

September/October 2007

## Boston Ends Fiscal 2007 With A Surplus

*Revenues come in \$39M over budget, but spending exceeds plan by \$24M*

The City of Boston ended FY07 with a \$15.2M General Fund surplus. Driving this surplus were revenues that exceeded budget estimates by \$39.3M. The extra revenue covered actual spending that was \$24.0M over budget. The surplus represents 0.7% of total city spending. This surplus will become part of the free cash calculation for future use.

revenue surplus came from four sources: (1) Investment income, (2) PILOTS, (3) Teacher Pensions and (4) Building Permits. Once again, these surpluses combined with other growth areas allowed the City to forego using at least \$18.5M in budgeted revenues. This includes \$9.0M in parking meter money, \$5.3M in surplus property funds and \$4.2M in available fund balance revenues that the City originally intended to use. Fund balance revenue (free cash) is treated as a non-recurring source and reducing its use for operating expenses is prudent.

FY07 General Fund Financial Summary			
Figures in millions			
	Budget	Actual	Change
Revenues	\$2,162.9	\$2,202.2	\$39.3
Expenditures	\$2,162.9	\$2,187.0	\$24.0
Surplus		\$15.2	

Select Revenue Account Surplus			
Figures in millions			
	Budget	Actual	Surplus
Investment Income	\$32.8	\$43.5	\$10.7
PILOTS	47.6	56.1	8.6
Teacher Pension	85.2	93.3	8.2
Building Permits	20.6	27.9	7.2
Medicaid Reimb.	12.3	18.4	6.1
Jet Fuel Excise	18.5	24.3	5.8

### Spending

In FY07, city spending of \$2.187B exceeded the budget by \$24.0M. The Fire and Police Departments accounted for over 87% of the excess spending. The Fire Department spent \$8.4M over budget, with 80% of that due to overtime costs, in good part due to sick and injured leave. The Police Department exceeded its overtime budget by \$17.8M which accounted for the Department's deficit of \$12.7M. The ability to balance good management of overtime with legitimate staffing needs continues to challenge the City.

Select Spending Account Deficits			
Figures in millions			
	Budget	Actual	Deficit
Police	\$256.0	\$268.7	(\$12.7)
Fire	\$153.8	\$162.2	(\$8.4)
Court Settlements	\$3.5	\$7.1	(\$3.6)

### Income

Revenues totaled \$2.202B in FY07, \$39.3M more than budgeted. Almost 90% of this