

FINANCIAL MANAGEMENT SERVICES

FINANCE COMMITTEE

During 2011 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 2012 (FY2012) 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. Thirty-one full committee meetings were held which, 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.

Because of the continuing recession, budget decisions were again difficult. Failure of the Town to reach agreement with the Town's unions on entering the state's Group Insurance Commission (GIC) cost the Town several million dollars. Consequently, a budget was prepared that balanced severe revenue reductions with equally severe service reductions. Faced with this situation, the Selectmen led a \$6.4 million override campaign. At the same time, the Selectmen were asked to consider a \$1.5 million Pay As You Throw program. The FinCom prepared an alternate budget based on a successful override vote. This alternate budget, made available before the override vote, was approved by Town Meeting when the override passed. This budget maintains Town services at the FY2011 level.

When the Legislature enabled towns to enter employees into GIC without union approval, the Town reached agreement with the unions over the summer so that substantial savings are projected to start next year. State Aid reductions were somewhat less than predicted. So the override funds are now predicted to extend past the three-year override commitment to five years (through 2016).

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 are the proposed 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, the capital

cost of renovating the Minuteman Tech building, 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 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 a Member of the Board of Directors of the New England States Government Finance Officers Association.

FINANCIAL MANAGEMENT SERVICES

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.
- Responsible for deposits and investment of all Town funds.
- Determine cash flow to meet vendor and payroll warrants.
- 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 and direct relationships with finance professionals and institutions that provide custodial, investment, and depository services.
- Responsible for promoting and administering the Arlington Citizens Scholarship Foundation/Dollars For Scholars Program.
- Provide quality customer service to all Town residents in the performance of the above-described duties.

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 \$120,000,000 in Town revenues.

Given the current economy, interest income revenue will be significantly lower than previous years.

Objectives

- To work with IT Department to develop RFI for online credit card payments for Treasurer's office and all Town and School Departments.
- To work with the Town Manager's office to develop an RFI to consolidate the Towns existing 457 plans into a single administered plan.
- Support IT Department's efforts to implement debit and credit processing for Town of Arlington.
- To present alternative investment strategies for the Town's Trust Funds.

Accomplishments 2011

- RFP Award of 457b Plan Employee Retirement Savings Account to single plan provider. Treasurer led project team in developing strategy to eliminate all fees to individual employee accounts with a potential average savings of \$18,000, per employee, over the term of the plan.
- Current annual net realized gain on all trust fund accounts is 4.57%. Treasurer provided on-going supervision of Investment Advisor as well as managing the quarterly meetings between the Investment Advisor and Trust Fund Commissioners.
- Attained a top rating of Triple-A ("AAA") from Standard & Poor's rating agency for the 6th

Office of Treasurer & Collector of Taxes	Performance Metrics Over 5 Years				
	FY2007	FY2008	FY2009	FY2010	FY2011
Real Estate Bills Processed	60,000	60,000	59,988	60,084	60,119
Motor Excise Bills Processed	40,000	40,000	35,507	35,112	35,222
Water & Sewer Bills Processed	25,000	25,000	24,817	24,849	24,965
Subsequent Delinquent Bills and Notices	15,000	15,000	17,381	22,324	22,604
Liens - Revenue from Water & Sewer Delinquencies	\$104,758	\$126,419	\$140,465	\$134,180	\$183,273
Lien Certificates Processed	2,211	1,603	1,170	1,452	1,674
Revenue from Lien Certificates	\$39,600	\$29,250	\$57,873	\$72,600	\$83,700

FINANCIAL MANAGEMENT SERVICES

consecutive borrowing. Arlington is a member of a group of 21 communities in Massachusetts attaining this highest designation.

- Managed successful annual borrowing of \$10,250,000 bond with an interest rate of 1.402% for \$9,410,000 and 1.893% for \$840,000 with a “AAA” rating from Standard and Poor’s
- 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 is at 100%
- 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

- Issuing, processing, and collecting 60,119 Real Estate bills, 35,222 Motor Excise bills, and 24,965 Water & Sewer bills. Initial bills issued: 120,306, plus 22,604 subsequent delinquency bills/notices. Total bills issued: 142,910, all bills issued and mailed on time, meeting legal mandates.
- Managed \$85M Real Estate Tax collections down to delinquent receivables of 161 Tax Title accounts.
- Executed, advertised, and filed in land court all delinquent Real Estate accounts within the same fiscal year.
- Municipal Lien Certificates processed: FY 07 -2211; FY 08 - 1,603; FY09 -1,170; FY10 - 1,452. FY11 - 1,674
- Revenue from Lien Certificates: FY07 - \$39,600; FY08 - \$29,250; FY09 - \$57,875; FY10 -\$72,600; FY11-\$83,700
- Lien all delinquent water accounts onto real estate bills annually. Total annual amounts: FY07 - \$104,758, FY08 - \$126, 419, and FY09 - \$140,465, FY10 - \$134,180, FY11- \$183,273. Treasurer’s office utilizes management best practices to better enable our reducing these amounts to less than 1.5% of the annual Water & Sewer amounts committed for collection.
- Preparation of financial material for receipts, deposits, investments, income, and 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

- Closed books and had Town audit and free cash certified on a timely basis.
- Enhanced quarterly reporting to the Board of Selectmen.
- Monthly meetings with the School CFO to review school finances.

