Long Range Financial Projection

	FY 2025	FY 2026	Dollar Change	Percent Change	FY 2027	Dollar Change	Percent Change	FY 2028	Dollar Change	Percent Change	FY 2029	Dollar Change	Percent Change	FY 2030	Dollar Change	Percent Change
I REVENUE																
A. State Aid	29,015,598	30,297,529	1,281,931	4.42%	30,595,467	297,938	0.98%	30,896,385	300,918	0.98%	31,200,312	303,927	0.98%	31,507,278	306,966	0.98%
American Rescue Plan Act	0	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-
B. Local Receipts	10,255,994	10,443,994	188,000	1.83%	10,543,994	100,000	0.96%	10,643,994	100,000	0.95%	10,743,994	100,000	0.94%	10,843,995	100,001	0.93%
C. Free Cash	8,941,936	10,298,997	1,357,061	15.18%	9,825,540	(473,457)	-4.60%	6,472,138	(3,353,402)	-34.13%	6,472,138	0	0.00%	6,472,138	0	0.00%
D. Overlay Reserve Surplus	750,000	750,000	0	0.00%	200,000	(550,000)	-73.33%	200,000	0	0.00%	200,000	0	0.00%	200,000	0	0.00%
E Property Tax	166,205,617	171,221,353	5,015,736	3.02%	175,717,460	4,496,107	2.63%	180,437,556	4,720,096	2.69%	185,199,165	4,761,609	2.64%	190,351,007	5,151,842	2.78%
F Override Stabilization Fund	4,374,790	8,984,045	4,609,255	105.36%	5,557,369	(3,426,676)	-38.14%	0	(5,557,369)	-	0	0	-	0	0	-
TOTAL REVENUES	**219,543,935**	**231,995,918**	12,451,983	5.67%	**232,439,830**	443,912	0.19%	**228,650,073**	(3,789,757)	-1.63%	**233,815,609**	5,165,536	2.26%	**239,374,418**	5,558,809	2.38%
II APPROPRIATIONS																
One Time COVID impact																
A. School Additions	3,100,000	1,700,000			600,000			300,000			0			0		
General Education Costs	61,351,257	66,753,248	2,301,991	3.75%	71,956,996	3,503,748	5.25%	74,585,901	2,028,905	2.82%	75,965,503	1,079,602	1.45%	77,969,199	2,003,696	2.64%
Special Education Costs	32,025,356	34,107,004	2,081,648	6.50%	36,323,959	2,216,955	6.50%	38,685,016	2,361,057	6.50%	41,199,542	2,514,526	6.50%	43,877,512	2,677,970	6.50%
Growth Factor	44,635	1,070,420	1,025,785	2298.16%	(493,324)	(1,563,744)	-146.09%	(1,489,280)	(995,956)	201.89%	(632,944)	856,336	-57.50%	(353,704)	279,240	-44.12%
Net School Budget	**96,521,248**	**103,630,672**	7,109,424	7.37%	**108,387,631**	4,756,959	4.59%	**112,081,637**	3,694,006	3.41%	**116,532,101**	4,450,464	3.97%	**121,493,007**	4,960,906	4.26%
Minuteman Operating & Capital	6,732,038	6,609,620	(122,418)	-1.82%	6,840,957	231,337	3.50%	7,080,390	239,433	3.50%	7,328,204	247,814	3.50%	7,584,691	256,487	3.50%
Minuteman Exempt Capital	1,830,191	1,737,470	(92,721)	-5.07%	1,737,470	0	0.00%	1,737,470	0	0.00%	1,737,470	0	0.00%	1,737,470	0	0.00%
Town Personnel Services	33,468,687	33,887,660	418,973	1.25%	34,989,009	1,101,349	3.25%	36,126,152	1,137,143	3.25%	37,300,252	1,174,100	3.25%	38,512,510	1,212,258	3.25%
Town Expenses	12,707,346	13,741,184	1,033,838	8.14%	14,187,772	446,588	3.25%	14,648,875	461,103	3.25%	15,124,963	476,088	3.25%	15,616,524	491,561	3.25%
Town Additions	250,000															
Enterprise Fund/Other Offsets	3,218,686	3,282,750	64,064	1.99%	3,389,439	106,689	3.25%	3,499,596	110,157	3.25%	3,613,333	113,737	3.25%	3,730,766	117,433	3.25%
