

OFFICIAL STATEMENT DATED FEBRUARY 3, 2022

Rating: See "Rating" herein.
S&P Global Ratings: AAA

New Issue

In the opinion of Locke Lord LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will not be included in computing the alternative minimum taxable income of individuals. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "Tax Exemption" herein. The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

TOWN OF ARLINGTON, MASSACHUSETTS
\$82,445,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2022 BONDS

DATED
Date of Delivery

DUE
October 15
(as shown below)

The Bonds are issuable only in fully registered form, registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form in the denomination of \$5,000, or any integral multiple thereof. (See "THE BONDS - Book-Entry Transfer System" herein.)

Principal of the Bonds will be payable October 15 of the years in which the Bonds mature. Interest on the Bonds will be payable April 15 and October 15, commencing October 15, 2022. Principal and semiannual interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, Boston, Massachusetts, or its successor, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds will be subject to redemption prior to their stated maturity dates as described herein.

An opinion of Bond Counsel will be delivered with the Bonds to the effect that the Bonds are valid general obligations of the Town of Arlington, Massachusetts, and that the principal of and interest on the Bonds are payable from taxes that may be levied upon all taxable property in the Town, without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws, with respect to that portion of the principal and interest payments that the Town has voted to exempt from the limit imposed by Chapter 59, Section 21C of the General Laws, and subject to the limit imposed by Chapter 59, Section 21C of the General Laws with respect to that portion of principal and interest payments the Town has not voted to exempt from that limit.

MATURITIES, AMOUNTS, RATES, YIELDS AND CUSIPS

Due October 15	Principal Amount	Rate	Yields	CUSIP 041609	Due October 15	Principal Amount	Rate	Yields	CUSIP 041609
2022	\$ 1,070,000	5.00	% 0.65 %	Q84	2037	\$ 2,805,000	2.125	% 2.30 %	S74
2023	1,485,000	5.00	0.76	Q92	2038	2,865,000	2.25	2.35	S82
2024	1,770,000	5.00	0.97	R26	2039	2,935,000	3.00	2.10	S90
2025	1,845,000	5.00	1.09	R34	2040	3,015,000	3.00	2.12	T24
2026	1,930,000	5.00	1.17	R42	2041	3,100,000	3.00	2.14	T32
2027	2,015,000	5.00	1.25	R59	2042	3,180,000	3.00	2.16	T40
2028	2,100,000	5.00	1.30	R67	2043	3,265,000	2.50	2.51	T57
2029	2,200,000	5.00	1.36	R75	2044	3,340,000	2.50	2.54	T65
2030	2,300,000	5.00	1.41	R83	2045	3,420,000	2.50	2.60	T73
2031	2,390,000	4.00	1.47	R91	2046	3,500,000	2.50	2.61	T81
2032	2,475,000	4.00	1.52	S25	2047	3,585,000	2.50	2.62	T99
2033	2,555,000	3.00	1.80	S33	2048	3,670,000	2.50	2.63	U22
2034	2,625,000	3.00	1.87	S41	2049	3,755,000	2.50	2.64	U30
2035	2,700,000	3.00	1.94	S58	2050	3,845,000	2.50	2.65	U48
2036	2,765,000	2.125	2.25	S66	2051	3,940,000	2.75	2.73	U55

The Bonds are offered subject to the final approving opinion of Locke Lord LLP, Boston, Massachusetts, Bond Counsel, as aforesaid, and to certain other conditions referred to herein and in the Notice of Sale. Hilltop Securities Inc., Boston, Massachusetts has acted as Financial Advisor to the Town of Arlington, Massachusetts, with respect to the Bonds. The Bonds in definitive form will be delivered to DTC, or its custodial agent, on or about February 24, 2022, against payment to the Town in federal funds.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
SUMMARY STATEMENT	3	Taxation to Meet Deficits.....	34
NOTICE OF SALE.....	4	Tax Limitations	34
Bidding Parameters.....	5	Unused Levy Capacity	35
Establishment of Issue Price	6	Impact of Proposition 2 ½	36
EXHIBIT 1 – Form of Issue Price Certificates.....	9	Sale of Tax Receivables	36
		Pledged Taxes	36
OFFICIAL STATEMENT.....	15	Initiative Petitions	36
THE BONDS	15		
Description of the Bonds	15	TOWN FINANCES:	
Redemption Provisions.....	15	Budget and Appropriation Process.....	37
Record Date	15	Operating Budget Trends	37
Book-Entry Transfer System	16	Education Reform	37
Authorization of the Bonds and Use of Proceeds	17	Revenues	38
Principal Payment by Purpose	18	State School Building Assistance Program	38
Tax Exemption	18	Local Options Meals Tax.....	40
Risk of Future Legislative Changes and/or		Room Occupancy Tax.....	40
Court Decisions	19	Community Preservation Act.....	40
Security and Remedies	19	Annual Audits	41
Opinion of Bond Counsel.....	21	Financial Statements.....	41
Rating.....	21	Estimated FY21 Year End Results.....	41
Financial Advisory Services of Hilltop Securities	21	Governmental Funds Balance Sheet	
Continuing Disclosure	21	As of June 30, 2021	42
		Governmental Funds Balance Sheet	
TOWN OF ARLINGTON, MASSACHUSETTS:		As of June 30, 2020	43
General.....	22	Governmental Funds Balance Sheet	
Local Government	22	As of June 30, 2019	44
Principal Executive Officers.....	22	Statement of Revenues, Expenditures and Changes	
Municipal Services	22	in Fund Balances as of June 30, 2021 – 2017	45
Global Health Crisis - Corona Virus (COVID-19).....	23	Unassigned General Fund Balances and Free Cash	50
Education	24	Stabilization Fund.....	50
Public School Enrollments.....	24	Fiscal Stability Stabilization Fund.....	50
Educational Attainment	24	Retiree Health Insurance Trust Fund	51
Climate Resiliency	25	Building Insurance Trust Fund	51
Cybersecurity	25	Tax Increment Financing for Development Districts.....	51
Population	25	Investment of Town Funds	51
Population Density	25	Capital Planning	52
Industry and Commerce	26		
Labor Force, Employment and Unemployment Rate.....	26	INDEBTEDNESS:	
Major Employers	27	Authorization Procedure and Limitations.....	53
Income Levels	27	Debt Limits	53
Family Income Distribution	27	Types of Obligations	53
Household Income Distribution.....	28	Direct Debt Summary.....	55
Housing Units – Age Distribution.....	28	Key Debt Ratios	55
Housing Unit Inventory	28	Annual Debt Service	56
Housing Values	29	Authorized Unissued Debt	56
Building Permits	29	Overlapping Debt	57
		Contracts.....	57
PROPERTY TAXATION:		RETIREMENT SYSTEM	58
Tax Levy Computation	30	Funding Schedule	60
Assessed Valuations and Tax Levies	31	Schedule of Funding Progress	60
Classification of Properties	31	Other Post-Employment Benefits.....	61
Largest Taxpayers.....	32	COLLECTIVE BARGAINING	61
State Equalized Valuation	32	LITIGATION	61
Abatements and Overlay.....	32		
Tax Collections.....	33	APPENDIX A – Fiscal 2021 Audit	
Tax Title and Possessions.....	33	APPENDIX B – Proposed Form of Legal Opinion	
		APPENDIX C – Proposed Form of Continuing	
		Disclosure Certificate	

The information and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

SUMMARY STATEMENT

The information set forth below is qualified in its entirety by the information and financial statements appearing elsewhere in the Official Statement.

Date of Sale:	Thursday, February 3, 2022, 11:00 a.m. (Eastern Time).
Location of Sale:	Hilltop Securities Inc., 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114.
Issuer:	Town of Arlington, Massachusetts.
Issue:	\$82,445,000 General Obligation Municipal Purpose Loan of 2022 Bonds, see "THE BONDS Book-Entry Transfer System" herein.
Official Statement Dated:	February 3, 2022.
Dated Date of the Bonds:	As of their date of delivery.
Principal Due:	Serially October 15, 2022 through October 15, 2051 as detailed herein.
Interest Payable:	Semi-annually April 15 and October 15 until maturity or redemption prior to maturity, commencing October 15, 2022.
Purpose and Authority:	The Bonds are authorized by the Town for various municipal improvements under provisions of the Massachusetts General Laws as detailed herein.
Redemption:	The Bonds will be subject to redemption prior to their stated maturity dates as detailed herein.
Security:	The Bonds are valid general obligations of the Town of Arlington, Massachusetts and the principal of and interest on the Bonds are payable from taxes that may be levied upon all taxable property in the Town without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws, with respect to that portion of the principal and interest payments that the Town has voted to exempt from the limit imposed by Chapter 59, Section 21C of the General Laws, and subject to the limit imposed by Chapter 59, Section 21C of the General Laws with respect to that portion of principal and interest payments the Town has not voted to exempt from that limit.
Credit Rating:	S&P Global Ratings has assigned a rating of AAA to the Bonds.
Bond Insurance:	The Town has not contracted for the issuance of any policy of municipal bond insurance or any other credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date. <u>BIDS MUST INCLUDE A PREMIUM OF AT LEAST \$250,000.</u>
Tax Exemption:	Refer to "THE BONDS - Tax Exemption" herein and Appendix B, "Proposed Form of Legal Opinion."
Continuing Disclosure:	Refer to "THE BONDS - Continuing Disclosure" herein and Appendix C, "Proposed Form of Continuing Disclosure Certificate."
Bank Qualification:	The Bonds will not be designated by the Town as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.
Paying Agent:	U.S. Bank Trust Company, National Association, Boston, Massachusetts, or its successor.
Legal Opinion:	Locke Lord LLP, Boston, Massachusetts.
Financial Advisor:	Hilltop Securities Inc., Boston, Massachusetts.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry only form will be made to The Depository Trust Company, or to its custodial agent, on or about February 24, 2022, against payment in federal funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to Ms. Phyllis L. Marshall, Treasurer/Collector, Town of Arlington, Massachusetts Telephone (781) 316-3030 or Peter Frazier, Managing Director, Hilltop Securities Inc., Boston, Massachusetts Telephone (617) 619-4409.

NOTICE OF SALE

TOWN OF ARLINGTON, MASSACHUSETTS \$86,990,000* GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2022 Bonds

The Town of Arlington, Massachusetts (the "Town") will receive sealed and electronic (as described herein) proposals until 11:00 A.M., Eastern Time, Thursday, February 3, 2022, for the purchase of the following described General Obligation Municipal Purpose Loan of 2022 Bonds of the Town (the "Bonds"):

\$86,990,000* General Obligation Municipal Purpose Loan of 2022 Bonds payable October 15 of the years and in the amounts as follows:

Due October 15	Principal Amount*	Due October 15	Principal Amount*
2022	\$ 1,295,000	2037	** \$ 2,860,000
2023	1,865,000	2038	** 2,940,000
2024	2,095,000	2039	** 3,020,000
2025	2,155,000	2040	** 3,105,000
2026	2,210,000	2041	** 3,195,000
2027	2,215,000	2042	** 3,280,000
2028	2,275,000	2043	** 3,370,000
2029	2,315,000	2044	** 3,470,000
2030	2,380,000	2045	** 3,570,000
2031	** 2,450,000	2046	** 3,670,000
2032	** 2,510,000	2047	** 3,775,000
2033	** 2,580,000	2048	** 3,885,000
2034	** 2,650,000	2049	** 3,995,000
2035	** 2,725,000	2050	** 4,110,000
2036	** 2,800,000	2051	** 4,225,000

*Preliminary, subject to change.

**Callable maturities. May be combined into not more than three term bonds as described herein.

The Bonds will be dated their date of delivery. Principal of the Bonds will be payable on October 15 of the years in which the Bonds mature. Interest will be payable on April 15 and October 15, until maturity or redemption prior to maturity, commencing October 15, 2022.

The Bonds will be issued by means of a book-entry system with no physical distribution of the Bonds made to the public. One certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody. Ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, will be evidenced by a book-entry system with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures established by DTC and its Participants. The Successful Bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bonds with DTC, registered in the name of Cede & Co. Interest and principal on the Bonds will be payable to DTC or its nominee as Registered Owner of the Bonds. Transfer of principal and interest payments to Participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners will be the responsibility of such participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

The original Bonds to be immobilized at DTC will be approved as to their legality by Locke Lord LLP, Boston, Massachusetts, whose opinion will be furnished to the purchaser without charge.

The Bonds maturing on and before October 15, 2030 are not subject to redemption prior to their stated maturity dates. Bonds maturing on and after October 15, 2031 are subject to redemption prior to their stated maturity dates, at the option of the Town, on and after October 15, 2030 either in whole or in part at any time, and if in part, by lot within a maturity, **at the par amount of the Bonds to be redeemed**, plus accrued interest to the date set for redemption.

For Bonds maturing on and after October 15, 2031, bidders may specify that all of the principal amount of such Bonds in any two or more consecutive years may, in lieu of maturing in each such year, be combined to comprise one maturity of term bonds, and shall be subject to mandatory redemption or mature at par, as described above, in each of the years and in the principal amounts specified in the foregoing maturity schedule (which is subject to change as described herein). Each mandatory redemption shall be allocated to the payment of the term bond maturing in the nearest subsequent year. Bidders may specify no more than three term bonds.

Term Bonds, if any, shall be subject to mandatory redemption on October 15 of the year or years immediately prior to the stated maturity of such term bond (the particular Bonds of such maturity to be redeemed to be selected by lot) as indicated in the foregoing maturity schedule (which is subject to change as described herein) at the principal amount thereof plus accrued interest to the redemption date, without premium.

Principal and semiannual interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, Boston, Massachusetts as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

Bidding Parameters

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/20 or 1/8 of one percent, but shall not state (a) more than one interest rate for any Bonds having a like maturity, (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3 percent or (c) **any coupon in excess of 5.0%. NO BID OF LESS THAN PAR PLUS A PREMIUM OF AT LEAST \$250,000 WILL BE CONSIDERED.**

The current bond structure does not reflect any premium. Any premium greater than \$250,000 will be used to reduce the par amount of the issue and to restructure the Bond maturity amounts after reducing the net premium allocable to each fund in order (a) to produce sufficient proceeds for each purpose and restructure each project within each fund on an approximate equal principal basis with the exemption of the high school and water/sewer portion of the DPW project which will be structured on an approximate level debt service basis, (b) restructure the DPW general fund portion to have an approximate debt service amount of \$220,000 in fiscal years 2023 and 2024 and (c) restructure each project within each fund on an equal/declining debt service basis after applying its allocable share of premium to eliminate or reduce the shortest maturities to mirror the current structure. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE ANNUAL PRINCIPAL AMOUNTS WITHIN THESE LIMITS. The dollar amount bid for the Bonds by the winning bidder will be adjusted, if applicable, to reflect changes in the dollar amount of the amortization schedule. Any price that is adjusted will reflect changes in the dollar amount of the underwriter's discount and original issue premium, if any, but will not change the per bond underwriter's discount (net of insurance premium, if any) provided in such bid. Nor will it change the interest rate specified for each maturity. Any such adjustments will be communicated to the winning bidder for the Bonds by local time 4 p.m. on the day of the sale.

Bids must be submitted electronically via Parity in accordance with this Notice of Sale. To the extent any instructions or directions set forth in Parity conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about Parity, potential bidders may contact the Financial Advisor to the Town or I-deal at 40 West 23rd Street, 5th Floor, New York, NY 10010 (212) 404-8102. An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town.

As between proposals which comply with this Notice of Sale, the award will be to the bidder who offers to purchase all the Bonds at the lowest net effective interest rate to the Town. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of February 24, 2022, discounts semi-annually all future payments on account of principal and interest to the price bid, not including interest accrued, if any, which accrued interest shall be paid by the Successful Bidder. The award of the Bonds to the Successful Bidder will not be effective until the bid has been approved by the Select Board and the Treasurer. In the event that two or more bidders submit the same lowest true interest cost for the Bonds, the Treasurer shall determine the Successful Bidder by lot from among all such proposals.

The right is reserved to reject all bids and to reject any bid not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

The Town of Arlington has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds. Should the bidder purchase municipal bond insurance, all expenses associated with such policy or commitment will be borne by the bidder, except for the fee paid to S&P Global Ratings for a rating on the Bonds. Any such fee paid to S&P Global Ratings would be borne by the Town.

In order to assist bidders in complying with Rule 15c2-12 (b)(5) promulgated by the Securities and Exchange Commission, the Town will undertake to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement.

The Bonds will not be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 as amended (the “Code”).

It shall be a condition to the obligation of the Successful Bidder to accept delivery of and pay for the Bonds that it shall be furnished, without cost, with (a) the approving opinion of the firm of Locke Lord, LLP, Boston, Massachusetts, substantially in the form appearing as Appendix B of the Preliminary Official Statement dated January 25, 2022, (b) a certificate in the form satisfactory to Bond Counsel dated as of the date of delivery of the Bonds and receipt of payment therefor to the effect that there is no litigation pending or, to the knowledge of the signers thereof, threatened which affects the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, (c) a certificate of the Town Treasurer to the effect that, to the best of her knowledge and belief, as of its date and the date of sale the Preliminary Official Statement did not, and as of its date and the date of the delivery of the Bonds, the Final Official Statement did not and does not, contain any untrue statement of a material fact and did not and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate in the form appearing as Appendix C of the Preliminary Official Statement.

Establishment of Issue Price

The Successful Bidder shall assist the Town in establishing the issue price of the Bonds and shall execute and deliver to the Town on the Closing Date an “issue price” or similar certificate, substantially in the applicable form set forth in Exhibit 1 to this Notice of Sale, setting forth the reasonably expected initial offering prices to the public or the sales price of the Bonds together with the supporting pricing wires or equivalent communications, or, if applicable, the amount bid, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Successful Bidder, the Town and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Town by Hilltop Securities Inc. (the “Financial Advisor”) and any notice or report to be provided to the Town may be provided to the Financial Advisor.

Competitive Sale Requirements. If the competitive sale requirements (“competitive sale requirements”) set forth in Treasury Regulation § 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) have been satisfied, the Town will furnish to the Successful Bidder on the Closing Date a certificate of the Financial Advisor, which will certify each of the following conditions to be true:

1. the Town has disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
2. all bidders had an equal opportunity to bid;
3. the Town received bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the Town awarded the sale of the Bonds to the bidder who submitted a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. Unless a bidder notifies the Town prior to submitting its bid by contacting the Financial Advisor, telephone (617) 619-4400, and affirming in writing via email, or in its bid submitted via Parity, that it will NOT be an “underwriter” (as defined below) of the Bonds, by submitting its bid, each bidder shall be deemed to confirm that it has an established industry reputation for underwriting new issuances of municipal bonds. Unless the bidder has notified the Town that it will not be an “underwriter” (as defined below) of the Bonds, in submitting a bid, each bidder is deemed to acknowledge that it is an “underwriter” that intends to reoffer the Bonds to the public.

In the event that the competitive sale requirements are not satisfied, the Town shall so advise the Successful Bidder.

Failure to Meet the Competitive Sale Requirements – Option A – The Successful Bidder Intends to Reoffer the Bonds to the Public and the 10% Test to Apply. If the competitive sale requirements are not satisfied and the Successful Bidder intends to reoffer the Bonds to the public, the Successful Bidder may, at its option, use the first price at which 10% of a maturity of the Bonds (the “10% Test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis, of the Bonds. The Successful Bidder shall advise the Financial Advisor if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds.

If the competitive sale requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Bonds or all of the Bonds are sold to the public, the Successful Bidder agrees to promptly report to the Financial Advisor the prices at which the unsold Bonds of each maturity have been sold to the public, which reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% Test has been satisfied for each maturity of the Bonds or until all the Bonds of a maturity have been sold. The Successful Bidder shall be obligated to report each sale of Bonds to the Financial Advisor until notified in writing by the Town or the Financial Advisor that it no longer needs to do so. If the Successful Bidder uses Option A the Successful Bidder shall provide to the Town on or before the closing date, the certificate attached to this Notice of Sale as Exhibit 1 – Option A.

By submitting a bid and if the competitive sale requirements are not met, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Successful Bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the Successful Bidder and as set forth in the related pricing wires and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Successful Bidder or such underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public if and for so long as directed by the Successful Bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. “public” means any person other than an underwriter or a related party,

2. “underwriter” means (A) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Town (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public), and

3. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Failure to Meet the Competitive Sale Requirements – Option B – The Successful Bidder Intends to Reoffer the Bonds to the Public and Agrees to Hold the Price of Maturities of Bonds for Which the 10% Test in Option A is Not Met as of the Sale Date. The Successful Bidder may, at its option, notify the Financial Advisor in writing, which may be by email (the “Hold the Price Notice”), not later than 4:00 p.m. on the Sale Date, that it has not sold 10% of the maturities of the Bonds listed in the Hold the Price Notice (the “Unsold Maturities”) and that the Successful Bidder will not offer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the Successful Bidder has sold at least 10% of the applicable Unsold Maturity to the public at a price that is no higher than the initial offering price to the public. If the Successful Bidder delivers a Hold the Price Notice to the Financial Advisor, the Successful Bidder must provide to the Issuer on or before the Closing Date, in addition to the certification described in Option A above, evidence that each underwriter of the Bonds, including underwriters in an underwriting syndicate or selling group, has agreed in writing to hold the price of the Unsold Maturities in the manner described in the preceding sentence.

Failure to Meet the Competitive Sale Requirements and/or the Successful Bidder Does Not Intend to Reoffer the Bonds to the Public – Option C. If the Successful Bidder has purchased the Bonds for its own account and will not distribute, reoffer or resell the Bonds to the public, then, whether or not the competitive sale requirements were met, the issue price certificate will recite such facts and identify the price or prices at which the purchase of the Bonds was made.

It is anticipated that CUSIP identification numbers will be printed on the Bonds. The Town assumes no responsibility for any CUSIP Service Bureau or other charge that may be imposed for the assignment of such numbers.

Additional information concerning the Town of Arlington and the Bonds is contained in the Preliminary Official Statement dated January 25, 2022, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. Said Preliminary Official Statement is deemed final by the Town except for the omission of the reoffering price(s), interest rate(s), delivery date, the identity of the underwriter(s), and any other pertinent terms of the Bonds depending on such matters, but is subject to change without notice to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from Hilltop Securities Inc., 54 Canal Street, Boston, Massachusetts 02114 (Telephone: 617-619-4400). Within seven (7) business days following the award of the Bonds in accordance herewith, 5 copies of the Final Official Statement will be available from Hilltop Securities Inc. to the Successful Bidder for use in reoffering the Bonds. Upon request, additional copies will be provided at the expense of the requester.

The Bonds in definitive form will be delivered to The Depository Trust Company or its custodial agent on or about February 24, 2022 for settlement in federal funds.

TOWN OF ARLINGTON, MASSACHUSETTS
/s/ Ms. Phyllis L. Marshall, Treasurer

January 25, 2022

**Issue Price Certificate for Use If the Competitive
Sale Requirements Are Met
\$86,990,000***

**Town of Arlington, Massachusetts
General Obligation Municipal Purpose Loan of 2022 Bonds Dated February 24, 2022**

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____ (the "Successful Bidder"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds") of the Town of Arlington, Massachusetts (the "Issuer").

1. Reasonably Expected Initial Offering Prices.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Successful Bidder are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Successful Bidder in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Successful Bidder to purchase the Bonds.

(b) The Successful Bidder was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Successful Bidder constituted a firm offer to purchase the Bonds.

2. Defined Terms.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is February 3, 2022.

(d) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

3. Receipt.

The Successful Bidder hereby acknowledges receipt from the Issuer of the Bonds and further acknowledges receipt of all certificates, opinions and other documents required to be delivered to the Successful Bidder, before or simultaneously with the delivery of such Bonds, which certificates, opinions and other documents are satisfactory to the Successful Bidder.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Successful Bidder's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____, 2022

Successful Bidder

By: _____

Name:

Title:

*Preliminary, subject to change.

SCHEDULE A
EXPECTED OFFERING PRICES
(To be Attached)

SCHEDULE B
COPY OF SUCCESSFUL BIDDER'S BID
(To Be Attached)

**Issue Price Certificate for Use If the Competitive Sale Requirements Are
Not Met and the 10% Test to Apply
\$86,990,000*
Town of Arlington, Massachusetts
General Obligation Municipal Purpose Loan of 2022 Bonds Dated February 24, 2022
ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of _____ (the [Successful Bidder][Representative]), on behalf of itself and [NAMES OF OTHER UNDERWRITERS]] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) by the Town of Arlington, Massachusetts (the “Issuer”).

1. Sale of the Bonds. As of the date of this certificate, [except as set forth in the following paragraph,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% Test has not been met or all of the Bonds have not been sold for one or more Maturities of Bonds as of the Closing Date.]

For each Maturity of the Bonds as to which no price is listed in Schedule A, as set forth in the Notice of Sale for the Bonds, until at least 10% of each such Maturity of the Bonds is sold to the Public (the “10% Test”) or all of the Bonds are sold to the Public, the [Successful Bidder][Representative] agrees to promptly report to the Issuer’s financial advisor, Hilltop Securities Inc. (the “Financial Advisor”) the prices at which the unsold Bonds of each Maturity have been sold to the Public, which reporting obligation shall continue after the date hereof until the 10% Test has been satisfied for each Maturity of the Bonds or until all the Bonds of a Maturity have been sold. The [Successful Bidder][Representative] shall continue to report each sale of Bonds to the Financial Advisor until notified by email or in writing by the Issuer or the Financial Advisor that it no longer needs to do so.

2. Defined Terms.

- (a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (c) *Underwriter* means (i) any person, including the [Successful Bidder][Representative] that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

3. Receipt. The [Successful Bidder][Representative] hereby acknowledges receipt from the Issuer of the Bonds and further acknowledges receipt of all certificates, opinions and other documents required to be delivered to the Successful Bidder, before or simultaneously with the delivery of such Bonds, which certificates, opinions and other documents are satisfactory to the [Successful Bidder][Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder][Representative] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____ 2022

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: _____

Name:

Title:

*Preliminary, subject to change.

SALE PRICES
[(Attached)]

SCHEDULE A

**Issue Price Certificate for Use If the Competitive Sale Requirements Are
Not Met and the Hold the Price Rule Is Used
\$86,990,000*
TOWN OF ARLINGTON, MASSACHUSETTS
GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2022 Bonds**

DATED FEBRUARY 24, 2022

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____ (the (“[Successful Bidder][Representative]”), on behalf of itself and [NAMES OF OTHER UNDERWRITERS] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of the Town of Arlington, Massachusetts (the “Issuer).

1. Sale of the Bonds. As of the date of this certificate, [except as set forth in following paragraph,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% Test has not been met as of the Sale Date.]

For each Maturity of the Bonds as to which no price is listed in Schedule A (the “Unsold Maturities”), as set forth in the Notice of Sale for the Bonds, the [Successful Bidder][Representative] and any other Underwriter did not [and will not] reoffer the Unsold Maturities to any person at a price that is higher than the initial offering price to the Public until the earlier of (i) _____, 2022 or (ii) the date on which the “Successful Bidder][Representative] or any other Underwriter sold at least 10% of each Unsold Maturity at a price that is no higher than the initial offering price to the Public.

2. Defined Terms.

(a) Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) Underwriter means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

3. The [Successful Bidder][Representative] hereby acknowledges receipt from the Issuer of the bonds of the Issue and further acknowledges receipt of all certificates, opinions and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the delivery of such bonds of the Issue, which certificates, opinions and other documents are satisfactory to the [Successful Bidder][Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder’s][Representative’s] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____, 2022

[SUCCESSFUL BIDDER] [REPRESENTATIVE]

By: _____

Name:

Title:

*Preliminary, subject to change.

**[SCHEDULE A
SALE PRICES
(To be Attached)]**

OFFICIAL STATEMENT

TOWN OF ARLINGTON, MASSACHUSETTS

\$82,445,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2022 BONDS

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Arlington, Massachusetts (the "Town") in connection with the sale of \$82,445,000 stated principal amount of its General Obligation Municipal Purpose Loan of 2022 Bonds (the "Bonds"). The information contained herein has been furnished by the Town, except information attributed to another source.

THE BONDS

Description of the Bonds

The Bonds will be dated their date of delivery and will bear interest, computed on a 30/360 basis, payable semiannually on April 15 and October 15, until maturity or redemption prior to maturity, commencing October 15, 2022. The Bonds shall mature on October 15 of the years and in the principal amounts as set forth on the cover page of this Official Statement.

The Bonds are issuable only in fully registered form registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000, or any integral multiple thereof. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or Registered Owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "Book-Entry Transfer System" herein.)

Principal and semiannual interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, Boston, Massachusetts or its successor as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

Redemption Provisions

Optional Redemption

Bonds maturing on or prior to October 15, 2030 shall not be subject to redemption prior to their stated maturity dates. Bonds maturing on or after October 15, 2031 shall be subject to redemption prior to maturity, at the option of the Town, on or after October 15, 2030, either in whole or in part at any time, and if in part, by lot within a maturity, at the par amount of the Bonds to be redeemed, plus accrued interest to the date set for redemption.

Notice of Redemption

Notice of any redemption of Bonds, prior to their dates of maturity, specifying the Bonds (or the portions thereof) to be redeemed shall be mailed or sent in any other manner acceptable to DTC not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the Direct Participants of the redemption or failure on the part of DTC's Participants, Indirect Participants or of a nominee of a Beneficial Owner having received notice from a DTC Participant or otherwise to notify the Beneficial Owners shall not affect the validity of the redemption.

Record Date

The record date for each payment of interest on the Bonds (the "Record Date") is the last business day of the month preceding the interest payment date, provided that, under certain circumstances, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the Bondowners at least ten (10) days before the special record date.

Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's Participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating from S&P Global Ratings of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in Beneficial Ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with DTC; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with DTC unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The issuer of such securities may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

Authorization of the Bonds and Use of Proceeds

The following table sets forth the principal amounts, purposes, amounts authorized, statutory references, and dates of approval, for the current offering of Bonds.

This Issue	Purpose	Original Bond Authorization	Statutory Reference	Dates of Authorization
\$ 100,000	Parmenter School Exterior	\$ 100,000	Ch.44,s.7(1)	5/17/2021
199,000	Whitemore Park	300,000	Ch.44,s.7(1)	5/17/2021
6,200,000	(1) DPW Building	29,900,000	Ch.44,s.7(1)	5/6/2019
4,746,000	(2) DPW Building	8,900,000	Ch.44,s.7(1)	11/30/2020
71,200,000	High School	290,851,820 (3)	Ch.70B	4/29/2019
<u>\$ 82,445,000</u>				

(1) \$2,200,000 of this authorization will be water/sewer supported.

(2) Water/sewer supported.

(3) The Town voted to exempt this authorization from the limitations of Proposition 2 ½. The Massachusetts School Building Authority ('MSBA') will provide 49.72% reimbursement on eligible project costs. To date, the Town has received \$26,128,504 from the MSBA.

Principal Payments by Purpose

Year	DPW Facility	Whitemore Park	Parmenter School Exterior	Arlington High School (1)	DPW Water/Sewer	Total
2022	\$ 5,000	\$ 14,000	\$ 5,000	\$ 980,000	\$ 66,000	\$ 1,070,000
2023	15,000	15,000	5,000	1,360,000	90,000	1,485,000
2024	225,000	15,000	5,000	1,430,000	95,000	1,770,000
2025	225,000	15,000	5,000	1,500,000	100,000	1,845,000
2026	225,000	15,000	5,000	1,580,000	105,000	1,930,000
2027	225,000	15,000	5,000	1,660,000	110,000	2,015,000
2028	220,000	15,000	5,000	1,745,000	115,000	2,100,000
2029	220,000	15,000	5,000	1,835,000	125,000	2,200,000
2030	220,000	15,000	5,000	1,930,000	130,000	2,300,000
2031	220,000	15,000	5,000	2,015,000	135,000	2,390,000
2032	220,000	10,000	5,000	2,100,000	140,000	2,475,000
2033	220,000	10,000	5,000	2,175,000	145,000	2,555,000
2034	220,000	10,000	5,000	2,240,000	150,000	2,625,000
2035	220,000	10,000	5,000	2,310,000	155,000	2,700,000
2036	220,000	10,000	5,000	2,370,000	160,000	2,765,000
2037	220,000		5,000	2,420,000	160,000	2,805,000
2038	220,000		5,000	2,475,000	165,000	2,865,000
2039	220,000		5,000	2,540,000	170,000	2,935,000
2040	220,000		5,000	2,615,000	175,000	3,015,000
2041	220,000		5,000	2,695,000	180,000	3,100,000
2042	220,000			2,775,000	185,000	3,180,000
2043	220,000			2,855,000	190,000	3,265,000
2044	220,000			2,925,000	195,000	3,340,000
2045	220,000			3,000,000	200,000	3,420,000
2046	220,000			3,075,000	205,000	3,500,000
2047	220,000			3,155,000	210,000	3,585,000
2048	220,000			3,235,000	215,000	3,670,000
2049	220,000			3,315,000	220,000	3,755,000
2050	220,000			3,400,000	225,000	3,845,000
2051	220,000			3,490,000	230,000	3,940,000
Total	<u>\$ 6,200,000</u>	<u>\$ 199,000</u>	<u>\$ 100,000</u>	<u>\$ 71,200,000</u>	<u>\$ 4,746,000</u>	<u>\$ 82,445,000</u>

(1) The Town voted to exempt this authorization from the limitations of Proposition 2 ½. The Massachusetts School Building Authority ('MSBA') will provide 49.72% reimbursement on eligible project costs. To date, the Town has received \$26,128,504 from the MSBA.

Tax Exemption

In the opinion of Locke Lord LLP, Bond Counsel to the Town ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds will not be included in computing the alternative minimum taxable income of Bondholders who are individuals. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on the Bonds. The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The Town has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is either the reasonably expected initial offering price to the public or the first price at which a substantial amount of such maturity of the Bonds is sold to the public, as applicable. The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the reasonably expected initial offering price or, if applicable, the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds (“Premium Bonds”), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder’s basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder’s other items of income, deduction, or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Massachusetts legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers. Additionally, Bondholders should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be affected and the ability of Bondholders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Security and Remedies

Full Faith and Credit. General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for “qualified bonds” as described below (see “*Serial Bonds and Notes*” under “INDEBTEDNESS-TYPES OF OBLIGATIONS” below) and setoffs of state distributions as described below (see “*State Distributions*” below), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year “all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for [and] all amounts necessary to satisfy final judgments”. Specific provision is also made for including in the next tax levy payments of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid, if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation. (See “*Tax Limitations*” under “PROPERTY TAXATION” below.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

No Lien. Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy or any other moneys to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See “INDEBTEDNESS-Authorization Procedures and Limitations” below.) Subject to the approval of the State Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

Court Proceedings. Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law. (See “*Tax Limitations*” under “PROPERTY TAXATION” below.) In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

Restricted Funds. Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry fee, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, community preservation and affordable housing purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately-held property in the city or town for certain energy conservation and renewable energy projects, and may borrow to establish such a fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

State Distributions. State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on “qualified bonds” (See “*Serial Bonds and Notes*” under “INDEBTEDNESS-TYPES OF OBLIGATIONS” below) and any other sums due and payable by the city or town to The Commonwealth of Massachusetts (the “Commonwealth”) or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority (“MBTA”) or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority (“MWRA”) if the city or town is within the territory served by the MWRA, for any debt service due on obligations issued to the Massachusetts School Building Authority (“MSBA”), or for charges necessary to meet obligations under the Commonwealth’s Clean Water or Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Bankruptcy. Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not generally authorized by the Massachusetts General Laws to file a petition for bankruptcy under federal bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, however, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth's oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

Opinion of Bond Counsel

The Successful Bidder will be furnished the legal opinion of the firm of Locke Lord, LLP, Boston, Massachusetts ("Bond Counsel"). The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the Successful Bidder. The opinion will be substantially in the form presented in Appendix B.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing upon and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

Rating

S&P Global Ratings has assigned a rating of AAA to the Bonds. Such rating reflects the rating agency's views and is subject to revision or withdrawal, which could affect the price and marketability of the Bonds.

Financial Advisory Services of Hilltop Securities Inc.

Hilltop Securities Inc., Boston, Massachusetts serves as financial advisor to the Town.

Continuing Disclosure

In order to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, as amended (the "Rule"), the Town will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Town by not later than 270 days after the end of each fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. Other than the Town, there are no obligated persons with respect to the Bonds within the meaning of the Rule. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix C. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds.

In the past five years, the Town believes that it has complied, in all material respects, with its previous undertakings to provide annual reports or notices of significant events in accordance with the Rule. The Town has implemented procedures to assist in complying with its continuing disclosure obligations, including the additional significant events added to SEC Rule 15c2-12 that became effective on February 27, 2019.

THE TOWN OF ARLINGTON, MASSACHUSETTS

General

The Town of Arlington, Massachusetts (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, 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 2020 Federal Census, has a population of 45,531 persons.

