

Town of Arlington,

MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Year Ended June 30, 2020

Adam Chapdelaine, Town Manager
Ida Cody, Comptroller

Prepared by the Comptroller

*On the Cover: Menotomy Indian at Whittemore Robbins Memorial Garden at Town Hall
Photos Courtesy of Joan Roman*



Renovated Lussiano Park

TOWN OF ARLINGTON, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended
June 30, 2020



Prepared by:
The Comptroller

TOWN OF ARLINGTON, MASSACHUSETTS
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YEAR ENDED JUNE 30, 2020

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Introductory Section



Spy Pond Park and Renovated Pathway

Introductory Section

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

**Adam W. Chapdelaine
Town Manager**

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Letter of Transmittal

January 19, 2021

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 Comprehensive Annual Financial Report (CAFR) of the Town of Arlington, Massachusetts, for the year ending June 30, 2020, 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, 2020, 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, 2020, 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, 2020, 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 2020 of 46,173 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 2019, 1,122 firms were located in Arlington, with a total annual payroll of \$521,158,796, reported to the Massachusetts Department of Labor and Training.

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

According to the Massachusetts Department of Employment and Training, in July 2019, the Town had a total labor force of 28,111, of whom 27,552 were employed and 559, or 2%, were unemployed as compared with 3.1% for the Commonwealth.

In FY2020, the average assessed value of a single-family home in Arlington was \$825,145, an increase of approximately 9.71% 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 FY2019 ends in a cumulative increase of 40%. 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 FY2020, 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 39.6% from FY2002, while in FY2020 Arlington's cumulative year-to-year change since FY2002 is an increase of 32.7%.

Proposition 2½ caps the Town's ability to raise taxes and excess levy capacity is limited. Ninety-five percent of the Town's tax base is from residential property. The Town 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%.
- Annual budget growth for Town Departments was set at 3.25% for FY2017, FY2018, and beyond.
- Annual budget growth for the general education portion of the School Department budget was maintained at 3.5% for FY2018 and beyond.

Major Initiatives

The Town continues to invest in its buildings and other infrastructure to maintain high quality public services. The ongoing rise in student enrollments and aging school buildings has led the Town to undertake several major capital projects. 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.

Awards and Acknowledgements

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

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its CAFR for the year ended June 30, 2019. In order to receive this prestigious award, a government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

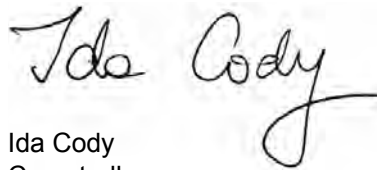
The Government Finance Officers Association (GFOA) awarded a Distinguished Budget Presentation Award to the Town of Arlington for the year ended June 30, 2020. This was the seventh consecutive year that the Town received the award. Based on information available on the GFOA website, Arlington is one 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

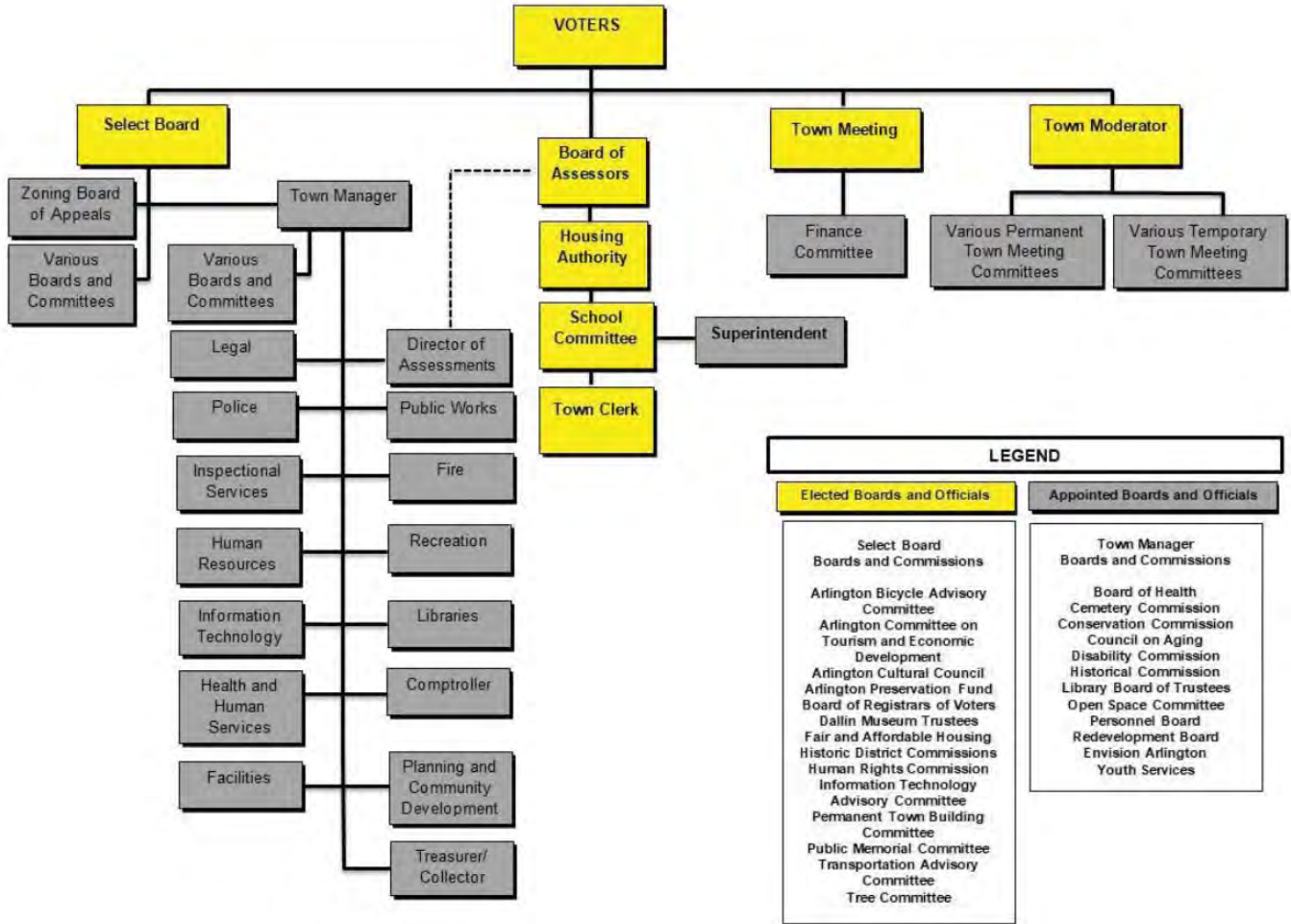
Town of Arlington, Massachusetts

Principal Executive Officers as of June 30, 2020

<u>TITLE</u>	<u>NAME</u>	<u>SELECTION</u>	<u>TERM EXPIRES</u>
Select Board, Chair	John V. Hurd	Elected	2021
Select Board, Vice Chair	Joseph A. Curro, Jr.	Elected	2021
Select Board	Stephen W. DeCoursey	Elected	2022
Select Board	Lenard Diggins	Elected	2023
Select Board	Diane M. Mahon	Elected	2023
Town Manager	Adam W. Chapdelaine	Appointed	2022
Deputy Town Manager/Finance Director	Sandy Pooler	Appointed	Indefinite
Comptroller	Ida Cody	Appointed	2021
Treasurer	Phyllis L. Marshall	Appointed	Indefinite

Town of Arlington, Massachusetts

Organizational Chart



LEGEND	
Elected Boards and Officials	Appointed Boards and Officials
<ul style="list-style-type: none"> Select Board Boards and Commissions Arlington Bicycle Advisory Committee Arlington Committee on Tourism and Economic Development Arlington Cultural Council Arlington Preservation Fund Board of Registrars of Voters Dallin Museum Trustees Fair and Affordable Housing Historic District Commissions Human Rights Commission Information Technology Advisory Committee Permanent Town Building Committee Public Memorial Committee Transportation Advisory Committee Tree Committee 	<ul style="list-style-type: none"> Town Manager Boards and Commissions Board of Health Cemetery Commission Conservation Commission Council on Aging Disability Commission Historical Commission Library Board of Trustees Open Space Committee Personnel Board Redevelopment Board Envision Arlington Youth Services



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Arlington
Massachusetts**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Town of Arlington
Massachusetts**

For the Fiscal Year Beginning

July 1, 2019

Christopher P. Morill

Executive Director

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Financial Section



Arlington Fire Department Headquarters in Arlington Center

Financial Section

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Independent Auditor's Report

To the Select Board
Town of Arlington, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Arlington, Massachusetts as of and for the year ended June 30, 2020 (except for the Arlington Contributory Retirement System which is as of and for the year ended December 31, 2019), 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, 2020 (except for the Arlington Contributory Retirement System which is as of and for the year ended December 31, 2019), and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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 19, 2021, 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 19, 2021

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Arlington, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2020. 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, COVID-19, 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 three different fiduciary funds. The pension and other employee benefit trust funds are 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 private purpose trust fund is used to account for resources held in trust which principle and investment income exclusively benefit individuals, private organizations, or other governments. The Town's agency funds are used to account for escrow accounts, performance bonds, and fees collected on-behalf of the state.

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 and agency funds are reported and combined into a single, aggregate presentation in the fiduciary funds financial statements under the captions "private purpose trust funds" and "agency funds", respectively.

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 \$88.3 million at the close of 2020, a decrease of \$1.2 million.

The largest portion of the Town's net position, \$138.3 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, \$25.2 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 \$251.7 million. The deficit is the result of the recognition of the Town's net pension liability of \$128.8 million, along with the net other postemployment benefits liability of \$236.6 million. These are long-term unfunded liabilities that will not require significant short-term resources.

Governmental Activities

	2020	2019
Assets:		
Current assets.....	\$ 177,038,477	\$ 108,020,639
Noncurrent assets (excluding capital).....	291,130	800,929
Capital assets, nondepreciable.....	16,497,421	50,027,337
Capital assets, net of accumulated depreciation....	196,200,206	148,142,050
Total assets.....	390,027,234	306,990,955
Deferred outflows of resources.....	37,268,221	20,237,962
Liabilities:		
Current liabilities (excluding debt).....	22,645,493	11,626,213
Noncurrent liabilities (excluding debt).....	357,848,634	329,468,380
Current debt.....	9,373,663	9,203,521
Noncurrent debt.....	144,289,042	86,201,313
Total liabilities.....	534,156,832	436,499,427
Deferred inflows of resources.....	11,796,493	6,141,836
Net position:		
Net investment in capital assets.....	115,052,294	109,953,884
Restricted.....	25,157,724	23,581,105
Unrestricted.....	(258,867,888)	(248,947,335)
Total net position.....	\$ (118,657,870)	\$ (115,412,346)

The governmental activities net position decreased by \$3.2 million during the current year. Key decreases are the recognition of an additional \$15.1 million in the Town's net other postemployment benefit obligation net of deferred outflows/inflows and \$1.7 million in the Town's net pension liability net of deferred outflows/inflows, which are both reported in noncurrent liabilities. Offsetting these were \$4.8 million in school building authority, state highway, and community preservation capital grants.

The \$69.0 million increase in current assets is mainly from bond proceeds received in the current year that have not yet been spent. Of the \$66.2 million general obligation bond issued in November 2019, \$53.7 million related to the ongoing high school construction project.

The \$510,000 decrease in noncurrent assets (excluding capital) is primarily due to the reduction in the intergovernmental receivable from the Massachusetts School Building Authority, as school construction funds are received annually which are used to retire debt outstanding for school construction projects.

The net \$14.5 million increase in capital assets is mainly from large capital projects such as the high school construction project, reservoir design, and infrastructure projects.

The increase of \$28.4 million in noncurrent liabilities (excluding debt) is related to the net pension liability and net other postemployment benefit liability which increased \$1.7 million and \$15.1 million, respectively. The Town made a \$937,000 payment to the other postemployment benefits trust fund, which is reported as a fiduciary fund and, accordingly, is not included in the government-wide financial statements.

The increase in current debt and noncurrent debt of \$58.3 million relate to the issuance of \$67.5 million in bonds and related premiums offset with \$8.8 million in debt service payments and the current amortization of premiums; along with an overall reduction in bond anticipation notes of \$481,000.

	2020	2019
Program Revenues:		
Charges for services..... \$	13,401,983	\$ 14,755,228
Operating grants and contributions.....	42,928,385	37,934,415
Capital grants and contributions.....	4,808,101	1,800,686
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	132,061,642	122,614,263
Tax and other liens.....	215,859	1,219
Motor vehicle excise taxes.....	5,087,563	5,312,690
Hotel/motel tax.....	453,651	479,530
Meals tax.....	457,149	467,654
Community preservation tax.....	1,901,538	1,473,559
Penalties and interest on taxes.....	317,289	409,223
Payments in lieu of taxes.....	25,386	25,361
Grants and contributions not restricted to specific programs.....	8,620,937	8,607,543
Unrestricted investment income.....	2,016,061	2,062,485
Total revenues.....	212,295,544	195,943,856
Expenses:		
General government.....	13,917,121	13,949,950
Public safety.....	29,988,771	30,302,482
Education.....	135,159,188	121,355,303
Public works.....	15,126,859	16,327,039
Community development.....	3,193,768	4,518,395
Human services.....	2,807,079	2,805,007
Culture and recreation.....	352,672	565,478
Library.....	4,378,409	4,294,607
Community preservation.....	595,562	678,550
COVID-19.....	518,978	-
Interest.....	3,353,261	2,183,780
Total expenses.....	209,391,668	196,980,591
Excess (Deficiency) before transfers.....	2,903,876	(1,036,735)
Transfers.....	(6,149,400)	(5,850,271)
Change in net position.....	(3,245,524)	(6,887,006)
Net position, beginning of year.....	(115,412,346)	(108,525,340)
Net position, end of year..... \$	(118,657,870)	(115,412,346)

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 programs affected included preschool, tuition, athletic fees and building use fees.

Operating grant revenue came in higher from the previous year due to increased state financing for the Massachusetts’s Teachers’ Retirement System, which increased revenue and the corresponding expense by \$3.6 million over the prior year.

In addition to the increase in the Massachusetts’ Teachers’ Retirement System (MTRS) of \$3.6 million, education also increased by \$10.2 million for the current year recognition of the net other postemployment liability.

Education saw the largest increase in expenses. This was due to an increase to the Town’s budgeted expenses, MTRS increase of \$3.6 million, and the recognition of an additional \$4.1 million in other postemployment benefits.

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 due to the public health emergency with respect to 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, 2020. On December 26, 2020, the December 30th deadline was extended by one year. As of June 30, 2020, the Town incurred COVID-19 related expenses totaling \$519,000. The Town anticipates being reimbursed for these costs through the Coronavirus Relief Fund and the Federal Emergency Management Agency and has recorded receivables related to the anticipated reimbursements.

Business-Type Activities

	2020	2019
Assets:		
Current assets.....	\$ 19,889,597	\$ 17,912,950
Capital assets, nondepreciable.....	2,954	2,954
Capital assets, net of accumulated depreciation....	28,714,076	28,388,802
Total assets.....	48,606,627	46,304,706
Deferred outflows of resources.....	492,602	845,435
Liabilities:		
Current liabilities (excluding debt).....	245,476	159,025
Noncurrent liabilities (excluding debt).....	9,503,317	10,127,573
Current debt.....	1,310,850	1,376,050
Noncurrent debt.....	7,227,350	7,038,200
Total liabilities.....	18,286,993	18,700,848
Deferred inflows of resources.....	447,295	139,858
Net position:		
Net investment in capital assets.....	23,233,149	22,091,083
Unrestricted.....	7,131,792	6,218,352
Total net position.....	\$ 30,364,941	\$ 28,309,435

The increase in current assets is mainly due to the increase in user charges receivable. This was due to an increase in the water and sewer rates along with the timeliness of collections.

The decrease of \$624,000 in noncurrent liabilities (excluding debt) is related to the decrease in net pension liability of \$815,000 offset with an increase in the net other postemployment benefit liability of \$213,000.

	2020	2019
Program Revenues:		
Charges for services.....	\$ 18,978,334	\$ 17,245,102
Operating grants and contributions.....	290,764	279,232
Capital grants and contributions.....	600,000	600,000
General Revenues:		
Unrestricted investment income.....	119,039	116,846
Total revenues.....	19,988,137	18,241,180
Expenses:		
Water and sewer.....	20,988,479	20,113,477
Youth services.....	739,064	667,794
Council on aging.....	93,351	83,109
Ed Burns arena.....	511,962	597,908
Recreation.....	1,749,175	1,668,972
Total expenses.....	24,082,031	23,131,260
Excess (Deficiency) before transfers.....	(4,093,894)	(4,890,080)
Transfers.....	6,149,400	5,850,271
Change in net position.....	2,055,506	960,191
Net position, beginning of year.....	28,309,435	27,349,244
Net position, end of year.....	\$ 30,364,941	\$ 28,309,435

There was a net increase of \$2.1 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 2020 by approximately \$5.6 million to offset a portion of the costs associated with the repayment of debt to the Massachusetts Water Resources Authority. The water and sewer enterprise fund received a \$600,000 capital grant from the MWRA for infiltration and inflow projects. Revenues in water and sewer increased due to rate increases implemented in March of 2020.

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 \$153.3 million which was an increase of \$58.8 million from the prior year.

