

**TOWN OF BROOKLINE
FY2012 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 \$208.59 million, or 89% of total Financial Plan revenues. Total Financial Plan revenue is \$234.21 million, which represents an increase of \$8.17 million, or 3.6%. FY12 General Fund revenues are projected to increase by \$7.54 million (3.8%) from the FY11 budgeted amounts. Operating Revenue, which is basically General Fund revenue less one-time revenues that support the Capital Improvement Program (CIP), increases \$6.92 million, or 3.6%. The below left table summarizes the changes while the below right table shows the calculation of Operating Revenue.

SOURCE	\$ CHANGE		FY11	FY12	\$ Change	% Change
	(Millions)	% CHANGE				
Property Taxes	\$5.28	3.3%	201,042,640	208,587,543	7,544,903	3.8%
Parking Meters	\$1.15	43.4%				
State Aid	-\$0.49	-3.6%				
"Free Cash"	\$0.79	17.2%				
Interest Income	\$0.50	8.3%				
PILOT's	\$0.33	37.5%				
Local Option Taxes	\$0.20	12.9%				
Building Permits	\$0.10	5.6%				
Motor Vehicle Excise	\$0.10	2.2%				
All Others	-\$0.41					
TOTAL	\$7.54	3.8%				

	FY11	FY12	\$ Change	% Change
Total General Fund Revenue	201,042,640	208,587,543	7,544,903	3.8%
Less:				
SBA Reimbursements	1,227,634	1,227,634	0	0.0%
Net Debt Exclusions	1,258,944	1,090,408	(168,536)	-13.4%
Revenue for CIP	4,590,079	5,380,264	790,185	17.2%
Free Cash	4,590,079	5,380,264	790,185	17.2%
Tax Abatement Reserve Surplus	0	0	0	-
Capital Project Surplus	0	0	0	-
OPERATING REVENUE	193,965,983	200,889,236	6,923,253	3.6%

The State Aid figures used in this Financial Plan are partially based on the Governor's FY12 budget proposal, which was submitted on January 26th. He proposed a 3.6% (\$139.3 million) statewide increase in Chapter 70 Education Aid and a 7.2% (\$65 million) cut to Unrestricted General Government Aid (UGGA). For Brookline, the Governor's proposal results in a total State Aid decrease of \$345,289 (2.5%). However, due to uncertainty surrounding the prospects of the Governor's State Aid proposal being adopted by the Legislature, this Financial Plan follows the proposal to increase Brookline's Chapter 70 allocation (+\$37,020, 0.5%), but assumes a 10% (\$537,003) cut in UGGA instead of the Governor's proposal to cut it by 7.2% (a difference of approximately \$150,000). Since the final State Aid figures could be different by the time a final FY12 State budget is approved, there is the possibility of amendments to the Financial Plan.

A detailed description and analysis of the FY12 revenue items and related changes are found within the pages that follow.

REVENUE SOURCE	FY2009 ACTUAL	FY2010 ACTUAL	FY2011 BUDGET	FY2011 ESTIMATE	FY2012 BUDGET	BUDGET INCREASE \$\$	%
Property Taxes *	147,273,068	152,681,998	157,878,286	157,878,286	163,159,995	5,281,709	3.3%
Local Receipts	22,455,149	21,038,710	19,718,475	21,676,475	20,525,792	807,317	4.1%
State Aid	17,962,793	16,542,765	13,796,542	13,796,542	13,302,525	(494,017)	-3.6%
Free Cash	5,954,963	7,053,295	4,590,079	4,590,079	5,380,264	790,185	17.2%
Other Available Funds	5,986,333	7,420,038	5,059,257	5,059,257	6,218,966	1,159,709	22.9%
General Fund Revenues	199,632,305	204,736,805	201,042,640	203,000,640	208,587,543	7,544,903	3.8%
Water and Sewer Enterprise **	21,080,799	20,946,542	22,322,963	22,322,963	22,819,959	496,996	2.2%
Golf Enterprise **	1,005,796	946,627	1,075,039	1,075,039	1,040,148	(34,891)	-3.2%
Recreation Revolving Fund **	1,522,454	1,617,868	1,597,836	1,597,836	1,758,367	160,531	10.0%
Total Financial Plan Revenues	223,241,354	228,247,842	226,038,478	227,996,478	234,206,016	8,167,538	3.6%

* The figures provided for the FY09 and FY10 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 FY2012 FINANCING PLAN		REVENUE GROUP: Overall Summary SUB-GROUP: Overall Summary				
DETAILED REVENUE SUMMARY						
GENERAL FUND	FY09	FY10	FY11	FY12	FY12 vs FY11	
	ACTUAL	ACTUAL	BUDGET	BUDGET	\$\$	%
Property Taxes *	147,273,068	152,681,998	157,878,286	163,159,995	5,281,709	3.3%
Local Receipts	22,455,149	21,038,710	19,718,475	20,525,792	807,317	4.1%
Motor Vehicle Excise (MVE)	5,027,901	4,694,128	4,600,000	4,700,000	100,000	2.2%
Local Option Taxes	788,531	1,411,553	1,550,000	1,750,000	200,000	12.9%
Licenses & Permits	944,011	1,032,093	986,975	1,010,975	24,000	2.4%
Parking / Court Fines	4,674,987	4,421,553	4,350,000	4,400,000	50,000	1.1%
General Government	3,610,091	2,969,579	2,352,500	2,482,817	130,317	5.5%
Interest Income	1,333,712	786,358	600,000	650,000	50,000	8.3%
PILOTs	1,021,504	996,834	880,000	1,210,000	330,000	37.5%
Refuse Fee	2,654,048	2,668,453	2,600,000	2,600,000	0	0.0%
Departmental & Other	2,400,364	2,058,159	1,799,000	1,722,000	(77,000)	-4.3%
State Aid	17,962,793	16,542,765	13,796,542	13,302,525	(494,017)	-3.6%
General Government Aid	7,823,623	5,774,840	5,509,569	4,980,330	(529,239)	-9.6%
School Aid	6,708,031	7,358,077	6,915,398	6,949,830	34,432	0.5%
School Construction Aid	3,267,372	3,267,371	1,227,634	1,227,634	0	0.0%
Tax Abatement Aid	40,901	39,398	41,905	37,892	(4,013)	-9.6%
Offset Aid	122,866	103,079	102,036	106,839	4,803	4.7%
Other Available Funds	5,986,333	7,420,038	5,059,257	6,218,966	1,159,709	22.9%
Parking Meter Receipts	2,500,000	2,550,000	2,650,000	3,800,000	1,150,000	43.4%
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.	179,064	186,349	191,161	163,852	(27,309)	-14.3%
Recreation Revolving Fund Reimb.	198,027	210,870	257,205	295,912	38,707	15.0%
Water and Sewer Enterprise Fund Reimb.	1,877,687	2,046,264	1,869,337	1,867,647	(1,690)	-0.1%
Tax Abatement Reserve Surplus	0	1,505,000	0	0	0	-
Capital Project Surplus	590,000	830,000	0	0	0	-
Sale of Town-owned Land	550,000	0	0	0	0	-
Free Cash	5,954,963	7,053,295	4,590,079	5,380,264	790,185	17.2%
Capital Improvements	5,020,852	3,121,351	3,675,340	4,413,753	738,413	20.1%
Operating Budget Reserve	436,636	458,547	459,239	469,288	10,049	2.2%
Strategic Reserves / Other Spec Approp's	497,475	3,473,397	455,500	497,224	41,724	9.2%
TOTAL GENERAL FUND REVENUE	199,632,305	204,736,805	201,042,640	208,587,543	7,544,903	3.8%
ENTERPRISE FUND / REVOLVING FUND REVENUE						
Water and Sewer Enterprise Fund **	21,080,799	20,946,542	22,322,963	22,819,959	496,996	2.2%
Golf Course Enterprise Fund **	1,005,796	946,627	1,075,039	1,040,148	(34,891)	-3.2%
Recreation Revolving Fund **	1,522,454	1,617,868	1,597,835	1,758,368	160,533	10.0%
TOTAL ENTERPRISE / REVOLVING FUND REVENUE	23,609,049	23,511,037	24,995,838	25,618,475	622,637	2.5%
TOTAL REVENUES	223,241,354	228,247,842	226,038,477	234,206,016	8,167,539	3.6%

* The figures provided for the FY09 and FY10 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
FY2012 FINANCING PLAN**

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

FY2012 REVENUE BY FUND

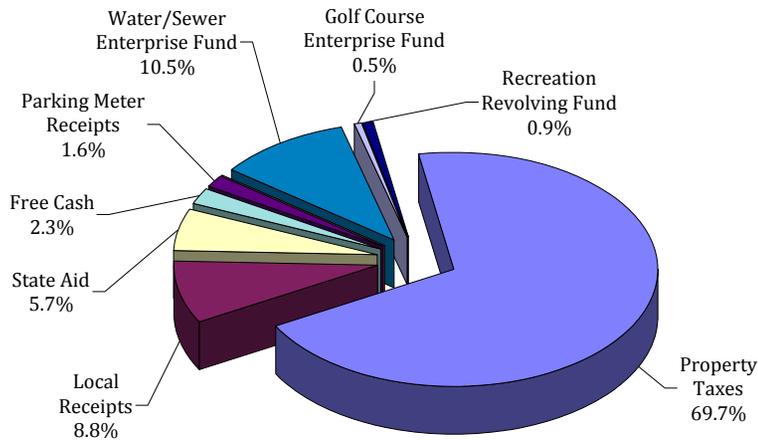
	General Fund ¹	Water & Sewer Enterprise Fund	Golf Enterprise Fund	Recreation Revolving Fund	Parking Meter Fund ²	Cemetery Fund ²	State Library Aid ²	TOTAL
Property Taxes	163,159,995							163,159,995
Local Receipts	20,525,792							20,525,792
State Aid	13,302,525							13,302,525
Parking Meter Receipts					3,800,000			3,800,000
Walnut Hill Cemetery Fund						50,000		50,000
State Aid for Libraries							41,555	41,555
Golf Enterprise Fund Reimbursement			163,852					163,852
Recreation Revolving Fund Reimbursement				295,912				295,912
Water and Sewer Enterprise Fund Reimbursement		1,867,647						1,867,647
Free Cash	5,380,264							5,380,264
TOTAL GENERAL FUND	202,368,576	1,867,647	163,852	295,912	3,800,000	50,000	41,555	208,587,543
Water and Sewer Enterprise Fund ³		22,819,959						22,819,959
Golf Course Enterprise Fund ³			1,040,148					1,040,148
Recreation Revolving Fund ³				1,758,368				1,758,368
TOTAL FINANCIAL PLAN	202,368,576	24,687,606	1,204,000	2,054,280	3,800,000	50,000	41,555	234,206,016

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

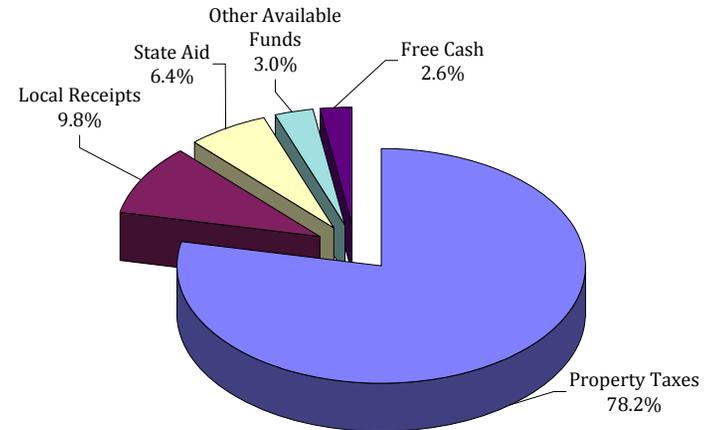
² The revenue from these funds are transferred into the General Fund.

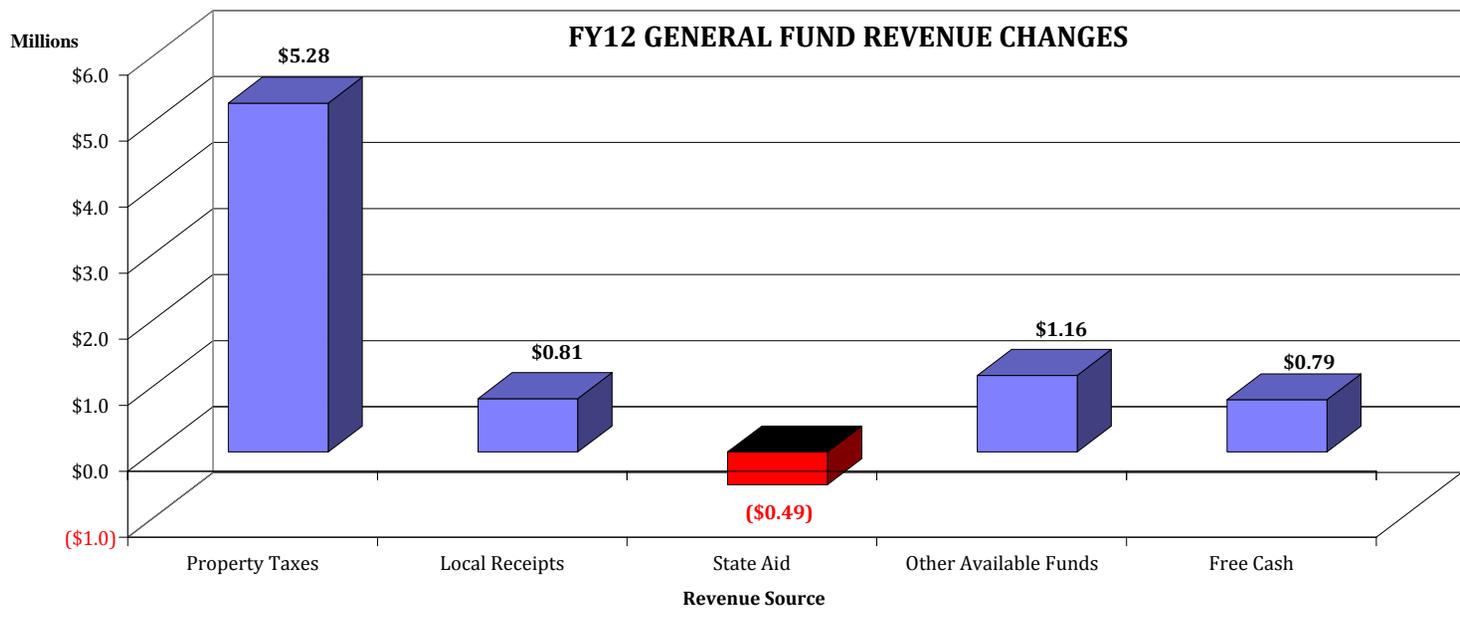
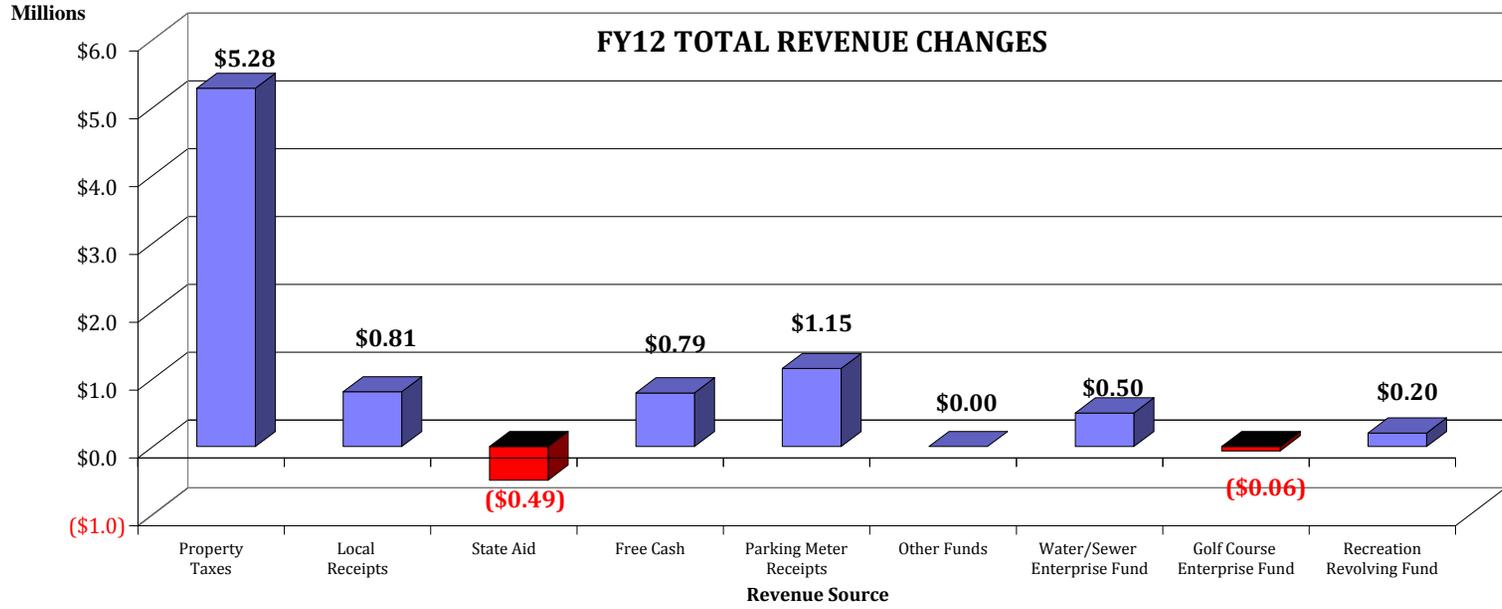
³ These are net of Reimbursements to the General Fund, as those amounts are accounted for in the "Reimbursement" figures listed under the General Fund.

