

TOWN OF ARLINGTON

Fiscal Year 2007 Financial Plan



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**TOWN OF ARLINGTON
FINANCIAL PLAN FISCAL YEAR 2007
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SECTION I

BUDGET MESSAGE



February 13, 2006

To: The Honorable Board of Selectmen and Finance Committee

I hereby transmit to you the recommended FY2007 operating and capital budgets and the FY 2007-2011 capital plan. The budget, as proposed, totals \$105,518,046 which is an increase of \$4,406,312, or 4.4%. A summary showing a comparison of FY2006 and FY2007 revenues and expenses is shown on page I-2.

The budget has been developed in compliance with the commitments made as part of the Proposition 2 ½ override passed last year. The commitments are summarized as follows:

1. Override funds will be made to last at least five years (FY2006-FY2010). No general override will be sought during this period.
2. Healthcare and pension costs will be limited to increases of no more than 7% and 4% respectively.
3. Town and school operating budgets will be limited to increases of no more than 4%. Should healthcare costs exceed the 7% limitation, operating budget increases shall be reduced below 4% accordingly.
4. Reserves shall be maintained in amount equivalent to at least 5% of the budget.

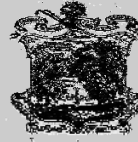
The budget, as proposed, provides for level services. Budget priorities have been retained—public safety and education being the top priorities. Overall personnel complements have been maintained at current levels. The major uncertainties contained within the FY2007 budget at this time include state aid, collective bargaining and healthcare, and energy costs.

State Aid

State Aid, based upon the Governor's proposed budget, is projected to increase a net of \$555,371. This includes an increase of \$1,050,136 in cherry sheet aid and a reduction of \$494,765 in school construction aid. The Governor proposes to end, completely, the diversion of lottery funds from cities and towns. This restores \$158 million to cities and towns including \$ 641,953 for Arlington. Chapter 70 aid is proposed to be increased by \$164 million of which Arlington would receive \$359,429. While State revenues have improved to the tune of approximately \$1 billion, some claim that this only backfills the use of reserves and should not be used for significant increases in spending, including local aid.

Cities and towns can rightfully argue that lottery funds should never have been withheld in the first place. The lottery program was sold on the basis that the proceeds would go to cities and towns. The increase in Chapter 70 School Aid is not that significant given the vastly improved State finances and the serious financial problems at the local level.

The recent report of the Municipal Finance Task Force, chaired by John Hamill, Chairman of Sovereign Bank New England, noted that "Massachusetts cities and towns are facing a long-term financial crunch caused by increasingly restricted and unpredictable local aid levels, con-



Overall Budget Summary

	FY2006	FY2007	CHANGE	
			\$	%
Revenue				
Tax Levy	\$ 73,525,801	\$ 76,464,202	\$ 2,938,401	4.0%
Local Receipts	\$ 8,448,336	\$ 8,768,336	\$ 320,000	3.8%
State Aid - Cherry Sheet	\$ 14,790,887	\$ 15,841,023	\$ 1,050,136	7.1%
School Construction	\$ 2,332,555	\$ 1,837,790	\$ (494,765)	-21.2%
Free Cash	\$ 1,614,155	\$ 1,939,695	\$ 325,540	20.2%
Other Funds	\$ 400,000	\$ 667,000	\$ 267,000	66.8%
Total Revenues	\$ 101,111,734	\$ 105,518,046	\$ 4,406,312	4.4%
Expenditures				
Municipal Departments	\$ 25,405,304	\$ 26,169,323	\$ 764,019	3.0%
School Department	\$ 34,280,903	\$ 35,319,943	\$ 1,039,040	3.0%
Minuteman School	\$ 2,573,834	\$ 2,764,825	\$ 190,991	7.4%
Non-Departmental (Healthcare & Pensions)	\$ 18,604,741	\$ 20,414,241	\$ 1,809,500	9.7%
Capital				
Exempt Debt	\$ 3,231,757	\$ 3,143,805	\$ (87,952)	-2.7%
Non-Exempt Debt	\$ 4,075,799	\$ 4,280,106	\$ 204,307	5.0%
Cash	\$ 707,110	\$ 637,458	\$ (69,652)	-9.9%
Total Capital	\$ 8,014,666	\$ 8,061,369	\$ 46,703	-7.6%
MWRA Debt	\$ 5,475,486	\$ 5,959,791	\$ 484,305	8.8%
Warrant Articles	\$ 2,314,174	\$ 2,465,295	\$ 151,121	6.5%
Total Appropriations	\$ 96,669,108	\$ 101,154,787	\$ 4,485,679	4.6%
Non-Appropriated Expenses	\$ 4,442,626	\$ 4,363,259	\$ (79,367)	-1.8%
Surplus/ (Deficit)	\$0	\$0	\$0	0.0%



straints on ways to raise local revenue, and specific costs that are growing at rates far higher than the growth in municipal revenues. The Task Force recommended "...a revenue sharing policy that allocates a fixed percentage of state tax receipts to local aid".

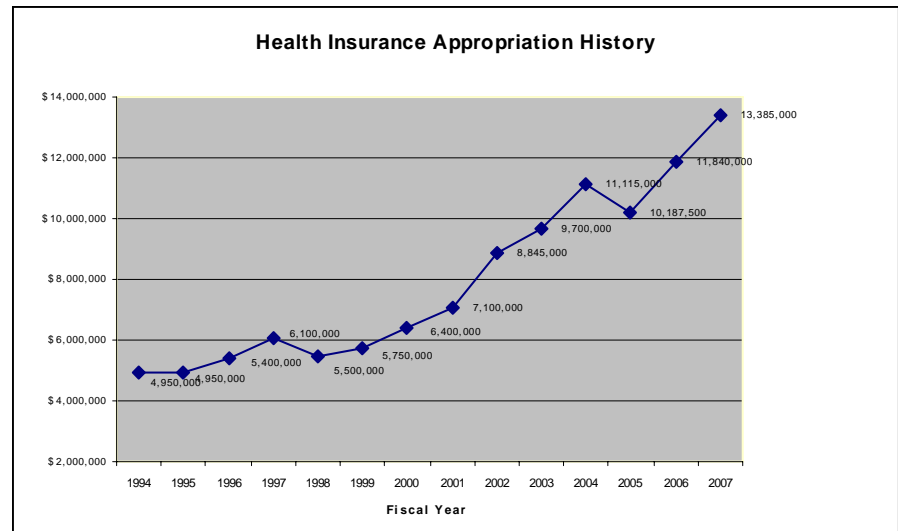
Researchers at Northeastern University's Center for Urban and Regional Policy have documented the critical link between the financial health of municipalities and the future growth of the Massachusetts economy. They too have called for a new fiscal partnership between the State and local governments.

The Mass Taxpayers Foundation has also recommended that 40% of annual revenues from the state income, sales and corporate taxes should be dedicated to local aid. This would result in more than a \$1 billion increase in local aid. The new revenue sharing policy would need to be phased in over several years given the magnitude of the dollars involved.

Collective Bargaining and Healthcare

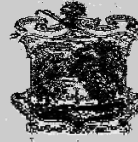
Contracts with all the employee groups expire June 30, 2006. Healthcare cost controls will be the major issue for discussion in contract negotiations. Because employee healthcare cost increases are projected to consume a large portion of the available revenue increase, the funds available for wage adjustments amount to less than 1%.

With the passage of the Proposition 2 ½ override, the taxpayers of the Town made a significant sacrifice to retain employee positions and services. Likewise, the employees agreed in the last round of negotiations to increase their contributions towards their healthcare costs to help retain employee positions and services. This spirit of cooperation needs to continue.



With revenue growth of only 4%, which matches the budget growth cap of 4%, the budget cannot sustain double digit increases in costs for healthcare benefits and still provide wage adjustments to the same degree as it has in the past. The Town and School have made it a top priority to work with employee groups to explore options for reducing and/or controlling healthcare costs.

For FY2007, healthcare costs are projected to increase \$1.6 million, or 13%, and will consume one-half of the entire revenue increase for the Town. The chart above shows the history of healthcare appropriation increases since 1994. During this period the increases averaged 8.19%.



GASB 45, a new accounting standard to be imposed on all municipalities throughout the country, requires municipalities to include on their balance sheets the accrued liability for their retiree healthcare costs. Several years ago private companies were required to do this. The result was great upheavals and drastic reductions in retiree healthcare benefits.

Currently retiree healthcare costs are funded on a pay-as-you-go basis, as is the case with social security, rather than fully-funding the benefits as employees earn them. GASB 45 essentially says that when an employee retires, there should be sufficient funds in an account to pay for the retiree's healthcare costs throughout their retirement.

The last actuarial evaluation of the Town's unfunded liability placed it at approximately \$77 million. An updated evaluation is currently being performed which could place the liability at close to \$100 million.

This issue is nearly identical to the issue faced with pension systems back in the 1980's. At that time, cities and towns funded pension obligations on a pay-as-you-go basis. A new accounting standard then required that the accrued liability be carried on the balance sheet. Ultimately, communities were required by law to fully-fund their pension obligations over a long period of time—roughly forty years. The Town's system is now 65% funded and is required to be fully funded by the year 2028. Over this forty year period, the Town essentially has been paying off a mortgage for this debt. Once the mortgage is paid off, the Town's pension appropriation will drop significantly.

Arlington is one of the few communities in the State who have had special laws enacted for them to allow them to put funds aside to start funding this liability. There is approximately \$1 million in the fund now. While this is a token amount when compared to the liability, the Town has at least been out front in recognizing and beginning to address the problem. Much more will need to be done over the next several years to begin addressing this issue in a meaningful way.

Energy

Energy costs are anticipated to skyrocket in FY2007. Currently the Town has very favorable long-term contracts for electricity and natural gas supplies. Those contracts, however, will expire next September and January respectively. At that time electricity supply costs are expected to double. The current contract rate is 4.7 cents per KWH versus the current market rate of 9.5 cents per KWH, more than double the current contract rates. For natural gas the current contract rate is \$0.895 per therm versus the current market rate of \$1.40 per therm. This is a 56% increase over current contract rates. Fuel oil and gasoline prices are projected to increase 5% over current contract rates. Town departmental energy costs, exclusive of schools, are projected to increase a total of \$260,000. This is predicated upon current market rates. Given the volatility of the energy markets, however, the rates could change significantly. The Town needs to ensure it has adequate reserves to deal with such volatility.



Municipal Departmental Budgets

Municipal departmental budgets, as proposed, total \$26,169,323, which is an increase of 764,019, or 3%. Of the increase, approximately \$302,000 is for wages, \$260,000 for energy cost increases, \$102,000 for refuse collection contract, and \$100,000 for election and revaluation expenses. The Comptroller's Office is proposing one additional position in Data Processing and the Treasurer's Office is proposing one less position in Payroll. Accordingly, there is no change in the overall personnel complement for municipal departments. The budget increase is less than 4% due to the fact that healthcare costs are projected to increase 13%, or \$1.6 million, well in excess of its limit of 7%.

Municipal Departments Major Budget Increases

Total increase	\$764,019	(3.0%)
<i>Wages, Steps, & Benefits</i>	<i>\$302,000</i>	
<i>Energy</i>	<i>\$260,000</i>	
<i>Refuse Collection</i>	<i>\$102,000</i>	
<i>Elections & Revaluation</i>	<i>\$100,000</i>	

Other Budget Increases

School	\$1,039,040	(3.0%)
Minuteman	\$190,991	(7.4%)
Health & Pensions	\$1,809,500	(9.7%)
Capital	\$46,703	(.58%)
Warrant Articles	\$151,121	(6.5%)
Non-Appropriated	<u>(\$79,367)</u>	<u>(-1.8%)</u>
Total Municipal & Other	\$3,922,007	(4.1%)

NESWC Disposal Costs

In FY2006, because of surplus revenues at NESWC, the first three months of disposal costs were free. Disposal costs in FY2006 are projected at \$1,080,000 and \$400,000 was used from the Tip Fee Stabilization Fund (TFSF) to offset these costs. Without the three free months in FY2007, dis-



positional costs are projected to increase by \$280,000 to a total of \$1,360,000. A drawdown of \$680,000 from the TFSF is recommended to offset the increase and to maintain a level-funded appropriation of \$680,000.

Human Services Reorganization

Although it is not reflected in the proposed budget at this time, I will be proposing a reorganization of the Human Services Department. The major change will be to remove Recreation from Human Services and make it a separate department. I anticipate there will be a little, if any, budget impact as a result of the reorganization.

Town Financial Structure and Outlook

Each year, for several years, the Town has had a structural deficit whereby the growth in revenues has not kept pace with the growth in costs necessary to maintain a level-service budget. The result has been a gradual erosion of services. The nature of the Town's structural deficit is illustrated in the chart below.

Typical Annual Growth

Revenues

Property Taxes	\$ 2,100,000
Local Receipts	\$ 50,000
State Aid	\$ <u>600,000</u>
Total	\$ 2,750,000

Expenditures

Wage Adjustments	\$ 2,000,000
Health Insurance/Medicare	\$ 1,300,000
Pensions	\$ 300,000
Miscellaneous (<i>utilities, capital/debt, special education, other</i>)	\$ <u>1,000,000</u>
Total	\$ 4,600,000

Structural Deficit \$ (1,850,000)



The Town's fiscal condition was exacerbated in FY2003 and FY2004 as a result of state aid reductions in excess of \$3.3 million. After major budget reductions and the depletion of reserves, which carried the Town through FY 2005, the Town was facing a deficit of approximately \$4 million in FY2006.

The passage of a \$6 million Proposition 2 ½ override in 2005 for FY2006 covered the \$4 million and allowed the Town to put into reserve the remaining \$2 million. One of the key commitments made as part of the Proposition 2 ½ override was that the funds would be made to last five years and that no override would be requested during that time. Given the structural deficit occurring each year, it will take fiscal discipline, tight cost controls, and reasonable increases in state aid to make the funds last five years without having to make service reductions.

Override Stabilization Fund (OSF)

As mentioned, in the first year, FY2006, \$2 million has been put into an Override Stabilization Fund. In the second year, FY2007, it is recommended that an additional \$2 million be put into the fund. In the third year, just under \$400,000 is projected to be available to put into the fund. In the fourth year, it is estimated that approximately \$1.4 million will need to be withdrawn from the fund to balance the budget. In the fifth year approximately \$2.8 million is projected to be needed from the fund to balance the budget. After the fifth year, less than \$1 million would be left to offset a projected deficit of more than \$4 million leaving a projected net deficit in the sixth year, FY2011, of \$3.2 million. How these funds will be used is illustrated below:

	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>
Balance Forward	0	2,064,528	4,382,401	4,945,878	3,665,656	903,395
Deposits	2,064,528	2,149,319	373,251	0	0	0
Withdrawals	0	0	0	(1,421,209)	(2,797,007)	(903,395)
Interest at 4%	<u>0</u>	<u>168,554</u>	<u>190,226</u>	<u>140,987</u>	<u>34,746</u>	<u>0</u>
Balance	2,064,528	4,382,401	4,945,878	3,665,656	903,395	0

If all the estimates hold, the override funds should enable the town to fund existing service levels through the five years (through FY2010) but only by using the early year surpluses to fund the later year deficits.



Comparative Data

There are a number of factors that contribute to Arlington's structural deficit—some common among all municipalities and some relatively unique to Arlington. Double digit increases in employee healthcare costs and energy costs affect all municipalities. State aid reductions have affected all municipalities, however, Arlington is among a small group of communities that were cut close to 20% as opposed to the state-wide average of 6%.

Some of the factors particular to Arlington include the fact that Arlington is a densely populated, fully built-out community (see Tables 1 and 2). Revenue from growth in the tax base ranks dead last among a group of 20 comparable communities (see Table 3). It is less than one-half the average of this group and only a third of the state-wide average. Another indicator of the Town's ability and opportunity to raise revenues is a measure developed by the Department of Revenue called Municipal Revenue Growth Factor (MRGF). It measures a community's ability to raise revenue taking into consideration a community's tax levy limit, new growth, state aid, and local receipts. As you can see from Table 4, the state-wide average and average of the twenty comparable communities MRGF is 4.3 and 4.2 respectively. Arlington's is 2.9, nearly 50% below other communities in terms of ability to raise revenue.

Another factor affecting the Town's financial structure is its tax base. The Town's tax base is nearly all residential—the commercial/industrial sector makes up less than 6% of the total. Table 5 shows that Arlington's 5.9% commercial/industrial tax base ranks it 16th out of 20 comparable communities. The average of these communities is 16%, nearly triple that of Arlington. This affects not only the Town's ability to raise revenue, it places a heavier tax burden on the residential sector as there is almost no commercial/industrial sector with which to share the tax burden.

Notwithstanding this, the tax burden when measured several different ways is well below the average of the 20 comparable communities. In fact, the Town ranks 14th in taxes per capita, 16th in taxes per household, and 19th in taxes per household as a percent of median family income. This despite the fact that Arlington's tax levy includes more than \$5 million in MWRA water and sewer debt that only one other community includes on its levy.

A look at how the Town's spending levels impact the Town's financial position shows that the Town's spending per capita is well below the state average and the average of the 20 comparable communities. In overall expenditures per capita, the Town ranks 17th and nearly 20% below the state-wide average (see Tables 9-11). With spending well below the state-wide average and below comparable communities, and with revenue growth opportunities well below the statewide average and at the bottom of comparable communities, it is clear that the structural problem with the Town's finances lies with the revenue side of the equation as opposed to the spending side. Limited growth in the tax base, a tax base almost all residential, coupled with a \$3.3 million reduction in state aid, left the Town last year with only two choices— significant budget cuts with the resulting service reductions or the first Proposition 2 ½ general override since 1991.

The State must implement a revenue sharing formula that provides more aid to cities and towns on a consistent, reliable basis. It must recognize the limited revenue raising opportunities of communities like Arlington. Even its own measure of a community's ability to raise revenues shows that Arlington's ability is extremely limited compared to that of other communities. This has to be recognized in future aid distribution formulas.



TABLE 1	
Municipality	Pop Per Square Mile
1 EVERETT	11,241
2 BROOKLINE	8,410
3 ARLINGTON	8,180
4 WATERTOWN	8,026
5 MEDFORD	6,851
6 MELROSE	5,780
7 BELMONT	5,190
8 WALTHAM	4,663
9 STONEHAM	3,614
10 WINCHESTER	3,446
11 WEYMOUTH	3,174
12 WOBURN	2,940
13 NORWOOD	2,727
14 FRAMINGHAM	2,664
15 BEVERLY	2,401
16 READING	2,388
17 NEEDHAM	2,293
18 MILTON	1,999
19 BURLINGTON	1,936
20 LEXINGTON	1,851
Ave w/o Arlington	4,294
Arlington	8,180

TABLE 2	
Municipality	Households Per Square Mile
1 EVERETT	4,701
2 BROOKLINE	3,890
3 ARLINGTON	3,746
4 WATERTOWN	3,652
5 MEDFORD	2,787
6 MELROSE	2,396
7 BELMONT	2,141
8 WALTHAM	1,880
9 STONEHAM	1,511
10 WEYMOUTH	1,327
11 WINCHESTER	1,310
12 WOBURN	1,214
13 NORWOOD	1,140
14 FRAMINGHAM	1,064
15 BEVERLY	981
16 READING	889
17 NEEDHAM	860
18 BURLINGTON	715
19 MILTON	703
20 LEXINGTON	691
Ave w/o Arlington	1,782
Arlington	3,746

TABLE 3	
Municipality	FY05 New Growth as a % of Levy
1 BEVERLY	3.54%
2 WALTHAM	3.42%
3 WOBURN	2.38%
4 WATERTOWN	2.31%
5 LEXINGTON	2.17%
6 BROOKLINE	2.11%
7 MILTON	2.05%
8 WINCHESTER	1.92%
9 NORWOOD	1.79%
10 NEEDHAM	1.70%
11 WEYMOUTH	1.63%
12 FRAMINGHAM	1.41%
13 READING	1.30%
14 BURLINGTON	1.26%
15 BELMONT	1.16%
16 MEDFORD	1.12%
17 MELROSE	1.05%
18 STONEHAM	1.05%
19 EVERETT	0.99%
20 ARLINGTON	0.81%
Ave w/o Arlington	1.81%
Arlington	0.81%
State-wide Ave	2.43%

TABLE 4	
Municipality	FY2005 Municipal Revenue Growth Factor
1 WOBURN	6.6
2 WATERTOWN	6.1
3 NEEDHAM	4.9
4 BURLINGTON	4.8
5 WINCHESTER	4.7
6 WALTHAM	4.7
7 FRAMINGHAM	4.6
8 BROOKLINE	4.6
9 NORWOOD	4.2
10 LEXINGTON	4.1
11 EVERETT	4.0
12 BEVERLY	3.9
13 WEYMOUTH	3.5
14 STONEHAM	3.5
15 MILTON	3.4
16 BELMONT	3.4
17 ARLINGTON	2.9
18 MELROSE	2.9
19 MEDFORD	2.7
20 READING	2.6
Ave w/o Arlington	4.2
Arlington	2.9
State-wide Ave	4.3



TABLE 5	
Municipality	FY2005 Commercial/ Industrial % of Total Value
1 BURLINGTON	32.7%
2 EVERETT	32.0%
3 WALTHAM	29.7%
4 WOBURN	28.7%
5 NORWOOD	27.3%
6 FRAMINGHAM	22.6%
7 WATERTOWN	18.8%
8 WEYMOUTH	13.3%
9 NEEDHAM	12.5%
10 BEVERLY	12.4%
11 LEXINGTON	12.2%
12 STONEHAM	11.2%
13 MEDFORD	11.1%
14 BROOKLINE	9.0%
15 READING	6.6%
16 ARLINGTON	5.9%
17 BELMONT	5.1%
18 WINCHESTER	5.1%
19 MELROSE	5.0%
20 MILTON	3.0%
Ave w/o Arlington	15.7%
Arlington	5.9%
State-wide Ave	16.0%

TABLE 6	
Municipality	FY2005 Taxes Per Capita
1 LEXINGTON	2,997
2 BURLINGTON	2,529
3 WINCHESTER	2,382
4 BELMONT	2,259
5 NEEDHAM	2,220
6 BROOKLINE	2,133
7 FRAMINGHAM	1,914
8 WALTHAM	1,866
9 WOBURN	1,831
10 READING	1,809
11 WATERTOWN	1,745
12 MILTON	1,699
13 EVERETT	1,658
14 ARLINGTON	1,582
15 BEVERLY	1,484
16 STONEHAM	1,474
17 NORWOOD	1,403
18 MELROSE	1,303
19 MEDFORD	1,227
20 WEYMOUTH	1,159
Ave w/o Arlington	1,847
Arlington	1,582

TABLE 7	
Municipality	FY2005 Taxes Per Household
1 LEXINGTON	8,043
2 BURLINGTON	6,955
3 WINCHESTER	6,376
4 NEEDHAM	5,941
5 BELMONT	5,342
6 MILTON	4,796
7 READING	4,790
8 FRAMINGHAM	4,696
9 WALTHAM	4,628
10 BROOKLINE	4,538
11 WOBURN	4,455
12 EVERETT	3,877
13 WATERTOWN	3,790
14 BEVERLY	3,662
15 STONEHAM	3,456
16 ARLINGTON	3,386
17 NORWOOD	3,354
18 MELROSE	3,073
19 MEDFORD	2,931
20 WEYMOUTH	2,782
Ave w/o Arlington	4,605
Arlington	3,386

TABLE 8	
Municipality	Taxes Per Household As A % of Median Family Income
1 BURLINGTON	8.5%
2 EVERETT	7.8%
3 LEXINGTON	7.2%
4 WALTHAM	7.2%
5 FRAMINGHAM	7.0%
6 WOBURN	6.7%
7 WINCHESTER	5.8%
8 WATERTOWN	5.6%
9 BELMONT	5.6%
10 NEEDHAM	5.5%
11 BEVERLY	5.5%
12 READING	5.4%
13 MILTON	5.1%
14 BROOKLINE	4.9%
15 STONEHAM	4.8%
16 NORWOOD	4.8%
17 MEDFORD	4.7%
18 WEYMOUTH	4.3%
19 ARLINGTON	4.3%
20 MELROSE	3.9%
Ave w/o Arlington	5.8%
Arlington	4.3%



TABLE 9

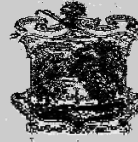
Municipality	FY2004 Total Expenditures Per Capita
1 NORWOOD	3,308
2 LEXINGTON	3,218
3 BURLINGTON	3,138
4 BROOKLINE	2,907
5 BELMONT	2,864
6 WINCHESTER	2,768
7 NEEDHAM	2,644
8 EVERETT	2,624
9 FRAMINGHAM	2,399
10 READING	2,298
11 WATERTOWN	2,233
12 WOBURN	2,204
13 MILTON	2,189
14 STONEHAM	2,165
15 WALTHAM	2,038
16 BEVERLY	2,019
17 ARLINGTON	1,986
18 MELROSE	1,919
19 MEDFORD	1,908
20 WEYMOUTH	1,898
Ave w/o Arlington	2,460
Arlington	1,986
State-wide Ave	2,360

TABLE 10

Municipality	FY2004 Public Safety Expenditures Per Capita
1 BURLINGTON	445
2 BROOKLINE	427
3 WALTHAM	420
4 BELMONT	383
5 WOBURN	374
6 EVERETT	372
7 WATERTOWN	366
8 MILTON	346
9 NORWOOD	345
10 MEDFORD	336
11 NEEDHAM	325
12 STONEHAM	319
13 WINCHESTER	308
14 FRAMINGHAM	291
15 WEYMOUTH	288
16 READING	268
17 BEVERLY	261
18 ARLINGTON	259
19 LEXINGTON	258
20 MELROSE	253
Ave w/o Arlington	336
Arlington	259
State-wide Ave	329

TABLE 11

Municipality	FY2004 General Gov Expenditures Per Capita
1 WINCHESTER	347
2 NEEDHAM	255
3 WALTHAM	172
4 BROOKLINE	168
5 BELMONT	148
6 BURLINGTON	145
7 NORWOOD	126
8 WATERTOWN	116
9 LEXINGTON	115
10 EVERETT	104
11 ARLINGTON	98
12 STONEHAM	91
13 READING	89
14 FRAMINGHAM	89
15 WEYMOUTH	83
16 WOBURN	82
17 BEVERLY	81
18 MILTON	81
19 MELROSE	79
20 MEDFORD	59
Ave w/o Arlington	128
Arlington	98
State-wide Ave	122

Long Range Financial Projection

The cornerstone of our strategic budgeting process is the long-range financial projection. Based upon analysis of internal and external factors impacting the Town's operations and finances, we have prepared the long-range projection found on page 15. These projections will, of course, have to be modified as events unfold, but we believe that they are reasonable for fiscal planning purposes.

On the revenue side, we have made the following assumptions:

Revenue Assumptions—

- **Overall revenues** are expected to increase between 1% and 4.4%.

- **Tax Levy** - Projected to increase between 2.5% and 4%.
 - Regular Levy - 2 ½ % plus \$450,000 new growth. Additional net new growth of \$500,000 from Symmes project commencing in FY2010.
 - Debt Exclusion – Actual debt for Proposition 2 ½ debt exclusion school projects minus state reimbursements. Only BAN cost carried for Dallin School. Actual bond costs likely to be greater.
 - MWRA Water and Sewer Debt – Amount from FY2007 held level. Actual cost will likely increase.

- **State Aid** – Projected to increase 7% in FY2007, based upon the Governor's budget, and then increased approximately 3.5% thereafter.

- **School Construction Reimbursement** – Projected to decrease \$494,765 in FY2007, due to a one-time double payment in FY2006 for Peirce School, and then held level. Potential increase for Ottoson School reimbursement listed under Other Revenues.



- **Local Receipts** – Increased \$50,000 each year except in FY2007. In FY2007 and FY2008, \$350,000 anticipated in both years for building permit fees for Symmes project. Originally anticipated \$700,000 in FY2007.
- **Free Cash** – Typically appropriate one-half of certified amount. In FY2007, will use \$1.9 million, \$325,000 more than customary practice, to compensate for less than anticipated revenue in FY2007 from Symmes building permits. Use drops to \$1 million each year thereafter in anticipation of smaller certified balances.
- **Overlay Reserve Surplus** – Use \$400,000 in FY2007 and then held at \$200,000 each year thereafter. There is a reasonably good chance that the actual surplus could be greater. If they are, it would simply serve to reduce the deficit in FY2011.
- **Other Revenues** – In FY2007, \$267,000 from interest earned from bond proceeds for school projects is proposed to be applied against Dallin School costs. In FY2008, and each year thereafter, \$437,717 is included from an anticipated increase in state reimbursements for Ottoson School. In FY2009, \$1.4 million is drawn down from the Override Stabilization Fund. In FY2010, \$2.8 million is drawn down from the Fund leaving a balance of less than \$1 million for FY2011.

Expenditure assumptions include the following

- **School Budget** – In accordance with the override commitment, capped at 4% less any amount above a 7% increase for employee healthcare. In FY2007, only 3.03% available due to projected increase of 13% for healthcare costs.
- **Minuteman School** – In FY2007 increased enrollment pushes increase to 7.4%. Thereafter, increases projected at 4%.
- **Municipal Departments** - In accordance with the override commitment, capped at 4% less any amount above a 7% increase for employee healthcare. In FY2007, only 3.03% available due to projected increase of 13% for healthcare costs.



- **Capital Budget** – Based upon 5 year plan that calls for dedicating approximately 5% of revenues to capital spending.
 - **Exempt Debt** – Actual cost of debt service for debt exclusion projects. Dallin School costs include only BAN costs. Actual bond costs, when known, will be greater.
 - **Non-Exempt Debt** – Increasing approximately 5% a year.
 - **Cash** – In FY2007, CIP calls for \$637,000 in cash-financed projects. Thereafter, amount averages approximately \$900,000.
 - **MWRA Debt Shift** – In FY2007, estimated at \$5.96 million. Amount held level, thereafter, however, amount likely to increase.

- **Pensions** – In FY2007 increased 3.2%. Thereafter increased 4%.

- **Insurance (including healthcare)** – In FY2007, projected increase of 13%. Thereafter, capped at 7%. Any amount above 7% reduces municipal and school budgets.

- **State Assessments** – Based upon preliminary cherry sheets, increased 3.8% in FY2007. Thereafter, increased 2.5%.

- **Offset Aid** – These grants to schools and library are held level from FY2007.

- **Overlay Reserve** – This reserve for tax abatements is increased in revaluation years which is every three years starting in FY2007. In non-revaluation years, it is reduced to \$600,000.

- **Other** – Court judgments or deficits including snow removal, revenue, etc., are estimated at \$300,000 in FY2007 and \$200,000 thereafter.

- **Warrant Articles** – Includes an allowance of approximately \$300,000 per year for typical warrant articles plus amount deposited into Override Stabilization Fund.



Long Range Financial Projection

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
REVENUE						
State Aid	14,790,887	15,841,023	16,441,023	17,041,023	17,641,023	18,241,023
School Construction Aid	2,332,555	1,837,790	1,837,790	1,837,790	1,837,790	1,837,790
Local Receipts	8,448,336	8,768,336	8,818,336	8,518,336	8,568,336	8,618,336
Free Cash	1,614,155	1,939,695	1,000,000	1,000,000	1,000,000	1,000,000
Overlay Reserve Surplus	400,000	400,000	200,000	200,000	200,000	200,000
Property Tax	73,525,801	76,464,202	78,511,864	80,526,701	83,228,465	85,522,474
Other Revenues	0	267,000	437,717	1,858,926	3,234,724	1,341,112
TOTAL REVENUES	101,111,734	105,518,045	107,246,730	110,982,776	115,710,338	116,760,735
APPROPRIATIONS						
Operating Budgets						
School	34,280,903	35,319,943	36,732,741	38,202,050	39,730,132	41,319,338
Minuteman	2,573,834	2,764,825	2,875,418	2,990,435	3,110,053	3,234,455
Town Personnel Services	19,289,018	19,413,834	20,190,387	20,998,003	21,837,923	22,711,440
Expenses	7,996,769	8,934,285	9,264,854	9,607,653	9,965,058	10,335,758
Less Offsets:						
Enterprise Fund/Other	1,486,247	1,498,796	1,558,748	1,621,098	1,685,942	1,753,379
Tip Fee Stabilization Fund	400,000	680,000	680,000	680,000	680,000	680,000
Net Town Budget	25,399,540	26,169,323	27,216,493	28,304,558	29,437,039	30,613,819
Capital budget						
Exempt Debt Service	3,231,757	3,143,805	2,748,750	2,533,477	2,449,378	2,374,928
Non-Exempt Debt Service	4,075,799	4,280,106	4,525,782	4,763,789	5,118,332	5,029,531
Cash	707,110	637,458	854,458	890,000	868,018	1,010,427
Total Capital	8,014,666	8,061,369	8,128,990	8,187,266	8,435,728	8,414,886
MWRA Debt Shift	5,475,486	5,959,791	5,959,791	5,959,791	5,959,791	5,959,791
Pensions	6,345,069	6,547,299	6,809,191	7,081,558	7,364,820	7,659,413
Insurance	12,259,672	13,866,942	14,837,628	15,876,262	16,987,600	18,176,732
State Assessments	2,543,085	2,639,139	2,705,117	2,772,745	2,842,064	2,913,116
Offset Aid - Library & School	497,260	524,120	524,120	524,120	524,120	524,120
Overlay Reserve	902,675	900,000	600,000	600,000	800,000	600,000
Other	499,606	300,000	200,000	200,000	200,000	200,000
Warrant Articles	2,319,938	2,465,294	657,241	283,990	318,990	283,990
TOTAL APPROPRIATIONS	101,111,734	105,518,045	107,246,730	110,982,776	115,710,338	119,899,659
BALANCE	0	0	0	0	0	(3,138,924)

Reserve Balances						
Free Cash	3,179,389	1,366,870	1,000,000	1,000,000	1,000,000	1,000,000
Stabilization Fund	2,215,051	2,303,653	2,395,799	2,491,631	2,591,297	2,694,949
Override Stabilization Fund	2,064,528	4,382,401	4,945,878	3,665,656	903,395	(0)
Tip Fee Stabilization Fund	3,722,075	3,190,958	2,638,597	2,064,141	1,466,706	845,374
Municipal Building Trust Fund	549,105	513,346	513,255	523,473	544,412	566,188
TOTAL:	11,730,149	11,692,156	11,425,853	9,674,518	6,432,612	5,106,511
% of General Fund Revenue	12%	11%	11%	9%	6%	4%



Capital Improvements Program

The Town's capital improvements program policies call for the allocation of approximately 5% of the general fund revenues to the capital budget. This is exclusive of dedicated funding sources such as enterprise funds, grants, and proposition 2 ½ debt exclusion projects. Our existing non-exempt debt is \$4,344,721 of which \$111,877 is paid by the water/sewer enterprise fund. The additional new non-exempt debt service is estimated at \$47,262. The total capital budget for FY2007 is estimated at \$4,917,564. For FY 2007, expenditures for the capital budget are as follows:

Bonding -	\$2,100,555
Cash -	637,458
<u>Other -</u>	<u>4,873,000</u>
Total	7,611,013

Major projects to be funded in FY2007 include \$230,000 for public safety vehicles and equipment, \$341,000 for public works vehicles and equipment, \$680,000 for building repairs, \$1,300,000 for roads, sidewalks, and culvert, \$425,000 for park renovations including \$235,000 for Menotomy Rocks Park, and \$259,000 for town and school technology software and hardware. Also included from the water and sewer enterprise fund is \$2,000,000 for the installation of a new remote automated meter reader system, \$1,000,000 for water system rehabilitation and \$748,000 for sewer system rehabilitation. Two studies proposed for funding include \$25,000 for additional study related to the renovation/reconstruction of the Highland and Center Fire Stations and \$20,000 to explore options for acquisition of additional land for the cemetery.

Major capital expenditures in our 5-year plan include the fire station renovations and a commitment to upgrade our rink including replacement of the rink floor and boards.

School Construction

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

The reform legislation (Ch. 210) dedicates one cent of the state sales tax to the new off-budget school building trust. This funding will be phased in between now and 2011. Funding will no longer be subject to an annual appropriation from the Legislature and approval of the Governor. The state is providing \$1 billion in bond proceeds and an additional \$150 million in cash. The new trust is responsible for paying old contract assistance totaling \$5.5 billion over the next 20 years, while financing the current waiting list amount of \$5.5 billion (and growing) over the next 3 years. A major feature of the new law is the up front cash grant program. When a project is approved for funding, the program will make a single payment for 75% of the full amount of the state's reimbursement. The balance of the state share will be paid when the project audit is completed. There are currently 425 school construction projects on the waiting list. The new legislation intends to fund all 425 projects in the next 3½ years.

Chapter 208 imposes a moratorium on the approval of new school construction projects by the MSBA until July 1, 2007. Communities may submit these projects for reimbursement at the close of the moratorium. Communities proceeding with construction during this period must consider the possibility that



the MSBA may disapprove reimbursement of the project. At the conclusion of the three-year moratorium, the authority will use \$500 million per year to finance new projects. Projects will be funded to the extent that money from the sales tax will allow. Projects that cannot be funded will be rejected and automatically reapplied for the following year. There will not be a waiting list. Reimbursement rates are based on community factors and incentive points. The base percentage is 39%.

The lack of a waiting list creates a major problem for cities and towns because now communities will have no idea whether their project will be funded. At least before, you were put on a list and knew that eventually you would receive funding. Given the lengthy moratorium, there is a growing backlog of projects that will be competing for limited dollars.

There are two schools remaining to be renovated under the school rebuilding program- the Thompson and Stratton Schools. From the original debt authorization of the voters there may be enough left to complete one of the schools assuming that State funding is available. Unfortunately, with the moratorium on State funding for school construction in place and with the backlog of waiting projects, it is unlikely that the Town will receive funding within the next few years, if ever. Given this uncertainty, it makes sense to consider making some interim improvements to the facilities including upgrading technology systems. Over the next several months, I will work with the Superintendent, School Committee, Board of Selectmen, and Finance Committee to develop a strategy to address this issue and identify funding sources.

Conclusion

The FY2007 budget, as presented, is in balance. Every effort has been made to implement all appropriate measures that will maximize the productivity of our organization and deliver the highest quality of services within available resources. Our entire management team has worked collectively to implement creative ways of doing more with less. We remain committed to maintaining the high quality of life our residents expect and deserve.

As the budget process evolves and additional information becomes available over the next few months, the estimates and recommendations contained herein will be adjusted as required. You will then be able to make operating and capital budget adjustments as deemed advisable prior to Town Meeting.

The document presented for your consideration is a product of a great deal of work. Our department heads, second to none in the Commonwealth in terms of professional competence and dedication to their tasks, provided invaluable input and assistance. Members of boards and commissions offered valuable assistance. In particular, I would like to thank the Board of Selectmen for its policy insights and leadership. I am most of all indebted to Deputy Town Manager Nancy Galkowski who deserves the credit for the quality of the budget document including the information and the data contained herein. I also want to extend a special word of thanks to my office staff, Gloria Turkall, Domenic Lanzilotti, and Matthew Lehigh, who spent evenings and weekends assisting in producing this document.

Respectfully submitted,

Brian F Sullivan

Town Manager



SECTION II

REVENUE



TOTAL REVENUE

Total revenue for FY2007 is projected at \$105,518,046, an increase of \$4,406,312, or 4.4%.

The property tax levy is projected to increase \$2,938,401 or 4%. Local receipts are projected to increase \$320,000 due to projected building permit revenue from the Symmes redevelopment project.

State aid, exclusive of school construction reimbursement, is projected to increase \$1,050,136, or 7.1%. This is based upon the Governor's proposed budget. School construction reimbursement will decline by \$494,765 only because FY2006 reimbursements included two years of reimbursements for the Peirce School project. Together the overall state aid increase is \$555,371.

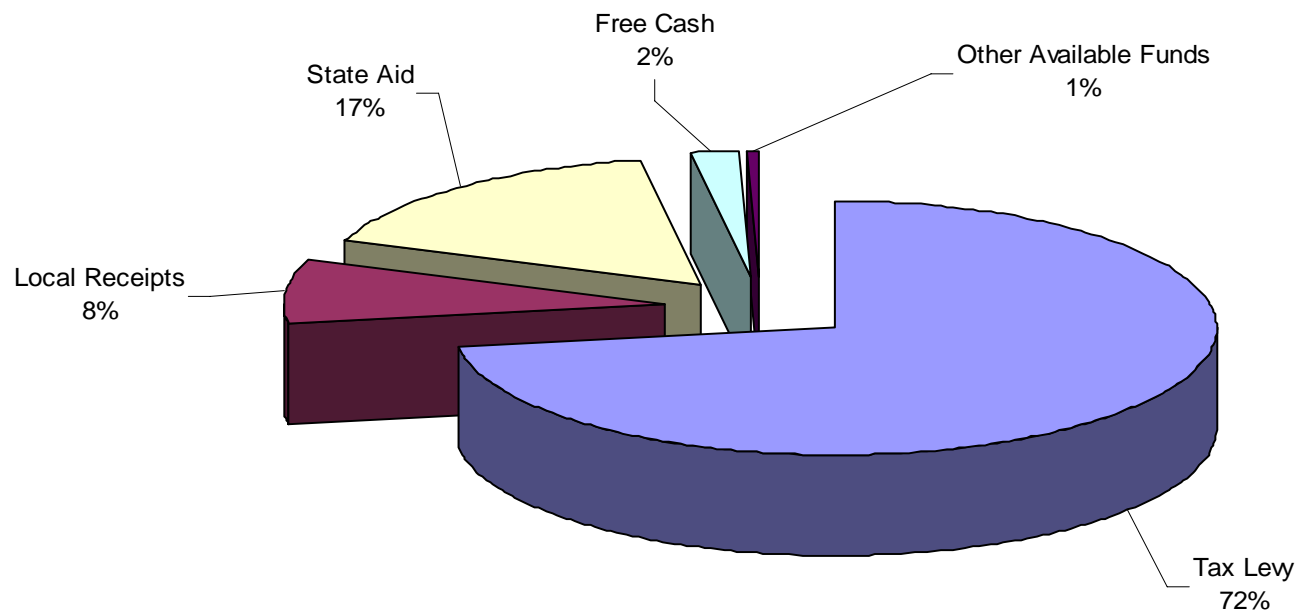
A total of \$1,939,695 in free cash is proposed to be used which is an increase of \$325,540.

Other funds total \$667,000, an increase of \$267,000 over FY2006. They include \$400,000 in surplus tax abatement overlay funds, which is the same amount used in FY2006, and \$267,000 in accumulated interest income earned from the investment of bond proceeds for school construction projects that will be applied to debt service costs for Dallin School.

REVENUE SOURCE					
	FY04 Actual	FY05 Actual	FY06 Budget	FY07 Budget	Budget Change
Tax Levy	63,704,140	65,719,969	73,525,801	76,464,202	2,938,401
Local Receipts	7,801,881	8,437,095	8,448,336	8,768,336	320,000
State Aid	15,275,285	15,389,872	17,123,442	17,678,813	555,371
Free Cash	1,774,342	1,414,803	1,614,155	1,939,695	325,540
Other Available Funds	1,852,258	1,700,000	400,000	667,000	267,000
Total	90,407,906	92,661,739	101,111,734	105,518,046	4,406,312



REVENUE





Total General Fund Revenues

	<u>FY96</u> <u>Actual</u>	<u>FY97</u> <u>Actual</u>	<u>FY98</u> <u>Actual</u>	<u>FY99</u> <u>Actual</u>	<u>FY00</u> <u>Actual</u>	<u>FY01</u> <u>Actual</u>	<u>FY02</u> <u>Actual</u>	<u>FY03</u> <u>Actual</u>	<u>FY04</u> <u>Actual</u>	<u>FY05</u> <u>Actual</u>	<u>FY06</u> <u>Budget</u>	<u>FY07</u> <u>Budget</u>
Tax Levy	44,076,596	45,244,721	46,538,575	49,196,020	50,528,536	52,160,152	54,842,040	56,730,196	58,706,143	60,616,241	68,050,315	70,504,411
Local Receipts	5,280,995	6,740,158	6,888,370	6,740,158	7,772,268	8,101,073	7,695,563	7,785,986	7,801,881	8,437,095	8,448,336	8,768,336
State Aid	12,656,331	13,195,192	13,880,462	14,637,670	15,600,835	16,813,955	17,273,579	16,775,516	13,945,694	14,046,847	14,790,887	15,841,023
Free Cash	0	439,518	766,488	1,394,641	1,929,512	2,127,548	2,600,074	2,767,285	1,774,342	1,414,803	1,614,155	1,939,695
Other Available Funds	0	200,000	100,000	100,000	300,000	475,000	300,000	500,000	500,000	500,000	400,000	667,000
Total	62,013,922	65,819,589	68,173,895	72,068,489	76,131,151	79,677,728	82,711,256	84,558,983	82,728,060	85,014,986	93,303,693	97,720,465

*Excludes MWRA debt on tax levy and school construction reimbursements

Annual Revenue Increases

	<u>FY97</u> <u>Actual</u>	<u>FY98</u> <u>Actual</u>	<u>FY99</u> <u>Actual</u>	<u>FY00</u> <u>Actual</u>	<u>FY01</u> <u>Actual</u>	<u>FY02</u> <u>Actual</u>	<u>FY03</u> <u>Actual</u>	<u>FY04</u> <u>Actual</u>	<u>FY05</u> <u>Actual</u>	<u>FY06</u> <u>Budget</u>	<u>FY07</u> <u>Budget</u>
Tax Levy	1,168,125	1,293,854	2,657,445	1,332,516	1,631,616	2,681,888	1,888,156	1,975,947	1,910,098	7,434,074	2,454,096
Local Receipts	1,459,163	148,212	(148,212)	1,032,110	328,805	(405,510)	90,423	15,895	635,214	11,241	320,000
State Aid	538,861	685,270	757,208	963,165	1,213,120	459,624	(498,063)	(2,829,822)	101,153	744,040	1,050,136
Free Cash	439,518	326,970	628,153	534,871	198,036	472,526	167,211	(992,943)	(359,539)	199,352	325,540
Other Available Funds	200,000	(100,000)	0	200,000	175,000	(175,000)	200,000	0	0	(100,000)	267,000
Total	3,805,667	2,354,306	3,894,594	4,062,662	3,546,577	3,033,528	1,847,727	(1,830,923)	2,286,926	8,288,707	4,416,772
Percent Increase	6.1%	3.6%	5.7%	5.6%	4.7%	3.8%	2.2%	-2.2%	2.8%	9.7%	4.7%

Percent of Total Revenue

	<u>FY96</u> <u>Actual</u>	<u>FY97</u> <u>Actual</u>	<u>FY98</u> <u>Actual</u>	<u>FY99</u> <u>Actual</u>	<u>FY00</u> <u>Actual</u>	<u>FY01</u> <u>Actual</u>	<u>FY02</u> <u>Actual</u>	<u>FY03</u> <u>Actual</u>	<u>FY04</u> <u>Actual</u>	<u>FY05</u> <u>Actual</u>	<u>FY06</u> <u>Budget</u>	<u>FY07</u> <u>Budget</u>
Tax Levy	71.1%	68.7%	68.3%	68.3%	66.4%	65.5%	66.3%	67.1%	71.0%	71.3%	72.9%	72.1%
Local Receipts	8.5%	10.2%	10.1%	9.4%	10.2%	10.2%	9.3%	9.2%	9.4%	9.9%	9.1%	9.0%
State Aid	20.4%	20.0%	20.4%	20.3%	20.5%	21.1%	20.9%	19.8%	16.9%	16.5%	15.9%	16.2%
Free Cash	0.0%	0.7%	1.1%	1.9%	2.5%	2.7%	3.1%	3.3%	2.1%	1.7%	1.7%	2.0%
Other Available Funds	0.0%	0.3%	0.1%	0.1%	0.4%	0.6%	0.4%	0.6%	0.6%	0.6%	0.4%	0.7%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%



PROPERTY TAX LEVY

Property tax is the primary source of revenue for virtually every Massachusetts municipality. In Arlington, property taxes represent approximately 79% 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 is scheduled for FY2007. Under the Provisions of Proposition 2 ½, property taxes, in the aggregate, may not exceed 2 ½% of their "full and fair cash value." This limit is known as the "levy ceiling". Annual levy increases may not exceed 2 ½% of the previous year's levy plus the taxes added from any new or renovated property added to the tax rolls (known as new growth). Any Proposition 2 ½ override or debt exclusion amounts voted are added to the levy limit while all related school construction reimbursements from the State are subtracted.

