



Town of Arlington, Massachusetts Public Annual Financial Report

Fiscal Year Ending June 30, 2021

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

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

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

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



THE TOWN OF ARLINGTON

The Town of Arlington was originally settled in 1635 as the Village of Menotomy. It was incorporated as West Cambridge in 1807, and finally named Arlington in 1867. Arlington is home to approximately 46,000 residents and is contained within 5.5 square miles.

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

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

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

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

IN THIS REPORT

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

On **Page 2** you will find a breakdown of Arlington's revenues and expenditures. As you will see, Arlington's primary source of revenue is the Property Tax, followed by State Aid. Also on Page 2 is a budget summary and projection for FY2022 that provides more detail on the year-to-year growth of the Town budget.

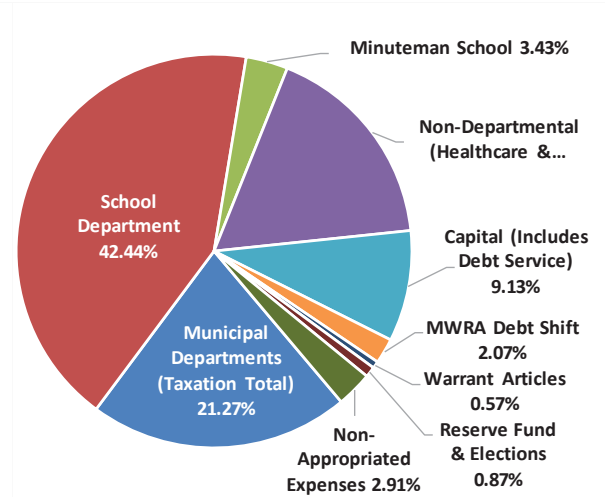
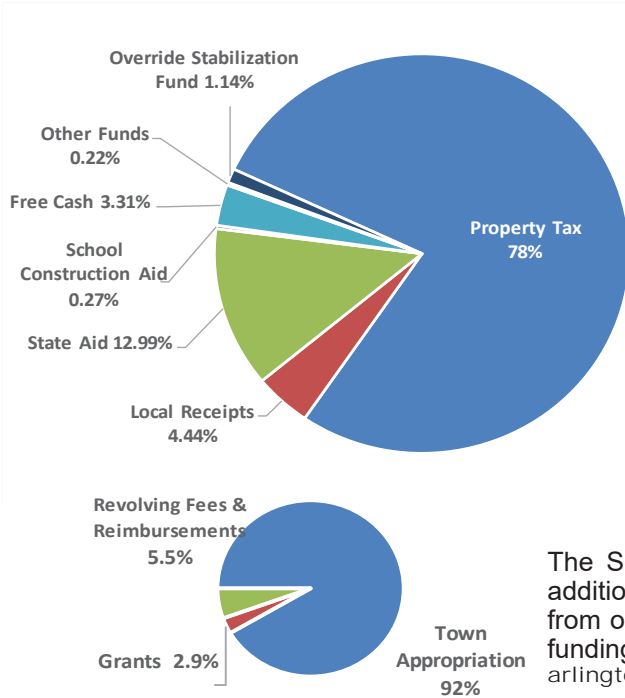
Page 3 compares Arlington's Average Single Family Tax Bill, Average New Growth, and Total Per Capita Spending with other comparable communities, as well as the state average. These communities provide a reference point from which to understand Arlington's financial situation.

Page 4 outlines the two largest capital projects in Arlington's history: the Arlington High School and the DPW Building, along with the history of CPA-funded projects since the start in FY2017.

Revenues

FY2021 Budget
\$178,043,947

Expenditures



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

Budget Summary & FY2022 Projection

The summary provided below demonstrates the year-to-year growth between Fiscal Year 2021 and Fiscal Year 2022. This growth is consistent with the tenets of the Long Range Financial Plan. More detailed information and a glossary of terms, including the Town's long range financial plan can be found at: arlingtonma.gov/budget.

