Long Range Financial Projection

	Ī	FY 2017		Dollar	Percent		Dollar	Percent		Dollar	Percent		Dollar	Percent		Dollar	Percent	
		RECAP	FY 2018	Change	Change	FY 2019	Change	Change	FY 2020	Change	Change	FY 2021	Change	Change	FY 2022	Change	Change	FY 2023
I REVENUE		40.000 = 4=																
A. State Aid		18,828,545	19,221,352	392,807	2.09%	19,408,951	187,599	0.98%	19,598,426	189,475	0.98%	19,789,795	191,369	0.98%	19,983,079	193,284	0.98%	20,178,295
School Construction Aid		2,474,774	1,615,914	(858,860)	-34.70%	476,523	(1,139,391)	-70.51%	476,523	0	0.00%	476,523	0	0.00%	0	(476,523)	-100.00%	9.571.000
B. Local Receipts		8,971,000 4,537,299	9,071,000 4,850,566	100,000 313,267	1.11%	9,171,000	100,000	1.10%	9,271,000	100,000	1.09% 0.00%	9,371,000	100,000	1.08% 0.00%	9,471,000 2,623,686	100,000	1.07% 0.00%	-,- ,
C. Free Cash D. Overlay Rese	an a Cumhun	200,000	500,000	300,000	6.90% 150.00%	2,623,686 200,000	(2,226,880)	-45.91% -60.00%	2,623,686 200,000	0	0.00%	2,623,686 200,000	0	0.00%	200,000	0	0.00%	2,623,686 200,000
,	ive Surpius	112,439,838	116,719,375	4,279,537	3.81%	119,956,117	3,236,742	2.77%	123,255,875	3,299,758	2.75%	126,566,803	3,310,928	2.69%	129,889,585	3,322,782	2.63%	133,379,809
E Property Tax F Override Stabilization Fund		112,439,030	116,719,373	4,279,557	3.01%	6,478,849	3,230,742	2.11%	10,038,988	3,299,730	2.75%	6,835,466	3,310,920	2.09%	129,009,505	3,322,762	2.03%	133,379,009
TOTAL REVENUES		147,451,456	151,978,207	4,526,751	3.07%	158,315,126	6.336.919	4.17%	165,464,498	7,149,372	4.52%	165,863,273	398,775	0.24%	162,167,350	(3,695,923)	-2.23%	165,952,790
II APPROPRIATIONS		147,451,450	131,970,207	4,020,731	3.07 /6	130,313,120	0,330,919	4.17/0	105,404,490	7,149,372	4.52 /6	103,003,273	390,773	0.24/0	102,107,330	(3,093,923)	-2.23/6	103,932,790
A. Operating Bud																		
School School	General Education Costs	36,502,362	38,787,542	2,285,180	6.26%	42,318,307	3,530,765	9.10%	44,851,451	2,533,144	5.99%	47,478,102	2,626,651	5.86%	49,794,307	2,316,205	4.88%	52,307,931
<u>Gorioor</u>	Special Education Costs	18,726,557	20,037,415	1,310,858	7.00%	21,440,034	1,402,619	7.00%	22.940.836	1,500,802	7.00%	24,546,695	1,605,859	7.00%	26.264.964	1,718,269	7.00%	28,103,511
	Kindergarten Fee Offset	970,000	970,000	0	0.00%	970,000	0	0.00%	970,000	0	0.00%	970,000	1,000,000	0.00%	970,000	0	0.00%	970,000
	Growth Factor	973,524	1,133,528	160,004	16.44%	1,016,428	(117,100)	-10.33%	1,021,112	4.684	0.46%	632,340	(388,772)	-38.07%	744,756	112,416	17.78%	454,348
