



**TOTAL REVENUE**

Total revenue for FY2015 is projected at \$136,721,171, an increase of \$3,646,103, or 2.7%.

The property tax levy is projected to increase \$2,822,915, or 2.77%. This includes the normal 2.5% increase plus \$450,000 in new growth.

Local receipts are projected to increase \$663,000 due primarily to projected increases in Motor Vehicle Excise tax collections, Licenses and Permits, Departmental Fees, Town rental properties and adjustments to the FY2014 local receipt projections.

Based upon the House of Representatives' proposed budget, state aid is projected to increase 378,792, or 1.94%. The House has proposed the following: \$100 million increase in Chapter 70 School Aid and a \$25 million for General Government Aid. Despite the overall increase in Chapter 70 funding, Arlington is projected to receive a modest increase of \$193,084.

Overall FY2015 state aid, as proposed in the Town Manager's Budget, will increase \$378,792 to a total of \$19,946,823. This total is inclusive of \$2,474,773 in school construction aid.

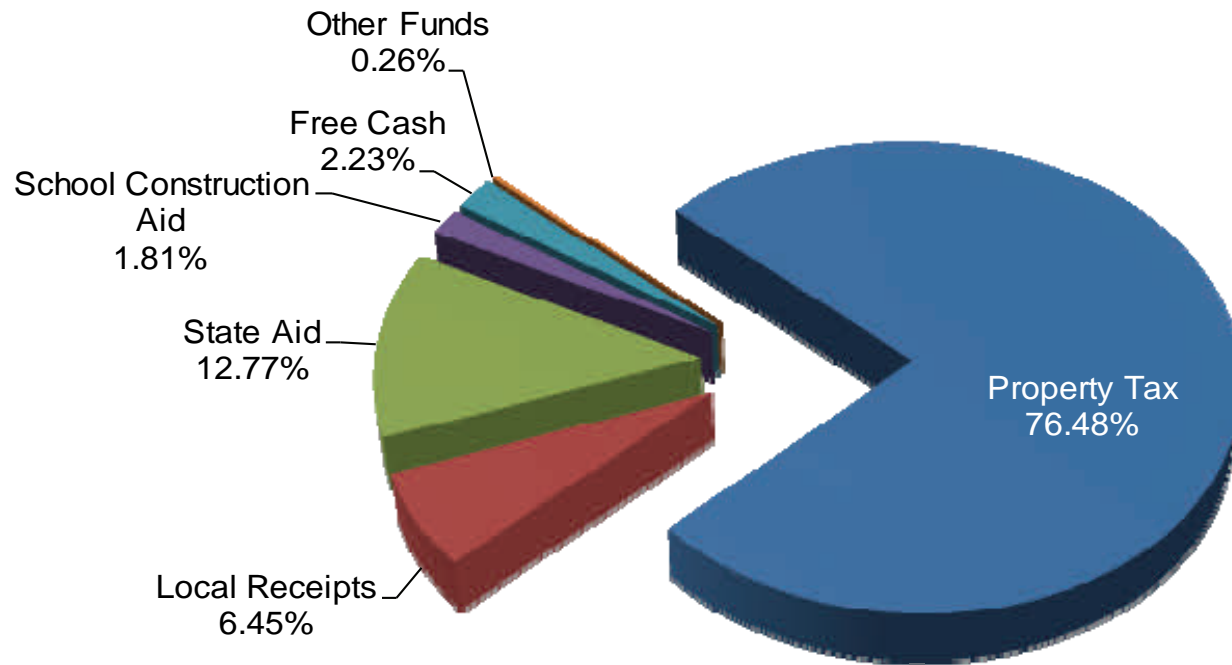
A total of \$3,042,925 in free cash is proposed to be used, which is a decrease of \$368,604 from FY2014 and an amount equal to 50% of the Free Cash balance certified by the Department of Revenue in FY2014.

Other Available Funds include only \$350,000 in surplus tax abatement overlay funds, an increase of \$150,000 from FY2014.

<b>REVENUE SOURCE</b>	<b>FY2012 Actual</b>	<b>FY2013 Actual</b>	<b>FY2014 Budget</b>	<b>FY2015 Budget</b>	<b>Budget Change</b>
Tax Levy	95,002,494	98,009,381	101,737,509	104,560,424	2,822,915
Local Receipts	10,291,463	9,886,882	8,158,000	8,821,000	663,000
State Aid	15,895,539	17,514,847	19,568,031	19,946,823	378,792
Free Cash	481,456	1,570,000	3,411,528	3,042,925	(368,604)
Other Available Funds	200,000	200,000	200,000	350,000	150,000
<b>Total</b>	<b>121,870,952</b>	<b>127,181,110</b>	<b>133,075,068</b>	<b>136,721,171</b>	<b>3,646,103</b>



# Revenue \$136,721,171





**Total General Fund Revenues**

	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Tax Levy*	60,616,241	68,050,315	71,185,238	73,220,264	75,352,894	77,877,924	80,365,862	89,409,382	92,416,269	96,144,397	98,967,312
Local Receipts	8,437,095	8,834,256	9,188,329	9,024,278	8,715,308	8,653,173	9,238,654	10,291,463	9,886,882	8,158,000	8,821,000
State Aid**	14,046,847	14,790,887	15,600,746	15,972,745	15,568,470	14,382,965	14,066,445	13,420,743	15,040,051	17,093,258	17,472,050
Free Cash	1,414,803	1,614,155	1,939,695	954,736	2,191,622	1,497,907	582,050	481,456	1,570,000	3,411,528	3,042,925
Other Available Funds	500,000	400,000	400,000	500,000	500,000	3,242,376	2,080,000	200,000	200,000	200,000	350,000
<b>Total</b>	<b>85,014,986</b>	<b>93,689,613</b>	<b>98,314,008</b>	<b>99,672,023</b>	<b>102,328,294</b>	<b>105,654,345</b>	<b>106,333,011</b>	<b>113,803,044</b>	<b>119,113,202</b>	<b>125,007,183</b>	<b>128,653,287</b>

\*Excludes MWRA Debt Shift

\*\*Excludes MSBA Reimbursements

**Annual Revenue Increases**

	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
Tax Levy	1,910,098	7,434,074	3,134,923	2,035,026	2,132,630	2,525,030	2,487,938	9,043,520	3,006,887	3,728,128	2,822,915
Local Receipts	635,214	397,161	354,073	(164,051)	(308,970)	(62,135)	585,481	1,052,809	(404,581)	(1,728,882)	663,000
State Aid	101,153	744,040	809,859	371,999	(404,275)	(1,185,505)	(316,520)	(645,702)	1,619,308	2,053,207	378,792
Free Cash	(359,539)	199,352	325,540	(984,959)	1,236,886	(693,715)	(915,857)	(100,594)	1,088,544	1,841,528	(368,603)
Other Available Funds	0	(100,000)	0	100,000	0	2,742,376	(1,162,376)	(1,880,000)	0	0	150,000
<b>Total</b>	<b>2,286,926</b>	<b>8,674,627</b>	<b>4,624,395</b>	<b>1,358,015</b>	<b>2,656,271</b>	<b>3,326,051</b>	<b>678,666</b>	<b>7,470,033</b>	<b>5,310,158</b>	<b>5,893,981</b>	<b>3,646,104</b>
<b>Percent Increase</b>	<b>2.8%</b>	<b>10.2%</b>	<b>4.9%</b>	<b>1.4%</b>	<b>2.7%</b>	<b>3.3%</b>	<b>0.6%</b>	<b>7.0%</b>	<b>4.7%</b>	<b>4.9%</b>	<b>2.9%</b>

