

# **Town of Arlington,**

## **MASSACHUSETTS**

### **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**For the Year Ended June 30, 2018**

Adam Chapdelaine, Town Manager  
Ida Cody, Comptroller

Prepared by the Comptroller

*On the Cover: Brackett Elementary School  
Photos Courtesy of Joan Roman*



Central Station

# TOWN OF ARLINGTON, MASSACHUSETTS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended  
June 30, 2018



Prepared by:  
The Comptroller

TOWN OF ARLINGTON, MASSACHUSETTS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2018

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# ***Introductory Section***



Dallin Museum

# ***Introductory Section***

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**Town of Arlington  
Office of the Town Manager**

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Town Manager

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**Letter of Transmittal**

January 16, 2019

To the Honorable Board of Selectmen and Citizens of the Town of Arlington:

Subsequent to the close of each year, state law requires the Town of Arlington to publish a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Arlington, Massachusetts, for the year ending June 30, 2018, for your review.

The report is designed to be used by the elected and appointed officials of the Town and others who are concerned with its management and progress such as bond analysts, banking institutions and credit raters. Just as important, the design and format of this report is aimed at providing the residents and taxpayers of Arlington a more easily readable and, therefore, a more easily understandable financial report.

This report consists of management's representations concerning the finances of the Town of Arlington. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. In order to provide a reasonable basis for making these financial representations, management continues to review and improve its established comprehensive internal controls. The framework for these controls is designed to protect, to the extent possible, the government's assets from loss, theft or misuse. The cost of internal controls should not outweigh their benefits. As a result, the Town of Arlington's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements for the year ended June 30, 2018, are fairly presented in conformity with GAAP.

The Town of Arlington's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Arlington for the year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the Town of

Arlington's financial statements for the year ended June 30, 2018, and that they are, in fact, fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Arlington was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of Arlington's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Arlington's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Town**

The Town, established in 1867, was originally incorporated as the Town of West Cambridge in 1807. Located approximately seven miles from downtown Boston, it is bordered on the east by the Cities of Cambridge and Somerville, on the north by the City of Medford and Town of Winchester, on the west by the Town of Lexington and on the south by the Town of Belmont. The Town is primarily a residential community which occupies a land area of 5.2 square miles and, according to the 2010 federal census, has a population of 42,844 persons.

The Town provides general governmental services including police and fire protection, public education in grades K-12, water, sewer and health services, streets, libraries and parks and recreation. The Minuteman Regional Vocational-Technical School District, of which the Town is a member, provides technical education at the high school level. The Massachusetts Water Resources Authority provides sewage disposal services and water services for the Town. The Town has a Redevelopment Board and a Department of Planning and Community Development. The Arlington Housing Authority provides public housing in approximately 1,100 units for eligible low income families, the elderly, and the handicapped.

Local legislative decisions are made by a representative town meeting form of government whose members (approximately 252) are elected for staggered three-year terms from 21 precincts. Subject to the legislative decisions made by the town meeting, the affairs of the Town are generally administered by a board of five selectmen and a town manager.

Local taxes are assessed by a board of three assessors elected for staggered three-year terms. Local school affairs are administered by a school committee of seven persons, elected for staggered three-year terms on an at-large basis.

### **Budgetary Controls**

The Town Manager and Deputy Town Manager are responsible for preparing the budget and reviewing it with the various departments, boards, and committees. The Town Manger then presents it to the Board of Selectmen. The Selectmen review all requests and town-wide issues and present a budget to Town Meeting for approval. A twenty-one member Finance Committee made up of citizen volunteers appointed by the Town Moderator reviews the budget and makes recommendations to Town Meeting.

The general fund is the only governmental fund with an annual appropriated budget. The level of budgetary control is established by Town Meeting and this approval defines the level at which expenditures may not exceed

appropriations. This level is typically at the individual department level. The Town Comptroller is responsible for ensuring all payroll and invoices are within the budgetary control level before authorizing payment. Additional appropriations may be approved at subsequent Town Meetings. During the last 60 days of a fiscal year, the Town Manager may request Finance Committee approval of transfers from a reserve fund established at Town Meeting. These controls ensure compliance with the budget approved by Town Meeting.

### **Factors Affecting Economic Conditions**

#### Local Economy

Economic activity in the Town largely consists of the wholesale and retail trade and service industries. In 2017, 1,160 firms were located in Arlington, with a total annual payroll \$478,191,399, reported to the U.S. Department of Labor and Training.

The Town of Arlington continues to reflect a strong economic condition. The per capita income is significantly higher than state averages, and the unemployment rate has always been extremely low. Arlington has a primarily residential tax base which has grown through rapidly rising home values.

According to the Massachusetts Department of Employment and Training, in July 2018 the Town had a total labor force of 28,226 of whom 27,520 were employed and 706 or 2.5% were unemployed as compared with 4.3% for the Commonwealth.

In 2017 the average assessed value of a single family home in Arlington was \$752,184, an increase of approximately 15.7% from the previous year. The current economic environment indicates that property values are on the rise. Building permit activity over the last year has been strong; a good indicator that that building construction and renovation will convert to increased tax dollars.

The MBTA provides local bus service connecting to Boston, Cambridge and other surrounding communities and rapid transit via the "Red Line" subway at its terminal in Cambridge on the Arlington border. Principal highways serving the Town are State Routes 2, 2A and 60 and U.S. Route 3. All of this has made Arlington a highly desirable location.

The Town continues to be faced with and meet its financial challenges. Since FY2002 local aid for all municipalities initially dropped by approximately 8%, rebounded through FY2009 to a 20% increase, and in FY2018 ends in a cumulative increase of 20%. Arlington, on the other hand, has only recently experienced an increase above the FY2002 level. In FY2006, Arlington's state aid was 15% below what it received in FY2002, while the average of all municipalities saw a slight increase. In FY2014 the cumulative year-to-year change since FY2002 was a slight increase of 1.1%, however in FY2018, Arlington's state aid remains disproportional from other municipalities statewide despite increases in aid. To further illustrate this impact, the average state aid for municipalities in Massachusetts increased 27.9% from FY2002, while in FY2017 Arlington's cumulative year-to-year change since FY2002 is an increase of 13.7%.

Proposition 2½ caps the Town's ability to raise taxes and excess levy capacity is limited. Ninety-five percent of the Town's tax base is from residential property. The Town last approved a Proposition 2½ operating override (in the amount of \$6,490,000) in 2012. In 2014, the voters approved a Community Preservation Act 1.5% surcharge on property taxes to support historic preservation, affordable housing, and open space or recreation projects.

## Long-Term Financial Planning

Beginning in the fall of 2014, the Long Range Planning Committee (LRPC) held a series of discussions focused on the future of Town and School budgets and the amount by which they should grow on an annual basis. These discussions were prompted by the desire of committee members to explore strategies that could extend the life of the current Long Range Plan (LRP) and thereby forestall the next time an operating override would need to be considered. These discussions resulted in a number of recommendations being adopted for the FY2016 budget based upon the following principles:

1. Exercising fiscal prudence to maintain financial stability through the success of a future operating override.
2. Balancing prudence with recognition of the needs and expectations of Arlington residents and building Town and School budgets accordingly.
3. Committing to strategically address the findings of the Comparative Compensation Study within the confines of the proposed long range planning parameters.

Based upon these meetings and discussions, the following changes to LRP were adopted:

- Health insurance premium growth was projected at 5.25% annually, mirroring the 10 year average premium growth of the GIC.
- Free Cash was assumed to be certified each year at the 10-year average certified amount.
- The rate of growth in annual pension costs has been reduced from 6% to 5.5%.
- Annual budget growth for Town Departments was set at 3.25% for FY2017, FY2018, and beyond.
- Annual budget growth for the general education portion of the School Department budget was maintained at 3.5% for FY2018 and beyond.

## Major Initiatives

The Town continues to invest in its buildings and other infrastructure to maintain high quality public services. The ongoing rise in student enrollments and aging school buildings has led the Town to undertake several major capital projects. As of June 30, 2018, the Town was entering the final stages of the renovation of the Gibbs School, transforming it from a building rented to non-profit institutions to a town-wide 6<sup>th</sup> grade. The total budget for the renovation is approximately \$27 million. Work began on a six classroom addition to the Hardy Elementary School with a budget of \$3.5 million. In June, 2018, the Town's Arlington High School Building Committee voted to submit its preferred design option to the Massachusetts School Building Authority to construct a new school, with a projected budget of \$308 million.

## **Awards and Acknowledgements**

The Town, through its long range planning development and strong financial position, saw its bond rating reaffirmed at AAA status, Standard and Poor's highest rating.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its CAFR for the year ended June 30, 2017. In order to receive this

prestigious award, a government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association (GFOA) awarded a Distinguished Budget Presentation Award to the Town of Arlington for the year ended June 30, 2018. This was the fifth consecutive year that the Town submitted received the award. Based on information available on the GFOA website, Arlington is one of 41 governmental entities in Massachusetts to receive this distinction.

Preparing a document of this magnitude requires a significant investment of time and resources. I am grateful to the members of the Comptroller's Office and the cooperation of the Town Manager's Office, the Treasurer/Collector's Office, the Assessor's Office, and the School Business Management Office for preparing this important document. This document reflects well upon the professionalism of our organization and provides a wealth of information to the community.

Respectfully submitted,



Adam W. Chapdelaine  
Town Manager

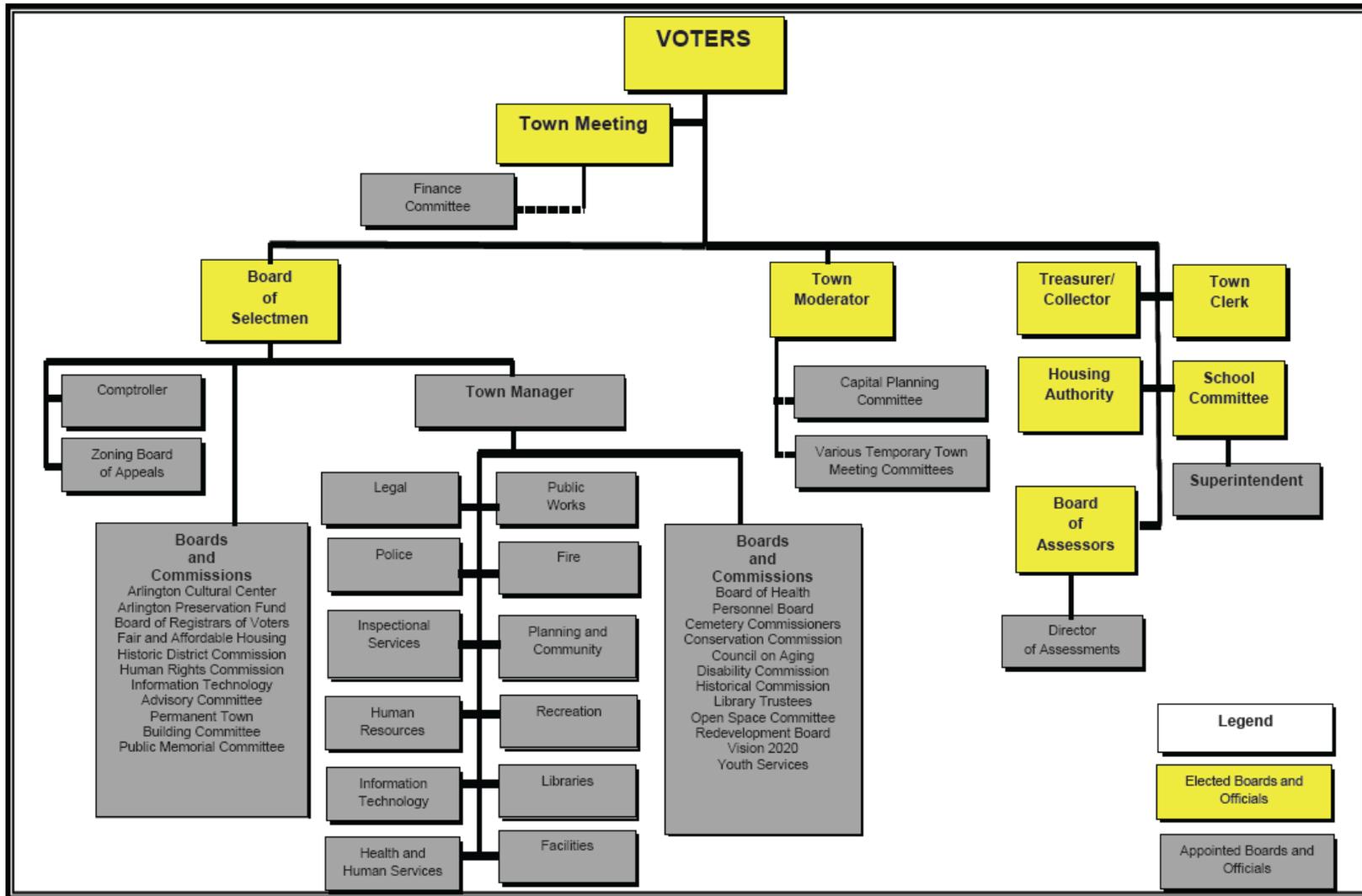
# Town of Arlington, Massachusetts

## Principal Executive Officers

<u>TITLE</u>	<u>NAME</u>	<u>SELECTION</u>	<u>TERM EXPIRES</u>
Selectman, Chair	Daniel J. Dunn	Elected	2020
Selectman, Vice Chair	Kevin F. Greeley	Elected	2020
Selectman	Joseph A. Curro, Jr.	Elected	2021
Selectman	John V. Hurd	Elected	2021
Selectman	Diane M. Mahon	Elected	2019
Town Manager	Adam W. Chapdelaine	Appointed	2019
Comptroller	Ida Cody	Appointed	2021
Treasurer	Phyllis L. Marshall	Appointed	2020
Town Clerk	Stephanie Lucarelli	Elected	2020

# Town of Arlington, Massachusetts

## Organizational Chart





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Town of Arlington  
Massachusetts**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morrill*

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Town of Arlington**

**Massachusetts**

For the Triennium Beginning

**July 1, 2017**

*Christopher P. Morill*

Executive Director

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# ***Financial Section***



Robbins Park

# ***Financial Section***

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## Independent Auditor's Report

To the Board of Selectmen  
Town of Arlington, Massachusetts

## Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Arlington, Massachusetts as of and for the year ended June 30, 2018 (except for the Arlington Contributory Retirement System which is as of and for the year ended December 31, 2017), and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Arlington, Massachusetts, as of June 30, 2018 (except for the Arlington Contributory Retirement System which is as of and for the year ended December 31, 2017), and the respective

changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Arlington, Massachusetts' basic financial statements. The introductory section, combining and individual fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2019, on our consideration of the Town of Arlington, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Arlington, Massachusetts' internal control over financial reporting and compliance.

*Powers & Sullivan LLC*

January 16, 2019

***Management's Discussion and Analysis***

## ***Management's Discussion and Analysis***

As management of the Town of Arlington, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2018. We encourage readers to consider the information presented in this report.

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

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

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

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

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

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

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

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

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

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

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

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town maintains four different fiduciary funds. The pension trust fund is used to account for resources held in trust for members of the Arlington Contributory Retirement System. The other postemployment benefit trust fund is used to account for resources held in trust to fund the Town's portion of health benefits for retirees and beneficiaries. The private purpose trust fund is used to account for resources held in trust which principle and investment income exclusively benefit individuals, private organizations, or other governments. The Town's agency funds are used to account for escrow accounts, performance bonds, and fees collected on-behalf of the state.

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

## ***Government-wide Financial Analysis***

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Town, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$81.2 million at the close of 2018.

The largest portion of the Town's net position, \$126.9 million reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), net of any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$22.1 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$230.2 million. The deficit is the result of the recognition of the Town's net pension liability of \$122.5 million, along with the net other postemployment benefits liability of \$183.7 million. These are long term unfunded liabilities that will not require significant short term resources.

**Governmental Activities**

	2018	2017 (As Revised)
<b>Assets:</b>		
Current assets.....	\$ 114,327,037	\$ 104,877,203
Noncurrent assets (excluding capital).....	1,309,479	2,089,637
Capital assets, non depreciable.....	39,692,565	20,182,196
Capital assets, net of accumulated depreciation....	149,821,873	146,529,276
<b>Total assets.....</b>	<b>305,150,954</b>	<b>273,678,312</b>
<b>Deferred outflows of resources.....</b>	<b>4,574,309</b>	<b>10,307,081</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	10,756,407	10,023,842
Noncurrent liabilities (excluding debt).....	299,062,714	301,168,571
Current debt.....	12,358,182	9,156,503
Noncurrent debt.....	89,029,476	66,132,417
<b>Total liabilities.....</b>	<b>411,206,779</b>	<b>386,481,333</b>
<b>Deferred inflows of resources.....</b>	<b>7,043,824</b>	<b>1,019,550</b>
<b>Net position:</b>		
Net investment in capital assets.....	106,071,887	103,203,353
Restricted.....	22,105,819	20,701,128
Unrestricted.....	(236,703,046)	(227,419,971)
<b>Total net position.....</b>	<b>\$ (108,525,340)</b>	<b>\$ (103,515,490)</b>

The governmental activities net position decreased by \$5 million during the current year. Key decreases are the recognition of an additional \$9.8 million in the Town's net other postemployment benefit obligation net of deferred inflows and \$964,000 in the Town's net pension liability net of deferred outflows/inflows, which are both reported in noncurrent liabilities. The Town made a \$900,000 payment to the other postemployment benefits trust fund which is reported as a fiduciary fund and, accordingly, is not included in the government-wide financial statements. Offsetting these were \$1.5 million in state highway capital grants, as well positive budgetary results in the general fund.

The \$9.5 million increase in current assets is mainly from bond proceeds received that have not been spent by year-end.

The \$780,000 decrease in noncurrent assets (excluding capital) is primarily due to the reduction in the intergovernmental receivable from the Massachusetts School Building Association, as school construction funds are received annually which are used to retire debt outstanding for school construction projects.

The net \$22.8 million increase in capital assets is mainly from large capital projects such as the Stratton school renovations, Thompson school, Gibbs school, Hardy school, Robbins field, fire trucks and infrastructure projects.

The increase in current debt and noncurrent debt of \$26.1 million relate to the issuance of \$32.2 million in bonds and unamortized premiums offset with \$9.1 million in payments.

	2018	2017 (As Revised)
<b>Program Revenues:</b>		
Charges for services.....	\$ 15,626,560	\$ 13,160,959
Operating grants and contributions.....	35,615,725	34,492,030
Capital grants and contributions.....	1,857,217	480,762
<b>General Revenues:</b>		
Real estate and personal property taxes, net of tax refunds payable.....	116,133,281	111,240,616
Tax and other liens.....	243,714	386,418
Motor vehicle excise taxes.....	5,639,563	4,775,678
Hotel/motel tax.....	378,783	303,939
Meals tax.....	444,161	415,173
Community preservation tax.....	1,520,324	1,342,410
Penalties and interest on taxes.....	314,667	295,521
Payments in lieu of taxes.....	25,337	51,519
Grants and contributions not restricted to specific programs.....	8,481,230	7,906,743
Unrestricted investment income.....	2,149,636	2,282,581
Gain on sale of capital assets.....	-	28,000
<b>Total revenues.....</b>	<b>188,430,198</b>	<b>177,162,349</b>
<b>Expenses:</b>		
General government.....	14,253,456	13,172,189
Public safety.....	28,821,034	29,438,861
Education.....	112,367,216	107,943,200
Public works.....	17,743,793	14,089,422
Community development.....	4,158,369	3,048,321
Human services.....	2,599,295	2,285,633
Culture and recreation.....	1,586,347	1,329,712
Library.....	4,036,606	3,984,518
Claims and judgments.....	-	70,000
Interest.....	2,302,742	1,605,337
<b>Total expenses.....</b>	<b>187,868,858</b>	<b>176,967,193</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>561,340</b>	<b>195,156</b>
<b>Transfers.....</b>	<b>(5,571,190)</b>	<b>(6,651,472)</b>
<b>Change in net position.....</b>	<b>(5,009,850)</b>	<b>(6,456,316)</b>
<b>Net position, beginning of year (as revised).....</b>	<b>(103,515,490)</b>	<b>(97,059,174)</b>
<b>Net position, end of year.....</b>	<b>\$ (108,525,340)</b>	<b>\$ (103,515,490)</b>

Beginning net position of the governmental activities has been revised to reflect the implementation of GASB Statement #75. The implementation of this standard required the OPEB liability to be revised due to the use of different methods and assumptions as previously required by GASB Statement #45. Accordingly, previously reported deficit net position of \$3,483,999 has been revised and totals a deficit balance of \$103,515,490. See Note 18 for details.

The increase in operating grants is related to the Massachusetts Teachers Retirement System's on-behalf payments, which increased the revenue and corresponding expense by \$1.3 million.

The increase in capital grants is primarily related to an increase in revenue received for highway projects, which is a reimbursement of the expenditures through the state grant program.

Most categories of expenses increase as a result of standard budgetary increases. The increase in public safety is the result of an increase in salaries from contract negotiations along with an increase in depreciation expense due to the Town completing the Central Fire Station and Community Safety building. The increase in education is from an increase in the operating budget along with the Massachusetts Teachers Retirement System's on-behalf payments, which is the result of a change in the discount rate. The increase in public works is the result of an increase in the operating budget for salaries and snow and ice expenditures.

**Business-Type Activities**

	2018	2017 (As Revised)
<b>Assets:</b>		
Current assets.....	\$ 18,482,997	\$ 18,493,347
Capital assets, non depreciable.....	2,954	2,954
Capital assets, net of accumulated depreciation....	27,801,221	27,357,157
<b>Total assets.....</b>	<b>46,287,172</b>	<b>45,853,458</b>
<b>Deferred outflows of resources.....</b>	<b>243,866</b>	<b>567,157</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	139,353	216,912
Noncurrent liabilities (excluding debt).....	9,190,781	9,834,177
Current debt.....	1,487,650	1,425,300
Noncurrent debt.....	8,007,750	7,502,900
<b>Total liabilities.....</b>	<b>18,825,534</b>	<b>18,979,289</b>
<b>Deferred inflows of resources.....</b>	<b>356,260</b>	<b>54,257</b>
<b>Net position:</b>		
Net investment in capital assets.....	20,877,369	20,736,946
Unrestricted.....	6,471,875	6,650,123
<b>Total net position.....</b>	<b>\$ 27,349,244</b>	<b>\$ 27,387,069</b>

	2018	2017 (As Revised)
<b>Program Revenues:</b>		
Charges for services.....	\$ 16,103,759	\$ 16,636,931
Operating grants and contributions.....	430,684	206,521
Capital grants and contributions.....	-	600,000
<b>General Revenues:</b>		
Unrestricted investment income.....	87,094	71,822
<b>Total revenues.....</b>	<b>16,621,537</b>	<b>17,515,274</b>
<b>Expenses:</b>		
Water and sewer.....	20,173,115	18,750,207
Youth services.....	627,650	587,722
Council on aging.....	88,375	81,089
Ed Burns arena.....	594,477	605,009
Recreation.....	746,935	758,047
<b>Total expenses.....</b>	<b>22,230,552</b>	<b>20,782,074</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>(5,609,015)</b>	<b>(3,266,800)</b>
<b>Transfers.....</b>	<b>5,571,190</b>	<b>6,651,472</b>
<b>Change in net position.....</b>	<b>(37,825)</b>	<b>3,384,672</b>
<b>Net position, beginning of year (as revised).....</b>	<b>27,387,069</b>	<b>24,002,397</b>
<b>Net position, end of year.....</b>	<b>\$ 27,349,244</b>	<b>\$ 27,387,069</b>

Beginning net position of the business-type activities has been revised to reflect the implementation of GASB Statement #75. The implementation of this standard required the OPEB liability to be revised due to the use of different methods and assumptions as previously required by GASB Statement #45. Accordingly, previously reported net position of \$28,980,285 has been revised and totals \$27,387,069. See Note 18 for details.

There was a net decrease of \$38,000 in net position reported in connection with the Town's business-type activities. Additionally, the water and sewer enterprise fund was subsidized by the general fund in 2018 by approximately \$5.6 million to offset a portion of the costs associated with the repayment of debt to the Massachusetts Water Resources Authority.

The increase in capital assets consists of the water and sewer enterprise fund's investment in water and sewer lines and water meters, totaling approximately \$1.5 million in 2018, which was funded through available funds.

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

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

**Governmental funds.** The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's

financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, governmental funds reported combined ending fund balances of \$99.2 million which was an increase of \$6 million from the prior year.

The general fund reported a \$1.1 million increase in fund balance in the fund based financial statements. This includes the activity of the Town's stabilization funds and insurance trust funds which are reported within the general fund. The Town's stabilization funds totaled \$3 million at year-end and reported a decrease of \$294,000 from 2017. The operating general fund accounted for the remaining \$1.4 million increase.

The Town's capital borrowing major fund had reported a fund balance of \$13.2 million, an increase of \$4.8 million from the prior year. During 2018, the Town recognized \$28.7 million in bond proceeds in this major fund which represents long-term borrowing used to finance various capital projects identified in the Town's capital improvement plan. Current expenditures in this fund totaled \$27.9 million and related mainly to school building improvements.

There was a \$140,000 increase in the nonmajor governmental funds, which reported \$26.7 million in revenues, \$27.7 million in expenditures, \$160,000 in premiums from the issuance of bonds received, and a \$1.1 million in net transfers to and from other funds.

### ***General Fund Budgetary Highlights***

The decrease between the original and final budget of \$161,000 was primarily comprised of the release of carryovers from the prior fiscal year. In the final budget, the Town budgeted to use \$4.9 million of available reserves "free cash" to balance the 2018 budget. However, actual results from operations were better than anticipated as the Town collected approximately \$3.8 million more than budgeted and departments expended \$2.7 million less than budgeted.

By category, all actual revenues came in over budget except for meals tax. The largest revenue variance was in the motor vehicle excise taxes category where estimated revenue is budgeted conservatively and revenues increased from prior year. Other significant revenue surpluses were in departmental and other, real estate and personal property, and investment income which came in over budget by approximately \$1.4 million, \$412,000 and \$377,000, respectively. The Town also had a revenue surplus for the unbudgeted tax liens totaling \$89,000. Expenditures for employee benefits came in under budget by approximately \$1.3 million, significantly contributing to the surplus.

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

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

The goal of the Capital Planning Program is to provide a means of planning for the maintenance and/or improvement of the capital assets and infrastructure of the Town of Arlington. To that end, the policy is that approximately 5% of the projected revenue of the Town is dedicated to capital expenditures including prior and future debt issuances. For the 2018 budget, this allowed for an annual cash expenditure of \$3.9 million and a new borrowing of \$33.5 million (including Water & Sewer). The Town's outstanding long-term debt related to the

general government and water & sewer enterprise, as of June 30, 2018, was \$108.5 million for various CIP related projects.