The general fund reported a \$5.0 million increase in fund balance in the fund based financial statements. This includes the activity of the Town's stabilization funds and insurance trust funds which are reported within the general fund. The Town has a general stabilization fund, special education stabilization funds, a health claims stabilization fund, a municipal building insurance stabilization fund, and a fiscal stability stabilization fund with a combined balance of \$34.0 million at year-end. Collectively, they reported an increase of \$5.9 million from 2019. The operating general fund accounted for the remaining \$900,000 decrease.

The Town's capital borrowing major fund reported a fund balance of \$56.4 million, an increase of \$50.6 million from the prior year. During 2020, the Town recognized \$64.7 million in bond proceeds in this major fund which represents long-term borrowing used to finance various capital projects identified in the Town's capital improvement plan. Current expenditures in this fund totaled \$20.0 million and related mainly to school building improvements. The fund had \$3.6 million in reimbursements from the Massachusetts School Building Authority.

There was a \$3.2 million increase in the nonmajor governmental funds, which reported \$24.7 million in revenues, \$24.2 million in expenditures, \$3.1 in premiums from the issuance of bonds received, and \$455,000 in net transfers to and from 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 \$1.2 million more than budgeted and departments expended \$3.6 million less than budgeted.

The largest revenue variance was in investment income which came in over budget by \$833,000. Departmental and other came in \$629,000 over budget. A majority of the increase was for building permits and ambulance fees. Hotel/motel tax came in \$129,000 over budget. The Town also had a revenue surplus for the unbudgeted tax liens totaling \$256,000. Real estate and personal property came in lower than budget by \$647,000 mainly due to the timing of collections. Expenditures for the reserve fund, education, and public works came in under budget by approximately \$1.3 million, \$729,000, and \$675,000, 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 2020 budget, this allowed for an annual cash expenditure of \$4.2 million and a new borrowing of \$44.1 million (including Water and Sewer). The Town's outstanding long-term debt related to the general government and water and sewer enterprise, as of June 30, 2020, was \$162.2 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 \$5,593,112 in 2020 from the MWRA assessment to the property taxes. During FY2020, the Town issued an additional \$1.5 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, 2020, amounts to \$212.7 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 \$23.2 million. Major additions include the high school construction project, reservoir design, and infrastructure projects. The high school project is ongoing and reported as construction in progress at year end.

The Town's valuation of business-type activities capital assets as of June 30, 2020, amounts to \$28.7 million, net of accumulated depreciation. This amount represents purchases made over time in the following categories: water/sewer main improvements, various park improvements, and purchases of vehicles and equipment. Current year additions totaled \$1.4 million and were related to infrastructure.

Debt

The Town's governmental funds have total bonded debt outstanding of \$153.7 million at the end of the current year. As compared to the prior year, this is a net increase of \$58.7 million resulting from principal payments and amortization of premiums of \$8.8 million offset by \$67.5 million long-term bond issuances, including premiums, during 2020.

The water and sewer enterprise funds have total bonded debt outstanding of \$8.2 million at the end of the current year. The Town issued \$1.5 million in MWRA bonds and made \$1.2 million in principal payments during the year.

The Ed Burns rink enterprise fund has debt outstanding at year-end of \$325,000. The Town made \$145,000 in principal payments during the year.

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

Requests for Information

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

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Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 153,945,053	\$ 12,847,021	\$ 166,792,074
Investments.....	15,054,897	-	15,054,897
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,809,983	-	1,809,983
Tax liens.....	491,256	-	491,256
Community preservation fund surtax.....	18,039	-	18,039
Motor vehicle excise taxes.....	315,572	-	315,572
User charges.....	-	7,042,576	7,042,576
Departmental and other.....	179,242	-	179,242
Intergovernmental.....	4,380,489	-	4,380,489
Community preservation state share.....	374,380	-	374,380
Loans.....	72,782	-	72,782
Tax foreclosures.....	396,784	-	396,784
Total current assets.....	<u>177,038,477</u>	<u>19,889,597</u>	<u>196,928,074</u>
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Loans.....	291,130	-	291,130
Capital assets, nondepreciable.....	16,497,421	2,954	16,500,375
Capital assets, net of accumulated depreciation.....	<u>196,200,206</u>	<u>28,714,076</u>	<u>224,914,282</u>
Total noncurrent assets.....	<u>212,988,757</u>	<u>28,717,030</u>	<u>241,705,787</u>
TOTAL ASSETS.....	<u>390,027,234</u>	<u>48,606,627</u>	<u>438,633,861</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	5,339,550	266,710	5,606,260
Deferred outflows related to other postemployment benefits.....	<u>31,928,671</u>	<u>225,892</u>	<u>32,154,563</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>37,268,221</u>	<u>492,602</u>	<u>37,760,823</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	10,635,089	130,074	10,765,163
Accrued payroll.....	5,984,270	15,702	5,999,972
Tax refunds payable.....	393,400	-	393,400
Accrued interest.....	1,557,280	-	1,557,280
Other liabilities.....	261,586	-	261,586
Unearned revenue.....	886,870	28,200	915,070
Customer deposits.....	75,498	-	75,498
Compensated absences.....	2,719,700	71,500	2,791,200
Workers' compensation.....	131,800	-	131,800
Bonds payable.....	<u>9,373,663</u>	<u>1,310,850</u>	<u>10,684,513</u>
Total current liabilities.....	<u>32,019,156</u>	<u>1,556,326</u>	<u>33,575,482</u>
NONCURRENT:			
Compensated absences.....	1,851,100	62,900	1,914,000
Workers' compensation.....	40,600	-	40,600
Net pension liability.....	122,642,937	6,125,997	128,768,934
Net other postemployment benefits.....	233,313,997	3,314,420	236,628,417
Bonds payable.....	<u>144,289,042</u>	<u>7,227,350</u>	<u>151,516,392</u>
Total noncurrent liabilities.....	<u>502,137,676</u>	<u>16,730,667</u>	<u>518,868,343</u>
TOTAL LIABILITIES.....	<u>534,156,832</u>	<u>18,286,993</u>	<u>552,443,825</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes paid in advance.....	473,300	-	473,300
Deferred inflows related to pensions.....	7,451,516	372,202	7,823,718
Deferred inflows related to other postemployment benefits.....	<u>3,871,677</u>	<u>75,093</u>	<u>3,946,770</u>
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>11,796,493</u>	<u>447,295</u>	<u>12,243,788</u>
NET POSITION			
Net investment in capital assets.....	115,052,294	23,233,149	138,285,443
Restricted for:			
Loans.....	363,912	-	363,912
Permanent funds:			
Expendable.....	10,574,380	-	10,574,380
Nonexpendable.....	4,867,622	-	4,867,622
Gifts and grants.....	5,545,907	-	5,545,907
Community preservation.....	3,805,903	-	3,805,903
Unrestricted.....	<u>(258,867,888)</u>	<u>7,131,792</u>	<u>(251,736,096)</u>
TOTAL NET POSITION.....	<u>\$ (118,657,870)</u>	<u>\$ 30,364,941</u>	<u>\$ (88,292,929)</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

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.....	\$ 13,917,121	\$ 2,405,159	\$ 206,488	\$ -	\$ (11,305,474)
Public safety.....	29,988,771	4,613,530	197,047	-	(25,178,194)
Education.....	135,159,188	4,270,762	39,003,585	3,562,104	(88,322,737)
Public works.....	15,126,859	854,684	-	871,617	(13,400,558)
Community development.....	3,193,768	872,626	1,652,017	-	(669,125)
Human services.....	2,807,079	213,051	504,401	-	(2,089,627)
Culture and recreation.....	352,672	96,026	117,209	-	(139,437)
Library.....	4,378,409	76,145	706,049	-	(3,596,215)
Community preservation.....	595,562	-	-	374,380	(221,182)
COVID-19.....	518,978	-	518,978	-	-
Interest.....	3,353,261	-	22,611	-	(3,330,650)
Total Governmental Activities.....	209,391,668	13,401,983	42,928,385	4,808,101	(148,253,199)
<i>Business-Type Activities:</i>					
Water and sewer.....	20,988,479	16,795,882	-	600,000	(3,592,597)
Youth services.....	739,064	392,693	227,764	-	(118,607)
Council on aging.....	93,351	11,028	63,000	-	(19,323)
Ed Burns arena.....	511,962	514,132	-	-	2,170
Recreation.....	1,749,175	1,264,599	-	-	(484,576)
Total Business-Type Activities.....	24,082,031	18,978,334	290,764	600,000	(4,212,933)
Total Primary Government.....	\$ 233,473,699	\$ 32,380,317	\$ 43,219,149	\$ 5,408,101	\$ (152,466,132)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page..... \$	(148,253,199)	(4,212,933)	(152,466,132)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	132,061,642	-	132,061,642
Tax and other liens.....	215,859	-	215,859
Motor vehicle excise taxes.....	5,087,563	-	5,087,563
Hotel/motel tax.....	453,651	-	453,651
Meals tax.....	457,149	-	457,149
Community preservation tax.....	1,901,538	-	1,901,538
Penalties and interest on taxes.....	317,289	-	317,289
Payments in lieu of taxes.....	25,386	-	25,386
Grants and contributions not restricted to specific programs.....	8,620,937	-	8,620,937
Unrestricted investment income.....	2,016,061	119,039	2,135,100
<i>Transfers, net</i>	(6,149,400)	6,149,400	-
Total general revenues and transfers.....	145,007,675	6,268,439	151,276,114
Change in net position.....	(3,245,524)	2,055,506	(1,190,018)
<i>Net position:</i>			
Beginning of year.....	(115,412,346)	28,309,435	(87,102,911)
End of year..... \$	(118,657,870)	30,364,941	(88,292,929)

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2020

	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.....	\$ 70,886,925	\$ 63,972,365	\$ 42,470,317	\$ 177,329,607
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.....	9,148,751	7,558,441	1,529,521	18,236,713
DEFERRED INFLOWS OF RESOURCES				
Taxes paid in advance.....	466,948	-	6,352	473,300
Unavailable revenue.....	3,078,716	-	2,281,331	5,360,047
TOTAL DEFERRED INFLOWS OF RESOURCES.....	3,545,664	-	2,287,683	5,833,347
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.....	58,192,510	56,413,924	38,653,113	153,259,547
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 70,886,925	\$ 63,972,365	\$ 42,470,317	\$ 177,329,607

See notes to basic financial statements.

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

JUNE 30, 2020

Total governmental fund balances.....		\$ 153,259,547
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		212,697,627
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		5,360,047
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.....		25,945,028
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(1,557,280)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(153,662,705)	
Net pension liability.....	(122,642,937)	
Net other postemployment benefits.....	(233,313,997)	
Workers' compensation.....	(172,400)	
Compensated absences.....	<u>(4,570,800)</u>	
Net effect of reporting long-term liabilities.....		<u>(514,362,839)</u>
Net position of governmental activities.....		\$ <u><u>(118,657,870)</u></u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2020

	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 (UNDER) 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

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, 2020

Net change in fund balances - total governmental funds.....		\$ 58,816,300
<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.....	23,204,348	
Depreciation expense.....	<u>(8,676,108)</u>	
Net effect of reporting capital assets.....		14,528,240
<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>		
		(220,813)
<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.....	(64,667,392)	
Premium from issuance of bonds.....	(3,141,245)	
Net amortization of premium from issuance of bonds.....	882,016	
Debt service principal payments.....	<u>8,187,800</u>	
Net effect of reporting long-term debt.....		(58,738,821)
<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.....	222,200	
Net change in accrued interest on long-term debt.....	(1,076,093)	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(15,736,131)	
Net change in net pension liability.....	14,040,633	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...	27,331,348	
Net change in net other postemployment benefits liability.....	(42,443,087)	
Net change in workers' compensation liability.....	<u>30,700</u>	
Net effect of recording long-term liabilities.....		<u>(17,630,430)</u>
Change in net position of governmental activities.....		\$ <u><u>(3,245,524)</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2020

	Business-type Activities - Enterprise Funds		
	Water and Sewer Enterprise	Youth Services Enterprise	Council On Aging Enterprise
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 11,668,120	\$ 76,823	\$ 111,143
Receivables, net of allowance for uncollectibles:			
User charges.....	7,042,576	-	-
Total current assets.....	18,710,696	76,823	111,143
NONCURRENT:			
Capital assets, nondepreciable.....	2,954	-	-
Capital assets, net of accumulated depreciation.....	26,620,422	-	-
Total noncurrent assets.....	26,623,376	-	-
TOTAL ASSETS.....	45,334,072	76,823	111,143
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	266,710	-	-
Deferred outflows related to other postemployment benefits.....	225,892	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	492,602	-	-
LIABILITIES			
CURRENT:			
Warrants payable.....	42,499	6,709	-
Accrued payroll.....	7,641	3,403	590
Unearned revenue.....	-	-	-
Compensated absences.....	65,500	-	-
Bonds payable.....	1,265,850	-	-
Total current liabilities.....	1,381,490	10,112	590
NONCURRENT:			
Compensated absences.....	60,400	-	-
Net pension liability.....	6,125,997	-	-
Net other postemployment benefits.....	3,314,420	-	-
Bonds payable.....	6,947,350	-	-
Total noncurrent liabilities.....	16,448,167	-	-
TOTAL LIABILITIES.....	17,829,657	10,112	590
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	372,202	-	-
Deferred inflows related to other postemployment benefits.....	75,093	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES.....	447,295	-	-
NET POSITION			
Net investment in capital assets.....	21,464,495	-	-
Unrestricted.....	6,085,227	66,711	110,553
TOTAL NET POSITION.....	\$ 27,549,722	\$ 66,711	\$ 110,553

See notes to basic financial statements.

	Ed Burns Arena Enterprise	Recreation Enterprise	Total
\$	113,371	\$ 877,564	\$ 12,847,021
	-	-	7,042,576
	113,371	877,564	19,889,597
	-	-	2,954
	752,341	1,341,313	28,714,076
	752,341	1,341,313	28,717,030
	865,712	2,218,877	48,606,627
	-	-	266,710
	-	-	225,892
	-	-	492,602
	247	80,619	130,074
	1,486	2,582	15,702
	10,000	18,200	28,200
	6,000	-	71,500
	45,000	-	1,310,850
	62,733	101,401	1,556,326
	2,500	-	62,900
	-	-	6,125,997
	-	-	3,314,420
	280,000	-	7,227,350
	282,500	-	16,730,667
	345,233	101,401	18,286,993
	-	-	372,202
	-	-	75,093
	-	-	447,295
	427,341	1,341,313	23,233,149
	93,138	776,163	7,131,792
\$	<u>520,479</u>	<u>2,117,476</u>	<u>\$ 30,364,941</u>

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

YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds		
	Water and Sewer Enterprise	Youth Services Enterprise	Council On Aging Enterprise
OPERATING REVENUES:			
Charges for services.....	\$ 16,795,882	\$ 392,693	\$ 11,028
OPERATING EXPENSES:			
Cost of services and administration.....	1,563,977	304,129	17,090
Salaries and wages.....	2,272,448	434,935	76,261
MWRA assessment.....	14,333,473	-	-
Depreciation.....	917,511	-	-
Employee benefits.....	1,784,721	-	-
TOTAL OPERATING EXPENSES.....	20,872,130	739,064	93,351
OPERATING INCOME (LOSS).....	(4,076,248)	(346,371)	(82,323)
NONOPERATING REVENUES (EXPENSES):			
Investment income.....	119,039	-	-
Interest expense.....	(116,349)	-	-
Intergovernmental.....	-	227,764	63,000
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	2,690	227,764	63,000
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....	(4,073,558)	(118,607)	(19,323)
CAPITAL CONTRIBUTIONS.....	600,000	-	-
TRANSFERS:			
Transfers in.....	5,615,747	120,000	50,000
Transfers out.....	-	-	-
TOTAL TRANSFERS.....	5,615,747	120,000	50,000
CHANGE IN NET POSITION.....	2,142,189	1,393	30,677
NET POSITION AT BEGINNING OF YEAR.....	25,407,533	65,318	79,876
NET POSITION AT END OF YEAR.....	\$ 27,549,722	\$ 66,711	\$ 110,553

See notes to basic financial statements.