Local Government

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 five member Select Board 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.

Principal Executive Officers

Following are the principal executive officers of the Town:

<u>Office</u>	<u>Name</u>	<u>Manner of Selection and Term</u>	<u>Term Expires</u>
Select Board	Stephen W. DeCoursey, Chair	Elected – 3 years	2022
	Diane M. Mahon, Vice Chair	Elected – 3 years	2023
	Lenard Diggins	Elected – 3 years	2023
	Eric D. Helmuth	Elected – 3 years	2024
	John V. Hurd	Elected – 3 years	2024
Town Manager	Adam W. Chapdelaine	Appointed – 3 years	2025
Town Treasurer/Collector	Phyllis L. Marshall	Appointed	Indefinite
Town Clerk	Juliana H. Brazile	Elected – 3 years	2023
Comptroller	Ida Cody	Appointed	2024

Municipal Services

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 certain technical education at the high school level. The Massachusetts Water Resources Authority provides certain 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.

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.

Corona Virus (COVID-19) Disclosure

COVID-19 is a respiratory disease caused by a novel coronavirus that has not previously been seen in humans. On March 10, 2020, the Governor of The Commonwealth of Massachusetts declared a state of emergency to support the Commonwealth's response to the outbreak of the virus. On March 11, 2020 the World Health Organization declared COVID-19 a pandemic. On March 13, 2020, the President declared a national emergency due to the outbreak, which has enabled disaster funds to be made available to states to fight the pandemic. The Governor has removed the remaining COVID-19 restrictions and the state of emergency in The Commonwealth expired on June 15, 2021.

In response to the COVID-19 pandemic, federal and state legislation was signed into law that provides various forms of financial assistance and other relief to state and local governments. For example, the U.S. Congress enacted the CARES Act which includes various forms of financial relief. The Town was eligible to receive up to \$4,022,546 from the CARES Act and to date has incurred \$4,022,546 in COVID expenses related to the CARES Act Reimbursement.

Another action at the federal level was the American Rescue Plan Act of 2021 ("ARPA"). Among other provisions, ARPA provides \$350 billion to state and local governments to mitigate the fiscal disruptions created by the pandemic. Such funds may be used to replace revenues lost or reduced as a result of the pandemic and fund COVID-related costs, among other purposes. The Town has been allocated \$35,247,893 in "ARPA" funds, \$26,247,893 of direct funds and \$8,843,863 for funds reallocated from Middlesex County. The Town has allocated CARES Act and ARPA towards expenses that resulted from COVID-19 and were additional to its normal operating expenses. ARPA funds will be allocated for expenses in programs for the following Town departments: Public Health, Premium Pay for Town and School Essential Workers, Behavioral Health Support, Small Business/Non-Profit Assistance, Tenant Assistance, Administration & Oversight, Revenue Loss/General Fund, Equity and Outreach, Premium Pay for Private Sector Essential Workers, Low Income Broadband Support, Providing Food Security, HVAC Improvements, Investment in Parks and Open Spaces, Water and Sewer Spending, Affordable Housing, and Homelessness. The Town has not used these funds to supplement regular town revenue for the budget.

Pursuant to M.G.L. Chapter 44, Section 31, the Town can set up a fund specifically related to COVID-19 expenses. This fund can be used to capture all unbudgeted costs related to the COVID-19 pandemic and deficit spending for these costs, including but not limited to, overtime, cleaning and medical supplies, and IT equipment would be allowed, with the approval of the Commonwealth's Department of Revenue.

The virus, its variants and the resulting actions by national, state and local governments are altering the behavior of businesses and people in a manner that may have negative impacts on global and local economies. There can be no assurances regarding the extent to which COVID-19 will impact the national and state economies and, accordingly, how it will adversely impact municipalities, including the Town.

The Town closed FY2020 with an operating surplus. Although the Town did not impose a spending freeze, they closely monitored expenditures and focused on essential purchases only. The general fund turned back \$2,392,211. Local receipts came in above the estimated projection by \$1,345,132 and tax revenue was at 98.6% which is similar to prior year collections.

For fiscal 2021, the Town estimated an increase in state aid in the amount of \$653,479 based on the Cherry Sheet. Although the actual local receipts exceeded the projection in fiscal 2020, the Town took a very conservative approach and reduced the local revenue budget by \$1,964,699.

ARPA funds will be allocated for expenses in programs for the following Town departments: Public Health, Premium Pay for Town and School Essential Workers, Behavioral Health Support, Small Business/Non-Profit Assistance, Tenant Assistance, Administration & Oversight, Revenue Loss/General Fund, Equity and Outreach, Premium Pay for Private Sector Essential Workers, Low Income Broadband Support, Providing Food Security, HVAC Improvements, Investment in Parks and Open Spaces, Water and Sewer Spending, Affordable Housing, and Homelessness.

Education

Public School Facilities

<u>Name</u>	<u>Date Built</u>	<u>Date Added To (Remodeled)</u>	<u>Capacity</u>
Arlington High School	1912	1938, 1959, 1981	1,600
Ottoson Middle School	1930	1950, 1979, 1996	1,100
Elementary:			
Bishop	1950	2000	350
Brackett	1999		425
Dallin	2006		350
Gibbs	1928	2018	350
Hardy	1925	1949, 2001	350
Peirce	2002		300
Stratton	1962	1968	450
Thompson	1956	2013	380
Total			5,655

In the spring of 2019, the Town approved a new high school construction project estimated to cost approximately \$290 million - which was contingent on a Proposition 2 ½ debt exclusion. The Town expects to receive approximately 49.72% reimbursement on eligible project costs from the Massachusetts School Building Authority ("MSBA").

Public School Enrollments

	<u>Actual</u>				
	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
K-5	3,043	3,152	3,162	2,971	3,025
6-8	1,259	1,319	1,386	1,375	1,358
9-12	1,325	1,381	1,411	1,409	1,483
Special Ed.	114	87	82	86	73
Total	5,741	5,939	6,041	5,841	5,939

Source: School Department as of October 1 each year. Does not include enrollment for Minuteman Regional Vocational-Technical High School. Special Ed. reflects out of District placements.

Educational Attainment

<u>Years of School Completed</u>	<u>Arlington</u>		<u>Middlesex County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th grade	725	2.3 %	39,450	3.8 %	216,669	4.9 %
9th to 12th grade, No diploma	774	2.4	44,636	4.3	268,218	6.0
High School Graduate	5,236	16.3	228,467	21.9	1,156,650	25.9
Some College, No Degree	3,280	10.2	143,456	13.7	739,171	16.6
Associate's Degree	1,483	4.6	63,971	6.1	344,724	7.7
Bachelor's Degree	9,273	28.8	268,306	25.7	989,299	22.2
Graduate or Professional Degree	11,415	35.4	255,610	24.5	751,167	16.7
Total	32,186	100.0 %	1,043,896	100.0 %	4,465,898	100.0 %

Source: U.S. Department of Commerce (2012 5-year estimates).

Climate Resiliency

The Town became a designated Massachusetts Municipal Vulnerability Preparedness community in September 2021. Arlington achieved this designation by developing a comprehensive Community Resilience Plan that highlighted actionable steps the community would take toward water supply protection; energy resilience; emergency preparedness; and social resiliency. Arlington received funding from the Massachusetts Emergency Management Agency (MEMA) to update the Town's Hazard Mitigation Plan in 2018. Arlington's original plan was adopted in 2012. Starting in 2022, Arlington adopted the State's new Stretch Energy Code that required new construction and major renovation to be all-electric. To further these efforts the Town also has drafted a Net Zero Action Plan. Reaching "net zero" Green House Gas pollution means that our community will reduce its GHG pollution as much as possible and remove or offset any remaining pollution by 2050.

Cybersecurity

Arlington has foundational services and procedures as the backbone of our cybersecurity program, beginning with user education for prevention, to technical monitoring, detection, and response. We have the following framework currently in place:

- knowledge base articles for our community of users
- continual reduction of onsite footprint by migrating systems and services to more secure cloud-based solutions
- emergency response plan with multistage backup and recovery (disaster recovery and business continuity restored within 12 hours of a major breach or outage)
- antivirus and malware protection for all endpoints (computers and servers)
- VPN and firewall monitoring for the internal networks
- enhanced email protection:
 - anti-phishing and spam
 - malware and antivirus
 - account highjack detection
 - secure communication (encryption)

Population

Year	Arlington		Middlesex County		Massachusetts	
	Number	% Change	Number	% Change	Number	% Change
2020	45,531	2.8%	1,611,699	3.3%	6,892,503	2.2%
2010	42,844	1.1	1,503,085	2.6	6,547,629	3.1
2000	42,389	(5.0)	1,465,396	4.8	6,349,097	5.5
1990	44,630	(7.4)	1,398,468	2.3	6,016,425	4.9
1980	48,219	(9.9)	1,367,034	(2.2)	5,737,037	0.8

Source: U.S. Department of Commerce.

Population Density (1)

Year	Arlington		Middlesex County		Massachusetts	
	Number	Density (2)	Number	Density	Number	Density
2020	45,531	8,325.7	1,611,699	1,837.9	6,892,503	839.4
2010	42,844	8,266.3	1,503,085	1,825.1	6,547,629	835.4
2000	42,389	8,179.6	1,465,396	1,779.6	6,349,097	809.8
1990	44,630	8,610.8	1,398,468	1,698.1	6,016,425	767.6
1980	48,219	9,303.3	1,367,034	1,659.9	5,737,037	732.0

(1) Source: U.S. Department of Commerce, Bureau of the Census (2013, 2010, 2000, 1990, 1980).

(2) Based on 5.2 square miles.

Industry and Commerce

As indicated below, economic activity in the Town largely consists of the wholesale and retail trade and service industries. In 2020, 1,219 firms were located in Arlington, with a total annual payroll \$528,993,050, reported to the U.S. Department of Labor and Training.

Due to the reclassifications the U.S. Department of Labor now uses the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.

Industry	Calendar Year Average				
	2016	2017	2018	2019	2020
Construction	967	962	976	951	904
Manufacturing	114	120	136	155	126
Trade, Transportation and Utilities	1,267	1,289	1,364	1,361	1,220
Information	272	269	253	274	281
Financial Activities	569	579	574	547	525
Professional and Business Services	948	2,000	1,941	1,073	1,030
Education and Health Services	2,957	3,000	3,132	2,939	2,626
Leisure and Hospitality	947	1,007	1,023	1,046	749
Other Services	666	842	632	638	521
Public Administration	453	533	552	599	639
Total Employment	9,160	10,601	10,583	9,583	8,621
Number of Establishments	1,111	1,116	1,132	1,122	1,219
Average Weekly Wages	\$ 954	\$ 978	\$ 993	\$ 1,046	\$ 1,180
Total Wages	\$ 454,459,413	\$ 479,191,399	\$ 500,065,637	\$ 521,158,796	\$ 528,993,050

Source: Massachusetts Department of Education and Training. Data based upon place of employment, not place of residence.

Labor Force, Employment and Unemployment Rate

According to the Massachusetts Department of Employment and Training, in September 2021 the Town had a total labor force of 26,877 of whom 25,923 were employed and 954 or 3.5% were unemployed as compared with 5.3% for the Commonwealth for that same period.

The following table sets forth the Town's average labor force and unemployment rates for calendar years 2016 through 2020 and the unemployment rates for the Commonwealth and the U.S. for the same periods:

Year	Arlington	Massachusetts	United States
2020	5.6%	8.9%	8.1%
2019	1.8	2.8	3.5
2018	2.2	3.3	3.9
2017	2.6	3.8	4.4
2016	2.5	5.7	4.9

Source: Massachusetts Department of Employment and Training. Data based upon place of residence, not place of employment.

Principal Employers

Excluding the Town, the following are the principal employers located in the Town:

<u>Company</u>	<u>Nature of Business</u>	<u>Approximate Current Employees</u>
Armstrong Ambulance	Medical Transportation	499-250
American Alarm	Security Specialists	249-100
Massachusetts Highway Department	Transportation	249-100
Mirak Hyundai, Inc.	Auto Sales/Service	249-100
Whole Foods Market	Supermarket Retail	249-100
Park Avenue Nursing Home	Elder Care Facility	249-100
Children's Music Network	Education	249-100
Visiting Nursing and Community Care	Nursing	249-100
Mirak Parts & Truck Center	Auto Sales/Service	249-100
Sunrise Assisted Living	Elder Care Facility	99-50

Source: Planning Department and the companies listed.

Income Levels

	<u>Arlington</u>		<u>Middlesex County</u>		<u>Massachusetts</u>	
	<u>Amount</u>	<u>% Change from Previous Census</u>	<u>Amount</u>	<u>% Change from Previous Census</u>	<u>Amount</u>	<u>% Change from Previous Census</u>
Per Capita:						
2012 (5 yr. est.)	\$49,166	42.9%	\$42,289	35.5%	\$35,485	36.7%
1999	34,399	60.4	31,199	53.4	25,952	50.7
1989	21,449	141.3	20,343	141.1	17,224	131.0
1979	8,890	NA	8,439	NA	7,457	NA
1969	NA	NA	NA	NA	NA	NA
Median Family Income (2012 (est.))	\$111,086		\$102,480		\$84,380	
Median Household Income (2012 (est.))	\$87,525		\$81,420		\$66,658	
% Below Poverty Level (2012)	4.5%		7.9%		11.0%	

Source: U.S. Department of Commerce.

Family Income Distribution

	<u>Arlington</u>		<u>Middlesex County</u>		<u>Massachusetts</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
Less than \$10,000	93	0.9 %	8,758	2.4 %	57,204	3.6 %
\$10,000 - \$24,999	468	4.3	22,381	6.1	132,790	8.3
\$25,000 - \$49,000	1,120	10.3	47,577	12.9	260,930	16.3
\$50,000 - \$74,999	1,368	12.6	50,166	13.6	257,973	16.1
\$75,000 - \$99,999	1,606	14.7	50,766	13.7	235,746	14.7
\$100,000 - \$149,999	2,605	23.9	84,320	22.8	331,738	20.7
\$150,000 or more	3,633	33.3	106,960	28.6	327,825	20.3
Total	10,893	100.0 %	370,928	100.1 %	1,604,206	100.0 %

Source: U.S. Department of Commerce (2012 5 yr. est.)

Household Income Distribution

	Arlington		Middlesex County		Massachusetts	
	Households	Percent	Households	Percent	Households	Percent
Less than \$10,000	825	4.3 %	27,350	4.7 %	159,535	6.3 %
\$10,000 - \$24,999	1,818	9.5	62,187	10.7	345,816	13.7
\$25,000 - \$49,000	2,550	13.4	91,079	15.7	472,301	18.7
\$50,000 - \$74,999	2,977	15.6	87,693	15.1	412,921	16.3
\$75,000 - \$99,999	2,709	14.2	76,803	13.3	329,572	13.0
\$100,000 - \$149,999	3,704	19.4	111,082	19.2	422,194	16.7
\$150,000 or more	4,504	23.6	123,015	21.2	383,355	15.2
Total	19,087	100.0 %	579,209	100.0 %	2,525,694	100.0 %

Source: U.S. Department of Commerce (2012 5 yr. est.).

Housing Units – Age Distribution – 2012 (5 year estimates)

Year Built	Arlington		Middlesex County		Massachusetts	
	Number	Percent	Number	Percent	Number	Percent
2000 or later	704	3.5 %	43,257	7.1 %	199,233	7.1 %
1980 to 1999	871	4.4	99,270	16.2	508,334	18.1
1940 to 1979	7,980	40.1	244,858	40.1	1,115,159	39.8
1939 or earlier	10,364	52.0	223,953	36.6	981,480	35.0
Total	19,919	100.0 %	611,338	100 %	2,804,206	100.0 %

Source: U.S. Department of Commerce.

Housing Unit Inventory – 2012 (5 year estimates)

Units	Arlington		Middlesex County		Massachusetts	
	Number	Percent	Number	Percent	Number	Percent
1, Detached	8,573	43.0 %	298,215	48.8 %	1,471,460	52.5 %
1, Attached	929	4.7	37,571	6.1	141,098	5.0
2 to 4	6,209	31.2	136,346	22.3	596,892	21.3
5 to 9	697	3.5	31,742	5.2	168,231	6.0
10 to 19	986	4.9	28,685	4.7	120,233	4.3
20 or more	2,525	12.6	76,246	12.5	281,775	10.0
Mobile Home, Trailer, Other	10	0.1	2,533	0.4	24,517	0.9
Total	19,929	100.0 %	611,338	100.0 %	2,804,206	100.0 %

Source: U.S. Department of Commerce.

Housing Values – Specified Owner-Occupied (One Unit, Detached or Attached)

Units	Arlington		Middlesex County		Massachusetts	
	Number	Percent	Number	Percent	Number	Percent
Less than \$100,000	111	1.0 %	8,186	2.2 %	55,908	3.5 %
\$100,000 - \$199,999	320	2.7	20,196	5.5	201,702	12.6
\$200,000 - \$299,999	643	5.6	58,603	16.0	402,530	25.3
\$300,000 - \$499,999	4,970	43.2	162,541	44.4	603,907	37.8
\$500,000 - \$999,999	5,290	46.0	98,530	26.9	276,805	17.3
\$1,000,000 or more	171	1.5	18,069	4.9	55,107	3.5
Total	11,505	100.0 %	366,125	100.0 %	1,595,959	100.0 %

Source: U.S. Census Bureau (2012 5-year estimate).

Building Permits

Calendar Year	Number of Permits	Estimated Value
2021 (1)	2,045	\$ 254,165,793
2020	1,662	92,646,817
2019	2,042	62,132,673
2018	1,920	69,876,693
2017	1,721	64,335,658

Source: Board of Assessors.

(1) Issued through December 22, 2021.

PROPERTY TAXATION

The principal source of revenue of the Town is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures, less estimated receipts from other sources, and less appropriations voted from available funds. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "Tax Limitations" below.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds, the use of which is otherwise provided for by law, the deduction for appropriations voted from available funds for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Among the sums required by law to be included in the tax levy are debt and interest charges not otherwise provided for, amounts necessary to pay final judgments and, as described below, abatements of taxes in excess of applicable reserves.

A single tax rate applies in the Town for each fiscal year to the taxable valuation of the taxable real and personal property. The rate is equal to the amount to be raised divided by the total taxable valuation.

At present, the taxable valuation is required by law to be based on 100 percent of fair cash value. Legislation was enacted in 1975 to provide that, subject to limited state review, assessors may determine fair cash value by one or a combination of accepted methods, including comparison of sales prices, capitalization of income and replacement cost less depreciation.

Tax Levy Computation

The following table illustrates the manner in which the tax levy was determined for the following fiscal years:

	For Fiscal Year				
	2022	2021	2020	2019	2018
Gross Amount to be Raised:					
Appropriations	\$ 212,606,359	\$ 200,563,321	\$ 194,558,628	\$ 179,847,133	\$ 167,794,771
Other Local Expenditures	742,550	743,473	1,071,982	728,279	804,194
State and County Charges	3,619,672	3,483,738	3,410,733	3,309,209	3,184,573
Overlay Reserve	691,296	933,277	503,383	1,245,171	1,156,229
Total Gross Amount to be Raised	217,659,877	205,723,809	199,544,726	185,129,792	172,939,767
Less Estimated Receipts & Other Revenue:					
Estimated Receipts from State(1)	23,529,766	23,611,189	22,957,710	20,516,318	20,822,977
Estimated Receipts - Local	36,651,936	32,838,326	32,179,142	31,146,416	29,001,023
Available Funds Appropriated:					
Free Cash	-	-	-	-	-
Other Available Funds	8,470,765	4,773,406	2,797,937	1,876,375	810,000
Free Cash and Other Revenue Used to Reduce the Tax Rate	6,059,184	6,301,388	8,259,782	7,579,706	5,050,566
Total Estimated Receipts and Revenue	74,711,651	67,524,309	66,194,571	61,118,815	55,684,566
Net Amount to be Raised (Tax Levy)	\$ 142,948,226	\$ 138,199,500	\$ 133,350,155	\$ 124,010,977	\$ 117,255,201
Property Valuation	\$ 12,517,357,831	\$ 12,186,904,721	\$ 12,056,976,079	\$ 11,013,408,219	\$ 9,666,545,866
Tax Levy per \$1,000	\$11.42	\$11.34	\$11.06	\$11.26	\$12.13

Source: Board of Assessors.

Note: Property tax rates may not be set by the local assessors until they have been approved by the Commissioner of Revenue.

(1) Includes state aid as well as other payments from the Commonwealth.

Assessed and Equalized Valuations

Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every five years or pursuant to a revised schedule as may be issued by the Commissioner.

Related statutes provide that certain forest land, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

The following table sets forth the trend in assessed and equalized valuations of the Town:

	For Fiscal Year				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Real Property	\$12,344,915,691	\$12,060,936,391	\$11,928,303,679	\$10,894,952,519	\$9,547,033,906
Personal Property	<u>172,442,140</u>	<u>125,968,330</u>	<u>128,672,400</u>	<u>118,455,700</u>	<u>119,511,960</u>
Total Assessed Valuation	<u>\$12,517,357,831</u>	<u>\$12,186,904,721</u>	<u>\$12,056,976,079</u>	<u>\$11,013,408,219</u>	<u>\$9,666,545,866</u>
Equalized Valuation (1)	\$12,795,048,700	\$12,795,048,700	\$10,614,146,500	\$10,614,146,500	\$9,073,201,400
Assessed Valuation as a Percent of Equalized Valuation	98.3%	95.3%	113.6%	103.8%	106.5%

(1) Based on equalized valuation in effect for each year as determined biennially by the State Department of Revenue as of January 1 of even numbered calendar years effective for the next two years.

Classification of Property

The following table shows the breakdown by classification of the total assessed valuation for the following fiscal years:

	Fiscal 2022 Assessed Valuation	% of Total Assessed Valuation	Fiscal 2021 Assessed Valuation	% of Total Assessed Valuation	Fiscal 2020 Assessed Valuation	% of Total Assessed Valuation
Residential	\$ 11,805,801,788	94.3 %	\$ 11,526,348,979	94.6 %	\$ 11,400,195,250	94.6 %
Commercial	513,658,303	4.1	509,076,912	4.2	502,941,029	4.2
Industrial	25,455,600	0.2	25,510,500	0.2	25,167,400	0.2
Personal	<u>172,442,140</u>	<u>1.4</u>	<u>125,968,330</u>	<u>1.0</u>	<u>128,672,400</u>	<u>1.1</u>
Total	<u>\$ 12,517,357,831</u>	<u>100.0 %</u>	<u>\$ 12,186,904,721</u>	<u>100.0 %</u>	<u>\$ 12,056,976,079</u>	<u>100.0 %</u>

Source: Board of Assessors.

Largest Taxpayers

Following is a list of the ten largest taxpayers in the Town based upon assessed valuations for fiscal year 2021, all of which are current in their property tax payments:

<u>Name</u>	<u>Nature of Business</u>	<u>Valuation Fiscal Year 2021</u>
FHF Arlington 360 LLC	Residential	\$82,076,800
Boston Gas Company	Utility	51,256,540
US Reif Bringham Square	Residential & Commercial	50,199,500
Nostalgia Properties LLC	Residential	44,818,800
Mirak-Bendetson Dev LLC	Residential	40,288,600
Old Colony Realty Partners LLC	Residential	36,703,800
NSTAR	Utility	34,598,150
Brentwood Realty Partners LLC	Residential	33,288,000
Millbrook Sq Apartments Co	Residential	24,258,800
Claremont Arlington Suites LLC	Hotel	23,025,930
TOTAL:		<u>\$420,514,920</u>

Source: Board of Assessors.

State Equalized Valuation

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality. This is known as the "equalized value".

The following table sets forth the trend in equalized valuations of the Town.

<u>January 1</u>	<u>State Equalized Valuation</u>	<u>% Change</u>
2020	\$ 12,795,048,700	17.0 %
2018	10,614,146,500	14.5
2016	9,073,201,400	12.8
2014	7,913,085,100	4.9
2012	7,527,775,600	1.8

Local assessed valuations are determined annually as of January 1 and used for the fiscal year beginning on the next July 1.

Abatements and Overlay

The Town is authorized by law to increase each tax levy by an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the excess is required to be added to the next tax levy.

Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue, but uncollected real property taxes are ordinarily not written off until they become municipal "tax titles" by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The following table sets forth the amount of overlay reserve for the following fiscal years and abatements granted during the fiscal year of levy:

	2021	2020	For Fiscal Year 2019	2018	2017
Total Tax Levy	\$ 138,199,500	\$ 133,350,155	\$ 124,010,977	\$ 117,255,201	\$ 112,439,838
Overlay Reserve for Abatements	\$ 933,277	\$ 503,383	\$ 1,245,171	\$ 1,156,229	\$ 1,202,533
Percent of Tax Levy	0.7%	0.4%	1.0%	1.0%	1.1%
Abatements Granted:					
During Fiscal Year of Levy	\$ 336,908	\$ 415,456	\$ 611,469	\$ 336,611	\$ 362,995

Source: Town Accountant.

Tax Collections

The Town has accepted a statute providing for quarterly tax payments. Under that statute, preliminary tax payments are due on August 1 and November 1, with payment of the actual tax bill (after credit is given for the preliminary payments) in installments on February 15 and May 1 if actual tax bills are mailed by December 31. Interest accrues on delinquent taxes at the rate of 14 percent per annum.

The following table presents the total tax levy, the reserve for abatements, the net levy and the amounts collected as of June 30 for each of the last five fiscal years:

	2021	2020	For Fiscal Year 2019	2018	2017
Total Tax Levy	\$ 138,199,500	\$ 133,305,155	\$ 124,010,977	\$ 117,255,201	\$ 112,439,838
Overlay Reserve for Abatements	933,277	503,383	1,245,171	1,156,229	1,202,533
Net Tax Levy (1)	<u>\$ 137,266,223</u>	<u>\$ 132,801,772</u>	<u>\$ 122,765,806</u>	<u>\$ 116,098,972</u>	<u>\$ 111,237,305</u>
Amount Collected During					
Fiscal Year Payable (2)(3)	\$ 137,156,573	\$ 133,003,248	\$ 123,210,750	\$ 117,222,582	\$ 112,265,192
Percent of Net Tax Levy Collected	99.9 %	100.2 %	100.4 %	101.0 %	100.9 %

(1) Net after deduction of overlay reserve for abatements.

(2) Actual collections of levy less refunds and amounts refundable but including proceeds of tax titles and tax possessions attributed to such levy but not including abatement or other credits.

(3) Collections for the current fiscal year are comparable to previous fiscal years.

Tax Titles and Possessions

Real property (land and buildings) is subject to lien for the taxes assessed upon it (subject to any paramount federal lien and subject to bankruptcy in insolvency laws). (In addition, real property is subject to a lien for certain unpaid municipal charges or fees.) If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates; otherwise, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation where the lien could not be enforced because of a legal impediment. The persons against whom real or personal property taxes are assessed are personally liable therefore (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by the sale or taking of the property as described below.

Massachusetts law permits a municipality either to sell by public sale, at which the municipality may become the purchaser, or to take real property for nonpayment of taxes thereon. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months, which may be extended an additional year in the case of certain installment payments, it can be foreclosed by petition to the land court. Upon such foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of like any land held for municipal purposes.

The following shows the trend in tax titles as of the end of the last five fiscal years:

Fiscal Year	Tax Titles
2021	\$ 563,812
2020	532,795
2019	781,909
2018	764,812
2017	545,965

Taxation to Meet Deficits

As noted elsewhere (see "Abatements and Overlay," above) overlay deficits, i.e., tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e., those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates, and certain established salaries, e.g. civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as "free cash" deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

Tax Limitations

Chapter 59, Section 21C of the General Laws, also known as "Proposition 2½" imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year's valuation.

This "growth" limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the "growth" limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit "to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year".

Proposition 2½ further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or for the city or town's apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option". Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

Unused Levy Capacity

The following table sets forth the Town's tax levy limits and unused levy capacity for the following fiscal years:

	2022	2021	For Fiscal Year 2020	2019	2018
Primary Levy Limit (1)	\$ 312,933,946	\$ 304,672,618	\$ 301,424,402	\$ 275,335,205	\$ 241,663,647
Prior Fiscal Year Levy Limit	126,776,920	122,855,373	113,696,347	109,965,991	106,050,906
2.5% Levy Growth	3,169,423	3,071,384	2,842,409	2,749,150	2,651,273
New Growth (2)	933,510	850,163	816,617	981,206	1,263,812
Overrides	-	-	5,500,000	-	-
Growth Levy Limit	130,879,853	126,776,920	122,855,373	113,696,347	109,965,991
Debt Exclusions	10,276,792	7,744,595	4,928,109	4,772,602	1,781,064
Other Adjustments(3)	1,845,727	3,691,454	5,593,112	5,593,112	5,593,112
Tax Levy Limit	143,002,372	138,212,969	133,376,594	124,062,061	117,340,167
Tax Levy	142,948,226	138,199,500	133,350,155	124,010,977	117,255,201
Unused Levy Capacity (4)	<u>\$ 54,146</u>	<u>\$ 13,469</u>	<u>\$ 26,439</u>	<u>\$ 51,084</u>	<u>\$ 84,966</u>
Unused Primary Levy Capacity (5)	<u>\$ 182,054,093</u>	<u>\$ 177,895,698</u>	<u>\$ 178,569,029</u>	<u>\$ 161,638,858</u>	<u>\$ 131,697,656</u>

(1) 2.5% of assessed valuation.

(2) Allowed increase for new valuations certified by the Department of Revenue.

(3) Represents water and sewer debt service as permitted pursuant to G.L. Chapter 59, Section 21C(n).

(4) Tax Levy Limit less Tax Levy.

(5) Primary Levy Limit less Growth Levy Limit.

Impact of Proposition 2 1/2

As illustrated by the table above, the Town's primary response to the fiscal constraints imposed by Proposition 2 1/2 has been to exempt a significant portion of its long-term debt from Proposition 2 1/2. In addition, on March 11, 2005, voters passed a \$6 million operating override to support ongoing funding for schools, libraries, youth services, police, fire, DPW, and other town services. The Town passed another \$6,490,000 operating override in June 2011 for fiscal years 2012 and beyond. In June 2019, the voters passed a \$5.5 million operating override to fund general government, education and senior services. It is expected that the additional revenues will provide for increases in operating expenditures through fiscal year 2023.

The Town has voted to exclude from the limitations of Proposition 2 1/2 debt service on the Town's Arlington High School reconstruction project. The total project cost is expected to be \$290 million and the Town expects to receive approximately \$86 million in grants from the Massachusetts School Building Authority. The balance will be funded with general obligation bonds.

Sale of Tax Receivables

Legislation enacted in 1996 authorizes public sales by cities and towns of delinquent property tax receivables, individually or in bulk. The City does not expect to utilize this option at the present time.

Pledged Taxes

Taxes on the increased value of certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes. (See "Town Finances - Tax Increment Financing for Development Districts" below).

Initiative Petitions

Various proposals have been made in recent years for legislative amendments to the Massachusetts Constitution to impose limits on State and local taxes. To be adopted such amendments must be approved by two successive legislatures and then by the voters at a state election.

TOWN FINANCES

The Budget and Appropriation Process

The annual appropriations of the Town are ordinarily made at the annual town meeting, which takes place in April. Appropriations may also be voted at special meetings. Every town must have an appropriation, advisory or finance committee. The committee (or the board of selectmen if authorized by by-law) is required to submit a budget of proposed expenditures at the annual town meeting.

Water and sewer department expenditures are generally included in the budgets adopted by city councils and town meetings but electric and gas department funds may be appropriated by the municipal light boards. Under certain legislation any city or town which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. It is assumed that this general provision does not alter the pre-existing power of an electric or gas department to appropriate its own receipts.

The school budget is limited to the total amount appropriated by the city council or town meeting, but the school committee retains full power to allocate the funds appropriated.

State and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for, and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy. The Town operates self-supporting enterprise funds for water and sewer, youth recreation, council on aging, transportation and the ice rink.

Operating Budget Trends

The following table sets forth the trend in the Town's operating budgets as voted at Town Meeting for fiscal years 2018 through 2022:

	Fiscal Year				
	2022	2021	2020	2019	2018
Debt	\$ 15,752,873	\$ 13,434,308	\$ 10,883,956	\$ 11,721,436	\$ 11,630,983
DPW	11,497,265	11,443,648	12,306,896	11,302,585	11,655,827
Government	25,145,041	25,012,902	30,200,911	23,396,074	22,681,424
Health	1,844,613	1,545,055	1,432,598	1,263,087	1,205,115
Insurance	21,007,349	19,587,502	18,615,729	17,850,681	17,719,504
Library	2,669,869	2,587,325	2,523,118	2,459,506	2,354,236
Pension	14,061,339	13,265,379	12,562,340	11,905,497	11,323,505
Public Safety	17,297,215	17,018,848	16,171,289	15,815,442	15,681,846
State Assessment	3,619,672	3,483,738	3,403,217	3,285,065	3,184,573
Education	80,104,634	75,570,531	71,427,139	66,253,022	60,928,485
TOTAL	\$ 192,999,870	\$ 182,949,236	\$ 179,527,193	\$ 165,252,395	\$ 158,365,498
Enterprise Funds:					
Water/Sewer	23,588,928	22,957,178	22,346,487	21,337,916	20,785,848
Arlington Youth Counsel Center	904,135	827,839	740,358	657,700	630,000
COA Transportation	140,300	139,953	142,907	90,322	99,335
Ed Burns Arena	593,004	620,364	655,322	632,521	597,534
Recreational	1,720,892	1,934,203	1,885,697	1,790,634	639,354
TOTAL:	26,947,259	26,479,537	25,770,771	24,509,093	22,752,071

Education Reform

State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education and related programs, and may affect the level of state aid to be received for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. Since enactment, the Town's net school spending has exceeded the minimum required local contribution.

Revenues

State Aid - In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use, and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. The formulas for determining a municipality's state aid entitlement are subject to amendment by the state legislature and, while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

In the fall of 1986, both the State Legislature (by statute, repealed as of July 1, 1999) and the voters (by initiative petition) placed limits on the growth of state tax revenues. Although somewhat different in detail, each measure essentially limited the annual growth in state tax revenues to an average rate of growth in wages and salaries in the Commonwealth over the three previous calendar years. If not amended, the remaining law could restrict the amount of state revenues available for state aid to local communities.

The following table sets forth the amount of state aid received by the Town for fiscal years 2017 through 2021.

<u>Fiscal Year</u>	<u>Total Received From State</u>
2021	\$23,062,648
2020	22,420,494
2019	19,817,320
2018	19,116,640
2017	18,591,432

State School Building Assistance Program

Under its school building assistance program, the Commonwealth provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "MSBA") to finance and administer the school building assistance program. The MSBA has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the MSBA to finance the program.

Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the MSBA based on the approved project cost and reimbursement rate applicable under the prior law. The MSBA has paid and is expected to continue to pay the remaining amounts of the grants for such projects either in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects, or as lump sum payments to contribute to the defeasance of such bonds.

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the MSBA based on the eligible project costs and reimbursement rates applicable under the prior law. With limited exceptions, the MSBA is required to fund the grants for such projects in the order in which they appear on the waiting list. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the MSBA in lump sum payments, thereby eliminating the need for the MSBA to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the MSBA's share of such project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, is included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway have been and are expected to continue to be paid by the MSBA as project costs are incurred by the municipality pursuant to a project funding agreement between the MSBA and the municipality, eliminating the need for the municipality to borrow even on a temporary basis to finance the MSBA's share of the project costs in most cases.

The maximum reimbursement rate for new project grant applications submitted to the MSBA on or after July 1, 2007 is 80% of approved project costs. The MSBA promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. The MSBA expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the MSBA and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

Federal Aid: In addition to state aid, the Town receives funds from the federal government for various purposes. The following table shows federal monies received for fiscal years 2017 through 2021.

<u>Fiscal Year</u>	<u>Total Received from Federal Government (1)</u>
2021	\$24,489,703 (2)
2020	7,596,467
2019	6,944,458
2018	6,138,243
2017	6,260,197

(1) Does not include federal aid received for schools.

(2) Includes ARPA and CARES funding.

Motor Vehicle Excise Tax: An excise is imposed on the registration of motor vehicles (subject to exemptions) at a uniform rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is kept. Valuations are determined by a statutory formula based on manufacturer's list price and year of manufacture. Bills not paid when due bear interest at 12 percent per annum. Provision is also made, after notice to the owner, for suspension of the owner's operating license or registration by the registrar of motor vehicles.

The following table shows actual receipts for fiscal years 2017 through 2021:

<u>Fiscal Year</u>	<u>Receipts (1)</u>
2021	\$4,265,965
2020	5,049,195
2019	5,333,180
2018	5,551,687
2017	4,775,878

(1) Net after refunds. Includes receipts for prior years.