Performance Metrics				
	2011	2010	2009	2008
General Ledger Entries	123,343	114,879	101,989	99,138
Purchase Orders Processed	7,441	7,054	7,554	8,273
Accounts Payable Batches Processed	1,080	1,181	1,000	1,007

2012 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.

FINANCIAL MANAGEMENT SERVICES

BOARD OF ASSESSORS

At the annual election held in April of 2011 Mary Winstanley O'Connor Esquire was re-elected for a three-year term to the Board of Assessors. At the organizational meeting of the Board of Assessors, Kevin P. Feeley, Esquire, was elected Chairman and James F. Doherty MAA, was elected Vice Chairman.

The Board of Assessors committed 15,567 real estate and personal property tax bills to the Tax Collector for collection for Fiscal Year 2012. These bills raised a total of \$95,002,493.79 in property and personal property taxes. The total assessed value of all taxable real estate and personal property for Fiscal Year 2012 was \$6,954,794,567, which resulted in a tax rate of \$13.66 per thousand dollars of assessed value. The Board also committed approximately 35,380 automobile excise tax bills for collection of an estimated income of \$3,970,308.

This was a transitional year for the Arlington Assessors' Office. Long time Director of Assessments Robert Greeley retired in June after 28 years of service to the Town. Mr. Greeley was replaced by John Speidel, Mr. Speidel was the Assessor for the Town of Bedford before joining Arlington. Also retiring was Senior Clerk Iris Nigro who was replaced by Ellen Kelly.

Mary Dallas filled the vacant Office Manager position formerly held by Helen Chinal. The Board would also like to thank all taxpayers for their cooperation and the Assessing Office staff for their continued support and for a job well done in 2011.

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 FY2012, the overlay account was set at \$808,942. 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. Prior to Fiscal Year 2009, the reserve balance from all prior fiscal years is \$93,592.



FINANCIAL MANAGEMENT SERVICES

ASSESSMENT DATA

Tax Abatement Overlay Funds			
	FY2011	FY2010	FY2009
Overlay Amount	\$670,330	\$1,153,427	\$566,908
Abatements & Exemptions To-Date	\$465,825	\$483,555	\$502,715
Declared Surplus to General Fund	0	\$500,000	\$0
Reserved for Additional Liability	\$204,505	\$169,872	\$64,193

Valuation and Tax Levy			
Fiscal Year	Total Assessed Valuation	Tax Levy	Tax Rate*
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
<i>* Tax rate expressed in per thousand dollars of assessed value</i>			

Percent of Tax Levy by Class					
Class	Type	Fiscal Year			
		FY2012	FY2011	FY2010	FY2009
I	Residential	93.9521	93.9935	94.0546	94.3933
II	Open Space	0	.000	.000	.000
III	Commercial	4.2740	4.2786	4.2661	4.4889
IV	Industrial	.03015	.3028	.3042	.3208
V	Personal Property	1.4724	1.4251	1.3751	1.2071
Total		100.00	100.00	100.00	100.00

FINANCIAL MANAGEMENT SERVICES

ASSESSMENT DATA

Tax Rate Components FY2008-FY2012					
	FY2012	FY2011	FY2010	FY2009	FY2008
Levy Base	\$11.42	\$11.10	\$10.78	\$10.58	\$10.09
2 1/2%	\$0.29	\$0.28	\$0.27	\$0.26	\$0.25
Growth	\$0.08	\$0.09	\$0.11	\$0.09	\$0.09
Override	\$0.93	\$0.00	\$0.00	\$0.00	\$0.00
W/S Debt Service	\$0.80	\$0.81	\$0.81	\$0.82	\$0.81
School Debt Exclusion	\$0.10	\$0.14	\$0.15	\$0.16	\$0.21
Symmes Debt Exclusion	\$0.04				
Tax Rate*	\$13.66	\$12.41	\$12.11	\$11.92	\$11.45
*Tax Rate =((Amount To Be Raised)/(Total Taxable Assessed Value))*1000					