Property values and new growth for FY2007 are preliminary estimates used to project the levy limit. The FY2006 levy limit was \$66,906,029. The 2 ½% increase allowed for FY2007 is \$1,672,651. New growth from construction not previously on the tax rolls is expected to add \$450,000 to the FY2007 levy. An additional \$1,475,731 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 a state reimbursement of \$1,401,074. The debt exclusion amount drops in FY2006 then goes back up in FY2007 due to the fact that both the first and second years reimbursements for Peirce School arrived in FY2006. That double payment dropped the FY2006 amount by \$494,765 more than it would have been. In FY2007, it is proposed to use \$267,000 in accumulated investment earnings from bond proceeds to reduce the debt service costs for Dallin School.

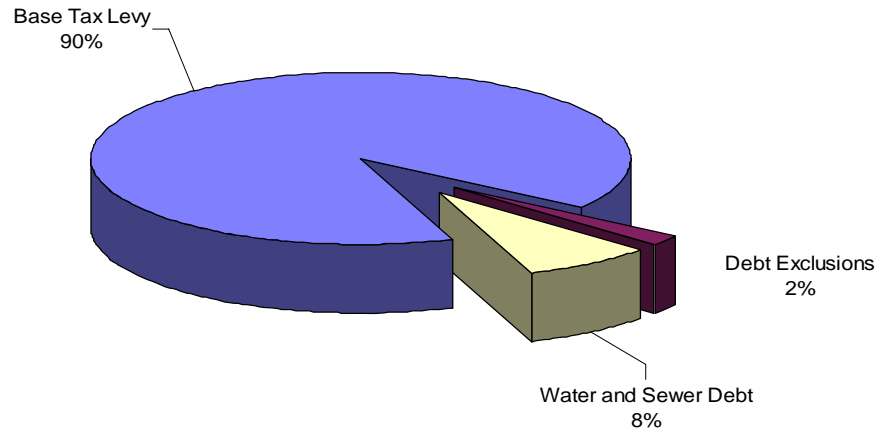
The Town has accepted the provisions of Chapter 110 whereby water and sewer debt costs are transferred to the real estate taxes. At the present time, the only water and sewer debt is from the MWRA which is projected to total \$5,959,791 for FY2007. Based on the above, the FY2007 tax levy is projected to total \$76,464,202 representing an increase of \$2,938,401 (4%) over the FY2006 levy.

PROPERTY TAX LEVY

	FY04 Actual	FY05 Actual	FY06 Budget	FY07 Budget	Budget Change
Base Tax Levy	56,705,990	58,559,459	60,852,836	69,028,680	8,175,844
General Override	0	0	6,000,000	0	(6,000,000)
Debt Exclusion Overrides					
Brackett School	305,444	276,228	257,650	235,981	(21,669)
Hardy School	478,704	381,388	365,580	348,062	(17,518)
Bishop School	297,528	278,652	265,030	249,354	(15,676)
Peirce School	906,889	949,714	(60,407)	413,767	474,174
Dallin School	6,119	59,048	375,883	365,879	(10,004)
Stratton/Thompson Plans	5,469	134,688	132,188	129,688	(2,500)
Bond Premium for Debt Exclusions	0	(22,937)	(138,445)	0	138,445
Investment Income Credit	0	0	0	(267,000)	(267,000)
Sub-total Debt Exclusions	2,000,153	2,056,781	1,197,479	1,475,731	278,252
Water and Sewer Debt	5,033,997	5,103,729	5,475,486	5,959,791	484,305
Total	63,740,140	65,719,969	73,525,801	76,464,202	2,938,401



PROPERTY TAX

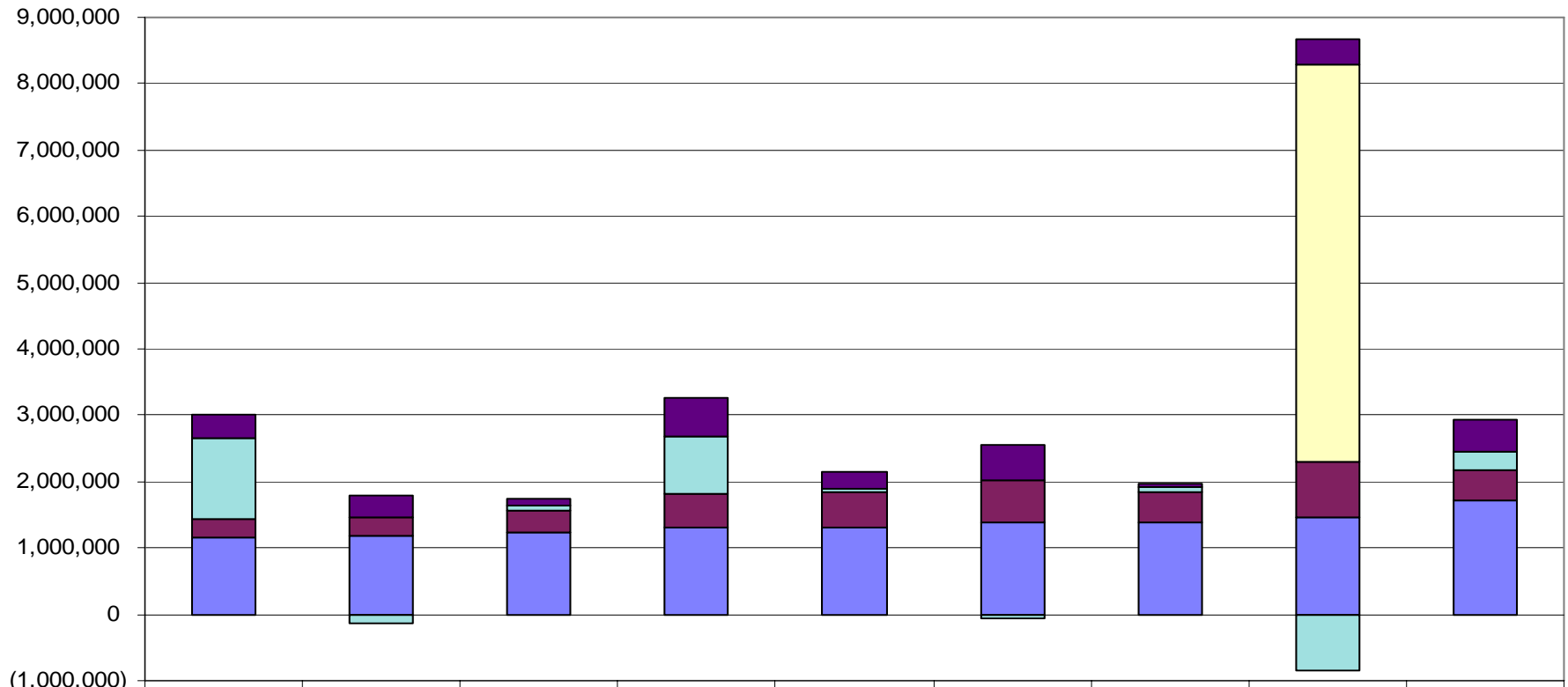


Fiscal Year	Real Estate & Personal Property			Tax deferral		% of Collections	Amount transferred into tax title	Effective Collection Rate	Tax		
	Commitments	Abatements Granted	Abatements (Ch 41A)	Net Tax Levy	Net Collections				Tax Title Balance as of June 30th	Possession Balance as of June 30th	Tax Deferral Balance as of June 30th
2005	65,779,186	288,033	58,912	65,432,241	65,216,964	99.67%	234,667	100.03%	339,307	396,784	285,068
2004	63,831,019	382,922	49,555	63,398,543	63,232,602	99.74%	165,941	100.00%	258,630	396,784	274,115
2003	61,323,173	357,502	41,587	60,924,084	60,711,625	99.65%	212,459	100.00%	317,178	397,922	247,856
2002	59,183,329	372,149	47,511	58,763,669	58,618,949	99.75%	144,721	100.00%	216,588	397,922	347,817
2001	55,924,517	436,168	56,446	55,431,903	55,316,387	99.79%	115,516	100.00%	181,873	397,716	354,376
2000	54,173,527	349,143	66,696	53,757,689	53,624,937	99.75%	132,752	100.00%	196,204	397,716	338,813
1999	52,534,913	433,672	61,654	52,039,587	51,927,625	99.78%	173,617	100.12%	187,455	383,234	338,142
1998	49,567,583	449,043	55,313	49,063,227	48,905,561	99.68%	157,667	100.00%	284,218	407,244	286,763
1997	48,210,810	521,790	50,705	47,638,315	47,427,171	99.56%	211,144	100.00%	432,743	393,123	239,349
1996	46,779,296	598,025	41,662	46,139,609	45,809,016	99.28%	331,883	100.00%	714,391	616,013	242,191
1995	45,647,939	671,531	47,149	44,929,259	44,425,948	98.88%	550,460	100.10%	1,255,674	369,287	226,514

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



COMPONENTS OF TAX LEVY INCREASE



	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007
■ MWRA Debt	346,107	321,935	109,156	578,001	260,958	517,348	69,732	371,757	484,305
■ Debt Exclusion	1,220,822	(133,468)	58,861	861,310	44,571	(51,943)	56,628	(859,302)	278,252
■ General Override	0	0	0	0	0	0	0	6,000,000	0
■ New Growth	275,652	282,718	337,860	520,517	544,075	649,223	458,531	844,013	450,000
■ 2.5% Inc	1,160,971	1,183,266	1,234,895	1,300,061	1,299,509	1,378,668	1,394,938	1,449,364	1,725,844



LOCAL RECEIPTS SUMMARY

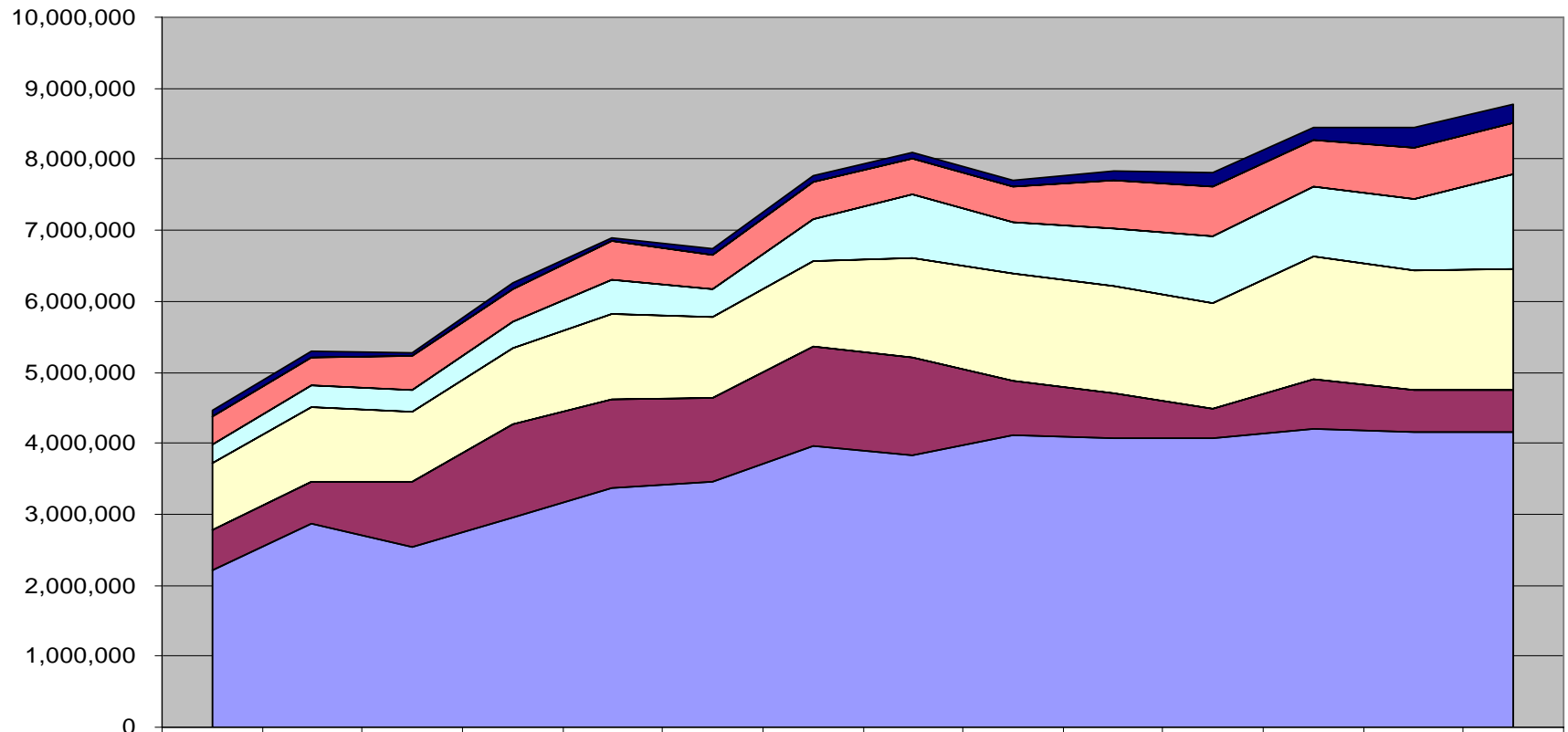
Local receipts are projected to increase \$320,000 to a total of \$8,768,336. The major changes include a \$350,000 increase in building permit fees for the Symmes redevelopment project and a reduction of \$35,000 in bond sale premiums paid to the town. Other than these two changes, local receipts are projected to remain relatively flat.

LOCAL RECEIPTS SUMMARY

	FY04 Actual	FY05 Actual	FY06 Budget	FY07 Budget	Budget Change
Motor Vehicle Excise	4,069,559	4,196,714	4,150,000	4,150,000	0
Interest Income	421,000	693,999	600,000	600,000	0
Fees/Departmental	1,480,067	1,689,748	1,690,000	1,695,000	5,000
Licenses and Permits	943,446	999,757	995,000	1,345,000	350,000
Rentals	696,252	648,334	721,500	721,500	0
Other	191,558	208,468	291,836	256,836	(35,000)
Total	7,801,883	8,437,019	8,448,336	8,768,336	320,000



Local Receipts History



	Actual FY94	Actual FY95	Actual FY96	Actual FY97	Actual FY98	Actual FY99	Actual FY00	Actual FY01	Actual FY02	Actual FY03	Actual FY04	Actual FY05	Budget FY06	Budget FY07
■ Other	94,413	79,747	57,043	71,438	52,158	74,963	100,945	94,165	79,375	122,272	191,558	166,224	291,836	256,836
■ Rentals	395,845	391,759	475,385	470,238	534,943	482,727	508,819	500,978	506,840	690,231	696,252	648,334	721,500	721,500
■ Licenses and Permits	261,538	309,777	297,205	365,390	487,462	403,337	604,759	887,076	722,072	794,763	943,446	999,757	995,000	1,345,000
■ Fees/Departmental	936,450	1,047,991	1,002,385	1,077,431	1,202,822	1,134,166	1,206,792	1,412,070	1,512,748	1,520,578	1,480,066	1,731,991	1,690,000	1,695,000
■ Interest Income	574,087	602,716	913,448	1,318,396	1,257,417	1,178,868	1,382,410	1,374,590	765,790	634,352	421,000	693,999	600,000	600,000
■ Motor Vehicle Excise	2,206,091	2,858,747	2,535,529	2,947,864	3,360,273	3,459,778	3,968,543	3,832,194	4,108,738	4,064,678	4,069,559	4,196,714	4,150,000	4,150,000



MOTOR VEHICLE EXCISE

Motor vehicle excise tax receipts are expected to remain flat at \$4.15 million. Revenue from this excise tax fluctuates up and down with the economy. The excise rate is \$25 per thousand and is assessed on 90% of the vehicle's value in the first year, 60% in the second year, 40% in the third year, 25% in the fourth year, and 10% thereafter. The actual billings are prepared by the Registry of Motor Vehicles and then turned over to the Town for printing, distribution, and collection. There are approximately 38,000 registered vehicles in Arlington.

MOTOR EXCISE BY LEVY YEAR

Levy Year	Commitments	Collections	Refunds	Net Collections	Abatements	Balance	Collections %
2005	4,002,485	3,818,414	45,524	3,772,891	123,288	106,306	97.34%
2004	4,276,460	4,136,172	73,658	4,062,514	172,233	41,713	99.02%
2003	4,241,385	4,102,460	71,141	4,031,318	187,187	22,880	99.46%
2002	4,281,043	4,126,790	80,380	4,046,410	216,696	17,938	99.58%
2001	4,250,080	4,121,654	76,815	4,044,839	189,053	16,187	99.62%
2000	4,090,219	3,982,715	87,702	3,895,013	181,960	13,246	99.68%
1999	3,734,714	3,643,580	92,391	3,551,188	173,357	10,169	99.73%
1998	3,341,180	3,251,533	58,790	3,192,743	137,983	10,454	99.69%
1997	3,119,179	3,018,990	48,419	2,970,572	135,387	13,220	99.58%

MOTOR VEHICLE EXCISE					
	FY04 Actual	FY05 Actual	FY06 Budget	FY07 Budget	Budget Change
Motor Vehicle Excise	4,069,559	4,196,714	4,150,000	4,150,000	0



INTEREST INCOME

Interest Income is projected to remain flat at \$600,000. It is made up of two components: investment income and interest and penalties associated with delinquent tax payments.

Investment income can vary widely depending upon market interest rates, available cash balances, cash flows, and investment practices. The positive affects of increasing interest rates are expected to be offset by declining cash balances, particularly from capital projects.

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

INTEREST INCOME					
	FY04 Actual	FY05 Actual	FY06 Budget	FY07 Budget	Budget Change
Investment Income	290,942	555,994	450,000	450,000	0
Penalties & Interest	130,058	138,005	150,000	150,000	0
Total	421,000	693,999	600,000	600,000	0



DEPARTMENTAL FEES

Departmental fees are projected to remain relatively flat increasing only \$5,000 to a total of \$1,695,000. The major categories include ambulance fees, parking fines, and cemetery revenue.

Parking fine revenue is expected to increase \$28,000 to a total of \$470,000 due to increased enforcement resources and increased fine amounts.

Fire alarm renewal fees are projected to decrease by \$23,000 due to the fact that FY2005 fees were late and actually collected in FY2006 resulting in double collections in FY2006.

Ambulance fees were unusually high in FY2005 due to a one-time accounting adjustment transferring an accumulated surplus from the ambulance revolving account into the general fund.

DEPARTMENTAL FEES					
	FY04 Actual	FY05 Actual	FY06 Budget	FY07 Budget	Budget Change
Schools (Medicare Reimbursement)	140,144	191,687	180,000	180,000	0
Cemetery Revenue	257,900	283,350	258,000	258,000	0
Library Fees and Fines	66,140	60,434	70,000	70,000	0
Collector's Demand Fees	67,809	80,508	81,000	81,000	0
Town Clerk Fees	39,119	54,492	67,000	67,000	0
Parking Violations	336,457	340,099	442,000	470,000	28,000
Parking Meter Receipts	49,691	53,028	52,500	52,500	0
Fire Alarm Renewal Fee	27,145	1,415	50,000	27,000	(23,000)
Ambulance Fees	269,041	455,573	320,000	320,000	0
Public Works Revenues	23,215	33,229	34,500	34,500	0
Other Departmental Revenue	203,406	135,932	135,000	135,000	0
Total	1,480,067	1,689,748	1,690,000	1,695,000	5,000



LICENSES AND PERMITS

Licenses and permits are projected to increase \$350,000 to a total of \$1,345,000. The entire increase is due to building permit fees anticipated from the Symmes redevelopment project. Building permit fees which would otherwise total approximately \$700,000 are expected to be \$1,050,000 with this project.

Two other significant sources of revenue, parking fees and liquor license fees, are projected to remain flat at \$127,500 and \$56,000 respectively.

LICENSES AND PERMITS					
	FY04 Actual	FY05 Actual	FY06 Budget	FY07 Budget	Budget Change
Parking Permits	115,316	115,006	127,500	127,500	0
Liquor Licenses	61,500	61,500	56,000	56,000	0
Food Licenses	6,960	6,325	7,000	7,000	0
Food Permits	14,585	15,470	15,500	15,500	0
Tobacco Permits	14,500	14,500	14,500	14,500	0
Building Inspections	662,807	678,487	700,000	1,050,000	350,000
Fire Prevention Permits	23,950	27,663	28,500	28,500	0
Marriage Licenses	5,870	6,525	6,000	6,000	0
Other	37,958	74,282	40,000	40,000	0
Total	943,446	999,757	995,000	1,345,000	350,000



RENTAL INCOME

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

Overall revenue is projected to remain flat at \$721,500. Ryder Street rental income is projected to increase from \$80,000 to \$90,000. The future rental status of the Mt. Gilboa House is uncertain. A request from the Housing Authority to take over management of the property is currently under consideration. If this were to happen, rental income would go down but the Town would be relieved of maintenance responsibilities. To be conservative, a reduction of \$13,000 is currently projected.

RENTAL INCOME					
	FY04 Actual	FY05 Actual	FY06 Budget	FY07 Budget	Budget Change
Ryder St.	65,676	70,424	80,000	90,000	10,000
Parmenter	127,734	139,997	140,000	140,000	0
Crosby	127,083	102,496	125,000	128,000	3,000
Gibbs	354,326	326,515	350,000	350,000	0
Mt. Gilboa	20,408	7,102	25,000	12,000	(13,000)
Other	1,025	1,800	1,500	1,500	0
Total	696,252	648,334	721,500	721,500	0



OTHER LOCAL RECEIPTS

Other local receipts are projected to decline by \$35,000 due to an anticipated reduced amount of premiums from bond sales. FY2006 premiums are estimated at \$135,000. This is expected to be only \$100,000 in FY2007.

Hotel/motel excise tax revenue is derived primarily from the Hawthorne Suites. It also includes one bed and breakfast property but that property has now ceased operating which is why revenue in FY2006 and FY2007 is lower than in FY2005.

OTHER LOCAL RECEIPTS					
	FY04 Actual	FY05 Actual	FY06 Budget	FY07 Budget	Budget Change
Special Assessments	4,547	4,877	4,836	4,836	0
Court Fines	81,260	41,908	45,000	45,000	0
Hotel/Motel Excise Tax	85,606	113,104	100,000	100,000	0
Payment in Lieu of Taxes	20,145	6,336	7,000	7,000	0
Premium From Sale of Bonds/Notes	0	42,243	135,000	100,000	(35,000)
Total	191,558	208,468	291,836	256,836	(35,000)



STATE AID SUMMARY

After nearly a decade of annual increases in State aid, FY2003 marked the first year that State Aid was actually reduced. FY2004 saw an even greater reduction. From FY2002 to FY2004, the Town saw a reduction in excess of \$3.3 million, or 18%.

While there have been minor increases in State aid over the last two years, Arlington is still \$2.5 million below what was received in FY2002. Exclusive of school construction reimbursements, in FY2002, the Town received \$17.3 million. In FY2005 the Town received \$14.8 million.

In his proposed budget, the Governor has increased local aid by \$358 million, or 7%. Under this proposal, Arlington would see an increase of approximately \$1 million, or 7%. The two major increases proposed by the Governor are in Chapter 70 school aid (\$164 million) and Lottery (\$158 million). Under the Chapter 70 program, the Governor has proposed a new distribution formula and under the Lottery program, the Governor is proposing to end completely the diversion of lottery funds from cities and towns to the State.

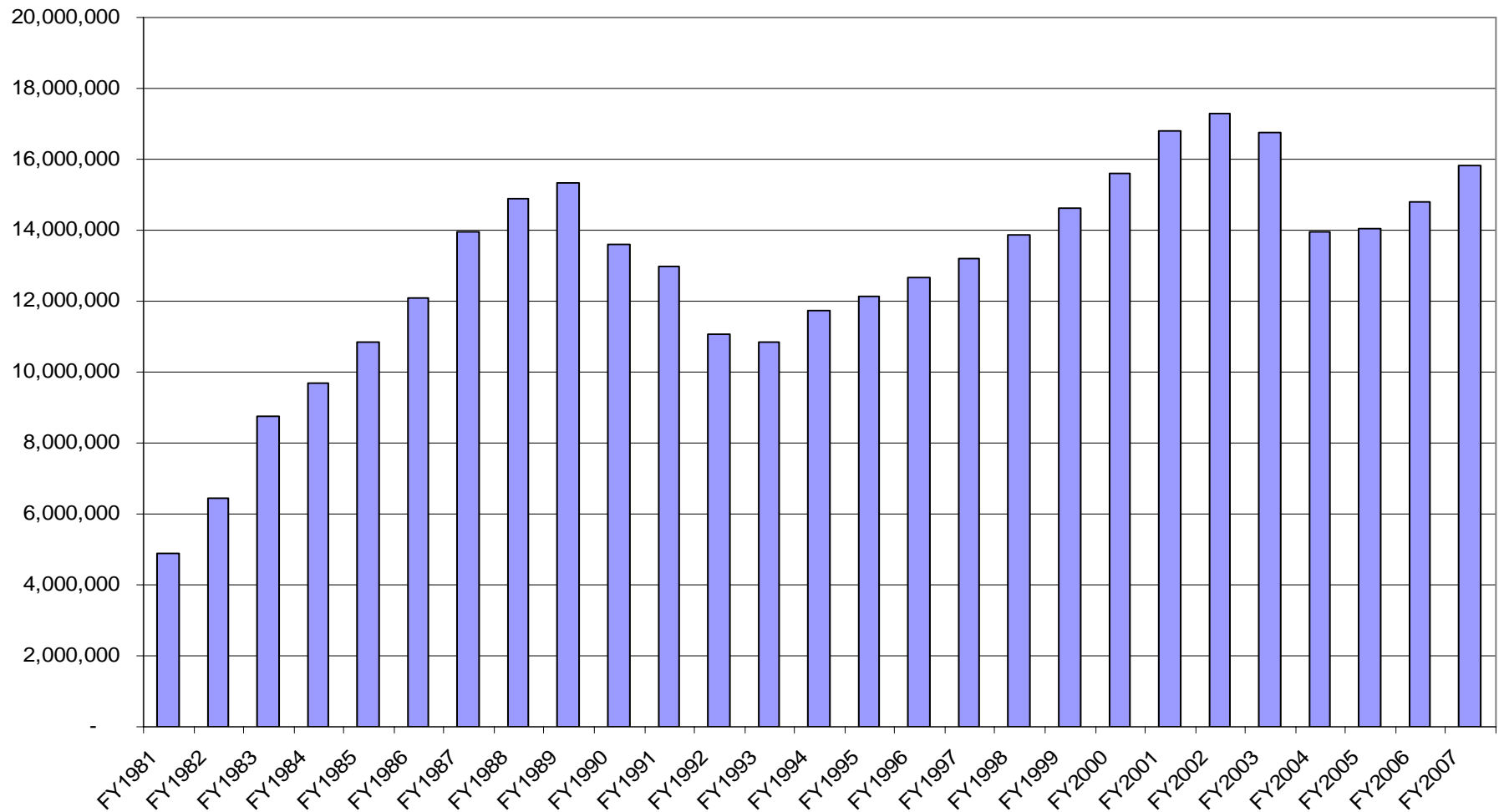
Overall, the Town's increase in State aid is \$555,371. This is due to the fact that it received a double reimbursement under school construction aid in FY2005 for the Peirce School. This was a one-time windfall which is why school construction aid will go down by \$494,765 in FY2007. Leaving this out, the true cherry sheet aid increase is \$1,050,136. It should be kept in mind that these are preliminary numbers based on the Governor's proposed budget. As the legislature develops its budget, these numbers could change.

STATE AID SUMMARY

	FY04 Actual	FY05 Actual	FY06 Budget	FY07 Budget	Budget Change
General Government Aid	8,626,647	8,630,364	9,116,202	9,754,840	638,638
School Aid	4,808,830	4,848,194	5,058,229	5,429,842	371,613
School Construction Aid	1,329,595	1,343,025	2,332,555	1,837,790	(494,765)
Tax Exemption Aid	112,205	117,705	119,196	132,221	13,025
Cherry Sheet Offsets (reserved for direct expenditure)	398,012	450,584	497,260	524,120	26,860
Total	15,275,289	15,389,872	17,123,442	17,678,813	555,371



**STATE AID RECEIPTS
(Excluding School Construction Aid)**





STATE AID PERCENT INCREASES TO ARLINGTON FY1982-FY2006





GENERAL GOVERNMENT

ADDITIONAL ASSISTANCE

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

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

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

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

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

(Continued on page 19)

GENERAL GOVERNMENT

	FY04 Actual	FY05 Actual	FY06 Budget	FY07 Budget	Budget Change
Additional Assistance	4,491,775	4,491,775	4,491,775	4,491,775	0
Lottery Distribution	3,833,185	3,833,185	4,242,362	4,884,315	641,953
Veterans' Benefits	44,187	40,051	94,978	72,711	(22,267)
Police Career Incentive	257,500	265,353	287,087	306,039	18,952
Total	8,626,647	8,630,364	9,116,202	9,754,840	638,638



(Continued from page 18)

LOTTERY

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

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

In FY1990, the State placed a cap on distributions to cities and towns and diverted the balance to the State budget in contravention of the law's original intent. As a result of intense lobbying by the municipalities, the State agreed to restore the full distribution to cities by FY2000, which they did. In FY2002 and FY2003, the lottery distribution was once again capped, this time at \$778 million Statewide. Shortly after taking office in January 2003, Governor Romney cut the FY2003 lottery distribution for FY2003 by \$73 million. In FY2004, the State cut lottery distributions by another \$117 million down to \$661 million. Funding was held level in FY2005. In FY 2006, funding was increased by \$100 million. For FY2007, the Governor has proposed to end the diversion of lottery funds and return full funding to cities and towns. This results in an increase of \$158 million to a total of \$920 million. Arlington would receive \$4,884,315, an increase of \$641,953.

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. In FY2006 the Town received \$94,978. For FY2007, the preliminary cherry sheet estimate is \$72,711, a decrease of \$22,267. The decreased estimate is was due to a dispute over a portion of a reimbursement request which is expected to be resolved. The actual FY2007 reimbursement in all likelihood will be in excess of the FY2006 estimated amount.

POLICE CAREER INCENTIVE REIMBURSEMENT (QUINN BILL)

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

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

Costs and Reimbursements have been growing approximately 6% a year. For FY2007, a total of \$306,039 is projected, an increase of \$18,952.



SCHOOL AID

SCHOOL AID - CHAPTER 70

Total statewide funding is \$3.45 billion, an increase of \$164 million (5%) above the FY2006 level. In addition to an increase in funding, The Governor's budget includes a new distribution formula that uses a community's "relative wealth", measured by property values and personal income, to determine how much it should receive in state school aid. It also adds an inflation factor and directs more aid to communities that are growing the most. Under the proposal, 305 of the 328 school districts would realize increases. According to the Administration, without the additional funding, 190 districts would receive no increases in FY2007. For Arlington, Ch. 70 increases \$359,429 or 7.2%, to \$5.4 million. While this is welcome news, this would still leave Arlington more than \$600,000 below the FY2002 level.

Since additional funding was included along with the new formula, it is difficult to ascertain whether the Town benefits from the new formula. Further investigation is required. In fairness, no changes in the formula should be made until all communities are brought up to their FY2002 funding levels.

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, which are predicated upon the Governor's FY2007 budget proposal, the Town will receive \$43,072 to offset the costs of the Charter School Assessment.

CHARTER SCHOOL CAPITAL FACILITY ASSESSMENT REIMBURSEMENT

This revenue source is another component of the above detailed Charter School Tuition Reimbursement. This portion is to reimburse sending districts for the capital facilities tuition component they pay to Commonwealth charter schools for interest and principal payments on school buildings and land. The statewide average of what districts paid in the prior year (currently \$811 per pupil) for both principal and interest on land and buildings is applied to each pupil's tuition rate. For FY2007, the Town will receive \$8,064.

SCHOOL AID					
	FY04 Actual	FY05 Actual	FY06 Budget	FY07 Budget	Budget Change
Chapter 70 School Aid	4,802,777	4,802,777	5,019,277	5,378,706	359,429
Charter School Tuition Reimbursement	6,053	39,481	33,140	43,072	9,932
Charter School Capital Facility Reimbursement	0	5,936	5,812	8,064	2,252
Total	4,808,830	4,848,194	5,058,229	5,429,842	371,613



SCHOOL CONSTRUCTION AID

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

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

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

The lack of a waiting list creates a major problem for cities and towns because now communities will have no idea whether their project will be funded. At least before, communities were put on a list and knew that eventually they would receive funding. Given the lengthy ongoing moratorium, there is a growing backlog of projects that will be competing for limited dollars. Under current regulations, communities could wait year after year for State approval of its application with no assurance that it will ever be approved.

The Town currently receives reimbursements totaling \$1,837,790 for Peirce, Brackett, Hardy, Bishop, and Ottoson Schools. In FY 2006, the Town received a double payment (the FY 2005 payment was received in FY 2006) for Peirce. The reimbursement for Ottoson is currently undergoing final audit and could potentially be increased beyond the current estimate. Dallin School is the first town project that is funded under the new regulations whereby the state funds its share in a lump sum payment at the conclusion of the project rather than spreading payments over the life of the bond financing.

SCHOOL AID

	FY04 Actual	FY05 Actual	FY06 Budget	FY07 Budget	Budget Change
School Construction Aid	1,329,595	1,343,025	2,332,555	1,837,790	(494,765)
Total	1,329,595	1,343,025	2,332,555	1,837,790	(494,765)



TAX EXEMPTION AID

There are several categories of property tax exemptions for which the State provides a partial reimbursement to municipalities. For FY2007, reimbursements are expected to increase by \$13,025 to a total of \$132,221. Veterans, blind persons, surviving spouses, and elderly who meet exemption requirements are eligible. Elderly persons (at least 70 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 \$1,000) 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^{1/2}, 17D - \$175, reimbursement cannot exceed the amount reimbursed on Clause 17.
- Veterans:
 Clause 22(a-f) - \$250 exempted, \$75 reimbursed
- Paraplegic veterans, surviving spouses:
 Full amount, 100% minus \$175 reimbursed (§8A)
- Veterans, loss of one arm, foot, or eye:
 Clause 22A - \$425 exempted, \$250 reimbursed
- Veterans, loss of two arms, two feet, one arm and one leg, or loss of sight:
 Clause 22B - \$775 exempted, \$600 reimbursed
- Veterans, special adapted housing:
 Clause 22C - \$950 exempted, \$775 reimbursed
- Veterans, surviving spouses:
 Clause 22D - \$250 exempted, \$250 reimbursed
- Veterans, 100 percent disability:
 Clause 22E - \$600 exempted, \$425 reimbursed
- Blind persons:
 Clause 37 - \$427.50 exempted, \$87.50 reimbursed
 Clause 37A - \$500 exempted, \$87.50 reimbursed

TAX EXEMPTION AID

	FY04 Actual	FY05 Actual	FY06 Budget	FY07 Budget	Budget Change
Vets, Blind, & Surviving Spouse	56,838	56,963	54,438	57,925	3,487
Elderly Exemption	55,367	60,742	64,758	74,296	9,538
Total	112,205	117,705	119,196	132,221	13,025



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 funds 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 received three such annual grants—one for the school METCO program, one for the school lunch and one for public libraries. Under the METCO program the Town accepts minority students from Boston to attend schools in Arlington. The State reimburses the Town for the incremental costs of participating in the program. The FY2007 reimbursement is estimated at \$450,000, an increase of \$28,750 over FY2006. The school lunch is actually a partial reimbursement for operating a school lunch program. This is expected to decrease slightly to a total of \$18,403.

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. The estimated FY2007 grant of \$55,717 is \$1,026 less than what was received in FY2006.

CHERRY SHEET OFFSETS					
	FY04 Actual	FY05 Actual	FY06 Budget	FY07 Budget	Budget Change
Racial Equality (Schools)	329,321	377,696	421,250	450,000	28,750
Lunch Programs (Schools)	20,785	19,124	19,267	18,403	(864)
Libraries	47,906	53,764	56,743	55,717	(1,026)
Total	398,012	450,584	497,260	524,120	26,860

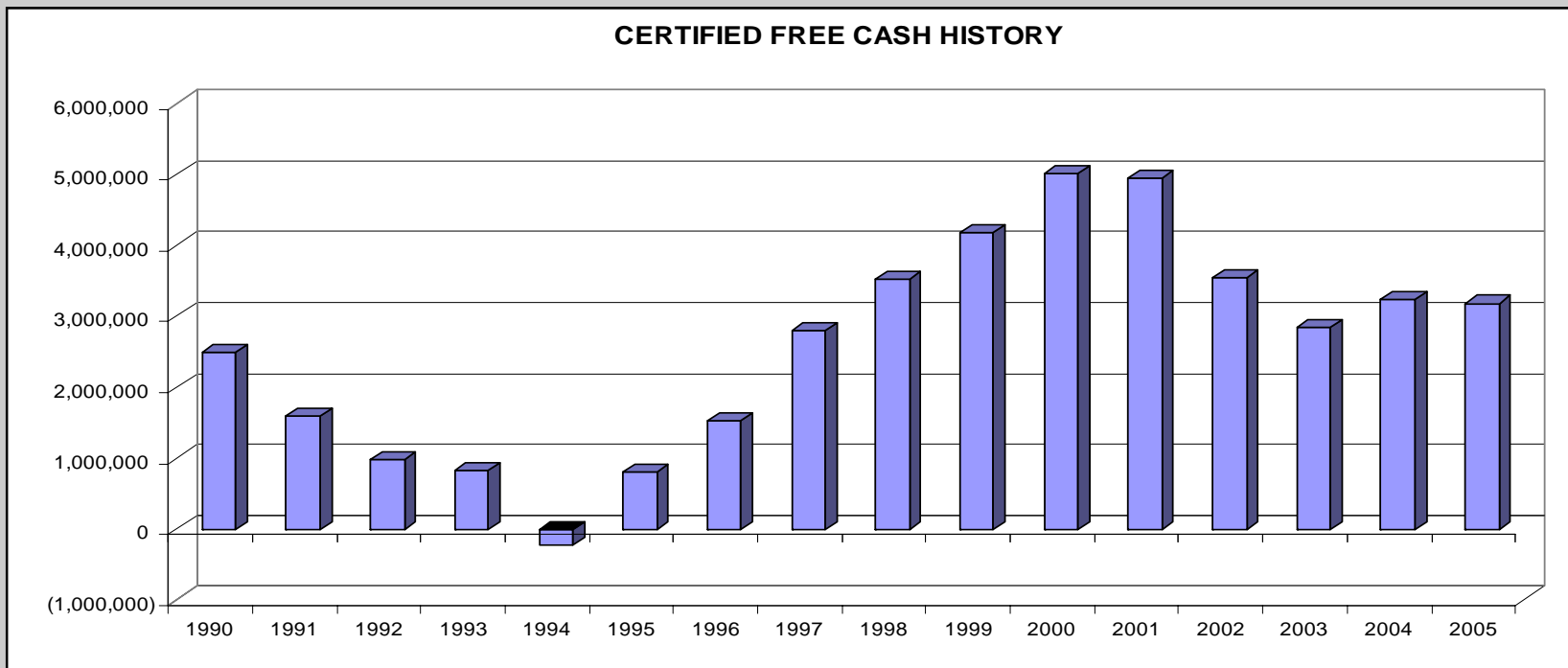


FREE CASH

Free Cash, which is certified as of July 1 each year by the Commonwealth's Department of Revenue (DOR), represents the portion of General Fund surplus revenue that is unrestricted and available for appropriation. These funds, once certified, may be used to support supplemental appropriations during the year, to support the ensuing fiscal year's budget, to reduce the tax levy, or to serve as emergency reserves. Free Cash is generated when the actual operating results compare favorably with the budget, such as when actual revenues exceed the original estimates and/ or when actual expenditures are less than appropriated. It is also affected by increases or decreases in uncollected property taxes, non- General Fund deficit balances, and any other legally incurred operating deficits, such as snow removal overdrafts.

The general fund free cash balance is currently \$3,179,389. It is recommended that \$1,939,695 of this amount be appropriated towards the FY2007 budget leaving a balance of \$1,239,694.

CERTIFIED FREE CASH HISTORY



FREE CASH

	FY04 Actual	FY05 Actual	FY06 Budget	FY07 Budget	Budget Change
Free Cash Appropriated	1,774,342	1,414,803	1,614,155	1,939,695	325,540



OTHER REVENUE

The Other Revenue category below includes revenue sources that are proposed to be used as general revenue or are to be used to fund a specific appropriation. Total Other Revenue is \$667,000, an increase of \$267,000 over FY2006.

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

OTHER REVENUE					
	FY04 Actual	FY05 Actual	FY06 Budget	FY07 Budget	Budget Change
Other Revenue					
Overlay Surplus	500,000	500,000	400,000	400,000	0
General Stabilization Fund	1,300,000	1,000,000	0	0	0
School Building Investment Income	52,258	0	0	267,000	267,000
Prior Year Closeout	0	200,000	0	0	0
Total Other Revenue	1,852,258	1,700,000	400,000	667,000	267,000
Budget Offsets					
Water & Sewer Enterprise Charge-Offs	1,835,977	2,006,416	2,058,262	2,113,738	55,476
Other Enterprise Charge-Offs	71,995	110,899	98,638	127,808	29,170
Tip Fee Stabilization Fund	2,121,460	2,537,230	400,000	680,000	280,000
Municipal Building Trust Fund	165,000	165,000	82,500	41,250	(41,250)
Cemetery Perpetual Care Fund	200,000	150,000	150,000	150,000	0
Cemetery Lots and Graves Fund	0	70,000	31,000	0	-31,000
State Recycling Grant	22,557	0	0	0	0
Antenna Rental Fund	150,000	100,000	140,000	0	-140,000
Central School Rental Fund	19,338	40,325	44,959	19,842	(25,117)
Community Development Block Grant	26,381	6,256	6,838	7,010	172
Conservation Commission Trust	0	5,900	3,000	0	-3,000
Total Budget Offsets	4,612,708	5,192,026	3,015,197	3,139,648	124,451
Total Other Revenue	1,852,258	1,700,000	400,000	667,000	267,000

**TAX ABATEMENT OVERLAY SURPLUS**

Each year funds are set aside to cover the costs for any tax abatements granted by the Assessors. Any funds not used are declared surplus and made available for appropriation by Town Meeting. For FY2007, the available surplus is estimated at \$400,000, the same amount as in FY2006.

SCHOOL BUILDING INVESTMENT INCOME

In accordance with the Town's home rule petition, enacted as Chapter 133 of the Acts of 1998, any interest earned from the investment of bond proceeds for any school building project must be used solely for school building costs. There is presently \$267,000 in this fund. It is proposed that this amount be appropriated to fund debt service costs for the Dallin School.

PRIOR YEAR CLOSEOUT

In order to balance the FY2005 budget, \$200,000 in FY2004 appropriations were transferred to the FY2005 budget. No prior year appropriations were used in FY2006 and none are proposed for FY2007.

WATER AND SEWER ENTERPRISE FUND CHARGE-OFFS

Several town departments provide services to and incur expenses on behalf of the water and sewer enterprise. Other examples include the healthcare and pension budgets. These costs are pulled out of the general fund budgets and charged to the enterprise. The total of such charge-offs for FY2007 is \$2,113,738.

OTHER ENTERPRISE CHARGE-OFFS

The other enterprise funds that incur general fund charge-offs or that have fee offsets are the Recreation, Ice Rink, and Youth Services enterprises. The total of such charge-offs or budget offsets for FY2007 is \$127,808.

TIP FEE STABILIZATION FUND

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

The TFSF may now be appropriated by Town Meeting for any purpose by a two-thirds vote. At the conclusion of FY2006, the TFSF is projected to have a balance of \$3.7 million. It is recommended that this fund continue to be used only to offset refuse disposal costs. By freezing the annual drawdown at \$680,000, the fund will last at least five years and will serve as an emergency reserve during those years.

CEMETERY PERPETUAL CARE FUND

With the sale of each lot at the cemetery a \$300 perpetual care fee is charged. These fees are deposited into the Perpetual Care Trust Fund. The present balance in the fund is \$3,838,940. From time to time, a portion of the interest accrued from this fund is used to support the operating and maintenance cost of the cemetery. In FY2007, \$150,000 is proposed to be withdrawn which is the same amount as in FY2006.

CEMETERY LOTS AND GRAVES FUND

Cemetery lots are sold for \$1,500 for residents and \$3,000 for certain qualifying former residents. Funds from such sales are placed in a fund. Sales can vary 40 to 75 lots per year. Generally funds are drawn from this account to purchase necessary equipment for the maintenance of the cemetery. In FY2006, \$31,000 was used. No funds are proposed to be used in FY2007.