	Ed Burns Arena Enterprise	Recreation Enterprise	Total
\$	514,132	\$ 1,264,599	\$ 18,978,334
	208,040	894,814	2,988,050
	212,914	745,440	3,741,998
	-	-	14,333,473
	76,077	108,921	1,102,509
	-	-	1,784,721
	497,031	1,749,175	23,950,751
	17,101	(484,576)	(4,972,417)
	-	-	119,039
	(14,931)	-	(131,280)
	-	-	290,764
	(14,931)	-	278,523
	2,170	(484,576)	(4,693,894)
	-	-	600,000
	179,931	285,000	6,250,678
	(101,278)	-	(101,278)
	78,653	285,000	6,149,400
	80,823	(199,576)	2,055,506
	439,656	2,317,052	28,309,435
\$	<u>520,479</u>	<u>\$ 2,117,476</u>	<u>\$ 30,364,941</u>

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

	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.....	\$ 15,232,353	\$ 392,693	\$ 11,028
Payments to vendors.....	(17,619,055)	(300,931)	(18,028)
Payments to employees.....	(2,297,507)	(431,532)	(75,671)
NET CASH FROM OPERATING ACTIVITIES.....	(4,684,209)	(339,770)	(82,671)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in.....	5,615,747	120,000	50,000
Transfers out.....	-	-	-
Intergovernmental.....	-	227,764	63,000
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	5,615,747	347,764	113,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the issuance of bonds.....	1,500,000	-	-
Capital contributions.....	600,000	-	-
Acquisition and construction of capital assets.....	(1,427,783)	-	-
Principal payments on bonds and notes.....	(1,231,050)	-	-
Interest expense.....	(116,349)	-	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(675,182)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income.....	119,039	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	375,395	7,994	30,329
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	11,292,725	68,829	80,814
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 11,668,120	\$ 76,823	\$ 111,143
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH			
FROM OPERATING ACTIVITIES:			
Operating income (loss).....	\$ (4,076,248)	\$ (346,371)	\$ (82,323)
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation.....	917,511	-	-
Deferred (outflows)/inflows related to pensions.....	797,391	-	-
Deferred (outflows)/inflows related to other postemployment benefits.....	(137,121)	-	-
Changes in assets and liabilities:			
User charges.....	(1,563,529)	-	-
Warrants payable.....	5,002	3,198	(938)
Accrued payroll.....	7,641	3,403	590
Unearned revenue.....	-	-	-
Compensated absences.....	(32,700)	-	-
Net pension liability.....	(815,438)	-	-
Net other postemployment benefits.....	213,282	-	-
Total adjustments.....	(607,961)	6,601	(348)
NET CASH FROM OPERATING ACTIVITIES.....	\$ (4,684,209)	\$ (339,770)	\$ (82,671)

See notes to basic financial statements.

	Ed Burns Arena Enterprise	Recreation Enterprise	Total
\$	524,132	\$ 1,282,799	\$ 17,443,005
	(229,957)	(833,710)	(19,001,681)
	<u>(204,728)</u>	<u>(742,858)</u>	<u>(3,752,296)</u>
	89,447	(293,769)	(5,310,972)
	179,931	285,000	6,250,678
	(101,278)	-	(101,278)
	<u>-</u>	<u>-</u>	<u>290,764</u>
	78,653	285,000	6,440,164
	-	-	1,500,000
	-	-	600,000
	-	-	(1,427,783)
	(145,000)	-	(1,376,050)
	<u>(14,931)</u>	<u>-</u>	<u>(131,280)</u>
	(159,931)	-	(835,113)
	<u>-</u>	<u>-</u>	<u>119,039</u>
	8,169	(8,769)	413,118
	<u>105,202</u>	<u>886,333</u>	<u>12,433,903</u>
\$	<u>113,371</u>	<u>877,564</u>	<u>12,847,021</u>
\$	<u>17,101</u>	<u>(484,576)</u>	<u>(4,972,417)</u>
	76,077	108,921	1,102,509
	-	-	797,391
	-	-	(137,121)
	-	-	(1,563,529)
	(21,917)	61,104	46,449
	1,486	2,582	15,702
	10,000	18,200	28,200
	6,700	-	(26,000)
	-	-	(815,438)
	<u>-</u>	<u>-</u>	<u>213,282</u>
	72,346	190,807	(338,555)
\$	<u>89,447</u>	<u>(293,769)</u>	<u>(5,310,972)</u>

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2020

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents.....	\$ 6,761,991	\$ 320,405	\$ 28,430
Investments:			
Investments in Pension Reserve Investment Trust.....	165,458,441	-	-
U.S. treasury notes.....	-	769,222	-
Corporate bonds.....	-	1,176,589	-
Equity securities.....	-	4,164,372	-
Equity mutual funds.....	11,243,570	-	-
Fixed income mutual funds.....	6,017,240	-	-
Municipal bonds.....	-	549,487	-
Real estate investment trust.....	-	112,140	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	107,721	-	-
Interest and dividends.....	10,325	-	-
TOTAL ASSETS.....	189,599,288	7,092,215	28,430
LIABILITIES			
Warrants payable.....	-	120	7,859
Liabilities due depositors.....	-	-	20,571
TOTAL LIABILITIES.....	-	120	28,430
NET POSITION			
Restricted for pensions.....	173,733,342	-	-
Restricted for other postemployment benefits.....	15,865,946	-	-
Held in trust for other purposes.....	-	7,092,095	-
TOTAL NET POSITION.....	\$ 189,599,288	\$ 7,092,095	\$ -

(1) The Pension Trust Fund is as of December 31, 2019

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2020

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 13,969,261	\$ -
Employer contributions for other postemployment benefit payments....	6,361,089	-
Member contributions.....	4,221,269	-
Transfers from other systems.....	756,856	-
3(8)c contributions from other systems.....	531,589	-
Workers compensation settlements.....	5,000	-
State COLA reimbursements.....	223,583	-
Private donations.....	-	145,074
	<u>26,068,647</u>	<u>145,074</u>
Total contributions.....		
	<u>26,068,647</u>	<u>145,074</u>
Net investment income:		
Investment income.....	24,799,827	263,729
Less: investment expense.....	(857,627)	-
	<u>23,942,200</u>	<u>263,729</u>
Net investment income (loss).....		
	<u>23,942,200</u>	<u>263,729</u>
TOTAL ADDITIONS.....		
	<u>50,010,847</u>	<u>408,803</u>
DEDUCTIONS:		
Administration.....	356,000	-
Transfers to other systems.....	562,765	-
3(8)c transfer to other systems.....	928,315	-
Retirement benefits and refunds.....	19,292,431	-
Other postemployment benefit payments.....	6,361,089	-
Human services.....	-	27,706
Educational scholarships.....	-	238,311
	<u>27,500,600</u>	<u>266,017</u>
TOTAL DEDUCTIONS.....		
	<u>27,500,600</u>	<u>266,017</u>
NET INCREASE (DECREASE) IN NET POSITION.....		
	22,510,247	142,786
NET POSITION AT BEGINNING OF YEAR.....		
	<u>167,089,041</u>	<u>6,949,309</u>
NET POSITION AT END OF YEAR.....		
	<u>\$ 189,599,288</u>	<u>\$ 7,092,095</u>

(1) The Pension Trust Fund is as of December 31, 2019

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 Career and Technical High School that serves the members students seeking an education in academic and technical studies. The members share in the operations of the Minuteman Career and Technical High School and each member is responsible for its proportionate share of the operational and capital cost of the Minuteman Career and Technical High School, which are paid in the form of assessments. The Town does not have an equity interest in the Minuteman Career and Technical High School and the 2020 assessment was \$5,384,690.

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

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

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

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

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

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

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

The following major proprietary funds are reported:

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

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

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

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

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

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

The following fiduciary fund types are reported:

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

The *private purpose trust fund* is used to account for trust arrangements 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.

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

Investments are carried at fair value.

E. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets)

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

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

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

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

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

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

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

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

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

Property taxes are levied and based on values assessed on January 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, 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 \$15.9 million in the OPEB Trust Fund are included within the Town’s investments balance in the following disclosures.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town of Arlington’s deposits may not be returned to it. The Town’s established policy is to fully collateralize all deposits. At year-end, the carrying amount of deposits totaled \$79,942,349 and the bank balance totaled \$81,953,835. Of the bank balance, \$5,010,588 was covered by Federal Depository Insurance, \$5,468,516 was covered by Depositors Insurance Fund, and \$71,474,731 was collateralized.

At December 31, 2019, carrying amount of deposits for the Pension System totaled \$627,982 and the bank balance totaled \$911,179. 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, 2020, the Town of Arlington had the following investments:

Investment Type	Fair value	Maturities			
		Under 1 Year	1-5 Years	6-10 Years	Over 10 Years
<u>Debt securities:</u>					
U.S. treasury notes.....	\$ 2,458,875	\$ 701,475	\$ 482,349	\$ 153,506	\$ 1,121,545
Corporate bonds.....	3,761,055	306,618	1,611,589	784,558	1,058,290
Municipal bonds.....	1,493,490	-	532,312	-	961,178
Total Debt Securities.....	7,713,420	\$ 1,008,093	\$ 2,626,250	\$ 938,064	\$ 3,141,013
<u>Other investments:</u>					
Equity securities.....	13,491,839				
Equity mutual funds.....	10,111,689				
Fixed income mutual funds.....	6,017,240				
Real estate investment trust.....	358,465				
Money market mutual funds.....	448,056				
MMDT - Cash portfolio.....	86,750,504				
Total investments.....	\$ 124,891,213				

As of December 31, 2019, the Pension System had the following investments:

<u>Investment Type</u>	<u>Fair value</u>
<u>Other investments:</u>	
Equity mutual funds.....	\$ 1,394,864
Money market mutual funds.....	6,134,009
Pension Reserve Investment Trust (PRIT).....	<u>165,458,441</u>
 Total investments.....	 \$ <u>172,987,314</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 0.14 to 16.03 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, \$7,713,420 in debt securities, \$13,491,839 in equity securities, and \$358,465 in real estate investment trusts are exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the counterparty. As of June 30, 2020, the Town’s investments in MMDT which totaled \$86,750,504 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, 2019, the System’s investments in PRIT and open-end mutual funds totaling \$166,853,305 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, 2020, the Town’s investments were rated as shown on the following page.

<u>Quality Rating</u>	<u>Corporate Bonds</u>	<u>Municipal Bonds</u>
AAA.....	\$ 480,345	\$ 325,709
AA+.....	151,720	169,683
AA.....	244,922	537,815
AA-.....	176,153	146,767
A+.....	130,465	233,516
A.....	286,571	80,000
A-.....	731,126	-
BBB+.....	942,350	-
BBB.....	435,653	-
BB+.....	106,750	-
B+.....	75,000	-
Total.....	<u>\$ 3,761,055</u>	<u>\$ 1,493,490</u>

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>Range</u>		
	<u>Current Policy</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 generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2020:

Investment Type	June 30, 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>Debt securities:</u>				
U.S. treasury notes.....	\$ 2,458,875	\$ 2,458,875	\$ -	\$ -
Corporate bonds.....	3,761,055	-	3,761,055	-
Municipal bonds.....	1,493,490	1,493,490	-	-
Total debt securities.....	7,713,420	3,952,365	3,761,055	-
<u>Other investments:</u>				
Equity securities.....	13,491,839	13,491,839	-	-
Equity mutual funds.....	10,111,689	10,111,689	-	-
Fixed income mutual funds.....	6,017,240	6,017,240	-	-
Real estate investment trust.....	358,465	-	-	358,465
Money market mutual funds.....	448,056	448,056	-	-
Total other investments.....	30,427,289	30,068,824	-	358,465
Total investments measured at fair value.....	38,140,709	\$ 34,021,189	\$ 3,761,055	\$ 358,465
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	86,750,504			
Total investments.....	\$ 124,891,213			

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

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

Retirement System

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

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

The System has the following recurring fair value measurements as of December 31, 2019:

Investment Type	December 31, 2019	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.....	\$ 1,394,864	\$ 1,394,864	\$ -	\$ -
Money market mutual funds.....	6,134,009	6,134,009	-	-
Total investments measured at fair value.....	7,528,873	<u>\$ 7,528,873</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at net asset value:				
Pension Reserve Investment Trust (PRIT).....	<u>165,458,441</u>			
Total investments.....	<u>\$ 172,987,314</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, 2020, 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.....	\$ 1,809,983	\$ -	\$ 1,809,983
Tax liens.....	491,256	-	491,256
Community preservation fund surtax.....	18,039	-	18,039
Motor vehicle excise taxes.....	397,697	(82,125)	315,572
Departmental and other.....	179,242	-	179,242
Intergovernmental.....	4,380,489	-	4,380,489
Community preservation state share.....	374,380	-	374,380
Loans.....	363,912	-	363,912
Total.....	<u>\$ 8,014,998</u>	<u>\$ (82,125)</u>	<u>\$ 7,932,873</u>

At June 30, 2020, receivables for the proprietary funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water and sewer user charges.....	\$ 7,042,576	\$ -	\$ 7,042,576

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.....	\$ 1,253,231	\$ -	\$ 1,253,231
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.....	157,772	-	157,772
Intergovernmental.....	467,110	1,896,371	2,363,481
Loans.....	-	363,912	363,912
Tax foreclosures.....	396,784	-	396,784
Total.....	<u>\$ 3,078,716</u>	<u>\$ 2,281,331</u>	<u>\$ 5,360,047</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 10,525,593	\$ -	\$ -	\$ 10,525,593
Construction in progress.....	39,501,744	4,636,591	(38,166,507)	5,971,828
Total capital assets not being depreciated....	50,027,337	4,636,591	(38,166,507)	16,497,421
<u>Capital assets being depreciated:</u>				
Buildings.....	158,029,705	49,526,307	-	207,556,012
Improvements.....	28,114,865	2,385,478	-	30,500,343
Vehicles and equipment.....	17,304,583	1,749,274	-	19,053,857
Infrastructure.....	55,247,725	3,073,205	(366,601)	57,954,329
Total capital assets being depreciated.....	258,696,878	56,734,264	(366,601)	315,064,541
<u>Less accumulated depreciation for:</u>				
Buildings.....	(62,909,566)	(4,131,480)	-	(67,041,046)
Improvements.....	(9,976,513)	(1,418,779)	-	(11,395,292)
Vehicles and equipment.....	(10,457,688)	(1,248,840)	-	(11,706,528)
Infrastructure.....	(27,211,061)	(1,877,009)	366,601	(28,721,469)
Total accumulated depreciation.....	(110,554,828)	(8,676,108)	366,601	(118,864,335)
Total capital assets being depreciated, net.....	148,142,050	48,058,156	-	196,200,206
Total governmental activities capital assets, net.....	\$ 198,169,387	\$ 52,694,747	\$ (38,166,507)	\$ 212,697,627

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,954	\$ -	\$ -	\$ 2,954
<u>Capital assets being depreciated:</u>				
Buildings.....	856,491	-	-	856,491
Improvements.....	3,157,433	-	-	3,157,433
Vehicles and equipment.....	3,584,277	-	-	3,584,277
Infrastructure.....	32,868,137	1,427,783	(179,746)	34,116,174
Total capital assets being depreciated.....	40,466,338	1,427,783	(179,746)	41,714,375
<u>Less accumulated depreciation for:</u>				
Buildings.....	(326,110)	(21,414)	-	(347,524)
Improvements.....	(1,155,435)	(160,512)	-	(1,315,947)
Vehicles and equipment.....	(2,803,564)	(265,702)	-	(3,069,266)
Infrastructure.....	(7,792,427)	(654,881)	179,746	(8,267,562)
Total accumulated depreciation.....	(12,077,536)	(1,102,509)	179,746	(13,000,299)
Total capital assets being depreciated, net.....	28,388,802	325,274	-	28,714,076
Total business-type activities capital assets, net....	\$ 28,391,756	\$ 325,274	\$ -	\$ 28,717,030

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

Governmental Activities:	
General government.....	\$ 458,756
Public safety.....	1,256,495
Education.....	3,920,633
Public works.....	2,332,132
Community development.....	119,654
Community preservation.....	232,956
Human services.....	17,864
Culture and recreation.....	132,497
Library.....	205,121
Total depreciation expense - governmental activities.....	\$ 8,676,108
Business-Type Activities:	
Water and sewer.....	\$ 917,511
Ed Burns arena.....	76,077
Recreation.....	108,921
Total depreciation expense - business-type activities.....	\$ 1,102,509

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2020, are summarized as follows:

Transfers Out:	Transfers In:								Total
	General fund	Capital borrowing fund	Nonmajor governmental funds	Water and sewer enterprise fund	Youth services enterprise fund	Council on aging enterprise fund	Ed Burns arena enterprise fund	Recreation enterprise fund	
General fund.....	\$ -	\$ 339,289	\$ 4,022,925	\$ 5,615,747	\$ 120,000	\$ 50,000	\$ 179,931	\$ 285,000	\$ 10,612,892 (1)
Capital borrowing fund.....	872,131	-	-	-	-	-	-	-	872,131 (2)
Nonmajor governmental funds.....	1,510,714	2,967,000	177,802	-	-	-	-	-	4,655,516 (3)
Ed Burns Arena enterprise fund....	101,278	-	-	-	-	-	-	-	101,278 (4)
Total.....	\$ 2,484,123	\$ 3,306,289	\$ 4,200,727	\$ 5,615,747	\$ 120,000	\$ 50,000	\$ 179,931	\$ 285,000	\$ 16,241,817

- (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 budgeted transfers for debt subsidies from the general fund to the water and sewer, youth services, and council on aging enterprise funds. Also represents budgeted transfers from the general fund to the Ed Burns Arena, and 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 from the ambulance revolving, parking meters, cemetery perpetual care, and central school funds. Also represents transfers to the capital borrowing fund from the bond premium nonmajor fund and transfers within nonmajor governmental funds.
- (4) Represents budgeted transfers from the Ed Burns Arena enterprise fund to the general fund.

NOTE 6 – SHORT-TERM FINANCING

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

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

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and enterprise funds, respectively.

