

Town of Arlington,

MASSACHUSETTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT



For the Year Ended June 30, 2021

Adam Chapdelaine, Town Manager
Ida Cody, Comptroller

Prepared by the Comptroller

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



New playground at Thompson School

TOWN OF ARLINGTON, MASSACHUSETTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the year ended
June 30, 2021



Prepared by:
The Comptroller

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YEAR ENDED JUNE 30, 2021

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Introductory Section



Uncle Sam Statue in Arlington Center

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 18, 2022

To the Honorable Select Board and Citizens of the Town of Arlington:

Subsequent to the close of each year, state law requires the Town of Arlington to publish a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report (ACFR) of the Town of Arlington, Massachusetts, for the year ending June 30, 2021, for your review.

The report is designed to be used by the elected and appointed officials of the Town and others who are concerned with its management and progress such as bond analysts, banking institutions and credit raters. Just as important, the design and format of this report is aimed at providing the residents and taxpayers of Arlington a more easily readable and, therefore, a more easily understandable financial report.

This report consists of management's representations concerning the finances of the Town of Arlington. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. In order to provide a reasonable basis for making these financial representations, management continues to review and improve its established comprehensive internal controls. The framework for these controls is designed to protect, to the extent possible, the government's assets from loss, theft or misuse. The cost of internal controls should not outweigh their benefits. As a result, the Town of Arlington's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements for the year ended June 30, 2021, are fairly presented in conformity with GAAP.

The Town of Arlington's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Arlington for the year ended June 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded,

based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the Town of Arlington's financial statements for the year ended June 30, 2021, and that they are, in fact, fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Arlington was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of Arlington's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Arlington's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town

The Town, established in 1867, was originally incorporated as the Town of West Cambridge in 1807. Located approximately seven miles from downtown Boston, it is bordered on the east by the Cities of Cambridge and Somerville, on the north by the City of Medford and Town of Winchester, on the west by the Town of Lexington and on the south by the Town of Belmont. The Town is primarily a residential community which occupies a land area of 5.2 square miles and has an estimated population in 2021 of 46,635 persons.

The Town provides general governmental services including police and fire protection, public education in grades K-12, water, sewer and health services, streets, libraries and parks and recreation. The Minuteman Regional Vocational Technical School District, of which the Town is a member, provides technical education at the high school level. The Massachusetts Water Resources Authority provides sewage disposal services and water services for the Town. The Town has a Redevelopment Board and a Department of Planning and Community Development. The Arlington Housing Authority provides public housing in approximately 1,100 units for eligible low-income families, the elderly, and the handicapped.

Local legislative decisions are made by a representative town meeting form of government whose members (approximately 252) are elected for staggered three-year terms from 21 precincts. Subject to the legislative decisions made by the town meeting, the affairs of the Town are generally administered by a five member Select Board and a Town Manager.

Local taxes are assessed by a board of three assessors elected for staggered three-year terms. Local school affairs are administered by a school committee of seven persons, elected for staggered three-year terms on an at-large basis.

Budgetary Controls

The Town Manager and Deputy Town Manager are responsible for preparing the budget and reviewing it with the various departments, boards, and committees. The Town Manger then presents it to the Select Board. The Board members review all requests and town-wide issues and present a budget to Town Meeting for approval. A twenty-one member Finance Committee made up of citizen volunteers appointed by the Town Moderator reviews the budget and makes recommendations to Town Meeting.

The general fund is the only governmental fund with an annual appropriated budget. The level of budgetary control is established by Town Meeting and this approval defines the level at which expenditures may not exceed appropriations. This level is typically at the individual department level. The Town Comptroller is responsible for ensuring all payroll and invoices are within the budgetary control level before authorizing payment. Additional appropriations may be approved at subsequent Town Meetings. During the last 60 days of a fiscal year, the Town Manager may request Finance Committee approval of transfers from a reserve fund established at Town Meeting. These controls ensure compliance with the budget approved by Town Meeting.

Factors Affecting Economic Conditions

Local Economy

Economic activity in the Town largely consists of the wholesale and retail trade and service industries. In 2020, 1,243 firms were located in Arlington, with a total annual payroll of \$582,993,050, reported to the Massachusetts Department of Unemployment Assistance.

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

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

In FY2021, the average assessed value of a single-family home in Arlington was \$829,340, an increase of approximately 0.53% from the previous year. The current economic environment indicates that property values are on the rise. Building permit activity over the last year has been strong; a good indicator that building construction and renovation will convert to increased tax dollars.

The MBTA provides local bus service connecting to Boston, Cambridge and other surrounding communities and rapid transit via the "Red Line" subway at its terminal in Cambridge on the Arlington border. Principal highways serving the Town are State Routes 2, 2A and 60 and U.S. Route 3. All of this has made Arlington a highly desirable location.

The Town continues to be faced with and meet its financial challenges. Since FY2002 local aid for all municipalities initially dropped by approximately 8%, rebounded through FY2009 to a 20% increase, and in FY2020 ends in a cumulative increase of 42%. Arlington, on the other hand, has only recently experienced an increase above FY2002. In FY2006, Arlington was still 15% below FY2002 levels, while the average of all municipalities started seeing annual increases since then. As recently as FY2014, Arlington's cumulative year-to-year change since FY2002 was a mere increase of 1.1%. In FY2021, Arlington remains disproportionately below other municipalities despite overall increases in state aid. To further illustrate this impact, the average state aid for municipalities in Massachusetts increased 42.1% from FY2002, while in FY2021 Arlington's cumulative year-to-year change since FY2002 is an increase of 36.8%.

Proposition 2½ caps the Town's ability to raise taxes and excess levy capacity is limited. Ninety-five percent of the Town's tax base is from residential property. The Town approved a Proposition 2½ operating override (in the amount of \$5,500,000) in June of 2019. In 2014, the voters approved a Community Preservation Act 1.5% surcharge on property taxes to support historic preservation, affordable housing, and open space or recreation projects.

Long-Term Financial Planning

Beginning in the fall of 2014, the Long Range Planning Committee (LRPC) held a series of discussions focused on the future of Town and School budgets and the amount by which they should grow on an annual basis. These discussions were prompted by the desire of committee members to explore strategies that could extend the life of the current Long Range Plan (LRP) and thereby forestall the next time an operating override would need to be considered. These discussions resulted in a number of recommendations being adopted for the FY2016 budget based upon the following principles:

1. Exercising fiscal prudence to maintain financial stability through the success of a future operating override.
2. Balancing prudence with recognition of the needs and expectations of Arlington residents and building Town and School budgets accordingly.
3. Committing to strategically address the findings of the Comparative Compensation Study within the confines of the proposed long range planning parameters.

Based upon these meetings and discussions, the following changes to LRP were adopted:

- Health insurance premium growth was projected at 5.25% annually, mirroring the 10-year average premium growth of the GIC.
- Free Cash was assumed to be certified each year at the 10-year average certified amount.
- The rate of growth in annual pension costs has increased from 5.5% to 6% through FY2022.
- Annual budget growth for Town Departments was set at a maximum rate of 3.25%.
- Annual budget growth for the general education portion of the School Department budget was maintained at 3.5% and the special education portion was maintained at 7%. In addition there was an annual increase to the School budget to account for enrollment increases.

Major Initiatives

The Town continues to invest in its buildings and other infrastructure to maintain high quality public services. The ongoing rise in student enrollments and aging school buildings has led the Town to undertake several major capital projects. In 2019, the Town began construction of the new Arlington High School by moving major utility lines that feed the school and relocating storm drains that lie under the site. In 2020 construction began on a new math and science building, which is scheduled to be completed in February 2022. The Town also began renovation of the Central School, a building that has been used to house the Senior Center, HHS Department, and some private tenants, as well as on the DPW building project to construct a new DPW and renovate several of the old buildings.

Awards and Acknowledgements

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

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

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

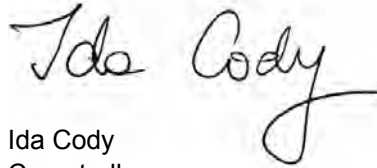
The Government Finance Officers Association (GFOA) awarded a Distinguished Budget Presentation Award to the Town of Arlington for the year ended June 30, 2021. This was the eighth consecutive year that the Town received the award. Based on information available on the GFOA website, Arlington is one of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

Preparing a document of this magnitude requires a significant investment of time and resources. I am grateful to the members of the Comptroller's Office and the cooperation of the Town Manager's Office, the Treasurer/Collector's Office, the Assessor's Office, and the School Business Management Office for preparing this important document. This document reflects well upon the professionalism of our organization and provides a wealth of information to the community.

Respectfully submitted,



Adam W. Chapdelaine
Town Manager



Ida Cody
Comptroller

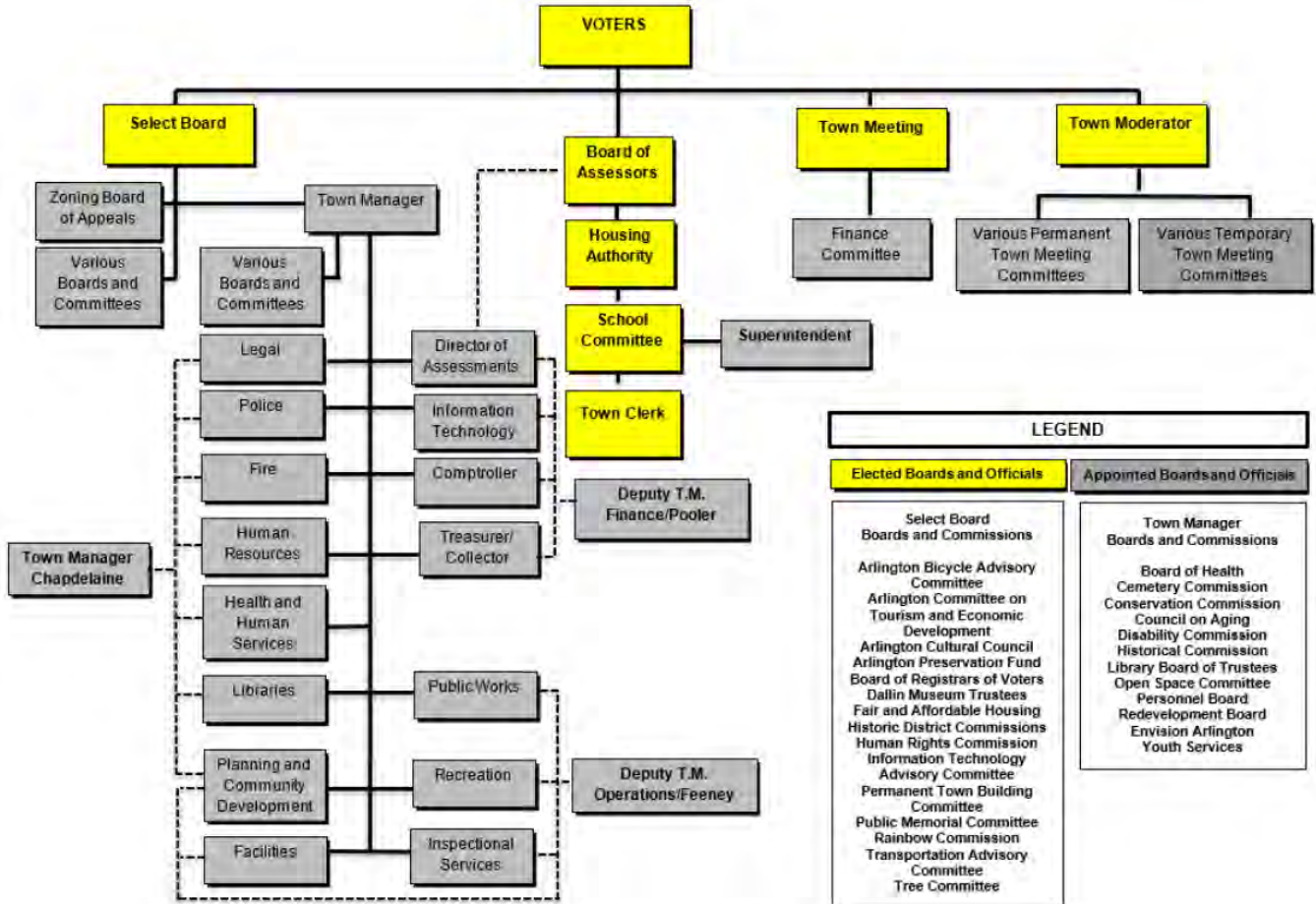
Town of Arlington, Massachusetts

Principal Executive Officers as of June 30, 2021

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

Town of Arlington, Massachusetts

Organizational Chart



LEGEND	
Elected Boards and Officials	Appointed Boards and Officials
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 Rainbow Commission Transportation Advisory Committee Tree Committee	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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Town of Arlington

Massachusetts

For the Fiscal Year Beginning

July 1, 2020

Christopher P. Morill

Executive Director

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Financial Section



Arlington High School Building Project in progress

Financial Section

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Independent Auditor's Report

To the Honorable 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 (the Town) as of and for the year ended June 30, 2021 (except for the Arlington Contributory Retirement System which is as of and for the year ended December 31, 2020), and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Arlington, Massachusetts, as of June 30, 2021 (except for the Arlington Contributory Retirement System which is as of December 31, 2020), and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2022, on our consideration of the Town of Arlington, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Arlington, Massachusetts' internal control over financial reporting and compliance.

