

TOWN OF BEDFORD, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2010

On the cover: **The Bedford Patriot Statue**

The Bedford Patriot Statue depicts a Minuteman carrying the Bedford Flag into battle at the start of the American Revolution. This flag, which has been restored and is available for viewing, is believed to be the oldest flag in the United States.

TOWN OF BEDFORD, MASSACHUSETTS
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FOR THE FISCAL YEAR ENDED JUNE 30, 2010



Prepared by:
Finance Department

TOWN OF BEDFORD, MASSACHUSETTS
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Introductory Section

The introductory section provides general information on the Town's structure and personnel as well as information useful in assessing the Town's financial condition.



Main Entrance to Town Campus



FINANCE DEPARTMENT

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Letter of Transmittal

December 7, 2010

To the Honorable Selectmen and Citizens of the Town of Bedford:

At the close of each fiscal year, state law requires the Town of Bedford to publish a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) and that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Bedford, Massachusetts, for the fiscal year ending June 30, 2010 for your review.

The report is designed to be used by the elected and appointed officials of the Town and others who are concerned with its management and progress such as bond analysts, banking institutions and the rating agencies as well as residents and taxpayers of Bedford.

This report consists of management's representations concerning the finances of the Town of Bedford. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. Management of the Town is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the Town of Bedford's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The Town of Bedford's financial statements have been audited by Sullivan, Rogers & Company, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Bedford for the fiscal year ended June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion on the Town of Bedford's financial statements for the fiscal year ended June 30, 2010, and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Bedford was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of Bedford's separately issued Reports on Internal Control over Financial Reporting, Compliance and Federal Award Programs.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement that analysis and should be read in conjunction with it. The Town of Bedford's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town

Bedford was incorporated as a Town in 1729. The Town is located in eastern Massachusetts, approximately 15 miles northwest of Boston, has a population of approximately 13,000 and a land area of approximately 13.8 square miles. It is situated near the junction of Route 128 and Route 3 to New Hampshire, which provides an excellent location for residents, businesses and commuters.

Evolving from an early 17th century colonial trading post, the Town today blends a strong sense of history, a rural small-town flavor and a progressive approach to encouraging high technology and commercial development. The Town's government holds the Massachusetts Municipal Association Pickard Innovation Award for sharing continuous quality improvement training services with other local governments in the area.

In the southern part of Bedford, in the area of the contiguous Towns of Concord, Lexington and Lincoln, is Hanscom Field, a leading research facility in electronic systems and catalyst to many related firms. The Town has attracted industry since Hanscom Field was created in the 1940's; the facility has occasional military use, in addition, it is utilized by commuter/commercial air services, corporate aviation, private pilots, flight schools, some charters and light cargo carriers. Due to the airfield and its proximity to a major technology highway, Route 128, Bedford has developed into a research and high technology location with clusters of highly specialized, interrelated companies.

Quality of life is paramount and education is a top priority. Bedford is known throughout the state for its high quality school system; Bedford students consistently score in the top percentiles on national and state tests and an extremely high percentage of students graduating from the high school go on to higher education. The Town was recognized by the International City Management Association (ICMA) as one of eleven jurisdictions nationwide and received the Voice of the People Award for Excellence, which is an award for service excellence. Also, Bedford has received, for the third time, an award by America's Promise Alliance as one of the 100 Best Communities for Young Children in the nation. The Town is the location of Middlesex Community College, the Bedford Veterans Administration Medical Center, several national historic landmarks, a swimming pond and lake, a bike path to the outskirts of the City of Boston and beautiful open spaces, consisting of public garden plots, a Town forest, active and passive conservation areas and recreation land.

The Town offers a full range of services including police and fire protection, education, maintenance of streets and infrastructure, solid waste collection and disposal, health and human services, cultural and recreational, administrative and financial services. The Town is a member community of the Massachusetts Water Resources Authority (MWRA) for its water and sewer services.

The Town operates under the Selectmen, Town Manager and Open Town Meeting form of government. The five elected Selectmen make policy decisions, and the Town Manager is responsible for carrying out the policies of the Selectmen and for managing the day-to-day operations of the Town. An elected, five-member School Committee appoints a School Superintendent who administers the public school system of the Town. School Committee members, like the Selectmen, are elected at-large to three-year staggered terms. An appointed Finance Committee, consisting of nine members, makes recommendations on operating budgets and other financial matters.

The recent state fiscal problems have had a moderate impact on the delivery of services, as the Town is not highly dependent on state aid; accordingly, the Town has not been as adversely affected as other communities in Massachusetts. This leaves the Town in a position of having to rely mainly on property taxes and other local revenues to cover the increasing cost of providing services and replace any revenue lost from the state. The Town reviews its revenue sources on an ongoing basis to ensure that fees generated cover expenses incurred as is best demonstrated by the annual water and sewer rate setting process. Also, the Town, anticipating revenue

downturns, created substantial reserve accounts to deal with such circumstances; if reserves are utilized, they are planned to be replenished at future Town Meetings. It is also important to note that the Town, since fiscal year 2003, has maintained a levy capacity in excess of one million dollars and intends to continue to maintain capacity, even with circumstances attributable to state and national economic downturns. This capacity, in fact, could serve as a reserve should the Town ever decide to utilize it. The Town is planning to utilize a portion of its capacity for fiscal year 2011, partially to continue funding its Other Postemployment Benefits (OPEB) liability, as it has been doing since fiscal year 2000.

Factors Affecting Economic Condition

The Town of Bedford continues to reflect a strong economic condition; per capita income is significantly higher than state averages and the unemployment rate has always been extremely low. The Town remains a very desirable community given its close proximity to Boston and the level and quality of services provided. The residential sales market has been and continues to be, very strong, reflecting the great interest in the community.

The Town continues to maintain a strong commercial and industrial tax base; in fiscal year 2010, commercial and industrial property revenue represented approximately 35% of the Town's total tax levy capacity. The Town has several geographical advantages for commercial uses, which increase the probability of future commercial development. In order to maximize the economic and environmental benefits from the development of its remaining commercial land, the Town continues to be very proactive and certainly welcomes supports and guides the location of desirable uses into the community.

This objective has been achieved through an attentive policy of short and long-term economic development. Specifically, the Town plans the controlled expansion of employment and commercial activity by attracting, guiding and regulating the expansion of existing commercial buildings or the construction of new areas for the utmost social and fiscal benefit of the community. This policy promotes the careful construction of office, research, light assembly and retail space as an alternative to unregulated development as a means of enhancing the Town's economy, employing its residents and increasing Town revenues. Residential values, consistent with state and national trends, have decreased, somewhat, but not nearly as significantly; this demonstrates the continued desirability of the Town, as well as the resiliency of the Town's housing market in an era of uncertainty. There are proposals for new development in Bedford, including a variety of commercial and residential projects. With respect to residential growth, there continues to be significant plans for single family homes, condominiums, townhouses and rental units, with a percentage for affordable housing. Also, the Town continues to be a very desirable location for development for many reasons, including its proximity to two major highways, namely, Route 128 and Route 3.

The Town was the first community in the state to adopt the Community Preservation Act, which allows for a 3% surcharge on real estate bills and is also matched by the state. Since its passage in fiscal year 2002, the Town has collected approximately \$16.1 million from a 3% surcharge on property and from corresponding annual State matches. This program continues to be approved annually at either Annual or Special Town Meetings and has provided funding for many projects in the areas of housing, recreation, open space and other land acquisition, as well as, historic preservation. This continual reaffirmation of a 3% surcharge, in an era of economic uncertainty, means that the citizens remain committed to the viability of this program.

Quarterly tax billings and excellent collection rates have eliminated the need to borrow on a short term basis to maintain cash flow. The Town's investment options are governed by Massachusetts General Laws and focus on the sound principles of safety, liquidity and yield.

The level of budgetary control is established by Town Meeting; this approval defines the level at which expenditures may not exceed appropriations, which, is typically at the individual department level. The Town Accountant is responsible for ensuring all payroll and invoices are within the budgetary control level before authorizing payment. Additional appropriations may be approved at subsequent Town Meetings and by the Finance Committee, with an approved transfer from a budgeted reserve fund, upon request by the Selectmen or appropriate independent board.

The Town continues to manage its financial affairs in a prudent manner, as is demonstrated by its AAA bond rating from both Standard and Poor's and Moody's Investor Services. The Town has been able to accomplish all this by such initiatives as;

- maintaining a six-year Capital Improvement Program
- ongoing financial modeling and forecasting for operating budgets capital and all revenues
- maintaining reserve balances despite tight budgets
- actively managing the costs of benefits
- establishing progressive reserves for retirement and post retirement benefits
- investing in technology to ensure efficient operations
- maintaining an aggressive pay as you go financing strategy for capital improvements
- investing in infrastructure
- strategic approvals for debt exclusion projects demonstrating strong community support

A large amount of recent debt, in particular, relates to new school construction, much of which was subject to reimbursements from the state under the State's school building reimbursement program. This policy has worked very well in structuring a smooth debt schedule. In addition, this policy permits the Town to continually address capital needs through debt replacement programs.

Since the mid-nineties, the community renovated or made substantial additions to all of its major Town and School facilities; many of which were funded by Proposition 2 ½ debt exclusions and in many cases were subject to substantial reimbursement from the Massachusetts School Building Authority (MSBA). The recently completed high school, which was approved as a Proposition 2 ½ debt exclusion bond authorization of \$48,135,330, supplementing the previous schematic and design authorizations, will have annual costs excluded from the Proposition 2 ½ cap requirement. In total, this project received a state match of approximately 48%, or \$21.0 million, which dramatically lowered the costs to the taxpayers.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its Comprehensive Annual Financial Report (CAFR) for the fiscal years ended June 30, 2004 through June 30, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

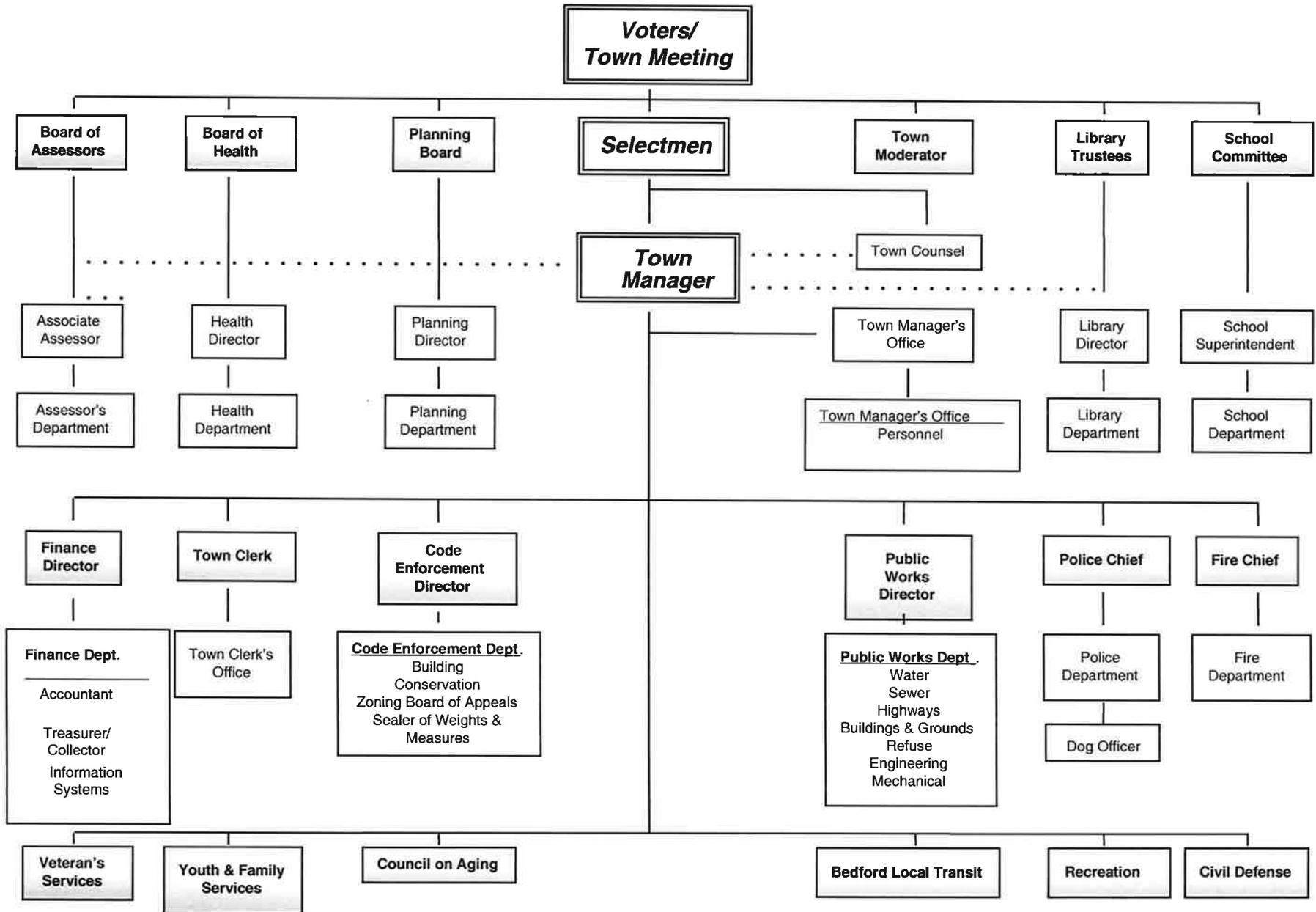
The preparation of this report would not have been possible without the efficient and dedicated services of the Town Accountant, the Treasurer/Collector, the Information Systems Manager and the rest of the staff of the Finance Department. We would like to also express our appreciation to all the members of the departments who assisted and contributed to the preparation of this report. Credit must also be given to the Town Selectmen, Town Manager, Finance Committee and Capital Expenditure Committee for their unflinching support for maintaining the highest standards of professionalism in the management of the Town, including its finances.

Respectfully submitted,



Peter Naum
Finance Director

Town of Bedford Organization Chart



**Town of Bedford, Massachusetts
Principal Town Officials**

<u>Office</u>	<u>Manner of Selection</u>	<u>Term</u>
Five Member Board of Selectmen	Elected	Staggered three-year terms
Town Manager	Appointed	Indefinite
Finance Director	Appointed	Indefinite
Treasurer/Collector	Appointed	Indefinite
Town Accountant	Appointed	Indefinite
Town Clerk	Appointed	Indefinite
Town Counsel	Appointed	1 year

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Bedford
Massachusetts

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

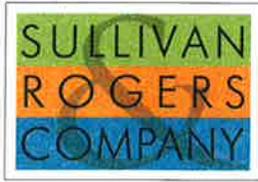
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Financial Section

The financial section is used to present the independent auditors' report on the financial statements, the basic financial statements, the notes to the financial statements, required supplementary information and combining statements.



Old Town Hall



Certified Public Accountants

SULLIVAN, ROGERS & COMPANY, LLC

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Independent Auditors' Report

To the Honorable Selectmen
Town of Bedford, Massachusetts

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Bedford, Massachusetts, as of and for the year ended June 30, 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 Bedford, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

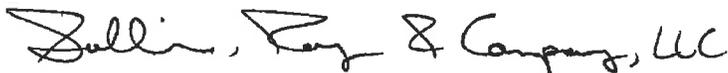
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and 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, each major fund, and the aggregate remaining fund information of the Town of Bedford, Massachusetts, as of June 30, 2010, and the respective changes in financial position thereof for the 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 7, 2010 on our consideration of the Town of Bedford, Massachusetts' internal control over financial reporting and on 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 considered in assessing 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 pages 13 through 23) and budgetary comparison and certain pension information (located on pages 58 through 61) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bedford, Massachusetts' financial statements as a whole. The introductory section, combining statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



December 7, 2010

Management's Discussion and Analysis

As management of the Town of Bedford Massachusetts (Town), we offer readers of these financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2010

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$144,185,182 (net assets). Of this amount, \$22,130,991 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net assets decreased \$3,645,757.
- As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances totaling \$30,617,999, a decrease of \$2,379,345 in comparison with the prior year. Approximately \$18,858,000 represents unreserved fund balance.
- At the end of the fiscal year, undesignated fund balance for the general fund totaled \$2,217,840, or 3.0% of total general fund expenditures and transfers out. In the prior year, undesignated fund balance for the general fund totaled \$3,838,204.
- The Town's total bonded debt decreased \$11,481,856 during the fiscal year. The Town issued \$4,551,715 of new debt and retired \$16,033,571 of existing debt during the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the *basic financial statements*, which consists of the following three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains required supplementary and other 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 the Town's finances, in a manner similar to private-sector business.

The **statement of net assets** presents information on all of the Town's non-fiduciary 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 of the Town 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, earned but unused vacation leave, etc.).

The government-wide financial statements present functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*). Governmental activities include general government, public safety, education, public works, water, sewer, human services, culture and recreation and interest.

The government-wide financial statements can be found on pages 25-26 of this report.

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. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into the following categories and are described below:

1. Governmental funds
2. 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 funds financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains 16 individual governmental funds. Information is presented separately in the governmental funds financial statements for the general, sewer (special revenue) and high school (capital projects) funds, each of which are considered to be major funds. Data from the other 13 governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on pages 65-72 of this report.

The basic governmental funds financial statements can be found on pages 27-30 of this report.

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 programs.

Private-purpose trust funds and agency funds are reported and combined into a single, aggregate presentation in the fiduciary funds financial statements under the captions "private purpose trust funds" and "agency funds", respectively.

The basic fiduciary funds financial statements can be found at pages 31-32 of this report.