Details of Tax Rate Calculation					
	FY2012	FY2011	FY2010	FY2009	FY2008
Max Levy Prior FY	\$79,443,949	\$76,865,559	\$74,281,565	\$71,842,588	\$69,465,927
2.50%	\$1,986,099	\$1,921,639	\$1,857,039	\$1,796,065	\$1,736,648
Growth	\$522,167	\$656,751	\$726,955	\$642,912	\$640,013
Override	\$6,490,000	\$0	\$0	\$0	\$0
Maximum Levy	\$88,442,215	\$79,443,949	\$76,865,559	\$74,281,565	\$71,842,588
Levy Inc %	11.33%	3.35%	3.48%	3.39%	7.38%
Levy Inc \$	\$8,998,266	\$2,578,390	\$2,583,994	\$7,375,535	\$15,122,044
W/S Debt Service	\$5,593,112	\$5,593,112	\$5,593,112	\$5,593,112	\$5,593,112
School Debt Exclusion	\$682,156	\$945,868	\$1,025,542	\$1,119,201	\$1,436,024
Symmes Debt Exclusion	\$307,130	\$0	\$0	\$0	\$0
Max to be raised	\$95,024,613	\$85,982,929	\$83,484,213	\$80,993,878	\$78,871,724
Actual Raised	\$95,002,494	\$85,958,974	\$83,471,036	\$80,946,006	\$78,813,376
Excess Levy	\$22,119	\$23,955	\$13,177	\$47,872	\$58,348
Total Taxable Assessed Value	\$6,954,794,567	\$6,926,589,397	\$6,892,736,257	\$6,790,772,343	\$6,883,264,284
Total Avg % Increase	0.41%	0.49%	1.50%	-1.34%	6.16%
Tax Rate	\$13.66	\$12.41	\$12.11	\$11.92	\$11.45
Penny on Tax Rate	\$69,548	\$69,266	\$68,927	\$67,908	\$68,833
Avg Assessed Value Single Family	\$480,598	\$479,345	\$477,218	\$465,952	\$475,289
Avg. Taxes Single Family	\$6,565	\$5,949	\$5,779	\$5,554	\$5,442
*All numbers subject to rounding and final DOR certification					

FINANCIAL MANAGEMENT SERVICES

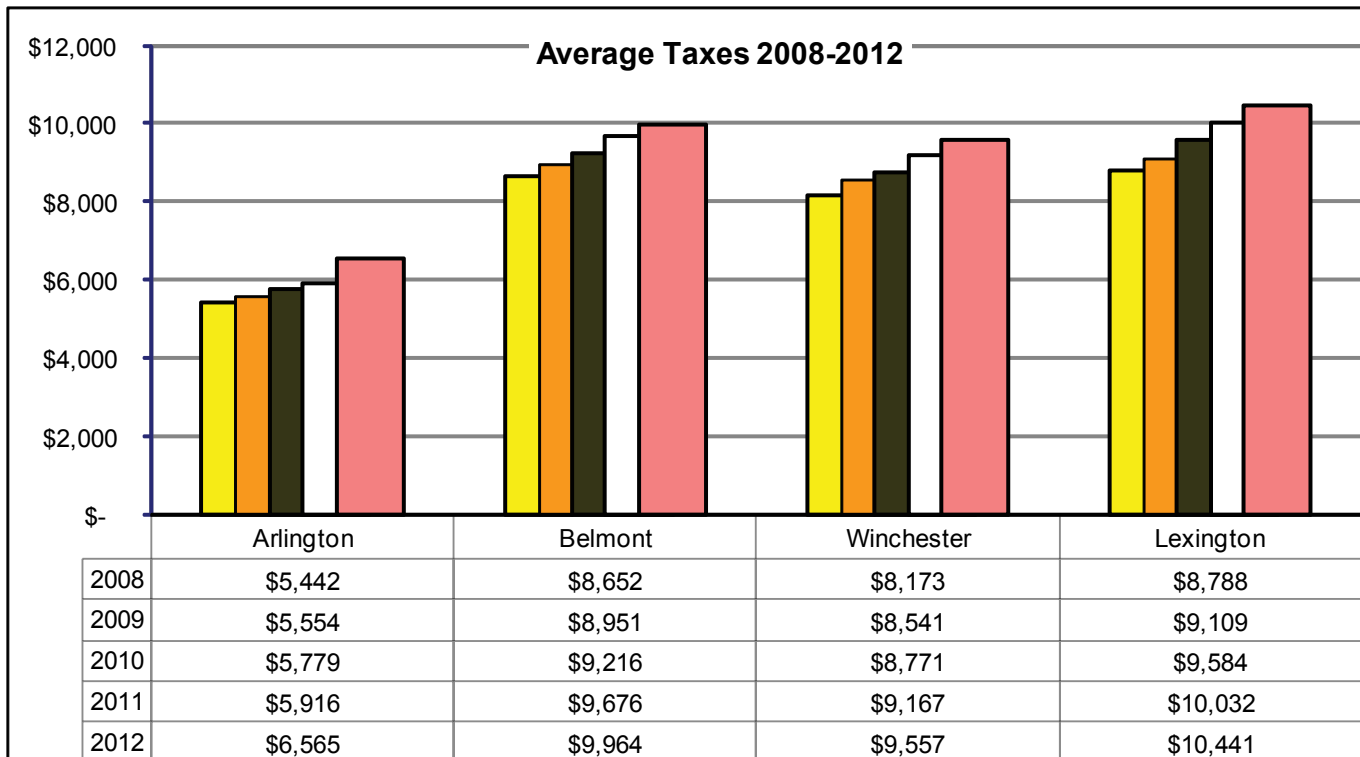
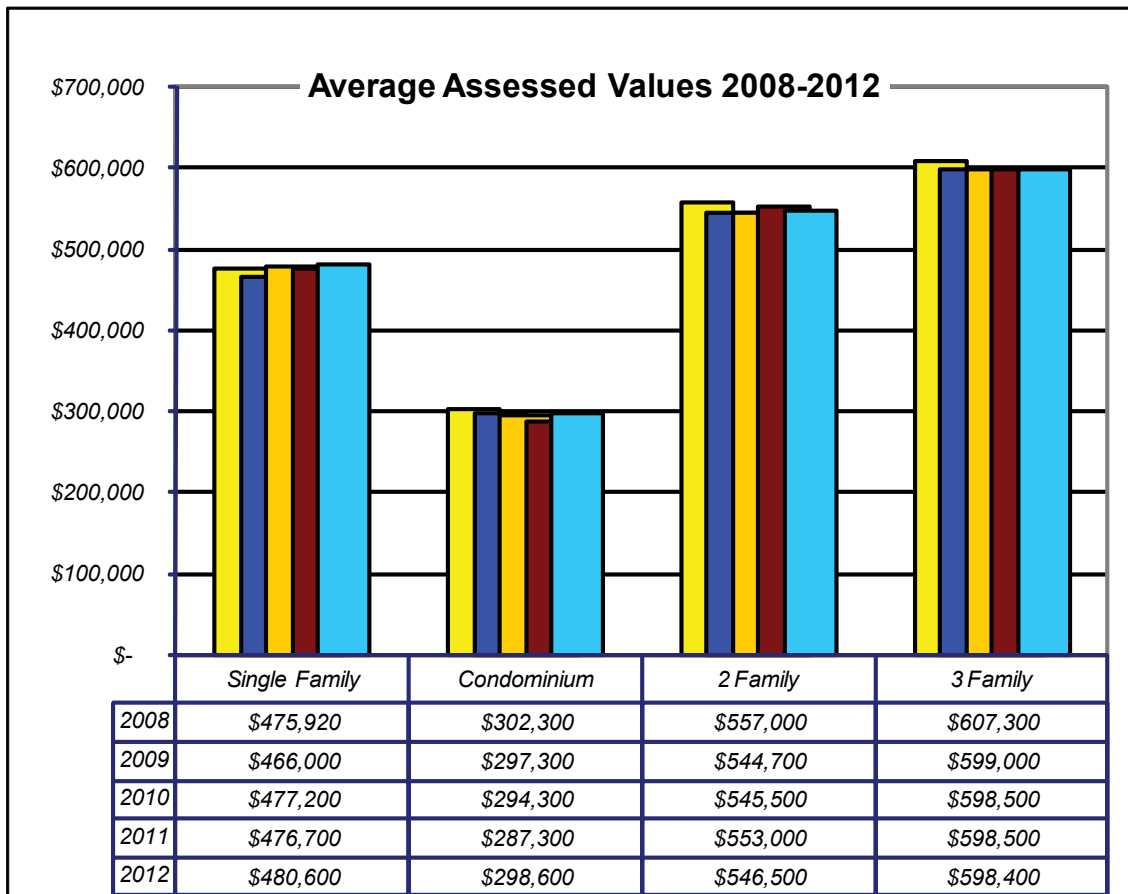
ASSESSMENT DATA

