

FINANCIAL MANAGEMENT SERVICES

FINANCE COMMITTEE

During 2018 Chairman Allan Tosti led the Finance Committee (FinCom), assisted by Vice-Chairs Christine Deshler, Charles Foskett, and Alan Jones. Peter Howard served as Secretary. The FinCom has twenty-one positions, one for each precinct. The appointing authority (Moderator, Trust Fund Commissioners Chair, FinCom Chair) acted to reappoint all members whose terms had been completed and to fill two vacant positions.

In February FinCom began its yearly effort to develop a comprehensive balanced Fiscal Year 2019 (FY19) budget recommendation for the Annual Town Meeting, which begins in April. At least one of the Finance Committee subcommittees reviewed each departmental budget with the corresponding department head. The school budget subcommittee attended School Committee meetings in order to gain a better understanding of the school budget. Hearings were held on all Warrant Articles requiring an appropriation or having a financial impact. Twelve full committee meetings were held mostly before Town Meeting and four on Town Meeting nights. These meetings, when combined with numerous subcommittee meetings, made for a busy winter and spring schedule. The Committee's report was distributed electronically and a hard copy was available to Town Meeting members at the first Town Meeting.

FY18 is the eighth year of the current multi-year plan. Working with Town and School leaders, FinCom presented to Town Meeting a budget that was balanced by a \$2.4m transfer from the override stabilization fund, funds that were accumulated from the 2011 override. This fund is projected to last for two more years. Central to this budget is a 3.25% cap on budget increases by the non-school appointing authorities. As in recent years, the School budget included an allowance for enrollment growth based on a percentage of the per pupil cost as determined by the State. Last year the percentage was 35%. In addition there was an extra allowance for special education expenses that increased the school appropriation by 7%.

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

After it's first full year of operation the Arlington Commission on Arts and Culture (ACAC) requested a budget, a portion of which would be appropriated by the Department of Planning and Community Development. After considerable discussion, FinCom voted to recommend appropriation of the full amount to the ACAC to be spent under direction of the Town Manager.

Again this year the Conservation Commission,

supported by the several interested resident committees, presented a detailed plan that addressed the needs of all the water bodies, including Spy Pond. This plan received unanimous support from FinCom.

In addition to the Annual Town Meeting, FinCom supported two special Town Meetings. The first, in January, was mostly for replacing the zoning bylaw, but there were several necessary appropriations needed in FY18. One of these was a request from the Town Manager that the Town Meeting endorse the expenditures planned by the Parking District of proceeds from parking meter fares. After some discussion FinCom voted to so recommend.

In the fall the second Special Town Meeting dealt with the marijuana excise tax, collective bargaining and planning for renovation of DPW buildings and yard. FinCom discussed these issues with the Town Manager and voted to recommend his proposals.

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

OFFICE OF TREASURY & TAX COLLECTION

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

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

2018 Accomplishments

- Continued implementation of a parking ticket fee collection to MUNIS with completion expected in January, 2019.
- Began conversion to MUNIS for Water and Sewer payments.