(Continued on page 27)



(Continued from page 26)

ANTENNA RENTAL FUND

In accordance with the Town's home rule petition, enacted as Chapter 44 of the Acts of 1998, the Town Manager is authorized to enter into long-term leases of town property to telecommunications companies for the location of wireless antennas. Funds are to be kept in a separate fund and may be appropriated only for the care and maintenance of parks, playgrounds and open space unless Town Meeting, by a two-thirds vote, votes to appropriate it for another purpose. Authorization for this fund expires in March 2008. In FY2006, \$140,000 was appropriated from the fund. The current balance is \$49,333. No appropriation is proposed for FY2007.

CENTRAL SCHOOL

The Central School is under the jurisdiction of the Redevelopment Board. It houses the Council on Aging, Health Department, and other public and non-profit agencies. Annual rental income approximates \$300,000. The Redevelopment Board uses these funds to cover the building's operating and maintenance costs. A portion of the funds is used to fund costs incurred in the Planning Department to oversee the operation of the building. In FY2006, \$44,959 was used to fund one-half the costs of a building maintenance position and one-half of a clerical position. In FY2007, \$19,842 funds one-half of a clerical position. The building maintenance position is now funded directly from the Central School account.

COMMUNITY DEVELOPMENT BLOCK GRANT

Seven percent of the Planning and Community Development Director's salary is charged off to the CDBG grant for his services in administering the grant. In FY2007, this amounts to \$7,010.

CONSERVATION COMMISSION TRUST

Fees collected by the Conservation Commission are put into a fund to be used to support open space and wetlands protection activities. In FY2006, \$3,000 was used from this fund to fund additional hours of the Conservation Administrator. The current balance is \$3,315. No drawdown is proposed for FY2007.



SECTION III

BUDGET SUMMARIES



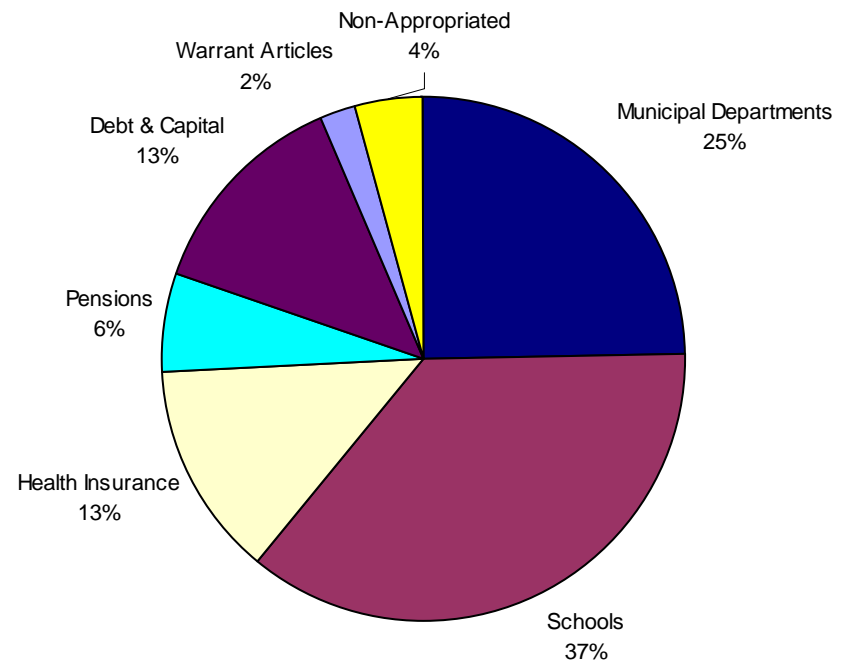
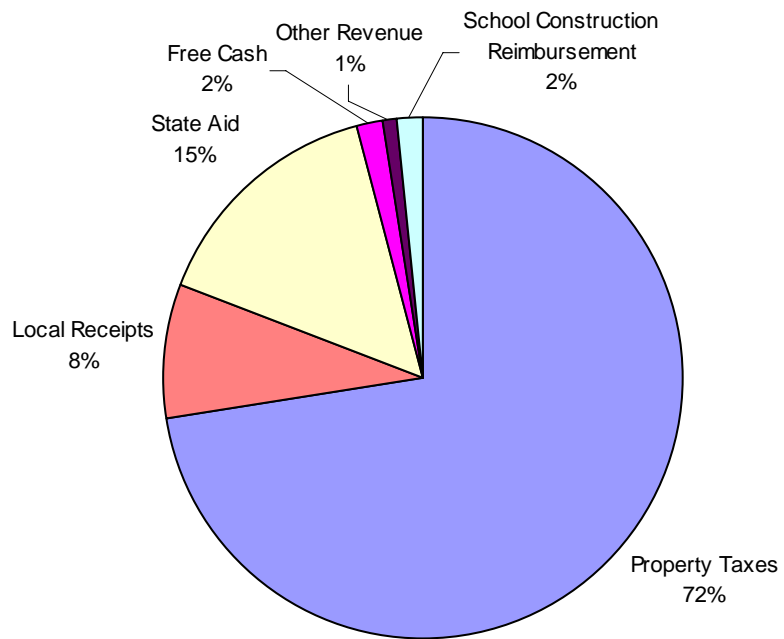
Overall Budget Summary

	FY2006	FY2007	CHANGE	
			\$	%
Revenue				
Tax Levy	\$ 73,525,801	\$ 76,464,202	\$ 2,938,401	4.0%
Local Receipts	\$ 8,448,336	\$ 8,768,336	\$ 320,000	3.8%
State Aid - Cherry Sheet	\$ 14,790,887	\$ 15,841,023	\$ 1,050,136	7.1%
School Construction	\$ 2,332,555	\$ 1,837,790	\$ (494,765)	-21.2%
Free Cash	\$ 1,614,155	\$ 1,939,695	\$ 325,540	20.2%
Other Funds	\$ 400,000	\$ 667,000	\$ 267,000	66.8%
Total Revenues	\$ 101,111,734	\$ 105,518,046	\$ 4,406,312	4.4%
Expenditures				
Municipal Departments	\$ 25,405,304	\$ 26,169,323	\$ 764,019	3.0%
School Department	\$ 34,280,903	\$ 35,319,943	\$ 1,039,040	3.0%
Minuteman School	\$ 2,573,834	\$ 2,764,825	\$ 190,991	7.4%
Non-Departmental (Healthcare & Pensions)	\$ 18,604,741	\$ 20,414,241	\$ 1,809,500	9.7%
Capital				
Exempt Debt	\$ 3,231,757	\$ 3,143,805	\$ (87,952)	-2.7%
Non-Exempt Debt	\$ 4,075,799	\$ 4,280,106	\$ 204,307	5.0%
Cash	\$ 707,110	\$ 637,458	\$ (69,652)	-9.9%
Total Capital	\$ 8,014,666	\$ 8,061,369	\$ 46,703	-7.6%
MWRA Debt	\$ 5,475,486	\$ 5,959,791	\$ 484,305	8.8%
Warrant Articles	\$ 2,314,174	\$ 2,465,295	\$ 151,121	6.5%
Total Appropriations	\$ 96,669,108	\$ 101,154,787	\$ 4,485,679	4.6%
Non-Appropriated Expenses	\$ 4,442,626	\$ 4,363,259	\$ (79,367)	-1.8%
Surplus/ (Deficit)	\$0	\$0	\$0	0.0%



Fiscal Year 2007

Revenues Expenditures

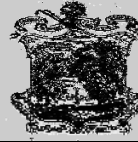


Fiscal Year 2007 Budget



Budget Summaries Comparison FY 2006 - 2007

DEPARTMENT	Fiscal Year 2006				Fiscal Year 2007				Dollar Difference	Percent Difference
	PERSONAL SERVICES	EXPENSES	Enterprise Fund or other offsets	General Fund Total	PERSONAL SERVICES	EXPENSES	Enterprise Fund or other offsets	General Fund Total		
FIN COM	8,308	2,135		10,443	8,308	2,135		10,443	-	0.00%
SELECTMEN	179,328	110,250		289,578	209,184	161,695		370,879	81,301	28.08%
TOWN MANAGER	419,506	15,500	(40,301)	394,705	429,116	15,500	(41,913)	402,703	7,998	2.03%
PERSONNEL	156,878	18,650	(5,545)	169,983	169,690	18,650	(5,767)	172,573	2,590	1.52%
COMPTROLLER	638,243	263,145	(89,805)	811,583	707,897	272,268	(93,397)	886,768	75,185	9.26%
TREASURER	543,881	109,531	(63,772)	589,640	499,095	116,754	(66,323)	549,526	(40,114)	-6.80%
POSTAGE	26,409	132,488	(15,302)	143,595	23,848	134,548	(15,914)	142,482	(1,113)	-0.78%
ASSESSORS	262,644	25,800		288,444	263,834	25,800		289,634	1,190	0.41%
LEGAL	343,148	442,696	(14,549)	771,295	340,128	442,698	(15,131)	767,695	(3,600)	-0.47%
TOWN CLERK	186,528	25,200		211,728	192,214	25,200		217,414	5,686	2.69%
REGISTRARS	43,187	15,100		58,287	43,187	15,100		58,287	-	0.00%
PARKING	71,222	15,875		87,097	71,221	19,545		90,766	3,669	4.21%
PLANNING & C. D.	211,518	4,125	(28,696)	186,947	227,428	4,870	(26,747)	205,551	18,604	9.95%
CONS. COMM.	22,479	745	(3,000)	20,224					(20,224)	-100.00%
REDEVELOPMENT	51,102	379,850	(23,101)	407,851	28,201	379,850		408,051	200	0.05%
ZBA	18,819	4,103		22,922	17,865	4,103		21,968	(954)	-4.16%
PUBLIC WKS	3,363,617	4,435,189	(1,452,000)	6,346,806	3,384,364	4,859,374	(1,757,216)	6,486,522	139,716	2.20%
COM SAFTY ADM	337,747	-		337,747	339,459			339,459	1,712	0.51%
POLICE	4,729,299	433,475		5,162,774	4,773,512	474,475		5,247,987	85,213	1.65%
FIRE	4,722,775	248,400	(49,412)	4,921,763	4,711,286	267,400	(51,388)	4,927,298	5,535	0.11%
SUPPORT	596,745	33,100		629,845	611,455	33,900		645,355	15,510	2.46%
INSPECTIONS	318,213	11,500		329,713	312,190	12,600		324,790	(4,923)	-1.49%
STREET LIGHTS		291,175		291,175		441,175		441,175	150,000	51.52%
LIBRARIES	1,290,262	444,000		1,734,262	1,299,863	466,300		1,766,163	31,901	1.84%
HUMAN SERVICES										
Council on Aging	125,334	5,162		130,496	131,836	4,991		136,827	6,331	4.85%
Administration	124,213	1,800		126,013	128,172	1,800		129,972	3,959	3.14%
Veterans' Services	50,053	113,235		163,288	50,053	123,258		173,311	10,023	6.14%
Brd. of Health	201,155	19,704		220,859	193,744	19,604		213,348	(7,511)	-3.40%
Youth Services	246,405	44,836	(95,000)	196,241	256,684	44,836	(105,000)	196,520	279	0.14%
RESERVE FUND		350,000		350,000		350,000		350,000	-	0.00%
Pers. Services Reserve						195,856		195,856	195,856	
MUNICIPAL DEPTS.	19,289,018	7,996,769	(1,880,483)	25,405,304	19,413,834	8,934,285	(2,178,796)	26,169,323	764,019	3.01%
EDUCATION		34,280,901		34,280,901		35,319,943		35,319,943	1,039,042	3.03%
N.C. PENSIONS		288,428		288,428		270,436		270,436	(17,992)	-6.24%
C.PENSIONS		6,534,227	(477,586)	6,056,641		6,773,552	(496,689)	6,276,863	220,222	3.64%
INSURANCE		12,840,800	(581,128)	12,259,672		14,436,000	(569,058)	13,866,942	1,607,270	13.11%
GRAND TOTAL	19,289,018	61,941,125	(2,939,197)	78,290,946	19,413,834	30,414,273	(3,244,543)	81,903,507	3,612,561	4.61%

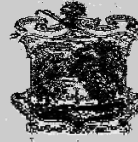


SUMMARY OF 2007 INCREASES/DECREASES

DEPARTMENT	INCREASE / (DECREASE)	DETAIL	EXPLANATION
Finance Committee	\$ - 0%		
Selectmen	\$ 81,301 28.08%	\$ 3,976 \$ 2,615 \$ 74,710	Personnel Fixed Costs Increase in Dues Increase in Elections
Town Manager	\$ 7,998 2.03%	\$ 7,998	Personnel Fixed Costs
Personnel	\$ 2,590 1.52%	\$ 2,590	Personnel Fixed Costs
Comptroller	\$ 75,185 9.26%	\$ (1,387) \$ 67,449 \$ 10,000 \$ (877)	Personnel Fixed Costs Add Position: Production Coordinator Web Site Support Services Maintenance, Telephone, Software Expenses
Treasurer-Collector	\$ (40,114) -6.80%	\$ (7,601) \$ (39,736) \$ 5,400 \$ 1,823	Personnel Fixed Costs Eliminate Payroll Clerk Position Repairs and Maintenance Office Supplies and Clothing Allowances
Postage	\$ (1,113) -0.78%	\$ (2,561) \$ 1,448	Personnel Fixed Costs Expenses

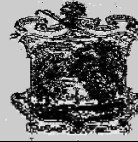


SUMMARY OF 2007 INCREASES/DECREASES (continued)			
DEPARTMENT	INCREASE / (DECREASE)	DETAIL	EXPLANATION
Board of Assessors	\$ 1,190 0%	\$ 1,190	Personnel Fixed Costs
Legal	\$ (3,600) -0.47%	\$ (3,602) \$ 2	Personnel Fixed Costs Expenses
Town Clerk	\$ 5,686 2.69%	\$ 5,686	Personnel Fixed Costs
Board of Registrars	\$ - 0%		
Parking	\$ 3,669 4.21%	\$ (1) \$ 2,412 \$ 1,258	Personnel Fixed Costs Printing Expenses Data Services
Planning & Comm. Development	\$ (1,620) -0.70%	\$ (1,620)	Personnel Fixed Costs
Redevelopment	\$ 200 0.05%	\$ 200	Personnel Fixed Costs
Zoning Board of Appeals	\$ (954) -4.16%	\$ (954)	Personnel Fixed Costs



SUMMARY OF 2007 INCREASES/DECREASES (continued)

DEPARTMENT	INCREASE / (DECREASE)	DETAIL	EXPLANATION
Public Works	\$ 139,716 2.20%		
		\$ (4,469)	Personnel
		\$ 1,600	Clothing Allowance
		\$ 40,010	Energy
		\$ 1,000	Mt. Gilboa Expenses
		\$ 5,000	Contract Service for Field Maintenance
		\$ 500	Training
		\$ (6,000)	Solid Fill Disposal
		\$ 102,075	Curbside Collection Contract
Community Safety Administration	\$ 1,712 0.51%		
		\$ 1,712	Personnel Fixed Costs
Police	\$ 85,213 1.65%		
		\$ 44,213	Personnel Fixed Costs
		\$ 34,500	Energy
		\$ 10,000	Reverse 9-1-1 Maintenance & Support
		\$ (5,100)	Uniforms, Badges, Gloves
		\$ 1,600	Cleaning Allowance
Fire	\$ 5,535 0.11%		
		\$ (13,465)	Personnel Fixed Costs
		\$ 16,000	Energy
		\$ 3,000	Uniforms, Badges, Gloves
Support Services	\$ 15,510 2.46%		
		\$ 4,710	Personnel Fixed Costs
		\$ 10,000	Overtime
		\$ (3,000)	Electricity
		\$ 3,800	Clothing/Cleaning Allowances

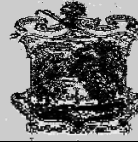


SUMMARY OF 2007 INCREASES/DECREASES (continued)

DEPARTMENT	INCREASE / (DECREASE)	DETAIL	EXPLANATION
Inspectional Services	\$ (4,923) -1.49%		
		\$ (6,023)	Personnel Fixed Costs
		\$ 100	Clothing Allowances
		\$ 1,000	Energy
Street Lighting	\$ 150,000 51.52%		
		\$ 150,000	Electricity
Libraries	\$ 31,901 1.84%		
		\$ 9,601	Personnel Fixed Costs
		\$ 23,550	Energy
		\$ 3,150	Books, Subscriptions, Recordings, Films
		\$ 700	Micro Filming
		\$ (1,500)	Bindery
		\$ (4,500)	Office Supplies
		\$ 200	Cleaning and Sanitation Supplies
		\$ 700	Furniture and Equipment Repairs/Maintenance
Human Services Administration	\$ 3,959 3.14%		
		\$ 3,959	Personnel Fixed Costs
Veterans' Services	\$ 10,023 6.14%		
		\$ 23	Travel Allowance
		\$ 10,000	Veterans' Aid & Assistance
Board of Health	\$ (7,511) -3.40%		
		\$ (7,411)	Personnel Fixed Costs
		\$ (100)	Energy

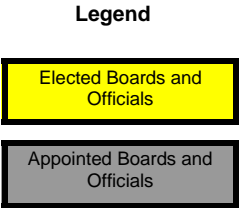
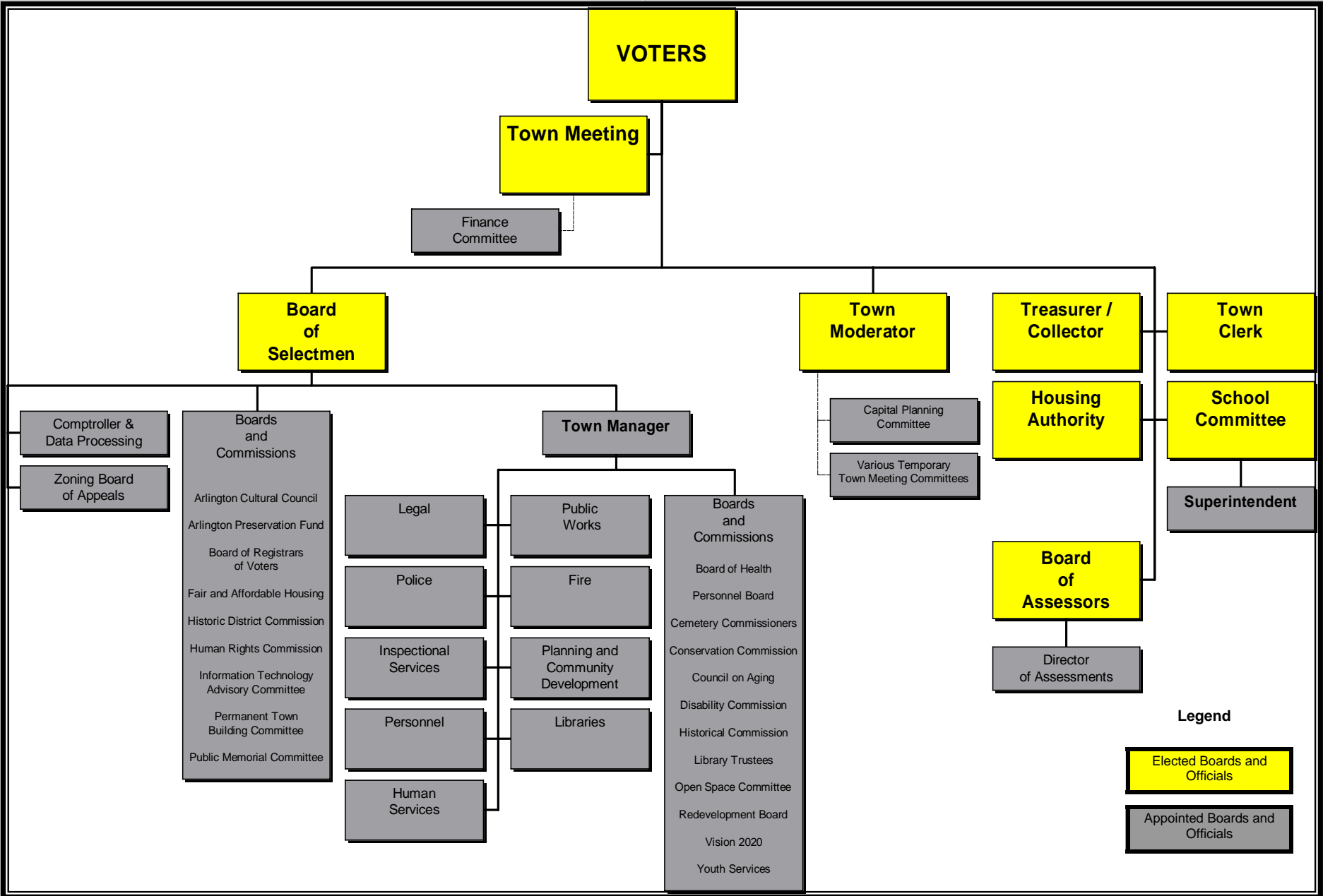


SUMMARY OF 2007 INCREASES/DECREASES (continued)			
DEPARTMENT	INCREASE / (DECREASE)	DETAIL	EXPLANATION
Council on Aging	\$ 6,331 4.85%		
		\$ 6,502	Personnel Fixed Costs
		\$ (171)	Travel Allowance
Youth Services	\$ 279 0.14%		
		\$ 10,279	Personnel Fixed Costs
		\$ (10,000)	Increase in Intergovernmental Revenue
Unallocated Salary Adjustment Funds	\$ 195,856 0%		
Subtotal: Municipal Departments	\$ 764,019 3.01%		
Non-Contributory Retirement	\$ (17,992) -6.24%		
Contributory Retirement	\$ 220,222 3.64%		
Group Health Insurance	\$ 1,607,270 13.11%		
Liability Insurance	0 0%		
Unemployment Compensation	0 0%		
Reserve Fund	0 0%		
Subtotal: Fixed Costs	\$ 1,809,500 9.73%		
School Department	\$ 1,039,040 3.03%		
Subtotal: Education	\$ 1,039,040 2.82%		
Grand Total	\$ 3,612,559		



Personnel Changes FY 2003 - FY 2007

Department	FY03		FY04		FY05		FY 06		FY07		FY03 - FY 07			
	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	#	%	#	%
Finance Committee	0	0.20	0	0.20	0	0.20	0	0.20	0	0.20	0	-	0.00	-
Board of Selectmen	3	1.00	3	0.18	3	0.18	3	0.18	3	0.25	0	-	-0.75	-75%
Town Manager (Purchasing)	5	0.00	5	0.00	4	0.50	4	0.50	4	1.00	-1	-20%	1.00	-
Personnel	3	0.00	3	0.00	3	0.00	3	0.00	3	0.00	0	-	0.00	-
Comptroller	13	2.06	13	1.70	11	1.10	11	1.10	12	0.60	-1	-8%	-1.46	-71%
Treasurer/Collector	10	1.26	10	1.26	10	1.26	10	1.26	8	2.10	-2	-20%	0.84	67%
Postage	0	0.57	0	0.57	0	0.57	0	0.60	0	0.70	0	-	0.13	23%
Assessors	5	0.00	5	0.00	5	0.00	4	0.70	4	0.70	-1	-20%	0.70	-
Legal (Workers' Comp)	4	0.54	4	0.54	4	0.54	4	0.54	4	0.50	0	-	-0.04	-7%
Town Clerk	4	0.52	4	0.52	4	0.45	4	0.45	4	0.45	0	-	-0.07	-13%
Parking	1	0.00	1	0.00	1	0.00	1	0.00	1	0.00	0	-	0.00	-
Board of Registrars	1	0.00	1	0.00	1	0.00	1	0.00	1	0.00	0	-	0.00	-
Planning & Comm Development	3	0.34	3	0.34	3	0.46	3	0.46	2	0.95	-1	-33%	0.61	179%
Redevelopment Board	1	0.00	0	0.50	0	0.50	0	0.50	0	0.50	-1	-100%	0.50	-
Zoning Board	0	0.50	0	0.50	0	0.50	0	0.50	0	0.50	0	-	0.00	-
Public Works	84	2.00	75	1.00	71	0.62	71	0.62	71	0.62	-13	-15%	-1.38	-69%
Admin	9	0.00	8	0.00	7	0.00	7	0.00	7	0.00				
Engineering	6	0.25	4	1.00	4	0.00	4	0.00	4	0.00				
Natural Resources, Properties	22	0.00	19	0.00	20	0.00	20	0.00	20	0.00				
Highways	35	0.00	33	0.00	30	0.00	30	0.00	30	0.00				
Cemeteries	12	0.00	11	0.00	10	0.62	10	0.62	10	0.62				
Community Safety -- Admin	5	0.00	5	0.00	5	0.00	5	0.00	5	0.00	0	-	0.00	-
Police	68	0.00	61	0.00	61	0.00	62	0.00	62	0.00	-6	-9%	0.00	-
Other	3	2.21	2	2.21	2	2.21	2	2.71	2	2.81	-1	-33%	0.60	27%
Fire	85	0.00	76	0.00	76	0.00	76	0.00	76	0.00	-9	-11%	0.00	-
Support	15	0.00	12	0.00	12	0.00	12	0.00	12	0.00	-3	-20%	0.00	-
Inspections	5	0.00	5	0.00	5	0.00	5	0.00	5	0.00	0	-	0.00	-
Libraries	22	15.00	21	10.60	22	9.60	21	11.3	21	11.3	-1	-5%	-3.69	-25%
Human Services	9	1.54	6	2.77	7	2.27	7	2.34	7	2.33	-2	-22%	.79	51%
Pension														
Enterprise Funds														
Water & Sewer	17	1.00	16	0.00	15	0.00	15	0.00	15	0.00	-2	-12%	-1.00	-100%
Arlington Recreation	4	0.00	4	0.00	5	0.00	5	0.00	2	2.30	-2	-50%	2.30	-
Vet Mem Rink	2	0.00	2	0.00	2	0.00	2	0.00	2	1.70	0	-	1.70	-
Council on Aging Trans.	1	0.69	1	0.69	1	1.26	1	1.26	1	1.30	0	-	0.61	88%
Youth Services	3	2.05	0	3.09	0	3.56	0	3.93	0	3.84	-3	-100%	1.79	87%
Total	372	30.24	340	27.67	332	26.41	331	29.77	326	35.28	-46	-12%	5.04	17%





SECTION IV

BUDGETS

GENERAL GOVERNMENT



FINANCE COMMITTEE • RESERVE FUND •
BOARD OF SELECTMEN • TOWN MANAGER •
PERSONNEL • COMPTROLLER • TREASURER

POSTAGE • ASSESSORS • LEGAL • TOWN
CLERK • BOARD OF REGISTRARS •
PARKING

PLANNING & COMMUNITY DEVELOPMENT •
REDEVELOPMENT BOARD •
ZONING BOARD OF APPEALS



Program Description

The Finance Committee comprises 21 members appointed from each of the 21 precincts in town. The purpose of the committee is to “consider all articles contained in any warrant except articles on zoning upon which the zoning by-law requires a report to be made to the Town by the Planning Board and those articles which do not require or request an appropriation of money,...” “Said committee shall make recommendations, and shall report in print,... to each town meeting...” The committee also makes general suggestions, criticisms and recommendations as it may deem expedient, including articles which may not request an appropriation.

The committee is also the custodian of the reserve fund which is appropriated annually to allow for any unforeseen expense which may occur during the fiscal year. The committee’s members play active roles officially representing the Finance Committee on many of the town’s other committees such as the Capital Planning Committee, the Budget and Revenue Task Force, Vision 2020, Information Technology Advisory Board, and the recently appointed Financial Organization Study Committee.

FY 2007 Objectives

- Review and recommend on all financial articles before the Town Meeting.
- Review and act on all requests for transfers within departmental budgets and from the Reserve Fund.
- Participate in all committees which require a representative from the Finance Committee, such as, but not limited to, the Capital Planning Committee, the Information Technology Advisory Board and the Budget and Revenue Task Force.
- Integrate the Finance Committee website into the Town web site.

Budget Statement / Future Outlook

The Finance Committee has requested a level service budget for the Fiscal Year 2007. The Reserve Fund is also level funded at \$350,000.

PROGRAM COSTS				
Finance Committee	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	7,673	8,308	8,308	
Expenses	1,617	2,135	2,135	
Total	9,290	10,443	10,443	

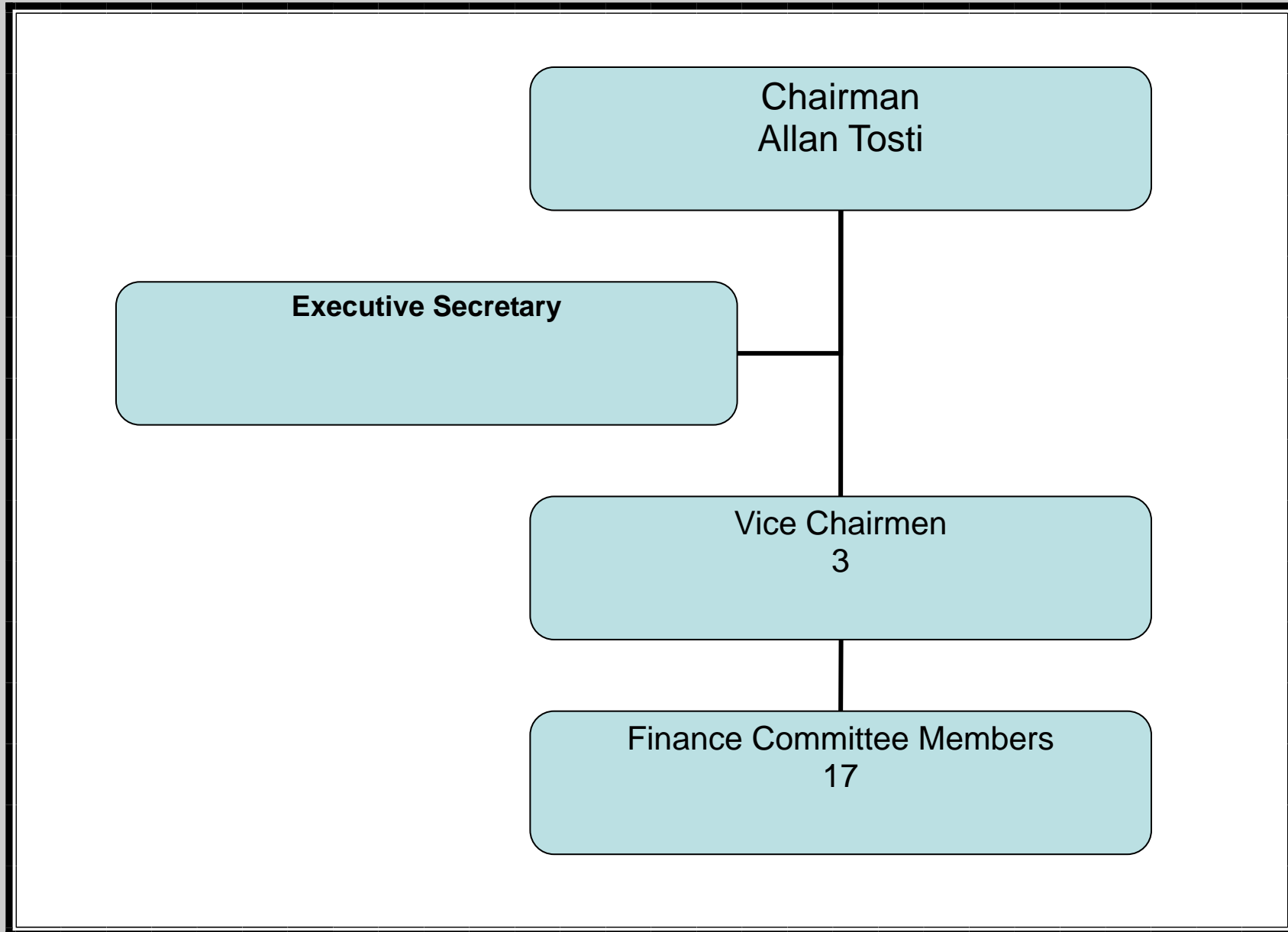
STAFFING				
Finance Committee	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial				
Clerical	1PT	1PT	1PT	1PT
Professional/Technical				
Total	1PT	1PT	1PT	1PT

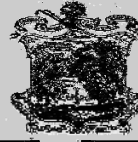


Major Accomplishments for 2005

- Worked closely with the Town Manager, Board of Selectmen and School Committee to adopt a practical 5-year budget plan.
- Placed before Town Meeting alternative budgets demonstrating the impact of the June 2005 override decision.
- Established a Finance Committee web site www.arlingtonfincom.com where minutes, reports and background information are posted.

PROGRAM COSTS				
Reserve Fund	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services				
Expenses	-	350,000	350,000	
Total	-	350,000	350,000	





Program Description

The Board of Selectmen is composed of five members who are elected for 3 year staggered terms. The Board is the primary policy board for the town and hires a professional manager to manage the daily operations of the town. The office of the Board of Selectmen is charged with providing administrative support to the Board in an efficient, organized and professional manner. The office serves as the initial contact for Selectmen to the public, providing general information and assistance with complaints, issues, and other business matters. The office prepares documents and information for all Board of Selectmen's meetings including correspondence, public hearing compliance, warrant article hearings, complaints, licenses, permits, proclamations, and exceptions to overnight parking bans. The Board of Selectmen serve as the Board of Survey and the office administers the required hearings and associated work for public and private way matters. The office ensures compliance with all state and federal regulations for all local, state and federal elections including the preparation of warrants, staffing and maintenance of all polling locations and all related administrative matters. The office is responsible for processing over 20 different licenses including the issuance of all ABCC alcohol beverage licenses. The office provides support, information and resources for the Town Day Committee, Transportation Advisory Committee and numerous special events sponsored by the Board of Selectmen. The office annually oversees the operations of the Annual and any Special Town Meetings, including the preparation and distribution of all warrants, conducting hearings, and the administration of the meetings.

FY 2007 Objectives (Continued)

- Explore energy alternatives and conservation opportunities
- Improve employee satisfaction and citizen customer service
- Develop a strategy to address land use issues: Alewife flooding and CSO issues, Symmes property, and cemetery space needs
- Comprehensive review of the Zoning Bylaw
- Provide support and resources to the Transportation Advisory Committee
- Monitor Home Rule Legislation progress through the legislature
- Continue administrative support to the Board of Selectmen.
- Continue all administrative duties associated with town election, state primary and state election.
- Continue administrative support to Board of Selectmen, Moderator and Town Counsel for Annual Town Meeting and for the State of Town Address
- Provide drafts of Town Meeting Warrant and relevant materials for Town Meeting members.
- Provide community with access to application information on line.
- Provide assistance ensuring the budget is developed within 5-year financial plan.

Budget Statement / Future Outlook

The increase of 2 additional state elections is the only major change to the Selectmen's budget. The Board of Selectmen's Office will continue to work with all other Town Departments and Officials to maintain the budget within the 5-year financial plan. For the foreseeable future, the budget will fluctuate subject to the number of elections, and Special Town Meetings in any given year, pay increases and items that are subject to inflation. As Arlington continues to thrive as a popular place for restaurants we expect that revenues from related permits will be maintained.

PROGRAM COSTS				
Board of Selectmen	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	161,383	159,908	163,884	
Expenses	21,789	26,700	29,315	
Audit	39,010	50,000	50,000	
Annual Report	5,474	6,000	6,000	
Total	227,657	242,608	249,199	

FY 2007 Objectives

- Develop a mission statement for the Board of Selectmen
- Develop and implement a plan to communicate the Emergency Preparedness Plan to citizens
- Implement information technology enhancements

STAFFING				
Board of Selectmen	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial	1	1	1	
Clerical	2.25	2.25	2.25	
Professional/Technical				
Total	3.25	3.25	3.25	



Major Accomplishments for 2005

- Town meeting members and members of the various committees and commissions were better served by having the opportunity to educate themselves prior to the beginning of Town Meeting by receiving materials and hearing schedules in advance on the Arlington web page.
- Provided Town Day information and application on the Arlington On-line web page.
- Developed updated policies and procedures book.
- Established Selectmen goals in coordination with Town Manager goals.
- Streamlined the voting precinct locations.
- Worked with Town Officials towards a successful June 2006 override.
- Worked with Congressman Markey for funding of the Massachusetts Avenue Corridor improvement project.
- Sought litigation to alleviate the Combined Sewer Overflow problems in the Alewife area affecting Arlington's residents.

Performance / Workload Indicators				
	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Meetings:				
Board of Selectmen	24	24	26	24
Annual Town Meeting Sessions	12	12	12	12
Special Town Meeting Sessions	6	5	9	
Audit Advisory	2	2	2	2
Budget & Revenue Task Force	7	9	9	9
Joint Selectmen / School Committee	2	2	2	2
Licenses & Renewals				
Dumpster	42	51	51	51
Contractor Drainlayer	29	24	26	26
Common Victular- Application	8	9	9	9
Common Victular- License	66	57	66	67
All Alcohol - Restaurant	5	5	5	5
All Alcohol - Application	1			
Beer & Wine	23	10	21	21
Beer & Wine - Application	4		1	1
Awning Application	3	3	3	3
Automatic Amusement Devices	10	14	14	14
One Day liquor	14	14	14	14
All Alcohol - Clubs	3	3	3	3
All Alcohol - Clubs w/ TIPS	4	4	4	4
Food Vendor - Application	1	2	2	2
Food Vendor	25	25	25	25
Hackney Carriage/ Public Auto	43	42	42	42
Public Entertainment	2	3	4	3
Class I, II Auctioneer	25	19	25	25
Inn Holders License	1	1	1	1
Lodging Houses	3	3	3	3
Second Hand Dealers	1	6	6	6

SUB PROGRAM COSTS				
Elections	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	51,646	19,420	45,300	
Expenses	92,106	27,550	76,380	
Total	143,752	46,970	121,680	



Board of Selectmen
John W. Hurd, Chairman
Kathleen Kiely – Dias, Vice-Chairman
Kevin Greeley
Annie LaCourt
Diane Mahon

Board Administrator
Marie Krepelka

Principal Clerk
(2 Full Time & 1- 6 hours per week)



Program Description

The Town Manager's Office implements town policy and provides management of all operational and supportive departments, excluding Treasurer/Collector, Assessor's, Town Clerk, Board of Selectmen and Comptroller / Data Processing Departments.

The Town Manager is responsible for the direct management and supervision of Public Works, Police, Fire, Human Services, Inspectional Services, Libraries, Planning and Community Development, Legal / Workers' Compensation, and Personnel. In addition the Town Manager's office is responsible for the capital and operating budget, the Annual Report, insurance, maintenance of all town properties including schools, legislative initiatives, policy recommendations to the Board of Selectmen, union negotiations and purchasing.

The department provides centralized procurement of all town equipment, supplies, construction, etc. in compliance with State law. It is responsible for purchase order processing; bid management (bid processing, contract administration as per applicable State statutes); assistance in review and approval of all Requests for Proposals (RFP), Request for Quotations (RFQ) and Bids; encouraging a mutually cooperative relationship with requesting departments acknowledging that successful purchasing is a result of team work .

FY 2007 Objectives

- Develop and improve new budget format.
- Ensure that the financial decisions made during Fiscal Year 2007 are consistent with the 5 year plan.
- Prepare Information Technology Plan.
- Improve Website by adding features and insuring that information is updated regularly.
- Monitor construction of Park Circle Fire Station.
- Develop capital plan at rink incorporating energy conservation
- Initiate planning process for the long-term viability of library services.
- Develop energy conservation strategy
- Monitor development of Symmes Hospital site
- Manage transition of Cable PEG access from public to private non-profit.

Budget Statement / Future Outlook

In the upcoming years, the Town Manager's Office will continue to work with all Town officials to maintain and improve the Town financial structure, in particular the budget process, and in improving the communication with the citizens on the town's overall financial condition and outlook.

Communication with the public will be a key goal in the Town Manager's Office as the website is improved and information is disseminated to the public through this and other print medium.

PROGRAM COSTS				
Town Manager	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	339,872	379,205	387,203	-
Expenses	18,387	15,500	15,500	
Total	358,260	394,705	402,703	

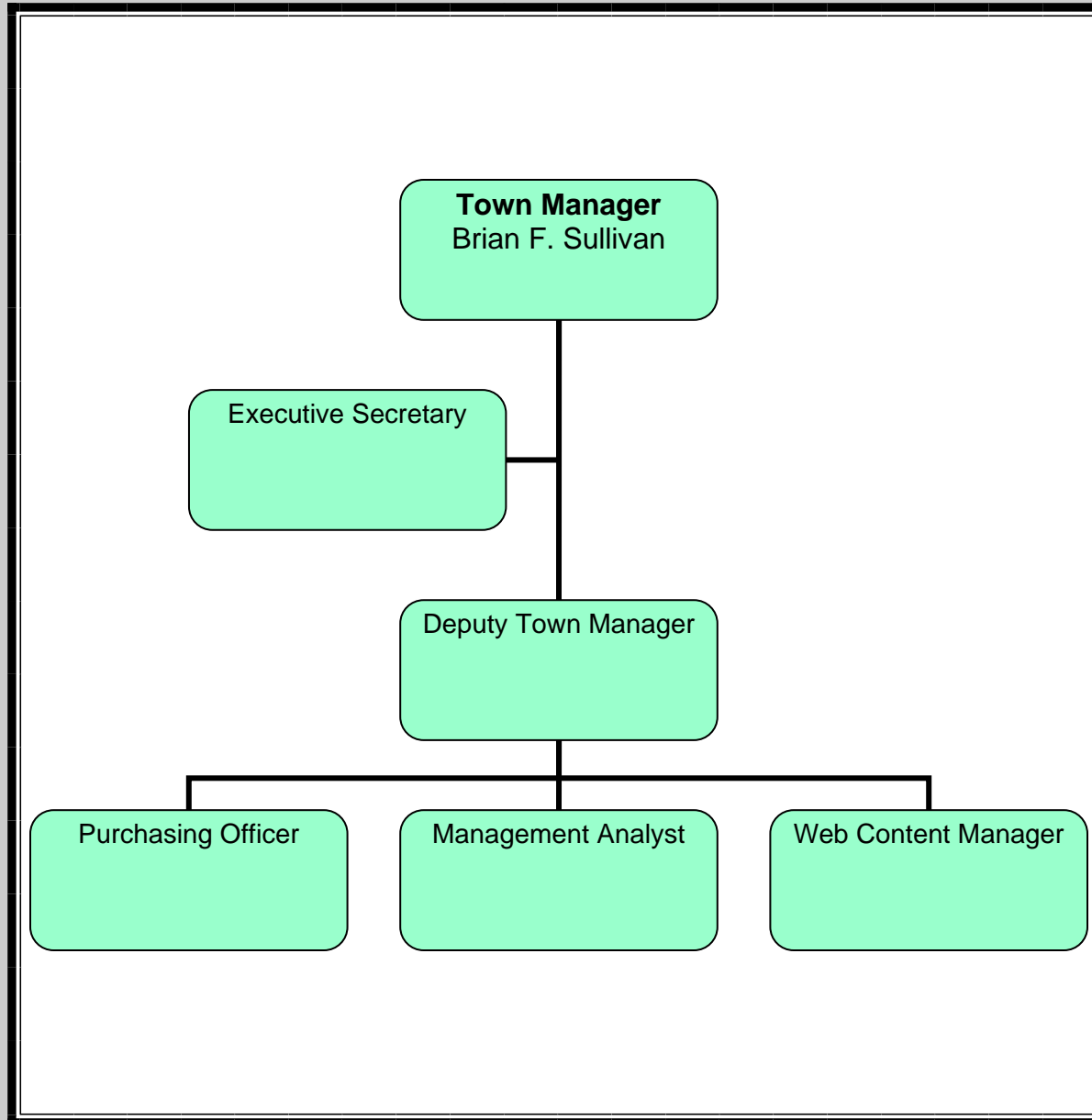
STAFFING				
Town Manager	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial	2	2	2	
Clerical	1.5	1	1	
Professional/Technical	1	2	2	
Web Content Manager- transferred from Comptroller				
Total	4.5	5	5	



Major Accomplishments for 2005

- Successful override and control on spending
- Working with the Information Technology Advisory Committee conducted a survey of citizens on the webpage and in response redesigned the site to provide for an intention based design.
- Successful passage of the Park Circle Fire Station reconstruction in 2006.
- Redesign of the budget presentation to provide more of a financial planning document for the town.
- Renegotiation of the Veterans' Memorial Rink lease with the State.
- Successful completion of several major projects - Reservoir Dam rehabilitation, Dallin Elementary School construction, Spy Pond Park improvements, Public Safety Building 911 Center renovation and installation of "reverse 911", McClennen Park completion and Pierce Field remediation and improvements completed.
- Processed 45 bids including the following major projects – Crosby Tennis Courts, Locke and Waldo Playgrounds, bleacher, press box and handicapped lift at Arlington High School Pierce Field, roof replacements at Fox Library and the Public Works building, and sidewalk and roadway repair

Performance / Workload Indicators				
	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Purchase Orders Processed	4,965	4,781	4,483	4,000
Bids Processed	39	45	41	45





Program Description

The Personnel Department administers the town's classification, compensation and benefits programs in compliance with Federal and State Labor Laws, along with local collective bargaining agreements. Additionally, the department deals with a wide variety of workplace issues and seeks to improve the quality and effectiveness of town services by recruiting the best employees, and reviewing and improving departments' organizational structures.

The department works to ensure the fair and equitable treatment of all town employees. The department administers health insurance and other benefits for all active town and school employees and all retirees. The department advertises position openings; screens, interviews, and selects the most qualified candidates for positions; maintains the Town's classification and pay plan and ensures compliance with Civil Service Laws, as well as federal employment laws. Administers Town's collective bargaining contracts; assists in negotiation and preparation for collective bargaining process, prepares memorandums of understanding with unions and finalized contracts. The department also addresses a wide range of employment matters including workplace investigations.

FY 2007 Objectives

- Work with Town's Information Technology Advisory Committee to develop computerized Personnel Action Form to greatly streamline all personnel actions.
- Implement Sexual Harassment Training program for all middle managers.
- Continue to look for ways to streamline information to assist in budgetary preparation and collective bargaining.
- Continue to ensure the integrity of our health insurance rolls and continue preparing for upcoming GASB unfunded health insurance liability reporting.
- Work with our health insurance carriers to continue to explore the implementation of wellness programs as a way to enhance the health of our employees as well as reduce the Town's health insurance costs.
- Meet new reporting requirements mandated by the new Medicare Part D Prescription Drug subsidy.

Budget Statement / Future Outlook

No significant budgetary changes are proposed in the upcoming year's budget.