Net Town Budget	**42,957,347**	**44,346,094**	1,388,747	3.23%	**45,787,342**	1,441,248	3.25%	**47,275,431**	1,488,089	3.25%	**48,811,882**	1,536,451	3.25%	**50,398,268**	1,586,386	3.25%
MWRA Debt Shift	0	0	0		0	0		0	0		0	0		0	0	
B. Capital budget																
Exempt Debt Service	12,522,707	12,707,667	184,960	1.48%	12,472,788	(234,879)	-1.85%	12,382,379	(90,409)	-0.72%	11,984,197	(398,182)	-3.22%	11,894,469	(89,728)	-0.75%
Non-Exempt Service	7,478,171	7,417,567	(60,604)	-0.81%	8,539,351	1,121,784	15.12%	8,542,117	2,766	0.03%	8,328,404	(213,713)	-2.50%	8,067,783	(260,621)	-3.13%
Cash	4,952,417	5,031,594	79,177	1.60%	4,575,262	(456,332)	-9.07%	4,798,935	223,673	4.89%	5,168,245	369,310	7.70%	5,104,764	(63,481)	-1.23%
Offsets/Capital Carry Forward	(984,261)	(574,674)	409,587	-41.61%	(305,756)	268,918	-46.79%	(238,810)	66,946	-21.90%	(192,921)	45,889	-19.22%	(191,065)	1,856	-0.96%
Total Capital	***23,969,034***	***24,582,154***	613,120	2.56%	***25,281,645***	699,491	2.85%	***25,484,621***	202,976	0.80%	***25,287,925***	(196,696)	-0.77%	***24,875,951***	(411,974)	-1.63%
C. Pensions	14,994,696	15,866,268	871,572	5.81%	16,738,913	872,645	5.50%	17,659,553	920,640	5.50%	18,630,828	971,275	5.50%	19,655,524	1,024,696	5.50%
D. Insurance	23,241,930	26,210,136	2,968,206	12.77%	27,724,729	1,514,593	5.78%	28,822,112	1,097,383	3.96%	30,087,531	1,265,419	4.39%	31,887,447	1,799,916	5.98%
E. State Assessments	4,178,177	4,443,253	265,076	6.34%	4,551,209	107,956	2.43%	4,661,863	110,654	2.43%	4,775,284	113,421	2.43%	4,891,540	116,256	2.43%
F. Overlay Reserve	600,000	600,000	0	0.00%	600,000	0	0.00%	600,000	0	0.00%	600,000	0	0.00%	600,000	0	0.00%
G. Reserve Fund	2,019,326	2,089,593	70,267	3.48%	2,144,097	54,504	2.61%	2,162,677	18,580	0.87%	2,218,314	55,637	2.57%	2,274,799	56,485	2.55%
I. Warrant Articles	1,616,393	1,496,948	(119,445)	-7.39%	1,546,948	50,000	3.34%	1,496,948	(50,000)	-3.23%	1,546,948	50,000	3.34%	1,496,948	(50,000)	-3.23%
J. Override Stabilization Fund	0	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-
K. TOTAL APPROPRIATIONS	**218,660,381**	**231,612,208**	12,951,827	5.92%	**241,340,941**	9,728,733	4.20%	**249,062,702**	7,721,761	3.20%	**257,556,487**	8,493,785	3.41%	**266,895,645**	9,339,158	3.63%
L. BALANCE	**883,554**	**383,710**			**(8,901,111)**			**(20,412,629)**			**(23,740,878)**			**(27,521,227)**		
Free Cash	20,597,993	19,651,079			12,944,276			12,944,276			12,944,276			12,944,276		
Stabilization Fund	4,565,545	4,756,856			4,951,993			5,151,033			5,354,054			5,561,135		
Override Stabilization Fund	14,541,414	5,557,369			0			0			0			0		
Overlay Surplus (less liabilities)	2,002,268	2,152,268			1,752,268			1,352,268			952,268			552,268		
Municipal Bldg. Ins. Trust Fund	667,715	674,392			681,136			687,947			694,827			701,775		
TOTAL:	42,374,935	32,791,964			20,329,673			20,135,525			19,945,425			19,759,454		
Reserves % of General Fund Revenue	19.3%	14.1%			8.7%			8.8%			8.5%			8.3%		
Debt % of General Fund Revenue	9.1%	8.7%			9.0%			9.2%			8.7%			8.3%		