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

- To review, plan, and coordinate capital improvements so as to promote a systematic, organized replacement and acquisition schedule.
- To insure that, given limited resources, the capital needs of the community are met.
- To present a sound financial package so as to stabilize and level out the debt of the Town. It should assure timely planning for the most economical method of financing capital improvements.
- To insure wider community participation in the planning of projects and to reduce the pressure to fund a project that 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:

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

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

The Town is a member of the Massachusetts Water Resources Authority (MWRA), which assesses member communities annually for their proportionate share of the MWRA's debt service. The Town has also adopted Chapter 59 Section 21C Paragraph N of the Massachusetts General Law, which allows for the shifting of the debt service for water and sewer to the tax rate above the limits of Proposition 2 ½. The Town shifted \$5,593,112 in 2018 from the MWRA assessment to the property taxes. During FY 2018, the Town issued an additional \$52,500 in MWRA sewer bonds and \$1.1 million in MWRA water bonds.

The Town has voted to cap the amount of future MWRA debt that will be shifted to the tax rate at \$5,593,112 and correspondingly increase water rates.

The Town continues to invest in its buildings and other infrastructure to maintain high quality public services. The ongoing rise in student enrollments and aging school buildings has led the Town to undertake several major capital projects. In the fall of 2017, the renovation of the Stratton Elementary School and the addition of six classrooms to the Thompson Elementary School were completed and work began to renovate the previously closed Gibbs School Middle School to house the Town's sixth grade.

The Town has also hired an owner's project manager and an architect to solicit community feedback and begin preparation of design documents for renovations to or replacement of Arlington High School. Town Meeting also approved funding for a six room expansion of the Hardy Elementary School.

## Capital Assets

The Town's valuation of governmental activities capital assets as of June 30, 2018, amounts to \$189.5 million, net of accumulated depreciation. This amount represents purchases made over time in the following categories: land, construction in progress, buildings, improvements, vehicles and equipment, and infrastructure. The Town's major capital additions totaled \$30 million and related to the Stratton school, Thompson school, Gibbs school, Hardy school, Robbins field, fire trucks and infrastructure projects. The Gibbs and Hardy School projects are ongoing and reported as construction in progress at year end. The Stratton School and Thompson School were put into service during fiscal year 2018.

The Town's valuation of business-type activities capital assets as of June 30, 2018, amounts to \$27.8 million, net of accumulated depreciation. This amount represents purchases made over time in the following categories: water/sewer main improvements, various park improvements, and purchases of vehicles and equipment. Current year additions totaled \$1.5 million and primarily related to infrastructure and equipment.

## Debt

The Town's governmental funds have total bonded debt outstanding of \$98 million at the end of the current year. As compared to the prior year, this is a net increase of \$23.1 million resulting from principal payments of \$8.2 million offset by \$28.7 million long term bond issuances during 2018 along with a net increase in bond premiums of \$2.7 million.

The water and sewer enterprise funds have total bonded debt outstanding of \$8.8 million at the end of the current year. The Town issued \$1.2 million in MWRA bonds, \$809,000 in general obligation bonds, and made \$1.3 million in principal payments during the year.

The Ed Burns rink enterprise fund has debt outstanding at year-end of \$615,000. The Town made \$145,000 in principal payments during the year.

Please refer to financial statement notes 4, 6 and 7 for further discussion of the major capital and debt activity.

## ***Requests for Information***

This financial report is designed to provide a general overview of the Town of Arlington's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Comptroller, 869 Massachusetts Avenue, Arlington, Massachusetts 02476.

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# ***Basic Financial Statements***

**STATEMENT OF NET POSITION**

JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 94,037,235	\$ 13,319,703	\$ 107,356,938
Investments.....	14,555,942	-	14,555,942
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	925,269	-	925,269
Tax liens.....	704,798	-	704,798
Community preservation fund surtax.....	6,159	-	6,159
Motor vehicle excise taxes.....	297,381	-	297,381
User charges.....	-	5,163,294	5,163,294
Intergovernmental - other.....	3,030,198	-	3,030,198
Community preservation state share.....	275,520	-	275,520
Special assessments.....	637	-	637
Loans.....	97,114	-	97,114
Tax foreclosures.....	396,784	-	396,784
Total current assets.....	<u>114,327,037</u>	<u>18,482,997</u>	<u>132,810,034</u>
<b>NONCURRENT:</b>			
Receivables, net of allowance for uncollectibles:			
Intergovernmental - other.....	921,022	-	921,022
Loans.....	388,457	-	388,457
Capital assets, nondepreciable.....	39,692,565	2,954	39,695,519
Capital assets, net of accumulated depreciation.....	<u>149,821,873</u>	<u>27,801,221</u>	<u>177,623,094</u>
Total noncurrent assets.....	<u>190,823,917</u>	<u>27,804,175</u>	<u>218,628,092</u>
<b>TOTAL ASSETS.....</b>	<b><u>305,150,954</u></b>	<b><u>46,287,172</u></b>	<b><u>351,438,126</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows for refunding debt.....	3,038	-	3,038
Deferred outflows related to pensions.....	4,571,271	243,866	4,815,137
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b><u>4,574,309</u></b>	<b><u>243,866</u></b>	<b><u>4,818,175</u></b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	3,711,802	68,553	3,780,355
Accrued payroll.....	3,033,144	-	3,033,144
Tax refunds payable.....	267,000	-	267,000
Accrued interest.....	533,413	-	533,413
Other liabilities.....	433,208	-	433,208
Customer deposits.....	72,440	-	72,440
Compensated absences.....	2,631,400	70,800	2,702,200
Workers' compensation.....	74,000	-	74,000
Notes payable.....	3,355,000	31,300	3,386,300
Bonds payable.....	9,003,182	1,456,350	10,459,532
Total current liabilities.....	<u>23,114,589</u>	<u>1,627,003</u>	<u>24,741,592</u>
<b>NONCURRENT:</b>			
Compensated absences.....	1,852,600	76,100	1,928,700
Workers' compensation.....	130,000	-	130,000
Net pension liability.....	116,267,228	6,202,572	122,469,800
Net other postemployment benefits.....	180,812,886	2,912,109	183,724,995
Bonds payable.....	89,029,476	8,007,750	97,037,226
Total noncurrent liabilities.....	<u>388,092,190</u>	<u>17,198,531</u>	<u>405,290,721</u>
<b>TOTAL LIABILITIES.....</b>	<b><u>411,206,779</u></b>	<b><u>18,825,534</u></b>	<b><u>430,032,313</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes paid in advance.....	225,290	-	225,290
Deferred inflows related to pensions.....	6,617,355	353,020	6,970,375
Deferred inflows related to other postemployment benefits.....	201,179	3,240	204,419
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b><u>7,043,824</u></b>	<b><u>356,260</u></b>	<b><u>7,400,084</u></b>
<b>NET POSITION</b>			
Net investment in capital assets.....	106,071,887	20,877,369	126,949,256
Restricted for:			
Loans.....	485,571	-	485,571
Permanent funds:			
Expendable.....	9,352,893	-	9,352,893
Nonexpendable.....	4,850,291	-	4,850,291
Gifts and grants.....	4,330,434	-	4,330,434
Community preservation.....	3,086,630	-	3,086,630
Unrestricted.....	<u>(236,703,046)</u>	<u>6,471,875</u>	<u>(230,231,171)</u>
<b>TOTAL NET POSITION.....</b>	<b><u>\$ (108,525,340)</u></b>	<b><u>\$ 27,349,244</u></b>	<b><u>\$ (81,176,096)</u></b>

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government.....	\$ 14,253,456	\$ 2,853,495	\$ 172,755	\$ -	\$ (11,227,206)
Public safety.....	28,821,034	5,384,293	80,971	-	(23,355,770)
Education.....	112,367,216	4,383,173	32,339,575	104,259	(75,540,209)
Public works.....	17,743,793	814,356	11,460	1,519,993	(15,397,984)
Community development.....	4,158,369	911,069	2,380,589	-	(866,711)
Human services.....	2,599,295	217,862	481,682	-	(1,899,751)
Culture and recreation.....	1,586,347	958,008	18,390	-	(609,949)
Library.....	4,036,606	104,304	68,446	-	(3,863,856)
Community preservation.....	-	-	-	232,965	232,965
Interest.....	2,302,742	-	61,857	-	(2,240,885)
<b>Total Governmental Activities.....</b>	<b>187,868,858</b>	<b>15,626,560</b>	<b>35,615,725</b>	<b>1,857,217</b>	<b>(134,769,356)</b>
<i>Business-Type Activities:</i>					
Water and sewer.....	20,173,115	14,292,387	157,950	-	(5,722,778)
Youth services.....	627,650	303,199	210,234	-	(114,217)
Council on aging.....	88,375	11,906	49,500	-	(26,969)
Ed Burns arena.....	594,477	618,284	-	-	23,807
Recreation.....	746,935	877,983	13,000	-	144,048
<b>Total Business-Type Activities.....</b>	<b>22,230,552</b>	<b>16,103,759</b>	<b>430,684</b>	<b>-</b>	<b>(5,696,109)</b>
<b>Total Primary Government.....</b>	<b>\$ 210,099,410</b>	<b>\$ 31,730,319</b>	<b>\$ 36,046,409</b>	<b>\$ 1,857,217</b>	<b>\$ (140,465,465)</b>

See notes to basic financial statements.

(Continued)

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page..... \$	<b>(134,769,356)</b>	<b>(5,696,109)</b>	<b>(140,465,465)</b>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	116,133,281	-	116,133,281
Tax and other liens.....	243,714	-	243,714
Motor vehicle excise taxes.....	5,639,563	-	5,639,563
Hotel/motel tax.....	378,783	-	378,783
Meals tax.....	444,161	-	444,161
Community preservation tax.....	1,520,324	-	1,520,324
Penalties and interest on taxes.....	314,667	-	314,667
Payments in lieu of taxes.....	25,337	-	25,337
Grants and contributions not restricted to specific programs.....	8,481,230	-	8,481,230
Unrestricted investment income.....	2,149,636	87,094	2,236,730
<i>Transfers, net</i> .....	<u>(5,571,190)</u>	<u>5,571,190</u>	<u>-</u>
Total general revenues and transfers.....	<u>129,759,506</u>	<u>5,658,284</u>	<u>135,417,790</u>
Change in net position.....	(5,009,850)	(37,825)	(5,047,675)
<i>Net position:</i>			
Beginning of year, as revised.....	<u>(103,515,490)</u>	<u>27,387,069</u>	<u>(76,128,421)</u>
End of year..... \$	<u><u>(108,525,340)</u></u>	<u><u>27,349,244</u></u>	<u><u>(81,176,096)</u></u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2018

	General	Capital Borrowing Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 56,081,688	\$ 18,924,116	\$ 19,031,431	\$ 94,037,235
Investments.....	-	-	14,555,942	14,555,942
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	925,269	-	-	925,269
Tax liens.....	700,672	-	4,126	704,798
Community preservation fund surtax.....	-	-	6,159	6,159
Motor vehicle excise taxes.....	297,381	-	-	297,381
Intergovernmental - other.....	2,355,209	-	1,596,011	3,951,220
Community preservation state share.....	-	-	275,520	275,520
Special assessments.....	637	-	-	637
Loans.....	-	-	485,571	485,571
Tax foreclosures.....	396,784	-	-	396,784
<b>TOTAL ASSETS.....</b>	<b>\$ 60,757,640</b>	<b>\$ 18,924,116</b>	<b>\$ 35,954,760</b>	<b>\$ 115,636,516</b>
<b>LIABILITIES</b>				
Warrants payable.....	\$ 1,048,754	\$ 2,343,907	\$ 319,141	\$ 3,711,802
Accrued payroll.....	2,931,853	-	101,291	3,033,144
Tax refunds payable.....	267,000	-	-	267,000
Other liabilities.....	433,208	-	-	433,208
Customer deposits.....	72,440	-	-	72,440
Notes payable.....	-	3,355,000	-	3,355,000
<b>TOTAL LIABILITIES.....</b>	<b>4,753,255</b>	<b>5,698,907</b>	<b>420,432</b>	<b>10,872,594</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Taxes paid in advance.....	222,317	-	2,973	225,290
Unavailable revenue.....	3,576,404	-	1,804,572	5,380,976
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>3,798,721</b>	<b>-</b>	<b>1,807,545</b>	<b>5,606,266</b>
<b>FUND BALANCES</b>				
Nonspendable.....	-	-	4,850,291	4,850,291
Restricted.....	2,974,554	13,493,233	28,876,492	45,344,279
Committed.....	292,857	-	-	292,857
Assigned.....	5,610,974	-	-	5,610,974
Unassigned.....	43,327,279	(268,024)	-	43,059,255
<b>TOTAL FUND BALANCES.....</b>	<b>52,205,664</b>	<b>13,225,209</b>	<b>33,726,783</b>	<b>99,157,656</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 60,757,640</b>	<b>\$ 18,924,116</b>	<b>\$ 35,954,760</b>	<b>\$ 115,636,516</b>

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION**

JUNE 30, 2018

Total governmental fund balances.....		\$ 99,157,656
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		189,514,438
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		5,380,976
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....		(2,244,225)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(533,413)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(98,032,658)	
Net pension liability.....	(116,267,228)	
Net other postemployment benefits.....	(180,812,886)	
Workers' compensation.....	(204,000)	
Compensated absences.....	<u>(4,484,000)</u>	
Net effect of reporting long-term liabilities.....		<u>(399,800,772)</u>
Net position of governmental activities.....		\$ <u><u>(108,525,340)</u></u>

See notes to basic financial statements.

**GOVERNMENTAL FUNDS**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2018

	General	Capital Borrowing Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Real estate and personal property taxes, net of tax refunds.....	\$ 116,018,996	\$ -	\$ -	\$ 116,018,996
Tax liens.....	88,724	-	282	89,006
Motor vehicle excise taxes.....	5,551,687	-	-	5,551,687
Hotel/motel tax.....	378,783	-	-	378,783
Meals tax.....	444,161	-	-	444,161
Penalties and interest on taxes.....	314,667	-	-	314,667
Fees and rentals.....	476,310	-	154,166	630,476
Payments in lieu of taxes.....	25,337	-	-	25,337
Intergovernmental - state aid.....	20,991,079	-	-	20,991,079
Intergovernmental - School Building Authority.....	-	104,259	-	104,259
Intergovernmental - Teachers Retirement.....	13,235,613	-	-	13,235,613
Intergovernmental - other.....	-	-	9,932,712	9,932,712
Departmental and other.....	4,562,134	-	13,198,749	17,760,883
Community preservation taxes.....	-	-	1,516,816	1,516,816
Community preservation state match.....	-	-	232,965	232,965
Contributions and donations.....	1,653	-	303,943	305,596
Investment income.....	835,969	339	1,313,328	2,149,636
<b>TOTAL REVENUES.....</b>	<b>162,925,113</b>	<b>104,598</b>	<b>26,652,961</b>	<b>189,682,672</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
General government.....	5,351,405	175,566	2,655,794	8,182,765
Public safety.....	15,776,013	1,821,902	2,587,097	20,185,012
Education.....	65,109,595	24,594,927	11,682,471	101,386,993
Public works.....	10,677,802	1,052,743	3,276,694	15,007,239
Community development.....	505,480	59,292	3,216,190	3,780,962
Human services.....	1,099,350	-	1,006,123	2,105,473
Culture and recreation.....	34,513	148,298	2,140,336	2,323,147
Library.....	2,275,972	47,054	399,145	2,722,171
Pension benefits.....	11,278,993	-	-	11,278,993
Pension benefits - Teachers Retirement.....	13,235,613	-	-	13,235,613
Property and liability insurance.....	331,138	-	-	331,138
Employee benefits.....	15,053,498	-	98,306	15,151,804
State and county charges.....	3,173,429	-	-	3,173,429
<b>Debt service:</b>				
Principal.....	7,590,000	-	585,000	8,175,000
Interest.....	3,244,276	-	93,338	3,337,614
<b>TOTAL EXPENDITURES.....</b>	<b>154,737,077</b>	<b>27,899,782</b>	<b>27,740,494</b>	<b>210,377,353</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>8,188,036</b>	<b>(27,795,184)</b>	<b>(1,087,533)</b>	<b>(20,694,681)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of bonds.....	-	28,652,700	-	28,652,700
Premium from issuance of bonds.....	-	3,425,000	159,992	3,584,992
Transfers in.....	2,897,568	743,000	4,207,248	7,847,816
Transfers out.....	(10,011,941)	(267,491)	(3,139,574)	(13,419,006)
<b>TOTAL OTHER FINANCING SOURCES (USES)...</b>	<b>(7,114,373)</b>	<b>32,553,209</b>	<b>1,227,666</b>	<b>26,666,502</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>1,073,663</b>	<b>4,758,025</b>	<b>140,133</b>	<b>5,971,821</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>51,132,001</b>	<b>8,467,184</b>	<b>33,586,650</b>	<b>93,185,835</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 52,205,664</b>	<b>\$ 13,225,209</b>	<b>\$ 33,726,783</b>	<b>\$ 99,157,656</b>

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds.....		\$ 5,971,821
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	30,048,312	
Depreciation expense.....	<u>(7,245,346)</u>	
Net effect of reporting capital assets.....		22,802,966
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		(1,252,474)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Issuance of bonds.....	(28,652,700)	
Premium from issuance of bonds.....	(3,584,992)	
Net amortization of premium from issuance of bonds.....	921,254	
Net change in deferred charge on refunding.....	(8,602)	
Debt service principal payments.....	<u>8,175,000</u>	
Net effect of reporting long-term debt.....		(23,150,040)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	(111,000)	
Net change in accrued interest on long-term debt.....	122,220	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(11,356,621)	
Net change in net pension liability.....	10,392,301	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...	(201,179)	
Net change in net other postemployment benefits liability.....	(8,156,844)	
Net change in workers' compensation liability.....	<u>(71,000)</u>	
Net effect of recording long-term liabilities.....		<u>(9,382,123)</u>
Change in net position of governmental activities.....		\$ <u><u>(5,009,850)</u></u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF NET POSITION

JUNE 30, 2018

	Business-type Activities - Enterprise Funds		
	Water and Sewer Enterprise	Youth Services Enterprise	Council On Aging Enterprise
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 12,326,296	\$ 74,177	\$ 85,348
Receivables, net of allowance for uncollectibles:			
User charges.....	5,163,294	-	-
Total current assets.....	<u>17,489,590</u>	<u>74,177</u>	<u>85,348</u>
<b>NONCURRENT:</b>			
Capital assets, non depreciable.....	2,954	-	-
Capital assets, net of accumulated depreciation.....	<u>25,332,062</u>	<u>-</u>	<u>5,509</u>
Total noncurrent assets.....	<u>25,335,016</u>	<u>-</u>	<u>5,509</u>
<b>TOTAL ASSETS.....</b>	<u><b>42,824,606</b></u>	<u><b>74,177</b></u>	<u><b>90,857</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions.....	<u>243,866</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	50,682	11,903	871
Compensated absences.....	62,400	-	-
Notes payable.....	31,300	-	-
Bonds payable.....	<u>1,311,350</u>	<u>-</u>	<u>-</u>
Total current liabilities.....	<u>1,455,732</u>	<u>11,903</u>	<u>871</u>
<b>NONCURRENT:</b>			
Compensated absences.....	68,000	-	-
Net pension liability.....	6,202,572	-	-
Net other postemployment benefits.....	2,912,109	-	-
Bonds payable.....	<u>7,537,750</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities.....	<u>16,720,431</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES.....</b>	<u><b>18,176,163</b></u>	<u><b>11,903</b></u>	<u><b>871</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions.....	353,020	-	-
Deferred inflows related to other postemployment benefits.....	<u>3,240</u>	<u>-</u>	<u>-</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<u><b>356,260</b></u>	<u><b>-</b></u>	<u><b>-</b></u>
<b>NET POSITION</b>			
Net investment in capital assets.....	19,023,210	-	5,509
Unrestricted.....	<u>5,512,839</u>	<u>62,274</u>	<u>84,477</u>
<b>TOTAL NET POSITION.....</b>	<u><b>\$ 24,536,049</b></u>	<u><b>\$ 62,274</b></u>	<u><b>\$ 89,986</b></u>

See notes to basic financial statements.

(Continued)

	Ed Burns Arena Enterprise	Recreation Enterprise	Total
\$	126,744	\$ 707,138	\$ 13,319,703
	-	-	5,163,294
	126,744	707,138	18,482,997
	-	-	2,954
	904,495	1,559,155	27,801,221
	904,495	1,559,155	27,804,175
	1,031,239	2,266,293	46,287,172
	-	-	243,866
	1,571	3,526	68,553
	8,400	-	70,800
	-	-	31,300
	145,000	-	1,456,350
	154,971	3,526	1,627,003
	8,100	-	76,100
	-	-	6,202,572
	-	-	2,912,109
	470,000	-	8,007,750
	478,100	-	17,198,531
	633,071	3,526	18,825,534
	-	-	353,020
	-	-	3,240
	-	-	356,260
	289,495	1,559,155	20,877,369
	108,673	703,612	6,471,875
\$	<u>398,168</u>	<u>\$ 2,262,767</u>	<u>\$ 27,349,244</u>

(Concluded)

**PROPRIETARY FUNDS**  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Funds		
	Water and Sewer Enterprise	Youth Services Enterprise	Council On Aging Enterprise
<b>OPERATING REVENUES:</b>			
Charges for services.....	\$ 14,292,387	\$ 303,199	\$ 11,906
<b>OPERATING EXPENSES:</b>			
Cost of services and administration.....	1,701,590	278,254	16,179
Salaries and wages.....	2,172,471	349,396	66,688
MWRA assessment.....	13,557,210	-	-
Depreciation.....	890,979	-	5,508
Employee benefits.....	1,753,246	-	-
TOTAL OPERATING EXPENSES.....	20,075,496	627,650	88,375
OPERATING INCOME (LOSS).....	(5,783,109)	(324,451)	(76,469)
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment income.....	87,094	-	-
Interest expense.....	(97,619)	-	-
Intergovernmental.....	157,950	210,234	49,500
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	147,425	210,234	49,500
INCOME (LOSS) BEFORE TRANSFERS.....	(5,635,684)	(114,217)	(26,969)
<b>TRANSFERS:</b>			
Transfers in.....	5,613,037	120,000	28,000
Transfers out.....	-	-	-
TOTAL TRANSFERS.....	5,613,037	120,000	28,000
CHANGE IN NET POSITION.....	(22,647)	5,783	1,031
NET POSITION AT BEGINNING OF YEAR, AS REVISED.....	24,558,696	56,491	88,955
NET POSITION AT END OF YEAR.....	\$ 24,536,049	\$ 62,274	\$ 89,986

See notes to basic financial statements.

(Continued)

Ed Burns Arena Enterprise	Recreation Enterprise	Total
\$ <u>618,284</u>	\$ <u>877,983</u>	\$ <u>16,103,759</u>
260,103	212,424	2,468,550
232,991	425,588	3,247,134
-	-	13,557,210
76,077	108,923	1,081,487
<u>-</u>	<u>-</u>	<u>1,753,246</u>
<u>569,171</u>	<u>746,935</u>	<u>22,107,627</u>
<u>49,113</u>	<u>131,048</u>	<u>(6,003,868)</u>
-	-	87,094
(25,306)	-	(122,925)
<u>-</u>	<u>13,000</u>	<u>430,684</u>
<u>(25,306)</u>	<u>13,000</u>	<u>394,853</u>
<u>23,807</u>	<u>144,048</u>	<u>(5,609,015)</u>
170,306	-	5,931,343
<u>(360,153)</u>	<u>-</u>	<u>(360,153)</u>
<u>(189,847)</u>	<u>-</u>	<u>5,571,190</u>
(166,040)	144,048	(37,825)
<u>564,208</u>	<u>2,118,719</u>	<u>27,387,069</u>
\$ <u><u>398,168</u></u>	\$ <u><u>2,262,767</u></u>	\$ <u><u>27,349,244</u></u>

(Concluded)

**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2018**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water and Sewer Enterprise</u>	<u>Youth Services Enterprise</u>	<u>Council On Aging Enterprise</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Receipts from customers and users.....	\$ 14,182,760	\$ 303,199	\$ 11,906
Payments to vendors.....	(17,100,890)	(269,596)	(15,308)
Payments to employees.....	(2,164,071)	(349,396)	(66,688)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b><u>(5,082,201)</u></b>	<b><u>(315,793)</u></b>	<b><u>(70,090)</u></b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>			
Transfers in.....	5,613,037	120,000	28,000
Transfers out.....	-	-	-
Intergovernmental.....	157,950	210,234	49,500
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....</b>	<b><u>5,770,987</u></b>	<b><u>330,234</u></b>	<b><u>77,500</u></b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>			
Proceeds from the issuance of bonds.....	2,801,200	-	-
Acquisition and construction of capital assets.....	(1,525,551)	-	-
Principal payments on bonds and notes.....	(2,089,000)	-	-
Interest expense.....	(97,619)	-	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b><u>(910,970)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Investment income.....	87,094	-	-
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>(135,090)</b>	<b>14,441</b>	<b>7,410</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b><u>12,461,386</u></b>	<b><u>59,736</u></b>	<b><u>77,938</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b><u>\$ 12,326,296</u></b>	<b><u>\$ 74,177</u></b>	<b><u>\$ 85,348</u></b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u></b>			
<b><u>FROM OPERATING ACTIVITIES:</u></b>			
Operating income (loss).....	\$ (5,783,109)	\$ (324,451)	\$ (76,469)
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation.....	890,979	-	5,508
Deferred (outflows)/inflows related to pensions.....	622,054	-	-
Deferred (outflows)/inflows related to other postemployment benefits.....	3,240	-	-
Changes in assets and liabilities:			
User charges.....	(109,627)	-	-
Warrants payable.....	(70,642)	8,658	871
Compensated absences.....	8,400	-	-
Net pension liability.....	(774,865)	-	-
Net other postemployment benefits.....	131,369	-	-
Total adjustments.....	<u>700,908</u>	<u>8,658</u>	<u>6,379</u>
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b><u>\$ (5,082,201)</u></b>	<b><u>\$ (315,793)</u></b>	<b><u>\$ (70,090)</u></b>

See notes to basic financial statements.

