

# FINANCIAL MANAGEMENT SERVICES

## FINANCE COMMITTEE

During 2010 Chairman Allan Tosti led the Finance Committee, assisted by Vice-Chairs Richard Fanning, Charles Foskett, and Alan Jones. Peter Howard served as secretary. The FinCom has twenty-one positions, one for each precinct. The appointing authority (Moderator, Trust Fund Commissioners Chair, FinCom Chair) acted to reappoint all members whose terms had been completed and to fill all but one vacant position.

In January the FinCom began its yearly effort to develop a comprehensive balanced Fiscal Year 2011 (FY11) budget recommendation for the Annual Town Meeting, which begins in April. At least one of the Finance Committee subcommittees reviewed each departmental budget with the department head. The school budget subcommittee attended School Committee meetings in order to gain an understanding of the school budget. Hearings were held on all Warrant Articles requiring an appropriation or having a financial impact. Twenty-eight full committee meetings were held which, when combined with numerous subcommittee meetings, made for a busy winter and spring schedule. The Committee's report was distributed to Town Meeting members at the first meeting.

Because of the continuing recession, budget decisions were again difficult. Although FY11 would be the first year after the end of the five year plan, the Town was able to end FY10 with a balance of more than a \$1.5 in the Override Stabilization Fund. This, together with continued federal funds and some staff reductions, allowed the Town to handle an initially estimated \$4.6 million deficit without very serious reductions in most departments.

The School Committee's proposed level service budget for FY11 exceeded the available revenues by more than \$4 million. The School Committee, using conservative revenue estimates, made sizable service reductions and significantly increased fees. This situation was relieved somewhat by a private fundraising effort.

The schools, however, suffered shortfalls in revenues and unexpected expenses during FY10. In the summer, the auditors discovered a significant overrun of \$1.5 million. At a Special Town Meeting in the fall, Town Meeting Members approved a School Committee proposal to reduce the FY11 budget to compensate for the FY10 overrun. Town Meeting also supported an increase in the Reserve Fund as a hedge against future deficits.

The Finance Committee also continued to monitor other ongoing activities that could have a large financial impact through regular reports by Town officials. Of particular concern this year was the cost of health insurance and the reluctance of the Town's employees to join the State health insurance plan. This reluctance

will make the difficulty of balancing next year's budget (FY12) even more difficult. Other ongoing issues include funding for the final round of school renovations, the renovation of the Town's fire stations, the increasing costs of pensions, the capital cost of renovating the Minuteman Tech building, and funding the liability for retired Town employee health insurance. The Finance Committee will continue to work with other Town officials and citizens to deal with these issues and will keep the Town Meeting informed of the Town's progress.

## OFFICE OF THE TREASURER & COLLECTOR OF TAXES

### Mission Statement

The Office of Treasurer & Collector of Taxes is responsible for the collecting and custodianship of all funds and receipts belonging to the Town of Arlington.



*Stephen J. Gilligan, Treasurer & Collector of Taxes*

### Overview

The Office of the Treasurer & Collector of Taxes consists of four divisions under the Treasurer/Collector. The four divisions are: Treasury, Collector, Payroll, and Postal. The Treasurer also serves as Parking Clerk.

The Town Treasurer and Collector of Taxes is responsible for managing and directing the tax billing and collection process, receiving all monies from Town departments, securing and depositing Town monies, and for managing, planning, and directing the Town's financial policies relating to cash management, investment management, and debt management in accordance with Massachusetts General Laws. The Treasurer serves as Custodian of Funds for all Town monies. The Treasurer performs his fiduciary responsibility by developing investment and borrowing strategies based on financial best practices, consultations with financial advisors and investment institutions, and participating in government finance officer's seminars and conferences. Mr. Gilligan is an active member of both the Massachusetts Collectors & Treasurers Association, and the national Govern-

# FINANCIAL MANAGEMENT SERVICES

ment Finance Officers Association of the US & Canada. Mr. Gilligan is a Certified Massachusetts Assessor and a Member of the Board of Directors of the New England States Government Finance Officers Association.

## Program Description

The Treasurer/Collectors office is responsible for the proper handling and management of all monies belonging to the Town. Included within these responsibilities are the following:

Responsible for the billing and collecting of all Real Estate Tax, Personal Property Tax, Motor Vehicle Excise Tax, Parking fines and Permit fees, Water & Sewer accounts, and collecting all Town and School Department(s) receipts. Payments are received directly in the Treasurer's Office, through the mail, via online electronic checking transactions, and lock-box.

Receiving and reconciling all deposits from all departments and authorities that charge fees and/or receive monies. Supports and assists all departments in the collection of delinquent accounts.

Enable and coordinates School, Recreation, Human Services, Fire/Ambulance, Library, Inspections departments to make deposits directly into our depository bank; daily, overnight, and weekends.

Responsible for deposits and investment of all Town funds.

Determine cash flow to meet vendor and payroll warrants.

Supervise and direct all short and long-term borrowings. Strategic goal is to maintain the highest possible Bond Rating, based on the Town's financial reserve and budgetary situation

Manage Treasurer's relationships with finance professionals and institutions that provide custodial, investment, and banking services.

Responsible for promoting and administering the Arlington Citizens Scholarship Foundation/Dollars For Scholars Program.

Provide quality customer service to all Town residents in the performance of the above-described duties.

## Budget Statement/Future Outlook

The Treasurer's Office continues to scrutinize its current budget for any potential savings, while being mindful of the critical importance to maintain resources sufficient to collect and/or process over \$113 Million in Town revenues.

Given the current economy, interest income revenue will be significantly lower than previous years.

## 2010 Initiatives

Request for Disaster Recovery and operations continuity planning formally presented to, and agreed to by Town Manager for 2011 completion. Treasurer's office agreed to actively support efforts by Town departments and appointed committees to gather data and build town-wide template for disaster recovery operations.

## 2011 Initiatives

Issue a Request For Proposal (RFP) to increase rate of return and reduce management fees for Employee 457 Savings plan.

## 2011 Objectives

Issue RFP in March 2011 to add additional electronic payment capabilities for debit and credit cards. Complete implementation by end of June 2011.

The Treasurer's office continues to work with the IT Department on critical projects to ensure the applications, programs, and information technology requirements of the Office are managed effectively.

## Major Accomplishments 2010

Managed first full-year of Town of Arlington's relationship with new Investment Advisor. Current net realized gain on all trust fund accounts is 12.57%.

Attained a top rating of Triple-A ("AAA") from Standard & Poor's rating agency for the fifth consecutive borrowing. Arlington is a member of a group of 20 communities in Massachusetts attaining this highest designation.

Office of Treasurer & Collector of Taxes	Performance Metrics Over 5 Years				
	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Real Estate Bills Processed	60,000	60,000	60,000	59,988	60,084
Motor Excise Bills Processed	40,000	40,000	40,000	35,507	32,112
Water & Sewer Bills Processed	25,000	25,000	25,000	24,817	24,849
Liens - Revenue from Water & Sewer Delinquencies	\$68,675	\$104,758	\$126,419	\$140,465	\$134,180
Lien Certificates Processed	1,323	2,211	1,603	1,170	1,452
Revenue from Lien Certificates	\$33,075	\$39,600	\$29,250	\$57,873	\$72,600

*Bills processed excludes subsequent delinquent bills and notices.*

# FINANCIAL MANAGEMENT SERVICES

Managed successful annual borrowing of \$7,258,000, 20-year bond with an average interest rate of 2.599% tax-exempt, with a "AAA" rating from Standard and Poor's.