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. The notes to the financial statements can be found on pages 33-57 of this report.

Required supplementary and other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Presented in this information is the budget comparison for the general fund and certain pension information, which can be found on pages 58-61 of this report.

The combining statements previously referred to are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

The following tables present current and prior year data on the government-wide financial statements.

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Town's assets exceeded liabilities by \$144,185,182 at the close of the fiscal year and are summarized as follows:

	<i>Governmental Activities</i>	
	2010	2009
Assets		
Current assets.....	\$ 45,495,021	\$ 56,774,244
Noncurrent assets (excluding capital assets).....	6,264,685	15,084,186
Capital assets (net).....	<u>171,094,460</u>	<u>171,072,362</u>
Total assets.....	<u>222,854,166</u>	<u>242,930,792</u>
Liabilities		
Current liabilities (excluding debt).....	8,772,098	8,809,837
Noncurrent liabilities (excluding debt).....	7,181,502	3,546,976
Current debt.....	7,066,854	15,493,571
Noncurrent debt.....	<u>55,648,530</u>	<u>67,249,469</u>
Total liabilities.....	<u>78,668,984</u>	<u>95,099,853</u>
Net Assets		
Invested in capital assets (net of related debt).....	110,394,909	119,172,856
Restricted.....	11,659,282	8,037,583
Unrestricted.....	<u>22,130,991</u>	<u>20,620,500</u>
Total net assets.....	<u>\$ 144,185,182</u>	<u>\$ 147,830,939</u>

The largest portion of the Town's net assets (76.6%) reflects its investment in capital assets (e.g., land, construction in progress, buildings and improvements, machinery and equipment, vehicles and infrastructure) less any related outstanding debt used to acquire those assets. These capital assets are used 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 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 Town's net assets (8.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (15.4% or \$22,130,991) may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town reports positive balances in all three categories of net assets.

Changes in Net Assets

The following table summarizes the Town's changes in net assets for the fiscal years ended June 30, 2009 and June 30, 2010:

	<i>Governmental Activities</i>	
	<u>2010</u>	<u>2009</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services.....	\$ 10,650,505	\$ 10,070,507
Operating grants and contributions.....	19,221,263	16,466,808
Capital grants and contributions.....	(862,002)	12,739,771
<i>General Revenues:</i>		
Real estate and personal property taxes.....	45,092,458	45,175,869
Motor vehicle and other excise taxes.....	2,301,301	2,175,593
Community preservation surcharges.....	1,137,326	1,135,525
Penalties and interest on taxes.....	216,645	128,365
Payments in lieu of taxes.....	1,418,587	1,347,828
Grants and contributions not restricted to specific programs.....	1,699,813	1,648,039
Unrestricted investment income.....	635,650	1,106,965
Total revenues.....	<u>81,511,546</u>	<u>91,995,270</u>
Expenses		
General government.....	5,455,197	5,678,938
Public safety.....	9,462,746	9,635,249
Education.....	48,754,787	46,682,837
Public works.....	6,354,053	8,717,806
Water.....	2,367,437	2,112,065
Sewer.....	4,632,268	4,271,320
Human services.....	1,817,572	1,633,960
Culture and recreation.....	3,528,722	3,541,267
Interest.....	2,784,521	2,888,872
Total expenses.....	<u>85,157,303</u>	<u>85,162,314</u>
Change in net assets.....	(3,645,757)	6,832,956
Net assets - beginning of year.....	<u>147,830,939</u>	<u>140,997,983</u>
Net assets - end of year.....	<u>\$ 144,185,182</u>	<u>\$ 147,830,939</u>

Governmental activities decreased the Town's net assets by \$3,645,757, compared to an increase of \$6,832,956 in the prior fiscal year. The key element of this change is the prior fiscal year accrual of \$11,400,000 of capital grants and contributions related to the high school construction project.

Fund Financial Statement Analysis

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the governmental funds reported combined ending fund balances totaling \$30,617,999, a decrease of \$2,379,345 in comparison with the prior year. Approximately 53.8% of this amount (\$16,463,596) represents undesignated fund balance. The remainder of fund balance is designated or reserved to indicate that it is not available for new spending because it has already been committed to:

- Liquidate contracts and purchase orders of the prior period (\$2,174,248)
- Employee benefits (\$3,862,463)
- Perpetual permanent funds (\$450,610)
- Community preservation (\$3,888,392)
- Grants and gifts restricted by outside parties (\$1,384,690)
- Fund a portion of the fiscal year 2011 budget (\$2,394,000)

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, undesignated fund balance of the general fund totaled \$2,217,840, while total fund balance was \$7,110,308. As a measure of the general fund's liquidity, it may be useful to compare both undesignated fund balance and total fund balance to total general fund expenditures and transfers out. Undesignated fund balance represents 3.0% of total general fund expenditures and transfers out, while total fund balance represents 9.6% of that same amount.

The fund balance of the general fund balance decreased \$1,955,856 during the current fiscal year. Although the Town recognized a positive budget to actual variance totaling approximately \$4,029,000 (excluding amounts carried forward to next year), approximately \$5,129,000 of reserves were used to fund the fiscal year 2010 budget. In addition, the net change in recording tax refunds payable totaled approximately \$772,000.

Financial highlights of the Town's other major governmental funds are as follows:

The fund balance of the sewer fund (sewer fund) increased \$392,847 during the current fiscal year. The fund recognized \$4,231,875 in charges for services and transferred \$3,839,028 to the general fund.

The fund balance of the high school fund (capital projects) decreased \$528,489 during the current fiscal year. During the year, expenditures totaled \$1,105,489. The fund also received bond proceeds totaling \$577,000.

Financial summary

- Real estate and personal property tax revenue continues to be the most significant revenue source for the Town, comprising 75% of total general fund budgetary basis revenue. Tax revenue increased in accordance with the provisions of the Massachusetts general law, which limits such increase to 2 ½ % over the preceding year plus an allowance for new growth. In fiscal year 2010, additional taxes were collected outside Proposition 2 ½ for debt payments related to school, public works, public safety, and library building projects and additions.
- Intergovernmental revenue represents 11% of total general fund budgetary basis revenues. This excludes \$5.3 million in on-behalf payments made by the State to the Massachusetts Teachers' Retirement Association for teachers' pension benefits.

- Motor vehicle and other excise tax revenue continued to be a strong source of revenue. Motor vehicle and other excise tax revenues represent 4% of the total general fund budgetary basis revenues.
- Education continues to represent the largest category of general fund budgetary basis expenditures (45%). The Town is committed to providing a high-quality education through its public schools.
- Public Safety and Public Works represent a combined 23% of general fund budgetary basis expenditures. This reflects the Town's commitment to providing a safe, secure environment and essential public services.
- Debt service costs in fiscal year 2010 were 10% of total general fund budgetary basis expenditures, which is consistent with the prior fiscal year.
- Employee benefits equal 8% of total general fund budgetary basis expenditures in fiscal year 2010, reflecting high health insurance costs experienced throughout the state and region.

General Fund Budgetary Highlights

The Town Manager is responsible for preparing and presenting the budget to the Selectmen. The Finance Committee reviews the operating budget, as well as all Town-wide financial issues and presents their recommendations to Town Meeting for approval. The Town Finance Director assists the Town Manager and both of these individuals assist and advise the nine-member Finance Committee.

The level of budgetary control is established by Town Meeting and this approval defines the level at which expenditures may not exceed appropriations. This level is typically at the individual department level. The Town Accountant is responsible for ensuring all payroll and invoices are within the budgetary control level before authorizing payment. Additional appropriations may be approved at subsequent Town Meetings. The Finance Committee, upon request by the Selectmen or appropriate independent board, may approve during the year a transfer from a reserve fund established at Town Meeting. These controls ensure compliance with the budget approved by Town Meeting.

The original general fund budget of \$72,483,070 was increased by \$261,720 (0.4%) during the fiscal year. The following table summarizes the increase:

Purpose of Increase/(Decrease)	Amount	Funding Source
Transfer to bond premium stabilization.....	\$ 1,014,332	Premium from issuance of debt
Selectmen.....	25,000	Tax levy
Code enforcement.....	(250)	Tax levy
Hazardous waste.....	(250)	Tax levy
Selectmen.....	(410)	Tax levy
Planning Board.....	(699)	Tax levy
Board of Assessors.....	(1,375)	Tax levy
Board of Health.....	(2,705)	Tax levy
Public Library.....	(6,040)	Tax levy
Town Center.....	(7,852)	Tax levy
Finance/ Administrative services.....	(8,046)	Tax levy
Facilities.....	(22,306)	Tax levy
Recreation Commission.....	(25,000)	Tax levy
Financial Committees.....	(30,000)	Tax levy
Pension benefits.....	(50,000)	Tax levy
Debt service - interest.....	(60,145)	Tax levy
School department.....	(137,269)	Tax levy
Public works.....	(425,265)	Tax levy
Total net increase.....	\$ <u>261,720</u>	

Actual revenues exceeded budgeted revenues by approximately \$142,000. The primary factor is that actual real estate and personal property taxes exceeded budgetary estimates by approximately \$314,000.

Actual general fund expenditures (including amounts carried forward to next year) were lower than the final budget by approximately \$1.7 million. This appropriation variance was mainly comprised of the reserve appropriations, public works, and insurance and benefits.

Overall, the Town’s operating results, on a budgetary basis, performed better than planned while at the same time achieving a balance between the need for municipal services with the costs of providing these services. Actual expenditures and amounts carried forward to next year were lower than anticipated by 2.4%.

The Town remains committed to conservative budgets, tight management controls, and to maintaining reserves, particularly the stabilization and bond premium stabilization funds (approximately \$3.4 million at year end). As in the past, if reserves are used, there is a planned replenishment program that is implemented.

Capital Asset and Debt Administration

Capital Assets

In conjunction with the operating budget, the Town manages capital expenditures through a Capital Expenditure Committee (CEC). The CEC reviews and offers recommendations to Town Meeting concerning all requests for funds for capital projects submitted by School and Town Departments. These projects and their costs appear in the Capital Project Plan Article presented at the Annual Town Meeting.

The Town defines capital projects using the following guidelines:

- Any item or project expenditure of \$5,000 per item with a useful life of one year
- By default, operating capital is any item between \$1,000 and \$4,999. These items are funded through departmental operating budgets and are not part of the capital article.
- Individual items of less than \$5,000 each are also considered operating capital, unless the total “bundled” amount exceeds \$30,000
- Replacement computers are considered operating capital

The CEC also provides the Town with a six-year projection of capital expenditures based on the various requests of Town departments.

The Town’s investment in capital assets for its governmental activities at the end of the fiscal year totaled \$171,094,460 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, vehicles and infrastructure. The total increase in the investment in capital assets for the current fiscal year totaled \$22,098.

Major capital asset events that occurred during the current fiscal year include the following:

- Infrastructure improvements (roads, bridges, water, sewer, etc.) of approximately \$4.2 million
- Concluding construction of the high school of approximately \$1.1 million

The following table summarizes the Town’s capital assets (net of accumulated depreciation):

	<i>Governmental Activities</i>	
	<u>2010</u>	<u>2009</u>
Land.....	\$ 24,186,615	\$ 24,180,515
Construction in progress.....	870,183	-
Buildings and improvements.....	102,003,977	104,745,939
Machinery and equipment.....	893,410	1,102,047
Vehicles.....	2,439,937	2,549,303
Infrastructure.....	<u>40,700,338</u>	<u>38,494,558</u>
Total capital assets.....	<u>\$ 171,094,460</u>	<u>\$ 171,072,362</u>

Additional information on the Town’s capital assets can be found in Note 5 on page 45 of this report.

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$59,861,184, which is backed by the full faith and credit of the Town, and is summarized as follows:

	<i>Governmental Activities</i>	
	<u>2010</u>	<u>2009</u>
General obligation bonds - school construction.....	\$ 37,252,000	\$ 50,705,500
General obligation bonds - public works.....	11,399,000	12,028,040
General obligation bonds - refunding.....	2,775,000	-
General obligation bonds - land acquisition.....	2,315,000	2,879,500
General obligation bonds - Town Center.....	2,250,000	2,200,000
General obligation bonds - other.....	3,045,000	2,860,960
MWRA notes.....	<u>825,184</u>	<u>669,040</u>
 Total bonds and notes.....	 <u>\$ 59,861,184</u>	 <u>\$ 71,343,040</u>

The Town's total bonded debt decreased by \$11,481,856 (16.1%) during the current fiscal year. During the fiscal year, the Town issued long-term debt totaling \$1,776,715 for school construction, infrastructure and building improvements and \$2,775,000 for refunding purposes.

State statutes limit the amount of general obligation debt the Town may issue to 5.0% of its total assessed valuation. The current debt limit is \$150,486,090.

The Town received a AAA rating from Standard & Poor's for its most recent issuance of long-term debt on July 15, 2010.

Additional information on the Town's long-term debt can be found in Note 9 on pages 47-52 of this report.

Requests for Information

This financial report is designed to provide a general overview of the Town of Bedford'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 Finance Director, Town Hall, 10 Mudge Way, Bedford, Massachusetts 01730.

Basic Financial Statements

STATEMENT OF NET ASSETS

JUNE 30, 2010

	Governmental Activities
ASSETS	
CURRENT:	
Cash and cash equivalents.....	\$ 21,593,032
Restricted cash and cash equivalents.....	7,877,226
Investments.....	3,347,474
Restricted investments.....	4,619,904
Receivables, net of allowance for uncollectibles:	
Real estate and personal property taxes.....	402,197
Tax liens.....	409,497
Motor vehicle and other excise taxes.....	107,235
User fees.....	3,423,742
Departmental and other.....	178,917
Intergovernmental.....	3,482,028
Tax foreclosures.....	53,769
Total current assets.....	<u>45,495,021</u>
NONCURRENT:	
Receivables, net of allowance for uncollectibles:	
Intergovernmental.....	6,264,685
Capital assets - nondepreciable.....	25,056,798
Capital assets - depreciable (net of accumulated depreciation).....	<u>146,037,662</u>
Total noncurrent assets.....	<u>177,359,145</u>
TOTAL ASSETS.....	<u>222,854,166</u>
LIABILITIES	
CURRENT:	
Warrants payable.....	1,695,852
Accrued payroll.....	1,601,634
Health claims payable.....	83,473
Tax refunds payable.....	1,696,142
Accrued interest.....	797,999
Other liabilities.....	1,270,819
Abandoned property.....	639,104
Compensated absences.....	987,075
Short-term notes payable.....	2,854,200
Long-term bonds and notes payable.....	<u>4,212,654</u>
Total current liabilities.....	<u>15,838,952</u>
NONCURRENT:	
Compensated absences.....	490,930
Net OPEB obligation.....	6,690,572
Long-term bonds and notes payable.....	<u>55,648,530</u>
Total noncurrent liabilities.....	<u>62,830,032</u>
TOTAL LIABILITIES.....	<u>78,668,984</u>
NET ASSETS	
Invested in capital assets, net of related debt.....	110,394,909
Restricted for:	
Capital purposes.....	2,015,833
Employee benefits.....	3,538,243
Community preservation.....	3,925,106
Permanent funds:	
Expendable.....	344,800
Nonexpendable.....	450,610
Grants and gifts.....	1,384,690
Unrestricted.....	<u>22,130,991</u>
TOTAL NET ASSETS.....	<u>\$ 144,185,182</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2010

<u>Functions/Programs</u>	<u>Program Revenues</u>				
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue</u>
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 5,455,197	\$ 509,581	\$ 946,474	\$ -	\$ (3,999,142)
Public safety.....	9,462,746	998,862	388,185	-	(8,075,699)
Education.....	48,754,787	171,076	11,291,503	(1,518,354)	(38,810,562)
Public works.....	6,354,053	57,126	1,528	654,232	(5,641,167)
Water.....	2,367,437	3,111,320	-	-	743,883
Sewer.....	4,632,268	5,171,795	-	-	539,527
Human services.....	1,817,572	96,222	211,773	-	(1,509,577)
Culture and recreation.....	3,528,722	534,523	1,121,422	2,120	(1,870,657)
Interest.....	2,784,521	-	5,260,378	-	2,475,857
Total governmental activities...	\$ 85,157,303	\$ 10,650,505	\$ 19,221,263	\$ (862,002)	(56,147,537)
<i>General revenues:</i>					
Real estate and personal property taxes.....					45,092,458
Motor vehicle and other excise taxes.....					2,301,301
Community preservation surcharges.....					1,137,326
Penalties and interest on taxes.....					216,645
Payments in lieu of taxes.....					1,418,587
Grants and contributions not restricted to specific programs.....					1,699,813
Unrestricted investment income.....					635,650
Total general revenues.....					52,501,780
Change in net assets.....					(3,645,757)
Net assets - beginning of year.....					147,830,939
Net assets - end of year.....					\$ 144,185,182

