.75 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	FY2010 ACTUAL	FY2011 ACTUAL	FY2012 BUDGET	FY2012 ESTIMATE	FY2013 BUDGET	BUDGET INCREASE	
						\$\$	%
Free Cash appropriated for:							
Operating Budget Reserve Fund	458,547	459,239	469,288	469,288	486,736	17,449	3.7%
Stabilization Fund	0	0	0	0	0	0	-
Liability Reserve	1,443,397	437,000	141,959	141,959	253,669	111,710	78.7%
Capital Improvements	3,121,351	3,675,340	4,413,753	4,413,753	3,947,729	(466,024)	-10.6%
Affordable Housing Trust Fund	0	0	355,264	355,264	251,363	(103,901)	-29.2%
Other Post-Employment Benefits (OPEB's)	0	0	0	0	211,256	211,256	-
Public Safety IOD Medical Exp. Trust Fund	0	0	0	0	185,660	185,660	-
Operating Budget	0	18,500	0	0	0	0	-
Other Special Appropriations	2,030,000	0	0	0	0	0	-
Totals	7,053,295	4,590,079	5,380,264	5,380,264	5,336,413	(43,851)	-0.8%

**TOWN OF BROOKLINE
FY2013 FINANCING PLAN**

FUND: General Fund

REVENUE GROUP: Other Available Funds

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 FY13 appropriations is \$10.14 million, an increase of \$3.9 million (63.1%) from the amount available in FY12.

1. **Parking Meter Receipts** - an increase of \$150,000 (3.9%) to \$3.95 million is anticipated, \$50,000 of which reflects the actual FY11 and FY12 (YTD) experience. The other \$100,000 comes from available fund balance and is being used to augment the Capital Improvement Program (CIP), specifically the Parking Meter Enhancement project.
2. **Walnut Hills Cemetery Funds** - these are receipts from the sale of lots and income from the perpetual care fund, which are deposited into separate funds. The transfer from these funds to the General Fund is to reimburse the General Fund for a portion of the expenses associated with the operation of the cemetery, which is funded in the DPW budget. It is level-funded at \$50,000.
3. **State Aid for Libraries** - this is the portion of the Cherry Sheet Offset aid, previously described under the "Cherry Sheet Offsets" section, that is used as a direct offset to the Library. It is level-funded at \$41,555.
4. **Golf Enterprise Fund Reimbursement** - this reimbursement to the General Fund consists of the fringe benefit costs associated with those employees whose salaries are charged to the Enterprise Fund, supervision/overhead, re-payment of the FY01 loan from the Town, the Town Fee (i.e., projected year-end surplus), and property insurance. The total reimbursement decreases \$8,815 (5.4%) to \$155,037. The Town Fee component decreases \$2,654 (8.1%) to \$30,046.
5. **Recreation Revolving Fund Reimbursement** - this reimbursement to the General Fund represents the fringe benefit costs associated with those employees whose salaries are funded in the Revolving Fund. Massachusetts General Law, Chapter 44, Section 53E1/2, the statute under which the Recreation Revolving Fund was established, mandates that "[N]o revolving fund expenditures shall be made for the purpose of paying any wages or salaries for full time employees unless such revolving fund is also charged for the costs of fringe benefits associated with the wages or salaries so paid." Therefore, with full-time employees being charged to the fund, fringe benefits must be charged. The FY13 reimbursement decreases \$14,148 (4.8%) to \$281,764.
6. **Water and Sewer Enterprise Fund Reimbursement** - this reimbursement to the General Fund consists of fringe benefits and certain interdepartmental expenses. The total reimbursement decreases \$11,660 (0.6%) to \$1.86 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. \$0 is planned for in FY13.
8. **Capital Project Surplus** - \$560,000 of remaining balances from existing capital projects is being re-appropriated to support the CIP.
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 is available from the proceeds generated by the sale of the Fisher Hill Reservoir. Those funds are being used in the CIP to pay for the park/playground that will be constructed across the street on the old State-owned reservoir site that the Town purchased.