PROGRAM COSTS				
Personnel	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	146,349	151,333	153,923	
Expenses	17,309	18,650	18,650	
Total	163,658	169,983	172,573	

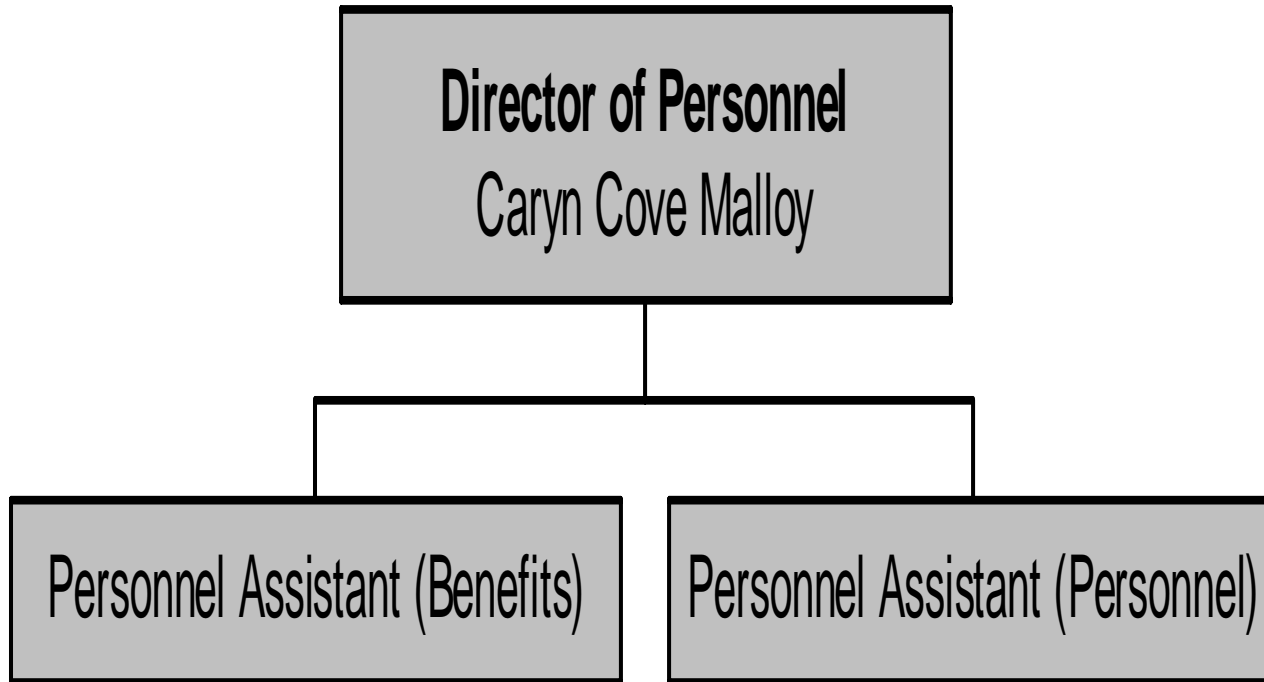
STAFFING				
Personnel	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial	1	1	1	
Clerical	2	2	2	
Professional/Technical				
Total	3	3	3	



Major Accomplishments for 2005

- Successfully completed the Town's first fully delegated civil service assessment center for the appointment of Fire Chief.
- Completed and submitted online highly complex Medicare Part D subsidy application tracking over 800 of our retirees by the October 31st deadline. Work completed without the use of outside consultants for a savings of over \$10,000.
- Worked with Blue Cross Blue Shield sponsoring wellness activities for Town employees including a second year of the Go Walking program as well as a specialized program for Public Works employees.
- Completed the fully audited health insurance database system allowing for greater auditing control and budget projection for enrollee costs. Fully transitioned enrollment actions from paper to web based systems through Harvard Pilgrim Health Plan and Blue Cross Blue Shield.
- Worked closely with the Affirmative Action Advisory Committee in ensuring compliance to the Town's Bylaws with regard to female and minority participation goals for construction projects exceeding \$200,000.
- Worked closely with Department Heads to successfully facilitate a number of disciplinary issues and workplace investigations.

Performance / Workload Indicators	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Health Insurance Contracts Managed	1,873	1,878	1,905	2,010
Life Insurance Contracts Managed	1,068	1,023	1,015	1,010
Life Insurance Claims Processed	*	25	25	25
Personnel Transactions	70	57	60	60
(Includes: resignations, promotions, vacancy postings and advertisements, interviewing, selection, and enrollment of new employees)				
*data not available as Town switched carriers mid fiscal year				





Program Description

The Comptroller's Office is responsible for the Towns 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 Information Technology and Telephone departments.

The Information Technology department is responsible for supporting, implementing and upgrading over three hundred personal computers, one hundred fifty printers, various servers, Town network infrastructure, Munis financial software system, integrated collection system and other various software packages.

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

FY 2007 Objectives

- Work with the Town Manager and Finance Committee to streamline the budget financial reporting.
- Upgrade the telephone call accounting system and generate meaningful reports for department heads.
- Provide additional training on the Munis financial software package.
- Continue to upgrade various personal computers and printers within the town offices.
- Continue to upgrade and enhance the Town's network structure.
- Implement specialized software to increase efficiency of IT staff in troubleshooting user's computer problems.
- Review and enhance various financial reports for town department heads and officials.

Budget Statement / Future Outlook

Computer support and license upgrades are the only major changes to the Information Technology department budget. Changes in the financial reporting have occurred due to federal and state regulations.

In the upcoming years, the Comptroller's and Information Technology department will continue to work with the Town Manager and Finance Committee to streamline the annual budget process. The Information Technology department will continue to upgrade the Town's network and institute efficiencies to assist end users.

PROGRAM COSTS				
Comptroller	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	579,767	548,438	614,500	
Expenses	261,469	263,145	272,268	
Total	841,236	811,583	886,768	

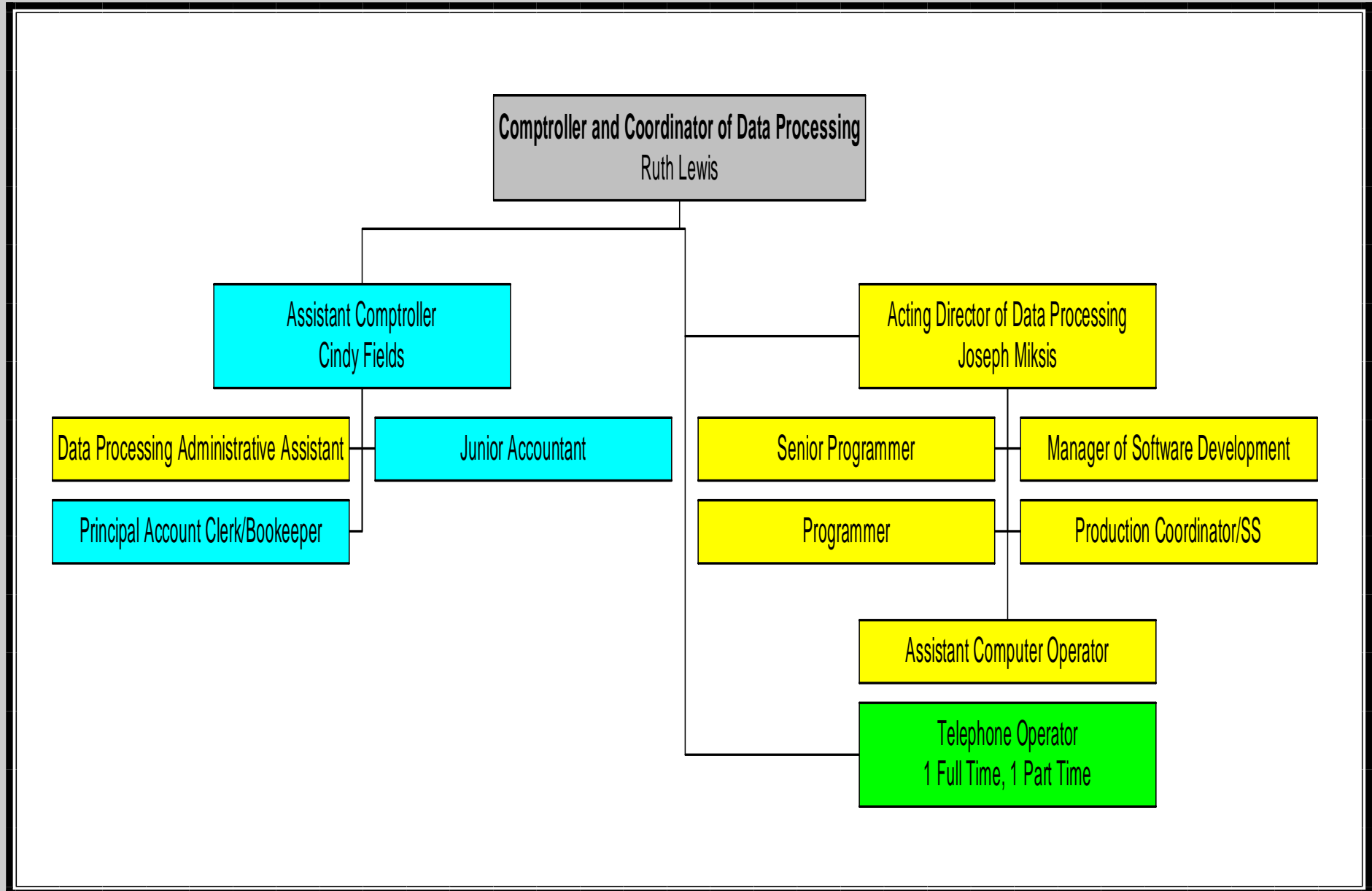
STAFFING				
Comptroller	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial	2	2	2	
Clerical	5.6	5.6	5.6	
Professional/Technical	4.5	4	5	
Total	12.1	11.6	12.6	



Major Accomplishments for 2005

- Upgraded telephone software system and implemented recommendations from the telephone study done by TCM Management Consultants.
- Updated anti-virus and intrusion detection software in conjunction with ongoing network upgrade project.
- Successfully negotiated a new three-year contract for the Town audit at no additional cost to the Town even though the scope of the audit has increased.
- Closed books on a timely basis and had town audit and free cash certified by September 1st.
- Upgraded Treasurer's Integrated Collection System, making it more responsive and reliable.
- Integrated new water meter system into Treasurer's Integrated Collection System.
- Extracted and updated existing student data from the old school administration system so it could be added to the new school administration system.
- Implemented automated backup system that backs up data from all servers to one tape on a nightly basis.

Performance / Workload Indicators				
	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Accounting				
General ledger entries	93,372	93,091	95,000	95,000
Purchase Orders	4,965	5,125	5,200	5,200
Accounts Payable batches	846	895	900	900
Information Technology				
Computer Upgrades	60	67	53	50
Printer Upgrades	15	18	20	20
Police Cruiser upgrades	2	10	1	-





Program Description

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

- Responsible for the billing and collection of all Real Estate & Personal Property, Motor Excise, Water & Sewer accounts and miscellaneous departmental receivables. Payments are made over the counter and through the mails.
- Receives deposits from all departments that charge fees or receive revenue. Assists these departments in the collection of delinquent accounts.
- Responsible for the Investment of all Town revenues, this includes the General Fund, Trust Funds, and Retirement Funds.
- Determine cash management needs to meet vendor and payroll warrants.
- Supervise and direct all short and long-term borrowings.
- Manage the relationship with finance professionals providing custodial, investment and banking services to the Town.
- Administer all phases of the Arlington Dollars For Scholars tax check-off scholarship program.
- Provide quality customer service to all Town residents in the performance of the above-described duties.

FY 2007 Objectives

- Expand Treasurer website to accommodate payments online for real estate, motor excise and parking tickets.
- Redesign all tax bills to 8-1/2 x 11 that would print in-house.
- Create an in-house scholarship program to assist with the management and awarding of scholarships.

Budget Statement / Future Outlook

The Treasurer's office will be experiencing a change in the leadership for the first time since 1972, due to the retirement of John Bilafer, Treasurer. This could bring substantial changes to the operations of the Department.

Several years ago the department centralized town and school payroll operations at the Arlington High School. One of the payroll clerks was paid out of the Treasurer's office. The retirement of this individual resulted in the payroll function being funded within the school budget and that position has been eliminated from the Treasurer's budget.

PROGRAM COSTS				
Treasurer	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	482,096	480,109	432,772	
Expenses	104,142	109,531	116,754	
Total	586,238	589,640	549,526	

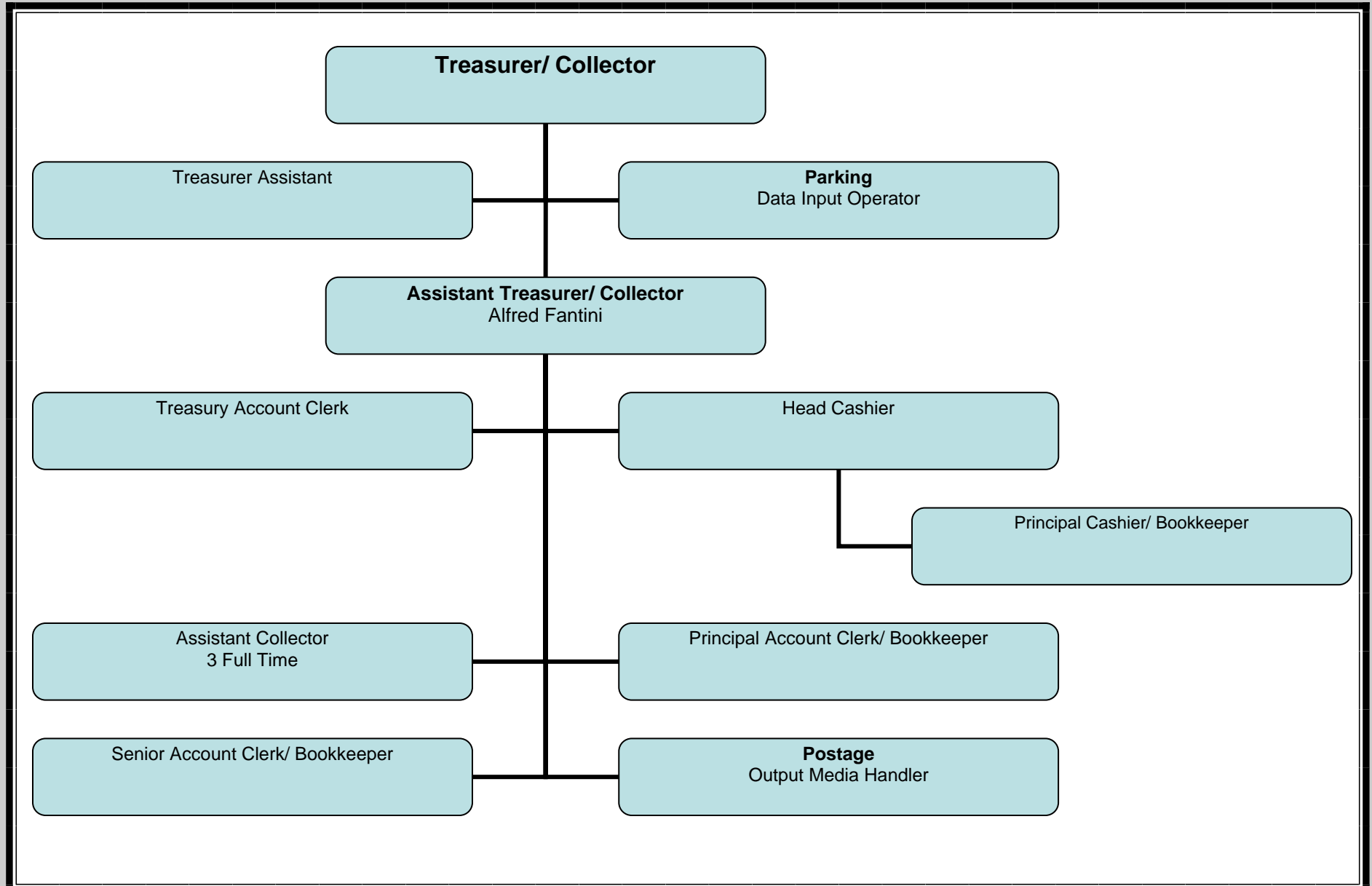
STAFFING				
Treasurer	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial	2	2	2	
Clerical	9.2	9.2	8.1	
Professional/Technical				
Total	11.2	11.2	10.1	



Major Accomplishments for 2005

- Continued to send out all bills for Real Estate, Motor Excise, and Water & Sewer on time. Maintains the lowest outstanding real estate and personal property taxes of any community in the Commonwealth.
- Created a website dedicated to Treasurer's office functions- (<http://www.arlingtontreasurer.com/>) where citizens can look up bill information for all amounts due the Tax Collector.
- In FY 2005 our office was active borrowing funds for various purposes: Symmes, Schools, Water & Sewer bonds, general obligation bonds, and, most notably, we refinanced an outstanding loan to create savings for the Town.
- The Town's scholarship program continued to be a success. Citizens have been active in establishing scholarship programs with the minimum contribution of \$10,000.
- Advertised delinquent Real Estate taxes within the fiscal year.

Performance / Workload Indicators				
	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Real Estate Bills Processed	60,000	60,000	60,000	60,000
Motor Excise Bills Processed	40,000	40,000	40,000	40,000
Water Sewer Bills Processed	25,000	25,000	25,000	25,000
Liens from Water Sewer delinquency (less than .02% of total commitment)	\$ 69,766	\$ 51,127	\$ 52,000	\$ 50,000
Lien Certificates processed	2,210	1,451	1,500	1,500
Lien Certificate revenue	\$ 55,250	\$ 36,500	\$ 37,000	\$ 37,000
Deputy Tax Collection revenue	\$ 104,763	\$ 118,529	\$ 110,000	\$ 110,000





Program Description

The Postage office is a division of the Treasurer/Collector's office. It is responsible for the collection and mailing of all School and Town mail at the lowest possible postage rates. The following is a detail of the responsibilities of the department:

- The pick-up and processing of all Town and School outgoing mail.
- Scheduling, stuffing, and processing of all Motor Excise, Real Estate, Water, and Parking bills; process special mailings for other departments.
- Scheduling and processing all bulk mailing.
- Operating major mailing equipment-stuffing machine, folding machine, and regular postal machine.
- Interpretation of postal regulations.
- Act as liaison to Arlington Post Office.
- Offers advice on mail design to departments.

FY 2007 Objectives

- Design bills in-house for Real Estate, Motor Excise, and Water.
- Planned capital purchase of new stuffing and mailing machine. Stuffing machine is over 15 years old.
- Continue to review all departments' usage of mail to find ways for reductions.

Budget Statement / Future Outlook

Postal costs increased by 2 cents effective January 1, 2006.

PROGRAM COSTS				
Postage	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	23,952	26,409	23,848	
Expenses	101,980	117,186	118,634	
Total	125,932	143,595	142,482	

STAFFING				
Postage	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial				
Clerical	0.6	0.6	0.7	
Professional/Technical				
Total	0.6	0.6	0.7	



Major Accomplishments for 2005

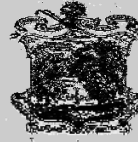
- Continue to provide exceptional service to all departments.
- Sends mail out at the lowest possible postage.
- All mail gets processed the same day received.
- Mailings go out at the lowest postage cost.
- Mailings of tax bills are timely, thus avoiding lose of revenue opportunities.
- Use special endorsement on mail so that undeliverable mail gets returned to us so we can research for good address.

Performance / Workload Indicators				
	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Bills mailed: Real Estate, Water/Sewer, Motor Vehicle Excise and Parking	146,879	147,685	147,000	147,000
Other Town Mailings	131,847	131,151	131,000	131,000
Other School Mailings	68,495	63,333	63,000	63,000
Total:	347,221	342,169	341,000	341,000



Assistant Treasurer
Alfred B. Fantini

Output Media Handler



Program Description

The Assessors office is responsible for complying with Mass. General Laws and Department of Revenue guidelines in all assessing functions. The office determines the assessed values for all Real Estate & Personal Property accounts and, working with the Treasurer's office, administers all automobile excise accounts and abatements. The office is responsible for all statutory real estate exemptions, all real estate abatements, and water and sewer abatements. The office determines the tax levy and all real estate and personal property growth. The office provides timely commitments of real estate, personal property and automobile excise taxes to the Treasurer for collection, and information to the Finance Committee and other Departments as needed. The office provides quality service to all customers in the performance of the above-described duties.

FY 2007 Objectives

- To complete FY 2007 triennial revaluation in an accurate & timely manner.
- To maintain fair, equitable and consistent assessing practices for all.
- To continue to update real estate software with digitized pictures of all real property.
- To enhance the assessor's web site for all citizens.
- Continue reviewing all functions in the Assessors Office in order to serve the taxpayer more efficiently.

Budget Statement / Future Outlook

The budget for FY 2007 is a level service budget.

PROGRAM COSTS				
Assessors	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	254,468	262,644	263,834	
Expenses	25,063	25,800	25,800	
Total	279,532	288,444	289,634	

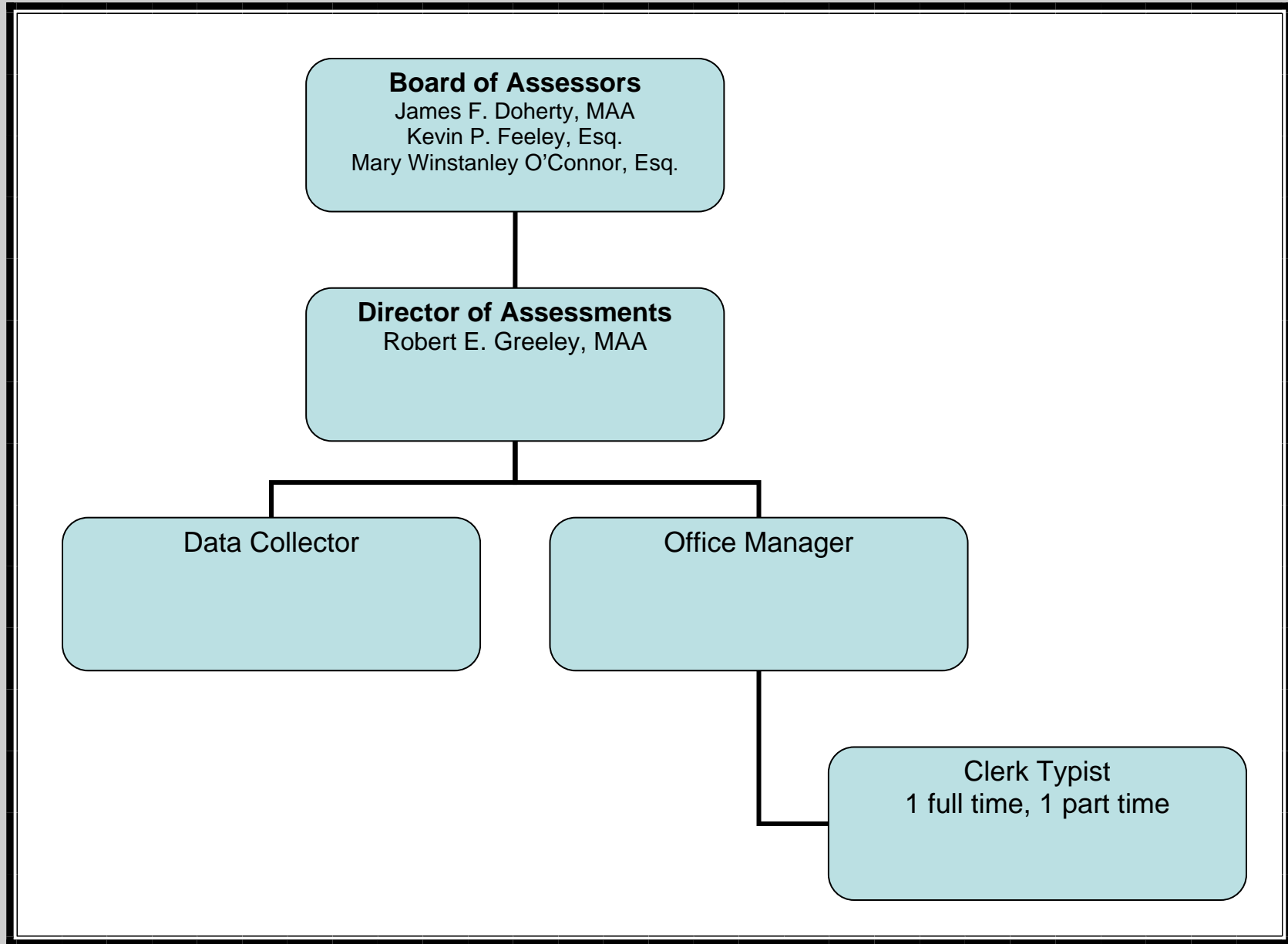
STAFFING				
Assessors	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial	1	1	1	
Clerical	4	3.7	3.7	
Professional/Technical				
Total	5	4.7	4.7	

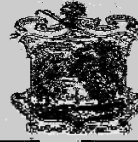


Major Accomplishments for 2005

- Committed all bills for Real Estate, Personal Property, and Motor Excise taxes in a timely fashion.
- Implemented new appraisal software system for Real Estate.
- Streamlined office functions to expedite customer requests.
- Provided web access for all assessments, property data, and financial information relevant to the town.

Performance / Workload Indicators				
	FY 2004	FY2005	FY2006	FY2007
	Actual	Actual	Estimated	Estimated
Real Estate Bills processed	14,100	14,400	14,600	14,700
Motor Vehicle bills processed	3,900	40,000	41,000	42,000
Personal Property bills processed	525	500	550	550
Real Estate exemption applications	700	700	800	800
Real Estate and Personal Property Abatements	400	200	300	200
Motor Vehicle Excise abatements	4900	5000	5500	5500
Citizen Inquiries	7,900	8,000	8,000	8,000





Program Description

The Legal Department commences, prosecutes and defends all legal actions and other matters on behalf of the Town in all state and federal courts and administrative agencies. The department functions as a full-service law office handling nearly all of the Town's litigation in-house. In addition to its litigation function, the department furnishes legal opinions and advice on a daily basis on matters referred to it by the Board of Selectmen, the Town Manager, the School Department and the various town department heads. Additionally, the department provides legal advice to all town officials, boards, committees and employees concerning their legal responsibilities and prerogatives, attends meetings and counsels town departments on legal issues related to operational and project-related matters as they arise. The department investigates all claims, advises and monitors town regulatory compliance and coordinates all legal affairs of local government. The department also administers, manages and litigates the entire town's workers' compensation, police and fire line-of-duty and municipal liability self-insurance programs.

The Town Counsel as Director of Labor Relations represents the Town Manager as the town's agent in collective bargaining with six employee unions. These duties include supervision of negotiations, contract administration, and grievance arbitration proceedings. The Town Counsel also drafts and prepares warrant articles and votes at Town Meeting.

The department drafts, reviews and approves a wide range of legal instruments including applications, contracts, licenses, releases, leases, easements, deeds and a multitude of other documents required for the orderly accomplishment of the town's increasingly complex daily legal municipal issues.

Budget Statement / Future Outlook

It is anticipated that several cost intensive litigation matters will place a strain on the budget. Additionally, the ongoing regional increase in the cost of hospital and medical services continues to be of concern regarding both line-of-duty and workers' compensation related expenses. In response thereto, the department has increased its efforts in both safety awareness and cost containment with the objective of maintaining the town's claims/loss to a minimum.

FY 2007 Objectives

The Legal Department expects to take a leading role under the supervision of the Town Manager in an effort to:

- Successfully negotiate all town-side contracts which currently expire on June 30, 2006. A central goal will be to work cooperatively with the unions to address how healthcare costs, which impact both the town and its employees to a significant degree, can be controlled.
- Provide substantial assistance to the Redevelopment Board in its continuing efforts to finalize the development of the Symmes site, which will include taking a lead role in successfully defending the Board and the Town in any litigation arising from such development.
- Provide assistance, in conjunction with the Cable Advisory Committee, to the Board of Selectmen, in its capacity as the town's cable licensing authority under Federal and State law, in regard to the possible renewal of Comcast's cable license which expired in October of 2005. In conjunction with outside counsel, pursue adjudicatory hearings before the Federal Environmental Protection Agency and the State Department of Environmental Protection in order to eliminate the Somerville and Cambridge combined sewer outflows into Alewife Brook, which when activated have caused considerable flooding of untreated effluent near many homes in East Arlington.

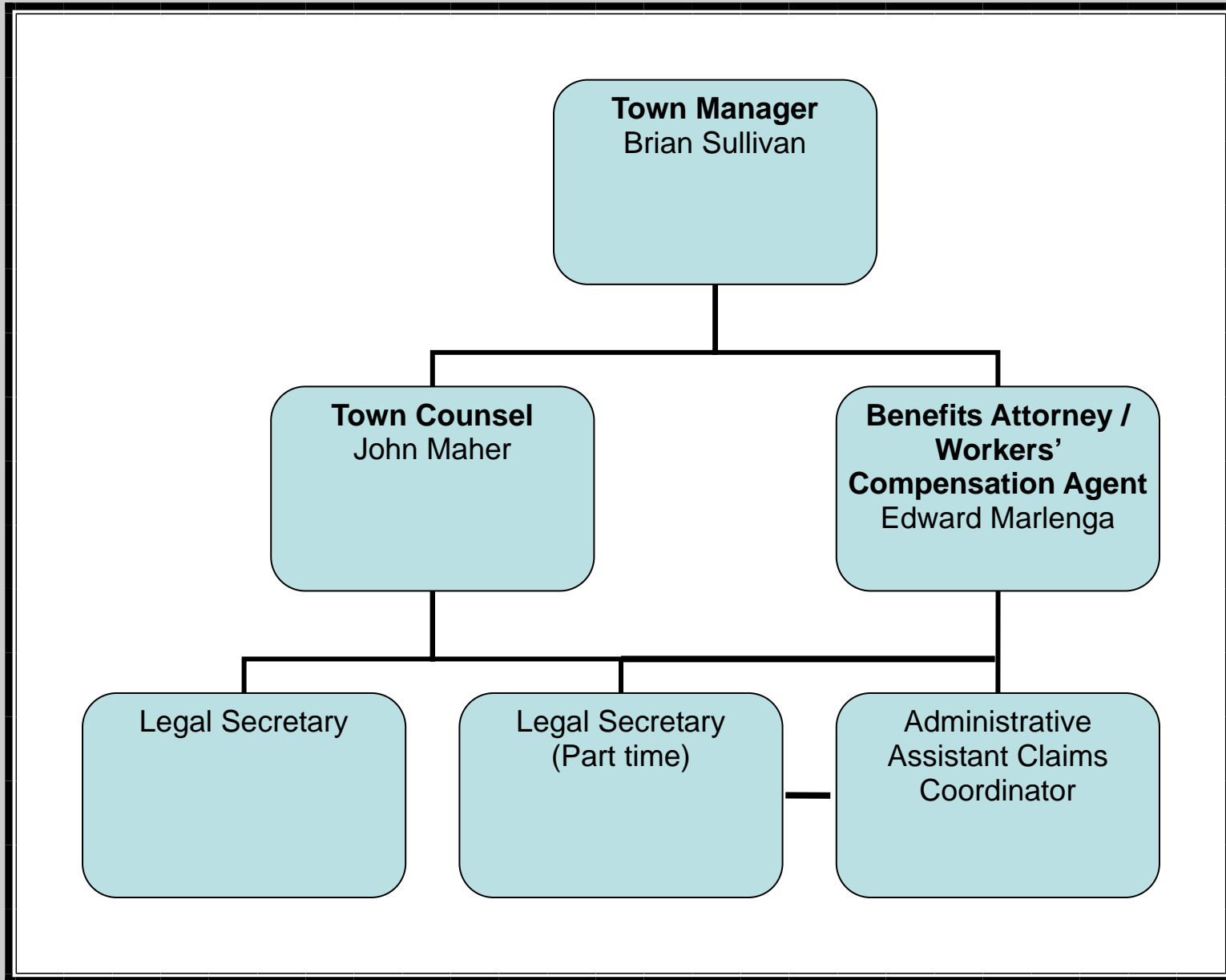
PROGRAM COSTS				
Legal	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	327,038	328,599	324,997	
Expenses	436,873	442,696	442,698	
Total	763,911	771,295	767,695	

STAFFING				
Legal	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial	2	2	2	
Clerical	1.5	1.5	1.5	
Professional/Technical	1	1	1	
Total	4.5	4.5	4.5	



Major Accomplishments for 2005

- Appeared regularly in the courts of the Commonwealth for hearings on motions, including many significant dispositive motions and successful hearings and trials.
- Provided representation to the Town in several arbitrations and administrative agencies proceedings with successful conclusions.
- Instituted a new program to manage prescription benefits for the town's injured employees. The program resulted in the maximization of generic substitutions, greater control authorization for drugs outside the town's formulary design and reduced costs commencing at the point of fill.





Program Description

The Town Clerk's office ensures accurate compliance with constantly changing State laws relative to the Town Clerk and Registrars of Voters and provides efficient and courteous service to the general public. The departments primary responsibilities are the following:

- Conduct and certify all primaries and elections
- Record and certify votes at Town Meetings
- Record, file, index and certify all documents, licenses, permits and vital statistics, such as births, marriages, deaths, business and raffle certificates, dog and sporting licenses.
- Conduct annual census.
- Certify nomination papers, petition forms, residency, voter certificates and warrant articles.

FY 2007 Objectives

- Since the General Laws of Massachusetts and the Secretary of State govern our office, we are limited in the implementation of new procedures
- Continue cross-training, with particular emphasis on backing up registrar's office
- One in-house initiative will be implementation of a new licensing procedure that is in the initial planning stages Reviewing the feasibility/cost of "in-house" census packaging, mailing and associated services
- Continue to work with all town and the Secretary of State's office in order to provide the level of quality service for which this office is known

Budget Statement / Future Outlook

The budget for FY 2007 is a level service budget.

PROGRAM COSTS				
Town Clerk	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	192,677	186,528	192,214	
Expenses	24,751	25,200	25,200	
Total	217,429	211,728	217,414	

STAFFING				
Town Clerk	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial	1	1	1	
Clerical	2.45	2.45	2.45	
Professional/Technical	1	1	1	
Total	4.45	4.45	4.45	



Major Accomplishments for 2005

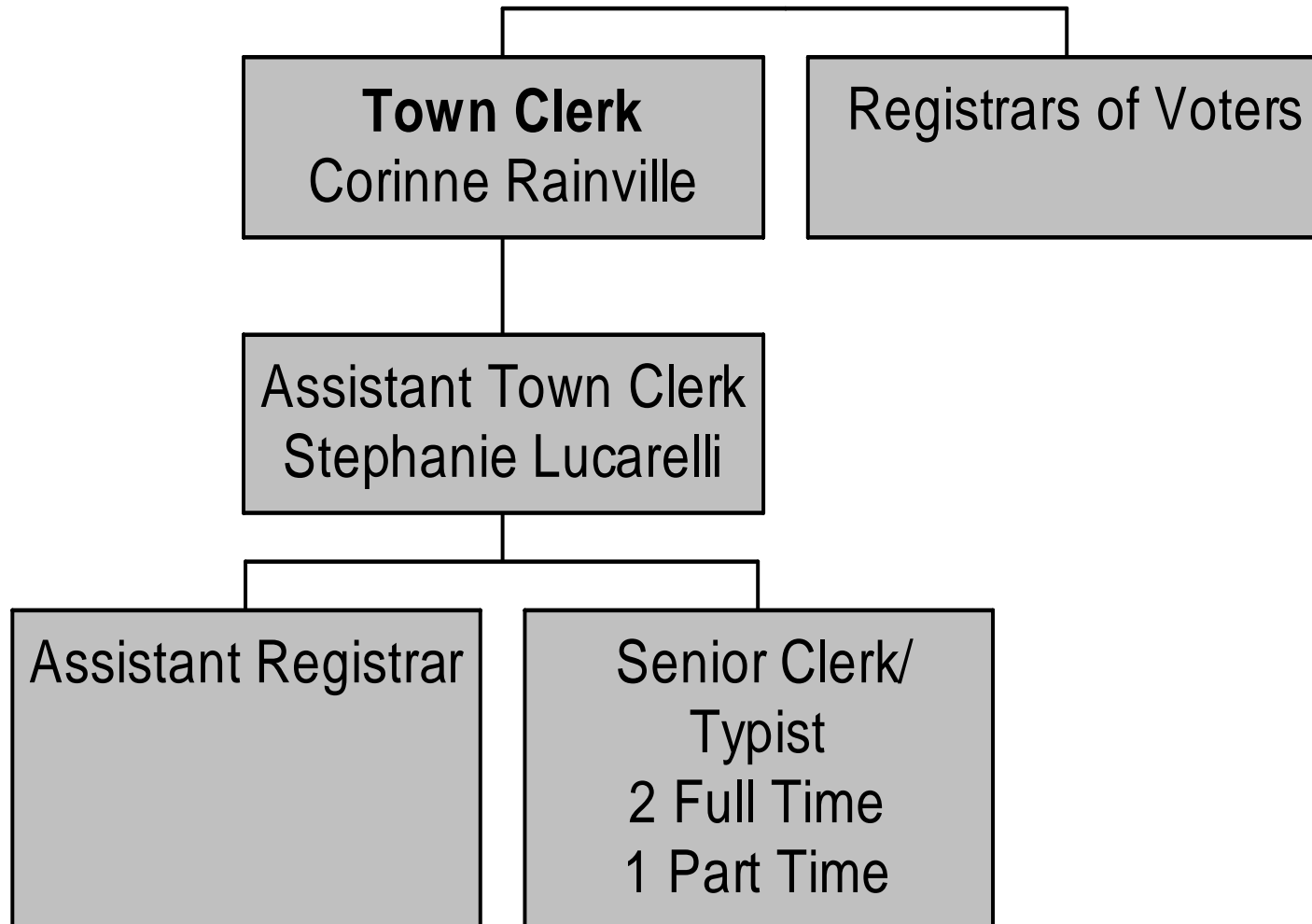
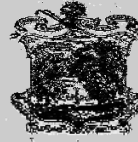
- Maintained an adequate level of service in the Registrars of Voters, despite the office having only one Assistant Registrar
- Effectively conducted the Special Town Election (Override) with a state-wide mandatory shut down of the State VRIS Computer System
- Increased fees have generated \$15,585 in additional revenue to the Town

<u>2004</u>	<u>2005</u>
\$68,656.81	\$84,241.45

Performance / Workload Indicators				
	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Marriage Licenses	371	224	250	275
Death Certificates	367	326	350	370
Birth Certificates	520	463	480	500
Dog Licenses	989	1,031	1,070	1,100
Sporting (Conservation) Licenses	286	262	280	300
Town Meeting Sessions	12	12	12	12
Special Town Meeting Sessions	3	2	2	2
Registered Voters	29,841	28,844	29,200	29,500

PROGRAM COSTS				
Board of Registrars	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	44,389	43,187	43,187	
Expenses	13,627	15,100	15,100	
Total	58,016	58,287	58,287	

STAFFING				
Board of Registrars	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial				
Clerical	1	1	1	
Professional/Technical				
Total	1	1	1	





Program Description

The Parking Division is a division of the Treasurer's office and is responsible for the timely processing and collection of parking tickets issued. Those responsibilities include:

- The collection of parking tickets issued by the police department.
- The collection and processing of all monies received from parking meters.
- Billing of delinquent parking tickets.
- Resolve disputes through an established hearing process.
- The on-line marking and clearing of delinquent parking tickets thru the Registry of Motor Vehicles.
- Managing and repairing four parking machines in Town.

FY 2007 Objectives

- Installation of four new parking meters.
- Better signage in business districts to explain parking rules.

PROGRAM COSTS				
Parking	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	70,786	71,222	71,221	
Expenses	10,780	15,875	19,545	
Total	81,566	87,097	90,766	

Budget Statement / Future Outlook

Cost of printing parking tickets has increased.

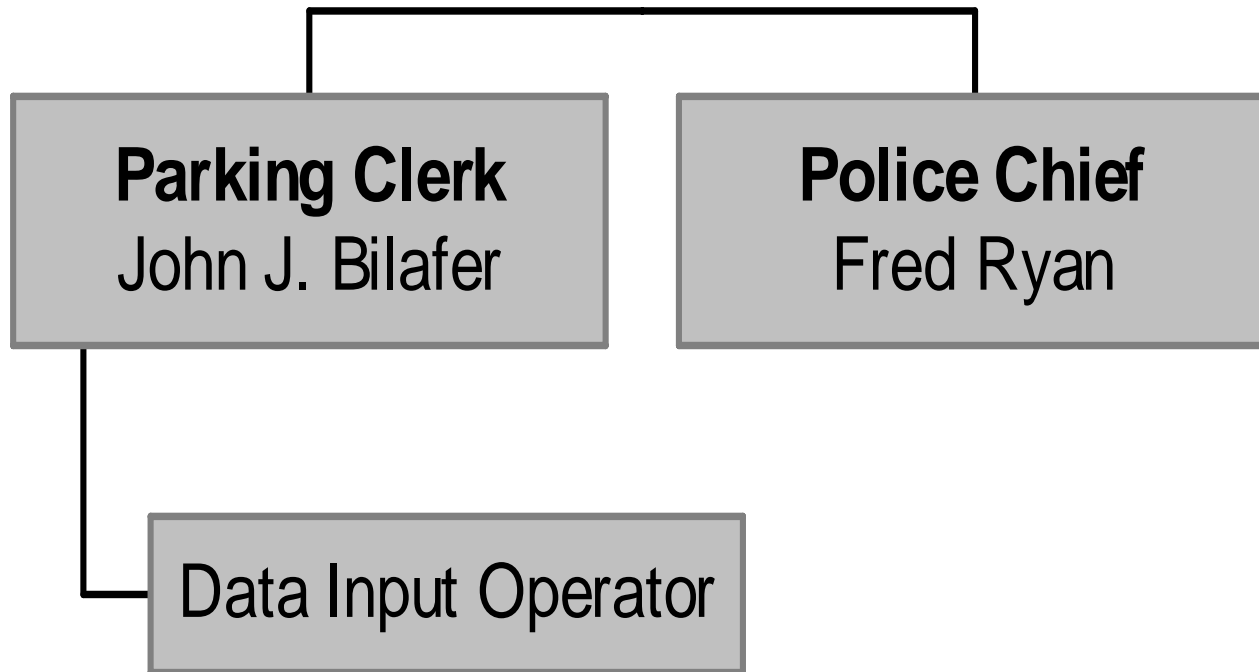
STAFFING				
Parking	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial				
Clerical	1	1	1	
Professional/Technical	1PT	1PT	1PT	
Total	2	2	2	



Major Accomplishments for 2005

- Training new police officers in areas of parking ticket management.
- Continuation of strong customer service through the practice of holding evening hearings.
- Developed and implemented uniform handicapped parking signage in the business districts in Arlington.
- Parking permits program, originally in the Selectmen's office has been transferred to the Treasurer's Department.

Performance / Workload Indicators				
	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Number of tickets issued*	19,820	16,353	16,000	16,000
Revenue	\$ 334,694	\$ 337,768	\$ 340,000	\$ 340,000
Meters Collected	\$ 49,691	\$ 53,028	\$ 50,000	\$ 50,000
Parking Stickers	\$ 115,368	\$ 104,302	\$ 105,000	\$ 105,000
* Increased fees for parking tickets has decreased violations.				





Program Description

The Planning Department's responsibilities are to discern the public interest and direct compatible land development and redevelopment. The department conducts planning studies, implements plans and policies, supports the Arlington Redevelopment Board, manages properties and projects, increases affordable housing and obtains grants to aid in the above. Major projects under the jurisdiction of the Planning Department and Redevelopment Board include the development of the Symmes Hospital site, the management of several school buildings which have been temporarily declared surplus, including the Parmenter, the Gibbs, the Central, the Crosby and the former Dallin Library.

FY 2007 Objectives

- Install 22 new catch basins to improve water quality in Spy Pond.
- Begin restoration of 23 Maple Street building
- Seek funding for Arlington Center and East Arlington streetscape improvements.
- Close on sale of Symmes property
- Symmes Project provides positive return to Town.
- Obtain Mass Highway approval for two Mass Ave Corridor projects

Budget Statement / Future Outlook

Expect no significant changes to past budget trends.

PROGRAM COSTS				
Planning & Community Development	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	200,254	227,159	200,681	
Expenses	4,265	4,870	4,870	
Total	204,519	232,029	205,551	

STAFFING				
Planning & Community Development	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial	1	1	1	
Clerical	0.5	0.5	0.5	
Professional/Technical	1.45	1.45	1.45	
Total	2.95	2.95	2.95	



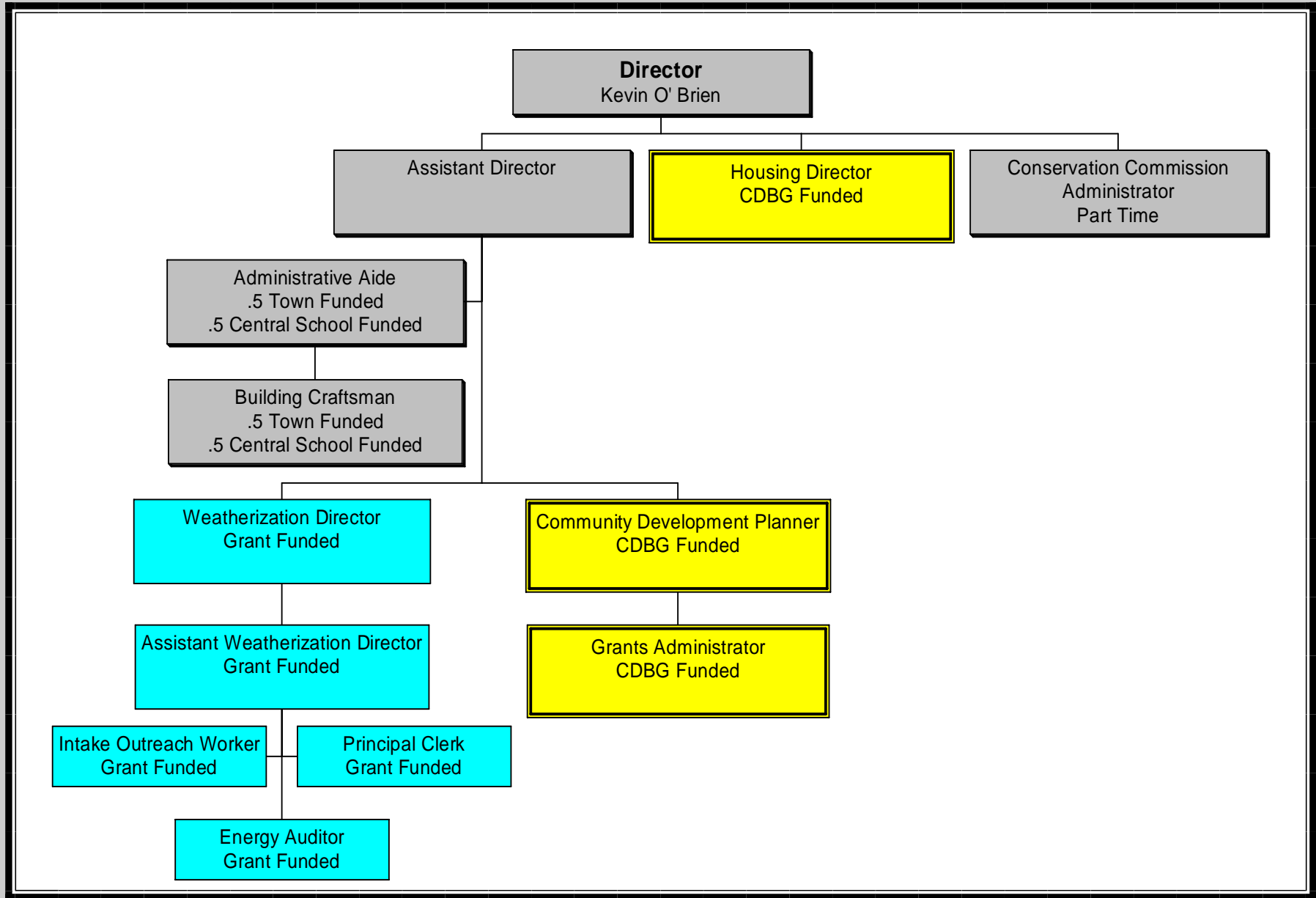
Major Accomplishments for 2005

- Permitted construction of 245 units of housing (Symmes) (15% of which is affordable)
- Completed the second and final phase of Reed's Brook (McClennen Park) redevelopment including construction of skate-park.
- Continued to obtain \$15 of outside grants for each \$1 appropriated for the department
- Managed over 200,000 square feet of real estate for the Town with over \$100,000 of net operating income after expenses
- Enabled the purchase of 2 two-family homes to provide affordable housing for 4 families
- Installed 26 leaching catch basins (11 in Belmont) to improve water quality in Spy Pond.