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2010

ASSETS	General	Sewer	High School	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents.....	\$ 12,807,782	\$ 5,623,216	\$ -	\$ 3,162,034	\$ 21,593,032
Investments.....	-	-	-	3,347,474	3,347,474
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	402,197	-	-	-	402,197
Tax liens.....	409,497	-	-	-	409,497
Motor vehicle and other excise taxes.....	107,235	-	-	-	107,235
User fees.....	1,272,982	2,150,760	-	-	3,423,742
Departmental and other.....	106,776	35,427	-	36,714	178,917
Intergovernmental.....	6,786,743	-	2,959,970	-	9,746,713
Tax foreclosures.....	53,769	-	-	-	53,769
Restricted assets:					
Cash and cash equivalents.....	27,680	-	131,340	7,718,206	7,877,226
Investments.....	380,013	-	-	4,239,891	4,619,904
TOTAL ASSETS.....	\$ 22,354,674	\$ 7,809,403	\$ 3,091,310	\$ 18,504,319	\$ 51,759,706
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 954,513	\$ 157	\$ -	\$ 741,182	\$ 1,695,852
Accrued payroll.....	1,522,733	-	-	78,901	1,601,634
Health claims payable.....	83,473	-	-	-	83,473
Tax refunds payable.....	1,696,142	-	-	-	1,696,142
Accrued short-term interest.....	237,582	-	-	-	237,582
Abandoned property.....	639,104	-	-	-	639,104
Other liabilities.....	1,270,819	-	-	-	1,270,819
Deferred revenues.....	8,840,000	2,186,187	-	36,714	11,062,901
Short-term notes payable.....	-	-	2,658,000	196,200	2,854,200
TOTAL LIABILITIES.....	15,244,366	2,186,344	2,658,000	1,052,997	21,141,707
FUND BALANCES:					
Reserved for:					
Encumbrances and continuing appropriations.....	2,174,248	-	-	-	2,174,248
Employee benefits.....	324,220	-	-	3,538,243	3,862,463
Perpetual permanent funds.....	-	-	-	450,610	450,610
Community preservation.....	-	-	-	3,888,392	3,888,392
Grants and gifts.....	-	-	-	1,384,690	1,384,690
Unreserved:					
Designated for subsequent year's expenditures.....	2,394,000	-	-	-	2,394,000
Undesignated, reported in:					
General fund.....	2,217,840	-	-	-	2,217,840
Special revenue funds.....	-	5,623,059	-	6,374,477	11,997,536
Capital projects funds.....	-	-	433,310	1,470,110	1,903,420
Permanent funds.....	-	-	-	344,800	344,800
TOTAL FUND BALANCES.....	7,110,308	5,623,059	433,310	17,451,322	30,617,999
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 22,354,674	\$ 7,809,403	\$ 3,091,310	\$ 18,504,319	\$ 51,759,706

See notes to basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 2010

	General	Sewer	High School	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes.....	\$ 45,209,302	\$ -	\$ -	\$ -	\$ 45,209,302
Motor vehicle and other excise taxes.....	2,308,614	-	-	-	2,308,614
Community preservation surcharges.....	-	-	-	1,114,123	1,114,123
Charges for services.....	2,484,994	4,231,875	-	-	6,716,869
Penalties and interest on taxes.....	216,645	-	-	-	216,645
Payments in lieu of taxes.....	1,418,587	-	-	-	1,418,587
Intergovernmental.....	11,794,608	-	-	13,543,686	25,338,294
Departmental and other.....	1,780,637	-	-	3,487,054	5,267,691
Contributions.....	-	-	-	208,932	208,932
Investment income.....	315,438	-	-	320,212	635,650
TOTAL REVENUES.....	65,528,825	4,231,875	-	18,674,007	88,434,707
EXPENDITURES:					
Current:					
General government.....	3,259,729	-	-	1,696,419	4,956,148
Public safety.....	5,715,280	-	-	689,326	6,404,606
Education.....	31,480,558	-	1,105,489	3,203,507	35,789,554
Public works.....	4,470,140	-	-	1,597,936	6,068,076
Water.....	1,591,554	-	-	763,415	2,354,969
Sewer.....	615,684	-	-	154,026	769,710
MWRA assessment.....	2,929,353	-	-	-	2,929,353
Human services.....	1,061,664	-	-	62,923	1,124,587
Culture and recreation.....	1,262,709	-	-	1,571,747	2,834,456
Pension benefits.....	7,778,413	-	-	-	7,778,413
Employee benefits.....	5,743,269	-	-	-	5,743,269
State and county charges.....	274,138	-	-	-	274,138
Debt service:					
Principal.....	3,818,571	-	-	-	3,818,571
Interest.....	3,251,651	-	-	-	3,251,651
TOTAL EXPENDITURES.....	73,252,713	-	1,105,489	9,739,299	84,097,501
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(7,723,888)	4,231,875	(1,105,489)	8,934,708	4,337,206
OTHER FINANCING SOURCES (USES):					
Issuance of debt.....	-	-	577,000	1,199,715	1,776,715
Issuance of refunding bonds.....	-	-	-	2,775,000	2,775,000
Premium from issuance of debt.....	1,358,368	-	-	-	1,358,368
Premium from issuance of refunding bonds.....	-	-	-	68,319	68,319
Payment to refunded bonds escrow agent.....	-	-	-	(12,694,953)	(12,694,953)
Transfers in.....	5,423,996	-	-	1,014,332	6,438,328
Transfers out.....	(1,014,332)	(3,839,028)	-	(1,584,968)	(6,438,328)
TOTAL OTHER FINANCING SOURCES (USES).....	5,768,032	(3,839,028)	577,000	(9,222,555)	(6,716,551)
NET CHANGE IN FUND BALANCES.....	(1,955,856)	392,847	(528,489)	(287,847)	(2,379,345)
FUND BALANCES AT BEGINNING OF YEAR (AS RESTATED)....	9,066,164	5,230,212	961,799	17,739,169	32,997,344
FUND BALANCES AT END OF YEAR.....	\$ 7,110,308	\$ 5,623,059	\$ 433,310	\$ 17,451,322	\$ 30,617,999

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET ASSETS**

JUNE 30, 2010

Total governmental fund balances (page 27).....	\$	30,617,999
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		171,094,460
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.....		11,062,901
In the statement of net assets, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(560,417)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds and notes payable.....		(59,861,184)
Compensated absences.....		(1,478,005)
Net OPEB obligation.....		<u>(6,690,572)</u>
Net assets of governmental activities (page 25).....	\$	<u>144,185,182</u>

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FISCAL YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds (page 28).....	\$	(2,379,345)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts represent the related activity of the current period.</p>		
Capital outlays and contributions.....		6,336,325
Depreciation.....		(6,284,017)
<p>In the statement of activities, only the <i>loss</i> on the sale and/or disposal of capital assets is reported, whereas in the governmental funds the entire proceeds of the sale are reported. As a result, the change in net assets differs from the change in fund balance by the cost of capital assets sold and/or the net book value of capital assets disposed.....</p>		
		(30,210)
<p>Revenues in the statement of activities that do not provide current financial resources are fully deferred in the statement of revenues, expenditures and changes in fund balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....</p>		
		(10,080,848)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts represent the related activity of the current period.</p>		
Issuance of debt.....		(1,776,715)
Issuance of refunding bonds.....		(2,775,000)
Bond maturities.....		3,818,571
Payments to refunded bond escrow agent.....		12,694,953
Loss on refunding.....		(479,953)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes:</p>		
Accrued interest on long-term debt.....		947,083
Compensated absences.....		(25,005)
Net OPEB obligation.....		(3,611,596)
Change in net assets of governmental activities (page 26).....	\$	(3,645,757)

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2010

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents.....	\$ 12,062	\$ 710,906
Investments.....	59,198	-
TOTAL ASSETS.....	71,260	710,906
LIABILITIES		
Liabilities due depositors.....	-	710,906
TOTAL LIABILITIES.....	-	710,906
NET ASSETS		
Held in trust for other purposes.....	\$ 71,260	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2010

	<u>Private Purpose Trust Funds</u>
<u>ADDITIONS:</u>	
Net investment income:	
Interest.....	\$ <u>2,821</u>
<u>DEDUCTIONS:</u>	
Charitable gifts.....	<u>1,852</u>
CHANGE IN NET ASSETS.....	969
NET ASSETS AT BEGINNING OF YEAR.....	<u>70,291</u>
NET ASSETS AT END OF YEAR.....	<u>\$ <u>71,260</u></u>

See notes to basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. General**

The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

B. Reporting Entity

The Town of Bedford, Massachusetts (Town) is a municipal corporation that is governed by an elected Board of Selectmen.

For financial reporting purposes, the basic financial statements include all funds, organizations, agencies, boards, commissions and institutions that are not legally separate from the Town.

The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and/or significance of their relationship with the Town are such that exclusion would cause the Town's basic financial statements to be misleading or incomplete. It has been determined that there are no component units that require inclusion in the basic financial statements.

Jointly Governed Organizations

The East Bedford Sewer District (District), incorporated in July 1983 under Chapter 305 of the Acts of 1983, was formed to provide a multi-million dollar expansion of the sewer system in the District. The area of the District includes the industrial area of Bedford and is bordered by the Towns of Billerica and Burlington.

Seven commissioners, two of whom are employees of the Town, serve the District. Under the Act, the commissioners are empowered to carry out all necessary activities of the District without being accountable or subject to the supervision of the Town.

All of the District projects have been completed, all debt issued by the District has been retired and all of the liabilities of the District have been satisfied. Consequently, termination of the District can now occur by vote of the commissioners. Upon termination of the District, all funds and other properties owned by the District will revert to the Town.

C. Government-Wide and Fund Financial Statements**Government-Wide Financial Statements**

The government-wide financial statements (statement of net assets and the statement activities) report information on all non-fiduciary activities of the primary government and its component units. *Governmental activities* are primarily supported by taxes and intergovernmental revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column. Fiduciary funds are reported by fund type.

D. Measurement Focus, Basis of Accounting and Basis of Presentation

Government-Wide and Fund Financial Statements

The government-wide financial statements apply all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a specific function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a specific function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

The effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

Governmental funds financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after the end of the fiscal year. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those required to be accounted for in another fund.

The *sewer fund* is used to account for sewer charges. Funds are transferred from the fund annually, as available and as needed, to help fund the sewer operations of the general fund.

The *high school fund* is used to account for the upgrades and renovations to the high school.

The nonmajor governmental funds consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than capital projects funds or permanent funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The *permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support governmental programs.

Fiduciary funds financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the government's programs.

The following fiduciary fund types are reported:

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefits individuals, private organizations, or other governments.

The *agency fund* is used to account for assets held in a custodial capacity. Such assets consist of performance bonds. Agency funds do not present the results of operations or have a measurement focus.

E. Deposits and Investments

Government-Wide and Fund Financial Statements

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition.

Investments are carried at fair value.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

Real Estate Taxes, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date.

Real estate tax liens are processed six months after the close of the valuation year on delinquent properties and are recorded as receivables in the fiscal year they are processed.

Motor Vehicle Excise Taxes

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles to the Town. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

User Fees

User fees for water and sewer are levied monthly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer liens are processed once every year and are included as a lien on the property owner's tax bill. Water and sewer fees and liens are recorded as receivables in the fiscal year of the levy.

Departmental and Other

Departmental and other receivables consist primarily of ambulance services and are recorded as receivables in the fiscal year accrued.

Intergovernmental

Various state and federal operating and capital grants are applied for and received annually. For non-expenditure driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, revenue is recognized when the qualifying expenditures are incurred and all other grant requirements are met.

G. Allowance for Uncollectible Amounts

The allowance for uncollectible amounts is estimated based on historical trends and specific account analysis for the following accounts receivable:

- Personal property taxes
- Motor vehicle and other excise taxes
- Departmental and other

The following types of accounts receivable are secured via the lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible amounts is not reported.

- Real estate taxes and tax liens
- User fees (including liens)

Intergovernmental receivables are considered 100% collectible.

H. Inventories

Government-Wide and Fund Financial Statements

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements and therefore are not reported.

I. Restricted Assets

Government-Wide and Fund Financial Statements

Assets are reported as restricted when limitations on their use change the nature of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

J. Capital Assets

Government-Wide Financial Statements

Capital assets, which consist of land, construction in progress, buildings and improvements, machinery and equipment, vehicles and infrastructure, (e.g., roads, water mains, sewer mains, and similar items), are reported in the governmental activities column of the government-wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

All purchases and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Buildings and improvements.....	20-40
Machinery and equipment.....	5-10
Vehicles.....	5-15
Infrastructure.....	5-50

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the fiscal year of the purchase.

K. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net assets.

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are not eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

L. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds.

Government-Wide Financial Statements

Transfers between and within governmental funds are eliminated from the governmental activities in the statement of net assets.

Fund Financial Statements

Transfers between and within funds are not eliminated from the individual fund statements and are reported as transfers in and transfers out.

M. Deferred Revenue

Deferred revenue at the fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Deferred revenue is recognized as revenue in the conversion to the government-wide financial statements (full accrual).

N. Net Assets and Fund EquityGovernment-Wide Financial Statements (Net Assets)

Net assets are reported as restricted when amounts are restricted by outside parties for a specific future use.

Net assets have been "restricted" for the following:

"Capital purposes" represents unspent proceeds of capital related debt.

"Employee benefits" represents amounts restricted for pension and other postemployment benefits.

“Community preservation” represents amounts restricted for open space, historic resource and affordable housing purposes.

“Permanent funds - expendable” represents amounts held in trust for which the expenditures are restricted by various trust agreements.

“Permanent funds - nonexpendable” represents amounts held in trust for which only investment earnings may be expended.

“Grants and gifts” represents restrictions placed on assets from granting agencies and donors.

Fund Financial Statements (Fund Balances)

Fund balances are reserved for amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use. Designations of fund balance represent tentative management plans that are subject to change.

Fund balances have been “reserved for” the following:

“Encumbrances and continuing appropriations” represents amounts obligated under purchase orders, contracts and other commitments for expenditures that are being carried over to the ensuing fiscal year.

“Employee benefits” represents amounts accumulated for self-insured health insurance activities and pension and other postemployment benefits.

“Perpetual permanent funds” represents amounts held in trust for which only investment earnings may be expended.

“Community preservation” represents amounts reserved for open space, historic resource and affordable housing purposes.

“Grants and gifts” represents restrictions placed on assets from granting agencies and donors.

Fund balances have been “designated for” the following:

“Subsequent year’s expenditures” represents amounts appropriated for the fiscal year 2011 operating budget.

O. Long-term Debt

Government-Wide Financial Statements

Long-term debt is reported as liabilities in the government-wide statement of net assets. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Governmental Funds Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources when the debt is issued. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

P. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

Q. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

Government-Wide Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Funds Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon employee retirements and resignations.

*R. Post Retirement Benefits*Government-Wide and Fund Financial Statements

In addition to providing pension benefits, and as more fully described in Note 14, the Town provides health insurance coverage for current and future retirees and their spouses.

*S. Use of Estimates*Government-Wide and Fund Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

T. Total Column

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**A. Budgetary Information**

Municipal Law requires the adoption of a balanced budget that is approved by Town Meeting vote. The Finance Committee presents an annual budget to Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases to the original budget subsequent to the approval of the annual budget require Special Town Meeting approval. Transfers between and within departments (except for the school department) subsequent to the approval of the annual budget, requires the approval of the Town Manager. Expenditures within the appropriation of the school department are not restricted.

The majority of appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year.

Generally, expenditures may not exceed the level of spending (department) authorized for an appropriation account. However, the Town is statutorily required to pay debt service, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by majority vote at a Special Town Meeting.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original fiscal year 2010 approved budget for the general fund authorized \$72,483,070 in appropriations. During fiscal year 2010 supplemental appropriations totaling \$261,720 were authorized.

The Accountant's office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

B. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2010, expenditures and amounts carried forward exceeded appropriations for the police department, snow and ice removal and the recreation commission. These over-expenditures will be funded by taxes and/or available funds during fiscal year 2011.

NOTE 3 - DEPOSITS AND INVESTMENTS

The municipal finance laws of the Commonwealth authorize the Town to invest temporarily idle cash in bank term deposits and certificates of deposits, and treasury and agency obligations of the United States government, with maturities of one year or less; U.S. treasury or agency repurchase agreements with maturities of not more than 90 days; money market accounts; and the state treasurer's investment pool - the Massachusetts Municipal Depository Trust (MMDT).

The MMDT meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee. The reported value of the pool is the same as the fair value of pool shares.

A cash and investment pool is maintained that is available for use by all funds with unrestricted cash and investments. The deposits and investments of the permanent funds and private purpose trust funds are held separately from other Town funds.

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town's deposits may not be recovered. The Town does not have a policy for custodial credit risk of deposits. As of June 30, 2010, \$17,570,481 of the Town's bank balance of \$24,105,942 was uninsured and uncollateralized.

The Town utilizes Veribanc services to monitor its cash and investment accounts on a quarterly basis.

Investments Summary

The Town's investments at June 30, 2010 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>More Than 10</u>
<u>Debt Securities:</u>				
U.S. Agencies.....	\$ 1,087,363	\$ 20,394	\$ 1,066,969	\$ -
Corporate bonds.....	159,184	-	-	159,184
Money market mutual funds.....	2,043,233	2,043,233	-	-
Certificates of deposit.....	7,537,685	4,120,528	3,417,157	-
External investment pools.....	4,721,783	4,721,783	-	-
Total debt securities.....	<u>15,549,248</u>	<u>\$ 10,905,938</u>	<u>\$ 4,484,126</u>	<u>\$ 159,184</u>
<u>Other Investments:</u>				
Equity securities.....	<u>979,343</u>			
Total investments.....	<u>\$ 16,528,591</u>			

Investments - Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The Town does not have a policy for interest rate risk of debt securities.

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. The Town does not have a policy for custodial credit risk of investments. As of June 30, 2010, the Town was not exposed to custodial credit risk.

