

FINANCIAL MANAGEMENT SERVICES

FINANCE COMMITTEE

During 2017, Chairman Allan Tosti led the Finance Committee (FinCom), assisted by Vice-Chairs Richard Fanning, Charles Foskett and Alan Jones. Peter Howard served as Secretary. The FinCom has twenty-one positions, one for each precinct. The appointing authority (Moderator, Trust Fund Commissioners Chair, FinCom Chair) acted to reappoint all members whose terms had been completed and to fill 2 vacant positions.

In February, the FinCom began its yearly effort to develop a comprehensive balanced Fiscal Year 2018 (FY18) budget recommendation for the Annual Town Meeting, which begins in April. At least one of the Finance Committee subcommittees reviewed each departmental budget with the corresponding department head. The school budget subcommittee attended School Committee meetings in order to gain a better understanding of the school budget. Hearings were held on all Warrant Articles requiring an appropriation or having a financial impact. Thirteen full committee meetings were held mostly before Town Meeting, and five on Town Meeting nights. These meetings, when combined with numerous subcommittee meetings, made for a busy winter and spring schedule. The Committee's report was distributed electronically and a hard copy was available to Town Meeting members at the first Town Meeting.

FY18 is the seventh year of the current multi-year plan. Working with Town and School leaders, the FinCom presented to Town Meeting a balanced budget that reserved much of the extra income from the last override to balance future years' budgets, thus eliminating the need for an additional override for several more years. Central to this budget is a 3.25% cap on budget increases by the non-school appointing authorities. As in recent years, the School budget included an allowance for enrollment growth based on a percentage of the per pupil cost as determined by the State. As was the case, the percentage was 35%. In addition there was an extra allowance for special education expenses that increased the school appropriation by 6.57%.

This is the second year that the Community Preservation Act Committee (CPAC) was able to recommend funding projects. The FinCom reviewed the proposals and, after some discussion, unanimously supported the CPAC recommendation.

This year there were several requests for funding public art. The FinCom was able, working with the proponents, to consolidate these requests by recommending a single appropriation to the Arlington Commission on Arts and Culture.

In previous years, residents requested funding to maintain the Town's water bodies with emphasis on Spy Pond. This year the Conservation Commission presented a detailed plan that addressed the needs of all the

water bodies, including Spy Pond. This plan received unanimous support from the FinCom.

The FinCom also continued to monitor other ongoing activities that could have a large financial impact through regular reports by Town officials. Possible federal spending reductions remain a concern. Other issues include the increasing costs of pensions, funding the liability for retired Town employee health insurance, the cost of maintaining the Town's water bodies, and MBTA assessments. The Finance Committee will continue to work with other Town officials and citizens to deal with these issues and will keep the Town Meeting informed of the Town's progress.

OFFICE OF THE TREASURER & COLLECTOR OF TAXES

The Office of Treasury & Tax Collection is responsible for the billing and collection of all taxes and fees for service (real estate, motor vehicle excise, personal property, water & sewer, parking violations, fees charged by other town departments, etc.); management of the Town's cash and investment strategy; issuance of General Obligation Bonds, preparation and filing of debt service compliance reports and administration of payroll. Through a Memorandum of Agreement established in 2002, Town-wide payroll operations have been consolidated in the School Department.

The office also directly supports the Parking Clerk, Capital Planning Committee, Parking Implementation Governance Committee, and internal mailroom operations.

2017 Accomplishments

- Completed the first phase of the implementation of a new tax and fee collection software, MUNIS, launching the real estate tax module in June 2017.
- Began the process of better coordinating Town-wide financial departments through execution of a Memorandum of Understanding with the Town Manager's Office that better coordinates staffing.
- Successful issuance of \$25,660,000 in General Obligation Bonds during FY2017.
- Implemented a paperless billing option for Real Estate and Personal Property.
- Increased investment income from \$41,000 in FY16 to \$329,266 in FY17.

