

OFFICIAL STATEMENT DATED SEPTEMBER 16, 2014

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

New Issue

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

TOWN OF BEDFORD, MASSACHUSETTS
\$4,030,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2014 BONDS

DATED
Date of Delivery

DUE
October 15
(as shown below)

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

Principal of the Bonds will be payable October 15 of the years in which the Bonds mature. Interest on the Bonds will be payable April 15 and October 15, commencing April 15, 2015. Principal and semiannual interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

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

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 subject to the limit imposed under Chapter 59, Section 21C of the General Laws.

MATURITIES, AMOUNTS, RATES, YIELDS AND CUSIPS

<u>Due</u> <u>October 15</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Cusip</u> <u>076221</u>	<u>Due</u> <u>October 15</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Cusip</u> <u>076221</u>
2015	\$ 395,000	5.00 %	0.20 %	D72	2020	\$ 355,000	5.00 %	1.50 %	E48
2016	370,000	5.00	0.40	D80	2021	355,000	5.00	1.75	E55
2017	365,000	5.00	0.65	D98	2022	355,000	5.00	2.00	E63
2018	360,000	5.00	0.95	E22	2023	295,000	3.00	2.15	E71
2019	355,000	5.00	1.18	E30	2024	225,000	3.00	2.25	E89

\$600,000 Interest Rate 3.00% Term Bonds Maturing October 15, 2034 Yield @ 3.00% Cusip #076221 G20

The Bonds are offered subject to the final approving opinion of Edwards Wildman Palmer LLP, Boston, Massachusetts, Bond Counsel, as aforesaid, and to certain other conditions referred to herein and in the Notice of Sale. First Southwest Company, Boston, Massachusetts has acted as Financial Advisor to the Town of Bedford, Massachusetts, with respect to the Bonds. The Bonds in definitive form will be delivered to DTC, or its custodial agent, on or about September 30, 2014, against payment to the Town in federal funds.

FIDELITY CAPITAL MARKETS

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
SUMMARY STATEMENT	3	Pledged Taxes	28
NOTICE OF SALE	4	Initiative Petitions	28
OFFICIAL STATEMENT:		TOWN FINANCES:	
THE BONDS:		Budget and Appropriation Process	29
Description of the Bonds	7	Budget Trends	29
Redemption Provisions	7	Budget Comparison	29
Optional Redemption	7	Revenues	30
Mandatory Redemption	7	Property Taxes	30
Notice of Redemption	8	Federal Aid	30
Record Date		State Aid	30
Book-Entry Transfer System	8	School Building Assistance Program	30
Authorization of the Bonds and Use of Proceeds	9	Motor Vehicle Excise Tax	31
Principal Maturities by Purpose	10	Local Options Meals Tax	31
Tax Exemption	10	Room Occupancy Tax	31
Security and Remedies	11	Investment of Town Funds	32
Opinion of Bond Counsel	13	Annual Audits	32
Rating	13	Financial Statements	32
Financial Advisory Services of First		Combined Balance Sheets - Fiscal Year Ending:	
Southwest Company	13	June 30, 2013	33
Continuing Disclosure	14	June 30, 2012	34
		June 30, 2011	35
THE TOWN OF BEDFORD, MASSACHUSETTS:		Comparative Statement of Revenues and	
General	15	Expenditures (General Fund) 2009-2013	36
Governing Bodies and Officers	15	Undesignated/Unassigned General Fund Balance	37
Principal Town Officials	15	Stabilization Fund	37
Municipal Services	15	Tax Increment Financing for Development	
Education	16	Districts	37
Student School Enrollments	16		
Industry and Commerce	16	INDEBTEDNESS:	
Employment and Payrolls	16	Authorization Procedure and Limitations	38
Largest Employers	17	Debt Limits	38
Labor Force, Employment and		Types of Obligations	38
Unemployment Rates	17	Direct Debt Summary	40
Building Permits	17	Debt Ratios	40
Development	18	Principal Payments by Purpose	41
Population and Income	19	Debt Service Requirements	41
Population Trends	20	Authorized Unissued Debt	42
PROPERTY TAXATION:		Overlapping Debt	42
Tax Levy Computation	21	Contractual Obligations	43
Assessed Valuation and Tax Levies	22	Retirement Plan	43
Classification of Property	22	Middlesex County Retirement System	
Largest Taxpayers	23	Funding Schedule	45
State Equalized Valuation	23	Other Post-Employment Benefits	45
Abatements and Overlay	23	Employee Relations	46
Tax Collections	24	LITIGATION	46
Tax Titles and Possessions	24		
Sale of Tax Receivables	25	APPENDIX A – AUDITED FINANCIAL STATEMENTS	
Taxation to Meet Deficits	25	AS OF JUNE 30, 2013	
Tax Limitation	25	APPENDIX B – PROPOSED FORM OF LEGAL OPINION	
Unused Levy Capacity	26		
Community Preservation Act	27	APPENDIX C – PROPOSED FORM OF CONTINUING	
Community Preservation Fund Revenues	28	DISCLOSURE CERTIFICATE	

The information set forth herein has been obtained from the Town and from other sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds described herein shall, under any circumstances, create any implication that there has been no change in the affairs of the Town of Bedford, since the date hereof.

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, September 16, 2014, 11:00 A.M. (Eastern Time).

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

Issuer: Town of Bedford, Massachusetts.

Issue: \$4,030,000 General Obligation Municipal Purpose Loan of 2014 Bonds, see "THE BONDS Book-Entry Transfer System" herein.

Official Statement Dated: September 16, 2014.

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

Principal Due: Serially October 15, 2015 through October 15, 2024, one Term Bond maturing October 15, 2034; as detailed herein.

Purpose and Authority: Bond proceeds will be used to finance and refinance various municipal capital projects, as detailed herein. See "Authorization of the Bonds and Use of Proceeds."

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

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

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.

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

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

Bank Qualification: The Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

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

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

Financial Advisor: First Southwest Company, Boston, Massachusetts.

Delivery and Payment: It is expected that delivery of the Bonds in book-entry only form will be made to The Depository Trust Company, or to its custodial agent, on or about September 30, 2014, against payment in Federal Funds.

Issuer Official: Questions concerning the Official Statement should be addressed to: Mr. Victor Garofalo, Treasurer, Town of Bedford, Massachusetts telephone (781) 275-2218 X310 or Peter Frazier, Senior Vice President, First Southwest Company, Boston, Massachusetts Telephone (617) 619-4409.

**NOTICE OF SALE
TOWN OF BEDFORD, MASSACHUSETTS
\$4,030,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2014 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, September 16, 2014, for the purchase of the following described General Obligation Municipal Purpose Loan of 2014 Bonds of the Town (the "Bonds"):

\$4,030,000 General Obligation Municipal Purpose Loan of 2014 Bonds payable October 15 of the years and in the amounts as follows:

<u>Due</u> <u>October 15</u>	<u>Principal</u> <u>Amount</u>	<u>Due</u> <u>October 15</u>	<u>Principal</u> <u>Amount</u>
2015	\$ 395,000	2025	\$ 60,000 *
2016	370,000	2026	60,000 *
2017	365,000	2027	60,000 *
2018	360,000	2028	60,000 *
2019	355,000	2029	60,000 *
2020	355,000	2030	60,000 *
2021	355,000	2031	60,000 *
2022	355,000	2032	60,000 *
2023	295,000	2033	60,000 *
2024	225,000	2034	60,000 *

* Callable maturities. May be combined into one or two Term Bonds.

The Bonds will be dated their date of delivery. Principal of the Bonds will be payable on October 15 of the years in which the Bonds mature. Interest will be payable on April 15 and October 15, commencing April 15, 2015.

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 DTC participants will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners will be the responsibility of such participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

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

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 disbursement 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 maturing in the years 2015 through 2024 will not be subject to redemption prior to maturity. The Bonds maturing on and after October 15, 2025 shall be subject to redemption prior to maturity, at the option of the Town, on or after October 15, 2024, either in whole or in part at any time, and if in part, by lot within a maturity, at the par amount of the Bonds to be redeemed.

For the Bonds maturing on and after October 15, 2025, bidders may specify that all of the principal amount of such Bonds in any two or more consecutive years may, in lieu of maturing in each such year, be combined to comprise one or two Term Bonds, and shall be subject to mandatory redemption or mature at par, as described above, in each of the years and in the principal amounts specified in the foregoing maturity schedule. Each mandatory

redemption shall be allocated to the payment of the Term Bond maturing in the nearest subsequent year. Bidders may specify no more than two Term Bonds.

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

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/20 or 1/8 of one percent, but shall not state (a) more than one interest rate for any Bonds having a like maturity or **(b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3 percent.**

Bidding Parameters

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

Bids must be submitted either:

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

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

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

The Town of Bedford has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds. Should the bidder purchase municipal bond insurance, all expenses associated with such policy or commitment will be borne by the bidder, except for the fee paid to Standard & Poor's 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 Edwards Wildman Palmer LLP, Boston, Massachusetts, substantially in the form appearing as Appendix B of the Preliminary Official Statement dated September 4, 2014, (b) a certificate in the form satisfactory to Bond Counsel dated as of the date of delivery of the Bonds and receipt of payment therefor to the effect that there is no litigation pending or, to the knowledge of the signers thereof, threatened which affects the validity of the Bonds or the power of the Town to levy and collect

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

In order to assist bidders in complying with Rule 15c2-12 (b)(5) promulgated by the Securities and Exchange Commission, the Town will undertake to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement dated September 4, 2014.

The Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Additional information concerning the Town of Bedford and the Bonds is contained in the Preliminary Official Statement dated September 4, 2014, 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 and to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from First Southwest Company, 54 Canal Street, Boston, Massachusetts 02114 (Telephone: 617-619-4400). Within seven (7) business days following the award of the Bonds in accordance herewith, 10 copies of the Final Official Statement will be available from the First Southwest Company to the successful bidder for use in reoffering the Bonds. Upon request, additional copies will be provided at the expense of the requester.

On or prior to the date of delivery of the Bonds, the successful bidder shall furnish to the Town a certificate acceptable to Bond Counsel generally to the effect that (i) as of September 16, 2014 (the "Sale Date"), the purchaser had offered or reasonably expected to offer all of the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the prices set forth in such certificate, plus accrued interest, if any, (ii) such prices represent fair market prices of the Bonds as of the Sale Date, and (iii) as of the date of such certificate, all of the Bonds have been offered to the general public in a bona fide offering at the prices set forth in such certificate, and at least 10% of each maturity of the Bonds actually has been sold to the general public at such prices. To the extent the certifications described in the preceding sentence are not factually accurate with respect to the reoffering of the Bonds, Bond Counsel should be consulted by the bidder as to alternative certifications that will be suitable to establish the "issue price" of the Bonds for federal tax law purposes. If a municipal bond insurance policy or similar credit enhancement is obtained with respect to the Bonds by the successful bidder, such bidder will also be required to certify as to the net present value savings on the Bonds resulting from payment of insurance premiums or other credit enhancement fees.

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

The Bonds in definitive form will be delivered to The Depository Trust Company or its custodial agent on or about September 30, 2014 for settlement in federal funds.

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

September 4, 2014

**PRELIMINARY OFFICIAL STATEMENT
TOWN OF BEDFORD, MASSACHUSETTS
\$4,030,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2014 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 \$4,030,000 stated principal amount of its General Obligation Municipal Purpose Loan of 2014 Bonds (the "Bonds"). The information contained herein has been furnished by the Town, except information attributed to another governmental agency or official as the source.

THE BONDS

Description of the Bonds

The Bonds will be dated as of their delivery date and will bear interest payable semiannually on April 15 and October 15 of each year until maturity, commencing April 15, 2015, each at the rate or rates of interest determined upon their sale in accordance with the Notice of Sale of the Town dated September 4, 2014. The Bonds shall mature on October 15 of the years and in the principal amounts as set forth on the cover page of this Preliminary Official Statement.

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

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

Redemption Provisions

The Bonds are subject to redemption as described below.

Optional Redemption

The Bonds maturing in the years 2015 through 2024 will not be subject to redemption prior to maturity. The Bonds maturing on and after October 15, 2025 shall be subject to redemption prior to maturity, at the option of the Town, on or after October 15, 2024, either in whole or in part at any time, and if in part, by lot within a maturity, at the par amount of the Bonds to be redeemed, plus accrued interest to the date set for redemption.

Mandatory Redemption

The Bonds maturing October 15, 2034 (the "Term Bond") are subject to mandatory redemption or maturity on each of the dates and in each of the principal amounts as set forth below (the particular portion of such Term Bond to be redeemed or to mature on the final maturity date to be delivered by lot), at a redemption price of par, plus accrued interest, if any, to the redemption date.

\$600,000 Term Bond Maturing October 15, 2034

<u>October 15</u>	<u>Principal Amount</u>
2025	\$ 60,000
2026	60,000
2027	60,000
2028	60,000
2029	60,000
2030	60,000
2031	60,000
2032	60,000
2033	60,000
2034 *	60,000

*Final maturity.

Notice of Redemption

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

Record Date

The record date for each payment of interest is the last business day of the month preceding the interest payment date, however, if such date is not a business day, the record date shall be the next succeeding business day, and 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

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

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

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

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

accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

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

Authorization of the Bonds and Use of Proceeds

The following sets forth the principal amounts, purposes, dates of Town approval and statutory authorizations for the current offering of Bonds:

Purpose	This Issue	Original Bond Authorization	Bond Anticipation Notes Outstanding	Statutory Reference	Dates of Approval
Sabourin Field Synthetic Turf	\$ 495,000	\$ 850,000	\$ 400,000	Ch.44, s.7(25)	11/13/2012
Water Quality System Enhancements	155,000	155,000	155,000	Ch.44, s.8(7C)	11/13/2012
School Way Improvements	350,000	350,000	350,000	Ch.44, s.7(5) or 7(6)	11/13/2012
Emergency Communications Center Updates	504,690	504,690	504,690	Ch.44, s.7(14)	4/1/2013
Bedford Street Sewer Force Main Improvements	1,210,310	1,861,429	900,000	Ch.44, s.7(1)	3/24/2014
Two Dump Trucks	410,000	440,000		Ch.44, s.7(9)	3/24/2014
Ladder Truck	905,000	960,000		Ch.44, s.7(9)	4/1/2013
Total:	<u>\$ 4,030,000</u>		<u>\$ 2,309,690 (1)</u>		

(1) This issue will renew a like amount of bond anticipation notes maturing on October 17, 2014.

