

OFFICIAL STATEMENT DATED JANUARY 11, 2012

Rating: See "Rating" herein.
Standard & Poor's Rating Group: AAA

New Issue

In the opinion of Edwards Wildman Palmer LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the "Code"). Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. See "Tax Exemption" herein.

TOWN OF BEDFORD, MASSACHUSETTS
\$9,440,000 GENERAL OBLIGATION REFUNDING BONDS

DATED
Date of Delivery

DUE
February 1
(as shown below)

The Bonds are issuable only in fully registered form without coupons and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in denominations of \$5,000 or any integral multiple thereof. (See "Book-Entry Transfer System" herein.)

Principal of the Bonds will be payable February 1 of the years in which the Bonds mature. Interest on the Bonds will be payable February 1 and August 1, commencing August 1, 2012. Principal and semiannual interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds will not be subject to redemption prior to their stated maturity dates.

An opinion of Bond Counsel will be delivered with the Bonds to the effect that the Bonds are valid general obligations of the Town of Bedford, Massachusetts, and that the principal of and interest on the Bonds are payable from taxes that may be levied upon all taxable property in the Town without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws, with respect to that portion of the principal and interest payments that the Town has voted to exempt from the limit imposed by Chapter 59, Section 21C of the General Laws, and subject to the limit imposed by Chapter 59, Section 21C of the General Laws with respect to that portion of the principal and interest payments that the Town has not voted to exempt from that limit.

MATURITIES, AMOUNTS, RATES, YIELDS AND CUSIPS

Due February 1	Principal Amount	Interest Rate	Price or Yield	Cusip 076221	Due February 1	Principal Amount	Interest Rate	Price or Yield	Cusip 076221
2013	\$ 5,000	2.00 %	0.25 %	A83	2019	\$ 995,000	2.00 %	1.22 %	B66
2014	1,015,000	4.00	0.40	A91	2020	975,000	2.00	1.43	B74
2015	1,010,000	4.00	0.57	B25	2021	945,000	2.00	1.65	B82
2016	1,005,000	4.00	0.75	B33	2022	835,000	2.00	1.82	B90
2017	1,000,000	4.00	0.86	B41	2023	660,000	2.00	2.00	C24
2018	995,000	4.00	1.02	B58					

The Bonds are offered subject to the final approving opinion of Edwards Wildman Palmer LLP, Boston, Massachusetts, Bond Counsel, as aforesaid, and to certain other conditions referred to herein and in the Notice of Sale. First Southwest Company, Boston, Massachusetts has acted as Financial Advisor to the Town of Bedford, Massachusetts, with respect to the Bonds. The Bonds in definitive form will be delivered to DTC, or its custodial agent, on or about January 26, 2012, against payment to the Town in federal funds.



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The information and expressions of opinion in this Preliminary Official Statement are subject to change without notice. Neither the delivery of this Preliminary Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Preliminary Official Statement.

SUMMARY STATEMENT

The information set forth below is qualified in its entirety by the information and financial statements appearing elsewhere in the Official Statement.

Date of Sale: Wednesday, January 11, 2012, 11:00 A.M. (Eastern Time).

Location of Sale: First Southwest Company, 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114.

Issuer: Town of Bedford, Massachusetts.

Issue: \$9,440,000 General Obligation Refunding Bonds, see "THE BONDS Book-Entry Transfer System" herein.

Official Statement Dated: January 11, 2012.

Dated Date of the Bonds: As of their date of delivery.

Principal Due: Serially February 1, 2013 through February 1, 2023 as detailed herein.

Purpose and Authority: Bond proceeds will be used to refund certain outstanding bonds of the Town, as detailed herein. See "Authorization of the Bonds and Use of Proceeds."

Redemption: The Bonds will not be subject to redemption prior to their stated maturity dates.

Security: The Bonds are valid and binding general obligations of the Town and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws, with respect to that portion of the principal and interest payments that the Town has voted to exempt from the limit imposed by Chapter 59, Section 21C of the General Laws, and subject to the limit imposed by Chapter 59, Section 21C of the General Laws with respect to that portion of the principal and interest payments that the Town has not voted to exempt from that limit.

Credit Rating: Standard & Poor's Rating Group has assigned rating of AAA to the Bonds.

Bond Insurance: The Town has not contracted for the issuance of any policy of municipal bond insurance or any other credit enhancement facility.

Basis of Award: Lowest True Interest Cost (TIC), as of the dated date.

Tax Exemption: Refer to "THE BONDS - Tax Exemption" herein and Appendix B, "Proposed Form of Legal Opinion."

Continuing Disclosure: Refer to "THE BONDS - Continuing Disclosure" herein and Appendix C, "Proposed Form of Continuing Disclosure Certificate."

Bank Qualification: The Bonds will not be designated by the Town as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Paying Agent: U.S. Bank National Association, Boston, Massachusetts.

Verification Agent: Grant Thornton LLP, Minneapolis, Minnesota.

Legal Opinion: Edwards Wildman Palmer LLP, Boston, Massachusetts.

Financial Advisor: First Southwest Company, Boston, Massachusetts.

Delivery and Payment: It is expected that delivery of the Bonds in book-entry only form will be made to The Depository Trust Company, or to its custodial agent, on or about January 26, 2012, against payment in Federal Funds.

Issuer Official: Questions concerning the Official Statement should be addressed to: Mr. Victor Garofalo, Treasurer, Town of Bedford, Massachusetts telephone (781) 275-2218 or Peter Frazier, Senior Vice President, First Southwest Company, Boston, Massachusetts Telephone (617) 619-4409.

**NOTICE OF SALE
TOWN OF BEDFORD, MASSACHUSETTS
\$9,670,000* GENERAL OBLIGATION REFUNDING BONDS**

The Town of Bedford, Massachusetts (the "Town") will receive sealed and electronic (as described herein) proposals until 11:00 A.M., Eastern Time, Wednesday, January 11, 2012, for the purchase of the following described General Obligation Refunding Bonds of the Town (the "Bonds"):

\$9,670,000* General Obligation Refunding Bonds payable February 1 of the years and in the amounts as follows:

<u>Due February 1</u>	<u>Principal Amount*</u>	<u>Due February 1</u>	<u>Principal Amount*</u>
2013	\$ 60,000	2019	\$ 985,000
2014	1,075,000	2020	965,000
2015	1,050,000	2021	955,000
2016	1,035,000	2022	850,000
2017	1,015,000	2023	680,000
2018	1,000,000		

The Bonds will be dated their date of delivery. Principal of the Bonds will be payable on February 1 of the years in which the Bonds mature. Interest will be payable on February 1 and August 1, commencing August 1, 2012.

The Bonds will be issued by means of a book-entry system with no physical distribution of Bond certificates made to the public. One Bond certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody. Ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, will be evidenced by a book-entry system with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bond certificates with DTC, registered in the name of Cede & Co. Interest and principal on the Bonds will be payable to DTC or its nominee as Registered Owner of the Bonds. Transfer of principal and interest payments to DTC participants will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners will be the responsibility of such participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

The original Bond certificates to be immobilized at DTC will be prepared under the supervision of First Southwest Company and their legality will be approved by Edwards Wildman Palmer LLP, Boston, Massachusetts, whose opinion will be furnished to the purchaser without charge.

Principal and semiannual interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

The Bonds will not be subject to redemption prior to their stated maturity dates.

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/20 or 1/8 of one percent, but shall not state (a) more than one interest rate for any Bonds having a like maturity or (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 2 percent.

*Preliminary, subject to change.

Bidding Parameters

As between proposals which comply with this Notice of Sale, the award will be to the bidder who offers to purchase all the Bonds at the lowest net effective interest rate to the Town. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of the delivery date, discounts semiannually all future payments on account of principal and interest to the price bid. In the event there is more than one proposal specifying the lowest such rate, the Bonds will be awarded to the bidder whose proposal is selected by the Town Treasurer by lot among all such proposals.

The Town reserves the right to change the aggregate principal amount of the Bonds and the maturity schedule after the determination of the winning bid by increasing or decreasing the aggregate principal amount and the principal amount of each maturity by such amounts as may be necessary to (a) produce sufficient funds to effect the refunding for which the Bonds are being issued after taking into account any premium to be received by the Town and the actual investment yield at which the proceeds of the Bonds are to be invested, and (b) to account for any changes in the bonds to be refunded with the proceeds of the Bonds based on the actual debt service savings to be realized by the Town. In such event, the final aggregate principal amount of the Bonds will be increased or decreased by not more than fifteen percent (15%) of the aggregate principal amount of the Bonds stated in this Notice of Sale. The dollar amount bid for the Bonds by the winning bidder will be adjusted, if applicable, to reflect changes in the dollar amount of the amortization schedule. Any price that is adjusted will reflect changes in the dollar amount of the underwriter's discount and original issue premium, if any, but will not change the per bond underwriter's discount (net of insurance premium, if any) provided in such bid. Nor will it change the interest rate specified for each maturity. Any such adjustments will be communicated to the winning bidder by 5 P.M. on the day of the sale.

Bids must be submitted either:

- (a) In a sealed envelope marked "Proposal for Bonds" and addressed to Mr. Victor Garofalo, Treasurer, Town of Bedford, Massachusetts c/o First Southwest Company, 54 Canal Street, Boston, Massachusetts 02114. Signed blank bid forms may be faxed to (617) 619-4411 prior to submitting bids, and actual bids may be telephoned to First Southwest Company, telephone (617) 619-4400, at least one-half hour prior to the 11:00 A.M. sale and after receipt of the faxed bid form by First Southwest Company. First Southwest Company will act as agent for the bidder, but neither the Town nor First Southwest Company shall be responsible for any errors in connection with bids submitted in this manner.
- (b) Electronically via Parity in accordance with this Notice of Sale. To the extent any instructions or directions set forth in Parity conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about Parity, potential bidders may contact the Financial Advisor to the Town or I-deal at 40 West 23rd Street, 5th Floor, New York, NY 10010 (212) 404-8102. An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town.

The award of the Bonds to the winning bidder will not be effective until the bid has been approved by the Treasurer and the Board of Selectmen of the Town.

The right is reserved to reject all bids and to reject any bid not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

The Town of Bedford has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds. Should the bidder purchase municipal bond insurance, all expenses associated with such policy or commitment will be borne by the bidder, except for the fee paid to Standard & Poor's for ratings on the Bonds. Any such fee paid to Standard & Poor's would be borne by the Town.

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that it shall be furnished, without cost, with (a) the approving opinion of the firm of Edwards Wildman Palmer LLP, Boston, Massachusetts, substantially in the form appearing as Appendix B of the Preliminary Official Statement dated December 21, 2011, (b) a certificate in the form satisfactory to Bond Counsel dated as of the date of delivery of the Bonds and receipt of payment therefor to the effect that there is no litigation pending or, to the knowledge of the signers thereof, threatened which affects the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, (c) a

certificate of the Town Treasurer to the effect that, to the best of his knowledge and belief, as of the date of sale the Preliminary Official Statement did not, and as of the date of the delivery of the Bonds, the Final Official Statement does not, contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate in the form described in the Preliminary Official Statement.

In order to assist bidders in complying with Rule 15c2-12 (b)(5) promulgated by the Securities and Exchange Commission, the Town will undertake to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement dated December 21, 2011.

The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 as amended (the "Code").

Additional information concerning the Town of Bedford and the Bonds is contained in the Preliminary Official Statement dated December 21, 2011, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. Said Preliminary Official Statement is deemed final by the Town except for the omission of the reoffering price(s), interest rate(s), delivery date, the identity of the underwriter(s), and any other pertinent terms of the Bonds depending on such matters, but is subject to change without notice to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from First Southwest Company, 54 Canal Street, Boston, Massachusetts 02114 (Telephone: 617-619-4400). Within seven (7) business days following the award of the Bonds in accordance herewith, 10 copies of the Final Official Statement will be available from the First Southwest Company to the successful bidder for use in reoffering the Bonds. Upon request, additional copies will be provided at the expense of the requester.

On or prior to the date of delivery of the Bonds, the successful bidder shall furnish to the Town a certificate acceptable to Bond Counsel generally to the effect that (i) as of January 11, 2012 (the "Sale Date"), the purchaser had offered or reasonably expected to offer all of the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the prices set forth in such certificate, plus accrued interest, if any, (ii) such prices represent fair market prices of the Bonds as of the Sale Date, and (iii) as of the date of such certificate, all of the Bonds have been offered to the general public in a bona fide offering at the prices set forth in such certificate, and at least 10% of each maturity of the Bonds actually has been sold to the general public at such prices. To the extent the certifications described in the preceding sentence are not factually accurate with respect to the reoffering of the Bonds, Bond Counsel should be consulted by the bidder as to alternative certifications that will be suitable to establish the "issue price" of the Bonds for federal tax law purposes. If a municipal bond insurance policy or similar credit enhancement is obtained with respect to the Bonds by the successful bidder, such bidder will also be required to certify as to the net present value savings on the Bonds resulting from payment of insurance premiums or other credit enhancement fees.

It is anticipated that CUSIP identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Town, provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau or other charge that may be imposed for the assignment of such numbers.

The Bonds in definitive form will be delivered to The Depository Trust Company or its custodial agent on or about January 26, 2012 for settlement in federal funds.

TOWN OF BEDFORD, MASSACHUSETTS
/s/ Victor Garofalo, Treasurer

December 21, 2011

OFFICIAL STATEMENT

TOWN OF BEDFORD, MASSACHUSETTS

\$9,440,000 GENERAL OBLIGATION REFUNDING BONDS

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Bedford, Massachusetts (the "Town") in connection with the sale of \$9,440,000 stated principal amount of its General Obligation Refunding Bonds (the "Bonds"). The information contained herein has been furnished by the Town, except information attributed to another governmental agency or official as the source.

THE BONDS

Description of the Bonds

The Bonds will be dated as of their delivery date and will bear interest payable semiannually on February 1 and August 1 of each year until maturity, commencing August 1, 2012, each at the rate or rates of interest determined upon their sale in accordance with the Notice of Sale of the Town dated December 21, 2011. The Bonds shall mature on February 1 of the years and in the principal amounts as set forth on the cover page of this Official Statement.

The Bonds are issuable only in fully registered form, without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "Book-Entry Transfer System" herein.)

Principal of and interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts, or its successor, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the indirect Participants, as more fully described herein.

Redemption Provisions

The Bonds are not subject to redemption prior to their stated maturity dates as detailed herein.

Record Date

The record date for each payment of interest is the fifteenth day of the month preceding the interest payment date, and if such date is not a business day, the record date shall be the next succeeding business day; provided that, with respect to overdue interest, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the Bondowners at least ten (10) days before the special record date.

Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of each series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities

brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it, DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

Authorization of the Bonds and Use of Proceeds

<u>Purpose</u>	<u>This Issue</u>	<u>Date of Authorization</u>	<u>(Reference Massachusetts General Laws, as amended)</u>
Refunding Bonds	\$ 9,440,000	11/28/2011	Ch. 44, s.21A
Total	<u>\$ 9,440,000</u>		

Bond proceeds will be used to refund a portion of the Town’s \$20,968,000 General Obligation Bonds dated February 1, 2003 maturing February 1 of the years 2014 through 2023, inclusive (the “Refunded Bonds”), and to pay costs of issuing the Bonds.

Plan of Refunding

Upon delivery of the Bonds, the Town will enter into a Refunding Escrow Agreement (the “Refunding Escrow Agreement”) with U.S. Bank National Association, as Escrow Agent, to provide for the refunding of the Refunded Bonds. Upon receipt of the portion of the proceeds of the Bonds necessary to refund the Refunded Bonds, the Escrow Agent will deposit in the Refunding Escrow Fund established under the Refunding Escrow Agreement an amount which will be held in cash and an amount which will be invested in direct obligations of the United States of America or obligations unconditionally guaranteed by the United States of America (“Government Obligations”) maturing in amounts and bearing interest at rates sufficient without reinvestment, together with the cash on deposit in the Refunding Escrow Fund, to pay when due, interest on, and upon redemption, the outstanding principal of and redemption premium on, the Refunded Bonds. The Refunding Escrow Fund, including the interest earnings on the Government Obligations, will be pledged for the benefit of the holders of the Refunded Bonds.

Verification of Mathematical Computations

The accuracy of the mathematical computations relating to (i) the adequacy of the maturing principal amounts of the Government Obligations together with the interest income thereon and uninvested funds, if any, to provide for the payment of the Refunded Bonds and (ii) the yield on the Bonds and the Government Obligations for purposes of determining compliance with certain requirements of the Internal Revenue Code of 1986, as amended, will be verified by Grant Thornton LLP, independent certified public accountants. Such verification will be based upon information and assumptions supplied by First Southwest Company on behalf of the Town. Grant Thornton LLP has restricted its procedures to recalculating the computations provided by First Southwest Company and has not evaluated or examined the assumptions or information used in the computations.

Sources and Uses of Bond Proceeds

Proceeds of the Bonds will be applied as follows:

Sources:	
Par Amount of the Bonds	\$ 9,440,000.00
Premium	767,079.60
Other Contributions	207,838.14
Total Sources	<u>\$ 10,414,917.74</u>
Uses:	
Deposit to Refunding Escrow Fund	\$ 10,304,367.63
Underwriter’s Discount	26,578.68
Costs of Issuance	83,971.43
Total Uses	<u>\$ 10,414,917.74</u>

Tax Exemption

In the opinion of Edwards Wildman Palmer LLP, Bond Counsel to the Town (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative

minimum taxable income. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. The Bonds will not be designated as "qualified tax-exemptions" for purposes of Section 265 (b)(3) of the Code.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The Town has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds ("Premium Bonds"), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

On September 12, 2011, President Obama proposed legislation entitled the "American Jobs Act of 2011" (the "Jobs Act"). As proposed, the Jobs Act included a provision, effective for tax years beginning after 2012, that could have resulted in additional federal income tax being imposed on certain high income taxpayers who own bonds the interest on which is otherwise excluded from gross income under Section 103 of the Code, including the Bonds. On October 11, 2011, the Jobs Act, as introduced in the United States Senate, failed to pass a cloture vote that would have ended debate and permitted the Senate to vote on the merits of the bill. However, the Jobs Act, or portions thereof, including the provision described above, may be reintroduced in Congress in the future. In addition, other tax legislation (either proposed or future), if enacted into law, also could cause interest on the Bonds to be subject directly or indirectly to federal income taxation, or otherwise prevent Bondholders from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Bonds from gross income. It is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income, deduction or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

Security and Remedies

Full Faith and Credit. General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" as described below (see "Types of Obligations- Serial Bonds and Notes" under "INDEBTEDNESS") and setoffs of state distributions as described below (see "State Distributions" below), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for [and] all amounts necessary to satisfy final judgments." Specific provision is also made for including in the next tax levy payment of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation. (See "Tax Limitations" under "PROPERTY TAXATION" below.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See "Debt Limits" under "INDEBTEDNESS" below.) Subject to the approval of the State Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

Court Proceedings. Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law. (See "Tax Limitations" under "PROPERTY TAXATION" below.) In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

Restricted Funds Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, and community preservation and affordable housing purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately-held property in the city or town for certain energy conservation and renewable energy projects, and may borrow to establish such a fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is

restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

State Distributions State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on “qualified bonds” under (See “Types of Obligation - *Serial Bonds and Notes*” under “INDEBTEDNESS” below) and any other sums due and payable by the city or town to the Commonwealth or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority if the city or town is within the territory served by the Authority, for any debt service due on obligations issued to the Massachusetts School Building Authority, or for charges necessary to meet obligations under the Commonwealth’s Water Pollution Abatement or Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

Bankruptcy. Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of Federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not generally authorized by the Massachusetts General Laws to file a petition for bankruptcy under Federal bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth’s oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

Opinion of Bond Counsel

The purchaser will be furnished the legal opinion of the firm of Edwards Wildman Palmer LLP, Boston, Massachusetts (“Bond Counsel”). The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful bidder. The opinion will be substantially in the form presented in Appendix B.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing upon and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

Rating

Standard & Poor’s Rating Group has assigned a rating of AAA to the Bonds. Such rating, is printed on the cover of the Final Official Statement and only reflects the rating agency’s views and will be subject to revision or withdrawal, which could affect the market price of the Bonds.

Financial Advisory Services of First Southwest Company

First Southwest Company, Boston, Massachusetts serves as financial advisor to the Town of Bedford, Massachusetts.

Continuing Disclosure

In order to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the “Rule”), the Town will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Town by not later than 270 days after the end of each fiscal year (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. Other than the Town, there are no obligated persons with respect to the Bonds within the meaning of the Rule. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix C. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds.

The Town has never failed to comply in all material respects with any previous undertakings to provide annual reports or notices of significant events in accordance with the Rule.

TOWN OF BEDFORD, MASSACHUSETTS

General

The Town of Bedford is located in Middlesex County approximately 15 miles northwest of Boston. It is bordered by the towns of Lincoln and Concord on the southwest, Lexington on the southeast, Burlington on the east, Billerica on the north and Carlisle on the northeast. Incorporated as a Town in 1729, Bedford has a population of approximately 13,986 (2010 Federal Census) and occupies a land area of 14 square miles.

Since the construction of a railroad connection to Boston in the 1850's, Bedford has evolved from an agricultural community to a bedroom suburb of Boston. Construction of state highways and expressways has reinforced Bedford's role as a desirable residential suburb.

Bedford has outstanding access to the regional expressway system. Route 128, the circumferential highway around Boston known as the "high tech region," passes on the southeast border of Bedford, State Route 2 passes on the southwest border of the Town and State Route 3 passes on the east border of the Town.

Governing Bodies and Officers

Local legislative decisions are made by an open town meeting. Subject to the legislative decisions made by the town meeting, the affairs of the Town are generally administered by a Town Manager with the approval of a board of five selectmen who are elected on an at-large basis for staggered three-year terms.

PRINCIPAL TOWN OFFICIALS

The following is a list of the principal executive officers:

<u>Title</u>	<u>Name</u>	<u>Manner of Selection</u>	<u>Term Expires</u>
Selectman, Chairperson	Walter J. St. Onge III	Elected/3 Years	2012
Selectman	Michael A. Rosenberg	Elected/3 Years	2014
Selectman	Mark Siegenthaler	Elected/3 Years	2014
Selectman	Catherine B. Cordes	Elected/3 Years	2013
Selectman	William S. Moonan	Elected/3 Years	2013
Town Manager	Richard T. Reed	Appointed	Indefinite
Town Accountant	Debra A. Champagne	Appointed	Indefinite
Acting Finance Director	Victor Garofalo	Appointed	Indefinite
Town Clerk	Doreen Tremblay	Appointed	Indefinite
Town Counsel	Michael C. Lehane	Appointed	2012

Municipal Services

The Town provides general governmental services for the territory within its boundaries including police and fire protection, public education in pre-kindergarten through grade twelve, collection and disposal of solid waste, a library, streets, parks and recreation, water supply and distribution, and sewage collection and disposal. The Shawsheen Regional Vocational Technical School District provides vocational technical education in grades 9 through 12.

Education

School affairs are administered by a superintendent with policy guidance from an elected school committee of five persons.

The following table sets forth the trend in public school enrollments for the Town for the school years indicated.

PUBLIC SCHOOL ENROLLMENTS OCTOBER 1,

	Actual						Projected
	2006	2007	2008	2009	2010	2011	2012
Kindergarten	150	150	145	187	150	157	183
Grades 1-4	697	697	711	690	691	677	684
Grades 5-6	362	362	377	369	371	379	362
Grades 7-8	325	325	377	383	378	376	399
High School (9 - 12) (1)	756	756	783	771	782	835	843
Totals	<u>2,290</u>	<u>2,290</u>	<u>2,393</u>	<u>2,400</u>	<u>2,372</u>	<u>2,424</u>	<u>2,471</u>

(1) Approximately 150 High School Students are children of Hanscom Air Force base personnel.

Industry and Commerce

Bedford is primarily a residential suburban community, with a diversified manufacturing base located within the Boston Standard Metropolitan Statistical Area.