FINANCIAL MANAGEMENT SERVICES

Town of Arlington, MA							
Bonds and Notes Payable Schedule							
Project	Maturity	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2017	Issued	Redeemed	Outstanding at June 30, 2018
Municipal Purpose - 2007	2018	\$3,102,000	3.75-4.75	\$225,000		-\$225,000	0
GOB Refunding - 2007	2018	\$11,690,000	3.75-5.00	\$960,000		-\$960,000	0
Municipal Purpose - 2007	2018	\$100,000	3.75-4.5	\$10,000		-\$10,000	0
Municipal Purpose - 2008	2019	\$3,875,000	3.00-3.62	\$380,000		-\$190,000	190,000
Symmes Property	2022	\$5,262,000	2.00-4.00	\$2,435,000		-\$455,000	1,980,000
Municipal Purpose - 2009	2020	\$2,482,000	2.00-3.00	\$645,000		-\$215,000	430,000
Municipal Purpose - 2010	2031	\$7,258,000	2.00-4.00	\$4,300,000		-\$340,000	3,960,000
Symmes Property - taxable	2019	\$840,000	2.00-2.50	\$180,000		-\$130,000	50,000
Symmes Property	2022	\$470,000	2.00-3.00	\$470,000		\$0	470,000
Municipal Purpose - 2012	2022	\$1,329,000	2.00-3.00	\$255,000		-\$60,000	195,000
GOB Refunding - 2013	2021	\$6,311,000	2.00-3.00	\$2,665,000		-\$690,000	1,975,000
Municipal Purpose - 2013	2033	\$11,907,000	2.00-5.00	\$8,295,000		-\$690,000	7,605,000
GOB Refunding - 2013	2024	\$2,205,000	2.00-3.00	\$1,355,000		-\$275,000	1,080,000
Municipal Purpose - 2014	2034	\$5,551,000	3.00-3.75	\$3,955,000		-\$445,000	3,510,000
Municipal Purpose - 2015	2035	\$11,018,000	2.00-4.00	\$8,980,000		-\$970,000	8,010,000
Municipal Purpose - 2016	2030	\$4,087,000	2.25-5.00	\$3,560,000		-\$475,000	3,085,000
GOB Refunding - 2016	2025	\$3,225,000	2.00-4.00	\$3,030,000		-\$495,000	2,535,000
Municipal Purpose - 2017	2045	\$25,660,000	3.00-4.00	\$25,660,000		-\$1,395,000	24,265,000
Municipal Purpose - 2017	2037	\$30,955,000	3.00-5.00	\$0	\$30,955,000	\$0	30,955,000
	Total Bonds Payable			\$67,360,000	\$30,955,000	-\$8,020,000	\$90,295,000

FINANCIAL MANAGEMENT SERVICES

COMPTROLLER

The Comptroller's Office is responsible for the Town's books of accounts and financial records, verifying appropriations for all purchase orders, processing invoices for payment, approval of all payrolls and other warrants, balancing monthly appropriation reports, and other financial reporting as governed by Federal and State government agencies. The Comptroller serves as an ex-officio member of the Arlington Retirement Board.

The Comptroller is responsible for the coordination of the annual independent audit of the Town, and is also responsible for providing quarterly revenue and expenditure reports to the Select Board, Town Manager, Town Treasurer, and Chair of the Finance Committee. Whenever applicable, the Comptroller shall make recommendations regarding the Town's financial condition.

The Comptroller's office continues to perform all duties in a timely and professional manner. The Comptroller's mission is to present a complete and accurate statement of the Town's financial condition.

2018 Accomplishments

- Received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for the Town's Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ending June 30, 2017.
- Closed books on FY2018 and completed and enhanced the Town's independent audit in accordance with the GFOA's Certificate of Achievement of Excellence in Financial Reporting (CAFR) to show that the Town and the Comptroller's office will, for the 3rd year, go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial statements and reports that evidence of the spirit of transparency and full disclosure.
- Certified \$11,119,563 "Free Cash," the highest amount in the Town's history.
- Assisted in the implementation of new Parking MUNIS module which will enhance the accounts receivable process and eliminate stale data.
- Worked with the benefits administrator on the withholding reconciliation and eliminated all payroll deficits.
- Reviewed and reconciled all cash and accounts receivable with Treasurer's; corrected cash variances and resolved the accounts receivable discrepancies.
- Expedited the end of the year accounts payable process, leading to reduced encumbrances and timely vendor payments.

Town of Arlington, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



- Maintained the AAA rating by strictly monitoring the budgetary activity and creating operating surplus.
- Effectively decentralized the Accounts Payable process allowing departments to enter their own invoices into MUNIS.