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

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2019	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2020
Governmental Funds:							
BAN	Municipal Purpose.....	3.00%	12/05/19	\$ 480,950	\$ -	\$ (480,950)	\$ -

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, 2020, 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, 2020
General Obligation Bonds Payable:				
Urban Renewal Bonds.....	2022	\$ 5,262,000	2.00-4.00	\$ 1,030,000
Municipal Purpose - 2010.....	2031	7,258,000	2.00-4.00	3,280,000
Symmes Property.....	2022	470,000	2.00-3.00	260,000
Municipal Purpose - 2011.....	2022	1,329,000	2.00-3.00	85,000
GOB Refunding of 9/15/01.....	2021	6,311,000	2.00-3.00	630,000
Municipal Purpose - 2013.....	2033	12,132,000	2.00-5.00	6,375,000
GOB Refunding of 8/15/03.....	2024	2,205,000	2.00-3.00	650,000
Municipal Purpose - 2013.....	2034	5,551,000	3.00-3.75	2,775,000
Municipal Purpose - 2014.....	2035	11,018,000	2.00-4.00	6,245,000
Municipal Purpose - 2015.....	2030	4,087,000	2.25-5.00	2,170,000
GOB Refunding of 11/13/15.....	2025	3,225,000	2.00-4.00	1,590,000
Municipal Purpose - 2017.....	2046	25,660,000	3.00-4.00	21,570,000
Municipal Purpose - 2018.....	2038	30,955,000	3.00-5.00	27,795,000
Municipal Purpose - 2019.....	2038	4,539,800	3.50-5.00	4,150,000
Municipal Purpose - 2020.....	2050	2,654,608	2.125-5.00	<u>66,190,000</u>
Total Bonds Payable.....				144,795,000
Add: Unamortized premium on bonds.....				<u>8,867,705</u>
Total Bonds Payable, net.....				<u>\$ 153,662,705</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
2021.....	\$ 8,425,000	\$ 5,589,367	\$ 14,014,367
2022.....	7,815,000	4,686,425	12,501,425
2023.....	6,980,000	4,366,069	11,346,069
2024.....	6,795,000	4,071,726	10,866,726
2025.....	6,420,000	3,791,093	10,211,093
2026.....	6,400,000	3,520,521	9,920,521
2027.....	6,085,000	3,258,662	9,343,662
2028.....	6,080,000	3,000,910	9,080,910
2029.....	6,090,000	2,739,567	8,829,567
2030.....	6,030,000	2,476,257	8,506,257
2031.....	5,945,000	2,237,257	8,182,257
2032.....	5,590,000	2,049,488	7,639,488
2033.....	5,545,000	1,892,900	7,437,900
2034.....	5,150,000	1,743,563	6,893,563
2035.....	5,030,000	1,594,832	6,624,832
2036.....	4,680,000	1,448,382	6,128,382
2037.....	4,725,000	1,306,422	6,031,422
2038.....	4,510,000	1,166,830	5,676,830
2039.....	3,045,000	1,052,342	4,097,342
2040.....	2,950,000	961,836	3,911,836
2041.....	3,005,000	872,512	3,877,512
2042.....	3,070,000	781,388	3,851,388
2043.....	3,135,000	687,966	3,822,966
2044.....	3,205,000	592,172	3,797,172
2045.....	3,275,000	494,278	3,769,278
2046.....	3,080,000	398,428	3,478,428
2047.....	2,875,000	308,925	3,183,925
2048.....	2,950,000	221,550	3,171,550
2049.....	2,915,000	133,575	3,048,575
2050.....	2,995,000	44,925	3,039,925
Total.....	\$ <u>144,795,000</u>	\$ <u>57,490,168</u>	\$ <u>202,285,168</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 2020, \$476,523 of such assistance was received. Approximately \$477,000 will be received in future years. Of this amount, approximately \$10,000 represents reimbursement of long-term interest costs, and approximately \$467,000 represents reimbursement of approved construction costs. Accordingly, a \$467,000 intergovernmental receivable and corresponding unavailable revenue have been reported in the governmental fund financial statements. The net change in unavailable revenue has been recognized as revenue in the conversion to the government-wide financial statements.

Bonds and Notes Payable Schedule – Water and Sewer Enterprise Fund

The Town is a member of the Massachusetts Water Resources Authority (MWRA) which offers its members interest free loans for various purposes. The majority of the Town’s Water and Sewer Enterprise Fund debt is issued through this program. The interest imputed on the remaining life of the 0% MWRA bonds totaled approximately \$644,000. 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, 2020, and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
General Obligation Bonds Payable:				
Municipal Purpose - 2011.....	2022	\$ 1,300,000	2.00-3.00	\$ 260,000
Municipal Purpose - 2012.....	2033	280,000	2.00-5.00	305,000
Municipal Purpose - 2013.....	2034	1,300,000	3.00-3.75	910,000
Municipal Purpose - 2014.....	2035	1,200,000	4.00	525,000
Municipal Purpose - 2019.....	2039	1,015,200	3.50-5.00	930,000
Subtotal water and sewer general obligation bonds payable.....				2,930,000
Direct Borrowings Payable:				
Water and Sewer Bonds - MWRA.....	2030	9,408,500	0.00	5,283,200
Total Bonds Payable, net.....				\$ 8,213,200

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		
	Principal	Interest	Total
2021.....	\$ 435,000	\$ 99,845	\$ 534,845
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.....	\$ 2,930,000	\$ 583,088	\$ 3,513,088

Year	Direct Borrowing Payable		
	Principal	Interest	Total
2021.....	\$ 830,850	\$ -	\$ 830,850
2022.....	830,850	-	830,850
2023.....	765,250	-	765,250
2024.....	680,250	-	680,250
2025.....	625,250	-	625,250
2026.....	530,250	-	530,250
2027.....	415,250	-	415,250
2028.....	285,250	-	285,250
2029.....	170,000	-	170,000
2030.....	150,000	-	150,000
Total.....	\$ 5,283,200	\$ -	\$ 5,283,200

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

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
General Obligation Bonds Payable:				
Municipal Purpose - 2009.....	2033	\$ 280,000	2.00-5.00	\$ 175,000
Municipal Purpose - 2009.....	2030	275,000	5.00	<u>150,000</u>
Total Bonds Payable.....				<u>\$ 325,000</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
2021.....	\$ 45,000	\$ 11,256	\$ 56,256
2022.....	45,000	9,156	54,156
2023.....	45,000	7,056	52,056
2024.....	45,000	5,106	50,106
2025.....	45,000	3,306	48,306
2026.....	15,000	2,247	17,247
2027.....	15,000	1,919	16,919
2028.....	15,000	1,572	16,572
2029.....	15,000	1,216	16,216
2030.....	10,000	913	10,913
2031.....	10,000	663	10,663
2032.....	10,000	406	10,406
2033.....	10,000	138	10,138
Total.....	<u>\$ 325,000</u>	<u>\$ 44,953</u>	<u>\$ 369,953</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, 2020, 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.....	234,179,428
DPW facility - site improvements.....	29,900,000
Hardy playground.....	871,900
Reservoir improvements Phase II.....	2,800,000
School playground upgrades.....	300,000
Senior Center/Central School renovation.....	455,000
Whittemore Robbins Cottage.....	515,000
Rescue ambulance.....	302,000
Town Hall renovations.....	300,000
Ottoson HVAC rooftop unit.....	300,000
Pierce School playground upgrades.....	269,750
Ottoson elevator.....	220,000
Boom-Dump-Chip truck.....	180,000
Bleacher lift.....	150,000
Backhoe loader.....	110,000
Parmenter building exterior repairs.....	100,000
Truck with sander.....	90,000
Total.....	\$ 275,990,578

Changes in long-term liabilities

During the year ended June 30, 2020, 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...\$	89,274,408	\$ 63,535,392	\$ (8,014,800)	\$ -	\$ -	\$ 144,795,000	\$ 8,425,000
Add: Unamortized premium on bonds.....	5,649,476	3,964,245	(746,016)	-	-	8,867,705	948,663
Total bonds payable.....	94,923,884	67,499,637	(8,760,816)	-	-	153,662,705	9,373,663
Compensated absences.....	4,793,000	-	-	2,700,200	(2,922,400)	4,570,800	2,719,700
Workers' compensation.....	203,100	-	-	129,100	(159,800)	172,400	131,800
Net pension liability.....	136,683,570	-	-	5,370,215	(19,410,848)	122,642,937	-
Net other postemployment benefits.....	190,870,910	-	-	53,576,345	(11,133,258)	233,313,997	-
Total governmental activity long-term liabilities.....	\$ 427,474,464	\$ 67,499,637	\$ (8,760,816)	\$ 61,775,860	\$ (33,626,306)	\$ 514,362,839	\$ 12,225,163
Business-Type Activities:							
Long-term general obligation bonds payable...\$	3,840,200	\$ -	\$ (585,200)	\$ -	\$ -	\$ 3,255,000	\$ 480,000
Long-term direct borrowing payable.....	4,574,050	1,500,000	(790,850)	-	-	5,283,200	830,850
Total bonds payable.....	8,414,250	1,500,000	(1,376,050)	-	-	8,538,200	1,310,850
Compensated absences.....	160,400	-	-	49,400	(75,400)	134,400	71,500
Net pension liability.....	6,941,435	-	-	251,980	(1,067,418)	6,125,997	-
Net other postemployment benefits.....	3,101,138	-	-	324,865	(111,583)	3,314,420	-
Total business-type activity long-term liabilities.....	\$ 18,617,223	\$ 1,500,000	\$ (1,376,050)	\$ 626,245	\$ (1,254,401)	\$ 18,113,017	\$ 1,382,350

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 \$31.0 million and have been reported within the general fund as unassigned and the Town's municipal insurance funds totaling approximately \$3.0 million have been reported within the general fund as restricted.

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

	<u>General</u>	<u>Capital Borrowing Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Nonspendable:				
Permanent fund principal.....	\$ -	\$ -	\$ 4,867,622	\$ 4,867,622
Restricted for:				
Municipal insurance.....	3,016,302	-	-	3,016,302
Capital borrowing fund.....	-	56,413,924	-	56,413,924
Town revolving funds.....	-	-	1,227,912	1,227,912
Town gifts and grants.....	-	-	1,286,083	1,286,083
School lunch.....	-	-	687,668	687,668
School revolving funds.....	-	-	4,033,480	4,033,480
School gifts and grants.....	-	-	4,259,824	4,259,824
Library funds.....	-	-	89,467	89,467
Receipts reserved for appropriation.....	-	-	740,722	740,722
Special revenue trust funds.....	-	-	768,570	768,570
Other special revenue.....	-	-	2,050,511	2,050,511
Community preservation fund.....	-	-	3,784,855	3,784,855
Symmes property.....	-	-	249,082	249,082
Highway fund.....	-	-	218,458	218,458
Capital tax levy projects.....	-	-	3,780,386	3,780,386
Other capital projects.....	-	-	34,093	34,093
Cemeteries.....	-	-	888,356	888,356
Cemetery perpetual care.....	-	-	4,853,884	4,853,884
Libraries.....	-	-	4,587,250	4,587,250
Education.....	-	-	244,890	244,890
Committed to:				
Articles and continuing appropriations:				
General government.....	624,525	-	-	624,525
Community development.....	3,067	-	-	3,067
Assigned to:				
General government.....	240,932	-	-	240,932
Public safety.....	63,407	-	-	63,407
Education.....	1,196,386	-	-	1,196,386
Public works.....	1,415,781	-	-	1,415,781
Community development.....	50,500	-	-	50,500
Human services.....	58,149	-	-	58,149
Culture and recreation.....	16,847	-	-	16,847
COVID-19.....	37,313	-	-	37,313
Insurance.....	115,677	-	-	115,677
Free cash used for subsequent year budget.....	5,901,388	-	-	5,901,388
Unassigned.....	<u>45,452,236</u>	<u>-</u>	<u>-</u>	<u>45,452,236</u>
Total Fund Balances.....	\$ <u>58,192,510</u>	\$ <u>56,413,924</u>	\$ <u>38,653,113</u>	\$ <u>153,259,547</u>

NOTE 9 – STABILIZATION FUND

At June 30, 2020, the Town has approximately \$3,612,000 in a stabilization fund, which is classified as part of the general fund in the fund-based basic financial statements. The Town may use the stabilization fund for general and/or capital purposes upon Town Meeting approval. The Town also has a special education stabilization fund, included in the general fund, which has a balance of \$2,000.

NOTE 10 – FISCAL STABILITY STABILIZATION FUND

The Town created a Fiscal Stability Fund pursuant to Article 65 of the 2005 Annual Town Meeting in accordance with the provisions of the General Laws, Chapter 40, Section 5B, as amended. The fund was established to hold surplus override tax revenues for future years in which operating deficits are projected. A Special Town Meeting held on June 7, 2011 approved a general tax override of \$6,490,000 for this purpose. As of June 30, 2020, the Fiscal Stability Fund has a balance of approximately \$26,671,000 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, 2020, the amount of the liability for workers’ compensation claims totaled \$172,400. This liability is the Town’s best estimate based on available information. Changes in the reported liability since July 1, 2018, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End	Current Portion
2019.....	\$ 204,000	\$ 536,049	\$ (536,949)	\$ 203,100	\$ 159,800
2020.....	203,100	470,614	(501,314)	172,400	131,800

NOTE 12 – PENSION PLAN*Plan Descriptions*

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

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2019. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$17,042,825 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 \$140,539,265 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, 2019, the ACRS membership consists of the following:

Active members.....	773
Inactive members entitled to a return of contributions.....	347
Retirees and beneficiaries currently receiving benefits.....	<u>607</u>
 Total.....	 <u><u>1,727</u></u>

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the ACRS a legislatively mandated 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, 2019, was \$13,018,206, 30.81% 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 \$12,543,872. The Town's actual contribution totaled \$12,557,604 and was 30.09% 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, 2019, were as follows:

Total pension liability.....	\$ 307,379,345
Total pension plan's fiduciary net position.....	<u>(173,733,342)</u>
Total net pension liability.....	<u><u>\$ 133,646,003</u></u>
 The pension plan's fiduciary net position as a percentage of the total pension liability.....	 56.52%

At June 30, 2020, the Town reported a liability of \$128,768,934 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. 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, 2019, the Town's proportion was 96.35%, which increased by 0.02% from its proportion measured at December 31, 2018.

Pension Expense

For the year ended June 30, 2020, the Town recognized pension expense of \$14,235,056. At June 30, 2020, the Town reported deferred outflows of resources related to pensions of \$5,606,260, and deferred inflows of resources related to pensions of \$7,823,718.

The balances of deferred outflows/(inflows) of resources related to pension at June 30, 2020, 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.....	\$ 554,626	\$ (1,453,334)	\$ (898,708)
Difference between projected and actual earnings, net.....	-	(5,975,570)	(5,975,570)
Changes in assumptions.....	4,939,878	(375,089)	4,564,789
Changes in proportion and proportionate share of contributions...	<u>111,756</u>	<u>(19,725)</u>	<u>92,031</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 5,606,260</u>	<u>\$ (7,823,718)</u>	<u>\$ (2,217,458)</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:

2021.....	\$ 449,652
2022.....	(686,302)
2023.....	749,304
2024.....	<u>(2,730,112)</u>
Total.....	<u>\$ (2,217,458)</u>

Actuarial Assumptions

The total pension liability in the January 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2019:

Valuation date.....	January 1, 2019
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 12.45%.
Remaining amortization period.....	15 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 every year.
Mortality rates.....	RP-2014 table adjusted to 2006 and projected generationally with MP-2016 (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, 2019, 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%	4.29%
International equities.....	13.00%	4.39%
Emerging equities.....	5.00%	6.54%
Hedged equity.....	8.00%	3.61%
Core bonds.....	6.00%	88.00%
Short-term fixed income.....	2.00%	59.00%
Long duration treasury.....	3.00%	0.00%
TIPS.....	4.00%	20.00%
Value added fixed income.....	8.00%	4.20%
Private equity.....	13.00%	8.20%
Real estate.....	10.00%	3.51%
Timberland.....	4.00%	4.10%
Portfolio completion.....	11.00%	3.22%
Total.....	100.00%	

Rate of Return

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.73%. 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, 2020, was 7.00%, the same as June 30, 2019. 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%)
	December 31, 2019 Measurement Date		
The Town's proportionate share of the net pension liability..... \$	160,477,257	\$ 128,768,934	\$ 101,970,568
ACRS total net pension liability..... \$	166,554,387	\$ 133,646,003	\$ 105,832,442

Changes in Assumptions and Plan Provisions

There were no changes in assumptions or changes to plan provisions in the January 1, 2019, 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 2020 the Town's age-adjusted contribution to the plan totaled \$7.3 million. For the year ended June 30, 2020, the Town's average contribution rate was 8.67% 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 2020, the Town pre-funded future OPEB liabilities totaling \$936,982 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, 2020, the balance of this fund totaled \$15,865,946.

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, 2020:

Active members.....	1,389
Inactive members currently receiving benefits.....	<u>770</u>
Total.....	<u><u>2,159</u></u>

Components of OPEB Liability

The following table represents the components of the Plan's OPEB liability as of June 30, 2020:

Total OPEB liability.....	\$ 252,494,363
Less: OPEB plan's fiduciary net position.....	<u>(15,865,946)</u>
Net OPEB liability.....	<u><u>\$ 236,628,417</u></u>
The OPEB plan's fiduciary net position	
as a percentage of the total OPEB liability.....	6.28%

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, 2020:

Valuation date.....	January 1, 2020
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Market value of assets with payables and receivables.
Interest rate/ Discount rate.....	2.57% per year net of investment expenses.
Healthcare cost trend rate.....	8.0% 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, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 2.64%. 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, 2020, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
U.S. equity.....	26.00%	4.70%
Developed market equity.....	23.00%	5.20%
Emerging market equity.....	14.00%	6.30%
Short-term bonds.....	4.00%	0.00%
Investment grade bonds.....	13.00%	0.40%
TIPS.....	11.00%	0.30%
High-yield bonds.....	9.00%	2.50%
Total.....	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 2.57% as of June 30, 2020, and 4.02% as of June 30, 2019. 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 (6.75%), 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 nineteen years. The present value of OPEB benefits was calculated using a rate consistent with the Town’s investment strategy of 6.75% before the depletion point and a rate based on 20-year Municipal General Obligation bonds as shown in the Bond Buyer 20 Bond Index (2.21% as of June 2020) after the depletion point. Finally, a single rate producing an equivalent present value of benefits was calculated. This is the 2.57% 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 2.57%, 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 (1.57%) or 1-percentage-point higher (3.57%) than the current rate.