EMPLOYMENT AND PAYROLLS

Due to the reclassification the U.S. Department of Labor now uses the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.

Industry	Calendar Year Average				
	2010	2009	2008	2007	2006
Construction	329	333	383	368	351
Manufacturing	2,208	2,316	2,164	2,296	2,253
Trade, Transportation & Utilities	2,277	2,102	1,828	1,710	1,790
Information	1,804	1,833	2,016	1,712	1,899
Financial Activities	644	677	697	684	633
Professional and Business Services	5,131	5,144	5,565	5,569	5,542
Education and Health Services	3,890	3,545	3,321	3,078	2,979
Leisure and Hospitality	893	854	881	858	839
Other Services	202	177	187	246	217
Total Employment	<u>17,378</u>	<u>16,981</u>	<u>17,042</u>	<u>16,521</u>	<u>16,503</u>
Number of Establishments	686	635	630	627	621
Average Weekly Wages	\$ 1,894	\$ 1,674	\$ 1,607	\$ 1,693	\$ 1,620
Total Wages	<u>\$ 1,916,803,227</u>	<u>\$ 1,636,692,203</u>	<u>\$ 1,560,988,366</u>	<u>\$ 1,596,883,592</u>	<u>\$ 1,525,824,760</u>

Largest Employers

<u>Name</u>	<u>Product/Function</u>	<u>Approximate No. of Employees</u>
Hanscom Field (USAF)	Research and Development	5,500
MITRE Corporation	Engineering, Architecture, Surveying	1,829
Veterans Medical Center	Federal Government Hospital	950
Middlesex Community College	Community College	927
Progress Software	Computer Software Development	700
iRobot	High-Tech Manufacturing	500
RSA Security	Data Security	500
Millipore	Fluid purification and analysis	465
Intel	Computer Software	400
Hologic	Manufacture of Medical Devices	400

Labor Force, Employment and Unemployment Rates

According to the Massachusetts Division of Employment and Training, in October 2011, the Town has a total labor force of 7,230, of which 6,834 were employed and 396, or 5.5%, were unemployed, as compared with 6.8% for the Commonwealth (unadjusted). The following table sets for the labor force and unemployment rates for the Town of Bedford as well as the unemployment rates for the Commonwealth and the United States for the years indicated.

<u>Year</u>	<u>Town of Bedford</u>		<u>Massachusetts Unemployment Rate</u>	<u>United States Unemployment Rate</u>
	<u>Labor Force</u>	<u>Unemployment Rate</u>		
2010	7,133	6.1 %	8.5 %	9.6 %
2009	7,101	6.5	8.1	9.3
2008	6,853	4.0	5.3	5.8
2007	6,776	3.2	4.5	4.6
2006	6,612	4.0	4.9	4.6

SOURCE: Mass. Department of Employment and Training, Federal Reserve Bank of Boston and U.S. Bureau of Labor Statistics. Data based upon place of residence not place of employment.

Building Permits

The following table sets forth the number of building permits issued and the estimated dollar value of new construction and alterations for the calendar years indicated. Permits are filed for both private construction and Town projects.

<u>Year</u>	<u>Number</u>	<u>Estimated Value</u>
2011	500	\$34,799,471 (1)
2010	466	28,245,851
2009	480	55,534,950
2008	567	63,858,830
2007	596	121,286,389 (2)

SOURCE: Report of the Building Inspector.

(1) As of December 7, 2011

(2) Significant increase due to four large commercial projects and one large residential project which have a combined total estimated value of approximately \$53.4 million.

Development

The Planning Board has continued reviewing proposals for new and existing development in Bedford over the last year. These reviews include a range of mixed use, commercial, and residential developments.

On the mixed-use side: The Planning Board has reviewed the following special permit amendment requests:

- 1) Blake Block, 68-84 Great Road, requested to expand the footprint of the building and have the second floor consist of all residential units—Planning Board granted approval for this Special Permit *minor* Amendment request on July, 2010 with 6 conditions.
- 2) Plank Street Office Building/Building 7, (Criterion Developers/Village at Taylor Pond), the Board reviewed a concept plan to amend the special permit to change the office building/building 7 to a residential building; overall the Planning Board was not in favor of this request;
- 3) The Planning Board is in the process of reviewing a request from Criterion Developers/Village at Taylor Pond, 59-75 Middlesex Turnpike, to convert the ground floor retail in building 1 & building 6 to 16 additional residential units.

On the Commercial side:

- 1) The Planning Board gave a positive recommendation (with conditions) for site plan approval to the Building Inspector for the following sites:
11 Oak Park—Progress Software; to install a new driveway connection and reconfigure the parking lot; 202 Burlington Road—The Mitre Corporation; to demolish existing Building E (108,000 square feet) and construct a new Building L (144,000 square feet).
- 2) The Planning Board is in the process of site plan review for 24 South Road to convert a residential property into retail.
- 3) The Town requested a special permit use for the one-half acre property located at 80 Loomis & 110 South Road. The historic Bedford Depot Building & Freight House is located on this property. Both buildings are being leased or used by non-governmental organizations. The Planning Board reviewed and granted the Town a special permit to allow business and professional office, retail store, personal service shop, municipal use and repair or trade shop uses in the Depot Area Mixed Use Overlay District. The Planning Board later reviewed and approved a special permit amendment for the Depot Area Mixed Use Overlay District to include lodge, clubs or assembly to the list of allowed uses at these sites.

On the Residential side:

- 1) A special permit (with conditions) for a Definitive Cluster Subdivision, Rosewood Lane, (formerly 350 and 350A Concord Road) was granted by the Planning Board on April 30, 2010. The approved cluster subdivision consists of four residential lots, plus open space deeded to the Town.
- 2) The Planning Board reviewed and approved of proposed stormwater and drainage improvements to Shawsheen Ridge Condominiums; and
- 3) The Planning Board continued to review preliminary plans for Carleton Willard Village Nursing Care Facility to expand their existing housing by proposing to construct an additional five duplexes consisting of ten independent-style living units. This expansion, as proposed, would require a zoning amendment. After much review, representatives of Carleton Willard Village Nursing Care Facility informed the Planning Board that they would like to review their options; and then return to the Planning Board at a later time.

Population and Income

The following table compares the median age, median family income and per capita income for Bedford, the Commonwealth, and the United States as a whole.

	POPULATION AND INCOME (1)		
	<u>Bedford</u>	<u>Massachusetts</u>	<u>United States</u>
Median Age:			
2000	42.1	36.5	35.3
1990	36.9	33.6	32.9
Median Family Income:			
2000	\$101,081	\$61,664	\$50,046
1990	64,537	44,367	35,225
Per Capita Income:			
2000	\$39,212	\$25,952	\$21,587
1990	24,590	17,224	14,420

(1) Federal Census Bureau.

POPULATION TRENDS			
<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>
13,320	12,595	12,996	13,067

SOURCE: Federal Census.

PROPERTY TAXATION

Tax Levy Computation

The principal general fund revenue source of the Town is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits, see "Tax Limitations" below. The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years. Although an allowance is made in the tax levy for abatements (see "Abatements and Overlay" below) no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (See "Taxation to Meet Deficits" below).

The following table illustrates the trend in the manner in which the tax levy was determined for the fiscal years indicated.

TAX LEVY COMPUTATION

	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008
Gross Amount to be Raised					
Appropriations (1)	\$75,311,549	\$77,712,238	\$73,903,744	\$71,740,978	\$68,959,593
Other Local Expenditures	745,745	143,733	529,067	1,153,385	504,106
State and County Charges	324,334	308,940	283,011	286,472	263,286
Overlay Reserve	854,610	796,197	868,878	900,351	1,062,646
Total Gross Amount to be Raised	77,236,238	78,961,108	75,584,699	74,081,186	70,789,631
Less Estimated Receipts & Other Revenue					
Estimated Receipts from State (2)	5,057,502	5,117,984	6,631,078	7,186,697	6,747,258
Estimated Receipts-Local (3)	10,404,904	16,016,800	13,558,591	12,573,525	13,319,713
Available Funds Appropriated:					
Free Cash	-	-	-	-	263,800
Other Available Funds (4)	7,577,919	5,985,164	5,863,837	5,702,110	4,312,026
Free Cash & Other Revenue Used to Reduce the Tax Rate	1,895,000	1,894,000	3,055,000	2,600,000	3,491,000
Total Estimated Receipts & Revenues	24,935,325	29,013,948	29,108,506	28,062,332	28,133,797
Net Amount to be Raised (Tax Levy)	\$52,300,913	\$49,947,160	\$46,476,193	\$46,018,854	\$42,655,834
Property Valuation	\$ 2,671,084,251	\$ 2,752,075,404	\$ 2,755,935,570	\$ 2,830,696,757	\$ 2,893,298,665
Tax Rate per \$1,000 (Residential)	\$ 15.21	\$ 14.33	\$ 13.08	\$ 12.43	\$ 11.38
Tax Rate per \$1,000 (C/I/P)	\$ 33.21	\$ 31.76	\$ 29.51	\$ 28.45	\$ 25.80
Tax Rate per \$1,000 (Open Space)	\$ 11.40	\$ 10.74	\$ 9.81	\$ 9.32	\$ 8.54

- (1) Includes additional appropriations from taxation voted subsequent to adoption of the annual budget but prior to setting of the tax rate.
- (2) Estimated by the State Department of Revenue and required by law to be used in setting of the tax rate. Actual state aid payments may vary upward or downward from said estimates, and the State may withhold payments pending receipt of State and County assessments. There were reductions in state local aid in fiscal 2009 from the amounts originally expected and the Commonwealth's fiscal year 2010 budget provided for further reductions in local aid in fiscal 2010. Bedford received approximately \$139,219 less in fiscal 2009 than when it set its tax rate and levy as shown above and received a reduction of \$555,619 in fiscal 2010. The Town offset the loss of this revenue through prudent budgeting and closely monitored spending.
- (3) Includes Community Preservation Act revenues.
- (4) Transfers from other available funds, including "free cash", generally made as an offset to a particular appropriation item.

Assessed Valuations and Tax Levies

Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every three years or pursuant to a revised schedule as may be issued by the Commissioner.

Related statutes provide that certain forest land, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes his own redetermination of the fair cash value of the taxable property in each municipality. This is known as the "equalized value".

An in-house update of valuations is conducted annually.

The following table sets forth the trend in the Town's assessed valuations, tax levies, and tax levies per capita.

Fiscal Year	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Tax Levy	Tax Levy Per Capita(1)
2012	\$2,671,084,251	\$84,509,094	\$2,755,593,345	\$52,300,913	\$3,926
2011	2,660,827,344	91,248,060	2,752,075,404	49,947,160	3,750
2010	2,685,481,470	70,454,100	2,755,935,570	46,476,193	3,489
2009	2,758,181,457	72,515,300	2,830,696,757	46,018,853	3,455
2008	2,834,062,565	59,236,100	2,893,298,665	42,655,834	3,202

(1) Based on 2010 federal census number of 13,320.

Classification of Property

The following is a breakdown of the Town's assessed valuations in fiscal years 2012, 2011 and 2010.

Property Type	2012		2011		2010	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Residential	\$2,175,568,303	79.0 %	\$2,144,152,098	77.9 %	\$2,115,408,335	76.8 %
Open Space	2,389,400	0.1	4,100,100	0.1	4,837,900	0.2
Commercial	238,704,348	8.7	245,573,546	8.9	271,250,635	9.8
Industrial	254,422,200	9.2	267,001,600	9.7	293,984,600	10.7
Personal	84,509,094	3.1	91,248,060	3.3	70,454,100	2.6
Total	<u>\$2,755,593,345</u>	<u>100.0 %</u>	<u>\$2,752,075,404</u>	<u>100.0 %</u>	<u>\$2,755,935,570</u>	<u>100.0 %</u>

Largest Taxpayers

The following table lists the ten largest taxpayers in the Town based upon assessed valuation for fiscal 2012. All of the properties listed are current in their tax payments.

<u>Name</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>
RAR 2 Crosby Corporate Center	Offices	\$ 26,391,000
ILC Property	Offices	24,620,800
Bedford Business PK LTD Prtn	Offices	22,996,300
MSCP Crosby	Offices	22,631,800
RAR 2 Crosby Corp. Center QRS Inc.	Offices	22,197,400
Great Road Shopping Center	Retail	20,575,500
Mariner Bedford Woods Inc	Offices	19,024,100
Millipore	Research & Development	16,609,600
Bone (DE) QRS 15-2 Inc. & BONE	Research & Development	14,221,800
Progress Software Corporation	General Office Building	13,167,700
Totals		<u>\$ 202,436,000</u>

State Equalized Valuation

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes his own redetermination of the fair cash value of the taxable property in each municipality. This is known as the "equalized value". The following table sets forth the trend in equalized valuations of the Town of Bedford.

<u>January 1,</u>	<u>State Equalized Valuation</u>	<u>% Change</u>
2010	\$ 3,009,721,800	(4.18) %
2008	3,141,130,500	6.59
2006	2,946,953,200	11.94
2004	2,632,511,200	15.93
2002	2,270,729,600	26.53
2000	1,794,674,400	27.08

Abatements and Overlay

The Town is authorized to reserve an amount approved by the Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the resultant "overlay deficit" is required to be added to the next tax levy. An abatement granted after a tax payment has been made is accounted for as a refund on the books of the Town. Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue.

The following table sets forth the amount of the overlay reserve for the following fiscal years and actual abatements and refunds granted against each levy.

<u>Fiscal Year</u>	<u>Net Tax Levy(1)</u>	<u>Overlay Reserve</u>		<u>Abatements Granted Through October 31, 201</u>
		<u>Dollar Amount</u>	<u>As a % of Net Levy</u>	
2011	\$49,168,661	\$796,197	1.6 %	\$530,943
2010	45,804,430	868,878	1.9	812,347
2009	45,118,503	900,351	2.0	902,929
2008	41,587,410	1,062,647	2.6	708,640
2007	39,493,547	921,765	2.3	628,157

(1) Gross tax levy minus overlay reserve for abatements.

Tax Collections

Beginning in fiscal 1991, the Town instituted property tax billing on a quarterly basis with tax bills payable August 1, November 1, February 1 and May 1 of each fiscal year. Interest accrues on delinquent taxes at the rate of 14 percent per annum. Real property (land and buildings) is subject to a lien for the taxes assessed upon it, subject to any paramount federal lien and subject to bankruptcy and insolvency laws. If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described below.

The following table compares the Town's net tax collections with its net (gross tax levy less overlay reserve for abatements) tax levies for the following fiscal years.

Fiscal Year	Gross Tax Levy	Overlay Reserve for Abatements	Net Tax Levy (1)	Collections During Fiscal Year Payable (2)		Collections as of October 31, 2011	
				Dollar Amount	% of Net Levy	Dollar Amount	% of Net Levy
2011	\$ 49,964,858	\$ 796,197	\$ 49,168,661	\$ 48,863,794	99.4 %	\$ 49,260,421	100.2 %
2010	46,673,307	868,878	45,804,429	45,659,255	99.7	45,836,259	100.1
2009	46,018,854	900,351	45,118,503	44,950,686	99.6	45,132,877	100.0
2008	42,650,057	1,062,647	41,587,410	41,877,137	100.7	41,751,700	100.4
2007	40,415,312	921,765	39,493,547	39,809,438	100.8	39,927,467	101.1

(1) Net after deduction of overlay reserve for abatements.

(2) Actual collections of levy less refunds and amounts refundable but including proceeds of tax titles and tax possessions attributed to such levy but not including abatements or other credits.

Tax Titles and Possessions

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for non-payment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments) it can be foreclosed by petition to the Land Court.

Upon such foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of in the same manner as other land held for municipal purposes. Uncollectible real property taxes are ordinarily not written off until they become municipal tax titles by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of tax and charging surplus.

The following table sets forth the amount of tax titles and possessions outstanding at the end of the fiscal years indicated.

Fiscal Year	Total Tax Titles and Possessions
2011	\$126,259
2010	324,464
2009	310,329
2008	402,805
2007	359,952

Sale of Tax Receivables

Cities and towns are authorized to sell delinquent property tax receivables by public sale or auction, either individually or in bulk. The Town does not expect to utilize this option at the present time.

Taxation to Meet Deficits

As noted elsewhere (see "Abatements and Overlay," above) overlay deficits, i.e., tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e., those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates, and certain established salaries, e.g. civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as "free cash" deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

Tax Limitations

Chapter 59, Section 21C of the General Laws known as "Proposition 2½" imposes two separate limits on the annual tax levy of a city or town. The law is subject to amendment or repeal by the legislature.

The primary limitation is that the tax levy cannot exceed 2½ per cent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 per cent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ per cent by majority vote of the voters, or to less than 7½ per cent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a 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 per cent, subject to exception for property added to the tax rolls or property which has had an increase other than as part of a general revaluation, in its assessed valuation over the prior year's valuation. This "growth" limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the "growth" limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of the city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit "to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year".

Proposition 2 ½ further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures, or for the city or town's appropriated share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2 ½ limits taxes raised in lieu of sewer or water charges to pay debt

service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ per cent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option." Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two member districts, or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

The Town has been in full compliance with Proposition 2½ since its inception.

The table below lists debt exclusions passed by the Town.

Project	Vote Dates	Amount Authorized
High School	April 8, 2006	\$ 50,920,330
DPW	March 9, 2002	8,035,000
Middle School	October 21, 2000	17,120,000
Police	May 4, 1995	4,340,000
Fire	May 4, 1995	3,973,000
Library	May 4, 1995	3,973,000
Lane School Addition	May 4, 1994	804,000

The table below presents the Town's primary levy limits, its maximum levy limits, and its actual tax levies for fiscal years 2008 through 2011.

Fiscal Year	Estimated Full Valuation(1)	Primary Levy Limit	Maximum Levy Limit	Actual Tax Levy(2)	Under(Over) Primary Levy Limit	Under(Over) Maximum Levy Limit
2011	\$2,752,075,404	\$68,801,885	\$50,577,989	\$49,947,160	\$18,854,725	\$630,829
2010	2,755,935,570	68,898,389	47,723,183	46,476,193	22,422,196	1,246,990
2009	2,830,696,757	70,767,419	47,211,013	46,018,853	24,748,566	1,192,160
2008	2,893,298,665	72,332,467	44,085,727	42,655,834	29,676,633	1,429,893

(1) Local assessed valuation.

(2) Exclusive of the surcharge property tax levied under the Community Preservation Act which is not included in the total taxes assessed for purposes of calculating and determining compliance with the levy limits.

Community Preservation Act

The Massachusetts Community Preservation Act (the "CPA") permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy and to receive state matching funds for the acquisition, creation, preservation, rehabilitation and restoration of open space, historic resources and affordable housing. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% of the real property tax levy, and it may accept one or more exemptions to the surcharge under the CPA, including an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property, and an exemption for commercial and industrial properties in cities and towns with classified tax rates. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under

Proposition 2½ (see “*Tax Limitations*” under “PROPERTY TAXATION” above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge on the real property tax levy. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula which requires that 80% of the amount in the state trust fund be used to match an equal percentage of the amount raised locally by each city and town, and that the remaining 20% of the amount in the fund be distributed only to those cities and towns that levy the maximum 3% surcharge based on a formula which takes into account equalized property valuation and population, resulting in larger distributions to those communities with low valuations and small populations. The total state distribution made to any city or town may not, however, exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on real property taxes and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

The Town has accepted the Act and set the rate at 3%. The Town implemented the program in fiscal year 2002 and utilizes revenues to pay for a variety of municipal projects eligible for financing under the CPA.

Community Preservation Fund Revenues

	<u>Property Tax</u>	<u>State Contribution</u>	<u>Total</u>
2011	\$ 1,218,258	\$ 356,822	\$ 1,575,080
2010	1,114,124	348,491	1,462,615
2009	1,133,729	443,486	1,577,215
2008	1,073,977	786,328	1,860,305
2007	1,005,763	1,010,047	2,015,810

Pledged Taxes

Taxes on the increased value of certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes. (See “Tax Increment Financing for Development Districts” below).

Initiative Petitions

Various proposals have been made in recent years for legislative amendments to the Massachusetts Constitution to impose limits on state and local taxes. To be adopted, such amendments must be approved by two successive legislatures and then by the voters at a state election.

TOWN FINANCES

Budget and Appropriation Process

The annual appropriations of a town are ordinarily made at the annual meeting which takes place in February, March, April, May or June. Appropriations may also be voted at special meetings. Every town must have an appropriation, advisory or finance committee. The committee is required to submit a budget of proposed expenditures at the annual town meeting. In a town, town meeting may at any time vote to transfer any amount previously appropriated to any other authorized use by law, and, under certain circumstances and subject to certain limits and requirements, the selectmen of a town, with the concurrence of the finance committee, may transfer amounts appropriated for the use of any department to any other appropriation for the same department or to any other department.

Water and sewer department expenditures are generally included in the budgets adopted by town meetings but electric and gas department funds may be appropriated by the municipal light boards. Under certain legislation any city or town which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. It is assumed that this general provision does not alter the pre-existing power of an electric or gas department to appropriate its own receipts.

The school budget is limited to the total amount appropriated by the town meeting, but the school committee retains full power to allocate the funds appropriated. State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education and related programs and may affect the level of State Aid to be received for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. Since fiscal year 1994, the Town's net school spending has met or exceeded the minimum required local contribution.

State and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy. (See "PROPERTY TAXATION" above.)

Budget Trends

The following table sets forth the trend in operating budgets as voted at annual town meeting. As such, said budgets do not reflect revenues, mandatory items and expenditures authorized for non-recurring (generally capital) purposes under "special" warrant articles or transfers occurring subsequent to the annual town meeting.

BUDGET COMPARISON

	Fiscal Years				
	2012	2011	2010	2009	2008
General Government	\$13,005,737	\$12,561,474	\$11,972,273	\$11,719,130	\$10,807,061
Public Safety	5,516,849	5,353,486	5,253,065	5,028,807	4,860,974
Public Works/Highway	9,551,489	9,348,157	9,277,906	9,139,651	8,813,373
Facilities	742,875	750,027	738,352	757,256	736,244
Health	517,028	509,750	495,600	485,908	463,251
Human Services	716,557	697,275	685,794	549,280	532,929
School	32,181,380	32,418,135	31,657,728	30,043,775	28,789,210
Library	1,151,271	1,130,265	1,106,259	1,080,504	1,043,770
Other	136,850	152,882	125,538	146,066	135,020
Maturing Debt and Interest	7,761,951	7,923,829	7,264,661	8,668,817	7,653,793
Total	\$71,281,987	\$70,845,280	\$68,577,176	\$67,619,194	\$63,835,625

Revenues

Property Taxes

Property taxes are the major source of revenue for the Town. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "PROPERTY TAXATION-Tax Limitations" above.

Federal Aid

The following is a list of federal monies received by the Town in each of the most recent fiscal years.

<u>Fiscal Year</u>	<u>Total Federal Aid</u>
2011	\$ 221,669
2010	234,787
2009	339,177
2008	283,517
2007	291,902

State Aid

In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use, and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "school" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. The formulas for determining a municipality's state aid entitlement are subject to enactment by the legislature, and while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

In the fall of 1986, both the State Legislature (by statute, repealed as of July 1, 1999) and the voters (by initiative petition) placed limits on the growth of state tax revenues. Although somewhat different in detail, each measure essentially limited the annual growth in state tax revenues to an average rate of growth in wages and salaries in the Commonwealth over the three previous calendar years. If not amended, the remaining law could restrict the amount of state revenues available for state aid to local communities.

Legislation was enacted in 1991 to help municipalities compensate for additional local aid reductions by the Commonwealth for fiscal year 1992. Under that law, municipalities were allowed to defer budgeting for teacher's summer compensation payable by the end of the fiscal years 1992 and 1993. Municipalities that chose to defer such amounts are required to amortize the resulting budget deficiency by raising at least one fifteenth of the deferred amount in each of the fiscal years 1997 through 2011, or in accordance with a more rapid amortization schedule. The Town did not defer any compensation under this legislation.

