

**TOWN OF BROOKLINE
FY2011 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 \$202.87 million, or 89% of total Financial Plan revenues. Total Financial Plan revenue is \$228.35 million, which represents a decrease of \$134,733, or 0.1%. FY11 General Fund revenues are projected to decrease by \$1.18 million (0.6%) from the FY10 budgeted amounts. Operating revenue, which is basically General Fund revenue less one-time revenues that support the Capital Improvement Program (CIP), increases \$3.65 million, or 1.9%. The below left table summarizes where the increases and decreases come from while the below right table shows the calculation of Operating Revenue.

SOURCE	\$ CHANGE		FY10	FY11	\$ Change	% Change	
	(Millions)	% CHANGE					
Property Taxes	\$5.28	3.5%	Total General Fund Revenue	204,048,949	202,868,146	(1,180,803)	-0.6%
State Aid	-\$0.89	-5.4%	Less:				
Local Option Taxes	\$0.17	11.9%	SBA Reimbursements	3,267,371	3,267,371	0	0.0%
Parking Tickets	-\$0.29	-6.2%	Net Debt Exclusions	1,667,074	1,637,286	(29,787)	-1.8%
Building Permits	-\$0.20	-10.0%	Revenue for CIP	9,388,295	4,590,079	(4,798,216)	-51.1%
Motor Vehicle Excise	-\$0.15	-3.1%	Free Cash	7,053,295	4,590,079	(2,463,216)	-34.9%
Interest Income	-\$0.09	-13.5%	Tax Abatement Reserve Surplus	1,505,000	0	(1,505,000)	-100.0%
"Free Cash"	-\$2.46	-34.9%	Capital Project Surplus	830,000	0	(830,000)	-100.0%
Parking Meters	\$0.10	3.9%					
Enterprise Fund Reimb. to Gen. Fund	-\$0.37	-17.9%	OPERATING REVENUE	189,726,209	193,373,409	3,647,200	1.9%
Overlay Reserve Surplus	-\$1.51	-100.0%					
Capital Project Surplus	-\$0.83	-100.0%					
All Others	\$0.06	0.0%					
TOTAL	-\$1.18	-0.6%					

The State Aid figures used in this Financial Plan are partially based on the Governor's FY11 budget proposal, which was submitted on January 27th. He proposed a statewide increase in Chapter 70 Education Aid and level-funding of Unrestricted General Government Aid (UGGA). For Brookline, the Governor's proposal results in a total State Aid decrease of just \$53,314 (0.3%). However, due to uncertainty surrounding the prospects of the Governor's State Aid proposal being adopted by the Legislature, this Financial Plan does the following: (1) it follows the proposal to level-fund Brookline's Chapter 70 allocation and (2) assumes a 15% cut in UGGA instead of the Governor proposal to level-fund it. Since the final State Aid figures could be different by the time a final FY11 state budget is approved, there is the possibility of amendments to the Financial Plan.

A detailed description and analysis of the FY11 revenue items and related changes are found within the pages that follow.

REVENUE SOURCE	FY2008	FY2009	FY2010	FY2010	FY2011	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Property Taxes *	135,811,901	147,273,068	152,681,998	152,681,998	157,961,458	5,279,460	3.5%
Local Receipts	24,524,074	22,455,149	20,357,125	20,481,500	19,868,475	(488,650)	-2.4%
State Aid	18,946,277	17,962,793	16,536,492	16,536,492	15,644,111	(892,381)	-5.4%
Free Cash	3,814,792	5,954,963	7,053,295	7,053,295	4,590,079	(2,463,216)	-34.9%
Other Available Funds	8,603,612	5,986,333	7,420,039	7,420,039	4,804,023	(2,616,016)	-35.3%
General Fund Revenues	191,700,656	199,632,305	204,048,949	204,173,324	202,868,146	(1,180,803)	-0.6%
Water and Sewer Enterprise **	18,024,125	21,080,799	21,907,107	21,907,107	22,817,761	910,653	4.2%
Golf Enterprise **	880,062	1,005,796	1,079,851	1,079,851	1,069,978	(9,873)	-0.9%
Recreation Revolving Fund **	1,299,758	1,522,454	1,450,926	1,450,926	1,596,216	145,290	10.0%
Total Financial Plan Revenues	211,904,601	223,241,354	228,486,833	228,611,208	228,352,100	(134,733)	-0.1%

* The figures provided for the FY08 and FY09 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 FY2011 FINANCING PLAN		REVENUE GROUP: Overall Summary SUB-GROUP: Overall Summary				
DETAILED REVENUE SUMMARY						
GENERAL FUND	FY08	FY09	FY10	FY11	FY11 vs FY10	
	ACTUAL	ACTUAL	BUDGET	BUDGET	\$	%
Property Taxes *	135,811,901	147,273,068	152,681,998	157,961,458	5,279,460	3.5%
Local Receipts	24,524,074	22,455,149	20,357,125	19,868,475	(488,650)	-2.4%
Motor Vehicle Excise (MVE)	5,291,912	5,027,901	4,850,000	4,700,000	(150,000)	-3.1%
Local Option Taxes	742,744	788,531	1,385,000	1,550,000	165,000	11.9%
Licenses & Permits	942,811	944,011	975,475	986,975	11,500	1.2%
Parking / Court Fines	4,690,251	4,674,987	4,690,000	4,400,000	(290,000)	-6.2%
General Government	4,866,555	3,610,091	2,518,500	2,352,500	(166,000)	-6.6%
Interest Income	2,374,433	1,333,712	693,500	600,000	(93,500)	-13.5%
PILOTS	907,315	1,021,504	816,650	880,000	63,350	7.8%
Refuse Fee	2,650,476	2,654,048	2,600,000	2,600,000	0	0.0%
Departmental & Other	2,057,577	2,400,364	1,828,000	1,799,000	(29,000)	-1.6%
State Aid	18,946,277	17,962,793	16,536,492	15,644,111	(892,381)	-5.4%
General Government Aid	8,654,772	7,823,623	5,793,046	4,894,253	(898,793)	-15.5%
School Aid	6,686,568	6,708,031	7,331,100	7,338,546	7,446	0.1%
School Construction Aid	3,442,794	3,267,372	3,267,371	3,267,371	0	0.0%
Tax Abatement Aid	41,394	40,901	41,896	41,905	9	0.0%
Offset Aid	120,749	122,866	103,079	102,036	(1,043)	-1.0%
Other Available Funds	8,603,612	5,986,333	7,420,039	4,804,023	(2,616,016)	-35.3%
Parking Meter Receipts	2,495,486	2,500,000	2,550,000	2,650,000	100,000	3.9%
Walnut Hill Cemetery Fund	100,000	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.	373,004	179,064	186,349	181,222	(5,127)	-2.8%
Recreation Revolving Fund Reimb.	186,355	198,027	210,870	200,784	(10,086)	-4.8%
Water and Sewer Enterprise Fund Reimb.	4,513,660	1,877,687	2,046,265	1,680,462	(365,803)	-17.9%
Tax Abatement Reserve Surplus	850,000	0	1,505,000	0	(1,505,000)	-100.0%
Capital Project Surplus	43,552	590,000	830,000	0	(830,000)	-100.0%
Sale of Town-owned Land	0	550,000	0	0	0	-
Free Cash	3,814,792	5,954,963	7,053,295	4,590,079	(2,463,216)	-34.9%
Capital Improvements	2,891,385	5,020,852	3,121,351	3,670,340	548,989	17.6%
Operating Budget Reserve	418,778	436,636	458,547	464,239	5,692	1.2%
Strategic Reserves / Other Spec Approp's	504,629	497,475	3,473,397	455,500	(3,017,897)	-86.9%
TOTAL GENERAL FUND REVENUE	191,700,656	199,632,305	204,048,949	202,868,146	(1,180,803)	-0.6%
ENTERPRISE FUND / REVOLVING FUND REVENUE						
Water and Sewer Enterprise Fund **	18,024,125	21,080,799	21,907,107	22,817,761	910,653	4.2%
Golf Course Enterprise Fund **	880,062	1,005,796	1,079,851	1,069,978	(9,873)	-0.9%
Recreation Revolving Fund **	1,299,758	1,522,454	1,450,926	1,596,216	145,290	10.0%
TOTAL ENTERPRISE / REVOLVING FUND REVENUE	20,203,945	23,609,049	24,437,884	25,483,954	1,046,070	4.3%
TOTAL REVENUES	211,904,601	223,241,354	228,486,833	228,352,100	(134,733)	-0.1%

* The figures provided for the FY08 and FY09 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.

FY2011 REVENUE BY FUND

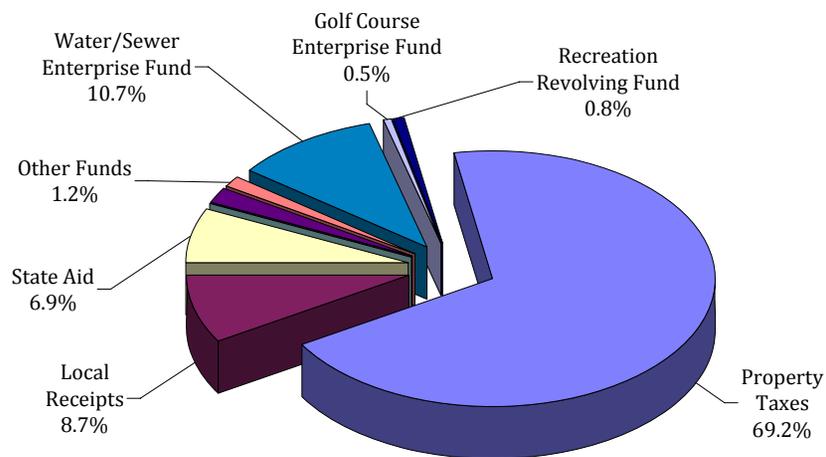
	General Fund ¹	Water & Sewer Enterprise Fund	Golf Enterprise Fund	Recreation Revolving Fund	Parking Meter Fund ²	Cemetery Fund ²	State Library Aid ²	TOTAL
Property Taxes	157,961,458							157,961,458
Local Receipts	19,868,475							19,868,475
State Aid	15,644,111							15,644,111
Parking Meter Receipts					2,650,000			2,650,000
Walnut Hill Cemetery Fund						50,000		50,000
State Aid for Libraries							41,555	41,555
Golf Enterprise Fund Reimbursement			181,222					181,222
Recreation Revolving Fund Reimbursement				200,784				200,784
Water and Sewer Enterprise Fund Reimbursement		1,680,462						1,680,462
Tax Abatement Reserve Surplus								
Capital Project Surplus								
Sale of Town-owned Land Fund								
Free Cash	4,590,079							4,590,079
TOTAL GENERAL FUND	198,064,123	1,680,462	181,222	200,784	2,650,000	50,000	41,555	202,868,146
Water and Sewer Enterprise Fund ³		22,817,761						22,817,761
Golf Course Enterprise Fund ³			1,069,978					1,069,978
Recreation Revolving Fund ³				1,596,216				1,596,216
TOTAL FINANCIAL PLAN	198,064,123	24,498,222	1,251,200	1,797,000	2,650,000	50,000	41,555	228,352,100

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

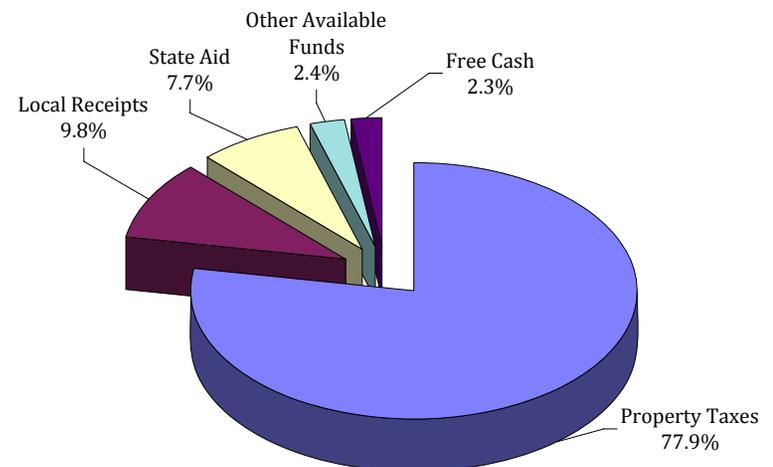
² The revenue from these funds are transferred into the General Fund.

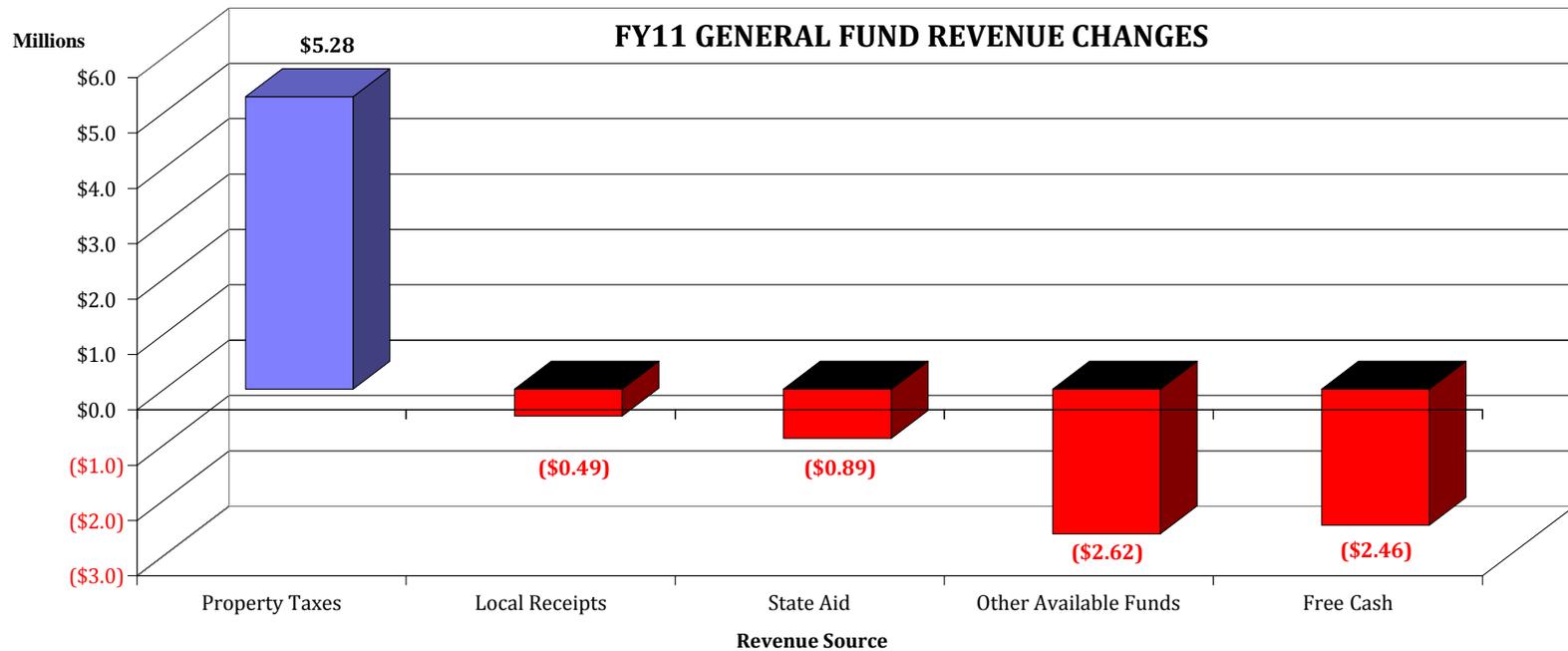
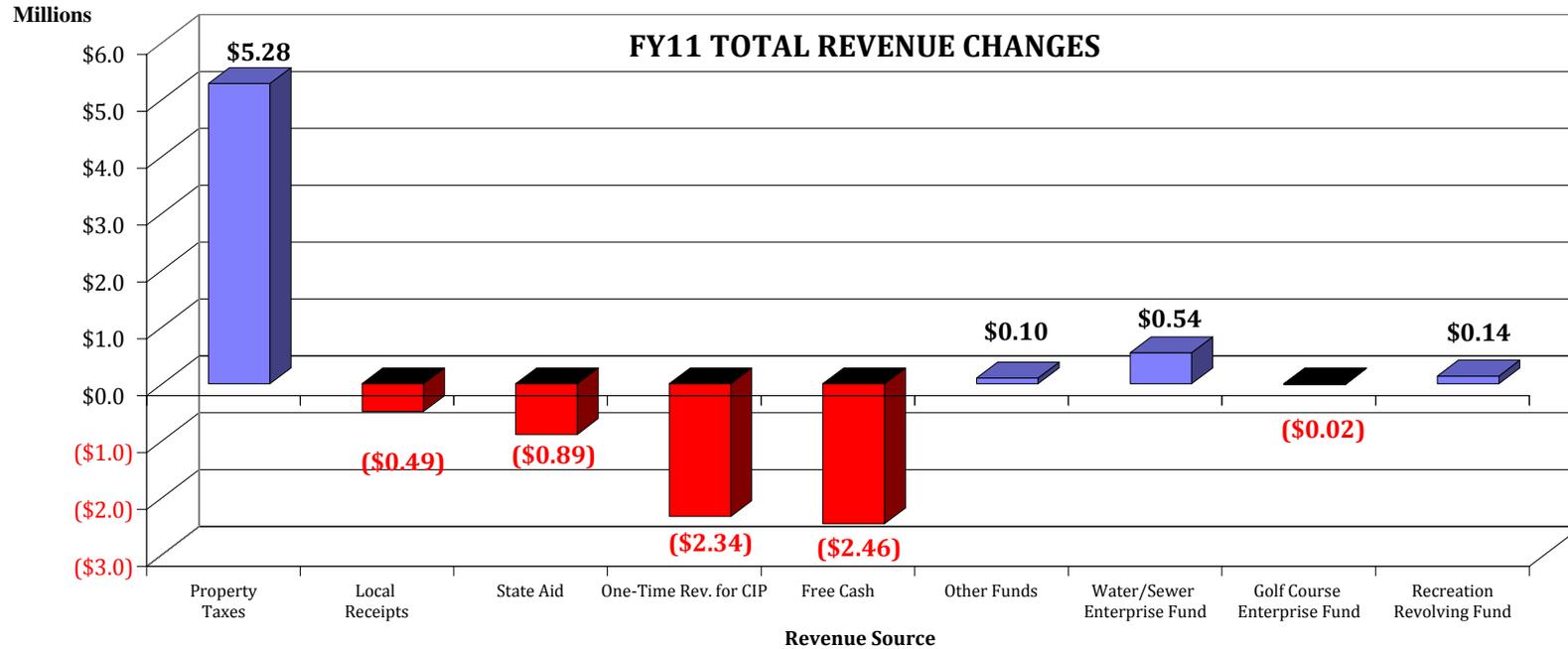
³ These are net of Reimbursements to the General Fund, as those amounts are accounted for in the "Reimbursement" figures listed under the General Fund.

