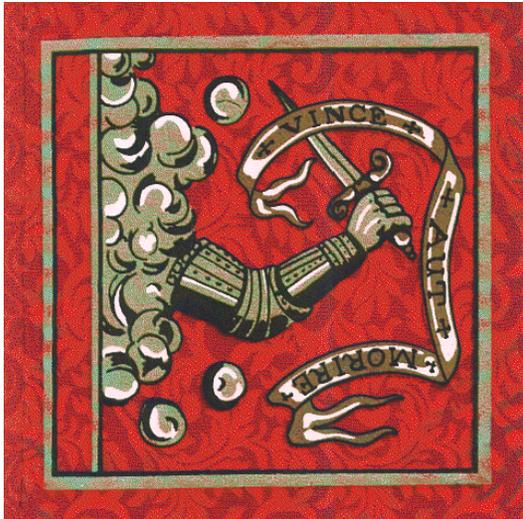


**TOWN OF BEDFORD, MASSACHUSETTS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**For the fiscal year ended  
June 30, 2009**

**Prepared by Finance Department**

**On the Cover: The Bedford Flag**

The Bedford Flag is the oldest complete flag known to exist in the United States. It is celebrated as the flag carried by the Bedford Minuteman, Nathaniel Page, to the Concord Bridge on April 19, 1775, the beginning of the American Revolution, but it was already an antique in that day. It was made for a cavalry troop of the Massachusetts Bay militia early in the colonial struggle for the continent that we call “the French and Indian Wars.”



**Bedford Town Hall**

# TOWN OF BEDFORD, MASSACHUSETTS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2009



Prepared by:  
Finance Department

TOWN OF BEDFORD, MASSACHUSETTS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2009

**TABLE OF CONTENTS**

<b>Introductory Section.....</b>	<b>1</b>
Letter of Transmittal .....	1
Organizational Chart .....	5
Principal Town Officials.....	6
Certificate of Achievement for Excellence in Financial Reporting .....	7
<b>Financial Section .....</b>	<b>9</b>
Independent Auditors' Report .....	9
Management's Discussion and Analysis .....	11
Basic Financial Statements.....	19
Statement of Net Assets.....	21
Statement of Activities.....	22
Governmental Funds – Balance Sheet .....	24
Reconciliation of the Governmental Funds Balance Sheet total fund balances to the Statement of Net Assets.....	25
Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances .....	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	27
Fiduciary Funds – Statement of Fiduciary Net Assets .....	28
Fiduciary Funds – Statement of Changes in Fiduciary Net Assets.....	29
Notes to Basic Financial Statements .....	30
Required Supplementary Information .....	51
General Fund Budgetary Comparison Schedule .....	52
Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Budget and Actual	53
Retirement System Schedules .....	54
Retirement System Schedule of Funding Progress .....	55
Retirement System Schedule of Employer Contributions .....	56
Other Post-Employment Benefits Plan Schedules .....	57
Other Post-Employment Benefit Plan Schedule of Funding Progress and Employer Contributions .....	58
Other Post-Employment Benefit Plan Actuarial Methods and Assumptions .....	59

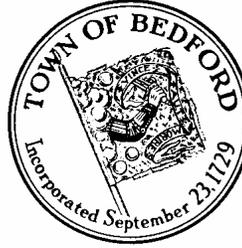
Notes to Required Supplementary Information .....	60
Combining Statements.....	64
Nonmajor Governmental Funds .....	65
Nonmajor Governmental Funds – Combining Balance Sheet.....	66
Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	70
Agency Fund .....	73
Agency fund – Combining Statement of Changes in Assets and Liabilities.....	74
<b>Statistical Section.....</b>	<b>76</b>
Net Assets by Component – Last Seven Fiscal Years .....	77
Changes in Net Assets – Last Seven Fiscal Years .....	78
Fund Balances, Governmental Funds – Last Ten Fiscal Years .....	79
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years .....	80
Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates – Last Ten Fiscal Years .....	81
Principal Taxpayers – Current Year and Nine Years Ago .....	82
Property Tax Levies and Collections – Last Ten Fiscal Years .....	83
Ratios of Outstanding Debt and General Bonded Debt – Last Ten Fiscal Years.....	84
Computation of Legal Debt Margin – Last Ten Fiscal Years .....	85
Demographic and Economic Statistics – Last Ten Fiscal Years .....	86
Principal Employers (Excluding Town) – Current Year and Nine Years Ago .....	87
Full-time Equivalent Town Employees by Function - Last Eight Fiscal Years.....	88
Operating Indicators by Function/Program – Last Ten Fiscal Years .....	89
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years.....	90

# ***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 Police Department**



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**FINANCE DEPARTMENT**

Town Hall  
10 Mudge Way  
Bedford, MA 01730-2144

Phone 781-275-2218  
Fax 781-275-9356

**Letter of Transmittal**

December 1, 2009

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, 2009 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 Powers & Sullivan, 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, 2009, 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, 2009, 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 Single Audit Report. GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement that analysis and should be read in conjunction with it. The Town of Bedford's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Town**

Bedford was incorporated as a Town in 1729. The Town is located in eastern Massachusetts, approximately 15 miles northwest of Boston, has a population of approximately 12,500 and a land area of approximately 13.8 square miles. It is situated near the junction of Route 128 and the recently widened Route 3 to New Hampshire, which provides an excellent location for residents, businesses and commuters.

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

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

Quality of life is paramount and education is a top priority. Bedford is known throughout the state for its high quality school system; Bedford students consistently score in the top percentiles on national and state tests and an extremely high percentage of students graduating from the high school go on to higher education. The Town is the location of a campus of Middlesex Community College, several national historic landmarks, a swimming pond and lake, a bike path to the outskirts of the City of Boston and beautiful open space 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.

The ongoing state fiscal problems have only a slight impact on the delivery of services, as the Town is not highly dependent on state aid; accordingly, the Town has not been as adversely affected as other communities in Massachusetts. This leaves the Town in a position of having to rely mainly on property taxes and other local revenues to cover the increasing cost of providing services and replace any revenue lost from the state. The Town reviews its revenue sources on an ongoing basis to ensure that fees generated cover expenses incurred as is best demonstrated by the annual water and sewer rate setting process. Also, the Town, anticipating revenue downturns, created substantial reserve accounts to deal with such circumstances; if reserves are utilized, they are generally replenished at a future Town Meeting. It is also important to note that the Town, since FY2003, has maintained a levy capacity in excess of one million dollars and intends to continue to maintain capacity, even with

circumstances attributable to state and national economic downturns. This capacity, in fact, could serve as a reserve should the Town ever decide to utilize it.

### **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 FY09, commercial and industrial property revenue represented 37.4% 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 at 25%. Since its passage in FY 2002, the Town has collected approximately \$14.5 million from a 3% surcharge on property and from corresponding annual State matches. This program continues to be approved annually by Town Meeting and has provided funding for many projects in the areas of housing, recreation, open space and other land acquisition, as well as, historic preservation. This continual reaffirmation of a 3% surcharge, in an era of economic uncertainty, means that the citizens remain committed to the viability of this program.

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

The level of budgetary control is established by Town Meeting; this approval defines the level at which expenditures may not exceed appropriations, which, is typically at the individual department level. The Town Accountant is responsible for ensuring all payroll and invoices are within the budgetary control level before authorizing payment. Additional appropriations may be approved at subsequent Town Meetings and by the Finance Committee, with a transfer from the 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 Standard & Poor's AAA bond rating. The Town has been able to accomplish all this by such initiatives as;

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

A large amount of recent debt, in particular, relates to new school construction, much of which is subject to a 57% reimbursement from the state under the State's previous school building reimbursement program. This policy has worked very well in structuring a smooth debt schedule. In addition, this policy permits the Town to continually address capital needs through debt replacement programs.

Since the mid-nineties, the community renovated or made substantial additions to all of its major Town and School facilities; 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 will receive a state match of approximately 48%, or \$22.6 million, which will dramatically lower 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, June 30, 2005, June 30, 2006, June 30, 2007 and June 30, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

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

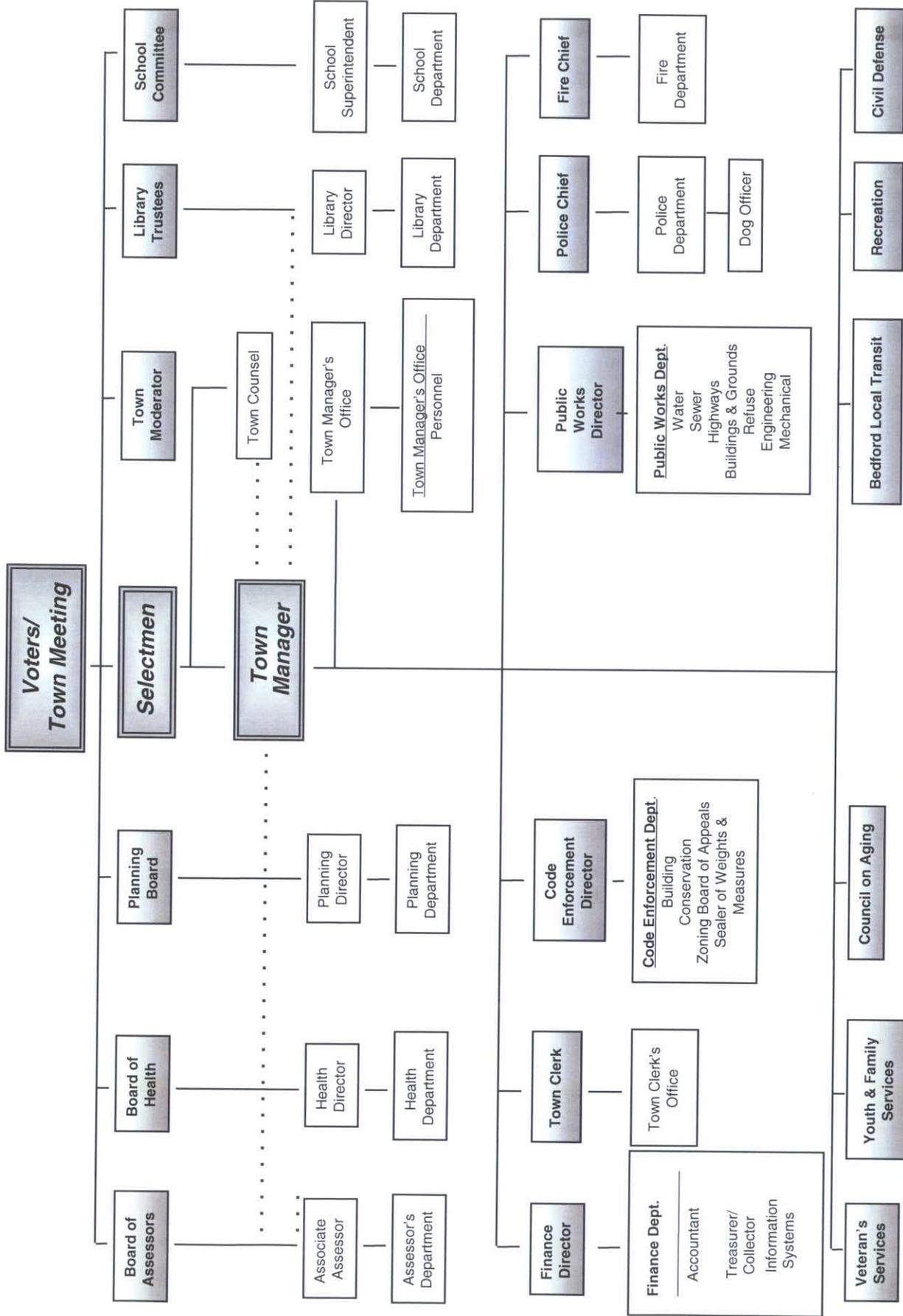
The preparation of this report would not have been possible without the efficient and dedicated services of the Town Accountant, the Treasurer/Collector and the rest of the staff of the Finance Department. We would like to also express our appreciation to all the members of the departments who assisted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

Respectfully submitted,



Peter Naum  
Finance Director

# Town of Bedford Organization Chart



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

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

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Town of Bedford Massachusetts

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

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



President

Executive Director

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# ***Financial Section***

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



**The Town's Depot Park Facility includes a restored train. This is a central hub for Town recreation bikeways and walking paths.**



100 Quannapowitt Parkway  
Suite 101  
Wakefield, MA 01880  
T. 781-914-1700  
F. 781-914-1701  
[www.powersandsullivan.com](http://www.powersandsullivan.com)

## 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 fiscal year ended June 30, 2009, 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, 2009, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2009 on our consideration of the Town of Bedford, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The combining fund statements, as listed in the table of contents, are presented for the purpose of supplementary analysis and are not a required part of the basic financial statements of the Town of Bedford, Massachusetts. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

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

The introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Bowers + Sullivan".

December 1, 2009

# ***Management's Discussion and Analysis***

## ***Management's Discussion and Analysis***

As management of the Town of Bedford, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2009. The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). Management's discussion and analysis are part of these requirements.

### ***Overview of the Financial Statements***

This discussion and analysis are intended to serve as an introduction to the Town of Bedford's basic financial statements. The Town of Bedford's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

The statement of net assets presents information on all assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Bedford maintains three major governmental funds that are presented separately in the governmental fund financial statements. The remaining nonmajor funds are combined into a single, aggregate presentation. Individual fund data for each nonmajor governmental fund can be found in the combining statements elsewhere in this report.

The Town of Bedford adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided as Required Supplementary Information for the general fund to demonstrate compliance with this budget.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town’s own programs.

**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.

**Entity-wide Financial Analysis**

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 \$148 million at the close of fiscal year 2009.

Net assets of \$119.2 million (81%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the net assets \$8 million (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$20.6 million (14%) may be used to meet the government’s ongoing obligations to citizens and creditors.

	FY09	FY08
<b>Assets:</b>		
Current assets.....	\$ 56,774,244	\$ 57,303,588
Noncurrent assets (excluding capital).....	15,084,186	16,273,693
Capital assets.....	171,072,362	166,134,241
<b>Total assets.....</b>	<b>242,930,792</b>	<b>239,711,522</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	8,809,837	9,434,927
Noncurrent liabilities (excluding debt).....	3,546,976	446,000
Current debt.....	15,493,571	46,678,571
Noncurrent debt.....	67,249,469	42,154,041
<b>Total liabilities.....</b>	<b>95,099,853</b>	<b>98,713,539</b>
<b>Net Assets:</b>		
Capital assets net of related debt.....	119,172,856	104,793,480
Restricted.....	8,037,583	8,473,528
Unrestricted.....	20,620,500	27,730,975
<b>Total net assets.....</b>	<b>\$ 147,830,939</b>	<b>\$ 140,997,983</b>

At the end of the current fiscal year the Town was able to report positive balances in all three categories of net assets. The same situation held true in the prior year.

The governmental activities net assets increased by \$6.8 million during the current fiscal year. This is primarily due to the recognition of an \$11.4 million capital grant from the Massachusetts School building Authority to reimburse eligible construction costs related to the High School building projects. Additionally, the Town reported other capital grants totaling approximately \$1.3 million related to highway construction projects and community preservation funds. Another aspect in the overall change in net assets was the recognition of the other post-employment benefit obligation of approximately \$3.1 million which recorded to comply with the requirements of GASB Statement #45. Net assets was also impacted by a decrease of \$1.3 million in charges for services, which is attributable to a decrease in connection fee revenues for sewer lines caused by large one-time connection fees received in the two preceding years, a decrease in water user charges caused by rates not increasing in the current fiscal year as well as consumption levels dropping, and a sharp decrease in building permits. Operating grants and contributions were up, specifically related to law enforcement grants, education operating grants, and general governmental grants for affordable housing. Additionally, in connection with low interest rates, investment income was down from 2008 by approximately \$1.5 million.

Condensed financial data for fiscal years 2009 and 2008 is presented below.

