

Town of Arlington

5 Year Outlook

Brian F. Sullivan, Town Manager

December 1, 2009

Fiscal Challenges

- Revenue
 - Community built out, very little growth in tax base.
 - Heavily dependent upon State aid which has been disproportionately cut (FY2010 aid 24% less than FY2002 amount)
- Expenditures
 - Healthcare costs rising- Governor and Legislature refuse to give towns authority to control costs
 - Mandated programs (special education, Veterans' benefits, health services, trench safety)
 - State walks away from commitment to fund its share of costs for special education and Police Quinn Bill
- Structural Deficit
 - Expenditure growth outpaces revenue growth

Typical Annual Growth

Revenues

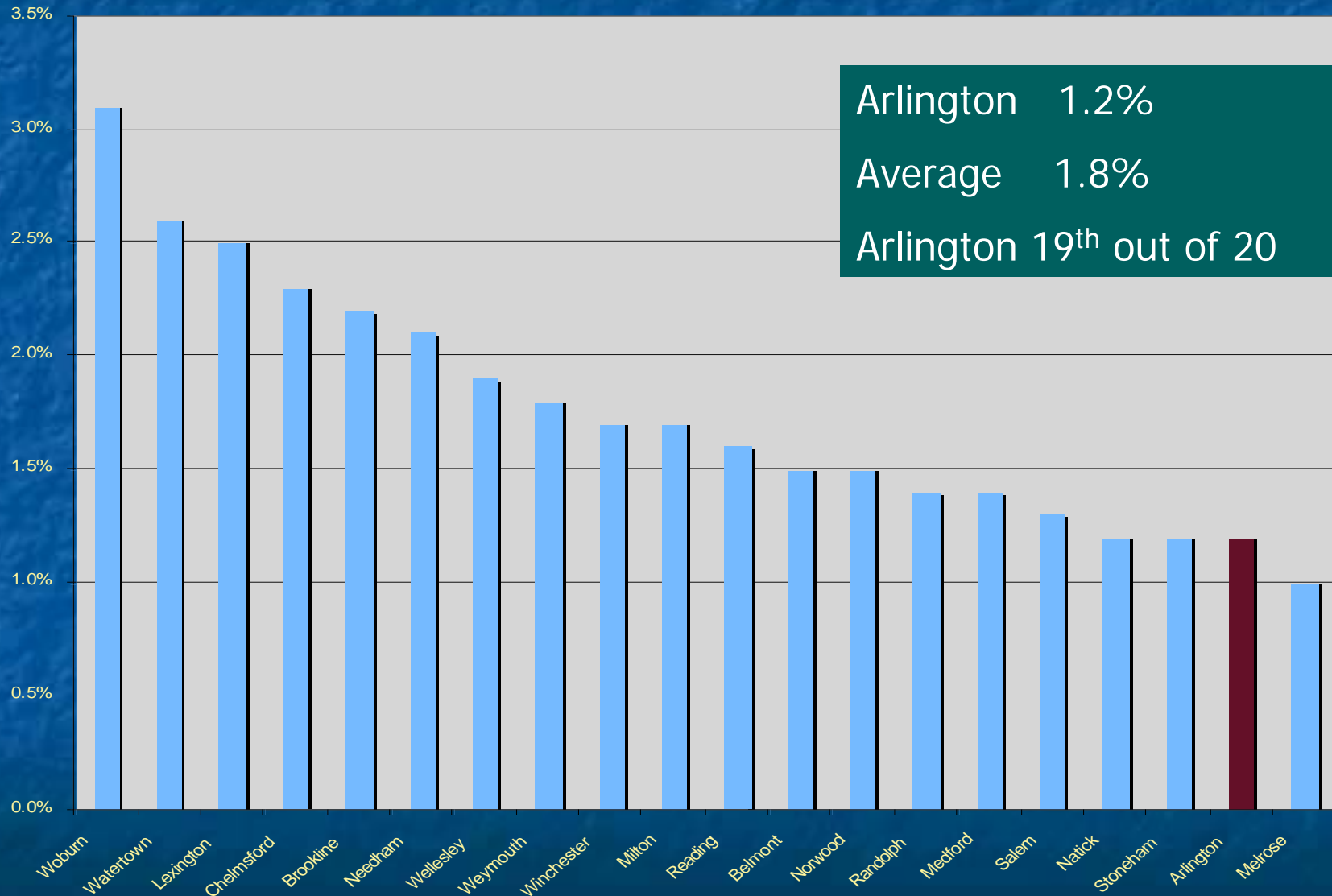
Property Taxes	\$ 2,250,000	2.7%
Local Receipts	\$ 50,000	0.5%
State Aid	<u>\$ 300,000</u>	1.6%
Total	\$ 2,600,000	2.3%