The following table sets forth the amount of State Aid to the Town in recent years.

<u>Fiscal Year</u>	<u>Total State Aid (1)</u>
2011	\$ 4,528,928
2010	4,835,243
2009 (2)	5,390,862
2008	4,949,417
2007	4,486,274

(1) Includes estimated school building assistance.

(2) There have been reductions in state local aid in fiscal year 2009 from the amounts originally expected. Bedford received \$139,219 less in fiscal year 2009 than when it set its tax rate. The Town was able to reduce budgets, and make changes to its health plans to offset the reduction in State Aid.

State School Building Assistance Program

Under its school building assistance program, the Commonwealth provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "Authority") to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program.

Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the Authority based on the approved project cost and reimbursement rate applicable under the prior law. The Authority has paid and is expected to continue to pay the remaining amounts of the grants for such projects either in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects, or as lump sum payments to contribute to the defeasance of such bonds.

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the Authority based on the eligible project costs and reimbursement rates applicable under the prior law. With limited exceptions, the Authority is required to fund the grants for such projects in the order in which they appear on the waiting list. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the Authority in lump sum payments, thereby eliminating the need for the Authority to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the Authority's share of such project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, is included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway have been and are expected to continue to be paid by the Authority as project costs are incurred by the municipality pursuant to a project funding agreement between the Authority and the municipality, eliminating the need for the municipality to borrow even on a temporary basis to finance the Authority's share of the project costs in most cases.

The range of reimbursement rates for new project grant applications submitted to the Authority on or after July 1, 2007 has been reduced to between 40% and 80% of approved project costs. The Authority promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

Motor Vehicle Excise

An excise is imposed on the registration of motor vehicles (subject to exemptions) at a uniform rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the vehicle is customarily kept. Valuations are determined by a statutory formula based on manufacturer's list price and year of manufacture. Bills not paid when due bear interest at 12 percent per annum. Provision is also made for suspension of registration by the registrar of motor vehicles, who may also after a hearing suspend the owner's operating license. The amount of excise taxes received by the Town in fiscal years 2009 through 2011 was \$1,590,361, \$1,565,200 and \$1,623,895, respectively.

Local Option Meals Tax

On August 3, 2009, the Town adopted the local meals excise tax to be effective October 1, 2009. In fiscal year 2010, the local meals excise tax is a 0.75% tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold. The revenue from this tax was \$152,560 in fiscal year 2010 and \$379,673 in fiscal year 2011.

Room Occupancy Tax

Under this tax, local governments may tax the provision of hotel, motel and lodging house rooms at a rate not to exceed six percent (6%) of the cost of renting such rooms. The tax is paid by the operator of the hotel, motel or lodging house to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located in quarterly distributions. The Town has levied the full rate as permitted under the law since the inception of the tax.

The following table sets forth the trend in room occupancy tax receipts.

<u>Fiscal Year</u>	<u>Room Occupancy</u>
2011	\$ 461,709
2010	396,288
2009	365,812
2008	339,714
2007	194,634 (1)

(1) Hotel/motel stays decreased in fiscal year 2007.

Investment of Town Funds

All funds of the Town, except for trust funds and funds of the Town's retirement system are invested in accordance with Section 55 of Chapter 44 of the Massachusetts General Laws ("Section 55"). Section 55 permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in share in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee, and the funds are managed under contract by an investment firm under the supervision of the State Treasurer's office. According to the State Treasurer, the MMDT's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. government obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, are invested in accordance with Section 54 of Chapter 44 of the Massachusetts General Laws "Section 54", which permits a broader range of investments than Section 55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. Breakdown of such investments may be obtained from the Town Treasurer. The restrictions imposed by Sections 54 and 55 do not apply to city and town retirement systems.

Annual Audits

The Town's accounts were most recently independently audited for the fiscal year ended June 30, 2011 by Powers & Sullivan, PC, Certified Public Accounts, of Wakefield, Massachusetts. The audit for fiscal year ended June 30, 2011 is attached hereto as Appendix A.

The attached report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Financial Statements

Set forth on the following pages are Governmental Funds Balance Sheets for fiscal years ended June 30, 2011, June 30, 2010, and June 30, 2009, and a Combined Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds for the fiscal years ended June 30, 2007 through June 30, 2011. Said financial statements were extracted from annual audits and then combined for purposes of this presentation. All such statements are presented in accordance with the fund method of accounting described in Appendix A.

**TOWN OF BEDFORD, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2011 (1)

ASSETS	General	Sewer	High School	Community Preservation Funds	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 14,651,544	\$ 6,272,917	\$ -	\$ -	\$ -	\$ 20,924,461
Investments	1,603,054	-	-	-	-	1,603,054
Receivables, net of uncollectibles:						
Real estate and personal property taxes	589,352	-	-	-	-	589,352
Tax liens	151,068	-	-	-	-	151,068
Motor vehicle excise taxes	143,055	-	-	-	-	143,055
User fees	1,245,073	1,878,534	-	-	-	3,123,607
Departmental and other	110,323	32,951	-	17,107	-	160,381
Intergovernmental	6,264,685	-	-	-	252,473	6,517,158
Tax foreclosures	53,769	-	-	-	-	53,769
Restricted assets:						
Cash and cash equivalents	177,324	-	160,446	4,244,026	6,442,763	11,024,559
Investments	5,368,152	-	-	-	1,991,598	7,359,750
TOTAL ASSETS	<u>\$ 30,357,399</u>	<u>\$ 8,184,402</u>	<u>\$ 160,446</u>	<u>\$ 4,261,133</u>	<u>\$ 8,686,834</u>	<u>\$ 51,650,214</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Warrants payable	\$ 1,242,111	\$ -	\$ 247	\$ 149,405	\$ 780,902	\$ 2,172,665
Accrued payroll	2,203,680	-	-	-	74,874	2,278,554
Tax refunds payable	1,191,167	-	-	-	-	1,191,167
Other liabilities	1,529,500	-	-	-	-	1,529,500
Abandoned property	641,043	-	-	-	-	641,043
Deferred revenues	8,110,710	1,911,486	-	17,107	-	10,039,303
Accrued short-term interest	36,147	-	-	-	-	36,147
Accrued health claims payable	154,972	-	-	-	-	154,972
Short-term notes payable	-	-	-	-	500	500
TOTAL LIABILITIES	<u>15,109,330</u>	<u>1,911,486</u>	<u>247</u>	<u>166,512</u>	<u>856,276</u>	<u>18,043,851</u>
Fund Balances:						
Nonspendable	-	-	-	-	446,888	446,888
Restricted	4,054,123	6,272,916	160,199	4,094,621	7,383,670	21,965,529
Committed	3,971,248	-	-	-	-	3,971,248
Assigned	1,350,317	-	-	-	-	1,350,317
Unassigned	5,872,381	-	-	-	-	5,872,381
TOTAL FUND BALANCES	<u>15,248,069</u>	<u>6,272,916</u>	<u>160,199</u>	<u>4,094,621</u>	<u>7,830,558</u>	<u>33,606,363</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 30,357,399</u>	<u>\$ 8,184,402</u>	<u>\$ 160,446</u>	<u>\$ 4,261,133</u>	<u>\$ 8,686,834</u>	<u>\$ 51,650,214</u>

(1) Extracted from the Town's audited financial statements.

(2) Due to recent changes to GASB reporting requirements of fund balances, stabilization fund balances are included in Unassigned Fund Balance.

**TOWN OF BEDFORD, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2010 (1)

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

(1) Extracted from the Town's audited financial statements.

**TOWN OF BEDFORD, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2009 (1)

ASSETS	<u>General</u>	<u>High School</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
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
TOTAL ASSETS	<u><u>\$ 32,580,531</u></u>	<u><u>\$ 12,602,749</u></u>	<u><u>\$ 26,675,150</u></u>	<u><u>\$ 71,858,430</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
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
TOTAL LIABILITIES	<u>23,514,367</u>	<u>11,640,950</u>	<u>3,705,769</u>	<u>38,861,086</u>
Fund Balances:				
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
TOTAL FUND BALANCES	<u>9,066,164</u>	<u>961,799</u>	<u>22,969,381</u>	<u>32,997,344</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 32,580,531</u></u>	<u><u>\$ 12,602,749</u></u>	<u><u>\$ 26,675,150</u></u>	<u><u>\$ 71,858,430</u></u>

(1) Extracted from the Town's audited financial statements.

**TOWN OF BEDFORD, MASSACHUSETTS
GOVERNMENTAL FUNDS (1)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

FOR THE FISCAL YEAR ENDED JUNE 30,

	2011	2010	2009	2008	2007
Revenues:					
Real estate and personal property taxes, net of tax refunds	\$ 49,839,603	\$ 45,209,302	\$ 45,133,746	\$ 42,038,212	\$ 39,563,532
Motor vehicle and other excise taxes	2,714,614	2,308,614	2,192,527	2,304,203	2,221,374
Charges for services	2,824,082	2,484,994	2,497,839	2,821,798	2,212,303
Penalties and interest on taxes	203,424	216,645	128,365	111,553	114,944
Payments in lieu of taxes	1,411,786	1,418,587	1,347,828	1,279,990	1,221,245
Intergovernmental	10,434,419	11,794,608	11,798,996	11,466,310	10,878,265
Departmental and other	2,230,575	1,780,637	3,291,520	3,293,468	2,840,471
Investment Income	298,990	315,438	973,211	1,761,174	2,087,336
Total Revenues	<u>69,957,493</u>	<u>65,528,825</u>	<u>67,364,032</u>	<u>65,076,708</u>	<u>61,139,470</u>
Expenditures:					
Current:					
General government	\$ 3,304,331	\$ 3,259,729	\$ 3,203,398	\$ 3,302,843	\$ 3,269,092
Public safety	5,784,431	5,715,280	5,620,092	5,645,564	5,277,829
Education	32,385,594	31,480,558	30,478,656	28,756,349	27,350,348
Public works	5,141,199	4,470,140	5,571,034	5,197,396	4,572,773
Water	1,729,748	1,591,554	1,263,638	1,004,139	1,459,072
Sewer	592,193	615,684	617,960	662,627	605,818
MWRA assessment	2,872,130	2,929,353	2,779,636	2,662,238	2,565,613
Human services	1,127,813	1,061,664	1,051,440	939,060	908,320
Culture and recreation	1,293,367	1,262,709	1,217,342	1,212,450	1,173,132
Pension benefits	7,848,654	7,778,413	7,485,653	6,942,882	6,430,027
Employee benefits	6,113,999	5,743,269	6,367,894	5,749,526	5,348,121
Other	-	-	-	-	-
State and county charges	310,540	274,138	259,662	254,413	247,083
Debt service:					
Principal	4,212,654	3,818,571	4,268,572	4,336,741	4,067,911
Interest	2,226,673	3,251,651	3,296,072	2,565,962	3,065,540
Total Expenditures	<u>74,943,326</u>	<u>73,252,713</u>	<u>73,481,049</u>	<u>69,232,190</u>	<u>66,340,679</u>
Excess (Deficiency) of revenues over expenditures	(4,985,833)	(7,723,888)	(6,117,017)	(4,155,482)	(5,201,209)
Other Financing Sources (Uses):					
Premium from issuance of debt	1,335,342	1,358,368			
Operating transfers in	4,846,152	5,423,996	5,879,887	4,746,703	6,191,549
Operating transfers out	-	(1,014,332)	(815,000)	(630,000)	(1,183,000)
Total Other Financing Sources (Uses)	<u>6,181,494</u>	<u>5,768,032</u>	<u>5,064,887</u>	<u>4,116,703</u>	<u>5,008,549</u>
Net change in fund balances	1,195,661	(1,955,856)	(1,052,130)	(38,779)	(192,660)
Fund Balances, at Beginning of Year	<u>14,052,408</u> (2)	<u>9,066,164</u>	<u>10,118,294</u>	<u>10,157,073</u>	<u>10,349,733</u>
Fund Balances, at End of Year	<u>\$ 15,248,069</u>	<u>\$ 7,110,308</u>	<u>\$ 9,066,164</u>	<u>\$ 10,118,294</u>	<u>\$ 10,157,073</u>

(1) Extracted from the Town's audited financial statements with respect to fiscal years ending June 30, 2010 and prior fiscal years.

(2) Increase in General Fund Balance from ending balance in FY2010 to beginning balance in FY2011 is attributable to the recent changes in GASB reporting

Undesignated General Fund Balance and Free Cash

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is undesignated fund balance less uncollected and overdue property taxes from prior years. The Town Accountant may certify as available appropriation an adjusted free cash figure by adding back those uncollected and overdue property taxes which are subsequently collected between July 1 and the following March 31 of any year.

The following table sets forth the trend in undesignated fund balance and certified free cash for the most recent fiscal years:

Fiscal Year	Undesignated General Fund Balance (June 30)	Certified Free Cash (July 1)
2011 (1)	\$ 5,872,381	N/A
2010 (2)	2,217,840	\$ 2,394,874
2009 (2)	3,838,204	2,393,359
2008 (2)	5,548,653	4,355,208
2007 (2)	3,771,799	2,974,723

(1) Due to changes in GASB fund balance reporting practices, Unassigned General Fund Balance includes Stabilization Fund Balances.

(2) Source: audited financial statements.

Stabilization Fund

The Town has maintained a Stabilization Fund for several years. Stabilization funds are maintained in the Non-major Governmental Funds. Under Massachusetts statutes, funds may be appropriated from the Fund for any municipal purpose by at a two thirds vote of the town meeting. The following lists the balances in the stabilization fund at the end of the fiscal years indicated.

As of June 30,	Stabilization Fund Balance
2011	\$ 1,697,581 (1)
2010	2,461,380
2009	3,048,328
2008	3,595,986
2007	3,063,418

(1) Due to the changes in GASB fund balance reporting practices, Stabilization Fund Balances are included in Unassigned General Fund Balance.

Tax Increment Financing for Development Districts

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town's development program for the district. This includes pledging such "tax increments" for the payment of bonds issued to finance such projects. As result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2½ (see "Tax Limitations" under "PROPERTY TAXATION" above.)

The Town has not established any such districts.

INDEBTEDNESS

Authorization Procedure and Limitations

Serial bonds and notes are authorized on behalf of the Town by vote of two-thirds of all voters present or voting at an annual or special town meeting. Borrowings for certain purposes require state administrative approval. Temporary loans in anticipation of the revenues of the fiscal year in which debt is incurred, or in anticipation of state and federal grants generally can be incurred without town meeting authorization.

Debt Limits

General Debt Limit. The general debt limit of the Town consists of a normal debt limit and a double debt limit. The normal debt limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The Town can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the double debt limit) with the approval of the Municipal Finance Oversight Board.

There are many categories of general obligation debt which are exempt from and do not count against the general debt limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes, emergency loans, loans exempted by special laws, certain school bonds, sewer bonds, solid waste disposal facility bonds and economic development bonds supported by tax increment financing; and subject to special debt limits, bonds for water (limited to 10 percent of equalized valuation), housing, urban renewal, and economic development (subject to various debt limits), and electric, gas, community antenna television systems and telecommunications systems (subject to separate limits). Revenue bonds are not subject to these debt limits. The general debt limit and the special debt limit for water bonds apply at the time debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

Types of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue. Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as "qualified bonds" with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as "tax credit bonds" to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed five years from their original dates of issuance, provided that for each

year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. For certain school projects, however, notes may be refunded from time to time for a period not to exceed seven years without having to pay any portion of the principal of the notes from revenue funds. The maximum term of bonds issued to refund bond anticipation notes is measured (except for certain school projects) from the date of the original issue of the notes.

Revenue Anticipation Notes. The amount borrowed in each fiscal year by the issue of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The fiscal year ends on June 30. Notes may mature in the following fiscal year, and notes may be refunded into the following fiscal year to the extent of the uncollected, unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments and lawfully unappropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years. (See "Taxation to Meet Deficits" under "PROPERTY TAXATION" above.) In any event, the period from an original borrowing to its final maturity cannot exceed one year.

The Town of Bedford has not issued revenue anticipation notes in the last five fiscal years.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements. Generally they must mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities, for projects financed under the Commonwealth Water Pollution Abatement Revolving Loan or Drinking Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition to general obligation bonds and notes, cities and towns having electric departments may issue revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy.

DIRECT DEBT SUMMARY
As of December 31, 2011

Long-Term Debt (1)(2)		
Within Debt Limit:		
Sewers & Drains	\$ 779,452	
Land Acquisition	7,670,000	
Schools	35,555,000	
Other Building	9,782,776	
Architectural & Engineering Services	372,224	
Other	<u>3,367,000</u>	
Total Inside		\$ 57,526,452
Outside Debt Limit		
Water	<u>4,114,834</u>	
Total Outside		<u>4,114,834</u>
Total Long Term Debt		<u>61,641,286</u>
Total Direct Debt		<u><u>\$ 61,641,286</u></u>

(1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability, and other post employment benefits liability.
(2) \$38,840,000 has been exempted from the limits of Proposition 2½.

Debt Ratios

The following table sets forth the ratio of debt to equalized valuation and per capita debt ratios at the end of the five most recent fiscal years. The table considers the principal amount of general obligation bonds of the Town only. The table does not deduct anticipated state grant payments applicable to the principal amount of outstanding bonds or debt that may be supported in whole, or part, by non-tax revenues.

Fiscal Year End	Bonds Outstanding	Federal Census Population	Equalized Valuation	Per Capita Debt	Debt as of % of Equalized Valuation
2011	\$ 61,983,530	13,320	\$ 3,009,721,800	\$4,653	2.06 %
2010	54,220,469	13,320	3,141,130,500	4,071	1.73
2009	58,039,040	12,595	3,141,130,500	4,608	1.85
2008	46,422,611	12,595	2,946,953,200	3,686	1.58
2007	50,675,202	12,595	2,946,953,200	4,023	1.72

Principal Payments by Purpose (excluding this issue)

The following table sets forth the principal payments by purpose for the outstanding debt of the Town as of June 30, 2011.

Fiscal Year	Sewer	Land Acquisition	Schools	Other Building	Architect & Engineering	Water	General	Total Outstanding
2012	\$ 149,793	\$ 635,000	\$ 2,757,000	\$ 907,778	\$ 32,222	\$ 326,861	\$ 440,000	\$ 5,248,654
2013	125,773	635,000	2,700,000	877,778	32,222	283,243	430,000	5,084,016
2014	108,943	635,000	2,630,000	872,778	32,222	258,243	430,000	4,967,186
2015	108,943	630,000	2,580,000	872,778	32,222	248,243	245,000	4,717,186
2016	45,000	625,000	2,520,000	867,778	32,222	193,243	160,000	4,443,243
2017	45,000	575,000	2,455,000	867,778	32,222	188,243	160,000	4,323,243
2018	40,000	575,000	2,390,000	867,778	32,222	150,000	160,000	4,215,000
2019	35,000	575,000	2,290,000	862,778	32,222	130,000	60,000	3,985,000
2020	35,000	565,000	2,290,000	857,778	32,222	130,000	-	3,910,000
2021	35,000	565,000	2,290,000	837,778	32,222	130,000	-	3,890,000
2022	20,000	470,000	2,290,000	699,996	30,004	125,000	-	3,635,000
2023	20,000	470,000	2,290,000	550,000	10,000	125,000	-	3,465,000
2024	20,000	470,000	1,560,000	425,000	10,000	125,000	-	2,610,000
2025	20,000	380,000	1,425,000	20,000	5,000	130,000	-	1,980,000
2026	20,000	380,000	1,420,000	-	5,000	130,000	-	1,955,000
2027	-	-	1,335,000	-	-	-	-	1,335,000
2028	-	-	555,000	-	-	-	-	555,000
2029	-	-	555,000	-	-	-	-	555,000
2030	-	-	555,000	-	-	-	-	555,000
2031	-	-	555,000	-	-	-	-	555,000
	<u>\$ 828,452</u>	<u>\$ 8,185,000</u>	<u>\$ 37,442,000</u>	<u>\$ 10,387,776</u>	<u>\$ 382,224</u>	<u>\$ 2,673,076</u>	<u>\$ 2,085,000</u>	<u>\$ 61,983,528</u>

Debt Service Requirements as of June 30, 2011, including subsequent issues.

The following table sets forth the required principal and interest payments on the outstanding general obligation bonds of the Town.

Fiscal Year	Outstanding (1)		Bonds dated July 21, 2011		MSBA Subsidy	Total Net Debt Service	Cumulative % Retired
	Principal	Interest	Principal	Interest			
2012	\$ 5,248,654	\$ 2,337,554	\$ -	\$ 76,809	\$ (589,056)	\$ 7,073,961	8.0 %
2013	5,084,016	2,180,126	317,000	101,570	(589,056)	7,093,656	16.3
2014	4,967,186	2,009,033	300,000	93,900	(589,055)	6,781,064	24.4
2015	4,717,186	1,828,889	300,000	84,900	(589,055)	6,341,920	32.1
2016	4,443,243	1,660,376	290,000	76,050	(589,055)	5,880,614	39.3
2017	4,323,243	1,489,394	290,000	67,350	(589,055)	5,580,932	46.4
2018	4,215,000	1,304,960	280,000	57,400	(589,055)	5,268,305	53.3
2019	3,985,000	1,117,050	280,000	46,200	(589,055)	4,839,195	59.8
2020	3,910,000	934,494	280,000	36,400	(589,055)	4,571,839	66.2
2021	3,890,000	769,069	230,000	28,750	(589,055)	4,328,764	72.5
2022	3,635,000	622,494	230,000	21,275	(589,055)	3,919,714	78.5
2023	3,465,000	480,344	100,000	15,750	(589,055)	3,472,039	83.9
2024	2,610,000	347,922	100,000	12,750	-	3,070,672	88.1
2025	1,980,000	258,687	100,000	9,375	-	2,348,062	91.3
2026	1,955,000	183,300	100,000	5,625	-	2,243,925	94.4
2027	1,335,000	115,500	100,000	1,875	-	1,552,375	96.6
2028	555,000	77,700	-	-	-	632,700	97.4
2029	555,000	55,500	-	-	-	610,500	98.3
2030	555,000	33,300	-	-	-	588,300	99.1
2031	555,000	11,100	-	-	-	566,100	100.0
	<u>\$ 61,983,528</u>	<u>\$ 17,816,792</u>	<u>\$ 3,297,000</u>	<u>\$ 735,979</u>	<u>\$ (7,068,662)</u>	<u>\$ 76,764,637</u>	

(1) \$40,552,000 principal and associated interest has been exempted from the limits of Proposition 2 ½.

Authorized Unissued Debt and Prospective Financing

Currently, the Town has \$1,694,567 of authorized unissued debt for the following purposes:

Middlesex Turnpike Planning	\$ 5,000
Water Mains	50,000
High School	182,567
Sewer System Expansion	2,000
Infiltration/Inflow Program	150,000
Middlesex Turnpike Water Main Replacement	425,000
Crosby Drive Water Standpipe Painting	260,000
Sewer Pump Station	170,000
Water Main Improvements	450,000
Total	<u>\$ 1,694,567</u>

Overlapping Debt

The Town of Bedford is a member of the Massachusetts Bay Transportation Authority (MBTA) and the Massachusetts Water Resources Authority (MWRA), and is one of 5 members of the Shawsheen Valley Regional Vocational-Technical School District (the "Regional School District").

The following table sets forth the outstanding bonded debt, exclusive of temporary loans in anticipation of bonds or current revenue, of the MBTA, the MWRA and the Regional School District, the Town of Bedford's share of such debt and the fiscal year 2012 dollar assessment for each.