Principal Maturities by Purpose

Year	Synthetic Turf	Water Quality System Enhancement	School Way & Municipal Complex Access	Emergency Communications Center Upgrades	Sewer Force Main Improvements	Ladder Truck	Two Dump Trucks	Total
2015	\$ 65,000	\$ 20,000	\$ 35,000	\$ 64,690	\$ 70,310	\$ 95,000	\$ 45,000	\$ 395,000
2016	65,000	20,000	35,000	55,000	60,000	90,000	45,000	370,000
2017	65,000	20,000	35,000	55,000	60,000	90,000	40,000	365,000
2018	60,000	20,000	35,000	55,000	60,000	90,000	40,000	360,000
2019	60,000	15,000	35,000	55,000	60,000	90,000	40,000	355,000
2020	60,000	15,000	35,000	55,000	60,000	90,000	40,000	355,000
2021	60,000	15,000	35,000	55,000	60,000	90,000	40,000	355,000
2022	60,000	15,000	35,000	55,000	60,000	90,000	40,000	355,000
2023		15,000	35,000	55,000	60,000	90,000	40,000	295,000
2024			35,000		60,000	90,000	40,000	225,000
2025					60,000			60,000
2026					60,000			60,000
2027					60,000			60,000
2028					60,000			60,000
2029					60,000			60,000
2030					60,000			60,000
2031					60,000			60,000
2032					60,000			60,000
2033					60,000			60,000
2034					60,000			60,000
Total	<u>\$ 495,000</u>	<u>\$ 155,000</u>	<u>\$ 350,000</u>	<u>\$ 504,690</u>	<u>\$ 1,210,310</u>	<u>\$ 905,000</u>	<u>\$ 410,000</u>	<u>\$ 4,030,000</u>

Tax Exemption

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

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

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion 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" as described below (see "Types of Obligations- Serial Bonds and Notes" under "INDEBTEDNESS") and setoffs of state distributions as described below (see "State Distributions" below), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

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

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

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

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

Restricted Funds Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, and community preservation and affordable housing purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately-held property in the city or town for certain energy conservation and renewable energy projects, and may borrow to establish such a fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

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

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

Opinion of Bond Counsel

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

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

Rating

Standard & Poor's Rating Group has assigned a rating of AAA on the Bonds. Such 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 First Southwest Company

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

Continuing Disclosure

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

In the past 5 years, the Town has complied in all material respects with 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:

<u>Title</u>	<u>Name</u>	<u>Manner of Selection</u>	<u>Term Expires</u>
Selectman, Chairperson	Margot R. Fleischman	Elected/3 Years	2015
Selectman	William S. Moonan	Elected/3 Years	2016
Selectman	Caroline Fedele	Elected/3 Years	2016
Selectman	Michael A. Rosenberg	Elected/3 Years	2017
Selectman	Mark Siegenthaler	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	Robert S. Mangiaratti	Appointed	2015

Municipal Services

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

Education

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

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

PUBLIC SCHOOL ENROLLMENTS OCTOBER 1,

	Actual					Projected
	2009	2010	2011	2012	2013	2014
Kindergarten	187	150	157	158	202	171
Grades 1-4	690	691	677	690	720	740
Grades 5-6	369	371	379	362	337	367
Grades 7-8	383	378	376	396	382	370
High School (9-12) (1)	771	782	835	881	868	909
Totals	<u>2,400</u>	<u>2,372</u>	<u>2,424</u>	<u>2,487</u>	<u>2,509</u>	<u>2,557</u>

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

Industry and Commerce

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

EMPLOYMENT AND PAYROLLS

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

Industry	Calendar Year Average				
	2013	2012	2011	2010	2009
Construction	3,324	289	304	329	333
Manufacturing	2,969	3,035	2,328	2,208	2,316
Trade, Transportation & Utilities	2,453	2,271	2,140	2,277	2,102
Information	1,178	2,021	1,973	1,804	1,833
Financial Activities	750	727	707	644	677
Professional and Business Services	5,641	5,226	5,170	5,131	5,144
Education and Health Services	4,468	4,008	3,962	3,890	3,545
Leisure and Hospitality	942	883	907	893	854
Other Services	232	192	215	202	177
Total Employment	<u>21,957</u>	<u>18,652</u>	<u>17,706</u>	<u>17,378</u>	<u>16,981</u>
Number of Establishments	<u>667</u>	<u>672</u>	<u>678</u>	<u>686</u>	<u>635</u>
Average Weekly Wages	<u>\$ 1,746</u>	<u>\$ 1,794</u>	<u>\$ 1,832</u>	<u>\$ 1,894</u>	<u>\$ 1,674</u>
Total Wages	<u>\$ 1,909,655,215</u>	<u>\$ 1,923,558,021</u>	<u>\$ 1,888,373,743</u>	<u>\$ 1,916,803,227</u>	<u>\$ 1,636,692,203</u>

Largest Employers

<u>Name</u>	<u>Product/Function</u>	<u>Approximate No. of Employees</u>
Hanscom Field (USAF)	Research and Development	5,500
MITRE Corporation	Engineering, Architecture, Surveying	1,829
Veterans Medical Center	Federal Government Hospital	950
College	Community Collect	927
Progress Software	Computer Software Development	600
ACME Packet	Session Border Controllers	600
iRobot	High-Tech Manufacturing	500
RSA Security	Data Security	500
Hologic	Manufacture of Medical Devices	400
GSI	Fluid Purification and Analysis	400

Labor Force, Employment and Unemployment Rates

According to the Massachusetts Division of Employment and Training, in May 2014, the Town had a total labor force of 7,134 of which 6,871 were employed and 263, or 3.7%, were unemployed, as compared with 5.2% for the Commonwealth (unadjusted). The following table sets for the labor force and unemployment rates for the Town of Bedford as well as the unemployment rates for the Commonwealth and the United States for the years indicated.

<u>Year</u>	<u>Town of Bedford</u>		<u>Massachusetts</u>	<u>United States</u>
	<u>Labor Force</u>	<u>Unemployment Rate</u>	<u>Unemployment Rate</u>	<u>Unemployment Rate</u>
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
2009	7,101	6.5	8.1	9.3

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

Building Permits

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

<u>Year</u>	<u>Number</u>	<u>Estimated Value</u>
2014 (1)	286	\$ 39,101,028
2013	474	45,519,118
2012	572	80,450,777 (2)
2011	551	37,696,677
2010	466	28,245,851

SOURCE: Report of the Building Inspector.

(1) Issued through August 6, 2014.

(2) Includes improvements to 9 Crosby Drive (Office Building) of \$21 million and \$8.2 million at 100 Crosby Drive (Acme Packet).

Development

The Planning Board reviews proposals for development in Bedford. These reviews include a range of business, mixed use and residential developments. Below is a list of some recent reviewed proposals.

New Business Development and Redevelopment

- 1) 4-18 Crosby Drive/Bedford Business Park – approved a special permit for an Industrial Mixed Use project that involves a master planned redevelopment in three phases. Phase 1 includes 40 new parking spaces, a new restaurant, some façade upgrades, reconfiguration of internal circulation, landscaping, and storm water improvements; and that later phases will include structured parking and additional office/R&D floor space; (May 20, 2013 and June 4, 2013)
- 2) 8 Oak Park/Logic Health – approved a site plan for a parking expansion of 89 new spaces; (April 1, 2013 and May 14, 2013)
- 3) 8 Alfred Circle/Bedford Montessori School – approved a site plan for occupation of existing building with site alterations; (December, 2013)

Special Permit Modifications to Existing and Newly Approved Business Developments

- 4) 64-68 Great Road/Blake Block – held executive session to resolve enforcement issues; (February 5, 2013)
- 5) 68-64 Great Road/ Blake Block – minor special permit amendment involving shrub planting barrier and new bike rack plan; (May 14, 2013)

Mixed Use Projects

- 6) 100 Plank Street – reviewed revised special permit amendment proposal to replace 69,000 square foot office building with two buildings (46-multi-family residential units, 4,000 square foot commercial space with associated garages). Included 6,000 sq. ft. of commercial space on the first floor of the front building and a total of 44 multi-family units (7-studio, 28-one bedroom and 9-two bedrooms); plus 19 garage spaces; (April 16, 2013 and June 18, 2013)
- 7) 54 Loomis Street – reviewed a proposal for the construction of one two-story mixed use building and one 2 1/2 story residential building in the Depot Area Mixed Use Overlay District. Finalized deliberations and gave an affirmative vote for a *redesigned* special permit mixed use redevelopment project. The numbers of units were reduced from 23 to 19, a 3rd story was eliminated from the rear building, units were changed to the sales type and site amenities and bicycle related facilities were added; (March 19, 2013 and May 20, 2013)

Residential:

Subdivisions/ANR's

New Subdivisions

- 8) Victoria Road (off Charles Street) – one lot subdivision; (February 5, 2013 & April 1, 2013)
- 9) 93 Hartwell Road/Athena Lane - two lot subdivision with a private way; (May 14, 2013)
- 10) 29A Chelmsford Road/Isabella Lane – 4 lot subdivision with construction of way; (September 10 and September 24, 2013) Frontage Lot Exemptions (ANR)—Residential
- 11) Approval Not Required frontage lot exemptions (ANR's): 64 Sweetwater Avenue (May 14, 2013 and Wellington Way; (July 9, 2013) Frontage Lot Exemptions (ANR)—Business
- 12) Approval Not Required – 100 Crosby Drive (formerly 40 Crosby Drive); to separate a portion of land from the rear of existing lot. (November 19, 2013)

Ongoing Regulatory Modifications:

A number of development projects have a lengthy history of difficulties in being completed or completed properly or otherwise achieving their originally intended development goals. The Planning Department and Board have worked diligently to set each of these projects on the proper path to resolution:

Freedom Estates- (existing incomplete subdivision) – Residential Use

- Executive session (April 2, 2013)
- Planning Board determination to clarify status of a trail segment (between 22/24 Liberty Road) (June 18, 2013).
- Partial bond release for completed work (October 30, 2013).

Huckins Farms PRD Requests – Residential Use

- 4 Stonegate Road – Unit owner inquired about finishing their basement (informal discussion regarding the appropriateness of allowing finished basements in conjunction with the PRD special permit)(August 1, 2013).

Hayden Highlands & Gov. Winthrop Estates – (incomplete subdivisions) – Residential Use

- Confirmed home/lot owners' release from subdivision developer's covenant, 13 Donovan Drive and adjacent lot (August 27, 2013).
- Coordination between Planning and DPW to move streets towards acceptance in 2014

Other:

46 Wilson Road/Scenic Road Bylaw – Residential Use

- Public Hearing; reviewed a request to install a new driveway that bisects an embankment containing rocks that might have been part of an old stonewall;(July 9, 2013)

Housing for Homeless Vets – Residential Use

- Discussions regarding further meetings between town staff and developer; (August 27, 2013).

Population and Income

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

	POPULATION AND INCOME (1)		
	<u>Bedford</u>	<u>Massachusetts</u>	<u>United States</u>
Median Age:			
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

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

SOURCE: Federal Census.

PROPERTY TAXATION

Tax Levy Computation

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

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

TAX LEVY COMPUTATION

	Fiscal 2014	Fiscal 2013	Fiscal 2012	Fiscal 2011	Fiscal 2010
Gross Amount to be Raised					
Appropriations (1)	\$78,779,062	\$78,112,534	\$75,311,549	\$77,712,238	\$73,903,744
Other Local Expenditures	360,588	226,234	745,745	143,733	529,067
State and County Charges	378,140	357,740	324,334	308,940	283,011
Overlay Reserve	893,191	899,804	854,610	796,197	868,878
Total Gross Amount to be Raised	80,410,981	79,596,311	77,236,238	78,961,108	75,584,699
Less Estimated Receipts & Other Revenue					
Estimated Receipts from State (2)	6,234,154	5,992,807	5,057,502	5,117,984	6,631,078
Estimated Receipts-Local (3)	10,956,905	11,546,012	10,404,904	16,016,800	13,558,591
Available Funds Appropriated:					
Free Cash	-	-	-	-	-
Other Available Funds (4)	5,046,399	5,269,075	7,577,919	5,985,164	5,863,837
Free Cash & Other Revenue Used to Reduce the Tax Rate	2,471,075	3,250,790	1,895,000	1,894,000	3,055,000
Total Estimated Receipts & Revenues	24,708,533	26,058,684	24,935,325	29,013,948	29,108,506
Net Amount to be Raised (Tax Levy)	\$55,702,448	\$53,537,627	\$52,300,913	\$49,947,160	\$46,476,193
Property Valuation	\$ 2,785,038,031	\$ 2,771,855,371	\$ 2,755,593,345	\$ 2,752,075,404	\$ 2,755,935,570
Tax Rate per \$1,000 (Residential)	\$ 15.71	\$ 15.37	\$ 15.21	\$ 14.33	\$ 13.08
Tax Rate per \$1,000 (C/I/P)	\$ 34.04	\$ 33.80	\$ 33.21	\$ 31.76	\$ 29.51
Tax Rate per \$1,000 (Open Space)	\$ 11.78	\$ 11.55	\$ 11.40	\$ 10.74	\$ 9.81

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- (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)
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
2011	2,660,827,344	91,248,060	2,752,075,404	49,947,160	3,750
2010	2,685,481,470	70,454,100	2,755,935,570	46,476,193	3,489

(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 2014, 2013 and 2012.

Property Type	2014		2013		2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Residential	\$2,277,053,784	79.5 %	\$ 2,175,812,786	78.5 %	\$2,175,568,303	79.0 %
Open Space	1,655,600	0.1	2,285,600	0.1	2,389,400	0.1
Commercial	238,547,547	8.3	241,737,565	8.7	238,704,348	8.7
Industrial	267,781,100	9.4	265,814,100	9.6	254,422,200	9.2
Personal	78,584,090	2.7	86,205,320	3.1	84,509,094	3.1
Total	<u>\$2,863,622,121</u>	<u>100.0 %</u>	<u>\$ 2,771,855,371</u>	<u>100.0 %</u>	<u>\$2,755,593,345</u>	<u>100.0 %</u>

Largest Taxpayers

The following table lists the ten largest taxpayers in the Town based upon assessed valuation for fiscal 2014. All of the properties listed are current in their tax payments.

