



Town of Arlington, Massachusetts Public Annual Financial Report

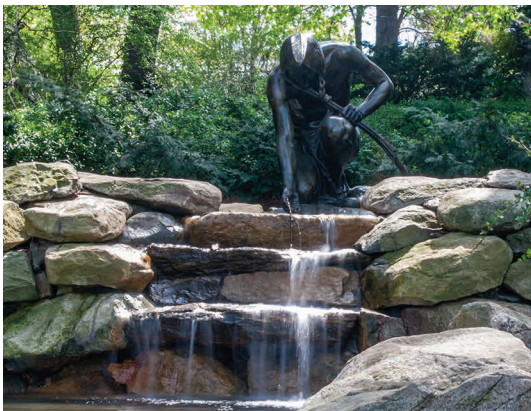
Fiscal Year Ending June 30, 2013

As part of Arlington's commitment to keep you informed of how your tax dollars are being spent, the Town is providing you with this Public Annual Financial Report (PAFR). We are hopeful that it will provide you with financial information that you find both useful and easy to access.

All data and financial information found in this report is drawn from the most up-to-date information available from the Town's Annual Report, the Town Manager's Financial Plan, the Finance Committee's report to Town Meeting, and the State's Division of Local Services (mass.gov/dor).

The PAFR does not present the same level of detail as any of the reports listed above. It contains reports and statements that do not present the entire financial reporting entity and may not conform to GAAP and governmental reporting standards. However, it does provide information such as relevant summarized financial schedules and tables so residents can more easily understand the Town's financial conditions and trends.

Town budget reports can be found at arlington.ma.gov/financial.



THE TOWN OF ARLINGTON

The Town of Arlington was originally settled in 1635 as the Village of Menotomy. It was incorporated as West Cambridge in 1807, and finally named Arlington in 1867. Arlington is home to approximately 43,000 residents and is contained within 5.5 square miles.

The Town is currently governed by the "Town Manager Act of the Town of Arlington, Massachusetts," by which a popularly elected, five member Board of Selectmen appoint a professional manager to administer the daily operation of the Town.

The Town's legislative body is a representative Town Meeting, which consists of 252 elected members elected from their home precincts.

The Town Manager is the chief executive officer of the Town, managing the day to day business of Town departments. These departments include: Public Works, Police, Fire, Libraries, Legal, Planning, Personnel, IT, Inspections, Health and Human Services, Recreation, and the Ed Burns Arena.

Under independent authority are the Board of Selectmen, Board of Assessors, Treasurer & Collector, and the Town Clerk. The Comptroller is appointed by the Board of Selectmen. The School Committee handles school administration and appoints the Superintendent. All departments consist of approximately 800 full-time employees.

IN THIS REPORT

The data contained herein is meant to be a snapshot of the Town's basic financial condition. This includes a summary of where Arlington is right now and how it presently compares to other, similar communities.

On **Page 2** you will find a breakdown of Arlington's revenues and expenditures. As you will see, Arlington's primary source of revenue is the Property Tax, followed by State Aid. Also on Page 2 is a budget summary and projection for FY2014 that provides more detail on the year-to-year growth of the Town budget.

An introduction to Arlington's newest financial tool, Arlington Visual Budget, as well as detailed information on the Town's Capital Improvement Program can be found on **Page 3**.

Finally, **Page 4** compares Arlington's Average Single Family Tax Bill, Average New Growth, and Total Per Capita Spending with other, comparable communities, as well as the state average. These communities provide a reference point from which to understand Arlington's financial situation.