	FY09	FY08
<b>Program revenues:</b>		
Charges for services.....	\$ 10,070,507	\$ 11,418,098
Operating grants and contributions.....	16,466,808	13,975,158
Capital grants and contributions.....	12,739,771	11,294,292
 <b>General Revenues:</b>		
Real estate and personal property taxes.....	45,116,928	42,055,800
Tax liens.....	58,941	100,953
Motor vehicle and other excise taxes.....	2,175,593	2,241,778
Community preservation tax.....	1,135,525	1,071,678
Penalties and interest on taxes.....	128,365	111,553
Payments in lieu of taxes.....	1,347,828	1,279,990
Unrestricted grants and contributions.....	1,648,039	1,426,584
Unrestricted investment income.....	1,106,965	2,600,039
<b>Total revenues.....</b>	<b>91,995,270</b>	<b>87,575,923</b>
 <b>Expenses:</b>		
General Government.....	5,678,938	4,724,817
Public Safety.....	9,635,249	8,220,383
Education.....	46,682,837	40,578,333
Public Works.....	8,717,806	7,105,107
Water.....	2,112,065	1,417,134
Sewer.....	4,271,320	3,986,168
Human Services.....	1,633,960	1,233,859
Culture and Recreation.....	3,541,267	3,499,833
Interest.....	2,888,872	3,785,529
<b>Total expenses.....</b>	<b>85,162,314</b>	<b>74,551,163</b>
 <b>Change in net assets.....</b>	 <b>\$ 6,832,956</b>	 <b>\$ 13,024,760</b>

## ***Financial Analysis of the Government's Funds***

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$33 million, a decrease of (\$1.7) million from prior year. The reasons for this decrease are described below.

The **General Fund** is the chief operating fund of the Town. At the end of the current fiscal year, unreserved fund balance of the general fund was \$6.9 million, while total fund balance was \$9.1 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 10% of total general fund budgetary basis expenditures, while total fund balance represents 13% of that same amount.

During fiscal year 2009, the general fund balance decreased by approximately \$1.1 million. This was due primarily to the Town's planned use of reserves to fund current year operations of approximately \$2.7 million, offset by positive results of operations (i.e. net revenue and appropriation turn-backs), and decreases in accrued liabilities for estimated tax refunds payable and accrued interest on short-term debt.

The **High School major fund** is used to account for the renovation project at the High School. To finance this project, the Town has issued debt totaling \$49 million and has paid down \$10 million of this debt with funds received from the Massachusetts School Building Authority (MSBA) and an additional \$670 thousand using Town funds. In fiscal year 2009, the Town received an \$11.4 million capital grant. This has been recorded as a receivable and a capital grant during fiscal year 2009. There was a total net decrease of approximately (\$985) thousand in this major fund during the year, primarily due to the capital grant revenue recorded from MSBA, this being offset by \$6 million in capital expenditures and a \$6.7 pay-down of debt. This project is substantially complete as of June 30, 2009.

The **State Fiscal Stabilization Fund** is used to account for the Town's use of federal state fiscal stabilization program which was awarded to Governors to help stabilize State and local budgets in order to minimize and avoid reductions in education and other essential services. The Governor cut state Chapter 70 funding by 10% and replaced the amount with federal amounts. During fiscal year 2009, the Town received \$318,137 from the state fiscal stabilization fund, which was used to help fund special education costs.

**Nonmajor governmental funds** had a net increase of \$316,000. The increase is primarily due the net effect of an increase in the Town Capital Projects Fund of \$1.5 million, which recognized bond proceeds of \$3.5 million; and a decrease of \$1.1 million in Special Revenue Funds. Within the Nonmajor Special Revenue Funds, the Community Preservation Funds decreased by \$1.5 million, mainly due to the use of grants and the community preservation assessment to purchase land; and the Stabilization Fund decreased by \$574,000 as the Town utilized these funds for current year operations.

### **Financial Summary**

- Tax revenue continues to be the most significant revenue source for the Town, comprising 73% 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 2009, additional taxes were collected outside Proposition 2 ½ for debt payments related to school, public works, public safety, and library building projects and additions.
- Intergovernmental revenue represents 11% of total general fund revenues. This excludes \$5.1 million in on-behalf payments made by the State to the Massachusetts Teachers' Retirement Association for teachers' pension benefits which represents 7.5% of total general fund revenues.
- Motor vehicle revenue continued to be a strong source of revenue. Motor vehicle revenues represent 3.3% of the total general fund revenues.
- Education continues to represent the largest category of general fund expenditures, 42% in fiscal 09. The Town is committed to providing a high-quality education through its public schools.
- Public Safety and Public Works represent a combined 15% of general fund expenditures. This reflects the Town's commitment to providing safe, secure environment and essential public services.
- Debt service costs in fiscal 09 were 10% of total general fund expenditures, reflecting increased principal and interest payments associated with school building programs. The Town is benefiting from a 57% reimbursement from the State under the State's previous school building reimbursement program and a 48% reimbursement for the new school construction project.
- Employee benefits equal 9% of total general fund expenditures in fiscal 09, 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.

In total actual revenues fell short of budgeted revenues by \$935 thousand. One factor is the state fiscal stabilization funds transferring \$318,137 of intergovernmental revenue and education expenditures to a special revenue fund. This created a revenue deficit and an offsetting appropriation surplus in the general fund. Other revenue shortfalls include a \$589,000 deficiency in tax collections and \$354,000 in charges for services mainly due to the current economic conditions. These deficits are offset by surpluses of \$430,000 in other revenues created through conservative budgeting.

Actual general fund expenditures are lower than final budget by approximately \$3.7 million and of this amount \$2.2 million of appropriations were carried forward to fiscal year 2010. The remaining \$1.5 million appropriation surplus was mainly comprised of the reserve appropriations, insurance and benefits, selectmen, school and debt service.

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 continuing appropriations were lower than anticipated by 2.1%.

The Town remains committed to conservative budgets, tight management controls, and to maintaining reserves, particularly the Stabilization Fund (\$3 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***

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.

During fiscal year 2009, the Town's new High School was put into service. As a result, \$51 million in construction in progress was transferred to buildings.

Outstanding long-term debt, as of June 30, 2009, totaled \$71.3 million of which \$48.3 million is related to current and previous school construction and remodeling projects, \$17.9 million for public works, \$2.9 million for land acquisitions, and \$2.2 million for town center facility.

Please refer to notes 4, 6 and 7 to the financial statements for further discussion of the major capital and debt activity.

### ***Requests for Information***

This financial report is designed to provide a general overview of the Town of 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***

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**STATEMENT OF NET ASSETS**

JUNE 30, 2009

	Governmental Activities
<b>ASSETS</b>	
<b>CURRENT:</b>	
Cash and cash equivalents.....	\$ 35,956,006
Investments.....	2,867,392
Receivables, net of allowance for uncollectibles:	
Real estate and personal property taxes.....	412,346
Tax liens.....	397,403
Motor vehicle excise taxes.....	114,549
User fees.....	1,991,831
Departmental and other.....	192,124
Intergovernmental.....	14,788,824
Tax foreclosures.....	53,769
Total current assets.....	56,774,244
<b>NONCURRENT:</b>	
Receivables, net of allowance for uncollectibles:	
Intergovernmental.....	15,084,186
Capital assets - nondepreciable.....	24,180,515
Capital assets - depreciable (net of accumulated depreciation).....	146,891,847
Total noncurrent assets.....	186,156,548
<b>TOTAL ASSETS.....</b>	<b>242,930,792</b>
<b>LIABILITIES</b>	
<b>CURRENT:</b>	
Warrants payable.....	2,079,659
Accrued payroll.....	1,460,006
Health claims payable.....	85,000
Tax refunds payable.....	924,632
Accrued interest.....	1,507,500
Other liabilities.....	1,131,201
Customer deposits payable.....	636,839
Compensated absences.....	985,000
Bonds and notes payable.....	15,493,571
Total current liabilities.....	24,303,408
<b>NONCURRENT:</b>	
Compensated absences.....	468,000
Other post-employment benefits.....	3,078,976
Bonds and notes payable.....	67,249,469
Total noncurrent liabilities.....	70,796,445
<b>TOTAL LIABILITIES.....</b>	<b>95,099,853</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt.....	119,172,856
Restricted for:	
Permanent funds:	
Expendable.....	350,761
Nonexpendable.....	465,301
Grants and gifts.....	3,326,128
Community preservation.....	3,895,393
Unrestricted.....	20,620,500
<b>TOTAL NET ASSETS.....</b>	<b>\$ 147,830,939</b>

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

FISCAL YEAR ENDED JUNE 30, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government.....	\$ 5,678,938	\$ 860,239	\$ 1,590,719	\$ 458,549	\$ (2,769,431)
Public safety.....	9,635,249	1,373,843	607,162	-	(7,654,244)
Education.....	46,682,837	730,699	12,404,274	11,400,000	(22,147,864)
Public works.....	8,717,806	138,900	25,671	860,172	(7,693,063)
Water.....	2,112,065	2,628,421	-	-	516,356
Sewer.....	4,271,320	3,699,114	-	-	(572,206)
Human services.....	1,633,960	63,884	160,165	-	(1,409,911)
Culture and recreation.....	3,541,267	575,407	1,026,700	21,050	(1,918,110)
Interest.....	<u>2,888,872</u>	<u>-</u>	<u>652,117</u>	<u>-</u>	<u>(2,236,755)</u>
Total Governmental Activities.....	\$ <u>85,162,314</u>	\$ <u>10,070,507</u>	\$ <u>16,466,808</u>	\$ <u>12,739,771</u>	\$ <u>(45,885,228)</u>

See notes to basic financial statements.

(Continued)

**STATEMENT OF ACTIVITIES**

FISCAL YEAR ENDED JUNE 30, 2009

	<u>Governmental Activities</u>
<b>Changes in net assets:</b>	
Net (expense) revenue from previous page.....	\$ <b><u>(45,885,228)</u></b>
<i>General revenues:</i>	
Real estate and personal property taxes, net of tax refunds payable.....	45,116,928
Tax liens.....	58,941
Motor vehicle excise taxes.....	1,884,221
Hotel/motel tax.....	291,372
Community preservation tax.....	1,135,525
Penalties and interest on taxes.....	128,365
Payments in lieu of taxes.....	1,347,828
Grants and contributions not restricted to specific programs.....	1,648,039
Unrestricted investment income.....	<u>1,106,965</u>
 Total general revenues.....	 <u>52,718,184</u>
 Change in net assets.....	 6,832,956
 <i>Net Assets:</i>	
Beginning of year.....	<u>140,997,983</u>
 End of year.....	 \$ <u><u>147,830,939</u></u>
	(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2009

<b>ASSETS</b>	General	High School	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents.....	\$ 14,267,245	\$ 1,202,749	\$ 20,486,012	\$ 35,956,006
Investments.....	101,676	-	2,765,716	2,867,392
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	412,346	-	-	412,346
Tax liens.....	397,403	-	-	397,403
Motor vehicle excise taxes.....	114,549	-	-	114,549
User fees.....	856,223	-	1,135,608	1,991,831
Departmental and other.....	103,627	-	88,497	192,124
Intergovernmental.....	16,273,693	11,400,000	2,199,317	29,873,010
Tax foreclosures.....	53,769	-	-	53,769
<b>TOTAL ASSETS.....</b>	<b>\$ 32,580,531</b>	<b>\$ 12,602,749</b>	<b>\$ 26,675,150</b>	<b>\$ 71,858,430</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Warrants payable.....	\$ 1,236,665	\$ 240,950	\$ 602,044	\$ 2,079,659
Accrued payroll.....	1,460,006	-	-	1,460,006
Health claims payable.....	85,000	-	-	85,000
Tax refunds payable.....	924,632	-	-	924,632
Liabilities due depositors.....	636,839	-	-	636,839
Other liabilities.....	1,131,201	-	-	1,131,201
Deferred revenues.....	18,040,024	-	3,103,725	21,143,749
Notes payable.....	-	11,400,000	-	11,400,000
<b>TOTAL LIABILITIES.....</b>	<b>23,514,367</b>	<b>11,640,950</b>	<b>3,705,769</b>	<b>38,861,086</b>
<b>FUND BALANCES:</b>				
Reserved for:				
Encumbrances and continuing appropriations.....	2,172,960	-	-	2,172,960
Perpetual permanent funds.....	-	-	465,301	465,301
Unreserved:				
Designated for subsequent year's expenditures....	3,055,000	-	-	3,055,000
Undesignated, reported in:				
General fund.....	3,838,204	-	-	3,838,204
Special revenue funds.....	-	-	19,945,277	19,945,277
Capital projects funds.....	-	961,799	2,208,042	3,169,841
Permanent funds.....	-	-	350,761	350,761
<b>TOTAL FUND BALANCES.....</b>	<b>9,066,164</b>	<b>961,799</b>	<b>22,969,381</b>	<b>32,997,344</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 32,580,531</b>	<b>\$ 12,602,749</b>	<b>\$ 26,675,150</b>	<b>\$ 71,858,430</b>

See notes to basic financial statements.

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

JUNE 30, 2009

Total governmental fund balances.....		\$ 32,997,344
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		171,072,362
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		21,143,749
In the statement of net assets, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(1,507,500)
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.....	(71,343,040)	
Compensated absences.....	(1,453,000)	
Other post-employment benefits.....	(3,078,976)	
Net effect of reporting long-term liabilities.....		(75,875,016)
Net assets of governmental activities.....		\$ 147,830,939

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2009

	General	High School	State Fiscal Stabilization Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 45,133,746	\$ -	\$ -	\$ -	\$ 45,133,746
Motor vehicle excise taxes.....	2,192,527	-	-	-	2,192,527
Community preservation tax.....	-	-	-	1,133,730	1,133,730
Charges for services.....	2,497,839	-	-	3,513,827	6,011,666
Penalties and interest on taxes.....	128,365	-	-	-	128,365
Payments in lieu of taxes.....	1,347,828	-	-	-	1,347,828
Intergovernmental.....	11,798,996	11,400,000	318,137	4,735,422	28,252,555
Departmental and other.....	3,291,520	-	-	3,275,897	6,567,417
Contributions.....	-	-	-	1,058,255	1,058,255
Investment income.....	973,211	-	-	133,754	1,106,965
<b>TOTAL REVENUES.....</b>	<b>67,364,032</b>	<b>11,400,000</b>	<b>318,137</b>	<b>13,850,885</b>	<b>92,933,054</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	3,203,398	-	-	4,205,629	7,409,027
Public safety.....	5,620,092	-	-	733,665	6,353,757
Education.....	30,478,656	6,274,069	318,137	3,408,944	40,479,806
Public works.....	5,571,034	-	-	720,670	6,291,704
Water.....	1,263,638	-	-	507,315	1,770,953
Sewer.....	617,960	-	-	45,569	663,529
MWRA assessment.....	2,779,636	-	-	-	2,779,636
Human services.....	1,051,440	-	-	55,727	1,107,167
Culture and recreation.....	1,217,342	-	-	1,681,457	2,898,799
Pension benefits.....	7,485,653	-	-	-	7,485,653
Employee benefits.....	6,367,894	-	-	-	6,367,894
State and county charges.....	259,662	-	-	-	259,662
Debt service:					
Principal.....	4,268,572	6,675,000	-	-	10,943,572
Interest.....	3,296,072	-	-	-	3,296,072
<b>TOTAL EXPENDITURES.....</b>	<b>73,481,049</b>	<b>12,949,069</b>	<b>318,137</b>	<b>11,358,976</b>	<b>98,107,231</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(6,117,017)	(1,549,069)	-	2,491,909	(5,174,177)
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of debt.....	-	-	-	3,454,000	3,454,000
Proceeds from refunding bonds.....	-	25,325,000	-	410,000	25,735,000
Payments of current refunded debt.....	-	(25,325,000)	-	(410,000)	(25,735,000)
Transfers in.....	5,879,887	565,000	-	250,000	6,694,887
Transfers out.....	(815,000)	-	-	(5,879,887)	(6,694,887)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>5,064,887</b>	<b>565,000</b>	<b>-</b>	<b>(2,175,887)</b>	<b>3,454,000</b>
NET CHANGE IN FUND BALANCES.....	(1,052,130)	(984,069)	-	316,022	(1,720,177)
FUND BALANCES AT BEGINNING OF YEAR.....	10,118,294	1,945,868	-	22,653,359	34,717,521
FUND BALANCES AT END OF YEAR.....	\$ 9,066,164	\$ 961,799	\$ -	\$ 22,969,381	\$ 32,997,344

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds..... \$ (1,720,177)

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.