Name	Nature of Business	Assessed Valuation
Cole of Bedford, MA LLC	Offices	\$ 40,530,700
DIV Bedford, LLC	Research & Development	31,415,400
CPF Taylor Pond LLC	Apartments	25,666,700
RAR 2 Crosby Corp. Center QRS Inc.	Offices	25,505,800
ILC Property LLC	Research & Development	23,543,600
MSCP Crosby LLC	Research & Development	22,210,800
Millipore Filter Corporation	Research & Development	21,462,800
Carleton-Willard Homes, Inc	Assisted Living/Senior Housing	20,870,400
Heritage Middlesex Turnpike LLC	Apartments	20,807,700
Great Road Shopping Center, LLC	Shopping Center	19,730,800
Total		<u>\$ 251,744,700</u>

State Equalized Valuation

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

January 1,	State Equalized Valuation	% Change
2014 (Proposed)	\$ 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		Abatements Granted Through June 30, 2014
		Dollar Amount	As a % of Net Levy	
2014	\$54,809,256	\$893,191	1.6 %	\$170,295
2013	52,637,823	899,804	1.7	318,841
2012	51,476,589	854,610	1.7	540,693
2011	49,168,661	796,197	1.6	682,209
2010	45,804,430	868,878	1.9	844,706

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

Tax Collections

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

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

Fiscal Year	Gross Tax Levy	Overlay Reserve for Abatements	Net Tax Levy (1)	Collections During Fiscal Year Payable (2)		Collections as of June 30, 2014	
				Dollar Amount	% of Net Levy	Dollar Amount	% of Net Levy
2014	\$ 55,702,447	\$ 893,191	\$ 54,809,256	\$ 55,123,138	100.6 %	\$ 55,123,138	100.6 %
2013	53,568,234	899,804	52,668,430	52,669,764	100.0	53,188,498	101.0
2012	52,331,199	854,610	51,476,589	51,328,290	99.7	51,727,397	100.5
2011	49,964,858	796,197	49,168,661	48,863,794	99.4	49,255,597	100.2
2010	46,673,307	868,878	45,804,429	45,659,255	99.7	45,827,863	100.1

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

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

Tax Titles and Possessions

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

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

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

Fiscal Year	Total Tax Titles and Possessions
2014	\$ 247,787
2013	194,930
2012	153,829
2011	126,259
2010	324,464

Sale of Tax Receivables

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

Taxation to Meet Deficits

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

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

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

Tax Limitations

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

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

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

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

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

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

Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures, or for the city or town's appropriated share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2 ½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ per cent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option." Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval local appropriating authorities (by two-thirds vote in districts with more than two numbers 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 2010 through 2014.

Fiscal Year	Estimated Full Valuation(1)	Primary Levy Limit	Maximum Levy Limit	Actual Tax Levy(2)	Under(Over) Primary Levy Limit
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
2011	2,752,075,404	68,801,885	50,577,989	49,947,160	18,854,725
2010	2,755,935,570	68,898,389	47,723,183	46,476,193	22,422,196

(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
2014	\$ 1,381,599	N.A.	\$ 1,381,599
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
2009	1,133,729	443,486	1,577,215

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				
	2015	2014	2013	2012	2011
General Government	\$13,861,212	\$13,405,338	\$12,558,741	\$13,005,737	\$12,561,474
Public Safety	5,499,182	5,300,223	5,209,550	5,516,849	5,353,486
Public Works/Highway	10,710,899	10,341,325	10,226,712	9,551,489	9,348,157
Facilities	868,671	768,268	753,258	742,875	750,027
Health	553,993	538,552	526,718	517,028	509,750
Human Services	822,348	739,808	724,759	716,557	697,275
School	36,201,554	34,719,568	33,292,202	32,181,380	32,418,135
Library	1,201,713	1,171,865	1,152,291	1,151,271	1,130,265
Other	164,226	133,714	159,828	136,850	152,882
Maturing Debt and Interest	7,246,510	7,577,090	7,684,917	7,761,951	7,923,829
Total	\$77,130,308	\$74,695,751	\$72,288,976	\$71,281,987	\$70,845,280

Revenues

Property Taxes

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

Federal Aid

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

<u>Fiscal Year</u>	<u>Total Federal Aid</u>
2014	\$ 340,566
2013	208,117
2012	145,219
2011	221,669
2010	234,787

State Aid

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

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

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

<u>Fiscal Year</u>	<u>Total State Aid</u>
2014	\$ 5,696,903
2013	5,455,556
2012	4,468,000
2011	4,528,928
2010	4,835,243

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 2014 was \$1,623,895, \$1,660,638, \$1,689,247 and \$2,023,301, 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 and \$327,370 in fiscal 2014.

Room Occupancy Tax

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

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

<u>Fiscal Year</u>	<u>Room Occupancy</u>
2014	\$ 716,929
2013	647,290
2012	623,396
2011	461,709
2010	396,288

Investment of Town Funds

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

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

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

Annual Audits

The Town's accounts were most recently independently audited for the fiscal year ended June 30, 2013 by Sullivan & Rogers Company LLC, of Burlington, Massachusetts and such audit is attached hereto as Appendix A. The Town expects to start the fiscal 2014 audit in October 2014.

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, 2013, June 30, 2012 and June 30, 2011, and a Combined Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds for the fiscal years ended June 30, 2009 through June 30, 2013. 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, 2013 (1)

ASSETS	General	Sewer	High School	Community Preservation Funds	Nonmajor Governmental Funds	Total Governmental Funds
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 foreclosures	53,769	-	-	-	-	53,769
Restricted assets:						
Cash and cash equivalents	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
Committed	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
BALANCE SHEET**

JUNE 30, 2012 (1)

ASSETS	<u>General</u>	<u>Sewer</u>	<u>High School</u>	<u>Community Preservation Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 15,621,312	\$ -	\$ -	\$ -	\$ -	\$ 15,621,312
Investments	2,335,109	-	-	-	-	2,335,109
Receivables, net of uncollectibles:						
Real estate and personal property taxes	570,533	-	-	-	-	570,533
Tax liens	211,708	-	-	-	-	211,708
Motor vehicle excise taxes	131,280	-	-	-	-	131,280
User fees	1,230,939	1,749,588	-	-	-	2,980,527
Departmental and other	113,519	-	-	18,384	60,397	192,300
Intergovernmental	5,773,647	-	-	-	291,629	6,065,276
Due from other funds	7,015	-	-	-	-	7,015
Tax foreclosures	53,769	-	-	-	-	53,769
Restricted assets:						
Cash and cash equivalents	426,935	6,716,182	116,151	4,250,166	4,667,773	16,177,207
Investments	3,984,266	-	-	-	2,077,706	6,061,972
TOTAL ASSETS	<u>\$ 30,460,032</u>	<u>\$ 8,465,770</u>	<u>\$ 116,151</u>	<u>\$ 4,268,550</u>	<u>\$ 7,097,505</u>	<u>\$ 50,408,008</u>
 LIABILITIES AND FUND BALANCES						
Liabilities:						
Warrants payable	\$ 704,992	\$ -	\$ -	\$ 158,939	\$ 169,275	\$ 1,033,206
Accrued payroll	2,321,617	-	-	-	85,981	2,407,598
Tax refunds payable	1,446,166	-	-	-	-	1,446,166
Other liabilities	1,419,070	-	-	-	-	1,419,070
Abandoned property	509,976	-	-	-	-	509,976
Deferred revenues	7,860,931	1,749,588	-	18,384	-	9,628,903
Due to other funds	-	-	-	-	7,015	7,015
Accrued health claims payable	100,000	-	-	-	-	100,000
Short-term notes payable	-	-	-	-	405,000	405,000
TOTAL LIABILITIES	<u>14,362,752</u>	<u>1,749,588</u>	<u>-</u>	<u>177,323</u>	<u>667,271</u>	<u>16,956,934</u>
Fund Balances:						
Nonspendable	-	-	-	-	452,742	452,742
Restricted	4,311,200	6,716,182	116,151	4,091,227	6,009,542	21,244,302
Committed	5,666,518	-	-	-	-	5,666,518
Assigned	1,243,040	-	-	-	-	1,243,040
Unassigned	4,876,522	-	-	-	(32,050)	4,844,472
TOTAL FUND BALANCES (2)	<u>16,097,280</u>	<u>6,716,182</u>	<u>116,151</u>	<u>4,091,227</u>	<u>6,430,234</u>	<u>33,451,074</u>
TOTAL LIABILITIES AND FUND BALANCES (2)	<u>\$ 30,460,032</u>	<u>\$ 8,465,770</u>	<u>\$ 116,151</u>	<u>\$ 4,268,550</u>	<u>\$ 7,097,505</u>	<u>\$ 50,408,008</u>

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

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

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

JUNE 30, 2011 (1)

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

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

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

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

	FOR THE FISCAL YEAR ENDED JUNE 30,				
	2013	2012	2011	2010	2009
Revenues:					
Real estate and personal property taxes, net of tax refunds	\$ 53,740,350	\$ 51,267,904	\$ 49,839,603	\$ 45,209,302	\$ 45,133,746
Motor vehicle and other excise taxes	2,982,680	2,987,334	2,714,614	2,308,614	2,192,527
Charges for services	2,690,907	2,560,201	2,824,082	2,484,994	2,497,839
Penalties and interest on taxes	187,002	172,203	203,424	216,645	128,365
Payments in lieu of taxes	1,508,498	1,459,126	1,411,786	1,418,587	1,347,828
Intergovernmental	11,995,994	10,531,474	10,434,419	11,794,608	11,798,996
Departmental and other	1,921,292	2,378,642	2,230,575	1,780,637	3,291,520
Investment Income	653,700	269,495	298,990	315,438	973,211
Total Revenues	<u>75,680,423</u>	<u>71,626,379</u>	<u>69,957,493</u>	<u>65,528,825</u>	<u>67,364,032</u>
Expenditures:					
Current:					
General government	\$ 3,711,968	\$ 3,130,462	\$ 3,304,331	\$ 3,259,729	\$ 3,203,398
Public safety	5,586,110	5,967,106	5,784,431	5,715,280	5,620,092
Education	33,408,259	32,232,091	32,385,594	31,480,558	30,478,656
Public works	5,242,001	4,515,567	5,141,199	4,470,140	5,571,034
Water	2,101,251	1,722,227	1,729,748	1,591,554	1,263,638
Sewer	706,668	609,973	592,193	615,684	617,960
MWRA assessment	2,909,153	2,951,458	2,872,130	2,929,353	2,779,636
Health and Human services	1,123,782	1,072,034	1,127,813	1,061,664	1,051,440
Culture and recreation	1,305,923	1,315,381	1,293,367	1,262,709	1,217,342
Pension benefits	8,955,335	8,306,574	7,848,654	7,778,413	7,485,653
Employee benefits	5,867,102	6,389,340	6,113,999	5,743,269	6,367,894
Other	-	-	-	-	-
State and county charges	376,864	353,366	310,540	274,138	259,662
Debt service:					
Principal	5,377,016	5,248,654	4,212,654	3,818,571	4,268,572
Interest	2,214,646	2,423,254	2,226,673	3,251,651	3,296,072
Total Expenditures	<u>78,886,078</u>	<u>76,237,487</u>	<u>74,943,326</u>	<u>73,252,713</u>	<u>73,481,049</u>
Excess (Deficiency) of revenues over expenditures	(3,205,655)	(4,611,108)	(4,985,833)	(7,723,888)	(6,117,017)
Other Financing Sources (Uses):					
Premium from issuance of debt	23,926	203,604	1,335,342	1,358,368	
Operating transfers in	5,440,984	5,256,715	4,846,152	5,423,996	5,879,887
Operating transfers out	(328,128)	-	-	(1,014,332)	(815,000)
Total Other Financing Sources (Uses)	<u>5,136,782</u>	<u>5,460,319</u>	<u>6,181,494</u>	<u>5,768,032</u>	<u>5,064,887</u>
Net change in fund balances	1,931,127	849,211	1,195,661	(1,955,856)	(1,052,130)
Fund Balances, at Beginning of Year	<u>16,097,280</u>	<u>15,248,069</u>	<u>14,052,408</u> (2)	<u>9,066,164</u>	<u>10,118,294</u>
Fund Balances, at End of Year	<u>\$ 18,028,407</u>	<u>\$ 16,097,280</u>	<u>\$ 15,248,069</u>	<u>\$ 7,110,308</u>	<u>\$ 9,066,164</u>

(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

Unassigned/Undesignated General Fund Balance and Free Cash

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

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

Fiscal Year	Unassigned/ Undesignated General Fund Balance (June 30) (1)	Certified Free Cash (July 1)
2013	\$ 6,907,624 (2)	\$ 2,902,314
2012	4,876,522 (2)	3,316,075
2011	5,872,381 (2)	3,702,518
2010	2,217,840	2,394,874
2009	3,838,204	2,393,359

(1) Source: Audited financial statements.

(2) Unassigned General Fund Balance. Includes Stabilization Fund Balances.

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,	Stabilizaion Fund Balance
2014	\$ 2,631,497
2013	2,605,596
2012	1,223,910 (1)
2011	1,697,581 (2)
2010	2,461,380

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

**Town of Bedford
DIRECT DEBT SUMMARY
As of June 30, 2014
Including Subsequent Issues**

Long-Term Debt (1)(2)			
Within Debt Limit:			
Sewers & Drains	\$	443,943	
Land Acquisition		6,241,000	
Schools		29,239,000	
Other Building		7,598,000	
Architectural & Engineering Services		172,000	
Other		<u>2,240,000</u>	
Total Inside			\$ 45,933,943
Outside Debt Limit			
Water		<u>4,984,730</u>	
Total Outside			<u>4,984,730</u>
Total Long Term Debt Outstanding			50,918,673
This Issue of Bonds to be Dated September 30, 2014			4,030,000
Short Term Debt			
Bond Anticipation Notes Outstanding (3)		2,309,690	
Less:			
To Be Retired with Bond Proceeds		<u>(2,309,690)</u>	
Total Short Term Debt Outstanding			<u>-</u>
Total Direct Debt			<u><u>\$ 54,948,673</u></u>

- (1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability, and other post-employment benefits liability.
(2) \$32,144,000 has been exempted from the limits of Proposition 2½.
(3) Payable October 17, 2014.