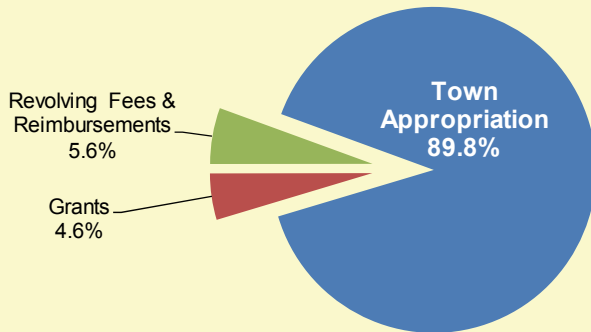
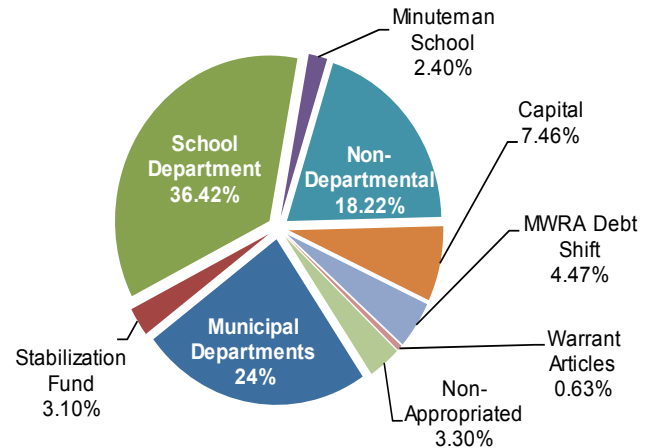
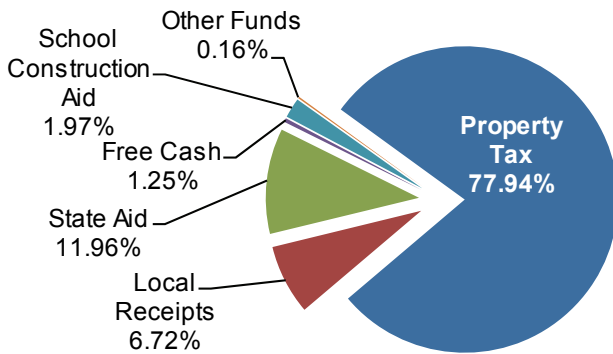
Where the Money Comes From

...and Where it Goes

Revenues

FY2013 Budget
\$125,749,228

Spending



School Budget Funding

The School Budget is the largest department budget in the Town. In addition to Town contribution to this budget, some funding comes direct from outside revenue sources. This chart provides an overview of total funding. Details on the school budget may be found at: arlington.k12.ma.us/administration/budget

Budget Summary & FY2014 Projection

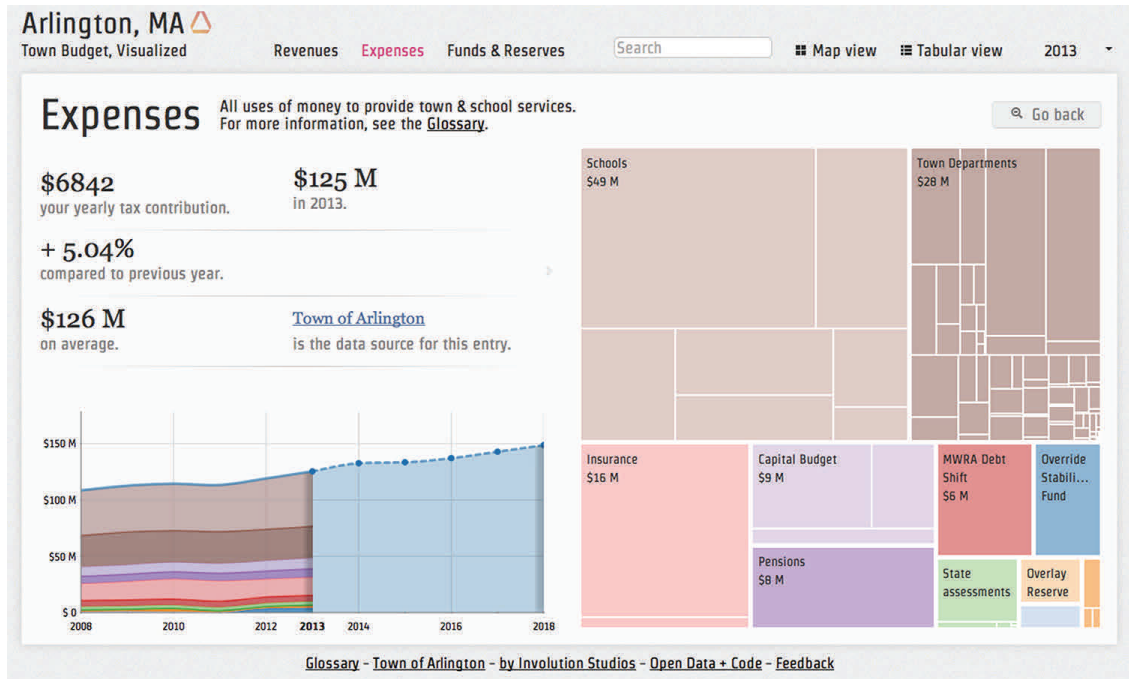
The summary provided below demonstrates the year-to-year growth between fiscal year 2013 and fiscal year 2014. This growth is consistent with the tenets of the long range financial plan. More detailed information and a glossary of terms, including the Town's long range financial plan can be found at: www.arlingtonma.gov/financial.