**Percent of Total Revenue**

	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
Tax Levy	71.3%	72.6%	72.4%	73.5%	73.6%	73.7%	75.6%	78.6%	77.6%	76.9%	76.9%
Local Receipts	9.9%	9.4%	9.3%	9.1%	8.5%	8.2%	8.7%	9.0%	8.3%	6.5%	6.9%
State Aid	16.5%	15.8%	15.9%	16.0%	15.2%	13.6%	13.2%	11.8%	12.6%	13.7%	13.6%
Free Cash	1.7%	1.7%	2.0%	1.0%	2.1%	1.4%	0.5%	0.4%	1.3%	2.7%	2.4%
Other Available Funds	0.6%	0.4%	0.4%	0.5%	0.5%	3.1%	2.0%	0.2%	0.2%	0.2%	0.3%
<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>



**PROPERTY TAX LEVY**

Property tax is the primary source of revenue for virtually every Massachusetts municipality. In Arlington, property taxes represent approximately 76% 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 FY2012. 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 approved by voters are added to the levy limit, while all related school construction reimbursements from the State are subtracted.

Property values and new growth for FY2015 are preliminary estimates used to project the levy limit. The FY2014 levy limit was \$94,898,816. The 2 ½% increase allowed for FY2015 is \$2,374,680. New growth from construction not previously on the tax rolls is expected to add \$450,000 to the FY2015 levy. An additional \$1,155,444 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 \$1,615,914. Beginning in FY2012, debt service for the Symmes Urban Renewal project was added to the tax levy. FY2015 will mark the first year that tax revenues from the Symmes project will completely offset the cost of debt service. As a result Symmes debt will no longer be added to the tax levy.

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 included 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 FY2015 tax levy is projected to total \$104,560,424 representing an increase of \$2,822,915 (2.77%) over the FY2014 levy.

<b>PROPERTY TAX LEVY</b>	<b>FY2012 Budget</b>	<b>FY2013 Budget</b>	<b>FY2014 Budget</b>	<b>FY 2015 Budget</b>	<b>Budget Change</b>
<b>Base Tax Levy</b>	81,930,096	91,297,613	94,898,816	97,811,868	2,913,052
<b>General Override</b>	6,490,000	-	-	-	-
<b>Debt Exclusion Overrides</b>					
Brackett School	188,605	167,209	139,164	119,714	(19,450)
Hardy School	42,934	53,045	19,564	1,165	(33,481)
Bishop School	67,227	51,842	34,426	19,101	(17,416)
Peirce School	67,399	178,251	155,856	137,718	(22,395)
Dallin School	315,991	296,956	290,072	277,596	(6,885)
Thompson School	-	92,813	456,500	600,150	363,687
Symmes Debt	307,130	278,540	150,000	-	(128,540)
<b>Sub-total Debt Exclusions</b>	<b>989,286</b>	<b>1,118,656</b>	<b>1,245,581</b>	<b>1,155,444</b>	<b>(90,137)</b>
<b>Water and Sewer Debt</b>	5,593,112	5,593,112	5,593,112	5,593,112	-
<b>Total</b>	<b>95,002,494</b>	<b>98,009,381</b>	<b>101,737,509</b>	<b>104,560,424</b>	<b>2,822,915</b>

