



Financial Funds and Basis of Accounting

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 un-matured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

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

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

The following major governmental funds are reported:

- The General Fund is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.
- The Capital Borrowing Fund is a capital project fund used to account for the Town's annual capital appropriations that are budgeted to be financed through long-term borrowing.
- The non-major governmental funds consist of special revenue, other capital projects, and permanent funds that are aggregated and presented in the *non-major 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.



Financial Funds and Basis of Accounting (cont.)

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 non-operating 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 non-operating 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 *Arlington 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 trust fund* is used to account for the activities of the System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries.
- The *other postemployment benefit trust fund* is used 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, other than those properly reported in the pension trust fund, other postemployment benefit trust, or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *agency fund* is used to account for assets held in a purely custodial capacity.



Financial Funds and Basis of Accounting *(cont.)*

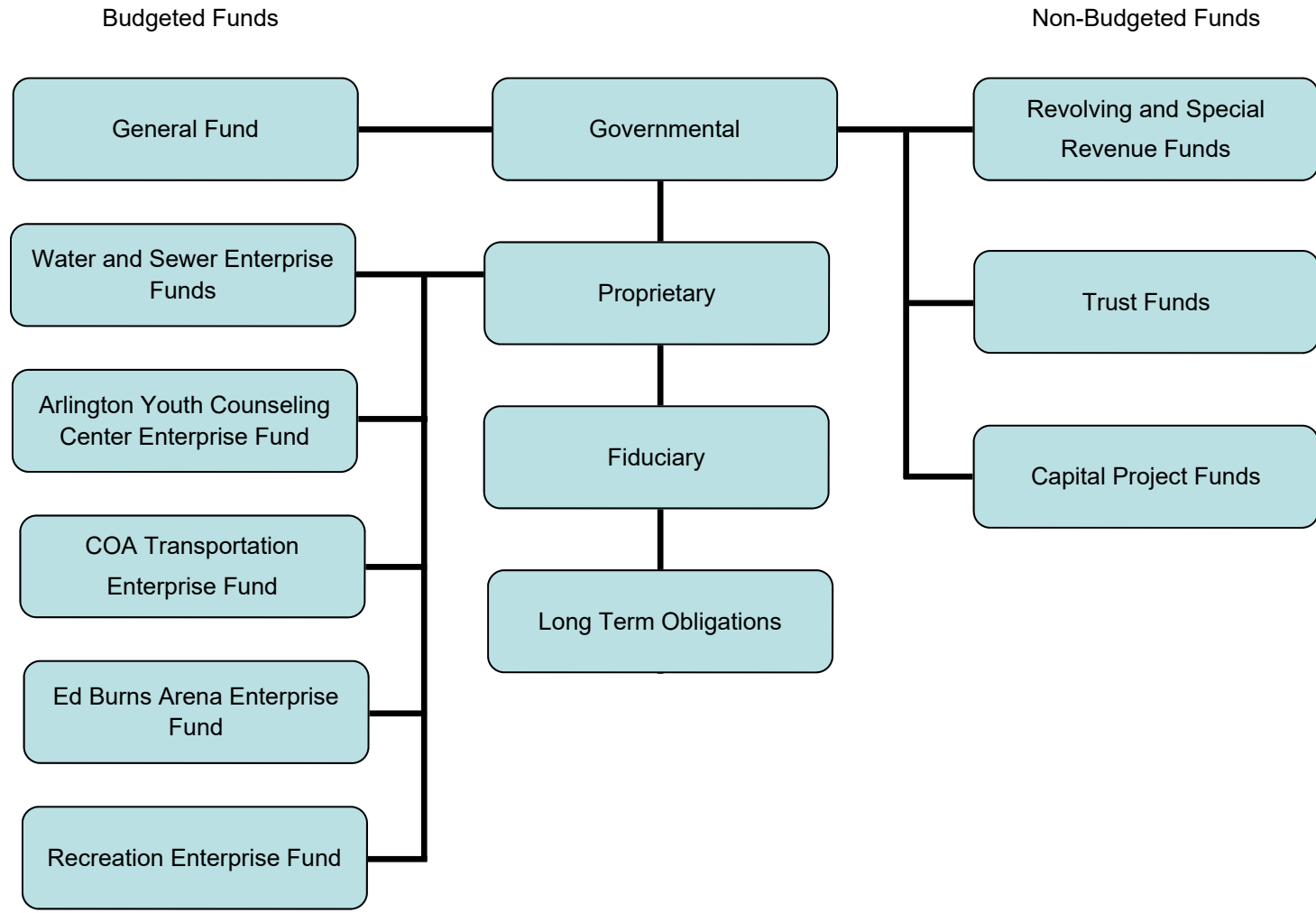
An annual budget is adopted for the Town's General and Enterprise Funds. The Town's annual budget is adopted on a statutory basis, specific to the Commonwealth of Massachusetts, and it differs in some respects from Generally Accepted Accounting Principles (GAAP) used to produce the Annual Certified Financial Report (ACFR). The major differences between the budget and GAAP basis are that:

1. Budgeted revenues are recorded when cash is received, except for real estate and personal property taxes, which are recorded as revenue when levied (budget), as opposed to when susceptible to accrual (GAAP).
2. For the budget, encumbrances are treated as expenditures in the year the commitment is made. Also, certain appropriations do not lapse and are treated as budgetary expenditures in the year they are authorized as opposed to when the liability is actually incurred (GAAP).
3. The depreciation of Fixed Assets is not recognized as a current expense on a budgetary basis, except to the extent that actual maintenance costs are included in departmental budgets.

State law requires the Town pass a balanced budget. A balanced budget is one where either revenues match expenditures or revenues and transfers for fund balance or reserves match expenditures.



All Funds





Overall Budget Summary

	General Fund	Water and Sewer	Recreation	Rink	AYCC	COA Transport	Total Funds
Revenue							
Property Tax	\$ 165,708,017						\$ 165,708,017
Local Receipts/Fees	\$ 10,255,994	\$ 24,637,529	\$ 2,182,838	\$ 638,787	\$ 1,123,270	\$ 13,200	\$ 38,851,618
State Aid	\$ 28,603,013				\$ 175,000		\$ 28,778,013
School Construction Aid	\$ -						\$ -
Free Cash/Fund Balance	\$ 8,941,936	\$ -	\$ 450,000	\$ 50,000		\$ 35,999	\$ 9,477,935
Other Funds	\$ 750,000				\$ 55,000	\$ 30,000	\$ 835,000
Override Stabilization Fund	\$ 4,374,790						\$ 4,374,790
Transfers in (Offsets)	\$ 3,218,686	\$ -			\$ 220,000	\$ 50,000	\$ 3,488,686
TOTAL REVENUES	\$ 221,852,436	\$ 24,637,529	\$ 2,632,838	\$ 688,787	\$ 1,573,270	\$ 129,199	\$ 251,514,059
Expenditures							
Salaries	\$ 33,468,687	\$ 2,852,092	\$ 923,971	\$ 299,687	\$ 1,461,866	\$ 96,899	\$ 39,103,202
Expenses	\$ 12,707,346	\$ 1,122,555	\$ 1,618,700	\$ 293,400	\$ 54,500	\$ 32,300	\$ 15,828,801
Arlington School Department	\$ 96,521,248						\$ 96,521,248
Minuteman Regional High School	\$ 8,562,229						\$ 8,562,229
Non-Departmental (Healthcare & Pensions)	\$ 38,236,626	\$ 2,131,206	\$ 74,534	\$ 39,444			\$ 40,481,810
Capital (Includes Debt Service)	\$ 23,969,034	\$ 2,337,926	\$ 15,000	\$ 56,256			\$ 26,378,216
MWRA Debt Shift/Transfers to Other Funds	\$ -	\$ 16,193,750					\$ 16,193,750
Warrant Articles	\$ 1,616,393						\$ 1,616,393
Reserve Fund & Elections	\$ 2,019,326						\$ 2,019,326
Override Stabilization Fund Deposit	\$ -						\$ -
TOTAL EXPENDITURES	\$ 217,100,890	\$ 24,637,529	\$ 2,632,205	\$ 688,787	\$ 1,516,366	\$ 129,199	\$ 246,704,976
Non-Appropriated Expenses	\$ 4,751,546						\$ 4,751,546
State Assessment, Library Direct Aid, Overlay							
TOTAL EXPENSES	\$ 221,852,436	\$ 24,637,529	\$ 2,632,205	\$ 688,787	\$ 1,516,366	\$ 129,199	\$ 251,456,522
Surplus / (Deficit)	\$ 0	\$ -	\$ 633	\$ -	\$ 56,904	\$ -	\$ 57,537



Fund Balances

The Town defines a **fund balance** as the difference between assets and liabilities reported in a government fund. This is also known as fund equity. The Town classifies the funds as follows: General Fund, Enterprise Funds, Reserve Funds and Revolving Funds.

General Fund – The fund used to account for most financial resources and activities governed by the normal Town Meeting appropriation process.