	Net School Budget	57,172,443	60,928,485	3,756,042	6.57%	65,744,769	4,816,284	7.90%	69,783,399	4,038,630	6.14%	73,627,137	3,843,738	5.51%	77,774,027	4,146,890	5.63%	81,835,790
Minuteman		3,649,349	4,291,333	641,984	17.59%	4,441,530	150,197	3.50%	4,596,984	155,454	3.50%	4,757,878	160,894	3.50%	4,924,404	166,526	3.50%	5,096,758
Town	Personnel Services	25,796,486	26,722,171	925.685	3.59%	27,590,642	868,471	3.25%	28,487,338	896,696	3.25%	29,413,176	925,838	3.25%	30,369,104	955,928	3.25%	31,356,100
	Expenses	9,874,330	10,314,386	440,056	4.46%	10,649,604	335,218	3.25%	10,995,716	346,112	3.25%	11,353,077	357,361	3.25%	11,722,052	368,975	3.25%	12,103,019
Less Offsets:	'	2.247.194	2,436,791	189.597	8.44%	2,515,987	79.196	3.25%	2,597,757	81,770	3.25%	2,682,184	84.427	3.25%	2,769,355	87,171	3.25%	2.859.359
	Net Town Budget	33,423,622	34,599,766	1,176,144	3.52%	35,724,259	1,124,493	3.25%	36,885,297	1,161,038	3.25%	38,084,069	1,198,772	3.25%	39,321,801	1,237,732	3.25%	40,599,760
	MWRA Debt Shift	5,593,112	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112	0	0.00%	5,593,112
B. Capital budget		0,000,1.12	0,000,112	· ·	0.0070	0,000,1.2	· ·	0,0070	0,000,112	ŭ	0.0070	0,000,1.2	· ·	0.0070	0,000,112		0.0070	0,000,2
p	Exempt Debt Service	2,518,645	3,175,427	656,782	26.08%	1,938,973	(1,236,454)	-38.94%	1,871,604	(67,369)	-3.47%	1,781,204	(90,400)	-4.83%	1,191,079	(590, 125)	-33.13%	1,159,032
	Non-Exempt Service	7,132,448	7,281,819	149,371	2.09%	6,628,508	(653,311)	-8.97%	6,588,606	(39,902)	-0.60%	6,987,440	398,834	6.05%	6,628,352	(359,088)	-5.14%	6,628,352
	Cash	2,469,625	3,941,928	1,472,303	59.62%	2,268,309	(1,673,619)	-42.46%	2,539,701	271,392	11.96%	2,206,035	(333,666)	-13.14%	2,700,544	494,509	22.42%	2,700,544
	Offsets/Capital Carry Forward	(928,185)	(2,875,349)	(1,947,164)	209.78%	(422,280)	2,453,069	-85.31%	(412,558)	9,722	-2.30%	(347,721)	64,837	-15.72%	(375,770)	(28,049)	8.07%	(375,770)
	Total Capital	11,192,533	11,523,825	331,292	2.96%	10,413,510	(1,110,315)	-9.63%	10,587,353	173,843	1.67%	10,626,958	39,605	0.37%	10,144,205	(482,753)	-4.54%	10,112,158
C. Pensions	Total Capital	9,641,782	10,141,735	499,953	5.19%	10,699,530	557.795	5.50%	11,288,004	588,474	5.50%	11,908,844	620,840	5.50%	12,563,830	654,986	5.50%	13,254,841
D. Insurance		16,920,564	17,239,561	318,997	1.89%	18,337,275	1.097.714	6.37%	19,499,673	1,162,398	6.34%	20,651,008	1,151,335	5.90%	21,890,261	1.239,253	6.00%	22,977,103