(Continued)

	Ed Burns Arena Enterprise	Recreation Enterprise	Total
\$	618,284	\$ 877,983	\$ 15,994,132
	(275,523)	(210,250)	(17,871,567)
	<u>(244,491)</u>	<u>(425,588)</u>	<u>(3,250,234)</u>
	98,270	242,145	(5,127,669)
	170,306	-	5,931,343
	(360,153)	-	(360,153)
	<u>-</u>	<u>13,000</u>	<u>430,684</u>
	<u>(189,847)</u>	<u>13,000</u>	<u>6,001,874</u>
	-	-	2,801,200
	-	-	(1,525,551)
	(145,000)	-	(2,234,000)
	<u>(25,306)</u>	<u>-</u>	<u>(122,925)</u>
	<u>(170,306)</u>	<u>-</u>	<u>(1,081,276)</u>
	-	-	87,094
	(261,883)	255,145	(119,977)
	<u>388,627</u>	<u>451,993</u>	<u>13,439,680</u>
\$	<u>126,744</u>	<u>707,138</u>	<u>13,319,703</u>
\$	<u>49,113</u>	<u>131,048</u>	<u>(6,003,868)</u>
	76,077	108,923	1,081,487
	-	-	622,054
	-	-	3,240
	-	-	(109,627)
	(15,420)	2,174	(74,359)
	(11,500)	-	(3,100)
	-	-	(774,865)
	<u>-</u>	<u>-</u>	<u>131,369</u>
	<u>49,157</u>	<u>111,097</u>	<u>876,199</u>
\$	<u>98,270</u>	<u>242,145</u>	<u>(5,127,669)</u>

(Concluded)

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2018

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 5,308,341	\$ 231,185	\$ 32,770
Investments:			
Investments in Pension Reserve Investment Trust.....	150,383,048	-	-
U.S. treasury notes.....	-	672,533	-
Corporate bonds.....	-	1,016,569	-
Equity securities.....	-	4,478,159	-
Equity mutual funds.....	10,522,365	-	-
Fixed income mutual funds.....	4,708,412	-	-
Municipal bonds.....	-	366,420	-
Real estate investment trust.....	-	63,110	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	927	-	-
Interest and dividends.....	6,104	-	-
<b>TOTAL ASSETS.....</b>	<b>170,929,197</b>	<b>6,827,976</b>	<b>32,770</b>
<b>LIABILITIES</b>			
Warrants payable.....	-	90	9,385
Liabilities due depositors.....	-	-	23,385
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>90</b>	<b>32,770</b>
<b>NET POSITION</b>			
Restricted for pensions.....	158,075,185	-	-
Restricted for other postemployment benefits.....	12,854,012	-	-
Held in trust for other purposes.....	-	6,827,886	-
<b>TOTAL NET POSITION.....</b>	<b>\$ 170,929,197</b>	<b>\$ 6,827,886</b>	<b>\$ -</b>

(1) The Pension Trust Fund is as of December 31, 2017.

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2018

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds
<b>ADDITIONS:</b>		
Contributions:		
Employer contributions.....	\$ 12,618,487	\$ -
Employer contributions for other postemployment benefit payments....	6,370,083	-
Member contributions.....	3,830,531	-
Transfers from other systems.....	345,436	-
3(8)c contributions from other systems.....	509,760	-
Workers compensation settlements.....	9,200	-
State COLA reimbursements.....	136,931	-
Private donations.....	-	391,322
	<u>23,820,428</u>	<u>391,322</u>
Total contributions.....		
	<u>23,820,428</u>	<u>391,322</u>
Net investment income:		
Investment income.....	23,108,035	571,955
Less: investment expense.....	(629,648)	-
	<u>22,478,387</u>	<u>571,955</u>
Net investment income (loss).....		
	<u>22,478,387</u>	<u>571,955</u>
TOTAL ADDITIONS.....		
	<u>46,298,815</u>	<u>963,277</u>
<b>DEDUCTIONS:</b>		
Administration.....	324,776	-
Transfers to other systems.....	405,246	-
3(8)c transfer to other systems.....	388,080	-
Retirement benefits and refunds.....	18,210,396	-
Other postemployment benefit payments.....	6,370,083	-
Human services.....	-	16,349
Educational scholarships.....	-	542,989
	<u>25,698,581</u>	<u>559,338</u>
TOTAL DEDUCTIONS.....		
	<u>25,698,581</u>	<u>559,338</u>
NET INCREASE (DECREASE) IN NET POSITION.....		
	20,600,234	403,939
NET POSITION AT BEGINNING OF YEAR.....		
	<u>150,328,963</u>	<u>6,423,947</u>
NET POSITION AT END OF YEAR.....		
	<u>\$ 170,929,197</u>	<u>\$ 6,827,886</u>

(1) The Pension Trust Fund is as of December 31, 2017.

See notes to basic financial statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the Town of Arlington, Massachusetts (Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

**A. Reporting Entity**

The Town is a municipal corporation governed by “The Town Manager Act of the Town of Arlington, Massachusetts”, the “By-Laws of the Town of Arlington”, and Massachusetts General Laws Chapter 43A, “Standard Form of Representative Town Meeting Government”. The executive branch is made up of a five-member Board of Selectmen elected at large. The Board hires a professional manager to administer the daily operations of the government. The legislative branch is a Town Meeting made up of 252 representatives, elected from each of the twenty-one precincts in the Town. Arlington is also a member of the 7<sup>th</sup> Massachusetts Congressional District, 4<sup>th</sup> Middlesex State Senatorial District, and the 25<sup>th</sup> and 26<sup>th</sup> Middlesex State Representative Districts.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. One entity has been included as a component unit in the reporting entity, because of the significance of its operational and/or financial relationship.

*Component Unit Presented as a Fiduciary Fund* – The following component unit is presented as a fiduciary fund of the primary government due to the nature and significance of the relationship between the Town and the component unit.

The Arlington Contributory Retirement System (System) was established to provide retirement benefits to Town employees and their beneficiaries. The System is governed by a five-member board comprised of the Town Comptroller (ex-officio), two members elected by the System’s participants, one member appointed by the Board of Selectmen and one member appointed by the Retirement Board’s members. The System is presented using the accrual basis of accounting and is reported as a Pension Trust Fund. The System did not issue a separate audited financial statement.

*Joint Venture* – The Town is a member of the Minuteman Career & Technical High School that serves the members students seeking an education in academic and technical studies. The members share in the operations of the Minuteman Career & Technical High School and each member is responsible for its proportionate share of the operational and capital cost of the Minuteman Career & Technical High School, which are paid in the form of assessments. The Town does not have an equity interest in the Minuteman Career & Technical High School and the 2018 assessment was \$4,291,333.

**B. Government-Wide and Fund Financial Statements*****Government-Wide Financial Statements***

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units.

*Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

#### *Fund Financial Statements*

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

#### *Major Fund Criteria*

Major funds must be reported if the following criteria are met:

- If the total assets, and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Fiduciary funds are reported by fund type.

### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

#### *Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.

- Grants and contributions those are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

#### *Fund Financial Statements*

**Governmental** fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

The Town considers property tax revenues available if they are collected within 60 days after year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *capital borrowing fund* is a capital project fund used to account for the Town's annual capital appropriations that are budgeted to be financed through long-term borrowing.

The nonmajor governmental funds consist of special revenue, other capital projects, and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

The *permanent fund* is used to account for and report financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

**Proprietary** fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary funds are reported:

The *water and sewer enterprise fund* is used to account for the water and sewer activities.

The *youth services enterprise fund* is used to account for the youth services activities.

The *council on aging enterprise fund* is used to account for the council on aging activities.

The *Ed Burns Arena enterprise fund* is used to account for the rink activities.

The *recreation enterprise fund* is used to account for the recreation activities.

**Fiduciary** fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

The *pension and other employee benefit trust funds* is used to account for the activities of the System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries and to accumulate resources to provide funding for future other postemployment benefits (OPEB) liabilities.

The *private purpose trust fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund, other postemployment benefit trust, or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

The *agency fund* is used to account for and report assets held in a purely custodial capacity. Agency funds apply the accrual basis of accounting but do not have a measurement focus. The Town's agency fund consists of escrow accounts, performance bonds and fees collected on behalf of other governments.

#### D. Cash and Investments

##### *Government-Wide and Fund Financial Statements*

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition.

Investments are carried at fair value.

#### E. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These

standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 2 – Cash and Investments.

#### F. Accounts Receivable

##### *Government-Wide and Fund Financial Statements*

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary funds and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

##### ***Real Estate, Personal Property Taxes, Tax Deferrals and Tax Liens***

Property taxes are levied and based on values assessed on January 1<sup>st</sup> of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due date. Property taxes levied are recorded as receivables in the year of the levy.

Tax liens are processed during the fourth quarter of every year on delinquent properties and are recorded as receivables in the year they are processed.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

### ***Motor Vehicle Excise Taxes***

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles to the Town. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

### ***User Charges***

Water and sewer user charges are levied semi-annually based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer liens are processed in June of every year and are included as a lien on the property owner's tax bill in the following year. Water and sewer user charges are recorded as receivables in the year of the levy. Unbilled user charges are estimated at year-end and are recorded as revenue in the current period.

Water and sewer user charges are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

### ***Departmental and Other***

Departmental and other receivables consist primarily of reimbursements for veteran's services, fire alarm renewal fees and insurance reimbursements and are recorded as receivables in the year accrued.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

### ***Intergovernmental***

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, revenue is recognized when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

### ***Loans***

The Department of Planning and Community Development administers loan programs that provide housing assistance to residents. Upon issuance, a receivable is recorded for the principal amount of the loan.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

G. Inventories

*Government-Wide and Fund Financial Statements*

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported.

H. Capital Assets

*Government-Wide and Proprietary Fund Financial Statements*

Capital assets, which include land, land improvements, buildings, machinery and equipment, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets; donated works of art, historical treasures and similar assets; and capital assets received in concession service arrangements are recorded at acquisition value. Construction period interest is capitalized on constructed capital assets except for the capital assets of the governmental activities column in the government-wide financial statements.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Buildings.....	50
Improvements.....	20 - 50
Vehicles and equipment.....	5 - 10
Infrastructure.....	45 - 60
Sewer and water lines.....	60

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

*Governmental Fund Financial Statements*

Capital asset costs are recorded as expenditures in the acquiring fund in the year of the purchase.

I. Deferred Outflows/Inflows of Resources

*Government-Wide Financial Statements (Net Position)*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has reported a deferred loss on refunding and deferred outflows of resources related to pensions in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has reported taxes paid in advance, deferred inflows of resources related to pensions, and deferred inflows of resources related to OPEB in this category.

#### *Governmental Fund Financial Statements*

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents assets that have been recorded in the governmental fund financial statements but the revenue is not available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The Town has reported unavailable revenue and taxes paid in advance as deferred inflows of resources in the governmental funds balance sheet.

#### J. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

#### *Government-Wide Financial Statements*

Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances".

#### *Fund Financial Statements*

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

#### K. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

#### *Government-Wide Financial Statements*

Transfers between and within governmental funds and fiduciary funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

#### *Fund Financial Statements*

Transfers between and within funds are *not* eliminated from the individual fund statements and are reported as transfers in and transfers out.

## L. Net Position and Fund Equity

### *Government-Wide Financial Statements (Net Position)*

Net position is reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position has been “restricted for” the following:

“Loans” represents community development outstanding loan receivable balances.

“Permanent funds - expendable” represents the amount of realized and unrealized investment earnings on donor restricted trusts. The restrictions and trustee policies only allow the trustees to approve spending of the realized investment earnings.

“Permanent funds - nonexpendable” represents the endowment portion of donor restricted trusts that support governmental programs.

“Gifts and grants” represents assets that have restrictions placed on them from outside parties.

“Community Preservation” represents amounts held for uses restricted by law for community preservation purposes.

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

### *Fund Financial Statements (Fund Balances)*

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Town Meeting is the highest level of decision making authority that can, by Town Meeting vote, commit funds for a specific purpose. Once voted, the limitation imposed by the vote remains in place until the funds are used for their intended purpose or a vote is taken to rescind the commitment.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. The Town’s by-laws authorize the Comptroller to assign fund balance. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Sometimes the Town will fund outlays for a particular purpose from different components of fund balance. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. When different components of fund balance can be used for the same purpose, it is the Town’s policy to consider restricted fund balance to have been depleted first, followed by committed fund balance, and assigned fund balance. Unassigned fund balance is applied last.

#### M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of both the Arlington Contributory Retirement System and the Massachusetts Teachers’ Retirement System and additions to/deductions from the Systems fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### N. Long-term debt

##### *Government-Wide and Proprietary Fund Financial Statements*

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

##### *Governmental Fund Financial Statements*

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

#### O. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL). Investment income from the enterprise funds (except the water and sewer enterprise fund) is voluntarily assigned and transferred to the general fund.

#### P. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

##### *Government-Wide and Proprietary Fund Financial Statements*

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

*Governmental Fund Financial Statements*

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities.

Q. Use of Estimates*Government-Wide and Fund Financial Statements*

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the year. Actual results could vary from estimates that were used.

R. Total Column*Government-Wide Financial Statements*

The total column presented on the government-wide financial statements represents consolidated financial information.

*Fund Financial Statements*

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

**NOTE 2 – CASH AND INVESTMENTS**

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Cash Equivalents". The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

The Pension System participates in the Pension Reserve Investment Trust (PRIT), which meets the criteria of an external investment pool. PRIT is administered by the Pension Reserves Investment Management Board, which was established by the Treasurer of the Commonwealth of Massachusetts who serves as Trustee. The fair value of the position in the PRIT is the same as the value of the PRIT shares.

Funds held in the Other Postemployment Benefit (OPEB) Trust Fund are held under the supervision and investment management of the Town's Contributory Retirement Board. The Town Treasurer is the custodian of the OPEB Trust Fund. Investments of approximately \$12.9 million in the OPEB Trust Fund are included within the Town's investments balance in the following disclosures.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town of Arlington’s deposits may not be returned to it. The Town’s established policy is to fully collateralize all deposits. At year-end, the carrying amount of deposits totaled \$72,569,111 and the bank balance totaled \$77,792,115. Of the bank balance, \$8,394,233 was covered by Federal Depository Insurance, \$16,043,931 was covered by Depositors Insurance Fund, and \$53,353,951 was fully collateralized.

At December 31, 2017, carrying amount of deposits for the Pension System totaled \$202,541 and the bank balance totaled \$523,361. All of the bank balance was covered by the Federal Depository Insurance and none of the funds were exposed to custodial credit risk.

Investments

As of June 30, 2018, the Town of Arlington had the following investments:

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>			
		<u>Under 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>Over 10 Years</u>
<u>Debt securities:</u>					
U.S. treasury notes.....	\$ 2,156,489	\$ -	\$ 1,337,854	\$ 102,563	\$ 716,072
Corporate bonds.....	3,259,647	76,727	1,279,177	1,117,731	786,012
Municipal bonds.....	1,174,932	-	97,131	-	1,077,801
Total Debt Securities.....	6,591,068	<u>76,727</u>	<u>2,714,162</u>	<u>1,220,294</u>	<u>2,579,885</u>
<u>Other investments:</u>					
Equity securities.....	14,359,299				
Equity mutual funds.....	8,145,600				
Fixed income mutual funds.....	4,708,412				
Real estate investment trust.....	202,366				
Money market mutual funds.....	394,739				
MMDT - Cash portfolio.....	34,657,043				
Total investments.....	\$ <u>69,058,527</u>				

As of December 31, 2017, the Pension System had the following investments:

<u>Investment Type</u>	<u>Fair value</u>
<u>Other investments:</u>	
Equity mutual funds.....	\$ 2,376,765
Money market mutual funds.....	5,105,800
Pension Reserve Investment Trust (PRIT).....	<u>150,383,048</u>
Total investments.....	\$ <u>157,865,613</u>

The Town participates in MMDT, which maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately 3 months.

The System participates in PRIT. The effective weighted duration rate for PRIT investments ranged from 0.15 to 16.31 years.

Custodial Credit Risk – Investments

The Town’s policy related to custodial credit risk is to apply the guidelines established by Massachusetts General Law and to invest in institutions which are financially strong. Of the Town’s investments, \$6,591,068 in debt securities, \$14,359,299 in equity securities, and \$202,366 in real estate investment trusts are exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the counterparty. As of June 30, 2018, the Town’s investments in MMDT which totaled \$34,657,043 are not subject to custodial credit risk exposure because they are not evidenced by securities that exist in physical or book-entry form.

The Pension System does not have an investment policy for custodial credit risk. At December 31, 2017, the System’s investments in PRIT and open-end mutual funds totaling \$152,759,813 are not subject to custodial credit risk exposure because they are not evidenced by securities that exist in physical or book-entry form.

Interest Rate Risk

To manage its exposure to fair value losses arising from increasing interest rates, the Town’s investment policy limits the investment of short-term funds to maturities of up to twelve months and any short-term investment with a term greater than three months is limited to one million dollars.

Longer-term funds such as perpetual trust or stabilization funds are not restricted by this policy.

The Town maintains separate investment policies for trust funds, stabilization funds, and for all other Town funds. The Town’s investment policies are reviewed annually.

Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer or backer. The Town’s policy related to Credit Risk consists of tracking the credit worthiness of specific financial institutions at least semiannually. The current practice is to review credit risk quarterly. At June 30, 2018, the Town’s investments were rated as follows:

<u>Quality Rating</u>	<u>U.S. Treasury Notes</u>	<u>Corporate Bonds</u>	<u>Municipal Bonds</u>
Aaa.....	\$ 2,156,489	\$ 137,746	\$ 97,131
A1.....	-	701,157	-
A2.....	-	262,127	85,575
A3.....	-	688,754	-
Aa1.....	-	116,184	794,624
Aa2.....	-	104,110	98,173
Aa3.....	-	-	99,429
Baa1.....	-	516,218	-
Baa2.....	-	476,522	-
Baa3.....	-	256,829	-
<b>Total.....</b>	<b>\$ 2,156,489</b>	<b>\$ 3,259,647</b>	<b>\$ 1,174,932</b>

The Town’s investments in MMDT, money market mutual funds and fixed income mutual funds are unrated.

The Pension System has selected a group of investment managers to implement its planning decisions. Sector and security selection, portfolio quality and timing of purchases and sales are delegated to the investment managers.

The Town places no limit on the amount the government may invest in any one issuer.

The following table indicates the current policy mix of the system. The policy allocation is allowed to vary within a 5% range as indicated in the table. Within these restrictions, the Pension System places no limit on the amount that may be invested in any one issuer.

Asset Class	Range		
	Current Policy	Minimum	Maximum
U.S. Stocks.....	50%	45%	55%
International Stocks.....	15%	10%	20%
U.S. Bonds.....	30%	25%	35%
Alternative Investments.....	5%	0%	10%
Cash and Equivalents.....	0%	0%	5%

Fair Value of Investments

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town’s mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town chooses a tabular format for disclosing the levels within the fair value hierarchy.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2018:

Investment Type	June 30, 2018	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments measured at fair value:</b>				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 2,156,489	\$ 2,156,489	\$ -	\$ -
Corporate bonds.....	3,259,647	-	3,259,647	-
Municipal bonds.....	1,174,932	1,174,932	-	-
Total debt securities.....	6,591,068	3,331,421	3,259,647	-
<u>Other investments:</u>				
Equity securities.....	14,359,299	14,359,299	-	-
Equity mutual funds.....	8,145,600	8,145,600	-	-
Fixed income mutual funds.....	4,708,412	4,708,412	-	-
Real estate investment trust.....	202,366	-	-	202,366
Money market mutual funds.....	394,739	394,739	-	-
Total other investments.....	27,810,416	27,608,050	-	202,366
Total investments measured at fair value.....	34,401,484	\$ 30,939,471	\$ 3,259,647	\$ 202,366
<b>Investments measured at amortized cost:</b>				
MMDT - Cash portfolio.....	34,657,043			
Total investments.....	\$ 69,058,527			

U.S. treasury notes, municipal bonds, equity securities, equity mutual funds, fixed income mutual funds, and money market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Real estate investment trusts classified in Level 3 are valued using either a discounted cash flow or market comparable companies technique.

MMDT cash portfolio investments are valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

**Retirement System**

The retiree pension defined benefit plan holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the plan’s activities, the plan shows greater disaggregation in its disclosures. The plan chooses a tabular format for disclosing the levels within the fair value hierarchy.

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The System has the following recurring fair value measurements as of December 31, 2017:

Investment Type	December 31, 2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments measured at fair value:</b>				
<u>Other investments:</u>				
Equity mutual funds.....	\$ 2,376,765	\$ 2,376,765	\$ -	\$ -
Money market mutual funds.....	5,105,800	5,105,800	-	-
Total investments measured at fair value.....	7,482,565	7,482,565	-	-
<b>Investments measured at net asset value:</b>				
Pension Reserve Investment Trust (PRIT).....	150,383,048			
Total investments.....	\$ 157,865,613			

Equity mutual funds and money market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

PRIT investments are valued using the net asset value (NAV) method. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The fair values of the positions in each investment pool are the same as the value of each pool’s shares. The System does not have the ability to control any of the investment decisions relative to its funds in PRIT.

**NOTE 3 – RECEIVABLES**

At June 30, 2018, receivables for the individual major and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 925,269	\$ -	\$ 925,269
Tax liens.....	704,798	-	704,798
Community preservation fund surtax.....	6,159	-	6,159
Motor vehicle excise taxes.....	380,612	(83,231)	297,381
Intergovernmental - other.....	3,951,220	-	3,951,220
Community preservation state share.....	275,520	-	275,520
Special assessments.....	637	-	637
Loans.....	485,571	-	485,571
Total.....	<u>\$ 6,729,786</u>	<u>\$ (83,231)</u>	<u>\$ 6,646,555</u>

At June 30, 2018, receivables for the proprietary funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water and sewer user charges.....	\$ 5,163,294	\$ -	\$ 5,163,294

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, the various components of unavailable revenue reported in the governmental funds were as follows:

	General Fund	Other Governmental Funds	Total
<u>Receivables and other asset types:</u>			
Real estate and personal property taxes.....	\$ 819,070	\$ -	\$ 819,070
Tax liens.....	700,672	4,126	704,798
Community preservation fund surtax.....	-	6,159	6,159
Motor vehicle excise taxes.....	297,381	-	297,381
Intergovernmental - highway improvements.....	-	124,177	124,177
Intergovernmental - School Building Authority.....	1,361,860	-	1,361,860
Community development block grants.....	-	1,184,539	1,184,539
Special assessments.....	637	-	637
Loans.....	-	485,571	485,571
Tax foreclosures.....	396,784	-	396,784
Total.....	<u>\$ 3,576,404</u>	<u>\$ 1,804,572</u>	<u>\$ 5,380,976</u>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 10,525,593	\$ -	\$ -	\$ 10,525,593
Construction in progress.....	9,656,603	20,765,454	(1,255,085)	29,166,972
Total capital assets not being depreciated....	<u>20,182,196</u>	<u>20,765,454</u>	<u>(1,255,085)</u>	<u>39,692,565</u>
<u>Capital assets being depreciated:</u>				
Buildings.....	152,905,437	4,716,442	-	157,621,879
Improvements.....	24,053,980	1,978,548	-	26,032,528
Vehicles and equipment.....	12,763,887	2,701,020	-	15,464,907
Infrastructure.....	75,627,108	1,141,933	-	76,769,041
Total capital assets being depreciated.....	<u>265,350,412</u>	<u>10,537,943</u>	<u>-</u>	<u>275,888,355</u>
<u>Less accumulated depreciation for:</u>				
Buildings.....	(56,624,550)	(3,142,858)	-	(59,767,408)
Improvements.....	(7,466,894)	(1,204,569)	-	(8,671,463)
Vehicles and equipment.....	(8,008,445)	(1,162,734)	-	(9,171,179)
Infrastructure.....	(46,721,247)	(1,735,185)	-	(48,456,432)
Total accumulated depreciation.....	<u>(118,821,136)</u>	<u>(7,245,346)</u>	<u>-</u>	<u>(126,066,482)</u>
Total capital assets being depreciated, net.....	<u>146,529,276</u>	<u>3,292,597</u>	<u>-</u>	<u>149,821,873</u>
Total governmental activities capital assets, net.....	<u>\$ 166,711,472</u>	<u>\$ 24,058,051</u>	<u>\$ (1,255,085)</u>	<u>\$ 189,514,438</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,954	\$ -	\$ -	\$ 2,954
<u>Capital assets being depreciated:</u>				
Buildings.....	856,491	-	-	856,491
Improvements.....	3,157,433	-	-	3,157,433
Vehicles and equipment.....	3,461,899	122,378	-	3,584,277
Infrastructure.....	29,972,529	1,403,173	-	31,375,702
Total capital assets being depreciated.....	37,448,352	1,525,551	-	38,973,903
<u>Less accumulated depreciation for:</u>				
Buildings.....	(283,280)	(21,415)	-	(304,695)
Improvements.....	(834,411)	(160,512)	-	(994,923)
Vehicles and equipment.....	(2,231,725)	(288,351)	-	(2,520,076)
Infrastructure.....	(6,741,779)	(611,209)	-	(7,352,988)
Total accumulated depreciation.....	(10,091,195)	(1,081,487)	-	(11,172,682)
Total capital assets being depreciated, net.....	27,357,157	444,064	-	27,801,221
Total business-type activities capital assets, net....	\$ 27,360,111	\$ 444,064	\$ -	\$ 27,804,175

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental Activities:</b>	
General government.....	\$ 406,058
Public safety.....	1,240,133
Education.....	2,839,696
Public works.....	2,220,851
Community development.....	80,003
Human services.....	17,864
Culture and recreation.....	247,586
Library.....	193,155
Total depreciation expense - governmental activities.....	\$ 7,245,346
<b>Business-Type Activities:</b>	
Water and sewer.....	\$ 890,979
Council on aging.....	5,508
Ed Burns arena.....	76,077
Recreation.....	108,923
Total depreciation expense - business-type activities.....	\$ 1,081,487

**NOTE 5 – INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2018, are summarized as follows:

Transfers Out:	Transfers In:							Total
	General fund	Capital borrowing fund	Nonmajor governmental funds	Water and sewer enterprise fund	Youth services enterprise fund	Council on aging enterprise fund	Ed Burns arena enterprise fund	
General fund.....	\$ -	\$ -	\$ 4,108,598	\$ 5,613,037	\$ 120,000	\$ -	\$ 170,306	\$ 10,011,941 (1)
Capital borrowing fund.....	267,491	-	-	-	-	-	-	267,491 (2)
Nonmajor governmental funds..	2,544,924	468,000	98,650	-	-	28,000	-	3,139,574 (3)
Ed Burns Arena enterprise func	85,153	-	-	-	-	-	-	85,153 (4)
Total.....	\$ 2,897,568	\$ 468,000	\$ 4,207,248	\$ 5,613,037	\$ 120,000	\$ 28,000	\$ 170,306	\$ 13,504,159

- (1) Represents budgeted transfer to nonmajor governmental funds from the general fund which primarily consist of the Town’s budgeted share of capital projects. Also represents budgeted transfers from the general fund to the water and sewer, youth services, and the Ed Burns Arena enterprise funds.
- (2) Represents transfers from the capital borrowing fund to the general fund to close out funds remaining from completed projects.
- (3) Represents budgeted transfers to the general fund from the ambulance revolving, antenna revolving, parking meters, cemetery perpetual care, the central school fund. Also represents transfers to the general fund from the bond premium fund and the capital tax levy funds. Also represents transfers within nonmajor governmental funds and from the Symmes Property nonmajor governmental fund to the council on aging enterprise fund.
- (4) Represents budgeted transfers from the Ed Burns Arena enterprise funds to the general fund.

