

OFFICIAL STATEMENT DATED JULY 12, 2011

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

New Issue

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

TOWN OF BURLINGTON, MASSACHUSETTS

\$12,200,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2011 BONDS

DATED
Date of Delivery

DUE
July 15
(as shown below)

The Bonds are issuable only in fully registered form, registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form in the denomination of \$5,000 or any integral multiple thereof. (See "Book-Entry-Transfer System" herein.)

Principal of the Bonds will be payable July 15 of the years in which the Bonds mature. Interest on the Bonds will be payable January 15 and July 15, commencing January 15, 2012. Principal and semiannual interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds are subject to redemption prior to their stated maturity dates as described herein.

In the opinion of Bond Counsel, the Bonds are valid general obligations of the Town of Burlington, Massachusetts and the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

MATURITIES, AMOUNTS, RATES, PRICES OR YIELDS AND CUSIPS

Due July 15	Principal Amount	Interest Rate	Yield	Cusip 121835	Due July 15	Principal Amount	Interest Rate	Yield	Cusip 121835
2012	\$ 595,000	2.00 %	0.30 %	XF4	2022	\$ 425,000	4.00 %	3.24 %	XR8
2013	595,000	3.00	0.67	XG2	2023	425,000	4.00	3.40	XS6
2014	590,000	3.00	0.92	XH0	2024	425,000	4.00	3.60	XT4
2015	590,000	3.00	1.10	XJ6	2025	425,000	4.00	3.70	XU1
2016	590,000	3.00	1.40	XK3	2026	425,000	4.00	3.80	XV9
2017	585,000	3.00	1.82	XL1	2027	425,000	4.00	3.90	XW7
2018	585,000	3.00	2.20	XM9	2028	425,000	4.00	4.00	XX5
2019	585,000	4.00	2.50	XN7	2029	425,000	4.00	4.10	XY3
2020	585,000	5.00	2.82	XP2	2030	425,000	4.00	4.20	XZ0
2021	475,000	5.00	3.00	XQ0	2031	400,000	4.125	4.30	YA4

\$1,500,000 Coupon Rate 4.500% Term Bond Maturing July 15, 2036 Yield @ 4.65% Cusip #121835 YF3
\$ 700,000 Coupon Rate 4.625% Term Bond Maturing July 15, 2041 Yield @ 4.75% Cusip #121835 YL0

The Bonds are offered subject to the final approving opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel, Boston, Massachusetts as aforesaid, and to certain other conditions referred to herein and in the Notice of Sale. First Southwest Company, Boston, Massachusetts has acted as Financial Advisor to the Town of Burlington, Massachusetts, with respect to the Bonds. The Bonds in definitive form will be delivered to DTC, or its custodial agent, on or about July 26, 2011, against payment to the Town in Federal Reserve Funds.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
SUMMARY STATEMENT.....	3	TOWN FINANCES:	
NOTICE OF SALE	4	Budget and Appropriation Process	27
OFFICIAL STATEMENT:		Budget Comparison	27
THE BONDS:		Education Reform	27
Description of the Bonds.....	7	Revenues.....	27
Redemption Provisions	7	Property Taxes	27
Record Date.....	8	State Aid	28
Book-Entry Transfer System.....	8	Massachusetts School Building Assistance Program	28
Authorization of the Bonds and Use of Proceeds	10	Motor Vehicle Excise Tax	29
Principal Maturities by Purpose	10	Water System	29
Tax Exemption.....	11	Sewer System.....	29
Security and Remedies.....	12	Local Options Meals Tax	29
Use of State Distributions to Pay Debt Service	13	Room Occupancy Tax	29
Opinion of Bond Counsel.....	13	Annual Audits.....	30
Rating	14	Financial Statements	30
Financial Advisory Services of First		Governmental Funds Balance Sheet	
Southwest Company.....	14	As of June 30, 2010.....	31
Continuing Disclosure.....	14	Governmental Funds Balance Sheet	
		As of June 30, 2009.....	32
		Governmental Funds Balance Sheet	
		As of June 30, 2008.....	33
TOWN OF BURLINGTON, MASSACHUSETTS:		Comparative Statement of Revenues and	
General	15	Expenditures, General Fund June 30, 2006 - 2010	34
Local Government	15	Undesignated General Fund Balance.....	39
Principal Town Officers.....	15	Stabilization Fund	39
Municipal Services.....	15	Investment of Town Funds	39
Education.....	16	Tax Increment Financing for Development Districts ...	40
Public School Enrollments	16	INDEBTEDNESS:	
Recent Economic Developments.....	16	Authorization of General Obligation	
Industry and Commerce	17	Bonds and Notes	41
Labor Force, Employment and Unemployment Rate..	17	Debt Limits.....	41
Principal Employers	18	Types of Obligations	41
Building Permits.....	18	Direct Debt Summary	42
Population Trends.....	18	Key Debt Ratios.....	43
Population and Income	19	Annual Debt Service proposed as of June 30, 2010 ..	43
PROPERTY TAX:		Authorized Unissued Debt.....	44
Tax Levy Computation.....	20	Overlapping Debt.....	44
Assessed and Equalized Valuations.....	21	Contracts	45
Tax Rates	21	Retirement Systems	45
Classification of Property	21	Other Post-Employment Benefits	46
Largest Taxpayers	22	Collective Bargaining	47
Abatements and Overlay	22	LITIGATION.....	47
Tax Collections	23		
Tax Titles and Possessions	23	APPENDIX A - Fiscal 2010 Audit	
Municipal Tax Amnesty.....	23		
Taxation to Meet Deficits	24	APPENDIX B - Proposed Form of Legal Opinion of Bond	
Tax Limitations.....	24	Counsel	
Unused Levy Capacity.....	25		
Initiative Petition.....	25	APPENDIX C – Proposed Form of Continuing	
Community Preservation Act	25	Disclosure Certificate	

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

SUMMARY STATEMENT

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

Date of Sale: Tuesday, July 12, 2011, 11:00 a.m. (E.T).

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

Issuer: Town of Burlington, Massachusetts.

Issue: \$12,200,000 General Obligation Municipal Purpose Loan of 2011 Bonds, see "THE BONDS - Book-Entry Transfer System" herein.

Official Statement Dated: July 12, 2011.

Dated Date of the Bonds: Date of Delivery.

Principal Due: Serially July 15, 2012 through July 15, 2041 as detailed herein.

Purpose and Authority: Bond proceeds will finance various municipal projects as authorized by Town Meeting under provisions of Chapter 44, Sections 7 and 8 of the Massachusetts General Laws as detailed herein.

Redemption: The Bonds are subject to redemption prior to their stated maturity dates as described herein.

Security: The Bonds will be valid general obligations of the Town of Burlington, Massachusetts, and the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

Credit Rating: Standard & Poor's Ratings Group has assigned a rating of AA+ to the Bonds.

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

Basis of Award: Lowest True Interest Cost (TIC), as of the dated date. **BIDS MUST INCLUDE A PREMIUM OF AT LEAST \$80,000.**

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

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

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

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

Legal Opinion: Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts.

Financial Advisor: First Southwest Company, Boston, Massachusetts.

Delivery and Payment: It is expected that delivery of the Bonds in book-entry only form will be made to The Depository Trust Company, or to its custodial agent, on or about July 26, 2011, against payment in Federal Reserve Funds.

Issuer Official: Questions concerning the Official Statement should be addressed to: Brian P. Curtin, Treasurer, Town of Burlington, Massachusetts Telephone (781-270-1628) or Peter Frazier, Senior Vice President, First Southwest Company, Boston, Massachusetts Telephone (617) 619-4409.

**NOTICE OF SALE
TOWN OF BURLINGTON, MASSACHUSETTS
\$12,200,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2011 BONDS**

The Town of Burlington, Massachusetts (the "Town") will receive sealed and electronic (as described herein) proposals until 11:00 A.M., Eastern Time, Tuesday, July 12, 2011, for the purchase of the following described General Obligation Municipal Purpose Loan of 2011 Bonds of the Town (the "Bonds"):

\$12,200,000 General Obligation Municipal Purpose Loan of 2011 Bonds payable July 15 of the years and in the amounts as follows:

Due July 15	Principal Amount	Due July 15	Principal Amount
2012	\$ 595,000	2027 *	\$ 425,000
2013	595,000	2028 *	425,000
2014	590,000	2029 *	425,000
2015	590,000	2030 *	425,000
2016	590,000	2031 *	400,000
2017	585,000	2032 *	370,000
2018	585,000	2033 *	370,000
2019	585,000	2034 *	370,000
2020	585,000	2035 *	240,000
2021	475,000	2036 *	150,000
2022 *	425,000	2037 *	150,000
2023 *	425,000	2038 *	150,000
2024 *	425,000	2039 *	150,000
2025 *	425,000	2040 *	150,000
2026 *	425,000	2041 *	100,000

* Callable maturities. May be combined into one or two Term Bonds, as provided herein.

The Bonds will be dated as of their date of delivery. Principal of the Bonds will be payable on July 15 of the years in which the Bonds mature. Interest will be payable on January 15 and July 15 commencing January 15, 2012.

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

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

The Bonds maturing on and before July 15, 2021 are not subject to redemption prior to their stated maturity dates. Bonds maturing on and after July 15, 2022 are subject to redemption prior to their stated maturity dates, at the option of the Town, on and after July 15, 2021, either in whole or in part at any time, and if in part, by lot within a maturity, **at the par amount of the Bonds to be redeemed**, plus accrued interest to the date set for redemption.

For Bonds maturing on and after July 15, 2022, bidders may specify that all of the principal amount of such Bonds in any two or more consecutive years may, in lieu of maturing in each such year, be combined to comprise one or two Term Bonds, and shall be subject to mandatory redemption or mature a par, as described above, in each of the years and in the

principal amounts specified in the foregoing maturity schedule. Each mandatory redemption shall be allocated to the payment of the Term Bond maturing in the nearest subsequent year. Bidders may specify no more than two Term Bonds.

Term Bonds, if any, shall be subject to mandatory redemption on July 15 of the year or years immediately prior to the stated maturity of such Term Bond (the particular Bonds of such maturity to be redeemed to be selected by lot) as indicated in the foregoing maturity schedule at the principal amount thereof plus accrued interest to the redemption date, without premium.

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

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/20 or 1/8 of one percent, but shall not state (a) more than one interest rate for any Bonds having a like maturity or (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3 percent. No bid of less than par and accrued interest to date of delivery, **plus a premium of at least \$80,000 will be considered.** The bid should reflect the premium required plus accrued interest.

As between proposals which comply with this Notice of Sale, the award will be to the bidder who offers to purchase all the Bonds at the lowest net effective interest rate to the Town. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of July 26, 2011, discounts semiannually all future payments on account of principal and interest to the price bid, not including interest accrued to date of delivery, which accrued interest shall be paid by the successful bidder. In the event there is more than one proposal specifying the lowest such rate, the Bonds will be awarded to the bidder whose proposal is selected by the Town Treasurer by lot among all such proposals.

Bids must be submitted either:

- (a) In a sealed envelope marked "Proposal for Bonds" and addressed to Mr. Brian P. Curtin, Treasurer, Town of Burlington, Massachusetts c/o First Southwest Company, 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114. Proposals by telegram delivered as specified above will be accepted. Signed blank bid forms may be faxed to (617) 619-4411 prior to submitting bids, and actual bids may be telephoned to First Southwest Company, telephone (617) 619-4400 at least one-half hour prior to the 11:00 a.m. sale and after receipt of the faxed bid form by First Southwest Company. First Southwest Company will act as agent for the bidder, but neither the Town nor First Southwest Company shall be responsible for any errors in connection with bids submitted in this manner. Any bidder who submits a winning bid by telephone in accordance with this Notice of Sale shall be required to provide written confirmation of the terms of the bid by faxing or emailing a completed, signed bid form to the financial advisor by not later than 12 Noon, Eastern Time, on the date of sale.
- (b) Electronically via Parity in accordance with this Notice of Sale. To the extent any instructions or directions set forth in Parity conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about Parity, potential bidders may contact the Financial Advisor to the Town or I-deal at 40 West 23rd Street, 5th Floor, New York, NY 10010 (212) 404-8102. An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town.

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

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

The Town of Burlington has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds. Should the bidder purchase municipal bond insurance, all expenses associated with such policy

or commitment will be borne by the bidder, except for the fees paid to Standard & Poor's Ratings Group for a rating on the Bonds. Any such fees paid to Standard & Poor's Ratings Group would be borne by the Town.

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that it shall be furnished, without cost, with (a) the approving opinion of the firm of Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts, substantially in the form appearing as Appendix B of the Preliminary Official Statement dated June 22, 2011, (b) a certificate in the form satisfactory to Bond Counsel dated as of the date of delivery of the Bonds and receipt of payment therefor to the effect that there is no litigation pending or, to the knowledge of the signers thereof, threatened which affects the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, (c) a certificate of the Town Treasurer to the effect that, to the best of his knowledge and belief, as of the date of sale the Preliminary Official Statement did not, and as of the date of the delivery of the Bonds, the Final Official Statement does not, contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate in the form described in the Preliminary Official Statement.

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

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

Additional information concerning the Town of Burlington and the Bonds is contained in the Preliminary Official Statement dated June 22, 2011, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. Said Preliminary Official Statement is deemed final by the Town except for the omission of the reoffering price(s), interest rate(s), delivery date, the identity of the underwriter(s), and any other pertinent terms of the Bonds depending on such matters, but is subject to change without notice to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from First Southwest Company, 54 Canal Street, Boston, Massachusetts 02114 (Telephone: 617-619-4400). Within seven (7) business days following the award of the Bonds in accordance herewith, 100 copies of the Final Official Statement will be available from the First Southwest Company to the successful bidder for use in reoffering the Bonds. Upon request, additional copies will be provided at the expense of the requester.

On or prior to the date of delivery of the Bonds, the successful bidder shall furnish to the Town a certificate acceptable to Bond Counsel generally to the effect that (i) as of July 12, 2011 (the "Sale Date"), the purchaser had offered or reasonably expected to offer all of the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the prices set forth in such certificate, plus accrued interest, if any, (ii) such prices represent fair market prices of the Bonds as of the Sale Date, and (iii) as of the date of such certificate, all of the Bonds have been offered to the general public in a bona fide offering at the prices set forth in such certificate, and at least 10% of each maturity of the Bonds actually has been sold to the general public at such prices. To the extent the certifications described in the preceding sentence are not factually accurate with respect to the reoffering of the Bonds, Bond Counsel should be consulted by the bidder as to alternative certifications that will be suitable to establish the "issue price" of the Bonds for federal tax law purposes. If a municipal bond insurance policy or similar credit enhancement is obtained with respect to the Bonds by the successful bidder, such bidder will also be required to certify as to the net present value savings on the Bonds resulting from payment of insurance premiums or other credit enhancement fees.

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

The Bonds in definitive form will be delivered to The Depository Trust Company or its custodial agent on or about July 26, 2011 for settlement in Federal Reserve Funds.

June 22, 2011

TOWN OF BURLINGTON, MASSACHUSETTS
/s/ Brian P. Curtin
Town Treasurer

OFFICIAL STATEMENT

TOWN OF BURLINGTON, MASSACHUSETTS

\$12,200,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2011 BONDS

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Burlington, Massachusetts (the "Town") in connection with the sale of \$12,200,000 aggregate principal amount of its General Obligation Municipal Purpose Loan of 2011 Bonds (the "Bonds"). The information contained herein has been furnished by the Town, except information attributed to another governmental agency or official as the source.

THE BONDS

Description of the Bonds

The Bonds will be dated their date of delivery and will bear interest payable semiannually on January 15 and July 15, commencing January 15, 2012. The Bonds shall mature on July 15 of the years and in the principal amounts as set forth on the first page of this Official Statement.

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

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

Redemption Provisions

Optional Redemption

The Bonds maturing on and before July 15, 2021 are not subject to redemption prior to their stated maturity dates. Bonds maturing on and after July 15, 2022 are subject to redemption prior to their stated maturity dates, at the option of the Town, on and after July 15, 2021, either in whole or in part at any time, and if in part, by lot within a maturity, **at the par amount of the Bonds to be redeemed**, plus accrued interest to the date set for redemption.

Mandatory Redemption

The Bonds maturing July 15, 2036 and July 15, 2041 respectively (the "Term Bonds") are subject to mandatory redemption or maturity on each of the dates and in each of the principal amounts set forth below "the particular portion of each Term Bond to be redeemed or to mature on the final maturity date to be delivered by lot), at a redemption price of par, plus accrued interest, if any, to the redemption date.

\$1,500,000 Term Bonds Maturing July 15, 2036

<u>Year</u>	<u>Principal Amount</u>
2032	\$370,000
2033	370,000
2034	370,000
2035	240,000
2036 *	150,000

*Final maturity.

\$700,000 Term Bonds Maturing July 15, 2041

<u>Year</u>	<u>Principal Amount</u>
2037	\$150,000
2038	150,000
2039	150,000
2040	150,000
2041 *	100,000

*Final maturity.

Notice of Redemption

So long as DTC is the registered owner of the Bonds, notice of any redemption of Bonds prior to their stated maturities, specifying the Bonds (or the portions thereof) to be redeemed, shall be mailed to DTC not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the DTC Participants of the redemption or failure on the part of the DTC Participants, Indirect Participants or of a nominee of a Beneficial Owner (having received notice from DTC Participant or otherwise) to notify the Beneficial Owner shall not affect the validity of the redemption.

Record Date

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

Book-Entry Transfer System

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated securities. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

the securities deposited by DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

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

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

Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

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

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

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

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

Authorization of the Bonds and Use of Proceeds

The following sets forth the purposes, principal amounts, statutory references, dates of approval and Article numbers for the current offering of Bonds:

Purpose	This Issue	Total Authorization	Statutory Reference	Date of Authorization	Art. #
Memorial School Design and Construction (1)	\$ 5,200,000	\$ 27,923,244	C. 44 s. 7(3)	5/18/2009	34
Sewer - Terrace Hall	4,500,000	9,000,000	Ch.44 s.7(1)	5/13/2009	16
Water Lines	1,000,000	1,000,000	Ch. 44 s.8(5)	5/12/2010	13
Streets	1,500,000	1,500,000	C. 44 s. 7(5)	5/12/2010	13
	<u>\$ 12,200,000</u>				

- (1) As of the date of this Official Statement, the Town has received \$7,626,848 school construction grants from the Massachusetts School Building Authority (MSBA) in connection with the Memorial School project. The Town expects to receive grants of approximately 52.11% of eligible project costs for the project from the MSBA. In 2010 the Town issued \$5,800,000 general obligation bonds for this project.

