

TOWN OF BEDFORD, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the fiscal year ended
June 30, 2004

Prepared by Finance Department

About the cover:

THE BEDFORD FLAG

A colonial militia flag preserved in the Bedford Free Public Library, Bedford, Massachusetts

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



"The Patriot"

Bruce Papitto, sculptor, 2002

A bronze sculpture commissioned by the Bedford Cultural Council.

The Patriot carries the Bedford Flag.

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FISCAL YEAR ENDED JUNE 30, 2004

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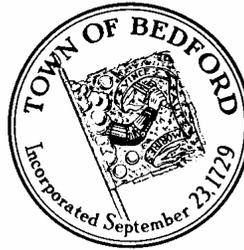
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Introductory Section

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.



*Community Preservation Act Funds are being used to refurbish the Old Town Hall.
This project was our inspiration for working with lawmakers to clarify the use of CPA funds on historic properties.*



FINANCE DEPARTMENT

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Letter of Transmittal

September 27, 2004

To the Honorable Board of 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 principals 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, 2004 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. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Bedford's financial statements have been audited by Powers & Sullivan, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Bedford for the fiscal year ended June 30, 2004, 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 the Town of Bedford's financial statements for the fiscal year ended June 30, 2004, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the Town

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

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

In the southern part of Bedford, straddling the contiguous Towns of Concord, Lexington and Lincoln, is Hanscom Field, a leading research facility in electronic systems and catalyst to many related firms. The Town has attracted industry since Hanscom Field was created in the 1940's; the facility has occasional military use, in addition to commuter/commercial air services, corporate aviation, private pilots, flight schools, some charters and light cargo. 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 approximately 85% of students graduating from the high school go on to higher education. The Town is the location of a campus of Middlesex Community College, several national historic landmarks, a swimming pond and lake, a bike path to the City of Cambridge, and beautiful open space consisting of public garden plots, a Town forest, active and passive conservation areas and recreation land.

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

The Town operates under a Board of Selectmen, Town Administrator, Open Town Meeting form of government. The elected, five-member Board of Selectmen makes policy decisions and the Town Administrator 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 Board of Selectmen, are elected at-large to three-year staggered terms.

Factors Affecting Financial Condition

The Town of Bedford continues to reflect a strong economic condition. The 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 FY04, commercial and industrial property revenue represented 39% 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. To reap

maximum economic and environmental benefits from the development of its remaining commercial land, the Town actively welcomes, supports and guides the location of desirable uses into the Town.

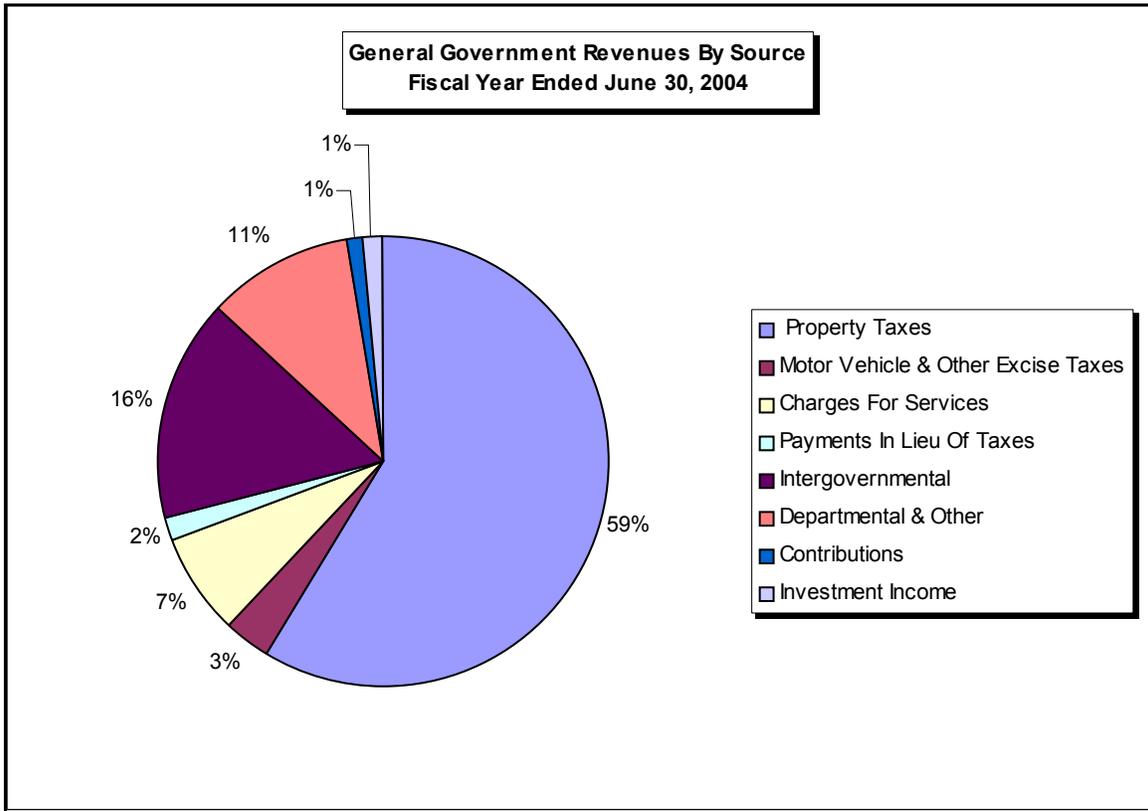
This objective has been achieved through an attentive policy of short and long-term economic development. Specifically, the Town plans the controlled expansion of employment and commercial activity by attracting, guiding, and regulating the expansion of existing commercial buildings or the construction 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 have increased approximately 10% from FY03 to FY04 and a similar increase is envisioned for FY05; this increase in value demonstrates the continued desirability of the Town. There are extensive proposals for new development in Bedford, including a variety of commercial and residential projects. There are plans for over 452,000 square feet of commercial and over 29,000 square feet of retail development. With respect to residential growth, there are plans for 55 single family homes, 178 condominiums and 842 rental units; approximately 25% of residential development will be for affordable housing. Bedford continues to be a very desirable location for development.

With respect to the Town's operating budget, the state's fiscal problems have had only a slight impact on the delivery of Town services. As the Town is not highly dependent on state aid, the Town has not been as adversely affected as other communities in Massachusetts. This leaves the Town in a position of having to rely mainly on property taxes to cover the increasing cost of providing services and replace the revenue lost from the state. However, the Town, anticipating such an occurrence, created substantial reserve accounts to deal with these circumstances. It is also important to note that the Town, for the last few fiscal years, has maintained a levy capacity in excess of one million dollars and intends to do so again in FY05, even with circumstances attributable to state and national economic downturns.

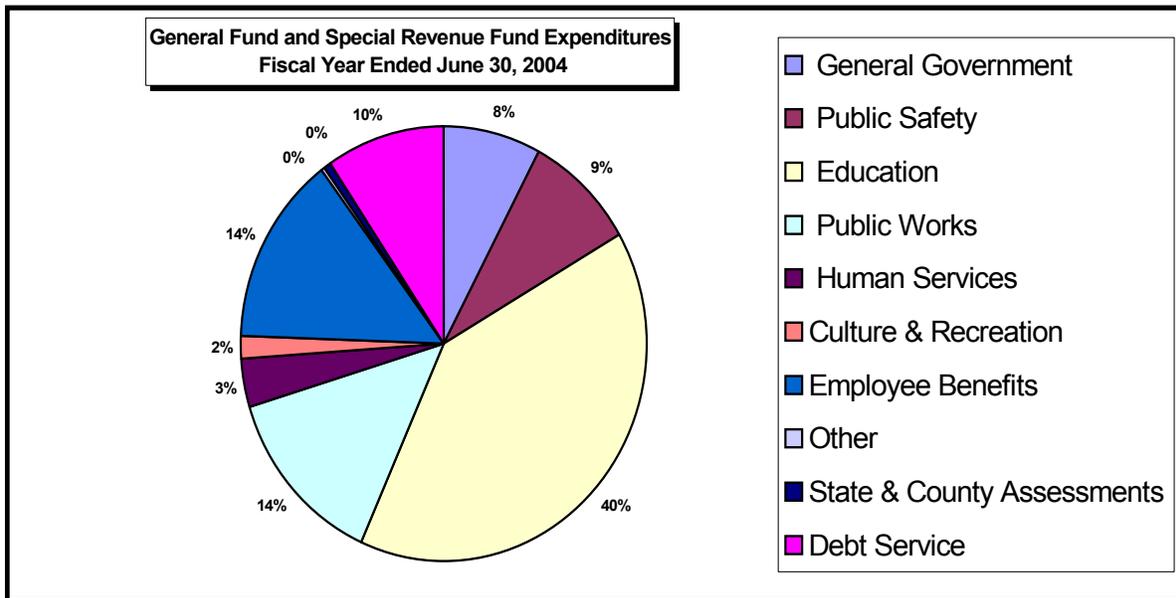
The Town was the first community in the state to adopt the Community Preservation Act, which allows for a 3% surcharge on real estate bills and is also matched by the state at 100%. Since its passage in FY 2002, the Town has collected approximately \$2.4 million from the surcharge and an additional \$2.4 million from the state. This program has provided funding for many projects in the areas of housing, recreation, open space acquisition and historic preservation.

The Town continues to manage its financial affairs in prudent manner as is demonstrated by its excellent Moody's bond rating of Aa1 and Standard & Poor's AA+, even with the fiscal constraints the Commonwealth of Massachusetts and the general downturn in the economy. It has been able to do so by incorporating long range planning tools such as a six-year Capital Improvement Program and ongoing financial modeling and forecasting; maintaining reserve balances despite tight budgets; investing in technology to ensure efficient operations; and maintaining an aggressive pay as you go financing strategy for capital improvements.

Financial Summary



- Tax revenue continues to be the most significant revenue source for the Town, comprising approximately 59% of total general fund revenue. Tax revenue increased in accordance with the provisions of the Massachusetts law, which limits such increase to 2 ½ % over the preceding year plus an allowance for new growth. In FY04, 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 approximately 16% of total general fund revenues. This includes state aid as well as \$3,722,000 million in on-behalf payments made by the State to the Massachusetts Teachers' Retirement Association for teachers' pension benefits.
- Motor vehicle revenue continued to be a strong source of revenue. Motor vehicle revenue continues to represent approximately 3% of the total general fund revenues.
- Investment income remains strong in FY04 despite lower interest rates, reflecting higher than average cash balances.
- License and permit revenue, in the Departmental & Other category, remained strong, reflecting vigorous home renovation and building activity in the Town.



- Education continues to represent the largest category of general fund expenditures, approximately 40% in FY04. The Town is committed to providing a high-quality education through its public schools.
- Public Safety and Public Works represent a combined 28% of general fund expenditures. This reflects the Town's commitment to providing a safe, secure environment and essential public services.
- Debt service costs in FY04 were 9% of total general fund expenditures, reflecting increased principal and interest payments associated with school building programs. The Town is benefiting from a 57% reimbursement from the state for school construction projects.
- Employee benefits will be 14% of total general fund expenditures in FY04, reflecting high health insurance costs experienced throughout the state and region.

The Town's general fund undesignated fund balance that is available for appropriation by Town Meeting, is certified as "free cash" by the Department of Revenue's Bureau of Accounts. Bedford's certified "free cash" as of June 30, 2004 is \$2,064,091 as compared to \$4,553,441 as of June 30, 2003. The decrease was due to the Town's use of \$3,100,000 in free cash to balance the fiscal year 2004 budget. The Town remains committed to conservative budgets, tight management controls, and to maintaining reserves, particularly the Stabilization Fund. (whose June 30, 2004 balance is \$3,202,705). As in the past, if reserves are used, there is a planned replenishment program that is implemented.

Financial and Management Systems

Internal Controls

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. The Finance Director is responsible for evaluating the adequacy and effectiveness of the internal control structure and implementing improvements.

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.

Budgetary Controls

The Town Administrator is responsible for preparing and presenting the budget to the Board of 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 Administrator 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 Board of 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.

Cash Management

Cash management is handled by the Town Treasurer who monitors the Town's cash flow and provides for the investment of Town funds. The Treasurer seeks to maximize the return on Town funds while maintaining adequate protection and liquidity of funds.

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 safety, liquidity and yield.

Risk Management

The Town is exposed to various risks of loss related to general liability, property and casualty, workers' compensation and unemployment compensation claims. Buildings and property are fully insured against fire, theft and natural disaster to the extent that losses exceed the Town's deductible per incident. These deductibles vary by type of incident, none of which exceed \$25,000. The Town is a member of the Massachusetts Interlocal Insurance Association (MIIA), a public entity risk pool currently operating as a common risk management and insurance program for workers' compensation benefits for employees other than uniformed police and fire personnel. MIIA is self-sustaining through member premiums and reinsures through commercial companies for stop loss insurance. In recent years, the Town has received premium credits in recognition of its efforts to minimize and eliminate losses.

Debt Administration

The Town Treasurer has oversight of all Town debt. The Town's credit rating was reaffirmed as a Moody's Aa1 and Standard & Poor's AA+ during April 2004, which is a strong reflection on the financial condition and management of the Town.

Since the mid 1980's, the Town desired to maintain a ten-year repayment policy, whenever possible, and a substantial portion of its current debt falls within that parameter. A large amount of recent debt, in particular, is applicable to new school construction, all of which is subject to a 57% reimbursement from the state. 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.

As of June 30, 2004, the Town has outstanding debt of \$42,571,243. Bonds issued for public safety, public works, library, and school improvements were approved as debt exclusions to Proposition 2 ½; the additional tax levy required ends when the bonds are repaid.

The Town has authorized and unissued debt for numerous projects. Total authorized and unissued debt as of June 30, 2004 is \$22,516,760. The authorized and unissued debt includes approximately \$6,577,000 for school projects, \$7,190,000 for public works projects, \$6,900,000 for municipal buildings, and the balance for land acquisition and road improvements.