Local Options Meals Tax

On November 16, 2009, the Town adopted the local meals excise tax to be effective January 1, 2010. The local meals excise tax is a 0.75% tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold.

The revenue from this tax is as follows:

<u>Fiscal Year</u>	<u>Revenues</u>
2021	\$ 377,538
2020	457,148
2019	467,653
2018	444,161
2017	415,173

Room Occupancy Tax

Under this tax, local governments may tax the provision of hotel, motel and lodging house rooms at a rate not to exceed six percent (6%) of the cost of renting such rooms. The tax is paid by the operator of the hotel, motel or lodging house to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located in quarterly distributions. On November 16, 2009, the Town adopted an increase in the room occupancy tax to the maximum rate of 6% to be effective January 1, 2010. The revenue from this tax is as follows:

<u>Fiscal Year</u>	<u>Revenues</u>
2021	\$ 156,297
2020	453,053
2019	479,530
2018	378,783
2017	303,939

Community Preservation Act

The Massachusetts Community Preservation Act (the "CPA") permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy, dedicate revenue (other than state or federal funds), and to receive state matching funds for (i) the acquisition, creation, preservation, rehabilitation and restoration of land for recreational use, open space, and affordable housing and (ii) the acquisition, preservation, rehabilitation and restoration of historic resources. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see "Tax Limitations" under "PROPERTY TAXATION" above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge and dedication of revenue. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on taxes, the dedication of revenue and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge and dedicated revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

The Town has adopted a 1.5% CPA surcharge which commenced in fiscal 2016. The Town levied \$1,796,439 for CPA in fiscal 2021 and received \$489,711 in state matching grants. The CPA Trust Fund balance as of June 30, 2021 was \$3,280,788.

Annual Audits

The accounts of the Town of Arlington are audited annually by Powers & Sullivan, Certified Public Accountants, of Wakefield, Massachusetts. A copy of the fiscal 2021 audit is attached hereto as Appendix A.

The attached report speaks only as of its date, and only to the matters expressly set forth therein. Except as stated in their report, the auditors have not been engaged to verify the financial information set forth in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Financial Statements

Set forth on the following pages are Governmental Funds Balance Sheets for fiscal years ended June 30, 2021, June 30, 2020 and June 30, 2019, and a Statement of Revenues and Expenditures (Governmental Funds) for fiscal years ended June 30, 2021, June 30, 2020, June 30, 2019, June 30, 2018 and June 30, 2017 as extracted from the audited financial statements for those years.

Estimated FY21 Year End Results

The Town had a healthy balance in Free Cash of \$11,078,429 and Operating Surplus consisting of Local Receipt Surplus of \$759,050 and Expenditure Turnback of \$3,202,406 for combined total of \$3,961,456.

**TOWN OF ARLINGTON, MASSACHUSETTS
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2021 (1)**

	General	COVID-19 Grants	Capital Borrowing Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 66,082,163	\$ 13,383,251	\$ 99,520,071	\$ 23,798,493	\$ 202,783,978
Investments	-	-	-	17,940,578	17,940,578
Receivables, Net of Uncollectibles:					
Real Estate and Personal Property Taxes	1,862,945	-	-	-	1,862,945
Tax Liens	329,800	-	-	1,805	331,605
Community Preservation Fund Surtax	-	-	-	17,623	17,623
Motor Vehicle Excise Taxes	160,842	-	-	-	160,842
Departmental and other	206,372	-	-	-	206,372
Intergovernmental	123,947	-	5,071,511	2,573,389	7,768,847
Community Preservation State Share	-	-	-	580,300	580,300
Loans	-	-	-	253,965	253,965
Tax Foreclosures	396,784	-	-	-	396,784
TOTAL ASSETS	\$ 69,162,853	\$ 13,383,251	\$ 104,591,582	\$ 45,166,153	\$ 232,303,839
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants Payable	1,478,627	5,971	10,480,766	1,242,270	13,207,634
Accrued Payroll	8,474,954	-	-	29,061	8,504,015
Tax Refunds Payable	875,300	-	-	-	875,300
Other Liabilities	326,451	-	-	-	326,451
Unearned revenue	-	13,377,280	-	-	13,377,280
Customer deposits	75,640	-	-	-	75,640
TOTAL LIABILITIES	11,230,972	13,383,251	10,480,766	1,271,331	36,366,320
DEFERRED INFLOWS OF RESOURCES					
Taxes paid in Advance	178,144	-	-	2,603	180,747
Unavailable Revenues	2,477,040	-	-	2,300,074	4,777,114
TOTAL DEFERRED INFLOWS OF RESOURCES	2,655,184	-	-	2,302,677	4,957,861
FUND BALANCES:					
Nonspendable	-	-	-	4,869,922	4,869,922
Restricted	2,729,945	-	94,110,816	36,722,223	133,562,984
Committed	862,689	-	-	-	862,689
Assigned	8,910,542	-	-	-	8,910,542
Unassigned	42,773,521	-	-	-	42,773,521
TOTAL FUND BALANCES	55,276,697	-	94,110,816	41,592,145	190,979,658
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 69,162,853	\$ 13,383,251	\$ 104,591,582	\$ 45,166,153	\$ 232,303,839

(1) Extracted from audited financial statements of the Town.

**TOWN OF ARLINGTON, MASSACHUSETTS
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2020 (1)**

	General	Capital Borrowing Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 66,820,218	\$ 63,108,703	\$ 24,016,132	\$ 153,945,053
Investments	-	-	15,054,897	15,054,897
Receivables, Net of Uncollectibles:				
Real Estate and Personal Property Taxes	1,809,983	-	-	1,809,983
Tax Liens	488,247	-	3,009	491,256
Community Preservation Fund Surtax	-	-	18,039	18,039
Motor Vehicle Excise Taxes	315,572	-	-	315,572
Departmental and other	179,242	-	-	179,242
Intergovernmental	876,879	863,662	2,639,948	4,380,489
Community Preservation State Share	-	-	374,380	374,380
Loans	-	-	363,912	363,912
Tax Foreclosures	396,784	-	-	396,784
TOTAL ASSETS	<u>\$ 70,886,925</u>	<u>\$ 63,972,365</u>	<u>\$ 42,470,317</u>	<u>\$ 177,329,607</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Warrants Payable	2,628,773	7,558,441	447,875	10,635,089
Accrued Payroll	5,789,494	-	194,776	5,984,270
Tax Refunds Payable	393,400	-	-	393,400
Other Liabilities	261,586	-	-	261,586
Unearned revenue	-	-	886,870	886,870
Customer deposits	75,498	-	-	75,498
TOTAL LIABILITIES	<u>9,148,751</u>	<u>7,558,441</u>	<u>1,529,521</u>	<u>18,236,713</u>
DEFERRED INFLOWS OF RESOURCES				
Taxes paid in Advance	466,948	-	6,352	473,300
Unavailable Revenues	3,078,716	-	2,281,331	5,360,047
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,545,664</u>	<u>-</u>	<u>2,287,683</u>	<u>5,833,347</u>
FUND BALANCES:				
Nonspendable	-	-	4,867,622	4,867,622
Restricted	3,016,302	56,413,924	33,785,491	93,215,717
Committed	627,592	-	-	627,592
Assigned	9,096,380	-	-	9,096,380
Unassigned	45,452,236	-	-	45,452,236
TOTAL FUND BALANCES	<u>58,192,510</u>	<u>56,413,924</u>	<u>38,653,113</u>	<u>153,259,547</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 70,886,925</u>	<u>\$ 63,972,365</u>	<u>\$ 42,470,317</u>	<u>\$ 177,329,607</u>

(1) Extracted from audited financial statements of the Town.

**TOWN OF ARLINGTON, MASSACHUSETTS
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2019 (1)**

	General	Capital Borrowing Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 58,196,312	\$ 6,398,973	\$ 20,937,317	\$ 85,532,602
Investments	-	-	14,975,608	14,975,608
Receivables, Net of Uncollectibles:				
Real Estate and Personal Property Taxes	1,245,366	-	-	1,245,366
Tax Liens	529,746	-	2,930	532,676
Community Preservation Fund Surtax	-	-	11,315	11,315
Motor Vehicle Excise Taxes	277,205	-	-	277,205
Departmental and other	129,407	-	-	129,407
Intergovernmental	2,373,982	-	2,744,342	5,118,324
Community Preservation State Share	-	-	183,761	183,761
Special Assessments	1,246	-	-	1,246
Loans	-	-	417,274	417,274
Tax Foreclosures	396,784	-	-	396,784
Due from Other Funds	615,023	-	-	615,023
TOTAL ASSETS	\$ 63,765,071	\$ 6,398,973	\$ 39,272,547	\$ 109,436,591
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Warrants Payable	933,232	130,664	888,827	1,952,723
Accrued Payroll	4,932,781	-	-	4,932,781
Tax Refunds Payable	364,100	-	-	364,100
Due to other funds	-	-	615,023	615,023
Other Liabilities	738,972	-	-	738,972
Customer Deposits	74,250	-	-	74,250
Notes Payable	-	480,950	-	480,950
TOTAL LIABILITIES	7,043,335	611,614	1,503,850	9,158,799
DEFERRED INFLOWS OF RESOURCES				
Taxes paid in Advance	250,347	-	3,338	253,685
Unavailable Revenues	3,309,328	-	2,271,532	5,580,860
TOTAL DEFERRED INFLOWS OF RESOURCES	3,559,675	-	2,274,870	5,834,545
FUND BALANCES:				
Nonspendable	-	-	4,849,599	4,849,599
Restricted	2,707,499	5,787,359	30,644,228	39,139,086
Committed	524,213	-	-	524,213
Assigned	12,301,164	-	-	12,301,164
Unassigned	37,629,185	-	-	37,629,185
TOTAL FUND BALANCES	53,162,061	5,787,359	35,493,827	94,443,247
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 63,765,071	\$ 6,398,973	\$ 39,272,547	\$ 109,436,591

(1) Extracted from audited financial statements of the Town.

TOWN OF ARLINGTON, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS- YEAR ENDED JUNE 30, 2021 (1)

	General	COVID-19 Grants	Capital Borrowing Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Real Estate and Personal Property Taxes, Net of Tax Refunds	\$ 136,597,623	\$ -	\$ -	\$ -	\$ 136,597,623
Tax Liens	158,447	-	-	1,204	159,651
Motor Vehicle Excise Taxes	4,265,965	-	-	-	4,265,965
Hotel/Motel Tax	160,955	-	-	-	160,955
Meals Tax	377,538	-	-	-	377,538
Charges for services	-	17,113	-	834,028	851,141
Penalties and Interest on Taxes	436,506	-	-	-	436,506
Fees and Rentals	133,314	-	-	205,784	339,098
Payments in lieu of Taxes	70,563	-	-	-	70,563
Intergovernmental - State Aid	23,539,328	-	-	-	23,539,328
Intergovernmental - School Building Authority	-	-	21,192,153	-	21,192,153
Intergovernmental - Teachers Retirement	21,383,677	-	-	-	21,383,677
Intergovernmental - Other	-	4,389,086	-	10,644,412	15,033,498
Departmental and Other	3,394,186	-	-	7,455,377	10,849,563
Community Preservation Taxes	-	-	-	1,989,069	1,989,069
Community Preservation State Match	-	-	-	489,711	489,711
Contributions and Donations	20,737	224,536	-	490,879	736,152
Investment Income	577,200	-	-	3,396,210	3,973,410
TOTAL REVENUES	\$ 191,116,039	\$ 4,630,735	\$ 21,192,153	\$ 25,506,674	\$ 242,445,601
EXPENDITURES					
Current:					
General Government	5,229,020	1,254,470	112,702	2,587,378	9,183,570
Public Safety	16,458,621	58,822	364,491	2,273,086	19,155,020
Education	81,004,989	2,090,239	54,764,940	10,422,012	148,282,180
Public Works	10,653,982	49,283	3,178,233	4,081,436	17,962,934
Community Development	686,201	-	4,720,059	2,640,067	8,046,327
Human Services	1,586,915	1,168,587	-	734,085	3,489,587
Culture and Recreation	39,001	837	122,340	460,549	622,727
Library	2,474,880	8,497	134,075	443,102	3,060,554
Community Preservation	-	-	-	2,086,989	2,086,989
Pension Benefits	13,263,898	-	-	-	13,263,898
Pension Benefits - Teachers Retirement	21,383,677	-	-	-	21,383,677
Property and Liability Insurance	401,046	-	-	-	401,046
Employee Benefits	17,668,731	-	-	89,057	17,757,788
State and County Charges	3,513,160	-	-	-	3,513,160
Debt Service:					
Principal	7,790,000	-	-	635,000	8,425,000
Interest	5,626,021	-	-	36,950	5,662,971
TOTAL EXPENDITURES	187,780,142	4,630,735	63,396,840	26,489,711	282,297,428
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 3,335,897	\$ -	\$ (42,204,687)	\$ (983,037)	\$ (39,851,827)
OTHER FINANCING SOURCES (USES):					
Issuance of bonds	-	-	75,345,000	-	75,345,000
Premium from issuance of bonds	-	-	5,168,650	227,107	5,395,757
Proceeds from the sale of capital assets	-	-	-	750,000	750,000
Transfers in	2,386,926	-	504,978	4,325,119	7,217,023
Transfers out	(8,638,636)	-	(1,116,049)	(1,401,788)	(11,156,473)
TOTAL OTHER FINANCING SOURCES (USES)	(6,251,710)	-	79,902,579	3,900,438	77,551,307
Net Change in Fund Balances	(2,915,813)	-	37,697,892	2,917,401	37,699,480
Fund Balances at Beginning of Year	58,192,510	-	56,413,924	38,674,744	153,281,178
Fund Balances at End of Year	\$ 55,276,697	\$ -	\$ 94,111,816	\$ 41,592,145	\$ 190,980,658

(1) Extracted from audited financial statements of the Town.

TOWN OF ARLINGTON, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS- YEAR ENDED JUNE 30, 2020 (1)

	General	Capital Borrowing Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Real Estate and Personal Property Taxes, Net of Tax Refunds	\$ 131,862,329	\$ -	\$ -	\$ 131,862,329
Tax Liens	255,534	-	1,824	257,358
Motor Vehicle Excise Taxes	5,049,196	-	-	5,049,196
Hotel/Motel Tax	453,651	-	-	453,651
Meals Tax	457,149	-	-	457,149
Charges for services	-	-	890,661	890,661
Penalties and Interest on Taxes	317,289	-	-	317,289
Fees and Rentals	337,320	-	223,458	560,778
Payments in lieu of Taxes	25,386	-	-	25,386
Intergovernmental - State Aid	22,915,577	-	-	22,915,577
Intergovernmental - School Building Authority	-	3,562,104	-	3,562,104
Intergovernmental - Teachers Retirement	17,042,825	-	-	17,042,825
Intergovernmental - Other	-	-	9,404,325	9,404,325
Intergovernmental - COVID-19 relief	280,343	-	238,635	518,978
Departmental and Other	3,913,390	-	10,187,714	14,101,104
Community Preservation Taxes	-	-	1,894,735	1,894,735
Community Preservation State Match	-	-	374,380	374,380
Contributions and Donations	131	-	812,340	812,471
Investment Income	1,371,199	-	644,862	2,016,061
TOTAL REVENUES	\$ 184,281,319	\$ 3,562,104	\$ 24,672,934	\$ 212,516,357
EXPENDITURES				
Current:				
General Government	4,836,354	20,909	1,813,602	6,670,865
Public Safety	16,421,367	1,340,351	2,195,449	19,957,167
Education	74,797,681	16,684,534	11,905,132	103,387,347
Public Works	9,659,633	985,922	2,093,506	12,739,061
Community Development	749,543	859,342	1,828,109	3,436,994
Human Services	1,294,717	1,186	798,924	2,094,827
Culture and Recreation	39,614	5,062	226,292	270,968
Library	2,405,347	139,783	349,433	2,894,563
Community Preservation	-	-	1,966,914	1,966,914
COVID-19	280,343	-	238,635	518,978
Pension Benefits	12,560,474	-	-	12,560,474
Pension Benefits - Teachers Retirement	17,042,825	-	-	17,042,825
Property and Liability Insurance	366,271	-	-	366,271
Employee Benefits	16,615,211	-	110,883	16,726,094
State and County Charges	3,378,962	-	-	3,378,962
Debt Service:				
Principal	7,572,800	-	615,000	8,187,800
Interest	3,100,959	-	58,225	3,159,184
TOTAL EXPENDITURES	171,122,101	20,037,089	24,200,104	215,359,294
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 13,159,218	\$ (16,474,985)	\$ 472,830	\$ (2,842,937)
OTHER FINANCING SOURCES (USES):				
Issuance of bonds	-	64,667,392	-	64,667,392
Premium from issuance of bonds	-	-	3,141,245	3,141,245
Transfers in	2,484,123	3,306,289	4,200,727	9,991,139
Transfers out	(10,612,892)	(872,131)	(4,655,516)	(16,140,539)
TOTAL OTHER FINANCING SOURCES (USES)	(8,128,769)	67,101,550	2,686,456	61,659,237
Net Change in Fund Balances	5,030,449	50,626,565	3,159,286	58,816,300
Fund Balances at Beginning of Year	53,162,061	5,787,359	35,493,827	94,443,247
Fund Balances at End of Year	\$ 58,192,510	\$ 56,413,924	\$ 38,653,113	\$ 153,259,547

(1) Extracted from audited financial statements of the Town.

TOWN OF ARLINGTON, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS- YEAR ENDED JUNE 30, 2019 (1)

	General	Capital Borrowing Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Real Estate and Personal Property Taxes, Net of Tax Refunds	\$ 122,379,415	\$ -	\$ -	\$ 122,379,415
Tax Liens	170,948	-	1,197	172,145
Motor Vehicle Excise Taxes	5,332,866	-	-	5,332,866
Hotel/Motel Tax	479,530	-	-	479,530
Meals Tax	467,654	-	-	467,654
Penalties and Interest on Taxes	409,223	-	-	409,223
Fees and Rentals	504,444	-	258,935	763,379
Payments in lieu of Taxes	25,361	-	-	25,361
Intergovernmental - State Aid	20,500,200	-	-	20,500,200
Intergovernmental - School Building Authority	-	568,133	-	568,133
Intergovernmental - Teachers Retirement	13,476,629	-	-	13,476,629
Intergovernmental - Other	-	-	9,449,529	9,449,529
Departmental and Other	4,404,179	-	13,097,215	17,501,394
Community Preservation Taxes	-	-	1,469,599	1,469,599
Community Preservation State Match	-	-	275,520	275,520
Contributions and Donations	36,171	-	374,739	410,910
Investment Income	1,395,862	-	666,623	2,062,485
TOTAL REVENUES	\$ 169,582,482	\$ 568,133	\$ 25,593,357	\$ 195,743,972
EXPENDITURES				
Current:				
General Government	5,084,879	978,836	2,017,301	8,081,016
Public Safety	16,260,516	21,431	2,167,040	18,448,987
Education	70,594,729	10,922,616	11,788,121	93,305,466
Public Works	9,860,990	1,058,052	2,317,702	13,236,744
Community Development	584,286	578,450	3,523,236	4,685,972
Human Services	1,218,442	-	970,204	2,188,646
Culture and Recreation	45,618	21,136	362,677	429,431
Library	2,350,775	263,086	370,274	2,984,135
Community Preservation	-	-	1,356,769	1,356,769
Pension Benefits	11,903,489	-	-	11,903,489
Pension Benefits - Teachers Retirement	13,476,629	-	-	13,476,629
Property and Liability Insurance	337,399	-	-	337,399
Employee Benefits	15,444,083	-	114,703	15,558,786
State and County Charges	3,272,899	-	-	3,272,899
Debt Service:				
Principal	7,620,000	-	595,000	8,215,000
Interest	3,288,205	-	76,250	3,364,455
TOTAL EXPENDITURES	161,342,939	13,843,607	25,659,277	200,845,823
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 8,239,543	\$ (13,275,474)	\$ (65,920)	\$ (5,101,851)
OTHER FINANCING SOURCES (USES):				
Issuance of bonds	-	5,894,408	-	5,894,408
Premium from issuance of bonds	-	260,200	83,105	343,305
Transfers in	1,514,018	-	2,940,890	4,454,908
Transfers out	(8,797,164)	(316,984)	(1,191,031)	(10,305,179)
TOTAL OTHER FINANCING SOURCES (USES)	(7,283,146)	5,837,624	1,832,964	387,442
Net Change in Fund Balances	956,397	(7,437,850)	1,767,044	(4,714,409)
Fund Balances at Beginning of Year	52,205,664	13,225,209	33,726,783	99,157,656
Fund Balances at End of Year	\$ 53,162,061	\$ 5,787,359	\$ 35,493,827	\$ 94,443,247

(1) Extracted from audited financial statements of the Town.

TOWN OF ARLINGTON, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS- YEAR ENDED JUNE 30, 2018 (1)

	General	Capital Borrowing Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
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	1,653	-	303,943	305,596
Investment Income	835,969	339	1,313,328	2,149,636
TOTAL REVENUES	\$ 162,925,113	\$ 104,598	\$ 26,652,961	\$ 189,682,672
EXPENDITURES				
Current:				
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
Debt Service:				
Principal	7,590,000	-	585,000	8,175,000
Interest	3,244,276	-	93,338	3,337,614
TOTAL EXPENDITURES	154,737,077	27,899,782	27,740,494	210,377,353
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 8,188,036	\$ (27,795,184)	\$ (1,087,533)	\$ (20,694,681)
OTHER FINANCING SOURCES (USES):				
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)
TOTAL OTHER FINANCING SOURCES (USES)	(7,114,373)	32,553,209	1,227,666	26,666,502
Net Change in Fund Balances	1,073,663	4,758,025	140,133	5,971,821
Fund Balances at Beginning of Year	51,132,001	8,467,184	33,586,650	93,185,835
Fund Balances at End of Year	\$ 52,205,664	\$ 13,225,209	\$ 33,726,783	\$ 99,157,656

(1) Extracted from audited financial statements of the Town.

TOWN OF ARLINGTON, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS- YEAR ENDED JUNE 30, 2017 (1)

	General	Capital Borrowing Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Real Estate and Personal Property Taxes, Net of Tax Refunds	\$ 110,993,109	\$ -	\$ 1,612,843	\$ 112,605,952
Tax Liens	470,129	-	-	470,129
Motor Vehicle Excise Taxes	4,775,678	-	-	4,775,678
Hotel/Motel Tax	303,939	-	-	303,939
Meals Tax	415,173	-	-	415,173
Fees and Rentals	627,570	-	152,318	779,888
Intergovernmental	33,652,030	-	9,041,330	42,693,360
Departmental and Other	3,916,500	-	12,019,001	15,935,501
Contributions	885	-	356,778	357,663
Investment Income	656,103	193	1,627,487	2,283,783
TOTAL REVENUES	\$ 155,811,116	\$ 193	\$ 24,809,757	\$ 180,621,066
EXPENDITURES				
Current:				
General Government	4,828,903	505,700	2,001,807	7,336,410
Public Safety	15,800,268	1,457,285	2,144,223	19,401,776
Education	60,376,765	15,205,150	11,305,038	86,886,953
Public Works	9,743,931	771,459	3,326,252	13,841,642
Community Development	619,670	-	2,158,041	2,777,711
Human Services	978,872	-	852,303	1,831,175
Library	2,222,415	34,710	299,268	2,556,393
Culture and Recreation	17,553	645,230	1,272,689	1,935,472
Pension Benefits	21,541,882	-	-	21,541,882
Property and Liability Insurance	326,617	-	-	326,617
Employee Benefits	16,020,082	-	71,058	16,091,140
Claims and judgments	70,000	-	-	70,000
State and County Charges	3,118,634	-	-	3,118,634
Debt Service:				-
Principal	7,432,000	-	570,000	8,002,000
Interest	1,816,828	-	107,875	1,924,703
TOTAL EXPENDITURES	144,914,420	18,619,534	24,108,554	187,642,508
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 10,896,696	\$ (18,619,341)	\$ 701,203	\$ (7,021,442)
OTHER FINANCING SOURCES (USES):				
Issuance of bonds	-	14,030,300	-	14,030,300
Premium from issuance of bonds	-	-	2,050,693	2,050,693
Sale of capital assets	-	-	28,000	28,000
Transfers in	1,049,116	62,650	2,873,704	3,985,470
Transfers out	(8,271,195)	(425,184)	(1,169,409)	(9,865,788)
TOTAL OTHER FINANCING SOURCES (USES)	(7,222,079)	13,667,766	3,782,988	10,228,675
Net Change in Fund Balances	3,674,617	(4,951,575)	4,484,191	3,207,233
Fund Balances at Beginning of Year	47,457,384	13,418,759	29,102,459	89,978,602
Fund Balances at End of Year	\$ 51,132,001	\$ 8,467,184	\$ 33,586,650	\$ 93,185,835

(1) Extracted from audited financial statements of the Town.

Unassigned General Fund Balances and Free Cash

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts, and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is surplus revenue less uncollected and overdue property taxes from prior years. The Town Accountant may certify as available for appropriation an adjusted free cash figure by adding back those uncollected and overdue property taxes which are subsequently collected between July 1 and the following March 31 of any year.

The following table sets forth the trend in the Town's unassigned general fund balances and free cash:

<u>Year</u>	Unassigned General Fund Balance for Fiscal Year <u>Ending June 30 (1)</u>	Certified Free Cash for Fiscal Year <u>Beginning July 1</u>
2021	\$42,773,521	\$11,078,429
2020	45,452,236	11,318,368
2019	37,629,185	11,802,775
2018	43,327,279	11,119,563
2017	41,337,204	9,186,749

(1) Source: Audited Financial Statements.

Stabilization Fund

The Town has maintained a Stabilization Fund for several years. Under Massachusetts statutes, funds may be appropriated from such fund by a two-thirds vote of town meeting for any municipal purpose.

The following sets forth the trend in the Stabilization Fund:

<u>As of June 30</u>	<u>Amount</u>
2021	\$3,618,503
2020	3,611,730
2019	3,452,628
2018	3,269,090
2017	3,119,606

Fiscal Stability Stabilization Fund

The Town created a Fiscal Stability Stabilization Fund pursuant to Article 75 of the 2011 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 were projected. The Fund was initially expected to be drawn down over five fiscal years.

The following sets for the trend in the Fiscal Stability Stabilization Fund:

<u>As of June 30</u>	<u>Amount</u>
2021	\$24,775,992
2020	26,671,730
2019	21,631,603
2018	24,010,773
2017	23,481,076

Retiree Health Insurance Trust Fund

The Town maintains a Healthcare Trust Fund pursuant to Chapter 12 of the Acts of 1988 to meet the Town's unfunded liability for retiree health insurance. The Town utilizes the annual decrease in the non-contributory pension fund appropriation to add to the Fund. The Town appropriates to the Fund the difference between \$500,000 and the next year's non-contributory pension appropriation. See "THE ARLINGTON CONTRIBUTORY RETIREMENT SYSTEM-Other Post-Employment Benefits" below.

The following sets forth the trend in the Retiree Health Insurance Trust Fund:

<u>As of June 30</u>	<u>Amount</u>
2021	\$21,268,077
2020	15,865,946
2019	14,521,818
2018	12,854,011
2017	11,201,306

Building Insurance Trust Fund

The Town maintains a Building Insurance Trust pursuant to Section 13 of Chapter 40 of the Massachusetts General Laws to cover insurance deductibles in the event of fire or other damage to Town owned buildings. The Town's deductible is \$100,000 per building.

The following sets forth the trend in the Building Insurance Trust Fund:

<u>As of June 30</u>	<u>Amount</u>
2021	\$680,296
2020	669,628
2019	708,572
2018	711,798
2017	720,989

Tax Increment Financing for Development Districts

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town's development program for the district. This includes pledging such "tax increments" for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2½ (see "Tax Limitations" under "PROPERTY TAXATION" above).

The Town has not established any such development districts.

Investment of Town Funds

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws Chapter 44, section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, or in participation units in the Massachusetts Municipal Depository Trust ("MMDT") or in shares in SEC-Registered money market funds with the highest possible rating from at least one nationally recognized statistical rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee, and the funds are managed under contract by an investment firm under the supervision of the State Treasurer's office. According to the State Treasurer the MMDT's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

MMDT funds, unless otherwise provided by the donor, may be invested in accordance with Section 54 of Chapter 44, which permits a broader range of investments than Section 55, including any securities that are legal investments for savings banks in the Commonwealth. The restrictions imposed by Sections 54 and 55 do not apply to city and town retirement systems.

Capital Planning

The Capital Planning Committee was established by the 1986 Arlington Town Meeting to assist the Town Manager in preparing a long-range capital improvement plan. The Committee consists of the Town Manager, Superintendent of Schools, Treasurer, Comptroller (or their designees), a representative of the Finance Committee and four registered voters of the Town appointed by the Moderator.

Town Meeting in recent years has approved road improvements, improvements to public facilities for compliance with the Americans with Disabilities Act, renovations of several parks and playgrounds, continuous improvements and upgrades to data processing equipment and technology, replacement of critical police and fire equipment and other capital projects that are important to the Town's service delivery and future growth.

INDEBTEDNESS

Authorization of General Obligation Bonds and Notes

Serial bonds and notes are authorized by a two-thirds vote of the town meeting. Provision is made for a referendum on the borrowing authorization if there is a timely filing of a petition bearing the requisite number of signatures. Borrowings for some purposes require State administrative approval.

When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue serial bonds or notes. Revenue anticipation notes and temporary notes in anticipation of authorized federal and state aid generally may be issued by the Treasurer with the approval of the Selectmen.

Debt Limits

General Debt Limit. The General Debt Limit of the Town consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit of the Town is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The Town can authorize debt up to this amount without state approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the State Municipal Finance Oversight Board consisting of the Attorney General, the State Treasurer, the State Auditor, and the Director of Accounts (the "MFOB").

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes, emergency loans, loans exempted by special laws, certain school bonds, sewer bonds, bonds for water, gas, electric and telecommunication systems, solid waste disposal facility bonds and economic development bonds supported by tax increment financing; and, subject to special debt limits, bonds for housing, urban renewal and economic development (subject to various debt limits). Revenue bonds are not subject to these debt limits. The General Debt Limit applies at the time the debt is authorized. The special debt limits generally apply at the time the debt is incurred.

Revenue Anticipation Notes. The amount borrowed in each fiscal year by the issue of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The fiscal year ends on June 30. Notes may mature in the following fiscal year, and notes may be refunded into the following fiscal year, to the extent of the uncollected, unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments and lawful unappropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years. (See "Taxation to Meet Deficits" under "PROPERTY TAXATION" above.) In any event, the period from an original borrowing to its final maturity cannot exceed one year.

Types of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue. Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as "qualified bonds" with the approval of the MFOB, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as “tax credit bonds” to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed ten years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. For certain school projects, however, notes may be refunded from time to time for a period not to exceed seven years without having to pay any portion of the principal of the notes from revenue funds. The maximum term of bonds issued to refund bond anticipation notes is measured (except for certain school projects) from the date of the original issue of the notes.

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue. The Town has not borrowed in anticipation of revenue since the implementation of quarterly billing for real estate taxes, which began July 1, 1991.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements. Generally, they must mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities, for projects financed under the Commonwealth’s Clean Water and Drinking Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition, cities and towns having electric departments may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy.

**Direct Debt Summary
As of June 30, 2021 (1)**

General Obligation Bonds:

Within the General Debt Limit (2)		
Sewers & Drains	\$ 2,081,750	
Schools	39,601,800	
Departmental Equipment	170,000	
General (3)	62,444,200	
Total within the debt limit		\$ 104,297,750
Outside the General Debt Limit		
Sewers & Drains	305,000	
General (3)	973,000	
School (4)	111,306,000	
Water	5,760,600	
Total outside the debt limit		\$ 118,344,600
Total Long Term Debt		\$ 222,642,350
This Issue of Bonds dated February 24, 2022		82,445,000
Short Term Indebtedness		
Bond Anticipation Notes	\$ -	
Total Short Term Debt Outstanding		-
Total Direct Debt		\$ 305,087,350

- (1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability and other post-employment benefits liabilities.
- (2) Based on the Town's equalized valuation of \$12,795,048,700 effective as of January 1, 2020, its Normal General Debt Limit is \$639,752,435 and its Double General Debt Limit is \$1,279,504,870. (See "INDEBTEDNESS – Debt Limits," above.)
- (3) \$22,155,000 has been excluded from the limits of Proposition 2 ½.
- (4) \$141,332,800 has been excluded from the limits of Proposition 2 ½.

Key Debt Ratios

The following table sets forth the ratio of debt to assessed and equalized valuation and per capita debt ratios at the end of the last five fiscal years. The table considers the principal amount of general obligation bonds of the Town of Arlington only. The table does not deduct anticipated state grant payments applicable to the principal amount of outstanding bonds or debt that may be supported in whole or in part by non-tax revenues.

	As of June 30,				
	2021	2020	2019	2018	2017
Amount (1)	\$222,642,350	\$153,333,200	\$95,034,050	\$98,950,400	\$76,443,200
Per Capita (2)	\$5,196.58	\$3,578.87	\$2,218.14	\$2,309.55	\$1,784.22
Percent of Assessed Valuation (3)	1.83%	1.27%	0.86%	1.02%	0.85%
Percent of Equalized Valuation (4)	1.74%	1.44%	0.90%	1.09%	0.84%
Per Capita as a percent of Personal Income Per Capita (2)	10.92%	7.52%	4.66%	4.85%	3.75%

- (1) Outstanding principal on general obligation bonds. Excludes lease and installment purchase obligations, overlapping debt, bond anticipation notes, unfunded pension liability and other post-employment benefits liability.
- (2) Source: U.S. Department of Commerce, Bureau of the Census - Latest applicable actuals or estimates.
- (3) Source: Board of Assessors - Assessed valuation as of the prior January 1.
- (4) Source: State Department of Revenue. The equalized valuation used here is the equalized valuation in effect for that year.

Annual Debt Service as of June 30, 2021 (1)

Fiscal Year	Long-Term Debt Outstanding (2)		Net Debt Service	Percent Principal Retired
	Principal	Interest		
2022	\$ 10,965,850	\$ 6,960,223	\$ 17,926,073	4.9 %
2023	10,020,250	6,512,019	16,532,269	9.4
2024	9,820,250	6,112,675	15,932,925	13.8
2025	9,330,250	5,725,644	15,055,894	18.0
2026	9,270,250	5,348,128	14,618,378	22.2
2027	8,865,250	4,977,288	13,842,538	26.2
2028	8,820,250	4,607,641	13,427,891	30.1
2029	8,790,000	4,230,259	13,020,259	34.1
2030	8,765,000	3,847,588	12,612,588	38.0
2031	8,630,000	3,485,169	12,115,169	41.9
2032	8,225,000	3,207,338	11,432,338	45.6
2033	8,235,000	2,983,156	11,218,156	49.3
2034	7,870,000	2,765,334	10,635,334	52.8
2035	7,735,000	2,561,425	10,296,425	56.3
2036	7,430,000	2,360,050	9,790,050	59.6
2037	7,325,000	2,164,200	9,489,200	62.9
2038	7,160,000	1,971,688	9,131,688	66.1
2039	5,750,000	1,803,213	7,553,213	68.7
2040	5,685,000	1,658,088	7,343,088	71.3
2041	5,795,000	1,513,513	7,308,513	73.9
2042	5,870,000	1,366,488	7,236,488	76.5
2043	5,990,000	1,216,516	7,206,516	79.2
2044	6,125,000	1,062,972	7,187,972	82.0
2045	6,250,000	906,128	7,156,128	84.8
2046	6,115,000	750,178	6,865,178	87.5
2047	5,970,000	599,375	6,569,375	90.2
2048	6,110,000	449,450	6,559,450	92.9
2049	6,125,000	297,775	6,422,775	95.7
2050	6,265,000	144,325	6,409,325	98.5
2051	3,335,000	33,350	3,368,350	100.0
Total	\$ 222,642,350	\$ 81,621,194	\$ 304,263,544	

(1) Excludes revenue anticipation notes, grant anticipation notes, bond anticipation notes, lease and installment purchase obligations, overlapping debt, unfunded pension liability and other post-employment benefits liability.

(2) Principal totaling \$163,487,800 and interest totaling \$66,946,873 is exempt from Proposition 2 ½.

Authorized Unissued Debt and Prospective Financing

Following the delivery of the Bonds, the Town will have approximately \$98 million of authorized unissued debt for various capital projects including schools (\$78.7 million), DPW Facility Improvements (\$11.5 million), water (\$3.9 million), sewer (\$2.9 million), and various other capital improvement projects. The Town expects approximately 49.72% reimbursement from the Massachusetts School Building Authority (MSBA) on eligible school project costs.