	FY2013	FY2014	Change	
			\$	%
Revenue				
Property Tax	\$ 98,009,381	\$ 101,737,509	\$ 3,728,128	3.8%
Local Receipts	\$ 8,455,000	\$ 8,158,000	\$ (297,000)	-3.5%
State Aid	\$ 15,040,051	\$ 17,093,258	\$ 2,053,207	13.7%
School Construction Aid	\$ 2,474,796	\$ 2,474,773	\$ (23)	0.0%
Free Cash	\$ 1,570,000	\$ 3,411,528	\$ 1,841,528	117.3%
Other Funds	\$ 200,000	\$ 200,000	\$ -	0.0%
TOTAL REVENUES	\$ 125,749,228	\$ 133,075,068	\$ 7,325,840	5.8%
Expenditures				
Municipal Departments	\$ 29,387,059	\$ 30,414,902	\$ 1,027,843	3.5%
Reserve Fund	\$ 670,000	\$ 750,000	\$ 80,000	11.9%
School Department	\$ 45,612,598	\$ 47,675,113	\$ 2,062,515	4.5%
Minuteman School	\$ 3,022,146	\$ 3,336,935	\$ 314,789	10.4%
Non-Departmental (Healthcare & Pensions)	\$ 22,815,979	\$ 22,899,398	\$ 83,419	0.4%
Capital (Includes Debt Service)	\$ 9,343,820	\$ 9,831,310	\$ 487,490	5.2%
MWRA Debt Shift	\$ 5,593,112	\$ 5,593,112	\$ -	0.0%
Warrant Articles	\$ 794,269	\$ 1,112,692	\$ 318,424	40.1%
Override Stabilization Fund Deposit	\$ 3,879,357	\$ 5,773,873	\$ 1,894,516	48.8%
TOTAL EXPENDITURES	\$ 121,118,340	\$ 127,387,335	\$ 6,268,995	5.2%
Non-Appropriated Expenses	\$ 4,630,888	\$ 5,687,733	\$ 1,056,845	22.8%
Surplus / (Deficit)	\$ -	\$ -	\$ -	0.0%

Arlington Visual Budget

As part of the Town's continuing effort to improve transparency, the Town launched Arlington Visual Budget (AVB), an interactive online tool that provides residents with a new platform to view the Town's finances. AVB allows users to dive into the budget like never before using graphics to more easily understand how tax dollars are spent. The site also includes an area for residents to enter an approximate property tax amount and see how much of that figure is spent on various Town services.