Principal Payments By Purpose

Year	Memorial School	Sewer Terrace Hall	Water Mains	Roadway Construction	Total
2012	\$ 220,000	\$ 155,000	\$ 55,000	\$ 165,000	\$ 595,000
2013	220,000	155,000	55,000	165,000	595,000
2014	220,000	155,000	55,000	160,000	590,000
2015	220,000	155,000	55,000	160,000	590,000
2016	220,000	155,000	55,000	160,000	590,000
2017	220,000	155,000	50,000	160,000	585,000
2018	220,000	155,000	50,000	160,000	585,000
2019	220,000	155,000	50,000	160,000	585,000
2020	220,000	155,000	50,000	160,000	585,000
2021	220,000	155,000	50,000	50,000	475,000
2022	225,000	150,000	50,000		425,000
2023	225,000	150,000	50,000		425,000
2024	225,000	150,000	50,000		425,000
2025	225,000	150,000	50,000		425,000
2026	225,000	150,000	50,000		425,000
2027	225,000	150,000	50,000		425,000
2028	225,000	150,000	50,000		425,000
2029	225,000	150,000	50,000		425,000
2030	225,000	150,000	50,000		425,000
2031	225,000	150,000	25,000		400,000
2032	220,000	150,000			370,000
2033	220,000	150,000			370,000
2034	220,000	150,000			370,000
2035	90,000	150,000			240,000
2036		150,000			150,000
2037		150,000			150,000
2038		150,000			150,000
2039		150,000			150,000
2040		150,000			150,000
2041		100,000			100,000
Totals	<u>\$ 5,200,000</u>	<u>\$ 4,500,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,500,000</u>	<u>\$ 12,200,000</u>

Tax Exemption

In the opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel to the Town ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In the opinion of Bond Counsel, the Bonds are not "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

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

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion regarding any other Massachusetts tax consequences nor as to the taxability of the Bonds or the income therefrom under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

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

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

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Further, no assurance can be given that pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the value of, or the tax status of interest on, the Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

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

Security and Remedies

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

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

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

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

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

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

for certain energy conservation and renewable energy projects, and may borrow to establish such a fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

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

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

Use of State Distributions to Pay Debt Service

Section 19A of Chapter 44 of the General Laws provides in part that, if a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it shall notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraphs). See “State Distributions” above. If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Opinion of Bond Counsel

The purchaser will be furnished the legal opinion of the firm of Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful bidder. The opinion will be substantially in the form presented in Appendix B.

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

Rating

Standard & Poor's Ratings Group has assigned AA+ rating to the Bonds. The rating reflects only the rating agency's views and is subject to revision or withdrawal, which could affect the market price of the Bonds.

Financial Advisory Services of First Southwest Company

First Southwest Company, Boston, Massachusetts, serves as financial advisor to the Town of Burlington, Massachusetts. The Town has consented to participation by First Southwest Company in the public bidding on the Bonds if it so desires.

Continuing Disclosure

In order to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"), the Town will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the Town by not later than 270 days after the end of each fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix C. The Certificate will be executed by the signers of the Bonds, and is incorporated by reference in the Bonds. The Town is the only "obligated person" with respect to the Bonds as defined in the Rule.

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

THE TOWN OF BURLINGTON, MASSACHUSETTS

General

The Town of Burlington is located in Middlesex County, approximately 14 miles from Boston. It is bordered on the west by the Town of Bedford, on the northwest by the Town of Billerica, on the northeast by the Town of Wilmington, and on the south and southeast by the City of Woburn and the Town of Lexington. Established as a Town in 1799, Burlington has a population of approximately 23,610 and occupies a land area of 11.88 square miles. Government is by representative town meeting and a five-member board of selectmen assisted by a town administrator. Local school affairs are administered by a school committee of five persons, elected for three years on a staggered basis.

Local Government

Local taxes are assessed by a board of three assessors elected for staggered three-year terms. Local school affairs are administered by a school committee of seven persons, elected for staggered three-year terms on an at-large basis.

Principal Executive Officers

<u>Name</u>	<u>Title</u>	<u>Term Expiration</u>
Ralph C. Patuto	Selectman, Chair	2012
Walter T. Zentkin	Selectman, Vice Chair	2013
Daniel R. DiTucci	Selectman	2012
Robert Hogan	Selectman	2013
Danie Graften	Selectman	2014
Robert Mercier	Town Administrator	Indefinite
Paul Sagarino	Town Accountant	Indefinite
Jane L. Chew	Town Clerk	2011
James Doherty	Assessor	Indefinite
Brian Curtin	Treasurer/Collector	2013

Municipal Services

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, disposal of garbage, public education in grade kindergarten through twelve, sewer services, street maintenance, public libraries, parks and recreational facilities.

The principal services provided by the County are jails and houses of correction, registries of deeds and probate and a county hospital.

The Shawsheen Valley Regional Technical – Vocational School District provides vocational technical education for the Town.

The Burlington Housing Authority provides housing for eligible low-income families and handicapped persons. The Massachusetts Bay Transportation Authority provides rail and bus service to the Town and the Minibus (Burlington People Mover) serves the Town locally.

The Town of Burlington has its own wells and water treatment system, and is a member of Massachusetts Water Resource Authority (MWRA) for sewer services only.

Education

The Town provides public education in years kindergarten through grade twelve. The Town has one high school, one middle school and four elementary schools. The system has a capacity of 3,800 students.

The following table illustrates the Town's public school enrollments. The Town is also a member of the Shawsheen Regional Vocational Technical High School District.

Grades	Actual					Projected
	2006	2007	2008	2009	2010	2011
1-4	1,437	1,463	1,450	1,543	1,543	1,509
5-8	844	1,131	1,158	1,152	1,152	1,130
9-12	1,036	1,024	1,004	1,018	1,018	1,029
Total	<u>3,317</u>	<u>3,618</u>	<u>3,612</u>	<u>3,713</u>	<u>3,713</u>	<u>3,668</u>

Source: Burlington School Department

Recent Economic Developments

The Northwest Industrial Park in Burlington has been approved as a Planned Development District (PDD). The 127 acre park was originally developed in the 1950's as one of the first industrial parks along Route 128/Route 3. Family owned since first development, it remains in the Nordblom family today. Original development of the site included approximately 1.3 million square feet of industrial style buildings (one and two story). The new PDD will increase the total square footage from 1.3 million to 3.2 million square feet.

The owners determined that the entire park needed to be "regenerated" and came with a comprehensive proposal to create a "Planned Development District" for the entire site that would include approximately 300 upscale condominiums, 600,000 sq. ft. of rental and restaurants, 260,000 sq. ft. of high-end office space, and a 200 room luxury hotel in Phase I of the project. Developers in June of 2011 signed a lease agreement for a 140,000 square foot retail complex and an additional building lease of 35,000 square feet for a new restaurant.

Phase II of the project will accommodate approximately 1.9 million sq. ft. of new, campus style office space as part of the total build out. Potential large tenants from Boston and Cambridge are inquiring about the site and possible relocation. The Burlington Town Meeting approved this entire concept in January of 2007 (93% approval from Town Meeting). The expected tax revenue from the site will increase from the current total of \$2.7 million annually to approximately \$12.5 million in today's dollars at the completion of the build-out.

The Commonwealth of Massachusetts has recognized this proposal as part of its smart growth initiative and just awarded the Town a grant of \$150,000 to assist the Town in developing a streamlined permitting program. The Town has also been designated by the Commonwealth as a regional "Growth District". In addition, the Town has also recently approved three separate new PDD's that will bring an additional \$150,000,000 in new capital investment in the commercial/industrial area and result in new incremental tax revenue growth of \$3,000,000 +/- over the next few years.

The Town has completed four of the original five separate components of the expedited permit grant that includes a complete review and codification of its zoning by-laws related to business development in Town. The Town will complete the final task by June of 2011.

Within the past six months, Palomar Inc. has built a new 100,000 sq. ft. corporate headquarters in the Town, Oracle Corp has completed a new 170,000 sq. ft. building on their 3 campus and Avid Technologies recently announced it was moving its U.S. based operations into a portion of the former Sun Micro Systems complex. This was the largest new tenant rental along the 128 belt in 2009 in the Town encompassing over 200,000 square feet of Class A office space.

Industry and Commerce

The following table lists the major categories of employment for the Town of Burlington:

Industry	Calendar Year Average				
	2005	2006	2007	2008	2009
Construction	1,159	1,167	1,189	1,160	954
Manufacturing	2,962	3,098	3,052	2,897	2,689
Trade, Transportation & Utilities	7,324	7,166	7,327	7,727	7,170
Information	3,392	3,681	4,035	4,445	5,367
Financial Activities	1,452	1,475	1,514	1,583	1,459
Professional & Business Services	7,997	9,970	10,377	9,797	9,204
Education & Health Services	6,458	6,602	6,785	7,068	7,206
Leisure & Hospitality	2,454	2,650	3,018	2,970	2,738
Other Services	550	565	620	-	-
Public Administration	249	-	-	-	-
Total Employment	33,997	36,374	37,917	37,647	36,787
Number of Establishments	1,517	1,556	1,571	1,574	1,607
Average Weekly Wages	\$ 1,329	\$ 1,395	\$ 1,491	\$ 1,507	\$ 1,517
Total Wages	\$ 2,350,311,809	\$ 2,655,103,572	\$ 2,956,956,810	\$ 3,022,659,952	\$ 2,975,534,479

Source: Massachusetts Department of Employment and Training. Data based upon place of employment, not place of residence. Due to the reclassification the U.S. Department of Labor now uses the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.

Labor Force, Employment and Unemployment Rate

According to the Massachusetts Department of Employment and Training, in March 2011, the Town had a total labor force of 14,390, of whom 13,574 were employed and 816 or 5.7% were unemployed as compared with 8.0% for the Commonwealth and 8.8% for the country as a whole.

The following table sets forth the Town's average labor force and unemployment rates for calendar years 2006 through 2010 and the unemployment rates for the Commonwealth and the U.S. for the same period:

Year	Town of Burlington		Massachusetts	United States
	Labor Force	Unemployment Rate		
2010	14,419	6.4 %	8.3 %	9.4 %
2009	14,208	6.8	8.1	9.3
2008	14,248	4.0	5.3	5.8
2007	14,165	3.3	4.5	4.6
2006	14,053	3.6	5.0	4.6

Source: Massachusetts Department of Employment and Training. Data based upon place of residence, not place of employment.

Principal Employers

Excluding the Town, the following are the principal employers located in the Town:

<u>Company</u>	<u>Nature of Business</u>	<u>Approximate Current Employees</u>
Lahey Clinic	Hospital	4,500
Oracle/Sun	Computer Network Systems	2,300
Siemens-Nixdorff	Information Technology & Electronics	1,000
Avid Tech	Software Systems (Video)	800
Burlington Mall	Retail	750
ONE Communications	Telecom	420
Nuance Sys	Software/Communications	450
Federal Aviation Admin.	Government	385
SAP Systems	Software	350
I Basis	Research & Development (Software)	300
Nokia	Phone/Software	280

Source: Treasurer's Office and the companies listed.

Building Permits

The following table sets forth the trend in the number of building permits issued and the estimated dollar value of new construction and alterations:

<u>Calendar Year</u>	<u>Total</u>	
	<u>No.</u>	<u>Value</u>
2011	242	\$55,200,000
2010	277	49,100,000
2009	750	69,909,000
2008	854	94,516,142
2007	918	127,439,779
2006	970	96,205,791
2005	895	166,823,527

On the basis of the 2010 U.S. Census, the Town has a population density of 2,074 persons per square mile.

POPULATION TRENDS

<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>	<u>1970</u>
24,498	22,876	23,302	23,486	21,980

SOURCE: U.S. Census.

Population and Income

The following table compares census averages for the Town, the Commonwealth, and the United States.

	<u>Burlington</u>	<u>Massachusetts</u>	<u>United States</u>
Median Age:			
2000	38.3	36.5	35.3
1990	33.4	33.6	32.9
Median Family Income:			
2000	\$ 82,072	\$ 61,664	\$ 49,600
1990	60,323	44,367	35,225
Per Capita Income:			
2000	\$ 30,732	\$ 25,952	\$ 21,690
1990	20,374	17,224	14,420

SOURCE: U.S. Census Bureau

PROPERTY TAX

Tax Levy Computation

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

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

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

The following table shows the details of the calculation of the tax levies for the fiscal years indicated.

	For Fiscal Year				
	2011	2010	2009	2008	2007
Gross Amount to be Raised:					
Appropriations	\$ 107,925,708	\$ 104,427,791	\$ 102,921,280	\$ 98,211,305	\$ 89,246,400
Other Local Expenditures	394,492	790,260	660,580	93,276	367,350
State and County Charges	616,235	629,656	588,043	535,629	532,989
Overlay Reserve	933,064	955,024	1,033,640	1,021,024	868,365
Total Gross Amount to be Raised	<u>109,869,499</u>	<u>106,802,731</u>	<u>105,203,543</u>	<u>99,861,234</u>	<u>91,015,104</u>
Less Estimated Receipts & Other Revenue:					
Estimated Receipts from State (1)	7,838,166	8,270,236	9,504,384	8,619,809	7,978,904
Estimated Receipts - Local	15,334,148	14,873,518	15,858,734	15,328,364	14,570,490
Available Funds Appropriated:					
Free Cash	1,590,942	2,006,935	1,703,796	2,942,432	541,310
Other Available Funds	3,070,096	2,669,052	2,919,518	-	3,517,273
Free Cash and Other Revenue Used to Reduce the Tax Rate	-	-	-	3,454,611	-
Total Estimated Receipts and Revenue	<u>27,833,352</u>	<u>27,819,741</u>	<u>29,986,432</u>	<u>30,345,216</u>	<u>26,607,977</u>
Net Amount to be Raised (Tax Levy)	\$ 82,036,147	\$ 78,982,990	\$ 75,217,111	\$ 69,516,018	\$ 64,407,127
Tax Rate per \$1,000					
Residential	\$ 11.50	\$ 10.90	\$ 9.90	\$ 9.60	\$ 9.20
Commercial/Industrial/Personal	\$ 30.80	\$ 29.70	\$ 25.90	\$ 26.30	\$ 26.00
Assessed Valuation (\$000)	<u>\$ 4,468,767</u>	<u>\$ 4,519,400</u>	<u>\$ 4,819,890</u>	<u>\$ 4,612,065</u>	<u>\$ 4,514,750</u>

Source: Board of Assessors.

Note: Property tax rates may not be set by the local assessors until they have been approved by the Commissioner of Revenue.

(1) Estimated by the State Department of Revenue and required by law to be used in setting of the tax rate. Actual state aid payments may vary upward or downward from said estimates, and the State may withhold payments pending receipt of State and County assessments.

Assessed and Equalized Valuations

The following table sets forth the trend in assessed and equalized valuations of the Town:

	For Fiscal Year				
	2011	2010	2009	2008	2007
Real Property	\$4,330,546,162	\$4,382,490,465	\$4,687,622,265	\$4,496,384,465	\$4,405,675,465
Personal Property	138,221,020	136,843,360	132,268,300	115,680,810	109,074,580
Total Assessed Valuation	<u>\$4,468,767,182</u>	<u>\$4,519,333,825</u>	<u>\$4,819,890,565</u>	<u>\$4,612,065,275</u>	<u>\$4,514,750,045</u>
Equalized Valuation (1)	\$4,963,154,800	\$5,138,693,700	\$5,138,693,700	\$4,563,513,000	\$4,563,513,000
Assessed Valuation as a Percent of Equalized Valuation	99.4%	87.9%	93.8%	101.1%	105.5%

(1) Based on equalized valuation in effect for each year as determined biennially by the State Department of Revenue as of January 1 of even numbered years effective for the next two fiscal years.

Tax Rates

The following shows the Residential and Commercial/Industrial/Personal tax rates per \$1,000 of assessed valuation and the full value rate based on the equalized valuations for the last five fiscal years:

Fiscal Year	Residential Tax Rate	Commercial/Industrial/Personal Tax Rate	Full Value Rate
2011	\$11.50	\$30.80	\$15.96
2010	10.90	29.70	15.37
2009	9.90	25.90	15.61
2008	9.60	26.30	15.23
2007	9.20	26.00	15.06

Classification of Property

The following table shows the breakdown by classification of the total assessed valuation for the last three fiscal years:

Property Type	2011		2010		2009	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Residential	\$ 2,880,926,535	64.5 %	\$ 2,938,363,015	65.0 %	\$ 3,101,128,425	64.3 %
Commercial	1,276,438,427	28.6	1,267,650,950	28.0	1,383,575,440	28.7
Industrial	173,181,200	3.9	176,476,500	3.9	202,918,400	4.2
Personal	138,221,020	3.1	136,843,360	3.0	132,268,300	2.7
Total Real Estate	<u>\$ 4,468,767,182</u>	<u>100.0 %</u>	<u>\$ 4,519,333,825</u>	<u>100.0 %</u>	<u>\$ 4,819,890,565</u>	<u>100.0 %</u>

Source: Board of Assessors.

Largest Taxpayers

Following is a list of the ten largest taxpayers in the Town based upon assessed valuations for fiscal 2011, all of whom are current in their property tax payments:

Name	Total Assesed Valuation for Fiscal 2011	Amount of Tax	Percent of Net Levy
Burlington Mall	\$169,810,800	\$5,230,173	6.4 %
Netview Investment	103,320,900	3,182,284	3.9
N E Executive Park	95,983,800	2,956,301	3.6
Nordblom	89,722,600	2,750,367	3.4
Gutierrez/Auburn	68,601,000	2,112,911	2.6
Wayside Commons Invest.	55,889,900	1,721,409	2.1
Burlington Mall FB-1 LLC	48,609,500	1,497,173	1.8
E&A Northest LP	47,924,600	1,476,078	1.8
MEPT Burling LLC	32,512,200	1,001,376	1.2
MA - 25 Mall Off LLC	28,420,000	875,336	1.1
Total	\$740,795,300	\$22,803,406	27.8 %

Source: Board of Assessors.

Abatements and Overlay

The Town is authorized by law to increase each tax levy by an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the excess is required to be added to the next tax levy.

Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue, but uncollected real property taxes are ordinarily not written off until they become municipal "tax titles" by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The following table lists the abatements granted against each as of June 14, 2011, for the years shown below.

Fiscal Year	Net Tax Levy	Overlay Reserve Dollar Amount	Overlay As a % of Net Levy	Abatements Granted Through
2011	\$ 81,103,083	\$ 933,064	1.15 %	\$ 334,869
2010	78,027,766	955,024	1.22	336,482
2009	74,183,471	1,033,640	1.39	431,108
2008	68,494,994	1,021,024	1.49	433,927
2007	63,538,762	868,365	1.37	407,808

Source: Town Accountant.

Tax Collections

As of July 1, 1991, the Town voted to accept a statute providing for quarterly tax payments (effective for fiscal 1992 taxes). Under that statute, preliminary tax payments are due on August 1 and January 1, with payment of the actual tax bill (after credit is given for the preliminary payments) in installments on February 1 and May 1 if actual tax bills are mailed by December 31. Interest accrues on delinquent taxes at the rate of 14 percent per annum.

The following table presents the total tax levy, the reserve for abatements, the net levy and the amounts collected as of June 30 for each fiscal year and as of June 13, 2011:

Fiscal Year	Gross Tax Levy	Overlay Reserve for Abatements	Net Tax Levy	Collections Fiscal Year End		Collections As of June 13, 2011	
				Dollar Amount	% of Net Levy	Dollar Amount	% of Net Levy
2011	\$ 82,036,147	\$ 933,064	\$ 81,103,083	NA	NA	\$ 80,702,881	99.5 %
2010	78,982,990	955,024	78,027,966	\$ 77,814,870	99.7 %	78,253,637	100.3
2009	75,217,111	1,033,640	74,183,471	74,410,552	100.3	74,500,325	100.4
2008	69,516,018	1,021,024	68,494,994	68,866,895	100.5	68,925,911	100.6
2007	64,407,127	868,365	63,538,762	64,335,286	101.3	64,781,762	102.0

Tax Titles and Possessions

Real property (land and buildings) is subject to lien for the taxes assessed upon it (subject to any paramount federal lien and subject to bankruptcy in insolvency laws). If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates; otherwise, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation where the lien could not be enforced because of a legal impediment. The persons against whom real or personal property taxes are assessed are personally liable therefore (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by the sale or taking of the property as described below and the personal liability is not ordinarily utilized for collecting purposes.