Powers & Sullivan LLC

January 18, 2022

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Arlington, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2021. We encourage readers to consider the information presented in this report.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Arlington's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all assets and deferred outflows and liabilities and deferred inflows, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the Town's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, community development, human services, culture and recreation, library, community preservation and interest. The business-type activities include the activities of the water and sewer department, youth services, council on aging, Ed Burns arena and the recreation department.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Arlington adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. The budgetary comparison schedule is reported following the notes to the basic financial statements as required supplementary information.

Proprietary funds. The Town maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer, youth services, Council on Aging, Ed Burns Arena and recreation department activities.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town maintains two different fiduciary funds. The first fiduciary fund presented is the pension and other employee benefit trust funds which is used to account for resources held in trust for members of the Arlington Contributory Retirement System and for resources held in trust to fund the Town's portion of health benefits for retirees and beneficiaries. The second fiduciary fund presented is the private purpose trust fund which is used to account for resources held in trust which principal and investment income exclusively benefit individuals, private organizations, or other governments.

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

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Town, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$71.3 million at the close of 2021, an increase of \$17.0 million from the prior year.

The largest portion of the Town's net position, \$163.0 million reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), net of any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$27.7 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$262.0 million. The deficit is the result of the recognition of the Town's net pension liability of \$118.4 million, along with the net other

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

Governmental Activities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Business-Type Activities

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

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

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

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

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

There was a net increase of \$4.5 million in net position reported in connection with the Town’s business-type activities. Additionally, the water and sewer enterprise fund was subsidized by the general fund in 2021 by approximately \$3.7 million to offset a portion of the costs associated with the repayment of debt to the Massachusetts Water Resources Authority. Revenues in the water and sewer fund increased due to rate increases in both fiscal years 2020 and 2021.

Financial Analysis of the Government’s Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the year.

As of the end of the current year, governmental funds reported combined ending fund balances of \$191.0 million, an increase of \$37.7 million from the prior year.

The general fund reported a \$2.9 million decrease in fund balance in the fund based financial statements. This includes the activity of the Town's stabilization funds and insurance trust funds which are reported within the general fund. The Town has a general stabilization fund, special education stabilization fund, a health claims stabilization fund, a municipal building insurance stabilization fund, a cannabis mitigate stabilization fund, and a fiscal stability stabilization fund with a combined balance of \$31.9 million at year-end. Collectively, they reported a decrease of \$2.1 million from 2020. The operating general fund accounted for the remaining \$849,000 decrease.

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

The Town's capital borrowing major fund reported a fund balance of \$94.1 million, an increase of \$37.7 million from the prior year. During 2021, the Town recognized \$80.4 million in bond proceeds and premiums in this major fund which represents long-term borrowing used to finance various capital projects identified in the Town's capital improvement plan. Current expenditures in this fund totaled \$63.4 million and related mainly to school building improvements. The fund also reported \$21.2 million in reimbursements from the Massachusetts School Building Authority.

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

General Fund Budgetary Highlights

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

The largest revenue variance was in the departmental and other revenue which came in over budget by \$676,000. A majority of the increase was for building permits, marijuana revenue, wire permits, and ambulance fees. Tax collections including real estate and personal property taxes, motor vehicle excise taxes, hotel/motel tax, and meal tax, came in higher than budget by \$1.2 million. The Town also had a revenue surplus for the unbudgeted tax liens totaling \$158,000. Expenditures for the reserve fund and public safety came in under budget by approximately \$1.5 million and \$555,000 respectively, which contributed to the surplus.

Capital Asset and Debt Administration

The Town Manager is responsible for submitting a five-year capital-planning program for all departments to the Select Board each year. The Capital Planning Committee was created to advise and make recommendations regarding the Capital Plan. Annually the first year of the Capital Plan is submitted to the Town Meeting as the Capital Budget for appropriation. The Capital Plan is reviewed and revised each year to make changes in priorities and to add an additional year to the planning process.

The goal of the Capital Planning Program is to provide a means of planning for the maintenance and/or improvement of the capital assets and infrastructure of the Town of Arlington. To that end, the policy is that approximately 5% of the projected revenue of the Town is dedicated to capital expenditures including prior and future debt issuances. For the 2021 budget, this allowed for an annual cash expenditure of \$4.3 million and a new borrowing of \$3.5 million (including Water and Sewer). The Town's outstanding long-term debt related to the general government and enterprise funds, as of June 30, 2021, was \$236.1 million for various CIP related projects.

The maintenance of the infrastructure and the capital assets of the Town are of vital importance to the delivery of the quality services that the Town has been known for. To this end, the Capital Planning Committee is dedicated to accomplishing the following objectives:

- To review, plan, and coordinate capital improvements so as to promote a systematic, organized replacement and acquisition schedule.
- To insure that, given limited resources, the capital needs of the community are met.
- To present a sound financial package so as to stabilize and level out the debt of the Town. It should assure timely planning for the most economical method of financing capital improvements.
- To insure wider community participation in the planning of projects and to reduce the pressure to fund a project that may not present as great a need as another project.
- To promote a more effective administration and coordination of capital projects to reduce scheduling problems, and conflicting or overlapping projects not only among local departments but also among other local and state agencies and private enterprises such as the gas and electric companies.

In reviewing the requests of the operating departments, the committee uses the following criteria for evaluation:

- Imminent threat to the health and safety of citizens/property.
- Maintenance of operations/necessary expenditures. This does not include ordinary maintenance but rather maintaining a current service level through improvement of a capital asset. These may be major expenditures that will avoid costly replacement in the future.
- Requirement of State or Federal Law/regulation.
- Improvement of infrastructure.
- Improvement of productivity.
- Alleviation of an overtaxed/overburdened situation.

The relationship of the project to other Town projects and needs is also considered in the review and prioritization.

The Town is a member of the Massachusetts Water Resources Authority (MWRA), which assesses member communities annually for their proportionate share of the MWRA's debt service. The Town has also adopted Chapter 59 Section 21C Paragraph N of the Massachusetts General Law, which allows for the shifting of the debt service for water and sewer to the tax rate above the limits of Proposition 2 ½. The Town shifted \$3.7 million in fiscal year 2021 from the MWRA assessment to the property taxes. During fiscal year 2021, the Town issued an additional \$1.2 million in MWRA sewer bonds.

The Town has voted to eliminate the amount of future MWRA debt that will be shifted to the tax rate to zero over the next three year, which will increase water rates.

The Town continues to invest in its buildings and other infrastructure to maintain high quality public services. The ongoing rise in student enrollments and aging school buildings has led the Town to undertake several major capital projects. In 2019-2020, the Town began construction of the new Arlington High School by moving major utility lines that feed the school and relocating storm drains the lie under the site. The Town also began renovation of the Central School, a building that has been used to house the Senior Center, HHS Department, and some private tenants.

Capital Assets

The Town's valuation of governmental activities capital assets as of June 30, 2021, amounts to \$273.7 million, net of accumulated depreciation. This amount represents purchases made over time in the following categories: land, construction in progress, buildings, improvements, vehicles and equipment, and infrastructure. The Town's capital

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

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

Debt

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

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

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

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

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

Requests for Information

This financial report is designed to provide a general overview of the Town of Arlington's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Comptroller, 27 Maple Street, Arlington, Massachusetts 02476.

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Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2021

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

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

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

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

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

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2021

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

See notes to basic financial statements.

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

JUNE 30, 2021

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

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2021

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

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds.....		\$ 37,698,480
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	69,811,643	
Depreciation expense.....	<u>(9,051,115)</u>	
Net effect of reporting capital assets.....		60,760,528
<p>The Statement of Activities reports the <i>gain</i> on the sale of capital assets whereas the governmental funds report the entire proceeds of the sale.....</p>		
		(2,266)
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		(582,933)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Issuance of bonds.....	(75,245,000)	
Premium from issuance of bonds.....	(5,395,757)	
Net amortization of premium from issuance of bonds.....	1,175,770	
Debt service principal payments.....	<u>8,425,000</u>	
Net effect of reporting long-term debt.....		(71,039,987)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	(34,100)	
Net change in accrued interest on long-term debt.....	(177,998)	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(6,791,856)	
Net change in net pension liability.....	9,853,649	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...	(10,288,033)	
Net change in net other postemployment benefits liability.....	(6,846,989)	
Net change in workers' compensation liability.....	<u>(6,800)</u>	
Net effect of recording long-term liabilities.....		<u>(14,292,127)</u>
Change in net position of governmental activities.....		\$ <u>12,541,695</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2021

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

See notes to basic financial statements.

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

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

YEAR ENDED JUNE 30, 2021

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

See notes to basic financial statements.

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

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

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

See notes to basic financial statements.

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

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2021

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

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

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2021

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

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

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Arlington, Massachusetts (Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

A. Reporting Entity

The Town is a municipal corporation governed by “The Town Manager Act of the Town of Arlington, Massachusetts”, the “By-Laws of the Town of Arlington”, and Massachusetts General Laws Chapter 43A, “Standard Form of Representative Town Meeting Government”. The executive branch is made up of a five-member Select Board elected at large. The Board hires a professional manager to administer the daily operations of the government. The legislative branch is a Town Meeting made up of 252 representatives, elected from each of the twenty-one precincts in the Town. Arlington is also a member of the 7th Massachusetts Congressional District, 4th Middlesex State Senatorial District, and the 25th and 26th Middlesex State Representative Districts.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. One entity has been included as a component unit in the reporting entity, because of the significance of its operational and/or financial relationship.

Component Unit Presented as a Fiduciary Fund – The following component unit is presented as a fiduciary fund of the primary government due to the nature and significance of the relationship between the Town and the component unit.

The Arlington Contributory Retirement System (System) was established to provide retirement benefits to Town employees and their beneficiaries. The System is governed by a five-member board comprised of the Town Comptroller (ex-officio), two members elected by the System’s participants, one member appointed by the Select Board and one member appointed by the Retirement Board’s members. The System is presented using the accrual basis of accounting and is reported as a Pension Trust Fund. The System did not issue a separate audited financial statement.