	1% Decrease (1.57%)	Current Discount Rate (2.57%)	1% Increase (3.57%)
Net OPEB liability.....	\$ 282,786,799	\$ 236,628,417	\$ 200,338,517

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.....	\$ 194,232,709	\$ 236,628,417	\$ 293,142,920

Changes in Assumptions and Plan Provisions

The following changes in assumptions were reflected in the January 1, 2020, actuarial valuation:

- The discount rate decreased from 4.02% as of June 30, 2019, to 2.57% as of June 30, 2020.
- Teachers assumptions were changed based on the 2014 Massachusetts Teachers Retirement System experience study conducted by PERAC.
- The morality projection scale was changed from MP-2016 to MP-2019.
- Liabilities due to the impact of the Cadillac tax were removed.

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, 2019.....	\$ 208,493,866	\$ 14,521,818	\$ 193,972,048
Changes for the year:			
Service cost.....	9,224,359	-	9,224,359
Interest.....	8,624,415	-	8,624,415
Differences between expected and actual experience..	1,341,135	-	1,341,135
Changes in assumptions and other inputs.....	31,171,677	-	31,171,677
Benefit payments.....	(6,361,089)	(6,361,089)	-
Contributions.....	-	7,298,071	(7,298,071)
Net investment income.....	-	407,146	(407,146)
Net change.....	<u>44,000,497</u>	<u>1,344,128</u>	<u>42,656,369</u>
Balances at June 30, 2020.....	<u>\$ 252,494,363</u>	<u>\$ 15,865,946</u>	<u>\$ 236,628,417</u>

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

For the year ended June 30, 2020, the Town recognized OPEB expense of \$22,485,971. At June 30, 2020, 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.....	\$ 1,132,689	\$ (3,882,219)	\$ (2,749,530)
Difference between projected and actual earnings, net.....	-	(64,551)	(64,551)
Changes in assumptions.....	<u>31,021,874</u>	<u>-</u>	<u>31,021,874</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 32,154,563</u>	<u>\$ (3,946,770)</u>	<u>\$ 28,207,793</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>	
2021.....	\$ 5,239,808
2022.....	5,239,808
2023.....	5,290,913
2024.....	5,330,484
2025.....	5,170,281
2026.....	<u>1,936,499</u>
 Total.....	 \$ <u><u>28,207,793</u></u>

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

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

	Pension Trust Fund (as of December 31, 2019)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ASSETS			
Cash and cash equivalents.....	\$ 6,761,991	\$ -	\$ 6,761,991
Investments:			
Investments in Pension Reserve Investment Trust.....	165,458,441	-	165,458,441
Equity mutual funds.....	1,394,864	9,848,706	11,243,570
Fixed income mutual funds.....	-	6,017,240	6,017,240
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	107,721	-	107,721
Interest and dividends.....	<u>10,325</u>	<u>-</u>	<u>10,325</u>
 TOTAL ASSETS.....	 <u>173,733,342</u>	 <u>15,865,946</u>	 <u>189,599,288</u>
 NET POSITION			
Restricted for pensions.....	173,733,342	-	173,733,342
Restricted for other postemployment benefits.....	<u>-</u>	<u>15,865,946</u>	<u>15,865,946</u>
 TOTAL NET POSITION.....	 \$ <u><u>173,733,342</u></u>	 \$ <u><u>15,865,946</u></u>	 \$ <u><u>189,599,288</u></u>

	Pension Trust Fund (as of December 31, 2019)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ADDITIONS:			
Contributions:			
Employer contributions.....	\$ 13,032,279	\$ 936,982	\$ 13,969,261
Employer contributions for other postemployment benefit payments.....	-	6,361,089	6,361,089
Member contributions.....	4,221,269	-	4,221,269
Transfers from other systems.....	756,856	-	756,856
3(8)c contributions from other systems.....	531,589	-	531,589
Workers compensation settlements.....	5,000	-	5,000
State COLA reimbursements.....	223,583	-	223,583
Total contributions.....	18,770,576	7,298,071	26,068,647
Net investment income:			
Investment income (loss).....	24,392,681	407,146	24,799,827
Less: investment expense.....	(857,627)	-	(857,627)
Net investment income (loss).....	23,535,054	407,146	23,942,200
TOTAL ADDITIONS.....	42,305,630	7,705,217	50,010,847
DEDUCTIONS:			
Administration.....	356,000	-	356,000
Transfers to other systems.....	562,765	-	562,765
3(8)c transfer to other systems.....	928,315	-	928,315
Retirement benefits and refunds.....	19,292,431	-	19,292,431
Other postemployment benefit payments.....	-	6,361,089	6,361,089
TOTAL DEDUCTIONS.....	21,139,511	6,361,089	27,500,600
NET INCREASE (DECREASE) IN NET POSITION.....	21,166,119	1,344,128	22,510,247
NET POSITION AT BEGINNING OF YEAR.....	152,567,223	14,521,818	167,089,041
NET POSITION AT END OF YEAR.....	\$ 173,733,342	\$ 15,865,946	\$ 189,599,288

NOTE 15 – COMMITMENTS

On June 11, 2019, voters approved a debt exclusion to rebuild the Arlington High School at an estimated cost of \$290.8 million. The Town has been approved to receive assistance from the Massachusetts School Building Authority (MSBA) for 49.72% of eligible construction costs.

Town Meeting approved two other major building projects. 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. 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 general fund has various commitments for goods and services related to articles and encumbrances totaling \$627,592 and \$3,194,992, 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, 2020, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2020.

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, 2020. On December 26, 2020, the December 30th deadline was extended by one year. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding. In addition to funding from the CARES 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 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 19, 2021, which is the date the financial statements were available to be issued.

NOTE 19 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2020, the following GASB pronouncement was implemented:

- GASB Statement #95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This pronouncement postponed the effective dates of certain provisions in GASB Statements and Implementation Guides that first became effective or are scheduled to be effective for periods beginning after June 15, 2018 or later.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2021.
- 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 #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in 2021.
- 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*, in which certain paragraphs are required to be implemented in 2021 and 2022.

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

Required Supplementary Information

General Fund Budgetary Comparison Schedule

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

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

YEAR ENDED JUNE 30, 2020

	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			
REVENUES:							
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 132,173,547	\$ 132,173,547	\$ 132,173,547	\$ 131,526,328	\$ -	\$ (647,219)
Tax liens.....	-	-	-	-	255,534	-	255,534
Motor vehicle excise taxes.....	-	5,051,000	5,051,000	5,051,000	5,049,196	-	(1,804)
Hotel/motel tax.....	-	325,000	325,000	325,000	453,651	-	128,651
Meals tax.....	-	400,000	400,000	400,000	457,149	-	57,149
Penalties and interest on taxes.....	-	355,000	355,000	355,000	317,289	-	(37,711)
Fees and rentals.....	-	373,000	373,000	373,000	337,320	-	(35,680)
Payments in lieu of taxes.....	-	18,000	18,000	18,000	25,386	-	7,386
Intergovernmental - state aid.....	-	22,898,242	22,898,242	22,898,242	22,915,577	-	17,335
Departmental and other.....	-	3,284,000	3,284,000	3,284,000	3,913,390	-	629,390
Investment income.....	-	65,000	65,000	65,000	898,291	-	833,291
TOTAL REVENUES.....	-	164,942,789	164,942,789	164,942,789	166,149,111	-	1,206,322
EXPENDITURES:							
Current:							
General Government							
Finance Committee.....	898	10,650	11,548	11,548	7,689	1,793	2,066
Select Board.....	3,131	480,760	483,891	493,792	437,894	43,233	12,665
Town Manager.....	2,327	679,489	681,816	679,489	660,694	1,422	17,373
Town Manager Article - Study Vehicular Traffic Volume.....	-	2,000	2,000	2,240	1,197	1,043	-
Town Manager Article - Mugar Property.....	-	25,000	25,000	25,000	-	25,000	-
Town Manager Article - Scenic Byway.....	-	2,000	2,000	2,437	940	1,497	-
Human Resources.....	2,107	346,440	348,547	378,218	361,690	2,838	13,690
Human Resources Article - Positions Reclassification.....	-	11,360	11,360	-	-	-	-
Human Resources Article - Indemnification.....	-	10,821	10,821	10,821	10,821	-	-
Information Technology.....	112,173	910,503	1,022,676	1,015,531	945,856	23,665	46,010
Comptroller.....	138,103	340,598	478,701	477,765	344,571	128,790	4,404
Treasurer / Collector.....	3,286	729,963	733,249	730,836	564,240	6,242	160,354
Postage.....	40,000	187,691	227,691	227,691	177,440	8,906	41,345
Board of Assessors.....	2,015	331,971	333,986	332,331	321,797	1,474	9,060
Article - Revaluation Funds.....	103,966	-	103,966	103,966	58,500	45,466	-
Legal.....	35,035	497,804	532,839	639,777	618,726	20,880	171
Legal Article - Legal Defense Fund.....	19,000	-	19,000	19,000	-	19,000	-
Legal Article - Workers Compensation Reserve.....	117,039	-	117,039	154,491	118,707	35,198	586
Town Clerk.....	14,023	277,135	291,158	387,509	380,270	224	7,015
Board of Registrars.....	468	72,108	72,576	72,108	68,766	-	3,342
Parking.....	5,000	95,333	100,333	100,333	39,821	-	60,512
Zoning Board of Appeals.....	-	34,491	34,491	34,491	11,693	1,465	21,333
Article - Collective Bargaining.....	283,408	337,624	621,032	498,677	-	497,321	1,356
Total General Government.....	881,979	5,383,741	6,265,720	6,398,051	5,131,312	865,457	401,282
Public Safety							
Police Services.....	15,885	8,305,143	8,321,028	8,438,397	8,231,395	50,715	156,287
Fire Services.....	18,363	7,866,146	7,884,509	7,873,131	7,675,762	12,580	184,789
Inspections.....	-	520,242	520,242	520,242	514,210	112	5,920
Total Public Safety.....	34,248	16,691,531	16,725,779	16,831,770	16,421,367	63,407	346,996
Education							
Public Schools.....	5,276,093	71,009,076	76,285,169	76,113,578	74,188,120	1,196,386	729,072
Minuteman Regional.....	-	5,384,690	5,384,690	5,412,151	5,412,151	-	-
Total Education.....	5,276,093	76,393,766	81,669,859	81,525,729	79,600,271	1,196,386	729,072
Public Works							
Public Works.....	897,794	10,399,447	11,297,241	11,173,198	9,181,419	1,353,289	638,490
Facilities.....	45,073	752,512	797,585	774,148	676,180	61,679	36,289
Recycling Committee.....	2,450	3,000	5,450	4,618	3,805	813	-
Total Public Works.....	945,317	11,154,959	12,100,276	11,951,964	9,861,404	1,415,781	674,779
Community Development							
Planning & Community Development.....	85,428	705,668	791,096	796,581	743,344	50,500	2,737
Planning & Community Development Article - Vision 2020.....	800	3,000	3,800	3,800	733	3,067	-
Redevelopment Board.....	1,514	10,800	12,314	10,850	5,466	-	5,384
Total Community Development.....	87,742	719,468	807,210	811,231	749,543	53,567	8,121
Human Services							
Human Services Administration.....	3,264	687,770	691,034	690,934	629,186	5,703	56,045
Veterans' Services.....	10,035	380,218	390,253	380,676	319,306	32,511	28,859
Council on Aging.....	574	324,610	325,184	325,143	310,993	-	14,150
Commission on Disability.....	46	25,000	25,046	25,000	17,786	7,214	-
Human Rights Commission.....	-	7,500	7,500	7,500	6,983	517	-
Senior Citizen Community Service Program.....	-	7,500	7,500	7,500	3,000	4,500	-
Veteran's, Memorial, and Patriot's Day Celebrations.....	-	5,667	5,667	5,667	3,533	2,134	-
Town Day Celebrations.....	-	5,000	5,000	5,000	-	5,000	-
Flags on Graves of Veterans.....	-	4,500	4,500	4,500	3,930	570	-
Total Human Services.....	13,919	1,447,765	1,461,684	1,451,920	1,294,717	58,149	99,054

(Continued)

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

YEAR ENDED JUNE 30, 2020

	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.....	10,261	2,497,918	2,508,179	2,503,215	2,405,348	7,841	90,026
Arlington Historical Commission.....	109	2,660	2,769	2,769	1,370	1,399	-
Historic District Commissions.....	1,475	5,100	6,575	6,575	3,246	3,329	-
Arlington Tourism and Economic Development Committee..	-	4,275	4,275	4,275	-	4,275	-
Arlington Commission on Arts and Culture.....	110	35,000	35,110	35,000	34,997	3	-
Total Culture and Recreation.....	11,955	2,544,953	2,556,908	2,551,834	2,444,961	16,847	90,026
COVID-19.....	-	-	-	-	280,343	37,313	(317,656)
Pension Benefits							
Contributory Pension.....	-	12,543,872	12,543,872	12,543,872	12,543,872	-	-
Non-Contributory Pension.....	-	18,468	18,468	18,468	16,602	-	1,866
Total Pension Benefits.....	-	12,562,340	12,562,340	12,562,340	12,560,474	-	1,866
Insurance.....	14,342	16,706,067	16,720,409	16,707,751	16,344,500	115,677	247,574
Reserve Fund.....	-	1,604,584	1,604,584	1,302,465	-	-	1,302,465
State and County Charges.....	-	3,410,733	3,410,733	3,410,733	3,378,962	-	31,771
Debt Service: Principal.....	-	7,563,068	7,563,068	7,572,800	7,572,800	-	-
Debt Service: Interest.....	-	3,097,157	3,097,157	3,100,959	3,100,959	-	-
TOTAL EXPENDITURES.....	7,265,595	159,280,132	166,545,727	166,179,547	158,741,613	3,822,584	3,615,350
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(7,265,595)	5,662,657	(1,602,938)	(1,236,758)	7,407,498	(3,822,584)	4,821,672
OTHER FINANCING SOURCES (USES):							
Transfers in.....	-	2,756,244	2,756,244	2,797,575	2,804,748	-	7,173
Transfers out.....	-	(16,339,394)	(16,339,394)	(16,742,447)	(16,742,447)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	(13,583,150)	(13,583,150)	(13,944,872)	(13,937,699)	-	7,173
NET CHANGE IN FUND BALANCE.....	(7,265,595)	(7,920,493)	(15,186,088)	(15,181,630)	(6,530,201)	(3,822,584)	4,828,845
BUDGETARY FUND BALANCE, Beginning of year.....	-	30,311,912	30,311,912	30,311,912	30,311,912	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ (7,265,595)	\$ 22,391,419	\$ 15,125,824	\$ 15,130,282	\$ 23,781,711	\$ (3,822,584)	\$ 4,828,845

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	December 31, 2018	December 31, 2019
Total pension liability:						
Service cost.....	\$ 4,744,410	\$ 4,956,084	\$ 5,193,088	\$ 5,534,373	\$ 5,773,049	\$ 6,046,181
Interest.....	18,685,017	19,166,240	18,902,482	19,909,615	20,432,747	20,864,935
Changes in benefit terms.....	-	-	-	-	658,813	-
Differences between expected and actual experience.....	-	(1,851,544)	1,290,391	810,484	203,912	(1,927,372)
Changes in assumptions.....	-	-	5,894,235	(1,167,885)	7,648,397	-
Benefit payments.....	(17,126,706)	(17,015,692)	(17,446,008)	(18,002,395)	(18,227,014)	(19,266,483)
Net change in total pension liability.....	6,302,721	5,255,088	13,834,188	7,084,192	16,489,904	5,717,261
Total pension liability - beginning.....	<u>252,695,991</u>	<u>258,998,712</u>	<u>264,253,800</u>	<u>278,087,988</u>	<u>285,172,180</u>	<u>301,662,084</u>
Total pension liability - ending (a).....	<u>\$ 258,998,712</u>	<u>\$ 264,253,800</u>	<u>\$ 278,087,988</u>	<u>\$ 285,172,180</u>	<u>\$ 301,662,084</u>	<u>\$ 307,379,345</u>
Plan fiduciary net position:						
Employer contributions.....	\$ 9,993,280	\$ 10,546,215	\$ 11,122,754	\$ 11,718,809	\$ 12,352,716	\$ 13,032,279
Member contributions.....	3,321,267	3,458,362	3,517,426	3,830,531	3,881,977	4,221,269
Net investment income (loss).....	9,565,706	1,459,650	8,995,186	21,725,359	(3,168,651)	23,535,054
Administrative expenses.....	(277,509)	(290,212)	(333,705)	(324,776)	(346,990)	(356,000)
Retirement benefits and refunds.....	(17,126,706)	(17,015,692)	(17,446,008)	(18,002,395)	(18,227,014)	(19,266,483)
Net increase (decrease) in fiduciary net position.....	5,476,038	(1,841,677)	5,855,653	18,947,528	(5,507,962)	21,166,119
Fiduciary net position - beginning of year.....	<u>129,637,643</u>	<u>135,113,681</u>	<u>133,272,004</u>	<u>139,127,657</u>	<u>158,075,185</u>	<u>152,567,223</u>
Fiduciary net position - end of year (b).....	<u>\$ 135,113,681</u>	<u>\$ 133,272,004</u>	<u>\$ 139,127,657</u>	<u>\$ 158,075,185</u>	<u>\$ 152,567,223</u>	<u>\$ 173,733,342</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>	<u>\$ 149,094,861</u>	<u>\$ 133,646,003</u>
Plan fiduciary net position as a percentage of the total pension liability.....	52.17%	50.43%	50.03%	55.43%	50.58%	56.52%
Covered payroll.....	\$ 32,938,880	\$ 35,280,374	\$ 36,525,658	\$ 39,067,336	\$ 40,230,025	\$ 42,251,484
Net pension liability as a percentage of covered payroll.....	376.11%	371.26%	380.45%	325.33%	370.61%	316.31%

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

See notes to required supplementary information.