E. State Assessr	ments	3,163,446	3,187,048	23,602	0.75%	3,266,724	79,676	2.50%	3,348,392	81,668	2.50%	3,432,102	83,710	2.50%	3,517,905	85,803	2.50%	3,605,852
	ssistance to Libraries	54,397	58,073	3,676	6.76%	58,073	0	0.00%	58,073	0	0.00%	58,073	0	0.00%	58,073	0	0.00%	58,073
G. Overlay Rese		1,202,533	600,000	(602,533)	-50.11%	800,000	200,000	33.33%	600,000	(200,000)	-25.00%	600,000	0	0.00%	800,000	200,000	33.33%	600,000
•	Res. Fund & Elections	1,607,650	1,579,064	(28,586)	-1.78%	1,618,363	39,299	2.49%	1,604,255	(14,108)	-0.87%	1,690,278	86.023	5.36%	1,671,673	(18,605)	-1.10%	1,759,528
I. Other	Crt Jdgmnts/Deficit/Symmes	677,875	778,338	100,463	14.82%	771,250	(7,088)	-0.91%	773,225	1,975	0.26%	771,950	(1,275)	-0.16%	767,450	(4,500)	-0.58%	100,000
J. Warrant Articl		802,224	1,246,731	444,507	55.41%	846,731	(400,000)	-32.08%	846,731	0	0.00%	846,731	Ó	0.00%	846,731	Ó	0.00%	846,731
K. Override Stab	oilization Fund	2,349,927	211,136															
L TOTAL APPR	ROPRIATIONS	147,451,456	151,978,207	4,526,753	3.07%	158,315,126	6.336.919	4.17%	165,464,498	7,149,372	4.52%	172,648,140	7,183,642	4.34%	179,873,473	7,225,333	4.19%	186,439,706
BALANCE		0	0	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	5.5.70	0	-,,-		0	.,,		(6,784,867)	.,,		(17,706,123)	,,		(20,486,916)
Reserve Bala	aı Free Cash	9,701,131	5,247,372			5,247,372			5,247,372			5,247,372			5,247,372			5,247,372
	Stabilization Fund	2,997,143	3,187,057			3,382,669			3,584,149			3,791,674			4,005,424			4,225,586
	Override Stabilization Fund	23,142,167	23,353,303			16,874,454			6,835,466			0			0			0
	Municipal Bldg. Ins. Trust Fund	734,957	757,006			779,716			803,107			827,201			852,017			877,577
	TOTAL:	36,575,398	32,544,738			26,284,211			16,470,094			9,866,246			10,104,812			10,350,536
	% of General Fund Revenue	24.8%	21.4%			16.6%			10.0%			5.9%			6.2%			6.2%
			The plan	does not incl	lude any pot	ential impacts	of an Arlingto	n High Schoo	l or Minutema	n Regional \	/ocational	School Buildir	na Project(s)				I	
 			e pian										.55,555.(6)					
<u> </u>				i ne p	nan does no	t include any					iity Preser	vation Act						
							ed School En	rollment Grow	rth FY 2017 - I	-Y 2023								
		FY 2017**	FY 2018*			FY 2019*			FY 2020*			FY 2021*			FY 2022*			FY 2023*
	Actual/Proj. Annual Growth	84	242			217			218			135			159			97
	** Actual Growth - Based on 3 * Projected Growth- Based on				•		*	ment Growth										