Massachusetts law permits a municipality either to sell by public sale, at which the municipality may become the purchaser, or to take real property for nonpayment of taxes thereon. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months, which may be extended an additional year in the case of certain installment payments, it can be foreclosed by petition to the land court. Upon such foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of like any land held for municipal purposes.

The following shows the trend in tax titles as of the end of the fiscal year:

	For Fiscal Year				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Tax Titles	\$1,447,822	\$1,115,328	\$806,893	\$510,962	\$532,392

(1) The Town places all overdue property taxes into tax title before the end of the fiscal year.

Municipal Tax Amnesty

Pursuant to recent legislation, a municipality may establish a municipal tax amnesty program expiring not later than June 30, 2011. Under such program, the municipality may waive, during the amnesty period, certain penalties, fees, charges and accrued interest, provided the taxpayer pays the amount of the tax to which such penalties, fees, charges and accrued interest relates.

Taxation to Meet Deficits

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

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

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

Tax Limitations

Chapter 59, Section 21C of the General Laws, known as "Proposition 2½", imposes two separate limits on the annual tax levy of a city or town.

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

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year's valuation.

This "growth" limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the "growth" limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

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

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

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

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or for the city or town's apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

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

Unused Levy Capacity (1)

The following table sets forth the Town's tax levy limits and unused levy capacity for last five fiscal years:

	For Fiscal Year				
	2011	2010	2009	2008	2007
Primary Levy Limit (2)	\$ 111,719,180	\$ 112,983,346	\$ 120,497,264	\$ 115,301,632	\$ 112,868,751
Prior Fiscal Year Levy Limit	80,744,879	77,495,580	72,957,348	68,241,538	65,128,360
2.5% Levy Growth	2,018,622	1,937,390	1,823,934	1,706,038	1,628,209
New Growth (3)	1,752,240	1,311,909	2,714,298	3,009,772	1,484,969
Growth Levy Limit	84,515,741	80,744,879	77,495,580	72,957,348	68,241,538
Tax Levy Limit	84,515,741	80,744,879	77,495,580	72,957,348	68,241,538
Tax Levy	82,036,147	78,982,990	75,217,111	69,516,018	64,407,127
Unused Levy Capacity (4)	\$ 2,479,594	\$ 1,761,889	\$ 2,278,469	\$ 3,441,330	\$ 3,834,411
Unused Primary Levy Capacity (5)	\$ 27,203,439	\$ 32,238,467	\$ 43,001,684	\$ 42,344,284	\$ 44,627,213

(1) Source: Massachusetts Department of Revenue

(2) 2.5% of assessed valuation.

(3) Allowed increase for new valuations certified by the Department of Revenue.

(4) Tax Levy Limit less Tax Levy.

(5) Primary Levy Limit less Growth Levy Limit.

Initiative Petition

The Massachusetts Constitution provides a procedure for the filing of petitions, signed by the requisite number of registered voters, to place on the ballot for state elections questions for the enactment of statutes by the voters. Legislation enacted by the voters may subsequently be amended or repealed by the state legislative process.

Community Preservation Act

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

A city or town may approve a surcharge of up to 3% of the real property tax levy, and it may accept one or more exemptions to the surcharge under the CPA, including an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real

property, and an exemption for commercial and industrial properties in cities and towns with classified tax rates. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see “Tax Limitations” under “PROPERTY TAX” above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

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

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

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

The Town has not adopted the Community Preservation Act.

TOWN FINANCES

The Budget and Appropriation Process

The annual appropriations of the Town are ordinarily made at the annual meeting, which takes place in May. Appropriations may also be voted at special meetings. Every town must have an appropriation, advisory or finance committee. The committee (or the board of selectmen if authorized by by-law or if there is no committee) is required to submit a budget of proposed expenditures at the annual town meeting.

The school budget is limited to the total amount appropriated by the city council or town meeting, but the school committee retains full power to allocate the funds appropriated. State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors.

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

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

BUDGET COMPARISON

	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
General Government	\$ 4,823,366	\$ 4,795,729	\$ 5,505,399	\$ 5,664,777	\$ 5,699,880
Public Safety	11,505,342	12,187,634	12,224,092	12,723,465	12,887,067
Education	40,290,343	42,359,369	44,123,460	45,299,535	47,466,236
Public Works	12,093,670	12,793,150	13,550,396	13,471,722	13,909,374
Human Services	1,231,639	1,293,199	1,334,553	1,384,544	1,454,096
Culture	2,478,744	2,564,819	2,621,965	2,689,816	2,738,079
Pension	5,311,677	5,924,373	5,993,783	6,094,297	6,200,000
Employee Benefits	9,913,000	10,757,000	10,777,000	10,959,250	11,692,062
Debt & Interest	4,138,364	4,181,358	4,144,501	4,457,264	5,435,681
State & County Asmts.	553,503	591,405	617,651	614,527	587,850
Total Expenditures	<u>\$ 92,339,648</u>	<u>\$ 97,448,036</u>	<u>\$ 100,892,800</u>	<u>\$ 103,359,197</u>	<u>\$ 108,070,325</u>

Education Reform

State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education and related programs, and may affect the level of state aid to be received for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. Since enactment, the Town's net school spending exceeded the minimum required local contribution.

Revenues

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

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

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

Legislation was enacted in 1991 to help municipalities compensate for additional local aid reductions by the Commonwealth for fiscal year 1992. Under that law, municipalities were allowed to defer budgeting for teacher's summer compensation payable by the end of the fiscal years 1992 and 1993. Municipalities that chose to defer such amounts are required to amortize the resulting budget deficiency by raising at least one fifteenth of the deferred amount in each of the fiscal years 1997 through 2011, or in accordance with a more rapid amortization schedule.

The following table sets forth the amount of state aid received by the Town for the fiscal years 2007 through 2010 and the amount estimated for fiscal year 2011:

Fiscal Year		Education Aid	Other	Total
2011	(1)	\$ 5,126,211	\$ 2,410,586	\$ 7,536,797
2010		5,467,218	2,544,233	8,011,451
2009		5,550,636	3,694,963	9,245,599
2008		4,680,292	3,680,732	8,361,024
2007		4,125,492	3,594,627	7,720,119

(1) Estimate.

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

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

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

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the Authority based on the eligible project costs and reimbursement rates applicable under the prior law. With limited exceptions, the Authority is required to fund the grants for such projects in the order in which they appear on the waiting list. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the Authority in lump sum payments, thereby eliminating the need for the Authority to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the Authority's share of such project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on

temporary debt until receipt of the grant, is included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway have been and are expected to continue to be paid by the Authority as project costs are incurred by the municipality pursuant to a project funding agreement between the Authority and the municipality, eliminating the need for the municipality to borrow even on a temporary basis to finance the Authority's share of the project costs in most cases.

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

Motor Vehicle Excise: An excise is imposed on the registration of motor vehicles (subject to exemptions) at a rate of \$25 per \$1,000 of valuation. Valuations are determined by a statutory formula based on manufacturer's list price and year of manufacture. Bills not paid when due bear interest at 12 per cent per annum. Provision is also made for non-renewal of registration and operating license by the registrar of motor vehicles. The amount of excise taxes received by the Town in fiscal year 2010 was \$2,703,347.

Water System

The water system serves approximately 99 percent of the Town. In fiscal 2010, water revenues (on a budgetary basis) totaled \$2,475,000 while expenditures (on a budgetary basis) totaled \$3,351,248. Expenditures in excess of revenues are supported by the General Fund.

Sewerage System

The Town of Burlington is a member community of the Massachusetts Water Resources Authority (MWRA) sewage system. The sanitary sewer system within the Town serves approximately 99 percent of the population. Sewer operations are accounted for on an enterprise basis. In fiscal 2010, revenues (on a budgetary basis) totaled \$4,100,000 while expenditures (on a budgetary basis) totaled \$4,525,000. The sewer enterprise fund balance at June 30, 2008 was approximately \$279,289 and \$612,253 at June 30, 2009. The sewer enterprise fund balance at June 30, 2010 was \$466,722.

Local Options Meals Tax

On January 25, 2010, the Town adopted the local meals excise tax to be effective April 1, 2010. The local meals excise tax is a 0.75% tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold. The revenue from this tax is projected to be approximately \$750,000 per year in future years.

Room Occupancy Tax

Under this tax, local governments may tax the provision of hotel, motel and lodging house rooms at a rate not to exceed six percent (6%) of the cost of renting such rooms. The tax is paid by the operator of the hotel, motel or lodging house to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located in quarterly distributions. On September 30, 2009, the Town adopted an increase in the room occupancy tax to 6%, effective January 1, 2010.

Annual Audits

The accounts of the Town of Burlington are audited annually by Powers & Sullivan, Certified Public Accountants, of Woburn, Massachusetts. For a summary of "Significant Accounting Policies," please refer to the audit for fiscal year ending June 30, 2010, which is attached hereto as Appendix A.

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

Financial Statements

Set forth on the following pages are a Comparative Balance Sheet (Governmental Funds) for fiscal years ending 2008, 2009 and 2010 and Statements of Revenues and Expenditures (Governmental Funds) for fiscal years ending June 30, 2006 through 2010 as extracted from the audited financial statements for those years. Said statements were extracted from the Town's audited financials.

TOWN OF BURLINGTON, MASSACHUSETTS
Combined Balance Sheet - Governmental Funds
June 30, 2010 (1)

	General	Stabilization Funds	Memorial School	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 16,251,426	\$ 1,234,326	\$ 2,230,152	\$ 8,460,642	\$ 28,176,546
Investments	-	2,047,380	-	-	2,047,380
Receivables, net of uncollectibles:					
Real estate and personal property taxes	1,038,884	-	-	-	1,038,884
Real estate tax deferrals	103,184	-	-	-	103,184
Tax liens	1,088,792	-	-	-	1,088,792
Motor vehicle excise taxes	148,688	-	-	-	148,688
Water fees	739,438	-	-	-	739,438
Sewer fees	1,410,082	-	-	-	1,410,082
Departmental and other	131,378	-	-	-	131,378
Intergovernmental	2,669,000	-	-	1,184,611	3,853,611
Other assets	17,320	-	-	-	17,320
Tax foreclosures	91,842	-	-	-	91,842
TOTAL ASSETS	\$ 23,690,034	\$ 3,281,706	\$ 2,230,152	\$ 9,645,253	\$ 38,847,145
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable	\$ 1,131,915	\$ -	\$ 2,706,294	\$ 646,207	\$ 4,484,416
Accrued payroll	3,010,751	-	-	-	3,010,751
Tax refunds payable	645,000	-	-	-	645,000
Accrued interest on short-term debt	70,000	-	-	-	70,000
Other liabilities	310,574	-	-	-	310,574
Deferred revenues	6,507,343	-	-	1,005,887	7,513,230
Notes payable	-	-	-	500,000	500,000
Total Liabilities	11,675,583	-	2,706,294	2,152,094	16,533,971
FUND BALANCES:					
Reserved for:					
Encumbrances and continuing appropriations	1,834,572	-	-	-	1,834,572
Stabilization	-	3,281,706	-	-	3,281,706
Perpetual permanent funds	-	-	-	387,980	387,980
Unreserved:					
Designated for subsequent year's expenditures	1,090,942	-	-	-	1,090,942
Undesignated, reported in:					
General fund	9,088,937	-	-	-	9,088,937
Special revenue funds	-	-	-	3,139,071	3,139,071
Capital projects funds	-	-	(476,142)	3,841,539	3,365,397
Permanent funds	-	-	-	124,569	124,569
TOTAL FUND BALANCES	12,014,451	3,281,706	(476,142)	7,493,159	22,313,174
TOTAL LIABILITIES AND FUND BALANCES	\$ 23,690,034	\$ 3,281,706	\$ 2,230,152	\$ 9,645,253	\$ 38,847,145

(1) Extracted from the audited financial statements of the Town.

TOWN OF BURLINGTON, MASSACHUSETTS
Combined Balance Sheet - Governmental Funds
June 30, 2009 (1)

	General	Stabilization Funds	Memorial School	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 14,813,337	\$ 2,237,496	\$ 793,835	\$ 3,508,023	\$ 21,352,691
Investments	-	1,568,695	-	288,555	1,857,250
Receivables, net of uncollectibles:					
Real estate and personal property taxes	1,108,745	-	-	-	1,108,745
Real estate tax deferrals	56,942	-	-	-	56,942
Tax liens	688,060	-	-	-	688,060
Motor vehicle excise taxes	113,588	-	-	-	113,588
Water fees	1,083,547	-	-	-	1,083,547
Sewer fees	2,236,590	-	-	-	2,236,590
Departmental and other	165,564	-	-	-	165,564
Intergovernmental	2,131,000	-	-	1,320,564	3,451,564
Other assets	918	-	-	-	918
Tax foreclosures	91,842	-	-	-	91,842
TOTAL ASSETS	\$ 22,490,133	\$ 3,806,191	\$ 793,835	\$ 5,117,142	\$ 32,207,301
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable	\$ 865,999	\$ -	\$ 150	\$ 1,428,340	\$ 2,294,489
Accrued payroll	2,169,943	-	-	-	2,169,943
Tax refunds payable	445,000	-	-	-	445,000
Accrued interest on short-term debt	64,000	-	-	-	64,000
Other liabilities	180,705	-	-	-	180,705
Deferred revenues	7,573,521	-	-	762,879	8,336,400
Notes payable	-	-	1,600,000	150,000	1,750,000
Total Liabilities	11,299,168	-	1,600,150	2,341,219	15,240,537
FUND BALANCES:					
Reserved for:					
Encumbrances and continuing appropriations	2,362,290	-	-	-	2,362,290
Stabilization	-	3,806,191	-	-	3,806,191
Perpetual permanent funds	-	-	-	375,730	375,730
Unreserved:					
Designated for subsequent year's expenditures	1,081,935	-	-	-	1,081,935
Undesignated, reported in:					
General fund	7,746,740	-	-	-	7,746,740
Special revenue funds	-	-	-	2,417,335	2,417,335
Capital projects funds	-	-	(806,315)	(128,909)	(935,224)
Permanent funds	-	-	-	111,767	111,767
TOTAL FUND BALANCES	11,190,965	3,806,191	(806,315)	2,775,923	16,966,764
TOTAL LIABILITIES AND FUND BALANCES	\$ 22,490,133	\$ 3,806,191	\$ 793,835	\$ 5,117,142	\$ 32,207,301

(1) Extracted from the audited financial statements of the Town.

TOWN OF BURLINGTON, MASSACHUSETTS
Combined Balance Sheet - Governmental Funds
June 30, 2008 (1)

	General	Stabilization Funds	Memorial School	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 13,666,841	\$ 2,381,222	\$ 1,600,000	\$ 5,175,191	\$ 22,823,254
Investments	-	1,552,174	-	139,000	1,691,174
Receivables, net of uncollectibles:					
Real estate and personal property taxes	944,929	-	-	-	944,929
Real estate tax deferrals	56,942	-	-	-	56,942
Tax liens	505,313	-	-	-	505,313
Motor vehicle excise taxes	288,728	-	-	-	288,728
Water fees	991,705	-	-	-	991,705
Sewer fees	1,789,999	-	-	-	1,789,999
Departmental and other	188,144	-	-	-	188,144
Intergovernmental	2,328,000	-	-	2,198,978	4,526,978
Other assets	162,476	-	-	-	162,476
Tax foreclosures	91,842	-	-	-	91,842
TOTAL ASSETS	\$ 21,014,919	\$ 3,933,396	\$ 1,600,000	\$ 7,513,169	\$ 34,061,484
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable	\$ 1,353,812	\$ -	\$ -	\$ 312,413	\$ 1,666,225
Accrued payroll	2,111,337	-	-	-	2,111,337
Accrued interest on short-term debt	110,000	-	-	-	110,000
Other liabilities	441,450	-	-	-	441,450
Deferred revenues	6,998,075	-	-	1,103,615	8,101,690
Notes payable	-	-	1,600,000	1,600,000	3,200,000
Total Liabilities	11,014,674	-	1,600,000	3,016,028	15,630,702
FUND BALANCES:					
Reserved for:					
Encumbrances and continuing appropriations	1,733,658	-	-	-	1,733,658
Stabilization	-	3,933,396	-	-	3,933,396
Perpetual permanent funds	-	-	-	374,104	374,104
Unreserved:					
Designated for subsequent year's expenditures	994,796	-	-	-	994,796
Undesignated, reported in:					
General fund	7,271,791	-	-	-	7,271,791
Special revenue funds	-	-	-	3,179,680	3,179,680
Capital projects funds	-	-	-	857,097	857,097
Permanent funds	-	-	-	86,260	86,260
TOTAL FUND BALANCES	10,000,245	3,933,396	-	4,497,141	18,430,782
TOTAL LIABILITIES AND FUND BALANCES	\$ 21,014,919	\$ 3,933,396	\$ 1,600,000	\$ 7,513,169	\$ 34,061,484

(1) Extracted from the audited financial statements of the Town.

TOWN OF BURLINGTON, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE--GOVERNMENTAL FUND(1)
FISCAL YEAR ENDED JUNE 30, 2010(1)

REVENUES:	General	Stabilization Fund	Memorial School	Nonmajor Governmental Funds	Total Governmental Funds
Real estate and personal property, net of tax refunds	\$ 78,080,006	\$ -	\$ -	\$ -	\$ 78,080,006
Tax liens	77,469	-	-	-	77,469
Motor vehicle excise taxes	2,850,959	-	-	-	2,850,959
Hotel/motel tax	1,287,634	-	-	-	1,287,634
Charges for services	2,963,613	-	-	-	2,963,613
Sewer charges	4,571,936	-	-	-	4,571,936
Penalties and interest on taxes	300,476	-	-	-	300,476
Fees and rentals	404,593	-	-	-	404,593
Payments in lieu of taxes	548,087	-	-	-	548,087
Licenses and permits	1,253,915	-	-	-	1,253,915
Intergovernmental	18,915,504	-	1,542,244	3,820,900	24,278,648
Departmental and other	593,720	-	-	4,318,724	4,912,444
Contributions	-	-	-	28,016	28,016
Investment Income	130,666	94,833	-	14,668	240,167
Miscellaneous	426,989	-	-	47,983	474,972
TOTAL REVENUES	\$ 112,405,567	\$ 94,833	\$ 1,542,244	\$ 8,230,291	\$ 122,272,935
EXPENDITURES					
Current:					
General government	5,099,363	-	-	1,136,167	6,235,530
Public safety	13,474,939	-	-	198,295	13,673,234
Education	44,489,865	-	5,562,071	4,856,688	54,908,624
Public works	6,025,602	-	-	3,578,599	9,604,201
Water and sewer	3,631,069	-	-	-	3,631,069
MWRA assessment	3,988,371	-	-	-	3,988,371
Human services	1,331,250	-	-	89,750	1,421,000
Culture and recreation	2,623,236	-	-	1,006,746	3,629,982
Pension benefits	15,821,783	-	-	-	15,821,783
Employee benefits and insurance	9,964,115	-	-	-	9,964,115
State and county charges	629,368	-	-	-	629,368
Debt service:					
Principal	2,966,147	-	-	-	2,966,147
Interest	1,089,091	-	-	17,628	1,106,719
TOTAL EXPENDITURES	111,134,199	-	5,562,071	10,883,873	127,580,143
Excess (Deficiency) of Revenues Over Expenditures	1,271,368	94,833	(4,019,827)	(2,653,582)	(5,307,208)
Other Financing Sources (Uses):					
Proceeds from bonds and notes	-	-	4,280,000	6,200,000	10,480,000
Premium from issuance of bonds	173,618	-	-	-	173,618
Operating transfers In	265,000	500,000	70,000	1,220,818	2,055,818
Operating transfers Out	(886,500)	(1,119,318)	-	(50,000)	(2,055,818)
Total Other Financing Sources (Uses)	(447,882)	(619,318)	4,350,000	7,370,818	10,653,618
Net Change in Fund Balances	823,486	(524,485)	330,173	4,717,236	5,346,410
Fund Balances at Beginning of Year	11,190,965	3,806,191	(806,315)	2,775,923	16,966,764
Fund Balances at End of Year	\$ 12,014,451	\$ 3,281,706	\$ (476,142)	\$ 7,493,159	\$ 22,313,174

(1) Extracted from the audited financial statements of the Town.

