



**TOTAL REVENUE**

Total revenue for FY2009 is projected at \$111,681,873 an increase of \$4,280,536, or 4%.

The property tax levy is projected to increase \$1,992,100 or 2.5%. Local receipts are projected to increase \$948,800 due to projected building permit revenue from the Symmes redevelopment project, Medicare Part D reimbursement, interest income, motor vehicle excise taxes, and various departmental fee increases.

State aid is projected to increase \$475,585, or 2.6%. This is based upon the Governor's proposed budget which includes maintaining a level appropriation of State Lottery Funds through gaming proceeds. Chapter 70 school aid is projected to increase \$415,174.

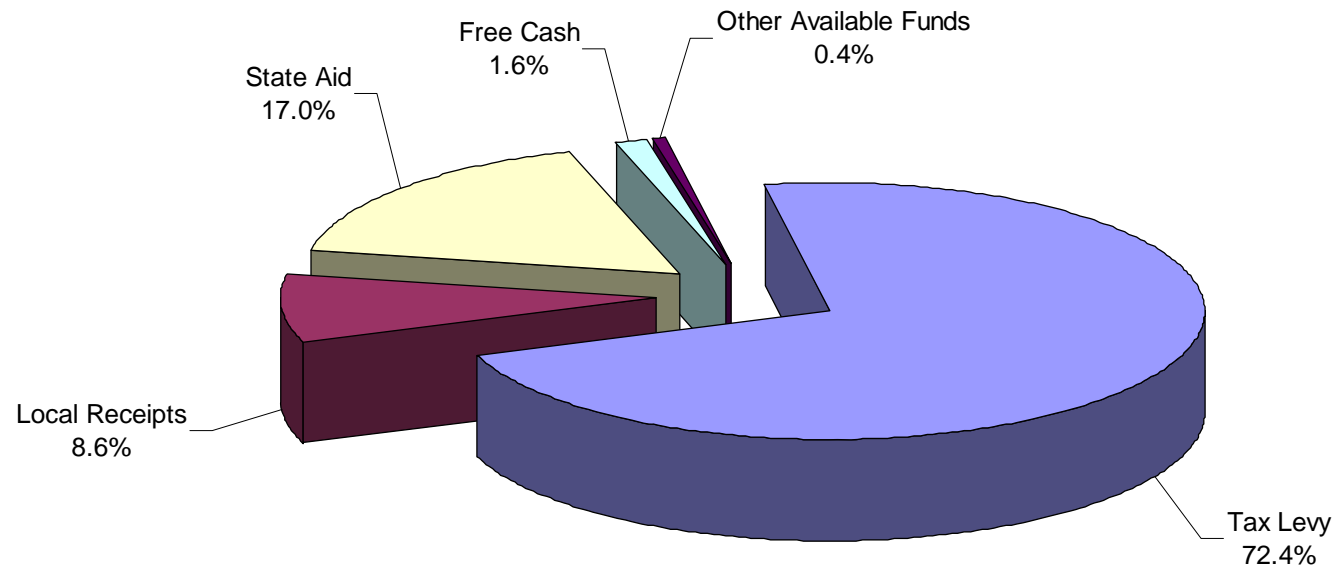
A total of \$1,818,787 in free cash is proposed to be used which is an increase of \$864,051 from FY2008. This represents 50% of the free cash balance.

Other available funds include \$500,000 in surplus tax abatement overlay funds.

REVENUE SOURCE	FY06 Actual	FY07 Actual	FY08 Budget	FY09 Budget	Budget Change
Tax Levy	73,525,801	76,778,350	78,813,376	80,805,476	1,992,100
Local Receipts	8,834,256	8,172,024	8,614,200	9,563,000	948,800
State Aid	17,123,442	17,870,028	18,519,025	18,994,610	475,585
Free Cash	1,614,155	1,939,695	954,736	1,818,787	864,051
Other Available Funds	400,000	400,000	500,000	500,000	0
<b>Total</b>	<b>101,497,654</b>	<b>105,160,097</b>	<b>107,401,337</b>	<b>111,681,873</b>	<b>4,280,536</b>



REVENUE





**Total General Fund Revenues**

	<u>FY98</u> <u>Actual</u>	<u>FY99</u> <u>Actual</u>	<u>FY00</u> <u>Actual</u>	<u>FY01</u> <u>Actual</u>	<u>FY02</u> <u>Actual</u>	<u>FY03</u> <u>Actual</u>	<u>FY04</u> <u>Actual</u>	<u>FY05</u> <u>Actual</u>	<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Budget</u>	<u>FY08</u> <u>Budget</u>	<u>FY09</u> <u>Budget</u>
Tax Levy	46,538,575	49,196,020	50,528,536	52,160,152	54,842,040	56,730,196	58,706,143	60,616,241	68,050,315	71,185,238	73,220,264	75,212,364
Local Receipts	6,888,370	6,740,158	7,772,268	8,101,073	7,695,563	7,785,986	7,801,881	8,437,095	8,834,256	8,172,024	8,614,200	9,563,000
State Aid	13,880,462	14,637,670	15,600,835	16,813,955	17,273,579	16,775,516	13,945,694	14,046,847	14,790,887	15,600,746	15,972,745	16,462,088
Free Cash	766,488	1,394,641	1,929,512	2,127,548	2,600,074	2,767,285	1,774,342	1,414,803	1,614,155	2,084,695	954,736	1,818,787
Other Available Funds	100,000	100,000	300,000	475,000	300,000	500,000	500,000	500,000	400,000	400,000	500,000	500,000
<b>Total</b>	<b>68,173,895</b>	<b>72,068,489</b>	<b>76,131,151</b>	<b>79,677,728</b>	<b>82,711,256</b>	<b>84,558,983</b>	<b>82,728,060</b>	<b>85,014,986</b>	<b>93,689,613</b>	<b>97,442,703</b>	<b>99,261,945</b>	<b>103,556,239</b>

\*Excludes MWRA debt on tax levy and school construction reimbursements

**Annual Revenue Increases**

	<u>FY98</u> <u>Actual</u>	<u>FY99</u> <u>Actual</u>	<u>FY00</u> <u>Actual</u>	<u>FY01</u> <u>Actual</u>	<u>FY02</u> <u>Actual</u>	<u>FY03</u> <u>Actual</u>	<u>FY04</u> <u>Actual</u>	<u>FY05</u> <u>Actual</u>	<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Budget</u>	<u>FY08</u> <u>Budget</u>	<u>FY09</u> <u>Budget</u>
Tax Levy	1,293,854	2,657,445	1,332,516	1,631,616	2,681,888	1,888,156	1,975,947	1,910,098	7,434,074	3,134,923	2,035,026	1,992,100
Local Receipts	148,212	(148,212)	1,032,110	328,805	(405,510)	90,423	15,895	635,214	397,161	(662,232)	442,176	948,800
State Aid	685,270	757,208	963,165	1,213,120	459,624	(498,063)	(2,829,822)	101,153	744,040	809,859	371,999	489,343
Free Cash	326,970	628,153	534,871	198,036	472,526	167,211	(992,943)	(359,539)	199,352	470,540	(1,129,959)	864,051
Other Available Funds	(100,000)	0	200,000	175,000	(175,000)	200,000	0	0	(100,000)	0	100,000	0
<b>Total</b>	<b>2,354,306</b>	<b>3,894,594</b>	<b>4,062,662</b>	<b>3,546,577</b>	<b>3,033,528</b>	<b>1,847,727</b>	<b>(1,830,923)</b>	<b>2,286,926</b>	<b>8,674,627</b>	<b>3,753,090</b>	<b>1,819,242</b>	<b>4,294,294</b>
<b>Percent Increase</b>	<b>3.6%</b>	<b>5.7%</b>	<b>5.6%</b>	<b>4.7%</b>	<b>3.8%</b>	<b>2.2%</b>	<b>-2.2%</b>	<b>2.8%</b>	<b>10.2%</b>	<b>4.0%</b>	<b>1.9%</b>	<b>4.3%</b>

**Percent of Total Revenue**

	<u>FY98</u> <u>Actual</u>	<u>FY99</u> <u>Actual</u>	<u>FY00</u> <u>Actual</u>	<u>FY01</u> <u>Actual</u>	<u>FY02</u> <u>Actual</u>	<u>FY03</u> <u>Actual</u>	<u>FY04</u> <u>Actual</u>	<u>FY05</u> <u>Actual</u>	<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Budget</u>	<u>FY08</u> <u>Budget</u>	<u>FY09</u> <u>Budget</u>
Tax Levy	68.3%	68.3%	66.4%	65.5%	66.3%	67.1%	71.0%	71.3%	72.6%	73.1%	73.8%	72.6%
Local Receipts	10.1%	9.4%	10.2%	10.2%	9.3%	9.2%	9.4%	9.9%	9.4%	8.4%	8.7%	9.2%
State Aid	20.4%	20.3%	20.5%	21.1%	20.9%	19.8%	16.9%	16.5%	15.8%	16.0%	16.1%	15.9%
Free Cash	1.1%	1.9%	2.5%	2.7%	3.1%	3.3%	2.1%	1.7%	1.7%	2.1%	1.0%	1.8%
Other Available Funds	0.1%	0.1%	0.4%	0.6%	0.4%	0.6%	0.6%	0.6%	0.4%	0.4%	0.5%	0.5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