FINANCIAL MANAGEMENT SERVICES

Town of Arlington, MA Account Balances as of 6/30/2017 Summary by Bank Account

Checking Accounts			Money Market Accounts		
Depository	Century Bank	22,697,046	General	Belmont Savings	3,065,917
Lockbox	Century Bank	495,417	General	Leader Bank	5,641,002
Rehab CDBG	Century Bank	41,525	General	Century Bank	3,269,147
AHS General Fund	Century Bank	107,089	General	Salem Five East Boston Savings	1,014,901
Symmes Taxable	Century Bank	327,020	General	TD Bank	173,931
Vendor	Century Bank	-4,025,086	General	Webster Bank	5,006,391
Payroll	Century Bank	-788,510	Article 75 Stabilization	Belmont Savings	3,051,440
Municipal Aid	Belmont Savings	755,842	Article 75 Stabilization	MMDT	5,773,618
Single Space Parking Meters	Leader Bank	175,102	General	MMDT	26,085,968
Total		19,785,444	Robbins Library General	MMDT	83,288
			Deferred Scholarship	MMDT	22,088
Certificates of Deposit			AHS Student Activities	MMDT	20,326
Article 75 Stabilization	Bartholomew Cambridge Savings	5,644,233	Long Term Stabilization	MMDT	3,119,097
Article 75 Stabilization	Leader Bank	3,000,000	Municipal Building Ins.	MMDT	720,691
Article 75 Stabilization	East Boston Savings	1,000,000	MWRA	MMDT	2,733,346
Article 75 Stabilization	Mid Country Bank	3,000,000	Bishop/Hardy/Brackett School	MMDT	21,366
Article 75 Stabilization	Century Bank	2,000,000	Escrow Accounts	MMDT	124,012
General	Citizens Bank	1,000,000	Mass Ortho Arlington Community Activites	MMDT	5,172
General	Mid Country Bank	1,000,000	Special Ed Stabilization	MMDT	1,340
General		1,000,000	Total		61,280,953
Total		17,644,233			
Brokerage Accounts					
OPEB Trust Fund & Scholarship Inv.	Vanguard	11,201,306			
Stabilization Fund	Fidelity	20,190,010			
ES Farmer Trust	Fidelity	808			
ES Farmer Trust	DWS Core Equity Cambridge Savings	114,161			
ES Farmer Trust		44,354			
Total		31,550,638	TOTAL		130,261,268

FINANCIAL MANAGEMENT SERVICES

COMPTROLLER

The Comptroller's Office is responsible for the Town's books of accounts 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 government agencies. The Comptroller serves as an ex-officio member of the Arlington Retirement Board.

The Comptroller is responsible for the coordination of the annual independent audit of the Town, and is also responsible for providing quarterly revenue and expenditure reports to the Board of Selectmen, Town Manager, Town Treasurer, and Chairman of the Finance Committee. Whenever applicable, the Comptroller shall make recommendations regarding the Town's financial condition. In late 2017, Rich Viscay, the Town's Comptroller left the position.

Town of Arlington,
MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Year Ended June 30, 2017

Adam Chappelaine, Town Manager

Richard Viscay, Comptroller

Prepared by the Comptroller

year, go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial statements and reports that evidence of the spirit of transparency and full disclosure.

- Coordinated review of Arlington High School's FY2016 student activity fund with Roselli and Clark, CPA, who issued a report on applying agreed-upon procedures in relation to the student activity accounts guidelines for Massachusetts school districts for the School Committee and the Board of Selectmen.
- Assisted in the implementation of new Treasury MUNIS modules as well as the overall upgrade from MUNIS 9.4 to MUNIS 11.2, which has provided the Town efficiencies and strong internal controls as to how the Town handles its cash, accounts receivable, and motor vehicle excise taxes.
- Overhauled payroll warrant process by requiring all departments to sign off on weekly payroll proofs, and created procedures for reconciling signed payroll proofs to final payroll warrant, ensuring proper accounting for compensated absences, overtime, and all personal actions that affect payroll.
- Implemented accounting procedures for the newly adopted Community Preservation Act and assisted in creating policies and procedures as to how approved projects will be administered between the Comptroller's office and the Community Preservation Committee.
- Reviewed and reconciled all balances with the Town Manager's office to ensure all actions of the Community Preservation Committee are recorded and accounted for as voted.