Summary of Revaluation by State Class Code FY2012 vs FY2011					
Property Type	FY2012		FY2011		FY12 vs FY11
	Parcels	Assessed Value	Parcels	Assessed Value	Percent (+-)
Residential		6,534,177,068		6,482,861,607	0.79%
Open Space		0.00		0.00	
Commercial		297,247,489		293,960,550	1.12%
Industrial		20,969,800		20,969,800	0.00%
Total Real Est	14,733	6,852,394,357	14,687	6,797,791,957	0.80%
Personal Prop	502	102,400,210	573	94,783,100	8.04%
Total Real & PP	15,235	6,954,794,567	15,260	6,892,575,057	0.90%
Exempt	331	436,718,900	331	422,236,000	
Grand Total	15,566	7,391,513,467	15,591	7,314,811,057	

Summary Details									
Property Type	FY2012			FY 2011					FY12 vs FY11
	Parcels	Assessed Value	Avg. Assessed Value	Parcels (+/-)	Avg. Assessed Value (+/-)	Parcels	Assessed Value	Avg. Assessed Value	Percent (+-)
Single Family	7,982	3,836,136,600	480,598	-4	3,863	7,986	3,807,210,300	476,736	0.76%
Condominium	3,183	950,522,900	298,625	77	11,278	3,106	892,498,700	287,347	6.50%
Misc	12	9,019,900	751,658	-1	10,189	13	9,639,100	741,469	-6.42%
2 Family	2,372	1,296,284,360	546,494	-28	-6,532	2,400	1,327,263,560	553,026	-2.33%
3 Family	213	127,454,700	598,379	-2	-96	215	128,672,000	598,474	-0.95%
Apartments	145	254,572,100	1,755,670	-1	2,861	146	255,910,000	1,752,808	-0.52%
Res Land	332	23,746,600	71,526	3	-4,129	329	24,890,600	75,655	-4.60%
Open Space	0					0			
Commercial	390	259,518,700	665,433	3	4,261	387	255,873,300	661,171	1.42%
Industrial	23	20,969,800	911,730	0	0	23	20,969,800	911,730	0.00%
Ch Land	0	0	0	0		0	0	0	
Ch Land	0	0	0	0		0	0	0	
Ch Land	4	4,139,397	1,034,849	0	0	4	4,139,397	1,034,849	0.00%
Mixed Use(Res)	77	36,439,908	909,471	-1	2,738	78	36,777,347	906,733	-0.98%
Mixed Use(Com)	0	33,589,392		0		0	33,947,853		
Per Prop	290	3,073,130	10,597	-61	-2,312	351	4,531,010	12,909	-32.18%
Per Prop	196	8,682,700	44,299	-10	12,989	206	6,449,880	31,310	34.62%
Per Prop	0	0		0		0	0		
Per Prop	2	54,819,210	27,409,605	0	5,307,230	2	44,204,750	22,102,375	24.01%
Per Prop	7	25,224,600	3,603,514	0	-758,900	7	30,536,900	4,362,414	-17.40%
Per Prop	2	7,898,600	3,949,300	0	387,500	2	7,123,600	3,561,800	10.88%
Per Prop	5	2,701,970	540,394	0	153,002	5	1,936,960	387,392	39.50%
Total	15,235	6,954,794,567				15,260	6,892,575,057		0.90%

FINANCIAL MANAGEMENT SERVICES

ASSESSMENT DATA



FINANCIAL MANAGEMENT SERVICES

**Assessor's Office
Town of Arlington
Tax Rate Per \$1,000 of Assessed Value**

YEAR	RATE
1929	\$30.00
1930	\$30.40
1931	\$31.40
1932	\$30.40
1933	\$30.40
1934	\$33.00
1935	\$33.00
1936	\$34.00
1937	\$35.60
1938	\$35.20
1939	\$36.80
1940	\$35.80
1941	\$34.80
1942	\$35.60
1943	\$32.00
1944	\$32.00
1945	\$34.40
1946	\$38.00
1947	\$42.80
1948	\$44.20
1949	\$46.20
1950	\$50.40
1951	\$54.20
1952	\$56.40
1953	\$57.60

YEAR	RATE
1954	\$54.50
1955	\$59.20
1956	\$69.20
1957	\$70.40
1958	\$71.20
1959	\$74.00
1960	\$78.20
1961	\$82.60
1962	\$85.00
1963	\$84.60
1964	\$92.60
1965	\$97.60
1966	\$97.60
1967	\$106.00
1968	\$124.00
1969	\$41.00
1970	\$48.20
1971	\$51.80
1972	\$56.80
1973	\$56.80
1973	\$28.20
1974	\$74.00
F75	\$67.20
F76	\$67.20
F77	\$74.80

YEAR	RATE
F78	\$78.00
F79	\$84.60
F80	\$81.00
F81	\$87.00
F82	\$73.50
F83	\$22.70
F84	\$23.43
F85	\$23.96
F86	\$16.49
F87	\$17.24
F88	\$17.66
F89	\$10.86
F90	\$11.25
F91	\$12.47
F92	\$13.84
F93	\$14.52
F94	\$15.55
F95	\$16.06
F96	\$16.54
F97	\$17.08
F98	\$16.73
F99	\$17.17
F00	\$17.66
F01	\$13.17
F02	\$13.85

YEAR	RATE
F03	\$13.64
F04	\$10.61
F05	\$10.94
F06	\$11.34
F07	\$10.95
F08	\$11.45
F09	\$11.92
F10	\$12.11
F11	\$12.41
F12	\$13.66

FINANCIAL MANAGEMENT SERVICES

The Commonwealth of Massachusetts Department of Revenue Tax Rate Recapitulation Arlington, MA State Tax Form 31C

I. TAX RATE SUMMARY

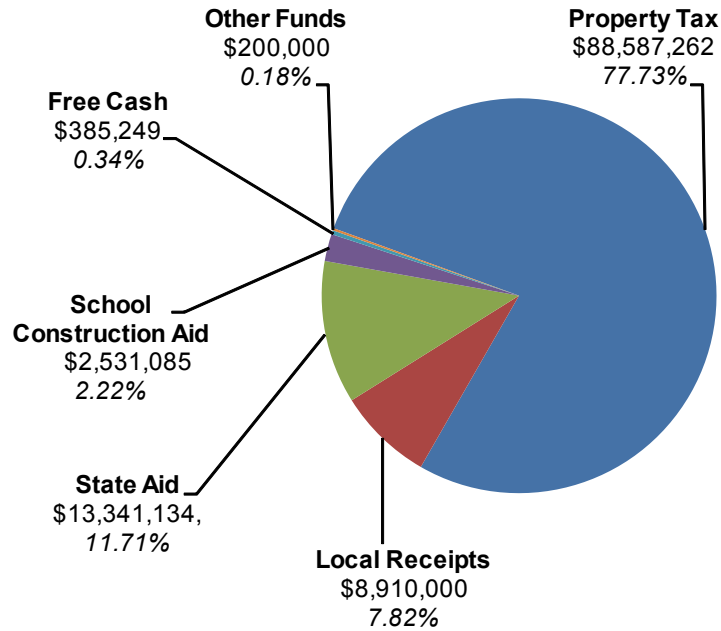
Ia. Total amount to be raised (from IIe)	<u>\$135,505,942.79</u>
Ib. Total estimated receipts and other revenue sources (from IIIe)	<u>\$40,503,449.00</u>
Ic. Tax levy (Ia minus Ib)	<u>\$95,002,493.79</u>
Id. Distribution of Tax Rates and levies	