FY11 TOTAL REVENUE COMPOSITION



FY11 GENERAL FUND REVENUE COMPOSITION





TOTAL REVENUES

\$(millions)
% of General Fund Budget

REVENUE SOURCE	FY81	FY82	FY02 ACT.	FY03 ACT.	FY04 ACT.	FY05 ACT.	FY06 ACT.	FY07 ACT.	FY08 ACT.	FY09 ACT.	FY10 BUD.	FY11 BUD.
PROPERTY TAX	\$45.8 76.4%	\$40.8 71.0%	\$103.7 64.2%	\$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%	\$152.7 74.8%	\$158.0 77.9%
LOCAL RECEIPTS	\$3.8 6.4%	\$5.3 9.2%	\$19.4 12.0%	\$23.0 14.0%	\$19.0 11.6%	\$21.2 12.0%	\$23.0 13.1%	\$23.3 12.6%	\$24.5 12.9%	\$22.5 11.3%	\$20.4 10.0%	\$19.9 9.8%
STATE AID	\$5.5 9.2%	\$7.2 12.5%	\$20.0 12.4%	\$19.1 11.6%	\$17.3 10.5%	\$17.4 9.9%	\$18.0 10.3%	\$18.0 9.8%	\$18.9 10.0%	\$18.0 9.0%	\$16.5 8.1%	\$15.6 7.7%
FEDERAL REVENUE SHARING	\$1.1 1.8%	\$1.0 1.7%	\$0.0 0.0%									
FREE CASH	\$3.4 5.7%	\$2.7 4.7%	\$11.5 7.1%	\$5.3 3.2%	\$5.6 3.4%	\$7.0 4.0%	\$4.6 2.6%	\$5.4 2.9%	\$3.8 2.0%	\$6.0 3.0%	\$7.1 3.5%	\$4.6 2.3%
OTHER AVAIL. FUNDS	\$0.3 0.5%	\$0.5 0.9%	\$6.8 4.2%	\$8.3 5.1%	\$7.9 4.8%	\$11.1 6.3%	\$7.7 4.4%	\$8.9 4.8%	\$8.6 4.5%	\$6.0 3.0%	\$7.4 3.6%	\$4.8 2.4%
GENERAL FUND BUDGET TOTAL	\$59.9	\$57.5	\$161.4	\$163.9	\$164.1	\$176.3	\$175.0	\$184.5	\$189.7	\$198.9	\$204.0	\$202.9
WATER & SEWER ENT FUND (1)	\$2.1	\$2.9	\$13.3	\$14.2	\$15.0	\$15.7	\$15.9	\$17.7	\$18.0	\$21.1	\$21.9	\$22.8
GOLF COURSE ENT FUND (1)	\$0.0	\$0.0	\$0.8	\$0.6	\$0.8	\$0.8	\$0.8	\$0.8	\$0.9	\$1.0	\$1.1	\$1.1
RECREATION REVOLVING FUND (1)	\$0.0	\$0.0	\$0.5	\$0.6	\$0.6	\$0.8	\$0.8	\$1.0	\$1.3	\$1.5	\$1.5	\$1.6
TOTAL FINANCIAL PLAN	\$62.0	\$60.4	\$176.0	\$179.3	\$180.5	\$193.6	\$192.6	\$204.0	\$209.9	\$222.5	\$228.5	\$228.4

(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	FY02 ACT.	FY03 ACT.	FY04 ACT.	FY05 ACT.	FY06 ACT.	FY07 ACT.	FY08 ACT.	FY09 ACT.	FY10 BUDGET	FY11 BUDGET
PROPERTY TAX	(\$5.1) -11.1%	\$4.1 4.2%	\$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%	\$6.1 4.2%	\$5.3 3.5%
LOCAL RECEIPTS	\$1.5 39.1%	(\$2.8) -12.5%	\$3.6 18.4%	(\$3.9) -17.1%	\$2.2 11.5%	\$1.8 8.3%	\$0.3 1.3%	\$1.2 5.3%	(\$2.1) -8.4%	(\$2.1) -9.3%	(\$0.5) -2.4%
STATE AID	\$1.7 31.1%	\$0.7 3.4%	(\$0.9) -4.6%	(\$1.8) -9.3%	\$0.1 0.7%	\$0.5 3.1%	\$0.1 0.4%	\$0.9 5.1%	(\$1.0) -5.2%	(\$1.4) -7.9%	(\$0.9) -5.4%
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%	\$6.7 139.8%	(\$6.3) -54.4%	\$0.3 6.5%	\$1.4 24.3%	(\$2.4) -33.9%	\$0.8 17.0%	(\$1.6) -29.2%	\$2.1 56.1%	\$1.1 18.4%	(\$2.5) -34.9%
OTHER AVAIL. FUNDS	\$0.2 70.8%	\$0.2 3.6%	\$1.6 22.9%	(\$0.5) -5.4%	\$3.2 41.0%	(\$3.4) -30.8%	\$1.3 16.3%	(\$0.3) -3.8%	(\$2.6) -30.4%	\$1.4 23.9%	(\$2.6) -35.3%
GENERAL FUND BUDGET TOTAL	(\$2.4) -4.1%	\$9.0 5.9%	\$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%	\$5.1 2.6%	(\$1.2) -0.6%
WATER & SEWER ENT FUND (1)	\$0.9 41.0%	(\$3.7) -21.6%	\$0.9 6.8%	\$0.8 5.8%	\$0.7 4.7%	\$0.1 0.9%	\$1.8 11.5%	\$0.3 1.8%	\$3.1 17.0%	\$0.8 3.9%	\$0.9 4.2%
GOLF COURSE ENT FUND (1)	\$0.0 0.0%	(\$0.1) -14.3%	(\$0.2) -23.0%	\$0.2 25.3%	\$0.0 5.4%	(\$0.0) -2.2%	\$0.0 0.2%	\$0.1 6.2%	\$0.1 9.7%	\$0.1 4.9%	(\$0.0) -0.9%
RECREATION REVOLVING FUND (1)	\$0.0 0.0%	\$0.2 42.4%	\$0.1 15.4%	\$0.0 7.4%	\$0.1 17.9%	\$0.1 8.9%	\$0.2 0.1%	\$0.3 0.2%	\$0.2 0.1%	(\$0.1) 0.0%	\$0.1 10.0%
TOTAL FINANCIAL PLAN	(\$1.5) -2.6%	\$5.4 3.1%	\$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%	\$6.0 2.7%	(\$0.1) -0.1%

(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 78% 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.

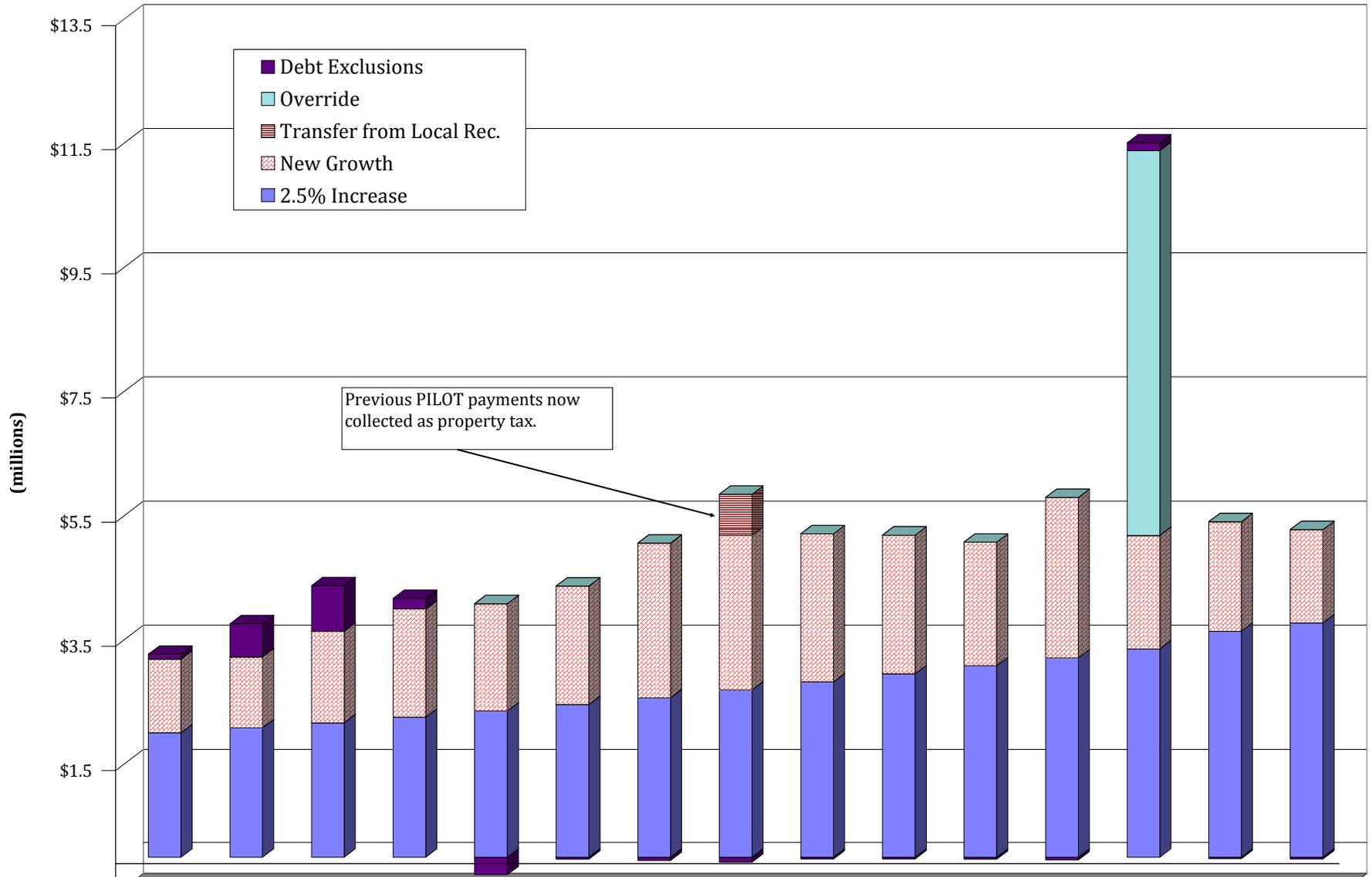
Property values and New Growth for FY11 are preliminary estimates used to project the levy limit. The FY11 maximum allowable levy is projected to total \$157,961,458, representing an increase of \$5,279,460 (3.5%) over the FY10 Levy. The figures below detail how the estimated FY11 levy is calculated:

FY10 LEVY LIMIT	\$151,047,972
<u>PROP. 2 1/2 INCREASE</u>	<u>\$3,776,199</u>
SUB-TOTAL	\$154,824,171
<u>NEW GROWTH (est.)</u>	<u>\$1,500,000</u>
ESTIMATED FY11 LEVY LIMIT	\$156,324,171
DEBT EXCLUSIONS	\$4,317,532
<u>STATE SCHOOL BLDG ASSISTANCE (SBA) REIMB'S</u>	<u>(\$2,680,246)</u>
NET DEBT EXCLUSIONS	\$1,637,286
FY11 TOTAL PROPERTY TAX LEVY	\$157,961,458

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

REVENUE SOURCE	FY2008 LEVY CALC.	FY2009 LEVY CALC.	FY2010 BUDGET	FY2010 ESTIMATE	FY2011 BUDGET	BUDGET INCREASE \$\$	%
Prior Year Levy Limit	128,463,616	134,259,886	145,644,644	145,644,644	151,047,972		
2.5% Increase	3,211,590	3,356,497	3,641,116	3,641,116	3,776,199		
New Growth	2,584,680	1,828,261	1,762,212	1,762,212	1,500,000		
Override	0	6,200,000	0	0	0		
Net Debt Exclusions	1,568,947	1,692,697	1,667,074	1,667,074	1,637,286		
(less) Excess Capacity	(16,932)	(64,273)	(33,048)	(33,048)	0		
Total Property Tax Levy	135,811,901	147,273,068	152,681,998	152,681,998	157,961,458	5,279,460	3.5%

COMPOSITION OF ANNUAL GROWTH IN THE PROPERTY TAX LEVY - FY97-FY11 (est.)