2019 Objectives

- Continue to work with Information Technology (IT) and Treasurer's Office to implement MUNIS Parking and Utility Billing modules and synergize these operations between the Treasurer's and Comptroller's office.
- Improve the financial operations by eliminating manual processes to streamline the financial operations of the Town. Establish Grants and General Fund mailboxes and encourage departments to email the journal entries requests directly to the respective email addresses.
- Create a new chart of accounts according to Uniform Mass Accounting Systems (UMAS) manual.
- Utilize scanning technology, save all the documents into a shared drive, and eliminate paperwork. Upload journal entries back up to TCM (Tyler Content Manager) for financial information transparency (tax recap attachment, official vote, revenue/expense reclassification form, budget amendments, etc.)
- Assist Assessor, Council on Aging (COA) and Payroll with designing and implementing the Senior Tax Work Off program.
- Strengthen the utilization of the purchase order system to reduce manual carry forwards and ensure automatic transfer of available balance into subsequent fiscal year.
- Continue to assist in the creation of MUNIS work-flow in the MUNIS financial system to ensure proper controls are in place.
- Develop and implement internal controls for federal and state grants utilizing COSO framework (Committee of Sponsoring Or-

FINANCIAL MANAGEMENT SERVICES

ganizations) to ensure compliance with new federal reporting requirements.

- Reinforce the quarterly grants reconciliations, monthly accounts receivable reconciliation, and monthly year to date budget review to prevent deficit spending and timely reimbursements submissions.
- Perform departmental audits as deemed necessary to help identify, assess, and evaluate internal controls of Town departments.

ASSESSING DEPARTMENT

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

The Board of Assessors committed 15,386 real estate and personal property tax bills to the Tax Collector for collection for Fiscal Year 2019. These bills raised a total of \$124,010,976 in property and personal property taxes. The total assessed value of all taxable real estate and personal property for Fiscal Year 2019 was \$11,013,408,219, which resulted in a tax rate of \$11.26 per thousand dollars of assessed value. The Board also committed approximately 35,661 automobile excise tax bills for collection of an estimated income of \$4,775,000.

Tax Abatement Overlay

State law requires that the Assessors put aside funds from each tax levy in a reserve that is called an Overlay. This account is established in anticipation that a certain percentage of the tax levy may end up being abated. Individual tax abatements are paid out of this fund. The final amount of the overlay account is determined by the Assessors and added to the tax rate without appropriation, and is usually set at anywhere from 1% to 2.5% of the tax levy. In Fiscal Year 2019, the overlay account is set at \$1,245,170.55. Any surplus left in an overlay account is appropriated by Town Meeting in much the same manner as free cash. Below is a chart showing the disposition of Overlay funds for the last three years.



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

FINANCIAL MANAGEMENT SERVICES

Tax Abatement Overlay Funds			
	FY2016	FY2017	FY2018
Overlay Amount	\$1,746,720	\$1,156,229	\$1,245,170
Abatements & Exemptions To-Date	\$523,674	\$362,975	\$336,611
Declared Surplus to General Fund	\$200,000	\$200,000	\$200,000
Reserved for Additional Liability	\$840,254	\$869,977	\$996,193

ASSESSMENT DATA

Valuation and Tax Levy			
Fiscal Year	Total Assessed Valuation	Tax Levy	Tax Rate*
2019	\$11,013,408,219	\$124,010,976	\$11.26
2018	\$9,666,545,866	\$117,255,201	\$12.13
2017	\$8,952,216,406	\$112,439,838	\$12.56
2016	\$8,516,898,549	\$108,977,901	\$12.80
2015	\$7,770,112,271	\$105,285,021	\$13.55
2014	\$7,377,629,421	\$101,737,509	\$13.79
2013	\$7,201,277,082	\$98,009,381	\$13.61
2012	\$6,954,794,567	\$95,002,493	\$13.66
2011	\$6,926,589,397	\$85,958,974	\$12.41
2010	\$6,892,736,257	\$83,471,036	\$12.11
2009	\$6,790,772,343	\$80,946,006	\$11.92
2008	\$6,883,264,284	\$78,813,376	\$11.45
2007	\$7,011,721,520	\$76,778,350	\$10.95
2006	\$6,483,756,733	\$73,578,994	\$11.34
2005	\$6,007,309,836	\$65,719,969	\$10.94
2004	\$5,990,614,666	\$63,740,140	\$10.64
2003	\$4,500,135,559	\$61,246,845	\$13.61

