



Town of Arlington, Massachusetts Public Annual Financial Report

Fiscal Year Ending June 30, 2018

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

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

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

Complete Town budgets can be found at arlingtonma.gov/budget.



THE TOWN OF ARLINGTON

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

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

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

The Town Manager is the chief executive officer of the Town, managing the day-to-day business of Town departments. These departments include: Public Works, Police, Fire, Libraries, Legal, Planning, Human Resources, Treasurer/Collector, Comptroller, Assessing, Information Technology, Inspectional Services, Health and Human Services, Recreation, Facilities, and the Ed Burns Arena.

Under independent authority are the Select Board, Board of Assessors, and the Town Clerk. The School Committee handles school administration and appoints the Superintendent. All departments consist of approximately 800 full-time employees.

IN THIS REPORT

The information in this report is a snapshot of the Town's basic financial condition. It is a summary of where Arlington is now and how it compares to other, similar communities.

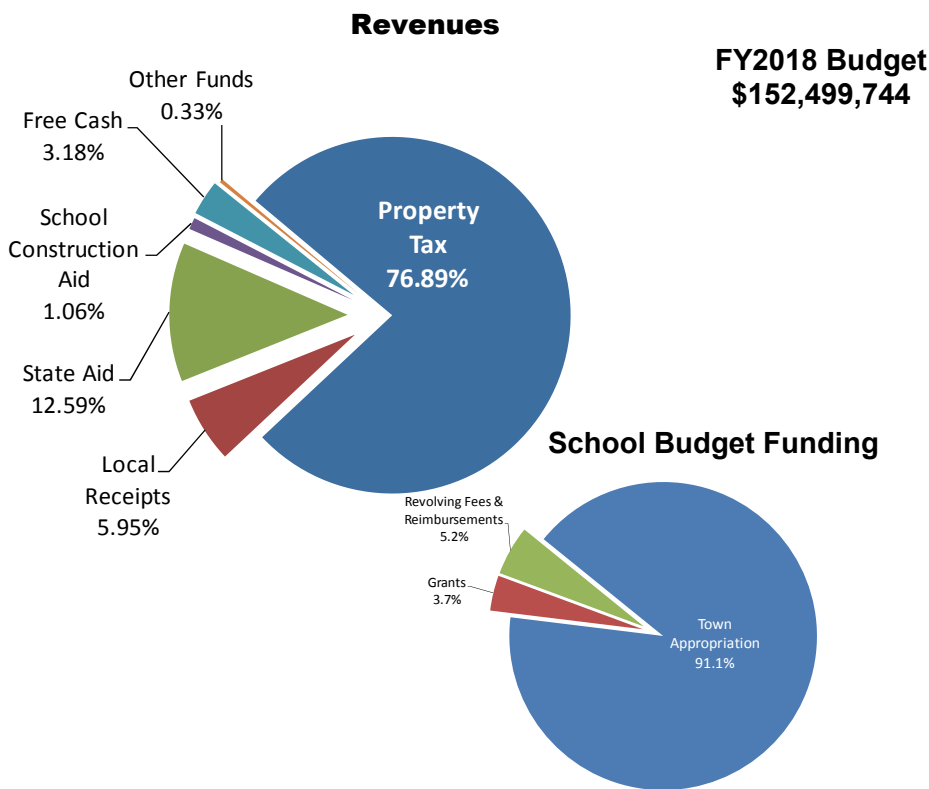
On **Page 2** you will find a breakdown of Arlington's revenues and expenditures. As you will see, Arlington's primary source of revenue is the Property Tax, followed by State Aid. Also on Page 2 is a budget summary and projection for FY2019 that provides more detail on the year-to-year growth of the Town budget.

Page 3 compares Arlington's Average Single Family Tax Bill, Average New Growth, and Total Per Capita Spending with other comparable communities, as well as the state average. These communities provide a reference point from which to understand Arlington's financial situation.

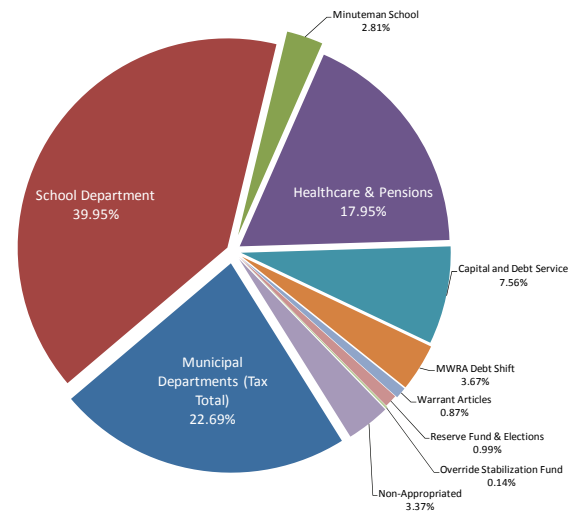
A description of the Arlington High School Building Project and of debt exclusions can be found on **Page 4**.