(\$0.5)

	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11 (est.)
Debt Exclusions	0.08	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)	(0.03)
Override	0	0	0	0	0	0	0	0	0	0	0	0	6.2	0	0
Transfer from Local Rec.	0	0	0	0	0	0	0	0.66	0	0	0	0	0	0	0
New Growth	1.19	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	1.50
2.5% Increase	2.00	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

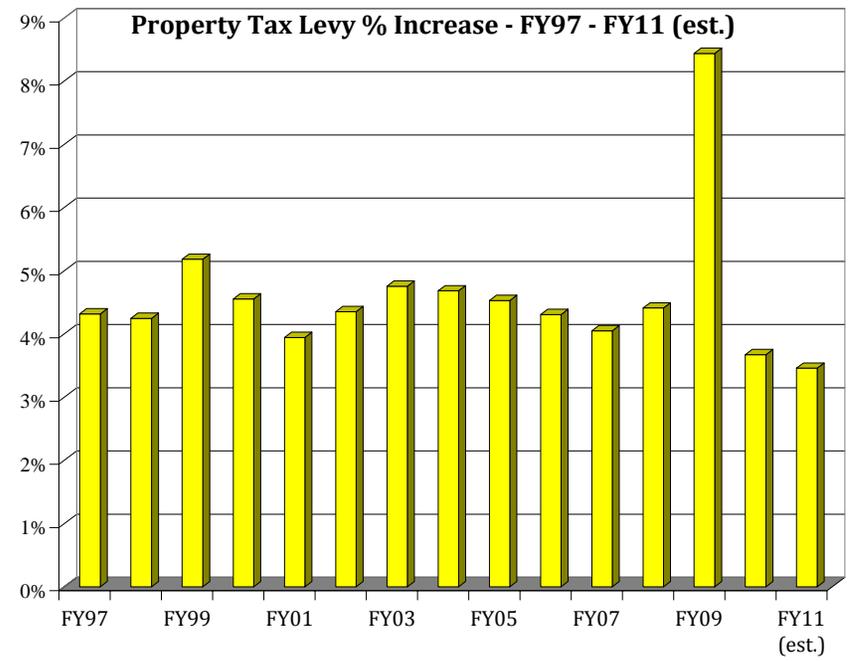
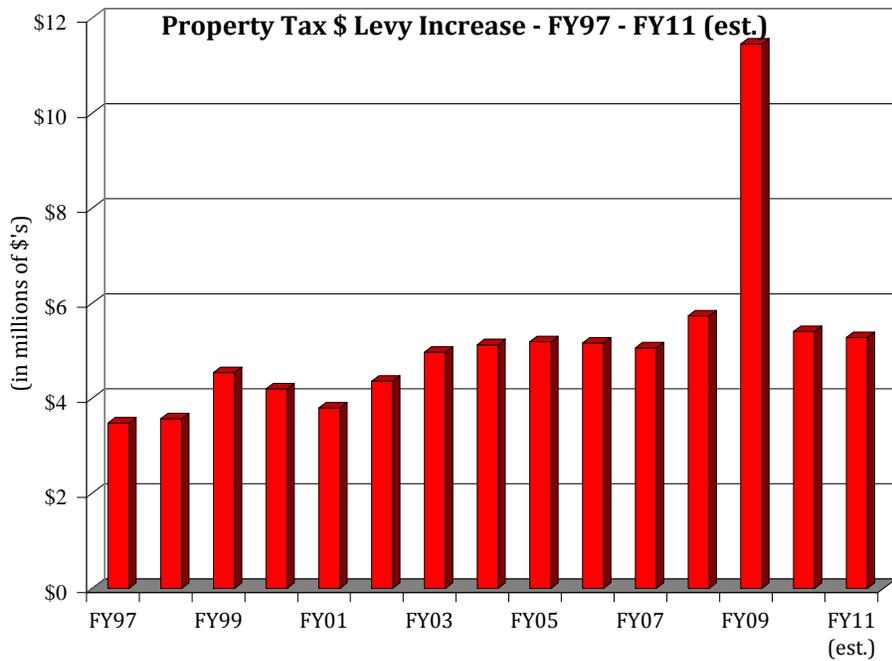
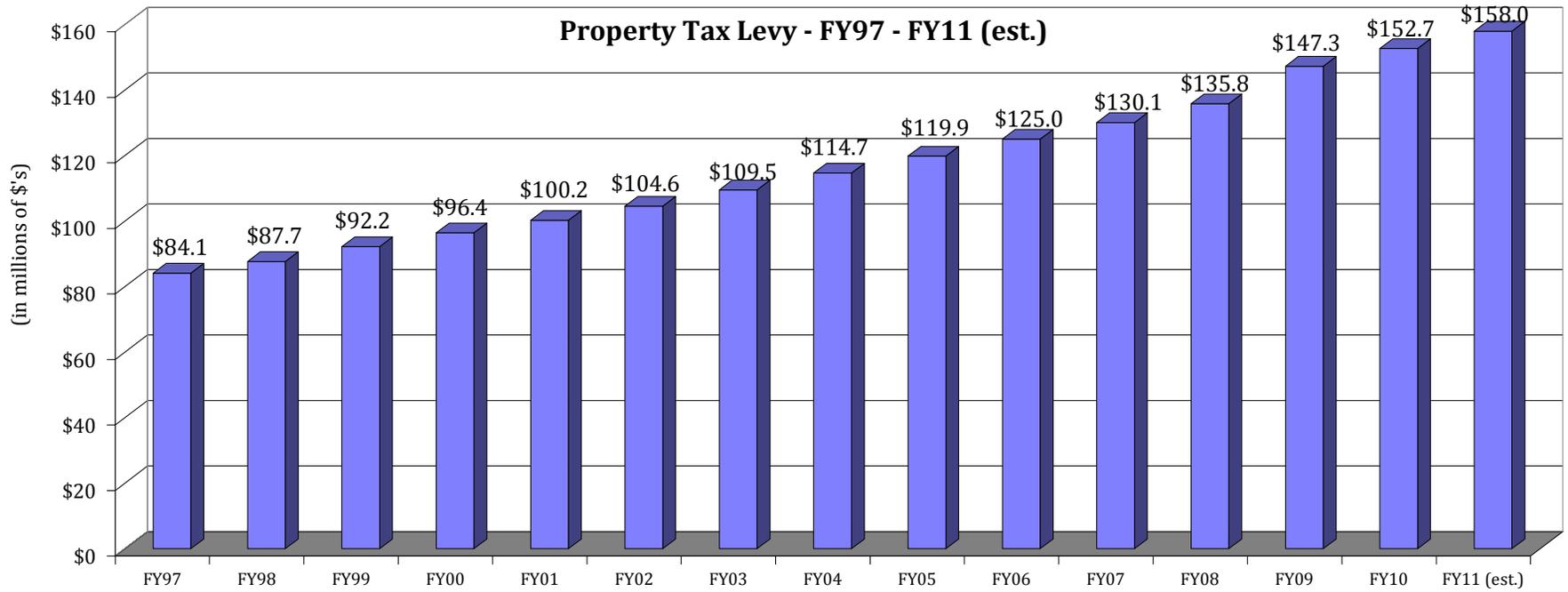
**PROPERTY TAXES
COLLECTIONS AND UNPAID BALANCES
FOR FISCAL YEARS ENDED JUNE 30**

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, 2009	Uncollected Real Estate, Pers. Prop., & Tax Title As Of Dec 31, 2009	% Collected As As Of Dec 31, 2009	(3) Tax Titles / Foreclosures Receivable As of Yr-End
1995	77,700,314	75,817,926	97.6%	1,882,388	1,882,388	0	100.0%	1,203,962
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	439,286	79,753	99.9%	396,040
2003	109,532,058	108,596,481	99.1%	935,577	890,542	45,035	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	873,022	136,375	99.9%	602,897
2006	125,192,168	123,383,654	98.6%	1,808,515	1,706,634	101,881	99.9%	909,734
2007	130,078,303	129,277,684	99.4%	800,619	630,222	170,397	99.9%	873,404
2008	135,822,982	134,144,599	98.8%	1,678,383	1,398,152	280,231	99.8%	1,306,938
2009	147,285,266	145,749,715	99.0%	1,535,551	(183,579)	1,719,130	98.8%	1,265,379

1. Accounts Receivable Balance on June 30 of Base Year.

2. Each year-end sum of activities is added to the previous year. This column changes every year until the uncollected balance is \$0. The balance may equal the Tax Title balance for that year.

3. Base Year Tax Title amount.



ASSESSED VALUE AND TAX BILL HISTORIES

DESCRIPTION	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10
Median Single Family Assessed Value	602,000	667,000	756,750	837,050	903,850	1,017,100	1,023,550	986,900	1,017,000	1,022,400
% Change	15.1%	10.8%	13.5%	10.6%	8.0%	12.5%	0.6%	-3.6%	3.0%	0.5%
Median Two Family Assessed Value	548,650	592,800	702,000	777,900	837,200	950,000	950,900	932,450	953,200	956,100
% Change	16.4%	8.0%	18.4%	10.8%	7.6%	13.5%	0.1%	-1.9%	2.2%	0.3%
Median Three Family Assessed Value	577,400	624,800	786,500	870,250	931,150	1,088,000	1,102,900	1,078,450	1,113,200	1,115,150
% Change	17.6%	8.2%	25.9%	10.6%	7.0%	16.8%	1.4%	-2.2%	3.2%	0.2%
Median Condo Assessed Value	231,300	257,000	322,200	346,900	373,700	411,400	424,800	411,450	423,500	423,000
% Change	16.5%	11.1%	25.4%	7.7%	7.7%	10.1%	3.3%	-3.1%	2.9%	-0.1%
Median Commercial Assessed Value	547,000	655,700	738,400	790,100	875,000	943,500	914,300	971,500	1,015,600	1,033,800
% Change	9.6%	19.9%	12.6%	7.0%	10.7%	7.8%	-3.1%	6.3%	4.5%	1.8%
Median Single Family Tax Bill	6,809	7,247	7,057	7,412	7,716	8,137	8,341	8,437	9,130	9,429
% Change	4.4%	6.4%	-2.6%	5.0%	4.1%	5.5%	2.5%	1.2%	8.2%	3.3%
Median Two Family Tax Bill	6,091	6,290	6,443	6,783	7,034	7,497	7,634	7,883	8,448	8,701
% Change	5.9%	3.3%	2.4%	5.3%	3.7%	6.6%	1.8%	3.3%	7.2%	3.0%
Median Three Family Tax Bill	6,478	6,703	7,391	7,765	7,995	8,815	9,113	9,369	10,158	10,446
% Change	7.1%	3.5%	10.3%	5.1%	3.0%	10.2%	3.4%	2.8%	8.4%	2.8%
Median Condo Tax Bill	1,820	1,958	2,186	2,202	2,292	2,353	2,515	2,579	2,786	2,853
% Change	6.5%	7.6%	11.6%	0.7%	4.1%	2.6%	6.9%	2.6%	8.0%	2.4%
Median Commercial Tax Bill	12,100	13,816	13,424	13,637	14,534	14,587	14,519	16,224	17,590	18,402
% Change	-1.1%	14.2%	-2.8%	1.6%	6.6%	0.4%	-0.5%	11.7%	8.4%	4.6%
Residential Tax Rate (per \$1,000 of value)	13.46	12.90	11.21	10.63	10.23	9.55	9.73	10.18	10.69	10.97
Commercial Tax Rate (per \$1,000 of value)	22.12	21.07	18.18	17.26	16.61	15.46	15.88	16.70	17.32	17.80

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

LOCAL RECEIPTS SUMMARY

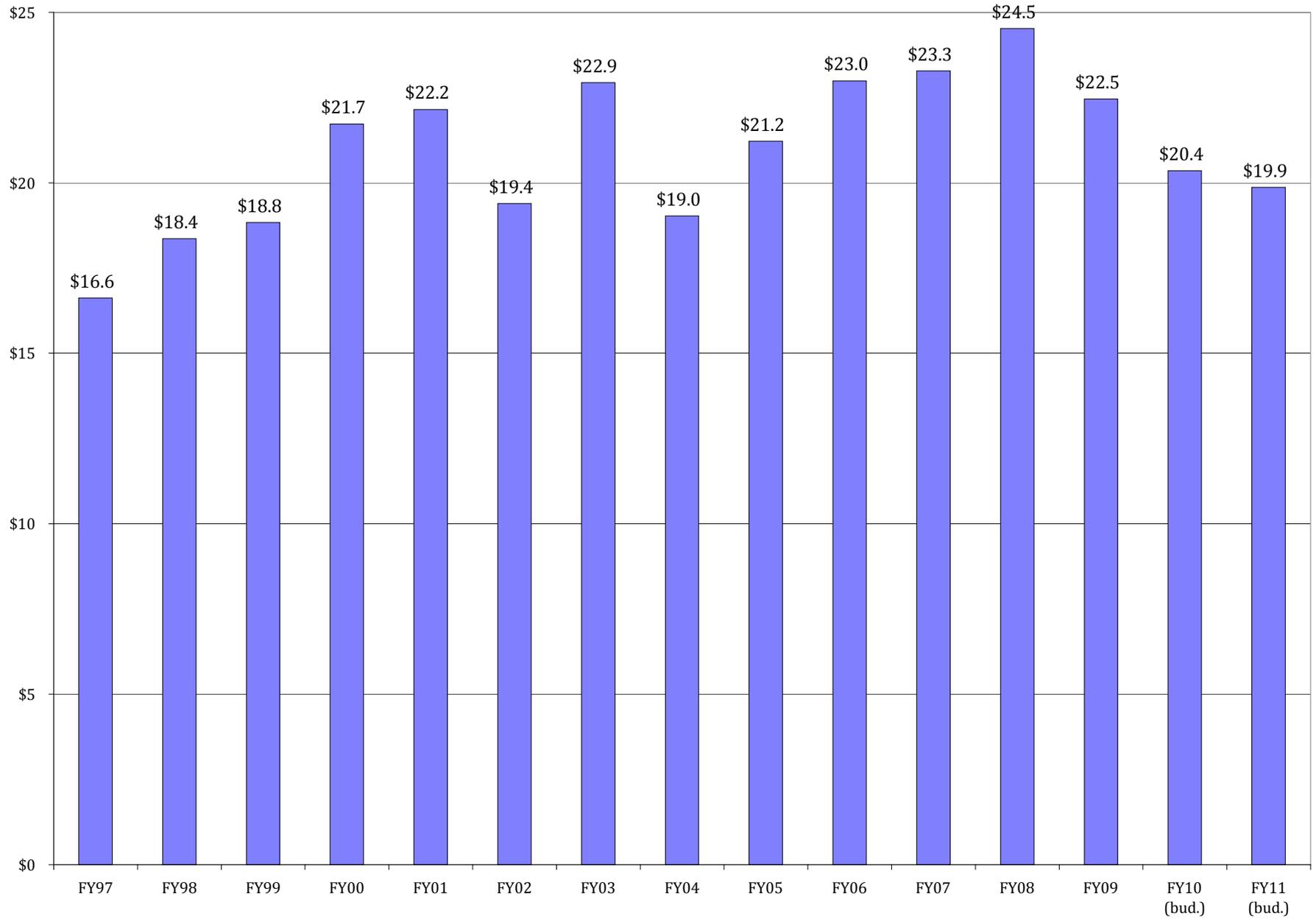
Local Receipts, estimated to add \$19.87 million to the Town's revenue stream, represent 9.8% of total General Fund revenues. They include motor vehicle excise, local option taxes, fees, fines, charges for licenses and permits, violations, investment earnings, and other similar non-tax type items. These 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 decrease \$488,650 (2.4%). A summary of all changes are as follows:

- 1.) **Local Option Taxes** - increase \$165,000 (11.9%) to reflect a full year's assessment of the local meals excise tax and of the increase to 6% in the lodging excise tax voted by Town Meeting in FY10. In FY10, eight months of meals tax and eight months of the increased lodging tax will be collected.
- 2.) **Payment in Lieu of Taxes (PILOTs)** - increase \$63,350 (7.8%) and reflects the remaining Ch. 121A agreements.
- 3.) **Licenses / Permits** - increase \$11,150 (1.2%).
- 4.) **Parking and Court Fines** - decrease \$290,000 (6.2%) to \$4.4 million.
- 5.) **General Government** - this category decreases \$166,000 (6.6%) to \$2.35 million due primarily to a \$200,000 (10%) decline in Building Permits, partially offset by increases in DAS Fees (\$30,000, 100%) and Benefit Reimbursements (\$15,000, 8.3%).
- 6.) **Motor Vehicle Excise (MVE)** - decreases \$150,000 (3.1%) to \$4.7 million.
- 7.) **Interest Income** - decreases \$93,500 (13.5%) to \$600,000, a reflection of the current, and projected, interest rate environment.
- 8.) **Departmental and Other** - decreases \$29,000 (1.6%) to \$1.8 million because of the loss of the revenue from (and the expense for) the Credit Card Convenience Fees associated with on-line parking tickets (\$60,000, 100%), a decrease in Public Safety revenue (\$17,000, 18.5%), a reduction in Pension Reimbursement (\$8,000, 33.3%), and a decrease in Public Works (\$2,000, 2.5%). These are partially offset by increases in CATV revenue (\$50,000, 9.5%) and Parking Fees (\$8,000, 1.7%).