REVENUE SOURCE	FY2010	FY2011	FY2012	FY2012	FY2013	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Parking Meter Receipts	2,550,000	2,650,000	3,800,000	3,800,000	3,950,000	150,000	3.9%
Walnut Hill Cemetery Fund	50,000	50,000	50,000	50,000	50,000	0	0.0%
State Aid for Libraries	41,555	41,555	41,555	41,555	41,555	0	0.0%
Golf Enterprise Fund Reimbursement	186,349	191,161	163,852	163,852	155,037	(8,815)	-5.4%
Recreation Revolving Fund Reimbursement	210,870	257,205	295,912	295,912	281,764	(14,148)	-4.8%
Water and Sewer Enterprise Fund Reimb.	2,046,264	1,869,338	1,867,647	1,867,647	1,855,987	(11,660)	-0.6%
Tax Abatement Reserve Surplus	1,505,000	0	0	0	0	0	-
Capital Project Surplus	830,000	21,176	0	0	560,000	560,000	-
Sale of Town-owned Land Fund	0	0	0	0	3,250,000	3,250,000	-
Totals	7,420,038	5,080,435	6,218,966	6,218,966	10,144,344	3,925,377	63.1%

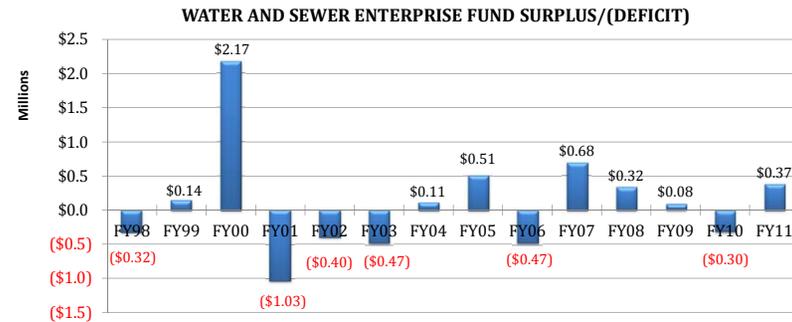
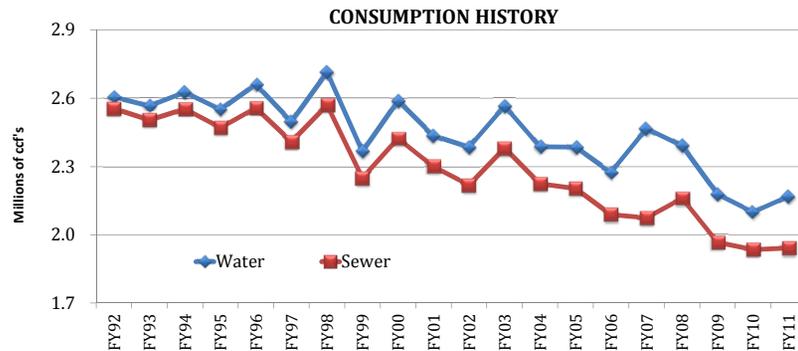
WATER AND SEWER ENTERPRISE

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

The operation is treated as an enterprise fund under Massachusetts General Laws, Ch. 44, Sec. 53F1/2. The Enterprise Fund was established by Town Meeting in 2001. Prior to that vote, the Water and Sewer operation was accounted for in the General Fund. Treating the operation as an enterprise fund allows for the use of the full accrual basis of accounting, a requirement of the Government Accounting Standards Board's (GASB) financial reporting standard 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 FY13 will increase by \$1.05 million (4.2%) over FY12. The increase is driven primarily by the MWRA Assessment (\$512,538, 3%) and Capital (\$416,000, 163%). Since the Enterprise Fund is 100% cost recovery, the rates will need to be adjusted to generate the revenue required to cover the increase in costs.

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

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.