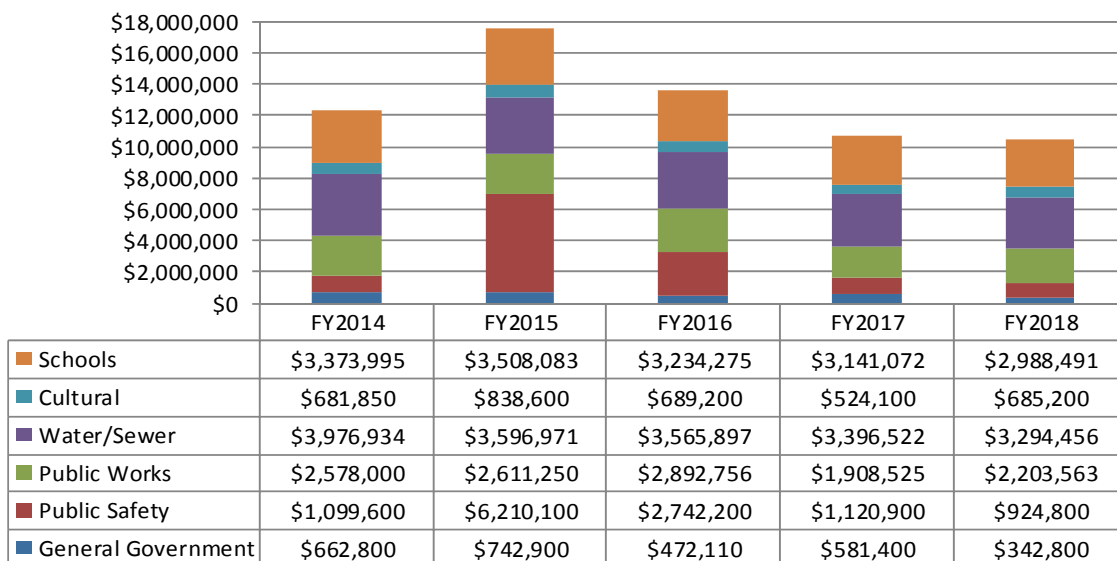
In response to a public survey conducted last year on how the Town communicates financial information, it was clear that residents overwhelmingly desired more concise, online information. AVB converts Town revenues and expenditures into simple graphics and charts that visually depict Arlington's finances. The site can be explored at www.arlingtonma.gov/financial.



Capital Improvement Program

Through the Town's Capital Improvement Program, Arlington remains committed to investing in its infrastructure, facilities and equipment. Each year, the Town appropriates an amount equal to approximately 5% of revenues for capital improvements. Below is a graph that illustrates projected capital expenditures by service area. You will notice a significant increase in projected public safety capital spending in FY2015 which represents the Town's next significant building project: the renovation of the Central Fire Station. For a more detailed report, please refer to the Capital Planning Committee's report to Town Meeting which can be found on the Town's website www.arlingtonma.gov.

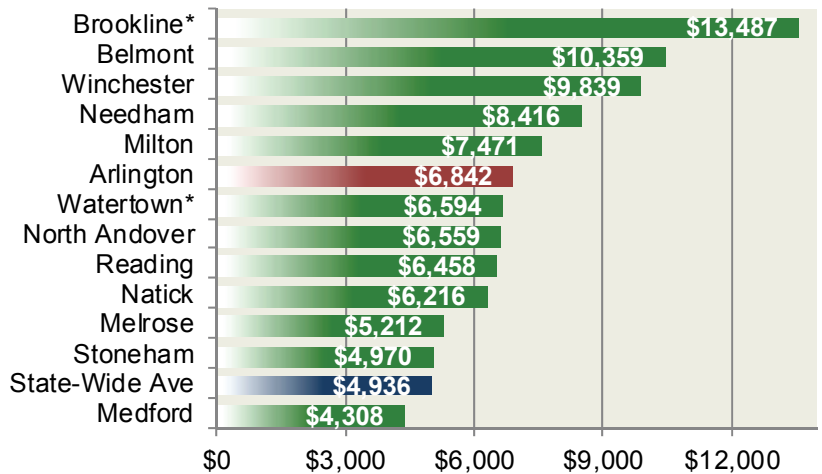
Projected Capital Spending



The **Average Single Family Tax Bill** is the average home value in a community multiplied by that community's property tax rate. While individual tax bills may vary according to individual home value, the Average Tax Bill is a good indicator of what the property tax burden is on residential taxpayers.