Acknowledgements

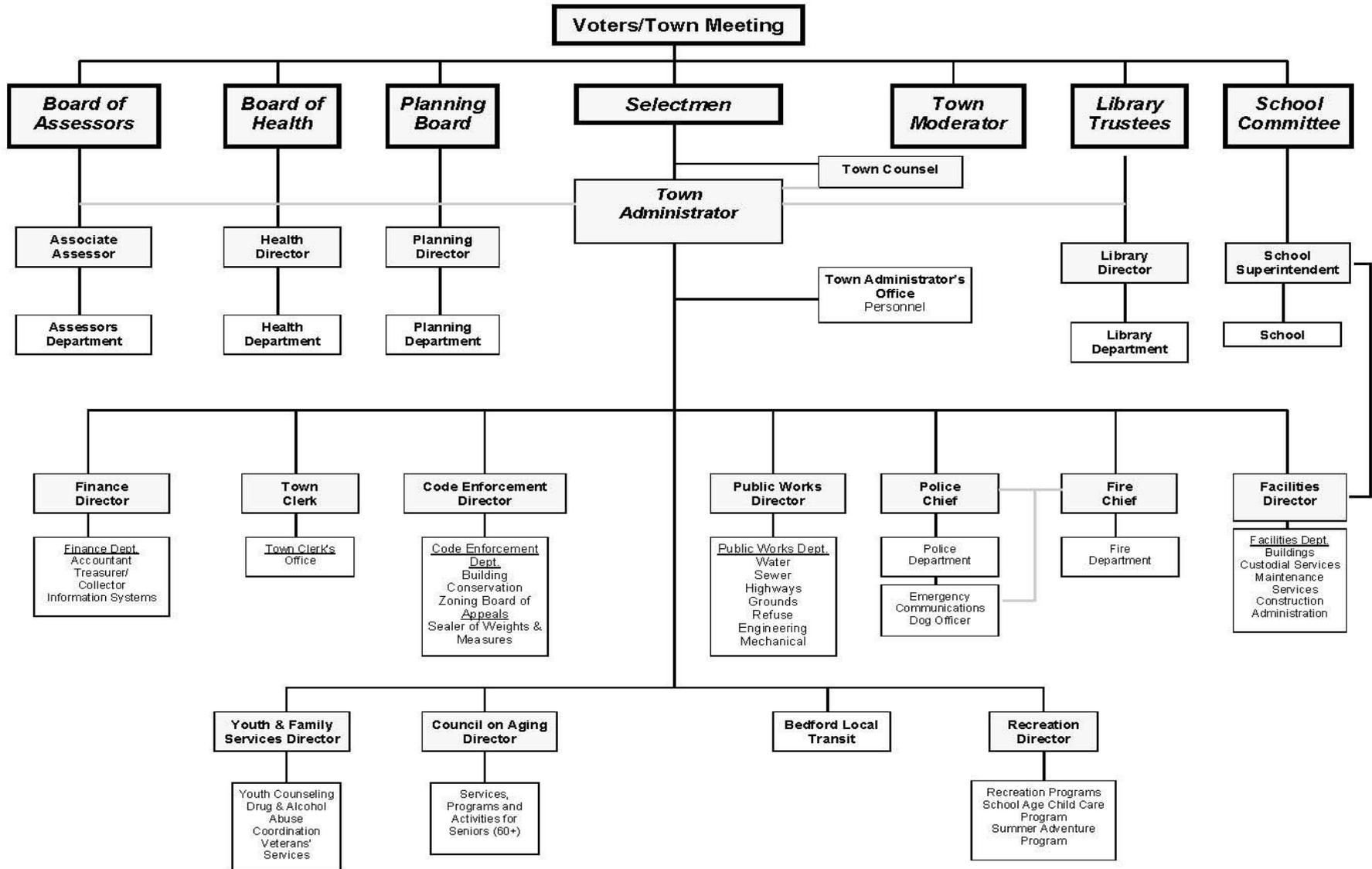
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to also express our appreciation to all the members of the departments who assisted and contributed to the preparation of this report.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

Respectfully submitted,

A handwritten signature in cursive script that reads "Peter S. Naum".

Peter Naum
Finance Director

Town of Bedford Organization Chart



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 Administrator	Appointed	Indefinite
Finance Director	Appointed	Indefinite
Treasurer/Collector	Appointed	Indefinite
Town Accountant	Appointed	Indefinite
Town Clerk	Appointed	Indefinite
Town Counsel	Appointed	1 year

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Financial Section

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



Bedford Free Public Library



323 New Boston Street

Woburn, MA 01801

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www.powersandsullivan.com

Independent Auditors' Report

 member

To the Honorable Board of Selectmen
Town of Bedford, Massachusetts

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Bedford, Massachusetts, as of and for the fiscal year ended June 30, 2004, 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 an opinion 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 *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, 2004, and the respective changes in financial position, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2004, on our consideration of the Town of Bedford, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Powers + Sullivan". The signature is written in black ink and is positioned above the date.

September 17, 2004

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Bedford, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2004. The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). Management's discussion and analysis are part of these requirements.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Entity-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. The Town’s assets exceeded liabilities by \$124,469,520 at the close of FY2004.

Net assets of \$95,482,398 (77%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the net assets \$3,610,780 (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$25,376,342 (20%) may be used to meet the government’s ongoing obligations to citizens and creditors.

	FY04	FY03
Assets:		
Current assets.....	\$ 43,509,083	\$ 45,028,630
Noncurrent assets (excluding capital).....	22,029,000	6,572,000
Capital assets.....	122,949,979	115,997,861
Total assets.....	188,488,062	167,598,491
Liabilities:		
Current liabilities (excluding debt).....	5,571,528	4,211,174
Noncurrent liabilities (excluding debt).....	325,000	331,000
Current debt.....	19,381,821	10,315,422
Noncurrent debt.....	38,740,193	42,571,243
Total liabilities.....	64,018,542	57,428,839
Net Assets:		
Capital assets net of related debt.....	95,482,398	78,176,677
Restricted.....	3,610,780	3,440,266
Unrestricted.....	25,376,342	28,552,709
Total net assets.....	\$ 124,469,520	\$ 110,169,652

At the end of the current fiscal year, the Town is able to report positive balances of net assets for the governmental type activities.

The governmental activities net assets increased by \$14,299,868 during the current fiscal year which is primarily the result of the recognition of capital grants from the School Building Assistance Bureau for approximately \$15,000,000, for the construction of the Glenn Middle School and the Lane Elementary School.

	<u>FY04</u>	<u>FY03</u>
Program revenues:		
Charges for services.....	\$ 9,027,413	\$ 8,295,574
Operating grants and contributions.....	11,300,605	10,861,284
Capital grants and contributions.....	15,375,096	309,059
General Revenues:		
Real estate and personal property taxes.....	34,689,227	31,778,492
Tax liens.....	116,756	229,811
Motor vehicle and other excise taxes.....	1,846,599	2,028,078
Penalties and interest on taxes.....	86,601	96,681
Payments in lieu of taxes.....	1,086,718	1,074,375
Unrestricted grants and contributions.....	886,732	979,577
Unrestricted investment income.....	849,172	1,059,414
Total revenues.....	<u>75,264,919</u>	<u>56,712,345</u>
Expenses:		
General Government.....	3,407,061	4,235,287
Public Safety.....	6,661,423	6,121,292
Education.....	33,652,766	30,977,175
Public Works.....	7,297,953	7,281,930
Water.....	1,043,454	938,338
Sewer.....	2,654,437	2,672,421
Human Services.....	2,364,661	2,192,276
Culture and Recreation.....	1,365,670	1,396,466
Interest.....	2,107,999	1,718,959
State and county charges.....	273,892	315,717
Other.....	135,735	160,944
Total expenses.....	<u>60,965,051</u>	<u>58,010,805</u>
Change in net assets.....	<u>\$ 14,299,868</u>	<u>\$ (1,298,460)</u>

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$20,077,041 a decrease of \$12,408,594 from prior year. The key reasons for this decrease are described below.

The **general fund** is the chief operating fund of the Town. At the end of the current fiscal year, unreserved fund balance of the general fund was \$7,817,761, while total fund balance was \$11,893,382. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 14% of total general fund expenditures, while total fund balance represents 21% of that same amount.

During fiscal year 2004, the general fund balance decreased by \$1,946,983, due to the fact that the Town budgeted to use approximately \$3.1 million of the prior year's fund balance to fund the current operating budget.

The **Glenn Middle School major fund** is used to account for the renovation project at the Glenn Middle School. To finance this project, the Town has issued temporary notes of \$5,925,771. Through fiscal year 2004, the Town had expended approximately \$5,200,000 on the project and it is anticipated that the project will be completed in early fiscal year 2005. The Town has been approved by the State's School Building Assistance Bureau to be reimbursed for 57% of the project costs.

The **Town Capital Projects major fund** is used to account for all of the remaining capital projects ongoing within the Town. The most significant projects included in this fund include the construction of a new DPW facility, renovations to the Town's High School building, renovations to the Town Center building located behind the New Town Hall, and the Middlesex Turnpike construction project.

Approximately half of the decrease in the Town's governmental fund balances is the result of the activity of the Town Capital Projects fund. These projects have been funded through the issuance of \$8,025,000 in temporary debt (Bond Anticipation Notes). On the modified accrual basis of accounting, temporary debt is recorded as a liability on the fund based balance sheet. The deficit is eliminated once the projects are permanently financed through the issuance of bonds, when the proceeds are recognized as other financing sources on the fund based statements.

The projects included in this fund are in various stages of completion. The greatest amount of activity for fiscal year 2004 was for the Construction of the new DPW facility. The Town has temporarily borrowed \$4,685,000 for this project and expenditures for fiscal year 2004 totaled approximately \$4.5 million. The Town anticipates completing this project during fiscal year 2005.

Nonmajor governmental funds had a net decrease of \$1,923,270. This decrease was primarily due to the renovations of the Old Town Hall building that has been funded through the Town's Community Preservation Act fund. The Town has issued temporary debt for this project for \$1,600,000. The Town has voted to finance this

project through the issuance of bonds whose debt service will be paid from future tax surcharges collected in association with the Community Preservation Act.

General Fund Budgetary Highlights

The \$638,560 increase between the original budget and the final amended budget was due to a combination of approximately \$340,000 in budget reductions made at the October 27, 2003 Special Town Meeting and a vote taken at the March 3, 2004 Annual Town Meeting to fund various articles through the use of unexpended balances from prior warrant articles and available fund balance totaling approximately \$980,000.

Capital Asset and Debt Administration

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

The Town defines capital projects using the following guidelines:

- Any item or project expenditure of \$5,000 per item with a useful life of 2 years or more.
- 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.

For fiscal year 2004, the CEC recommended approximately \$2,500,000 in capital articles to Town Meeting. The total projected capital expenditures for fiscal years 2005 through 2010 averaged approximately \$3,000,000 per year.

During fiscal year 2004, the Town’s construction in progress increased by approximately \$9,600,000, bringing the total Construction in Progress to approximately \$30,000,000 at year end. The main projects included in this category are the Glenn Middle School (\$20,000,000), the new DPW Building (\$5,000,000), and the New Town Center Building (\$2,200,000). Approximately \$1,800,000 of current year additions were financed through Community Preservation Funds.

Outstanding long-term debt, as of June 30, 2004, totaled \$42,571,243 of which \$33,668,000 is related to current and previous school construction and remodeling projects, \$4,676,243 for public works, \$813,000 for library, \$2,226,000 for land acquisitions, and \$1,188,000 for public safety.

The Town has also authorized an additional \$22,516,760 to be borrowed for the following projects:

Purpose	Amount
Middlesex Turnpike.....	\$ 145,000
Hartwell Rd. MWRA Loan.....	122,760
Land Acquisition.....	4,000
Sewer Planning MWRA.....	75,000
Middle School.....	6,177,000
High School	400,000
Old Town Hall	1,600,000
Water Main MWRA.....	50,000
Water Bonds MWRA.....	10,000
Public Works Facility	4,685,000
Town Center Facility.....	5,300,000
Middlesex Land & Easement.....	1,700,000
Water Mains.....	1,800,000
Water Equipment.....	<u>448,000</u>
 Total.....	 <u>\$ 22,516,760</u>

The Town's Bond Anticipation Notes (BAN's) outstanding increased by \$9,179,400 during fiscal year 2004, bringing total BAN's outstanding to \$15,550,771 at year end. Of this amount, \$5,925,771 relates to the Glenn Middle School, \$1,600,000 is for projects to be funded through the Community Preservation Act, and \$8,025,000 relates to other Town projects, including construction of the new DPW building, Town Center, renovations to Old Town Hall, and other ongoing capital improvements.

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

Requests for Information

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

Basic Financial Statements

STATEMENT OF NET ASSETS

JUNE 30, 2004

	<u>Primary Government</u>	
		<u>Governmental Activities</u>
ASSETS		
CURRENT:		
Cash and short-term investments.....	\$	32,796,527
Investments.....		5,237,095
Receivables, net of allowance for uncollectibles:		
Real estate and personal property taxes.....		305,291
Tax liens.....		479,325
Motor vehicle excise taxes.....		163,734
User fees.....		1,383,918
Departmental and other.....		71,549
Intergovernmental.....		1,271,062
Tax foreclosures.....		53,769
Investment in joint venture.....		1,746,813
NONCURRENT:		
Receivables, net of allowance for uncollectibles:		
Intergovernmental.....		22,029,000
Capital assets, net of accumulated depreciation:		
Nondepreciable.....		46,438,069
Depreciable.....		76,511,910
TOTAL ASSETS.....		<u>188,488,062</u>
LIABILITIES		
CURRENT:		
Warrants payable.....		2,930,951
Tax refunds payable.....		800,000
Accrued interest.....		629,200
Other liabilities.....		569,377
Compensated absences.....		642,000
Bonds and notes payable.....		19,381,821
NONCURRENT:		
Compensated absences.....		325,000
Bonds and notes payable.....		38,740,193
TOTAL LIABILITIES.....		<u>64,018,542</u>
NET ASSETS		
Invested in capital assets, net of related debt.....		95,482,398
Restricted for:		
Permanent funds:		
Expendable.....		288,571
Nonexpendable.....		357,421
Other purposes.....		2,964,788
Unrestricted.....		25,376,342
TOTAL NET ASSETS.....	\$	<u><u>124,469,520</u></u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2004

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 3,407,061	\$ 2,224,057	\$ 793,301	\$ -	\$ (389,703)
Public safety.....	6,661,423	1,157,301	538,227	-	(4,965,895)
Education.....	33,652,766	512,789	7,775,950	15,051,053	(10,312,974)
Public works.....	7,297,953	107,287	99,938	319,478	(6,771,250)
Water.....	1,043,454	1,395,880	-	-	352,426
Sewer.....	2,654,437	2,972,278	58,232	-	376,073
Human services.....	2,364,661	52,473	161,057	-	(2,151,131)
Culture and recreation.....	1,365,670	539,172	836,900	4,565	14,967
Interest.....	2,107,999	-	1,037,000	-	(1,070,999)
State and county charges.....	273,892	-	-	-	(273,892)
Other.....	135,735	66,176	-	-	(69,559)
Total Primary Government.....	\$ 60,965,051	\$ 9,027,413	\$ 11,300,605	\$ 15,375,096	\$ (25,261,937)

See notes to basic financial statements.