FY12 TOTAL REVENUE COMPOSITION



FY12 GENERAL FUND REVENUE COMPOSITION





TOTAL REVENUES

\$ (millions)

% of General Fund Budget

REVENUE SOURCE	FY81	FY82	FY03 ACT.	FY04 ACT.	FY05 ACT.	FY06 ACT.	FY07 ACT.	FY08 ACT.	FY09 ACT.	FY10 BUD.	FY11 BUD.	FY12 BUD.
PROPERTY TAX	\$45.8 76.4%	\$40.8 71.0%	\$108.2 66.1%	\$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%	\$157.9 78.5%	\$163.2 78.2%
LOCAL RECEIPTS	\$3.8 6.4%	\$5.3 9.2%	\$23.0 14.0%	\$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%	\$19.7 9.8%	\$20.5 9.8%
STATE AID	\$5.5 9.2%	\$7.2 12.5%	\$19.1 11.6%	\$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 6.9%	\$13.3 6.4%
FEDERAL REVENUE SHARING	\$1.1 1.8%	\$1.0 1.7%	\$0.0 0.0%									
FREE CASH	\$3.4 5.7%	\$2.7 4.7%	\$5.3 3.2%	\$5.6 3.4%	\$7.0 4.0%	\$4.6 2.6%	\$5.4 2.9%	\$3.8 2.0%	\$6.0 3.0%	\$7.1 3.4%	\$4.6 2.3%	\$5.4 2.6%
OTHER AVAIL. FUNDS	\$0.3 0.5%	\$0.5 0.9%	\$8.3 5.1%	\$7.9 4.8%	\$11.1 6.3%	\$7.7 4.4%	\$8.9 4.8%	\$8.6 4.5%	\$6.0 3.0%	\$7.4 3.6%	\$5.1 2.5%	\$6.2 3.0%
GENERAL FUND BUDGET TOTAL	\$59.9	\$57.5	\$163.9	\$164.1	\$176.3	\$175.0	\$184.5	\$189.7	\$198.9	\$204.6	\$201.0	\$208.6
WATER & SEWER ENT FUND (1)	\$2.1	\$2.9	\$14.2	\$15.0	\$15.7	\$15.9	\$17.7	\$18.0	\$21.1	\$20.9	\$22.3	\$22.8
GOLF COURSE ENT FUND (1)	\$0.0	\$0.0	\$0.6	\$0.8	\$0.8	\$0.8	\$0.8	\$0.9	\$1.0	\$0.9	\$1.1	\$1.0
RECREATION REVOLVING FUND (1)	\$0.0	\$0.0	\$0.6	\$0.6	\$0.8	\$0.8	\$1.0	\$1.3	\$1.5	\$1.6	\$1.6	\$1.8
TOTAL FINANCIAL PLAN	\$62.0	\$60.4	\$179.3	\$180.5	\$193.6	\$192.6	\$204.0	\$209.9	\$222.5	\$228.2	\$226.0	\$234.2

(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	FY03 ACT.	FY04 ACT.	FY05 ACT.	FY06 ACT.	FY07 ACT.	FY08 ACT.	FY09 ACT.	FY10 BUDGET	FY11 BUDGET	FY12 BUDGET
PROPERTY TAX	(\$5.1) -11.1%	\$4.5 4.4%	\$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%	\$5.3 3.5%	\$5.3 3.3%
LOCAL RECEIPTS	\$1.5 39.1%	\$3.6 18.4%	(\$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%	(\$1.3) -6.3%	\$0.8 4.1%
STATE AID	\$1.7 31.1%	(\$0.9) -4.6%	(\$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) -16.6%	(\$0.5) -3.6%
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%	(\$6.3) -54.4%	\$0.3 6.5%	\$1.4 24.3%	(\$2.4) -33.9%	\$0.8 17.0%	(\$1.6) -29.2%	\$2.1 56.1%	\$1.1 18.4%	(\$2.5) -34.9%	\$0.8 17.2%
OTHER AVAIL. FUNDS	\$0.2 70.8%	\$1.6 22.9%	(\$0.5) -5.4%	\$3.2 41.0%	(\$3.4) -30.8%	\$1.3 16.3%	(\$0.3) -3.8%	(\$2.6) -30.4%	\$1.4 23.9%	(\$2.4) -31.8%	\$1.2 22.9%
GENERAL FUND BUDGET TOTAL	(\$2.4) -4.1%	\$2.5 1.5%	\$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%	(\$3.6) -1.8%	\$7.5 3.8%
WATER & SEWER ENT FUND (1)	\$0.9 41.0%	\$0.9 6.8%	\$0.8 5.8%	\$0.7 4.7%	\$0.1 0.9%	\$1.8 11.5%	\$0.3 1.8%	\$3.1 17.0%	(\$0.1) -0.6%	\$1.4 6.6%	\$0.5 2.2%
GOLF COURSE ENT FUND (1)	\$0.0 0.0%	(\$0.2) -23.0%	\$0.2 25.3%	\$0.0 5.4%	(\$0.0) -2.2%	\$0.0 0.2%	\$0.1 6.2%	\$0.1 9.7%	(\$0.1) -3.9%	\$0.1 13.6%	(\$0.0) -3.2%
RECREATION REVOLVING FUND (1)	\$0.0 0.0%	\$0.1 15.4%	\$0.0 7.4%	\$0.1 17.9%	\$0.1 8.9%	\$0.2 0.1%	\$0.3 0.2%	\$0.2 0.1%	\$0.1 0.0%	(\$0.0) -1.2%	\$0.2 10.0%
TOTAL FINANCIAL PLAN	(\$1.5) -2.6%	\$3.3 1.9%	\$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%	(\$2.1) -0.9%	\$8.2 3.6%

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

PROPERTY TAX

Property tax is the primary source of revenue for virtually every Massachusetts municipality. In Brookline, Property taxes represent 79% of General Fund revenues. Property taxes are levied on real property (land and buildings) and personal property (equipment) used by Brookline's non-manufacturing business firms. State law mandates that communities update their property values every three years and obtain state certification that such values represent full and fair cash value. A comprehensive town-wide revaluation was completed in FY09, with the next one scheduled for FY12.

Under the provisions of Proposition 2 1/2, property taxes, in the aggregate, may not exceed 2 1/2% of their "full and fair cash value". This limit is known as the "levy ceiling". In addition, annual levy increases may not exceed 2 1/2% more than the previous year's levy plus the "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.

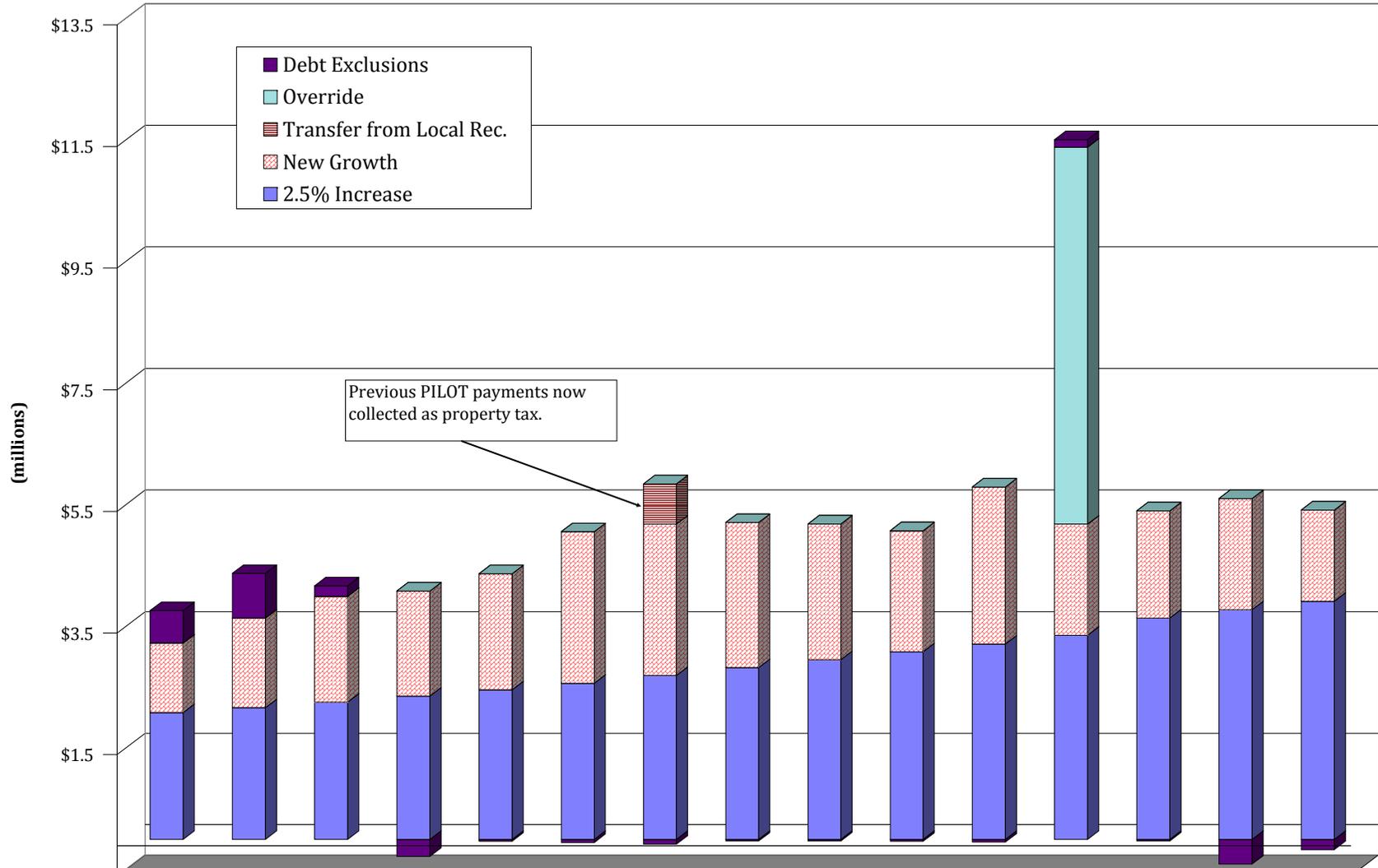
Property values and New Growth for FY12 are preliminary estimates used to project the levy limit. The FY12 maximum allowable levy is projected to total \$163,159,994, representing an increase of \$5,281,709 (3.3%) over the FY11 Levy. The figures below detail how the estimated FY12 levy is calculated:

FY11 LEVY LIMIT	\$156,653,255
<u>PROP. 2 1/2 INCREASE</u>	<u>\$3,916,331</u>
SUB-TOTAL	\$160,569,586
<u>NEW GROWTH (est.)</u>	<u>\$1,500,000</u>
ESTIMATED FY12 LEVY LIMIT	\$162,069,586
DEBT EXCLUSIONS	\$1,730,917
<u>STATE SCHOOL BLDG ASSISTANCE (SBA) REIMB.</u>	<u>(\$640,509)</u>
NET DEBT EXCLUSIONS	\$1,090,408
 FY12 TOTAL PROPERTY TAX LEVY	 \$163,159,995

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

REVENUE SOURCE	FY2009	FY2010	FY2011	FY2011	FY2012	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	134,259,886	145,644,644	151,047,972	151,047,972	156,653,255		
2.5% Increase	3,356,497	3,641,116	3,776,199	3,776,199	3,916,331		
New Growth	1,828,261	1,762,212	1,829,084	1,829,084	1,500,000		
Override	6,200,000	0	0	0	0		
Net Debt Exclusions	1,692,697	1,667,074	1,258,944	1,258,944	1,090,408		
(less) Excess Capacity	<u>(64,273)</u>	<u>(33,048)</u>	<u>(33,912)</u>	<u>(33,912)</u>	0		
Total Property Tax Levy	147,273,068	152,681,998	157,878,286	157,878,286	163,159,995	5,281,709	3.3%

COMPOSITION OF ANNUAL GROWTH IN THE PROPERTY TAX LEVY - FY98-FY12 (est.)



(\$0.5)

	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12 (est.)
Debt Exclusions	0.53	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
Override	0	0	0	0	0	0	0	0	0	0	0	6.2	0	0	0
Transfer from Local Rec.	0	0	0	0	0	0	0.66	0	0	0	0	0	0	0	0
New Growth	1.14	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	1.50
2.5% Increase	2.08	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

**TOWN OF BROOKLINE
FY2012 FINANCING PLAN**

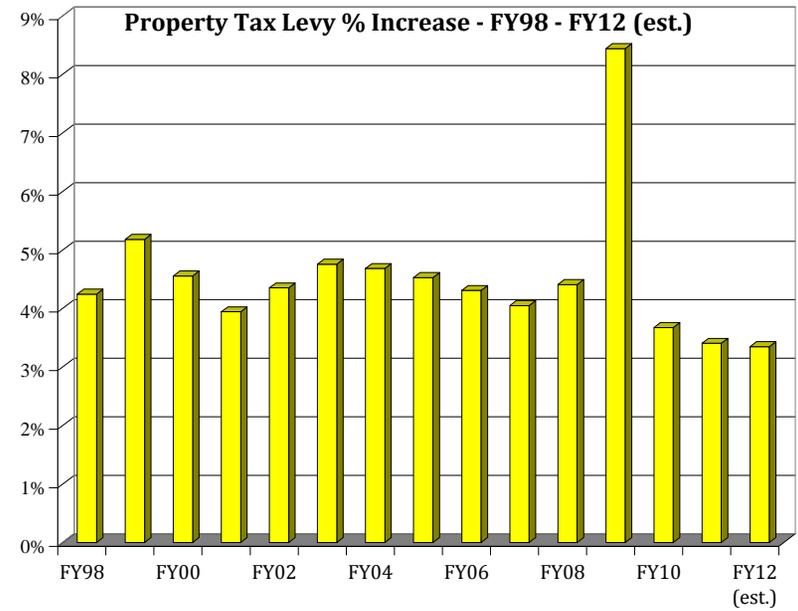
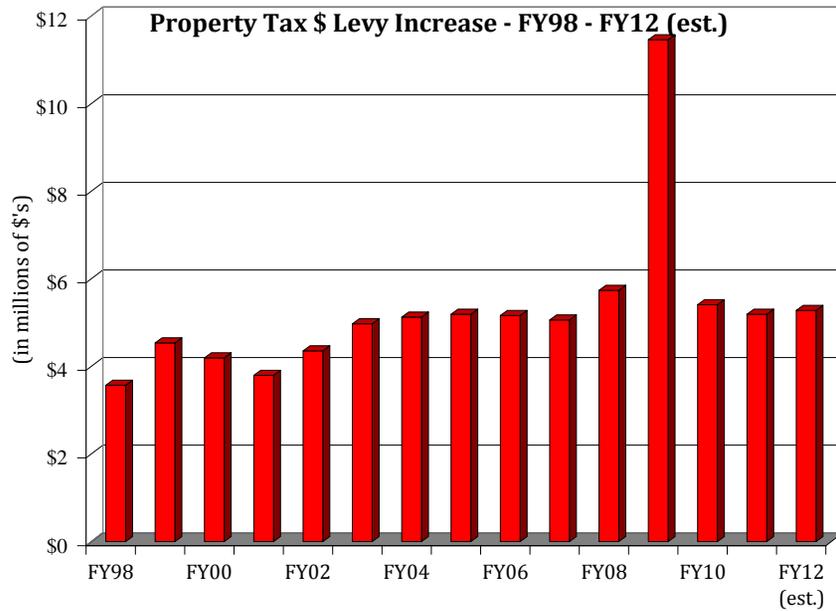
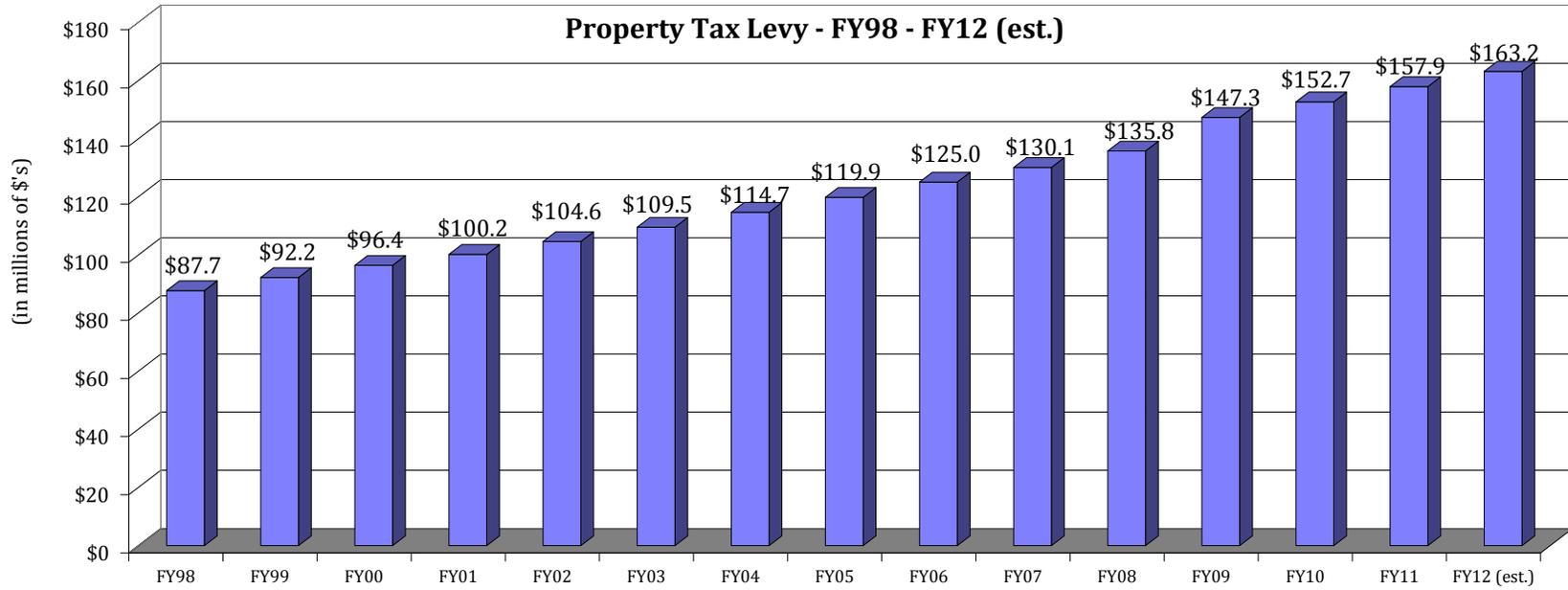
FUND: General Fund