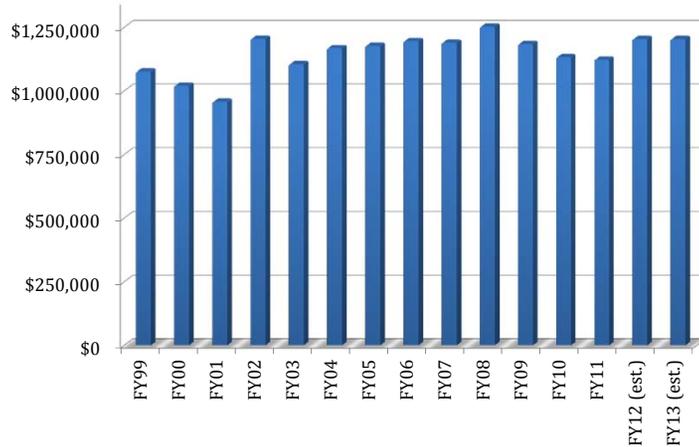
REVENUE SOURCE	FY2010	FY2011	FY2012	FY2012	FY2013	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Water and Sewer Charges	22,763,502	24,008,193	24,260,606	24,260,606	25,306,122	1,045,516	4.3%
Late Payment Fees	86,450	80,953	110,000	110,000	80,000	(30,000)	-27.3%
Service Fees	122,766	113,253	82,000	82,000	115,500	33,500	40.9%
Fire Service Fee	0	0	225,000	225,000	225,000	0	0.0%
Misc	20,088	64,030	10,000	10,000	10,000	0	0.0%
Gross Total	22,992,806	24,266,429	24,687,606	24,687,606	25,736,622	1,049,016	4.2%
less Reimbursement to the General Fund	2,046,264	1,869,338	1,867,647	1,867,647	1,855,987	(11,660)	-0.6%
Net Total	20,946,542	22,397,091	22,819,959	22,819,959	23,880,635	1,060,676	4.6%

GOLF COURSE ENTERPRISE

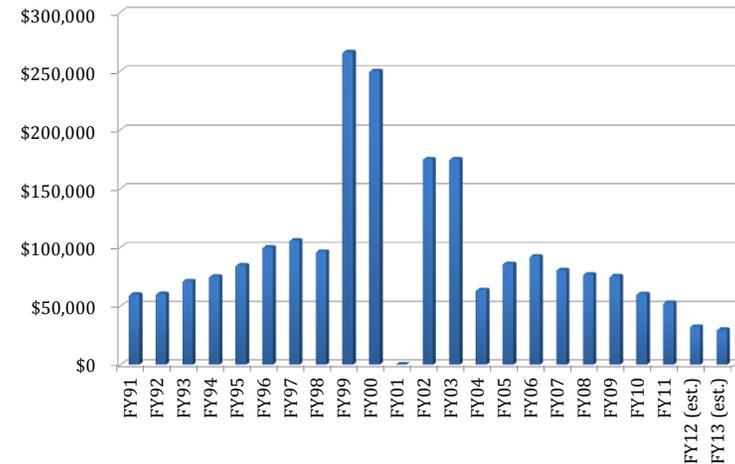
The Recreation Department is responsible for the operation of the Town-owned Robert T. Lynch Municipal Golf Course at Putterham Meadows. In doing so, the Department collects golf course revenues for green fees, golf cart rentals, concessions, and Pro Shop sales that are deposited into the Golf Course Enterprise Fund, as allowed for under Massachusetts General Laws, Ch. 44, Sec. 53F1/2. The golf course operation has been treated as an enterprise fund since FY91. Treating the operation as an enterprise fund allows for the use of the full accrual basis of accounting, a requirement of the Government Accounting Standards Board's (GASB) financial reporting standard statement #34. The Enterprise Fund fully reimburses the General Fund for expenses incurred on behalf of the golf operation, including fringe benefits. In addition to covering 100% of its expenses, the Enterprise Fund sends to the General Fund its projected year-end operating surplus, thereby supplying the General Fund with an annual source of revenue to support other operations. The history of this so-called "Town Fee" is shown in the bottom-right graph.

In FY13, collections are estimated to total \$1.2 million, an amount that represents level-funding from the budgeted FY12 figure. Please see the Enterprise Fund section of the Recreation Department's budget in Section IV of this Financial Plan for a breakdown of the expenditures associated with the Golf Course.