(Continued)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2004

ASSETS	General	Glenn Middle School	Town Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Cash and short-term investments.....	\$ 12,433,219	\$ 637,774	\$ 6,118,911	\$ 13,606,623	\$ 32,796,527
Investments.....	604,402	-	-	4,632,693	5,237,095
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	305,291	-	-	-	305,291
Tax liens.....	479,325	-	-	-	479,325
Motor vehicle excise taxes.....	163,734	-	-	-	163,734
User fees.....	420,533	-	-	963,385	1,383,918
Departmental and other.....	38,569	-	-	32,980	71,549
Intergovernmental.....	22,409,000	-	-	891,062	23,300,062
Tax foreclosures.....	53,769	-	-	-	53,769
Investment in joint venture.....	1,746,813	-	-	-	1,746,813
TOTAL ASSETS.....	\$ 38,654,655	\$ 637,774	\$ 6,118,911	\$ 20,126,743	\$ 65,538,083
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 1,654,105	\$ -	\$ 887,175	\$ 389,671	\$ 2,930,951
Tax refunds payable.....	800,000	-	-	-	800,000
Other liabilities.....	569,377	-	-	-	569,377
Deferred revenues.....	23,737,791	-	-	1,872,152	25,609,943
Notes payable.....	-	5,925,771	8,025,000	1,600,000	15,550,771
TOTAL LIABILITIES.....	26,761,273	5,925,771	8,912,175	3,861,823	45,461,042
FUND BALANCES:					
Reserved for:					
Encumbrances and continuing appropriations.....	4,075,621	-	-	-	4,075,621
Perpetual permanent funds.....	-	-	-	357,421	357,421
Unreserved:					
Designated for investment in joint venture.....	1,746,813	-	-	-	1,746,813
Designated for subsequent year's expenditures.....	2,351,000	-	-	-	2,351,000
Undesignated, reported in:					
General fund.....	3,719,948	-	-	-	3,719,948
Special revenue funds.....	-	-	-	15,618,928	15,618,928
Capital projects funds.....	-	(5,287,997)	(2,793,264)	-	(8,081,261)
Permanent funds.....	-	-	-	288,571	288,571
TOTAL FUND BALANCES.....	11,893,382	(5,287,997)	(2,793,264)	16,264,920	20,077,041
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 38,654,655	\$ 637,774	\$ 6,118,911	\$ 20,126,743	\$ 65,538,083

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2004

Total governmental fund balances.....		\$ 20,077,041
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		122,949,979
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		25,609,943
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(629,200)
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.....	(42,571,243)	
Compensated absences.....	<u>(967,000)</u>	
Net effect of reporting long-term liabilities.....		<u>(43,538,243)</u>
Net assets of governmental activities.....		<u>\$ 124,469,520</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2004

	General	Glenn Middle School	Town Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 34,846,274	\$ -	\$ -	\$ -	\$ 34,846,274
Motor vehicle and other excise taxes.....	1,841,960	-	-	-	1,841,960
Charges for services.....	1,348,371	-	-	2,931,048	4,279,419
Penalties and interest on taxes.....	86,601	-	-	-	86,601
Payments in lieu of taxes.....	1,086,718	-	-	-	1,086,718
Intergovernmental.....	7,894,873	-	-	1,625,390	9,520,263
Departmental and other.....	1,725,060	-	4,165	4,503,731	6,232,956
Contributions.....	-	-	-	658,776	658,776
Investment income.....	698,359	-	5,583	145,230	849,172
TOTAL REVENUES.....	49,528,216	-	9,748	9,864,175	59,402,139
EXPENDITURES:					
Current:					
General government.....	2,615,300	-	265,500	2,312,498	5,193,298
Public safety.....	4,796,666	-	267,401	900,574	5,964,641
Education.....	23,492,519	2,368,912	392,465	1,675,328	27,929,224
Public works.....	4,927,386	-	5,253,811	80,570	10,261,767
Water.....	1,043,454	-	-	-	1,043,454
Sewer.....	363,749	-	-	-	363,749
MWRA assessment.....	2,290,688	-	-	-	2,290,688
Human services.....	821,679	-	-	1,385,116	2,206,795
Culture and recreation.....	1,071,043	-	-	31,694	1,102,737
Pension benefits.....	5,114,360	-	-	-	5,114,360
Employee benefits.....	3,354,934	-	-	556,896	3,911,830
Other.....	135,735	-	-	-	135,735
State and county charges.....	273,892	-	-	-	273,892
Debt service:					
Principal.....	3,944,051	-	-	-	3,944,051
Interest.....	2,074,512	-	-	-	2,074,512
TOTAL EXPENDITURES.....	56,319,968	2,368,912	6,179,177	6,942,676	71,810,733
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(6,791,752)	(2,368,912)	(6,169,429)	2,921,499	(12,408,594)
OTHER FINANCING SOURCES (USES):					
Transfers in.....	4,965,850	-	-	121,081	5,086,931
Transfers out.....	(121,081)	-	-	(4,965,850)	(5,086,931)
TOTAL OTHER FINANCING SOURCES (USES).....	4,844,769	-	-	(4,844,769)	-
NET CHANGE IN FUND BALANCES.....	(1,946,983)	(2,368,912)	(6,169,429)	(1,923,270)	(12,408,594)
FUND BALANCES AT BEGINNING OF YEAR.....	13,840,365	(2,919,085)	3,376,165	18,188,190	32,485,635
FUND BALANCES AT END OF YEAR.....	\$ 11,893,382	\$ (5,287,997)	\$ (2,793,264)	\$ 16,264,920	\$ 20,077,041

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2004

Net change in fund balances - total governmental funds.....		\$ (12,408,594)
<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.</p>		
Capital outlay.....	11,147,789	
Depreciation expense.....	<u>(4,195,671)</u>	
Net effect of reporting capital assets.....		6,952,118
<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>		
		15,862,780
<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 effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Debt service principal payments.....		3,944,051
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	(17,000)	
Net change in accrued interest on long-term debt.....	<u>(33,487)</u>	
Net effect of recording long-term liabilities and amortizing deferred losses.....		<u>(50,487)</u>
Change in net assets of governmental activities.....		<u>\$ 14,299,868</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2004

		Private Purpose Trust Funds
ASSETS		
CURRENT:		
Cash and short-term investments.....	\$	94,623
Investments.....		36,904
TOTAL ASSETS.....		131,527
LIABILITIES		
Warrants payable.....		64,597
NET ASSETS		
Held in trust for other purposes.....	\$	66,930

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2004

	<u>Private Purpose Trust Funds</u>
<u>ADDITIONS:</u>	
Contributions:	
Net change in fair value of investments.....	\$ 29,729
Interest.....	<u>2,461</u>
Total investment income (loss).....	<u>32,190</u>
 <u>DEDUCTIONS:</u>	
Other.....	<u>1,026</u>
CHANGE IN NET ASSETS.....	31,164
NET ASSETS AT BEGINNING OF YEAR.....	<u>35,766</u>
NET ASSETS AT END OF YEAR.....	<u>\$ 66,930</u>

See notes to basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying comprehensive annual financial report of the Town of Bedford, Massachusetts (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant Town accounting policies are described herein.

A. Reporting Entity

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

Joint Venture – The Town is a member of the North East Solid Waste Committee (NESWC), a joint venture with 23 communities, organized to represent its members in all matters related to solid waste disposal at a regional waste-to-energy facility located in North Andover, Massachusetts. In accordance with a depository agreement NESWC was granted control over various funds received from contractual communities. As of June 30, 2004, the Town's equity interest of \$1,746,813 in the operation of NESWC is recorded in the General Fund. Complete financial statements for NESWC can be obtained by contacting their administrative offices at 3 Burlington Woods, Burlington, Massachusetts 01803.

B. Jointly Governed Organizations

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

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

As of June 30, 2004 all of the District projects have been completed, all debt issued by the District has been retired and all of the liabilities of the District have been satisfied. Consequently, termination of the District can now occur by vote of the commissioners. At June 30, 2004, there was approximately \$300,000 in cash remaining in the District. Upon termination of the District, all funds and other properties owned by the District will revert to the Town.

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

The government-wide financial statements (i.e., statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units.

Governmental activities, are primarily supported by taxes and intergovernmental revenues.

Fund Financial Statements

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

Major Fund Criteria

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

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

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

Fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

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

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

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

Taxes and other items not identifiable as program revenues are reported as general revenues. For the most part, the effect of interfund activity has been removed from the government-wide financial statements.

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

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

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

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

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

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

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

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

The following fiduciary fund types are reported:

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

Government-Wide and Fund Financial Statements

For the government-wide financial statements, and fiduciary fund accounting, all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, are applied, unless those pronouncements conflict with or contradict GASB pronouncements.

E. Cash and Investments

Government-Wide and Fund Financial Statements

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

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 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 and personal property taxes levied are recorded as receivables in the fiscal year of the levy.

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

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

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

Motor Vehicle Excise

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles

registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

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

User Fees

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

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

Departmental and Other

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

Intergovernmental

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

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

G. Inventories

Government-Wide and Fund Financial Statements

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

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, land improvements, buildings, machinery and equipment, and infrastructure, (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental activity column of the government-wide financial statements. Capital assets 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. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

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) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

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

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

Governmental Fund Financial Statements

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

I. Interfund Receivables and Payables

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

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net assets. Any residual balances outstanding between the governmental activities are reported in the statement of net assets as “internal balances”.

Fund Financial Statements

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

J. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Deferred Revenue

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

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

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

Net assets have been “restricted for” the following:

“Permanent funds - expendable” represents 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.

“Other purposes” represents amounts held for the community preservation act, school grants, and highway grants.

Fund Financial Statements (Fund Balances)

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

Fund balances have been “reserved for” the following:

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

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

Fund balances have been “designated for” the following:

“Investment in joint venture” represents the amount of equity interest in the recorded joint venture.

“Subsequent year’s expenditures” represents amounts appropriated for the fiscal year 2005 operating budget.

M. Long-term debt

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

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

N. Investment Income

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

O. Compensated Absences

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

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

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

P. Post Retirement Benefits

Government-Wide and Fund Financial Statements

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance is recognized by recording the employer’s 50% share of insurance premiums in the general fund in the fiscal year paid. For the fiscal year ended June 30, 2004, this expenditure totaled approximately \$604,000. There were approximately 223 participants eligible to receive benefits at June 30, 2004.

Q. Individual Fund Deficits

Several individual fund deficits exist within the Special Revenue Fund. These deficits are anticipated to be funded through federal and state grants.

The Glenn Middle School Fund had an accumulated deficit of (\$5,287,996) at June 30, 2004. This deficit will be funded in future fiscal years through the issuance of general obligation bonds.

R. 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 comprehensive annual financial report and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

S. Total Column

Fund Financial Statements

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

NOTE 2 - CASH AND INVESTMENTS

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

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). In addition, there are various restrictions limiting the amount and length of deposits and investments.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

Short-term investments and investments are classified as to collateral risk into the following three categories:

- Category 1: Insured or registered, or securities held by the Town or its agent in the Town's name.
- Category 2: Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Town's name.
- Category 3: Uninsured and unregistered, with securities held by the counterparty, or its trust department or agent but not in the Town's name.

At fiscal year-end, the carrying amount of deposits totaled \$28,988,703 and the bank balance totaled \$30,477,062. Of the bank balance, \$471,895 was covered by Federal Depository Insurance and \$30,005,167 was uninsured and uncollateralized.

The following details the carrying amount of cash and short-term investments and investments as reported in the comprehensive annual financial report at June 30, 2004:

	<u>Cash and Short-term Investments</u>	<u>Investments</u>	<u>Total</u>
<i>Cash balances at June 30, 2004</i>			
Checking, savings and NOW accounts.....	\$ 4,578,872	\$ -	\$ 4,578,872
Certificates of deposit.....	1,353,066	-	1,353,066
Money market deposits.....	<u>23,056,766</u>	-	<u>23,056,766</u>
 Total carrying amount of cash.....	 <u>28,988,704</u>	 -	 <u>28,988,704</u>
<u>Investments not subject to categorization:</u>			
MMDT.....	759,556	-	759,556
Money market mutual funds.....	3,142,891	-	3,142,891
<u>Investments subject to categorization (Category 3):</u>			
Equity securities.....	-	2,189,894	2,189,894
Fixed income securities.....	-	<u>3,084,105</u>	<u>3,084,105</u>
 Total investments.....	 <u>3,902,447</u>	 <u>5,273,999</u>	 <u>9,176,446</u>
 Total cash and short-term investments and investments of the Town at June 30, 2004.....	 <u>\$ 32,891,151</u>	 <u>\$ 5,273,999</u>	 <u>\$ 38,165,150</u>

NOTE 3 - RECEIVABLES

At June 30, 2004, receivables for the individual major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables and other assets:</u>			
Real estate and personal property taxes.....	\$ 305,291	\$ -	\$ 305,291
Tax liens.....	479,325	-	479,325
Motor vehicle excise taxes.....	180,956	(17,222)	163,734
User fees.....	1,383,918	-	1,383,918
Departmental and other.....	71,549	-	71,549
Tax Foreclosures.....	53,769	-	53,769
Intergovernmental.....	23,300,062	-	23,300,062
 Total.....	 \$ <u>25,774,870</u>	 \$ <u>(17,222)</u>	 \$ <u>25,757,648</u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	General Fund	Other Governmental Funds	Total
<u>Receivable and other asset type:</u>			
Real estate and personal property taxes.....	\$ 172,861	\$ -	\$ 172,861
Tax liens.....	479,325	-	479,325
Motor vehicle and other excise.....	163,734	-	163,734
User Fees.....	420,534	990,362	1,410,896
Departmental and other.....	38,568	6,102	44,670
Tax Foreclosures.....	53,769	-	53,769
Intergovernmental.....	22,409,000	875,688	23,284,688
 Total.....	 \$ <u>23,737,791</u>	 \$ <u>1,872,152</u>	 \$ <u>25,609,943</u>

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 16,051,056	\$ 81,008	\$ -	\$ 16,132,064
Construction in progress.....	20,647,082	9,658,923	-	30,306,005
Total capital assets not being depreciated.....	<u>36,698,138</u>	<u>9,739,931</u>	-	<u>46,438,069</u>
<u>Capital assets being depreciated:</u>				
Buildings.....	45,871,908	-	-	45,871,908
Machinery and equipment.....	1,878,847	341,564	-	2,220,411
Vehicles.....	2,879,308	710,391	-	3,589,699
Infrastructure.....	89,559,647	355,903	-	89,915,550
Total capital assets being depreciated.....	<u>140,189,710</u>	<u>1,407,858</u>	-	<u>141,597,568</u>
<u>Less accumulated depreciation for:</u>				
Buildings.....	(13,629,245)	(1,770,082)	-	(15,399,327)
Machinery and equipment.....	(1,101,929)	(215,926)	-	(1,317,855)
Vehicles.....	(1,684,244)	(346,922)	-	(2,031,166)
Infrastructure.....	(44,474,569)	(1,862,741)	-	(46,337,310)
Total accumulated depreciation.....	<u>(60,889,987)</u>	<u>(4,195,671)</u>	-	<u>(65,085,658)</u>
Total governmental activities capital assets, net.....	<u>\$ 115,997,861</u>	<u>\$ 6,952,118</u>	<u>\$ -</u>	<u>\$ 122,949,979</u>

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

Governmental Activities:	
General government.....	\$ 201,085
Public safety.....	266,573
Education.....	1,453,898
Public works.....	2,073,208
Culture and recreation.....	<u>200,907</u>
Total depreciation expense - governmental activities.....	<u>\$ 4,195,671</u>

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2004, are summarized as follows:

Transfers Out:	Transfers In:		
	General Fund	Nonmajor Governmental Funds	Total
General Fund.....	\$ -	\$ 121,081	\$ 121,081 (1)
Nonmajor Governmental Funds.....	4,965,850	-	4,965,850 (2)
Total.....	\$ 4,965,850	\$ 121,081	\$ 5,086,931

- (1) Represents unused Community Preservation Funds and transfers to the highway funds for road construction projects.
- (2) Represents transfers from the Sewer Fund, the Stabilization Fund, the Cemetery Trust Funds, The Pension Trust Fund, and Community Preservation Funds to finance the Town's operating budget.

