

FINANCIAL MANAGEMENT SERVICES

FINANCE COMMITTEE

During 2012 Chairman Allan Tosti led the Finance Committee (FinCom), assisted by Vice-Chairs Richard Fanning, Charles Foskett, and Alan Jones. Peter Howard served as secretary. The FinCom has twenty-one positions, one for each precinct. The appointing authority (Moderator, Trust Fund Commissioners Chair, FinCom Chair) acted to reappoint all members whose terms had been completed and to fill all vacant positions.

In January, the FinCom began its yearly effort to develop a comprehensive balanced Fiscal Year 2013 (FY2013) budget recommendation for the Annual Town Meeting, which begins in April. At least one of the Finance Committee subcommittees reviewed each departmental budget with the corresponding department head. The school budget subcommittee attended School Committee meetings in order to gain an understanding of the school budget. Hearings were held on all Warrant Articles requiring an appropriation or having a financial impact. Fifteen full committee meetings were held before Town Meeting and eight on Town Meeting nights. These meetings, when combined with numerous subcommittee meetings, made for a busy winter and spring schedule. The Committee's report was distributed to Town Meeting members at the first meeting.

FY2013 was the second year of the current multi-year plan. Working with Town and School leaders, the FinCom developed a balanced budget and reserved most of the extra income from last year's override to balance future year's budgets. Central to this budget is a 3.5% cap on budget increases by the appointing authorities. This budget maintained Town services at the FY2012 level.

The FinCom, in conjunction with the Board of Selectmen, spent much of several meetings discussing the Minuteman Regional Vocational Technical High School's (Minuteman Tech's) need for capital to renovate its building. Since the Minuteman School Committee was unable to approve the recommendations for changes to the Regional agreement proposed by a special task force that would have strengthened the hand of the larger communities, the FinCom voted to inform the District that without changes to the Regional Agreement it would not recommend approval of the project to Town Meeting. The FinCom also voted no action on Minuteman Tech's article to establish a stabilization fund that could eventually fund the renovation through appropriations in annual budgets. The future of Minuteman Tech seems uncertain.

Upon recommendation by the Capital Planning Committee, the FinCom voted to fund Phase 2 of the Community Safety Building renovation, repairs to the building shell. Town Meeting approved the bonding for this project during the spring Special Town Meeting so

that the work could get started as soon as weather permitted with the goal of finishing by winter.

During the summer the Town Manager was able to reach three-year agreements with nearly all the Town's unions. These agreements were voted at the fall Special Town Meeting upon recommendation by the FinCom.

The Finance Committee also continued to monitor other ongoing activities that could have a large financial impact through regular reports by Town officials. A major concern is the possible federal spending reductions. Other issues include funding for the final round of school renovations, the renovation of the Town's fire stations, the increasing costs of pensions, and funding the liability for retired Town employee health insurance. The Finance Committee will continue to work with other Town officials and citizens to deal with these issues and will keep the Town Meeting informed of the Town's progress.

OFFICE OF THE TREASURER & COLLECTOR OF TAXES

Mission Statement

The Office of Treasurer & Collector of Taxes is responsible for the collecting and custodianship of all funds and receipts belonging to the Town of Arlington.



Stephen J. Gilligan, Treasurer & Collector of Taxes

Overview

The Office of the Treasurer & Collector of Taxes consists of four divisions under the Treasurer/Collector. The four divisions are: Treasury, Collector, Payroll, and Postal. The Treasurer also serves as Parking Clerk.

The elected Town Treasurer and Collector of Taxes is responsible for managing and directing the tax billing and collection process, receiving all monies from Town departments, securing and depositing Town monies, and in accordance with Massachusetts General Laws for managing, planning, and directing the Town's financial policies relating to cash management, investment

FINANCIAL MANAGEMENT SERVICES

management, and debt management. The Treasurer serves as Custodian of Funds for all Town monies. The Treasurer performs his fiduciary responsibility by developing investment and borrowing strategies based on financial best practices, consultations with financial advisors and investment institutions, and participating in government finance officer's seminars and conferences. Mr. Gilligan is an active member of both the national Government Finance Officers Association of the US & Canada and the Massachusetts Collectors & Treasurers Association. Mr. Gilligan is Certified as a Massachusetts Assessor and serves as a Member of the Board of Directors of the New England States Government Finance Officers Association.

Program Description

The Treasurer/Collectors office is responsible for the proper handling and management of all monies belonging to the Town. Included within these responsibilities are the following:

- Responsible for the billing and collecting of all Real Estate Tax, Personal Property Tax, Motor Vehicle Excise Tax, Parking fines and Permit fees, Water & Sewer accounts, and collecting all Town and School Department(s) receipts. Payments are received directly in the Treasurer's Office, through the mails, via online electronic checking transactions, and lock-box.
- Receiving and reconciling all deposits from all departments and authorities that charge fees and/or receive monies. Supports and assists all departments in the collection of delinquent accounts.
- Enable and coordinates School, Recreation, Human Services, Fire/Ambulance, Library,

and Inspections departments to make deposits directly into our depository bank; daily, overnight, and weekends.

- Responsible for deposits and investment of all Town funds.
- Determine cash management needs to meet vendor and payroll warrants.
- Provide quality customer service to all Town residents, employees, and vendors in the performance of the above-described duties.
- Supervise and direct all short and long-term borrowings. Strategic goal is to maintain the highest possible Bond Rating, based on the Town's financial reserve and budgetary situation.
- Manage Treasurer's relationships with finance professionals and institutions that provide custodial, investment, and banking services.
- Responsible for promoting and administering the Arlington Citizens Scholarship Foundation/Dollars For Scholars Program.

Budget Statement/Future Outlook

The Treasurer's Office continues to scrutinize its current budget for any potential savings, while being mindful of the critical importance to maintain resources sufficient to collect, invest and/or process over \$126,190,591 in Town revenues.

Given the current economic situation, interest income revenue is expected to remain at the same low rate of return as the previous 3 fiscal years.

Objectives 2012

- Issue RFI for online debit and credit card payments.