* Tax rate expressed in per thousand dollars of assessed value

Percent of Tax Levy by Class						
CLASS	TYPE	FY2015	FY2016	FY2017	FY2018	FY2019
I	Residential	93.1840	93.9945	94.1390	94.0328	94.3513
II	Open Space	0	0	0	0	0
III	Commercial	4.2729	4.4503	4.3158	4.5056	4.3576
IV	Industrial	0.2079	0.2066	0.2242	0.2252	0.2155
V	Personal Property	1.3352	1.3486	1.2850	1.2364	1.0756
Total		100	100	100	100	100

FINANCIAL MANAGEMENT SERVICES

Tax Rate Components FY2015-FY2019					
	2015	2016	2017	2018	2019
Levy Base	\$12.37	\$11.58	\$11.43	\$10.97	\$9.98
2 1/2%	\$0.31	\$0.29	\$0.29	\$0.27	\$0.25
Growth	\$0.16	\$0.16	\$0.12	\$0.13	\$0.09
Override	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
W/S Debt Service	\$0.72	\$0.66	\$0.62	\$0.58	\$0.51
School Debt Exclusion	\$0.14	\$0.12	\$0.10	\$0.18	\$0.43
Symmes Debt Exclusion	\$0.04	\$0.02	\$0.00	\$0.00	\$0.00
Tax Rate*	\$13.55	\$12.80	\$12.56	\$12.13	\$11.26

**Tax Rate =((Amount To Be Raised)/(Total Taxable Assessed Value))*1000*

Details of Tax Rate Calculation					
	FY2015	FY2016	FY2017	FY2018	FY2019
Max Levy Prior FY	\$94,987,188	\$98,617,161	\$102,420,256	\$106,050,906	\$109,965,991
2.50%	\$2,374,680	\$2,465,429	\$2,560,506	\$2,651,273	\$2,749,150
Growth	\$1,255,293	\$1,337,666	\$1,070,144	\$1,263,812	\$981,206
Override	\$0	\$0	\$0	\$0	\$0
Maximum Levy	\$94,617,161	\$102,420,256	\$106,050,906	\$109,965,991	\$113,696,347
Levy Inc. %	3.68%	3.71%	3.42%	3.56%	3.28%
Levy Inc. \$	\$3,629,973	\$3,803,095	\$3,630,650	\$3,915,085	\$3,730,356
W/S Debt Service	\$5,593,112	\$5,593,112	\$5,593,112	\$5,593,112	\$5,593,112
School Debt Exclusion	\$1,111,442	\$993,166	\$878,800	\$1,781,404	\$4,772,602
Symmes Debt Exclusion	0	\$0	\$0	\$0	\$0
Max to be Raised	\$105,321,715	\$109,006,534	\$112,522,818	\$117,340,507	\$124,062,061
Actual Raised	\$105,285,021	\$108,977,901	\$112,439,838	\$117,255,201	\$124,010,976
Excess Levy	\$36,693	\$28,632	\$82,980	\$85,306	\$51,085
Total Taxable Assessed Value		\$8,513,898,549	\$8,952,216,406		
Total Avg. % Increase	5.32%	9.57%	5.15%	7.98%	13.93%
Tax Rate	\$13.55	\$12.80	\$12.56	\$12.13	\$11.26
Penny of Tax Rate	\$77,701	\$85,139	\$89,522	\$96,665	\$110,134
Avg. Assessed Value Single Family	\$539,152	\$585,360	\$621,249	\$655,985	\$752,184
Avg. Taxes Single Family	\$7,306	\$7,493	\$7,802	\$7,957	\$8,470