Overlapping Debt

The Town is a member of the MBTA and the MWRA, and is one of 9 members of the Minuteman Regional Vocational-Technical School District. The following table sets forth the outstanding bonded debt, exclusive of temporary loans in anticipation of bonds or current revenue, of the MBTA, the MWRA and the School District, the Town's share of such debt and the fiscal 2022 dollar assessment for each:

	Outstanding Debt as of June 30, 2021	Authorized Unissued	Arlington's Estimated Share	Dollar Assessment Fiscal 2022 (1)
MBTA (2)	\$ 5,149,356,000	(2)	1.739%	\$ 3,093,591
MWRA (3)				
Water	1,960,227,000	(3)	2.148%	3,480,279
Sewer	3,153,683,000		1.886%	6,219,729
Minuteman Reg. Voc. Tech School District (4)	99,245,000		-	6,795,456

(1) Dollar assessment is based upon total net operating expenses, inclusive of debt service where applicable.

(2) Source: MBTA. The MBTA was created in 1964 to finance and operate mass transportation facilities within the greater Boston metropolitan area. Under its enabling act, the MBTA is authorized to issue bonds for capital purposes, other than refunding bonds, and for certain specified purposes to an outstanding amount, which does not exceed the aggregate principal amount of \$3,556,300,000. In addition, pursuant to certain of the Commonwealth's transportation bond bills, the MBTA is authorized to issue additional bonds for particular capital purposes. The MBTA also is authorized to issue bonds of the purpose of refunding bonds. Under the MBTA's enabling act debt service, as well as other operating expenses of the MBTA, are to be financed by a dedicated revenue stream consisting of the amounts assessed on the cities and towns of the MBTA and a dedicated portion of the statewide sales tax. The amount assessed to each city and town is based on its weighted percentage of the total population of the authority as provided in the enabling act. The aggregate amount of such assessments is generally not permitted to increase by more than 2.5 percent per year.

(3) Source: MWRA. The MWRA provides wholesale drinking water services in whole or in part to 48 cities, towns and special purpose entities and provides wastewater collection and treatment services to 43 cities, towns and special purpose entities. Under its enabling legislation, as amended, the MWRA may borrow up to \$6.1 billion outstanding at any time for its corporate purposes. Its obligations are secured by revenues of the MWRA. The MWRA assesses member cities, towns and special purpose entities, which continue to provide direct retail water and sewer services to users. The cities, towns and other entities collect fees from the users to pay all or part of the assessments; some municipalities levy property taxes to pay part of the amounts assessed upon them.

(4) Source: Business Manager, Minuteman Regional Vocational-Technical School District. Fiscal 2022 dollar assessment. Arlington is a member along with the Towns of Acton, Bolton, Concord, Dover, Lancaster, Lexington, Needham, and Stow. The operating expenses and debt service of regional school districts are apportioned among the member municipalities in accordance with the agreements establishing the districts, subject to the provisions of the Education Reform Act of 1993. The District recently approved \$144.9 million for a new high school, of which approximately 44.75% is expected to be paid in grants from the Massachusetts School Building Authority. The District authorized a new \$144 million school project and the Town has been assessed \$800,000 for such debt in FY19.

Contracts

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interests, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter long-term contractual obligations that are not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

The Town has a five-year contact with Wheelabrator Inc. of North Andover for the disposal of solid waste. The contract expires June 30, 2025 and calls for the payment of \$79.39 per ton of solid waste for the period of July 1, 2021 through June 30, 2022. The rate per ton escalation is 3% per year.

As of July 1, 2012, the Town entered into a ten-year contract with JRM Hauling and Recycling which will expire on June 30, 2022. The following table presents the actual cost to the Town for solid waste disposal and collection for fiscal years 2017 through 2021:

<u>Fiscal Year</u>	<u>Disposal</u>	<u>Collection</u>
2021	\$960,946	\$2,519,068
2020	849,139	2,469,675
2019	833,297	2,421,251
2018	845,123	2,373,773
2017	804,284	2,327,629

Except for the above and for the transportation of students to school, which contracts are from one to three years in length, the Town has not entered into any long-term contracts of a substantial nature.

THE ARLINGTON CONTRIBUTORY RETIREMENT SYSTEM

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later

updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

The Town contributes to the Arlington Contributory Retirement System (the "System"), a cost-sharing, multiple-employer retirement system administered by the Arlington Contributory Retirement Board (the "Board"). Substantially all employees are members of the System except for public school teachers and certain administrators who are members of the Commonwealth of Massachusetts Teachers Contributory Retirement System to which the Town does not contribute. The System provides retirement, disability and death benefits to plan members and beneficiaries. The Town also provides non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents.

The annual appropriations of the Town to the System and non-contributory pensions for the last five fiscal years and the amount budgeted for the current fiscal year are as follows:

<u>Fiscal Year</u>	<u>System</u>	<u>Non-Contributory</u>	<u>Total</u>
2022 (budgeted)	\$14,041,972	\$19,367	\$14,061,339
2021	13,246,911	18,468	13,265,379
2020	12,543,872	18,468	12,562,340
2019	11,887,479	18,018	11,905,497
2018	11,268,184	13,970	11,282,154
2017	10,659,672	87,000	10,746,672

Source: Town Accountant.

Chapter 697 of the Acts of 1987, which was enacted on January 12, 1988, provides various benefit improvements, which may be accepted by local option. On March 12, 1990 the Town voted to accept the Chapter 697 benefit improvements, the most significant of which removed the \$30,000 cap on the amount of compensation that may be considered in the calculation of pension benefits for members hired after 1978. Members hired after 1978 are now required to contribute an additional 2% of their compensation in excess of \$30,000 to help pay for the improved benefit.

In 1998, the Town of Arlington Town Meeting and the Town of Arlington Retirement Board accepted Chapter 17 of the Acts of 1997 that provides the Retirement Board with the authority to grant cost-of-living adjustments ("COLA") each year of up to the lesser of 3% or the CPI on the first \$12,000 of retirement benefits. In addition, the Board adopted a new 20-year funding schedule, which has been approved by the PERAC. The funding schedule incorporates the assumption that an annual 3% COLA is granted. Therefore, if no COLA or less than a 3% COLA is granted in any year, it will result in an actuarial gain and reduce the appropriation level. This schedule is expected to result in the System becoming fully funded as of fiscal 2035 with an assumed 7.0% rate of return. See Appendix A for further information relating to the System.

Funding Schedule (As of January 1, 2020)

Fiscal Year	Normal Cost	Unfunded Liability	Funding Amortization of UAAL	Net 3(8)(c) Payments	Schedule Contribution	% Change
2022	\$ 3,092,471	\$ 144,553,451	\$ 11,644,370	\$ (109,786)	\$ 14,627,055	6.00 %
2023	3,231,632	139,564,326	12,383,832	(109,786)	15,505,678	6.00
2024	3,377,056	136,375,351	13,167,689	(109,786)	16,434,959	6.00
2025	3,529,023	128,592,923	14,001,819	(109,786)	17,421,056	6.00
2026	3,687,829	122,612,481	14,888,276	(109,786)	18,466,319	6.00
2027	2,853,782	115,264,900	15,830,303	(109,786)	18,574,299	6.00
2028	4,027,202	106,395,019	16,831,341	(109,786)	20,748,757	6.00
2029	4,208,426	95,833,135	17,895,042	(109,786)	21,993,682	6.00
2030	4,397,805	83,393,760	19,025,284	(109,786)	23,313,303	6.00
2031	4,595,706	68,874,270	20,226,181	(109,786)	24,712,101	6.00
2032	4,802,513	52,053,456	21,502,100	(109,786)	26,194,827	6.00
2033	5,018,626	32,689,951	22,857,676	(109,786)	27,766,516	6.00
2034	5,244,464	10,520,534	10,520,534	(109,786)	15,655,212	(43.62)
2035	5,480,465	-	-	(109,786)	5,370,679	(65.69)

Source: January 1, 2020 Actuarial Valuation Report of the Arlington Retirement System, PERAC.

Schedule of Funding Progress

As indicated in the table below, as of January 1, 2020, the date of the latest actuarial valuation, the System's funded ratio was 55 percent:

SCHEDULES OF FUNDING PROGRESS

(Dollars in Thousands)

	A	B	B-A	A/B	C	(B-A)/C
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
1/1/2020	\$ 168,200	\$ 307,977	\$ 139,841	55%	\$ 41,821	334%
1/1/2019	\$ 157,412	\$ 299,973	\$ 142,561	52%	\$ 40,092	356%
1/1/2018	\$ 151,650	\$ 294,347	\$ 142,697	52%	\$ 38,204	374%
1/1/2016	\$ 137,743	\$ 272,618	\$ 134,875	51%	\$ 34,725	388%
1/1/2015	\$ 130,162	\$ 255,494	\$ 125,332	51%	\$ 33,534	374%

The foregoing data do not include the retirement system costs or liabilities of any larger entity, such as the county, of which the Town is a constituent part and for which the Town is assessed a share of expenses.

Other Post-Employment Benefits

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis.

The Governmental Accounting Standards Board ("GASB") Statement No. 75, "Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions," replaces the requirements of Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions." GASB Statement No. 75 introduces a new actuarial cost method and discount rate as well as new disclosure and methodologies for reporting plan liability and OPEB expenses. It establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. Cities and towns may establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

The Town's last actuarial valuation report was completed as of January 1, 2020, and at that time the Net OPEB Liability was approximately \$236,628,417 (assuming a 2.57% discount rate). On May 23, 2005 the Town established an Irrevocable OPEB Trust Fund. The balance of this fund as of June 30, 2021 was \$21,268,077.

COLLECTIVE BARGAINING

City and town employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively by representatives of their choice on questions of wages, hours and other terms and conditions of employment.

The Town has approximately 1,274 employees, of whom approximately 85 percent belong to unions or other collective bargaining groups as follows:

<u>Union</u>	<u>Department</u>	<u>Number of Employees</u>	<u>Contract Expires (1)</u>
International Association of Firefighters	Fire	76	6/30/21
American Federation of State, County and Municipal Employees	Public Works/ Custodial & Maintenance	143	6/30/21
Arlington Education Association	School	490	8/31/22
Arlington Administrators Associations	School	30	8/31/21
Arlington Ranking Police Officers Association	Police	16	6/30/21
Arlington Patrol Officers Association	Police	48	6/30/21
Service Employees International Union	Various	31	6/30/22
Robbins Library Professional Association	Library	13	6/30/22
Arlington Administrative Assistants	School	34	6/30/22
Paraprofessionals	School	<u>202</u>	6/30/22
		<u>1,083</u>	

(1) Expired contracts are currently in negotiations.

LITIGATION

At present there are a number of suits pending in which the Town is a defendant. In the opinion of the Town, there is no litigation either pending or threatened which is considered likely to result, either individually or in the aggregate, in final judgments, which would materially affect the Town's financial position.

Further, to the Town's knowledge and understanding, there is no other information of a legal nature which should be known to potential investors which would materially affect the Town's financial position.

TOWN OF ARLINGTON, MASSACHUSETTS
/s/ Phyllis L. Marshall, Treasurer

February 3, 2022

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Town of Arlington,

MASSACHUSETTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT



For the Year Ended June 30, 2021

Adam Chapdelaine, Town Manager
Ida Cody, Comptroller

Prepared by the Comptroller

On the Cover: Arlington Civic Block highlighting updates in the Town Hall Plaza



New playground at Thompson School

TOWN OF ARLINGTON, MASSACHUSETTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the year ended
June 30, 2021



Prepared by:
The Comptroller

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TOWN OF ARLINGTON, MASSACHUSETTS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

Introductory Section.....	A-1
Letter of Transmittal.....	A-3
Principal Executive Officers as of June 30, 2021	A-8
Organizational Chart.....	A-9
Certificate of Achievement for Excellence in Financial Reporting	A-10
Distinguished Budget Presentation Award	A-11
Financial Section	A-13
Independent Auditor’s Report.....	A-15
Management’s Discussion and Analysis	A-17
Basic Financial Statements.....	A-27
Statement of Net Position.....	A-29
Statement of Activities.....	A-30
Governmental Funds – Balance Sheet	A-32
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position	A-33
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances	A-34
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	A-35
Proprietary Funds – Statement of Net Position.....	A-36
Proprietary Funds – Statement of Revenues, Expenses and Changes in Net Position	A-38
Proprietary Funds – Statement of Cash Flows	A-40
Fiduciary Funds – Statement of Fiduciary Net Position	A-42
Fiduciary Funds – Statement of Changes in Fiduciary Net Position.....	A-43
Notes to Basic Financial Statements	A-44
Required Supplementary Information	A-89
General Fund Budgetary Comparison Schedule	A-90
Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund – Budget and Actual ...	A-91
Pension Plan Schedules – Retirement System.....	A-93
Schedule of Changes in the Net Pension Liability and Related Ratios.....	A-94
Schedule of Contributions	A-96
Schedule of Investment Returns	A-97

Pension Plan Schedules - Town	A-98
Schedule of the Town's Proportionate Share of the Net Pension Liability	A-99
Schedule of the Town's Contributions	A-100
Schedule of the Special Funding Amounts of the Net Pension Liability.....	A-101
Other Postemployment Benefit Plan Schedules	A-102
Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios	A-103
Schedule of the Town's Contributions	A-104
Schedule of Investment Returns	A-105
Notes to Required Supplementary Information.....	A-106
Combining Statements.....	A-112
Nonmajor Governmental Funds	A-113
Nonmajor Governmental Funds – Combining Balance Sheet.....	A-116
Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	A-120
Private Purpose Trust Funds.....	A-123
Private Purpose Trust Funds – Combining Statement of Net Position.....	A-124
Private Purpose Trust Funds – Combining Statement of Changes in Net Position	A-125
Statistical Section.....	A-127
Net Position by Component	A-128
Changes in Net Position	A-129
Fund Balances, Governmental Funds	A-130
Changes in Fund Balances, Governmental Funds.....	A-131
Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates.....	A-132
Principal Taxpayers	A-133
Property Tax Levies and Collections	A-134
Ratios of Outstanding Debt by Type.....	A-135
Ratios of General Bonded Debt Outstanding	A-136
Direct and Overlapping Governmental Activities Debt.....	A-137
Computation of Legal Debt Margin	A-138
Demographic and Economic Statistics	A-139
Principal Employers	A-140
Full-time Equivalent Town Employees by Function.....	A-141
Operating Indicators by Function/Program.....	A-142
Capital Asset Statistics by Function/Program.....	A-143

Introductory Section



Uncle Sam Statue in Arlington Center

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Introductory Section

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

**Adam W. Chapdelaine
Town Manager**

**730 Massachusetts Avenue
Arlington MA 02476-4908
Phone (781) 316-3010
Fax (781) 316-3019
E-mail: achapdelaine@town.arlington.ma.us
Website: www.arlingtonma.gov**

Letter of Transmittal

January 18, 2022

To the Honorable Select Board 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 Annual Comprehensive Financial Report (ACFR) of the Town of Arlington, Massachusetts, for the year ending June 30, 2021, 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, 2021, 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, 2021, 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, 2021, 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 has an estimated population in 2021 of 46,635 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 five member Select Board 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 Select Board. The Board members 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 2020, 1,243 firms were located in Arlington, with a total annual payroll of \$582,993,050, reported to the Massachusetts Department of Unemployment Assistance.

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 Unemployment Assistance, in June 2021, the Town had a total labor force of 26,078, of whom 24,613 were employed and 1,465, or 5.6%, were unemployed as compared with 8.4% for the Commonwealth.

In FY2021, the average assessed value of a single-family home in Arlington was \$829,340, an increase of approximately 0.53% 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 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 FY2020 ends in a cumulative increase of 42%. Arlington, on the other hand, has only recently experienced an increase above FY2002. In FY2006, Arlington was still 15% below FY2002 levels, while the average of all municipalities started seeing annual increases since then. As recently as FY2014, Arlington's cumulative year-to-year change since FY2002 was a mere increase of 1.1%. In FY2021, Arlington remains disproportionately below other municipalities despite overall increases in state aid. To further illustrate this impact, the average state aid for municipalities in Massachusetts increased 42.1% from FY2002, while in FY2021 Arlington's cumulative year-to-year change since FY2002 is an increase of 36.8%.

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 approved a Proposition 2½ operating override (in the amount of \$5,500,000) in June of 2019. 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 increased from 5.5% to 6% through FY2022.
- Annual budget growth for Town Departments was set at a maximum rate of 3.25%.
- Annual budget growth for the general education portion of the School Department budget was maintained at 3.5% and the special education portion was maintained at 7%. In addition there was an annual increase to the School budget to account for enrollment increases.

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. In 2019, the Town began construction of the new Arlington High School by moving major utility lines that feed the school and relocating storm drains the lie under the site. In 2020 construction began on a new math and science building, which is scheduled to be completed in February 2022. The Town also began renovation of the Central School, a building that has been used to house the Senior Center, HHS Department, and some private tenants, as well as on the DPW building project to construct a new DPW and renovate several of the old buildings.

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 of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its ACFR for the year ended June 30, 2020.

This was the fifth year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable legal requirements.

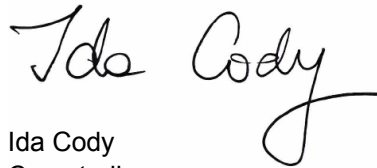
The Government Finance Officers Association (GFOA) awarded a Distinguished Budget Presentation Award to the Town of Arlington for the year ended June 30, 2021. This was the eighth consecutive year that the Town received the award. Based on information available on the GFOA website, Arlington is one of 27 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



Ida Cody
Comptroller

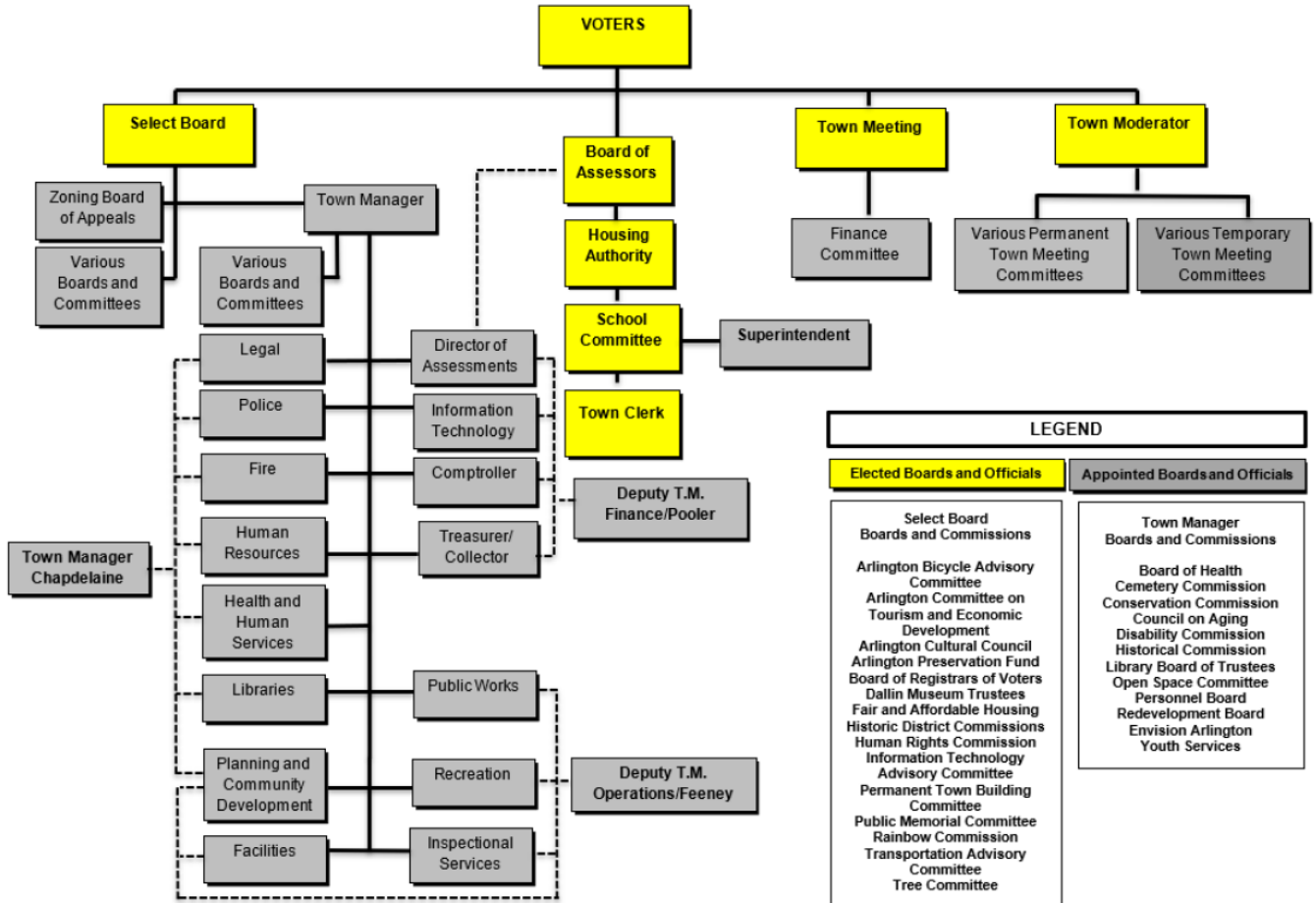
Town of Arlington, Massachusetts

Principal Executive Officers as of June 30, 2021

<u>TITLE</u>	<u>NAME</u>	<u>SELECTION</u>	<u>TERM EXPIRES</u>
Select Board, Chair	Stephen W. DeCoursey	Elected	2022
Select Board, Vice Chair	Diane Mahon	Elected	2023
Select Board	John V. Hurd	Elected	2024
Select Board	Lenard Diggins	Elected	2023
Select Board	Eric Helmuth	Elected	2024
Town Manager	Adam W. Chapdelaine	Appointed	2022
Deputy Town Manager/Finance Director	Sandy Pooler	Appointed	Indefinite
Comptroller	Ida Cody	Appointed	2024
Treasurer	Phyllis L. Marshall	Appointed	Indefinite

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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Town of Arlington

Massachusetts

For the Fiscal Year Beginning

July 1, 2020

Christopher P. Morill

Executive Director

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Financial Section



Arlington High School Building Project in progress

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Financial Section

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Independent Auditor's Report

To the Honorable Select Board
Town of Arlington, Massachusetts

100 Quannapowitt Parkway
Suite 101
Wakefield, MA 01880
T. 781-914-1700
F. 781-914-1701
www.powersandsullivan.com

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 (the Town) as of and for the year ended June 30, 2021 (except for the Arlington Contributory Retirement System which is as of and for the year ended December 31, 2020), 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, 2021 (except for the Arlington Contributory Retirement System which is as of December 31, 2020), 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 statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining 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 statements are fairly stated in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2022, 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 18, 2022

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 of the Town for the year ended June 30, 2021. 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, culture and recreation, library, community preservation 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 and outflows 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 two different fiduciary funds. The first fiduciary fund presented is the pension and other employee benefit trust funds which is used to account for resources held in trust for members of the Arlington Contributory Retirement System and for resources held in trust to fund the Town's portion of health benefits for retirees and beneficiaries. The second fiduciary fund presented is the private purpose trust fund which is used to account for resources held in trust which principal and investment income exclusively benefit individuals, private organizations, or other governments.

The fiduciary fund financial statements provide combined information for the pension and other postemployment benefit (OPEB) trust funds of the Town under the caption "pension and other employee benefit trust funds". Private purpose trust funds are reported and combined into a single, aggregate presentation in the fiduciary funds financial statements under the caption "private purpose trust funds".

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 \$71.3 million at the close of 2021, an increase of \$17.0 million from the prior year.

The largest portion of the Town's net position, \$163.0 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, \$27.7 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 \$262.0 million. The deficit is the result of the recognition of the Town's net pension liability of \$118.4 million, along with the net other

postemployment benefits liability of \$243.3 million and the corresponding deferred outflows and inflows of resources related to the pension and OPEB liabilities. These are long-term unfunded liabilities that will not require significant short-term resources.

Governmental Activities

	2021	2020 (As Revised)
Assets:		
Current assets.....	\$ 232,100,667	\$ 177,066,907
Noncurrent assets (excluding capital).....	203,172	291,130
Capital assets, nondepreciable.....	77,389,294	16,497,421
Capital assets, net of accumulated depreciation....	196,066,595	196,200,206
Total assets.....	505,759,728	390,055,664
Deferred outflows of resources.....	31,428,850	37,268,221
Liabilities:		
Current liabilities (excluding debt).....	41,021,198	22,652,292
Noncurrent liabilities (excluding debt).....	354,814,774	357,848,634
Current debt.....	10,557,007	9,373,663
Noncurrent debt.....	214,145,685	144,289,042
Total liabilities.....	620,538,664	534,163,631
Deferred inflows of resources.....	22,744,458	11,796,493
Net position:		
Net investment in capital assets.....	137,792,502	115,052,294
Restricted.....	27,684,281	25,157,724
Unrestricted.....	(271,571,327)	(258,846,257)
Total net position.....	\$ (106,094,544)	\$ (118,636,239)

The governmental activities net position increased by \$12.5 million during the current year. The main reasons for the increase are the receipt of capital grants totaling \$22.7 million, including \$21.2 million in receipts from the Massachusetts School Building Authority, and a decrease in the Town’s net pension liability totaling \$3.1 million, net of deferred outflows/inflows. This is offset by a \$17.1 million increase in the other postemployment benefit liability, net of deferred outflows/inflows.

The \$55.0 million increase in current assets is mainly from bond proceeds received in the current year that are still in cash and investments and have not yet been spent.

The \$60.8 million increase in capital assets is mainly from the construction of the Arlington High School which totaled \$60.3 million as of year-end. The other large capital projects include the Senior center renovation, DPW site improvement and various infrastructure projects. Of the \$77.8 million in total general obligation bonds issued in March 2021, \$51.6 million related to the ongoing high school construction project.

The increase of \$18.4 million in current liabilities is due to the \$13.4 million in unearned revenue reported for the COVID-19 funding received but not yet spent along with the timing of payables.

The decrease of \$3.0 million in noncurrent liabilities (excluding debt) is related to the decrease of net pension liability by \$9.9 million, offset by the increase of net other postemployment benefit liability by \$6.8 million.

The increase in current debt and noncurrent debt of \$71.0 million relate to the issuance of \$75.2 million in governmental activities bonds and \$5.4 million in related premiums offset with \$9.6 million in debt service payments and the current amortization of premiums.

	2021	2020 (As revised)
Program Revenues:		
Charges for services.....	\$ 11,083,116	\$ 13,401,983
Operating grants and contributions.....	51,285,099	42,928,385
Capital grants and contributions.....	22,723,915	4,808,101
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	136,727,634	132,061,642
Tax and other liens.....	1,204	215,859
Motor vehicle excise taxes.....	4,111,235	5,087,563
Hotel/motel tax.....	160,955	453,651
Meals tax.....	377,538	457,149
Community preservation tax.....	1,987,449	1,901,538
Penalties and interest on taxes.....	436,506	317,289
Payments in lieu of taxes.....	70,563	25,386
Grants and contributions not restricted to specific programs.....	8,924,044	8,620,937
Unrestricted investment income.....	3,973,410	2,016,061
Gain on sale of capital assets.....	747,734	-
Total revenues.....	242,610,402	212,295,544
Expenses:		
General government.....	15,730,414	13,945,596
Public safety.....	29,472,512	30,089,461
Education.....	147,142,833	135,249,039
Public works.....	16,221,973	15,167,956
Community development.....	2,920,325	3,193,768
Human services.....	4,135,765	3,063,753
Culture and recreation.....	486,193	352,672
Library.....	4,351,166	4,380,600
Community preservation.....	1,102,877	595,562
Interest.....	4,565,199	3,353,261
Total expenses.....	226,129,257	209,391,668
Excess (Deficiency) before transfers.....	16,481,145	2,903,876
Transfers.....	(3,939,450)	(6,149,400)
Change in net position.....	12,541,695	(3,245,524)
Net position, beginning of year (as revised).....	(118,636,239)	(115,390,715)
Net position, end of year.....	\$ (106,094,544)	\$ (118,636,239)

Charges for services came in lower than the previous year due to the COVID-19 shutdowns that took place statewide starting in March 2020. Some of the school programs were affected included the extended day program, preschool, tuition, outdoor education and building use fees. The decrease in town hall rental receipts also attributed to the decrease in charges for services.

Operating grant revenue came in higher from the previous year due to increased federal and state funding. The Town received \$1.9 million of Cares Act grant for the current year, along with \$1.4 million of the School

Reopening grant, compared to \$519,000 of Cares Act revenue reported in the prior year. The revenue and corresponding expense from Massachusetts’s Teachers’ Retirement System for the School increased by \$4.3 million over the prior year. In addition, the operating grant revenue from the Community Development grant increased by \$1.2 million.

Capital grant revenue increased from the prior year by \$17.9 million. This was mainly due to additional receipts from the Massachusetts School Building Authority (MSBA) to fund the construction of the Arlington High School.

Unrestricted investment income increased by \$2.0 million given a higher investment rate of return compared to the prior year. This includes an increase of \$1.3 million in investment earnings for the Cemetery Perpetual Care fund.

Education saw the largest increase in expenses. This was due to an increase to the Town’s budgeted expenses, COVID-19 related expenses, MTRS increase of \$4.3 million, and the recognition of an additional \$1.6 million in other postemployment benefits, offset by \$1.9 million of decrease in pension expenses for non-teacher school employees compared to the prior year.

Human service expenses increased by \$1.1 million, 35% from the prior year with an overall increase in the Town’s budgeted expenses and the COVID-19 related expenses.

Business-Type Activities

	2021	2020
Assets:		
Current assets.....	\$ 25,491,183	\$ 19,889,597
Capital assets, nondepreciable.....	2,000,528	2,954
Capital assets, net of accumulated depreciation....	28,848,125	28,714,076
Total assets.....	56,339,836	48,606,627
Deferred outflows of resources.....	580,367	492,602
Liabilities:		
Current liabilities (excluding debt).....	893,651	245,476
Noncurrent liabilities (excluding debt).....	8,775,216	9,503,317
Current debt.....	1,654,616	1,310,850
Noncurrent debt.....	9,722,734	7,227,350
Total liabilities.....	21,046,217	18,286,993
Deferred inflows of resources.....	1,058,502	447,295
Net position:		
Net investment in capital assets.....	25,236,023	23,233,149
Unrestricted.....	9,579,461	7,131,792
Total net position.....	\$ 34,815,484	\$ 30,364,941

The increase in current assets is mainly due to the Town issuing \$3.8 million in bond proceeds that were not fully spent in the fiscal year.

The increase in capital assets is a result from the recognition of projects under construction including the DPW facility site and the reservoir improvements.

The decrease of \$728,000 in noncurrent liabilities (excluding debt) is related to the decrease in net pension liability and net other postemployment benefit liability of \$507,000 and 225,000, respectively.

	2021	2020
Program Revenues:		
Charges for services.....	\$ 23,804,127	\$ 18,978,334
Operating grants and contributions.....	261,421	290,764
Capital grants and contributions.....	-	600,000
General Revenues:		
Unrestricted investment income.....	68,275	119,039
Total revenues.....	24,133,823	19,988,137
Expenses:		
Water and sewer.....	21,003,858	20,988,479
Youth services.....	827,088	739,064
Council on Aging.....	107,326	93,351
Ed Burns Arena.....	459,593	511,962
Recreation.....	1,224,865	1,749,175
Total expenses.....	23,622,730	24,082,031
Excess (Deficiency) before transfers.....	511,093	(4,093,894)
Transfers.....	3,939,450	6,149,400
Change in net position.....	4,450,543	2,055,506
Net position, beginning of year.....	30,364,941	28,309,435
Net position, end of year.....	\$ 34,815,484	\$ 30,364,941

There was a net increase of \$4.5 million 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 2021 by approximately \$3.7 million to offset a portion of the costs associated with the repayment of debt to the Massachusetts Water Resources Authority. Revenues in the water and sewer fund increased due to rate increases in both fiscal years 2020 and 2021.

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 \$191.0 million, an increase of \$37.7 million from the prior year.

The general fund reported a \$2.9 million decrease 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 has a general stabilization fund, special education stabilization fund, a health claims stabilization fund, a municipal building insurance stabilization fund, a cannabis mitigate stabilization fund, and a fiscal stability stabilization fund with a combined balance of \$31.9 million at year-end. Collectively, they reported a decrease of \$2.1 million from 2020. The operating general fund accounted for the remaining \$849,000 decrease.

The COVID-19 grants major fund reported an unearned revenue of \$13.4 million due to the receipt of the American Rescue Plan Act (ARPA) grant as no expenditures were incurred as of year-end. The Town reported operating grant revenue and corresponding expenditures related to COVID-19 grants of \$4.6 million.

The Town's capital borrowing major fund reported a fund balance of \$94.1 million, an increase of \$37.7 million from the prior year. During 2021, the Town recognized \$80.4 million in bond proceeds and premiums 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 \$63.4 million and related mainly to school building improvements. The fund also reported \$21.2 million in reimbursements from the Massachusetts School Building Authority.

There was a \$2.9 million increase in the nonmajor governmental funds, which reported \$25.5 million in revenues, \$26.5 million in expenditures, \$227,000 in premiums from the issuance of bonds, \$750,000 in proceeds from the sale of land, and \$2.9 million in net transfers from (to) other funds.

General Fund Budgetary Highlights

There were no significant changes between the original and final budget. Actual results from operations were better than anticipated as the Town collected approximately \$2.4 million more than budgeted and departments expended and carried forward \$3.2 million less than budgeted.

The largest revenue variance was in the departmental and other revenue which came in over budget by \$676,000. A majority of the increase was for building permits, marijuana revenue, wire permits, and ambulance fees. Tax collections including real estate and personal property taxes, motor vehicle excise taxes, hotel/motel tax, and meal tax, came in higher than budget by \$1.2 million. The Town also had a revenue surplus for the unbudgeted tax liens totaling \$158,000. Expenditures for the reserve fund and public safety came in under budget by approximately \$1.5 million and \$555,000 respectively, which contributed 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 Select Board 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 2021 budget, this allowed for an annual cash expenditure of \$4.3 million and a new borrowing of \$3.5 million (including Water and Sewer). The Town's outstanding long-term debt related to the general government and enterprise funds, as of June 30, 2021, was \$236.1 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 expenditures. 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 \$3.7 million in fiscal year 2021 from the MWRA assessment to the property taxes. During fiscal year 2021, the Town issued an additional \$1.2 million in MWRA sewer bonds.

The Town has voted to eliminate the amount of future MWRA debt that will be shifted to the tax rate to zero over the next three year, which will 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 2019-2020, the Town began construction of the new Arlington High School by moving major utility lines that feed the school and relocating storm drains the lie under the site. The Town also began renovation of the Central School, a building that has been used to house the Senior Center, HHS Department, and some private tenants.

Capital Assets

The Town's valuation of governmental activities capital assets as of June 30, 2021, amounts to \$273.7 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 capital

additions totaled \$69.8 million. Major additions include the high school construction, center school renovation, reservoir design, and infrastructure projects. The ongoing projects additions reported as construction in progress amount to \$60.9 million, mainly relating to the high school construction.

The Town's valuation of business-type activities capital assets as of June 30, 2021, amounts to \$30.8 million, net of accumulated depreciation. This amount represents purchases made over time in the following categories: water/sewer main improvements, DPW facility construction, various park improvements, and purchases of vehicles and equipment. Current year additions totaled \$3.2 million of which \$2.0 million related to ongoing projects reported in construction in progress, \$548,000 for vehicles and equipment, and \$630,000 in infrastructure.

Debt

The Town's governmental funds have total bonded debt outstanding of \$224.7 million at the end of the current year. As compared to the prior year, this is a net increase of \$71.0 million resulting from principal payments and amortization of premiums of \$9.6 million offset by \$80.6 million long-term bond issuances, including premiums, during 2021.

The water and sewer enterprise funds have total bonded debt outstanding of \$8.1 million at the end of the current year. The Town issued \$1.2 million in MWRA bonds and made \$1.3 million in principal payments during the year.

The Ed Burns arena enterprise fund has debt outstanding at year-end of \$430,000. The Town issued \$150,000 in general municipal purpose bond and made \$45,000 in principal payments during the year.

The recreation enterprise fund has total bonded debt outstanding of \$2.8 million, which was issued in the current fiscal year. The outstanding balance includes \$350,000 of premium on bonds.

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, 27 Maple Street, Arlington, Massachusetts 02476.

