

TOWN OF BEDFORD, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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Prepared by:
Finance Department

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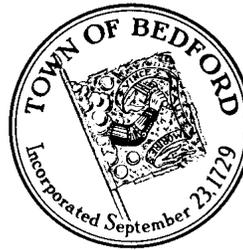
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Introductory Section

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



High School Athletic Field



FINANCE DEPARTMENT

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Letter of Transmittal

December 18, 2015

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

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

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

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

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

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

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

Profile of the Town

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

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

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

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

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

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

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

Factors Affecting Economic Condition

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

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

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

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

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

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

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

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

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

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

Awards and Acknowledgements

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

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

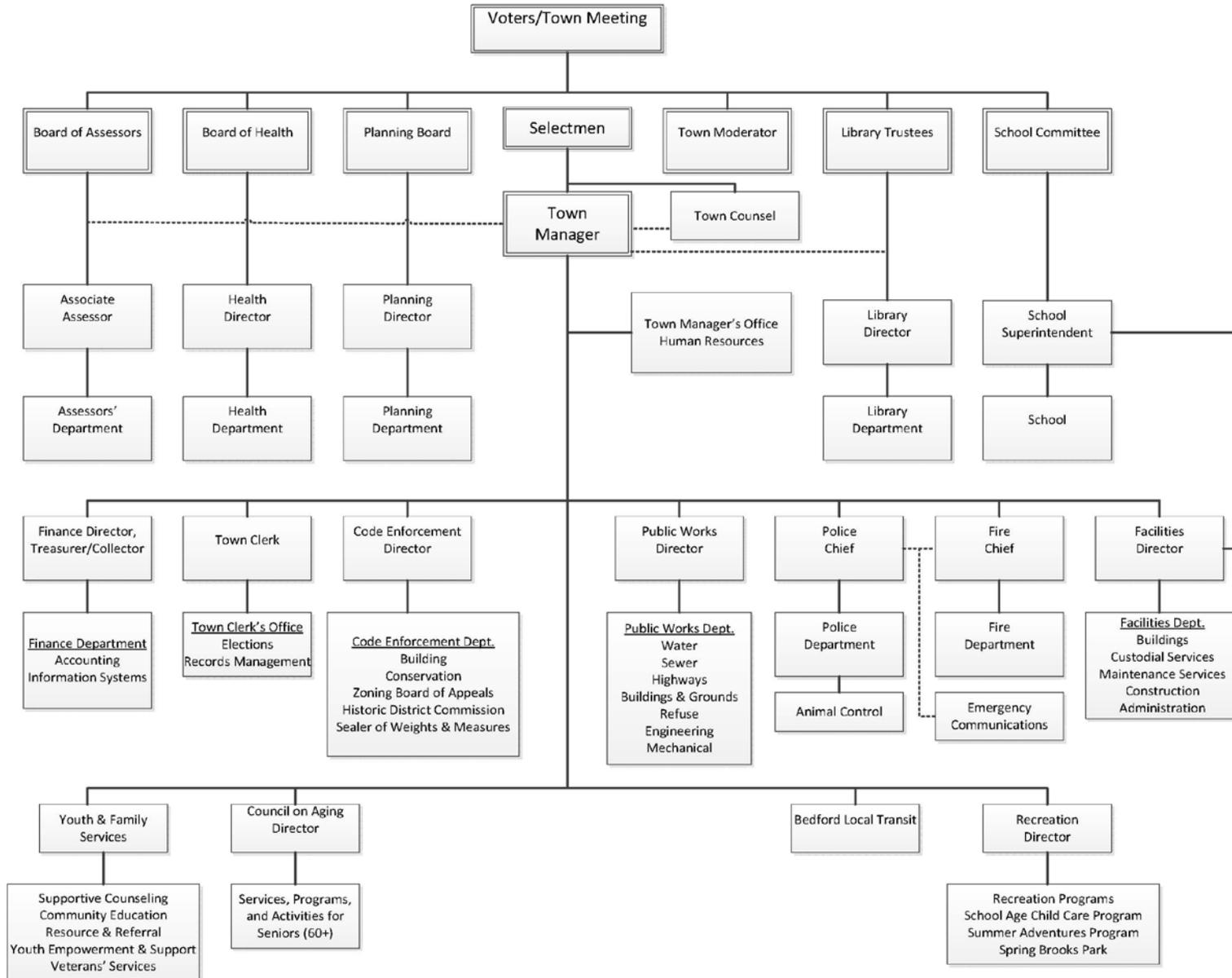
The preparation of this report would not have been possible without the efficient and dedicated services of the Town Accountant, the Information Systems Manager and the rest of the staff of the Finance Department. We would like to also express our appreciation to all the members of the departments who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