Expenditures

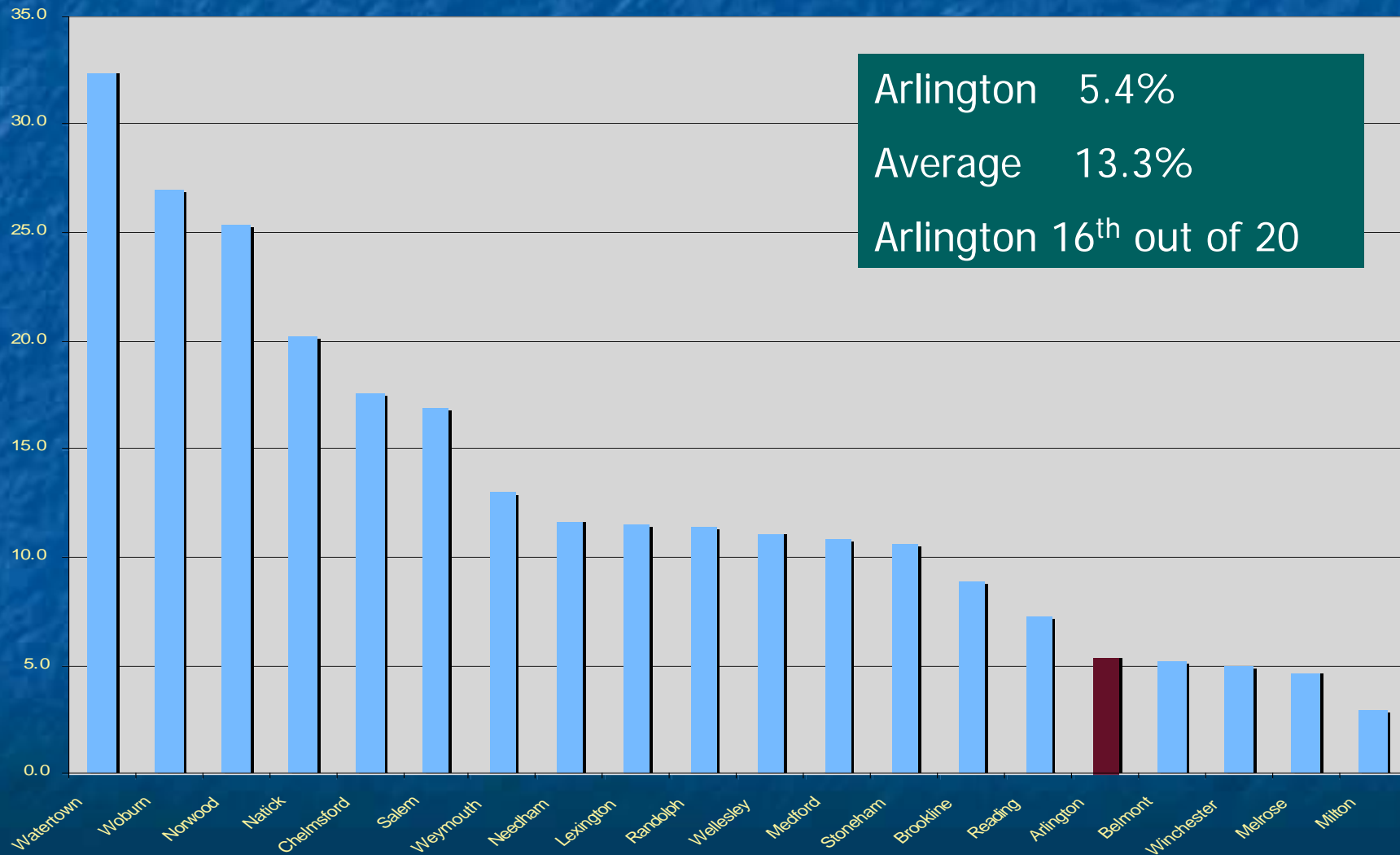
Wage Adjustments	\$ 1,800,000	
Health Insurance/Medicare	\$ 1,500,000	
Pensions	\$ 300,000	
Miscellaneous (utilities, capital/debt, special education, other)	<u>\$ 1,000,000</u>	
Total	\$ 4,600,000	4.1%

