OFFICIAL STATEMENT DATED FEBRUARY 23, 2016

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

New Issue

In the opinion of Locke Lord 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, as amended (the "Code"). Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. The Bonds are not "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. See "Tax Exemption" herein.

TOWN OF BEDFORD, MASSACHUSETTS
$8,250,000 GENERAL OBLIGATION REFUNDING BONDS

DATED	DUE
Date of Delivery	September 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 September 15 of the years in which the Bonds mature. Interest on the Bonds will be payable March 15 and September 15 of each year, commencing September 15, 2016. 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 not subject to redemption prior to their stated maturity dates.

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

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS

Due September 15	Principal Amount	Interest Rate	Yield	Cusip 076221
2017	$ 385,000	2.00 %	0.50 %	K41
2018	375,000	4.00	0.63	K58
2019	370,000	1.50	0.73	K66
2020	1,170,000	4.00	0.85	K74
2021	1,170,000	4.00	0.98	K82
2022	1,165,000	4.00	1.20	K90
2023	1,145,000	4.00	1.38	L24
2024	900,000	4.00	1.54	L32
2025	875,000	4.00	1.67	L40
2026	695,000	4.00	1.80	L57

The Bonds are offered subject to the final approving opinion of Locke Lord LLP, Boston, Massachusetts, Bond Counsel, as aforesaid, and to certain other conditions referred to herein and in the Notice of Sale. FirstSouthwest, a division of Hilltop Securities, Inc., Boston, Massachusetts (see "Financial Advisory Services of FirstSouthwest, a division of Hilltop Securities, Inc." herein) has acted as Financial Advisor to the Town, with respect to the Bonds. The Bonds in definitive form will be delivered to DTC, or its custodial agent, on or about March 3, 2016, against payment to the Town in federal funds.

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The information and expressions of opinion in this 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 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, February 23, 2016, 11:00 A.M. (Eastern Daylight Time).
Location of Sale:	FirstSouthwest, a division of Hilltop Securities, Inc., 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114.
Issuer:	Town of Bedford, Massachusetts.
Issue:	$8,250,000 General Obligation Refunding Bonds, see "THE BONDS Book-Entry-Transfer System" herein.
Official Statement Dated:	February 23, 2016.
Dated Date of the Bonds:	As of their date of delivery.
Principal Due:	Serially September 15, 2017 through September 15, 2026, as detailed herein.
Interest Payable:	March 15 and September 15 of each year, commencing September 15, 2016.
Purpose and Authority:	The Bonds are authorized for refunding bonds in accordance with the Massachusetts General Laws as detailed herein.
Redemption:	The Bonds are not subject to redemption prior to their stated maturity dates.
Security:	The Bonds are general obligations of the Town, and the principal of and interest on the Bonds are payable from taxes that may be levied upon all taxable property in the Town, without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws, with respect to that portion of the principal and interest payments that the Town has voted to exempt from the limit imposed by Chapter 59, Section 21C of the General Laws, and subject to the limit imposed by Chapter 59, Section 21C of the General Laws with respect to that portion of principal and interest payments the Town has not voted to exempt from that limit.
Credit Rating:	Standard & Poor's Rating Group has assigned a rating of AAA on 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 $85,000.**
Tax Exemption:	Refer to "THE BONDS - Tax Exemption" herein and Appendix B, "Proposed Form of Legal Opinion."
Continuing Disclosure:	Refer to "THE BONDS - Continuing Disclosure" herein and Appendix C, "Proposed Form of Continuing Disclosure Certificate."
Bank Qualification:	The Bonds are not "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.
Paying/Escrow Agent	U.S. Bank National Association, Boston, Massachusetts.
Verification Agent	Grant Thornton LLP, Minneapolis, Minnesota.
Legal Opinion:	Locke Lord LLP, Boston, Massachusetts.
Financial Advisor:	FirstSouthwest, a division of Hilltop Securities, Inc., Boston, Massachusetts. (see "*Financial Advisory Services of FirstSouthwest, a division of Hilltop Securities, Inc.*" herein).
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 March 3, 2016, against payment in federal funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to: Victor Garofalo, Finance Director/Treasurer, Town of Bedford, Massachusetts Telephone (781) 275-2218 or Peter Frazier, Managing Director, FirstSouthwest, a division of Hilltop Securities, Inc., Boston, Massachusetts Telephone (617) 619-4409.

NOTICE OF SALE

TOWN OF BEDFORD, MASSACHUSETTS

$8,430,000* GENERAL OBLIGATION REFUNDING BONDS

The Town of Bedford, Massachusetts (the "Town") will receive sealed and electronic (as described herein) proposals until 11:00 A.M., Eastern Time, Tuesday, February 23, 2016, for the purchase of the following described General Obligation Refunding Bonds of the Town (the "Bonds"):

$8,430,000* General Obligation Refunding Bonds payable September 15 of the years and in the amounts as follows:

Due September 15	Principal Amount*
2017	$ 390,000
2018	390,000
2019	380,000
2020	1,205,000
2021	1,190,000
2022	1,180,000
2023	1,170,000
2024	920,000
2025	895,000
2026	710,000

*Preliminary, subject to change.

The Bonds will be dated their date of delivery. Principal of the Bonds will be payable on September 15 of the years in which the Bonds mature. Interest will be payable on March 15 and September 15 of each year, commencing September 15, 2016.

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 FirstSouthwest, a division of Hilltop Securities, Inc., Boston, Massachusetts and their legality will be approved by Locke Lord LLP, Boston, Massachusetts, whose opinion will be furnished to the purchaser without charge to such purchaser.

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

Bidding Parameters

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, (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3 percent or **(c) any coupon in excess of 4.0%. No bid of less than par plus a premium of at least $85,000 will be accepted.**

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

The Town reserves the right to change the aggregate principal amount of the Bonds and the maturity schedules for the Bonds after the determination of the winning bid by increasing or decreasing the

aggregate principal amount and the principal amount of each maturity by such amounts as may be necessary to (a) produce sufficient funds to effect the refunding after taking into account the premium received by the Town and the actual investment yield at which the proceeds of the Bonds are to be invested and (b) account for any changes in the bonds to be refunded with a portion of proceeds of the Bonds based on the actual debt service savings to be realized by the Town. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE ANNUAL PRINCIPAL AMOUNTS WITHIN THESE LIMITS. The dollar amount bid for a series of the Bonds by the winning bidder will be adjusted, if applicable, to reflect changes in the dollar amount of the amortization schedule. Any price that is adjusted will reflect changes in the dollar amount of the underwriter's discount and original issue premium, if any, but will not change the per bond underwriter's discount (net of insurance premium) provided in such bid, nor will it change the interest rate specified for each maturity. Any such adjustments will be communicated to the winning bidder by 4 P.M. on the day of the sale.

Bids must be submitted either:

(b) In a sealed envelope marked "Proposal for Bonds" and addressed to Mr. Victor Garofalo, Finance Director/Treasurer, Town of Bedford, Massachusetts c/o FirstSouthwest, a division of Hilltop Securities, Inc. (see "*Financial Advisory Services of FirstSouthwest, a division of Hilltop Securities, Inc.*" herein), 54 Canal Street, Boston, Massachusetts 02114. Signed blank bid forms may be faxed to (617) 619-4411 prior to submitting bids, and actual bids may be telephoned to FirstSouthwest, a division of Hilltop Securities, Inc., 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 FirstSouthwest, a division of Hilltop Securities, Inc.. FirstSouthwest, a division of Hilltop Securities, Inc. will act as agent for the bidder, but neither the Town nor FirstSouthwest, a division of Hilltop Securities, Inc. shall be responsible for any errors in connection with bids submitted in this manner.

(c) Electronically via Parity in accordance with this Notice of Sale. To the extent any instructions or directions set forth in Parity conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about Parity, potential bidders may contact the Financial Advisor to the Town or I-deal at 40 West 23rd Street, 5th Floor, New York, NY 10010 (212) 404-8102. An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town.

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

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

The Town has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds. Should the bidder purchase municipal bond insurance, all expenses associated with such policy or commitment will be borne by the bidder, except for the fee paid to Standard & Poor's Rating Group for a rating on the Bonds. Any such fee paid to Standard & Poor's Rating 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 Locke Lord LLP, Boston, Massachusetts, substantially in the form appearing as Appendix B of the Preliminary Official Statement dated February 17, 2016, (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 Treasurer to the effect that, to the best of his knowledge and belief of the signer thereof, 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.

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 February 23, 2016 (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.

In order to assist bidders in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will undertake to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement dated February 17, 2016.

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

Additional information concerning the Town and the Bonds is contained in the Preliminary Official Statement dated February 17, 2016, 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 FirstSouthwest, a division of Hilltop Securities, Inc., 54 Canal Street, Boston, Massachusetts 02114 (Telephone: 617-619-4400). Within seven (7) business days following the award of the Bonds in accordance herewith, 20 copies of the Final Official Statement will be available from FirstSouthwest, a division of Hilltop Securities, Inc. to the successful bidder for use in reoffering the Bonds. Upon request, additional copies will be provided at the expense of the requester.

It is anticipated that CUSIP identification numbers will be printed on the Bonds. 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 DTC or its custodial agent on or about March 3, 2016 for settlement in federal funds.

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

February 17, 2016

OFFICIAL STATEMENT

TOWN OF BEDFORD, MASSACHUSETTS

$8,250,000 GENERAL OBLIGATION REFUNDING BONDS

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Bedford, Massachusetts (the “Town”) in connection with the sale of $8,250,000 stated principal amount of its General Obligation Refunding Bonds (the "Bonds"). The information contained herein has been furnished by the Town, except information attributed to another governmental agency or official as the source.

THE BONDS

Description of the Bonds

The Bonds will be dated their date of delivery and will bear interest payable semiannually on March 15 and September 15 of each year, commencing September 15, 2016. The Bonds shall mature on September 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 in fully registered form, without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "Book-Entry Transfer System" herein.)

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

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

Record Date

The record date for each payment of interest is the last business day of the month preceding the interest payment date; 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 subsidiaries. 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 is rated AA+

by Standard & Poor's. 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**.

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 securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other 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.

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

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

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

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

Authorization of the Bonds and Use of Proceeds

This Issue	Purpose	M.G.L. Chapter Reference, Ch. 44,	Date Authorized
8,250,000	Refunding	21A	2/1/2016
$ 8,250,000	Total		

The Bond proceeds will be used to advance refund a portion of the Town's $7,380,000 General Obligation Bonds dated April 1, 2007, maturing in the years 2018 through 2026, in the aggregate principal amount of $2,925,000 (the "2007 Refunded Bonds") and to advance refund a portion of the Town's $15,885,000 General Obligation Bonds dated July 15, 2009, maturing in the years 2020 through 2026, in the aggregate principal amount of $5,995,000 (the "2009 Refunded Bonds" and together with the 2007 Refunded Bonds, the "Refunded Bonds") and to pay costs of issuing the Bonds.

Plan of Refunding

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

Verification of Mathematical Computations

The accuracy of the mathematical computations relating to the adequacy of the maturing principal amounts of the Government Obligations together with the interest income thereon and uninvested funds, if any, to provide for the payment of the Refunded Bonds, will be verified by Grant Thornton LLP, independent certified public accountants. Such verification will be based upon information and assumptions supplied by FirstSouthwest, a division of Hilltop Securities, Inc. on behalf of the Town. Grant Thornton LLP has restricted its procedures to recalculating the computations provided by FirstSouthwest, a division of Hilltop Securities, Inc. and has not evaluated or examined the assumptions or information used in the computations.

Sources and Uses of Bond Proceeds

Proceeds of the Bonds will be applied as follows:

Sources:	
Par Amount of the Bonds	$ 8,250,000.00
Premium	1,323,613.50
Cash Contributions	350,451.00
Total Sources	$ 9,924,064.50
Uses:	
Deposit to Refunding Escrow Fund	$ 9,813,234.24
Underwriter's Discount	26,271.99
Costs of Issuance	84,558.27
Total Uses	$ 9,924,064.50

Tax Exemption

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

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

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

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

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

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

Prospective Bondholders should be aware that from time to time legislation is or may be proposed which, if enacted into law, could result in interest on the Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent Bondholders from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Bonds from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

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

Security and Remedies

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

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for [and] all amounts necessary to satisfy final judgments". Specific provision is also made for including in the next tax levy payments 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 "INDEBTEDNESS-Authorization Procedures and Limitations"

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 fee, 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, 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 "INDEBTEDNESS-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 ("MBTA") or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority ("MWRA") if the city or town is within the territory served by the MWRA, for any debt service due on obligations issued to the Massachusetts School Building Authority ("MSBA"), or for charges necessary to meet obligations under the Commonwealth's Clean Water 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.

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 is required to 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 of Massachusetts (the "Commonwealth") to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). 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.

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 currently authorized by the Massachusetts General Laws to file a petition for bankruptcy under Federal Bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth's oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

Opinion of Bond Counsel

The purchaser will be furnished the legal opinion of the firm of Locke Lord LLP, Boston, Massachusetts, Bond Counsel to the Town. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful bidder. The opinion will be substantially in the form presented in Appendix B.
Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing upon and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

Rating

Standard & Poor's Rating Group has assigned a rating of AAA on the Bonds. Said rating only reflects 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 FirstSouthwest, a division of Hilltop Securities, Inc.

FirstSouthwest, a division of Hilltop Securities, Inc., Boston, Massachusetts serves as financial advisor to the Town of Bedford, Massachusetts.

First Southwest Company, LLC ("FirstSouthwest") merged with its common control affiliate, Hilltop Securities Inc. ("HilltopSecurities"). The merger was completed at the close of business on January 22, 2016, at which time HilltopSecurities, as the surviving entity, automatically assumed all rights and obligations of FirstSouthwest. The firm's municipal advisory business operates as FirstSouthwest, a division of Hilltop Securities Inc.

Continuing Disclosure

In order to assist Underwriters in complying with Rule 15c2-12 (b)(5) promulgated by the Securities and Exchange Commission, (the "Rule"), the Town will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Town by not later than 270 days after the end of each fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain significant 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 incorporated by reference in the Bonds.

The Town believes that in the previous five years, it has complied in all material respects with its previous undertakings to provide annual reports or notices of significant events in accordance with the Rule.

TOWN OF BEDFORD, MASSACHUSETTS

General

The Town of Bedford is located in Middlesex County approximately 15 miles northwest of Boston. It is bordered by the towns of Lincoln and Concord on the southwest, Lexington on the southeast, Burlington on the east, Billerica on the north and Carlisle on the northeast. Incorporated as a Town in 1729, Bedford has a population of approximately 13,320 (2010 Federal Census) and occupies a land area of 14 square miles.

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

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

Governing Bodies and Officers

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

PRINCIPAL TOWN OFFICIALS

The following is a list of the principal executive officers:

Title	Name	Manner of Selection	Term Expires
Selectman, Chairperson	Mark Siegenthaler	Elected/3 Years	2017
Selectman	Margot R. Fleischman	Elected/3 Years	2018
Selectman	William S. Moonan	Elected/3 Years	2016
Selectman	Caroline Fedele	Elected/3 Years	2016
Selectman	Michael A. Rosenberg	Elected/3 Years	2017
Town Manager	Richard T. Reed	Appointed	Indefinite
Finance Director/Treasurer & Collector	Victor Garofalo	Appointed	Indefinite
Town Accountant	Debra A. Champagne	Appointed	Indefinite
Town Clerk	Doreen Tremblay	Appointed	Indefinite
Town Counsel	Brandon Moss	Appointed	2016

Municipal Services

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

Education

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

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

PUBLIC SCHOOL ENROLLMENTS
OCTOBER 1,

		Actual				
		2011	2012	2013	2014	2015
Kindergarten		157	158	202	186	190
Grades 1-4		677	690	720	719	750
Grades 5-6		379	362	337	347	381
Grades 7-8		376	396	382	358	328
High School (9-12)	(1)	835	881	868	884	859
Totals		2,424	2,487	2,509	2,494	2,508

(1) Approximately 140 High School Students are children of Hanscom Air Force base personnel.

Industry and Commerce

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

EMPLOYMENT AND PAYROLLS

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

	Calendar Year Average				
Industry	2014	2013	2012	2011	2010
Construction	3,445	3,324	289	304	329
Manufacturing	2,943	2,969	3,035	2,328	2,208
Trade, Transportation & Utilities	2,485	2,453	2,271	2,140	2,277
Information	1,169	1,178	2,021	1,973	1,804
Financial Activities	771	750	727	707	644
Professional and Business Services	5,669	5,641	5,226	5,170	5,131
Education and Health Services	4,658	4,468	4,008	3,962	3,890
Leisure and Hospitality	968	942	883	907	893
Other Services	239	232	192	215	202
Total Employment	22,347	21,957	18,652	17,706	17,378
Number of Establishments	696	667	672	678	686
Average Weekly Wages	$ 1,750	$ 1,746	$ 1,794	$ 1,832	$ 1,894
Total Wages	$ 1,961,421,779	$ 1,909,655,215	$ 1,923,558,021	$ 1,888,373,743	$ 1,916,803,227

Largest Employers

Name	Product/Function	Approximate No. of Employees
Hanscom Field (USAF)	Research and Development	5,500
MITRE Corporation	Engineering, Architecture, Surveying	1,829
Oracle	Software Developer	1,000
Veterans Medical Center	Federal Government Hospital	950
Middlesex Community College	Higher Education	927
Progress Software	Computer Software Development	600
iRobot	High-Tech Manufacturing	520
RSA Security	Data Security	510
DATA Direct	Computer Services	500
Instrumentation Laboratory	Diagnosis and Analysis	400

Labor Force, Employment and Unemployment Rates

According to the Massachusetts Division of Employment and Training, in November 2015, the Town had a total labor force of 7,031 of which 6,751 were employed and 280, or 4.0%, were unemployed, as compared with 4.7% for the Commonwealth (unadjusted). The following table sets forth the labor force and unemployment rates for the Town of Bedford as well as the unemployment rates for the Commonwealth and the United States for the years indicated.

	Town of Bedford		Massachusetts	United States
Year	Labor Force	Unemployment Rate	Unemployment Rate	Unemployment Rate
2014	6,960	4.3 %	5.8 %	6.2 %
2013	7,136	5.4	6.1	7.4
2012	7,039	5.0	6.7	8.1
2011	6,952	5.7	6.8	8.9
2010	7,133	6.1	8.5	9.6

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

Building Permits

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

Year	Number	Estimated Value
2015	715	$ 78,913,090
2014 (1)	647	68,287,723
2013	474	45,519,118
2012	572	80,450,777 (2)
2011	551	37,696,677

SOURCE: Report of the Building Inspector.
(1) Increase attributable to increased building construction.
(2) Includes improvements to 9 Crosby Drive (Office Building) of $21 million and $8.2 million at 100 Crosby Drive (Acme Packet).

Development

During approximately the past year, straddling FY15 and FY16, development of every type continue to occur in Bedford, much of it significant for fiscal or land use purposes, as explained below. The following are the major and most significant projects that have been permitted, are in the regulatory pipeline, or under construction. The status of each project is indicated in the description:

Business/Industrial/Office

The Bikeway Café at 111 South Road was permitted under a mixed use overlay special permit and a Special Permit Decision was recorded with the Town Clerk on May 20, 2015. While commercial occupancy of the building has not yet occurred, it has the potential to be a notable piece in the emergence of the Depot area as a mixed use and historic village.

The master planned Bedford Business Park at 4 to 18 Crosby Drive came before the Board and received special permit approval and a decision was recorded with the Town Clerk on September 30, 2015, to substitute a significantly modified Phase II, under its existing Industrial Mixed Use special permit, principally to create a larger new parking area on the newly acquired MA DOT Salt Shed site. The lot will be built in two stages, over a 5-plus year time frame. The first phase would likely begin construction during 2016. The first phase, with parking, site amenities, stormwater and some façade upgrades, was completed in 2015.

The proponents of the Crosby Corporate Center on Crosby Drive have met with staff several times and once publicly with the Board on in January, 2016, to discuss a two-staged redevelopment of this office and corporate campus. They will be coming before the Board for a formal public hearing in early April, 2016 under a new Industrial Mixed use special permit. The first phase – which could begin construction during calendar year 2016, will include new parking, landscaping, site amenities for employees and other improvements, while the second phase would likely include a hotel.

Patriot's Park office complex and Wiggins Avenue will be coming in for a site plan review to add parking to the existing development in spring, 2016.

Residential and Mixed Use

The 54 Loomis Street project was granted a special permit and a decision was recorded with the Town Clerk on May 30, 2013. Construction is close to 100% as of this writing, with 19 condominium units in 2 buildings, with approximately 4,000 square feet of retail or food use included. All residential units were per-sold. Possible business occupants are being engaged. This is the second project of this type in a mixed use overlay district, the first one being the Blake Block.

100 Plank Street, once formally a part of the adjacent Village at Taylor Pond, was granted a special permit amendment and a decision was recorded with the Town Clerk on June 10, 2014, under the older industrial mixed use special permit provision, to construct two buildings with 44 units and 6,000 square feet of office or retail space. That project never moved forward and the property was sold to another party, who has redesigned the site to have only a single building, with 52 units (none bigger than one bedroom) and the same commitment of office space. As of this writing, they are in the midst of a public hearing process. If successful, construction theoretically could begin before the end of calendar year 2016, although it likely would take significantly longer than that to get all of the legal, financing, building design and construction pieces into place.

Page Place Condominiums sought to expand their development by attempting to amend the School Conversion Bylaw under which it was originally constructed, to allow more units (perhaps 15). The proposed zoning article was extensively analyzed and discussed by the staff and Board during the summer and fall of 2015, with the applicant intending to bring the article to fall special town meeting, but it was withdrawn just before the November 2, 2015 STM. It has since been resubmitted, with some modifications, for consideration by Annual Town Meeting in March, 2016.

150 to 162 South Road finished its permitting for a 9-unit planned residential development and was granted a special permit. A decision was recorded with the Town Clerk on December 8, 2015 and construction could begin before the end of 2016, in the most optimistic scenario. This development is significant, because it is Bedford's first small house project, where relatively small cottage-type houses on small individual lots are tightly clustered around green areas, with a high percentage of preserved open space. This kind of housing provides an alternative to large houses and is especially appealing to segments of the market such as "empty nesters" and retired persons, and the proximity to the Depot and Bikepath makes the location an attractive one.

56 Evergreen Avenue is a proposed 17 unit planned residential development that also is of the cottage-type, and features strong architectural design and a high percentage of open space. The project is coming before the Board for the start of the formal hearing process on April 12, 2016. Based upon numerous meetings with staff and a public discussion with the Board, best guess is that the project would start sometime in 2017 at the earliest.

30 Chelmsford Road is a proposed 4-lot cluster subdivision consisting of 4 single family homes on 30 to 40,000 square foot lots, with 25% or more of this sloping site preserved as common open space. They are in the midst of a multiple hearing process during the winter of 2015/16, working with neighbors on development issues of concern. If passed, construction start is unknown but probably would not occur until late in 2017 at the earliest, based on numerous staff discussions with the proponents.

There are other projects that could move forward into the regulatory process and with whom staff members have met on one or more occasions, but these ventures are of less certain status at this point.

Population and Income

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

POPULATION AND INCOME (1)

	Bedford	Massachusetts	United States
Median Age:			
2010	45.1	39.1	37.2
2000	42.1	36.5	35.3
1990	36.9	33.6	32.9
Median Family Income:			
2010	$127,997	$81,165	$51,144
2000	101,081	61,664	50,046
1990	64,537	44,367	35,225
Per Capita Income:			
2010	$47,935	$33,966	$27,334
2000	39,212	25,952	21,587
1990	24,590	17,224	14,420

(1) Federal Census Bureau.

POPULATION TRENDS

2010	2000	1990	1980
13,320	12,595	12,996	13,067

SOURCE: Federal Census.

PROPERTY TAXATION

Tax Levy Computation

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

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

TAX LEVY COMPUTATION

	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012
Gross Amount to be Raised					
Appropriations (1)	$86,771,279	$85,268,888	$78,779,062	$78,112,534	$75,311,549
Other Local Expenditures	572,951	389,123	360,588	226,234	745,745
State and County Charges	369,665	378,791	378,140	357,740	324,334
Overlay Reserve	950,382	1,154,245	893,191	899,804	854,610
Total Gross Amount to be Raised	88,664,277	87,191,047	80,410,981	79,596,311	77,236,238
Less Estiamted Receipts & Other Revenue					
Estimated Receipts from State (2)	6,755,695	6,693,459	6,234,154	5,992,807	5,057,502
Estimated Receipts-Local (3)	12,136,170	14,178,663	10,956,905	11,546,012	10,404,904
Available Funds Appropriated:					
Free Cash	-	1,046,000	-	-	-
Other Available Funds (4)	5,472,990	5,276,757	5,046,399	5,269,075	7,577,919
Free Cash & Other Revenue Used to Reduce the Tax Rate	3,137,000	2,042,314	2,471,075	3,250,790	1,895,000
Total Estimated Receipts & Revenues	27,501,855	29,237,193	24,708,533	26,058,684	24,935,325
Net Amount to be Raised (Tax Levy)	$61,162,422	$57,953,854	$55,702,448	$53,537,627	$52,300,913
Property Valuation	$ 3,082,302,527	$ 3,044,192,627	$ 2,785,038,031	$ 2,771,855,371	$ 2,755,593,345
Tax Rate per $1,000 (Residential)	$ 15.28	$ 14.62	$ 15.71	$ 15.37	$ 15.21
Tax Rate per $1,000 (C/I/P)	$ 33.50	$ 32.12	$ 34.04	$ 33.80	$ 33.21
Tax Rate per $1,000 (Open Space)	$ 11.47	$ 10.94	$ 11.78	$ 11.55	$ 11.40

(1) Includes additional appropriations from taxation voted subsequent to adoption of the annual budget but prior to setting of the tax rate.
(2) Estimated by the State Department of Revenue and required by law to be used in setting of the tax rate. Actual state aid payments may vary upward or downward from said estimates, and the State may withhold payments pending receipt of State and County assessments.
(3) Includes Community Preservation Act revenues.
(4) Transfers from other available funds, including "free cash", generally made as an offset to a particular appropriation item.