Capital outlay.....	11,077,304	
Depreciation expense.....	<u>(6,139,183)</u>	
Net effect of reporting capital assets.....		4,938,121

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..... (937,784)

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 effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Issuance of bonds and notes.....	(3,454,000)	
Debt service principal payments.....	<u>10,943,572</u>	
Net effect of reporting long-term debt.....		7,489,572

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Net change in compensated absences accrual.....	(265,000)	
Net change in accrued interest on long-term debt.....	407,200	
Other post-employment benefits.....	<u>(3,078,976)</u>	
Net effect of recording long-term liabilities.....		<u>(2,936,776)</u>

Change in net assets of governmental activities..... \$ 6,832,956

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2009

	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents.....	\$ 42,517	\$ 710,906
Investments.....	<u>27,774</u>	<u>-</u>
TOTAL ASSETS.....	<u>70,291</u>	<u>710,906</u>
<b>LIABILITIES</b>		
Liabilities due depositors.....	<u>-</u>	<u>710,906</u>
TOTAL LIABILITIES.....	<u>-</u>	<u>710,906</u>
<b>NET ASSETS</b>		
Held in trust for other purposes.....	<u>\$ 70,291</u>	<u>\$ -</u>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**

FISCAL YEAR ENDED JUNE 30, 2009

	<u>Private Purpose Trust Funds</u>
<u>ADDITIONS:</u>	
Interest (loss).....	\$ <u>(1,375)</u>
<u>DEDUCTIONS:</u>	
Charitable gifts.....	<u>3,902</u>
CHANGE IN NET ASSETS.....	(5,277)
NET ASSETS AT BEGINNING OF YEAR.....	<u>75,568</u>
NET ASSETS AT END OF YEAR.....	\$ <u><u>70,291</u></u>

See notes to basic financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the Town of Bedford, Massachusetts (the Town) 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 recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant Town accounting policies are described herein.

**A. Reporting Entity**

The Town is a municipal corporation that is governed by five elected Selectmen and an appointed Town Manager. For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. 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 significance of their relationship with the Town are such that exclusion would cause the financial statements to be misleading or incomplete. As required by GAAP, these financial statements present the Town (the primary government) and its component units. It has been determined that there are no component units that meet the requirements for inclusion in the Town's financial statements.

**B. Jointly Governed Organizations**

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

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

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

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

The government-wide financial statements (i.e., statement of net assets and the statement of changes in net assets) report information on all of the 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.

*Major Fund Criteria*

Major funds must be reported if the following criteria are met:

- If the total assets, liabilities, revenues, or expenditures/expenses of an individual governmental fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Fiduciary funds are reported by fund type.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation*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 particular 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 particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

*Fund Financial Statements*

**Governmental** fund 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 and 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 fiscal year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

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

The following major governmental funds are reported:

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

The *High School fund* is used to account for the upgrades and renovations to the High School.

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

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

The *capital projects fund* is used to account for the proceeds of bonds sold, intergovernmental grants and operating transfers in to finance major capital acquisitions and construction projects of the governmental funds.

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

**Fiduciary** fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. The agency funds do not have a measurement focus. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The donor restrictions and

trustee policies only allow the trustees to authorize spending of the realized investment earnings. The Town maintains one human service private purpose trust fund.

The *agency fund* is used to account for assets held in a purely custodial capacity. The Town's agency fund is comprised of performance bonds. Agency funds apply the accrual basis of accounting but do not have a measurement focus.

#### E. Cash 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 fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

#### ***Real Estate, Personal Property Taxes and Tax Liens***

Real estate and personal property taxes are levied and based on values assessed on January 1<sup>st</sup> 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 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year of the levy.

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.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

#### ***Motor Vehicle Excise***

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. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

***User Fees***

User fees consist of water and sewer fees which 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 in December of every year and are included as a lien on the property owner's tax bill. Water and Sewer charges and liens are recorded as receivables in the fiscal year of the levy.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

***Departmental and Other***

Departmental and other receivables consist primarily of ambulance and tower rentals and are recorded as receivables in the fiscal year accrued. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

***Intergovernmental***

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

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

**G. 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.

**H. Capital Assets*****Government-Wide and Proprietary Fund Financial Statements***

Capital assets, which include land, construction in progress, land improvements, buildings, machinery and equipment, vehicles and infrastructure, (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental activity column of the government-wide financial statements. Capital assets, including infrastructure 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.

In the case of the initial capitalization of general infrastructure assets the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending.

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.....	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.

I. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual 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.

J. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

*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.

K. Deferred Revenue

Deferred revenue at the governmental 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 (full accrual) financial statements.

L. Net Assets and Fund Equity*Government-Wide Financial Statements (Net Assets)*

Net assets reported as “invested in capital assets, net of related debt” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt related to future reimbursements from the state’s school building program is not considered to be capital related debt.

Net assets are reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net assets have been “restricted for” the following:

“Permanent funds - expendable” represents the amount of realized and unrealized investment earnings of donor restricted trusts. The donor restrictions and trustee policies only allow the trustees to approve spending of the realized investment earnings that support governmental programs.

“Permanent funds - nonexpendable” represents the endowment portion of donor restricted trusts that support governmental programs.

“Grants and gifts” represents amounts held for school grants, highway grants and gift funds.

“Community preservation” represents amounts held for uses restricted by law for community preservation purposes.

*Fund Financial Statements (Fund Balances)*

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

Fund balances have been “reserved for” the following:

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

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

Fund balances have been “designated for” the following:

“Subsequent year’s expenditures” represents amounts appropriated for the fiscal year 2010 operating budget.

#### M. Long-term debt

##### *Government-Wide Financial Statements*

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

##### *Governmental Fund Financial Statements*

The face amount of governmental funds long-term debt is reported as other financing sources. 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.

#### N. 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).

#### O. 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 Fund Financial Statements*

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, following termination or retirement, are reported as expenditures and fund liabilities upon maturity of the liability.

#### P. Use of Estimates

##### *Government-Wide and Fund Financial Statements*

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

Q. Total Column*Fund Financial Statements*

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 - CASH AND INVESTMENTS**

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and cash equivalents." The deposits and investments of the trust funds are held separately from those of other Town funds.

The Town follows investment policies established under Massachusetts General Laws. The Commonwealth's statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). Additionally, they allow the Town to invest trust funds in trust companies incorporated under the laws of the Commonwealth, banking companies incorporated under the laws of the Commonwealth which are members of the Federal Deposit Insurance Corporation, national banks, or invested by cities or towns in participation units in a combined investment fund or in paid-up shares and accounts of and in cooperative banks or in shares of savings and loan associations or in shares of savings deposits of federal savings and loan associations doing business in the Commonwealth to an amount not exceeding one hundred thousand dollars or in bonds or notes which are legal investments for savings banks. Municipalities having trust funds in the custody of the Treasurer in an aggregate amount in excess of two hundred and fifty thousand dollars may also invest trust funds in securities, other than mortgages and collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth provided that not more than fifteen percent of any such trust funds shall be invested in bank stocks and insurance company stocks, nor shall more than one and one-half percent of such funds be invested in the stock of any one bank or insurance company.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth of Massachusetts who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares. The Town participates in MMDT, which maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately 3 months.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal policy relating to custodial credit risk for deposits. At fiscal year-end, the carrying amount of deposits totaled \$30,310,666 and the bank balance totaled \$33,020,092. Of the bank balance, \$6,567,140 was covered by Federal Depository Insurance, \$361,548 was covered by the Depositors' Insurance Fund, \$11,638,339 was collateralized and \$14,453,065 was subject to custodial credit risk because it was uninsured and uncollateralized.

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

Investments

As of June 30, 2009, the Town had the following investments:

Investment Type	Fair Value	Maturity	
		Under 1 Year	1-5 Years
<u>Debt Securities</u>			
U.S. Treasury Notes..... \$	34,255	\$ 20,755	\$ 13,500
Government Sponsored Enterprises....	1,841,021	1,156,733	684,288
Corporate bonds.....	138,528	-	138,528
Total Debt Securities.....	2,013,804	\$ 1,177,488	\$ 836,316
<u>Other Investments</u>			
Equity Securities.....	881,362		
Money Market Mutual Funds.....	2,276,587		
MMDT.....	4,122,176		
Total Investments..... \$	9,293,929		

Custodial Credit Risk – Investments

For an investment, this 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. Of the Town’s investments, \$34,255 in U.S. Treasury Notes, \$1,841,021 in Government Sponsored Enterprises, \$138,528 in Corporate Bonds, and \$881,362 in equity securities, \$500,000 is covered by Securities Investor Protection Corporation and \$2,381,666 is covered by Customer Asset Protection Corporation, however there is no coverage for losses due to market fluctuations. The Town does not have any custodial credit risk exposure on \$13,500 in U.S. Treasury Notes because they are held by the Town and the \$4,122,176 in shares of MMDT are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The Town does not have a formal policy relating to custodial credit risk for investments.

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Town does not have a formal policy relating to credit risk. All of the Town’s investments in U.S. Treasury Notes and Government Sponsored Enterprises are rated AAA, while the Corporate bonds are rated A1.

Concentration of Credit Risk

The Town limits the amount that may be invested in any one issuer to no more than 5% of an institution’s assets or no more than 10% of the Town’s total investments.

**NOTE 3 - RECEIVABLES**

At June 30, 2009, receivables for the individual major governmental 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.....	\$ 412,346	\$ -	\$ 412,346
Tax liens.....	397,403	-	397,403
Motor vehicle excise taxes.....	136,609	(22,060)	114,549
User fees.....	1,991,831	-	1,991,831
Departmental and other.....	215,554	(23,430)	192,124
Intergovernmental.....	29,873,010	-	29,873,010
 Total.....	 \$ <u>33,026,753</u>	 \$ <u>(45,490)</u>	 \$ <u>32,981,263</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. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	General Fund	Other Governmental Funds	Total
<u>Receivable and other asset type:</u>			
Real estate and personal property taxes.....	\$ 240,760	\$ -	\$ 240,760
Tax liens.....	397,403	-	397,403
Motor vehicle excise taxes.....	114,549	-	114,549
User fees.....	856,223	1,135,608	1,991,831
Departmental and other.....	103,627	88,497	192,124
Intergovernmental.....	16,273,693	1,879,620	18,153,313
Tax foreclosures.....	53,769	-	53,769
 Total.....	 \$ <u>18,040,024</u>	 \$ <u>3,103,725</u>	 \$ <u>21,143,749</u>

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 20,860,515	\$ 3,320,000	\$ -	\$ 24,180,515
Construction in progress.....	44,994,243	6,305,409	(51,299,652)	-
Total capital assets not being depreciated.....	<u>65,854,758</u>	<u>9,625,409</u>	<u>(51,299,652)</u>	<u>24,180,515</u>
<u>Capital assets being depreciated:</u>				
Buildings.....	82,337,805	51,664,282	-	134,002,087
Machinery and equipment.....	3,577,757	273,572	-	3,851,329
Vehicles.....	6,060,772	527,416	-	6,588,188
Infrastructure.....	94,046,223	286,277	-	94,332,500
Total capital assets being depreciated.....	<u>186,022,557</u>	<u>52,751,547</u>	<u>-</u>	<u>238,774,104</u>
<u>Less accumulated depreciation for:</u>				
Buildings.....	(25,759,988)	(3,496,160)	-	(29,256,148)
Machinery and equipment.....	(2,381,170)	(368,112)	-	(2,749,282)
Vehicles.....	(3,607,946)	(430,939)	-	(4,038,885)
Infrastructure.....	(53,993,971)	(1,843,971)	-	(55,837,942)
Total accumulated depreciation.....	<u>(85,743,074)</u>	<u>(6,139,183)</u>	<u>-</u>	<u>(91,882,257)</u>
Total capital assets being depreciated, net.....	<u>100,279,483</u>	<u>46,612,364</u>	<u>-</u>	<u>146,891,847</u>
Total governmental activities capital assets, net.....	<u>\$ 166,134,241</u>	<u>\$ 56,237,773</u>	<u>\$ (51,299,652)</u>	<u>\$ 171,072,362</u>

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

<b>Governmental Activities:</b>	
General government.....	\$ 494,751
Public safety.....	366,808
Education.....	2,371,317
Public works.....	1,290,218
Water.....	450,416
Sewer.....	938,417
Culture and recreation.....	<u>227,256</u>
Total depreciation expense - governmental activities.....	<u>\$ 6,139,183</u>

**NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund transfers for the fiscal year ended June 30, 2009, are summarized as follows:

Transfers Out:	Transfers In:			
	General Fund	High School	Nonmajor Governmental Funds	Total
General Fund.....	\$ -	\$ 565,000	\$ 250,000	\$ 815,000 (1)
Nonmajor Sewer Fund.....	3,746,240	-	-	3,746,240 (2)
Nonmajor Other Governmental Funds...	2,133,647	-	-	2,133,647 (3)
Total.....	<u>\$ 5,879,887</u>	<u>\$ 565,000</u>	<u>\$ 250,000</u>	<u>\$ 6,694,887</u>

- (1) Represents a transfer of \$250,000 to the stabilization fund, and a \$565,000 transfer to the high school major fund to assist in the pay down of high school BANS.
- (2) Represents transfer from the sewer fund to the general fund.
- (3) Represents transfers from the stabilization, pension, grants, community preservation, and other special revenue funds to finance the Town's operating budget.

**NOTE 6 - 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 or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

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, 2009, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2008	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2009
GAN	High School Renovation.....	2.50%	7/29/2009	\$ -	\$ 11,400,000	\$ -	\$ 11,400,000
GAN	High School Renovation.....	4.25%	7/24/2008	10,000,000	-	10,000,000	-
Total.....				\$ 10,000,000	\$ 11,400,000	\$ 10,000,000	\$ 11,400,000

In July 2009, the Town paid down \$8 million of the outstanding GANS with grant funds received from the MSBA and the remaining \$3.4 million was renewed until July 2010.

**NOTE 7 - LONG-TERM DEBT**

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

The Town classified \$32,410,000 of BANS outstanding at June 30, 2008 as a long-term liability. During fiscal year 2009, the Town retired \$6,675,000 of these BANS with grant proceeds and re-issue \$25,735,000 of long-term BANS that matured in July 2009. Accordingly, this transaction has been recorded as a current refunding and did not have an economic gain or loss.

In July 2009, the Town issued \$15,885,000 of long-term general obligation bonds that were used to refinance \$15,135,000 of the fiscal year 2008 long-term BANS and \$750,000 of short-term BANS issued during fiscal year 2009.

In July 2009, the Town issued \$13,539,000 of BANS due in July 2010 with a 1.5% interest rate. The proceeds were used to refinance \$10,035,000 of the fiscal year 2008 long-term BANS, refinance \$2,704,000 of new BANS issued in fiscal year 2009 and finance \$800,000 of new fiscal year 2010 capital appropriations.

In July 2009, the Town used \$565,000 of available funds in the high school capital projects fund to retire a portion of the \$10,600,000 long-term BAN outstanding at June 30, 2009.