**NOTE 6 – SHORT-TERM FINANCING**

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the General Fund and Enterprise Funds, respectively.

During the year the Town had the following short-term debt activity:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2017	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2018
<b>Governmental Funds:</b>							
BAN	Municipal Purpose.....	1.40%	12/08/17	\$ 397,700	\$ -	\$ (397,700)	\$ -
BAN	Municipal Purpose.....	1.27%	12/07/18	-	1,400,000	-	1,400,000 (1)
BAN	Municipal Purpose.....	2.20%	12/07/18	-	3,255,000	(1,300,000)	1,955,000 (1)
Total Governmental Funds.....				\$ 397,700	\$ 4,655,000	\$ (1,697,700)	\$ 3,355,000
<b>Water and Sewer Enterprise Fund:</b>							
BAN	Municipal Purpose.....	2.20%	12/07/18	\$ -	\$ 840,000	\$ (808,700)	\$ 31,300 (2)

- (1) On December 7, 2018, the Town paid down \$319,442 with grant proceeds from the Massachusetts School Building Authority. The Town rolled \$3,035,558 into a new BAN with a maturity date of December 5, 2019 and an interest rate of 3.00%.
- (2) On December 7, 2018, the Town paid the \$31,300 balance with bond premiums.

**NOTE 7 – LONG-TERM DEBT**

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

Details related to the outstanding indebtedness at June 30, 2018, and the debt service requirements are as follows:

**Bonds and Notes Payable Schedule – Governmental Funds**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2018
Municipal Purpose - 2008.....	2019	\$ 3,875,000	3.00-3.62	\$ 190,000
Urban Renewal Bonds.....	2022	5,262,000	2.00-4.00	1,980,000
Municipal Purpose - 2009.....	2020	2,482,000	2.00-3.00	430,000
Municipal Purpose - 2010.....	2031	7,258,000	2.00-4.00	3,960,000
Symmes Property - taxable.....	2019	840,000	2.00-2.50	50,000
Symmes Property.....	2022	470,000	2.00-3.00	470,000
Municipal Purpose - 2011.....	2022	1,329,000	2.00-3.00	195,000
GOB Refunding of 9/15/01.....	2021	6,311,000	2.00-3.00	1,975,000
Municipal Purpose - 2013.....	2033	12,132,000	2.00-5.00	7,605,000
GOB Refunding of 8/15/03.....	2024	2,205,000	2.00-3.00	1,080,000
Municipal Purpose - 2013.....	2034	5,551,000	3.00-3.75	3,510,000
Municipal Purpose - 2014.....	2035	11,018,000	2.00-4.00	8,010,000
Municipal Purpose - 2015.....	2030	4,087,000	2.25-5.00	3,085,000
GOB Refunding of 11/13/15.....	2025	3,225,000	2.00-4.00	2,535,000
Municipal Purpose - 2017.....	2045	25,660,000	3.00-4.00	24,265,000
Municipal Purpose - 2018.....	2038	30,955,000	3.00-5.00	30,955,000
Municipal Purpose - 2019.....	2038	1,300,000	3.50-5.00	1,300,000
Total Bonds Payable.....				91,595,000
Add: Unamortized premium on bonds.....				6,437,658
Total Bonds Payable, net.....				<u>\$ 98,032,658</u>

Debt service requirements for principal and interest for Governmental bonds payable in future years are as follows:

Year	Principal	Interest	Total
2019.....	\$ 8,215,000	\$ 3,225,648	\$ 11,440,648
2020.....	7,690,000	2,933,513	10,623,513
2021.....	7,060,000	2,636,401	9,696,401
2022.....	5,975,000	2,370,089	8,345,089
2023.....	5,095,000	2,140,007	7,235,007
2024.....	4,875,000	1,937,938	6,812,938
2025.....	4,535,000	1,752,430	6,287,430
2026.....	4,455,000	1,577,608	6,032,608
2027.....	4,115,000	1,413,624	5,528,624
2028.....	4,050,000	1,255,871	5,305,871
2029.....	3,985,000	1,097,903	5,082,903
2030.....	3,890,000	940,194	4,830,194
2031.....	3,865,000	795,769	4,660,769
2032.....	3,460,000	673,216	4,133,216
2033.....	3,380,000	565,519	3,945,519
2034.....	2,945,000	469,478	3,414,478
2035.....	2,780,000	382,756	3,162,756
2036.....	2,425,000	304,357	2,729,357
2037.....	2,420,000	231,316	2,651,316
2038.....	2,145,000	162,391	2,307,391
2039.....	620,000	120,429	740,429
2040.....	555,000	102,561	657,561
2041.....	555,000	85,912	640,912
2042.....	555,000	69,263	624,263
2043.....	555,000	52,266	607,266
2044.....	555,000	34,922	589,922
2045.....	555,000	17,578	572,578
2046.....	285,000	4,453	289,453
Total.....	\$ <u>91,595,000</u>	\$ <u>27,353,412</u>	\$ <u>118,948,412</u>

The Commonwealth has approved school construction assistance to the Town. The assistance program, which is administered by the Massachusetts School Building Authority (MSBA), provides resources for future debt service of general obligation school bonds outstanding. During 2018, \$1,615,914 of such assistance was received. Approximately \$1,430,000 will be received in future years. Of this amount, approximately \$68,000 represents reimbursement of long-term interest costs, and approximately \$1,362,000 represents reimbursement of approved construction costs. Accordingly, a \$1,362,000 intergovernmental receivable and corresponding unavailable revenue have been reported in the governmental fund financial statements. The net change in unavailable revenue has been recognized as revenue in the conversion to the government-wide financial statements.

#### **Bonds and Notes Payable Schedule – Water and Sewer Enterprise Fund**

The Town is a member of the Massachusetts Water Resources Authority (MWRA) which offers its members interest free loans for various purposes. The majority of the Town's Water and Sewer Enterprise Fund debt is issued through this program. The interest imputed on the remaining life of the 0% MWRA bonds totaled approximately \$544,000. However, the cost on a yearly basis is deemed immaterial. No adjustments have been made to recognize the imputed interest.

Details related to the outstanding indebtedness at June 30, 2018, and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2018
Water and Sewer Bonds - MWRA.....	2022	\$ 9,959,500	0.00	\$ 5,330,400
Municipal Purpose - 2011.....	2022	1,300,000	2.00-3.00	520,000
Municipal Purpose - 2012.....	2033	280,000	2.00-5.00	355,000
Municipal Purpose - 2013.....	2034	1,300,000	3.00-3.75	1,040,000
Municipal Purpose - 2014.....	2035	1,200,000	4.00	795,000
Municipal Purpose - 2019.....	2038	808,700	3.50-5.00	808,700
<b>Total Bonds Payable.....</b>				<b>\$ 8,849,100</b>

Debt service requirements for the water and sewer enterprise fund bonds and notes payable in future years are as follows:

Year	Principal	Interest	Total
2019.....	\$ 1,311,350	\$ 102,571	\$ 1,413,921
2020.....	1,184,550	107,187	1,291,737
2021.....	1,070,850	91,970	1,162,820
2022.....	1,065,850	77,070	1,142,920
2023.....	870,250	64,769	935,019
2024.....	785,250	54,669	839,919
2025.....	600,250	46,869	647,119
2026.....	505,250	41,654	546,904
2027.....	390,250	36,407	426,657
2028.....	260,250	31,128	291,378
2029.....	145,000	25,834	170,834
2030.....	115,000	21,282	136,282
2031.....	110,000	17,488	127,488
2032.....	110,000	13,701	123,701
2033.....	110,000	9,807	119,807
2034.....	90,000	6,172	96,172
2035.....	25,000	4,094	29,094
2036.....	25,000	3,219	28,219
2037.....	25,000	2,329	27,329
2038.....	25,000	1,407	26,407
2039.....	25,000	469	25,469
<b>Total.....</b>	<b>\$ 8,849,100</b>	<b>\$ 760,096</b>	<b>\$ 9,609,196</b>

**Bonds and Notes Payable Schedule – Veteran’s Rink Enterprise Fund**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2018
Municipal Purpose - 2009.....	2020	\$ 1,000,000	2.00-3.00	\$ 200,000
Municipal Purpose - 2013.....	2033	280,000	2.00-5.00	205,000
Municipal Purpose - 2015.....	2030	275,000	5.00	210,000
Total Bonds Payable.....				\$ 615,000

Debt service requirements for the Veteran’s Rink enterprise fund bonds and notes payable in future years are as follows:

Year	Principal	Interest	Total
2019.....	\$ 145,000	\$ 20,181	\$ 165,181
2020.....	145,000	14,931	159,931
2021.....	45,000	11,256	56,256
2022.....	45,000	9,156	54,156
2023.....	45,000	7,056	52,056
2024.....	45,000	5,106	50,106
2025.....	45,000	3,306	48,306
2026.....	15,000	2,247	17,247
2027.....	15,000	1,919	16,919
2028.....	15,000	1,572	16,572
2029.....	15,000	1,216	16,216
2030.....	10,000	913	10,913
2031.....	10,000	663	10,663
2032.....	10,000	406	10,406
2033.....	10,000	138	10,138
Total.....	\$ 615,000	\$ 80,066	\$ 695,066

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2018, the Town had the following authorized and unissued debt:

Purpose	Amount
Water Mains & Water Facilities.....	\$ 1,200,000
Water.....	1,100,000
Sewer.....	2,697,500
Water Meter Replacement.....	800,000
Stratton School Renovation.....	1,000,000
Arlington High School Project Feasibility Study.....	2,000,000
Departmental Equipment.....	240,000
Senior Center Architecture Plans.....	400,000
Gibbs School Renovation.....	1,000,000
Hardy Elementary School Reconstruction.....	1,300,000
Radio Update Replacement.....	375,000
Town Hall Renovations.....	100,000
School District PC Replacements.....	410,000
Library Elevator Overhaul.....	85,000
HVAC Replacement.....	237,000
Senior Center Architecture Plans.....	100,000
Bridge Construction Mystic Mill Brook.....	1,100,000
Traffic Signal Upgrades.....	60,000
Dump Truck with Plow.....	92,000
Dump Truck with Sander.....	166,000
Bucket Truck.....	150,000
Dallin School Chiller.....	250,000
School Building Security Updates.....	105,000
Hardy Playground.....	200,000
Ottoson HVAC Rooftop Unit.....	250,000
Bus #103-77 Passenger.....	130,000
Bus #107-53 Passenger.....	110,000
Food Services Truck.....	55,000
<b>Total.....</b>	<b>\$ <u>15,712,500</u></b>

Changes in long-term liabilities

During the year ended June 30, 2018, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>							
Long-term bonds payable.....	\$ 71,117,300	\$ 28,652,700	\$ (8,175,000)	\$ -	\$ -	\$ 91,595,000	\$ 8,215,000
Add: Unamortized premium on bonds.....	3,773,920	3,584,992	(921,254)	-	-	6,437,658	788,182
Total bonds payable.....	74,891,220	32,237,692	(9,096,254)	-	-	98,032,658	9,003,182
Compensated absences.....	4,373,000	-	-	2,681,000	(2,570,000)	4,484,000	2,631,400
Workers' compensation.....	133,000	-	-	154,000	(83,000)	204,000	74,000
Net pension liability.....	126,659,529	-	-	11,661,819	(22,054,120)	116,267,228	-
Net other postemployment benefits.....	172,656,042	-	-	15,512,556	(7,355,712)	180,812,886	-
Total governmental activity long-term liabilities.....	\$ 378,712,791	\$ 32,237,692	\$ (9,096,254)	\$ 30,009,375	\$ (32,062,832)	\$ 399,800,772	\$ 11,708,582
<b>Business-Type Activities:</b>							
Long-term bonds payable.....	\$ 8,928,200	\$ 1,961,200	\$ (1,425,300)	\$ -	\$ -	\$ 9,464,100	\$ 1,456,350
Compensated absences.....	150,000	-	-	70,900	(74,000)	146,900	70,800
Net pension liability.....	6,977,437	-	-	417,874	(1,192,739)	6,202,572	-
Net other postemployment benefits.....	2,780,740	-	-	249,837	(118,468)	2,912,109	-
Total business-type activity long-term liabilities.....	\$ 18,836,377	\$ 1,961,200	\$ (1,425,300)	\$ 738,611	\$ (1,385,207)	\$ 18,725,681	\$ 1,527,150

**NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

The Town classifies fund balances according to the constraints imposed on the use of the resources. There are two major types of fund balances, which are nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

Spendable fund balances are classified based on a hierarchy of spending constraints.

- **Restricted:** fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed:** fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- **Assigned:** fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- **Unassigned:** fund balance of the general fund that is not constrained for any particular purpose.

The Town's stabilization funds total approximately \$27,282,000 and have been reported within the general fund as unassigned and the Town's municipal insurance funds totaling approximately \$712,000 have been reported within the general fund as restricted.

The Town has classified its governmental fund balances with the following hierarchy.

	<u>General</u>	<u>Capital Borrowing Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Nonspendable:				
Permanent fund principal.....	\$ -	\$ -	\$ 4,850,291	\$ 4,850,291
Restricted for:				
Municipal insurance.....	2,974,554	-	-	2,974,554
Capital borrowing fund.....	-	13,493,233	-	13,493,233
Town revolving funds.....	-	-	1,436,350	1,436,350
Town gifts and grants.....	-	-	1,155,292	1,155,292
Community development grants.....	-	-	3,467	3,467
School lunch.....	-	-	619,758	619,758
School revolving funds.....	-	-	2,939,840	2,939,840
School gifts and grants.....	-	-	3,175,142	3,175,142
Library funds.....	-	-	57,535	57,535
Receipts reserved for appropriation.....	-	-	807,943	807,943
Special revenue trust funds.....	-	-	851,855	851,855
Other special revenue.....	-	-	2,398,481	2,398,481
Community preservation fund.....	-	-	3,076,345	3,076,345
Symmes property.....	-	-	333,811	333,811
Highway fund.....	-	-	129,253	129,253
Capital tax levy projects.....	-	-	2,462,948	2,462,948
Other capital projects.....	-	-	75,579	75,579
Cemeteries.....	-	-	816,692	816,692
Cemetery perpetual care.....	-	-	4,691,207	4,691,207
Libraries.....	-	-	3,621,614	3,621,614
Education.....	-	-	223,380	223,380
Committed to:				
Articles and continuing appropriations:				
General government.....	240,503	-	-	240,503
Community development.....	3,485	-	-	3,485
Culture and recreation.....	48,869	-	-	48,869
Assigned to:				
Encumbrances:				
General government.....	201,031	-	-	201,031
Public safety.....	28,440	-	-	28,440
Education.....	217,178	-	-	217,178
Public works.....	503,916	-	-	503,916
Community development.....	7,175	-	-	7,175
Human services.....	8,526	-	-	8,526
Culture and recreation.....	10,449	-	-	10,449
Insurance.....	40,884	-	-	40,884
Free cash used for subsequent year budget.....	4,593,375	-	-	4,593,375
Unassigned.....	<u>43,327,279</u>	<u>(268,024)</u>	<u>-</u>	<u>43,059,255</u>
Total Fund Balances.....	<u>\$ 52,205,664</u>	<u>\$ 13,225,209</u>	<u>\$ 33,726,783</u>	<u>\$ 99,157,656</u>

**NOTE 9 – STABILIZATION FUND**

At June 30, 2018, the Town has approximately \$3,269,000 in a stabilization fund, which is classified as part of the general fund in the fund-based basic financial statements. The Town may use the stabilization fund for general and/or capital purposes upon Town Meeting approval. The Town also has a special education stabilization fund which has a balance of \$2,000.

**NOTE 10 – FISCAL STABILITY STABILIZATION FUND**

The Town created a Fiscal Stability Fund pursuant to Article 65 of the 2005 Annual Town Meeting in accordance with the provisions of the General Laws, Chapter 40, Section 5B, as amended. The fund was established to hold surplus override tax revenues for future years in which operating deficits are projected. A Special Town Meeting held on June 7, 2011 approved a general tax override of \$6,490,000 for this purpose. As of June 30, 2018, the Fiscal Stability Fund has a balance of approximately \$24,011,000 which is classified as part of the general fund in the fund-based financial statements.

**NOTE 11 – RISK FINANCING**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. During 2012, the Town discontinued a self-insured health insurance plan and joined the Group Insurance Commission of the Commonwealth of Massachusetts (GIC) to provide health insurance benefits for its employees and retirees. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The Town is self-insured for its workers’ compensation activities. These activities are accounted for in the Town’s general fund where revenues are recorded when earned and expenses are recorded when the liability is incurred.

***Workers’ Compensation***

Workers’ compensation claims are administered by a third party administrator and are funded on a pay-as-you-go basis from annual appropriations. The estimated future workers’ compensation liability is based on history and injury type. The estimate of the claims liability also includes amounts for nonincremental claim adjustment expenses.

At June 30, 2018, the amount of the liability for workers’ compensation claims totaled \$204,000. This liability is the Town’s best estimate based on available information. Changes in the reported liability since July 1, 2016, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End	Current Portion
2017.....	\$ 153,000	\$ 312,337	\$ (332,337)	\$ 133,000	\$ 83,000
2018.....	133,000	552,396	(481,396)	204,000	74,000

**NOTE 12 – PENSION PLAN***Plan Descriptions*

The Town is a member of the Arlington Contributory Retirement System (ACRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 2 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System is a component unit and is reported as a pension trust fund in the fiduciary fund financial statements. The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

*Special Funding Situation*

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2017. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$13,235,613 is reported in the general fund as intergovernmental revenue and pension benefits in the current year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$126,810,806 as of the measurement date.

*Benefits Provided*

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The Systems provide retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

At December 31, 2017, the ACRS membership consists of the following:

Active members.....	720
Inactive members.....	317
Retirees and beneficiaries currently receiving benefits.....	<u>603</u>
Total.....	<u><u>1,640</u></u>

*Contributions*

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the ACRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2017, was \$11,696,077, 29.2% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Town's proportionate share of the required contribution was \$11,268,184. The Town's actual contribution totaled \$11,290,091 and was 29.13% of covered payroll. The actual contribution included pension reimbursements from federal grants received by the Town.

*Pension Liabilities*

The components of the net pension liability of the participating member units at June 30, 2018, were as follows:

Total pension liability.....	\$ 285,172,180
Total pension plan's fiduciary net position.....	<u>(158,075,185)</u>
Total net pension liability.....	<u><u>\$ 127,096,995</u></u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....	55.43%

At June 30, 2018, the Town reported a liability of \$122,469,800 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2017, the Town's proportion was 96.37%, which increased by 0.20% from its proportion measured at December 31, 2016.

*Pension Expense*

For the year ended June 30, 2018, the Town recognized pension expense of \$12,031,313. At June 30, 2018, the Town reported deferred outflows of resources related to pensions of \$4,815,137, and deferred inflows of resources related to pensions of \$6,970,375.

The balances of deferred outflows/ (inflows) of resources related to pension at June 30, 2018, consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 1,321,728	\$ (669,353)	\$ 652,375
Difference between projected and actual earnings, net.....	-	(5,425,737)	(5,425,737)
Changes in assumptions.....	3,262,775	(875,285)	2,387,490
Changes in proportion and proportionate share of contributions...	230,634	-	230,634
Total deferred outflows/(inflows) of resources.....	\$ 4,815,137	\$ (6,970,375)	\$ (2,155,238)

The Town’s net deferred outflows/ (inflows) of resources related to pension will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2019.....	\$ 590,347
2020.....	663,373
2021.....	(1,136,453)
2022.....	(2,272,505)
Total.....	\$ (2,155,238)

*Actuarial Assumptions*

The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2017:

Valuation date.....	January 1, 2017
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	Level 5.50% increase of contribution amount each year until the final year when it decreases by 34.24%.
Remaining amortization period.....	17 years for the fresh start base.
Asset valuation method.....	Market value adjusted by accounts payable and receivables adjusted to phase in over 4 years investment gains of losses above or below the expected rate of investment return. The actuarial value of assets must be no less than 90% of the adjusted market value nor more than 110% of the adjusted market value.
Investment rate of return.....	7.25% per year net of investment expenses.
Discount rate.....	7.25%

Inflation rate.....	4.50% per year.
Projected salary increases.....	Select and ultimate assumption, based on years of credited service: <ul style="list-style-type: none"> <li>• Group 1 and 2: 7.75% increases for the first 6 years of service; 4.00% increases thereafter.</li> <li>• Group 4: 5.00% increase in year 5, 4.99% in year 10, 4.98% in year 15, 4.971% in year 20, and 4.962% in year 25; 4.00% increase in all other years.</li> </ul>
Cost of living adjustments.....	3.00% of the first \$15,000 of a member's retirement allowance is assumed to be granted every year.
Mortality rates.....	RP-2014 table adjusted to 2006 and projected generationally with MP-2016 (sex-distinct). (Prior valuation used RP-2000 table projected with Generational Mortality, Scale BB). During employment the healthy employee mortality table is used. Post-employment the healthy annuitant table is used.  Mortality for disabled retirees follows the same table as non-disabled retirees, set forward 2 years. Death is assumed to be due to the same cause as the disability 40% of the time.

*Investment Policy*

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2017, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
U.S. equity.....	17.50%	4.47%
International equities.....	15.50%	4.66%
Emerging equities.....	6.00%	6.12%
Core bonds.....	5.00%	73.00%
20+ year treasuries.....	2.00%	49.00%
TIPS.....	5.00%	73.00%
Value added fixed income.....	10.00%	3.50%
Private equity.....	12.00%	6.31%
Real estate.....	10.00%	3.59%
Timberland.....	4.00%	3.16%
Portfolio completion.....	13.00%	3.44%
Total.....	100.00%	

*Rate of Return*

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.89%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Discount Rate*

The discount rate used to measure the total pension liability at June 30, 2018, was 7.25%, which was the same at June 30, 2017. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate* – The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
	<u>December 31, 2017 Measurement Date</u>		
The Town's proportionate share of the net pension liability.....	\$ 152,772,985	\$ 122,469,800	\$ 101,265,059
ACRS total net pension liability.....	\$ 158,541,620	\$ 127,096,995	\$ 105,093,528

*Changes in Assumptions and Plan Provisions*

The following change in assumptions was reflected in the January 1, 2017 actuarial valuation:

- The Mortality assumption is based upon the RP-2014 table adjusted to 2006 and projected generationally with MP-2016. The previous valuation used the RP-2000 table projected with Generational Mortality, Scale BB.

There were no changes to the plan provisions in the January 1, 2017 actuarial valuation.

**NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

*Plan Description* – The Town administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town’s participation in the Group Insurance Commission of the Commonwealth of Massachusetts (GIC), which covers both active and retired members. Chapter 32B of the Massachusetts General Law assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions

representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

*Funding Policy* – The contribution requirements of plan members and the Town are established and may be amended by the Town. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 75 to 80 percent of the cost of current-year premiums for healthcare insurance for eligible retired plan members and their spouses and may contribute additional amounts to pre-fund benefits. Plan members receiving benefits contribute the remaining 15 to 25 percent of their premium costs. For 2018 the Town’s age-adjusted contribution to the plan totaled \$7.3 million. For the year ended June 30, 2018, the Town’s average contribution rate was 9.17% of covered employee payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish the other postemployment benefit trust fund and to enable the Town to raise taxes necessary to begin pre-funding its other postemployment benefit (OPEB) liabilities.

During 2018, the Town pre-funded future OPEB liabilities totaling \$899,678 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2018, the balance of this fund totaled \$12,854,012.

*Investment policy* – The Town’s policy in regard to the allocation of invested assets is established and may be amended by the Board of Selectmen by a majority vote of its members. The OPEB plan’s assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town’s investment policy.

**GASB Statement #74 – OPEB Plan Financial Reporting**

*Measurement Date* – GASB #74 requires the net OPEB liability to be measured as of the OPEB Plan’s most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

*Employees Covered by Benefit Terms* – The following table represents the Plan’s membership at June 30, 2018:

Active members.....	1,305
Inactive members currently receiving benefits.....	<u>892</u>
Total.....	<u><u>2,197</u></u>

*Components of OPEB Liability* – The following table represents the components of the Plan’s OPEB liability as of June 30, 2018:

Total OPEB liability.....	\$ 196,579,007
Less: OPEB plan's fiduciary net position.....	<u>(12,854,012)</u>
Net OPEB liability.....	<u><u>\$ 183,724,995</u></u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	6.54%

*Significant Actuarial Methods and Assumptions* – The total OPEB liability in the January 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2018, to be in accordance with GASB Statement #74:

Valuation date.....	January 1, 2018
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Market value of assets with payables and receivables.
Interest rate/Discount rate.....	4.27% per year net of investment expenses.
Healthcare cost trend rate.....	9.0% decreasing to 5.0%.
Salary increases.....	Group 1 and 2: 7.75% increases or the first 6 years of service; 4.00% increases thereafter. Group 4: 5.00% increase in year 5, 4.99% in year 10, 4.98% in year 15, 4.971% in year 20, and 4.962% in year 25; 4.00% increase in all other years.
Mortality rates:	
Actives.....	The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Employees projected using generational mortality and scale MP-2016.
Retirees.....	The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Healthy Annuitants projected using generational mortality and scale MP-2016.
Disabled.....	The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Healthy Annuitants projected using generational mortality and scale MP-2016. Set forward 2 years.

*Rate of return* – For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 6.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2018 are summarized in the table on the following page.

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Emerging market equity.....	4.00%	3.10%
Developed market equity.....	13.00%	3.60%
High-yield bonds.....	11.00%	3.30%
TIPS.....	9.00%	5.40%
Short-term bonds.....	26.00%	7.30%
Core bonds.....	23.00%	7.10%
Market equities.....	14.00%	9.40%
Total.....	100.00%	

*Discount rate* – The discount rate used to measure the total OPEB liability was 4.27% as of June 30, 2018 and 4.00% as of June 30, 2017. To calculate the current rate, the Actuary conducted a cash flow study of the Trust assets and liabilities. Using a rate consistent with the Town’s investment strategy (7.25%), they determined the length of time for which assets would support OPEB benefit payments for current and projected new employees. For the Town, that depletion point comes after approximately eighteen years. The present value of OPEB benefits was calculated using 7.25% before the depletion point and a rate based on 20-year Municipal General Obligation bonds (3.87%) after the depletion point. Finally, a single rate producing an equivalent present value of benefits was calculated. This is the 4.27% blended rate used for the Town.

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate* – The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 4.27%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (3.27%) or 1-percentage-point higher (5.27%) than the current rate.

