

TOWN OF DEDHAM

MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Year Ended June 30, 2016

On the Cover: Dedham Square

Photo Courtesy of Dedham Square Circle

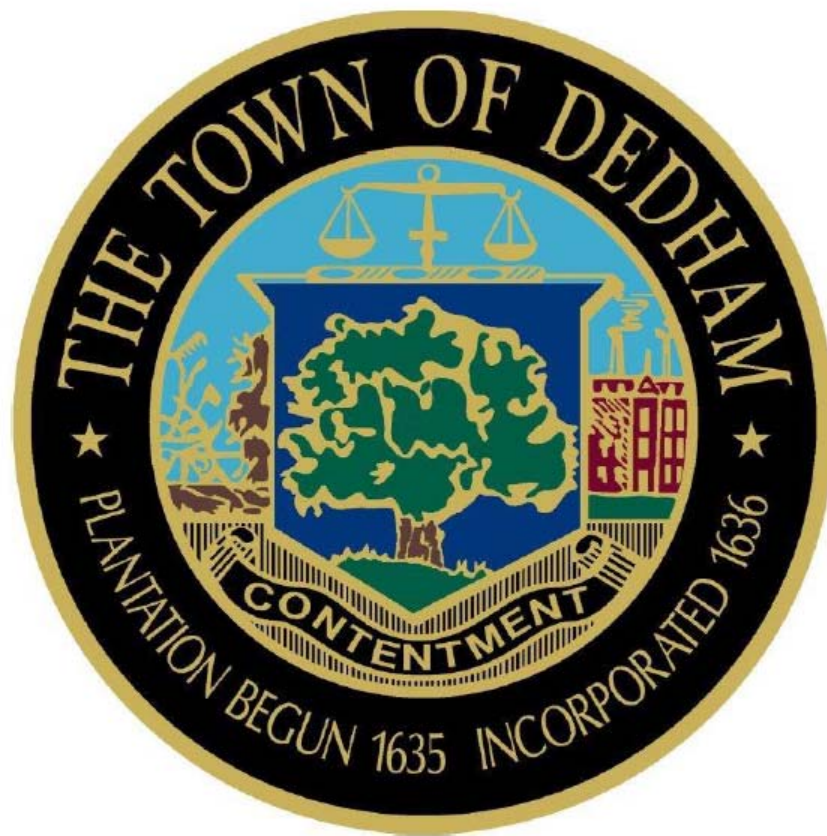
Dedham Square Circle is a grass-roots community organization aimed at revitalizing Dedham's historic downtown. Its members include residents, visitors, business and property owners, and Town officials.

Dedham Square Circle is committed to invigorating Dedham Square by increasing its economic prosperity, promoting its rich history, arts and culture, and aesthetically enhancing the Square's physical environment to benefit the entire community.

TOWN OF DEDHAM, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2016



Prepared by:

The Finance Department of the Town of Dedham, Massachusetts

TOWN OF DEDHAM, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2016

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Introductory Section



Courtesy of Dedham Square Circle

Dedham Square

Introductory Section

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Michael L. Butler, Chairman
Dennis J. Guilfoyle, Vice Chairman
Brendan G. Keogh
James A. MacDonald
Dennis J. Teehan, Jr

James A. Kern
Town Manager

Nancy A. Baker
Assistant Town Manager



TOWN OF DEDHAM
Board of Selectmen

DEDHAM TOWN HALL
26 BRYANT STREET
P.O. BOX 306
DEDHAM, MA 02027

TEL (781) 751-9100
FAX (781) 751-9109
TDD (781) 326-4946

WEB SITE
www.dedham-ma.gov

Letter of Transmittal

December 23, 2016

To the Honorable Board of Selectman and Citizens of the Town of Dedham, Massachusetts:

I am pleased to acknowledge that the Town of Dedham has completed its fifth annual *Comprehensive Annual Financial Report* (CAFR). The report is for the fiscal year ended June 30, 2016, and it has been prepared by the Town's Finance Department.