Details related to the outstanding indebtedness at June 30, 2009, and the debt service requirements are as follows:

### Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2008	Issued	Redeemed	Outstanding at June 30, 2009
Building Construction - School.....	4.40	\$ 6,571,495	\$ -	\$ 660,445	\$ 5,911,050
Building Remodeling - School.....	4.40	500,000	-	50,000	450,000
Land Acquisition.....	4.40	428,000	-	53,500	374,500
Engineering Services - School.....	4.40	210,505	-	21,055	189,450
Building Addition - School.....	5.40	7,165,000	-	555,000	6,610,000
Traffic Signal Installation.....	5.40	70,000	-	25,000	45,000
Water Bonds-MWRA.....	0.00	174,472	-	43,618	130,854
Water Bonds-MWRA.....	0.00	100,000	-	20,000	80,000
Building Construction - Public Works.....	4.05	1,825,000	-	135,000	1,690,000
Building Construction - School.....	4.11	10,975,000	-	735,000	10,240,000
Land Acquisition.....	3.97	213,100	-	17,200	195,900
Land Acquisition.....	3.97	306,900	-	24,550	282,350
Land Acquisition.....	3.97	325,000	-	25,000	300,000
Land Acquisition.....	3.97	355,000	-	28,250	326,750
Engineering Services - Public Works.....	4.05	308,890	-	22,222	286,668
Building Construction - Public Works.....	4.05	316,110	-	22,778	293,332
Building Remodeling - Town Hall.....	3.30	935,000	-	315,000	620,000
Outdoor Recreation Facility.....	3.50	300,000	-	300,000	-
Architectural Services Building - School.....	3.50	130,000	-	130,000	-
Building Remodeling - Municipal.....	3.80	2,675,000	-	175,000	2,500,000
Land Acquisition .....	3.83	1,125,000	-	75,000	1,050,000
Building Construction - Public Works.....	3.82	3,940,000	-	275,000	3,665,000
Sewer Bonds-MWRA.....	0.00	49,720	-	24,860	24,860
Water Equipment.....	3.74	385,000	-	60,000	325,000
Water Mains.....	3.96	1,690,000	-	90,000	1,600,000
Water Bonds-MWRA.....	0.00	344,190	-	38,244	305,946
High School Renovation.....	3.90	2,115,000	-	135,000	1,980,000
Land Acquisition.....	3.90	375,000	-	25,000	350,000
Town Center Facility.....	3.92	1,985,000	-	125,000	1,860,000
Town Hall Remodeling.....	3.93	365,000	-	25,000	340,000
Sewer Bonds-MWRA.....	0.00	80,080	-	20,020	60,060
Sewer Bonds-MWRA.....	0.00	84,150	-	16,830	67,320
High School Renovation.....	4.23	14,725,000	14,725,000	14,725,000	14,725,000
Fire Pumper.....	3.60	410,000	410,000	410,000	410,000
Road Resurfacing.....	2.50	-	750,000	-	750,000
High School Renovation - Long-term BAN.....	2.50	17,275,000	10,600,000	17,275,000	10,600,000
Water Mains - Long-term BAN.....	2.50	-	475,000	-	475,000
Water Standpipe - Long-term BAN.....	2.94	-	150,000	-	150,000
Sewer Expansion - Long-term BAN.....	2.50	-	339,000	-	339,000
Road Resurfacing - Long-term BAN.....	2.50	-	700,000	-	700,000
Shawsheen Well - Long-term BAN.....	1.45	-	100,000	-	100,000
Middlesex Turnpike - Long-term BAN.....	1.45	-	930,000	-	930,000
Water Design - Long-term BAN.....	1.45	-	10,000	-	10,000
Total bonds and notes payable.....		\$ 78,832,612	\$ 29,189,000	\$ 36,678,572	\$ 71,343,040

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

Fiscal Year	Principal	Interest	Total
2010.....	\$ 4,093,571	\$ 2,175,553	\$ 6,269,124
2011.....	* 18,242,711	2,309,992	20,552,703
2012.....	4,593,711	2,059,127	6,652,838
2013.....	4,495,073	1,886,716	6,381,789
2014.....	4,268,243	1,712,019	5,980,262
2015.....	4,168,243	1,530,295	5,698,538
2016.....	4,118,243	1,344,269	5,462,512
2017.....	4,053,245	1,160,615	5,213,860
2018.....	4,015,000	977,396	4,992,396
2019.....	3,290,000	791,938	4,081,938
2020.....	3,280,000	640,650	3,920,650
2021.....	3,280,000	492,493	3,772,493
2022.....	2,635,000	363,469	2,998,469
2023.....	2,465,000	251,316	2,716,316
2024.....	1,610,000	149,545	1,759,545
2025.....	990,000	92,000	1,082,000
2026.....	965,000	52,500	1,017,500
2027.....	780,000	15,600	795,600
Totals.....	\$ <u>71,343,040</u>	\$ <u>18,005,493</u>	\$ <u>89,348,533</u>

\*Includes the retirement of \$13.3 million of BANs which have been classified as long-term debt.

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. The loans are payable in five equal annual installments. At June 30, 2009, the outstanding principal amount of these loans totaled \$669,040.

The Commonwealth has approved school construction assistance for the Town under two different financing programs. The first assistance program, which is administered by the Massachusetts School Building Authority (MSBA), provides resources for construction costs and debt service interest of general obligation school bonds outstanding over the life of the bond. During fiscal year 2009, \$1,795,835 of such assistance was received. Approximately \$20,173,000 will be received in future fiscal years. Of this amount, approximately \$3,899,000 represents reimbursement of long-term interest costs, and \$16,274,000 represents reimbursement of approved construction costs which has been recorded as intergovernmental receivable and deferred revenue in the general fund.

For all new projects, the MSBA is now financing their share of allowable construction costs as they occur. The Town has substantially completed and opened the new high school during fiscal year 2009. The MSBA shares approximately 48% of the costs and at June 30, 2009 the Town has recorded an \$11,400,000 MSBA intergovernmental receivable and revenue in the new high school capital projects fund. Subsequent to year end, the Town received \$8,000,000 of grant proceeds and expects to receive the balance during fiscal year 2010.

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, 2009, the Town had the following authorized and unissued debt:

Purpose	Amount
Middle School.....	\$ 229
Middlesex Turnpike.....	1,360,000
Land Acquisition.....	4,000
Water Standpipe Painting.....	410,000
Water Bonds.....	10,000
Water Main.....	1,550,000
Infiltration/Inflow Program.....	854,027
Bedford High School.....	23,410,330
Shawsheen Well Replacement.....	100,000
Sewer System Expansion.....	341,000
Road Resurfacing.....	2,500,000
Fire Mini Pumper.....	218,000
Drainage Improvement.....	180,000
<b>Total.....</b>	<b>\$ 30,937,586</b>

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2009, the following changes occurred in long-term liabilities:

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Current Portion
Long-Term Bonds and Notes.....	\$ 78,832,612	\$ 29,189,000	\$ (36,678,572)	\$ 71,343,040	\$ 4,093,571
Other Post-Employment Benefits.....	-	4,523,142	(1,444,166)	3,078,976	-
Compensated Absences.....	1,188,000	1,007,000	(742,000)	1,453,000	985,000
<b>Total.....</b>	<b>\$ 80,020,612</b>	<b>\$ 34,719,142</b>	<b>\$ (38,864,738)</b>	<b>\$ 75,875,016</b>	<b>\$ 5,078,571</b>

Compensated absence liabilities are normally paid from the funds reporting payroll and related expenses which is primarily the General Fund.

**NOTE 8 - SPECIAL REVENUE RESERVE**

Stabilization Fund

At June 30, 2009, \$3,027,756 was set aside in a stabilization fund, which is classified as a non-major governmental fund in the fund based financial statements. The stabilization fund balance can be used for general and/or capital purposes upon Town Meeting approval.

Pension Fund

The Town has \$1,442,284 in a pension fund, which is classified as a non-major governmental fund in the fund based financial statements. Upon approval during the budget process, the pension fund may be used to fund the annual pension obligation due to the Retirement System.

Post Retirement Benefits

In order to offset the anticipated costs associated with funding post retirement benefits, the Town has established a reserve account to be used to offset future costs. Through June 30, 2009, the cumulative amount of approximately \$1,962,348 has been raised for this purpose and has been classified as a non-major governmental fund in the fund financial statements.

**NOTE 9 - RISK FINANCING**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers compensation; and natural disasters for which the Town carries commercial insurance. The Town participates in a premium-based health care plan for its active employees. The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

The Town is self-insured for its retirees Medicare Supplement Plan. These activities are accounted for in the General Fund. At June 30, 2009 the incurred-but-not-reported claims totaled \$85,000. This estimate is based on actual claims paid. Changes in the reported liability since July 1, 2007 are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End (Current)
Fiscal Year 2008.....	\$ 64,000	\$ 756,609	\$ (751,609)	\$ 69,000
Fiscal Year 2009.....	69,000	918,525	(902,525)	85,000

**NOTE 10 - PENSION PLAN**

*Plan Description* - The Town contributes to the Middlesex Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan administered by the Middlesex Retirement Board. Substantially all employees are members of the System, except for public school teachers and certain administrators who 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 \$5,069,000 for the fiscal year ended June 30, 2009, and, accordingly, are reported in the General Fund as Intergovernmental revenues and Pension expenditures.

The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. 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 approved by the Middlesex Retirement Board and are borne by the

System. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System located at 25 Linnell Circle, Billerica, Massachusetts, 01865.

*Funding Policy* - 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 active current payroll. Administrative expenses are funded through investment earnings. Chapter 32 of the MGL governs the contributions of plan members and the Town. The Town's contributions to the System for the fiscal years ended June 30, 2009, 2008, and 2007 were approximately \$2,416,000, \$2,156,000 and \$1,927,000, respectively, which equaled its required contribution for each fiscal year.

#### **NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

Fiscal year 2009 is the initial year that the Town has implemented GASB Statement 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions (GASB 45). As allowed by GASB 45, the Town has established the net Other Post-Employment Benefits (OPEB) obligation at zero at the beginning of the transition year and has applied the measurement and recognition requirements of GASB 45 on a prospective basis.

*Plan Description* – The Town of Bedford administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

*Funding Policy* – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 50 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 50 percent of their premium costs. For fiscal year 2009, the Town's age weighted contributions was \$1,444,166 to the plan, and member actual contributions totaled \$1,053,000.

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

Normal cost.....	\$	2,396,290
Amortization of unfunded actuarial accrued liability.....		2,039,017
*Adjustment for timing.....		87,835
Annual OPEB cost (expense).....		<u>4,523,142</u>
Contributions made.....		<u>(1,444,166)</u>
Increase in net OPEB obligation.....		3,078,976
Net OPEB obligation--beginning of year.....		<u>-</u>
Net OPEB obligation--end of year.....	\$	<u><u>3,078,976</u></u>

\*Assumes payment in the middle of the fiscal year.

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009 was as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/2009	\$ 4,523,142	32%	\$ 3,078,976

*Funded Status and Funding Progress* – As of June 30, 2008, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$61.2 million, all of which was unfunded.

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 schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions* – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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 the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2008 actuarial valuation the actuarial liabilities were determined using the projected unit credit cost method. The actuarial assumptions included a 4.0% investment return assumption, which is based on the expected yield on the assets of the Town, calculated based on the funded level of the plan at the valuation date, and an annual medical/drug cost trend rate of 10.0% decreasing by 0.75% for 6 years and by 0.50% for 1 year to an ultimate level of 5.00% per year. The UAAL is being amortized over a 30 year period, with amortization payments increasing at 4.0% per year. The remaining amortization period at June 30, 2009 is 29 years.

**NOTE 12 - COMMITMENTS**

The Town has no significant commitments as of June 30, 2009.

**NOTE 13 - CONTINGENCIES**

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, 2009, 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 it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. 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, 2009, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2009.

**NOTE 14 - IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During fiscal year 2009, the following GASB pronouncements were implemented:

- The GASB issued Statement #45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions. This pronouncement has significantly impacted the basic financial statements.
- The GASB issued Statement #55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which was implemented in fiscal year 2009. The basic financial statements were not impacted by this pronouncement.
- The GASB issued Statement #56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards. This pronouncement did not significantly impact the basic financial statements.

Future Implementation of GASB Pronouncements:

- The GASB issued Statement #54, Fund Balance Reporting and Governmental Fund Type Definitions, which is required to be implemented in fiscal year 2011. Management believes this pronouncement will require additional disclosure and impact the basic financial statements.

## ***Required Supplementary Information***

# ***General Fund Budgetary Comparison Schedule***

The General Fund is the general operating fund of the Town. It is used to account for all the financial resources, except those required to be accounted for in another fund.

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

FISCAL YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 44,725,587	\$ 45,118,503	\$ 44,529,125	\$ -	\$ (589,378)
Motor vehicle and other excise taxes.....	2,195,000	2,195,000	2,266,967	-	71,967
Charges for services.....	2,852,000	2,852,000	2,497,839	-	(354,161)
Penalties and interest on taxes.....	-	-	128,365	-	128,365
Payments in lieu of taxes.....	1,346,545	1,346,545	1,347,828	-	1,283
Intergovernmental.....	7,151,732	7,151,732	6,730,090	-	(421,642)
Departmental and other.....	2,205,225	2,205,225	2,354,790	-	149,565
Investment income.....	885,000	885,000	963,375	-	78,375
<b>TOTAL REVENUES.....</b>	<b>61,361,089</b>	<b>61,754,005</b>	<b>60,818,379</b>	<b>-</b>	<b>(935,626)</b>
<b>EXPENDITURES:</b>					
Current:					
Selectmen.....	925,829	1,046,929	563,292	482,009	1,628
Finance/Administrative Services.....	1,249,838	1,046,962	933,403	80,909	32,650
Financial Committees.....	436,337	361,959	632	-	361,327
Board of Assessors.....	254,817	260,351	243,121	-	17,230
Legal Services.....	187,505	187,505	187,261	-	244
Town Clerk.....	186,236	198,641	181,876	10,016	6,749
Elections and Registrations.....	53,254	49,172	47,054	-	2,118
Planning Board.....	124,685	129,032	126,122	-	2,910
Facilities.....	1,125,462	1,330,645	895,348	395,863	39,434
Town Center.....	178,108	154,099	144,518	9,570	11
Police Department.....	2,943,716	3,041,925	3,036,390	4,193	1,342
Fire Department.....	2,192,712	2,194,460	2,170,984	425	23,051
Code Enforcement.....	389,125	402,046	389,250	5,463	7,333
School Department.....	30,892,813	30,686,276	29,915,956	316,008	454,312
Vocational Education.....	492,121	492,121	488,616	-	3,505
Public works.....	11,072,448	11,028,542	10,232,268	852,898	(56,624)
Board of Health.....	499,302	507,556	489,207	10,981	7,368
Hazardous Waste.....	15,683	15,683	7,742	-	7,941
Mosquito Control.....	32,673	32,673	32,673	-	-
Bedford Local Transit.....	51,148	51,148	45,944	-	5,204
Council on Aging.....	160,319	167,052	165,499	-	1,553
Youth and Family Services.....	212,038	327,817	310,375	-	17,442
Public Library.....	1,088,676	1,109,586	1,097,113	4,625	7,848
Recreation Commission.....	113,293	118,463	118,223	-	240
Historic Preservation Commission.....	2,020	2,020	2,006	-	14
Pension benefits.....	2,419,498	2,419,498	2,416,747	-	2,751
Insurance and Benefits.....	5,827,615	5,838,916	5,449,369	-	389,547
State and county charges.....	286,472	286,472	259,662	-	26,810
Debt service:					
Principal.....	4,303,604	4,268,604	4,268,572	-	32
Interest.....	3,800,213	3,800,213	3,693,072	-	107,141
<b>TOTAL EXPENDITURES.....</b>	<b>71,517,560</b>	<b>71,556,366</b>	<b>67,912,295</b>	<b>2,172,960</b>	<b>1,471,111</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES..</b>	<b>(10,156,471)</b>	<b>(9,802,361)</b>	<b>(7,093,916)</b>	<b>(2,172,960)</b>	<b>535,485</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in.....	6,072,248	5,868,538	5,879,887	-	11,349
Transfers out.....	(565,000)	(815,000)	(815,000)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>5,507,248</b>	<b>5,053,538</b>	<b>5,064,887</b>	<b>-</b>	<b>11,349</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(4,649,223)</b>	<b>(4,748,823)</b>	<b>(2,029,029)</b>	<b>(2,172,960)</b>	<b>546,834</b>
<b>BUDGETARY FUND BALANCE, Beginning of year.....</b>	<b>11,617,204</b>	<b>11,617,204</b>	<b>11,617,204</b>	<b>-</b>	<b>-</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ 6,967,981</b>	<b>\$ 6,868,381</b>	<b>\$ 9,588,175</b>	<b>\$ (2,172,960)</b>	<b>\$ 546,834</b>

See notes to required supplementary information.