Free Cash – “Free Cash” is a revenue source that results from the calculation, as of July 1, of a community’s remaining, unrestricted funds from operations of the previous fiscal year, based on the balance sheet as of June 30. It typically includes actual receipts in excess of revenue estimates and unspent amounts in departmental budget line-items for the year just ending, plus unexpended free cash from the previous year. Consistent with current practice, the Town appropriates up to 50% of its Free Cash balance from the prior year to as an operating revenue.

Enterprise Fund – An enterprise fund, authorized by MGL Ch. 44 Sec.53F ½ is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It allows a community to demonstrate to the public the portion of total costs of a service that is recovered user charges and the portion that is subsidized by the tax levy, if any.

Revolving Fund – A revolving fund allows a community to raise revenues from a specific service and use those revenues without appropriation to support the service. For department revolving funds, MGL Ch. 44 Sec. 53E ½ stipulates that each fund must be reauthorized each year at annual Town Meeting and that a limit on the total amount that may be spent from each fund must be established at that time.

Urban Renewal Fund – An urban renewal fund is a fund set up to help a community meet the planning and implementation costs of urban revitalization and development projects.



Reserve Fund – An amount set aside annually within the budget of a town to provide a funding source for extraordinary or unforeseen expenditures. In a town, the finance committee can authorize transfers from this fund for “extraordinary or unforeseen” expenditures. Other uses of the fund require budgetary transfers by Town Meeting.

Tip Fee Stabilization Fund – The Town of Arlington participated in a regional solid waste consortium, the North East Solid Waste Committee. Upon leaving the consortium in September of 2005, the Town was entitled to revenue derived from the regional agreement. Since then, the Town uses funds from the Tip Fee Stabilization Fund to offset solid waste disposal costs. The Town appropriated \$164,000 from the fund in FY2014 depleting its balance.

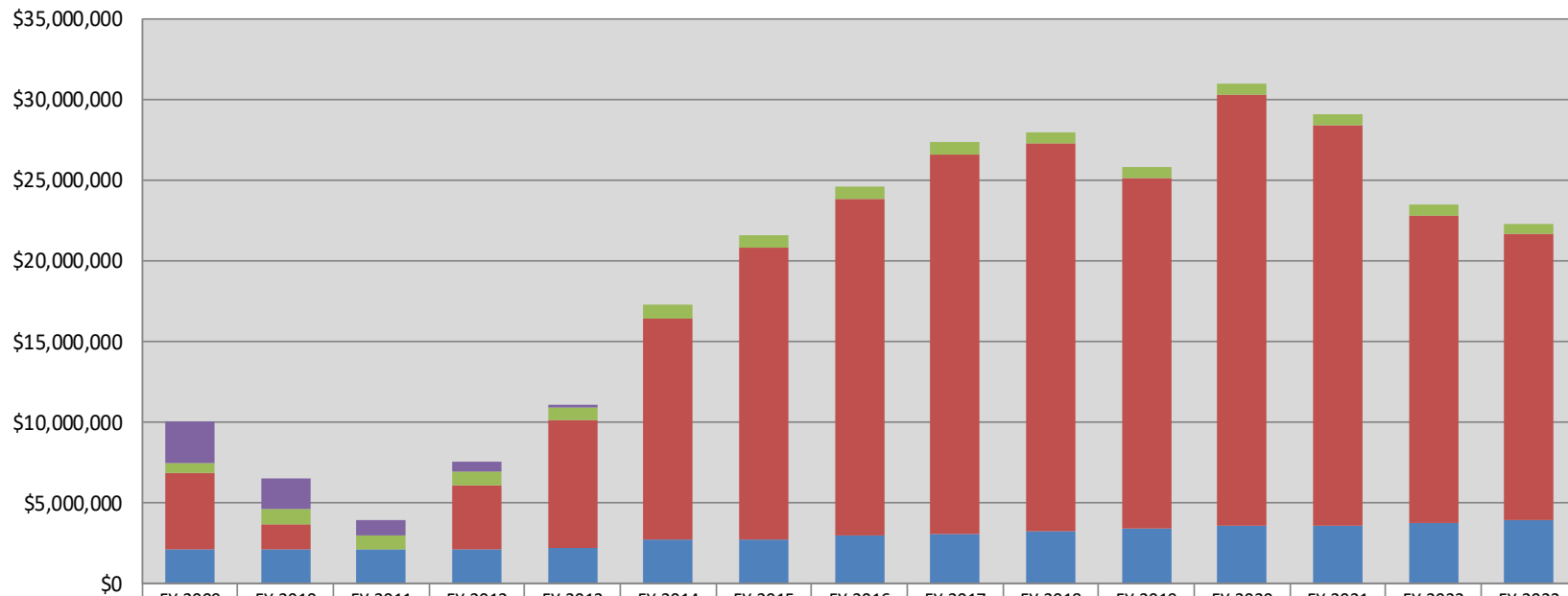
Municipal Buildings Trust Fund – In accordance with Massachusetts General Law, Chapter 40, Section 13, the Town established a Municipal Buildings Trust Fund for the purposes of offsetting the costs associated with significant property loss.