**PROPERTY TAX LEVY**

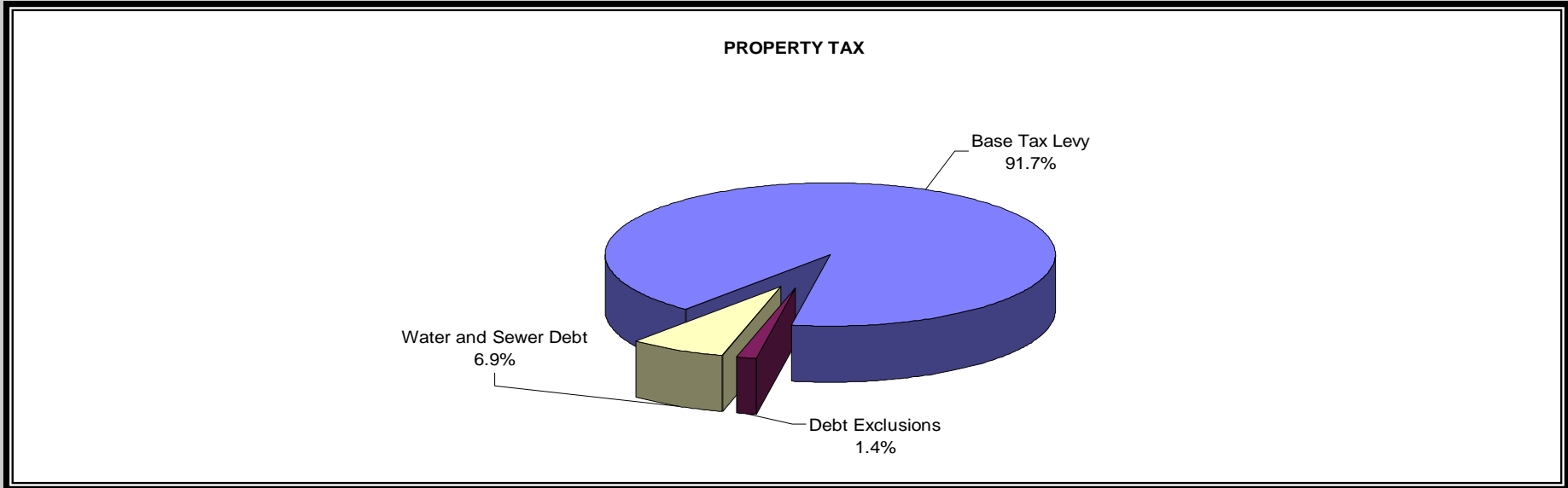
Property tax is the primary source of revenue for virtually every Massachusetts municipality. In Arlington, property taxes represent approximately 72% of annual operating revenues. Property taxes are levied on real property (land and buildings) and personal property (equipment) used by Arlington's non-manufacturing businesses. 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 revaluation was conducted in FY2007. Under the Provisions of Proposition 2 ½, property taxes, in the aggregate, may not exceed 2 ½% of their "full and fair cash value." This limit is known as the "levy ceiling". Annual levy increases may not exceed 2 ½% of the previous year's levy plus the taxes added from any new or renovated property added to the tax rolls (known as new growth). Any Proposition 2 ½ override or debt exclusion amounts voted are added to the levy limit while all related school construction reimbursements from the State are subtracted.

Property values and new growth for FY2009 are preliminary estimates used to project the levy limit. The FY2008 levy limit was \$71,842,588. The 2 ½% increase allowed for FY2009 is \$1,796,065 New growth from construction not previously on the tax rolls is expected to add \$450,000 to the FY2009 levy. An additional \$1,123,711 is added to the tax levy to cover the cost of debt service for projects approved by the voters as Proposition 2 ½ debt exclusion overrides. This added debt exclusion amount is net of state reimbursements estimated at \$1,664,314.

The Town has accepted the provisions of Chapter 110 whereby water and sewer debt costs are transferred to the real estate taxes. At the present time, the only water and sewer debt is from the MWRA. The Board of Selectmen voted to freeze the amount of MWRA debt shift at the FY2007 amount of \$5,593,112. Based on the above, the FY2009 tax levy is projected to total \$80,805,476 representing an increase of \$1,992,100 (2.5%) over the FY2008 levy.

**PROPERTY TAX LEVY**

	<b>FY06 Budget</b>	<b>FY07 Budget</b>	<b>FY08 Budget</b>	<b>FY09 Budget</b>	<b>Budget Change</b>
<b>Base Tax Levy</b>	60,852,836	69,429,286	71,784,240	74,088,653	2,304,413
<b>General Override</b>	6,000,000	0	0	0	0
<b>Debt Exclusion Overrides</b>					
Brackett School	257,650	235,982	285,546	241,382	(44,164)
Hardy School	439,204	419,998	143,648	120,633	(23,015)
Bishop School	265,029	249,353	136,982	106,133	(30,849)
Peirce School	(107,649)	367,585	347,022	294,844	(52,178)
Dallin School	349,503	425,821	396,109	400,767	4,658
Stratton/Thompson Plans	132,188	129,688	126,717	0	(126,717)
Bond Premium for Debt Exclusions	(138,446)	(72,475)	0	0	0
State Share of Refunding Savings	0			(40,048)	(40,048)
Sub-total Debt Exclusions	1,197,479	1,755,952	1,436,024	1,123,711	(312,313)
<b>Water and Sewer Debt</b>	5,475,486	5,593,112	5,593,112	5,593,112	0
<b>Total</b>	<b>73,525,801</b>	<b>76,778,350</b>	<b>78,813,376</b>	<b>80,805,476</b>	<b>1,992,100</b>

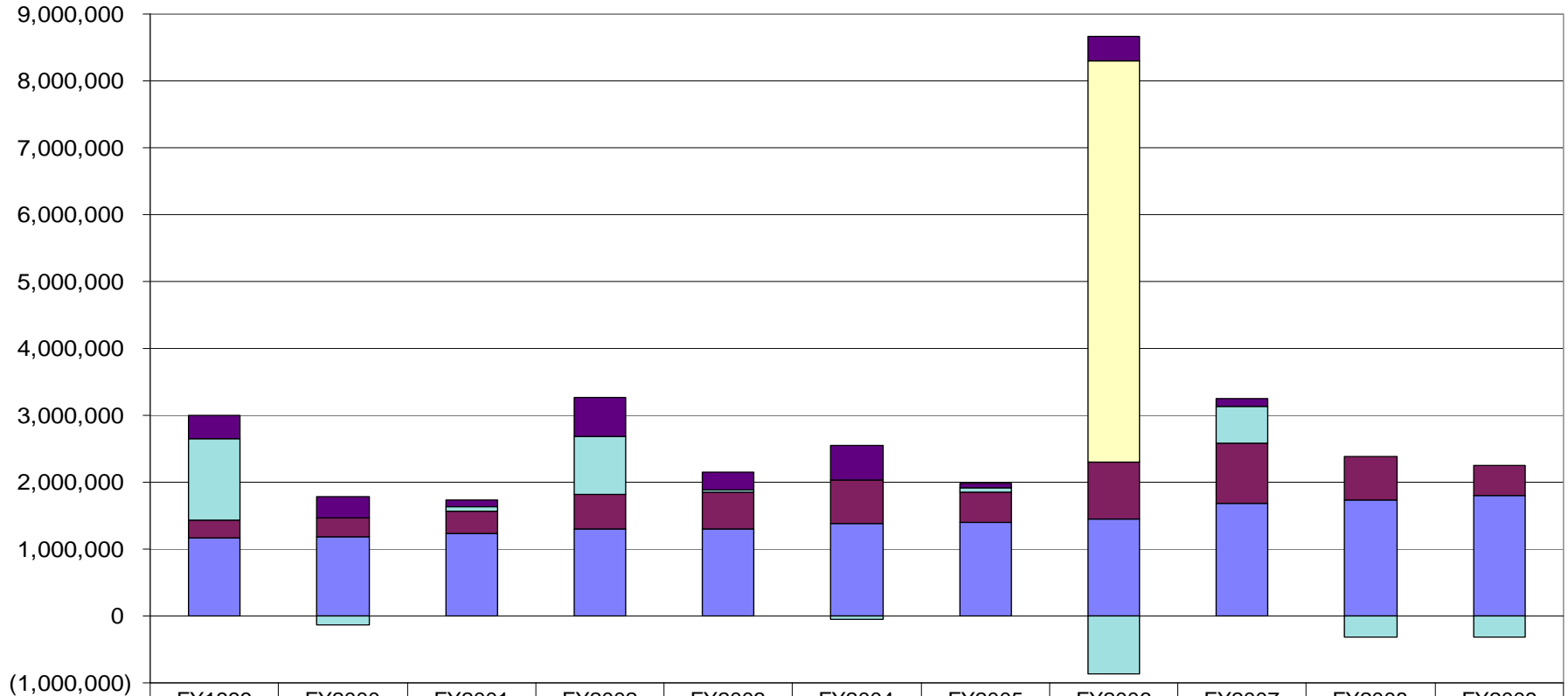


Fiscal Year	Real Estate & Personal Property	Abatements Granted	Tax deferral Abatements (Ch 41A)	Net Tax Levy	Collections	Refunds	Net Collections	% of Collections	Amount transferred into tax title	Effective Collection Rate	Tax Title Balance as of June 30th	Tax Possession
	Commitments											Balance as of June 30th
2007	76,885,363	342,368	84,470	76,458,524	76,359,159	115,988	76,243,172	99.72%	216,092	100.00%	339,191	396,784
2006	73,601,851	343,515	87,098	73,171,238	73,065,373	125,682	72,939,691	99.68%	231,490	100.00%	324,281	396,784
2005	65,779,186	302,203	58,912	65,418,071	65,363,382	160,589	65,202,794	99.67%	234,667	100.03%	339,307	396,784
2004	63,831,019	391,880	49,555	63,389,585	63,492,041	268,397	63,223,644	99.74%	165,941	100.00%	258,630	396,784
2003	61,323,173	369,352	41,587	60,912,234	61,008,179	308,404	60,699,775	99.65%	212,459	100.00%	317,178	397,922
2002	59,183,329	375,235	47,511	58,760,583	58,843,642	227,780	58,615,863	99.75%	144,721	100.00%	216,588	397,922
2001	55,924,517	436,168	56,446	55,431,903	55,559,408	243,021	55,316,387	99.79%	115,516	100.00%	181,873	397,716
2000	54,173,527	349,143	66,696	53,757,689	53,782,063	157,126	53,624,937	99.75%	132,752	100.00%	196,204	397,716
1999	52,534,913	433,672	61,654	52,039,587	52,180,057	252,432	51,927,625	99.78%	173,617	100.12%	187,455	383,234
1998	49,567,583	449,043	55,313	49,063,227	49,156,344	250,783	48,905,561	99.68%	157,667	100.00%	284,218	407,244
1997	48,210,810	521,790	50,705	47,638,315	47,698,937	271,767	47,427,171	99.56%	211,144	100.00%	432,743	393,123

Our policy is to close out all real estate & personal property commitments in the same fiscal year. All collections, refunds, transfers into Tax Title all take place within the same fiscal year.