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Victor Garofalo".

Victor Garofalo
Finance Director, Treasurer and Collector

Town of Bedford Organization Chart



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

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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Bedford
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Financial Section

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



Bedford Police Department



Independent Auditors' Report

To the Honorable Selectmen
Town of Bedford, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bedford, Massachusetts, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Bedford, Massachusetts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bedford, Massachusetts, as of June 30, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

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



CliftonLarsonAllen LLP

Boston, MA

December 18, 2015

Management's Discussion and Analysis

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

Financial Highlights

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

Overview of the Financial Statements

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

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

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

Government-wide financial statements

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

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

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Governmental activities include general government, public safety, education, public works, water, sewer health and human services, culture and recreation and debt service - interest. Business-type activities include the Town's ambulance operations.

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

Fund financial statements

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

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

Governmental Funds

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

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

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

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

Proprietary Funds

The Town maintains one type of proprietary fund.

The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its ambulance operations, which is considered to be a nonmajor fund.

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

Fiduciary Funds

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

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

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

Notes to the basic financial statements

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

Required supplementary and other information

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

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

Government-Wide Financial Analysis

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

Net Position

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

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

* As restated (Note 19)

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

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

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

Changes in Net Position

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

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

* As restated (Note 19)

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

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

Fund Financial Statement Analysis

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

Governmental funds

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

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

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

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

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

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

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

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

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

Proprietary funds

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

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

General Fund financial summary

- Real estate and personal property tax revenue continues to be the most significant revenue source for the Town, comprising 77% of total general fund budgetary basis revenue. Tax revenue increased in accordance with the provisions of the Massachusetts general law, which limits such increase to 2 ½ % over the preceding year plus an allowance for new growth. In fiscal year 2015, additional taxes were collected outside Proposition 2 ½ for debt payments related to various projects.
- Intergovernmental revenue represents 9% of total general fund budgetary basis revenues.
- Motor vehicle and other excise tax revenue continued to be a strong source of revenue. Motor vehicle and other excise tax revenues represent 5% of the total general fund budgetary basis revenues.
- Education continues to represent the largest category of general fund budgetary basis expenditures (47%). The Town is committed to providing a high-quality education through its public schools.
- Public Safety and Public Works represent a combined 23% of general fund budgetary basis expenditures. This reflects the Town's commitment to providing a safe, secure environment and essential public services.
- Debt service costs in fiscal year 2015 were 9% of total general fund budgetary basis expenditures, which is consistent with the prior fiscal year.
- Employee benefits equal 8% of total general fund budgetary basis expenditures in fiscal year 2015, reflecting high health insurance costs experienced throughout the state and region.

General Fund budgetary highlights

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

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

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

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

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

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

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

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

Capital Asset and Debt Administration

Capital Assets

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

The Town defines capital projects using the following guidelines:

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

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

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

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

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

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

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

Long-Term Debt

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

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

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

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

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

Requests for Information

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

Basic Financial Statements

TOWN OF BEDFORD
STATEMENT OF NET POSITION
JUNE 30, 2015

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

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

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

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

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

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

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

TOWN OF BEDFORD
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

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

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

Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 17,929,542
-	-	3,976,196
-	-	614,159
-	-	241,334
-	-	203,742
-	-	3,374,327
19,430	74,683	97,690
-	1,428,104	5,237,264
-	-	426,811
-	-	53,769
3,325,744	5,662,693	15,741,555
-	2,596,152	4,159,721
<u>3,345,174</u>	<u>9,761,632</u>	<u>52,056,110</u>