Entity	Bonds Outstanding 6/30/11	Bedford's Estimated Share	Fiscal Year 2012 Assessments for Operations and Debt Service
Massachusetts Water Resources Authority (1) Sewer	\$ 4,004,845,000	0.670 %	\$2,951,458
Massachusetts Bay Transportation Authority (2)	5,665,346,351	0.002	\$277,523
Shawsheen Valley Regional Vocational Technical School District (3)	4,050,000	10.00	\$400,249

- (1) Source: MWRA. The MWRA provides wholesale drinking water services in whole or in part to 48 cities, towns and special purpose entities and provides wastewater collection and treatment services to 43 cities, towns and special purpose entities. Under its enabling legislation, as amended, the aggregate principal amount of all bonds issued by the MWRA for its corporate purposes may not exceed \$6.1 billion outstanding at any time. Its obligations are secured by revenues of the MWRA. The MWRA assesses member cities, towns and special purpose entities, which continue to provide direct retail water and sewer services to users. The cities, towns and other entities collect fees from the users to pay all or part of the assessments; some municipalities levy property taxes to pay part of the amounts assessed upon them.
- (2) Source: MBTA. Debt is as of June 30, 2011. Assessments for fiscal year 2012. The MBTA was created in 1964 to finance and operate mass transportation facilities within the greater Boston metropolitan area. Under its enabling act, the MBTA is authorized to issue bonds for capital purposes, other than refunding bonds, and for certain specified purposes to an outstanding amount, which does not exceed the aggregate principal amount of \$3,556,300,000. In addition, pursuant to certain of the Commonwealth's transportation bond bills, the MBTA is authorized to issue additional bonds for particular capital purposes. The MBTA also is authorized to issue bonds of the purpose of refunding bonds. Under the MBTA's enabling act debt service, as well as other operating expenses of the MBTA, are to be financed by a dedicated revenue stream consisting of the amounts assessed on the cities and towns of the MBTA and a dedicated portion of the statewide sales tax. The amount assessed to each city and town is based on its weighted percentage of the total population of the authority as provided in the enabling act. The aggregate amount of such assessments is generally not permitted to increase by more than 2.5 percent per year.
- (3) Source: The Regional School District. Assessment for fiscal year 2012. Other member communities include Billerica, Burlington, Tewksbury, and Wilmington. Towns may organize regional school districts to carry out, general or specialized educational functions. Pursuant to special laws a number of cities may also participate in regional school districts, primarily for vocational education. The operating expenses and debt service of regional school districts are apportioned among the member municipalities in accordance with the agreements establishing the districts, subject to the provisions of the Education Reform Act of 1993.

Contractual Obligations

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of its corporate powers for any period of time deemed to serve its best interest, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter into long term contractual obligations that are not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities. The Town does not have an electric department.

The Town contracts with Allied Waste Systems of Massachusetts, LLC to collect and haul its refuse to the Covanta Haverhill waste to energy plant and also to collect and market recyclables from curbside. Beginning on July 1, 2011, the Town entered into a new five year contract with Allied Waste Systems of Massachusetts, LLC which included the automated collection of refuse from standardized refuse carts. Contract costs with Allied Waste Systems of Massachusetts, LLC for fiscal years 2012 through 2015 equal \$638,117, \$644,640, \$657,533, \$670,683, and \$684,097, respectively.

The Town also participates as a member of the Massachusetts Water Resources Authority (MWRA). The Town's ten year "Water Supply Continuation Agreement" with the MWRA expires June 30, 2017. Related to this is the Town's 25 year agreement with the Town of Lexington that enables the Town of Bedford to purchase water from Lexington at MWRA prices with an additional small administration fee. A petition to the General Court to extend the latter agreement to 99 years is being pursued.

The Town began a five year contract with Covanta Haverhill, Inc. on July 1, 2010 for the disposal of its refuse. There are no longer any guaranteed annual tonnage requirements and the Town only pays for the actual tonnage of refuse delivered. The tipping fees are \$67, \$69, \$71, \$73, and \$75 per ton for Fiscal years 2011 through 2015, respectively. During fiscal year 2011, the 4,632 tons delivered yielded a total tipping fee charge of \$310,344.

Except for the above, and for the transportation of students to school, which contracts are from one to three years in length, the Town has not entered into any long term contracts of a substantial nature.

RETIREMENT PLAN

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that the payment in any year of the schedule is not less than as percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule.

Pursuant to Chapter 188 of the Acts of 2010, a system (other than the state employees' retirement system and the teachers' retirement system) which conduct an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2036, subject to certain conditions. If the schedule is so extended under such provision and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments. The Town has voted to extend payments through 2036.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Recent legislation provides that upon local acceptance and subject to certain conditions and limitations, a municipality may establish and implement an early retirement incentive program. Any plan for such program must have been submitted to PERAC by September 27, 2010. The Town submitted no such plan.

Pension benefits for substantially all Town of Bedford employees, except school teachers, are provided by the Middlesex Retirement system, a cost sharing multiple-employer public employee retirement system that acts as the investment and administrative agent for the Town. School teachers' pensions are covered by the Commonwealth of Massachusetts Teachers' Retirement System to which the Town of Bedford does not contribute. Participation is mandatory for all full-time and part-time (minimum of 18 hrs/wk) non-teaching employees whose employment commences prior to age 65.

The annual required contributions of the Town to the Middlesex Retirement System for the prior five fiscal years are as follows:

Fiscal Year	Retirement System Contribution
2011	\$ 2,837,517
2010	2,537,710
2009	2,419,498
2008	2,162,000
2007	1,927,370

As of January 1, 2010, Bedford's share of the total estimated past service liability of the system was \$62,327,742 and its assets were \$28,505,563, leaving an estimated unfunded actuarial liability of \$33,822,179.

The Town established a Pension Retirement Account to address the issue of unfunded liability. The balance in the fund was \$1,371,718 as of June 30, 2011.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

Other Post Employment Benefits

The Town established a Health Claims Fund to account for funds accumulated for health insurance costs related to the Medicare Supplement Plan for retirees. The balance in the account as of June 30, 2011 was \$534,848.

In addition to pension benefits, cities and towns may provide retired employees health care and life insurance benefits. The portion of the cost of such benefits paid by cities and towns is generally provided on a pay-as-you-go basis.

The Governmental Accounting Standards Board ("GASB") recently promulgated its Statement Nos. 43 and 45, which will for the first time require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These new accounting standards do not require pre-funding the payment of these costs as the liability for such costs accrues, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if the cost of such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. In addition, cities and towns may establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

The Town received special enabling legislation and created a separate fund, the Post Retirement Benefit Liability Fund to deal with the post retirement benefit liability. The balance in this account was \$2,289,090 as of June 30, 2011. In January, 2009 the Town updated its actuarial study for both past service liability and post retirement benefits liability. The

Town's Unfunded Accrued Actuarial Liability ('UAAL') is approximately \$71,272,434 and the Town's pay as you go contribution is \$5,052,276. The Town will continue to update its actuarial study for both past service liability and post retirement benefit liability. The Town continues to take the appropriate steps to address this unfunded liability.

EMPLOYEE RELATIONS

City and town employees (other than managerial and confidential employees) are entitled to join collective bargaining units. Contracts are negotiated around issues of wages, hours and other terms and conditions of employment.

The Town has approximately 714 full and part-time permanent employees of whom approximately 64% belong to unions or other collective bargaining groups as follows:

<u>Title of Union Contract</u>	<u>Department</u>	<u>No. of Union Members</u>	<u>Contract Expiration Date (1)</u>
Bedford Police Officers Association	Police	18	6/30/2011
Bedford Permanent Firefighters	Fire	26	6/30/2013
Bedford Public Health Nurses	Public Health	5	6/30/2012
American Federation of State, County and Municipal Employees	Public Works	27	6/30/2011
Bedford Education Association	School	239	6/30/2014
Bedford Custodian Association	School	24	6/30/2012
Bedford School Secretaries Association	School	18	6/30/2012
Bedford School Cafeteria Employees	School	20	6/30/2012
Bedford Teaching Assistants	School	41	6/30/2011
Bedford Education Aides	School	21	6/30/2011
Bedford Emergency Communication Officers	Police	10	6/30/2011
Bedford Police Supervisors Association	Police	9	6/30/2012
		<u>458</u>	

(1) Expired contracts are currently in negotiations.

LITIGATION

At present there are various cases pending in various courts throughout the Commonwealth where the Town of Bedford is a defendant. In the opinion of the Town, none of the pending litigation is likely to result, either individually or in the aggregate, in final judgments against the Town that would materially affect its financial position or its ability to pay its obligations.

TOWN OF BEDFORD, MASSACHUSETTS
/s/ Mr. Victor Garofalo
Town Treasurer

January 11, 2012

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



FOR THE FISCAL YEAR ENDED JUNE 30, 2011

TOWN OF BEDFORD, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011



Prepared by:
Finance Department

TOWN OF BEDFORD, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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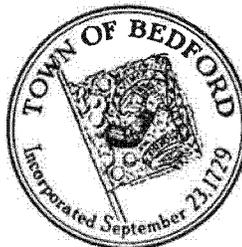
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Introductory Section

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



Fire Department



FINANCE DEPARTMENT

Town Hall
10 Mudge Way
Bedford, MA 01730-2144
Phone 781-275-2218
Fax 781-275-9356

Letter of Transmittal

November 30, 2011

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, 2011 for your review.

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

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

The Town of Bedford's financial statements have been audited by Sullivan, Rogers & Company, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Bedford for the fiscal year ended June 30, 2011, 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, 2011, and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the Town

Bedford was incorporated as a Town in 1729. The Town is located in eastern Massachusetts, approximately 15 miles northwest of Boston, has a population of 13,320 (2010 US Census) and a land area of approximately 13.8 square miles. It is situated near the junction of Route 128 and Route 3 to New Hampshire, which provides an excellent location for residents, businesses and commuters.

Evolving from an early 17th century colonial trading post, the Town today blends a strong sense of history, a rural small-town flavor and a progressive approach to encouraging high technology and commercial development. The Town's government has received the Massachusetts Municipal Association Pickard Innovation Award on several occasions. In addition, in 2009 the Town received the International City/County Management Associations Program Excellence Award for strategic leadership and governance in recognition of affordable housing development efforts.

In the southern part of Bedford, in the area of the contiguous Towns of Concord, Lexington and Lincoln, is Hanscom Air Force Base, a leading research facility in electronic systems and catalyst to many related private firms in the region. The Town has attracted industry since Hanscom was established in the 1940's. Adjacent to the Base is Massport's Hanscom Field which is utilized by corporate aviation, private pilots, flight schools, some charters and light cargo carriers. Due to the airfield and its proximity to a major technology highway, Route 128, Bedford has developed into a research and high technology location with clusters of highly specialized, interrelated companies.

Quality of life is paramount and education is a top priority. Bedford is known throughout the state for its high quality school system; Bedford students consistently score in the top percentiles on national and state tests and an extremely high percentage of students graduating from the high school go on to higher education. Bedford's citizens rated the quality of the Town's services very highly when responding to the National Citizens Survey in 2009. Also, this year Bedford received for the fourth time, an award by America's Promise Alliance as one of the 100 Best Communities for Young people in the nation. The Town is the location of Middlesex Community College, the Bedford Veterans Administration Medical Center, several national historic landmarks, a swimming pond and lake, a bike path to the outskirts of the City of Boston and beautiful open spaces, consisting of public garden plots, a Town forest, active and passive conservation areas and recreation land.

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

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

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

demonstrated by the annual water and sewer rate setting process. Also, the Town, anticipating revenue downturns, created substantial reserve accounts to deal with such circumstances; if reserves are utilized, they are planned to be replenished at future Town Meetings. The Town is utilizing a portion of its property tax levy for fiscal year 2012 to continue funding its Other Postemployment Benefits (OPEB) liability, as it has been doing since fiscal year 2000.

Factors Affecting Economic Condition

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

The Town continues to maintain a strong commercial and industrial tax base; in fiscal year 2011, commercial and industrial property revenue represented approximately 30% of the Town's total tax levy capacity. The Town has several geographical advantages for commercial uses, which increase the probability of future commercial development. In order to maximize the economic and environmental benefits from the development of its remaining commercial land, the Town continues to be very proactive and certainly welcomes supports and guides the location of desirable uses into the community.

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

The Town was the first community in the state to adopt the Community Preservation Act, which allows for a 3% surcharge on real estate bills and is also matched by the state. Since its passage in fiscal year 2002, the Town has collected approximately \$17.5 million from a 3% surcharge on property and from corresponding annual State matches. Appropriations from this program continue to be approved annually at either Annual or Special Town Meetings and they have provided funding for many projects in the areas of housing, recreation, open space and other land acquisition, as well as, historic preservation. This continual reaffirmation of a 3% surcharge, in an era of economic uncertainty, means that the citizens remain committed to the viability of this program.

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

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

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

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

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

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

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its Comprehensive Annual Financial Report (CAFR) for the fiscal years ended June 30, 2004 through June 30, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

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

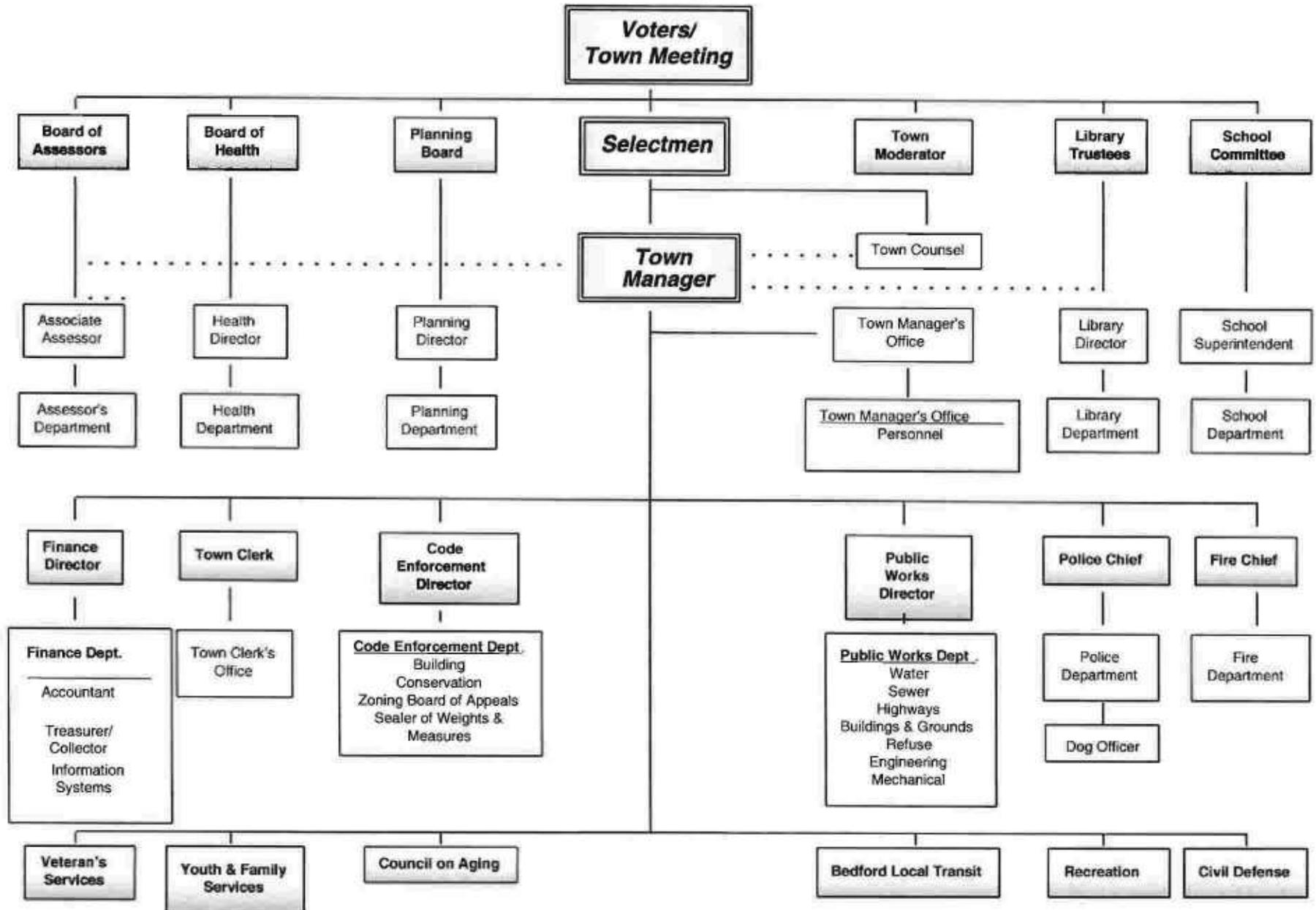
The preparation of this report would not have been possible without the efficient and dedicated services of the Town Accountant, the Information Systems Manager and the rest of the staff of the Finance Department. We would like to also express our appreciation to all the members of the departments who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

Respectfully submitted,



Victor Garofalo
Acting Finance Director and Treasurer/Collector

Town of Bedford Organization Chart



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

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Bedford
Massachusetts

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



Linda C. Davison

President

Jeffrey R. Emer

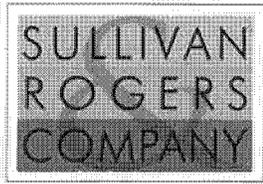
Executive Director

Financial Section

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



Davis School



Certified Public Accountants

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Independent Auditors' Report

To the Honorable Selectmen
Town of Bedford, Massachusetts

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Bedford, Massachusetts, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of 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, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As more fully described in Note 1C, the Town implemented Governmental Accounting Standards Board Statement #54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2011 on our consideration of the Town of Bedford, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (located on pages 13 through 22) and budgetary comparison and certain pension and other post employment benefits information (located on pages 62 through 67) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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



November 30, 2011

Management's Discussion and Analysis

As management of the Town of Bedford Massachusetts (Town), we offer readers of these financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2011

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$139,685,013 (net assets). Of this amount, \$3,201,170 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net assets decreased \$4,500,169.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$5,872,381, or 7.8% of total general fund expenditures and transfers out.
- The Town's total bonded debt increased \$4,886,346 during the fiscal year. The Town issued \$9,099,000 of new debt and retired \$4,212,654 of existing debt during the fiscal year.

Overview of the Financial Statements

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

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

This report also contains required supplementary and other information in addition to the basic financial statements.

Government-wide financial statements

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

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

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

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

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

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into the following categories and are described below:

1. Governmental funds
2. Fiduciary funds

Governmental Funds

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

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

The Town maintains 16 individual governmental funds. Information is presented separately in the governmental funds financial statements for the general, sewer (special revenue), high school (capital projects) and community preservation (special revenue) funds, each of which are considered to be major funds. Data from the other 12 governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on pages 71-74 of this report.

The basic governmental funds financial statements can be found on pages 27-33 of this report.

Fiduciary Funds

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

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

The basic fiduciary funds financial statements can be found at pages 34-35 of this report.

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36-60 of this report.

Required supplementary and other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Presented in this information is the budget comparison for the general fund and certain pension information, which can be found on pages 62-67 of this report.

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

Government-Wide Financial Analysis

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

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Town's assets exceeded liabilities by \$139,685,013 at the close of the fiscal year and are summarized as follows:

	<i>Governmental Activities</i>	
	<u>2011</u>	<u>2010</u>
Assets		
Current assets.....	\$ 45,853,818	\$ 45,495,021
Noncurrent assets (excluding capital assets).....	5,796,396	6,264,685
Capital assets (net).....	<u>173,745,144</u>	<u>171,094,460</u>
 Total assets.....	 <u>225,395,358</u>	 <u>222,854,166</u>
Liabilities		
Current liabilities (excluding debt).....	9,835,102	8,772,098
Noncurrent liabilities (excluding debt).....	11,127,213	7,181,502
Current debt.....	5,249,154	7,066,854
Noncurrent debt.....	<u>59,498,876</u>	<u>55,648,530</u>
 Total liabilities.....	 <u>85,710,345</u>	 <u>78,668,984</u>
Net Assets		
Invested in capital assets (net of related debt).....	111,652,348	110,394,909
Restricted.....	24,831,495	22,707,425
Unrestricted.....	<u>3,201,170</u>	<u>11,082,848</u>
 Total net assets.....	 <u>\$ 139,685,013</u>	 <u>\$ 144,185,182</u>

The largest portion of the Town's net assets (79.9%) reflects its investment in capital assets (e.g., land, construction in progress, buildings and improvements, machinery and equipment, vehicles and infrastructure) less any related outstanding debt used to acquire those assets. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net assets (17.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (2.3% or \$3,201,170) may be used to meet the Town's ongoing obligations to citizens and creditors.

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

Changes in Net Assets

The following table summarizes the Town's changes in net assets for the fiscal years ended June 30, 2010 and June 30, 2011:

	<i>Governmental Activities</i>	
	<u>2011</u>	<u>2010</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services.....	\$ 10,145,054	\$ 10,650,505
Operating grants and contributions.....	15,826,959	19,221,263
Capital grants and contributions.....	1,213,250	(862,002)
<i>General Revenues:</i>		
Real estate and personal property taxes.....	49,624,988	45,092,458
Motor vehicle and other excise taxes.....	2,750,434	2,301,301
Penalties and interest on taxes.....	203,424	216,645
Payments in lieu of taxes.....	1,411,786	1,418,587
Community preservation surcharges.....	1,198,170	1,137,326
Grants and contributions not restricted to specific programs.....	1,584,480	1,699,813
Unrestricted investment income.....	369,444	635,650
Total revenues.....	<u>84,327,989</u>	<u>81,511,546</u>
Expenses		
General government.....	5,842,948	5,455,197
Public safety.....	9,619,842	9,462,746
Education.....	50,437,739	48,754,787
Public works.....	7,626,015	6,354,053
Water.....	2,436,795	2,367,437
Sewer.....	4,806,486	4,632,268
Health and human services.....	1,913,171	1,817,572
Culture and recreation.....	3,685,857	3,528,722
Interest.....	2,459,305	2,784,521
Total expenses.....	<u>88,828,158</u>	<u>85,157,303</u>
Change in net assets.....	(4,500,169)	(3,645,757)
Net assets - beginning of year.....	<u>144,185,182</u>	<u>147,830,939</u>
Net assets - end of year.....	<u>\$ 139,685,013</u>	<u>\$ 144,185,182</u>

Governmental activities decreased the Town's net assets by \$4,500,169, compared to a decrease of \$3,645,757 in the prior fiscal year. The key element of this change is an increase in depreciation of approximately \$1,500,000, mainly resulting from the first full year of depreciation on the recently completed high school construction project.

Fund Financial Statement Analysis

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

Governmental funds

The focus of governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the Town's financing requirements.

At the end of the current fiscal year, the governmental funds reported combined ending fund balances totaling \$33,606,363, an increase of \$2,988,364 in comparison with the prior year. Approximately 17.5% of this amount (\$5,872,381) represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Nonspendable (\$446,888)
- Restricted (\$21,965,529)
- Committed (\$3,971,248)
- Assigned (\$1,350,317)

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund totaled \$5,872,381, while total fund balance was \$15,248,069. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers out. Unassigned fund balance represents 7.8% of total general fund expenditures and transfers out, while total fund balance represents 20.3% of that same amount.

The fund balance of the general fund balance increased \$1,195,661 during the current fiscal year. Although the Town recognized a positive budget to actual variance totaling approximately \$4,950,000 (excluding amounts carried forward to next year), approximately \$4,419,000 of reserves were used to fund the fiscal year 2011 budget. In addition, the net decrease in recording tax refunds payable totaled approximately \$505,000.

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

The fund balance of the sewer fund (special revenue) increased \$649,857 during the current fiscal year. The fund recognized \$4,549,857 in charges for services and transferred \$3,900,000 to the general fund.

The fund balance of the high school fund (capital projects) decreased \$273,111 during the current fiscal year as a result of expenditures incurred.

The fund balance of the community preservation funds (special revenue) increased \$206,229 during the current fiscal year. The fund recognized \$1,217,777 in community preservation surcharges, \$395,600 in intergovernmental revenue, \$2,386 in other revenue and \$24,189 in investment income. The fund incurred expenditures of \$7,283,888, mainly relating to land acquisition. The fund also recognized bond proceeds of \$6,335,000. The fund transferred \$484,835 to the general fund for debt service.