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	93.9521%	89,256,837.97	6,534,177,068	13.66	89,256,858.75
Net of Exempt					0.00
Open Space	0.0000%	0.00	0		0.00
Commercial	4.2740%	4,060,406.58	297,247,489	13.66	4,060,400.70
Net of Exempt					0.00
Industrial	0.3015%	286,432.52	20,969,800	13.66	286,447.47
SUBTOTAL	98.5276%		6,852,394,357		93,603,706.92
Personal	1.4724%	1,398,816.72	102,400,210	13.66	1,398,786.87
TOTAL	100.0000%		6,954,794,567		95,002,493.79

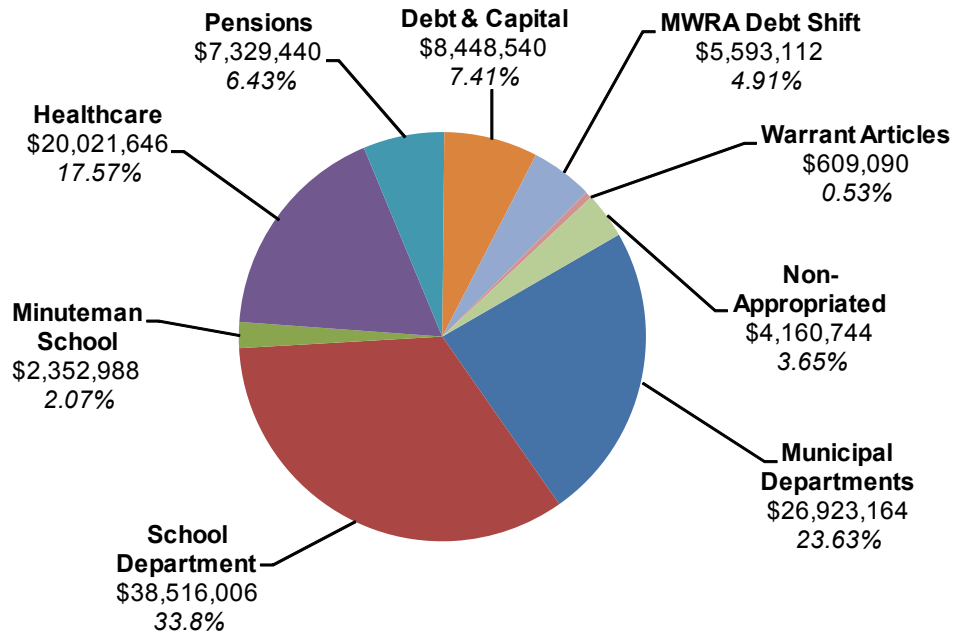
FINANCIAL MANAGEMENT SERVICES

FISCAL YEAR 2012

Revenue



Expenditures



FINANCIAL MANAGEMENT SERVICES

Powers & Sullivan

Certified Public Accountants



Independent Auditors' Report

To the Board of Selectmen
Town of Arlington, Massachusetts

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

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, 2011 (except for the Arlington Contributory Retirement System which is as of and for the year ended December 31, 2010), 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, 2011 (except for the Arlington Contributory Retirement System which is as of December 31, 2010), 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 October 21, 2011, 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.

Management's discussion and analysis, located on the following pages, and the schedule of revenues, expenditures and changes in fund balance – general fund – budgetary basis, retirement system schedule of employer contributions, retirement system schedule of funding progress, other postemployment benefits schedule of funding progress and employer contributions and other postemployment benefits actuarial methods and assumptions, located after the notes to the basic financial statements, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Powers & Sullivan

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, 2011. 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 comprise 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 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.

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 \$104.6 million at the close of fiscal year 2011.

The largest portion of the Town's net assets, \$88.8 million (85%) 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 \$11.7 million (11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$4 million, (4%) may be used to meet the government's ongoing obligations to citizens and creditors.