COMPONENTS OF TAX LEVY INCREASE



	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009
MWRA Debt	346,107	321,935	109,156	578,001	260,958	517,348	69,732	371,757	117,626	-	-
Debt Exclusion	1,220,822	(133,468)	58,861	861,310	44,571	(51,943)	56,628	(859,302)	558,473	(319,928)	(312,313)
General Override	0	0	0	0	0	0	0	6,000,000	0	0	0
New Growth	275,652	282,718	337,860	520,517	544,075	649,223	458,531	844,013	887,247	640,013	450,000
2.5% Increase*	1,160,971	1,183,266	1,234,895	1,300,061	1,299,509	1,378,668	1,394,938	1,449,364	1,689,203	1,736,648	1,796,065



**LOCAL RECEIPTS SUMMARY**

Local receipts for FY2009 are projected to increase \$948,800 to a total of \$9,563,000. The majority of the change comes from three sources, motor vehicle excise tax, Medicare Part D reimbursement and building inspection fees due to the Symmes redevelopment project,

Fiscal year 2008 was the first year that Medicare Part D reimbursements were received from the Federal government. The reimbursement, estimated at \$375,000 for FY2009, is for coverage of prescription drugs provided through the Town's retiree supplemental health insurance plans.

The redevelopment of the Symmes property will increase the revenue received from building inspections at the site. The increased revenue is anticipated at \$400,000 in FY2009.

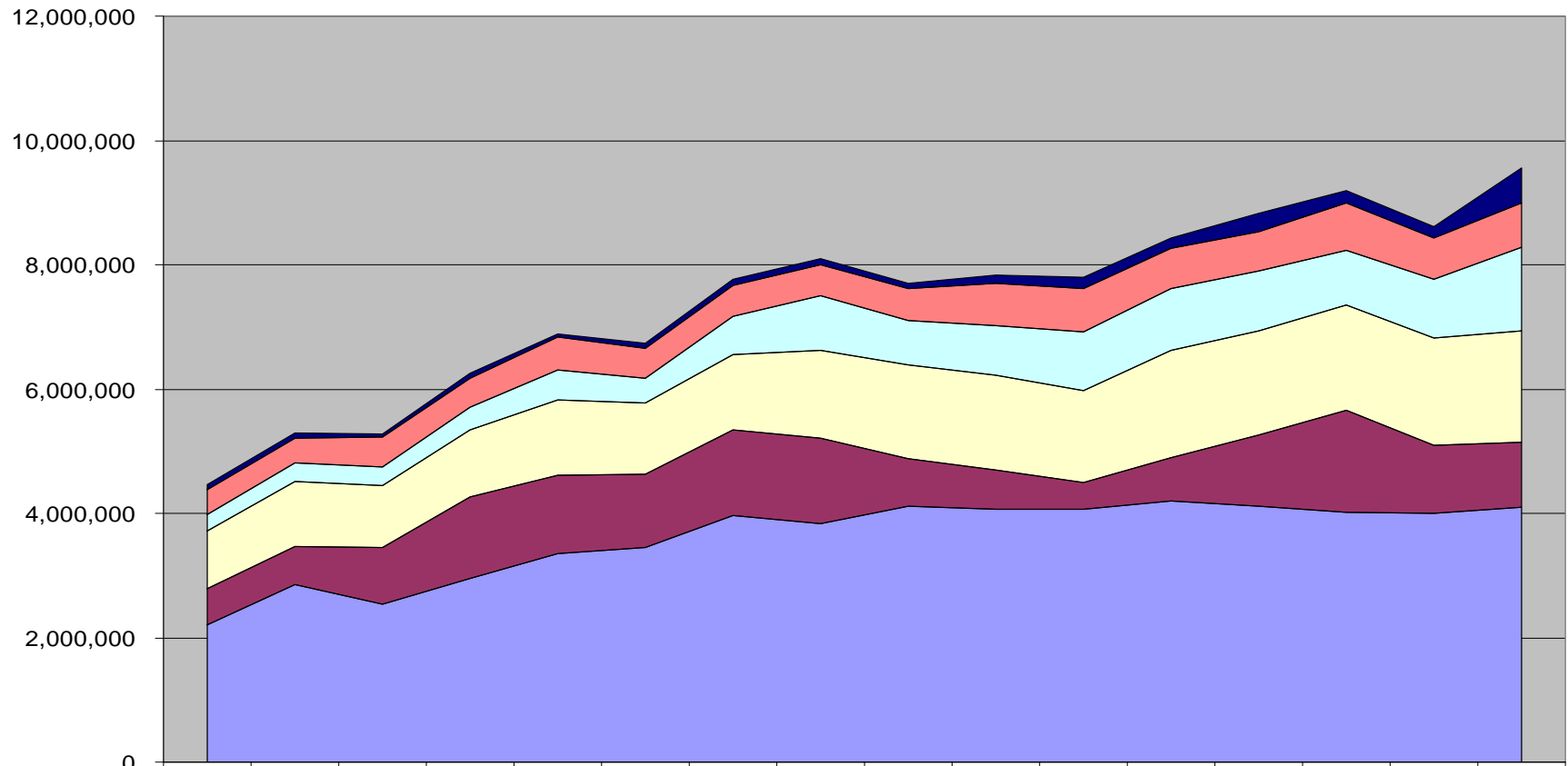
Additional rental income at Parmenter, Crosby, and Dallin Library and increases in departmental fee schedules, including ambulance revenue, are projected to generate approximately \$108,000 in increased revenue. Due to the declining interest rates, interest income is projected to decrease \$50,000.

**LOCAL RECEIPTS SUMMARY**

	<b>FY06 Actual</b>	<b>FY07 Actual</b>	<b>FY08 Budget</b>	<b>FY09 Budget</b>	<b>Budget Change</b>
Motor Vehicle Excise	4,110,106	4,021,994	4,000,000	4,100,000	100,000
Interest Income	1,159,204	1,636,644	1,100,000	1,050,000	(50,000)
Fees/Departmental	1,670,385	1,689,345	1,727,000	1,784,000	57,000
Licenses and Permits	961,320	878,092	943,400	1,349,400	406,000
Rentals	632,505	771,317	663,000	714,000	51,000
Other	300,735	190,960	180,800	565,600	384,800
<b>Total</b>	<b>8,834,256</b>	<b>9,188,352</b>	<b>8,614,200</b>	<b>9,563,000</b>	<b>948,800</b>



Local Receipts History



	Actual FY94	Actual FY95	Actual FY96	Actual FY97	Actual FY98	Actual FY99	Actual FY00	Actual FY01	Actual FY02	Actual FY03	Actual FY04	Actual FY05	Actual FY06	Actual FY07	Budget FY08	Budget FY09
■ Other	94,413	79,747	57,043	71,438	52,158	74,963	100,945	94,165	79,375	122,272	191,558	166,224	300,735	190,960	180,800	565,600
■ Rentals	395,845	391,759	475,385	470,238	534,943	482,727	508,819	500,978	506,840	690,231	696,252	648,334	632,505	771,317	663,000	714,000
■ Licenses and Permits	261,538	309,777	297,205	365,390	487,462	403,337	604,759	887,076	722,072	794,763	943,446	999,757	961,320	878,092	943,400	1,349,400
■ Fees/Departmental	936,450	1,047,991	1,002,385	1,077,431	1,202,822	1,134,166	1,206,792	1,412,070	1,512,748	1,520,578	1,480,066	1,731,991	1,670,385	1,689,345	1,727,000	1,784,000
■ Interest Income	574,087	602,716	913,448	1,318,396	1,257,417	1,178,868	1,382,410	1,374,590	765,790	634,352	421,000	693,999	1,159,204	1,636,644	1,100,000	1,050,000
■ Motor Vehicle Excise	2,206,091	2,858,747	2,535,529	2,947,864	3,360,273	3,459,778	3,968,543	3,832,194	4,108,738	4,064,678	4,069,559	4,196,714	4,110,106	4,021,994	4,000,000	4,100,000





**MOTOR VEHICLE EXCISE**

Motor vehicle excise tax receipts are expected to increase 2.5% to a total of \$4.1 million. Revenue from this excise tax fluctuates up and down with the economy. The excise rate is \$25 per thousand and is assessed on 90% of the vehicle's value in the first year, 60% in the second year, 40% in the third year, 25% in the fourth year, and 10% thereafter. The actual billings are prepared by the Registry of Motor Vehicles and then turned over to the Town for printing, distribution, and collection. There are approximately 38,000 registered vehicles in Arlington. In the chart below Levy Year 2007 is as of June 30, 2007

**MOTOR EXCISE BY LEVY YEAR**

Levy Year	Commitments	Collections	Refunds	Net Collections	Abatements	Balance	Collections %
2007	3,694,887	3,513,375	36,892	3,476,483	95,788	122,616	96.68%
2006	4,222,287	4,091,316	82,975	4,008,341	161,714	52,232	98.76%
2005	4,284,519	4,179,759	91,895	4,087,864	167,883	28,772	99.33%
2004	4,290,578	4,163,668	78,672	4,084,996	181,659	23,923	99.44%
2003	4,241,385	4,105,406	72,420	4,032,986	188,690	19,709	99.54%
2002	4,281,043	4,129,301	80,517	4,048,784	215,755	16,504	99.61%
2001	4,250,080	4,122,307	76,815	4,045,492	187,294	17,294	99.59%
2000	4,090,219	3,983,310	87,702	3,895,608	181,636	12,975	99.68%
1999	3,734,714	3,643,723	92,391	3,551,332	173,422	9,960	99.73%
1998	3,341,180	3,251,765	58,790	3,192,975	138,289	9,916	99.70%
1997	3,119,179	3,019,124	48,419	2,970,705	135,672	12,802	99.59%

MOTOR VEHICLE EXCISE	FY06 Actual	FY07 Actual	FY08 Budget	FY09 Budget	Budget Change
Motor Vehicle Excise	4,110,106	4,021,994	4,000,000	4,100,000	100,000



**INTEREST INCOME**

Interest Income is projected to decrease by \$50,000 to a total of \$900,000. It is made up of two components: investment income and interest and penalties associated with delinquent tax payments.