Managed successful borrowing of \$1,310,000 Taxable Bond Anticipation Notes, relating to the Symmes Redevelopment Project, with an interest rate of 1.009% taxable and a SP-1+ rating to the note issue.

Successfully completed a Banking Services RFP, and executed a new Banking Services contract, with all Town funds fully-collateralized, with enhanced services.

Treasurer's Office continues to achieve one of the best commitment-to-collection ratios of real estate and personal property taxes of any community in Massachusetts by developing internal collection procedures with a focus on end-of-fiscal-year results. Real Estate Tax collections = 99.995%

Aggressively managed the on time issuance of all billing and collections for Real Estate Tax, Motor Excise Tax, Water & Sewer, and Parking, accurately and on time to avoid short-term borrowing.

## Performance / Workload Indicators

Issuing, processing, and collecting 60,084 Real Estate bills, 35,112 Motor Excise bills, and 24,849 Water & Sewer bills. Initial bills issued: 120,045, plus 22,324 subsequent delinquency bills / notices. Total bills issued: 142,369. All bills issued and mailed on time, meeting legal mandates.

Managed \$80M Real Estate Tax collections down to delinquent receivables of only 67 Tax Title accounts.

Advertise all delinquent Real Estate accounts within the same fiscal year.

Lien Certificates processed: FY06 -1,323; FY 07 -1,584; FY 08 -1,170; FY09 -1,603; FY10 -1,452.

Revenue from Lien Certificates: \$33,075 -FY06; \$39,600 -FY07; \$29,250 -FY08; \$57,873 -FY09, FY10 -\$72,600

Lien all delinquent water accounts onto real estate bills annually. Total annual amounts:

FY06 - \$68,675, FY07 - \$104,758, FY08 - \$126,419, and FY09 - \$140,465, FY10 - \$134,180. Treasurer's office utilizes management best practices to better enable our reducing these amounts to less than 1.5% of the annual Water & Sewer amounts committed for collection.

Preparation of financial material for receipts, deposits, investments, income, and debt for annual Town audits.

## COMPTROLLER/TELEPHONE

The Comptroller's Office is responsible for the Town's books of account and financial records, verifying appropriations for all purchase orders, processing invoices for payment, approval of all payrolls and other warrants, balancing monthly appropriation reports, and other financial reporting as governed by Federal and State governments. The Comptroller is responsible for the direct management and supervision of the Telephone department.

The Telephone department is responsible for the operations of the Town and School phone system, including maintaining the two PBX's and voicemail systems.

### Major Accomplishments for 2010

- Closed books on a timely basis and had Town audit and free cash certified on a timely basis.
- Enhanced quarterly report to the Board of Selectmen.
- VoIP Readiness Report completed.

### Performance Metrics

	2007	2008	2009	2010
General Ledger Entries	91,349	99,138	101,989	114,879
Purchase Orders Processed	5,452	5,381	5,150	5,142
Accounts Payable Batches Processed	982	1,007	1,000	1,181

### 2011 Objectives

- Research the feasibility of electronically distributing payroll direct deposit stubs.
- Review and enhance Town reports.
- Consolidate some of the Town/School financial operations.
- Streamline the Town's phone system.

# FINANCIAL MANAGEMENT SERVICES

## BOARD OF ASSESSORS

At the annual election held in April of 2010, James F. Doherty, MAA, was re-elected for a three-year term to the Board of Assessors. At the organizational meeting of the Board of Assessors, Mary Winstanley O'Connor, Esquire, was elected Chairman and Kevin P. Feeley, Esquire, was elected Vice Chairman.

In 2010 the Board of Assessors completed their re-inspection program by Patriot Properties Inc. to meet the requirements of the Department of Revenue and comply with Massachusetts General Law (MGL). The Board also completed the triennial revaluation in compliance with MGL.

The Board of Assessors committed 15,590 real estate and personal property tax bills to the Tax Collector for collection for Fiscal Year 2011. These bills raised a total of \$85,958,974 in property and personal property taxes. The total assessed value of all taxable real estate and personal property for Fiscal Year 2011 was \$6,926,589,397, which resulted in a tax rate of \$12.41 per thousand dollars of assessed value. The board also committed over 45,000 automobile excise tax bills for collection of an estimated income of \$3,500,000.

The Board extends their sympathy to the family of our Office Manager, Helen Chinal. Helen lost her valiant battle with cancer in September. She was a valued member of our office for over 24 years. While her position will be filled, she will never be replaced. The Board would also like to thank all taxpayers for their cooperation and the Assessing Office staff for their continued support and for a job well done in 2010.

## Tax Abatement Overlay

State law requires that the Assessors put aside funds from each tax levy in a reserve that is called an Overlay. This account is established in anticipation that a certain percentage of the tax levy may end up being abated. Individual tax abatements are paid out of this fund. The final amount of the overlay account is determined by the Assessors and added to the tax rate without appropriation, and is usually set at anywhere from 1% to 2.5% of the tax levy. In revaluation years, which occur every three years, the overlay account is usually set at a higher amount in anticipation of an increased number of abatements. In FY2011, the overlay account is set at \$600,000. Any surplus left in an overlay account is appropriated by Town Meeting in much the same manner as free cash. Below is a chart showing the disposition of Overlay funds for the last three years. Prior to FY2008, the reserve balance from all prior fiscal years is \$122,439.





# FINANCIAL MANAGEMENT SERVICES

## ASSESSMENT DATA

Tax Abatement Overlay Funds			
	FY2008	FY2009	FY2010
Overlay Amount	\$651,772	\$566,909	\$1,153,427
Abatements & Exemptions To-Date	\$500,217	\$502,715	\$483,555
Declared Surplus to General Fund	\$65,401	\$0	\$500,000
Reserved for Additional Liability	\$86,154	\$64,194	\$169,872

Valuation and Tax Levy			
Fiscal Year	Total Assessed Valuation	Tax Levy	Tax Rate*
2011	\$6,926,589,397	\$85,958,974	\$12.41
2010	\$6,892,736,257	\$83,471,036	\$12.11
2009	\$6,790,772,343	\$80,946,006	\$11.92
2008	\$6,883,264,284	\$78,813,376	\$11.45
2007	\$7,011,721,520	\$76,778,350	\$10.95
2006	\$6,483,756,733	\$73,578,994	\$11.34
2005	\$6,007,309,836	\$65,719,969	\$10.94
2004	\$5,990,614,666	\$63,740,140	\$10.64
2003	\$4,500,135,559	\$61,246,845	\$13.61
2002	\$4,266,984,229	\$59,097,731	\$13.85
2001	\$4,239,775,439	\$55,838,267	\$13.17
2000	\$3,063,254,230	\$54,097,069	\$17.66
1999	\$3,504,316,820	\$52,443,515	\$17.17
* Tax rate expressed in per thousand dollars of assessed value			