\$ 23,573	\$ 129,998	\$ 457,310
-	137,999	2,812,917
-	-	2,686,590
-	-	1,715,302
-	-	193,155
-	426,811	426,811
<u>23,573</u>	<u>694,808</u>	<u>8,292,085</u>

<u>19,430</u>	<u>7,400</u>	<u>7,851,726</u>
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-	902,796	902,796
3,302,171	8,156,628	19,775,486
-	-	5,635,822
-	-	1,899,787
-	-	7,698,408
<u>3,302,171</u>	<u>9,059,424</u>	<u>35,912,299</u>

<u>3,345,174</u>	<u>9,761,632</u>	<u>52,056,110</u>
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TOWN OF BEDFORD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

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

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

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

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

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

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

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

Net Change in Fund Balances - Total Governmental Funds (Page 34)	\$	139,720
<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		7,609,163
Depreciation		(7,415,305)
<p>In the statement of activities, the loss on the disposals of capital assets is reported, whereas in the governmental funds the disposals are not reported as financial resources. As a result, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed</p>		
		(16,584)
<p>Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.</p>		
		(343,662)
<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 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>		
Proceeds of Bonds		(2,634,776)
Bond Maturities		5,242,186
<p>In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable</p>		
		93,957
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes:</p>		
Compensated Absences		(149,055)
Net OPEB Obligation		(1,257,924)
Net Pension Liability		(712,685)
<p>In the statement of activities, deferred outflows related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred outflows related to pensions.</p>		
		147,540
Changes in Net Position of Governmental Activities (Page 28)	\$	702,575

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. Reporting Entity

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

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

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

C. Implementation of New Accounting Principles

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

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

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

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

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

The government-wide financial statements (statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government and its component units. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are primarily supported by user fees.

Fund Financial Statements

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

Fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

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

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

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

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

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

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

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

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

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

The following nonmajor proprietary fund is reported:

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

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

The following fiduciary fund types are reported:

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

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

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

F. Deposits and Investments

Government-Wide and Fund Financial Statements

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

G. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate Taxes, Personal Property Taxes and Tax Liens

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

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

Motor Vehicle Excise Taxes

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

User Fees

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

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

Intergovernmental

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

H. Allowance for Uncollectible Amounts

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

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

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

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

Intergovernmental receivables are considered 100% collectible.

I. Inventories

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.

Fund Financial Statements

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

M. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

N. Deferred Outflows of Resources

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

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

O. Deferred Inflows of Resources

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

The Town has one item that qualifies for reporting in this category. Deferred inflows for unavailable revenue are reported in the governmental funds balance sheet. Unavailable revenue represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting.

P. Net Position and Fund BalancesGovernment-Wide and Proprietary Fund Financial Statements (Net Position)

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

Net position has been "restricted" for the following:

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

“Employee benefits” represents amounts restricted for health and pension benefits.

“Sewer” represents amounts restricted for sewer operations.

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

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

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

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

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

Governmental Funds Financial Statements (Fund Balances)

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

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

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

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

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

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

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

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

Q. Long-term Debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Funds Financial Statements

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

R. Investment Income

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

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

S. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Funds Financial Statements

