

TOWN OF BEDFORD, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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Prepared by:
Finance Department

TOWN OF BEDFORD, MASSACHUSETTS

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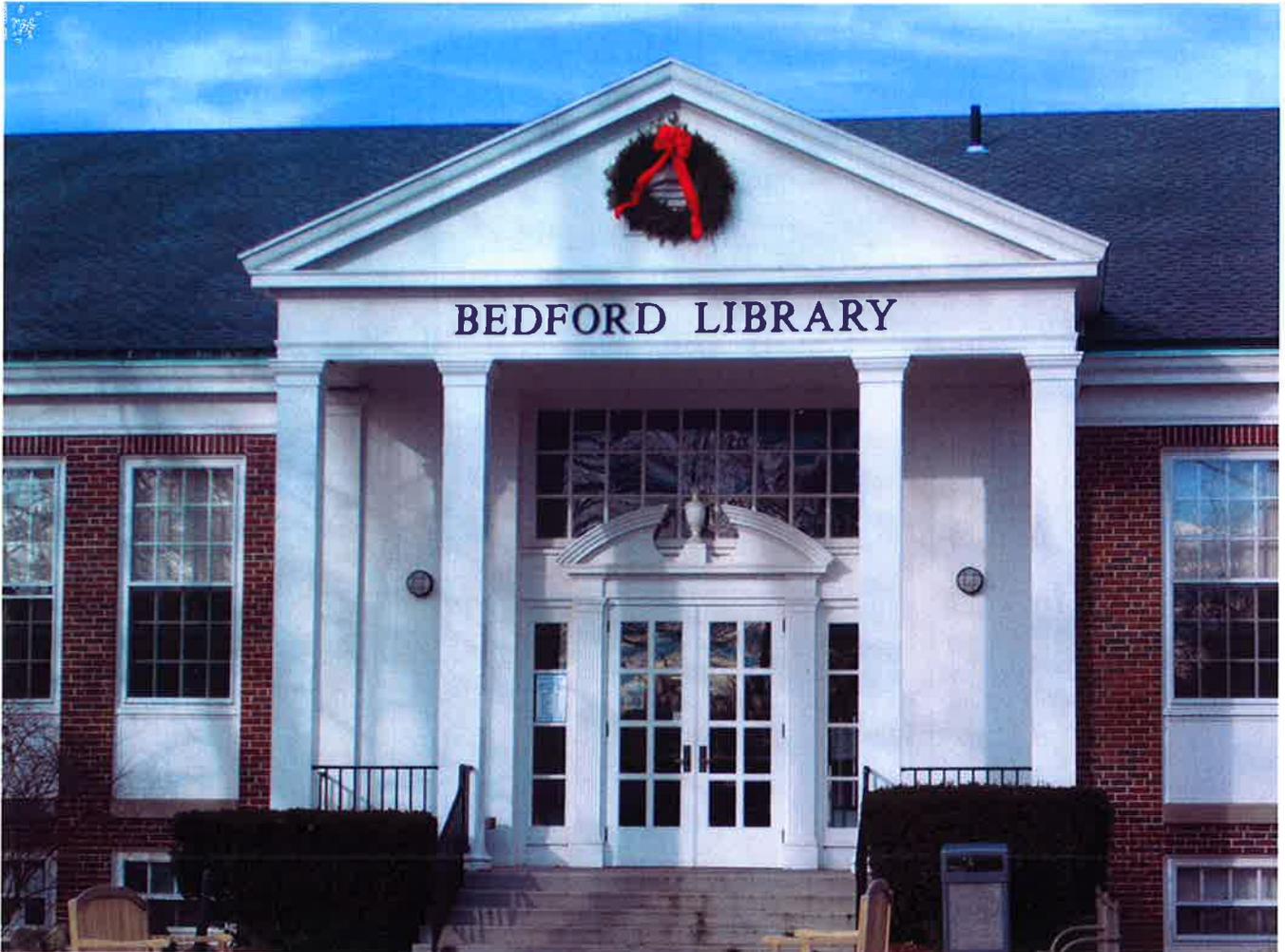
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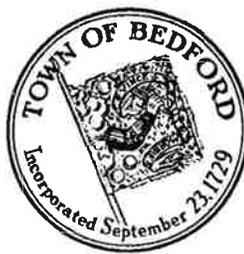
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Introductory Section

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.



Bedford Library



FINANCE DEPARTMENT

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Letter of Transmittal

December 12, 2012

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, 2012 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, 2012, 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, 2012, 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 13,320 (2010 US Census) 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 has received the Massachusetts Municipal Association Pickard Innovation Award on several occasions, including most recently in 2011. That award was for the development of a regional housing services office in conjunction with five other municipalities. In 2009 the Town also received the International City/County Management Associations Program Excellence Award for strategic leadership and governance in recognition of affordable housing development efforts.

In the southern part of Bedford, in the area of the contiguous Towns of Concord, Lexington and Lincoln, is Hanscom Air Force Base, a leading research facility in electronic systems and catalyst to many related private firms in the region. The Town has attracted industry since Hanscom was established in the 1940's. Adjacent to the Base is Massport's Hanscom Field which is utilized by 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. Bedford is also situated on Route 3 and is a member of the Middlesex 3 Coalition, a public-private partnership working to strengthen economic development in the corridor from Route 128 to Interstate 495. This corridor is a leading Massachusetts area for the advancement of life sciences industries.

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. Bedford's citizens rated the quality of the Town's services very highly when responding to the National Citizens Survey in 2009. Also, this year Bedford received for the fifth time, an award by America's Promise Alliance as one of the 100 Best Communities for Young people in the nation. The Town is home to Middlesex Community College, the Bedford Veterans Administration Medical Center, several national historic landmarks, a swimming pond and lake, a bike path to the City of Cambridge 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 to the Town Meeting on operating budgets and other financial matters.

The Town is not highly dependent on state aid; accordingly, when the state experiences fiscal problems it has a moderate impact on the delivery of services. This leaves the Town in a position of relying 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 the related expenses incurred as is best demonstrated by the annual water and sewer rate setting process. Also, the Town, anticipating revenue downturns, has created substantial reserve accounts to deal with such circumstances; if reserves are utilized, they are planned to be replenished at future Town Meetings. In fiscal year 2013 the Town appropriated \$1.084 million to its stabilization funds. The Town is utilizing a portion of its property tax levy for fiscal year 2013 to continue funding its Other Postemployment Benefits (OPEB) liability, as it has been doing since fiscal year 2000. In fiscal year 2013 the Town appropriated \$525,000 to its OPEB fund, giving it a balance of approximately \$2.9 million. Bedford has routinely been able to balance its budget without exceeding the Proposition 2½ property tax limitation. In fact, in fiscal year 2012 Bedford balanced its budget \$567,583 below the Proposition 2½ limit.

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 2012, commercial and industrial property revenue represented approximately 30% 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 \$19.2 million from a 3% surcharge on property and from corresponding annual State matches. Appropriations from this program continue to be approved annually at either Annual or Special Town Meetings and they have 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 Standard and Poor's. The Town has been able to accomplish all this by such initiatives as;

- 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 through a multi-year capital improvements program
- 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. In fiscal year 2013 the Town implemented a new software system for its capital asset management, which will be used to track all its capital assets, along with projecting the future capital needs of the Town.

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, 2011. 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.

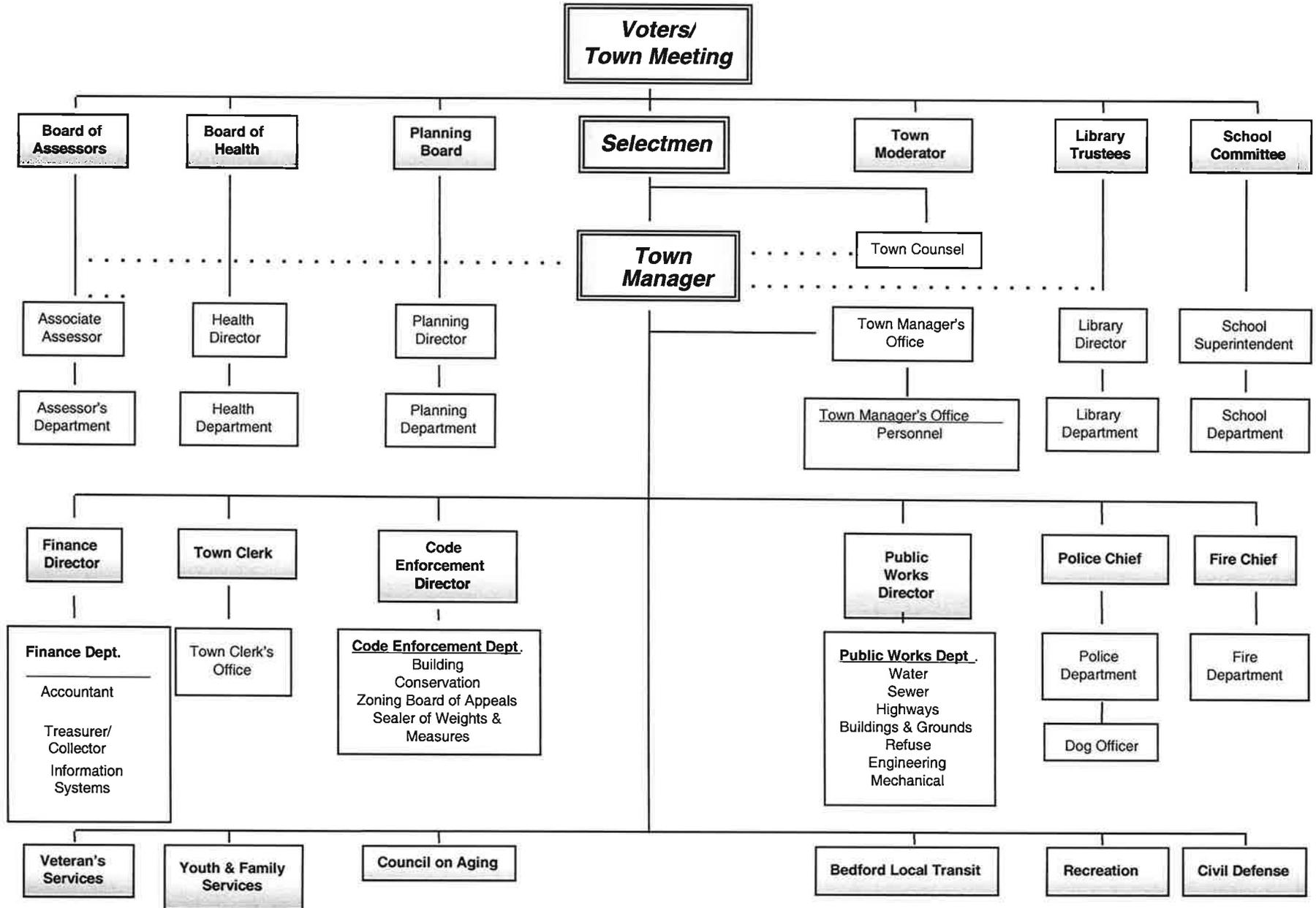
The preparation of this report would not have been possible without the efficient and dedicated services of the Town Accountant, the Information Systems Manager and the rest of the staff of the Finance Department. We would like to also express our appreciation to all the members of the departments who 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 unfailing support for maintaining the highest standards of professionalism in the management of the Town, including its finances.

Respectfully submitted,



Victor Garofalo
Finance Director, Treasurer and Collector

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, 2011

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.



Linda C. Davison

President

Jeffrey R. Enow

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.



Memorial Day Stone at the Police Station



Certified Public Accountants

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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, 2012, 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.

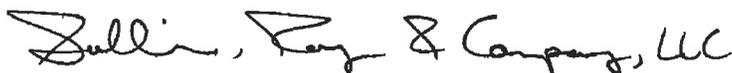
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and 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, 2012, 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 12, 2012 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 22) and general fund and community preservation fund budgetary comparisons and certain pension and other post employment benefits information (located on pages 60 through 66) 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 12, 2012

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, 2012.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$136,563,066 (net assets). Of this amount, \$1,729,983 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net assets decreased \$3,121,947.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$4,876,522, or 6.4% of total general fund expenditures and transfers out.
- The Town's total bonded debt decreased \$4,870,654 during the fiscal year. The Town issued \$9,973,000 of new debt and retired \$14,843,654 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 12 individual governmental funds. Information is presented separately in the governmental funds financial statements for the general, sewer (special revenue), high school (capital projects) and community preservation (special revenue) funds, each of which are considered to be major funds. Data from the other 8 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 69-72 of this report.