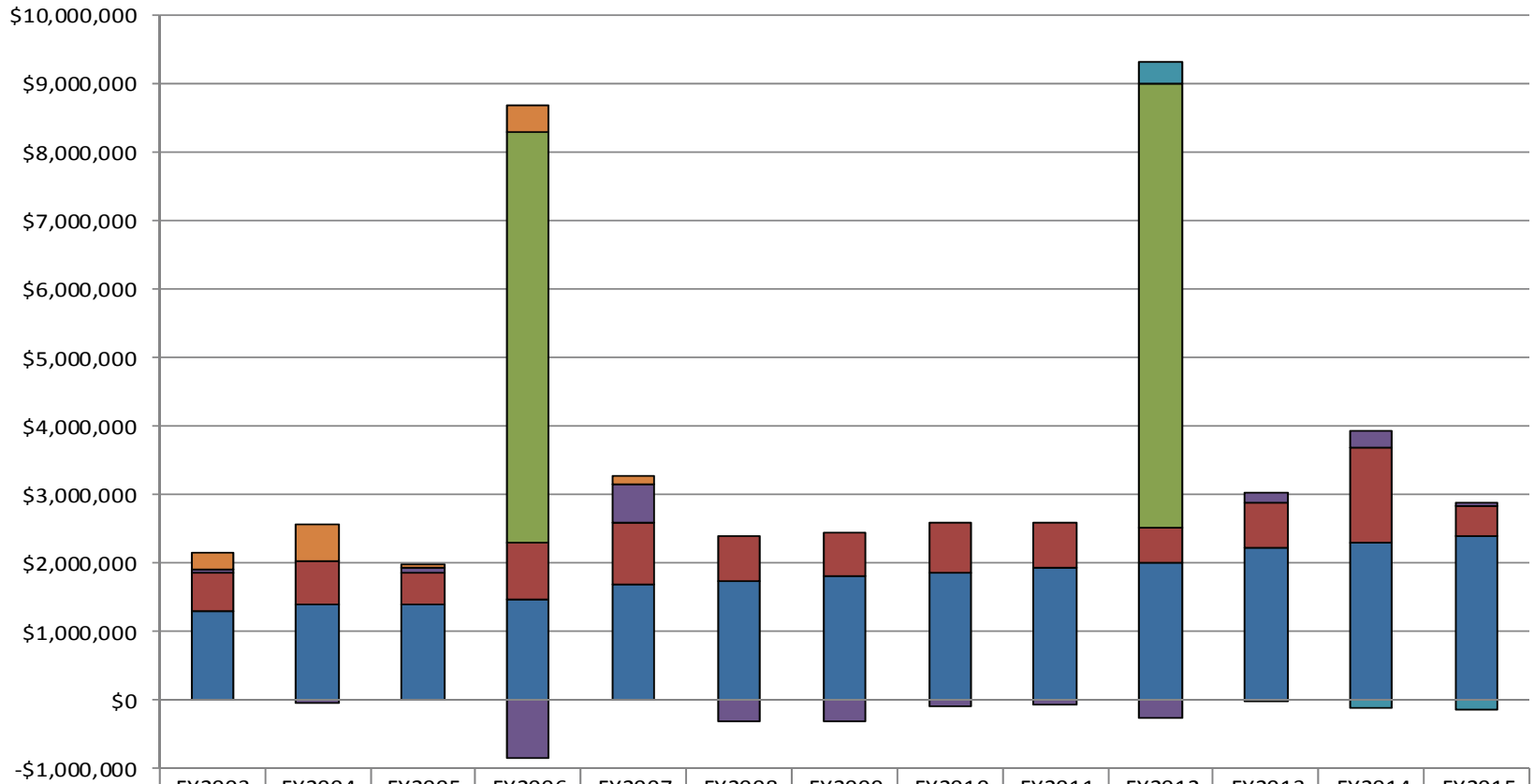


Fiscal Year	Real Estate & Personal Property Commitments	Abatements Granted	Tax deferral Abatements (Ch 41A)	Net Tax Levy	Net Collections	% of Collections	Amount transferred into tax title	Tax Title Balance as of June 30th	Tax Possession Balance as of June 30th	Tax Deferral Balance as of June 30th
2013	98,200,712.05	391,307.70	55,314.74	97,754,089.61	97,319,166.14	99.56%	435,398.24	946,663.94	396,784.20	293,094.22
2012	95,185,766.56	427,191.48	47,748.92	94,710,826.16	94,287,096.98	99.56%	423,729.18	858,108.74	396,784.20	307,667.70
2011	86,093,152.50	465,825.69	51,677.04	85,575,649.77	84,199,193.25	99.56%	375,360.09	650,009.11	396,784.20	303,386.69
2010	83,612,918.72	483,555.47	61,658.71	83,067,704.54	82,652,328.29	99.50%	415,059.45	781,121.00	396,784.20	363,475.82
2009	81,073,914.29	487,858.75	77,402.97	80,508,652.57	80,065,721.17	99.45%	480,507.03	707,145.88	396,784.20	393,703.43
2008	78,887,655.80	472,051.80	72,738.36	78,342,865.64	78,066,532.84	99.65%	276,332.81	471,582.61	396,784.20	377,006.41
2007	76,885,362.74	342,368.47	84,469.92	76,458,524.35	76,243,171.54	99.72%	216,092.26	339,191.03	396,784.20	390,472.48
2006	73,601,851.23	343,515.23	87,097.83	73,171,238.17	72,939,691.01	99.68%	231,489.78	324,280.65	396,784.20	380,256.66
2005	65,779,185.77	302,203.09	58,911.88	65,418,070.80	65,202,793.72	99.67%	234,667.16	339,307.20	396,784.20	285,068.38
2004	63,831,019.20	391,879.53	49,554.72	63,389,584.95	63,223,644.05	99.74%	165,940.90	258,629.93	396,784.20	274,115.15
2003	61,323,172.92	369,352.26	41,586.52	60,912,234.14	60,699,775.08	99.65%	212,459.06	317,178.44	397,922.00	247,855.77
2002	59,183,329.33	375,235.37	47,510.62	58,760,583.34	58,615,862.62	99.75%	144,720.72	216,588.20	397,922.00	347,816.81
2001	55,924,516.87	436,168.37	56,445.54	55,431,902.96	55,316,386.89	99.79%	115,516.07	181,873.01	397,716.45	354,375.56
2000	54,173,527.31	349,142.62	66,695.63	53,757,689.06	53,624,936.83	99.75%	132,752.23	196,203.75	397,716.45	338,813.24
1999	52,534,913.05	433,671.59	61,654.42	52,039,587.04	51,927,624.56	99.78%	173,616.90	187,455.40	383,233.92	338,142.22

The 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



	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
MWRA Debt	260,958	517,348	69,732	371,757	117,626	-	-	-	-	-	-	-	-
Symmes Debt Exclusion	-	-	-	-	-	-	-	-	-	307,130	(28,590)	(128,721)	(150,000)
School Debt Exclusion	44,571	(51,943)	56,628	(859,302)	558,473	(319,928)	(316,820)	(93,659)	(79,675)	(263,714)	157,960	255,465	59,862
General Override	-	-	-	6,000,00	-	-	-	-	-	6,490,00	-	-	-
New Growth	544,075	649,223	458,531	844,013	887,247	640,013	642,912	726,955	656,751	522,167	657,203	1,393,953	450,000
2.5% Increase*	1,299,50	1,378,66	1,394,93	1,449,36	1,689,20	1,736,64	1,796,06	1,857,039	1,921,639	1,986,099	2,211,055	2,282,762	2,374,680



**LOCAL RECEIPTS SUMMARY**

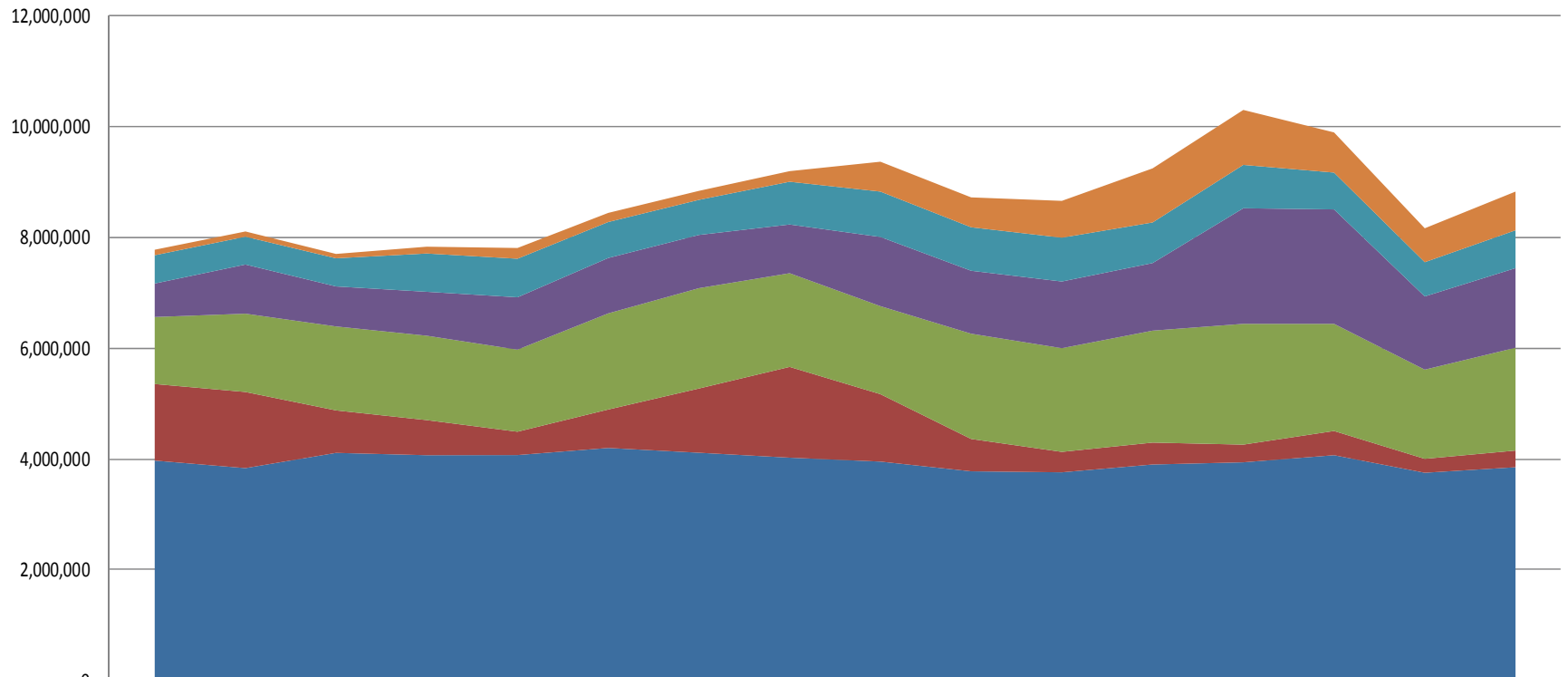
Local receipts for FY2015 are projected to increase \$663,000 to a total of \$8,821,000. The significant increase is a result of having to adjust FY2014 projections downward during the tax recapitulation process. Revenue from Motor Vehicle Excise taxes is projected to increase \$100,000, revenue from interest income is projected to increase \$50,000 while increases in Department Fees are expected to be \$245,000. Licenses and Permits revenue and revenue from the Town rental properties are expected to increase \$114,000 and \$66,000 respectively. The local option taxes, which include the Hotel and Meals tax, are projected to each increase by \$25,000. The Town anticipates receiving \$38,000 in Payments In Lieu of Taxes in FY2015.