Long Range Financial Projection

Explanation of Terms

I REVENUE A. State Aid State Aid as reported on the Cherry Sheets, including CH, 70 School Aid, Unrestricted General Government Aid (UGGA), and others. Reimbursement for school construction costs from an old state program. These payments run out in FY2021. School Construction Aid B. Local Receipts Fees, Fines, Permits, Interest, Motor Vehicle Excise Taxes, etc. Assumption: increase by \$100,000 per year. C. Free Cash Free Cash is equivalent to the previous year's operating surplus. Assumption: Half of the ten year average Free Cash is allocated as a revenue source for the operating budget and the remainder is retained as a reserve. D. Overlav Reserve Surplus The Assessors annually release some of the reserve set aside to pay tax abatements (the Overlay). Assumption: In most years, \$200,000 is released to be used in operating budget. Some years a larger amount is released for revaluation E Property Tax Real estate and personal property taxes, as determined by the State law, Proposition 2 1/2 (annual increase of 2.5%, plus additions of new growth), plus amounts added for debt excluded from Prop. 2 1/2 by the voters, plus MWRA Debt shift. F Override Stabilization Fund The Override Stabilization Fund is used as an income source. In years of revenue surpluses, money is added, in years of deficits, money is withdrawn (see comparable item in Expenses below). Fund balance is reported in reserves section at TOTAL REVENUES Total General Fund Revenues. II APPROPRIATIONS A. Operating Budgets School General Education Costs Most of the costs of running the School Department. Assumption: A 3.5% increase in the sum of the previous year's General Education Costs plus cost increase due to in enrollment growth (Growth Factor, below). Special Education Costs Costs of providing Special Education services. Assumption: These costs are assumed to increase by 7% per year. Kindergarten Fee Offset When the Arlington School Department adopted a full day kindergarten program, it eliminated fees for previous program, and the Town began receiving state aid for those students. The Offset replaces the fees the School Department had received. **Growth Factor** An estimate of the increased operating costs the School Department incurs because of enrollment growth. Enrollment assumptions are presented at the bottom of LRP. It is assumed that each new student will cost 35% of State's Per Pupil **Net School Budget** The Total School Department Budget. **Minuteman** Assessments from the Minuteman Regional Technical and Vocational High School. Assumption: Each year the actual assessment is updated and future years are assumed to grow by 3.5%. Personnel Services Town employees salaries and wages. Assumption: Annual growth of 3.25% Town Expenses Town expenses, e.g., utilities, supplies, services, repairs, etc. Assumption: Annual growth of 3.25% Less Offsets: Enterprise Fund/Other Offsets are amounts charged to the Water and Sewer Enterprise Fund for services provided to the Fund by Town employees. Assumption: Annual growth of 3.25% **Net Town Budget** Personnel Services plus Expenses, minus Offsets MWRA Debt Shift The Town adopted a state law that allows it to decrease water and sewer rates and increase taxes by an amount representing all or part of the debt service assessed to the Town by the MWRA. Assumption: \$5,593,112 per year. B. Capital budget Exempt Debt Service Debt service that has been excluded from the Prop. 2 1/2 limit and therefore is in addition to that limit. The exempt debt amount is included in the Property Tax calculation above and so income and expense are exactly matched. Non-Exempt Service Debt service (interest and principal) on items in the annual Capital Plan paid for with tax dollars. Cash Items in the annual Capital Plan paid for with cash. Offsets/Capital Carry Forward Multiple sources, such as grants, other funds (e.g., rental income from cell phone towers on town property, the Ambulance Fund, etc.), and bond premiums used to purchase capital items. **Total Capital** Assumption: The Total of Non-Exempt Debt Service and Cash will equal 5% of the Town's Annual revenue. C. Pensions Annual assessment from the Arlington Retirement Board. Assumption: Annual increase of 5.5%. D. Insurance Health, property, and liability insurance. Assumption: Updated annually with latest enrollment figures and insurance rates. Future costs include projected teacher staffing increases to meet increased student populations, plus 5.25% inflation. E. State Assessments Assessment from the State for various services, including MBTA, Charter School, and School Choice. Assumption: Annual increase of 2.5% (as mandated by Prop. 2 1/2). F. Offset Aid - Assistance to Libraries Some Cherry Sheet aid goes directly to departments and not to the General Fund. State Aid to libraries is one such example. Assumption: Current year assessment will continue unchanged. G. Overlav Reserve Amount of tax revenue set aside by the Assessors to pay abatements and tax exemptions (for elderly, blind persons, etc.). Assumption: \$600,000 in non-revaluation years, and \$800,000 in revaluation years. H. Fixed Costs - Res. Fund & Elections Reserve fund equals 1% of annual revenues. It is available to the Finance Committee to pay unanticipated and extraordinary costs, such as snow and ice removal. Election's costs vary each year depending on the number of elections. I. Other Court Judgments/Symmes Each year \$100,000 is set aside to pay for lawsuit settlements. The rest of this item is to pay the debt on bonds the Town issued to acquire the Symmes property. Those bonds will be paid off in FY2022. J. Warrant Articles Various warrant articles for boards, commission, town celebrations, and other items that are outside of the town, school, or capital budgets.

K. Override Stabilization Fund In years when the budget shows a revenue surplus, that surplus is appropriated to the Override Stabilization Fund.

L TOTAL APPROPRIATIONS The total of all items under II Appropriations.

BALANCE **Reserve Balances** The operating surplus or deficit for each year of the plan. For the current year, the number will always be zero, i.e., by law and Town policy, the final budget must be in balance.

Free Cash An amount roughly equivalent to the Town's operating surplus and fund balance that is certified annually by the State Department of Revenue.

Stabilization Fund A fund established by Town Meeting to provide a long-term reserve. Assumption: Annual 3% growth, plus \$100,000 appropriation from Town Meeting.

Override Stabilization Fund The Override Stabilization Fund was created as a result of the 2005 Prop. 2 1/2 override. The Town makes annual appropriations to the fund until the time in which it is necessary to make withdrawals for the purposes of balancing the general

Municipal Bldg. Ins. Trust Fund A reserve fund established to cover extraordinary losses from damage to Town property. The existence of the fund reduces the Town's annual property insurance costs, because it allows the Town to buy insurance policies with high TOTAL: Total reserves.

% of General Fund Revenue Total reserves as a percent of total revenue.