The plan does not include any projected revenues or expenditures from the Community Preservation Act

Projected School Enrollment Growth FY 2026 - FY 2030

	*FY 2025***	*FY 2026***	*FY 2027**	*FY 2028**	*FY 2029**	*FY 2030**
Actual/*Proj*. Annual Growth	*5*	*115*	*(53)*	*(160)*	*(68)*	*(38)*

** Actual Growth - FY23 50% PPC of $14,601 = $7,300 X EG

** Projected Growth - FY2026 through FY2030 Based on 50% of FY22 DESE Per Pupil Cost of $18,615 = $9,307 X Enrollment Growth; APS is currently seeking to update enrollment projection numbers*

Long Range Financial Projection

		Explanation of Terms
I	**REVENUE**	
A.	State Aid	State Aid as reported on the Cherry Sheets, including CH. 70 School Aid, Unrestricted General Government Aid (UGGA), and others. Assumption: 5% growth in FY25; 1% in FY26-29.
	School Construction Aid	Reimbursement for school construction costs from an old state program. These payments ended in FY2021.
B.	Local Receipts	Fees, Fines, Permits, Interest, Motor Vehicle Excise Taxes, etc. Assumption: usually increase by $100,000 per year, but in FY25, increase by more due to ambulance revenue collection changes
C.	Free Cash	Free Cash is equivalent to the prior year's operating surplus. Assumption: Half of the 10 year average Free Cash is allocated as a revenue source for the operating budget and the remainder is retained as a reserve.
D.	Overlay Reserve Surplus	The Assessors annually release some of the reserve set aside to pay tax abatements (the Overlay). Assumption: In most years, $400,000 is released to be used in operating budget. Some years a larger amount is released for revaluation expenses or when the balance grows larger than the Assessors need.
E	Property Tax	Real estate and personal property taxes, as determined by the State law, Proposition 2 1/2 (annual increase of 2.5%, plus additions of new growth), plus amounts added for debt excluded from Prop. 2 1/2 by the voters, plus MWRA Debt shift.
F	Override Stabilization Fund	The Override Stabilization Fund is used as an income source. In years of revenue surpluses, money is added; in years of deficits, money is withdrawn (see comparable item in Expenses below). Fund balance is reported in reserves section at bottom the sheet.
	TOTAL REVENUES	Total General Fund Revenues.
II	**APPROPRIATIONS**	
A.	School Additions	Increases to School Department Budget as the result of the 2023 Override.
	General Education Costs	Most of the costs of running the School Department. Assumption: A 3.5% increase in the sum of the previous year's General Education Costs plus cost increase due to in enrollment growth (Growth Factor, below).
	Special Education Costs	Costs of providing Special Education services. Assumption: These costs are assumed to increase by 6.5% per year.
	Growth Factor	An estimate of the increased operating costs the School Department incurs because of enrollment growth. Enrollment assumptions are presented at the bottom of LRP. It is assumed that each new student will cost 50% of State's Per Pupil Cost figure. Reported on a one year lag.
	Net School Budget	The Total School Department Budget.
	Minuteman	Assessments from the Minuteman Regional Technical and Vocational High School. Assumption: Each year the actual assessment is updated and future years are assumed to grow by 3.5%.
	Town Personnel Services	Town employees salaries and wages. Assumption: Annual growth of 3.25%
	Town Expenses	Town expenses, e.g., utilities, supplies, services, repairs, etc. Assumption: Annual growth of 3.25%
	Enterprise Fund/Other	Offsets are amounts charged to the Water and Sewer Enterprise Fund for services provided to the Fund by Town employees. Assumption: Annual growth of 3.25%
	Net Town Budget	Personnel Services plus Expenses, minus Offsets.
	MWRA Debt Shift	State law allows the Town to decrease water and sewer rates and increase taxes by an amount representing all or part of the debt service assessed to the Town by the MWRA. Phased out in FY23.