Assessed Valuations and Tax Levies

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

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

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

An in-house update of valuations is conducted annually.

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

Fiscal Year	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Tax Levy	Tax Levy Per Capita(1)
2016	$ 3,082,302,527	$ 112,390,400	$ 3,194,692,927	$ 61,162,422	$4,592
2015	3,044,192,627	112,899,300	3,157,091,927	57,953,854	4,351
2014	2,785,038,031	78,584,090	2,863,622,121	55,702,447	4,182
2013	2,685,650,051	86,205,320	2,771,855,371	53,537,627	4,019
2012	2,671,084,251	84,509,094	2,755,593,345	52,300,913	3,926

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

Classification of Property

The following is a breakdown of the Town's assessed valuations in fiscal years 2016, 2015 and 2014.

	2016		2015		2014	
Property Type	Amount	% of Total	Amount	% of Total	Amount	% of Total
Residential	$2,515,184,292	78.7 %	$2,481,147,650	78.6 %	$2,277,053,784	79.5 %
Open Space	1,504,000	0.0	1,504,000	0.0	1,655,600	0.1
Commercial	264,055,021	8.3	261,843,995	8.3	238,547,547	8.3
Industrial	301,659,214	9.4	299,696,982	9.5	267,781,100	9.4
Personal	112,390,400	3.5	112,899,300	3.6	78,584,090	2.7
Total	$3,194,792,927	100.0 %	$3,157,091,927	100.0 %	$2,863,622,121	100.0 %

Largest Taxpayers

The following table lists the ten largest taxpayers in the Town based upon assessed valuation for fiscal 2016. All of the properties listed are current in their tax payments.

Name	Nature of Business	Assessed Valuation
CCC Investors LLC	Offices	$ 48,134,171
Cole of Bedford, MA LLC	Offices	44,248,678
DIV Bedford, LLC	Research & Development	32,752,342
CPF Taylor Pond LLC	Apartments	28,423,654
Millipore Filter Corporation	Research & Development	26,803,771
ILC Property LLC	Research & Development	26,788,608
Heritage Middlesex Turnpike LLC	Apartments	22,766,164
Bedford Owner, LLC	Research & Development	22,370,349
Oracle America Inc.	Machinery & Equipment	22,345,800
Carleton-Willard Homes, Inc.	Assisted Living	21,558,826
Total		$ 296,192,363

State Equalized Valuation

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

January 1,	State Equalized Valuation	% Change
2014	$ 3,037,581,300	3.58 %
2012	2,932,629,700	(2.56)
2010	3,009,721,800	(4.18)
2008	3,141,130,500	6.59
2006	2,946,953,200	11.94
2004	2,632,511,200	15.93

Abatements and Overlay

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

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

Fiscal Year	Net Tax Levy(1)	Overlay Reserve Dollar Amount	Overlay Reserve As a % of Net Levy	Abatements Granted Through June 30, 2015
2015	$56,799,609	$1,154,245	2.0 %	$259,836
2014	54,809,256	893,191	1.6	178,028
2013	52,637,823	899,804	1.7	324,907
2012	51,476,589	854,610	1.7	540,693
2011	49,168,661	796,197	1.6	682,209

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

Tax Collections

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

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

Fiscal Year	Gross Tax Levy	Overlay Reserve for Abatements	Net Tax Levy (1)	Collections During Fiscal Year Payable (2) Dollar Amount	Collections During Fiscal Year Payable (2) % of Net Levy	Collections as of June 30, 2015 Dollar Amount	Collections as of June 30, 2015 % of Net Levy
2015	$ 57,953,854	$ 1,154,245	$ 56,799,609	$ 57,097,719	100.5 %	$ 57,097,719	100.5 %
2014	55,702,447	893,191	54,809,256	55,123,138	100.6	55,482,992	101.2
2013	53,568,234	899,804	52,668,430	52,669,764	100.0	53,190,924	101.0
2012	52,331,199	854,610	51,476,589	51,328,290	99.7	51,728,484	100.5
2011	49,964,858	796,197	49,168,661	48,863,794	99.4	49,255,597	100.2

(1) Net after deduction of overlay reserve for abatements.
(2) Actual collections of levy less refunds and amounts refundable but including proceeds of tax titles and tax possessions attributed to such levy but not including abatements or other credits.

Tax Titles and Possessions

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

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

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

Fiscal Year	Total Tax Titles and Possessions
2015	$ 219,504
2014	247,787
2013	194,930
2012	153,829
2011	126,259

Sale of Tax Receivables

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

Taxation to Meet Deficits

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

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

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

Tax Limitations

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

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

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2 per cent, subject to exception for property added to the tax rolls or property which has had an increase other than as part of a general revaluation, in its assessed valuation over the prior year's valuation. This "growth" limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the “growth” limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of the city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

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

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

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

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures, or for the city or town's 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 2 ½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

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

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

The table below lists debt exclusions passed by the Town.

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

The table below presents the Town's primary levy limits, its maximum levy limits, and its actual tax levies for fiscal years 2012 through 2016.

Fiscal Year	Estimated Full Valuation(1)	Primary Levy Limit	Maximum Levy Limit	Actual Tax Levy(2)	Under(Over) Primary Levy Limit
2016	$ 3,194,792,927	$ 79,867,323	$ 63,080,418	$ 61,162,422	$ 18,704,901
2015	3,157,091,927	78,927,298	60,132,532	57,953,854	20,973,444
2014	2,863,622,121	71,590,553	56,745,981	55,702,447	15,888,106
2013	2,771,855,371	69,296,384	54,532,823	53,537,627	15,758,757
2012	2,755,593,345	68,889,834	52,868,495	52,300,913	16,588,921

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

Community Preservation Act

The Massachusetts Community Preservation Act (the "CPA") permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy, dedicate revenue (other than state or federal funds), and to receive state matching funds for (i) the acquisition, creation, preservation, rehabilitation and restoration of land for recreational use, open space, and affordable housing and (ii) the acquisition, preservation, rehabilitation and restoration of historic resources. 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% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as 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 or $100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see *"Tax Limitations"* under "PROPERTY TAXATION" above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, 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 and dedication of revenue. 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 and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on taxes, the dedication of revenue 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 and dedicated 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 accepted the Act and set the rate at 3%. The Town implemented the program in fiscal year 2002 and utilizes revenues to pay for a variety of municipal projects eligible for financing under the CPA.

Community Preservation Fund Revenues

Fiscal Year	Property Tax	State Contribution	Total
2015	$ 1,419,773	$ 471,294	$ 1,891,067
2014	1,381,599	482,903	1,864,502
2013	1,307,709	759,907	2,067,616
2012	1,276,294	379,041	1,655,335
2011	1,218,258	356,822	1,575,080
2010	1,114,124	348,491	1,462,615

As of June 30, 2015 the Community Preservation Fund cash balance was $3,317,138.

Pledged Taxes

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

Initiative Petitions

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

TOWN FINANCES

Budget and Appropriation Process

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

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

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

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

Budget Trends

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

BUDGET COMPARISON

	Fiscal Years				
	2016	2015	2014	2013	2012
General Government	$14,402,837	$13,861,212	$13,405,338	$12,558,741	$13,005,737
Public Safety	5,652,688	5,499,182	5,300,223	5,209,550	5,516,849
Public Works/Highway	11,012,488	10,710,899	10,341,325	10,226,712	9,551,489
Facilities	2,421,407	868,671	768,268	753,258	742,875
Health	600,388	553,993	538,552	526,718	517,028
Human Services	863,002	822,348	739,808	724,759	716,557
School	37,086,578	36,201,554	34,719,568	33,292,202	32,181,380
Library	1,126,890	1,201,713	1,171,865	1,152,291	1,151,271
Other	157,246	164,226	133,714	159,828	136,850
Maturing Debt and Interest	7,670,614	7,246,510	7,577,090	7,684,917	7,761,951
Total	$80,994,138	$77,130,308	$74,695,751	$72,288,976	$71,281,987

Revenues

Property Taxes

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

Federal Aid

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

Fiscal Year	Total Federal Aid
2015	$ 220,793
2014	340,566
2013	208,117
2012	145,219
2011	221,669

State Aid

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

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

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

Fiscal Year	Total State Aid
2015	$ 6,145,625
2014	5,696,903
2013	5,455,556
2012	4,468,000
2011	4,528,928

State School Building Assistance Program

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

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

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

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

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

Motor Vehicle Excise

An excise is imposed on the registration of motor vehicles (subject to exemptions) at a uniform rate of $25 per $1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the vehicle is customarily kept. Valuations are determined by a statutory formula based on manufacturer's list price and year of manufacture. Bills not paid when due bear interest at 12 percent per annum. Provision is also made for suspension of registration by the registrar of motor vehicles, who may also after a hearing suspend the owner's operating license. The amount of excise taxes received by the Town in fiscal years 2011 through 2015 was $1,623,895, $1,660,638, $1,689,247, $2,023,301 and $2,063,436, respectively.

Local Option Meals Tax

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

The revenue from this tax was $152,560 in fiscal year 2010, $379,673 in fiscal year 2011, $292,222 in fiscal 2012, $295,012 in fiscal 2013, $327,370 in fiscal 2014 and $336,452 in fiscal 2015.

Room Occupancy Tax

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

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

Fiscal Year	Room Occupancy
2015	$ 721,433
2014	716,929
2013	647,290
2012	623,396
2011	461,709

Investment of Town Funds

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

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

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

Annual Audits

The Town's accounts were most recently independently audited for the fiscal year ended June 30, 2015 by Clifton Larson Allen, LLP, of Boston, Massachusetts.

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

Financial Statements

Set forth on the following pages are Governmental Funds Balance Sheets for fiscal years ended June 30, 2015, June 30, 2014 and June 30, 2013, and a Combined Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds for the fiscal years ended June 30, 2011 through June 30, 2015. Said financial statements were extracted from annual audits and then combined for purposes of this presentation. All such statements are presented in accordance with the fund method of accounting described in Appendix A.

TOWN OF BEDFORD, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2015 (1)

	General	Sewer	High School	Community Preservation Funds	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 17,929,542	$ -	$ -	$ -	$ -	$ 17,929,542
Investments	3,976,196	-	-	-	-	3,976,196
Receivables, net of uncollectibles:						
Real estate and personal property taxes	614,159	-	-	-	-	614,159
Tax liens	241,334	-	-	-	-	241,334
Motor vehicle and other excise taxes	203,742	-	-	-	-	203,742
User fees	1,471,960	1,902,367	-	-	-	3,374,327
Departmental and other	3,577	-	-	19,430	74,683	97,690
Intergovernmental	3,809,160	-	-	-	1,428,104	5,237,264
Due from other funds	426,811	-	-	-	-	426,811
Tax foreclusures	53,769	-	-	-	-	53,769
Restricted assets:						
Cash and cash equivelents	466,040	6,235,455	51,623	3,325,744	5,662,693	15,741,555
Investments	1,563,569	-	-	-	2,596,152	4,159,721
TOTAL ASSETS	$ 30,759,859	$ 8,137,822	$ 51,623	$ 3,345,174	$ 9,761,632	$ 52,056,110
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Warrants payable	$ 303,739	$ -	$ -	$ 23,573	$ 129,998	$ 457,310
Accrued payroll	2,674,918	-	-	-	137,999	2,812,917
Tax refunds payable	2,686,590	-	-	-	-	2,686,590
Other liabilities	1,715,302	-	-	-	-	1,715,302
Abandoned property	193,155	-	-	-	-	193,155
Due to other funds	-	-	-	-	426,811	426,811
TOTAL LIABILITIES	7,573,704	-	-	23,573	694,808	8,292,085
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue	5,922,529	1,902,367	-	19,430	7,400	7,851,726
FUND BALANCES						
Nonspendable	-	-	-	-	902,796	902,796
Restricted	2,029,609	6,235,455	51,623	3,302,171	8,156,628	19,775,486
Commited	5,635,822	-	-	-	-	5,635,822
Assigned	1,899,787	-	-	-	-	1,899,787
Unassigned	7,698,408	-	-	-	-	7,698,408
TOTAL FUND BALANCES	17,263,626	6,235,455	51,623	3,302,171	9,059,424	35,912,299
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 30,759,859	$ 8,137,822	$ 51,623	$ 3,345,174	$ 9,761,632	$ 52,056,110

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

TOWN OF BEDFORD, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2014 (1)

	General	Sewer	High School	Community Preservation Funds	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 17,003,648	$ -	$ -	$ -	$ -	$ 17,003,648
Investments	3,726,944	-	-	-	-	3,726,944
Receivables, net of uncollectibles:						
Real estate and personal property taxes	396,590	-	-	-	-	396,590
Tax liens	269,617	-	-	-	-	269,617
Motor vehicle and other excise taxes	169,310	-	-	-	-	169,310
User fees	1,308,096	1,865,197	-	-	-	3,173,293
Departmental and other	841	-	-	11,773	118,620	131,234
Intergovernmental	4,285,305	-	-	-	1,320,951	5,606,256
Tax foreclusures	53,769	-	-	-	-	53,769
Restricted assets:						
Cash and cash equivelents	457,779	6,403,166	51,623	3,677,246	5,863,351	16,453,165
Investments	1,590,545	-	-	-	2,774,535	4,365,080
TOTAL ASSETS	$ 29,262,444	$ 8,268,363	$ 51,623	$ 3,689,019	$ 10,077,457	$ 51,348,906
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Warrants payable	$ 659,244	$ -	$ -	$ 70,835	$ 678,577	$ 1,408,656
Accrued payroll	2,541,642	-	-	-	127,215	2,668,857
Tax refunds payable	1,373,641	-	-	-	-	1,373,641
Other liabilities	1,707,382	-	-	-	-	1,707,382
Abandoned property	222,403	-	-	-	-	222,403
TOTAL LIABILITIES	6,504,312	-	-	70,835	805,792	7,380,939
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue	6,311,718	1,865,197		11,773	6,700	8,195,388
FUND BALANCES						
Nonspendable	-	-	-	-	722,948	722,948
Restricted	2,048,324	6,403,166	51,623	3,606,411	8,542,017	20,651,541
Commited	4,205,332	-	-	-	-	4,205,332
Assigned	1,463,037	-	-	-	-	1,463,037
Unassigned	8,729,721	-	-	-	-	8,729,721
TOTAL FUND BALANCES	16,446,414	6,403,166	51,623	3,606,411	9,264,965	35,772,579
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 29,262,444	$ 8,268,363	$ 51,623	$ 3,689,019	$ 10,077,457	$ 51,348,906

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

TOWN OF BEDFORD, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2013 (1)

	General	Sewer	High School	Community Preservation Funds	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 14,866,885	$ -	$ -	$ -	$ -	$ 14,866,885
Investments	3,627,971	-	-	-	-	3,627,971
Receivables, net of uncollectibles:						
Real estate and personal property taxes	629,077	-	-	-	-	629,077
Tax liens	191,510	-	-	-	-	191,510
Motor vehicle and other excise taxes	221,655	-	-	-	-	221,655
User fees	1,261,664	1,781,402	-	-	-	3,043,066
Departmental and other	5,808	-	-	19,365	39,171	64,344
Intergovernmental	5,220,570	-	-	-	672,254	5,892,824
Tax foreclusures	53,769	-	-	-	-	53,769
Restricted assets:						
Cash and cash equivelents	154,862	6,644,845	67,425	3,290,232	4,471,579	14,628,943
Investments	4,670,951	-	-	-	2,344,423	7,015,374
TOTAL ASSETS	$ 30,904,722	$ 8,426,247	$ 67,425	$ 3,309,597	$ 7,527,427	$ 50,235,418
LIABILITIES AND FUND BALANCES						
Liabilities:						
Warrants payable	$ 580,381	$ -	$ -	$ 62,776	$ 99,725	$ 742,882
Accrued payroll	2,390,843	-	-	-	111,772	2,502,615
Tax refunds payable	792,694	-	-	-	-	792,694
Other liabilities	1,468,208	-	-	-	-	1,468,208
Abandoned property	466,677	-	-	-	-	466,677
Deferred revenues	7,177,512	1,781,402	-	19,365	5,300	8,983,579
TOTAL LIABILITIES	12,876,315	1,781,402	-	82,141	216,797	14,956,655
Fund Balances:						
Nonspendable	-	-	-	-	456,973	456,973
Restricted	4,825,813	6,644,845	67,425	3,227,456	6,853,657	21,619,196
Commited	4,649,120	-	-	-	-	4,649,120
Assigned	1,645,850	-	-	-	-	1,645,850
Unassigned	6,907,624	-	-	-	-	6,907,624
TOTAL FUND BALANCES	18,028,407	6,644,845	67,425	3,227,456	7,310,630	35,278,763
TOTAL LIABILITIES AND FUND BALANCES	$ 30,904,722	$ 8,426,247	$ 67,425	$ 3,309,597	$ 7,527,427	$ 50,235,418

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

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

	FOR THE FISCAL YEAR ENDED JUNE 30,				
	2015	2014	2013	2012	2011
Revenues:					
Real estate and personal property taxes, net of tax refunds	$ 56,529,235	$ 54,872,548	$ 53,740,350	$ 51,267,904	$ 49,839,603
Motor vehicle and other excise taxes	3,468,052	3,486,958	2,982,680	2,987,334	2,714,614
Charges for services	3,120,653	3,082,927	2,690,907	2,560,201	2,824,082
Penalties and interest on taxes	223,036	202,761	187,002	172,203	203,424
Payments in lieu of taxes	1,547,665	1,537,011	1,508,498	1,459,126	1,411,786
Intergovernmental	6,654,229	12,494,913	11,995,994	10,531,474	10,434,419
Departmental and other	2,147,598	2,054,106	1,921,292	2,378,642	2,230,575
Investment Income	241,048	270,822	653,700	269,495	298,990
Total Revenues	73,931,516	78,002,046	75,680,423	71,626,379	69,957,493
Expenditures:					
Current:					
General government	$ 3,207,358	$ 3,404,684	$ 3,711,968	$ 3,130,462	$ 3,304,331
Public safety	5,960,462	6,090,253	5,586,110	5,967,106	5,784,431
Education	36,872,362	34,888,953	33,408,259	32,232,091	32,385,594
Public works	5,518,949	5,468,149	5,242,001	4,515,567	5,141,199
Water	2,318,935	2,156,571	2,101,251	1,722,227	1,729,748
Sewer	588,154	611,458	706,668	609,973	592,193
MWRA assessment	3,089,601	2,968,529	2,909,153	2,951,458	2,872,130
Health and Human services	1,194,987	1,194,419	1,123,782	1,072,034	1,127,813
Culture and recreation	1,323,942	1,335,239	1,305,923	1,315,381	1,293,367
Pension benefits	3,418,799	9,481,574	8,955,335	8,306,574	7,848,654
Employee benefits	551,578	5,987,384	5,867,102	6,389,340	6,113,999
Other post employment benefits	6,071,720	3,765,038 (3)	-	-	-
State and county charges	371,984	392,427	376,864	353,366	310,540
Debt service:					
Principal	5,242,186	5,457,186	5,377,016	5,248,654	4,212,654
Interest	1,809,515	1,888,803	2,214,646	2,423,254	2,226,673
Total Expenditures	77,540,532	85,090,667	78,886,078	76,237,487	74,943,326
Excess (Deficiency) of revenues over expenditures	(3,609,016)	(7,088,621)	(3,205,655)	(4,611,108)	(4,985,833)
Other Financing Sources (Uses):					
Premium from issuance of debt	479,406	2,333	23,926	203,604	1,335,342
Operating transfers in	5,708,024	5,873,954	5,440,984	5,256,715	4,846,152
Operating transfers out	(1,761,202)	(369,659)	(328,128)	-	-
Total Other Financing Sources (Uses)	4,426,228	5,506,628	5,136,782	5,460,319	6,181,494
Net change in fund balances	817,212	(1,581,993)	1,931,127	849,211	1,195,661
Fund Balances, at Beginning of Year	16,446,414	18,028,407	16,097,280	15,248,069	14,052,408 (2)
Fund Balances, at End of Year	$ 17,263,626	$ 16,446,414	$ 18,028,407	$ 16,097,280	$ 15,248,069

(1) Extracted from the Town's audited financial statements.
(2) Increase in General Fund Balance from ending balance in FY2010 to beginning balance in FY2011 is attributable to the recent changes in GASB reporting
(3) Reflects the one time charge associated with the establishment of the Town's irrevocable OPEB Trust.

Unassigned General Fund Balance and Free Cash

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

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

Fiscal Year	Unassigned General Fund Balance (June 30) (1)	Certified Free Cash (July 1)
2015	$ 7,698,408	$ 3,600,000
2014	8,729,721	4,883,811
2013	6,907,624	2,902,314
2012	4,876,522	3,316,075
2011	5,872,381	3,702,518

(1) Source: Audited financial statements.

Stabilization Fund

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

As of June 30,	Stabilization Fund Balance
2015	$ 2,987,482
2014	2,631,497
2013	2,605,596
2012	1,223,910 (1)
2011	1,697,581 (2)

(1) The Town voted to appropriate $1,084,000 into this fund in fiscal 2013.
(2) Due to the changes in GASB fund balance reporting practices, Stabilization Fund Balances are included in Unassigned General Fund Balance.

Tax Increment Financing for Development Districts

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

The Town has not established any such districts.

INDEBTEDNESS

Authorization Procedure and Limitations

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

Debt Limits

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

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

Types of Obligations

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

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

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

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

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

Revenue Anticipation Notes. 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 of Bedford has not issued revenue anticipation notes in the last five fiscal years.

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

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

Town of Bedford
DIRECT DEBT SUMMARY
As of June 30, 2015
Including Subsequent Issue, But Excluding Refunding Bonds

Long-Term Debt (1)(2)		
Within Debt Limit:		
Sewers & Drains	$ 1,714,710	
Land Acquisition	5,603,000	
Schools	26,999,000	
Other Building	7,202,690	
Architectural & Engineering Services	645,000	
Other	3,115,000	
Total Inside		$ 45,279,400
Outside Debt Limit		
Water	5,046,487	
Total Outside		5,046,487
Total Long Term Debt Outstanding		50,325,887
Bonds Dated October 29, 2015		5,060,000
Short Term Debt		
Bond Anticipation Notes Outstanding (3)	439,466	
Less:		
To Be Retired with After This Issue of Bond Proceeds	(439,466)	
Total Short Term Debt Outstanding		-
Total Direct Debt		$ 55,385,887

(1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability, and other post-employment benefits liability.
(2) $29,402,000 has been exempted from the limits of Proposition 2½.
(3) Payable October 30, 2015.

Debt Ratios

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

Fiscal Year End	Bonds Outstanding	Federal Census Population	Equalized Valuation	Per Capita Debt	Debt as of % of Equalized Valuation
2015	$ 50,156,487	13,320	$ 3,037,581,300	$ 3,766	1.65 %
2014	50,918,673	13,320	2,932,629,700	3,823	1.74
2013	55,900,859	13,320	2,932,629,700	4,197	1.91
2012	60,876,876	13,320	3,009,721,800	4,570	2.02
2011	61,983,528	13,320	3,009,721,800	4,653	2.06

Principal Payments by Purpose

The following table sets forth the principal payments by purpose for the outstanding debt of the Town as of June 30, 2015, including subsequent issue, excluding refunding.