The FY2015 projections represent an effort to align projections with prior year actual collections.

LOCAL RECEIPTS SUMMARY	FY2012 Actual	FY2013 Actual	FY2014 Budget	FY2015 Budget	Budget Change
Motor Vehicle Excise	3,937,079	4,066,200	3,750,000	3,850,000	100,000
Interest Income	319,642	435,812	250,000	300,000	50,000
Departmental Fees	2,177,505	1,932,652	1,610,000	1,855,000	245,000
Licenses and Permits	2,085,368	2,064,257	1,320,000	1,434,000	114,000
Rentals	783,145	665,264	618,000	684,000	66,000
Other	988,724	722,704	610,000	698,000	88,000
<b>Total</b>	<b>10,291,463</b>	<b>9,886,889</b>	<b>8,158,000</b>	<b>8,821,000</b>	<b>663,000</b>



Local Receipts History



	Actual FY00	Actual FY01	Actual FY02	Actual FY03	Actual FY04	Actual FY05	Actual FY06	Actual FY07	Actual FY08	Actual FY09	Actual FY2010	Actual FY2011	Actual FY2012	Actual FY2013	Budget FY2014	Budget FY 2015
Other	100,945	94,165	79,375	122,272	191,558	166,224	162,289	190,960	538,924	538,924	664,332	974,222	988,724	722,704	610,000	698,000
Rentals	508,819	500,978	506,840	690,231	696,252	648,334	632,505	771,319	818,608	783,600	791,045	733,270	783,145	665,264	618,000	684,000
Licenses and Permits	604,759	887,076	722,072	794,763	943,446	999,757	961,320	878,090	1,247,073	1,134,294	1,202,871	1,219,481	2,085,368	2,064,257	1,320,000	1,434,000
Fees/Departmental	1,206,792	1,412,070	1,512,748	1,520,578	1,480,066	1,731,991	1,808,831	1,689,345	1,586,298	1,900,729	1,867,994	2,018,958	2,177,505	1,932,652	1,610,000	1,855,000
Interest Income	1,382,410	1,374,590	765,790	634,352	421,000	693,999	1,159,204	1,636,644	1,216,410	582,123	369,782	394,264	319,642	435,812	250,000	300,000
Motor Vehicle Excise	3,968,543	3,832,194	4,108,738	4,064,678	4,069,559	4,196,714	4,110,106	4,021,994	3,951,802	3,775,638	3,757,149	3,898,459	3,937,079	4,066,200	3,750,000	3,850,000





**MOTOR VEHICLE EXCISE**

Motor vehicle excise tax receipts are expected to increase \$100,000 over the budgeted amount for FY2014 to a total of \$3.85 million. Commitments are continuing to increase towards what they were in 2008. 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 2013 is as of June 30, 2013.

<u>Levy Year</u>	<u>Commitments</u>	<u>Collections</u>	<u>Refunds</u>	<u>Net Collections</u>	<u>Abatements</u>	<u>Balance</u>	<u>Collection %</u>
2013	\$ 4,342,665	\$ 4,145,705	\$ 80,917	\$ 4,064,788	\$ 129,537	\$ 148,340	96.58%
2012	\$ 4,077,138	\$ 4,021,599	\$ 54,950	\$ 3,966,649	\$ 71,047	\$ 39,442	99.03%
2011	\$ 3,617,140	\$ 3,438,728	\$ 35,428	\$ 3,403,300	\$ 89,485	\$ 124,355	96.56%
2010	\$ 3,439,627	\$ 3,277,405	\$ 34,770	\$ 3,242,635	\$ 83,853	\$ 113,139	96.71%
2009	\$ 3,405,929	\$ 3,262,275	\$ 42,208	\$ 3,220,067	\$ 90,499	\$ 95,363	97.20%
2008	\$ 4,095,771	\$ 3,968,005	\$ 82,613	\$ 3,885,392	\$ 164,786	\$ 45,593	98.89%
2007	\$ 4,230,657	\$ 4,125,146	\$ 81,094	\$ 4,044,052	\$ 159,117	\$ 27,488	99.35%
2006	\$ 4,248,107	\$ 4,134,418	\$ 89,206	\$ 4,045,212	\$ 177,550	\$ 25,345	99.40%
2005	\$ 4,293,875	\$ 4,189,478	\$ 95,281	\$ 4,094,197	\$ 173,543	\$ 26,135	99.39%
2004	\$ 4,290,578	\$ 4,166,076	\$ 78,847	\$ 4,087,229	\$ 183,274	\$ 20,075	99.53%
2003	\$ 4,241,385	\$ 4,109,464	\$ 72,532	\$ 4,036,932	\$ 189,004	\$ 15,449	99.64%
2002	\$ 4,281,043	\$ 4,130,254	\$ 80,517	\$ 4,049,737	\$ 215,905	\$ 15,401	99.64%
2001	\$ 4,250,080	\$ 4,122,587	\$ 76,815	\$ 4,045,772	\$ 187,565	\$ 16,743	99.61%
2000	\$ 4,090,219	\$ 3,983,605	\$ 87,702	\$ 3,895,903	\$ 181,778	\$ 12,538	99.69%
1999	\$ 3,734,714	\$ 3,644,635	\$ 92,391	\$ 3,552,244	\$ 173,537	\$ 8,933	99.76%
1998	\$ 3,341,180	\$ 3,251,914	\$ 58,790	\$ 3,193,124	\$ 138,299	\$ 9,757	99.71%
1997	\$ 3,119,179	\$ 3,019,273	\$ 48,419	\$ 2,970,854	\$ 135,780	\$ 12,545	99.60%

<b>MOTOR VEHICLE EXCISE</b>	<b>FY2012 Actual</b>	<b>FY2013 Actual</b>	<b>FY2014 Budget</b>	<b>FY2015 Budget</b>	<b>Budget Change</b>
Motor Vehicle Excise	3,937,079	4,066,200	3,750,000	3,850,000	100,000



**DEPARTMENTAL FEES**

Departmental fees are projected to increase \$245,000 to \$1,855,000 in FY2015. The Town is projecting to collect an additional \$200,000 in Ambulance Fees, \$5,000 in Parking Violations, \$5,000 in Town Clerk Fees, \$5,000 in Library Fees and Fines and \$30,000 in Cemetery Revenue.