Performance Metrics	FY2015	FY2016	FY2017
General Fund -Free Cash certified	9,074,598	9,701,131	9,186,749
Water/Sewer Enterprise Fund – Retained Earnings certified	8,546,621	7,188,427	7,299,399
Youth Services Enterprise Fund – Retained Earnings certified	23,056	37,349	44,349
COA Transportation Enterprise Fund – Retained Earnings certified	63,211	80,209	50,658
Rink – Retained Earnings certified	77,154	78,839	357,573
Recreation – Retained Earnings certified	205,874	381,219	446,480
Account Payable Batches Processed	819	1,110	1,552

2017 Accomplishments

- Received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the Town of Arlington's Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ending June 30, 2016.
- Closed books on FY2017 and completed and enhanced the Town's independent audit in accordance with the GFOA's Certificate of Achievement of Excellence in Financial Reporting (CAFR) to show that the Town and the Comptroller's office will, for the 2nd

FINANCIAL MANAGEMENT SERVICES

2018 Objectives

- Work with Treasurer's office to implement MUNIS Parking and Utility Billing modules and synergize these operations between the Treasurer's and Comptroller's office.
- Decentralize Accounts Payable process, allowing departments to enter their own invoices into the MUNIS system to eliminate manual processes and to streamline financial operations of the Town.
- Continue to assist in the creation of MUNIS work-flow in the MUNIS financial system to ensure proper controls are in place. Assist in the automation of the processing of personnel action forms using the same work-flow and business rules strategies in order to create efficiencies and eliminate manual processes that are currently used for personnel actions for all new and existing employees.
- Continue to assist the School Committee, Superintendent, and School CFO to establish policies and implement corrective action plans for findings from the FY2016 report on applying agreed-upon procedures in relation to the student activity account guidelines for Massachusetts school districts.
- Perform departmental audits as deemed necessary to help identify, assess, and evaluate internal controls of Town Departments.
- Professionalize governmental financial operations wherever possible.

BOARD OF ASSESSORS

Members of the Board of Assessor's are Chairman Kevin Feeley, Esq., Robert Greeley, and Mary Winstanley O'Connor, Esq.

The Board of Assessors committed 15,372 real estate and personal property tax bills to the Tax Collector for collection for Fiscal Year 2018. These bills raised a total of \$117,255,201 in property and personal property taxes. The total assessed value of all taxable real estate and personal property for Fiscal Year 2018 was \$9,666,545,866, which resulted in a tax rate of \$12.13 per thousand dollars of assessed value. The Board also committed approximately 35,661 automobile excise tax bills for collection of an estimated income of \$4,775,000.

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 FY2017, the overlay account was set at \$1,156,229.00. 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.



Arlington Town Hall, 730 Mass. Ave. Open Monday-Wednesday 8 a.m. - 4 p.m.; Thursday 8 a.m. - 7 p.m.; Friday 8 a.m. - noon.

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Tax Abatement Overlay Funds			
	FY2015	FY2016	FY2017
Overlay Amount	\$1,534,082	\$1,746,720	\$1,156,229
Abatements & Exemptions To-Date	\$343,828	\$329,298	\$299,338
Declared Surplus to General Fund	\$350,000	\$200,000	\$200,000
Reserved for Additional Liability	\$840,254	\$528,748	\$656,891