Due to relatively high home values, Arlington residents tend to pay a higher tax bill than the state average. While this places Arlington near the middle in terms of its comparable communities, it is still significantly below neighbors Belmont and Winchester.

Average Single Family Tax Bill FY13

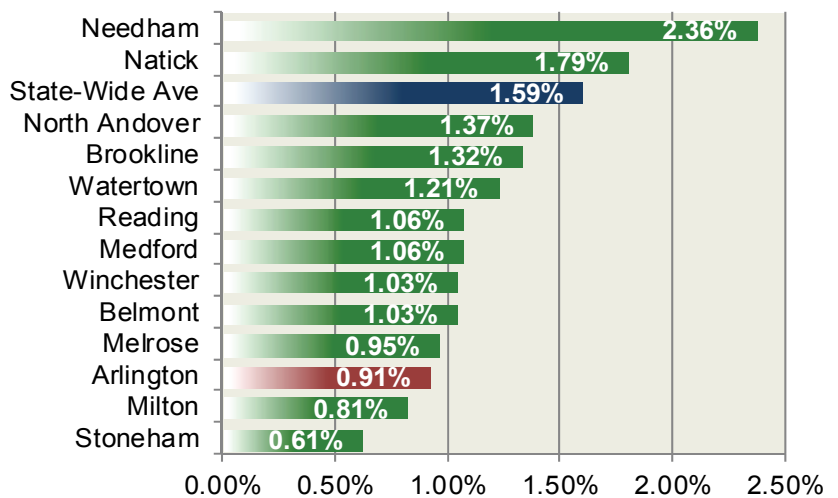


* Denotes these communities have a single family tax exemption included in the figure above.

Average New Growth: Under Proposition 2^{1/2} local property taxes cannot be increased by more than 2.5% plus tax revenues from new construction added to the tax base. Consequently, for many communities **New Growth** is an important revenue source.

Arlington's New Growth has not kept pace with most of its comparable communities and falls short of the state-wide

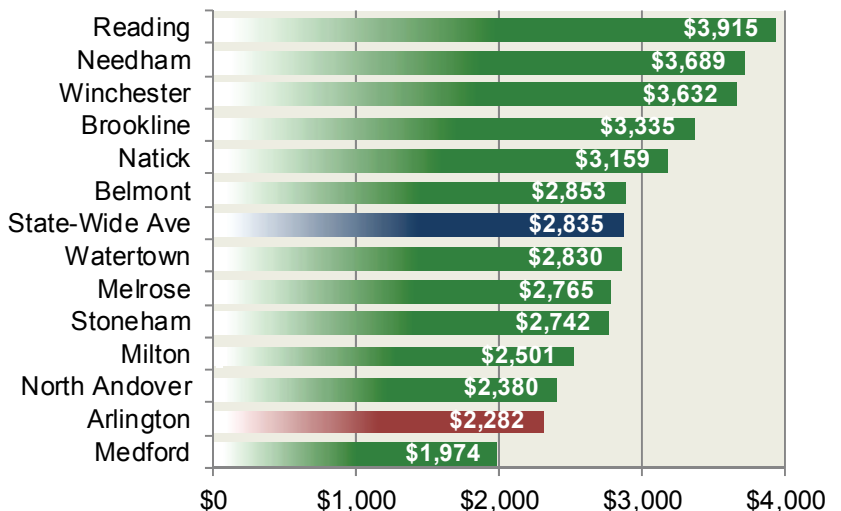
Average New Growth FY10 - FY12



Per Capita Spending is calculated from the Town's total expenditures divided by its population, which provides a point of comparison for how much the Town spends proportionate to its size. This makes it possible to compare spending between Towns while accounting for population.

Arlington is near the bottom of per capita spending, relative to its comparable communities. It is also well below the state average of \$2,835.

Total Per Capita Spending FY12



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