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

T. Pensions

Government-Wide and Fund Financial Statements

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

U. Post Retirement Benefits

Government-Wide and Fund Financial Statements

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

V. Use of Estimates

Government-Wide and Fund Financial Statements

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

W. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

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

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

B. Excess of Expenditures over Appropriations

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

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

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

Deposits - Custodial Credit Risk

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

Investments Summary

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

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

Investments - Interest Rate Risk of Debt Securities

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

Investments - Custodial Credit Risk

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

Investments - Credit Risk of Debt Securities

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

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

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

Deposits and Investments – Foreign Currency Risk

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

Investments – Concentration of Credit Risk

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

NOTE 4 - ACCOUNTS RECEIVABLE

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

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

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

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

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

NOTE 5 - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 30,699,508	\$ 3,832	\$ -	\$ 30,703,340
 <u>Capital assets being depreciated:</u>				
Buildings and improvements.....	138,215,879	750,856	-	138,966,735
Machinery and equipment.....	5,235,150	885,045	(19,678)	6,100,517
Vehicles.....	6,052,438	1,770,057	(221,817)	7,600,678
Infrastructure.....	110,374,044	4,199,373	-	114,573,417
Total capital assets being depreciated.....	259,877,511	7,605,331	(241,495)	267,241,347
 <u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(50,160,560)	(4,255,010)	-	(54,415,570)
Machinery and equipment.....	(3,862,210)	(329,107)	19,678	(4,171,639)
Vehicles.....	(4,218,993)	(437,800)	205,233	(4,451,560)
Infrastructure.....	(66,836,342)	(2,393,388)	-	(69,229,730)
Total accumulated depreciation.....	(125,078,105)	(7,415,305)	224,911	(132,268,499)
Total capital assets being depreciated, net.....	134,799,406	190,026	(16,584)	134,972,848
Total governmental activities capital assets, net.....	\$ 165,498,914	\$ 193,858	\$ (16,584)	\$ 165,676,188
 Business-Type Activities:				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ -	\$ 35,269	\$ -	\$ 35,269
Vehicles.....	173,519	-	-	173,519
Total capital assets being depreciated.....	173,519	35,269	-	208,788
 <u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	-	(3,527)	-	(3,527)
Vehicles.....	(40,828)	(20,414)	-	(61,242)
Total accumulated depreciation.....	(40,828)	(23,941)	-	(64,769)
Total capital assets being depreciated, net.....	132,691	11,328	-	144,019
Total business-type activities capital assets, net.....	\$ 132,691	\$ 11,328	\$ -	\$ 144,019

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

Governmental Activities:

General government.....	\$	599,134
Public safety.....		336,730
Education.....		3,418,578
Public works.....		1,553,087
Water.....		477,967
Sewer.....		865,889
Culture and recreation.....		163,920
		<u>7,415,305</u>
Total depreciation expense - governmental activities.....	\$	<u>7,415,305</u>

Business-Type Activities:

Ambulance	\$	<u>23,941</u>
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NOTE 6 - NET INVESTMENT IN CAPITAL ASSETS

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

Governmental Activities

Capital assets, net of accumulated depreciation.....	\$	165,676,188
Less capital related debt outstanding.....		(50,470,954)
Add unspent proceeds of capital related debt.....		<u>2,476,087</u>
Net investment in capital assets.....	\$	<u>117,681,321</u>

Business-Type Activities

Capital assets, net of accumulated depreciation.....	\$	144,019
Less capital related debt outstanding.....		<u>(125,000)</u>
Net investment in capital assets.....	\$	<u>19,019</u>

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

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

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

- (1) Represents budgeted transfers to the ambulance enterprise fund for indirect costs and subsidy and to the capital projects funds
- (2) Represents budgeted transfer to the general fund to fund sewer operations
- (3) Represents budgeted transfers to the general fund for debt service and to the capital projects funds
- (4) Represents budgeted transfer to the general fund from the federal impact aid fund and miscellaneous transfers between nonmajor governmental funds

NOTE 8 - SHORT-TERM FINANCING

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

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

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

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

Governmental Funds

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

Subsequent Event

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

NOTE 9 - LONG-TERM OBLIGATIONS

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

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

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

NOTE 10 - LONG-TERM DEBT

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

Bonds and Notes Payable - Governmental Activities

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

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

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

The Massachusetts Water Resource Authority (MWRA) operates an Infiltration/Inflow Financial Assistance Program for community owned collection systems. For each community approved for the project, financial assistance received from the MWRA consists of non-interest bearing loans (payable in five equal annual installments) and, in some instances, grants. During fiscal year 2015, \$475,000 was received from the program, all of which was a loan. At June 30, 2015, the outstanding principal amount of these loans totaled \$1,801,488.