Basic Financial Statements

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STATEMENT OF NET POSITION

JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 202,783,978	\$ 17,137,407	\$ 219,921,385
Investments.....	17,940,578	-	17,940,578
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,862,945	-	1,862,945
Tax liens.....	331,605	-	331,605
Community preservation fund surtax.....	17,623	-	17,623
Motor vehicle excise taxes.....	160,842	-	160,842
User charges.....	-	8,323,776	8,323,776
Departmental and other.....	206,372	-	206,372
Intergovernmental.....	7,768,847	30,000	7,798,847
Community preservation state share.....	580,300	-	580,300
Loans.....	50,793	-	50,793
Tax foreclosures.....	396,784	-	396,784
Total current assets.....	<u>232,100,667</u>	<u>25,491,183</u>	<u>257,591,850</u>
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Loans.....	203,172	-	203,172
Capital assets, nondepreciable.....	77,389,294	2,000,528	79,389,822
Capital assets, net of accumulated depreciation.....	<u>196,066,595</u>	<u>28,848,125</u>	<u>224,914,720</u>
Total noncurrent assets.....	<u>273,659,061</u>	<u>30,848,653</u>	<u>304,507,714</u>
TOTAL ASSETS.....	<u>505,759,728</u>	<u>56,339,836</u>	<u>562,099,564</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	5,008,492	249,509	5,258,001
Deferred outflows related to other postemployment benefits.....	<u>26,420,358</u>	<u>330,858</u>	<u>26,751,216</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>31,428,850</u>	<u>580,367</u>	<u>32,009,217</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	13,207,634	794,921	14,002,555
Accrued payroll.....	8,504,015	25,447	8,529,462
Tax refunds payable.....	875,300	-	875,300
Accrued interest.....	1,735,278	-	1,735,278
Other liabilities.....	326,451	-	326,451
Unearned revenue.....	13,377,280	4,683	13,381,963
Customer deposits.....	75,640	-	75,640
Compensated absences.....	2,776,400	68,600	2,845,000
Workers' compensation.....	143,200	-	143,200
Bonds payable.....	<u>10,557,007</u>	<u>1,654,616</u>	<u>12,211,623</u>
Total current liabilities.....	<u>51,578,205</u>	<u>2,548,267</u>	<u>54,126,472</u>
NONCURRENT:			
Compensated absences.....	1,828,500	67,100	1,895,600
Workers' compensation.....	36,000	-	36,000
Net pension liability.....	112,789,288	5,618,838	118,408,126
Net other postemployment benefits.....	240,160,986	3,089,278	243,250,264
Bonds payable.....	<u>214,145,685</u>	<u>9,722,734</u>	<u>223,868,419</u>
Total noncurrent liabilities.....	<u>568,960,459</u>	<u>18,497,950</u>	<u>587,458,409</u>
TOTAL LIABILITIES.....	<u>620,538,664</u>	<u>21,046,217</u>	<u>641,584,881</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes paid in advance.....	180,747	-	180,747
Deferred inflows related to pensions.....	13,912,314	693,071	14,605,385
Deferred inflows related to other postemployment benefits.....	<u>8,651,397</u>	<u>365,431</u>	<u>9,016,828</u>
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>22,744,458</u>	<u>1,058,502</u>	<u>23,802,960</u>
NET POSITION			
Net investment in capital assets.....	137,792,502	25,236,023	163,028,525
Restricted for:			
Loans.....	253,965	-	253,965
Permanent funds:			
Expendable.....	13,503,010	-	13,503,010
Nonexpendable.....	4,869,922	-	4,869,922
Gifts and grants.....	5,176,870	-	5,176,870
Community preservation.....	3,880,514	-	3,880,514
Unrestricted.....	<u>(271,571,327)</u>	<u>9,579,461</u>	<u>(261,991,866)</u>
TOTAL NET POSITION.....	<u>\$ (106,094,544)</u>	<u>\$ 34,815,484</u>	<u>\$ (71,279,060)</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 15,730,414	\$ 2,015,683	\$ 837,171	\$ -	\$ (12,877,560)
Public safety.....	29,472,512	4,460,247	206,560	-	(24,805,705)
Education.....	147,142,833	2,422,158	45,954,038	21,192,153	(77,574,484)
Public works.....	16,221,973	1,030,450	31,371	1,042,051	(14,118,101)
Community development.....	2,920,325	860,641	2,417,387	-	357,703
Human services.....	4,135,765	120,796	1,700,137	-	(2,314,832)
Culture and recreation.....	486,193	99,871	45,568	-	(340,754)
Library.....	4,351,166	73,270	83,454	-	(4,194,442)
Community preservation.....	1,102,877	-	-	489,711	(613,166)
Interest.....	4,565,199	-	9,413	-	(4,555,786)
Total Governmental Activities.....	226,129,257	11,083,116	51,285,099	22,723,915	(141,037,127)
<i>Business-Type Activities:</i>					
Water and sewer.....	21,003,858	21,436,608	-	-	432,750
Youth services.....	827,088	497,871	212,120	-	(117,097)
Council on aging.....	107,326	2,799	36,017	-	(68,510)
Ed Burns arena.....	459,593	473,564	-	-	13,971
Recreation.....	1,224,865	1,393,285	13,284	-	181,704
Total Business-Type Activities.....	23,622,730	23,804,127	261,421	-	442,818
Total Primary Government.....	\$ 249,751,987	\$ 34,887,243	\$ 51,546,520	\$ 22,723,915	\$ (140,594,309)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
Changes in net position:			
Net (expense) revenue from previous page..... \$	(141,037,127)	\$ 442,818	\$ (140,594,309)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	136,727,634	-	136,727,634
Tax and other liens.....	1,204	-	1,204
Motor vehicle excise taxes.....	4,111,235	-	4,111,235
Hotel/motel tax.....	160,955	-	160,955
Meals tax.....	377,538	-	377,538
Community preservation tax.....	1,987,449	-	1,987,449
Penalties and interest on taxes.....	436,506	-	436,506
Payments in lieu of taxes.....	70,563	-	70,563
Grants and contributions not restricted to specific programs.....	8,924,044	-	8,924,044
Unrestricted investment income.....	3,973,410	68,275	4,041,685
Gain (loss) on sale of capital assets.....	747,734	-	747,734
<i>Transfers, net</i>	<u>(3,939,450)</u>	<u>3,939,450</u>	<u>-</u>
Total general revenues and transfers.....	<u>153,578,822</u>	<u>4,007,725</u>	<u>157,586,547</u>
Change in net position.....	12,541,695	4,450,543	16,992,238
<i>Net position:</i>			
Beginning of year (as revised).....	<u>(118,636,239)</u>	<u>30,364,941</u>	<u>(88,271,298)</u>
End of year..... \$	<u><u>(106,094,544)</u></u>	<u><u>34,815,484</u></u>	<u><u>(71,279,060)</u></u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2021

	General	COVID-19 Grants	Capital Borrowing Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 66,082,163	\$ 13,383,251	\$ 99,520,071	\$ 23,798,493	\$ 202,783,978
Investments.....	-	-	-	17,940,578	17,940,578
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	1,862,945	-	-	-	1,862,945
Tax liens.....	329,800	-	-	1,805	331,605
Community preservation fund surtax.....	-	-	-	17,623	17,623
Motor vehicle excise taxes.....	160,842	-	-	-	160,842
Departmental and other.....	206,372	-	-	-	206,372
Intergovernmental.....	123,947	-	5,071,511	2,573,389	7,768,847
Community preservation state share.....	-	-	-	580,300	580,300
Loans.....	-	-	-	253,965	253,965
Tax foreclosures.....	396,784	-	-	-	396,784
TOTAL ASSETS.....	\$ 69,162,853	\$ 13,383,251	\$ 104,591,582	\$ 45,166,153	\$ 232,303,839
LIABILITIES					
Warrants payable.....	\$ 1,478,627	\$ 5,971	\$ 10,480,766	\$ 1,242,270	\$ 13,207,634
Accrued payroll.....	8,474,954	-	-	29,061	8,504,015
Tax refunds payable.....	875,300	-	-	-	875,300
Other liabilities.....	326,451	-	-	-	326,451
Unearned revenue.....	-	13,377,280	-	-	13,377,280
Customer deposits.....	75,640	-	-	-	75,640
TOTAL LIABILITIES.....	11,230,972	13,383,251	10,480,766	1,271,331	36,366,320
DEFERRED INFLOWS OF RESOURCES					
Taxes paid in advance.....	178,144	-	-	2,603	180,747
Unavailable revenue.....	2,477,040	-	-	2,300,074	4,777,114
TOTAL DEFERRED INFLOWS OF RESOURCES.....	2,655,184	-	-	2,302,677	4,957,861
FUND BALANCES					
Nonspendable.....	-	-	-	4,869,922	4,869,922
Restricted.....	2,729,945	-	94,110,816	36,722,223	133,562,984
Committed.....	862,689	-	-	-	862,689
Assigned.....	8,910,542	-	-	-	8,910,542
Unassigned.....	42,773,521	-	-	-	42,773,521
TOTAL FUND BALANCES.....	55,276,697	-	94,110,816	41,592,145	190,979,658
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 69,162,853	\$ 13,383,251	\$ 104,591,582	\$ 45,166,153	\$ 232,303,839

See notes to basic financial statements.

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

JUNE 30, 2021

Total governmental fund balances.....		\$ 190,979,658
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		273,455,889
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		4,777,114
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.....		8,865,139
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(1,735,278)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(224,702,692)	
Net pension liability.....	(112,789,288)	
Net other postemployment benefits.....	(240,160,986)	
Workers' compensation.....	(179,200)	
Compensated absences.....	<u>(4,604,900)</u>	
Net effect of reporting long-term liabilities.....		<u>(582,437,066)</u>
Net position of governmental activities.....		\$ <u><u>(106,094,544)</u></u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2021

	General	COVID-19 Grants	Capital Borrowing Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 136,597,623	\$ -	\$ -	\$ -	\$ 136,597,623
Tax liens.....	158,447	-	-	1,204	159,651
Motor vehicle excise taxes.....	4,265,965	-	-	-	4,265,965
Hotel/motel tax.....	160,955	-	-	-	160,955
Meals tax.....	377,538	-	-	-	377,538
Charges for services.....	-	17,113	-	834,028	851,141
Penalties and interest on taxes.....	436,506	-	-	-	436,506
Fees and rentals.....	133,314	-	-	205,784	339,098
Payments in lieu of taxes.....	70,563	-	-	-	70,563
Intergovernmental - state aid.....	23,539,328	-	-	-	23,539,328
Intergovernmental - School Building Authority.....	-	-	21,192,153	-	21,192,153
Intergovernmental - Teachers Retirement.....	21,383,677	-	-	-	21,383,677
Intergovernmental - other.....	-	4,389,086	-	10,644,412	15,033,498
Departmental and other.....	3,394,186	-	-	7,455,377	10,849,563
Community preservation taxes.....	-	-	-	1,989,069	1,989,069
Community preservation state match.....	-	-	-	489,711	489,711
Contributions and donations.....	20,737	224,536	-	490,879	736,152
Investment income.....	577,200	-	-	3,396,210	3,973,410
TOTAL REVENUES.....	191,116,039	4,630,735	21,192,153	25,506,674	242,445,601
EXPENDITURES:					
Current:					
General government.....	5,229,020	1,254,470	112,702	2,579,378	9,175,570
Public safety.....	16,458,621	58,822	364,491	2,273,086	19,155,020
Education.....	81,004,989	2,090,239	54,764,940	10,522,012	148,382,180
Public works.....	10,653,982	49,283	3,178,233	4,081,436	17,962,934
Community development.....	686,201	-	4,720,059	2,548,067	7,954,327
Human services.....	1,586,915	1,168,587	-	734,085	3,489,587
Culture and recreation.....	39,001	837	122,340	460,549	622,727
Library.....	2,474,880	8,497	135,075	443,102	3,061,554
Community preservation.....	-	-	-	2,086,989	2,086,989
Pension benefits.....	13,263,898	-	-	-	13,263,898
Pension benefits - Teachers Retirement.....	21,383,677	-	-	-	21,383,677
Property and liability insurance.....	401,046	-	-	-	401,046
Employee benefits.....	17,668,731	-	-	89,057	17,757,788
State and county charges.....	3,513,160	-	-	-	3,513,160
Debt service:					
Principal.....	7,790,000	-	-	635,000	8,425,000
Interest.....	5,526,021	-	-	36,950	5,562,971
TOTAL EXPENDITURES.....	187,680,142	4,630,735	63,397,840	26,489,711	282,198,428
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	3,435,897	-	(42,205,687)	(983,037)	(39,752,827)
OTHER FINANCING SOURCES (USES):					
Issuance of bonds.....	-	-	75,245,000	-	75,245,000
Premium from issuance of bonds.....	-	-	5,168,650	227,107	5,395,757
Proceeds from the sale of capital assets.....	-	-	-	750,000	750,000
Transfers in.....	2,386,926	-	604,978	4,325,119	7,317,023
Transfers out.....	(8,738,636)	-	(1,116,049)	(1,401,788)	(11,256,473)
TOTAL OTHER FINANCING SOURCES (USES).....	(6,351,710)	-	79,902,579	3,900,438	77,451,307
NET CHANGE IN FUND BALANCES.....	(2,915,813)	-	37,696,892	2,917,401	37,698,480
FUND BALANCES AT BEGINNING OF YEAR (As Revised).....	58,192,510	-	56,413,924	38,674,744	153,281,178
FUND BALANCES AT END OF YEAR.....	\$ 55,276,697	\$ -	\$ 94,110,816	\$ 41,592,145	\$ 190,979,658

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, 2021

Net change in fund balances - total governmental funds.....		\$ 37,698,480
<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.....	69,811,643	
Depreciation expense.....	<u>(9,051,115)</u>	
Net effect of reporting capital assets.....		60,760,528
<p>The Statement of Activities reports the <i>gain</i> on the sale of capital assets whereas the governmental funds report the entire proceeds of the sale.....</p>		
		(2,266)
<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>		
		(582,933)
<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.....	(75,245,000)	
Premium from issuance of bonds.....	(5,395,757)	
Net amortization of premium from issuance of bonds.....	1,175,770	
Debt service principal payments.....	<u>8,425,000</u>	
Net effect of reporting long-term debt.....		(71,039,987)
<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.....	(34,100)	
Net change in accrued interest on long-term debt.....	(177,998)	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(6,791,856)	
Net change in net pension liability.....	9,853,649	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...	(10,288,033)	
Net change in net other postemployment benefits liability.....	(6,846,989)	
Net change in workers' compensation liability.....	<u>(6,800)</u>	
Net effect of recording long-term liabilities.....		<u>(14,292,127)</u>
Change in net position of governmental activities.....		\$ <u>12,541,695</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2021

	Business-type Activities - Enterprise Funds		
	Water and Sewer Enterprise	Youth Services Enterprise	Council On Aging Enterprise
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 13,266,292	\$ 50,469	\$ 96,340
Receivables, net of allowance for uncollectibles:			
User charges.....	8,323,776	-	-
Intergovernmental - other.....	-	30,000	-
Total current assets.....	<u>21,590,068</u>	<u>80,469</u>	<u>96,340</u>
NONCURRENT:			
Capital assets, nondepreciable.....	1,166,761	-	-
Capital assets, net of accumulated depreciation.....	<u>26,924,026</u>	<u>-</u>	<u>-</u>
Total noncurrent assets.....	<u>28,090,787</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS.....	<u>49,680,855</u>	<u>80,469</u>	<u>96,340</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	249,509	-	-
Deferred outflows related to other postemployment benefits.....	<u>330,858</u>	<u>-</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>580,367</u>	<u>-</u>	<u>-</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	454,457	5,102	3,231
Accrued payroll.....	11,146	5,753	1,066
Unearned revenue.....	-	-	-
Compensated absences.....	63,000	-	-
Bonds payable.....	<u>1,380,850</u>	<u>-</u>	<u>-</u>
Total current liabilities.....	<u>1,909,453</u>	<u>10,855</u>	<u>4,297</u>
NONCURRENT:			
Compensated absences.....	63,100	-	-
Net pension liability.....	5,618,838	-	-
Net other postemployment benefits.....	3,089,278	-	-
Bonds payable.....	<u>6,766,500</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities.....	<u>15,537,716</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES.....	<u>17,447,169</u>	<u>10,855</u>	<u>4,297</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	693,071	-	-
Deferred inflows related to other postemployment benefits.....	<u>365,431</u>	<u>-</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>1,058,502</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets.....	23,519,379	-	-
Unrestricted.....	<u>8,236,172</u>	<u>69,614</u>	<u>92,043</u>
TOTAL NET POSITION.....	<u>\$ 31,755,551</u>	<u>\$ 69,614</u>	<u>\$ 92,043</u>

See notes to basic financial statements.

	Ed Burns Arena Enterprise	Recreation Enterprise	Total
\$	284,664	\$ 3,439,642	\$ 17,137,407
	-	-	8,323,776
	-	-	30,000
	<u>284,664</u>	<u>3,439,642</u>	<u>25,491,183</u>
	-	833,767	2,000,528
	<u>691,708</u>	<u>1,232,391</u>	<u>28,848,125</u>
	<u>691,708</u>	<u>2,066,158</u>	<u>30,848,653</u>
	<u>976,372</u>	<u>5,505,800</u>	<u>56,339,836</u>
	-	-	249,509
	-	-	330,858
	-	-	580,367
	65	332,066	794,921
	2,257	5,225	25,447
	-	4,683	4,683
	5,600	-	68,600
	<u>55,000</u>	<u>218,766</u>	<u>1,654,616</u>
	<u>62,922</u>	<u>560,740</u>	<u>2,548,267</u>
	4,000	-	67,100
	-	-	5,618,838
	-	-	3,089,278
	<u>375,000</u>	<u>2,581,234</u>	<u>9,722,734</u>
	<u>379,000</u>	<u>2,581,234</u>	<u>18,497,950</u>
	<u>441,922</u>	<u>3,141,974</u>	<u>21,046,217</u>
	-	-	693,071
	-	-	365,431
	-	-	1,058,502
	394,548	1,322,096	25,236,023
	<u>139,902</u>	<u>1,041,730</u>	<u>9,579,461</u>
\$	<u>534,450</u>	<u>\$ 2,363,826</u>	<u>\$ 34,815,484</u>

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

YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds		
	Water and Sewer Enterprise	Youth Services Enterprise	Council On Aging Enterprise
OPERATING REVENUES:			
Charges for services.....	\$ 21,436,608	\$ 497,871	\$ 2,799
OPERATING EXPENSES:			
Cost of services and administration.....	1,289,999	335,602	30,757
Salaries and wages.....	2,352,782	491,486	76,569
MWRA assessment.....	14,499,630	-	-
Depreciation.....	857,508	-	-
Employee benefits.....	1,909,470	-	-
TOTAL OPERATING EXPENSES.....	20,909,389	827,088	107,326
OPERATING INCOME (LOSS).....	527,219	(329,217)	(104,527)
NONOPERATING REVENUES (EXPENSES):			
Investment income.....	68,275	-	-
Interest expense.....	(94,469)	-	-
Intergovernmental.....	-	212,120	36,017
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(26,194)	212,120	36,017
INCOME (LOSS) BEFORE TRANSFERS.....	501,025	(117,097)	(68,510)
TRANSFERS:			
Transfers in.....	3,704,804	120,000	50,000
CHANGE IN NET POSITION.....	4,205,829	2,903	(18,510)
NET POSITION AT BEGINNING OF YEAR.....	27,549,722	66,711	110,553
NET POSITION AT END OF YEAR.....	\$ 31,755,551	\$ 69,614	\$ 92,043

See notes to basic financial statements.

	Ed Burns Arena Enterprise	Recreation Enterprise	Total
\$	<u>473,564</u>	\$ <u>1,393,285</u>	\$ <u>23,804,127</u>
	200,181	614,883	2,471,422
	170,363	501,062	3,592,262
	-	-	14,499,630
	77,793	108,920	1,044,221
	<u>-</u>	<u>-</u>	<u>1,909,470</u>
	<u>448,337</u>	<u>1,224,865</u>	<u>23,517,005</u>
	<u>25,227</u>	<u>168,420</u>	<u>287,122</u>
	-	-	68,275
	(11,256)	-	(105,725)
	<u>-</u>	<u>13,284</u>	<u>261,421</u>
	<u>(11,256)</u>	<u>13,284</u>	<u>223,971</u>
	<u>13,971</u>	<u>181,704</u>	<u>511,093</u>
	<u>-</u>	<u>64,646</u>	<u>3,939,450</u>
	13,971	246,350	4,450,543
	<u>520,479</u>	<u>2,117,476</u>	<u>30,364,941</u>
\$	<u><u>534,450</u></u>	\$ <u><u>2,363,826</u></u>	\$ <u><u>34,815,484</u></u>

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds		
	Water and Sewer Enterprise	Youth Services Enterprise	Council On Aging Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users.....	\$ 20,155,408	\$ 467,871	\$ 2,799
Payments to vendors.....	(17,496,000)	(337,209)	(27,526)
Payments to employees.....	(2,349,077)	(489,136)	(76,093)
NET CASH FROM OPERATING ACTIVITIES.....	310,331	(358,474)	(100,820)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in.....	3,704,804	120,000	50,000
Intergovernmental.....	-	212,120	36,017
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	3,704,804	332,120	86,017
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the issuance of bonds.....	1,200,000	-	-
Premium from the issuance of bonds.....	-	-	-
Acquisition and construction of capital assets.....	(2,324,919)	-	-
Principal payments on bonds and notes.....	(1,265,850)	-	-
Interest expense.....	(94,469)	-	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(2,485,238)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income.....	68,275	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	1,598,172	(26,354)	(14,803)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	11,668,120	76,823	111,143
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 13,266,292	\$ 50,469	\$ 96,340
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH			
FROM OPERATING ACTIVITIES:			
Operating income (loss).....	\$ 527,219	\$ (329,217)	\$ (104,527)
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation.....	857,508	-	-
Deferred (outflows)/inflows related to pensions.....	338,070	-	-
Deferred (outflows)/inflows related to other postemployment benefits.....	185,372	-	-
Changes in assets and liabilities:			
User charges.....	(1,281,200)	-	-
Intergovernmental.....	-	(30,000)	-
Warrants payable.....	411,958	(1,607)	3,231
Accrued payroll.....	3,505	2,350	476
Unearned revenue.....	-	-	-
Compensated absences.....	200	-	-
Net pension liability.....	(507,159)	-	-
Net other postemployment benefits.....	(225,142)	-	-
Total adjustments.....	(216,888)	(29,257)	3,707
NET CASH FROM OPERATING ACTIVITIES.....	\$ 310,331	\$ (358,474)	\$ (100,820)

See notes to basic financial statements.

	Ed Burns Arena Enterprise	Recreation Enterprise	Total
\$	463,564	\$ 1,379,768	\$ 22,469,410
	(200,363)	(363,436)	(18,424,534)
	<u>(168,492)</u>	<u>(498,419)</u>	<u>(3,581,217)</u>
	<u>94,709</u>	<u>517,913</u>	<u>463,659</u>
	-	64,646	3,939,450
	-	<u>13,284</u>	<u>261,421</u>
	-	<u>77,930</u>	<u>4,200,871</u>
	150,000	2,450,000	3,800,000
	-	350,000	350,000
	(17,160)	(833,765)	(3,175,844)
	(45,000)	-	(1,310,850)
	<u>(11,256)</u>	<u>-</u>	<u>(105,725)</u>
	<u>76,584</u>	<u>1,966,235</u>	<u>(442,419)</u>
	-	-	68,275
	171,293	2,562,078	4,290,386
	<u>113,371</u>	<u>877,564</u>	<u>12,847,021</u>
\$	<u>284,664</u>	<u>\$ 3,439,642</u>	<u>\$ 17,137,407</u>
\$	<u>25,227</u>	<u>\$ 168,420</u>	<u>\$ 287,122</u>
	77,793	108,920	1,044,221
	-	-	338,070
	-	-	185,372
	-	-	(1,281,200)
	-	-	(30,000)
	(182)	251,447	664,847
	771	2,643	9,745
	(10,000)	(13,517)	(23,517)
	1,100	-	1,300
	-	-	(507,159)
	-	-	<u>(225,142)</u>
	<u>69,482</u>	<u>349,493</u>	<u>176,537</u>
\$	<u>94,709</u>	<u>\$ 517,913</u>	<u>\$ 463,659</u>

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2021

	<u>Pension and Other Employee Benefit Trust Funds (1)</u>	<u>Private Purpose Trust Funds</u>
ASSETS		
Cash and cash equivalents.....	\$ 5,577,418	\$ 380,581
Investments:		
Investments in Pension Reserve Investment Trust.....	184,980,257	-
U.S. treasury notes.....	-	901,439
Government sponsored enterprises.....	-	430,084
Corporate bonds.....	-	643,471
Equity securities.....	-	5,505,721
Equity mutual funds.....	15,567,835	-
Fixed income mutual funds.....	6,432,462	573,834
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	<u>168,774</u>	<u>-</u>
TOTAL ASSETS	<u>212,726,746</u>	<u>8,435,130</u>
LIABILITIES		
Warrants payable.....	<u>2,724</u>	<u>4,352</u>
NET POSITION		
Restricted for pensions.....	191,455,945	-
Restricted for other postemployment benefits.....	21,268,077	-
Held in trust for other purposes.....	<u>-</u>	<u>8,430,778</u>
TOTAL NET POSITION	<u>\$ 212,724,022</u>	<u>\$ 8,430,778</u>

(1) The Pension Trust Fund is as of December 31, 2020

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2021

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 14,739,286	\$ -
Employer contributions for other postemployment benefit payments....	6,739,480	-
Member contributions.....	4,291,749	-
Transfers from other systems.....	381,304	-
3(8)c contributions from other systems.....	557,330	-
Workers compensation settlements.....	14,000	-
State COLA reimbursements.....	204,541	-
Private donations.....	-	98,235
	<u>26,927,690</u>	<u>98,235</u>
Total contributions.....		
Net investment income:		
Investment income.....	24,999,158	1,555,157
Less: investment expense.....	(864,775)	-
	<u>24,134,383</u>	<u>1,555,157</u>
Net investment income (loss).....		
	<u>24,134,383</u>	<u>1,555,157</u>
	<u>24,134,383</u>	<u>1,555,157</u>
TOTAL ADDITIONS.....	<u>51,062,073</u>	<u>1,653,392</u>
DEDUCTIONS:		
Administration.....	355,654	-
Transfers to other systems.....	291,447	-
3(8)c transfer to other systems.....	467,685	-
Retirement benefits and refunds.....	20,083,073	-
Other postemployment benefit payments.....	6,739,480	-
Human services.....	-	74,641
Educational scholarships.....	-	240,068
	<u>27,937,339</u>	<u>314,709</u>
TOTAL DEDUCTIONS.....	<u>27,937,339</u>	<u>314,709</u>
NET INCREASE (DECREASE) IN NET POSITION.....	23,124,734	1,338,683
NET POSITION AT BEGINNING OF YEAR.....	<u>189,599,288</u>	<u>7,092,095</u>
NET POSITION AT END OF YEAR.....	<u>\$ 212,724,022</u>	<u>\$ 8,430,778</u>

(1) The Pension Trust Fund is as of December 31, 2020

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 Select Board 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 7th Massachusetts Congressional District, 4th Middlesex State Senatorial District, and the 25th and 26th 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 Select Board 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 Regional Vocational Technical School District that serves the members students seeking an education in academic and technical studies. The members share in the operations of the Minuteman Regional Vocational Technical School District and each member is responsible for its proportionate share of the operational and capital cost of the Minuteman Regional Vocational Technical School District, which are paid in the form of assessments. The Town does not have an equity interest in the Minuteman Regional Vocational Technical School District and the 2021 assessment was \$6,113,371.

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 that 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 *COVID-19 grants* is a special revenue fund used to account for the grant funds and expenditures incurred due to the COVID-19 pandemic.

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 other special revenue, 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 that exclusively benefit individuals, private organizations, or other governments. The Town's private purpose trust fund is comprised of education scholarships, elderly and disabled trusts, and other human service related trusts.

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 1st 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 1st, November 1st, February 1st and May 1st 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 quarterly 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, 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.....	20 - 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 deferred outflows related to pensions and deferred outflows related to other postemployment benefits 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 related to pensions, and deferred inflows related to other postemployment benefits 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 taxes paid in advance and unavailable revenue as deferred inflows of resources in the governmental funds balance sheet.

J. Unearned and Unavailable Revenue

Unearned revenue at the government-wide and fund financial statement level represents resources that have been received, but not yet earned.

Fund Financial Statements

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting, i.e. receivables that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

K. 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.

L. 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.

M. 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. The general fund is the only governmental fund that can report a positive fund balance. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that 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.

N. 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.

O. 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.

P. 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.

Q. 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.

R. 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.

S. 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, 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 \$21.3 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 \$110,790,610 and the bank balance totaled \$113,009,297. Of the bank balance, \$2,250,000 was covered by Federal Depository Insurance, \$5,462,610 was covered by Depositors Insurance Fund, \$105,031,122 was collateralized, and \$265,565 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2020, carrying amount of deposits for the Pension System totaled \$254,358 and the bank balance totaled \$640,348. 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, 2021, 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>Debt securities:</u>				
U.S. treasury notes.....	\$ 2,881,049	\$ 666,729	\$ 1,640,456	\$ 573,864
Government sponsored enterprises.....	1,374,573	223,011	1,151,562	-
Corporate bonds.....	2,056,568	306,751	1,462,208	287,609
Total Debt Securities.....	6,312,190	\$ 1,196,491	\$ 4,254,226	\$ 861,473
<u>Other investments:</u>				
Equity securities.....	17,848,931			
Equity mutual funds.....	14,835,615			
Fixed income mutual funds.....	8,266,468			
Money market mutual funds.....	725,841			
MMDT - Cash portfolio.....	108,785,515			
Total investments.....	\$ 156,774,560			

As of December 31, 2020, the Pension System had the following investments:

<u>Investment Type</u>	<u>Fair value</u>
<u>Other investments:</u>	
Equity mutual funds.....	\$ 732,220
Money market mutual funds.....	5,323,060
Pension Reserve Investment Trust (PRIT).....	<u>184,980,257</u>
 Total investments.....	 \$ <u>191,035,537</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 0.19 to 16.28 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, \$6,312,190 in debt securities and \$17,848,931 in equity securities are exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the counterparty. As of June 30, 2021, the Town’s investments in MMDT which totaled \$108,785,515 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, 2020, the System’s investments in PRIT totaling \$184,980,257 and equity mutual funds totaling \$732,220 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, 2021, the Town’s investments were rated as shown on the following page.

<u>Quality Rating</u>	<u>Government Sponsored Enterprises</u>	<u>Corporate Bonds</u>
AAA.....	\$ 1,374,573	\$ -
AA-.....	-	293,434
A-.....	-	591,350
BBB+.....	-	1,171,784
 Total.....	 \$ 1,374,573	 \$ 2,056,568

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.

Concentration of Credit Risk

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.

<u>Asset Class</u>	<u>Current Policy</u>	<u>Range</u>	
		<u>Minimum</u>	<u>Maximum</u>
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%

The Town and the System did not have any investments with a single issuer that represented 5 percent or more of the investments of the Town or System, respectively.

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 accounting principles generally accepted in the United States of America. 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, 2021:

Investment Type	June 30, 2021	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)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 2,881,049	\$ 2,881,049	\$ -	\$ -
Government sponsored enterprises.....	1,374,573	1,374,573	-	-
Corporate bonds.....	2,056,568	-	2,056,568	-
Total debt securities.....	6,312,190	4,255,622	2,056,568	-
<u>Other investments:</u>				
Equity securities.....	17,848,931	17,848,931	-	-
Equity mutual funds.....	14,835,615	14,835,615	-	-
Fixed income mutual funds.....	8,266,468	8,266,468	-	-
Money market mutual funds.....	725,841	725,841	-	-
Total other investments.....	41,676,855	41,676,855	-	-
Total investments measured at fair value.....	47,989,045	\$ 45,932,477	\$ 2,056,568	\$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	108,785,515			
Total investments.....	\$ 156,774,560			

U.S. treasury notes, government sponsored enterprises, 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 accounting principles generally accepted in the United States of America.

The System has the following recurring fair value measurements as of December 31, 2020:

Investment Type	December 31, 2020	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)
Investments measured at fair value:				
<u>Other investments:</u>				
Equity mutual funds.....	\$ 732,220	\$ 732,220	\$ -	\$ -
Money market mutual funds.....	5,323,060	5,323,060	-	-
Total investments measured at fair value.....	6,055,280	<u>\$ 6,055,280</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at net asset value:				
Pension Reserve Investment Trust (PRIT).....	<u>184,980,257</u>			
Total investments.....	<u>\$ 191,035,537</u>			

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, 2021, 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.....	\$ 1,862,945	\$ -	\$ 1,862,945
Tax liens.....	331,605	-	331,605
Community preservation fund surtax.....	17,623	-	17,623
Motor vehicle excise taxes.....	267,058	(106,216)	160,842
Departmental and other.....	206,372	-	206,372
Intergovernmental.....	7,768,847	-	7,768,847
Community preservation state share.....	580,300	-	580,300
Loans.....	253,965	-	253,965
Total.....	\$ 11,288,715	\$ (106,216)	\$ 11,182,499

At June 30, 2021, receivables for the proprietary funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water and sewer user charges.....	\$ 8,323,776	\$ -	\$ 8,323,776
Youth services intergovernmental - other.....	30,000	-	30,000
Total.....	\$ 8,353,776	\$ -	\$ 8,353,776

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.....	\$ 1,383,242	\$ -	\$ 1,383,242
Tax liens.....	329,800	1,805	331,605
Community preservation fund surtax.....	-	17,623	17,623
Motor vehicle excise taxes.....	160,842	-	160,842
Departmental and other.....	206,372	-	206,372
Intergovernmental.....	-	2,026,681	2,026,681
Loans.....	-	253,965	253,965
Tax foreclosures.....	396,784	-	396,784
Total.....	\$ 2,477,040	\$ 2,300,074	\$ 4,777,114

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 10,525,593	\$ -	\$ (2,266)	\$ 10,523,327
Construction in progress.....	5,971,828	60,894,139	-	66,865,967
Total capital assets not being depreciated....	16,497,421	60,894,139	(2,266)	77,389,294
<u>Capital assets being depreciated:</u>				
Buildings.....	207,556,012	387,882	(7,340)	207,936,554
Improvements.....	30,500,343	2,627,784	-	33,128,127
Vehicles and equipment.....	19,053,857	1,513,489	-	20,567,346
Infrastructure.....	57,954,329	4,388,349	(366,601)	61,976,077
Total capital assets being depreciated.....	315,064,541	8,917,504	(373,941)	323,608,104
<u>Less accumulated depreciation for:</u>				
Buildings.....	(67,041,046)	(4,138,605)	7,340	(71,172,311)
Improvements.....	(11,395,292)	(1,525,634)	-	(12,920,926)
Vehicles and equipment.....	(11,706,528)	(1,321,053)	-	(13,027,581)
Infrastructure.....	(28,721,469)	(2,065,823)	366,601	(30,420,691)
Total accumulated depreciation.....	(118,864,335)	(9,051,115)	373,941	(127,541,509)
Total capital assets being depreciated, net.....	196,200,206	(133,611)	-	196,066,595
Total governmental activities capital assets, net.....	\$ 212,697,627	\$ 60,760,528	\$ (2,266)	\$ 273,455,889

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,954	\$ -	\$ -	\$ 2,954
Construction in progress.....	-	1,997,574	-	1,997,574
Total capital assets not being depreciated....	<u>2,954</u>	<u>1,997,574</u>	<u>-</u>	<u>2,000,528</u>
<u>Capital assets being depreciated:</u>				
Buildings.....	856,491	-	-	856,491
Improvements.....	3,157,433	-	-	3,157,433
Vehicles and equipment.....	3,584,277	548,239	-	4,132,516
Infrastructure.....	34,116,174	630,031	(179,746)	34,566,459
Total capital assets being depreciated.....	<u>41,714,375</u>	<u>1,178,270</u>	<u>(179,746)</u>	<u>42,712,899</u>
<u>Less accumulated depreciation for:</u>				
Buildings.....	(347,524)	(21,414)	-	(368,938)
Improvements.....	(1,315,947)	(160,512)	-	(1,476,459)
Vehicles and equipment.....	(3,069,266)	(191,664)	-	(3,260,930)
Infrastructure.....	(8,267,562)	(670,631)	179,746	(8,758,447)
Total accumulated depreciation.....	<u>(13,000,299)</u>	<u>(1,044,221)</u>	<u>179,746</u>	<u>(13,864,774)</u>
Total capital assets being depreciated, net.....	<u>28,714,076</u>	<u>134,049</u>	<u>-</u>	<u>28,848,125</u>
Total business-type activities capital assets, net....	<u>\$ 28,717,030</u>	<u>\$ 2,131,623</u>	<u>\$ -</u>	<u>\$ 30,848,653</u>

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

Governmental Activities:	
General government.....	\$ 480,080
Public safety.....	1,252,878
Education.....	3,949,089
Public works.....	2,559,330
Community development.....	148,994
Community preservation.....	284,514
Human services.....	17,230
Culture and recreation.....	147,125
Library.....	211,875
Total depreciation expense - governmental activities.....	<u>\$ 9,051,115</u>
Business-Type Activities:	
Water and sewer.....	\$ 857,508
Ed Burns arena.....	77,793
Recreation.....	108,920
Total depreciation expense - business-type activities.....	<u>\$ 1,044,221</u>

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2021, 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	Recreation enterprise fund	
General fund.....	\$ -	\$ 484,674	\$ 4,314,512	\$ 3,704,804	\$ 120,000	\$ 50,000	\$ 64,646	\$ 8,738,636 (1)
Capital borrowing fund.....	1,116,049	-	-	-	-	-	-	1,116,049 (2)
Nonmajor governmental funds..	1,270,877	120,304	10,607	-	-	-	-	1,401,788 (3)
Total.....	\$ 2,386,926	\$ 604,978	\$ 4,325,119	\$ 3,704,804	\$ 120,000	\$ 50,000	\$ 64,646	\$ 11,256,473

- (1) Represents budgeted transfers to nonmajor governmental funds from the general fund which primarily consist of the Town’s budgeted share of capital projects. Represents a budgeted transfer for debt subsidies from the general fund to the water and sewer enterprise fund. Represents budgeted transfers from the general fund to subsidize the youth services and council on aging enterprise funds. Also represents budgeted transfers from the general fund to recreation 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 operating budget from the ambulance revolving, antenna rental, sales of real estate, and central school funds. Also represents transfers to the capital borrowing fund from the bond premium nonmajor fund and transfers within nonmajor governmental funds.