# ***Retirement System Schedules of Funding Progress and Employer Contributions***

The Retirement System Schedule of Funding Progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Middlesex Retirement System  
Schedule of Funding Progress**

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)
01/01/96	\$ 373,750,361	\$ 634,920,488	\$ 261,170,127	58.9%	\$ 218,345,024	119.6%
01/01/98	476,708,969	763,093,878	286,384,909	62.5%	215,380,186	133.0%
01/01/00	570,263,467	905,280,472	335,017,005	63.0%	253,228,818	132.3%
01/01/02	599,699,143	1,020,828,178	421,129,035	58.7%	280,740,439	150.0%
01/01/04	618,163,380	1,223,828,127	605,664,747	50.5%	306,025,949	197.9%
01/01/06	653,156,866	1,364,582,969	711,426,103	47.9%	330,999,861	214.9%
01/01/08	774,863,669	1,529,806,307	754,942,638	50.7%	360,206,302	209.6%

The Town's share of the UAAL, as of January 1, 2008, is approximately 3.0%.

See notes to required supplementary information.

**Middlesex Retirement System  
Schedule of Employer Contributions**

Plan Year Ended December 31	System Wide			Town of Bedford	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contributions	(B/A) Town's Percentage of System Wide Actual Contributions
2003	\$ 35,411,500	\$ 35,411,500	100%	\$ 1,178,000	3.33%
2004	52,902,366	52,902,366	100%	1,387,000	2.62%
2005	52,298,150	52,298,150	100%	1,516,000	2.90%
2006	60,169,717	60,169,717	100%	1,669,000	2.77%
2007	64,664,829	64,664,829	100%	1,927,000	2.98%
2008	71,233,749	71,233,749	100%	2,156,000	3.03%

The Town's Actual Contributions equaled 100% of its Required Contributions for each year presented.

See notes to required supplementary information.

# ***Other Post-Employment Benefits Plan Schedules***

The Schedule of Funding progress and employer contributions compare, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets along with employer contributions.

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

**OTHER POST-EMPLOYMENT BENEFIT PLAN**  
**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**

JUNE 30, 2009

**Schedule of Funding Progress**

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)
6/30/2008	\$ -	\$ 61,170,521	\$ 61,170,521	0%	\$ 32,019,829	191.0%

**Schedule of Employer Contributions**

**OTHER POST-EMPLOYMENT BENEFIT PLAN**  
**ACTUARIAL METHODS AND ASSUMPTIONS**

FISCAL YEAR ENDED JUNE 30, 2009

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Actuarial Methods:

Valuation date	June 30, 2008
Actuarial cost method	Projected Unit Credit
Amortization method	Amortization payments increasing at 4.0%
Remaining amortization period	30 years as of July 1, 2008, closed
Asset valuation method	Market value

Actuarial Assumptions:

Investment rate of return	4%, pay-as-you-go scenario
Medical/drug cost trend rate	10.0% decreasing by 0.75% for 6 years and by 0.50% for 1 year to an ultimate level of 5.00% per year.

Plan Membership:

Current retirees, beneficiaries, and dependents	289
Current active members	<u>392</u>
Total	<u><u>681</u></u>

See notes to required supplementary information.

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

Municipal Law requires the adoption of a balanced budget that is approved by the Finance Committee (the "Committee"). The Committee presents an annual budget to the Open Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses.

Amendments to the originally adopted budget and transfers between departments require approval at a Special Town meeting. 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. These carry forwards are included as part of the subsequent fiscal year's original budget.

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

An annual budget is adopted for the General Fund in conformity with the guidelines described above. The original fiscal year 2009 approved budget authorized approximately \$72,100,000 in appropriations, prior year carry-forwards and other amounts to be raised. During fiscal year 2009, the overall budget was increased by approximately \$300,000.

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

**B. Budgetary - GAAP Reconciliation**

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2009, is presented below:

Net change in fund balances, budgetary basis.....	\$ (2,029,029)
<u>Perspective difference:</u>	
Activity of health care trust recorded in the general fund for GAAP.....	25,901
<u>Basis of accounting differences:</u>	
Recognition of revenue based on available criteria.....	(74,440)
Net change in 60 day receipts.....	(50,727)
Net change in tax refunds payable.....	655,348
Net change in accrued interest.....	397,000
Net change in recording expenditures.....	23,817
Increase in revenue due to on-behalf payments.....	5,068,906
Increase in expenditures due to on-behalf payments.....	<u>(5,068,906)</u>
Net change in fund balances, GAAP basis.....	<u>\$ (1,052,130)</u>

**C. Excess of Expenditures Over Appropriations**

For the fiscal year ended June 30, 2009, actual expenditures exceeded appropriations by \$56,624 for snow and ice. This over-expenditure will be funded through tax levy and available funds during fiscal year 2010.

**NOTE B - PENSION PLAN**

The Town contributes to the Middlesex County Contributory Retirement System ("Retirement System"), a cost-sharing, multiple-employer defined benefit pension plan ("Plan") administered by the Middlesex County Retirement Board. The Retirement System provides retirement, disability and death benefits to members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the Plan. Plan members are required to contribute to the Retirement System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the Retirement System its share of the systemwide actuarially determined contribution which is apportioned among the employers based on active covered payroll.

The schedule of funding progress, presented as required supplementary information, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Additionally, the schedule of employer contributions, presented as required supplementary information, presents multiyear trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the Town is one participating employer, as well as the Town's proportionate share of the plan's annual contributions. This information is designed to be helpful for understanding the scale of the information presented relative to the Town.

The following actuarial methods and assumptions were used in the Retirement System's most recent actuarial valuation:

Actuarial Methods and Assumptions:

Valuation Date.....	January 1, 2008
Actuarial Cost Method.....	Entry Age Normal Cost Method
Amortization Method.....	Level dollar for the 1992, 2002 and 2003 ERIs and 4.50% increasing for the remaining unfunded liability
Remaining Amortization Period.....	As of July , 2008, 2 years remaining for 1992 ERI liability; 11 year remaining for 2002 and 12 years remaining for 2003 and 20 years remaining for 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.....	8.25%
Projected salary increases.....	4.00% for the next 4 years
Cost of living adjustments.....	3.00% on first \$12,000

Plan Membership:

Retired participants and beneficiaries receiving benefits.....	4,764
Terminated participants entitled to a return of their employee contributions.....	3,077
Terminated participants with a vested right to a deferred or immediate benefit.....	190
Active participants.....	<u>9,285</u>
Total.....	<u><u>17,316</u></u>

**NOTE C - OTHER POST-EMPLOYMENT BENEFITS**

The Town administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare for eligible retirees and their spouses through the Town’s health insurance plan, which covers both active and retired members, including teachers.

The Town currently finances its other post-employment benefits (OPEB) on a pay-as-you-go basis. As a result, the funded ratio (actual value of assets expressed as a percentage of the actuarial accrued liability) is 0%. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB costs equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets. Since this is the Town’s initial year of implementation of GASB Statement 45, information for prior years is not available.

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

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

# ***Combining Statements***



# Nonmajor Governmental Fund

## **Special Revenue Funds**

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

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

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

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

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

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

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

*Pension Funds* – This fund is used to account for funds accumulated to fund future obligations to the Retirement system.

*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.

*Sewer* – This fund is used to account for sewer charges. Funds are voted to be transferred from this fund annually, as available and as needed to fund the sewer budget of the General Fund.

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

## **Capital Project Funds**

*Town Capital Project Funds* —is used to account for the proceeds of bonds sold, intergovernmental grants and operating transfers in to finance major capital acquisitions and construction projects of the governmental funds.

## **Permanent Funds**

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

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

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2009

	<i>Special Revenue Funds</i>				
	Town Revolving Funds	School Revolving Funds	Grants	Community Preservation Funds	Other Funds
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ 960,430	\$ 61,752	\$ 1,068,776	\$ 3,514,151	\$ 1,563,164
Investments.....	-	-	-	-	515,824
Receivables, net of uncollectibles:					
User fees.....	-	-	-	-	-
Departmental and other.....	-	-	-	13,511	-
Intergovernmental.....	-	-	1,755,831	443,486	-
<b>TOTAL ASSETS.....</b>	<b>\$ 960,430</b>	<b>\$ 61,752</b>	<b>\$ 2,824,607</b>	<b>\$ 3,971,148</b>	<b>\$ 2,078,988</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Warrants payable.....	\$ 81,652	\$ 23,427	\$ 142,586	\$ 75,954	\$ 54,568
Deferred revenues.....	100	-	1,435,788	456,997	-
<b>TOTAL LIABILITIES.....</b>	<b>81,752</b>	<b>23,427</b>	<b>1,578,374</b>	<b>532,951</b>	<b>54,568</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Perpetual permanent funds.....	-	-	-	-	-
Unreserved:					
Undesignated, reported in:					
Special revenue funds.....	878,678	38,325	1,246,233	3,438,197	2,024,420
Capital projects funds.....	-	-	-	-	-
Permanent funds.....	-	-	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<b>878,678</b>	<b>38,325</b>	<b>1,246,233</b>	<b>3,438,197</b>	<b>2,024,420</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 960,430</b>	<b>\$ 61,752</b>	<b>\$ 2,824,607</b>	<b>\$ 3,971,148</b>	<b>\$ 2,078,988</b>

(Continued)

	Post Employment Benefits	Pension Funds	Gifts	Sewer	Stabilization	Special Revenue Sub-total
\$	1,225,244	\$ 805,253	\$ 659,243	\$ 5,231,602	\$ 2,342,257	\$ 17,431,872
	737,104	637,031	-	-	685,499	2,575,458
	-	-	-	1,135,608	-	1,135,608
	-	-	-	74,986	-	88,497
	-	-	-	-	-	2,199,317
\$	<u>1,962,348</u>	<u>\$ 1,442,284</u>	<u>\$ 659,243</u>	<u>\$ 6,442,196</u>	<u>\$ 3,027,756</u>	<u>\$ 23,430,752</u>
\$	-	\$ -	\$ 2,419	\$ 1,144	\$ -	\$ 381,750
	-	-	-	1,210,840	-	3,103,725
	-	-	2,419	1,211,984	-	3,485,475
	-	-	-	-	-	-
	1,962,348	1,442,284	656,824	5,230,212	3,027,756	19,945,277
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>1,962,348</u>	<u>1,442,284</u>	<u>656,824</u>	<u>5,230,212</u>	<u>3,027,756</u>	<u>19,945,277</u>
\$	<u>1,962,348</u>	<u>\$ 1,442,284</u>	<u>\$ 659,243</u>	<u>\$ 6,442,196</u>	<u>\$ 3,027,756</u>	<u>\$ 23,430,752</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2009

	<u>Capital Project Funds</u>	<u>Permanent Funds</u>			<u>Total</u>
	Town Capital Projects	Other Trust Funds	Library Trust Funds	Sub-total	Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ 2,428,250	\$ 98,080	\$ 527,810	\$ 625,890	\$ 20,486,012
Investments.....	-	49,309	140,949	190,258	2,765,716
Receivables, net of uncollectibles:					
User fees.....	-	-	-	-	1,135,608
Departmental and other.....	-	-	-	-	88,497
Intergovernmental.....	-	-	-	-	2,199,317
<b>TOTAL ASSETS.....</b>	<b>\$ 2,428,250</b>	<b>\$ 147,389</b>	<b>\$ 668,759</b>	<b>\$ 816,148</b>	<b>\$ 26,675,150</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Warrants payable.....	\$ 220,208	\$ -	\$ 86	\$ 86	\$ 602,044
Deferred revenues.....	-	-	-	-	3,103,725
<b>TOTAL LIABILITIES.....</b>	<b>220,208</b>	<b>-</b>	<b>86</b>	<b>86</b>	<b>3,705,769</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Perpetual permanent funds.....	-	147,389	317,912	465,301	465,301
Unreserved:					
Undesignated, reported in:					
Special revenue funds.....	-	-	-	-	19,945,277
Capital projects funds.....	2,208,042	-	-	-	2,208,042
Permanent funds.....	-	-	350,761	350,761	350,761
<b>TOTAL FUND BALANCES.....</b>	<b>2,208,042</b>	<b>147,389</b>	<b>668,673</b>	<b>816,062</b>	<b>22,969,381</b>
<b>TOTAL LIABILITIES AND FUND BALANCES....</b>	<b>\$ 2,428,250</b>	<b>\$ 147,389</b>	<b>\$ 668,759</b>	<b>\$ 816,148</b>	<b>\$ 26,675,150</b>

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

FISCAL YEAR ENDED JUNE 30, 2009

	<i>Special Revenue Funds</i>				
	Town Revolving Funds	School Revolving Funds	Grants	Community Preservation Funds	Other Funds
<b>REVENUES:</b>					
Real estate and personal property taxes,					
Community preservation tax.....	\$ -	\$ -	\$ -	1,133,730	\$ -
Charges for services.....	-	-	-	-	-
Intergovernmental.....	-	-	3,949,094	786,328	-
Departmental and other.....	2,215,410	666,342	14,954	1,842	371,154
Contributions.....	-	-	-	-	697,313
Investment income.....	1,173	-	96	110,139	7,598
<b>TOTAL REVENUES.....</b>	<b>2,216,583</b>	<b>666,342</b>	<b>3,964,144</b>	<b>2,032,039</b>	<b>1,076,065</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	17,433	-	35,201	2,857,601	474,049
Public safety.....	403,266	-	324,296	-	-
Education.....	316,222	653,528	2,396,514	-	-
Public works.....	10,440	-	150,886	-	-
Water.....	-	-	-	-	-
Sewer.....	-	-	-	-	-
Human services.....	-	-	23,377	-	-
Culture and recreation.....	1,581,478	-	20,485	-	-
<b>TOTAL EXPENDITURES.....</b>	<b>2,328,839</b>	<b>653,528</b>	<b>2,950,759</b>	<b>2,857,601</b>	<b>474,049</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(112,256)</b>	<b>12,814</b>	<b>1,013,385</b>	<b>(825,562)</b>	<b>602,016</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of bonds and notes.....	-	-	-	-	-
Proceeds from refunding bonds.....	-	-	-	-	-
Payments of current refunded debt.....	-	-	-	-	-
Transfers in.....	-	-	-	-	-
Transfers out.....	-	-	(244,235)	(645,298)	(100,000)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>-</b>	<b>(244,235)</b>	<b>(645,298)</b>	<b>(100,000)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(112,256)</b>	<b>12,814</b>	<b>769,150</b>	<b>(1,470,860)</b>	<b>502,016</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>990,934</b>	<b>25,511</b>	<b>477,083</b>	<b>4,909,057</b>	<b>1,522,404</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 878,678</b>	<b>\$ 38,325</b>	<b>\$ 1,246,233</b>	<b>\$ 3,438,197</b>	<b>\$ 2,024,420</b>

(Continued)

	Post Employment Benefits	Pension Funds	Gifts	Sewer	Stabilization	Sub-total
\$	-	\$ -	\$ -	\$ -	\$ -	1,133,730
	-	-	-	3,513,827	-	3,513,827
	-	-	-	-	-	4,735,422
	-	-	-	-	-	3,269,702
	-	-	360,942	-	-	1,058,255
	(35,002)	3,709	665	-	32,528	120,906
	<u>(35,002)</u>	<u>3,709</u>	<u>361,607</u>	<u>3,513,827</u>	<u>32,528</u>	<u>13,831,842</u>
	-	-	1,515	-	-	3,385,799
	-	-	6,103	-	-	733,665
	-	-	14,229	-	-	3,380,493
	-	-	4,268	-	-	165,594
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	32,350	-	-	55,727
	-	-	-	-	-	1,601,963
	-	-	58,465	-	-	9,323,241
	<u>(35,002)</u>	<u>3,709</u>	<u>303,142</u>	<u>3,513,827</u>	<u>32,528</u>	<u>4,508,601</u>
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	250,000	250,000
	-	(277,000)	(10,114)	(3,746,240)	(857,000)	(5,879,887)
	-	<u>(277,000)</u>	<u>(10,114)</u>	<u>(3,746,240)</u>	<u>(607,000)</u>	<u>(5,629,887)</u>
	(35,002)	(273,291)	293,028	(232,413)	(574,472)	(1,121,286)
	<u>1,997,350</u>	<u>1,715,575</u>	<u>363,796</u>	<u>5,462,625</u>	<u>3,602,228</u>	<u>21,066,563</u>
\$	<u>1,962,348</u>	\$ <u>1,442,284</u>	\$ <u>656,824</u>	\$ <u>5,230,212</u>	\$ <u>3,027,756</u>	\$ <u>19,945,277</u>