FY2014 projected Departmental Fees were decreased significantly at the time of the tax recapitulation. FY2015 projections are consistent with original FY2014 projections.

DEPARTMENTAL FEES	FY2012 Actual	FY2013 Actual	FY2014 Budget	FY2015 Budget	Budget Change
Schools (Medicare Reimbursement)	198,121	211,086	150,000	150,000	-
Cemetery Revenue	313,997	277,100	270,000	300,000	30,000
Library Fees and Fines	56,141	49,051	50,000	55,000	5,000
Collector's Demand Fees	84,647	83,363	75,000	80,000	5,000
Town Clerk Fees	58,305	43,802	40,000	45,000	5,000
Parking Violations	368,192	381,271	340,000	340,000	-
Parking Meter Receipts	82,740	76,121	70,000	70,000	-
Fire Alarm Renewal Fee	17,800	3,875	5,000	5,000	-
Ambulance Fees	571,695	472,525	385,000	585,000	200,000
Other Departmental Revenue	425,867	249,850	225,000	225,000	-
Other Department Fees		84,608			-
<b>Total</b>	<b>2,177,505</b>	<b>1,932,652</b>	<b>1,610,000</b>	<b>1,855,000</b>	<b>245,000</b>



**INTEREST INCOME & PENALTIES**

Interest Income is projected to increase \$50,000 to \$300,000. 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. Investment income has dropped from a high of more than \$1.4 million in FY2007 to a projected amount of only \$50,000 in FY2015. This is due to the dramatic drop in interest rates.

Penalties and interest associated with delinquent tax payments are projected to increase to \$250,000. This projection is based on the rate of collections in FY2014 and FY2013.

INTEREST INCOME	FY2012 Actual	FY2013 Actual	FY2014 Budget	FY2015 Budget	Budget Change
Investment Income	67,150	82,943	50,000	50,000	-
Penalties & Interest	252,492	352,869	200,000	250,000	50,000
<b>Total</b>	<b>319,642</b>	<b>435,812</b>	<b>250,000</b>	<b>300,000</b>	<b>50,000</b>



**LICENSES AND PERMITS**

Licenses and permits revenues for FY2015 are expected to increase \$114,000 to \$1,434,000 which reflects an increase in revenue from Building Permits. Building Permits generally generate the most revenue. The Town has collected all of the permit revenue from the Symmes and Brigham's project which has had a significant impact on prior year projections. The FY2015 projection will be consistent with actual collections in FY2014, the first year without collecting revenue from the before mentioned projects.

Besides building permits, some of the other major categories of Licenses and Permits include parking permits and liquor licenses issued by the Selectmen, and fire permit fees, which include fire alarm connection fees. All of these are expected to remain flat.

LICENSES AND PERMITS	FY2012 Actual	FY2013 Actual	FY2014 Budget	FY2015 Budget	Budget Change
Parking Permits	150,087	149,615	140,000	140,000	-
Liquor Licenses	81,140	89,493	78,000	78,000	-
Food Licenses	6,863	8,660	6,500	6,500	-
Food Permits	14,115	14,100	14,000	14,000	-
Tobacco Permits	14,500	13,000	9,000	9,000	-
Building Inspections	1,665,598	1,595,259	961,000	1,075,000	114,000
Fire Prevention Permits	50,495	67,205	50,000	50,000	-
Marriage Licenses	8,209	7,200	6,500	6,500	-
Other	94,361	119,725	55,000	55,000	-
<b>Total</b>	<b>2,085,368</b>	<b>2,064,257</b>	<b>1,320,000</b>	<b>1,434,000</b>	<b>114,000</b>



**RENTAL INCOME**

*The Town derives income from the renting of several Town-owned properties including the Gibbs 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 by \$66,000 to \$684,000.

The increased revenue is a result of extending the leases of each tenant at both the Parmenter and Gibbs Schools. The new leases include a capital contribution which will offset future capital improvements to the buildings. Revenue from the Parmenter is expected to increase \$21,000 to \$206,000 and revenue from the Gibbs is expected to increase \$45,000 to \$320,000. The new leases will go into effect July 1, 2014.

The Ryder Street property is rented for a five-year period, generating a net income of \$95,000 annually.

The Dallin Library is currently leased to the Arlington Community Media, Inc. (ACMi) with rental income projected at \$45,000. The Mt. Gilboa house is currently vacant, but expected to generate to \$18,000 per year when rented.

The Crosby School, which has generated revenue in the past, was sold in June of 2012.

<b>RENTAL INCOME</b>	<b>FY2012 Actual</b>	<b>FY2013 Actual</b>	<b>FY2014 Budget</b>	<b>FY2015 Budget</b>	<b>Budget Change</b>
Ryder St.	112,004	122,387	95,000	95,000	-
Parmenter	188,797	168,924	185,000	206,000	21,000
Crosby	133,297	31,112	-	-	-
Gibbs	286,051	289,322	275,000	320,000	45,000
Mt. Gilboa	17,880	8,400	18,000	18,000	-
Dallin Library	45,116	45,119	45,000	45,000	-
<b>Total</b>	<b>783,145</b>	<b>665,264</b>	<b>618,000</b>	<b>684,000</b>	<b>66,000</b>



**OTHER LOCAL RECEIPTS**

Other local receipts are projected to increase \$88,000 to \$698,000 due to projected increases in revenue from the Hotel and Meal taxes and Payments in Lieu of Taxes.

In 2009, the Legislature gave the authority to Town Meeting to adopt optional increases to the meals and hotel taxes. At that time only the state collected revenue from the meals tax of 5%. Cities and towns were allowed to add an additional 0.75%. Also, the Town collected a room occupancy tax on hotels (there is only one hotel in Arlington) of 4% at that time. The state allowed cities and towns to increase that by 1% to a total of 5%. Both of these optional taxes were adopted by Town Meeting in the fall of 2009 to go into effect January 1, 2010. For communities that adopted these taxes with this effective date, they were allowed to estimate six months of collections in FY2010, eleven months in FY2011, and a full twelve months thereafter. FY2015 projections are consistent with actual collections in past years. Both the Hotel and Meals taxes are projected to increase by \$25,000 to \$275,000 and \$325,000 respectively.

Payments in Lieu of Taxes are expected to increase to \$38,000 as a result of an agreement reached with the buyer of the Crosby School.

Court fines, primarily for moving violations, are projected to increase by \$10,000 to \$60,000.