Structural Deficit **\$ (2,000,000)**

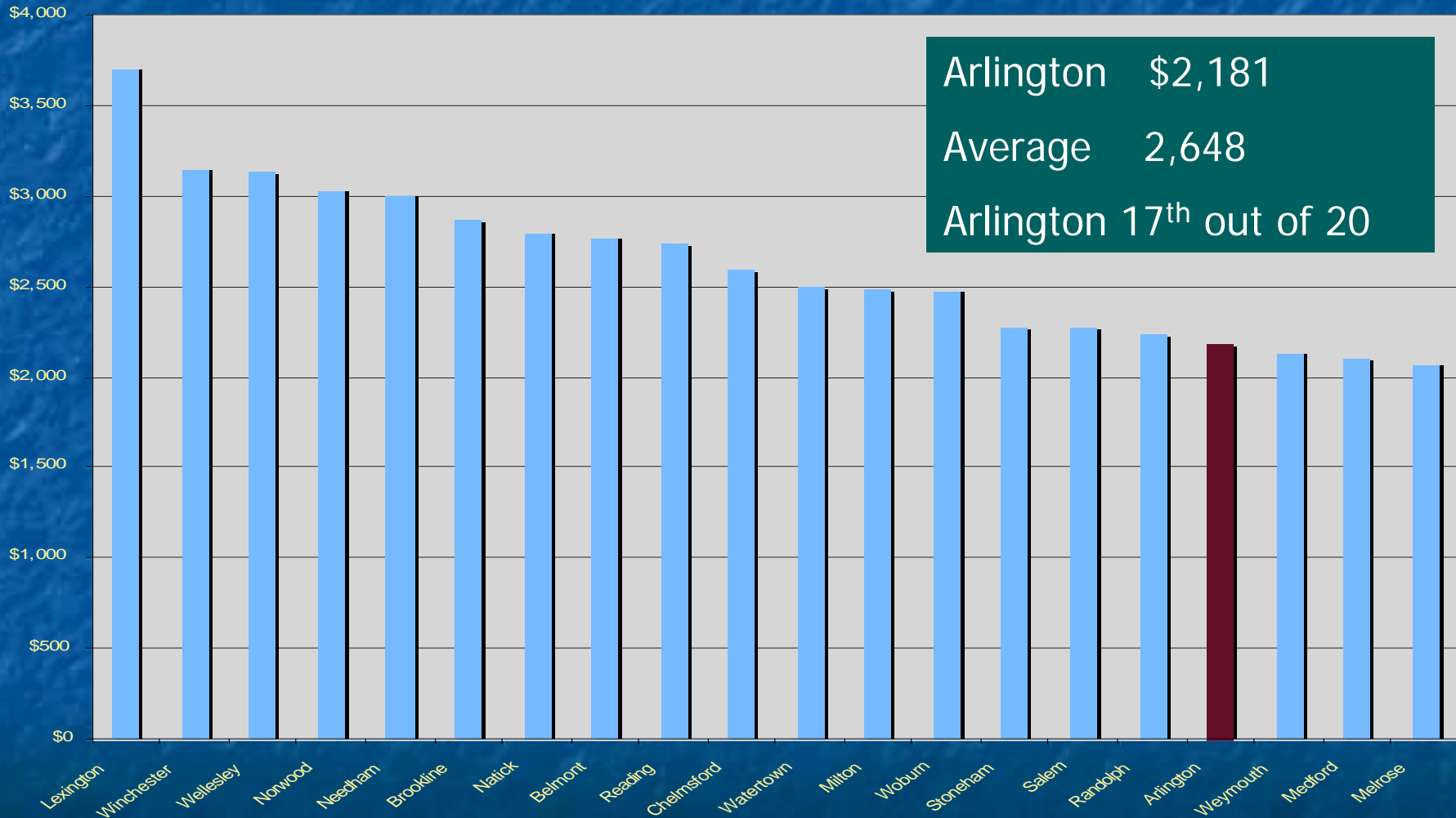
New Growth Ave Over 3 Years