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
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
2010	54,220,469	13,320	3,141,130,500	4,071	1.73

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, 2014.

Fiscal Year	Sewer	Land Acquisition	Schools	Other Building	Architect & Engineering	Water	Other	Total Outstanding
2015	\$ 108,943	\$ 638,000	\$ 2,590,000	\$ 900,000	22,000.00	\$ 568,243	\$ 440,000	\$ 5,267,186
2016	45,000	630,000	2,528,000	890,000	22,000.00	508,243	350,000	4,973,243
2017	45,000	574,000	2,463,000	876,000	22,000.00	503,243	350,000	4,833,243
2018	40,000	570,000	2,397,000	866,000	22,000.00	455,000	350,000	4,700,000
2019	35,000	570,000	2,297,000	856,000	22,000.00	425,000	250,000	4,455,000
2020	35,000	559,000	2,284,000	835,000	22,000.00	425,000	190,000	4,350,000
2021	35,000	550,000	2,263,000	800,000	22,000.00	425,000	140,000	4,235,000
2022	20,000	465,000	2,237,000	660,000	18,000.00	420,000	140,000	3,960,000
2023	20,000	465,000	2,220,000	515,000	-	420,000	10,000	3,650,000
2024	20,000	460,000	1,560,000	380,000	-	275,000	10,000	2,705,000
2025	20,000	380,000	1,425,000	20,000	-	230,000	5,000	2,080,000
2026	20,000	380,000	1,420,000	-	-	230,000	5,000	2,055,000
2027	-	-	1,335,000	-	-	100,000	-	1,435,000
2028	-	-	555,000	-	-	-	-	555,000
2029	-	-	555,000	-	-	-	-	555,000
2030	-	-	555,000	-	-	-	-	555,000
2031	-	-	555,000	-	-	-	-	555,000
	<u>\$ 443,943</u>	<u>\$ 6,241,000</u>	<u>\$ 29,239,000</u>	<u>\$ 7,598,000</u>	<u>\$ 172,000</u>	<u>\$ 4,984,730</u>	<u>\$ 2,240,000</u>	<u>\$ 50,918,673</u>

Debt Service Requirements as of June 30, 2014

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

Fiscal Year	Outstanding (1)		Total Principal and Interest	MSBA Subsidy	Total Net Debt Service
	Principal	Interest			
2015	\$ 5,267,186	\$ 1,712,881	\$ 6,980,068	(537,251)	\$ 6,442,817
2016	4,973,243	1,541,150	6,514,393	(537,251)	5,977,142
2017	4,833,243	1,369,100	6,202,343	(537,251)	5,665,092
2018	4,700,000	1,184,400	5,884,400	(537,251)	5,347,149
2019	4,455,000	997,025	5,452,025	(537,251)	4,914,774
2020	4,350,000	837,250	5,187,250	(537,251)	4,649,999
2021	4,235,000	698,600	4,933,600	(537,251)	4,396,349
2022	3,960,000	578,550	4,538,550	(537,251)	4,001,299
2023	3,650,000	463,938	4,113,938	(537,251)	3,576,687
2024	2,705,000	357,100	3,062,100	-	3,062,100
2025	2,080,000	268,063	2,348,063	-	2,348,063
2026	2,055,000	188,925	2,243,925	-	2,243,925
2027	1,435,000	117,375	1,552,375	-	1,552,375
2028	555,000	77,700	632,700	-	632,700
2029	555,000	55,500	610,500	-	610,500
2030	555,000	33,300	588,300	-	588,300
2031	555,000	11,100	566,100	-	566,100
	<u>\$ 50,918,673</u>	<u>\$ 10,491,956</u>	<u>\$ 61,410,629</u>	<u>\$ (4,835,259)</u>	<u>\$ 56,575,370</u>

(1) \$32,144,000 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

Following delivery of the Bonds, the Town will have approximately \$2,514,719 of authorized unissued debt for the following purposes:

Infiltration/Inflow Program	\$ 150,000
Middlesex Turnpike Water Main Replacement	425,000
Crosby Drive Water Standpipe Painting	260,000
Sewer Pump Station	170,000
Ladder Truck	55,000
Bedford Street Sewer Force Main Improvements	651,119
Water Main Improvements	773,600
Two Dump Trucks	30,000
Total	<u><u>\$ 2,514,719</u></u>

Overlapping Debt

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

The following table sets forth the outstanding bonded debt, exclusive of temporary loans in anticipation of bonds or current revenue, of the MBTA, the MWRA and the Regional School District, the Town of Bedford's share of such debt and the fiscal year 2014 dollar assessment for each.

Entity	Bonds Outstanding 6/30/13	Bedford's Estimated Share	Fiscal Year 2014 Assessments for Operations and Debt Service
Massachusetts Water Resources Authority (1) Sewer	\$ 4,027,396,000	0.670 %	\$2,968,529
Massachusetts Bay Transportation Authority (2)	5,531,383,476	0.002	\$284,439
Shawsheen Valley Regional Vocational Technical School District (3)	3,405,000	10.00	\$492,683

- (1) Source: MWRA. The MWRA provides wholesale drinking water services in whole or in part to 48 cities, towns and special purpose entities and provides wastewater collection and treatment services to 43 cities, towns and special purpose entities. Under its enabling legislation, as amended, the aggregate principal amount of all bonds issued by the MWRA for its corporate purposes may not exceed \$6.1 billion outstanding at any time. Its obligations are secured by revenues of the MWRA. The MWRA assesses member cities, towns and special purpose entities, which continue to provide direct retail water and sewer services to users. The cities, towns and other entities collect fees from the users to pay all or part of the assessments; some municipalities levy property taxes to pay part of the amounts assessed upon them.
- (2) Source: MBTA. Debt is as of June 30, 2013. Assessments for fiscal year 2014. 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 2015. 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. Fiscal year 2015 Assessment.

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 2011 through 2015 equal \$638,117, \$644,640, \$657,533, \$670,683, and \$684,097, respectively.

The Town began a five year contract with Covanta Haverhill, Inc. on July 1, 2010 for the disposal of its refuse. There are no longer any guaranteed annual tonnage requirements and the Town only pays for the actual tonnage of refuse delivered. The tipping fees are \$67, \$69, \$71, \$73, and \$75 per ton for fiscal years 2011 through 2015, respectively. As of June 30, 2014, 3,912 tons were delivered which yielded a total tipping fee charge of \$254,299.

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 conduct an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 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 of Bedford employees, except school teachers, are provided by the Middlesex Retirement system, a cost sharing multiple-employer public employee retirement system that acts as the investment and administrative agent for the Town. School teachers' pensions are covered by the Commonwealth of Massachusetts Teachers' Retirement System to which the Town of Bedford does not contribute. Participation is mandatory for all full-time and part-time (minimum of 18 hrs/wk) non-teaching employees whose employment commences prior to age 65.

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

<u>Fiscal Year</u>	<u>Retirement System Contribution</u>
2015 (Budget)	\$ 3,438,459
2014	3,222,436
2013	2,847,038
2012	2,972,407
2011	2,837,517

As of January 1, 2012, the Middlesex County Retirement System's unfunded actuarial accrued liability was \$1,111,821,574 assuming a 4.50% discount rate. Bedford's share of the unfunded liability is \$41,380,818.

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)	Total Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year
2013	\$ 19,869,502	\$ 1,681,225	\$ 736,312	\$ 61,600	\$ 61,021,181	\$ 83,369,820	\$ 1,155,438,811
2014	20,763,630	1,681,225	736,312	61,219	65,514,968	88,757,354	1,180,600,463
2015	21,697,993	1,681,225	736,312	61,219	70,346,532	94,523,281	1,203,014,647
2016	22,674,403	1,681,225	736,312	61,219	75,510,861	100,664,020	1,222,103,314
2017	23,694,751	1,681,225	736,312	61,219	81,030,428	107,203,935	1,237,247,886
2018	24,761,015	1,681,225	736,312	61,219	86,929,203	114,168,974	1,247,756,489
2019	25,875,261	1,681,225	736,312	61,219	93,232,754	121,586,771	1,252,856,505
2020	27,039,648	-	736,312	61,219	101,649,578	129,486,757	1,251,686,419
2021	28,256,432	-	-	61,219	108,585,178	136,902,829	1,243,286,904
2022	29,527,971	-	-	61,219	112,928,585	142,517,775	1,227,647,783
2023	30,856,730	-	-	-	117,445,728	148,302,458	1,206,156,044
2024	32,245,283	-	-	-	122,143,557	154,388,840	1,178,224,275
2025	33,696,321	-	-	-	127,029,300	160,725,621	1,143,080,994
2026	35,212,655	-	-	-	132,110,472	167,323,127	1,099,950,201
2027	36,797,224	-	-	-	137,394,891	174,192,115	1,047,985,854
2028	38,453,099	-	-	-	142,890,686	181,343,785	986,265,944
2029	40,183,488	-	-	-	148,606,314	188,789,802	913,786,091
2030	41,991,745	-	-	-	154,550,566	196,542,311	829,452,604
2031	43,881,374	-	-	-	160,732,589	204,613,963	732,074,984
2032	45,856,036	-	-	-	167,161,892	213,017,928	620,357,801
2033	47,919,558	-	-	-	173,848,368	221,767,926	492,891,916
2034	50,075,938	-	-	-	180,802,303	230,878,241	348,144,980
2035	52,329,355	-	-	-	188,034,395	240,363,750	184,451,157
2036	54,684,176	-	-	-	-	54,684,176	-
2037	57,144,964	-	-	-	-	57,144,964	-
2038	59,716,487	-	-	-	-	59,716,487	-
2039	62,403,729	-	-	-	-	62,403,729	-
2040	65,211,897	-	-	-	-	65,211,897	-

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 4.5% per year. Item (6) increases at 4% per year beginning in fiscal 2022.

Fiscal 2013 appropriation is budgeted amount determined with prior valuation, with an adjustment for the 2010 ERI.

The Town established a Pension Retirement Account to address the issue of unfunded liability. The balance in the fund was \$970,869 as of June 30, 2014.

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

Other Post Employment Benefits

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

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

The Town received special enabling legislation and created a separate fund, the Post Retirement Benefit Liability Fund to deal with the post retirement benefit liability. The Town appropriated \$525,000 into this fund for fiscal 2013 and the balance in this account as of December 31, 2013 was \$3,829,061.

In December, 2012 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 \$48,839,208 and the Town's annual required contribution was \$3,817,825 assuming a 4.0% 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 \$3,948,462 at June 30, 2014.

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

<u>Title of Union Contract</u>	<u>Department</u>	<u>No. of Union Members</u>	<u>Contract Expiration Date (1)</u>
Bedford Police Officers Association	Police	18	6/30/2014
Bedford Permanent Firefighters	Fire	26	6/30/2016
Bedford Public Health Nurses	Public Health	5	6/30/2015
American Federation of State, County and Municipal Employees	Public Works	28	6/30/2016
Bedford Education Association	School	253	6/30/2017
Bedford Custodian Association	School	30	6/30/2015
Bedford School Secretaries Association	School	16	6/30/2015
Bedford School Cafeteria Employees	School	19	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
		<u>486</u>	

(1) Expired contracts are currently in negotiations.

LITIGATION

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

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

September 16, 2014

TOWN OF BEDFORD, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013



Prepared by:
Finance Department

TOWN OF BEDFORD, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

Independent Auditors' Report.....	A-1
Management's Discussion and Analysis	A-5
Basic Financial Statements	A-17
Statement of Net Position	A-19
Statement of Activities	A-20
Governmental Funds – Balance Sheet.....	A-22
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position	A-24
Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balances	A-26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	A-28
Proprietary Funds – Statement of Fund Net Position.....	A-29
Proprietary Funds – Statement of Revenues, Expenses and Change in Fund Net Position.....	A-30
Proprietary Funds – Statement of Cash Flows.....	A-31
Fiduciary Funds – Statement of Fiduciary Net Position.....	A-32
Fiduciary Funds – Statement of Changes in Fiduciary Net Position	A-33
Notes to Basic Financial Statements	A-35



Certified Public Accountants

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Burlington, Massachusetts 01803

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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, 2013, 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, 2013 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.

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 67 through 73) 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

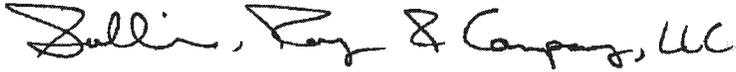
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bedford, Massachusetts' basic financial statements. The introductory section, combining statements and statistical section are presented for purposes of additional analysis and 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 November 25, 2013 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.

A handwritten signature in black ink that reads "Sullivan, Poy & Company, LLC". The signature is written in a cursive, flowing style.

November 25, 2013

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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, 2013.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$136,925,065 (net position).
- The Town's total net position increased \$361,999.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$6,907,624, or 8.7% of total general fund expenditures and transfers out.
- The Town's total bonded debt decreased \$3,976,016 during the fiscal year. The Town issued \$6,130,000 of new debt and retired \$10,106,016 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 and liabilities, with the difference between the two 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 77-80 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.