Joint Venture – The Town is a member of the Minuteman Regional Vocational Technical School District that serves the members students seeking an education in academic and technical studies. The members share in the operations of the Minuteman Regional Vocational Technical School District and each member is responsible for its proportionate share of the operational and capital cost of the Minuteman Regional Vocational Technical School District, which are paid in the form of assessments. The Town does not have an equity interest in the Minuteman Regional Vocational Technical School District and the 2021 assessment was \$6,113,371.

B. Government-Wide and Fund Financial Statements***Government-Wide Financial Statements***

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental*

activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

Major Fund Criteria

Major funds must be reported if the following criteria are met:

- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.

- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

The Town considers property tax revenues available if they are collected within 60 days after year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

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

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

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

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

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

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

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

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

The following major proprietary funds are reported:

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

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

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

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

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

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

The following fiduciary fund types are reported:

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

The *private purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. The Town's private purpose trust fund is comprised of education scholarships, elderly and disabled trusts, and other human service related trusts.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

Investments are carried at fair value.

E. Fair Value Measurements

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

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

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

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

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

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

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

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

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

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

Property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Property taxes levied are recorded as receivables in the year of the levy.

Tax liens are processed during the fourth quarter of every year on delinquent properties and are recorded as receivables in the year they are processed.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Motor Vehicle Excise Taxes

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles to the Town. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

User Charges

Water and sewer user charges are levied quarterly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer liens are processed in June of every year and are included as a lien on the property owner's tax bill in the following year. Water and sewer user charges are recorded as receivables in the year of the levy. Unbilled user charges are estimated at year-end and are recorded as revenue in the current period.

Water and sewer user charges are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Departmental and Other

Departmental and other receivables consist primarily of reimbursements for veteran's services, fire alarm renewal fees, and insurance reimbursements and are recorded as receivables in the year accrued.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Intergovernmental

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, revenue is recognized when the qualifying expenditures are incurred, and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Loans

The Department of Planning and Community Development administers loan programs that provide housing assistance to residents. Upon issuance, a receivable is recorded for the principal amount of the loan.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

G. Inventories

Government-Wide and Fund Financial Statements

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported.

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, improvements, buildings, machinery and equipment, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets; donated works of art, historical treasures and similar assets; and capital assets received in concession service arrangements are recorded at acquisition value. Construction period interest is capitalized on constructed capital assets except for the capital assets of the governmental activities column in the government-wide financial statements.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Buildings.....	50
Improvements.....	20 - 50
Vehicles and equipment.....	5 - 10
Infrastructure.....	20 - 60
Sewer and water lines.....	60

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the year of the purchase.

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has reported deferred outflows related to pensions and deferred outflows related to other postemployment benefits in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has reported taxes paid in advance, deferred inflows related to pensions, and deferred inflows related to other postemployment benefits in this category.

Governmental Fund Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents assets that have been recorded in the governmental fund financial statements, but the revenue is not available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The Town has reported taxes paid in advance and unavailable revenue as deferred inflows of resources in the governmental funds balance sheet.

J. Unearned and Unavailable Revenue

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

Fund Financial Statements

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

K. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances".

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

L. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

Government-Wide Financial Statements

Transfers between and within governmental funds and fiduciary funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

Fund Financial Statements

Transfers between and within funds are *not* eliminated from the individual fund statements and are reported as transfers in and transfers out.

M. Net Position and Fund Equity*Government-Wide Financial Statements (Net Position)*

Net position is reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position has been "restricted for" the following:

"Loans" represents community development outstanding loan receivable balances.

"Permanent funds - expendable" represents the amount of realized and unrealized investment earnings on donor restricted trusts. The restrictions and trustee policies only allow the trustees to approve spending of the realized investment earnings.

"Permanent funds - nonexpendable" represents the endowment portion of donor restricted trusts that support governmental programs.

"Gifts and grants" represents assets that have restrictions placed on them from outside parties.

"Community preservation" represents amounts held for uses restricted by law for community preservation purposes.

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Financial Statements (Fund Balances)

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

"Nonspendable" fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

"Restricted" fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Town Meeting is the highest level of decision-making authority that can, by Town Meeting vote, commit funds for a specific purpose. Once voted, the limitation imposed by the vote remains in place until the funds are used for their intended purpose or a vote is taken to rescind the commitment.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. The Town’s by-laws authorize the Comptroller to assign fund balance. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only governmental fund that can report a positive fund balance. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Sometimes the Town will fund outlays for a particular purpose from different components of fund balance. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. When different components of fund balance can be used for the same purpose, it is the Town’s policy to consider restricted fund balance to have been depleted first, followed by committed fund balance, and assigned fund balance. Unassigned fund balance is applied last.

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of both the Arlington Contributory Retirement System and the Massachusetts Teachers’ Retirement System and additions to/deductions from the Systems’ fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Long-term Debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

P. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL). Investment income from the enterprise funds (except the water and sewer enterprise fund) is voluntarily assigned and transferred to the general fund.

Q. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

Government-Wide and Proprietary Fund Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Fund Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities.

R. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the year. Actual results could vary from estimates that were used.

S. Total Column

Government-Wide Financial Statements

The total column presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

NOTE 2 – CASH AND INVESTMENTS

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Cash Equivalents". The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment

Pool (Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

The Pension System participates in the Pension Reserve Investment Trust (PRIT), which meets the criteria of an external investment pool. PRIT is administered by the Pension Reserves Investment Management Board, which was established by the Treasurer of the Commonwealth of Massachusetts who serves as Trustee. The fair value of the position in the PRIT is the same as the value of the PRIT shares.

Funds held in the Other Postemployment Benefit (OPEB) Trust Fund are held under the supervision and investment management of the Town’s Contributory Retirement Board. The Town Treasurer is the custodian of the OPEB Trust Fund. Investments of \$21.3 million in the OPEB Trust Fund are included within the Town’s investments balance in the following disclosures.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town of Arlington’s deposits may not be returned to it. The Town’s established policy is to fully collateralize all deposits. At year-end, the carrying amount of deposits totaled \$110,790,610 and the bank balance totaled \$113,009,297. Of the bank balance, \$2,250,000 was covered by Federal Depository Insurance, \$5,462,610 was covered by Depositors Insurance Fund, \$105,031,122 was collateralized, and \$265,565 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2020, carrying amount of deposits for the Pension System totaled \$254,358 and the bank balance totaled \$640,348. All of the bank balance was covered by the Federal Depository Insurance and none of the funds were exposed to custodial credit risk.

Investments

As of June 30, 2021, the Town of Arlington had the following investments:

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>		
		<u>Under 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 2,881,049	\$ 666,729	\$ 1,640,456	\$ 573,864
Government sponsored enterprises.....	1,374,573	223,011	1,151,562	-
Corporate bonds.....	<u>2,056,568</u>	<u>306,751</u>	<u>1,462,208</u>	<u>287,609</u>
Total Debt Securities.....	6,312,190	\$ <u>1,196,491</u>	\$ <u>4,254,226</u>	\$ <u>861,473</u>
<u>Other investments:</u>				
Equity securities.....	17,848,931			
Equity mutual funds.....	14,835,615			
Fixed income mutual funds.....	8,266,468			
Money market mutual funds.....	725,841			
MMDT - Cash portfolio.....	<u>108,785,515</u>			
Total investments.....	\$ <u>156,774,560</u>			

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

<u>Investment Type</u>	<u>Fair value</u>
<u>Other investments:</u>	
Equity mutual funds.....	\$ 732,220
Money market mutual funds.....	5,323,060
Pension Reserve Investment Trust (PRIT).....	<u>184,980,257</u>
 Total investments.....	 \$ <u>191,035,537</u>

The Town participates in MMDT, which maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately 3 months.

The System participates in PRIT. The effective weighted duration rate for PRIT investments ranged from 0.19 to 16.28 years.

Custodial Credit Risk – Investments

The Town’s policy related to custodial credit risk is to apply the guidelines established by Massachusetts General Law and to invest in institutions which are financially strong. Of the Town’s investments, \$6,312,190 in debt securities and \$17,848,931 in equity securities are exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the counterparty. As of June 30, 2021, the Town’s investments in MMDT which totaled \$108,785,515 are not subject to custodial credit risk exposure because they are not evidenced by securities that exist in physical or book-entry form.

The Pension System does not have an investment policy for custodial credit risk. At December 31, 2020, the System’s investments in PRIT totaling \$184,980,257 and equity mutual funds totaling \$732,220 are not subject to custodial credit risk exposure because they are not evidenced by securities that exist in physical or book-entry form.

Interest Rate Risk

To manage its exposure to fair value losses arising from increasing interest rates, the Town’s investment policy limits the investment of short-term funds to maturities of up to twelve months and any short-term investment with a term greater than three months is limited to one million dollars.

Longer-term funds such as perpetual trust or stabilization funds are not restricted by this policy.

The Town maintains separate investment policies for trust funds, stabilization funds, and for all other Town funds. The Town’s investment policies are reviewed annually.

Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer or backer. The Town’s policy related to Credit Risk consists of tracking the credit worthiness of specific financial institutions at least semiannually. The current practice is to review credit risk quarterly. At June 30, 2021, the Town’s investments were rated as shown on the following page.

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

The Town’s investments in MMDT, money market mutual funds and fixed income mutual funds are unrated.

The Pension System has selected a group of investment managers to implement its planning decisions. Sector and security selection, portfolio quality and timing of purchases and sales are delegated to the investment managers.

Concentration of Credit Risk

The Town places no limit on the amount the government may invest in any one issuer.

The following table indicates the current policy mix of the System. The policy allocation is allowed to vary within a 5% range as indicated in the table. Within these restrictions, the Pension System places no limit on the amount that may be invested in any one issuer.

Asset Class	Current Policy	Range	
		Minimum	Maximum
U.S. Stocks.....	50%	45%	55%
International Stocks.....	15%	10%	20%
U.S. Bonds.....	30%	25%	35%
Alternative Investments.....	5%	0%	10%
Cash and Equivalents.....	0%	0%	5%

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

Fair Value of Investments

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town’s mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town chooses a tabular format for disclosing the levels within the fair value hierarchy.

The Town categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2021:

Investment Type	June 30, 2021	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 2,881,049	\$ 2,881,049	\$ -	\$ -
Government sponsored enterprises.....	1,374,573	1,374,573	-	-
Corporate bonds.....	2,056,568	-	2,056,568	-
Total debt securities.....	6,312,190	4,255,622	2,056,568	-
<u>Other investments:</u>				
Equity securities.....	17,848,931	17,848,931	-	-
Equity mutual funds.....	14,835,615	14,835,615	-	-
Fixed income mutual funds.....	8,266,468	8,266,468	-	-
Money market mutual funds.....	725,841	725,841	-	-
Total other investments.....	41,676,855	41,676,855	-	-
Total investments measured at fair value.....	47,989,045	\$ 45,932,477	\$ 2,056,568	\$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	108,785,515			
Total investments.....	\$ 156,774,560			

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

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

Retirement System

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

The System categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America.

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

Investment Type	December 31, 2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Other investments:</u>				
Equity mutual funds.....	\$ 732,220	\$ 732,220	\$ -	\$ -
Money market mutual funds.....	5,323,060	5,323,060	-	-
Total investments measured at fair value.....	6,055,280	<u>\$ 6,055,280</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at net asset value:				
Pension Reserve Investment Trust (PRIT).....	<u>184,980,257</u>			
Total investments.....	<u>\$ 191,035,537</u>			

Equity mutual funds and money market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

PRIT investments are valued using the net asset value (NAV) method. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The fair values of the positions in each investment pool are the same as the value of each pool’s shares. The System does not have the ability to control any of the investment decisions relative to its funds in PRIT.