FINANCIAL MANAGEMENT SERVICES

Governmental Activities

	Balance at June 30, 2011	Balance at June 30, 2010	Increase (Decrease)
Assets:			
Current assets.....	\$ 48,691,057	\$ 51,444,097	\$ (2,753,040)
Noncurrent assets (excluding capital).....	15,770,613	18,104,617	(2,334,004)
Capital assets.....	121,049,137	115,258,148	5,790,989
Total assets.....	185,510,807	184,806,862	703,945
Liabilities:			
Current liabilities (excluding debt).....	10,695,439	12,102,100	(1,406,661)
Noncurrent liabilities (excluding debt).....	18,788,486	12,451,448	6,337,038
Current debt.....	6,948,000	12,684,000	(5,736,000)
Noncurrent debt.....	44,465,000	42,845,000	1,620,000
Total liabilities.....	80,896,925	80,082,548	814,377
Net Assets:			
Capital assets net of related debt.....	88,836,285	87,746,066	1,090,219
Restricted.....	11,742,585	9,577,197	2,165,388
Unrestricted.....	4,035,012	7,401,051	(3,366,039)
Total net assets.....	\$ 104,613,882	\$ 104,724,314	\$ (110,432)

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 \$46,000 deficit balance for the youth services enterprise fund which is the result of recording \$101,000 in long-term liabilities for other postemployment benefits.

The governmental activities net assets decreased by \$110,000 during the current fiscal year. Increases in net assets were partially derived from the recognition of capital grants for road improvements totaling \$819,000, better than anticipated results in the general fund and nonmajor governmental funds, and debt principal expenditures exceeding depreciation expense by approximately \$1.6 million. Decreases in net assets resulted from the recognition of the other postemployment benefit obligation of approximately \$6.4 million, a \$500,000 transfer from the general government 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; and the use of approximately \$1.6 million from the Town's fiscal stability stabilization fund to finance current operations.

Of the decrease in noncurrent assets (excluding capital), \$2 million is 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.

The Town had a significant increase in unrestricted investment income. This was primarily due to an increase 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 activities.

Education expenditures decreased by \$2.7 million from 2010 to 2011. This decrease is mainly attributable to the \$1.5 million the School department overspent on their operating budget in the previous year. The School was required to decrease their fiscal year 2011 operating budget by the amount of the deficit. The Town was required to raise the deficit in fiscal year 2011.

FINANCIAL MANAGEMENT SERVICES

Community development expenditures increased by \$1 million from 2010 to 2011. This increase was partially due to increased funding for weatherization. This increase was also due to revenue received in prior fiscal years that was not expended until the current fiscal year.

Governmental Activities

	Fiscal Year 2011	Fiscal Year 2010	Increase (Decrease)
Program revenues:			
Charges for services.....	\$ 11,033,186	\$ 10,166,337	\$ 866,849
Operating grants and contributions.....	31,413,523	31,592,875	(179,352)
Capital grants and contributions.....	818,797	439,717	379,080
General revenues:			
Real estate and personal property taxes.....	85,205,036	82,619,163	2,585,873
Tax liens.....	297,796	365,156	(67,360)
Motor vehicle excise taxes.....	3,898,459	3,757,148	141,311
Hotel/motel tax.....	240,164	165,114	75,050
Penalties and interest on taxes.....	338,835	267,528	71,307
Nonrestricted grants and contributions.....	7,057,873	7,202,804	(144,931)
Unrestricted investment income.....	1,522,798	273,786	1,249,012
Miscellaneous revenues.....	292,732	88,067	204,665
Total revenues.....	142,119,199	136,937,695	5,181,504
Expenses:			
General government.....	9,947,609	9,914,031	33,578
Public safety.....	23,871,641	23,893,787	(22,146)
Education.....	77,192,270	79,863,607	(2,671,337)
Public works.....	12,048,448	12,913,532	(865,084)
Community and economic development.....	5,576,161	4,545,071	1,031,090
Human services.....	1,739,411	1,617,701	121,710
Library.....	3,262,313	3,357,258	(94,945)
Culture and recreation.....	481,634	338,759	142,875
Claims and judgments.....	-	25,000	(25,000)
Interest.....	1,749,050	1,792,028	(42,978)
Total expenses.....	135,868,537	138,260,774	(2,392,237)
Transfers.....	(6,361,094)	(5,874,212)	(486,882)
Change in net assets.....	\$ (110,432)	\$ (7,197,291)	\$ 7,086,859

FINANCIAL MANAGEMENT SERVICES

Business-Type Activities

	Balance at June 30, 2011	Balance at June 30, 2010	Increase (Decrease)
Assets:			
Current assets.....	\$ 10,920,824	\$ 11,078,281	\$ (157,457)
Capital assets.....	18,197,134	15,611,359	2,585,775
Total assets.....	29,117,958	26,689,640	2,428,318
Liabilities:			
Current liabilities (excluding debt).....	193,494	530,210	(336,716)
Noncurrent liabilities (excluding debt).....	519,553	341,124	178,429
Current debt.....	1,062,449	1,063,945	(1,496)
Noncurrent debt.....	4,956,565	5,865,014	(908,449)
Total liabilities.....	6,732,061	7,800,293	(1,068,232)
Net Assets:			
Capital assets net of related debt.....	13,065,709	10,522,171	2,543,538
Unrestricted.....	9,320,188	8,367,176	953,012
Total net assets.....	\$ 22,385,897	\$ 18,889,347	\$ 3,496,550

There was a net increase of \$3.5 million 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 2011 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 majority of the increase, \$3 million, is a result of the operating activities of the water and sewer enterprise fund and is due to a combination of increases in rates on July 1, 2010 and January 1, 2011 as well as increases in usage during fiscal year 2011.