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

The basic fiduciary funds financial statements can be found at pages 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 41-66 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 67-73 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 position exceeded liabilities by \$136,925,065 at the close of the fiscal year and are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2013	2012	2013	2012	2013	2012
Assets						
Current assets.....	\$ 45,483,136	\$ 45,126,654	\$ 253,396	\$ -	\$ 45,736,532	\$ 45,126,654
Noncurrent assets (excluding capital assets).....	4,752,282	5,274,339	-	-	4,752,282	5,274,339
Capital assets (net).....	167,704,208	170,233,702	153,105	-	167,857,313	170,233,702
Total assets.....	217,939,626	220,634,695	406,501	-	218,346,127	220,634,695
Liabilities						
Current liabilities (excluding debt).....	7,740,832	8,665,451	8,328	-	7,749,160	8,665,451
Noncurrent liabilities (excluding debt).....	17,714,044	15,124,302	56,998	-	17,771,042	15,124,302
Current debt.....	5,457,186	5,811,016	25,000	-	5,482,186	5,811,016
Noncurrent debt.....	50,268,674	54,470,860	150,000	-	50,418,674	54,470,860
Total liabilities.....	81,180,736	84,071,629	240,326	-	81,421,062	84,071,629
Net Position						
Net investment in capital assets.....	113,007,214	110,983,956	(21,895)	-	112,985,319	110,983,956
Restricted.....	23,905,718	23,849,127	-	-	23,905,718	23,849,127
Unrestricted.....	(154,042)	1,729,983	188,070	-	34,028	1,729,983
Total net position.....	\$ 136,758,890	\$ 136,563,066	\$ 166,175	\$ -	\$ 136,925,065	\$ 136,563,066

The largest portion of the Town's net position (82.5%) 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 (17.5%) represents resources that are subject to external restrictions on how they may be used.

Unrestricted net position of \$188,070 may be used to support business-type activities. The Town has no unrestricted net assets available for the support of governmental activities. Such resources have been consumed with the recognition of the net other postemployment benefits obligation.

Changes in Net Position

The following table summarizes the Town's changes in net position for the fiscal years ended June 30, 2012 and June 30, 2013:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues						
<i>Program Revenues:</i>						
Charges for services.....	\$ 9,889,478	\$ 10,430,910	\$ 807,081	\$ -	\$ 10,696,559	\$ 10,430,910
Operating grants and contributions.....	17,452,298	16,240,591	7,228	-	17,459,526	16,240,591
Capital grants and contributions.....	638,291	836,350	173,519	-	811,810	836,350
<i>General Revenues:</i>						
Real estate and personal property taxes.....	53,595,330	51,519,462	-	-	53,595,330	51,519,462
Motor vehicle and other excise taxes.....	3,073,055	2,975,559	-	-	3,073,055	2,975,559
Penalties and interest on taxes.....	187,002	172,203	-	-	187,002	172,203
Payments in lieu of taxes.....	1,508,498	1,459,126	-	-	1,508,498	1,459,126
Community preservation surcharges.....	1,301,788	1,268,438	-	-	1,301,788	1,268,438
Grants and contributions not restricted to specific programs.....	1,561,558	1,635,446	-	-	1,561,558	1,635,446
Unrestricted investment income.....	783,933	307,956	-	-	783,933	307,956
Total revenues.....	89,991,231	86,846,041	987,828	-	90,979,059	86,846,041
Expenses						
General government.....	5,507,125	5,567,258	-	-	5,507,125	5,567,258
Public safety.....	9,326,984	10,102,908	-	-	9,326,984	10,102,908
Education.....	52,931,707	52,030,556	-	-	52,931,707	52,030,556
Public works.....	7,250,333	7,041,347	-	-	7,250,333	7,041,347
Water.....	2,564,055	2,115,927	-	-	2,564,055	2,115,927
Sewer.....	4,475,424	4,565,735	-	-	4,475,424	4,565,735
Health and human services.....	1,887,739	1,877,781	-	-	1,887,739	1,877,781
Culture and recreation.....	3,645,910	3,610,814	-	-	3,645,910	3,610,814
Interest.....	2,270,812	3,055,662	-	-	2,270,812	3,055,662
Ambulance.....	-	-	756,971	-	756,971	-
Total expenses.....	89,860,089	89,967,988	756,971	-	90,617,060	89,967,988
Change in net position before transfers and extraordinary item.....	131,142	(3,121,947)	230,857	-	361,999	(3,121,947)
Transfers, net.....	(139,318)	-	139,318	-	-	-
Extraordinary item - transfer of ambulance debt to business-type activities.....	204,000	-	(204,000)	-	-	-
Change in net position.....	195,824	(3,121,947)	166,175	-	361,999	(3,121,947)
Net position - beginning of year.....	136,563,066	139,685,013	-	-	136,563,066	139,685,013
Net position - end of year.....	\$ 136,758,890	\$ 136,563,066	\$ 166,175	\$ -	\$ 136,925,065	\$ 136,563,066

Governmental activities increased the Town's net position by \$195,824, compared to a decrease of \$3,121,947 in the prior fiscal year. The increase in the overall net position of governmental activities is primarily the result of positive financial performance in the general fund. General fund revenues exceeded budgeted revenues by approximately \$1,300,000. Actual motor vehicle and other excise taxes and departmental and other revenues exceeded budgetary estimates by approximately \$537,000 and \$612,000, respectively. General fund expenditures (excluding amounts carried forward to next year) were lower than the final budget by approximately \$3,662,000. This variance was mainly the result of unspent appropriations carried forward to the subsequent fiscal year through encumbrances and continuing appropriations.

Business-type activities increased the Town's net position by \$166,175. Fiscal year 2013 is the first year the Town reports business-type activities as a result of adopting the ambulance enterprise fund effective July 1, 2012. The increase in the overall net position of business-type activities is primarily the result of a \$328,128 subsidy from the Town's general fund.

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 \$35,278,763, an increase of \$1,827,689 in comparison with the prior year. Approximately 19.6% of this amount (\$6,907,624) represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Nonspendable (\$456,973)
- Restricted (\$21,619,196)
- Committed (\$4,649,120)
- Assigned (\$1,645,850)

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 \$6,907,624, while total fund balance was \$18,028,407. 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 8.7% of total general fund expenditures and transfers out, while total fund balance represents 22.8% of that same amount.

The fund balance of the general fund balance increased \$1,931,127 during the current fiscal year. Revenues exceeded budgeted revenues by approximately \$1,300,000, with motor vehicle and other excise taxes and departmental and other revenues exceeding budgetary estimates by approximately \$537,000 and \$612,000, respectively. Expenditures (excluding amounts carried forward to next year) were lower than the final budget by approximately \$3,662,000, primarily resulting from unspent appropriations carried forward to the subsequent fiscal year through encumbrances and continuing appropriations. In addition, the net change in the estimate of tax refunds payable was a positive \$653,000 (approximate) as a result of favorable outcomes in various appellate tax board cases.

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

The fund balance of the sewer fund (special revenue) decreased \$71,337 during the current fiscal year. The fund recognized \$4,346,000 in charges for services and transferred \$4,417,337 to the general fund.

The fund balance of the high school fund (capital projects) decreased \$48,726 during the current fiscal year as a result of expenditures incurred.

The fund balance of the community preservation funds (special revenue) decreased \$863,771 during the current fiscal year. The fund recognized \$1,300,806 in community preservation surcharges, \$379,041 in intergovernmental revenue, \$2,453 in other revenue and \$11,794 in investment income. The fund incurred expenditures of \$1,843,028, mainly relating to dam restoration. The fund transferred \$714,837 to the general fund for debt service.

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 \$188,070. 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 2013, additional taxes were collected outside Proposition 2 ½ for debt payments related to school, public works, public safety, and library building projects and additions.
- Intergovernmental revenue represents 9% of total general fund budgetary basis revenues. This excludes \$6.0 million in on-behalf payments made by the State to the Massachusetts Teachers' Retirement Association for teachers' pension benefits.
- Motor vehicle and other excise tax revenue continued to be a strong source of revenue. Motor vehicle and other excise tax revenues represent 4% of the total general fund budgetary basis revenues.
- Education continues to represent the largest category of general fund budgetary basis expenditures (46%). The Town is committed to providing a high-quality education through its public schools.
- Public Safety and Public Works represent a combined 23% of general fund budgetary basis expenditures. This reflects the Town's commitment to providing a safe, secure environment and essential public services.
- Debt service costs in fiscal year 2013 were 10% of total general fund budgetary basis expenditures, which is a slight decrease compared to the prior fiscal year.
- Employee benefits equal 8% of total general fund budgetary basis expenditures in fiscal year 2013, 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 \$78,365,266 was increased by \$135,001 (0.2%) during the fiscal year. The following table summarizes the net increase:

<u>Purpose of Increase/(Decrease)</u>	<u>Amount</u>	<u>Funding Source</u>
Transfer to stabilization fund.....	\$ 230,000	Unassigned fund balance
Finance committee.....	174,457	Unassigned fund balance
Debt service - interest.....	25,000	Unassigned fund balance
Fire department.....	(24,636)	Decrease to tax levy
Finance committee.....	(29,457)	Decrease to tax levy
Facilities.....	(80,000)	Decrease to tax levy
Public works.....	<u>(160,363)</u>	Decrease to transfer from Sewer fund
 Total net increase.....	 \$ <u>135,001</u>	

Actual revenues exceeded budgeted revenues by approximately \$1,300,000. The primary factors are actual motor vehicle and other excise taxes and departmental and other revenues exceeded budgetary estimates by approximately \$537,000 and \$612,000, respectively.

Actual general fund expenditures (including amounts carried forward to next year) were lower than the final budget by approximately \$927,000. This appropriation variance was mainly comprised of insurance and benefits.

Overall, the Town's operating results, on a budgetary basis, performed better than planned while at the same time achieving a balance between the need for municipal services with the costs of providing these services. Actual expenditures and amounts carried forward to next year were lower than anticipated by 1.2%.

The Town remains committed to conservative budgets, tight management controls, and to maintaining reserves, particularly the stabilization, bond premium stabilization, pension benefits and other post employment benefits funds (approximately \$7.8 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 \$167,857,313 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles and infrastructure. The total decrease in the investment in capital assets for the current fiscal year totaled \$2,376,389.

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

- Infrastructure improvements (roads, water, sewer, etc.) of approximately \$3.1 million
- Energy efficiency improvements of approximately \$339,000

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

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land.....	\$ 30,699,507	\$ 30,699,508	\$ -	\$ -	\$ 30,699,507	\$ 30,699,508
Buildings and improvements.....	91,948,931	95,224,703	-	-	91,948,931	95,224,703
Machinery and equipment.....	986,189	820,642	-	-	986,189	820,642
Vehicles.....	1,870,458	2,115,140	153,105	-	2,023,563	2,115,140
Infrastructure.....	42,199,123	41,321,671	-	-	42,199,123	41,321,671
Construction in progress.....	-	52,038	-	-	-	52,038
Total capital assets.....	<u>\$ 167,704,208</u>	<u>\$ 170,233,702</u>	<u>\$ 153,105</u>	<u>\$ -</u>	<u>\$ 167,857,313</u>	<u>\$ 170,233,702</u>

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 \$55,900,860, which is backed by the full faith and credit of the Town, and is summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2013	2012	2013	2012	2013	2012
General obligation bonds - school construction.....	\$ 23,585,000	\$ 27,695,000	\$ -	\$ -	\$ 23,585,000	\$ 27,695,000
General obligation bonds - public works.....	7,050,000	10,780,000	-	-	7,050,000	10,780,000
General obligation bonds - land acquisition.....	4,650,000	5,875,000	-	-	4,650,000	5,875,000
General obligation bonds - Town Center.....	2,815,000	3,125,000	-	-	2,815,000	3,125,000
General obligation bonds - refunding.....	15,318,000	11,145,000	-	-	15,318,000	11,145,000
General obligation bonds - other.....	1,027,000	837,000	175,000	-	1,202,000	837,000
MWRA notes.....	1,280,860	419,876	-	-	1,280,860	419,876
Total bonds and notes.....	\$ 55,725,860	\$ 59,876,876	\$ 175,000	\$ -	\$ 55,900,860	\$ 59,876,876

The Town's total bonded debt decreased by \$3,976,016 (6.6%) during the current fiscal year. During the fiscal year, the Town issued long-term debt totaling \$6,130,000 for water mains, refunding of previously issued debt and sewer system expansion.

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 \$146,631,485.

The Town received an AAA rating from Standard & Poor's for its most recent issuance of long-term debt on January 31, 2013.

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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STATEMENT OF NET POSITION

JUNE 30, 2013

ASSETS	Governmental Activities	Business-type Activities	Total
Current assets:			
Cash and cash equivalents.....	\$ 14,866,885	\$ 79,155	\$ 14,946,040
Restricted cash and cash equivalents.....	14,628,943	-	14,628,943
Investments.....	3,627,971	-	3,627,971
Restricted investments.....	7,015,374	-	7,015,374
Receivables, net of allowance for uncollectible amounts:			
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.....	3,043,066	174,241	3,217,307
Departmental and other.....	64,344	-	64,344
Intergovernmental.....	1,194,311	-	1,194,311
Total current assets.....	45,483,136	253,396	45,736,532
Noncurrent assets:			
Receivables, net of allowance for uncollectible amounts:			
Intergovernmental.....	4,698,513	-	4,698,513
Tax foreclosures.....	53,769	-	53,769
Capital assets not being depreciated.....	30,699,508	-	30,699,508
Capital assets, net of accumulated depreciation.....	137,004,700	153,105	137,157,805
Total noncurrent assets.....	172,456,490	153,105	172,609,595
Total assets.....	217,939,626	406,501	218,346,127
LIABILITIES			
Current liabilities:			
Warrants payable.....	742,882	1,806	744,688
Accrued payroll.....	2,502,615	4,630	2,507,245
Tax refunds payable.....	792,694	-	792,694
Other liabilities.....	1,468,208	-	1,468,208
Abandoned property.....	466,677	-	466,677
Accrued interest.....	681,791	-	681,791
Compensated absences.....	1,085,965	1,892	1,087,857
Long-term bonds and notes payable.....	5,457,186	25,000	5,482,186
Total current liabilities.....	13,198,018	33,328	13,231,346
Noncurrent liabilities:			
Compensated absences.....	488,074	6,032	494,106
Net OPEB obligation.....	17,225,970	50,966	17,276,936
Long-term bonds and notes payable.....	50,268,674	150,000	50,418,674
Total noncurrent liabilities.....	67,982,718	206,998	68,189,716
Total liabilities.....	81,180,736	240,326	81,421,062
NET POSITION			
Net investment in capital assets.....	113,007,214	(21,895)	112,985,319
Restricted for:			
Capital purposes.....	1,028,866	-	1,028,866
Employee benefits.....	4,825,813	-	4,825,813
Sewer.....	8,426,247	-	8,426,247
Community preservation.....	3,246,821	-	3,246,821
Affordable housing.....	478,798	-	478,798
Permanent funds:			
Expendable.....	437,065	-	437,065
Nonexpendable.....	456,973	-	456,973
Grants and gifts.....	2,033,970	-	2,033,970
Other specific purposes.....	2,971,165	-	2,971,165
Unrestricted.....	(154,042)	188,070	34,028
Total net position.....	\$ 136,758,890	\$ 166,175	\$ 136,925,065