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2009

	<i>Capital</i>		<i>Permanent Funds</i>		Total
	<i>Project Funds</i>				
	Town Capital Projects	Other Trust Funds	Library Trust Funds	Sub-total	Nonmajor Governmental Funds
<b>REVENUES:</b>					
Real estate and personal property taxes,					
Community preservation tax..... \$	-	-	-	-	1,133,730
Charges for services.....	-	-	-	-	3,513,827
Intergovernmental.....	-	-	-	-	4,735,422
Departmental and other.....	-	-	6,195	6,195	3,275,897
Contributions.....	-	-	-	-	1,058,255
Investment income.....	4,629	1,639	6,580	8,219	133,754
<b>TOTAL REVENUES.....</b>	<b>4,629</b>	<b>1,639</b>	<b>12,775</b>	<b>14,414</b>	<b>13,850,885</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	819,830	-	-	-	4,205,629
Public safety.....	-	-	-	-	733,665
Education.....	28,451	-	-	-	3,408,944
Public works.....	555,076	-	-	-	720,670
Water.....	507,315	-	-	-	507,315
Sewer.....	45,569	-	-	-	45,569
Human services.....	-	-	-	-	55,727
Culture and recreation.....	30,581	-	48,913	48,913	1,681,457
<b>TOTAL EXPENDITURES.....</b>	<b>1,986,822</b>	<b>-</b>	<b>48,913</b>	<b>48,913</b>	<b>11,358,976</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(1,982,193)</b>	<b>1,639</b>	<b>(36,138)</b>	<b>(34,499)</b>	<b>2,491,909</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of bonds and notes.....	3,454,000	-	-	-	3,454,000
Proceeds from refunding bonds.....	410,000	-	-	-	410,000
Payments of current refunded debt.....	(410,000)	-	-	-	(410,000)
Transfers in.....	-	-	-	-	250,000
Transfers out.....	-	-	-	-	(5,879,887)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>3,454,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,175,887)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>1,471,807</b>	<b>1,639</b>	<b>(36,138)</b>	<b>(34,499)</b>	<b>316,022</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>736,235</b>	<b>145,750</b>	<b>704,811</b>	<b>850,561</b>	<b>22,653,359</b>
<b>FUND BALANCES AT END OF YEAR..... \$</b>	<b>2,208,042</b>	<b>\$ 147,389</b>	<b>\$ 668,673</b>	<b>\$ 816,062</b>	<b>\$ 22,969,381</b>

(Concluded)

# ***Agency Fund***

This fund is used to account for performance deposits from contractors.

**AGENCY FUND**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

FISCAL YEAR ENDED JUNE 30, 2009

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	July 1, 2008	Additions	Deletions	June 30, 2009
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 754,156	\$ 43,000	\$ (86,250)	\$ 710,906
<b>LIABILITIES</b>				
Liabilities due depositors-performance bonds.....	\$ 754,156	\$ 43,000	\$ (86,250)	\$ 710,906

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# ***Statistical Section***

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



**One of the many walkways connecting the Town and School buildings.**

# 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.*

## Financial Trends

*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

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

## Debt Capacity

*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

*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

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

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

**Net Assets By Component**

**Last Seven Fiscal Years**

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities							
Invested in capital assets, net of related debt.....	\$ 78,176,677	\$ 95,482,398	\$ 100,692,223	\$ 95,710,758	\$ 97,543,569	\$ 104,793,480	\$ 119,172,856
Restricted.....	3,440,266	3,610,780	4,210,164	7,541,861	29,661,172	8,473,528	8,037,583
Unrestricted.....	<u>28,552,709</u>	<u>25,376,342</u>	<u>24,578,770</u>	<u>25,127,152</u>	<u>22,454,438</u>	<u>27,730,975</u>	<u>20,620,500</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>	<u>\$ 149,659,179</u>	<u>\$ 140,997,983</u>	<u>\$ 147,830,939</u>

**Changes in Net Assets**

**Last Seven Fiscal Years**

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>Expenses</b>							
Governmental activities:							
General government.....	\$ 3,807,398	\$ 3,772,895	\$ 3,508,154	\$ 4,454,453	\$ 5,417,160	\$ 4,724,817	\$ 5,678,938
Public safety.....	6,121,292	6,977,830	7,137,762	7,729,571	7,680,670	8,220,383	9,635,249
Education.....	30,977,175	32,969,852	36,069,305	38,154,240	40,624,444	40,578,333	46,682,837
Public works.....	6,188,942	6,369,035	7,174,095	8,502,605	6,301,533	7,105,107	8,717,806
Water.....	1,095,979	1,218,754	1,203,407	1,666,657	1,556,392	1,417,134	2,112,065
Sewer.....	3,607,768	3,583,490	3,799,633	3,575,318	4,024,790	3,986,168	4,271,320
Human services.....	1,041,360	1,087,001	1,134,207	1,188,031	1,248,160	1,233,859	1,633,960
Culture and recreation.....	2,547,382	2,742,460	2,926,165	2,969,017	3,324,537	3,499,833	3,541,267
Interest.....	1,718,959	2,107,999	2,371,621	2,538,102	3,057,173	3,785,529	2,888,872
Other.....	160,944	135,735	100,173	104,533	-	-	-
<b>Total government activities expenses.....</b>	<b>\$ 57,267,199</b>	<b>\$ 60,965,051</b>	<b>\$ 65,424,522</b>	<b>\$ 70,882,527</b>	<b>\$ 73,234,859</b>	<b>\$ 74,551,163</b>	<b>\$ 85,162,314</b>
<b>Program Revenues</b>							
Governmental activities:							
Charges for services:							
General government.....	\$ 1,361,686	\$ 1,422,105	\$ 1,406,584	\$ 554,482	\$ 494,536	\$ 515,684	\$ 860,239
Public safety.....	985,997	1,157,301	1,230,217	1,795,234	1,623,338	1,912,935	1,373,843
Water.....	1,508,488	1,395,880	2,040,900	2,233,926	2,452,167	3,011,711	2,628,421
Sewer.....	2,641,437	2,972,278	3,665,038	3,176,871	3,768,559	4,361,601	3,699,114
Culture and recreation.....	553,367	539,172	602,368	674,806	669,349	680,977	575,407
Other.....	475,381	738,725	956,726	893,728	844,383	935,190	933,483
Operating grants and contributions.....	10,861,284	11,300,605	11,394,461	12,602,391	13,240,827	13,975,158	16,466,808
Capital grant and contributions.....	309,059	15,375,096	5,589,840	2,511,723	1,646,828	11,294,292	12,739,771
<b>Total government activities program revenues.....</b>	<b>\$ 18,696,699</b>	<b>\$ 34,901,162</b>	<b>\$ 26,886,134</b>	<b>\$ 24,443,161</b>	<b>\$ 24,739,987</b>	<b>\$ 36,687,548</b>	<b>\$ 39,277,086</b>
<b>Net (Expense)/Program Revenue.....</b>	<b>\$ (38,570,500)</b>	<b>\$ (26,063,889)</b>	<b>\$ (38,538,388)</b>	<b>\$ (46,439,366)</b>	<b>\$ (48,494,872)</b>	<b>\$ (37,863,615)</b>	<b>\$ (45,885,228)</b>
<b>General Revenues and other Changes in Net Assets</b>							
Governmental activities:							
Real estate and personal property taxes, net of tax refunds payable.....	\$ 31,778,492	\$ 34,689,227	\$ 37,072,390	\$ 38,005,547	\$ 39,283,369	\$ 42,055,800	\$ 45,116,928
Tax liens.....	229,811	116,756	68,389	52,735	161,561	100,953	58,941
Motor vehicle excise taxes.....	1,662,355	1,556,475	1,722,438	1,775,459	1,999,356	1,827,624	1,884,221
Hotel/motel tax.....	365,723	290,124	333,363	348,691	194,634	414,154	291,372
Community preservation tax.....	790,366	867,530	914,068	957,169	1,005,955	1,071,678	1,135,525
Penalties and interest on taxes.....	96,681	86,601	202,590	149,003	114,944	111,553	128,365
Payments in lieu of taxes.....	1,074,375	1,086,718	1,120,149	1,158,303	1,221,245	1,279,990	1,347,828
Grants and contributions not restricted to specific programs.....	958,429	821,154	920,307	1,150,260	1,501,668	1,426,584	1,648,039
Unrestricted investment income.....	1,059,414	849,172	1,196,331	1,740,813	2,605,592	2,600,039	1,106,965
<b>Total governmental activities.....</b>	<b>\$ 38,015,646</b>	<b>\$ 40,363,757</b>	<b>\$ 43,550,025</b>	<b>\$ 45,337,980</b>	<b>\$ 48,088,324</b>	<b>\$ 50,888,375</b>	<b>\$ 52,718,184</b>
<b>Changes in Net Assets.....</b>	<b>\$ (54,854)</b>	<b>\$ 14,299,868</b>	<b>\$ 5,011,637</b>	<b>\$ (1,101,386)</b>	<b>\$ (406,548)</b>	<b>\$ 13,024,760</b>	<b>\$ 6,832,956</b>

**Fund Balances, Governmental Funds**

**Last Ten Fiscal Years**

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Fund</b>										
Reserved.....	\$ 4,765,456	\$ 5,209,614	\$ 4,748,845	\$ 4,416,955	\$ 4,075,621	\$ 2,868,941	\$ 1,916,370	\$ 2,894,274	\$ 1,969,641	\$ 2,172,960
Unreserved.....	7,549,338	9,968,421	10,157,329	9,423,410	7,817,761	8,095,344	8,433,363	7,262,799	8,148,653	6,893,204
<b>Total general fund.....</b>	<b>\$ 12,314,794</b>	<b>\$ 15,178,035</b>	<b>\$ 14,906,174</b>	<b>\$ 13,840,365</b>	<b>\$ 11,893,382</b>	<b>\$ 10,964,285</b>	<b>\$ 10,349,733</b>	<b>\$ 10,157,073</b>	<b>\$ 10,118,294</b>	<b>\$ 9,066,164</b>
<b>All Other Governmental Funds</b>										
Reserved.....	\$ -	\$ -	\$ -	\$ 4,211,798	\$ 357,421	\$ 410,760	\$ 433,499	\$ 442,235	\$ 458,578	\$ 465,301
Unreserved, reported in:										
Special revenue funds.....	8,101,353	7,569,287	6,877,739	13,864,807	15,618,928	15,685,838	19,363,627	19,079,172	21,066,563	19,945,277
Capital projects funds.....	(4,931,415)	1,690,579	(10,811,938)	457,079	(8,081,261)	(6,268,766)	(11,762,971)	(21,084,652)	2,682,103	3,169,841
Permanent funds.....	-	-	-	111,586	288,571	309,518	339,365	326,247	391,983	350,761
<b>Total all other governmental funds.....</b>	<b>\$ 3,169,938</b>	<b>\$ 9,259,866</b>	<b>\$ (3,934,199)</b>	<b>\$ 18,645,270</b>	<b>\$ 8,183,659</b>	<b>\$ 10,137,350</b>	<b>\$ 8,373,520</b>	<b>\$ (1,236,998)</b>	<b>\$ 24,599,227</b>	<b>\$ 23,931,180</b>

Fiscal years 2000 through 2002 exclude Expendable and Nonexpendable Trust Funds which were reported under the pre-GASB 34 format.

**Changes in Fund Balances, Governmental Funds**

**Last Ten Fiscal Years**

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Revenues:</b>										
Real estate and personal property taxes, net of tax refunds.....	\$ 26,994,763	\$ 30,140,869	\$ 31,423,148	\$ 31,843,800	\$ 34,846,274	\$ 36,338,335	\$ 38,852,987	\$ 39,563,532	\$ 42,038,212	\$ 45,133,746
Motor vehicle and excise taxes.....	2,010,176	2,104,318	2,046,217	2,046,311	1,841,960	2,087,997	2,033,162	2,221,374	2,304,203	2,192,527
Community preservation tax.....	-	-	762,941	790,366	867,530	914,068	957,169	1,012,746	1,064,383	1,133,730
Charges for Services.....	4,965,989	4,772,195	4,903,320	4,797,526	4,279,419	5,461,275	5,692,856	5,767,818	7,041,782	6,011,666
Penalties and interest on taxes.....	-	-	-	96,513	86,601	202,590	149,003	114,944	111,553	128,365
Intergovernmental.....	6,418,269	8,340,586	10,544,409	11,764,179	9,520,263	12,731,392	13,620,318	20,503,881	24,988,272	28,252,555
Departmental and other.....	3,923,794	4,378,891	4,487,716	5,403,466	5,365,426	5,349,711	6,381,572	6,333,400	6,881,559	6,567,417
Contributions.....	-	-	-	453,774	658,776	130,403	93,829	79,977	208,488	1,058,255
Payment in lieu of taxes.....	-	-	-	1,074,375	1,086,718	1,120,149	1,158,303	1,221,245	1,279,990	1,347,828
Investment income.....	1,330,428	1,406,603	999,760	1,059,414	849,172	1,194,734	1,737,101	2,605,592	2,600,039	1,106,965
<b>Total Revenue.....</b>	<b>45,643,419</b>	<b>51,143,462</b>	<b>55,167,511</b>	<b>59,329,724</b>	<b>59,402,139</b>	<b>65,530,654</b>	<b>70,676,300</b>	<b>79,424,509</b>	<b>88,518,481</b>	<b>92,933,054</b>
<b>Expenditures:</b>										
<b>Current</b>										
General government.....	2,986,394	3,751,278	4,742,806	4,664,145	4,927,798	4,111,132	4,778,605	4,234,474	3,479,072	6,330,834
Public safety.....	4,459,510	4,008,306	5,120,150	5,220,758	5,697,240	5,704,789	6,131,694	5,689,344	6,063,980	5,605,988
Education.....	18,208,572	20,157,105	22,600,379	23,790,522	27,536,759	27,601,291	28,351,663	30,177,656	29,354,294	32,905,574
Public works.....	7,857,921	8,087,938	9,248,874	6,156,118	5,007,956	5,007,137	5,503,216	4,242,610	5,043,611	5,603,411
Water.....	-	-	-	938,338	1,043,454	1,030,314	1,376,498	1,146,802	992,362	1,182,262
Sewer.....	-	-	-	396,484	363,749	457,225	487,537	605,818	438,940	292,295
MWRA Assessment.....	-	-	-	2,275,937	2,290,688	2,357,318	2,379,363	2,565,613	2,662,238	2,779,636
Human services.....	1,895,475	1,969,784	2,140,267	2,087,189	880,545	911,285	953,399	985,359	976,251	1,107,167
Culture and recreation.....	920,171	953,592	1,017,429	1,072,486	2,428,987	2,476,829	2,532,496	2,840,052	2,992,406	2,869,907
Pension and employee benefits.....	2,521,787	5,622,931	6,157,177	7,592,224	9,026,190	10,348,948	10,939,048	11,778,148	12,692,408	13,853,547
State and county charges.....	392,429	361,068	345,967	315,717	273,892	268,898	245,823	247,083	254,413	259,662
Capital outlay.....	10,010,878	4,827,969	12,855,728	9,906,872	6,179,177	8,907,749	3,967,694	25,443,810	23,362,507	11,077,304
Other.....	133,145	136,498	220,501	160,944	135,735	100,173	104,533	-	-	-
Debt service.....										
Principal.....	2,623,290	2,233,290	2,843,290	2,871,048	3,944,051	3,831,051	3,840,911	4,067,911	4,336,741	10,943,572
Interest.....	1,112,642	1,744,534	1,565,005	1,753,230	2,074,512	2,473,221	2,362,202	3,065,540	2,565,962	3,296,072
<b>Total Expenditures.....</b>	<b>53,122,214</b>	<b>53,854,293</b>	<b>68,857,573</b>	<b>69,202,012</b>	<b>71,810,733</b>	<b>75,587,360</b>	<b>73,954,682</b>	<b>97,090,220</b>	<b>95,215,185</b>	<b>98,107,231</b>
Excess of revenues over (under) expenditures.....	(7,478,795)	(2,710,831)	(13,690,062)	(9,872,288)	(12,408,594)	(10,056,706)	(3,278,382)	(17,665,711)	(6,696,704)	(5,174,177)
<b>Other Financing Sources (Uses)</b>										
Issuance of bonds.....	-	11,445,000	698,342	21,168,000	-	11,081,300	900,000	7,862,533	32,494,150	3,454,000
Proceeds from refunding bonds.....	-	-	-	-	-	-	-	-	-	25,735,000
Payments of current refunded debt.....	-	-	-	-	-	-	-	-	-	(25,735,000)
Transfers in.....	3,874,481	4,158,703	4,430,198	4,251,000	5,086,931	5,220,575	8,864,993	7,374,549	5,434,015	6,694,887
Transfers out.....	(3,642,481)	(3,939,703)	(4,904,405)	(4,251,000)	(5,086,931)	(5,220,575)	(8,864,993)	(7,374,549)	(5,434,015)	(6,694,887)
<b>Total other financing sources (uses).....</b>	<b>232,000</b>	<b>11,664,000</b>	<b>224,135</b>	<b>21,168,000</b>	<b>-</b>	<b>11,081,300</b>	<b>900,000</b>	<b>7,862,533</b>	<b>32,494,150</b>	<b>3,454,000</b>
<b>Net change in fund balance.....</b>	<b>\$ (7,246,795)</b>	<b>\$ 8,953,169</b>	<b>\$ (13,465,927)</b>	<b>\$ 11,295,712</b>	<b>\$ (12,408,594)</b>	<b>\$ 1,024,594</b>	<b>\$ (2,378,382)</b>	<b>\$ (9,803,178)</b>	<b>\$ 25,797,446</b>	<b>\$ (1,720,177)</b>
Debt service as a percentage of noncapital expenditures.....	8.67%	8.11%	7.87%	7.80%	9.17%	9.45%	8.86%	9.96%	9.61%	16.36%

