

Boston Ends Fiscal 2009 With A Small Surplus

ARRA funds offset additional Chapter 70 cuts, spending is controlled

The City of Boston ended FY09 with a \$4.1M General Fund surplus. That compares with operating surpluses of \$15.8M in FY08 and \$15.2M in FY07. A tight rein on spending, the use of \$35M in reserves and the state's application of federal American Recovery and Reinvestment Act (ARRA) funds to replace a cut in Boston's Ch.70 school aid contributed to this surplus.

FY09 General Fund Financial Summary			
Figures in millions			
	Budget	Actual	Change
Revenues	\$2,420.1	\$2,402.6	(\$17.5)
Expenditures	\$2,420.1	\$2,398.5	\$21.7
Surplus		\$4.1	\$4.1

The ARRA Effect

The numbers above reflect the official General Fund financial statements for FY09 but do not show the full picture. Not having sufficient funds to make the last quarter Ch.70 school aid payment to municipalities, the state applied federal school ARRA funds intended for FY11 for that purpose, with Boston receiving \$23.3M. Using non-General Fund revenues prevented further local aid cuts but affected the City's financial statements. Utilization of the ARRA funds to support an equal level of spending produced the same \$4.1M FY09 surplus but with different revenue and expenditure totals. Total spending is reported as \$21.7M below budget, but with school expenses supported by ARRA funds, the surplus becomes a deficit of \$1.6M. The School Department is reported as ending the year with a \$23.3M surplus, yet with spending supported by the ARRA funds, its surplus is actually \$7,326. No other department is affected by ARRA funds in FY09.

Income

General Fund revenues totaled \$2.403B in FY09, \$17.5M under budget expectations (\$5.7M surplus with ARRA). This shortfall was primarily due to cuts in state aid being less than budgeted by \$36.7M (\$13.5M deficit with ARRA).

Select Revenue Accounts			
Figures in millions			
	Budget	Actual	Variance
Parking Fines	\$71.1	\$66.1	-\$5.0
Motor Vehicle Excise	\$39.5	\$44.7	\$5.1
Jet Fuel Excise	\$24.5	\$34.5	\$10.0
PILOTS	\$32.5	\$34.0	\$1.5
Building Permits Investment Income	\$24.9	\$27.0	\$2.1
	\$18.5	\$17.8	-\$0.7

With the exception of state aid, FY09 revenues were on track with budget projections. Boston also did not use \$6M in surplus property money that was originally budgeted. Of total operating revenues, the property tax totaled 56.8% and state aid totaled 18.9%.

Spending

In FY09, city spending totaled \$2.399B or \$21.7M under budget (\$1.6M deficit with ARRA), primarily due to the use of ARRA funds in the BPS and controlled spending in other departments. While most accounts came in under budget, four accounts surpassed budget levels: Fire (+\$3.7M), Police (+\$3.8M), Snow Removal (+\$8.5M) and Court Settlements (+\$1.3M). Even so, both the Police and Fire Departments reduced their overtime costs from FY08 levels.