NOTE 3 – RECEIVABLES

At June 30, 2021, receivables for the individual major and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 1,862,945	\$ -	\$ 1,862,945
Tax liens.....	331,605	-	331,605
Community preservation fund surtax.....	17,623	-	17,623
Motor vehicle excise taxes.....	267,058	(106,216)	160,842
Departmental and other.....	206,372	-	206,372
Intergovernmental.....	7,768,847	-	7,768,847
Community preservation state share.....	580,300	-	580,300
Loans.....	253,965	-	253,965
Total.....	\$ 11,288,715	\$ (106,216)	\$ 11,182,499

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

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

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, the various components of unavailable revenue reported in the governmental funds were as follows:

	General Fund	Other Governmental Funds	Total
<u>Receivables and other asset types:</u>			
Real estate and personal property taxes.....	\$ 1,383,242	\$ -	\$ 1,383,242
Tax liens.....	329,800	1,805	331,605
Community preservation fund surtax.....	-	17,623	17,623
Motor vehicle excise taxes.....	160,842	-	160,842
Departmental and other.....	206,372	-	206,372
Intergovernmental.....	-	2,026,681	2,026,681
Loans.....	-	253,965	253,965
Tax foreclosures.....	396,784	-	396,784
Total.....	\$ 2,477,040	\$ 2,300,074	\$ 4,777,114

NOTE 4 – CAPITAL ASSETS

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

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

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

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

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

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2021, are summarized as follows:

Transfers Out:	Transfers In:							Total
	General fund	Capital borrowing fund	Nonmajor governmental funds	Water and sewer enterprise fund	Youth services enterprise fund	Council on aging enterprise fund	Recreation enterprise fund	
General fund.....	\$ -	\$ 484,674	\$ 4,314,512	\$ 3,704,804	\$ 120,000	\$ 50,000	\$ 64,646	\$ 8,738,636 (1)
Capital borrowing fund.....	1,116,049	-	-	-	-	-	-	1,116,049 (2)
Nonmajor governmental funds..	1,270,877	120,304	10,607	-	-	-	-	1,401,788 (3)
Total.....	\$ 2,386,926	\$ 604,978	\$ 4,325,119	\$ 3,704,804	\$ 120,000	\$ 50,000	\$ 64,646	\$ 11,256,473

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

NOTE 6 – SHORT-TERM FINANCING

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

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

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

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

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

NOTE 7 – LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

Details related to the outstanding indebtedness at June 30, 2021, and the debt service requirements are as follows:

Bonds and Notes Payable Schedule – Governmental Funds

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

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

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

The Commonwealth has approved school construction assistance to the Town. The assistance program, which is administered by the Massachusetts School Building Authority (MSBA), provides resources for future debt service of general obligation school bonds outstanding. During 2021, the Town received the final payment of this assistance program of \$476,523.

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

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

Bonds and Notes Payable Schedule – Water and Sewer Enterprise Fund

The Town is a member of the Massachusetts Water Resources Authority (MWRA) which offers its members interest free loans for various purposes. The majority of the Town’s Water and Sewer Enterprise Fund debt is issued through this program. The interest imputed on the remaining life of the 0% MWRA bonds totaled approximately \$746,000. However, the cost on a yearly basis is deemed immaterial. No adjustments have been made to recognize the imputed interest.

Details related to the outstanding indebtedness at June 30, 2021, and the debt service requirements are as follows:

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

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

Year	General Obligation Bonds Payable		
	Principal	Interest	Total
2022.....	\$ 430,000	\$ 83,695	\$ 513,695
2023.....	300,000	70,394	370,394
2024.....	300,000	59,294	359,294
2025.....	165,000	50,369	215,369
2026.....	165,000	44,154	209,154
2027.....	165,000	37,907	202,907
2028.....	165,000	31,628	196,628
2029.....	145,000	25,834	170,834
2030.....	115,000	21,282	136,282
2031.....	110,000	17,488	127,488
2032.....	110,000	13,701	123,701
2033.....	110,000	9,807	119,807
2034.....	90,000	6,172	96,172
2035.....	25,000	4,094	29,094
2036.....	25,000	3,219	28,219
2037.....	25,000	2,329	27,329
2038.....	25,000	1,407	26,407
2039.....	25,000	469	25,469
Total.....	\$ 2,495,000	\$ 483,242	\$ 2,978,242

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

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

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

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

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

Bonds and Notes Payable Schedule – Recreation Enterprise Fund

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

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

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

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2021, the Town had the following authorized and unissued debt:

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

Changes in long-term liabilities

During the year ended June 30, 2021, the following changes occurred in long-term liabilities:

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

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

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town classifies fund balances according to the constraints imposed on the use of the resources. There are two major types of fund balances, which are nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

Spendable fund balances are classified based on a hierarchy of spending constraints.

- **Restricted:** fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed:** fund balances that contain self-imposed constraints of the government from its highest level of decision-making authority.
- **Assigned:** fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- **Unassigned:** fund balance of the general fund that is not constrained for any particular purpose.

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

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

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

NOTE 9 – STABILIZATION FUND

At June 30, 2021, the Town has approximately \$3,619,000 in a stabilization fund, which is classified as part of the general fund in the fund-based basic financial statements. The Town may use the stabilization fund for general and/or capital purposes upon Town Meeting approval.

NOTE 10 – FISCAL STABILITY STABILIZATION FUND

The Town created a Fiscal Stability Fund pursuant to Article 65 of the 2005 Annual Town Meeting in accordance with the provisions of the General Laws, Chapter 40, Section 5B, as amended. The fund was established to hold surplus override tax revenues for future years in which operating deficits are projected. A Special Town Meeting held on June 7, 2011 approved a general tax override of \$6,490,000 for this purpose. As of June 30, 2021, the Fiscal Stability Fund has a balance of approximately \$24,776,000 which is classified as part of the general fund in the fund-based financial statements.

NOTE 11 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. During 2012, the Town discontinued a self-insured health insurance plan and joined the Group Insurance Commission of the Commonwealth of Massachusetts (GIC) to provide health insurance benefits for its employees and retirees. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The Town is self-insured for its workers’ compensation activities. These activities are accounted for in the Town’s general fund where revenues are recorded when earned and expenses are recorded when the liability is incurred.

Workers’ Compensation

Workers’ compensation claims are administered by a third-party administrator and are funded on a pay-as-you-go basis from annual appropriations. The estimated future workers’ compensation liability is based on history and injury type. The estimate of the claims liability also includes amounts for nonincremental claim adjustment expenses.

At June 30, 2021, the amount of the liability for workers’ compensation claims totaled \$179,200. This liability is the Town’s best estimate based on available information. Changes in the reported liability since July 1, 2019, are as follows:

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

NOTE 12 – PENSION PLAN*Plan Descriptions*

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

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2020. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$21,383,677 is reported in the general fund as intergovernmental revenue and pension benefits in the current year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$173,127,101 as of the measurement date.

Benefits Provided

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The Systems provide retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

At December 31, 2020, the ACRS membership consists of the following:

Active members	812
Inactive members entitled to a return of contributions	372
Retirees and beneficiaries currently receiving benefits	<u>608</u>
 Total	 <u>1,792</u>

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the ACRS a legislatively mandated actuarially determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2020, was \$13,802,754, 31.29% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Town's proportionate share of the required contribution was \$13,246,911. The Town's actual contribution totaled \$13,250,411 and was 31.25% of covered payroll. The actual contribution included pension reimbursements from federal grants received by the Town.

Pension Liabilities

The components of the net pension liability of the participating member units at December 31, 2020, were as follows:

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

At June 30, 2021, the Town reported a liability of \$118,408,126 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2020, the Town's proportion was 95.99%, which decreased by 0.36% from its proportion measured at December 31, 2019.

Pension Expense

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

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

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

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:

<u>Year ended June 30:</u>	
2022.....	\$ (2,367,965)
2023.....	(937,821)
2024.....	(4,404,202)
2025.....	<u>(1,637,396)</u>
Total.....	\$ <u>(9,347,384)</u>

Actuarial Assumptions

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

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

Investment rate of return/ Discount rate.....	7.00% per year net of investment expenses.
Inflation rate.....	4.50% per year.
Salary increases.....	Select and ultimate, based on group and years of credited service: <ul style="list-style-type: none"> • Group 1 and 2: 7.75% increases for the first 6 years of service; 4.00% increases thereafter. • Group 4: 5.00% increase in year 5, 4.99% in year 10, 4.98% in year 15, 4.971% in year 20, and 4.962% in year 25; 4.00% increase in all other years.
Cost of living adjustments.....	3.00% of the first \$15,000 of a member's retirement allowance is assumed to be granted annually.
Mortality rates.....	RP-2014 table adjusted to 2006 and projected generationally with MP-2019 (sex-distinct). During employment the healthy employee mortality table is used. Postemployment the healthy annuitant table is used. <p style="margin-left: 40px;">Mortality for disabled retirees follows the same table as non-disabled retirees, set forward 2 years. Death is assumed to be due to the same cause as the disability 40% of the time.</p>

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2020, are summarized in the table on the following page.

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

Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.50%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2021, was 7.00%, the same as June 30, 2020. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

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

Changes in Assumptions and Plan Provisions

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

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

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS*Plan Description*

The Town administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town's participation in the Group Insurance Commission of the Commonwealth of Massachusetts (GIC), which covers both active and retired members. Chapter 32B of the Massachusetts General Law assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 75 to 80 percent of the cost of current-year premiums for healthcare insurance for eligible retired plan members and their spouses and may contribute additional amounts to pre-fund benefits. Plan members receiving benefits contribute the remaining 20 to 25 percent of their premium costs. For 2021, the Town's age-adjusted contribution to the plan totaled \$7.7 million. For the year ended June 30, 2021, the Town's average contribution rate was 9.62% of covered employee payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish the other postemployment benefit trust fund and enabled the Town to raise taxes necessary to begin pre-funding its other postemployment benefit (OPEB) liabilities.

During 2021, the Town pre-funded future OPEB liabilities totaling \$936,532 by contributing funds to the Other Postemployment Benefit Trust Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2021, the balance of this fund totaled \$21,268,077.

Investment Policy

The Town's policy in regard to the allocation of invested assets is established and may be amended by the Select Board by a majority vote of its members. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town's investment policy.

Employees Covered by Benefit Terms

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

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

Components of OPEB Liability

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

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

Significant Actuarial Methods and Assumptions

The total OPEB liability in the January 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2021:

Valuation date.....	January 1, 2020
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Fair value of assets with payables and receivables.
Interest rate/ Discount rate.....	2.62% per year net of investment expenses as of 06/30/2021. In the calculation of the discount rate, the 20-year Municipal General Obligation bonds as shown in the Bond Buyer 20 Bond Index (2.16%) and a long-term rate of return of 6.50% were used
Healthcare cost trend rate.....	7.5% decreasing to 5.0%.
Salary increases.....	Group 1 and 2: 7.75% increases for the first 6 years of service; 4.00% increases thereafter. Group 4: 5.00% increase in year 5, 4.99% in year 10, 4.98% in year 15, 4.971% in year 20, and 4.962% in year 25; 4.00% increases in all other years.

Mortality rates:

Actives.....	The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Employees projected using generational mortality and scale MP-2019.
Retirees.....	The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Healthy Annuitants projected using generational mortality and scale MP-2019.
Disabled.....	The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Healthy Annuitants projected using generational mortality and scale MP-2019. Set forward 2 years.

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 26.72%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2021, are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total OPEB liability was 2.62% as of June 30, 2021, and 2.57% as of June 30, 2020. To calculate the current rate, the Actuary conducted a cash flow study of the Trust assets and liabilities. Using a rate consistent with the Town’s investment strategy (6.50%), they determined the length of time for which assets would support OPEB benefit payments for current and projected new employees. For the Town, the depletion point comes after approximately twenty-one years. The present value of OPEB benefits was calculated

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 2.62%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (1.62%) or 1-percentage-point higher (3.62%) than the current rate.