<b>OTHER LOCAL RECEIPTS</b>	<b>FY2012 Actual</b>	<b>FY2013 Actual</b>	<b>FY2014 Budget</b>	<b>FY2015 Budget</b>	<b>Budget Change</b>
Meals Tax	307,037	326,726	300,000	325,000	25,000
Hotel Tax	262,094	283,497	250,000	275,000	25,000
Court Fines	62,688	54,935	50,000	60,000	10,000
Medicare Part D Reimbursement	342,932	43,127	-	-	-
Payments In Lieu of Taxes	13,973	14,419	10,000	38,000	28,000
<b>Total</b>	<b>988,724</b>	<b>722,704</b>	<b>610,000</b>	<b>698,000</b>	<b>88,000</b>



**STATE AID SUMMARY**

In March, the House of Representatives and Senate passed a Local Aid Resolution for Chapter 70 funding and Unrestricted General Government Aid (UGGA). The resolution supported a \$100 million increase in Chapter 70 School Aid as proposed in the Governor’s Budget and a \$25 million increase in UGGA. Based upon the resolution, state aid, exclusive of school construction aid, is projected to increase \$378,792, or 2.2%. Overall FY2015 state aid, as used to balance the Town Manager’s budget, will increase \$378,792 to a total of \$19,946,823. This total is inclusive of \$2,474,773 in school construction aid.

In FY2015 Unrestricted General Government Aid (UGGA) is expected to increase \$182,159 or 2.8% to \$6,750,750.

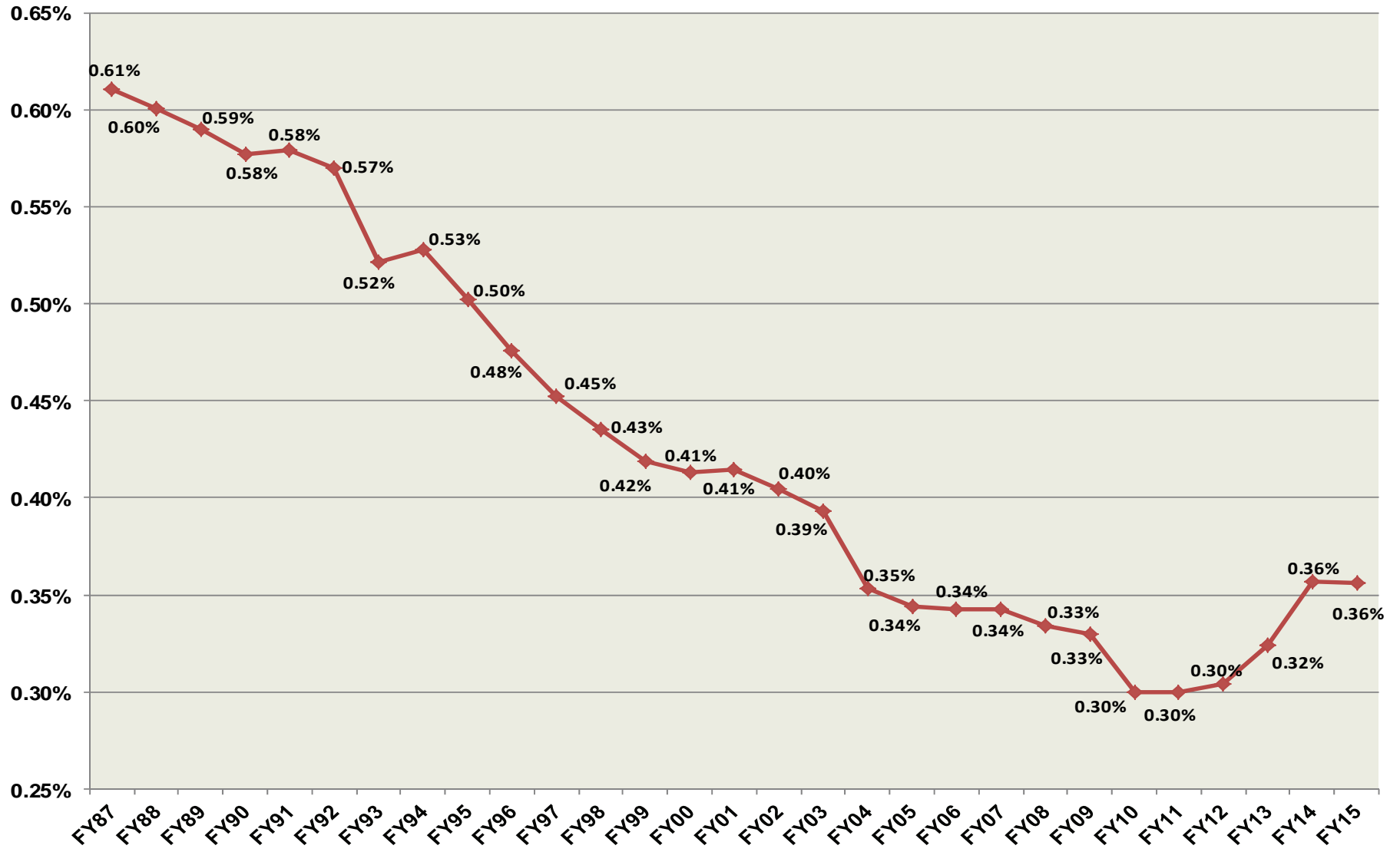
Exclusive of school construction aid, Arlington’s projected state aid for FY2015 is a slight increase in real dollars than it received in FY2002, 13 years ago (see Chart on p. II-16). Since 1987, Arlington has seen its share of total state aid cut by approximately 41% (see chart on p. II-17). A look at the cumulative year-to-year increases and decreases since FY2002 (see Chart on p. II-18) also shows how Arlington has been disproportionately cut.

Since FY2002 local aid for all municipalities initially dropped by approximately 8%, rebounded through FY2009 to a 20% increase, and in FY2015 ends in a cumulative increase of 17%. Arlington, on the other hand, has only recently experienced an increase above FY2002. In FY2006, Arlington was 15% below FY2002, while the average of all municipalities saw a slight increase. In FY2014 the cumulative year-to-year change since FY2002 was a slight increase of 1.1%, however in FY2015, Arlington remains disproportional from other municipalities despite increases in state aid. To further illustrate this impact, the average state aid for municipalities in Massachusetts has increased 17.4% from FY2002, while in FY2015 Arlington’s cumulative year-to-year change since FY2002 is a slight increase of 3.3%.

STATE AID SUMMARY	FY2012 Actual	FY2013 Actual	FY2014 Budget	FY2015 Budget	Budget Change
Gen Government Aid	6,157,622	6,640,249	6,776,358	6,976,550	200,192
School Aid	7,012,560	8,160,512	10,089,282	10,282,366	193,084
School Construction	2,474,796	2,474,796	2,474,773	2,474,773	-
Tax Exemptions	188,476	178,152	167,052	151,486	(15,566)
Cherry Sheet Offsets	62,085	61,138	60,566	61,648	1,082
<b>Total</b>	<b>15,895,539</b>	<b>17,514,847</b>	<b>19,568,031</b>	<b>19,946,823</b>	<b>378,792</b>