Investment income can vary widely depending upon market interest rates, available cash balances, cash flows, and investment practices. The negative affects of decreasing interest rates are expected to result in a decrease in investment income. FY2007 was higher due to very positive market interest rates.

Penalties and interest associated with delinquent tax payments are projected to remain stable at \$150,000.

<b>INTEREST INCOME</b>					
	<b>FY06 Actual</b>	<b>FY07 Actual</b>	<b>FY08 Budget</b>	<b>FY09 Budget</b>	<b>Budget Change</b>
Investment Income	1,015,232	1,479,598	950,000	900,000	(50,000)
Penalties & Interest	143,972	157,046	150,000	150,000	0
<b>Total</b>	<b>1,159,204</b>	<b>1,636,644</b>	<b>1,100,000</b>	<b>1,050,000</b>	<b>(50,000)</b>



**DEPARTMENTAL FEES**

Departmental fees are projected to increase 3%, or \$57,000, to a total of \$1,784,000. The major categories include ambulance fees, school Medicare reimbursements and Town Clerk revenue.

The ambulance contract with Armstrong Ambulance for advanced life support services was renegotiated in 2007 resulting in an increase in revenue of \$50,000.

School Medicare reimbursement revenue is projected to increase \$5,000 largely due to increased reimbursable expenditures.

Town Clerk fees for copies of vital records are projected to increase \$2,000 to a total of \$55,000.

**DEPARTMENTAL FEES**

	<b>FY06 Actual</b>	<b>FY07 Actual</b>	<b>FY08 Budget</b>	<b>FY09 Budget</b>	<b>Budget Change</b>
Schools (Medicare Reimbursement)	142,540	149,876	160,000	165,000	5,000
Cemetery Revenue	264,450	310,477	350,000	350,000	0
Library Fees and Fines	64,987	61,149	60,000	60,000	0
Collector's Demand Fees	72,761	79,725	80,000	80,000	0
Town Clerk Fees	55,253	49,366	53,000	55,000	2,000
Parking Violations	446,899	386,888	400,000	400,000	0
Parking Meter Receipts	52,389	61,490	60,000	60,000	0
Fire Alarm Renewal Fee	44,075	25,500	30,000	30,000	0
Ambulance Fees	346,778	385,085	350,000	400,000	50,000
Public Works Revenues	26,483	33,156	34,000	34,000	0
Other Departmental Revenue	153,770	146,633	150,000	150,000	0
<b>Total</b>	<b>1,670,385</b>	<b>1,689,345</b>	<b>1,727,000</b>	<b>1,784,000</b>	<b>57,000</b>



**LICENSES AND PERMITS**

Licenses and permits are projected to increase \$406,000 to a total of \$1,349,400. Most of the increase is due to building permit fees anticipated from the Symmes redevelopment project. Building permit fees, which would otherwise total approximately \$650,000, are expected to be \$1,050,000 with this project.

Two other sources of revenue, food permits and fire prevention permits, are projected to increase by a total of \$6,000.

<b>LICENSES AND PERMITS</b>					
	<b>FY06 Actual</b>	<b>FY07 Actual</b>	<b>FY08 Budget</b>	<b>FY09 Budget</b>	<b>Budget Change</b>
Parking Permits	102,473	104,998	105,000	105,000	0
Liquor Licenses	55,600	65,869	65,000	65,000	0
Food Licenses	7,270	7,590	7,400	7,400	0
Food Permits	14,940	19,005	19,000	20,000	1,000
Tobacco Permits	14,260	16,401	16,000	16,000	0
Building Inspections	691,322	583,421	650,000	1,050,000	400,000
Fire Prevention Permits	27,944	35,854	35,000	40,000	5,000
Marriage Licenses	5,768	5,800	6,000	6,000	0
Other	41,744	39,154	40,000	40,000	0
<b>Total</b>	<b>961,320</b>	<b>878,092</b>	<b>943,400</b>	<b>1,349,400</b>	<b>406,000</b>



**RENTAL INCOME**

The Town derives income from the rental of several town-owned properties including the Gibbs, Crosby, and Parmenter Schools, the Mt. Gilboa house, the former Dallin Library, and former Parks Department buildings at Ryder Street.

Overall, revenue is projected to increase \$51,000, to a total of \$714,000.

The Ryder Street property is rented for a three year period with an income of \$85,000 annually.

Parmenter School and Crosby School leases were renegotiated in 2007. Previously the rental income included reimbursement for prior year's operating expenses such as electricity and heat. The new leases require the tenants to pay for their own utility costs directly. Projected rental income for the properties are \$140,000 and \$110,000 respectively. Gibbs income is projected increase \$5,000 due to rent and operating expense increases.

Dallin Library is currently leased to the Arlington Community Media, Inc. (ACMI) with rental income projected at \$45,000. In FY2008 ACMI paid for roof repairs and air conditioning units at the building in lieu of rent.

The Town has rented the Mt. Gilboa house for projected revenue of \$19,000 in FY2009.

**RENTAL INCOME**

	<b>FY06 Actual</b>	<b>FY07 Actual</b>	<b>FY08 Budget</b>	<b>FY09 Budget</b>	<b>Budget Change</b>
Ryder St.	66,892	71,968	85,000	85,000	0
Parmenter	125,042	183,219	140,000	140,000	0
Crosby	102,623	178,388	110,000	110,000	0
Gibbs	332,698	302,640	310,000	315,000	5,000
Mt. Gilboa	0	3,019	18,000	19,000	1,000
Dallin Library		32,083	0	45,000	45,000
Other	5,251	0	0	0	0
<b>Total</b>	<b>632,505</b>	<b>771,317</b>	<b>663,000</b>	<b>714,000</b>	<b>51,000</b>



**OTHER LOCAL RECEIPTS**

Other local receipts are projected to increase by \$384,800 to a total of \$565,600.

The major change in this local receipt is the reimbursement of Medicare Part D. Fiscal year 2008 was the first year that Medicare Part D reimbursements were received from the Federal government. The reimbursement, estimated at \$375,000 for FY2009, is for coverage of prescription drugs provided through the Town's retiree supplemental health insurance plans.

Court fines, primarily for moving violations, are projected to increase \$10,000 to a total of \$50,000.

<b>OTHER LOCAL RECEIPTS</b>					
	<b>FY06 Actual</b>	<b>FY07 Actual</b>	<b>FY08 Budget</b>	<b>FY09 Budget</b>	<b>Budget Change</b>
Special Assessments	2,873	2,217	3,000	3,000	0
Court Fines	36,678	50,755	40,000	50,000	10,000
Hotel/Motel Excise Tax	116,403	130,278	130,000	130,000	0
Payment in Lieu of Taxes	6,336	7,710	7,800	7,600	(200)
Premium From Sale of Bonds/Notes	138,446		0	0	0
Medicare Part D Reimbursement				375,000	375,000
<b>Total</b>	<b>300,735</b>	<b>190,960</b>	<b>180,800</b>	<b>565,600</b>	<b>384,800</b>



**STATE AID SUMMARY**

For FY2009, the Governor has proposed an increase of \$191.2 million or 6.1% in local aid (exclusive of regional school aid). Arlington is slated to receive an increase of \$475,585 (2.6%) which includes a decrease of \$13,758 in school construction reimbursement.

A majority of the increase is being distributed through the Chapter 70 school aid formula. The formula works to the disadvantage of communities with relatively high incomes and property values. Arlington falls into this category which means that we are a minimum aid community and are calculated to receive only 17.5% of our school foundation budget (the amount that the state calculates that we should be spending on schools). For FY09, Arlington will receive 16.4% of our foundation budget. The State plans on bringing the funding up to the target of 17.5% over five years, with this being the third year. See page II-21 on Chapter 70 aid for more details.

The biggest concern with the FY2009 local aid is the reduction of \$657,315 in lottery funds. The lottery game has seen a reduction of \$124 million in revenues. The Governor has proposed to offset this reduction through the sale of three casino licenses. The big question is whether the Legislature will approve the casino licenses, and even if they do, will it be done so that the revenues are realized in FY2009. Another concern is that this would be one-time revenue.

The Governor has also proposed several other steps, including closing the telecommunications tax loophole, to help provide additional funding for cities and towns. The Legislature needs to act expeditiously on these proposals to ensure that local aid is maintained at least at the levels proposed by the Governor.

Over the last several years, the distribution formulas used for the cut backs in state aid and the subsequent restoration of those cuts have not been implemented fairly nor have they recognized the needs of communities like Arlington. The policy has essentially been if your community has a relatively high median income and high property values, then the community doesn't need much state aid because it has the ability to raise revenues locally. The problem is communities don't have the ability to tax incomes (the state takes all income tax). The only source of revenue available to communities is the property tax, a regressive tax that hurts elderly and lower income residents disproportionately. Without a fair share of state aid, communities like Arlington are faced with the choice of raising property taxes through overrides or cutting services.