Percent of Tax Levy by Class					
CLASS	TYPE	Fiscal Year			
		2008	2009	2010	2011
I	RESIDENTIAL	94.3933	94.3933	94.0546	93.9935
II	OPEN SPACE	.000	.000	.000	.000
III	COMMERCIAL	4.2688	4.4889	4.2661	4.2786
IV	INDUSTRIAL	.3158	.3208	.3042	.3028
V	PERSONAL PROPERTY	1.0221	1.2071	1.3751	1.4251
<b>TOTAL</b>			<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

# FINANCIAL MANAGEMENT SERVICES

## ASSESSMENT DATA

<b>TAX RATE COMPONENTS FY 2007 - FY2011</b>					
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
LEVY BASE	\$9.54	\$10.09	\$10.58	\$10.78	\$11.10
2 1/2%	\$0.24	\$0.25	\$0.26	\$0.27	\$0.28
GROWTH	\$0.13	\$0.09	\$0.09	\$0.11	\$0.09
OVERRIDE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
WAT & SEW DEBT EXCL	\$0.80	\$0.81	\$0.82	\$0.81	\$0.81
SCHOOL DEBT EXCLU	\$0.25	\$0.21	\$0.16	\$0.15	\$0.14
TAX RATE *	\$10.95	\$11.45	\$11.92	\$12.11	\$12.41

\*Tax Rate = (Amount to be raised)/(Total Taxable Assessed Valute)\*1,000

<b>DETAILS OF TAX RATE CALCULATION</b>					
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
MAX LEVY PRIOR FY	\$66,906,029	\$69,465,927	\$71,842,588	\$74,281,565	\$76,865,559
2.50%	\$1,672,651	\$1,736,648	\$1,796,065	\$1,857,039	\$1,921,639
GROWTH	\$887,247	\$640,013	\$642,912	\$726,955	\$656,751
OVERRIDE	\$0	\$0	\$0	\$0	\$0
MAXIMUM LEVY	\$69,465,927	\$71,842,588	\$74,281,565	\$76,865,559	\$79,443,949
LEVY INC %	3.83%	3.42%	3.39%	3.48%	3.35%
LEVY INC \$	\$2,559,897	\$4,936,559	\$4,815,638	\$2,583,994	\$2,578,390
W/S DEBT	\$5,593,112	\$5,593,112	\$5,593,112	\$5,593,112	\$5,593,112
DEBT EX	\$1,755,952	\$1,436,024	\$1,119,201	\$1,025,542	\$945,868
MAX TO BE RAISED	\$76,814,991	\$78,871,724	\$80,993,878	\$83,484,213	\$85,982,929
ACTUAL RAISED	\$76,778,350	\$78,813,376	\$80,946,006	\$83,471,036	\$85,958,974
EXCESS LEVY	\$36,641	\$58,348	\$47,872	\$13,177	\$23,955
TOTAL TAXABLE ASSESSED VALUE	\$7,011,721,520	\$6,883,264,284	\$6,790,772,343	\$6,892,736,257	\$6,926,589,397
TOTAL AV % INCREASE	8.14%	-1.83%	-1.34%	1.50%	0.49%
TAX RATE	\$10.95	\$11.45	\$11.92	\$12.11	\$12.41
PENNY ON TAX RATE	\$70,117	\$68,833	\$67,908	\$68,927	\$69,266
AVE ASSED VAL SINGLE FAMILY	\$486,431	\$475,289	\$465,952	\$477,218	\$479,345
AVE TAXES SINGLE FAMILY	\$5,326	\$5,442	\$5,554	\$5,779	\$5,949

\* All numbers subject to rounding and final DOR Certification.

# FINANCIAL MANAGEMENT SERVICES

## ASSESSMENT DATA

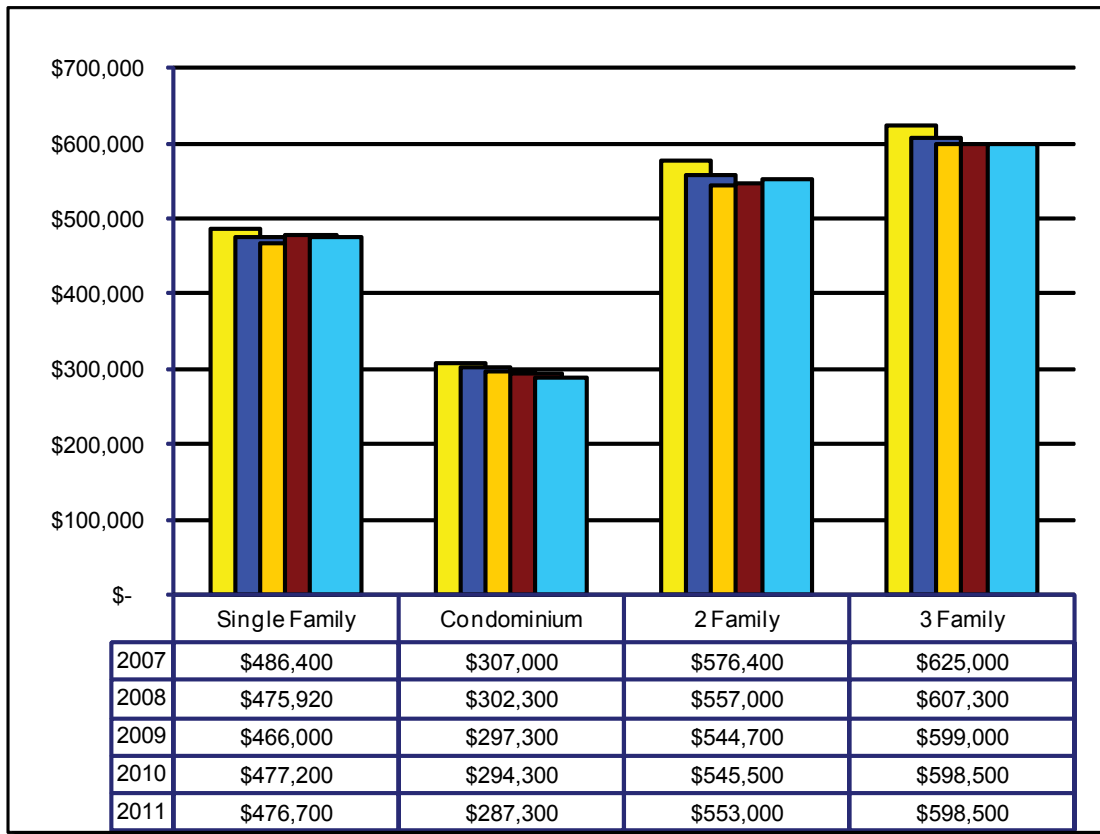
Summary of Revaluation by State Class Code FY2010 vs FY2010					
	FY 2011		FY 2010		FY11 vs FY10
Property Type	Par-cels	Assessed Value	Par-cels	Assessed Value	Percent (+/-)
Residential		6,510,546,607		6,482,861,607	0.43%
Open Space		0.00		0.00	
Commercial		296,363,250		293,960,550	0.82%
Industrial		20,969,800		20,969,800	0.00%
Total Real Est	14,687	6,827,879,657	14,650	6,797,791,957	0.44%
Personal Prop	573	98,709,740	669	94,783,100	4.14%
Total Real & PP	15,260	6,926,589,397	15,319	6,892,575,057	0.49%
Exempt	331	422,236,000	331	422,236,000	
<b>Grand Total</b>	<b>15,591</b>	<b>7,348,825,397</b>	<b>15,650</b>	<b>7,314,811,057</b>	