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
Net OPEB liability.....	\$ 215,493,588	\$ 183,724,995	\$ 158,281,072

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend* – The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ 153,907,782	\$ 183,724,995	\$ 222,467,764

*Changes in Assumptions and Plan Provisions*

The following changes in assumptions were reflected in the January 1, 2018 actuarial valuation:

- The discount rate increased from 4.00% to 4.27%.
- The valuation included the following changes in experience:
  - There was a 12.25% decrease in claims and trends.
  - The population rate decreased from 92.5% to 85%: -4.00% change.
  - There was a 2.65% decrease due to different populations.

There were no changes to the plan provisions in the January 1, 2018 actuarial valuation.

**GASB Statement #75 – OPEB Employer Financial Reporting**

*Summary of Significant Accounting Policies* – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

*Measurement Date* – GASB Statement #75 requires the net OPEB liability to be measured as of a date no earlier than the end of the employer’s prior fiscal year and no later than the end of the employer’s current fiscal year, consistently applied from period to period. Accordingly, the net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2018.

*Changes in the Net OPEB Liability*

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2017.....	\$ 186,638,087	\$ 11,201,306	\$ 175,436,781
Changes for the year:			
Service cost.....	8,130,390	-	8,130,390
Interest.....	8,180,613	-	8,180,613
Benefit payments.....	(6,370,083)	(6,370,083)	-
Contributions.....	-	7,269,761	(7,269,761)
Net investment income.....	-	753,028	(753,028)
Net change.....	<u>9,940,920</u>	<u>1,652,706</u>	<u>8,288,214</u>
Balances at June 30, 2018.....	<u>\$ 196,579,007</u>	<u>\$ 12,854,012</u>	<u>\$ 183,724,995</u>

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB* – For the year ended June 30, 2018, the GASB Statement #75 measurement date, the Town recognized OPEB

expense of \$15,762,394. At June 30, 2018, the Town reported \$204,419 in deferred inflows of resources related to OPEB from the differences between projected and actual earnings.

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2019.....	\$ (51,105)
2020.....	(51,105)
2021.....	(51,105)
2022.....	<u>(51,104)</u>
 Total.....	 \$ <u><u>(204,419)</u></u>

**NOTE 14 – FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS**

GAAP requires that all Pension and Other Employee Benefit Trust Funds be combined and presented in one column in the Fiduciary Funds financial statements and that the individual financial statements for each trust fund plan are reported in the notes to the financial statements. Provided below are the individual financial statements for the pension and OPEB plans that are included in the Fiduciary Funds as Pension and Other Employee Benefit Trust Funds.

	Pension Trust Fund (as of December 31, 2017)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 5,308,341	\$ -	\$ 5,308,341
Investments:			
Investments in Pension Reserve Investment Trust.....	150,383,048	-	150,383,048
Equity mutual funds.....	2,376,765	8,145,600	10,522,365
Fixed income mutual funds.....	-	4,708,412	4,708,412
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	927	-	927
Interest and dividends.....	<u>6,104</u>	<u>-</u>	<u>6,104</u>
 TOTAL ASSETS.....	 <u>158,075,185</u>	 <u>12,854,012</u>	 <u>170,929,197</u>
 <b>NET POSITION</b>			
Restricted for pensions.....	158,075,185	-	158,075,185
Restricted for other postemployment benefits.....	<u>-</u>	<u>12,854,012</u>	<u>12,854,012</u>
 TOTAL NET POSITION.....	 \$ <u><u>158,075,185</u></u>	 \$ <u><u>12,854,012</u></u>	 \$ <u><u>170,929,197</u></u>

	Pension Trust Fund (as of December 31, 2017)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
<b>ADDITIONS:</b>			
Contributions:			
Employer contributions.....	\$ 11,718,809	\$ 899,678	\$ 12,618,487
Employer contributions for other postemployment benefit payments.....	-	6,370,083	6,370,083
Member contributions.....	3,830,531	-	3,830,531
Transfers from other systems.....	345,436	-	345,436
3(8)c contributions from other systems.....	509,760	-	509,760
Workers compensation settlements.....	9,200	-	9,200
State COLA reimbursements.....	136,931	-	136,931
<b>Total contributions.....</b>	<b>16,550,667</b>	<b>7,269,761</b>	<b>23,820,428</b>
Net investment income:			
Investment income.....	22,355,007	753,028	23,108,035
Less: investment expense.....	(629,648)	-	(629,648)
<b>Net investment income (loss).....</b>	<b>21,725,359</b>	<b>753,028</b>	<b>22,478,387</b>
<b>TOTAL ADDITIONS.....</b>	<b>38,276,026</b>	<b>8,022,789</b>	<b>46,298,815</b>
<b>DEDUCTIONS:</b>			
Administration.....	324,776	-	324,776
Transfers to other systems.....	405,246	-	405,246
3(8)c transfer to other systems.....	388,080	-	388,080
Retirement benefits and refunds.....	18,210,396	-	18,210,396
Other postemployment benefit payments.....	-	6,370,083	6,370,083
<b>TOTAL DEDUCTIONS.....</b>	<b>19,328,498</b>	<b>6,370,083</b>	<b>25,698,581</b>
<b>NET INCREASE IN NET POSITION.....</b>	<b>18,947,528</b>	<b>1,652,706</b>	<b>20,600,234</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>139,127,657</b>	<b>11,201,306</b>	<b>150,328,963</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 158,075,185</b>	<b>\$ 12,854,012</b>	<b>\$ 170,929,197</b>

**NOTE 15 – COMMITMENTS**

As of June 30, 2018, the Town was entering the final stages of the renovation of the Gibbs School, transforming it from a building rented to non-profit institutions to a town-wide 6<sup>th</sup> grade. The total budget for the renovation is approximately \$27 million. Work began on a six classroom addition to the Hardy Elementary School with a budget of \$3.5 million.

In June, 2018, the Town’s Arlington High School Building Committee voted to submit its preferred design option to the Massachusetts School Building Authority to construct a new school, with a projected budget of \$308 million.

**NOTE 16 – CONTINGENCIES**

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2018, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2018.

**NOTE 17 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 16, 2019, which is the date the financial statements were available to be issued.

**NOTE 18 – REVISION OF NET POSITION**

Beginning net position of governmental activities, business-type activities and each applicable enterprise fund has been revised to reflect the implementation of GASB Statement #75. The revised balances are summarized in the following table:

	06/30/2017 Previously Reported Balances	Implementation of GASB #75	06/30/2017 Revised Balances
<b>Government-Wide Financial Statements</b>			
Governmental activities.....	\$ (3,483,999)	\$ (100,031,491)	\$ (103,515,490)
Business-type activities.....	<u>28,980,285</u>	<u>(1,593,216)</u>	<u>27,387,069</u>
Total.....	<u>\$ 25,496,286</u>	<u>\$ (101,624,707)</u>	<u>\$ (76,128,421)</u>
<b>Business-type Activities - Enterprise Funds</b>			
Water and sewer enterprise fund.....	\$ 26,151,912	\$ (1,593,216)	\$ 24,558,696
Youth services enterprise fund.....	56,491	-	56,491
Council on aging enterprise fund.....	88,955	-	88,955
Ed Burns arena enterprise fund.....	564,208	-	564,208
Recreation enterprise fund.....	<u>2,118,719</u>	<u>-</u>	<u>2,118,719</u>
Total.....	<u>\$ 28,980,285</u>	<u>\$ (1,593,216)</u>	<u>\$ 27,387,069</u>

**NOTE 19 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2018, the following GASB pronouncements were implemented:

- GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The basic financial statements, related notes and required supplementary information were updated to be in compliance with this pronouncement.
- GASB Statement #81, *Irrevocable Split-Interest Agreements*. This pronouncement did not impact the basic financial statements.
- GASB Statement #85, *Omnibus 2017*. This pronouncement did not impact the basic financial statements.
- GASB Statement #86, *Certain Debt Extinguishment Issues*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #83, *Certain Asset Retirement Obligations*, which is required to be implemented in 2019.
- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2019.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2021.
- The GASB issued Statement #88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which is required to be implemented in 2019.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2021.
- The GASB issued Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in 2020.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

# ***Required Supplementary Information***

# ***General Fund Budgetary Comparison Schedule***

The General Fund is the general operating fund of the Town. It is used to account for all the financial resources, except those required to be accounted for in another fund.

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2018

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
<b>REVENUES:</b>							
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 115,420,634	\$ 115,420,634	\$ 115,420,634	\$ 115,832,335	\$ -	\$ 411,701
Tax liens.....	-	-	-	-	88,724	-	88,724
Motor vehicle excise taxes.....	-	4,451,000	4,451,000	4,451,000	5,551,687	-	1,100,687
Hotel/motel tax.....	-	325,000	325,000	325,000	378,783	-	53,783
Meals tax.....	-	400,000	400,000	400,000	444,161	-	44,161
Penalties and interest on taxes.....	-	355,000	355,000	355,000	314,667	-	(40,333)
Fees and rentals.....	-	373,000	373,000	373,000	476,310	-	103,310
Payments in lieu of taxes.....	-	18,000	18,000	18,000	25,337	-	7,337
Intergovernmental.....	-	20,667,121	20,667,121	20,667,121	20,991,079	-	323,958
Departmental and other.....	-	3,184,000	3,184,000	3,184,000	4,562,134	-	1,378,134
Investment income.....	-	65,000	65,000	65,000	442,344	-	377,344
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>145,258,755</b>	<b>145,258,755</b>	<b>145,258,755</b>	<b>149,107,561</b>	<b>-</b>	<b>3,848,806</b>
<b>EXPENDITURES:</b>							
Current:							
General Government							
Finance Committee							
Salaries.....	-	7,800	7,800	7,800	7,406	-	394
Expenditures.....	1,250	2,500	3,750	3,750	2,644	56	1,050
Total.....	1,250	10,300	11,550	11,550	10,050	56	1,444
Board of Selectmen							
Administration & Licensing Salaries.....	-	230,650	230,650	230,650	228,163	-	2,487
Administration & Licensing Expenditures.....	1,067	22,050	23,117	22,050	19,753	114	2,183
Elections & Town Meeting Salaries.....	-	20,088	20,088	29,532	29,532	-	-
Elections & Town Meeting Expenditures.....	4,514	52,536	57,050	65,025	61,477	-	3,548
Printing Town Reports.....	-	3,500	3,500	3,500	3,500	-	-
Accounting & Audit.....	2,000	78,000	80,000	78,000	63,580	14,420	-
Article - Dallin Area Sidewalks.....	1,500	-	1,500	1,500	-	-	1,500
Total.....	9,081	406,824	415,905	430,257	406,005	14,534	9,718
Town Manager							
Salaries.....	-	596,421	596,421	596,222	596,222	-	-
Expenditures.....	4,444	33,500	37,944	37,854	37,743	101	10
Article - Study Vehicular Traffic Volume.....	18,912	-	18,912	18,912	-	640	18,272
Article - Uncle Sam Temporary Visitor Center.....	2,135	-	2,135	-	-	-	-
Article - Mugar Property.....	6,634	-	6,634	6,634	6,634	-	-
Article - Scenic Byway.....	-	2,000	2,000	2,000	-	-	2,000
Total.....	32,125	631,921	664,046	661,622	640,599	741	20,282
Human Resources							
Salaries.....	-	260,588	260,588	271,264	271,264	-	-
Expenses.....	13,005	56,450	69,455	61,241	39,213	4,255	17,773
Article - Positions Reclassification.....	3,222	50,190	53,412	-	-	-	-
Article - Indemnification.....	-	11,361	11,361	11,361	11,359	-	2
Total.....	16,227	378,589	394,816	343,866	321,836	4,255	17,775
Information Technology							
Salaries.....	-	523,883	523,883	528,908	533,820	-	(4,912)
Expenditures.....	16,092	318,153	334,245	327,651	308,524	15,080	4,047
Total.....	16,092	842,036	858,128	856,559	842,344	15,080	(865)
Comptroller							
Salaries.....	-	324,482	324,482	329,792	288,673	-	41,119
Expenditures.....	128,608	99,697	228,305	220,841	94,117	126,724	-
Total.....	128,608	424,179	552,787	550,633	382,790	126,724	41,119
Treasurer / Collector							
Salaries.....	-	525,702	525,702	540,379	486,104	-	54,275
Expenditures.....	4,456	156,063	160,519	157,170	114,990	26,305	15,875
Out-of-State Travel.....	-	3,000	3,000	3,000	1,632	-	1,368
Total.....	4,456	684,765	689,221	700,549	602,726	26,305	71,518
Postage							
Salaries.....	-	31,245	31,245	31,245	31,234	-	11
Expenditures.....	3,456	142,892	146,348	144,167	143,847	-	320
Total.....	3,456	174,137	177,593	175,412	175,081	-	331
Board of Assessors							
Salaries.....	-	281,059	281,059	281,059	280,691	-	368
Expenditures.....	1,605	32,648	34,253	34,148	29,837	78	4,233
Total.....	1,605	313,707	315,312	315,207	310,528	78	4,601
Article - Revaluation Funds.....	16,294	300,000	316,294	316,294	151,720	53,102	111,472
Article - Conservation Land Fund.....	24,300	-	24,300	24,300	-	-	24,300
Legal							
Salaries.....	-	349,583	349,583	350,791	350,791	-	-
Expenditures.....	21,865	135,002	156,867	217,486	204,548	12,938	-
Article - Legal Defense Fund.....	19,000	-	19,000	19,000	-	19,000	-
Article - Workers Compensation Reserve.....	124,927	-	124,927	350,898	183,137	167,761	-
Total.....	165,792	484,585	650,377	938,175	738,476	199,699	-

(Continued)

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2018

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
<b>Town Clerk</b>							
Salaries.....	-	248,466	248,466	248,466	235,068	-	13,398
Expenditures.....	-	28,860	28,860	36,682	19,330	187	17,165
Total.....	-	277,326	277,326	285,148	254,398	187	30,563
<b>Board of Registrars</b>							
Salaries.....	-	55,316	55,316	55,316	54,793	-	523
Expenditures.....	8	13,550	13,558	41,758	11,248	15	2,287
Total.....	8	68,866	68,874	68,866	66,041	15	2,810
<b>Parking</b>							
Salaries.....	-	91,695	91,695	91,695	69,352	-	22,343
Expenditures.....	678	41,080	41,758	41,758	46,592	-	(4,834)
Total.....	678	132,775	133,453	133,453	115,944	-	17,509
<b>Zoning Board of Appeals</b>							
Salaries.....	-	22,220	22,220	22,220	19,578	-	2,642
Expenditures.....	330	10,100	10,430	10,100	7,158	758	2,184
Total.....	330	32,320	32,650	32,320	26,736	758	4,826
Article - Collective Bargaining.....	62,097	-	62,097	62,097	-	-	62,097
<b>Total General Government.....</b>	<b>482,399</b>	<b>5,162,330</b>	<b>5,644,729</b>	<b>5,906,308</b>	<b>5,045,274</b>	<b>441,534</b>	<b>419,500</b>
<b>Public Safety</b>							
<b>Police</b>							
Salaries.....	-	7,511,906	7,511,906	7,491,906	7,365,491	-	126,415
Expenditures.....	21,005	702,970	723,975	743,976	719,216	21,580	3,180
Total.....	21,005	8,214,876	8,235,881	8,235,882	8,084,707	21,580	129,595
<b>Fire</b>							
Salaries.....	-	7,019,122	7,019,122	7,027,070	6,845,686	-	181,384
Expenditures.....	16,445	439,900	456,345	450,872	396,204	4,949	49,719
Total.....	16,445	7,459,022	7,475,467	7,477,942	7,241,890	4,949	231,103
<b>Inspections</b>							
Salaries.....	365	480,066	480,431	480,066	438,870	1,107	40,089
Expenditures.....	65	12,000	12,065	12,065	10,546	804	715
Total.....	430	492,066	492,496	492,131	449,416	1,911	40,804
<b>Total Public Safety.....</b>	<b>37,880</b>	<b>16,165,964</b>	<b>16,203,844</b>	<b>16,205,955</b>	<b>15,776,013</b>	<b>28,440</b>	<b>401,502</b>
<b>Education</b>							
<b>Public Schools</b>							
Salaries and Expenditures.....	199,551	60,928,485	61,128,036	61,054,524	60,818,262	217,178	19,084
Minuteman Regional.....	-	4,291,333	4,291,333	4,291,333	4,291,333	-	-
<b>Total Education.....</b>	<b>199,551</b>	<b>65,219,818</b>	<b>65,419,369</b>	<b>65,345,857</b>	<b>65,109,595</b>	<b>217,178</b>	<b>19,084</b>
<b>Public Works</b>							
<b>Public Works</b>							
Salaries and Expenditures.....	834,267	9,324,181	10,158,448	10,611,380	10,061,512	459,427	90,441
<b>Facilities</b>							
Salaries.....	-	289,212	289,212	289,212	322,647	-	(33,435)
Expenditures.....	52,285	406,414	458,699	440,779	288,979	44,237	107,563
Total.....	52,285	695,626	747,911	729,991	611,626	44,237	74,128
Recycling Committee.....	1,916	3,000	4,916	4,916	4,664	252	-
<b>Total Public Works.....</b>	<b>888,468</b>	<b>10,022,807</b>	<b>10,911,275</b>	<b>11,346,287</b>	<b>10,677,802</b>	<b>503,916</b>	<b>164,569</b>
<b>Community Development</b>							
<b>Planning &amp; Community Development</b>							
Salaries.....	-	451,284	451,284	451,284	433,280	-	18,004
Expenditures.....	1,384	28,695	30,079	28,695	21,269	2,506	4,920
Article - Vision 2020.....	1,255	3,800	5,055	5,055	1,570	3,485	-
Total.....	2,639	483,779	486,418	485,034	456,119	5,991	22,924
<b>Redevelopment Board</b>							
Expenditures.....	3,105	10,800	13,905	13,401	10,518	379	2,504
Rental Property Expenditures.....	20,915	20,000	40,915	50,236	38,843	4,290	7,103
Total.....	24,020	30,800	54,820	63,637	49,361	4,669	9,607
<b>Total Community Development.....</b>	<b>26,659</b>	<b>514,579</b>	<b>541,238</b>	<b>548,671</b>	<b>505,480</b>	<b>10,660</b>	<b>32,531</b>
<b>Human Services</b>							
<b>Human Services Administration</b>							
Salaries.....	-	425,890	425,890	425,890	425,533	-	357
Expenditures.....	459	49,701	50,160	50,071	50,047	24	-
Total.....	459	475,591	476,050	475,961	475,580	24	357

(Continued)

**GENERAL FUND**  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2018

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
<b>Veterans' Services</b>							
Salaries.....	-	64,623	64,623	67,694	66,205	-	1,489
Expenditures.....	4,416	378,577	382,993	378,577	265,328	8,502	104,747
Total.....	4,416	443,200	447,616	446,271	331,533	8,502	106,236
<b>Council on Aging</b>							
Salaries.....	-	253,253	253,253	253,253	248,844	-	4,409
Expenditures.....	57	21,000	21,057	21,049	20,913	-	136
Total.....	57	274,253	274,310	274,302	269,757	-	4,545
Commission on Disability.....	489	3,000	3,489	3,398	3,249	-	149
Human Rights Commission.....	500	4,500	5,000	4,689	4,689	-	-
Senior Citizen Community Service Program.....	1,500	7,500	9,000	9,000	3,000	-	6,000
Veteran's, Memorial, and Patriot's Day Celebrations.....	1,297	5,667	6,964	6,964	6,964	-	-
Town Day Celebrations.....	-	5,000	5,000	5,000	-	-	5,000
Flags on Graves of Veterans.....	203	4,500	4,703	4,578	4,578	-	-
<b>Total Human Services.....</b>	<b>8,921</b>	<b>1,223,211</b>	<b>1,232,132</b>	<b>1,230,163</b>	<b>1,099,350</b>	<b>8,526</b>	<b>122,287</b>
<b>Culture and Recreation</b>							
<b>Library</b>							
Salaries.....	-	1,816,656	1,816,656	1,816,656	1,762,709	-	53,947
Expenditures.....	27,939	537,580	565,519	546,490	513,263	9,927	23,300
Total.....	27,939	2,354,236	2,382,175	2,363,146	2,275,972	9,927	77,247
Arlington Historical Commission.....	64	2,160	2,224	3,161	2,838	109	214
Article - Zoning bylaw recodification.....	-	55,000	55,000	55,000	6,131	48,869	-
Historic District Commissions.....	1,513	5,100	6,613	6,438	3,465	413	2,560
Arlington Commission on Arts and Culture.....	1,881	25,000	26,881	26,210	26,210	-	-
Public Art.....	2,000	-	2,000	2,000	2,000	-	-
<b>Total Culture and Recreation.....</b>	<b>33,397</b>	<b>2,441,496</b>	<b>2,474,893</b>	<b>2,455,955</b>	<b>2,316,616</b>	<b>59,318</b>	<b>80,021</b>
<b>Pension Benefits</b>							
Contributory Pension.....	-	11,268,183	11,268,183	11,268,183	11,265,023	-	3,160
Non-Contributory Pension.....	-	55,322	55,322	55,322	13,970	-	41,352
<b>Total Pension Benefits.....</b>	<b>-</b>	<b>11,323,505</b>	<b>11,323,505</b>	<b>11,323,505</b>	<b>11,278,993</b>	<b>-</b>	<b>44,512</b>
Insurance.....	68,585	16,078,416	16,147,001	16,111,048	14,784,958	40,884	1,285,206
Reserve Fund.....	-	1,506,440	1,506,440	637,672	-	-	637,672
State and County Charges.....	-	3,184,573	3,184,573	3,184,573	3,173,429	-	11,144
Debt Service: Principal.....	-	8,331,085	8,331,085	7,590,000	7,590,000	-	-
Debt Service: Interest.....	-	1,935,930	1,935,930	2,701,573	3,244,276	-	(542,703)
<b>TOTAL EXPENDITURES.....</b>	<b>1,745,860</b>	<b>143,110,154</b>	<b>144,856,014</b>	<b>144,587,567</b>	<b>140,601,786</b>	<b>1,310,456</b>	<b>2,675,325</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(1,745,860)</b>	<b>2,148,601</b>	<b>402,741</b>	<b>671,188</b>	<b>8,505,775</b>	<b>(1,310,456)</b>	<b>6,524,131</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in.....	-	3,386,193	3,386,193	3,386,193	2,918,193	-	(468,000)
Transfers out.....	-	(10,815,360)	(10,815,360)	(10,922,755)	(10,922,755)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>(7,429,167)</b>	<b>(7,429,167)</b>	<b>(7,536,562)</b>	<b>(8,004,562)</b>	<b>-</b>	<b>(468,000)</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(1,745,860)</b>	<b>(5,280,566)</b>	<b>(7,026,426)</b>	<b>(6,865,374)</b>	<b>501,213</b>	<b>(1,310,456)</b>	<b>6,056,131</b>
<b>BUDGETARY FUND BALANCE, Beginning of year.....</b>	<b>-</b>	<b>21,608,836</b>	<b>21,608,836</b>	<b>21,608,836</b>	<b>21,608,836</b>	<b>-</b>	<b>-</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ (1,745,860)</b>	<b>\$ 16,328,270</b>	<b>\$ 14,582,410</b>	<b>\$ 14,743,462</b>	<b>\$ 22,110,049</b>	<b>\$ (1,310,456)</b>	<b>\$ 6,056,131</b>

See notes to required supplementary information.

(Concluded)

# ***Pension Plan Schedules Retirement System***

The Pension Plan's Schedule of Changes in the Net Pension Liability presents multi-year trend information on the net pension liability and related ratios.

The Pension Plan's Schedule of Contributions presents multi-year trend information on the required and actual contributions to the pension plan and related ratios.

The Pension Plan's Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on retirement assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY  
AND RELATED RATIOS  
ARLINGTON CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
<b>Total pension liability:</b>				
Service cost.....	\$ 4,744,410	\$ 4,956,084	\$ 5,193,088	\$ 5,534,373
Interest.....	18,685,017	19,166,240	18,902,482	19,909,615
Differences between expected and actual experience.....	-	(1,851,544)	1,290,391	810,484
Changes in assumptions.....	-	-	5,894,235	(1,167,885)
Benefit payments.....	<u>(17,126,706)</u>	<u>(17,015,692)</u>	<u>(17,446,008)</u>	<u>(18,002,395)</u>
Net change in total pension liability.....	6,302,721	5,255,088	13,834,188	7,084,192
Total pension liability - beginning.....	<u>252,695,991</u>	<u>258,998,712</u>	<u>264,253,800</u>	<u>278,087,988</u>
Total pension liability - ending (a).....	<u>\$ 258,998,712</u>	<u>\$ 264,253,800</u>	<u>\$ 278,087,988</u>	<u>\$ 285,172,180</u>
<b>Plan fiduciary net position:</b>				
Employer contributions.....	\$ 9,993,280	\$ 10,546,215	\$ 11,122,754	\$ 11,718,809
Member contributions.....	3,321,267	3,458,362	3,517,426	3,830,531
Net investment income (loss).....	9,565,706	1,459,650	8,995,186	21,725,359
Administrative expenses.....	(277,509)	(290,212)	(333,705)	(324,776)
Retirement benefits and refunds.....	<u>(17,126,706)</u>	<u>(17,015,692)</u>	<u>(17,446,008)</u>	<u>(18,002,395)</u>
Net increase (decrease) in fiduciary net position.....	5,476,038	(1,841,677)	5,855,653	18,947,528
Fiduciary net position - beginning of year.....	<u>129,637,643</u>	<u>135,113,681</u>	<u>133,272,004</u>	<u>139,127,657</u>
Fiduciary net position - end of year (b).....	<u>\$ 135,113,681</u>	<u>\$ 133,272,004</u>	<u>\$ 139,127,657</u>	<u>\$ 158,075,185</u>
<b>Net pension liability - ending (a)-(b).....</b>	<u>\$ 123,885,031</u>	<u>\$ 130,981,796</u>	<u>\$ 138,960,331</u>	<u>\$ 127,096,995</u>
Plan fiduciary net position as a percentage of the total pension liability.....	52.17%	50.43%	50.03%	55.43%
Covered payroll.....	\$ 32,938,880	\$ 35,280,374	\$ 36,525,658	\$ 39,067,336
Net pension liability as a percentage of covered payroll.....	376.11%	371.26%	380.45%	325.33%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF CONTRIBUTIONS**  
**ARLINGTON CONTRIBUTORY RETIREMENT SYSTEM**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2017.....	\$ 11,696,077	\$ (11,718,809)	\$ (22,732)	\$ 39,067,336	30.00%
December 31, 2016.....	11,086,329	(11,122,754)	(36,425)	36,525,658	30.45%
December 31, 2015.....	10,508,369	(10,546,215)	(37,846)	35,280,374	29.89%
December 31, 2014.....	9,960,539	(9,960,539)	-	32,938,880	30.24%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF INVESTMENT RETURNS**  
**ARLINGTON CONTRIBUTORY RETIREMENT SYSTEM**

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<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2017.....	15.89%
December 31, 2016.....	6.41%
December 31, 2015.....	0.95%
December 31, 2014.....	6.70%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

# ***Pension Plan Schedules – Town***

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Town along with related ratios.