FY2007 Commercial/Industrial % of Total Value



FY2006 Total Exp Per Cap



Typical Annual Growth

Revenues

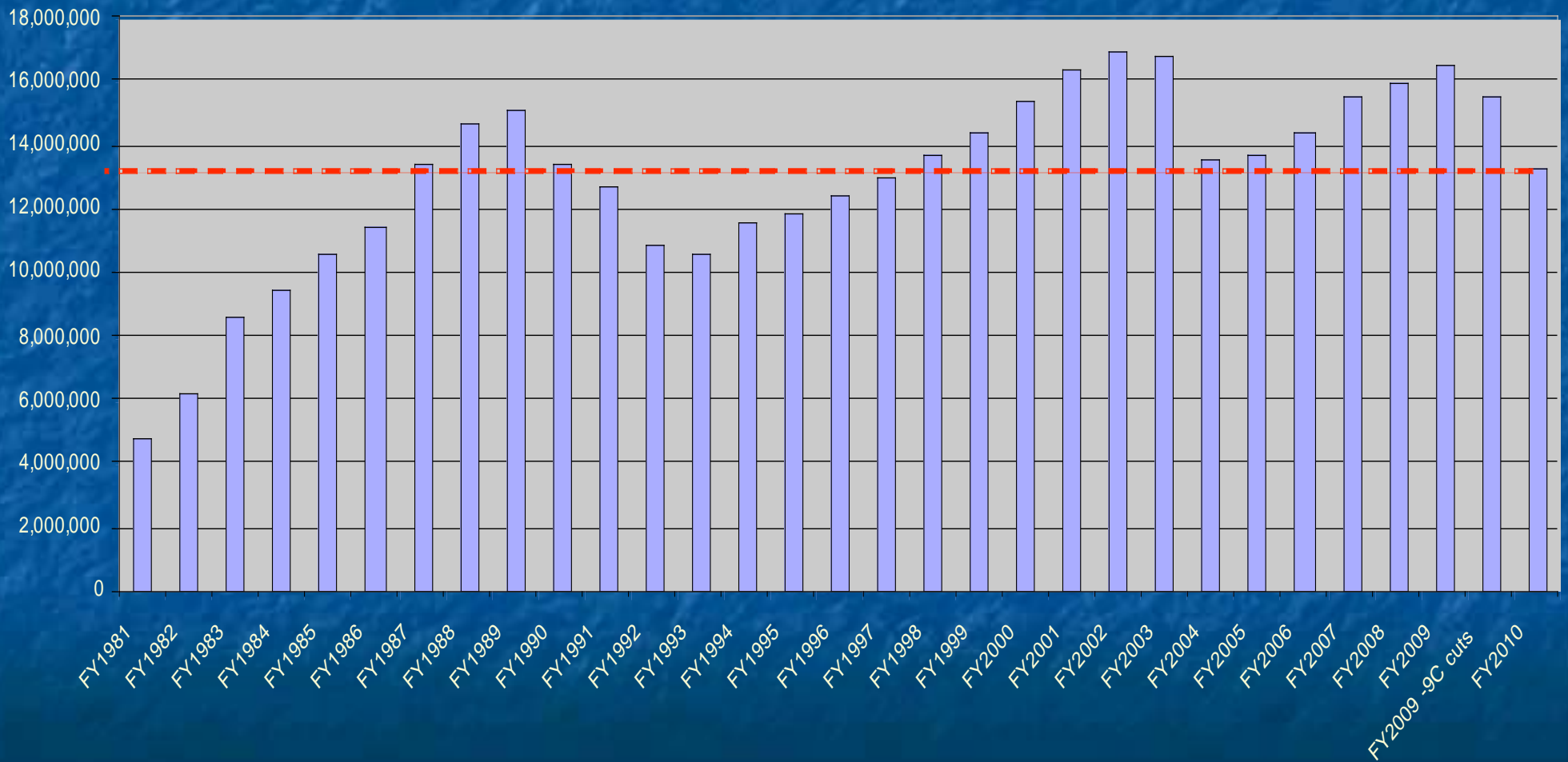