Summary Details									
	FY 2011					FY 2010			FY11 vs FY1
Property Type	Par-cels	Assessed Value	Avg. As-sessed Value	Par-cels (+/-)	Avg. As-sessed Value (+/-)	Par-cels	Assessed Value	Avg. As-sessed Value	Per-cent (+/-)
Single Family	7,986	3,807,210,300	476,736	8	-478	7,978	3,807,210,300	477,214	0.00%
Condominium	3,106	892,498,700	287,347	73	-6,916	3,033	892,498,700	294,263	0.00%
Misc	13	9,639,100	741,469	0	0	13	9,639,100	741,469	0.00%
2 Family	2,400	1,327,263,560	553,026	-33	7,501	2,433	1,327,263,560	545,526	0.00%
3 Family	215	128,672,000	598,474	0	0	215	128,672,000	598,474	0.00%
Apartments	146	255,910,000	1,752,808	-1	11,924	147	255,910,000	1,740,884	0.00%
Res Land	329	24,890,600	75,655	-8	1,796	337	24,890,600	73,859	0.00%
Open Space	0					0			
Commercial	387	255,873,300	661,171	-2	3,399	389	255,873,300	657,772	0.00%
Industrial	23	20,969,800	911,730	0	0	23	20,969,800	911,730	0.00%
Ch Land	0	0	0	0		0	0	0	
Ch Land	0	0	0	0		0	0	0	
Ch Land	4	4,139,397	1,034,849	1	-344,950	3	4,139,397	1,379,799	0.00%
Mixed Use(Res)	78	36,777,347	906,733	-1	11,478	79	36,777,347	895,256	0.00%
Mixed Use(Com)	0	33,947,853		0		0	33,947,853		
Per Prop	351	4,531,010	12,909	-74	2,248	425	4,531,010	10,661	0.00%
Per Prop	206	6,449,880	31,310	-22	3,021	228	6,449,880	28,289	0.00%
Per Prop	0	0		0		0	0		
Per Prop	2	44,204,750		0	0	2	44,204,750	22,102,375	0.00%
Per Prop	7	30,536,900	4,362,414	0	0	7	30,536,900	4,362,414	0.00%
Per Prop	2	7,123,600	3,561,800	0	0	2	7,123,600	3,561,800	0.00%
Per Prop	5	1,936,960	387,392	0	0	5	1,936,960	387,392	0.00%
<b>Total</b>	<b>15,260</b>	<b>6,892,575,057</b>				<b>15,319</b>	<b>6,892,575,057</b>		<b>0.00%</b>

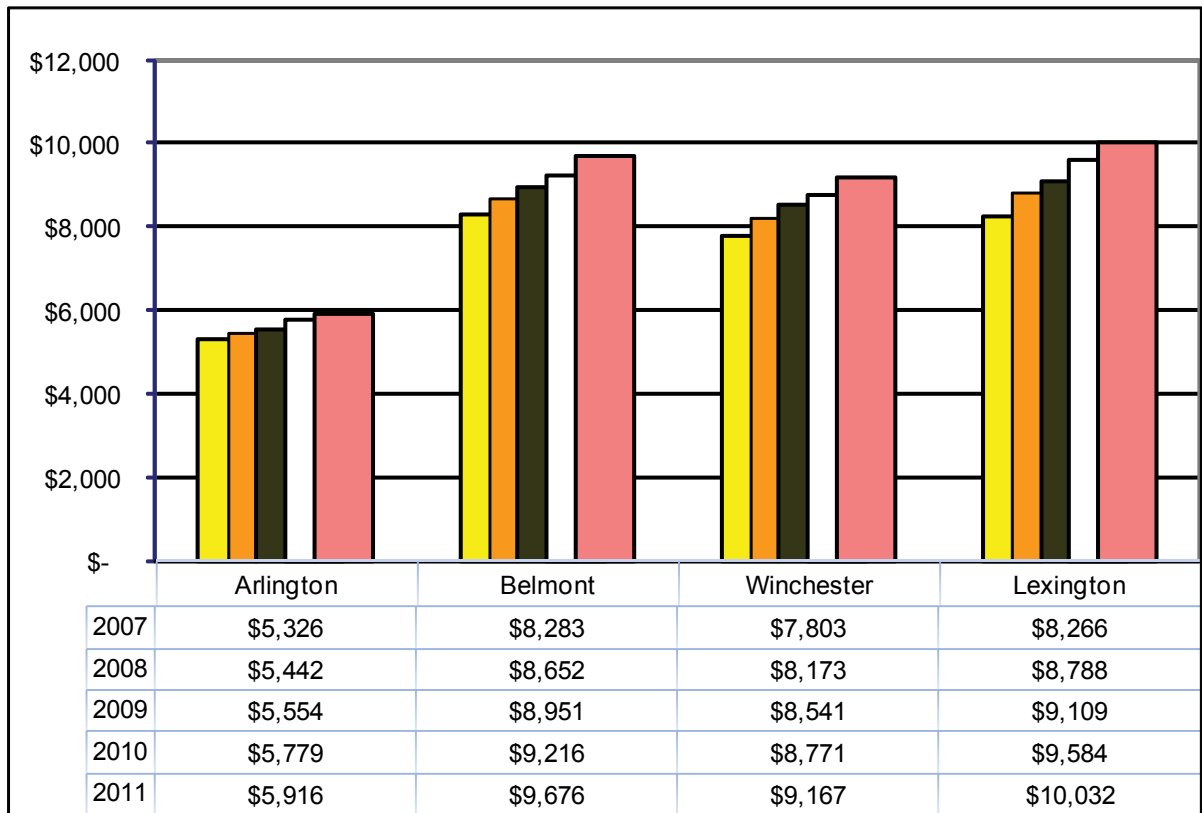
# FINANCIAL MANAGEMENT SERVICES

## ASSESSMENT DATA

**Average Assessed Values 2007-2011**



**Average Taxes 2007-2011**





# FINANCIAL MANAGEMENT SERVICES

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## Assessor's Office Town of Arlington Tax Rate Per \$1,000 of Assessed Value

YEAR	RATE
1929	\$30.00
1930	\$30.40
1931	\$31.40
1932	\$30.40
1933	\$30.40
1934	\$33.00
1935	\$33.00
1936	\$34.00
1937	\$35.60
1938	\$35.20
1939	\$36.80
1940	\$35.80
1941	\$34.80
1942	\$35.60
1943	\$32.00
1944	\$32.00
1945	\$34.40
1946	\$38.00
1947	\$42.80
1948	\$44.20
1949	\$46.20
1950	\$50.40
1951	\$54.20
1952	\$56.40
1953	\$57.60

YEAR	RATE
1954	\$54.50
1955	\$59.20
1956	\$69.20
1957	\$70.40
1958	\$71.20
1959	\$74.00
1960	\$78.20
1961	\$82.60
1962	\$85.00
1963	\$84.60
1964	\$92.60
1965	\$97.60
1966	\$97.60
1967	\$106.00
1968	\$124.00
1969	\$41.00
1970	\$48.20
1971	\$51.80
1972	\$56.80
1973	\$56.80
1973	\$28.20
1974	\$74.00
F75	\$67.20
F76	\$67.20
F77	\$74.80