Investments - Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The Town does not have a policy for credit risk of debt securities. As of June 30, 2010, the credit quality ratings of the Town’s investments in debt securities are as follows:

Investment Type	Fair Value	Quality Ratings *	
		AA+	Unrated
Corporate bonds.....	\$ 159,184	\$ 159,184	\$ -
Money market mutual funds.....	2,043,233	-	2,043,233
Certificates of deposit.....	7,537,685	-	7,537,685
External investment pools.....	4,721,783	-	4,721,783
Total.....	\$ 14,461,885	\$ 159,184	\$ 14,302,701

* Per the rating scale of Standard and Poor’s (a national credit rating organization)

Deposits and Investments – Foreign Currency Risk

Foreign currency risk is the risk that fluctuations in exchange rates will adversely affect the fair value of an investment or a deposit. The Town does not have a policy for foreign currency risk. As of June 30, 2010, the Town was not exposed to foreign currency risk.

Investments – Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town’s investment in a single issuer. The Town does not have a policy for concentration of credit risk. As of June 30, 2010, the Town was not exposed to concentration of credit risk.

NOTE 4 - ACCOUNTS RECEIVABLE

At June 30, 2010, receivables for the individual major governmental funds and nonmajor governmental and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 402,197	\$ -	\$ 402,197
Tax liens.....	409,497	-	409,497
Motor vehicle and other excise taxes.....	156,749	(49,514)	107,235
User fees.....	3,423,742	-	3,423,742
Departmental and other.....	178,917	-	178,917
Intergovernmental.....	9,746,713	-	9,746,713
	\$ 14,317,815	\$ (49,514)	\$ 14,268,301

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The following identifies the various components of *deferred revenue* reported in the governmental funds:

<u>Receivable type:</u>	<u>General Fund</u>	<u>Sewer</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Real estate and personal property taxes.....	\$ 156,767	\$ -	\$ -	\$ 156,767
Tax liens.....	409,497	-	-	409,497
Motor vehicle and other excise taxes.....	107,235	-	-	107,235
User fees.....	1,272,982	2,150,760	-	3,423,742
Departmental and other.....	106,776	35,427	36,714	178,917
Intergovernmental (state school construction).....	6,786,743	-	-	6,786,743
Total.....	\$ 8,840,000	\$ 2,186,187	\$ 36,714	\$ 11,062,901

The Commonwealth has approved school construction assistance to the Town. The assistance program, which is administered by the Massachusetts School Building Authority (MSBA), provides resources for future debt service of general obligation school bonds outstanding and reimbursements of construction costs as they occur. During fiscal year 2010, \$19,727,287 of such assistance was received. \$10,617,687 will be received in future fiscal years. Of this amount, \$870,974 represents reimbursement of long-term interest costs and \$9,746,713 represents reimbursement of approved construction costs. Accordingly, a \$9,746,713 intergovernmental receivable has been reported in the governmental funds financial statements.

Subsequent Event

In August 2010, the Town received \$2,959,970 related to the high school construction project. This amount represents the final reimbursement from the MSBA related to the high school construction project.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 24,180,515	\$ 6,100	\$ -	\$ 24,186,615
Construction in progress.....	-	870,183	-	870,183
Total capital assets not being depreciated.....	<u>24,180,515</u>	<u>876,283</u>	<u>-</u>	<u>25,056,798</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	134,002,087	710,781	-	134,712,868
Machinery and equipment.....	3,851,329	167,921	(410,132)	3,609,118
Vehicles.....	6,588,188	383,220	(1,198,512)	5,772,896
Infrastructure.....	94,332,500	4,198,120	-	98,530,620
Total capital assets being depreciated.....	<u>238,774,104</u>	<u>5,460,042</u>	<u>(1,608,644)</u>	<u>242,625,502</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(29,256,148)	(3,452,743)	-	(32,708,891)
Machinery and equipment.....	(2,749,282)	(367,598)	401,172	(2,715,708)
Vehicles.....	(4,038,885)	(471,336)	1,177,262	(3,332,959)
Infrastructure.....	(55,837,942)	(1,992,340)	-	(57,830,282)
Total accumulated depreciation.....	<u>(91,882,257)</u>	<u>(6,284,017)</u>	<u>1,578,434</u>	<u>(96,587,840)</u>
Total capital assets being depreciated, net.....	<u>146,891,847</u>	<u>(823,975)</u>	<u>(30,210)</u>	<u>146,037,662</u>
Total governmental activities capital assets, net.....	<u>\$ 171,072,362</u>	<u>\$ 52,308</u>	<u>\$ (30,210)</u>	<u>\$ 171,094,460</u>

Depreciation expense was charged to functions/ programs of the primary government as follows:

Governmental Activities:	
General government.....	\$ 506,423
Public safety.....	375,462
Education.....	2,427,261
Public works.....	1,320,656
Water.....	461,042
Sewer.....	960,556
Culture and recreation.....	<u>232,617</u>
Total depreciation expense - governmental activities.....	<u>\$ 6,284,017</u>

NOTE 6 - INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT

Invested in capital assets, net of related debt, at June 30, 2010 is summarized as follows:

Capital assets, net of accumulated depreciation.....	\$ 171,094,460
Less capital related debt outstanding.....	(62,715,384)
Add unspent proceeds of capital related debt.....	<u>2,015,833</u>
Invested in capital assets, net of related debt.....	<u>\$ 110,394,909</u>

NOTE 7 - INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2010, are summarized as follows:

Transfers Out:	Transfers In:		
	General Fund	Nonmajor Governmental Funds	Total
General Fund.....	\$ -	\$ 1,014,332	\$ 1,014,332 (1)
Sewer Fund.....	3,839,028	-	3,839,028 (2)
Nonmajor Governmental Funds.....	<u>1,584,968</u>	<u>-</u>	<u>1,584,968 (3)</u>
	<u>\$ 5,423,996</u>	<u>\$ 1,014,332</u>	<u>\$ 6,438,328</u>

- (1) Represents budgeted transfer to the bond premium stabilization fund
- (2) Represents budgeted transfer to the general fund to fund sewer operations
- (3) Represents budgeted transfers to the general fund from the stabilization fund (\$639,000), impact aid fund (\$449,000), community preservation fund (\$325,113), cemetery fund (\$100,000) and bond premium stabilization fund (\$71,855)

NOTE 8 - SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue anticipation notes (RAN) or tax anticipation notes (TAN)
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BAN) or grant anticipation notes (GAN)

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures for short-term borrowings are accounted for in the general fund.

Details related to the short-term debt activity for the fiscal year ended June 30, 2010, is as follows:

Governmental Funds

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2009	Increases	Decreases	Balance at June 30, 2010
GAN	High School Renovation.....	07/24/08	07/24/09	2.50%	\$ 11,400,000	\$ -	\$ (11,400,000)	\$ -
BAN	High School Renovation.....	07/24/09	07/22/10	1.50%	-	3,035,000	(377,000)	2,658,000
BAN	Summer Street Drainage.....	07/24/09	07/22/10	1.50%	-	100,000	(100,000)	-
BAN	Road Resurfacing.....	07/24/09	07/22/10	1.50%	-	500,000	(500,000)	-
BAN	High School Renovation.....	06/08/10	07/22/10	0.50%	-	200,000	(200,000)	-
BAN	Town Hall Center.....	06/08/10	07/22/10	0.50%	-	200,000	(200,000)	-
BAN	Water Mains.....	06/08/10	07/22/10	0.50%	-	104,200	-	104,200
BAN	North Road Water Main.....	06/08/10	07/22/10	0.50%	-	92,000	-	92,000
BAN	Summer Street Drainage.....	06/08/10	07/22/10	0.50%	-	80,000	(80,000)	-
Total.....					\$ 11,400,000	\$ 4,311,200	\$ (12,857,000)	\$ 2,854,200

Subsequent Events

On July 22, 2010, the Town paid down \$1,038,000 of the \$2,658,000 High School Renovation BAN from available funds and renewed the BAN in the amount of \$1,620,000, at an interest rate of 1.00% with a maturity date of January 14, 2011.

On July 22, 2010, the Town renewed the Water Mains and North Road Water Main BANs in the amount of \$196,200, at an interest rate of 1.50% with a maturity date of July 22, 2011.

NOTE 9 - LONG-TERM OBLIGATIONS

Chapter 44, Section 10, of the MGL authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". However, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

Details related to the outstanding indebtedness at June 30, 2010, and the debt service requirements are as follows:

Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2009	Additions	Reductions	Outstanding at June 30, 2010
Building Construction - School.....	4.40	\$ 5,911,050	\$ -	\$ (5,911,050)	\$ -
Building Remodeling - School.....	4.40	450,000	-	(450,000)	-
Land Acquisition.....	4.30	374,500	-	(374,500)	-
Engineering Services - School.....	4.40	189,450	-	(189,450)	-
Building Addition - School.....	5.40	6,610,000	-	(6,610,000)	-
Traffic Signal Installation.....	5.40	45,000	-	(45,000)	-
Water Bonds-MWRA.....	0.00	130,854	-	(43,618)	87,236
Water Bonds-MWRA.....	0.00	80,000	-	(20,000)	60,000
Building Construction - Public Works.....	4.05	1,690,000	-	(130,000)	1,560,000
Building Construction - School.....	4.11	10,240,000	-	(735,000)	9,505,000
Land Acquisition.....	3.97	195,900	-	(17,200)	178,700
Land Acquisition.....	3.97	282,350	-	(24,550)	257,800
Land Acquisition.....	3.98	300,000	-	(25,000)	275,000
Land Acquisition.....	3.97	326,750	-	(28,250)	298,500
Engineering Services - Public Works.....	4.05	286,668	-	(22,222)	264,446
Building Construction - Public Works.....	4.05	293,332	-	(22,778)	270,554
Building Remodeling - Town Hall.....	3.30	620,000	-	(310,000)	310,000
Building Remodeling - Municipal.....	3.80	2,500,000	-	(175,000)	2,325,000
Land Acquisition.....	3.83	1,050,000	-	(70,000)	980,000
Building Construction - Public Works.....	3.82	3,665,000	-	(270,000)	3,395,000
Sewer Bonds - MWRA.....	0.00	24,860	-	(24,860)	-
Water Equipment.....	3.74	325,000	-	(55,000)	270,000
Water Mains.....	3.96	1,600,000	-	(95,000)	1,505,000
Water Bonds - MWRA.....	0.00	305,946	-	(38,243)	267,703
High School Renovation.....	3.90	1,980,000	-	(135,000)	1,845,000
Land Acquisition.....	3.90	350,000	-	(25,000)	325,000
Town Center Facility.....	3.92	1,860,000	-	(125,000)	1,735,000
Town Hall Remodeling.....	3.93	340,000	-	(25,000)	315,000
Sewer Bonds - MWRA.....	0.00	60,060	-	(20,020)	40,040
Sewer Bonds - MWRA.....	0.00	67,320	-	(16,830)	50,490
High School Renovation.....	4.23	14,725,000	-	-	14,725,000
Fire Pumper.....	3.60	410,000	-	-	410,000
Road Resurfacing.....	2.94	750,000	-	-	750,000
High School Renovation.....	2.50	10,600,000	577,000	-	11,177,000
Water Mains.....	2.50	475,000	-	-	475,000
Water Standpipe.....	2.50	150,000	-	-	150,000
Sewer Expansion.....	2.50	339,000	-	-	339,000
Road Resurfacing.....	2.50	700,000	500,000	-	1,200,000
Shawsheen Well.....	2.50	100,000	-	-	100,000
Middlesex Turnpike.....	1.45	930,000	-	-	930,000
Water Design.....	1.45	10,000	-	-	10,000
General Obligation Refunding Bonds.....	2.14	-	2,775,000	-	2,775,000
Sewer Bonds - MWRA.....	0.00	-	319,715	-	319,715
Summer Street Drainage.....	4.00	-	180,000	-	180,000
Town Center North Wing.....	4.08	-	200,000	-	200,000
Total bonds and notes payable.....		\$ 71,343,040	\$ 4,551,715	\$ (16,033,571)	\$ 59,861,184

Debt service requirements for principal and interest for governmental bonds and notes payable in future fiscal years are as follows:

Fiscal Year	Principal	Interest	Total
2011.....	\$ 4,212,654	\$ 2,031,918	\$ 6,244,572
2012.....	4,774,501	2,112,622	6,887,123
2013.....	4,609,863	1,967,050	6,576,913
2014.....	4,493,033	1,812,555	6,305,588
2015.....	4,238,033	1,651,375	5,889,408
2016.....	3,978,438	1,497,022	5,475,460
2017.....	3,853,440	1,342,479	5,195,919
2018.....	3,745,195	1,179,190	4,924,385
2019.....	3,519,544	1,014,662	4,534,206
2020.....	3,444,544	855,379	4,299,923
2021.....	3,441,939	708,310	4,150,249
2022.....	3,305,000	573,407	3,878,407
2023.....	3,135,000	441,154	3,576,154
2024.....	2,280,000	318,866	2,598,866
2025.....	1,650,000	240,126	1,890,126
2026.....	1,625,000	176,698	1,801,698
2027.....	1,335,000	115,500	1,450,500
2028.....	555,000	77,700	632,700
2029.....	555,000	55,500	610,500
2030.....	555,000	33,300	588,300
2031.....	555,000	11,094	566,094
Totals.....	\$ <u>59,861,184</u>	\$ <u>18,215,907</u>	\$ <u>78,077,091</u>

The Town issued \$21,096,000 of general obligation bonds on July 15, 2010. Of this amount, \$1,457,000 was used to retire BANs outstanding at June 30, 2010 for building renovations and infrastructure. Accordingly, \$1,457,000 is recorded as a long-term debt obligation at June 30, 2010.

The Massachusetts Water Resource Authority (MWRA) operates an Infiltration/Inflow Financial Assistance Program for community owned collection systems. For each community approved for the project, financial assistance received from the MWRA consists of a grant and non-interest bearing loan (payable in five equal annual installments). During fiscal year 2010, the Town received a non-interest bearing MWRA loan in the amount of \$319,715. At June 30, 2010, the outstanding principal amount of these loans totaled \$825,184.

Advanced Refunding – April 1, 2010

The Town issued \$2,775,000 of general obligation refunding bonds, combined with an equity contribution of \$9,931,452 and premium of \$68,319, to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$12,215,000 of general obligation bonds related to school construction, land acquisition and infrastructure. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$479,953. This amount was expensed in the current fiscal year. This advance refunding was undertaken to reduce total debt service payments over the next ten years by \$12,439,115 and resulted in an economic gain of \$1,236,562.

Details of the advanced refunding are as follows:

<u>Description</u>	<u>Nonmajor Governmental Funds</u>
Refunding bonds issued.....	\$ 2,775,000
Equity contribution*.....	9,931,452
Refunding bonds premium.....	68,319
Refunded bonds defeased.....	(12,215,000)
Bond issuance costs.....	<u>(79,818)</u>
Net loss on refunding.....	<u>\$ 479,953</u>

<u>Description</u>	<u>Nonmajor Governmental Funds</u>
Net change in debt service payments.....	<u>\$ (12,439,115)</u>

<u>Description</u>	<u>Nonmajor Governmental Funds</u>
Economic gain.....	<u>\$ 1,236,562</u>

* During fiscal year 2010, the MSBA provided a lump sum final reimbursement for the Davis and Lane School construction projects totaling \$9,931,452. This amount was used to partially fund the refunding of the related school construction bonds previously issued.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2010, the Town had the following authorized and unissued debt:

Purpose	Amount
Land Acquisition.....	\$ 5,004,000 (1)
High School Renovation.....	4,245,330 (2)
Road Resurfacing.....	2,500,000 (3)
Town Hall Center.....	1,535,000 (4)
Water Mains.....	1,475,000 (5)
Middlesex Turnpike.....	935,000 (6)
North Road Water Main.....	625,000 (7)
Middlesex Turnpike Water Main.....	425,000
Sewer System Expansion.....	341,000 (8)
Crosby Drive Water Standpipe.....	260,000
Fire Mini Pumper.....	218,000
Ambulance.....	204,500
Summer Street Drainage.....	180,000 (4)
Sewer Pump Station.....	170,000
Water Tank Repair/Other.....	160,000 (4)
Infiltration/Inflow Program.....	150,000
Shawsheen Well.....	100,000 (4)
School.....	229
Total.....	<u>\$ 18,528,059</u>

- (1) \$5,000,000 of bonds were issued subsequent to year-end
- (2) Short-term debt of \$2,658,000 has been issued and is outstanding at June 30, 2010 and \$577,000 of bonds were issued subsequent to year-end
- (3) \$1,200,000 of bonds were issued subsequent to year-end
- (4) Bonds were issued subsequent to year-end for this amount
- (5) Short-term debt of \$104,200 has been issued and is outstanding at June 30, 2010 and \$475,000 of bonds were issued subsequent to year-end
- (6) \$930,000 of bonds were issued subsequent to year-end
- (7) Short-term debt of \$92,000 has been issued and is outstanding at June 30, 2010
- (8) \$339,000 of bonds were issued subsequent to year-end

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2010, the following changes occurred in long-term liabilities:

	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010	Current Portion
Governmental Activities:					
Compensated absences.....	\$ 1,453,000	\$ 1,016,612	\$ (991,607)	\$ 1,478,005	\$ 987,075
Bonds and notes payable.....	71,343,040	4,551,715	(16,033,571)	59,861,184	4,212,654
Net OPEB obligation.....	3,078,976	4,780,145	(1,168,549)	6,690,572	-
Total.....	\$ 75,875,016	\$ 10,348,472	\$ (18,193,727)	\$ 68,029,761	\$ 5,199,729

The governmental activities long-term liabilities are generally liquidated by the general fund.

NOTE 10 - SPECIAL REVENUE RESERVESStabilization Funds

At June 30, 2010, \$3,403,857 has been set aside in stabilization funds, which are classified as nonmajor governmental funds in the governmental funds financial statements. Of the total stabilization fund balances, \$2,461,380 can be used for general and/or capital purposes and \$942,477 can be used for debt service.