Where the Money Comes From

...and Where it Goes



Expenditures



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

Budget Summary & FY2019 Projection

The summary provided below demonstrates the year-to-year growth between Fiscal Year 2018 and Fiscal Year 2019. This growth is consistent with the tenets of the Long Range Financial Plan. More detailed information and a glossary of terms, including the Town's long range financial plan can be found at: www.arlingtonma.gov/budget.

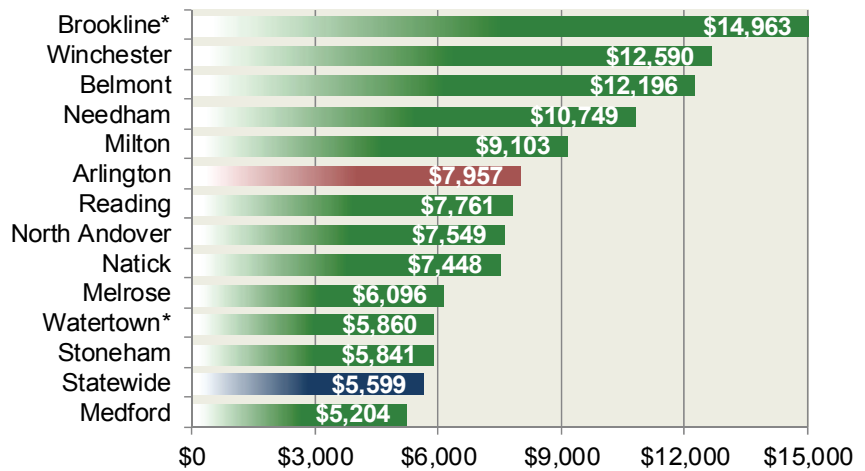
Revenue	FY2018	FY2019	\$ Change	%
Property Tax	\$ 117,255,201	\$ 123,722,451	\$ 6,467,250	5.5%
Local Receipts	\$ 9,071,000	\$ 9,171,000	\$ 100,000	1.1%
State Aid	\$ 19,207,063	\$ 19,958,018	\$ 750,955	3.9%
School Construction Aid	\$ 1,615,914	\$ 476,523	\$ (1,139,391)	-70.5%
Free Cash	\$ 4,850,566	\$ 4,593,375	\$ (257,191)	-5.3%
Other Funds & Override Stabilization Fund	\$ 500,000	\$ 2,986,331	\$ 2,486,331	497.3%
Transfers/Offsets	\$ 2,436,791	\$ 2,490,562	\$ 53,771	-
TOTAL REVENUES	\$ 154,936,535	\$ 163,398,260	\$ 8,461,725	5.5%
Expenditures				
<i>Municipal Departments Appropriations *</i>	\$ 37,036,557	\$ 38,214,820	\$ 1,178,263	3.2%
<i>Transfer/Offsets</i>	\$ (2,436,791)	\$ (2,490,562)	\$ (53,771)	2.2%
Municipal Departments (Taxation Total)	\$ 34,599,766	\$ 35,724,258	\$ 1,124,492	3.2%
School Department	\$ 60,928,485	\$ 66,253,022	\$ 5,324,537	8.7%
Minuteman School	\$ 4,291,333	\$ 4,936,724	\$ 645,391	15.0%
Non-Departmental (Healthcare & Pensions)	\$ 27,381,296	\$ 27,924,645	\$ 543,349	2.0%
Capital (Includes Debt Service)	\$ 11,523,825	\$ 12,857,157	\$ 1,333,332	11.6%
MWRA Debt Shift	\$ 5,593,112	\$ 5,593,112	\$ -	0.0%
Warrant Articles	\$ 1,319,355	\$ 1,153,137	\$ (166,218)	-12.6%
Fixed Costs- Reserve Fund & Elections	\$ 1,506,440	\$ 1,553,287	\$ 46,847	3.1%
Override Stabilization Fund Deposit	\$ 211,136	\$ -	\$ (211,136)	-100.0%
TOTAL EXPENDITURES	\$ 147,354,748	\$ 155,995,342	\$ 8,640,594	5.9%
Non-Appropriated Expenses	\$ 5,144,996	\$ 4,912,356	\$ (232,640)	-4.5%
Surplus / (Deficit)	\$ -	\$ -	\$ -	0.0%

*The FY18 and FY19 Budgets show offsets as a revenue source, per guidance from the Department of Revenue.