Override Stabilization Fund – The Override Stabilization Fund was created as a result of the 2005 Proposition 2 1/2 override. The Town makes annual appropriations to the fund until the time in which it is necessary to make withdrawals for the purposes of balancing the general fund budget. The first appropriation to the fund was in FY2006 after the passage of an operating override and was depleted in FY2011, as illustrated on page 222. The Town passed an override leading into FY2012, which explains the increase of \$3,993,618 that year and a \$5.5 million override in June 2019, which kept the Town’s budget balanced through FY2024. In November of 2023, a \$7,000,000 override passed, which is projected to keep the Town’s budget balanced through FY2026. The \$11,737,324 budget increase in FY2025 is supported by the override passed in November 2023.

Long Term Stabilization Fund – In accordance with Massachusetts General Law, Chapter 40, Section 5B, the Town may appropriate in any year an amount not exceeding, in the aggregate, 10% of the amount raised in the preceding fiscal year’s tax levy. The Town may appropriate funds from the Long Term Stabilization Fund for any lawful purpose with a two-thirds vote of Town Meeting.



Reserve Fund Balances
(end of year)



	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Tip Fee Stabilization	\$2,559,441	\$1,888,492	\$1,012,094	\$563,769	\$164,260	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Muni. Bldg. Trust Fund	\$613,717	\$963,451	\$853,710	\$835,406	\$816,559	\$796,870	\$771,724	\$752,491	\$720,989	\$711,798	\$708,572	\$699,628	\$680,296	\$661,854	\$668,921.
Override Stabilization	\$4,687,515	\$1,581,292	-	\$3,993,618	\$7,888,722	\$13,678,30	\$18,000,92	\$20,850,65	\$23,481,07	\$24,010,77	\$21,618,53	\$26,671,15	\$24,775,99	\$19,078,42	\$17,652,6
Long Term Stabilization	\$2,157,451	\$2,105,456	\$2,114,858	\$2,121,897	\$2,227,631	\$2,768,663	\$2,774,188	\$2,982,120	\$3,119,606	\$3,269,090	\$3,452,628	\$3,611,730	\$3,618,504	\$3,730,117	\$3,977,41



Revolving Fund Balances												
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Ambulance/Life Support	\$256,610	\$298,672	\$405,815	\$547,148	\$628,306	\$687,553	\$493,507	\$525,833	\$385,824	\$248,629	\$410,671	\$107,957
Board of Health	\$103,800	\$86,284	\$65,529	\$56,720	\$104,466	\$113,619	\$137,142	\$151,784	\$165,954	\$154,090	\$238,300	\$420,348
Conservation Commission	\$3,221	\$3,312	\$2,742	\$2,742	\$2,710	\$2,623	\$2,623	\$1,523	\$1,343	\$412	\$0	\$0
Council on Aging Program			\$4,320	\$4,571	\$9,974	\$22,263	\$29,156	\$30,081	\$19,337	\$3,373	\$2,714	\$4,918
Field User Fees	\$49,757	\$72,820	\$63,849	\$23,390	\$36,126	\$48,065	\$31,570	\$72,800	\$106,942	\$35,220	\$17,740	\$15,996
Fox Library	\$17,891	\$13,690	\$15,068	\$16,773	\$3,780	\$3,857	\$1,345	\$1,345	\$1,221	\$1,221	\$21	\$21
Gibbs School Energy	\$25,688	\$27,730	\$36,459	\$34,171	\$28,078	\$26,468	\$8,402	\$10,925	\$4,814	\$4,814	\$4,814	\$4,814
Library PC Vendor	\$13,361	\$14,315	\$4,873	\$4,745	\$8,420	\$9,661	\$11,068	\$7,042	\$6,260	\$4,552	\$9,859	\$17,236
Private Way Repair	\$1,305	\$13,305	\$50,858	\$87,715	\$118,526	\$85,767	\$59,606	\$93,000	\$62,223	\$55,513	\$107,274	\$50,552
Public Way Repair	\$168	\$168	\$168	\$168	\$168	\$15,255	\$14,715	\$14,715	\$14,715	\$14,715	\$14,715	\$14,715
Robbins House Rental	\$33,938	\$35,312	\$31,893	\$19,093	\$13,027	\$17,641	\$7,865	\$12,160	\$19,435	\$3,884	\$7,602	\$10,087
Robbins Library Rental	\$17,892	\$16,751	\$21,696	\$26,586	\$24,451	\$24,414	\$29,409	\$34,930	\$38,380	\$36,743	\$36,893	\$42,455
Town Hall Rental	\$42,735	\$22,163	\$14,534	\$70,154	\$96,859	\$86,999	\$84,578	\$106,050	\$105,902	\$63,271	\$52,023	\$59,656
Uncle Sam	\$319	\$411	\$1,526	\$1,526	\$1,526	\$1,526	\$1,526	\$1,526	\$1,526	\$1,526	\$1,526	\$1,526
White Good Recycling	\$38,202	\$16,755	\$45,109	\$57,406	\$57,041	\$59,216	\$65,180	\$60,137	\$42,567	\$43,009	\$58,074	\$49,791
TOTAL	\$604,887	\$621,688	\$764,439	\$952,908	\$1,133,458	\$1,204,928	\$977,692	\$1,123,853	\$976,443	\$670,972	\$962,227	\$800,073