Office of Treasurer & Collector of Taxes Performance Metrics Over 5 Years					
	FY2008	FY2009	FY2010	FY2011	FY2012
Real Estate Bills Processed	60,000	59,988	60,084	60,119	*63,000
Motor Excise Bills Processed	40,000	35,507	35,112	35,222	35,456
Water & Sewer Bills Processed	25,000	24,817	24,849	24,965	24,973
Subsequent Delinquent Bills and Notices	15,000	17,381	22,324	22,604	14,831
Liens - Revenue from Water & Sewer Delinquencies	\$72,131	\$126,419	\$140,465	\$134,180	\$183,273
Lien Certificates Processed	1,603	1,170	1,452	1,674	1,541
Revenue from Lien Certificates	\$29,250	\$57,873	\$72,600	\$83,700	\$77,093
* Includes Personal Property					

FINANCIAL MANAGEMENT SERVICES

- Implement online debit and credit card capabilities.

Accomplishments 2012

- Treasurer's Office continues to achieve one of the best commitment-to-collection ratios of real estate and personal property taxes of any community in Massachusetts by developing internal collection procedures with a focus on end-of-fiscal-year results. Real Estate Tax collections = 100%
- Attained a top rating of Triple-A ("AAA") from Standard & Poor's rating agency for the 7th consecutive borrowing. Arlington is a member of a group of less than 21 communities in Massachusetts attaining this highest designation.
- FY 2012 Town Audit found Treasurer's operation in full compliance.
- Continue to manage Town of Arlington's relationship with Investment Advisor. Current net realized gain on all trust fund accounts is 10.82%.
- Managed successful annual borrowing of \$12,692,000 with an interest rate of 2.08% and \$2,205,000 at .28% with a "AAA" rating from S&P.
- The Treasurer's Office administers the Arlington Citizens Scholarship Fund, which provides financial assistance to Arlington residents attending higher education. Increased scholarships awarded to 92, totaling \$135,000 in 2012.
- Aggressively managed the on time issuance of all billing and collections for Real Estate Tax, Motor Excise Tax, Water & Sewer, and Parking, accurately and on time to avoid short-term borrowing.

Performance / Workload Indicators

- Managed \$95,185,766 Real Estate Tax collections down to delinquent receivables of only 161 Tax Title accounts. Real Estate Tax collections = 100%.
- Processed 63,000 initial Real Estate & Personal Property bills, 35,456 initial Motor Excise bills, 24,973 initial Water & Sewer bills; plus 14,831 delinquent real estate, excise tax, and water/sewer bills and notices. Total Bills issued and collected: 138,260. All bills mailed on time, meeting legal mandates.
- Advertised and filed tax title for all delinquent Real Estate tax accounts within the same fiscal year.
- Motor Vehicle Excise Tax
- FY11 Revenues – Initial billing: \$3,617,140.

Total Excise Tax Collection FY11:
\$3,438,728.

- FY12 Revenues – Initial billing: \$4,077,138. Total Excise Tax Collection FY12: \$4,021,599.
- Deputy Tax Collection program revenues: FY08– \$133,146, FY09– \$157,276, FY10– \$157,859, FY11 - \$197,534, FY12 - \$141,000.
- Lien Certificates processed: FY 08 – 1,170; FY09 – 1,603; FY10 – 1,452; FY 11 1,674, FY12 – 1,541.
- Revenue from Lien Certificates: FY08 – \$29,250; FY09 – \$57,873, FY10 – \$72,600, FY11 - \$83,700, FY12 - \$77,093.
- Lien all delinquent water accounts onto real estate bills annually. Annual lien amounts: FY08– \$72,131, FY09– \$126,420, and FY10– \$140,865, FY11-\$134,181, FY12 - \$183,273 . These amounts are less than 1.5% of Water & Sewer billing amounts committed.
- The Treasurer's office has 3 positions in management, and 6.85 in clerical and administration.
- Preparation of financial material for receipts, deposits, investments, income, debt for annual Town audits.

COMPTROLLER/TELEPHONE

The Comptroller's Office is responsible for the Town's books of account and financial records, verifying appropriations for all purchase orders, processing invoices for payment, approval of all payrolls and other warrants, balancing monthly appropriation reports, and other financial reporting as governed by Federal and State governments. The Comptroller is responsible for the direct management and supervision of the Telephone department.

The Telephone department is responsible for the operations of the Town and School phone system, including maintaining the two PBX's and voicemail systems.

Major Accomplishments for 2012

- Closed books on a timely basis and Town audit and free cash certified on a timely basis.
- Upgraded the Town's financial software (MUNIS) and moved to a windows based platform.
- Enhanced quarterly report to the Board of Selectmen.
- Monthly meetings with the School CFO to review school finances.

FINANCIAL MANAGEMENT SERVICES

Performance Metrics				
	FY2009	FY2010	FY2011	FY2012
General Ledger Entries	101,989	114,879	122,165	120,748
Purchase Orders Processed	7,554	7,054	4,953	5,084
Accounts Payable Batches Processed	1,000	1,181	1,192	976

FY2013 Objectives

- Research the feasibility of electronically distributing payroll direct deposit stubs.
- Continue to expand and enhance financial reporting to Town Officials.
- Consolidate some of the Town/School financial operations.
- Streamline the Town's phone system.



BOARD OF ASSESSORS

At the annual election held in April of 2012, Kevin Feeley Esquire was re-elected for a three-year term to the Board of Assessors. At the organizational meeting of the Board of Assessors, James F. Doherty MAA was elected Chairman and Mary Winstanley O'Connor Esquire, was elected Vice Chairman.

The Board of Assessors committed 15,407 real estate and personal property tax bills to the Tax Collector for collection for Fiscal Year 2013. These bills raised a total of \$98,009,381.08 in property and personal property taxes. The total assessed value of all taxable real estate and personal property for Fiscal Year 2012 was \$7,301,277,082, which resulted in a tax rate of \$13.61 per thousand dollars of assessed value. The Board also committed approximately 35,011 automobile excise tax bills for collection of an estimated income of \$3,800,000.