ASSESSMENT DATA

Valuation and Tax Levy			
Fiscal Year	Total Assessed Valuation	Tax Levy	Tax Rate*
2018	\$9,666,545,866	\$117,255,201	\$12.13
2017	\$8,952,216,406	\$112,439,838	\$12.56
2016	\$8,513,898,549	\$108,977,901	\$12.80
2015	\$7,770,112,271	\$105,285,021	\$13.55
2014	\$7,377,629,421	\$101,737,509	\$13.79
2013	\$7,201,277,082	\$98,009,381	\$13.61
2012	\$6,954,794,567	\$95,002,493	\$13.66
2011	\$6,926,589,397	\$85,958,974	\$12.41
2010	\$6,892,736,257	\$83,471,036	\$12.11
2009	\$6,790,772,343	\$80,946,006	\$11.92
2008	\$6,883,264,284	\$78,813,376	\$11.45
2007	\$7,011,721,520	\$76,778,350	\$10.95
2006	\$6,483,756,733	\$73,578,994	\$11.34
2005	\$6,007,309,836	\$65,719,969	\$10.94
2004	\$5,990,614,666	\$63,740,140	\$10.64
2003	\$4,500,135,559	\$61,246,845	\$13.61
2002	\$4,266,984,229	\$590,97,731	\$13.85

* Tax rate expressed in per thousand dollars of assessed value

Percent of Tax Levy by Class						
CLASS	TYPE	FY2014	FY2015	FY2016	FY2017	FY2018
I	Residential	93.8614	93.1840	93.9945	94.1390	94.0328
II	Open Space	0	0	0	0	0
III	Commercial	4.4905	4.2729	4.4503	4.315	4.5056
IV	Industrial	0.2189	0.2079	0.2066	0.2242	0.2252
V	Personal Property	1.4292	1.3352	1.3486	1.2850	1.2364
Total		100	100	100	100	100

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Tax Rate Components FY2014 - FY2018					
	2014	2015	2016	2017	2018
Levy Base	\$12.37	\$12.22	\$11.58	\$11.43	\$10.97
2 1/2%	\$0.31	\$0.31	\$0.29	\$0.29	\$0.27
Growth	\$0.19	\$0.16	\$0.16	\$0.12	\$0.13
Override	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
W/S Debt Service	\$0.72	\$0.72	\$0.66	\$0.62	\$0.58
School Debt Exclusion	\$0.14	\$0.14	\$0.12	\$0.10	\$0.18
Symmes Debt Exclusion	\$0.02	\$0.04	\$0.02	\$0.00	\$0.00
Tax Rate*	\$13.79	\$13.55	\$12.80	\$12.56	\$12.13
<i>*Tax Rate =((Amount To Be Raised)/(Total Taxable Assessed Value))*1000</i>					

Details of Tax Rate Calculation					
	FY2014	FY2015	FY2016	FY2017	FY2018
Max Levy Prior FY	\$91,310,473	\$94,987,188	\$98,617,161	\$102,420,256	\$106,050,906
2.50%	\$2,282,762	\$2,374,680	\$2,465,429	\$2,560,506	\$2,651,273
Growth	\$1,393,953	\$1,255,293	\$1,337,666	\$1,070,144	\$1,263,812
Override	\$0	\$0	\$0	\$0	\$0
Maximum Levy	\$94,987,188	\$98,617,161	\$102,420,256	\$106,050,906	\$109,965,991
Levy Inc. %	4.03%	3.68%	3.71%	3.42%	3.56%
Levy Inc. \$	\$3,676,715	\$3,629,973	\$3,803,095	\$3,630,650	\$3,915,085
W/S Debt Service	\$5,593,112	\$5,593,112	\$5,593,112	\$5,593,112	\$5,593,112
School Debt Exclusion	\$1,049,114	\$1,111,442	\$993,166	\$878,800	\$1,781,404
Symmes Debt Exclusion	\$150,000	\$0	\$0	\$0	\$0
Max to be Raised	\$101,779,414	\$105,321,715	\$109,006,534	\$112,522,818	\$117,340,507
Actual Raised	\$101,737,510	\$105,285,021	\$108,977,901	\$112,439,838	\$117,255,201
Excess Levy	\$41,904	\$36,693	\$28,632	\$82,980	\$85,306
Total Taxable Assessed Value		\$7,770,112,271	\$8,513,898,549		
Total Avg. % Increase	2.45%	5.32%	9.57%	5.15%	7.98%
Tax Rate	\$13.79	\$13.55	\$12.80	\$12.56	\$12.13
Penny of Tax Rate	\$73,776	\$77,701	\$85,139	\$89,522	\$96,665
Avg. Assessed Value Single Family	\$514,808	\$539,152	\$585,360	\$621,249	\$655,985
Avg. Taxes Single Family	\$7,099	\$7,306	\$7,493	\$7,802	\$7,957
<i>*All numbers subject to rounding and final DOR Certification</i>					