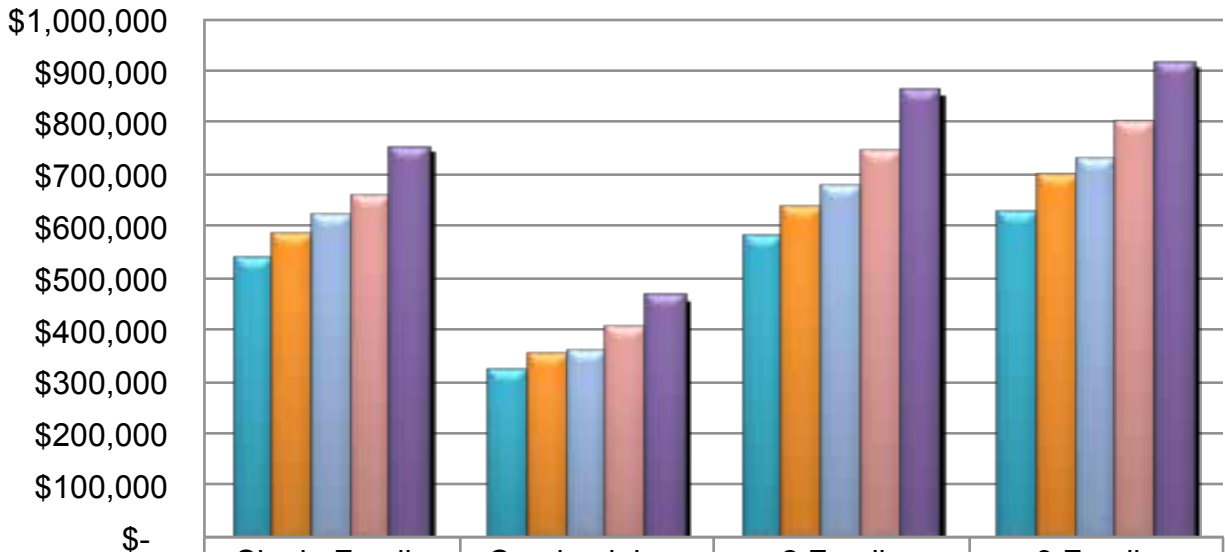
**All numbers subject to rounding and final DOR Certification*

FINANCIAL MANAGEMENT SERVICES

State Class Code FY19-FY18 Comparison									
Type	FY2019			FY2018			FY19 vs FY18		
	Assessed Value	Avg.		Assessed Value	Avg.	Parcel (+/-)	Percent (+/-)	Avg. Assessed Value (+/-)	
Single Family	7,998	6,015,971,500	752,184	7,994		655,981	4	14.72	96,200
Condominium	3,762	1,731,824,700	464,795	3,662		404,436	64	16.93	60,358
Misc	10	11,486,500	1,148,650	13	12,914,100	993,392	-3	-11.05	155,258
2 Family	2,183	1,879,034,000	860,758	2,218		742,491	-35	14.10	118,266
3 Family	185	169,358,300	915,450	190	151,929,900	799,631	-5	11.47	115,819
Apartments	162	491,625,460	3,034,725	16	473,765,100	3,244,966	16	3.77	-210,241
Res Land	307	39,575,000	128,909	311	31,794,800	102,234	-4	24.47	26,675
Open Space	0			0			0	0.00%	0
Commercial	383	424,492,110	1,108,334	383	385,201,110	1,005,747	0	10.20	102,587
Industrial	22	23,734,500	1,078,841	22	21,771,100	989,595	0	9.02	89,245
Ch Land/61	0			0			0	0.00%	0
Ch Land/61A	0			0			0	0.00%	0
Ch Land/61B	4	1,703,309	425,827	4	1,585,696	396,424	0	7.42	29,403
Mixed Use(Res)	37	52,419,141	1,416,734	37	47,488,291	1,283,467	-1	10.38	133,266
Mixed Use(Com)	38	53,727,999	1,282,943	38	48,751,849	1,282,943	0	10.21	92,385
Per Prop/501	177	4,507,210	25,464	189	5,086,860	26,915	-12	-11.40	-1,450
Per Prop/502	137	5,530,860	40,371	148	8,050,320	54,394	-11	-31.30	-14,023
Per Prop/503	0	0		0			0	0.00%	0
Per Prop/504,550-2	2	76,590,310		2	74,862,760		0	2.31	863,775
Per Prop/505	8	17,752,700	2,219,088	8	17,423,400	2,177,925	0	1.89	41,163
Per Prop/506	2	13,044,900	6,522,450	2	12,764,900	6,382,450	0	2.19	140,000
Per Prop/508	4	1,029,720	257,430	4	1,323,720	330,720	0	-22.21	-73,500
Total	15,385			15,371				13.93	

