

# 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

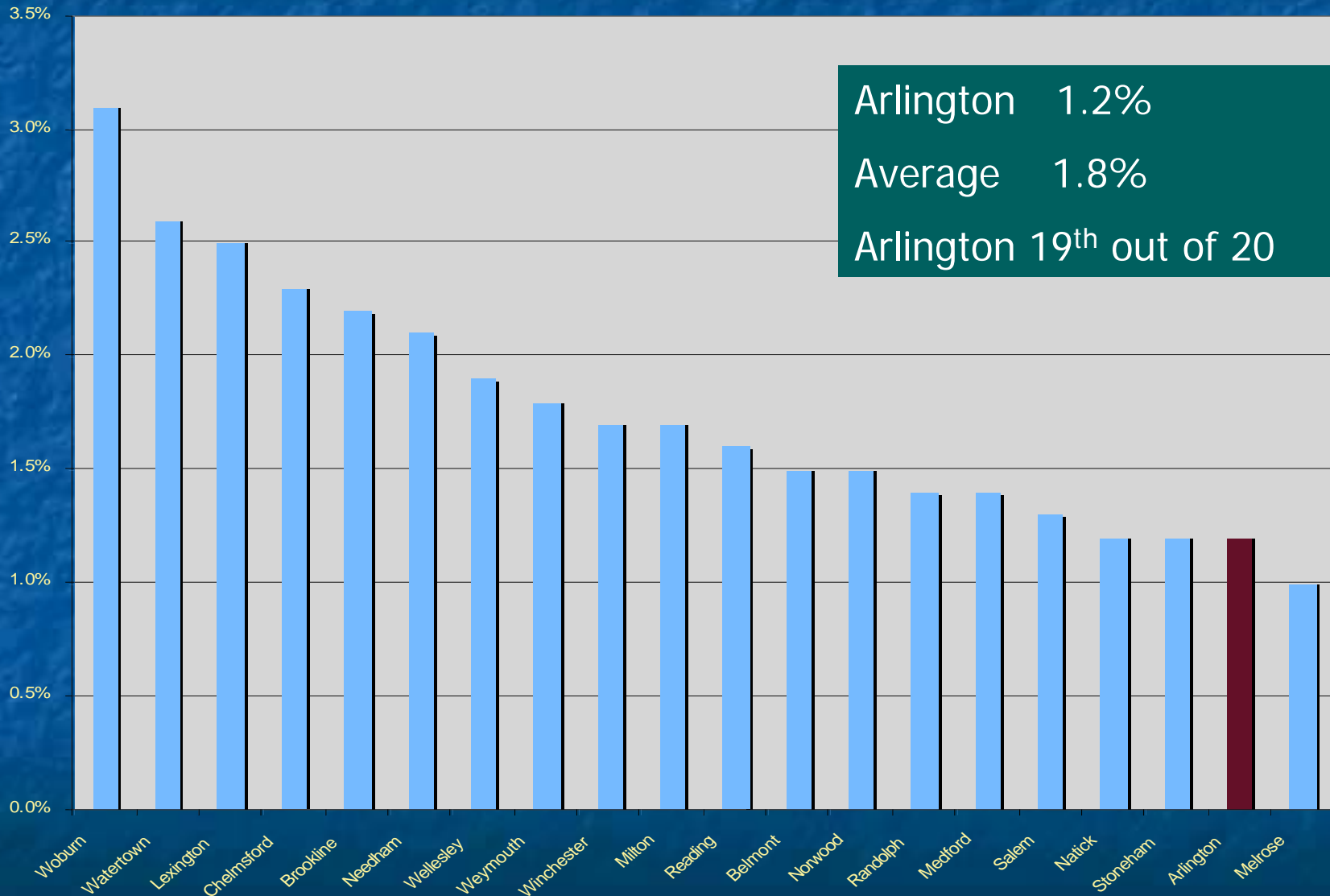
Property Taxes	\$ 2,250,000	2.7%
Local Receipts	\$ 50,000	0.5%
State Aid	<u>\$ 300,000</u>	1.6%
Total	\$ 2,600,000	2.3%