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

REVENUE SOURCE	FY2008 ACTUAL	FY2009 ACTUAL	FY2010 BUDGET	FY2010 ESTIMATE	FY2011 BUDGET	BUDGET INCREASE \$\$	%
Motor Vehicle Excise	5,291,912	5,027,901	4,850,000	4,700,000	4,700,000	(150,000)	-3.1%
Local Option Taxes	742,744	788,531	1,385,000	1,310,000	1,550,000	165,000	11.9%
Licenses and Permits	942,811	944,011	975,475	1,007,500	986,975	11,500	1.2%
Parking and Court Fines	4,690,251	4,674,987	4,690,000	4,400,000	4,400,000	(290,000)	-6.2%
General Government	4,866,555	3,610,091	2,518,500	2,652,000	2,352,500	(166,000)	-6.6%
Interest Income	2,374,433	1,333,712	693,500	740,000	600,000	(93,500)	-13.5%
In Lieu of Tax Payments	907,315	1,021,504	816,650	997,000	880,000	63,350	7.8%
Refuse Fees	2,650,476	2,654,048	2,600,000	2,650,000	2,600,000	0	0.0%
Departmental and Other	2,057,577	2,400,364	1,828,000	2,025,000	1,799,000	(29,000)	-1.6%
Total	24,524,074	22,455,149	20,357,125	20,481,500	19,868,475	(488,650)	-2.4%

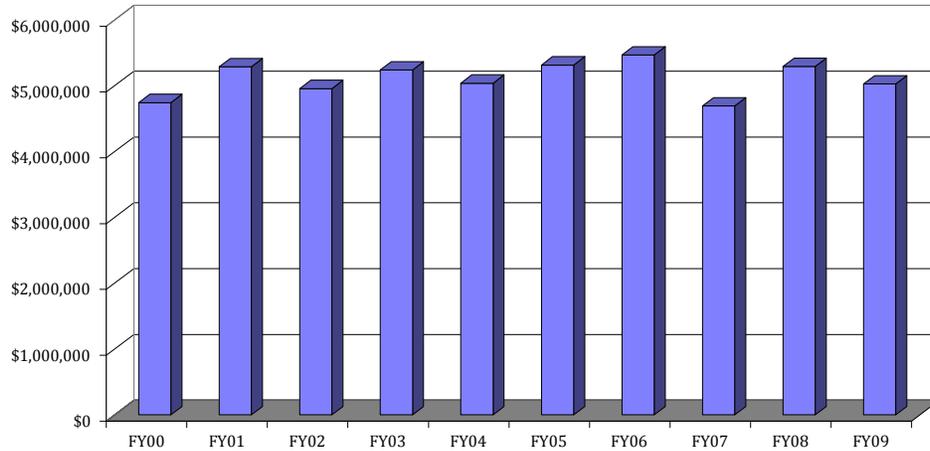
15-YEAR LOCAL RECEIPT HISTORY (in millions)



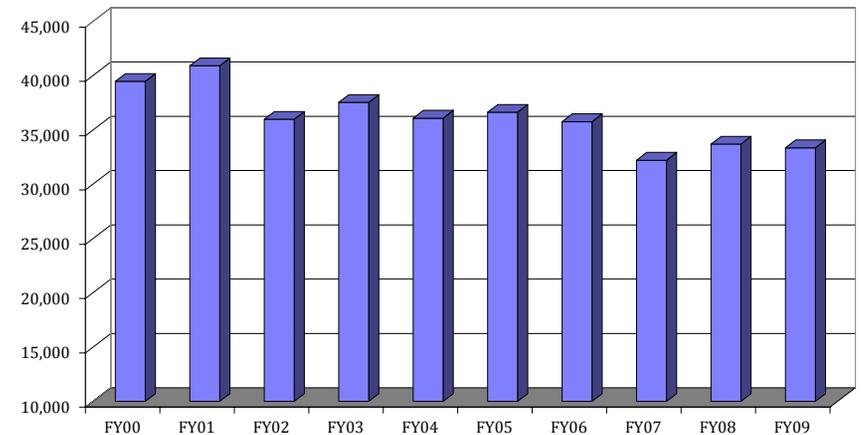
MOTOR VEHICLE EXCISE

State law establishes the Motor Vehicle Excise (MVE) tax rate. Proposition 2 1/2 set the rate of \$25 per \$1,000 in automobile value. In the first year of ownership, the rate of \$25 per \$1,000 is assessed on 90% of the value of the vehicle; in year two, it is 60%; in year three, it is 40%; in year four, it is 25%; and in year five and thereafter, it is 10%. The actual billings are prepared by the Registry of Motor Vehicles (RMV) and then turned over to the Town for printing, distribution, and collection. The MVE tax is the Town's largest local receipt source and is expected to generate \$4.7 million in FY11, an amount that is \$150,000 (3.1%) below FY10.

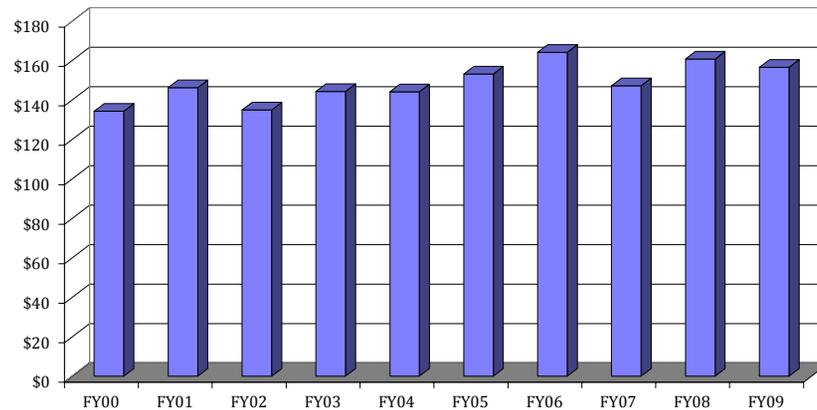
MVE COLLECTIONS



NUMBER OF MVE BILLS



AVERAGE MVE BILL



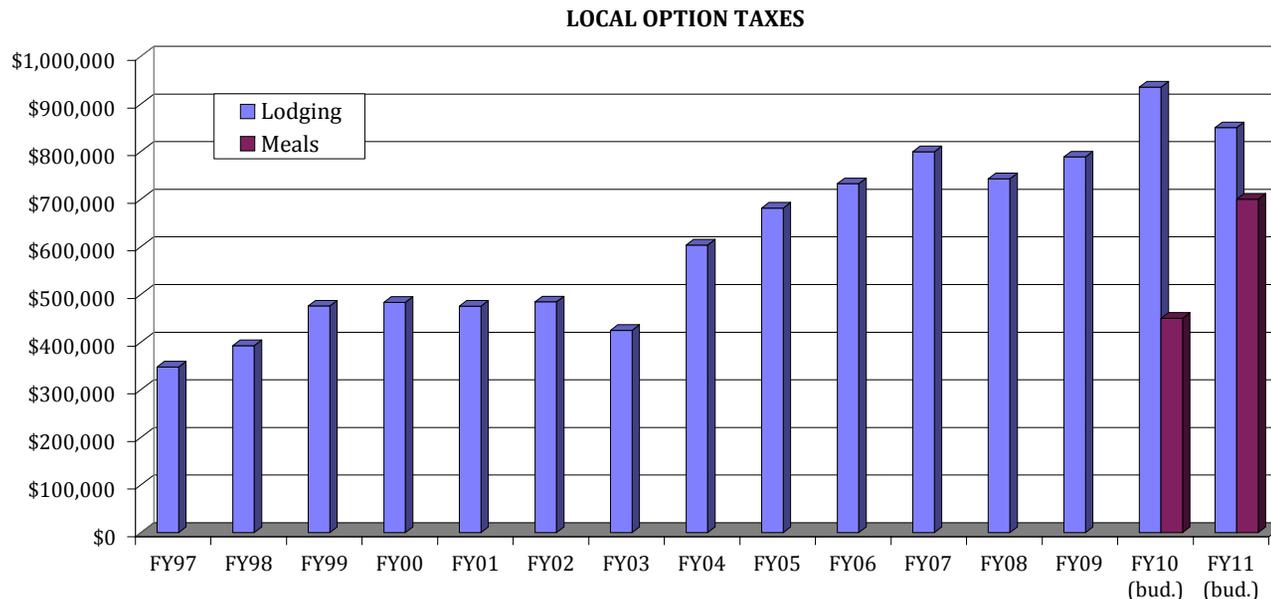
REVENUE SOURCE	FY2008	FY2009	FY2010	FY2010	FY2011	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE		BUDGET	\$
Motor Vehicle Excise	5,291,912	5,027,901	4,850,000	4,700,000	4,700,000	(150,000)	-3.1%

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 FY2010 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 FY11, this revenue source is expected to generate \$850,000, a decrease of \$85,000 (9.1%).

As part of the FY2010 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 FY11, this revenue source is expected to generate \$700,000, an increase of \$250,000 (55.6%). This increase is due to having a full fiscal year of revenue.



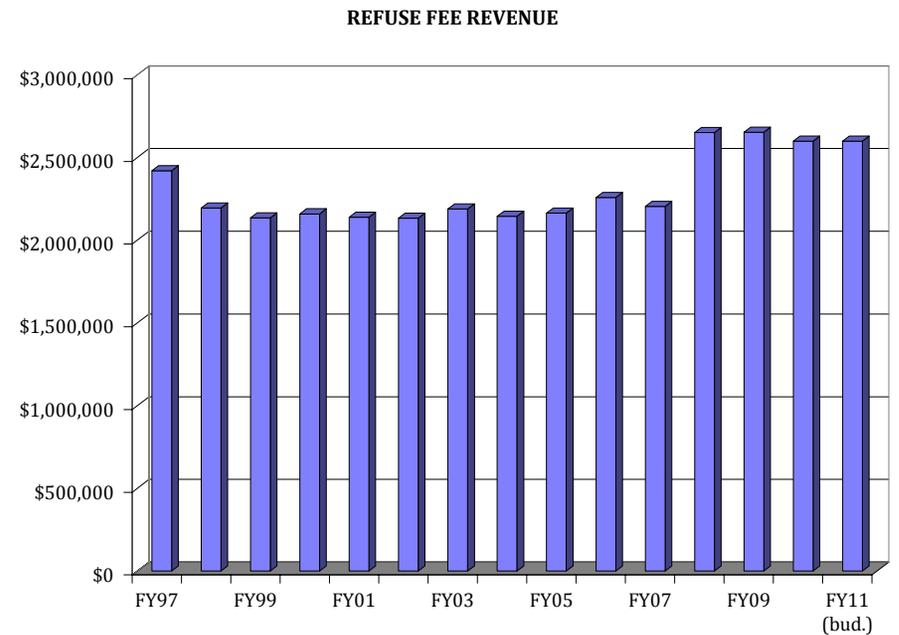
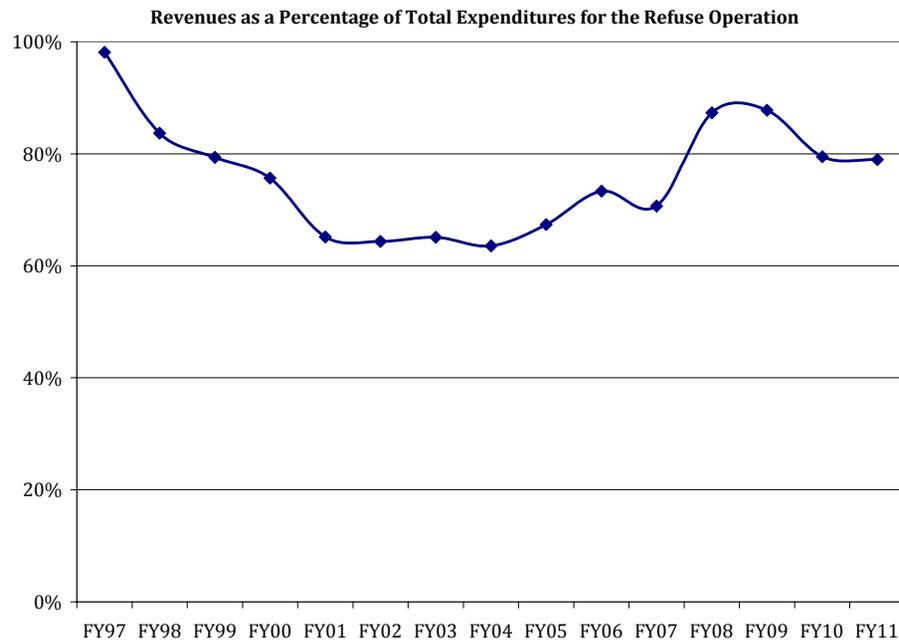
REVENUE SOURCE	FY2008	FY2009	FY2010	FY2010	FY2011	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Meals Tax	0	0	450,000	450,000	700,000	250,000	55.6%
Lodging Excise Tax	742,744	788,531	935,000	860,000	850,000	(85,000)	-9.1%
Totals	742,744	788,531	1,385,000	1,310,000	1,550,000	165,000	11.9%

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-FY10	FY11 est.
\$150	\$175	\$200	\$165	\$200	\$200

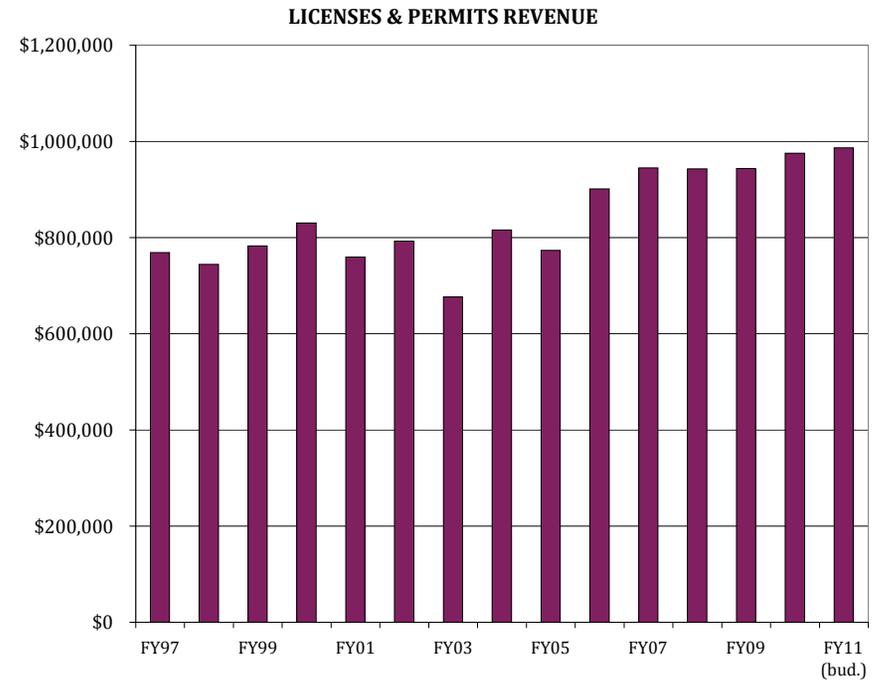
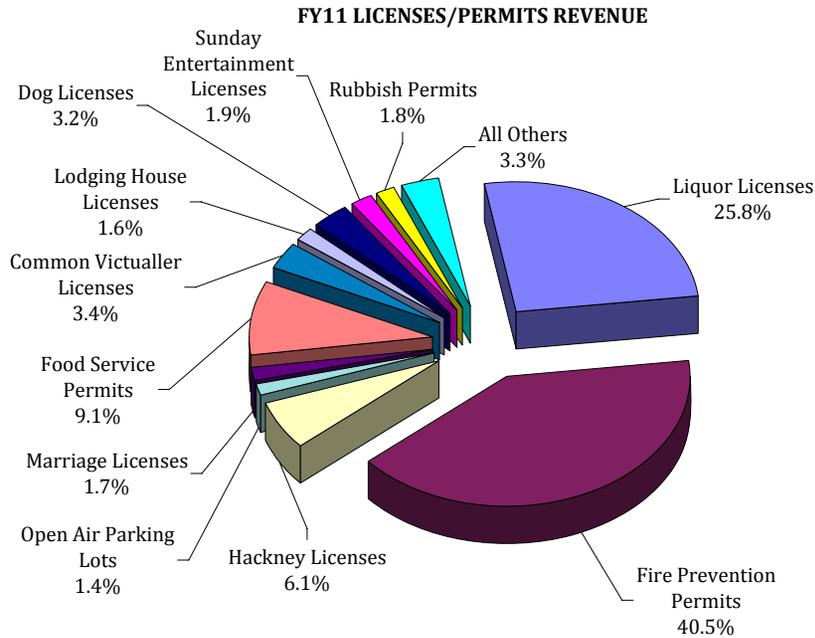
The Proposition 2 1/2 override of 1994 included restoring a portion of the fee back to the tax levy. The amount of \$460,000 was added to the override and reduced from refuse fee revenue, resulting in a fee reduction from \$200 to \$165. The fee was then increased to \$200 in FY08 as part of a budget 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	FY2008 ACTUAL	FY2009 ACTUAL	FY2010 BUDGET	FY2010 ESTIMATE	FY2011 BUDGET	BUDGET INCREASE	
						\$\$	%
Refuse Fee	2,650,476	2,654,048	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 FY11, revenues from this category are expected to total \$986,975, an increase of \$11,500 (1.2%) from FY10 levels. The increase comes from hackney licenses (\$5,000, 9.1%), dog licenses (\$4,000, 14.3%), Sunday entertainment licenses (\$3,000, 18.8%), and liquor licenses (\$2,000, 0.8%), partially offset by a \$2,500 (0.6%) reduction in fire prevention permits.