NOTE 6 - SHORT-TERM FINANCING

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

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures for short-term borrowings are accounted for in the general fund. Details related to the short-term debt activity for the fiscal year ended June 30, 2004, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2003	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2004
BAN	Middle School.....	1.70%	05/06/04	\$ 5,156,371	\$ -	\$ 5,156,371	\$ -
BAN	Town Center.....	1.70%	05/06/04	640,000	-	640,000	-
BAN	Old Town Hall.....	1.70%	05/06/04	575,000	-	575,000	-
BAN	Old Town Hall.....	1.32%	02/18/05	-	1,025,000	-	1,025,000
BAN	Middle School.....	3.00%	02/18/05	-	5,925,771	-	5,925,771
BAN	Town Center.....	3.00%	02/18/05	-	2,640,000	-	2,640,000
BAN	High School.....	3.00%	02/18/05	-	400,000	-	400,000
BAN	Old Town Hall.....	3.00%	02/18/05	-	575,000	-	575,000
BAN	DPW Facility.....	3.00%	02/18/05	-	4,685,000	-	4,685,000
BAN	Middlesex Land & Easement....	3.00%	02/18/05	-	300,000	-	300,000
Total.....				\$ 6,371,371	\$ 15,550,771	\$ 6,371,371	\$ 15,550,771

NOTE 7 - LONG-TERM DEBT

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

Details related to the outstanding indebtedness at June 30, 2004, and the debt service requirements are as follows:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2003	Issued	Redeemed	Outstanding at June 30, 2004
Building Addition - Public Safety.....	5.40	\$ 1,332,000	\$ -	\$ 444,000	\$ 888,000
Building Addition - Library.....	5.40	1,199,000	-	386,000	813,000
Building Addition - School.....	5.40	237,000	-	81,000	156,000
Building Remodeling - School.....	5.40	13,000	-	5,000	8,000
Building Remodeling.....	5.40	7,375	-	7,375	-
Departmental Equipment.....	5.40	26,625	-	26,625	-
Building Construction - School.....	4.40	9,868,220	-	658,945	9,209,275
Building Remodeling - School.....	4.40	750,000	-	50,000	700,000
Land Acquisition.....	4.30	701,000	-	55,000	646,000
Engineering Services - School.....	4.40	315,780	-	21,055	294,725
Departmental Equipment - Fire.....	4.00	100,000	-	100,000	-
Building Addition - School.....	5.40	9,940,000	-	555,000	9,385,000
Traffic Signal Installation.....	5.40	210,000	-	30,000	180,000
Landfill Area - Closing -out.....	5.40	45,000	-	15,000	30,000
Water Bonds-MWRA.....	0.00	392,562	-	43,618	348,944
Sewer Bonds-MWRA.....	0.00	209,732	-	52,433	157,299
Water Bonds-MWRA.....	0.00	200,000	-	20,000	180,000
Sidewalk Construction.....	2.00	347,000	-	117,000	230,000
Building Construction - Public Works.....	4.05	2,500,000	-	135,000	2,365,000
Engineering Services - Streets.....	2.00	570,000	-	190,000	380,000
Departmental Equipment - Public Safety....	2.83	375,000	-	75,000	300,000
Building Construction - School.....	4.11	14,650,000	-	735,000	13,915,000
Land Acquisition.....	3.97	300,000	-	18,100	281,900
Land Acquisition.....	3.97	430,000	-	24,900	405,100
Land Acquisition.....	3.98	450,000	-	25,000	425,000
Land Acquisition.....	3.97	496,000	-	28,000	468,000
Engineering Services - Public Works.....	4.05	420,000	-	22,222	397,778
Building Construction - Public Works.....	4.05	430,000	-	22,778	407,222
Total Bonds and Notes Payable.....		\$ 46,515,294	\$ -	\$ 3,944,051	\$ 42,571,243

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

Fiscal Year	Principal	Interest	Total
2005.....	\$ 3,831,051	\$ 1,752,158	\$ 5,583,209
2006.....	3,816,051	1,617,110	5,433,161
2007.....	2,566,051	1,502,943	4,068,994
2008.....	2,513,618	1,411,445	3,925,063
2009.....	2,438,618	1,309,095	3,747,713
2010.....	2,433,618	1,214,007	3,647,625
2011.....	2,428,618	1,118,432	3,547,050
2012.....	2,403,618	1,017,228	3,420,846
2013.....	2,355,000	915,030	3,270,030
2014.....	2,330,000	811,727	3,141,727
2015.....	2,325,000	707,565	3,032,565
2016.....	2,325,000	602,869	2,927,869
2017.....	2,270,000	496,629	2,766,629
2018.....	2,270,000	391,304	2,661,304
2019.....	1,545,000	284,346	1,829,346
2020.....	1,545,000	211,458	1,756,458
2021.....	1,545,000	137,051	1,682,051
2022.....	900,000	77,427	977,427
2023.....	730,000	34,674	764,674
Totals.....	\$ <u>42,571,243</u>	\$ <u>15,612,498</u>	\$ <u>58,183,741</u>

The Massachusetts Water Resource Authority (MWRA) operates an Infiltration/Inflow Financial Assistance Program for community owned collection systems. For each community approved for the project, financial assistance received from the MWRA consists of a grant and non-interest bearing loan. The loans are payable in five equal annual installments. At June 30, 2004, the outstanding principal amount of these loans totaled \$686,243. The Town did not receive any financial assistance from the program during fiscal year 2004.

The Commonwealth has approved school construction assistance. The assistance program, which is administered by the School Building Assistance Bureau, provides resources for future debt service of general obligation school bonds outstanding. During fiscal year 2004, approximately \$637,000 of such assistance was received. Approximately \$28,740,000 will be received in future fiscal years. Of this amount, approximately \$6,332,000 represents reimbursement of long-term interest costs, and approximately \$22,409,000 represents reimbursement of approved construction costs. Accordingly, a \$22,409,000 intergovernmental receivable and corresponding deferred revenue have been reported in governmental fund financial statements. The net change in deferred revenue has been recognized as revenue in the conversion to the government-wide financial statements.

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, 2004, the Town had the following authorized and unissued debt:

Purpose	Amount
Middlesex Turnpike.....	\$ 145,000
Hartwell Rd. MWRA Loan.....	122,760
Land Acquisition.....	4,000
Sewer Planning MWRA.....	75,000
Middle School.....	6,177,000
High School	400,000
Old Town Hall	1,600,000
Water Main MWRA.....	50,000
Water Bonds MWRA.....	10,000
Public Works Facility	4,685,000
Town Center Facility.....	5,300,000
Middlesex Land & Easement.....	1,700,000
Water Mains.....	1,800,000
Water Equipment.....	448,000
Total.....	\$ 22,516,760

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2004, the following changes occurred in long-term liabilities:

	Balance June 30, 2003	Additions	Reductions	Balance June 30, 2004	Current Portion
Long-Term Bonds and Notes.....	\$ 46,515,294	\$ -	\$ (3,944,051)	\$ 42,571,243	\$ 3,831,051
Compensated Absences.....	950,000	17,000	-	967,000	325,000
Total.....	\$ 47,465,294	\$ 17,000	\$ (3,944,051)	\$ 43,538,243	\$ 4,156,051

NOTE 8 - SPECIAL REVENUE RESERVE

Stabilization Fund

At June 30, 2004, approximately \$3,200,000 has been set aside in a stabilization fund, which is classified as a non-major governmental fund in the fund based financial statements. The stabilization fund balance can be used for general and/or capital purposes upon Town Meeting approval.

Pension Fund

The Town has approximately \$2,600,000 in a pension fund, which is classified as a non-major governmental fund in the fund based financial statements. Upon approval during the budget process, the pension fund may be used to fund the annual pension obligation due the System.

Post Retirement Benefits

In order to offset the anticipated costs associated with funding post retirement benefits, the Town has voted to establish a reserve that will be used to offset future costs. Through June 30, 2004, the cumulative amount of approximately \$1,072,000 has been raised for this purpose and has been classified as a non-major governmental fund in the fund based financial statements.

NOTE 9 - RISK FINANCING

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

The Town is self-insured for its retirees Medicare Supplement Plan. These activities are accounted for in the General Fund. At June 30, 2004 the incurred-but-not-reported claims are immaterial and therefore not reported.

NOTE 10 - PENSION PLAN

Plan Description - The Town contributes to Middlesex Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan administered by the Middlesex Retirement Board. Substantially all employees are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$3,722,000 for the fiscal year ended June 30, 2004, and, accordingly, are reported in the General Fund as Intergovernmental revenues and Pension expenditures.

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

Funding Policy - Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. Chapter 32 of the MGL governs the contributions of plan members and the Town. The Town's contributions to the System for the fiscal years ended

June 30, 2004, 2003, and 2002 were approximately \$1,387,000, \$1,178,000, and \$1,040,000, respectively, which equaled its required contribution for each fiscal year.

NOTE 11 - COMMITMENTS

The Town has approximately \$22,170,000 in capital projects that began in fiscal year 2001 and will continue through fiscal year 2005. These projects will be funded through the issuance of long-term debt, state grants, federal grants and future appropriations. Approximately \$6,577,000 of these projects relate to school construction projects that are eligible for assistance from the School Building Assistance Bureau at an expected reimbursement rate of 57% of approved construction costs.

Under the terms of an agreement with the State Department of Environmental Management and Wheelabrator, Inc., the Town is unconditionally obligated to make certain payments for its portion of the costs of using a resource recovery plant based on its projected minimum tonnage of solid waste to be disposed of at the plant. The cost to the Town under the agreement was approximately \$861,000 in fiscal year 2004. The facility was financed by the issuance of bonds in the amount of approximately \$197,000,000. In the event of a facility failure, under circumstances in which the Wheelabrator is not required or is unable to pay damages, the Town would be required to pay its indirect share of the bonds, based on the aggregate projected minimum disposal tonnage of all participating communities.

NOTE 12 - CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2004, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2004, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2004.

NOTE 13 - IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2004, the following GASB pronouncements were implemented:

The GASB issued Statement #39, Determining Whether Certain Organizations are Component Units, an Amendment of GASB Statement #14. Management has determined that no additional component units were required to be presented in the basic financial statements.

Other Future GASB Pronouncements:

The GASB issued Statement #40, Deposit and Investment Risk Disclosures, an Amendment of GASB Statement #3, which is required to be implemented during fiscal year 2005. This pronouncement will only require changes to the note disclosure.

The GASB issued Statement #42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries, which is required to be implemented in Fiscal 2006. Management does not believe that this pronouncement will significantly impact the basic financial statements.

The GASB issued Statement #43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, which is required to be implemented in Fiscal 2008. Since there is no legally established separate trust for the postemployment benefit plan this pronouncement will not impact the basic financial statements.

The GASB issued Statement #44, Economic Condition Reporting: The Statistical Section, which is required to be implemented in Fiscal 2006. This new GASB establishes and modifies requirements related to supplementary information presented in a statistical section. The presentation of a statistical section is not required by this pronouncement. This pronouncement will not impact the basic financial statements.

The GASB issued Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, which is required to be implemented in Fiscal 2009. Management believes this pronouncement will require additional disclosure and impact the basic financial statements.