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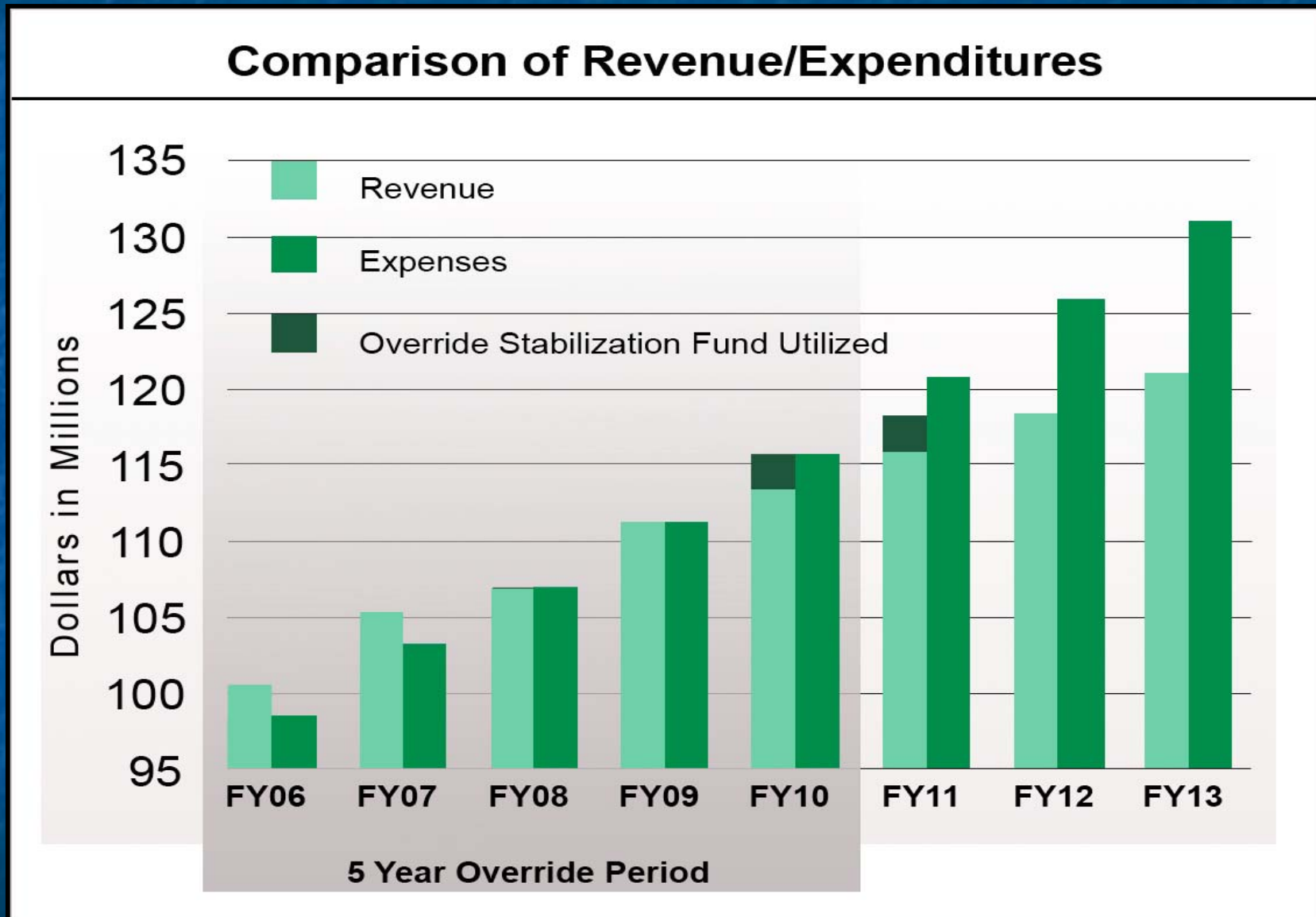
State Aid