	FY2021 Budget	FY2022 Budget	Change \$	%
Revenue				
Property Tax	\$ 138,199,500	\$ 142,742,625	\$ 4,543,125	3.3%
Local Receipts	\$ 7,906,301	\$ 8,873,350	\$ 967,049	12.2%
State Aid	\$ 23,136,038	\$ 23,532,421	\$ 396,383	1.7%
School Construction Aid	\$ 476,523	\$ -	\$ (476,523)	-100.0%
Free Cash	\$ 5,901,388	\$ 5,659,184	\$ (242,204)	-4.1%
Other Funds	\$ 400,000	\$ 400,000	\$ -	0.0%
Override Stabilization Fund	\$ 2,024,197	\$ 6,248,581	\$ 4,224,384	208.7%
TOTAL TAXES, FEES, AID, AND OTHER SOURCES	\$ 178,043,947	\$ 187,456,161	\$ 9,412,214	5.29%
Transfers in (Offsets)	\$ 2,642,197	\$ 2,916,046	\$ 273,849	10.4%
TOTAL REVENUES	\$ 180,686,144	\$ 190,372,207	\$ 9,686,063	5.4%
Expenditures				
Municipal Departments Appropriations	\$ 40,516,044	\$ 41,755,150	\$ 1,239,106	5.3%
Offsets and Indirect Costs	\$ (2,642,197)	\$ (2,916,046)	\$ (273,849)	-10.4%
Municipal Departments (Taxation Total)	\$ 37,873,847	\$ 38,839,104	\$ 965,257	2.5%
School Department	\$ 75,570,531	\$ 80,104,634	\$ 4,534,103	6.0%
Minuteman School	\$ 6,113,371	\$ 6,795,456	\$ 682,085	33.2%
Non-Departmental (Healthcare & Pensions)	\$ 30,780,027	\$ 32,848,298	\$ 2,068,271	13.2%
Capital (Includes Debt Service)	\$ 16,253,328	\$ 18,073,998	\$ 1,820,670	11.2%
MWRA Debt Shift	\$ 3,691,454	\$ 1,845,727	\$ (1,845,727)	-50.0%
Warrant Articles	\$ 1,015,999	\$ 1,054,311	\$ 38,312	3.8%
Reserve Fund & Elections	\$ 1,556,724	\$ 2,814,200	\$ 1,257,476	80.8%
Override Stabilization Fund Deposit	\$ -	\$ -	\$ -	0.0%
TOTAL EXPENDITURES	\$ 172,855,281	\$ 182,375,728	\$ 9,520,447	5.5%
Non-Appropriated Expenses	\$ 5,188,666	\$ 5,080,433	\$ (108,233)	-2.1%
Surplus / (Deficit)	\$ -	\$ -	\$ -	0.0%

*The FY21 and FY22 Budgets show offsets as a revenue source, per guidance from the Department of Revenue

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

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

Average Single Family Tax Bill FY21

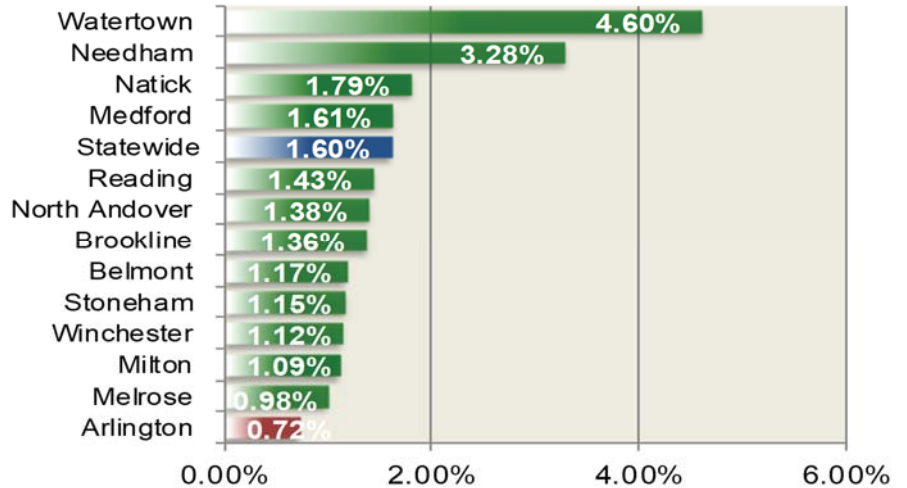


* Denotes these communities have a single family tax exemption included in the figure above.

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

Arlington's New Growth has been at the bottom of its comparable communities and falls short of the state-wide average.