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

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend

The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ 196,537,271	\$ 243,250,264	\$ 305,931,506

Changes in Assumptions and Plan Provisions

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

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

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

Changes in the Net OPEB Liability

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

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

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

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

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

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

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

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

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

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

NOTE 15 – COMMITMENTS

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

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

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

NOTE 16 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2021, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2021.

NOTE 17 – COVID-19

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

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

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

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

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

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

NOTE 18 – REVISION OF NET POSITION PREVIOUSLY REPORTED

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

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

NOTE 19 – SUBSEQUENT EVENTS

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

NOTE 20 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2021, the following GASB pronouncements were implemented:

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

The following GASB pronouncements will be implemented in the future:

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

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

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

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Required Supplementary Information

General Fund Budgetary Comparison Schedule

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

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

YEAR ENDED JUNE 30, 2021

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

(Continued)

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

YEAR ENDED JUNE 30, 2021

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

See notes to required supplementary information.

(Concluded)

Pension Plan Schedules Retirement System

The Pension Plan's Schedule of Changes in the Net Pension Liability and Related Ratios presents multi-year trend information on the net pension liability and related ratios.

The Pension Plan's Schedule of Contributions presents multi-year trend information on the required and actual contributions to the pension plan and related ratios.

The Pension Plan's Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on retirement assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
ARLINGTON CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Total pension liability:				
Service cost.....	\$ 4,744,410	\$ 4,956,084	\$ 5,193,088	\$ 5,534,373
Interest.....	18,685,017	19,166,240	18,902,482	19,909,615
Changes in benefit terms.....	-	-	-	-
Differences between expected and actual experience.....	-	(1,851,544)	1,290,391	810,484
Changes in assumptions.....	-	-	5,894,235	(1,167,885)
Benefit payments.....	(17,126,706)	(17,015,692)	(17,446,008)	(18,002,395)
Net change in total pension liability.....	6,302,721	5,255,088	13,834,188	7,084,192
Total pension liability - beginning.....	252,695,991	258,998,712	264,253,800	278,087,988
Total pension liability - ending (a).....	<u>\$ 258,998,712</u>	<u>\$ 264,253,800</u>	<u>\$ 278,087,988</u>	<u>\$ 285,172,180</u>
Plan fiduciary net position:				
Employer contributions.....	\$ 9,993,280	\$ 10,546,215	\$ 11,122,754	\$ 11,718,809
Member contributions.....	3,321,267	3,458,362	3,517,426	3,830,531
Net investment income (loss).....	9,565,706	1,459,650	8,995,186	21,725,359
Administrative expenses.....	(277,509)	(290,212)	(333,705)	(324,776)
Retirement benefits and refunds.....	(17,126,706)	(17,015,692)	(17,446,008)	(18,002,395)
Net increase (decrease) in fiduciary net position.....	5,476,038	(1,841,677)	5,855,653	18,947,528
Fiduciary net position - beginning of year.....	129,637,643	135,113,681	133,272,004	139,127,657
Fiduciary net position - end of year (b).....	<u>\$ 135,113,681</u>	<u>\$ 133,272,004</u>	<u>\$ 139,127,657</u>	<u>\$ 158,075,185</u>
Net pension liability - ending (a)-(b).....	<u>\$ 123,885,031</u>	<u>\$ 130,981,796</u>	<u>\$ 138,960,331</u>	<u>\$ 127,096,995</u>
Plan fiduciary net position as a percentage of the total pension liability.....	52.17%	50.43%	50.03%	55.43%
Covered payroll.....	\$ 32,938,880	\$ 35,280,374	\$ 36,525,658	\$ 39,067,336
Net pension liability as a percentage of covered payroll.....	376.11%	371.26%	380.45%	325.33%

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

See notes to required supplementary information.

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

SCHEDULE OF CONTRIBUTIONS
ARLINGTON CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2020.....	\$ 13,799,108	\$ (13,802,754)	\$ (3,646)	\$ 44,115,863	31.29%
December 31, 2019.....	13,018,026	(13,032,279)	(14,253)	42,251,484	30.84%
December 31, 2018.....	12,339,361	(12,352,716)	(13,355)	40,230,025	30.71%
December 31, 2017.....	11,696,077	(11,718,809)	(22,732)	39,067,336	30.00%
December 31, 2016.....	11,086,329	(11,122,754)	(36,425)	36,525,658	30.45%
December 31, 2015.....	10,508,369	(10,546,215)	(37,846)	35,280,374	29.89%
December 31, 2014.....	9,960,539	(9,960,539)	-	32,938,880	30.24%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
ARLINGTON CONTRIBUTORY RETIREMENT SYSTEM

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2020.....	12.19%
December 31, 2019.....	16.19%
December 31, 2018.....	-2.01%
December 31, 2017.....	15.89%
December 31, 2016.....	6.41%
December 31, 2015.....	0.95%
December 31, 2014.....	6.70%

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

See notes to required supplementary information.

Pension Plan Schedules – Town

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers' Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Town along with related ratios.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
ARLINGTON CONTRIBUTORY RETIREMENT SYSTEM**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2020.....	95.99%	\$ 118,408,126	\$ 42,407,412	279.22%	60.82%
December 31, 2019.....	96.35%	128,768,934	40,715,263	316.27%	56.52%
December 31, 2018.....	96.33%	143,625,005	38,877,055	369.43%	50.58%
December 31, 2017.....	96.36%	122,469,800	37,808,501	323.92%	55.43%
December 31, 2016.....	96.18%	133,636,966	35,322,501	378.33%	50.03%
December 31, 2015.....	96.13%	125,895,428	33,983,355	370.46%	50.43%
December 31, 2014.....	96.12%	119,059,301	31,699,372	375.59%	52.17%

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

See notes to required supplementary information.

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
ARLINGTON CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2021.....	\$ 13,246,911	\$ (13,250,411)	\$ (3,500)	\$ 43,467,597	30.48%
June 30, 2020.....	12,543,872	(12,557,604)	(13,732)	41,733,145	30.09%
June 30, 2019.....	11,887,479	(11,900,344)	(12,865)	39,848,981	29.86%
June 30, 2018.....	11,268,184	(11,290,091)	(21,907)	38,753,714	29.13%
June 30, 2017.....	10,659,672	(10,694,705)	(35,033)	36,205,564	29.54%
June 30, 2016.....	10,098,704	(10,135,087)	(36,383)	34,832,939	29.10%
June 30, 2015.....	9,571,203	(9,571,203)	-	32,491,856	29.46%

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

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS
OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2021.....	\$ 173,127,101	\$ 21,383,677	50.67%
2020.....	140,539,265	17,042,825	53.95%
2019.....	132,990,182	13,476,629	54.84%
2018.....	126,810,806	13,235,613	54.25%
2017.....	116,924,661	11,927,082	52.73%
2016.....	105,014,197	8,517,586	55.38%
2015.....	77,866,611	5,409,767	61.64%

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

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered-employee payroll.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF CHANGES IN THE
TOWN'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Total OPEB Liability					
Service Cost.....	\$ 8,975,024	\$ 8,639,166	\$ 8,455,605	\$ 9,224,359	\$ 14,360,031
Interest.....	9,135,413	10,228,498	8,618,226	8,624,415	6,771,556
Differences between expected and actual experience.....	-	(41,500,767)	(5,652,311)	1,341,135	-
Changes of assumptions.....	-	(8,506,953)	6,898,573	31,171,677	(2,368,129)
Benefit payments.....	(6,796,528)	(6,370,083)	(6,405,234)	(6,361,089)	(6,739,480)
Net change in total OPEB liability.....	11,313,909	(37,510,139)	11,914,859	44,000,497	12,023,978
Total OPEB liability - beginning.....	222,775,237	234,089,146	196,579,007	208,493,866	252,494,363
Total OPEB liability - ending (a).....	<u>\$ 234,089,146</u>	<u>\$ 196,579,007</u>	<u>\$ 208,493,866</u>	<u>\$ 252,494,363</u>	<u>\$ 264,518,341</u>
Plan fiduciary net position					
Employer contributions.....	\$ 868,000	\$ 899,678	\$ 936,982	\$ 936,982	\$ 936,532
Employer contributions for OPEB payments.....	6,796,528	6,370,083	6,405,234	6,361,089	6,739,480
Net investment income.....	1,149,114	753,028	730,824	407,146	4,465,599
Benefit payments.....	(6,796,528)	(6,370,083)	(6,405,234)	(6,361,089)	(6,739,480)
Net change in plan fiduciary net position.....	2,017,114	1,652,706	1,667,806	1,344,128	5,402,131
Plan fiduciary net position - beginning of year.....	9,184,192	11,201,306	12,854,012	14,521,818	15,865,946
Plan fiduciary net position - end of year (b).....	<u>\$ 11,201,306</u>	<u>\$ 12,854,012</u>	<u>\$ 14,521,818</u>	<u>\$ 15,865,946</u>	<u>\$ 21,268,077</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 222,887,840</u>	<u>\$ 183,724,995</u>	<u>\$ 193,972,048</u>	<u>\$ 236,628,417</u>	<u>\$ 243,250,264</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	4.79%	6.54%	6.97%	6.28%	8.04%
Covered-employee payroll.....	\$ 68,333,400	\$ 69,727,934	\$ 72,168,412	\$ 84,216,383	\$ 79,793,330
Net OPEB liability as a percentage of covered-employee payroll.....	326.18%	263.49%	268.78%	280.98%	304.85%

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

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Year	Statutorily determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2021.....	\$ 7,676,012	\$ (7,676,012)	\$ -	\$ 79,793,330	9.62%
June 30, 2020.....	7,298,071	(7,298,071)	-	84,216,383	8.67%
June 30, 2019.....	7,342,216	(7,342,216)	-	72,168,412	10.17%
June 30, 2018 (1).....	12,177,000	(7,269,761)	4,907,239	69,727,934	10.43%
June 30, 2017 (1).....	18,409,000	(7,665,000)	10,744,000	68,333,400	11.22%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

(1) Actuarially determined contribution.

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2021.....	26.72%
June 30, 2020.....	2.64%
June 30, 2019.....	5.33%
June 30, 2018.....	6.24%
June 30, 2017.....	11.61%

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

See notes to required supplementary information.

NOTE A – BUDGETARY BASIS OF ACCOUNTING**A. Budgetary Information**

Municipal Law requires the adoption of a balanced budget that is approved by the Finance Committee (Committee). The Committee presents an annual budget to the Representative Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The Town, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote at the Annual Town Meeting. Changes subsequent to the approved annual budget require majority vote at a Special Town Meeting.

The majority of the Town's appropriations are non-continuing, which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year's original budget.

Generally, expenditures may not exceed the legal level of spending (individual department level) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote at a Special Town Meeting.

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. The 2021 original budget includes approximately \$178.8 million in current year authorized appropriations and other amounts to be raised and \$3.8 million in encumbrances and appropriations were carried over from previous years. During 2021, there were no significant changes between the Town's original and final budget.

The Town Comptroller has the responsibility to ensure that budgetary control is maintained in the manner in which the appropriations were voted at Town Meeting. Budgetary control is exercised through the Town's accounting system.

B. Budgetary – GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2021, is presented on the following page.

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

C. Appropriation Deficit

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

NOTE B – PENSION PLAN***Pension Plan Schedules – Retirement System***A. Schedule of Changes in the Net Pension Liability and Related Ratios

The Schedule of Changes in the Net Pension Liability and Related Ratios includes the detailed changes in the System's total pension liability, changes in the System's net position, and the ending net pension liability. It also demonstrates the plan's net position as a percentage of the total pension liability and the net pension liability as a percentage of covered payroll.