Financial summary

- Real estate and personal property tax revenue continues to be the most significant revenue source for the Town, comprising 77% 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 2011, additional taxes were collected outside Proposition 2 ½ for debt payments related to school, public works, public safety, and library building projects and additions.
- Intergovernmental revenue represents 8% of total general fund budgetary basis revenues. This excludes \$5.2 million in on-behalf payments made by the State to the Massachusetts Teachers' Retirement Association for teachers' pension benefits.
- Motor vehicle and other excise tax revenue continued to be a strong source of revenue. Motor vehicle and other excise tax revenues represent 4% of the total general fund budgetary basis revenues.
- Education continues to represent the largest category of general fund budgetary basis expenditures (46%). The Town is committed to providing a high-quality education through its public schools.
- Public Safety and Public Works represent a combined 23% of general fund budgetary basis expenditures. This reflects the Town's commitment to providing a safe, secure environment and essential public services.
- Debt service costs in fiscal year 2011 were 9% of total general fund budgetary basis expenditures, which is consistent with the prior fiscal year.
- Employee benefits equal 9% of total general fund budgetary basis expenditures in fiscal year 2011, reflecting high health insurance costs experienced throughout the state and region.

General Fund Budgetary Highlights

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

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

The original general fund budget of \$74,520,009 was decreased by \$659,292 (0.9%) during the fiscal year. The following table summarizes the net decrease:

<u>Purpose of Increase/(Decrease)</u>	<u>Amount</u>	<u>Funding Source</u>
Transfer to bond premium stabilization.....	\$ 518,720	Tax levy
Debt service - interest.....	164,813	Community preservation funds
Debt service - interest.....	28,044	Bond premium stabilization fund
Debt service - interest.....	(28,044)	Unassigned fund balance
Debt service - interest.....	(616,768)	Tax levy
Debt service - principal.....	<u>(726,057)</u>	Tax levy
 Total net decrease.....	 \$ <u>(659,292)</u>	

Actual revenues exceeded budgeted revenues by approximately \$1,826,000. The primary factors are actual motor vehicle and other excise taxes and departmental and other revenues exceeded budgetary estimates by approximately \$422,000 and \$726,000, respectively.

Actual general fund expenditures (including amounts carried forward to next year) were lower than the final budget by approximately \$1.0 million. This appropriation variance was mainly comprised of the reserve appropriations and insurance and benefits.

Overall, the Town’s operating results, on a budgetary basis, performed better than planned while at the same time achieving a balance between the need for municipal services with the costs of providing these services. Actual expenditures and amounts carried forward to next year were lower than anticipated by 1.4%.

The Town remains committed to conservative budgets, tight management controls, and to maintaining reserves, particularly the stabilization, bond premium stabilization, pension benefits and other post employment benefits funds (approximately \$6.6 million at year end). As in the past, if reserves are used, there is a planned replenishment program that is implemented.

Capital Asset and Debt Administration

Capital Assets

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

The Town defines capital projects using the following guidelines:

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

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

The Town's investment in capital assets for its governmental activities at the end of the fiscal year totaled \$173,745,144 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, vehicles and infrastructure. The total increase in the investment in capital assets for the current fiscal year totaled \$2,650,684.

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

- Land acquisitions and donations of approximately \$6.0 million
- Construction in progress (mainly Town Center restoration) of approximately \$1.9 million
- Infrastructure improvements (roads, water, sewer, etc.) of approximately \$1.8 million

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

	<i>Governmental Activities</i>	
	<u>2011</u>	<u>2010</u>
Land.....	\$ 30,189,715	\$ 24,186,615
Buildings.....	97,385,552	102,003,977
Machinery and equipment.....	883,813	893,410
Vehicles.....	2,410,938	2,439,937
Infrastructure.....	40,451,621	40,700,338
Construction in progress.....	<u>2,423,505</u>	<u>870,183</u>
Total capital assets.....	<u>\$ 173,745,144</u>	<u>\$ 171,094,460</u>

Additional information on the Town's capital assets can be found in Note 5 on page 49 of this report.

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$64,747,530, which is backed by the full faith and credit of the Town, and is summarized as follows:

	<i>Governmental Activities</i>	
	<u>2011</u>	<u>2010</u>
General obligation bonds - school construction.....	\$ 35,507,000	\$ 37,252,000
General obligation bonds - public works.....	12,956,000	11,399,000
General obligation bonds - refunding.....	2,205,000	2,775,000
General obligation bonds - land acquisition.....	7,125,000	2,315,000
General obligation bonds - Town Center.....	3,435,000	2,250,000
General obligation bonds - other.....	2,897,000	3,045,000
MWRA notes.....	<u>622,530</u>	<u>825,184</u>
 Total bonds and notes.....	 <u>\$ 64,747,530</u>	 <u>\$ 59,861,184</u>

The Town's total bonded debt increased by \$4,886,346 (8.2%) during the current fiscal year. During the fiscal year, the Town issued long-term debt totaling \$9,099,000 for land acquisition, infrastructure, building improvements and vehicles.

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

The Town received a AAA rating from Standard & Poor's for its most recent issuance of long-term debt on July 21, 2011.

Additional information on the Town's long-term debt can be found in Note 10 on pages 52-54 of this report.

Requests for Information

This financial report is designed to provide a general overview of the Town of Bedford's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Town Hall, 10 Mudge Way, Bedford, Massachusetts 01730.

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Basic Financial Statements

STATEMENT OF NET ASSETS

JUNE 30, 2011

ASSETS	Governmental Activities
Current assets:	
Cash and cash equivalents.....	\$ 20,924,461
Restricted cash and cash equivalents.....	11,024,559
Investments.....	1,603,054
Restricted investments.....	7,359,750
Receivables, net of allowance for uncollectible amounts:	
Real estate and personal property taxes.....	589,352
Tax liens.....	151,068
Motor vehicle and other excise taxes.....	143,055
User fees.....	3,123,607
Departmental and other.....	160,381
Intergovernmental.....	774,531
Total current assets.....	<u>45,853,818</u>
Noncurrent assets:	
Receivables, net of allowance for uncollectible amounts:	
Intergovernmental.....	5,742,627
Tax foreclosures.....	53,769
Capital assets not being depreciated.....	32,613,220
Capital assets, net of accumulated depreciation.....	141,131,924
Total noncurrent assets.....	<u>179,541,540</u>
Total assets.....	<u>225,395,358</u>
LIABILITIES	
Current liabilities:	
Warrants payable.....	2,172,665
Accrued payroll.....	2,278,554
Tax refunds payable.....	1,191,167
Other liabilities.....	1,529,500
Abandoned property.....	641,043
Accrued interest.....	829,196
Accrued health claims payable.....	154,972
Compensated absences.....	1,038,005
Short-term notes payable.....	500
Long-term bonds and notes payable.....	5,248,654
Total current liabilities.....	<u>15,084,256</u>
Noncurrent liabilities:	
Compensated absences.....	535,017
Net OPEB obligation.....	10,592,196
Long-term bonds and notes payable.....	59,498,876
Total noncurrent liabilities.....	<u>70,626,089</u>
Total liabilities.....	<u>85,710,345</u>
NET ASSETS	
Invested in capital assets, net of related debt.....	111,652,348
Restricted for:	
Capital purposes.....	2,655,234
Employee benefits.....	4,054,123
Sewer.....	8,184,402
Community preservation.....	4,111,728
Affordable housing.....	517,848
Permanent funds:	
Expendable.....	358,146
Nonexpendable.....	446,888
Grants and gifts.....	2,079,023
Other specific purposes.....	2,424,103
Unrestricted.....	3,201,170
Total net assets.....	<u>\$ 139,685,013</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government.....	\$ 5,842,948	\$ 522,224	\$ 1,001,658	\$ 542,800	\$ (3,776,266)
Public safety.....	9,619,842	1,444,647	223,835	-	(7,951,360)
Education.....	50,437,739	236,160	11,845,414	119,403	(38,236,762)
Public works.....	7,626,015	66,259	768	549,177	(7,009,811)
Water.....	2,436,795	2,973,488	-	-	536,693
Sewer.....	4,806,486	4,275,156	-	-	(531,330)
Health and human services.....	1,913,171	81,726	258,368	-	(1,573,077)
Culture and recreation.....	3,685,857	545,394	1,094,576	1,870	(2,044,017)
Debt service - interest.....	2,459,305	-	1,402,340	-	(1,056,965)
Total governmental activities....	88,828,158	10,145,054	15,826,959	1,213,250	(61,642,895)
<i>General revenues:</i>					
					49,624,988
Real estate, personal property taxes and tax liens.....					2,750,434
Motor vehicle and other excise taxes.....					203,424
Penalties and interest on taxes.....					1,411,786
Payments in lieu of taxes.....					1,198,170
Community preservation surcharges.....					1,584,480
Grants and contributions not restricted to specific programs.....					369,444
Unrestricted investment income.....					
Total general revenues.....					57,142,726
					(4,500,169)
Change in net assets.....					
Net assets - beginning of year.....					144,185,182
Net assets - end of year.....					\$ 139,685,013

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2011

ASSETS	General	Sewer	High School
Cash and cash equivalents.....	\$ 14,651,544	\$ 6,272,917	\$ -
Investments.....	1,603,054	-	-
Receivables, net of allowance for uncollectible amounts:			
Real estate and personal property taxes.....	589,352	-	-
Tax liens.....	151,068	-	-
Motor vehicle and other excise taxes.....	143,055	-	-
User fees.....	1,245,073	1,878,534	-
Departmental and other.....	110,323	32,951	-
Intergovernmental.....	6,264,685	-	-
Tax foreclosures.....	53,769	-	-
Restricted assets:			
Cash and cash equivalents.....	177,324	-	160,446
Investments.....	5,368,152	-	-
TOTAL ASSETS.....	\$ 30,357,399	\$ 8,184,402	\$ 160,446
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Warrants payable.....	\$ 1,242,111	\$ -	\$ 247
Accrued payroll.....	2,203,680	-	-
Tax refunds payable.....	1,191,167	-	-
Other liabilities.....	1,529,500	-	-
Abandoned property.....	641,043	-	-
Deferred revenue.....	8,110,710	1,911,486	-
Accrued short-term interest.....	36,147	-	-
Accrued health claims payable.....	154,972	-	-
Short-term notes payable.....	-	-	-
TOTAL LIABILITIES.....	15,109,330	1,911,486	247
FUND BALANCES:			
Nonspendable.....	-	-	-
Restricted.....	4,054,123	6,272,916	160,199
Committed.....	3,971,248	-	-
Assigned.....	1,350,317	-	-
Unassigned.....	5,872,381	-	-
TOTAL FUND BALANCES.....	15,248,069	6,272,916	160,199
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 30,357,399	\$ 8,184,402	\$ 160,446

See notes to basic financial statements.

Community Preservation Funds	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 20,924,461
-	-	1,603,054
-	-	589,352
-	-	151,068
-	-	143,055
-	-	3,123,607
17,107	-	160,381
-	252,473	6,517,158
-	-	53,769
4,244,026	6,442,763	11,024,559
-	1,991,598	7,359,750
<u>\$ 4,261,133</u>	<u>\$ 8,686,834</u>	<u>\$ 51,650,214</u>

\$ 149,405	\$ 780,902	\$ 2,172,665
-	74,874	2,278,554
-	-	1,191,167
-	-	1,529,500
-	-	641,043
17,107	-	10,039,303
-	-	36,147
-	-	154,972
-	500	500
<u>166,512</u>	<u>856,276</u>	<u>18,043,851</u>
-	446,888	446,888
4,094,621	7,383,670	21,965,529
-	-	3,971,248
-	-	1,350,317
-	-	5,872,381
<u>4,094,621</u>	<u>7,830,558</u>	<u>33,606,363</u>
<u>\$ 4,261,133</u>	<u>\$ 8,686,834</u>	<u>\$ 51,650,214</u>

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

JUNE 30, 2011

Total governmental fund balances (page 28).....	\$	33,606,363
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		173,745,144
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.....		10,039,303
In the statement of net assets, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due.....		(793,049)
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.....		(64,747,530)
Compensated absences.....		(1,573,022)
Net OPEB obligation.....		<u>(10,592,196)</u>
Net assets of governmental activities (page 25).....	\$	<u><u>139,685,013</u></u>

See notes to basic financial statements.

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GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General	Sewer	High School
REVENUES			
Real estate and personal property taxes.....	\$ 49,839,603	\$ -	\$ -
Motor vehicle and other excise taxes.....	2,714,614	-	-
Payments in lieu of taxes.....	1,411,786	-	-
Community preservation surcharges.....	-	-	-
Charges for services.....	2,824,082	4,549,857	-
Intergovernmental	10,434,419	-	-
Penalties and interest on taxes.....	203,424	-	-
Departmental and other.....	2,230,575	-	-
Contributions.....	-	-	-
Investment income.....	298,990	-	-
TOTAL REVENUES.....	69,957,493	4,549,857	-
EXPENDITURES			
Current:			
General government.....	3,304,331	-	-
Public safety.....	5,784,431	-	-
Education.....	32,385,594	-	273,111
Public works.....	5,141,199	-	-
Water.....	1,729,748	-	-
Sewer.....	592,193	-	-
MWRA assessment.....	2,872,130	-	-
Health and human services.....	1,127,813	-	-
Culture and recreation.....	1,293,367	-	-
Pension benefits.....	7,848,654	-	-
Employee benefits.....	6,113,999	-	-
State and county charges.....	310,540	-	-
Debt service:			
Principal.....	4,212,654	-	-
Interest.....	2,226,673	-	-
TOTAL EXPENDITURES.....	74,943,326	-	273,111
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(4,985,833)	4,549,857	(273,111)
OTHER FINANCING SOURCES (USES)			
Transfers in.....	4,846,152	-	-
Issuance of bonds and notes.....	-	-	-
Premium from issuance of bonds and notes.....	1,335,342	-	-
Transfers out.....	-	(3,900,000)	-
TOTAL OTHER FINANCING SOURCES (USES).....	6,181,494	(3,900,000)	-
NET CHANGE IN FUND BALANCES.....	1,195,661	649,857	(273,111)
FUND BALANCES AT BEGINNING OF YEAR (AS RECLASSIFIED).....	14,052,408	5,623,059	433,310
FUND BALANCES AT END OF YEAR.....	\$ 15,248,069	\$ 6,272,916	\$ 160,199

See notes to basic financial statements.

Community Preservation Funds	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 49,839,603
-	-	2,714,614
-	-	1,411,786
1,217,777	-	1,217,777
-	-	7,373,939
395,600	3,888,215	14,718,234
2,386	-	205,810
-	3,530,676	5,761,251
-	256,586	256,586
24,189	46,265	369,444
<u>1,639,952</u>	<u>7,721,742</u>	<u>83,869,044</u>
7,283,888	716,595	11,304,814
-	1,009,779	6,794,210
-	3,198,755	35,857,460
-	1,510,077	6,651,276
-	259,593	1,989,341
-	466,016	1,058,209
-	-	2,872,130
-	35,546	1,163,359
-	1,618,336	2,911,703
-	-	7,848,654
-	-	6,113,999
-	-	310,540
-	-	4,212,654
-	-	<u>2,226,673</u>
<u>7,283,888</u>	<u>8,814,697</u>	<u>91,315,022</u>
<u>(5,643,936)</u>	<u>(1,092,955)</u>	<u>(7,445,978)</u>
-	-	4,846,152
6,335,000	2,764,000	9,099,000
-	-	1,335,342
<u>(484,835)</u>	<u>(461,317)</u>	<u>(4,846,152)</u>
<u>5,850,165</u>	<u>2,302,683</u>	<u>10,434,342</u>
206,229	1,209,728	2,988,364
<u>3,888,392</u>	<u>6,620,830</u>	<u>30,617,999</u>
<u>\$ 4,094,621</u>	<u>\$ 7,830,558</u>	<u>\$ 33,606,363</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds (page 32).....	\$	2,988,364
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts represent the related activity of the current period.</p>		
Capital outlays.....		10,280,907
Depreciation.....		(7,777,423)
<p>Contributed capital assets are reported in the statement of activities as capital contributions but are not reported in the governmental funds.....</p>		
		147,200
<p>Revenues in the statement of activities that do not provide current financial resources are fully deferred in the statement of revenues, expenditures and changes in fund balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....</p>		
		(1,023,598)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts represent the related activity of the current period.</p>		
Issuance of debt.....		(9,099,000)
Bond maturities.....		4,212,654
<p>Some expenses reported in the statement activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes:</p>		
Accrued interest on long-term debt.....		(232,632)
Compensated absences.....		(95,017)
Net OPEB obligation.....		(3,901,624)
		(4,500,169)
Changes in net assets of governmental activities (page 26).....	\$	(4,500,169)

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2011

ASSETS	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and cash equivalents.....	\$ 10,987	\$ 660,906
Investments.....	<u>60,443</u>	<u>-</u>
Total assets.....	<u>71,430</u>	<u>660,906</u>
 LIABILITIES		
Liabilities due depositors.....	<u>-</u>	<u>660,906</u>
 NET ASSETS		
Held in trust for other purposes.....	<u>\$ 71,430</u>	<u>\$ -</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Net investment income:	
Interest.....	\$ <u>2,050</u>
DEDUCTIONS	
Charitable gifts.....	<u>1,880</u>
CHANGE IN NET ASSETS.....	170
NET ASSETS AT BEGINNING OF YEAR.....	<u>71,260</u>
NET ASSETS AT END OF YEAR.....	\$ <u><u>71,430</u></u>

See notes to basic financial statements.

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

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

B. Reporting Entity

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

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

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

C. Implementation of New Accounting Principles

For the year ending June 30, 2011, the Town implemented the following pronouncements issued by the GASB:

- GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*
- GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*
- GASB Statement No. 59, *Financial Instruments Omnibus*

GASB Statement No. 54 established standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Additionally, the definitions of the general fund, special revenue fund, capital projects fund, debt service fund, and permanent fund types are clarified by the provisions in this Statement.

The implementation of GASB Statement No. 57 and Statement No. 59 had no reporting impact for the Town.

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

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

Fund Financial Statements

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

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

Government-Wide and Fund Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

The *general fund* is used to account for and report all financial resources not accounted for and reported in another fund.

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

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

The *community preservation fund* is used to account for the 3% local real estate tax surcharge on nonexempt property (and matching state trust fund distribution) that can be used for open space, historic resource and affordable housing purposes. Property exempt from the surcharge consists of the first \$100,000 of all residential property and also property owned by low income or seniors with a low or moderate income as defined by Massachusetts Department of Revenue (DOR) guidelines. Disbursements from this fund must originate from the Community Preservation Committee and be approved by Town Meeting.

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

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

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

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

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

The following fiduciary fund types are reported:

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

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

F. Deposits and Investments

Government-Wide and Fund Financial Statements

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

Investments are carried at fair value.

G. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate Taxes, Personal Property Taxes and Tax Liens

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

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

Motor Vehicle Excise Taxes

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

User Fees

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

Departmental and Other

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

Intergovernmental

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

H. Allowance for Uncollectible Amounts

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

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

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

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

Intergovernmental receivables are considered 100% collectible.

I. 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.

J. Restricted Assets

Government-Wide and Fund Financial Statements

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

K. Capital Assets

Government-Wide Financial Statements

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

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

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

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

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

Governmental Fund Financial Statements

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

L. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

M. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

N. Deferred Revenue

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

*O. Net Assets and Fund Balances*Government-Wide Financial Statements and Proprietary Fund Financial Statements (Net Assets)

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

Net assets have been "restricted" for the following:

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

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

"Sewer" represents amounts restricted for sewer operations.

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

"Affordable housing" represents amounts restricted for affordable housing efforts.

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

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

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

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

Governmental Funds Financial Statements (Fund Balances)

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

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

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

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

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

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

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

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

P. Long-term Debt

Government-Wide Financial Statements

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

Governmental Funds Financial Statements

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

Q. 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).

R. Compensated Absences

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

Government-Wide Financial Statements

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

Governmental Funds Financial Statements

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

S. Post Retirement Benefits

Government-Wide and Fund Financial Statements

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

T. 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.

U. Total Column

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original fiscal year 2011 approved budget for the general fund authorized \$74,520,009 in appropriations. During fiscal year 2011, a reduction in appropriations totaling \$659,292 were authorized.

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

B. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2011, expenditures and amounts carried forward exceeded appropriations for snow and ice removal and state and county charges. The snow and ice removal over-expenditure will be funded by taxes and/or available funds during fiscal year 2012.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town's deposits may not be recovered. The Town does not have a policy for custodial credit risk of deposits. The Town utilizes Veribanc services to monitor its cash and investment accounts on a quarterly basis. As of June 30, 2011, \$15,591,533 of the Town's bank balance of \$24,403,454 was uninsured and uncollateralized.

Investments Summary

The Town's investments at June 30, 2011 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
<u>Debt Securities:</u>					
U.S. Agencies.....	\$ 1,061,305	\$ -	\$ 1,061,305	\$ -	\$ -
Corporate bonds.....	268,095	-	-	-	268,095
Money market mutual funds....	585,084	585,084	-	-	-
Certificates of deposit.....	9,404,312	3,905,021	4,611,863	887,428	-
External investment pools.....	4,736,202	4,736,202	-	-	-
Total debt securities.....	16,054,998	\$ 9,226,307	\$ 5,673,168	\$ 887,428	\$ 268,095
<u>Other Investments:</u>					
Equity securities.....	1,153,709				
Total investments.....	\$ 17,208,707				

Investments - Interest Rate Risk of Debt Securities

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

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. The Town does not have a policy for custodial credit risk of investments. As of June 30, 2011, the Town was not exposed to custodial credit risk.

Investments - Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The Town does not have a policy for credit risk of debt securities. As of June 30, 2011, the credit quality ratings of the Town's investments in debt securities are as follows:

Investment Type	Fair Value	Quality Ratings *		
		AA+	A	Unrated
Corporate bonds.....	\$ 268,095	\$ 163,455	\$ 104,640	\$ -
Money market mutual funds.....	585,084	-	-	585,084
Certificates of deposit.....	9,404,312	-	-	9,404,312
External investment pools.....	4,736,202	-	-	4,736,202
Total.....	\$ 14,993,693	\$ 163,455	\$ 104,640	\$ 14,725,598

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

Deposits and Investments - Foreign Currency Risk

Foreign currency risk is the risk that fluctuations in exchange rates will adversely affect the fair value of an investment or a deposit. The Town does not have a policy for foreign currency risk. As of June 30, 2011, the Town was not exposed to foreign currency risk.

Investments - Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town does not have a policy for concentration of credit risk. As of June 30, 2011, the Town was not exposed to concentration of credit risk.