Required Supplementary Information

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

FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts			
	Amounts Carried forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 35,223,251	\$ 35,223,251	\$ 34,931,683
Motor vehicle and other excise taxes.....	-	2,032,999	2,032,999	2,032,999
Charges for services.....	-	1,835,000	1,835,000	1,835,000
Penalties and interest on taxes.....	-	-	-	-
Payments in lieu of taxes.....	-	1,086,716	1,086,716	1,086,716
Intergovernmental.....	-	4,337,599	4,337,599	4,337,599
Departmental and other.....	-	1,482,950	1,482,950	1,482,950
Investment income.....	-	756,000	756,000	756,000
TOTAL REVENUES.....	-	46,754,515	46,754,515	46,462,947
EXPENDITURES:				
Current:				
Selectmen.....	383,138	487,287	870,425	891,335
Finance/Administrative Services.....	86,020	907,764	993,784	990,821
Financial Committees.....	-	601,890	601,890	291,152
Board of Assessors.....	-	214,401	214,401	218,856
Legal Services.....	-	131,325	131,325	179,825
Town Clerk.....	9,540	145,887	155,427	160,352
Elections and Registrations.....	-	82,338	82,338	76,086
Planning Board.....	-	97,427	97,427	101,019
Facilities.....	432,240	511,716	943,956	972,179
Town Center.....	4,171	146,449	150,620	150,620
Police Department.....	8,046	2,514,668	2,522,714	2,612,525
Fire Department.....	512	1,867,139	1,867,651	1,933,967
Code Enforcement.....	926	336,977	337,903	344,967
School Department.....	1,210,676	23,259,500	24,470,176	24,801,050
Vocational Education.....	-	329,860	329,860	243,555
Public works.....	2,188,880	8,050,077	10,238,957	10,658,928
Board of Health.....	23,982	408,655	432,637	436,496
Hazardous Waste.....	-	21,450	21,450	21,450
Mosquito Control.....	-	31,242	31,242	31,242
Bedford Local Transit.....	-	45,727	45,727	53,496
Council on Aging.....	-	140,691	140,691	140,691
Youth and Family Services.....	-	187,372	187,372	188,631
Public Library.....	11,824	925,447	937,271	950,958
Recreation Commission.....	-	123,501	123,501	134,221
Historic Preservation Commission.....	-	1,281	1,281	1,281
Pension benefits.....	-	1,392,000	1,392,000	1,392,000
Insurance and Benefits.....	57,000	3,614,500	3,671,500	3,671,500
State and county charges.....	-	318,451	318,451	318,451
Debt service:				
Principal.....	-	3,944,051	3,944,051	3,944,051
Interest.....	-	2,475,102	2,475,102	2,336,904
TOTAL EXPENDITURES.....	4,416,955	53,314,175	57,731,130	58,248,609
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(4,416,955)	(6,559,660)	(10,976,615)	(11,785,662)
OTHER FINANCING SOURCES (USES):				
Transfers in.....	-	4,999,402	4,999,402	4,939,402
Transfers out.....	-	-	-	(121,081)
TOTAL OTHER FINANCING SOURCES (USES).....	-	4,999,402	4,999,402	4,818,321
NET CHANGE IN FUND BALANCE.....	(4,416,955)	(1,560,258)	(5,977,213)	(6,967,341)
BUDGETARY FUND BALANCE, Beginning of year.....	13,265,378	13,265,378	13,265,378	13,265,378
BUDGETARY FUND BALANCE, End of year.....	\$ 8,848,423	\$ 11,705,120	\$ 7,288,165	\$ 6,298,037

See notes to required supplementary information.

	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
\$	35,278,426	\$ -	\$ 346,743
	1,841,960	-	(191,039)
	1,348,371	-	(486,629)
	86,601	-	86,601
	1,086,718	-	2
	4,172,477	-	(165,122)
	1,725,060	-	242,110
	593,957	-	(162,043)
	<u>46,133,570</u>	<u>-</u>	<u>(329,377)</u>
	365,780	431,424	94,131
	879,195	87,873	23,753
	413	-	290,739
	207,325	3,500	8,031
	178,908	-	917
	142,445	3,830	14,077
	64,504	-	11,582
	100,653	-	366
	676,077	290,014	6,088
	135,735	2,849	12,036
	2,554,754	52,967	4,804
	1,913,543	14,426	5,998
	328,369	710	15,888
	23,248,967	1,455,682	96,401
	243,552	-	3
	8,376,147	1,612,466	670,315
	402,872	11,704	21,920
	18,533	-	2,917
	31,242	-	-
	45,997	-	7,499
	138,828	-	1,863
	184,207	325	4,099
	935,584	14,539	835
	134,221	-	-
	1,238	-	43
	1,391,964	-	36
	3,354,934	93,312	223,254
	273,892	-	44,559
	3,944,051	-	-
	<u>2,074,512</u>	<u>-</u>	<u>262,392</u>
	<u>52,348,442</u>	<u>4,075,621</u>	<u>1,824,546</u>
	<u>(6,214,872)</u>	<u>(4,075,621)</u>	<u>1,495,169</u>
	4,965,850	-	26,448
	<u>(121,081)</u>	<u>-</u>	<u>-</u>
	<u>4,844,769</u>	<u>-</u>	<u>26,448</u>
	(1,370,103)	(4,075,621)	1,521,617
	<u>12,079,862</u>	<u>-</u>	<u>-</u>
\$	<u><u>10,709,759</u></u>	<u><u>(4,075,621)</u></u>	<u><u>1,521,617</u></u>

NOTE A - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

Amendments to the originally adopted budget and transfers between departments require approval at a Special Town meeting. Transfers between and within departments (except for the School Department) subsequent to the approval of the annual budget, requires the approval of the Town Administrator. Expenditures within the appropriation of the School Department are not restricted.

The majority of appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year. These carry forwards are included as part of the subsequent fiscal year's original budget.

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

An annual budget is adopted for the General Fund in conformity with the guidelines described above. The original fiscal year 2004 approved budget authorized approximately \$53,314,000 in appropriations and other amounts to be raised. During fiscal year 2004, the Town also approved supplemental appropriations totaling approximately \$639,000.

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

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2004, is presented below:

Net chang in fund balances, budgetary basis.....	\$	(1,370,103)
<u>Perspective difference:</u>		
Net change in joint venture.....		(249,130)
<u>Basis of accounting differences:</u>		
Recognition of revenue based on available criteria.....		104,402
Net change in 60 day receipts.....		67,848
Net change in tax refunds payable.....		(500,000)
Increase in revenue due to on-behalf payments.....		3,722,396
Increase in expenditures due to on-behalf payments.....		<u>(3,722,396)</u>
Net chang in fund balances, gaap basis.....	\$	<u><u>(1,946,983)</u></u>

Combining Statements



Nonmajor Governmental Funds

Narrative

Special Revenue Funds

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

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

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

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

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

Health Claims Fund – This fund is used to account for funds accumulated to fund future Health Insurance Costs.

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

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

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

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

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

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

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs.

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

Library Trust Funds – accounts for gifts, bequests and contributions held for which only earnings may be expended for purposes specified by the donor in relation to library activities.

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2004

	<i>Special Revenue Funds</i>				
	Town Revolving Funds	School Revolving Funds	Grants	Community Preservation Funds	Health Claims Fund
ASSETS					
Cash and short-term investments.....	\$ 825,053	\$ 17,227	\$ 929,156	\$ 2,637,003	\$ 15,966
Investments.....	-	-	-	-	4,594
Receivables, net of uncollectibles:					
User fees.....	-	-	-	-	-
Departmental and other.....	-	-	-	6,002	-
Intergovernmental.....	-	-	891,062	-	-
TOTAL ASSETS.....	\$ 825,053	\$ 17,227	\$ 1,820,218	\$ 2,643,005	\$ 20,560
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 76,030	\$ 8,322	\$ 34,721	\$ 261,080	\$ -
Deferred revenues.....	100	-	875,688	6,002	-
Notes payable.....	-	-	-	1,600,000	-
TOTAL LIABILITIES.....	76,130	8,322	910,409	1,867,082	-
FUND BALANCES:					
Reserved for:					
Perpetual permanent funds.....	-	-	-	-	-
Unreserved:					
Special revenue funds.....	748,923	8,905	909,809	775,923	20,560
Permanent funds.....	-	-	-	-	-
TOTAL FUND BALANCES.....	748,923	8,905	909,809	775,923	20,560
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 825,053	\$ 17,227	\$ 1,820,218	\$ 2,643,005	\$ 20,560

(Continued)

	Other Funds	Post Employment Benefits	Pension Funds	Gifts	Sewer	Stabilization	Sub-total
\$	1,148,984	\$ 12,857	\$ 50,135	\$ 406,768	\$ 4,492,587	\$ 2,758,167	\$ 13,293,903
	266,005	1,058,850	2,561,953	-	-	408,003	4,299,405
	-	-	-	-	963,385	-	963,385
	-	-	-	-	26,978	-	32,980
	-	-	-	-	-	-	891,062
\$	<u>1,414,989</u>	<u>1,071,707</u>	<u>2,612,088</u>	<u>406,768</u>	<u>5,482,950</u>	<u>3,166,170</u>	<u>19,480,735</u>
\$	-	\$ -	\$ -	\$ 9,502	\$ -	\$ -	\$ 389,655
	-	-	-	-	990,362	-	1,872,152
	-	-	-	-	-	-	1,600,000
	-	-	-	9,502	990,362	-	3,861,807
	-	-	-	-	-	-	-
	1,414,989	1,071,707	2,612,088	397,266	4,492,588	3,166,170	15,618,928
	-	-	-	-	-	-	-
	<u>1,414,989</u>	<u>1,071,707</u>	<u>2,612,088</u>	<u>397,266</u>	<u>4,492,588</u>	<u>3,166,170</u>	<u>15,618,928</u>
\$	<u>1,414,989</u>	<u>1,071,707</u>	<u>2,612,088</u>	<u>406,768</u>	<u>5,482,950</u>	<u>3,166,170</u>	<u>19,480,735</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2004

	<i>Permanent Funds</i>			Total
	Other Trust Funds	Library Trust Funds	Sub-total	Nonmajor Governmental Funds
ASSETS				
Cash and short-term investments.....	\$ 104,384	\$ 208,336	\$ 312,720	\$ 13,606,623
Investments.....	22,325	310,963	333,288	4,632,693
Receivables, net of uncollectibles:				
User fees.....	-	-	-	963,385
Departmental and other.....	-	-	-	32,980
Intergovernmental.....	-	-	-	891,062
TOTAL ASSETS.....	\$ 126,709	\$ 519,299	\$ 646,008	\$ 20,126,743
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Warrants payable.....	\$ -	\$ 16	\$ 16	\$ 389,671
Deferred revenues.....	-	-	-	1,872,152
Notes payable.....	-	-	-	1,600,000
TOTAL LIABILITIES.....	-	16	16	3,861,823
FUND BALANCES:				
Reserved for:				
Perpetual permanent funds.....	47,403	18,186	65,589	65,589
Unreserved:				
Special revenue funds.....	-	-	-	15,618,928
Permanent funds.....	79,306	501,097	580,403	580,403
TOTAL FUND BALANCES.....	126,709	519,283	645,992	16,264,920
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 126,709	\$ 519,299	\$ 646,008	\$ 20,126,743

(Concluded)

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

FISCAL YEAR ENDED JUNE 30, 2004

	<i>Special Revenue Funds</i>				
	Town Revolving Funds	School Revolving Funds	Grants	Community Preservation Funds	Health Claims Fund
REVENUES:					
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental.....	-	-	1,623,313	-	-
Departmental and other.....	2,215,242	507,220	9,712	1,703,745	-
Contributions.....	-	-	-	-	482,408
Investment income.....	959	-	110	-	4,426
TOTAL REVENUES.....	2,216,201	507,220	1,633,135	1,703,745	486,834
EXPENDITURES:					
Current:					
General government.....	41,251	-	3,123	2,197,051	-
Public safety.....	604,337	-	254,201	-	-
Education.....	171,708	542,321	961,299	-	-
Public works.....	25,578	-	54,992	-	-
Human services.....	1,357,737	-	5,376	-	-
Culture and recreation.....	3,999	-	11,028	-	-
Employee benefits.....	-	-	-	-	556,896
TOTAL EXPENDITURES.....	2,204,610	542,321	1,290,019	2,197,051	556,896
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	11,591	(35,101)	343,116	(493,306)	(70,062)
OTHER FINANCING SOURCES (USES):					
Transfers in.....	-	-	82,883	38,198	-
Transfers out.....	(1,235)	-	(425,213)	(48,000)	-
TOTAL OTHER FINANCING SOURCES (USES).....	(1,235)	-	(342,330)	(9,802)	-
NET CHANGE IN FUND BALANCES.....	10,356	(35,101)	786	(503,108)	(70,062)
FUND BALANCES AT BEGINNING OF YEAR.....	738,567	44,006	909,023	1,279,031	90,622
FUND BALANCES AT END OF YEAR.....	\$ 748,923	\$ 8,905	\$ 909,809	\$ 775,923	\$ 20,560

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2004

<i>Special Revenue Funds</i>							
	Other Funds	Post Employment Benefits	Pension Funds	Gifts	Sewer	Stabilization	Sub-total
REVENUES:							
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ 2,931,048	\$ -	\$ 2,931,048
Intergovernmental.....	2,077	-	-	-	-	-	1,625,390
Departmental and other.....	13,203	-	-	50,517	-	-	4,499,639
Contributions.....	-	-	-	176,368	-	-	658,776
Investment income.....	(15,972)	-	68,523	315	-	37,533	95,894
TOTAL REVENUES.....	(692)	-	68,523	227,200	2,931,048	37,533	9,810,747
EXPENDITURES:							
Current:							
General government.....	41,254	-	-	29,819	-	-	2,312,498
Public safety.....	-	-	-	42,036	-	-	900,574
Education.....	-	-	-	-	-	-	1,675,328
Public works.....	-	-	-	-	-	-	80,570
Human services.....	-	-	-	22,003	-	-	1,385,116
Culture and recreation.....	-	-	-	12,213	-	-	27,240
Employee benefits.....	-	-	-	-	-	-	556,896
TOTAL EXPENDITURES.....	41,254	-	-	106,071	-	-	6,938,222
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(41,946)	-	68,523	121,129	2,931,048	37,533	2,872,525
OTHER FINANCING SOURCES (USES):							
Transfers in.....	-	-	-	-	-	-	121,081
Transfers out.....	(30,000)	-	(345,000)	-	(3,316,402)	(800,000)	(4,965,850)
TOTAL OTHER FINANCING SOURCES (USES)	(30,000)	-	(345,000)	-	(3,316,402)	(800,000)	(4,844,769)
NET CHANGE IN FUND BALANCES.....	(71,946)	-	(276,477)	121,129	(385,354)	(762,467)	(1,972,244)
FUND BALANCES AT BEGINNING OF YEAR.....	1,486,935	1,071,707	2,888,565	276,137	4,877,942	3,928,637	17,591,172
FUND BALANCES AT END OF YEAR.....	\$ 1,414,989	\$ 1,071,707	\$ 2,612,088	\$ 397,266	\$ 4,492,588	\$ 3,166,170	\$ 15,618,928

(Continued)