B. Schedule of Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The total appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The total appropriations are payable on July 1 and January 1. Employers may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual employer contributions may be less than the "total appropriation". The pension fund appropriations are allocated amongst employers based on covered payroll.

C. Schedule of Investment Returns

The money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money-weighted rate of return calculation are determined monthly.

Pension Plan Schedules - Town**A. Schedule of the Town's Proportionate Share of the Net Pension Liability**

The Schedule of the Town's Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability (asset), the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

B. Schedule of the Town's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the System's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the Town based on covered payroll.

C. Schedule of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

D. Changes in Assumptions

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

E. Changes in Plan Provisions

None.

NOTE C – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The Town administers a single-employer defined benefit healthcare plan ("the Other Post Employment Benefit Plan"). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town's health insurance plan, which covers both active and retired members. Additionally, retired teachers and their spouses receive health insurance through the Group Insurance Commission of the Commonwealth of Massachusetts (GIC). Each participating municipality is assessed for the governmental share of health and life insurance premiums paid on behalf of its teacher retirees by the state.

The Other Postemployment Benefit Plan

A. Schedule of Changes in the Town’s Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the Town’s Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan’s total OPEB liability, changes in the Plan’s net position, and ending net OPEB liability. It also demonstrates the Plan’s net position as a percentage of the total liability and the Plan’s net other postemployment benefit liability as a percentage of covered employee payroll.

B. Schedule of the Town’s Contributions

The Schedule of the Town’s Contributions includes the Town’s annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll. Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine contribution rates are as follows:

Valuation date.....	January 1, 2020
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Fair value of assets with payables and receivables.
Interest rate/ Discount rate.....	2.62% per year net of investment expenses as of 06/30/2021. In the calculation of the discount rate, the 20-year Municipal General Obligation bonds as shown in the Bond Buyer 20 Bond Index (2.16%) and a long-term rate of return of 6.50% were used
Healthcare cost trend rate.....	7.5% decreasing to 5.0%.
Salary increases.....	Group 1 and 2: 7.75% increases for the first 6 years of service; 4.00% increases thereafter. Group 4: 5.00% increase in year 5, 4.99% in year 10, 4.98% in year 15, 4.971% in year 20, and 4.962% in year 25; 4.00% increases in all other years.
Mortality rates:	
Actives.....	The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Employees projected using generational mortality and scale MP-2019.
Retirees.....	The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Healthy Annuitants projected using generational mortality and scale MP-2019.

Disabled..... The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Healthy Annuitants projected using generational mortality and scale MP-2019. Set forward 2 years.

C. Schedule of Investment Returns

The Schedule of Investment Returns includes the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

D. Changes of Assumptions

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

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

E. Changes in Provisions

None.

Other Supplementary Information

Combining Statements

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital Project Funds

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

Capital Tax Levy Projects Fund – This fund is used to account for capital projects that are financed through the tax levy.

Other Capital Projects Fund – This fund is used to account for capital projects that are financed through other financing sources.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs.

Cemeteries Fund – This fund is used to account for cemetery contributions and bequests for which only earnings may be expended to benefit the Town's cemeteries.

Cemetery Perpetual Care Fund – This fund is used to account for cemetery perpetual care contributions and expenditures.

Libraries Fund – This fund is used to account for gifts, bequests and contributions held for which only earnings may be expended to benefit the Town's libraries.

Education Fund – This fund is used to account for gifts, bequests and contributions held for which only earnings may be expended for purposes specified by the donor in relation to the Town's public education system.

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**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2021

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

(Continued)

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

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2021

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

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

YEAR ENDED JUNE 30, 2021

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

(Continued)

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

(Continued)

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

YEAR ENDED JUNE 30, 2021

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

(Concluded)

Private Purpose Trust Funds

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

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

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

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

PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF NET POSITION

JUNE 30, 2021

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

PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2021

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

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Statistical Section



Robbins Farm Park

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

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

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

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

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

Changes in Net Position

Last Ten Years

	2012	2013	2014	2015	2016 (1)	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government.....	\$ 10,355,512	\$ 10,813,564	\$ 11,362,970	\$ 11,994,175	\$ 11,984,655	\$ 12,894,571	\$ 13,826,811	\$ 13,949,950	\$ 14,142,166	\$ 15,730,414
Public safety.....	23,275,317	25,861,607	25,960,607	26,530,179	27,170,555	29,438,861	28,821,034	30,302,482	30,103,724	29,472,512
Education.....	80,540,822	90,812,950	95,698,115	92,752,859	100,991,589	107,943,200	112,983,324	121,355,303	135,249,039	147,142,833
Public works.....	11,598,855	12,993,064	13,073,357	13,783,618	12,652,291	14,089,422	17,127,685	16,327,039	16,221,956	16,221,973
Community development.....	5,029,219	5,683,462	3,658,595	3,235,477	3,428,730	3,048,321	4,158,369	4,518,395	3,193,768	2,920,325
Human services.....	1,792,014	2,023,675	1,880,010	2,112,859	2,254,316	2,285,633	2,599,295	2,805,007	3,063,753	4,135,765
Culture and recreation.....	652,529	795,686	926,550	1,085,309	1,286,389	1,203,788	1,505,571	565,478	352,672	486,193
Library.....	3,352,988	3,375,967	3,605,979	3,655,453	3,905,708	3,984,518	4,036,606	4,294,607	4,380,600	4,351,166
Community preservation.....	-	-	-	-	-	403,542	507,421	678,550	595,562	1,102,877
Claims and judgments.....	-	-	-	-	-	70,000	-	-	-	-
Interest.....	1,361,552	1,802,643	1,231,900	1,544,213	1,529,365	1,605,337	2,302,742	2,183,780	3,353,261	4,565,199
Total government activities expenses.....	137,958,808	154,162,618	157,398,083	156,694,142	165,203,598	176,967,193	187,868,858	196,980,591	209,602,501	226,129,257
Business-type activities:										
Water/Sewer.....	16,430,637	17,587,856	18,010,392	18,305,620	18,063,661	18,750,207	20,173,115	20,113,477	20,988,479	21,003,858
Youth Services.....	387,042	465,735	582,744	590,265	585,950	587,722	627,650	667,794	739,064	827,088
Council on Aging.....	100,544	121,014	120,856	109,930	114,109	81,089	88,375	83,109	93,351	107,326
Ed Burns Arena.....	603,557	601,659	646,235	610,885	632,989	605,009	594,477	597,908	511,963	459,593
Recreation.....	587,327	627,384	671,791	665,280	664,753	758,047	746,935	1,668,972	1,749,175	1,224,865
Total business-type activities expenses.....	18,109,107	19,403,628	20,032,018	20,281,980	20,061,462	20,782,074	22,230,552	23,131,260	24,082,031	23,622,730
Total primary government expenses.....	\$ 156,067,915	\$ 173,566,246	\$ 177,430,101	\$ 176,976,122	\$ 185,265,060	\$ 197,749,267	\$ 210,099,410	\$ 220,111,851	\$ 233,684,532	\$ 249,751,987
Program Revenues										
Governmental activities:										
General government charges for services.....	\$ 3,052,376	\$ 2,053,773	\$ 2,526,690	\$ 2,246,235	\$ 2,268,154	\$ 1,913,039	\$ 2,853,495	\$ 2,812,240	\$ 2,405,159	\$ 2,015,683
Public safety charges for services.....	4,359,394	4,374,659	4,234,027	4,355,275	4,795,099	4,321,115	5,384,293	4,687,433	4,827,230	4,460,247
Education charges for services.....	3,380,703	2,164,240	2,611,899	2,957,503	3,410,682	3,423,190	4,383,173	4,916,225	4,270,762	2,422,158
Other charges for services.....	1,889,450	2,075,978	2,322,698	2,517,365	3,685,216	3,503,615	3,005,599	2,339,330	2,112,532	2,185,028
Education operating grants and contributions.....	26,207,950	26,803,620	30,016,694	23,079,726	27,595,657	31,485,908	32,339,575	33,858,165	39,003,585	45,954,038
Other operating grants and contributions.....	5,669,665	6,654,675	4,731,763	3,712,772	3,372,823	3,006,122	3,276,150	4,076,250	3,924,800	5,331,061
Education capital grants and contributions.....	2,573,103	6,013,420	1,058,974	84,847	-	-	104,259	568,133	3,562,104	21,192,153
Other capital grant and contributions.....	279,891	787,547	1,574,503	251,334	930,611	480,762	1,752,958	1,232,553	1,245,997	1,531,762
Total government activities program revenues.....	47,412,532	50,927,912	49,077,048	39,205,057	46,058,242	48,133,751	53,099,502	54,490,329	61,352,169	85,092,130
Business-type activities:										
Charges for services - Water/Sewer.....	10,718,706	13,126,789	14,433,144	15,434,590	14,332,631	14,921,004	14,292,387	14,657,665	16,795,882	21,436,608
Charges for services - Youth Services.....	195,357	224,617	273,070	296,069	270,051	329,833	303,199	304,336	392,693	497,871
Charges for services - Council on Aging.....	31,312	15,449	37,909	18,441	17,551	14,333	11,906	16,528	11,028	2,799
Charges for services - Ed Burns Arena.....	553,362	557,404	596,111	593,985	603,721	629,928	618,284	552,927	514,132	473,564
Charges for services - Recreation.....	531,798	538,383	566,459	659,888	770,213	741,733	877,983	1,713,646	1,264,599	1,393,285
Operating grants and contributions.....	107,968	91,703	147,512	199,514	227,591	206,521	430,684	279,232	290,764	261,421
Capital grants and contributions.....	-	-	-	600,000	750,000	600,000	-	600,000	600,000	-
Total business-type activities program revenues.....	12,138,503	14,554,345	16,054,205	17,802,487	16,971,758	17,443,452	16,534,443	18,124,334	19,869,098	24,065,548
Total primary government program revenues.....	\$ 59,551,035	\$ 65,482,257	\$ 65,131,253	\$ 57,007,544	\$ 63,030,000	\$ 65,577,203	\$ 69,633,945	\$ 72,614,663	\$ 81,221,267	\$ 109,157,678
Net (Expense)/Revenue										
Governmental activities.....	\$ (90,546,276)	\$ (103,234,706)	\$ (108,321,035)	\$ (117,489,085)	\$ (119,145,356)	\$ (128,833,442)	\$ (134,769,356)	\$ (142,490,262)	\$ (148,250,332)	\$ (141,037,127)
Business-type activities.....	(5,970,604)	(4,849,283)	(3,977,813)	(2,479,493)	(3,089,704)	(3,338,622)	(5,696,109)	(5,006,926)	(4,212,933)	442,818
Total primary government net expense.....	\$ (96,516,880)	\$ (108,083,989)	\$ (112,298,848)	\$ (119,968,578)	\$ (122,235,060)	\$ (132,172,064)	\$ (140,465,465)	\$ (147,497,188)	\$ (152,463,265)	\$ (140,594,309)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 94,167,638	\$ 97,180,236	\$ 100,765,625	\$ 104,296,793	\$ 107,065,630	\$ 110,970,183	\$ 116,133,281	\$ 122,614,263	\$ 132,061,642	\$ 136,727,634
Tax liens.....	459,150	510,933	220,270	609,501	449,555	386,418	243,714	1,219	215,859	1,204
Motor vehicle excise taxes.....	3,921,568	4,066,173	4,560,606	4,668,133	5,021,825	4,775,678	5,639,563	5,312,690	5,087,563	4,111,235
Hotel/motel tax.....	262,094	283,497	300,875	330,739	363,125	303,939	378,783	479,530	453,651	160,955
Meals tax.....	307,037	326,726	413,163	401,870	409,308	415,173	444,161	467,654	457,149	377,538
Community preservation tax.....	-	-	-	-	1,563,920	1,612,843	1,520,324	1,473,559	1,901,538	1,987,449
Penalties and interest on taxes.....	252,493	352,869	294,295	420,679	388,691	295,521	314,667	409,223	317,289	436,506
Payments in lieu of taxes.....	13,973	14,419	50,941	24,750	-	51,519	25,337	25,361	25,386	70,563
Grants and contributions not restricted to specific programs.....	6,939,154	7,046,868	7,502,207	7,133,944	7,960,494	7,906,743	8,481,230	8,607,543	8,620,937	8,924,044
Unrestricted investment income.....	239,339	1,291,139	2,122,915	940,814	75,230	2,282,581	2,149,636	2,062,485	2,016,061	3,973,410
Gain on sale of capital assets.....	-	2,873,618	-	65,000	-	28,000	-	-	-	747,734
Miscellaneous.....	-	-	27,040	-	-	-	-	-	-	-
Transfers.....	(6,282,301)	(5,859,464)	(5,909,465)	(5,836,554)	(5,878,430)	(6,651,472)	(5,571,190)	(5,850,271)	(6,149,400)	(3,939,450)
Total governmental activities.....	100,280,145	108,087,014	110,348,472	113,055,669	117,119,348	122,377,126	129,759,506	135,603,256	145,007,675	153,578,822
Business-type activities:										
Unrestricted investment income.....	46,339	39,218	39,822	53,942	65,679	71,822	87,094	116,846	119,039	68,275
Transfers.....	(6,282,301)	(5,859,464)	(5,909,465)	(5,836,554)	(5,878,430)	(6,651,472)	(5,571,190)	(5,850,271)	(6,149,400)	(3,939,450)
Total business-type activities.....	6,328,640	5,898,682	5,949,287	5,890,496	5,944,109	6,723,294	5,658,284	5,967,117	6,268,439	4,007,725
Total primary government.....	\$ 106,608,785	\$ 113,985,696	\$ 116,297,759	\$ 118,946,165	\$ 123,063,457	\$ 129,100,420	\$ 135,417,790	\$ 141,570,373	\$ 151,276,114	\$ 157,586,547
Changes in Net Position										
Governmental activities.....	\$ 9,733,869	\$ 4,852,308	\$ 2,027,437	\$ (4,433,416)	\$ (2,026,008)	\$ (6,456,316)	\$ (5,009,850)	\$ (6,887,006)	\$ (3,242,657)	\$ 12,541,695
Business-type activities.....	358,036	1,049,399	1,971,474	3,411,003	2,854,405	3,384,672	(37,825)	960,191	2,055,506	4,450,543
Total primary government.....	\$ 10,091,905	\$ 5,901,707	\$ 3,998,911	\$ (1,022,413)	\$ 828,397	\$ (3,071,644)	\$ (5,047,675)	\$ (5,926,815)	\$ (1,187,151)	\$ 16,992,238