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, 2020	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2021
Governmental Funds:							
BAN	Municipal Purpose.....	0.55%	06/10/21	\$ -	\$ 100,000	\$ (100,000)	\$ -

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, 2021, 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, 2021
General Obligation Bonds Payable:				
Urban Renewal Bonds.....	2022	\$ 5,262,000	2.00-4.00	\$ 525,000
Municipal Purpose - 2010.....	2031	7,258,000	2.00-4.00	2,945,000
Symmes Property.....	2022	470,000	2.00-3.00	130,000
Municipal Purpose - 2011.....	2022	1,329,000	2.00-3.00	40,000
Municipal Purpose - 2013.....	2033	12,132,000	2.00-5.00	5,760,000
GOB Refunding of 8/15/03.....	2024	2,205,000	2.00-3.00	470,000
Municipal Purpose - 2013.....	2034	5,551,000	3.00-3.75	2,480,000
Municipal Purpose - 2014.....	2035	11,018,000	2.00-4.00	5,730,000
Municipal Purpose - 2015.....	2030	4,087,000	2.25-5.00	1,755,000
GOB Refunding of 11/13/15.....	2025	3,225,000	2.00-4.00	1,140,000
Municipal Purpose - 2017.....	2046	25,660,000	3.00-4.00	20,260,000
Municipal Purpose - 2018.....	2038	30,955,000	3.00-5.00	26,225,000
Municipal Purpose - 2019.....	2038	4,539,800	3.50-5.00	3,780,000
Municipal Purpose - 2020.....	2050	66,190,000	2.125-5.00	65,130,000
Municipal Purpose - 2021.....	2051	75,245,000	2.00-5.00	<u>75,245,000</u>
Total Bonds Payable.....				211,615,000
Add: Unamortized premium on bonds.....				<u>13,087,692</u>
Total Bonds Payable, net.....				<u>\$ 224,702,692</u>

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

Year	General Obligation Bonds Payable		
	Principal	Interest	Total
2022.....	\$ 9,365,000	\$ 6,767,318	\$ 16,132,318
2023.....	8,615,000	6,344,044	14,959,044
2024.....	8,500,000	5,966,201	14,466,201
2025.....	8,200,000	5,598,443	13,798,443
2026.....	8,265,000	5,236,746	13,501,746
2027.....	7,975,000	4,881,012	12,856,012
2028.....	8,060,000	4,526,510	12,586,510
2029.....	8,165,000	4,163,792	12,328,792
2030.....	8,195,000	3,794,482	11,989,482
2031.....	8,215,000	3,444,607	11,659,607
2032.....	7,935,000	3,176,638	11,111,638
2033.....	7,945,000	2,960,600	10,905,600
2034.....	7,610,000	2,750,663	10,360,663
2035.....	7,540,000	2,552,232	10,092,232
2036.....	7,235,000	2,355,132	9,590,132
2037.....	7,300,000	2,161,872	9,461,872
2038.....	7,135,000	1,970,280	9,105,280
2039.....	5,725,000	1,802,742	7,527,742
2040.....	5,685,000	1,658,086	7,343,086
2041.....	5,795,000	1,513,512	7,308,512
2042.....	5,870,000	1,366,488	7,236,488
2043.....	5,990,000	1,216,516	7,206,516
2044.....	6,125,000	1,062,972	7,187,972
2045.....	6,250,000	906,128	7,156,128
2046.....	6,115,000	750,178	6,865,178
2047.....	5,970,000	599,375	6,569,375
2048.....	6,110,000	449,450	6,559,450
2049.....	6,125,000	297,775	6,422,775
2050.....	6,265,000	144,325	6,409,325
2051.....	3,335,000	33,350	3,368,350
Total.....	\$ <u>211,615,000</u>	\$ <u>80,451,469</u>	\$ <u>292,066,469</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 2021, the Town received the final payment of this assistance program of \$476,523.

The Commonwealth has modified the method for funding new projects in the school building assistance program. Under the program, the assistance is paid to support the State's share of construction costs as they are incurred, therefore eliminating the need for the Town to fund the State's share through long-term debt. The Arlington High School project is being funded by this program. The total project is estimated to cost approximately \$290.9 million. As of June 30, 2021, MSBA has approved grant funding of approximately \$86.0 million, which represents a 49.72% reimbursement rate of eligible costs. Through the end of 2021, the Town has expended approximately

\$71.7 million and has received approximately \$26.1 million in construction grant reimbursements. The Town has recorded an estimated receivable of \$5.8 million relative to the project.

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 \$746,000. 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, 2021, and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2021
General Obligation Bonds Payable:				
Municipal Purpose - 2011.....	2022	\$ 1,300,000	2.00-3.00	\$ 130,000
Municipal Purpose - 2012.....	2033	280,000	2.00-5.00	280,000
Municipal Purpose - 2013.....	2034	1,300,000	3.00-3.75	845,000
Municipal Purpose - 2014.....	2035	1,200,000	4.00	390,000
Municipal Purpose - 2019.....	2039	1,015,200	3.50-5.00	850,000
Subtotal water and sewer general obligation bonds payable.....				2,495,000
Direct Borrowings Payable:				
Water and Sewer Bonds - MWRA.....	2031	9,508,500	0.00	5,652,350
Total Bonds Payable, net.....				\$ 8,147,350

Debt service requirements for the water and sewer enterprise fund general obligation bonds and direct borrowings payable in future years are as follows:

Year	General Obligation Bonds Payable		
	Principal	Interest	Total
2022.....	\$ 430,000	\$ 83,695	\$ 513,695
2023.....	300,000	70,394	370,394
2024.....	300,000	59,294	359,294
2025.....	165,000	50,369	215,369
2026.....	165,000	44,154	209,154
2027.....	165,000	37,907	202,907
2028.....	165,000	31,628	196,628
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
Total.....	\$ 2,495,000	\$ 483,242	\$ 2,978,242

Year	Direct Borrowing Payable		
	Principal	Interest	Total
2022.....	\$ 950,850	\$ -	\$ 950,850
2023.....	885,250	-	885,250
2024.....	800,250	-	800,250
2025.....	745,250	-	745,250
2026.....	650,250	-	650,250
2027.....	535,250	-	535,250
2028.....	405,250	-	405,250
2029.....	290,000	-	290,000
2030.....	270,000	-	270,000
2031.....	120,000	-	120,000
Total.....	\$ 5,652,350	\$ -	\$ 5,652,350

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

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2021
General Obligation Bonds Payable:				
Municipal Purpose - 2013.....	2033	\$ 280,000	2.00-5.00	\$ 160,000
Municipal Purpose - 2015.....	2030	275,000	5.00	120,000
Municipal Purpose - 2021.....	2036	150,000	2.00-5.00	150,000
Total Bonds Payable.....				<u>\$ 430,000</u>

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

Year	General Obligation Bonds Payable		
	Principal	Interest	Total
2022.....	\$ 55,000	\$ 15,074	\$ 70,074
2023.....	55,000	12,406	67,406
2024.....	55,000	9,956	64,956
2025.....	55,000	7,656	62,656
2026.....	25,000	6,097	31,097
2027.....	25,000	5,269	30,269
2028.....	25,000	4,422	29,422
2029.....	25,000	3,566	28,566
2030.....	20,000	2,763	22,763
2031.....	20,000	2,013	22,013
2032.....	20,000	1,406	21,406
2033.....	20,000	888	20,888
2034.....	10,000	500	10,500
2035.....	10,000	300	10,300
2036.....	10,000	100	10,100
Total.....	<u>\$ 430,000</u>	<u>\$ 72,415</u>	<u>\$ 502,415</u>

Bonds and Notes Payable Schedule – Recreation Enterprise Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2021
General Obligation Bonds Payable:				
Municipal Purpose - 2021.....	2036	\$ 2,450,000	2.00-5.00	\$ 2,450,000
Add: Unamortized premium on bonds.....				350,000
Total Bonds Payable, net.....				<u>\$ 2,800,000</u>

Debt service requirements for the Recreation enterprise fund general obligation bonds payable in future years are as follows:

Year	General Obligation Bonds Payable		
	Principal	Interest	Total
2022.....	\$ 165,000	\$ 97,087	\$ 262,087
2023.....	165,000	87,725	252,725
2024.....	165,000	79,475	244,475
2025.....	165,000	71,225	236,225
2026.....	165,000	62,975	227,975
2027.....	165,000	54,725	219,725
2028.....	165,000	46,475	211,475
2029.....	165,000	38,225	203,225
2030.....	165,000	29,975	194,975
2031.....	165,000	21,725	186,725
2032.....	160,000	16,000	176,000
2033.....	160,000	12,000	172,000
2034.....	160,000	8,000	168,000
2035.....	160,000	4,800	164,800
2036.....	160,000	1,600	161,600
Total.....	\$ <u>2,450,000</u>	\$ <u>632,012</u>	\$ <u>3,082,012</u>

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, 2021, the Town had the following authorized and unissued debt:

Purpose	Amount
Water mains and water facilities.....	\$ 1,200,000
Water.....	1,100,000
Sewer.....	2,107,500
Water meter replacement.....	300,000
Departmental equipment.....	240,000
Arlington High School reconstruction.....	153,723,316
DPW facility - site improvements.....	8,400,000
Sewer and sewerage facilities construction.....	1,600,000
Public works facility renovation and construction.....	8,900,000
Water mains.....	1,300,000
Parmenter school exterior.....	100,000
33,000 GVW dump truck.....	140,000
Whitmore Park upgrades.....	300,000
Bus #108 - 53 passenger bus.....	100,000
Engineering study.....	150,000
DPW building.....	5,416,470
Total.....	\$ <u>185,077,286</u>

Changes in long-term liabilities

During the year ended June 30, 2021, 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
Governmental Activities:							
Long-term general obligation bonds payable..	\$ 144,795,000	\$ 75,245,000	\$ (8,425,000)	\$ -	\$ -	\$ 211,615,000	\$ 9,365,000
Add: Unamortized premium on bonds.....	8,867,705	5,395,757	(1,175,770)	-	-	13,087,692	1,192,007
Total bonds payable.....	153,662,705	80,640,757	(9,600,770)	-	-	224,702,692	10,557,007
Compensated absences.....	4,570,800	-	-	2,753,800	(2,719,700)	4,604,900	2,776,400
Workers' compensation.....	172,400	-	-	138,600	(131,800)	179,200	143,200
Net pension liability.....	122,642,937	-	-	16,680,302	(26,533,951)	112,789,288	-
Net other postemployment benefits.....	233,313,997	-	-	23,076,913	(16,229,924)	240,160,986	-
Total governmental activity long-term liabilities.....	\$ 514,362,839	\$ 80,640,757	\$ (9,600,770)	\$ 42,649,615	\$ (45,615,375)	\$ 582,437,066	\$ 13,476,607
Business-Type Activities:							
Long-term general obligation bonds payable..	\$ 3,255,000	\$ 2,600,000	\$ (480,000)	\$ -	\$ -	\$ 5,375,000	\$ 1,170,850
Long-term direct borrowing payable.....	5,283,200	1,200,000	(830,850)	-	-	5,652,350	430,000
Add: Unamortized premium on bonds.....	-	350,000	-	-	-	350,000	53,766
Total bonds payable.....	8,538,200	4,150,000	(1,310,850)	-	-	11,377,350	1,654,616
Compensated absences.....	134,400	-	-	72,800	(71,500)	135,700	68,600
Net pension liability.....	6,125,997	-	-	830,459	(1,337,618)	5,618,838	-
Net other postemployment benefits.....	3,314,420	-	-	237,774	(462,916)	3,089,278	-
Total business-type activity long-term liabilities.....	\$ 18,113,017	\$ 4,150,000	\$ (1,310,850)	\$ 1,141,033	\$ (1,872,034)	\$ 20,221,166	\$ 1,723,216

Long term liabilities related to both governmental and business-type activities are normally paid from the general fund and enterprise funds, respectively.

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 \$29.2 million and have been reported within the general fund as unassigned and the Town’s municipal insurance funds totaling approximately \$2.7 million have been reported within the general fund as restricted.

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

	General	Capital Borrowing Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Permanent fund principal.....	\$ -	\$ -	\$ 4,869,922	\$ 4,869,922
Restricted for:				
Municipal insurance.....	2,729,945	-	-	2,729,945
Capital borrowing fund.....	-	94,110,816	-	94,110,816
Town revolving funds.....	-	-	977,838	977,838
Town gifts and grants.....	-	-	1,064,134	1,064,134
Community development grants.....	-	-	8,293	8,293
School lunch.....	-	-	973,320	973,320
School revolving funds.....	-	-	4,169,851	4,169,851
School gifts and grants.....	-	-	4,112,736	4,112,736
Library funds.....	-	-	80,779	80,779
Receipts reserved for appropriation.....	-	-	1,528,193	1,528,193
Special revenue trust funds.....	-	-	913,169	913,169
Other special revenue.....	-	-	1,643,554	1,643,554
Community preservation fund.....	-	-	3,861,086	3,861,086
Symmes property.....	-	-	247,199	247,199
Highway fund.....	-	-	219,992	219,992
Capital tax levy projects.....	-	-	3,386,556	3,386,556
Other capital projects.....	-	-	32,513	32,513
Cemeteries.....	-	-	1,110,135	1,110,135
Cemetery perpetual care.....	-	-	6,327,202	6,327,202
Libraries.....	-	-	5,754,228	5,754,228
Education.....	-	-	311,445	311,445
Committed to:				
Articles and continuing appropriations:				
General government.....	784,736	-	-	784,736
Public safety.....	37,613	-	-	37,613
Public works.....	7,585	-	-	7,585
Community development.....	6,587	-	-	6,587
Human services.....	21,020	-	-	21,020
Culture and recreation.....	5,148	-	-	5,148
Assigned to:				
General government.....	261,622	-	-	261,622
Public safety.....	66,964	-	-	66,964
Education.....	1,248,830	-	-	1,248,830
Public works.....	1,585,682	-	-	1,585,682
Community development.....	535	-	-	535
Human services.....	40,648	-	-	40,648
Culture and recreation.....	16,938	-	-	16,938
Insurance.....	30,139	-	-	30,139
Free cash used for subsequent year budget.....	5,659,184	-	-	5,659,184
Unassigned.....	42,773,521	-	-	42,773,521
Total Fund Balances.....	\$ 55,276,697	\$ 94,110,816	\$ 41,592,145	\$ 190,979,658

NOTE 9 – STABILIZATION FUND

At June 30, 2021, the Town has approximately \$3,619,000 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.

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, 2021, the Fiscal Stability Fund has a balance of approximately \$24,776,000 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, 2021, the amount of the liability for workers’ compensation claims totaled \$179,200. This liability is the Town’s best estimate based on available information. Changes in the reported liability since July 1, 2019, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End	Current Portion
2020.....	\$ 204,000	\$ 469,714	\$ (501,314)	\$ 172,400	\$ 131,800
2021.....	172,400	543,858	(537,058)	179,200	143,200

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 <https://www.mass.gov/lists/mass-teachers-retirement-board-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, 2020. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$21,383,677 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 \$173,127,101 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, 2020, the ACRS membership consists of the following:

Active members.....	812
Inactive members entitled to a return of contributions.....	372
Retirees and beneficiaries currently receiving benefits.....	<u>608</u>
Total.....	<u>1,792</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 actuarially determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2020, was \$13,802,754, 31.29% 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 \$13,246,911. The Town's actual contribution totaled \$13,250,411 and was 31.25% 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 December 31, 2020, were as follows:

Total pension liability.....	\$	314,810,592
Total pension plan's fiduciary net position.....		<u>(191,455,945)</u>
Total net pension liability.....	\$	<u>123,354,647</u>
The pension plan's fiduciary net position as		
a percentage of the total pension liability.....		60.82%

At June 30, 2021, the Town reported a liability of \$118,408,126 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. 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, 2020, the Town's proportion was 95.99%, which decreased by 0.36% from its proportion measured at December 31, 2019.

Pension Expense

For the year ended June 30, 2021, the Town recognized pension expense of \$10,019,530. At June 30, 2021, the Town reported deferred outflows of resources related to pensions of \$5,258,001, and deferred inflows of resources related to pensions of \$14,605,385.

The balances of deferred outflows/(inflows) of resources related to pension at June 30, 2021, consist of the following:

<u>Deferred Category</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Differences between expected and actual experience.....	\$ 2,768,488	\$ (1,045,700)	\$ 1,722,788
Difference between projected and actual earnings, net.....	-	(9,914,799)	(9,914,799)
Changes in assumptions.....	2,447,232	(3,245,423)	(798,191)
Changes in proportion and proportionate share of contributions...	<u>42,281</u>	<u>(399,463)</u>	<u>(357,182)</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 5,258,001</u>	<u>\$ (14,605,385)</u>	<u>\$ (9,347,384)</u>

The Town pays their annual appropriation on July 1st of the current fiscal year and the measurement date is six months after the payment, on December 31st.

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

Year ended June 30:

2022.....	\$ (2,367,965)
2023.....	(937,821)
2024.....	(4,404,202)
2025.....	<u>(1,637,396)</u>
Total.....	<u>\$ (9,347,384)</u>

Actuarial Assumptions

The total pension liability in the January 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2020:

Valuation date.....	January 1, 2020
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	Level 6.00% increase of contribution amount each year until the final year when it decreases by 43.62%.
Remaining amortization period.....	13 years.
Asset valuation method.....	Market value of assets, adjusted for payables and receivables, adjusted to phase in investment gains compared to the expected market value and losses evenly over four years. The asset valuation method adjusts the results to no less than 90% and no more than 110% of the market value of assets adjusted for payables and receivables.

Investment rate of return/ Discount rate.....	7.00% per year net of investment expenses.
Inflation rate.....	4.50% per year.
Salary increases.....	Select and ultimate, based on group and years of credited service: <ul style="list-style-type: none"> • Group 1 and 2: 7.75% increases for 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.
Cost of living adjustments.....	3.00% of the first \$15,000 of a member's retirement allowance is assumed to be granted annually.
Mortality rates.....	RP-2014 table adjusted to 2006 and projected generationally with MP-2019 (sex-distinct). During employment the healthy employee mortality table is used. Postemployment the healthy annuitant table is used. <p style="margin-left: 40px;">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.</p>

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, 2020, are summarized in the table on the following page.

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
U.S. equity.....	13.00%	4.11%
International equities.....	13.00%	4.31%
Emerging equities.....	5.00%	6.07%
Hedged equity.....	8.00%	3.42%
Core bonds.....	6.00%	0.49%
Short-term fixed income.....	2.00%	-0.20%
Long duration treasury.....	3.00%	-0.49%
TIPS.....	4.00%	-0.10%
Value added fixed income.....	8.00%	3.91%
Private equity.....	14.00%	7.83%
Real estate.....	10.00%	3.72%
Timberland.....	4.00%	4.31%
Portfolio completion.....	10.00%	2.94%
Total.....	100.00%	

Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.50%. 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, 2021, was 7.00%, the same as June 30, 2020. 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 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
<u>December 31, 2020 Measurement Date</u>			
The Town's proportionate share of the net pension liability..... \$	<u>150,163,004</u>	<u>\$ 118,408,126</u>	<u>\$ 91,514,750</u>
ACRS total net pension liability..... \$	<u>156,436,091</u>	<u>\$ 123,354,647</u>	<u>\$ 95,337,796</u>

Changes in Assumptions and Plan Provisions

The valuation on January 1, 2020, included a change of mortality assumption. The valuation dated January 1, 2019, was based off RP-2014 adjusted to 2006, projected generationally using MP-2019, while the valuation on January 1, 2020, used the same table, projected with MP-2016.

There were no changes to the plan provisions in the January 1, 2020, 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 20 to 25 percent of their premium costs. For 2021, the Town's age-adjusted contribution to the plan totaled \$7.7 million. For the year ended June 30, 2021, the Town's average contribution rate was 9.62% 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 enabled the Town to raise taxes necessary to begin pre-funding its other postemployment benefit (OPEB) liabilities.

During 2021, the Town pre-funded future OPEB liabilities totaling \$936,532 by contributing funds to the Other Postemployment Benefit Trust 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, 2021, the balance of this fund totaled \$21,268,077.

Investment Policy

The Town's policy in regard to the allocation of invested assets is established and may be amended by the Select Board 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.

Employees Covered by Benefit Terms

The following table represents the Plan's membership at June 30, 2021:

Active members.....	1,410
Inactive members currently receiving benefits.....	<u>853</u>
Total.....	<u><u>2,263</u></u>

Components of OPEB Liability

The following table represents the components of the Plan's OPEB liability as of June 30, 2021:

Total OPEB liability.....	\$ 264,518,341
Less: OPEB plan's fiduciary net position.....	<u>(21,268,077)</u>
Net OPEB liability.....	<u><u>\$ 243,250,264</u></u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	8.04%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the January 1, 2020, 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, 2021:

Valuation date.....	January 1, 2020
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Fair value of assets with payables and receivables.
Interest rate/ Discount rate.....	2.62% per year net of investment expenses as of 06/30/2021. In the calculation of the discount rate, the 20-year Municipal General Obligation bonds as shown in the Bond Buyer 20 Bond Index (2.16%) and a long-term rate of return of 6.50% were used
Healthcare cost trend rate.....	7.5% decreasing to 5.0%.
Salary increases.....	Group 1 and 2: 7.75% increases for 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% increases 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-2019.
Retirees.....	The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Healthy Annuitants projected using generational mortality and scale MP-2019.
Disabled.....	The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Healthy Annuitants projected using generational mortality and scale MP-2019. Set forward 2 years.

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 26.72%. 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 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, 2021, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
U.S. equity.....	29.70%	4.71%
Developed market equity.....	24.39%	4.80%
Emerging market equity.....	15.67%	5.46%
Investment grade bonds.....	10.43%	1.07%
Short-term investment grade bonds.....	2.99%	0.32%
TIPs.....	8.91%	0.15%
High-yield bonds.....	7.91%	2.69%
Total.....	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 2.62% as of June 30, 2021, and 2.57% as of June 30, 2020. 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 (6.50%), they determined the length of time for which assets would support OPEB benefit payments for current and projected new employees. For the Town, the depletion point comes after approximately twenty-one years. The present value of OPEB benefits was calculated

using a rate consistent with the Town’s investment strategy of 6.50% before the depletion point and a rate based on 20-year Municipal General Obligation bonds as shown in the Bond Buyer 20 Bond Index (2.16% as of June 2021) after the depletion point. Finally, a single rate producing an equivalent present value of benefits was calculated. This is the 2.62% 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 2.62%, 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 (1.62%) or 1-percentage-point higher (3.62%) than the current rate.

	1% Decrease (1.62%)	Current Discount Rate (2.62%)	1% Increase (3.62%)
Net OPEB liability.....	\$ 291,652,367	\$ 243,250,264	\$ 205,203,829

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.....	\$ 196,537,271	\$ 243,250,264	\$ 305,931,506

Changes in Assumptions and Plan Provisions

The discount rate was changed from 2.57% to 2.62%.

There were no changes to the plan provisions in the January 1, 2020, actuarial valuation.

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.

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, 2020.....	\$ 252,494,363	\$ 15,865,946	\$ 236,628,417
Changes for the year:			
Service cost.....	14,360,031	-	14,360,031
Interest.....	6,771,556	-	6,771,556
Changes in assumptions and other inputs.....	(2,368,129)	-	(2,368,129)
Benefit payments.....	(6,739,480)	(6,739,480)	-
Contributions.....	-	7,676,012	(7,676,012)
Net investment income.....	-	4,465,599	(4,465,599)
Net change.....	<u>12,023,978</u>	<u>5,402,131</u>	<u>6,621,847</u>
Balances at June 30, 2021.....	<u>\$ 264,518,341</u>	<u>\$ 21,268,077</u>	<u>\$ 243,250,264</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the Town recognized OPEB expense of \$24,771,263. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 1,696,495	\$ (3,770,263)	\$ (2,073,768)
Difference between projected and actual earnings, net.....	-	(3,249,616)	(3,249,616)
Changes in assumptions.....	<u>25,054,721</u>	<u>(1,996,949)</u>	<u>23,057,772</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 26,751,216</u>	<u>\$ (9,016,828)</u>	<u>\$ 17,734,388</u>

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

<u>Year ended June 30:</u>	
2022.....	\$ 4,059,466
2023.....	4,110,571
2024.....	4,150,142
2025.....	3,989,939
2026.....	1,565,320
2027.....	<u>(141,050)</u>
 Total.....	 \$ <u>17,734,388</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.

	<u>Pension Trust Fund (as of December 31, 2020)</u>	<u>Other Postemployment Benefit Trust Fund</u>	<u>Total Pension and Other Employee Benefit Trust Funds</u>
ASSETS			
Cash and cash equivalents.....	\$ 5,577,418	\$ -	\$ 5,577,418
Investments:			
Investments in Pension Reserve Investment Trust.....	184,980,257	-	184,980,257
Equity mutual funds.....	732,220	14,835,615	15,567,835
Fixed income mutual funds.....	-	6,432,462	6,432,462
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	<u>168,774</u>	<u>-</u>	<u>168,774</u>
 TOTAL ASSETS.....	 <u>191,458,669</u>	 <u>21,268,077</u>	 <u>212,726,746</u>
LIABILITIES			
Warrants payable.....	<u>2,724</u>	<u>-</u>	<u>2,724</u>
NET POSITION			
Restricted for pensions.....	191,455,945	-	191,455,945
Restricted for other postemployment benefits.....	<u>-</u>	<u>21,268,077</u>	<u>21,268,077</u>
 TOTAL NET POSITION.....	 <u>\$ 191,455,945</u>	 <u>\$ 21,268,077</u>	 <u>\$ 212,724,022</u>

	Pension Trust Fund (as of December 31, 2020)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ADDITIONS:			
Contributions:			
Employer contributions.....	\$ 13,802,754	\$ 936,532	\$ 14,739,286
Employer contributions for other postemployment benefit payments.....	-	6,739,480	6,739,480
Member contributions.....	4,291,749	-	4,291,749
Transfers from other systems.....	381,304	-	381,304
3(8)c contributions from other systems.....	557,330	-	557,330
Workers compensation settlements.....	14,000	-	14,000
State COLA reimbursements.....	204,541	-	204,541
Total contributions.....	19,251,678	7,676,012	26,927,690
Net investment income:			
Investment income (loss).....	20,533,559	4,465,599	24,999,158
Less: investment expense.....	(864,775)	-	(864,775)
Net investment income (loss).....	19,668,784	4,465,599	24,134,383
TOTAL ADDITIONS.....	38,920,462	12,141,611	51,062,073
DEDUCTIONS:			
Administration.....	355,654	-	355,654
Transfers to other systems.....	291,447	-	291,447
3(8)c transfer to other systems.....	467,685	-	467,685
Retirement benefits and refunds.....	20,083,073	-	20,083,073
Other postemployment benefit payments.....	-	6,739,480	6,739,480
TOTAL DEDUCTIONS.....	21,197,859	6,739,480	27,937,339
NET INCREASE (DECREASE) IN NET POSITION.....	17,722,603	5,402,131	23,124,734
NET POSITION AT BEGINNING OF YEAR.....	173,733,342	15,865,946	189,599,288
NET POSITION AT END OF YEAR.....	\$ 191,455,945	\$ 21,268,077	\$ 212,724,022

NOTE 15 – COMMITMENTS

On June 11, 2019, voters approved a debt exclusion to rebuild the Arlington High School at an estimated cost of \$290.9 million. The Town has been approved to receive assistance from the Massachusetts School Building Authority (MSBA) for 49.72% of eligible construction costs. Through the end of the current fiscal year, the Town has expended approximately \$71.7 million and has received \$26.1 million in grant reimbursements. The Town has recorded an estimated receivable of \$5.8 million relative to the project.

Town Meeting approved two other major building projects in 2020 which were ongoing projects as of June 30, 2021. The Department of Public Works offices, repair shops, salt shed, and other buildings are being renovated or replaced with new buildings in a project estimated at \$29.9 million funded in part by the general fund and by the water and sewer enterprise fund. Through the end of the current fiscal year, the Town has expensed approximately \$1.9 million. The former Central School building will undergo \$8 million in renovations for the sections that house the Senior Center (to be renamed the Community Center) and the Health and Human Services Department Offices. The Town has expensed approximately \$5.1 million as of year-end.

The general fund has various commitments for goods and services related to articles and encumbrances totaling \$862,689 and \$3,251,358, respectively.

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, 2021, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2021.

NOTE 17 – COVID-19

On March 10, 2020, the Massachusetts Governor declared a state of emergency in response to the coronavirus outbreak. The World Health Organization officially declared the novel Coronavirus (COVID-19) a pandemic the following day. In an attempt to slow the spread of COVID-19, governments issued various stay at home orders that caused global economic shutdowns and substantial financial market impact. Starting in March 2020, the Governor continued to issue orders allowing governments to operate and carry out essential functions safely. These included modifying the state's Open Meeting Law, issuing a stay-at-home order, and introducing a phased approach to reopening State businesses. The Town is considered an essential business and although it was closed to the public for a period of time, departments remained operational and most employees continued to perform their daily duties.

A number of businesses have been forced to stop or significantly reduce operations decreasing, the Town's portion of certain revenue. The Town has also incurred unanticipated costs specifically related to the pandemic.

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect COVID-19; were not accounted for in the budget most recently approved as of March 27, 2020; and were incurred during the period that begins on March 1, 2020, and ends on December 30, 2021. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding.

On March 11, 2021, the United States Federal Government established the American Rescue Plan Act (ARPA) to enhance the United States' recovery from the economic and health effects of the COVID-19 pandemic. This Act requires that the payment from these funds be used to cover costs related to; public health; negative economic impacts; services to disproportionately impacted communities; premium pay; infrastructure; revenue replacement; or administration. These funds can only be used to cover costs incurred between March 3, 2021, and December 31, 2024. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding.

In addition to funding from the CARES Act and the ARPA Act, there are several other federal and state grants available.

The full extent of the financial impact cannot be determined as of the date of the financial statements.

NOTE 18 – REVISION OF NET POSITION PREVIOUSLY REPORTED

Beginning net position of the governmental activities and the nonmajor governmental funds have been revised to reflect the implementation of GASB Statement #84. The revised balances are summarized in the following table:

	6/30/2020 Previously Reported Balances	Implementation of GASB #84	6/30/2020 Revised Balances
Government-Wide Financial Statements			
Governmental activities.....	\$ (118,657,870)	\$ 21,631	\$ (118,636,239)
GASB Financial Statements			
Nonmajor governmental funds.....	\$ 38,653,113	\$ 21,631	\$ 38,674,744

NOTE 19 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 18, 2022, which is the date the financial statements were available to be issued.

NOTE 20 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2021, the following GASB pronouncements were implemented:

- GASB Statement #84, *Fiduciary Activities*. The annual comprehensive financial report and related notes were updated to be in compliance with this pronouncement.
- GASB Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*. This pronouncement did not impact the annual comprehensive financial report.
- GASB Statement #98, *The Annual Comprehensive Financial Report*. The annual comprehensive financial report and related notes were updated to be in compliance with this pronouncement.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2022.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2022.
- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2023.
- The GASB issued Statement #92, *Omnibus 2020*, which is required to be implemented in 2022.

- The GASB issued Statement #93, *Replacement of Interbank Offered Rates*, which is required to be implemented in 2022.
- The GASB issued Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #96, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, which is required to be implemented in 2022.

Management is currently assessing the impact the implementation of these pronouncements will have on the annual comprehensive financial report.