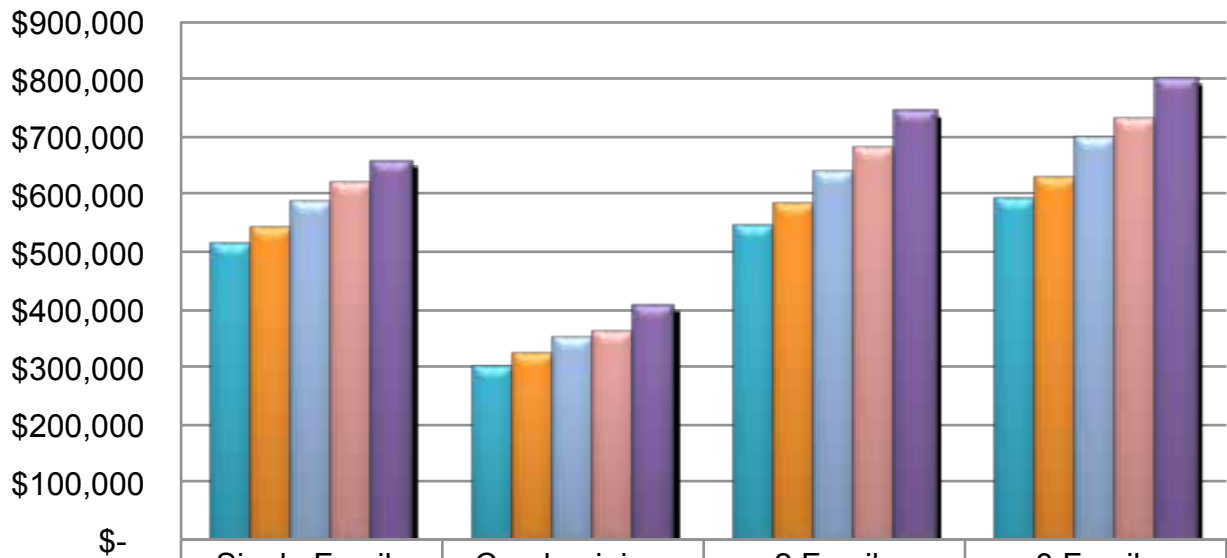
FINANCIAL MANAGEMENT SERVICES

FINANCIAL MANAGEMENT

State Class Code FY18-FY17 Comparison									
Type	FY2018			FY2017			FY18 vs FY17		
	Parcels	Assessed Value	Avg. Assessed Value	Parcels	Assessed Value	Avg. Assessed Value	Parcel (+/-)	Percent (+/-)	Avg. Assessed Value (+/-)
Single Family	7,994	5,243,940,900	655,985	7,994	4,966,268,100	621,249	0	5.59%	34,736
Condominium	3,662	1,481,045,400	404,436	3,552	1,275,197,300	359,008	110	16.14%	45,428
Misc	13	12,914,100	993,392	13	13,426,600	1,032,815	0	-3.82%	-39,423
2 Family	2,218	1,646,845,660	742,491	2,264	1,538,210,360	679,422	-46	7.06%	63,069
3 Family	190	151,929,900	799,631	193	140,864,700	729,869	-3	7.86%	69,762
Apartments	146	473,765,100	3,244,966	146	420,721,500	2,881,654	0	12.61%	363,312
Res Land	311	31,794,800	102,234	312	28,852,500	92,476	-1	10.20%	9,758
Open Space	0			0			0	0.00%	0
Commercial	383	385,201,110	1,005,747	382	342,809,610	897,407	-1	12.37%	108,304
Industrial	22	21,771,100	989,595	22	20,065,800	912,082	0	8.50%	77,513
Ch Land/61	0			0			0	0.00%	0
Ch Land/61A	0			0			0	0.00%	0