## Expenditures

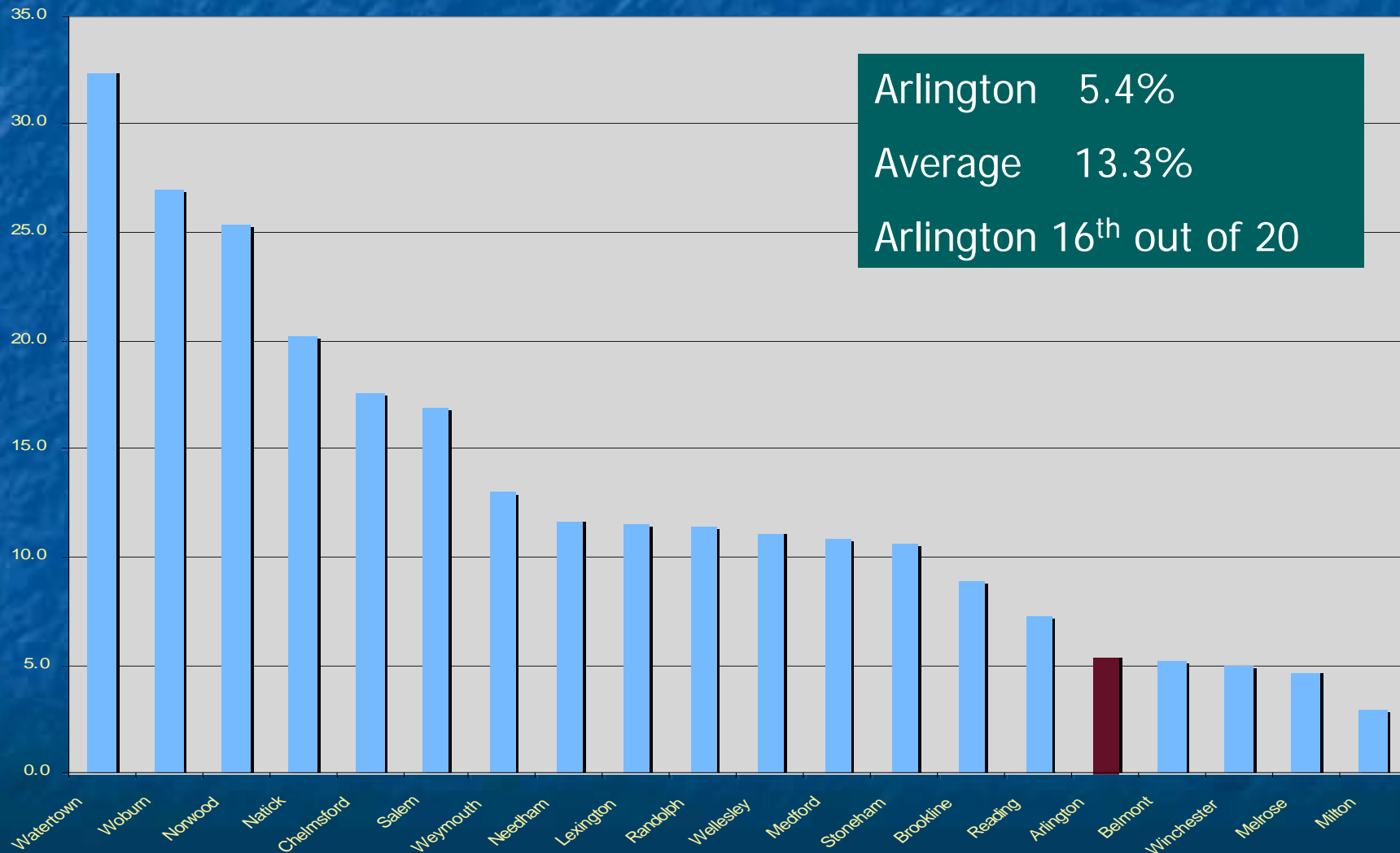
Wage Adjustments	\$ 1,800,000	
Health Insurance/Medicare	\$ 1,500,000	
Pensions	\$ 300,000	
Miscellaneous (utilities, capital/debt, special education, other)	<u>\$ 1,000,000</u>	
Total	\$ 4,600,000	4.1%