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government.....	\$ 5,507,125	\$ 712,407	\$ 958,978	\$ 379,041	\$ (3,456,699)
Public safety.....	9,326,984	1,032,530	457,131	-	(7,837,323)
Education.....	52,931,707	256,876	13,890,545	-	(38,784,286)
Public works.....	7,250,333	66,795	45,503	257,455	(6,880,580)
Water.....	2,564,055	2,821,636	-	-	257,581
Sewer.....	4,475,424	4,377,814	214,300	-	116,690
Health and human services.....	1,887,739	70,440	283,952	-	(1,533,347)
Culture and recreation.....	3,645,910	550,980	1,296,021	1,795	(1,797,114)
Debt service - interest.....	2,270,812	-	305,868	-	(1,964,944)
Total governmental activities....	89,860,089	9,889,478	17,452,298	638,291	(61,880,022)
Business-type activities:					
Ambulance.....	756,971	807,081	7,228	173,519	230,857
Total primary government.....	\$ 90,617,060	\$ 10,696,559	\$ 17,459,526	\$ 811,810	\$ (61,649,165)

STATEMENT OF ACTIVITIES (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense)/revenue (from previous page).....	\$ (61,880,022)	\$ 230,857	\$ (61,649,165)
<i>General revenues:</i>			
Real estate and personal property taxes.....	53,595,330	-	53,595,330
Motor vehicle and other excise taxes.....	3,073,055	-	3,073,055
Penalties and interest on taxes.....	187,002	-	187,002
Payments in lieu of taxes.....	1,508,498	-	1,508,498
Community preservation surcharges.....	1,301,788	-	1,301,788
Grants and contributions not restricted to specific programs.....	1,561,558	-	1,561,558
Unrestricted investment income.....	783,933	-	783,933
<i>Transfers, net</i>	(139,318)	139,318	-
Total general revenues and transfers.....	61,871,846	139,318	62,011,164
<i>Extraordinary item - transfer of ambulance debt to business-type activities</i>	204,000	(204,000)	-
Subtotal.....	62,075,846	(64,682)	62,011,164
Change in net position.....	195,824	166,175	361,999
Net position - beginning of year.....	136,563,066	-	136,563,066
Net position - end of year.....	\$ 136,758,890	\$ 166,175	\$ 136,925,065

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2013

ASSETS	General	Sewer	High School
Cash and cash equivalents.....	\$ 14,866,885	\$ -	\$ -
Investments.....	3,627,971	-	-
Receivables, net of allowance for uncollectible amounts:			
Real estate and personal property taxes.....	629,077	-	-
Tax liens.....	191,510	-	-
Motor vehicle and other excise taxes.....	221,655	-	-
User fees.....	1,261,664	1,781,402	-
Departmental and other.....	5,808	-	-
Intergovernmental.....	5,220,570	-	-
Tax foreclosures.....	53,769	-	-
Restricted assets:			
Cash and cash equivalents.....	154,862	6,644,845	67,425
Investments.....	4,670,951	-	-
TOTAL ASSETS.....	\$ 30,904,722	\$ 8,426,247	\$ 67,425
 LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Warrants payable.....	\$ 580,381	\$ -	\$ -
Accrued payroll.....	2,390,843	-	-
Tax refunds payable.....	792,694	-	-
Other liabilities.....	1,468,208	-	-
Abandoned property.....	466,677	-	-
Deferred revenue.....	7,177,512	1,781,402	-
TOTAL LIABILITIES.....	12,876,315	1,781,402	-
 FUND BALANCES:			
Nonspendable.....	-	-	-
Restricted.....	4,825,813	6,644,845	67,425
Committed.....	4,649,120	-	-
Assigned.....	1,645,850	-	-
Unassigned.....	6,907,624	-	-
TOTAL FUND BALANCES.....	18,028,407	6,644,845	67,425
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 30,904,722	\$ 8,426,247	\$ 67,425

See notes to basic financial statements.

Community Preservation Funds	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 14,866,885
-	-	3,627,971
-	-	629,077
-	-	191,510
-	-	221,655
-	-	3,043,066
19,365	39,171	64,344
-	672,254	5,892,824
-	-	53,769
3,290,232	4,471,579	14,628,943
-	2,344,423	7,015,374
<u>\$ 3,309,597</u>	<u>\$ 7,527,427</u>	<u>\$ 50,235,418</u>

\$ 62,776	\$ 99,725	\$ 742,882
-	111,772	2,502,615
-	-	792,694
-	-	1,468,208
-	-	466,677
19,365	5,300	8,983,579
<u>82,141</u>	<u>216,797</u>	<u>14,956,655</u>
-	456,973	456,973
3,227,456	6,853,657	21,619,196
-	-	4,649,120
-	-	1,645,850
-	-	6,907,624
<u>3,227,456</u>	<u>7,310,630</u>	<u>35,278,763</u>
<u>\$ 3,309,597</u>	<u>\$ 7,527,427</u>	<u>\$ 50,235,418</u>

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

JUNE 30, 2013

Total governmental fund balances (page 30).....	\$	35,278,763
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		167,704,208
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.....		8,983,579
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.....		(681,791)
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.....		(55,725,860)
Compensated absences.....		(1,574,039)
Net OPEB obligation.....		<u>(17,225,970)</u>
Net position of governmental activities (page 26).....	\$	<u>136,758,890</u>

See notes to basic financial statements.

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GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General	Sewer	High School
REVENUES			
Real estate and personal property taxes.....	\$ 53,740,350	\$ -	\$ -
Motor vehicle and other excise taxes.....	2,982,680	-	-
Payments in lieu of taxes.....	1,508,498	-	-
Community preservation surcharges.....	-	-	-
Charges for services.....	2,690,907	4,346,000	-
Intergovernmental.....	11,995,994	-	-
Penalties and interest on taxes.....	187,002	-	-
Departmental and other.....	1,921,292	-	-
Contributions.....	-	-	-
Investment income.....	653,700	-	-
TOTAL REVENUES.....	75,680,423	4,346,000	-
EXPENDITURES			
Current:			
General government.....	3,711,968	-	-
Public safety.....	5,586,110	-	-
Education.....	33,408,259	-	48,726
Public works.....	5,242,001	-	-
Water.....	2,101,251	-	-
Sewer.....	706,668	-	-
MWRA assessment.....	2,909,153	-	-
Health and human services.....	1,123,782	-	-
Culture and recreation.....	1,305,923	-	-
Pension benefits.....	8,955,335	-	-
Employee benefits.....	5,867,102	-	-
State and county charges.....	376,864	-	-
Debt service:			
Principal.....	5,377,016	-	-
Interest.....	2,214,646	-	-
TOTAL EXPENDITURES.....	78,886,078	-	48,726
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(3,205,655)	4,346,000	(48,726)
OTHER FINANCING SOURCES (USES)			
Transfers in.....	5,440,984	-	-
Issuance of bonds and notes.....	-	-	-
Premium from issuance of bonds and notes.....	23,926	-	-
Issuance of refunding bonds.....	-	-	-
Premium from issuance of refunding bonds.....	-	-	-
Transfers out.....	(328,128)	(4,417,337)	-
Payments to refunded bond escrow agent.....	-	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	5,136,782	(4,417,337)	-
NET CHANGE IN FUND BALANCES.....	1,931,127	(71,337)	(48,726)
FUND BALANCES AT BEGINNING OF YEAR.....	16,097,280	6,716,182	116,151
FUND BALANCES AT END OF YEAR.....	\$ 18,028,407	\$ 6,644,845	\$ 67,425

See notes to basic financial statements.

Community Preservation Funds	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 53,740,350
-	-	2,982,680
-	-	1,508,498
1,300,806	-	1,300,806
-	-	7,036,907
379,041	4,024,511	16,399,546
2,453	-	189,455
-	3,905,374	5,826,666
-	577,039	577,039
11,794	139,427	804,921
<u>1,694,094</u>	<u>8,646,351</u>	<u>90,366,868</u>
1,843,028	904,069	6,459,065
-	811,691	6,397,801
-	4,359,227	37,816,212
-	336,567	5,578,568
-	909,039	3,010,290
-	100,223	806,891
-	-	2,909,153
-	73,377	1,197,159
-	1,737,059	3,042,982
-	-	8,955,335
-	-	5,867,102
-	-	376,864
-	-	5,377,016
-	-	2,214,646
<u>1,843,028</u>	<u>9,231,252</u>	<u>90,009,084</u>
<u>(148,934)</u>	<u>(584,901)</u>	<u>357,784</u>
-	-	5,440,984
-	1,507,000	1,507,000
-	-	23,926
-	4,623,000	4,623,000
-	245,760	245,760
(714,837)	(120,000)	(5,580,302)
-	(4,790,463)	(4,790,463)
<u>(714,837)</u>	<u>1,465,297</u>	<u>1,469,905</u>
(863,771)	880,396	1,827,689
<u>4,091,227</u>	<u>6,430,234</u>	<u>33,451,074</u>
\$ <u>3,227,456</u>	\$ <u>7,310,630</u>	\$ <u>35,278,763</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds (page 34).....	\$	1,827,689
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts represent the related activity of the current period.</p>		
Capital outlays.....		4,780,011
Depreciation.....		(7,104,362)
<p>In the statement of activities, the loss on the disposal of capital assets is reported, whereas in the governmental funds only the proceeds of a sale of capital assets are reported as financial resources. As a result, the change in net position differs from the change in fund balance by net book value of capital assets disposed of.....</p>		
		(205,143)
<p>Revenues in the statement of activities that do not provide current financial resources are fully deferred in the statement of revenues, expenditures and changes in fund balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....</p>		
		(645,324)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts represent the related activity of the current period.</p>		
Issuance of debt.....		(1,507,000)
Issuance of refunding bonds.....		(4,623,000)
Transfer of ambulance debt.....		204,000
Bond maturities.....		5,377,016
Payments to refunded bond escrow agent.....		4,790,463
Loss on refunding.....		(90,463)
<p>Some expenses reported in the statement activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes:</p>		
Accrued interest on long-term debt.....		34,299
Compensated absences.....		(71,088)
Net OPEB obligation.....		(2,571,274)
Net OPEB obligation.....		<u>(2,571,274)</u>
Changes in net position of governmental activities (page 28).....	\$	<u>195,824</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF FUND NET POSITION

JUNE 30, 2013

	Business-Type Activities - Enterprise Funds
	Nonmajor Ambulance
ASSETS	
Current assets:	
Cash and cash equivalents.....	\$ 79,155
Receivables, net of allowance for uncollectible amounts:	
User fees.....	174,241
Total current assets.....	253,396
Noncurrent assets:	
Capital assets, net of accumulated depreciation.....	153,105
Total assets.....	406,501
LIABILITIES	
Current liabilities:	
Warrants payable.....	1,806
Accrued payroll.....	4,630
Compensated absences.....	1,892
Long-term bonds and notes payable.....	25,000
Total current liabilities.....	33,328
Noncurrent liabilities:	
Compensated absences.....	6,032
Net OPEB obligation.....	50,966
Long-term bonds and notes payable.....	150,000
Total noncurrent liabilities.....	206,998
Total liabilities.....	240,326
FUND NET POSITION	
Net investment in capital assets.....	(21,895)
Unrestricted.....	188,070
Total fund net position.....	\$ 166,175

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Business-Type Activities - Enterprise Funds</u>
	<u>Nonmajor Ambulance</u>
OPERATING REVENUES	
Charges for services.....	\$ 807,081
Other.....	7,000
TOTAL OPERATING REVENUES.....	814,081
OPERATING EXPENSES	
Cost of service and administration.....	730,517
Depreciation.....	20,414
TOTAL OPERATING EXPENSES.....	750,931
OPERATING INCOME.....	63,150
NONOPERATING REVENUES (EXPENSES)	
Investment income.....	228
Interest expense.....	(6,040)
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(5,812)
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....	57,338
Capital contributions.....	173,519
Transfers in.....	328,128
Transfers out.....	(188,810)
INCOME BEFORE EXTRAORDINARY ITEM.....	370,175
<i>Extraordinary item - transfer of ambulance debt to enterprise fund.....</i>	<i>(204,000)</i>
CHANGE IN FUND NET POSITION.....	166,175
FUND NET POSITION AT BEGINNING OF YEAR.....	-
FUND NET POSITION AT END OF YEAR.....	\$ 166,175

See notes to basic financial statements.

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Business-Type Activities - Enterprise Funds</u>	<u>Nonmajor Ambulance</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users.....	\$ 639,840	
Payments to vendors.....	(285,866)	
Payments to employees.....	(379,325)	
NET CASH FROM OPERATING ACTIVITIES.....	<u>(25,351)</u>	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in.....	328,128	
Transfers out.....	(188,810)	
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	<u>139,318</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on bonds and notes.....	(29,000)	
Interest expense.....	(6,040)	
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	<u>(35,040)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income.....	228	
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	79,155	
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>-</u>	
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 79,155</u>	
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES		
Operating income.....	\$ 63,150	
Adjustments to reconcile operating income to net cash from operating activities:		
Adjustments not requiring current cash flows:		
Depreciation.....	20,414	
Net OPEB obligation.....	50,966	
Adjustments requiring current cash flows:		
Changes in assets and liabilities:		
User fees.....	(174,241)	
Warrants payable.....	1,806	
Accrued payroll.....	4,630	
Compensated absences.....	7,924	
Total adjustments.....	<u>(88,501)</u>	
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ (25,351)</u>	
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Transfer of ambulance capital assets to enterprise fund.....	\$ 173,519	
Transfer of ambulance debt to enterprise fund.....	204,000	

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2013

ASSETS	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and cash equivalents.....	\$ 10,045	\$ 578,591
Investments.....	<u>61,996</u>	<u>-</u>
Total assets.....	<u>72,041</u>	<u>578,591</u>
 LIABILITIES		
Liabilities due depositors.....	<u>-</u>	<u>578,591</u>
 NET POSITION		
Assets held for other purposes.....	<u>\$ 72,041</u>	<u>\$ -</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Net investment income:	
Interest.....	\$ 1,964
DEDUCTIONS	
Charitable gifts.....	<u>1,344</u>
CHANGE IN NET POSITION.....	620
NET POSITION AT BEGINNING OF YEAR.....	<u>71,421</u>
NET POSITION AT END OF YEAR.....	<u>\$ 72,041</u>

See notes to basic 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, 2013, the Town implemented the following pronouncements issued by the GASB:

- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*
- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*
- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

GASB Statement No. 63 identifies net position as the residual of all other elements presented in a statement of financial position, which amends the net asset reporting requirements of Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and other pronouncements, by renaming net assets to net position.