Performance / Workload Indicators				
	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Room rental fees	\$ 9,000	\$ 10,000	\$ 8,000	\$ 8,000
Evening Meetings attended	225	250	270	250
Out of Town Meetings Attended	40	50	70	70
Grant Applications submitted	3	3	6	6
Sign Permit Applications Reviewed	50	50	60	60
Contracts negotiated and administrated	10	8	10	12
Zoning Board Applications reviewed	18	18	18	18
Citizen inquiries	200	200	150	150
CDBG Funds Administered	\$ 1,577,000	\$1,558,000	\$1,462,000	\$1,332,000

PROGRAM COSTS				
Redevelopment Board	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	26,066	28,001	28,201	
Expenses	7,502	9,750	9,750	
Gibbs	218,786	226,900	226,900	
Parmenter	50,520	66,800	66,800	
Crosby	64,095	70,300	70,300	
Dallin Library	-	6,100	6,100	
Total	366,969	407,851	408,051	

STAFFING				
Redevelopment Board	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial				
Clerical				
Public Works	0.5	0.5	0.5	
Total	0.5	0.5	0.5	





Program Description

The Zoning Board of Appeals interprets and enforces the Zoning Bylaw for the Town of Arlington. Hearings are generally held on the second and fourth Tuesdays of the month as needed. The Board is comprised of 3 members – the chairman and two associate members who listen to testimony and render decisions based on a unanimous vote of the board. It is the Board’s responsibility to issue the legal documentation required relative to the granting or denial of each petition. There are also two alternate members who may sit in absence of a regular member.

FY 2007 Objectives

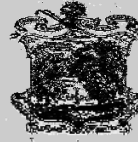
- Work with the Inspections Division and Planning Department to better utilize web based and electronic processing of zoning information.
- To successfully complete the town’s first Comprehensive Permit submittal under Massachusetts General Laws, Chapter 40B, Sections 20 through 23 by Minutemen Village, LLC regarding the property located at 40-42 Brattle Street.

Budget Statement / Future Outlook

The Zoning Board of Appeals anticipates no major changes to its budget. The application fee has been increased from \$250 to \$400 and the Zoning Board members agreed to forfeit their salary of \$10 per hearing due to recent budget restraints.

PROGRAM COSTS				
Zoning Board of Appeals	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	16,813	18,819	17,865	
Expenses	3,180	4,103	4,103	
Total	19,993	22,922	21,968	

STAFFING				
Zoning Board of Appeals	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial				
Clerical	0.5	0.5	0.5	
Professional/Technical				
Total	0.5	0.5	0.5	



Major Accomplishments for 2005

The Zoning Board of Appeals processed twenty petitions for Special Permits and/or Variances.

Performance / Workload Indicators				
	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Applications	18	20	25	20
Revenue	\$ 4,500	\$ 8,000	\$ 10,000	\$ 8,000



Zoning Board of Appeals
3 Member Board
2 Associate Members

Principal Clerk
Part Time

PUBLIC WORKS



PUBLIC WORKS • STREETLIGHTS



Program Description

Public Works comprises 8 separate budgeted divisions which all work cooperatively to maintain the town's infrastructure. Public Works is responsible for all town roadways, parks, playgrounds, buildings including the schools, and cemeteries.

The divisions are:

- Administration
- Engineering
- Cemeteries
- Natural Resources (Parks, Trees, Cemetery)
- Properties (Building Maintenance, Custodial)
- Highway
- Motor Equipment Repair
- Water /Sewer

The department is responsible for nearly 100 miles of public ways, 250 miles of water and sewer pipes, over 75 miles of storm drains and over 3,500 catch basins. In addition to this extensive infrastructure the department manages contracts for solid waste collection and disposal. The department prepares plans for many construction projects like water main rehabilitation program. The department is responsible for the maintenance of over 150 vehicles and maintains over 18,000 street trees. Staff of the department also maintains all public buildings and facilities as well as provides custodial services to these buildings. It is a constant challenge for the department to provide citizens, boards, commissions and other departments with superior service and support through the consistently managed efforts of its divisions.

Budget Statement / Future Outlook

The department has asked for an increased appropriation for utilities and fuel due to escalating costs. Increased regulatory activity by State and Federal environmental regulators in areas of watershed protection, finished drinking water treatments and filtration, storm drain run-off controls, wetlands protection and hazardous materials clean-up programs will continue to add costs to municipalities infrastructure rehabilitation programs in the next few years.

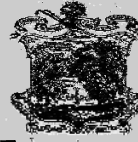
The area of customer service is an issue for the department with the ever-increasing demand for service placed on the department. Lack of staff to achieve this is of great concern.

PROGRAM COSTS				
Public Works	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	2,517,725	2,311,617	2,307,148	
Expenses	4,527,419	4,035,189	4,179,374	
Total	7,045,144	6,346,806	6,486,522	

STAFFING				
Public Works	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial	4	4	4	
Clerical	5	5	5	
Professional/Technical	4	4	4	
Public Works	58.62	58.62	58.62	
Total	71.62	71.62	71.62	

PROGRAM COSTS				
Public Works Administration	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	244,430	214,570	213,145	
Expenses	20,140	13,200	13,700	
Total	264,570	227,770	226,845	

STAFFING				
Public Works Administration	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial	2	2	2	
Clerical	4	4	4	
Professional/Technical				
Public Works	1	1	1	
Total	7	7	7	



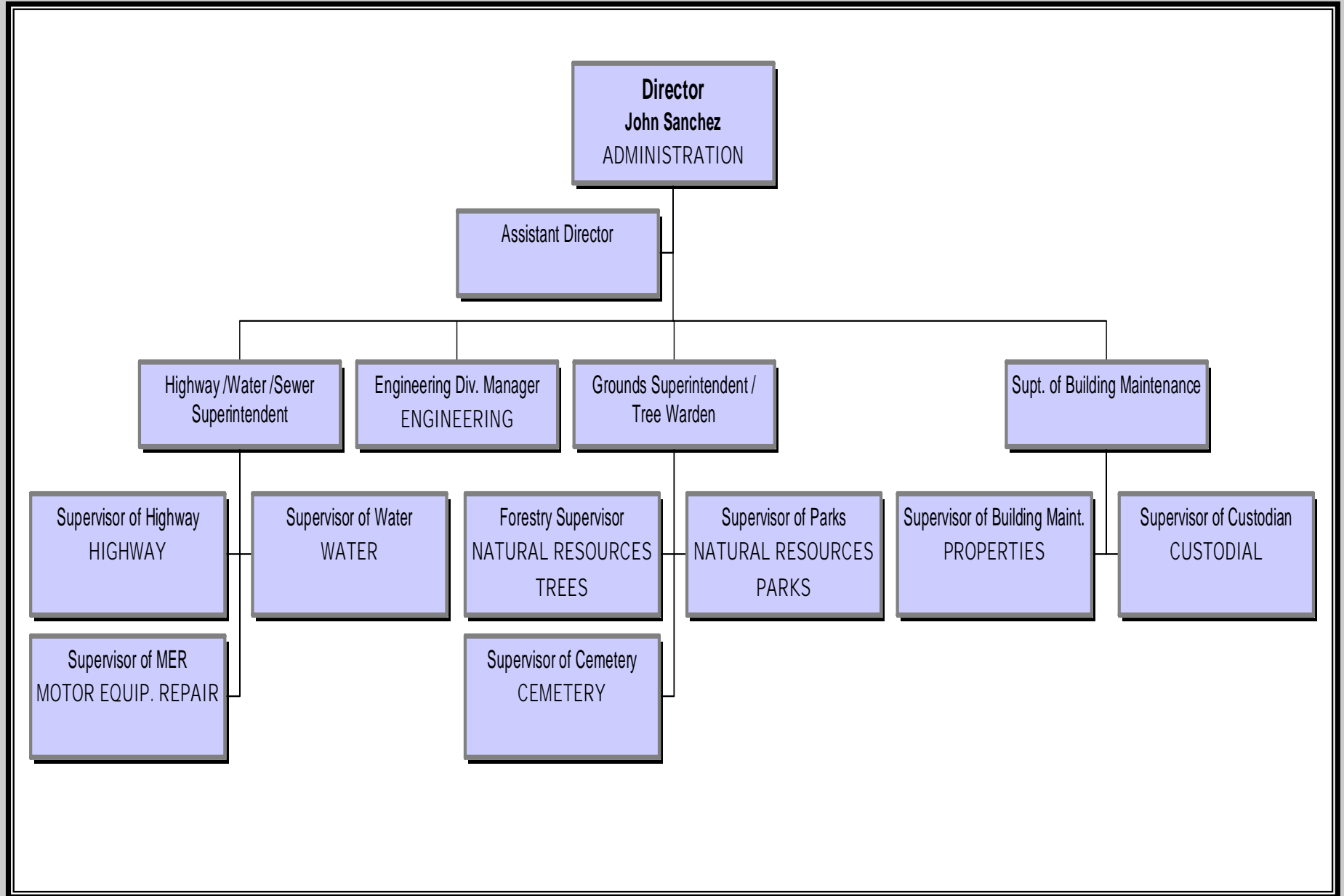
FY 2007 Objectives

- Provide cost estimates and financial justifications, initiate design through in-house and engineering consultants, make recommendations for funding for the following initiatives:
 - Water Main Replacement Program
 - Updated water meter reading technology
 - Asset Management System for the sewer collection system
 - Pavement Management Program
- Modify current policies to improve our response in the following areas:
 - Continued State DEP Lead and Copper Limits compliance
 - Public Education Program and Web Site development
 - Improve solid waste recycling results
 - Reestablish Safety Committee in order to minimize the number of workplace injuries
 - Develop Field Maintenance plan to assist in maintenance activities of all fields in town.
- Seek funding for roadway improvements from MA Highway
- Cemetery Expansion – develop a strategy to meet future cemetery needs.
- Manage the streetlight and traffic light contracts that are now the responsibility of the department.

Major Accomplishments for 2005

- Continued personnel training, education, and certification program in particular emphasis on commercial drivers licenses (CDL's) and hoisting licenses.
- Provided project management services for the following projects:
 - Reservoir Dam Repairs,
 - Summer Street Reconstruction
 - Garage doors at DPW facility
 - Town Hall Renovations, Auditorium
- Conducted a "Snow School" for all employees involved with our snow and ice control operation
- Took over responsibility for playing field opening/closing procedure
- Rejuvenated the beautification program for traffic islands through the use of sponsors/volunteers

Performance / Workload Indicators				
	FY 2004	FY2005	FY2006	FY2007
<i>Administration</i>	Actual	Actual	Estimated	Estimated
Purchase Orders Processed	1,067	1,144	1,200	1,200
Water/Sewer bills generated	11,800	11,900	12,000	12,100
Citizen inquiries	15,000	16,000	14,000	14,000





Director
John Sanchez

Assist Director - Administration
Teresa DeBenedictis

Office Manager

Head Book Keeper

Water/Sewer
Accountant/Operation Asst.

Sr. Custodian

Admin. Assistant

Princ. Clerk

Water/Sewer
Water Clerk/Meter Reader



Program Description

The Engineering Division provides departments, boards, commissions, and citizens with a high degree of quality professional and technical support. The division provides engineering and inspectional services to many contracts managed by the department. These projects range from crack sealing on roadways, sidewalk replacement, water main rehabilitation, to input with the state on the Summer Street project. The primary responsibilities of the division are to generate plans and contract documents for town's in-house designed engineered projects; technical support to all town departments and citizens.

FY 2007 Objectives

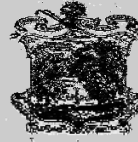
- Implement the newly upgraded and updated pavement management system. Repairs will be conducted on a priority list based on a cost/benefit analysis.
- Begin a 5-year program to electronically catalog all plans and maps. Funding for this program will be through the Water & Sewer enterprise fund.
- Prioritize water rehabilitation projects based on mains which have had multiple leaks/breaks over the last several years.
- Replace the Mill Lane culvert.
- Assist with implementation of the asset management system for the sewer collection system

Budget Statement

The division will continue to increase the number of in-house engineered services. The division will begin a 5-year program to electronically catalog all plans and maps. Funding for this program will be through the Water & Sewer enterprise fund. The Engineering Division has revised the engineering positions by upgrading the Engineering Aide position to Senior Civil Engineer. This will allow the division to have an increased engineering capacity.

PROGRAM COSTS				
Engineering	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	92,187	75,585	76,246	
Expenses	7,804	20,700	20,700	
Total	99,991	96,285	96,946	

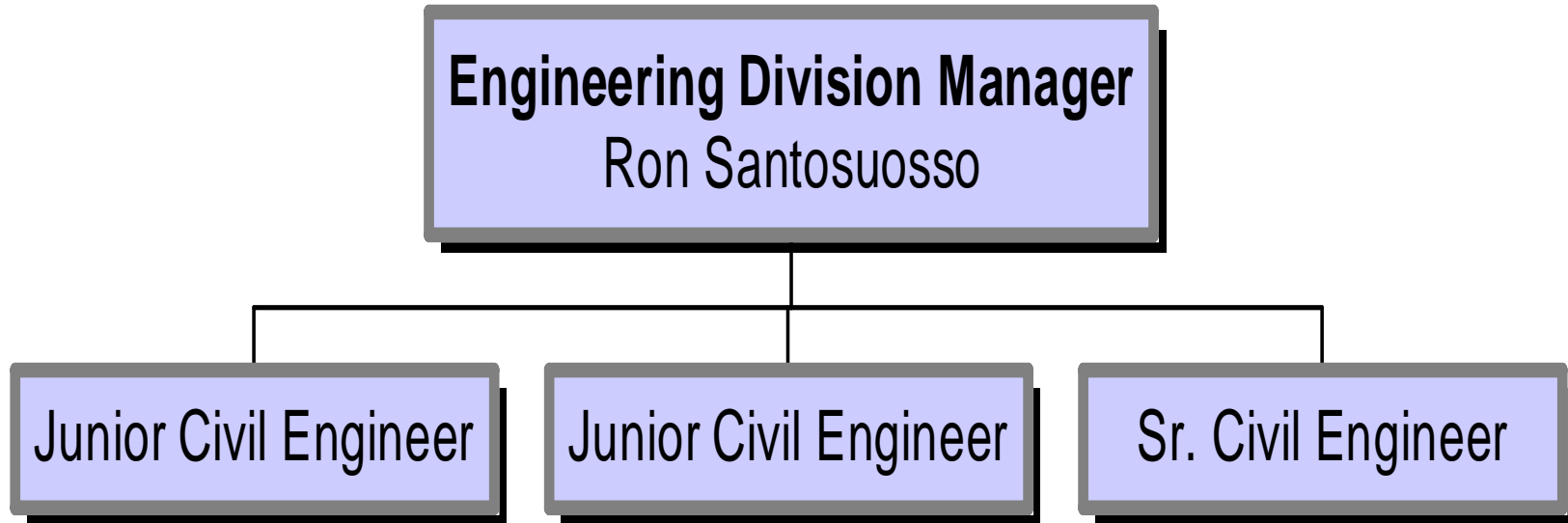
STAFFING				
Engineering	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial				
Clerical				
Professional/Technical	4	4	4	
Public Works				
Total	4	4	4	



Major Accomplishments for 2005

- Oversaw the construction of 22 handicapped ramps
- Supervised the paving on 1 private way
- Supervised the construction contract for 10,000 linear feet of water mains
- Provided technical support to several projects of the Transportation Advisory Committee
- Served as the department liaison to the Arlington High School and Town Yard Remediation project

Performance / Workload Indicators				
<i>Engineering</i>	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Linear feet replaced:				
Sidewalk	21,000	33,000	25,500	8,000
Granite Curb	8,500	10,328	24,000	8,500





Program Description

The Cemetery Division is responsible for the care and maintenance of the Mt. Pleasant Cemetery. The division is responsible for all burials. The use of the cemetery is governed by a three member cemetery commission who recommend the rules, regulations, and fee structure to the Town Manager.

FY 2007 Objectives

- To improve the availability of burial records by computerizing the grave locations.
- To work with the study committee to bring awareness of the space requirements and to seek alternative locations.
- To create a fee structure to ensure that the cemetery is self-supporting.

Budget Statement

The Mt. Pleasant Cemetery is running out of space to create new grave sites. The department has asked for a study committee to be formed to review possible locations in town for future burials. This is funded in the Capital Budget.

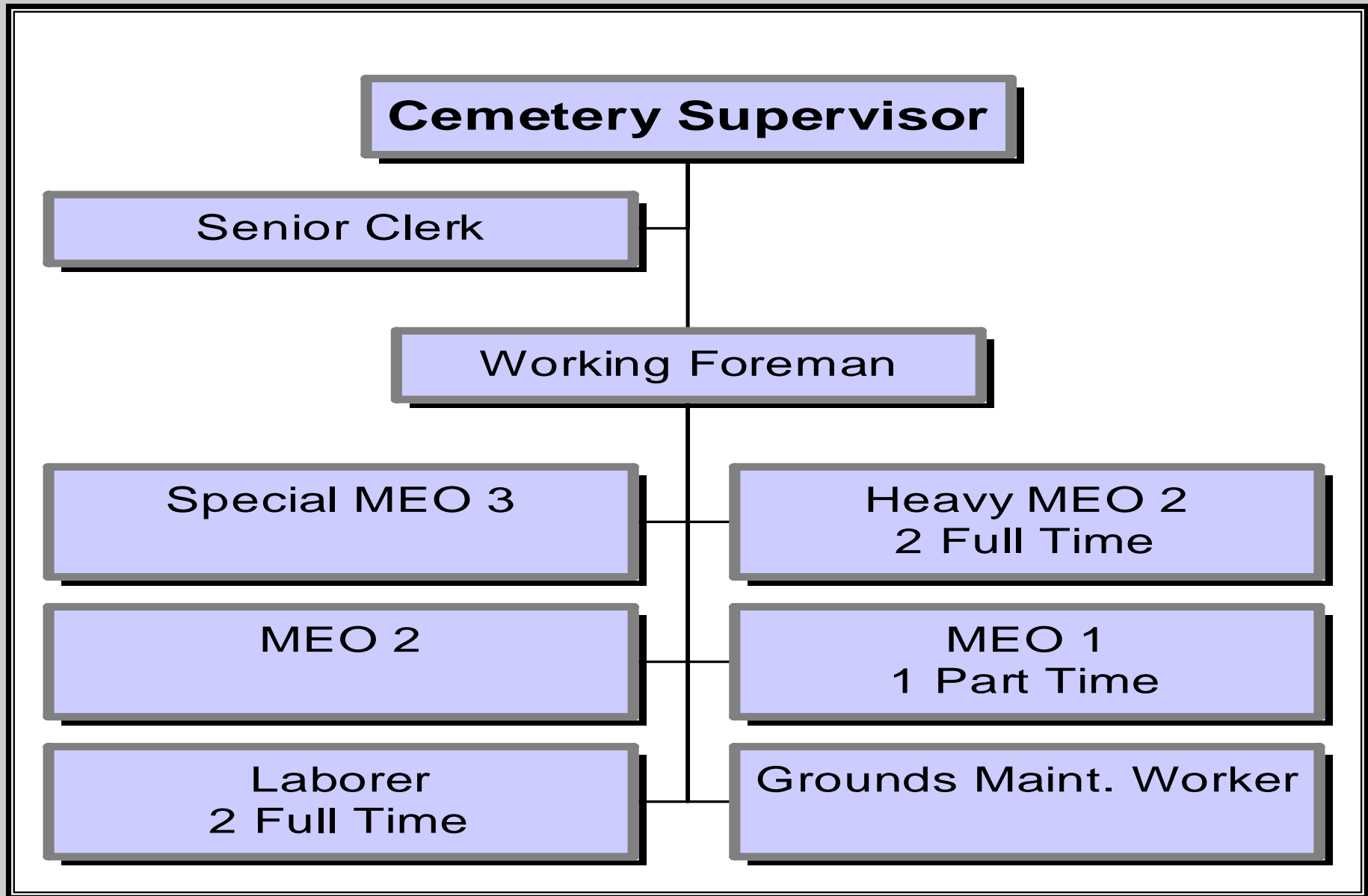
PROGRAM COSTS				
Cemetery	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	475,966	295,168	276,611	
Expenses	46,310	41,650	40,800	
Total	522,276	336,818	317,411	

STAFFING				
Cemetery	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial				
Clerical	1	1	1	
Professional/Technical				
Public Works	9.62	9.62	9.62	
Total	10.62	10.62	10.62	



Major Accomplishments for 2005

- Provided upkeep to approximately 40 lawn acres
- Buried 275 total interments of which 58 were cremations
- Developed 54 new graves sites.
- Upgraded winter burial equipment for more effective use of limited personnel resources





Program Description

To provide the proper management, care and maintenance to the Town of Arlington's open space facilities, playgrounds, and athletic field infrastructure. The primary responsibilities of this division are the management and maintenance of Mount Pleasant Cemetery, maintenance of nineteen (19) athletic fields, twenty-five (25) playgrounds and the maintenance of all open space facilities, including: Reservoir Beach facility, North Union Spray Pool, Menotomy Rocks Park, Town Hall Gardens, Minuteman Bikeway, Broadway Plaza, and Robbins House gardens.

FY 2007 Objectives

- With the availability of the two newly opened sport complexes, work with user groups to rest other field utilization.
- Maintain fields in good playing condition
- Continue and upgrade the field closing policies to prevent damage to playing fields under adverse weather conditions.
- Work with Police Department to minimize graffiti problem on town properties.

Budget Statement

McClennen Park will open and the department has asked for additional seasonal help in order to care for this new facility. The Peirce Field remediation will be complete and the department will have a new field turf football field as well as an additional soccer field.

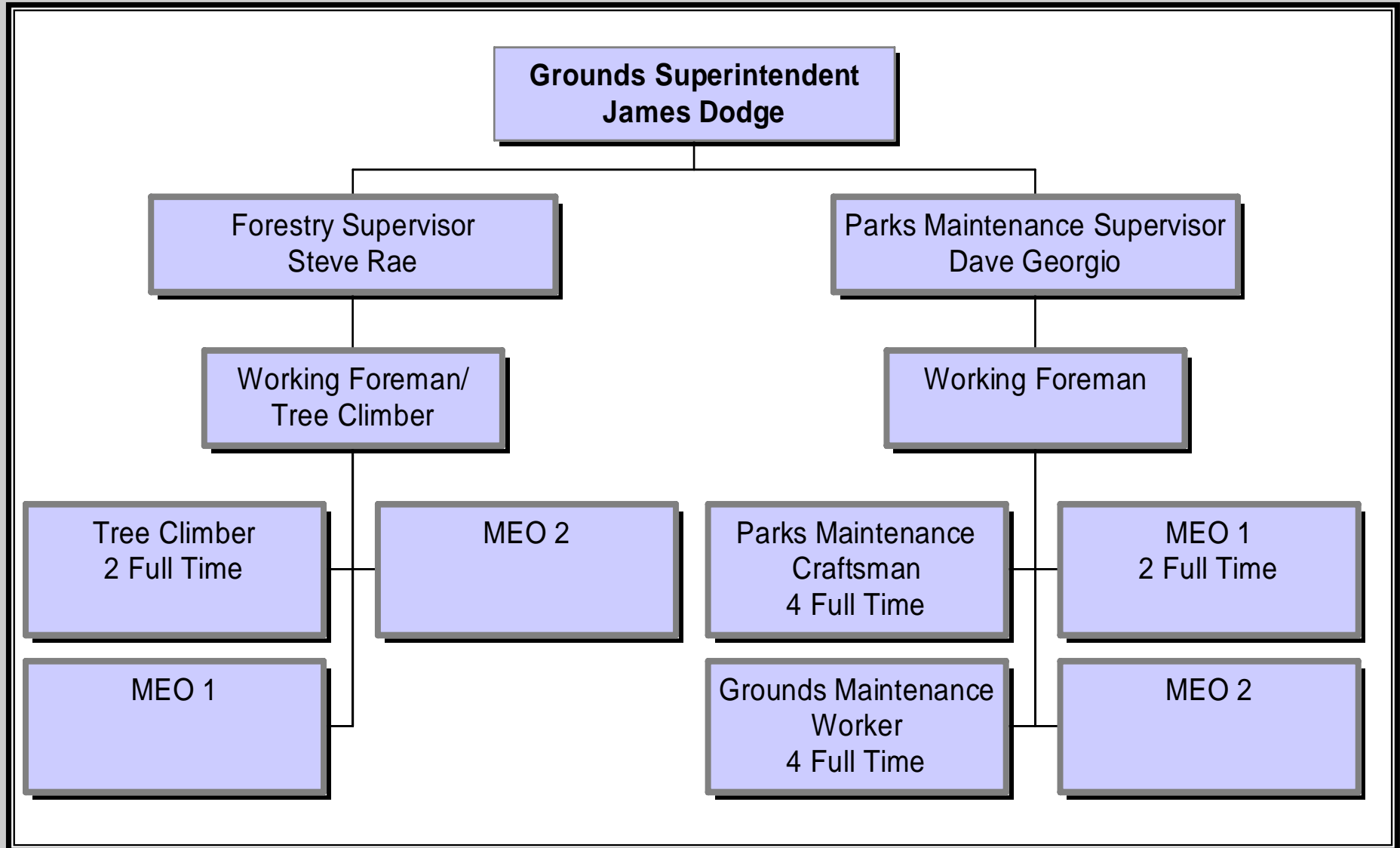
PROGRAM COSTS				
Natural Resources	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	850,861	847,403	873,842	
Expenses	92,289	152,400	153,200	
Total	943,150	999,803	1,027,042	

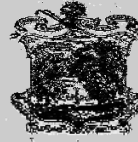
STAFFING				
Natural Resources	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial	1	1	1	
Clerical				
Professional/Technical				
Public Works	19	19	19	
Total	20	20	20	



Major Accomplishments for 2005

- Implemented a pilot tree-planting program. In coordination with the Tree Committee trees were offered to residents for planting by them within the street right of way.
- Maintained approximately 18,000 shade trees town wide
- Planted 150 trees
- Installed approximately 8,000 holiday lights
- Attained "Tree City USA" designation from the National Arbor Day foundation.
- Improved the field opening/closing procedure





Program Description

The properties division of the Department of Public Works is responsible for maintaining all Town and School buildings. These buildings include 7 elementary schools, 1 middle school, 1 high school, Robbins Library, Robbins cottage, Fox Library, Crosby School, Parmenter School, Gibbs School, Central school, Jefferson cutter house, Town Hall, DPW Yard, Mt. Pleasant Cemetery chapel and garage, community safety, 3 fire stations, Jarvis house, Mt. Gilboa, Reservoir Beach pump house, and Spy Pond clubhouse. The staff of 10 craftsmen is budgeted in the school department budget but when they work on municipal buildings they charge the appropriate budget for the work. The properties budget of the DPW is responsible for the Town Hall, Jarvis House, Fox Library, DPW Yard, and Mt. Gilboa.

FY 2007 Objectives

- Continue to maintain all facilities with the resources available
- Install money saving lighting fixtures where feasible
- Investigate ways to reduce energy demand in all public buildings

Major Accomplishments for 2005

- Remodeled Mt. Gilboa property
- Upgraded garage doors at public works facility
- Worked with architect on renovations to Town Hall bathrooms and auditorium lighting for bid and construction in 2006
- Replaced roof at Fox library and Inspections building at 51 Grove Street

Budget Statement

This budget pays for such things as service contracts on the various mechanical systems in the buildings, cleaning contracts, and utilities.

Increased appropriation request for utilities and fuel due to escalating costs.

PROGRAM COSTS				
Properties	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services				
Expenses	216,142	200,100	224,000	
Total	216,142	200,100	224,000	



Program Description

Primary responsibilities of this Division are maintenance of Town's infrastructure, including: streets and sidewalks, storm drains, and bridges. Major services provided are snow and ice removal, street sweeping, catch basin cleaning, water and sewer customer service calls and oversight of solid waste collection.

FY 2007 Objectives

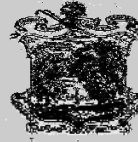
- Develop operation schedules for routine maintenance such as catch basin cleaning and street sweeping.
- Provide support for Pavement Management System, Asset Management System, and Water Main Rehabilitation program.

Budget Statement

Increased appropriation request for utilities and fuel due to escalating costs.

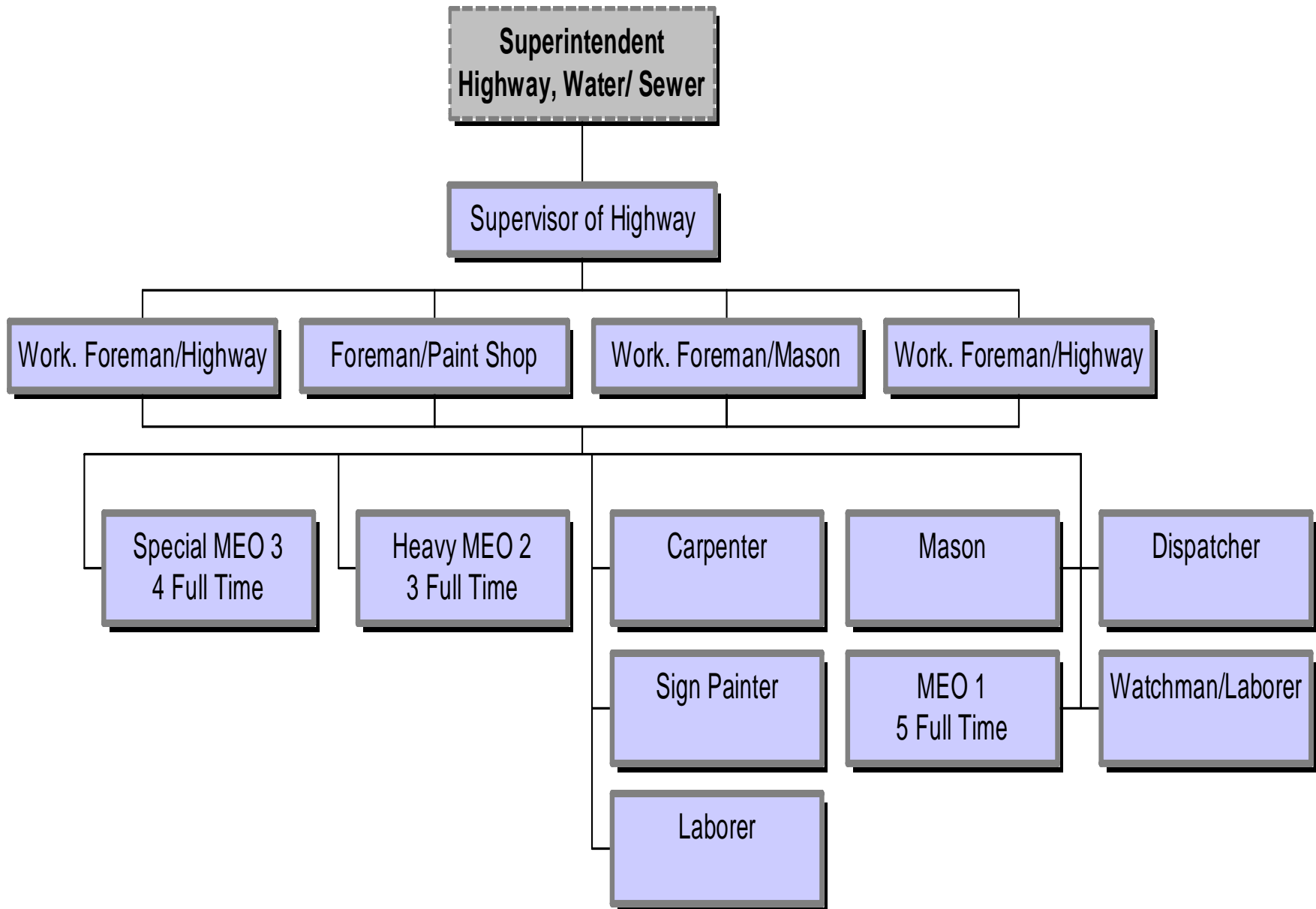
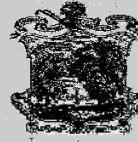
PROGRAM COSTS				
Highway	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	585,942	705,170	696,079	
Expenses	3,210,474	3,157,065	3,277,900	
Snow and Ice Removal	843,575	355,574	355,574	
Total	4,639,991	4,217,809	4,329,553	

STAFFING				
Highway	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial	1	1	1	
Clerical				
Professional/Technical				
Public Works	23	23	23	
Total	24	24	24	



Major Accomplishments for 2005

- Crack sealed - 30 streets
- Cleaned over 400 catch basins in the town streets
- Swept the streets in all sections of the town 3 times with department personnel
- Swept the main streets and business districts 5 times with department personnel
- Replaced 775 ft of concrete sidewalk
- Repaired/ replaced 1,400 ft of asphalt sidewalk
- Repaired/replaced 110 catch basins
- Installed 740 ft of drain lines to control natural springs
- Oversaw 18,000 tons of solid waste disposal
- Oversaw 3,300 tons of yard waste disposal
- Oversaw 5,000 tons of recyclables disposal





Program Description

The Motor Equipment Repair Division maintains a fleet of over 150 vehicles for the department. The division also maintains the fueling depot for all municipal vehicles.

FY 2007 Objectives

- To continue to maintain all vehicles in a professional manner.

FY 2005 Major Accomplishments

- Maintained 150 motor vehicles, including other department vehicles. Repairs and maintenance included:
 - 210 oil changes
 - 50 brake overhauls
- Replaced 50 sets of gutter brooms on street sweepers
- Installed 6 new sanders

Budget Statement

There are no major budget changes to this division.

PROGRAM COSTS				
Motor Equipment Repair	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	268,339	173,721	171,225	
Expenses	90,686	94,500	93,500	
Total	359,025	268,221	264,725	

STAFFING				
Motor Equipment Repair	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial				
Clerical				
Professional/Technical				
Public Works	6	6	6	
Total	6	6	6	



**Supervisor
Motor Equipment Repair
David Peterson**

Working Foreman

Motor Equipment Repairman
4 Full Time



Program Description

The streetlight program is responsible for all of the Town's streetlights maintenance and repair. Maintenance of the lights was contracted out to a private vendor when the town received the lights from NSTAR. Since that time we have upgraded all of the street lights to high pressure sodium vapor.

The budget also includes the upkeep and maintenance of the traffic control signals which were previously funded in Community Safety Support Services.

Both of these programs will be under the administration of the Department of Public Works beginning in Fiscal Year 2007.

FY 2007 Objectives

- Develop inventory of all streetlights and traffic control signals.
- Develop long-range capital program for replacement and upgrading.

Budget Statement / Future Outlook

The rising cost of electricity has cause us to dramatically increase the budget for this program.

PROGRAM COSTS				
Street Lights	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services				
Expenses	320,271	291,175	441,175	
Total	320,271	291,175	441,175	

COMMUNITY SAFETY



POLICE • FIRE • SUPPORT SERVICES • INSPECTIONS



Program Description

The Police Department has the following primary responsibilities:

- Protection of the lives & property of all citizens.
- Preserve the peace.
- Prevention of crime and disorder.
- Identify and prosecute violators of the law.
- Plan for and supervise public safety at special events, parades, elections, etc.
- Respond to all emergencies.
- Support regional and national homeland security strategies.
- Collaborating with community stakeholders to creatively address quality of life concerns and the fear of crime.
- The protection of the individual rights of all persons within the Town of Arlington

The Police Mission:

To promote, preserve, and deliver quality services and to ensure the safety of ALL members of our community.

This mission is a commitment to quality performance from all members. It is critical that all members understand, accept and be aligned with the responsibilities established by this mission. It provides the foundation upon which all-operational decisions and organizational directives will be based. Directives include rules, regulations, operating policies, procedures and practices.

This mission represents the commitment of this administration to the concepts of quality performance management. In other words, members are expected to work consistently in a quality manner in the daily performance of those duties, job responsibilities and work tasks associated with this mission. Quality manner means that performance outcomes comply with the performance standards established for the Arlington Police Department and for each associated member. Examples of performance standards include the oath of office, code of ethics, rules, policies, procedures, directives, general and supervisory orders, work productivity and behavior.

Each member is required to accept the responsibility for the achievement of this mission and publicly register his or her commitment to it and to the concepts of quality service.

Budget Statement / Future Outlook

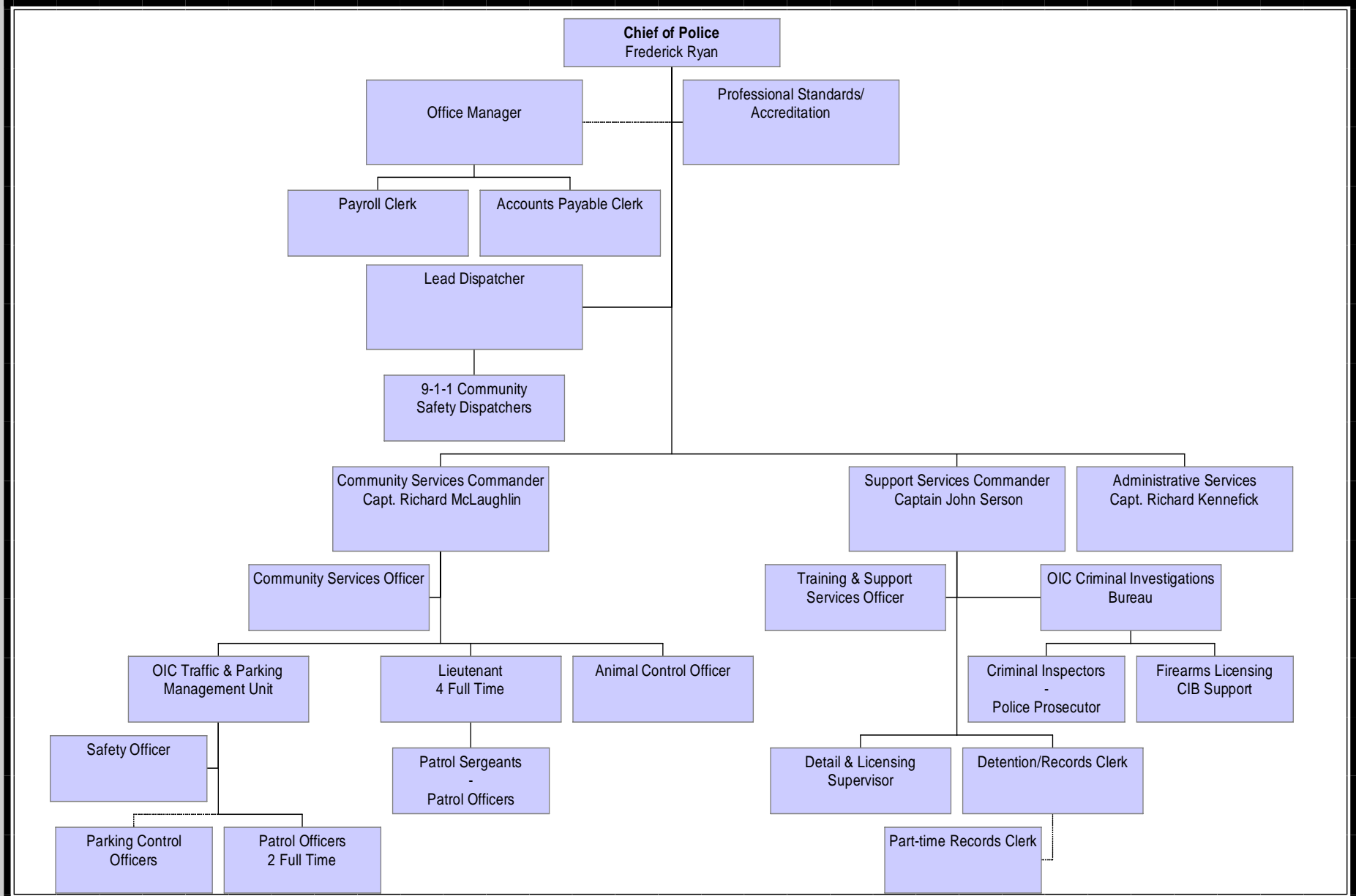
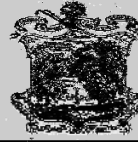
The FY07 Police Department budget maintains the current level of personnel and services. Federal funding to the Community Oriented Policing (COPS) Office has been reduced substantially and it is unlikely Arlington will qualify to receive hiring funds under their Universal Hiring Program (UHP).

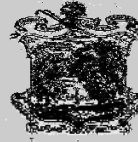
PROGRAM COSTS				
Community Safety Administration	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	392,355	337,747	339,459	
Expenses				
Total	392,355	337,747	339,459	

STAFFING				
Community Safety Administration	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial	2	2	2	
Clerical	3	3	3	
Professional/Technical				
Total	5	5	5	

PROGRAM COSTS				
Police	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	4,722,692	4,729,299	4,773,512	
Expenses	384,693	433,475	474,475	
Total	5,107,385	5,162,774	5,247,987	

STAFFING				
Police	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Captains	3	3	3	
Lieutenants	8	8	8	
Sergeants	9	9	9	
Police Officers	41	42	42	
Parking Control Officers	1.5	2	2	
Public Works	1	1	1	
Clerical	1.71	1.71	1.71	
Total	65.21	66.71	66.71	





FY 2007 Objectives

Community Services (Patrol) Division patrols all sectors of town looking for criminal activity and maintains a police presence to serve as a deterrent. This function also serves as the initial investigators and first response to all critical incidents.

- To develop an updated policy on response to bank alarms with input from the local banking managers.
- To increase the volume of motor vehicle and parking citations.
- To continue to build partnerships with citizens and local businesses to deliver quality services to citizens and merchants.
- To enhance the department's relationship with the Northeast Homeland Security Council.
- To develop a comprehensive uniform policy outlining class "A", Class "B" (utility) and uniform of the day guidelines.
- To evaluate the current sector system and conduct an analysis of crime trends in order to more effectively deploy police resources and increase productively

Performance / Workload Indicators				
	FY 2004 Actual	FY2005 Actual	FY2006 Estimate	FY2007 Estimate
Robbery	11	24	15	15
Breaking and Entering	154	135	140	140
Rapes	2	5	4	3
Motor Vehicle Theft	35	19	25	25
Larceny	284	381	300	300
Assaults	121	160	140	140
Officer	6	1	3	3
Missing Persons Reported	158	263	200	200
Arrests	300	268	275	275
Summons' Served	282	211	240	240
Domestic Violence	177	196	180	180
Animal Complaints	753	438	500	500
Humans Bitten/Scratched by Dogs	9	12	10	10

Major Accomplishments for 2005

- Using historical data proactively deployed uniformed patrol personnel and prevented an unquantifiable number of crimes.
- Using the department's new crime analysis mapping software analyzed calls for service to identify trends and deploy patrols more effectively.
- Implemented a strategy to prevent pharmacy hold-ups by increasing uniformed police presence at high incident locations.
- Enhanced partnerships with other town departments including Public Works, Human Services/Board of Health, Recreation, and others.
- Hired and trained a new Animal Control Officer and equipped him with improved uniforms, a laptop computer, and other required equipment.



FY 2007 Objectives

Support Services Unit maintains records, oversees training, maintains facilities, maintains the fleet, and distributes weapons and supplies

- To develop a baseline inventory, vulnerability, and future needs assessment for the department's computer aided dispatch (CAD) and Records Management System (RMS). Note, the CAD system also serves the fire department.
- To develop a public information policy clearly outlining the guidelines under which staff can release police records and precisely what role officers play in interacting with the media.
- To develop a registration process for door-to-door solicitors in compliance with the Town Bylaw and relevant Constitutional case law.
- Expand on roll call training with a focus on the quality of the training as opposed to quantity.
- Analyze the filing system for training records to ensure compliance with regional/national standards.
- Develop a training survey to be distributed to all staff (sworn & non-sworn) to assist in identifying future training needs.
- To study, with a goal of streamlining and improving, the Department's policies and procedures for handling evidence and other property held/stored.
- To re-institute the position of Department Armorer and task that person with developing policies for the care, inspection, repair, acquisition storage and disposal of Departmental weapons and weapons coming into the care of the Department by whatever means.
- To conduct a detailed inventory of all Departmental property and develop a system to track the purchase, use and disposition of same.

Major Accomplishments for 2005

- Using grant funds implemented major update to the Department's Computer Aided Dispatch (CAD) system which also serves the Fire Department.
- Effectively administered the Department's Detail System, resulting in \$596,304 in earnings and \$59,633 in administrative fees collected and returned to the general fund.
- Improved detail collection system and implemented networked accounting software to assist in collections.



FY 2007 Objectives

Professional Standards & Accreditation unit is responsible for all internal investigations and for the development and implementation of departmental rules & regulations .

- To completely update and edit the department manual pursuant to regional and national standards.
- To achieve state certification pursuant to the Massachusetts Police Accreditation Program.
- To analyze internal affairs filing system and policies to ensure compliance with regional/national standards.
- To research and make recommendations for an early intervention system enabling the prevention of officer misconduct thereby minimizing the need for supervisors to react to poor performance and/or misconduct.
To complete the process of developing an employee performance evaluation system.