The basic governmental funds financial statements can be found on pages 27-33 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 34-35 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 36-59 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 community preservation fund and certain pension and other post employment benefits information, which can be found on pages 60-66 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 \$136,563,066 at the close of the fiscal year and are summarized as follows:

	<i>Governmental Activities</i>	
	2012	2011
Assets		
Current assets.....	\$ 45,126,654	\$ 45,853,818
Noncurrent assets (excluding capital assets).....	5,274,339	5,796,396
Capital assets (net).....	<u>170,233,702</u>	<u>173,745,144</u>
Total assets.....	<u>220,634,695</u>	<u>225,395,358</u>
Liabilities		
Current liabilities (excluding debt).....	8,665,451	9,835,102
Noncurrent liabilities (excluding debt).....	15,124,302	11,127,213
Current debt.....	5,811,016	5,249,154
Noncurrent debt.....	<u>54,470,860</u>	<u>59,498,876</u>
Total liabilities.....	<u>84,071,629</u>	<u>85,710,345</u>
Net Assets		
Invested in capital assets (net of related debt).....	110,983,956	111,652,348
Restricted.....	23,849,127	24,831,495
Unrestricted.....	<u>1,729,983</u>	<u>3,201,170</u>
Total net assets.....	<u>\$ 136,563,066</u>	<u>\$ 139,685,013</u>

The largest portion of the Town's net assets (81.3%) 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 (17.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (1.3% or \$1,729,983) 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, 2011 and June 30, 2012:

	<i>Governmental Activities</i>	
	<u>2012</u>	<u>2011</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services.....	\$ 10,430,910	\$ 10,145,054
Operating grants and contributions.....	16,240,591	15,826,959
Capital grants and contributions.....	836,350	1,213,250
<i>General Revenues:</i>		
Real estate and personal property taxes.....	51,519,462	49,624,988
Motor vehicle and other excise taxes.....	2,975,559	2,750,434
Penalties and interest on taxes.....	172,203	203,424
Payments in lieu of taxes.....	1,459,126	1,411,786
Community preservation surcharges.....	1,268,438	1,198,170
Grants and contributions not restricted to specific programs.....	1,635,446	1,584,480
Unrestricted investment income.....	<u>307,956</u>	<u>369,444</u>
Total revenues.....	<u>86,846,041</u>	<u>84,327,989</u>
Expenses		
General government.....	5,567,258	5,842,948
Public safety.....	10,102,908	9,619,842
Education.....	52,030,556	50,437,739
Public works.....	7,041,347	7,626,015
Water.....	2,115,927	2,436,795
Sewer.....	4,565,735	4,806,486
Health and human services.....	1,877,781	1,913,171
Culture and recreation.....	3,610,814	3,685,857
Interest.....	<u>3,055,662</u>	<u>2,459,305</u>
Total expenses.....	<u>89,967,988</u>	<u>88,828,158</u>
Change in net assets.....	(3,121,947)	(4,500,169)
Net assets - beginning of year.....	<u>139,685,013</u>	<u>144,185,182</u>
Net assets - end of year.....	<u>\$ 136,563,066</u>	<u>\$ 139,685,013</u>

Governmental activities decreased the Town's net assets by \$3,121,947, compared to a decrease of \$4,500,169 in the prior fiscal year. The key element of this change is a decrease of approximately \$877,000 in the use of reserves to fund the general fund budget and a decrease in depreciation of approximately \$460,000.

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.

At the end of the current fiscal year, the governmental funds reported combined ending fund balances totaling \$33,451,074, a decrease of \$155,289 in comparison with the prior year. Approximately 14.5% of this amount (\$4,844,472) represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Nonspendable (\$452,742)
- Restricted (\$21,244,302)
- Committed (\$5,666,518)
- Assigned (\$1,243,040)

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund totaled \$4,876,522, while total fund balance was \$16,097,280. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers out. Unassigned fund balance represents 6.4% of total general fund expenditures and transfers out, while total fund balance represents 21.1% of that same amount.

The fund balance of the general fund balance increased \$849,211 during the current fiscal year. Although the Town recognized a positive budget to actual variance totaling approximately \$5,098,000 (excluding amounts carried forward to next year), approximately \$3,543,000 of reserves were used to fund the fiscal year 2012 budget.

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

The fund balance of the sewer fund (special revenue) increased \$443,266 during the current fiscal year. The fund recognized \$4,723,768 in charges for services and transferred \$4,208,502 to the general fund.

The fund balance of the high school fund (capital projects) decreased \$44,048 during the current fiscal year as a result of expenditures incurred.

The fund balance of the community preservation funds (special revenue) decreased \$3,394 during the current fiscal year. The fund recognized \$1,267,161 in community preservation surcharges, \$367,622 in intergovernmental revenue, \$3,259 in other revenue and \$17,134 in investment income. The fund incurred expenditures of \$931,357, mainly relating to land acquisition. The fund transferred \$727,213 to the general fund for debt service.

Financial summary

- Real estate and personal property tax revenue continues to be the most significant revenue source for the Town, comprising 78% 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 2012, 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 8% of total general fund budgetary basis revenues. This excludes \$5.5 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 5% 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 22% 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 2012 were 11% of total general fund budgetary basis expenditures, which is a slight increase compared to the prior fiscal year as a result of new debt issued in fiscal year 2011.
- Employee benefits equal 9% of total general fund budgetary basis expenditures in fiscal year 2012, 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 \$74,964,846 was decreased by \$120,657 (0.2%) during the fiscal year. The following table summarizes the net decrease:

<u>Purpose of Increase/(Decrease)</u>	<u>Amount</u>	<u>Funding Source</u>
Planning Board.....	\$ 24,900	Tax levy
Public Works.....	(35,557)	Tax levy
Insurance & Benefits.....	<u>(110,000)</u>	Tax levy
Total net decrease.....	\$ <u>(120,657)</u>	

Actual revenues exceeded budgeted revenues by approximately \$1,405,000. The primary factors are actual motor vehicle and other excise taxes and departmental and other revenues exceeded budgetary estimates by approximately \$651,000 and \$657,000, respectively.

Actual general fund expenditures (including amounts carried forward to next year) were lower than the final budget by approximately \$1,469,000. This appropriation variance was mainly comprised of the reserve appropriations, insurance and benefits and public works.

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 2.1%.

The Town remains committed to conservative budgets, tight management controls, and to maintaining reserves, particularly the stabilization, bond premium stabilization, pension benefits and other post employment benefits funds (approximately \$6.1 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 \$170,233,702 (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 decrease in the investment in capital assets for the current fiscal year totaled \$3,511,442.

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

- Infrastructure improvements (roads, water, sewer, etc.) of approximately \$3.2 million
- Land acquisitions of approximately \$510,000

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

	<i>Governmental Activities</i>	
	<u>2012</u>	<u>2011</u>
Land.....	\$ 30,699,508	\$ 30,189,715
Buildings and improvements.....	95,224,703	97,385,552
Machinery and equipment.....	820,642	883,813
Vehicles.....	2,115,140	2,410,938
Infrastructure.....	41,321,671	40,451,621
Construction in progress.....	<u>52,038</u>	<u>2,423,505</u>
 Total capital assets.....	 <u>\$ 170,233,702</u>	 <u>\$ 173,745,144</u>

Additional information on the Town's capital assets can be found in Note 5 on page 48 of this report.

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$59,876,876, which is backed by the full faith and credit of the Town, and is summarized as follows:

	<i>Governmental Activities</i>	
	<u>2012</u>	<u>2011</u>
General obligation bonds - school construction.....	\$ 27,695,000	\$ 35,507,000
General obligation bonds - public works.....	10,780,000	12,956,000
General obligation bonds - land acquisition.....	5,875,000	7,125,000
General obligation bonds - Town Center.....	3,125,000	3,435,000
General obligation bonds - refunding.....	11,145,000	2,205,000
General obligation bonds - other.....	837,000	2,897,000
MWRA notes.....	<u>419,876</u>	<u>622,530</u>
 Total bonds and notes.....	 <u>\$ 59,876,876</u>	 <u>\$ 64,747,530</u>

The Town's total bonded debt decreased by \$4,870,654 (7.5%) during the current fiscal year. During the fiscal year, the Town issued long-term debt totaling \$9,973,000 for water mains and refunding of previously issued debt.

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 \$146,631,485.

The Town received an AAA rating from Standard & Poor's for its most recent issuance of long-term debt on January 26, 2012.

Additional information on the Town's long-term debt can be found in Note 10 on pages 51-53 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.

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Basic Financial Statements

STATEMENT OF NET ASSETS

JUNE 30, 2012

ASSETS	Governmental Activities
Current assets:	
Cash and cash equivalents.....	\$ 15,621,312
Restricted cash and cash equivalents.....	16,177,207
Investments.....	2,335,109
Restricted investments.....	6,061,972
Receivables, net of allowance for uncollectible amounts:	
Real estate and personal property taxes.....	570,533
Tax liens.....	211,708
Motor vehicle and other excise taxes.....	131,280
User fees.....	2,980,527
Departmental and other.....	192,300
Intergovernmental.....	844,706
Total current assets.....	<u>45,126,654</u>
Noncurrent assets:	
Receivables, net of allowance for uncollectible amounts:	
Intergovernmental.....	5,220,570
Tax foreclosures.....	53,769
Capital assets not being depreciated.....	30,751,546
Capital assets, net of accumulated depreciation.....	<u>139,482,156</u>
Total noncurrent assets.....	<u>175,508,041</u>
Total assets.....	<u>220,634,695</u>
LIABILITIES	
Current liabilities:	
Warrants payable.....	1,033,206
Accrued payroll.....	2,407,598
Tax refunds payable.....	1,446,166
Other liabilities.....	1,419,070
Abandoned property.....	509,976
Accrued interest.....	716,090
Accrued health claims payable.....	100,000
Compensated absences.....	1,033,345
Short-term notes payable.....	405,000
Long-term bonds and notes payable.....	<u>5,406,016</u>
Total current liabilities.....	<u>14,476,467</u>
Noncurrent liabilities:	
Compensated absences.....	469,606
Net OPEB obligation.....	14,654,696
Long-term bonds and notes payable.....	<u>54,470,860</u>
Total noncurrent liabilities.....	<u>69,595,162</u>
Total liabilities.....	<u>84,071,629</u>
NET ASSETS	
Invested in capital assets, net of related debt.....	110,983,956
Restricted for:	
Capital purposes.....	1,032,130
Employee benefits.....	4,290,313
Sewer.....	8,465,770
Community preservation.....	4,109,611
Affordable housing.....	516,971
Permanent funds:	
Expendable.....	356,349
Nonexpendable.....	452,742
Grants and gifts.....	1,899,358
Other specific purposes.....	2,725,883
Unrestricted.....	<u>1,729,983</u>
Total net assets.....	<u>\$ 136,563,066</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government.....	\$ 5,567,258	\$ 764,512	\$ 895,131	\$ 367,622	\$ (3,539,993)
Public safety.....	10,102,908	1,336,098	340,674	-	(8,426,136)
Education.....	52,030,556	228,533	12,489,035	75,000	(39,237,988)
Public works.....	7,041,347	73,158	37,505	391,713	(6,538,971)
Water.....	2,115,927	2,866,113	-	-	750,186
Sewer.....	4,565,735	4,561,870	20,000	-	16,135
Health and human services.....	1,877,781	52,373	252,647	-	(1,572,761)
Culture and recreation.....	3,610,814	548,253	1,145,494	2,015	(1,915,052)
Debt service - interest.....	3,055,662	-	1,060,105	-	(1,995,557)
Total governmental activities....	89,967,988	10,430,910	16,240,591	836,350	(62,460,137)
General revenues:					
					51,519,462
Real estate and personal property taxes.....					2,975,559
Motor vehicle and other excise taxes.....					172,203
Penalties and interest on taxes.....					1,459,126
Payments in lieu of taxes.....					1,268,438
Community preservation surcharges.....					1,635,446
Grants and contributions not restricted to specific programs.....					307,956
Unrestricted investment income.....					
Total general revenues.....					59,338,190
Change in net assets.....					(3,121,947)
Net assets - beginning of year.....					139,685,013
Net assets - end of year.....					\$ 136,563,066

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2012

ASSETS	General	Sewer	High School
	General	Sewer	High School
Cash and cash equivalents.....	\$ 15,621,312	\$ -	\$ -
Investments.....	2,335,109	-	-
Receivables, net of allowance for uncollectible amounts:			
Real estate and personal property taxes.....	570,533	-	-
Tax liens.....	211,708	-	-
Motor vehicle and other excise taxes.....	131,280	-	-
User fees.....	1,230,939	1,749,588	-
Departmental and other.....	113,519	-	-
Intergovernmental.....	5,773,647	-	-
Due from other funds.....	7,015	-	-
Tax foreclosures.....	53,769	-	-
Restricted assets:			
Cash and cash equivalents.....	426,935	6,716,182	116,151
Investments.....	3,984,266	-	-
TOTAL ASSETS.....	\$ 30,460,032	\$ 8,465,770	\$ 116,151
 LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Warrants payable.....	\$ 704,992	\$ -	\$ -
Accrued payroll.....	2,321,617	-	-
Tax refunds payable.....	1,446,166	-	-
Other liabilities.....	1,419,070	-	-
Abandoned property.....	509,976	-	-
Deferred revenue.....	7,860,931	1,749,588	-
Due to other funds.....	-	-	-
Accrued health claims payable.....	100,000	-	-
Short-term notes payable.....	-	-	-
TOTAL LIABILITIES.....	14,362,752	1,749,588	-
FUND BALANCES:			
Nonspendable.....	-	-	-
Restricted.....	4,311,200	6,716,182	116,151
Committed.....	5,666,518	-	-
Assigned.....	1,243,040	-	-
Unassigned.....	4,876,522	-	-
TOTAL FUND BALANCES.....	16,097,280	6,716,182	116,151
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 30,460,032	\$ 8,465,770	\$ 116,151

See notes to basic financial statements.