NOTE 4 - ACCOUNTS RECEIVABLE

At June 30, 2011, receivables for the individual major governmental funds and nonmajor governmental and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 589,352	\$ -	\$ 589,352
Tax liens.....	151,068	-	151,068
Motor vehicle and other excise taxes.....	191,669	(48,614)	143,055
User fees.....	3,123,607	-	3,123,607
Departmental and other.....	160,381	-	160,381
Intergovernmental.....	6,517,158	-	6,517,158
	\$ 10,733,235	\$ (48,614)	\$ 10,684,621

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

<u>Receivable type:</u>	<u>General Fund</u>	<u>Sewer Fund</u>	<u>Community Preservation Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Real estate and personal property taxes.....	\$ 196,507	\$ -	\$ -	\$ -	\$ 196,507
Tax liens.....	151,068	-	-	-	151,068
Motor vehicle and other excise taxes.....	143,055	-	-	-	143,055
User fees.....	1,245,072	1,878,535	-	-	3,123,607
Departmental and other.....	110,323	32,951	17,107	-	160,381
Intergovernmental (state school construction).....	6,264,685	-	-	-	6,264,685
Total.....	<u>\$ 8,110,710</u>	<u>\$ 1,911,486</u>	<u>\$ 17,107</u>	<u>\$ -</u>	<u>\$ 10,039,303</u>

The Commonwealth has approved school construction assistance to the Town. The assistance program, which is administered by the Massachusetts School Building Authority (MSBA), provides resources for future debt service of general obligation school bonds outstanding and reimbursements of construction costs as they occur. During fiscal year 2011, \$3,549,026 of such assistance was received. \$7,068,661 will be received in future fiscal years. Of this amount, \$803,976 represents reimbursement of long-term interest costs and \$6,264,685 represents reimbursement of approved construction costs. Accordingly, a \$6,264,685 intergovernmental receivable has been reported in the governmental funds financial statements.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 24,186,615	\$ 6,003,100	\$ -	\$ 30,189,715
Construction in progress.....	870,183	1,865,822	(312,500)	2,423,505
Total capital assets not being depreciated.....	<u>25,056,798</u>	<u>7,868,922</u>	<u>(312,500)</u>	<u>32,613,220</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	134,712,868	153,707	-	134,866,575
Machinery and equipment.....	3,609,118	399,632	-	4,008,750
Vehicles.....	5,772,896	471,383	-	6,244,279
Infrastructure.....	98,530,620	1,846,963	-	100,377,583
Total capital assets being depreciated.....	<u>242,625,502</u>	<u>2,871,685</u>	<u>-</u>	<u>245,497,187</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(32,708,891)	(4,772,132)	-	(37,481,023)
Machinery and equipment.....	(2,715,708)	(409,229)	-	(3,124,937)
Vehicles.....	(3,332,959)	(500,382)	-	(3,833,341)
Infrastructure.....	(57,830,282)	(2,095,680)	-	(59,925,962)
Total accumulated depreciation.....	<u>(96,587,840)</u>	<u>(7,777,423)</u>	<u>-</u>	<u>(104,365,263)</u>
Total capital assets being depreciated, net.....	<u>146,037,662</u>	<u>(4,905,738)</u>	<u>-</u>	<u>141,131,924</u>
Total governmental activities capital assets, net.....	<u>\$ 171,094,460</u>	<u>\$ 2,963,184</u>	<u>\$ (312,500)</u>	<u>\$ 173,745,144</u>

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

Governmental Activities:	
General government.....	\$ 626,775
Public safety.....	464,691
Education.....	3,004,103
Public works.....	1,634,512
Water.....	570,609
Sewer.....	1,188,834
Culture and recreation.....	<u>287,899</u>
Total depreciation expense - governmental activities.....	<u>\$ 7,777,423</u>

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

Invested in capital assets, net of related debt, at June 30, 2011 is summarized as follows:

Capital assets, net of accumulated depreciation.....	\$	173,745,144
Less capital related debt outstanding.....		(64,748,030)
Add unspent proceeds of capital related debt.....		<u>2,655,234</u>
Invested in capital assets, net of related debt.....	\$	<u><u>111,652,348</u></u>

NOTE 7 - INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2011, are summarized as follows:

<u>Transfers Out:</u>	<u>Transfers In:</u>	
	General	
	Fund	
Sewer Fund.....	\$ 3,900,000	(1)
Community Preservation Funds.....	484,835	(2)
Nonmajor Governmental Funds.....	<u>461,317</u>	(3)
	<u>\$ 4,846,152</u>	

- (1) Represents budgeted transfer to the general fund to fund sewer operations
- (2) Represents budgeted transfer to the general fund from the community preservation fund for debt service
- (3) Represents budgeted transfers to the general fund from the impact aid fund (\$381,317) and cemetery fund (\$80,000)

NOTE 8 - SHORT-TERM FINANCING

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

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

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

Details related to the short-term debt activity for the fiscal year ended June 30, 2011, is as follows:

Governmental Funds

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2010	Increases	Decreases	Balance at June 30, 2011
BAN	High school renovation.....	07/24/09	07/22/10	1.50%	\$ 2,658,000	\$ -	\$ (2,658,000)	\$ -
BAN	Water mains.....	06/08/10	07/22/10	0.50%	104,200	-	(104,200)	-
BAN	North Road water main.....	06/08/10	07/22/10	0.50%	92,000	-	(92,000)	-
BAN	Road repair.....	07/22/10	07/22/11	1.50%	-	1,300,000	(1,300,000)	-
BAN	Water mains.....	07/22/10	07/22/11	1.50%	-	550,000	(550,000)	-
BAN	Water.....	07/22/10	07/22/11	1.50%	-	400,000	(400,000)	-
BAN	Equipment.....	07/22/10	07/22/11	1.50%	-	218,000	(218,000)	-
BAN	Water mains.....	07/22/10	07/22/11	1.50%	-	92,000	(92,000)	-
BAN	School.....	07/22/10	01/14/11	1.00%	-	1,620,000	(1,620,000)	-
BAN	Fire ambulance.....	06/08/11	07/22/11	0.50%	-	204,500	(204,000)	500
Total.....					\$ 2,854,200	\$ 4,384,500	\$ (7,238,200)	\$ 500

Subsequent Events

On July 22, 2011, the Town paid down the \$500 fire ambulance BAN from available funds.

On July 22, 2011, the Town issued \$3,297,000 of general obligation bonds. Of this amount, \$2,764,000 was used to retire BANs outstanding at June 30, 2011 for road repair, water projects and public safety vehicles. Accordingly, \$2,764,000 is recorded as a long-term debt obligation at June 30, 2011.

NOTE 9 - LONG-TERM OBLIGATIONS

The following represents a summary of the changes that occurred in long-term obligations during the fiscal year ended June 30, 2011:

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011	Current Portion
Governmental Activities:					
Compensated absences.....	\$ 1,478,005	\$ 108,499	\$ (13,482)	\$ 1,573,022	\$ 1,038,005
Long-term bonds payable....	59,036,000	9,099,000	(4,010,000)	64,125,000	5,046,000
Long-term notes payable.....	825,184	-	(202,654)	622,530	202,654
Net OPEB obligation.....	6,690,572	5,080,950	(1,179,326)	10,592,196	-
Total.....	\$ 68,029,761	\$ 14,288,449	\$ (5,405,462)	\$ 76,912,748	\$ 6,286,659

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

NOTE 10 - LONG-TERM DEBT

Chapter 44, Section 10, of the MGL authorizes indebtedness up to a limit of 5% of the equalized valuation. Details related to the outstanding indebtedness at June 30, 2011, and the debt service requirements are as follows:

Project	Interest Rate (%)	Outstanding at June 30, 2010	Additions	Reductions	Outstanding at June 30, 2011
Water Bonds-MWRA.....	0.00	\$ 87,236	\$ -	\$ (43,618)	\$ 43,618
Water Bonds-MWRA.....	0.00	60,000	-	(20,000)	40,000
Building Construction - Public Works.....	4.05	1,560,000	-	(130,000)	1,430,000
Building Construction - School.....	4.11	9,505,000	-	(735,000)	8,770,000
Land Acquisition.....	3.97	178,700	-	(17,200)	161,500
Land Acquisition.....	3.97	257,800	-	(24,550)	233,250
Land Acquisition.....	3.98	275,000	-	(25,000)	250,000
Land Acquisition.....	3.97	298,500	-	(28,250)	270,250
Engineering Services - Public Works.....	4.05	264,446	-	(22,222)	242,224
Building Construction - Public Works.....	4.05	270,554	-	(22,778)	247,776
Building Remodeling - Town Hall.....	3.30	310,000	-	(310,000)	-
Building Remodeling - Municipal.....	3.80	2,325,000	-	(175,000)	2,150,000
Land Acquisition.....	3.83	980,000	-	(70,000)	910,000
Building Construction - Public Works.....	3.82	3,395,000	-	(270,000)	3,125,000
Water Equipment.....	3.74	270,000	-	(55,000)	215,000
Water Mains.....	3.96	1,505,000	-	(95,000)	1,410,000
Water Bonds - MWRA.....	0.00	267,703	-	(38,243)	229,460
High School Renovation.....	3.90	1,845,000	-	(135,000)	1,710,000
Land Acquisition.....	3.90	325,000	-	(25,000)	300,000
Town Center Facility.....	3.92	1,735,000	-	(125,000)	1,610,000
Town Hall Remodeling.....	3.93	315,000	-	(25,000)	290,000
Sewer Bonds - MWRA.....	0.00	40,040	-	(20,020)	20,020
Sewer Bonds - MWRA.....	0.00	50,490	-	(16,830)	33,660
High School Renovation.....	4.23	14,725,000	-	(875,000)	13,850,000
Fire Pumper.....	3.60	410,000	-	(85,000)	325,000
Road Resurfacing.....	2.94	750,000	-	(190,000)	560,000
High School Renovation.....	2.50	11,177,000	-	-	11,177,000
Water Mains.....	2.50	475,000	-	-	475,000
Water Standpipe.....	2.50	150,000	-	-	150,000
Sewer Expansion.....	2.50	339,000	-	-	339,000
Road Resurfacing.....	2.50	1,200,000	-	-	1,200,000
Shawsheen Well.....	2.50	100,000	-	-	100,000
Middlesex Turnpike.....	1.45	930,000	-	-	930,000
Water Design.....	1.45	10,000	-	-	10,000
General Obligation Refunding Bonds.....	2.14	2,775,000	-	(570,000)	2,205,000
Sewer Bonds - MWRA.....	0.00	319,715	-	(63,943)	255,772
Summer Street Drainage.....	4.00	180,000	-	-	180,000
Town Center North Wing.....	4.08	200,000	1,335,000	-	1,535,000
Land Acquisition CPA.....	3.66	-	5,000,000	-	5,000,000
North Road Water Main Replacement.....	2.34	-	92,000	-	92,000
Road Resurfacing.....	2.34	-	1,300,000	-	1,300,000
Water Main Improvement.....	2.34	-	550,000	-	550,000
Water.....	2.34	-	400,000	-	400,000
Fire Mini Pumper.....	2.34	-	218,000	-	218,000
Fire Ambulance Replacement.....	2.34	-	204,000	-	204,000
Total bonds and notes payable.....		\$ 59,861,184	\$ 9,099,000	\$ (4,212,654)	\$ 64,747,530

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012.....	\$ 5,248,654	\$ 2,337,552	\$ 7,586,206
2013.....	5,354,112	2,180,126	7,534,238
2014.....	5,228,810	2,009,035	7,237,845
2015.....	4,973,810	1,828,889	6,802,699
2016.....	4,704,131	1,660,377	6,364,508
2017.....	4,579,133	1,489,391	6,068,524
2018.....	4,460,888	1,304,961	5,765,849
2019.....	4,230,888	1,117,051	5,347,939
2020.....	4,155,888	934,495	5,090,383
2021.....	4,085,888	769,069	4,854,957
2022.....	3,830,888	622,495	4,453,383
2023.....	3,530,888	480,342	4,011,230
2024.....	2,675,888	347,947	3,023,835
2025.....	2,045,888	258,688	2,304,576
2026.....	2,020,888	183,293	2,204,181
2027.....	1,400,888	115,500	1,516,388
2028.....	555,000	77,700	632,700
2029.....	555,000	55,500	610,500
2030.....	555,000	33,300	588,300
2031.....	555,000	11,094	566,094
Totals.....	\$ <u>64,747,530</u>	\$ <u>17,816,805</u>	\$ <u>82,564,335</u>

The Town issued \$6,335,000 of general obligation bonds on July 15, 2010 for land acquisition and building renovations. The Town also issued \$3,297,000 of general obligation bonds on July 22, 2011. Of this amount, \$2,764,000 was used to retire BANs outstanding at June 30, 2011 for road repair, water projects and public safety vehicles. Accordingly, \$2,764,000 is recorded as a long-term debt obligation at June 30, 2011.

The Massachusetts Water Resource Authority (MWRA) operates an Infiltration/Inflow Financial Assistance Program for community owned collection systems. For each community approved for the project, financial assistance received from the MWRA consists of a grant and non-interest bearing loan (payable in five equal annual installments). At June 30, 2011, the outstanding principal amount of these loans totaled \$622,530.

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, 2011, the Town had the following authorized and unissued debt:

Purpose	Amount
Water mains.....	\$ 1,450,000 (1)
Road resurfacing.....	1,300,000 (2)
North road water main.....	625,000 (2)
Middlesex turnpike water main....	425,000
Crosby drive water standpipe.....	260,000
Fire mini pumper.....	218,000 (2)
Ambulance.....	204,500 (3)
High school renovation.....	182,567
Sewer pump station.....	170,000
Infiltration/Inflow program.....	150,000
Middlesex turnpike.....	5,000
Sewer system expansion.....	2,000
Total.....	\$ 4,992,067

- (1) \$950,000 of bonds were issued subsequent to year-end
- (2) Bonds were issued subsequent to year-end for these amounts
- (3) Short-term debt of \$500 has been issued and is outstanding at June 30, 2011 and \$204,000 of bonds were issued subsequent to year-end

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS

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

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

Active employees.....	381
Retired employees.....	337
Total.....	718

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

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

	<u>Amount</u>
Annual required contribution.....	\$ 5,052,276
Interest on net OPEB obligation.....	267,623
Adjustment to annual required contribution.....	<u>(238,949)</u>
Annual OPEB cost.....	5,080,950
Contributions made.....	<u>(1,179,326)</u>
Increase in net OPEB obligation.....	3,901,624
Net OPEB obligation at beginning of year.....	<u>6,690,572</u>
Net OPEB obligation at end of year.....	<u>\$ 10,592,196</u>

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

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOPEBC)</u>	<u>Percentage of AOPEBC Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009*.....	\$ 4,523,142	31.9%	\$ 3,078,976
June 30, 2010.....	4,780,145	24.4%	6,690,572
June 30, 2011.....	5,080,950	23.2%	10,592,196

* Transition year

Funded Status and Funding Progress – The funded status of the Plan at June 30, 2010, the most recent actuarial valuation, was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a Percentage of Covered Payroll ((B-A)/C)</u>
06/30/10	\$ -	\$ 71,292,434	\$ 71,292,434	0.0%	\$ 37,108,987	192.1%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

Valuation date:	June 30, 2010
Actuarial cost method:	Projected Unit Credit
Amortization method:	Payments increasing at 4.00% per year
Remaining amortization period:	30 years at July 1, 2010 (open)
Interest discount and inflation rate:	4.00%
Healthcare/Medical cost trend rate:	9.00% decreasing by 0.75% for 5 years and by 0.25% for 1 year to an ultimate level of 5.00% per year
Projected salary increases:	4.00%

Allocation of AOPEBC – AOPEBC costs were allocated to the Town’s functions as follows:

Governmental Activities:	
General government.....	\$ 469,679
Public safety.....	1,273,752
Education.....	2,276,266
Public works.....	496,940
Water.....	60,467
Sewer.....	75,529
Health and human services.....	212,028
Culture and recreation.....	<u>216,289</u>
 Total AOPEBC - governmental activities.....	 \$ <u><u>5,080,950</u></u>

NOTE 12 - RISK FINANCING

Property and Liability Insurance

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

Health Insurance and Workers' Compensation

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

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

The estimated "Incurred But Not Reported (IBNR)" claims are based on actual lag claims. The liability at June 30, 2011 totaled \$154,972. Changes in the reported liability since July 1, 2009, are as follows:

	<u>Balance at Beginning of Fiscal Year</u>		<u>Current Year Claims and Changes in Estimate</u>		<u>Claims Payments</u>		<u>Balance at Fiscal Year-end</u>
Fiscal year 2010.....	\$ 85,000	\$	955,370	\$	(956,897)	\$	83,473
Fiscal year 2011.....	\$ 83,473	\$	969,785	\$	(898,286)	\$	154,972

NOTE 13 - FUND BALANCES

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

	General	Sewer	High School	Community Preservation Funds	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ -	\$ 446,888	\$ 446,888
Restricted:						
Other post employment benefits.....	2,228,909	-	-	-	-	2,228,909
Pension benefits.....	1,353,736	-	-	-	-	1,353,736
Health benefits.....	471,478	-	-	-	-	471,478
Sewer.....	-	6,272,916	-	-	-	6,272,916
School construction.....	-	-	160,199	-	-	160,199
Community preservation.....	-	-	-	4,094,621	-	4,094,621
Capital - other.....	-	-	-	-	1,995,207	1,995,207
Other.....	-	-	-	-	1,298,605	1,298,605
Revolving funds - Town.....	-	-	-	-	1,128,658	1,128,658
State grants.....	-	-	-	-	848,211	848,211
Gifts.....	-	-	-	-	744,465	744,465
Affordable housing.....	-	-	-	-	517,848	517,848
Federal grants.....	-	-	-	-	486,347	486,347
Permanent funds - library.....	-	-	-	-	354,985	354,985
Revolving funds - school.....	-	-	-	-	9,344	9,344
Sub-total - Restricted.....	<u>4,054,123</u>	<u>6,272,916</u>	<u>160,199</u>	<u>4,094,621</u>	<u>7,383,670</u>	<u>21,965,529</u>
Committed:						
Subsequent year's expenditures.....	1,895,000	-	-	-	-	1,895,000
Continuing appropriations.....	739,867	-	-	-	-	739,867
Debt service.....	1,336,381	-	-	-	-	1,336,381
Sub-total - Committed.....	<u>3,971,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,971,248</u>
Assigned:						
Encumbrances.....	1,350,317	-	-	-	-	1,350,317
Unassigned.....	5,872,381	-	-	-	-	5,872,381
Total fund balances.....	<u>\$ 15,248,069</u>	<u>\$ 6,272,916</u>	<u>\$ 160,199</u>	<u>\$ 4,094,621</u>	<u>\$ 7,830,558</u>	<u>\$ 33,606,363</u>

NOTE 14 - STABILIZATION FUNDS

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

The balance of the general stabilization fund and debt service stabilization fund at June 30, 2011 are \$1,697,581 and \$1,336,381, respectively. These balances are reported in the general fund as unassigned and committed fund balance, respectively.

NOTE 15 - PRIOR PERIOD RECLASSIFICATIONS

The beginning fund balance of the general fund, community preservation fund (major) and nonmajor governmental funds have been restated from \$7,110,308, \$0 and \$17,451,322 to \$14,052,408, \$3,888,392 and \$6,620,830, respectively, to reflect the reclassification of the stabilization fund, bond premium stabilization fund, other post employment benefits fund and pension benefits fund to the general fund and the community preservation funds to a major fund.

NOTE 16 - PENSION PLAN

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

Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System provides retirement, disability and death benefits to plan members and beneficiaries. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be authorized by the Middlesex Retirement Board and are borne by the System. The System issues a publicly available report in accordance with guidelines established by the Commonwealth's Public Employee Retirement Administration Commission. That report may be obtained by contacting the System located at 25 Linnell Circle, Billerica, Massachusetts, 01865. The System does not issue a stand alone, GAAP-basis audited financial report.

Funding Policy - Chapter 32 of MGL governs the contributions of plan members and the Town. Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on annual covered payroll. The Town's contributions to the System for the fiscal years ended June 30, 2011, 2010, and 2009 were approximately \$2,645,000, \$2,481,000 and \$2,416,000, respectively, which equaled its required contribution for each fiscal year.

NOTE 17 - MASSACHUSETTS TEACHERS RETIREMENT SYSTEM

Public school teachers and certain administrators are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$5,203,000 for the fiscal year ended June 30, 2011, and accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

NOTE 18 - COMMITMENTS

The Town has also entered into, or is planning to enter into, contracts totaling approximately \$5,000,000 for infrastructure, building renovations, vehicles and equipment.

Other significant commitments include encumbrances and continuing appropriations outstanding for the general fund, which totaled \$2,090,184 at June 30, 2011.

NOTE 19 - CONTINGENCIES

Various legal actions and claims are pending against the Town. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2011, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2011.

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, 2011, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

NOTE 20 - FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS

The GASB has issued the following statements:

- Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, which is required to be implemented during fiscal year 2013. The Town is currently evaluating the effect that this Statement will have on its basic financial statements.
- Statement No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34, which is required to be implemented during fiscal year 2013. The Town is currently evaluating the effect that this Statement will have on its basic financial statements.
- Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which is required to be implemented during fiscal year 2013. The Town is currently evaluating the effect that this Statement will have on its basic financial statements.
- Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which is required to be implemented during fiscal year 2012. The Town is currently evaluating the effect that this Statement will have on its basic financial statements.
- Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53, which is required to be implemented during fiscal year 2012. The implementation of this Statement will not impact the basic financial statements.

These pronouncements will be implemented by their respective implementation dates.

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Required Supplementary Information

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward to Next Year	Variance to Final Budget
REVENUES					
Real estate and personal property taxes.....	\$ 49,975,068	\$ 49,150,963	\$ 49,198,063	\$ -	\$ 47,100
Motor vehicle and other excise taxes.....	2,293,000	2,293,000	2,714,614	-	421,614
Payments in lieu of taxes.....	1,410,275	1,410,275	1,411,786	-	1,511
Charges for services.....	2,600,000	2,600,000	2,824,082	-	224,082
Intergovernmental.....	5,088,624	5,088,624	5,231,702	-	143,078
Penalties and interest on taxes.....	-	-	203,424	-	203,424
Departmental and other.....	1,504,450	1,504,450	2,230,575	-	726,125
Investment income.....	100,000	100,000	159,164	-	59,164
TOTAL REVENUES.....	62,971,417	62,147,312	63,973,410	-	1,826,098
EXPENDITURES					
Current:					
Selectmen.....	1,082,718	1,082,718	534,958	506,154	41,606
Finance/Administrative services.....	1,105,381	1,105,381	1,017,026	61,483	26,872
Financial Committees.....	191,073	191,073	280	-	190,793
Board of Assessors.....	260,736	260,736	255,482	-	5,254
Legal services.....	175,000	175,000	68,691	-	106,309
Town Clerk.....	200,549	200,549	192,233	6,283	2,033
Elections and registrations.....	48,853	48,853	38,245	-	10,608
Planning Board.....	173,922	173,922	171,366	40	2,516
Facilities.....	1,181,991	1,181,991	989,809	182,689	9,493
Town Center.....	132,949	132,949	128,640	4,024	285
Police department.....	3,182,665	3,182,665	3,126,727	6,684	49,254
Fire department.....	2,282,246	2,282,246	2,257,048	19,512	5,686
Code enforcement.....	426,941	426,941	398,857	2,875	25,209
School department.....	32,514,411	32,514,411	31,853,902	559,727	100,782
Vocational education.....	450,000	450,000	441,095	-	8,905
Public works.....	10,816,829	10,816,829	10,335,270	715,186	(233,627)
Board of Health.....	556,950	556,950	545,867	7,689	3,394
Hazardous waste.....	14,027	14,027	10,788	-	3,239
Mosquito control.....	33,489	33,489	33,489	-	-
Bedford Local Transit.....	56,102	56,102	48,935	36	7,131
Council on Aging.....	170,252	170,252	170,153	-	99
Youth and family services.....	345,691	345,691	318,581	-	27,110
Public Library.....	1,156,993	1,156,993	1,136,928	17,802	2,263
Recreation Commission.....	155,384	155,384	155,265	-	19
Historic Preservation Commission.....	1,220	1,220	1,074	-	146
Pension benefits.....	2,650,592	2,650,592	2,645,937	-	4,655
Insurance and benefits.....	6,830,275	6,830,275	6,251,065	-	579,210
State and county charges.....	308,940	308,940	310,540	-	(1,600)
Debt service:					
Principal.....	4,938,711	4,212,654	4,212,654	-	-
Interest.....	2,925,119	2,473,164	2,428,108	-	45,056
TOTAL EXPENDITURES.....	74,370,009	73,191,997	70,079,113	2,090,184	1,022,700
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(11,398,592)	(11,044,685)	(6,105,703)	(2,090,184)	2,848,798
OTHER FINANCING SOURCES (USES)					
Transfers in.....	5,777,142	5,969,999	5,969,999	-	-
Premium from issuance of bonds and notes.....	1,324,000	1,324,000	1,335,342	-	11,342
Transfers out.....	(150,000)	(668,720)	(668,720)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	6,951,142	6,625,279	6,636,621	-	11,342
NET CHANGE IN FUND BALANCE.....	(4,447,450)	(4,419,406)	530,918	(2,090,184)	2,860,140
FUND BALANCE AT BEGINNING OF YEAR.....	8,488,785	8,488,785	8,488,785	8,488,785	-
FUND BALANCE AT END OF YEAR.....	\$ 4,041,335	\$ 4,069,379	\$ 9,019,703	\$ 6,398,601	\$ 2,860,140

See notes to required supplementary information.