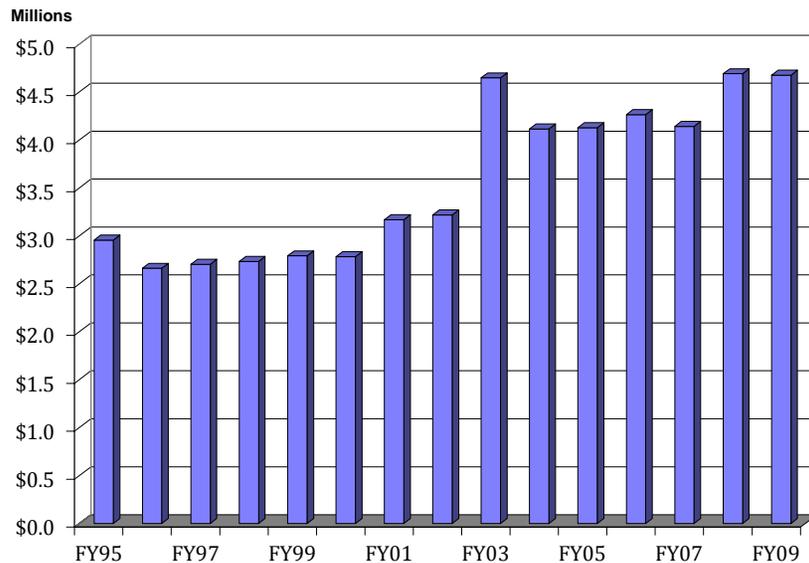


REVENUE SOURCE	FY2008	FY2009	FY2010	FY2010	FY2011	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Liquor Licenses	262,939	273,550	253,000	280,000	255,000	2,000	0.8%
Fire Prevention Permits	303,591	328,190	402,500	365,000	400,000	(2,500)	-0.6%
Hackney Licenses	70,066	70,295	55,000	70,000	60,000	5,000	9.1%
Open Air Parking Lots	14,390	14,085	14,000	14,000	14,000	0	0.0%
Marriage Licenses	13,410	14,562	17,000	19,000	17,000	0	0.0%
Food Service Permits	98,863	89,963	90,000	95,000	90,000	0	0.0%
Common Victualler Licenses	35,065	37,375	34,000	36,000	34,000	0	0.0%
Lodging House Licenses	15,910	16,120	16,000	16,000	16,000	0	0.0%
Dog Licenses	34,214	34,583	28,000	35,000	32,000	4,000	14.3%
Sunday Entertainment Licenses	18,675	19,990	16,000	20,000	19,000	3,000	18.8%
Rubbish Permits	20,350	17,850	17,500	17,500	17,500	0	0.0%
All Others	55,338	27,448	32,475	40,000	32,475	0	0.0%
Totals	942,811	944,011	975,475	1,007,500	986,975	11,500	1.2%

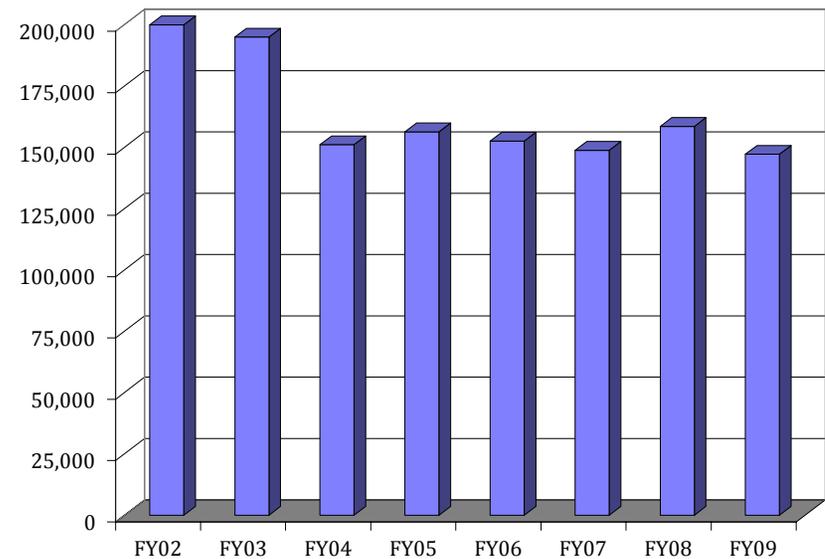
PARKING AND COURT FINES

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



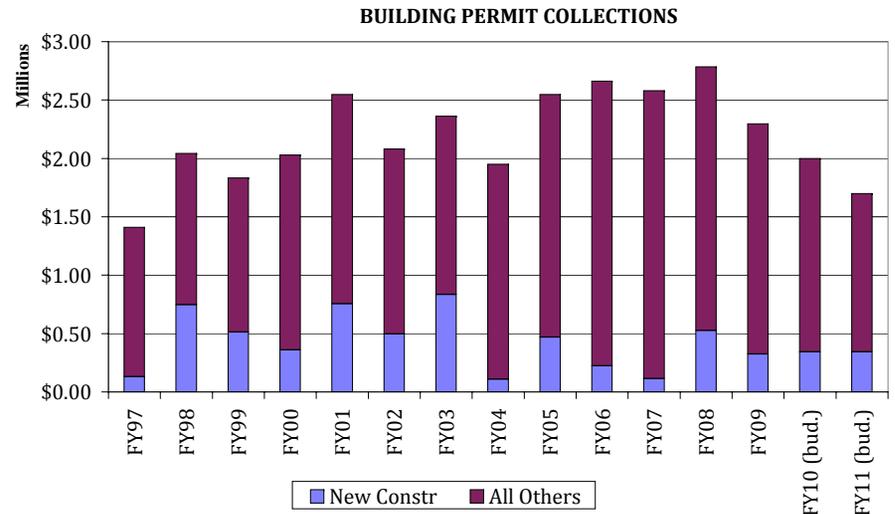
While there is a significantly higher amount of parking fine revenue being collected than prior to the fine increases (the \$4.4 million estimate is \$1.45 million, or approximately 50%, higher than the average annual collections prior to the fine increases), there has been a decrease since the FY03 peak. In FY04, there were 44,000 fewer tickets written, resulting in a decrease of \$533,000. In FY06, the number of tickets issued decreased by 3,700 (2.4%) to 153,000 and in FY07 it decreased 3,800 (2.5%) to 149,000. In FY08, this downward trend was reversed, as ticket issuance increased in FY08 by 9,750 (6.6%). Unfortunately, it decreased again in FY09 (11,000, 7.2%). The graph to the above left shows fine revenue since FY95 while the graph to the above right shows the number of tickets issued annually. The estimate for FY11 is decreased \$290,000 (6.2%) to \$4.4 million.

REVENUE SOURCE	FY2008 ACTUAL	FY2009 ACTUAL	FY2010 BUDGET	FY2010 ESTIMATE	FY2011 BUDGET	BUDGET INCREASE \$\$	%
Parking and Court Fines	4,690,251	4,674,987	4,690,000	4,400,000	4,400,000	(290,000)	-6.2%

GENERAL GOVERNMENT

Revenues derived from this category are expected to decrease \$166,000 (6.6%) due primarily to a \$200,000 (10%) decline in Building Permits, partially offset by increases in DAS Fees (\$30,000, 100%) and Benefit Reimbursements (\$15,000, 8.3%). 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 year-to-date experience indicates another decline. The graph also shows the composition of Building Permits. New construction permits, on average, account for approximately 15% of all Building Permit revenue. The other 85% comes primarily from renovation-related permits.

Legal Damage Recovery revenue results from certain legal actions undertaken by the Town. The amounts collected vary greatly year to year because they are derived from unpredictable events that are the basis for the Town's recoveries.



Town Clerk Fees include fees for records and certified copies and Collector's Fees consist primarily of Municipal Lien Certificates (MLC's) and Tailings. **Plan Design Review** fees are charged by the Building Department when a project requires approval from the Zoning Board of Appeals (ZBA). The **Property Rental Payment** is 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 now goes to the insurance company, with the Town receiving the benefit through reduced premiums rather than through direct receipt of the subsidy.

The **Benefits Reimbursement** item consists primarily of reimbursements from the School Department for employees who have benefits and are paid from special revenue funds, in addition to COBRA fees and reimbursements for those Town employees funded through the Community Development Block Grant (CDBG). That budget is increased \$15,000 (8.3%). Payments from the two companies that have built **Distributed Antenna Systems (DAS)** in town are expected to total \$60,000 in FY11, an increase of 100% (\$30,000). The **All Others** category is comprised of Zoning Board of Appeals fees, fees for copying documents of various departments, and many one-time reimbursements for miscellaneous expenditures. The budget for those are decreased \$4,000 (7.8%) to \$47,000.

REVENUE SOURCE	FY2008	FY2009	FY2010	FY2010	FY2011	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Building Permits and Inspections	2,785,724	2,295,826	2,000,000	2,000,000	1,800,000	(200,000)	-10.0%
Legal Damage Recovery	804,405	62,500	5,000	5,000	5,000	0	0.0%
Town Clerk's Fees	69,429	74,687	95,500	92,000	95,500	0	0.0%
Collector's Fees	153,786	126,121	100,000	145,000	100,000	0	0.0%
Plan Design Review	53,105	81,355	50,000	31,000	50,000	0	0.0%
Property Rental Payments	7,000	7,000	7,000	0	0	(7,000)	-100.0%
Medicare Part D Subsidy	210,766	16,187	0	4,000	0	0	-
Benefits Reimbursement	181,224	203,232	180,000	200,000	195,000	15,000	8.3%
Distributed Antenna System (DAS) Fees	0	38,980	30,000	75,000	60,000	30,000	100.0%
All Others	601,117	704,202	51,000	100,000	47,000	(4,000)	-7.8%
Totals	4,866,555	3,610,091	2,518,500	2,652,000	2,352,500	(166,000)	-6.6%

INTEREST INCOME

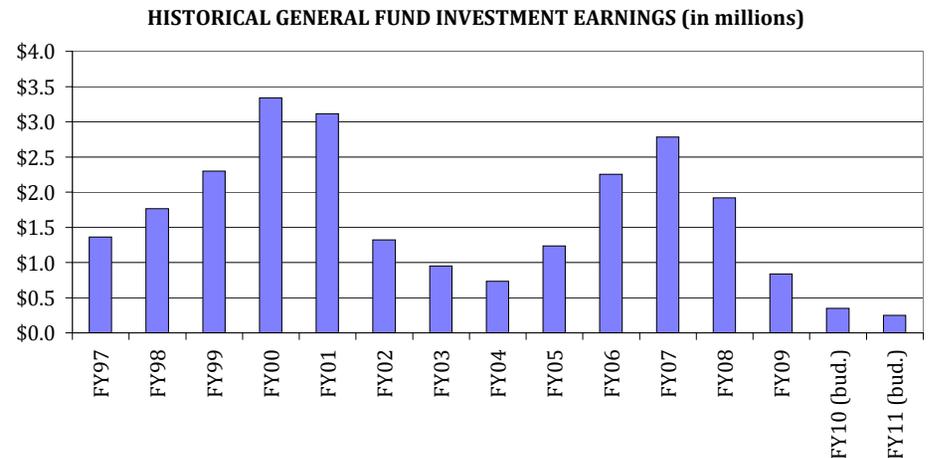
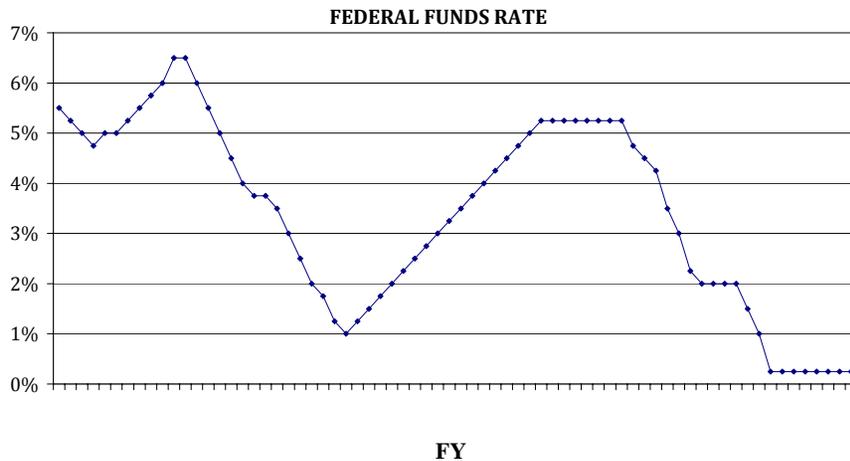
The Town Treasurer regularly invests any cash not required for current disbursements. The interest earned from these investments is credited to the Interest Income account. The amount of investment income earned in any given year is dependent upon a number of variables, the most important of which are:

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

Investment income accounted for more than 62% of the interest income earned in FY09. The other source of interest is from payments made by delinquent taxpayers.

The estimate for interest earned on investments for FY11 is \$250,000, a decrease of \$100,000 (28.6%). 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 reflects this reality. The two graphs below show the changes in the Federal Funds rate (left) and the historical Investment Income earnings (right).



The amount budgeted in FY11 for interest earned from delinquent taxpayers is increased \$6,500 (1.9%) to \$350,000.

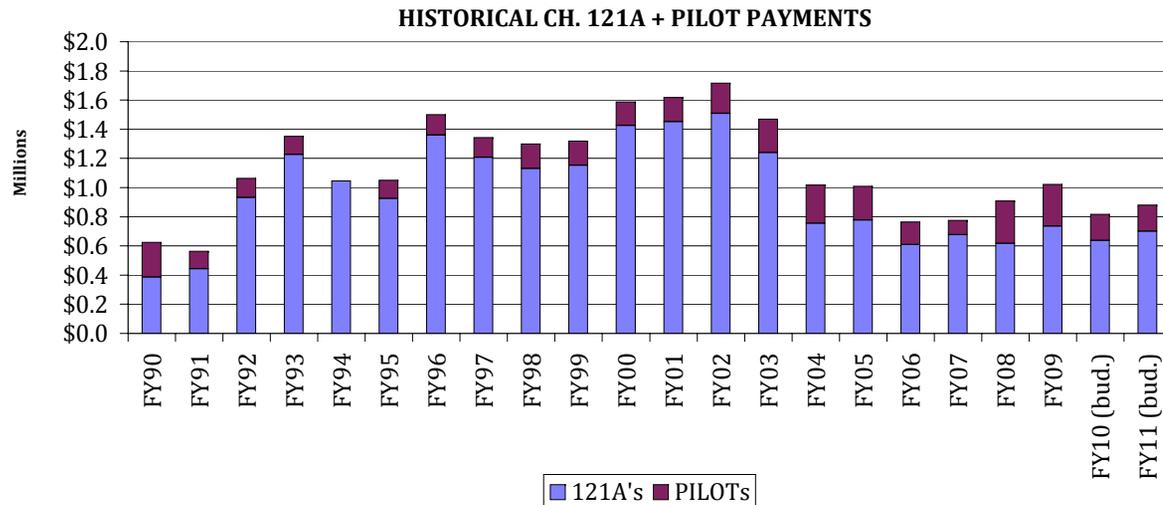
REVENUE SOURCE	FY2008	FY2009	FY2010	FY2010	FY2011	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Interest Income	1,918,511	838,534	350,000	250,000	250,000	(100,000)	-28.6%
Delinquent Tax Interest	455,922	495,178	343,500	490,000	350,000	6,500	1.9%
Totals	2,374,433	1,333,712	693,500	740,000	600,000	(93,500)	-13.5%

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 FY11 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 a \$63,350 (10%) increase.

PILOTs are estimated to yield \$180,000 for FY11, with \$75,000 coming from the Brookline Housing Authority (BHA). The PILOTs in "Other" are from 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. The two largest agreements are with Boston University (estimated at \$55,000) and the Chestnut Benevolent Association (estimated at \$39,000).