The Town is responsible for the accuracy, completeness and fairness of the data presented in the CAFR. This letter of transmittal and the management's discussion and analysis, located in the financial section of the CAFR, provide a comprehensive financial overview of the Town and ensure that the financial and general operations of Town government remain transparent, and therefore open for easy viewing.

The CAFR represents a complete set of financial statements in conformity with generally accepted accounting principles in the United States of American (GAAP), that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This CAFR meets and exceeds those requirements and presents itself as an informative resource for all those interested in the financial activities of the Town.

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 rating agencies as well as the citizens and taxpayers of the Town of Dedham.

Since the report consists of management's representations concerning the finances of the Town, management assumes full responsibility for the completeness and reliability of all the information presented. In addition, 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 GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Dedham'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 Dedham's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit is, to on an annual basis, provide reasonable assurance that the financial statements of the Town of Dedham 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 unmodified opinion that the Town of Dedham's financial statements for the fiscal year ended June 30, 2016, 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 Dedham 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 Dedham's separately issued Single Audit Reports Pursuant to Uniform Guidance.

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 Dedham's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town

The Town is located in Norfolk County, Massachusetts on a total area of 10.6 square miles of which 10.4 square miles is land and 0.2 square miles is water. It borders Boston on the northeast, Needham on the northwest, Westwood on the southwest and Canton on the southeast. It is within close proximity to Routes 128, 1, 93 and 95 and interstate 109. The population at the 2010 census was 24,729. Dedham's close proximity to Boston also places it within a reasonable distance from Logan International Airport, the largest transportation center in New England.

Commuter rail service is available to Boston's South Station via two stops on the Franklin Line (Endicott, Dedham Corporate Center) and one on the Providence Line (Route 128 Station). This service is provided by the Massachusetts Bay Transportation Authority (MBTA).

Dedham was first settled in 1635 by inhabitants of Roxbury and Watertown. It was incorporated in 1636 and named after a village in northern Essex, England named Dedham, the birthplace of some of the founding fathers. The first public meeting was held August 15, 1636 and was attended by 18 men who signed the Town covenant. The covenant stipulated that if differences were to arise between townsmen, they would seek arbitration for resolution and each would pay his fair share for the common good.

The Town offers a full range of traditional municipal services including police and fire protection, education, maintenance of streets, solid waste collection, health and human services, cultural and recreational services, and sewer services in conjunction with the Massachusetts Water Resources Authority (MWRA). Water is from ground sources. Wells are owned by the Dedham – Westwood Water District which distributes water to both Towns and bills and collects user charges independent of the Town.

Dedham prides itself on the quality of its school system. On January 1, 1643, the Town authorized the first taxpayer funded school in America. This was considered "the seed of American education" and is now the national standard. There are seven Town administered schools in Dedham. The Town is currently working with the Massachusetts School Building Authority (MSBA) to finalize plans for a new Early Childhood Education Center. Current school enrollment across the District is approximately 2,750 and funding for schools is received via taxation and from governmental revenues based on a minimum net school spending formula. The mission of the Dedham Public Schools, in partnership with the community, is "to promote excellence in learning, self-discipline, and motivation." In 2016, the Dedham High School earned a **silver medal** from the US News and World Report, one of only 53 schools in Massachusetts to earn this distinction.

The Town operates under the Selectmen, Town Manager and Representative 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, seven-member School Committee appoints a School Superintendent who administers the public school system of the Town. Selectmen and School Committee members are elected to three-year terms.

An annual operating budget is approved by the Town Meeting in May. This annual budget serves as the foundation for the Town's financial planning and control. The budget is prepared by fund, function (e.g. general government), department (e.g. finance) and category (e.g. Personnel Services, Purchase of Services, Supplies, Other Charges & Expenses) allowing the department heads to allocate resources within the department. Transfers between categories need approval from Town Meeting unless specifically exempted by the state statute.