Community Preservation Funds	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 15,621,312
-	-	2,335,109
-	-	570,533
-	-	211,708
-	-	131,280
-	-	2,980,527
18,384	60,397	192,300
-	291,629	6,065,276
-	-	7,015
-	-	53,769
4,250,166	4,667,773	16,177,207
-	2,077,706	6,061,972
<u>\$ 4,268,550</u>	<u>\$ 7,097,505</u>	<u>\$ 50,408,008</u>

\$ 158,939	\$ 169,275	\$ 1,033,206
-	85,981	2,407,598
-	-	1,446,166
-	-	1,419,070
-	-	509,976
18,384	-	9,628,903
-	7,015	7,015
-	-	100,000
-	405,000	405,000
<u>177,323</u>	<u>667,271</u>	<u>16,956,934</u>
-	452,742	452,742
4,091,227	6,009,542	21,244,302
-	-	5,666,518
-	-	1,243,040
-	(32,050)	4,844,472
<u>4,091,227</u>	<u>6,430,234</u>	<u>33,451,074</u>
<u>\$ 4,268,550</u>	<u>\$ 7,097,505</u>	<u>\$ 50,408,008</u>

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

JUNE 30, 2012

Total governmental fund balances (page 28).....	\$	33,451,074
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		170,233,702
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.....		9,628,903
In the statement of net assets, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due.....		(716,090)
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.....		(59,876,876)
Compensated absences.....		(1,502,951)
Net OPEB obligation.....		<u>(14,654,696)</u>
Net assets of governmental activities (page 25).....	\$	<u><u>136,563,066</u></u>

See notes to basic financial statements.

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GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General	Sewer	High School
REVENUES			
Real estate and personal property taxes.....	\$ 51,267,904	\$ -	\$ -
Motor vehicle and other excise taxes.....	2,987,334	-	-
Payments in lieu of taxes.....	1,459,126	-	-
Community preservation surcharges.....	-	-	-
Charges for services.....	2,560,201	4,723,768	-
Intergovernmental.....	10,531,474	-	-
Penalties and interest on taxes.....	172,203	-	-
Departmental and other.....	2,378,642	-	-
Contributions.....	-	-	-
Investment income.....	269,495	-	-
TOTAL REVENUES.....	71,626,379	4,723,768	-
EXPENDITURES			
Current:			
General government.....	3,130,462	-	-
Public safety.....	5,967,106	-	-
Education.....	32,232,091	-	44,048
Public works.....	4,515,567	-	-
Water.....	1,722,227	-	-
Sewer.....	609,973	-	-
MWRA assessment.....	2,951,458	-	-
Health and human services.....	1,072,034	-	-
Culture and recreation.....	1,315,381	-	-
Pension benefits.....	8,306,574	-	-
Employee benefits.....	6,389,340	-	-
State and county charges.....	353,366	-	-
Debt service:			
Principal.....	5,248,654	-	-
Interest.....	2,423,254	-	-
TOTAL EXPENDITURES.....	76,237,487	-	44,048
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(4,611,108)	4,723,768	(44,048)
OTHER FINANCING SOURCES (USES)			
Transfers in.....	5,256,715	-	-
Issuance of bonds and notes.....	-	-	-
Premium from issuance of bonds and notes.....	203,604	-	-
Issuance of refunding bonds.....	-	-	-
Premium from issuance of refunding bonds.....	-	-	-
Transfers out.....	-	(4,280,502)	-
Payments to refunded bond escrow agent.....	-	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	5,460,319	(4,280,502)	-
NET CHANGE IN FUND BALANCES.....	849,211	443,266	(44,048)
FUND BALANCES AT BEGINNING OF YEAR.....	15,248,069	6,272,916	160,199
FUND BALANCES AT END OF YEAR.....	\$ 16,097,280	\$ 6,716,182	\$ 116,151

See notes to basic financial statements.

Community Preservation Funds	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 51,267,904
-	-	2,987,334
-	-	1,459,126
1,267,161	-	1,267,161
-	-	7,283,969
367,622	4,200,895	15,099,991
3,259	-	175,462
-	3,749,922	6,128,564
-	285,869	285,869
17,134	43,751	330,380
<u>1,655,176</u>	<u>8,280,437</u>	<u>86,285,760</u>
931,357	759,453	4,821,272
-	692,591	6,659,697
-	4,448,896	36,725,035
-	1,118,489	5,634,056
-	1,075,025	2,797,252
-	126,963	736,936
-	-	2,951,458
-	43,554	1,115,588
-	1,602,502	2,917,883
-	-	8,306,574
-	-	6,389,340
-	-	353,366
-	-	5,248,654
-	-	2,423,254
<u>931,357</u>	<u>9,867,473</u>	<u>87,080,365</u>
<u>723,819</u>	<u>(1,587,036)</u>	<u>(794,605)</u>
-	-	5,256,715
-	533,000	533,000
-	-	203,604
-	9,440,000	9,440,000
-	767,080	767,080
(727,213)	(249,000)	(5,256,715)
-	(10,304,368)	(10,304,368)
<u>(727,213)</u>	<u>186,712</u>	<u>639,316</u>
(3,394)	(1,400,324)	(155,289)
<u>4,094,621</u>	<u>7,830,558</u>	<u>33,606,363</u>
<u>\$ 4,091,227</u>	<u>\$ 6,430,234</u>	<u>\$ 33,451,074</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Net change in fund balances - total governmental funds (page 32).....	\$	(155,289)
<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.....		3,830,395
Depreciation.....		(7,317,633)
<p>In the statement of activities, the loss on the disposal of capital assets is reported, whereas in the governmental funds only the proceeds of a sale of capital assets are reported as financial resources. As a result, the change in net assets differs from the change in fund balance by net book value of capital assets disposed of.....</p>		
		(24,204)
<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>		
		(410,400)
<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.....		(533,000)
Proceeds of refunding bonds.....		(9,440,000)
Bond maturities.....		5,248,654
Payments to refunded bond escrow agent.....		10,304,368
Loss on refunding.....		(709,368)
<p>Some expenses reported in the statement 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.....		76,959
Compensated absences.....		70,071
Net OPEB obligation.....		<u>(4,062,500)</u>
Changes in net assets of governmental activities (page 26).....	\$	<u><u>(3,121,947)</u></u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2012

ASSETS	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and cash equivalents.....	\$ 10,186	\$ 578,591
Investments.....	<u>61,235</u>	<u>-</u>
Total assets.....	<u>71,421</u>	<u>578,591</u>
 LIABILITIES		
Liabilities due depositors.....	<u>-</u>	<u>578,591</u>
 NET ASSETS		
Held in trust for other purposes.....	<u>\$ 71,421</u>	<u>\$ -</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Net investment income:	
Interest.....	\$ 1,804
DEDUCTIONS	
Charitable gifts.....	<u>1,813</u>
CHANGE IN NET ASSETS.....	(9)
NET ASSETS AT BEGINNING OF YEAR.....	<u>71,430</u>
NET ASSETS AT END OF YEAR.....	<u><u>\$ 71,421</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.

C. Government-Wide and Fund Financial StatementsGovernment-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 PresentationGovernment-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 used to account for and report all financial resources not accounted for and reported 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 *community preservation fund* is used to account for the 3% local real estate tax surcharge on nonexempt property (and matching state trust fund distribution) that can be used for open space, historic resource and affordable housing purposes. Property exempt from the surcharge consists of the first \$100,000 of all residential property and also property owned by low income or seniors with a low or moderate income as defined by Massachusetts Department of Revenue (DOR) guidelines. Disbursements from this fund must originate from the Community Preservation Committee and be approved by Town Meeting.

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:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs and benefit the government or its citizenry.

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 Town reports one (1) private-purpose trust fund (Goodwin Charity fund).

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 BalancesGovernment-Wide Financial (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 health, pension and other postemployment benefits.

“Sewer” represents amounts restricted for sewer operations.

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

“Affordable housing” represents amounts restricted for affordable housing efforts.

“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.

“Other specific purposes” represents other restrictions placed on assets from outside parties other than granting agencies and donors.

Governmental Funds Financial Statements (Fund Balances)

The following fund balance classifications describe the relative strength of the spending constraints:

Nonspendable – represents amounts that cannot be spent either because they are in nonspendable form (i.e., prepaid amounts) or because they are legally or contractually required to be maintained intact (i.e., principal of permanent fund).

Restricted – represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – represents amounts that can be used only for specific purposes imposed by a formal action of Town meeting, which is the highest level of decision-making authority for the Town. Committed amounts may be established, modified, or rescinded only through actions approved by Town meeting.

Assigned – represents amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. Under the Town’s structure, only authorized assignments for non-contractual encumbrances can be made by individual department heads.

Unassigned – represents the residual fund balance for the General Fund and the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

Encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

O. Long-term DebtGovernment-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 BenefitsGovernment-Wide and Fund Financial Statements

In addition to providing pension benefits, and as more fully described in Note 11, the Town provides health insurance coverage for current and future retirees and their spouses.

S. Use of EstimatesGovernment-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 appropriations at the department level (Town Clerk, Planning Board, etc.) 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 and community preservation fund in conformity with the guidelines described above. The original fiscal year 2012 approved budget for the general fund authorized \$74,964,846 in appropriations. During fiscal year 2012, a reduction in appropriations totaling \$120,657 were authorized. The original and final fiscal year 2012 approved budget for the community preservation fund authorized \$5,112,229 in appropriations.

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

B. Fund Deficits

At June 30, 2012, a fund deficit exists in the school revolving fund (special revenue) in the amount of \$32,050. This amount will be funded in future fiscal years through departmental and other revenues.

C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2012, expenditures exceeded appropriations for state and county charges.

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. The Town utilizes Veribanc services to monitor its cash and investment accounts on a quarterly basis. As of June 30, 2012, \$18,359,890 of the Town's bank balance of \$23,596,225 was uninsured and uncollateralized.

Investments Summary

The Town's investments at June 30, 2012 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
<u>Debt Securities:</u>					
U.S. Agencies.....	\$ 268,589	\$ -	\$ 268,589	\$ -	\$ -
Corporate bonds.....	290,836	-	-	-	290,836
Money market mutual funds.....	1,961,634	1,961,634	-	-	-
Certificates of deposit.....	9,399,361	4,100,648	3,935,443	1,018,394	344,876
External investment pools.....	4,749,254	4,749,254	-	-	-
Total debt securities.....	16,669,674	\$ 10,811,536	\$ 4,204,032	\$ 1,018,394	\$ 635,712
<u>Other Investments:</u>					
Equity securities.....	1,251,530				
Total investments.....	\$ 17,921,204				

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, 2012, 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, 2012, the credit quality ratings of the Town's investments in debt securities are as follows:

Investment Type	Fair Value	Quality Ratings *		
		A	BBB	Unrated
Corporate bonds.....	\$ 290,836	\$ 119,440	\$ 171,396	\$ -
Money market mutual funds.....	1,961,634	-	-	1,961,634
Certificates of deposit.....	9,399,361	-	-	9,399,361
External investment pools.....	4,749,254	-	-	4,749,254
Total.....	\$ 16,401,085	\$ 119,440	\$ 171,396	\$ 16,110,249

* 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, 2012, 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, 2012, the Town was not exposed to concentration of credit risk.

NOTE 4 - ACCOUNTS RECEIVABLE

At June 30, 2012, 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.....	\$ 570,533	\$ -	\$ 570,533
Tax liens.....	211,708	-	211,708
Motor vehicle and other excise taxes.....	188,393	(57,113)	131,280
User charges.....	2,980,527	-	2,980,527
Departmental and other.....	192,300	-	192,300
Intergovernmental.....	6,065,276	-	6,065,276
	<u>\$ 10,208,737</u>	<u>\$ (57,113)</u>	<u>\$ 10,151,624</u>

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:

	General Fund	Sewer Fund	Community Preservation Funds	Total
<u>Receivable type:</u>				
Real estate and personal property taxes.....	\$ 346,069	\$ -	\$ -	\$ 346,069
Tax liens.....	211,708	-	-	211,708
Motor vehicle and other excise taxes.....	131,280	-	-	131,280
User charges.....	1,230,939	1,749,588	-	2,980,527
Departmental and other.....	113,519	-	18,384	131,903
Intergovernmental (state school construction).....	5,742,627	-	-	5,742,627
Intergovernmental (other state and federal).....	31,020	-	-	31,020
Tax foreclosures.....	53,769	-	-	53,769
Total.....	<u>\$ 7,860,931</u>	<u>\$ 1,749,588</u>	<u>\$ 18,384</u>	<u>\$ 9,628,903</u>