Subsequent Event

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

Bonds Payable – Ambulance Enterprise Fund

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

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

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

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2015, the Town had the following authorized and unissued debt:

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

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS

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

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

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

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

Active employees.....	609
Retired employees.....	<u>394</u>
 Total.....	 <u><u>1,003</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 money to the Plan to satisfy current obligations on a pay-as-you-go basis and makes additional pre-funding contributions to the Plan annually as approved by Town Meeting vote. The costs of administering the Plan are paid by the Town.

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

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

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

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

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

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a Percentage of Covered Payroll ((B-A)/C)</u>
07/01/14	\$ 4,083,974	\$ 40,975,065	\$ 36,891,091	9.97%	\$ 40,752,389	90.5%

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

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

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

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

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

Governmental Activities:

General government.....	\$ 251,219
Public safety.....	756,847
Education.....	1,456,006
Public works.....	286,402
Water.....	33,071
Sewer.....	36,196
Health and human services.....	111,390
Culture and recreation.....	<u>232,726</u>
Total AOPEBC - governmental activities.....	<u>3,163,857</u>

Business-Type Activities:

Ambulance.....	<u>83,256</u>
Total AOPEBC.....	<u>\$ 3,247,113</u>

NOTE 12 - RISK FINANCING

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

NOTE 13 - FUND BALANCES

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

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

NOTE 14 - STABILIZATION FUNDS

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

NOTE 15 - PENSION PLAN**General Information about the Pension Plan**

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

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

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

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

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

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

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

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

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

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

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

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

<u>Year Ended June 30</u>	
2016	\$ 37,097
2017	37,097
2018	37,097
2019	37,097

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

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

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

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

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

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

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

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

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

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

NOTE 16 - MASSACHUSETTS TEACHERS RETIREMENT SYSTEM**General Information about the Pension Plan**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 17 - COMMITMENTS

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

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

NOTE 18 - CONTINGENCIES

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

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2015, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

NOTE 19 - CHANGE IN ACCOUNTING PRINCIPLE

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

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

NOTE 20 - FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS

The GASB has issued the following statements:

- Statement No. 72, *Fair Value Measurement and Application*, which is required to be implemented during fiscal year 2016. Management is evaluating the Statement's future impact on the basic financial statements.
- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which is required to be implemented during fiscal year 2016. Management is evaluating the Statement's future impact on the basic financial statements.
- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, which is required to be implemented during fiscal year 2017. Management is evaluating the Statement's future impact on the basic financial statements.
- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which is required to be implemented during fiscal year 2018. Management is evaluating the Statement's future impact on the basic financial statements.
- Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which is required to be implemented during fiscal year 2016. Management does not believe the implementation of this Statement will impact the basic financial statements.
- Statement No. 77, *Tax Abatement Disclosures*, which is required to be implemented during fiscal year 2017. Management is evaluating the Statement's future impact on the basic financial statements.

These pronouncements will be implemented by their respective implementation dates.

Required Supplementary Information

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

See notes to required supplementary information.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

See notes to required supplementary information.