**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, 2010	Uncollected Real Estate, Pers. Prop., & Tax Title As Of Dec 31, 2010	% Collected As As Of Dec 31, 2010	(3) Tax Titles / Foreclosures Receivable As of Yr-End
1996	80,893,488	79,015,942	97.7%	1,877,546	1,877,546	0	100.0%	1,832,383
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	431,334	87,705	99.9%	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	935,518	73,879	99.9%	602,897
2006	125,192,168	123,383,654	98.6%	1,808,515	1,780,079	28,435	100.0%	909,734
2007	130,078,303	129,277,684	99.4%	800,619	551,704	248,915	99.8%	873,404
2008	135,822,982	134,144,599	98.8%	1,678,383	1,505,482	172,901	99.9%	1,306,938
2009	147,285,266	145,749,715	99.0%	1,535,551	1,170,831	364,720	99.8%	1,265,379
2010	152,703,449	151,324,018	99.1%	1,379,430	675,213	704,217	99.5%	1,625,779

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 FY2012 FINANCING PLAN				FUND: General Fund			REVENUE GROUP: Property Tax SUB-GROUP: Property Tax			
ASSESSED VALUE AND TAX BILL HISTORIES										
DESCRIPTION	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Median Single Family Assessed Value	667,000	756,750	837,050	903,850	1,017,100	1,023,550	986,900	1,017,000	1,022,400	1,027,300
% Change	10.8%	13.5%	10.6%	8.0%	12.5%	0.6%	-3.6%	3.0%	0.5%	0.5%
Median Two Family Assessed Value	592,800	702,000	777,900	837,200	950,000	950,900	932,450	953,200	956,100	958,850
% Change	8.0%	18.4%	10.8%	7.6%	13.5%	0.1%	-1.9%	2.2%	0.3%	0.3%
Median Three Family Assessed Value	624,800	786,500	870,250	931,150	1,088,000	1,102,900	1,078,450	1,113,200	1,115,150	1,116,000
% Change	8.2%	25.9%	10.6%	7.0%	16.8%	1.4%	-2.2%	3.2%	0.2%	0.1%
Median Condo Assessed Value	257,000	322,200	346,900	373,700	411,400	424,800	411,450	423,500	423,000	423,900
% Change	11.1%	25.4%	7.7%	7.7%	10.1%	3.3%	-3.1%	2.9%	-0.1%	0.2%
Median Commercial Assessed Value	655,700	738,400	790,100	875,000	943,500	914,300	971,500	1,015,600	1,033,800	1,038,350
% Change	19.9%	12.6%	7.0%	10.7%	7.8%	-3.1%	6.3%	4.5%	1.8%	0.4%
Median Single Family Tax Bill	7,247	7,057	7,412	7,716	8,137	8,341	8,437	9,130	9,429	9,771
% Change	6.4%	-2.6%	5.0%	4.1%	5.5%	2.5%	1.2%	8.2%	3.3%	3.6%
Median Two Family Tax Bill	6,290	6,443	6,783	7,034	7,497	7,634	7,883	8,448	8,701	8,998
% Change	3.3%	2.4%	5.3%	3.7%	6.6%	1.8%	3.3%	7.2%	3.0%	3.4%
Median Three Family Tax Bill	6,703	7,391	7,765	7,995	8,815	9,113	9,369	10,158	10,446	10,773
% Change	3.5%	10.3%	5.1%	3.0%	10.2%	3.4%	2.8%	8.4%	2.8%	3.1%
Median Condo Tax Bill	1,958	2,186	2,202	2,292	2,353	2,515	2,579	2,786	2,853	2,953
% Change	7.6%	11.6%	0.7%	4.1%	2.6%	6.9%	2.6%	8.0%	2.4%	3.5%
Median Commercial Tax Bill	13,816	13,424	13,637	14,534	14,587	14,519	16,224	17,590	18,402	19,002
% Change	14.2%	-2.8%	1.6%	6.6%	0.4%	-0.5%	11.7%	8.4%	4.6%	3.3%
Residential Tax Rate (per \$1,000 of value)	12.90	11.21	10.63	10.23	9.55	9.73	10.18	10.69	10.97	11.30
Commercial Tax Rate (per \$1,000 of value)	21.07	18.18	17.26	16.61	15.46	15.88	16.70	17.32	17.80	18.30

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

LOCAL RECEIPTS SUMMARY

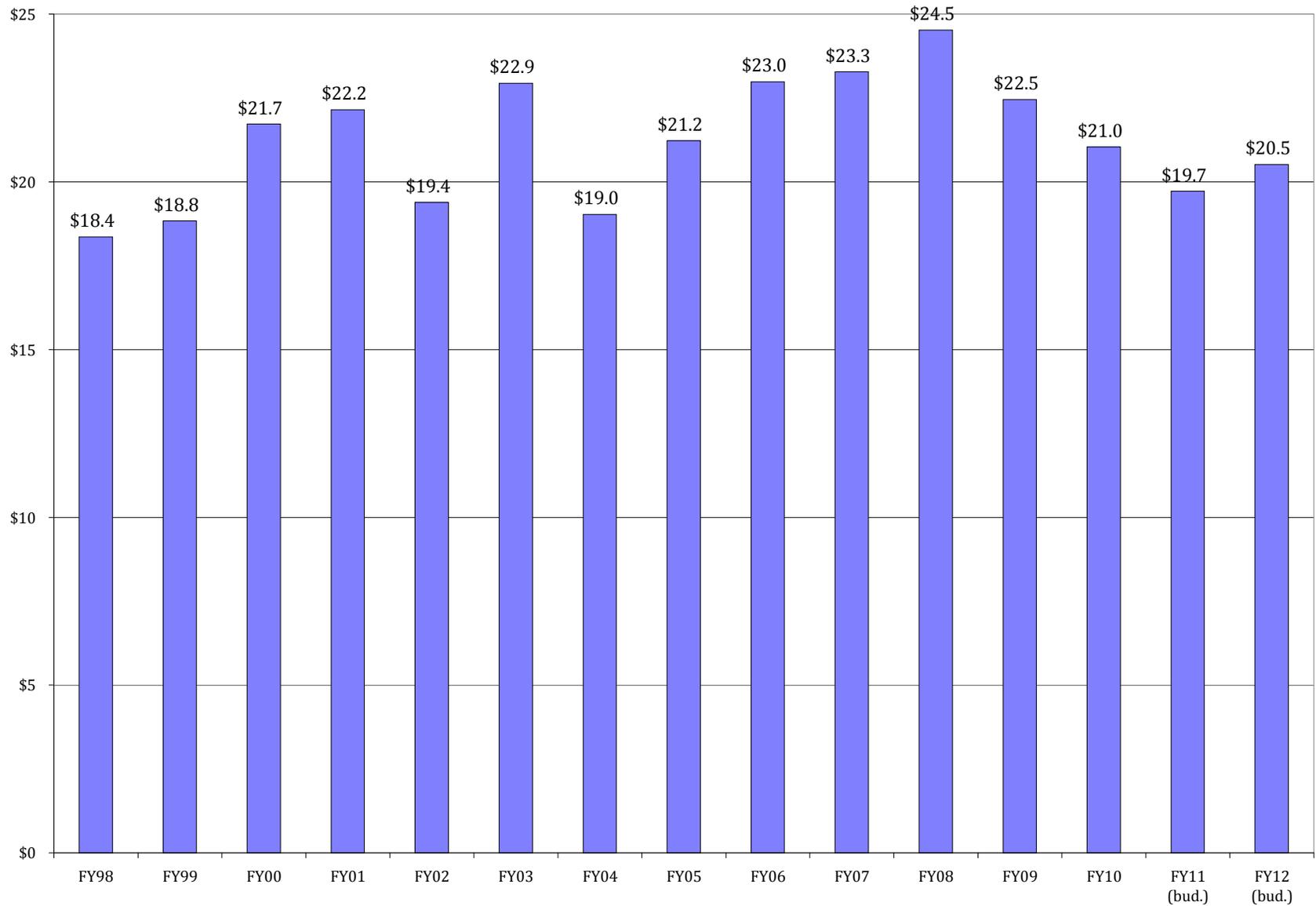
Local Receipts, estimated to add \$20.53 million to the Town's revenue stream, represent 9.8% of total General Fund revenues. They include motor vehicle excise, local option taxes, fees, fines, charges for licenses and permits, violations, investment earnings, and other similar non-tax type items. These 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 \$807,317 (4.1%) over the FY11 budgeted amounts. A summary of all changes are as follows:

- 1.) **Payment in Lieu of Taxes (PILOTs)** - increase \$330,000 (37.5%) to \$1.21 million due primarily to the PILOT agreement with Boston University.
- 2.) **Local Option Taxes** - increase \$200,000 (12.9%) to \$1.75 million to reflect actual experience of the meals and lodging excise taxes.
- 3.) **General Government** - this category increases \$130,317 (5.5%) to \$2.48 million due primarily to a \$100,000 (5.6%) increase in Building Permits.
- 4.) **Motor Vehicle Excise (MVE)** - increases \$100,000 (2.2%) to \$4.7 million.
- 5.) **Interest Income** - increases \$50,000 (8.3%) to \$650,000, a reflection of the current, and projected, interest rate environment.
- 6.) **Parking and Court Fines** - increase \$50,000 (1.1%) to \$4.4 million.
- 7.) **Licenses / Permits** - increase \$24,000 (2.4%) to \$1.01 million due primarily to the new Green Dog program.
- 8.) **Departmental and Other** - decreases \$77,000 (4.3%) to \$1.72 million due primarily to a change in how Guest Overnight Parking is accounted for (now part of Parking Meter receipts, which is part of the "Other Available Funds" category of revenue), partially offset by an increase in CATV revenue (\$25,000, 4.3%).

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

REVENUE SOURCE	FY2009	FY2010	FY2011	FY2011	FY2012	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Motor Vehicle Excise	5,027,901	4,694,128	4,600,000	4,800,000	4,700,000	100,000	2.2%
Local Option Taxes	788,531	1,411,553	1,550,000	1,990,000	1,750,000	200,000	12.9%
Licenses and Permits	944,011	1,032,093	986,975	1,072,475	1,010,975	24,000	2.4%
Parking and Court Fines	4,674,987	4,421,553	4,350,000	4,400,000	4,400,000	50,000	1.1%
General Government	3,610,091	2,969,579	2,352,500	2,895,000	2,482,817	130,317	5.5%
Interest Income	1,333,712	786,358	600,000	875,000	650,000	50,000	8.3%
In Lieu of Tax Payments	1,021,504	996,834	880,000	1,230,000	1,210,000	330,000	37.5%
Refuse Fees	2,654,048	2,668,453	2,600,000	2,650,000	2,600,000	0	0.0%
Departmental and Other	2,400,364	2,058,159	1,799,000	1,764,000	1,722,000	(77,000)	-4.3%
Total	22,455,149	21,038,710	19,718,475	21,676,475	20,525,792	807,317	4.1%

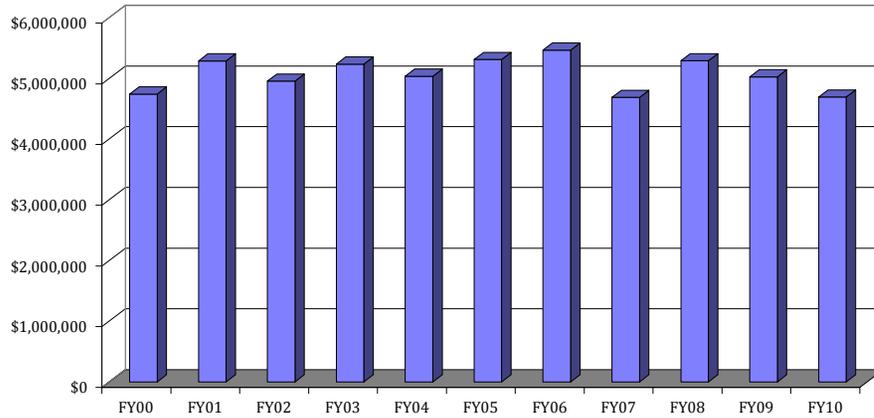
15-YEAR LOCAL RECEIPT HISTORY (in millions)



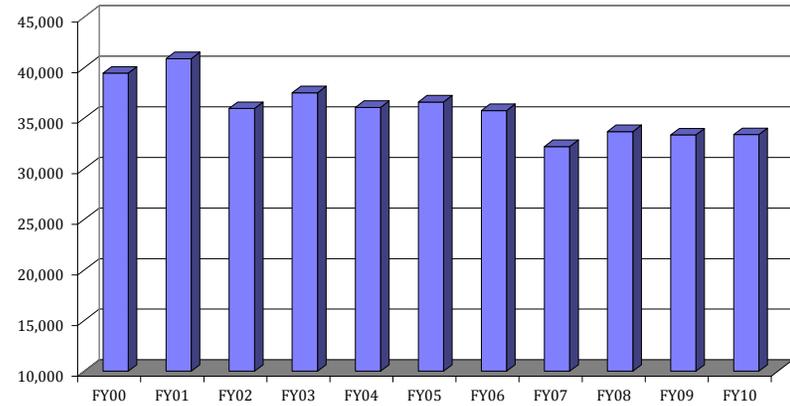
MOTOR VEHICLE EXCISE

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 \$4.7 million in FY12, an amount that is \$100,000 (2.2%) above the FY11 budgeted amount.