Factors Affecting Economic Condition

Dedham is a residential community with significant commercial development, primarily along Providence Highway and State Route 1A. On the basis of fiscal 2016 assessed valuations, 81.0% of the Town's property is residential, 15.7% is commercial, 0.9% is industrial and 2.4% is personal property.

The Town center remains a vibrant hub for small businesses. A significant \$6.5 million dollar public infrastructure investment in the downtown was completed in October, 2013. The intent and goal of the project is the immediate creation of jobs, small business growth and increased tax revenues. The Commonwealth of Massachusetts recognized the merits of the project with the award of a \$1.7 million grant to the Town for the project.

The Town's proximity to Boston's business districts and the presence of MBTA commuter rail service in the Town make Dedham a popular suburb for professionals commuting to the city and contributes to average property values and income levels. Amtrak's passenger service between Boston and New York City makes a stop at the Route 128 Amtrak Station in Dedham.

Over 1,000 businesses are located in the Town. The business base is quite diverse and spread over 9 major industry types. Dedham has also become a regional retail destination with development ranging from big box retail, traditional malls to the latest iteration in retail development, the lifestyle center. The past decade has been one of aggressive economic development growth in Town. During this period, the Town has issued over 11,000 building permits that have generated over \$1 billion in assessed tax valuation. The Town also adopted the local meals excise option in fiscal year 2010 and increased the hotel/motel excise by two percent with these revenues dedicated to the stabilization fund for major capital facilities. Since adoption the hotel/motel and meals excise have generated \$10.6 million.

The major developments that have emerged over this period are:

Legacy Place is a 675,000 square foot "lifestyle" shopping center, with an assessed valuation of \$117 million, featuring national retail stores, dining and entertainment anchored by a major cinema complex and high end grocer. It is within walking distance of the commuter rail and adjacent upscale apartments with multi modal public transportation access for the approximately 1,000 employee base.

NewBridge on the Charles is an independent living community set amidst 162 acres. The development is a vibrant retirement community that offers a wealth of choices in amenities, services and styles of homes. The development spans the entire spectrum of care from separate cottages to condominiums to assisted living to short term rehabilitation facilities including a licensed hospital and Alzheimer's wing. The total assessed valuation of this development is over \$180 million, with nearly \$90 million taxable.

Other notable developments during the last decade include: **OCW Retail**, a Wilder Companies property, is a redevelopment of the Dedham Mall. This was completed in 2008 with an assessed valuation of approximately \$53 million. **Dedham at Jefferson Station** is an upscale one and two bedroom luxury unit apartment complex. Located very close to commuter rail access into Boston and a three minute walk to Legacy Place, the units provide an attractive living arrangement for the upscale professional crowd. This was completed in 2009 with 300 residential units and an assessed valuation of over \$40 million. **Station 250** is another large upscale apartment complex with 285 units also adjacent to Legacy Place. This development and the neighboring Jefferson Station have consistently had very low vacancy rates and are typically 95% leased on average. This property has an assessed valuation of over \$45 million.

A significant new growth sector in development has emerged with several **mixed-use properties** either completed or under construction currently. In Dedham Square, specifically there are three projects. All have street-level commercial space and, in total, over 100 residential units.

Another growth sector is **medical office space/outpatient facilities** which are a key growth area that feature higher wage earning employment. Dedham is attractive as a satellite location, close to Boston, but with greater transportation ease and access outside of the City. The new **Shields Medical Center** is an outpatient facility with 60% leased to New England Baptist Hospital. The building has 66,000 square feet of new construction and has approximately 90 employees.

Other commercial redevelopment includes the renovated **Rustcraft** building on Rustcraft Rd and 875 Providence Highway (the former Colpitts Travel) which be the location for a new retail building. The owners of Dedham Plaza will be making new investments.