The Assessors Office successfully completed the 2013 Triennial Recertification with the Department of Revenue of all real and personal property.

Tax Abatement Overlay

State law requires that the Assessors put aside funds from each tax levy in a reserve that is called an Overlay. This account is established in anticipation that a certain percentage of the tax levy may end up being abated. Individual tax abatements are paid out of this fund. The final amount of the overlay account is determined by the Assessors and added to the tax rate without appropriation, and is usually set at anywhere from 1% to 2.5% of the tax levy. In revaluation years, which occur every three years, the overlay account is usually set at a higher amount in anticipation of an increased number of abatements. In FY2013, the overlay account is set at \$1,454,204.43 Any surplus left in an overlay account is appropriated by Town Meeting in much the same manner as free cash. Below is a chart showing the disposition of Overlay funds for the last three years.

FINANCIAL MANAGEMENT SERVICES

Tax Abatement Overlay Funds			
	FY2010	FY2011	FY2012
Overlay Amount	\$1,153,427	\$670,330	\$808,924
Abatements & Exemptions To-Date	\$512,346	\$466,663	\$265,781
Declared Surplus to General Fund	\$580,000	\$80,000	\$100,000
Reserved for Additional Liability	\$61,080	\$123,667	\$443,173

ASSESSMENT DATA

Valuation and Tax Levy			
Fiscal Year	Total Assessed Valuation	Tax Levy	Tax Rate*
2013	\$7,201,277,082	\$98,009,381	\$13.61
2012	\$6,954,794,567	\$95,002,493	\$13.66
2011	\$6,926,589,397	\$85,958,974	\$12.41
2010	\$6,892,736,257	\$83,471,036	\$12.11
2009	\$6,790,772,343	\$80,946,006	\$11.92
2008	\$6,883,264,284	\$78,813,376	\$11.45
2007	\$7,011,721,520	\$76,778,350	\$10.95
2006	\$6,483,756,733	\$73,578,994	\$11.34
2005	\$6,007,309,836	\$65,719,969	\$10.94
2004	\$5,990,614,666	\$63,740,140	\$10.64
2003	\$4,500,135,559	\$61,246,845	\$13.61
2002	\$4,266,984,229	\$59,097,731	\$13.85
2001	\$4,239,775,439	\$55,838,267	\$13.17
2000	\$3,063,254,230	\$54,097,069	\$17.66

* Tax rate expressed in per thousand dollars of assessed value

Percent of Tax Levy by Class					
CLASS	TYPE	FY2010	FY2011	FY2012	FY2013
I	Residential	94.0546	93.9935	93.9521	93.7374
II	Open Space	0	0	0	0
III	Commercial	4.2661	4.2786	4.2740	4.6139
IV	Industrial	.3042	.3028	.03015	0.2243
V	Personal Property	1.3751	1.4251	1.4724	1.4244
	Total			100.00	100.00

FINANCIAL MANAGEMENT SERVICES

Tax Rate Components FY2009-FY2013					
	FY2009	FY2010	FY2011	FY2012	FY2013
Levy Base	\$10.58	\$10.78	\$11.10	\$11.42	\$12.28
2 1/2%	\$0.26	\$0.27	\$0.28	\$0.29	\$0.31
Growth	\$0.09	\$0.11	\$0.09	\$0.08	\$0.09
Override	\$0.00	\$0.00	\$0.00	\$0.93	\$0.00
W/S Debt Service	\$0.82	\$0.81	\$0.81	\$0.80	\$0.78
School Debt Exclusion	\$0.16	\$0.15	\$0.14	\$0.10	\$0.12
Symmex Debt Exclusion			\$0.00	\$0.04	\$0.04
Tax Rate*	\$11.92	\$12.11	\$12.41	\$13.66	\$13.61
*Tax Rate =((Amount To Be Raised)/(Total Taxable Assessed Value))*1000					

Details of Tax Rate Calculation					
	FY2009	FY2010	FY2011	FY2012	FY2013
Max Levy Prior FY	\$71,842,588	\$74,281,565	\$76,865,559	\$79,443,949	\$88,442,215
2.50%	\$1,796,065	\$1,857,039	\$1,921,639	\$1,986,099	\$2,211,055
Growth	\$642,912	\$726,955	\$656,751	\$522,167	\$657,203
Override	\$0	\$0	\$0	\$6,490,000	\$0
Maximum Levy	\$74,281,565	\$76,865,559	\$79,443,949	\$88,442,215	\$91,310,473
Levy Inc. %	11.02%	3.48%	3.35%	11.33%	3.24%
Levy Inc. \$	\$17,561,021	\$2,583,994	\$2,578,390	\$8,998,266	\$2,868,259
W/S Debt Service	\$5,593,112	\$5,593,112	\$5,593,112	\$5,593,112	\$5,593,112
School Debt Exclusion	\$1,119,201	\$1,025,542	\$945,868	\$682,156	\$840,116
Symmex Debt Exclusion	\$0	\$0	\$0	\$307,130	\$278,540
Max to be Raised	\$80,993,878	\$83,484,213	\$85,982,929	\$95,024,613	\$98,022,241
Actual Raised	\$80,946,006	\$83,471,036	\$85,958,974	\$95,002,494	\$98,009,381
Excess Levy	\$47,872	\$13,177	\$23,955	\$22,119	\$12,860
Total Taxable Assessed Value	\$6,790,772,343	\$6,892,736,257			\$7,201,277,082
Total Avg. % Increase	4.74%	1.50%	0.49%	0.41%	3.54%
Tax Rate	\$11.92	\$12.11	\$12.41	\$13.66	\$13.61
Penny of Tax Rate	\$67,908	\$68,927	\$69,266	\$69,548	\$72,013
Avg. Assessed Value Single Family	\$465,952	\$477,218	\$479,345	\$480,598	\$502,752
Avg. Taxes Single Family	\$5,554	\$5,779	\$5,949	\$6,565	\$6,842
*All numbers subject to rounding and final DOR Certification					