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

Fund Balances, Governmental Funds

Last Ten Years

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

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

Changes in Fund Balances, Governmental Funds

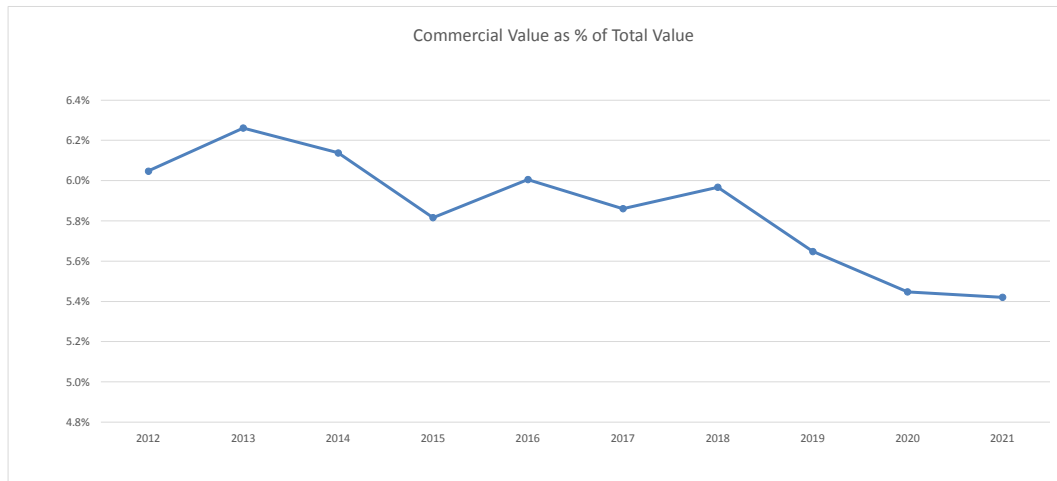
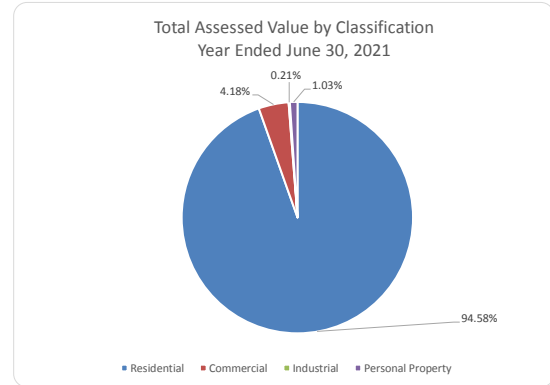
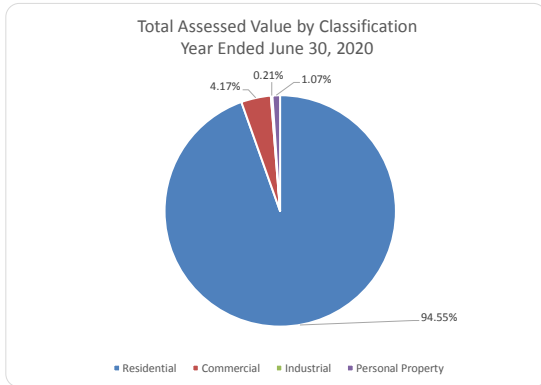
Last Ten Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 94,165,259	\$ 97,106,730	\$ 100,601,880	\$ 104,356,339	\$ 106,883,915	\$ 110,785,109	\$ 116,018,996	\$ 122,379,415	\$ 131,862,329	\$ 136,597,623
Tax liens.....	251,050	384,619	355,573	574,342	449,555	470,129	89,006	172,145	257,358	159,651
Motor vehicle excise taxes.....	3,937,078	4,066,173	4,560,606	4,668,133	4,952,881	4,775,678	5,551,687	5,332,866	5,049,196	4,265,965
Hotel/motel tax.....	262,094	283,497	300,875	300,739	363,125	303,939	378,783	479,530	453,651	160,955
Meals tax.....	307,037	326,726	413,163	401,870	409,308	415,173	444,161	467,654	457,149	377,538
Charges for services.....	-	-	-	-	-	-	-	-	890,661	851,141
Penalties and interest of taxes.....	252,493	352,869	294,295	420,679	388,691	295,521	314,667	409,223	317,289	436,506
Fees and rentals.....	85,381	83,497	57,259	150,377	924,428	779,888	630,476	763,379	560,778	339,098
Payments in lieu of taxes.....	13,973	14,419	50,941	24,750	51,519	25,337	25,361	25,361	25,386	70,563
Intergovernmental - state aid.....	15,212,039	14,523,627	17,631,102	17,535,096	18,612,573	19,250,175	20,991,079	20,500,200	22,915,577	23,539,328
Intergovernmental - School Building Authority.....	2,531,085	2,474,796	2,474,773	2,906,266	2,474,773	2,474,773	104,259	568,133	3,562,104	21,192,153
Intergovernmental - Teachers Retirement.....	12,323,526	12,533,490	12,613,641	5,409,767	8,517,586	11,927,082	13,235,613	13,476,629	17,042,825	21,383,677
Intergovernmental - other.....	11,873,510	17,433,487	10,904,385	8,613,964	9,861,854	9,041,330	9,932,712	9,449,529	9,923,303	15,033,498
Departmental and other.....	14,254,287	12,494,313	14,751,042	13,891,222	15,502,783	15,588,461	17,760,883	17,501,394	14,101,104	10,849,563
Community preservation taxes.....	-	-	-	-	1,563,920	1,612,843	1,516,816	1,469,599	1,894,735	1,989,069
Community preservation state match.....	-	-	-	-	252,700	208,000	232,965	275,520	374,380	489,711
Contributions and donations.....	853,012	1,122,155	446,350	806,893	266,459	357,663	305,596	410,910	812,471	736,152
Investment income.....	239,339	1,291,139	2,124,371	942,238	76,771	2,283,783	2,149,636	2,062,485	2,016,061	3,973,410
Total Revenues.....	156,561,163	164,491,537	167,580,256	161,032,675	171,501,322	180,621,066	189,682,672	195,743,972	212,516,357	242,445,601
Expenditures:										
General government.....	5,591,207	5,371,079	5,768,149	6,431,820	6,037,176	6,745,748	7,898,079	7,258,016	6,981,743	9,062,870
Public safety.....	14,784,140	15,984,429	15,830,964	16,723,891	16,975,539	17,835,695	18,192,528	18,127,106	18,514,655	18,667,883
Education.....	51,636,708	57,793,536	60,955,050	65,744,720	69,554,312	71,210,337	76,372,013	82,208,930	86,981,417	93,232,386
Public works.....	8,373,331	9,499,359	9,441,365	10,189,404	9,013,675	10,050,701	13,095,510	10,796,738	9,912,984	11,132,663
Community development.....	4,793,799	5,300,676	3,313,848	2,847,981	3,062,102	2,666,189	3,780,962	3,957,347	2,633,875	2,418,856
Human services.....	1,434,642	1,573,147	1,494,567	1,672,351	1,809,479	1,796,175	2,105,473	2,188,646	2,351,501	3,489,587
Library.....	2,267,915	2,202,428	2,324,108	2,428,630	2,532,885	2,532,885	2,722,171	2,721,049	2,766,389	2,926,479
Culture and recreation.....	693,334	436,180	748,310	911,712	1,066,656	1,784,548	538,904	429,431	228,166	330,168
Community preservation.....	-	-	-	-	-	403,542	507,421	522,497	362,606	818,363
Pension benefits.....	7,322,678	7,700,658	8,138,390	8,639,027	9,133,401	9,614,800	11,278,993	11,903,489	12,560,474	13,263,898
Pension benefits - Teachers Retirement.....	12,323,526	12,533,490	12,613,641	5,409,767	8,517,586	11,927,082	13,235,613	13,476,629	17,042,825	21,383,677
Property and liability insurance.....	258,592	261,950	292,555	309,399	328,044	326,617	331,138	337,399	366,271	401,046
Employee benefits.....	13,573,190	14,676,220	15,074,284	15,840,665	15,918,197	16,091,140	15,151,804	15,558,786	16,726,094	17,757,788
Claims and judgments.....	-	-	-	-	-	70,000	-	-	-	-
State and county charges.....	2,762,765	3,060,174	3,009,401	3,077,899	3,089,181	3,118,634	3,173,429	3,272,899	3,378,962	3,513,160
Capital outlay.....	8,782,789	19,458,251	8,719,465	11,280,462	10,853,054	21,541,712	30,048,312	16,507,406	23,204,348	69,811,633
Debt service:										
Principal.....	6,338,000	6,550,000	7,257,000	7,276,000	7,823,000	8,002,000	8,175,000	8,215,000	8,187,800	8,425,000
Interest.....	1,663,330	1,706,492	1,696,169	1,665,452	1,982,228	1,924,703	3,337,614	3,364,455	3,159,184	5,562,971
Total Expenditures.....	142,599,946	164,108,069	156,677,266	160,449,180	167,692,253	187,642,508	209,944,964	200,845,823	215,359,294	282,198,428
Excess (deficiency) of revenues over (under) expenditures.....	13,961,217	383,468	10,902,990	583,495	3,809,069	(7,021,442)	(20,262,292)	(5,101,851)	(2,842,937)	(39,752,827)
Other Financing Sources (Uses):										
Issuance of bonds.....	7,449,350	5,786,650	5,551,000	11,018,000	19,319,000	14,030,300	28,652,700	5,894,408	64,667,392	75,245,000
Issuance of refunding bonds.....	6,311,000	2,205,000	-	-	3,225,000	-	-	-	-	-
Premium from issuance of bonds and notes.....	300,352	1,135,212	284,084	910,686	767,947	2,050,693	3,584,992	343,305	3,141,245	5,395,757
Premium from issuance of refunding bonds.....	476,376	198,118	-	-	197,395	-	-	-	-	-
Payments to refunded bond escrow agent.....	(6,705,093)	(2,330,150)	-	-	(3,422,395)	-	-	-	-	-
Gain on sale of capital assets.....	-	2,873,618	-	65,000	-	28,000	-	-	-	750,000
Transfers in.....	2,676,197	3,199,736	7,266,605	5,035,917	3,347,260	3,985,470	7,847,816	4,454,908	9,991,139	7,317,023
Transfers out.....	(8,958,498)	(9,059,200)	(13,176,070)	(10,872,471)	(9,225,690)	(9,865,788)	(13,419,006)	(10,305,179)	(16,140,539)	(11,256,473)
Total other financing sources (uses).....	1,549,684	4,008,984	(74,381)	6,157,132	14,208,517	10,228,675	26,666,502	387,442	61,659,237	77,451,307
Net change in fund balance.....	\$ 15,510,901	\$ 4,392,452	\$ 10,828,609	\$ 6,740,627	\$ 18,017,586	\$ 3,207,233	\$ 6,404,210	\$ (4,714,409)	\$ 58,816,300	\$ 37,698,480
Debt service as a percentage of noncapital expenditures.....	5.98%	5.71%	6.05%	5.99%	6.25%	5.98%	6.40%	6.28%	5.91%	6.59%

Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates

Last Ten Years

Year	Assessed and Actual Values and Tax Rates								
	Residential Value	Residential & Personal Property Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Direct Rate (1)	Total Town Value
2012	\$ 6,534,177,068	\$ 13.66	\$ 297,247,489	\$ 20,969,800	\$ 102,400,210	\$ 420,617,499	\$ 13.66	\$ 13.66	\$ 6,954,794,567
2013	6,750,291,829	13.61	332,259,203	16,149,400	102,576,650	450,985,253	13.61	13.61	7,201,277,082
2014	6,924,743,377	13.79	331,293,424	16,149,400	105,443,220	452,886,044	13.79	13.79	7,377,629,421
2015	7,318,205,556	13.55	332,008,695	16,149,400	103,748,620	451,906,715	13.55	13.55	7,770,112,271
2016	8,002,595,342	12.80	378,899,077	17,588,600	114,815,530	511,303,207	12.80	12.80	8,513,898,549
2017	8,427,530,080	12.56	389,586,036	20,065,800	115,034,490	524,686,326	12.56	12.56	8,952,216,406
2018	9,089,724,151	12.13	435,538,655	21,771,100	119,511,960	576,821,715	12.13	12.13	9,666,545,866
2019	10,391,294,601	11.26	479,923,418	23,734,500	118,455,700	622,113,618	11.26	11.26	11,013,408,219
2020	11,400,195,250	11.06	502,941,029	25,167,400	128,672,400	656,780,829	11.06	11.06	12,056,976,079
2021	11,526,348,979	11.34	509,076,912	25,510,500	125,968,330	660,555,742	11.34	11.34	12,186,904,721



(1) Weighted average direct tax rate, calculated as weighted average of residential, commercial and personal property tax rates.

Source: Assessor's Department, Town of Arlington

All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

Principal Taxpayers
Current Year and Nine Years Ago

Name	Nature of Business	2021			2012		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
FHF Arlington 360 LLC	Residential	\$ 82,076,800	1	0.67%			
Boston Gas Company	Utility	51,256,540	2	0.42%			
US Reif Brigham Square	Residential & Commercial	50,199,500	3	0.41%			
Nostalgia Properties LLC	Residential	44,818,800	4	0.37%	\$ 25,266,600	3	0.36%
Mirak-Bendetson Dev LLC	Residential	40,288,600	5	0.33%			
Old Colony Realty Partners LLC	Residential	36,703,800	6	0.30%			
NSTAR	Utility	34,598,150	7	0.28%	35,015,440	2	0.50%
Brentwood Realty Partners LLC	Residential	33,288,000	8	0.27%			
Millbrook Square Apartments Co.	Residential	24,258,800	9	0.20%	15,254,800	7	0.22%
Claremont Arlington Suites LLC	Hotel	23,025,930	10	0.19%			
Wilfert, David & James	Commercial & Residential				43,572,400	1	0.63%
Development LLC	Commercial & Residential				23,237,200	4	0.33%
National Grid	Utility				19,803,777	5	0.28%
Verizon New England Inc	Telephone				16,691,000	6	0.24%
WNC Somerset Company	Golf Course				11,791,000	8	0.17%
Yukon Realty LLC	Real Estate				11,245,200	9	0.16%
Sunrise Assisted Living Inc.	Assisted Living				11,236,400	10	0.16%
		Totals \$			\$		
		420,514,920		3.45%	213,113,817		3.06%

Source: Assessor's Department

Property Tax Levies and Collections

Last Ten Years

Year	(1) Total Tax Levy	Less Reserve for Abatements & Exemptions	(1) Net Tax Levy	Net as % of Total	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy (2)
2012	\$ 95,002,494	\$ 808,924	\$ 94,193,570	99.15%	\$ 93,056,606	98.79%	\$ 296,321	\$ 93,352,927	99.11%
2013	98,009,381	1,454,204	96,555,177	98.52%	96,171,161	99.60%	460,167	96,631,328	100.08%
2014	101,737,510	1,019,663	100,717,847	99.00%	99,833,961	99.12%	356,262	100,190,223	99.48%
2015	105,285,021	1,534,082	103,750,939	98.54%	103,386,357	99.65%	624,694	104,011,051	100.25%
2016	108,977,901	1,746,721	107,231,180	98.40%	108,549,654	101.23%	503,133	109,052,787	101.70%
2017	112,439,838	1,202,533	111,237,305	98.93%	111,001,544	99.79%	215,560	111,217,104	99.98%
2018	117,255,201	1,156,229	116,098,972	99.01%	115,609,420	99.58%	203,219	115,812,639	99.75%
2019	124,010,977	1,245,171	122,765,806	99.00%	122,045,631	99.41%	937,358	122,982,989	100.18%
2020	133,350,155	503,383	132,846,772	99.62%	131,045,673	98.64%	732,078	131,777,751	99.20%
2021	138,199,500	933,277	137,266,223	99.32%	136,267,624	99.27%	-	136,267,624	99.27%



(1) Includes tax liens.

(2) If the actual abatements and exemptions are lower than the estimate, the actual collections can exceed the net levy.

Source: Official Statements, Town of Arlington.

Ratios of Outstanding Debt by Type

Last Ten Years

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

(1) Presented net of original issuance discounts and premiums.

(2) Personal income is disclosed on the Schedule of Demographic and Economic Statistics.

Source: Audited Financial Statements, U. S. Census

Ratios of General Bonded Debt Outstanding

Last Ten Years

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

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

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

Source: Audited Financial Statements, U. S. Census

Direct and Overlapping Governmental Activities Debt

As of June 30, 2021

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

Source: Official Statements

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule calculates the portion of the outstanding debt of those overlapping governments that is borne by the taxpayers of the Town. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Computation of Legal Debt Margin

Last Ten Years

(Amounts in Thousands)

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

Source: Assessor's Office

Demographic and Economic Statistics

Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2012	41,724	\$ 1,820,710,188	\$ 43,637	41.9	4,967	3.8%
2013	42,844	1,722,500,176	40,204	41.9	5,106	4.8%
2014	42,844	1,860,029,416	43,414	41.9	5,999	3.8%
2015	43,711	1,995,581,994	45,654	41.9	5,323	3.3%
2016	44,128	2,098,639,424	47,558	41.9	5,304	2.6%
2017	44,815	2,311,512,885	51,579	42.3	5,524	4.8%
2018	45,263	2,357,966,480	52,095	42.3	5,741	2.1%
2019	45,716	2,405,381,074	52,616	42.3	5,939	2.1%
2020	46,173 *	2,453,729,233	53,142	42.3	6,041	3.7%
2021	46,635 *	2,503,049,191	53,673	42.3	5,841	3.8%

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

* Estimated

Principal Employers
Current Year and Nine Years Ago

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

Source: Massachusetts Department of Employment and Training and Official Statements

Full-time Equivalent Town Employees by Function

Last Ten Years

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

Source: Various Town Departments
Does not include school employees

Operating Indicators by Function/Program

Last Ten Years

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

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

Capital Asset Statistics by Function/Program

Last Ten Years

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Number of buildings.....	40	40	40	40	37	37	37	37	37	37
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	3	3	3	3	3	3	3	3	3	3
Education										
Number of elementary schools.....	7	7	7	7	7	7	7	7	7	7
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works										
Number of buildings.....	2	2	2	2	2	2	2	2	2	2
Number of garages.....	2	2	2	2	2	2	2	2	2	2
Number of Salt Sheds.....	2	2	2	2	2	2	2	2	2	2
Roads - Public (miles).....	92	92	92	92	92	92	92	92	92	92
Sidewalks - Public (miles).....	131	131	131	131	131	131	131	131	131	131
Handicap Ramps.....	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552	1,552
Water Mains (miles).....	130	130	130	130	130	130	130	130	130	130
Pressure Regulating Valves.....	6	6	6	6	6	6	6	6	6	6
Sewer Mains (miles).....	117	117	117	117	117	117	117	117	117	117
Sewer Manholes.....	3,356	3,356	3,356	3,356	3,356	3,356	3,356	3,356	3,356	3,356
Sewer Pumping Stations.....	9	9	9	9	9	9	9	9	9	9
Storm Drains (miles).....	77	77	77	77	77	77	77	77	77	77
Drain Manholes.....	2,566	2,566	2,566	2,566	2,566	2,566	2,566	2,566	2,566	2,566
Catch Basins.....	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700
Traffic Signals.....	29	29	29	29	29	29	29	29	29	29
Pedestrian Activated Flashers.....	3	3	3	3	3	3	3	3	3	3
Beacons, School Zones, Flashers.....	8	8	8	8	8	8	8	8	8	8
Cemetery Buildings.....	2	2	2	2	2	2	2	2	2	2
Cemetery Acreage.....	68	68	68	68	68	68	68	68	68	68
Human Services										
Council on aging - senior center.....	1	1	1	1	1	1	1	1	1	1
Whittemore Robbins House	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Recreation land (acreage).....	279	279	279	279	279	279	279	279	279	279
Playgrounds.....	16	16	16	16	16	16	16	16	16	16
Ball fields.....	24	24	24	24	24	24	24	24	24	24
Basketball Courts.....	11	11	11	11	11	11	11	11	11	11
Tennis Complexes.....	4	4	4	4	4	4	4	4	4	4
Splash Pools/Spray Parks.....	2	2	2	2	2	2	2	2	2	2
Off Leash Recreational Area (for dogs).....	1	1	1	1	1	1	1	1	1	1
Bocce Courts.....	1	1	1	1	1	1	1	1	1	1
Ice Skating Rinks.....	1	1	1	1	1	1	1	1	1	1
Libraries.....	2	2	2	2	2	2	2	2	2	2

Source: Various Town Departments



New path at Arlington Reservoir