Permanent Funds			Total
Other Trust Funds	Library Trust Funds	Sub-total	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 2,931,048
-	-	-	1,625,390
-	4,092	4,092	4,503,731
-	-	-	658,776
<u>4,594</u>	<u>44,742</u>	<u>49,336</u>	<u>145,230</u>
<u>4,594</u>	<u>48,834</u>	<u>53,428</u>	<u>9,864,175</u>
-	-	-	2,312,498
-	-	-	900,574
-	-	-	1,675,328
-	-	-	80,570
-	-	-	1,385,116
-	4,454	4,454	31,694
-	-	-	<u>556,896</u>
-	<u>4,454</u>	<u>4,454</u>	<u>6,942,676</u>
<u>4,594</u>	<u>44,380</u>	<u>48,974</u>	<u>2,921,499</u>
-	-	-	121,081
-	-	-	<u>(4,965,850)</u>
-	-	-	<u>(4,844,769)</u>
4,594	44,380	48,974	(1,923,270)
<u>122,115</u>	<u>474,903</u>	<u>597,018</u>	<u>18,188,190</u>
<u>\$ 126,709</u>	<u>\$ 519,283</u>	<u>\$ 645,992</u>	<u>\$ 16,264,920</u>

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Statistical Section

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



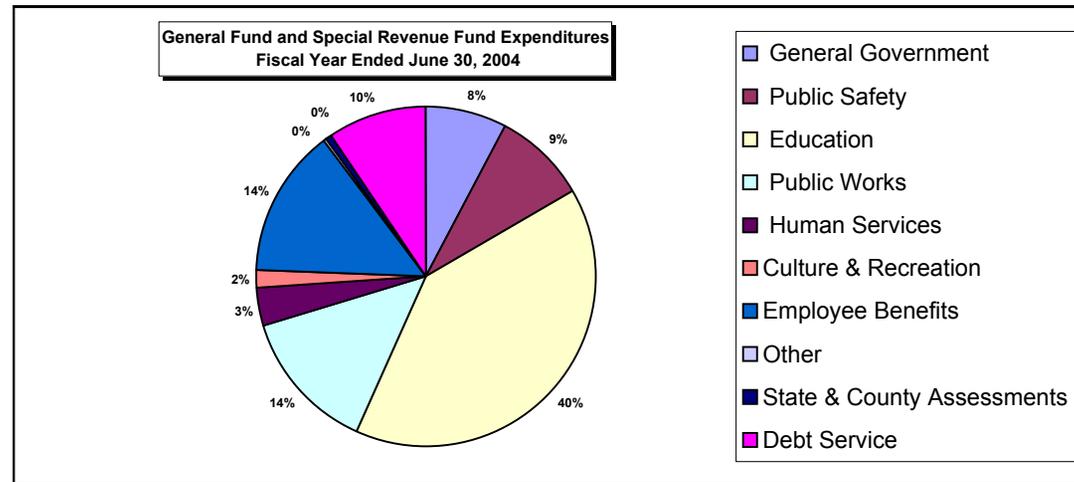
Bedford Town Hall

Town of Bedford, Massachusetts

General Government Expenditures by Function (1) - Modified Accrual Basis

Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Education	Public Works (2)	Human Services	Culture & Recreation	Employee Benefits (3)	Other	State & County Assessments	Debt Service	Total
1995	\$ 1,559,702	\$ 2,742,744	\$ 12,905,210	\$ 5,655,859	\$ 1,314,619	\$ 613,496	\$ 2,031,623	\$ 100,661	\$ 369,173	\$ 2,695,695	\$ 29,988,782
1996	\$ 1,845,178	\$ 3,038,926	\$ 13,779,790	\$ 6,560,810	\$ 1,289,665	\$ 707,257	\$ 1,919,454	\$ 103,917	\$ 373,682	\$ 2,671,906	\$ 32,290,585
1997	\$ 2,011,969	\$ 3,331,928	\$ 14,974,898	\$ 7,601,660	\$ 1,318,993	\$ 812,820	\$ 2,027,649	\$ 142,093	\$ 376,618	\$ 3,092,035	\$ 35,690,663
1998	\$ 2,148,657	\$ 3,980,188	\$ 17,097,748	\$ 7,543,117	\$ 1,762,414	\$ 837,770	\$ 1,902,056	\$ 135,197	\$ 377,263	\$ 2,488,272	\$ 38,272,682
1999	\$ 2,629,042	\$ 4,260,566	\$ 16,854,527	\$ 8,595,804	\$ 1,878,236	\$ 975,303	\$ 2,281,282	\$ 140,656	\$ 396,455	\$ 2,454,600	\$ 40,466,471
2000	\$ 2,986,394	\$ 4,459,510	\$ 18,208,572	\$ 7,857,921	\$ 1,895,475	\$ 920,171	\$ 2,521,787	\$ 133,145	\$ 392,429	\$ 3,735,932	\$ 43,111,336
2001	\$ 3,751,278	\$ 4,008,306	\$ 20,157,105	\$ 8,087,938	\$ 1,969,784	\$ 953,592	\$ 5,622,931	\$ 136,498	\$ 361,068	\$ 3,977,824	\$ 49,026,324
2002	\$ 4,742,806	\$ 5,120,150	\$ 22,600,379	\$ 9,248,874	\$ 2,140,267	\$ 1,017,429	\$ 6,157,177	\$ 220,501	\$ 345,967	\$ 4,408,295	\$ 56,001,845
(4) 2003	\$ 4,668,299	\$ 5,230,541	\$ 23,790,522	\$ 9,766,877	\$ 2,087,189	\$ 1,072,486	\$ 7,592,224	\$ 144,896	\$ 315,717	\$ 4,624,278	\$ 59,293,029
(4) 2004	\$ 4,927,798	\$ 5,697,240	\$ 25,167,847	\$ 8,705,847	\$ 2,206,795	\$ 1,098,283	\$ 9,026,190	\$ 135,735	\$ 273,892	\$ 6,018,563	\$ 63,258,190



(1) Includes general and special revenue funds

(2) Includes public works department, water, sewer and MWRA Assessment

(3) Includes Pension Benefits

(4) Fiscal years subsequent to 2001 include accounts which have been reclassified to Special Revenue through the implementation of GASB Statement 34

Town of Bedford, Massachusetts
General Government Revenues by Source (1)

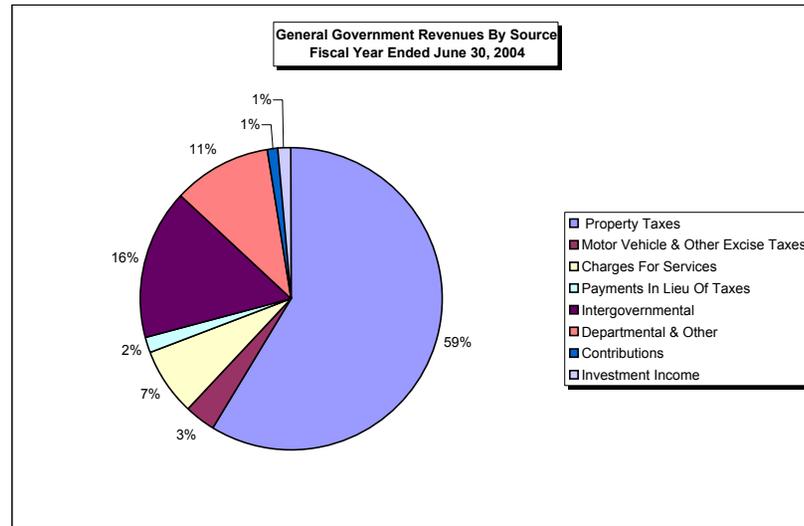
Last Ten Fiscal Years

Fiscal Year	Property Taxes	Motor Vehicle & Other Excise Taxes	Charges For Services	Payments In Lieu Of Taxes (3)	Intergovernmental	Departmental & Other	Contributions	Investment Income	Total
1995	\$ 20,457,819	\$ 1,057,429	\$ 3,923,408		\$ 3,444,939	\$ 3,041,036		\$ 555,836	\$ 32,480,467
1996	\$ 21,691,665	\$ 1,022,018	\$ 4,600,274		\$ 4,043,403	\$ 3,221,506		\$ 861,005	\$ 35,439,871
1997	\$ 23,280,966	\$ 1,096,770	\$ 4,854,348		\$ 4,525,450	\$ 2,871,485		\$ 1,001,063	\$ 37,630,082
1998	\$ 24,405,307	\$ 1,690,233	\$ 4,981,576		\$ 4,233,009	\$ 3,386,521		\$ 971,863	\$ 39,668,509
1999	\$ 26,306,348	\$ 1,848,276	\$ 5,438,618		\$ 4,690,838	\$ 3,766,589		\$ 1,265,301	\$ 43,315,970
2000	\$ 26,994,763	\$ 2,010,176	\$ 4,965,989		\$ 6,418,269	\$ 3,913,492		\$ 1,326,128	\$ 45,628,817
2001	\$ 30,140,869	\$ 2,104,318	\$ 4,772,195		\$ 8,340,586	\$ 4,378,891		\$ 1,401,640	\$ 51,138,499
2002	\$ 31,423,148	\$ 2,046,217	\$ 4,903,320		\$ 10,445,774	\$ 5,250,657		\$ 994,525	\$ 55,063,641
(2) 2003	\$ 31,843,800	\$ 2,046,311	\$ 4,797,526	\$ 1,074,375	\$ 11,764,179	\$ 6,127,660	\$ 578,137	\$ 1,400,877	\$ 59,632,865
(2) 2004	\$ 34,846,274	\$ 1,841,960	\$ 4,279,419	\$ 1,086,718	\$ 9,520,263	\$ 6,311,300	\$ 658,776	\$ 794,253	\$ 59,338,963

(1) Includes general and special revenue funds

(2) Fiscal years subsequent to 2001 include accounts which have been reclassified to Special Revenue through the implementation of GASB Statement 34

(3) Payments in Lieu of Taxes from MITRE Corporation, per an agreement with the Town, began in fiscal year 2002



Property Tax Levies and Collections

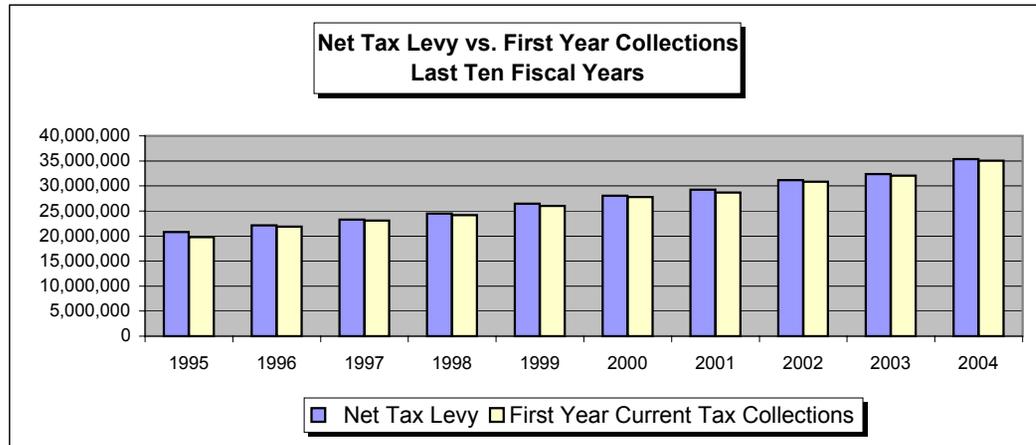
Last Ten Fiscal Years

Fiscal Year	(2) Total Tax Levy	Less Actual Abatements & Exemptions	Net Tax Levy	Net as % of Total	First Year Current Tax Collections	Percent of Net Levy Collected	(3) Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Tax to Net Tax Levy
1995	\$ 21,220,509	\$ 452,720	\$ 20,767,789	97.87%	\$ 19,782,780	95.26%	\$ 792,489	\$ 20,575,269	99.07%	\$ 192,520	0.93%
1996 (1)	\$ 22,535,320	\$ 415,518	\$ 22,119,802	98.16%	\$ 21,861,662	98.83%	\$ 42,965	\$ 21,904,627	99.03%	\$ 215,175	0.97%
1997	\$ 23,358,621	\$ 80,808	\$ 23,277,813	99.65%	\$ 23,087,712	99.18%	\$ -	\$ 23,087,712	99.18%	\$ 190,101	0.82%
1998	\$ 24,628,882	\$ 163,475	\$ 24,465,407	99.34%	\$ 24,174,929	98.81%	\$ 65,360	\$ 24,240,289	99.08%	\$ 225,118	0.92%
1999 (1)	\$ 26,582,739	\$ 159,686	\$ 26,423,053	99.40%	\$ 26,011,408	98.44%	\$ 326,676	\$ 26,338,084	99.68%	\$ 84,969	0.32%
2000	\$ 28,208,267	\$ 148,881	\$ 28,059,386	99.47%	\$ 27,795,645	99.06%	\$ 71,935	\$ 27,867,580	99.32%	\$ 191,806	0.68%
2001	\$ 29,289,328	\$ 62,051	\$ 29,227,277	99.79%	\$ 28,711,952	98.24%	\$ 376,154	\$ 29,088,106	99.52%	\$ 139,171	0.48%
2002 (1)	\$ 31,266,438	\$ 122,809	\$ 31,143,629	99.61%	\$ 30,868,852	99.12%	\$ 12,212	\$ 30,881,064	99.16%	\$ 262,565	0.84%
2003	\$ 32,492,525	\$ 92,988	\$ 32,399,537	99.71%	\$ 32,019,624	98.83%	\$ 7,145	\$ 32,026,769	98.85%	\$ 372,768	1.15%
2004	\$ 35,567,244	\$ 199,805	\$ 35,367,439	99.44%	\$ 35,062,337	99.14%	\$ -	\$ 35,062,337	99.14%	\$ 305,102	0.86%

(1) Revaluation year.

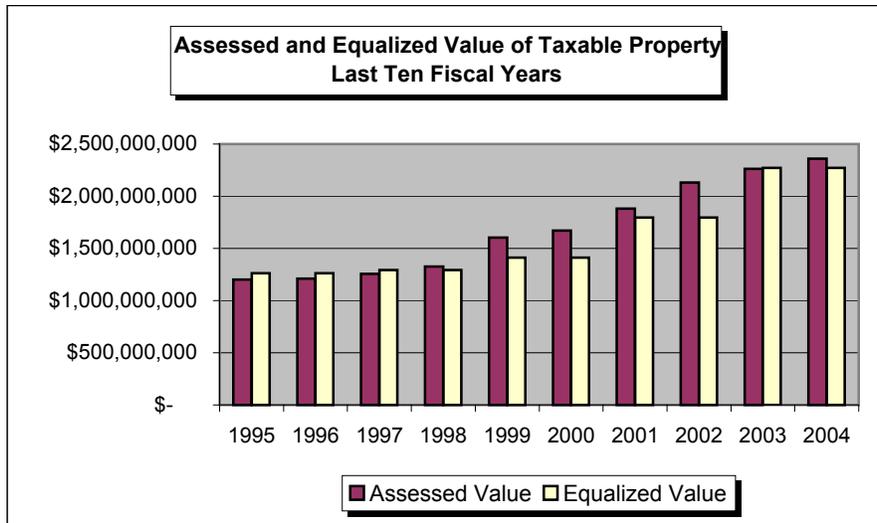
(2) Includes omitted and revised assessments.