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

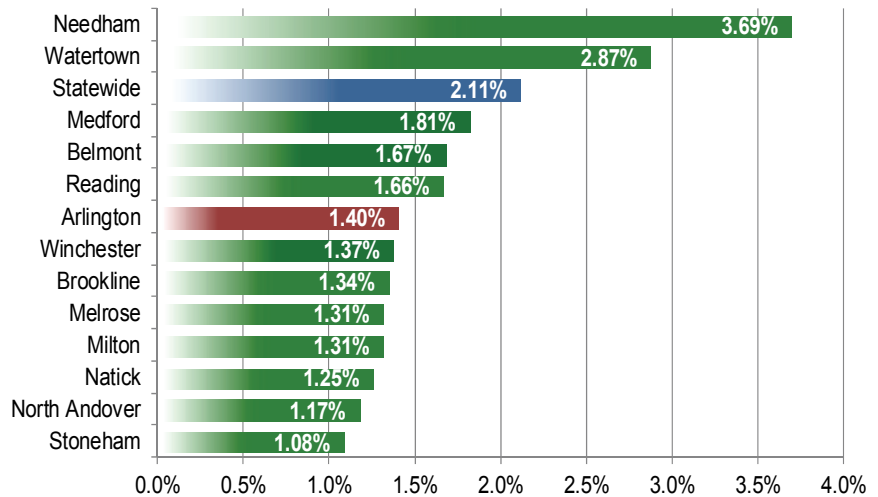
Due to relatively high home values, Arlington residents tend to pay a higher tax bill than the state average. While this places Arlington near the middle in terms of its comparable communities, it is still significantly below neighbors Belmont and Winchester.

Average Single Family Tax Bill FY18



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

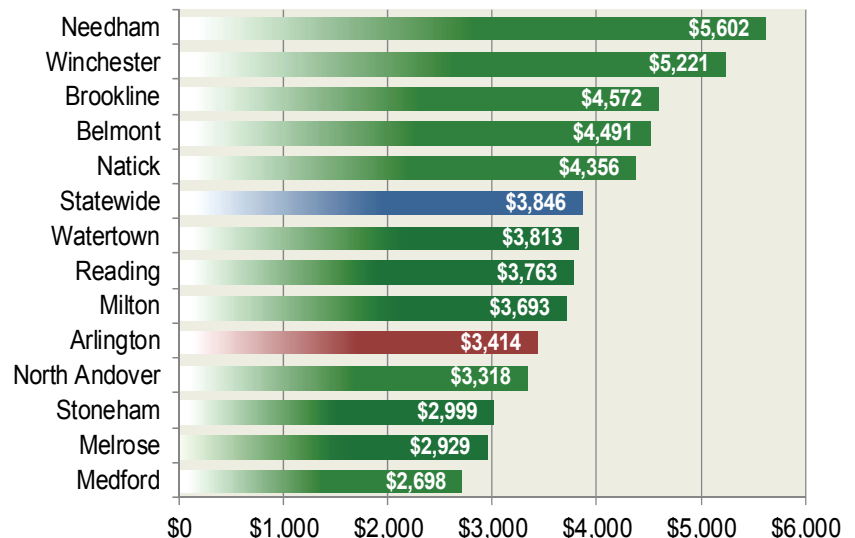
Average New Growth FY16 - FY18



Average New Growth: Under Proposition 2½ local property taxes cannot be increased by more than 2.5% plus tax revenues from new construction added to the tax base. Consequently, for many communities, **New Growth** is an important revenue source.

Arlington's New Growth has been in the middle of its comparable communities, however it falls short of the state-wide average.