GOLF COURSE ENTERPRISE FUND REVENUE



GOLF COURSE ENTERPRISE FUND "TOWN FEE" PAYMENTS



REVENUE SOURCE	FY2010	FY2011	FY2012	FY2012	FY2013	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Green Fees / Permits	933,544	915,530	986,000	986,000	984,000	(2,000)	-0.2%
Cart Rentals	75,375	79,033	75,000	75,000	75,000	0	0.0%
Pro Shop	53,258	45,148	44,000	44,000	44,000	0	0.0%
Concessions	25,857	30,431	40,000	40,000	42,000	2,000	5.0%
Golf Clinics	22,408	24,499	30,000	30,000	30,000	0	0.0%
Other	22,534	28,729	29,000	29,000	29,000	0	0.0%
Gross Total	1,132,976	1,123,370	1,204,000	1,204,000	1,204,000	0	0.0%
less Reimbursement to the General Fund	186,349	191,161	163,852	163,852	155,037	(8,815)	-5.4%
Net Total	946,627	932,209	1,040,148	1,040,148	1,048,963	8,815	0.8%

**TOWN OF BROOKLINE
FY2013 FINANCING PLAN**

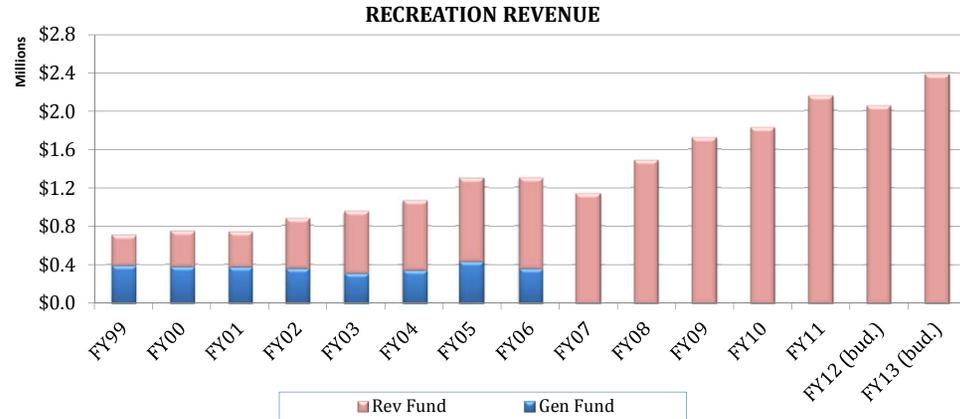
FUND: Revolving Fund

REVENUE GROUP: Recreation

RECREATION REVOLVING FUND

Established by Town Meeting in 1992 per the provisions of Massachusetts General Laws Chapter 44, Section 53E1/2, the Recreation Revolving Fund holds the fees collected for the programs the Recreation Department sponsors. Prior to FY07, Recreation Department revenue was split between the General Fund and the Revolving Fund; from that point forward, all Recreation revenue is deposited into the Revolving Fund. This was made possible by the passage of Chapter 79 of the Acts of 2005, which enabled the Town to have a revolving fund revenue ceiling equal to 2 1/2% of the property tax levy instead of the 1% ceiling imposed by the State statute.

Approved every year by Town Meeting as part of the annual appropriations article, the FY13 estimate for the Revolving Fund is \$2.39 million, an increase of \$332,942 (16.2%). Please see the Revolving Fund section of the Recreation Department's budget in Section IV of this Financial Plan for a breakdown of the expenditures associated with the programs accounted for under the Revolving Fund.



REVENUE SOURCE	FY2010	FY2011	FY2012	FY2012	FY2013	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Adult Programs	16,671	14,745	0	0	0	0	-
Aquatic	445,541	489,731	430,000	430,000	489,000	59,000	13.7%
Community Programs	13,389	21,041	0	0	0	0	-
Eliot Center	0	0	313,281	313,281	175,142	(138,139)	-44.1%
Environmental Programs	36,743	47,533	45,000	45,000	50,000	5,000	11.1%
Ice Skating	145,632	151,207	140,000	140,000	151,206	11,206	8.0%
Outdoor Recreation	0	0	271,309	271,309	549,838	278,529	102.7%
Outdoor Athletics	0	0	169,644	169,644	169,491	(153)	-0.1%
Permits	88,182	103,695	0	0	0	0	-
School Based Programs	537,654	582,567	0	0	0	0	-
Soule Center	0	0	565,000	565,000	582,000	17,000	3.0%
Soule Gym	0	0	22,325	22,325	73,165	50,840	227.7%
Summer Camp	245,415	310,623	0	0	0	0	-
Tappan Facility	0	0	99,154	99,154	148,813	49,659	50.1%
Teen Programs	53,867	63,098	0	0	0	0	-
Tennis/Open Basketball Programs	5,978	22,080	0	0	0	0	-
Youth Programs	204,669	296,789	0	0	0	0	-
Misc Revenue	34,997	51,433	0	0	0	0	-
Gross Total	1,828,738	2,154,542	2,055,713	2,055,713	2,388,655	332,942	16.2%
less Reimbursement to the General Fund	210,870	257,205	295,912	295,912	281,764	(14,148)	-4.8%
Net Total	1,617,868	1,897,337	1,759,800	1,759,800	2,106,891	347,090	19.7%