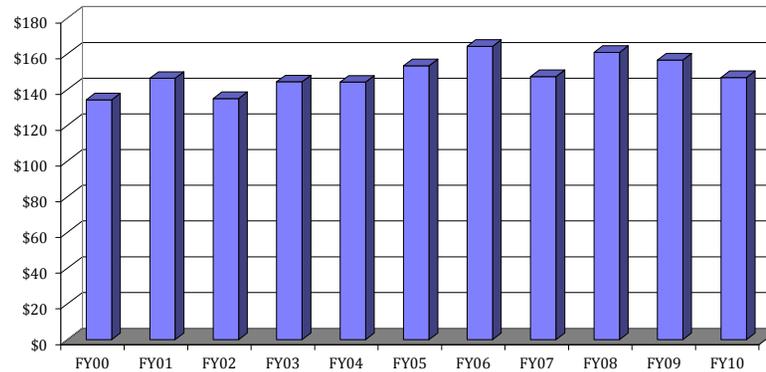
MVE COLLECTIONS



NUMBER OF MVE BILLS



AVERAGE MVE BILL



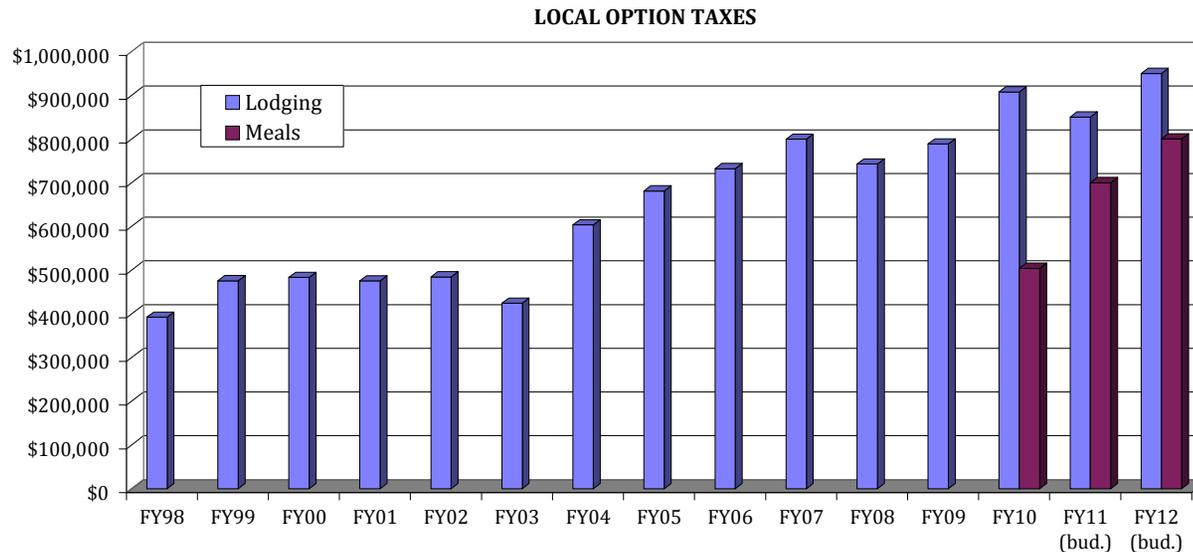
REVENUE SOURCE	FY2009	FY2010	FY2011	FY2011	FY2012	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Motor Vehicle Excise	5,027,901	4,694,128	4,600,000	4,800,000	4,700,000	100,000	2.2%

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 FY12, this revenue source is expected to generate \$950,000, an increase of \$100,000 (11.8%) from the FY11 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 FY12, this revenue source is expected to generate \$800,000, an increase of \$100,000 (14.3%) from the FY11 budgeted amount.



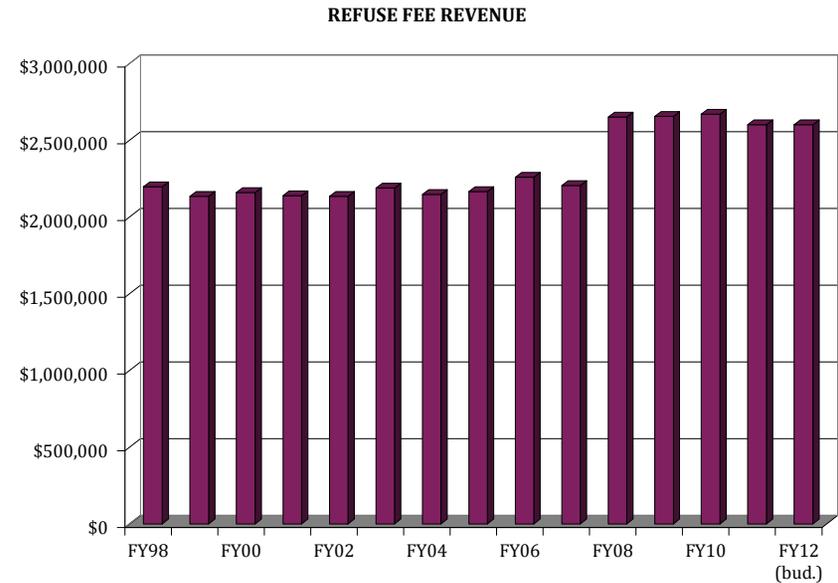
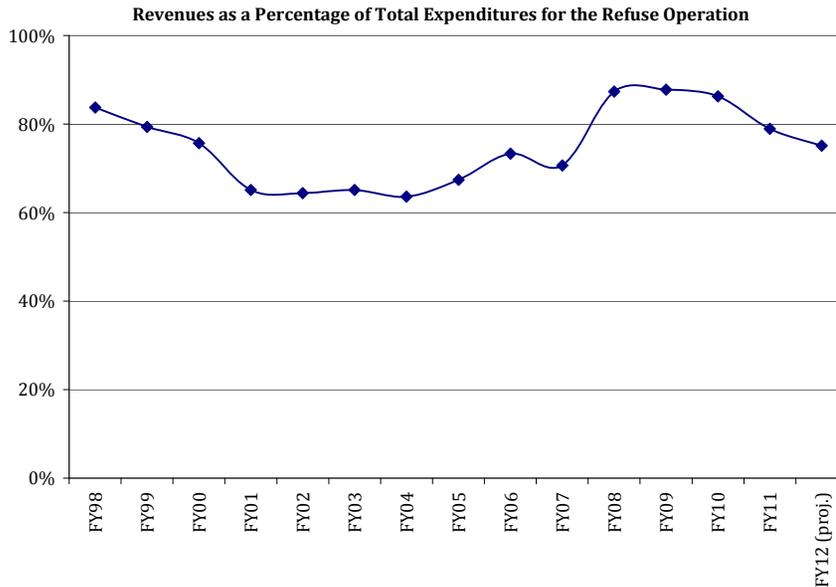
REVENUE SOURCE	FY2009	FY2010	FY2011	FY2011	FY2012	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Hotel/Motel Excise	788,531	907,474	850,000	1,100,000	950,000	100,000	11.8%
Meals Tax	0	504,079	700,000	890,000	800,000	100,000	14.3%
Totals	788,531	1,411,553	1,550,000	1,990,000	1,750,000	200,000	12.9%

REFUSE FEE

For FY11, 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-FY11	FY12 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.

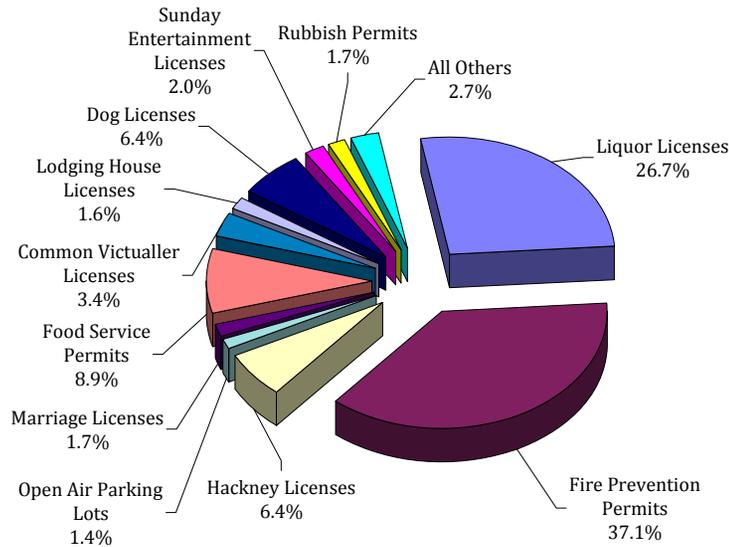


REVENUE SOURCE	FY2009	FY2010	FY2011	FY2011	FY2012	BUDGET INCREASE	
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ESTIMATE</u>	<u>BUDGET</u>	\$	%
Refuse Fee	2,654,048	2,668,453	2,600,000	2,650,000	2,600,000	0	0.0%

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 FY12, revenues from this category are expected to total \$1.01 million, an increase of \$24,000 (2.4%) from FY11 budgeted levels. The increase comes from Dog Licenses (\$33,000, 103%, of which \$30,000 is attributable to the Green Dog program), Liquor Licenses (\$15,000, 5.9%), and Hackney Licenses (\$5,000, 8.3%), partially offset by a \$25,000 (6.3%) reduction in Fire Prevention Permits.

FY12 LICENSES/PERMITS REVENUE



LICENSES & PERMITS REVENUE

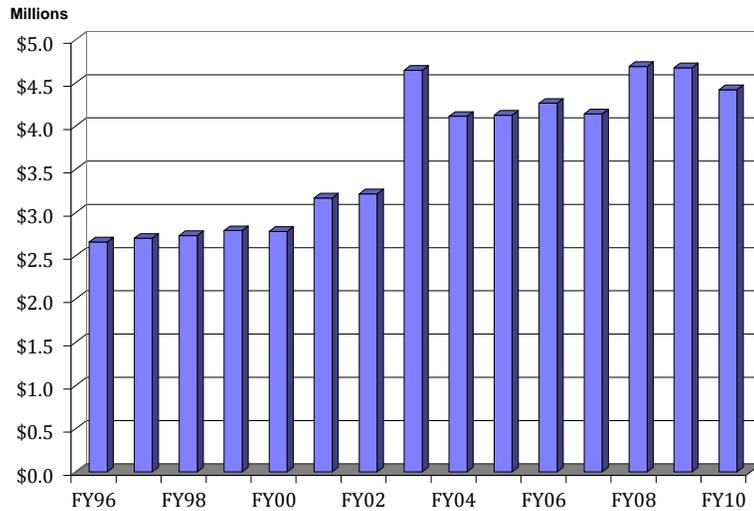


REVENUE SOURCE	FY2009	FY2010	FY2011	FY2011	FY2012	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Liquor Licenses	273,550	292,008	255,000	300,000	270,000	15,000	5.9%
Fire Prevention Permits	328,190	380,659	400,000	410,000	375,000	(25,000)	-6.3%
Hackney Licenses	70,295	74,584	60,000	70,000	65,000	5,000	8.3%
Open Air Parking Lots	14,085	13,890	14,000	14,000	14,000	0	0.0%
Marriage Licenses	14,562	18,720	17,000	17,000	17,000	0	0.0%
Food Service Permits	89,963	93,514	90,000	90,000	90,000	0	0.0%
Common Victualler Licenses	37,375	36,240	34,000	37,000	34,000	0	0.0%
Lodging House Licenses	16,120	15,955	16,000	16,000	16,000	0	0.0%
Dog Licenses	34,583	37,988	32,000	45,000	65,000	33,000	103.1%
Sunday Entertainment Licenses	19,990	22,185	19,000	21,000	20,000	1,000	5.3%
Rubbish Permits	17,850	19,330	17,500	20,000	17,500	0	0.0%
All Others	27,448	27,022	32,475	32,475	27,475	(5,000)	-15.4%
Totals	944,011	1,032,093	986,975	1,072,475	1,010,975	24,000	2.4%

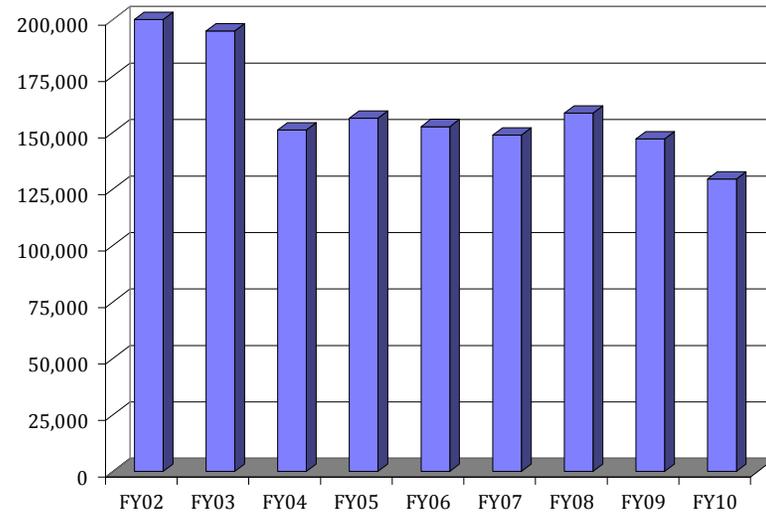
PARKING AND COURT FINES

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 \$4.4 million estimate is \$1.45 million, or approximately 50%, 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 129,000 in FY10. This represents a decrease of 37% since the peak in FY02 and a 14% decline since FY04. The estimate for FY12 is increased \$50,000 (1.1%) to \$4.4 million.

REVENUE SOURCE	FY2009 <u>ACTUAL</u>	FY2010 <u>ACTUAL</u>	FY2011 <u>BUDGET</u>	FY2011 <u>ESTIMATE</u>	FY2012 <u>BUDGET</u>	BUDGET INCREASE	
						\$	%
Parking and Court Fines	4,674,987	4,421,553	4,350,000	4,400,000	4,400,000	50,000	1.1%

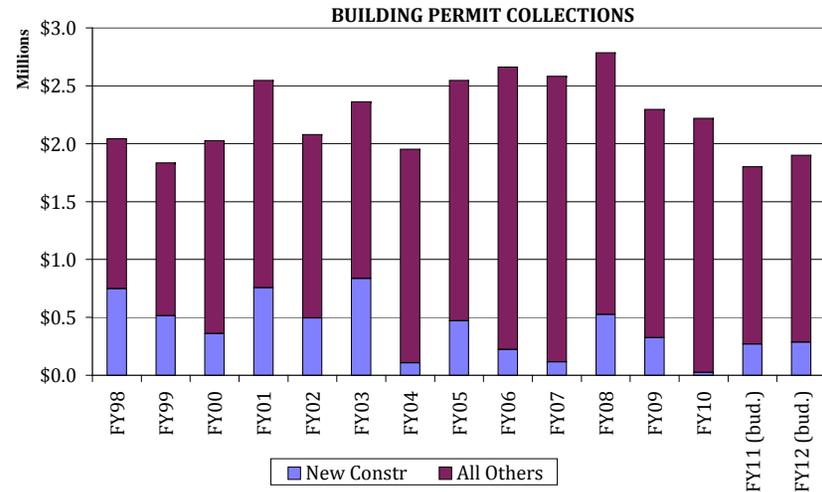
**TOWN OF BROOKLINE
FY2012 FINANCING PLAN**

FUND: General Fund

**REVENUE GROUP: Local Receipts
SUB-GROUP: General Government**

GENERAL GOVERNMENT

Revenues derived from this category are expected to increase \$130,317 (5.5%) from the FY11 budgeted amount, due primarily to a \$100,000 (5.6%) increase in Building Permits. As shown in the graph to the right, **Building Permit** collections are quite volatile. Because of the recession, the Building Permit activity declined significantly in FY09 and FY10. However, year-to-date experience indicates that the budget can be increased. The graph also shows the composition of Building Permits. New construction permits, on average, account for approximately 15% of all Building Permit revenue. The other 85% comes primarily from renovation-related permits. In FY10, there was virtually no revenue derived from permits for new construction.



Legal Damage Recovery revenue results from certain legal actions undertaken by the Town. The amounts collected vary greatly year to year because they are derived from unpredictable events that are the basis for the Town's recoveries. **Town Clerk Fees** include fees for records and certified copies and the budget for those are decreased \$3,000 (3.1%).

The budget for **Collector's Fees**, which consist primarily of Municipal Lien Certificates (MLC's) and Tailings, is increased \$15,000 (15%). **Plan Design Review** fees are charged by the Building Department when a project requires approval from the Zoning Board of Appeals (ZBA). The **Property Rental Payments** are eliminated as a result of the successor ambulance contract signed by the Town. Since the company (Fallon) is now providing two dedicated ALS ambulances, the \$7,000 rental payment for space at Fire Station #7 was removed from the contract. 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. It should be noted that in FY13, the Town should begin receiving this revenue again as a member of the Group Insurance Commission (GIC).

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 \$8,317 (4.3%). Payments from the two companies that have built **Distributed Antenna Systems (DAS)** in town are expected to total \$70,000 in FY12, an increase of \$10,000 (16.7%). 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 level-funded at \$47,000.