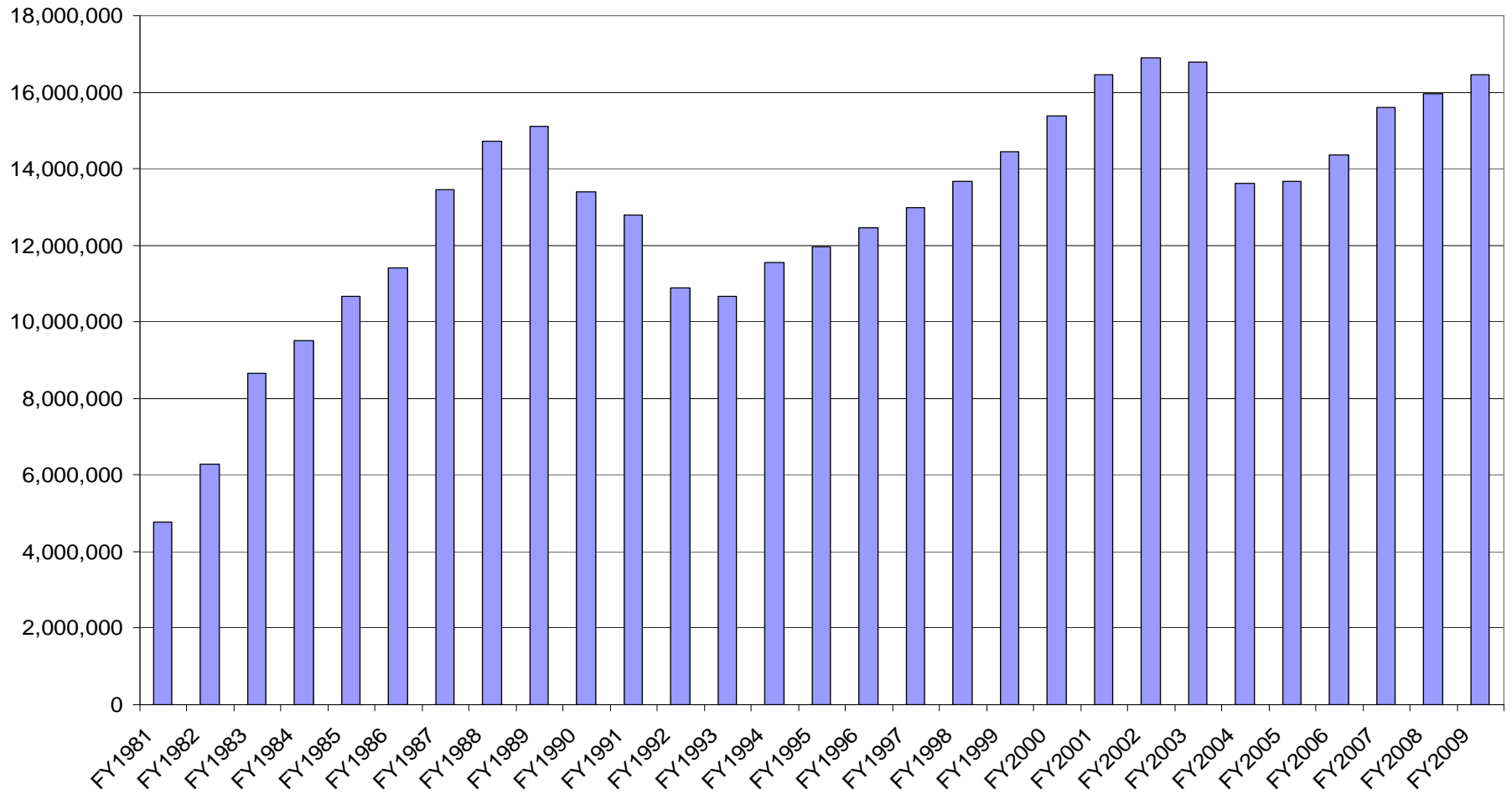
Since FY2002 state aid for all municipalities initially dropped approximately 8% but then rebounded so that today state aid is roughly 20% greater than in FY2002. For Arlington, however, state aid initially dropped 20% and today is still 3% below what it was in FY2002. Arlington's share of the state aid pie is one-half of what it once was. In fact, if Arlington received the same share of total state aid that it did in FY1986, it would be receiving an additional \$14.5 million in aid today. See charts on the following pages.

**STATE AID SUMMARY**

	<b>FY06 Actual</b>	<b>FY07 Actual</b>	<b>FY08 Budget</b>	<b>FY09 Budget</b>	<b>Budget Change</b>
General Government Aid	9,116,202	9,755,784	9,869,526	9,939,485	69,959
School Aid	5,058,229	5,637,280	5,832,596	6,255,687	423,091
School Construction Aid	2,332,555	2,269,282	2,546,280	2,532,522	(13,758)
Tax Exemption Aid	119,196	132,221	191,559	188,896	(2,663)
Cherry Sheet Offsets (reserved for direct expenditure)	76,010	75,461	79,064	78,020	(1,044)
<b>Total</b>	<b>16,702,192</b>	<b>17,870,028</b>	<b>18,519,025</b>	<b>18,994,610</b>	<b>475,585</b>



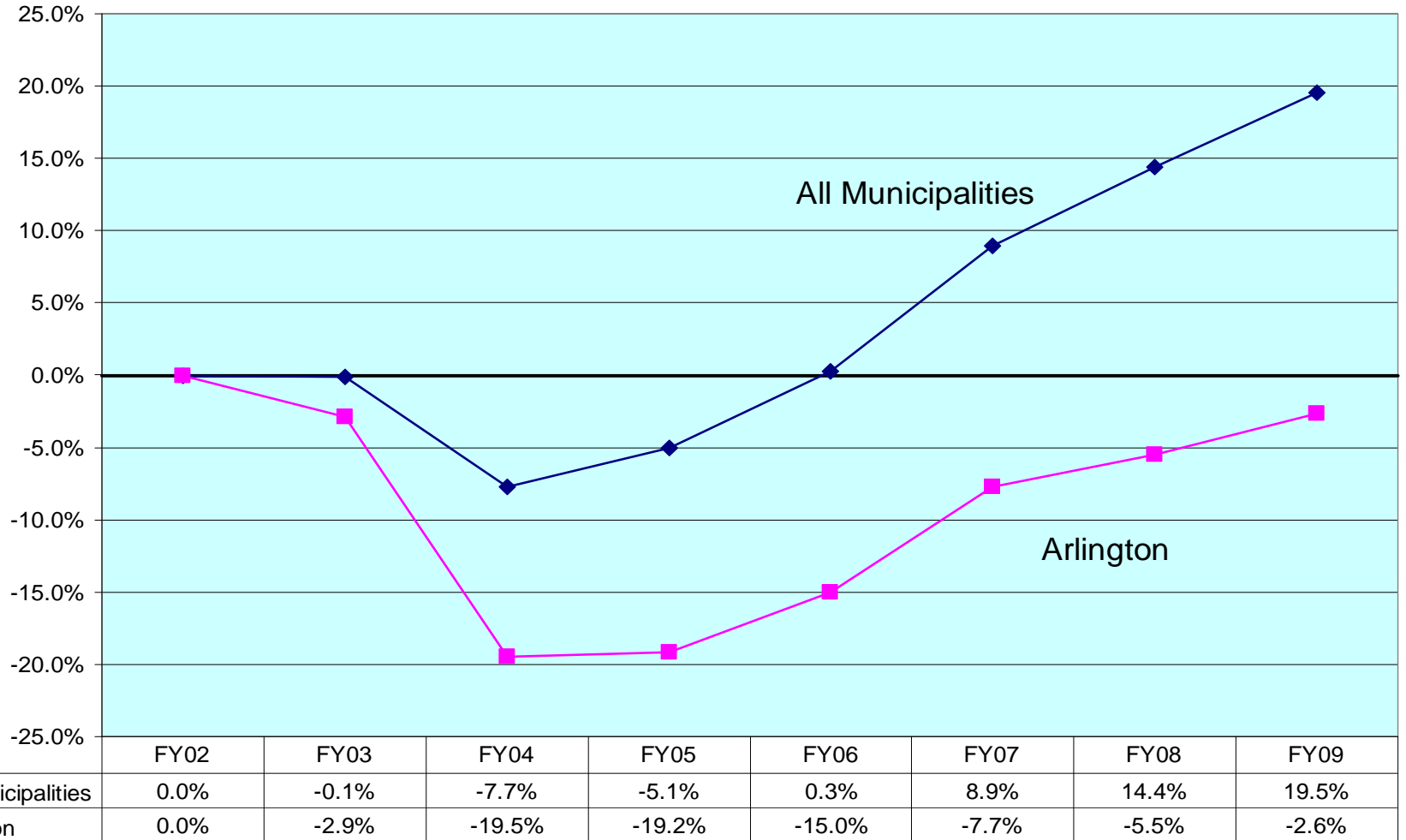
**STATE AID RECEIPTS**  
**(Excluding School Construction Aid and Racial Equality Reimbursement)**