**TOWN OF BURLINGTON, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE--GOVERNMENTAL FUND(1)
FISCAL YEAR ENDED JUNE 30, 2009(1)**

REVENUES:	General	Stabilization Fund	Memorial School	Federal American Reinvestment & Recovery Act	Nonmajor Governmental Funds	Total Governmental Funds
Real estate and personal property, net of tax refunds	\$ 73,940,044	\$ -	\$ -	\$ -	\$ -	\$ 73,940,044
Tax liens	35,813	-	-	-	-	35,813
Motor vehicle excise taxes	3,088,661	-	-	-	-	3,088,661
Hotel/motel tax	1,308,835	-	-	-	-	1,308,835
Charges for services	545,845	-	-	-	-	545,845
Water and sewer charges	7,200,057	-	-	-	-	7,200,057
Penalties and interest on taxes	323,433	-	-	-	-	323,433
Fees and rentals	388,618	-	-	-	-	388,618
Payments in lieu of taxes	547,878	-	-	-	-	547,878
Licenses and permits	1,450,119	-	-	-	-	1,450,119
Intergovernmental	17,810,418	-	-	580,968	2,571,756	20,963,142
Departmental and other	665,008	-	-	-	3,580,837	4,245,845
Contributions	-	-	-	-	13,017	13,017
Investment Income	315,512	90,834	-	-	22,277	428,623
Miscellaneous	435,461	-	-	-	77,216	512,677
TOTAL REVENUES	\$ 108,055,702	\$ 90,834	\$ -	\$ 580,968	\$ 6,265,103	\$ 114,992,607
EXPENDITURES						
Current:						
General government	5,383,468	-	-	-	1,482,116	6,865,584
Public safety	12,236,888	-	-	-	522,134	12,759,022
Education	41,884,279	-	806,315	580,968	4,656,737	47,928,299
Public works	6,426,053	-	-	-	2,252,061	8,678,114
Water and sewer	3,093,945	-	-	-	-	3,093,945
MWRA assessment	4,158,552	-	-	-	-	4,158,552
Human services	1,354,700	-	-	-	88,190	1,442,890
Culture and recreation	2,555,337	-	-	-	1,014,149	3,569,486
Pension benefits	15,138,019	-	-	-	-	15,138,019
Employee benefits and insurance	9,963,571	-	-	-	-	9,963,571
State and county charges	606,387	-	-	-	-	606,387
Debt service:						
Principal	3,030,502	-	-	-	18,934	3,049,436
Interest	1,125,265	-	-	-	-	1,125,265
TOTAL EXPENDITURES	106,956,966	-	806,315	580,968	10,034,321	118,378,570
Excess (Deficiency) of Revenues Over Expenditures	1,098,736	90,834	(806,315)	-	(3,769,218)	(3,385,963)
Other Financing Sources (Uses):						
Proceeds from bonds and notes	-	-	-	-	1,900,000	1,900,000
Premium from issuance of bonds	21,945	-	-	-	-	21,945
Operating transfers In	1,279,000	841,961	-	-	367,000	2,487,961
Operating transfers Out	(1,208,961)	(1,060,000)	-	-	(219,000)	(2,487,961)
Total Other Financing Sources (Uses)	91,984	(218,039)	-	-	2,048,000	1,921,945
Net Change in Fund Balances	1,190,720	(127,205)	(806,315)	-	(1,721,218)	(1,464,018)
Fund Balances at Beginning of Year	10,000,245	3,933,396	-	-	4,497,141	18,430,782
Fund Balances at End of Year	\$ 11,190,965	\$ 3,806,191	\$ (806,315)	\$ -	\$ 2,775,923	\$ 16,966,764

(1) Extracted from the audited financial statements of the Town.

**TOWN OF BURLINGTON, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE--GOVERNMENTAL FUND(1)
FISCAL YEAR ENDED JUNE 30, 2008 (1)**

REVENUES:	General	Stabilization Fund	Memorial School	Nonmajor Governmental Funds	Total Governmental Funds
Real estate and personal property, net of tax refunds	\$ 68,838,117	\$ -	\$ -	\$ -	\$ 68,838,117
Tax liens	82,568	-	-	-	82,568
Motor vehicle excise taxes	3,123,333	-	-	-	3,123,333
Hotel/motel tax	1,432,492	-	-	-	1,432,492
Charges for services	788,792	-	-	-	788,792
Water and sewer charges	6,060,638	-	-	-	6,060,638
Penalties and interest on taxes	390,611	-	-	-	390,611
Fees and rentals	263,653	-	-	-	263,653
Payments in lieu of taxes	548,314	-	-	-	548,314
Licenses and permits	1,352,798	-	-	-	1,352,798
Intergovernmental	17,185,397	-	-	3,484,727	20,670,124
Departmental and other	812,849	-	-	3,065,253	3,878,102
Contributions	-	-	-	7,479	7,479
Investment Income	599,946	(22,992)	-	27,633	604,587
Miscellaneous	304,000	-	-	32,451	336,451
TOTAL REVENUES	\$ 101,783,508	\$ (22,992)	\$ -	\$ 6,617,543	\$ 108,378,059
EXPENDITURES					
Current:					
General government	4,634,413	-	-	795,102	5,429,515
Public safety	12,641,082	-	-	441,212	13,082,294
Education	40,032,513	-	-	4,463,976	44,496,489
Public works	5,847,976	-	-	4,062,139	9,910,115
Water and sewer	2,908,367	-	-	-	2,908,367
MWRA assessment	3,880,156	-	-	-	3,880,156
Human services	1,233,477	-	-	51,227	1,284,704
Culture and recreation	2,451,996	-	-	975,971	3,427,967
Pension benefits	13,724,677	-	-	-	13,724,677
Employee benefits and insurance	9,642,611	-	-	-	9,642,611
State and county charges	531,620	-	-	-	531,620
Debt service:					
Principal	2,917,110	-	-	18,934	2,936,044
Interest	1,245,337	-	-	-	1,245,337
TOTAL EXPENDITURES	101,691,335	-	-	10,808,561	112,499,896
Excess (Deficiency) of Revenues Over Expenditures	92,173	(22,992)	-	(4,191,018)	(4,121,837)
Other Financing Sources (Uses):					
Proceeds from bonds and notes	-	-	-	1,763,000	1,763,000
Premium from issuance of bonds	69,330	-	-	-	69,330
Operating transfers In	1,350,607	500,000	-	490,291	2,340,898
Operating transfers Out	(990,291)	(937,000)	-	(13,607)	(1,940,898)
Total Other Financing Sources (Uses)	429,646	(437,000)	-	2,239,684	2,232,330
Net Change in Fund Balances	521,819	(459,992)	-	(1,951,334)	(1,889,507)
Fund Balances at Beginning of Year	9,478,426	4,393,388	-	6,448,565	20,320,379
Fund Balances at End of Year	\$ 10,000,245	\$ 3,933,396	\$ -	\$ 4,497,231	\$ 18,430,872

(1) Extracted from the audited financial statements of the Town.

**TOWN OF BURLINGTON, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE--GOVERNMENTAL FUND(1)
FISCAL YEAR ENDED JUNE 30, 2007**

REVENUES:	<u>General</u>	<u>Stabilization Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Real estate and personal property, net of tax refunds	\$ 64,800,315	\$ -	\$ -	\$ 64,800,315
Tax liens	115,510	-	-	115,510
Motor vehicle excise taxes	2,822,105	-	-	2,822,105
Hotel/motel tax	1,344,911	-	-	1,344,911
Charges for services	738,394	-	-	738,394
Water and sewer charges	5,590,497	-	-	5,590,497
Penalties and interest on taxes	387,565	-	-	387,565
Fees and rentals	274,651	-	-	274,651
Payments in lieu of taxes	541,071	-	-	541,071
Licenses and permits	1,823,565	-	-	1,823,565
Intergovernmental	15,463,427	-	3,627,064	19,090,491
Departmental and other	800,435	-	4,133,966	4,934,401
Contributions	-	-	3,263	3,263
Investment Income	632,309	432,396	34,981	1,099,686
Miscellaneous	-	-	7,149	7,149
TOTAL REVENUES	<u>\$ 95,334,755</u>	<u>\$ 432,396</u>	<u>\$ 7,806,423</u>	<u>\$ 103,573,574</u>
EXPENDITURES				
Current:				
General government	4,345,035	-	707,147	5,052,182
Public safety	11,478,114	-	365,659	11,843,773
Education	45,237,299	-	4,395,932	49,633,231
Public works	5,095,562	-	7,100,491	12,196,053
Water and sewer	2,922,669	-	-	2,922,669
MWRA assessment	3,713,295	-	-	3,713,295
Human services	1,179,351	-	53,243	1,232,594
Culture and recreation	2,314,107	-	894,341	3,208,448
Pension benefits	4,856,218	-	-	4,856,218
Employee benefits and insurance	9,009,841	-	-	9,009,841
State and county charges	518,033	-	-	518,033
Debt service:				-
Principal	2,669,777	-	18,934	2,688,711
Interest	1,251,988	-	-	1,251,988
TOTAL EXPENDITURES	<u>94,591,289</u>	<u>-</u>	<u>13,535,747</u>	<u>108,127,036</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>743,466</u>	<u>432,396</u>	<u>(5,729,324)</u>	<u>(4,553,462)</u>
Other Financing Sources (Uses):				
Proceeds from bonds and notes	-	-	9,897,482	9,897,482
Premium from issuance of bonds	30,277	-	-	30,277
Operating transfers In	1,704,575	500,000	614,610	2,819,185
Operating transfers Out	(1,114,610)	(565,500)	(839,075)	(2,519,185)
Total Other Financing Sources (Uses)	<u>620,242</u>	<u>(65,500)</u>	<u>9,673,017</u>	<u>10,227,759</u>
Net Change in Fund Balances	1,363,708	366,896	3,943,693	5,674,297
Fund Balances at Beginning of Year	<u>8,114,718</u>	<u>4,026,492</u>	<u>2,504,872</u>	<u>14,646,082</u>
Fund Balances at End of Year	<u>\$ 9,478,426</u>	<u>\$ 4,393,388</u>	<u>\$ 6,448,565</u>	<u>\$ 20,320,379</u>

(1) Extracted from the audited financial statements of the Town.

**TOWN OF BURLINGTON, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE--GOVERNMENTAL FUND(1)**

FISCAL YEAR ENDED JUNE 30, 2006

REVENUES:	General	Stabilization Fund	Chapter 90 Highway Fund	Nonmajor Governmental Funds	Total Governmental Funds
Real estate and personal property, net of tax refunds	\$ 61,454,026	\$ -	\$ -	\$ -	\$ 61,454,026
Tax liens	52,306	-	-	-	52,306
Motor vehicle excise taxes	3,127,822	-	-	-	3,127,822
Hotel/motel tax	1,049,991	-	-	-	1,049,991
Charges for services	1,030,984	-	-	-	1,030,984
Water and sewer charges	5,271,526	-	-	-	5,271,526
Penalties and interest on taxes	518,505	-	-	-	518,505
Fees and rentals	261,720	-	-	-	261,720
Payments in lieu of taxes	554,672	-	-	-	554,672
Licenses and permits	1,842,060	-	-	-	1,842,060
Intergovernmental	13,829,097	-	405,732	1,926,179	16,161,008
Departmental and other	901,781	-	-	2,961,919	3,863,700
Contributions	-	-	-	4,675	4,675
Investment Income	509,853	29,322	-	32,934	572,109
Miscellaneous	9,670	-	-	37,603	47,273
TOTAL REVENUES	\$ 90,414,013	\$ 29,322	\$ 405,732	\$ 4,963,310	\$ 95,812,377
EXPENDITURES					
Current:					
General government	4,124,089	-	-	467,546	4,591,635
Public safety	11,120,700	-	-	353,140	11,473,840
Education	42,404,921	-	-	3,927,163	46,332,084
Public works	5,551,741	-	405,732	699,144	6,656,617
Water and sewer	2,691,948	-	-	-	2,691,948
MWRA assessment	3,440,952	-	-	-	3,440,952
Human services	1,144,945	-	-	76,375	1,221,320
Culture and recreation	2,525,207	-	-	971,307	3,496,514
Pension benefits	4,325,931	-	-	-	4,325,931
Employee benefits and insurance	8,225,761	-	-	-	8,225,761
State and county charges	514,253	-	-	-	514,253
Debt service:					-
Principal	2,477,100	-	-	18,934	2,496,034
Interest	893,220	-	-	-	893,220
TOTAL EXPENDITURES	89,440,768	-	405,732	6,513,609	96,360,109
Excess (Deficiency) of Revenues Over Expenditures	973,245	29,322	-	(1,550,299)	(547,732)
Other Financing Sources (Uses):					
Premium from issuance of bonds	102,176	-	-	-	102,176
Operating transfers In	201,000	2,000,000	-	340,022	2,541,022
Operating transfers Out	(2,340,022)	-	-	(201,000)	(2,541,022)
Total Other Financing Sources (Uses)	(2,036,846)	2,000,000	-	139,022	102,176
Net Change in Fund Balances	(1,063,601)	2,029,322	-	(1,411,277)	(445,556)
Fund Balances at Beginning of Year	9,178,319	1,997,170	-	3,916,149	15,091,638
Fund Balances at End of Year	\$ 8,114,718	\$ 4,026,492	\$ -	\$ 2,504,872	\$ 14,646,082

(1) Extracted from the audited financial statements of the Town.

Undesignated General Fund Balances and Free Cash

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

The following table sets forth the trend in the Town's undesignated general fund balances and free cash:

<u>Year</u>	<u>Undesignated General Fund Balance for Fiscal Year Ending June 30 (1)</u>	<u>Certified Free Cash for Fiscal Year Beginning July 1</u>
2010	\$9,088,937	\$4,874,096
2009	7,746,740	3,299,406
2008	7,271,791	3,593,376
2007	6,679,134	2,560,430
2006	6,238,850	3,193,888

(1) Source: Audited Financial Statements.

Stabilization Fund

The Town has maintained a Stabilization Fund for several years. Under Massachusetts statutes, funds may be appropriated from the Fund for any municipal purpose by a two-thirds vote of town meeting for any municipal purpose. It is a policy of the Town to appropriate at least \$100,000 into the fund each year and it is anticipated that this policy will continue.

<u>Year</u>	<u>Stabilization Fund Balance at June 30</u>
2010	\$3,281,706
2009	3,806,191
2008	3,950,666
2007	4,229,374
2006	4,026,492

Investment of Town Funds

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws Chapter 44, section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements, with a maturity of not more than 90 days secured by federal or federal agency securities, or in participation units in the Massachusetts Municipal Depository Trust ("MMDT") or in shares of beneficial interest issued by money market funds registered with the Securities and Exchange Commission, that have the highest possible rating from at least one nationally recognized statistical rating organization.

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

Trust funds, unless otherwise provided by the donor, may be invested in accordance with Section 54 of Chapter 44, which permits a broader range of investments than Section 55, including any securities that are legal investments for savings

banks in the Commonwealth. The restrictions imposed by Sections 54 and 55 do not apply to city and town retirement systems.

Tax Increment Financing For Development Districts

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

The Town has no such districts, but is considering developing a district for the West Burlington developments including the Northwest Park redevelopment, the Sun Microsystems site and the 43/23 South Ave. development that includes approximately 500,000 sq. ft. of new, first class office development recently approved by the Burlington Town Meeting. The Town has identified a number of public projects to support the expected development(s) in this area and "Developed District" Financing could assist the Town in completing these improvements without adversely affecting the Town's ability to support other needs for infrastructure improvements Town-wide.

INDEBTEDNESS

Authorization of General Obligation Bonds and Notes

Bonds and notes are generally authorized on behalf of the Town by two-thirds vote of the representative town meeting. Borrowing for certain purposes requires state administrative approval. Temporary loans in anticipation of certain state and county reimbursements are generally authorized by a majority vote but provision is made for temporary loans in anticipation of current revenues and State and Federal grants and for other purposes in certain circumstances without town meeting authorization. Provision is made in some cities and towns for a referendum on the borrowing authorizations if there is a timely filing of a petition bearing the requisite number of signatures.

Debt Limits

The general debt limit, which applies at the time debt is authorized, consists of a normal debt limit and a double debt limit. The normal debt limit is 5 percent for towns and 2 1/2 percent for cities of the valuation of taxable property as last equalized by the Department of Revenue of the Commonwealth. The Town can authorize debt up to this amount without State approval. The Town can authorize debt up to twice this amount (the double debt limit) with state administrative approval.

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

Types of Obligations

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

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

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

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

Bond Anticipation Notes. These must mature within two years of their original dates of issuance, but may be refunded from time to time for a period not to exceed five years from their original dates of issuance, provided that (except for notes issued for certain school projects) for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds has been issued at the end of the second year. The maximum term of bonds issued to refund bond anticipation notes is measured from the date of the original issue of the notes

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue. The Town has not found it necessary to issue notes in anticipation of current revenues for the last five fiscal years.

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

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities and for projects financed under the Commonwealth's Revolving Loan Programs. In addition, cities and towns having electric departments may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy.

**Direct Debt Summary (1)
Projected as of June 30, 2011**

Long-Term Indebtedness:		
Within the General Debt Limit (2)		
Sewers & Drains	\$ 1,046,800	
Schools (3)	10,520,000	
Other Buildings	3,137,000	
Streets	1,600,000	
Athletic & Recreational Facilities	<u>392,000</u>	
Total Inside the General Debt Limit		\$ 16,695,800
Outside the General Debt Limit:		
Schools	5,800,000	
Water	<u>11,991,756</u>	
Total Outside the General Debt Limit		17,791,756
Total Long-Term Indebtedness		<u>\$ 34,487,556</u>
Bonds Dated July 26, 2011		12,200,000
Short-Term Indebtedness:		
Bond Anticipation Notes Outstanding	\$ 12,973,518	
Bond Anticipation Notes to be retired with 7/26/11 Bonds	(8,200,000)	
Bond Anticipation Notes to be retired with revenue funds	(773,518)	
Bond Anticipation Notes to be retired with BANs (4)	4,000,000	
New Money Notes (4)	9,326,000	
Total Short-Term Indebtedness After This Issue of Bonds		<u>13,326,000</u>
Total Direct Debt		<u><u>\$ 60,013,556</u></u>

- (1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability and other post-employment benefit liability.
- (2) Based on the Town's equalized valuation of \$4,963,154,800 effective as of January 1, 2010, its Normal General Debt Limit is \$248,157,740 and its Double General Debt Limit is \$496,315,480. (See "INDEBTEDNESS – Debt Limits," above)
- (3) The unpaid balance of state school construction grants as of June 30, 2011 is approximately \$1,811,495. Said grants are payable in equal annual installments over the life of the school bonds, from the Massachusetts School Building Authority.
- (4) This issue of Notes will be issued July 27, 2011 and payable July 27, 2012.