REVENUE SOURCE	FY2009	FY2010	FY2011	FY2011	FY2012	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Building Permits and Inspections	2,295,826	2,218,575	1,800,000	2,200,000	1,900,000	100,000	5.6%
Legal Damage Recovery	62,500	5,094	5,000	20,000	5,000	0	0.0%
Town Clerk's Fees	74,687	93,124	95,500	100,000	92,500	(3,000)	-3.1%
Collector's Fees	126,121	148,282	100,000	135,000	115,000	15,000	15.0%
Plan Design Review	81,355	19,695	50,000	20,000	50,000	0	0.0%
Property Rental Payments	7,000	0	0	0	0	0	-
Medicare Part D Subsidy	16,187	10,867	0	0	0	0	-
Benefits Reimbursement	203,232	205,425	195,000	195,000	203,317	8,317	4.3%
Distributed Antenna System (DAS) Fees	38,980	74,701	60,000	75,000	70,000	10,000	16.7%
All Others	704,202	193,816	47,000	150,000	47,000	0	0.0%
Totals	3,610,091	2,969,579	2,352,500	2,895,000	2,482,817	130,317	5.5%

INTEREST INCOME

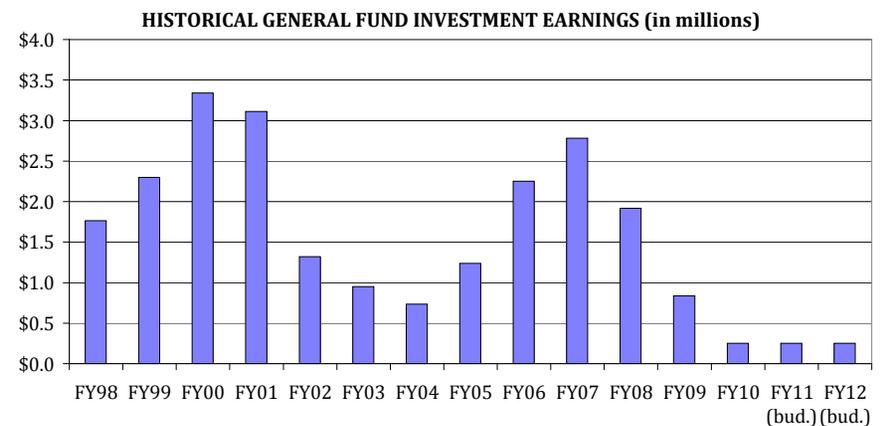
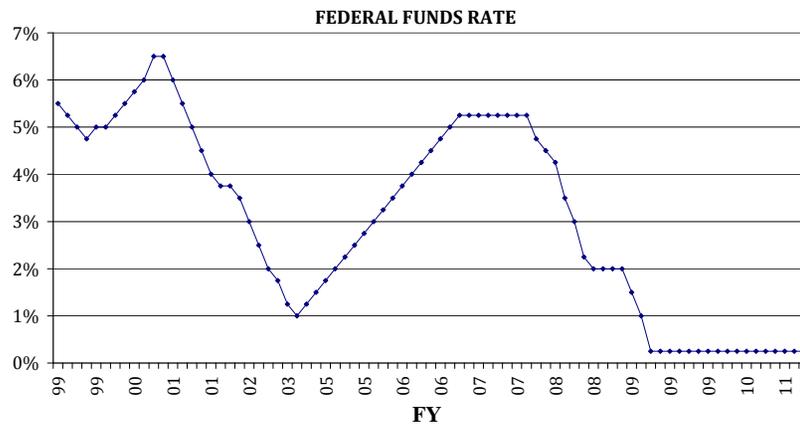
The Town Treasurer regularly invests any cash not required for current disbursements. The interest earned from these investments is credited to the Interest Income account. The amount of investment income earned in any given year is dependent upon a number of variables, the most important of which are:

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

Investment income accounted for only 32% of the interest income earned in FY10, a significant change from the 62% it represented in FY09. The other source of interest is from payments made by delinquent taxpayers.

The estimate for interest earned on investments for FY12 is level-funded at \$250,000. This reflects a \$1.7 million decrease (87%) from the FY08 actual and an even more incredible \$2.5 million decrease (91%) 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 \$250,000 estimate continues to reflect this reality. The two graphs below show the changes in the Federal Funds rate (left) and the historical Investment Income earnings (right).



The amount budgeted in FY12 for interest earned from delinquent taxpayers is increased \$50,000 (14.3%) from the FY11 budgeted amount to \$400,000.

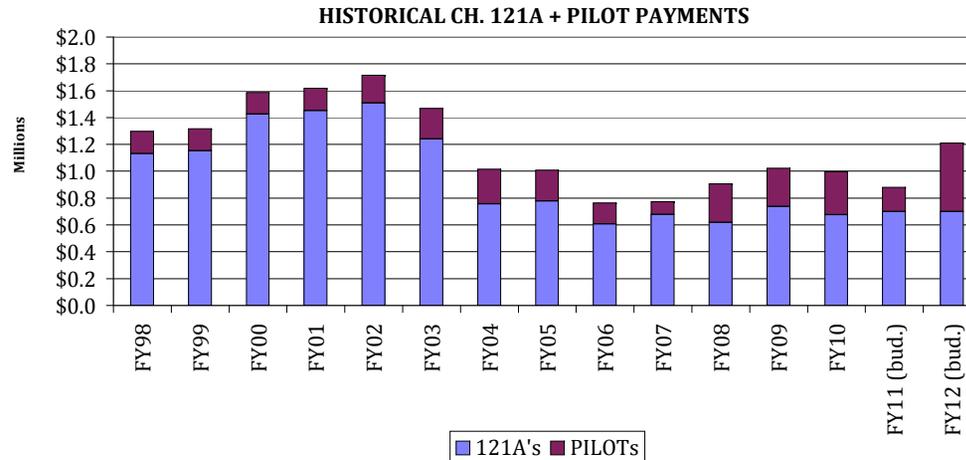
REVENUE SOURCE	FY2009	FY2010	FY2011	FY2011	FY2012	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Interest Income	838,534	251,538	250,000	325,000	250,000	0	0.0%
Delinquent Tax Interest	495,178	534,820	350,000	550,000	400,000	50,000	14.3%
Totals	1,333,712	786,358	600,000	875,000	650,000	50,000	8.3%

PAYMENTS IN LIEU OF TAXES

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

Under the provisions of Chapter 121A, a community may enter into an agreement with a developer, under certain conditions, to pay a percentage of their income from a project rather than pay property taxes. The Town has agreements on two Chapter 121A properties that call for payments of a percentage of gross income varying from 10% to 16.5%. This payment is subject to a minimum and maximum amount set by State law. The minimum payment is \$10.00 per thousand of property value, plus 5% of gross income for the project. A portion of the minimum payment is considered an excise tax and is paid to the State and then turned over to the Town. The difference between the excise tax portion and the total payment (based on 10% to 16.5% of gross income) is directly billed and collected by the Town. The Ch. 121A agreements, along with their estimated FY12 estimated payment, are as follows: \$114,000 for 1371 Beacon St. (Beacon Park Associates) and \$586,000 for 55 Village Way, for a total of \$700,000. This reflects level funding.

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 \$510,000 for FY12, an increase of \$330,000 (183%) from FY11 budgeted amounts. The large increase is due to the new agreement with Boston University.



REVENUE SOURCE	FY2009 <u>ACTUAL</u>	FY2010 <u>ACTUAL</u>	FY2011 <u>BUDGET</u>	FY2011 <u>ESTIMATE</u>	FY2012 <u>BUDGET</u>	BUDGET INCREASE	
						\$	%
Chapter 121A Projects	736,792	677,015	700,000	700,000	700,000	0	0.0%
Other PILOTs	212,536	224,023	105,000	440,000	425,000	320,000	304.8%
Brookline Housing Authority PILOT	72,176	95,796	75,000	90,000	85,000	10,000	13.3%
Totals	1,021,504	996,834	880,000	1,230,000	1,210,000	330,000	37.5%

**TOWN OF BROOKLINE
FY2012 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 \$1.72 million, an amount that is \$77,000 (4.3%) less than the FY11 budgeted amount. This is primarily due to a change in accounting for Guest Overnight Parking from Local Receipts to Parking Meter Receipts, which falls under the "Other Available Funds" category of revenue. A summary of the items that comprise this category are as follows:

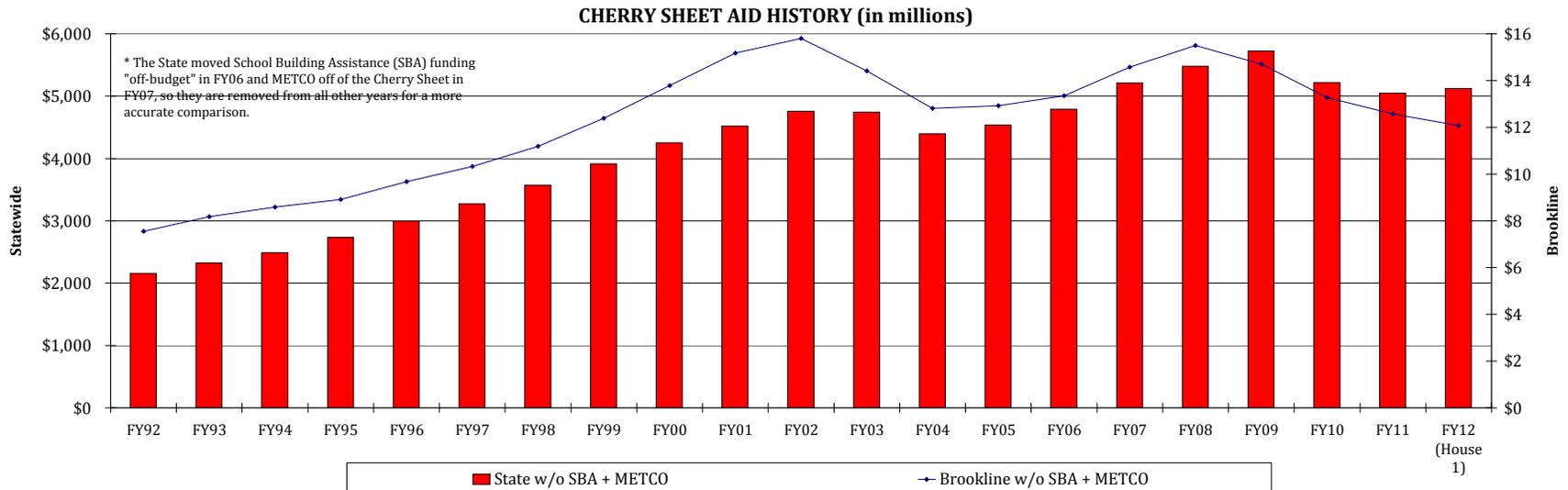
- Public Safety Fees - these include Towing Fees and Firearms Licenses and are reduced by \$13,000 (17.3%) to \$62,000.
- Health and Sanitation - these fees, which include Tobacco and Asbestos Fees, are collected by the Health Department. They are increased \$4,000 (8%) to \$54,000.
- Public Works Fees - these consist primarily of street cutting permits. They are increased \$3,000 (3.8%) to \$82,000.
- Recycling - this comes from the Town's recycling contract. Under the previous contract, the Town received revenue equal to the per ton market rate for recycled paper, with a guaranteed minimum of \$10 per ton. Through the Fall of 2008, the Town was actually receiving more than \$100 per ton for paper. Once the worldwide recession hit, the demand for goods made with recycled paper dropped off dramatically, driving the per ton price downward. As part of the Single-Stream Recycling contract, the estimated amount of revenue to be received is \$36,000, an amount that assumes a per ton price of \$40 per ton. If the market rate exceeds \$40 per ton, the Town receives 60% of the difference.
- 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. As previously mentioned, they show a decrease of \$83,000 (17%), but that reflects the move of \$100,000 to the Parking Meter Receipt account.
- 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 has 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 is level-funded at \$230,000.
- Library - these consist of overdue fines and miscellaneous fees and are decreased \$5,000 (4.5%) to \$105,000.
- 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 (4.3%) to \$600,000 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 FY12 estimate is \$8,000, a reduction of \$8,000 (50%).

REVENUE SOURCE	FY2009	FY2010	FY2011	FY2011	FY2012	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Public Safety	78,466	64,372	75,000	62,000	62,000	(13,000)	-17.3%
Health and Sanitation	52,799	49,861	50,000	45,000	54,000	4,000	8.0%
Public Works	107,227	83,461	79,000	80,000	82,000	3,000	3.8%
Recycling	156,138	116,832	36,000	36,000	36,000	0	0.0%
Parking Fees	540,359	523,292	488,000	465,000	405,000	(83,000)	-17.0%
Credit Card Convenience Fees	61,474	12,228	0	0	0	0	-
Schools (Medicaid Reimbursement)	467,957	346,268	230,000	230,000	230,000	0	0.0%
Library	109,376	105,251	110,000	100,000	105,000	(5,000)	-4.5%
Detail Surcharges	218,724	140,594	140,000	150,000	140,000	0	0.0%
Cable TV Franchise	571,297	597,834	575,000	575,000	600,000	25,000	4.3%
Pension Reimbursement	36,546	18,166	16,000	8,000	8,000	(8,000)	-50.0%
Totals	2,400,364	2,058,159	1,799,000	1,764,000	1,722,000	(77,000)	-4.3%

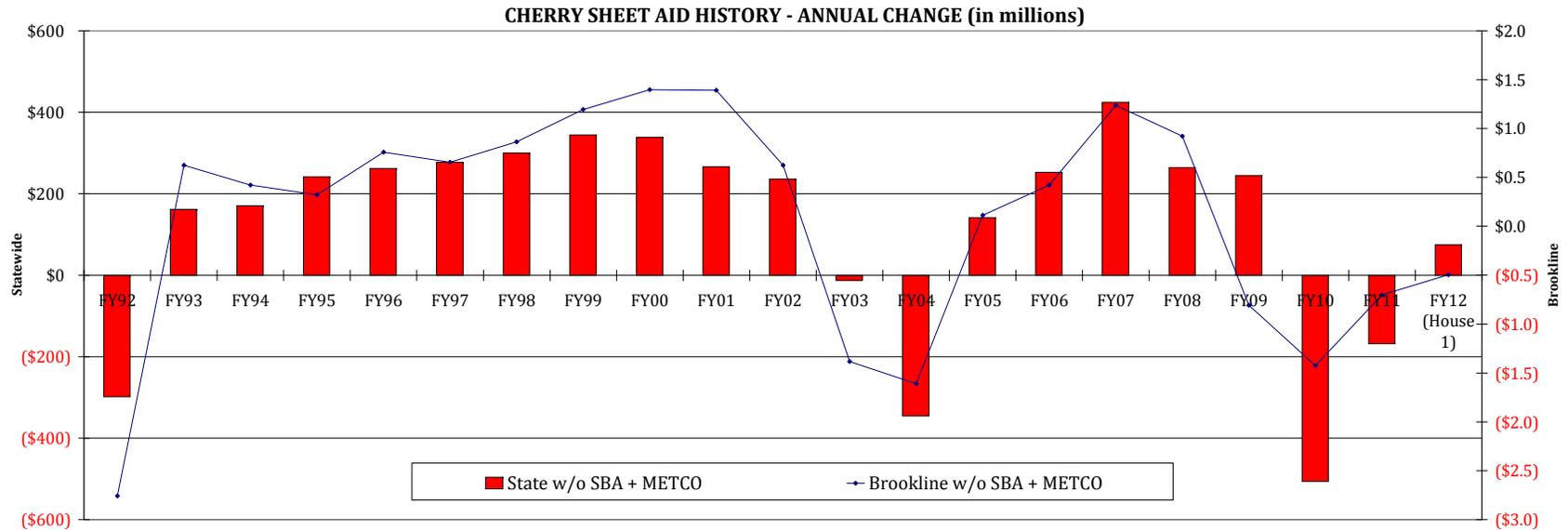
STATE AID SUMMARY

Since the passage of Proposition 2 1/2, municipalities have been dependent upon the State to provide an equitable share of all growth tax revenues. (Growth taxes include income, sales, and corporate taxes.) Since the intergovernmental relationship between municipalities and the State is a vital component of service delivery for cities and towns, any reductions in 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., Ch. 70 (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 a \$700,213 (5.3%) cut in FY11. This history is shown below:



REVENUE SOURCE	FY2009 <u>ACTUAL</u>	FY2010 <u>ACTUAL</u>	FY2011 <u>BUDGET</u>	FY2011 <u>ESTIMATE</u>	FY2012 <u>BUDGET</u>	BUDGET INCREASE	
						\$	%
General Government Aid	7,823,623	5,774,840	5,509,569	5,509,569	4,980,330	(529,239)	-9.6%
School Aid	6,708,031	7,358,077	6,915,398	6,915,398	6,949,830	34,432	0.5%
School Construction Aid	3,267,372	3,267,371	1,227,634	1,227,634	1,227,634	0	0.0%
Tax Exemptions	40,901	39,398	41,905	41,905	37,892	(4,013)	-9.6%
Education Offset Items	122,866	103,079	102,036	102,036	106,839	4,803	4.7%
Totals	17,962,793	16,542,765	13,796,542	13,796,542	13,302,525	(494,017)	-3.6%