The implementation of GASB Statement No.'s 60, 61 and 62 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 *general fund* is used to account for and report all financial resources not accounted for and reported in another fund.

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

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

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

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

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

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

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

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 *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. Accordingly, an allowance for uncollectible amounts is not reported.

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

Intergovernmental receivables are considered 100% collectible.

I. Inventories

Government-Wide and Fund Financial Statements

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

J. Restricted Assets

Government-Wide and Fund Financial Statements

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

K. Capital Assets

Government-Wide 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:

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

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

Governmental Fund Financial Statements

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

L. Interfund Receivables and Payables

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

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances".

Fund Financial Statements

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

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 Revenue

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

*O. Net 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, pension and other postemployment benefits.

"Sewer" represents amounts restricted for sewer operations.

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

“Affordable housing” represents amounts restricted for affordable housing efforts.

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

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

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

“Other specific purposes” represents 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 specific purposes imposed by a formal action of Town meeting, which is the highest level of decision-making authority for the Town. Committed amounts may be established, modified, or rescinded only through a majority vote at Town meeting.

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

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

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

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

P. Long-term Debt

Government-Wide 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.

Q. Investment Income

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

Investment income from the ambulance enterprise fund is retained in the fund.

R. Compensated Absences

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

Government-Wide 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.

*S. Post Retirement Benefits*Government-Wide and Fund Financial Statements

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

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

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

*U. Total Column*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 2013 approved budget for the general fund authorized \$78,365,266 in appropriations. During fiscal year 2013, an increase in appropriations totaling \$135,001 were authorized. The original and final fiscal year 2013 approved budget for the community preservation fund authorized \$5,620,882 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, 2013, expenditures exceeded appropriations for state and county charges and snow and ice removal (public works). The snow and ice removal over-expenditure will be funded by taxes during fiscal year 2014.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town's deposits may not be recovered. The Town does not have a policy for custodial credit risk of deposits. The Town utilizes Veribanc services to monitor its cash and investment accounts on a quarterly basis. As of June 30, 2013, \$10,809,009 of the Town's bank balance of \$22,242,570 was uninsured and uncollateralized.

Investments Summary

The Town's investments at June 30, 2013 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
<u>Debt Securities:</u>					
U.S. Agencies.....	\$ 256,439	\$ 256,439	\$ -	\$ -	\$ -
Corporate bonds.....	419,410	-	-	-	419,410
Money market mutual funds.....	1,376,686	1,376,686	-	-	-
Certificates of deposit.....	9,626,707	2,550,111	5,640,200	1,263,182	173,214
Mutual bond funds.....	403,106	403,106	-	-	-
External investment pools.....	5,761,355	5,761,355	-	-	-
Total debt securities.....	17,843,703	\$ 10,347,697	\$ 5,640,200	\$ 1,263,182	\$ 592,624
<u>Other Investments:</u>					
Equity securities.....	1,947,767	-	-	-	-
Total investments.....	\$ 19,791,470	-	-	-	-

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, 2013, 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, 2013, the credit quality ratings of the Town's investments in debt securities are as follows:

Investment Type	Fair Value	Quality Ratings *			
		AA-	AA+	BBB-	Unrated
Corporate bonds.....	\$ 419,410	\$ 106,510	\$ 96,000	\$ 216,900	\$ -
Money market mutual funds.....	1,376,686	-	-	-	1,376,686
Certificates of deposit.....	9,626,707	-	-	-	9,626,707
Mutual bond funds.....	403,106	-	-	-	403,106
External investment pools.....	5,761,355	-	-	-	5,761,355
Total.....	\$ 17,587,264	\$ 106,510	\$ 96,000	\$ 216,900	\$ 17,167,854

* 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, 2013, 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, 2013, the Town was not exposed to concentration of credit risk.

NOTE 4 – ACCOUNTS RECEIVABLE

At June 30, 2013, receivables for the individual major governmental funds and nonmajor governmental and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 629,077	\$ -	\$ 629,077
Tax liens.....	191,510	-	191,510
Motor vehicle and other excise taxes.....	268,446	(46,791)	221,655
User fees.....	3,043,066	-	3,043,066
Departmental and other.....	64,344	-	64,344
Intergovernmental.....	5,892,824	-	5,892,824
	<u>\$ 10,089,267</u>	<u>\$ (46,791)</u>	<u>\$ 10,042,476</u>

At June 30, 2013, receivables for the ambulance enterprise fund, including the applicable allowances for uncollectible amounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
User fees.....	\$ 174,241	\$ -	\$ 174,241

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

	General Fund	Sewer Fund	Community Preservation Funds	Nonmajor Governmental Funds	Total
<u>Receivable type:</u>					
Real estate and personal property taxes.....	\$ 221,731	\$ -	\$ -	\$ -	\$ 221,731
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.....	6,613	-	19,365	5,300	31,278
Intergovernmental (state school construction).....	5,220,570	-	-	-	5,220,570
Tax foreclosures.....	53,769	-	-	-	53,769
Total.....	<u>\$ 7,177,512</u>	<u>\$ 1,781,402</u>	<u>\$ 19,365</u>	<u>\$ 5,300</u>	<u>\$ 8,983,579</u>

The Commonwealth has approved school construction assistance to the Town. The assistance program, which is administered by the Massachusetts School Building Authority (MSBA), provides resources for future debt service of general obligation school bonds outstanding and reimbursements of construction costs as they occur. During fiscal year 2013, \$537,251 of such assistance was received. \$5,890,550 will be received in future fiscal years. Of this amount, \$669,980 represents reimbursement of long-term interest costs and \$5,220,570 represents reimbursement of approved construction costs. Accordingly, a \$5,220,570 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, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 30,699,508	\$ -	\$ -	\$ 30,699,508
Construction in progress.....	52,038	-	(52,038)	-
Total capital assets not being depreciated.....	30,751,546	-	(52,038)	30,699,508
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	136,893,785	956,142	-	137,849,927
Machinery and equipment.....	4,215,867	435,351	-	4,651,218
Vehicles.....	6,289,428	259,722	(684,655)	5,864,495
Infrastructure.....	103,583,922	3,128,796	-	106,712,718
Total capital assets being depreciated.....	250,983,002	4,780,011	(684,655)	255,078,358
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(41,669,082)	(4,231,914)	-	(45,900,996)
Machinery and equipment.....	(3,395,225)	(269,804)	-	(3,665,029)
Vehicles.....	(4,174,288)	(351,299)	531,550	(3,994,037)
Infrastructure.....	(62,262,251)	(2,251,345)	-	(64,513,596)
Total accumulated depreciation.....	(111,500,846)	(7,104,362)	531,550	(118,073,658)
Total capital assets being depreciated, net.....	139,482,156	(2,324,351)	(153,105)	137,004,700
Total governmental activities capital assets, net.....	\$ 170,233,702	\$ (2,324,351)	\$ (205,143)	\$ 167,704,208
Business-Type Activities:				
<u>Capital assets being depreciated:</u>				
Vehicles.....	\$ -	\$ 173,519	\$ -	\$ 173,519
<u>Less accumulated depreciation for:</u>				
Vehicles.....	-	(20,414)	-	(20,414)
Total capital assets being depreciated, net.....	-	153,105	-	153,105
Total business-type activities capital assets, net.....	\$ -	\$ 153,105	\$ -	\$ 153,105

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

Governmental Activities:	
General government.....	\$ 516,592
Public safety.....	314,998
Education.....	3,398,567
Public works.....	1,411,343
Water.....	443,386
Sewer.....	844,813
Health and human services.....	150
Culture and recreation.....	<u>174,513</u>
 Total depreciation expense - governmental activities.....	 \$ <u><u>7,104,362</u></u>
 Business-Type Activities:	
Ambulance	\$ <u><u>20,414</u></u>

NOTE 6 - NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets at June 30, 2013 is summarized as follows:

<i>Governmental Activities</i>	
Capital assets, net of accumulated depreciation.....	\$ 167,704,208
Less capital related debt outstanding.....	(55,725,860)
Add unspent proceeds of capital related debt.....	<u>1,028,866</u>
 Net investment in capital assets.....	 \$ <u><u>113,007,214</u></u>
 <i>Business-Type Activities</i>	
Capital assets, net of accumulated depreciation.....	\$ 153,105
Less capital related debt outstanding.....	<u>(175,000)</u>
 Net investment in capital assets.....	 \$ <u><u>(21,895)</u></u>

NOTE 7 - INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2013, are summarized as follows:

<u>Transfers Out:</u>	<u>Transfers In:</u>		
	<u>General Fund</u>	<u>Ambulance Enterprise Fund</u>	<u>Total</u>
General Fund.....	\$ -	\$ 328,128	\$ 328,128 (1)
Sewer Fund.....	4,417,337	-	4,417,337 (2)
Community Preservation Fund.....	714,837	-	714,837 (3)
Nonmajor Governmental Funds.....	120,000	-	120,000 (4)
Ambulance Enterprise Fund.....	188,810	-	188,810 (5)
	<u>\$ 5,440,984</u>	<u>\$ 328,128</u>	<u>\$ 5,769,112</u>

- (1) Represents budgeted subsidy to the ambulance enterprise fund
- (2) Represents budgeted transfer to the general fund to fund sewer operations
- (3) Represents budgeted transfer to the general fund for debt service
- (4) Represents budgeted transfer to the general fund from the federal impact aid fund
- (5) Represents budgeted transfer to the general fund for indirect costs related to shared employees/facilities

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, 2013, is as follows:

Governmental Funds

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2012	Increases	Decreases	Balance at June 30, 2013
BAN	Middlesex Turnpike.....	06/05/12	02/15/13	0.50%	\$ 5,000	\$ -	\$ (5,000)	\$ -
BAN	Water main improvements.....	06/05/12	02/15/13	0.50%	400,000	-	(400,000)	-
	Total.....				\$ 405,000	\$ -	\$ (405,000)	\$ -

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, 2013:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013	Current Portion
Governmental Activities:					
Compensated absences.....	\$ 1,502,951	\$ 86,058	\$ (14,970)	\$ 1,574,039	\$ 1,085,965
Long-term bonds payable....	59,457,000	5,130,000	(10,142,000)	54,445,000	5,317,000
Long-term notes payable....	419,876	1,000,000	(139,016)	1,280,860	140,186
Net OPEB obligation.....	14,654,696	3,839,421	(1,268,147)	17,225,970	-
Total.....	\$ 76,034,523	\$ 10,055,479	\$ (11,564,133)	\$ 74,525,869	\$ 6,543,151
Business-type Activities:					
Bonds and notes payable.....	\$ -	\$ 204,000	\$ (29,000)	\$ 175,000	\$ 25,000
Compensated absences.....	-	7,924	-	7,924	1,892
Net OPEB obligation.....	-	76,102	(25,136)	50,966	-
Total.....	\$ -	\$ 84,026	\$ (54,136)	\$ 233,890	\$ 26,892

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, 2013, and the debt service requirements are as follows:

Bonds and Notes Payable - Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2012	Additions	Reductions	Outstanding at June 30, 2013
Water Bonds-MWRA.....	0.00	\$ 20,000	\$ -	\$ (20,000)	\$ -
Building Construction - Public Works.....	4.05	130,000	-	(130,000)	-
Building Construction - School.....	4.11	735,000	-	(735,000)	-
Land Acquisition.....	3.97	17,200	-	(17,200)	-
Land Acquisition.....	3.97	24,550	-	(24,550)	-
Land Acquisition.....	3.98	25,000	-	(25,000)	-
Land Acquisition.....	3.97	28,250	-	(28,250)	-
Engineering Services - Public Works.....	4.05	22,222	-	(22,222)	-
Building Construction - Public Works.....	4.05	22,778	-	(22,778)	-
Building Remodeling - Municipal.....	3.80	1,975,000	-	(1,800,000)	175,000
Land Acquisition.....	3.83	840,000	-	(770,000)	70,000
Building Construction - Public Works.....	3.82	2,855,000	-	(2,615,000)	240,000
Water Equipment.....	3.74	160,000	-	(55,000)	105,000
Water Mains.....	3.96	1,315,000	-	(95,000)	1,220,000
Water Bonds - MWRA.....	0.00	191,217	-	(38,243)	152,974
High School Renovation.....	3.90	1,575,000	-	(135,000)	1,440,000
Land Acquisition.....	3.90	275,000	-	(25,000)	250,000
Town Center Facility.....	3.92	1,485,000	-	(125,000)	1,360,000
Town Hall Remodeling.....	3.93	265,000	-	(25,000)	240,000
Sewer Bonds - MWRA.....	0.00	16,830	-	(16,830)	-
High School Renovation.....	4.23	12,975,000	-	(875,000)	12,100,000
Fire Pumper.....	3.60	240,000	-	(80,000)	160,000
Road Resurfacing.....	2.94	370,000	-	(185,000)	185,000
High School Renovation.....	2.50	10,610,000	-	(565,000)	10,045,000
Water Mains.....	2.50	440,000	-	(35,000)	405,000
Water Standpipe.....	2.50	125,000	-	(25,000)	100,000
Sewer Expansion.....	2.50	310,000	-	(25,000)	285,000
Road Resurfacing.....	2.50	1,035,000	-	(165,000)	870,000
Shawsheen Well.....	2.50	90,000	-	(10,000)	80,000
Middlesex Turnpike.....	1.45	865,000	-	(65,000)	800,000
Water Design.....	1.45	5,000	-	(5,000)	-
General Obligation Refunding Bonds.....	2.14	1,705,000	-	(445,000)	1,260,000
Sewer Bonds - MWRA.....	0.00	191,829	-	(63,943)	127,886
Summer Street Drainage.....	4.00	160,000	-	(20,000)	140,000
Town Center North Wing.....	4.08	1,375,000	-	(160,000)	1,215,000
Land Acquisition CPA.....	3.66	4,665,000	-	(335,000)	4,330,000
North Road Water Main Replacement.....	2.34	625,000	-	(55,000)	570,000
Road Resurfacing.....	2.34	1,300,000	-	(130,000)	1,170,000
Water Main Improvement.....	2.34	550,000	-	(40,000)	510,000
Water.....	2.34	400,000	-	(30,000)	370,000
Fire Mini Pumper.....	2.34	218,000	-	(33,000)	185,000
Fire Ambulance Replacement.....	2.34	204,000	-	(204,000)	-
General Obligation Refunding Bonds.....	1.43	9,440,000	-	(5,000)	9,435,000
Water Bonds - MWRA.....	0.00	-	1,000,000	-	1,000,000
General Obligation Refunding Bonds.....	2.14	-	4,623,000	-	4,623,000
General Obligation Bonds.....	2.14	-	507,000	-	507,000
Total governmental funds.....		\$ 59,876,876	\$ 6,130,000	\$ (10,281,016)	\$ 55,725,860