YEAR	RATE
F78	\$78.00
F79	\$84.60
F80	\$81.00
F81	\$87.00
F82	\$73.50
F83	\$22.70
F84	\$23.43
F85	\$23.96
F86	\$16.49
F87	\$17.24
F88	\$17.66
F89	\$10.86
F90	\$11.25
F91	\$12.47
F92	\$13.84
F93	\$14.52
F94	\$15.55
F95	\$16.06
F96	\$16.54
F97	\$17.08
F98	\$16.73
F99	\$17.17
F00	\$17.66
F01	\$13.17
F02	\$13.85

YEAR	RATE
F03	\$13.64
F04	\$10.61
F05	\$10.94
F06	\$11.34
F07	\$10.95
F08	\$11.45
F09	\$11.92
F10	\$12.11
F11	\$12.41

# FINANCIAL MANAGEMENT SERVICES

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## Recapitulation of the Fiscal Year 2011 Tax Rate \$12.41 / \$1,000 of Assessed Value

### DEBITS

Appropriations	\$	121,572,590
Court Judgments	\$	5,000
Cherry Sheet Offset	\$	58,547
Revenue Deficits	\$	-
State and County Charges	\$	2,664,790
Snow and Ice Deficit	\$	399,105
Allowance for Abatements & Exemptions	\$	670,330
Other (School Deficit)	\$	1,719,365

**Total Debits** \$ **127,089,727**

### CREDITS

State Receipts	\$	16,107,825
Local Receipts	\$	20,775,720
Free Cash	\$	582,051
Other Available Funds	\$	1,585,157
Overlay Surplus	\$	2,080,000

**Total Credits** \$ **41,130,753**

**Amount to be Raised by Taxation** \$ **85,958,974**  
**Town Property Valuation** \$ **6,926,589,397**

Setting the Tax Rate: Divide the **Amount to be Raised by Taxation** by the **Town Property Valuation**, then multiply by 1,000

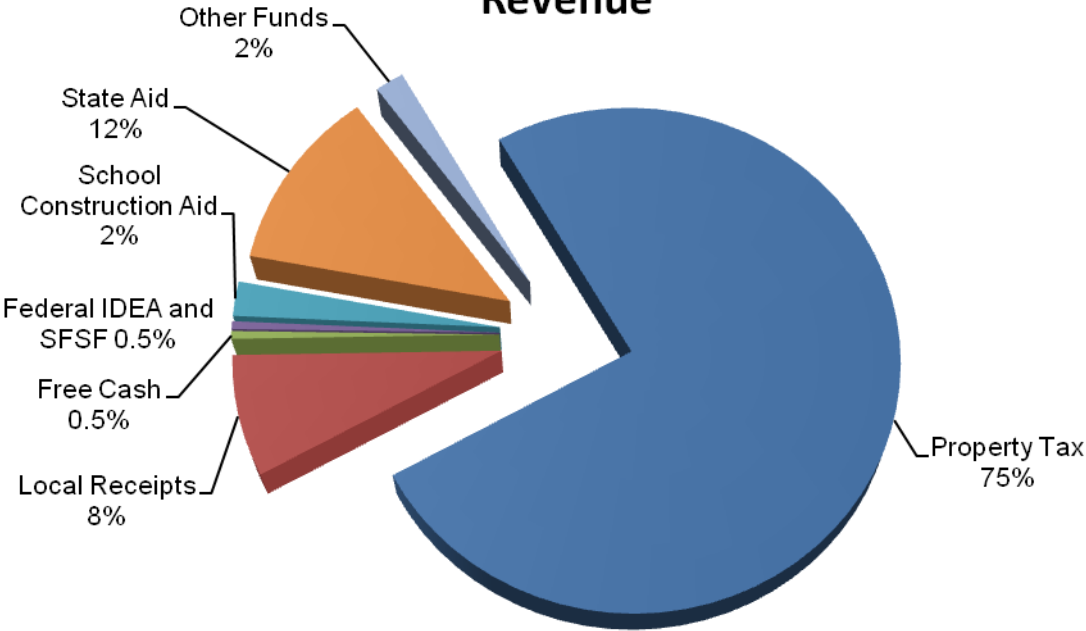
$$(\$85,958,974 \div \$6,926,589,397) \times 1,000 = \$12.41$$

Source: Tax Rate Recapitulation Sheet

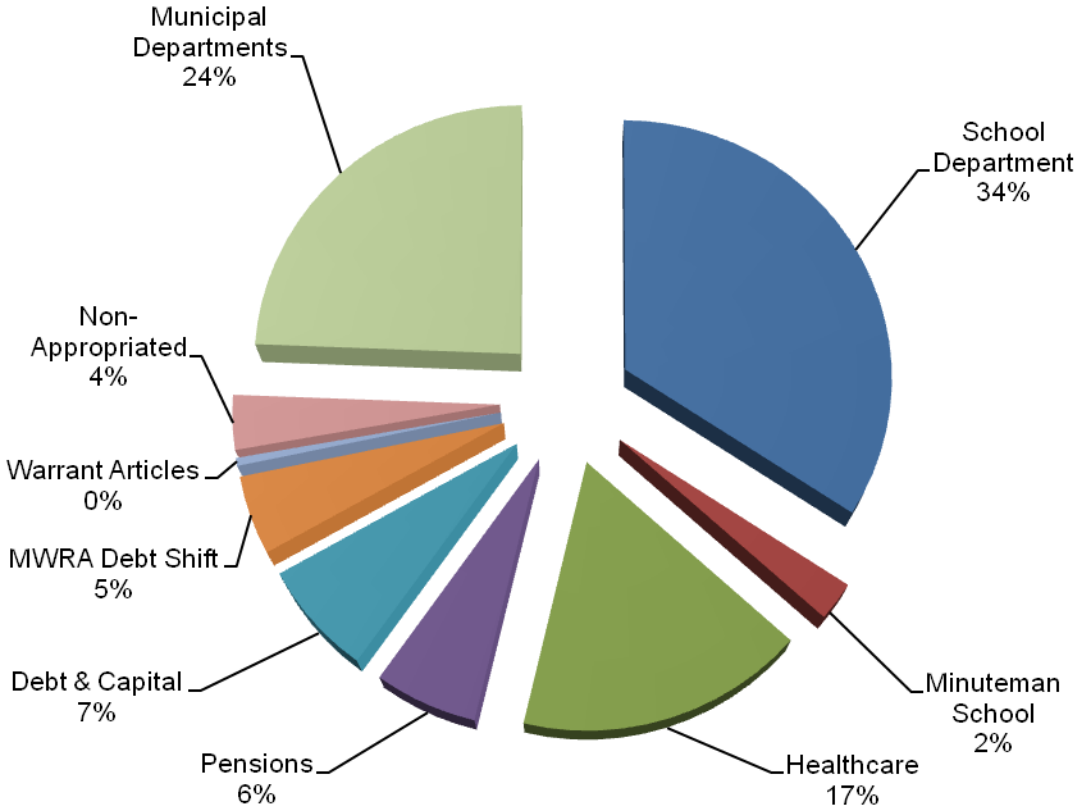
FINANCIAL MANAGEMENT SERVICES

FISCAL YEAR 2011

Revenue



Expenditures





100 Quannapowitt Parkway  
Suite 101  
Wakefield, MA 01880  
T. 781-914-1700  
F. 781-914-1701  
www.powersandsullivan.com