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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, 2021

	Amounts Carried Forward From Prior Year	Budgeted Amounts			Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
		Current Year Initial Budget	Original Budget	Final Budget			
REVENUES:							
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 136,594,273	\$ 136,594,273	\$ 136,594,273	\$ 137,156,573	\$ -	\$ 562,300
Tax liens.....	-	-	-	-	158,447	-	158,447
Motor vehicle excise taxes.....	-	5,051,000	5,051,000	4,040,800	4,265,965	-	225,165
Hotel/motel tax.....	-	425,000	425,000	60,501	160,955	-	100,454
Meals tax.....	-	425,000	425,000	50,000	377,538	-	327,538
Penalties and interest on taxes.....	-	355,000	355,000	355,000	436,506	-	81,506
Fees and rentals.....	-	142,000	142,000	142,000	133,314	-	(8,686)
Payments in lieu of taxes.....	-	18,000	18,000	18,000	70,563	-	52,563
Intergovernmental - state aid.....	-	21,574,967	21,574,967	23,539,666	23,539,328	-	(338)
Departmental and other.....	-	3,214,000	3,214,000	2,999,000	3,674,529	-	675,529
Investment income.....	-	241,000	241,000	241,000	427,394	-	186,394
TOTAL REVENUES.....	-	168,040,240	168,040,240	168,040,240	170,401,112	-	2,360,872
EXPENDITURES:							
Current:							
General Government							
Finance Committee.....	1,793	10,701	12,494	10,701	10,000	-	701
Select Board.....	43,233	560,723	603,956	578,877	510,178	2,402	66,297
Town Manager.....	1,422	751,346	752,768	751,909	715,637	4,846	31,426
Town Manager Article - Study Vehicular Traffic Volume.....	1,043	2,000	3,043	3,043	540	2,503	-
Town Manager Article - Mugar Property.....	25,000	-	25,000	25,000	-	25,000	-
Town Manager Article - Scenic Byway.....	1,497	2,000	3,497	3,497	1,267	2,230	-
Human Resources.....	2,838	365,659	368,497	365,659	348,526	3,275	13,858
Human Resources Article - Positions Reclassification.....	-	14,142	14,142	-	-	-	-
Human Resources Article - Indemnification.....	-	10,666	10,666	10,666	9,922	-	744
Information Technology.....	23,665	1,065,327	1,088,992	1,067,348	974,311	6,738	86,299
Comptroller.....	128,790	345,999	474,789	471,209	315,481	138,943	16,785
Treasurer / Collector.....	6,242	714,576	720,818	719,069	636,047	8,962	74,060
Postage.....	8,906	185,969	194,875	185,969	167,920	-	18,049
Board of Assessors.....	1,474	341,863	343,337	342,007	333,650	1,682	6,675
Article - Revaluation Funds.....	45,466	-	45,466	45,466	3,000	42,466	-
Legal.....	20,880	486,171	507,051	493,026	458,346	33,940	740
Legal Article - Legal Defense Fund.....	19,000	-	19,000	19,000	-	19,000	-
Legal Article - Workers Compensation Reserve.....	35,198	-	35,198	34,345	34,344	1	-
Town Clerk.....	224	268,219	268,443	268,338	260,989	2,658	4,691
Board of Registrars.....	-	72,812	72,812	72,812	71,905	550	357
Parking.....	-	95,132	95,132	95,132	47,968	-	47,164
Zoning Board of Appeals.....	1,465	32,934	34,399	33,917	28,989	1,485	3,443
Article - Collective Bargaining.....	497,321	251,000	748,321	749,677	-	749,677	-
Total General Government.....	865,457	5,577,239	6,442,696	6,346,667	4,929,020	1,046,358	371,289
Public Safety							
Police Services.....	50,857	8,518,575	8,569,432	8,541,686	8,100,878	86,460	354,348
Fire Services.....	14,116	7,966,025	7,980,141	7,971,144	7,755,128	17,970	198,046
Inspections.....	112	534,248	534,360	605,301	602,615	147	2,539
Total Public Safety.....	65,085	17,018,848	17,083,933	17,118,131	16,458,621	104,577	554,933
Education							
Public Schools.....	1,196,386	75,460,531	76,656,917	76,490,475	74,891,618	1,248,830	350,027
Minuteman Regional.....	-	6,113,371	6,113,371	6,113,371	6,113,371	-	-
Total Education.....	1,196,386	81,573,902	82,770,288	82,603,846	81,004,989	1,248,830	350,027
Public Works							
Public Works.....	1,354,413	10,299,661	11,654,074	11,597,673	9,843,631	1,529,507	224,535
Facilities.....	72,206	808,698	880,904	874,149	809,110	61,188	3,851
Recycling Committee Article.....	813	3,000	3,813	3,813	1,241	2,572	-
Total Public Works.....	1,427,432	11,111,359	12,538,791	12,475,635	10,653,982	1,593,267	228,386
Community Development							
Planning & Community Development.....	50,500	633,771	684,271	684,266	674,437	2,021	7,808
Planning & Community Development Article - Vision 2020.....	3,067	3,000	6,067	6,067	966	5,101	-
Redevelopment Board.....	-	10,800	10,800	10,800	10,798	-	2
Total Community Development.....	53,567	647,571	701,138	701,133	686,201	7,122	7,810
Human Services							
Human Services Administration.....	27,759	781,634	809,393	821,925	881,409	26,113	(85,597)
Veterans' Services.....	32,511	380,996	413,507	384,629	278,408	13,322	92,899
Council on Aging.....	-	386,425	386,425	386,425	386,483	249	(307)
Commission on Disability.....	7,214	25,000	32,214	32,211	29,906	2,305	-
Human Rights Commission.....	517	7,500	8,017	8,017	6,117	1,900	-
Senior Citizen Community Service Program.....	4,500	-	4,500	4,500	4,500	-	-
Veteran's, Memorial, and Patriot's Day Celebrations.....	2,134	5,667	7,801	7,801	92	7,709	-
Town Day Celebrations.....	5,000	-	5,000	5,000	-	5,000	-
Flags on Graves of Veterans.....	570	4,500	5,070	5,070	-	5,070	-
Total Human Services.....	80,205	1,591,722	1,671,927	1,655,578	1,586,915	61,668	6,995

(Continued)

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

YEAR ENDED JUNE 30, 2021

	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			
Culture and Recreation							
Library.....	9,769	2,562,125	2,571,894	2,573,697	2,474,880	10,046	88,771
Arlington Historical Commission.....	1,399	2,660	4,059	4,059	1,606	2,453	-
Historic District Commissions.....	3,329	5,100	8,429	8,429	4,892	3,537	-
Arlington Tourism and Economic Development Committee.....	4,275	4,275	8,550	8,550	2,500	6,050	-
Arlington Commission on Arts and Culture.....	3	30,000	30,003	30,003	30,003	-	-
Total Culture and Recreation.....	18,775	2,604,160	2,622,935	2,624,738	2,513,881	22,086	88,771
Pension Benefits							
Contributory Pension.....	-	13,246,911	13,246,911	13,246,911	13,246,911	-	-
Non-Contributory Pension.....	-	18,468	18,468	18,468	16,987	-	1,481
Total Pension Benefits.....	-	13,265,379	13,265,379	13,265,379	13,263,898	-	1,481
Insurance.....	115,677	17,535,273	17,650,950	17,623,812	17,433,245	30,139	160,428
Reserve Fund.....	-	1,556,724	1,556,724	1,459,724	-	-	1,459,724
State and County Charges.....	-	3,483,738	3,483,738	3,483,738	3,513,160	-	(29,422)
Debt Service: Principal.....	-	7,790,000	7,790,000	7,790,000	7,790,000	-	-
Debt Service: Interest.....	-	5,630,958	5,630,958	5,630,958	5,626,021	-	4,937
TOTAL EXPENDITURES.....	3,822,584	169,386,873	173,209,457	172,779,339	165,459,933	4,114,047	3,205,359
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(3,822,584)	(1,346,633)	(5,169,217)	(4,739,099)	4,941,179	(4,114,047)	5,566,231
OTHER FINANCING SOURCES (USES):							
Transfers in.....	-	4,430,413	4,430,413	4,430,413	4,433,816	-	3,403
Transfers out.....	-	(9,385,168)	(9,385,168)	(9,385,168)	(9,385,168)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	(4,954,755)	(4,954,755)	(4,954,755)	(4,951,352)	-	3,403
NET CHANGE IN FUND BALANCE.....	(3,822,584)	(6,301,388)	(10,123,972)	(9,693,854)	(10,173)	(4,114,047)	5,569,634
BUDGETARY FUND BALANCE, Beginning of year.....	-	23,781,711	23,781,711	23,781,711	23,781,711	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ (3,822,584)	\$ 17,480,323	\$ 13,657,739	\$ 14,087,857	\$ 23,771,538	\$ (4,114,047)	\$ 5,569,634

See notes to required supplementary information.

(Concluded)

Pension Plan Schedules Retirement System

The Pension Plan's Schedule of Changes in the Net Pension Liability and Related Ratios 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
Total pension liability:				
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
Changes in benefit terms.....	-	-	-	-
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.....	(17,126,706)	(17,015,692)	(17,446,008)	(18,002,395)
Net change in total pension liability.....	6,302,721	5,255,088	13,834,188	7,084,192
Total pension liability - beginning.....	252,695,991	258,998,712	264,253,800	278,087,988
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>
Plan fiduciary net position:				
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.....	(17,126,706)	(17,015,692)	(17,446,008)	(18,002,395)
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.....	129,637,643	135,113,681	133,272,004	139,127,657
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>
Net pension liability - ending (a)-(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.

	December 31, 2018	December 31, 2019	December 31, 2020
\$	5,773,049	\$ 6,046,181	\$ 6,497,974
	20,432,747	20,864,935	21,281,611
	658,813	-	-
	203,912	(1,927,372)	3,443,517
	7,648,397	-	(4,106,825)
	<u>(18,227,014)</u>	<u>(19,266,483)</u>	<u>(19,685,030)</u>
	16,489,904	5,717,261	7,431,247
	<u>285,172,180</u>	<u>301,662,084</u>	<u>307,379,345</u>
\$	<u><u>301,662,084</u></u>	<u><u>307,379,345</u></u>	<u><u>314,810,592</u></u>
\$	12,352,716	\$ 13,032,279	\$ 13,802,754
	3,881,977	4,221,269	4,291,749
	(3,168,651)	23,535,054	19,668,784
	(346,990)	(356,000)	(355,654)
	<u>(18,227,014)</u>	<u>(19,266,483)</u>	<u>(19,685,030)</u>
	(5,507,962)	21,166,119	17,722,603
	<u>158,075,185</u>	<u>152,567,223</u>	<u>173,733,342</u>
\$	<u><u>152,567,223</u></u>	<u><u>173,733,342</u></u>	<u><u>191,455,945</u></u>
\$	<u><u>149,094,861</u></u>	<u><u>133,646,003</u></u>	<u><u>123,354,647</u></u>
	50.58%	56.52%	60.82%
\$	40,230,025	\$ 42,251,484	\$ 44,115,863
	370.61%	316.31%	279.62%

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, 2020.....	\$ 13,799,108	\$ (13,802,754)	\$ (3,646)	\$ 44,115,863	31.29%
December 31, 2019.....	13,018,026	(13,032,279)	(14,253)	42,251,484	30.84%
December 31, 2018.....	12,339,361	(12,352,716)	(13,355)	40,230,025	30.71%
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

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2020.....	12.19%
December 31, 2019.....	16.19%
December 31, 2018.....	-2.01%
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, 2020.....	95.99%	\$ 118,408,126	\$ 42,407,412	279.22%	60.82%
December 31, 2019.....	96.35%	128,768,934	40,715,263	316.27%	56.52%
December 31, 2018.....	96.33%	143,625,005	38,877,055	369.43%	50.58%
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

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, 2021.....	\$ 13,246,911	\$ (13,250,411)	\$ (3,500)	\$ 43,467,597	30.48%
June 30, 2020.....	12,543,872	(12,557,604)	(13,732)	41,733,145	30.09%
June 30, 2019.....	11,887,479	(11,900,344)	(12,865)	39,848,981	29.86%
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**

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
2021.....	\$ 173,127,101	\$ 21,383,677	50.67%
2020.....	140,539,265	17,042,825	53.95%
2019.....	132,990,182	13,476,629	54.84%
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	June 30, 2019	June 30, 2020	June 30, 2021
Total OPEB Liability					
Service Cost.....	\$ 8,975,024	\$ 8,639,166	\$ 8,455,605	\$ 9,224,359	\$ 14,360,031
Interest.....	9,135,413	10,228,498	8,618,226	8,624,415	6,771,556
Differences between expected and actual experience.....	-	(41,500,767)	(5,652,311)	1,341,135	-
Changes of assumptions.....	-	(8,506,953)	6,898,573	31,171,677	(2,368,129)
Benefit payments.....	(6,796,528)	(6,370,083)	(6,405,234)	(6,361,089)	(6,739,480)
Net change in total OPEB liability.....	11,313,909	(37,510,139)	11,914,859	44,000,497	12,023,978
Total OPEB liability - beginning.....	222,775,237	234,089,146	196,579,007	208,493,866	252,494,363
Total OPEB liability - ending (a).....	<u>\$ 234,089,146</u>	<u>\$ 196,579,007</u>	<u>\$ 208,493,866</u>	<u>\$ 252,494,363</u>	<u>\$ 264,518,341</u>
Plan fiduciary net position					
Employer contributions.....	\$ 868,000	\$ 899,678	\$ 936,982	\$ 936,982	\$ 936,532
Employer contributions for OPEB payments.....	6,796,528	6,370,083	6,405,234	6,361,089	6,739,480
Net investment income.....	1,149,114	753,028	730,824	407,146	4,465,599
Benefit payments.....	(6,796,528)	(6,370,083)	(6,405,234)	(6,361,089)	(6,739,480)
Net change in plan fiduciary net position.....	2,017,114	1,652,706	1,667,806	1,344,128	5,402,131
Plan fiduciary net position - beginning of year.....	9,184,192	11,201,306	12,854,012	14,521,818	15,865,946
Plan fiduciary net position - end of year (b).....	<u>\$ 11,201,306</u>	<u>\$ 12,854,012</u>	<u>\$ 14,521,818</u>	<u>\$ 15,865,946</u>	<u>\$ 21,268,077</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 222,887,840</u>	<u>\$ 183,724,995</u>	<u>\$ 193,972,048</u>	<u>\$ 236,628,417</u>	<u>\$ 243,250,264</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	4.79%	6.54%	6.97%	6.28%	8.04%
Covered-employee payroll.....	\$ 68,333,400	\$ 69,727,934	\$ 72,168,412	\$ 84,216,383	\$ 79,793,330
Net OPEB liability as a percentage of covered-employee payroll.....	326.18%	263.49%	268.78%	280.98%	304.85%

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	Statutorily 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, 2021.....	\$ 7,676,012	\$ (7,676,012)	\$ -	\$ 79,793,330	9.62%
June 30, 2020.....	7,298,071	(7,298,071)	-	84,216,383	8.67%
June 30, 2019.....	7,342,216	(7,342,216)	-	72,168,412	10.17%
June 30, 2018 (1).....	12,177,000	(7,269,761)	4,907,239	69,727,934	10.43%
June 30, 2017 (1).....	18,409,000	(7,665,000)	10,744,000	68,333,400	11.22%

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.

(1) Actuarially determined contribution.

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2021.....	26.72%
June 30, 2020.....	2.64%
June 30, 2019.....	5.33%
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 (individual department level) 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 2021 original budget includes approximately \$178.8 million in current year authorized appropriations and other amounts to be raised and \$3.8 million in encumbrances and appropriations were carried over from previous years. During 2021, there were no significant changes between the Town's original and final budget.

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, 2021, is presented on the following page.

Net change in fund balance - budgetary basis.....	\$	(10,173)
<u>Perspective differences:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP.....		(2,066,347)
<u>Basis of accounting differences:</u>		
Net change in recording tax refunds payable.....		(481,900)
Net change in recording 60 day receipts.....		(77,050)
Net change in recording COVID-19 receivable.....		(280,343)
Recognition of revenue for on-behalf payments.....		21,383,677
Recognition of expenditures for on-behalf payments.....		(21,383,677)
Net change in fund balance - GAAP basis.....	\$	<u>(2,915,813)</u>

C. Appropriation Deficit

Expenditures exceeded appropriations for human services administration, council on aging and state and county charges. State assessment deficits are not required to be raised.

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 System's total pension liability, changes in the System's 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 valuation on January 1, 2020, included a change of mortality assumption. The valuation dated January 1, 2019, was based off RP-2014 adjusted to 2006, projected generationally using MP-2019, while the valuation on January 1, 2020, used the same table, projected with MP-2016.

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 determined 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, 2020
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Fair value of assets with payables and receivables.
Interest rate/ Discount rate.....	2.62% per year net of investment expenses as of 06/30/2021. In the calculation of the discount rate, the 20-year Municipal General Obligation bonds as shown in the Bond Buyer 20 Bond Index (2.16%) and a long-term rate of return of 6.50% were used
Healthcare cost trend rate.....	7.5% decreasing to 5.0%.
Salary increases.....	Group 1 and 2: 7.75% increases for 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% increases 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-2019.
Retirees.....	The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Healthy Annuitants projected using generational mortality and scale MP-2019.

Disabled..... The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Healthy Annuitants projected using generational mortality and scale MP-2019. 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 following changes in assumptions were reflected in the January 1, 2020, actuarial valuation:

The discount rate increased from 2.57% as of June 30, 2020, to 2.62% as of June 30, 2021.

E. Changes in Provisions

None.

Other Supplementary Information

Combining 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 nonmajor 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.

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**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2021

	<i>Special Revenue Funds</i>						
	Town Revolving Funds	Town Gifts & Grants	Community Development Grants	School Lunch	School Revolving Funds	School Gifts & Grants	Library Funds
ASSETS							
Cash and cash equivalents.....	\$ 1,003,472	\$ 997,371	\$ 23,171	\$ 1,057,633	\$ 4,277,759	\$ 3,823,984	\$ 81,848
Investments.....	-	-	-	-	-	-	-
Receivables, net of uncollectibles:							
Tax liens.....	-	-	-	-	-	-	-
Community preservation fund surtax.....	-	-	-	-	-	-	-
Intergovernmental.....	-	164,692	1,578,553	-	-	382,016	-
Community preservation state share.....	-	-	-	-	-	-	-
Loans.....	-	-	253,965	-	-	-	-
TOTAL ASSETS.....	\$ 1,003,472	\$ 1,162,063	\$ 1,855,689	\$ 1,057,633	\$ 4,277,759	\$ 4,206,000	\$ 81,848
LIABILITIES							
Warrants payable.....	\$ 8,376	\$ 95,642	\$ 13,560	\$ 78,265	\$ 107,315	\$ 93,264	\$ 865
Accrued payroll.....	17,258	2,287	1,318	6,048	593	-	204
TOTAL LIABILITIES.....	25,634	97,929	14,878	84,313	107,908	93,264	1,069
DEFERRED INFLOWS OF RESOURCES							
Taxes paid in advance.....	-	-	-	-	-	-	-
Unavailable revenue.....	-	-	1,832,518	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES....	-	-	1,832,518	-	-	-	-
FUND BALANCES							
Nonspendable.....	-	-	-	-	-	-	-
Restricted.....	977,838	1,064,134	8,293	973,320	4,169,851	4,112,736	80,779
TOTAL FUND BALANCES.....	977,838	1,064,134	8,293	973,320	4,169,851	4,112,736	80,779
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 1,003,472	\$ 1,162,063	\$ 1,855,689	\$ 1,057,633	\$ 4,277,759	\$ 4,206,000	\$ 81,848

(Continued)

<i>Special Revenue Funds</i>							<i>Capital Project Funds</i>		
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
\$ 1,528,193	\$ 518,450	\$ 1,652,092	\$ 3,600,644	\$ 253,021	\$ 219,992	\$ 19,037,630	\$ 3,899,715	\$ 32,513	\$ 3,932,228
-	395,559	-	-	-	-	395,559	-	-	-
-	-	-	1,805	-	-	1,805	-	-	-
-	-	-	17,623	-	-	17,623	-	-	-
-	-	-	-	-	448,128	2,573,389	-	-	-
-	-	-	580,300	-	-	580,300	-	-	-
-	-	-	-	-	-	253,965	-	-	-
<u>\$ 1,528,193</u>	<u>\$ 914,009</u>	<u>\$ 1,652,092</u>	<u>\$ 4,200,372</u>	<u>\$ 253,021</u>	<u>\$ 668,120</u>	<u>\$ 22,860,271</u>	<u>\$ 3,899,715</u>	<u>\$ 32,513</u>	<u>\$ 3,932,228</u>
\$ -	\$ 840	\$ 8,538	\$ 316,764	\$ 4,960	\$ -	\$ 728,389	\$ 513,159	\$ -	\$ 513,159
-	-	-	491	862	-	29,061	-	-	-
-	840	8,538	317,255	5,822	-	757,450	513,159	-	513,159
-	-	-	2,603	-	-	2,603	-	-	-
-	-	-	19,428	-	448,128	2,300,074	-	-	-
-	-	-	22,031	-	448,128	2,302,677	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>1,528,193</u>	<u>913,169</u>	<u>1,643,554</u>	<u>3,861,086</u>	<u>247,199</u>	<u>219,992</u>	<u>19,800,144</u>	<u>3,386,556</u>	<u>32,513</u>	<u>3,419,069</u>
<u>1,528,193</u>	<u>913,169</u>	<u>1,643,554</u>	<u>3,861,086</u>	<u>247,199</u>	<u>219,992</u>	<u>19,800,144</u>	<u>3,386,556</u>	<u>32,513</u>	<u>3,419,069</u>
<u>\$ 1,528,193</u>	<u>\$ 914,009</u>	<u>\$ 1,652,092</u>	<u>\$ 4,200,372</u>	<u>\$ 253,021</u>	<u>\$ 668,120</u>	<u>\$ 22,860,271</u>	<u>\$ 3,899,715</u>	<u>\$ 32,513</u>	<u>\$ 3,932,228</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2021

	Permanent Funds					Total Nonmajor Governmental Funds
	Cemeteries	Cemetery Perpetual Care	Libraries	Education	Subtotal	
ASSETS						
Cash and cash equivalents.....	\$ -	\$ 552,639	\$ 275,996	\$ -	\$ 828,635	\$ 23,798,493
Investments.....	1,224,635	8,049,651	7,903,230	367,503	17,545,019	17,940,578
Receivables, net of uncollectibles:						
Tax liens.....	-	-	-	-	-	1,805
Community preservation fund surtax.....	-	-	-	-	-	17,623
Intergovernmental - other.....	-	-	-	-	-	2,573,389
Community preservation state share.....	-	-	-	-	-	580,300
Loans.....	-	-	-	-	-	253,965
TOTAL ASSETS.....	\$ 1,224,635	\$ 8,602,290	\$ 8,179,226	\$ 367,503	\$ 18,373,654	\$ 45,166,153
LIABILITIES						
Warrants payable.....	\$ -	\$ -	\$ 722	\$ -	\$ 722	\$ 1,242,270
Accrued payroll.....	-	-	-	-	-	29,061
TOTAL LIABILITIES.....	-	-	722	-	722	1,271,331
DEFERRED INFLOWS OF RESOURCES						
Taxes paid in advance.....	-	-	-	-	-	2,603
Unavailable revenue.....	-	-	-	-	-	2,300,074
TOTAL DEFERRED INFLOWS OF RESOURCES...	-	-	-	-	-	2,302,677
FUND BALANCES						
Nonspendable.....	114,500	2,275,088	2,424,276	56,058	4,869,922	4,869,922
Restricted.....	1,110,135	6,327,202	5,754,228	311,445	13,503,010	36,722,223
TOTAL FUND BALANCES.....	1,224,635	8,602,290	8,178,504	367,503	18,372,932	41,592,145
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 1,224,635	\$ 8,602,290	\$ 8,179,226	\$ 367,503	\$ 18,373,654	\$ 45,166,153

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

YEAR ENDED JUNE 30, 2021

	<i>Special Revenue Funds</i>						
	Town Revolving Funds	Town Gifts & Grants	Community Development Grants	School Lunch	School Revolving Funds	School Gifts & Grants	Library Funds
REVENUES:							
Tax liens.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services.....	833,896	-	-	-	-	-	132
Fees and rentals.....	(13,754)	-	-	-	-	-	69,571
Intergovernmental - other.....	-	1,051,917	2,108,744	1,838,464	-	4,611,838	-
Departmental and other.....	2,056,403	23,031	-	5,370	2,106,870	1,622,180	215
Community preservation taxes.....	-	-	-	-	-	-	-
Community preservation state match.....	-	-	-	-	-	-	-
Contributions and donations.....	192,025	90,833	-	-	2,126	-	42,718
Investment income.....	1,042	213	807	-	-	-	199
TOTAL REVENUES.....	3,069,612	1,165,994	2,109,551	1,843,834	2,108,996	6,234,018	112,835
EXPENDITURES:							
Current:							
General government.....	854,030	152,417	-	-	-	-	-
Public safety.....	1,752,106	219,484	-	-	-	-	-
Education.....	-	-	-	1,558,182	1,972,625	6,381,106	-
Public works.....	35,069	332,505	-	-	-	-	-
Community development.....	-	145,682	2,101,258	-	-	-	-
Human services.....	178,040	275,308	-	-	-	-	-
Culture and recreation.....	209,978	118,367	-	-	-	-	-
Library.....	-	68,876	-	-	-	-	121,523
Community preservation.....	-	-	-	-	-	-	-
Employee benefits.....	-	-	-	-	-	-	-
Debt service:							
Principal.....	-	-	-	-	-	-	-
Interest.....	-	-	-	-	-	-	-
TOTAL EXPENDITURES.....	3,029,223	1,312,639	2,101,258	1,558,182	1,972,625	6,381,106	121,523
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	40,389	(146,645)	8,293	285,652	136,371	(147,088)	(8,688)
OTHER FINANCING SOURCES (USES):							
Premium from issuance of bonds.....	-	-	-	-	-	-	-
Proceeds from the sale of capital assets.....	-	-	-	-	-	-	-
Transfers in.....	-	45,000	-	-	-	-	-
Transfers out.....	(290,463)	(120,304)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	(290,463)	(75,304)	-	-	-	-	-
NET CHANGE IN FUND BALANCES.....	(250,074)	(221,949)	8,293	285,652	136,371	(147,088)	(8,688)
FUND BALANCES AT BEGINNING OF YEAR.....	1,227,912	1,286,083	-	687,668	4,033,480	4,259,824	89,467
FUND BALANCES AT END OF YEAR.....	\$ 977,838	\$ 1,064,134	\$ 8,293	\$ 973,320	\$ 4,169,851	\$ 4,112,736	\$ 80,779

(Continued)

<i>Special Revenue Funds</i>							<i>Capital Project Funds</i>		
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
\$ -	\$ -	\$ -	\$ 1,204	\$ -	\$ -	\$ 1,204	\$ -	\$ -	\$ -
-	-	-	-	-	-	834,028	-	-	-
-	-	149,967	-	-	-	205,784	-	-	-
-	-	30,871	-	213,373	789,205	10,644,412	-	-	-
89,750	-	879,608	-	671,950	-	7,455,377	-	-	-
-	-	-	1,989,069	-	-	1,989,069	-	-	-
-	-	-	489,711	-	-	489,711	-	-	-
-	500	74,912	-	-	-	403,114	-	-	-
-	164,103	12,101	-	2	-	178,467	-	-	-
<u>89,750</u>	<u>164,603</u>	<u>1,147,459</u>	<u>2,479,984</u>	<u>885,325</u>	<u>789,205</u>	<u>22,201,166</u>	-	-	-
-	-	767,617	316,764	26	-	2,090,854	488,524	-	488,524
-	-	129,386	-	-	-	2,100,976	172,110	-	172,110
-	-	84,876	-	-	-	9,996,789	524,906	-	524,906
-	-	24,412	-	-	787,671	1,179,657	2,862,228	11,580	2,873,808
34,279	-	196,268	-	-	-	2,477,487	70,580	-	70,580
-	1,004	48,014	-	215,232	-	717,598	16,487	-	16,487
-	6,924	15,315	-	-	-	350,584	109,965	-	109,965
-	11,469	1,500	-	-	-	203,368	52,837	-	52,837
-	-	-	2,086,989	-	-	2,086,989	-	-	-
-	-	89,057	-	-	-	89,057	-	-	-
-	-	-	-	635,000	-	635,000	-	-	-
-	-	-	-	36,950	-	36,950	-	-	-
<u>34,279</u>	<u>19,397</u>	<u>1,356,445</u>	<u>2,403,753</u>	<u>887,208</u>	<u>787,671</u>	<u>21,965,309</u>	<u>4,297,637</u>	<u>11,580</u>	<u>4,309,217</u>
<u>55,471</u>	<u>145,206</u>	<u>(208,986)</u>	<u>76,231</u>	<u>(1,883)</u>	<u>1,534</u>	<u>235,857</u>	<u>(4,297,637)</u>	<u>(11,580)</u>	<u>(4,309,217)</u>
-	-	227,107	-	-	-	227,107	-	-	-
750,000	-	-	-	-	-	750,000	-	-	-
-	-	-	-	-	-	45,000	4,269,512	10,000	4,279,512
(18,000)	(607)	(446,709)	-	-	-	(876,083)	(365,705)	-	(365,705)
<u>732,000</u>	<u>(607)</u>	<u>(219,602)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,024</u>	<u>3,903,807</u>	<u>10,000</u>	<u>3,913,807</u>
<u>787,471</u>	<u>144,599</u>	<u>(428,588)</u>	<u>76,231</u>	<u>(1,883)</u>	<u>1,534</u>	<u>381,881</u>	<u>(393,830)</u>	<u>(1,580)</u>	<u>(395,410)</u>
<u>740,722</u>	<u>768,570</u>	<u>2,072,142</u>	<u>3,784,855</u>	<u>249,082</u>	<u>218,458</u>	<u>19,418,263</u>	<u>3,780,386</u>	<u>34,093</u>	<u>3,814,479</u>
<u>\$ 1,528,193</u>	<u>\$ 913,169</u>	<u>\$ 1,643,554</u>	<u>\$ 3,861,086</u>	<u>\$ 247,199</u>	<u>\$ 219,992</u>	<u>\$ 19,800,144</u>	<u>\$ 3,386,556</u>	<u>\$ 32,513</u>	<u>\$ 3,419,069</u>

(Continued)

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

YEAR ENDED JUNE 30, 2021

	<u>Permanent Funds</u>					Total Nonmajor Governmental Funds
	Cemeteries	Cemetery Perpetual Care	Libraries	Education	Subtotal	
REVENUES:						
Tax liens.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,204
Charges for services.....	-	-	-	-	-	834,028
Fees and rentals.....	-	-	-	-	-	205,784
Intergovernmental - other.....	-	-	-	-	-	10,644,412
Departmental and other.....	-	-	-	-	-	7,455,377
Community preservation taxes.....	-	-	-	-	-	1,989,069
Community preservation state match.....	-	-	-	-	-	489,711
Contributions and donations.....	-	81,950	5,815	-	87,765	490,879
Investment income.....	225,246	1,575,872	1,349,753	66,872	3,217,743	3,396,210
TOTAL REVENUES.....	225,246	1,657,822	1,355,568	66,872	3,305,508	25,506,674
EXPENDITURES:						
Current:						
General government.....	-	-	-	-	-	2,579,378
Public safety.....	-	-	-	-	-	2,273,086
Education.....	-	-	-	317	317	10,522,012
Public works.....	3,467	24,504	-	-	27,971	4,081,436
Community development.....	-	-	-	-	-	2,548,067
Human services.....	-	-	-	-	-	734,085
Culture and recreation.....	-	-	-	-	-	460,549
Library.....	-	-	186,897	-	186,897	443,102
Community preservation.....	-	-	-	-	-	2,086,989
Employee benefits.....	-	-	-	-	-	89,057
Debt service:						
Principal.....	-	-	-	-	-	635,000
Interest.....	-	-	-	-	-	36,950
TOTAL EXPENDITURES.....	3,467	24,504	186,897	317	215,185	26,489,711
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	221,779	1,633,318	1,168,671	66,555	3,090,323	(983,037)
OTHER FINANCING SOURCES (USES):						
Premium from issuance of bonds.....	-	-	-	-	-	227,107
Proceeds from the sale of capital assets.....	-	-	-	-	-	750,000
Transfers in.....	-	-	607	-	607	4,325,119
Transfers out.....	-	(160,000)	-	-	(160,000)	(1,401,788)
TOTAL OTHER FINANCING SOURCES (USES).....	-	(160,000)	607	-	(159,393)	3,900,438
NET CHANGE IN FUND BALANCES.....	221,779	1,473,318	1,169,278	66,555	2,930,930	2,917,401
FUND BALANCES AT BEGINNING OF YEAR.....	1,002,856	7,128,972	7,009,226	300,948	15,442,002	38,674,744
FUND BALANCES AT END OF YEAR.....	\$ 1,224,635	\$ 8,602,290	\$ 8,178,504	\$ 367,503	\$ 18,372,932	\$ 41,592,145

(Concluded)

Private Purpose Trust Funds

Private purpose trust funds are used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. The Town's private purpose trust funds are grouped into the following categories:

Scholarship Funds – This fund is used to account for educational scholarships held by the Town to benefit individuals.

Elderly and Disabled Trust – This fund is used to account for the elderly and disabled tax relief trust fund held by the Town to benefit individuals. The trust was set up under Massachusetts General Law Chapter 60, Section 3D to allow eligible elderly and disabled persons to defray their real estate taxes if they meet certain income requirements.

Human Services Related Trusts – This fund is used to account for trust funds designated for widow assistance and council on aging held by the Town to benefit individuals.

PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF NET POSITION

JUNE 30, 2021

	Scholarship Funds	Elderly and Disabled Trust	Human Services Related Trusts	Total Private Purpose Trust Funds
ASSETS				
Cash and cash equivalents.....	\$ 306,034	\$ 5,319	\$ 69,228	\$ 380,581
Investments:				
U.S. treasury notes.....	735,644	-	165,795	901,439
Government sponsored enterprises.....	350,982	-	79,102	430,084
Corporate bonds.....	525,122	-	118,349	643,471
Equity securities.....	4,493,095	-	1,012,626	5,505,721
Fixed income mutual funds.....	468,293	-	105,541	573,834
TOTAL ASSETS.....	6,879,170	5,319	1,550,641	8,435,130
LIABILITIES				
Warrants payable.....	4,000	-	352	4,352
NET POSITION				
Held in trust for other purposes.....	\$ <u>6,875,170</u>	\$ <u>5,319</u>	\$ <u>1,550,289</u>	\$ <u>8,430,778</u>

PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2021

	Scholarship Funds	Elderly and Disabled Trust	Human Services Related Trusts	Total Private Purpose Trust Funds
ADDITIONS:				
Contributions:				
Private donations.....	\$ 86,530	\$ 10,865	\$ 840	\$ 98,235
Net investment income:				
Investment income.....	1,262,178	51	292,928	1,555,157
TOTAL ADDITIONS.....	1,348,708	10,916	293,768	1,653,392
DEDUCTIONS:				
Human services.....	-	10,446	64,195	74,641
Educational scholarships.....	240,068	-	-	240,068
TOTAL DEDUCTIONS.....	240,068	10,446	64,195	314,709
NET INCREASE (DECREASE) IN NET POSITION.....	1,108,640	470	229,573	1,338,683
NET POSITION AT BEGINNING OF YEAR.....	5,766,530	4,849	1,320,716	7,092,095
NET POSITION AT END OF YEAR.....	\$ 6,875,170	\$ 5,319	\$ 1,550,289	\$ 8,430,778

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Statistical Section



Robbins Farm Park

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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>2012</u>	<u>2013</u>	<u>2014 (1)</u>	<u>2015</u>	<u>2016</u>	<u>2017 (2)</u>	<u>2018</u>	<u>2019</u>	<u>2020 (3)</u>	<u>2021</u>
Governmental activities										
Net investment in capital assets.....	\$ 92,844,805	\$ 97,950,516	\$ 104,460,350	\$ 104,863,992	\$ 103,704,315	\$ 103,203,353	\$ 106,071,887	\$ 109,953,884	\$ 115,052,294	\$ 137,792,502
Restricted.....	12,466,608	14,380,013	16,661,963	17,656,840	19,200,144	20,701,128	22,105,819	23,581,105	25,157,724	27,684,281
Unrestricted.....	9,036,338	6,869,530	(111,690,572)	(117,522,507)	(119,932,142)	(227,419,971)	(236,703,046)	(248,947,335)	(258,846,257)	(271,571,327)
Total governmental activities net position.....	\$ 114,347,751	\$ 119,200,059	\$ 9,431,741	\$ 4,998,325	\$ 2,972,317	\$ (103,515,490)	\$ (108,525,340)	\$ (115,412,346)	\$ (118,636,239)	\$ (106,094,544)
Business-type activities										
Net investment in capital assets.....	\$ 14,543,666	\$ 14,827,000	\$ 16,204,401	\$ 17,203,440	\$ 17,852,129	\$ 20,736,946	\$ 20,877,369	\$ 22,091,083	\$ 23,233,149	\$ 25,236,023
Unrestricted.....	8,200,267	8,966,332	3,125,804	5,537,768	7,743,484	6,650,123	6,471,875	6,218,352	7,131,792	9,579,461
Total business-type activities net position.....	\$ 22,743,933	\$ 23,793,332	\$ 19,330,205	\$ 22,741,208	\$ 25,595,613	\$ 27,387,069	\$ 27,349,244	\$ 28,309,435	\$ 30,364,941	\$ 34,815,484
Primary government										
Net investment in capital assets.....	\$ 107,388,471	\$ 112,777,516	\$ 120,664,751	\$ 122,067,432	\$ 121,556,444	\$ 123,940,299	\$ 126,949,256	\$ 132,044,967	\$ 138,285,443	\$ 163,028,525
Restricted.....	12,466,608	14,380,013	16,661,963	17,656,840	19,200,144	20,701,128	22,105,819	23,581,105	25,157,724	27,684,281
Unrestricted.....	17,236,605	15,835,862	(108,564,768)	(111,984,739)	(112,188,658)	(220,769,848)	(230,231,171)	(242,728,983)	(251,714,465)	(261,991,866)
Total primary government net position.....	\$ 137,091,684	\$ 142,993,391	\$ 28,761,946	\$ 27,739,533	\$ 28,567,930	\$ (76,128,421)	\$ (81,176,096)	\$ (87,102,911)	\$ (88,271,298)	\$ (71,279,060)

(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.

(3) = Unrestricted net position has been revised to reflect the implementation of GASB Statement #84.