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

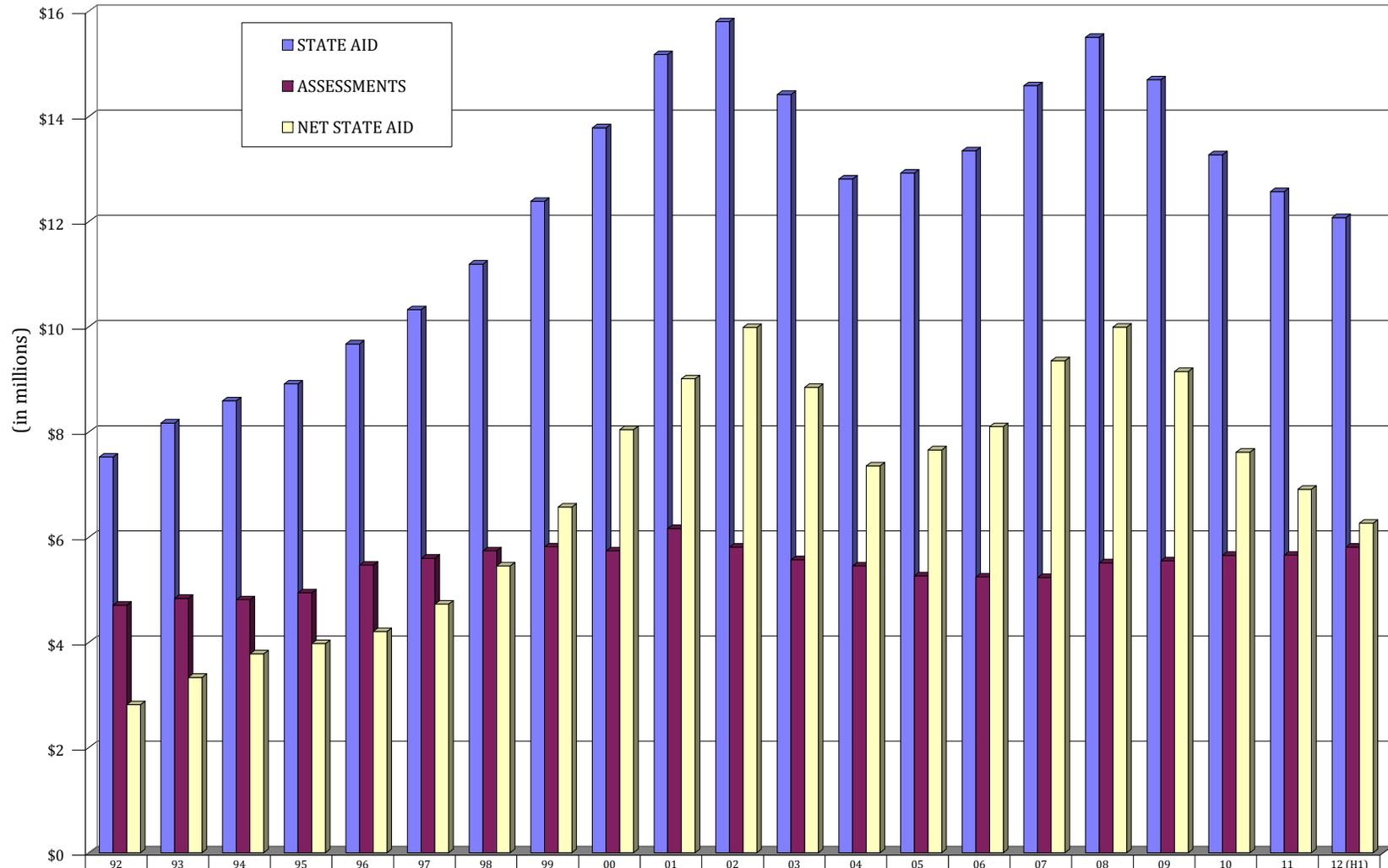
The Governor's FY12 budget proposal increases Chapter 70 Education aid by \$139.3 million (3.6%) statewide to \$3.99 billion; however, Unrestricted General Government Aid (UGGA) was cut by \$65 million (7.2%) to \$834 million. State leaders, however, have urged caution in using the Governor's State Aid proposal when building local budgets for FY12. Using the Governor's proposed Ch. 70 distribution figures (slight increase for Brookline) but assuming a 10% reduction in Unrestricted General Government Aid as set out in the initial Financial Forecast is a reasonably balanced approach under the circumstances.

ADDITIONAL ASSISTANCE

Additional Assistance was intended to provide flexible unrestricted aid to towns. In the 1980's, the Legislature adopted a needs-based formula to allocate the then-new Resolution Aid. Prior to the Education Reform Act of 1993, additional aid was the difference between 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. In FY10, it was combined with Lottery to become "Unrestricted General Government Aid" and cut by \$377 million (29%) statewide and by \$2.3 million (29%) for Brookline. The table below shows the history of Additional Assistance, both statewide and for Brookline, between FY90 and FY10.

	<u>STATEWIDE</u>	<u>BROOKLINE</u>
FY90	\$765M	\$6.9M
FY92-FY02	\$476.3M	\$4.4M
FY03 Post 9C Cut	\$403.7M	\$3.7M
FY04-FY08	\$378.5M	\$3.5M
FY09 Orig.	\$378.5M	\$3.5M
FY09 Post-9C Cut	\$341.6M	\$3.2M
FY10	\$0	\$0

BROOKLINE ACTUAL STATE AID AND ASSESSMENTS



	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12 (H1)
STATE AID	7.52	8.17	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	14.70	13.27	12.57	12.07
ASSESSMENTS	4.71	4.84	4.81	4.94	5.47	5.60	5.74	5.81	5.74	6.16	5.81	5.57	5.45	5.26	5.24	5.23	5.51	5.55	5.65	5.66	5.81
NET STATE AID	2.81	3.33	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	9.15	7.62	6.91	6.26

**TOWN OF BROOKLINE
FY2012 FINANCING PLAN**

FUND: General Fund

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

LOTTERY

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

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

In FY90, the State placed an artificial cap on the distributions to cities and towns and used the balance of the revenues for state budgetary purposes in disregard of the original Lottery enabling legislation. In FY91 and FY92, the Legislature capped the lottery distributions at \$306 million, the FY90 level. For FY93 and FY94, the Legislature increased the distribution by \$23 million to a total of \$329 million. At that point, the "diversion" totaled \$170 million. As a result of increased pressure from local government, the Legislature authorized an additional \$42 million during FY95. They also pledged to continue to add, in the minimum, \$20 million per year for the next four years to restore the previously diverted growth proceeds. This commitment expired with the FY00 distribution, which totaled \$670 million. In FY01, the amount increased to \$730 million and in FY02 it further increased to \$778 million, which was also the FY03 amount. During this period, Brookline's share of lottery proceeds increased 73%, from \$2.3 million to \$3.98 million.

Unfortunately for cities and towns, the State began to cut the level of revenue distributed back to municipalities when the Governor issued his mid-year cuts in January, 2003. The FY04 level of \$661.4 million was \$116.7 million (15%) below the original FY03 budgeted amount. For Brookline, the 15% cut translated into \$596,624. In FY06, this account was increased \$100 million (15.1%) to \$761.4 million. For Brookline, it resulted in an increase of approximately \$376,000 (11.1%) to \$3.76 million. In FY07, statewide funding increased \$158.7 million, or 20.8%. For Brookline, this translated into an increase of \$589,245 (15.7%) to \$4.3 million. In FY08, the statewide appropriation was increased \$15 million (1.6%) to \$935 million, with Brookline's amount increasing \$58,304 (1.3%) to \$4.4 million. In FY09, Lottery was ultimately level-funded by using other state revenues to plug the difference between the expected net proceeds (\$811 million) and the FY08 budgeted amount (\$935 million). For Brookline, the use of other state receipts to level-fund Lottery avoided a cut of \$584,764. In FY10, it was combined with Additional Assistance to become "Unrestricted General Government Aid" and cut by \$377 million (29%) statewide and by \$2.3 million (29%) for Brookline. This history is summarized in the table below.

	<u>STATEWIDE</u>	<u>BROOKLINE</u>
FY92	\$306M	\$1.7M
FY93 - FY94	\$329M	\$1.8M
FY95	\$391M	\$2.2M
FY96	\$442.6M	\$2.5M
FY97	\$484.2M	\$2.8M
FY98	\$539.7M	\$3.2M
FY99	\$597.5M	\$3.5M
FY00	\$670M	\$3.9M
FY01	\$730M	\$4.4M
FY02	\$778.1M	\$4M
FY03 Post 9C Cut	\$705.3M	\$3.6M
FY04 - FY05	\$661.4M	\$3.4M
FY06	\$761.4M	\$3.8M
FY07	\$920M	\$4.3M
FY08 - FY09	\$935M	\$4.4M
FY09 Post-9C Cut	\$843.9M	\$4M
FY10	\$0	\$0

REVENUE SOURCE	FY2009 <u>ACTUAL</u>	FY2010 <u>ACTUAL</u>	FY2011 <u>BUDGET</u>	FY2011 <u>ESTIMATE</u>	FY2012 <u>BUDGET</u>	BUDGET INCREASE	
						\$	%
Additional Assistance	3,156,900	0	0	0	0	0	-
Lottery	3,974,845	0	0	0	0	0	-
Unrestricted General Gov't Aid	0	5,593,780	5,370,029	5,370,029	4,833,026	(537,003)	-10.0%
Veteran's Benefits	66,360	55,849	77,195	77,195	81,803	4,608	6.0%
Police Career Incentive	625,518	125,211	62,345	62,345	65,501	3,156	5.1%
Totals	7,823,623	5,774,840	5,509,569	5,509,569	4,980,330	(529,239)	-9.6%

UNRESTRICTED GENERAL GOVERNMENT AID

As previously stated, in FY10, the final State budget eliminated the separate Additional Assistance and Lottery accounts and replaced them with a single Unrestricted General Government Aid account. The two separate accounts were cut by \$377 million (29%) statewide and by \$2.3 million (29%) for Brookline, making the appropriation \$936.4 million statewide and \$5.6 million for Brookline. For FY12, House 1 cut the account 7.2% (\$65M) to \$834 million. For Brookline, this results in a cut of \$388,275. However, as previously stated, the Financial Plan assumes a 10% (\$537,003) reduction for Brookline to \$4.83 million.

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 FY11 was \$37 million, with Brookline's share being \$77,195. The Governor's FY12 budget proposal increases statewide funding by \$2 million (5.4%) to \$39 million. Based on the Preliminary Cherry Sheets, Brookline will receive \$81,803, an increase of \$4,608 (6%).

POLICE CAREER INCENTIVE REIMBURSEMENT (QUINN BILL)

In 1996, Town Meeting accepted the provisions of G.L. Ch. 41, S.108L, which established a police career incentive program. The program encourages police officers to earn degrees in law enforcement and criminal justice through salary increases. Officers are eligible for 10%, 20%, or 25% base salary pay increases for associates, bachelor's, or master's degrees, respectively. The Town pays the full cost of the program and is then reimbursed by the State for 50% of the cost. 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. Based on the Preliminary Cherry Sheets, Brookline will receive \$65,501, an increase of \$3,156, or 5.1%.

SCHOOL AID - CHAPTER 70

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

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

The reform legislation targeted the majority of funds to poorer communities and required them to increase school spending. School districts with relatively higher property wealth, such as Brookline, tend to be classified as Minimum Aid communities. Minimum Aid communities were originally entitled to a minimum increase of \$25 per student. The Legislature changed this to \$100 per student for FY99, \$150 per student for FY00, and \$175 per student for FY01. For FY07 - FY09, the State used the "aggregate wealth model" to distribute new Ch. 70 monies. This distribution formula, in the simplest of explanations, as it is a quite complex model, aims to move all districts toward receiving at least 17.5% of their foundation budget in state aid. This approach was suspended in FY10.

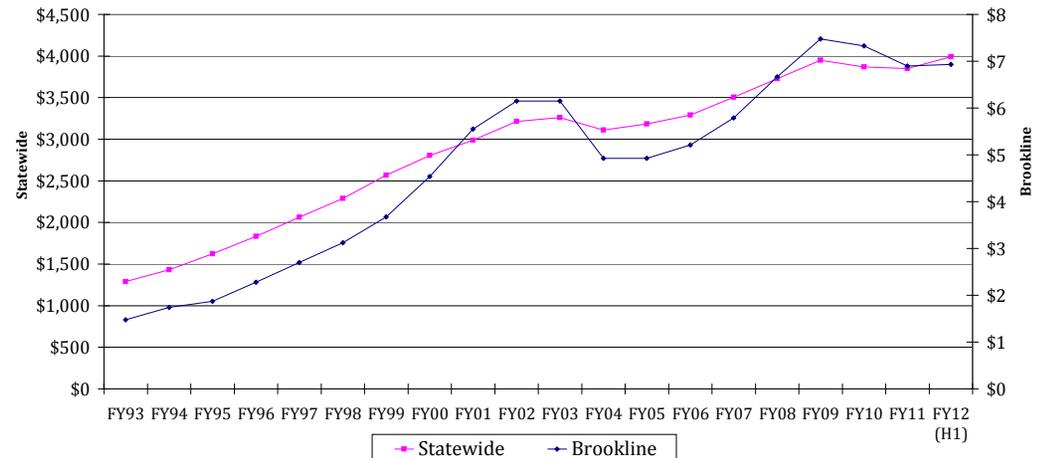
Between FY93 and FY03, the amount of Ch. 70 aid appropriated by the State increased significantly, as the chart on the following page shows. Total funding increased nearly 153%, going from \$1.29 billion in FY93 to \$3.26 billion in FY03. For Brookline, during that same period, funding increased \$4.7 million (316%), going from \$1.48 million to

SCHOOL AID - CHAPTER 70 (con't.)

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%). That brought 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%). The Governor's FY12 budget proposal increases funding by \$139.3 million (3.6%) statewide to \$3.99 billion. For Brookline, it results in an increase of \$37,020 (0.5%) to \$6.9 million. The history since FY03 is shown in the table and graph below:

	<u>Statewide Change</u>	<u>Brookline Change</u>
FY03	\$45.4M (1.4%)	\$0
FY04	-\$147.4M (-4.5%)	-\$1.2M (-20%)
FY05	\$72.2M (2.3%)	\$0
FY06	\$105.6M (3.3%)	\$292K (5.9%)
FY07	\$216.6M (6.6%)	\$576K (11%)
FY08	\$220.2M (6.3%)	\$878K (15.2%)
FY09	\$223.1M (6%)	\$805K (12.1%)
FY10	-\$79M (-2%)	-\$149K (-2%)
FY11	-\$18.7M (0.5%)	-\$428K (5.8%)
FY12 (House 1)	+\$139.3M (3.6%)	+\$37K (0.5%)

CH. 70 FUNDING HISTORY (in millions)



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.

REVENUE SOURCE	FY2009 <u>ACTUAL</u>	FY2010 <u>ACTUAL</u>	FY2011 <u>BUDGET</u>	FY2011 <u>ESTIMATE</u>	FY2012 <u>BUDGET</u>	BUDGET INCREASE	
						\$	%
School Aid Chapter 70	6,687,235	7,323,679	6,895,830	6,895,830	6,932,850	37,020	0.5%
School Construction Aid	3,267,372	3,267,371	1,227,634	1,227,634	1,227,634	0	0.0%
Charter Tuition Assessment Reimbursement	20,796	34,398	19,568	19,568	16,980	(2,588)	-13.2%
Totals	9,975,403	10,625,448	8,143,032	8,143,032	8,177,464	34,432	0.4%

SCHOOL CONSTRUCTION AID (con't.)

The Massachusetts School Building Authority (MSBA), an independent state authority, was created to operate the new program, which is governed by a seven-member board led by the State Treasurer. An 18-member advisory board was established, including municipal officials, to provide advice to the new authority. The new law provided an "off-budget" revenue stream for future projects: roughly 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. Projects on the waiting list, including already-built schools and not-yet-started schools, received up-front payment of the full state share of principal and interest on temporary borrowing. Now, municipalities and school districts will borrow only for the local share of any project.