Key Debt Ratios

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

Fiscal Year End	General Obligation Bonds Outstanding	Equalized Valuation (1)	Per Capita Debt (2)	Debt as a % of Full Valuation
2011 (3)	\$ 34,487,556	\$ 4,963,154,800	\$ 1,507.59	0.69 %
2010	28,609,459	5,138,693,700	1,250.63	0.56
2009	31,755,108	5,138,693,700	1,388.14	0.62
2008	28,723,884	4,563,513,000	1,255.63	0.63
2007	28,127,588	4,563,513,000	1,229.57	0.62

(1) 2006 equalized valuation is used for fiscal years 2007 and 2008; 2008 equalized valuation is used for fiscal years 2009 and 2010; 2010 equalized valuation used for fiscal year 2011.

(2) Based on the 2000 Federal Census of 22,876.

(3) Projected.

Annual Debt Service Projected as of June 30, 2011 (1)

Fiscal Year	Principal	Interest	Bonds Dated 7/26/11		School Subsidy	Net Debt Service	Cumulative % Principal Retired
			Principal	Interest			
2012	\$ 3,149,045	\$ 1,219,891	\$ -	\$ 217,693	\$ (258,785)	\$ 4,327,844	6.7 %
2013	3,156,330	1,105,990	595,000	457,775	(258,785)	5,056,310	14.8
2014	3,095,363	990,022	595,000	442,900	(258,785)	4,864,500	22.7
2015	2,677,946	870,359	590,000	425,125	(258,785)	4,304,645	29.7
2016	2,670,683	761,787	590,000	407,425	(258,785)	4,171,110	36.7
2017	2,403,575	661,746	590,000	389,725	(258,785)	3,786,261	43.1
2018	2,331,627	571,501	585,000	372,100	(258,785)	3,601,443	49.3
2019	1,839,842	479,841	585,000	354,550	-	3,259,233	54.5
2020	1,723,222	410,241	585,000	334,075	-	3,052,538	59.5
2021	1,391,772	353,273	585,000	307,750	-	2,637,795	63.7
2022	1,395,495	306,476	475,000	281,250	-	2,458,221	67.7
2023	1,359,394	264,322	425,000	260,875	-	2,309,591	71.5
2024	1,368,473	222,287	425,000	243,875	-	2,259,635	75.4
2025	1,377,735	179,422	425,000	226,875	-	2,209,032	79.2
2026	1,032,184	142,657	425,000	209,875	-	1,809,716	82.4
2027	1,001,824	112,549	425,000	192,875	-	1,732,248	85.4
2028	433,046	89,599	425,000	175,875	-	1,123,520	87.2
2029	415,000	73,519	425,000	158,875	-	1,072,394	89.0
2030	380,000	58,191	425,000	141,875	-	1,005,066	90.8
2031	235,000	46,406	425,000	124,875	-	831,281	92.2
2032	235,000	37,300	400,000	108,125	-	780,425	93.5
2033	235,000	27,900	370,000	91,550	-	724,450	94.8
2034	235,000	18,500	370,000	74,900	-	698,400	96.1
2035	235,000	9,100	370,000	58,250	-	672,350	97.4
2036	110,000	2,200	240,000	44,525	-	396,725	98.2
2037	-	-	150,000	35,750	-	185,750	98.5
2038	-	-	150,000	28,906	-	178,906	98.8
2039	-	-	150,000	21,969	-	171,969	99.1
2040	-	-	150,000	15,031	-	165,031	99.5
2041	-	-	150,000	8,094	-	158,094	99.8
2042	-	-	100,000	2,313	-	102,313	100.0
Total	\$ 34,487,556	\$ 9,015,080	\$ 12,200,000	\$ 6,215,656	\$ (1,811,495)	\$ 59,144,734	

(1) Excludes revenue anticipation notes, grant anticipation notes, bond anticipation notes, lease and installment purchase obligations, overlapping debt and unfunded pension liability.

Authorized Unissued Debt and Prospective Financing

Following delivery of the Bonds, the Town will have \$49,559,668 of authorized unissued debt for the following purposes:

Purpose	Amount Authorized Unissued
Memorial School (1)	\$ 9,296,396
Inflow/Infiltration Removal	198,000
Sewer Pump Station	4,500,000
Water Storage Tank	1,200,000
Marshall Simonds Middle School (2)	32,865,272
Grandview Farm Barn Construction	300,000
Cemetery Expansion	1,200,000
TOTAL	\$ 49,559,668

- (1) As of the date of this Official Statement, the Town has received \$7,626,848 school construction grants from the Massachusetts School Building Authority (MSBA) in connection with the \$27.9 million Memorial School project. The Town expects to receive grants of approximately 52.11% of eligible project costs for the project from the MSBA. In addition to the \$5,200,000 Bonds included as part of this issue, in 2010 the Town issued \$5,800,000 general obligation bonds for this project.
- (2) The \$32.8 million Marshall Simonds Middle School project will create new space for science labs, foreign language classrooms, computer and music instruction, a media center, and student guidance. Work includes the renovation of the existing 118,000 square foot school and the construction of a 33,225 square foot addition. The MSBA will reimburse Burlington approximately 54% of eligible project costs – up to \$17,143,488.

Overlapping Debt

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

The following table sets forth the outstanding bonded debt, exclusive of temporary loans in anticipation of bonds or current revenue, of the MBTA, the MWRA and the School District, the Town of Burlington's share of such debt and the fiscal 2011 dollar assessment for each:

Overlapping Entity	Outstanding Bonded Debt	Burlington's Estimated Share	Fiscal 2011 Assessment (1)
MBTA (2)	\$ 5,522,119,941	\$ -	0 %
MWRA (3)			\$ 509,613
Sewer	3,902,910,000	2,766,652	1.162 %
Shawsheen Valley Reg. Voc.Tech. School Dist. (4)	4,490,000	424,305	9.45 %

- (1) Dollar assessment is based upon total net operating expenses, inclusive of debt service where applicable.
- (2) Outstanding bonded debt is as of June 30, 2010. Source: The Massachusetts Bay Transportation Authority (the "MBTA") was created in 1964 to finance and operate mass transportation facilities within the greater Boston metropolitan area. Under its enabling act, the MBTA is authorized to issue bonds for capital purposes, other than refunding bonds, and for certain specified purposes to an outstanding amount, which does not exceed the aggregate principal amount of \$3,556,300,000. In addition, pursuant to certain of the Commonwealth's transportation bond bills, the MBTA is authorized to issue additional bonds for particular capital projects. The MBTA also is authorized to issue bonds of the purpose of refunding bonds. Under the MBTA's enabling act debt service, as well as other operating expenses of the MBTA, are to be financed by a dedicated revenue stream consisting of the amounts assessed on the cities and towns of the MBTA and a dedicated portion of the statewide sales tax. The amount assessed to each city and town is based on its weighted percentage of the total population of the authority as provided in the enabling act. The aggregate amount of such assessments is generally not permitted to increase by more than 2.5 percent per year.
- (3) Outstanding bonded debt is as of June 30, 2010. The Massachusetts Water Resources Authority (the "MWRA") provides wholesale drinking water services in whole or in part to 48 cities, towns and special purpose entities and provides wastewater collection and treatment services to 43 cities, towns and special purpose entities. Under its enabling legislation, as amended, the aggregate principal amount of all bonds issued by the MWRA for its corporate purposes may not exceed \$6.1 billion outstanding at any time. Its obligations are secured by revenues of the MWRA. The MWRA assesses member cities, towns and special purpose entities, which continue to provide direct retail water and sewer services to users. The cities, towns and other entities collect fees from the users to pay all or part of the assessments; some municipalities levy property taxes to pay part of the amounts assessed upon them.
- (4) Source: Shawsheen Valley Regional Vocational Technical School District. Outstanding bonded debt is as of June 30, 2010. Fiscal 2011 Assessment.

Contracts

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

Cities and towns are authorized to lease (as lessee) off-street parking facilities, school buildings, hospital equipment, data processing equipment, energy conservation equipment and educational equipment for periods ranging up to 10 years. They may also lease equipment, with options to purchase, for a period up to 10 years. Contracts may also be made for the installment purchase of energy conservation equipment over a period up to 10 years. Cities and towns may also lease various properties as lessor. Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

The Town presently has the following significant contracts in effect:

Contract	Expiration	Cost				
		Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011
Trash Removal Disposal and Recycling	June 2013	\$ 1,619,795	\$ 1,862,300	\$ 1,650,000	\$ 1,965,500	\$ 1,750,000
Transcanada Power	June 2012	1,150,000	1,800,000	1,700,000	1,750,000	1,820,000

RETIREMENT SYSTEM

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

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

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of

January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

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

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

Recent legislation provides that upon local acceptance and subject to certain conditions and limitations, a municipality may establish and implement an early retirement incentive program. Any plan for such program must have been submitted to PERAC by September 27, 2010.

The following table sets forth the annual contributions of the Town to the retirement system for the last five fiscal years and an estimate for the current fiscal year:

Fiscal Year	Contribution
2011 (Budgeted)	\$ 6,094,297
2010	5,993,783
2009	5,960,373
2008	5,347,677
2007	4,892,218
2006	4,361,931

Source: Town Accountant.

As of January 1, 2010, the Middlesex County Retirement System's unfunded actuarial accrued liability was \$922,392,941. Burlington's share of the unfunded liability is \$74,220,058.

Other Post Employment Benefits

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities and towns is generally provided on a pay-as-you-go basis. The pay-as-you-go cost to the Town for such benefits in fiscal year 2009 was \$3,126,953 and the cost for fiscal year 2010 was \$3,075,000.

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

The Town was required to implement the new GASB reporting requirements for other post-employment benefits beginning in fiscal year 2008. The Segal Company prepared an actuarial study of the Town's postemployment welfare benefit program as

of December 31, 2007, which is in the process of being updated. Depending upon the estimated long-term investment yield employed, the actuarial accrued liability ranges from \$93 million to \$140 million and the ARC ranges from \$6,444,000 to \$12,525,000. The Town has not yet determined how it will fund this liability.

COLLECTIVE BARGAINING

City and town employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively by representatives of their choice on questions of wages, hours and other terms and conditions of employment, and to engage in lawful concerted activities for bargaining or other mutual aid or protection.

The Town has approximately 962 employees, of whom approximately 68% percent belong to unions or other collective bargaining groups as follows:

<u>Department</u>	<u>Bargaining Unit</u>	<u>Number of Employees</u>	<u>Contract Expires</u>
School Clerical	AFSCME	33	6/30/11
Fire	International Association of Fire Fighters	55	6/30/11
Public Works	AFSCME	40	6/30/11
School Administrators	Burlington School Administrators Assoc.	8	6/30/11
School Teachers	Burlington Educators Association	347	6/30/11
School Cafeteria Employees	AFSCME	29	6/30/11
School Custodial Staff	AFSCME	30	6/30/11
Police Command	International Brotherhood of Police Officers	15	6/30/11
Police Patrolmen	Burlington Police Patrolmen’s Association	48	6/30/11
Clerical	Burlington Municipal Employees Association	<u>109</u>	6/30/11
Total		714	

LITIGATION

At present there are a number of suits pending in which the Town is a defendant. In the opinion of the Town, none of the pending litigation is considered likely to result, either individually or in the aggregate, in final judgments, which would materially affect the Town's financial position.

TOWN OF BURLINGTON, MASSACHUSETTS
/s/ Brian P. Curtin, Treasurer

July 12, 2011

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TOWN OF BURLINGTON, MASSACHUSETTS

***REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS***

FISCAL YEAR ENDED JUNE 30, 2010

TOWN OF BURLINGTON, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

TABLE OF CONTENTS

Independent Auditors' Report.....	A-1
Management's Discussion and Analysis	A-3
Basic Financial Statements	A-13
Statement of net assets	A-15
Statement of activities.....	A-16
Governmental funds – balance sheet.....	A-18
Reconciliation of the governmental balance sheet total fund balances to statement of net assets	A-19
Governmental funds – statement of revenues, expenditures, and changes in fund balances.....	A-20
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities.....	A-21
Proprietary funds – statement of net assets	A-22
Proprietary funds – statement of revenues, expenses and changes in fund net assets	A-23
Proprietary funds – statement of cash flows.....	A-24
Fiduciary funds – statement of fiduciary net assets.....	A-25
Fiduciary funds – statement of changes in fiduciary net assets	A-26
Notes to basic financial statements	A-27
Required Supplementary Information.....	A-51
Schedule of revenues, expenditures and changes in fund balance – general fund – budget and actual	A-52
Middlesex Retirement System schedule of funding progress.....	A-54
Middlesex Retirement System schedule of employer contributions	A-55
Other postemployment benefit plan funding progress.....	A-56
Other postemployment benefit plan actuarial methods and assumptions.....	A-57
Notes to required supplementary information.....	A-58



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Independent Auditors' Report

To the Honorable Board of Selectmen
Town of Burlington, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Burlington, Massachusetts, as of and for the fiscal year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Burlington, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Burlington, Massachusetts, as of June 30, 2010, and the respective changes in financial position and cash flows, 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 February 4, 2011, on our consideration of the Town of Burlington, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis, located on the following pages, and schedule of revenues, expenditures and changes in fund balance – general fund – budgetary basis, retirement system schedule of funding progress, retirement system schedule of employer contributions, other postemployment benefits schedule of funding progress, and other postemployment benefits actuarial methods and assumptions, located after the notes to the basic financial statements, are not a required part of the basic financial statements but are supplementary information required by accounting principles 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.

February 4, 2011

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Management's Discussion and Analysis

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Management's Discussion and Analysis

As management of the Town of Burlington, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented in this report in conjunction with the Town's financial statements. All amounts unless, otherwise noted, are presented in whole dollars.

The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

Financial Highlights

- The assets of the Town of Burlington's exceeded its liabilities at the close of the most recent fiscal year by \$87.8 million (net assets).
- Of this amount, 13% or \$11.2 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- At the close of the current fiscal year, the Town's general fund reported an ending fund balance of \$12.0 million. Total fund balance represents 11% of total general fund expenditures.
- The Town's total debt (short-term and long-term combined) was \$35.4 at year end, a net increase of \$6.1 million during the current fiscal year.
- The Town's postemployment (OPEB) liability increased by \$3.3 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Burlington's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements provide both long-term and short-term information about the Town as a whole. The fund financial statements focus on the individual components of the Town government, reporting the Town's operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the Town's accountability. An additional part of the basic financial statements are the notes to the financial statements. This report also contains other required 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 the 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 (i.e. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are primarily supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, education, public works, water and sewer, human services, culture and recreation, and interest.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary 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 info 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 Burlington adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. The budgetary comparison statement is presented as Required Supplementary Information after the notes to the financial statements.

Proprietary funds. The Town of Burlington maintains two types of proprietary funds.

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. The Town uses internal service funds to account for health insurance activities and worker's compensation benefits. Because these services primarily benefit governmental rather than business-type activities, they have been included within governmental activities in the government-wide financial statements.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its ice skating rink operations.

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. The accounting used for fiduciary funds is much like that used for proprietary funds.

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.

Financial Highlights. The following pages provide financial highlights of the government-wide financial statements for Fiscal Year 2010 in comparison to Fiscal Year 2009.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. The Town of Burlington’s assets exceeded liabilities by \$87.8 million at the close of Fiscal 2010.

Net assets of \$74.7 million (85%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, 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 Town’s net assets totaling \$1.9 million (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$11.2 million (13%), may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year the Town of Burlington is able to report positive balances in all three categories of net assets, both for the Town as a whole, as well as for its separate governmental and business-type activities. The same situation held true in the prior year.

The financial analysis of the Town’s governmental and business-type activities is presented on the following pages.

Governmental Activities

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. For governmental activities, assets exceeded liabilities by \$86.7 million at the close of FY2010.

	Governmental Activities	
	2010	2009
Assets:		
Current assets.....	\$ 41,372,770	\$ 33,592,900
Noncurrent assets (excluding capital).....	1,712,000	1,926,000
Capital assets.....	102,304,834	93,583,028
Total assets.....	145,389,604	129,101,928
Liabilities:		
Current liabilities (excluding debt).....	14,362,032	8,614,935
Noncurrent liabilities (excluding debt).....	9,051,826	5,708,303
Current debt.....	3,290,482	4,716,147
Noncurrent debt.....	31,967,556	24,278,038
Total liabilities.....	58,671,896	43,317,423
Net Assets:		
Capital assets net of related debt.....	73,581,193	67,532,644
Restricted.....	1,963,823	1,358,679
Unrestricted.....	11,172,692	16,893,182
Total net assets.....	\$ 86,717,708	\$ 85,784,505

A significant portion of the Town's net assets, \$73.6 million (85%), reflects its investment in capital assets (i.e. land, land improvements, buildings, building improvements, equipment, vehicles, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens: consequently these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to pay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net assets, \$1.9 million (2%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$11.2 million (13%) may be used to meet the government's ongoing obligations to citizens and creditors.

The governmental activities net assets increased by \$933 thousand during the current fiscal year. The increase in net assets is primarily due to two factors. The first is the increase in the liability relating to GASB Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This requires the recognition of other postemployment benefits (OPEB) cost over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. In fiscal 2010 the Town, based on its actuarial valuation, increased its liability by \$3.3 million over the prior fiscal year. The impact of OPEB was offset by \$4.8 million of capital assets being acquired by current year revenues, i.e. capital articles and grants.

	Governmental Activities	
	2010	2009
Program revenues:		
Charges for services.....	\$ 12,777,040	\$ 14,416,302
Operating grants and contributions.....	18,700,912	17,012,906
Capital grants and contributions.....	3,318,410	404,336
General Revenues:		
Real estate and personal property taxes.....	78,024,335	74,149,116
Motor vehicle excise taxes.....	2,886,060	2,913,520
Nonrestricted grants.....	2,424,372	3,042,580
Unrestricted investment income.....	252,090	460,915
Other revenues.....	3,115,005	2,820,020
Total revenues.....	121,498,224	115,219,695
Expenses:		
General government.....	7,813,766	8,459,662
Public safety.....	19,775,102	18,431,272
Education.....	66,909,094	65,300,541
Public works.....	10,134,929	9,662,429
Water and sewer.....	8,327,213	7,944,289
Human services.....	1,851,921	1,992,081
Culture and recreation.....	4,793,427	4,590,373
Interest.....	959,569	1,047,441
Total expenses.....	120,565,021	117,428,088
Change in net assets.....	\$ 933,203	\$ (2,208,393)

Governmental expenses totaled \$120.6 million of which \$34.8 million was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$86.7 million, primarily coming from property taxes, excise taxes, and grants not restricted to specific programs.

Charges for services represent about 37% of governmental program revenues. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by Town Meeting, the Board of Selectmen, Town boards and commissions and the Town Administrator are included in this category.

Operating and capital grants and contributions account for 63% of the governmental program revenues. Most of these resources apply to education operations. These resources offset costs of the school department over and above the general fund operating budget.

Property taxes are the most significant revenue source for the Town's governmental activities. They comprise 64% of all resources.

Other taxes comprise 2% of the governmental activity's resources.

Education is the largest governmental activity of the Town. A total of \$66.9 million was expended for education, of which \$22.0 million was funded by program revenues. The remaining \$44.9 million was funded by taxes and other revenue.

Public safety and public works are the second and third largest activities of the Town as \$19.8 million and \$10.1 million were needed, from program and other revenue sources, to cover their FY10 operating expenses, respectively.

Business-type Activities

For the Town's business-type activities, assets exceeded liabilities by \$1.1 million at the close of FY2010.