Urban Renewal Fund Balance												
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Urban Renewal Fund	\$377,193	\$399,794	\$400,732	\$439,839	\$542,262	\$456,159	\$341,816	\$202,954	\$121,047	\$57,248	\$65,762	\$25,992



Fund Balances

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund (Free Cash)	6,085,848	6,871,692	9,074,598	9,701,131	9,186,749	11,119,563	11,802,775	11,318,368	11,078,429	15,912,078	18,032,011
Enterprise Funds											
Water/Sewer Enterprise	2,497,966	3,718,958	8,546,621	7,188,427	7,299,339	7,844,907	6,220,101	5,799,829	7,748,848	6,807,898	6,962,689
Youth Enterprise	45,315	23,474	23,056	37,349	44,349	36,214	53,212	64,843	68,724	12,794	122,846
Council on Aging Enterprise	114,489	132,640	63,211	80,209	50,658	66,053	61,707	92,657	79,028	38,138	44,802
Rink Enterprise	90,435	74,503	77,154	78,839	357,573	49,265	14,728	41,021	102,392	112,192	82,042
Recreation Enterprise	120,887	132,023	205,874	381,219	446,480	683,966	765,855	371,447	733,459	1,190,830	1,342,424

MAJOR & NON MAJOR FUNDS - CHANGES IN FUND BALANCE

General Fund - 0001 & 0003

Major

Fiscal Year	Beg FB	End FB	Inc/Decr from prior FY	% Var in FB
2015	\$10,380,555	\$10,291,536	(\$89,019)	-1%
2016	\$10,291,536	\$13,761,217	\$3,469,681	34%
2017	\$13,761,217	\$14,783,863	\$1,022,646	7%
2018	\$14,783,863	\$16,195,243	\$1,411,380	10%
2019	\$16,195,243	\$14,795,252	(\$1,399,991)	-9%
2020	\$14,783,863	\$13,657,736	(\$1,137,516)	-8%
2021	\$13,657,736	\$13,598,323	(\$59,413)	0%
2022	\$13,598,323	\$17,877,111	\$4,278,788	31%
2023	\$17,877,111	\$21,187,120	\$3,310,008	19%

The General Fund is the primary operating fund of the Town, and is used to account for all financial resources except those that are required to be accounted for in other funds.

The FY23 General Fund exceeded projections mostly due to local receipts, including Building Permits and Earnings on Investments, coming in much higher than projected

Water & Sewer Enterprise Fund - 6500

Major

Fiscal Year	Beg FB	End FB	Inc/Decr from prior FY	% Var in FB
2015	\$0	\$8,546,621		
2016	\$8,546,621	\$7,188,427	(\$1,358,194)	-16%
2017	\$7,188,427	\$8,102,916	\$914,489	13%
2018	\$8,102,916	\$7,844,907	(\$258,009)	-3%
2019	\$7,844,907	\$6,220,101	(\$1,624,806)	-21%
2020	\$8,102,916	\$5,799,829	(\$420,273)	-7%
2021	\$5,799,829	\$7,748,848	\$1,949,019	34%
2022	\$7,748,848	\$6,807,899	(\$940,949)	-12%
2023	\$6,807,899	\$6,962,689	\$154,790	2%

The Water and Sewer Enterprise Fund is a proprietary (enterprise) fund that is used to account for the water and sewer activities of the Town.

The FY23 Fund balance is up slightly due to unfilled vacancies and savings/turnback in the operating budget.