Reimbursement rates for all new projects were reduced by 10 percentage points. The reform legislation cut the "base rate" for all projects by eight points and eliminated the two incentive points that had applied to projects when a project manager was hired. (Separate construction reform legislation requires that a project manager be hired for all projects costing more than \$1.5 million.) Separate reimbursement rules apply to racial balance projects. The maximum state reimbursement rate was reduced from 90% to 80% 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 FY12 - FY17 CIP, which is detailed in Section VII of this Financial Plan, assumes that the Town will be receiving up to \$11.8 million for the Runkle School project, or 41.58% of reimbursable expenses. It also shows the assumption that the Town will receive \$3.25 million (38.5% of project costs) for the Heath School project and \$26.25 million (35% 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 \$1.2 million. That funding reimburses the Town for principal and interest costs for the following three projects:

1. Lincoln School - between FY96 and FY08, the Town received annual payments of \$616,287. For FY09 - FY12, the payments will be \$640,509 per year. The total (\$10.57 million) represents the State's 61% share of the project.
2. Heath School - between FY00 and FY04, the Town received annual payments of \$286,161. For FY05-FY19, the Town will receive \$122,095 per year. The total (\$3.26 million) represents the State's 61% share of the project.
3. 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.

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 FY11, the combined impact of the COLAs since FY04 has increased the estate provision to \$50,977. 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 FY11, the combined impact of the COLAs since FY04 has increased the income provision to \$16,567 single / \$19,116 married and increased the asset provision to \$35,684 single / \$38,233 married.

In FY11, the total appropriation for all of these exemption reimbursements was \$25.3 million, with Brookline receiving \$41,905. In the Governor's FY12 budget proposal, total statewide funding is level-funded. For Brookline, the reimbursement is estimated at \$37,892, an amount that is \$4,013 (9.6%) less than FY11.

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	FY2009 ACTUAL	FY2010 ACTUAL	FY2011 BUDGET	FY2011 ESTIMATE	FY2012 BUDGET	BUDGET INCREASE	
						\$\$	%
<u>Veterans/Blind/Surviving Spouse</u>	40,901	39,398	41,905	41,905	37,892	(4,013)	-9.6%
Totals	40,901	39,398	41,905	41,905	37,892	(4,013)	-9.6%

CHERRY SHEET OFFSETS

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

LUNCH PROGRAMS

Under Chapter 871 of the Acts of 1970, the State reimburses cities and towns a small portion of the costs of providing breakfasts and lunches to school children. The majority of funding for the lunch programs comes from the federal government and fees paid by the diners. Commencing in FY93, elderly lunch reimbursements were no longer included on the Cherry Sheet. Statewide FY11 funding totaled \$5.4 million. The Governor's FY12 budget proposal level-funds the account. For Brookline, funding is estimated at \$26,417, an increase of \$5,383 (25.6%).

PUBLIC LIBRARIES

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

Three different funding formulas are used to distribute these funds. The LIG formula provides for \$0.50 per capita to communities who have populations over 2,500 and who have appropriated at least \$1,250 for public library services during the preceding year. The MEG formula is the same as the lottery formula, which is related to a community's comparative wealth and can be found on page III-26. The Non-resident Circulation Offset is determined annually by the (State) Board of Library Commissioners, based upon each community's share of the total statewide-circulated items. Statewide FY11 funding totaled \$6.8 million. The Governor's FY12 budget proposal reduces the account by \$365,808 (5.4%) to \$6.5 million. For Brookline, funding is estimated at \$80,422, a decrease of \$580 (0.7%).

REVENUE SOURCE	FY2009 ACTUAL	FY2010 ACTUAL	FY2011 BUDGET	FY2011 ESTIMATE	FY2012 BUDGET	BUDGET INCREASE	
						\$\$	%
Lunch Programs	19,642	21,913	21,034	21,034	26,417	5,383	25.6%
Public Libraries	103,224	81,166	81,002	81,002	80,422	(580)	-0.7%
Totals	122,866	103,079	102,036	102,036	106,839	4,803	4.7%

**TOWN OF BROOKLINE
FY2012 FINANCING PLAN**

FUND: General Fund

REVENUE GROUP: Free Cash

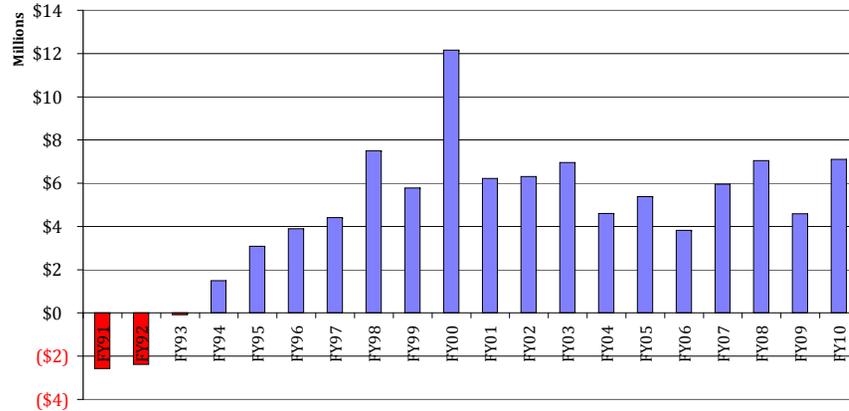
FREE CASH

Free Cash, which is certified as of July 1 each year by the Commonwealth's Department of Revenue (DOR), represents the portion of General Fund surplus revenue that is unrestricted and available for appropriation. These funds, once certified, may be used to support supplemental appropriations during the year, to support the ensuing fiscal year's budget, or to reduce the tax levy. The Town's Free Cash Policy, which can be found in its entirety in the Appendix of this Financial Plan, states that all Free Cash, after funding reserves at target levels, goes to support the Town's Capital Improvement Program (CIP).

Free Cash is generated when the actual operating results compare favorably with the budget, such as when actual revenues exceed the original estimates and/or when actual expenditures are less than appropriated. It is also affected by increases or decreases in uncollected property taxes, non-General Fund deficit balances, and any other legally incurred operating deficits. Massachusetts General Law permits an updated Free Cash determination during the fiscal year. Any community may request the DOR to compute an Adjusted Free Cash based upon their collections, net of refunds, of the previous years' property taxes. The collection period, under normal circumstances, begins July 1, the first day of the new fiscal year, and may not go beyond March 31, or nine months later, except in years when bills are late. Special rules apply to those unusual years.

From FY91 through FY93, Free Cash was certified with negative balances, as can be seen in the graph below. Very tight budgeting and unusually large delinquent tax balances created this situation. This condition began to improve in FY94. Since then, the combination of adopting prudent fiscal policies, more conservative revenue estimates, and closely monitoring expenditures have contributed to the favorable levels of Free Cash. The Free Cash certification for funds available for use in FY12 (i.e., Free Cash as of 7/1/10) increased \$2.5 million (54.8%) to \$7.1 million. However, as discussed in the Town Administrator's Budget Message, this Financial Plan spends \$5.38

Annual Free Cash Certifications



Per the Town's Free Cash and Reserve policies, Free Cash is appropriated in the following manner:

- \$469,288 to the Operating Budget Reserve Fund
- \$355,264 to the Affordable Housing Trust Fund
- \$141,959 to the Liability/Catastrophe Fund
- \$4,413,753 for the CIP

REVENUE SOURCE	FY2009 ACTUAL	FY2010 ACTUAL	FY2011 BUDGET	FY2011 ESTIMATE	FY2012 BUDGET	BUDGET INCREASE	
						\$	%
Free Cash appropriated for:							
Capital Improvements	5,020,852	3,121,351	3,675,340	3,675,340	4,413,753	738,413	20.1%
Operating Budget Reserve Fund	436,636	458,547	459,239	459,239	469,288	10,049	2.2%
Operating Budget	0	0	18,500	18,500	0	(18,500)	-
Affordable Housing Trust Fund	0	0	0	0	355,264	355,264	-
Worker's Compensation Trust Fund	200,000	0	0	0	0	0	-
Liability Reserve	297,475	1,443,397	437,000	437,000	141,959	(295,041)	-67.5%
Other Special Appropriations	0	2,030,000	0	0	0	0	=
Totals	5,954,963	7,053,295	4,590,079	4,590,079	5,380,264	790,185	17.2%

**TOWN OF BROOKLINE
FY2012 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 FY12 appropriations is \$6.2 million, an increase of \$1.2 million (22.9%) from the amount available in FY11.

1. **Parking Meter Receipts** - an increase of \$1,150,000 (43.4%) to \$3.8 million is anticipated. \$1 million of the increase results from the Board of Selectmen's vote on January 18, 2011 to increase meter rates, based upon the recommendation of the Transportation Board: (a) the increase from 75 cents/hour to \$1/hour is expected to generate \$750,000; (b) the Transportation Board also voted to increase the hours of operation of certain meters, from 8:00 a.m. - 6:00 p.m. to 8:00 a.m. - 8:00 p.m., which is expected to generate \$215,000; and (c) included in these actions was the creation of a special metered zone in the St. Mary's commercial district for Red Sox parking, in which cars can be parked until 10:00 p.m. for a total of \$22. This is expected to generate \$35,000. As previously mentioned, \$100,000 of the increase reflects a change in accounting for Guest Overnight Parking from a Local Receipt (under "Departmental and Other") to a Parking Meter Receipt. Lastly, \$50,000 of the increase reflects the actual FY10 experience.
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 \$27,309 (14.3%). The Town Fee component decreases \$20,297 (38.3%) to \$32,700.
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 FY12 reimbursement increases \$38,707 (15%) to \$295,912.
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 \$1,690 (0.1%) to \$1.87 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 FY12.
8. **Capital Project Surplus** - \$0 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 FY12, no funds are anticipated to be available from this revenue source.

REVENUE SOURCE	FY2009	FY2010	FY2011	FY2011	FY2012	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Parking Meter Receipts	2,500,000	2,550,000	2,650,000	2,650,000	3,800,000	1,150,000	43.4%
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	179,064	186,349	191,161	191,161	163,852	(27,309)	-14.3%
Recreation Revolving Fund Reimbursement	198,027	210,870	257,205	257,205	295,912	38,707	15.0%
Water and Sewer Enterprise Fund Reimb.	1,877,687	2,046,264	1,869,337	1,869,337	1,867,647	(1,690)	-0.1%
Tax Abatement Reserve Surplus	0	1,505,000	0	0	0	0	-
Capital Project Surplus	590,000	830,000	0	0	0	0	-
Sale of Town-owned Land Fund	550,000	0	0	0	0	0	-
Totals	5,436,333	7,420,038	5,059,257	5,059,257	6,218,966	1,159,709	22.9%

WATER AND SEWER ENTERPRISE

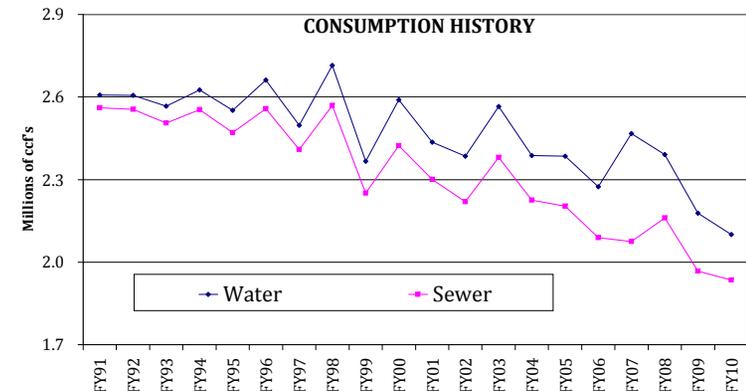
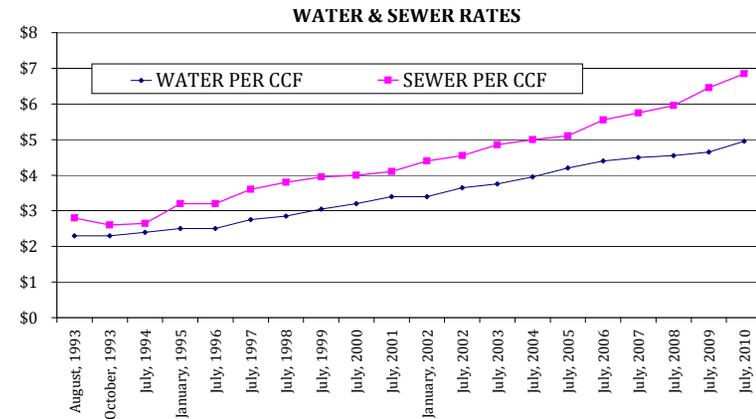
The Department of Public Works is responsible for the operation of the Water and Sewer Division. The Division is responsible for maintaining and operating the municipal water distribution system in accordance with industry standards promulgated by the American Water Works Association and all applicable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

The operation is treated as an enterprise fund under Massachusetts General Laws, Ch. 44, Sec. 53F1/2. The Enterprise Fund was established by Town Meeting in 2001. Prior to that vote, the Water and Sewer operation was accounted for in the General Fund. Treating the operation as an enterprise fund allows for the use of the full accrual basis of accounting, a requirement of the Government Accounting Standards Board's (GASB) financial reporting standard GASB statement #34. The Enterprise Fund fully reimburses the General Fund for expenses incurred on behalf of its operation, including fringe benefits. The Fund covers 100% of its expenses.

Early indications are that the costs for water and sewer services for FY12 will increase by \$495,306 (2%) over FY11. The increase is driven primarily by the MWRA Assessment (\$498,348, 3%) and Capital (\$114,350, 81.5%), partially offset by a decrease in Debt Service (\$159,494, 6.4%). Since the Enterprise Fund is 100% cost recovery, the rates will need to be adjusted to generate the revenue required to cover the increase in costs.

The financial condition of the Enterprise Fund has improved greatly over the past few years. After budgetary deficits were realized in three consecutive years (FY01-FY03), FY04 and FY05 produced surpluses, reducing the overall negative fund balance. Unfortunately, FY06 realized a deficit that was covered as part of the FY07 rate setting process. The FY06 deficit was the result of a then record-low water consumption level. When consumption estimates (i.e., sales estimates) are not met, revenue is not generated at the estimated levels and a revenue deficit occurs. As the chart to the right shows, there continues to be a gradual decrease in consumption. Fiscal years '07-'09 each produced operating surpluses, bringing the fund balance into a positive situation. In FY10, due to a new record low in consumption, an operating deficit was realized. The Town will continue to monitor consumption and reduce the estimate, if necessary, to avoid operating deficits.

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



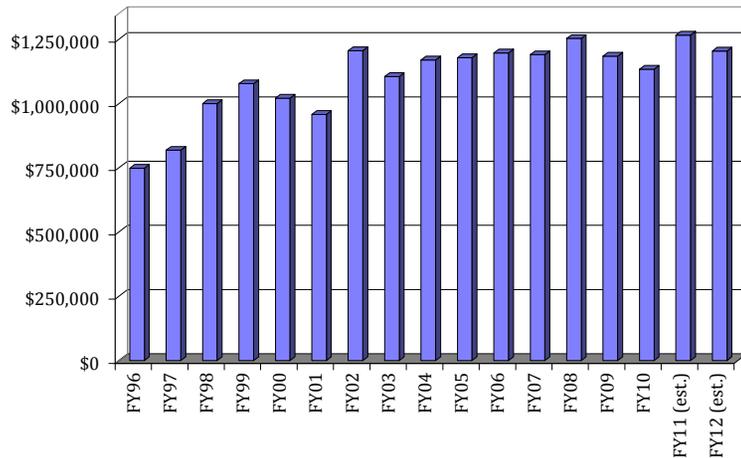
REVENUE SOURCE	FY2009	FY2010	FY2011	FY2011	FY2012	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Water and Sewer Charges	22,707,448	22,763,502	23,990,300	23,990,300	24,485,606	495,306	2.1%
Late Payment Fees	112,630	86,450	110,000	110,000	110,000	0	0.0%
Service Fees	102,217	122,766	82,000	82,000	82,000	0	0.0%
Rate Relief (State Aid)	0	0	0	0	0	0	-
Misc	36,191	20,088	10,000	10,000	10,000	0	0.0%
Gross Total	22,958,486	22,992,806	24,192,300	24,192,300	24,687,606	495,306	2.0%
less Reimbursement to the General Fund	1,877,687	2,046,264	1,869,337	1,869,337	1,867,647	(1,690)	-0.1%
Net Total	21,080,799	20,946,542	22,322,963	22,322,963	22,819,959	496,996	2.2%

GOLF COURSE ENTERPRISE

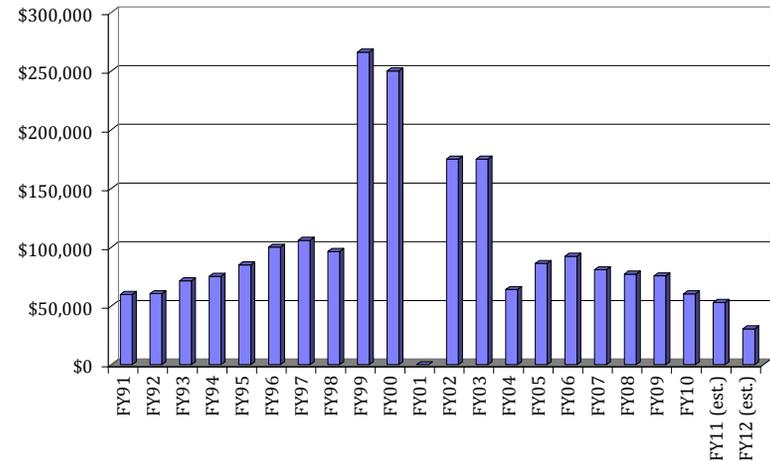
The Recreation Department is responsible for the operation of the Town-owned Robert T. Lynch Municipal Golf Course at Putterham Meadows. In doing so, the Department collects golf course-related revenues for green fees, golf cart rentals, concessions, and Pro Shop sales that are deposited into the Golf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