Fiscal Year	Sewer	Land Acquisition	Schools	Other Building	Architect & Engineering	Water	Other	Total Outstanding
2016	$ 115,310	$ 630,000	$ 2,563,000	$ 954,690	$ 87,000	$ 575,743	$ 490,000	$ 5,415,743
2017	138,880	574,000	2,498,000	931,000	87,000	570,743	485,000	5,284,623
2018	133,880	570,000	2,432,000	921,000	87,000	522,500	480,000	5,146,380
2019	128,880	570,000	2,332,000	911,000	82,000	492,500	380,000	4,896,380
2020	128,880	559,000	2,319,000	890,000	82,000	487,500	320,000	4,786,380
2021	128,880	550,000	2,298,000	855,000	82,000	487,500	270,000	4,671,380
2022	80,000	465,000	2,272,000	715,000	78,000	482,500	270,000	4,362,500
2023	80,000	465,000	2,255,000	570,000	60,000	482,500	140,000	4,052,500
2024	80,000	460,000	1,595,000	435,000	-	337,500	140,000	3,047,500
2025	80,000	380,000	1,460,000	20,000	-	277,500	135,000	2,352,500
2026	80,000	380,000	1,420,000	-	-	230,000	5,000	2,115,000
2027	60,000	-	1,335,000	-	-	100,000	-	1,495,000
2028	60,000	-	555,000	-	-	-	-	615,000
2029	60,000	-	555,000	-	-	-	-	615,000
2030	60,000	-	555,000	-	-	-	-	615,000
2031	60,000	-	555,000	-	-	-	-	615,000
2032	60,000	-	-	-	-	-	-	60,000
2033	60,000	-	-	-	-	-	-	60,000
2034	60,000	-	-	-	-	-	-	60,000
2035	60,000	-	-	-	-	-	-	60,000
Total	$ 1,714,710	$ 5,603,000	$ 26,999,000	$ 7,202,690	$ 645,000	$ 5,046,487	$ 3,115,000	$ 50,325,887

Debt Service Requirements as of June 30, 2015, Including Subsequent Issue, Excluding Refunding

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

Fiscal Year	Outstanding (1) Principal	Outstanding (1) Interest	Total Principal and Interest	MSBA Subsidy	Total Net Debt Service
2016	$ 5,415,743	$ 1,710,375	$ 7,126,118	(537,251)	$ 6,588,867
2017	5,284,623	1,519,200	6,803,823	(537,251)	6,266,572
2018	5,146,380	1,316,125	6,462,505	(537,251)	5,925,254
2019	4,896,380	1,110,625	6,007,005	(537,251)	5,469,754
2020	4,786,380	932,975	5,719,355	(537,251)	5,182,104
2021	4,671,380	776,575	5,447,955	(537,251)	4,910,704
2022	4,362,500	638,775	5,001,275	(537,251)	4,464,024
2023	4,052,500	506,413	4,558,913	(537,251)	4,021,662
2024	3,047,500	386,275	3,433,775	-	3,433,775
2025	2,352,500	289,438	2,641,938	-	2,641,938
2026	2,115,000	206,025	2,321,025	-	2,321,025
2027	1,495,000	132,675	1,627,675	-	1,627,675
2028	615,000	91,200	706,200	-	706,200
2029	615,000	67,200	682,200	-	682,200
2030	615,000	43,200	658,200	-	658,200
2031	615,000	19,200	634,200	-	634,200
2032	60,000	6,300	66,300	-	66,300
2033	60,000	4,500	64,500	-	64,500
2034	60,000	2,700	62,700	-	62,700
2035	60,000	900	60,900	-	60,900
Total	$ 50,325,887	$ 9,760,675	$ 60,086,562	$ (4,298,008)	$ 55,534,154

(1) $29,402,000 principal and associated interest has been exempted from the limits of Proposition 2 ½, subject to the limitations imposed by Chapter 44, Section 20 of the Massachusetts General Laws.

Authorized Unissued Debt

Currently the Town has approximately $3,246,848 of authorized unissued debt for the following purposes:

Middlesex Turnpike Water Main Replacement	$ 425,000
Crosby Drive Water Standpipe Painting	260,000
Sewer Pump Station	170,000
Bedford Street Sewer Force Main Improvements	1,329,981
Water Standpipe Painting & Preparations	170,000
Water Main Improvements	22,261
Sewer Inflow and Infiltration	180,600
Town wide phone system	378,106
Street lighting upgrade	310,900
Total	$ 3,246,848

Overlapping Debt

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

The following table sets forth the outstanding bonded debt, exclusive of temporary loans in anticipation of bonds or current revenue, of the MBTA, the MWRA and the Regional School District, the Town of Bedford's share of such debt and the fiscal year 2016 dollar assessment for each.

Entity	Bonds Outstanding 6/30/15	Bedford's Estimated Share	Fiscal Year 2016 Assessments for Operations and Debt Service
Massachusetts Water Resources Authority (1)			
Sewer	$ 3,898,585,000	0.670 %	$3,089,601
Massachusetts Bay Transportation Authority (2)	5,499,988,000	0.002	$292,933
Shawsheen Valley Regional Vocational Technical School District (3)	2,010,000	10.00	$492,683

(1) Source: MWRA. Debt is as of June 30, 2015. The MWRA provides wholesale drinking water services in whole or in part to 48 cities, towns and special purpose entities and provides wastewater collection and treatment services to 43 cities, towns and special purpose entities. Under its enabling legislation, as amended, the aggregate principal amount of all bonds issued by the MWRA for its corporate purposes may not exceed $6.1 billion outstanding at any time. Its obligations are secured by revenues of the MWRA. The MWRA assesses member cities, towns and special purpose entities, which continue to provide direct retail water and sewer services to users. The cities, towns and other entities collect fees from the users to pay all or part of the assessments; some municipalities levy property taxes to pay part of the amounts assessed upon them.

(2) Source: MBTA. Debt is as of June 30, 2015. Assessments for fiscal year 2015. The MBTA was created in 1964 to finance and operate mass transportation facilities within the greater Boston metropolitan area. Under its enabling act, the MBTA is authorized to issue bonds for capital purposes, other than refunding bonds, and for certain specified purposes to an outstanding amount, which does not exceed the aggregate principal amount of $3,556,300,000. In addition, pursuant to certain of the Commonwealth's transportation bond bills, the MBTA is authorized to issue additional bonds for particular capital purposes. The MBTA also is authorized to issue bonds of the purpose of refunding bonds. Under the MBTA's enabling act debt service, as well as other operating expenses of the MBTA, are to be financed by a dedicated revenue stream consisting of the amounts assessed on the cities and towns of the MBTA and a dedicated portion of the statewide sales tax. The amount assessed to each city and town is based on its weighted percentage of the total population of the authority as provided in the enabling act. The aggregate amount of such assessments is generally not permitted to increase by more than 2.5 percent per year.

(3) Source: The Regional School District. Assessment for fiscal year 2016. Other member communities include Billerica, Burlington, Tewksbury, and Wilmington. Towns may organize regional school districts to carry out, general or specialized educational functions. Pursuant to special laws a number of cities may also participate in regional school districts, primarily for vocational education. The operating expenses and debt service of regional school districts are apportioned among the member municipalities in accordance with the agreements establishing the districts, subject to the provisions of the Education Reform Act of 1993.

Contractual Obligations

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

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

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

The Town contracts with Allied Waste Systems of Massachusetts, LLC to collect and haul its refuse to the Covanta Haverhill waste to energy plant and also to collect and market recyclables from curbside. Beginning on July 1, 2011, the Town entered into a new five year contract with Allied Waste Systems of Massachusetts, LLC which included the automated collection of refuse from standardized refuse carts. Contract costs with Allied Waste Systems of Massachusetts, LLC for fiscal years 2012 through 2016 equal $638,117, $644,640, $657,533, $670,683, and $684,097, respectively.

The Town has a contract with Covanta Haverhill, Inc. for the disposal of its refuse that expires June 30, 2018. There are no longer any guaranteed annual tonnage requirements and the Town only pays for the actual tonnage of refuse delivered. The tipping fees are $68, $69, $70, and $70 per ton for fiscal years 2015 through 2018, respectively. As of June 30, 2015, 3,912 tons were delivered which yielded a total tipping fee charge of $276,392.

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

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

RETIREMENT PLAN

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

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

of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that the payment in any year of the schedule is not less than 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 provision and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments. The Town has voted to extend payments through 2035.

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.

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

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

Fiscal Year	Retirement System Contribution
2016	$ 3,548,130
2015	3,438,459
2014	3,222,436
2013	2,847,038
2012	2,972,407

As of January 1, 2014, the Middlesex County Retirement System's unfunded actuarial accrued liability was $1,228,586,434 assuming a 7.875% discount rate. Bedford's share of the unfunded liability is $46,651,447.

The Retirement System has approved a funding schedule to fully amortize its UAAL by 2035. Based on this most recent actuarial valuation, the funding schedule calls for annual payments to amortize the UAAL by 2035 in the following amounts.

Middlesex County Retirement System Funding Schedule

(1) Fiscal Year	(2) Employer Normal Cost	(3) Amortization of 2002 ERI Liability	(4) Amortization of 2003 ERI Liability	(5) Amortization of 2010 ERI Liability	(6) Amortization of Remaining Unfunded Liability	(7) Total Plan Cost (2) + (3) + (4) + (5) + (6)	(8) Total Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(9) Percent Increase to Total Cost
2015	$ 16,941,148	$ 1,676,175	$ 733,735	$ 60,947	$ 75,111,276	$ 94,523,281	$ 1,276,045,381	
2016	17,618,794	1,676,175	733,735	60,947	80,577,643	100,667,294	1,294,413,316	6.50 %
2017	18,323,546	1,676,175	733,735	60,947	86,416,265	107,210,668	1,308,441,579	6.50
2018	19,056,488	1,676,175	733,735	60,947	92,652,016	114,179,361	1,317,394,390	6.50
2019	19,818,748	1,676,175	733,735	60,947	99,311,414	121,601,019	1,320,451,696	6.50
2020	20,611,498	-	733,735	60,947	108,098,905	129,505,085	1,316,700,797	6.50
2021	21,435,958	-	-	60,947	113,124,012	134,620,917	1,305,127,191	3.95
2022	22,293,396	-	-	60,947	117,648,972	140,003,315	1,288,099,749	4.00
2023	23,185,132	-	-	-	122,354,931	145,540,063	1,264,941,728	3.95
2024	24,112,537	-	-	-	127,249,128	151,361,665	1,235,043,271	4.00
2025	25,077,038	-	-	-	132,339,094	157,416,132	1,197,609,806	4.00
2026	26,080,120	-	-	-	137,632,657	163,712,777	1,151,840,730	4.00
2027	27,123,325	-	-	-	143,137,964	170,261,289	1,096,864,106	4.00
2028	28,208,258	-	-	-	148,863,482	177,071,740	1,031,730,709	4.00
2029	29,336,588	-	-	-	154,818,022	184,154,610	955,407,599	4.00
2030	30,510,052	-	-	-	161,010,742	191,520,794	866,771,168	4.00
2031	31,730,454	-	-	-	167,451,172	199,181,626	764,599,627	4.00
2032	32,999,672	-	-	-	174,149,219	207,148,891	647,564,886	4.00
2033	34,319,659	-	-	-	181,115,188	215,434,847	514,223,781	4.00
2034	35,692,445	-	-	-	188,359,796	224,052,241	363,008,590	4.00
2035	37,120,143	-	-	-	195,894,187	233,014,330	192,216,790	4.00
2036	38,604,949	-	-	-	-	38,604,949	-	(83.43)
2037	40,149,147	-	-	-	-	40,149,147	-	4.00
2038	41,755,113	-	-	-	-	41,755,113	-	4.00
2039	43,425,318	-	-	-	-	43,425,318	-	4.00
2040	45,162,331	-	-	-	-	45,162,331	-	4.00

Source: Actuarial Valuation Report of the Middlesex County Retirement System, PERAC.
Notes: Recommended contributions are assumed to be paid on July 1 and December 31.
Item (2) increases at 4.0% per year. Item (6) increases at 4% per year beginning in fiscal 2022.
Fiscal 2015 appropriation is budgeted amount determined with prior valuation.
Projected unfunded actuarial accrued liability does not reflect deferred investment gains.
Projected normal cost does not reflect the future impact of pension reform for new hires.

The Town established a Pension Retirement Account to address the issue of unfunded liability. The balance in the fund was $954,378 as of June 30, 2015.

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.

For additional information concerning the Town's retirement system, please refer to Appendix A, attached.

Other Post Employment Benefits

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

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

The Town received special enabling legislation and created a separate fund, the Post Retirement Benefit Liability Fund to deal with the post retirement benefit liability.

In July 2014 the Town updated its actuarial study for both past service liability and post retirement benefits liability. The Town's Unfunded Accrued Actuarial Liability ('UAAL') is approximately $36,891,091 and the Town's annual required contribution was $3,137,833 assuming a 5.50% discount. The Town will continue to update its actuarial study for both past service liability and post-retirement benefit liability. The Town continues to take steps to address this unfunded liability and, on July 1, 2012, the Town moved its employees and retirees over to the Group Insurance Commission, saving significant health costs.

The Town established an OPEB Trust Fund which had a balance of $4,787,361 at June 30, 2015. The Town appropriated $538,125, $551,578 and $565,368 into the Fund in fiscal years 2014, 2015 and 2016, respectively.

For additional information concerning the Town's other post-employment benefits, please refer to Appendix A, attached.

EMPLOYEE RELATIONS

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

The Town has approximately 761 full and part-time permanent employees of whom approximately 66% belong to unions or other collective bargaining groups as follows:

Title of Union Contract	Department	No. of Union Members	Contract Expiration Date (1)
Bedford Police Officers Association	Police	19	6/30/2017
Bedford Permanent Firefighters	Fire	30	6/30/2016
Bedford School Nurses	School	5	6/30/2018
American Federation of State, County and Municipal Employees	Public Works	28	6/30/2016
Bedford Education Association	School	271	6/30/2017
Bedford Custodian Association	School	25	6/30/2015
Bedford School Secretaries Association	School	17	6/30/2018
Bedford School Cafeteria Employees	School	16	6/30/2015
Bedford Teaching/Education Assistants	School	72	6/30/2017
Bedford Emergency Communication Officers	Police	10	6/30/2014
Bedford Police Supervisors Association	Police	9	6/30/2015
		502	

(1) Expired contracts are currently in negotiations.

LITIGATION

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

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

February 23, 2016

APPENDIX A

TOWN OF BEDFORD, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

TOWN OF BEDFORD, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Prepared by:
Finance Department

TOWN OF BEDFORD, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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Introductory Section

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

High School Athletic Field

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TOWN OF BEDFORD

BEDFORD, MASSACHUSETTS 01730

FINANCE DEPARTMENT

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

Letter of Transmittal

December 18, 2015

To the Honorable Selectmen and Citizens of the Town of Bedford:

At the close of each fiscal year, state law requires the Town of Bedford to publish a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) and that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Bedford, Massachusetts, for the fiscal year ending June 30, 2015 for your review.

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

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

The Town of Bedford's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Bedford for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion on the Town of Bedford's financial statements for the fiscal year ended June 30, 2015, and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Bedford was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of Bedford's separately issued GAO and OMB A-133 Reports.

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

Profile of the Town

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

Evolving from an early 17th century colonial trading post, the Town today blends a strong sense of history, a rural small-town flavor and a progressive approach to encouraging high technology and commercial development. The Town's government has received the Massachusetts Municipal Association Pickard Innovation Award on several occasions, including most recently in 2013. That award was for the establishment of the Middlesex 3 Coalition, a regional economic development public/private partnership in conjunction with four other municipalities.

In the southern part of Bedford, in the area of the contiguous Towns of Concord, Lexington and Lincoln, is Hanscom Air Force Base, a leading research facility in electronic systems and catalyst to many related private firms in the region. The Town has attracted industry since Hanscom was established in the 1940's. Adjacent to the Base is Massport's Hanscom Field which is utilized by corporate aviation, private pilots, flight schools, some charters and light cargo carriers. Due to the airfield and its proximity to major technology highways, Route 128 and Route 3, Bedford has developed into a research and high technology location with clusters of highly specialized, interrelated companies. As member of the Middlesex 3 Coalition, Bedford works to strengthen economic development along the Route 3 corridor. Middlesex 3 is a leading Massachusetts area for the advancement of the information technology, life sciences, robotics and advanced manufacturing industries.

Quality of life is paramount and education is a top priority. Bedford is known throughout the state for its high quality school system; Bedford students consistently score in the top percentiles on national and state tests and an extremely high percentage of students graduating from the high school go on to higher education. Bedford's citizens rated the quality of the Town's services very highly when responding to the National Citizens Survey in 2014. Bedford has received an award by America's Promise Alliances as one of the 100 Best Communities for Young people in the nation. The Town is home to Middlesex Community College, the Bedford Veterans Administration Medical Center, several national historic landmarks, a swimming pond and lake, a bike path to the City of Cambridge and beautiful open spaces, consisting of public garden plots, a Town forest, active and passive conservation areas and recreation land.

The Town offers a full range of services including police and fire protection, education, maintenance of streets and infrastructure, solid waste collection and disposal, health and human services, cultural and recreational, administrative and financial services. In 2015, the Town implemented Paramedic Services, as well as hiring 4 new paramedics. The Town is a member community of the Massachusetts Water Resources Authority (MWRA) for its water and sewer services.

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

The Town is not highly dependent on state aid; accordingly, when the state experiences fiscal problems it has a moderate impact on the delivery of services. This leaves the Town in a position of relying mainly on property taxes and other local revenues to cover the increasing cost of providing services and replace any revenue lost from the state. The Town reviews its revenue sources on an ongoing basis to ensure that fees generated cover the related expenses incurred as is best demonstrated by the annual water and sewer rate setting process. Also, the Town, anticipating revenue downturns, has created substantial reserve accounts to deal with such circumstances; if reserves are utilized, they are planned to be replenished at future Town Meetings. In fiscal year 2016 the Town appropriated $500,000 to its stabilization funds, which has a balance of $3.4 million. The Town is utilizing a portion of its property tax levy for fiscal year 2016 to continue funding its Other Postemployment Benefits (OPEB) liability, as it has been doing since fiscal year 2000. In fiscal year 2016 the Town appropriated $565,368 to its OPEB fund, giving it a balance of approximately $5.2 million. The Town also voted in FY2014 to move its OPEB money into the State Pension Retirement Management System (PRIM) to invest its funds. This mechanism will give the Town more flexibility in its investments, and higher returns. Bedford has routinely been able to balance its budget without exceeding the Proposition 2½ property tax limitation. In fact, in fiscal year 2015 Bedford balanced its budget $2.1 million below the Proposition 2½ limit.

Factors Affecting Economic Condition

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

The Town continues to maintain a strong commercial and industrial tax base; in fiscal year 2015, commercial and industrial property revenue represented approximately 31% of the Town's total tax levy capacity. The Town has several geographical advantages for commercial uses, which increase the probability of future commercial development. In order to maximize the economic and environmental benefits from the development of its remaining commercial land, the Town continues to be very proactive and certainly welcomes supports and guides the location of desirable uses into the community.

This objective has been achieved through an attentive policy of short and long-term economic development. Specifically, the Town plans the controlled expansion of employment and commercial activity by attracting, guiding and regulating the expansion of existing commercial buildings or the construction of new areas for the utmost social and fiscal benefit of the community. This policy promotes the careful construction of office, research, light assembly and retail space as an alternative to unregulated development as a mean's of enhancing the Town's economy, employing its residents and increasing Town revenues. Residential values have increased for the last three fiscal years and there continues to be reinvestment in single family properties through renovations or replacement of older homes. There are proposals for new development in Bedford, including a variety of commercial projects. The Town continues to be a very desirable location for development for many reasons, including its' proximity to two major highways, namely, Route 128 and Route 3.

The Town was the first community in the state to adopt the Community Preservation Act, which allows for a 3% surcharge on real estate bills and is also matched by the state. Since its passage in fiscal year 2002, the Town has collected approximately $25 million from a 3% surcharge on property and from corresponding annual State matches. Appropriations from this program continue to be approved annually at either Annual or Special Town Meetings and they have provided funding for many projects in the areas of housing, recreation, open space and other land acquisition, as well as, historic preservation. This continual reaffirmation of a 3% surcharge means that the citizens remain committed to the viability of this program.

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

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

The Town continues to manage its financial affairs in a prudent manner, as is demonstrated by its AAA bond rating from Standard and Poor's. Standard and Poors also upgraded the Towns financial management practices from a "good" to a "strong" rating in September, 2015. This was due to the Town revising and formalizing its fiscal policies; which identified the town long term financial planning for general fund operations and expenditures, and a comprehensive six-year capital plan. The Town has been able to accomplish all this by such initiatives as;

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

A large amount of recent debt, in particular, relates to new school construction and ongoing water/sewer improvements within the town. The Town's fiscal policy with regards to debt is to keep it a level of less than 10% of its budget, along with structuring a smoothing debt schedule. In addition, this policy permits the Town to continually address capital needs through debt replacement programs. The Town utilized a Capital Asset software for its capital asset management, which is being used to track all capital assets, along with projecting the future capital needs of the Town.

Since the mid-nineties, the community renovated or made substantial additions to all of its major municipal and school facilities; many of which were funded by Proposition 2 ½ debt exclusions and in many cases were subject to substantial reimbursement from the Massachusetts School Building Authority (MSBA).

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its Comprehensive Annual Financial Report (CAFR) for the fiscal years ended June 30, 2004 through June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

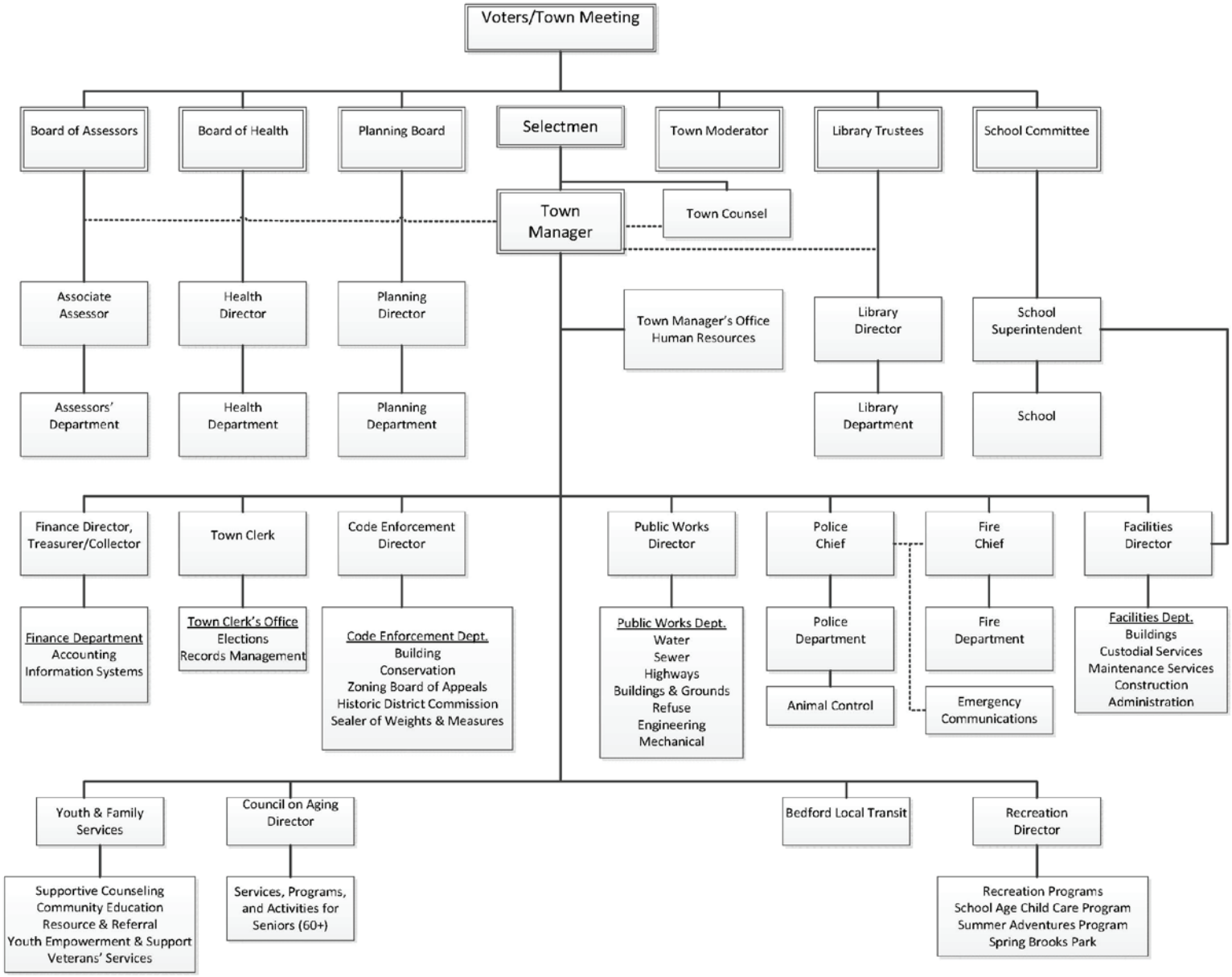
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

Victor Garofalo
Finance Director, Treasurer and Collector

Town of Bedford Organization Chart



Town of Bedford, Massachusetts
Principal Town Officials

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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Bedford

Massachusetts

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Financial Section

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

Bedford Police Department

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CliftonLarsonAllen LLP
CLAconnect.com

Independent Auditors' Report

To the Honorable Selectmen
Town of Bedford, Massachusetts

Report on the Financial Statements

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 Bedford, Massachusetts, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Bedford, Massachusetts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Bedford, Massachusetts, as of June 30, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During fiscal year ended June 30, 2015, the Town adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result of the implementation of these standards, the Town reported a restatement for the change in accounting principle (see Note 19). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (located on pages 14 through 24), general fund and community preservation fund budgetary comparisons and certain pension and other postemployment benefits information (located on pages 72 through 78) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bedford, Massachusetts' basic financial statements. The introductory section, combining statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015 on our consideration of the Town of Bedford, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bedford, Massachusetts' internal control over financial reporting and compliance.