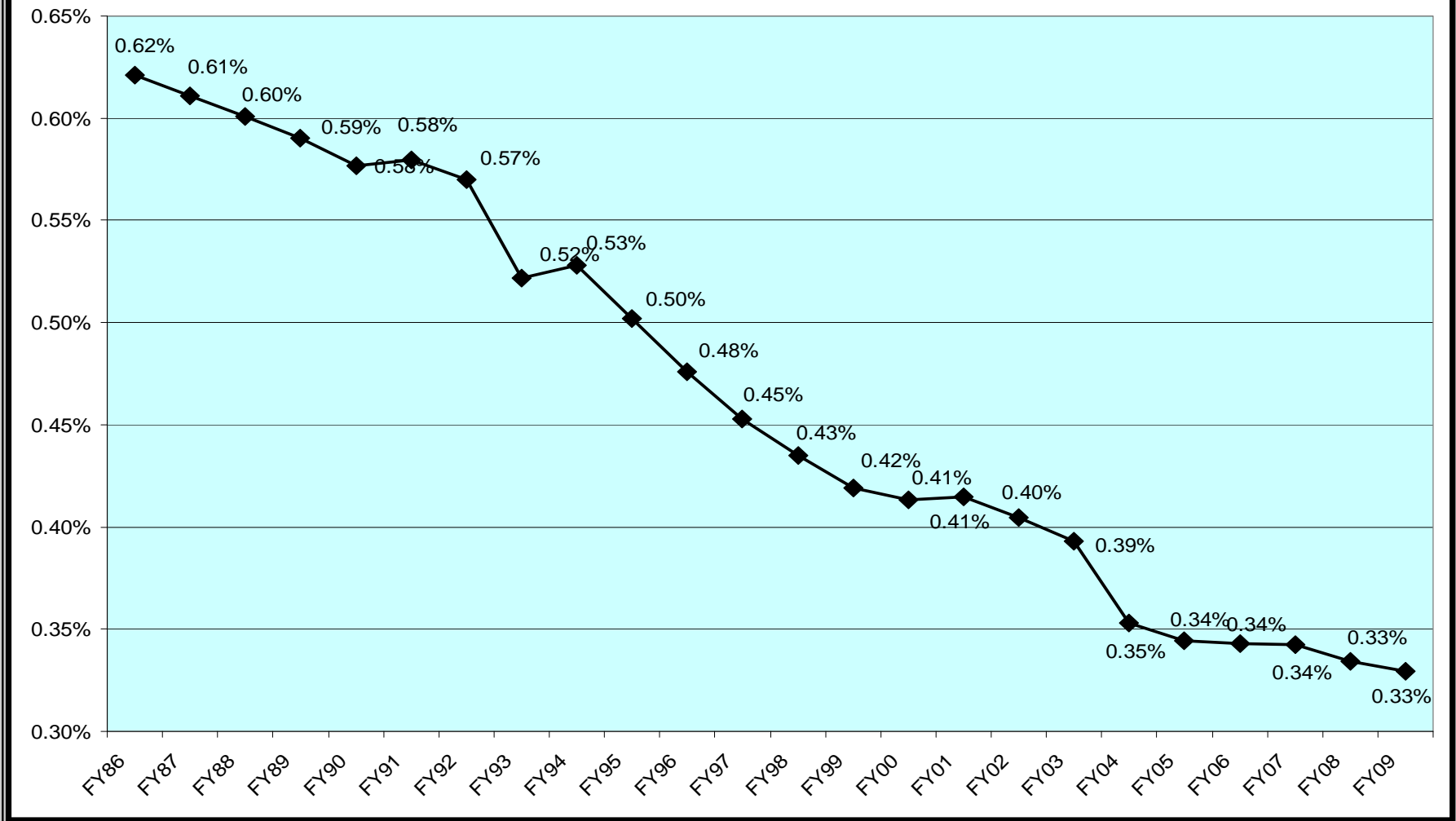


**State Aid Cumulative Percent Change  
Since Fiscal Year 2002**  
*(Numbers exclude School Construction and METCO reimbursements)*





Arlington's Percent of Total State Aid





**GENERAL GOVERNMENT**

*ADDITIONAL ASSISTANCE*

The Additional Assistance program currently provides aid to 159 communities. Until FY2003, this account was level-funded for a number of years. These aid amounts cannot be attributed to any one formula or factor, but rather, are the combined legacy of the following factors:

Before the Education Reform Act of 1993 was passed, the Additional Assistance account and the "old" Chapter 70 School Aid account made up a category of aid called Resolution Aid. During the mid and late 1980's, cities and towns were guaranteed their previous year's Resolution Aid as a base for the upcoming year's calculation. In addition to this base amount, a needs-based formula, which was calculated from a community's ability to pay for an average level of local services, was applied to determine the increase in Resolution Aid funding for that year.

Once the total amount of Resolution Aid was determined by the needs-based formula, it was allocated between Chapter 70 School Aid and Additional Assistance using the Chapter 70 School Aid formula at that time. The total amount of Resolution Aid, minus the Chapter 70 School Aid, equaled that year's Additional Assistance.

The Additional Assistance program was further impacted by the State budget cuts of the early 1990's. The program's funding went from \$765 million in FY1989 to \$476 million in FY1992. The reduction in Additional Assistance funding came in two rounds of budget cuts. The first round of cuts occurred in FY1991 and resulted in a flat 4% reduction in every community's Additional Assistance. The second round of cuts occurred in FY1992 and resulted in a \$345 million decrease in Resolution Aid. Most of the FY1992 reduction in Resolution Aid funding was taken from the Additional Assistance account. As a result of this second round of cuts, many communities' Additional Assistance allocation dropped to zero.

The reduction halfway through FY2003 included a cut of \$31 million in Additional Assistance resulting in a reduced total of \$445 million. In FY2004, it was cut an additional \$67 million. Arlington's funding went from \$5,652,310 in FY2002 to \$4,491,775 in FY2006 for a reduction of \$1,160,535. It remained level in FY2007, FY2008 and is expected to remain level in FY2009.

*(Continued on page 19)*

**GENERAL GOVERNMENT**

	<b>FY06 Actual</b>	<b>FY07 Actual</b>	<b>FY08 Budget</b>	<b>FY09 Budget</b>	<b>Budget Change</b>
Additional Assistance	4,491,775	4,491,775	4,491,775	4,491,775	0
Lottery Distribution	4,242,362	4,884,315	4,950,398	4,293,083	(657,315)
Casino Fees				657,315	657,315
Veterans' Benefits	94,978	73,655	117,598	177,113	59,515
Police Career Incentive	287,087	306,039	309,755	320,199	10,444
<b>Total</b>	<b>9,116,202</b>	<b>9,755,784</b>	<b>9,869,526</b>	<b>9,939,485</b>	<b>69,959</b>



*(Continued from page 18)*

**LOTTERY**

The lottery program was enacted to provide financial assistance to municipalities on an equalizing basis. Communities with lower property values receive proportionately more aid than communities with higher values. The formula, which is based upon population and equalized property valuations, is as follows:

LOTTERY AID = (State Wide EQV Per Capita/ Local EQV Per Capita) x \$10 per Capita

In FY2008, the cherry sheet estimate for lottery proceeds was \$935 million of which Arlington received \$4,950,398. Over this past year, however, lottery proceeds have declined. For FY2009, lottery proceeds are estimated at \$811 million, a reduction of \$124 million. Arlington is estimated at \$4,293,083, a reduction of \$657,315.

**CASINO FEES**

The Governor has proposed the issuance of three destination resort casino licenses. A portion of these fees are proposed to be used to offset the \$124 million reduction in lottery revenue. Arlington would receive \$657,315 to offset the lottery reduction. Whether the Legislature will approve the casino licenses, and whether it will do so timely enough to realize the revenue in FY 2009, are question marks at this time. Another concern is that this would be one-time revenue.

**VETERANS' BENEFITS**

Chapter 115, Section 6, calls for the reimbursement to cities and towns of the costs of providing assistance to veterans and their dependents. Benefits paid out in accordance with state guidelines are eligible for 75% reimbursement. For FY2009, the preliminary cherry sheet estimate is \$177,113, an increase of \$59,515. The increase reflects an increased number of veterans receiving some form of assistance.

**POLICE CAREER INCENTIVE REIMBURSEMENT (QUINN BILL)**

The purpose of this program is to encourage police officers in participating municipalities to earn degrees in law enforcement and criminal justice and to provide educational incentives through salary increases. The State administers this optional education incentive program. The Massachusetts Board of Higher Education annually certifies police officers for Associate's, Bachelor's, or Master's degrees. Such officers are eligible to receive 10%, 20%, or 25% base salary pay increases. The participating municipalities pay each officer 100% of Incentive Pay each year the officer remains on the force, and are subsequently reimbursed a proportion of these expenses. The enabling legislation for this program specified that reimbursement should equal 50% of the added annual salary costs (based on the incremental increase in the salaries of the officers that have attained degrees) incurred by participating police departments. If the annual costs exceed the budgeted appropriation, expenses are reimbursed to the extent that the appropriations permit on a prorated basis.

Participating police officers submit certificates of college completion to the Massachusetts Board of Higher Education, which certifies career incentive salary increases. The Board of Higher Education notifies police chiefs of the academic status attained by participating officers. By each September 1<sup>st</sup>, the police chief in each participating municipality certifies to the Board of Higher Education the added base salaries paid as a result of the program during the preceding year. The Executive Office of Public Safety determines the amount of reimbursement due to the municipality based on the total appropriation and certifies to the Comptroller the amounts to be reimbursed. For FY2009, a total of \$320,199 is projected, an increase of \$10,444.



**SCHOOL AID**

**SCHOOL AID - CHAPTER 70**

Total statewide funding is \$3.95 billion, an increase of \$223 million, or 6%. Of this amount, Arlington will receive \$6,229,294, an increase of \$415,174, or 7.14%. The distribution formula calculates a foundation budget for each school district and then funds a percentage of the budget depending upon a number of factors including community income levels and property wealth. For those communities determined to be relatively wealthy, the State will fund a maximum 17.5% of the school district's foundation budget. Arlington is one of 108 communities that fall within this category. Communities that are relatively poor receive significantly more than the 17.5% minimum. The maximum target is 85% with an average statewide target of approximately 60%. The State's plan is to reach each community's target percentage over several years. Arlington is already at 16.4% so there is not much room to grow to reach the State's target of 17.5% for Arlington.

**CHARTER SCHOOL TUITION ASSESSMENT REIMBURSEMENT**

General Laws Chapter 71, Section 89 (nn) mandates that the State assess a municipality or regional school district for the costs associated with pupils attending a Charter School district and reimburse sending districts for the tuition they pay to Commonwealth charter schools. Municipalities and school districts are reimbursed for this assessment based on the following schedule: in year one, an amount equal to 100% of the assessment; in year two, an amount equal to 60% of the assessment; in year three, an amount equal to 40% of the assessment; after year three, no reimbursement. This reimbursement is, of course, subject to appropriation. If the account is not fully-funded, then the reimbursement is pro-rated. Based on the preliminary cherry sheets, the Town will receive \$26,393, an increase of \$7,917.

**CHARTER SCHOOL CAPITAL FACILITY ASSESSMENT REIMBURSEMENT**

This revenue source is another component of the above detailed Charter School Tuition Reimbursement. This portion is to reimburse sending districts for the capital facilities tuition component they pay to Commonwealth charter schools for interest and principal payments on school buildings and land. The statewide average of what districts paid in the prior year (currently \$811 per pupil) for both principal and interest on land and buildings is applied to each pupil's tuition rate. Beginning in FY2007 this funding program was eliminated from the cherry sheet and incorporated into the new School Building Authority program.