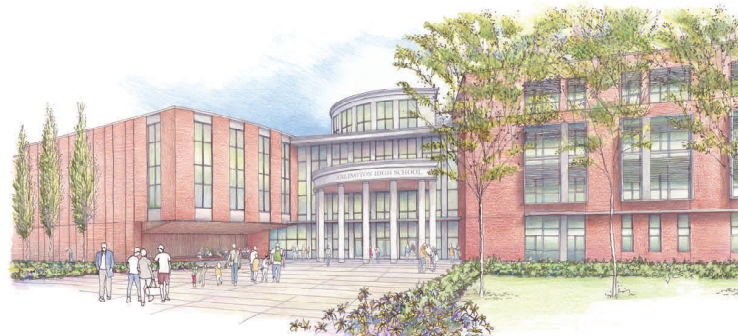
Total Per Capita Spending FY18



Per Capita Spending is calculated from the total expenditures divided by population, which provides a point of comparison for how much the Town spends proportionate to its size and makes possible comparisons of spending among Towns, while accounting for population.

Arlington is in the bottom half of per capita spending relative to its comparable communities. It is also below the state average of \$3,507. The Town spending does not create a structural deficit, the lack of revenue creates the deficit.

Arlington High School Building Project



Arlington is partnering with the state to rebuild our high school because it no longer meets today's educational needs. Additionally, growing enrollment will soon push it over capacity and it is on accreditation warning because of a deteriorating facility. The new high school will be one of the Town's most significant capital investments and will serve Arlington for generations.

The new school is the product of over two years of planning and community input. It is designed for 1,755 students. The design concept was selected because it was the best combination of cost-effectiveness,

educational design, and construction timeline. Embodying Arlington's educational vision, the new building will allow educators to deliver modern instruction in a safe, welcoming environment. Construction could begin as early as July 2020. The new Performing Arts and STEAM (Science, Technology, Engineering, Arts & Math) wings are estimated to be open to students in 2022, with construction of the new school fully completed in 2024.

As dictated by the state's process, the total cost of the building will not exceed the total overall budget of \$291M. The estimated per household impact to taxpayers is approximately \$800 per year, based on an average assessed single-family home property value of \$752,184. The project's cost is comparable to other high school projects in the Boston area with similar student populations and site complexities. In addition, a sustainable design will reduce lifecycle costs for our largest town-owned building, helping Arlington reach its goal of being carbon neutral by 2050.

The state will fund up to one-third of the cost, and Arlington's share of the project will be funded through a town-wide debt exclusion vote on June 11. For more information about the design, educational vision, and cost, visit www.ahsbuilding.org.

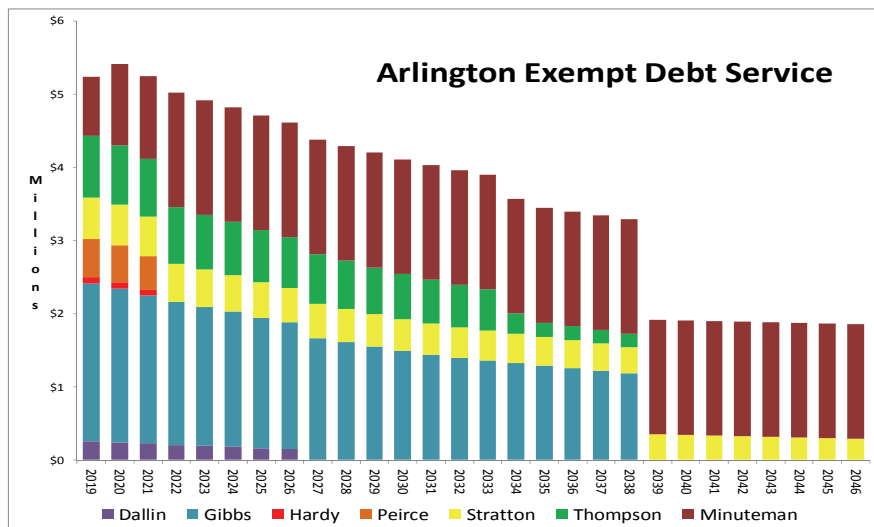
Debt Exclusions

Starting in 2003, voters in the Town of Arlington passed multiple debt exclusions to fund repairs and renovations to our school buildings.

A debt exclusion is a majority vote by town residents to temporarily increase their property tax bills to pay for capital improvement projects. The Town borrows funds for such construction projects and uses the increased tax revenue from the debt exclusion to repay the borrowed funds. Each year that a debt exclusion is in place, taxes increase to match annual debt payments. Once the borrowing for the project is paid off, the tax increase ends.

School	Final Payment Year
Bishop	2018
Brackett	2018
Hardy	2018
Peirce	2021
Dallin	2026
Gibbs	2038
Thompson	2038
Stratton	2046
Minuteman *	2051

* Estimated



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