PENSION PLAN SCHEDULES*

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

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

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

**SCHEDULE OF TOWN CONTRIBUTIONS
MIDDLESEX COUNTY RETIREMENT SYSTEM**

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

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

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

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

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

**SCHEDULE OF TOWN CONTRIBUTIONS
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

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

OTHER POST EMPLOYMENT BENEFITS SCHEDULES

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

SCHEDULE OF FUNDING PROGRESS

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

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

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

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

NOTE A - BUDGETARY - GAAP RECONCILIATION

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

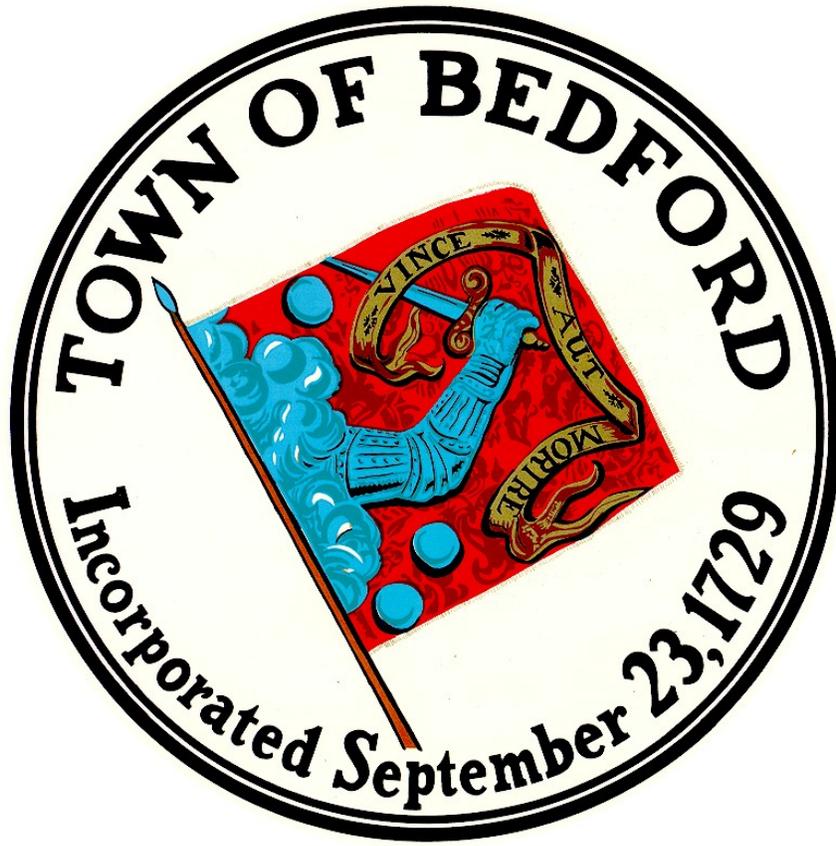
General Fund

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

NOTE B - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

Combining Statements



Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

Capital Projects Funds

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

Permanent Funds

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

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

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

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2015

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

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

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

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

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

Agency Funds

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

AGENCY FUND
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance at</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2015</u>
ASSETS				
Cash and cash equivalents.....	\$ 376,750	\$ -	\$ -	\$ 376,750
LIABILITIES				
Liabilities due depositors.....	\$ 376,750	\$ -	\$ -	\$ 376,750

Statistical Section

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



Job Lane House

Statistical Section

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

Table of Contents

Financial Trends (pages 89-100)

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

Revenue Capacity (pages 101-103)

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

Debt Capacity (pages 104-106)

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

Demographic and Economic Information (pages 107-108)

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

Operating Information (pages 109-111)

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

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

Net Position By Component (A)

Last Ten Fiscal Years

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

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

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

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

Fiscal Year

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

**Governmental Activities
Changes in Net Position (A)**

Last Ten Fiscal Years

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

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

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

Fiscal Year

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

**Business-Type Activities
Changes in Net Position**

Last Ten Fiscal Years (A)

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

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

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

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**Primary Government
Changes in Net Position (A)**