	Business-type Activities	
	2010	2009
Assets:		
Current assets.....	\$ 21,740	\$ 36,285
Capital assets.....	1,240,106	1,282,270
Total assets.....	1,261,846	1,318,555
Liabilities:		
Current liabilities (excluding debt).....	1,958	4,780
Current debt.....	131,421	179,502
Noncurrent debt.....	-	131,421
Total liabilities.....	133,379	315,703
Net Assets:		
Capital assets net of related debt.....	1,108,685	971,347
Unrestricted.....	19,782	31,505
Total net assets.....	\$ 1,128,467	\$ 1,002,852

Business-type net assets of \$1.1 million (98%) represent investments in capital assets net of related debt. The remaining \$20 thousand (2%) is available to be used for the ongoing operation of the Town's Ice Palace Skating Rink activities.

At the end of the current fiscal year, the Town is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The increase of \$126,000 in net assets reported in connection with the Ice Palace Skating Rink business-type activities is attributable to the Town's agreement to transfer the Ice Palace to an independent manager.

	Business-type Activities	
	2010	2009
Program revenues:		
Charges for services.....	\$ 190,158	\$ 662,860
General revenues:		
Unrestricted investment income.....	-	1,972
Total revenues.....	190,158	664,832
Expenses:		
Cost of services and administration.....	64,543	731,015
Change in net assets.....	\$ 125,615	\$ (66,183)

In February 2009, the Town officially agreed to transfer the day-to-day operations of the Ice Palace to an independent manager. Under the terms of the transfer, the manager paid the Town \$190,158 in fiscal 2010 and will pay \$135,693 in fiscal year 2011 for the current and future debt service related to the Ice Palace FY1999 and FY2003 bond issues.

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.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$22.3 million, of which \$12.0 million is related to the general fund, \$3.3 million is related to the stabilization fund, (\$476) thousand relating to the memorial school, and \$7.5 million is related to nonmajor governmental funds. Within the nonmajor funds, \$3.8 million is attributed to capital projects, \$3.1 million is attributed to the Town's special revenue accounts, and \$513 thousand is attributed to the permanent trust funds.

The general fund is the chief operating fund of the Town of Burlington. At the end of the current fiscal year, undesignated fund balance of the general fund was \$9.1 million while total fund balance was \$12.0 million. As a measure of the general fund's liquidity, it may be useful to compare both undesignated fund balance and the total fund balance to total fund expenditures. Undesignated fund balance represents 8% of the total general fund expenditures, while total fund balance represents 11% of that same amount. Reservations of fund balance for encumbrances and continuing appropriations totaled \$1.8 million. Additionally, \$1.1 was designated for amounts voted to be used in fiscal 2011.

The general fund balance increased by \$823 thousand during the current fiscal year. This was due to better than anticipated revenue collections and the turn back of unexpended appropriation balances.

The stabilization fund is a special revenue fund used to account for the accumulation of resources to provide general and/or capital reserves, and planning and development's ongoing and future operations. The fund decreased by \$524 thousand in fiscal 2010. This was due to budgeted transfers out to fund capital and operating items totaling \$1.1 million and transfers in of \$500 thousand and investment income of \$95 thousand.

General Fund Budgetary Highlights

The \$630 thousand increase from the original budget of \$101.8 million to the final budget of \$102.4 million primarily consists of a \$500 thousand transfer to the stabilization fund..

Capital Asset and Debt Administration

In conjunction with the annual operating budget the Town of Burlington annually prepares a capital budget for the upcoming fiscal year and a five year Capital Improvement Plan (CIP) that is used as a guide for future capital expenditures.

The Town has an "AA+" bond rating from Moody's Investors Service. The Town continues to maintain strong market access for both note and bond sales. At the end of the fiscal year the Town had total bonded debt outstanding of \$34.9 million of which \$14.7 million is related to school projects, \$9.5 million is related to the water treatment facility, \$1.6 million relates to the Town Hall remodeling, \$1.9 million relates to road construction, \$131 thousand relates to the Ice Palace, and the balance of \$7.1 million relates to other capital projects. The entire amount is classified as general obligation debt and is backed by the full faith and credit of the Town.

The Commonwealth of Massachusetts is obligated to provide school construction assistance for approved school projects. The assistance is paid annually to support the debt service payments over time. At June 30, 2010 the Town is scheduled to receive approximately \$2.7 million of future reimbursements for approved construction costs.

Please refer to notes 4, 7, and 8 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 Burlington'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 Town Accountant, 29 Center Street, Burlington, MA 01803.

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Basic Financial Statements

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STATEMENT OF NET ASSETS

JUNE 30, 2010

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 31,563,771	\$ 21,740	\$ 31,585,511
Investments.....	2,047,380	-	2,047,380
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,038,884	-	1,038,884
Real estate tax deferrals.....	103,184	-	103,184
Tax liens.....	1,088,792	-	1,088,792
Motor vehicle excise taxes.....	148,688	-	148,688
Water and sewer fees.....	2,149,520	-	2,149,520
Departmental and other.....	131,378	-	131,378
Intergovernmental.....	2,141,611	-	2,141,611
Working capital deposit.....	850,400	-	850,400
Other assets.....	17,320	-	17,320
Tax foreclosures.....	91,842	-	91,842
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	1,712,000	-	1,712,000
Capital assets:			
Nondepreciable.....	30,199,085	505,000	30,704,085
Depreciable (net of accumulated depreciation).....	72,105,749	735,106	72,840,855
TOTAL ASSETS.....	145,389,604	1,261,846	146,651,450
LIABILITIES			
CURRENT:			
Warrants payable.....	4,936,553	-	4,936,553
Accrued payroll.....	3,010,751	-	3,010,751
Health claims payable.....	2,049,424	-	2,049,424
Tax refunds payable.....	645,000	-	645,000
Accrued interest.....	488,294	1,958	490,252
Other liabilities.....	310,574	-	310,574
Deferred revenue.....	36,436	-	36,436
Compensated absences.....	1,561,000	-	1,561,000
Workers' compensation.....	124,000	-	124,000
Bonds and notes payable.....	3,290,482	131,421	3,421,903
NONCURRENT:			
Compensated absences.....	2,214,000	-	2,214,000
Postretirement benefits.....	6,837,826	-	6,837,826
Bonds and notes payable.....	31,967,556	-	31,967,556
TOTAL LIABILITIES.....	58,671,896	133,379	58,805,275
NET ASSETS			
Invested in capital assets, net of related debt.....	73,581,193	1,108,685	74,689,878
Restricted for:			
Permanent funds:			
Expendable.....	124,569	-	124,569
Nonexpendable.....	387,980	-	387,980
Other purposes.....	1,451,274	-	1,451,274
Unrestricted.....	11,172,692	19,782	11,192,474
TOTAL NET ASSETS.....	\$ 86,717,708	\$ 1,128,467	\$ 87,846,175

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 7,813,766	\$ 1,577,780	\$ 152,500	\$ -	\$ (6,083,486)
Public safety.....	19,775,102	1,742,183	196,253	-	(17,836,666)
Education.....	66,909,094	2,326,499	18,138,129	1,542,244	(44,902,222)
Public works.....	10,134,929	488,372	56,568	1,776,166	(7,813,823)
Water and sewer.....	8,327,213	5,605,736	-	-	(2,721,477)
MWRA assessment.....	-	-	-	-	-
Plant and facilities.....	-	-	-	-	-
Property and natural resources.....	-	-	-	-	-
Community development.....	-	-	-	-	-
Human services.....	1,851,921	85,602	123,595	-	(1,642,724)
Library.....	-	-	-	-	-
Culture and recreation.....	4,793,427	950,868	33,867	-	(3,808,692)
Pension benefits.....	-	-	-	-	-
Property and liability insurance.....	-	-	-	-	-
Employee benefits and insurance.....	-	-	-	-	-
Claims and judgments.....	-	-	-	-	-
Capital outlay.....	-	-	-	-	-
Interest.....	959,569	-	-	-	(959,569)
State and county charges.....	-	-	-	-	-
Other.....	-	-	-	-	-
Total Governmental Activities.....	120,565,021	12,777,040	18,700,912	3,318,410	(85,768,659)
<i>Business-Type Activities:</i>					
Ice Palace.....	64,543	190,158	-	-	125,615
Total Primary Government.....	\$ 120,629,564	\$ 12,967,198	\$ 18,700,912	\$ 3,318,410	\$ (85,643,044)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES (Continued)

FISCAL YEAR ENDED JUNE 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net assets:			
Net (expense) revenue from previous page.....	\$ (85,768,659)	\$ 125,615	\$ (85,643,044)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	78,024,335	-	78,024,335
Tax liens.....	461,580	-	461,580
Motor vehicle excise taxes.....	2,886,060	-	2,886,060
Hotel/motel tax.....	1,287,634	-	1,287,634
Penalties and interest on taxes.....	300,476	-	300,476
Payments in lieu of taxes.....	548,087	-	548,087
Grants and contributions not restricted to specific programs.....	2,424,372	-	2,424,372
Unrestricted investment income.....	252,090	-	252,090
Miscellaneous.....	517,228	-	517,228
Total general revenues and transfers.....	86,701,862	-	86,701,862
Change in net assets.....	933,203	125,615	1,058,818
<i>Net Assets:</i>			
Beginning of year.....	85,784,505	1,002,852	86,787,357
End of year.....	\$ 86,717,708	\$ 1,128,467	\$ 87,846,175

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2010

ASSETS	General	Stabilization Fund	Memorial School	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents.....	\$ 16,251,426	\$ 1,234,326	\$ 2,230,152	\$ 8,460,642	\$ 28,176,546
Investments.....	-	2,047,380	-	-	2,047,380
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	1,038,884	-	-	-	1,038,884
Real estate tax deferrals.....	103,184	-	-	-	103,184
Tax liens.....	1,088,792	-	-	-	1,088,792
Motor vehicle excise taxes.....	148,688	-	-	-	148,688
Water fees.....	739,438	-	-	-	739,438
Sewer fees.....	1,410,082	-	-	-	1,410,082
Departmental and other.....	131,378	-	-	-	131,378
Intergovernmental.....	2,669,000	-	-	1,184,611	3,853,611
Other assets.....	17,320	-	-	-	17,320
Tax foreclosures.....	91,842	-	-	-	91,842
TOTAL ASSETS.....	\$ 23,690,034	\$ 3,281,706	\$ 2,230,152	\$ 9,645,253	\$ 38,847,145
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 1,131,915	\$ -	\$ 2,706,294	\$ 646,207	\$ 4,484,416
Accrued payroll.....	3,010,751	-	-	-	3,010,751
Tax refunds payable.....	645,000	-	-	-	645,000
Accrued interest on short-term debt.....	70,000	-	-	-	70,000
Other liabilities.....	310,574	-	-	-	310,574
Deferred revenues.....	6,507,343	-	-	1,005,887	7,513,230
Notes payable.....	-	-	-	500,000	500,000
TOTAL LIABILITIES.....	11,675,583	-	2,706,294	2,152,094	16,533,971
FUND BALANCES:					
Reserved for:					
Encumbrances and continuing appropriations.....	1,834,572	-	-	-	1,834,572
Stabilization.....	-	3,281,706	-	-	3,281,706
Perpetual permanent funds.....	-	-	-	387,980	387,980
Unreserved:					
Designated for subsequent year's expenditures.....	1,090,942	-	-	-	1,090,942
Undesignated, reported in:					
General fund.....	9,088,937	-	-	-	9,088,937
Special revenue funds.....	-	-	-	3,139,071	3,139,071
Capital projects funds.....	-	-	(476,142)	3,841,539	3,365,397
Permanent funds.....	-	-	-	124,569	124,569
TOTAL FUND BALANCES.....	12,014,451	3,281,706	(476,142)	7,493,159	22,313,174
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 23,690,034	\$ 3,281,706	\$ 2,230,152	\$ 9,645,253	\$ 38,847,145

See notes to basic financial statements.

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

JUNE 30, 2010

Total governmental fund balances.....	\$	22,313,174
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		102,304,834
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		7,476,794
Internal service funds are used by management to account for retirees' health insurance and workers' compensation activities.		
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.....		1,736,064
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(418,294)
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.....	(34,758,038)	
Capital lease obligations.....	(1,200,000)	
Workers compensation.....	(124,000)	
Compensated absences.....	(3,775,000)	
Other postemployment benefits.....	<u>(6,837,826)</u>	
Net effect of reporting long-term liabilities.....		<u>(46,694,864)</u>
Net assets of governmental activities.....	\$	<u><u>86,717,708</u></u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2010

	General	Stabilization Fund	Memorial School	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 78,080,006	\$ -	\$ -	\$ -	\$ 78,080,006
Tax liens.....	77,469	-	-	-	77,469
Motor vehicle excise taxes.....	2,850,959	-	-	-	2,850,959
Hotel/motel tax.....	1,287,634	-	-	-	1,287,634
Charges for services.....	2,963,613	-	-	-	2,963,613
Sewer charges.....	4,571,936	-	-	-	4,571,936
Penalties and interest on taxes.....	300,476	-	-	-	300,476
Fees and rentals.....	404,593	-	-	-	404,593
Payments in lieu of taxes.....	548,087	-	-	-	548,087
Licenses and permits.....	1,253,915	-	-	-	1,253,915
Intergovernmental.....	18,915,504	-	1,542,244	3,820,900	24,278,648
Departmental and other.....	593,720	-	-	4,318,724	4,912,444
Contributions.....	-	-	-	28,016	28,016
Investment income.....	130,666	94,833	-	14,668	240,167
Miscellaneous.....	426,989	-	-	47,983	474,972
TOTAL REVENUES.....	112,405,567	94,833	1,542,244	8,230,291	122,272,935
EXPENDITURES:					
Current:					
General government.....	5,099,363	-	-	1,136,167	6,235,530
Public safety.....	13,474,939	-	-	198,295	13,673,234
Education.....	44,489,865	-	5,562,071	4,856,688	54,908,624
Public works.....	6,025,602	-	-	3,578,599	9,604,201
Water and sewer.....	3,631,069	-	-	-	3,631,069
MWRA assessment.....	3,988,371	-	-	-	3,988,371
Human services.....	1,331,250	-	-	89,750	1,421,000
Culture and recreation.....	2,623,236	-	-	1,006,746	3,629,982
Pension benefits.....	15,821,783	-	-	-	15,821,783
Employee benefits and insurance.....	9,964,115	-	-	-	9,964,115
State and county charges.....	629,368	-	-	-	629,368
Debt service:					
Principal.....	2,966,147	-	-	-	2,966,147
Interest.....	1,089,091	-	-	17,628	1,106,719
TOTAL EXPENDITURES.....	111,134,199	-	5,562,071	10,883,873	127,580,143
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	1,271,368	94,833	(4,019,827)	(2,653,582)	(5,307,208)
OTHER FINANCING SOURCES (USES):					
Proceeds from bonds and notes.....	-	-	4,280,000	6,200,000	10,480,000
Premium from issuance of bonds.....	173,618	-	-	-	173,618
Transfers in.....	265,000	500,000	70,000	1,220,818	2,055,818
Transfers out.....	(886,500)	(1,119,318)	-	(50,000)	(2,055,818)
TOTAL OTHER FINANCING SOURCES (USES).....	(447,882)	(619,318)	4,350,000	7,370,818	10,653,618
NET CHANGE IN FUND BALANCES.....	823,486	(524,485)	330,173	4,717,236	5,346,410
FUND BALANCES AT BEGINNING OF YEAR.....	11,190,965	3,806,191	(806,315)	2,775,923	16,966,764
FUND BALANCES AT END OF YEAR.....	\$ 12,014,451	\$ 3,281,706	\$ (476,142)	\$ 7,493,159	\$ 22,313,174

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds.....	\$	5,346,410
<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.....		13,645,746
Depreciation expense.....		<u>(4,923,940)</u>
Net effect of reporting capital assets.....		8,721,806
<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>		
		(786,634)
<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>		
Proceeds from bonds and notes.....		(10,480,000)
Debt service principal payments.....		<u>2,966,147</u>
Net effect of reporting long-term debt.....		(7,513,853)
<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.....		50,000
Net change in accrued interest on long-term debt.....		(26,468)
Net change in workers compensation.....		109,000
Net change in capital lease obligations.....		(1,200,000)
Net change in other postemployments benefit accrual.....		<u>(3,334,523)</u>
Net effect of recording long-term liabilities and amortizing deferred losses.....		(4,401,991)
<p>Internal service funds are used by management to account for health insurance and workers' compensation activities.</p>		
The net activity of internal service funds is reported with Governmental Activities.....		<u>(432,535)</u>
Change in net assets of governmental activities.....	\$	<u><u>933,203</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2010

	<u>Business-type Activities - Ice Palace Enterprise</u>	<u>Governmental Activities - Internal Service Funds</u>
ASSETS		
CURRENT:		
Cash and cash equivalents.....	\$ 21,740	\$ 3,387,225
Working capital deposit.....	-	850,400
	<u>21,740</u>	<u>4,237,625</u>
Total current assets.....	<u>21,740</u>	<u>4,237,625</u>
NONCURRENT:		
Capital assets, net of accumulated depreciation:		
Depreciable.....	735,106	-
Nondepreciable.....	505,000	-
	<u>1,240,106</u>	<u>-</u>
Total noncurrent assets.....	<u>1,240,106</u>	<u>-</u>
TOTAL ASSETS.....	<u>1,261,846</u>	<u>4,237,625</u>
LIABILITIES		
CURRENT:		
Warrants payable.....	-	452,137
Health claims payable.....	-	2,049,424
Accrued interest.....	1,958	-
Bonds and notes payable.....	131,421	-
	<u>133,379</u>	<u>2,501,561</u>
TOTAL LIABILITIES.....	<u>133,379</u>	<u>2,501,561</u>
NET ASSETS		
Invested in capital assets, net of related debt.....	1,108,685	-
Unrestricted.....	19,782	1,736,064
	<u>1,128,467</u>	<u>1,736,064</u>
TOTAL NET ASSETS.....	<u>\$ 1,128,467</u>	<u>\$ 1,736,064</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Ice Palace Enterprise	Governmental Activities - Internal Service Funds
OPERATING REVENUES:		
Employee contributions	\$ -	\$ 3,285,748
Employer contributions	-	7,570,978
Charges for services	190,158	-
TOTAL OPERATING REVENUES	190,158	10,856,726
OPERATING EXPENSES:		
Cost of services and administration	14,545	-
Depreciation.....	42,164	-
Employee benefits	-	11,301,184
TOTAL OPERATING EXPENSES	56,709	11,301,184
OPERATING INCOME (LOSS).....	133,449	(444,458)
NONOPERATING REVENUES (EXPENSES):		
Investment income.....	-	11,923
Interest expense.....	(7,834)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(7,834)	11,923
CHANGE IN NET ASSETS.....	125,615	(432,535)
NET ASSETS AT BEGINNING OF YEAR.....	1,002,852	2,168,599
NET ASSETS AT END OF YEAR.....	\$ 1,128,467	\$ 1,736,064

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Ice Palace Enterprise	Governmental Activities - Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Receipts from customers and users.....	\$ 190,158	\$ -
Receipts from interfund services provided.....	-	10,856,726
Payments to vendors.....	(14,545)	-
Payments for interfund services used.....	-	(10,693,911)
	175,613	162,815
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Principal payments on bonds and notes.....	(179,502)	-
Interest expense.....	(10,656)	-
	(190,158)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Investment income.....	-	11,923
	(14,545)	174,738
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	36,285	3,212,487
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 21,740	\$ 3,387,225
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>		
Operating income (loss).....	\$ 133,449	\$ (444,458)
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation.....	42,164	-
Changes in assets and liabilities:		
Working capital deposit.....	-	(751,288)
Warrants payable.....	-	452,137
Health claims payable.....	-	906,424
Total adjustments.....	42,164	607,273
NET CASH FROM OPERATING ACTIVITIES.....	\$ 175,613	\$ 162,815

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2010

	Private Purpose Trust Funds	Agency Funds
ASSETS		
CURRENT:		
Cash and cash equivalents.....	\$ 664,714	\$ 297,623
Investments.....	648,681	-
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	-	52,477
TOTAL ASSETS	<u>1,313,395</u>	<u>350,100</u>
LIABILITIES		
Warrants payable.....	598	6,664
Liabilities due depositors.....	-	343,436
TOTAL LIABILITIES	<u>598</u>	<u>350,100</u>
NET ASSETS		
Held in trust for other purposes.....	\$ <u>1,312,797</u>	\$ <u>-</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2010

	<u>Private Purpose Trust Funds</u>
<u>ADDITIONS:</u>	
Contributions.....	\$ 216,863
Net investment income (loss):	
Interest.....	<u>85,404</u>
TOTAL ADDITIONS.....	<u>302,267</u>
<u>DEDUCTIONS:</u>	
Educational scholarships.....	<u>266,827</u>
CHANGE IN NET ASSETS.....	35,440
NET ASSETS AT BEGINNING OF YEAR.....	<u>1,277,357</u>
NET ASSETS AT END OF YEAR.....	<u><u>\$ 1,312,797</u></u>

See notes to basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Burlington, Massachusetts (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 of Burlington, Massachusetts is a municipal corporation that is governed by an elected Board of Selectmen. As required by GAAP, these basic financial statements present the government and its component units, entities for which the Town is considered to be financially accountable.