SCHEDULE OF CONTRIBUTIONS
ARLINGTON CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 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, 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, 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, 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
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
Total OPEB Liability				
Service Cost.....	\$ 8,975,024	\$ 8,639,166	\$ 8,455,605	\$ 9,224,359
Interest.....	9,135,413	10,228,498	8,618,226	8,624,415
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
Benefit payments.....	(6,796,528)	(6,370,083)	(6,405,234)	(6,361,089)
Net change in total OPEB liability.....	11,313,909	(37,510,139)	11,914,859	44,000,497
Total OPEB liability - beginning.....	222,775,237	234,089,146	196,579,007	208,493,866
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>
Plan fiduciary net position				
Employer contributions.....	\$ 868,000	\$ 899,678	\$ 936,982	\$ 936,982
Employer contributions for OPEB payments.....	6,796,528	6,370,083	6,405,234	6,361,089
Net investment income.....	1,149,114	753,028	730,824	407,146
Benefit payments.....	(6,796,528)	(6,370,083)	(6,405,234)	(6,361,089)
Net change in plan fiduciary net position.....	2,017,114	1,652,706	1,667,806	1,344,128
Plan fiduciary net position - beginning of year.....	9,184,192	11,201,306	12,854,012	14,521,818
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>
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>
Plan fiduciary net position as a percentage of the total OPEB liability.....	4.79%	6.54%	6.97%	6.28%
Covered-employee payroll.....	\$ 68,333,400	\$ 69,727,934	\$ 72,168,412	\$ 84,216,383
Net OPEB liability as a percentage of covered-employee payroll.....	326.18%	263.49%	268.78%	280.98%

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, 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, 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 (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote at a Special Town Meeting.

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. The 2020 original budget includes approximately \$175.6 million in current year authorized appropriations and other amounts to be raised and \$7.3 million in encumbrances and appropriations were carried over from previous years. During 2020, 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, 2020, is presented on the following page.

Net change in fund balance - budgetary basis.....	\$ (6,530,201)
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	5,939,945
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	(29,300)
Net change in recording 60 day receipts.....	450,554
Net change in recording accrued expenditures.....	5,763,618
Net change in recording accrued payroll.....	(654,018)
Recognition of revenue for on-behalf payments.....	17,042,825
Recognition of expenditures for on-behalf payments.....	<u>(17,042,825)</u>
Net change in fund balance - GAAP basis.....	\$ <u>4,940,598</u>

B. Appropriation Deficit

Expenditures exceeded appropriations for COVID-19 expenditures. The Town received authorization from the Commonwealth to overspend this line item due to costs associated with the COVID-19 pandemic.

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

None.

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.....	Market value of assets with payables and receivables.
Interest rate/ Discount rate.....	2.57% per year net of investment expenses.
Healthcare cost trend rate.....	8.0% 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 decreased from 4.02% as of June 30, 2019, to 2.57% as of June 30, 2020.
- Teachers assumptions were changed based on the 2014 Massachusetts Teachers Retirement System experience study conducted by PERAC.
- The morality projection scale was changed from MP-2016 to MP-2019.
- Liabilities due to the impact of the Cadillac tax were removed.

E. Changes in Provisions

None.

Other Supplementary Information

Combining Statements and Individual Fund Statements

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital Project Funds

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

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2020

	<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.....	\$ 1,254,702	\$ 1,950,459	\$ 24,300	\$ 704,091	\$ 4,079,762	\$ 4,097,129	\$ 92,368
Investments.....	-	-	-	-	-	-	-
Receivables, net of uncollectibles:							
Tax liens.....	-	-	-	-	-	-	-
Community preservation fund surtax.....	-	-	-	-	-	-	-
Intergovernmental.....	-	238,486	1,449,020	-	-	502,780	-
Community preservation state share.....	-	-	-	-	-	-	-
Loans.....	-	-	363,912	-	-	-	-
TOTAL ASSETS.....	\$ 1,254,702	\$ 2,188,945	\$ 1,837,232	\$ 704,091	\$ 4,079,762	\$ 4,599,909	\$ 92,368
LIABILITIES							
Warrants payable.....	\$ 13,328	\$ 14,676	\$ 26,222	\$ 16,107	\$ 23,316	\$ 185,243	\$ 2,901
Accrued payroll.....	13,462	1,316	389	316	22,966	154,842	-
Unearned revenue.....	-	886,870	-	-	-	-	-
TOTAL LIABILITIES.....	26,790	902,862	26,611	16,423	46,282	340,085	2,901
DEFERRED INFLOWS OF RESOURCES							
Taxes paid in advance.....	-	-	-	-	-	-	-
Unavailable revenue.....	-	-	1,810,621	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES...	-	-	1,810,621	-	-	-	-
FUND BALANCES							
Nonspendable.....	-	-	-	-	-	-	-
Restricted.....	1,227,912	1,286,083	-	687,668	4,033,480	4,259,824	89,467
TOTAL FUND BALANCES.....	1,227,912	1,286,083	-	687,668	4,033,480	4,259,824	89,467
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 1,254,702	\$ 2,188,945	\$ 1,837,232	\$ 704,091	\$ 4,079,762	\$ 4,599,909	\$ 92,368

(Continued)

Special Revenue Funds							Capital Project Funds		
Receipts Reserved for Appropriation	Special Revenue Trust Funds	Other Special Revenue	Community Preservation Fund	Symmes Property	Highway Fund	Subtotal	Capital Tax Levy Projects	Other Capital Projects	Subtotal
\$ 740,722	\$ 443,990	\$ 2,079,387	\$ 3,524,887	\$ 250,089	\$ 218,458	\$ 19,460,344	\$ 3,795,504	\$ 34,093	\$ 3,829,597
-	327,112	-	-	-	-	327,112	-	-	-
-	-	-	3,009	-	-	3,009	-	-	-
-	-	-	18,039	-	-	18,039	-	-	-
-	-	-	-	-	449,662	2,639,948	-	-	-
-	-	-	374,380	-	-	374,380	-	-	-
-	-	-	-	-	-	363,912	-	-	-
<u>\$ 740,722</u>	<u>\$ 771,102</u>	<u>\$ 2,079,387</u>	<u>\$ 3,920,315</u>	<u>\$ 250,089</u>	<u>\$ 668,120</u>	<u>\$ 23,186,744</u>	<u>\$ 3,795,504</u>	<u>\$ 34,093</u>	<u>\$ 3,829,597</u>
\$ -	\$ 2,532	\$ 28,666	\$ 107,782	\$ 10	\$ -	\$ 420,783	\$ 15,118	\$ -	\$ 15,118
-	-	210	278	997	-	194,776	-	-	-
-	-	-	-	-	-	886,870	-	-	-
-	2,532	28,876	108,060	1,007	-	1,502,429	15,118	-	15,118
-	-	-	6,352	-	-	6,352	-	-	-
-	-	-	21,048	-	449,662	2,281,331	-	-	-
-	-	-	27,400	-	449,662	2,287,683	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>740,722</u>	<u>768,570</u>	<u>2,050,511</u>	<u>3,784,855</u>	<u>249,082</u>	<u>218,458</u>	<u>19,396,632</u>	<u>3,780,386</u>	<u>34,093</u>	<u>3,814,479</u>
<u>740,722</u>	<u>768,570</u>	<u>2,050,511</u>	<u>3,784,855</u>	<u>249,082</u>	<u>218,458</u>	<u>19,396,632</u>	<u>3,780,386</u>	<u>34,093</u>	<u>3,814,479</u>
<u>\$ 740,722</u>	<u>\$ 771,102</u>	<u>\$ 2,079,387</u>	<u>\$ 3,920,315</u>	<u>\$ 250,089</u>	<u>\$ 668,120</u>	<u>\$ 23,186,744</u>	<u>\$ 3,795,504</u>	<u>\$ 34,093</u>	<u>\$ 3,829,597</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2020

	<i>Permanent Funds</i>					Total Nonmajor Governmental Funds
	Cemeteries	Cemetery Perpetual Care	Libraries	Education	Subtotal	
ASSETS						
Cash and cash equivalents.....	\$ -	\$ 301,744	\$ 424,447	\$ -	\$ 726,191	\$ 24,016,132
Investments.....	1,002,856	6,827,228	6,596,753	300,948	14,727,785	15,054,897
Receivables, net of uncollectibles:						
Tax liens.....	-	-	-	-	-	3,009
Community preservation fund surtax.....	-	-	-	-	-	18,039
Intergovernmental - other.....	-	-	-	-	-	2,639,948
Community preservation state share.....	-	-	-	-	-	374,380
Loans.....	-	-	-	-	-	363,912
TOTAL ASSETS.....	\$ 1,002,856	\$ 7,128,972	\$ 7,021,200	\$ 300,948	\$ 15,453,976	\$ 42,470,317
LIABILITIES						
Warrants payable.....	\$ -	\$ -	\$ 11,974	\$ -	\$ 11,974	\$ 447,875
Accrued payroll.....	-	-	-	-	-	194,776
Fees collected in advance.....	-	-	-	-	-	886,870
TOTAL LIABILITIES.....	-	-	11,974	-	11,974	1,529,521
DEFERRED INFLOWS OF RESOURCES						
Taxes paid in advance.....	-	-	-	-	-	6,352
Unavailable revenue.....	-	-	-	-	-	2,281,331
TOTAL DEFERRED INFLOWS OF RESOURCES..	-	-	-	-	-	2,287,683
FUND BALANCES						
Nonspendable.....	114,500	2,275,088	2,421,976	56,058	4,867,622	4,867,622
Restricted.....	888,356	4,853,884	4,587,250	244,890	10,574,380	33,785,491
TOTAL FUND BALANCES.....	1,002,856	7,128,972	7,009,226	300,948	15,442,002	38,653,113
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 1,002,856	\$ 7,128,972	\$ 7,021,200	\$ 300,948	\$ 15,453,976	\$ 42,470,317

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

YEAR ENDED JUNE 30, 2020

	<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.....	890,661	-	-	-	-	-	-
Fees and rentals.....	70,009	-	-	-	-	-	62,850
Intergovernmental - other.....	33,225	1,430,980	898,765	346,795	-	5,604,356	-
Intergovernmental - COVID-19 relief.....	-	238,635	-	-	-	-	-
Departmental and other.....	2,217,049	114,557	-	833,591	2,527,488	2,687,193	3,019
Community preservation taxes.....	-	-	-	-	-	-	-
Community preservation state match.....	-	-	-	-	-	-	-
Contributions and donations.....	30,883	14,862	-	-	6,051	-	25,700
Investment income.....	801	569	513	-	-	-	159
TOTAL REVENUES.....	3,242,628	1,799,603	899,278	1,180,386	2,533,539	8,291,549	91,728
EXPENDITURES:							
Current:							
General government.....	894,349	6,600	-	-	-	-	-
Public safety.....	1,804,580	210,569	-	-	-	-	-
Education.....	-	-	-	1,287,411	2,219,253	8,068,517	-
Public works.....	55,680	195,772	-	-	-	-	-
Community development.....	-	544,363	899,278	-	-	-	-
Human services.....	208,814	342,196	-	-	-	-	-
Culture and recreation.....	110,293	44,993	-	-	-	-	-
Library.....	-	69,942	-	-	-	-	63,220
Community preservation.....	-	-	-	-	-	-	-
COVID-19.....	-	238,573	-	-	-	-	-
Employee benefits.....	-	-	-	-	-	-	-
Debt service:							
Principal.....	-	-	-	-	-	-	-
Interest.....	-	-	-	-	-	-	-
TOTAL EXPENDITURES.....	3,073,716	1,653,008	899,278	1,287,411	2,219,253	8,068,517	63,220
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	168,912	146,595	-	(107,025)	314,286	223,032	28,508
OTHER FINANCING SOURCES (USES):							
Premium from issuance of bonds.....	-	-	-	-	-	-	-
Transfers in.....	-	104,930	-	-	116,563	-	-
Transfers out.....	(296,650)	(16,460)	-	-	(116,563)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	(296,650)	88,470	-	-	-	-	-
NET CHANGE IN FUND BALANCES.....	(127,738)	235,065	-	(107,025)	314,286	223,032	28,508
FUND BALANCES AT BEGINNING OF YEAR.....	1,355,650	1,051,018	-	794,693	3,719,194	4,036,792	60,959
FUND BALANCES AT END OF YEAR.....	\$ 1,227,912	\$ 1,286,083	\$ -	\$ 687,668	\$ 4,033,480	\$ 4,259,824	\$ 89,467

(Continued)

Special Revenue Funds						Capital Project Funds			
Receipts Reserved for Appropriation	Special Revenue Trust Funds	Other Special Revenue	Community Preservation Fund	Symmes Property	Highway Fund	Subtotal	Capital Tax Levy Projects	Other Capital Projects	Subtotal
\$ -	\$ -	\$ -	\$ 1,824	\$ -	\$ -	\$ 1,824	\$ -	\$ -	\$ -
-	-	-	-	-	-	890,661	-	-	-
-	-	90,599	-	-	-	223,458	-	-	-
-	-	40,202	-	131,544	918,458	9,404,325	-	-	-
-	-	-	-	-	-	238,635	-	-	-
71,550	-	1,060,042	-	673,225	-	10,187,714	-	-	-
-	-	-	1,894,735	-	-	1,894,735	-	-	-
-	-	-	374,380	-	-	374,380	-	-	-
-	-	85,228	-	-	-	162,724	-	-	-
-	30,476	15,834	-	24	-	48,376	-	-	-
71,550	30,476	1,291,905	2,270,939	804,793	918,458	23,426,832	-	-	-
-	-	471,825	-	-	-	1,372,774	440,828	-	440,828
-	-	29,645	-	-	-	2,044,794	150,655	-	150,655
-	3,500	-	-	-	-	11,578,681	326,022	-	326,022
-	-	83,228	-	-	700,000	1,034,680	1,016,728	3,870	1,020,598
-	-	354,769	-	-	-	1,798,410	29,699	-	29,699
-	1,358	20,135	-	204,930	-	777,433	21,491	-	21,491
-	2,757	35,704	-	-	-	193,747	32,545	-	32,545
-	8,216	1,187	-	-	-	142,565	54,544	-	54,544
-	-	-	1,966,914	-	-	1,966,914	-	-	-
-	-	-	62	-	-	238,635	-	-	-
-	-	110,883	-	-	-	110,883	-	-	-
-	-	-	-	615,000	-	615,000	-	-	-
-	-	-	-	58,225	-	58,225	-	-	-
-	15,831	1,107,376	1,966,976	878,155	700,000	21,932,741	2,072,512	3,870	2,076,382
71,550	14,645	184,529	303,963	(73,362)	218,458	1,494,091	(2,072,512)	(3,870)	(2,076,382)
-	-	3,141,245	-	-	-	3,141,245	-	-	-
34,279	-	1,460	15,000	-	-	272,232	3,917,995	10,000	3,927,995
-	(41,828)	(3,643,439)	-	-	-	(4,114,940)	(322,921)	(8,152)	(331,073)
34,279	(41,828)	(500,734)	15,000	-	-	(701,463)	3,595,074	1,848	3,596,922
105,829	(27,183)	(316,205)	318,963	(73,362)	218,458	792,628	1,522,562	(2,022)	1,520,540
634,893	795,753	2,366,716	3,465,892	322,444	-	18,604,004	2,257,824	36,115	2,293,939
\$ 740,722	\$ 768,570	\$ 2,050,511	\$ 3,784,855	\$ 249,082	\$ 218,458	\$ 19,396,632	\$ 3,780,386	\$ 34,093	\$ 3,814,479

(Continued)