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 \$2.4 million in fiscal year 2011, which was funded through available funds. Additionally, capital assets increased due to improvements in the rink and recreation enterprise funds.

FINANCIAL MANAGEMENT SERVICES

Business-Type Activities

	Fiscal Year 2011	Fiscal Year 2010	Increase (Decrease)
Program revenues:			
Charges for services.....	\$ 14,539,069	\$ 11,422,089	\$ 3,116,980
Operating grants and contributions.....	129,185	111,396	17,789
Capital grants and contributions.....	-	36,871	(36,871)
General revenues:			
Unrestricted investment income.....	40,850	40,215	635
Total revenues.....	14,709,104	11,610,571	3,098,533
Expenses:			
Water and Sewer.....	15,957,414	15,053,016	904,398
Youth Services.....	420,751	416,415	4,336
Council on Aging.....	80,716	90,648	(9,932)
Veterans' Rink.....	538,807	491,960	46,847
Recreation.....	575,960	550,909	25,051
Total expenses.....	17,573,648	16,602,948	970,700
Transfers.....	6,361,094	5,874,212	486,882
Change in net assets.....	\$ 3,496,550	\$ 881,835	\$ 2,614,715

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.

Fiscal year 2011 was the Town's initial year of implementation of GASB #54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The implementation of this standard has changed the fund balance components into nonspendable, restricted, committed, assigned and unassigned. Additionally, under the new standard, the Town's stabilization funds are reported within the general fund as unassigned.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$34 million, an increase of \$4.6 million from the prior year.

The general fund budgeted to use \$1.1 million of available reserves to balance the fiscal year 2011 budget. The reserves were from available funds "free cash" totaling \$582,000, and prior reserves released by the board of assessors "overlay surplus" totaling \$500,000. The actual result of operations collected approximately \$1.2 million more than budgeted and departmental budgets expended \$1.7 million less than budgeted. The appropriation deficits in public works and state and county charges and debt service stem from snow and ice deficits, state assessments which are allowed to be expended without appropriation and raised on the subsequent tax recapitulation sheet, and an unanticipated deficit in the debt service line. The general fund's operations, in the fund financial statements include the activity of the Town's insurance trust funds which account for \$1.8 million of

FINANCIAL MANAGEMENT SERVICES

the increase in Fiscal Year 2011, as well as the Town's stabilization funds which recorded a net decrease of \$2.4 million as the Town's fiscal stability stabilization fund was also used to balance the fiscal year 2011 budget.

The Town's capital borrowing major fund had an ending fund balance of \$2.6 million, a decrease of \$1.5 million from the prior year. During fiscal year 2011, the Town recognized \$7.3 million in bond proceeds in this major fund which represents long-term borrowing used to finance various capital projects from the Town's capital improvement plan. Current expenditures in this fund totaled \$8.7 million and related mainly to improvements to the community safety building, fire stations and schools.

Of the remainder of the change in fund balance, a \$3.2 million increase relates to activities in other nonmajor governmental funds, which recognized \$22.8 million in revenues, \$19.8 million in expenditures, and \$235,000 in other financing sources and uses. The majority of the increase, approximately \$1.6 million, is in the Town's nonmajor special revenue funds, which includes nonmajor grants, gifts and revolving funds. This fund also accounts for nonmajor capital projects including the Town's capital project funds financed through the tax levy and permanent 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 and year-end transfers approved to reallocate appropriations as needed to cover budgetary shortfalls. 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 property taxes and investment income.

The Town experienced appropriation deficits for state and county assessments, snow and ice removal, and debt interest.

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 has been partially funding this liability in an internally created healthcare trust fund established by Chapter 12 of the Acts of 1998. During fiscal year 2009, in compliance with 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, 2009, at a 4.50% partially funded discount rate, totaled \$171 million. As of June 30, 2011, the Town has recognized a liability for other postemployment benefits totaling \$16.9 million. The increase in the liability is based on the difference between the Annual Required Contribution (ARC) of \$14.9 million and the Town's actual contribution of

FINANCIAL MANAGEMENT SERVICES

\$8.4 million which was made through a combination of benefit payments and pre-fundings to the OPEB Trust Fund in the amounts of \$7.9 million and \$500,000, respectively. The assets set aside in trust for future benefits amounted to \$4 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, 2011, was \$51.4 million for various CIP related projects.

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.

FINANCIAL MANAGEMENT SERVICES

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 2011 from the MWRA assessment to the property taxes. During fiscal year 2011, the Town issued an additional \$154,000 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 correspondently 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 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. The site is scheduled to be redeveloped to accommodate up to 200 residential units and a medical or other use office building 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 16 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 scheduled for reconstruction in the Spring of 2012. 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.

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.