## Independent Auditors' Report

To the Board of Selectmen  
Town of Arlington, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Arlington, Massachusetts, as of and for the fiscal year ended June 30, 2010 (except for the Arlington Contributory Retirement System which is as of and for the year ended December 31, 2009), which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Arlington, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Arlington, Massachusetts, as of June 30, 2010 (except for the Arlington Contributory Retirement System which is as of December 31, 2009), and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2010, on our consideration of the Town of Arlington, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis, located on the following pages, and the schedule of revenues, expenditures and changes in fund balance – general fund – budgetary basis, retirement system schedule of employer contributions, retirement system schedule of funding progress, other postemployment benefits schedule of funding progress and employer contributions and other postemployment benefits actuarial methods and assumptions, located after the notes to the basic financial statements, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

November 22, 2010

# FINANCIAL MANAGEMENT SERVICES

## *Management's Discussion and Analysis*

As management of the Town of Arlington, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented in this report.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Town of Arlington's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

The *statement of net assets* presents information on all assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, community development, human services, library, culture and recreation, claims and judgments, and interest. The business-type activities include the activities of the water and sewer department, youth services, council on aging, veterans' rink and the recreation department.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.



# FINANCIAL MANAGEMENT SERVICES

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Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Arlington adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. The budgetary comparison schedule is reported following the notes to the basic financial statements as required supplementary information.

**Proprietary funds.** The Town maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer, youth services, Council on Aging, Veterans' Rink and recreation department activities.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For governmental activities, assets exceeded liabilities by \$104.7 million at the close of fiscal year 2010.

The largest portion of the Town's net assets, \$87.7 million, 84%, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net assets \$8.8 million, 8% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$8.2 million, 8% may be used to meet the government's ongoing obligations to citizens and creditors.

# FINANCIAL MANAGEMENT SERVICES

## **Governmental Activities**

	Balance at June 30, 2010	Balance at June 30, 2009	Increase (Decrease)
<b>Assets:</b>			
Current assets.....	\$ 51,444,097	\$ 48,995,314	\$ 2,448,783
Noncurrent assets (excluding capital).....	18,104,617	20,359,711	(2,255,094)
Capital assets.....	115,258,148	115,212,571	45,577
<b>Total assets.....</b>	<b>184,806,862</b>	<b>184,567,596</b>	<b>239,266</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt).....	12,102,100	12,894,340	(792,240)
Noncurrent liabilities (excluding debt).....	12,451,448	6,156,651	6,294,797
Current debt.....	12,684,000	12,305,000	379,000
Noncurrent debt.....	42,845,000	41,290,000	1,555,000
<b>Total liabilities.....</b>	<b>80,082,548</b>	<b>72,645,991</b>	<b>7,436,557</b>
<b>Net Assets:</b>			
Capital assets net of related debt.....	87,746,066	87,212,587	533,479
Restricted.....	8,826,403	8,734,994	91,409
Unrestricted.....	8,151,845	15,974,024	(7,822,179)
<b>Total net assets.....</b>	<b>\$ 104,724,314</b>	<b>\$ 111,921,605</b>	<b>\$ (7,197,291)</b>

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year. Within the business-type activities, the Town reported a \$19,000 deficit balance for the youth services enterprise fund which is the result of recording \$63,000 in long-term other postemployment benefits.

The governmental activities net assets decreased by \$7.2 million during the current fiscal year. The primary reasons for this decrease were the recognition of the other postemployment benefit obligation of approximately \$6.3 million; a \$498,000 transfer from the general government to the other postemployment benefits trust fund which is reported as a fiduciary fund and, accordingly, is not included in the government-wide financial statements; and the use of approximately \$3.4 million in stabilization funds to finance current operations.

Of the decrease in noncurrent assets (excluding capital), \$2 million is due to the reduction in the intergovernmental receivable from the Massachusetts School Building Association, as school construction funds are received annually which are used to retire debt outstanding for school construction projects.

In prior fiscal years the Town had recognized decreases in the market value of investments in the trust accounts, some of which are categorized within the special revenue and permanent funds within the governmental activities. In fiscal year 2010, the Town recouped some of the losses through a settlement with the investment advisor. This has resulted in a significant increase in unrestricted investment income.

The reduction in nonrestrictive grants and contributions is almost entirely the result of a net decrease in unrestricted state aid and lottery funds totaling \$1.8 million.

The increase in operating grants and contributions is primarily the result of federal recovery act grants received in fiscal year 2010.

## FINANCIAL MANAGEMENT SERVICES

General governmental expenditures decreased by \$1.2 million from 2009 to 2010. This is due to increased costs in fiscal year 2009 for legal expenses and revaluation costs and because a non-capital portion of the Reeds Brook project was expensed by the Town in fiscal year 2009.

### **Governmental Activities**

	<u>June 30,</u> <u>2010</u>	<u>June 30,</u> <u>2009</u>	<u>Increase</u> <u>(Decrease)</u>
<b>Program revenues:</b>			
Charges for services.....	\$ 10,166,337	\$ 9,047,461	\$ 1,118,876
Operating grants and contributions.....	31,592,875	27,903,309	3,689,566
Capital grants and contributions.....	439,717	1,261,570	(821,853)
<b>General revenues:</b>			
Real estate and personal property taxes.....	82,619,163	80,231,602	2,387,561
Tax liens.....	365,156	195,242	169,914
Motor vehicle and other excise taxes.....	3,757,148	3,775,636	(18,488)
Hotel/motel tax.....	165,114	136,490	28,624
Penalties and interest on taxes.....	267,528	172,006	95,522
Nonrestricted grants and contributions.....	7,202,804	8,937,673	(1,734,869)
Unrestricted investment income.....	273,786	(1,541,229)	1,815,015
Miscellaneous revenues.....	88,067	10,967	77,100
<b>Total revenues.....</b>	<b><u>136,937,695</u></b>	<b><u>130,130,727</u></b>	<b><u>6,806,968</u></b>
<b>Expenses:</b>			
General government.....	9,914,031	11,091,158	(1,177,127)
Public safety.....	23,893,787	22,816,248	1,077,539
Education.....	79,863,607	77,464,198	2,399,409
Public works.....	12,913,532	12,675,549	237,983
Community and economic development.....	4,545,071	4,268,507	276,564
Human services.....	1,617,701	1,376,459	241,242
Library.....	3,357,258	3,187,101	170,157
Culture and recreation.....	338,759	328,490	10,269
Claims and judgments.....	25,000	25,000	-
Interest.....	1,792,028	1,910,994	(118,966)
<b>Total expenses.....</b>	<b><u>138,260,774</u></b>	<b><u>135,143,704</u></b>	<b><u>3,117,070</u></b>
<b>Transfers.....</b>	<b><u>(5,874,212)</u></b>	<b><u>(6,339,143)</u></b>	<b><u>464,931</u></b>
<b>Change in net assets.....</b>	<b><u>\$ (7,197,291)</u></b>	<b><u>\$ (11,352,120)</u></b>	<b><u>\$ 4,154,829</u></b>