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

YEAR ENDED JUNE 30, 2020

	<u>Permanent Funds</u>					Total Nonmajor Governmental Funds
	<u>Cemeteries</u>	<u>Cemetery Perpetual Care</u>	<u>Libraries</u>	<u>Education</u>	<u>Subtotal</u>	
REVENUES:						
Tax liens.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,824
Charges for services.....	-	-	-	-	-	890,661
Fees and rentals.....	-	-	-	-	-	223,458
Intergovernmental - other.....	-	-	-	-	-	9,404,325
Intergovernmental - COVID-19 relief.....	-	-	-	-	-	238,635
Departmental and other.....	-	-	-	-	-	10,187,714
Community preservation taxes.....	-	-	-	-	-	1,894,735
Community preservation state match.....	-	-	-	-	-	374,380
Contributions and donations.....	-	13,500	636,116	-	649,616	812,340
Investment income.....	40,198	284,360	260,843	11,085	596,486	644,862
TOTAL REVENUES.....	40,198	297,860	896,959	11,085	1,246,102	24,672,934
EXPENDITURES:						
Current:						
General government.....	-	-	-	-	-	1,813,602
Public safety.....	-	-	-	-	-	2,195,449
Education.....	-	-	-	429	429	11,905,132
Public works.....	4,689	33,539	-	-	38,228	2,093,506
Community development.....	-	-	-	-	-	1,828,109
Human services.....	-	-	-	-	-	798,924
Culture and recreation.....	-	-	-	-	-	226,292
Library.....	-	-	152,324	-	152,324	349,433
Community preservation.....	-	-	-	-	-	1,966,914
COVID-19.....	-	-	-	-	-	238,635
Employee benefits.....	-	-	-	-	-	110,883
Debt service:						
Principal.....	-	-	-	-	-	615,000
Interest.....	-	-	-	-	-	58,225
TOTAL EXPENDITURES.....	4,689	33,539	152,324	429	190,981	24,200,104
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	35,509	264,321	744,635	10,656	1,055,121	472,830
OTHER FINANCING SOURCES (USES):						
Premium from issuance of bonds.....	-	-	-	-	-	3,141,245
Transfers in.....	-	500	-	-	500	4,200,727
Transfers out.....	-	(210,000)	497	-	(209,503)	(4,655,516)
TOTAL OTHER FINANCING SOURCES (USES).....	-	(209,500)	497	-	(209,003)	2,686,456
NET CHANGE IN FUND BALANCES.....	35,509	54,821	745,132	10,656	846,118	3,159,286
FUND BALANCES AT BEGINNING OF YEAR.....	967,347	7,074,151	6,264,094	290,292	14,595,884	35,493,827
FUND BALANCES AT END OF YEAR.....	\$ 1,002,856	\$ 7,128,972	\$ 7,009,226	\$ 300,948	\$ 15,442,002	\$ 38,653,113

(Concluded)

Private Purpose Trust Funds

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, 2020

	Scholarship Funds	Elderly and Disabled Trust	Human Services Related Trusts	Total Private Purpose Trust Funds
ASSETS				
Cash and cash equivalents.....	\$ 288,716	\$ 4,849	\$ 26,840	\$ 320,405
Investments:				
U.S. treasury notes.....	622,235	-	146,987	769,222
Corporate bonds.....	951,760	-	224,829	1,176,589
Equity securities.....	3,368,619	-	795,753	4,164,372
Municipal bonds.....	444,488	-	104,999	549,487
Real estate investment trust.....	90,712	-	21,428	112,140
TOTAL ASSETS.....	5,766,530	4,849	1,320,836	7,092,215
LIABILITIES				
Warrants payable.....	-	-	120	120
NET POSITION				
Held in trust for other purposes.....	\$ <u>5,766,530</u>	\$ <u>4,849</u>	\$ <u>1,320,716</u>	\$ <u>7,092,095</u>

PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2020

	Scholarship Funds	Elderly and Disabled Trust	Human Services Related Trusts	Total Private Purpose Trust Funds
ADDITIONS:				
Contributions:				
Private donations.....	\$ 137,473	\$ 7,601	\$ -	\$ 145,074
Net investment income:				
Investment income.....	227,437	143	36,149	263,729
TOTAL ADDITIONS.....	364,910	7,744	36,149	408,803
DEDUCTIONS:				
Human services.....	-	11,350	16,356	27,706
Educational scholarships.....	238,311	-	-	238,311
TOTAL DEDUCTIONS.....	238,311	11,350	16,356	266,017
NET INCREASE (DECREASE) IN NET POSITION.....	126,599	(3,606)	19,793	142,786
NET POSITION AT BEGINNING OF YEAR.....	5,639,931	8,455	1,300,923	6,949,309
NET POSITION AT END OF YEAR.....	\$ 5,766,530	\$ 4,849	\$ 1,320,716	\$ 7,092,095

Agency Fund

Fund Description

The Agency Fund is used to account for the collection and payment of charges for firearms license fees, performance bonds, and fees collected on behalf of other governments.

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2020

	June 30, 2019	Additions	Deletions	June 30, 2020
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 30,982	\$ 915,634	\$ (918,186)	\$ 28,430
LIABILITIES				
Warrants payable.....	\$ -	\$ 230,816	\$ (222,957)	\$ 7,859
Liabilities due depositors.....	30,982	684,818	(695,229)	20,571
TOTAL LIABILITIES.....	\$ 30,982	\$ 915,634	\$ (918,186)	\$ 28,430

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Statistical Section



McClellan Park

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

	2011	2012	2013	2014 (1)	2015	2016	2017 (2)	2018	2019	2020
Governmental activities										
Net investment in capital assets.....	\$ 88,836,285	\$ 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
Restricted.....	11,742,585	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
Unrestricted.....	4,035,012	9,036,338	6,869,530	(111,690,572)	(117,522,507)	(119,932,142)	(227,419,971)	(236,703,046)	(248,947,335)	(258,867,888)
Total governmental activities net position.....	\$ 104,613,882	\$ 114,347,751	\$ 119,200,059	\$ 9,431,741	\$ 4,998,325	\$ 2,972,317	\$ (103,515,490)	\$ (108,525,340)	\$ (115,412,346)	\$ (118,657,870)
Business-type activities										
Net investment in capital assets.....	\$ 13,065,709	\$ 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
Unrestricted.....	9,320,188	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
Total business-type activities net position.....	\$ 22,385,897	\$ 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
Primary government										
Net investment in capital assets.....	\$ 101,901,994	\$ 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
Restricted.....	11,742,585	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
Unrestricted.....	13,355,200	17,236,605	15,835,862	(108,564,768)	(111,984,739)	(112,188,658)	(220,769,848)	(230,231,171)	(242,728,983)	(251,736,096)
Total primary government net position.....	\$ 126,999,779	\$ 137,091,684	\$ 142,993,391	\$ 28,761,946	\$ 27,739,533	\$ 28,567,930	\$ (76,128,421)	\$ (81,176,096)	\$ (87,102,911)	\$ (88,292,929)

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

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

Changes in Net Position

Last Ten Years

	2011	2012	2013	2014	2015	2016 (1)	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government.....	\$ 9,947,609	\$ 10,355,512	\$ 10,813,564	\$ 11,362,970	\$ 11,994,175	\$ 11,984,655	\$ 12,894,571	\$ 13,826,811	\$ 13,949,950	\$ 13,917,121
Public safety.....	23,871,641	23,275,317	25,861,607	25,960,607	26,530,179	27,170,555	29,438,861	28,821,034	30,302,482	29,988,771
Education.....	77,192,270	80,540,822	90,812,950	95,698,115	92,752,859	100,991,589	107,943,200	112,983,324	121,355,303	135,159,188
Public works.....	12,048,448	11,598,855	12,993,064	13,073,357	13,783,618	12,652,291	14,089,422	17,127,685	16,327,039	15,126,859
Community development.....	5,576,161	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
Human services.....	1,739,411	1,792,014	2,023,675	1,880,010	2,112,859	2,254,316	2,285,633	2,599,295	2,805,007	2,807,079
Culture and recreation.....	481,634	652,529	795,686	926,550	1,085,309	1,286,389	1,203,788	1,505,571	565,478	352,672
Library.....	3,262,313	3,352,988	3,375,967	3,605,979	3,655,453	3,905,708	3,984,518	4,036,606	4,294,607	4,378,409
Community preservation.....	-	-	-	-	-	-	403,542	507,421	678,550	595,562
COVID-19.....	-	-	-	-	-	-	-	-	-	518,978
Claims and judgments.....	-	-	-	-	-	-	70,000	-	-	-
Interest.....	1,749,050	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
Total government activities expenses.....	135,868,537	137,958,808	154,162,618	157,398,083	156,694,142	165,203,598	176,967,193	187,868,858	196,980,591	209,391,668
Business-type activities:										
Water/Sewer.....	15,957,414	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
Youth Services.....	420,751	387,042	465,735	582,744	590,265	585,950	587,722	627,650	667,794	739,064
Council on Aging.....	80,716	100,544	121,014	120,856	109,930	114,109	81,089	88,375	83,109	93,351
Ed Burns Arena.....	538,807	603,557	601,659	646,235	610,885	632,989	605,009	594,477	597,908	511,962
Recreation.....	575,960	587,327	627,364	671,791	665,280	664,753	758,047	746,935	1,668,972	1,749,175
Total business-type activities expenses.....	17,573,648	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
Total primary government expenses.....	\$ 153,442,185	\$ 156,067,915	\$ 173,566,246	\$ 177,430,101	\$ 176,976,122	\$ 185,265,060	\$ 197,749,267	\$ 210,099,410	\$ 220,111,851	\$ 233,473,699
Program Revenues										
Governmental activities:										
General government charges for services.....	\$ 2,112,160	\$ 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
Public safety charges for services.....	3,514,618	4,359,394	4,374,659	4,234,027	4,355,275	4,795,099	4,321,115	5,384,293	4,687,433	4,613,530
Education charges for services.....	3,683,999	3,380,703	2,164,240	2,611,699	2,957,503	3,410,682	3,423,190	4,383,173	4,916,225	4,270,762
Other charges for services.....	1,722,409	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
Education operating grants and contributions.....	25,590,462	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
Other operating grants and contributions.....	5,823,061	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
Education capital grants and contributions.....	-	2,573,103	6,013,420	1,058,974	84,847	-	104,259	104,259	568,133	3,562,104
Other capital grant and contributions.....	818,797	279,891	787,547	1,574,503	251,334	930,611	480,762	1,752,958	1,232,553	1,245,997
Total government activities program revenues.....	43,265,506	47,412,532	50,927,912	49,077,048	39,205,057	46,058,242	48,133,751	53,099,502	54,490,329	61,138,469
Business-type activities:										
Charges for services - Water/Sewer.....	13,342,361	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
Charges for services - Youth Services.....	68,539	195,357	224,617	273,070	296,069	270,051	329,933	303,199	304,336	392,693
Charges for services - Council on Aging.....	43,927	31,312	15,449	37,909	18,441	17,551	14,333	11,906	16,528	11,028
Charges for services - Ed Burns Arena.....	539,889	553,362	557,404	596,111	593,985	603,721	629,928	618,284	552,927	514,132
Charges for services - Recreation.....	544,353	531,798	538,383	566,459	659,888	770,213	741,733	877,983	1,713,646	1,264,599
Operating grants and contributions.....	129,185	107,968	91,703	147,512	199,514	227,591	206,521	430,684	279,232	290,764
Capital grants and contributions.....	-	-	-	-	600,000	750,000	600,000	-	600,000	600,000
Total business-type activities program revenues.....	14,668,254	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
Total primary government program revenues.....	\$ 57,933,760	\$ 59,551,035	\$ 65,482,257	\$ 65,131,253	\$ 57,007,544	\$ 63,030,000	\$ 65,577,203	\$ 69,633,945	\$ 72,614,663	\$ 81,007,567
Net (Expense)/Revenue										
Governmental activities.....	\$ (92,603,031)	\$ (90,546,276)	\$ (103,234,706)	\$ (108,321,035)	\$ (117,489,085)	\$ (119,145,356)	\$ (128,833,442)	\$ (134,769,356)	\$ (142,490,262)	\$ (148,253,199)
Business-type activities.....	(2,905,394)	(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)
Total primary government net expense.....	\$ (95,508,425)	\$ (96,516,880)	\$ (108,083,989)	\$ (112,298,848)	\$ (119,968,578)	\$ (122,235,060)	\$ (132,172,064)	\$ (140,465,465)	\$ (147,497,188)	\$ (152,466,132)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 85,205,036	\$ 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
Tax liens.....	297,796	459,150	510,933	220,270	609,501	449,555	386,418	243,714	1,219	215,859
Motor vehicle excise taxes.....	3,898,459	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
Hotel/motel tax.....	240,164	262,094	283,497	300,875	330,739	363,125	303,939	378,783	479,530	453,651
Meals tax.....	-	307,037	326,726	413,163	401,870	409,308	415,173	444,161	467,654	457,149
Community preservation tax.....	-	-	-	-	-	1,563,920	1,612,843	1,520,324	1,473,559	1,901,538
Penalties and interest on taxes.....	338,835	252,493	352,869	294,295	420,679	388,691	295,521	314,667	409,223	317,289
Payments in lieu of taxes.....	-	13,973	14,419	50,941	24,750	-	51,519	25,337	25,361	25,386
Grants and contributions not restricted to specific programs.....	7,057,873	6,939,154	7,046,868	7,502,207	7,133,944	7,660,494	7,906,743	8,481,230	8,607,543	8,620,937
Unrestricted investment income.....	1,522,798	239,339	1,291,139	2,122,915	940,814	75,230	2,282,581	2,149,636	2,062,485	2,016,061
Gain on sale of capital assets.....	-	-	2,873,618	-	65,000	-	28,000	-	-	-
Miscellaneous.....	292,732	-	-	27,040	-	-	-	-	-	-
Transfers.....	(6,361,094)	(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)
Total governmental activities.....	92,492,599	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
Business-type activities:										
Unrestricted investment income.....	40,850	46,339	39,218	39,822	53,942	65,679	71,822	87,094	116,846	119,039
Transfers.....	6,361,094	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
Total business-type activities.....	6,401,944	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
Total primary government.....	\$ 98,894,543	\$ 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
Changes in Net Position										
Governmental activities.....	\$ (110,432)	\$ 9,733,869	\$ 4,852,308	\$ 2,027,437	\$ (4,433,416)	\$ (2,026,008)	\$ (6,456,316)	\$ (5,009,850)	\$ (6,887,006)	\$ (3,245,524)
Business-type activities.....	3,496,550	358,036	1,049,399	1,971,474	3,411,003	2,854,405	3,384,672	(37,825)	960,191	2,055,506
Total primary government.....	\$ 3,386,118	\$ 10,091,905	\$ 5,901,707	\$ 3,998,911	\$ (1,022,413)	\$ 828,397	\$ (3,071,644)	\$ (5,047,675)	\$ (5,926,815)	\$ (1,190,018)

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

Fund Balances, Governmental Funds

Last Ten Years

	<u>2011</u>	<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>
General Fund										
Restricted.....	\$ 4,564,703	\$ 5,296,611	\$ 5,036,732	\$ 4,763,651	\$ 3,860,841	\$ 3,563,902	\$ 3,266,956	\$ 2,974,554	\$ 2,707,499	\$ 3,016,302
Committed.....	-	1,373,224	1,256,780	854,878	946,837	353,626	291,639	292,857	524,213	627,592
Assigned.....	1,695,144	2,616,386	4,230,527	3,806,700	7,058,067	8,308,109	6,236,202	5,610,974	12,301,164	9,096,380
Unassigned.....	<u>9,076,608</u>	<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>
Total general fund.....	\$ <u>15,336,455</u>	\$ <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>
All Other Governmental Funds										
Nonspendable.....	\$ 3,104,881	\$ 3,697,719	\$ 4,234,268	\$ 4,336,231	\$ 5,215,587	\$ 4,827,300	\$ 4,850,516	\$ 4,850,291	\$ 4,849,599	\$ 4,867,622
Restricted.....	16,047,091	22,314,764	23,801,892	25,166,155	25,212,323	37,693,918	37,262,898	42,369,725	36,431,587	90,199,415
Unassigned.....	<u>-</u>	<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>
Total all other governmental funds.....	\$ <u>19,151,972</u>	\$ <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>95,067,037</u>

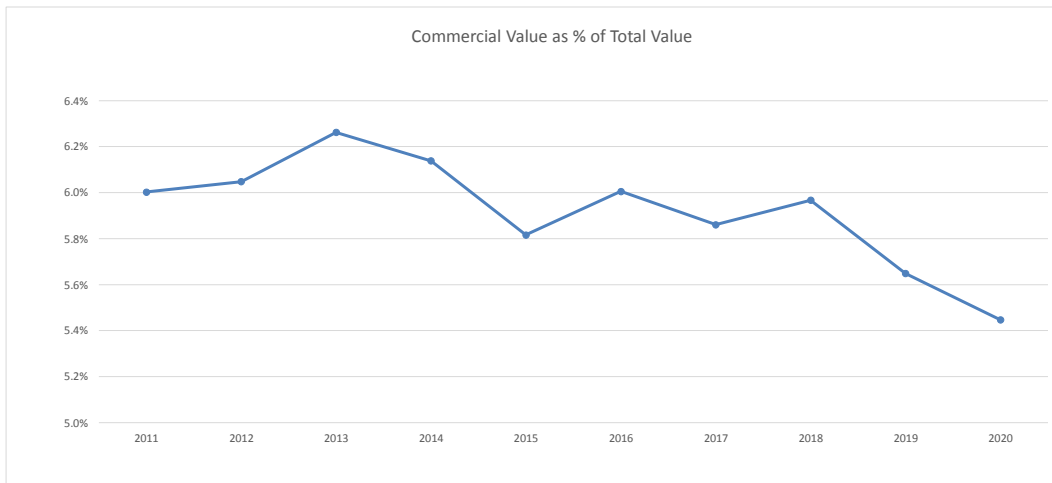
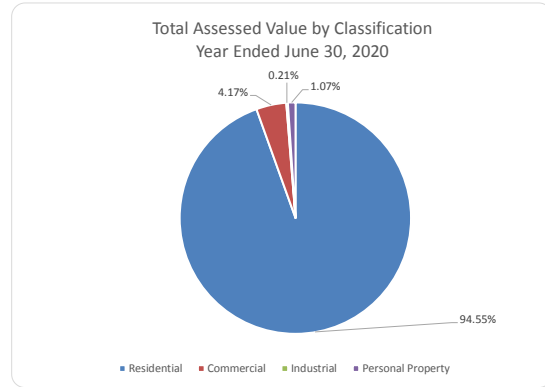
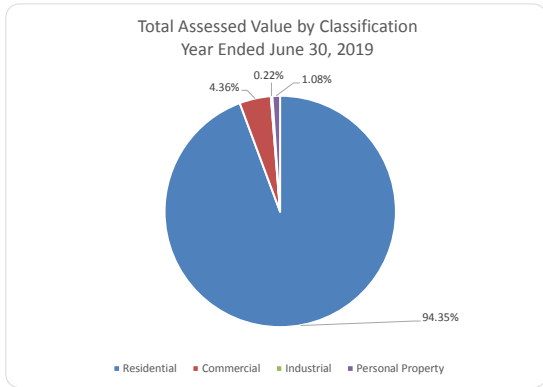
Changes in Fund Balances, Governmental Funds