(3) Includes transfer to tax liens.



Town of Bedford, Massachusetts
Assessed Value and Equalized Valuation of Taxable Property
Last Ten Years

Fiscal Year	Assessed Value			U. S. Census Population	Total Assessed Value Per Capita	(2) Equalized Value	Ratio of Assessed to Equalized Value
	Real Property	Personal Property	Total				
1995	\$ 1,173,518,200	\$ 27,790,100	\$ 1,201,308,300	12,996	\$ 92,437	\$ 1,260,814,200	95.28%
1996 (1)	\$ 1,180,098,500	\$ 29,590,500	\$ 1,209,689,000	12,996	\$ 93,082	\$ 1,260,814,200	95.95%
1997	\$ 1,224,737,800	\$ 32,517,300	\$ 1,257,255,100	12,996	\$ 96,742	\$ 1,293,047,700	97.23%
1998	\$ 1,287,902,300	\$ 36,903,400	\$ 1,324,805,700	12,996	\$ 101,939	\$ 1,293,047,700	102.46%
1999 (1)	\$ 1,565,358,100	\$ 39,069,700	\$ 1,604,427,800	12,996	\$ 123,456	\$ 1,412,198,800	113.61%
2000	\$ 1,632,068,200	\$ 39,994,300	\$ 1,672,062,500	12,595	\$ 132,756	\$ 1,412,198,800	118.40%
2001	\$ 1,838,716,800	\$ 43,477,100	\$ 1,882,193,900	12,595	\$ 149,440	\$ 1,794,674,400	104.88%
2002 (1)	\$ 2,084,806,000	\$ 46,541,080	\$ 2,131,347,080	12,595	\$ 169,222	\$ 1,794,674,400	118.76%
2003	\$ 2,212,313,900	\$ 50,403,300	\$ 2,262,717,200	12,595	\$ 179,652	\$ 2,270,729,600	99.65%
2004	\$ 2,294,035,000	\$ 65,833,400	\$ 2,359,868,400	12,595	\$ 187,365	\$ 2,270,729,600	103.93%



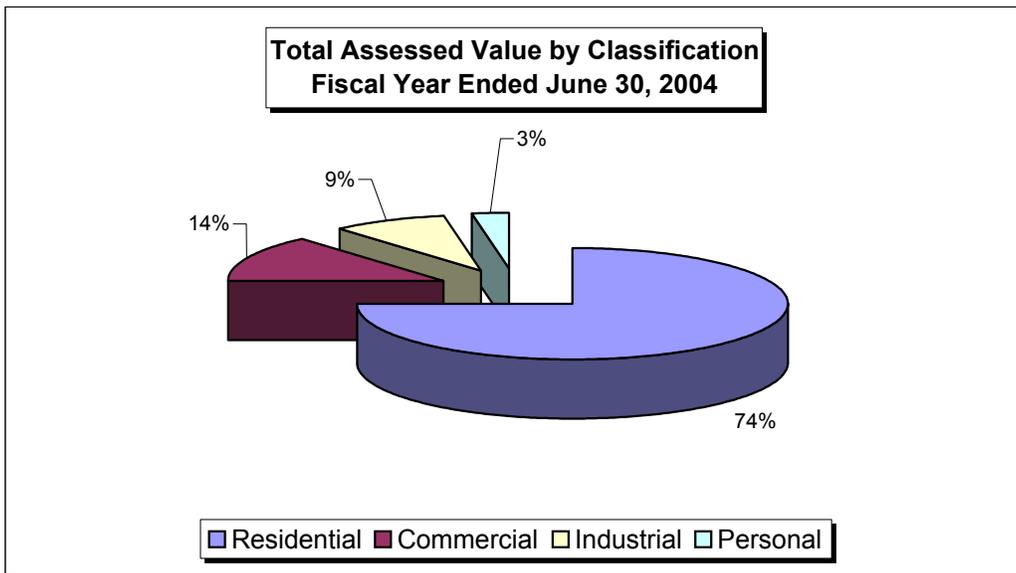
(1) Revaluation year

(2) Equalized valuations are determined biennially by the Commissioner of Revenue.

Sources: Board of Assessors, Town of Bedford
U.S. Census

Town of Bedford, Massachusetts
Assessed Value of Taxable Property by Classification
Last Ten Fiscal Years

Fiscal Year	(2) Residential Value	Residential % of Total Value	Commercial Value	Industrial Value	Personal Property	Total CIP Value	CIP % of Total Value	Total Town Value
1995	\$ 807,551,900	67.22%	\$ 166,996,700	\$ 198,969,600	\$ 27,790,100	\$ 393,756,400	32.78%	\$ 1,201,308,300
1996 (1)	\$ 860,382,200	71.12%	\$ 128,211,500	\$ 191,504,800	\$ 29,590,500	\$ 349,306,800	28.88%	\$ 1,209,689,000
1997	\$ 909,385,290	72.33%	\$ 126,562,510	\$ 188,790,000	\$ 32,517,300	\$ 347,869,810	27.67%	\$ 1,257,255,100
1998	\$ 953,704,098	71.99%	\$ 135,051,402	\$ 199,146,800	\$ 36,903,400	\$ 371,101,602	28.01%	\$ 1,324,805,700
1999 (1)	\$ 1,147,881,580	71.54%	\$ 191,042,620	\$ 226,433,900	\$ 39,069,700	\$ 456,546,220	28.46%	\$ 1,604,427,800
2000	\$ 1,194,973,960	71.47%	\$ 216,986,740	\$ 220,107,500	\$ 39,994,300	\$ 477,088,540	28.53%	\$ 1,672,062,500
2001	\$ 1,339,250,178	71.15%	\$ 240,004,322	\$ 259,462,300	\$ 43,477,100	\$ 542,943,722	28.85%	\$ 1,882,193,900
2002 (1)	\$ 1,529,210,560	71.75%	\$ 295,400,640	\$ 260,194,800	\$ 46,541,080	\$ 602,136,520	28.25%	\$ 2,131,347,080
2003	\$ 1,695,483,832	74.93%	\$ 321,582,468	\$ 195,247,600	\$ 50,403,300	\$ 567,233,368	25.07%	\$ 2,262,717,200
2004	\$ 1,770,531,398	75.03%	\$ 321,376,702	\$ 202,126,900	\$ 65,833,400	\$ 589,337,002	24.97%	\$ 2,359,868,400



(1) Revaluation Year

(2) Residential Column includes Open Space

Source: Board of Assessors, Town of Bedford

Town of Bedford, Massachusetts
Property Tax Rates Per \$1000 of Assessed Valuation
Last Ten Fiscal Years

Fiscal Year	Residential	Open Space	Commercial Industrial & Personal
Assessed Valuation:			
1995	\$799,349,800	\$8,202,100	\$393,756,400
1996 (1)	\$851,239,600	\$9,142,600	\$349,306,800
1997	\$902,925,210	\$6,460,080	\$347,869,810
1998	\$947,621,698	\$6,082,400	\$371,101,602
1999 (1)	\$1,141,757,780	\$6,123,800	\$456,546,220
2000	\$1,189,228,860	\$5,745,100	\$477,088,540
2001	\$1,332,561,878	\$6,688,300	\$542,943,722
2002 (1)	\$1,521,072,560	\$8,138,000	\$602,136,520
2003	\$1,687,152,932	\$8,330,900	\$567,233,368
2004	\$1,762,799,498	\$7,731,900	\$589,337,002
Tax Levies:			
1995	\$10,015,853	\$77,100	\$11,127,556
1996 (1)	\$11,381,073	\$91,700	\$11,062,546
1997	\$12,306,871	\$66,022	\$10,985,729
1998	\$12,840,274	\$61,797	\$11,726,811
1999 (1)	\$13,666,841	\$54,992	\$12,860,907
2000	\$14,472,915	\$52,453	\$13,682,899
2001	\$15,710,905	\$59,125	\$13,519,299
2002 (1)	\$16,184,212	\$64,941	\$15,017,285
2003	\$18,170,637	\$67,314	\$14,254,575
2004	\$19,954,890	\$65,644	\$15,546,710
Tax Rates:			
1995	\$12.53	\$9.40	\$28.26
1996 (1)	\$13.37	\$10.03	\$31.67
1997	\$13.63	\$10.22	\$31.58
1998	\$13.55	\$10.16	\$31.60
1999 (1)	\$11.97	\$8.98	\$28.17
2000	\$12.17	\$9.13	\$28.68
2001	\$11.79	\$8.84	\$24.90
2002 (1)	\$10.64	\$7.98	\$24.94
2003	\$10.77	\$8.08	\$25.13
2004	\$11.32	\$8.49	\$26.38
(1) Revaluation Year			
Source: Board of Assessors, Town of Bedford			

Town of Bedford, Massachusetts

Principal Taxpayers

FY 2004

Name	Nature of Business	FY 2004 Assessed Valuation	% of Total Tax Levy
BP-CROSBY CORP CTR LLC	OFFICE	\$ 29,929,800	2.22%
CALLAHAN, WILLIAM J JR TR	R&D, OFFICE	\$ 29,052,900	2.15%
BEDFORD BUSINESS PARK LTD	R&D	\$ 27,136,800	2.01%
TECHNOFORD LLC	OFFICE	\$ 26,584,600	1.97%
MILLIPORE FILTER CORP	R&D	\$ 23,818,000	1.77%
BEDFORD WOODS LTD PART	OFFICE	\$ 23,455,100	1.74%
BONE (DE) QRS 15-12 INC	OFFICE	\$ 22,909,600	1.70%
MIDDLESEX TECHNOLOGY CTR	OFFICE	\$ 19,543,600	1.45%
RAYTHEON COMPANY	R&D	\$ 17,765,500	1.32%
TRIDENT ASSOCIATES LTD	HOTEL	\$ 14,953,600	1.11%

**Town of Bedford, Massachusetts
Computation of Legal Debt Margin
June 30, 2004**

State equalized valuation - real estate and personal property (as of January 1, 2002)	(1)	<u><u>\$2,270,729,600</u></u>
Debt Limit - 5% of equalized valuation		\$113,536,480
Total bonded debt (including authorized and unissued of \$22,516,700)		\$65,088,001
Less bonded debt not included in computation of legal debt margin, as defined by Massachusetts statutes.	(2)	\$558,942
Less bonded debt authorized but not yet issued which is outside the debt limit.	(2)	<u>\$2,308,000</u>
Total debt applicable to limitation		<u><u>\$67,954,943</u></u>
Legal Debt Margin		<u><u>\$45,581,537</u></u>

(1) The equalization of all taxable property in the State of Massachusetts is conducted bi-annually by the Massachusetts Department of Revenue.

(2) Subject to an "outside" debt limit of 5% of the Town's equalized valuation.

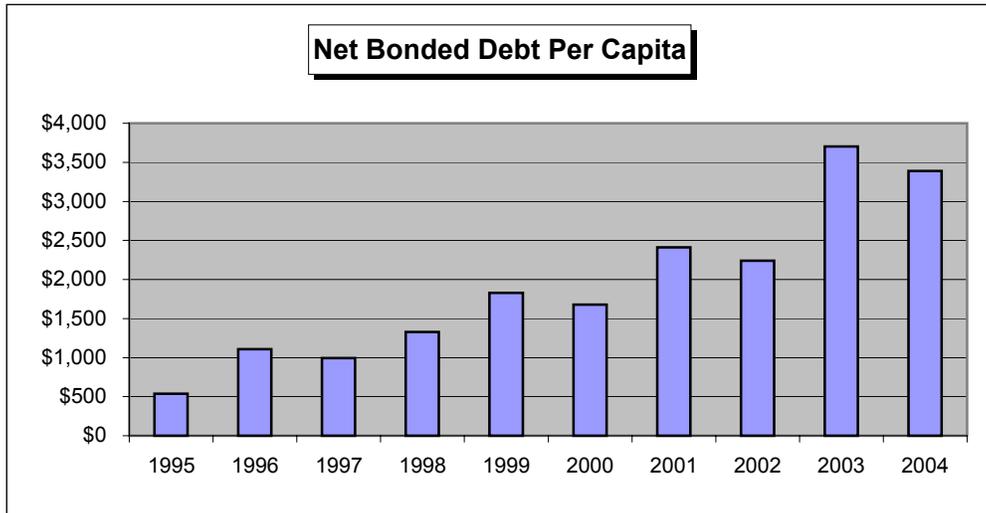
Town of Bedford, Massachusetts

Ratio of Net General Obligation Bonded Debt

to Equalized Value and Net Bonded Debt per Capita

Last Ten Fiscal Years

Fiscal Year	U.S. Census Population	State Equalized Value	Outstanding Gross Bonded Debt	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
1995	12,996	\$1,260,814,200	\$6,995,000	\$6,995,000	0.55%	\$538
1996	12,996	\$1,260,814,200	\$14,375,000	\$14,375,000	1.14%	\$1,106
1997	12,996	\$1,293,047,700	\$12,931,450	\$12,931,450	1.00%	\$995
1998	12,996	\$1,293,047,700	\$17,263,160	\$17,263,160	1.34%	\$1,328
1999	12,996	\$1,412,198,800	\$23,774,870	\$23,774,870	1.68%	\$1,829
2000	12,595	\$1,412,198,800	\$21,151,580	\$21,151,580	1.50%	\$1,679
2001	12,595	\$1,794,674,400	\$30,363,290	\$30,363,290	1.69%	\$2,411
2002	12,595	\$1,794,674,400	\$28,218,342	\$28,218,342	1.57%	\$2,240
2003	12,595	\$2,270,729,600	\$46,615,294	\$46,615,294	2.05%	\$3,701
2004	12,595	\$2,270,729,600	\$42,671,243	\$42,671,243	1.88%	\$3,388