<b>SCHOOL AID</b>					
	<b>FY06 Actual</b>	<b>FY07 Actual</b>	<b>FY08 Budget</b>	<b>FY09 Budget</b>	<b>Budget Change</b>
Chapter 70 School Aid	5,019,277	5,592,670	5,814,120	6,229,294	415,174
Charter School Tuition Reimbursement	33,140	44,610	18,476	26,393	7,917
Charter School Capital Facility Reimbursement	5,812	0	0	0	0
<b>Total</b>	<b>5,058,229</b>	<b>5,637,280</b>	<b>5,832,596</b>	<b>6,255,687</b>	<b>423,091</b>



**SCHOOL CONSTRUCTION AID**

In July of 2004, the Governor signed Chapter 208 and Chapter 210, of the Acts of 2004 into law, which makes substantial changes to the School Building Assistance (SBA) Program. This legislation (Ch. 208) transfers responsibility for the School Building Assistance Program from the Department of Education to the Massachusetts School Building Authority (MSBA), under the Office of the State Treasurer. The authority is a new and independent governing body comprised of seven members.

The reform legislation (Ch. 210) dedicates one cent of the state sales tax to the new off-budget school building trust. This funding will be phased in between now and 2011. Funding will no longer be subject to an annual appropriation from the Legislature and approval of the Governor. The state is providing one billion dollars in bond proceeds and an additional \$150 million in cash. The new trust is responsible for paying old contract assistance totaling \$5.5 billion over the next 20 years, while financing the current waiting list amount of \$4.5 billion over the next 3 years. A major feature of the new law is the up front cash grant program. When a project is approved for funding, the program will make a single payment for 75% of the full amount of the state's reimbursement. The balance of the state share will be paid when the project audit is completed. There are currently 425 school construction projects on the waiting list. The new legislation intends to fund all 425 projects in the next 3½ years.

Chapter 208 imposed a moratorium on the approval of new school construction projects by the MSBA until July 1, 2007. Communities may submit new projects for approval at the close of the moratorium. At the conclusion of the three-year moratorium, the authority will use \$500 million per year to finance new projects. Projects will be funded to the extent that money from the sales tax will allow. Projects that cannot be funded will be rejected and automatically reapplied for the following year. There will not be a waiting list. Reimbursement rates are based on community factors and incentive points. The base percentage is 39%.

As of the July 1, 2007 deadline, 423 projects (statements of interest) were submitted by 62 school districts. Arlington submitted statements of interest (SOIs) for three projects: Thompson, Stratton, and the High School. Of the 162 projects that were selected for further review, Thompson was included in the "planning" category. While Thompson was not selected to proceed with "feasibility study" nor "project scope" development, it is nonetheless a positive indication that the project merits further review. The MSBA states that the "planning" category means that the "statement of interest submitted by the school district identified issues that may warrant further action by MSBA, but were not clearly stated in the SOI or evident upon MSBA diagnostic investigations. Additional information from the district and/or further investigations by the MSBA may be required to establish the extent of the problem and identify the potential solution path, if needed. The next step is for the MSBA and the Town to meet to begin the process of understanding the issues within the school facilities and what the best plan of action is moving forward."

In FY2009, state reimbursements for school construction are projected to decrease \$13,758 to a total of \$2,532,522. The final audit for the Peirce School project will result in an increase in the annual reimbursement by \$26,290. The Town also refinanced several of its school project bonds resulting in a savings in interest costs. Because the state pays 63% of the costs, they receive 63% of the savings resulting in an estimated reduction of \$40,048 in state reimbursements. Dallin School is the first Town project that is funded under the new regulations whereby the state funds its share in a lump sum payment at the conclusion of the project rather than spreading payments over the life of the bond financing.

<b>SCHOOL AID</b>					
	<b>FY06 Actual</b>	<b>FY07 Actual</b>	<b>FY08 Budget</b>	<b>FY09 Budget</b>	<b>Budget Change</b>
School Construction Aid	2,332,555	2,269,282	2,546,280	2,532,522	(13,758)
<b>Total</b>	<b>2,332,555</b>	<b>2,269,282</b>	<b>2,546,280</b>	<b>2,532,522</b>	<b>(13,758)</b>



**TAX EXEMPTION AID**

There are several categories of property tax exemptions for which the State provides a partial reimbursement to municipalities. For FY2009, reimbursements are expected to decrease by \$2,663 to a total of \$188,896. Veterans, blind persons, surviving spouses, and elderly who meet exemption requirements are eligible. Elderly persons (at least 65 years of age) who meet certain whole estate or total assets, annual income, and residency requirements, are eligible for an exemption. The number of exemptions granted is multiplied by the statutory reimbursement of \$500, subject to appropriation. However, if a municipality has adopted Clause 41B or 41C, (Arlington has adopted this section which increases exemption amount to \$1,300) the number of exemptions for which it is reimbursed cannot exceed the number reimbursed in the most recent year under Clause 41. In addition, municipalities that have adopted Clause 41B or 41C will be reimbursed for additional costs incurred in determining eligibility of applicants under these clauses in an amount not to exceed two dollars per exemption granted. For property tax exemptions granted to qualifying veterans, blind persons, surviving spouses, and elderly persons, the exemption and reimbursement amounts are as follows:

- Surviving spouses, minor children, elderly persons:  
 Clause 17 - \$175, full reimbursement  
 Clauses 17C, 17C<sup>1/2</sup>, 17D - \$227.50, reimbursement cannot exceed the amount reimbursed on Clause 17.
- Veterans:  
 Clause 22(a-f) - \$520 exempted, \$225 reimbursed
- Paraplegic veterans, surviving spouses:  
 Full amount, 100% minus \$175 reimbursed (§8A)
- Veterans, loss of one arm, foot, or eye:  
 Clause 22A - \$975 exempted, \$575 reimbursed
- Veterans, loss of two arms, two feet, one arm and one leg, or loss of sight:  
 Clause 22B - \$1,625 exempted, \$1,075 reimbursed
- Veterans, special adapted housing:  
 Clause 22C - \$1,950 exempted, \$1,325 reimbursed
- Veterans, surviving spouses of service members who died in combat zone or who are missing in action and presumed dead due to combat:  
 Clause 22D - 100% exempted- 1st five years of exemption, \$2,500 thereafter
- Veterans, 100 percent disability:  
 Clause 22E - \$1,300 exempted, \$825 reimbursed
- Blind persons:  
 Clause 37A - \$650 exempted, \$87.50 reimbursed

**TAX EXEMPTION AID**

	<b>FY06 Actual</b>	<b>FY07 Actual</b>	<b>FY08 Budget</b>	<b>FY09 Budget</b>	<b>Budget Change</b>
Vets, Blind, & Surviving Spouse	54,438	57,925	117,263	111,588	(5,675)
Elderly Exemption	64,758	74,296	74,296	77,308	3,012
<b>Total</b>	<b>119,196</b>	<b>132,221</b>	<b>191,559</b>	<b>188,896</b>	<b>(2,663)</b>



**CHERRY SHEET OFFSETS**

Included in the estimated amount of aid to be received from the State are grant funds for the schools and libraries. These grants are reserved for direct expenditure by the departments and cannot be counted as general available revenues. Consequently, as part of the tax rate preparation process, whatever amount is included within the State Aid estimate is also included in the non-appropriated expense section as offsetting debits.

The Town receives two such annual grants—one for the school lunch and one for public libraries. The school lunch is actually a partial reimbursement for operating a school lunch program. This is expected to decrease slightly to a total of \$19,750. The library grant is expected to remain level at \$58,270.

The library grant is actually three separate grants—the Library Incentive Grant (LIG), Municipal Equalization Grant (MEG) and the Nonresident Circulation Offset (NRC). The three funding formulas to determine amounts for each municipality are as follows:

1. The Library Incentive Grant (LIG) is distributed to municipalities as follows:
  - a. Population under 2,500: an amount equal to the amount appropriated for free public library service in the preceding year; distribution not to exceed \$1,250.
  - b. Population of 2,500 or over: up to \$.50 per capita, provided that at least \$1,250 was appropriated for public library service in the preceding year.
2. The Municipal Equalization Grant (MEG) distributes the balance in the LIG/MEG account according to the lottery formula so that municipalities with lower property values receive proportionately more aid than those with greater property values.
3. The Nonresident Circulation Offset (NRC) is distributed annually by the Board of Library Commissioners, based upon each community's share of the total Statewide-circulated items.

The Board of Library Commissioners measures compliance with all requirements before voting to certify or deny applicants for grant payments. To qualify for funding, certain requirements must be met and the municipal Library Director must submit an application to the Board of Library Commissioners each year. Requirements include:

- The city or town's appropriation to operate the public libraries must be equal to or greater than 102.5% of the average of the 3 preceding years' appropriations for free public library service. The Board of Library Commissioners may grant waivers of this requirement to a limited number of municipalities.
- The library must have complied with the minimum standards for free public library service in the preceding year. There are minimum standards in such areas as library director's education, number of hours open, and expenditures for library materials. The library must submit annual report data as specified by the Board of Library Commissioners.