AYCC Enterprise Fund - 6200 Non-Major

Fiscal Year	Beg FB	End FB	Inc/Decr from prior FY	% Var in FB
2015	\$23,474	\$23,055	(\$419)	-2%
2016	\$23,055	\$37,349	\$14,294	62%
2017	\$37,349	\$44,349	\$7,000	19%
2018	\$44,349	\$36,214	(\$8,135)	-18%
2019	\$36,214	\$53,212	\$16,998	47%
2020	\$53,212	\$64,843	\$11,631	22%
2021	\$64,843	\$68,724	\$3,881	6%
2022	\$68,724	\$12,794	(\$55,930)	-81%
2023	\$12,794	\$122,846	\$110,052	860%

The Arlington Youth Counseling Center (AYCC) is a proprietary (enterprise) fund that is used to account for the activities of the AYCC.

The FY23 fund balance is up moderately due to increased need for services leading to increased revenue and retained earnings

Rink Enterprise Fund - 6400 Non-Major

Fiscal Year	Beg FB	End FB	Inc/Decr from prior FY	% Var in FB
2015	\$74,503	\$77,154	\$2,651	4%
2016	\$77,154	\$78,839	\$1,685	2%
2017	\$78,839	\$357,573	\$278,734	354%
2018	\$207,997	\$49,265	(\$308,308)	-86%
2019	\$49,265	\$14,728	(\$34,537)	-70%
2020	\$14,728	\$41,021	\$26,293	179%
2021	\$41,021	\$102,392	\$61,371	150%
2022	\$102,392	\$112,193	\$9,801	10%
2023	\$112,193	\$82,042	(\$30,151)	-27%

The Rink Enterprise Fund is a proprietary (enterprise) fund that is used to account for the activities of the municipal ice skating rink.

Undesignated fund balance decreased due to \$50,000 used to balance the FY24 Rink operating budget

COA Transportation Enterprise Fund - 6100 Non-Major

Fiscal Year	Beg FB	End FB	Inc/Decr from prior FY	% Var in FB
2015	\$132,639	\$93,211	(\$39,428)	-30%
2016	\$93,211	\$80,209	(\$13,002)	-14%
2017	\$80,209	\$77,093	(\$3,116)	-4%
2018	\$77,093	\$66,053	(\$11,040)	-14%
2019	\$66,053	\$61,707	(\$4,346)	-7%
2020	\$61,707	\$92,657	\$30,950	50%
2021	\$92,657	\$79,028	(\$13,630)	-15%
2022	\$79,028	\$38,319	(\$40,709)	-52%
2023	\$38,319	\$44,802	\$6,483	17%

The Council on Aging (COA) Transportation Fund is a proprietary (enterprise) fund that is used to account for the activities of the COA Transportation service.

All activities at COA have resumed following the renovation project, leading to increased revenues

Recreation Enterprise Fund - 6300 Non-Major

Fiscal Year	Beg FB	End FB	Inc/Decr from prior FY	% Var in FB
2015	\$132,023	\$205,894	\$73,871	56%
2016	\$205,894	\$381,219	\$175,325	85%
2017	\$381,219	\$446,480	\$65,261	17%
2018	\$446,480	\$683,967	\$237,487	53%
2019	\$683,967	\$765,855	\$81,888	12%
2020	\$765,855	\$371,447	(\$394,408)	-51%
2021	\$371,447	\$733,459	\$362,012	97%
2022	\$733,459	\$1,190,830	\$457,371	62%
2023	\$1,190,830	\$1,342,424	\$151,593	13%

The Recreation Fund is a proprietary (enterprise) fund that is used to account for the activities of the recreation department.

Introduced a number of new programs, leading to higher demand and increased revenues



Urban Renewal Fund - 3211

Non-Major

Fiscal Year	Beg FB	End FB	Inc/Decr from prior FY	% Var in FB
2015	\$340,749	\$375,926	\$35,177	10%
2016	\$375,926	\$486,914	\$110,988	30%
2017	\$486,914	\$378,143	(\$108,771)	-22%
2018	\$378,143	\$263,991	(\$114,152)	-30%
2019	\$263,991	\$88,063	(\$175,928)	-67%
2020	\$88,063	\$112,117	\$24,054	27%
2021	\$112,117	\$49,741	(\$62,376)	-56%
2022	\$49,741	\$63,996	\$14,254	29%
2023	\$63,996	\$25,958	(\$38,037)	-59%

The Urban Renewal Fund was set up to help the Town meet the planning and implementation costs of urban revitalization and development projects.