CliftonLarsonAllen LLP
Boston, MA
December 18, 2015

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Management's Discussion and Analysis

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As management of the Town of Bedford Massachusetts (Town), we offer readers of these financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2015.

Financial Highlights

- The assets and deferred outflows of the Town exceeded its liabilities at the close of the most recent fiscal year by $95,501,745 (net position).
- The Town's total net position increased $729,746.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled $7,698,408, or 9.7% of total general fund expenditures and transfers out.
- The Town's total bonded debt decreased $2,632,410 during the fiscal year. The Town issued $2,634,776 of new debt and retired $5,267,186 of existing debt during the fiscal year.

Overview of the Financial Statements

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

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

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

Government-wide financial statements

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

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

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

Both of the government-wide financial statements distinguish functions of the Town that are principally 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*). Governmental activities include general government, public safety, education, public works, water, sewer health and human services, culture and recreation and debt service - interest. Business-type activities include the Town's ambulance operations.

The government-wide financial statements can be found on pages 26-28 of this report.

Fund financial statements

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

1. Governmental funds
2. Proprietary funds
3. Fiduciary funds

Governmental Funds

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

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

The Town maintains 12 individual governmental funds. Information is presented separately in the governmental funds financial statements for the general, sewer (special revenue), high school (capital projects) and community preservation (special revenue) funds, each of which are considered to be major funds. Data from the other 8 governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on pages 81-84 of this report.

The basic governmental funds financial statements can be found on pages 29-35 of this report.

Proprietary Funds

The Town maintains one type of proprietary fund.

The enterprise fund is 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 ambulance operations, which is considered to be a nonmajor fund.

The basic proprietary fund financial statements can be found on pages 36-38 of this report.

Fiduciary Funds

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

The other post-employment benefits (OPEB) trust fund, private-purpose trust funds and agency funds are reported in the fiduciary funds financial statements.

The basic fiduciary funds financial statements can be found at pages 39-40 of this report.

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-71 of this report.

Required supplementary and other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Presented in this information is the budget comparison for the general fund and community preservation fund and certain pension and other post-employment benefits information, which can be found on pages 72-78 of this report.

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

Government-Wide Financial Analysis

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

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's net position was $95,501,745 at the close of the fiscal year and is summarized as follows:

	Governmental Activities		*Business-Type Activities*		*Total*	
	2015	2014 *	2015	2014 *	2015	2014 *
Assets						
Current assets	$ 48,242,514	$ 47,485,978	$ 351,882	$ 347,092	$ 48,594,396	$ 47,833,070
Noncurrent assets (excluding capital assets)	3,386,784	3,862,929	-	-	3,386,784	3,862,929
Capital assets (net)	165,676,188	165,498,914	144,019	132,691	165,820,207	165,631,605
Total assets	217,305,486	216,847,821	495,901	479,783	217,801,387	217,327,604
Deferred Outflows of Resources	147,540	-	848	-	148,388	-
Liabilities						
Current liabilities (excluding debt)	9,693,917	9,171,545	20,416	29,957	9,714,333	9,201,502
Noncurrent liabilities (excluding debt)	61,829,770	59,842,102	307,973	283,637	62,137,743	60,125,739
Current debt	5,390,743	5,237,186	25,000	25,000	5,415,743	5,262,186
Noncurrent debt	45,080,211	47,841,178	100,000	125,000	45,180,211	47,966,178
Total liabilities	121,994,641	122,092,011	453,389	463,594	122,448,030	122,555,605
Net Position						
Net investment in capital assets	117,681,321	114,764,561	19,019	(17,309)	117,700,340	114,747,252
Restricted	22,508,135	23,490,148	-	-	22,508,135	23,490,148
Unrestricted	(44,731,071)	(43,498,899)	24,341	33,498	(44,706,730)	(43,465,401)
Total net position	$ 95,458,385	$ 94,755,810	$ 43,360	$ 16,189	$ 95,501,745	$ 94,771,999

* As restated (Note 19)

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

An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be used.

Unrestricted net position of $24,341 may be used to support business-type activities. The Town has no unrestricted net position available for the support of governmental activities. Such resources have been consumed with the recognition of the net other postemployment benefits obligation and the net pension liability.

Changes in Net Position

The following table summarizes the Town's changes in net position for the fiscal years ended June 30, 2014 and June 30, 2015:

	Governmental Activities		*Business-Type Activities*		*Total*	
	2015	2014 *	2015	2014 *	2015	2014 *
Revenues						
Program Revenues:						
Charges for services	$ 11,686,375	$ 10,813,889	$ 661,871	$ 663,688	$ 12,348,246	$ 11,477,577
Operating grants and contributions	15,402,673	18,194,109	402	344	15,403,075	18,194,453
Capital grants and contributions	1,908,934	1,910,273	-	-	1,908,934	1,910,273
General Revenues:						
Real estate and personal property taxes	56,415,158	54,953,701	-	-	56,415,158	54,953,701
Motor vehicle and other excise taxes	3,502,484	3,434,613	-	-	3,502,484	3,434,613
Penalties and interest on taxes	223,036	202,761	-	-	223,036	202,761
Payments in lieu of taxes	1,547,665	1,537,011	-	-	1,547,665	1,537,011
Community preservation surcharges	1,427,431	1,374,007	-	-	1,427,431	1,374,007
Grants and contributions not restricted to specific programs	1,796,774	1,627,822	-	-	1,796,774	1,627,822
Unrestricted investment income	298,277	474,046	-	-	298,277	474,046
Total revenues	94,208,807	94,522,232	662,273	664,032	94,871,080	95,186,264
Expenses						
General government	6,296,742	10,412,985	-	-	6,296,742	10,412,985
Public safety	9,668,292	22,958,659	-	-	9,668,292	22,958,659
Education	53,508,424	67,805,959	-	-	53,508,424	67,805,959
Public works	7,924,029	12,783,637	-	-	7,924,029	12,783,637
Water	2,886,118	3,320,541	-	-	2,886,118	3,320,541
Sewer	4,763,352	5,288,729	-	-	4,763,352	5,288,729
Health and human services	2,043,551	4,022,321	-	-	2,043,551	4,022,321
Culture and recreation	4,363,964	7,976,939	-	-	4,363,964	7,976,939
Interest	1,715,558	1,841,076	-	-	1,715,558	1,841,076
Ambulance	-	-	971,304	928,484	971,304	928,484
Total expenses	93,170,030	136,410,846	971,304	928,484	94,141,334	137,339,330
Change in net position before transfers	1,038,777	(41,888,614)	(309,031)	(264,452)	729,746	(42,153,066)
Transfers, net	(336,202)	(114,466)	336,202	114,466	-	-
Change in net position	702,575	(42,003,080)	27,171	(149,986)	729,746	(42,153,066)
Net position - beginning of year	94,755,810	136,758,890	16,189	166,175	94,771,999	136,925,065
Net position - end of year	$ 95,458,385	$ 94,755,810	$ 43,360	$ 16,189	$ 95,501,745	$ 94,771,999

* As restated (Note 19)

During the current fiscal year, net position for governmental activities increased $702,575 from the prior fiscal year for an ending balance of $95,458,385. The increase in the overall net position of governmental activities is primarily the result of the net decrease in long-term debt (approximately $2,600,000) exceeding the net increase in other long-term liabilities (approximately $2,100,000).

During the current fiscal year, net position for business-type activities increased $27,171 from the prior fiscal year for an ending balance of $43,360. The increase in the overall net position of business-type activities is primarily the result of a subsidy from the Town's general fund of approximately $35,000.

Fund Financial Statement Analysis

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

Governmental funds

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

At the end of the current fiscal year, the governmental funds reported combined ending fund balances totaling $35,912,299, an increase of $139,720 in comparison with the prior year. Approximately 21.4% of this amount ($7,698,408) represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Nonspendable - $902,796
- Restricted - $19,775,486
- Committed - $5,635,822
- Assigned - $1,899,787

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund totaled $7,698,408, while total fund balance was $17,263,626. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers out. Unassigned fund balance represents 9.7% of total general fund expenditures and transfers out, while total fund balance represents 21.8% of that same amount.

The fund balance of the general fund balance increased $817,212 during the current fiscal year. The increase in fund balance is primarily the result of positive variances in budget to actual results for both revenues and expenditures.

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

The fund balance of the sewer fund (special revenue) decreased $167,711 during the current fiscal year. The fund recognized $4,572,600 in charges for services and transferred $4,740,311 to the general fund.

The fund balance of the high school fund (capital projects) did not change during the current fiscal year, as there was no revenue or expenditure activity in the fund.

The fund balance of the community preservation fund (special revenue) decreased $304,240 during the current fiscal year. The fund recognized $1,419,744 in community preservation surcharges, $482,903 in intergovernmental revenue, $2,976 in other revenue and $9,651 in investment income. The fund incurred expenditures of $970,219. The fund transferred $1,249,325 to other funds.

Proprietary funds

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the ambulance enterprise fund at the end of the year amounted to $24,341. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

General Fund financial summary

- Real estate and personal property tax revenue continues to be the most significant revenue source for the Town, comprising 77% of total general fund budgetary basis revenue. Tax revenue increased in accordance with the provisions of the Massachusetts general law, which limits such increase to 2 ½ % over the preceding year plus an allowance for new growth. In fiscal year 2015, additional taxes were collected outside Proposition 2 ½ for debt payments related to various projects.

- Intergovernmental revenue represents 9% of total general fund budgetary basis revenues.

- Motor vehicle and other excise tax revenue continued to be a strong source of revenue. Motor vehicle and other excise tax revenues represent 5% of the total general fund budgetary basis revenues.

- Education continues to represent the largest category of general fund budgetary basis expenditures (47%). The Town is committed to providing a high-quality education through its public schools.

- Public Safety and Public Works represent a combined 23% of general fund budgetary basis expenditures. This reflects the Town's commitment to providing a safe, secure environment and essential public services.

- Debt service costs in fiscal year 2015 were 9% of total general fund budgetary basis expenditures, which is consistent with the prior fiscal year.

- Employee benefits equal 8% of total general fund budgetary basis expenditures in fiscal year 2015, reflecting high health insurance costs experienced throughout the state and region.

General Fund budgetary highlights

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

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

The original general fund budget of $82,968,517 was increased by $1,637,545 (2.0%) during the fiscal year. The following table summarizes the net increase:

Purpose of Increase	Amount	Funding Source
Transfer to capital projects funds……	$ 1,425,000	Unassigned fund balance
Transfer to stabilization fund……	200,000	Unassigned fund balance
Various……	12,545	Unassigned fund balance
Total net increase……	$ 1,637,545	

Actual revenues exceeded budgeted revenues by approximately $1,590,000. The primary factors are actual real estate and personal property taxes and motor vehicle and other excise taxes exceeded budgetary estimates by approximately $739,000 and $718,000, respectively.

Actual general fund expenditures (including amounts carried forward to next year) were lower than the final budget by approximately $1,466,000. This appropriation variance was mainly comprised of insurance and benefits, School department and debt service interest.

Overall, the Town's operating results, on a budgetary basis, performed better than planned while at the same time achieving a balance between the need for municipal services with the costs of providing these services. Actual expenditures and amounts carried forward to next year were lower than anticipated by 1.9%.

The Town remains committed to conservative budgets, tight management controls, and to maintaining reserves, particularly the stabilization, bond premium stabilization, pension benefits and compensated absence reserve funds (approximately $6.1 million at year end). As in the past, if reserves are used, there is a planned replenishment program that is implemented.

Capital Asset and Debt Administration

Capital Assets

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

The Town defines capital projects using the following guidelines:

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

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

The Town's investment in capital assets at the end of the fiscal year totaled $165,820,207 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles and infrastructure. The total increase in the investment in capital assets for the current fiscal year totaled $188,602.

The major capital asset events that occurred during the current fiscal year were primarily infrastructure improvements of approximately $4.2 million and the purchase of a fire truck for approximately $900,000.

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

	Governmental Activities		*Business-Type Activities*		*Total*	
	2015	2014	2015	2014	2015	2014
Land	$ 30,703,340	$ 30,699,508	$ -	$ -	$ 30,703,340	$ 30,699,508
Buildings and improvements	84,551,165	88,055,319	-	-	84,551,165	88,055,319
Machinery and equipment	1,928,878	1,372,940	31,742	-	1,960,620	1,372,940
Vehicles	3,149,118	1,833,445	112,277	132,691	3,261,395	1,966,136
Infrastructure	45,343,687	43,537,702	-	-	45,343,687	43,537,702
Total capital assets	$ 165,676,188	$ 165,498,914	$ 144,019	$ 132,691	$ 165,820,207	$ 165,631,605

Additional information on the Town's capital assets can be found in Note 5 on pages 54-55 of this report.

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was $50,595,954, which is backed by the full faith and credit of the Town, and is summarized as follows:

	Governmental Activities		*Business-Type Activities*		*Total*	
	2015	2014	2015	2014	2015	2014
General obligation bonds - school construction	$ 20,445,000	$ 24,286,690	$ -	$ -	$ 20,445,000	$ 24,286,690
General obligation bonds - public works	7,864,776	5,885,000	-	-	7,864,776	5,885,000
General obligation bonds - land acquisition	3,860,000	4,220,000	-	-	3,860,000	4,220,000
General obligation bonds - Town Center	2,205,000	2,510,000	-	-	2,205,000	2,510,000
General obligation bonds - refunding	12,020,000	13,918,000	-	-	12,020,000	13,918,000
General obligation bonds - other	2,274,690	680,000	125,000	150,000	2,399,690	830,000
MWRA notes	1,801,488	1,578,674	-	-	1,801,488	1,578,674
Total bonds and notes	$ 50,470,954	$ 53,078,364	$ 125,000	$ 150,000	$ 50,595,954	$ 53,228,364

The Town's total bonded debt decreased $2,632,410 (4.9%) during the current fiscal year. During the fiscal year, the Town issued long-term debt totaling $2,634,776 for water and sewer system improvements, purchases of departmental vehicles and land improvements.

State statutes limit the amount of general obligation debt the Town may issue to 5.0% of its total assessed valuation. The current debt limit is $151,879,065.

The Town received an AAA rating from Standard & Poor's for its most recent issuance of long-term debt. Additional information on the Town's long-term debt can be found in Note 10 on pages 58-60 of this report.

Requests for Information

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

Basic Financial Statements

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TOWN OF BEDFORD
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 17,929,542	$ 136,839	$ 18,066,381
Restricted Cash and Cash Equivalents	15,741,555	-	15,741,555
Investments	3,976,196	-	3,976,196
Restricted Investments	4,159,721	-	4,159,721
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate and Personal Property Taxes	614,159	-	614,159
Tax Liens	241,334	-	241,334
Motor Vehicle and Other Excise Taxes	203,742	-	203,742
User Fees	3,374,327	215,043	3,589,370
Department and Other	97,689	-	97,689
Intergovernmental	1,904,249	-	1,904,249
Total Current Assets	48,242,514	351,882	48,594,396
Noncurrent Assets:			
Receivables, Net of Allowance for Uncollectible Amounts:			
Intergovernmental	3,333,015	-	3,333,015
Tax Foreclosures	53,769	-	53,769
Capital Assets not being Depreciated	30,703,340	-	30,703,340
Capital Assets, Net of Accumulated Depreciation	134,972,848	144,019	135,116,867
Total Noncurrent Assets	169,062,972	144,019	169,206,991
Total Assets	217,305,486	495,901	217,801,387
DEFERRED OUTFLOWS OF RESOURCES			
Related to Pension	147,540	848	148,388
LIABILITIES			
Current Liabilities:			
Warrants Payable	457,310	514	457,824
Accrued Payroll	2,812,917	11,126	2,824,043
Tax Refunds Payable	2,686,590	-	2,686,590
Other Liabilities	1,715,301	-	1,715,301
Abandoned Property	193,155	-	193,155
Accrued Interest	540,107	-	540,107
Compensated Absences	1,288,536	8,776	1,297,312
Long-Term Bonds and Notes Payable	5,390,743	25,000	5,415,743
Total Current Liabilities	15,084,659	45,416	15,130,075
Noncurrent Liabilities:			
Compensated Absences	525,618	2,332	527,950
Net OPEB Obligation	17,615,516	54,407	17,669,923
Net Pension Liability	43,688,637	251,234	43,939,871
Long-Term Bonds and Notes Payable	45,080,211	100,000	45,180,211
Total Noncurrent Liabilities	106,909,982	407,973	107,317,955
Total Liabilities	121,994,641	453,389	122,448,030
NET POSITION			
Net Investment in Capital Assets	117,681,321	19,019	117,700,340
Restricted for:			
Capital Purposes	2,527,708	-	2,527,708
Employee Benefits	2,029,609	-	2,029,609
Sewer	8,137,822	-	8,137,822
Community Preservation	3,321,601	-	3,321,601
Permanent Funds:			
Expendable	303,739	-	303,739
Nonexpendable	902,796	-	902,796
Grants and Gifts	1,471,176	-	1,471,176
Other Specific Purposes	3,813,684	-	3,813,684
Unrestricted	(44,731,071)	24,341	(44,706,730)
Total Net Position	$ 95,458,385	$ 43,360	$ 95,501,745

The accompanying notes are an integral part of the financial statements.

TOWN OF BEDFORD
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense)/ Revenue
Primary Government:					
Governmental Activities:					
General Government	$ 6,296,742	$ 1,240,357	$ 1,348,848	$ 482,903	$ (3,224,634)
Public Safety	9,668,292	1,145,886	401,174	-	(8,121,232)
Education	53,508,424	276,318	11,096,922	-	(42,135,184)
Public Works	7,924,029	72,690	45,660	1,424,311	(6,381,368)
Water	2,886,118	3,447,319	-	-	561,201
Sewer	4,763,352	4,609,770	19,995	-	(133,587)
Health and Human Services	2,043,551	69,429	415,161	-	(1,558,961)
Culture and Recreation	4,363,964	824,606	1,516,927	1,720	(2,020,711)
Debt Service-Interest	1,715,558	-	557,986	-	(1,157,572)
Total Governmental Activities	93,170,030	11,686,375	15,402,673	1,908,934	(64,172,048)
Business-Type Activities:					
Ambulance	971,304	661,871	402	-	(309,031)
Total Primary Government	$ 94,141,334	$ 12,348,246	$ 15,403,075	$ 1,908,934	$ (64,481,079)

TOWN OF BEDFORD
STATEMENT OF ACTIVITIES (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
CHANGES IN NET POSITION			
Net (Expense) Revenue (From Previous Page)	$ (64,172,048)	$ (309,031)	$ (64,481,079)
General Revenues:			
Real Estate and Personal Property Taxes	56,415,158	-	56,415,158
Motor Vehicle and Other Excise Taxes	3,502,484	-	3,502,484
Penalties and Interest on Taxes	223,036	-	223,036
Payments in Lieu of Taxes	1,547,665	-	1,547,665
Community Preservation Surcharges	1,427,431	-	1,427,431
Grants and Contributions not Restricted to Specific Programs	1,796,774	-	1,796,774
Unrestricted Investment Income	298,277	-	298,277
Transfers, Net	(336,202)	336,202	-
Total General Revenues and Transfers	64,874,623	336,202	65,210,825
CHANGE IN NET POSITION	702,575	27,171	729,746
Net Position - Beginning of Year (As Restated)	94,755,810	16,189	94,771,999
NET POSITION - END OF YEAR	$ 95,458,385	$ 43,360	$ 95,501,745

The accompanying notes are an integral part of the financial statements.

TOWN OF BEDFORD
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

ASSETS	General	Sewer	High School
Cash and Cash Equivalents	$ 17,929,542	$ -	$ -
Investments	3,976,196	-	-
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate and Personal Property Taxes	614,159	-	-
Tax Liens	241,334	-	-
Motor Vehicle and Other Excise taxes	203,742	-	-
User Fees	1,471,960	1,902,367	-
Departmental and Other	3,577	-	-
Intergovernmental	3,809,160	-	-
Due from Other Funds	426,811	-	-
Tax Foreclosures	53,769	-	-
Restricted Assets:			
Cash and Cash Equivalents	466,040	6,235,455	51,623
Investments	1,563,569	-	-
Total Assets	$ 30,759,859	$ 8,137,822	$ 51,623
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Warrants Payable	$ 303,739	$ -	$ -
Accrued Payroll	2,674,918	-	-
Tax Refunds Payable	2,686,590	-	-
Other Liabilities	1,715,302	-	-
Abandoned Property	193,155	-	-
Due to Other Funds	-	-	-
Total Liabilities	7,573,704	-	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	5,922,529	1,902,367	-
FUND BALANCES			
Nonspendable	-	-	-
Restricted	2,029,609	6,235,455	51,623
Committed	5,635,822	-	-
Assigned	1,899,787	-	-
Unassigned	7,698,408	-	-
Total Fund Balances	17,263,626	6,235,455	51,623
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 30,759,859	$ 8,137,822	$ 51,623

The accompanying notes are an integral part of the financial statements.

Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ 17,929,542
-	-	3,976,196
-	-	614,159
-	-	241,334
-	-	203,742
-	-	3,374,327
19,430	74,683	97,690
-	1,428,104	5,237,264
-	-	426,811
-	-	53,769
3,325,744	5,662,693	15,741,555
-	2,596,152	4,159,721
$ 3,345,174	$ 9,761,632	$ 52,056,110
$ 23,573	$ 129,998	$ 457,310
-	137,999	2,812,917
-	-	2,686,590
-	-	1,715,302
-	-	193,155
-	426,811	426,811
23,573	694,808	8,292,085
19,430	7,400	7,851,726
-	902,796	902,796
3,302,171	8,156,628	19,775,486
-	-	5,635,822
-	-	1,899,787
-	-	7,698,408
3,302,171	9,059,424	35,912,299
$ 3,345,174	$ 9,761,632	$ 52,056,110

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TOWN OF BEDFORD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total Governmental Fund Balances (Page 30)	$	35,912,299
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		165,676,188
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds		7,851,726
In the statement of net position, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due		(540,107)
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		(50,470,954)
Compensated Absences		(1,814,154)
Net Pension Liability		(43,688,637)
Net OPEB Obligation		(17,615,516)
In the statement of net position, deferred outflows of resources are reported for amounts related to pensions		147,540
Net Position of Governmental Activities (Page 26)	$	95,458,385

The accompanying notes are an integral part of the financial statements.

TOWN OF BEDFORD
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General	Sewer	High School
REVENUES			
Real Estate and Personal Property Taxes	$ 56,529,235	$ -	$ -
Motor Vehicle and Other Excise Taxes	3,468,052	-	-
Payments in Lieu of Taxes	1,547,665	-	-
Community Preservation Surcharges	-	-	-
Charges for Services	3,120,653	4,572,600	-
Intergovernmental	6,654,229	-	-
Penalties and Interest on Taxes	223,036	-	-
Departmental and Other	2,147,598	-	-
Contributions	-	-	-
Investment Income	241,048	-	-
Total Revenues	73,931,516	4,572,600	-
EXPENDITURES			
Current:			
General Government	3,207,358	-	-
Public Safety	5,960,462	-	-
Education	36,872,362	-	-
Public Works	5,518,949	-	-
Water	2,318,935	-	-
Sewer	588,154	-	-
MWRA Assessment	3,089,601	-	-
Health and Human Services	1,194,987	-	-
Culture and Recreation	1,323,942	-	-
Pension Benefits	3,418,799	-	-
Other Post Employment Benefits	551,578	-	-
Employee Benefits	6,071,720	-	-
State and County Charges	371,984	-	-
Debt Service:			
Principal	5,242,186	-	-
Interest	1,809,515	-	-
Total Expenditures	77,540,532	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,609,016)	4,572,600	-
OTHER FINANCING SOURCES (USES)			
Issuance of Bonds and Notes	-	-	-
Premium from Issuance of Bonds and Notes	479,406	-	-
Transfers In	5,708,024	-	-
Transfer Out	(1,761,202)	(4,740,311)	-
Total Other Financing Sources (Uses)	4,426,228	(4,740,311)	-
NET CHANGE IN FUND BALANCES	817,212	(167,711)	-
Fund Balances - Beginning of Year	16,446,414	6,403,166	51,623
FUND BALANCES - END OF YEAR	$ 17,263,626	$ 6,235,455	$ 51,623

The accompanying notes are an integral part of the financial statements.

Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ 56,529,235
-	-	3,468,052
-	-	1,547,665
1,419,774	-	1,419,774
-	-	7,693,253
482,903	4,954,034	12,091,166
2,976	-	226,012
-	5,042,101	7,189,699
-	498,111	498,111
9,651	65,052	315,751
1,915,304	10,559,298	90,978,718
970,219	1,474,642	5,652,219
-	2,273,034	8,233,496
-	4,277,690	41,150,052
-	2,327,802	7,846,751
-	522,994	2,841,929
-	1,822,372	2,410,526
-	-	3,089,601
-	165,905	1,360,892
-	2,241,788	3,565,730
-	-	3,418,799
-	-	551,578
-	-	6,071,720
-	-	371,984
-	-	5,242,186
-	-	1,809,515
970,219	15,106,227	93,616,978
945,085	(4,546,929)	(2,638,260)
-	2,634,776	2,634,776
-	-	479,406
-	2,164,040	7,872,064
(1,249,325)	(457,428)	(8,208,266)
(1,249,325)	4,341,388	2,777,980
(304,240)	(205,541)	139,720
3,606,411	9,264,965	35,772,579
$ 3,302,171	$ 9,059,424	$ 35,912,299

TOWN OF BEDFORD
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Net Change in Fund Balances - Total Governmental Funds (Page 34)	$	139,720
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts represent the related activity of the current period.		
Capital Outlays		7,609,163
Depreciation		(7,415,305)
In the statement of activities, the loss on the disposals of capital assets is reported, whereas in the governmental funds the disposals are not reported as financial resources. As a result, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed		(16,584)
Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds. 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 inflows of resources.		(343,662)
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net position. 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. These amounts represent the related activity of the current period.		
Proceeds of Bonds		(2,634,776)
Bond Maturities		5,242,186
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable		93,957
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes:		
Compensated Absences		(149,055)
Net OPEB Obligation		(1,257,924)
Net Pension Liability		(712,685)
In the statement of activities, deferred outflows related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred outflows related to pensions.		147,540
Changes in Net Position of Governmental Activities (Page 28)	$	702,575

The accompanying notes are an integral part of the financial statements.

TOWN OF BEDFORD
PROPRIETARY FUNDS
STATEMENT OF FUND NET POSITION
JUNE 30, 2015

	Business-Type Activities - Enterprise Funds
	Nonmajor Ambulance
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 136,839
Receivables, Net of Allowance for Uncollectible Amounts:	
User Fees	215,043
Total Current Assets	351,882
Noncurrent Assets:	
Capital Assets, Net of Accumulated Depreciation	144,019
Total Assets	495,901
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pension	848
LIABILITIES	
Current Liabilities:	
Warrants Payable	514
Accrued Payroll	11,126
Compensated Absences	8,776
Long-Term Bonds and Notes Payable	25,000
Total Current Liabilities	45,416
Noncurrent Liabilities:	
Compensated Absences	2,332
Net Pension Liability	251,234
Net OPEB Obligation	54,407
Long-Term Bonds and Notes Payable	100,000
Total Noncurrent Liabilities	407,973
Total Liabilities	453,389
FUND NET POSITION	
Net Investment in Capital Assets	19,019
Unrestricted	24,341
Total Fund Net Position	$ 43,360

The accompanying notes are an integral part of the financial statements.

TOWN OF BEDFORD
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds
	Nonmajor Ambulance
OPERATING REVENUES	
Charges for Services	$ 661,871
OPERATING EXPENSES	
Cost of Service and Administration	942,738
Depreciation	23,941
Total Operating Expenses	966,679
OPERATING INCOME (LOSS)	(304,808)
NONOPERATING REVENUES (EXPENSES)	
Investment Income	402
Interest Expense	(4,625)
Total Nonoperating Revenues (Expenses), Net	(4,223)
INCOME (LOSS) BEFORE TRANSFERS	(309,031)
Transfers In	336,202
CHANGE IN FUND NET POSITION	27,171
Fund Net Position - Beginning of Year (As Restated)	16,189
FUND NET POSITION - END OF YEAR	$ 43,360

The accompanying notes are an integral part of the financial statements.

TOWN OF BEDFORD
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds
	Nonmajor Ambulance
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	$ 630,621
Payments to Vendors	(235,636)
Payments to Employees	(693,155)
Net Cash From Operating Activities	(298,170)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers In	336,202
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(35,269)
Principal Payments on Bonds and Notes	(25,000)
Interest Paid	(4,625)
Net Cash From Capital and Related Financing Activities	(64,894)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	402
NET CHANGE IN CASH AND CASH EQUIVALENTS	(26,460)
Cash and Cash Equivalents - Beginning of Year	163,299
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 136,839
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES	
Operating Income (Loss)	$ (304,808)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Adjustments not Requiring Current Cash Flows:	
Depreciation	23,941
Adjustments Requiring Current Cash Flows:	
Changes in Assets and Liabilities:	
User Fees	(31,250)
Warrants Payable	(12,803)
Accrued Payroll	1,280
Compensated Absences	2,233
Net Pension Liability and Related	3,250
Net OPEB Obligation	19,987
Total Adjustments	6,638
Net Cash From Operating Activities	$ (298,170)

The accompanying notes are an integral part of the financial statements.

TOWN OF BEDFORD
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	OPEB Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Cash Equivalents	$ -	$ 1,932	$ 376,750
Investments:			
Equities	-	7,802	-
Fixed Income	-	78,101	-
External Investment Pool	4,787,362	-	-
Total Assets	4,787,362	87,835	$ 376,750
LIABILITIES			
Liabilities Due Depositors	-	-	$ 376,750
NET POSITION			
Assets held in trust for OPEB benefits and other purposes	$ 4,787,362	$ 87,835	

The accompanying notes are an integral part of the financial statements.

TOWN OF BEDFORD
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	OPEB Trust Fund	Private Purpose Trust Funds
ADDITIONS		
Contributions:		
Employer	$ 551,578	$ -
Net Investment Income:		
Net Appreciation in Fair Value of Investments	58,846	-
Interest and Dividends	119,323	1,692
Total Investment Income	178,169	1,692
Less: Investment Expense	(26,359)	-
Net Investment Income	151,810	1,692
Total Additions and Change in Net Position	703,388	1,692
Net Position - Beginning of Year	4,083,974	86,143
NET POSITION - END OF YEAR	$ 4,787,362	$ 87,835

The accompanying notes are an integral part of the financial statements.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

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

B. Reporting Entity

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

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

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

C. Implementation of New Accounting Principles

For the year ending June 30, 2015, the Town implemented the following pronouncements issued by the GASB:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*
- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*

The implementation of GASB Statement No. 68 and 71 required the reporting of pension items for the Town's future pension benefits obligations and also expanded footnote disclosures and required supplementary information.

The implementation of GASB Statement No. 69 had no reporting impact for the Town.

D. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (statement of net position and the statement of activities) report information on all 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 primarily supported by user fees.

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.

Fiduciary funds are reported by fund type.

E. Measurement Focus, Basis of Accounting and Basis of 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 function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

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

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

Except for charges between the general fund and enterprise funds, the effect of interfund activity has been eliminated from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

The *sewer fund* is a special revenue fund whose financial resources are sewer user fees. Funds are transferred from the fund annually, as available and as needed, to help fund the sewer operations of the general fund.

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

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

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

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

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

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

Proprietary funds financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting, whereby 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 following nonmajor proprietary fund is reported:

The *ambulance enterprise fund* is used to account for ambulance activities.

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

The following fiduciary fund types are reported:

The *OPEB trust fund* is an irrevocable trust fund established for other postemployment benefits, which accumulates resources to reduce the unfunded actuarial liability of health care and other postemployment benefits.

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefits individuals, private organizations, or other governments. The Town reports one (1) private-purpose trust fund (Goodwin Charity fund).

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

F. Deposits and Investments

Government-Wide and Fund Financial Statements

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

G. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide and proprietary 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 Taxes, Personal Property Taxes and Tax Liens

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

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

Motor Vehicle Excise Taxes

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

User Fees

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

User fees for ambulance are billed based on individual services. Ambulance fees are recorded as receivables in the fiscal year the services are provided.

Intergovernmental

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

H. Allowance for Uncollectible Amounts

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

- Personal property taxes
- Motor vehicle and other excise taxes
- User fees (ambulance)
- Departmental and other

The following types of accounts receivable are secured via the lien process and are considered 100% collectible.

- Real estate taxes and tax liens
- User fees and liens (water and sewer)

Intergovernmental receivables are considered 100% collectible.

I. Inventories

<u>Government-Wide and Fund Financial Statements</u>

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

J. Restricted Assets

Government-Wide and Fund Financial Statements

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

K. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

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

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

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

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

Governmental Fund Financial Statements

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

L. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are not eliminated from the individual fund statements.

M. Interfund Transfers

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

Government-Wide Financial Statements

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

N. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

The Town has one item that qualifies for reporting in this category. Deferred outflows related to pensions are reported in the government-wide and proprietary funds financial statements in accordance with GASB Statement No. 68.

O. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Town has one item that qualifies for reporting in this category. Deferred inflows for unavailable revenue are reported in the governmental funds balance sheet. Unavailable revenue 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.

P. Net Position and Fund Balances

Government-Wide and Proprietary Fund Financial Statements (Net Position)

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

Net position has been "restricted" for the following:

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

"Employee benefits" represents amounts restricted for health and pension benefits.

"Sewer" represents amounts restricted for sewer operations.

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

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

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

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

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

Governmental Funds Financial Statements (Fund Balances)

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

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

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

Committed — represents amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority. Town Meeting is the highest level of decision-making authority for the Town that can, by majority vote of a motion, commit fund balance. Once adopted, the limitation imposed by the motion remains in place until a similar action is taken (the adoption of another motion) to remove or revise the limitation.

Assigned — represents amount that are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The governing body's (Board of Selectmen) fund balance policy authorizes individual department heads to assign fund balance for non-contractual encumbrances. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

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

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

Q. Long-term Debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Funds Financial Statements

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

R. 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 the ambulance enterprise fund is retained in the fund.

S. 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 Funds Financial Statements

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

T. Pensions

Government-Wide and Fund Financial Statements

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Middlesex County Retirement System (MCRS) and additions to/deductions from MCRS's fiduciary net position have been determined on the same basis as they are reported by MCRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

U. Post Retirement Benefits

Government-Wide and Fund Financial Statements

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

V. Use of Estimates

Government-Wide and Fund Financial Statements

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

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

An annual budget is adopted for the general fund and community preservation fund in conformity with the guidelines described above. The original fiscal year 2015 approved budget for the general fund authorized $82,968,517 in appropriations. During fiscal year 2015, an increase in appropriations totaling $1,637,545 were authorized. The original and final fiscal year 2015 approved budget for the community preservation fund authorized $3,169,754 in appropriations.

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

The budgetary comparison schedules presented in the accompanying required supplementary information presents comparisons of the legally adopted budget, as amended, with actual results. The originally adopted budget is presented for purposes of comparison to the final, amended budget.

B. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2015, expenditures exceeded appropriations for snow and ice removal (public works). The snow and ice removal over-expenditure will be funded by taxes during fiscal year 2016.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

The municipal finance laws of the Commonwealth authorize the Town to invest other post employment benefits trust (OPEB) funds in the Pension Reserve Investment Trust (PRIT).

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

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

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town's deposits may not be recovered. The Town does not have a policy for custodial credit risk of deposits. The Town utilizes Veribanc services to monitor its cash and investment accounts on a quarterly basis. As of June 30, 2015, $10,942,983 of the Town's bank balance of $27,016,130 was uninsured and uncollateralized.

Investments Summary

The Town's investments at June 30, 2015 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Fair Value	Investment Maturities (in Years) Less Than 1	1 - 5	6 - 10	More Than 10
Debt Securities:					
U.S. Agencies	$ 341,165	$ -	341,165	-	-
Corporate bonds	1,149,405	-	548,122	316,973	284,310
Money market mutual funds	1,663,292	1,663,292	-	-	-
Certificates of deposit	5,694,693	1,780,785	3,408,613	336,170	169,125
External investment pools	11,548,863	11,548,863	-	-	-
Total debt securities	20,397,418	$ 14,992,940	$ 4,297,900	$ 653,143	$ 453,435
Other Investments:					
Equity securities	1,489,240				
Total investments	$ 21,886,658				

Investments - Interest Rate Risk of Debt Securities

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

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. The Town does not have a policy for custodial credit risk of investments. As of June 30, 2015, the Town was not exposed to custodial credit risk.

Investments - Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The Town does not have a policy for credit risk of debt securities. As of June 30, 2015, the credit quality ratings of the Town's investments in debt securities are as follows:

Investment Type	Fair Value	Quality Ratings * A+	A-	A	AA+	BB	BBB+	BBB-	Unrated
U.S. Agencies	$ 341,165	$ -	$ -	$ -	$ 341,165	$ -	$ -	$ -	$ -
Corporate bonds	1,149,405	109,688	241,184	207,598	122,460	97,975	198,688	161,850	9,962
Money market mutual funds	1,663,292	-	-	-	-	-	-	-	1,663,292
Certificates of deposit	5,694,693	-	-	-	-	-	-	-	5,694,693
External investment pools	11,548,863	-	-	-	-	-	-	-	11,548,863
Total	$ 20,397,418	$ 109,688	$ 241,184	$ 207,598	$ 463,625	$ 97,975	$ 198,688	$ 161,850	$ 18,916,810

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

Deposits and Investments – Foreign Currency Risk

Foreign currency risk is the risk that fluctuations in exchange rates will adversely affect the fair value of an investment or a deposit. The Town does not have a policy for foreign currency risk. As of June 30, 2015, the Town was not exposed to foreign currency risk.

Investments – Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town does not have a policy for concentration of credit risk. As of June 30, 2015, the Town was not exposed to concentration of credit risk.

NOTE 4 – ACCOUNTS RECEIVABLE

At June 30, 2015, receivables for the individual major governmental funds and nonmajor governmental and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Real estate and personal property taxes.....	$ 614,159	$ -	$ 614,159
Tax liens.....	241,334	-	241,334
Motor vehicle and other excise taxes.....	203,742	-	203,742
User fees.....	3,374,327	-	3,374,327
Departmental and other.....	97,690	-	97,690
Intergovernmental.....	5,237,264	-	5,237,264
	$ 9,768,516	$ -	$ 9,768,516

At June 30, 2015, receivables for the ambulance enterprise fund, including the applicable allowances for uncollectible amounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
User fees.....	$ 233,742	$ (18,699)	$ 215,043

The Commonwealth has approved school construction assistance to the Town. The assistance program, which is administered by the Massachusetts School Building Authority (MSBA), provides resources for future debt service of general obligation school bonds outstanding and reimbursements of construction costs as they occur. During fiscal year 2015, $537,251 of such assistance was received. $4,298,008 will be received in future fiscal years. Of this amount, $488,848 represents reimbursement of long-term interest costs and $3,809,160 represents reimbursement of approved construction costs. Accordingly, a $3,809,160 intergovernmental receivable has been reported in the governmental funds financial statements.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 30,699,508	$ 3,832	$ -	$ 30,703,340
Capital assets being depreciated:				
Buildings and improvements	138,215,879	750,856	-	138,966,735
Machinery and equipment	5,235,150	885,045	(19,678)	6,100,517
Vehicles	6,052,438	1,770,057	(221,817)	7,600,678
Infrastructure	110,374,044	4,199,373	-	114,573,417
Total capital assets being depreciated	259,877,511	7,605,331	(241,495)	267,241,347
Less accumulated depreciation for:				
Buildings and improvements	(50,160,560)	(4,255,010)	-	(54,415,570)
Machinery and equipment	(3,862,210)	(329,107)	19,678	(4,171,639)
Vehicles	(4,218,993)	(437,800)	205,233	(4,451,560)
Infrastructure	(66,836,342)	(2,393,388)	-	(69,229,730)
Total accumulated depreciation	(125,078,105)	(7,415,305)	224,911	(132,268,499)
Total capital assets being depreciated, net	134,799,406	190,026	(16,584)	134,972,848
Total governmental activities capital assets, net	$ 165,498,914	$ 193,858	$ (16,584)	$ 165,676,188

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets being depreciated:				
Machinery and equipment	$ -	$ 35,269	$ -	$ 35,269
Vehicles	173,519	-	-	173,519
Total capital assets being depreciated	173,519	35,269	-	208,788
Less accumulated depreciation for:				
Machinery and equipment	-	(3,527)	-	(3,527)
Vehicles	(40,828)	(20,414)	-	(61,242)
Total accumulated depreciation	(40,828)	(23,941)	-	(64,769)
Total capital assets being depreciated, net	132,691	11,328	-	144,019
Total business-type activities capital assets, net	$ 132,691	$ 11,328	$ -	$ 144,019

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

Governmental Activities:		
General government	$	599,134
Public safety		336,730
Education		3,418,578
Public works		1,553,087
Water		477,967
Sewer		865,889
Culture and recreation		163,920
Total depreciation expense - governmental activities	$	7,415,305
Business-Type Activities:		
Ambulance	$	23,941

NOTE 6 – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets at June 30, 2015 is summarized as follows:

Governmental Activities		
Capital assets, net of accumulated depreciation	$	165,676,188
Less capital related debt outstanding		(50,470,954)
Add unspent proceeds of capital related debt		2,476,087
Net investment in capital assets	$	117,681,321
Business-Type Activities		
Capital assets, net of accumulated depreciation	$	144,019
Less capital related debt outstanding		(125,000)
Net investment in capital assets	$	19,019

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2015, receivables and payables between the general fund and nonmajor governmental funds totaled $426,811 and represent advance-funding of intergovernmental receivables.

Interfund transfers for the fiscal year ended June 30, 2015, are summarized as follows:

	Transfers In:				
Transfers Out:	General Fund	Nonmajor Governmental Funds	Ambulance Enterprise Fund	Total	
General Fund	$ -	$ 1,425,000	$ 336,202	$ 1,761,202	(1)
Sewer Fund	4,740,311	-	-	4,740,311	(2)
Community Preservation Fund	677,713	571,612	-	1,249,325	(3)
Nonmajor Governmental Funds	290,000	167,428	-	457,428	(4)
	$ 5,708,024	$ 2,164,040	$ 336,202	$ 8,208,266	

(1) Represents budgeted transfers to the ambulance enterprise fund for indirect costs and subsidy and to the capital projects funds

(2) Represents budgeted transfer to the general fund to fund sewer operations

(3) Represents budgeted transfers to the general fund for debt service and to the capital projects funds

(4) Represents budgeted transfer to the general fund from the federal impact aid fund and miscellaneous transfers between nonmajor governmental funds

NOTE 8 - SHORT-TERM FINANCING

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

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

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

Details related to the short-term debt activity for the fiscal year ended June 30, 2015, is as follows:

Governmental Funds

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2014	Increases	Decreases	Balance at June 30, 2015
BAN	Sewer Force Main Improvements	6/25/15	10/30/15	0.45%	-	439,466	(439,466)	-

Subsequent Event

On October 15, 2015, the Town issued $5,060,000 of general obligation bonds, of which $439,466 was used to retire BANs outstanding at June 30, 2015. Accordingly, $439,466 of BANs have been reclassified to long-term debt at June 30, 2015.

NOTE 9 - LONG-TERM OBLIGATIONS

The following represents a summary of the changes that occurred in long-term obligations during the fiscal year ended June 30, 2015:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015	Current Portion
Governmental Activities:					
Compensated absences	$ 1,665,099	$ 199,792	$ (50,737)	$ 1,814,154	$ 1,288,536
Long-term bonds payable	51,499,690	2,159,776	(4,990,000)	48,669,466	5,155,000
Long-term notes payable	1,578,674	475,000	(252,186)	1,801,488	235,743
Net pension liability	42,975,952	4,131,484	(3,418,799)	43,688,637	-
Net OPEB obligation	16,357,592	3,163,857	(1,905,933)	17,615,516	-
Total	$ 114,077,007	$ 10,129,909	$ (10,617,655)	$ 113,589,261	$ 6,679,279
Business-type Activities:					
Bonds and notes payable	$ 150,000	$ -	$ (25,000)	$ 125,000	$ 25,000
Compensated absences	8,875	2,233	-	11,108	8,776
Net pension liability	247,136	23,758	(19,660)	251,234	-
Net OPEB obligation	34,420	83,256	(63,269)	54,407	-
Total	$ 440,431	$ 109,247	$ (107,929)	$ 441,749	$ 33,776

The governmental activities long-term liabilities are generally liquidated by the general fund. The business-type activities long-term liabilities are generally liquidated by the ambulance enterprise fund and general fund subsidies.

NOTE 10 - LONG-TERM DEBT

Details related to the outstanding indebtedness at June 30, 2015, and the debt service requirements are as follows:

Bonds and Notes Payable – Governmental Activities

Project	Original Issue	Interest Rate (%)	Maturity Date	Outstanding at June 30, 2014	Additions	Reductions	Outstanding at June 30, 2015
Water Equipment	448,000	3.74	05/01/15	$ 50,000	$ -	$ (50,000)	$ -
Water Mains	1,780,000	3.96	05/01/26	1,120,000	-	(95,000)	1,025,000
Water Bonds - MWRA	382,433	0.00	11/15/16	114,731	-	(38,243)	76,488
High School Renovation	2,250,000	3.90	05/01/24	1,305,000	-	(135,000)	1,170,000
Land Acquisition	400,000	3.90	05/01/24	225,000	-	(25,000)	200,000
Town Center Facility	2,110,000	3.92	05/01/24	1,235,000	-	(125,000)	1,110,000
Town Hall Remodeling	392,000	3.93	05/01/25	220,000	-	(20,000)	200,000
High School Renovation	14,725,000	4.23	09/15/26	11,225,000	-	(875,000)	10,350,000
Fire Pumper	410,000	3.60	09/15/14	80,000	-	(80,000)	-
High School Renovation	11,177,000	2.50	08/15/30	9,485,000	-	(560,000)	8,925,000
Water Mains	475,000	2.50	08/15/25	370,000	-	(35,000)	335,000
Water Standpipe	150,000	2.50	08/15/17	80,000	-	(20,000)	60,000
Sewer Expansion	339,000	2.50	08/15/25	260,000	-	(25,000)	235,000
Road Resurfacing	1,200,000	2.50	08/15/18	705,000	-	(165,000)	540,000
Shawsheen Well	100,000	2.50	08/15/20	70,000	-	(10,000)	60,000
Middlesex Turnpike	930,000	1.45	08/15/25	735,000	-	(65,000)	670,000
General Obligation Refunding Bonds	2,775,000	2.14	12/01/17	875,000	-	(335,000)	540,000
Sewer Bonds - MWRA	319,715	0.00	05/15/15	63,943	-	(63,943)	-
Summer Street Drainage	180,000	4.00	08/15/20	120,000	-	(20,000)	100,000
Town Center North Wing	1,535,000	4.08	08/15/20	1,055,000	-	(160,000)	895,000
Land Acquisition CPA	5,000,000	3.66	08/15/25	3,995,000	-	(335,000)	3,660,000
North Road Water Main Replacement	625,000	2.34	10/15/26	525,000	-	(45,000)	480,000
Road Resurfacing	1,300,000	2.34	10/15/21	1,040,000	-	(130,000)	910,000
Water Main Improvement	550,000	2.34	10/15/26	470,000	-	(40,000)	430,000
Water	400,000	2.34	10/15/26	340,000	-	(30,000)	310,000
Fire Mini Pumper	218,000	2.34	10/15/19	155,000	-	(30,000)	125,000
General Obligation Refunding Bonds	9,440,000	1.43	02/01/23	8,420,000	-	(1,010,000)	7,410,000
Water Bonds - MWRA	1,000,000	0.00	08/15/22	900,000	-	(100,000)	800,000
General Obligation Refunding Bonds	4,623,000	2.14	07/15/24	4,585,000	-	(515,000)	4,070,000
General Obligation Bonds	507,000	2.14	07/15/23	445,000	-	(55,000)	390,000
Water main improvement - MWRA	500,000	0.00	08/15/23	500,000		(50,000)	450,000
Sabourin Field Synthetic Turf	495,000	0.50	10/15/22	400,000	95,000	-	495,000
Water Quality System Enhancements	155,000	0.50	10/15/23	155,000	-	-	155,000
School Way/Communications Center	350,000	0.50	10/15/24	350,000	-	-	350,000
Communications Center	504,690	0.50	10/15/23	504,690	-	-	504,690
Sewer Main Improvements	1,210,310	0.50	10/15/34	900,000	310,310	-	1,210,310
Two Dump Trucks	905,000	0.50	10/15/24	-	905,000	-	905,000
Ladder Truck	410,000	0.50	10/15/24	-	410,000	-	410,000
Water Mains Improvements - MWRA	475,000	0.00	08/25/24	-	475,000	-	475,000
Sewer Main Improvements	439,466	3.00	10/15/40	-	439,466	-	439,466
Total governmental activities				$ 53,078,364	$ 2,634,776	$ (5,242,186)	$ 50,470,954

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

Fiscal Year	Principal	Interest	Total
2016.....	$ 5,390,743	$ 1,712,178	$ 7,102,921
2017.....	5,250,211	1,528,019	6,778,230
2018.....	5,107,500	1,325,254	6,432,754
2019.....	4,857,500	1,120,252	5,977,752
2020.....	4,747,500	942,977	5,690,477
2021.....	4,657,500	786,552	5,444,052
2022.....	4,382,500	648,253	5,030,753
2023.....	4,072,500	515,289	4,587,789
2024.....	3,067,500	394,541	3,462,041
2025.....	2,372,500	297,110	2,669,610
2026.....	2,135,000	213,090	2,348,090
2027.....	1,515,000	139,206	1,654,206
2028.....	635,000	97,225	732,225
2029.....	630,000	72,788	702,788
2030.....	630,000	48,413	678,413
2031.....	630,000	24,032	654,032
2032.....	75,000	10,725	85,725
2033.....	75,000	8,475	83,475
2034.....	75,000	6,225	81,225
2035.....	75,000	3,975	78,975
2036.....	15,000	2,625	17,625
2037.....	15,000	2,160	17,160
2038.....	15,000	1,680	16,680
2039.....	15,000	1,200	16,200
2040.....	15,000	720	15,720
2041.....	15,000	240	15,240
Totals.....	$ 50,470,954	$ 9,903,204	$ 60,374,158

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 non-interest bearing loans (payable in five equal annual installments) and, in some instances, grants. During fiscal year 2015, $475,000 was received from the program, all of which was a loan. At June 30, 2015, the outstanding principal amount of these loans totaled $1,801,488.