FINANCIAL MANAGEMENT SERVICES

Summary of Revaluation by State Class Code FY2013 vs FY2012					
Property Type	FY2013		FY2012		FY13 vs FY12
	Parcels	Assessed Value	Parcels	Assessed Value	Percent (+/-)
Residential		6,750,291,829		6,534,177,068	3.31%
Open Space		0.00		0.00	
Commercial		332,259,203		297,247,489	11.78%
Industrial		16,149,400		20,969,800	-22.99%
Total Real Est	14,759	7,098,700,432	14,733	6,852,394,357	3.59%
Personal Prop	648	102,576,650	502	102,400,210	0.17%
Total Real & PP	15,407	7,201,277,082	15,235	6,954,794,567	3.54%
Exempt	331	457,665,300	331	436,718,900	
Grand Total	15,738	7,658,942,382	15,566	7,391,513,467	

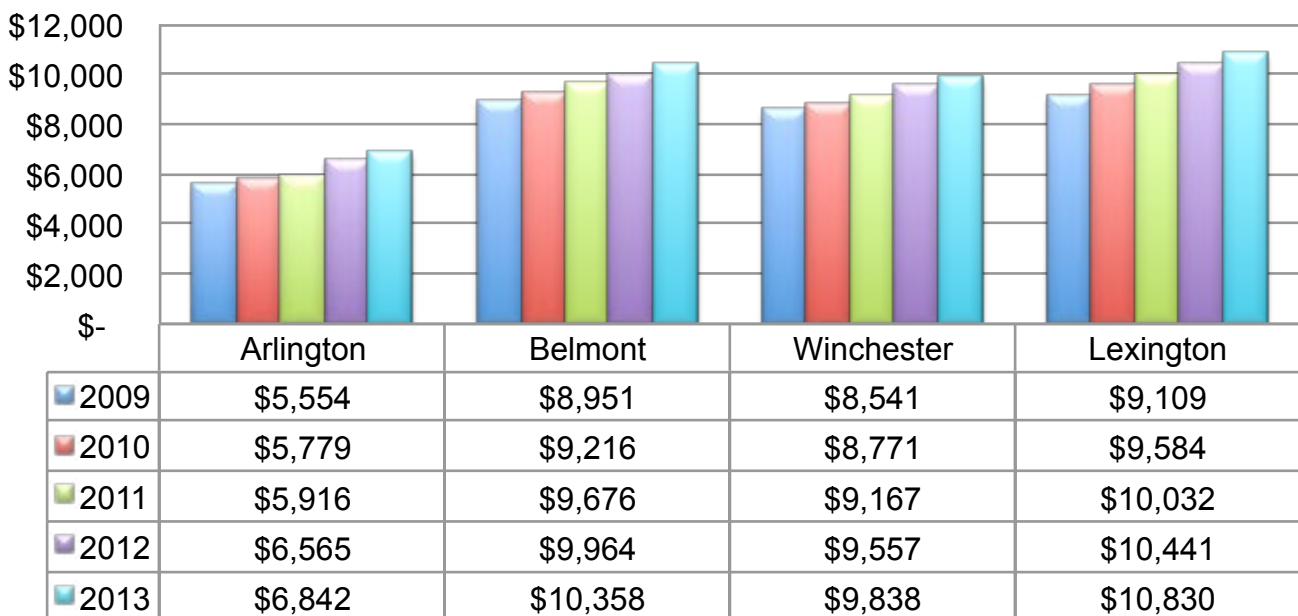
Summary Details									
Type	FY2013			FY2012			FY13 vs FY12		
	Parcels	Assessed Value	Avg. Assessed Value	Parcels	Assessed Value	Avg.	Parcel (+/-)	Percent (+/-)	Avg. Assessed Value (+/-)
Single Family	7,984	4,013,979,200	502,753	7,982	3,836,136,600	480,598	2	4.64%	22,154
Condominium	3,242	963,468,700	297,183	3,183	950,522,900	298,625	59	1.36%	-1,441
Misc	13	10,783,600	829,508	12	9,019,900	751,658	1	19.55%	77,849
2 Family	2,352	1,285,836,160	546,699	2,372	1,296,284,360	546,494	-20	-0.81%	205
3 Family	207	123,485,900	596,550	213	127,454,700	598,379	-6	-3.11%	-1,829
Apartments	145	292,347,500	2,016,190	145	254,572,100	1,755,670	0	14.84%	260,520
Res Land	326	23,080,700	70,800	332	23,746,600	71,526	-6	-2.80%	-726
Open Space	0			0					
Commercial	388	292,211,400	753,122	390	259,518,700	665,433	-2	12.60%	87,690
Industrial	22	16,149,400	734,064	23	20,969,800	911,730	-1	-22.99%	-177,667
Ch Land	0	0	0	0	0	0	0		
Ch Land	0	0	0	0	0	0	0		
Ch Land	4	1,328,972	332,243	4	4,139,397	1,034,849	0	-67.89%	-702,606
Mixed Use(Res)	76	37,310,069	1,000,380	77	36,439,908	909,471	-1	8.57%	90,909
Mixed Use(Com)	0	38,718,831		0	33,589,392		0		
Per Prop	369	4,013,930	10,878	290	3,073,130	10,597	79	30.61%	281
Per Prop	261	8,633,640	33,079	196	8,682,700	44,299	65	-0.57%	-11,220
Per Prop	0	0		0	0		0		
Per Prop	2	54,430,380	27,215,190	2	54,819,210		0	-0.71%	-194,415
Per Prop	7	25,359,500	3,622,786	7	25,224,600	3,603,514	0	0.53%	19,271
Per Prop	2	7,951,200	3,975,600	2	7,898,600	3,949,300	0	0.67%	26,300
Per Prop	7	2,188,000	312,571	5	2,701,970	540,394	2	-19.02%	-227,823
Total	15,407	7,201,277,082		15,235	6,954,794,567			3.54%	