REVENUE SOURCE	FY2008 ACTUAL	FY2009 ACTUAL	FY2010 BUDGET	FY2010 ESTIMATE	FY2011 BUDGET	BUDGET INCREASE	
						\$	%
Chapter 121A Projects	618,040	736,792	636,650	705,000	700,000	63,350	10.0%
Brookline Housing Authority	72,655	72,176	75,000	72,000	75,000	0	0.0%
Other	216,620	212,536	105,000	220,000	105,000	0	0.0%
Totals	907,315	1,021,504	816,650	997,000	880,000	63,350	7.8%

DEPARTMENTAL AND OTHER

All other local receipt sources combined are expected to total \$1.8 million, an amount that is \$29,000 (1.6%) less than the FY10 budgeted amount. This is primarily due to the loss of the revenue from Credit Card Convenience Fees associated with on-line parking tickets (\$60,000, 100%), a reduction in Public Safety revenue (\$17,000, 18.5%), a reduction in Pension Reimbursement (\$8,000, 33.3%), and a decrease in Public Works (\$2,000, 2.5%). These are partially offset by increases in CATV revenue (\$50,000, 9.5%) and Parking Fees (\$8,000, 1.7%). 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 \$17,000 (18.5%) to \$75,000.
- Health and Sanitation - these fees, which include Tobacco and Asbestos Fees, are collected by the Health Department. They are level-funded at \$50,000.
- Public Works Fees - these consist primarily of street cutting permits. They are reduced \$2,000 (2.5%) to \$79,000.
- Recycling - this comes from the Town's recycling contract. Entered into in September of 2005, the contract guarantees the Town a minimum of \$10 per ton for recycled paper. Through the Fall of 2008, the Town was receiving more than \$100 per ton for paper. After that, because of the worldwide recession, the demand for goods made with recycled paper dropped off dramatically, driving the per ton price down to the contractual minimum price of \$10 per ton. Therefore, the FY11 estimate level-funded at \$36,000.
- Parking Fees - these fees include revenues from various parking permits, including the residential and commercial permit parking programs; municipal parking space rentals; and rental vehicle lease surcharges. They are increased \$8,000 (1.7%) to \$488,000.
- Credit Card Convenience Fees - this is 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 will collect and keep 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.) Therefore, this revenue is eliminated.
- Schools (Medicaid Reimbursement) - this is the Medicaid reimbursement for medical services provided to qualified Brookline special education students. It is level-funded at \$230,000.
- Library - these consist of overdue fines and miscellaneous fees and are level-funded at \$110,000.
- Detail Surcharge - this represents the 10% surcharge imposed on private police detail rates, the maximum percentage allowed under Massachusetts General Law, Chapter 44, Section 53C. It is level-funded at \$140,000.
- Cable Television Franchise Fee - this is a 3% tax on the gross receipts of the local cable television companies. It is estimated to increase \$50,000 (9.5%) to \$575,000 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 FY11 estimate is \$16,000, a reduction of \$8,000 (33.3%).

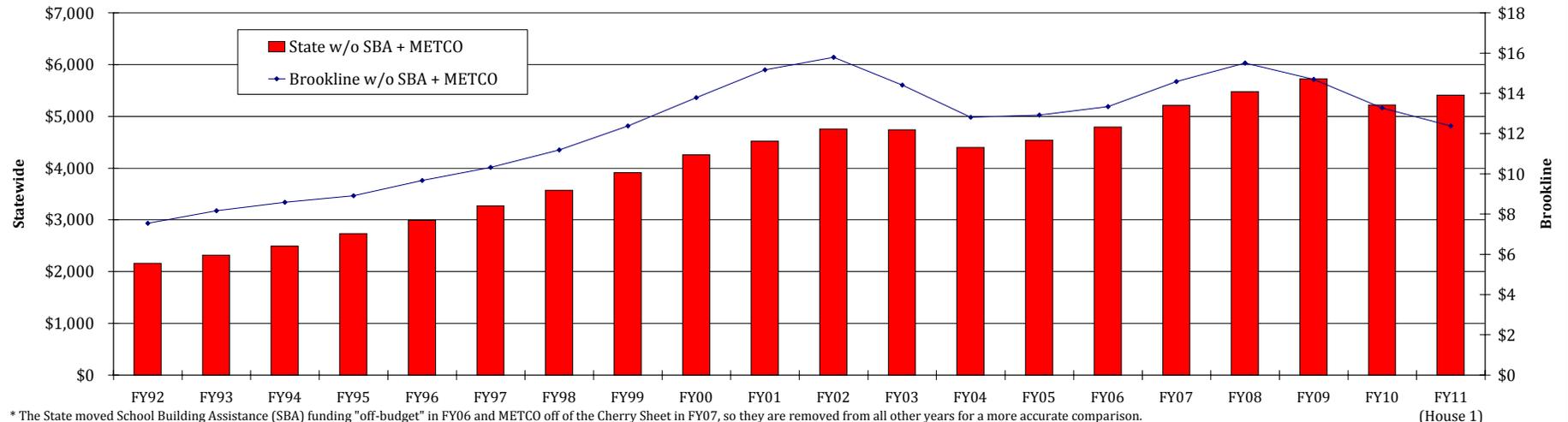
REVENUE SOURCE	FY2008	FY2009	FY2010	FY2010	FY2011	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Public Safety	100,631	78,466	92,000	62,000	75,000	(17,000)	-18.5%
Health and Sanitation	48,949	52,799	50,000	57,000	50,000	0	0.0%
Public Works	81,653	107,227	81,000	90,000	79,000	(2,000)	-2.5%
Recycling	270,194	156,138	36,000	100,000	36,000	0	0.0%
Parking Fees	427,569	540,359	480,000	575,000	488,000	8,000	1.7%
Credit Card Convenience Fees	63,254	61,474	60,000	12,000	0	(60,000)	-100.0%
Schools (Medicaid Reimbursement)	209,057	467,957	230,000	230,000	230,000	0	0.0%
Library	122,132	109,376	110,000	105,000	110,000	0	0.0%
Detail Surcharges	158,448	218,724	140,000	130,000	140,000	0	0.0%
Cable TV Franchise	538,290	571,297	525,000	625,000	575,000	50,000	9.5%
Pension Reimbursement	37,401	36,546	24,000	39,000	16,000	(8,000)	-33.3%
Totals	2,057,577	2,400,364	1,828,000	2,025,000	1,799,000	(29,000)	-1.6%

STATE AID SUMMARY

Since the passage of Proposition 2 1/2, municipalities have been dependent upon the State to provide an equitable share of all growth tax revenues. (Growth taxes include income, sales, and corporate taxes.) Since the intergovernmental relationship between municipalities and the State is a vital component of service delivery for cities and towns, any reductions in local aid could well lead to service cuts at the local level. This is especially true in Massachusetts, where the only local tax revenue is property tax; no local sales (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.

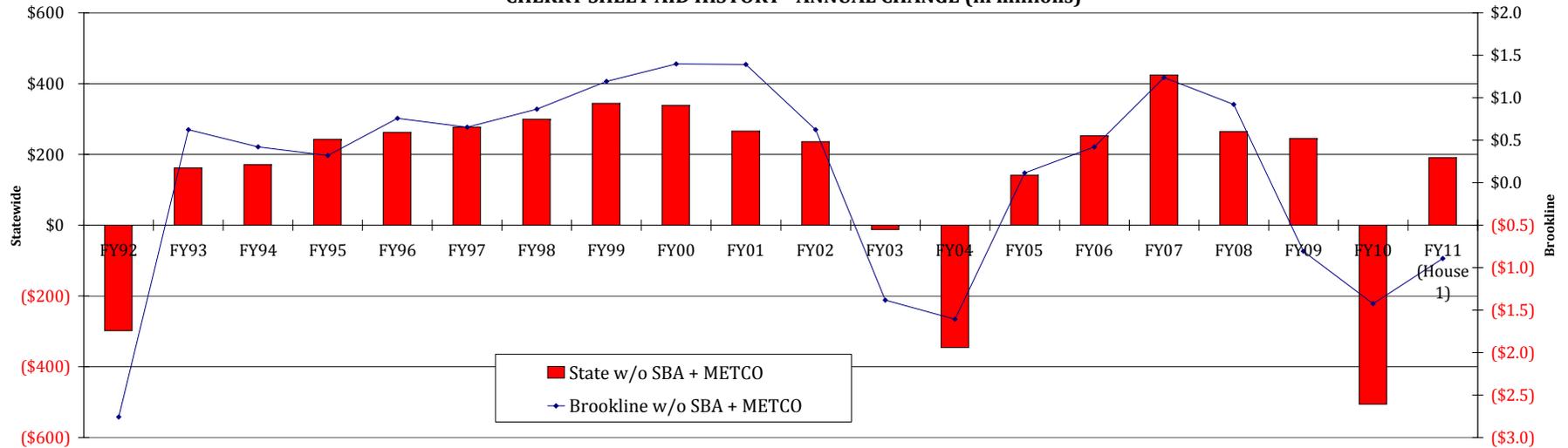
After sustaining major cuts in the early-1990's, local aid began to increase significantly in FY94 when the Legislature adopted a major Education Reform bill. Another source of the increase was Lottery revenue, which began in FY93 when the cap on disbursements back to municipalities was phased out. (The cap was put into effect in the early-1990's to help balance the State budget.) Unfortunately, reductions in local aid began in FY03, both for Cherry Sheet programs (e.g., Ch. 70 (Education) Aid, Additional Assistance, Lottery) and discretionary grant programs (e.g., Education Grants, MWRA Debt Assistance). 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%). This history is shown below:

CHERRY SHEET AID HISTORY (in millions)



REVENUE SOURCE	FY2008 ACTUAL	FY2009 ACTUAL	FY2010 BUDGET	FY2010 ESTIMATE	FY2011 BUDGET	BUDGET INCREASE	
						\$	%
General Government Aid	8,654,772	7,823,623	5,793,046	5,793,046	4,894,253	(898,793)	-15.5%
School Aid	6,686,568	6,708,031	7,331,100	7,331,100	7,338,546	7,446	0.1%
School Construction Aid	3,442,794	3,267,372	3,267,371	3,267,371	3,267,371	0	0.0%
Tax Exemptions	41,394	40,901	41,896	41,896	41,905	9	0.0%
Education Offset Items	120,749	122,866	103,079	103,079	102,036	(1,043)	-1.0%
Totals	18,946,277	17,962,793	16,536,492	16,536,492	15,644,111	(892,381)	-5.4%

CHERRY SHEET AID HISTORY - ANNUAL CHANGE (in millions)



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

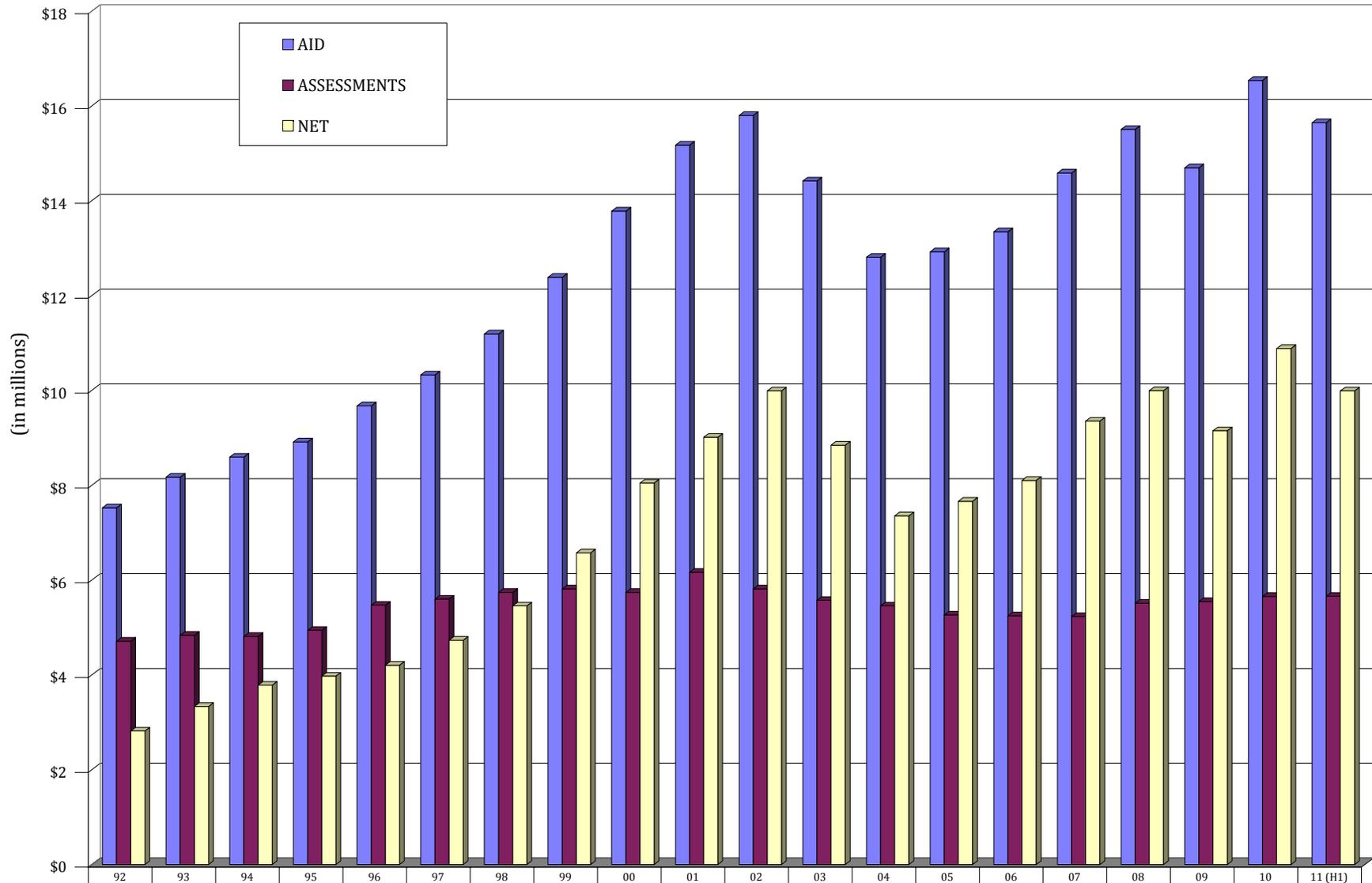
The Governor's FY11 budget proposal protects State Aid from cuts. Chapter 70 Education aid was actually increased by \$178.5 million (4.6%) statewide to \$4.05 billion. Unrestricted General Government Aid (UGGA) was level-funded at \$936.4 million. Many State leaders, however, are urging caution in using the Governor's State Aid proposal when building local budgets for FY11. Both the House Ways and Means Chair and Senate President have recently made remarks about the FY11 budget that make the outcome of the Governor's approach to Local Aid uncertain. House Ways and Means Chair Murphy suggested to local officials that they not use the Governor's proposal and Senate President Murray is quoted as saying FY11 could be the state's "worst year". Using the Governor's proposed Ch. 70 distribution figures (level-funded for Brookline) but continuing to assume a 15% 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.

	STATEWIDE	BROOKLINE
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



■ 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	16.54	15.64
■ 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
■ NET	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	10.88	9.99

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	FY2008	FY2009	FY2010	FY2010	FY2011	BUDGET INCREASE	
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ESTIMATE</u>	<u>BUDGET</u>	<u>\$\$</u>	<u>%</u>
Additional Assistance	3,497,741	3,156,900	0	0	0	0	-
Lottery	4,403,998	3,974,845	0	0	0	0	-
Unrestricted General Gov't Aid	0	0	5,593,780	5,593,780	4,754,713	(839,067)	-15.0%
Veteran's Benefits	39,542	66,360	69,387	69,387	77,195	7,808	11.3%
<u>Police Career Incentive</u>	<u>713,491</u>	<u>625,518</u>	<u>129,879</u>	<u>129,879</u>	<u>62,345</u>	<u>(67,534)</u>	<u>-52.0%</u>
Totals	8,654,772	7,823,623	5,793,046	5,793,046	4,894,253	(898,793)	-15.5%

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 FY11, House 1 level-funds the account at \$936.4 million. However, as previously stated, the Financial Plan assumes a 15% (\$839,067) reduction for Brookline to \$4.75 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 FY10 was \$27.9 million, with Brookline's share being \$69,387. The Governor's FY11 budget proposal increases statewide funding by \$9.1 million (32.7%) to \$37 million. Based on the Preliminary Cherry Sheets, Brookline will receive \$77,195, an increase of \$7,808 (11.3%).