These schedules are intended to present information for ten years. Until a ten year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
ARLINGTON CONTRIBUTORY RETIREMENT SYSTEM**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2017.....	96.36%	\$ 122,469,800	\$ 37,808,501	323.92%	55.43%
December 31, 2016.....	96.18%	133,636,966	35,322,501	378.33%	50.03%
December 31, 2015.....	96.13%	125,895,428	33,983,355	370.46%	50.43%
December 31, 2014.....	96.12%	119,059,301	31,699,372	375.59%	52.17%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS**  
**ARLINGTON CONTRIBUTORY RETIREMENT SYSTEM**

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Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2018.....	\$ 11,268,184	\$ (11,290,091)	\$ (21,907)	\$ 38,753,714	29.13%
June 30, 2017.....	10,659,672	(10,694,705)	(35,033)	36,205,564	29.54%
June 30, 2016.....	10,098,704	(10,135,087)	(36,383)	34,832,939	29.10%
June 30, 2015.....	9,571,203	(9,571,203)	-	32,491,856	29.46%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS  
OF THE NET PENSION LIABILITY  
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

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The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2018.....	\$ 126,810,806	\$ 13,235,613	54.25%
2017.....	116,924,661	11,927,082	52.73%
2016.....	105,014,197	8,517,586	55.38%
2015.....	77,866,611	5,409,767	61.64%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

# ***Other Postemployment Benefit Plan Schedules***

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered-employee payroll.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF CHANGES IN THE  
TOWN'S NET OPEB LIABILITY AND RELATED RATIOS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017	June 30, 2018
<b>Total OPEB Liability</b>		
Service Cost.....	\$ 8,975,024	\$ 8,639,166
Interest.....	9,135,413	10,228,498
Differences between expected and actual experience....	-	(41,500,767)
Changes of assumptions.....	-	(8,506,953)
Benefit payments.....	(6,796,528)	(6,370,083)
Net change in total OPEB liability.....	11,313,909	(37,510,139)
Total OPEB liability - beginning.....	<u>222,775,237</u>	<u>234,089,146</u>
Total OPEB liability - ending (a).....	<u>\$ 234,089,146</u>	<u>\$ 196,579,007</u>
<b>Plan fiduciary net position</b>		
Employer contributions.....	\$ 868,000	\$ 899,678
Employer contributions for OPEB payments.....	6,796,528	6,370,083
Net investment income.....	1,149,114	753,028
Benefit payments.....	(6,796,528)	(6,370,083)
Net change in plan fiduciary net position.....	2,017,114	1,652,706
Plan fiduciary net position - beginning of year.....	<u>9,184,192</u>	<u>11,201,306</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 11,201,306</u>	<u>\$ 12,854,012</u>
<b>Net OPEB liability - ending (a)-(b).....</b>	<u>\$ 222,887,840</u>	<u>\$ 183,724,995</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	4.79%	6.54%
Covered-employee payroll.....	\$ 77,756,000	\$ 79,311,000
Net OPEB liability as a percentage of covered-employee payroll.....	286.65%	231.65%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for  
which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2018.....	\$ 12,177,000	\$ (7,269,761)	\$ 4,907,239	\$ 79,311,000	9.17%
June 30, 2017.....	18,409,000	(7,665,000)	10,744,000	77,756,000	9.86%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF INVESTMENT RETURNS**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**

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Year	Annual money-weighted rate of return, net of investment expense
June 30, 2018.....	6.24%
June 30, 2017.....	11.61%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**NOTE A – BUDGETARY BASIS OF ACCOUNTING****A. Budgetary Information**

Municipal Law requires the adoption of a balanced budget that is approved by the Finance Committee (Committee). The Committee presents an annual budget to the Representative Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The Town, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote at the Annual Town Meeting. Changes subsequent to the approved annual budget require majority vote at a Special Town Meeting.

The majority of the Town's appropriations are non-continuing, which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year's original budget.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote at a Special Town Meeting.

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. The 2018 original budget includes approximately \$153.9 million in current year authorized appropriations and other amounts to be raised and \$1.7 million in encumbrances and appropriations were carried over from previous years. During 2018, the Town's overall budget was decreased by approximately \$161,000.

The Town Comptroller has the responsibility to ensure that budgetary control is maintained in the manner in which the appropriations were voted at Town Meeting. Budgetary control is exercised through the Town's accounting system.

**B. Budgetary – GAAP Reconciliation**

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2018, is presented on the following page.

Net change in fund balance - budgetary basis.....	\$	501,213
<u>Perspective differences:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP.....		680,232
Activity of the municipal building insurance fund recorded in the general fund for GAAP.....		(294,443)
<u>Basis of accounting differences:</u>		
Net change in recording tax refunds payable.....		130,000
Net change in recording 60 day receipts.....		56,661
Recognition of revenue for on-behalf payments.....		13,235,613
Recognition of expenditures for on-behalf payments.....		<u>(13,235,613)</u>
Net change in fund balance - GAAP basis.....	\$	<u>1,073,663</u>

### C. Appropriation Deficits

Expenditures exceeded appropriations for information technology salaries, parking expenditures, facilities salaries, and debt service interest. These will be funded with available funds during fiscal year 2019.

## **NOTE B – PENSION PLAN**

### ***Pension Plan Schedules – Retirement System***

#### A. Schedule of Changes in the Net Pension Liability and Related Ratios

The Schedule of Changes in the Net Pension Liability and Related Ratios includes the detailed changes in the systems total pension liability, changes in the systems net position, and the ending net pension liability. It also demonstrates the plan's net position as a percentage of the total pension liability and the net pension liability as a percentage of covered payroll.

#### B. Schedule of Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The total appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The total appropriations are payable on July 1 and January 1. Employers may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual employer contributions may be less than the "total appropriation". The pension fund appropriations are allocated amongst employers based on covered payroll.

#### C. Schedule of Investment Returns

The money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money-weighted rate of return calculation are determined monthly.

***Pension Plan Schedules - Town*****A. Schedule of the Town's Proportionate Share of the Net Pension Liability**

The Schedule of the Town's Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability (asset), the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

**B. Schedule of the Town's Contributions**

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the Town based on covered payroll.

**C. Schedule of the Special Funding Amounts of the Net Pension Liabilities**

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

**D. Changes in Assumptions**

The following change in assumptions was reflected in the January 1, 2017 actuarial valuation:

- The Mortality assumption is based upon the RP-2014 table adjusted to 2006 and projected generationally with MP-2016. The previous valuation used the RP-2000 table projected with Generational Mortality, Scale BB.

**E. Changes in Plan Provisions**

None.

**NOTE C – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

The Town administers a single-employer defined benefit healthcare plan ("the Other Post Employment Benefit Plan"). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town's health insurance plan, which covers both active and retired members. Additionally, retired teachers and their spouses receive health insurance through the Group Insurance Commission of the Commonwealth of Massachusetts (GIC). Each participating municipality is assessed for the governmental share of health and life insurance premiums paid on behalf of its teacher retirees by the state.

**The Other Postemployment Benefit Plan**

A. Schedule of Changes in the Town’s Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the Town’s Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan’s total OPEB liability, changes in the Plan’s net position, and ending net OPEB liability. It also demonstrates the Plan’s net position as a percentage of the total liability and the Plan’s net other postemployment benefit liability as a percentage of covered employee payroll.

B. Schedule of the Town’s Contributions

The Schedule of the Town’s Contributions includes the Town’s annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll. Actuarially contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine contribution rates are as follows:

Valuation date.....	January 1, 2018
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Market value of assets with payables and receivables.
Interest rate/Discount rate.....	4.27% per year net of investment expenses.
Healthcare cost trend rate.....	9.0% decreasing to 5.0%.
Salary increases.....	Group 1 and 2: 7.75% increases or the first 6 years of service; 4.00% increases thereafter. Group 4: 5.00% increase in year 5, 4.99% in year 10, 4.98% in year 15, 4.971% in year 20, and 4.962% in year 25; 4.00% increase in all other years.
Mortality rates:	
Actives.....	The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Employees projected using generational mortality and scale MP-2016.
Retirees.....	The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Healthy Annuitants projected using generational mortality and scale MP-2016.
Disabled.....	The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Healthy Annuitants projected using generational mortality and scale MP-2016. Set forward 2 years.

C. Schedule of Investment Returns

The Schedule of Investment Returns includes the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

D. Changes of Assumptions

- The discount rate increased from 4.00% to 4.27%.
- The valuation included the following changes in experience:
  - There was a 12.25% decrease in claims and trends.
  - The population rate decreased from 92.5% to 85%: -4.00% change.
  - There was a 2.65% decrease due to different populations.

There were no changes to the plan provisions in the January 1, 2018 actuarial valuation.

E. Changes in Provisions

None.

# ***Other Supplementary Information***

# ***Combining Statements and Individual Fund Statements***

# ***Nonmajor Governmental Funds***

## ***Special Revenue Funds***

Special revenue funds are used to account for the proceeds of specific revenue sources (other than permanent funds or capital project funds) that are restricted by law or administrative action to expenditures for specified purposes. The Town's special revenue funds are grouped into the following categories:

*Town Revolving Funds* – This fund is used to account for the non-school related activity of revolving funds established in accordance with MGL Chapter 44, Section 53E ½.

*Town Gifts and Grants Fund* – This fund is used to account for other non-school related funds designated for specific programs, this fund consists primarily of state and federal grants and gifts and other special revenue funds.

*Community Development Grants Fund* – This fund is used to account for the Federal Community Development Grant Program.

*School Lunch Fund* – This fund is used to account for the operations of the public school lunch program.

*School Revolving Funds* – This fund is used to account for the school department's revolving funds established in accordance with MGL Chapter 44, Section 53E ½ and Chapter 71.

*School Gifts and Grants Fund* – This fund is used to account for the school department's grant and gift funds received from state and federal governments which are designated for specific programs.

*Library Funds* – This fund is used to account for the operations of the public libraries.

*Receipts Reserved for Appropriation* – This fund is used to account for receipts that are reserved for appropriation.

*Special Revenue Trust Fund* – This fund is used to account for statutory trust accounts that may be spent to support the government.

*Other Special Revenue Fund* – This fund is used to account for other funds designated for specific programs.

*Community Preservation Fund* – This fund is used to account for the acquisition, creation, preservation, or rehabilitation of areas of open space, historic preservation, affordable housing and recreation.

*Symmes Property Fund* – This fund is used to account for the activity associated with the redevelopment of the Symmes Hospital campus, which is owned by the Town.

*Highway Fund* – This fund is used to account for the funds received from the State Highway Department, which are used for the construction, reconstruction and improvement of roadways.

### ***Capital Project Funds***

Capital project funds are used to account for financial resources to be used for the acquisition, construction or improvement of major capital assets (other than those financed by enterprise funds). Such resources are derived principally from proceeds of general obligation bonds and grants. The Town's non-major capital project funds are grouped into the following categories:

*Capital Tax Levy Projects Fund* – This fund is used to account for capital projects that are financed through the tax levy.

*Other Capital Projects Fund* – This fund is used to account for capital projects that are financed through other financing sources.

### ***Permanent Funds***

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs.

*Cemeteries Fund* – This fund is used to account for cemetery contributions and bequests for which only earnings may be expended to benefit the Town's cemeteries.

*Cemetery Perpetual Care Fund* – This fund is used to account for cemetery perpetual care contributions and expenditures.

*Libraries Fund* – This fund is used to account for gifts, bequests and contributions held for which only earnings may be expended to benefit the Town's libraries.

*Education Fund* – This fund is used to account for gifts, bequests and contributions held for which only earnings may be expended for purposes specified by the donor in relation to the Town's public education system.

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2018

	<i>Special Revenue Funds</i>						
	Town Revolving Funds	Town Gifts & Grants	Community Development Grants	School Lunch	School Revolving Funds	School Gifts & Grants	Library Funds
<b>ASSETS</b>							
Cash and cash equivalents.....	\$ 1,447,703	\$ 1,218,321	\$ 5,731	\$ 627,112	\$ 3,013,289	\$ 3,051,396	\$ 57,749
Investments.....	-	-	-	-	-	-	-
Receivables, net of uncollectibles:							
Tax liens.....	-	-	-	-	-	-	-
Community preservation fund surtax.....	-	-	-	-	-	-	-
Intergovernmental - other.....	-	-	1,184,539	-	-	287,295	-
Community preservation state share.....	-	-	-	-	-	-	-
Loans.....	-	-	485,571	-	-	-	-
<b>TOTAL ASSETS.....</b>	<b>\$ 1,447,703</b>	<b>\$ 1,218,321</b>	<b>\$ 1,675,841</b>	<b>\$ 627,112</b>	<b>\$ 3,013,289</b>	<b>\$ 3,338,691</b>	<b>\$ 57,749</b>
<b>LIABILITIES</b>							
Warrants payable.....	\$ 11,353	\$ 63,029	\$ 2,264	\$ 7,354	\$ 62,452	\$ 73,255	\$ 214
Accrued payroll.....	-	-	-	-	10,997	90,294	-
<b>TOTAL LIABILITIES.....</b>	<b>11,353</b>	<b>63,029</b>	<b>2,264</b>	<b>7,354</b>	<b>73,449</b>	<b>163,549</b>	<b>214</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Taxes paid in advance.....	-	-	-	-	-	-	-
Unavailable revenue.....	-	-	1,670,110	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES...</b>	<b>-</b>	<b>-</b>	<b>1,670,110</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>							
Nonspendable.....	-	-	-	-	-	-	-
Restricted.....	1,436,350	1,155,292	3,467	619,758	2,939,840	3,175,142	57,535
<b>TOTAL FUND BALANCES.....</b>	<b>1,436,350</b>	<b>1,155,292</b>	<b>3,467</b>	<b>619,758</b>	<b>2,939,840</b>	<b>3,175,142</b>	<b>57,535</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 1,447,703</b>	<b>\$ 1,218,321</b>	<b>\$ 1,675,841</b>	<b>\$ 627,112</b>	<b>\$ 3,013,289</b>	<b>\$ 3,338,691</b>	<b>\$ 57,749</b>

(Continued)

<b>Special Revenue Funds</b>							<b>Capital Project Funds</b>		
Receipts Reserved for Appropriation	Special Revenue Trust Funds	Other Special Revenue	Community Preservation Fund	Symmes Property	Highway Fund	Subtotal	Capital Tax Levy Projects	Other Capital Projects	Subtotal
\$ 807,943	\$ 85,485	\$ 2,417,404	\$ 2,803,798	\$ 335,116	\$ 129,253	\$ 16,000,300	\$ 2,537,855	\$ 75,579	\$ 2,613,434
-	766,680	-	-	-	-	766,680	-	-	-
-	-	-	4,126	-	-	4,126	-	-	-
-	-	-	6,159	-	-	6,159	-	-	-
-	-	-	-	-	124,177	1,596,011	-	-	-
-	-	-	275,520	-	-	275,520	-	-	-
-	-	-	-	-	-	485,571	-	-	-
<u>\$ 807,943</u>	<u>\$ 852,165</u>	<u>\$ 2,417,404</u>	<u>\$ 3,089,603</u>	<u>\$ 335,116</u>	<u>\$ 253,430</u>	<u>\$ 19,134,367</u>	<u>\$ 2,537,855</u>	<u>\$ 75,579</u>	<u>\$ 2,613,434</u>
\$ -	\$ 310	\$ 18,923	\$ -	\$ 1,305	\$ -	\$ 240,459	\$ 74,907	\$ -	\$ 74,907
-	-	-	-	-	-	101,291	-	-	-
-	310	18,923	-	1,305	-	341,750	74,907	-	74,907
-	-	-	2,973	-	-	2,973	-	-	-
-	-	-	10,285	-	124,177	1,804,572	-	-	-
-	-	-	13,258	-	124,177	1,807,545	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>807,943</u>	<u>851,855</u>	<u>2,398,481</u>	<u>3,076,345</u>	<u>333,811</u>	<u>129,253</u>	<u>16,985,072</u>	<u>2,462,948</u>	<u>75,579</u>	<u>2,538,527</u>
<u>807,943</u>	<u>851,855</u>	<u>2,398,481</u>	<u>3,076,345</u>	<u>333,811</u>	<u>129,253</u>	<u>16,985,072</u>	<u>2,462,948</u>	<u>75,579</u>	<u>2,538,527</u>
<u>\$ 807,943</u>	<u>\$ 852,165</u>	<u>\$ 2,417,404</u>	<u>\$ 3,089,603</u>	<u>\$ 335,116</u>	<u>\$ 253,430</u>	<u>\$ 19,134,367</u>	<u>\$ 2,537,855</u>	<u>\$ 75,579</u>	<u>\$ 2,613,434</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2018

	<i>Permanent Funds</i>					Total Nonmajor Governmental Funds
	Cemeteries	Cemetery Perpetual Care	Libraries	Education	Subtotal	
<b>ASSETS</b>						
Cash and cash equivalents.....	\$ 821	\$ 148,469	\$ 268,407	\$ -	\$ 417,697	\$ 19,031,431
Investments.....	930,371	6,798,326	5,781,127	279,438	13,789,262	14,555,942
Receivables, net of uncollectibles:						
Tax liens.....	-	-	-	-	-	4,126
Community preservation fund surtax.....	-	-	-	-	-	6,159
Intergovernmental - other.....	-	-	-	-	-	1,596,011
Community preservation state share.....	-	-	-	-	-	275,520
Loans.....	-	-	-	-	-	485,571
<b>TOTAL ASSETS.....</b>	<b>\$ 931,192</b>	<b>\$ 6,946,795</b>	<b>\$ 6,049,534</b>	<b>\$ 279,438</b>	<b>\$ 14,206,959</b>	<b>\$ 35,954,760</b>
<b>LIABILITIES</b>						
Warrants payable.....	\$ -	\$ -	\$ 3,775	\$ -	\$ 3,775	\$ 319,141
Accrued payroll.....	-	-	-	-	-	101,291
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>-</b>	<b>3,775</b>	<b>-</b>	<b>3,775</b>	<b>420,432</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Taxes paid in advance.....	-	-	-	-	-	2,973
Unavailable revenue.....	-	-	-	-	-	1,804,572
<b>TOTAL DEFERRED INFLOWS OF RESOURCES..</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,807,545</b>
<b>FUND BALANCES</b>						
Nonspendable.....	114,500	2,255,588	2,424,145	56,058	4,850,291	4,850,291
Restricted.....	816,692	4,691,207	3,621,614	223,380	9,352,893	28,876,492
<b>TOTAL FUND BALANCES.....</b>	<b>931,192</b>	<b>6,946,795</b>	<b>6,045,759</b>	<b>279,438</b>	<b>14,203,184</b>	<b>33,726,783</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 931,192</b>	<b>\$ 6,946,795</b>	<b>\$ 6,049,534</b>	<b>\$ 279,438</b>	<b>\$ 14,206,959</b>	<b>\$ 35,954,760</b>

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**NONMAJOR GOVERNMENTAL FUNDS**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2018

	<i>Special Revenue Funds</i>						
	Town Revolving Funds	Town Gifts & Grants	Community Development Grants	School Lunch	School Revolving Funds	School Gifts & Grants	Library Funds
<b>REVENUES:</b>							
Tax liens.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and rentals.....	83,020	-	-	-	-	-	52,599
Intergovernmental - other.....	6,815	1,500,149	1,535,806	435,197	-	4,675,805	-
Departmental and other.....	4,478,976	-	-	1,114,257	3,162,866	2,638,981	5,961
Community preservation taxes.....	-	-	-	-	-	-	-
Community preservation state match.....	-	-	-	-	-	-	-
Contributions and donations.....	71,228	1,650	-	-	2,668	-	39,062
Investment income.....	265	2,635	131	-	-	-	127
<b>TOTAL REVENUES.....</b>	<b>4,640,304</b>	<b>1,504,434</b>	<b>1,535,937</b>	<b>1,549,454</b>	<b>3,165,534</b>	<b>7,314,786</b>	<b>97,749</b>
<b>EXPENDITURES:</b>							
Current:							
General government.....	1,006,426	41,735	-	-	-	-	-
Public safety.....	2,225,762	154,135	-	-	-	-	-
Education.....	-	-	-	1,282,982	2,572,858	7,274,547	-
Public works.....	67,001	34,712	-	-	-	-	-
Community development.....	-	1,372,891	1,522,384	-	-	-	-
Human services.....	214,636	624,335	-	-	-	-	-
Culture and recreation.....	1,049,274	-	-	-	-	-	-
Library.....	-	45,433	-	-	-	-	92,245
Employee benefits.....	-	-	-	-	-	-	-
Debt service:							
Principal.....	-	-	-	-	-	-	-
Interest.....	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES.....</b>	<b>4,563,099</b>	<b>2,273,241</b>	<b>1,522,384</b>	<b>1,282,982</b>	<b>2,572,858</b>	<b>7,274,547</b>	<b>92,245</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>77,205</b>	<b>(768,807)</b>	<b>13,553</b>	<b>266,472</b>	<b>592,676</b>	<b>40,239</b>	<b>5,504</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Premium from issuance of bonds.....	-	-	-	-	-	-	-
Transfers in.....	4,586	55,000	-	-	-	22,772	-
Transfers out.....	(241,090)	-	-	-	(22,772)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(236,504)</b>	<b>55,000</b>	<b>-</b>	<b>-</b>	<b>(22,772)</b>	<b>22,772</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(159,299)</b>	<b>(713,807)</b>	<b>13,553</b>	<b>266,472</b>	<b>569,904</b>	<b>63,011</b>	<b>5,504</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>1,595,649</b>	<b>1,869,099</b>	<b>(10,086)</b>	<b>353,286</b>	<b>2,369,936</b>	<b>3,112,131</b>	<b>52,031</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 1,436,350</b>	<b>\$ 1,155,292</b>	<b>\$ 3,467</b>	<b>\$ 619,758</b>	<b>\$ 2,939,840</b>	<b>\$ 3,175,142</b>	<b>\$ 57,535</b>

(Continued)

Special Revenue Funds							Capital Project Funds		
Receipts Reserved for Appropriation	Special Revenue Trust Funds	Other Special Revenue	Community Preservation Fund	Symmes Property	Highway Fund	Subtotal	Capital Tax Levy Projects	Other Capital Projects	Subtotal
\$ -	\$ -	\$ -	\$ 282	\$ -	\$ -	\$ 282	\$ -	\$ -	\$ -
-	-	18,547	-	-	-	154,166	-	-	-
-	-	64,106	-	139,069	1,575,765	9,932,712	-	-	-
106,650	-	1,012,686	-	678,338	-	13,198,715	-	34	34
-	-	-	1,516,816	-	-	1,516,816	-	-	-
-	-	-	232,965	-	-	232,965	-	-	-
-	-	157,760	-	-	-	272,368	-	-	-
-	69,343	4,375	-	265	-	77,141	-	-	-
<u>106,650</u>	<u>69,343</u>	<u>1,257,474</u>	<u>1,750,063</u>	<u>817,672</u>	<u>1,575,765</u>	<u>25,385,165</u>	<u>-</u>	<u>34</u>	<u>34</u>
-	-	430,934	534,098	-	-	2,013,193	642,601	-	642,601
-	-	21,539	-	-	-	2,401,436	185,661	-	185,661
-	1,000	783	-	-	-	11,132,170	549,898	-	549,898
-	-	57,201	-	-	1,446,536	1,605,450	1,621,072	12,250	1,633,322
-	-	259,195	-	-	-	3,154,470	43,120	18,600	61,720
-	1,276	28,118	-	109,802	-	978,167	27,956	-	27,956
-	22,442	93,693	913,133	-	-	2,078,542	61,794	-	61,794
-	23,491	784	-	-	-	161,953	34,517	-	34,517
-	-	98,306	-	-	-	98,306	-	-	-
-	-	-	-	585,000	-	585,000	-	-	-
-	-	-	-	93,338	-	93,338	-	-	-
<u>-</u>	<u>48,209</u>	<u>990,553</u>	<u>1,447,231</u>	<u>788,140</u>	<u>1,446,536</u>	<u>24,302,025</u>	<u>3,166,619</u>	<u>30,850</u>	<u>3,197,469</u>
<u>106,650</u>	<u>21,134</u>	<u>266,921</u>	<u>302,832</u>	<u>29,532</u>	<u>129,229</u>	<u>1,083,140</u>	<u>(3,166,619)</u>	<u>(30,816)</u>	<u>(3,197,435)</u>
-	-	159,992	-	-	-	159,992	-	-	-
-	-	-	-	-	-	82,358	4,049,323	70,000	4,119,323
-	(567)	(2,562,858)	-	(28,000)	-	(2,855,287)	(74,287)	-	(74,287)
<u>-</u>	<u>(567)</u>	<u>(2,402,866)</u>	<u>-</u>	<u>(28,000)</u>	<u>-</u>	<u>(2,612,937)</u>	<u>3,975,036</u>	<u>70,000</u>	<u>4,045,036</u>
106,650	20,567	(2,135,945)	302,832	1,532	129,229	(1,529,797)	808,417	39,184	847,601
<u>701,293</u>	<u>831,288</u>	<u>4,534,426</u>	<u>2,773,513</u>	<u>332,279</u>	<u>24</u>	<u>18,514,869</u>	<u>1,654,531</u>	<u>36,395</u>	<u>1,690,926</u>
<u>\$ 807,943</u>	<u>\$ 851,855</u>	<u>\$ 2,398,481</u>	<u>\$ 3,076,345</u>	<u>\$ 333,811</u>	<u>\$ 129,253</u>	<u>\$ 16,985,072</u>	<u>\$ 2,462,948</u>	<u>\$ 75,579</u>	<u>\$ 2,538,527</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

YEAR ENDED JUNE 30, 2018

	<u>Permanent Funds</u>					Total Nonmajor Governmental Funds
	Cemeteries	Cemetery Perpetual Care	Libraries	Education	Subtotal	
<b>REVENUES:</b>						
Tax liens.....	\$ -	\$ -	\$ -	\$ -	\$ -	282
Fees and rentals.....	-	-	-	-	-	154,166
Intergovernmental - other.....	-	-	-	-	-	9,932,712
Departmental and other.....	-	-	-	-	-	13,198,749
Community preservation taxes.....	-	-	-	-	-	1,516,816
Community preservation state match.....	-	-	-	-	-	232,965
Contributions and donations.....	-	21,000	10,575	-	31,575	303,943
Investment income.....	79,191	605,450	528,698	22,848	1,236,187	1,313,328
<b>TOTAL REVENUES.....</b>	<b>79,191</b>	<b>626,450</b>	<b>539,273</b>	<b>22,848</b>	<b>1,267,762</b>	<b>26,652,961</b>
<b>EXPENDITURES:</b>						
Current:						
General government.....	-	-	-	-	-	2,655,794
Public safety.....	-	-	-	-	-	2,587,097
Education.....	-	-	-	403	403	11,682,471
Public works.....	4,406	33,516	-	-	37,922	3,276,694
Community development.....	-	-	-	-	-	3,216,190
Human services.....	-	-	-	-	-	1,006,123
Culture and recreation.....	-	-	-	-	-	2,140,336
Library.....	-	-	202,675	-	202,675	399,145
Employee benefits.....	-	-	-	-	-	98,306
Debt service:						
Principal.....	-	-	-	-	-	585,000
Interest.....	-	-	-	-	-	93,338
<b>TOTAL EXPENDITURES.....</b>	<b>4,406</b>	<b>33,516</b>	<b>202,675</b>	<b>403</b>	<b>241,000</b>	<b>27,740,494</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>74,785</b>	<b>592,934</b>	<b>336,598</b>	<b>22,445</b>	<b>1,026,762</b>	<b>(1,087,533)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Premium from issuance of bonds.....	-	-	-	-	-	159,992
Transfers in.....	-	5,000	567	-	5,567	4,207,248
Transfers out.....	-	(210,000)	-	-	(210,000)	(3,139,574)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>(205,000)</b>	<b>567</b>	<b>-</b>	<b>(204,433)</b>	<b>1,227,666</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>74,785</b>	<b>387,934</b>	<b>337,165</b>	<b>22,445</b>	<b>822,329</b>	<b>140,133</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>856,407</b>	<b>6,558,861</b>	<b>5,708,594</b>	<b>256,993</b>	<b>13,380,855</b>	<b>33,586,650</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 931,192</b>	<b>\$ 6,946,795</b>	<b>\$ 6,045,759</b>	<b>\$ 279,438</b>	<b>\$ 14,203,184</b>	<b>\$ 33,726,783</b>

(Concluded)

# ***Agency Fund***

## Fund Description

The Agency Fund is used to account for the collection and payment of charges for firearms license fees, performance bonds, and other minor activity.