Pension Fund

The Town has \$1,507,817 in a pension fund, which is classified as a nonmajor governmental fund in the governmental funds financial statements. The pension fund can be used to fund the annual pension obligation due to the Middlesex Retirement System (System).

Post Retirement Benefits

The Town has \$2,030,426 in a postemployment benefits fund, which is classified as a nonmajor governmental fund in the governmental funds financial statements. The postemployment benefits fund can be used to fund postemployment benefits other than pensions.

NOTE 11 - RISK FINANCING*Property and Liability Insurance*

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

Health Insurance and Workers' Compensation

The Town participates in premium-based health care and workers' compensation plans for its active employees and a portion of its retirees. The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

The Town is self-insured for health care of a portion of its retirees. These activities are accounted for in the general fund where expenses are recorded when incurred.

The estimated "Incurred But Not Reported (IBNR)" claims are based on actual lag claims. The liability at June 30, 2010 totaled \$83,473. Changes in the reported liability since July 1, 2008, are as follows:

	<u>Balance at Beginning of Fiscal Year</u>		<u>Current Year Claims and Changes in Estimate</u>		<u>Claims Payments</u>		<u>Balance at Fiscal Year-end</u>
Fiscal year 2009.....	\$ 69,000	\$	918,525	\$	(902,525)	\$	85,000
Fiscal year 2010.....	85,000		955,370		(956,897)		83,473

NOTE 12 - PENSION PLAN

Plan Description - The Town contributes to the System, a cost-sharing multiple-employer defined benefit pension plan administered by the Middlesex Retirement Board. Substantially all employees of the Town are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System.

Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System provides retirement, disability and death benefits to plan members and beneficiaries. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be authorized by the Middlesex Retirement Board and are borne by the System. The System issues a publicly available report in accordance with guidelines established by the Commonwealth's Public Employee Retirement Administration Commission. That report may be obtained by contacting the System located at 25 Linnell Circle, Billerica, Massachusetts, 01865.

Funding Policy - Chapter 32 of MGL governs the contributions of plan members and the Town. Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on annual covered payroll. The Town's contributions to the System for the fiscal years ended June 30, 2010, 2009, and 2008 were approximately \$2,481,000, \$2,416,000 and \$2,156,000, respectively, which equaled its required contribution for each fiscal year.

NOTE 13 - MASSACHUSETTS TEACHERS RETIREMENT SYSTEM

Public school teachers and certain administrators are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$5,250,000 for the fiscal year ended June 30, 2010, and accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS

Plan Description – The Town provides health insurance coverage for its retirees and their survivors (hereinafter referred to as the “Plan”) as a single-employer defined benefit Other Post Employment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions. Changes to plan design and contribution rates must be accomplished through the collective bargaining process. The Plan does not issue a stand alone financial report.

The number of participants as of June 30, 2008, the latest actuarial valuation, is as follows:

Active employees.....	392
Retired employees, beneficiaries and dependents.....	<u>289</u>
Total.....	<u>681</u>

Funding Policy – The contribution requirements of Plan members and the Town are established and may be amended by the Town. The required health insurance contribution rates of Plan members and the Town are 50%, respectively. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the Town.

Annual OPEB Cost and Net OPEB Obligation – The Town’s annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an actuarially determined amount that is calculated in accordance with the parameters set forth in GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town’s annual OPEB cost for the year, the actual amount contributed to the plan, and changes in the Town’s net OPEB obligation:

	<u>Amount</u>
Annual required contribution.....	\$ 4,763,158
Interest on net OPEB obligation.....	123,159
Adjustment to annual required contribution.....	<u>(106,172)</u>
Annual OPEB cost.....	4,780,145
Contributions made.....	<u>(1,168,549)</u>
Increase in net OPEB obligation.....	3,611,596
Net OPEB obligation at beginning of year.....	<u>3,078,976</u>
Net OPEB obligation at end of year.....	<u>\$ 6,690,572</u>

Trend information regarding annual pension cost, the percentage of the annual pension cost contributed and the net OPEB obligation is as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOPEBC)</u>	<u>Percentage of AOPEBC Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009*	\$ 4,523,142	31.9%	\$ 3,078,976
June 30, 2010	4,780,145	24.4%	6,690,572

* Transition year

Funded Status and Funding Progress – The funded status of the Plan at June 30, 2008, the most recent actuarial valuation, was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a Percentage of Covered Payroll ((B-A)/C)</u>
06/30/08	\$ -	\$ 61,170,521	\$ 61,170,521	0.0%	\$ 32,019,829	191.0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The significant methods and assumptions as of the latest actuarial valuation are as follows:

Valuation date:	June 30, 2008
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level percentage of projected payroll
Remaining amortization period:	30 years at July 1, 2008, closed
Interest discount rate:	4.00%
Healthcare/Medical cost trend rate:	10.00% decreasing by 0.75% for 6 years and by 0.50% for 1 year to an ultimate level of 5.00% per year
Projected salary increases:	4.00%

Allocation of AOPEBC - AOPEBC costs were allocated to the Town's functions as follows:

Governmental Activities:

General government.....	\$ 449,241
Public safety.....	1,247,786
Education.....	2,093,704
Public works.....	448,235
Water.....	58,601
Sewer.....	73,741
Health and human services.....	198,281
Culture and recreation.....	<u>210,556</u>
Total AOPEBC - governmental activities.....	<u>\$ 4,780,145</u>

NOTE 15 - COMMITMENTS

In March 2010, the Town authorized the borrowing of \$5,000,000 for the purpose of acquiring approximately 50 acres of land known as 350 and 350A Concord Road. In July 2010, the Town issued general obligation bonds in the amount of \$5,000,000 and executed the purchase of the land.

The Town has also entered into, or is planning to enter into, contracts totaling approximately \$9,000,000 for infrastructure, building renovations, vehicles and equipment.

NOTE 16 - CONTINGENCIES

Various legal actions and claims are pending against the Town. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2010, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2010.

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2010, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

NOTE 17 - PRIOR PERIOD RECLASSIFICATIONS

The beginning fund balances of the sewer and nonmajor governmental funds have been restated from zero and \$22,969,381 to \$5,230,212 and \$17,739,169 to reflect the reclassification of the sewer fund to a major fund.

NOTE 18 - IMPLEMENTATION OF GASB PRONOUNCEMENTS

The Town implemented the following GASB pronouncements during fiscal year 2010:

- Statement #51, *Accounting and Financial Reporting for Intangible Assets*. The implementation of this Statement had no impact on the financial statements.
- Statement #53, *Accounting and Financial Reporting for Derivative Instruments*. The implementation of this Statement had no impact on the financial statements.
- Statement #55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The implementation of this Statement had no impact on the financial statements.
- Statement #56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. The implementation of this Statement had no impact on the financial statements.
- Statement #58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. The implementation of this Statement had no impact on the financial statements.

NOTE 19 - FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS

The GASB has issued the following statements:

- Statement #54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is required to be implemented during fiscal year 2011. The Town is currently evaluating the effect that this Statement will have on its basic financial statements.
- Statement #57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which is required to be implemented during fiscal year 2012. The implementation of this pronouncement will not impact the basic financial statements.
- Statement #59, *Financial Instruments Omnibus*, which is required to be implemented during fiscal year 2011. The Town is currently evaluating the effect that this Statement will have on its basic financial statements.

These pronouncements will be implemented by their respective implementation dates.

Required Supplementary Information

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
REVENUES:					
Real estate and personal property taxes.....	\$ 47,264,390	\$ 45,607,315	\$ 45,921,371	\$ -	\$ 314,056
Motor vehicle and other excise taxes.....	2,422,485	2,422,485	2,308,614	-	(113,871)
Charges for services.....	2,605,000	2,605,000	2,484,994	-	(120,006)
Penalties and interest on taxes.....	-	-	216,645	-	216,645
Payments in lieu of taxes.....	1,419,862	1,419,862	1,418,587	-	(1,275)
Intergovernmental.....	6,599,921	6,599,921	6,544,165	-	(55,756)
Departmental and other.....	1,835,450	1,835,450	1,782,777	-	(52,673)
Investment income.....	349,201	349,201	303,988	-	(45,213)
TOTAL REVENUES.....	62,496,309	60,839,234	60,981,141	-	141,907
EXPENDITURES:					
Current:					
General government.....					-
Selectmen.....	1,084,612	1,109,202	541,014	566,832	1,356
Finance/Administrative services.....	1,069,326	1,061,280	961,136	58,637	41,507
Financial Committees.....	471,760	441,760	200	-	441,560
Board of Assessors.....	304,002	302,627	295,447	-	7,180
Legal services.....	175,000	175,000	171,916	-	3,084
Town Clerk.....	199,906	199,906	190,804	4,675	4,427
Elections and registrations.....	22,224	22,224	21,035	-	1,189
Planning Board.....	132,074	131,375	131,328	-	47
Facilities.....	1,263,502	1,241,196	908,249	265,549	67,398
Town Center.....	142,534	134,682	128,717	3,923	2,042
Police department.....	3,103,350	3,103,350	3,087,354	17,843	(1,847)
Fire department.....	2,281,464	2,281,464	2,220,935	23,170	37,359
Code enforcement.....	415,838	415,588	405,629	3,271	6,688
School department.....	31,527,459	31,390,190	30,902,713	433,649	53,828
Vocational education.....	489,967	489,967	489,090	-	877
Public works.....	11,083,171	10,657,906	9,606,731	780,007	271,168
Board of Health.....	522,481	519,776	506,703	8,343	4,730
Hazardous waste.....	16,500	16,250	9,759	-	6,491
Mosquito control.....	33,489	33,489	33,489	-	-
Bedford Local Transit.....	55,105	55,105	52,711	-	2,394
Council on Aging.....	167,094	167,094	162,017	-	5,077
Youth and family services.....	339,531	339,531	296,985	-	42,546
Public Library.....	1,133,417	1,127,377	1,110,900	8,349	8,128
Recreation Commission.....	175,507	150,507	150,597	-	(90)
Historic Preservation Commission.....	1,220	1,220	1,212	-	8
Pension benefits.....	2,585,150	2,535,150	2,527,970	-	7,180
Insurance and benefits.....	6,239,570	6,239,570	5,827,144	-	412,426
State and county charges.....	283,011	283,011	274,138	-	8,873
Debt service:					
Principal.....	3,848,571	3,848,571	3,818,571	-	30,000
Interest.....	3,316,235	3,256,090	3,014,069	-	242,021
TOTAL EXPENDITURES.....	72,483,070	71,730,458	67,848,563	2,174,248	1,707,647
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(9,986,761)	(10,891,224)	(6,867,422)	(2,174,248)	1,849,554
OTHER FINANCING SOURCES (USES):					
Premium from issuance of debt.....	-	1,353,051	1,358,368	-	5,317
Transfers in.....	4,873,406	5,423,996	5,423,996	-	-
Transfers out.....	-	(1,014,332)	(1,014,332)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	4,873,406	5,762,715	5,768,032	-	5,317
NET CHANGE IN FUND BALANCE.....	(5,113,355)	(5,128,509)	(1,099,390)	(2,174,248)	1,854,871
BUDGETARY FUND BALANCE AT BEGINNING OF YEAR.....	9,588,175	9,588,175	9,588,175	9,588,175	-
BUDGETARY FUND BALANCE AT END OF YEAR.....	\$ 4,474,820	\$ 4,459,666	\$ 8,488,785	\$ 7,413,927	\$ 1,854,871

See notes to required supplementary information.

PENSION PLAN SCHEDULES

The following schedules provide information related to the System as a whole, for which the Town is one participating employer:

SCHEDULES OF FUNDING PROGRESS (SYSTEM)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
01/01/08	\$ 774,863,669	\$ 1,529,806,307	\$ 754,942,638	50.7%	\$ 360,206,302	209.6%
01/01/06	653,156,866	1,364,582,969	711,426,103	47.9%	330,999,861	214.9%
01/01/04	618,163,380	1,223,828,127	605,664,747	50.5%	306,025,949	197.9%
01/01/02	599,699,143	1,020,828,178	421,129,035	58.7%	280,740,439	150.0%
01/01/00	570,263,467	905,280,472	335,017,005	63.0%	253,228,818	132.3%
01/01/98	476,708,969	763,093,878	286,384,909	62.5%	215,380,186	133.0%

SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)

Year Ended December 31	Annually Required Contributions (ARC)	Percentage of ARC Contributed (%)
2004	\$ 44,502,111	100
2005	50,660,236	100
2006	57,553,642	100
2007	64,053,064	100
2008	71,233,749	100
2009	74,126,190	100

The following schedule provides information related to the Town's portion of the System's ARC:

TOWN SHARE OF SYSTEM ARC

Fiscal Year Ended	ARC	Percentage of ARC Contributed (%)	Town ARC as a Percentage of System ARC (%)
2005	\$ 1,515,896	100	3.4
2006	1,669,361	100	3.3
2007	1,927,370	100	3.3
2008	2,155,983	100	3.4
2009	2,416,270	100	3.4
2010	2,481,050	100	3.3

NOTE A - BUDGETARY - GAAP RECONCILIATION

For budgetary financial reporting purposes, the Uniform Massachusetts Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2010, is presented below:

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 60,981,141	\$ 67,848,563
<u>Reclassifications</u>		
Activity of health insurance trusts recorded in the general fund for GAAP purposes.....	11,450	(83,875)
<u>Adjustments</u>		
Net change in recording 60-day receipts.....	57,301	-
Net change in recording tax refunds payable.....	(771,510)	-
To record activity for MTRS on-behalf payments.....	5,250,443	5,250,443
Net change in recording short-term interest accrual.....	<u>-</u>	<u>237,582</u>
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	<u>\$ 65,528,825</u>	<u>\$ 73,252,713</u>

NOTE B - PENSION PLAN

Additional information as of the latest actuarial valuation is as follows:

Valuation date:	January 1, 2008
Actuarial cost method:	Entry age normal
Amortization method:	Level dollar for the 1992, 2002 and 2003 ERIs and 4.50% increasing for the remaining unfunded liability.
Remaining amortization period:	As of July 2008, 2 years remaining for 1992 ERI liability; 11 years remaining for 2002; 12 years remaining for 2003 and 20 years remaining for the unfunded liability.
Asset valuation method:	The difference between the expected return and the actual investment return on a market value basis is recognized over a 5 year period as described by Revenue Procedure 2000-40.
<u>Actuarial assumptions:</u>	
Investment rate of return:	8.25%
Projected salary increases:	4.00% for the next 4 years
Cost of living adjustments:	3.00% on the first \$12,000

Combining Statements



Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than permanent funds or capital project funds) that are restricted by law or administrative action to expenditures for specified purposes. The Town's special revenue funds are grouped into the following categories:

Town Revolving Funds – This fund is used to account for the non-school related activity of revolving funds established in accordance with MGL Chapter 44, Section 53E ½.

School Revolving Funds – This fund is used to account for the school department's revolving funds established in accordance with MGL Chapter 44, Section 53E ½ and Chapter 71.

Grants – This fund is used to account for grant funds received from state and federal governments which are restricted for specific programs.

Community Preservation Funds – This fund is used to account for funds received in accordance with the Massachusetts Community Preservation Act (the "CPA"). Funds are received under the CPA through a surcharge of up to 3% of the real property tax levy and matching state grants. These funds are spent for the acquisition, creation and preservation of open space, historic resources and affordable housing.

Other Funds – This fund is used to account for cemetery improvement funds, bequests that do not contain a non-expendable portion, and other receipts reserved for future appropriation.

Post Employment Benefits – This fund is used to account for amounts accumulated for future Town obligations related to post employment benefits.

Pension Funds – This fund is used to account for funds accumulated to fund future pension obligations.

Gifts – This fund is used to account for gifts which have been accepted by the Town to be used for the purpose specified by the donor.

Stabilization – This fund is used to account for the accumulation of resources to provide general and/or capital reserves.

Bond Premium Stabilization – This fund is used to account for the accumulation of resources for debt service.

Capital Project Funds

Davis School – accounts for the activity related to the Davis School construction

Lane School - accounts for the activity related to the Lane School construction

Other Capital Projects – accounts for the proceeds of bonds sold, intergovernmental grants and operating transfers in to finance major capital acquisitions and construction projects of the governmental funds.

Permanent Funds

Library Trust Funds – accounts for all library related contributions and bequests for which only earnings may be expended to benefit the government.

Other Trust Funds – accounts for all non library related contributions and bequests for which only earnings may be expended to benefit the government.