PENSION PLAN SCHEDULES

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

SCHEDULES OF FUNDING PROGRESS (SYSTEM)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
01/01/10	\$ 819,987,914	\$ 1,742,380,855	\$ 922,392,941	47.1%	\$ 384,598,692	239.8%
01/01/08	774,863,669	1,529,806,307	754,942,638	50.7%	360,206,302	209.6%
01/01/06	653,156,866	1,364,582,969	711,426,103	47.9%	330,999,861	214.9%
01/01/04	618,163,380	1,223,828,127	605,664,747	50.5%	306,025,949	197.9%
01/01/02	599,699,143	1,020,828,178	421,129,035	58.7%	280,740,439	150.0%
01/01/00	570,263,467	905,280,472	335,017,005	63.0%	253,228,818	132.3%

SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)

Year Ended December 31	Annually Required Contributions (ARC)	Percentage of ARC Contributed (%)
2005	\$ 50,660,236	100
2006	57,553,642	100
2007	64,053,064	100
2008	71,233,749	100
2009	74,126,190	100
2010	76,270,263	100

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

TOWN SHARE OF SYSTEM ARC

Fiscal Year Ended	ARC	Percentage of ARC Contributed (%)	Town ARC as a Percentage of System ARC (%)
2006	\$ 1,669,361	100	3.3
2007	1,927,370	100	3.3
2008	2,155,983	100	3.4
2009	2,416,270	100	3.4
2010	2,481,050	100	3.3
2011	2,644,592	100	3.5

OTHER POST EMPLOYMENT BENEFITS SCHEDULE

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

SCHEDULES OF FUNDING PROGRESS (SYSTEM)

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

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

NOTE A - BUDGETARY - GAAP RECONCILIATION

For budgetary financial reporting purposes, the Uniform Massachusetts Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2011, is presented below:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 63,973,410	\$ 70,079,113	\$ 6,636,621
<u>Reclassifications</u>			
Activity of health insurance trusts recorded in the general fund for GAAP purposes.....	10,192	(137,069)	-
Activity of stabilization fund recorded in the general fund for GAAP purposes.....	36,201	-	(800,000)
Activity of bond premium stabilization fund recorded in the general fund for GAAP purposes.....	9,000	-	384,904
Activity of post retirement benefits fund recorded in the general fund for GAAP purposes.....	48,483	-	150,000
Activity of pension fund recorded in the general fund for GAAP purposes.....	<u>35,950</u>	<u>-</u>	<u>(190,031)</u>
<u>Adjustments</u>			
Net change in recording 60-day receipts.....	136,565	-	-
Net change in recording tax refunds payable.....	504,975	-	-
To record MTRS on-behalf payments.....	5,202,717	5,202,717	-
Net change in recording short-term interest accrual.....	<u>-</u>	<u>(201,435)</u>	<u>-</u>
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	<u>\$ 69,957,493</u>	<u>\$ 74,943,326</u>	<u>\$ 6,181,494</u>

NOTE B - PENSION PLAN

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

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

Asset valuation method:	The difference between the expected return and the actual investment return on a market value basis is recognized over a 5 year period as described by Revenue Procedure 2000-40
<u>Actuarial assumptions:</u>	
Investment rate of return:	8.125%
Projected salary increases:	4.75% for Group 1 and 5.25% for Group 4
Cost of living adjustments:	3.00% on the first \$12,000 of retirement income, increasing to \$13,000 on July 1, 2011 and to \$14,000 on July 1, 2012

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Combining Statements



Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

Capital Projects Funds

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

Permanent Funds

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

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

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

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2011

	<i>Special Revenue Funds</i>			
	Town Revolving Funds	School Revolving Funds	Grants	Other Funds
ASSETS				
Receivables, net of uncollectibles:				
Intergovernmental.....	\$ -	\$ -	\$ 252,473	\$ -
Restricted assets:				
Cash and cash equivalents.....	1,209,607	37,553	1,200,951	612,655
Investments.....	-	-	-	1,212,987
TOTAL ASSETS.....	\$ 1,209,607	\$ 37,553	\$ 1,453,424	\$ 1,825,642
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Warrants payable.....	\$ 76,468	\$ 18,935	\$ 58,131	\$ 12,350
Accrued payroll.....	4,481	9,274	60,735	-
Short-term notes payable.....	-	-	-	-
TOTAL LIABILITIES.....	80,949	28,209	118,866	12,350
FUND BALANCES:				
Nonspendable.....	-	-	-	-
Restricted.....	1,128,658	9,344	1,334,558	1,813,292
TOTAL FUND BALANCES.....	1,128,658	9,344	1,334,558	1,813,292
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 1,209,607	\$ 37,553	\$ 1,453,424	\$ 1,825,642

<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>	<u>Permanent Funds</u>			<u>Total</u>
<u>Gifts</u>	<u>Sub-total</u>	<u>Capital Projects Funds</u>	<u>Library Trust Funds</u>	<u>Other Trust Funds</u>	<u>Sub-total</u>	<u>Nonmajor Governmental Funds</u>
\$ -	\$ 252,473	\$ -	\$ -	\$ -	\$ -	\$ 252,473
860,717	3,921,483	2,494,788	13,018	13,474	26,492	6,442,763
-	1,212,987	-	636,609	142,002	778,611	1,991,598
<u>\$ 860,717</u>	<u>\$ 5,386,943</u>	<u>\$ 2,494,788</u>	<u>\$ 649,627</u>	<u>\$ 155,476</u>	<u>\$ 805,103</u>	<u>\$ 8,686,834</u>
\$ 115,959	\$ 281,843	\$ 498,990	\$ 69	\$ -	\$ 69	\$ 780,902
293	74,783	91	-	-	-	74,874
-	-	500	-	-	-	500
<u>116,252</u>	<u>356,626</u>	<u>499,581</u>	<u>69</u>	<u>-</u>	<u>69</u>	<u>856,276</u>
-	-	-	294,573	152,315	446,888	446,888
744,465	5,030,317	1,995,207	354,985	3,161	358,146	7,383,670
<u>744,465</u>	<u>5,030,317</u>	<u>1,995,207</u>	<u>649,558</u>	<u>155,476</u>	<u>805,034</u>	<u>7,830,558</u>
<u>\$ 860,717</u>	<u>\$ 5,386,943</u>	<u>\$ 2,494,788</u>	<u>\$ 649,627</u>	<u>\$ 155,476</u>	<u>\$ 805,103</u>	<u>\$ 8,686,834</u>

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

FISCAL YEAR ENDED JUNE 30, 2011

	<i>Special Revenue Funds</i>			
	Town Revolving Funds	School Revolving Funds	Grants	Other Funds
REVENUES:				
Intergovernmental.....	\$ -	\$ -	\$ 3,889,866	\$ (1,651)
Departmental and other.....	2,453,277	614,011	680	461,518
Contributions.....	-	-	-	(18,887)
Investment income.....	1,010	-	32	29,446
TOTAL REVENUES.....	2,454,287	614,011	3,890,578	470,426
EXPENDITURES:				
Current:				
General government.....	53,194	-	10,456	479,935
Public safety.....	394,224	-	187,593	-
Education.....	308,948	625,182	2,244,528	-
Public works.....	27,789	-	393,960	-
Water.....	-	-	-	-
Sewer.....	-	-	-	-
Human services.....	-	-	5,292	-
Culture and recreation.....	1,588,778	-	12,853	-
TOTAL EXPENDITURES.....	2,372,933	625,182	2,854,682	479,935
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	81,354	(11,171)	1,035,896	(9,509)
OTHER FINANCING SOURCES (USES):				
Issuance of bonds and notes.....	-	-	-	-
Transfers out.....	-	-	(381,317)	(80,000)
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	(381,317)	(80,000)
NET CHANGE IN FUND BALANCES.....	81,354	(11,171)	654,579	(89,509)
FUND BALANCES AT BEGINNING OF YEAR (AS RECLASSIFIED).....	1,047,304	20,515	679,979	1,902,801
FUND BALANCES AT END OF YEAR.....	\$ 1,128,658	\$ 9,344	\$ 1,334,558	\$ 1,813,292

<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>	<u>Permanent Funds</u>			<u>Total</u>
<u>Gifts</u>	<u>Sub-total</u>	<u>Capital Projects Funds</u>	<u>Library Trust Funds</u>	<u>Other Trust Funds</u>	<u>Sub-total</u>	<u>Nonmajor Governmental Funds</u>
\$ -	\$ 3,888,215	\$ -	\$ -	\$ -	\$ -	\$ 3,888,215
-	3,529,486	-	1,190	-	1,190	3,530,676
275,473	256,586	-	-	-	-	256,586
564	31,052	1,645	10,157	3,411	13,568	46,265
<u>276,037</u>	<u>7,705,339</u>	<u>1,645</u>	<u>11,347</u>	<u>3,411</u>	<u>14,758</u>	<u>7,721,742</u>
172,463	716,048	547	-	-	-	716,595
5,823	587,640	422,139	-	-	-	1,009,779
13,897	3,192,555	5,950	-	250	250	3,198,755
2,025	423,774	1,086,303	-	-	-	1,510,077
-	-	259,593	-	-	-	259,593
-	-	466,016	-	-	-	466,016
30,254	35,546	-	-	-	-	35,546
11,821	1,613,452	-	4,884	-	4,884	1,618,336
<u>236,283</u>	<u>6,569,015</u>	<u>2,240,548</u>	<u>4,884</u>	<u>250</u>	<u>5,134</u>	<u>8,814,697</u>
<u>39,754</u>	<u>1,136,324</u>	<u>(2,238,903)</u>	<u>6,463</u>	<u>3,161</u>	<u>9,624</u>	<u>(1,092,955)</u>
-	-	2,764,000	-	-	-	2,764,000
-	(461,317)	-	-	-	-	(461,317)
-	(461,317)	2,764,000	-	-	-	2,302,683
39,754	675,007	525,097	6,463	3,161	9,624	1,209,728
<u>704,711</u>	<u>4,355,310</u>	<u>1,470,110</u>	<u>643,095</u>	<u>152,315</u>	<u>795,410</u>	<u>6,620,830</u>
\$ <u>744,465</u>	\$ <u>5,030,317</u>	\$ <u>1,995,207</u>	\$ <u>649,558</u>	\$ <u>155,476</u>	\$ <u>805,034</u>	\$ <u>7,830,558</u>

Agency Funds

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

AGENCY FUND
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance at July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2011</u>
ASSETS				
Cash and cash equivalents.....	\$ 710,906	\$ -	\$ (50,000)	\$ 660,906
LIABILITIES				
Liabilities due depositors.....	\$ 710,906	\$ -	\$ (50,000)	\$ 660,906

Statistical Section

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



Department of Public Works

Statistical Section

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

Table of Contents

Financial Trends (pages 79-86)

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

Revenue Capacity (pages 87-89)

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

Debt Capacity (pages 90-92)

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

Demographic and Economic Information (pages 93-94)

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

Operating Information (pages 95-97)

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

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

Net Assets By Component

Last Nine Fiscal Years

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

Fiscal Year

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 95,710,758	\$ 97,543,569	\$ 104,793,480	\$ 119,172,856	\$ 110,394,909	\$ 111,652,348
7,541,861	29,661,172	8,473,528	8,037,583	22,707,425	24,831,495
<u>25,127,152</u>	<u>22,454,438</u>	<u>27,730,975</u>	<u>20,620,500</u>	<u>11,082,848</u>	<u>3,201,170</u>
<u>\$ 128,379,771</u>	<u>\$ 149,659,179</u>	<u>\$ 140,997,983</u>	<u>\$ 147,830,939</u>	<u>\$ 144,185,182</u>	<u>\$ 139,685,013</u>

Changes in Net Assets

Last Nine Fiscal Years

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

Fiscal Year

	2007	2008	2009	2010	2011
\$	5,417,160	\$ 4,724,817	\$ 5,678,938	\$ 5,455,197	\$ 5,842,948
	7,680,670	8,220,383	9,635,249	9,462,746	9,619,842
	40,624,444	40,578,333	46,682,837	48,754,787	50,437,739
	6,301,533	7,105,107	8,717,806	6,354,053	7,626,015
	1,556,392	1,417,134	2,112,065	2,367,437	2,436,795
	4,024,790	3,986,168	4,271,320	4,632,268	4,806,486
	1,248,160	1,233,859	1,633,960	1,817,572	1,913,171
	3,324,537	3,499,833	3,541,267	3,528,722	3,685,857
	3,057,173	3,785,529	2,888,872	2,784,521	2,459,305
	-	-	-	-	-
\$	<u>73,234,859</u>	<u>\$ 74,551,163</u>	<u>\$ 85,162,314</u>	<u>\$ 85,157,303</u>	<u>\$ 88,828,158</u>
\$	494,536	\$ 515,684	\$ 860,239	\$ 509,581	\$ 522,224
	1,623,338	1,912,935	1,373,843	998,862	1,444,647
	2,452,167	3,011,711	2,628,421	3,111,320	2,973,488
	3,768,559	4,361,601	3,699,114	5,171,795	4,275,156
	669,349	680,977	575,407	534,523	545,394
	844,383	935,190	933,483	324,424	384,145
	13,240,827	13,975,158	16,466,808	19,221,263	15,826,959
	1,646,828	11,294,292	12,739,771	(862,002)	1,213,250
\$	<u>24,739,987</u>	<u>\$ 36,687,548</u>	<u>\$ 39,277,086</u>	<u>\$ 29,009,766</u>	<u>\$ 27,185,263</u>
\$	<u>(48,494,872)</u>	<u>\$ (37,863,615)</u>	<u>\$ (45,885,228)</u>	<u>\$ (56,147,537)</u>	<u>\$ (61,642,895)</u>
\$	39,444,930	\$ 42,156,753	\$ 45,175,869	\$ 45,092,458	\$ 49,624,988
	2,193,990	2,241,778	2,175,593	2,301,301	2,750,434
	1,005,955	1,071,678	1,135,525	1,137,326	1,198,170
	114,944	111,553	128,365	216,645	203,424
	1,221,245	1,279,990	1,347,828	1,418,587	1,411,786
	1,501,668	1,426,584	1,648,039	1,699,813	1,584,480
	2,605,592	2,600,039	1,106,965	635,650	369,444
\$	<u>48,088,324</u>	<u>\$ 50,888,375</u>	<u>\$ 52,718,184</u>	<u>\$ 52,501,780</u>	<u>\$ 57,142,726</u>
\$	<u>(406,548)</u>	<u>\$ 13,024,760</u>	<u>\$ 6,832,956</u>	<u>\$ (3,645,757)</u>	<u>\$ (4,500,169)</u>

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year			
	2002	2003	2004	2005
General Fund				
Reserved.....	\$ 4,748,845	\$ 4,416,955	\$ 4,075,621	\$ 2,868,941
Unreserved.....	10,157,329	9,423,410	7,817,761	8,095,344
Restricted.....	-	-	-	-
Committed.....	-	-	-	-
Assigned.....	-	-	-	-
Unassigned.....	-	-	-	-
Total general fund.....	\$ 14,906,174	\$ 13,840,365	\$ 11,893,382	\$ 10,964,285
All Other Governmental Funds				
Reserved.....	\$ -	\$ 4,211,798	\$ 357,421	\$ 410,760
Unreserved, reported in:				
Special revenue funds.....	6,877,739	13,864,807	15,618,928	15,685,838
Capital projects funds.....	(10,811,938)	457,079	(8,081,261)	(6,268,766)
Permanent funds (A).....	-	111,586	288,571	309,518
Nonspendable.....	-	-	-	-
Restricted.....	-	-	-	-
Total all other governmental funds.....	\$ (3,934,199)	\$ 18,645,270	\$ 8,183,659	\$ 10,137,350

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

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

Fiscal Year

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 (B)</u>
\$ 1,916,370	\$ 2,894,274	\$ 1,969,641	\$ 2,172,960	\$ 2,498,468	\$ -
8,433,363	7,262,799	8,148,653	6,893,204	4,611,840	-
-	-	-	-	-	4,054,123
-	-	-	-	-	3,971,248
-	-	-	-	-	1,350,317
-	-	-	-	-	5,872,381
<u>\$ 10,349,733</u>	<u>\$ 10,157,073</u>	<u>\$ 10,118,294</u>	<u>\$ 9,066,164</u>	<u>\$ 7,110,308</u>	<u>\$ 15,248,069</u>
\$ 433,499	\$ 442,235	\$ 458,578	\$ 465,301	\$ 9,261,935	\$ -
19,363,627	19,079,172	21,066,563	19,945,277	11,997,536	-
(11,762,971)	(21,084,652)	2,682,103	3,169,841	1,903,420	-
339,365	326,247	391,983	350,761	344,800	-
-	-	-	-	-	446,888
-	-	-	-	-	17,911,406
<u>\$ 8,373,520</u>	<u>\$ (1,236,998)</u>	<u>\$ 24,599,227</u>	<u>\$ 23,931,180</u>	<u>\$ 23,507,691</u>	<u>\$ 18,358,294</u>

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Revenues:						
Real estate and personal property taxes.....	\$ 31,423,148	\$ 31,843,800	\$ 34,846,274	\$ 36,338,335	\$ 38,852,987	\$ 39,563,532
Motor vehicle and other excise taxes.....	2,046,217	2,046,311	1,841,960	2,087,997	2,033,162	2,221,374
Community preservation surcharges.....	762,941	790,366	867,530	914,068	957,169	1,012,746
Charges for Services.....	4,903,320	4,797,526	4,279,419	5,461,275	5,692,856	5,767,818
Penalties and interest on taxes.....	-	96,513	86,601	202,590	149,003	114,944
Intergovernmental.....	10,544,409	11,764,179	9,520,263	12,731,392	13,620,318	20,503,881
Departmental and other.....	4,487,716	5,403,466	5,365,426	5,349,711	6,381,572	6,333,400
Contributions.....	-	453,774	658,776	130,403	93,829	79,977
Payment in lieu of taxes.....	-	1,074,375	1,086,718	1,120,149	1,158,303	1,221,245
Investment income.....	999,760	1,059,414	849,172	1,194,734	1,737,101	2,605,592
Total Revenue.....	55,167,511	59,329,724	59,402,139	65,530,654	70,676,300	79,424,509
Expenditures:						
Current						
General government.....	4,742,806	4,664,145	4,927,798	4,111,132	4,778,605	4,234,474
Public safety.....	5,120,150	5,220,758	5,697,240	5,704,789	6,131,694	5,689,344
Education.....	22,600,379	23,790,522	27,536,759	27,601,291	28,351,663	30,177,656
Public works.....	9,248,874	6,156,118	5,007,956	5,007,137	5,503,216	4,242,610
Water.....	-	938,338	1,043,454	1,030,314	1,376,498	1,146,802
Sewer.....	-	396,484	363,749	457,225	487,537	605,818
MWRA Assessment.....	-	2,275,937	2,290,688	2,357,318	2,379,363	2,565,613
Human services.....	2,140,267	2,087,189	880,545	911,285	953,399	985,359
Culture and recreation.....	1,017,429	1,072,486	2,428,987	2,476,829	2,532,496	2,840,052
Pension and employee benefits.....	6,157,177	7,592,224	9,026,190	10,348,948	10,939,048	11,778,148
State and county charges.....	345,967	315,717	273,892	268,898	245,823	247,083
Capital outlay.....	12,855,728	9,906,872	6,179,177	8,907,749	3,967,694	25,443,810
Other.....	220,501	160,944	135,735	100,173	104,533	-
Debt service.....						
Principal.....	2,843,290	2,871,048	3,944,051	3,831,051	3,840,911	4,067,911
Interest.....	1,565,005	1,753,230	2,074,512	2,473,221	2,362,202	3,065,540
Total Expenditures.....	68,857,573	69,202,012	71,810,733	75,587,360	73,954,682	97,090,220
Excess of revenues over (under) expenditures.....	(13,690,062)	(9,872,288)	(12,408,594)	(10,056,706)	(3,278,382)	(17,665,711)
Other Financing Sources (Uses)						
Issuance of bonds and notes.....	698,342	21,168,000	-	11,081,300	900,000	7,862,533
Issuance of refunding bonds.....	-	-	-	-	-	-
Premium from issuance of bonds and notes.....	-	-	-	-	-	-
Premium from issuance of refunding bonds.....	-	-	-	-	-	-
Payments of current refunded debt.....	-	-	-	-	-	-
Payments to refunded bond escrow agent.....	-	-	-	-	-	-
Transfers in.....	4,430,198	4,251,000	5,086,931	5,220,575	8,864,993	7,374,549
Transfers out.....	(4,904,405)	(4,251,000)	(5,086,931)	(5,220,575)	(8,864,993)	(7,374,549)
Total other financing sources (uses).....	224,135	21,168,000	-	11,081,300	900,000	7,862,533
Net change in fund balance.....	\$ (13,465,927)	\$ 11,295,712	\$ (12,408,594)	\$ 1,024,594	\$ (2,378,382)	\$ (9,803,178)
Debt service as a percentage of noncapital expenditures.....	7.87%	7.80%	9.17%	9.45%	8.86%	9.96%

Notes:

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

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

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

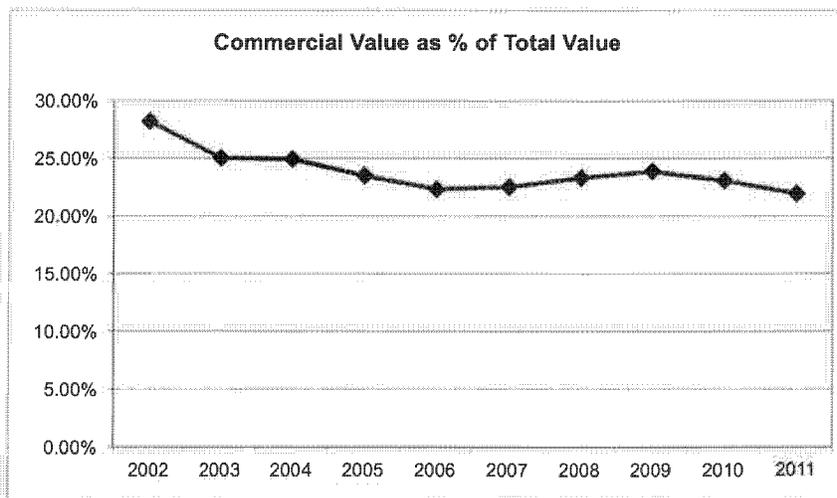
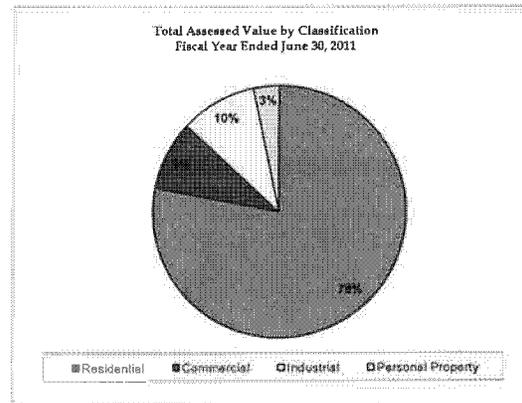
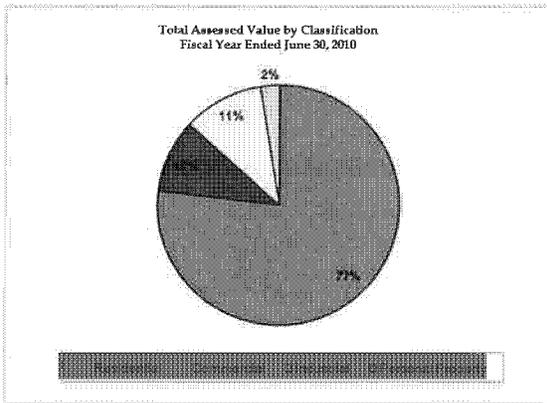
Fiscal Year