FUND ACCOUNTING

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**TOWN OF BROOKLINE
FY2013 FINANCING PLAN**

FUND ACCOUNTING: Actual FY11 Consolidated Summary

COMBINED SUMMARY OF REVENUES AND EXPENDITURES (Budgetary basis) - FY11										
	Governmental General Fund	Special Revenue - Recreation Revolving Fund	Other Special Revenue	Enterprise - Water & Sewer	Enterprise - Golf	Capital Projects	Agency Funds	Private Purpose Trust Funds	Internal Service Funds	Total All Funds
Revenues										
Real & Personal Property Taxes, net of refunds	155,898,463									\$ 155,898,463
Motor Vehicle & other Excise Taxes	5,178,153									\$ 5,178,153
Hotel/Motel Tax	1,244,887									\$ 1,244,887
Charges for Services	4,776,101	2,133,252	3,934,352	24,217,159	1,047,275		2,082,380			\$ 38,190,520
Penalties & Interest on Taxes	498,405									\$ 498,405
PILOT	908,270									\$ 908,270
Licenses and Permits	3,586,851									\$ 3,586,851
Fines & forfeitures	4,274,494									\$ 4,274,494
Intergovernmental	14,225,080		11,524,683	2,366,648		912,112				\$ 29,028,523
Departmental & other	1,238,807		5,154,576					86,405		\$ 6,479,788
Contributions			1,336,952					272,583	4,291,874	\$ 5,901,409
Other Revenue		21,046	222,695	1,776	75,579			104,812	1,200	\$ 427,108
Investment Income	400,352	243	2,709	2,789	516			854,320	1,602,226	\$ 2,863,155
Total Revenues	\$ 192,229,863	\$ 2,154,541	\$ 22,175,967	\$ 26,588,372	\$ 1,123,370	\$ 912,112	\$ 2,082,380	\$ 1,318,121	\$ 5,895,300	\$ 254,480,026
Expenditures:										
Current:										
General Government	8,327,032		678,264			386,950		589,762	563,899	\$ 10,545,907
Public Safety	33,804,706		1,372,172			1,283,723	2,067,880	19,368		\$ 38,547,849
Education	72,095,304		14,702,957			4,525,555		224,091		\$ 91,547,908
Public Works	14,399,923		1,012,784	5,748,977		5,506,807		58,886		\$ 26,727,377
CDBG			1,304,724							\$ 1,304,724
Human Services	2,294,869		353,868					47,711		\$ 2,696,448
Leisure Services	4,444,419	1,745,442	111,301		836,923	435,826		100,662		\$ 7,674,572
Pension benefits	13,977,375									\$ 13,977,375
Fringe Benefits	26,087,430								1,747,089	\$ 27,834,519
State and county charges	5,576,032			16,606,543						\$ 22,182,575
Debt Service:										\$ -
Principal	7,105,400			2,032,851	155,000					\$ 9,293,251
Interest	2,109,205			462,347	34,130					\$ 2,605,682
Total Expenditures	\$ 190,221,695	\$ 1,745,442	\$ 19,536,070	\$ 24,850,718	\$ 1,026,053	\$ 12,138,862	\$ 2,067,880	\$ 1,040,479	\$ 2,310,989	\$ 254,938,188
Excess (deficiency) of Revenues over Expenditures	\$ 2,008,168	\$ 409,099	\$ 2,639,896	\$ 1,737,654	\$ 97,317	\$ (11,226,750)	\$ 14,499	\$ 277,642	\$ 3,584,311	\$ (458,162)
Other Financing Sources (Uses):										
Proceeds from bonds & notes				1,000,000	375,000	11,025,000				\$ 12,400,000
Premium from issuance of bonds										\$ -
Premium from issuance of refunding bonds, net of expenses	14,507									\$ 14,507
Sale of Capital Assets			737,980							\$ 737,980
Payments to current refunding fund										\$ -
Overlay Transfer										\$ -
Insurance recovery			1,139,753					9,144		\$ 1,148,897
Transfers in	4,829,278		27,200			7,102,000		90	251,157	\$ 12,209,725
Transfers out	(7,173,868)	(257,205)	(2,741,555)	(1,797,470)	(191,161)	(21,176)		(27,290)		\$ (12,209,725)
Total Other Financing Sources (Uses):	\$ (2,330,083)	\$ (257,205)	\$ (836,622)	\$ (797,470)	\$ 183,839	\$ 18,105,824	\$ -	\$ (18,056)	\$ 251,157	\$ 14,301,384
Other Adjustments to Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Change in Fund Balances	\$ (321,915)	\$ 151,894	\$ 1,803,274	\$ 940,184	\$ 281,156	\$ 6,879,074	\$ 14,499	\$ 259,586	\$ 3,835,468	\$ 13,843,222
Budgetary Fund Balance at Beginning of Year	\$ 19,472,365	\$ 312,509	\$ 8,750,664	\$ 1,619,360	\$ 215,430	\$ 14,645,575	\$ (540,145)	\$ 11,910,574	\$ 11,413,862	\$ 67,800,195
Budgetary Fund Balance at End of Year	\$ 19,150,450	\$ 464,403	\$ 10,553,939	\$ 2,559,544	\$ 496,586	\$ 21,524,650	\$ (525,646)	\$ 12,170,160	\$ 15,249,331	\$ 81,643,417