Arlington's Percent of Total State Aid

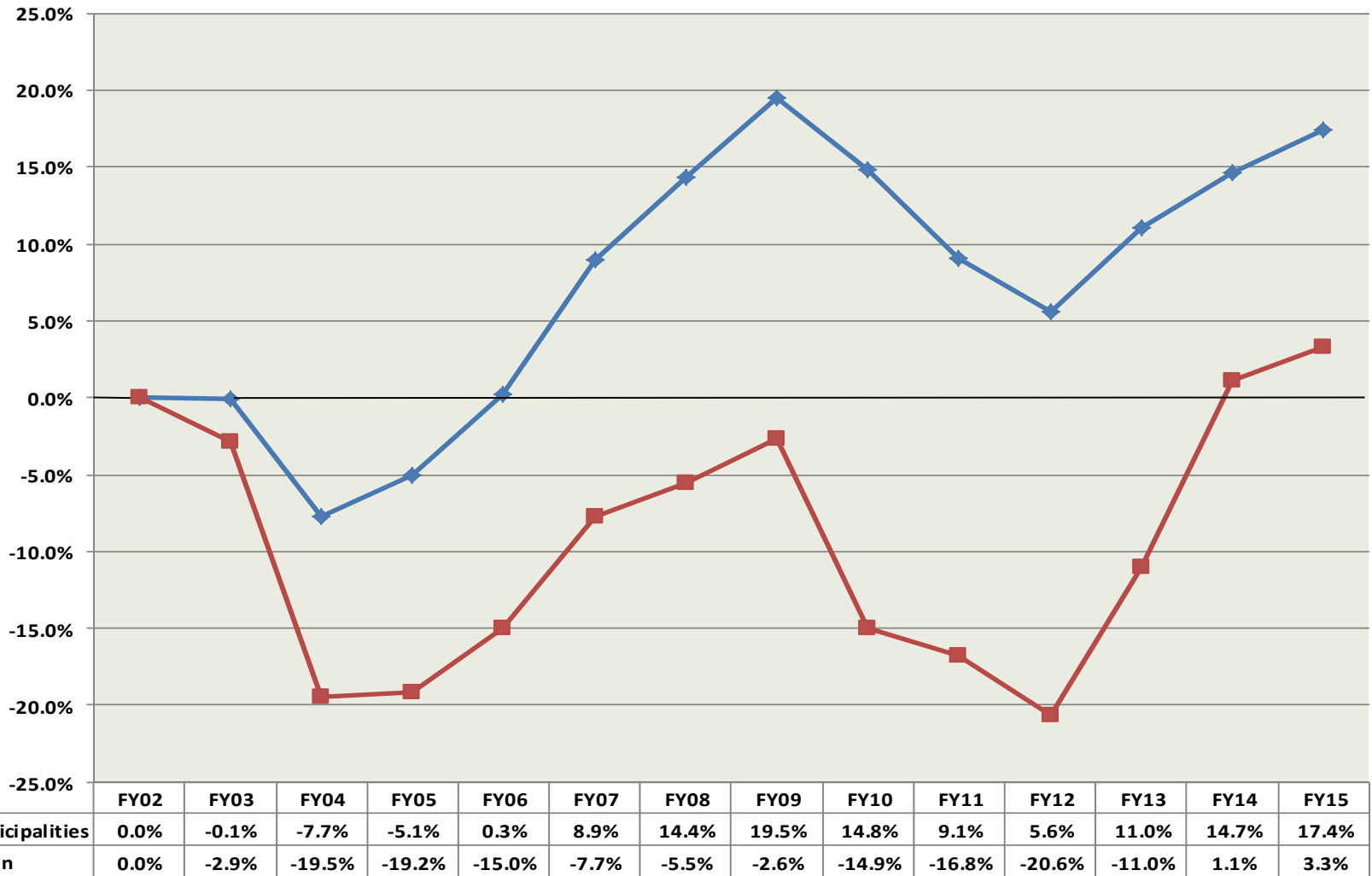






### State Aid Cumulative Year-to-Year Percent Change Since Fiscal Year 2002

*(Numbers Exclude School Construction and METCO Reimbursements)*





**GENERAL GOVERNMENT**

***Unrestricted General Government Aid (UGGA)***

In FY2015 UGGA is expected to increase \$182,159, or 2.8% to \$6,750,750. The increase is attributable to the Joint Local Aid Resolution passed by the House and Senate.

As historical background, in FY2010, the Additional Assistance category was combined with Lottery Aid under a new category called Unrestricted General Government Aid. Between these two aid categories, Arlington received in excess of \$9.4 million in FY2008. In FY2015 this account was funded at \$6,976,550 approximately \$200,192 greater than what was funded in FY2014. Despite this positive adjustment, the Town has weathered a reduction of approximately \$2.7 million since FY2008.

<b>GENERAL GOVERNMENT</b>	<b>FY2012 Actual</b>	<b>FY2013 Actual</b>	<b>FY2014 Budget</b>	<b>FY2015 Budget</b>	<b>Budget Change</b>
Unrestricted General Government Aid	5,952,940	6,416,909	6,568,591	6,750,750	182,159
Veterans' Benefits	204,682	223,340	207,767	225,800	18,033
<b>Total</b>	<b>6,183,274</b>	<b>6,640,249</b>	<b>6,776,358</b>	<b>6,976,550</b>	<b>200,192</b>

***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 FY2015 the preliminary cherry sheet estimate is \$225,800 a increase of \$18,033. The increase reflects an increase in the number of veterans receiving some form of government assistance.

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

In FY2010 this reimbursement program was all but eliminated. Arlington's reimbursement dropped from \$320,199 to \$49,006. In FY2012 funding was eliminated and no funding is expected for FY2015.

The purpose of this program was 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 subsequently the State will reimburse a proportion of these expenses as an incentive for communities to accept the commitment to participate in this program. The enabling legislation 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.

Unfortunately, the State reneged on its funding commitment, providing no recourse for municipalities to reduce the benefits and costs accordingly. This incentive pay has been part of the officers' base pay, so even if a municipality could have cut the payments, it would have been left in the untenable position of having to cut the base pay of its officers. A more reasonable approach would have been to freeze the payments and grandfather the officers currently in the program. The Legislature did at least change the law so that no new officers can participate in the program.



**SCHOOL AID**

**SCHOOL AID - CHAPTER 70**

Proposed total statewide funding in FY2015, exclusive of regional schools, is \$3.7 billion, an increase of \$89 million, or 2.46%. Of this amount, it is estimated that Arlington will receive \$10,234,582, an increase of \$185,602, or 1.8%. 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, property wealth, and municipal contributions to the school budget. 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 109 communities that fall within this category. Communities that are less affluent receive significantly more than the 17.5% minimum.

**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 \$47,784, an increase of \$7,482.

SCHOOL AID	FY2012 Actual	FY2013 Actual	FY2014 Budget	FY2015 Budget	Budget Change
Chapter 70 School Aid	6,880,580	8,109,496	10,048,980	10,234,582	185,602
Charter School Tuition Reimbursement	131,980	51,016	40,302	47,784	7,482
<b>Total</b>	<b>7,012,560</b>	<b>8,160,512</b>	<b>10,089,282</b>	<b>10,282,366</b>	<b>193,084</b>



**SCHOOL CONSTRUCTION AID**

In July of 2004, the Governor signed Chapter 208 and Chapter 210 of the Acts of 2004 into law, which make 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), operating 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 amounted to \$655 million in 2011. Funding is no longer subject to an annual appropriation from the Legislature and approval of the Governor, allowing MSBA to reimburse districts within 15 days of submitting a request for payment. This streamlined process save local communities millions in avoided interest costs and provides greater cash flow if needed.