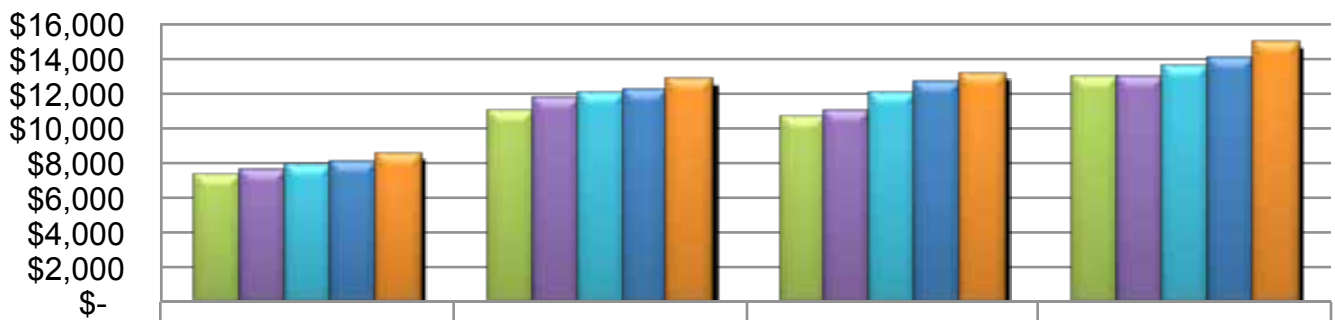
FINANCIAL MANAGEMENT SERVICES

Average Assessed Values FY2015-FY2019



	Single Family	Condominium	2 Family	3 Family
2015	\$539,200	\$322,200	\$579,900	\$626,600
2016	\$585,360	\$352,066	\$638,816	\$699,862
2017	\$621,249	\$359,008	\$679,421	\$729,868
2018	\$655,985	\$404,436	\$742,491	\$799,631
2019	\$752,184	\$464,794	\$860,757	\$915,450

Average Taxes FY2015-FY2019



	Arlington	Belmont	Winchester	Lexington
2015	\$7,306	\$10,938	\$10,588	\$12,910
2016	\$7,493	\$11,656	\$10,948	\$12,955
2017	\$7,802	\$11,953	\$11,945	\$13,515
2018	\$7,957	\$12,195	\$12,590	\$14,069
2019	\$8,470	\$12,720	\$13,082	\$14,876

FINANCIAL MANAGEMENT SERVICES

Assessor's Office Town of Arlington Tax Rate Per \$1,000 of Assessed Value

FINANCIAL MANAGEMENT

YEAR	RATE
1929	\$30.00
1930	\$30.40
1931	\$31.40
1932	\$30.40
1933	\$30.40
1934	\$33.00
1935	\$33.00
1936	\$34.00
1937	\$35.60
1938	\$35.20
1939	\$36.80
1940	\$35.80
1941	\$34.80
1942	\$35.60
1943	\$32.00
1944	\$32.00
1945	\$34.40
1946	\$38.00
1947	\$42.80
1948	\$44.20
1949	\$46.20
1950	\$50.40
1951	\$54.20
1952	\$56.40
1953	\$57.60

YEAR	RATE
1954	\$54.50
1955	\$59.20
1956	\$69.20
1957	\$70.40
1958	\$71.20
1959	\$74.00
1960	\$78.20
1961	\$82.60
1962	\$85.00
1963	\$84.60
1964	\$92.60
1965	\$97.60
1966	\$97.60
1967	\$106.00
1968	\$124.00
1969	\$41.00
1970	\$48.20
1971	\$51.80
1972	\$56.80
1973	\$56.80
1973	\$28.20
1974	\$74.00
F75	\$67.20
F76	\$67.20
F77	\$74.80

YEAR	RATE
F78	\$78.00
F79	\$84.60
F80	\$81.00
F81	\$87.00
F82	\$73.50
F83	\$22.70
F84	\$23.43
F85	\$23.96
F86	\$16.49
F87	\$17.24
F88	\$17.66
F89	\$10.86
F90	\$11.25
F91	\$12.47
F92	\$13.84
F93	\$14.52
F94	\$15.55
F95	\$16.06
F96	\$16.54
F97	\$17.08
F98	\$16.73
F99	\$17.17
F00	\$17.66
F01	\$13.17
F02	\$13.85