5-Year Plan/Commitment

- No Override for at least 5 years
- Healthcare and pension costs contained to 7% and 4%, respectively
- Town and School operating budgets contained to 4% and must absorb any excess healthcare costs
- Maintain reserves of at least 5% of budget

Comparison of Revenue/Expenditures



Operating Budget Increases FY2006 – FY2010

	TOWN	SCHOOL
FY2006	2.89%	6.17%
FY2007	2.76%	3.16%
FY2008	3.93%	4.00%
FY2009	2.02%	3.00%
FY2010	.91%	2.06%
Average Increase	2.5%	3.68%

5 Year Plan a Success

- FY2010 (current year) is last year
- All commitments were met
- Despite cut of over \$3 Million in State Aid, we are able to get through 5th year with use of reserves
- Were able to partially fund the 6th year, even with a drastic reduction in State Aid

5 Year Plan FY2011 – FY2015

(shown in millions)

	FY2011 CHANGE		FY2012 CHANGE		FY2013 CHANGE		FY2014 CHANGE		FY2015 CHANGE	
	\$	%	\$	%	\$	%	\$	%	\$	%
REVENUE										
Tax Levy	2.2	2.6%	2.2	2.6%	2.3	2.6%	2.3	2.6%	2.4	2.6%
Local Receipts	0.1	1.4%	0.1	0.6%	0.1	0.6%	0.1	0.6%	0.1	0.6%
State Aid- Cherry Sheet	(1.3)	-9.6%	-	0.0%	0.6	4.8%	0.6	4.8%	0.6	4.8%
School construction	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Federal Stimulus Funds	(0.5)	-27.8%	(1.2)	-100.0%	-	0.0%	-	0.0%	-	0.0%
Free Cash	(0.9)	-61.1%	(0.1)	-14.1%	-	0.0%	-	0.0%	-	0.0%
Other Funds	(1.7)	-52.3%	(1.3)	-87.1%	-	0.0%	-	0.0%	-	0.0%
TOTAL REVENUES:	(2.1)	-1.8%	(0.4)	-0.3%	2.9	2.6%	3.0	2.6%	3.1	2.6%
EXPENDITURES										
Municipal Departments	1.1	4.0%	1.2	4.0%	1.2	4.0%	1.3	4.0%	1.3	4.0%
School Department	1.5	4.0%	1.6	4.0%	1.7	4.0%	1.7	4.0%	1.8	4.0%
Minuteman School	0.1	4.0%	0.1	4.0%	0.1	4.0%	0.1	4.0%	0.1	4.0%
Non-Departmental (Health & Capital)	1.9	7.5%	1.8	6.7%	1.9	6.7%	2.0	6.7%	2.2	6.7%
Warrant Articles	(0.5)	-6.8%	0.3	4.1%	(0.1)	-0.9%	(0.0)	0.0%	0.3	3.7%
TOTAL APPROPRIATIONS:	4.1	4.0%	5.0	4.7%	4.8	4.3%	5.2	4.4%	5.7	4.7%
NON-APPROPRIATED EXPENSES	(1.5)	-13.1%	0.1	0.7%	0.3	2.8%	(0.1)	-1.3%	0.1	0.7%
ACTUAL SURPLUS/(DEFICIT)	(4.7)		(10.1)		(12.3)		(14.3)		(17.0)	