**AGENCY FUND**  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2018

	June 30, 2017	Additions	Deletions	June 30, 2018
<b>ASSETS</b>				
CURRENT:				
Cash and cash equivalents.....	\$ 53,732	\$ 187,791	\$ (208,753)	\$ 32,770
<b>LIABILITIES</b>				
Warrants payable.....	\$ -	\$ 237,129	\$ (227,744)	\$ 9,385
Liabilities due depositors.....	53,732	187,791	(218,138)	23,385
TOTAL LIABILITIES.....	\$ 53,732	\$ 424,920	\$ (445,882)	\$ 32,770

# ***Statistical Section***



Thompson School

# ***Statistical Section***

Statistical tables differ from financial statements since they usually cover more than one year and may present nonaccounting data. The following tables reflect social and economic data, financial trends, and fiscal capacity.

## ***Financial Trends***

- These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

## ***Revenue Capacity***

- These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

## ***Debt Capacity***

- These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

## ***Demographic and Economic Information***

- These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

## ***Operating Information***

- These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the Town's financial statements for the relevant year.

**Net Position By Component**

**Last Ten Years**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 (1)</u>	<u>2015</u>	<u>2016</u>	<u>2017 (2)</u>	<u>2018</u>
<b>Governmental activities</b>										
Net investment in capital assets.....	\$ 87,212,587	\$ 87,746,066	\$ 88,836,285	\$ 92,844,805	\$ 97,950,516	\$ 104,460,350	\$ 104,863,992	\$ 103,704,315	\$ 103,203,353	\$ 106,071,887
Restricted.....	8,734,994	8,826,403	11,742,585	12,466,608	14,380,013	16,661,963	17,656,840	19,200,144	20,701,128	22,105,819
Unrestricted.....	<u>15,974,024</u>	<u>8,151,845</u>	<u>4,035,012</u>	<u>9,036,338</u>	<u>6,869,530</u>	<u>(111,690,572)</u>	<u>(117,522,507)</u>	<u>(119,932,142)</u>	<u>(227,419,971)</u>	<u>(236,703,046)</u>
<b>Total governmental activities net position.....</b>	<b>\$ <u>111,921,605</u></b>	<b>\$ <u>104,724,314</u></b>	<b>\$ <u>104,613,882</u></b>	<b>\$ <u>114,347,751</u></b>	<b>\$ <u>119,200,059</u></b>	<b>\$ <u>9,431,741</u></b>	<b>\$ <u>4,998,325</u></b>	<b>\$ <u>2,972,317</u></b>	<b>\$ <u>(103,515,490)</u></b>	<b>\$ <u>(108,525,340)</u></b>
<b>Business-type activities</b>										
Net investment in capital assets.....	\$ 8,515,544	\$ 10,253,410	\$ 13,065,709	\$ 14,543,666	\$ 14,827,000	\$ 16,204,401	\$ 17,203,440	\$ 17,852,129	\$ 20,736,946	\$ 20,877,369
Unrestricted.....	<u>9,491,968</u>	<u>8,635,937</u>	<u>9,320,188</u>	<u>8,200,267</u>	<u>8,966,332</u>	<u>3,125,804</u>	<u>5,537,768</u>	<u>7,743,484</u>	<u>6,650,123</u>	<u>6,471,875</u>
<b>Total business-type activities net position.....</b>	<b>\$ <u>18,007,512</u></b>	<b>\$ <u>18,889,347</u></b>	<b>\$ <u>22,385,897</u></b>	<b>\$ <u>22,743,933</u></b>	<b>\$ <u>23,793,332</u></b>	<b>\$ <u>19,330,205</u></b>	<b>\$ <u>22,741,208</u></b>	<b>\$ <u>25,595,613</u></b>	<b>\$ <u>27,387,069</u></b>	<b>\$ <u>27,349,244</u></b>
<b>Primary government</b>										
Net investment in capital assets.....	\$ 95,728,131	\$ 97,999,476	\$ 101,901,994	\$ 107,388,471	\$ 112,777,516	\$ 120,664,751	\$ 122,067,432	\$ 121,556,444	\$ 123,940,299	\$ 126,949,256
Restricted.....	8,734,994	8,826,403	11,742,585	12,466,608	14,380,013	16,661,963	17,656,840	19,200,144	20,701,128	22,105,819
Unrestricted.....	<u>25,465,992</u>	<u>16,787,782</u>	<u>13,355,200</u>	<u>17,236,605</u>	<u>15,835,862</u>	<u>(108,564,768)</u>	<u>(111,984,739)</u>	<u>(112,188,658)</u>	<u>(220,769,848)</u>	<u>(230,231,171)</u>
<b>Total primary government net position.....</b>	<b>\$ <u>129,929,117</u></b>	<b>\$ <u>123,613,661</u></b>	<b>\$ <u>126,999,779</u></b>	<b>\$ <u>137,091,684</u></b>	<b>\$ <u>142,993,391</u></b>	<b>\$ <u>28,761,946</u></b>	<b>\$ <u>27,739,533</u></b>	<b>\$ <u>28,567,930</u></b>	<b>\$ <u>(76,128,421)</u></b>	<b>\$ <u>(81,176,096)</u></b>

(1) = Unrestricted net position has been revised to reflect the implementation of GASB Statement #68.

(2) = Unrestricted net position has been revised to reflect the implementation of GASB Statement #75.

**Changes in Net Position**

**Last Ten Years**

	2009	2010	2011	2012	2013	2014	2015	2016 (1)	2017	2018
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government.....	\$ 10,522,085	\$ 9,914,031	\$ 9,947,609	\$ 10,355,512	\$ 10,813,564	\$ 11,362,970	\$ 11,994,175	\$ 11,984,655	\$ 13,172,189	\$ 14,253,456
Public safety.....	22,816,248	23,893,787	23,871,641	23,275,317	25,861,607	25,960,607	26,530,179	27,170,555	29,438,861	28,821,034
Education.....	77,464,198	79,863,607	77,192,270	80,540,822	90,812,950	95,698,115	92,752,859	100,991,589	107,943,200	112,367,216
Public works.....	10,631,214	12,913,532	12,048,448	11,598,855	12,993,064	13,073,357	13,783,618	12,652,291	14,089,422	17,743,793
Community development.....	4,268,507	4,545,071	5,576,161	5,029,219	5,683,462	3,658,595	3,235,477	3,428,730	3,048,321	4,158,369
Property and natural resources.....	2,044,335	-	-	-	-	-	-	-	-	-
Human services.....	1,376,459	1,617,701	1,739,411	1,792,014	2,023,675	1,880,010	2,112,859	2,254,316	2,285,633	2,599,295
Library.....	3,187,101	3,357,258	3,262,313	3,352,988	3,375,967	3,605,979	3,655,453	3,905,708	3,984,518	4,036,606
Culture and recreation.....	897,563	338,759	481,634	652,529	795,686	926,550	1,085,309	1,286,389	1,329,712	1,586,347
Claims and judgments.....	25,000	25,000	-	-	-	-	-	-	70,000	-
Interest.....	1,910,994	1,792,028	1,749,050	1,361,552	1,802,643	1,231,900	1,544,213	1,529,365	1,605,337	2,302,742
<b>Total government activities expenses.....</b>	<b>135,143,704</b>	<b>138,260,774</b>	<b>135,868,537</b>	<b>137,958,808</b>	<b>154,162,618</b>	<b>157,398,083</b>	<b>156,694,142</b>	<b>165,203,598</b>	<b>176,967,193</b>	<b>187,868,588</b>
<b>Business-type activities:</b>										
Water/Sewer.....	14,510,909	15,053,016	15,957,414	16,430,637	17,587,856	18,010,392	18,305,620	18,063,661	18,750,207	20,173,115
Youth Services.....	523,919	416,415	420,751	387,042	465,735	582,744	590,265	586,590	587,722	627,600
Council on Aging.....	103,857	90,648	80,716	100,544	120,856	121,014	109,930	114,109	81,089	88,375
Ed Burns Arena.....	519,886	491,960	538,807	603,557	601,659	646,235	615,885	632,989	605,009	594,477
Recreation.....	561,902	550,909	575,960	587,327	627,364	671,791	660,280	664,753	758,047	746,935
<b>Total business-type activities expenses.....</b>	<b>16,220,473</b>	<b>16,602,948</b>	<b>17,573,648</b>	<b>18,109,107</b>	<b>19,403,628</b>	<b>20,032,018</b>	<b>20,281,980</b>	<b>20,061,462</b>	<b>20,782,074</b>	<b>22,230,552</b>
<b>Total primary government expenses.....</b>	<b>\$ 151,364,177</b>	<b>\$ 154,863,722</b>	<b>\$ 153,442,185</b>	<b>\$ 156,067,915</b>	<b>\$ 173,566,246</b>	<b>\$ 177,430,101</b>	<b>\$ 176,976,122</b>	<b>\$ 185,265,060</b>	<b>\$ 197,749,267</b>	<b>\$ 210,099,410</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
General government charges for services.....	\$ 1,785,164	\$ 2,054,603	\$ 2,112,160	\$ 3,052,376	\$ 2,053,773	\$ 2,526,690	\$ 2,246,235	\$ 2,268,154	\$ 1,913,039	\$ 2,853,495
Public safety charges for services.....	3,039,873	3,184,903	3,514,618	4,359,394	4,374,659	4,234,027	4,355,275	4,795,099	4,321,115	5,384,293
Education charges for services.....	2,674,690	3,184,888	3,683,999	3,380,703	2,164,240	2,611,699	2,957,503	3,410,682	3,423,190	4,383,173
Other charges for services.....	1,547,734	1,741,943	1,722,409	1,889,450	2,075,978	2,322,698	2,517,365	3,685,216	3,505,615	3,005,599
Education operating grants and contributions.....	23,327,897	24,789,033	25,590,462	26,207,950	26,803,620	30,016,694	23,079,726	27,595,657	31,485,908	32,339,575
Other operating grants and contributions.....	4,575,412	6,803,842	5,823,061	5,669,665	6,654,675	4,731,763	3,712,772	3,372,823	3,006,122	3,276,150
Education capital grants and contributions.....	-	-	-	2,573,103	6,013,420	1,058,974	84,847	-	-	104,259
Other capital grant and contributions.....	1,261,570	439,717	818,797	279,891	787,547	1,574,503	251,334	930,611	480,762	1,752,958
<b>Total government activities program revenues.....</b>	<b>38,212,340</b>	<b>42,198,929</b>	<b>43,265,506</b>	<b>47,412,532</b>	<b>50,927,912</b>	<b>49,077,048</b>	<b>39,205,057</b>	<b>46,058,242</b>	<b>48,133,751</b>	<b>53,099,502</b>
<b>Business-type activities:</b>										
Charges for services - Water/Sewer.....	9,792,681	10,277,465	13,342,361	10,718,706	13,126,789	14,433,144	15,434,590	14,332,631	14,921,004	14,292,387
Charges for services - Youth Services.....	30,945	26,549	68,539	195,357	224,617	273,070	296,069	270,051	329,933	303,199
Charges for services - Council on Aging.....	15,820	40,716	43,927	31,312	15,449	37,909	18,441	17,551	14,333	11,906
Charges for services - Ed Burns Arena.....	511,681	518,884	538,889	553,362	557,404	596,111	593,985	603,721	629,928	618,284
Charges for services - Recreation.....	486,886	558,475	544,353	531,798	538,383	566,459	659,888	770,213	741,733	877,983
Operating grants and contributions.....	267,723	111,396	129,185	107,968	91,703	147,512	199,514	227,591	206,521	430,684
Capital grants and contributions.....	-	36,871	-	-	-	-	600,000	750,000	600,000	-
<b>Total business-type activities program revenues.....</b>	<b>11,105,736</b>	<b>11,570,356</b>	<b>14,668,254</b>	<b>12,138,503</b>	<b>14,554,345</b>	<b>16,054,205</b>	<b>17,802,487</b>	<b>16,971,758</b>	<b>17,443,452</b>	<b>16,534,443</b>
<b>Total primary government program revenues.....</b>	<b>\$ 49,318,076</b>	<b>\$ 53,769,285</b>	<b>\$ 57,933,760</b>	<b>\$ 59,551,035</b>	<b>\$ 65,482,257</b>	<b>\$ 65,131,253</b>	<b>\$ 57,007,544</b>	<b>\$ 63,030,000</b>	<b>\$ 65,577,203</b>	<b>\$ 69,633,945</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities.....	\$ (96,931,364)	\$ (96,061,845)	\$ (92,603,031)	\$ (90,546,276)	\$ (103,234,706)	\$ (108,321,035)	\$ (117,489,085)	\$ (119,145,356)	\$ (128,833,442)	\$ (134,769,356)
Business-type activities.....	(5,114,737)	(5,032,592)	(2,905,394)	(5,970,604)	(4,849,283)	(3,977,813)	(1,479,493)	(3,089,704)	(3,338,622)	(5,896,109)
<b>Total primary government net expense.....</b>	<b>\$ (102,046,101)</b>	<b>\$ (101,094,437)</b>	<b>\$ (95,508,425)</b>	<b>\$ (96,516,880)</b>	<b>\$ (108,083,989)</b>	<b>\$ (112,298,848)</b>	<b>\$ (119,968,578)</b>	<b>\$ (122,235,060)</b>	<b>\$ (132,172,064)</b>	<b>\$ (140,465,465)</b>
<b>General Revenues and other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 80,231,602	\$ 82,619,163	\$ 85,205,036	\$ 94,167,638	\$ 97,180,236	\$ 100,765,625	\$ 104,296,793	\$ 107,065,630	\$ 110,970,183	\$ 116,133,281
Tax liens.....	195,242	365,156	297,796	459,150	510,933	220,270	609,501	449,555	386,418	243,714
Motor vehicle excise taxes.....	3,775,626	3,757,148	3,898,459	3,921,568	4,066,173	4,560,606	4,668,133	5,021,825	4,775,678	5,639,563
Hotel/motel tax.....	136,490	165,114	240,164	262,094	283,497	300,875	330,739	363,125	303,939	378,783
Meals tax.....	-	-	-	307,037	326,726	413,163	401,870	409,308	415,173	444,161
Community preservation tax.....	-	-	-	-	-	-	-	1,563,920	1,612,843	1,520,324
Penalties and interest on taxes.....	172,006	267,528	338,835	252,493	352,869	294,295	420,679	388,691	295,521	314,667
Payments in lieu of taxes.....	-	6,971	-	13,973	14,419	50,941	24,750	-	51,519	25,337
Grants and contributions not restricted to specific programs.....	8,937,673	7,202,804	7,057,873	6,939,154	7,046,868	7,502,207	7,133,944	7,660,494	7,906,743	8,481,230
Unrestricted investment income.....	(1,541,229)	273,786	1,522,798	239,339	1,291,139	2,122,915	940,814	75,230	2,282,581	2,149,636
Gain on sale of capital assets.....	-	-	-	-	2,873,618	-	65,000	-	28,000	-
Miscellaneous.....	10,967	81,096	292,732	-	-	27,040	-	-	-	-
Transfers.....	(6,339,143)	(5,874,212)	(6,361,094)	(6,282,301)	(5,859,464)	(5,909,465)	(5,836,554)	(5,878,430)	(6,651,472)	(5,571,190)
<b>Total governmental activities.....</b>	<b>85,579,234</b>	<b>88,864,554</b>	<b>92,492,599</b>	<b>100,280,145</b>	<b>108,087,014</b>	<b>110,348,472</b>	<b>113,055,669</b>	<b>117,119,348</b>	<b>122,377,126</b>	<b>129,759,506</b>
<b>Business-type activities:</b>										
Unrestricted investment income.....	55,196	40,215	40,850	46,339	39,218	39,822	53,942	65,679	71,822	87,094
Transfers.....	6,339,143	5,874,212	6,361,094	6,282,301	5,859,464	5,909,465	5,836,554	5,878,430	6,651,472	5,571,190
<b>Total business-type activities.....</b>	<b>6,394,339</b>	<b>5,914,427</b>	<b>6,401,944</b>	<b>6,328,640</b>	<b>5,898,682</b>	<b>5,949,287</b>	<b>5,890,496</b>	<b>5,944,109</b>	<b>6,723,294</b>	<b>5,658,284</b>
<b>Total primary government.....</b>	<b>\$ 91,973,573</b>	<b>\$ 94,778,981</b>	<b>\$ 98,894,543</b>	<b>\$ 106,608,785</b>	<b>\$ 113,985,696</b>	<b>\$ 116,297,759</b>	<b>\$ 118,946,165</b>	<b>\$ 123,063,457</b>	<b>\$ 129,100,420</b>	<b>\$ 135,417,790</b>
<b>Changes in Net Position</b>										
Governmental activities.....	\$ (11,352,130)	\$ (7,197,291)	\$ (110,432)	\$ 9,733,869	\$ 4,852,308	\$ 2,027,437	\$ (4,433,416)	\$ (2,026,008)	\$ (6,456,316)	\$ (5,009,850)
Business-type activities.....	1,279,602	881,835	3,496,550	358,036	1,049,399	1,971,474	3,411,003	2,854,405	3,384,672	(37,825)
<b>Total primary government.....</b>	<b>\$ (10,072,528)</b>	<b>\$ (6,315,456)</b>	<b>\$ 3,386,118</b>	<b>\$ 10,091,905</b>	<b>\$ 5,901,707</b>	<b>\$ 3,998,911</b>	<b>\$ (1,022,413)</b>	<b>\$ 828,397</b>	<b>\$ (3,071,644)</b>	<b>\$ (5,047,675)</b>

(1) The Town adopted the Community Preservation Act in 2016.

**Fund Balances, Governmental Funds**

**Last Ten Years**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund</b>										
Reserved.....	\$ 1,898,508	\$ 1,807,304	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	3,369,774	4,507,981	-	-	-	-	-	-	-	-
Restricted.....	-	-	4,564,703	5,296,611	5,036,732	4,763,651	3,860,841	3,563,902	3,266,956	2,974,554
Committed.....	-	-	-	1,373,224	1,256,780	854,878	946,837	353,626	291,639	292,857
Assigned.....	-	-	1,695,144	2,616,386	4,230,527	3,806,700	7,058,067	8,308,109	6,236,202	5,610,974
Unassigned.....	-	-	9,076,608	16,808,113	17,915,224	26,292,774	29,667,361	35,231,747	41,337,204	43,327,279
<b>Total general fund.....</b>	<b>\$ 5,268,282</b>	<b>\$ 6,315,285</b>	<b>\$ 15,336,455</b>	<b>\$ 26,094,334</b>	<b>\$ 28,439,263</b>	<b>\$ 35,718,003</b>	<b>\$ 41,533,106</b>	<b>\$ 47,457,384</b>	<b>\$ 51,132,001</b>	<b>\$ 52,205,664</b>
<b>All Other Governmental Funds</b>										
Reserved.....	\$ 3,061,237	\$ 3,323,621	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	14,651,511	12,074,204	-	-	-	-	-	-	-	-
Capital projects funds.....	5,720,409	4,637,515	-	-	-	-	-	-	-	-
Permanent funds.....	3,492,146	3,492,830	-	-	-	-	-	-	-	-
Nonspendable.....	-	-	3,104,881	3,697,719	4,234,268	4,336,231	5,215,587	4,827,300	4,850,516	4,850,291
Restricted.....	-	-	16,047,091	22,314,764	23,801,892	25,166,155	25,212,323	37,693,918	37,262,898	42,369,725
Unassigned.....	-	-	-	(2,107,489)	(2,083,643)	-	-	-	(59,580)	(268,024)
<b>Total all other governmental funds.....</b>	<b>\$ 26,925,303</b>	<b>\$ 23,528,170</b>	<b>\$ 19,151,972</b>	<b>\$ 23,904,994</b>	<b>\$ 25,952,517</b>	<b>\$ 29,502,386</b>	<b>\$ 30,427,910</b>	<b>\$ 42,521,218</b>	<b>\$ 42,053,834</b>	<b>\$ 46,951,992</b>

The Town implemented GASB 54 in 2011, fund balances prior to 2011 have been reported in the pre-GASB 54 format.