Last Ten Fiscal Years

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

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

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

Fiscal Year

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

Fund Balances, Governmental Funds

Last Ten Fiscal Years

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

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

Fiscal Year

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

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

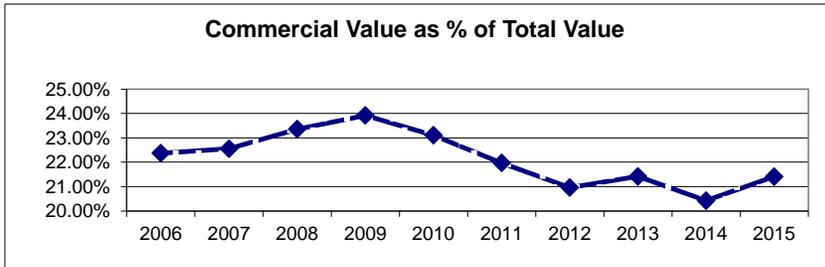
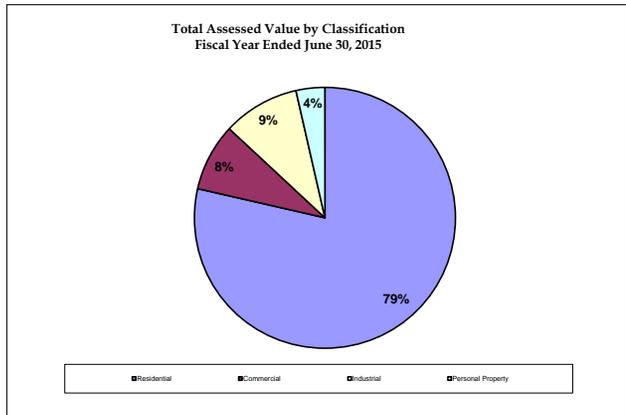
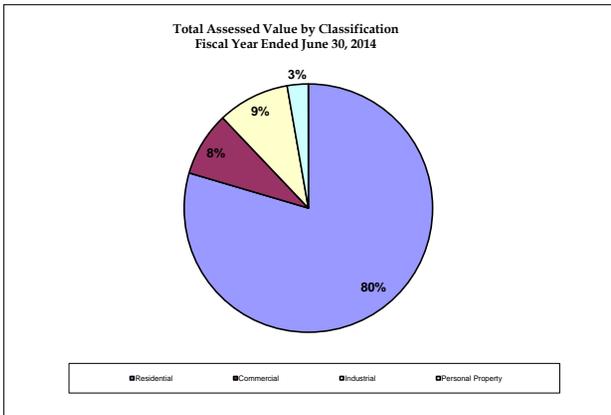
	Fiscal Year				
	2006	2007	2008	2009	2010
Revenues:					
Real estate and personal property taxes.....	\$ 38,852,987	\$ 39,563,532	\$ 42,038,212	\$ 45,133,746	\$ 45,209,302
Motor vehicle and other excise taxes.....	2,033,162	2,221,374	2,304,203	2,192,527	2,308,614
Community preservation surcharges.....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