Changes in Net Position

Last Ten Years

	2012	2013	2014	2015	2016 (1)	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government.....	\$ 10,355,512	\$ 10,813,564	\$ 11,362,970	\$ 11,994,175	\$ 11,984,655	\$ 12,894,571	\$ 13,826,811	\$ 13,949,950	\$ 14,142,166	\$ 15,730,414
Public safety.....	23,275,317	25,861,607	25,960,607	26,530,179	27,170,555	29,438,861	28,821,034	30,302,482	30,103,724	29,472,512
Education.....	80,540,822	90,812,950	95,698,115	92,752,859	100,991,589	107,943,200	112,983,324	121,355,303	135,249,039	147,142,833
Public works.....	11,598,855	12,993,064	13,073,357	13,783,618	12,652,291	14,089,422	17,127,685	16,327,039	16,221,956	16,221,973
Community development.....	5,029,219	5,683,462	3,658,595	3,235,477	3,428,730	3,048,321	4,158,369	4,518,395	3,193,768	2,920,325
Human services.....	1,792,014	2,023,675	1,880,010	2,112,859	2,254,316	2,285,633	2,599,295	2,805,007	3,063,753	4,135,765
Culture and recreation.....	652,529	795,686	926,550	1,085,309	1,286,389	1,203,788	1,505,571	565,478	352,672	486,193
Library.....	3,352,988	3,375,967	3,605,979	3,655,453	3,905,708	3,984,518	4,036,606	4,294,607	4,380,600	4,351,166
Community preservation.....	-	-	-	-	-	403,542	507,421	678,550	595,562	1,102,877
Claims and judgments.....	-	-	-	-	-	70,000	-	-	-	-
Interest.....	1,361,552	1,802,643	1,231,900	1,544,213	1,529,365	1,605,337	2,302,742	2,183,780	3,353,261	4,565,199
Total government activities expenses.....	137,958,808	154,162,618	157,398,083	156,694,142	165,203,598	176,967,193	187,868,858	196,980,591	209,602,501	226,129,257
Business-type activities:										
Water/Sewer.....	16,430,637	17,587,856	18,010,392	18,305,620	18,063,661	18,750,207	20,173,115	20,113,477	20,988,479	21,003,858
Youth Services.....	387,042	465,735	582,744	590,265	585,950	587,722	627,650	667,794	739,064	827,088
Council on Aging.....	100,544	121,014	120,856	109,930	114,109	81,089	88,375	83,109	93,351	107,326
Ed Burns Arena.....	603,557	601,659	646,235	610,885	632,989	605,009	594,477	597,908	511,963	459,593
Recreation.....	587,327	627,384	671,791	665,280	664,753	758,047	746,935	1,749,175	1,749,175	1,224,865
Total business-type activities expenses.....	18,109,107	19,403,628	20,032,018	20,281,980	20,061,462	20,782,074	22,230,552	23,131,260	24,082,031	23,622,730
Total primary government expenses.....	\$ 156,067,915	\$ 173,566,246	\$ 177,430,101	\$ 176,976,122	\$ 185,265,060	\$ 197,749,267	\$ 210,099,410	\$ 220,111,851	\$ 233,684,532	\$ 249,751,987
Program Revenues										
Governmental activities:										
General government charges for services.....	\$ 3,052,376	\$ 2,053,773	\$ 2,526,690	\$ 2,246,235	\$ 2,268,154	\$ 1,913,039	\$ 2,853,495	\$ 2,812,240	\$ 2,405,159	\$ 2,015,683
Public safety charges for services.....	4,359,394	4,374,659	4,234,027	4,355,275	4,795,099	4,321,115	5,384,293	4,687,433	4,827,230	4,460,247
Education charges for services.....	3,380,703	2,164,240	2,611,899	2,957,503	3,410,682	3,423,190	4,383,173	4,916,225	4,270,762	2,422,158
Other charges for services.....	1,889,450	2,075,978	2,322,698	2,517,365	3,685,216	3,503,615	3,005,599	2,339,330	2,112,532	2,185,028
Education operating grants and contributions.....	26,207,950	26,803,620	30,016,694	23,079,726	27,595,657	31,485,908	32,339,575	33,858,165	39,003,585	45,954,038
Other operating grants and contributions.....	5,669,665	6,654,675	4,731,763	3,712,772	3,372,823	3,006,122	3,276,150	4,076,250	3,924,800	5,331,061
Education capital grants and contributions.....	2,573,103	6,013,420	1,058,974	84,847	-	-	104,259	568,133	3,562,104	21,192,153
Other capital grant and contributions.....	279,891	787,547	1,574,503	251,334	930,611	480,762	1,752,958	1,232,553	1,245,997	1,531,762
Total government activities program revenues.....	47,412,532	50,927,912	49,077,048	39,205,057	46,058,242	48,133,751	53,099,502	54,490,329	61,352,169	85,092,130
Business-type activities:										
Charges for services - Water/Sewer.....	10,718,706	13,126,789	14,433,144	15,434,590	14,332,631	14,921,004	14,292,387	14,657,665	16,795,882	21,436,608
Charges for services - Youth Services.....	195,357	224,617	273,070	296,069	270,051	329,833	303,199	304,336	392,693	497,871
Charges for services - Council on Aging.....	31,312	15,449	37,909	18,441	17,551	14,333	11,906	16,528	11,028	2,799
Charges for services - Ed Burns Arena.....	553,362	557,404	596,111	593,985	603,721	629,928	618,284	552,927	514,132	473,564
Charges for services - Recreation.....	531,798	538,383	566,459	659,888	770,213	741,733	877,983	1,713,646	1,264,599	1,393,285
Operating grants and contributions.....	107,968	91,703	147,512	199,514	227,591	206,521	430,684	279,232	290,764	261,421
Capital grants and contributions.....	-	-	-	600,000	750,000	600,000	-	600,000	600,000	-
Total business-type activities program revenues.....	12,138,503	14,554,345	16,054,205	17,802,487	16,971,758	17,443,452	16,534,443	18,124,334	19,869,098	24,065,548
Total primary government program revenues.....	\$ 59,551,035	\$ 65,482,257	\$ 65,131,253	\$ 57,007,544	\$ 63,030,000	\$ 65,577,203	\$ 69,633,945	\$ 72,614,663	\$ 81,221,267	\$ 109,157,678
Net (Expense)/Revenue	\$ (90,546,276)	\$ (103,234,706)	\$ (108,321,035)	\$ (117,489,085)	\$ (119,145,356)	\$ (128,833,442)	\$ (134,769,356)	\$ (142,490,262)	\$ (148,250,332)	\$ (141,037,127)
Governmental activities.....	(90,546,276)	(103,234,706)	(108,321,035)	(117,489,085)	(119,145,356)	(128,833,442)	(134,769,356)	(142,490,262)	(148,250,332)	(141,037,127)
Business-type activities.....	(5,970,604)	(4,849,283)	(3,977,813)	(2,479,493)	(3,089,704)	(3,338,622)	(5,696,109)	(5,006,926)	(4,212,933)	442,818
Total primary government net expense.....	\$ (96,516,880)	\$ (108,083,989)	\$ (112,298,848)	\$ (119,968,578)	\$ (122,235,060)	\$ (132,172,064)	\$ (140,465,465)	\$ (147,497,188)	\$ (152,463,265)	\$ (140,594,309)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 94,167,638	\$ 97,180,236	\$ 100,765,625	\$ 104,296,793	\$ 107,065,630	\$ 110,970,183	\$ 116,133,281	\$ 122,614,263	\$ 132,061,642	\$ 136,727,634
Tax liens.....	459,150	510,933	220,270	609,501	449,555	386,418	243,714	1,219	215,859	1,204
Motor vehicle excise taxes.....	3,921,568	4,066,173	4,560,606	4,668,133	5,021,825	4,775,678	5,639,563	5,312,690	5,087,563	4,111,235
Hotel/motel tax.....	262,094	283,497	300,875	330,739	363,125	303,939	378,783	479,530	453,651	160,955
Meals tax.....	307,037	326,726	413,163	401,870	409,308	415,173	444,161	467,654	457,149	377,538
Community preservation tax.....	-	-	-	-	1,563,920	1,612,843	1,520,324	1,473,559	1,901,538	1,987,449
Penalties and interest on taxes.....	252,493	352,869	294,295	420,679	388,691	295,521	314,667	409,223	317,289	436,506
Payments in lieu of taxes.....	13,973	14,419	50,941	24,750	-	51,519	25,337	25,361	25,386	70,563
Grants and contributions not restricted to specific programs.....	6,939,154	7,046,868	7,502,207	7,133,944	7,960,494	7,906,743	8,481,230	8,607,543	8,620,937	8,924,044
Unrestricted investment income.....	239,339	1,291,139	2,122,915	940,814	75,230	2,282,581	2,149,636	2,062,485	2,016,061	3,973,410
Gain on sale of capital assets.....	-	2,873,618	-	65,000	-	28,000	-	-	-	747,734
Miscellaneous.....	-	-	27,040	-	-	-	-	-	-	-
Transfers.....	(6,282,301)	(5,859,464)	(5,909,465)	(5,836,554)	(5,878,430)	(6,651,472)	(5,571,190)	(5,850,271)	(6,149,400)	(3,939,450)
Total governmental activities.....	100,280,145	108,087,014	110,348,472	113,055,669	117,119,348	122,377,126	129,759,506	135,603,256	145,007,675	153,578,822
Business-type activities:										
Unrestricted investment income.....	46,339	39,218	39,822	53,942	65,679	71,822	87,094	116,846	119,039	68,275
Transfers.....	(6,282,301)	(5,859,464)	(5,909,465)	(5,836,554)	(5,878,430)	(6,651,472)	(5,571,190)	(5,850,271)	(6,149,400)	(3,939,450)
Total business-type activities.....	6,328,640	5,898,682	5,949,287	5,890,496	5,944,109	6,723,294	5,658,284	5,967,117	6,268,439	4,007,725
Total primary government.....	\$ 106,608,785	\$ 113,985,696	\$ 116,297,759	\$ 118,946,165	\$ 123,063,457	\$ 129,100,420	\$ 135,417,790	\$ 141,570,373	\$ 151,276,114	\$ 157,586,547
Changes in Net Position										
Governmental activities.....	\$ 9,733,869	\$ 4,852,308	\$ 2,027,437	\$ (4,433,416)	\$ (2,026,008)	\$ (6,456,316)	\$ (5,009,850)	\$ (6,887,006)	\$ (3,242,657)	\$ 12,541,695
Business-type activities.....	358,036	1,049,399	1,971,474	3,411,003	2,854,405	3,384,672	(37,825)	960,191	2,055,506	4,450,543
Total primary government.....	\$ 10,091,905	\$ 5,901,707	\$ 3,998,911	\$ (1,022,413)	\$ 828,397	\$ (3,071,644)	\$ (5,047,675)	\$ (5,926,815)	\$ (1,187,151)	\$ 16,992,238

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

Fund Balances, Governmental Funds

Last Ten Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020 (1)</u>	<u>2021</u>
General Fund										
Restricted.....	\$ 5,296,611	\$ 5,036,732	\$ 4,763,651	\$ 3,860,841	\$ 3,563,902	\$ 3,266,956	\$ 2,974,554	\$ 2,707,499	\$ 3,016,302	\$ 2,729,945
Committed.....	1,373,224	1,256,780	854,878	946,837	353,626	291,639	292,857	524,213	627,592	862,689
Assigned.....	2,616,386	4,230,527	3,806,700	7,058,067	8,308,109	6,236,202	5,610,974	12,301,164	9,096,380	8,910,542
Unassigned.....	<u>16,808,113</u>	<u>17,915,224</u>	<u>26,292,774</u>	<u>29,667,361</u>	<u>35,231,747</u>	<u>41,337,204</u>	<u>43,327,279</u>	<u>37,629,185</u>	<u>45,452,236</u>	<u>42,773,521</u>
Total general fund.....	\$ <u>26,094,334</u>	\$ <u>28,439,263</u>	\$ <u>35,718,003</u>	\$ <u>41,533,106</u>	\$ <u>47,457,384</u>	\$ <u>51,132,001</u>	\$ <u>52,205,664</u>	\$ <u>53,162,061</u>	\$ <u>58,192,510</u>	\$ <u>55,276,697</u>
All Other Governmental Funds										
Nonspendable.....	\$ 3,697,719	\$ 4,234,268	\$ 4,336,231	\$ 5,215,587	\$ 4,827,300	\$ 4,850,516	\$ 4,850,291	\$ 4,849,599	\$ 4,867,622	\$ 4,869,922
Restricted.....	22,314,764	23,801,892	25,166,155	25,212,323	37,693,918	37,262,898	42,369,725	36,431,587	90,221,046	130,833,039
Unassigned.....	<u>(2,107,489)</u>	<u>(2,083,643)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(59,580)</u>	<u>(268,024)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds.....	\$ <u>23,904,994</u>	\$ <u>25,952,517</u>	\$ <u>29,502,386</u>	\$ <u>30,427,910</u>	\$ <u>42,521,218</u>	\$ <u>42,053,834</u>	\$ <u>46,951,992</u>	\$ <u>41,281,186</u>	\$ <u>95,088,668</u>	\$ <u>135,702,961</u>

(1) = Restricted fund balance in all other governmental funds has been revised to reflect the implementation of GASB Statement #84.

Changes in Fund Balances, Governmental Funds

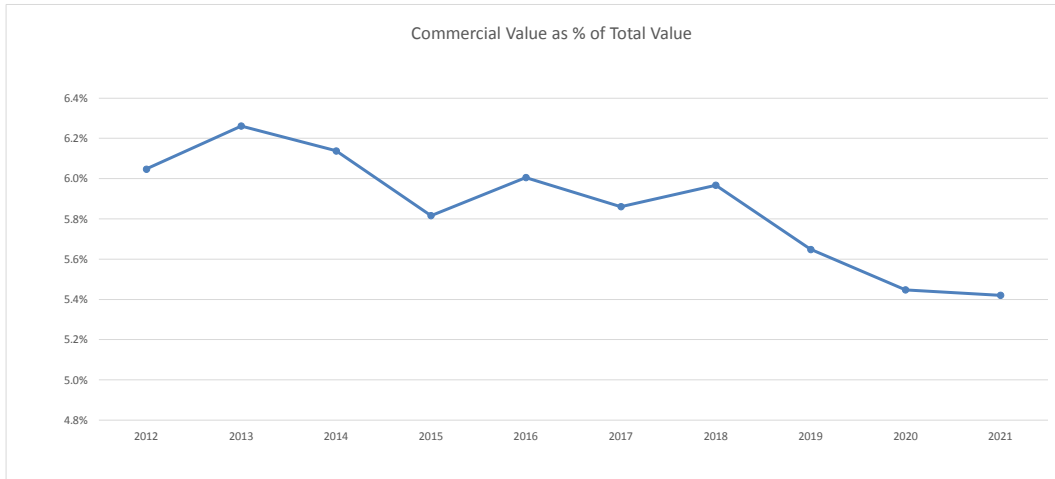
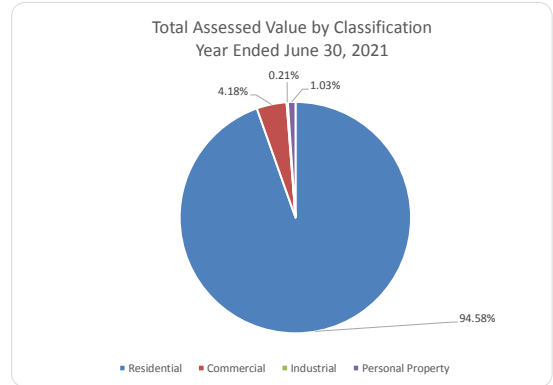
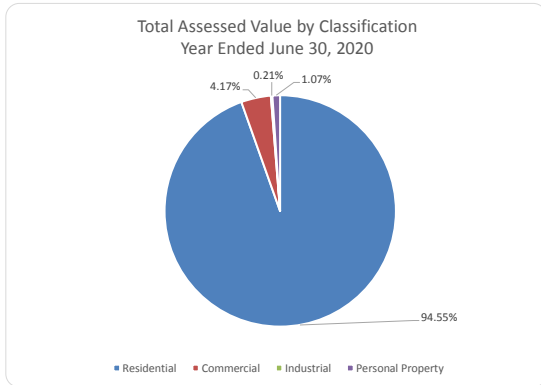
Last Ten Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 94,165,259	\$ 97,106,730	\$ 100,601,880	\$ 104,356,339	\$ 106,883,915	\$ 110,785,109	\$ 116,018,996	\$ 122,379,415	\$ 131,862,329	\$ 136,597,623
Tax liens.....	251,050	384,619	355,573	574,342	449,555	470,129	89,006	172,145	257,358	159,651
Motor vehicle excise taxes.....	3,937,078	4,066,173	4,560,606	4,668,133	4,952,881	4,775,678	5,551,687	5,332,866	5,049,196	4,265,965
Hotel/motel tax.....	262,094	300,497	300,875	300,739	363,125	303,939	378,783	479,530	453,651	160,955
Meals tax.....	307,037	326,726	413,163	401,870	409,308	415,173	444,161	467,654	457,149	377,538
Charges for services.....	-	-	-	-	-	-	-	-	890,661	851,141
Penalties and interest of taxes.....	252,493	352,869	294,295	420,679	388,691	295,521	314,667	409,223	317,289	436,506
Fees and rentals.....	85,381	83,497	57,259	150,377	924,428	779,888	630,476	763,379	560,778	339,098
Payments in lieu of taxes.....	13,973	14,419	50,941	24,750	-	51,519	25,337	25,361	25,386	70,563
Intergovernmental - state aid.....	15,212,039	14,523,627	17,631,102	17,535,096	18,612,573	19,250,175	20,991,079	20,500,200	22,915,577	23,539,328
Intergovernmental - School Building Authority.....	2,531,085	2,474,796	2,474,773	2,906,266	2,474,773	2,474,773	104,259	568,133	3,562,104	21,192,153
Intergovernmental - Teachers Retirement.....	12,323,526	12,533,490	12,613,641	5,409,767	8,517,586	11,927,082	13,235,613	13,476,629	17,042,825	21,383,677
Intergovernmental - other.....	11,873,510	17,433,487	10,904,385	8,613,964	9,861,854	9,041,330	9,932,712	9,449,529	9,923,303	15,033,498
Departmental and other.....	14,254,287	12,494,313	14,751,042	13,891,222	15,502,783	15,588,461	17,760,883	17,501,394	14,101,104	10,849,563
Community preservation taxes.....	-	-	-	-	1,563,920	1,612,843	1,516,816	1,469,599	1,894,735	1,989,069
Community preservation state match.....	-	-	-	-	252,700	208,000	232,965	275,520	374,380	489,711
Contributions and donations.....	853,012	1,122,155	446,350	806,893	266,459	357,663	305,596	410,910	812,471	736,152
Investment income.....	239,339	1,291,139	2,124,371	942,238	76,771	2,283,783	2,149,636	2,062,485	2,016,061	3,973,410
Total Revenues.....	156,561,163	164,491,537	167,580,256	161,032,675	171,501,322	180,621,066	189,682,672	195,743,972	212,516,357	242,445,601
Expenditures:										
General government.....	5,591,207	5,371,079	5,768,149	6,431,820	6,037,176	6,745,748	7,898,079	7,258,016	6,981,743	9,062,870
Public safety.....	14,784,140	15,984,429	15,830,964	16,723,891	16,975,539	17,835,695	18,192,528	18,127,106	18,514,655	18,667,883
Education.....	51,636,708	57,793,536	60,955,050	65,744,720	69,554,312	71,210,337	76,372,013	82,208,930	86,981,417	93,232,386
Public works.....	8,373,331	9,499,359	9,441,365	10,189,404	9,013,675	10,050,701	13,095,510	10,796,738	9,912,984	11,132,663
Community development.....	4,793,799	5,300,676	3,313,848	2,847,981	3,062,102	2,666,189	3,780,962	3,957,347	2,633,875	2,418,856
Human services.....	1,434,642	1,573,147	1,494,567	1,672,351	1,809,479	1,796,175	2,105,473	2,188,646	2,351,501	3,489,587
Library.....	2,267,915	2,202,428	2,324,108	2,428,630	2,528,623	2,532,885	2,722,171	2,721,049	2,766,389	2,926,479
Culture and recreation.....	693,334	436,180	748,310	911,712	1,066,656	1,784,548	538,904	429,431	228,166	330,168
Community preservation.....	-	-	-	-	-	403,542	507,421	522,497	362,606	818,363
Pension benefits.....	7,322,678	7,700,658	8,138,390	8,639,027	9,133,401	9,614,800	11,278,993	11,903,489	12,560,474	13,263,898
Pension benefits - Teachers Retirement.....	12,323,526	12,533,490	12,613,641	5,409,767	8,517,586	11,927,082	13,235,613	13,476,629	17,042,825	21,383,677
Property and liability insurance.....	258,592	261,950	292,555	309,399	328,044	326,617	331,138	337,399	366,271	401,046
Employee benefits.....	13,573,190	14,676,220	15,074,284	15,840,665	15,918,197	16,091,140	15,151,804	15,558,786	16,726,094	17,757,788
Claims and judgments.....	-	-	-	-	-	70,000	-	-	-	-
State and county charges.....	2,762,765	3,060,174	3,009,401	3,077,899	3,089,181	3,118,634	3,173,429	3,272,899	3,378,962	3,513,160
Capital outlay.....	8,782,789	19,458,251	8,719,465	11,280,462	10,853,054	21,541,712	30,048,312	16,507,406	23,204,348	69,811,633
Debt service:										
Principal.....	6,338,000	6,550,000	7,257,000	7,276,000	7,823,000	8,002,000	8,175,000	8,215,000	8,187,800	8,425,000
Interest.....	1,663,330	1,706,492	1,696,169	1,665,452	1,982,228	1,924,703	3,337,614	3,364,455	3,159,184	5,562,971
Total Expenditures.....	142,599,946	164,108,069	156,677,266	160,449,180	167,692,253	187,642,508	209,944,964	200,845,823	215,359,294	282,198,428
Excess (deficiency) of revenues over (under) expenditures.....	13,961,217	383,468	10,902,990	583,495	3,809,069	(7,021,442)	(20,262,292)	(5,101,851)	(2,842,937)	(39,752,827)
Other Financing Sources (Uses):										
Issuance of bonds.....	7,449,350	5,786,650	5,551,000	11,018,000	19,319,000	14,030,300	28,652,700	5,894,408	64,667,392	75,245,000
Issuance of refunding bonds.....	6,311,000	2,205,000	-	-	3,225,000	-	-	-	-	-
Premium from issuance of bonds and notes.....	300,352	1,135,212	284,084	910,686	767,947	2,050,693	3,584,992	343,305	3,141,245	5,395,757
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)	-	-	-	-	-
Gain on sale of capital assets.....	-	2,873,618	-	65,000	-	28,000	-	-	-	750,000
Transfers in.....	2,676,197	3,199,736	7,266,605	5,035,917	3,347,260	3,985,470	7,847,816	4,454,908	9,991,139	7,317,023
Transfers out.....	(8,958,498)	(9,059,200)	(13,176,070)	(10,872,471)	(9,225,690)	(9,865,788)	(13,419,006)	(10,305,179)	(16,140,539)	(11,256,473)
Total other financing sources (uses).....	1,549,684	4,008,984	(74,381)	6,157,132	14,208,517	10,228,675	26,666,502	387,442	61,659,237	77,451,307
Net change in fund balance.....	\$ 15,510,901	\$ 4,392,452	\$ 10,828,609	\$ 6,740,627	\$ 18,017,586	\$ 3,207,233	\$ 6,404,210	\$ (4,714,409)	\$ 58,816,300	\$ 37,698,480
Debt service as a percentage of noncapital expenditures.....	5.98%	5.71%	6.05%	5.99%	6.25%	5.98%	6.40%	6.28%	5.91%	6.59%

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
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
2019	10,391,294,601	11.26	479,923,418	23,734,500	118,455,700	622,113,618	11.26	11.26	11,013,408,219
2020	11,400,195,250	11.06	502,941,029	25,167,400	128,672,400	656,780,829	11.06	11.06	12,056,976,079
2021	11,526,348,979	11.34	509,076,912	25,510,500	125,968,330	660,555,742	11.34	11.34	12,186,904,721



(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	2021			2012		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
FHF Arlington 360 LLC	Residential	\$ 82,076,800	1	0.67%			
Boston Gas Company	Utility	51,256,540	2	0.42%			
US Reif Brigham Square	Residential & Commercial	50,199,500	3	0.41%			
Nostalgia Properties LLC	Residential	44,818,800	4	0.37%	\$ 25,266,600	3	0.36%
Mirak-Bendetson Dev LLC	Residential	40,288,600	5	0.33%			
Old Colony Realty Partners LLC	Residential	36,703,800	6	0.30%			
NSTAR	Utility	34,598,150	7	0.28%	35,015,440	2	0.50%
Brentwood Realty Partners LLC	Residential	33,288,000	8	0.27%			
Millbrook Square Apartments Co.	Residential	24,258,800	9	0.20%	15,254,800	7	0.22%
Claremont Arlington Suites LLC	Hotel	23,025,930	10	0.19%			
Wilfert, David & James	Commercial & Residential				43,572,400	1	0.63%
Development LLC	Commercial & Residential				23,237,200	4	0.33%
National Grid	Utility				19,803,777	5	0.28%
Verizon New England Inc	Telephone				16,691,000	6	0.24%
WNC Somerset Company	Golf Course				11,791,000	8	0.17%
Yukon Realty LLC	Real Estate				11,245,200	9	0.16%
Sunrise Assisted Living Inc.	Assisted Living				11,236,400	10	0.16%
		Totals \$			\$		
		<u>420,514,920</u>		<u>3.45%</u>	<u>213,113,817</u>		<u>3.06%</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)
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%	203,219	115,812,639	99.75%
2019	124,010,977	1,245,171	122,765,806	99.00%	122,045,631	99.41%	937,358	122,982,989	100.18%
2020	133,350,155	503,383	132,846,772	99.62%	131,045,673	98.64%	732,078	131,777,751	99.20%
2021	138,199,500	933,277	137,266,223	99.32%	136,267,624	99.27%	-	136,267,624	99.27%



(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)	General Obligation Bonds (1)	Direct Borrowing					
2012	\$ 52,480,350	\$ 3,100,000	\$ 3,914,645	\$	59,494,995	3.27%	41,724	\$ 1,426
2013	52,911,929	3,455,000	4,427,350		60,794,279	3.53%	42,844	1,419
2014	50,995,157	4,280,000	4,150,772		59,425,929	3.19%	42,844	1,387
2015	55,460,548	4,940,000	4,279,232		64,679,780	3.24%	43,711	1,480
2016	67,321,861	4,540,000	4,608,916		76,470,777	3.64%	44,128	1,733
2017	74,891,220	3,830,000	5,098,200		83,819,420	3.63%	44,815	1,870
2018	98,032,658	4,133,700	5,330,400		107,496,758	4.56%	45,263	2,375
2019	94,923,884	3,840,200	4,574,050		103,338,134	4.30%	45,716	2,260
2020	153,662,705	3,255,000	5,283,200		162,200,905	6.61%	46,173	3,513
2021	224,702,692	5,725,000	5,652,350		236,080,042	9.43%	46,635	5,062

(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)
2012	\$ 55,580,350	0.80%	\$ 1,332
2013	56,366,929	0.78%	1,316
2014	55,275,157	0.75%	1,290
2015	60,400,548	0.78%	1,382
2016	71,861,861	0.84%	1,628
2017	78,721,220	0.88%	1,757
2018	102,166,358	1.06%	2,257
2019	98,764,084	0.90%	2,160
2020	156,917,705	1.30%	3,398
2021	230,427,692	1.89%	4,941

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

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

Source: Audited Financial Statements, U. S. Census

Direct and Overlapping Governmental Activities Debt

As of June 30, 2021

<u>Overlapping Entities</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>	<u>Current Year Assessment for Operations and Debt Service</u>
Debt repaid with property taxes				
Massachusetts Bay Transit Authority.....	\$ 5,475,549,153	1.74%	\$ 95,384,066	\$ 3,065,682
Minuteman Regional Vocational Technical School District.....	93,985,000		<u> -</u>	<u>6,113,371</u>
Subtotal, overlapping debt.....			95,384,066	<u>\$ 9,179,053</u>
Town direct debt.....			<u>224,702,692</u>	
Total direct and overlapping debt.....			<u>\$ 320,086,758</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 the 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)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Equalized Valuation.....	\$ <u>7,388,658</u>	\$ <u>7,527,776</u>	\$ <u>7,527,776</u>	\$ <u>7,913,085</u>	\$ <u>7,913,085</u>	\$ <u>9,073,201</u>	\$ <u>9,073,201</u>	\$ <u>10,614,147</u>	\$ <u>10,614,147</u>	\$ <u>12,795,049</u>
Debt Limit -5% of Equalized Valuation.....	\$ 369,433	\$ 376,389	\$ 376,389	\$ 395,654	\$ 395,654	\$ 453,660	\$ 453,660	\$ 530,707	\$ 530,707	\$ 639,752
Less:										
Outstanding debt applicable to limit.....	30,076	32,759	32,369	38,985	38,078	58,621	83,170	81,088	85,026	104,298
Authorized and unissued debt applicable to limit.....	<u>44,327</u>	<u>32,940</u>	<u>39,777</u>	<u>27,646</u>	<u>31,789</u>	<u>63,587</u>	<u>15,713</u>	<u>341,268</u>	<u>275,991</u>	<u>185,077</u>
Legal debt margin.....	\$ <u>295,030</u>	\$ <u>310,690</u>	\$ <u>304,243</u>	\$ <u>329,023</u>	\$ <u>325,787</u>	\$ <u>331,452</u>	\$ <u>354,777</u>	\$ <u>108,351</u>	\$ <u>169,690</u>	\$ <u>350,377</u>
Total debt applicable to the limit as a percentage of debt limit.....	20.14%	17.46%	19.17%	16.84%	17.66%	26.94%	21.80%	79.58%	68.03%	45.23%

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
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	44,128	2,098,639,424	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	2,357,966,480	52,095	42.3	5,741	2.1%
2019	45,716	2,405,381,074	52,616	42.3	5,939	2.1%
2020	46,173 *	2,453,729,233	53,142	42.3	6,041	3.7%
2021	46,635 *	2,503,049,191	53,673	42.3	5,841	3.8%

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

* Estimated

Principal Employers
Current Year and Nine Years Ago

Employer	Nature of Business	2021			2012		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Armstrong Ambulance	Medical Transportation	350	1	3.31%	350	1	4.15%
Leader Bank	Mortgage Lender	260	2	2.46%			
American Alarm	Security Specialists	200	3	1.89%	108	6	1.28%
Massachusetts Highway Department	Transportation	200	4	1.89%			
Mirak Hyundai, Inc.	Auto Sales/Service	200	5	1.89%			
Whole Foods Market	Supermarket Retail	148	6	1.40%			
Sunrise Assisted Living	Elder Care Facility	125	7	1.18%			
Park Avenue Nursing Home	Elder Care Facility	110	8	1.04%			
Children's Music Network	Education	110	9	1.04%			
Visiting Nursing and Community Care	Nursing	100	10	0.94%			
Dearborn Academy	Education	100	10	0.94%	88	10	1.04%
Mirak Chevrolet, Inc.	Auto Sales/Service	100	10	0.94%	103	8	1.22%
Mirak Parts & Truck Center	Auto Sales/Service	100	10	0.94%			
Germain Lawrence, Inc.	Education (Special Needs)				260	2	3.08%
Parish of St. Agnes	Catholic Elementary School & Youth Center				150	3	1.78%
School for Children, Inc.	Education				150	3	1.78%
Stop & Shop	Grocery Store				131	5	1.55%
United States Post Office	Mail Delivery Service				104	7	1.23%
Commonwealth of Massachusetts	Social Services				90	9	1.07%
Totals		<u>2103</u>		<u>19.87%</u>	<u>1534</u>		<u>18.19%</u>

Source: Massachusetts Department of Employment and Training and Official Statements

Full-time Equivalent Town Employees by Function

Last Ten Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Function										
General government.....	94	93	94	92	90	94	94	104	102	103
Public safety.....	163	164	165	166	171	173	170	155	170	169
Public works.....	78	77	77	77	76	76	78	69	65	65
Human services.....	6	5	5	5	5	5	5	9	8	10
Culture and recreation.....	13	13	14	15	15	14	14	22	24	23
Total	<u>354</u>	<u>352</u>	<u>355</u>	<u>355</u>	<u>357</u>	<u>362</u>	<u>361</u>	<u>359</u>	<u>369</u>	<u>370</u>

Source: Various Town Departments
Does not include school employees

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Registered voters.....	30,636	30,541	30,846	30,225	30,225	30,884	31,116	32,000	32,475	33,000
Town Clerk:										
Births.....	576	600	564	571	577	519	506	513	474	500
Marriages.....	218	227	196	190	198	179	184	176	101	130
Deaths.....	319	313	350	384	384	366	357	354	426	400
Dogs licensed.....	1,780	1,808	2,273	2,258	2,229	2,214	2,047	2,200	2,086	2,100
Zoning Board of Appeals petitions filed.....	17	12	5	15	23	21	35	35	35	35
Public Works										
Recycling:										
Solid Waste (tons).....	14,214	12,602	12,846	12,603	13,000	12,540	12,684	12,262	12,225	12,500
Commingled (tons).....	4,652	5,257	5,271	5,297	5,400	5,224	5,111	4,994	5,175	5,000
Yard Waste (tons).....	2,381	3,986	3,488	3,505	3,500	2,578	3,894	2,521	3,045	3,000
Police										
Calls for service ("Emergency Calls").....	30,168	32,101	28,629	29,405	28,798	31,792	30,587	29,032	25,156	20,721
Crimes reported ("Police Reports").....	3,488	3,475	3,267	3,616	3,462	4,209	3,297	2,831	2,791	2,973
Arrests.....	209	239	179	188	166	113	131	107	73	51
Motor vehicle citations.....	3,914	3,817	2,855	2,351	1,923	3,100	2,325	1,657	1,221	100
Parking tickets issued.....	13,827	14,327	15,383	12,196	12,743	18,171	18,191	17,425	11,183	1,284
Animal Control:										
Calls for service ("Animal Complaints").....	547	468	591	414	843	641	527	538	334	336
Fire										
Fire related calls.....	2,012	1,779	1,963	1,874	2,000	2,028	2,154	1,878	2,293	2,325
Emergency Medical Service responses.....	2,740	2,767	2,845	3,269	2,768	3,177	3,408	3,272	2,456	2,412
Permits.....	982	1,032	1,066	972	1,076	1,099	903	903	732	900
EMS staff (EMTs / First Responders).....	73/3	73/2	74/2	71/1	71/1	77/0	73/0	76/0	72/0	70/1
Health & Human Services										
Board of Health:										
Permits issued.....	414	437	431	443	450	411	435	493	500	500
Inspections.....	1,060	1,260	1,241	1,174	1,200	1,695	1,385	1,445	1,155	1,250
Recreation										
Season passes:										
Summer.....	1,823	1,165	2,915	3,177	3,150	2,794	3,197	2,807	2,214	4,781
Fall.....	1,263	1,862	1,731	1,924	1,900	1,130	1,300	1,042	1,204	2,088
Winter.....	2,012	1,236	1,860	2,313	1,300	1,300	2,525	2,387	1,745	1,571
Spring.....	786	2,826	2,413	2,069	2,000	1,414	2,223	1,306	-	2,121
Reservoir Tags.....	1,364	1,480	1,431	1,281	1,360	1,884	1,523	1,217	485	506
Kids Care Memberships.....	n/a	42	85	148	150	144	147	133	23	115
Libraries										
Circulation.....	665,215	671,331	697,679	735,002	757,028	731,597	741,374	749,636	669,692	750,000
Visitors.....	325,550	325,915	313,203	300,291	296,367	286,667	336,381	343,421	204,156	300,000
Education										
Minuteman High School day program participants.....	123	125	156	146	150	121	139	137	137	132
Minuteman High School post-graduate program participants..	16	14	12	6	10	2	6	6	6	5

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

Capital Asset Statistics by Function/Program

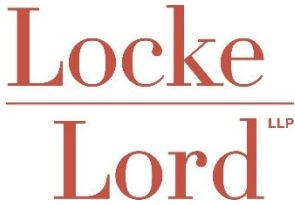
Last Ten Years

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Number of buildings.....	40	40	40	40	37	37	37	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
Whittemore Robbins House	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



New path at Arlington Reservoir



111 Huntington Avenue
9th Floor
Boston, MA 02199-7613
Telephone: 617-239-0100
Fax: 617-227-4420
www.lockelord.com

(Date of Delivery)

Phyllis Marshall, Treasurer
Town of Arlington
Arlington, Massachusetts

\$82,445,000
Town of Arlington, Massachusetts
General Obligation Municipal Purpose Loan of 2022 Bonds
Dated February 24, 2022

We have acted as bond counsel to the Town of Arlington, Massachusetts (the “Town”) in connection with the issuance by the Town of the above-referenced bonds (the “Bonds”). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the Town contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the Town and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws, with respect to that portion of the principal and interest payments that the Town has voted to exempt from the limit imposed by Chapter 59, Section 21C of the General Laws, and subject to the limit imposed by Chapter 59, Section 21C of the General Laws with respect to that portion of the principal and interest payments that the Town has not voted to exempt from that limit.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Town with all

requirements of the Internal Revenue Code of 1986, as amended (the “Code”) that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure by the Town to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

LOCKE LORD LLP

**PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of Arlington, Massachusetts (the “Issuer”) in connection with the issuance of its \$82,445,000 General Obligation Municipal Purpose Loan of 2022 Bonds dated February 24, 2022 (the “Bonds”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

“Obligated Person” shall mean the Issuer.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted when available separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB in a timely manner, in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated February 3, 2022 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

(b) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles, with certain exceptions permitted by the Massachusetts Uniform Municipal Accounting System promulgated by the Department of Revenue of the Commonwealth. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of the Owners of the Bonds, if material.
 8. Bond calls, if material, and tender offers.
 9. Defeasances.
 10. Release, substitution or sale of property securing repayment of the Bonds, if material.
 11. Rating changes.
 12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person.*
 13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
 14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
 15. Incurrence of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect Owners of the Bonds, if material.†
 16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties.†
- (b) Upon the occurrence of a Listed Event, the Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

† For purposes of event numbers 15 and 16 in Section 5(a) of this Disclosure Certificate, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” excludes municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action for specific performance of the Issuer's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: February 24, 2022

TOWN OF ARLINGTON,
MASSACHUSETTS

By: _____
Treasurer

Select Board

[EXHIBIT A: Filing Information for the MSRB]
[EXHIBIT B: Form of Notice of Failure to File Annual Report]