The Town of Dedham created an Economic Development department in 2007 to proactively manage economic growth. Since then the Town has adopted expedited permitting and designated two priority development sites. The Town is also rated as a **Silver BioReady Community** by the MA Biotech Council and is part of regional economic development working group hosted by the Neponset Valley Chamber of Commerce

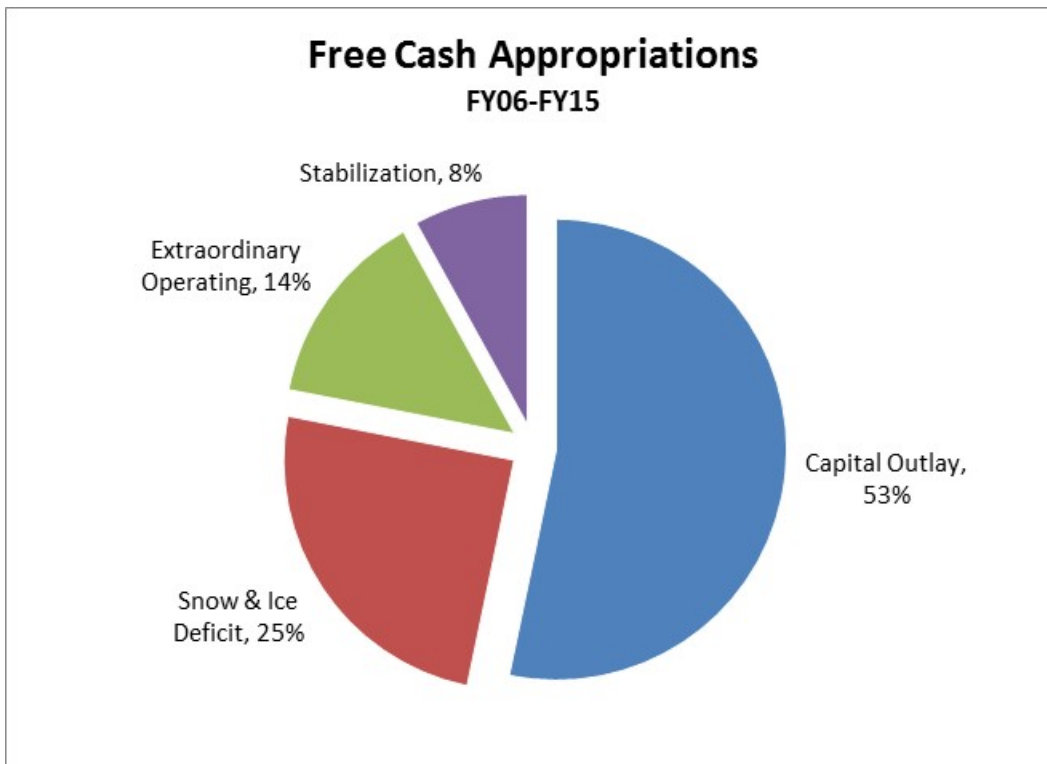
The Town leaders recognize the importance of maintaining a stable tax situation for its residents. Development on the commercial side helps accomplish this goal and the Town continues to seek out the means to maintain vigilance in this area. This has most recently prompted Dedham to enter into a 15-year **Tax Increment Financing Exemption (TIF) agreement with M.S. Walker, Inc.**, a Massachusetts based manufacturer and distributor of spirits and wines. Construction for this new 150,000 square foot state-of-the-art manufacturing and research development facility began in December 2015. The company's estimated investment of \$50 million is expected to generate more than \$6 million annually in property taxes by the end of the TIF agreement. The facility when complete in 2017, is expected to include 75 full-time jobs.

The Town formed the **East Dedham Revitalization Committee**. This committee has recommended zoning changes to encourage investment. It also works with neighborhood groups and property owners to exchange ideas on improving the area. Several real estate projects are in the planning pipeline.

Livable Dedham is a community group seeking to promote healthy living for all Dedham residents. As a first project, they surveyed adults 55+ in Dedham in spring 2016 to learn what Dedham needs to do to be an age friendly community. The recommendations from this group will help improve quality of life in town.