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

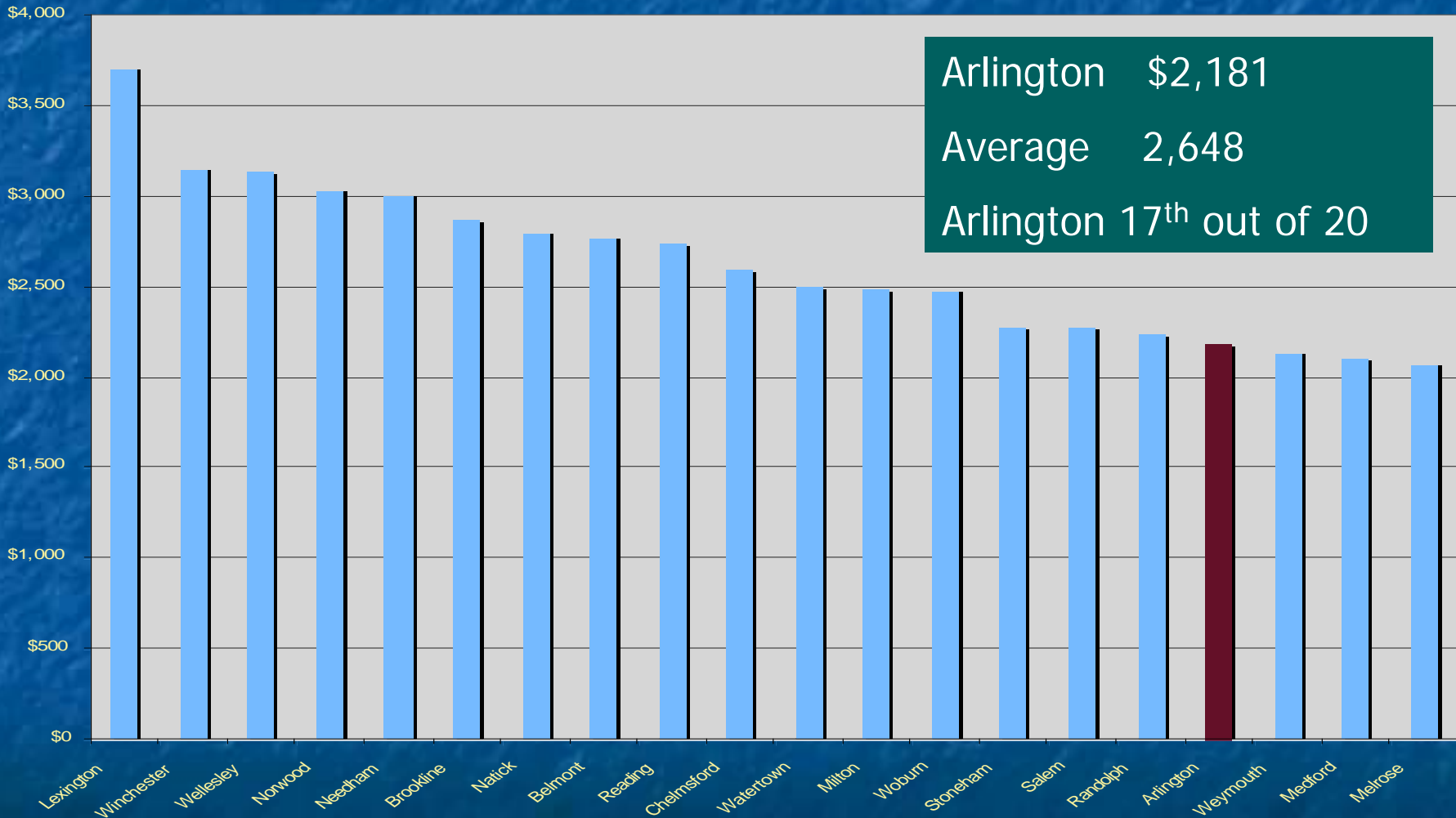
# New Growth Ave Over 3 Years



# FY2007 Commercial/Industrial % of Total Value



# FY2006 Total Exp