<b>CHERRY SHEET OFFSETS</b>					
	<b>FY06 Actual</b>	<b>FY07 Actual</b>	<b>FY08 Budget</b>	<b>FY09 Budget</b>	<b>Budget Change</b>
Lunch Programs (Schools)	19,267	18,403	20,794	19,750	(1,044)
Libraries	56,743	57,058	58,270	58,270	0
<b>Total</b>	<b>76,010</b>	<b>75,461</b>	<b>79,064</b>	<b>78,020</b>	<b>(1,044)</b>



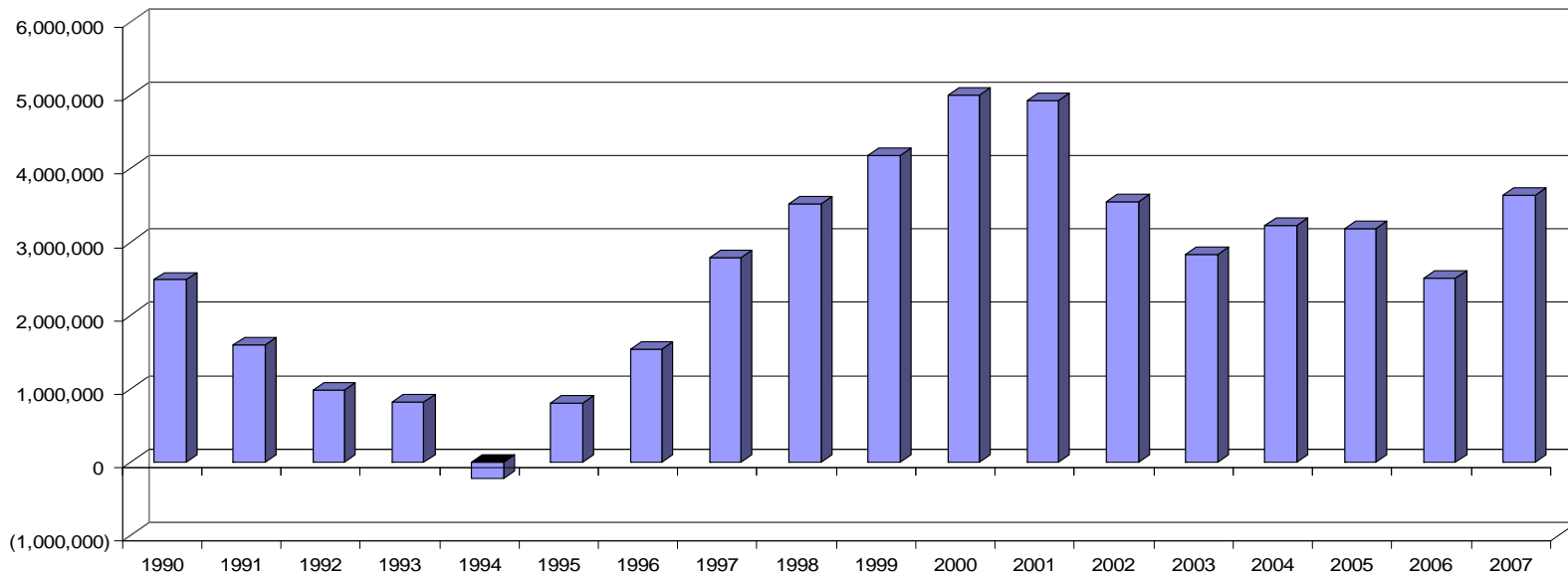


**FREE CASH**

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, to reduce the tax levy, or to serve as emergency reserves. 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, such as snow removal overdrafts.

The general fund free cash balance is currently \$3,673,574. It is recommended that one half of this amount , or \$1,818,787, be appropriated towards the FY2009 budget leaving a balance of \$1,818,787.

**CERTIFIED FREE CASH HISTORY**



**FREE CASH**

	<b>FY06 Actual</b>	<b>FY07 Budget</b>	<b>FY08 Budget</b>	<b>FY09 Budget</b>	<b>Budget Change</b>
Free Cash Appropriated	1,614,155	2,084,695	954,736	1,818,787	864,051



**OTHER REVENUE**

The Other Revenue category below includes revenue sources that are proposed to be used as general revenue or are to be used to fund a specific appropriation. Total Other Revenue is \$500,000. The sole source is the Tax Abatement Overlay Surplus Fund.

Budget Offsets are shown here for informational purposes. They include revenue sources that are dedicated for specific purposes or costs incurred on behalf of enterprises that are charged off to those enterprises. They involve budgets or appropriations that are already netted of these funds so they are not counted here as revenue to avoid double counting these offsets.

<b>OTHER REVENUE</b>					
	<b>FY06 Actual</b>	<b>FY07 Budget</b>	<b>FY08 Budget</b>	<b>FY09 Budget</b>	<b>Budget Change</b>
<b>Other Revenue</b>					
Overlay Surplus	400,000	400,000	500,000	500,000	0
General Stabilization Fund	0	0	0	0	0
Prior Year Closeout	0	0	0	0	0
<b>Total Other Revenue</b>	<b>400,000</b>	<b>400,000</b>	<b>500,000</b>	<b>500,000</b>	<b>0</b>
<b>Budget Offsets</b>					
Water & Sewer Enterprise Charge-Offs	2,058,262	2,113,738	2,291,250	2,354,868	63,618
Other Enterprise Charge-Offs	98,638	127,808	143,915	150,367	6,452
Tip Fee Stabilization Fund	400,000	680,000	680,000	680,000	0
Municipal Building Trust Fund	82,500	41,250	20,625	20,625	0
Cemetery Perpetual Care Fund	150,000	160,000	150,000	150,000	0
Cemetery Lots and Graves Fund	31,000	20,000	40,000	40,000	0
School Building Investment Income	0	280,000	0	0	0
Antenna Rental Fund	140,000	0	0	0	0
Central School Rental Fund	44,959	43,043	43,787	46,822	3,035
Community Development Block Grant	6,838	7,010	7,014	7,536	522
Conservation Commission Trust	3,000	0	3,000	3,000	0
<b>Total Budget Offsets</b>	<b>3,015,197</b>	<b>3,472,849</b>	<b>3,379,591</b>	<b>3,453,218</b>	<b>73,627</b>
<b>Total Other Revenue</b>	<b>400,000</b>	<b>400,000</b>	<b>500,000</b>	<b>500,000</b>	<b>0</b>

***TAX ABATEMENT OVERLAY SURPLUS***

Each year funds are set aside to cover the costs for any tax abatements granted by the Assessors. Any funds not used are declared surplus and made available for appropriation by Town Meeting. For FY2009, the available surplus is estimated at \$500,000.

***PRIOR YEAR CLOSEOUT***

No prior year appropriations were used in FY2006, FY2007 or FY2008, and none are proposed for FY2009.

***WATER AND SEWER ENTERPRISE FUND CHARGE-OFFS***

Several town departments provide services to and incur expenses on behalf of the water and sewer enterprise. Other examples include the healthcare and pension budgets. These costs are pulled out of the general fund budgets and charged to the enterprise. The total of such charge-offs for FY2009 is \$2,354,868.

***OTHER ENTERPRISE CHARGE-OFFS***

The other enterprise funds that incur general fund charge-offs or that have fee offsets are the Recreation, Veterans' Memorial Rink, and Youth Services enterprises. The total of such charge-offs or budget offsets for FY2009 is \$150,367.

***TIP FEE STABILIZATION FUND***

The Tip Fee Stabilization Fund (TFSF) was created to stabilize the refuse disposal costs under the NEWSC contract. FY2005 was the last year of the twenty-year NEWSC contract. Just over \$2.5 million was used from the stabilization fund to offset in part \$3,417,230 disposal costs. Tipping fees went from \$140 per ton to \$64 per ton in FY 2006. In FY2006, because of surplus revenues at NESWC, the first three months of disposal costs were free. Disposal costs in FY2006 were at \$1,080,000 and \$400,000 was used from the TFSF to offset these costs. Without the three free months in FY2007, disposal costs increased by \$280,000 to a total of \$1,360,000. A drawdown of \$680,000 from the TFSF was used to offset the increase and to maintain a level-funded appropriation.

The TFSF may now be appropriated by Town Meeting for any purpose by a two-thirds vote. At the conclusion of FY2008, the TFSF is projected to have a balance of over \$3.1 million. It is recommended that this fund continue to be used only to offset refuse disposal costs. By freezing the annual drawdown at \$680,000, the fund will last at least five years and will serve as an emergency reserve during those years.

***CEMETERY PERPETUAL CARE FUND***

With the sale of each lot at the cemetery, a \$500 perpetual care fee is charged. These fees are deposited into the Perpetual Care Trust Fund. The present balance in the fund is \$4,027,059. From time to time, a portion of the interest accrued from this fund is used to support the operating and maintenance cost of the cemetery. In FY2009, \$150,000 is proposed to be withdrawn. Fees were increased in 2007.

***CEMETERY LOTS AND GRAVES FUND***

Cemetery lots are sold for \$2,000 for residents and \$3,000 for certain qualifying former residents. Funds from such sales are placed in a fund. Sales can vary from 40 to 75 lots per year. Generally funds are drawn from this account to purchase necessary equipment for the maintenance of the cemetery. In FY2008, \$40,000 was appropriated and the same amount is recommended for FY2009.

***SCHOOL BUILDING INVESTMENT INCOME***

In accordance with the Town's home rule petition, enacted as Chapter 133 of the Acts of 1998, any interest earned from the investment of bond proceeds for any school building project must be used solely for school building costs. In FY2007, \$280,000 was used from this fund. There was no proposed drawdown for FY2008 and none is proposed for FY2009.



*(Continued from page 26)*

#### **ANTENNA RENTAL FUND**

In accordance with the Town's home rule petition, enacted as Chapter 44 of the Acts of 1998, the Town Manager is authorized to enter into long-term leases of town property to telecommunications companies for the location of wireless antennas. Funds are to be kept in a separate fund and may be appropriated only for the care and maintenance of parks, playgrounds and open space unless Town Meeting, by a two-thirds vote, votes to appropriate it for another purpose. Authorization for this fund expired in March 2008. In FY2006, \$140,000 was appropriated from the fund. The current balance is \$182,437. There was no appropriation for FY2007, FY2008 and none is proposed for FY2009.

#### **CENTRAL SCHOOL**

The Central School is under the jurisdiction of the Redevelopment Board. It houses the Council on Aging, Health Department, and other public and non-profit agencies. Annual rental income approximates \$300,000. The Redevelopment Board uses these funds to cover the building's operating and maintenance costs. A portion of the funds is used to fund costs incurred in the Planning Department to oversee the operation of the building. In FY2006, \$44,959 was used to fund one-half the costs of a building maintenance position and one-half of a clerical position. In FY2007, \$43,043 was appropriated for the same purpose. In FY2008, \$43,787 was appropriated and \$46,822 is proposed for FY2009.

#### **COMMUNITY DEVELOPMENT BLOCK GRANT**

Seven percent of the Planning and Community Development Director's salary is charged off to the CDBG grant for his services in administering the grant. In FY2009, this amounts to \$7,536.

#### **CONSERVATION COMMISSION TRUST**

Fees collected by the Conservation Commission are put into a fund to be used to support open space and wetlands protection activities. In FY2006, \$3,000 was used from this fund to fund additional hours of the Conservation Administrator. No drawdown was appropriated for FY2007. In FY2008, \$3,000 was drawn down from the fund and \$3,000 is proposed for FY2009.