FINANCIAL MANAGEMENT SERVICES

Average Assessed Values 2009-2013



Average Taxes 2009-2012



FINANCIAL MANAGEMENT SERVICES

State Tax Form 31C

**THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF REVENUE
TAX RATE RECAPITULATION**

FISCAL 2013

**OF
ARLINGTON**

City / Town / District

I. TAX RATE SUMMARY

Ia. Total amount to be raised (from IIe)	\$	<u>144,445,396.08</u>
Ib. Total estimated receipts and other revenue sources (from IIIe)		<u>46,436,015.00</u>
Ic. Tax levy (Ia minus Ib)	\$	<u>98,009,381.08</u>
Id. Distribution of Tax Rates and levies		

CLASS	(b) Levy percentage (from LA - 5)	(c) IC above times each percent in col (b)	(d) Valuation by class (from LA - 5)	(e) Tax Rates (c) / (d) x 1000	(f) Levy by class (d) x (e) / 1000
Residential	93.7374%	91,871,445.58	6,750,291,829	13.61	91,871,471.79
Net of Exempt					0.00
Open Space	0.0000%	0.00	0		0.00
Commercial	4.6139%	4,522,054.83	332,259,203	13.61	4,522,047.75
Net of Exempt					0.00
Industrial	0.2243%	219,835.04	16,149,400	13.61	219,793.33
SUBTOTAL	98.5756%		7,098,700,432		96,613,312.87
Personal	1.4244%	1,396,045.62	102,576,650	13.61	1,396,068.21
TOTAL	100.0000%		7,201,277,082		98,009,381.08

Board of Assessors of ARLINGTON
City / Town / District


MUST EQUAL IC

NOTE : The information was Approved on 12/06/2012.

<u>John Speidel, Dir Of Assessments, Arlington, 781-316-3061</u>	<u>12/4/2012 8:41 AM</u>	<u>Signed on behalf of the BOA with signed hard...</u>
Assessor	Date	(Comments)

Do Not Write Below This Line --- For Department of Revenue Use Only

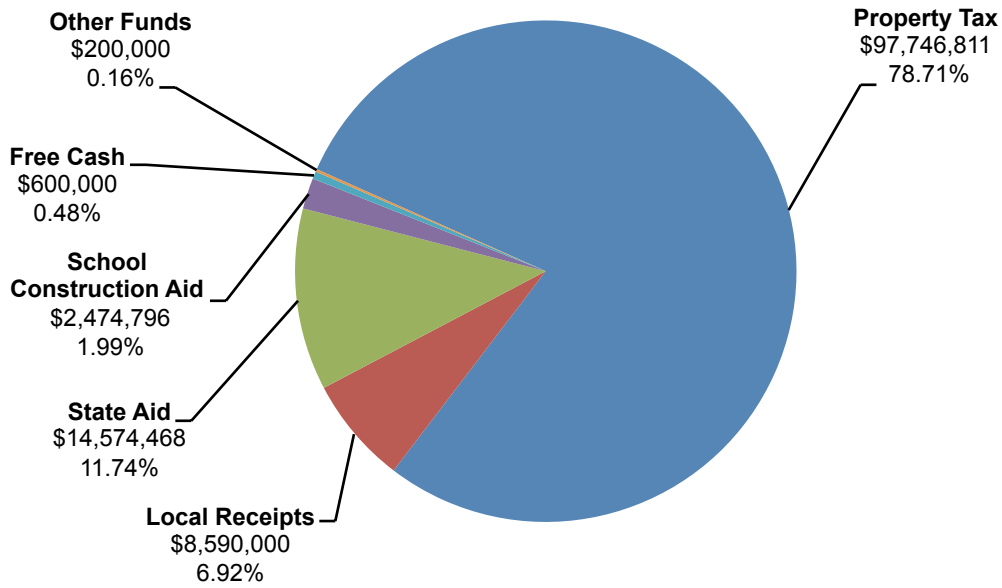
Reviewed By	Maura O'Neil
Date :	06-DEC-12
Approved :	Dennis Mountain
Director of Accounts	


 (Gerard D. Perry)