Per Cap



# Typical Annual Growth

## Revenues

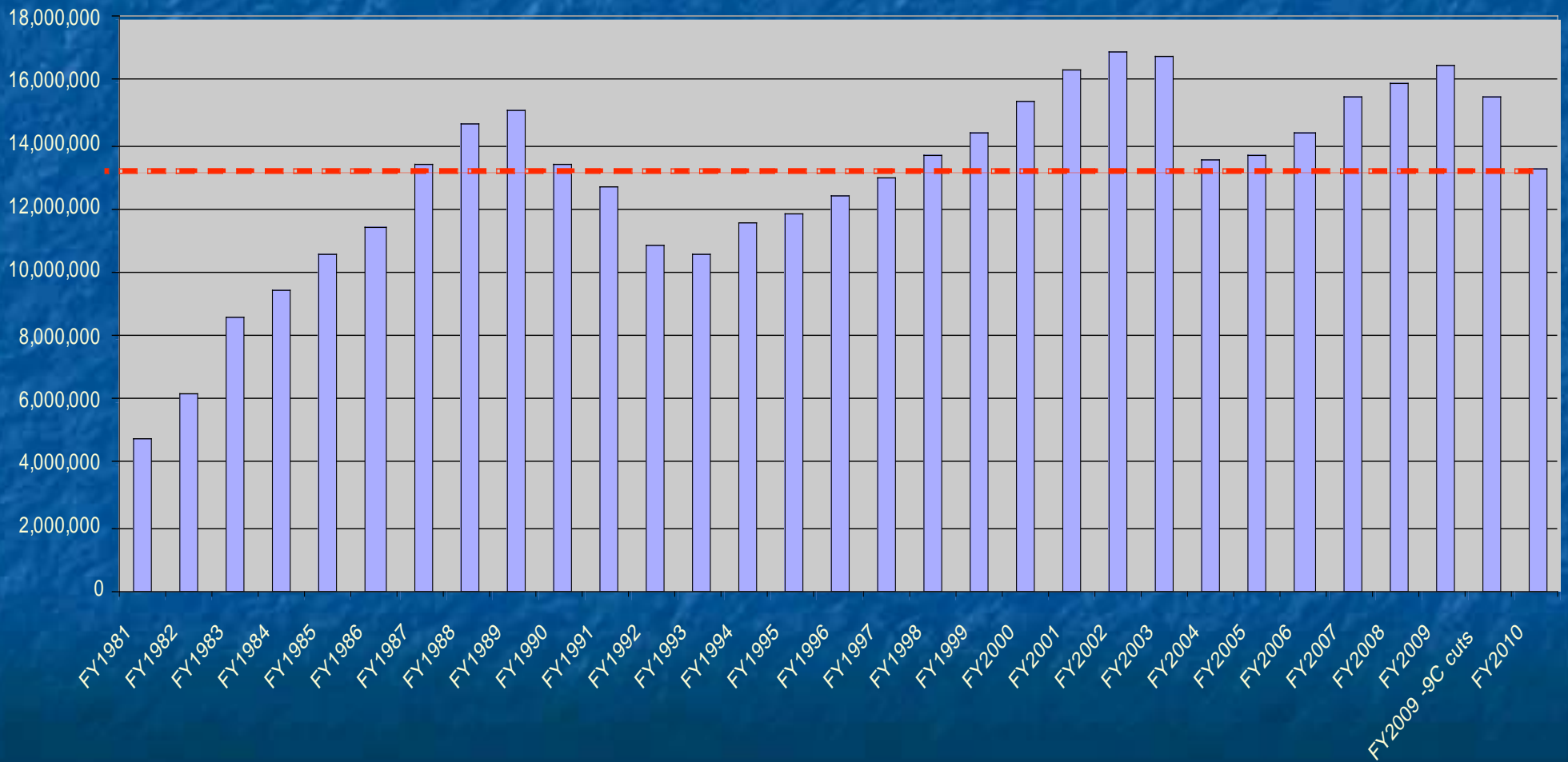
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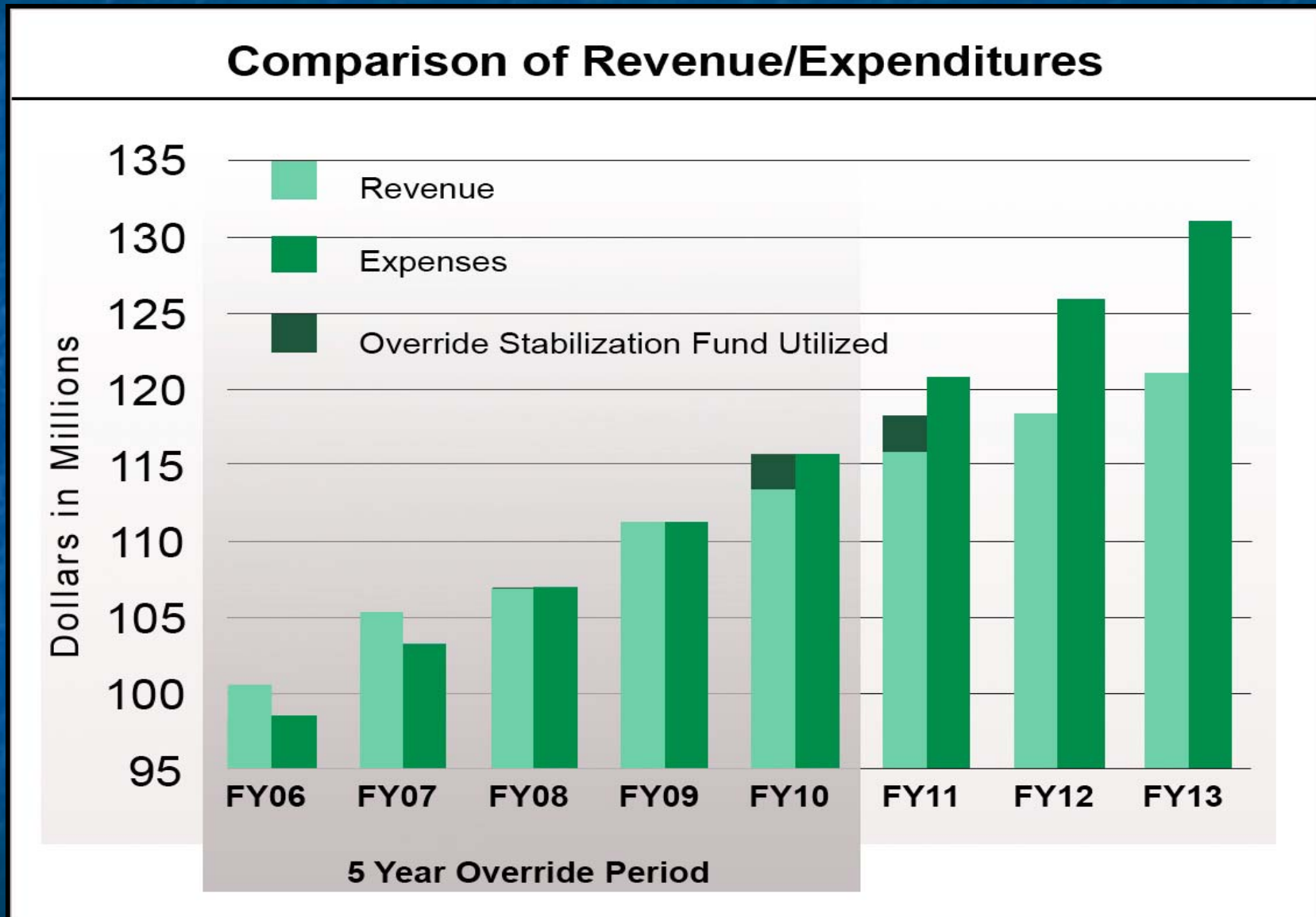
# State Aid