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 basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. The Town has no Component Units that require inclusion in these basic financial statements.

Joint Ventures

A joint venture is an organization (resulting from a contractual arrangement) that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture.

The Town participates in the following joint venture:

<u>Name</u>	<u>Purpose</u>	<u>Address</u>	<u>Fiscal 2010 Assessment</u>
Shawsheen Valley Technical High School	To provide vocational education	100 Cook Street Billerica, MA 01821	\$ 1,447,887

The Shawsheen Valley Technical High School is governed by a nine member school committee consisting of two voting appointed representatives from the Town of Burlington. The Town is indirectly liable for debt and other expenditures of the School and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing the Business Manager of the School District at the above address.

B. 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*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise 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 or enterprise 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 or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

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

Internal service funds and fiduciary funds are reported by fund type.

C. 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. Exceptions are charges between the general fund and Ice Palace Enterprise Fund. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

The *stabilization fund* is a special revenue fund used to account for the accumulation of resources to provide general and/or capital reserves, and planning and development's ongoing and future operations.

The *memorial school fund* is a capital project fund used to account for financial resources for the construction of the Memorial School.

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

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than 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 (other than those financed by Enterprise and Trust Funds).

The *permanent fund* and *perpetual permanent fund* are 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.

Proprietary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The *Ice Palace enterprise fund*, which is used to account for the Town's skating rink activities, is reported as a major proprietary fund.

Additionally, the following proprietary fund type is reported:

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. The Town accounts for its risk financing activities related to health insurance in the internal service fund.

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 that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The donor restrictions and trustee policies only allows the trustees to authorize spending of the realized investment earnings. The Town's educational scholarship trusts are accounted for in this fund.

The *agency fund* is used to account for assets held in a purely custodial capacity.

Government-Wide and Fund Financial Statements

For enterprise 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.

D. 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.

E. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary funds 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, Real Estate Tax Deferrals, Personal Property Taxes and Tax Liens

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

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

Water and Sewer Fees

User fees 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 police and fire details 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.

F. 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.

G. 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 or business-type activity column of the government-wide financial statements, and the proprietary fund 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 \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land improvements.....	20
Buildings.....	40
Building improvements.....	20-40
Equipment.....	5-10
Vehicles.....	5-20
Infrastructure.....	20-50

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.

H. 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 and internal service funds are eliminated from the governmental activities in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type 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.

I. 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 and internal service funds are eliminated from the governmental activities in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net."

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.

J. 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.

K. 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 – nonexpendable" represents the endowment portion of donor restricted trusts that support governmental programs.

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

“Other purposes” represents restrictions placed on assets from outside parties such as state and federal 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.

“Stabilization” represents amounts internally set aside in a stabilization fund.

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

Fund balances have been “designated for” the following:

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

L. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund 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.

M. 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).

Investment income from proprietary funds is voluntarily assigned and transferred to the general fund.

N. Compensated Absences

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

Government-Wide and Proprietary Fund 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 upon maturity of the liability,

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

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

P. Total Column*Government-Wide Financial Statements*

The total column presented on the government-wide financial statements represents consolidated financial information.

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 combined balance sheet as "Cash and cash equivalents". 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). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

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.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. At fiscal year-end, the carrying amount of deposits totaled \$29,173,966 and the bank balance totaled \$30,797,005. Of the bank balance, \$1,508,536 was covered by Federal Depository Insurance, \$271,210 was

covered by DIF insurance, and \$29,017,259 was exposed to custodial credit risk because it was uninsured and uncollateralized. The Town has not adopted a formal investment policy related to custodial credit risk of deposits.

Investments

As of June 30, 2010, the Town of Burlington had the following investments:

Investment Type	Fair Value	Maturity		Rating
		Under 1 Year	1-5 Years	
<u>Debt Securities</u>				
Government Sponsored Entities.....	\$ 807,202	\$ -	\$ 807,202	AAA
Corporate Bonds.....	536,724	407,148.00	129,576	A2
Corporate Bonds.....	412,052	-	412,052	AA2
Corporate Bonds.....	291,402	-	291,402	BAA1
Total Debt Securities.....	2,047,380	\$ 407,148	\$ 1,640,232	
<u>Other Investments</u>				
Equity Securities.....	34,731			
Equity Mutual Funds.....	205,061			
Fixed Income Mutual Funds.....	408,889			
MMDT.....	3,373,882			
Total Investments.....	\$ 6,069,943			

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Town’s total custodial credit risk exposure for investments totals \$1,274,909 which consists of investments of \$1,240,178 in corporate bonds and \$34,731 in equity securities, because the related securities are uninsured, unregistered and held by the counterparty.

The Town has not adopted a formal investment policy related to custodial credit risk for investments.

Interest Rate Risk

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

The Town’s investment policy regarding repurchase agreements is as follows; utilize repurchase agreements only on a limited basis and then only with major Massachusetts financial institutions when no other more favorable action is possible and then only of a duration of no more than three days.

Credit Risk

The Town’s formal investment policy regarding credit risk states the Treasurer shall subscribe to information reports from a recognized bank rating company. Direct investment in an institution shall be restricted to those ranked in the upper half of rating categories utilized by said company unless the Treasurer obtains additional

adequate security for the investment or otherwise determines and documents in writing that the rating provided does not properly reflect the strength of the institution. Maintenance of disbursement or other types of accounts at institutions below a mid-range rating shall be limited, to the maximum extend possible, to a balance below \$100,000. When the rating falls to a “warning stage” or when more than one-half of an institution’s capital and surplus has been list in a 12-month period, any accounts shall be closed forthwith.

Concentration of Credit Risk

The Town has adopted a policy on the amount that may be invested in any one issuer. The policy is as follows; investment in a single institution may not exceed 10% of the institution’s capital and surplus position as of the most recent quarterly data available to the Treasurer, nor may any investment in a single institution (other than MMDT) exceed 5% of the Treasurer’s cash balance at any time. Up to 100% of available cash may be invested in the State’s Treasurer’s pooled fund. As of June 30, 2010, the Town had more than 5% of its investments in the following securities:

<u>Issuer</u>	<u>Percentage of Total Investments</u>
Federal Home Loan Mortgage Corporation	13%
General Electric Corporate Bonds	7%
Hartford Life Insurance Corporate Bonds	5%

NOTE 3 - RECEIVABLES

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

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables and other asset types:</u>			
Real estate and personal property taxes..... \$	1,049,326	\$ (10,442)	\$ 1,038,884
Real estate tax deferrals.....	103,184	-	103,184
Tax liens.....	1,088,792	-	1,088,792
Motor vehicle excise taxes.....	398,843	(250,155)	148,688
Water fees.....	739,438	-	739,438
Sewer fees.....	1,410,082	-	1,410,082
Departmental and other.....	679,284	(547,906)	131,378
Intergovernmental.....	3,853,611	-	3,853,611
Tax foreclosures.....	91,842	-	91,842
Total..... \$	<u>9,414,402</u>	<u>\$ (808,503)</u>	<u>\$ 8,605,899</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>Receivables and other asset types:</u>			
Real estate and personal property taxes..... \$	867,937	\$ -	\$ 867,937
Real estate tax deferrals.....	103,184	-	103,184
Tax liens.....	1,088,793	-	1,088,793
Motor vehicle excise taxes.....	148,689	-	148,689
Water and sewer fees.....	2,149,520	-	2,149,520
Departmental and other.....	131,378	-	131,378
Intergovernmental.....	1,926,000	1,005,887	2,931,887
Tax foreclosures.....	91,842	-	91,842
Total.....	<u>\$ 6,507,343</u>	<u>\$ 1,005,887</u>	<u>\$ 7,513,230</u>

NOTE 4 - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 16,143,810	\$ -	\$ -	\$ 16,143,810
Construction in progress.....	3,862,268	11,118,107	(925,100)	14,055,275
Total capital assets not being depreciated.....	<u>20,006,078</u>	<u>11,118,107</u>	<u>(925,100)</u>	<u>30,199,085</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	3,013,543	175,100	-	3,188,643
Buildings.....	37,836,278	-	-	37,836,278
Building improvements.....	28,717,238	356,700	-	29,073,938
Equipment.....	5,385,292	817,755	(129,590)	6,073,457
Vehicles.....	6,040,545	367,170	(133,998)	6,273,717
Infrastructure.....	89,119,146	1,736,014	-	90,855,160
Total capital assets being depreciated.....	<u>170,112,042</u>	<u>3,452,739</u>	<u>(263,588)</u>	<u>173,301,193</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(1,500,274)	(112,908)	-	(1,613,182)
Buildings.....	(26,879,034)	(687,507)	-	(27,566,541)
Building improvements.....	(8,816,255)	(1,014,393)	-	(9,830,648)
Equipment.....	(3,310,188)	(631,696)	129,590	(3,812,294)
Vehicles.....	(3,175,495)	(368,352)	133,998	(3,409,849)
Infrastructure.....	(52,853,846)	(2,109,084)	-	(54,962,930)
Total accumulated depreciation.....	<u>(96,535,092)</u>	<u>(4,923,940)</u>	<u>263,588</u>	<u>(101,195,444)</u>
Total capital assets being depreciated, net.....	<u>73,576,950</u>	<u>(1,471,201)</u>	<u>-</u>	<u>72,105,749</u>
Total governmental activities capital assets, net.....	<u>\$ 93,583,028</u>	<u>\$ 9,646,906</u>	<u>\$ (925,100)</u>	<u>\$ 102,304,834</u>

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Ice Palace Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 505,000	\$ -	\$ -	\$ 505,000
<u>Capital assets being depreciated:</u>				
Buildings.....	745,000	-	-	745,000
Building improvements.....	941,571	-	-	941,571
Total capital assets being depreciated.....	1,686,571	-	-	1,686,571
<u>Less accumulated depreciation for:</u>				
Buildings.....	(614,625)	(18,625)	-	(633,250)
Building improvements.....	(294,676)	(23,539)	-	(318,215)
Total accumulated depreciation.....	(909,301)	(42,164)	-	(951,465)
Total capital assets being depreciated, net.....	777,270	(42,164)	-	735,106
Total capital assets, net.....	\$ 1,282,270	\$ (42,164)	\$ -	\$ 1,240,106

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

Governmental Activities:

General government.....	\$ 297,268
Public safety.....	409,944
Education.....	1,448,331
Public works.....	2,480,715
Human services.....	11,449
Culture and recreation.....	276,233
Total depreciation expense - governmental activities.....	\$ 4,923,940

Business-Type Activities:

Ice Palace.....	\$ 42,164
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NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

Transfers Out:	Transfers In:				Total
	General Fund	Stabilization Fund	Memorial School Fund	Nonmajor Governmental Funds	
General Fund.....	\$ -	\$ 500,000	\$ 70,000	\$ 316,500	\$ 886,500 (1)
Stabilization Fund.....	215,000	-	-	904,318	1,119,318 (2)
Nonmajor Governmental Funds.....	50,000	-	-	-	50,000 (3)
Total.....	\$ 265,000	\$ 500,000	\$ 70,000	\$ 1,220,818	\$ 2,055,818

- (1) Represents budgeted transfers to the Stabilization Fund and various capital project and special revenue accounts.
- (2) Represents budgeted transfer from Stabilization Fund to the General Fund and Capital Projects.
- (3) Represents transfer from special revenue funds to the General Fund.

NOTE 6 – CAPITAL AND OPERATING LEASES

The Town has entered into lease agreements as lessee for the construction of a new computer network for the school department. This lease agreement qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Asset:	Governmental Activities
Construction in Progress.....	\$ 1,500,000

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

Fiscal Years Ending June 30	Governmental Activities
2011.....	\$ 300,000
2012.....	300,000
2013.....	300,000
2014.....	300,000
Total minimum lease payments.....	1,200,000
Less: amounts representing interest.....	-
Present value of minimum lease payments.....	\$ 1,200,000

NOTE 7 - 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 and expenses for short-term borrowings are accounted for in the general fund respectively. Details related to the short-term debt activity for the fiscal year ended June 30, 2010, are as follows:

Type	Purpose	Interest Rate (%)	Due Date	Balance at June 30, 2009	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2010
BAN	School Design.....	2.50	07/30/09	\$ 1,600,000	\$ -	\$ 1,600,000	\$ -
BAN	Fire Engine.....	2.50	07/30/09	150,000	-	150,000	-
BAN	Drainage/Engineering.....	2.50	07/30/09	400,000	-	400,000	-
BAN	Drainage Improvements.....	2.50	07/30/09	600,000	-	600,000	-
BAN	High School Roof.....	1.45	07/30/09	100,000	-	100,000	-
BAN	Grandview Farm Remodeling...	1.45	07/30/09	600,000	-	600,000	-
BAN	Road Construction & Paving....	1.45	07/30/09	200,000	-	200,000	-
BAN	School Design.....	2.00	07/30/10	-	1,280,000	-	1,280,000
BAN	Automated Meter Reader Equip	2.00	07/30/10	-	1,500,000	-	1,500,000
BAN	Recreational Facilities.....	2.00	07/30/10	-	1,000,000	-	1,000,000
BAN	School Design.....	1.25	07/30/10	-	3,000,000	-	3,000,000
Total.....				\$ 3,650,000	\$ 6,780,000	\$ 3,650,000	\$ 6,780,000
Less amounts permanently bonded subsequent to year end.....							(6,280,000)
Total.....							\$ 500,000

On July 15, 2010, the Town issued \$6,280,000 of long-term debt to payoff BANS's due July 30, 2010. Accordingly, those notes have been classified as long-term debt.

NOTE 8 - 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, 2010, and the debt service requirements are as follows:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2009	Issued	Redeemed	Outstanding at June 30, 2010
Water Treatment Facility.....	4.70	\$ 2,700,000	\$ -	\$ 300,000	\$ 2,400,000
Town Hall Remodeling.....	4.70	1,800,000	-	200,000	1,600,000
Wyman School.....	5.90	1,925,000	-	290,000	1,635,000
School Remodeling.....	5.43	1,110,000	-	115,000	995,000
Water Project.....	5.43	30,000	-	30,000	-
Boiler Bonds.....	5.43	10,000	-	10,000	-
Water Tank.....	3.19	300,000	-	60,000	240,000
Police Station Repairs.....	3.19	175,000	-	35,000	140,000
School.....	3.19	200,000	-	40,000	160,000
Roads.....	3.19	350,000	-	70,000	280,000
Water Mains.....	3.19	150,000	-	30,000	120,000
Remodeling.....	3.18	275,000	-	55,000	220,000
Landlocked Refunding.....	2.53	403,308	-	403,308	-
Police Station Refunding.....	2.69	252,246	-	146,916	105,330
Library Refunding.....	2.94	718,523	-	160,274	558,249
School Remodeling.....	4.23	4,085,000	-	260,000	3,825,000
Water.....	4-5	587,000	-	33,000	554,000
High School Roof.....	4-5	1,230,000	-	70,000	1,160,000
Museum Police Station Remodeling.....	4-5	139,000	-	11,000	128,000
DPW Road Construction.....	4-5	665,000	-	85,000	580,000
Recreation Facility.....	4-5	464,000	-	36,000	428,000
Water Treatment - MWPAT - Pool 12.....	2.00	7,162,657	-	333,913	6,828,744
MWRA Inflow/Infiltration.....	0.00	130,746	-	130,746	-
Water Treatment-MWPAT.....	2.00	288,105	-	12,590	275,515
MWRA Inflow/Infiltration.....	0.00	66,000	-	16,500	49,500
MWRA Inflow/Infiltration.....	0.00	127,600	-	31,900	95,700
High School Roof.....	1.5-4.1	100,000	1,500,000	-	1,600,000
Water Meters.....	1.5-3.5	-	1,500,000	-	1,500,000
Drainage.....	1.5-4.1	1,000,000	-	-	1,000,000
Road Construction.....	1.5-4.1	200,000	800,000	-	1,000,000
Remodeling - Grandview.....	1.5-4.1	600,000	400,000	-	1,000,000
Memorial School.....	3-5	-	4,280,000	-	4,280,000
High School Field.....	3-5	-	1,000,000	-	1,000,000
Water Meters.....	3-5	-	1,000,000	-	1,000,000
Total.....		<u>\$ 27,244,185</u>	<u>\$ 10,480,000</u>	<u>\$ 2,966,147</u>	<u>\$ 34,758,038</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011.....\$	2,790,482	\$ 1,110,244	\$ 3,900,726
2012.....	3,016,149	1,122,659	4,138,808
2013.....	3,023,433	1,012,643	4,036,076
2014.....	2,962,466	899,488	3,861,954
2015.....	2,545,049	784,602	3,329,651
2016.....	2,537,786	681,344	3,219,130
2017.....	2,270,678	586,744	2,857,422
2018.....	2,198,730	503,816	2,702,546
2019.....	1,706,945	418,714	2,125,659
2020.....	1,590,325	355,760	1,946,085
2021.....	1,258,875	305,438	1,564,313
2022.....	1,263,909	263,936	1,527,845
2023.....	1,227,808	226,675	1,454,483
2024.....	1,236,887	188,702	1,425,589
2025.....	1,246,149	150,122	1,396,271
2026.....	950,598	116,875	1,067,473
2027.....	940,238	89,231	1,029,469
2028.....	371,460	70,624	442,084
2029.....	353,414	56,779	410,193
2030.....	318,414	43,721	362,135
2031.....	173,414	34,244	207,658
2032.....	173,414	27,525	200,939
2033.....	173,414	20,588	194,002
2034.....	173,414	13,652	187,066
2035.....	173,414	6,715	180,129
2035.....	81,173	1,623	82,796
Total.....\$	<u>34,758,038</u>	<u>\$ 9,092,464</u>	<u>\$ 43,850,502</u>

Bonds and Notes Payable Schedule – Ice Palace Enterprise Fund

<u>Project</u>	<u>Interest Rate (%)</u>	<u>Outstanding at June 30, 2009</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding at June 30, 2010</u>
Skating Rink.....	5.43	\$ 50,000	\$ -	\$ 50,000	\$ -
Ice Palace Refunding.....	2.77	260,923	-	129,502	131,421
Total.....		<u>\$ 310,923</u>	<u>\$ -</u>	<u>\$ 179,502</u>	<u>\$ 131,421</u>

Debt service requirements for principal and interest for the Ice Palace enterprise fund bonds and notes payable in future fiscal years are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011.....\$	<u>131,421</u>	<u>\$ 4,272</u>	<u>\$ 135,693</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 loan portion is payable in five equal annual installments. At June 30, 2010, the outstanding principal amount of these loans totaled \$145,200.