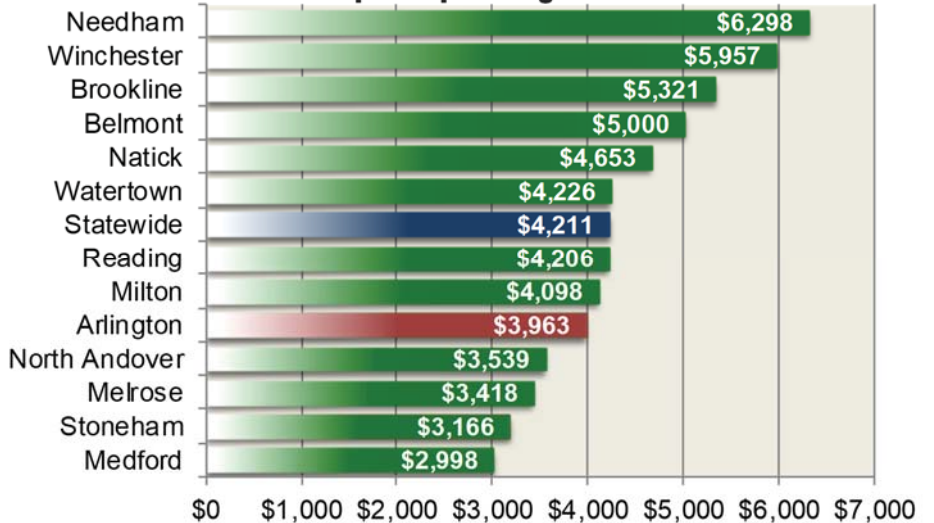
Average New Growth FY20 - FY22



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

Arlington is in the bottom half of per capita spending relative to its comparable communities. It is also below the state average of \$4,211. The Town spending does not create a structural deficit, the lack of revenue creates the deficit.

Total Per Capita Spending FY20



TWO LARGEST CAPITAL PROJECTS IN TOWN HISTORY

Arlington High School

The Arlington High School Project completed Phase 1 by opening the STEAM academic wing in February 2022. The STEAM wing contains science and math classrooms, makerspaces, art studios, and a Discourse Lab. Phase 1 also included the new auditorium and music rooms.

The Town issued \$75 million in new High School debt in February 2022 at an interest rate of 2.4% over 30 years. The Town intentionally issued more debt than was needed to fund the next phase of the project in order to take advantage of low interest rates, which subsequently rose only weeks after the close of the borrowing. The High School debt was added to Arlington tax bills through a debt exclusion supported by voters in the 2019 override. Because of lower-than-forecast interest rates on the debt sold so far, the estimated increase to homeowners' tax bills is lower by \$100 per year than originally projected.



The project is due to be completed in the spring of 2025. Updates on the project are available at: ahsbuilding.org



Public Works Building

The Department of Public Works buildings in the DPW yard adjacent to the High School are undergoing a complete renovation and a new DPW facility is being added. Renovations to the historic building on Grove Street have been going on since the summer of 2021. In the winter of 2021-2022 the Information Technology Department moved the Town's data headquarters out of the High School and into a new data center adjacent to the historic building. This winter, work began to prepare the ground to lay the new DPW building's foundation. At the same time, the Town issued \$6.2 million in General Fund and \$5 million in Water/Sewer Fund debt at the same low 2.4% interest rate.

The project is due to be complete at the end of the summer of 2023. Updates to the project are available at: arlingtonma.gov/projects

COMMUNITY PRESERVATION ACT IN ARLINGTON

The Community Preservation Act (CPA) allows participating cities & towns to reserve dedicated funds for public investments in open space & outdoor recreational facilities, community housing, and historic preservation. Arlington voters approved adoption of CPA in November 2014 and the first grants were approved by Town Meeting in 2016.

CPA investments are financed through the Community Preservation Fund, which receives annual revenue from a 1.5% property tax surcharge and funds from the Massachusetts Community Preservation Trust Fund, the percentage of which changes each year. The total tax revenue collected since the beginning in 2016 through the end of FY2021 is \$9.2M. These collections allowed the Town to leverage state Community Preservation Trust Fund dollars of \$2.4M. Between 2016 and 2021, the CPA Committee and subsequently Town Meeting approved the use of funds in the following categories:

Open Space + Recreation	\$	6,343,124
Historic Preservation	\$	3,090,600
Community Housing	\$	3,179,021
CPA Administration	\$	393,681
Total Appropriations	\$	13,006,426



These funds have allowed Town departments and local non-profits to do critical work. At the close of FY2021, Arlington's CPAC had funded **Open Space & Recreation** projects including the renovation the Robbins Farm Park field, North Union Playground, the Arlington Reservoir, Mill Brook Linear Park and Wellington Park, Whittemore Park, and Spy Pond Edge + Erosion Control.

Several years of CPA funds have been used for the **Historic Preservation** of the Jason Russell House, Old Schwamb Mill & Barn, the Whittemore-Robbins Cottage & Carriage House, Robbins Town Garden Water Features, Tercentenary Marker Restoration, and the Old Burying Ground/Mt. Pleasant Cemetery.

This funding has also assisted with **Community Housing** by funding the creation of three new units of affordable housing at Kimball Farmer House, nine units at 20 Westminster, and 34 units at Downing Square, and the preservation of existing affordable housing through the replacement of windows at the Drake Village and the envelope repair of the Winslow Towers. This funding also helped prevent homelessness by providing support to tenants who were negatively financially impacted during the Covid-19 pandemic.

For more information arlingtonma.gov/communitypreservation

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