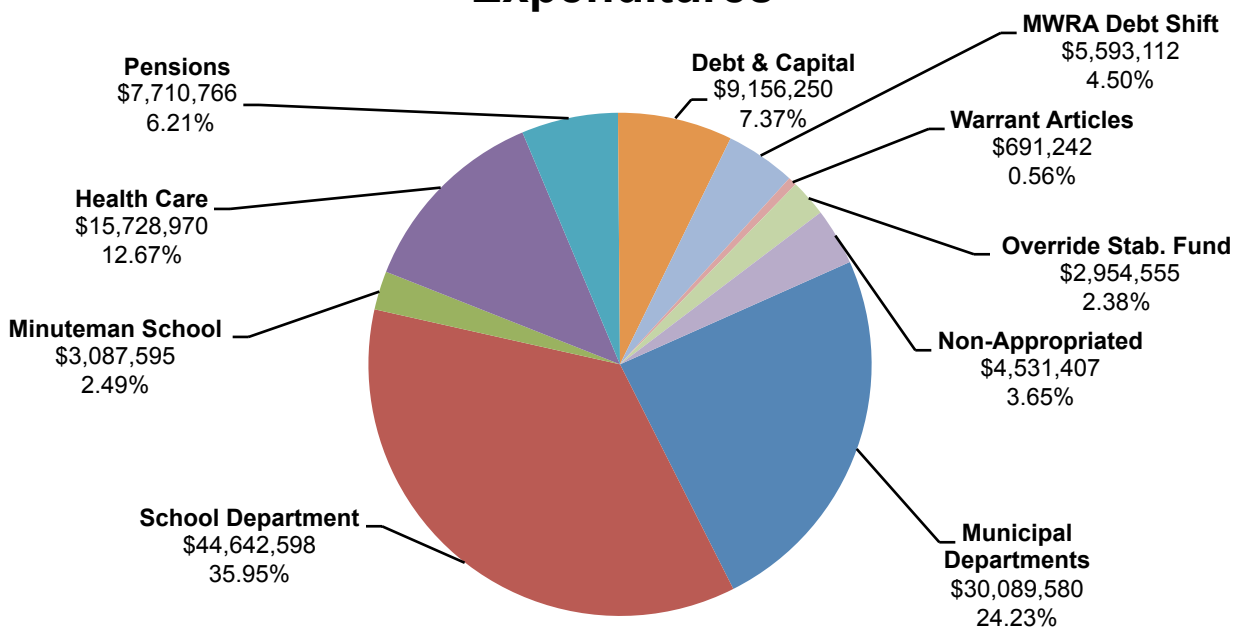
FINANCIAL MANAGEMENT SERVICES

FISCAL YEAR 2013

Revenue



Expenditures



FINANCIAL MANAGEMENT SERVICES

Powers & Sullivan, LLC

Certified Public Accountants



100 Quannapowitt Parkway
Suite 101
Wakefield, MA 01880
T. 781-914-1700
F. 781-914-1701
www.powersandsullivan.com

Independent Auditors' Report

To the Board of Selectmen
Town of Arlington, Massachusetts

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, as of and for the fiscal year ended June 30, 2012 (except for the Arlington Contributory Retirement System which is as of and for the year ended December 31, 2011), which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Arlington, Massachusetts' management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012 (except for the Arlington Contributory Retirement System which is as of December 31, 2011), and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2012, on our consideration of the Town of Arlington, Massachusetts' internal control over financial reporting and 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* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, located on the following pages, 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 financials 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

FINANCIAL MANAGEMENT SERVICES

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.

Powers & Sullivan LLC

December 4, 2012

FINANCIAL MANAGEMENT SERVICES

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 for the fiscal year ended June 30, 2012. 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 assets* presents information on all assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 fiscal 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, library, culture and recreation, and interest. The business-type activities include the activities of the water and sewer department, youth services, Council on Aging, Veterans' Rink 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 of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

FINANCIAL MANAGEMENT SERVICES

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, Veterans' Rink 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 three different types of fiduciary funds. The pension trust fund is used to account for resources held in trust for members of the Arlington Contributory Retirement System. The other postemployment benefit trust fund is used to account for resources held in trust to fund the Town's portion of health benefits for retirees and beneficiaries. The private purpose trust fund is used to account for resources held in trust which principle and investment income exclusively benefit individuals, private organizations, or other governments.

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 assets may serve over time as a useful indicator of a government's financial position. For governmental activities, assets exceeded liabilities by \$114.3 million at the close of fiscal year 2012.

The largest portion of the Town's net assets, \$92.8 million (81%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less 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 the net assets \$12.5 million (11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$9 million, (8%) may be used to meet the government's ongoing obligations to citizens and creditors.

FINANCIAL MANAGEMENT SERVICES

Governmental Activities

	Balance at June 30, 2012	Balance at June 30, 2011	Increase (Decrease)
Assets:			
Current assets.....	\$ 64,451,958	\$ 48,691,057	\$ 15,760,901
Noncurrent assets (excluding capital).....	13,524,499	15,770,613	(2,246,114)
Capital assets.....	125,087,655	121,049,137	4,038,518
Total assets.....	203,064,112	185,510,807	17,553,305
Liabilities:			
Current liabilities (excluding debt).....	11,169,076	10,695,439	473,637
Noncurrent liabilities (excluding debt).....	25,066,621	18,788,486	6,278,135
Current debt.....	12,670,664	6,948,000	5,722,664
Noncurrent debt.....	39,810,000	44,465,000	(4,655,000)
Total liabilities.....	88,716,361	80,896,925	7,819,436
Net Assets:			
Capital assets net of related debt.....	92,844,805	88,836,285	4,008,520
Restricted.....	12,466,608	11,742,585	724,023
Unrestricted.....	9,036,338	4,035,012	5,001,326
Total net assets.....	\$ 114,347,751	\$ 104,613,882	\$ 9,733,869

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year. Within the business-type activities, the Town reported a \$24,000 deficit balance for the youth services enterprise fund which is the result of recording a \$96,000 other postemployment benefits liability.

The governmental activities net assets increased by \$9.7 million during the current fiscal year. Increases in net assets were partially derived from the recognition of MSBA capital grants for school improvements of approximately \$2.6 million, a voted tax override (see below), better than anticipated results in the general fund and nonmajor governmental funds, and debt principal expenditures exceeding depreciation expense by approximately \$1.4 million. Offsetting these increases was an increase of \$6.5 million in the Town's other postemployment benefit obligation and a \$500,000 payment to the other postemployment benefits trust fund which is reported as a fiduciary fund and, accordingly, is not included in the government-wide financial statements.

The \$2 million decrease in noncurrent assets (excluding capital) is primarily due to the reduction in the intergovernmental receivable from the Massachusetts School Building Association, as school construction funds are received annually which are used to retire debt outstanding for school construction projects.

For fiscal year 2012, the Town voted a tax override of \$6.5 million that resulted in an increase in real estate and personal property tax revenue above the usual 2 ½% increase allowed by Massachusetts General Laws. The override was approved by voters to prevent otherwise projected decreases in municipal services. The Town has reserved a portion of the additional tax funds to be used to stabilize future operating budgets.

The Town experienced a significant decrease in unrestricted investment income. This was primarily due to a decrease in the market value of investments in the Town's trust accounts, which are categorized within the special revenue and permanent funds within the governmental funds.

FINANCIAL MANAGEMENT SERVICES

Education expenditures increased by \$3 million from 2011 to 2012. This increase is mainly attributable to the \$4.4 million increase in budgeted school expenditures partially funded through the tax override.

Community development expenditures decreased by \$526,000 from 2011 to 2012. This decrease was partially due to a decrease in federal grant funding for an energy assistance program for low income households.