Financial Condition and Planning

Revenues and Reserves: The growth of the Town's main source of revenues, property taxes, is capped by Proposition 2 ½ and can only be overridden through a ballot by the voters. While property tax revenue increases have been limited in recent years, local receipts from motor vehicle excise taxes and building permit fees have risen as the economy recovered. Fixed costs, primarily health insurance and pension costs, have increased more dramatically, outpacing the rate of inflation. Nonetheless, through careful management since fiscal year 2014 the Town has not needed to tax to its maximum tax levy permitted by state law. The Town looks to maintain a level of undesignated reserve that is no less than 3 to 5% of total estimated general fund appropriations and other amounts to be raised in the following year. Over the last decade, Dedham has appropriated \$20.5 million in undesignated reserve (Free Cash) to the categories shown below:



Conservative spending, new and increasing local receipts and, improving property tax collections during the last three accounting cycles have generated Free Cash certifications in excess of Town's policy threshold. Town Meeting in May 2016 voted to make a substantial advance payment on its unfunded pension liability. Dedham is currently considering other onetime or short-lived uses for its Free Cash surplus. Possible uses include but are not limited to: reducing the tax rate one or more years, paying off certain existing debt exclusions as well as another advance pension payment.

Long-term Financial Planning

Beginning in 2009, the Town implemented a policy of preparing rolling five-year projections. The Town believes this will provide better insight when preparing annual budgets and will also alert the Town to any potential budgeting issues far ahead of when these situations become real issues. The Town is actively working to adjust its local receipts forecast to better reflect current economic trends and special legislation efforts currently underway. The Town expects resources as forecasted will be sufficient to fund annual appropriations over the next three to five years provided we can contain costs in our largest cost category, wages and employee benefits.

Capital Improvements

The Town continues to invest in capital improvements. In the past decade, the Town has invested over \$120 million in improving facilities and adding much needed infrastructure. The following were key capital initiatives:

- Streets, sidewalks and sewer infrastructure; funded principally through the Massachusetts Highway Department Chapter 90 program, MWRA and Massachusetts Clean Water Trust (MCWT) notes, and bond issuances over \$35 million.
- Upgrades to educational facilities including construction of the Dedham Middle School and Avery Elementary School over \$60 million. These were funded principally through bond issuances and MSBA reimbursements.
- Energy efficiency improvements to public buildings over \$14 million.
- Various other improvements and additions of equipment regarding public safety and culture and recreation over \$11 million.
- Purchased the Ames Schoolhouse Office Building which is being renovated. When completed in 2017 it will be home to Town Hall and Senior Center.

The Town currently maintains two special purpose stabilization funds for capital. The Mitigation Stabilization fund was created for Town Meeting to set aside mitigation payments for later use for certain small to mid-size projects. The Robin Reyes Major Capital Facilities Stabilization fund was created by Town Meeting to set aside local option meals and room excise tax for later use to pay the annual debt service for large building projects. In August 2016 the state legislature and governor approved a special act that allows Dedham to post its local option tax receipts directly into the stabilization fund. Appropriations from the special fund for debt service payments will still require a 2/3rds vote at Town Meeting.

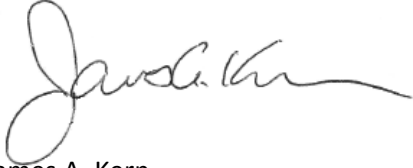
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the Town of Dedham for its comprehensive annual financial report for the year ended June 30, 2015. This was the fourth year the Town had applied to receive this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report will meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for this certificate.