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 2011, \$589,056 of such assistance was received. \$6,479,605 will be received in future fiscal years. Of this amount, \$736,978 represents reimbursement of long-term interest costs and \$5,742,627 represents reimbursement of approved construction costs. Accordingly, a \$5,742,627 intergovernmental receivable has been reported in the governmental funds financial statements.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 30,189,715	\$ 509,793	\$ -	\$ 30,699,508
Construction in progress.....	2,423,505	7,826	(2,379,293)	52,038
Total capital assets not being depreciated.....	<u>32,613,220</u>	<u>517,619</u>	<u>(2,379,293)</u>	<u>30,751,546</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	134,866,575	2,027,210	-	136,893,785
Machinery and equipment.....	4,008,750	256,117	(49,000)	4,215,867
Vehicles.....	6,244,279	202,403	(157,254)	6,289,428
Infrastructure.....	100,377,583	3,206,339	-	103,583,922
Total capital assets being depreciated.....	<u>245,497,187</u>	<u>5,692,069</u>	<u>(206,254)</u>	<u>250,983,002</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(37,481,023)	(4,188,059)	-	(41,669,082)
Machinery and equipment.....	(3,124,937)	(314,388)	44,100	(3,395,225)
Vehicles.....	(3,833,341)	(478,897)	137,950	(4,174,288)
Infrastructure.....	(59,925,962)	(2,336,289)	-	(62,262,251)
Total accumulated depreciation.....	<u>(104,365,263)</u>	<u>(7,317,633)</u>	<u>182,050</u>	<u>(111,500,846)</u>
Total capital assets being depreciated, net.....	<u>141,131,924</u>	<u>(1,625,564)</u>	<u>(24,204)</u>	<u>139,482,156</u>
Total governmental activities capital assets, net.....	<u>\$ 173,745,144</u>	<u>\$ (1,107,945)</u>	<u>\$ (2,403,497)</u>	<u>\$ 170,233,702</u>

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

Governmental Activities:

General government.....	\$ 498,358
Public safety.....	399,373
Education.....	3,386,218
Public works.....	1,590,151
Water.....	427,970
Sewer.....	839,858
Health and human services.....	150
Culture and recreation.....	<u>175,555</u>

Total depreciation expense - governmental activities..... \$ 7,317,633

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

Invested in capital assets, net of related debt, at June 30, 2012 is summarized as follows:

Capital assets, net of accumulated depreciation.....	\$	170,233,702
Less capital related debt outstanding.....		(60,281,876)
Add unspent proceeds of capital related debt.....		<u>1,032,130</u>
Invested in capital assets, net of related debt.....	\$	<u><u>110,983,956</u></u>

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Receivables and payables between funds at June 30, 2012, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund.....	Nonmajor governmental funds (School revolving).....	\$ <u><u>7,015</u></u> (1)

(1) Represents advance-funding of various revolving fund programs

Interfund transfers for the fiscal year ended June 30, 2012, are summarized as follows:

<u>Transfers Out:</u>	<u>General Fund</u>
Sewer Fund.....	\$ 4,280,502 (1)
Community Preservation Fund.....	727,213 (2)
Nonmajor Governmental Funds.....	<u>249,000</u> (3)
	<u><u>\$ 5,256,715</u></u>

- (1) Represents budgeted transfer to the general fund to fund sewer operations
- (2) Represents budgeted transfer to the general fund from the community preservation fund for debt service
- (3) Represents budgeted transfers to the general fund from the federal impact aid fund

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, 2012, is as follows:

Governmental Funds

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2011	Increases	Decreases	Balance at June 30, 2012
BAN	Fire ambulance.....	06/08/11	07/22/11	0.50%	\$ 500	\$ -	\$ (500)	\$ -
BAN	Middlesex Turnpike.....	06/05/12	02/15/13	0.50%	-	5,000	-	5,000
BAN	Water main improvements.....	06/05/12	02/15/13	0.50%	-	400,000	-	400,000
Total.....					\$ 500	\$ 405,000	\$ (500)	\$ 405,000

NOTE 9 - LONG-TERM OBLIGATIONS

The following represents a summary of the changes that occurred in long-term obligations during the fiscal year ended June 30, 2012:

	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012	Current Portion
Governmental Activities:					
Compensated absences.....	\$ 1,573,022	\$ 43,962	\$ (114,033)	\$ 1,502,951	\$ 1,033,345
Long-term bonds payable....	64,125,000	9,973,000	(14,641,000)	59,457,000	5,267,000
Long-term notes payable.....	622,530	-	(202,654)	419,876	139,016
Net OPEB obligation.....	10,592,196	5,340,932	(1,278,432)	14,654,696	-
Total.....	\$ 76,912,748	\$ 15,357,894	\$ (16,236,119)	\$ 76,034,523	\$ 6,439,361

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

NOTE 10 - LONG-TERM DEBT

Details related to the outstanding indebtedness at June 30, 2012, and the debt service requirements are as follows:

Project	Interest Rate (%)	Outstanding at June 30, 2011	Additions	Reductions	Outstanding at June 30, 2012
Water Bonds-MWRA.....	0.00	\$ 43,618	\$ -	\$ (43,618)	\$ -
Water Bonds-MWRA.....	0.00	40,000	-	(20,000)	20,000
Building Construction - Public Works.....	4.05	1,430,000	-	(1,300,000)	130,000
Building Construction - School.....	4.11	8,770,000	-	(8,035,000)	735,000
Land Acquisition.....	3.97	161,500	-	(144,300)	17,200
Land Acquisition.....	3.97	233,250	-	(208,700)	24,550
Land Acquisition.....	3.98	250,000	-	(225,000)	25,000
Land Acquisition.....	3.97	270,250	-	(242,000)	28,250
Engineering Services - Public Works.....	4.05	242,224	-	(220,002)	22,222
Building Construction - Public Works.....	4.05	247,776	-	(224,998)	22,778
Building Remodeling - Municipal.....	3.80	2,150,000	-	(175,000)	1,975,000
Land Acquisition.....	3.83	910,000	-	(70,000)	840,000
Building Construction - Public Works.....	3.82	3,125,000	-	(270,000)	2,855,000
Water Equipment.....	3.74	215,000	-	(55,000)	160,000
Water Mains.....	3.96	1,410,000	-	(95,000)	1,315,000
Water Bonds - MWRA.....	0.00	229,460	-	(38,243)	191,217
High School Renovation.....	3.90	1,710,000	-	(135,000)	1,575,000
Land Acquisition.....	3.90	300,000	-	(25,000)	275,000
Town Center Facility.....	3.92	1,610,000	-	(125,000)	1,485,000
Town Hall Remodeling.....	3.93	290,000	-	(25,000)	265,000
Sewer Bonds - MWRA.....	0.00	20,020	-	(20,020)	-
Sewer Bonds - MWRA.....	0.00	33,660	-	(16,830)	16,830
High School Renovation.....	4.23	13,850,000	-	(875,000)	12,975,000
Fire Pumper.....	3.60	325,000	-	(85,000)	240,000
Road Resurfacing.....	2.94	560,000	-	(190,000)	370,000
High School Renovation.....	2.50	11,177,000	-	(567,000)	10,610,000
Water Mains.....	2.50	475,000	-	(35,000)	440,000
Water Standpipe.....	2.50	150,000	-	(25,000)	125,000
Sewer Expansion.....	2.50	339,000	-	(29,000)	310,000
Road Resurfacing.....	2.50	1,200,000	-	(165,000)	1,035,000
Shawsheen Well.....	2.50	100,000	-	(10,000)	90,000
Middlesex Turnpike.....	1.45	930,000	-	(65,000)	865,000
Water Design.....	1.45	10,000	-	(5,000)	5,000
General Obligation Refunding Bonds.....	2.14	2,205,000	-	(500,000)	1,705,000
Sewer Bonds - MWRA.....	0.00	255,772	-	(63,943)	191,829
Summer Street Drainage.....	4.00	180,000	-	(20,000)	160,000
Town Center North Wing.....	4.08	1,535,000	-	(160,000)	1,375,000
Land Acquisition CPA.....	3.66	5,000,000	-	(335,000)	4,665,000
North Road Water Main Replacement.....	2.34	92,000	533,000	-	625,000
Road Resurfacing.....	2.34	1,300,000	-	-	1,300,000
Water Main Improvement.....	2.34	550,000	-	-	550,000
Water.....	2.34	400,000	-	-	400,000
Fire Mini Pumper.....	2.34	218,000	-	-	218,000
Fire Ambulance Replacement.....	2.34	204,000	-	-	204,000
General Obligation Refunding Bonds.....	1.43	-	9,440,000	-	9,440,000
Total bonds and notes payable.....		\$ 64,747,530	\$ 9,973,000	\$ (14,843,654)	\$ 59,876,876

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013.....	\$ 5,406,016	\$ 2,159,337	\$ 7,565,353
2014.....	5,282,186	1,976,455	7,258,641
2015.....	5,027,186	1,786,712	6,813,898
2016.....	4,748,243	1,608,751	6,356,994
2017.....	4,618,245	1,429,662	6,047,907
2018.....	4,495,000	1,237,070	5,732,070
2019.....	4,265,000	1,040,943	5,305,943
2020.....	4,170,000	872,218	5,042,218
2021.....	4,070,000	724,418	4,794,418
2022.....	3,800,000	596,243	4,396,243
2023.....	3,495,000	474,618	3,969,618
2024.....	2,710,000	360,697	3,070,697
2025.....	2,080,000	268,060	2,348,060
2026.....	2,055,000	188,915	2,243,915
2027.....	1,435,000	117,381	1,552,381
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>59,876,876</u>	\$ <u>15,019,074</u>	\$ <u>74,895,950</u>

The Town issued \$533,000 of general obligation bonds on July 22, 2011 for water mains.

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). At June 30, 2012, the outstanding principal amount of these loans totaled \$419,876.

Subsequent event

On August 13, 2012, the Town issued an MWRA bond in the amount of \$1,000,000 for water system improvements.

Advanced Refunding - January 2012

The Town issued \$9,440,000 of general obligation refunding bonds (with bond issuance costs of \$110,500 and a premium of \$767,080) 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 \$9,595,000 of previously issued general obligation bonds related to school construction, land acquisition and various governmental capital projects. 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 \$709,368. This amount was expensed in the current fiscal year. This advance refunding was undertaken to reduce total debt service payments over the next 11 years by approximately \$1,275,000 and resulted in an economic gain of approximately \$1,175,000.

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, 2012, the Town had the following authorized and unissued debt:

<u>Purpose</u>	<u>Amount</u>
Water mains.....	\$ 1,500,000 (1)
Middlesex Turnpike water main.....	425,000
Crosby drive water standpipe.....	260,000
Sewer pump station.....	170,000
Infiltration/Inflow program.....	150,000
Middlesex Turnpike.....	5,000 (1)
Sewer system expansion.....	<u>2,000</u>
Total.....	<u>\$ 2,512,000</u>

(1) Short-term debt of \$400,000 and \$5,000, respectively, has been issued and is outstanding as of June 30, 2012

NOTE 11 - 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, GAAP-basis audited financial report.

The number of participants as of June 30, 2010, the latest actuarial valuation, is as follows:

Active employees.....	381
Retired employees.....	<u>337</u>
Total.....	<u>718</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.....	\$ 5,309,548
Interest on net OPEB obligation.....	423,688
Adjustment to annual required contribution.....	<u>(392,304)</u>
Annual OPEB cost.....	5,340,932
Contributions made.....	<u>(1,278,432)</u>
Increase in net OPEB obligation.....	4,062,500
Net OPEB obligation at beginning of year.....	<u>10,592,196</u>
Net OPEB obligation at end of year.....	<u>\$ 14,654,696</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, 2010.....	\$ 4,780,145	24.4%	\$ 6,690,572
June 30, 2011.....	5,080,950	23.2%	10,592,196
June 30, 2012.....	5,340,932	23.9%	14,654,696

Funded Status and Funding Progress - The funded status of the Plan at June 30, 2010, 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>
06/30/10	\$ -	\$ 71,292,434	\$ 71,292,434	0.0%	\$ 37,108,987	192.1%

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. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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, 2010
Actuarial cost method:	Projected Unit Credit
Amortization method:	Payments increasing at 4.00% per year
Remaining amortization period:	30 years at July 1, 2010 (open)
Interest discount and inflation rate:	4.00%
Healthcare/Medical cost trend rate:	9.00% decreasing by 0.75% for 5 years and by 0.25% 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.....	\$ 461,634
Public safety.....	1,398,796
Education.....	2,392,738
Public works.....	489,808
Water.....	66,139
Sewer.....	80,836
Health and human services.....	217,112
Culture and recreation.....	<u>233,869</u>
Total AOPEBC - governmental activities.....	\$ <u><u>5,340,932</u></u>

NOTE 12 - 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 was self-insured for health care for a portion of its retirees for the fiscal year ended June 30, 2012. 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, 2012 totaled \$100,000. Changes in the reported liability since July 1, 2010, are as follows:

	Balance at Beginning of Fiscal Year		Current Year Claims and Changes in Estimate		Claims Payments		Balance at Fiscal Year-end
Fiscal year 2011.....	\$ 83,473	\$	969,785	\$	(898,286)	\$	154,972
Fiscal year 2012.....	\$ 154,972	\$	952,017	\$	(1,006,989)	\$	100,000

Subsequent Events

On July 1, 2012, the Town began participating in the Commonwealth's Group Insurance Commission (GIC), which offers a variety of premium based health insurance plans for the Town's employees and retirees.