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. The Governor's FY11 budget proposal cuts the appropriation another \$5 million (50%) to \$5 million. Based on the Preliminary Cherry Sheets, Brookline will receive \$62,345, a decrease of \$67,534, or 52%.

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.

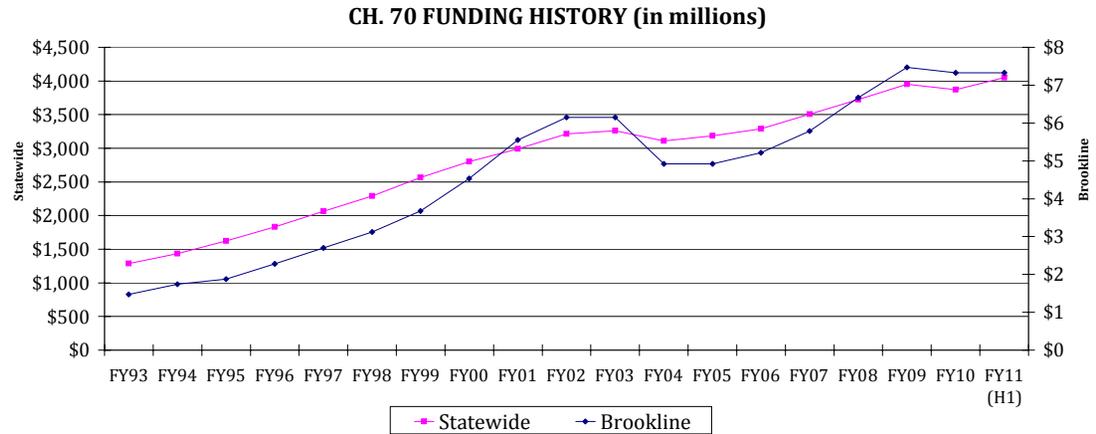
The reform legislation targeted the majority of funds to poorer communities and required them to increase school spending. School districts with relatively higher property wealth, such as Brookline, tend to be classified as Minimum Aid communities. Minimum Aid communities were originally entitled to 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 below shows. Total funding increased nearly 153%, going from \$1.29 billion in FY93 to \$3.26 billion in FY03. For Brookline, during that same period, funding increased \$4.7 million (316%), going from \$1.48 million to more than

SCHOOL AID - CHAPTER 70 (con't.)

\$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%). The Governor's FY11 budget proposal increases funding by \$178.5 million (4.6%) statewide to \$4.05 billion. For Brookline, it resulted in level-funding of \$7.3 million. The history since FY03 is shown in the table and graph below:

	<u>Statewide Incr.</u>	<u>Brookline Incr.</u>
FY03	\$45.4M (1.4%)	\$0
FY04	-\$147.4M (-4.5%)	-\$1.2M (-20%)
FY05	\$72.2M (2.3%)	\$0
FY06	\$105.6M (3.3%)	\$292K (5.9%)
FY07	\$216.6M (6.6%)	\$576K (11%)
FY08	\$220.2M (6.3%)	\$878K (15.2%)
FY09	\$223.1M (6%)	\$805K (12.1%)
FY10	-\$79M (-2%)	-\$149K (-2%)
FY11 (House 1)	\$178.5 (4.6%)	\$0



SCHOOL CONSTRUCTION AID

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

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

REVENUE SOURCE	FY2008	FY2009	FY2010	FY2010	FY2011	BUDGET INCREASE	
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ESTIMATE</u>	<u>BUDGET</u>	\$	%
School Aid Chapter 70	6,667,814	6,687,235	7,323,679	7,323,679	7,323,679	0	0.0%
School Construction Aid	3,442,794	3,267,372	3,267,371	3,267,371	3,267,371	0	0.0%
<u>Charter Tuition Assessment Reimbursemen</u>	18,754	20,796	7,421	7,421	14,867	7,446	100.3%
Totals	10,129,362	9,975,403	10,598,471	10,598,471	10,605,917	7,446	0.1%

SCHOOL CONSTRUCTION AID (con't.)

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 FY11 - FY16 CIP, which is detailed in Section VII of this Financial Plan, shows that the Town will be receiving up to \$11.8 million for the Runkle School project, or 41.58% of reimbursable expenses. For the Devotion School project, \$22.5 million is assumed (40% of eligible project costs). If the MSBA does not approve funding for the Devotion School, then the total project will be \$33.75 million, not a \$56.25 million project, unless additional funding was made available through a Debt Exclusion vote.

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

1. Lincoln School - between FY96 and FY08, the Town received annual payments of \$616,287. For FY09 - FY12, the payments will be \$640,509 per year. The total (\$10.57 million) represents the State's 61% share of the project.
2. Heath School - between FY00 and FY04, the Town received annual payments of \$286,161. For FY05-FY19, the Town will receive \$122,095 per year. The total (\$3.26 million) represents the State's 61% share of the project.
3. High School - between FY01 and FY08, the Town received annual payments of \$2,214,516. For FY09-FY19, the payments will be \$2,039,737 per year. The total (\$42.19 million) represents the State's 61% share of the project. [The reimbursements from the State will go away after the Town completes a refinancing that will ultimately save taxpayers money over the next 10 years. Once the refinancing is complete, both the revenue (State Aid) and expense (debt service) will be adjusted accordingly.]
4. Baker School - between FY03 and FY08, the Town received annual payments of \$489,896. For FY09-FY22, the payments will be \$465,031 per year. The total (\$9.45 million) represents the State's 61% share of the project.

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

TAX EXEMPTION AID

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

Veterans - Chapter 59, Section 5, Clauses 22A-22E provide for tax exemptions for veterans that meet certain criteria. The amount of the exemption ranges from \$250 to \$1,500. Chapter 58, Section 8A provides a total tax exemption to paraplegic veterans who have been certified as such by the Veterans Administration. Exemptions that qualify under these provisions are partially reimbursed by the State.

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

Surviving Spouses and Others - Chapter 59, Section 5, Clause 17D, which was accepted by the Town, provides a tax exemption to persons over the age of 70, to minors with a parent deceased, or to widows or widowers. The amount of the exemption is \$175. To be eligible, the person must meet certain requirements, including a provision that his/her total estate does not exceed \$40,000 exclusive of the value of the domicile except so much of the domicile as produces income and exceeds two dwelling units. At the November, 2003 Special Town Meeting, the Town adopted the state statute that allows cities and towns to increase the \$40,000 estate provision annually by a cost of living adjustment (COLA) as determined by the Commissioner of the Department of Revenue (DOR). In FY10, the combined impact of the COLAs since FY04 has increased the estate provision to \$49,253. The State partially reimburses the Town for this exemption.

Elderly Persons - Chapter 59, Section 5, Clause 41C, provides that a person who has reached his/her 70th birthday prior to the fiscal year for which an exemption is sought, and who owns and occupies property, may qualify for a tax exemption of \$500 from the tax bill. In determining eligibility, gross income of said person for the preceding calendar year must be less than \$13,000, if single, or if married, combined income must be less than \$15,000. In addition, the whole estate, real and personal, less the value of the domicile, except so much of the domicile as produces income and exceeds two dwelling units, cannot exceed \$28,000, if single, or, if married, combined income cannot exceed \$30,000. If the applicant receives Social Security, a deduction is applied to determine income eligibility. At the November, 2003 Special Town Meeting, the Town adopted the state statute that allows cities and towns to increase the income and whole estate provisions annually by a cost of living adjustment as determined by the Commissioner of the Department of Revenue (DOR). In FY10, the combined impact of the COLAs since FY04 has increased the income provision to \$16,007 single / \$18,470 married and increased the asset provision to \$34,477 single / \$36,940 married.

In FY10, the total appropriation for all of these exemption reimbursements was \$25.3 million, with Brookline receiving \$41,896. In the Governor's FY11 budget proposal, total statewide funding is level-funded. For Brookline, the reimbursement is estimated at \$41,905, an amount that is \$9 (0%) greater than FY10.

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	FY2008 ACTUAL	FY2009 ACTUAL	FY2010 BUDGET	FY2010 ESTIMATE	FY2011 BUDGET	BUDGET INCREASE	
						\$	%
<u>Veterans/Blind/Surviving Spouse</u>	41,394	40,901	41,896	41,896	41,905	9	0.0%
Totals	41,394	40,901	41,896	41,896	41,905	9	0.0%

CHERRY SHEET OFFSETS

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

LUNCH PROGRAMS

Under Chapter 871 of the Acts of 1970, the State reimburses cities and towns a small portion of the costs of providing breakfasts and lunches to school children. The majority of funding for the lunch programs comes from the federal government and fees paid by the diners. Commencing in FY93, elderly lunch reimbursements were no longer included on the Cherry Sheet. Statewide FY10 funding totaled \$5.4 million. The Governor's FY11 budget proposal level-funds the account. For Brookline, funding is estimated at \$21,034, a decrease of \$879 (4%).

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 FY10 funding totaled \$7.1 million. The Governor's FY11 budget proposal level-funds the account. For Brookline, funding is estimated at \$81,002, a decrease of \$164 (0.2%).

REVENUE SOURCE	FY2008	FY2009	FY2010	FY2010	FY2011	BUDGET INCREASE	
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ESTIMATE</u>	<u>BUDGET</u>	\$	%
Lunch Programs	22,427	19,642	21,913	21,913	21,034	(879)	-4.0%
Public Libraries	<u>98,322</u>	<u>103,224</u>	<u>81,166</u>	<u>81,166</u>	<u>81,002</u>	<u>(164)</u>	<u>-0.2%</u>
Totals	120,749	122,866	103,079	103,079	102,036	(1,043)	-1.0%

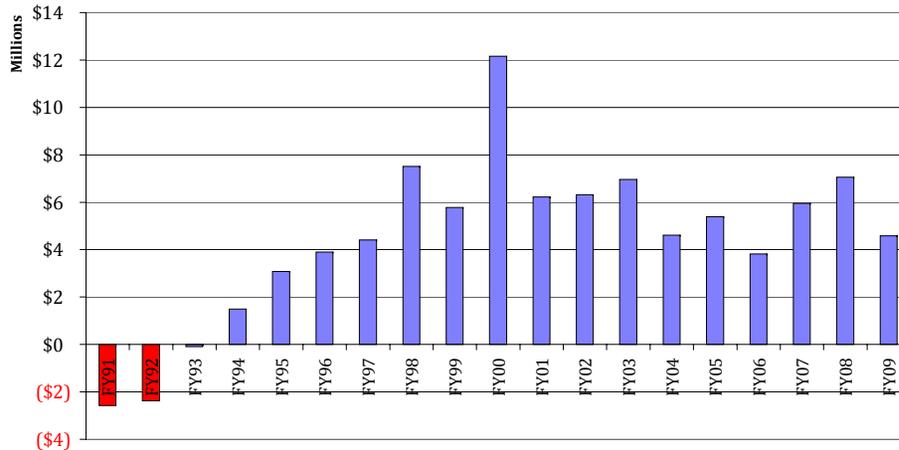
FREE CASH

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

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

From FY91 through FY93, Free Cash was certified with negative balances, as can be seen in the graph below. Very tight budgeting and unusually large delinquent tax balances created this situation. This condition began to improve in FY94. Since then, the combination of adopting prudent fiscal policies, more conservative revenue estimates, and closely monitoring expenditures have contributed to the favorable levels of Free Cash. The Free Cash certification for funds available for use in FY11 (i.e., Free Cash as of 7/1/09) decreased \$2.5 million (34.9%) to \$4.59 million.

Annual Free Cash Certifications



Due to the difficulty in predicting Free Cash and the need to provide some reserve for potential unforeseen or extraordinary expenses, especially in a tight budgeting environment, the Selectmen have adopted a formal Free Cash appropriation policy. An amount equivalent to 0.25% of the prior year's net revenue (approximately \$464,000) is appropriated for use as part of the Town's operating budget. When combined with the tax-supported portion of the budget reserve, which is an amount equivalent to 0.75% of the prior year's net revenue, the result is a total budget reserve equivalent to 1% of the prior year's net revenue.

The Free Cash balance as of the close of FY09 has been certified at \$4,590,079. After making the following appropriations, \$3,670,340 is available for capital improvements:

- \$464,239 to the Operating Budget Reserve Fund
- \$455,500 to the Liability/Catastrophe Fund

REVENUE SOURCE	FY2008	FY2009	FY2010	FY2010	FY2011	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Free Cash appropriated for:							
Capital Improvements	2,891,385	5,020,852	3,121,351	3,121,351	3,670,340	548,989	17.6%
Operating Budget Reserve Fund	418,778	436,636	458,547	458,547	464,239	5,692	1.2%
Stabilization Fund	0	0	0	0	0	0	-
Affordable Housing Trust Fund	0	0	0	0	0	0	-
Worker's Compensation Trust Fund	250,000	200,000	0	0	0	0	-
Liability Reserve	254,629	297,475	1,443,397	1,443,397	455,500	(987,897)	-68.4%
Other Special Appropriations	0	0	2,030,000	2,030,000	0	(2,030,000)	-
Totals	3,814,792	5,954,963	7,053,295	7,053,295	4,590,079	(2,463,216)	-34.9%

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 FY11 appropriations is \$4.8 million, a decrease of \$2.6 million (35.3%) from the amount available in FY10.

1. **Parking Meter Receipts** - an increase of \$100,000 (3.9%) to \$2.65 million is anticipated.
2. **Walnut Hills Cemetery Funds** - these are receipts from the sale of lots and income from the perpetual care fund, which are deposited into separate funds. The transfer from these funds to the General Fund is to reimburse the General Fund for the expenses associated with the operation of the cemetery, which is funded in the DPW budget. 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 \$5,127 (2.8%). The Town Fee component decreases \$7,377 (12.2%).
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 FY11 reimbursement decreases \$10,086 (4.8%) to \$200,784.
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 \$365,803 (17.9%) to \$1.68 million. This large decrease is due to three factors: (1) a reduction in worker's comp expenses, (2) a reduction in health insurance costs, and (3) the re-budgeting of the Water and Sewer Director in the Enterprise Fund in lieu of charging back 90% of the Deputy Commissioner's salary through an overhead reimbursement. [Since FY01, the Water and Sewer Director served as both the Director and the DPW Deputy Commissioner and 90% of his General Fund salary was charged back to the Enterprise Fund. This changes in FY11 with the promotion of the Deputy Commissioner to Commissioner and to backfill the position with a Director of Water and Sewer.]
7. **Tax Abatement Reserve Surplus** - also known as the Overlay Reserve Surplus, \$0 is planned for in FY11, compared to the \$1,505,000 used for FY10 to fund one-time expenses, per the Town's policies.
8. **Capital Project Surplus** - \$0 of remaining balances from existing capital projects is being re-appropriated to support the CIP, compared to the \$830,000 used in FY10.
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 FY11, no funds are anticipated to be available from this revenue source.

REVENUE SOURCE	FY2008	FY2009	FY2010	FY2010	FY2011	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$\$	%
Parking Meter Receipts	2,495,486	2,500,000	2,550,000	2,550,000	2,650,000	100,000	3.9%
Walnut Hill Cemetery Fund	100,000	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	373,004	179,064	186,349	186,349	181,222	(5,127)	-2.8%
Recreation Revolving Fund Reimbursement	186,355	198,027	210,870	210,870	200,784	(10,086)	-4.8%
Water and Sewer Enterprise Fund Reimb.	4,513,660	1,877,687	2,046,265	2,046,265	1,680,462	(365,803)	-17.9%
Tax Abatement Reserve Surplus	850,000	0	1,505,000	1,505,000	0	(1,505,000)	-100.0%
Capital Project Surplus	43,552	590,000	830,000	830,000	0	(830,000)	-100.0%
Sale of Town-owned Land Fund	0	550,000	0	0	0	0	-
Totals	8,603,612	5,436,333	7,420,039	7,420,039	4,804,023	(2,616,016)	-35.3%

WATER AND SEWER ENTERPRISE

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

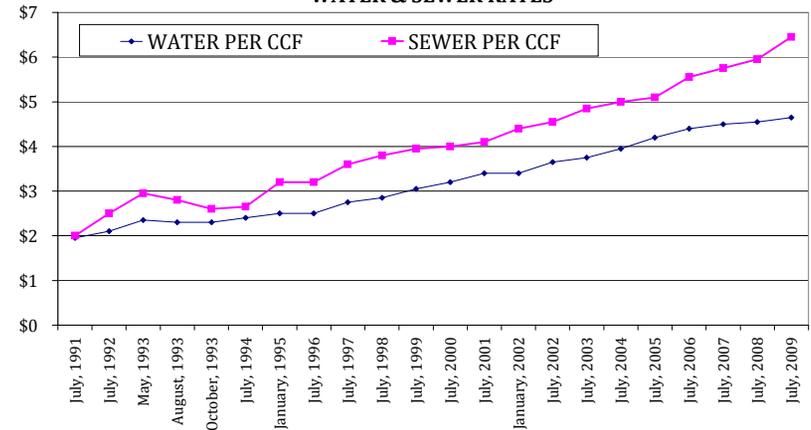
The operation is treated as an enterprise fund under Massachusetts General Laws, Ch. 44, Sec. 53F1/2. The Enterprise Fund was established by Town Meeting in 2001. Prior to that vote, the Water and Sewer operation was accounted for in the General Fund. Treating the operation as an enterprise fund allows 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 FY11 will increase by \$544,851 (2.3%) over FY10. The increase is driven primarily by the MWRA Assessment (\$810,900, 5%), partially offset by decreases in the Overhead Reimbursement (\$365,803, 17.9%) and Capital (\$139,400, 49.8%). Since the Enterprise Fund is 100% cost recovery, the rates will need to be adjusted to generate the revenue required to cover the increase in costs.