The publication of this CAFR represents an important achievement in the ability of the Town of Dedham to provide enhanced financial information and accountability to its citizens, elected and appointed officials, and investors. The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Office. Special thanks also go to the certified public accounting firm of Powers & Sullivan, LLC for their advice and assistance in the preparation of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James A. Kern". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

James A. Kern
Town Manager

Andrea L. Terkelsen

Andrea L. Terkelsen
Director of Finance



Government Finance Officers Association

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

Presented to

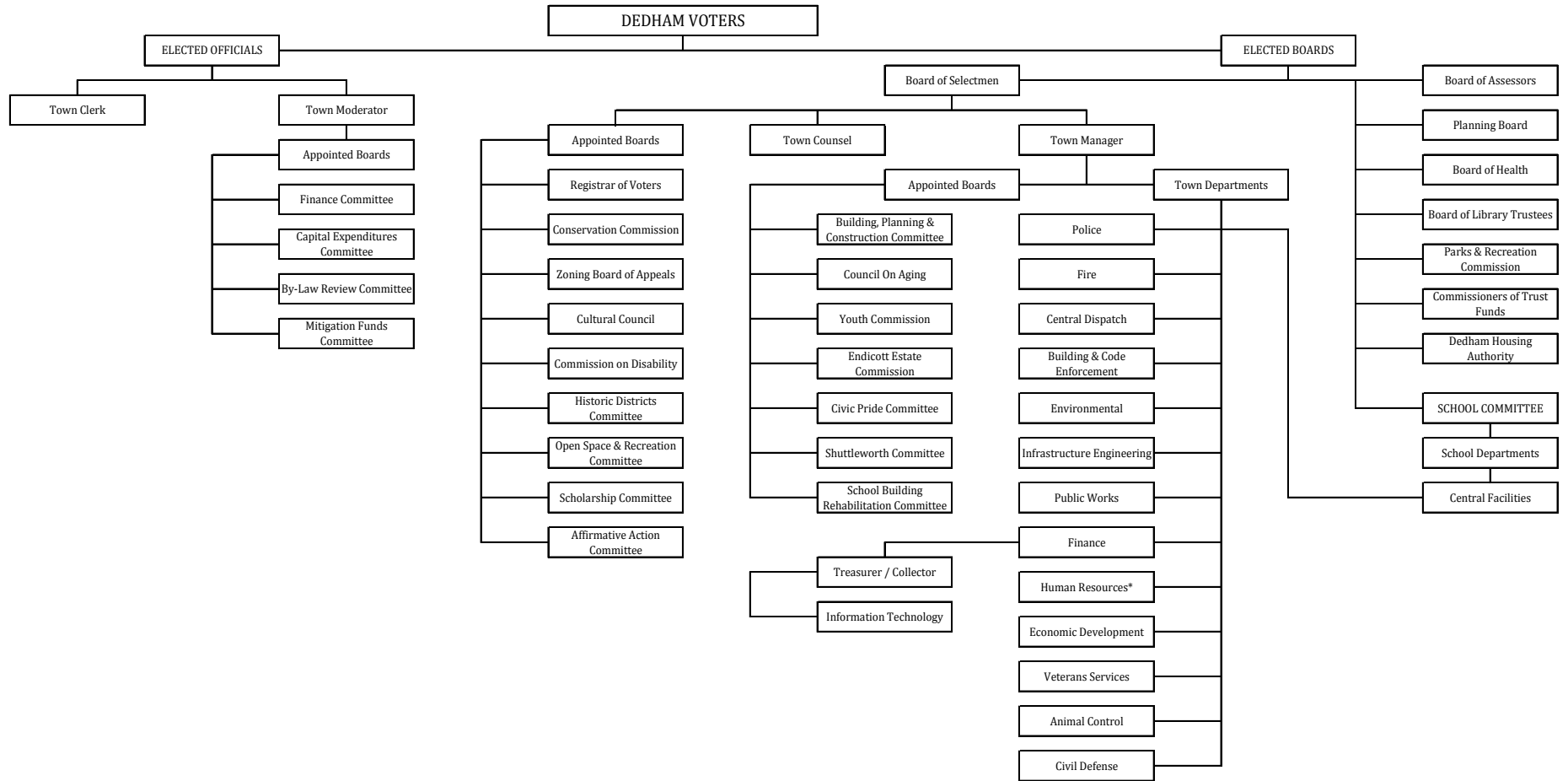
**Town of Dedham
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