Ch Land/61B	4	1,585,696	396,424	4	1,535,206	383,802	0	3.29%	12,622
Mixed Use(Res)	37	47,488,291	1,283,467	38	43,989,020	1,157,606	-1	7.95%	125,861
Mixed Use(Com)	38	48,751,849	1,282,943	38	45,241,220	1,190,558	0	7.76%	92,385
Per Prop/501	189	5,086,860	26,915	209	5,786,050	27,684	-20	-12.08%	-769
Per Prop/502	148	8,050,320	54,394	157	7,118,030	45,338	-9	13.10%	932,200
Per Prop/503	0	0		0			0	0.00%	0
Per Prop/504,550-2	2	74,862,760	37,431,380	2	71,713,880	35,856,940	0	4.39%	1,574,440
Per Prop/505	8	17,423,400	2,177,925	8	18,412,800	2,301,600	0	-5.37%	-123,675
Per Prop/506	2	12,764,900	6,382,450	2	10,257,700	5,128,850	0	24.44%	1,253,600
Per Prop/508	4	1,323,720	330,930	4	1,746,030	436,508	0	-24.19%	-105,578
Total	15,371	9,666,545,866		15,340	8,952,216,406			7.98%	

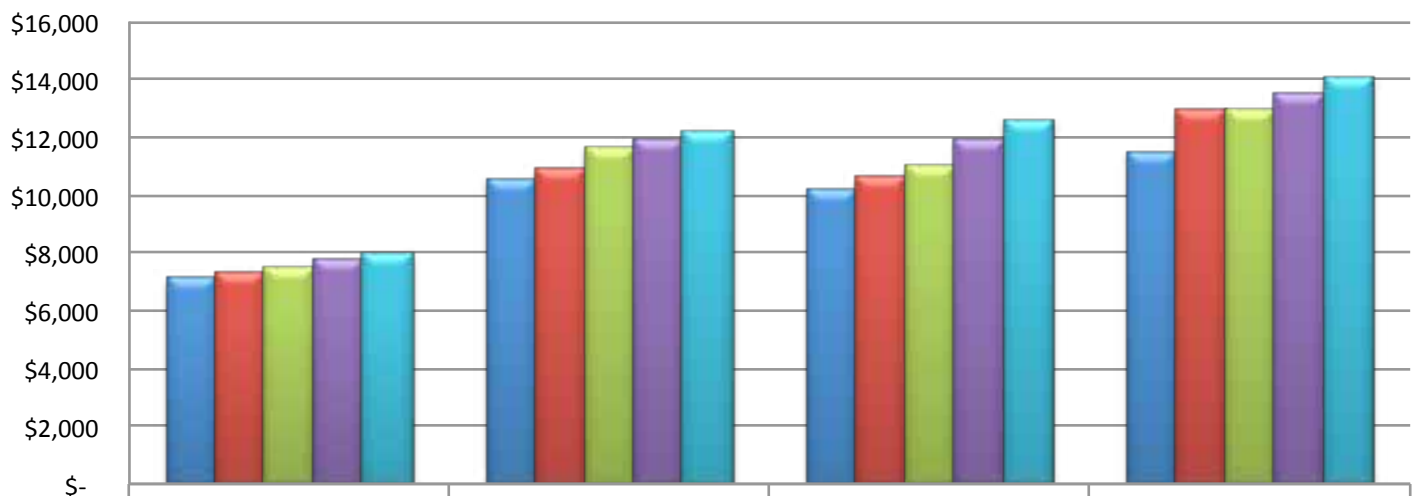
FINANCIAL MANAGEMENT SERVICES

Average Assessed Values FY2014-FY2018



	Single Family	Condominium	2 Family	3 Family
2014	\$514,800	\$300,700	\$543,400	\$591,300
2015	\$539,200	\$322,200	\$579,900	\$626,600
2016	\$585,360	\$352,066	\$638,816	\$699,862
2017	\$621,249	\$359,008	\$679,421	\$729,868
2018	\$655,985	\$404,436	\$742,491	\$799,631