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## **Business-Type Activities**

	Balance at June 30, 2010	Balance at June 30, 2009	Increase (Decrease)
<b>Assets:</b>			
Current assets.....	\$ 11,078,281	\$ 11,851,727	\$ (773,446)
Capital assets.....	15,611,359	12,376,160	3,235,199
<b>Total assets.....</b>	<b>26,689,640</b>	<b>24,227,887</b>	<b>2,461,753</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt).....	530,210	335,988	194,222
Noncurrent liabilities (excluding debt).....	341,124	316,950	24,174
Current debt.....	1,063,945	869,598	194,347
Noncurrent debt.....	5,865,014	4,697,839	1,167,175
<b>Total liabilities.....</b>	<b>7,800,293</b>	<b>6,220,375</b>	<b>1,579,918</b>
<b>Net Assets:</b>			
Capital assets net of related debt.....	10,253,410	8,515,544	1,737,866
Unrestricted.....	8,635,937	9,491,968	(856,031)
<b>Total net assets.....</b>	<b>\$ 18,889,347</b>	<b>\$ 18,007,512</b>	<b>\$ 881,835</b>

There was a net increase of \$881,000 in net assets reported in connection with the Town's business-type activities. Additionally, the water and sewer enterprise fund was subsidized by the general fund in fiscal year 2010 by approximately \$5.6 million to offset a portion of the costs associated with the repayment of debt to the Massachusetts Water Resources Authority. The majority of the increase, \$855,000, is a result of the operating activities of the water and sewer enterprise fund and is primarily due to an increase in rates on July 1, 2009 and January 1, 2010.

The increase in net assets invested in capital assets net of related debt is primarily due to the water and sewer enterprise fund's investment in water and sewer lines, totaling approximately \$1.6 million in fiscal year 2010 which was funded through available funds.

## FINANCIAL MANAGEMENT SERVICES

### **Business-Type Activities**

	June 30, 2010	June 30, 2009	Increase (Decrease)
<b>Program revenues:</b>			
Charges for services.....	\$ 11,422,089	\$ 10,838,013	\$ 584,076
Operating grants and contributions.....	111,396	267,723	(156,327)
Capital grants and contributions.....	36,871	36,871	-
<b>General revenues:</b>			
Unrestricted investment income.....	40,215	55,196	(14,981)
<b>Total revenues.....</b>	<b>11,610,571</b>	<b>11,197,803</b>	<b>412,768</b>
<b>Expenses:</b>			
Water and Sewer.....	15,053,016	14,510,909	542,107
Youth Services.....	416,415	523,919	(107,504)
Council on Aging.....	90,648	103,857	(13,209)
Veterans' Rink.....	491,960	519,886	(27,926)
Recreation.....	550,909	561,902	(10,993)
<b>Total expenses.....</b>	<b>16,602,948</b>	<b>16,220,473</b>	<b>382,475</b>
<b>Transfers.....</b>	<b>5,874,212</b>	<b>6,339,143</b>	<b>(464,931)</b>
<b>Change in net assets.....</b>	<b>\$ 881,835</b>	<b>\$ 1,316,473</b>	<b>\$ (434,638)</b>

### **Financial Analysis of the Government's Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$29.8 million, a decrease of \$2.4 million from the prior year. Of this decrease, \$3.1 million was the result of the budgeted transfer from the town stabilization fund to the general fund which was used to fund current operations.

The general fund budgeted to use \$2 million of reserves, of which \$1.5 million was from available funds "free cash" and \$500,000 in prior reserves released by the board of assessors "overlay surplus" to balance the fiscal year 2010 budget. The actual result of operations collected approximately \$1.3 million more than budgeted and departmental budgets expended \$1.3 million more than budgeted. The appropriation deficits in public works, state and county charges and claims and judgments stem from snow and ice deficits, state assessments and court judgment payments which are allowed to be expended without appropriation and raised on the subsequent tax recapitulation sheet. The \$1.5 million budget deficit in the Education line item is the result of the School Department overspending their operating budget. This is an illegal deficit which the Town will be required to raise in the next fiscal year. The general fund's operations, in the fund financial statements include the activity of the health insurance trust funds which accounts for \$1.2 million of the increase in Fiscal Year 2010. Additionally, the Town received an unbudgeted bond premium which has been reserved for debt service on the balance sheet.



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The Town's stabilization major fund is used to account for activities of the Town's three stabilization funds. The first is the Town's stabilization fund, which had a year end balance of \$6 million. This fund can be used for general or capital purposes with Town Meeting's approval. The second is the Tip Fee Stabilization fund. This fund was initially created with proceeds from the sale of recycled materials and the sale of excess tonnage capacity at the facility of Wheelabrator North Andover, Inc., and other receipts arising from the sale of disposal of solid waste. This fund had a year end balance of \$1.9 million which can be used for any lawful purpose with the approval of Town meeting. The third stabilization fund is referred to as the Town's fiscal stability stabilization fund which was created after a 2005 tax override to stabilize future Town budgets. The Town's fiscal stability stabilization fund, which is used exclusively for the general fund, had a year end balance of \$1.6 million. Of this amount, \$1.6 million was voted during fiscal year 2010 to balance the Town's fiscal year 2011 operating budget. Please refer to Notes 8, 9 and 10 for additional information on the Town's stabilization funds.

The state fiscal stabilization major fund is used to account for the Town's use of the federal state fiscal stabilization program which was awarded to Governors to help stabilize State and local budgets in order to minimize and avoid reductions in education and other essential services. During fiscal year 2010, the Town received and spent \$939,000 of state fiscal stabilization funds.

The Town's capital borrowing major fund had an ending fund balance of \$4.1 million, a decrease of \$705,000 from the prior year. During fiscal year 2010, the Town recognized \$2.6 million in bond proceeds in this major fund which represents long-term borrowing used to finance various capital projects from the Town's capital improvement plan. Current expenditures in this fund totaled \$3.2 million.

Of the remainder of the change in fund balance, a \$457,000 increase relates to activities in other non-major governmental funds, which recognized \$987,000 in transfers in, \$383,000 in transfers out, \$18.3 million in revenues, \$18.5 million in expenditures, and \$104,001 in bond premiums. The majority of the increase, approximately \$572,000, is in the Town's nonmajor special revenue funds, which includes nonmajor grants, gifts and revolving funds.

## **General Fund Budgetary Highlights**

Changes between the original and final budget were primarily comprised of reserve fund transfers and reclassifications from appropriations for collective bargaining. Both the reserve fund and collective bargaining appropriations are initially budgeted under general government. The budgets are adjusted as transfers are approved and as bargaining agreements are settled. By category, all actual revenues came in over budget with the exception of investment income.

The Town experienced appropriation deficits for state and county assessments, snow and ice removal, and court judgments, which are allowed, and may be accounted for in the subsequent year.

The Town also experienced a \$1.5 million school department appropriation deficit that is not legal and will result in both a reduction in available funds and forced budget reductions in the next fiscal year.