Governmental Activities

	Fiscal Year 2012	Fiscal Year 2011	Increase (Decrease)
Program revenues:			
Charges for services.....	\$ 12,681,923	\$ 11,033,186	\$ 1,648,737
Operating grants and contributions.....	31,877,615	31,413,523	464,092
Capital grants and contributions.....	2,852,994	818,797	2,034,197
General revenues:			
Real estate and personal property taxes.....	94,167,638	85,205,036	8,962,602
Tax liens.....	459,150	297,796	161,354
Motor vehicle excise taxes.....	3,921,568	3,898,459	23,109
Hotel/motel tax.....	262,094	240,164	21,930
Meals tax.....	307,037	292,732	14,305
Penalties and interest on taxes.....	252,493	338,835	(86,342)
Nonrestricted grants and contributions.....	6,939,154	7,057,873	(118,719)
Unrestricted investment income.....	239,339	1,522,798	(1,283,459)
Miscellaneous revenues.....	13,973	-	13,973
Total revenues.....	153,974,978	142,119,199	11,855,779
Expenses:			
General government.....	10,355,512	10,075,388	280,124
Public safety.....	23,275,317	23,488,337	(213,020)
Education.....	80,540,822	77,660,108	2,880,714
Public works.....	11,598,855	11,912,960	(314,105)
Community and economic development.....	5,029,219	5,555,679	(526,460)
Human services.....	1,792,014	1,681,125	110,889
Library.....	3,352,988	3,262,508	90,480
Culture and recreation.....	652,529	483,383	169,146
Interest.....	1,361,552	1,749,050	(387,498)
Total expenses.....	137,958,808	135,868,538	2,090,270
Transfers.....	(6,282,301)	(6,361,094)	78,793
Change in net assets.....	\$ 9,733,869	\$ (110,433)	\$ 9,844,302

FINANCIAL MANAGEMENT SERVICES

Business-Type Activities

	<u>Balance at June 30, 2012</u>	<u>Balance at June 30, 2011</u>	<u>Increase (Decrease)</u>
Assets:			
Current assets.....	\$ 10,170,937	\$ 10,920,824	\$ (749,887)
Capital assets.....	<u>20,471,906</u>	<u>18,197,134</u>	<u>2,274,772</u>
Total assets.....	<u>30,642,843</u>	<u>29,117,958</u>	<u>1,524,885</u>
Liabilities:			
Current liabilities (excluding debt).....	164,066	193,494	(29,428)
Noncurrent liabilities (excluding debt).....	720,199	519,553	200,646
Current debt.....	1,163,295	1,062,449	100,846
Noncurrent debt.....	<u>5,851,350</u>	<u>4,956,565</u>	<u>894,785</u>
Total liabilities.....	<u>7,898,910</u>	<u>6,732,061</u>	<u>1,166,849</u>
Net Assets:			
Capital assets net of related debt.....	14,543,666	13,065,709	1,477,957
Unrestricted.....	<u>8,200,267</u>	<u>9,320,188</u>	<u>(1,119,921)</u>
Total net assets.....	<u>\$ 22,743,933</u>	<u>\$ 22,385,897</u>	<u>\$ 358,036</u>
	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2011</u>	<u>Increase (Decrease)</u>
Program revenues:			
Charges for services.....	\$ 12,030,535	\$ 14,539,069	\$ (2,508,534)
Operating grants and contributions.....	107,968	129,185	(21,217)
General revenues:			
Unrestricted investment income.....	<u>46,339</u>	<u>40,850</u>	<u>5,489</u>
Total revenues.....	<u>12,184,842</u>	<u>14,709,104</u>	<u>(2,524,262)</u>
Expenses:			
Water and Sewer.....	16,430,637	15,957,414	473,223
Youth Services.....	387,042	420,751	(33,709)
Council on Aging.....	100,544	80,716	19,828
Veterans' Rink.....	603,557	538,807	64,750
Recreation.....	<u>587,327</u>	<u>575,960</u>	<u>11,367</u>
Total expenses.....	<u>18,109,107</u>	<u>17,573,648</u>	<u>535,459</u>
Transfers.....	<u>6,282,301</u>	<u>6,361,094</u>	<u>(78,793)</u>
Change in net assets.....	<u>\$ 358,036</u>	<u>\$ 3,496,550</u>	<u>\$ (3,138,514)</u>

There was a net increase of \$358,000 in net assets reported in connection with the Town's business-type activities. Additionally, the water and sewer enterprise fund was subsidized by the general fund in fiscal year 2012 by approximately \$5.6 million to offset a portion of the costs associated with the repayment of debt to the Massachusetts Water Resources Authority. The increase in net assets of \$358,000 was primarily the net result of

FINANCIAL MANAGEMENT SERVICES

increases in capital assets acquired throughout the year that were partially funded with operating funds, offset by a decrease in charges for services of approximately \$2.5 million as a result of decreased water usage.

The increase in capital assets is primarily due to the water and sewer enterprise fund's investment in water and sewer lines and water meters, totaling approximately \$2.5 million in fiscal year 2012, which was funded through available funds and \$434,000 in playground improvements in the recreation enterprise fund.

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 fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$43.9 million, an increase of \$9.4 million from the prior year.

The general fund budgeted to use \$585,000 of available reserves to balance the fiscal year 2012 budget. The reserves were from available funds "free cash" totaling \$385,000, and prior reserves released by the board of assessors "overlay surplus" totaling \$200,000. However, actual results from operations were better than anticipated as the Town collected approximately \$1.6 million more than budgeted and departments expended \$3.0 million less than budgeted.

Included in the general fund is the activity of the Town's stabilization funds which totaled \$7.1 million at year end. This was an increase of \$3.6 million from fiscal year 2011 and was primarily the result of funds generated by the tax override.

The Town's capital borrowing major fund had reported a deficit fund balance of \$1.2 million, a decrease of \$3.8 million from the prior year. During fiscal year 2012, the Town recognized \$1.3 million in bond proceeds 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 \$6.6 million and related mainly to improvements to the community safety building, fire stations and schools. The fund reports a deficit because capital expenditures have been partially funded through short-term BANs which are not recorded as funding sources on the fund based financial statements.

The \$2.5 million increase the nonmajor governmental funds, which reported \$20.6 million in revenues, \$19.5 million in expenditures, and \$1.3 in other financing sources and uses, was due primarily to the Town's special revenue funds, which includes nonmajor grants, gifts and revolving funds.