Subsequent Event

The Town received $169,400 of proceeds from the issuance of MWRA loans on August 17, 2015.

Bonds Payable – Ambulance Enterprise Fund

Project	Original Issue	Interest Rate (%)	Maturity Date	Outstanding at June 30, 2014	Additions	Reductions	Outstanding at June 30, 2015
Fire Ambulance Replacement….	204,000	2.34	10/15/19	$ 150,000	$ -	$ (25,000)	$ 125,000

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

Fiscal Year	Principal	Interest	Total
2016……	$ 25,000	$ 3,875	$ 28,875
2017……	25,000	3,125	28,125
2018……	25,000	2,250	27,250
2019……	25,000	1,250	26,250
2020……...	25,000	375	25,375
Total……..	$ 125,000	$ 10,875	$ 135,875

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, 2015, the Town had the following authorized and unissued debt:

Purpose	Amount
Sewer (Bedford Street Force Main)……	$ 4,459,851
Town Hall Refurbishments……	853,388
Water Main Improvements……	753,962
Middlesex Turnpike Water Main……	425,000
Town-wide Phone System……..	378,106
Street Lighting Upgrade LED……	310,900
Water Main Improvements (MWRA)……	298,600
Crosby Drive Water Standpipe Painting……	260,000
Sewer Inflow and Infiltration……	200,000
Sewer Pump Station……	170,000
Water Standpipe Painting & Preparations……	170,000
Infiltration/Inflow Program……	150,000
Town Hall/Town Center Site Lighting Upgrade……	31,230
John Glenn Middle School Site Lighting Upgrade……	18,745
Total……	$ 8,479,782

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS

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

The OPEB trust fund reported in the fiduciary funds financial statements is reported using the flow of economic resources measurement focus and uses the accrual basis of accounting. Contributions are recognized as additions in the period when they become due pursuant to formal commitments, statutory or contractual requirements. Benefits and refunds are recognized as deductions when incurred.

The OPEB trust fund investments are in PRIT, an external investment pool that operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee. The reported value of the pool is the same as the fair value of pool shares.

The number of participants as of July 1, 2014, the latest actuarial valuation, is as follows:

Active employees……	609
Retired employees……	394
Total……	1,003

Funding Policy – The contribution requirements of Plan members and the Town are established and may be amended by the Town. The required health insurance contribution rates of Plan members and the Town are 17-50% and 50-83%, respectively. The Town currently contributes money to the Plan to satisfy current obligations on a pay-as-you-go basis and makes additional pre-funding contributions to the Plan annually as approved by Town Meeting vote. The costs of administering the Plan are paid by the Town.

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

The following table shows the components of the Town's annual OPEB cost for the year, the actual amount contributed to the plan, and changes in the Town's net OPEB obligation:

	Amount
Annual required contribution	$ 3,137,833
Interest on net OPEB obligation	655,680
Adjustment to annual required contribution	(546,400)
Annual OPEB cost	3,247,113
Contributions made	(1,969,202)
Increase in net OPEB obligation	1,277,911
Net OPEB obligation at beginning of year	16,392,012
Net OPEB obligation at end of year	$ 17,669,923

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

Fiscal Year Ending	Annual OPEB Cost (AOPEBC)	Percentage of AOPEBC Contributed	Net OPEB Obligation
June 30, 2013	3,915,523	33.0%	17,276,936
June 30, 2014	4,120,257	121.5%	16,392,012
June 30, 2015	3,247,113	60.6%	17,669,923

Funded Status and Funding Progress – The funded status of the Plan at July 1, 2014, the most recent actuarial valuation, was as follows:

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)
07/01/14	$ 4,083,974	$ 40,975,065	$ 36,891,091	9.97%	$ 40,752,389	90.5%

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

Methods and Assumptions – Projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations, are based on the substantive Plan (the Plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

Valuation date:	July 1, 2014
Actuarial cost method:	Projected Unit Credit
Amortization method:	Payments increasing at 4.00% per year
Remaining amortization period:	30 years at July 1, 2014 (open)
Asset valuation method:	Market value
Interest discount rate:	5.50% (blended rate based on the expected long-term rates of return on plan and employer investments using an ARC approach)
Inflation rate:	3.00%
Healthcare/Medical cost trend rate:	7.50% decreasing by 0.75% for 3 years and by 0.25% for 1 year to an ultimate level of 5.00% per year
Projected salary increases:	4.00%

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

Governmental Activities:	
General government	$ 251,219
Public safety	756,847
Education	1,456,006
Public works	286,402
Water	33,071
Sewer	36,196
Health and human services	111,390
Culture and recreation	232,726
Total AOPEBC - governmental activities	3,163,857
Business-Type Activities:	
Ambulance	83,256
Total AOPEBC	$ 3,247,113

NOTE 12 - 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 Town participates in premium-based health care and workers' compensation plans. The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

NOTE 13 – FUND BALANCES

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

	General	Sewer	High School	Community Preservation Funds	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Permanent fund principal	$ -	$ -	$ -	$ -	$ 902,796	$ 902,796
Restricted:						
Pension benefits	954,379	-	-	-	-	954,379
Health benefits	694,966	-	-	-	-	694,966
Compensated absences	380,264	-	-	-	-	380,264
Sewer	-	6,235,455	-	-	-	6,235,455
School construction	-	-	51,623	-	-	51,623
Community preservation	-	-	-	3,302,171	-	3,302,171
Revolving funds - Town	-	-	-	-	1,910,278	1,910,278
Revolving funds - School	-	-	-	-	136,712	136,712
State grants	-	-	-	-	529,821	529,821
Federal grants	-	-	-	-	337,096	337,096
Affordable housing	-	-	-	-	482,003	482,003
Cemetery sale of lots and improvements	-	-	-	-	973,002	973,002
Conservation	-	-	-	-	53,230	53,230
Law enforcement	-	-	-	-	84,020	84,020
Dental claims	-	-	-	-	211,239	211,239
Miscellaneous special revenue funds	-	-	-	-	74,467	74,467
Receipts Reserved	-	-	-	-	18,045	18,045
Gifts	-	-	-	-	604,259	604,259
Capital	-	-	-	-	2,438,717	2,438,717
Expendable permanent funds - library	-	-	-	-	99,159	99,159
Expendable permanent funds - non-library	-	-	-	-	204,580	204,580
Sub-total - Restricted	2,029,609	6,235,455	51,623	3,302,171	8,156,628	19,775,486
Committed:						
Subsequent year's expenditures	3,137,000	-	-	-	-	3,137,000
Continuing appropriations	1,633,969	-	-	-	-	1,633,969
Debt service	864,853	-	-	-	-	864,853
Sub-total - Committed	5,635,822	-	-	-	-	5,635,822
Assigned:						
Encumbrances - education	809,533	-	-	-	-	809,533
Encumbrances - general government	405,167	-	-	-	-	405,167
Encumbrances - other	685,087	-	-	-	-	685,087
Sub-total - Assigned	1,899,787	-	-	-	-	1,899,787
Unassigned	7,698,408	-	-	-	-	7,698,408
Total fund balances	$ 17,263,626	$ 6,235,455	$ 51,623	$ 3,302,171	$ 9,059,424	$ 35,912,299

NOTE 14 – STABILIZATION FUNDS

The Town maintains a general and a debt service (funded by bond premiums) stabilization fund established under MGL Chapter 40, Section 5B. Appropriations in and out of the funds require two-thirds vote of Town meeting. Investment income is retained by the funds. The balances at June 30, 2015 are $3,178,911 and $864,853, respectively, reported in the general fund as unassigned and committed fund balance, respectively.

NOTE 15 - PENSION PLAN

General Information about the Pension Plan

Plan description. Employees of the Town deemed eligible by the Middlesex County Retirement Board are provided with pensions through the MCRS - a cost-sharing multiple-employer defined benefit pension plan administered by the Middlesex County Retirement Board. Membership in the MCRS is mandatory immediately upon the commencement of employment for all permanent employees (except for school department employees who serve in a teaching capacity) working a minimum of 20 hours per week.

The MCRS issues a publicly available financial report that can be obtained by contacting the MCRS located at 25 Linnell Circle, Billerica, Massachusetts, 01821. For purposes of measuring the net pension liability and other amounts related to pensions, information about the fiduciary net position of the MCRS and additions to/deductions from MCRS's fiduciary net position have been determined on the same basis as they are reported by MCRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefits provided. The plan provides retirement, disability and death benefits. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Retirement benefits are provided up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012. For persons who became members on or after April 2, 2012, average salary is calculated as the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65 (except for certain hazardous duty and public safety positions, whose normal retirement is at age 55).

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension.

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent on several factors, including whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veterans' status and group classification. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Contributions. Chapter 32 of the MGL assigns authority to establish and amend contribution requirements of the plan. Active plan members contribute between 5 and 11% of their gross regular compensation. The contribution rate is based on the date plan membership commences. Members hired on or after January 1, 1979, contribute an additional 2% of annual regular compensation in excess of $30,000. Employers are required to pay an annual actuarially determined contribution that, when combined with employee contributions, is expected to finance the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the plan's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The pension fund appropriations are allocated amongst employers based on covered payroll. Contributions to the pension plan from the Town were $3,438,459 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Town reported a liability of $43,939,871 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014 for which update procedures were used to roll forward the total pension liability to the measurement date. The Town proportion of the net pension liability is a blended rate of the proportionate share of active employer's covered payroll, direct charges for early retirement incentives and the direct amortization of the actuarial determined net pension liability for employer members that no longer have active covered payroll.

At December 31, 2014, the Town proportion was 3.658%, which was the same proportion measured as of December 31, 2013.

For the year ended June 30, 2015, the Town recognized pension expense of $3,973,403. At June 30, 2015, the Town reported deferred outflows of resources related to pensions of $148,388 from the net difference between projected and actual investment earnings on plan investments.

The amount reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2016	$ 37,097
2017	37,097
2018	37,097
2019	37,097

Actuarial assumptions. The total pension liability was determined using the following actuarial assumptions:

Inflation rate:	4.00%
Salary increases:	Varies by length of service with ultimate rates of 4.25% for Group 1, 4.50% for Group 2 and 4.75% for Group 4
Mortality rates:	Pre-Retirement - The RP-2000 Employee Mortality Table projected 22 years with Scale AA
	Post-Retirement - The RP-2000 Employee Mortality Table projected 17 years with Scale AA
	Disabled Retiree - The RP-2000 Healthy Annuitant Mortality Table set forward three years projected 17 years with Scale AA
Investment rate of return:	7.875%, net of pension plan investment expense, including inflation

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2012 to January 1, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	19.60%	6.60%
International developed markets equity	15.60%	7.10%
International emerging markets equity	6.50%	9.40%
Core fixed income	15.30%	2.20%
High-yield fixed income	8.30%	4.70%
Real estate	9.90%	4.40%
Commodities	3.90%	4.40%
Short-term government money market	0.00%	1.80%
Hedge funds, GTAA, Risk parity	9.80%	3.90%
Private equity	11.10%	11.70%
Totals	100.00%	

Discount rate. The discount rate used to measure the total pension liability was 7.875%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.875%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.875%) or 1-percentage-point higher (8.875%) than the current rate:

	1% Decrease (6.875%)	Current Discount Rate (7.875%)	1% Increase (8.875%)
Town's Proportionate Share of the Net Pension Liability	$ 53,132,606	$ 43,939,871	$ 36,113,297

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued MCRS financial report.

NOTE 16 – MASSACHUSETTS TEACHERS RETIREMENT SYSTEM

General Information about the Pension Plan

Plan description. Public school teachers and certain administrators are provided with pensions through the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Massachusetts Teachers' Retirement Board. The MTRS is part of the Commonwealth of Massachusetts of Massachusetts' (Commonwealth of Massachusetts) reporting entity and does not issue a stand-alone audited financial report. The MTRS is reported as a Pension Trust Fund in the Commonwealth of Massachusetts's audited financial statements that can be obtained at http://www.mass.gov/osc/publications-and-reports/financial-reports/cafr-reports.html.

Benefits provided. MTRS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit requirements. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

Contributions. The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Member contributions for MTRS vary depending on the most recent date of membership, ranging from 5-11% of regular compensation. Members hired in 1979 or subsequent contribute an additional 2% of regular compensation in excess of $30,000.

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth of Massachusetts is a nonemployer contributing entity in MTRS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Since the Town does not contribute directly to MTRS, the Town does not report a proportionate share of the net pension liability of the MTRS at June 30, 2015. The Commonwealth of Massachusetts's net pension liability associated with the Town was $52,474,843.

The MTRS' net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014 rolled forward to June 30, 2014.

For the year ended June 30, 2015, the Town recognized pension expense of $3,094,347 associated with MTRS and revenue of the same amount for support provided by the Commonwealth of Massachusetts.

Actuarial assumptions. The MTRS' total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of January 1, 2014 rolled forward to June 30, 2014. This valuation used the following assumptions:

Investment rate of return:	8.0%
Salary increases:	Salary increases are based on analyses of past experience but range from 4.0% to 7.5% depending on length of service
Mortality rates:	Pre-retirement - reflects RP-2000 Employees table adjusted for "white-collar" employment projected 22 years with Scale AA (gender distinct)
	Post-retirement - reflects RP-2000 Healthy Annuitant table adjusted for large annuity amounts and projected 17 years with Scale AA (gender distinct)
	Disability - reflects RP-2000 Healthy Annuitant table adjusted for large annuity amounts and projected 17 years with Scale AA (gender distinct) set forward 3 years for males
Other:	3.5% interest rate credited to the annuity savings fund
	3.0% cost of living increase per year

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage.

Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43%	7.2%
Core Fixed Income	13%	2.5%
Hedge Funds	10%	5.5%
Private Equity	10%	8.8%
Real Estate	10%	6.3%
Value Added Fixed Income	10%	6.3%
Timber/Natural Resources	4%	5.0%
Totals	100%	

Discount rate. The discount rate used to measure the MTRS' total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth of Massachusetts's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension plan fiduciary net position. Detailed information about the MTRS' fiduciary net position is available in the Commonwealth of Massachusetts's audited financial statements.

NOTE 17 - COMMITMENTS

The Town has entered into, or is planning to enter into, contracts totaling approximately $8,500,000 for infrastructure, machinery and equipment and buildings and improvements. Such contracts are insignificant to the current year financial statements.

Other significant commitments include encumbrances and continuing appropriations outstanding for the general fund, which totaled $3,533,756 at June 30, 2015.

NOTE 18 - CONTINGENCIES

Various legal actions and claims are pending against the Town. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2015, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2015.

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, 2015, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

NOTE 19 – CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2015, the Town adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This pronouncement requires the restatement of the June 30, 2014, net position of the governmental activities, business-type activities and enterprise fund as shown as follows:

	Governmental Activities	Business-Type Activities	Ambulance Enterprise Fund
Net Position, June 30, 2014, as Previously Reported	$ 137,731,762	$ 263,325	$ 263,325
Cumulative Affect of Application of GASB 68, Net Pension Liability	(42,975,952)	(247,136)	(247,136)
Net Position, June 30, 2014, as Restated	$ 94,755,810	$ 16,189	$ 16,189

NOTE 20 – FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS

The GASB has issued the following statements:

- Statement No. 72, *Fair Value Measurement and Application*, which is required to be implemented during fiscal year 2016. Management is evaluating the Statement's future impact on the basic financial statements.

- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which is required to be implemented during fiscal year 2016. Management is evaluating the Statement's future impact on the basic financial statements.

- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans,* which is required to be implemented during fiscal year 2017. Management is evaluating the Statement's future impact on the basic financial statements.

- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* which is required to be implemented during fiscal year 2018. Management is evaluating the Statement's future impact on the basic financial statements.

- Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,* which is required to be implemented during fiscal year 2016. Management does not believe the implementation of this Statement will impact the basic financial statements.

- Statement No. 77, *Tax Abatement Disclosures,* which is required to be implemented during fiscal year 2017. Management is evaluating the Statement's future impact on the basic financial statements.

These pronouncements will be implemented by their respective implementation dates.

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Required Supplementary Information

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GENERAL FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward to Next Year	Variance to Final Budget
REVENUES					
Real estate and personal property taxes	$ 56,799,609	$ 56,799,609	$ 57,538,824	$ -	$ 739,215
Motor vehicle and other excise taxes	2,750,000	2,750,000	3,468,052	-	718,052
Payments in lieu of taxes	1,545,354	1,545,354	1,547,665	-	2,311
Charges for services	3,213,593	3,213,593	3,120,653	-	(92,940)
Intergovernmental	6,658,616	6,658,616	6,654,229	-	(4,387)
Penalties and interest on taxes	125,000	125,000	223,036	-	98,036
Departmental and other	2,091,160	2,091,160	2,147,598	-	56,438
Investment income	50,000	50,000	123,126	-	73,126
TOTAL REVENUES	73,233,332	73,233,332	74,823,183	-	1,589,851
EXPENDITURES					
Current:					
Selectmen	817,017	802,095	520,025	199,816	82,254
Finance/Administrative services	1,262,904	1,262,904	1,032,768	190,815	39,321
Financial Committees	2,052	62,092	204	-	61,888
Board of Assessors	270,220	270,220	234,922	-	35,298
Legal services	183,896	183,896	94,923	420	88,553
Town Clerk	225,785	225,785	211,200	9,669	4,916
Elections and registrations	50,453	50,453	48,672	-	1,781
Planning Board	184,241	184,241	184,032	-	209
Facilities	2,086,326	2,031,286	1,141,700	835,822	53,764
Town Center	159,299	159,299	29,792	9,423	120,084
Police department	3,450,052	3,464,974	3,448,819	7,401	8,754
Fire department	2,009,605	2,009,605	1,999,855	5,905	3,845
Code enforcement	465,348	465,348	440,709	730	23,909
School department	37,181,930	37,181,930	36,047,594	877,125	257,211
Vocational education	570,051	580,051	580,051	-	-
Public works	12,503,266	12,503,266	11,515,639	1,251,652	(264,025)
Board of Health	568,068	568,068	541,055	17,343	9,670
Hazardous waste	15,196	15,196	15,196	-	-
Mosquito control	38,123	38,123	38,122	-	1
Bedford Local Transit	59,192	59,192	50,210	-	8,982
Council on Aging	185,952	185,952	168,235	-	17,717
Youth and family services	440,532	440,532	382,169	-	58,363
Public Library	1,228,997	1,228,997	1,173,610	12,913	42,474
Recreation Commission	165,125	165,125	154,076	-	11,049
Historic Preservation Commission	1,281	1,281	585	-	696
Pension benefits	3,418,799	3,418,799	3,418,799	-	-
Other post employment benefits	551,578	551,578	551,578	-	-
Insurance and benefits	6,811,351	6,808,896	6,071,720	114,722	622,454
State and county charges	378,791	378,791	371,984	-	6,807
Debt service:					
Principal	5,242,186	5,242,186	5,242,186	-	-
Interest	1,979,699	1,979,699	1,809,515	-	170,184
TOTAL EXPENDITURES	82,507,315	82,519,860	77,519,945	3,533,756	1,466,159
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,273,983)	(9,286,528)	(2,696,762)	(3,533,756)	3,056,010
OTHER FINANCING SOURCES (USES)					
Transfers in	6,026,906	5,900,470	5,900,470	-	-
Premium from issuance of bonds and notes	-	-	479,406	-	479,406
Transfers out	(461,202)	(2,086,202)	(2,086,202)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	5,565,704	3,814,268	4,293,674	-	479,406
NET CHANGE IN FUND BALANCE	(3,708,279)	(5,472,260)	1,596,912	(3,533,756)	3,535,416
FUND BALANCE AT BEGINNING OF YEAR	11,804,759	11,804,759	11,804,759	11,804,759	-
FUND BALANCE AT END OF YEAR	$ 8,096,480	$ 6,332,499	$ 13,401,671	$ 8,271,003	$ 3,535,416

See notes to required supplementary information.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actuarial Budgetary Amounts	Amounts Carried Forward to Next Year	Variance to Final Budget
REVENUES					
Community preservation surcharges	$ 1,410,000	$ 1,410,000	$ 1,419,774	$ -	$ 9,774
Penalties and interest on taxes	-	-	2,976	-	2,976
Intergovernmental	482,903	482,903	482,903	-	-
Investment income	12,269	12,269	9,651	-	(2,618)
TOTAL REVENUES	1,905,172	1,905,172	1,915,304	-	10,132
EXPENDITURES					
Current:					
Administrative	10,000	10,000	4,547	-	5,453
Projects, acquisitions, and other	1,910,429	1,910,429	965,672	944,757	-
TOTAL EXPENDITURES	1,920,429	1,920,429	970,219	944,757	5,453
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(15,257)	(15,257)	945,085	(944,757)	15,585
OTHER FINANCING SOURCES (USES)					
Transfers out	(1,249,325)	(1,249,325)	(1,249,325)	-	-
NET CHANGE IN FUND BALANCE	(1,264,582)	(1,264,582)	(304,240)	(944,757)	15,585
FUND BALANCE AT BEGINNING OF YEAR	3,606,411	3,606,411	3,606,411	3,606,411	-
FUND BALANCE AT END OF YEAR	$ 2,341,829	$ 2,341,829	$ 3,302,171	$ 2,661,654	$ 15,585

See notes to required supplementary information.

PENSION PLAN SCHEDULES*

SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MIDDLESEX COUNTY RETIREMENT SYSTEM

		2015**
Town's proportion of the net pension liability		3.658%
Town's proportionate share of the net pension liability	$	43,939,871
Town's covered-employee payroll	$	16,210,255
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll		271.06%
Plan fiduciary net position as a percentage of the total pension liability		47.65%

** The amounts presented were determined as of December 31, 2014.

SCHEDULE OF TOWN CONTRIBUTIONS
MIDDLESEX COUNTY RETIREMENT SYSTEM

		2015
Statutorily Required Contribution	$	3,438,459
Contributions in Relation to the Actuarially Required Contribution		(3,438,459)
Contribution Deficiency (Excess)	$	-
Town's Covered-Employee Payroll	$	16,210,255
Contributions as a Percentage of Covered Employee Payroll		21.21%

* Data in the pension plan schedules is presented for the years in which applicable data is available. The pension plan schedules will ultimately contain 10 years of data in the future.

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM

		2015*
Town's proportion of the net pension liability		0.00%
Town's proportionate share of the net pension liability	$	-
Commonwealth's proportionate share of the net pension liability associated with the Town		52,474,843
Total	$	52,474,843
Town's covered-employee payroll	$	20,240,062
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll		N/A
Plan fiduciary net position as a percentage of the total pension liability		61.64%

* The amounts presented were determined as of June 30, 2014.

SCHEDULE OF TOWN CONTRIBUTIONS
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM

		2015
Statutorily required contribution	$	-
Contributions in relation to the statutorily required contribution		-
Contribution deficiency (excess)	$	-
Town's covered-employee payroll	$	20,240,062
Contributions as a percentage of covered-employee payroll		N/A

OTHER POST EMPLOYMENT BENEFITS SCHEDULES

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

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
06/30/10	$ -	$ 71,292,434	$ 71,292,434	0.0%	$ 37,108,987	192.1%
07/01/12	-	48,839,208	48,839,208	0.0%	38,413,036	127.1%
07/01/14	4,083,974	40,975,065	36,891,091	9.97%	40,752,389	90.5%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year	ARC	Contributions
2015	$ 3,137,833	62.8%
2014	4,004,730	125.0%
2013	3,817,825	33.9%

The significant changes to the methods and assumptions used in the actuarial valuations identified above that impacted trends in the schedule of funding progress are as follows:

- The 06/30/10 valuation reflects an increase in the trend on medical and prescription drug costs
- The 07/01/12 valuation reflects actuarial gains from the Town's participation in the Commonwealth's Group Insurance Commission (GIC) effective July 1, 2012
- The 07/01/14 valuation reflects an increase in the discount rate

NOTE A – BUDGETARY – GAAP RECONCILIATION

For budgetary financial reporting purposes, the Uniform Massachusetts Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2015, is presented below:

General Fund

	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balance
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual	$ 74,823,183	$ 77,519,945	$ 4,293,674	13,401,671
Reclassifications				
Activity of health insurance trusts recorded in the general fund for GAAP purposes	13,394	-	-	694,966
Activity of stabilization fund recorded in the general fund for GAAP purposes	57,576	-	300,000	3,178,911
Activity of bond premium stabilization fund recorded in the general fund for GAAP purposes	17,474	-	(126,446)	864,853
Activity of pension fund recorded in the general fund for GAAP purposes	29,477	-	(66,000)	954,379
Activity of compensated absences fund recorded in the general fund for GAAP purposes	-	20,587	25,000	380,264
Adjustments				
Net change in recording 60-day receipts	303,361	-	-	475,172
Net change in recording tax refunds payable	(1,312,949)	-	-	(2,686,590)
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances	$ 73,931,516	$ 77,540,532	$ 4,426,228	$ 17,263,626

NOTE B – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended June 30, 2015, expenditures exceeded appropriations for snow and ice removal (public works). The snow and ice removal over-expenditure will be funded by taxes during fiscal year 2016.