Major Accomplishments for 2005

Professional Standards & Accreditation

- Researched and implemented a new Use of Force policy that meets state and national standards.
- Researched and implemented a new Vehicular Pursuit policy that meets state and national standards.
- Administered the department's information system during staff transition.
- Conducted internal investigations as needed with improved uniforms, a laptop computer, and other required equipment.



FY 2007 Objectives

Criminal Investigations Bureau is responsible for the follow up investigation of all crimes.

- To study the current practice of investigator deployment to determine what, if any, changes should be implemented.
- To create a protocol and practice for the collection, preservation, storage and submittal of potential D.N.A. evidence for crimes including those which are not being accepted by the State Laboratory for examination
- To expand the supervisory use of detective case management system to analyze closure rates, effectiveness of individual investigators, and to identify training or other needs so as to improve the efficiency of the work unit.
- To adapt the current interview/interrogation room (which currently serves many functions) to enable video and audio recording capabilities enabling investigators to comply with court mandates.

Performance / Workload Indicators				
	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Firearms Licensing:				
Licenses to Carry/FID	206	137	175	175
Gun Locks Distributed to Community Members	20	15	50	50

Major Accomplishments for 2005

Criminal Investigations Bureau

- Implemented a detective case management software program enabling more efficient management of criminal investigations.
- Implemented a case attachment software program allowing investigators to scan and attach case notes, photographs, and documentary evidence to the digital case file.
- Planned and executed numerous search and arrest warrants.
- Continued to participate in a multi-jurisdictional drug task force resulting in numerous arrest and indictments.



FY 2007 Objectives

Traffic & Parking Unit (Part-Time) is responsible for safety education and enforcement of all laws relating to traffic and parking within the Town.

- To more consistently staff the unit with three officers and a supervisor.
- To improve upon the directed enforcement program by implementing a structured program including supervisory follow up, citizen feedback, and evaluation.
- To develop an enforcement program targeting crosswalk violations at high volume/incident locations.
- To implement an on-line digital motor vehicle crash reporting system (QED/RMV).
- To complete the implementation and training for the Lidar (accident reconstruction)software.

Performance / Workload Indicators				
	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Traffic:				
Hackney Licenses Issued New	27	35	30	30
Parking Violators New	19,638	16,154	18,000	18,000
Moving Violations	4,169	2,257	3,000	3,000

Major Accomplishments for 2005

Traffic & Parking

- Secured a grant from the Governor's Highway Safety Bureau (GHSB), allowing for the purchase of new equipment (Lidar and traffic counters) and provided funds specifically aimed at OUIL enforcement. Traffic Officers have been assigned to oversee all current and future GHSB programs.
- Worked closely with the Department of Public Works to coordinate barricade/signage positioning for numerous special events and construction sites.
- Actively participated as a member of the Transportation Advisory Committee and provided traffic study and historical data as needed.
- Trained two Crash Investigators to meet Advanced Traffic Investigator certification.



FY 2007 Objectives

Community Policing/Services Unit is responsible for administering all programs aimed at developing partnerships in the community.

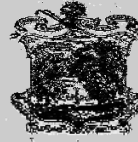
- To identify and appoint a new staff person to this function.
- To expand on the Neighborhood Crime Watch program and create an email list-serve with town businesses and neighborhood crime watch groups.
- To seek out and administer Community Policing grant(s).
- To expand upon the relationship with the business community and Chamber of Commerce and implement mutually agreed upon crime prevention and target hardening programs (building security systems).
- To secure alternative funding to hire a contractor to administer a community-wide survey to follow up on the survey done in CY 2000.
- To continue and expand crime prevention community and business meetings.
- To assume responsibility for and expand upon the department's sex offender registry function.
- To expand programs for the elderly and partnership with Council on Aging.
- To continue to reach out to minority groups in the Town and continue partnership with Human Rights Commission.
- To develop a long-range strategy for the successful completion of the *No Place for Hate* program.
- To reinstitute the periodic department crime bulletin.

Performance / Workload Indicators				
	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Community Programs:				
Neighborhood Meetin	12	6	12	12
Citizen Police Academ	1	1	1	2
Graduates	15	9	15	30
Women Participating in RAD Classes	45	35	45	45

Major Accomplishments for 2005

Community Policing/Services

- Successful in having a productive relationship with the media. Local print media is now provided crime information electronically on a weekly basis. Also, provided media outlets with news releases and informational articles for the public on traffic issues, crime issues, and other sensitive topics.
- Continued to expand the Rape Aggression Defense (RAD) program.
- Established an East Arlington Neighborhood Crime Watch Program.
- Continued to meet with community and business groups for crime prevention programs and general neighborhood meetings.



FY 2007 Objectives

Animal Control Officer enforces all laws relating to control of animals, investigates animal bites, quarantines offending pets, and delivers pet safety programs.

- To enhance our partnership with the Board of Health.
- To review the current condition of the animal control facility on Grove Street for potential future Capital improvements.
- To develop and implement programs aimed at responsible pet ownership and voluntary compliance with relevant town bylaws.
- To enroll the new Animal Control Officer in the Massachusetts Certification Course sponsored by the Animal Control Officers Association of Massachusetts.
- To continue a presence in the Parks and recreation areas of the Town.



Program Description

The Arlington Fire Department's primary functions are the prevention of fire, the preservation of life and property and the overall wellness of the community. These functions are achieved through code enforcement and inspections. Being an all-hazards service the Department will respond to, and mitigate any emergency to which our customers request our assistance.

The Fire Department is dedicated to the health of our community. Our FF/EMT's respond with both an ambulance and the closest fire apparatus to assess and mitigate any medical emergency. Community education, such as the Student Awareness of Fire Education Program (SAFE), helps us contribute to the wellness of our customers.

FY 2007 Objectives

- Work with Information Technology Advisory Committee to upgrade the Firehouse software package to enhance scheduling, organize personnel records, quantify training, and to inventory tools, apparatus and hydrants.
- Evaluate purchase of a Quint to replace Engine 3 in its new firehouse.
- Mandatory, standardized yearly training program for all firefighters.
- Hire a new lead fire investigator and fire prevention officer.
- Hire 5 new firefighters.
- Work with Permanent Town Building Committee on the rebuilding of the Park Circle Fire Station.
- Maintain fire services at Park Circle while station is being rebuilt.

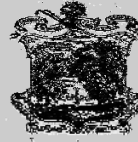
Budget Statement / Future Outlook

The budget for FY 2007 is a level service budget. With the retirement of two deputy chiefs it gives us the opportunity to restructure the department organization providing for more firefighters. With continued loss of manpower, overtime expenditures will increase.

Locally the Town and the Department must decide if they need to upgrade ambulance service from basic life support (BLS) to advanced life support (ALS). This would necessitate the hiring of Paramedics and the training of some current Arlington FF/EMT's to Paramedic level. Statewide, medical emergencies continue to grow at 2-4%. The ambulance is reaching a threshold where the state recommends a second ambulance to avoid loss of service to the community.

PROGRAM COSTS				
Fire	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	4,666,647	4,673,363	4,659,898	
Expenses	260,512	248,400	267,400	
Total	4,927,159	4,921,763	4,927,298	

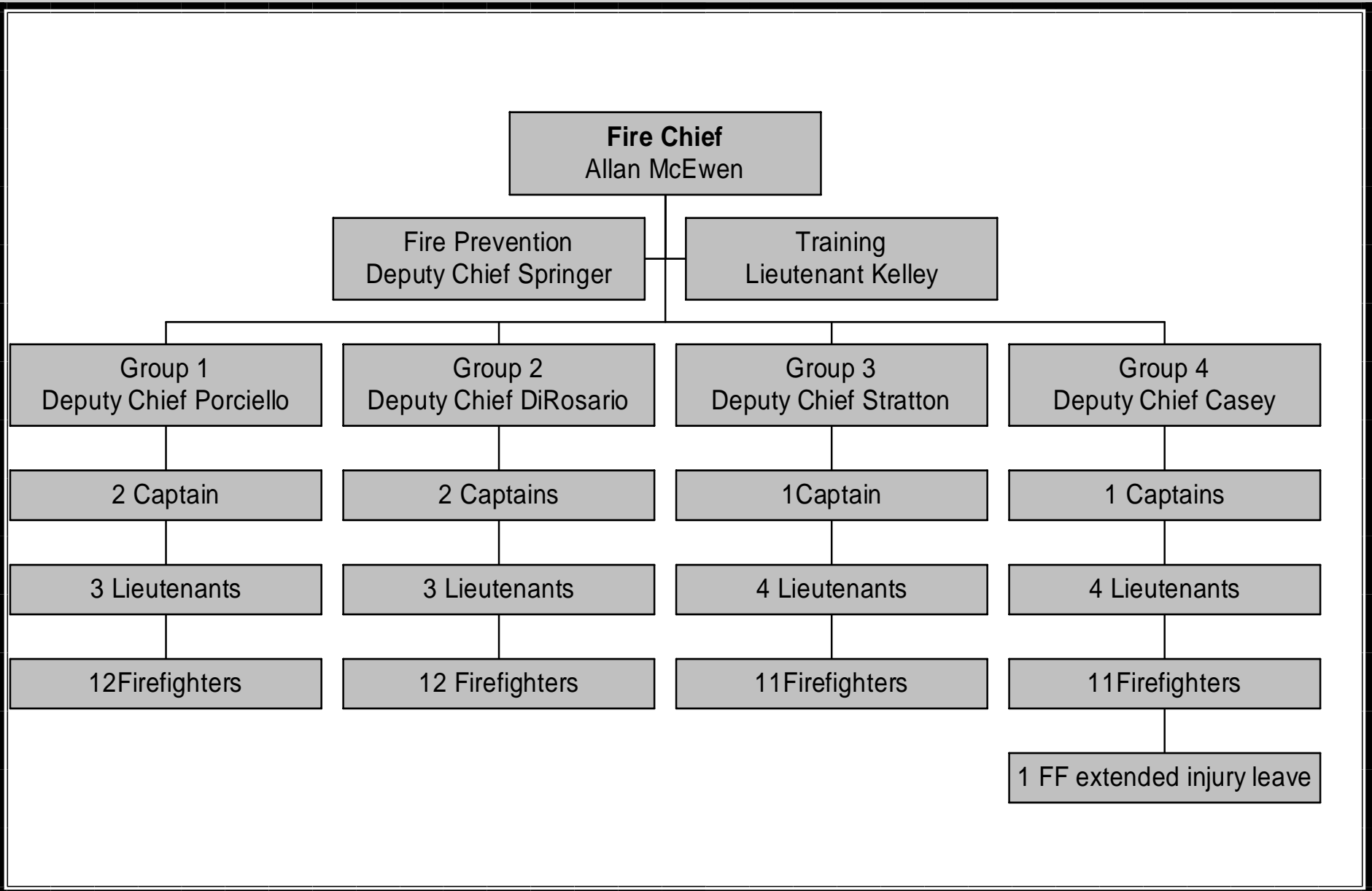
STAFFING				
Fire	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Deputy Chiefs	5	5	5	
Captains	7	7	6	
Lieutenants	15	15	15	
Firefighters	49	49	50	
Total	76	76	76	



Major Accomplishments for 2005

- A major upgrade of training program with new Training Officer.
- Approval for new fire station at Park Circle by Town Meeting.
- Purchase of a new ambulance (R-1).
- Successful cause and origin investigations of all working fires.

Performance / Workload Indicators				
	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Emergency Calls	4,171	4,035	4,000	4,000
Rescue Response	1,977	1,917	1,900	2,000
Private Ambulance	469	529	500	500
Property - Dollar loss	\$ 347,895	\$ 152,200	\$ 616,900	
Students taught: Student Awareness of Fire Education Program (SAFE)	2,600	2,600	2,600	2,600





Program Description

The support services encompass the Apparatus Maintenance Division and combined emergency dispatch. The master mechanic and the motor equipment repairman are responsible for servicing and maintaining all police and fire department vehicles and apparatus. The mechanics install and repair mobile and portable radios. The mechanics repair and help maintain tools in the fire department inventory, especially mechanical tools. The mechanics respond to working fires to assist in filling Self Contained Breathing Apparatus (SCBA) and repairing mechanical problems that may occur on the fire ground. They are consulted on any fire apparatus purchases.

Community safety dispatch is responsible for the communications for all police, fire, and emergency medical services (i.e. 9-1-1). The combined dispatch encompasses one lead dispatcher and nine emergency dispatchers. They are responsible for taking all emergency calls and dispatching the appropriate apparatus to that emergency. The dispatchers also take routine calls, such as streetlights and traffic lights out, and report them to the needed contractor.

Budget Statement / Future Outlook

Responsibility for traffic control and streetlights were transferred to the Department of Public Works.

FY 2007 Objectives

- Continue to have all emergency dispatchers upgraded to the Emergency Medical Dispatch (EMD) level.
- To complete the implementation of all systems (software & hardware) into the new 9-1-1 center.
- Acquire and implement a community notification system
(Continued above)

FY 2007 Objectives (continued)

- Partner with the Local Emergency Planning Committee to develop policy governing the use and implementation of the Community Notification System.
- To update contact information for all commercial properties and multi-unit dwellings in Arlington.
- To implement a digital rolodex system making all contact information available digitally.
- To seek out and train all dispatchers in a comprehensive telecommunications-training curriculum.
- Develop and implement a formal program following up with reporting parties advising them of the outcome of their complaint.
- Work with mechanics on purchase of a Quint fire apparatus.

PROGRAM COSTS				
Support Services	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	595,912	596,745	611,455	
Expenses	9,464	33,100	33,900	
Total	605,376	629,845	645,355	

STAFFING				
Support Services	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial				
Clerical				
Professional/Technical				
Dispatchers	10	10	10	
Public Works	2	2	2	
Total	12	12	12	



Major Accomplishments for 2005

- The mechanics kept an aging fleet of apparatus in running order.
- A state of the art Zetron dispatching and public address was put into service for fire dispatch.

Performance / Workload Indicators				
	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Dispatch:				
Calls For Service	23,129	21,521	20,000	20,000



Fire Chief

Master Mechanic

Lead Dispatcher

1 Motor Equipment Repairman

9 Emergency Dispatchers



Program Description

The Department of Inspectional Services provides administrative and technical information, oversight and support to residents, contractors, business owners, merchants and interdepartmental agencies in the enforcement of the Commonwealth of Massachusetts Building, Electrical, and Plumbing & Gas Codes, as well as all related regulations, standards and Town Bylaws. Also, the department implements strategic projects as assigned by the Town Manager.

FY 2007 Objectives

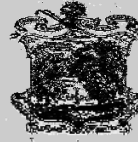
The Inspectional Services Department will be providing plan review, code and bylaw enforcement of the anticipated Symmes Hospital project. As the site promises to be the largest single construction project in the Town of Arlington's history diligence will be a high priority for the entire department.

Budget Statement / Future Outlook

The Inspectional Services Department anticipates no major changes to its budget. With the anticipated commencement of construction at the Symmes Hospital site, the Inspectional Services Department will be performing plan review and mandated inspections to insure code compliance during the entire length of the project. This may require temporary inspectors being hired.

PROGRAM COSTS				
Inspectional Services	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	315,460	318,213	312,190	
Expenses	11,342	11,500	12,600	
Total	326,802	329,713	324,790	

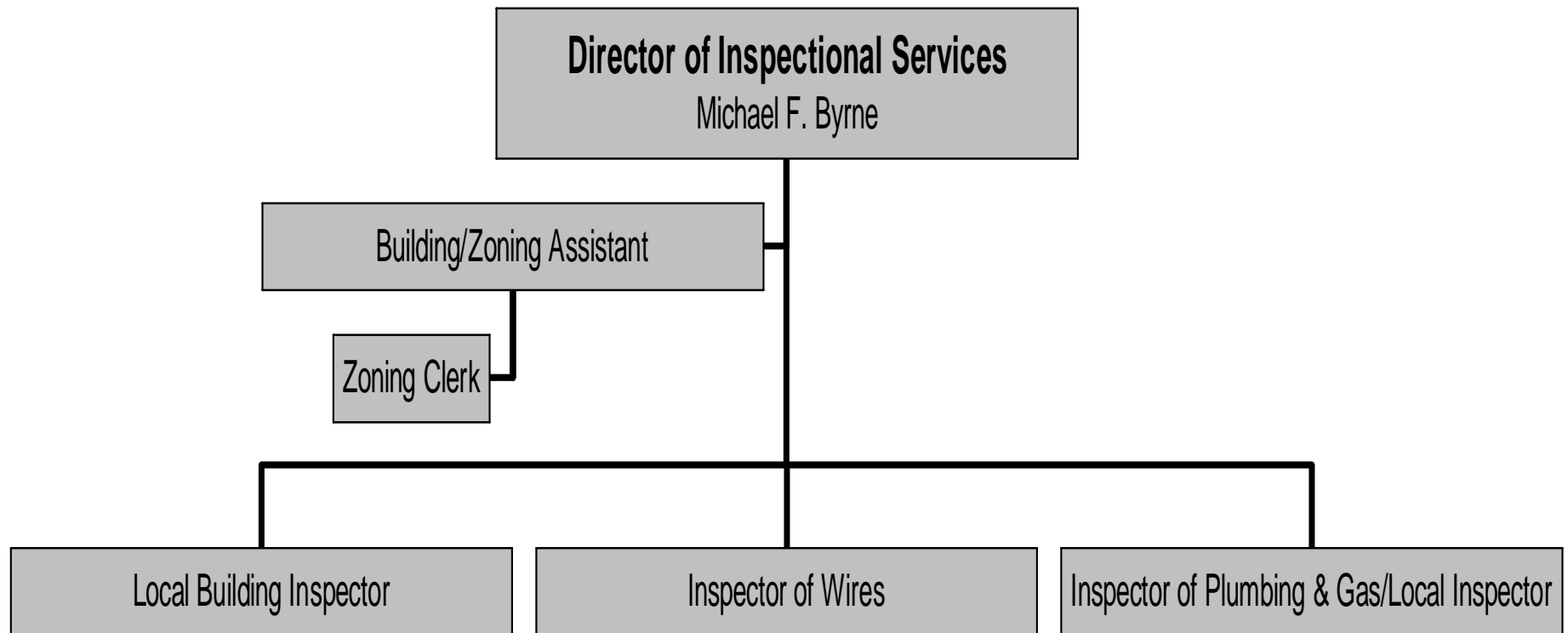
STAFFING				
Inspectional Services	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial	1	1	1	
Clerical	1	1	1	
Professional/Technical	3	3	3	
Total	5	5	5	



Major Accomplishments for 2005

- Dallin School Construction
- Pierce Field Renovations
- 264 Massachusetts Avenue Condominiums
- Knowles Farm Development
- Heritage Square Development
- Web based permit download capability
- Increased Web based code accessibility

Performance / Workload Indicators				
	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Revenue	\$ 732,729	\$ 668,452	\$ 695,189	\$ 722,997
Building Permits	1,134	1,195	1,238	1,287
Plumbing Permits	749	874	960	998
Gas Permits	575	723	860	894
Wiring Permits	671	1,034	1,126	1,318
Total Permits issued	3,129	3,826	4,184	4,497



LIBRARIES





Program Description

The mission of the Robbins Library is to be a vital community resource, cost-effectively providing residents with a broad range of materials, information and services to assist them in leading satisfying lives in a complex world. The library provides information and answers to questions on a wide variety of topics related to work, school and personal life through print, online databases, the Internet and other resources and assists patrons in developing the skills needed to find and evaluate information sources effectively. It nurtures the love of reading in children and provides materials and services which support formal learning and the desire for personal growth and development for people of all ages. The library maintains a high quality collection of current materials to meet residents' desires for leisure reading, listening and viewing and for recreational and cultural enrichment. Residents experience a welcoming and inviting environment for accessing library resources, interacting with others in the community and attending community meetings and events.

Library staff selects, purchases and processes a wide range of library materials including books, periodicals and audio-visual materials. Reference assistance is provided in person and by telephone to answer informational questions and to locate materials. Access is provided to a vast array of electronic resources. The library insures adequate record keeping and accountability for the over 500,000 items that citizens borrow each year and makes the collection of over 226,000 items available to patrons by returning items to their accurate shelving locations.

Budget Statement / Future Outlook

Without additional municipal funding above the 4% cap on departmental increases, it will not be possible to restore any of the hours lost in FY2004 (Sunday afternoons, Thursday mornings and Monday night in the Children's Room.) In Fiscal 2004 and FY2005, the library needed a waiver from the state to remain certified and receive state aid. It is anticipated that with the funding approved in the June 2005 override, the library will be able to meet the state's municipal appropriation requirement for the next several years.

FY 2007 Objectives

- Develop a master plan for shelving the collection including expansion for the growing audiovisual collection and an improved location of new books and large print books
- Facilitate access to library resources for citizens with disabilities by reviewing the need for adaptive technologies and equipment
- Make enhancements to the library web site
- Create a Welcome to Arlington packet for new residents to introduce them to library resources
- Produce a brief survey to measure user satisfaction with the library's collection
- Utilize Minuteman Library Network's collection development reports to improve selected subject areas of the collection
- Explore the implementation of email reference services
- Continue efforts to meet the needs of special constituencies including teens, senior citizens, business community and English as a Second Language Learners

Continued on next page...

PROGRAM COSTS				
Libraries	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	1,236,723	1,290,262	1,299,863	
Expenses	379,794	444,000	466,300	
Total	1,616,517	1,734,262	1,766,163	

STAFFING				
Libraries	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial	1	1	1	
Clerical	18	19	19	
Professional/Technical	11.7	11.4	11.4	
Public Works	0.9	0.9	0.9	
Total	31.6	32.3	32.3	



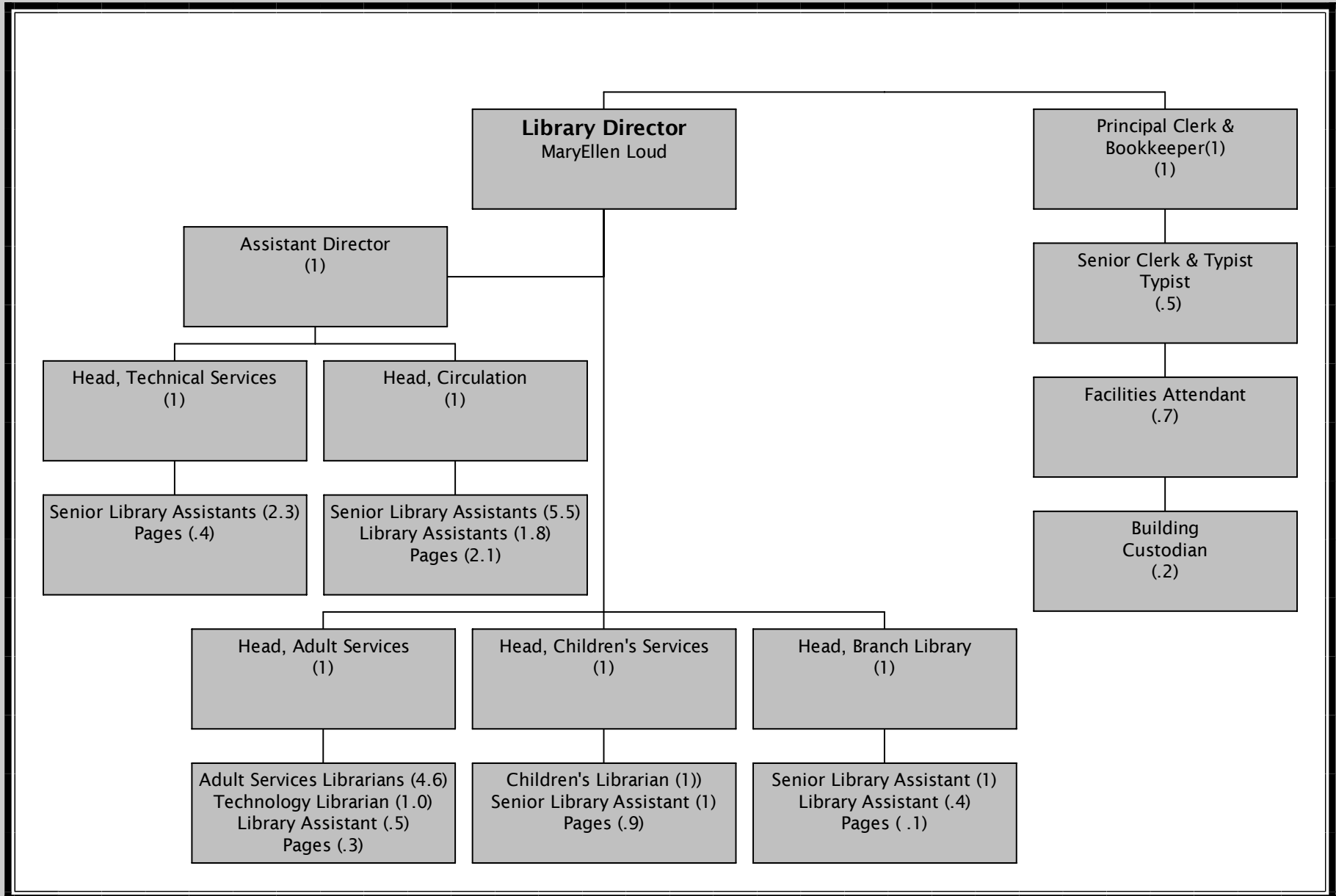
FY 2007 Objectives (Continued)

- Investigate ways to provide training and guidance for citizens in making good use of electronic and print resources both in the library and remotely
- Continue to work with the Board of Trustees to implement the library's fundraising plan to supplement the municipal budget
- Pursue options to generate revenue for library services at the Fox Branch
- Explore federal library grant opportunities

Performance / Workload Indicators				
	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Circulation of materials	528,041	535,653	535,653	535,653
Interlibrary loans processed	63,524	68,498	68,500	68,500
Reference questions answered	67,339	70,346	70,346	70,346
Children's programs	273	279	280	280
Adult and YA programs	21	23	25	25
New items ordered and processed	17,000	16,572	17,000	17,000

Major Accomplishments for 2005

- Prepared and successfully submitted a Long Range Plan for Fiscal 2006-2008 to the MA Board of Library Commissioners
- Analyzed the results of a user survey of library patrons
- Planned for the 2005 Community Read with federal funding
- Applied successfully for a federally funded customer service grant
- Updated and created new library policies affecting the public
- Prepared a comprehensive collection development policy
- Revised library web site
- Received a public relations award for the quarterly newsletter
- Continued quality programs for children and young adults
- Increased the number of programs for adults funded by trust funds and the Friends of the Library
- Initiated workshops for the Arlington business community in partnership with the Arlington Chamber of Commerce
- Continued the popular DVD rental collection sponsored by the Friends of the Library
- Installed new doors at the entrance to the library
- Cleaned and re-pointed the exterior of the 1892 building





HUMAN SERVICES

ADMINISTRATION • VETERANS' SERVICES •
BOARD OF HEALTH • COUNCIL ON AGING



Program Description

The Human Services department works to promote the health and well being of Arlington citizens and provides a safety net for Arlington citizens who experience difficulty in their lives and need help with those difficulties. The divisions under Human Services are Board of Health, Council on Aging, Disability Commission, Human Rights Commission, Housing Office (Fair Housing), Recreation/Rink, Veterans' Services, and Youth Services. The department also oversees the operations of the Whittemore Robbins House as well as the distribution of certain funding sources to citizens and programs, such as The Arlington Assistance Fund, the Widow's Trust Fund, CDBG Human Services funds, and Community Resource Act Low Interest Loan Program.

FY 2007 Objectives

- Achieve a balanced budget situation in recreation and rink enterprise funds.
- Complete a long-range analysis of the Council on Aging transportation enterprise fund.
- Analyze the assistance needs of Arlington families through a newly-developed spreadsheet.
- Explore a new budget counseling program for the assistance recipients.
- Continue the restoration of the Town Hall Gardens.
- Gain one new contract with a new insurance vendor for Youth Services.

Budget Statement / Future Outlook

It is anticipated the Youth Services will be expanding services with the school system and has accepted a new health insurance vendor so that an increase of clients is possible. The Board of Health expects increased reimbursements from the Medicare program. The department will be undergoing a new administrative structure with the retirement of the Director of Human Services.

PROGRAM COSTS				
Human Services Administration	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	121,544	124,213	128,172	
Expenses	1,572	1,800	1,800	
Total	123,116	126,013	129,972	

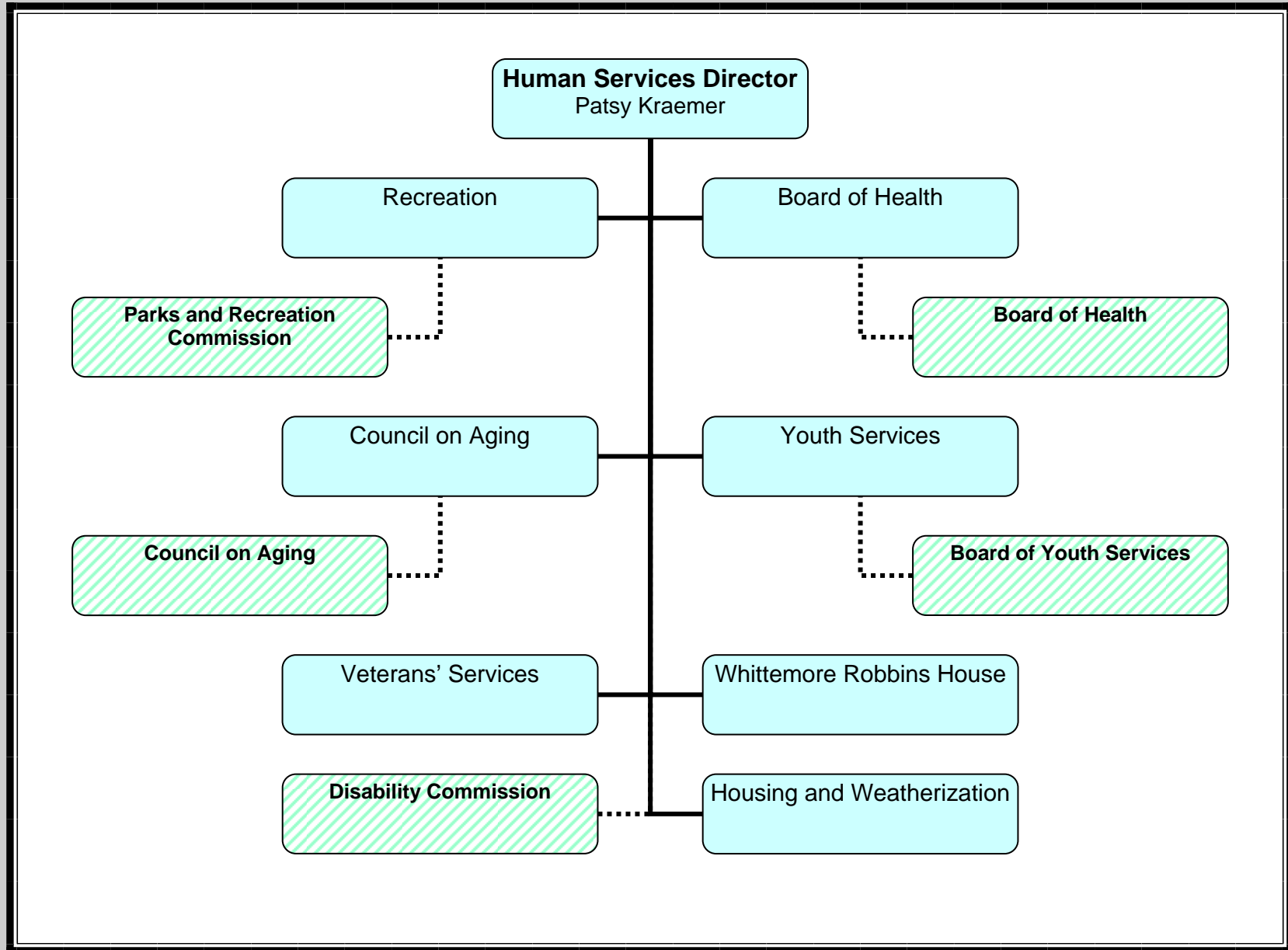
STAFFING				
Human Services Administration	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial	1	1	1	
Clerical	1	1	1	
Professional/Technical				
Total	2	2	2	

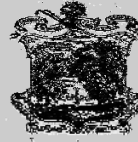


Major Accomplishments for 2005

- Maintained staffing complement in the Department.
- Restored senior clerk position in the Board of Health.
- Managed staffing changes in Recreation and Rink Division.
- Achieved a long term rental lease for the Veterans' Memorial Rink/ Sports Center
- Managed new, expanded school special education counseling initiative in Youth Services
- Implemented maintenance and repairs for the Whittemore Robbins House, including gutter re-lining, painting of exterior, painting of interior walls, and flower bed landscaping.
- Managed the Whittemore Robbins House as an event facility.
- Managed staffing changes for the Whittemore Robbins House event coordinator position
- Implemented maintenance and repairs for the Robbins Cottage, including interior repainting, and a new hot water heater
- Helped 3 widows receive needed items through the Widow's Trust Funds, including dentures
- Helped 525 families with holiday items, including Thanksgiving food baskets and Christmas gifts.
- Coordinated the accommodations at the Mt. Gilboa House of the New Orleans families who were displaced victims of Hurricane Katrina.

Performance / Workload Indicators	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Whittemore Robbins House Events	54	46	50	50
Food Panty Average Monthly Distribution	323	330	335	335
Assistance Program - Families served	40	56	75	70





Program Description

The Veterans' Service office supplies aid and assistance to qualifying veterans, their spouses, and dependents through the Massachusetts Department of Veterans' Services (DVS). The office also serves as a liaison with the Department of Veterans' Affairs (VA) for federal benefits and assists in filling out forms for such benefits. Within the community, the office is responsible for the graves registration of all veterans buried in the town, coordinating parades, memorial dedications, a veterans' registry, and any ceremony honoring veterans or concerning patriotism.

FY 2007 Objectives

- Request and receive 75% reimbursement from DVS for all aid and assistance benefits awarded
- Apply for and receive 100% reimbursement for flags decorating veterans' graves on Memorial Day
- Coordinate and/or collaborate on, attend, and participate in Patriots' Day Parade, Memorial Day Parade, Veterans' Day Parade, and all other ceremonies honoring veterans.
- Increase awareness of DVS and VA benefits available to veterans and/or their dependents
- Be as available as possible to supply information, forms, and answers to questions concerning veterans.

Budget Statement / Future Outlook

The possible end of the "War on Terrorism" during FY2007 would likely increase the need for assistance both with the DVS and the VA. The end of the war would also necessitate the updating of the "Veterans' Honor Roll" to include all veterans of the war and additions to the other wars. With the increase in medical expenses, the elderly and disabled of low income will require more assistance.

PROGRAM COSTS				
Veterans' Services	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	48,927	50,053	50,053	
Expenses	91,101	113,235	123,258	
Total	140,028	163,288	173,311	

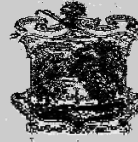
STAFFING				
Veterans' Services	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial				
Clerical				
Professional/Technical	1	1	1	
Total	1	1	1	



Major Accomplishments for 2005

- Established memorial honoring Captain Joseph X. Grant, a recipient of the Congressional Medal of Honor.
- Increase of aid and assistance clientele from twenty-seven to forty-two receiving benefits. Fourteen of the thirty-nine VA claims submitted for compensation/pension have resulted in benefits being awarded.
- A generous town merchant has agreed to purchase, maintain, and store the American flags for "The Avenue of Flags".
- Establishment of the Combined Veterans' Council of Arlington.

Performance / Workload Indicators				
	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Department of Veteran Services				
Clients	27	42	50	52
Veterans' Administration Clients	41	39	45	46



Human Services Director
Patsy Kraemer

Veterans' Agent
William McCarthy



Program Description

The Board of Health protects the public health, controls disease, promotes sanitary living conditions and protects the environment from damage and pollution within the Town of Arlington through enforcement of health codes and regulations.

The department inspects all permitted establishments and investigates and follows-up on complaints regarding unsanitary conditions as well as tracks and investigates communicable disease outbreaks.

Additionally, the department works with other public health agencies at the local and state level to prepare for major public health emergencies.

FY 2007 Objectives

- Continue to improve risk-based food inspections program
- Streamline the Medicare re-imbursement program for annual elder influenza vaccinations
- Establish mutual aid agreements between regional public health partners
- Develop Medical Reserve Corps in collaboration with neighboring communities
- Continue to develop plans and standard operating procedures for various responses to public health emergencies
- Continue to improve graduate student internship program within department

Budget Statement / Future Outlook

Last year's Town Meeting appropriated \$12,000 for a contracted food inspector. This was not requested this year as this is now funded through the revolving fund set up for this purpose. There are no other major budget changes.

PROGRAM COSTS				
Board of Health	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	179,512	201,155	193,744	
Expenses	39,422	19,704	19,604	
Total	218,934	220,859	213,348	

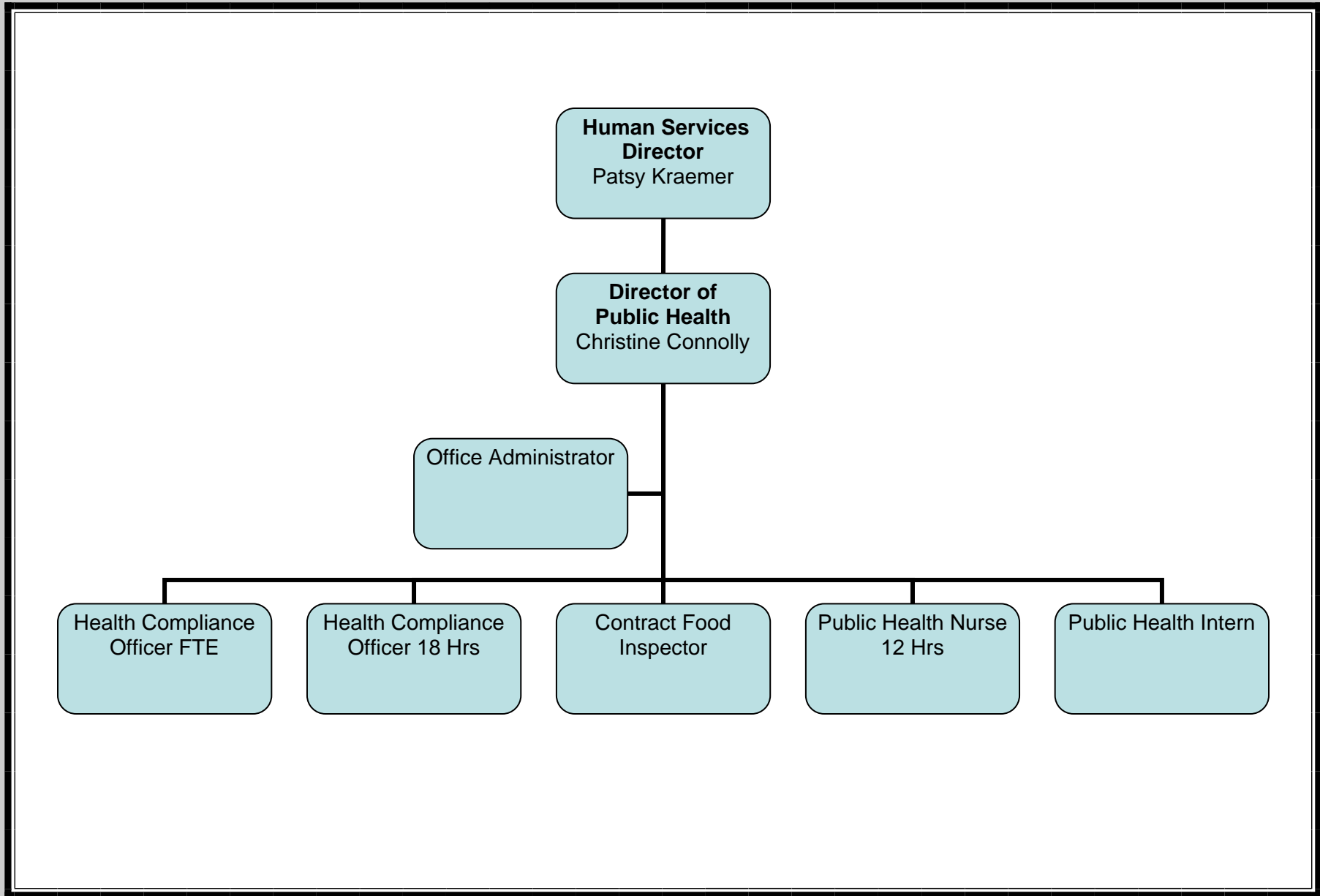
STAFFING				
Board of Health	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial	1	1	1	
Clerical	1	1	1	
Professional/Technical	1.85	1.85	1.85	
Total	3.85	3.85	3.85	



Major Accomplishments for 2005

- In 2005, the department overhauled the food inspection system. A risk based inspections system was instituted whereby each food establishment in town was put into a category based on the risk associated with the type of food they serve. The categories are one through four, which correlate with the risk and the number of times they are inspected per year. Establishments in category one are inspected once per year and establishments in category four are inspected four times per year. The fee for the food establishment permit is now based on the category, and the number of required inspections. The additional funding generated from the new permit fees, was used to hire a contract food inspector to assist the department complete the over 400 required inspections. In the upcoming years, the department will continue to evaluate the efficacy of the risk-based food permitting system and will make adaptations as necessary.
- The department also developed a more thorough pre-demolition inspection process to address issues related to asbestos, mercury and other hazardous materials during demolitions and also developed a needle disposal program.
- In 2005 the department vaccinated 1200 elders against influenza at the annual elder flu clinic. The clinic was set up to practice the emergency dispensing site plans that have been developed by the department for use in the event of a public health emergency where vaccination or prophylaxis of the population would be required such as a flu pandemic or anthrax attack.
- Staff from the department investigated over 115 contagious disease case reports, performed 375 food inspections, performed 55 housing inspections, conducted 58 checks on tobacco sales compliance and handled 325 resident complaints.

Performance / Workload Indicators				
	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Food Inspections	238	375	480	500
Tobacco Compliance Checks	120	58	58	87
Massage Establishment Inspections	17	20	54	66
Tanning Establishment Inspections	6	7	8	8
Demolition Inspections	-	-	13	15
Public Pool Inspections	10	10	9	9
Public Beach Inspections	12	12	11	12
Housing Inspections	52	55	65	65
Resident Complaints	250	325	325	325
Communicable Disease Investigation	115	115	130	150
Flu Vaccinations Administered	1,100	800	1,400	1,500





Program Description

The Council on Aging, a division of the Department of Human Services, provides advocacy and support services to help Arlington elders live dignified and independent lives. The division's primary responsibilities are to identify the unmet needs of the community's elder population; to design, promote, or implement services to address such needs; and to coordinate existing services in the community. Projections show a continuing growth of the elder cohort as a segment of the overall population; more will be frail and homebound, and require more monitoring and complex services than at present. Budgetary limitations will continue to impact the division's ability to deliver needed services to Arlington's frail elderly.

FY 2007 Objectives

- Perform a detailed assessment of needs for Arlington seniors to be used to direct programming and service efforts
- Continue to expand the involvement and community impact of the division's volunteers and graduate student interns
- Complete a critical review of the community's needs in regard to the division's transportation programs, and adjust COA services to meet these needs in line with the resources available
- Continue to investigate and secure funding for critical programs that are not municipally supported
- Coordinate with the 3 other Senior Center agencies (the Seniors Association, the Minuteman Senior Services meal site, and Cooperative Elder Services, Inc.) to form a Task Force on Outreach for the Senior Center
- Develop a broad-based public-outreach program for the division
- Critically review the division's most in-demand service, the Council on Aging's Transportation Program: to examine its current services, budgetary status and fiscal health, its ability to meet identified needs, and to design an approach to any problematic issues identified.

Budget Statement / Future Outlook

No significant changes are expected in the state or municipal budgets in the next few years.