B.	Capital budget	
	Exempt Debt Service	Debt service that has been excluded from the Prop. 2 1/2 limit and therefore is in addition to that limit. The exempt debt amount is included in the Property Tax calculation above and so income and expense are exactly matched.
	Non-Exempt Service	Debt service (interest and principal) on items in the annual Capital Plan paid for with tax dollars.
	Cash	Items in the annual Capital Plan paid for with cash.
	Offsets/Capital Carry Forward	Multiple sources, such as grants, other funds (e.g., rental income from cell phone towers on town property, the Ambulance Fund, etc.), and bond premiums used to purchase capital items.
	Total Capital	Assumption: The Total of Non-Exempt Debt Service and Cash will equal 5% of the Town's Annual revenue.
C.	Pensions	Annual assessment from the Arlington Retirement Board. Assumption: Annual increase of 5.5%.
D.	Insurance	Health, property & liability insurance. Updated annually with new enrollment figures and insurance rates. Future costs include teacher staffing increases to meet increased student populations, plus 5.25% inflation.
E.	State Assessments	Assessment from the State for various services, including MBTA, Charter School, and School Choice. Assumption: Annual increase of 2.5% (as mandated by Prop. 2 1/2). Some Cherry Sheet aid goes directly to departments and not to the General Fund. State Aid to libraries is one such example. Assumption: Current year assessment will continue unchanged.
F.	Overlay Reserve	Amount of tax revenue set aside by the Assessors to pay abatements and tax exemptions (for elderly, blind persons, etc.). Assumption: $600,000 in non-revaluation years, and $800,000 in revaluation years.
G.	Reserve Fund	Reserve fund equals 1% of revenues. It is available for the Finance Committee to pay unanticipated and extraordinary costs, such as snow removal.
I.	Warrant Articles	Various warrant articles for boards, commission, town celebrations, and other items that are outside of the town, school, or capital budgets. Election costs vary each year depending on the number of elections.
J.	Override Stabilization Fund	In years when the budget shows a revenue surplus, that surplus is appropriated to the Override Stabilization Fund.
K.	**TOTAL APPROPRIATIONS**	The total of all items under II Appropriations.
L.	**BALANCE**	The operating surplus or deficit for each year of the plan. For the current year, the number will always be zero, i.e., by law and Town policy, the final budget must be in balance.
	Reserve Balances	
	Free Cash	An amount roughly equivalent to the Town's operating surplus and fund balance that is certified annually by the State Department of Revenue.
	Stabilization Fund	A fund established by Town Meeting to provide a long-term reserve. Assumption: Annual 2% growth, plus $100,000 appropriation from Town Meeting.
	Override Stabilization Fund	The Override Stabilization Fund was created as a result of the 2005 Prop. 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.
	Overlay Surplus (less liabilities)	Unused portions of overlay accounts previously reserved for either unpaid taxes or abatements issued by the Assessors; any amount designated by the Assessors as excess is transferred to and becomes part of the General Fund undesignated fund balance. This figure is updated at the beginning of each fiscal year to reflect prior year activity.
	Municipal Bldg. Ins. Trust Fund	A reserve fund established to cover extraordinary losses from damage to Town property. The existence of the fund reduces the Town's annual property insurance costs, because it allows the Town to buy insurance policies with high deductibles.
	TOTAL:	Total reserves.
	Reserves % of General Fund Revenue	Total reserves as a percent of total revenue. Goal is to be at or above 5%
	Debt % of General Fund Revenue	Total debt (exempt and non-exempt) as a percent of total revenue. Goal is to be below 10%.