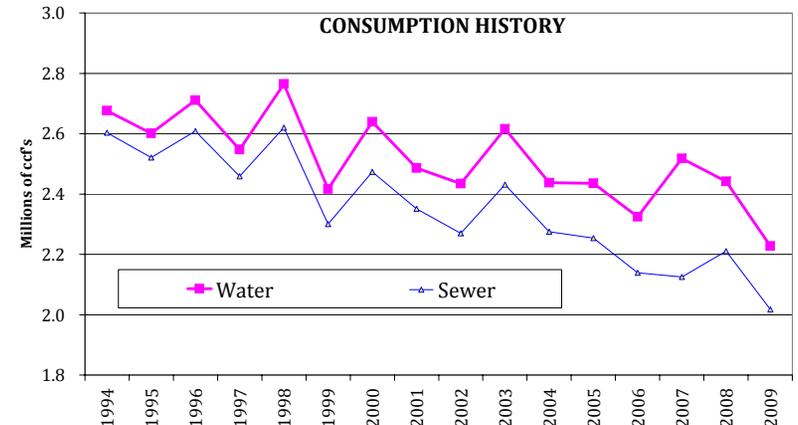
The financial condition of the Enterprise Fund has improved greatly over the past few years. After budgetary deficits were realized in three consecutive years (FY01-FY03), FY04 and FY05 produced surpluses, reducing the overall negative fund balance. Unfortunately, FY06 realized a deficit that was covered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

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

WATER & SEWER RATES



CONSUMPTION HISTORY



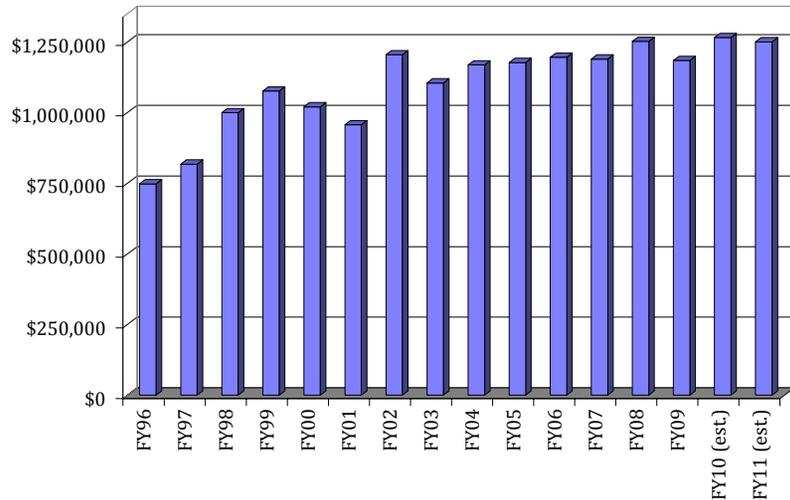
REVENUE SOURCE	FY2008 <u>ACTUAL</u>	FY2009 <u>ACTUAL</u>	FY2010 <u>BUDGET</u>	FY2010 <u>ESTIMATE</u>	FY2011 <u>BUDGET</u>	BUDGET INCREASE	
						\$	%
Water and Sewer Charges	22,235,871	22,707,448	23,704,072	23,704,072	24,296,222	592,150	2.5%
Late Payment Fees	103,714	112,630	120,000	120,000	110,000	(10,000)	-8.3%
Service Fees	119,336	102,217	120,000	120,000	82,000	(38,000)	-31.7%
Rate Relief (State Aid)	49,798	0	0	0	0	0	-
Misc	<u>29,066</u>	<u>36,191</u>	<u>9,300</u>	<u>9,300</u>	<u>10,000</u>	<u>700</u>	<u>7.5%</u>
Gross Total	22,537,785	22,958,486	23,953,372	23,953,372	24,498,222	544,850	2.3%
less Reimbursement to the General Fund	<u>4,513,660</u>	<u>1,877,687</u>	<u>2,046,265</u>	<u>2,046,265</u>	<u>1,680,462</u>	<u>(365,803)</u>	<u>-17.9%</u>
Net Total	18,024,125	21,080,799	21,907,107	21,907,107	22,817,761	910,653	4.2%

GOLF COURSE ENTERPRISE

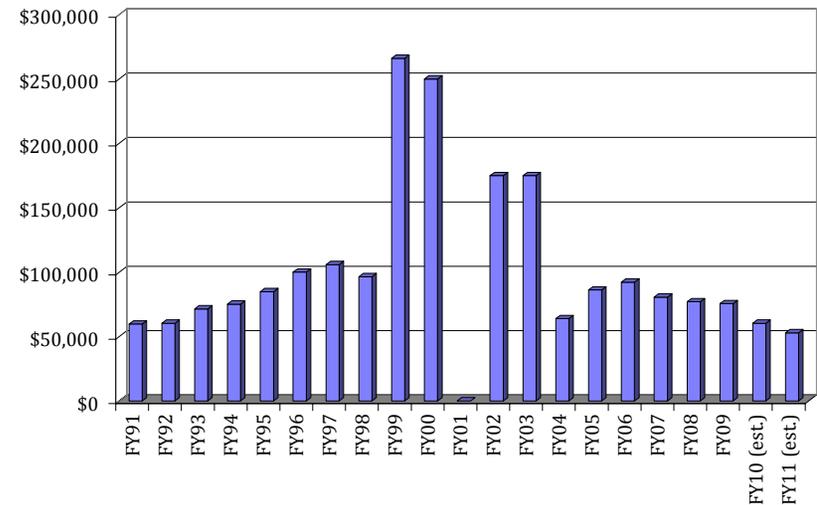
The Recreation Department is responsible for the operation of the Town-owned Robert T. Lynch Municipal Golf Course at Putterham Meadows. In doing so, the Department collects golf course-related revenues for green fees, golf cart rentals, concessions, and Pro Shop sales that are deposited into the Golf 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 FY11, collections are estimated to total \$1.25 million, a decrease of \$15,000 (1.2%) from the budgeted FY10 figure, the result of using \$15,000 of retained earnings in FY10 for a one-time expense, something that will not occur in FY11. 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

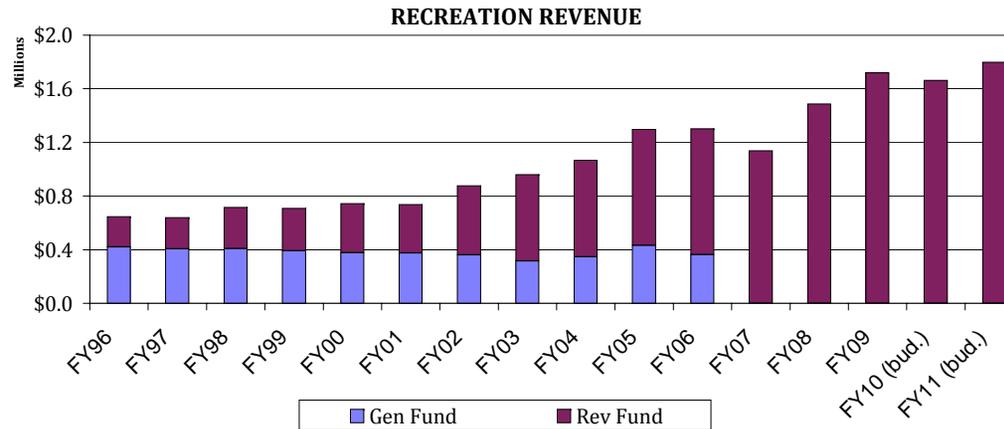


REVENUE SOURCE	FY2008	FY2009	FY2010	FY2010	FY2011	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Green Fees / Permits	1,031,274	964,740	1,030,000	1,030,000	1,030,000	0	0.0%
Cart Rentals	95,167	82,213	82,000	82,000	82,000	0	0.0%
Pro Shop	92,243	63,358	75,000	75,000	75,000	0	0.0%
Concessions	19,327	30,017	30,000	30,000	30,000	0	0.0%
Golf Clinics	0	18,415	17,500	17,500	17,500	0	0.0%
Other	15,055	26,117	16,700	16,700	16,700	0	0.0%
Retained Earnings	0	0	15,000	15,000	0	(15,000)	-100.0%
Gross Total	1,253,066	1,184,860	1,266,200	1,266,200	1,251,200	(15,000)	-1.2%
less Reimbursement to the General Fund	373,004	179,064	186,349	186,349	181,222	(5,127)	-2.8%
Net Total	880,062	1,005,796	1,079,851	1,079,851	1,069,978	(9,873)	-0.9%

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 FY11 estimate for the Revolving Fund is \$1.8 million, an increase of \$135,204 (8.1%). 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	FY2008	FY2009	FY2010	FY2010	FY2011	BUDGET INCREASE	
	ACTUAL	ACTUAL	BUDGET	ESTIMATE	BUDGET	\$	%
Adult Programs	0	22,496	15,000	15,000	30,000	15,000	100.0%
Amory & Main Gym	35,730	0	0	0	0	0	-
Aquatic	264,114	408,731	390,000	390,000	420,000	30,000	7.7%
Community Programs	0	9,364	12,000	12,000	14,000	2,000	16.7%
Environmental Programs	27,584	38,171	35,000	35,000	40,000	5,000	14.3%
Facility Program	98,109	0	0	0	0	0	-
Ice Skating	109,717	137,541	110,000	110,000	110,000	0	0.0%
Permits	0	71,807	70,000	70,000	70,000	0	0.0%
School Based Programs	431,432	459,963	475,000	475,000	475,000	0	0.0%
Ski Programs and Trips	17,524	0	0	0	0	0	-
Summer Camp	226,550	258,236	259,796	259,796	273,000	13,204	5.1%
Teen Programs	41,558	53,178	50,000	50,000	50,000	0	0.0%
Tennis/Open Basketball Programs	0	11,781	10,000	10,000	80,000	70,000	700.0%
Youth Programs	111,055	208,162	235,000	235,000	235,000	0	0.0%
Youth Soccer	122,740	0	0	0	0	0	-
Misc Revenue	0	41,051	0	0	0	0	-
Gross Total	1,486,113	1,720,481	1,661,796	1,661,796	1,797,000	135,204	8.1%
less Reimbursement to the General Func	186,355	198,027	210,870	210,870	200,784	(10,086)	-4.8%
Net Total	1,299,758	1,522,454	1,450,926	1,450,926	1,596,216	145,290	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
FY2011 FINANCING PLAN**

FUND ACCOUNTING: Actual FY08 Consolidated Summary

COMBINED SUMMARY OF REVENUES AND EXPENDITURES (Budgetary basis) - FY09

	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	146,542,184									\$ 146,542,184.00
Motor Vehicle & other Excise Taxes	5,027,901									\$ 5,027,901.00
hotel/Motel Tax	788,531									\$ 788,531.00
Charges for Services	5,006,364		4,463,639	112,630						\$ 9,582,633.46
Penalites & Interest on Taxes	494,311									\$ 494,311.00
PILOT	1,021,504									\$ 1,021,504.00
Licenses and Permits	3,227,512									\$ 3,227,512.00
Fines & forfeitures	4,518,301		10,725							\$ 4,529,026.00
Intergovernmental	18,362,464		9,906,819							\$ 28,269,283.37
Departmental & other	599,320	1,734,527	3,623,120	22,826,966	1,174,958		2,656,271			\$ 32,615,161.90
Contributions			3,151,708				781,335	80,170		\$ 4,013,213.71
Other Revenue		14,047	279,818	18,890	9,902	25		3,027,556		\$ 3,350,238.20
Investment Income	942,808		53,965				153,432	(472,500)	191,151	\$ 868,854.87
Total Revenues	\$ 186,531,200	\$ 1,748,574	\$ 21,489,795	\$ 22,958,486	\$ 1,184,860	\$ 25	\$ 3,591,038	\$ (392,330)	\$ 3,218,707	\$ 240,330,355
Expenditures:										
Current:										
General Government	9,730,373		1,241,384			3,780,487	2,368		1,297,365	\$ 16,051,977.26
Public Safety	34,348,558		618,156				2,632,687			\$ 37,599,401.39
Education	68,853,356		14,757,557			2,587,052		257,516		\$ 86,455,480.96
Public Works	17,219,253		1,503,628	20,999,461	1,004,767	2,333,706	65,431			\$ 43,126,246.27
CDBG			1,199,345							\$ 1,199,345.00
Human Services	2,283,624		343,804				48,233			\$ 2,675,661.26
Leisure Services	4,649,840	1,471,231	173,917			43,813	164,981			\$ 6,503,782.49
Pension benefits	11,416,914									\$ 11,416,914.00
Fringe Benefits	24,714,243							1,818,301		\$ 26,532,543.73
State and county charges	5,493,891									\$ 5,493,891.00
Debt Service:										\$ -
Principal	8,232,309									\$ 8,232,309.00
Interest	4,020,451									\$ 4,020,451.00
Total Expenditures	\$ 190,962,812	\$ 1,471,231	\$ 19,837,791	\$ 20,999,461	\$ 1,004,767	\$ 8,745,058	\$ 2,913,701	\$ 257,516	\$ 3,115,666	\$ 249,308,003
Excess (deficiency) of Revenues over Expenditures	\$ (4,431,612)	\$ 277,343	\$ 1,652,004	\$ 1,959,025	\$ 180,093	\$ (8,745,033)	\$ 677,337	\$ (649,846)	\$ 103,041	\$ (8,977,649)
Other Financing Sources (Uses):										
Proceeds from bonds & notes										\$ -
Premium from issuance of bonds						11,390,000				\$ 11,390,000.00
Sale of Capital Assets										\$ -
Overlay Transfer										\$ -
Insurance recovery										\$ -
Transfers in	5,630,070		53,965							\$ 5,684,034.50
Transfers out	(47,282)	(198,027)	(3,357,904)	(1,877,687)	(179,064)		(24,071)			\$ (5,684,034.50)
Total Other Financing Sources (Uses):	\$ 5,582,788	\$ (198,027)	\$ (3,303,939)	\$ (1,877,687)	\$ (179,064)	\$ 11,390,000	\$ (24,071)	\$ -	\$ -	\$ 11,390,000
Other Adjustments to Fund Balance	\$ -	\$ (28,093)	\$ 195,368			\$ (2,188,807)	\$ (8,704)	\$ -		\$ (2,030,236)
Net Change in Fund Balances	\$ 1,151,176	\$ 79,316	\$ (1,651,935)	\$ 81,338	\$ 1,029	\$ 2,644,967	\$ 653,266	\$ (649,846)	\$ 103,041	\$ 2,412,351
Fund Balance at Beginning of Year	\$ 34,052,027	\$ 163,559	\$ 12,422,675	\$ 180,750	\$ 216,246	\$ 1,094,403	\$ 12,668,146	\$ 4,688,873	\$ 8,257,824	\$ 73,744,503
Fund Balance at End of Year	\$ 35,203,203	\$ 214,782	\$ 10,966,108	\$ 262,088	\$ 217,275	\$ 1,550,563	\$ 13,312,708	\$ 4,039,027	\$ 8,360,865	\$ 74,126,618

SOURCE: Office of the Comptroller