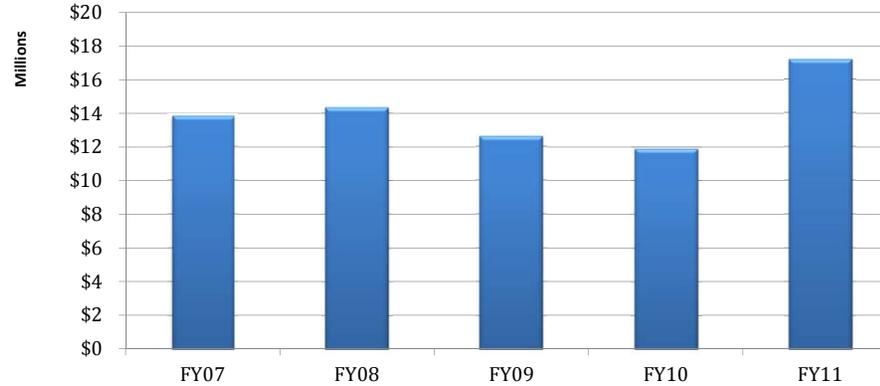
SOURCE: Office of the Comptroller

**TOWN OF BROOKLINE
FY2013 FINANCING PLAN**

FUND ACCOUNTING: Fund Balance Histories

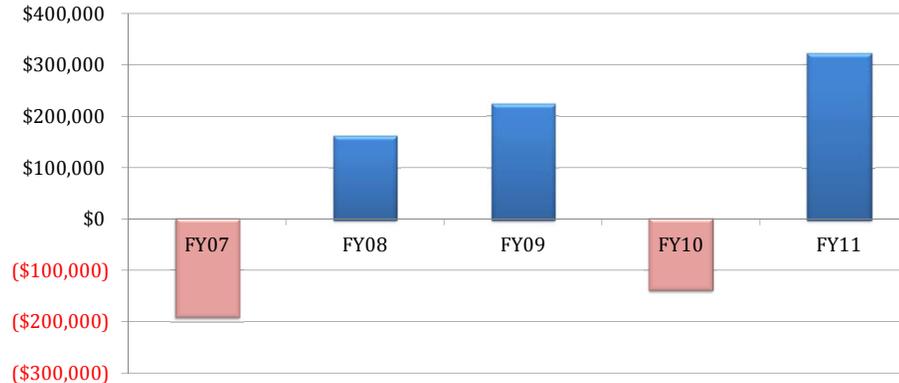
GENERAL FUND	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>
Beginning Unreserved Fund Balance	12,093,785	13,823,065	14,349,818	12,604,133	11,883,429
Net Change in Unreserved Fund Balance	1,729,280	526,753	(1,745,685)	(720,704)	5,291,383
Year-End Unreserved Fund Balance	13,823,065	14,349,818	12,604,133	11,883,429	17,174,812