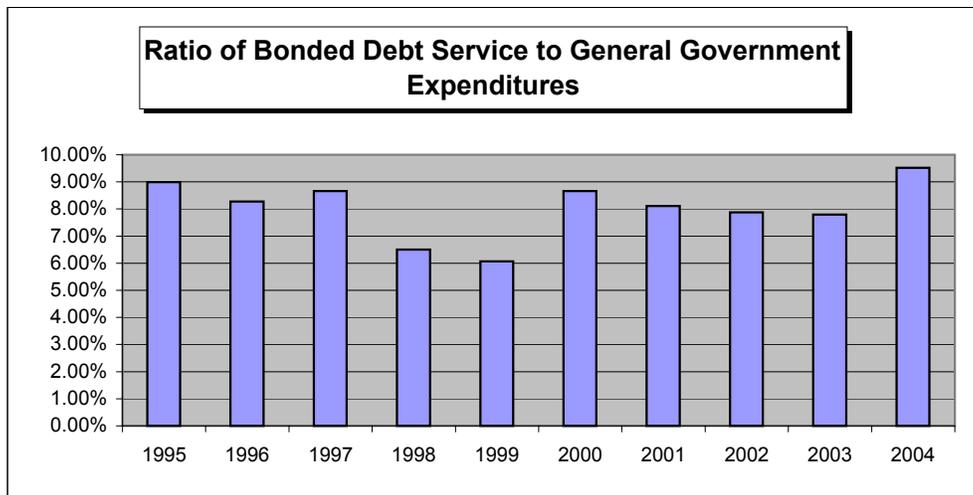


Source: Audited Financial Statements, U.S. Census

Town of Bedford, Massachusetts
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt
to Total General Government Expenditures (1)
Last Ten Fiscal Years

Fiscal Year	Annual Debt Service	Town General Governmental Expenditures	Ratio of Bonded Debt Service to General Government Expenditures
1995	\$2,695,695	\$29,988,782	8.99%
1996	\$2,671,906	\$32,290,585	8.27%
1997	\$3,092,035	\$35,690,663	8.66%
1998	\$2,488,272	\$38,272,682	6.50%
1999	\$2,454,600	\$40,466,471	6.07%
2000	\$3,735,932	\$43,111,336	8.67%
2001	\$3,977,824	\$49,026,324	8.11%
2002	\$4,408,295	\$56,001,845	7.87%
2003	\$4,624,278	\$59,293,029	7.80%
2004	\$6,018,563	\$63,258,190	9.51%

(1) Includes general & special revenue funds



Town of Bedford, Massachusetts
Computation of Direct & Overlapping Bonded Debt
General Obligation Bonds
June 30, 2004

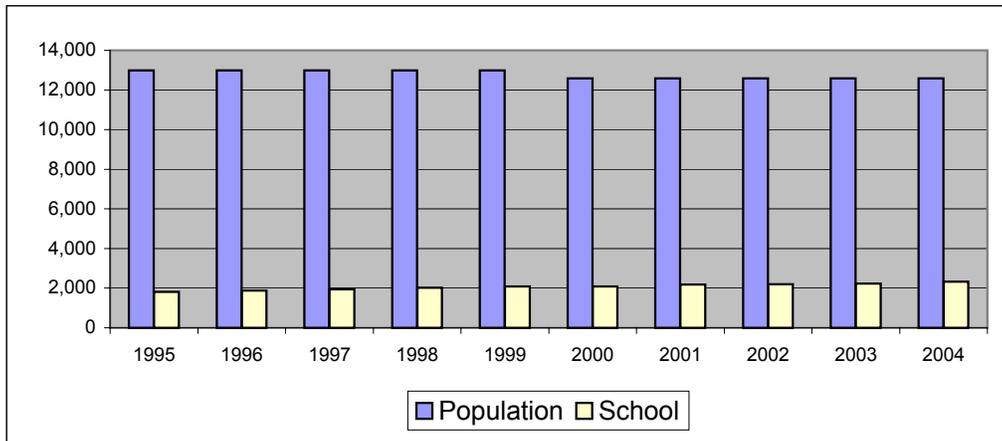
Jurisdiction	General Obligation Bonded Debt Outstanding	Percentage Applicable to Town of Bedford	Amount Applicable to Town of Bedford
Direct:			
Town of Bedford	\$42,671,243	100%	\$42,671,243
Overlapping: MWRA	\$59,296,483	3.9%	\$2,312,563
Total Direct and Overlapping Debt	\$101,967,726		\$44,983,806

Town of Bedford, Massachusetts
Age, Income and Wealth Levels

Category	Year	Bedford	Massachusetts
Median Age	1990	36.9	33.6
	2000	42.1	36.5
Median Family Income	1990	\$64,537	\$44,367
	2000	\$101,081	\$61,664
Per Capita Income	1990	\$24,590	\$17,244
	2000	\$39,212	\$25,952

Town of Bedford, Massachusetts
Population and School Enrollment Changes
Last Ten Years

Year	Population	Increase Decrease	School Enrollment	Increase Decrease	School % of Total
1995	12,996		1,821		14.0%
1996	12,996	0	1,871	50	14.4%
1997	12,996	0	1,940	69	14.9%
1998	12,996	0	2,028	88	15.6%
1999	12,996	0	2,093	65	16.1%
2000	12,595	-401	2,086	-7	16.6%
2001	12,595	0	2,176	90	17.3%
2002	12,595	0	2,205	29	17.5%
2003	12,595	0	2,224	19	17.7%
2004	12,595	0	2,330	106	18.5%



Sources: MA Department of Education, MA Department of Revenue, Division of Local Services

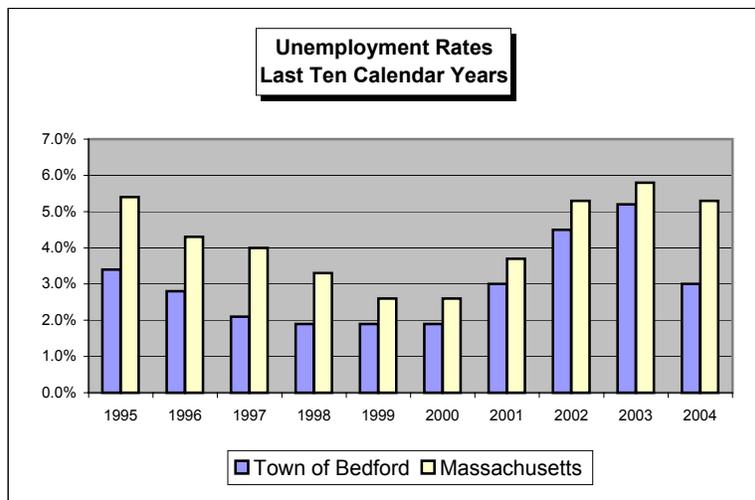
Town of Bedford, Massachusetts

Annual Unemployment Rates

Last Ten Years

Calendar Year	Labor Force	Employment	Town of Bedford	Massachusetts
1995	6993	6755	3.4%	5.4%
1996	7131	6933	2.8%	4.3%
1997	7362	7205	2.1%	4.0%
1998	7476	7334	1.9%	3.3%
1999	7486	7346	1.9%	2.6%
2000	7349	7211	1.9%	2.6%
2001	7462	7237	3.0%	3.7%
2002	7855	7498	4.5%	5.3%
2003	6731	6383	5.2%	5.8%
2004	6701	6500	3.0%	5.3%

Source: MA Department of Employment and Training



Town of Bedford, Massachusetts

Employment by Industry

Last Ten Calendar Years

Category	1995	1996	1997	1998	1999	2000	2001	2002	2003
Government	4,922	4,868	4,393	4,250	4,203	4,122	4,325	*	*
Construction	197	209	264	324	261	244	258	275	275
Financial Activities	164	200	191	190	262	268	410	507	529
Agriculture	51	33	32	29	28	32	34	*	*
Trade, Transportation, and Utilities (1)	2,450	2,908	3,037	3,150	3,061	2,978	2,983	2,418	2,189
Manufacturing	3,414	3,529	4,428	4,553	5,206	5,179	6,074	4,871	3,946
Services	6,075	6,247	6,058	5,737	7,068	7,347	7,717	*	*
Information	*	*	*	*	*	*	*	1,029	1,043
Professional and Business Services	*	*	*	*	*	*	*	5,055	4,937
Education and Health Services	*	*	*	*	*	*	*	896	897
Leisure and Hospitality	*	*	*	*	*	*	*	683	637
Other Services	*	*	*	*	*	*	*	196	162
Public Administration	*	*	*	*	*	*	*	4,319	4,180
Total Employment	17,273	17,994	18,403	18,233	20,089	20,170	21,801	20,249	18,795
Average Annual Wage	\$43,570	\$43,406	\$47,143	\$49,206	\$56,015	\$65,647	\$63,989	\$63,750	\$68,258
Total Annual Payroll (2)	\$752,589	\$781,051	\$867,581	\$897,167	\$1,125,289	\$1,324,095	\$1,395,023	\$1,290,877	\$1,282,910

Source: MA Department of Employment and Training.

(1) Data from Transportation, Communication and Public Utilities have been combined with Trade for years prior to 2002.

(2) Amounts expressed in thousands

(3) Data is not available for 1994

* For years subsequent to 2001, the MA Department of Employment replaced its Standard Industrial Code (SIC) system with the new North American Industry Classification System (NAICS). Consequently, information provided in this table from 1995 through 2001 is shown under the SIC classification system and 2002 through 2003 are shown under the NAICS classification system.

Town of Bedford, Massachusetts
Building Permits and Bank Deposits
Last Ten Years

Calendar Year	<u>Residential (2)</u>		<u>Non-Residential (2)</u>		<u>Totals</u>		(1) Bank Deposits
	Number	Estimated Value	Number	Estimated Value	Number	Estimated Value	
1995	403	\$22,250,029	98	\$13,192,078	501	\$35,442,107	\$142,460,000
1996	410	\$24,316,836	77	\$20,326,873	487	\$44,643,709	\$153,188,000
1997	462	\$16,713,573	154	\$16,674,432	616	\$33,388,005	\$140,611,000
1998	372	\$13,713,463	172	\$29,908,270	544	\$43,621,733	\$190,022,000
1999	375	\$14,305,541	191	\$38,842,081	566	\$53,147,622	\$196,769,000
2000	353	\$13,968,333	159	\$31,720,057	512	\$45,688,390	\$220,750,000
2001	432	\$12,380,025	148	\$51,239,979	580	\$63,620,004	\$259,760,000
2002	432	\$13,441,085	192	\$20,413,923	624	\$33,855,008	\$302,907,000
2003	583	\$20,054,790	120	\$53,825,176	703	\$73,879,966	\$348,050,000
2004	355	\$13,869,826 (3)	74	\$12,443,369 (3)	429	\$26,313,195	not available

(1) Source: Federal Deposit Insurance Corporation. These figures represent deposits in the following banks:

- BankBoston
- BayBank
- Cambridge Savings Bank
- Citizens Bank of Massachusetts
- Fleet National Bank
- Lexington Savings Bank
- Medford Co-operative Bank
- Shawmut Bank, National Association
- Sovereign Bank
- US Trust

These figures do not include deposits in credit unions or savings and loan institutions.

(2) Source: Town of Bedford, Code Enforcement Department

(3) Reflects permits issued from 1/1/2004-9/9/2004

Town of Bedford, Massachusetts
Other Financial Comparisons
Fiscal Year 2003

Municipality	Residential Tax Rate	Commercial Tax Rate	Tax Levy	Taxes As % of Total Revenue	Average Single Family Tax Bill	Moody's Bond Rating
Bedford	\$11.32	\$26.38	\$35,567,244	62%	\$5,031	Aa1
Billerica	\$10.92	\$24.42	\$68,408,715	65%	\$3,162	Aa3
Burlington	\$8.10	\$24.90	\$56,167,969	71%	\$2,756	Aa2
Carlisle	\$12.47	\$12.47	\$15,653,986	80%	\$9,016	Aa2
Concord	\$10.59	\$10.59	\$46,721,518	84%	\$7,987	Aaa
Lexington	\$10.47	\$21.39	\$82,109,041	70%	\$6,428	Aaa
Lincoln	\$9.19	\$9.19	\$16,823,429	70%	\$9,394	Aa1

Source: MA Department of Revenue, Division of Local Services

Note: Neighboring communities were selected for comparison.

Town of Bedford, Massachusetts

Fiscal Year Ending FY 2003

	<i>Bedford</i>	<i>Billerica</i>	<i>Burlington</i>	<i>Carlisle</i>	<i>Concord</i>	<i>Lexington</i>	<i>Lincoln</i>
Total General Fund Expenditures FY 03	\$ 49,252,908	\$ 97,279,219	\$ 70,489,215	\$ 17,693,006	\$ 51,391,812	\$ 98,478,621	\$ 20,106,827
Police	\$ 2,335,491	\$ 5,474,362	\$ 5,032,670	\$ 900,402	\$ 2,625,038	\$ 4,357,104	\$ 1,003,694
% of Total	5%	6%	7%	5%	5%	4%	5%
Fire	\$ 1,876,207	\$ 5,653,319	\$ 4,867,000	\$ 144,970	\$ 2,436,731	\$ 3,354,541	\$ 774,639
% of Total	4%	6%	7%	1%	5%	3%	4%
Public Safety	\$ 323,998	\$ 1,169,500	\$ 396,998	\$ 333,746	\$ 410,374	\$ 1,211,587	\$ 490,385
% of Total	1%	1%	1%	2%	1%	1%	2%
Education	\$ 22,323,675	\$ 49,636,020	\$ 31,574,695	\$ 11,172,476	\$ 30,145,968	\$ 62,709,090	\$ 9,714,261
% of Total	45%	51%	45%	63%	59%	64%	48%
Public Works	\$ 6,288,440	\$ 11,125,392	\$ 8,934,423	\$ 861,674	\$ 2,760,040	\$ 6,855,432	\$ 1,249,803
% of Total	13%	11%	13%	5%	5%	7%	6%
All Other	\$ 16,105,097	\$ 24,220,626	\$ 19,683,429	\$ 4,279,738	\$ 13,013,661	\$ 19,990,867	\$ 6,874,045
% of Total	33%	25%	28%	24%	25%	20%	34%
Stabilization Fund FY 2003	\$ 3,928,636	\$ 10,065,700	\$ 1,407,688	\$ 815,944	\$ 2,136	\$ 27,634	\$ 330,453
Free Cash 7/1/03	\$ 4,553,441	\$ 702,055	\$ 825,063	\$ 576,718	\$ 3,638,239	\$ 1,315,003	\$ 1,389,284

Source: MA Department of Revenue, Division of Local Services

Note: Neighboring communities were selected for comparison.