	2008	2009	2010	2011
\$	42,038,212	\$ 45,133,746	\$ 45,209,302	\$ 49,839,603
	2,304,203	2,192,527	2,308,614	2,714,614
	1,064,383	1,133,730	1,114,123	1,217,777
	7,041,782	6,011,666	6,716,869	7,373,939
	111,553	128,365	216,645	205,810
	24,988,272	28,252,555	25,338,294	14,718,234
	6,881,559	6,567,417	5,267,691	5,761,251
	208,488	1,058,255	208,932	256,586
	1,279,990	1,347,828	1,418,587	1,411,786
	2,600,039	1,106,965	635,650	369,444
	<u>88,518,481</u>	<u>92,933,054</u>	<u>88,434,707</u>	<u>83,869,044</u>
	3,479,072	6,330,834	3,945,215	4,176,239
	6,063,980	5,605,988	6,350,807	6,357,082
	29,354,294	32,905,574	35,023,509	35,659,361
	5,043,611	5,603,411	4,058,053	4,869,633
	992,362	1,182,262	1,778,604	1,732,967
	438,940	292,295	581,550	579,121
	2,662,238	2,779,636	2,929,353	2,872,130
	976,251	1,107,167	1,124,587	1,163,359
	2,992,406	2,869,907	2,834,456	2,911,703
	12,692,408	13,853,547	13,521,682	13,962,653
	254,413	259,662	274,138	310,540
	23,362,507	11,077,304	4,605,325	10,280,907
	-	-	-	-
	4,336,741	10,943,572	3,818,571	4,212,654
	2,565,962	3,296,072	3,251,651	2,226,673
	<u>95,215,185</u>	<u>98,107,231</u>	<u>84,097,501</u>	<u>91,315,022</u>
	<u>(6,696,704)</u>	<u>(5,174,177)</u>	<u>4,337,206</u>	<u>(7,445,978)</u>
	32,494,150	3,454,000	1,776,715	9,099,000
	-	25,735,000	2,775,000	-
	-	-	1,358,368	1,335,342
	-	-	68,319	-
	-	(25,735,000)	-	-
	-	-	(12,694,953)	-
	5,434,015	6,694,887	6,438,328	4,846,152
	<u>(5,434,015)</u>	<u>(6,694,887)</u>	<u>(6,438,328)</u>	<u>(4,846,152)</u>
	<u>32,494,150</u>	<u>3,454,000</u>	<u>(6,716,551)</u>	<u>10,434,342</u>
\$	<u>25,797,446</u>	<u>\$ (1,720,177)</u>	<u>\$ (2,379,345)</u>	<u>\$ 2,988,364</u>
	9.61%	16.36%	8.89%	7.95%

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

Last Ten Fiscal Years

Fiscal Year	Assessed and Actual Values and Tax Rates								
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Direct Rate	Total Town Value
2002	\$1,529,210,560	\$10.64	\$295,400,640	\$260,194,800	\$46,541,080	\$602,136,520	\$24.94	\$14.68	\$2,131,347,080
2003	\$1,695,483,832	\$10.77	\$321,582,468	\$195,247,600	\$50,403,300	\$567,233,368	\$25.13	\$14.37	\$2,262,717,200
2004	\$1,770,531,398	\$11.32	\$321,376,702	\$202,126,900	\$65,833,400	\$589,337,002	\$26.38	\$15.08	\$2,359,868,400
2005	\$1,942,148,370	\$11.18	\$328,604,530	\$207,834,400	\$61,502,700	\$597,941,630	\$25.42	\$14.53	\$2,540,090,000
2006	\$2,065,086,899	\$11.47	\$335,913,501	\$194,761,600	\$64,409,670	\$595,084,771	\$25.59	\$14.63	\$2,660,171,670
2007	\$2,167,785,491	\$11.29	\$354,199,909	\$211,299,100	\$65,929,100	\$631,428,109	\$25.27	\$14.44	\$2,799,213,600
2008	\$2,217,491,600	\$11.38	\$395,663,665	\$220,907,300	\$59,236,100	\$675,807,065	\$25.80	\$14.75	\$2,893,298,665
2009	\$2,153,499,200	\$12.43	\$384,622,657	\$220,050,600	\$72,515,300	\$677,188,557	\$28.45	\$16.26	\$2,830,687,757
2010	\$2,115,408,335	\$13.08	\$271,250,635	\$293,984,600	\$70,454,100	\$635,689,335	\$29.51	\$16.88	\$2,751,097,670
2011	\$2,144,152,098	\$14.33	\$245,573,546	\$267,001,600	\$91,248,060	\$603,823,206	\$31.76	\$18.16	\$2,747,975,304



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

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

Principal Taxpayers
Current Year and Nine Years Ago

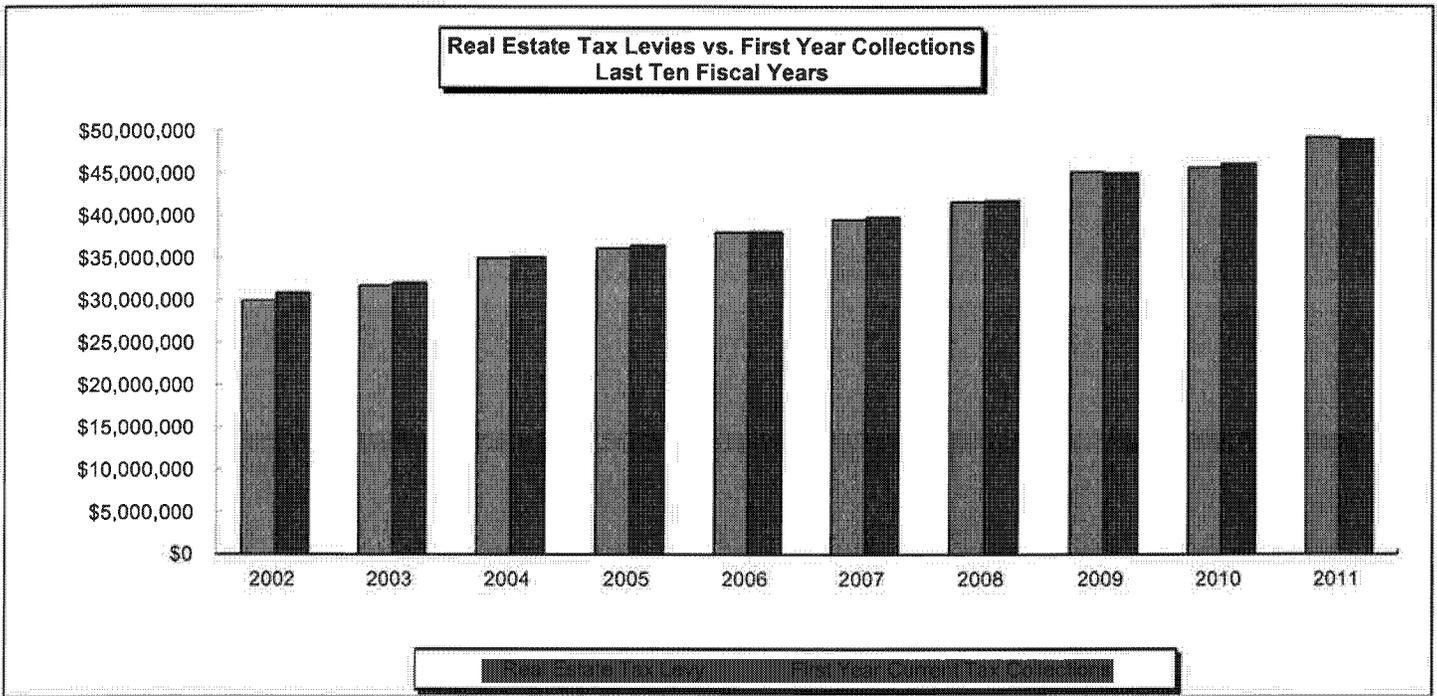
Name	Nature of Business	2011			2002		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Mariner Bedford Woods Inc	Offices	\$ 35,844,200	1	1.30%	-	-	-
Bedford Business PK LTD Prtn	Offices	26,849,900	2	0.98%	27,028,200	4	2.09%
RAR 2 Crosby Corporate Center	Offices	26,622,900	3	0.97%	-	-	-
ILC Property	Offices	24,672,300	4	0.90%	-	-	-
Criterion Bedford Apartments	Living/Rental	24,333,700	5	0.88%	-	-	-
MSCP Crosby	Offices	24,080,200	6	0.87%	-	-	-
RAR 2 Crosby Corp Center QRS Inc	Offices	22,114,900	7	0.80%	-	-	-
Heritage Middlesex Tpke	Living/Rental	21,955,800	8	0.80%	-	-	-
Great Road Shopping Center	Retail	20,885,500	9	0.76%	-	-	-
Millipore	Research and Development	19,424,700	10	0.71%	22,196,400	6	1.72%
Middlesex Technology Center	Offices	-	-	-	42,828,500	1	3.31%
BP-Crosby Corp Center LLC	Offices	-	-	-	29,929,800	2	2.31%
EOP-Crosby Corporate Center LLC	Research and Development	-	-	-	29,594,000	3	2.29%
Technoford LLC	Offices	-	-	-	26,584,600	5	2.06%
Callahan, W.M. J. Jr. Trust	Research and Development	-	-	-	21,250,300	7	1.64%
Hologic Inc	Offices	-	-	-	20,826,900	8	1.61%
Raytheon Company	Research and Development	-	-	-	17,408,700	9	1.35%
Trident Association	Hotel	-	-	-	16,253,900	10	1.26%
Totals		<u>246,784,100</u>		<u>8.97%</u>	<u>253,901,300</u>		<u>19.64%</u>

Source: Town of Bedford, Assessor's Department

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Less Abatements & Exemptions	Net Tax Levy	Net as % Total	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2002	\$31,266,438	\$1,332,742	\$29,933,696	95.74%	\$30,868,852	103.12%	\$21,187	\$30,890,039	103.19%
2003	\$32,492,525	\$806,658	\$31,685,867	97.52%	\$32,019,624	101.05%	\$257,063	\$32,276,687	101.86%
2004	\$35,567,244	\$635,561	\$34,931,683	98.21%	\$35,062,337	100.37%	\$173,940	\$35,236,277	100.87%
2005	\$36,896,158	\$796,670	\$36,099,488	97.84%	\$36,462,845	101.01%	\$179,200	\$36,642,045	101.50%
2006	\$38,980,320	\$990,148	\$37,990,172	97.46%	\$38,068,727	100.21%	\$457,526	\$38,526,253	101.41%
2007	\$40,415,312	\$921,765	\$39,493,547	97.72%	\$39,809,438	100.80%	\$118,029	\$39,927,467	101.10%
2008	\$42,650,057	\$1,062,647	\$41,587,410	97.51%	\$41,751,700	100.40%	\$0	\$41,751,700	100.40%
2009	\$46,018,854	\$900,351	\$45,118,503	98.04%	\$44,980,645	99.69%	\$97,403	\$45,078,048	99.91%
2010	\$46,476,193	\$868,878	\$45,607,315	98.13%	\$46,074,553	101.02%	\$393,621	\$46,468,174	101.89%
2011	\$49,947,160	\$796,197	\$49,150,963	98.41%	\$48,863,333	99.41%	\$0	\$48,863,333	99.41%

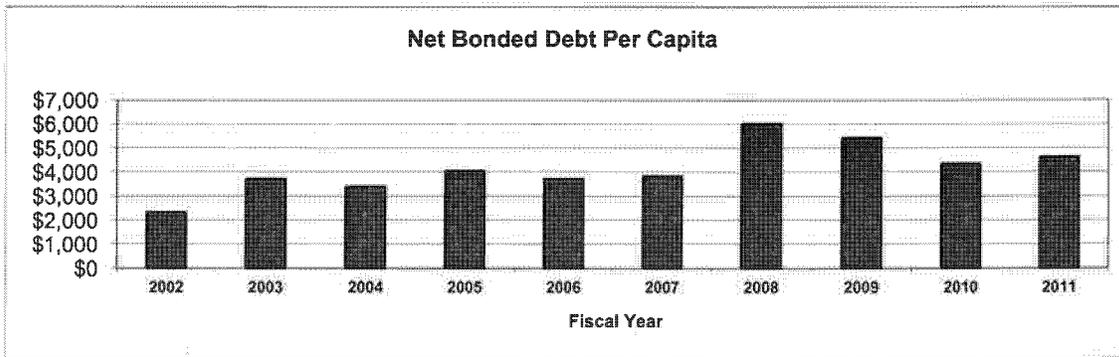


Source: Town of Bedford, Assessor's Department

Ratios of Outstanding Debt and General Bonded Debt

Last Ten Fiscal Years

Fiscal Year	U.S. Census Population	Personal Income	Assessed Value	Governmental Activities Debt					
				(A) General Obligation Bonds	(A) Long Term Notes	Total Debt	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2002	12,519	\$ 510,725,124	\$ 2,131,347,080	\$ 29,134,342	\$ -	\$ 29,134,342	\$ 2,327	5.70%	1.37%
2003	12,519	520,940,628	2,262,717,200	46,515,294	-	46,515,294	\$ 3,716	8.93%	2.06%
2004	12,519	531,356,436	2,359,868,400	42,571,243	-	42,571,243	\$ 3,401	8.01%	1.80%
2005	12,519	541,985,067	2,540,090,000	50,721,492	-	50,721,492	\$ 4,052	9.36%	2.00%
2006	12,519	490,895,028	2,660,171,670	46,478,873	-	46,478,873	\$ 3,713	9.47%	1.75%
2007	13,102	524,027,592	2,799,213,600	50,292,770	-	50,292,770	\$ 3,839	9.60%	1.80%
2008	13,102	513,755,624	2,893,298,665	78,832,612	-	78,832,612	\$ 6,017	15.34%	2.72%
2009	13,102	513,755,624	2,830,697,757	71,343,040	-	71,343,040	\$ 5,445	13.89%	2.52%
2010	13,765	513,755,624	2,751,097,670	59,036,000	825,184	59,861,184	\$ 4,349	11.65%	2.18%
2011	13,986	513,755,624	2,747,975,304	64,125,000	622,530	64,747,530	\$ 4,629	12.60%	2.36%



Source: Audited Financial Statements, U. S. Census

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

Computation of Legal Debt Margin

Last Ten Fiscal Years

	Fiscal Year			
	2002	2003	2004	2005
Equalized Valuation.....	\$ 2,270,729,600	\$ 2,270,729,600	\$ 2,632,511,200	\$ 2,632,511,200
Debt Limit -5% of Equalized Valuation.....	\$ 113,536,480	\$ 113,536,480	\$ 131,625,560	\$ 131,625,560
Less:				
Outstanding debt applicable to limit.....	\$ 28,218,342	\$ 46,515,294	\$ 42,571,243	\$ 50,721,492
Authorized and unissued debt.....	\$ 39,336,760	\$ 21,168,760	\$ 22,516,760	\$ 30,546,311
Legal debt margin.....	<u>\$ 45,981,378</u>	<u>\$ 45,852,426</u>	<u>\$ 66,537,557</u>	<u>\$ 50,357,757</u>
Total debt applicable to the limit as a percentage of the limit.....	59.50%	59.61%	49.45%	61.74%

Source: Audited financial Statements and Town Statement of Indebtedness

Fiscal Year

2006	2007	2008	2009	2010	2011
\$ 2,946,953,200	\$ 2,946,953,200	\$ 3,141,130,500	\$ 3,141,130,500	\$ 3,009,721,800	\$ 3,009,721,800
\$ 147,347,660	\$ 147,347,660	\$ 157,056,525	\$ 157,056,525	\$ 150,486,090	\$ 150,486,090
\$ 46,478,873	\$ 47,726,680	\$ 43,728,950	\$ 39,712,240	\$ 42,910,245	\$ 59,310,452
\$ 49,259,752	\$ 32,468,319	\$ 11,210,559	\$ 46,822,586	\$ 18,528,059	\$ 4,992,067
\$ 51,609,035	\$ 67,152,661	\$ 102,117,016	\$ 70,521,699	\$ 89,047,786	\$ 86,183,571
64.97%	54.43%	34.98%	55.10%	40.83%	42.73%

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2002	12,519	\$ 510,725,124	\$ 40,796	41.0	2,205	4.50%
2003	12,519	\$ 520,940,628	\$ 41,612	41.0	2,224	5.20%
2004	12,519	\$ 531,356,436	\$ 42,444	41.0	2,330	3.00%
2005	12,519	\$ 541,985,067	\$ 43,293	41.0	2,261	3.30%
2006	12,519	\$ 490,895,028	\$ 39,212	41.0	2,271	4.30%
2007	13,102	\$ 524,027,592	\$ 39,996	41.0	2,280	3.70%
2008	13,102	\$ 513,755,624	\$ 39,212	42.1	2,342	3.80%
2009	13,102	\$ 513,755,624	\$ 39,212	42.1	2,383	6.30%
2010	13,765	\$ 513,755,624	\$ 37,323	42.1	2,436	6.50%
2011	13,986	\$ 513,755,624	\$ 36,734	42.1	2,400	6.10%

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	2011			2002		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Hanscom Field (USAF)	Research and Development	5,500	1	45%	5,503	1	33%
MITRE Corporation	Engineering/Architecture/Surveying	1,829	2	15%	1,874	3	11%
Veterans Medical Center	Federal Government Hospital	950	3	8%	1,159	5	7%
Middlesex Community Center	Community College	927	4	8%	927	6	6%
Progress Software	Computer Software Development	700	5	6%	526	8	3%
iRobot	High-Tech Manufacturing	500	6	4%	-	-	-
RSA Security	Data Security	500	7	4%	-	-	-
Millipore	Fluid Purification and Analysis	465	8	4%	830	7	5%
Intel	Computer Software	400	9	3%	270	9	2%
Hologic	Manufacture of Medical Devices	400	10	3%	266	10	2%
Hanscom (MITRE/Lincoln Lab)	Research and Development	-	-	-	3,992	2	24%
Raytheon Corporation	Guided Missiles and Space Vehicles	-	-	-	1,200	4	7%

Source: Massachusetts Department of Employment and Training

Full-time Equivalent Town Employees by Function

Last Ten Fiscal Years

Function	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government.....	108	105	94	113	113	113	113	113	113	113
Public Safety.....	64	65	66	66	64	64	64	64	64	64
Education.....	277	278	305	305	305	305	305	304	304	305
Water.....	5	5	5	5	5	5	5	5	5	5
Sewer.....	5	5	5	5	5	5	5	5	5	5
Public works.....	32	32	32	31	30	30	30	30	30	30
Human services.....	15	15	15	15	15	15	15	15	15	15
Culture and recreation.....	35	33	32	30	43	43	43	43	43	43
Total	541	538	554	570	580	580	580	579	579	580

Source: Town personnel records

Operating Indicators by Function/Program

Last Ten Fiscal Years

Fiscal Year

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government										
Population.....	12,571	12,497	12,997	12,987	12,519	13,102	13,102	13,102	13,765	13,986
Registered Voters, Annual Town Election	8,433	8,341	8,504	8,656	8,678	8,725	9,028	9,435	9,428	9,408
Town Clerk										
Births (1).....	126	114	111	121	202	96	135	130	52	114
Marriages (1).....	69	75	60	61	60	73	49	61	98	54
Deaths (1).....	250	218	232	239	93	188	188	232	192	217
Police										
Accidents covered by an officer.....	626	725	594	612	477	477	416	454	361	410
Citations issued.....	2,003	2,020	1,863	2,073	2,200	2,200	1,915	2,072	1,882	2,681
Arrests.....	141	141	144	114	144	144	122	122	80	30
Larcenies.....	148	202	132	134	159	159	175	141	120	132
Total fines from violations.....	54,538	118,145	32,598	53,668	95,925	95,925	161,310	162,885	122,955	126,619
Fire										
Rescue assist.....	891	891	891	n/a	n/a	n/a	1,125	1,157	1,164	1,230
False alarm.....	308	315	319	308	284	331	374	338	338	371
Public assist.....	196	185	181	188	210	242	188	298	439	670
Emergency responses/ Ambulance.....	887	887	887	n/a	n/a	n/a	1,125	1,154	1,251	1,230
Rescue and Emergency medical service.....	n/a	n/a	n/a	1,161	1,182	1,182	1,125	1,157	1,251	1,230
Education										
Public school enrollment.....	2,344	2,399	2,470	2,260	2,271	2,280	2,334	2,419	2,436	2,400
Public Works										
Cemetery										
Interments.....	n/a	n/a	n/a	n/a	n/a	n/a	59	67	52	44
Water										
Service connections.....	4,500	4,500	4,500	4,500	4,500	4,500	4,979	5,007	5,009	5,052
Sewer										
Service connections.....	n/a	n/a	n/a	n/a	n/a	n/a	3,887	3,897	3,899	3,915
Human Services										
Board of Health										
Inspections.....	312	331	354	263	247	315	367	340	331	275
Council on Aging										
Contacts by phone made to elderly.....	9,200	9,200	10,000	9,600	9,284	9,284	8,805	9,559	9,688	8,994
Rides provided to med. appoints.....	350	352	400	519	608	608	432	456	360	259
Libraries										
Volumes in collection.....	n/a	101,716	105,383	109,154	112,868	112,868	112,433	114,841	119,287	117,356
Circulation.....	258,718	275,808	292,370	288,829	284,622	284,622	301,708	328,281	336,717	337,539

Source: Various Town Departments

n/a - no information available

(1) Information is presented on a calendar year basis

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government										
Number of Buildings.....	16	17	17	17	17	17	17	17	17	17
Police										
Number of Stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of Stations.....	1	1	1	1	1	1	1	1	1	1
Number of Vehicles.....	6	6	6	6	6	6	9	9	9	10
Education										
Number of elementary schools.....	2	2	2	2	2	2	2	2	2	2
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works										
Water mains (miles).....	80	80	80	80	80	80	80	84	84	84
Fire hydrants.....	800	800	800	800	800	800	810	811	811	811
Sanitary sewers (miles).....	85	85	85	85	85	85	87	86	86	86
Number of wells.....	3	3	3	3	3	3	3	3	3	3
Number of water storage tanks.....	4	4	4	4	4	4	3	3	3	3
Human Services										
Senior Center.....	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Park and playground (acreage).....	70	70	70	70	70	70	70	70	70	70
Library.....	1	1	1	1	1	1	1	1	1	1

Source: Various Town Departments



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edwardswildman.com

(Date of Delivery)

Victor Garofalo, Treasurer
Town of Bedford
Bedford, Massachusetts

\$9,440,000
Town of Bedford, Massachusetts
General Obligation Refunding Bonds
Dated January 26, 2012

We have acted as bond counsel to the Town of Bedford, Massachusetts (the "Town") in connection with the issuance by the Town of the above-referenced bonds (the "Bonds"). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the Town contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the Town and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws, with respect to that portion of the principal and interest payments that the Town has voted to exempt from the limit imposed by Chapter 59, Section 21C of the General Laws, and subject to the limit imposed by Chapter 59, Section 21C of the General Laws with respect to that portion of the principal and interest payments that the Town has not voted to exempt from that limit.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Town with all requirements of the Internal Revenue Code of

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1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure by the Town to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Edwards Wildman Palmer LLP

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**PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of Bedford, Massachusetts (the “Issuer”) in connection with the issuance of its \$9,440,000 General Obligation Refunding Bonds dated January 26, 2012 (the “Bonds”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted when available separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB, in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated January 11, 2012 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

(b) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles (except for the omission, if any, of a statement of fixed assets). If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of the Owners of the Bonds, if material.

8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.*
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Upon the occurrence of a Listed Event, the Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance in accordance with the terms of the Bonds or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may include bond

* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action for specific performance of the Issuer's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: January __, 2012

TOWN OF BEDFORD,
MASSACHUSETTS

By _____
Treasurer

Selectmen

[EXHIBIT A: Filing Information for the MSRB]
[EXHIBIT B: Form of Notice of Failure to File Annual Report]

BOS111 12662034.2