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**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2010

ASSETS	<i>Special Revenue Funds</i>			
	Town Revolving Funds	School Revolving Funds	Grants	Community Preservation Funds
Cash and cash equivalents.....	\$ 1,111,771	\$ 52,601	\$ -	\$ -
Investments.....	-	-	-	-
Receivables, net of uncollectibles:				
Departmental and other.....	-	-	-	36,714
Restricted assets:				
Cash and cash equivalents.....	-	-	816,766	4,215,764
Investments.....	-	-	-	-
TOTAL ASSETS.....	\$ 1,111,771	\$ 52,601	\$ 816,766	\$ 4,252,478
 LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Warrants payable.....	\$ 64,066	\$ 29,138	\$ 61,316	\$ 327,291
Accrued payroll.....	401	2,948	75,471	81
Deferred revenues.....	-	-	-	36,714
Short-term notes payable.....	-	-	-	-
TOTAL LIABILITIES.....	64,467	32,086	136,787	364,086
 FUND BALANCES:				
Reserved for:				
Employee benefits.....	-	-	-	-
Perpetual permanent funds.....	-	-	-	-
Community preservation.....	-	-	-	3,888,392
Grants and gifts.....	-	-	679,979	-
Unreserved:				
Undesignated, reported in:				
Special revenue funds.....	1,047,304	20,515	-	-
Capital projects funds.....	-	-	-	-
Permanent funds.....	-	-	-	-
TOTAL FUND BALANCES.....	1,047,304	20,515	679,979	3,888,392
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 1,111,771	\$ 52,601	\$ 816,766	\$ 4,252,478

Special Revenue Funds

<u>Other Funds</u>	<u>Post Employment Benefits</u>	<u>Pension Funds</u>	<u>Gifts</u>	<u>Stabilization</u>	<u>Bond Premium Stabilization</u>	<u>Sub-total</u>
\$ 615,380	\$ -	\$ -	\$ -	\$ 439,805	\$ 942,477	\$ 3,162,034
1,325,899	-	-	-	2,021,575	-	3,347,474
-	-	-	-	-	-	36,714
-	35,443	27,898	707,281	-	-	5,803,152
-	1,994,983	1,479,919	-	-	-	3,474,902
<u>\$ 1,941,279</u>	<u>\$ 2,030,426</u>	<u>\$ 1,507,817</u>	<u>\$ 707,281</u>	<u>\$ 2,461,380</u>	<u>\$ 942,477</u>	<u>\$ 15,824,276</u>
\$ 38,478	\$ -	\$ -	\$ 2,570	\$ -	\$ -	\$ 522,859
-	-	-	-	-	-	78,901
-	-	-	-	-	-	36,714
-	-	-	-	-	-	-
<u>38,478</u>	<u>-</u>	<u>-</u>	<u>2,570</u>	<u>-</u>	<u>-</u>	<u>638,474</u>
-	2,030,426	1,507,817	-	-	-	3,538,243
-	-	-	-	-	-	-
-	-	-	-	-	-	3,888,392
-	-	-	704,711	-	-	1,384,690
1,902,801	-	-	-	2,461,380	942,477	6,374,477
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,902,801</u>	<u>2,030,426</u>	<u>1,507,817</u>	<u>704,711</u>	<u>2,461,380</u>	<u>942,477</u>	<u>15,185,802</u>
<u>\$ 1,941,279</u>	<u>\$ 2,030,426</u>	<u>\$ 1,507,817</u>	<u>\$ 707,281</u>	<u>\$ 2,461,380</u>	<u>\$ 942,477</u>	<u>\$ 15,824,276</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2010

ASSETS	<i>Capital Project Funds</i>			
	Davis School	Lane School	Other Capital Projects	Sub-total
Cash and cash equivalents.....	\$ -	\$ -	\$ -	\$ -
Investments.....	-	-	-	-
Receivables, net of uncollectibles:				
Departmental and other.....	-	-	-	-
Restricted assets:				
Cash and cash equivalents.....	-	-	1,884,493	1,884,493
Investments.....	-	-	-	-
TOTAL ASSETS.....	\$ -	\$ -	\$ 1,884,493	\$ 1,884,493
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Warrants payable.....	\$ -	\$ -	\$ 218,183	\$ 218,183
Accrued payroll.....	-	-	-	-
Deferred revenues.....	-	-	-	-
Notes payable.....	-	-	196,200	196,200
TOTAL LIABILITIES.....	-	-	414,383	414,383
FUND BALANCES:				
Reserved for:				
Employee benefits.....	-	-	-	-
Perpetual permanent funds.....	-	-	-	-
Community preservation.....	-	-	-	-
Grants and gifts.....	-	-	-	-
Unreserved:				
Undesignated, reported in:				
Special revenue funds.....	-	-	-	-
Capital projects funds.....	-	-	1,470,110	1,470,110
Permanent funds.....	-	-	-	-
TOTAL FUND BALANCES.....	-	-	1,470,110	1,470,110
TOTAL LIABILITIES AND FUND BALANCES.....	\$ -	\$ -	\$ 1,884,493	\$ 1,884,493

<u>Permanent Funds</u>			<u>Total</u>
<u>Library Trust Funds</u>	<u>Other Trust Funds</u>	<u>Sub-total</u>	<u>Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 3,162,034
-	-	-	3,347,474
-	-	-	36,714
14,257	16,304	30,561	7,718,206
<u>628,978</u>	<u>136,011</u>	<u>764,989</u>	<u>4,239,891</u>
<u>\$ 643,235</u>	<u>\$ 152,315</u>	<u>\$ 795,550</u>	<u>\$ 18,504,319</u>
\$ 140	\$ -	\$ 140	\$ 741,182
-	-	-	78,901
-	-	-	36,714
<u>-</u>	<u>-</u>	<u>-</u>	<u>196,200</u>
<u>140</u>	<u>-</u>	<u>140</u>	<u>1,052,997</u>
-	-	-	3,538,243
298,295	152,315	450,610	450,610
-	-	-	3,888,392
-	-	-	1,384,690
-	-	-	6,374,477
-	-	-	1,470,110
<u>344,800</u>	<u>-</u>	<u>344,800</u>	<u>344,800</u>
<u>643,095</u>	<u>152,315</u>	<u>795,410</u>	<u>17,451,322</u>
<u>\$ 643,235</u>	<u>\$ 152,315</u>	<u>\$ 795,550</u>	<u>\$ 18,504,319</u>

(Concluded)

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 2010

	<i>Special Revenue Funds</i>			
	Town Revolving Funds	School Revolving Funds	Grants	Community Preservation Funds
<u>REVENUES:</u>				
Community preservation surcharges.....	\$ -	\$ -	\$ -	\$ 1,114,123
Intergovernmental.....	-	-	2,905,486	443,486
Departmental and other.....	2,474,256	625,567	6,125	2,029
Contributions.....	-	-	-	-
Investment income.....	1,348	-	42	42,136
TOTAL REVENUES.....	2,475,604	625,567	2,911,653	1,601,774
<u>EXPENDITURES:</u>				
Current:				
General government.....	24,758	-	19,466	1,026,466
Public safety.....	457,455	-	225,441	-
Education.....	273,914	643,377	2,242,939	-
Public works.....	29,696	-	503,375	-
Water.....	-	-	-	-
Sewer.....	-	-	-	-
Human services.....	-	-	28,167	-
Culture and recreation.....	1,521,155	-	9,519	-
TOTAL EXPENDITURES.....	2,306,978	643,377	3,028,907	1,026,466
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	168,626	(17,810)	(117,254)	575,308
<u>OTHER FINANCING SOURCES (USES):</u>				
Issuance of debt.....	-	-	-	200,000
Issuance of refunding bonds.....	-	-	-	-
Premium from issuance of refunding bonds.....	-	-	-	-
Payments to refunded bond escrow agent.....	-	-	-	-
Transfers in.....	-	-	-	-
Transfers out.....	-	-	(449,000)	(325,113)
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	(449,000)	(125,113)
NET CHANGE IN FUND BALANCES.....	168,626	(17,810)	(566,254)	450,195
FUND BALANCES AT BEGINNING OF YEAR (AS RESTATED).....	878,678	38,325	1,246,233	3,438,197
FUND BALANCES AT END OF YEAR.....	\$ 1,047,304	\$ 20,515	\$ 679,979	\$ 3,888,392

Special Revenue Funds

Other Funds	Post Employment Benefits	Pension Funds	Gifts	Stabilization	Bond Premium Stabilization	Sub-total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,114,123
1,677	-	-	-	-	-	3,350,649
378,986	-	-	-	-	-	3,486,963
80,520	-	-	128,412	-	-	208,932
49,976	68,078	65,533	279	72,624	-	300,016
<u>511,159</u>	<u>68,078</u>	<u>65,533</u>	<u>128,691</u>	<u>72,624</u>	<u>-</u>	<u>8,460,683</u>
532,778	-	-	27	-	-	1,603,495
-	-	-	6,430	-	-	689,326
-	-	-	30,818	-	-	3,191,048
-	-	-	8,273	-	-	541,344
-	-	-	-	-	-	-
-	-	-	34,756	-	-	62,923
-	-	-	500	-	-	1,531,174
<u>532,778</u>	<u>-</u>	<u>-</u>	<u>80,804</u>	<u>-</u>	<u>-</u>	<u>7,619,310</u>
<u>(21,619)</u>	<u>68,078</u>	<u>65,533</u>	<u>47,887</u>	<u>72,624</u>	<u>-</u>	<u>841,373</u>
-	-	-	-	-	-	200,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(639,000)</u>	<u>1,014,332</u>	<u>1,014,332</u>
<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(639,000)</u>	<u>(71,855)</u>	<u>(1,584,968)</u>
<u>(121,619)</u>	<u>68,078</u>	<u>65,533</u>	<u>47,887</u>	<u>(566,376)</u>	<u>942,477</u>	<u>470,737</u>
<u>2,024,420</u>	<u>1,962,348</u>	<u>1,442,284</u>	<u>656,824</u>	<u>3,027,756</u>	<u>-</u>	<u>14,715,065</u>
<u>\$ 1,902,801</u>	<u>\$ 2,030,426</u>	<u>\$ 1,507,817</u>	<u>\$ 704,711</u>	<u>\$ 2,461,380</u>	<u>\$ 942,477</u>	<u>\$ 15,185,802</u>

(Continued)

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 2010

	<i>Capital Project Funds</i>			
	Davis School	Lane School	Other Capital Projects	Sub-total
REVENUES:				
Community preservation surcharges.....	\$ -	\$ -	\$ -	\$ -
Intergovernmental.....	4,407,071	5,524,381	261,585	10,193,037
Departmental and other.....	-	-	-	-
Contributions.....	-	-	-	-
Investment income.....	-	-	366	366
TOTAL REVENUES.....	4,407,071	5,524,381	261,951	10,193,403
EXPENDITURES:				
Current:				
General government.....	34,310	39,566	19,048	92,924
Public safety.....	-	-	-	-
Education.....	-	-	12,459	12,459
Public works.....	-	-	1,056,592	1,056,592
Water.....	-	-	763,415	763,415
Sewer.....	-	-	154,026	154,026
Human services.....	-	-	-	-
Culture and recreation.....	-	-	-	-
TOTAL EXPENDITURES.....	34,310	39,566	2,005,540	2,079,416
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	4,372,761	5,484,815	(1,743,589)	8,113,987
OTHER FINANCING SOURCES (USES):				
Issuance of debt.....	-	-	999,715	999,715
Issuance of refunding bonds.....	1,054,779	774,233	945,988	2,775,000
Premium from issuance of refunding bonds.....	29,367	33,866	5,086	68,319
Payments to refunded bond escrow agent.....	(5,456,907)	(6,292,914)	(945,132)	(12,694,953)
Transfers in.....	-	-	-	-
Transfers out.....	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	(4,372,761)	(5,484,815)	1,005,657	(8,851,919)
NET CHANGE IN FUND BALANCES.....	-	-	(737,932)	(737,932)
FUND BALANCES AT BEGINNING OF YEAR (AS RESTATED).....	-	-	2,208,042	2,208,042
FUND BALANCES AT END OF YEAR.....	\$ -	\$ -	\$ 1,470,110	\$ 1,470,110

<i>Permanent Funds</i>			Total
Library Trust Funds	Other Trust Funds	Sub-total	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 1,114,123
-	-	-	13,543,686
91	-	91	3,487,054
-	-	-	208,932
<u>14,904</u>	<u>4,926</u>	<u>19,830</u>	<u>320,212</u>
<u>14,995</u>	<u>4,926</u>	<u>19,921</u>	<u>18,674,007</u>
-	-	-	1,696,419
-	-	-	689,326
-	-	-	3,203,507
-	-	-	1,597,936
-	-	-	763,415
-	-	-	154,026
-	-	-	62,923
<u>40,573</u>	<u>-</u>	<u>40,573</u>	<u>1,571,747</u>
<u>40,573</u>	<u>-</u>	<u>40,573</u>	<u>9,739,299</u>
<u>(25,578)</u>	<u>4,926</u>	<u>(20,652)</u>	<u>8,934,708</u>
-	-	-	1,199,715
-	-	-	2,775,000
-	-	-	68,319
-	-	-	(12,694,953)
-	-	-	1,014,332
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,584,968)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,222,555)</u>
<u>(25,578)</u>	<u>4,926</u>	<u>(20,652)</u>	<u>(287,847)</u>
<u>668,673</u>	<u>147,389</u>	<u>816,062</u>	<u>17,739,169</u>
<u>\$ 643,095</u>	<u>\$ 152,315</u>	<u>\$ 795,410</u>	<u>\$ 17,451,322</u>

(Concluded)

Agency Funds

These funds are used to account for performance deposits from contractors.

AGENCY FUND
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance at July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2010</u>
ASSETS				
Cash and cash equivalents.....	\$ 710,906	\$ -	\$ -	\$ 710,906
LIABILITIES				
Liabilities due depositors.....	\$ 710,906	\$ -	\$ -	\$ 710,906

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Statistical Section

Statistical tables differ from financial statements since they usually cover more than one fiscal year and may present non-accounting data. The following tables reflect social and economic data, financial trends, and fiscal capacity.



The Job Lane House

Statistical Section

This part of the Town of Bedford's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Table of Contents

Financial Trends (pages 79-86)

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity (pages 87-89)

These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

Debt Capacity (pages 90-92)

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic and Economic Information (pages 93-94)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information (pages 95-97)

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Town implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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Net Assets By Component

Last Eight Fiscal Years

	Fiscal Year		
	2003	2004	2005
Governmental activities			
Invested in capital assets, net of related debt.....	\$ 78,176,677	\$ 95,482,398	\$ 100,692,223
Restricted.....	3,440,266	3,610,780	4,210,164
Unrestricted.....	<u>28,552,709</u>	<u>25,376,342</u>	<u>24,578,770</u>
Total governmental activities net assets.....	<u>\$ 110,169,652</u>	<u>\$ 124,469,520</u>	<u>\$ 129,481,157</u>

Fiscal Year

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	95,710,758	\$ 97,543,569	\$ 104,793,480	\$ 119,172,856	\$ 110,394,909
	7,541,861	29,661,172	8,473,528	8,037,583	11,659,282
	<u>25,127,152</u>	<u>22,454,438</u>	<u>27,730,975</u>	<u>20,620,500</u>	<u>22,130,991</u>
\$	<u><u>128,379,771</u></u>	<u><u>149,659,179</u></u>	<u><u>140,997,983</u></u>	<u><u>147,830,939</u></u>	<u><u>144,185,182</u></u>

Changes in Net Assets

Last Eight Fiscal Years

	<u>Fiscal Year</u>			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses				
Governmental activities:				
General government.....	\$ 3,807,398	\$ 3,772,895	\$ 3,508,154	\$ 4,454,453
Public safety.....	6,121,292	6,977,830	7,137,762	7,729,571
Education.....	30,977,175	32,969,852	36,069,305	38,154,240
Public works.....	6,188,942	6,369,035	7,174,095	8,502,605
Water.....	1,095,979	1,218,754	1,203,407	1,666,657
Sewer.....	3,607,768	3,583,490	3,799,633	3,575,318
Human services.....	1,041,360	1,087,001	1,134,207	1,188,031
Culture and recreation.....	2,547,382	2,742,460	2,926,165	2,969,017
Interest.....	1,718,959	2,107,999	2,371,621	2,538,102
Other.....	160,944	135,735	100,173	104,533
Total government activities expenses.....	\$ 57,267,199	\$ 60,965,051	\$ 65,424,522	\$ 70,882,527
Program Revenues				
Governmental activities:				
Charges for services:				
General government.....	\$ 1,361,686	\$ 1,422,105	\$ 1,406,584	\$ 554,482
Public safety.....	985,997	1,157,301	1,230,217	1,795,234
Water.....	1,508,488	1,395,880	2,040,900	2,233,926
Sewer.....	2,641,437	2,972,278	3,665,038	3,176,871
Culture and recreation.....	553,367	539,172	602,368	674,806
Other.....	475,381	738,725	956,726	893,728
Operating grants and contributions.....	10,861,284	11,300,605	11,394,461	12,602,391
Capital grant and contributions.....	309,059	15,375,096	5,589,840	2,511,723
Total government activities program revenues.....	\$ 18,696,699	\$ 34,901,162	\$ 26,886,134	\$ 24,443,161
Net (Expense)/Program Revenue.....	\$ (38,570,500)	\$ (26,063,889)	\$ (38,538,388)	\$ (46,439,366)
General Revenues and other Changes in Net Assets				
Governmental activities:				
Real estate and personal property taxes.....	\$ 32,008,303	\$ 34,805,983	\$ 37,140,779	\$ 38,058,282
Motor vehicle and other excise taxes.....	2,028,078	1,846,599	2,055,801	2,124,150
Community preservation surcharges.....	790,366	867,530	914,068	957,169
Penalties and interest on taxes.....	96,681	86,601	202,590	149,003
Payments in lieu of taxes.....	1,074,375	1,086,718	1,120,149	1,158,303
Grants and contributions not restricted to specific programs.....	958,429	821,154	920,307	1,150,260
Unrestricted investment income.....	1,059,414	849,172	1,196,331	1,740,813
Total general revenues.....	\$ 38,015,646	\$ 40,363,757	\$ 43,550,025	\$ 45,337,980
Changes in Net Assets.....	\$ (554,854)	\$ 14,299,868	\$ 5,011,637	\$ (1,101,386)