Combining Statements

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Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

Capital Projects Funds

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

Permanent Funds

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

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

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

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2015

	Special Revenue Funds			
ASSETS	Town Revolving Funds	School Revolving Funds	Grants	Other Funds
Restricted assets:				
Cash and cash equivalents	$ 1,906,441	$ 149,793	$ -	$ 347,915
Investments	-	-	-	1,565,233
Receivables, net of uncollectibles:				
Departmental and other	74,683	-	-	-
Intergovernmental	-	-	1,428,104	-
TOTAL ASSETS	$ 1,981,124	$ 149,793	$ 1,428,104	$ 1,913,148
LIABILITIES, DEFERREED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES:				
Warrants payable	$ 41,920	$ -	$ 44,531	$ 3,595
Accrued payroll	21,526	13,081	89,845	13,547
Due to other funds	-	-	426,811	-
TOTAL LIABILITIES	63,446	13,081	561,187	17,142
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue	7,400	-	-	-
FUND BALANCES:				
Nonspendable	-	-	-	-
Restricted	1,910,278	136,712	866,917	1,896,006
TOTAL FUND BALANCES	1,910,278	136,712	866,917	1,896,006
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 1,981,124	$ 149,793	$ 1,428,104	$ 1,913,148

Special Revenue Funds		*Capital Projects Funds*	*Permanent Funds*			Total
Gifts	Sub-total	Capital Projects Funds	Library Trust Funds	Other Trust Funds	Sub-total	Nonmajor Governmental Funds
$ 606,843	$ 3,010,992	$ 2,476,085	$ 28,844	$ 146,772	$ 175,616	$ 5,662,693
-	1,565,233	-	612,925	417,994	1,030,919	2,596,152
-	74,683	-	-	-	-	74,683
-	1,428,104	-	-	-	-	1,428,104
$ 606,843	$ 6,079,012	$ 2,476,085	$ 641,769	$ 564,766	$ 1,206,535	$ 9,761,632
$ 2,584	$ 92,630	$ 37,368	$ -	$ -	$ -	$ 129,998
-	137,999	-	-	-	-	137,999
-	426,811	-	-	-	-	426,811
2,584	657,440	37,368	-	-	-	694,808
-	7,400	-	-	-	-	7,400
-	-	-	542,610	360,186	902,796	902,796
604,259	5,414,172	2,438,717	99,159	204,580	303,739	8,156,628
604,259	5,414,172	2,438,717	641,769	564,766	1,206,535	9,059,424
$ 606,843	$ 6,079,012	$ 2,476,085	$ 641,769	$ 564,766	$ 1,206,535	$ 9,761,632

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Special Revenue Funds			
	Town Revolving Funds	School Revolving Funds	Grants	Other Funds
REVENUES:				
Intergovernmental	$ -	$ -	$ 4,741,105	$ 1,275
Departmental and other	3,997,420	616,122	-	426,766
Contributions	-	-	-	417,461
Investment income	1,319	-	13	30,944
TOTAL REVENUES	3,998,739	616,122	4,741,118	876,446
EXPENDITURES:				
Current:				
General government	255,284	-	59,532	1,077,112
Public safety	676,342	-	284,061	-
Education	460,521	553,493	3,210,380	-
Public works	81,474	-	1,466,391	-
Water	-	-	-	-
Sewer	-	-	-	-
Health and human services	17,811	-	117,317	-
Culture and recreation	2,197,132	-	17,851	-
TOTAL EXPENDITURES	3,688,564	553,493	5,155,532	1,077,112
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	310,175	62,629	(414,414)	(200,666)
OTHER FINANCING SOURCES (USES):				
Issuance of bonds and notes	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(290,000)	(167,428)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(290,000)	(167,428)
NET CHANGE IN FUND BALANCES	310,175	62,629	(704,414)	(368,094)
FUND BALANCES AT BEGINNING OF YEAR	1,600,103	74,083	1,571,331	2,264,100
FUND BALANCES AT END OF YEAR	$ 1,910,278	$ 136,712	$ 866,917	$ 1,896,006

Special Revenue Funds		Capital Projects Funds	Permanent Funds			Total
Gifts	Sub-total	Capital Projects Funds	Library Trust Funds	Other Trust Funds	Sub-total	Nonmajor Governmental Funds
$ -	$ 4,742,380	$ 211,654	-	-	-	4,954,034
-	5,040,308	-	1,793	-	1,793	5,042,101
80,650	498,111	-	-	-	-	498,111
10	32,286	349	10,891	21,526	32,417	65,052
80,660	10,313,085	212,003	12,684	21,526	34,210	10,559,298
43,332	1,435,260	39,382	-	-	-	1,474,642
1,633	962,036	1,310,998	-	-	-	2,273,034
14,882	4,239,276	-	-	38,414	38,414	4,277,690
4,840	1,552,705	775,097	-	-	-	2,327,802
-	-	522,994	-	-	-	522,994
27,525	27,525	1,794,847	-	-	-	1,822,372
30,777	165,905	-	-	-	-	165,905
1,913	2,216,896	-	24,892	-	24,892	2,241,788
124,902	10,599,603	4,443,318	24,892	38,414	63,306	15,106,227
(44,242)	(286,518)	(4,231,315)	(12,208)	(16,888)	(29,096)	(4,546,929)
-	-	2,634,776	-	-	-	2,634,776
-	-	1,996,612	-	167,428	167,428	2,164,040
-	(457,428)	-	-	-	-	(457,428)
-	(457,428)	4,631,388	-	167,428	167,428	4,341,388
(44,242)	(743,946)	400,073	(12,208)	150,540	138,332	(205,541)
648,501	6,158,118	2,038,644	653,977	414,226	1,068,203	9,264,965
$ 604,259	$ 5,414,172	$ 2,438,717	$ 641,769	$ 564,766	$ 1,206,535	$ 9,059,424

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Agency Funds

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

AGENCY FUND

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
ASSETS				
Cash and cash equivalents……	$ 376,750	$ -	$ -	$ 376,750
LIABILITIES				
Liabilities due depositors……	$ 376,750	$ -	$ -	$ 376,750

Statistical Section

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

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Statistical Section

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

Table of Contents

Financial Trends (pages 89-100)

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

Revenue Capacity (pages 101-103)

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

Debt Capacity (pages 104-106)

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

Demographic and Economic Information (pages 107-108)

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

Operating Information (pages 109-111)

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

SOURCES: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Net Position By Component (A)

Last Ten Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
Governmental activities				
Net investment in capital assets (A)	$ 95,710,758	$ 97,543,569	$ 104,793,480	$ 119,172,856
Restricted	7,541,861	29,661,172	8,473,528	8,037,583
Unrestricted	25,127,152	22,454,438	27,730,975	20,620,500
Total governmental activities net position	$ 128,379,771	$ 149,659,179	$ 140,997,983	$ 147,830,939
Business-Type activities (B)				
Net investment in capital assets (A)	$ -	$ -	$ -	$ -
Unrestricted	-	-	-	-
Total business-type activities net position	$ -	$ -	$ -	$ -
Primary government				
Net investment in capital assets (A)	$ 95,710,758	$ 97,543,569	$ 104,793,480	$ 119,172,856
Restricted	7,541,861	29,661,172	8,473,528	8,037,583
Unrestricted	25,127,152	22,454,438	27,730,975	20,620,500
Total primary government net position	$ 128,379,771	$ 149,659,179	$ 140,997,983	$ 147,830,939

(A) Net position and net investment in capital assets terminology per GASB Statement # 63 is being utilized

(B) Business-type activities are reported starting in fiscal year 2013 with the Town's adoption of the Ambulance Enterprise Fund

(C) Net pension liability and related are reported starting in fiscal year 2014 with the implementation of GASB Statement # 68

Fiscal Year					
2010	2011	2012	2013	2014 (C)	2015
$ 110,394,909	$ 111,652,348	$ 110,983,956	$ 113,007,214	$ 114,764,561	$ 117,681,321
22,707,425	24,831,495	23,849,127	23,905,718	23,490,148	22,508,135
11,082,848	3,201,170	1,729,983	(154,042)	(43,498,899)	(44,731,071)
$ 144,185,182	$ 139,685,013	$ 136,563,066	$ 136,758,890	94,755,810	95,458,385
$ -	$ -	$ -	$ (21,895)	$ (17,309)	$ 19,019
-	-	-	188,070	33,498	24,341
$ -	$ -	$ -	$ 166,175	$ 16,189	$ 43,360
$ 110,394,909	$ 111,652,348	$ 110,983,956	$ 112,985,319	$ 114,747,252	$ 117,700,340
22,707,425	24,831,495	23,849,127	23,905,718	23,490,148	22,508,135
11,082,848	3,201,170	1,729,983	34,028	(43,465,401)	(44,706,730)
$ 144,185,182	$ 139,685,013	$ 136,563,066	$ 136,925,065	$ 94,771,999	$ 95,501,745

Governmental Activities
Changes in Net Position (A)

Last Ten Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
Expenses				
Governmental activities:				
General government	$ 4,454,453	$ 5,417,160	$ 4,724,817	$ 5,678,938
Public safety	7,729,571	7,680,670	8,220,383	9,635,249
Education	38,154,240	40,624,444	40,578,333	46,682,837
Public works	8,502,605	6,301,533	7,105,107	8,717,806
Water	1,666,657	1,556,392	1,417,134	2,112,065
Sewer	3,575,318	4,024,790	3,986,168	4,271,320
Human services	1,188,031	1,248,160	1,233,859	1,633,960
Culture and recreation	2,969,017	3,324,537	3,499,833	3,541,267
Interest	2,538,102	3,057,173	3,785,529	2,888,872
Other	104,533	-	-	-
Total government activities expenses	$ 70,882,527	$ 73,234,859	$ 74,551,163	$ 85,162,314
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 554,482	$ 494,536	$ 515,684	$ 860,239
Public safety	1,795,234	1,623,338	1,912,935	1,373,843
Water	2,233,926	2,452,167	3,011,711	2,628,421
Sewer	3,176,871	3,768,559	4,361,601	3,699,114
Culture and recreation	674,806	669,349	680,977	575,407
Other	893,728	844,383	935,190	933,483
Operating grants and contributions	12,602,391	13,240,827	13,975,158	16,466,808
Capital grant and contributions	2,511,723	1,646,828	11,294,292	12,739,771
Total government activities program revenues	$ 24,443,161	$ 24,739,987	$ 36,687,548	$ 39,277,086
Net (Expense)/Program Revenue	$ (46,439,366)	$ (48,494,872)	$ (37,863,615)	$ (45,885,228)
General Revenues and other Changes in Net Position				
Governmental activities:				
Real estate and personal property taxes	$ 38,058,282	$ 39,444,930	$ 42,156,753	$ 45,175,869
Motor vehicle and other excise taxes	2,124,150	2,193,990	2,241,778	2,175,593
Community preservation surcharges	957,169	1,005,955	1,071,678	1,135,525
Penalties and interest on taxes	149,003	114,944	111,553	128,365
Payments in lieu of taxes	1,158,303	1,221,245	1,279,990	1,347,828
Grants and contributions not restricted to specific programs	1,150,260	1,501,668	1,426,584	1,648,039
Unrestricted investment income	1,740,813	2,605,592	2,600,039	1,106,965
Transfers, net	-	-	-	-
Extraordinary item - transfer of ambulance debt to business-type activities	-	-	-	-
Total general revenues and other changes in net position	$ 45,337,980	$ 48,088,324	$ 50,888,375	$ 52,718,184
Changes in Net Position	$ (1,101,386)	$ (406,548)	$ 13,024,760	$ 6,832,956

(A) Net position terminology per GASB Statement # 63 is being utilized

(B) Expenses related to the net pension liability are reported starting in fiscal year 2014 with the implementation of GASB Statement # 68

Fiscal Year					
2010	2011	2012	2013	2014 (B)	2015
$ 5,455,197	$ 5,842,948	$ 5,625,205	$ 5,507,125	$ 10,412,985	$ 6,296,742
9,462,746	9,619,842	10,102,908	9,326,984	22,958,659	9,668,292
48,754,787	50,437,739	51,972,609	52,931,707	67,805,959	53,508,424
6,354,053	7,626,015	7,044,640	7,250,333	12,783,637	7,924,029
2,367,437	2,436,795	2,112,634	2,564,055	3,320,541	2,886,118
4,632,268	4,806,486	4,565,735	4,475,424	5,288,729	4,763,352
1,817,572	1,913,171	1,877,781	1,887,739	4,022,321	2,043,551
3,528,722	3,685,857	3,610,814	3,645,910	7,976,939	4,363,964
2,784,521	2,459,305	3,055,662	2,270,812	1,841,076	1,715,558
-	-	-	-	-	-
$ 85,157,303	$ 88,828,158	$ 89,967,988	$ 89,860,089	$ 136,410,846	$ 93,170,030
$ 509,581	$ 522,224	$ 764,512	$ 712,407	$ 949,650	$ 1,240,357
998,862	1,444,647	1,336,098	1,032,530	1,060,226	1,145,886
3,111,320	2,973,488	2,866,113	2,821,636	3,163,564	3,447,319
5,171,795	4,275,156	4,561,870	4,377,814	4,507,208	4,609,770
534,523	545,394	548,253	550,980	626,662	824,606
324,424	384,145	354,064	394,111	506,579	418,437
19,221,263	15,826,959	16,240,591	17,452,298	18,194,109	15,402,673
(862,002)	1,213,250	836,350	638,291	1,910,273	1,908,934
$ 29,009,766	$ 27,185,263	$ 27,507,851	$ 27,980,067	$ 30,918,271	$ 28,997,982
$ (56,147,537)	$ (61,642,895)	$ (62,460,137)	$ (61,880,022)	$ (105,492,575)	$ (64,172,048)
$ 45,092,458	$ 49,624,988	$ 51,519,462	$ 53,595,330	$ 54,953,701	$ 56,415,158
2,301,301	2,750,434	2,975,559	3,073,055	3,434,613	3,502,484
1,137,326	1,198,170	1,268,438	1,301,788	1,374,007	1,427,431
216,645	203,424	172,203	187,002	202,761	223,036
1,418,587	1,411,786	1,459,126	1,508,498	1,537,011	1,547,665
1,699,813	1,584,480	1,635,446	1,561,558	1,627,822	1,796,774
635,650	369,444	307,956	783,933	474,046	298,277
-	-	-	(139,318)	(114,466)	(336,202)
-	-	-	204,000	-	-
$ 52,501,780	$ 57,142,726	$ 59,338,190	$ 62,075,846	$ 63,489,495	$ 64,874,623
$ (3,645,757)	$ (4,500,169)	$ (3,121,947)	$ 195,824	$ (42,003,080)	$ 702,575

Business-Type Activities
Changes in Net Position

Last Ten Fiscal Years (A)

	Fiscal Year		
	2013	2014 (B)	2015
Expenses			
Business-type activities:			
Ambulance	$ 756,971	$ 928,484	$ 971,304
Program Revenues			
Business-type activities:			
Charges for services:			
Ambulance	$ 807,081	$ 663,688	$ 661,871
Operating grants and contributions	7,228	344	402
Capital grant and contributions	173,519	-	-
Total business-type activities program revenues	$ 987,828	$ 664,032	$ 662,273
Net (Expense)/Program Revenue	$ 230,857	$ (264,452)	$ (309,031)
General Revenues and Other Changes in Net Position			
Business-type activities:			
Transfers, net	$ 139,318	$ 114,466	$ 336,202
Extraordinary item - transfer of ambulance debt to business-type activities	(204,000)	-	-
Total general revenues and other changes in net position	$ (64,682)	$ 114,466	$ 336,202
Changes in Net Position	$ 166,175	$ (149,986)	$ 27,171

(A) Business-type activities are reported starting in fiscal year 2013 with the Town's adoption of the Ambulance Enterprise Fund

(B) Expenses related to the net pension liability are reported starting in fiscal year 2014 with the implementation of GASB Statement # 68

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Primary Government
Changes in Net Position (A)

Last Ten Fiscal Years

	Fiscal Year				
	2006	2007	2008	2009	2010
Total expenses	$ 70,882,527	$ 73,234,859	$ 74,551,163	$ 85,162,314	$ 85,157,303
Total program revenues	24,443,161	24,739,987	36,687,548	39,277,086	29,009,766
Net (Expense)/Revenue	$ (46,439,366)	$ (48,494,872)	$ (37,863,615)	$ (45,885,228)	$ (56,147,537)
Total general revenues, transfers and other changes in net position	$ 45,337,980	$ 48,088,324	$ 50,888,375	$ 52,718,184	$ 52,501,780
Changes in Net Position	$ (1,101,386)	$ (406,548)	$ 13,024,760	$ 6,832,956	$ (3,645,757)

(A) Net position terminology per GASB Statement # 63 is being utilized

(B) Expenses related to the net pension liability are reported starting in fiscal year 2014 with the implementation of GASB Statement # 68

Fiscal Year				
2011	2012	2013	2014 (B)	2015
$ 88,828,158	$ 89,967,988	$ 90,617,060	$ 137,339,330	$ 94,141,334
27,185,263	27,507,851	28,967,895	31,582,303	29,660,255
$ (61,642,895)	$ (62,460,137)	$ (61,649,165)	$ (105,757,027)	$ (64,481,079)
$ 57,142,726	$ 59,338,190	$ 62,011,164	$ 63,603,961	$ 65,210,825
$ (4,500,169)	$ (3,121,947)	$ 361,999	$ (42,153,066)	$ 729,746

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
General Fund				
Reserved	$ 1,916,370	$ 2,894,274	$ 1,969,641	$ 2,172,960
Unreserved	8,433,363	7,262,799	8,148,653	6,893,204
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	$ 10,349,733	$ 10,157,073	$ 10,118,294	$ 9,066,164
All Other Governmental Funds				
Reserved	$ 433,499	$ 442,235	$ 458,578	$ 465,301
Unreserved, reported in:				
Special revenue funds	19,363,627	19,079,172	21,066,563	19,945,277
Capital projects funds	(11,762,971)	(21,084,652)	2,682,103	3,169,841
Permanent funds	339,365	326,247	391,983	350,761
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	$ 8,373,520	$ (1,236,998)	$ 24,599,227	$ 23,931,180

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

Fiscal Year					
2010	2011 (A)	2012	2013	2014	2015
$ 2,498,468	$ -	$ -	$ -	$ -	$ -
4,611,840	-	-	-	-	-
-	4,054,123	4,311,200	4,825,813	2,048,324	2,029,609
-	3,971,248	5,666,518	4,649,120	4,205,332	5,635,822
-	1,350,317	1,243,040	1,645,850	1,463,037	1,899,787
-	5,872,381	4,876,522.00	6,907,624.00	8,729,721	7,698,408
$ 7,110,308	$ 15,248,069	$ 16,097,280	$ 18,028,407	$ 16,446,414	$ 17,263,626
$ 9,261,935	$ -	$ -	$ -	$ -	$ -
11,997,536	-	-	-	-	-
1,903,420	-	-	-	-	-
344,800	-	-	-	-	-
-	446,888	452,742	456,973	722,948	902,796
-	17,911,406	16,933,102	16,793,383	18,603,217	17,745,877
-	-	(32,050)	-	-	-
$ 23,507,691	$ 18,358,294	$ 17,353,794	$ 17,250,356	$ 19,326,165	$ 18,648,673

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

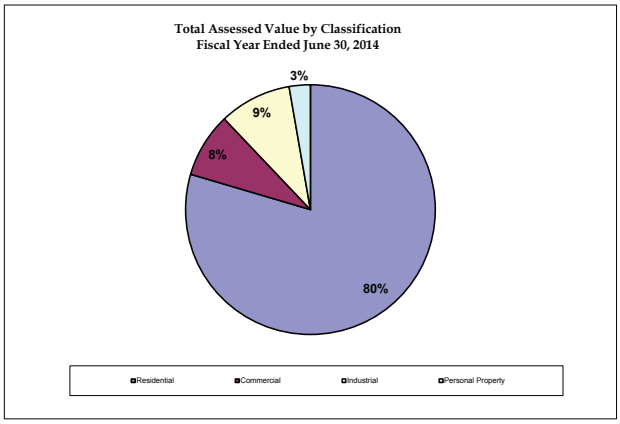
	Fiscal Year				
	2006	2007	2008	2009	2010
Revenues:					
Real estate and personal property taxes	$ 38,852,987	$ 39,563,532	$ 42,038,212	$ 45,133,746	$ 45,209,302
Motor vehicle and other excise taxes	2,033,162	2,221,374	2,304,203	2,192,527	2,308,614
Community preservation surcharges	957,169	1,012,746	1,064,383	1,133,730	1,114,123
Charges for Services	5,692,856	5,767,818	7,041,782	6,011,666	6,716,869
Penalties and interest on taxes	149,003	114,944	111,553	128,365	216,645
Intergovernmental	13,620,318	20,503,881	24,988,272	28,252,555	25,338,294
Departmental and other	6,381,572	6,333,400	6,881,559	6,567,417	5,267,691
Contributions	93,829	79,977	208,488	1,058,255	208,932
Payment in lieu of taxes	1,158,303	1,221,245	1,279,990	1,347,828	1,418,587
Investment income	1,737,101	2,605,592	2,600,039	1,106,965	635,650
Total Revenue	70,676,300	79,424,509	88,518,481	92,933,054	88,434,707
Expenditures:					
Current					
General government	4,778,605	4,234,474	3,479,072	6,330,834	3,945,215
Public safety	6,131,694	5,689,344	6,063,980	5,605,988	6,350,807
Education	28,351,663	30,177,656	29,354,294	32,905,574	35,023,509
Public works	5,503,216	4,242,610	5,043,611	5,603,411	4,058,053
Water	1,376,498	1,146,802	992,362	1,182,262	1,778,604
Sewer	487,537	605,818	438,940	292,295	581,550
MWRA Assessment	2,379,363	2,565,613	2,662,238	2,779,636	2,929,353
Health and human services	953,399	985,359	976,251	1,107,167	1,124,587
Culture and recreation	2,532,496	2,840,052	2,992,406	2,869,907	2,834,456
Pension, OPEB and employee benefits	10,939,048	11,778,148	12,692,408	13,853,547	13,521,682
State and county charges	245,823	247,083	254,413	259,662	274,138
Capital outlay	3,967,694	25,443,810	23,362,507	11,077,304	4,605,325
Other	104,533	-	-	-	-
Debt service					
Principal	3,840,911	4,067,911	4,336,741	10,943,572	3,818,571
Interest	2,362,202	3,065,540	2,565,962	3,296,072	3,251,651
Total Expenditures	73,954,682	97,090,220	95,215,185	98,107,231	84,097,501
Excess of revenues over (under) expenditures	(3,278,382)	(17,665,711)	(6,696,704)	(5,174,177)	4,337,206
Other Financing Sources (Uses)					
Issuance of bonds and notes	900,000	7,862,533	32,494,150	3,454,000	1,776,715
Issuance of refunding bonds	-	-	-	25,735,000	2,775,000
Premium from issuance of bonds and notes	-	-	-	-	1,358,368
Premium from issuance of refunding bonds	-	-	-	-	68,319
Payments of current refunded debt	-	-	-	(25,735,000)	-
Payments to refunded bond escrow agent	-	-	-	-	(12,694,953)
Transfers in	8,864,993	7,374,549	5,434,015	6,694,887	6,438,328
Transfers out	(8,864,993)	(7,374,549)	(5,434,015)	(6,694,887)	(6,438,328)
Total other financing sources (uses)	900,000	7,862,533	32,494,150	3,454,000	(6,716,551)
Net change in fund balance	$ (2,378,382)	$ (9,803,178)	$ 25,797,446	$ (1,720,177)	$ (2,379,345)
Debt service as a percentage of noncapital expenditures	8.86%	9.96%	9.61%	16.36%	8.89%