The Urban Renewal fund has been dissolved

Fiscal Stabilization Fund - 8801

Non-Major

Fiscal Year	Beg FB	End FB	Inc/Decr from prior FY	% Var in FB
2015	\$13,685,484	\$18,000,920	\$4,315,436	32%
2016	\$18,000,920	\$20,850,650	\$2,849,730	16%
2017	\$20,850,650	\$23,481,076	\$2,630,426	13%
2018	\$23,481,076	\$24,010,774	\$529,698	2%
2019	\$24,010,774	\$21,618,539	(\$2,392,235)	-10%
2020	\$21,618,539	\$26,671,157	\$5,052,618	23%
2021	\$26,671,157	\$24,775,993	(\$1,895,164)	-7%
2022	\$24,775,993	\$19,706,180	(\$5,069,813)	-20%
2023	\$19,706,180	\$17,652,644	(\$2,053,536)	-10%

The Fiscal Stabilization Fund (aka the "override" stabilization fund) was created in 2005 to help keep the budget stable and to avoid annual override votes. Funds are accumulated when there are excess funds, and drawn down when spending exceeds available recurring revenue sources.

The fund contributed \$2,946,037 towards the FY23 operating budget and \$588,575 to support the FY24 operating budget.

Antenna Fund - 3219

Non-Major

Fiscal Year	Beg FB	End FB	Inc/Decr from prior FY	% Var in FB
2015	\$649,776	\$831,935	\$182,159	28%
2016	\$831,935	\$658,075	(\$173,860)	-21%
2017	\$658,075	\$649,256	(\$8,819)	-1%
2018	\$649,256	\$596,965	(\$52,291)	-8%
2019	\$596,965	\$570,872	(\$26,093)	-4%
2020	\$570,872	\$296,090	(\$274,782)	-48%
2021	\$296,090	\$311,084	\$14,993	5%
2022	\$311,084	\$291,836	(\$19,247)	-6%
2023	\$291,836	\$143,355	(\$148,481)	-51%

The Antenna Fund was created by home rule petition that allows for deposits of revenue generated from rent collected on antennas placed on municipal buildings. This revenue is used to fund open space and recreation purposes.

FY23 revenue decreased with the consolidation of Sprint and T-Mobile.

Stabilization Fund - 8802

Non-Major

Fiscal Year	Beg FB	End FB	Inc/Decr from prior FY	% Var in FB
2015	\$2,773,759	\$2,879,467		
2016	\$2,879,467	\$2,992,020	\$112,553	4%
2017	\$2,992,020	\$3,119,606	\$127,586	4%
2018	\$3,119,606	\$3,269,090	\$149,484	5%
2019	\$3,269,090	\$3,452,628	\$183,538	6%
2020	\$3,452,628	\$3,611,730	\$159,102	5%
2021	\$3,611,730	\$3,618,504	\$6,774	0%
2022	\$3,618,504	\$3,730,117	\$111,613	3%
2023	\$3,730,117	\$3,977,412	\$247,296	7%

The Stabilization Fund is the Town's "rainy day" fund. It can be used for any lawful purpose with a two-thirds vote of Town Meeting.

For FY23, the Fund is estimated to remain stable.



OPEB - Retiree Healthcare Fund - 8805 Non-Major

Fiscal Year	Beg FB	End FB	Inc/Decr from prior FY	% Var in FB
2015	\$7,427,776	\$8,377,646	\$949,870	13%
2016	\$8,377,646	\$9,184,192	\$806,546	10%
2017	\$9,184,192	\$11,201,306	\$2,017,114	22%
2018	\$11,201,306	\$12,854,012	\$1,652,706	15%
2019	\$12,854,012	\$14,521,818	\$1,667,806	13%
2020	\$14,521,818	\$15,865,946	\$1,344,128	9%
2021	\$15,865,946	\$21,268,077	\$5,402,132	34%
2022	\$21,268,077	\$19,078,429	(\$2,189,649)	-10%
2023	\$19,078,429	\$21,797,249	\$2,718,820	14%

The OPEB fund is used to accumulate resources to provide funding for future other post-employment benefits (OPEB) liabilities.

The OPEB fund made roughly \$1.8M in interest over the course of FY23 due to financial market recovery.