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
2014.....	\$ 5,457,186	\$ 2,077,772	\$ 7,534,958
2015.....	5,187,186	1,712,883	6,900,069
2016.....	4,903,243	1,541,152	6,444,395
2017.....	4,758,245	1,369,102	6,127,347
2018.....	4,625,000	1,184,404	5,809,404
2019.....	4,380,000	997,027	5,377,027
2020.....	4,275,000	837,252	5,112,252
2021.....	4,185,000	698,602	4,883,602
2022.....	3,910,000	578,553	4,488,553
2023.....	3,600,000	463,939	4,063,939
2024.....	2,655,000	357,091	3,012,091
2025.....	2,080,000	268,060	2,348,060
2026.....	2,055,000	188,915	2,243,915
2027.....	1,435,000	117,381	1,552,381
2028.....	555,000	77,700	632,700
2029.....	555,000	55,500	610,500
2030.....	555,000	33,300	588,300
2031.....	555,000	11,094	566,094
Totals.....	\$ 55,725,860	\$ 12,569,727	\$ 68,295,587

The Town issued \$507,000 of general obligation bonds on January 31, 2013 for water mains.

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 2013, \$1,000,000 was received from the program, all of which was a loan. At June 30, 2013, the outstanding principal amount of these loans totaled \$1,280,860.

Advanced Refunding - January 2013

The Town issued \$4,623,000 of general obligation refunding bonds (with bond issuance costs of \$78,297 and a premium of \$245,760) to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$4,700,000 of previously issued general obligation bonds related to school construction, land acquisition and various governmental capital projects. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$90,463. This amount was expensed in the current fiscal year. This advance refunding was undertaken to reduce total debt service payments over the next 10 years by approximately \$602,000 and resulted in an economic gain of approximately \$556,312.

Bonds Payable – Ambulance Enterprise Fund

Project	Interest Rate (%)	Outstanding at June 30, 2012	Additions	Reductions	Outstanding at June 30, 2013
Fire Ambulance Replacement.....	2.34	\$ -	\$ 204,000	\$ (29,000)	\$ 175,000

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

Fiscal Year	Principal	Interest	Total
2014.....	\$ 25,000	\$ 5,375	\$ 30,375
2015.....	25,000	4,625	29,625
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.....	\$ 175,000	\$ 20,875	\$ 195,875

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, 2013, the Town had the following authorized and unissued debt:

Purpose	Amount
Ladder Truck.....	\$ 960,000
Sabourin Field Synthetic Turf.....	850,000
Emergency Communications Center Upgrades.....	504,690
Water Main Improvements.....	500,000
Middlesex Turnpike Water Main.....	425,000
School Way & Municipal Complex Access/Paving.....	350,000
Crosby Drive Water Standpipe.....	260,000
Sewer Pump Station.....	170,000
Water Quality System Enhancements.....	155,000
Infiltration/Inflow Program.....	150,000
Total.....	\$ 4,324,690

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS

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

The number of participants as of July 1, 2012, the latest actuarial valuation, is as follows:

Active employees.....	378
Retired employees.....	<u>367</u>
Total.....	<u><u>745</u></u>

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 enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the Town.

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

	Amount
Annual required contribution.....	\$ 3,817,825
Interest on net OPEB obligation.....	586,188
Adjustment to annual required contribution.....	<u>(488,490)</u>
Annual OPEB cost.....	3,915,523
Contributions made.....	<u>(1,293,283)</u>
Increase in net OPEB obligation.....	2,622,240
Net OPEB obligation at beginning of year.....	<u>14,654,696</u>
Net OPEB obligation at end of year.....	<u><u>\$ 17,276,936</u></u>

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, 2011.....	\$ 5,080,950	23.2%	\$ 10,592,196
June 30, 2012.....	5,340,932	23.9%	14,654,696
June 30, 2013.....	3,915,523	33.0%	17,276,936

Funded Status and Funding Progress – The funded status of the Plan at July 1, 2012, the most recent actuarial valuation, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial 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)
07/01/12	\$ -	\$ 48,839,208	\$ 48,839,208	0.0%	\$ 38,413,036	127.1%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The 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 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, 2012
Actuarial cost method:	Projected Unit Credit
Amortization method:	Payments increasing at 4.00% per year
Remaining amortization period:	30 years at July 1, 2012 (open)
Interest discount and inflation rate:	4.00%
Healthcare/Medical cost trend rate:	9.00% decreasing by 0.75% for 5 years and by 0.25% for 1 year to an ultimate level of 5.00% per year
Projected salary increases:	4.00%

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

Governmental Activities:	
General government.....	\$ 328,854
Public safety.....	916,066
Education.....	1,808,972
Public works.....	361,204
Water.....	53,593
Sewer.....	56,457
Health and human services.....	151,184
Culture and recreation.....	<u>163,091</u>
Total AOPEBC - governmental activities.....	<u>3,839,421</u>
Business-Type Activities:	
Ambulance.....	<u>76,102</u>
Total AOPEBC.....	<u>\$ 3,915,523</u>

NOTE 12 - RISK FINANCING

Property and Liability Insurance

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

Health Insurance and Workers’ Compensation

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

Prior to July 1, 2012, the Town was self-insured for a portion of its retirees’ health insurance activities which were accounted for in the general fund. Since that date, the general fund has been accounting for the activities (insurance refunds, run-off claims, etc.) related to when the Town was self-insured.

The estimated “Incurred But Not Reported (IBNR)” claims are based on actual lag claims. As of June 30, 2013, there are no material outstanding health insurance claims payable. Changes in the reported liability since July 1, 2011, are as follows:

	<u>Balance at</u> Beginning of Fiscal Year		<u>Current Year</u> Claims and Changes in Estimate		<u>Claims</u> Payments		<u>Balance at</u> Fiscal Year-end
Fiscal year 2012.....	\$ 154,972	\$	952,017	\$	(1,006,989)	\$	100,000
Fiscal year 2013.....	\$ 100,000	\$	(12,024)	\$	(87,976)	\$	-

NOTE 13 - FUND BALANCES

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

	General	Sewer	High School	Community Preservation Funds	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ -	\$ 456,973	\$ 456,973
Restricted:						
Other post employment benefits.....	3,043,626	-	-	-	-	3,043,626
Pension benefits.....	1,113,996	-	-	-	-	1,113,996
Health benefits.....	668,191	-	-	-	-	668,191
Sewer.....	-	6,644,845	-	-	-	6,644,845
School construction.....	-	-	67,425	-	-	67,425
Community preservation.....	-	-	-	3,227,456	-	3,227,456
Capital - other.....	-	-	-	-	935,441	935,441
Other.....	-	-	-	-	1,679,555	1,679,555
Revolving funds - Town.....	-	-	-	-	1,373,617	1,373,617
State grants.....	-	-	-	-	899,909	899,909
Gifts.....	-	-	-	-	841,010	841,010
Affordable housing.....	-	-	-	-	478,798	478,798
Federal grants.....	-	-	-	-	293,051	293,051
Permanent funds - library.....	-	-	-	-	349,758	349,758
Revolving funds - school.....	-	-	-	-	2,518	2,518
Sub-total - Restricted.....	4,825,813	6,644,845	67,425	3,227,456	6,853,657	21,619,196
Committed:						
Subsequent year's expenditures.....	2,471,075	-	-	-	-	2,471,075
Continuing appropriations.....	1,089,153	-	-	-	-	1,089,153
Debt service.....	1,088,892	-	-	-	-	1,088,892
Sub-total - Committed.....	4,649,120	-	-	-	-	4,649,120
Assigned:						
Encumbrances.....	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

NOTE 14 - STABILIZATION FUNDS

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

The balance of the general stabilization fund and debt service stabilization fund at June 30, 2013 are \$2,590,971 and \$1,088,892, respectively. These balances are reported in the general fund as unassigned and committed fund balance, respectively.

NOTE 15 - PENSION PLAN

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

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

Funding Policy - Chapter 32 of MGL governs the contributions of plan members and the Town. Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on annual covered payroll. The Town's contributions to the System for the fiscal years ended June 30, 2013, 2012, and 2011 were approximately \$2,915,000, \$2,847,000 and \$2,645,000, respectively, which equaled its required contribution for each fiscal year.

NOTE 16 - MASSACHUSETTS TEACHERS RETIREMENT SYSTEM

Public school teachers and certain administrators are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$5,997,000 for the fiscal year ended June 30, 2013, and accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

NOTE 17 - COMMITMENTS

The Town has also entered into, or is planning to enter into, contracts totaling approximately \$4,300,000 for infrastructure, machinery and equipment and buildings and improvements.

Other significant commitments include encumbrances and continuing appropriations outstanding for the general fund, which totaled \$2,735,003 at June 30, 2013.

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, 2013, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2013.

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, 2013, 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 - FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS

The GASB has issued the following statements:

- Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will significantly impact the basic financial statements.
- Statement No. 66, *Technical Corrections – 2013 – an amendment of GASB Statements No. 10 and No. 62*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will impact the basic financial statements.
- Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*, which is required to be implemented during fiscal year 2014. Management has determined that the implementation of this Statement will not impact the basic financial statements.
- Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, which is required to be implemented during fiscal year 2015. The implementation of this Statement will represent a significant change in the accounting and reporting of pension expense and the related liability. For the first time, the Town will be required to recognize its long-term obligation for pension benefits as a liability and to more comprehensively measure the annual costs of pension benefits. The implementation of this Statement also expands pension related note disclosures and required supplementary information.
- Statement No. 69, *Government Combinations and Disposals of Government Operations*, which is required to be implemented during fiscal year 2015. Management does not believe the implementation of this Statement will impact the basic financial statements.
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will impact the basic financial statements.

These pronouncements will be implemented by their respective implementation dates.



EDWARDS WILDMAN PALMER LLP
111 HUNTINGTON AVENUE
BOSTON, MA 02199
+1 617 239 0100 main +1 617 227 4420 fax
edwardswildman.com

(Date of Delivery)

Victor Garofalo, Treasurer
Town of Bedford
Bedford, Massachusetts

\$4,030,000
Town of Bedford, Massachusetts
General Obligation Municipal Purpose Loan of 2014 Bonds
Dated September 30, 2014

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, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Town with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure by the Town to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of

the Bonds. Except as expressed in paragraph 4 below, 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.

4. The Bonds are qualified tax-exempt obligations within the meaning of Section 265(b)(3) of the Code.

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

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

EDWARDS WILDMAN PALMER LLP

AM 36699576.1

**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 \$4,030,000 General Obligation Municipal Purpose Loan of 2014 Bonds dated September 30, 2014 (the “Bonds”). The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

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

SECTION 3. Provision of Annual Reports.

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

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

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

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated September 16, 2014 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

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

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

SECTION 5. Reporting of Significant Events.

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

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

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

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

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

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance in accordance with the terms of the Bonds, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(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 evidenced by an opinion of counsel expert in federal securities law (which may include bond

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

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

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

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

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

Date: September 30, 2014

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]

AM 36699815.1

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PROPOSAL FOR BONDS

Mr. Victor Garofalo, Treasurer
 Town of Bedford, Massachusetts
 c/o First Southwest Company
 54 Canal Street, 3rd Floor
 Boston, Massachusetts 02114

September 16, 2014

Dear Mr. Garofalo:

For \$4,030,000 Town of Bedford, Massachusetts, General Obligation Municipal Purpose Loan of 2014 Bonds, as further described in your Notice of Sale dated September 4, 2014, which Notice is hereby made a part of this proposal, we bid.....and accrued interest to date of delivery for each \$100 par value of bonds, bearing interest at the rate or rates per annum as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2015 %	2025 % *
2016	2026 *
2017	2027 *
2018	2028 *
2019	2029 *
2020	2030 *
2021	2031 *
2022	2032 *
2023	2033 *
2024	2034 *

*TERM BONDS (Optional – No more than two Term Bonds.)

<u>First Year of Mandatory Redemption</u>	<u>Year of Maturity</u>	<u>Interest Rate</u>
_____	_____	_____
_____	_____	_____

If Term Bond(s) are included in this bid, they shall be subject to the restrictions and mandatory redemption requirements set forth in the Notice of Sale.

The undersigned hereby acknowledges receipt of the Preliminary Official Statement referred to in the aforementioned Notice of Sale.

 Syndicate Manager

 Syndicate Manager Address

Telephone: _____

Fax: _____

The following is our computation of the net interest cost and percent true interest cost calculated in accordance with the Notice of Sale, is for informational purposes only, and is subject to verification prior to award.

Gross Interest Cost	\$ _____
Underwriters Premium	\$ _____
Net Interest Cost	_____
Percent True Interest Cost	_____ %
	(four decimals)

First Southwest Company would be pleased to assist you in entering your bid on these Bonds if you will mail or fax your signed bid form in advance and telephone figures about one-half hour before the time of sale. The Town and First Southwest Company are not responsible for errors in bids submitted in this manner.

**TELEPHONE (617) 619-4400
 FAX (617) 619-4411
 FIRST SOUTHWEST COMPANY**