Revenues FY2011

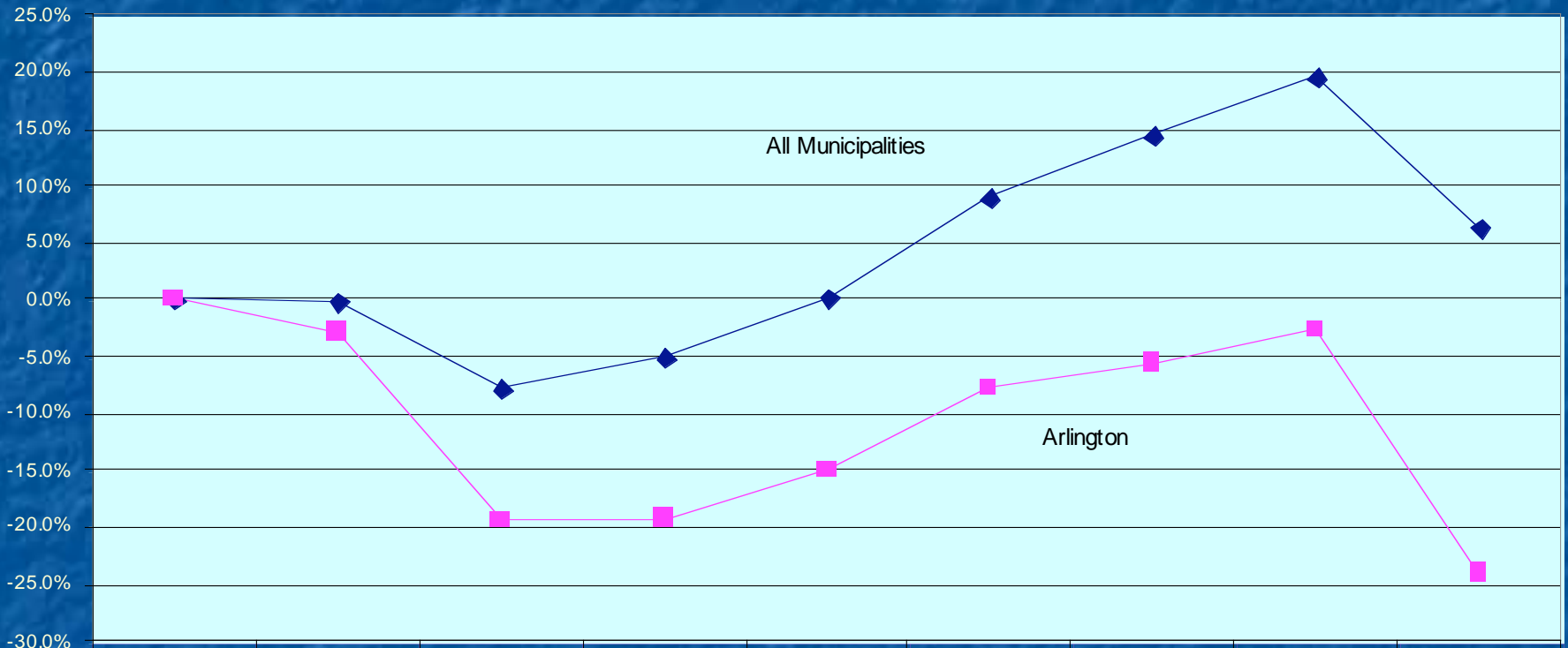
	Total	\$ Increase	% Increase
Overall Revenue	111.9	-\$2.1	-1.8%
Tax Levy	\$85.3	\$2.2	2.6%
Local Receipts	\$8.7	\$.1	1.4%
State Aid	\$12	-\$1.3	-9.6%
Federal Stimulus Funds	\$1.1	-\$.5	-27.8%
Override Stabilization Fund	\$1.3	-\$1.4	-50%
Free Cash	\$.6	-\$.9	-61.1%
Other Available Funds	\$.2	-\$.3	-60%

Expenditures FY2011

	Total	\$ Increase	% Increase
Overall Expenditures	\$111.9	-\$2.1	-1.8%
Municipal Departments	\$27.0	-\$0.9	-3.06%
School Department	\$37.3	-\$1.2	-3.06%
Minuteman School	\$3.2	\$0.1	4%
Healthcare and Pensions	\$26.5	\$1.9	7.5%
Capital	\$7.6	-\$0.5	-6.7%
Warrant Articles	\$0.6	-	-
Non-Appropriated Expenses	\$3.5	-\$1.5	-27.8%
MWRA Debt Shift	\$5.6	-	-

State Aid

Cumulative Percent Change



	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY2010
All Municipalities	0.0%	-0.1%	-7.7%	-5.1%	0.3%	8.9%	14.4%	19.5%	6.3%
Arlington	0.0%	-2.9%	-19.5%	-19.2%	-15.0%	-7.7%	-5.5%	-2.6%	-24.1%