NOTE 13 - FUND BALANCES

The constraints on fund balances as listed in aggregate in the Governmental Funds Balance Sheet are detailed as follows:

	<u>General</u>	<u>Sewer</u>	<u>High School</u>	<u>Community Preservation Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:						
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ -	\$ 452,742	\$ 452,742
Restricted:						
Other post employment benefits.....	2,436,186	-	-	-	-	2,436,186
Pension benefits.....	1,234,153	-	-	-	-	1,234,153
Health benefits.....	640,861	-	-	-	-	640,861
Sewer.....	-	6,716,182	-	-	-	6,716,182
School construction.....	-	-	116,151	-	-	116,151
Community preservation.....	-	-	-	4,091,227	-	4,091,227
Capital - other.....	-	-	-	-	510,979	510,979
Other.....	-	-	-	-	1,437,567	1,437,567
Revolving funds - Town.....	-	-	-	-	1,291,760	1,291,760
State grants.....	-	-	-	-	1,072,584	1,072,584
Gifts.....	-	-	-	-	649,672	649,672
Affordable housing.....	-	-	-	-	516,971	516,971
Federal grants.....	-	-	-	-	177,102	177,102
Permanent funds - library.....	-	-	-	-	352,907	352,907
Sub-total - Restricted.....	<u>4,311,200</u>	<u>6,716,182</u>	<u>116,151</u>	<u>4,091,227</u>	<u>6,009,542</u>	<u>21,244,302</u>
Committed:						
Subsequent year's expenditures.....	3,450,790	-	-	-	-	3,450,790
Continuing appropriations.....	1,005,543	-	-	-	-	1,005,543
Debt service.....	1,210,185	-	-	-	-	1,210,185
Sub-total - Committed.....	<u>5,666,518</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,666,518</u>
Assigned:						
Encumbrances.....	1,243,040	-	-	-	-	1,243,040
Unassigned.....	<u>4,876,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,050)</u>	<u>4,844,472</u>
Total fund balances.....	<u>\$ 16,097,280</u>	<u>\$ 6,716,182</u>	<u>\$ 116,151</u>	<u>\$ 4,091,227</u>	<u>\$ 6,430,234</u>	<u>\$ 33,451,074</u>

NOTE 14 - STABILIZATION FUNDS

The Town maintains a general stabilization fund and a debt service stabilization fund (funded by bond premiums) that were established under MGL Chapter 40, Section 5B. Appropriations in and out of these stabilization funds require two-thirds vote of Town meeting. Investment income is retained by the fund.

The balance of the general stabilization fund and debt service stabilization fund at June 30, 2012 are \$1,223,710 and \$1,210,185, respectively. These balances are reported in the general fund as unassigned and committed fund balance, respectively.

NOTE 15 - 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. The System does not issue a stand alone, GAAP-basis audited financial report.

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, 2012, 2011, and 2010 were approximately \$2,847,000, \$2,645,000 and \$2,481,000, respectively, which equaled its required contribution for each fiscal year.

NOTE 16 - 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 \$5,470,000 for the fiscal year ended June 30, 2012, and accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

NOTE 17 - COMMITMENTS

The Town has also entered into, or is planning to enter into, contracts totaling approximately \$2,500,000 for infrastructure.

Other significant commitments include encumbrances and continuing appropriations outstanding for the general fund, which totaled \$2,248,583 at June 30, 2012.

NOTE 18 - 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, 2012, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2012.

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, 2012, 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 19 – FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS

The GASB has issued the following statements:

- Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which is required to be implemented during fiscal year 2013. Management does not believe the implementation of this Statement will impact the basic financial statements.
- Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, which is required to be implemented during fiscal year 2013. Management does not believe the implementation of this Statement will impact the basic financial statements.
- Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is required to be implemented during fiscal year 2013. Management does not believe the implementation of this Statement will impact the basic financial statements.
- Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which is required to be implemented during fiscal year 2013. The implementation of this Statement will require a change to the title of the Statement of Net Assets to the Statement of Net Position.
- Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will significantly impact the basic financial statements.
- Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will impact the basic financial statements.
- Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*, which is required to be implemented during fiscal year 2014. Management has determined that the implementation of this Statement will not impact the basic financial statements.
- Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, which is required to be implemented during fiscal year 2015. The implementation of this Statement will represent a significant change in the accounting and reporting of pension expense and the related liability. For the first time, the Town will be required to recognize its long-term obligation for pension benefits as a liability and to more comprehensively measure the annual costs of pension benefits. The implementation of this Statement also expands pension related note disclosures and required supplementary information.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward to Next Year	Variance to Final Budget
REVENUES					
Real estate and personal property taxes.....	\$ 51,566,960	\$ 51,446,303	\$ 51,666,996	\$ -	\$ 220,693
Motor vehicle and other excise taxes.....	2,336,820	2,336,820	2,987,334	-	650,514
Payments in lieu of taxes.....	1,410,275	1,410,275	1,459,126	-	48,851
Charges for services.....	2,854,750	2,854,750	2,560,201	-	(294,549)
Intergovernmental.....	5,025,930	5,025,930	5,061,243	-	35,313
Penalties and interest on taxes.....	-	-	172,203	-	172,203
Departmental and other.....	1,721,760	1,721,760	2,378,642	-	656,882
Investment income.....	201,250	201,250	116,610	-	(84,640)
TOTAL REVENUES.....	65,117,745	64,997,088	66,402,355	-	1,405,267
EXPENDITURES					
Current:					
Selectmen.....	1,014,001	1,014,001	419,557	531,374	63,070
Finance/Administrative services.....	1,153,174	1,153,174	955,978	153,514	43,682
Financial Committees.....	277,098	277,098	440	-	276,658
Board of Assessors.....	258,786	258,786	244,382	-	14,404
Legal services.....	175,000	175,000	162,604	-	12,396
Town Clerk.....	202,434	202,434	187,736	12,106	2,592
Elections and registrations.....	32,821	32,821	30,865	-	1,956
Planning Board.....	137,613	162,513	127,650	24,900	9,963
Facilities.....	1,186,152	1,186,152	958,136	200,464	27,552
Town Center.....	130,815	130,815	124,912	5,893	10
Police department.....	3,233,108	3,233,108	3,218,248	9,677	5,183
Fire department.....	2,339,107	2,339,107	2,334,128	2,308	2,671
Code enforcement.....	427,150	427,150	403,480	2,700	20,970
School department.....	32,274,532	32,274,532	31,730,613	486,632	57,287
Vocational education.....	465,000	465,000	441,999	-	23,001
Public works.....	11,049,925	11,014,368	9,799,225	800,633	414,510
Board of Health.....	530,867	530,867	510,004	10,594	10,269
Hazardous waste.....	13,250	13,250	8,295	-	4,955
Mosquito control.....	33,489	33,489	33,489	-	-
Bedford Local Transit.....	56,106	56,106	51,408	21	4,677
Council on Aging.....	174,205	174,205	171,271	-	2,934
Youth and family services.....	346,201	346,201	297,567	-	48,634
Public Library.....	1,182,228	1,182,228	1,158,779	7,767	15,682
Recreation Commission.....	155,384	155,384	155,383	-	1
Historic Preservation Commission.....	1,220	1,220	1,219	-	1
Pension benefits.....	2,847,038	2,847,038	2,836,343	-	10,695
Insurance and benefits.....	7,071,857	6,961,857	6,551,901	-	409,956
State and county charges.....	324,334	324,334	353,366	-	(29,032)
Debt service:					
Principal.....	5,248,654	5,248,654	5,248,654	-	-
Interest.....	2,473,297	2,473,297	2,459,401	-	13,896
TOTAL EXPENDITURES.....	74,814,846	74,694,189	70,977,033	2,248,583	1,468,573
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(9,697,101)	(9,697,101)	(4,574,678)	(2,248,583)	2,873,840
OTHER FINANCING SOURCES (USES)					
Transfers in.....	6,076,223	6,076,223	6,076,223	-	-
Premium from issuance of bonds and notes.....	228,227	228,227	203,604	-	(24,623)
Transfers out.....	(150,000)	(150,000)	(150,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	6,154,450	6,154,450	6,129,827	-	(24,623)
NET CHANGE IN FUND BALANCE.....	(3,542,651)	(3,542,651)	1,555,149	(2,248,583)	2,849,217
FUND BALANCE AT BEGINNING OF YEAR.....	9,019,703	9,019,703	9,019,703	9,019,703	-
FUND BALANCE AT END OF YEAR.....	\$ 5,477,052	\$ 5,477,052	\$ 10,574,852	\$ 6,771,120	\$ 2,849,217

See notes to required supplementary information.

COMMUNITY PRESERVATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actuarial Budgetary Amounts	Amounts Carried Forward to Next Year	Variance to Final Budget
REVENUES					
Community preservation surcharges.....	\$ 1,255,000	\$ 1,255,000	\$ 1,267,161	\$ -	\$ 12,161
Penalties and interest on taxes.....	-	-	3,259	-	3,259
Intergovernmental	356,822	356,822	367,622	-	10,800
Investment income.....	20,000	20,000	17,134	-	(2,866)
TOTAL REVENUES.....	1,631,822	1,631,822	1,655,176	-	23,354
EXPENDITURES					
Current:					
Administrative.....	10,000	10,000	3,946	-	6,054
Acquisitions and projects.....	4,375,016	4,375,016	779,601	3,595,415	-
TOTAL EXPENDITURES.....	4,385,016	4,385,016	783,547	3,595,415	6,054
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(2,753,194)	(2,753,194)	871,629	(3,595,415)	29,408
OTHER FINANCING SOURCES (USES)					
Transfers out.....	(727,213)	(727,213)	(727,213)	-	-
NET CHANGE IN FUND BALANCE.....	(3,480,407)	(3,480,407)	144,416	(3,595,415)	29,408
FUND BALANCE AT BEGINNING OF YEAR....	4,094,621	4,094,621	4,094,621	4,094,621	-
FUND BALANCE AT END OF YEAR.....	\$ 614,214	\$ 614,214	\$ 4,239,037	\$ 499,206	\$ 29,408

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)
01/01/10	\$ 819,987,914	\$ 1,742,380,855	\$ 922,392,941	47.1%	\$ 384,598,692	239.8%
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%

SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)

Year Ended December 31	Annually Required Contributions (ARC)	Percentage of ARC Contributed (%)
2006	\$ 57,553,642	100
2007	64,053,064	100
2008	71,233,749	100
2009	74,126,190	100
2010	76,270,263	100
2011	79,640,599	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 (%)
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
2011	2,644,592	100	3.5
2012	2,847,038	100	3.6

OTHER POST EMPLOYMENT BENEFITS SCHEDULE

The following schedule provides information related to the Town's other post-employment benefits plan:

SCHEDULES OF FUNDING PROGRESS (SYSTEM)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
06/30/08	\$ -	\$ 61,170,521	\$ 61,170,521	0.0%	\$ 32,019,829	191.0%
06/30/10	-	71,292,434	71,292,434	0.0%	37,108,987	192.1%

The significant change to the methods and assumptions used in the actuarial valuations identified above that impacted trends in the schedules of funding progress is the increase in the trend on medical and prescription drug costs.

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 and community preservation fund for the fiscal year ended June 30, 2012, is presented below:

General Fund

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 66,402,355	\$ 70,977,033	\$ 6,129,827
Reclassifications			
Activity of health insurance trusts recorded in the general fund for GAAP purposes.....	13,731	(162,560)	-
Activity of stabilization fund recorded in the general fund for GAAP purposes.....	26,129	-	(500,000)
Activity of bond premium stabilization fund recorded in the general fund for GAAP purposes.....	22,423	-	(148,620)
Activity of post retirement benefits fund recorded in the general fund for GAAP purposes.....	57,277	-	150,000
Activity of pension fund recorded in the general fund for GAAP purposes.....	<u>33,323</u>	<u>-</u>	<u>(170,888)</u>
Adjustments			
Net change in recording 60-day receipts.....	(144,091)	-	-
Net change in recording tax refunds payable.....	(254,999)	-	-
To record MTRS on-behalf payments.....	5,470,231	5,470,231	-
Net change in recording short-term interest accrual.....	-	(36,147)	-
Net change in recording other expenditures.....	<u>-</u>	<u>(11,070)</u>	<u>-</u>
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	<u>\$ 71,626,379</u>	<u>\$ 76,237,487</u>	<u>\$ 5,460,319</u>

Community Preservation Fund

	<u>Expenditures</u>
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 783,547
<u>Adjustments</u>	
Net change in recording accrued expenditures.....	<u>147,810</u>
GAAP basis as reported on the statement of revenues expenditures and changes in fund balances.....	<u>\$ 931,357</u>

NOTE B - PENSION PLAN

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

Valuation date:	January 1, 2010
Actuarial cost method:	Entry age normal
Amortization method:	Level dollar for the 2002 and 2003 ERIs and increasing amortization for the remaining unfunded liability
Remaining amortization period:	As of July 1, 2010, 9 years remaining for 2002 ERI liability, 10 years remaining for 2003 ERI liability and 25 years for remaining 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.

Actuarial assumptions:

Investment rate of return:	8.125%
Projected salary increases:	4.75% for Group 1 and 5.25% for Group 4
Cost of living adjustments:	3.00% on the first \$12,000 of retirement income, increasing to \$13,000 on July 1, 2011 and to \$14,000 on July 1, 2012

Combining Statements



Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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.

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.

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.

Capital Projects Funds

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Permanent Funds

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government’s programs and benefit the government or its citizenry.

Library Trust Funds – accounts for all library related permanent funds.

Other Trust Funds – accounts for all non-library related permanent funds.