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

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

Last Ten Fiscal Years

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



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

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

Principal Taxpayers
Current Year and Nine Years Ago

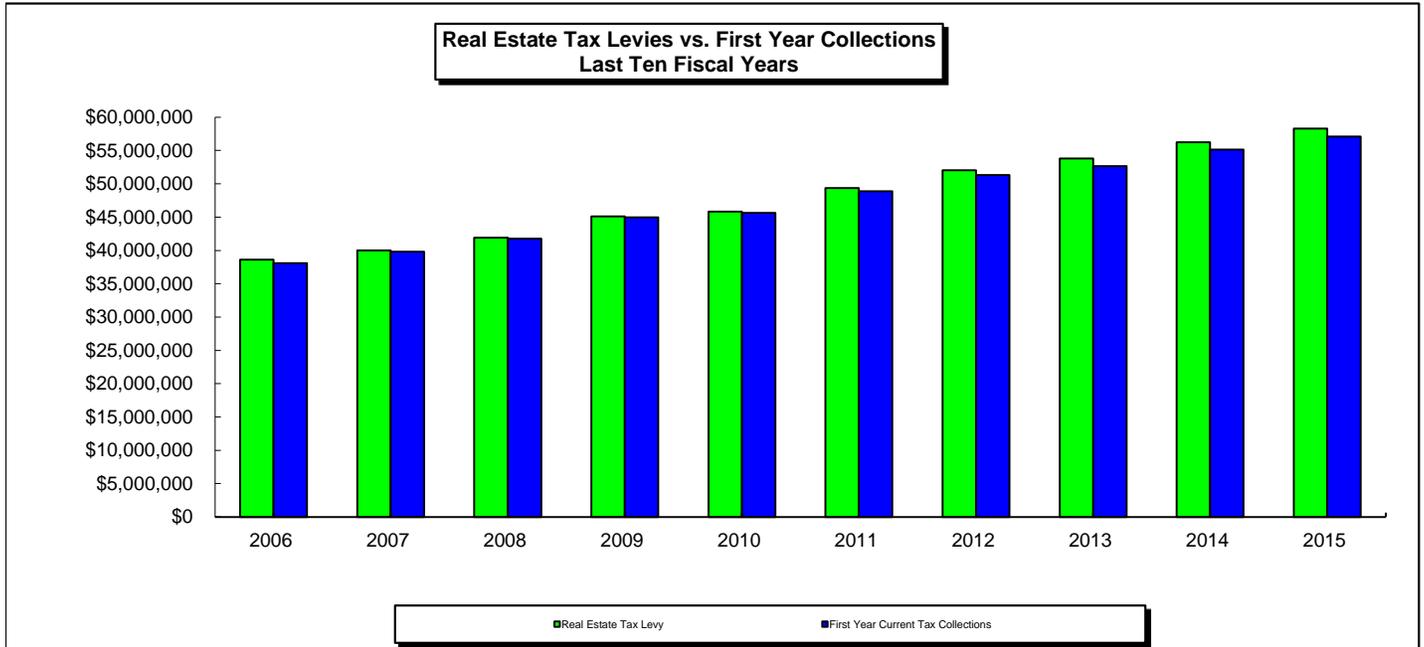
Name	Nature of Business	2015			2006		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
CCC Investors LLC	Offices	\$ 47,885,311	1	1.67%	-	-	-
Cole of Bedford, MA LLC	Offices	44,248,678	2	1.55%	-	-	-
DIV Bedford, LLC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

Source: Town of Bedford, Assessor's Department

Property Tax Levies and Collections

Last Ten Fiscal Years

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

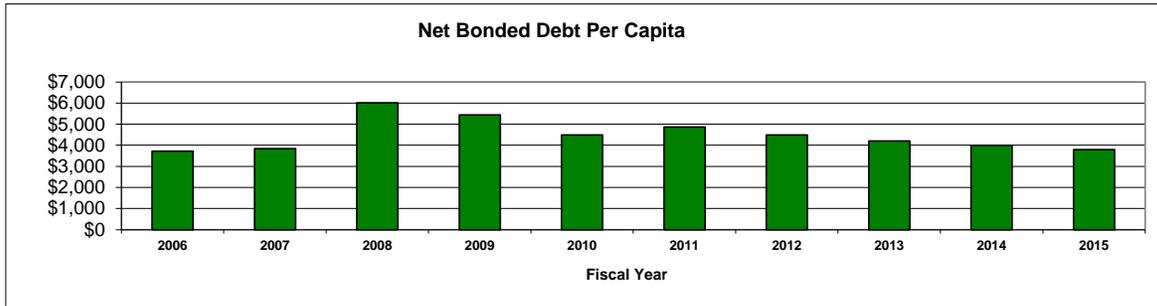


Source: Town of Bedford, Assessor's Department

Ratios of Outstanding Debt and General Bonded Debt

Last Ten Fiscal Years

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



Source: Audited Financial Statements, U. S. Census

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

Computation of Legal Debt Margin

Last Ten Fiscal Years

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

Source: Audited financial Statements and Town Statement of Indebtedness

Fiscal Year

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

Demographic and Economic Statistics

Last Ten Fiscal Years

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

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

Principal Employers (excluding Town)

Current Year and Nine Years Ago

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

Source: Massachusetts Department of Employment and Training

Full-time Equivalent Town Employees by Function

Last Ten Fiscal Years

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

Source: Town personnel records

Operating Indicators by Function/Program

Last Ten Fiscal Years

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

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

(1) Information is presented on a calendar year basis

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

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

Source: Various Town Departments