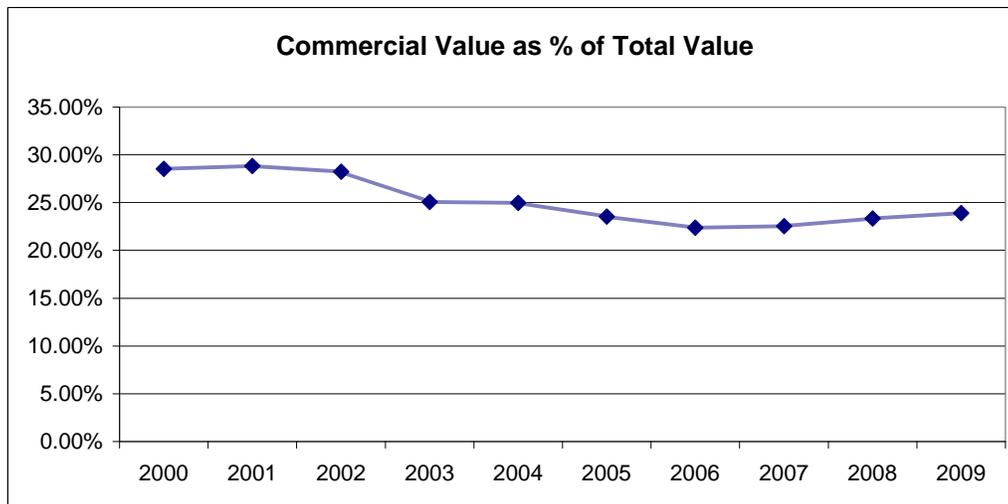
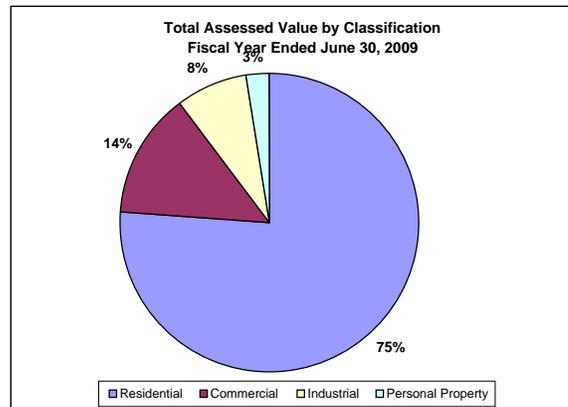
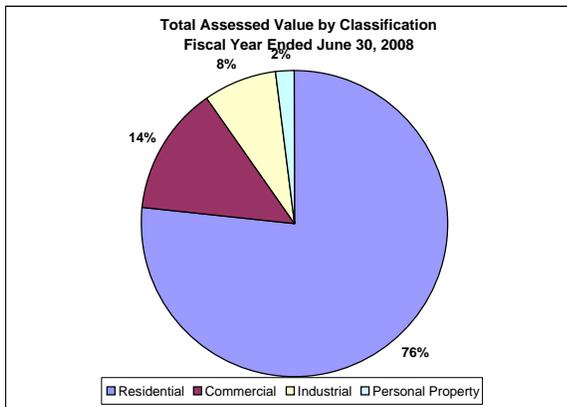
**Notes:**

Fiscal years 2000 through 2002 exclude Expendable and Nonexpendable Trust Funds which were reported under the pre-GASB 34 format.  
 In fiscal year 2001, the on-behalf payments by the Commonwealth for teachers pension benefits were reported for the first time.  
 From 2000 through 2002 Water, Sewer and MWRA Assessments are included in Public Works expenditures.  
 From 2000 through 2001, Payment in Lieu of Taxes was included with Departmental and Other Revenues  
 From 2000 through 2001, Penalties and Interest on Taxes was included with Departmental and Other Revenues  
 From 2000 through 2002, debt service as a percentage of noncapital expenditures included capital expenditures recorded in the functional categories of current expenditures.

**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								Total Town Value
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Direct Rate	
2000	\$1,194,973,960	\$12.17	\$216,986,740	\$220,107,500	\$39,994,300	\$477,088,540	\$28.68	\$16.88	\$1,672,062,500
2001	\$1,339,250,178	\$11.79	\$240,004,322	\$259,462,300	\$43,477,100	\$542,943,722	\$24.90	\$15.57	\$1,882,193,900
2002	\$1,529,210,560	\$10.64	\$295,400,640	\$260,194,800	\$46,541,080	\$602,136,520	\$24.94	\$14.68	\$2,131,347,080
2003	\$1,695,483,832	\$10.77	\$321,582,468	\$195,247,600	\$50,403,300	\$567,233,368	\$25.13	\$14.37	\$2,262,717,200
2004	\$1,770,531,398	\$11.32	\$321,376,702	\$202,126,900	\$65,833,400	\$589,337,002	\$26.38	\$15.08	\$2,359,868,400
2005	\$1,942,148,370	\$11.18	\$328,604,530	\$207,834,400	\$61,502,700	\$597,941,630	\$25.42	\$14.53	\$2,540,090,000
2006	\$2,065,086,899	\$11.47	\$335,913,501	\$194,761,600	\$64,409,670	\$595,084,771	\$25.59	\$14.63	\$2,660,171,670
2007	\$2,167,785,491	\$11.29	\$354,199,909	\$211,299,100	\$65,929,100	\$631,428,109	\$25.27	\$14.44	\$2,799,213,600
2008	\$2,217,491,600	\$11.38	\$395,663,665	\$220,907,300	\$59,236,100	\$675,807,065	\$25.80	\$14.75	\$2,893,298,665
2009	\$2,153,499,200	\$12.43	\$384,622,657	\$220,050,600	\$72,515,300	\$677,188,557	\$28.45	\$16.26	\$2,830,687,757



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 an year by a majority vote of the voters, however it cannot exceed the primary limitation.

**Principal Taxpayers**  
**Current Year and Nine Years Ago**

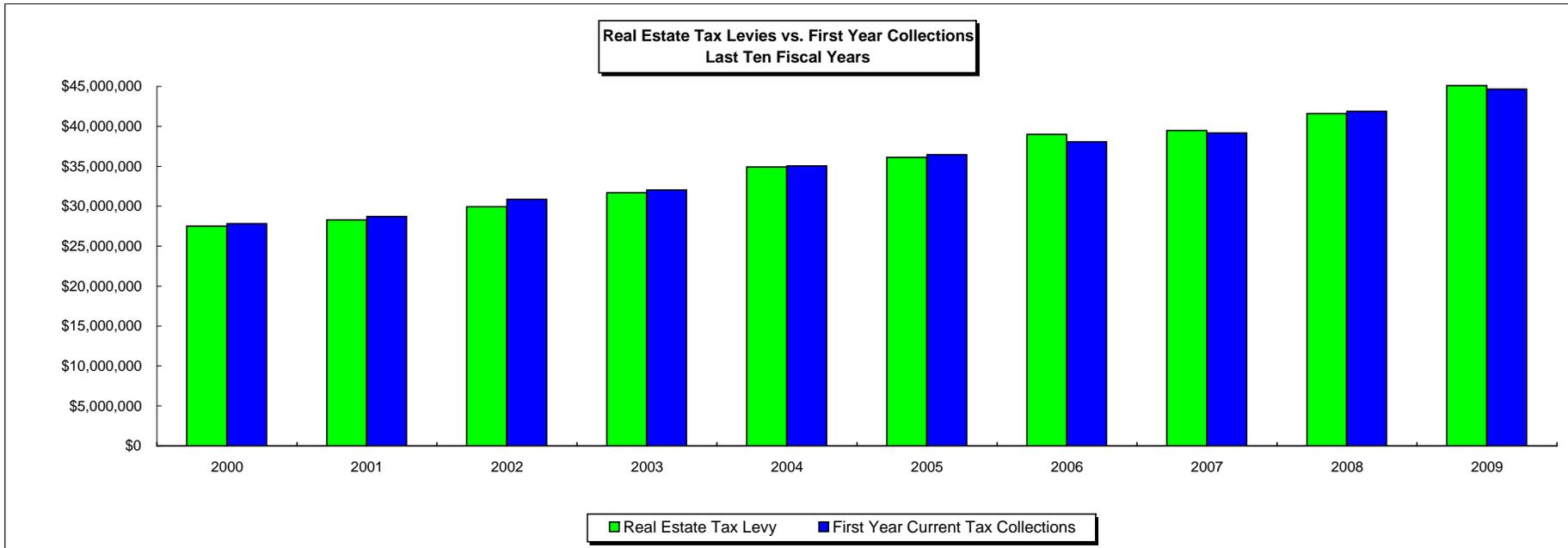
Name	Nature of Business	2009			2000		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
MARINER BEDFORD WOODS, INC.	OFFICE	\$ 60,424,500	1	2.09%			
BEDFORD BUS PARK LTD PARTNERSHIP	OFFICE	\$ 31,059,200	2	1.07%			
TECHNOFORD, LLC	OFFICE	\$ 30,070,600	3	1.04%			
RAR CROSBY CORPORATE CRT QRS	OFFICE	\$ 30,000,000	4	1.04%			
BONE (DE) QRS 15-12 INC	OFFICE	\$ 27,075,000	5	0.94%			
MILLIPORE FILTER CORP	R&D	\$ 20,344,500	6	0.70%	\$ 20,354,600	4	2.07%
PROGRESS SOFTWARE CORP	R&D	\$ 20,096,600	7	0.69%			
GREAT ROAD SHOPPING CENTER	RETAIL	\$ 18,855,700	8	0.65%			
AEW BEDFORD, LLC	OFFICES	\$ 17,488,600	9	0.60%			
RFPS 160 OWNER, LLC	OFFICES	\$ 15,175,200	10	0.52%			
MITRE CORP	R&D				\$ 41,408,700	1	4.21%
WM J. CALLAHAN JR. TRUST	COMMERCE				\$ 24,592,800	2	2.50%
UNITED TRUST	OFFICES				\$ 22,168,600	3	2.25%
BP-CROSBY CORP CTR, LLC	OFFICES				\$ 19,780,100	5	2.01%
HOLOGIC INC.	OFFICES				\$ 18,795,600	6	1.91%
BEDFORD BUSINESS PARK LTD.	OFFICE PARK				\$ 18,781,200	7	1.91%
TRIDENT ASSOCIATION	HOTEL				\$ 14,953,600	8	1.52%
RAYTHEON	MANUFACTURER				\$ 14,710,200	9	1.50%
ATLANTIC CO.	RETAIL				\$ 14,488,800	10	1.47%
		<b>Totals</b>			\$ 210,034,200		21.35%
					\$ 270,589,900		9.35%

Source: Town of Bedford, Assessor's Department

**Property Tax Levies and Collections**

**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Less Abatements &amp; Exemptions</b>	<b>Net Tax Levy</b>	<b>Net as % of Total</b>	<b>First Year Current Tax Collections</b>	<b>Percent of Net Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections to Net Tax Levy</b>
2000	\$28,208,267	\$692,542	\$27,515,725	97.54%	\$27,817,303	101.1%	\$71,935	\$27,889,238	101.36%
2001	\$29,289,328	\$1,000,661	\$28,288,667	96.58%	\$28,711,952	101.5%	\$89,251	\$28,801,203	101.81%
2002	\$31,266,438	\$1,332,742	\$29,933,696	95.74%	\$30,868,852	103.1%	\$21,187	\$30,890,039	103.19%
2003	\$32,492,525	\$806,658	\$31,685,867	97.52%	\$32,019,624	101.1%	\$257,063	\$32,276,687	101.86%
2004	\$35,567,244	\$635,561	\$34,931,683	98.21%	\$35,062,337	100.4%	\$173,940	\$35,236,277	100.87%
2005	\$36,896,158	\$796,670	\$36,099,488	97.84%	\$36,462,845	101.0%	\$179,200	\$36,642,045	101.50%
2006	\$39,980,320	\$990,148	\$38,990,172	97.52%	\$38,068,727	97.6%	\$457,267	\$38,525,994	98.81%
2007	\$40,415,312	\$921,765	\$39,493,547	97.72%	\$39,184,776	99.2%	\$114,606	\$39,299,382	99.51%
2008	\$42,650,057	\$1,062,647	\$41,587,410	97.51%	\$41,877,137	100.7%	\$394,998	\$42,272,135	101.65%
2009	\$46,018,853	\$900,351	\$45,118,502	98.04%	\$44,667,432	99.0%	\$0	\$44,667,432	99.00%



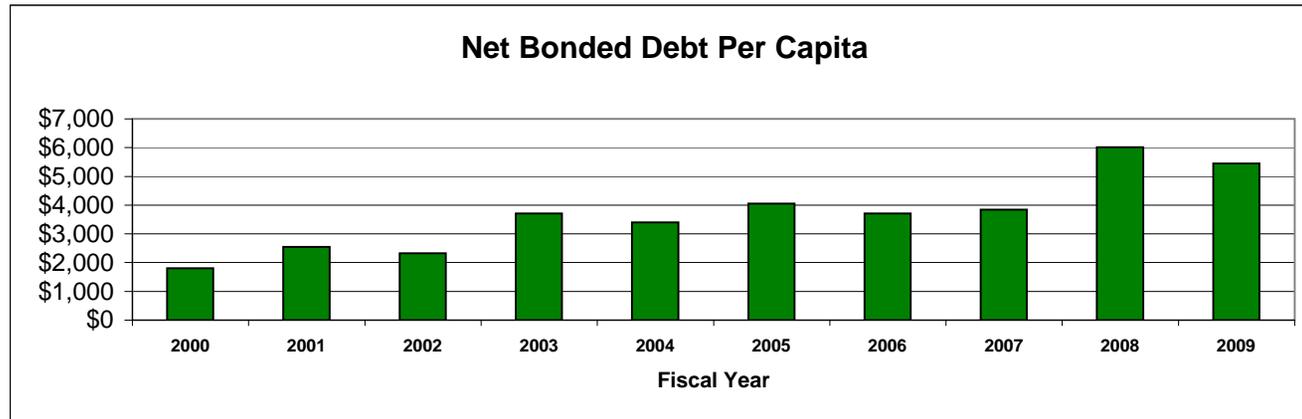
Source: Town of Bedford, Assessor's Department