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2012

	<i>Special Revenue Funds</i>			
	Town Revolving Funds	School Revolving Funds	Grants	Other Funds
ASSETS				
Restricted assets:				
Cash and cash equivalents.....	\$ 1,286,678	\$ -	\$ 1,124,309	\$ 667,451
Investments.....	-	-	-	1,284,280
Receivables, net of uncollectibles:				
Departmental and other.....	60,397	-	-	-
Intergovernmental.....	-	-	291,629	-
TOTAL ASSETS.....	\$ 1,347,075	\$ -	\$ 1,415,938	\$ 1,951,731
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Warrants payable.....	\$ 51,549	\$ 10,996	\$ 98,076	\$ 635
Accrued payroll.....	3,766	14,039	68,176	-
Due to other funds.....	-	7,015	-	-
Short-term notes payable.....	-	-	-	-
TOTAL LIABILITIES.....	55,315	32,050	166,252	635
FUND BALANCES:				
Nonspendable.....	-	-	-	-
Restricted.....	1,291,760	-	1,249,686	1,951,096
Unassigned.....	-	(32,050)	-	-
TOTAL FUND BALANCES.....	1,291,760	(32,050)	1,249,686	1,951,096
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 1,347,075	\$ -	\$ 1,415,938	\$ 1,951,731

<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>	<u>Permanent Funds</u>			<u>Total</u>
<u>Gifts</u>	<u>Sub-total</u>	<u>Capital Projects Funds</u>	<u>Library Trust Funds</u>	<u>Other Trust Funds</u>	<u>Sub-total</u>	<u>Nonmajor Governmental Funds</u>
\$ 652,694	\$ 3,731,132	\$ 915,979	\$ 9,546	\$ 11,116	\$ 20,662	\$ 4,667,773
-	1,284,280	-	645,624	147,802	793,426	2,077,706
-	60,397	-	-	-	-	60,397
-	291,629	-	-	-	-	291,629
<u>\$ 652,694</u>	<u>\$ 5,367,438</u>	<u>\$ 915,979</u>	<u>\$ 655,170</u>	<u>\$ 158,918</u>	<u>\$ 814,088</u>	<u>\$ 7,097,505</u>
\$ 3,022	\$ 164,278	\$ -	\$ 4,997	\$ -	\$ 4,997	\$ 169,275
-	85,981	-	-	-	-	85,981
-	7,015	-	-	-	-	7,015
-	-	405,000	-	-	-	405,000
<u>3,022</u>	<u>257,274</u>	<u>405,000</u>	<u>4,997</u>	<u>-</u>	<u>4,997</u>	<u>667,271</u>
-	-	-	297,266	155,476	452,742	452,742
649,672	5,142,214	510,979	352,907	3,442	356,349	6,009,542
-	(32,050)	-	-	-	-	(32,050)
<u>649,672</u>	<u>5,110,164</u>	<u>510,979</u>	<u>650,173</u>	<u>158,918</u>	<u>809,091</u>	<u>6,430,234</u>
<u>\$ 652,694</u>	<u>\$ 5,367,438</u>	<u>\$ 915,979</u>	<u>\$ 655,170</u>	<u>\$ 158,918</u>	<u>\$ 814,088</u>	<u>\$ 7,097,505</u>

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<i>Special Revenue Funds</i>			
	Town Revolving Funds	School Revolving Funds	Grants	Other Funds
REVENUES:				
Intergovernmental.....	\$ -	\$ -	\$ 4,200,895	\$ -
Departmental and other.....	2,730,307	602,117	17,116	398,149
Contributions.....	-	-	-	177,079
Investment income.....	330	-	21	30,789
TOTAL REVENUES.....	2,730,637	602,117	4,218,032	606,017
EXPENDITURES:				
Current:				
General government.....	158,194	-	9,459	468,213
Public safety.....	412,973	-	277,919	-
Education.....	406,272	643,511	3,371,718	-
Public works.....	20,377	-	359,758	-
Water.....	-	-	-	-
Sewer.....	-	-	-	-
Health and human services.....	-	-	12,673	-
Culture and recreation.....	1,569,719	-	22,377	-
TOTAL EXPENDITURES.....	2,567,535	643,511	4,053,904	468,213
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	163,102	(41,394)	164,128	137,804
OTHER FINANCING SOURCES (USES):				
Issuance of bonds and notes.....	-	-	-	-
Issuance of refunding bonds.....	-	-	-	-
Premium from issuance of refunding bonds.....	-	-	-	-
Payments to refunded bond escrow agent.....	-	-	-	-
Transfers out.....	-	-	(249,000)	-
TOTAL OTHER FINANCING SOURCES (USES)....	-	-	(249,000)	-
NET CHANGE IN FUND BALANCES.....	163,102	(41,394)	(84,872)	137,804
FUND BALANCES AT BEGINNING OF YEAR.....	1,128,658	9,344	1,334,558	1,813,292
FUND BALANCES AT END OF YEAR.....	\$ 1,291,760	\$ (32,050)	\$ 1,249,686	\$ 1,951,096

<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>	<u>Permanent Funds</u>			<u>Total</u>
<u>Gifts</u>	<u>Sub-total</u>	<u>Capital Projects Funds</u>	<u>Library Trust Funds</u>	<u>Other Trust Funds</u>	<u>Sub-total</u>	<u>Nonmajor Governmental Funds</u>
\$ -	\$ 4,200,895	\$ -	\$ -	\$ -	\$ -	\$ 4,200,895
-	3,747,689	-	2,233	-	2,233	3,749,922
108,790	285,869	-	-	-	-	285,869
510	31,650	402	8,257	3,442	11,699	43,751
109,300	8,266,103	402	10,490	3,442	13,932	8,280,437
123,587	759,453	-	-	-	-	759,453
1,699	692,591	-	-	-	-	692,591
27,395	4,448,896	-	-	-	-	4,448,896
-	380,135	738,354	-	-	-	1,118,489
-	-	1,075,025	-	-	-	1,075,025
20,000	20,000	106,963	-	-	-	126,963
30,881	43,554	-	-	-	-	43,554
531	1,592,627	-	9,875	-	9,875	1,602,502
204,093	7,937,256	1,920,342	9,875	-	9,875	9,867,473
(94,793)	328,847	(1,919,940)	615	3,442	4,057	(1,587,036)
-	-	533,000	-	-	-	533,000
-	-	9,440,000	-	-	-	9,440,000
-	-	767,080	-	-	-	767,080
-	-	(10,304,368)	-	-	-	(10,304,368)
-	(249,000)	-	-	-	-	(249,000)
-	(249,000)	435,712	-	-	-	186,712
(94,793)	79,847	(1,484,228)	615	3,442	4,057	(1,400,324)
744,465	5,030,317	1,995,207	649,558	155,476	805,034	7,830,558
\$ 649,672	\$ 5,110,164	\$ 510,979	\$ 650,173	\$ 158,918	\$ 809,091	\$ 6,430,234

Agency Funds

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

AGENCY FUND
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance at</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2012</u>
ASSETS				
Cash and cash equivalents.....	\$ <u>660,906</u>	\$ <u>-</u>	\$ <u>(82,315)</u>	\$ <u>578,591</u>
LIABILITIES				
Liabilities due depositors.....	\$ <u>660,906</u>	\$ <u>-</u>	\$ <u>(82,315)</u>	\$ <u>578,591</u>

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.



Bedford Community Playground

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 77-84)

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 85-87)

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

Debt Capacity (pages 88-90)

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 91-92)

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 93-95)

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.*

Net Assets By Component

Last Ten Fiscal Years

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt.....	\$ 78,176,677	\$ 95,482,398	\$ 100,692,223	\$ 95,710,758
Restricted.....	3,440,266	3,610,780	4,210,164	7,541,861
Unrestricted.....	<u>28,552,709</u>	<u>25,376,342</u>	<u>24,578,770</u>	<u>25,127,152</u>
Total governmental activities net assets.....	<u>\$ 110,169,652</u>	<u>\$ 124,469,520</u>	<u>\$ 129,481,157</u>	<u>\$ 128,379,771</u>

Fiscal Year

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$	97,543,569	\$ 104,793,480	\$ 119,172,856	\$ 110,394,909	\$ 111,652,348	\$ 110,983,956
	29,661,172	8,473,528	8,037,583	22,707,425	24,831,495	23,849,127
	<u>22,454,438</u>	<u>27,730,975</u>	<u>20,620,500</u>	<u>11,082,848</u>	<u>3,201,170</u>	<u>1,729,983</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>	<u><u>139,685,013</u></u>	<u><u>136,563,066</u></u>

Changes in Net Assets

Last Ten Fiscal Years

	Fiscal Year			
	2003	2004	2005	2006
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	2011	2012
\$	5,417,160	\$ 4,724,817	\$ 5,678,938	\$ 5,455,197	\$ 5,842,948	\$ 5,567,258
	7,680,670	8,220,383	9,635,249	9,462,746	9,619,842	10,102,908
	40,624,444	40,578,333	46,682,837	48,754,787	50,437,739	52,030,556
	6,301,533	7,105,107	8,717,806	6,354,053	7,626,015	7,041,347
	1,556,392	1,417,134	2,112,065	2,367,437	2,436,795	2,115,927
	4,024,790	3,986,168	4,271,320	4,632,268	4,806,486	4,565,735
	1,248,160	1,233,859	1,633,960	1,817,572	1,913,171	1,877,781
	3,324,537	3,499,833	3,541,267	3,528,722	3,685,857	3,610,814
	3,057,173	3,785,529	2,888,872	2,784,521	2,459,305	3,055,662
	-	-	-	-	-	-
\$	<u>73,234,859</u>	<u>\$ 74,551,163</u>	<u>\$ 85,162,314</u>	<u>\$ 85,157,303</u>	<u>\$ 88,828,158</u>	<u>\$ 89,967,988</u>
\$	494,536	\$ 515,684	\$ 860,239	\$ 509,581	\$ 522,224	\$ 764,512
	1,623,338	1,912,935	1,373,843	998,862	1,444,647	1,336,098
	2,452,167	3,011,711	2,628,421	3,111,320	2,973,488	2,866,113
	3,768,559	4,361,601	3,699,114	5,171,795	4,275,156	4,561,870
	669,349	680,977	575,407	534,523	545,394	548,253
	844,383	935,190	933,483	324,424	384,145	354,064
	13,240,827	13,975,158	16,466,808	19,221,263	15,826,959	16,240,591
	1,646,828	11,294,292	12,739,771	(862,002)	1,213,250	836,350
\$	<u>24,739,987</u>	<u>\$ 36,687,548</u>	<u>\$ 39,277,086</u>	<u>\$ 29,009,766</u>	<u>\$ 27,185,263</u>	<u>\$ 27,507,851</u>
\$	<u>(48,494,872)</u>	<u>\$ (37,863,615)</u>	<u>\$ (45,885,228)</u>	<u>\$ (56,147,537)</u>	<u>\$ (61,642,895)</u>	<u>\$ (62,460,137)</u>
\$	39,444,930	\$ 42,156,753	\$ 45,175,869	\$ 45,092,458	\$ 49,624,988	\$ 51,519,462
	2,193,990	2,241,778	2,175,593	2,301,301	2,750,434	2,975,559
	1,005,955	1,071,678	1,135,525	1,137,326	1,198,170	1,268,438
	114,944	111,553	128,365	216,645	203,424	172,203
	1,221,245	1,279,990	1,347,828	1,418,587	1,411,786	1,459,126
	1,501,668	1,426,584	1,648,039	1,699,813	1,584,480	1,635,446
	2,605,592	2,600,039	1,106,965	635,650	369,444	307,956
\$	<u>48,088,324</u>	<u>\$ 50,888,375</u>	<u>\$ 52,718,184</u>	<u>\$ 52,501,780</u>	<u>\$ 57,142,726</u>	<u>\$ 59,338,190</u>
\$	<u>(406,548)</u>	<u>\$ 13,024,760</u>	<u>\$ 6,832,956</u>	<u>\$ (3,645,757)</u>	<u>\$ (4,500,169)</u>	<u>\$ (3,121,947)</u>

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	<u>Fiscal Year</u>			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund				
Reserved.....	\$ 4,416,955	\$ 4,075,621	\$ 2,868,941	\$ 1,916,370
Unreserved.....	9,423,410	7,817,761	8,095,344	8,433,363
Restricted.....	-	-	-	-
Committed.....	-	-	-	-
Assigned.....	-	-	-	-
Unassigned.....	-	-	-	-
Total general fund.....	\$ <u>13,840,365</u>	\$ <u>11,893,382</u>	\$ <u>10,964,285</u>	\$ <u>10,349,733</u>
All Other Governmental Funds				
Reserved.....	\$ 4,211,798	\$ 357,421	\$ 410,760	\$ 433,499
Unreserved, reported in:				
Special revenue funds.....	13,864,807	15,618,928	15,685,838	19,363,627
Capital projects funds.....	457,079	(8,081,261)	(6,268,766)	(11,762,971)
Permanent funds.....	111,586	288,571	309,518	339,365
Nonspendable.....	-	-	-	-
Restricted.....	-	-	-	-
Unassigned.....	-	-	-	-
Total all other governmental funds.....	\$ <u>18,645,270</u>	\$ <u>8,183,659</u>	\$ <u>10,137,350</u>	\$ <u>8,373,520</u>

(A) Fiscal year 2011 represents the first year of implementing GASB Statement # 54