Fiscal Year

2007	2008	2009	2010
\$ 5,417,160	\$ 4,724,817	\$ 5,678,938	\$ 5,455,197
7,680,670	8,220,383	9,635,249	9,462,746
40,624,444	40,578,333	46,682,837	48,754,787
6,301,533	7,105,107	8,717,806	6,354,053
1,556,392	1,417,134	2,112,065	2,367,437
4,024,790	3,986,168	4,271,320	4,632,268
1,248,160	1,233,859	1,633,960	1,817,572
3,324,537	3,499,833	3,541,267	3,528,722
3,057,173	3,785,529	2,888,872	2,784,521
-	-	-	-
<u>\$ 73,234,859</u>	<u>\$ 74,551,163</u>	<u>\$ 85,162,314</u>	<u>\$ 85,157,303</u>
\$ 494,536	\$ 515,684	\$ 860,239	\$ 509,581
1,623,338	1,912,935	1,373,843	998,862
2,452,167	3,011,711	2,628,421	3,111,320
3,768,559	4,361,601	3,699,114	5,171,795
669,349	680,977	575,407	534,523
844,383	935,190	933,483	324,424
13,240,827	13,975,158	16,466,808	19,221,263
<u>1,646,828</u>	<u>11,294,292</u>	<u>12,739,771</u>	<u>(862,002)</u>
<u>\$ 24,739,987</u>	<u>\$ 36,687,548</u>	<u>\$ 39,277,086</u>	<u>\$ 29,009,766</u>
<u>\$ (48,494,872)</u>	<u>\$ (37,863,615)</u>	<u>\$ (45,885,228)</u>	<u>\$ (56,147,537)</u>
\$ 39,444,930	\$ 42,156,753	\$ 45,175,869	\$ 45,092,458
2,193,990	2,241,778	2,175,593	2,301,301
1,005,955	1,071,678	1,135,525	1,137,326
114,944	111,553	128,365	216,645
1,221,245	1,279,990	1,347,828	1,418,587
1,501,668	1,426,584	1,648,039	1,699,813
<u>2,605,592</u>	<u>2,600,039</u>	<u>1,106,965</u>	<u>635,650</u>
<u>\$ 48,088,324</u>	<u>\$ 50,888,375</u>	<u>\$ 52,718,184</u>	<u>\$ 52,501,780</u>
<u>\$ (406,548)</u>	<u>\$ 13,024,760</u>	<u>\$ 6,832,956</u>	<u>\$ (3,645,757)</u>

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year			
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Fund				
Reserved.....	\$ 5,209,614	\$ 4,748,845	\$ 4,416,955	\$ 4,075,621
Unreserved.....	<u>9,968,421</u>	<u>10,157,329</u>	<u>9,423,410</u>	<u>7,817,761</u>
Total general fund.....	<u>\$ 15,178,035</u>	<u>\$ 14,906,174</u>	<u>\$ 13,840,365</u>	<u>\$ 11,893,382</u>
All Other Governmental Funds				
Reserved.....	\$ -	\$ -	\$ 4,211,798	\$ 357,421
Unreserved, reported in:				
Special revenue funds.....	7,569,287	6,877,739	13,864,807	15,618,928
Capital projects funds.....	1,690,579	(10,811,938)	457,079	(8,081,261)
Permanent funds (A).....	<u>-</u>	<u>-</u>	<u>111,586</u>	<u>288,571</u>
Total all other governmental funds.....	<u>\$ 9,259,866</u>	<u>\$ (3,934,199)</u>	<u>\$ 18,645,270</u>	<u>\$ 8,183,659</u>

(A) Fiscal years 2001 and 2002 exclude Expendable and Nonexpendable Trust Funds which were reported under the pre-GASB 34 format

Fiscal Year

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 2,868,941	\$ 1,916,370	\$ 2,894,274	\$ 1,969,641	\$ 2,172,960	\$ 2,498,468
<u>8,095,344</u>	<u>8,433,363</u>	<u>7,262,799</u>	<u>8,148,653</u>	<u>6,893,204</u>	<u>4,611,840</u>
<u>\$ 10,964,285</u>	<u>\$ 10,349,733</u>	<u>\$ 10,157,073</u>	<u>\$ 10,118,294</u>	<u>\$ 9,066,164</u>	<u>\$ 7,110,308</u>
\$ 410,760	\$ 433,499	\$ 442,235	\$ 458,578	\$ 465,301	\$ 9,261,935
15,685,838	19,363,627	19,079,172	21,066,563	19,945,277	11,997,536
(6,268,766)	(11,762,971)	(21,084,652)	2,682,103	3,169,841	1,903,420
<u>309,518</u>	<u>339,365</u>	<u>326,247</u>	<u>391,983</u>	<u>350,761</u>	<u>344,800</u>
<u>\$ 10,137,350</u>	<u>\$ 8,373,520</u>	<u>\$ (1,236,998)</u>	<u>\$ 24,599,227</u>	<u>\$ 23,931,180</u>	<u>\$ 23,507,691</u>

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year					
	2001	2002	2003	2004	2005	2006
Revenues:						
Real estate and personal property taxes.....	\$ 30,140,869	\$ 31,423,148	\$ 31,843,800	\$ 34,846,274	\$ 36,338,335	\$ 38,852,987
Motor vehicle and other excise taxes.....	2,104,318	2,046,217	2,046,311	1,841,960	2,087,997	2,033,162
Community preservation surcharges.....	-	762,941	790,366	867,530	914,068	957,169
Charges for Services.....	4,772,195	4,903,320	4,797,526	4,279,419	5,461,275	5,692,856
Penalties and interest on taxes.....	-	-	96,513	86,601	202,590	149,003
Intergovernmental.....	8,340,586	10,544,409	11,764,179	9,520,263	12,731,392	13,620,318
Departmental and other.....	4,378,891	4,487,716	5,403,466	5,365,426	5,349,711	6,381,572
Contributions.....	-	-	453,774	658,776	130,403	93,829
Payment in lieu of taxes.....	-	-	1,074,375	1,086,718	1,120,149	1,158,303
Investment income.....	1,406,603	999,760	1,059,414	849,172	1,194,734	1,737,101
Total Revenue.....	51,143,462	55,167,511	59,329,724	59,402,139	65,530,654	70,676,300
Expenditures:						
Current						
General government.....	3,751,278	4,742,806	4,664,145	4,927,798	4,111,132	4,778,605
Public safety.....	4,008,306	5,120,150	5,220,758	5,697,240	5,704,789	6,131,694
Education.....	20,157,105	22,600,379	23,790,522	27,536,759	27,601,291	28,351,663
Public works.....	8,087,938	9,248,874	6,156,118	5,007,956	5,007,137	5,503,216
Water.....	-	-	938,338	1,043,454	1,030,314	1,376,498
Sewer.....	-	-	396,484	363,749	457,225	487,537
MWRA Assessment.....	-	-	2,275,937	2,290,688	2,357,318	2,379,363
Human services.....	1,969,784	2,140,267	2,087,189	880,545	911,285	953,399
Culture and recreation.....	953,592	1,017,429	1,072,486	2,428,987	2,476,829	2,532,496
Pension and employee benefits.....	5,622,931	6,157,177	7,592,224	9,026,190	10,348,948	10,939,048
State and county charges.....	361,068	345,967	315,717	273,892	268,898	245,823
Capital outlay.....	4,827,969	12,855,728	9,906,872	6,179,177	8,907,749	3,967,694
Other.....	136,498	220,501	160,944	135,735	100,173	104,533
Debt service.....	2,233,290	2,843,290	2,871,048	3,944,051	3,831,051	3,840,911
Principal.....	2,233,290	2,843,290	2,871,048	3,944,051	3,831,051	3,840,911
Interest.....	1,744,534	1,565,005	1,753,230	2,074,512	2,473,221	2,362,202
Total Expenditures.....	53,854,293	68,857,573	69,202,012	71,810,733	75,587,360	73,954,682
Excess of revenues over (under) expenditures.....	(2,710,831)	(13,690,062)	(9,872,288)	(12,408,594)	(10,056,706)	(3,278,382)
Other Financing Sources (Uses)						
Issuance of debt.....	11,445,000	698,342	21,168,000	-	11,081,300	900,000
Issuance of refunding bonds.....	-	-	-	-	-	-
Premium from issuance of debt.....	-	-	-	-	-	-
Premium from issuance of refunding bonds.....	-	-	-	-	-	-
Payments of current refunded debt.....	-	-	-	-	-	-
Payments to refunded bond escrow agent.....	-	-	-	-	-	-
Transfers in.....	4,158,703	4,430,198	4,251,000	5,086,931	5,220,575	8,864,993
Transfers out.....	(3,939,703)	(4,904,405)	(4,251,000)	(5,086,931)	(5,220,575)	(8,864,993)
Total other financing sources (uses).....	11,664,000	224,135	21,168,000	-	11,081,300	900,000
Net change in fund balance.....	\$ 8,953,169	\$ (13,465,927)	\$ 11,295,712	\$ (12,408,594)	\$ 1,024,594	\$ (2,378,382)
Debt service as a percentage of noncapital expenditures.....	8.11%	7.87%	7.80%	9.17%	9.45%	8.86%

Notes:

Fiscal years 2001 and 2002 exclude Expendable and Nonexpendable Trust Funds which were reported under the pre-GASB 34 format.

In fiscal year 2001, the on-behalf payments by the Commonwealth for teachers pension benefits were reported for the first time.

Fiscal years 2001 and 2002 include Water, Sewer and MWRA Assessments within Public Works expenditures.

In 2001, Payment in Lieu of Taxes was included with Departmental and Other Revenues

In 2001, Penalties and Interest on Taxes was included with Departmental and Other Revenues

In 2001 and 2002, debt service as a percentage of noncapital expenditures included capital expenditures recorded in the functional categories of current expenditures.

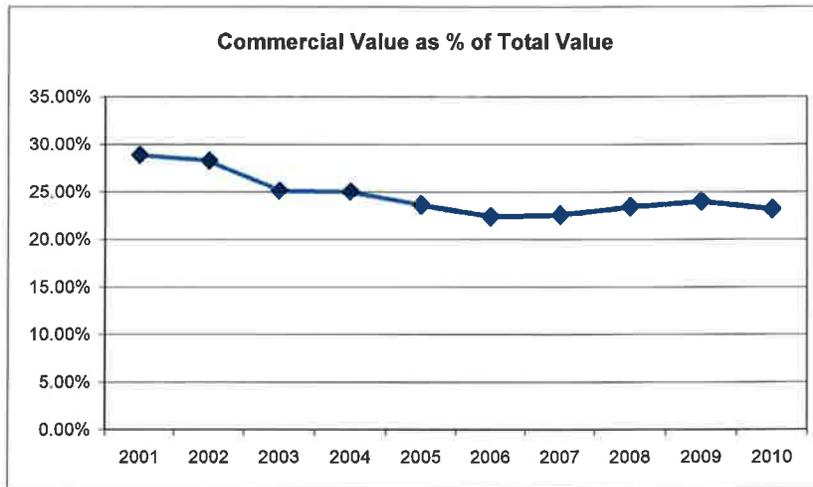
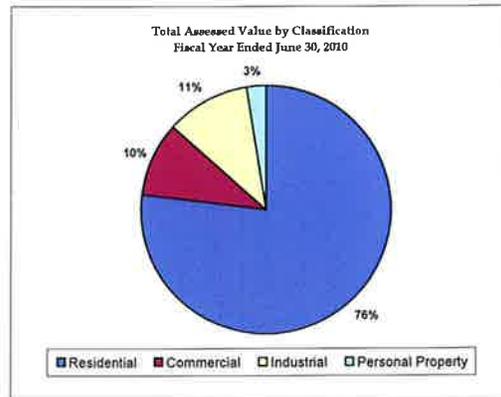
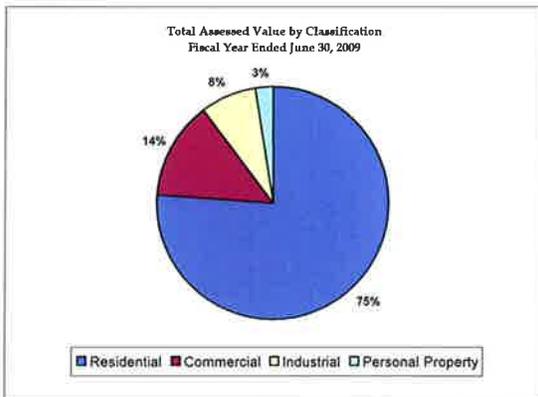
Fiscal Year

	2007	2008	2009	2010
\$	39,563,532	\$ 42,038,212	\$ 45,133,746	\$ 45,209,302
	2,221,374	2,304,203	2,192,527	2,308,614
	1,012,746	1,064,383	1,133,730	1,114,123
	5,767,818	7,041,782	6,011,666	6,716,869
	114,944	111,553	128,365	216,645
	20,503,881	24,988,272	28,252,555	25,338,294
	6,333,400	6,881,559	6,567,417	5,267,691
	79,977	208,488	1,058,255	208,932
	1,221,245	1,279,990	1,347,828	1,418,587
	2,605,592	2,600,039	1,106,965	635,650
	<u>79,424,509</u>	<u>88,518,481</u>	<u>92,933,054</u>	<u>88,434,707</u>
	4,234,474	3,479,072	6,330,834	3,945,215
	5,689,344	6,063,980	5,605,988	6,350,807
	30,177,656	29,354,294	32,905,574	35,023,509
	4,242,610	5,043,611	5,603,411	4,058,053
	1,146,802	992,362	1,182,262	1,778,604
	605,818	438,940	292,295	581,550
	2,565,613	2,662,238	2,779,636	2,929,353
	985,359	976,251	1,107,167	1,124,587
	2,840,052	2,992,406	2,869,907	2,834,456
	11,778,148	12,692,408	13,853,547	13,521,682
	247,083	254,413	259,662	274,138
	25,443,810	23,362,507	11,077,304	4,605,325
	-	-	-	-
	4,067,911	4,336,741	10,943,572	3,818,571
	3,065,540	2,565,962	3,296,072	3,251,651
	<u>97,090,220</u>	<u>95,215,185</u>	<u>98,107,231</u>	<u>84,097,501</u>
	<u>(17,665,711)</u>	<u>(6,696,704)</u>	<u>(5,174,177)</u>	<u>4,337,206</u>
	7,862,533	32,494,150	3,454,000	1,776,715
	-	-	25,735,000	2,775,000
	-	-	-	1,358,368
	-	-	-	68,319
	-	-	(25,735,000)	-
	-	-	-	(12,694,953)
	7,374,549	5,434,015	6,694,887	6,438,328
	<u>(7,374,549)</u>	<u>(5,434,015)</u>	<u>(6,694,887)</u>	<u>(6,438,328)</u>
	<u>7,862,533</u>	<u>32,494,150</u>	<u>3,454,000</u>	<u>(6,716,551)</u>
\$	<u>(9,803,178)</u>	<u>\$ 25,797,446</u>	<u>\$ (1,720,177)</u>	<u>\$ (2,379,345)</u>
	9.96%	9.61%	16.36%	8.89%

Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates

Last Ten Fiscal Years

Fiscal Year	Assessed and Actual Values and Tax Rates								
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Direct Rate	Total Town Value
2001	\$1,339,250,178	\$11.79	\$240,004,322	\$259,462,300	\$43,477,100	\$542,943,722	\$24.90	\$15.57	\$1,882,193,900
2002	\$1,529,210,560	\$10.64	\$295,400,640	\$260,194,800	\$46,541,080	\$602,136,520	\$24.94	\$14.68	\$2,131,347,080
2003	\$1,695,483,832	\$10.77	\$321,582,468	\$195,247,600	\$50,403,300	\$567,233,368	\$25.13	\$14.37	\$2,262,717,200
2004	\$1,770,531,398	\$11.32	\$321,376,702	\$202,126,900	\$65,833,400	\$589,337,002	\$26.38	\$15.08	\$2,359,868,400
2005	\$1,942,148,370	\$11.18	\$328,604,530	\$207,834,400	\$61,502,700	\$597,941,630	\$25.42	\$14.53	\$2,540,090,000
2006	\$2,065,086,899	\$11.47	\$335,913,501	\$194,761,600	\$64,409,670	\$595,084,771	\$25.59	\$14.63	\$2,660,171,670
2007	\$2,167,785,491	\$11.29	\$354,199,909	\$211,299,100	\$65,929,100	\$631,428,109	\$25.27	\$14.44	\$2,799,213,600
2008	\$2,217,491,600	\$11.38	\$395,663,665	\$220,907,300	\$59,236,100	\$675,807,065	\$25.80	\$14.75	\$2,893,298,665
2009	\$2,153,499,200	\$12.43	\$384,622,657	\$220,050,600	\$72,515,300	\$677,188,557	\$28.45	\$16.26	\$2,830,687,757
2010	\$2,115,408,335	\$13.08	\$271,250,635	\$293,984,600	\$70,454,100	\$635,689,335	\$29.51	\$16.88	\$2,751,097,670



Source: Assessor's Department, Town of Bedford
All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