	Last Ten Years									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 85,395,133	\$ 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
Tax liens.....	299,848	251,050	384,619	355,573	574,342	449,555	470,129	89,006	172,145	257,358
Motor vehicle excise taxes.....	3,898,459	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
Hotel/motel tax.....	240,164	262,094	283,497	300,875	330,739	363,125	303,939	378,783	479,530	453,651
Meals tax.....	-	307,037	326,726	413,163	401,870	409,308	415,173	444,161	467,654	457,149
Charges for services.....	-	-	-	-	-	-	-	-	-	890,661
Penalties and interest of taxes.....	338,835	252,493	352,869	294,295	420,679	388,691	295,521	314,667	409,223	317,289
Fees and rentals.....	67,640	85,381	83,497	57,259	150,377	924,428	779,888	630,476	763,379	560,778
Payments in lieu of taxes.....	-	13,973	14,419	50,941	24,750	-	51,519	-	25,337	25,386
Intergovernmental - state aid.....	14,325,634	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
Intergovernmental - School Building Authority.....	2,531,085	2,531,085	2,474,796	2,474,773	2,906,266	2,474,773	104,259	568,133	3,562,104	3,562,104
Intergovernmental - Teachers Retirement.....	11,922,467	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
Intergovernmental - other.....	11,622,776	11,873,510	17,433,487	10,904,385	8,613,964	9,861,854	9,041,330	9,932,712	9,449,529	9,404,325
Intergovernmental - COVID-19 relief.....	-	-	-	-	-	-	-	-	-	518,978
Departmental and other.....	13,160,357	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
Community preservation taxes.....	-	-	-	-	-	1,563,920	1,612,843	1,516,816	1,469,599	1,894,735
Community preservation state match.....	-	-	-	-	-	252,700	208,000	232,965	275,520	374,380
Contributions and donations.....	206,037	853,012	1,122,155	446,350	806,893	266,459	357,663	305,596	410,910	410,471
Investment income.....	1,522,798	239,339	1,291,139	2,124,371	942,238	76,771	2,283,783	2,149,636	2,062,485	2,016,061
Total Revenues.....	145,531,233	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
Expenditures:										
General government.....	4,770,832	5,591,207	5,371,079	5,768,149	6,431,820	6,037,176	6,745,748	7,898,079	7,258,016	6,953,268
Public safety.....	14,250,660	14,784,140	15,984,429	15,830,964	16,723,891	16,975,539	17,835,695	18,192,528	18,127,106	18,413,965
Education.....	48,632,925	51,636,708	57,793,536	60,955,050	65,744,720	69,554,312	71,210,337	76,372,013	82,208,930	86,891,566
Public works.....	8,528,793	8,373,331	9,499,359	9,441,365	10,189,404	9,013,675	10,050,701	13,095,510	10,796,738	9,871,887
Community development.....	5,298,426	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
Human services.....	1,353,561	1,434,642	1,573,147	1,494,567	1,672,351	1,809,479	1,796,175	2,105,473	2,188,646	2,094,827
Library.....	2,111,433	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
Culture and recreation.....	537,771	693,334	436,180	748,310	911,712	1,066,656	1,784,548	538,904	429,431	225,975
Community preservation.....	-	-	-	-	-	-	403,542	507,421	522,497	362,606
COVID-19.....	-	-	-	-	-	-	-	-	-	518,978
Pension benefits.....	6,950,943	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
Pension benefits - Teachers Retirement.....	11,922,467	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
Property and liability insurance.....	246,375	258,592	261,950	292,555	309,399	328,044	326,617	331,138	337,399	366,271
Employee benefits.....	16,183,767	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
Claims and judgments.....	-	-	-	-	-	-	70,000	-	-	-
State and county charges.....	2,725,122	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
Capital outlay.....	10,378,952	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
Debt service:										
Principal.....	6,189,000	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
Interest.....	1,971,479	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
Total Expenditures.....	142,052,506	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
Excess (deficiency) of revenues over (under) expenditures.....	3,478,727	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)
Other Financing Sources (Uses):										
Issuance of bonds.....	7,258,000	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
Issuance of refunding bonds.....	-	6,311,000	2,205,000	-	-	3,225,000	-	-	-	-
Premium from issuance of bonds and notes.....	269,339	300,352	1,135,212	284,084	910,686	767,947	2,050,693	3,584,992	343,305	3,141,245
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	-	-	-
Transfers in.....	2,050,358	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
Transfers out.....	(8,411,452)	(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)
Total other financing sources (uses).....	1,166,245	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
Net change in fund balance.....	\$ 4,644,972	\$ 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
Debt service as a percentage of noncapital expenditures....	6.20%	5.98%	5.71%	6.05%	5.99%	6.25%	5.98%	6.40%	6.28%	5.91%

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
2011	\$ 6,510,546,607	\$ 12.41	\$ 296,363,250	\$ 20,696,800	\$ 98,709,740	\$ 415,769,790	\$ 12.41	\$ 12.41	\$ 6,926,316,397
2012	6,534,177,068	13.66	297,247,489	20,969,800	102,400,210	420,617,499	13.66	13.66	6,954,794,567
2013	6,750,291,829	13.61	332,259,203	16,149,400	102,576,650	450,985,253	13.61	13.61	7,201,277,082
2014	6,924,743,377	13.79	331,293,424	16,149,400	105,443,220	452,886,044	13.79	13.79	7,377,629,421
2015	7,318,205,556	13.55	332,008,695	16,149,400	103,748,620	451,906,715	13.55	13.55	7,770,112,271
2016	8,002,595,342	12.80	378,899,077	17,588,600	114,815,530	511,303,207	12.80	12.80	8,513,898,549
2017	8,427,530,080	12.56	389,586,036	20,065,800	115,034,490	524,686,326	12.56	12.56	8,952,216,406
2018	9,089,724,151	12.13	435,538,655	21,771,100	119,511,960	576,821,715	12.13	12.13	9,666,545,866
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



(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	2020			2011		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
FHF Arlington 360 LLC	Residential	\$ 67,624,800	1	0.56%			
US Reif Brigham Square	Residential & Commercial	41,782,400	2	0.35%			
Boston Gas Company	Utility	38,504,480	3	0.32%			
Nostalgia Properties LLC	Residential	37,144,001	4	0.31%			
NSTAR	Utility	36,358,280	5	0.30%	\$ 34,024,430	3	0.49%
Mirak-Bendetson Dev LLC	Residential	33,321,000	6	0.28%			
Old Colony Realty Partners LLC	Residential	27,036,100	7	0.22%			
Brentwood Realty Partners LLC	Residential	22,589,300	8	0.19%			
Millbrook Square Apartments Co.	Residential	21,006,200	9	0.17%	15,254,800	9	0.22%
Claremont Arlington Suites LLC	Hotel	20,833,600	10	0.17%			
Arlington Center Garage	Auto Sales, Service, & Leasing				47,958,260	1	0.69%
Wilfert, David & James	Commercial & Residential				44,886,500	2	0.65%
Davidson Arthur & Henry	Commercial & Residential				25,056,700	4	0.36%
Johnson, Elbridge S. Jr.	Commercial & Residential				24,112,270	5	0.35%
New England Telephone	Telephone				23,220,311	6	0.34%
Johnson, Arthur W. Tr.	Commercial & Residential				22,486,200	7	0.32%
Keyspan	Utility				20,982,500	8	0.30%
WNC Somerset Company	Golf Course				13,151,370	10	0.19%
		Totals \$ <u>346,200,161</u>		<u>2.87%</u>	\$ <u>271,133,341</u>		<u>3.91%</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)
2011	\$ 85,958,974	\$ 670,331	\$ 85,288,643	99.22%	\$ 84,147,130	98.66%	\$ 663,386	\$ 84,810,516	99.44%
2012	95,002,494	808,924	94,193,570	99.15%	93,056,606	98.79%	296,321	93,352,927	99.11%
2013	98,009,381	1,454,204	96,555,177	98.52%	96,171,161	99.60%	460,167	96,631,328	100.08%
2014	101,737,510	1,019,663	100,717,847	99.00%	99,833,961	99.12%	356,262	100,190,223	99.48%
2015	105,285,021	1,534,082	103,750,939	98.54%	103,386,357	99.65%	624,694	104,011,051	100.25%
2016	108,977,901	1,746,721	107,231,180	98.40%	108,549,654	101.23%	503,133	109,052,787	101.70%
2017	112,439,838	1,202,533	111,237,305	98.93%	111,001,544	99.79%	215,560	111,217,104	99.98%
2018	117,255,201	1,156,229	116,098,972	99.01%	115,609,420	99.58%	203,219	115,812,639	99.75%
2019	124,010,977	1,245,171	122,765,806	99.00%	122,045,631	99.41%	816,656	122,862,287	100.08%
2020	133,350,155	503,383	132,846,772	99.62%	131,045,673	0.00%	-	131,045,673	98.64%



(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					
2011	\$ 51,413,000	\$ 2,100,000	\$ 3,919,014	\$	57,432,014	3.05%	40,993	\$ 1,401
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

(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)
2011	\$ 53,513,000	0.77%	\$ 1,305
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

(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, 2020

<u>Overlapping Entities</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Share of Overlapping Debt</u>
Debt repaid with property taxes			
Massachusetts Bay Transit Authority.....	\$ 5,390,295	1.74%	\$ 93,899
Town direct debt.....			<u>153,662,705</u>
Total direct and overlapping debt.....			<u>\$ 153,756,604</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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Equalized Valuation.....	\$ <u>7,388,658</u>	\$ <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>
Debt Limit -5% of Equalized Valuation.....	\$ 369,433	\$ 369,433	\$ 376,389	\$ 376,389	\$ 395,654	\$ 395,654	\$ 453,660	\$ 453,660	\$ 530,707	\$ 530,707
Less:										
Outstanding debt applicable to limit.....	31,562	30,076	32,759	32,369	38,985	38,078	58,621	83,170	81,088	85,026
Authorized and unissued debt applicable to limit.....	<u>39,139</u>	<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>
Legal debt margin.....	\$ <u>298,732</u>	\$ <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>
Total debt applicable to the limit as a percentage of debt limit.....	19.14%	20.14%	17.46%	19.17%	16.84%	17.66%	26.94%	21.80%	79.58%	68.03%

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
2011	40,993	\$ 1,882,152,602	\$ 45,914	41.9	4,914	4.7%
2012	41,724	1,820,710,188	43,637	41.9	4,967	3.8%
2013	42,844	1,722,500,176	40,204	41.9	5,106	4.8%
2014	42,844	1,860,029,416	43,414	41.9	5,999	3.8%
2015	43,711	1,995,581,994	45,654	41.9	5,323	3.3%
2016	44,128	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%

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	2020			2011		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Armstrong Ambulance	Medical Transportation	350	1	3.82%	350	1	4.37%
American Alarm	Security Specialists	200	2	2.18%	108	6	1.35%
Mirak Hyundai, Inc.	Car Dealership	200	3	2.18%			
Whole Foods Market	Grocery Store	148	4	1.62%			
Sunrise Assisted Living	Elder Care Facility	125	5	1.36%			
Germain Lawrence, Inc.	Education (Special Needs)	120	6	1.31%	260	2	3.24%
Park Avenue Nursing Home	Elder Care Facility	110	7	1.20%			
Children's Music Network	Education	100	8	1.09%			
Dearborn Academy	Education	100	9	1.09%	88	9	1.10%
Mirak Chevrolet, Inc.	Car Dealership	100	10	1.09%	103	8	1.29%
Parish of St. Agnes	Catholic Elementary School & Youth Center				150	3	1.87%
Stop & Shop	Grocery Store				131	4	1.63%
Commonwealth of Massachusetts	Social Services				120	5	1.50%
United States Post Office	Mail Delivery Service				104	7	1.30%
Johnny's Foodmaster	Grocery Store				79	10	0.99%
	Totals	<u>1553</u>		<u>16.95%</u>	<u>1493</u>		<u>18.63%</u>

Source: Massachusetts Department of Employment and Training and Official Statements

Full-time Equivalent Town Employees by Function

Last Ten Years

	<u>2011</u>	<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>
Function										
General government.....	92	94	93	94	92	90	94	94	104	102
Public safety.....	160	163	164	165	166	171	173	170	155	170
Public works.....	79	78	77	77	77	76	76	78	69	65
Human services.....	6	6	5	5	5	5	5	5	9	8
Culture and recreation.....	11	13	13	14	15	15	14	14	22	24
Total	<u>348</u>	<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>

Source: Various Town Departments
Does not include school employees

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Registered voters.....	28,909	30,636	30,541	30,846	30,225	30,225	30,884	30,445	31,365	35,000
Town Clerk:										
Births.....	534	576	600	564	571	577	519	556	348	512
Marriages.....	227	218	227	196	190	198	179	189	139	181
Deaths.....	341	319	313	350	384	384	366	378	291	352
Dogs licensed.....	1,800	1,780	1,808	2,273	2,258	2,229	2,214	2,234	2,294	2,176
Zoning Board of Appeals petitions filed.....	24	17	12	5	15	23	21	20	20	20
Public Works										
Recycling:										
Solid Waste (tons).....	14,537	14,214	12,602	12,846	12,603	13,000	12,540	12,714	12,262	12,500
Commingled (tons).....	4,395	4,652	5,257	5,271	5,297	5,400	5,224	5,307	4,994	5,000
Yard Waste (tons).....	2,331	2,381	3,986	3,488	3,505	3,500	2,578	3,194	2,521	3,000
Police										
Calls for service ("Emergency Calls").....	27,483	30,168	32,101	28,629	29,405	28,798	31,792	29,998	29,032	30,470
Crimes reported ("Police Reports").....	3,638	3,488	3,475	3,267	3,616	3,462	4,209	3,762	3,115	3,695
Arrests.....	226	209	239	179	188	166	113	156	107	117
Motor vehicle citations.....	4,049	3,914	3,817	2,855	2,351	1,923	3,100	2,458	1,657	2,363
Parking tickets issued.....	12,548	13,827	14,327	15,383	12,196	12,743	18,171	14,370	17,423	17,930
Animal Control:										
Calls for service ("Animal Complaints").....	649	547	468	591	414	843	641	633	640	539
Fire										
Fire related calls.....	1,960	2,012	1,779	1,963	1,874	2,000	2,028	1,967	1,833	1,943
Emergency Medical Service responses.....	2,857	2,740	2,767	2,845	3,269	2,768	3,177	3,071	3,272	3,300
Permits.....	861	982	1,032	1,066	972	1,076	1,099	1,049	903	925
EMS staff (EMTs / First Responders).....	67/3	73/3	73/2	74/2	71/1	71/1	77/0	77/0	77/0	77/0
Health & Human Services										
Board of Health:										
Permits issued.....	390	414	437	431	443	450	411	435	493	500
Inspections.....	699	1,060	1,260	1,241	1,174	1,200	1,695	1,356	1,464	1,500
Recreation										
Season passes:										
Summer.....	1,832	1,823	1,165	2,915	3,177	3,150	2,794	3,040	2,807	2,835
Fall.....	1,110	1,263	1,862	1,731	1,924	1,900	1,130	1,651	1,042	1,032
Winter.....	1,207	2,012	1,236	1,860	2,313	1,300	1,300	1,638	2,387	2,411
Spring.....	772	786	2,826	2,413	2,069	2,000	1,414	1,828	1,306	1,293
Reservoir Tags.....	1,364	1,364	1,480	1,431	1,281	1,360	1,884	1,508	1,217	1,229
Kids Care Memberships.....	n/a	n/a	42	85	148	150	144	147	130	140
Libraries										
Circulation.....	641,692	665,215	671,331	697,679	735,002	757,028	731,597	741,209	749,636	750,000
Visitors.....	321,898	325,550	325,915	313,203	300,291	296,367	286,667	294,442	343,421	350,000
Education										
Minuteman High School day program participants.....	102	123	125	156	146	150	121	139	137	132
Minuteman High School post-graduate program participants..	13	16	14	12	6	10	2	6	6	5

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

Capital Asset Statistics by Function/Program

Last Ten Years

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Government										
Number of buildings.....	40	40	40	40	40	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



Priority Bus Lane Installation on Mass Avenue East