Fiscal Year

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 (A)</u>	<u>2012</u>
\$ 2,894,274	\$ 1,969,641	\$ 2,172,960	\$ 2,498,468	\$ -	\$ -
7,262,799	8,148,653	6,893,204	4,611,840	-	-
-	-	-	-	4,054,123	4,311,200
-	-	-	-	3,971,248	5,666,518
-	-	-	-	1,350,317	1,243,040
-	-	-	-	5,872,381	4,876,522
<u>\$ 10,157,073</u>	<u>\$ 10,118,294</u>	<u>\$ 9,066,164</u>	<u>\$ 7,110,308</u>	<u>\$ 15,248,069</u>	<u>\$ 16,097,280</u>
\$ 442,235	\$ 458,578	\$ 465,301	\$ 9,261,935	\$ -	\$ -
19,079,172	21,066,563	19,945,277	11,997,536	-	-
(21,084,652)	2,682,103	3,169,841	1,903,420	-	-
326,247	391,983	350,761	344,800	-	-
-	-	-	-	446,888	452,742
-	-	-	-	17,911,406	16,933,102
-	-	-	-	-	(32,050)
<u>\$ (1,236,998)</u>	<u>\$ 24,599,227</u>	<u>\$ 23,931,180</u>	<u>\$ 23,507,691</u>	<u>\$ 18,358,294</u>	<u>\$ 17,353,794</u>

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Revenues:						
Real estate and personal property taxes.....	\$ 31,843,800	\$ 34,846,274	\$ 36,338,335	\$ 38,852,987	\$ 39,563,532	\$ 42,038,212
Motor vehicle and other excise taxes.....	2,046,311	1,841,960	2,087,997	2,033,162	2,221,374	2,304,203
Community preservation surcharges.....	790,366	867,530	914,068	957,169	1,012,746	1,064,383
Charges for Services.....	4,797,526	4,279,419	5,461,275	5,692,856	5,767,818	7,041,782
Penalties and interest on taxes.....	96,513	86,601	202,590	149,003	114,944	111,553
Intergovernmental.....	11,764,179	9,520,263	12,731,392	13,620,318	20,503,881	24,988,272
Departmental and other.....	5,403,466	5,365,426	5,349,711	6,381,572	6,333,400	6,881,559
Contributions.....	453,774	658,776	130,403	93,829	79,977	208,488
Payment in lieu of taxes.....	1,074,375	1,086,718	1,120,149	1,158,303	1,221,245	1,279,990
Investment income.....	1,059,414	849,172	1,194,734	1,737,101	2,605,592	2,600,039
Total Revenue.....	59,329,724	59,402,139	65,530,654	70,676,300	79,424,509	88,518,481
Expenditures:						
Current						
General government.....	4,664,145	4,927,798	4,111,132	4,778,605	4,234,474	3,479,072
Public safety.....	5,220,758	5,697,240	5,704,789	6,131,694	5,689,344	6,063,980
Education.....	23,790,522	27,536,759	27,601,291	28,351,663	30,177,656	29,354,294
Public works.....	6,156,118	5,007,956	5,007,137	5,503,216	4,242,610	5,043,611
Water.....	938,338	1,043,454	1,030,314	1,376,498	1,146,802	992,362
Sewer.....	396,484	363,749	457,225	487,537	605,818	438,940
MWRA Assessment.....	2,275,937	2,290,688	2,357,318	2,379,363	2,565,613	2,662,238
Health and human services.....	2,087,189	880,545	911,285	953,399	985,359	976,251
Culture and recreation.....	1,072,486	2,428,987	2,476,829	2,532,496	2,840,052	2,992,406
Pension and employee benefits.....	7,592,224	9,026,190	10,348,948	10,939,048	11,778,148	12,692,408
State and county charges.....	315,717	273,892	268,898	245,823	247,083	254,413
Capital outlay.....	9,906,872	6,179,177	8,907,749	3,967,694	25,443,810	23,362,507
Other.....	160,944	135,735	100,173	104,533	-	-
Debt service.....						
Principal.....	2,871,048	3,944,051	3,831,051	3,840,911	4,067,911	4,336,741
Interest.....	1,753,230	2,074,512	2,473,221	2,362,202	3,065,540	2,565,962
Total Expenditures.....	69,202,012	71,810,733	75,587,360	73,954,682	97,090,220	95,215,185
Excess of revenues over (under) expenditures.....	(9,872,288)	(12,408,594)	(10,056,706)	(3,278,382)	(17,665,711)	(6,696,704)
Other Financing Sources (Uses)						
Issuance of bonds and notes.....	21,168,000	-	11,081,300	900,000	7,862,533	32,494,150
Issuance of refunding bonds.....	-	-	-	-	-	-
Premium from issuance of bonds and notes.....	-	-	-	-	-	-
Premium from issuance of refunding bonds.....	-	-	-	-	-	-
Payments of current refunded debt.....	-	-	-	-	-	-
Payments to refunded bond escrow agent.....	-	-	-	-	-	-
Transfers in.....	4,251,000	5,086,931	5,220,575	8,864,993	7,374,549	5,434,015
Transfers out.....	(4,251,000)	(5,086,931)	(5,220,575)	(8,864,993)	(7,374,549)	(5,434,015)
Total other financing sources (uses).....	21,168,000	-	11,081,300	900,000	7,862,533	32,494,150
Net change in fund balance.....	\$ 11,295,712	\$ (12,408,594)	\$ 1,024,594	\$ (2,378,382)	\$ (9,803,178)	\$ 25,797,446
Debt service as a percentage of noncapital expenditures.....	7.80%	9.17%	9.45%	8.86%	9.96%	9.61%

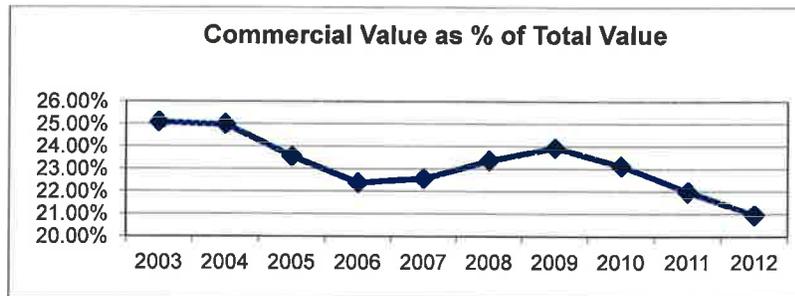
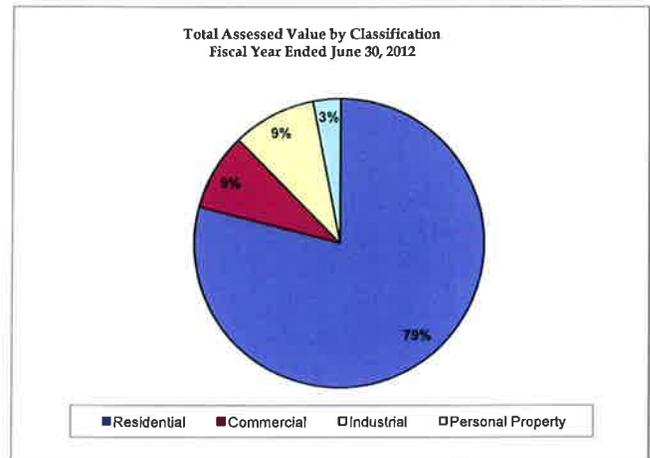
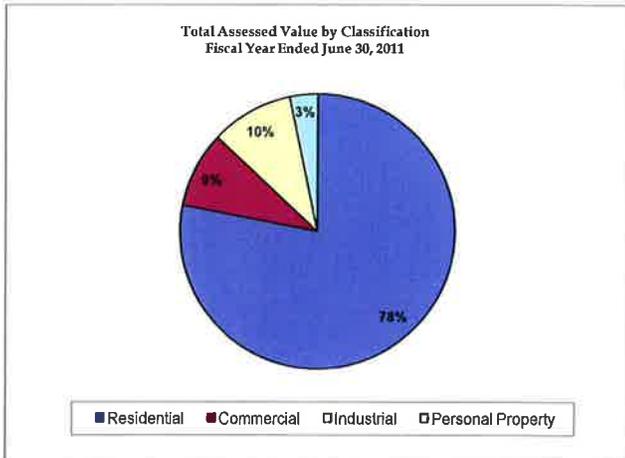
Fiscal Year

	2009	2010	2011	2012
\$	45,133,746	\$ 45,209,302	\$ 49,839,603	\$ 51,267,904
	2,192,527	2,308,614	2,714,614	2,987,334
	1,133,730	1,114,123	1,217,777	1,267,161
	6,011,666	6,716,869	7,373,939	7,283,969
	128,365	216,645	205,810	175,462
	28,252,555	25,338,294	14,718,234	15,099,991
	6,567,417	5,267,691	5,761,251	6,128,564
	1,058,255	208,932	256,586	285,869
	1,347,828	1,418,587	1,411,786	1,459,126
	1,106,965	635,650	369,444	330,380
	<u>92,933,054</u>	<u>88,434,707</u>	<u>83,869,044</u>	<u>86,285,760</u>
	6,330,834	3,945,215	4,176,239	4,023,128
	5,605,988	6,350,807	6,357,082	6,634,060
	32,905,574	35,023,509	35,659,361	36,426,213
	5,603,411	4,058,053	4,869,633	4,321,864
	1,182,262	1,778,604	1,732,967	1,541,187
	292,295	581,550	579,121	597,401
	2,779,636	2,929,353	2,872,130	2,951,458
	1,107,167	1,124,587	1,163,359	1,115,588
	2,869,907	2,834,456	2,911,703	2,917,883
	13,853,547	13,521,682	13,962,653	14,695,914
	259,662	274,138	310,540	353,366
	11,077,304	4,605,325	10,280,907	3,830,395
	-	-	-	-
	10,943,572	3,818,571	4,212,654	5,248,654
	3,296,072	3,251,651	2,226,673	2,423,254
	<u>98,107,231</u>	<u>84,097,501</u>	<u>91,315,022</u>	<u>87,080,365</u>
	(5,174,177)	4,337,206	(7,445,978)	(794,605)
	3,454,000	1,776,715	9,099,000	533,000
	25,735,000	2,775,000	-	9,440,000
	-	1,358,368	1,335,342	203,604
	-	68,319	-	767,080
	(25,735,000)	-	-	-
	-	(12,694,953)	-	(10,304,368)
	6,694,887	6,438,328	4,846,152	5,256,715
	(6,694,887)	(6,438,328)	(4,846,152)	(5,256,715)
	<u>3,454,000</u>	<u>(6,716,551)</u>	<u>10,434,342</u>	<u>639,316</u>
\$	<u>(1,720,177)</u>	<u>(2,379,345)</u>	<u>2,988,364</u>	<u>(155,289)</u>
	16.36%	8.89%	7.95%	9.22%

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, Industrial & Personal Property Tax Rate	Total Direct Rate	Total Town Value
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
2011	\$2,144,152,098	\$14.33	\$245,573,546	\$267,001,600	\$91,248,060	\$603,823,206	\$31.76	\$18.16	\$2,747,975,304
2012	\$2,177,957,703	\$15.21	\$238,704,348	\$254,422,200	\$84,509,094	\$577,635,642	\$33.21	\$18.98	\$2,755,593,345