**Ratios of Outstanding Debt and General Bonded Debt**

**Last Ten Fiscal Years**

Fiscal Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities Debt			
				General Obligation Bonds and Notes	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2000	12,519	\$ 490,895,028	\$1,672,062,500	\$22,582,671	\$1,804	4.60%	1.35%
2001	12,519	\$ 500,709,924	\$1,882,193,900	\$31,885,147	\$2,547	6.37%	1.69%
2002	12,519	\$ 510,725,124	\$2,131,347,080	\$29,134,342	\$2,327	5.70%	1.37%
2003	12,519	\$ 520,940,628	\$2,262,717,200	\$46,515,294	\$3,716	8.93%	2.06%
2004	12,519	\$ 531,356,436	\$2,359,868,400	\$42,571,243	\$3,401	8.01%	1.80%
2005	12,519	\$ 541,985,067	\$2,540,090,000	\$50,721,492	\$4,052	9.36%	2.00%
2006	12,519	\$ 490,895,028	\$2,660,171,670	\$46,478,873	\$3,713	9.47%	1.75%
2007	13,102	\$ 524,027,592	\$2,799,213,600	\$50,292,770	\$3,839	9.60%	1.80%
2008	13,102	\$ 513,755,624	\$2,893,298,665	\$78,832,612	\$6,017	15.34%	2.72%
2009	13,102	\$ 513,755,624	\$2,830,697,757	\$71,343,040	\$5,445	13.89%	2.52%

Source: Audited Financial Statements, U. S. Census



Source: Audited Financial Statements, U. S. Census

**Computation of Legal Debt Margin**

**Last Ten Fiscal Years**

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Equalized Valuation.....	\$ 1,794,647,400	\$ 1,794,674,400	\$ 2,270,729,600	\$ 2,270,729,600	\$ 2,632,511,200	\$ 2,632,511,200	\$ 2,946,953,200	\$ 2,946,953,200	\$ 3,141,130,500	\$ 3,141,130,500
Debt Limit -5% of Equalized Valuation.....	\$ 89,732,370	\$ 89,733,720	\$ 113,536,480	\$ 113,536,480	\$ 131,625,560	\$ 131,625,560	\$ 147,347,660	\$ 147,347,660	\$ 157,056,525	\$ 157,056,525
Less:										
Outstanding debt applicable to limit.....	\$ 21,151,580	\$ 30,363,290	\$ 28,218,342	\$ 46,515,294	\$ 42,571,243	\$ 50,721,492	\$ 46,478,873	\$ 47,726,680	\$ 43,728,950	\$ 39,712,240
Authorized and unissued debt.....	\$ 14,601,279	\$ 20,318,102	\$ 39,336,760	\$ 21,168,760	\$ 22,516,760	\$ 30,546,311	\$ 49,259,752	\$ 32,468,319	\$ 11,210,559	\$ 46,822,586
Legal debt margin.....	<u>\$ 53,979,511</u>	<u>\$ 39,052,328</u>	<u>\$ 45,981,378</u>	<u>\$ 45,852,426</u>	<u>\$ 66,537,557</u>	<u>\$ 50,357,757</u>	<u>\$ 51,609,035</u>	<u>\$ 67,152,661</u>	<u>\$ 102,117,016</u>	<u>\$ 70,521,699</u>
Total debt applicable to the limit as a percentage of the limit.....	39.84%	56.48%	59.50%	59.61%	49.45%	61.74%	64.97%	54.43%	34.98%	55.10%

Source: Audited financial Statements and Town Statement of Indebtedness

## Demographic and Economic Statistics

### Last Ten Fiscal Years

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2000	12,519	\$ 490,895,028	\$ 39,212	41.0	2,086	1.90%
2001	12,519	\$ 500,709,924	\$ 39,996	41.0	2,176	3.00%
2002	12,519	\$ 510,725,124	\$ 40,796	41.0	2,205	4.50%
2003	12,519	\$ 520,940,628	\$ 41,612	41.0	2,224	5.20%
2004	12,519	\$ 531,356,436	\$ 42,444	41.0	2,330	3.00%
2005	12,519	\$ 541,985,067	\$ 43,293	41.0	2,261	3.30%
2006	12,519	\$ 490,895,028	\$ 39,212	41.0	2,271	4.30%
2007	13,102	\$ 524,027,592	\$ 39,996	41.0	2,280	3.70%
2008	13,102	\$ 513,755,624	\$ 39,212	42.1	2,342	3.80%
2009	13,102	\$ 513,755,624	\$ 39,212	42.1	2,383	6.30%

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	2009			2000		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Hanscom Field (USAF)	R&D	5,500	1	45%	4,318	1	31%
MITRE Corporation	Engineering, Architecture, Surveying	1,829	2	15%	1,850	3	13%
Veterans Medical Center	Federal Government Hospital	950	3	8%	1,000	6	7%
Middlesex Community College	Community College	927	4	8%	475	8	3%
Progress Software	Computer Software Development	700	5	6%	612	7	4%
iRobot	High-Tech Manufacturing	500	6	4%			
RSA Security	Data Security	500	7	4%			
Millipore	Fluid purification and analysis	465	8	4%	1,100	5	8%
Intel	Computer Software	400	9	3%	270	9	2%
Hologic	Manufacture of Medical Devices	400	10	3%	225	10	2%
Lincoln Lab	R&D				2,687	2	20%
Raytheon Corporation	Guided Missiles and Space Vehicles				1,200	4	9%

Source: Massachusetts Department of Employment and Training

**Full-time Equivalent Town Employees by Function**

**Last Nine Fiscal Years**

Function	Fiscal Year								
	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government.....	108	108	105	94	113	113	113	113	113
Public Safety.....	63	64	65	66	66	64	64	64	64
Education.....	277	277	278	305	305	305	305	305	304
Water.....	5	5	5	5	5	5	5	5	5
Sewer.....	5	5	5	5	5	5	5	5	5
Public works.....	31	32	32	32	31	30	30	30	30
Human services.....	15	15	15	15	15	15	15	15	15
Culture and recreation.....	34	35	33	32	30	43	43	43	43
<b>Total .....</b>	<b>538</b>	<b>542</b>	<b>538</b>	<b>554</b>	<b>570</b>	<b>580</b>	<b>580</b>	<b>580</b>	<b>579</b>

Information for the year 2000 is not available

Source: Town personnel records

**Operating Indicators by Function/Program**

**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>Fiscal Year</b>									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government										
Population.....	12,466	12,361	12,571	12,497	12,997	12,987	12,519	13,102	13,315	13,503
Registered Voters, Annual Town Election	8,167	8,460	8,433	8,341	8,504	8,656	8,678	8,725	9,028	9,435
Town Clerk										
Births.....	139	147	126	114	111	121	202	96	135	1,243
Marriages.....	81	76	69	75	60	61	60	73	49	60
Deaths.....	220	212	250	218	232	239	93	188	188	236
Police										
Accidents covered by an officer.....	369	784	626	725	594	612	477	477	416	454
Citations issued.....	3,712	2,497	2,003	2,020	1,863	2,073	2,200	2,200	1,915	2,072
Arrests.....	174	114	141	141	144	114	144	144	122	122
Larcenies.....	63	118	148	202	132	134	159	159	175	141
Total fines from violations.....	57,849	42,980	54,538	118,145	32,598	53,668	95,925	95,925	161,310	162,885
Fire										
Rescue assist.....	749	820	891	891	891	n/a	n/a	n/a	1,125	1,157
False alarm.....	315	319	308	315	319	308	284	331	374	338
Public assist.....	176	198	196	185	181	188	210	242	188	298
Emergency responses/Ambulance.....	963	1,103	887	887	887	n/a	n/a	n/a	1,125	1,154
Rescue and Emergency medical service.....	n/a	n/a	n/a	n/a	n/a	1,161	1,182	1,182	1,125	1,157
Education										
Public school enrollment.....	2,176	2,295	2,344	2,399	2,470	2,260	2,271	2,280	2,334	2,419
Public Works										
Cemetery										
Interments.....	60	60	n/a	n/a	n/a	n/a	n/a	n/a	59	67
Water										
Service connections.....	4,200	4,200	4,500	4,500	4,500	4,500	4,500	4,500	4,979	5,007
Sewer										
Service connections.....	3,350	3,350	n/a	n/a	n/a	n/a	n/a	n/a	3,887	3,897
Human Services										
Board of Health										
Inspections.....	602	277	312	331	354	263	247	315	367	340
Council on Aging										
Contacts by phone made to elderly.....	9,000	9,200	9,200	9,200	10,000	9,600	9,284	9,284	8,805	9,559
Rides provided to med. appoints.....	468	403	350	352	400	519	608	608	432	456
Libraries										
Volumes in collection.....	n/a	n/a	n/a	101,716	105,383	109,154	112,868	112,868	112,433	114,841
Circulation.....	205,697	221,734	258,718	275,808	292,370	288,829	284,622	284,622	301,708	328,281

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

**Capital Asset Statistics by Function/Program**

**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
General Government										
Number of Buildings.....	16	16	16	17	17	17	17	17	17	17
Police										
Number of Stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of Stations.....	1	1	1	1	1	1	1	1	1	1
Number of Vehicles.....	6	6	6	6	6	6	6	6	9	9
Education										
Number of elementary schools.....	2	2	2	2	2	2	2	2	2	2
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works										
Water mains (miles).....	80	80	80	80	80	80	80	80	80	95
Fire hydrants.....	700	700	800	800	800	800	800	800	810	811
Sanitary sewers (miles).....	76	76	85	85	85	85	85	85	87	97
Number of wells.....	3	3	3	3	3	3	3	3	3	3
Number of water storage tanks.....	4	4	4	4	4	4	4	4	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

***TOWN OF BEDFORD, MASSACHUSETTS***

***REPORTS ON FEDERAL AWARD PROGRAMS***

***FISCAL YEAR ENDED JUNE 30, 2009***

**TOWN OF BEDFORD, MASSACHUSETTS**  
**REPORTS ON FEDERAL AWARD PROGRAMS**  
**FISCAL YEAR ENDED JUNE 30, 2009**

**TABLE OF CONTENTS**

	<b>Page</b>
Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i> .....	1
Report on compliance with requirements applicable to each major program and on Internal control over compliance in accordance with OMB Circular A-133.....	3
Schedule of expenditures of federal awards .....	5
Notes to schedule of expenditures of federal awards .....	6
Schedule of findings and questioned costs .....	7



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Honorable Selectmen  
Town of Bedford, Massachusetts

We have audited the 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 fiscal year ended June 30, 2009, which collectively comprise Town's basic financial statements and have issued our report thereon dated December 1, 2009. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town of Bedford, Massachusetts' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bedford, Massachusetts' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Bedford, Massachusetts' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Bedford, Massachusetts' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Bedford, Massachusetts financial statements that is more than inconsequential will not be prevented or detected by the Town of Bedford, Massachusetts internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Bedford, Massachusetts' internal control.

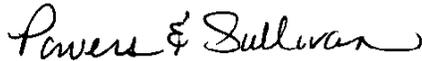
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Bedford, Massachusetts's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the Town of Bedford, Massachusetts in a separate letter dated December 1, 2009.

This report is intended solely for the information and use of management of the Town of Bedford, Massachusetts, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Pavers & Sullivan".

December 1, 2009



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## **REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Selectmen  
Town of Bedford, Massachusetts

### **Compliance**

We have audited the compliance of the Town of Bedford, Massachusetts with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the fiscal year ended June 30, 2009. The Town of Bedford, Massachusetts' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Bedford, Massachusetts' management. Our responsibility is to express an opinion on the Town of Bedford, Massachusetts' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Bedford, Massachusetts' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Bedford, Massachusetts' compliance with those requirements.

In our opinion, the Town of Bedford, Massachusetts, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2009.

### **Internal Control Over Compliance**

The management of the Town of Bedford, Massachusetts, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Bedford, Massachusetts' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Bedford, Massachusetts' internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that

noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

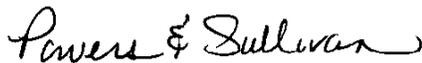
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### **Schedule of Expenditures of Federal Awards**

We have audited the 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 fiscal year ended June 30, 2009, and have issued our report thereon dated December 1, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Town of Bedford, Massachusetts' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management of the Town of Bedford, Massachusetts, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



December 1, 2009

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE:		
<u>Passed through State Department of Elementary and Secondary Education:</u>		
Food Donation	10.550	\$ 43,017
National School Lunch Program	10.555	<u>95,017</u>
TOTAL AGRICULTURE		<u>138,034</u>
U.S. DEPARTMENT OF CRIMINAL JUSTICE:		
<u>Direct Program:</u>		
Grants to Encourage Arrest Policies	16.590	208,116
<u>Passed through State Department of Criminal Justice:</u>		
Community Policing	16.710	32,213
Enforcing Underage Drinking Laws Grant Program	16.727	<u>2,943</u>
TOTAL CRIMINAL JUSTICE		<u>243,272</u>
U.S. DEPARTMENT OF TRANSPORTATION:		
<u>Passed through State Department of Transportation:</u>		
State Agency Program	20.207	<u>5,307</u>
U.S. DEPARTMENT OF VETERAN AFFAIRS:		
<u>Passed through the State Office of Disabilities and Community Services:</u>		
Vocational Rehabilitation for Disabled Veterans	64.116	<u>15</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY:		
<u>Passed through the State Department of Environmental Protection:</u>		
Performance Partnership Grants	66.605	<u>11,716</u>
U.S. DEPARTMENT OF EDUCATION:		
<u>Direct Program:</u>		
Impact Aid Program	84.041	339,177
<u>Passed through State Department of Elementary and Secondary Education:</u>		
Title 1 Grants to Local Educational Agencies	84.010	56,067
Special Education - Grants to States	84.027	648,332
Safe and Drug Free Schools and Communities - State Grants	84.186	4,011
State Grants for Innovative Programs	84.298	1,328
Educational Technology State Grants	84.318	310
Improving Teacher Quality State Grants	84.367	37,617
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	318,137
<u>Passed through State Department of Early Education and Care:</u>		
Special Education - Preschool Grants	84.173	<u>20,677</u>
TOTAL EDUCATION		<u>1,425,656</u>
U.S. DEPARTMENT OF HOMELAND SECURITY:		
<u>Direct Program:</u>		
Assistance to Firefighters	97.044	<u>19,800</u>
TOTAL		<u>\$ 1,843,800</u>

See notes to Schedule of Expenditures of Federal Awards.

**Note 1 – Definition of Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Town of Bedford, Massachusetts. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies is included on the schedule.

**Note 2 – Significant Accounting Policies**

The accounting and reporting policies of the Town of Bedford, Massachusetts are set forth below:

- (a) Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting. Accordingly, grant expenditures are recorded when the liability is incurred.
- (b) School Lunch Program - Program expenditures represent federal reimbursement for meals provided during the fiscal year.

**Note 3 – Program Clusters**

In accordance with Subpart A §\_105 of OMB Circular No. A-133, *Audits of States, Local Governments and Non Profit Organizations*, certain programs have been clustered in determining major programs. The following represents the clustered programs:

<u>Name of Cluster/Program</u>	<u>CFDA Number</u>
<b>Child Nutrition Cluster</b>	
School Breakfast Program	10.553
National School Lunch Program	10.555
Special Milk Program for Children	10.556
Summer food Service Program for Children	10.559
<b>Special Education Cluster</b>	
Special Education – Grants to States	84.027
Special Education – Preschool Grants	84.173
<b>State Fiscal Stabilization Fund Cluster</b>	
ARRA – State Fiscal Stabilization Fund – Education State Grants, Recovery Act (Education Stabilization Fund)	84.394
ARRA – State Fiscal Stabilization Fund – Government Services, Government Services, Recovery Act	84.397

**A. Summary of Auditors' Results**

1. The auditors' report expresses an unqualified opinion on the financial statements of the Town of Bedford, Massachusetts.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Town of Bedford, Massachusetts, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the Town of Bedford, Massachusetts, expresses an unqualified opinion.
6. There were no audit findings related to federal award programs.
7. The programs tested as major grants include:

<u>Program Title</u>	<u>CFDA Number</u>
Special Education - Grants to States	84.027
Special Education - Preschool Grants	84.173
Impact Aid Program	84.041
ARRA - State Fiscal Stabilization Fund Education State Grants Recovery Act	84.394

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The Town of Bedford, Massachusetts, was determined to be a low-risk auditee.

**B. Findings - Financial Statements Audit**

None

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

None

**D. Prior year Findings and Questioned Costs - Major Federal Award Programs Audit**

None