**Changes in Fund Balances, Governmental Funds**

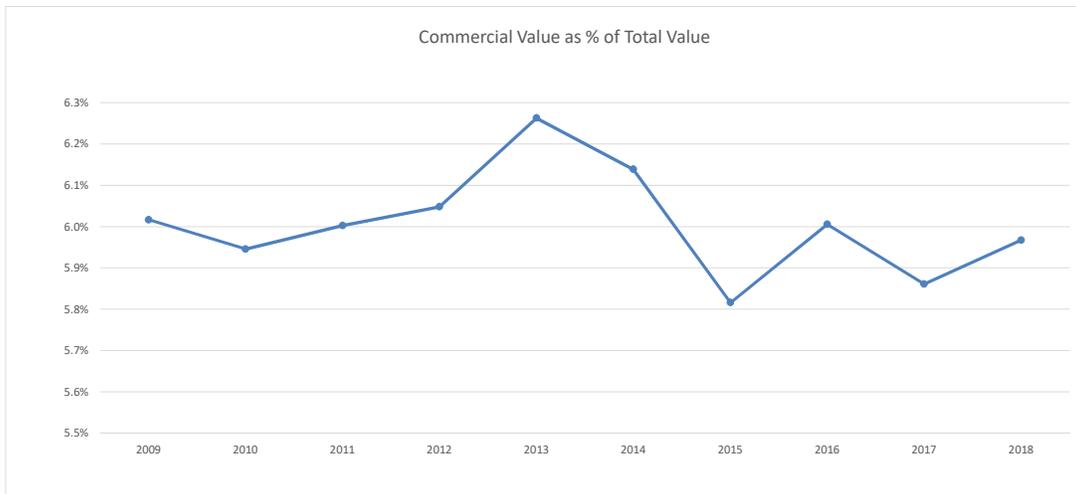
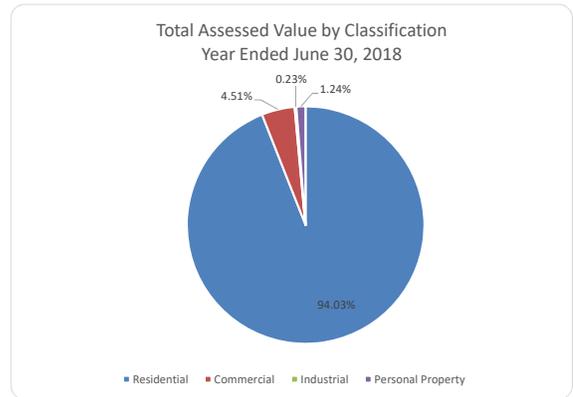
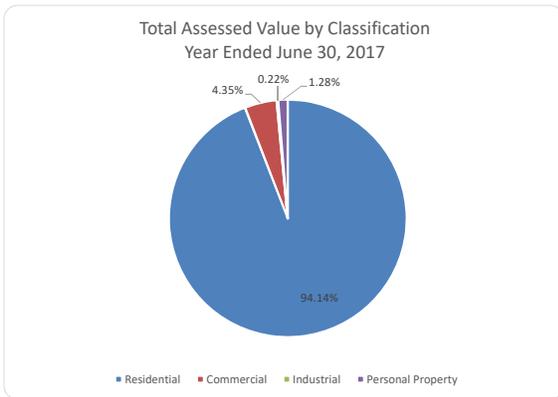
**Last Ten Years**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues:</b>										
Real estate and personal property taxes, net of tax refunds.....	\$ 79,978,351	\$ 82,576,221	\$ 85,395,133	\$ 94,165,259	\$ 97,106,730	\$ 100,601,880	\$ 104,356,339	\$ 106,883,915	\$ 110,785,109	\$ 116,018,996
Tax liens.....	244,944	375,618	299,848	251,050	384,619	355,573	574,342	449,555	470,129	89,006
Motor vehicle excise taxes.....	3,775,636	3,757,148	3,898,459	3,937,078	4,066,173	4,560,606	4,668,133	4,952,881	4,775,678	5,551,687
Hotel/motel tax.....	136,490	165,114	240,164	262,094	283,497	300,875	330,739	363,125	303,939	378,783
Meals tax.....	-	-	-	307,037	326,726	413,163	401,870	409,308	415,173	444,161
Penalties and interest of taxes.....	172,006	267,528	338,835	252,493	352,869	294,295	420,679	388,691	295,521	314,667
Fees and rentals.....	89,967	66,050	67,640	85,381	83,497	57,259	150,377	924,428	779,888	630,476
Payments in lieu of taxes.....	-	6,971	-	13,973	14,419	50,941	24,750	-	51,519	25,337
Intergovernmental - state aid.....	15,084,578	13,728,884	14,325,634	15,212,039	14,523,627	17,631,102	17,535,096	18,612,573	19,250,175	20,991,079
Intergovernmental - School Building Authority.....	2,540,434	2,531,085	2,531,085	2,531,085	2,474,796	2,474,773	2,906,266	2,474,773	2,474,773	104,259
Intergovernmental - Teachers Retirement.....	10,608,475	11,265,262	11,922,467	12,323,526	12,533,490	12,613,641	5,409,767	8,517,586	11,927,082	13,235,613
Intergovernmental - other.....	8,598,205	10,892,877	11,622,776	11,873,510	17,433,487	10,904,385	9,861,854	9,861,854	9,041,330	9,932,712
Departmental and other.....	10,809,702	11,780,145	13,160,357	14,254,287	12,494,313	14,751,042	13,891,222	15,502,783	15,588,461	17,760,883
Community preservation taxes.....	-	-	-	-	-	-	-	1,563,920	1,612,843	1,516,816
Community preservation state match.....	-	-	-	-	-	-	-	252,700	208,000	232,965
Contributions and donations.....	502,217	958,915	206,037	853,012	1,122,155	446,350	806,893	266,459	357,663	305,596
Investment income.....	(1,541,229)	273,786	1,522,798	239,339	1,291,139	2,124,371	942,238	76,771	2,283,783	2,149,636
<b>Total Revenues.....</b>	<b>130,999,776</b>	<b>138,645,604</b>	<b>145,531,233</b>	<b>156,561,163</b>	<b>164,491,537</b>	<b>167,580,256</b>	<b>161,032,675</b>	<b>171,501,322</b>	<b>180,621,066</b>	<b>189,682,672</b>
<b>Expenditures:</b>										
General government.....	5,260,780	4,678,915	4,770,832	5,591,207	5,371,079	5,768,149	6,431,820	6,037,176	7,023,366	8,005,532
Public safety.....	14,162,603	14,348,411	14,250,660	14,784,140	15,984,429	15,830,964	16,723,891	16,975,539	17,835,695	18,192,528
Education.....	50,338,732	51,546,279	48,632,925	51,636,708	57,793,536	60,955,050	65,744,720	69,554,312	71,210,337	76,372,013
Public works.....	7,908,979	9,059,177	8,528,793	8,373,331	9,499,359	9,441,365	10,189,404	9,013,675	10,050,701	13,095,510
Community development.....	4,064,825	4,265,770	5,298,426	4,793,799	5,300,676	3,313,848	2,847,981	3,062,102	2,666,189	3,780,962
Property and natural resources.....	1,552,496	-	-	-	-	-	-	-	-	-
Human services.....	1,050,278	1,312,893	1,353,561	1,434,642	1,573,147	1,494,567	1,672,351	1,809,479	1,796,175	2,105,473
Library.....	2,013,140	2,139,370	2,111,433	2,267,915	2,202,428	2,324,108	2,428,630	2,528,623	2,532,885	2,722,171
Culture and recreation.....	885,563	345,759	537,771	693,334	436,180	748,310	911,712	1,066,656	1,910,472	1,371,261
Pension benefits.....	6,641,995	6,576,109	6,950,943	7,322,678	7,700,658	8,138,390	8,639,027	9,133,401	9,614,800	11,278,993
Pension benefits - Teachers Retirement.....	10,608,475	11,265,262	11,922,467	12,323,526	12,533,490	12,613,641	5,409,767	8,517,586	11,927,082	13,235,613
Property and liability insurance.....	294,097	264,569	246,375	258,592	261,950	292,555	309,399	328,044	326,617	331,138
Employee benefits.....	18,214,186	16,892,684	16,183,767	13,573,190	14,676,220	15,074,284	15,840,665	15,918,197	16,091,140	15,151,804
Claims and judgments.....	25,000	25,000	-	-	-	-	-	-	70,000	-
State and county charges.....	2,645,607	2,671,798	2,725,122	2,762,765	3,060,174	3,009,401	3,077,899	3,089,181	3,118,634	3,173,429
Capital outlay.....	2,611,501	4,794,301	10,378,952	8,782,789	19,458,251	8,719,465	11,280,462	10,853,054	21,541,712	30,048,312
Debt service:										
Principal.....	5,502,000	5,810,000	6,189,000	6,338,000	6,550,000	7,257,000	7,276,000	7,823,000	8,002,000	8,175,000
Interest.....	2,036,008	2,014,095	1,971,479	1,663,330	1,706,492	1,696,169	1,665,452	1,982,228	1,924,703	3,337,614
<b>Total Expenditures.....</b>	<b>135,816,265</b>	<b>138,010,392</b>	<b>142,052,506</b>	<b>142,599,946</b>	<b>164,108,069</b>	<b>156,677,266</b>	<b>160,449,180</b>	<b>167,692,253</b>	<b>187,642,508</b>	<b>210,377,353</b>
Excess (deficiency) of revenues over (under) expenditures.....	(4,816,489)	635,212	3,478,727	13,961,217	383,468	10,902,990	583,495	3,809,069	(7,021,442)	(20,694,681)
<b>Other Financing Sources (Uses):</b>										
Issuance of bonds.....	3,875,000	2,559,000	7,258,000	7,449,350	5,786,650	5,551,000	11,018,000	19,319,000	14,030,300	28,652,700
Issuance of refunding bonds.....	-	-	-	6,311,000	2,205,000	-	-	3,225,000	-	-
Premium from issuance of bonds and notes.....	129,850	329,870	269,339	300,352	1,135,212	284,084	910,686	767,947	2,050,693	3,584,992
Premium from issuance of refunding bonds.....	-	-	-	476,376	198,118	-	-	197,395	-	-
Payments to refunded bond escrow agent.....	-	-	-	(6,705,093)	(2,330,150)	-	-	(3,422,395)	-	-
Sale of capital assets.....	-	-	-	-	2,873,618	-	65,000	-	28,000	-
Transfers in.....	3,034,844	4,839,125	2,050,358	2,676,197	3,199,736	7,266,605	5,035,917	3,347,260	3,985,470	7,847,816
Transfers out.....	(9,009,735)	(10,713,337)	(8,411,452)	(8,958,498)	(9,059,200)	(13,176,070)	(10,872,471)	(9,225,690)	(9,865,788)	(13,419,006)
<b>Total other financing sources (uses).....</b>	<b>(1,970,041)</b>	<b>(2,985,342)</b>	<b>1,166,245</b>	<b>1,549,684</b>	<b>4,008,984</b>	<b>(74,381)</b>	<b>6,157,132</b>	<b>14,208,517</b>	<b>10,228,675</b>	<b>26,666,502</b>
Net change in fund balance.....	\$ (6,786,530)	\$ (2,350,130)	\$ 4,644,972	\$ 15,510,901	\$ 4,392,452	\$ 10,828,609	\$ 6,740,627	\$ 18,017,586	\$ 3,207,233	\$ 5,971,821
Debt service as a percentage of noncapital expenditures.....	5.66%	5.87%	6.20%	5.98%	5.71%	6.05%	5.99%	6.25%	5.98%	6.38%

**Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates**

Last Ten Years

Year	Assessed and Actual Values and Tax Rates									
	Residential Value	Residential & Personal Property Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Direct Rate (1)	Total Town Value	
2009	\$ 6,382,182,512	\$ 11.92	\$ 304,834,211	\$ 21,787,300	\$ 81,968,320	\$ 408,589,831	\$ 11.92	\$ 11.92	\$ 6,790,772,343	
2010	6,482,931,507	12.11	294,051,850	20,969,800	94,783,100	409,804,750	12.11	12.11	6,892,736,257	
2011	6,510,546,607	12.41	296,363,250	20,696,800	98,709,740	415,769,790	12.41	12.41	6,926,316,397	
2012	6,534,177,068	13.66	297,247,489	20,969,800	102,400,210	420,617,499	13.66	13.66	6,954,794,567	
2013	6,750,291,829	13.61	332,259,203	16,149,400	102,576,650	450,985,253	13.61	13.61	7,201,277,082	
2014	6,924,743,377	13.79	331,293,424	16,149,400	105,443,220	452,886,044	13.79	13.79	7,377,629,421	
2015	7,318,205,556	13.55	332,008,695	16,149,400	103,748,620	451,906,715	13.55	13.55	7,770,112,271	
2016	8,002,595,342	12.80	378,899,077	17,588,600	114,815,530	511,303,207	12.80	12.80	8,513,898,549	
2017	8,427,530,080	12.56	389,586,036	20,065,800	115,034,490	524,686,326	12.56	12.56	8,952,216,406	
2018	9,089,724,151	12.13	435,538,655	21,771,100	119,511,960	576,821,715	12.13	12.13	9,666,545,866	



(1) Weighted average direct tax rate, calculated as weighted average of residential, commercial and personal property tax rates.

Source: Assessor's Department, Town of Arlington

All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

**Principal Taxpayers**  
**Current Year and Nine Years Ago**

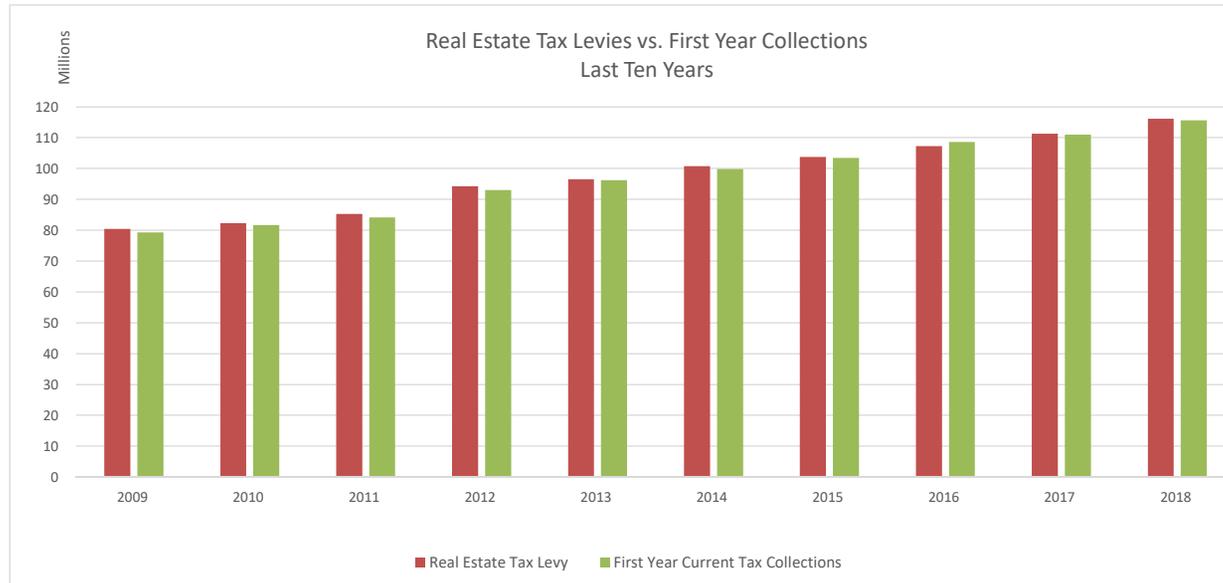
Name	Nature of Business	2018			2009		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
FHF Arlington 360 LLC	Residential	\$ 67,624,800	1	0.70%			
US Reif Brigham Square	Residential & Commercial	41,782,400	2	0.43%			
Boston Gas Company	Utility	38,504,480	3	0.40%			
Nostalgia Properties LLC	Residential	37,144,001	4	0.38%	\$ 28,620,890	3	0.42%
NSTAR	Utility	36,358,280	5	0.38%			
Mirak-Bendetson Dev LLC	Residential	33,321,000	6	0.34%			
Old Colony Realty Partners LLC	Residential	27,036,100	7	0.28%			
Brentwood Realty Partners LLC	Residential	22,589,300	8	0.23%			
Millbrook Square Apartments Co.	Residential	21,006,200	9	0.22%	15,399,300	9	0.23%
Claremont Arlington Suites LLC	Hotel	20,833,600	10	0.22%			
Arlington Center Garage	Auto Sales, Service, & Leasing				47,425,500	1	0.70%
Wilfert, David & James	Commercial & Residential				46,085,100	2	0.68%
Davidson Arthur & Henry	Commercial & Residential				28,260,600	4	0.42%
Johnson, Elbridge S. Jr.	Commercial & Residential				24,357,350	5	0.36%
Johnson, Arthur W. Tr.	Residential				21,754,400	6	0.32%
New England Telephone	Telephone				20,228,600	7	0.30%
Keyspan	Utility				17,098,520	8	0.25%
WNC Somerset Company	Golf Course				11,583,180	10	0.17%
		Totals \$ <u>346,200,161</u>		<u>3.58%</u>	\$ <u>260,813,440</u>		<u>3.84%</u>

Source: Assessor's Department

**Property Tax Levies and Collections**

**Last Ten Years**

Year	(1) Total Tax Levy	Less Reserve for Abatements & Exemptions	(1) Net Tax Levy	Net as % of Total	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy (2)
2009	\$ 80,946,006	\$ 566,909	\$ 80,379,097	99.30%	\$ 79,261,095	98.61%	\$ 306,100	\$ 79,567,195	98.99%
2010	83,471,036	1,153,427	82,317,609	98.62%	81,696,636	99.25%	467,579	82,164,215	99.81%
2011	85,958,974	670,331	85,288,643	99.22%	84,147,130	98.66%	663,386	84,810,516	99.44%
2012	95,002,494	808,924	94,193,570	99.15%	93,056,606	98.79%	296,321	93,352,927	99.11%
2013	98,009,381	1,454,204	96,555,177	98.52%	96,171,161	99.60%	460,167	96,631,328	100.08%
2014	101,737,510	1,019,663	100,717,847	99.00%	99,833,961	99.12%	356,262	100,190,223	99.48%
2015	105,285,021	1,534,082	103,750,939	98.54%	103,386,357	99.65%	624,694	104,011,051	100.25%
2016	108,977,901	1,746,721	107,231,180	98.40%	108,549,654	101.23%	503,133	109,052,787	101.70%
2017	112,439,838	1,202,533	111,237,305	98.93%	111,001,544	99.79%	215,560	111,217,104	99.98%
2018	117,255,201	1,156,229	116,098,972	99.01%	115,609,420	99.58%	-	115,609,420	99.58%



(1) Includes tax liens.

(2) If the actual abatements and exemptions are lower than the estimate, the actual collections can exceed the net levy.

Source: Official Statements, Town of Arlington.

## Ratios of Outstanding Debt by Type

### Last Ten Years

Year	Governmental Activities		Business-type Activities		Total Debt Outstanding	Percentage of Personal Income (2)	U. S. Census Population	Debt Per Capita
	General Obligation Bonds (1)							
2009	\$ 53,595,000	\$ 5,567,437	\$ 59,162,437		3.73%	41,075	\$ 1,440	
2010	50,344,000	6,928,959	57,272,959		3.31%	41,144	1,392	
2011	51,413,000	6,019,014	57,432,014		3.05%	40,993	1,401	
2012	52,480,350	7,014,645	59,494,995		3.27%	41,724	1,426	
2013	52,911,929	7,882,350	60,794,279		3.53%	42,844	1,419	
2014	50,995,157	8,430,772	59,425,929		3.19%	42,844	1,387	
2015	55,460,548	9,219,232	64,679,780		3.24%	43,711	1,480	
2016	67,321,861	9,148,916	76,470,777		3.65%	44,028	1,737	
2017	74,891,220	8,928,200	83,819,420		3.63%	44,815	1,870	
2018	98,032,658	9,464,100	107,496,758		4.56%	45,263	2,375	

(1) Presented net of original issuance discounts and premiums.

(2) Personal income is disclosed on the Schedule of Demographic and Economic Statistics.

Source: Audited Financial Statements, U. S. Census

## Ratios of General Bonded Debt Outstanding

### Last Ten Years

Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
------	--------------------------------	---	-------------------

2009	\$ 59,162,437	0.87%	\$ 1,440
2010	57,272,959	0.83%	1,392
2011	57,432,014	0.83%	1,401
2012	59,494,995	0.86%	1,426
2013	60,794,279	0.84%	1,419
2014	59,425,929	0.81%	1,387
2015	64,679,780	0.83%	1,480
2016	76,470,777	0.90%	1,737
2017	83,819,420	0.94%	1,870
2018	107,496,758	1.11%	2,375

(1) Property value data is disclosed on the Schedule of Assessed Value of Taxat and Tax Rates.

(2) Population data is disclosed on the Schedule of Demographic and Economic

Source: Audited Financial Statements, U. S. Census

**Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2018**

<u>Overlapping Entities</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Share of Overlapping Debt</u>
Debt repaid with property taxes			
Massachusetts Bay Transit Authority.....	\$ 5,390,295	1.74%	\$ 93,899
Town direct debt.....			<u>98,032,658</u>
Total direct and overlapping debt.....			<u>\$ 98,126,557</u>

Source: Official Statements

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule calculates the portion of the outstanding debt of those overlapping governments that is borne by the taxpayers of Town. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**Computation of Legal Debt Margin**

**Last Ten Years**

**(Amounts in Thousands)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Equalized Valuation.....	\$ 7,558,648	\$ 7,558,648	\$ 7,388,658	\$ 7,388,658	\$ 7,527,776	\$ 7,527,776	\$ 7,913,085	\$ 7,913,085	\$ 9,073,201	\$ 9,073,201
Debt Limit -5% of Equalized Valuation.....	\$ 377,932	\$ 377,932	\$ 369,433	\$ 369,433	\$ 376,389	\$ 376,389	\$ 395,654	\$ 395,654	\$ 453,660	\$ 453,660
Less:										
Outstanding debt applicable to limit.....	28,593	28,224	31,562	30,076	32,759	32,369	38,985	38,078	58,621	83,170
Authorized and unissued debt applicable to limit.....	19,238	23,212	39,139	44,327	32,940	39,777	27,646	31,789	63,587	15,713
Legal debt margin.....	\$ 330,101	\$ 326,496	\$ 298,732	\$ 295,030	\$ 310,690	\$ 304,243	\$ 329,023	\$ 325,787	\$ 331,452	\$ 354,777
Total debt applicable to the limit as a percentage of debt limit.....	12.66%	13.61%	8.54%	20.14%	17.46%	19.17%	16.84%	17.66%	26.94%	21.80%

Source: Assessor's Office

## Demographic and Economic Statistics

### Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2009	41,075	\$ 1,585,125,325	\$ 38,591	41.9	4,787	6.3%
2010	41,144	1,731,380,664	42,081	41.9	4,843	6.1%
2011	40,993	1,882,152,602	45,914	41.9	4,914	4.7%
2012	41,724	1,820,710,188	43,637	41.9	4,967	3.8%
2013	42,844	1,722,500,176	40,204	41.9	5,106	4.8%
2014	42,844	1,860,029,416	43,414	41.9	5,999	3.8%
2015	43,711	1,995,581,994	45,654	41.9	5,323	3.3%
2016	44,028	2,093,883,624	47,558	41.9	5,304	2.6%
2017	44,815	2,311,512,885	51,579	42.3	5,524	4.8%
2018	45,263	2,357,974,294	52,095	42.3	5,741	2.1%

Source: U. S. Census, Division of Local Services  
 Median age is based on most recent census data

**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	Nature of Business	2018			2009		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Armstrong Ambulance	Medical Transportation	350	1	4.31%	350	1	3.82%
American Alarm	Security Specialists	200	2	2.46%	108	6	1.18%
Mirak Hyundai, Inc.	Car Dealership	200	3	2.46%			
Whole Foods Market	Grocery Store	148	4	1.82%			
Sunrise Assisted Living	Elder Care Facility	125	5	1.54%			
Germain Lawrence, Inc.	Education (Special Needs)	120	6	1.48%	260	2	2.84%
Park Avenue Nursing Home	Elder Care Facility	110	7	1.35%			
Children's Music Network	Education	100	8	1.23%			
Dearborn Academy	Education	100	9	1.23%	88	9	0.96%
Mirak Chevrolet, Inc.	Car Dealership	100	10	1.23%	103	8	1.12%
Parish of St. Agnes	Catholic Elementary School & Youth Center				150	3	1.64%
Stop & Shop	Grocery Store				131	4	1.43%
Commonwealth of Massachusetts	Social Services				120	5	1.31%
United States Post Office	Mail Delivery Service				104	7	1.14%
Johnny's Foodmaster	Grocery Store				79	10	0.86%
Totals		<u>1553</u>		<u>19.12%</u>	<u>1493</u>		<u>16.30%</u>

Source: Massachusetts Department of Employment and Training and Official Statements

**Full-time Equivalent Town Employees by Function**

**Last Ten Years**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Function										
General government.....	98	93	92	94	93	94	92	90	94	94
Public safety.....	162	162	160	163	164	165	166	171	173	170
Public works.....	82	82	79	78	77	77	77	76	76	78
Human services.....	13	13	11	13	13	14	15	15	14	14
Culture and recreation.....	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
Total .....	<u>361</u>	<u>356</u>	<u>348</u>	<u>354</u>	<u>352</u>	<u>355</u>	<u>355</u>	<u>357</u>	<u>362</u>	<u>361</u>

Source: Various Town Departments  
Does not include school employees

**Operating Indicators by Function/Program**

**Last Ten Years**

<b>Function/Program</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>General Government</b>										
Registered voters.....	29,887	30,010	28,909	30,636	30,541	30,846	30,225	30,225	30,884	30,445
Town Clerk:										
Births.....	579	573	534	576	600	564	571	577	519	556
Marriages.....	231	5,218	227	218	227	196	190	198	179	189
Deaths.....	344	361	341	319	313	350	384	384	366	378
Dogs licensed.....	1,506	1,628	1,800	1,780	1,808	2,273	2,258	2,229	2,214	2,234
Zoning Board of Appeals petitions filed.....	19	36	24	17	12	5	15	23	21	20
<b>Public Works</b>										
Recycling:										
Solid Waste (tons).....	15,359	15,166	14,537	14,214	12,602	12,846	12,603	13,000	12,540	12,714
Commingled (tons).....	1,228	4,300	4,395	4,652	5,257	5,271	5,297	5,400	5,224	5,307
Yard Waste (tons).....	3,216	2,421	2,331	2,381	3,986	3,488	3,505	3,500	2,578	3,194
<b>Police</b>										
Calls for service ("Emergency Calls").....	25,268	26,732	27,483	30,168	32,101	28,629	29,405	28,798	31,792	29,998
Crimes reported ("Police Reports").....	3,510	3,810	3,638	3,488	3,475	3,267	3,616	3,462	4,209	3,762
Arrests.....	309	293	226	209	239	179	188	166	113	156
Motor vehicle citations.....	3,369	3,567	4,049	3,914	3,817	2,855	2,351	1,923	3,100	2,458
Parking tickets issued.....	14,456	13,533	12,548	13,827	14,327	15,383	12,196	12,743	18,171	14,370
Animal Control:										
Calls for service ("Animal Complaints").....	690	671	649	547	468	591	414	843	641	633
<b>Fire</b>										
Fire related calls.....	1,852	2,269	1,960	2,012	1,779	1,963	1,874	2,000	2,028	1,967
Emergency Medical Service reponses.....	2,866	2,779	2,857	2,740	2,767	2,845	3,269	2,768	3,177	3,071
Permits.....	901	942	861	982	1,032	1,066	972	1,076	1,099	1,049
EMS staff (EMTs / First Responders).....	67/5	69/3	67/3	73/3	73/2	74/2	71/1	71/1	77/0	77/0
<b>Health &amp; Human Services</b>										
Board of Health:										
Permits issued.....	307	305	390	414	437	431	443	450	411	435
Inspections.....	783	812	699	1,060	1,260	1,241	1,174	1,200	1,695	1,356
<b>Recreation</b>										
Season passes:										
Summer.....	1,349	1,634	1,832	1,823	1,165	2,915	3,177	3,150	2,794	3,040
Fall.....	1,057	920	1,110	1,263	1,862	1,731	1,924	1,900	1,130	1,651
Winter.....	905	1,506	1,207	2,012	1,236	1,860	2,313	1,300	1,300	1,638
Spring.....	732	812	772	786	2,826	2,413	2,069	2,000	1,414	1,828
Res Tags.....	1,129	1,467	1,364	1,364	1,480	1,431	1,281	1,360	1,884	1,508
Kids Care Memberships.....	n/a	n/a	n/a	n/a	42	85	148	150	144	147
<b>Libraries</b>										
Circulation.....	599,911	625,673	641,692	665,215	671,331	697,679	735,002	757,028	731,597	741,209
Visitors.....	306,389	319,673	321,898	325,550	325,915	313,203	300,291	296,367	286,667	294,442
<b>Education</b>										
Minuteman High School day program participants.....	126	111	102	123	125	156	146	150	121	139
Minuteman High School post-graduate program participants..	9	20	13	16	14	12	6	10	2	6

N/A: Information not available  
 Source: Various Town Departments

## Capital Asset Statistics by Function/Program

### Last Ten Years

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Government										
Number of buildings.....	40	40	40	40	40	40	40	37	37	37
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	3	3	3	3	3	3	3	3	3	3
Education										
Number of elementary schools.....	7	7	7	7	7	7	7	7	7	7
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works										
Number of buildings.....	2	2	2	2	2	2	2	2	2	2
Number of garages.....	2	2	2	2	2	2	2	2	2	2
Number of Salt Sheds.....	2	2	2	2	2	2	2	2	2	2
Roads - Public (miles).....	92	92	92	92	92	92	92	92	92	92
Sidewalks - Public (miles).....	131	131	131	131	131	131	131	131	131	131
Handicap Ramps.....	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552
Water Mains (miles).....	130	130	130	130	130	130	130	130	130	130
Pressure Regulating Valves.....	6	6	6	6	6	6	6	6	6	6
Sewer Mains (miles).....	117	117	117	117	117	117	117	117	117	117
Sewer Manholes.....	3,356	3,356	3,356	3,356	3,356	3,356	3,356	3,356	3,356	3,356
Sewer Pumping Stations.....	9	9	9	9	9	9	9	9	9	9
Storm Drains (miles).....	77	77	77	77	77	77	77	77	77	77
Drain Manholes.....	2,566	2,566	2,566	2,566	2,566	2,566	2,566	2,566	2,566	2,566
Catch Basins.....	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700
Traffic Signals.....	29	29	29	29	29	29	29	29	29	29
Pedestrian Activated Flashers.....	3	3	3	3	3	3	3	3	3	3
Beacons, School Zones, Flashers.....	8	8	8	8	8	8	8	8	8	8
Cemetery Buildings.....	2	2	2	2	2	2	2	2	2	2
Cemetery Acreage.....	68	68	68	68	68	68	68	68	68	68
Human Services										
Council on aging - senior center.....	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Recreation land (acreage).....	279	279	279	279	279	279	279	279	279	279
Playgrounds.....	16	16	16	16	16	16	16	16	16	16
Ball fields.....	24	24	24	24	24	24	24	24	24	24
Basketball Courts.....	11	11	11	11	11	11	11	11	11	11
Tennis Complexes.....	4	4	4	4	4	4	4	4	4	4
Splash Pools/Spray Parks.....	2	2	2	2	2	2	2	2	2	2
Off Leash Recreational Area (for dogs).....	1	1	1	1	1	1	1	1	1	1
Bocce Courts.....	1	1	1	1	1	1	1	1	1	1
Ice Skating Rinks.....	1	1	1	1	1	1	1	1	1	1
Libraries.....	2	2	2	2	2	2	2	2	2	2

Source: Various Town Departments



Town Hall Gardens