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

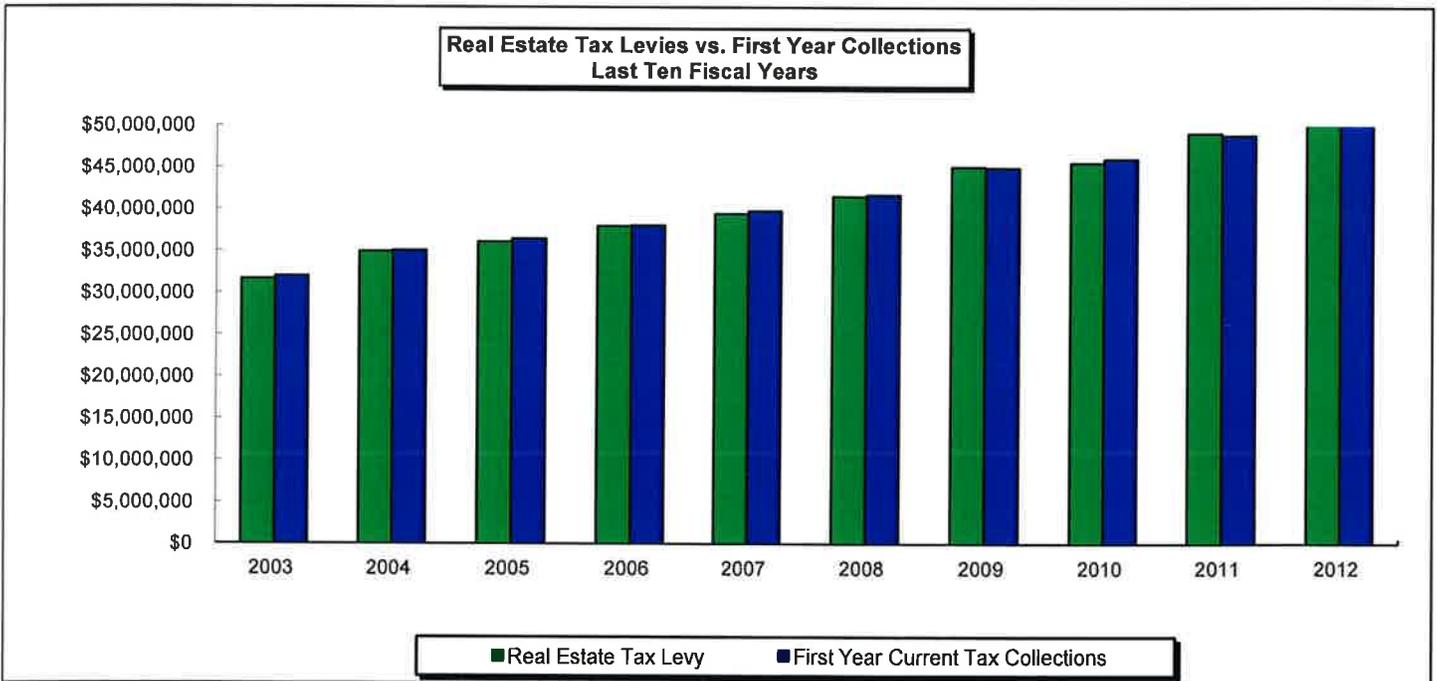
Name	Nature of Business	2012			2003		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
RAR 2 Crosby Corporate Center	Offices	\$ 26,391,000	1	0.96%	-	-	-
ILC Property	Offices	24,620,800	2	0.89%	-	-	-
Bedford Business PK LTD Prtn	Offices	22,996,300	3	0.83%	27,028,200	4	2.09%
MSCP Crosby	Offices	22,631,800	4	0.82%	-	-	-
RAR 2 Crosby Corp Center QRS Inc	Offices	22,197,400	5	0.81%	-	-	-
Great Road Shopping Center	Retail	20,575,500	6	0.75%	-	-	-
Mariner Bedford Woods Inc	Offices	19,024,100	7	0.69%	-	-	-
Millipore	Research and Development	16,609,600	8	0.60%	-	-	-
Bone (DE) QRS 15-2 Inc. & BONE	Research and Development	14,221,800	9	0.52%	-	-	-
Progress Software Corporation	Offices	13,167,700	10	0.48%	-	-	-
Middlesex Technology Center	Offices	-	-	-	42,828,500	1	3.31%
BP-Crosby Corp Center LLC	Offices	-	-	-	29,929,800	2	2.31%
EOP-Crosby Corporate Center LLC	Research and Development	-	-	-	29,594,000	3	2.29%
Technoford LLC	Offices	-	-	-	26,584,600	5	2.06%
Millipore Corporation	Research and Development	-	-	-	22,196,400	6	1.72%
Callahan, W.M. J. Jr. Trust	Research and Development	-	-	-	21,250,300	7	1.64%
Hologic Inc	Offices	-	-	-	20,826,900	8	1.61%
Raytheon Company	Research and Development	-	-	-	17,408,700	9	1.35%
Trident Association	Hotel	-	-	-	16,253,900	10	1.26%
	Totals	202,436,000		7.35%	253,901,300		19.64%

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
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%	\$152,232	\$45,132,877	100.03%
2010	\$46,476,193	\$868,878	\$45,607,315	98.13%	\$46,074,553	101.02%	\$393,621	\$46,468,174	101.89%
2011	\$49,947,160	\$796,197	\$49,150,963	98.41%	\$48,863,333	99.41%	\$395,020	\$49,258,353	100.22%
2012	\$52,300,913	\$854,610	\$51,446,303	98.37%	\$51,277,364	99.67%	\$0	\$51,277,364	99.67%

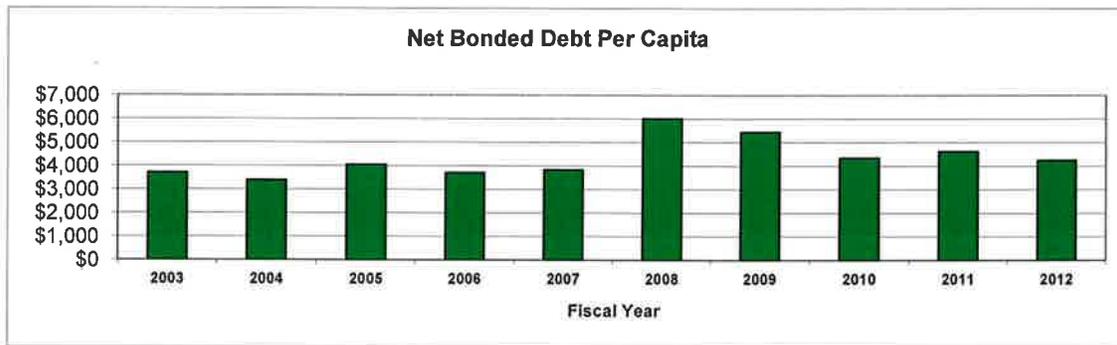


Source: Town of Bedford, Assessor's Department

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					
				(A) General Obligation Bonds	(A) Long Term Notes	Total Debt	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2003	12,519	\$ 520,940,628	\$ 2,262,717,200	\$ 46,515,294	\$ -	\$ 46,515,294	\$ 3,716	8.93%	2.06%
2004	12,519	531,356,436	2,359,868,400	42,571,243	-	42,571,243	\$ 3,401	8.01%	1.80%
2005	12,519	541,985,067	2,540,090,000	50,721,492	-	50,721,492	\$ 4,052	9.36%	2.00%
2006	12,519	490,895,028	2,660,171,670	46,478,873	-	46,478,873	\$ 3,713	9.47%	1.75%
2007	13,102	524,027,592	2,799,213,600	50,292,770	-	50,292,770	\$ 3,839	9.60%	1.80%
2008	13,102	513,755,624	2,893,298,665	78,832,612	-	78,832,612	\$ 6,017	15.34%	2.72%
2009	13,102	513,755,624	2,830,697,757	71,343,040	-	71,343,040	\$ 5,445	13.89%	2.52%
2010	13,765	513,755,624	2,751,097,670	59,036,000	825,184	59,861,184	\$ 4,349	11.65%	2.18%
2011	13,986	513,755,624	2,747,975,304	64,125,000	622,530	64,747,530	\$ 4,629	12.60%	2.36%
2012	14,045	513,755,624	2,755,593,345	59,457,000	419,876	59,876,876	\$ 4,263	11.65%	2.17%



Source: Audited Financial Statements, U. S. Census

(A) Long-term Notes are distinguished from General Obligation Bonds starting in fiscal year 2010

Computation of Legal Debt Margin

Last Ten Fiscal Years

	Fiscal Year			
	2003	2004	2005	2006
Equalized Valuation.....	\$ 2,270,729,600	\$ 2,632,511,200	\$ 2,632,511,200	\$ 2,946,953,200
Debt Limit -5% of Equalized Valuation.....	\$ 113,536,480	\$ 131,625,560	\$ 131,625,560	\$ 147,347,660
Less:				
Outstanding debt applicable to limit.....	\$ 46,515,294	\$ 42,571,243	\$ 50,721,492	\$ 46,478,873
Authorized and unissued debt.....	\$ 21,168,760	\$ 22,516,760	\$ 30,546,311	\$ 49,259,752
Legal debt margin.....	<u>\$ 45,852,426</u>	<u>\$ 66,537,557</u>	<u>\$ 50,357,757</u>	<u>\$ 51,609,035</u>
Total debt applicable to the limit as a percentage of the limit.....	59.61%	49.45%	61.74%	64.97%

Source: Audited financial Statements and Town Statement of Indebtedness

Fiscal Year

2007	2008	2009	2010	2011	2012
\$ 2,946,953,200	\$ 3,141,130,500	\$ 3,141,130,500	\$ 3,009,721,800	\$ 3,009,721,800	\$ 2,932,629,700
\$ 147,347,660	\$ 157,056,525	\$ 157,056,525	\$ 150,486,090	\$ 150,486,090	\$ 146,631,485
\$ 47,726,680	\$ 43,728,950	\$ 39,712,240	\$ 42,910,245	\$ 59,310,452	\$ 55,955,659
\$ 32,468,319	\$ 11,210,559	\$ 46,822,586	\$ 18,528,059	\$ 4,992,067	\$ 2,512,000
<u>\$ 67,152,661</u>	<u>\$ 102,117,016</u>	<u>\$ 70,521,699</u>	<u>\$ 89,047,786</u>	<u>\$ 86,183,571</u>	<u>\$ 88,163,826</u>
54.43%	34.98%	55.10%	40.83%	42.73%	39.87%

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
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%
2011	13,986	\$ 513,755,624	\$ 36,734	42.1	2,400	6.10%
2012	14,045	\$ 513,755,624	\$ 36,579	42.1	2,424	5.70%

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

Principal Employers (excluding Town)

Current Year and Nine Years Ago

Employer	Nature of Business	2012			2003		
		Employees	Rank	Percentage of Employment	Employees	Rank	Percentage of Employment
Hanscom Field (USAF)	Research and Development	5,500	1	45%	5,503	1	33%
MITRE Corporation	Engineering/Architecture/Surveying	1,829	2	15%	1,874	3	11%
Veterans Medical Center	Federal Government Hospital	950	3	8%	1,159	5	7%
Middlesex Community Center	Community College	927	4	8%	927	6	6%
Progress Software	Computer Software Development	700	5	6%	526	8	3%
iRobot	High-Tech Manufacturing	500	6	4%	-	-	-
RSA Security	Data Security	500	7	4%	-	-	-
Millipore	Fluid Purification and Analysis	465	8	4%	830	7	5%
Intel	Computer Software	400	9	3%	270	9	2%
Hologic	Manufacture of Medical Devices	400	10	3%	266	10	2%
Hanscom (MITRE/Lincoln Lab)	Research and Development	-	-	-	3,992	2	24%
Raytheon Corporation	Guided Missiles and Space Vehicles	-	-	-	1,200	4	7%

Source: Massachusetts Department of Employment and Training

Full-time Equivalent Town Employees by Function

Last Ten Fiscal Years

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government.....	105	94	113	113	113	113	113	113	113	114
Public Safety.....	65	66	66	64	64	64	64	64	64	64
Education.....	278	305	305	305	305	305	304	304	305	305
Water.....	5	5	5	5	5	5	5	5	5	5
Sewer.....	5	5	5	5	5	5	5	5	5	5
Public works.....	32	32	31	30	30	30	30	30	30	30
Human services.....	15	15	15	15	15	15	15	15	15	15
Culture and recreation.....	33	32	30	43	43	43	43	43	43	43
Total	538	554	570	580	580	580	579	579	580	581

Source: Town personnel records

Operating Indicators by Function/Program

Last Ten Fiscal Years

Fiscal Year

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Population.....	12,497	12,997	12,987	12,519	13,102	13,102	13,102	13,765	13,986	14,045
Registered Voters, Annual Town Election	8,341	8,504	8,656	8,678	8,725	9,028	9,435	9,428	9,408	9,900
Town Clerk										
Births (1).....	114	111	121	202	96	135	130	52	114	112
Marriages (1).....	75	60	61	60	73	49	61	98	54	55
Deaths (1).....	218	232	239	93	188	188	232	192	217	250
Police										
Accidents covered by an officer.....	725	594	612	477	477	416	454	361	410	356
Citations issued.....	2,020	1,863	2,073	2,200	2,200	1,915	2,072	1,882	2,681	2,878
Arrests.....	141	144	114	144	144	122	122	80	30	99
Larcenies.....	202	132	134	159	159	175	141	120	132	139
Total fines from violations.....	118,145	32,598	53,668	95,925	95,925	161,310	162,885	122,955	126,619	124,012
Fire										
Rescue assist.....	891	891	n/a	n/a	n/a	1,125	1,157	1,164	1,230	1,410
False alarm.....	315	319	308	284	331	374	338	338	371	377
Public assist.....	185	181	188	210	242	188	298	439	670	788
Emergency responses/ Ambulance.....	887	887	n/a	n/a	n/a	1,125	1,154	1,251	1,230	1,410
Rescue and Emergency medical service.....	n/a	n/a	1,161	1,182	1,182	1,125	1,157	1,251	1,230	1,410
Education										
Public school enrollment.....	2,399	2,470	2,260	2,271	2,280	2,334	2,419	2,436	2,400	2,424
Public Works										
Cemetery										
Interments.....	n/a	n/a	n/a	n/a	n/a	59	67	52	44	71
Water										
Service connections.....	4,500	4,500	4,500	4,500	4,500	4,979	5,007	5,009	5,052	5,116
Sewer										
Service connections.....	n/a	n/a	n/a	n/a	n/a	3,887	3,897	3,899	3,915	3,952
Human Services										
Board of Health										
Inspections.....	331	354	263	247	315	367	340	331	275	280
Council on Aging										
Contacts by phone made to elderly.....	9,200	10,000	9,600	9,284	9,284	8,805	9,559	9,688	8,994	9,465
Rides provided to med. appoints.....	352	400	519	608	608	432	456	360	259	265
Libraries										
Volumes in collection.....	101,716	105,383	109,154	112,868	112,868	112,433	114,841	119,287	117,356	115,196
Circulation.....	275,808	292,370	288,829	284,622	284,622	301,708	328,281	336,717	337,539	367,656

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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Government										
Number of Buildings.....	17	17	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	9	9	9	10	10
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	84	84	84	84
Fire hydrants.....	800	800	800	800	800	810	811	811	811	810
Sanitary sewers (miles).....	85	85	85	85	85	87	86	86	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	3	3	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