General Fund Budgetary Highlights

Changes between the original and final budget were primarily comprised of reserve fund transfers approved by the finance committee during the fiscal year, year-end transfers approved to reallocate appropriations to cover budgetary shortfalls, and supplemental appropriations to fund transfers to stabilization funds. The reserve fund is initially budgeted under general government. The budget is adjusted as transfers are approved by the finance committee. By category, all actual revenues came in over budget with the exception of real estate and personal

FINANCIAL MANAGEMENT SERVICES

property taxes and intergovernmental. In total, revenues exceeded the budget by \$1.6 million and expenditures and reserves ended the year under budget by \$3 million. \$1.4 million of this surplus was in employee benefits.

Other Postemployment Benefits (OPEB)

In 2006 the Arlington Town Meeting formed the Other Postemployment Benefits Committee. The committee's charge is to make recommendations on the potential funding mechanisms for the postemployment medical benefits unfunded liability as required in Statement No. 45 of the Governmental Accounting Standards Board, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45).

The Town began partially funding this liability in an internally created healthcare trust fund established by Chapter 12 of the Acts of 1998. Upon the implementation of GASB 45, the Town transferred the balance of the healthcare trust fund, as well as all new appropriations for the same purpose, into a newly created Other Postemployment Benefits (OPEB) Trust Fund, as established by Chapter 161 of the Acts of 2005, which is under the supervision and management of the Town's contributory retirement board. The Town Treasurer is the custodian of the OPEB Trust Fund.

The Town began capturing revenues to fund the OPEB liability in 1997. At that time, the Town established a policy of appropriating the difference between the non-contributory pension appropriation and \$500,000 to the OPEB fund. The Town has subsequently appropriated Medicare Part D reimbursements, as well as certain increases in the share of retiree HMO contributions to be transferred to this fund.

An actuarial study determined that Arlington's total Actuarial Accrued Liability as of January 1, 2011, at a 4.45% partially funded discount rate, totaled \$162 million. As of June 30, 2012, the Town has recognized a liability for other postemployment benefits totaling \$23.6 million. The increase in the liability is based on the difference between the Annual Required Contribution (ARC) of \$14.6 million and the Town's actual contribution of \$7.9 million which was made through a combination of benefit payments and pre-fundings to the OPEB Trust Fund in the amounts of \$7.4 million and \$500,000, respectively. The assets set aside in trust for future benefits amounted to \$4.5 million at fiscal year-end.

The Town of Arlington is serious about addressing this liability within its financial ability and the OPEB Committee will continue to monitor this liability and explore possible additional funding sources.

Capital Asset and Debt Administration

The Town Manager is responsible for submitting a five-year capital-planning program for all departments to the Board of Selectmen 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. Generally this allows for an annual cash expenditure of \$900,000 and a new borrowing of \$1.2 million. The Town's outstanding long-term debt related to the general government, as of June 30, 2012, was \$46.4 million for various CIP related projects.

FINANCIAL MANAGEMENT SERVICES

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 which 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 expenditure. 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 \$5.6 million in fiscal year 2012 from the MWRA assessment to the property taxes. During fiscal year 2012, the Town issued an additional \$758,000 in MWRA sewer bonds.

The Town has voted to cap the amount of future MWRA debt that will be shifted to the tax rate at \$5.6 million and correspondingly increase water rates.

The Town of Arlington passed a debt exclusion vote to raise the funds necessary to purchase the Symmes Site, home of the former Symmes Hospital, in March of 2001. The Town Meeting then formed the broadly representative Symmes Advisory Committee (SAC) to assist with redevelopment plans and to ensure that the plans were consistent with community goals and desires. On January 7, 2002, the Arlington Redevelopment Board (ARB) adopted the Symmes Arlington Conservation and Improvement Project (the Plan) as an urban renewal project in accordance with the procedures and requirements of Massachusetts General Law, chapter 121B. The plan was subsequently approved by the Town Meeting and by the Commonwealth's Department of Housing and Community Development (DHCD). The Town Meeting voted at a Special Town Meeting on January 12, 2002 to appropriate up to \$14 million to purchase and maintain the old Symmes Hospital property until Town Meeting could vote how to utilize the property in the best interest of the Town. The ARB acquired the Site in April 2002. During fiscal year 2004, the Arlington Redevelopment Board issued requests for proposals, and in February, 2004 chose E.A. Fish Associates to purchase and redevelop the property. The terms of the sale have

FINANCIAL MANAGEMENT SERVICES

been amended several times, most significantly as a result of a settlement the developer made with residents who appealed the developer's special permit to construct the residential portion of the project. The property sale was postponed and eventually closed in June of 2009. Town Meeting voted to devote all funds, including tax receipts, to repaying the debt on the project. Net expenditures totaled \$12.2 million at the time of closing on the property sale. Redevelopment of this site is currently underway and is planned to accommodate up to 200 residential units and an assisted living facility with more than half the land area remaining in open space all according to the urban renewal plan adopted by Town Meeting. Please refer to note 15 for further information on this project.

The Town of Arlington is in the process of renovating/replacing all of its seven elementary schools. To date five schools have been completed, one is currently under renovation, and one is currently being reconstructed. Funding for the first round of school renovations was from excluded debt and is predicated on a 63% reimbursement from the State's School Building Assistance program which is administered by the Massachusetts School Building Authority (MSBA). The July 28, 2011 Town Meeting approved \$20 million for the Thompson School with an approved 50.42% reimbursement from the Massachusetts School Building Authority.

The Town through its water/sewer enterprise funds appropriates money each year for rehabilitation of its infrastructure (water/sewer lines). Also the Town appropriates money in the Capital Plan for roadway construction, which is added to the Chapter 90 money that the Town receives each year from the Commonwealth of Massachusetts.

The Town advance refunded \$6,355,000 of general obligation bonds through the issuance of \$6,311,000 of general obligation refunding bonds on August 24, 2011. Through this advance refunding, the Town will realize a decrease in its aggregate debt service payments by approximately \$927,000 over the next 9 years. Of the cash flow savings, approximately \$540,000 was shared with the Massachusetts School Building Authority and the remaining approximately \$387,000 stayed with the Town.

Please refer to the notes to the financial statements 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, 869 Massachusetts Avenue, Arlington, Massachusetts 02476.