The Commonwealth has approved school construction assistance to the Town. The assistance program, which is administered by the Massachusetts School Building Authority, provides resources for future debt service of general obligation school bonds outstanding. During fiscal year 2010, approximately \$259,000 of such assistance was received. Approximately \$2,070,000 will be received in future fiscal years. Of this amount, \$145,000 represents reimbursement of long-term interest costs, and \$1,926,000 represents reimbursement of approved construction costs. Accordingly, a \$1,926,000 intergovernmental receivable and corresponding deferred revenue have been reported in governmental fund financial statements. The annual change in revenue has been recognized as revenue in the conversion to the government-wide financial statements.

The MSBA offers a construction grant program which pays the Town the State’s share of approved school construction costs and therefore eliminates the need for the Town to fund the State’s share through long-term debt. The Memorial School project is being funded by this grant program. The Total grant received by the Town is expected to be \$14,051,000. During the fiscal year the Town received \$1,542,000 and recorded a receivable for \$743,000 for amounts that were received subsequent to year end.

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

<u>Purpose</u>	<u>Amount</u>
Mill Pond Treatment Plant.....	\$ 23,518
Memorial School.....	27,923,244
Sewer I/I 2008.....	198,000
Automated Water Meters.....	1,500,000
Sewer Pump Station and Main.....	9,000,000
Field Renovations.....	2,000,000
Water Main Upgrades.....	1,000,000
Water Tank Repairs.....	1,200,000
Road Construction and Drainage.....	1,500,000
Marshall Simonds Middle School.....	<u>32,865,272</u>
Total.....	<u>\$ 77,210,034</u>

Changes in Long-term Liabilities

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

	Balance at June 30, 2009	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Net Increase (Decrease)	Balance at June 30, 2010	Current Portion
Governmental Activities:						
Compensated absences.....	\$ 3,825,000	\$ -	\$ -	\$ (50,000)	\$ 3,775,000	\$ 1,561,000
Workers' compensation.....	233,000	-	-	(109,000)	124,000	124,000
Other postemployment benefits.....	3,503,303	-	-	3,334,523	6,837,826	-
Long-term bonds and notes.....	<u>27,244,185</u>	<u>10,480,000</u>	<u>(2,966,147)</u>	<u>-</u>	<u>34,758,038</u>	<u>2,790,482</u>
Total.....	<u>\$ 34,805,488</u>	<u>\$ 10,480,000</u>	<u>\$ (2,966,147)</u>	<u>\$ 3,175,523</u>	<u>\$ 45,494,864</u>	<u>\$ 4,775,482</u>
Business-Type Activities:						
Long-term bonds and notes.....	<u>\$ 310,923</u>	<u>\$ -</u>	<u>\$ (179,502)</u>	<u>\$ -</u>	<u>\$ 131,421</u>	<u>\$ -</u>

NOTE 9 - PENSION PLAN

Plan Description - The Town contributes to the Middlesex Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan administered by the Middlesex Retirement Board. Substantially all employees are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled \$9,864,000 for the fiscal year ended June 30, 2010, 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, 01821.

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. The Town's contributions to the System for the fiscal years ended June 30, 2010, 2009, and 2008 were \$5,993,783, \$5,960,257, and \$5,347,677, respectively, which equaled its required contribution for each fiscal year.

NOTE 10 - 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; and natural disasters for which the Town carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

The Town is self-insured for approximately 10% of its health insurance and 100% of its workers' compensation activities. The self-insured health insurance activities are accounted for in the Internal Service Fund. Workers' compensation activities are accounted for in the General Fund where revenues are recorded when earned and expenses are recorded when the liability is incurred. The approximate 90% of health insurance coverage that is premium based is accounted for in the General Fund. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many factors. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claims settlement trends, and other economic and social factors.

(a) *Health Insurance*

Approximately 10% of the Town's health insurance activities are premium based plans. The remaining 90% of employee health insurance claims are administered by a third party administrator and were funded from the Town's Internal Service Fund. The Town purchases individual stop loss insurance for claims in excess of the \$100,000 coverage. The estimate of IBNR claims is based on a historical trend analysis and recent trends.

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End
Fiscal Year 2006.....	\$ -	\$ 762,779	\$ (635,779)	\$ 127,000
Fiscal Year 2007.....	127,000	1,862,282	(1,768,282)	221,000
Fiscal Year 2008.....	221,000	6,325,238	(5,869,238)	677,000
Fiscal Year 2009.....	677,000	10,776,921	(10,310,921)	1,143,000
Fiscal Year 2010.....	1,430,000	12,029,995	(11,410,571)	2,049,424

(b) *Workers' Compensation*

Workers' compensation claims are administered by a third party administrator and are funded on a pay-as-you-go basis from annual appropriations. The Town estimates its IBNR claims based on history and injury type. At June 30, 2010, the amount of the liability for workers' compensation claims totaled \$124,000. Changes in the reported liability since July 1, 2005 are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End
Fiscal Year 2006.....	\$ 81,000	\$ 120,680	\$ (89,680)	\$ 112,000
Fiscal Year 2007.....	112,000	133,243	(88,943)	156,300
Fiscal Year 2008.....	156,300	179,572	(130,872)	205,000
Fiscal Year 2009.....	205,000	119,392	(91,392)	233,000
Fiscal Year 2010.....	233,000	120,188	(229,188)	124,000

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

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

Funding Policy – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 80 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 20 percent of their premium costs. For fiscal year 2010, the Town contributed \$5.4 million to the plan, and member contributions totaled \$1 million.

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

Normal cost.....	\$ 3,322,679
Amortization of unfunded actuarial accrued liability.....	5,332,943
Interest on existing net OPEB obligation.....	175,165
Adjustments to annual required contribution.....	<u>(128,127)</u>
Annual OPEB cost (expense).....	8,702,660
Contributions made.....	<u>(5,368,137)</u>
Increase/Decrease in net OPEB obligation.....	3,334,523
Net OPEB obligation - beginning of year.....	<u>3,503,303</u>
Net OPEB obligation - end of year.....	<u>\$ 6,837,826</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2010	\$ 8,702,660	62%	\$ 3,334,523
6/30/2009	8,307,770	58%	3,503,303

Funded Status and Funding Progress – As of December 31, 2007, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$137.8 million, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$56 million, and the ratio of the UAAL to the covered payroll was 38 percent.

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

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

In the December 31, 2007 actuarial valuation, actuarial liabilities were determined using the projected unit credit cost method. The actuarial assumptions included a 5% investment return assumption, which is based on the expected yield on the assets of the Town, calculated based on the funded level of the plan at the valuation date, and an annual medical/drug cost trend rate of 10% initially, graded to 5% over 5 years and included a 4.5% inflation assumption. The UAAL is being amortized over a 30 year period, with amortization payments increasing at 4.5% per year. The remaining amortization period at July 1, 2009 is 29 years.

NOTE 12 - COMMITMENTS

The Town has entered into, or is planning to enter into, contracts totaling approximately \$77 million for renovations to the schools, improvements to recreation facilities, water and sewer infrastructure projects, and roadway upgrades.

NOTE 13 - CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2010, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be

disallowed by the granting agencies cannot be determined at this time, although 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, 2010, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2010.

NOTE 14 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During the year the following GASB pronouncements were implemented:

- The GASB issued Statement #53, *Accounting and Financial Reporting for Derivative Instruments*, which is required to be implemented in fiscal 2010. The standards in this statement require all derivative instruments be reported at fair value. This pronouncement did not impact the basic financial statements.
- The GASB issued Statement #57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The standards in this statement permits an agent employer that has an individual employer OPEB plan with fewer than 100 members to use an alternative measurement method to produce actuarially based information for purposes of financial reporting, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. Management elected to implement this standard early and this standard did not impact the basic financial statements.
- The GASB issued Statement #58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. The standards in this statement provide guidance for bankrupt state and local governments by establishing requirements for recognizing and measuring the effects of the bankruptcy process on assets and liabilities and for classifying changes in those items and related costs. Management elected to implement this standard early and this standard did not impact the basic financial statements.

Future Implementation of GASB Pronouncements:

- The GASB issued Statement # 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is required to be implemented in fiscal year 2011. Management believes this pronouncement will require additional disclosure and impact the basic financial statements.
- The GASB issued Statement #59, *Financial Statements Omnibus*, which is required to be implemented in fiscal year 2011. Management believes this pronouncement will require additional disclosure relative to investments held by the Town.

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Required Supplementary Information

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

FISCAL YEAR ENDED JUNE 30, 2010

	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.....	\$ -	\$ 78,027,966	\$ 78,027,966	\$ 78,027,966
Tax liens.....	-	-	-	-
Motor vehicle excise taxes.....	-	2,901,640	2,901,640	2,901,640
Hotel/motel tax.....	-	1,400,000	1,400,000	1,400,000
Charges for services.....	-	2,925,000	2,925,000	2,925,000
Water charges.....	-	-	-	-
Sewer charges.....	-	-	-	-
Trash disposal.....	-	-	-	-
Penalties and interest on taxes.....	-	300,000	300,000	300,000
Fees and rentals.....	-	380,000	380,000	380,000
Payments in lieu of taxes.....	-	540,000	540,000	540,000
Licenses and permits.....	-	800,000	800,000	800,000
Intergovernmental.....	-	8,224,026	8,224,026	8,224,026
Departmental and other.....	-	525,000	525,000	525,000
Investment income.....	-	300,000	300,000	300,000
Miscellaneous.....	-	200,000	200,000	200,000
TOTAL REVENUES.....	-	96,523,632	96,523,632	96,523,632
EXPENDITURES:				
Current:				
General government.....	687,963	5,673,049	6,361,012	5,871,658
Public safety.....	104,528	12,490,292	12,594,820	13,100,961
Education.....	3,026,295	44,399,045	47,425,340	47,425,340
Public works.....	362,894	5,891,765	6,254,659	6,368,874
Water and sewer.....	275,280	3,389,408	3,664,688	3,584,945
Human services.....	17,986	1,337,053	1,355,039	1,398,058
Culture and recreation.....	17,340	2,698,965	2,716,305	2,727,027
Pension benefits.....	-	5,993,783	5,993,783	5,993,783
Employee benefits.....	155,234	10,303,000	10,458,234	10,483,234
State and county charges.....	-	629,656	629,656	629,656
Debt service:				
Principal.....	-	2,787,001	2,787,001	2,787,001
Interest.....	-	1,137,500	1,137,500	1,137,500
TOTAL EXPENDITURES.....	4,647,520	96,730,517	101,378,037	101,508,037
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(4,647,520)	(206,885)	(4,854,405)	(4,984,405)
OTHER FINANCING SOURCES (USES):				
Premium from issuance of bonds.....	-	-	-	-
Transfers in.....	-	255,000	255,000	285,000
Transfers out.....	-	(386,000)	(386,000)	(886,000)
TOTAL OTHER FINANCING SOURCES (USES).....	-	(131,000)	(131,000)	(601,000)
NET CHANGE IN FUND BALANCE.....	(4,647,520)	(337,885)	(4,985,405)	(5,585,405)
BUDGETARY FUND BALANCE, Beginning of year.....	12,209,105	12,209,105	12,209,105	12,209,105
BUDGETARY FUND BALANCE, End of year.....	\$ 7,561,585	\$ 11,871,220	\$ 7,223,700	\$ 6,623,700

See notes to required supplementary information.

	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
\$	78,247,831	\$ -	\$ 219,865
	77,469	-	77,469
	2,850,959	-	(50,681)
	1,287,634	-	(112,366)
	2,963,613	-	38,613
	-	-	-
	-	-	-
	300,476	-	476
	404,593	-	24,593
	548,087	-	8,087
	1,253,915	-	453,915
	8,308,504	-	84,478
	593,720	-	68,720
	130,666	-	(169,334)
	426,989	-	226,989
	<u>97,394,456</u>	<u>-</u>	<u>870,824</u>
	5,099,363	361,032	411,263
	13,007,076	55,021	38,864
	43,649,057	3,363,555	412,728
	5,999,259	479,354	(109,739)
	3,183,560	-	401,385
	1,331,250	11,843	54,965
	2,623,236	5,245	98,546
	5,957,783	-	36,000
	9,964,115	183,485	335,634
	629,368	-	288
	2,787,001	-	-
	1,083,091	-	54,409
	<u>95,314,159</u>	<u>4,459,535</u>	<u>1,734,343</u>
	<u>2,080,297</u>	<u>(4,459,535)</u>	<u>2,605,167</u>
	173,618	-	173,618
	285,000	-	-
	(886,500)	-	(500)
	<u>(427,882)</u>	<u>-</u>	<u>173,118</u>
	1,652,415	(4,459,535)	2,778,285
	<u>12,209,105</u>	<u>-</u>	<u>-</u>
\$	<u>13,861,520</u>	<u>(4,459,535)</u>	<u>2,778,285</u>

**MIDDLESEX RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS**

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

The Town's share of the UAAL, as of January 1, 2008, is approximately 8%.

See notes to required supplementary information.

**MIDDLESEX RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Plan Year Ended December 31	System Wide			Town of Burlington	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contributions	(B/A) District's Percentage of System Wide Actual Contributions
2010	\$ 74,126,190	\$ 74,126,190	100%	\$ 5,993,783	8.09%
2009	71,233,749	71,233,749	100%	5,960,257	8.37%
2008	64,053,064	64,053,064	100%	5,347,677	8.35%
2007	57,553,642	57,553,642	100%	4,892,218	8.50%
2006	57,553,642	57,553,642	100%	4,361,931	7.58%
2005	52,298,150	52,298,150	100%	3,616,102	6.91%
2004	52,902,366	52,906,366	100%	2,750,499	5.20%

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

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS

JUNE 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
12/31/2007	\$ -	\$ 137,797,088	\$ 137,797,088	0%	\$ 54,104,138	254.7%

The Town implemented GASB Statement No. 45 for the fiscal year ended June 30, 2009.
Information for prior years is not available.

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

FISCAL YEAR ENDED JUNE 30, 2010

Actuarial Methods:

Valuation date.....	December 31, 2007
Actuarial cost method.....	Project Unit Credit
Amortization method.....	Payment increasing at 4.5%
Remaining amortization period.....	29 Years as of July 1, 2009

Actuarial Assumptions:

Investment rate of return.....	5.0%, pay-as-you-go scenario
Inflation rate.....	4.5%
Medical/drug cost trend rate.....	10.0% graded to 5.0% over 5 years

Plan Membership:

Current retirees, beneficiaries, and dependents.....	709
Current active members.....	<u>607</u>
Total.....	<u><u>1,316</u></u>

See notes to required supplementary information.

NOTE A - BUDGETARY BASIS OF ACCOUNTING

1. Budgetary Information

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

Increases or transfers between and within departments subsequent to the approval of the annual budget, requires majority Town Meeting approval via a supplemental appropriation.

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 (salaries, expenses and capital) authorized for an appropriation account. However, the Town is statutorily required to pay debt service, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by majority vote of Town Meeting.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original fiscal year 2010 approved budget authorized approximately \$101,764,000 in appropriations and other amounts to be raised. During fiscal year 2010, Town Meeting also approved supplemental appropriations totaling approximately \$630,000.

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

2. 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, 2010, is presented below:

Net change in fund balance - budgetary basis.....	\$ 1,652,415
<u>Basis of accounting differences:</u>	
Net change in revenue accruals.....	775,175
Increase in revenue due to on-behalf payments.....	9,864,000
Perspective differences in reporting of sewer fund activities.....	(63,090)
Increase in expenditures due to on-behalf payments.....	(9,864,000)
Net change in expenditure accruals.....	<u>(1,541,014)</u>
Net change in fund balance - GAAP basis.....	<u>\$ 823,486</u>

3. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2010, actual expenditures exceeded appropriations for snow and ice (public works). These over-expenditures will be raised and funded through available funds during fiscal year 2011.

NOTE B – PENSION PLAN

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

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

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

Valuation Date.....	January 1, 2008
Actuarial Cost Method.....	Entry Age Normal Cost Method
Amortization Method.....	Level dollar for the 1992, 2002 and 2003 ERIs and 4.50% increasing for the remaining unfunded liability
Remaining Amortization Period.....	As of July , 2008, 2 years remaining for 1992 ERI liability; 11 year remaining for 2002 and 12 years remaining for 2003 and 20 years remaining for unfunded liability
Asset Valuation Method.....	The difference between the expected return and the actual investment return on a market value basis is recognized over a 5 year period as described by Revenue Procedure 2000-40

Actuarial Assumptions:

Investment rate of return.....	8.25%
Projected salary increases.....	4.00% for the next 2 years; then 4.75% for Group 1 and 5.25% for Group 4
Cost of living adjustments.....	3.00% on first \$12,000

Plan Membership:

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

NOTE B – OTHER POST-RETIREMENT BENEFITS

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

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

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

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

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

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EDWARDS ANGELL PALMER & DODGE LLP

111 Huntington Avenue Boston, MA 02199 617.239.0100 fax 617.227.4420 eapdlaw.com

(Date of Delivery)

Brian P. Curtin, Treasurer
Town of Burlington
Burlington, Massachusetts

\$12,200,000
Town of Burlington, Massachusetts
General Obligation Municipal Purpose Loan of 2011 Bonds
Dated July 26, 2011

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

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

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

1. The Bonds are valid and binding general obligations of the Town and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Town with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure by the Town to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

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

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

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

Edwards Angell Palmer & Dodge LLP

BOS111 12612167.1

**PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of Burlington, Massachusetts (the “Town”) in connection with the issuance of its \$12,200,000 General Obligation Municipal Purpose Loan of 2011 Bonds dated July 26, 2011 (the “Bonds”). The Town covenants and agrees as follows:

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

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

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

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

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

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

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

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

SECTION 3. Provision of Annual Reports.

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

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

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

(a) quantitative information for the preceding fiscal year of the type presented in the Town's Official Statement dated _____, 2011 relating to the Bonds regarding (i) the revenues and expenditures of the Town relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Town, (vi) pension obligations of the Town, and (vii) other post-employment benefits liability of the Town, and

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

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

SECTION 5. Reporting of Significant Events.

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

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

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

(b) Whenever the Town obtains knowledge of the occurrence of a Listed Event described in Subsections (a)(2), (6), (7), (8) (with respect to bond calls), (10), (13) or (14), the Town shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) Upon the occurrence of a Listed Event described in subsections (a)(1), (3), (4), (5), (6), (8) (with respect to tender offers), (9), (11) or (12), and in the event the Town determines that the occurrence of a Listed Event described in subsections (a)(2), (6), (7), (8) (with respect to bond calls), (10), (13) or (14) is material under applicable federal securities laws, the Town shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

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

SECTION 7. Termination of Reporting Obligation. The Town's obligations under this Disclosure Certificate shall terminate upon the legal defeasance in accordance with the terms of the Bonds, prior redemption or payment in full of all of the Bonds. If such termination occurs

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

prior to the final maturity of the Bonds, the Town shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Town may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Town), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

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

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

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

Date: _____, 2011

TOWN OF BURLINGTON,
MASSACHUSETTS

By _____
Treasurer

Selectmen

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

BOS111 12612179.1