PROGRAM COSTS				
Council on Aging	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	116,024	125,334	131,836	
Expenses	3,481	5,162	4,991	
Total	119,506	130,496	136,827	

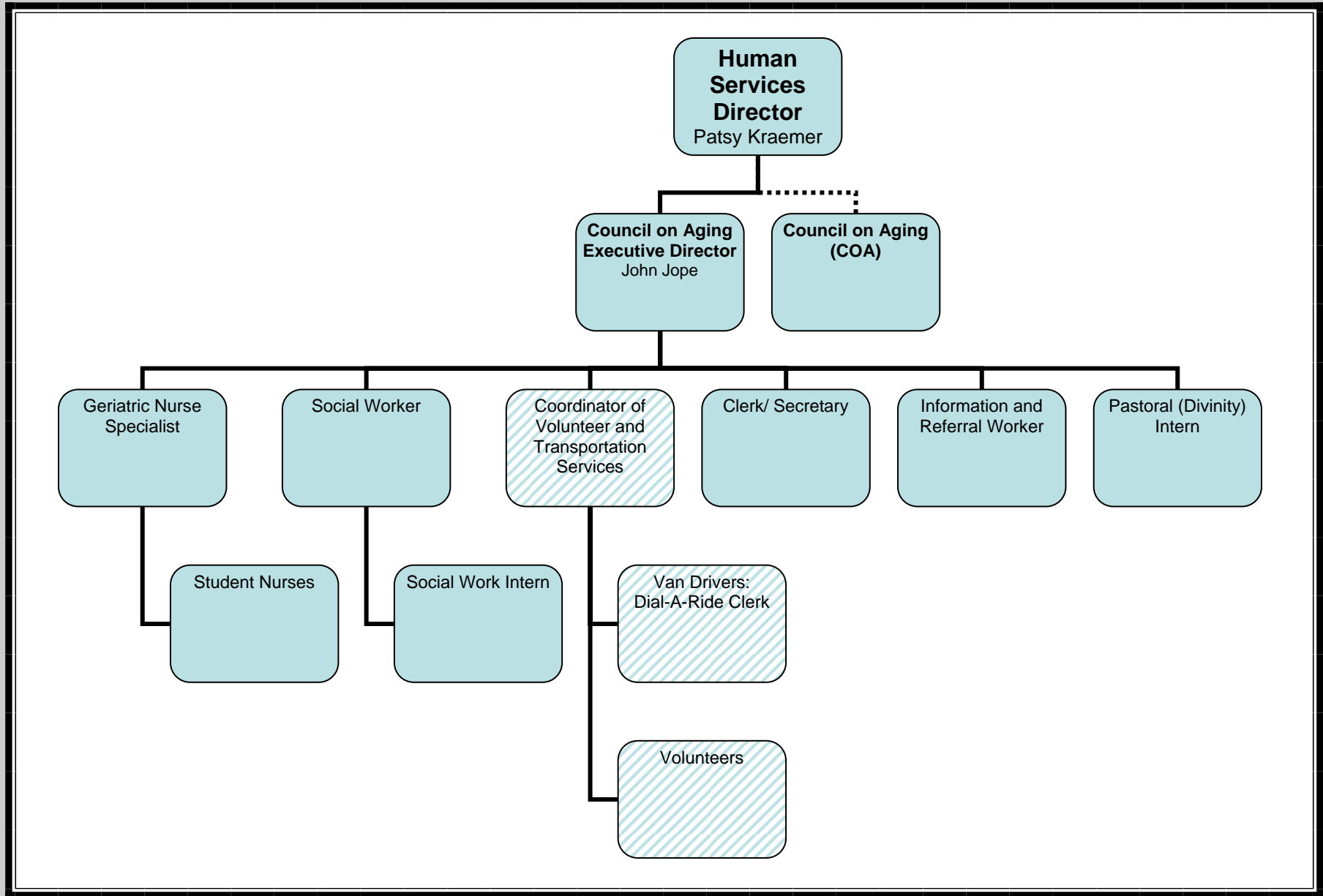
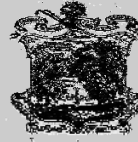
STAFFING				
Council on Aging	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial	1	1	1	
Clerical	0.68	0.68	0.68	
Professional/Technical	0.92	0.73	0.80	
Total	2.6	2.41	2.48	



Major Accomplishments for 2005

- Increased the number of COA unpaid staff (volunteers) by 14%.
- Established a permanent COA subsidy program, The Charles Sevoyan Dental Subsidy Program, to begin to address senior's dental needs.
- Secured grant funding in areas of client medical transportation, outreach effort (brochure printing), and van replacement.
- A grant from Lahey Clinic to introduce seniors to the benefits of regular exercise allowed the creation of a new three-part program: *Aquacise, in cooperation with the Arlington Boys & Girls Club; Tai Chi, at the Fox Community Center; and Walk the Rink, to be started at the Veterans Memorial Rink in the spring of 2006.*
- Continued to operate Transportation services at full capacity, one of the agency's most often-used programs, bringing seniors to and from the Senior Center and to their medical appointments.
- Saw increased expansion and delivery of client services through volunteers as the number of COA volunteers continues to grow.
- Revised participation guidelines and closer stewardship of the COA Sanborn Transportation Subsidy Fund allowed more efficient use of these grant funds in 2005.
- Increased participation in COA Health & Wellness Programs, under the direction of the Geriatric Nurse Specialist.
- Provided advocacy on issues affecting seniors at the local, regional and state level, through membership and active participation in the Massachusetts Councils on Aging & Senior Center Directors (MCOA).

Performance / Workload Indicators				
	FY 2004	FY2005	FY2006	FY2007
	Actual	Actual	Estimated	Estimated
Units of Service Delivered	101,921	105,110	108,789	110,965
Increased delivery of client services through volunteers (Medical Escorts, Friendly Visitors, Tax Abatement Assistants, Health Benefit Counselors, Health & Wellness volunteers, Intergenerational Task Force volunteers, S.H.I.N.E. volunteers) by increasing the COA volunteer force by 15 volunteers.				





NON-DEPARTMENTAL

RETIREMENT • INSURANCE



Program Description

The **Arlington Retirement Board** is an autonomous 5-person board whose members are active employees for the Town of Arlington and the Arlington Housing Authority who qualify for membership and retired employees who have fulfilled the requirements to be eligible to retire and have retired.

The Retirement Office is responsible for processing retirement and disability applications, a monthly retiree payroll, processing of refunds and transfers of annuity savings accounts, employee estimates of potential future benefits and the accounting for expenses, member's deductions and investment activities for the system as mandated by the Public Employees Retirement Administration Commission guidelines.

Non-Contributory Retiree are living retirees or survivors of retirees who had municipal employment that occurred prior to 1938 and are not members of the Arlington Contributory Retirement System. The Non-Contributory Retirees payroll and appropriation are under the jurisdiction of the Town of Arlington.

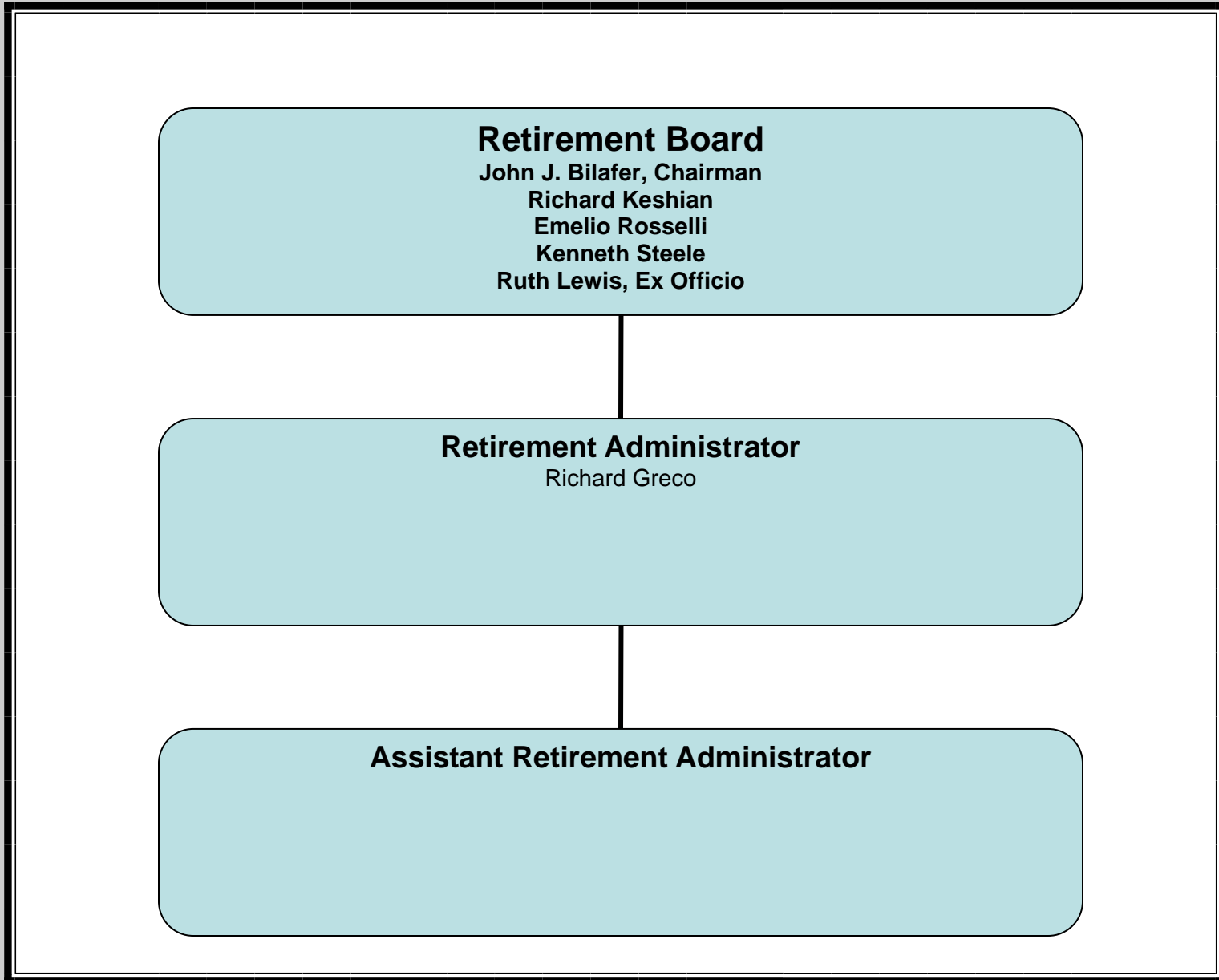
PROGRAM COSTS				
Pensions	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services				
Non Contributory	180,803	288,428	270,436	
Contributory	5,647,922	6,056,641	6,276,863	
Total	5,828,725	6,345,069	6,547,299	

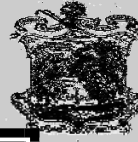
Performance / Workload Indicators				
	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Contributory Enrollees				
Active Employees	748	748	750	750
Retired Employees	628	622	630	630
Non-Contributory Enrollees	15	14	12	12

Budget Statement / Future Outlook

All municipal retirement boards are required by state law to be funded by fiscal year 2028.

The Arlington Retirement Board is on a funding schedule to be fully funded in fiscal year 2022. Fiscal stability and predictability is provided by an annual valuation which projects the appropriation amount for each year until full funding is achieved.





Program Description

The insurance budget comprises the cost of health insurance coverage, life insurance coverage, public official liability coverage, property insurance and automobile insurance. Additionally this budget funds the cost of Medicare for active town employees and unemployment insurance coverage. There is also a small account for the Flexible Spending Plan.

Health insurance is described in detail on the next page.

Life insurance is required to be provided to all employees in the amount of \$5,000 which is split 50% town funded and 50% employee funded.

Medicare costs are the federally required 1.45% of the salary of all employees hired after April 1986. Employees must also contribute 1.45% of their salary.

Indemnity insurance includes property insurance and automobile insurance coverage. Property insurance is provided for all of the town and school buildings and those that are rented are covered for general liability. Automobile insurance is required for all the town and school vehicles.

Public official liability insurance covers all public officials, who in the performance of their official duties, may be sued for those actions.

Unemployment insurance is paid for the actual employees who have been laid off from their positions. Unlike private employers, the town does not pay a premium. The town hires an outside firm to closely monitor our claims and to appeal any irregularities.

The flexible benefit plan is a Section 125 plan which is provided to the employees for dependent care and health care costs not provided through health insurance coverage. Employees contribute tax free to this plan through payroll deductions. This budget pays for the administration of that plan.

Budget Statement / Future Outlook

Insurance costs, other than health insurance have remained fairly stable for the past several years. We have reduced the cost of the property insurance by subsidizing the appropriation with funds from the Municipal Building Insurance Trust Fund. We will be reducing this subsidy in the future since we moved \$1.5 million to the Stabilization Fund from this account.

FY 2007 Objectives

- Closely monitor costs of all insurance programs.
- Maintain inventory of all properties and vehicles.
- Proactively work to reduce potential risks.

PROGRAM COSTS				
Insurance	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services				
Group Life	61,719	70,000	70,000	
Group Health	9,522,766	11,316,372	12,815,942	
Unemployment Ins.	104,254	100,000	100,000	
Medicare	499,977	500,000	550,000	
Indemnity	243,284	275,000	275,000	
Liability	50,794	55,000	55,000	
Flexible Benefit Plan	314	800	1,000	
Total	10,483,109	12,317,172	13,866,942	



Program Description

The **Health Insurance** budget provides for the town's portion of the cost for providing health insurance benefits to all town employees, retirees and surviving spouses. The town pays, by vote of the electorate, 75% of the premium for indemnity plans which we are required to provide under Chapter 32B of the Mass General Laws. The town pays 85% toward the premium of the health maintenance organization (HMO) plans for unionized employees, 80% for all non-union town and school employees and 90% for all retirees. Surviving spouses pay 50% of the premium. The town offers the following plans:

- Indemnity Plans (75% employer /25% employee):
 - Blue Cross /Blue Shield – Blue Choice
 - Blue Cross /Blue Shield – Major Medical
 - Blue Cross /Blue Shield – Master Health Plus – this program was frozen to existing participants on January 1, 2000
- HMO Plans (85/15%) (80/20% non-union) (90/10% retirees):
 - Blue Cross /Blue Shield – HMO Blue
 - Harvard Pilgrim Community Health Plan
- Medicare Extension Plans:
 - Medex III (75/25%)
 - Managed Blue for Seniors (90/10%)
 - Harvard First Seniority (90/10%)
- Dental Plan:
 - Blue Cross /Blue Shield – Dental Blue – this plan is paid 100% by the employee.

The town is self-insured for all health plans except for Harvard Pilgrim and Managed Blue for Seniors which are premium based. This means that the town pays for actual claims, the cost of administration and a stop-loss policy for catastrophic claims over \$100,000. A trust fund is maintained with a goal of maintaining a reserve equivalent to two to three months of anticipated claims.

Major changes in Medicare for prescription drugs –Medicare Part D—has afforded the town the opportunity to be reimbursed by the federal government for some of those costs.

FY 2007 Objectives

- Work with the unions to review all health insurance coverage options.
- Maintain sufficient funds in the claims trust fund.
- Determine if it is in the best interest of the town and employees to self-insure Harvard Pilgrim.
- Review Medicare Part D coverage to provide the best prescription drug coverage for our employees and retirees. Apply for any reimbursements available.

Budget Statement / Future Outlook

In 2005 the Town successfully negotiated a change in contribution levels for all unionized employees from 90/10% to 85/15%.

Increases in this budget reflect claims experience and additional enrollees. The appropriation for FY2007 shows an increase of 12% from the prior fiscal year. We are experiencing approximately 25 new enrollees each year, in part due to turnover in personnel from retirements. It is anticipated that this will continue if the economy remains weak and private employers are eliminating or increasing costs. The budget is expected to increase approximately 10% a year for the next three years.



Major Accomplishments for 2005

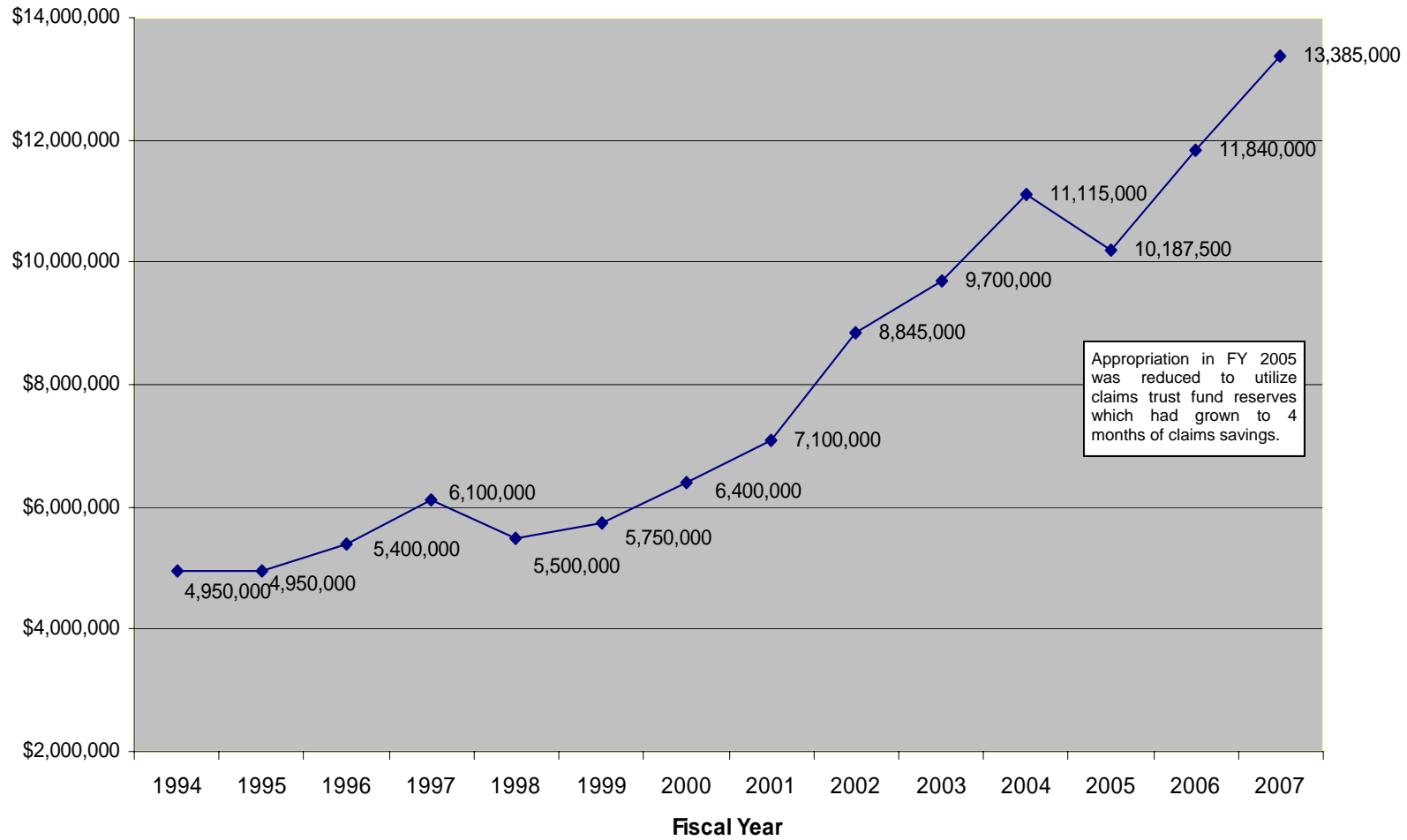
- Installed a software program to maintain health insurance information. This has allowed for increased analysis of the costs of this program.
- Controlled the costs of property insurance, liability insurance and automobile insurance.
- Successfully enrolled the town in the Medicare Part D reimbursement program.
- Negotiated to increase employee HMO contributions from 10% to 15% for all unionized employees.

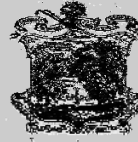
Performance / Workload Indicators				
	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Health Insurance Contracts Managed	1,873	1,878	1,905	2,010
Life Insurance Contracts Managed	1,068	1,023	1,015	1,010
Life Insurance Claims Processed	*	25	25	25

*data not available as Town switched carriers mid fiscal year



Health Insurance Appropriation History





Healthcare Trust Fund Balance

End Of	Costs	Trust Fund Balance	
		\$	Equivalent Months
FY2000	\$ 6,367,486	\$ 1,349,591	2.5
FY2001	\$ 7,528,484	\$ 1,133,159	1.8
FY2002	\$ 8,338,267	\$ 1,455,000	2.1
FY2003	\$ 8,762,535	\$ 1,631,600	2.2
FY2004	\$ 8,315,472	\$ 2,774,597	4.0
FY2005	\$ 10,098,068	\$ 2,213,268	2.6



SECTION V

ENTERPRISE FUNDS



ENTERPRISE FUNDS

WATER/SEWER • RECREATION • VETERANS' MEMORIAL
RINK • COUNCIL ON AGING TRANSPORTATION •
YOUTH SERVICES



Program Description

This division is responsible for maintaining the Town's water distribution and sewer collection system. The division makes repairs to the systems as well as responds to calls from homeowners. The division reads all water meters twice a year.

FY 2007 Objectives

- Develop operation schedules for routine maintenance such as hydrant flushing and sewer main flushing.
- Provide support for the Water Main Rehabilitation program.
- Implement new automated meter reader system (AMR).

Budget Statement

This budget has an appropriation for a new remote read meter system. This will allow the department to read meters more frequently and efficiently. The new system will enable the department to more readily detect system leaks. The new system would have the potential for more frequent billing cycles.

PROGRAM COSTS				
Water/Sewer Enterprise Fund	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	1,399,928	1,586,579	1,600,806	
Expenses	10,482,311	12,982,877	16,095,271	
Total	11,882,239	14,569,456	17,696,077	

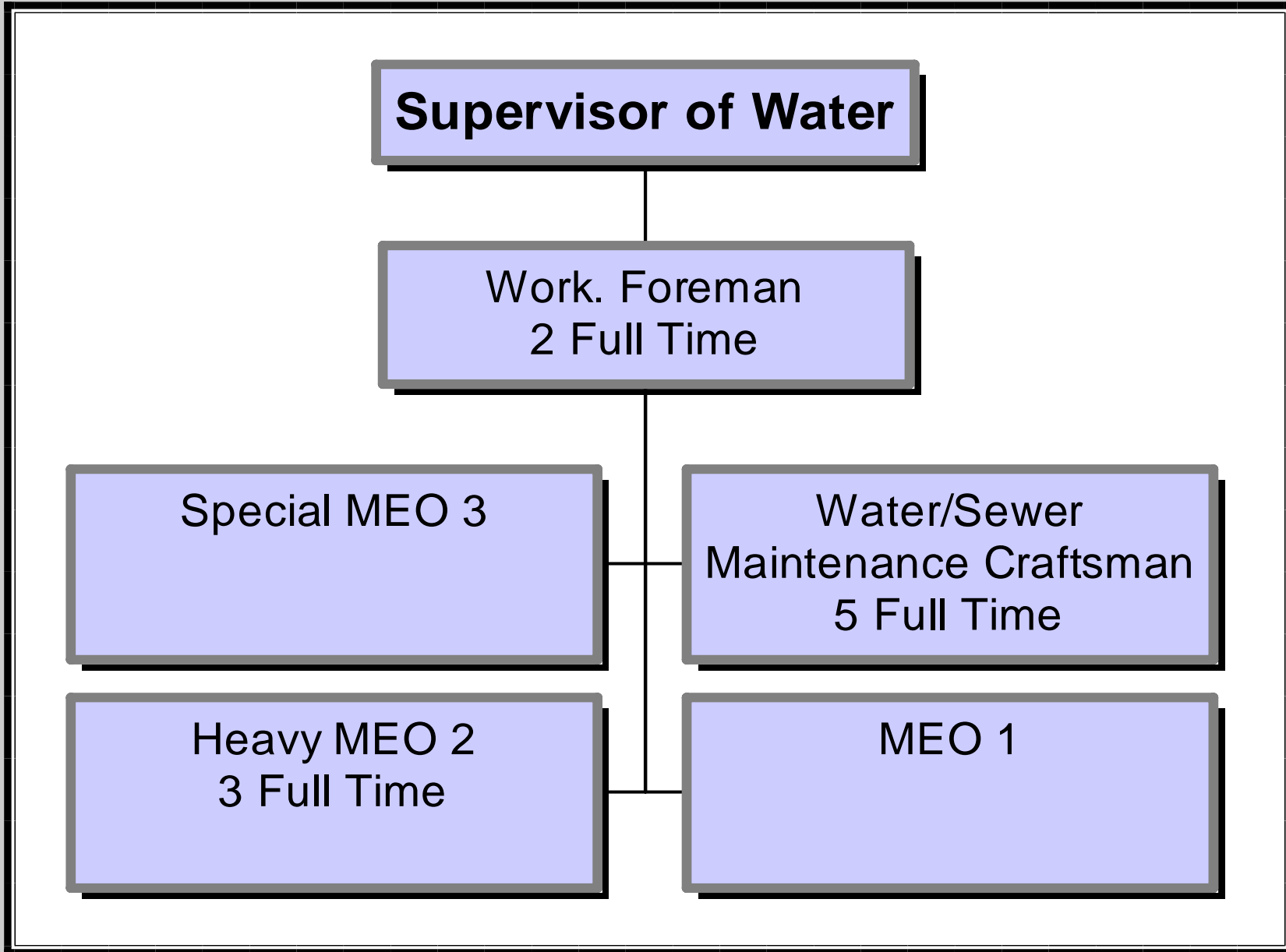
STAFFING				
Water/Sewer Enterprise Fund	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial				
Clerical	2	2	2	
Professional/Technical				
Public Works	13	13	13	
Total	15	15	15	

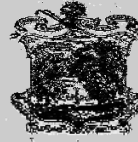


Major Accomplishments for 2005

- Serviced 480 sewer blockages
- Repaired water main leaks at 35 locations
- Installed 98 new water services
- Sampled 14 locations weekly for water quality
- Replaced 20 hydrants
- Repaired/replaced over 500 water meters

Performance / Workload Indicators				
<i>Water/Sewer</i>	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Water meters read	23,600	23,800	24,000	24,200





Program Description

Arlington Recreation, a self-sustaining division of the town, offers safe, quality and affordable recreational programs and facilities for citizens of all ages and abilities. Our staff members are qualified professionals, dedicated to serving the community with excellence and pride. Its primary responsibilities are to plan coordinate and supervise year round recreation and leisure programs. The department operates and manages the Reservoir Beach, the Gibbs School gymnasium, the Veterans Memorial Skating Rink/Sports Center, and the concession stand at Sports Center. Additionally the department oversees the operations and capital improvements to all the parks and playgrounds in town.

FY 2007 Objectives

- Increase adult, senior and family program offerings.
- Improve the quality of programs offered.
- Expand concession stand operation to year-round.
- Introduce a customer satisfaction survey to receive feedback on our programs.
- Prepare maintenance and implementation plan for all recreational facilities.

PROGRAM COSTS				
Recreation Enterprise Fund	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	328,912	319,299	341,164	
Expenses	171,463	284,804	341,504	
Total	500,375	604,103	682,668	

Budget Statement / Future Outlook

The division anticipates an increase in Gibbs Gym rentals and receipts. The division will be restructuring seasonal staffing needs.

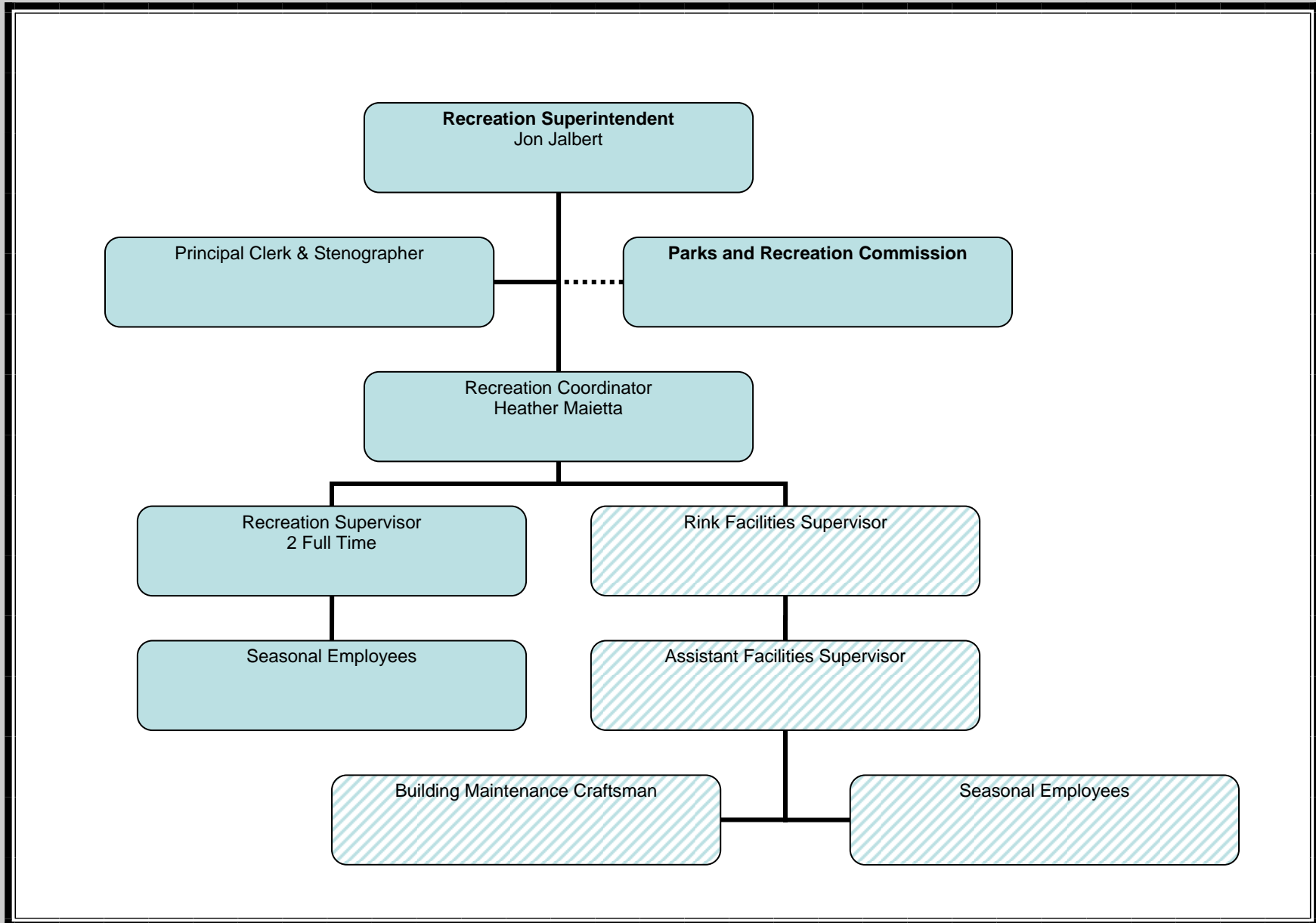
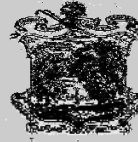
STAFFING				
Recreation Enterprise Fund	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial	0.5	0.5	0.5	
Clerical	0.5	0.5	0.5	
Professional/Technical	2.8	2.8	2.8	
Public Works	0	0	0.5	
Total	3.8	3.8	4.3	

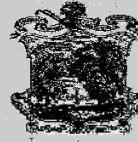


Major Accomplishments for 2005

- Offered twenty new programs and fifteen of them successfully ran.
- Added twenty-one additional sessions to currently established programs.
- Offered four new special events.
- Hired a Program Coordinator
- Eliminated or significantly reduced the deficit in both the Recreation and Rink Enterprise Funds.
- Introduced a new design and increased distribution of Recreational Brochures.

Performance / Workload Indicators				
<i>Recreation</i>	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Program offerings:				
Fall	61	78	80	80
Winter	71	83	90	90
Spring	20	26	30	30
Summer	81	116	125	125
Total Participants:				
Fall	887	1,042	1,100	1,100
Winter	1,436	1,458	1,550	1,550
Spring	515	486	500	500
Summer	1,744	1,819	1,900	1,900





Program Description

The Veterans' Memorial Rink is a division of the Recreation Department. The recreation department offers safe, quality and affordable recreational programs and facilities for citizens of all ages and abilities. The department operates and manages the Veterans Memorial Skating Rink/Sports Center, and the concession stand at the Sports Center.

The rink facility is used for ice skating from September to April and in the summer for recreational programs. Along with skating for the public, the rink is used by many school sponsored hockey programs as well as private hockey leagues. The facility offers skate rentals and sharpening services. A concession stand is open during the hours that the rink is operating.

FY 2007 Objectives

- Expand concession stand operation to year-round if budget allows.
- Continue Ice Maintenance Training for all Full-time rink staff.
- Prepare maintenance and implementation plan for all recreational facilities.
- Pursue fundraising opportunities to generate additional revenues

PROGRAM COSTS				
Veterans' Memorial Rink Enterprise Fund	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	209,021	232,998	225,249	
Expenses	183,180	219,336	266,591	
Total	392,201	452,334	491,840	

Budget Statement / Future Outlook

The division anticipates a decrease in ice rentals due to increase in general public skating sessions and skating lessons. The division will be restructuring seasonal staffing needs.

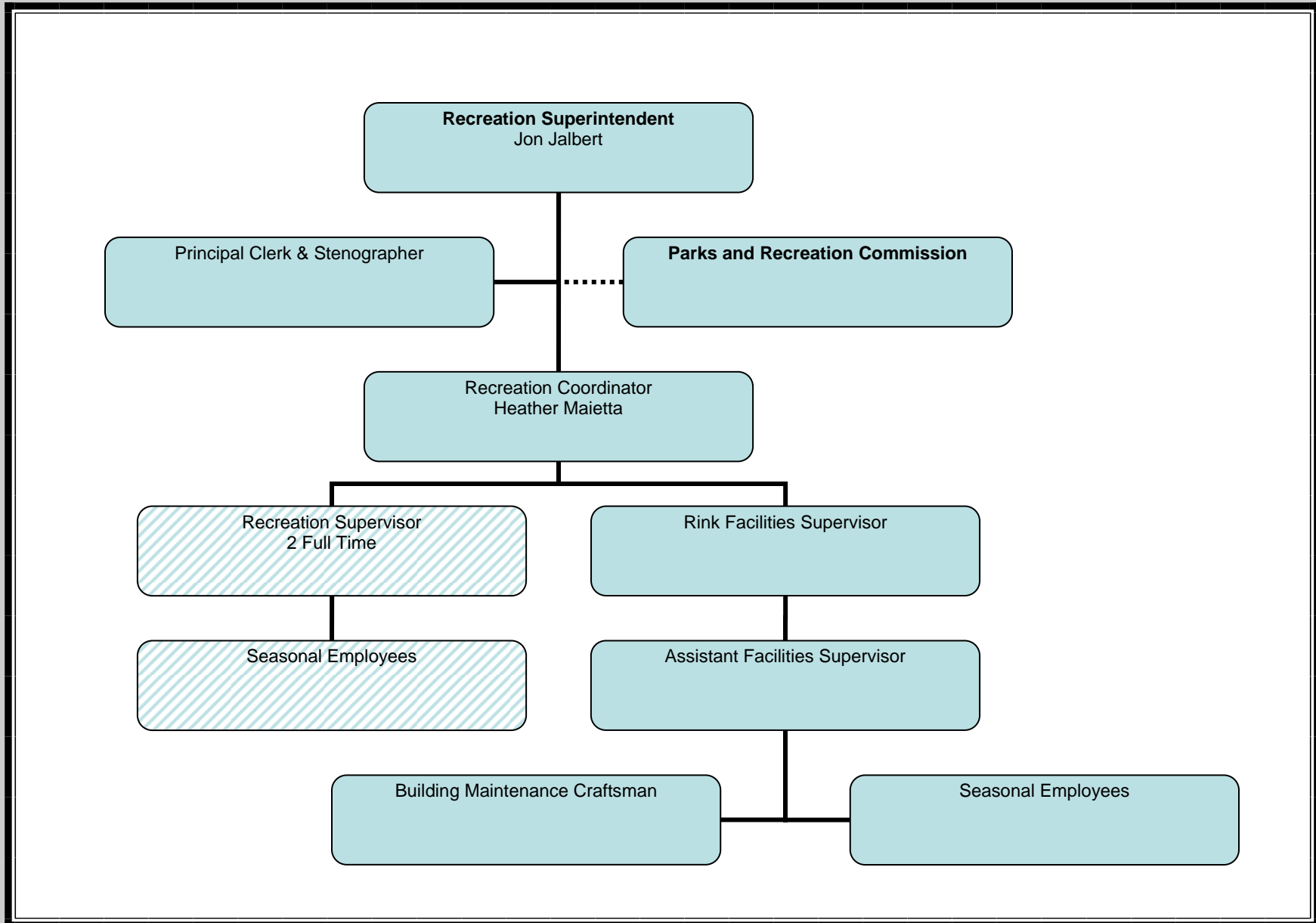
STAFFING				
Veterans' Memorial Rink Enterprise Fund	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial	0.5	0.5	0.5	
Clerical	0.5	0.5	0.5	
Professional/Technical	1.2	1.2	1.2	
Public Works	1	1	1.5	
Total	3.2	3.2	3.7	



Major Accomplishments for 2005

- Eliminated Rink Enterprise Deficit
- Applied for, and received, a 20-year lease with an option of 5 additional years from the Commonwealth of Massachusetts for the maintenance and operation of the Veterans' Memorial Rink/ Sports Center.

Performance / Workload Indicators				
<i>Veterans' Memorial Rink</i>	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Ice Rentals	1,828	1,778	1,900	1,900
Rec. and Public Skating Hours	445	420	450	450
Public Skating Participants:				
Adults	2,211	2,826	3,000	3,000
Children/ Seniors	7,432	9,266	10,000	10,000
Skate Rentals	2,025	2,514	3,000	3,000
Skate Sharpening	22	129	300	300





Program Description

Youth Services works toward the prevention, treatment, and resolution of problems relating to the children and youth of the Town and advises and assists other agencies concerned with such matters. Its primary responsibilities include:

- Provide therapeutic services to children, adolescents, and their families.
- Provide assessment and diagnostic services to children, adolescents and their families.
- Provide emergency services and referral services to children, adolescents, and their families.
- Provide psychopharmacological services to children, adolescents, and their families.
- Provide consultations and assistance to other Arlington agencies interfacing with children, adolescents and their families
- Provide prevention and education programs regarding substance abuse to children, adolescents, and their families.
- Provide instruction and supervision to a corps of graduate students assigned for internships to AYCC.

FY 2007 Objectives

- Maintain search for additional state funding.
- Maintain search for additional non-governmental funding.
- Maintain program in face of fiscal constraints.

Budget Statement / Future Outlook

Establishment of relationship with neighborhood Health will provide increased counseling for the citizens of Arlington. The director, who will be retiring at the end of fiscal year 2006 will be working with the Town manager on a smooth transition and reorganization of duties and responsibilities within the division. It is anticipated that the school counseling program will be expanded.

PROGRAM COSTS				
Youth Services Enterprise Fund	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	199,135	246,405	256,684	
Expenses	52,878	44,836	44,836	
Total	252,013	291,241	301,520	

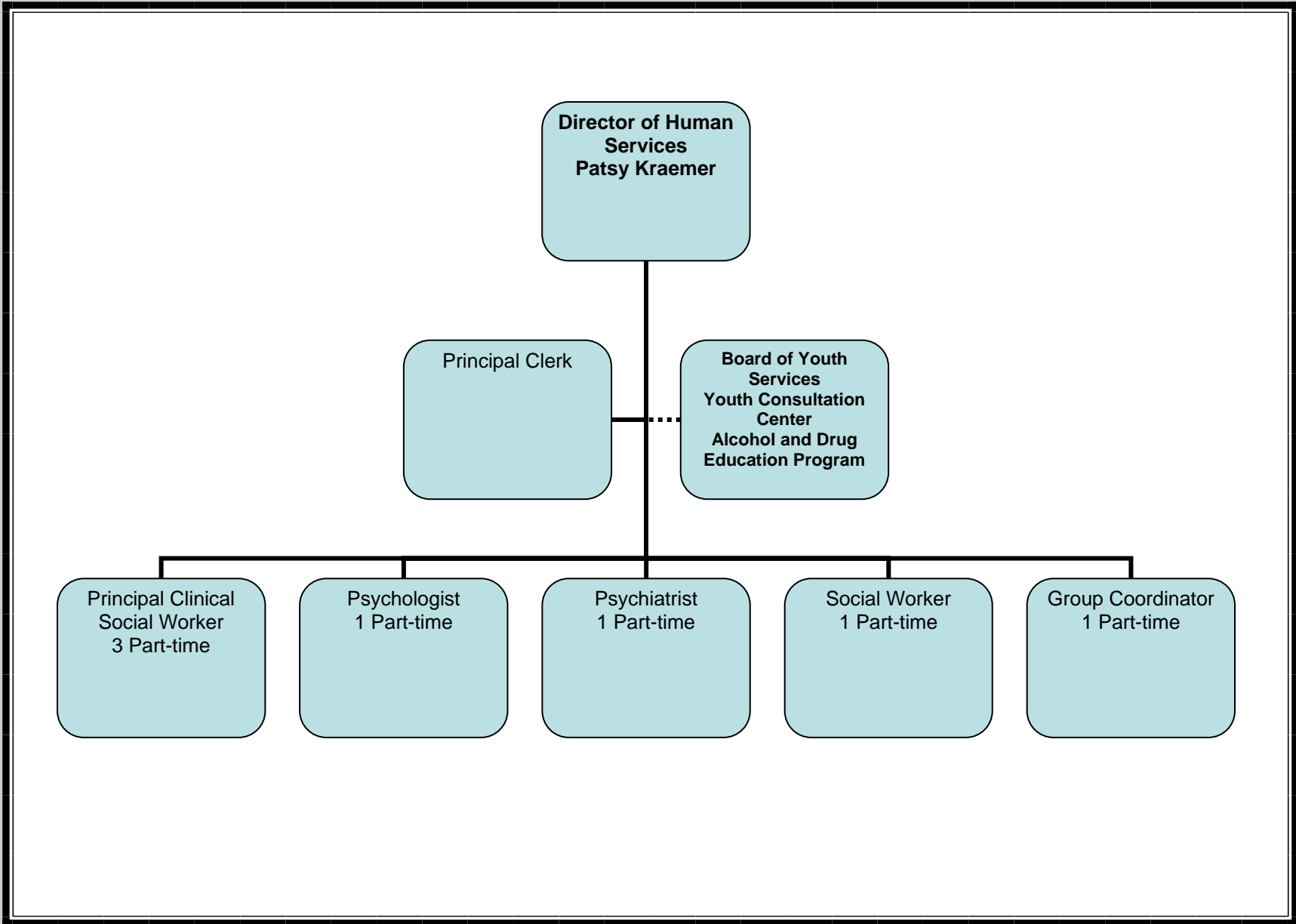
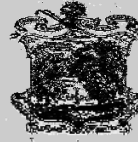
STAFFING				
Youth Services Enterprise Fund	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial				
Clerical				
Professional/Technical	3.56	3.93	3.84	
Total	3.56	3.93	3.84	



Major Accomplishments for 2005

- Implemented a sand therapy workshop for 40 professionals from the New England area.
- Graduated seven interns from successful field placements.
- Implemented an expanded counseling program with the Arlington Public Schools, including:
 - Provision of counseling services for Individual Education Plans in special education
 - Weekly consultation with Arlington Public Schools Pre-School Clinic
 - In-school counseling program with Work Place, CLASS, Ottoson Middle School Assist Program, Peirce and Hardy special classroom learning programs.
- Counseled 344 children and parents.
- Increased staff knowledge of expressive therapies techniques.
- Trained 75 peer leaders at Arlington High School

Performance / Workload Indicators				
	FY 2004 Actual	FY2005 Actual	FY2006 Estimated	FY2007 Estimated
Counseling hours	5,707	4,662	5,000	5,000
Clients	341	344	450	450





Program Description

The Council on Aging (COA) Transportation Program, through its lift-equipped vans and its subsidized taxi program, provides basic access to the community and its services for Arlington's elderly and disabled. The program's primary services are to offer out-of-town trips for medical appointments, and trips to/from the Senior Center for its programs and services.

FY 2007 Objectives

- Through the joint efforts of the Council's Transportation Committee and its Director, to complete a critical review of the transportation program's operating budget.
- To review the transportation needs of Arlington's elders and disabled, and to adjust services accordingly.
- In the light of increasing expenses and in the absence of municipal funding, to consider all options in order to assure continuity of services.
- Continue to seek and secure subsidy funding for low-income seniors' medical transportation.
- Maintain and increase the number of Volunteer Medical Escorts who drive elder clients to and from their scheduled medical appointments.

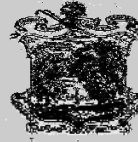
Budget Statement / Future Outlook

Supported by program revenues and CDBG funding, the COA Transportation Program is one of the agency's most often-used services. It operates at near capacity, bringing seniors to and from the Senior Center and to their medical appointments in surrounding towns. As evidenced by the past two years, there is increasing demand for out-of-town medical trips, more time-intensive than in-town trips, and fewer calls for trips to the Senior Center. The result is a decrease in the overall number of trips, but longer average per-trip times.

The number of seniors is expected to double by the year 2030; this will put much demand on those who provide services for the elderly. As the "baby boomer" generation begins to turn 60 in 2006, more and varied services will be required from senior services agencies and organizations.

PROGRAM COSTS				
Council on Aging Transportation	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Personal Services	62,823	65,480	71,339	
Expenses	37,868	45,100	44,500	
Total	100,691	110,580	115,839	

STAFFING				
Council on Aging Transportation	FY 2005 Actual	FY 2006 Budget	FY 2007 Request	FY 2007 Fin Com
Managerial				
Clerical	0.8	0.8	0.8	
Public Works	1.5	1.5	1.5	
Total	2.3	2.3	2.3	

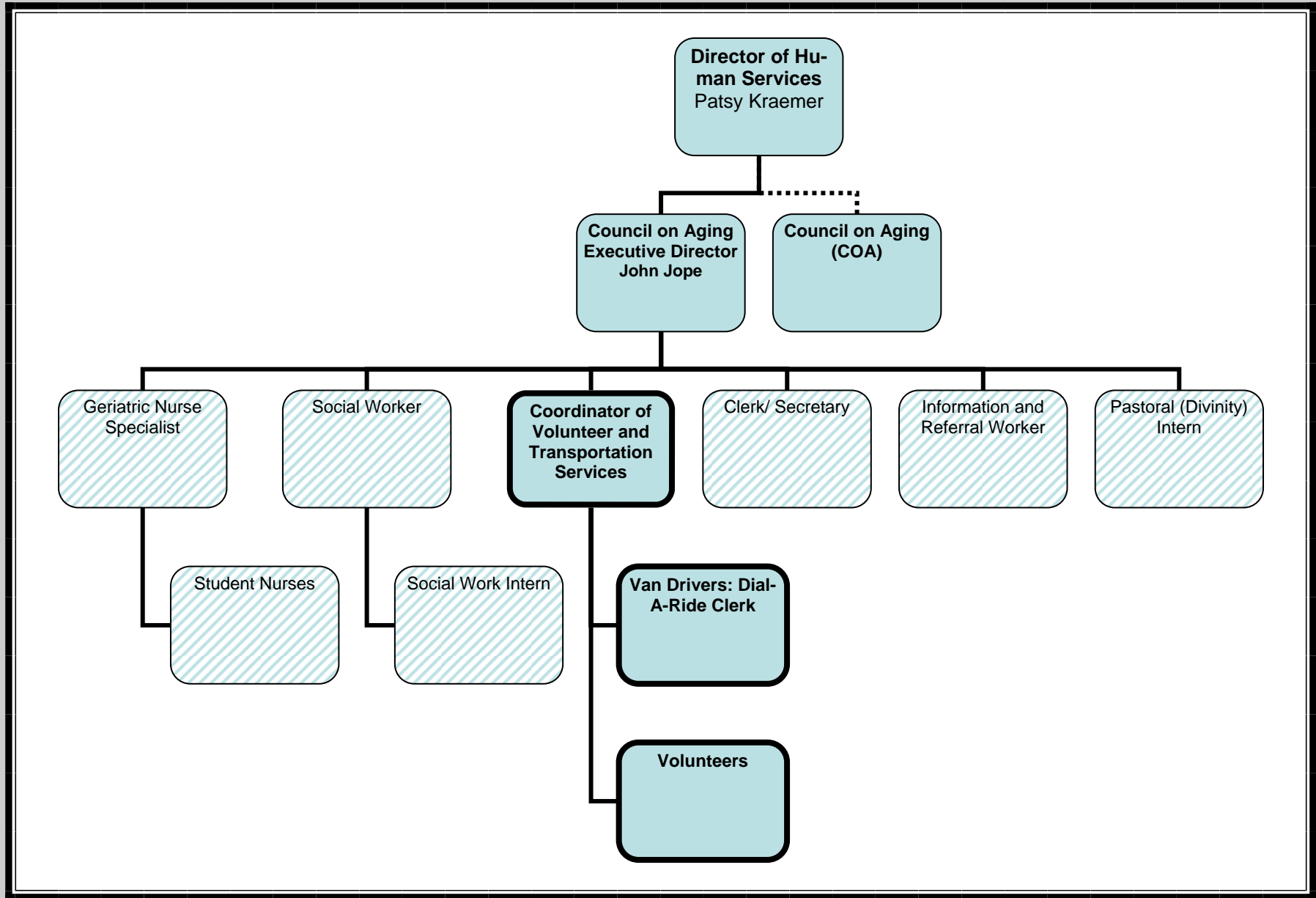
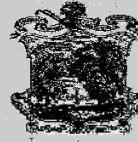


Major Accomplishments for 2005

One of the most in-demand of all COA services is that of transportation. Transport to and from the Senior Center's social, nutrition, and health & wellness programs predominated. Program accomplishments in 2005 include:

- through the agency's lift-equipped vans, and the subsidized taxi program, approximately 10,000 affordable one-way rides were provided to Arlington's elderly and disabled;
- approximately four hundred one-way rides provided at no cost to seniors for their medical appointments, including trips to Boston area hospitals, by volunteer medical escorts;
- over seven hundred one-way affordable medical appointment rides to Lahey/Burlington and Lahey/Lexington that were subsidized by the Council on Aging Transportation Program;
- COA van drivers and transportation coordinator were recertified in first aid, CPR, wheelchair securement, defensive driving, and sensitivity training in concert with the ADA.
- With the closing of the doctor's offices at Symmes, and the Lahey Broadway offices months away from completion, the COA, in cooperation with the Arlington Housing Authority, developed a subsidized transportation program for seniors going to doctor's appointments at Lahey-Burlington and Lahey-Wall Street.
- While the agency continues to receive funding through the Community Development Block Grant Program, such funding was reduced for this fiscal year, particularly in the area of transportation support. The Dial-a-Ride client fee was raised in February. This was a reflection of increased program costs, such as fuel, maintenance and repair of the vans, salary increases, and dial-a-Ride contract costs.