Principal Taxpayers

Current Year and Nine Years Ago

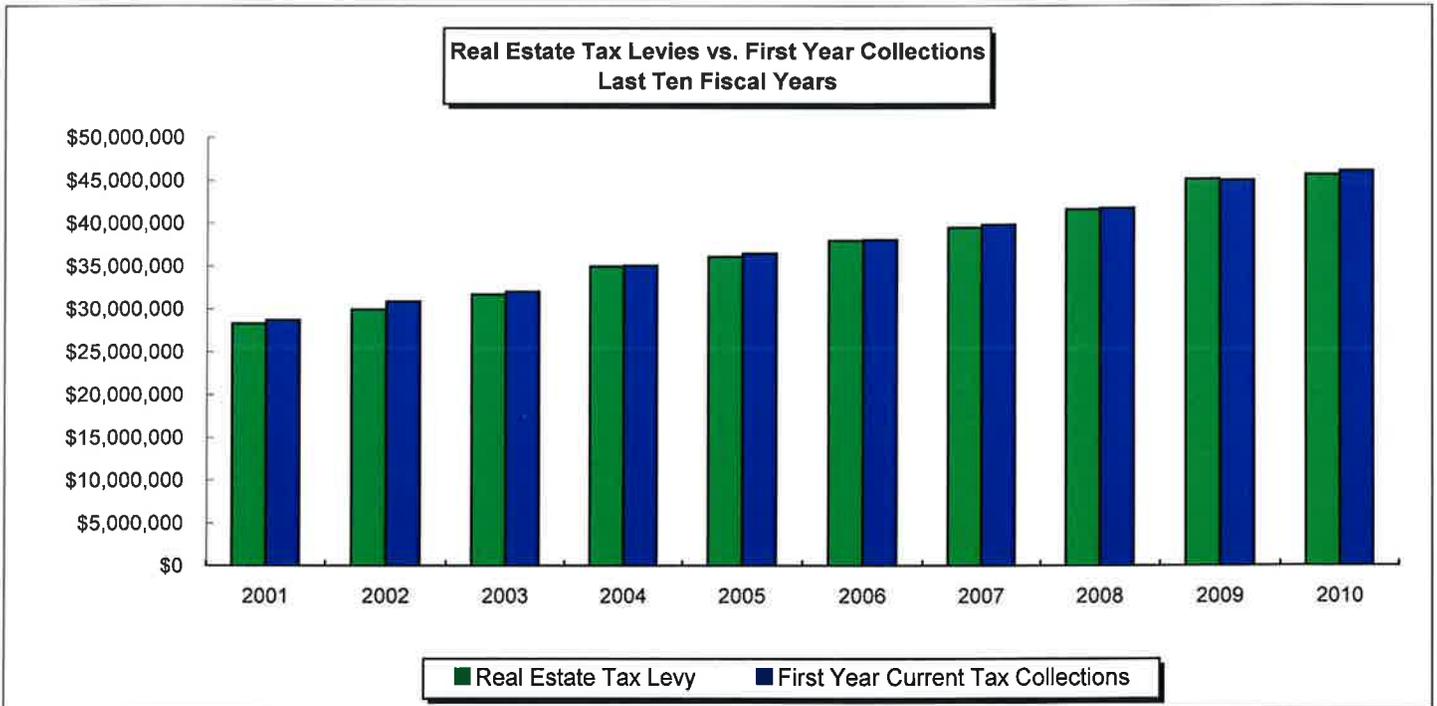
Name	Nature of Business	2010			2001		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
MARINER BEDFORD WOODS, INC.	OFFICE	\$ 43,930,000	1	1.60%	-	-	-
BEDFORD BUS PARK LTD PARTNERSHIP	OFFICE	29,251,300	2	1.06%	27,104,400	4	2.30%
RAR CROSBY CORPORATE CRT QRS	OFFICE	28,771,000	3	1.05%	-	-	-
ILC PROPERTY	OFFICE	26,900,400	4	0.98%	-	-	-
MSCP CROSBY	OFFICE	26,282,500	5	0.96%	-	-	-
CRITERION BEDFORD APARTMENTS	LIVING/RENTAL	24,921,700	6	0.91%	-	-	-
RAR 2 CROSBY CORP. CENTER QRS, INC.	OFFICE	23,985,100	7	0.87%	-	-	-
HERITAGE MIDDLESEX TPKE	LIVING/RENTAL	22,495,800	8	0.82%	-	-	-
GREAT ROAD SHOPPING CENTER	RETAIL	21,756,700	9	0.79%	-	-	-
MILLIPORE	R&D	21,345,700	10	0.78%	23,365,900	5	1.99%
MITRE CORPORATION	R&D	-	-	-	41,408,700	1	3.52%
BP-CROSBY CORP CENTER LLC	OFFICE	-	-	-	29,577,300	2	2.51%
CALLAHAN TRUST	R&D	-	-	-	28,508,400	3	2.42%
TECHNOFORD LLC	OFFICE	-	-	-	22,168,600	6	1.88%
EOP CROSBY CORP CENTER LLC	R&D	-	-	-	20,390,500	7	1.73%
HOLOGIC INC.	OFFICE	-	-	-	18,795,600	8	1.60%
RAYTHEON COMPANY	R&D	-	-	-	18,027,400	9	1.53%
TRIDENT ASSOCIATION	HOTEL	-	-	-	16,253,900	10	1.38%
	Totals	<u>269,640,200</u>		<u>9.80%</u>	<u>245,600,700</u>		<u>20.86%</u>

Source: Town of Bedford, Assessor's Department

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Less Abatements & Exemptions	Net Tax Levy	Net as % Total	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2001	\$29,289,328	\$1,000,661	\$28,288,667	96.58%	\$28,711,952	101.50%	\$89,251	\$28,801,203	101.81%
2002	\$31,266,438	\$1,332,742	\$29,933,696	95.74%	\$30,868,852	103.12%	\$21,187	\$30,890,039	103.19%
2003	\$32,492,525	\$806,658	\$31,685,867	97.52%	\$32,019,624	101.05%	\$257,063	\$32,276,687	101.86%
2004	\$35,567,244	\$635,561	\$34,931,683	98.21%	\$35,062,337	100.37%	\$173,940	\$35,236,277	100.87%
2005	\$36,896,158	\$796,670	\$36,099,488	97.84%	\$36,462,845	101.01%	\$179,200	\$36,642,045	101.50%
2006	\$38,980,320	\$990,148	\$37,990,172	97.46%	\$38,068,727	100.21%	\$457,526	\$38,526,253	101.41%
2007	\$40,415,312	\$921,765	\$39,493,547	97.72%	\$39,809,438	100.80%	\$118,029	\$39,927,467	101.10%
2008	\$42,650,057	\$1,062,647	\$41,587,410	97.51%	\$41,751,700	100.40%	\$0	\$41,751,700	100.40%
2009	\$46,018,854	\$900,351	\$45,118,503	98.04%	\$44,980,645	99.69%	\$97,042	\$45,077,687	99.91%
2010	\$46,476,193	\$868,878	\$45,607,315	98.13%	\$46,074,553	101.02%	\$0	\$46,074,553	101.02%

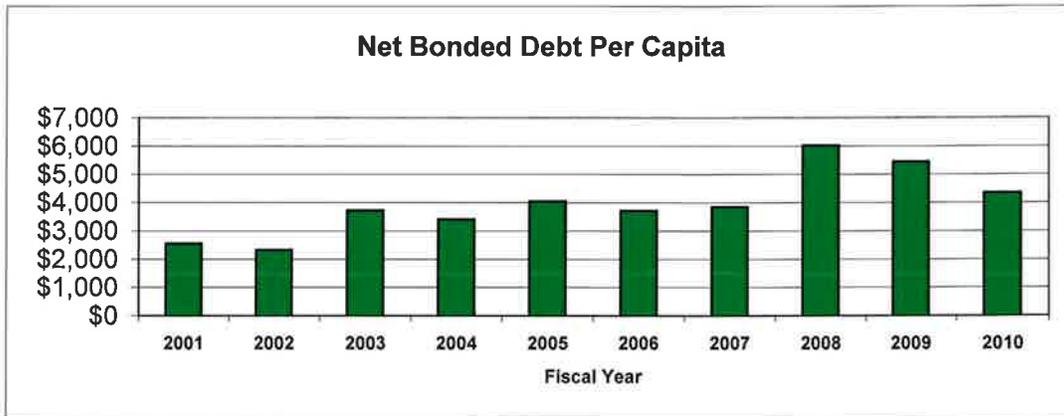


Source: Town of Bedford, Assessor's Department

Ratios of Outstanding Debt and General Bonded Debt

Last Ten Fiscal Years

Fiscal Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities Debt			
				General Obligation Bonds and Notes	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2001	12,519	\$ 500,709,924	\$ 1,882,193,900	\$ 31,885,147	\$ 2,547	6.37%	1.69%
2002	12,519	510,725,124	2,131,347,080	29,134,342	2,327	5.70%	1.37%
2003	12,519	520,940,628	2,262,717,200	46,515,294	3,716	8.93%	2.06%
2004	12,519	531,356,436	2,359,868,400	42,571,243	3,401	8.01%	1.80%
2005	12,519	541,985,067	2,540,090,000	50,721,492	4,052	9.36%	2.00%
2006	12,519	490,895,028	2,660,171,670	46,478,873	3,713	9.47%	1.75%
2007	13,102	524,027,592	2,799,213,600	50,292,770	3,839	9.60%	1.80%
2008	13,102	513,755,624	2,893,298,665	78,832,612	6,017	15.34%	2.72%
2009	13,102	513,755,624	2,830,697,757	71,343,040	5,445	13.89%	2.52%
2010	13,765	513,755,624	2,751,097,670	59,861,184	4,349	11.65%	2.18%



Source: Audited Financial Statements, U. S. Census

Computation of Legal Debt Margin

Last Ten Fiscal Years

	Fiscal Year			
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Equalized Valuation.....	\$ 1,794,674,400	\$ 2,270,729,600	\$ 2,270,729,600	\$ 2,632,511,200
Debt Limit -5% of Equalized Valuation.....	\$ 89,733,720	\$ 113,536,480	\$ 113,536,480	\$ 131,625,560
Less:				
Outstanding debt applicable to limit.....	\$ 30,363,290	\$ 28,218,342	\$ 46,515,294	\$ 42,571,243
Authorized and unissued debt.....	\$ 20,318,102	\$ 39,336,760	\$ 21,168,760	\$ 22,516,760
Legal debt margin.....	<u>\$ 39,052,328</u>	<u>\$ 45,981,378</u>	<u>\$ 45,852,426</u>	<u>\$ 66,537,557</u>
Total debt applicable to the limit as a percentage of the limit.....	56.48%	59.50%	59.61%	49.45%

Source: Audited financial Statements and Town Statement of Indebtedness

Fiscal Year

2005	2006	2007	2008	2009	2010
\$ 2,632,511,200	\$ 2,946,953,200	\$ 2,946,953,200	\$ 3,141,130,500	\$ 3,141,130,500	\$ 3,009,721,800
\$ 131,625,560	\$ 147,347,660	\$ 147,347,660	\$ 157,056,525	\$ 157,056,525	\$ 150,486,090
\$ 50,721,492	\$ 46,478,873	\$ 47,726,680	\$ 43,728,950	\$ 39,712,240	\$ 42,910,245
\$ 30,546,311	\$ 49,259,752	\$ 32,468,319	\$ 11,210,559	\$ 46,822,586	\$ 18,528,059
<u>\$ 50,357,757</u>	<u>\$ 51,609,035</u>	<u>\$ 67,152,661</u>	<u>\$ 102,117,016</u>	<u>\$ 70,521,699</u>	<u>\$ 89,047,786</u>
61.74%	64.97%	54.43%	34.98%	55.10%	40.83%

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2001	12,519	\$ 500,709,924	\$ 39,996	41.0	2,176	3.00%
2002	12,519	\$ 510,725,124	\$ 40,796	41.0	2,205	4.50%
2003	12,519	\$ 520,940,628	\$ 41,612	41.0	2,224	5.20%
2004	12,519	\$ 531,356,436	\$ 42,444	41.0	2,330	3.00%
2005	12,519	\$ 541,985,067	\$ 43,293	41.0	2,261	3.30%
2006	12,519	\$ 490,895,028	\$ 39,212	41.0	2,271	4.30%
2007	13,102	\$ 524,027,592	\$ 39,996	41.0	2,280	3.70%
2008	13,102	\$ 513,755,624	\$ 39,212	42.1	2,342	3.80%
2009	13,102	\$ 513,755,624	\$ 39,212	42.1	2,383	6.30%
2010	13,765	\$ 513,755,624	\$ 37,323	42.1	2,436	6.50%

Source: U. S. Census, Division of Local Services
 Median age is based on most recent census data

Principal Employers (excluding Town)

Current Year and Ten Years Ago (1)

Employer	Nature of Business	2010			2000		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Hanscom Field (USAF)	R&D	5,500	1	45%	4,318	1	31%
MITRE Corporation	Engineering, Architecture, Surveying	1,829	2	15%	1,850	3	13%
Veterans Medical Center	Federal Government Hospital	950	3	8%	1,000	6	7%
Middlesex Community College	Community College	927	4	8%	475	8	3%
Progress Software	Computer Software Development	700	5	6%	612	7	4%
iRobot	High-Tech Manufacturing	500	6	4%	-	-	-
RSA Security	Data Security	500	7	4%	-	-	-
Millipore	Fluid purification and analysis	465	8	4%	1,100	5	8%
Intel	Computer Software	400	9	3%	270	9	2%
Hologic	Manufacture of Medical Devices	400	10	3%	225	10	2%
Lincoln Lab	R&D	-	-	-	2,687	2	20%
Raytheon Corporation	Guided Missiles and Space Vehicles	-	-	-	1,200	4	9%

Source: Massachusetts Department of Employment and Training

(1) 2001 data (i.e., nine years ago) related to number of employees and percentage of Town employment is not available. Therefore, the Town is presenting 2000 data for number of employees and percentage of Town employment. However, it should be noted that the employers listed were the ten largest Town employers in 2001.

Full-time Equivalent Town Employees by Function

Last Ten Fiscal Years

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government.....	108	108	105	94	113	113	113	113	113	113
Public Safety.....	63	64	65	66	66	64	64	64	64	64
Education.....	277	277	278	305	305	305	305	305	304	304
Water.....	5	5	5	5	5	5	5	5	5	5
Sewer.....	5	5	5	5	5	5	5	5	5	5
Public works.....	31	32	32	32	31	30	30	30	30	30
Human services.....	15	15	15	15	15	15	15	15	15	15
Culture and recreation.....	34	35	33	32	30	43	43	43	43	43
Total	538	541	538	554	570	580	580	580	579	579

Source: Town personnel records

Operating Indicators by Function/Program

Last Ten Fiscal Years

Fiscal Year

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Population.....	12,361	12,571	12,497	12,997	12,987	12,519	13,102	13,102	13,102	13,765
Registered Voters, Annual Town Election	8,460	8,433	8,341	8,504	8,656	8,678	8,725	9,028	9,435	9,428
Town Clerk										
Births (1).....	147	126	114	111	121	202	96	135	130	52
Marriages (1).....	76	69	75	60	61	60	73	49	61	98
Deaths (1).....	212	250	218	232	239	93	188	188	232	192
Police										
Accidents covered by an officer.....	784	626	725	594	612	477	477	416	454	361
Citations issued.....	2,497	2,003	2,020	1,863	2,073	2,200	2,200	1,915	2,072	1,882
Arrests.....	114	141	141	144	114	144	144	122	122	80
Larcenies.....	118	148	202	132	134	159	159	175	141	120
Total fines from violations.....	42,980	54,538	118,145	32,598	53,668	95,925	95,925	161,310	162,885	122,955
Fire										
Rescue assist.....	820	891	891	891	n/a	n/a	n/a	1,125	1,157	1,164
False alarm.....	319	308	315	319	308	284	331	374	338	338
Public assist.....	198	196	185	181	188	210	242	188	298	439
Emergency responses/ Ambulance.....	1,103	887	887	887	n/a	n/a	n/a	1,125	1,154	1,251
Rescue and Emergency medical service.....	n/a	n/a	n/a	n/a	1,161	1,182	1,182	1,125	1,157	1,251
Education										
Public school enrollment.....	2,295	2,344	2,399	2,470	2,260	2,271	2,280	2,334	2,419	2,436
Public Works										
Cemetery										
Interments.....	60	n/a	n/a	n/a	n/a	n/a	n/a	59	67	52
Water										
Service connections.....	4,200	4,500	4,500	4,500	4,500	4,500	4,500	4,979	5,007	5,009
Sewer										
Service connections.....	3,350	n/a	n/a	n/a	n/a	n/a	n/a	3,887	3,897	3,899
Human Services										
Board of Health										
Inspections.....	277	312	331	354	263	247	315	367	340	331
Council on Aging										
Contacts by phone made to elderly.....	9,200	9,200	9,200	10,000	9,600	9,284	9,284	8,805	9,559	9,688
Rides provided to med. appoints.....	403	350	352	400	519	608	608	432	456	360
Libraries										
Volumes in collection.....	n/a	n/a	101,716	105,383	109,154	112,868	112,868	112,433	114,841	119,287
Circulation.....	221,734	258,718	275,808	292,370	288,829	284,622	284,622	301,708	328,281	336,717

Source: Various Town Departments
n/a - no information available

(1) Information is presented on a calendar year basis

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Government										
Number of Buildings.....	16	16	17	17	17	17	17	17	17	17
Police										
Number of Stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of Stations.....	1	1	1	1	1	1	1	1	1	1
Number of Vehicles.....	6	6	6	6	6	6	6	9	9	9
Education										
Number of elementary schools.....	2	2	2	2	2	2	2	2	2	2
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works										
Water mains (miles).....	80	80	80	80	80	80	80	80	84	84
Fire hydrants.....	700	800	800	800	800	800	800	810	811	811
Sanitary sewers (miles).....	76	85	85	85	85	85	85	87	86	86
Number of wells.....	3	3	3	3	3	3	3	3	3	3
Number of water storage tanks.....	4	4	4	4	4	4	4	3	3	3
Human Services										
Senior Center.....	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Park and playground (acreage).....	70	70	70	70	70	70	70	70	70	70
Library.....	1	1	1	1	1	1	1	1	1	1

Source: Various Town Departments