Average Taxes FY2014-FY2018



	Arlington	Belmont	Winchester	Lexington
2014	\$7,099	\$10,566	\$10,195	\$11,481
2015	\$7,306	\$10,938	\$10,588	\$12,910
2016	\$7,493	\$11,656	\$10,948	\$12,955
2017	\$7,802	\$11,953	\$11,945	\$13,515
2018	\$7,957	\$12,195	\$12,590	\$14,069

FINANCIAL MANAGEMENT SERVICES

MASSACHUSETTS DEPARTMENT OF REVENUE
 DIVISION OF LOCAL SERVICES
 BUREAU OF ACCOUNTS

Arlington
 TOWN

TAX RATE RECAPITULATION Fiscal Year 2018

I. TAX RATE SUMMARY

Ia. Total amount to be raised (from page 2, IIe)	\$ 172,939,767.35
Ib. Total estimated receipts and other revenue sources (from page 2, IIIe)	55,684,566.00
Ic. Tax Levy (Ia minus Ib)	\$ 117,255,201.35
Id. Distribution of Tax Rates and levies	

CLASS	(b) Levy percentage (from LA5)	(c) Ic above times each percent in col (b)	(d) Valuation by class (from LA-5)	(e) Tax Rates (c) / (d) x 1000	(f) Levy by class (d) x (e) / 1000
Residential	94.0328	110,258,348.98	9,089,724,151.00	12.13	110,258,353.95
Net of Exempt					
Open Space	0.0000	0.00	0.00	0.00	0.00
Commercial	4.5056	5,283,050.35	435,538,655.00	12.13	5,283,083.89
Net of Exempt					
Industrial	0.2252	264,058.71	21,771,100.00	12.13	264,083.44
SUBTOTAL	98.7636		9,547,033,906.00		115,805,521.28
Personal	1.2364	1,449,743.31	119,511,960.00	12.13	1,449,680.07
TOTAL	100.0000		9,666,545,866.00		117,255,201.35

MUST EQUAL 1C

Board of Assessors

Paul Tierney, Director, Arlington, ptierney@town.arlington.ma.us 781-316-3061 | 12/6/2017 10:06 AM

Comment:

Do Not Write Below This Line --- For Department of Revenue Use Only

Reviewed By: Susan Whouley
Date: 12/11/2017
Approved: Thomas Guilfoyle
Director of Accounts: Mary Jane Handy

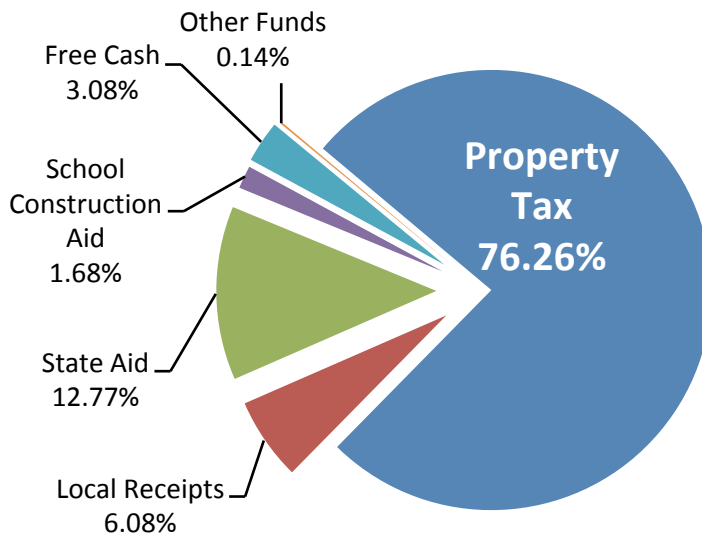
Mary Jane Handy

NOTE : The information was Approved on 12/11/2017

FISCAL YEAR 2017

Total \$147,451,456

Revenue



Expenditures