# 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%
<b>Average Increase</b>	<b>2.5%</b>	<b>3.68%</b>

# 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 5<sup>th</sup> year with use of reserves
- Were able to partially fund the 6<sup>th</sup> 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	
	\$	%	\$	%	\$	%	\$	%	\$	%
<b>REVENUE</b>										
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%
<b>TOTAL REVENUES:</b>	<b>(2.1)</b>	<b>-1.8%</b>	<b>(0.4)</b>	<b>-0.3%</b>	<b>2.9</b>	<b>2.6%</b>	<b>3.0</b>	<b>2.6%</b>	<b>3.1</b>	<b>2.6%</b>
<b>EXPENDITURES</b>										
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%
<b>TOTAL APPROPRIATIONS:</b>	<b>4.1</b>	<b>4.0%</b>	<b>5.0</b>	<b>4.7%</b>	<b>4.8</b>	<b>4.3%</b>	<b>5.2</b>	<b>4.4%</b>	<b>5.7</b>	<b>4.7%</b>
<b>NON-APPROPRIATED EXPENSES</b>	<b>(1.5)</b>	<b>-13.1%</b>	<b>0.1</b>	<b>0.7%</b>	<b>0.3</b>	<b>2.8%</b>	<b>(0.1)</b>	<b>-1.3%</b>	<b>0.1</b>	<b>0.7%</b>
<b>ACTUAL SURPLUS/(DEFICIT)</b>	<b>(4.7)</b>		<b>(10.1)</b>		<b>(12.3)</b>		<b>(14.3)</b>		<b>(17.0)</b>	