YEAR	RATE
F03	\$13.64
F04	\$10.61
F05	\$10.94
F06	\$11.34
F07	\$10.95
F08	\$11.45
F09	\$11.92
F10	\$12.11
F11	\$12.41
F12	\$13.66
F13	\$13.61
F14	\$13.79
F15	\$13.55
F16	\$12.80
F17	\$12.56
F18	\$12.13
F19	\$11.26

FINANCIAL MANAGEMENT SERVICES

MASSACHUSETTS DEPARTMENT OF REVENUE
 DIVISION OF LOCAL SERVICES
 BUREAU OF ACCOUNTS

Arlington
 TOWN

TAX RATE RECAPITULATION Fiscal Year 2019

I. TAX RATE SUMMARY

la. Total amount to be raised (from page 2, IIe)	\$ 185,129,791.55
lb. Total estimated receipts and other revenue sources (from page 2, IIIe)	61,118,815.00
lc. Tax Levy (Ia minus Ib)	\$ 124,010,976.55
ld. Distribution of Tax Rates and levies	

CLASS	(b) Levy percentage (from LA5)	(c) Ic above times each percent in col (b)	(d) Valuation by class (from LA-5)	(e) Tax Rates (c) / (d) x 1000	(f) Levy by class (d) x (e) / 1000
Residential	94.3513	117,005,968.52	10,391,294,601.00	11.26	117,005,977.21
Net of Exempt					
Open Space	0.0000	0.00	0.00	0.00	0.00
Commercial	4.3576	5,403,902.31	479,923,418.00	11.26	5,403,937.69
Net of Exempt					
Industrial	0.2155	267,243.65	23,734,500.00	11.26	267,250.47
SUBTOTAL	98.9244		10,894,952,519.00		122,677,165.37
Personal	1.0756	1,333,862.06	118,455,700.00	11.26	1,333,811.18
TOTAL	100.0000		11,013,408,219.00		124,010,976.55

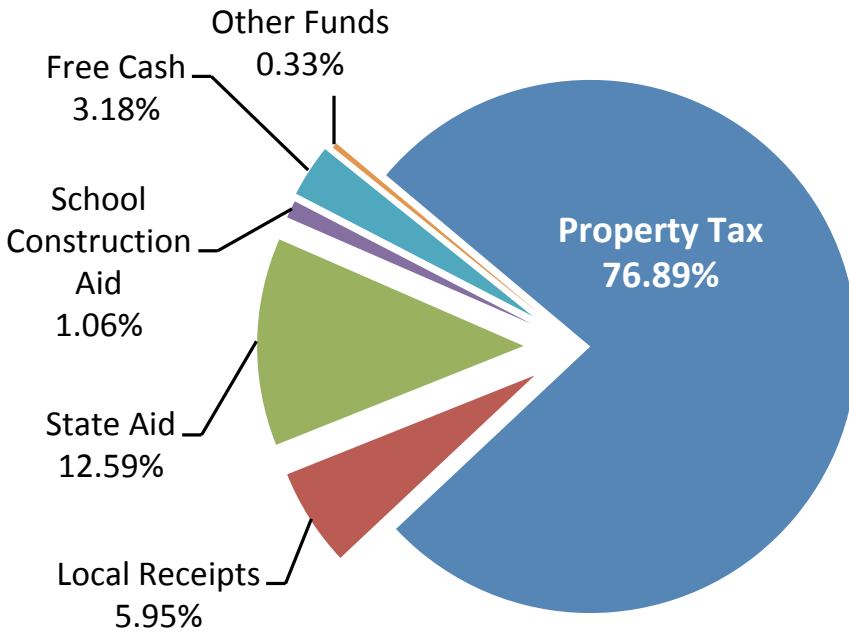
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FINANCIAL MANAGEMENT

FISCAL YEAR 2018

Total \$152,499,744

Revenue



Expenditures