Performance / Workload Indicators				
	FY 2004	FY2005	FY2006	FY2007
	Actual	Actual	Estimated	Estimated
Monthly number - one way rides	8,659	6,351	6,500	6,500





SECTION VI

CAPITAL IMPROVEMENT PROGRAM



Program Description

The Town Manager is responsible for submitting a five-year capital planning program for all departments to the Board of Selectmen, Finance Committee and ultimately the Town Meeting each year. A Capital Planning Committee was created in 1986 to advise and make recommendations to the Town Manager regarding the capital plan. The Capital Planning Committee (CPC) comprises 9 members who meet between the months of September and December to review the requested capital items by all departments, boards, and committees and develop a recommended budget and plan to the Town Manager. The members include 5 members of the public, the Comptroller, the Treasurer/ Collector, the Superintendent, or his representative and the Town Manager, or his representative. Annually the first year of the Capital Plan is submitted to the Town Meeting as the Capital Budget for appropriation. The Five Year 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. The maintenance of the infrastructure and the capital assets of the Town is of vital importance to the delivery of the quality services for which the Town has been known. The following are the 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
- 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:

1. Imminent threat to the **health** and safety of citizens/property.
2. **Preservation** 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.
3. Requirement of State or Federal **Law**/regulation.
4. Improvement of **infrastructure**.
5. Improvement of **productivity**.
6. **Alleviation** of an overtaxed/overburdened situation.

The relationship of the project to other town projects and needs are also be considered in the review and prioritization.

Continued on next page

**Program Description (continued)****The Capital Planning Process:**

The CPC receives capital budget requests from Department Heads and begins to meet and review requests in early October. The CPC members look at the Town's overall financial situation and, within this larger context, each department's request is compared to the request and the recommendation from the prior year and to the five-year capital plan for that department. The members also tend to ask if this request reflects an interdepartmental planning effort, if the department has considered other sources of funding or if the department has undertaken any kind of cost/benefit analysis. CPC members like to see evidence of longer term planning for departmental needs, of planning for maintenance expenses and of interdepartmental cooperation. Priorities that emerge suddenly in one year with no reference in prior year requests tend to be more heavily scrutinized.

Information technology requests are expected to have passed through the master planning process coordinated and updated through the Information Technology Advisory Committee (ITAC). The ITAC maintains a 5 year plan for IT expenses including phones, wireless, computer systems replacement, GIS, etc.

Increasingly, the CPC looks for evidence of long term interdepartmental planning around expenditures for buildings, playgrounds, parks and fields. Vehicles and copiers are common requests and the CPC is interested in coordinated purchasing programs for these items.

The capital budget is prepared from a town wide perspective. There is no assumption of a budget quota for individual departments. CPC members look at the history of spending patterns for each department. Departments that have requested and received more money than actually required tend to be more heavily scrutinized.

The CPC members each specialize in two or three departments and meet with those department heads during the Fall. The intent of these meetings is to enable the CPC to get a fuller understanding of the current and long-term needs of the department, and the process used to determine these needs. The results of these meetings are reported back to the whole CPC and are often discussed by the group.

The CPC converts the data requests to a "Microsoft Access" spreadsheet and reviews the requests in relation to their priorities, their urgency, their cost, etc. The sum of money available to fund the Town's Capital program is approximately five (5) percent of the total revenue. This sum includes the debt service from prior years. Historically the CPC has received requests far exceeding this sum. Thus very difficult decisions must be made as to what projects receive funding in any given year. After considerable review, the CPC recommends a capital budget for the Town, based on advice from the Finance Committee and others about what the Town can afford. The recommendations are submitted to the Town Manager.

The Capital Budget for FY 2007 and the Capital Plan for FY 2007—2012 are presented on the following pages. The terms "Bonds", "Cash" and "Other" are used to describe the sources of funding for the capital budget and plan. "Cash" refers to those expenditures that are paid for in their entirety in the next fiscal year directly from the general fund. "Bonds" refers to those expenditures that are acquired through borrowing, the payments for which may or may not affect the next fiscal year, but in any event are paid for over an extended period of time, usually three to twenty years. Those extended payments include both principal and interest, usually referred to as "debt service". "Other" refers to those expenditures that are financed from sources that do not arise directly from the Town's tax levy; these sources may be state or federal grants, user fees, private donations, trust funds and other non-tax sources.



Capital Budget FY 2007 and Capital Plan FY 2007—2012

The Town's capital improvements program policies call for the allocation of approximately 5% of the general fund revenues to the capital budget. This is exclusive of dedicated funding sources such as enterprise funds, grants, and proposition 2 ½ debt exclusion projects.

For FY 2007, funding for the capital budget is as follows:

Bonding -	\$2,100,555
Cash -	637,458
Other -	4,873,000

Our existing non-exempt debt is \$4,344,721 of which \$111,877 is paid by the water/sewer enterprise fund. The additional new non-exempt debt service is estimated at \$47,262. The total capital budget for FY2007 is estimated at \$4,917,564.

Major projects to be funded in FY2007 include \$230,000 for public safety vehicles and equipment, \$341,000 for public works vehicles and equipment, \$680,000 for building repairs, \$1,300,000 for roads, sidewalks, and culvert, \$425,000 for park renovations including \$235,000 for Menotomy Rocks Park, and \$259,000 for town and school technology software and hardware. Also included from the water and sewer enterprise fund is \$2,000,000 for the installation of a new remote automated meter reader system, \$1,000,000 for water system rehabilitation and \$748,000 for sewer system rehabilitation. Two studies proposed for funding include \$25,000 for additional study related to the renovation/reconstruction of the Highland and Center Fire Stations and \$20,000 to explore options for acquisition of additional land for the cemetery.

Major capital expenditures in our 5-year plan include the fire station renovations and a commitment to upgrade our rink including replacement of the rink floor and boards.



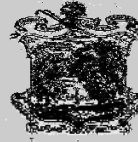
Capital Budget Fiscal Year 2007

			FUNDING SOURCE			
DEPARTMENT	PROGRAM	EXPENDITURE	BOND	CASH	OTHER	Grand Total
BOARD OF ASSESSORS	PHOTOCOPIER PROGRAM	Photocopier lease		\$5,500		\$5,500
BOARD OF ASSESSORS Total				\$5,500		\$5,500
BOARD OF SELECTMEN	EQUIPMENT REPLACEMENT	Voting Booths	\$50,000			\$50,000
	PHOTOCOPIER PROGRAM	Photocopier lease		\$6,500		\$6,500
BOARD OF SELECTMEN Total			\$50,000	\$6,500		\$56,500
COMMUNITY SAFETY - FIRE SERVICES	DEPARTMENTAL PROJECT	Protective Gear Replacement	\$40,000			\$40,000
	INFRASTRUCTURE IMPROVEMENT	Highland -Bldg. Location Study		\$25,000		\$25,000
COMMUNITY SAFETY - FIRE SERVICES Total			\$40,000	\$25,000		\$65,000
COMMUNITY SAFETY - POLICE SERVICES	DEPARTMENTAL PROJECT	Laser Radar		\$3,500		\$3,500
	EQUIPMENT REPLACEMENT	Bullet Proof Vest Program		\$29,000		\$29,000
	PHOTOCOPIER PROGRAM	Photocopier		\$4,500		\$4,500
	VEHICLE REPLACEMENT	Vehicle Replacement Program		\$128,000		\$128,000
COMMUNITY SAFETY - POLICE SERVICES Total				\$165,000		\$165,000
COMMUNITY SAFETY - SUPPORT SERVICES	DEPARTMENTAL PROJECT	Mall Lights		\$17,000		\$17,000
		Traffic Light Update Program		\$17,000		\$17,000
COMMUNITY SAFETY - SUPPORT SERVICES Total				\$34,000		\$34,000
COUNCIL ON AGING TRANSPORTATION ENTERPRISE FUND	VEHICLE REPLACEMENT	Van Replacement Program			\$10,000	\$10,000
COUNCIL ON AGING TRANSPORTATION ENTERPRISE FUND Total					\$10,000	\$10,000
DATA PROCESSING	INFORMATION TECHNOLOGY	Educational IT Program	\$125,000			\$125,000
		Library MLN Equipment	\$17,300			\$17,300
		Software Upgrades & Standardization	\$30,000			\$30,000
		Town-Microcomputer Program	\$65,000			\$65,000
		MUNIS Platform migration	\$17,400			\$17,400
		DPW - Engineering Autocad Module	\$4,500			\$4,500
DATA PROCESSING Total			\$259,200			\$259,200



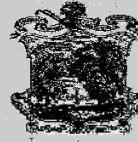
Capital Budget Fiscal Year 2007 (continued)

			FUNDING SOURCE			
DEPARTMENT	PROGRAM	EXPENDITURE	BOND	CASH	OTHER	Grand Total
FINANCING	DEPARTMENTAL PROJECT	Cost of Financing	\$30,000			\$30,000
FINANCING Total			\$30,000			\$30,000
HUMAN SERVICES	PHOTOCOPIER PROGRAM	Photocopier Lease - Council on Aging		\$2,000		\$2,000
		Photocopier Lease - Robbins House		\$1,518		\$1,518
HUMAN SERVICES Total				\$3,518		\$3,518
LEGAL/WORKERS' COMPENSATION	PHOTOCOPIER PROGRAM	Photocopier		\$5,940		\$5,940
LEGAL/WORKERS' COMPENSATION Total				\$5,940		\$5,940
LIBRARY	PUBLIC BUILDING MAINTENANCE	Slate Repairs		\$6,000		\$6,000
		Carpet replacement	\$77,655			\$77,655
		Entry steps repair	\$8,700			\$8,700
		Microform Reader/Printer	\$10,000			\$10,000
LIBRARY Total			\$96,355	\$6,000		\$102,355
PERSONNEL	PHOTOCOPIER PROGRAM	Photocopier		\$3,000		\$3,000
PERSONNEL Total				\$3,000		\$3,000
PLANNING	INFRASTRUCTURE IMPROVEMENT	Town Garden Wall repair	\$65,000		\$65,000	\$130,000
	PUBLIC BUILDING MAINTENANCE	Central School Gutters and Soffits			\$100,000	\$100,000
PLANNING Total			\$65,000		\$165,000	\$230,000
PUBLIC WORKS ADMINISTRATION	PHOTOCOPIER PROGRAM	Photocopier		\$3,000		\$3,000
PUBLIC WORKS ADMINISTRATION Total				\$3,000		\$3,000
PUBLIC WORKS CEMETERY DIVISION	INFRASTRUCTURE IMPROVEMENT	Cemetery Expansion program		\$20,000		\$20,000
PUBLIC WORKS CEMETERY DIVISION Total				\$20,000		\$20,000
PUBLIC WORKS ENGINEERING DIVISION	DEPARTMENTAL PROJECT ROADS AND PATHS INFRASTRUCTURE	Roadway consultant services		\$25,000		\$25,000
		Chapter 90 Roadway			\$800,000	\$800,000
		Roadway Reconstruction		\$200,000		\$200,000
		Sidewalks and Curbstones		\$50,000		\$50,000
PUBLIC WORKS ENGINEERING DIVISION Total				\$275,000	\$800,000	\$1,075,000



Capital Budget Fiscal Year 2007 (continued)

			FUNDING SOURCE			
DEPARTMENT	PROGRAM	EXPENDITURE	BOND	CASH	OTHER	Grand Total
PUBLIC WORKS HIGHWAY DIVISION	DEPARTMENTAL PROJECT	Mill Lane culvert	\$250,000			\$250,000
	EQUIPMENT REPLACEMENT	Sander Body	\$12,000			\$12,000
		Roller (2 ton) w/trailer	\$17,000			\$17,000
		Snow Plow -(1 per yr.)			\$10,000	\$10,000
VEHICLE REPLACEMENT	33,000 gvw dump truck	\$65,000			\$65,000	
PUBLIC WORKS HIGHWAY DIVISION Total			\$344,000	\$10,000		\$354,000
PUBLIC WORKS NATURAL RESOURCES DIVISION	EQUIPMENT REPLACEMENT	Small Equipment		\$6,000		\$6,000
		Riding mower, 72" cut	\$15,000			\$15,000
		Leaf vacuum			\$6,000	\$6,000
	VEHICLE REPLACEMENT	Bucket/ Aerial Lift Truck	\$125,000			\$125,000
PARKS PLAYGROUNDS & FIELDS	Buzzell	\$90,000			\$90,000	
	Bishop	\$100,000			\$100,000	
	Menotomy Rocks Park	\$235,000			\$235,000	
PUBLIC WORKS NATURAL RESOURCES DIVISION Total			\$565,000	\$12,000		\$577,000
PUBLIC WORKS PROPERTIES DIVISION	PUBLIC BUILDING MAINTENANCE	Town Hall - replace AC units	\$10,000			\$10,000
		Grove Street, replace HVAC unit, access ramp	\$190,000			\$190,000
		Salt Shed	\$130,000			\$130,000
		Town Hall - Renovations	\$100,000			\$100,000
		Ouellette Building flashing	\$13,000			\$13,000
		"D" Building elevator	\$45,000			\$45,000
PUBLIC WORKS PROPERTIES DIVISION Total			\$488,000			\$488,000



Capital Budget Fiscal Year 2007 (continued)

			FUNDING SOURCE				
DEPARTMENT	PROGRAM	EXPENDITURE	BOND	CASH	OTHER	Grand Total	
PUBLIC WORKS WATER/ SEWER DIVISION	EQUIPMENT REPLACEMENT	Small Equipment			\$5,000	\$5,000	
		Telemetry System upgrade			\$15,000	\$15,000	
	INFRASTRUCTURE IM- PROVEMENT	Sewer System Rehabilitation				\$748,000	\$748,000
		Water Meter Program				\$2,000,000	\$2,000,000
		Water System Rehabilitation				\$1,000,000	\$1,000,000
	Hydrant replacement program				\$50,000	\$50,000	
	VEHICLE REPLACEMENT	33,000 GVW Truck			\$65,000	\$65,000	
PUBLIC WORKS WATER/SEWER DIVISION Total					\$3,883,000	\$3,883,000	
SCHOOLS	EQUIPMENT REPLACEMENT	Equipment Replacement		\$5,000		\$5,000	
		Pierce Field - Field Turf Groomer & Tractor		\$10,000		\$10,000	
	PHOTOCOPIER PROGRAM	Photocopier Lease Program		\$38,000		\$38,000	
	PUBLIC BUILDING MAINTENANCE	Systemwide - Roof Repairs			\$10,000		\$10,000
		Thompson/Stratton Infrastructure Improvements		\$20,000			\$20,000
STUDENT TRANSPORTATION	School Bus Replacement		\$143,000			\$143,000	
SCHOOLS Total			\$163,000	\$63,000		\$226,000	
VETERANS' MEMORIAL RINK ENTERPRISE FUND	EQUIPMENT REPLACEMENT	Scissor Lift			\$15,000	\$15,000	
VETERANS' MEMORIAL RINK ENTERPRISE FUND Total					\$15,000	\$15,000	
Grand Total			\$2,100,555	\$637,458	\$4,873,000	\$7,611,013	



			CAPITAL PLAN FY 2007—2011						
			FISCAL YEAR						
DEPARTMENT	PROGRAM	EXPENDITURE	2007	2008	2009	2010	2011	Grand Total	
BOARD OF ASSESSORS	PHOTOCOPIER PROGRAM	Photocopier lease	\$5,500					\$5,500	
BOARD OF ASSESSORS Total			\$5,500					\$5,500	
BOARD OF SELECTMEN	DEPARTMENTAL PROJECT	Records Retention Program			\$25,000			\$25,000	
	EQUIPMENT REPLACEMENT	Voting Booths	\$50,000	\$26,000				\$76,000	
	PHOTOCOPIER PROGRAM	Photocopier lease	\$6,500	\$6,500				\$13,000	
BOARD OF SELECTMEN Total			\$56,500	\$32,500	\$25,000			\$114,000	
COMMUNITY SAFETY - FIRE SERVICES	DEPARTMENTAL PROJECT	Automatic Difibrillators		\$16,000		\$16,000		\$32,000	
		Protective Gear Replacement	\$40,000	\$42,000	\$45,000			\$127,000	
	EQUIPMENT REPLACEMENT	Thermal Imaging Cameras		\$18,000		\$18,000		\$36,000	
	INFRA-STRUCTURE IMPROVEMENT	Fire Station Plan - Central Station	Fire Station - Central		\$480,000				\$480,000
			Fire Station - Central			\$4,800,000			\$4,800,000
			Fire Station Plan - Highland					\$290,000	\$290,000
			Highland -Bldg. Location Study	\$25,000					\$25,000
	VEHICLE REPLACEMENT		Ambulance replacement				\$150,000		\$150,000
			Vehicle Replacement - Deputy Chief		\$25,000				\$25,000
			Vehicle Replacement- Chief				\$25,000		\$25,000
Ladder Truck 2 Replacement with Quint				\$950,000				\$950,000	
Replace Engine 4							\$300,000	\$300,000	
Fire prevention vehicle						\$40,000	\$40,000		
COMMUNITY SAFETY - FIRE SERVICES Total			\$65,000	\$1,531,000	\$4,845,000	\$209,000	\$630,000	\$7,280,000	



CAPITAL PLAN FY 2007 –2011 (CONTINUED)

			FISCAL YEAR					
DEPARTMENT	PROGRAM	EXPENDITURE	2007	2008	2009	2010	2011	Grand Total
COMMUNITY SAFETY - POLICE SERVICES	DEPARTMENTAL PROJECT	Laser Radar	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$17,500
	EQUIPMENT REPLACEMENT	Bullet Proof Vest Program	\$29,000	\$15,000	\$15,000	\$15,000	\$15,000	\$89,000
		Four post vehicle lift		\$20,000				\$20,000
	PHOTOCOPIER PROGRAM	Photocopier	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$22,500
	PUBLIC BUILDING MAINTENANCE	Records Room renovations				\$60,000		\$60,000
		Criminal Investigations Bureau renovations				\$60,000		\$60,000
Roll Call Room Renovations						\$60,000	\$60,000	
VEHICLE REPLACEMENT	Animal Control Van					\$30,000	\$30,000	
	Vehicle Replacement Program	\$128,000	\$129,000	\$130,000	\$131,000	\$133,000	\$651,000	
COMMUNITY SAFETY - POLICE SERVICES Total			\$165,000	\$172,000	\$213,000	\$214,000	\$246,000	\$1,010,000
COMMUNITY SAFETY - SUPPORT SERVICES	DEPARTMENTAL PROJECT	Mall Lights	\$17,000	\$17,000	\$18,000	\$20,000	\$20,000	\$92,000
		Traffic Light Update Program	\$17,000	\$17,000				\$34,000
COMMUNITY SAFETY - SUPPORT SERVICES Total			\$34,000	\$34,000	\$18,000	\$20,000	\$20,000	\$126,000
COUNCIL ON AGING TRANSPORTATION ENTERPRISE FUND	VEHICLE REPLACEMENT	Van Replacement Program	\$10,000			\$10,000		\$20,000
COUNCIL ON AGING TRANSPORTATION ENTERPRISE FUND Total			\$10,000			\$10,000		\$20,000
DATA PROCESSING	INFORMATION TECHNOLOGY	Educational IT Program	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$625,000
		Library MLN Equipment	\$17,300	\$21,800	\$16,000	\$17,500		\$72,600
		School Dept-Admin Micro Program		\$40,000	\$40,000	\$40,000	\$40,000	\$160,000
		Software Upgrades & Standardization	\$30,000	\$25,000	\$25,000	\$25,000	\$25,000	\$130,000
		Town-Microcomputer Program	\$65,000	\$63,000	\$60,000	\$60,000	\$60,000	\$308,000
		DPW - Engineering Autocad Module	\$4,500					\$4,500
		Firehouse software		\$19,000				\$19,000
		MUNIS Platform migration	\$17,400					\$17,400
DATA PROCESSING Total			\$259,200	\$293,800	\$266,000	\$267,500	\$450,000	\$1,536,500



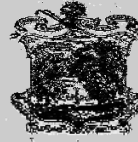
CAPITAL PLAN FY 2007 –2011 (CONTINUED)

			FISCAL YEAR					
DEPARTMENT	PROGRAM	EXPENDITURE	2007	2008	2009	2010	2011	Grand Total
FINANCING	DEPARTMENTAL PROJECT	Cost of Financing	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$150,000
FINANCING Total			\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$150,000
HUMAN SERVICES	PHOTOCOPIER PROGRAM	Photocopier Lease - Council on Aging Photocopier Lease - Robbins House	\$2,000 \$1,518	\$2,000 \$1,518		\$2,000 \$1,518	\$2,000	\$8,000 \$4,554
HUMAN SERVICES Total			\$3,518	\$3,518		\$3,518	\$2,000	\$12,554
LEGAL/WORKERS' COMPENSATION	PHOTOCOPIER PROGRAM	Photocopier	\$5,940	\$5,940		\$6,000	\$6,000	\$23,880
LEGAL/WORKERS' COMPENSATION Total			\$5,940	\$5,940		\$6,000	\$6,000	\$23,880
LIBRARY	PUBLIC BUILDING MAINTENANCE	Carpet replacement Slate Repairs Entry steps repair Slate Replacement - Roof Repointing of 1892 Building Microform Reader/Printer Replacement of roof covering - membrane Smoke/Fire detection replacement Elevator repair/upgrade Exhaust fans Replacement of Service Door	\$77,655 \$6,000 \$8,700 \$10,000 \$3,000	\$29,260 \$6,000 	\$38,722 \$6,000 	\$20,387 \$300,000 	 \$150,000 \$38,200 \$20,529 \$10,000 \$4,927 	\$166,024 \$18,000 \$8,700 \$300,000 \$150,000 \$10,000 \$38,200 \$20,529 \$10,000 \$4,927 \$3,000 \$729,380
LIBRARY Total			\$102,355	\$35,260	\$44,722	\$320,387	\$226,656	\$729,380
PERSONNEL	PHOTOCOPIER PROGRAM	Photocopier	\$3,000		\$3,500	\$3,500	\$3,500	\$13,500
PERSONNEL Total			\$3,000		\$3,500	\$3,500	\$3,500	\$13,500



CAPITAL PLAN FY 2007 –2011 (CONTINUED)

DEPARTMENT	PROGRAM	EXPENDITURE	FISCAL YEAR					Grand Total
			2007	2008	2009	2010	2011	
PLANNING	INFRASTRUCTURE IMPROVEMENT	Town Garden Wall repair	\$130,000					\$130,000
	PUBLIC BUILDING MAINTENANCE	Gibbs School- repair and modification of entrances		\$70,000				\$70,000
		Maple St. electrical system replacement			\$50,000			\$50,000
		Central School Gutters and Soffits	\$100,000					\$100,000
PLANNING Total			\$230,000	\$120,000				\$350,000
PUBLIC WORKS ADMINISTRATION	PHOTOCOPIER PROGRAM	Photocopier	\$3,000		\$3,000	\$3,000	\$3,000	\$12,000
PUBLIC WORKS ADMINISTRATION Total			\$3,000		\$3,000	\$3,000	\$3,000	\$12,000
PUBLIC WORKS CEMETERY DIVISION	EQUIPMENT REPLACEMENT	Lawn Mowers/Small Equipment				\$6,000	\$6,000	\$12,000
	INFRASTRUCTURE IMPROVEMENT	Cemetery Expansion program	\$20,000					\$20,000
		Front Gate Repairs				\$20,000		\$20,000
	PUBLIC BUILDING MAINTENANCE	Garage Renovation/ Rehab Chapel/HVAC		\$250,000	\$250,000			\$500,000
PUBLIC WORKS CEMETERY DIVISION Total			\$20,000	\$250,000	\$250,000	\$26,000	\$6,000	\$552,000
PUBLIC WORKS ENGINEERING DIVISION	DEPARTMENTAL PROJECT	Roadway consultant services	\$25,000	\$25,000	\$25,000			\$75,000
	PHOTOCOPIER PROGRAM	Copier upgrade					\$40,000	\$40,000
	ROADS AND PATHS INFRASTRUCTURE	Chapter 90 Roadway	\$800,000	\$500,000	\$500,000	\$500,000	\$500,000	\$2,800,000
		Roadway Reconstruction	\$200,000	\$300,000	\$350,000	\$350,000	\$350,000	\$1,550,000
		Sidewalks and Curbstones	\$50,000	\$75,000	\$100,000	\$125,000	\$150,000	\$500,000
VEHICLE REPLACEMENT	Utility vehicle, 4 X 4		\$27,000			\$27,000	\$54,000	
PUBLIC WORKS ENGINEERING DIVISION Total			\$1,075,000	\$927,000	\$975,000	\$975,000	\$1,067,000	\$5,019,000



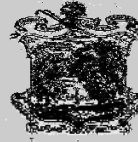
CAPITAL PLAN FY 2007 –2011 (CONTINUED)

			FISCAL YEAR					
DEPARTMENT	PROGRAM	EXPENDITURE	2007	2008	2009	2010	2011	Grand Total
PUBLIC WORKS HIGHWAY DIVISION	DEPARTMEN- TAL PROJECT	Mill Lane culvert	\$250,000					\$250,000
	EQUIPMENT REPLACE- MENT	Sander Body	\$12,000	\$12,000	\$12,000	\$13,000	\$13,000	\$62,000
		Roller (2 ton) w/trailer	\$17,000					\$17,000
		Snow Plow -(1 per yr.)	\$10,000		\$10,000		\$10,000	\$30,000
		Vehicle lift			\$15,000			\$15,000
	VEHICLE REPLACE- MENT	1 ton Dump Truck			\$40,000			\$40,000
		33,000 gvw dump truck	\$65,000		\$65,000		\$70,000	\$200,000
		4WD Truck w/Sander		\$115,000	\$115,000		\$120,000	\$350,000
		Street Sweeper		\$135,000				\$135,000
		Truck w/welder unit, 350 amp				\$32,000		\$32,000
Compressor Truck					\$40,000		\$40,000	
PUBLIC WORKS HIGHWAY DIVISION Total			\$354,000	\$302,000	\$217,000	\$85,000	\$213,000	\$1,171,000
PUBLIC WORKS NATURAL RE- SOURCES DIVISION	EQUIPMENT REPLACE- MENT	Leaf vacuum	\$6,000					\$6,000
		Riding mower, 72" cut	\$15,000					\$15,000
		Small Equipment	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$30,000
		Wood chipper		\$40,000				\$40,000
		Grappler attachment		\$7,000				\$7,000
	VEHICLE REPLACE- MENT	Bucket/ Aerial Lift Truck	\$125,000					\$125,000
		1Ton Dump Truck			\$35,000			\$35,000
		33,000 GVW Specialty Truck		\$85,000				\$85,000



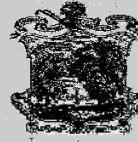
CAPITAL PLAN FY 2007 –2011 (CONTINUED)

DEPARTMENT	PROGRAM	EXPENDITURE	FISCAL YEAR					Grand Total
			2007	2008	2009	2010	2011	
	PARKS PLAY- GROUNDS & FIELDS	Bishop	\$100,000					\$100,000
		Buzzell	\$90,000					\$90,000
		Feasibility Study		\$10,000	\$10,000	\$10,000	\$10,000	\$40,000
		Hibbert				\$256,000		\$256,000
		Hurd Field					\$402,000	\$402,000
		Menotomy Rocks Park	\$235,000					\$235,000
		Summer Street Playground		\$232,000				\$232,000
		Reservoir Beach			\$600,000			\$600,000
		Spy Pond Tennis Courts		\$261,000				\$261,000
		Florence Field and Playground					\$304,000	\$304,000
		Wellington Park playground and tennis court				\$396,000		\$396,000
PUBLIC WORKS NATURAL RESOURCES DIVISION Total			\$577,000	\$641,000	\$651,000	\$668,000	\$722,000	\$3,259,000
PUBLIC WORKS PROPERTIES DIVI- SION	EQUIPMENT REPLACE- MENT	Fuel system upgrade		\$90,000				\$90,000
	PUBLIC BUILDING MAINTENANCE	Town Hall - Renovations	\$100,000	\$100,000				\$200,000
		Town Hall - replace AC units	\$10,000	\$10,000				\$20,000
		Grove St. Boiler Replacements (2)		\$45,000				\$45,000
		Fox Library - New Boiler			\$40,000			\$40,000
		Fox Library - New Windows			\$5,000			\$5,000
		Grove Street Fire Alarm system		\$25,000				\$25,000
		Robbins House - Paint/ Ext Carpentry			\$30,000			\$30,000
		Salt Shed	\$130,000					\$130,000
		Town Hall - Electrical Upgrade / Generator		\$45,000				\$45,000
		High School Parking lot culvert				\$500,000		\$500,000



CAPITAL PLAN FY 2007 –2011 (CONTINUED)

			FISCAL YEAR						
DEPARTMENT	PROGRAM	EXPENDITURE	2007	2008	2009	2010	2011	Grand Total	
		Grove Street, replace HVAC unit, access ramp	\$190,000					\$190,000	
		Town Hall - Annex membrane & slate roof			\$55,000			\$55,000	
		Ouellette Building flashing	\$13,000					\$13,000	
		"D" Building roof		\$105,000	\$150,000			\$255,000	
		"D" Building elevator	\$45,000					\$45,000	
		Town Hall - second boiler					\$100,000	\$100,000	
		Town Hall building heating distribution					\$5,500	\$5,500	
	ROADS AND PATHS INFRASTRUCTURE								
		Town Hall parking lot					\$7,500	\$7,500	
PUBLIC WORKS PROPERTIES DIVISION Total			\$488,000	\$420,000	\$280,000	\$500,000	\$113,000	\$1,801,000	
PUBLIC WORKS WATER/SEWER DIVISION	EQUIPMENT REPLACEMENT	Small Equipment	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000	
		Telemetry System upgrade	\$15,000					\$15,000	
		Trash pump 6"			\$15,000			\$15,000	
	INFRASTRUCTURE IMPROVEMENT	Sewer System Rehabilitation	\$748,000	\$600,000	\$600,000	\$600,000	\$600,000	\$3,148,000	
		Water Meter Program	\$2,000,000					\$2,000,000	
		Water System Rehabilitation	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$5,000,000	
		Hydrant replacement program	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000	
		Lift Station upgrade			\$100,000	\$50,000	\$50,000	\$200,000	
	VEHICLE REPLACEMENT	Catch Basin Cleaner					\$250,000	\$250,000	
		33,000 GVW Truck	\$65,000			\$75,000		\$140,000	
		Jet Truck		\$200,000				\$200,000	
	PUBLIC WORKS WATER/SEWER DIVISION Total			\$3,883,000	\$1,855,000	\$1,770,000	\$1,780,000	\$1,955,000	\$11,243,000



CAPITAL PLAN FY 2007 –2011 (CONTINUED)

DEPARTMENT	PROGRAM	EXPENDITURE	FISCAL YEAR					Grand Total
			2007	2008	2009	2010	2011	
SCHOOLS	EQUIPMENT REPLACE- MENT	Equipment Replacement	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000
		Pierce Field - Field Turf Groomer & Tractor	\$10,000					\$10,000
	INFRA- STRUCTURE IMPROVE- MENT	Bishop School Parking Lot Flood Control		\$110,000				\$110,000
		AHS Millbrook Parking				\$240,000		\$240,000
	MAJOR RE- PAIRS	AHS Lighting & HVAC - Lowe Auditorium		\$150,000				\$150,000
		Asbestos Abatement - Remove Tiles		\$25,000	\$25,000	\$25,000	\$25,000	\$100,000
		AHS Flag Pole Replacement & Illumination		\$10,000				\$10,000
		AHS Lowe Auditorium Bldg B Steps			\$40,000			\$40,000
	PHOTOCOP- IER PRO- GRAM	Photocopier Lease Program	\$38,000	\$80,000	\$80,000	\$80,000	\$80,000	\$358,000
	PUBLIC BUILDING MAINTEN- ANCE	Systemwide - Roof Repairs	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$50,000
		Thompson/Stratton Infrastructure Improve- ments	\$20,000	\$40,000	\$40,000	\$40,000	\$40,000	\$180,000
	ROADS AND PATHS IN- FRASTRUCT URE	Systemwide - Parking/Roadway Resurfacing						
	STUDENT TRANSPOR- TATION	Bus -65 & 35 Passenger			\$101,000			\$101,000
		Bus -2 -35 Passenger		\$114,000				\$114,000
Bus -20 Passenger						\$40,000	\$40,000	
School Bus Replacement		\$143,000					\$143,000	
VEHICLE REPLACE- MENT	Maintenance Dept. Van			\$26,000			\$26,000	
SCHOOLS Total			\$226,000	\$544,000	\$327,000	\$400,000	\$200,000	\$1,697,000



CAPITAL PLAN FY 2007 –2011 (CONTINUED)

			FISCAL YEAR					
DEPARTMENT	PROGRAM	EXPENDITURE	2007	2008	2009	2010	2011	Grand Total
TOWN MANAGER	PHOTOCOPIER PROGRAM	Photocopier		\$5,500	\$5,500	\$6,000		\$17,000
TOWN MANAGER Total				\$5,500	\$5,500	\$6,000		\$17,000
TREASURER	PHOTOCOPIER PROGRAM	Photocopier		\$5,000	\$5,000	\$5,000		\$15,000
TREASURER Total				\$5,000	\$5,000	\$5,000		\$15,000
VETERANS' MEMORIAL RINK ENTERPRISE FUND	EQUIPMENT REPLACEMENT	Scissor Lift	\$15,000					\$15,000
	INFRA-STRUCTURE IMPROVEMENT	Rink Floor & Boards			\$1,216,000			\$1,216,000
	MAJOR REPAIRS	Compressor					\$50,000	\$50,000
		Boiler Replacement		\$35,000				\$35,000
		Glycol Pump#2				\$23,000		\$23,000
VETERANS' MEMORIAL RINK ENTERPRISE FUND Total			\$15,000	\$35,000	\$1,216,000	\$23,000	\$50,000	\$1,339,000
INSPECTIONS	VEHICLE REPLACEMENT	Vehicle - Building/Plumbing/Wire Inspectors		\$25,000		\$25,000		\$50,000
INSPECTIONS Total				\$25,000		\$25,000		\$50,000
Grand Total			\$7,611,013	\$7,267,518	\$11,144,722	\$5,579,905	\$5,943,156	\$37,546,314

Sum of AMOUNT	FISCAL YEAR					
FUNDING SOURCE	2007	2008	2009	2010	2011	Grand Total
BOND	\$2,100,555	\$3,698,060	\$6,518,722	\$2,398,887	\$2,427,729	\$17,143,953
CASH	\$637,458	\$854,458	\$890,000	\$868,018	\$1,010,427	\$4,260,361
OTHER	\$4,873,000	\$2,715,000	\$3,736,000	\$2,313,000	\$2,505,000	\$16,142,000
Grand Total	\$7,611,013	\$7,267,518	\$11,144,722	\$5,579,905	\$5,943,156	\$37,546,314



SECTION VII

NON-APPROPRIATED EXPENSES



NON-APPROPRIATED EXPENSES

STATE ASSESSMENTS • CHERRY SHEET OFFSETS •
TAX ABATEMENT OVERLAY • COURT JUDGMENTS AND
DEFICITS



NON-APPROPRIATED EXPENSES

This category includes mandated assessments and expenditures which are automatically added to the tax rate without appropriation. Overall, non-appropriated expenses are anticipated to decrease \$79,367 (2%) for FY2007. The total projected State Assessments for FY2007 is \$2,639,139, an increase of \$96,054 from FY2006. The MBTA accounts for \$2,417,411 of this total. The remaining Non-Appropriated expenses include Cherry Sheet Offsets, Court Judgments and Deficits, and Tax Abatement Overlay. These items total \$1,724,120, which is a decrease of \$175,421 from FY2006.

NON-APPROPRIATED EXPENSES

	FY04 Actual	FY05 Actual	FY06 Budget	FY07 Budget	Budget Change
State Assessments					
MBTA	2,582,166	2,459,211	2,349,058	2,417,411	68,353
RMV Non-Renewal Surcharge	46,920	43,480	49,120	45,640	(3,480)
Retired Employees Health Insurance	5,667	9,765	3,158	2,495	(663)
Air Pollution Districts	11,982	12,181	12,226	12,498	272
Metropolitan Area Planning Council	11,026	11,117	11,414	11,675	261
Special Education	4,765	8,529	3,596	3,850	254
School Choice Tuition	32,788	33,040	37,821	37,821	0
Charter School Tuition	64,293	80,076	76,692	107,749	31,057
Multi-Year Repayment Program	26,631	25,461	0	0	0
State Assessments Sub-Total	2,786,238	2,682,860	2,543,085	2,639,139	96,054
Cherry Sheet Offsets	398,012	450,584	497,260	524,120	26,860
Tax Abatement Overlay	937,031	591,196	902,675	900,000	(2,675)
Court Judgments & Deficits	378,264	152,916	499,606	300,000	(199,606)
Total	4,499,545	3,877,556	4,442,626	4,363,259	(79,367)

**MBTA**

The MBTA is composed of 175 communities: the 14 original member communities of the Metropolitan Transit Authority (MTA), and 161 additional communities, which are receiving direct MBTA service. Chapter 161A of the Acts of 2000 increased the number of communities that constitute the MBTA from 78 to 175. The additional 97 communities have been receiving MBTA service; however, the original authorizing language made no provision for these communities to be assessed. The Authority is required to assess each community's share of the overall Authority's assessments. All communities associated with the Authority must contribute to the MBTA State and Local Assistance Fund an amount not less than \$136,026,868. After FY2006, this amount will be adjusted each July 1 by the rate of inflation but not more than 102^{1/2}% of the previous year's assessment. Each community's MBTA assessment shall equal its weighted share of the total population of the authority. Chapter 161A, Section 9 has determined the weights for each community. The population figures utilized in this calculation should be the most recent from the United States Census Bureau.

As of July 1, 2000, total assessments for the MBTA's net cost of service was frozen at the FY2000 level for the original 78 communities of the authority. Section 288 of Chapter 127 of the Acts of 1999, requires that in FY2002, each community assessed in FY2000 shall have its assessment reduced by one-fifth of the difference between its FY2000 assessment level and the level calculated according to Section 9 of chapter 161A. This has resulted in decreases in the assessments for the original MBTA communities from FY2002 through FY2006. The total annual MBTA assessment after FY2006, shall be adjusted each July 1st by the growth rate of the inflation index over the preceding 12 months, however; said assessments cannot increase by more than 2½ percent of the prior year's actual assessment unless new or expanded service has been documented. In FY2007, Arlington's assessment is anticipated to increase 2.9% to a total of \$2,417,411.

PARKING FINE REGISTRY SURCHARGE

If after proper notices, a motorist fails to pay a parking fine, motor vehicle excise tax, or a charge for abandonment of a motor vehicle, the Town notifies the Registry of Motor Vehicles (RMV) not to renew the license and registration of that motorist. To cover the RMV's administrative costs of entering the necessary information into its computer system, the RMV assesses the Town a fee of \$20 for each notification it receives. This fee, which comes through as a charge on the Cherry Sheet, is recovered by the Town by adding this amount and other penalties to the original fine amount. The FY2007 surcharge assessment is estimated at \$45,640, a decrease of \$3,480.

HEALTH INSURANCE – RETIREES

General Laws Chapter 32A, Section 10B, requires communities to reimburse the State for the costs of providing a health insurance plan for governmental retirees who were pensioned prior to the implementation of Chapter 32B by their local governmental unit. Chapter 32B enabled municipalities to establish a mechanism for group insurance for retirees. Each participating municipality is assessed for the governmental share of health insurance premiums paid on behalf of its retirees by the State. The State pays 90% of the total premium and the retiree's co-payment is 10% of the total premium. A proportionate share of administrative expenses is also assessed to each municipality. An assessment of \$2,495 is estimated for FY2007, a decrease of \$663 from FY2006.

AIR POLLUTION CONTROL DISTRICT

General Laws Chapter 11, Section 142B, requires that communities be assessed for a portion of the costs incurred by the State Department of Environmental Protection (DEP) to monitor air pollution levels and enforce air quality standards at industrial, commercial, and institutional facilities. Expenditures made for such purposes are assessed against the metropolitan communities, one-half in proportion to the EQV's and one-half by the population of each community. Costs for FY2007 are estimated at \$12,498, an increase of \$272.

METROPOLITAN AREA PLANNING COUNCIL

The basic purpose of the Council is to coordinate and assist communities in their planning efforts, particularly for those activities or projects that may have a regional impact. The per capita assessment for FY2007 is estimated at \$11,675, an increase of \$261 over FY2006.

(Continued on page 3)

***SPECIAL EDUCATION***

This assessment is a reimbursement to the State for providing special needs education to children enrolled in State hospital schools. The cost that each municipality is charged is the average per pupil cost of education within the school district multiplied by the Full Time Equivalent of resident pupils served by the State. FY2007 charges are for pupils served in the 2005- 2006 school year. The Department of Education determines a per-pupil cost for each school system based on enrollments and costs in the prior school year. For FY2007, costs are projected to increase from \$3,596 to \$3,850.

SCHOOL CHOICE TUITION

The purpose of this program is to assess the sending municipality or regional school district for pupils attending another school district under school choice. School choice tuition charges are assessed against the sending district and paid to the receiving school district.

Cherry sheet estimates for the upcoming fiscal year are based on final tuition rates and enrollment figures from October of the current fiscal year. Final reimbursements are determined based upon April 1 figures. The tuition charge is based on the number of full time equivalent students multiplied by the per pupil tuition rate of the receiving school. Costs are based on instruction, pupil services, administration, maintenance and fixed charges. A student's tuition equals 75 percent of the per pupil cost, up to a limit of \$5,000. For a student with an individualized education plan, a special education increment augments that tuition. The tuition assessment for FY2007 is estimated to remain flat at \$37,821.

CHARTER SCHOOL TUITION

The purpose of this program is to assess the sending municipality or regional school district for pupils attending charter schools. Charter school tuition charges are assessed against the sending district and paid to the charter school district. Charter Schools receive per-pupil payments from sending districts equal to the average cost per student in that district, plus a capital funding share equal to the state average of what districts pay per pupil in principal and interest for land and buildings. Cherry Sheet assessments for the upcoming fiscal year are based on pre-enrollment data from October of the current fiscal year. Final assessments are based upon March 15 figures. The tuition assessment for FY2007 is estimated on the preliminary Cherry Sheet at \$107,749, an increase of \$31,057 over FY2006.

MULTI-YEAR REPAYMENT PROGRAM

This is a reimbursement to the State for overpayments of School Building Assistance Grants, grants for the purchase of new voting equipment, or for loans made to a community. There are no such reimbursements projected for FY2007.

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 funds 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 expenses section as offsetting debits.

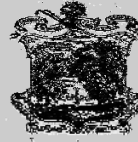
The Town receives annually three such grants – one for METCO students, one for school lunch, and one for public libraries.

The METCO grant, estimated at \$450,000 for FY2007, is intended to cover the tuition costs for out-of-town minority students placed in the school system.

The school lunch grant is actually a partial reimbursement for operating a school lunch program. This is expected to be funded at \$18,403.

The library grant, which was increased from \$53,764 to \$56,743 in FY2006, is expected to decrease to \$55,717 in FY2007. The grant actually includes three grant programs more fully described in the revenue section of this budget under Cherry Sheet Offsets.

(Continued on page 4)



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. FY2007 is a revaluation year so the overlay account is set at \$900,000. In other years, the overlay is set closer to \$600,000. In FY2006, the overlay is set at approximately \$900,000 in anticipation of increased abatement activity due to sharply increasing values and the large tax increase due to the override. 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 FY2003, the reserve balance from all prior fiscal years is \$151,713. From these reserve balances an additional \$400,000 is proposed to be declared surplus and be used in FY2007.

	Tax Abatement Overlay Funds		
	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>
Overlay Amount	\$644,504	\$937,031	\$591,196
Abatements & Exemptions To-Date	\$357,502	\$382,891	\$285,897
Declared Surplus To General Fund	<u>\$200,000</u>	<u>\$350,000</u>	<u>-0-</u>
Reserved For Additional Liability	\$87,002	\$204,140	\$305,299

COURT JUDGMENTS, DEFICITS, AND OTHER

State law provides that if the Town receives a court judgment requiring the payment of funds, the Treasurer, with the Director of Account's approval, may pay the award from the treasury without appropriation. The amount must then be added to the tax rate for the following year unless a subsequent appropriation is made to cover the deficit prior to setting the next year's tax rate.

From time to time, there are other non-appropriated expenses which have to be added to the tax rate. Any deficits in revenue, overlay, pensions, or debt and interest accounts, along with tax title amounts, and snow and ice budgets, must be added to the following year's tax rate.

In FY2006, a snow removal deficit of \$399,977 was raised along with a court judgment of \$90,000 and a revenue deficit of \$9,629. For FY2007, an allowance of \$300,000 has been made for any such judgments or deficits.