# Revenues FY2011

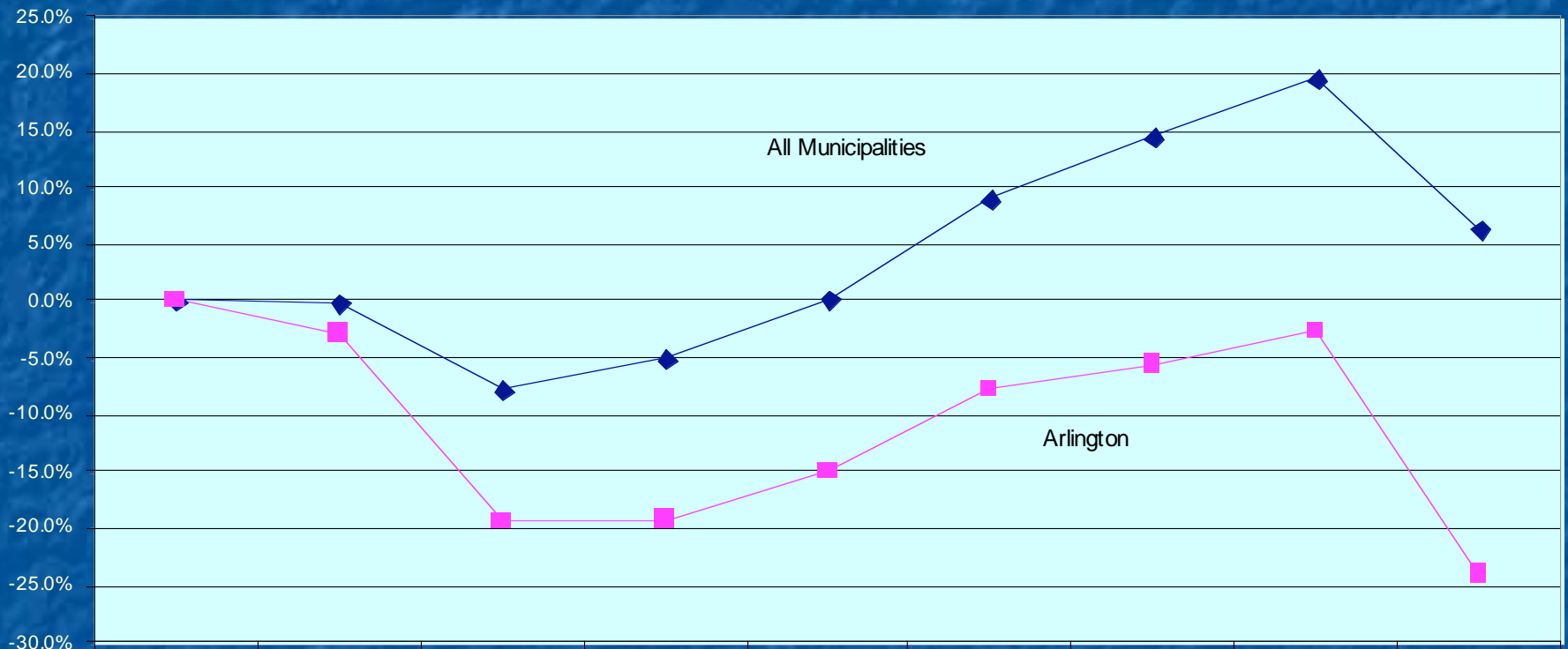
	Total	\$ Increase	% Increase
<b>Overall Revenue</b>	<b>111.9</b>	<b>-\$2.1</b>	<b>-1.8%</b>
Tax Levy	\$85.3	\$2.2	2.6%
Local Receipts	\$8.7	\$.1	1.4%
State Aid	\$12	-\$1.3	-9.6%
Federal Stimulus Funds	\$1.1	-\$0.5	-27.8%
Override Stabilization Fund	\$1.3	-\$1.4	-50%
Free Cash	\$.6	-\$0.9	-61.1%
Other Available Funds	\$.2	-\$0.3	-60%

# Expenditures FY2011

	Total	\$ Increase	% Increase
<b>Overall Expenditures</b>	<b>\$111.9</b>	<b>-\$2.1</b>	<b>-1.8%</b>
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%