Health Claims Trust Fund - 8857 Non-Major

Fiscal Year	Beg FB	End FB	Inc/Decr from prior FY	% Var in FB
2015	\$3,692,046	\$2,808,350	(\$883,696)	-24%
2016	\$2,808,350	\$2,528,945	(\$279,405)	-10%
2017	\$2,528,945	\$2,248,008	(\$280,937)	-11%
2018	\$2,248,008	\$1,962,756	(\$285,252)	-13%
2019	\$1,962,756	\$1,698,927	(\$263,829)	-13%
2020	\$1,698,927	\$2,316,675	\$617,748	36%
2021	\$2,316,675	\$2,049,649	(\$267,026)	-12%
2022	\$2,049,649	\$1,760,263	(\$289,386)	-14%
2023	\$1,760,263	\$1,540,110	(\$220,153)	-13%

Health Claims Trust Fund is a fund that is a holdover from when the Town was self-insured. All funds are Town funds. The Town is now insured on a premium-based plan through the Commonwealth's health insurance plans.

ATM voted to transfer \$300,000 from the Health Claims Trust Fund into the OPEB Trust Fund in FY23.



Town of Arlington Standing Financial Policies & Practices

Balanced Budget: The Town defines a balanced budget as a budget in which receipts are greater than (or equal to) expenditures. The Commonwealth of Massachusetts requires all municipalities to present a balanced budget each year as a basic budgetary constraint intended to ensure that a government does not spend beyond its means and its use of resources for operating purposes does not exceed available resources over a defined period of time.

Free Cash Practice: The Town of Arlington appropriates up to 50% of the prior year's Certified Free Cash Balance as an operating revenue with a majority vote of Town Meeting.

Capital Budget: The Town Manager shall present a Capital Budget with General Fund spending, including non-exempt debt service and cash expenditures, equal to 5% of projected revenues. Debt shall be issued in accordance the M.G.L. Chapter 44, §§ 7 & 8. The Town has followed this practice since 1986.

Town of Arlington Current Override Policies & Commitments

1. Exercise fiscal discipline and provide quality municipal services.

- a. Commit to no Proposition 2 1/2 Overrides prior to Fiscal Year 2027.
- b. Continue to increase general education operating budgets by 3.5% annually.
- c. Continue to increase general government operating budgets by 3.25% annually.
- d. Fund special education cost growth at a rate of 6.5% per year.

2. Respond to ongoing school enrollment fluctuations.

Fund future enrollment increases or decreases at a rate of 50% of per pupil expenditures.

3. Invest for Arlington's future.

- a. Phase in funding of the School Committee's Strategic Plan to: ensure cohesive and consistent excellent instruction for all students, provide adequate staffing and service provision to meet all students' needs, close achievement and opportunity gaps, recruit and retain a diverse workforce, ensure safe and modern schools and operations, and build and sustain two-way



partnerships with families. Adopt the following schedule of increases to base operating budgets: FY24 - \$1,000,000; FY25 - \$3,100,000; FY26 - \$1,700,000; FY27 - \$600,000; FY28 - \$300,000. FY24 increase will replace current FY24 one time increase of \$600,000, and FY25 increase will replace current FY25 one time increase of \$300,000.

b. Improve mobility for all residents by adding \$200,000 to the base budget for pedestrian infrastructure, including road and sidewalk repair. Add \$250,000 to the Public Works Department to cover the costs of the upcoming new trash collection and disposal contract. Add \$150,000 to the annual contribution to the OPEB fund to cover retiree health insurance costs.

4. Minimize impact on taxpayers, particularly seniors and others with income challenges.

a. Continue new tax relief programs, including a municipal circuit breaker and increased eligibility for property tax deferral options, and publicize existing relief programs.

b. Pursue new revenue sources.

c. Work with financial leadership to develop bonding schedules that will minimize single-year tax increases and debt service costs related to the Arlington High School rebuild.

d. Direct the Town Manager to continually look for budget efficiencies that can produce cost savings in each department.

5. Protect against future fiscal shocks and maintain the Town's strong bond rating.

Maintain financial reserves at 5% or better for the duration of the three-year plan.

Balancing Community Needs with Fiscal Prudence

Beginning in the fall of 2022, 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 FY2024 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 principles, and the ongoing discussion of the Long Range Planning Committee, the following commitments are being maintained within the Long Range Plan:

- Health insurance premium growth is projected at 5.25% annually, mirroring the 10 year average premium growth of the GIC.
- Free Cash is assumed to be certified each year at the 10-year average certified amount.
- The rate of growth in annual pension costs is maintained at or below 5.5%.
- Annual budget growth for Town Departments is set at 3.25% for FY2025 and beyond.
- Annual budget growth for the general education portion of the School Department budget is maintained at 3.5% for FY2025 and beyond.
- Annual budget growth for the special education portion of the School Department budget is maintained at 6.5% growth for FY2025 and beyond.

In addition to these commitments, the Town also maintains its commitment to addressing the financial pressures associated with Arlington's fluctuating student enrollment. A funding formula, referred to as "Growth Factor" was first implemented in FY2015.