## **Other Post Employment Benefits (OPEB)**

In 2006 the Arlington Town Meeting formed the Other Post Employment Benefits Committee. The committee's charge is to make recommendations on the potential funding mechanisms for the post employment medical benefits unfunded liability as required in Statement No. 45 of the Governmental Accounting Standards Board, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45).

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The Town has been partially funding this liability in an internally created healthcare trust fund established by Chapter 12 of the Acts of 1998. During fiscal year 2009, in compliance with GASB 45, the Town transferred the balance of the healthcare trust fund, as well as all new appropriations for the same purpose, into a newly created Other Postemployment Benefits (OPEB) Trust Fund, as established by Chapter 161 of the Acts of 2005, which is under the supervision and management of the Town's contributory retirement board. The Town Treasurer is the custodian of the OPEB Trust Fund.

The Town began capturing revenues to fund the OPEB liability in 1997. At that time, the Town established a policy of appropriating the difference in the non-contributory pension appropriation and \$500,000. The Town has subsequently appropriated Medicare Part D reimbursements, as well as certain increases in the share of retiree HMO contributions to be transferred to this fund.

Fiscal year 2010 is the second year the Town is recognizing their OPEB liability. An actuarial study determined that Arlington's total Actuarial Accrued Liability as of January 1, 2009, at a 4.50% partially funded discount rate, totaled \$167 million. As of June 30, 2010, the Town has recognized a liability for other postemployment liabilities based on its Annual Required Contribution (ARC) in the amount of \$10.3 million. The ARC amounted to \$14.1 million and the Town contributed \$7.7 million through a combination of benefit payments and pre-fundings to the OPEB Trust Fund in the amounts of \$7.2 and \$500,000, respectively. The assets set aside in trust for future benefits amounted to \$3.2 million at fiscal year end.

The Town of Arlington is serious about addressing this liability within its financial ability and the OPEB Committee will continue to monitor this liability and explore possible additional funding sources.

### ***Capital Asset and Debt Administration***

The Town Manager is responsible for submitting a five-year capital-planning program for all departments to the Board of Selectmen each year. The Capital Planning Committee was created to advise and make recommendations regarding the Capital Plan. Annually the first year of the Capital Plan is submitted to the Town Meeting as the Capital Budget for appropriation. The Capital Plan is reviewed and revised each year to make changes in priorities and to add an additional year to the planning process.

The goal of the Capital Planning Program is to provide a means of planning for the maintenance and/or improvement of the capital assets and infrastructure of the Town of Arlington. To that end, the policy is that approximately 5% of the projected revenue of the Town is dedicated to capital expenditures including prior and future debt issuances. Generally this allows for an annual cash expenditure of \$600,000 and a new borrowing of \$1 million. The Town's outstanding long-term debt related to the general government, as of June 30, 2010, was \$50.3 million for various CIP related projects.

The maintenance of the infrastructure and the capital assets of the Town are of vital importance to the delivery of the quality services that the Town has been known for. To this end, the Capital Planning Committee is dedicated to accomplishing the following objectives:

- To review, plan, and coordinate capital improvements so as to promote a systematic, organized replacement and acquisition schedule
- To insure that, given limited resources, the capital needs of the community are met
- To present a sound financial package so as to stabilize and level out the debt of the Town. It should assure timely planning for the most economical method of financing capital improvements
- To insure wider community participation in the planning of projects and to reduce the pressure to fund a project which may not present as great a need as another project

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- To promote a more effective administration and coordination of capital projects to reduce scheduling problems, and conflicting or overlapping projects not only among local departments but also among other local and state agencies and private enterprises such as the gas and electric companies.

In reviewing the requests of the operating departments the committee uses the following criteria for evaluation:

- Imminent threat to the health and safety of citizens/property.
- Maintenance of operations/necessary expenditure. This does not include ordinary maintenance but rather maintaining a current service level through improvement of a capital asset. These may be major expenditures that will avoid costly replacement in the future.
- Requirement of State or Federal Law/regulation.
- Improvement of infrastructure.
- Improvement of productivity.
- Alleviation of an overtaxed/overburdened situation.

The relationship of the project to other Town projects and needs is also considered in the review and prioritization.

The Town is a member of the Massachusetts Water Resources Authority (MWRA), which assesses member communities annually for their proportionate share of the MWRA's debt service. The Town has also adopted Chapter 59 Section 21C Paragraph N of the Massachusetts General Law, which allows for the shifting of the debt service for water and sewer to the tax rate above the limits of Proposition 2 ½. The Town shifted \$5.9 million in fiscal year 2010 from the MWRA assessment to the property taxes. During fiscal year 2010, the Town issued an additional \$131,000 in MWRA sewer bonds and \$1.1 million in MWRA water bonds.

The Town has voted to cap the amount of future MWRA debt that will be shifted to the tax rate at \$5.6 million and correspondently increased water rates.

The Town of Arlington passed a debt exclusion vote to raise the funds necessary to purchase the Symmes Site, home of the former Symmes Hospital, in March of 2001. The Town Meeting then formed the broadly representative Symmes Advisory Committee (SAC) to assist with redevelopment plans and to ensure that the plans were consistent with community goals and desires. On January 7, 2002, the Arlington Redevelopment Board (ARB) adopted the Symmes Arlington Conservation and Improvement Project (the Plan) as an urban renewal project in accordance with the procedures and requirements of Massachusetts General Law, chapter 121B. The plan was subsequently approved by the Town Meeting and by the Commonwealth's Department of Housing and Community Development (DHCD). The Town Meeting voted at a Special Town Meeting on January 12, 2002 to appropriate up to \$14 million to purchase and maintain the old Symmes Hospital property until Town Meeting could vote how to utilize the property in the best interest of the Town. The ARB acquired the Site in April 2002. During fiscal year 2004, the Arlington Redevelopment Board issued requests for proposals, and in February, 2004 chose E.A. Fish Associates to purchase and redevelop the property. The terms of the sale have been amended several times, most significantly as a result of a settlement the developer made with residents who appealed the developer's special permit to construct the residential portion of the project. The property sale was postponed and eventually closed in June of 2009. Town Meeting voted to devote all funds, including tax receipts, to repaying the debt on the project. Net expenditures totaled \$12.2 million at the time of closing on the property sale. The site is scheduled to be redeveloped to accommodate up to 200 residential units and a medical or other use office building with more than half the land area remaining in open space all according to the urban renewal plan adopted by Town Meeting. Please refer to note 14 for further information on this project.

The Town of Arlington is in the process of renovating/replacing its middle school as well as all of its 7 elementary schools. To date six schools have been completed, and two are in the design stage. Funding for the schools is from debt exclusion and is predicated on a 63% reimbursement from the State's School Building Assistance

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program which is administered by the Massachusetts School Building Authority (MSBA). Five of the schools are currently receiving the state reimbursement.

The Town through its water/sewer enterprise funds appropriates money each year for rehabilitation of its infrastructure (water/sewer lines). Also the Town appropriates money in the Capital Plan for roadway construction, which is added to the Chapter 90 money that the Town receives each year from the Commonwealth of Massachusetts.

Please refer to the notes to the financial statements for further discussion of the major capital and debt activity.

### ***Requests for Information***

This financial report is designed to provide a general overview of the Town of Arlington's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Comptroller, 869 Massachusetts Avenue, Arlington, Massachusetts 02174.