In FY12, collections are estimated to total \$1.2 million, a decrease of \$62,200 (4.9%) from the budgeted FY11 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

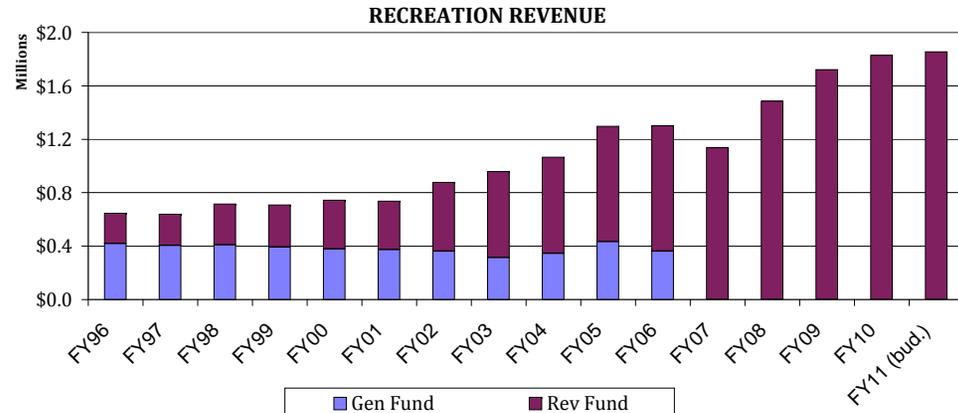


REVENUE SOURCE	FY2009	FY2010	FY2011	FY2011	FY2012	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Green Fees / Permits	964,740	933,544	1,045,000	1,045,000	980,000	(65,000)	-6.2%
Cart Rentals	82,213	75,375	82,000	82,000	75,000	(7,000)	-8.5%
Pro Shop	66,408	53,258	75,000	75,000	50,000	(25,000)	-33.3%
Concessions	30,017	25,857	30,000	30,000	46,000	16,000	53.3%
Golf Clinics	18,415	22,408	17,500	17,500	30,000	12,500	71.4%
Other	23,067	22,534	16,700	16,700	23,000	6,300	37.7%
Gross Total	1,184,860	1,132,976	1,266,200	1,266,200	1,204,000	(62,200)	-4.9%
less Reimbursement to the General Fund	179,064	186,349	191,161	191,161	163,852	(27,309)	-14.3%
Net Total	1,005,796	946,627	1,075,039	1,075,039	1,040,148	(34,891)	-3.2%

RECREATION REVOLVING FUND

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

Approved every year by Town Meeting as part of the annual appropriations article, the FY12 estimate for the Revolving Fund is \$2.05 million, an increase of \$199,240 (10.7%). 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	FY2009 <u>ACTUAL</u>	FY2010 <u>ACTUAL</u>	FY2011 <u>BUDGET</u>	FY2011 <u>ESTIMATE</u>	FY2012 <u>BUDGET</u>	BUDGET INCREASE	
						\$	%
Adult Programs	22,496	16,671	41,200	41,200	0	(41,200)	-
Aquatic	408,731	445,541	432,600	432,600	430,000	(2,600)	-0.6%
Community Programs	9,364	13,389	16,931	16,931	0	(16,931)	-100.0%
Eliot Center	0	0	0	0	313,281	313,281	-
Environmental Programs	38,171	36,743	30,900	30,900	45,000	14,100	45.6%
Ice Skating	137,541	145,632	135,000	135,000	140,000	5,000	3.7%
Outdoor Recreation	0	0	0	0	271,309	271,309	-
Outdoor Athletics	0	0	0	0	168,211	168,211	-
Permits	71,807	88,182	72,100	72,100	0	(72,100)	-100.0%
School Based Programs	459,963	537,654	552,670	552,670	0	(552,670)	-100.0%
Soule Center	0	0	0	0	565,000	565,000	-
Soule Gym	0	0	0	0	22,325	22,325	-
Summer Camp	258,236	245,415	281,190	281,190	0	(281,190)	-100.0%
Tappan Facility	0	0	0	0	99,154	99,154	-
Teen Programs	53,178	53,867	51,500	51,500	0	(51,500)	-100.0%
Tennis/Open Basketball Programs	11,781	5,978	21,400	21,400	0	(21,400)	-100.0%
Youth Programs	208,162	204,669	219,550	219,550	0	(219,550)	-100.0%
Misc Revenue	41,051	34,997	0	0	0	0	-
Gross Total	1,720,481	1,828,738	1,855,041	1,855,041	2,054,280	199,239	10.7%
less Reimbursement to the General Fund	198,027	210,870	257,205	257,205	295,912	38,707	15.0%
Net Total	1,522,454	1,617,868	1,597,836	1,597,836	1,758,367	160,531	10.0%

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
FY2012 FINANCING PLAN**

FUND ACCOUNTING: Actual FY10 Consolidated Summary

COMBINED SUMMARY OF REVENUES AND EXPENDITURES (Budgetary basis) - FY10										
	Governmental General Fund	Special Revenue - Recreation Revolving Fund	Other Special Revenue	Enterprise - Water & Sewer	Enterprise - Golf	Capital Projects	Trust & Agency Funds	Private Purpose Trust Funds	Internal Service Funds	Total All Funds
Revenues										
Real & Personal Property Taxes, net of refunds	152,586,904									\$ 152,586,904.00
Motor Vehicle & other Excise Taxes	4,694,128									\$ 4,694,128.00
Hotel/Motel Tax	907,474									\$ 907,474.00
Charges for Services	4,829,006									\$ 4,829,006.00
Penalties & Interest on Taxes	532,328									\$ 532,328.00
PILOT	996,834									\$ 996,834.00
Licenses and Permits	3,183,139									\$ 3,183,139.00
Fines & forfeitures	4,280,894		9,990							\$ 4,290,884.00
Intergovernmental	35,130,247		13,597,157							\$ 48,727,403.67
Departmental & other	849,708	1,810,507	8,689,033	22,983,884	1,059,341	221,637	2,328,279			\$ 37,942,388.59
Contributions		18,000	1,415,788				251,911	25,049		\$ 1,710,748.44
Other Revenue			89,212	8,923	70,265				4,449,397	\$ 4,617,796.74
Investment Income	251,538	230	12,219		3,369		521,811	117,331	1,089,643	\$ 1,996,141.67
Total Revenues	\$ 208,242,200	\$ 1,828,738	\$ 23,813,399	\$ 22,992,807	\$ 1,132,975	\$ 221,637	\$ 3,102,000	\$ 142,380	\$ 5,539,040	\$ 267,015,176
Expenditures:										
Current:										
General Government	8,798,355		2,413,521			1,043,846	1,000,849		486,711	\$ 13,743,282.45
Public Safety	32,792,079		660,412			1,515,088	2,283,238			\$ 37,250,816.25
Education	69,122,066		14,584,526			858,215	227,195			\$ 84,792,001.52
Public Works	13,162,834		3,341,504	19,384,887		7,292,467	106,584			\$ 43,288,276.18
CDBG			1,863,757							\$ 1,863,757.24
Human Services	2,138,109		357,273			820	48,808			\$ 2,545,009.69
Leisure Services	4,420,589	1,520,141	87,489		913,106	879,093	133,420			\$ 7,953,836.64
Pension benefits	12,988,555									\$ 12,988,555.00
Fringe Benefits	28,688,384								1,999,332	\$ 30,687,716.01
State and county charges	5,559,230									\$ 5,559,230.00
Debt Service:										
Principal	8,311,176			1,917,073	148,684					\$ 10,376,933.61
Interest	2,809,580			487,558	35,799					\$ 3,332,937.29
Total Expenditures	\$ 188,790,957	\$ 1,520,141	\$ 23,308,481	\$ 21,789,518	\$ 1,097,589	\$ 11,589,529	\$ 3,800,094	\$ -	\$ 2,486,043	\$ 254,382,352
Excess (deficiency) of Revenues over Expenditures	\$ 19,451,243	\$ 308,597	\$ 504,918	\$ 1,203,289	\$ 35,386	\$ (11,367,892)	\$ (698,093)	\$ 142,380	\$ 3,052,997	\$ 12,632,824
Other Financing Sources (Uses):										
Proceeds from bonds & notes	10,659,400			2,350,000	125,000					\$ 13,134,400.00
Premium from issuance of bonds	258,415									\$ 258,415.00
Premium from issuance of refunding bonds, net of expenses	501,348									\$ 501,348.00
Sale of Capital Assets	2,015		262,087							\$ 264,102.39
Payments to current refunding fund	(30,215,210)									\$ (30,215,210.00)
Overlay Transfer										\$ -
Insurance recovery										\$ -
Transfers in	5,052,659		27,200	225,000						\$ 5,304,859.00
Transfers out	(225,000)	(210,870)	(2,625,231)	(2,046,264)	(170,294)		(27,200)			\$ (5,304,859.00)
Total Other Financing Sources (Uses):	\$ (13,966,373)	\$ (210,870)	\$ (2,335,944)	\$ 528,736	\$ (45,294)	\$ -	\$ (27,200)	\$ -	\$ -	\$ (16,056,945)
Other Adjustments to Fund Balance	\$ -	\$ -	\$ (62,755)	\$ -	\$ -	\$ -	\$ 1,466,209	\$ (1,466,209)	\$ (0)	\$ (62,755)
Net Change in Fund Balances	\$ 5,484,870	\$ 97,727	\$ (1,831,026)	\$ 1,732,025	\$ (9,908)	\$ (11,367,892)	\$ (725,293)	\$ 142,380	\$ 3,052,997	\$ (3,424,120)
Fund Balance at Beginning of Year (restated)*	\$ 13,987,495	\$ 214,782	\$ 10,966,108	\$ 915,672	\$ 225,338	\$ 21,215,708	\$ 13,312,708	\$ 4,039,027	\$ 8,360,866	\$ 73,237,704
Fund Balance at End of Year	\$ 19,472,365	\$ 312,509	\$ 9,072,327	\$ 2,647,697	\$ 215,430	\$ 9,847,816	\$ 14,053,623	\$ 2,715,198	\$ 11,413,862	\$ 69,750,828

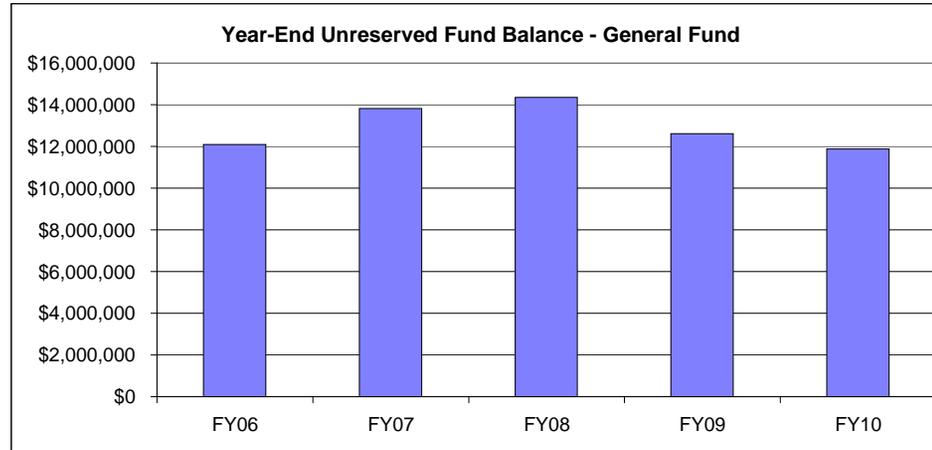
SOURCE: Office of the Comptroller

* During the current fiscal year, the Town elected to segregate General Fund operating and capital activities. The result is a beginning balance reclassification of \$21,215,708 from the General Fund to the Capital Article Fund

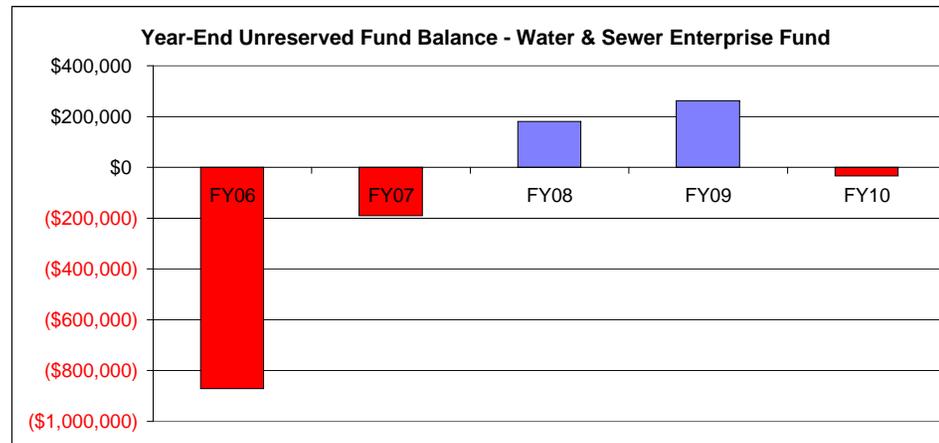
**TOWN OF BROOKLINE
FY2012 FINANCING PLAN**

FUND ACCOUNTING: Fund Balance Histories

GENERAL FUND	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>
Beginning Fund Balance	11,601,326	12,093,785	13,823,065	14,349,818	12,604,133
Net Change in Unreserved Fund Balance	492,459	1,729,280	526,753	(1,745,685)	(720,704)
Year-End Unreserved Fund Balance	12,093,785	13,823,065	14,349,818	12,604,133	11,883,429



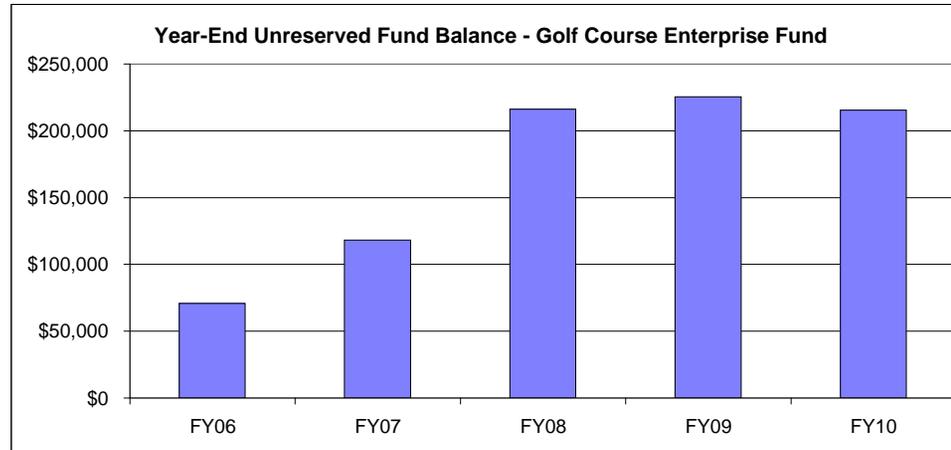
WATER & SEWER ENTERPRISE FUND (exclusive of bonded capital accounts)	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>
Beginning Fund Balance	(395,386)	(870,421)	(190,622)	180,750	262,089
Net Change in Unreserved Fund Balance	(475,035)	679,799	371,372	81,339	(295,436)
Year-End Unreserved Fund Balance	(870,421)	(190,622)	180,750	262,089	(33,347)



**TOWN OF BROOKLINE
FY2012 FINANCING PLAN**

FUND ACCOUNTING: Fund Balance Histories

	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>
GOLF COURSE ENTERPRISE FUND (exclusive of bonded capital accounts)					
Beginning Fund Balance	0	70,819	118,170	216,245	225,338
Net Change in Unreserved Fund Balance	70,819	47,351	98,075	9,093	(9,908)
Year-End Unreserved Fund Balance	70,819	118,170	216,245	225,338	215,430



	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>
RECREATION REVOLVING FUND					
Beginning Fund Balance	110,673	136,210	148,400	163,560	214,782
Net Change in Unreserved Fund Balance	25,537	12,190	15,160	51,222	97,727
Year-End Unreserved Fund Balance	136,210	148,400	163,560	214,782	312,509