The MSBA funding commitments include \$11 billion for 1,156 projects authorized under the former SBA program, including \$5.1 billion for 728 prior grant projects that were already receiving funding (54% of this liability has been retired), and \$5.5 million for 428 projects on a wait list (88% of this liability has been retired). The remaining limited resources are being used to fund new projects. MSBA is projecting to spend \$2.5 billion through 2015 for new projects. Reimbursement rates are based on community factors and incentive points and range from 31% to 80% of approved eligible project costs.

When the moratorium on new projects was lifted in July 1, 2007, the MSBA received 423 Statements of Interests from 163 school districts for various projects. Arlington submitted three projects: Thompson, Stratton and the High School. Only Thompson was approved. Construction on a new Thompson School was completed in summer of 2013. Under the MSBA's Green Repair Program, the Town received a grant of approximately \$700,000 as reimbursement for the \$2.6 million the Town has spent on renovations and improvements to Stratton School.

The school construction aid the Town currently receives is for projects completed under the old SBA program. The amount is expected to be \$2,474,773 for FY2015. The projects and their funding are as follows:

Peirce	\$ 476,222
Ottoson	858,859
Brackett	347,518
Bishop	322,764
Hardy	469,110
<b>Total</b>	<b>\$2,474,773</b>

SCHOOL AID	FY2012 Actual	FY2013 Actual	FY2014 Budget	FY2015 Budget	Budget Change
School Construction Aid	2,531,085	2,474,796	2,474,773	2,474,773	-



**TAX EXEMPTION AID**

There are several categories of property tax exemptions for which the State provides a partial reimbursement to municipalities. For FY2014, the state has reduced its funding so Arlington's reimbursements are expected to decrease \$15,566 to a total of \$151,486. 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	FY2012 Actual	FY2013 Actual	FY2014 Budget	FY2015 Budget	Budget Change
Tax Exemption Aid	188,476	178,152	167,052	151,486	(15,566)



**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 \$10 to a total of \$18,809. The library grant is expected to increase slightly to \$42,839.

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.

CHERRY SHEET OFFSETS	FY2012 Actual	FY2013 Actual	FY2014 Budget	FY2015 Budget	Budget Change
Lunch Programs (Schools)	19,545	19,029	18,819	18,809	(10)
Libraries	42,540	42,109	41,747	42,839	1,092
<b>Total</b>	<b>62,085</b>	<b>61,138</b>	<b>60,566</b>	<b>61,648</b>	<b>1,082</b>

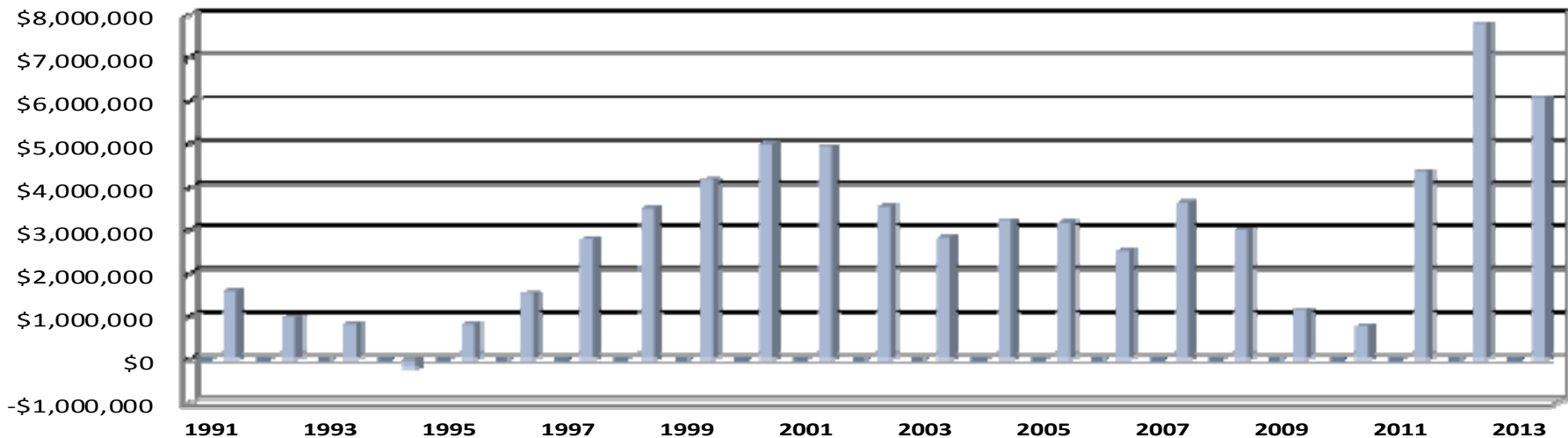


**FREE CASH**

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 Town's free cash balance as of June 30, 2013 was \$6,085,848. In accordance with Town policy, Arlington can appropriate up to 50% of the free cash balance towards the next fiscal year's budget. It is recommended that \$3,042,925, or 50% of the existing balance, be appropriated towards the FY2015 budget leaving a balance of \$3,042,925.

**Certified Free Cash History  
(July 1)**



FREE CASH	FY2012 Actual	FY2013 Actual	FY2014 Budget	FY2015 Budget	Budget Change
Free Cash Appropriated	481,456	1,570,000	3,411,528	3,042,925	(368,603)





**OTHER REVENUE**

The Other Revenue category includes Tax Abatement Overlay Reserve Surplus Funds and Override Stabilization Funds. In FY2015, the amount available is \$350,000 from the Tax Abatement Overlay Reserve Surplus Funds. No funds will be withdrawn from the Override Stabilization Fund.

**Overlay Surplus**

The Tax Abatement Overlay Reserve Surplus comes from funds set aside each year for property tax abatements and exemptions. Any funds remaining in the accounts that are no longer needed are declared surplus by the Board of Assessors and are made available for appropriation. Currently, the Board of Assessors have declared \$350,000 as surplus and therefore available for appropriation.

**Override Stabilization Fund**

The Override Stabilization Fund was created as a result of the 2005 Proposition 2 ½ Override. The five-year plan developed at that time projected that the first two years would have surplus funds to be put in an Override Stabilization Fund, the third year there would be no surplus, and the last two years the surplus funds would be drawn down to balance the budget. As a result of tight budget controls, there was no need to make any drawdown from the fund until the fifth year, FY2010. In that year, \$2,742,376 was appropriated or withdrawn. The remaining balance in the fund, which was \$1,580,000, was appropriated in FY2011, the sixth year. With the Override of 2011, \$13,633,949 has been put into the Fund. Additional funds will be appropriated into the Fund in FY2015. It is expected that no drawdown will be necessary until at least FY2016.

OTHER REVENUE	FY2012 Actual	FY2013 Actual	FY2014 Budget	FY2015 Budget	Budget Change
Overlay Surplus	200,000	200,000	200,000	350,000	150,000
Override Stabilization Fund		-	-	-	-
<b>Total</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>350,000</b>	<b>150,000</b>



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