Year-End Unreserved Fund Balance - General Fund



WATER & SEWER ENTERPRISE FUND (exclusive of bonded capital accounts)	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>
Beginning Unreserved Fund Balance	(870,421)	(190,622)	161,895	223,195	(137,879)
Net Change in Unreserved Fund Balance	679,799	352,517	61,300	(361,074)	460,203
Year-End Unreserved Fund Balance	(190,622)	161,895	223,195	(137,879)	322,324

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

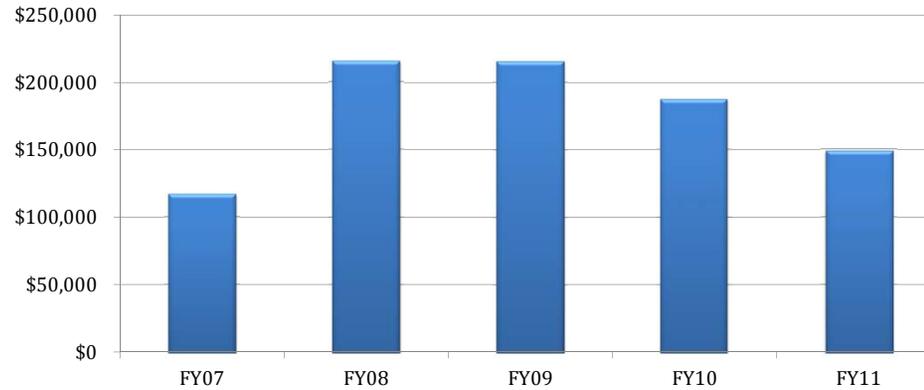


**TOWN OF BROOKLINE
FY2013 FINANCING PLAN**

FUND ACCOUNTING: Fund Balance Histories

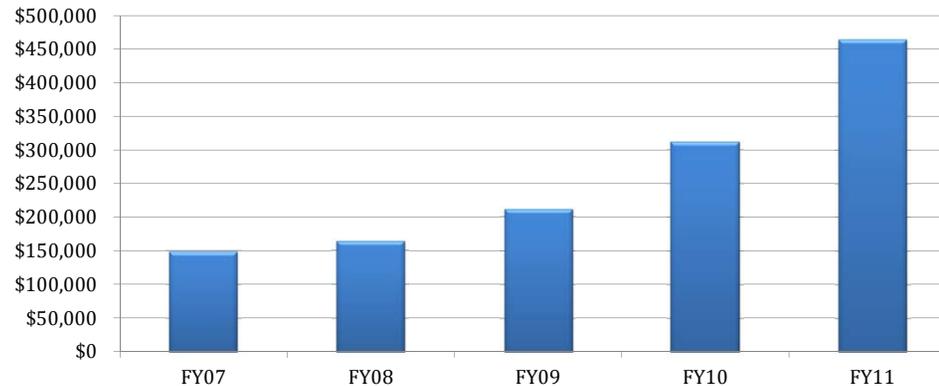
	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>
GOLF COURSE ENTERPRISE FUND (exclusive of bonded capital accounts)					
Beginning Fund Balance	72,073	116,871	215,334	215,613	187,413
Net Change in Unreserved Fund Balance	44,798	98,463	279	(28,200)	(38,676)
Year-End Unreserved Fund Balance	116,871	215,334	215,613	187,413	148,737

Year-End Unreserved Fund Balance - Golf Course Enterprise Fund



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

Year-End Unreserved Fund Balance - Recreation Revolving Fund



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