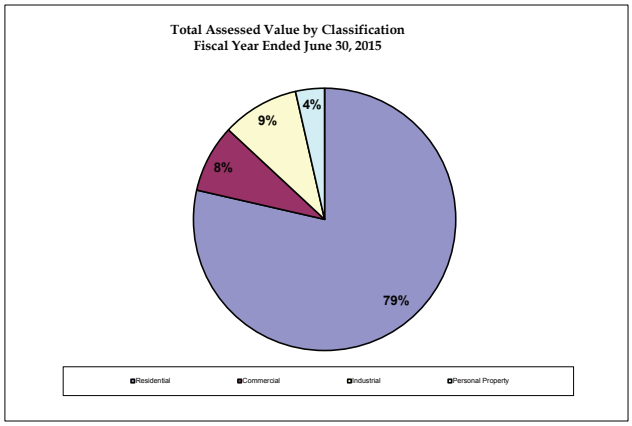
Fiscal Year				
2011	2012	2013	2014	2015
$ 49,839,603	$ 51,267,904	$ 53,740,350	$ 54,872,548	$ 56,529,235
2,714,614	2,987,334	2,982,680	3,486,958	3,468,052
1,217,777	1,267,161	1,300,806	1,381,599	1,419,774
7,373,939	7,283,969	7,036,907	7,506,341	7,693,253
205,810	175,462	189,455	206,193	226,012
14,718,234	15,099,991	16,399,546	18,541,016	12,091,166
5,761,251	6,128,564	5,826,666	6,508,625	7,189,699
256,586	285,869	577,039	360,297	498,111
1,411,786	1,459,126	1,508,498	1,537,011	1,547,665
369,444	330,380	804,921	494,285	315,751
83,869,044	86,285,760	90,366,868	94,894,873	90,978,718
4,176,239	4,023,128	4,027,042	4,448,040	4,812,908
6,357,082	6,634,060	6,385,504	6,623,126	6,786,989
35,659,361	36,426,213	37,452,057	38,548,965	40,569,965
4,869,633	4,321,864	4,876,889	5,177,561	5,399,035
1,732,967	1,541,187	1,977,103	2,141,855	2,292,132
579,121	597,401	570,221	691,060	681,654
2,872,130	2,951,458	2,909,153	2,968,529	3,089,601
1,163,359	1,115,588	1,197,159	1,334,476	1,360,892
2,911,703	2,917,883	3,042,982	3,182,205	3,548,857
13,962,653	14,695,914	14,822,437	19,233,996	10,042,097
310,540	353,366	376,864	392,427	371,984
10,280,907	3,830,395	4,780,011	5,010,385	7,609,163
-	-	-	-	-
4,212,654	5,248,654	5,377,016	5,457,186	5,242,186
2,226,673	2,423,254	2,214,646	1,888,803	1,809,515
91,315,022	87,080,365	90,009,084	97,098,614	93,616,978
(7,445,978)	(794,605)	357,784	(2,203,741)	(2,638,260)
9,099,000	533,000	1,507,000	2,809,690	2,634,776
-	9,440,000	4,623,000	-	-
1,335,342	203,604	23,926	2,333	479,406
-	767,080	245,760	-	-
-	-	-	-	-
-	(10,304,368)	(4,790,463)	-	-
4,846,152	5,256,715	5,440,984	5,926,582	7,872,064
(4,846,152)	(5,256,715)	(5,580,302)	(6,041,048)	(8,208,266)
10,434,342	639,316	1,469,905	2,697,557	2,777,980
$ 2,988,364	$ (155,289)	$ 1,827,689	$ 493,816	$ 139,720
7.95%	9.22%	8.91%	7.98%	8.20%

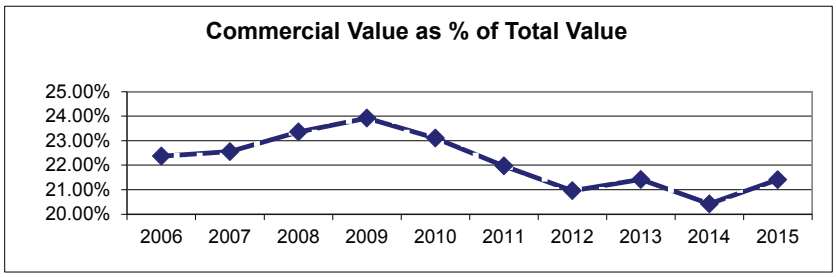
Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates

Last Ten Fiscal Years

Fiscal Year	Assessed and Actual Values and Tax Rates								
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial, Industrial & Personal Property Tax Rate	Total Direct Rate	Total Town Value
2006	$2,065,086,899	$11.47	$335,913,501	$194,761,600	$64,409,670	$595,084,771	$25.59	$14.63	$2,660,171,670
2007	$2,167,785,491	$11.29	$354,199,909	$211,299,100	$65,929,100	$631,428,109	$25.27	$14.44	$2,799,213,600
2008	$2,217,491,600	$11.38	$395,663,665	$220,907,300	$59,236,100	$675,807,065	$25.80	$14.75	$2,893,298,665
2009	$2,153,499,200	$12.43	$384,622,657	$220,050,600	$72,515,300	$677,188,557	$28.45	$16.26	$2,830,687,757
2010	$2,115,408,335	$13.08	$271,250,635	$293,984,600	$70,454,100	$635,689,335	$29.51	$16.88	$2,751,097,670
2011	$2,144,152,098	$14.33	$245,573,546	$267,001,600	$91,248,060	$603,823,206	$31.76	$18.16	$2,747,975,304
2012	$2,177,957,703	$15.21	$238,704,348	$254,422,200	$84,509,094	$577,635,642	$33.21	$18.98	$2,755,593,345
2013	$2,178,098,386	$15.37	$241,737,565	$265,814,100	$86,205,320	$593,756,985	$33.80	$19.32	$2,771,855,371
2014	$2,278,709,474	$15.71	$238,547,547	$267,781,100	$78,584,090	$584,912,737	$34.04	$19.45	$2,863,622,211
2015	$2,481,147,650	$14.62	$263,347,995	$299,696,982	$112,899,300	$675,944,277	$32.12	$18.37	$3,157,091,927







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

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

Principal Taxpayers

Current Year and Nine Years Ago

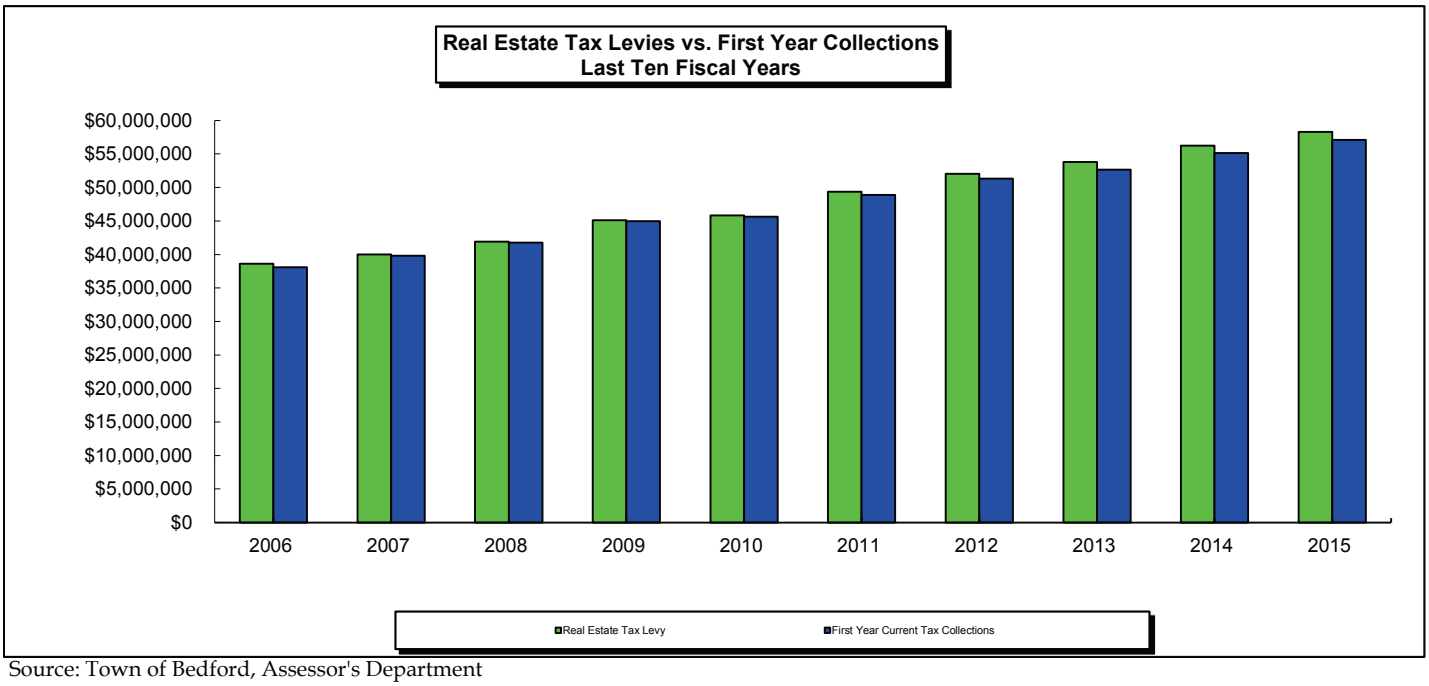
		2015			2006		
Name	**Nature of Business**	**Assessed Valuation**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Assessed Valuation**	**Rank**	**Percentage of Total Taxable Assessed Value**
CCC Investors LLC	Offices	$ 47,885,311	1	1.67%	-	-	-
Cole of Bedford, MA LLC	Offices	44,248,678	2	1.55%	-	-	-
DIV Bedford, LLC	Research and Development	33,367,712	3	1.17%	-	-	-
ILC Property, LLC	Research and Development	26,788,608	4	0.94%	-	-	-
Oracle America	Research and Development	23,865,900	5	0.83%	-	-	-
Millipore Filter Corporation	Research and Development	23,801,109	6	0.83%	24,216,000	7	0.95%
Bedford Owner, LLC	Offices	22,368,143	7	0.78%	-	-	-
Great Road Shopping Center	Shopping Center	21,244,363	8	0.74%	-	-	-
Nstar	Utility	19,090,900	9	0.67%	-	-	-
Bone (DE) QRS 15-12 INC & Bone (DE) LLC	Offices	15,784,086	10	0.55%	-	-	-
BP-Crosby Corp Center LLC	Offices	-	-	-	31,762,300	1	1.25%
EOP-Crosby Corporate Center LLC	Research and Development	-	-	-	29,477,300	2	1.16%
Callahan, W.M. J. Jr. Trust	Research and Development	-	-	-	29,241,700	3	1.15%
Bedford Business Park LTD.	Research and Development	-	-	-	27,371,500	4	1.08%
Technoford LLC	Offices	-	-	-	26,625,300	5	1.05%
Bone QRS 15-12 Inc.	Offices	-	-	-	24,312,200	6	0.96%
Bedford Woods	Offices	-	-	-	23,854,000	8	0.94%
Middlesex Technology Center	Offices	-	-	-	19,840,400	9	0.78%
AG/ND Bedford, LLC	Research and Development	-	-	-	16,751,200	10	0.66%
	Totals	278,444,810		9.72%	253,451,900		9.98%

Source: Town of Bedford, Assessor's Department

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal/Levy Year	Original Tax Levy	Subsequent Adjustments	Total Adjusted Levy	Adjusted as % of Original	Collected in First Period ($)	Collected in First Period (%)	Collections in Subsequent Periods	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2006	$37,990,172	$605,199	$38,595,371	101.59%	$38,068,727	100.21%	$457,526	$38,526,253	99.82%
2007	$39,493,547	$527,607	$40,021,154	101.34%	$39,809,438	100.80%	$118,029	$39,927,467	99.77%
2008	$41,587,410	$330,056	$41,917,466	100.79%	$41,751,700	100.40%	$0	$41,751,700	99.60%
2009	$45,118,503	$14,374	$45,132,877	100.03%	$44,980,645	99.69%	$152,232	$45,132,877	100.00%
2010	$45,607,315	$209,143	$45,816,458	100.46%	$45,659,255	100.11%	$151,991	$45,811,246	99.99%
2011	$49,150,963	$218,752	$49,369,715	100.45%	$48,863,333	99.41%	$392,264	$49,255,597	99.77%
2012	$51,446,303	$599,740	$52,046,043	101.17%	$51,328,290	99.77%	$400,194	$51,728,484	99.39%
2013	$52,637,823	$1,148,417	$53,786,240	102.18%	$52,669,772	100.06%	$521,152	$53,190,924	98.89%
2014	$54,809,256	$1,419,280	$56,228,536	102.59%	$55,123,138	100.57%	$359,854	$55,482,992	98.67%
2015	$56,799,609	$1,493,916	$58,293,525	102.63%	$57,097,719	100.52%	$0	$57,097,719	97.95%

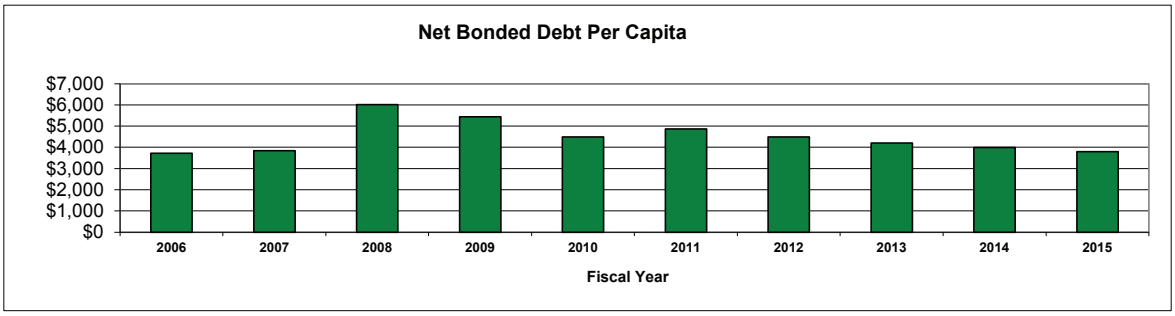


Source: Town of Bedford, Assessor's Department

Ratios of Outstanding Debt and General Bonded Debt

Last Ten Fiscal Years

				Governmental Activities Debt		Business-Type Activities Debt				
Fiscal Year	**U.S. Census Population**	**Personal Income**	**Assessed Value**	(A) **General Obligation Bonds**	(A) **Long Term Notes**	**General Obligation Bonds**	**Total Debt**	**Per Capita**	**Percentage of Personal Income**	**Percentage of Assessed Value**
2006	12,519	490,895,028	2,660,171,670	46,478,873	-	-	46,478,873	3,713	9.47%	1.75%
2007	13,102	524,027,592	2,799,213,600	50,292,770	-	-	50,292,770	3,839	9.60%	1.80%
2008	13,102	513,755,624	2,893,298,665	78,832,612	-	-	78,832,612	6,017	15.34%	2.72%
2009	13,102	513,755,624	2,830,697,757	71,343,040	-	-	71,343,040	5,445	13.89%	2.52%
2010	13,320	638,494,200	2,751,097,670	59,036,000	825,184	-	59,861,184	4,494	9.38%	2.18%
2011	13,320	638,494,200	2,747,975,304	64,125,000	622,530	-	64,747,530	4,861	10.14%	2.36%
2012	13,320	638,494,200	2,755,593,345	59,457,000	419,876	-	59,876,876	4,495	9.38%	2.17%
2013	13,320	638,494,200	2,771,855,371	54,445,000	1,280,860	175,000	55,900,860	4,197	8.76%	2.01%
2014	13,320	638,494,200	2,863,622,211	51,499,690	1,578,674	150,000	53,228,364	3,996	8.34%	1.85%
2015	13,320	638,494,200	3,157,091,927	48,669,466	1,801,488	125,000	50,595,954	3,798	7.92%	1.60%



Source: Audited Financial Statements, U. S. Census

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

Computation of Legal Debt Margin

Last Ten Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
Equalized Valuation	$ 2,946,953,200	$ 2,946,953,200	$ 3,141,130,500	$ 3,141,130,500
Debt Limit -5% of Equalized Valuation	$ 147,347,660	$ 147,347,660	$ 157,056,525	$ 157,056,525
Less:				
Outstanding debt applicable to limit	$ 46,478,873	$ 47,726,680	$ 43,728,950	$ 39,712,240
Authorized and unissued debt	$ 49,259,752	$ 32,468,319	$ 11,210,559	$ 46,822,586
Legal debt margin	$ 51,609,035	$ 67,152,661	$ 102,117,016	$ 70,521,699
Total debt applicable to the limit as a percentage of the limit	64.97%	54.43%	34.98%	55.10%

Source: Audited financial Statements and Town Statement of Indebtedness

Fiscal Year					
2010	2011	2012	2013	2014	2015
$ 3,009,721,800	$ 3,009,721,800	$ 2,932,629,700	$ 2,932,629,700	$ 3,037,581,300	$ 3,037,581,300
$ 150,486,090	$ 150,486,090	$ 146,631,485	$ 146,631,485	$ 151,879,065	$ 151,879,065
$ 42,910,245	$ 59,310,452	$ 55,955,659	$ 50,887,886	$ 45,933,943	$ 45,110,000
$ 18,528,059	$ 4,992,067	$ 2,512,000	$ 4,324,690	$ 4,235,029	$ 8,479,782
$ 89,047,786	$ 86,183,571	$ 88,163,826	$ 91,418,909	$ 101,710,093	$ 98,289,283
40.83%	42.73%	39.87%	37.65%	33.03%	35.28%

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2006	12,519	$ 490,895,028	$ 39,212	41.0	2,271	4.30%
2007	13,102	$ 524,027,592	$ 39,996	41.0	2,280	3.70%
2008	13,102	$ 513,755,624	$ 39,212	42.1	2,342	3.80%
2009	13,102	$ 513,755,624	$ 39,212	42.1	2,383	6.50%
2010	13,320	$ 638,494,200	$ 47,935	42.1	2,436	6.10%
2011	13,320	$ 638,494,200	$ 47,935	42.1	2,400	5.70%
2012	13,320	$ 638,494,200	$ 47,935	45.1	2,424	5.00%
2013	13,320	$ 638,494,200	$ 47,935	45.1	2,487	5.40%
2014	13,320	$ 638,494,200	$ 47,935	45.1	2,557	4.60%
2015	13,320	$ 638,494,200	$ 47,935	45.1	2,494	4.30%

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

Principal Employers (excluding Town)

Current Year and Nine Years Ago

Employer	Nature of Business	2015 Employees	2015 Rank	2015 Percentage of Employment	2006 Employees	2006 Rank	2006 Percentage of Employment
Hanscom Field (USAF)	Research and Development	5,500	1	43%	5,500	1	35%
MITRE Corporation	Engineering/Architecture/Surveying	1,829	2	15%	1,829	3	12%
Oracle	Software Developer	1,000	3	8%	-	-	-
Veterans Medical Center	Federal Government Hospital	950	4	7%	950	4	6%
Middlesex Community College	Community College	927	5	7%	927	5	6%
Progress Software	Computer Software Development	600	6	5%	700	6	4%
iRobot	High-Tech Manufacturing	520	7	4%	-	-	-
RSA Security	Data Security	510	8	4%	500	7	3%
DATA Direct	Progress Software	500	9	4%	-	-	-
Instrumentation Laboratory	Diagnosis and Analysis	400	10	3%	-	-	-
Hanscom (MITRE/Lincoln Lab)	Research and Development	-	-	-	3,992	2	26%
Millipore	Fluid Purification and Analysis	-	-	-	465	8	3%
Hologic	Manufacture of Medical Devices	-	-	-	400	9	3%
Carlton Willard	Nursing Home; Assisted Living	-	-	-	325	10	2%

Source: Massachusetts Department of Employment and Training

Full-time Equivalent Town Employees by Function

Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function										
General government	113	113	113	113	113	113	114	114	114	114
Public Safety	64	64	64	64	64	64	64	64	64	69
Education	305	305	305	304	304	305	305	305	308	346
Water	5	5	5	5	5	5	5	5	5	5
Sewer	5	5	5	5	5	5	5	5	5	5
Public works	30	30	30	30	30	30	30	30	30	30
Human services	15	15	15	15	15	15	15	15	15	16
Culture and recreation	43	43	43	43	43	43	43	43	43	43
Total	580	580	580	579	579	580	581	581	584	628

Source: Town personnel records

Operating Indicators by Function/Program

Last Ten Fiscal Years

	Fiscal Year									
Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Population	12,519	13,102	13,102	13,102	13,765	13,986	14,045	14,020	14,329	13,995
Registered Voters, Annual Town Election	8,678	8,725	9,028	9,435	9,428	9,408	9,900	9,844	9,666	9,769
Town Clerk										
Births (1)	202	96	135	130	52	114	112	124	119	131
Marriages (1)	60	73	49	61	98	54	55	52	45	53
Deaths (1)	93	188	188	232	192	217	250	260	234	273
Police										
Accidents covered by an officer	477	477	416	454	361	410	356	440	440	336
Citations issued	2,200	2,200	1,915	2,072	1,882	2,681	2,878	2,619	2,558	2,444
Arrests	144	144	122	122	80	30	99	101	78	84
Larcenies	159	159	175	141	120	132	139	144	104	56
Total fines from violations	95,925	95,925	161,310	162,885	122,955	126,619	124,012	127,652	146,479	76,225
Fire										
Rescue assist	n/a	n/a	1,125	1,157	1,164	1,230	1,410	1,364	1,445	1,428
False alarm	284	331	374	338	338	371	377	352	407	436
Public assist	210	242	188	298	439	670	788	733	755	758
Emergency responses/Ambulance	n/a	n/a	1,125	1,154	1,251	1,230	1,410	1,364	1,445	1,428
Rescue and Emergency medical service	1,182	1,182	1,125	1,157	1,251	1,230	1,410	1,364	1,445	1,428
Education										
Public school enrollment	2,271	2,280	2,334	2,419	2,436	2,400	2,424	2,487	2,541	2,522
Public Works										
Cemetery										
Interments	n/a	n/a	59	67	52	44	71	57	67	78
Water										
Service connections	4,500	4,500	4,979	5,007	5,009	5,052	5,116	4,297	4,304	5,312
Sewer										
Service connections	n/a	n/a	3,887	3,897	3,899	3,915	3,952	3,974	3,986	3,996
Human Services										
Board of Health										
Inspections	247	315	367	340	331	275	280	337	246	248
Council on Aging										
Contacts by phone made to elderly	9,284	9,284	8,805	9,559	9,688	8,994	9,465	9,490	10,061	9,510
Rides provided to med. appoints	608	608	432	456	360	259	265	446	354	253
Libraries										
Volumes in collection	112,868	112,868	112,433	114,841	119,287	117,356	115,196	114,843	110,063	**108,491**
Circulation	284,622	284,622	301,708	328,281	336,717	337,539	367,656	365,930	259,213	**332,950**

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

(1) Information is presented on a calendar year basis

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Number of Buildings	17	17	17	17	17	17	17	17	17	17
Police										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Vehicles	6	6	9	9	9	10	10	10	10	10
Education										
Number of elementary schools	2	2	2	2	2	2	2	2	2	2
Number of middle schools	1	1	1	1	1	1	1	1	1	1
Number of high schools	1	1	1	1	1	1	1	1	1	1
Public Works										
Water mains (miles)	80	80	80	84	84	84	84	84	84	84
Fire hydrants	800	800	810	811	811	811	810	810	810	810
Sanitary sewers (miles)	85	85	87	86	86	86	86	86	86	86
Number of wells	3	3	3	3	3	3	3	3	3	3
Number of water storage tanks	4	4	3	3	3	3	3	3	3	3
Human Services										
Senior Center	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Park and playground (acreage)	70	70	70	70	70	70	70	70	70	70
Library	1	1	1	1	1	1	1	1	1	1

Source: Various Town Departments

Locke Lord LLP

111 Huntington Avenue
Boston, MA 02199
Telephone: 617-239-0100
Fax: 617-227-4420
www.lockelord.com

(Date of Delivery)

Victor Garofalo, Treasurer
Town of Bedford
Bedford, Massachusetts

$8,250,000
Town of Bedford, Massachusetts
General Obligation Refunding Bonds
Dated March 3, 2016

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

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

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

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

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

Atlanta | Austin | Boston | Chicago | Dallas | Hartford | Hong Kong | Houston | Istanbul | London | Los Angeles | Miami | Morristown
New Orleans | New York | Providence | Sacramento | San Francisco | Stamford | Tokyo | Washington DC | West Palm Beach

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.

LOCKE LORD LLP

APPENDIX C

PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Town of Bedford, Massachusetts (the "Issuer") in connection with the issuance of its $8,250,000 General Obligation Refunding Bonds dated March 3, 2016 (the "Bonds"). The Issuer covenants and agrees as follows:

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

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

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

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

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

"Obligated Person" shall mean the Issuer.

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

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

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

SECTION 3. Provision of Annual Reports.

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

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

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

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated February 23, 2016 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

(b) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles, with certain exceptions permitted by the Massachusetts Uniform Municipal Accounting System promulgated by the Department of Revenue of the Commonwealth. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

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

SECTION 5. Reporting of Significant Events.

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

1. Principal and interest payment delinquencies.

2. Non-payment related defaults, if material.

3. Unscheduled draws on debt service reserves reflecting financial difficulties.

4. Unscheduled draws on credit enhancements reflecting financial difficulties.

5. Substitution of credit or liquidity providers, or their failure to perform.

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of the Owners of the Bonds, if material.

8. Bond calls, if material, and tender offers.

9. Defeasances.

10. Release, substitution or sale of property securing repayment of the Bonds, if material.

11. Rating changes.

12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person.*

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

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

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as

* 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 Obligated Person 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 Obligated Person, 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 Obligated Person.

evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

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

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

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

Date: March ___, 2016

TOWN OF BEDFORD,
MASSACHUSETTS

By_____
Treasurer

_____

_____

_____

_____

_____
Selectmen

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