TOWN ORGANIZATIONAL CHART



Principal Town Officials

<u>Elected Officials</u>		<u>Term Expires</u>
Board of Selectmen	Michael L. Butler, Chairman	2019
	Dennis J. Guifoyle, Vice Chairman	2017
	Brendan Keogh	2019
	James A. MacDonald	2018
	Dennis J. Teehan, Jr.	2017
Moderator	Daniel Driscoll	2017
Town Clerk	Paul M. Munchbach	2018
School Committee	Tomas M. Ryan, Chairperson	2017
	Susan Butler-Walko, Vice Chairperson	2017
	Stephen M. Bilafer	2018
	Mayanne Macdonald Briggs	2019
	Kevin R. Coughlin	2018
	Lisa Laprade	2018
	Tracey White	2019
 <u>Appointed Officials</u>		
Finance Committee	John Heffernan, Chair	2017
	Maureen Hanlon, Vice Chair	2016
	Cecilia Butler	2016
	Susan Carney	2018
	Kevin Hughes	2018
	Marty Lindeman	2018
	Liz O'Donnell	2017
	Dave Roberts	2017
 <u>Other Officials</u>		
Town Manager	James A. Kern	
Director of Finance	Andrea L. Terkelsen	
Superintendent of Schools	Michael Welch	

Financial Section



Courtesy of Tracey White

2016 Veterans Day Ceremony at Brookdale Cemetery

Financial Section

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100 Quannapowitt Parkway
Suite 101
Wakefield, MA 01880
T. 781-914-1700
F. 781-914-1701
www.powersandsullivan.com

Independent Auditor's Report

To the Honorable Board of Selectmen
and the Audit Committee
Town of Dedham, 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 Dedham, Massachusetts, as of and for the year ended June 30, 2016 (except for the Dedham Contributory Retirement System which is as of and for the year ended December 31, 2015), and the related notes to the financial statements, which collectively comprise the Town's 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 the 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 Dedham, Massachusetts, as of June 30, 2016 (except for the Dedham Contributory Retirement System which is as of December 31, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, 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 Dedham's basic financial statements. The introductory section, combining and individual fund statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund 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 23, 2016, on our consideration of the Town of Dedham, 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 Dedham's internal control over financial reporting and compliance.

Powers & Sullivan LLC

December 23, 2016

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Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Dedham, Massachusetts, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town of Dedham for the year ended June 30, 2016.

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

Overview of the Financial Statements

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

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 businesses.

The *statement of net position* presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, 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 Town's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing or the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions 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*). The governmental activities include general government, public safety, education, public works, health and human services, culture and recreation, and interest. The business-type activities include the activities of the sewer fund.

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 of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on near-term inflows and outflows of expendable

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

The Town maintains one major governmental fund that is presented separately in the governmental fund financial statements. The remaining nonmajor funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary funds. The Town maintains one type of proprietary fund.

Proprietary funds are used to report the same functions as business-type activities in the government-wide financial statements. The Town uses a proprietary fund to account for its sewer operations. The proprietary fund provides the same type of information as the government-wide financial statements, only in more detail.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town maintains four different fiduciary funds. The pension trust is used to account for resources held in trust for members of the Dedham Contributory Retirement System. The Other Postemployment Benefits Trust Fund is used to accumulate funds for future payments of other postemployment benefits for retirees such as health and life insurance. The private purpose trust fund is used to account for resources held in trust which principal and investment income exclusively benefit individuals, private organizations, or other governments. The agency fund reports resources held by the Town in a custodial capacity.

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

Financial Overview

- The government-wide assets and deferred outflows of resources of the Town of Dedham exceeded its liabilities and deferred inflows of resources at the close of the recent year by \$103.3 million and \$28.6 million (net position) for governmental activities and business-type activities, respectively. The business-type activities include the activities of the sewer and Endicott Estate enterprise funds.
- Of these amounts, 26.0% or \$34.3 million (total primary governmental unrestricted net position) may be used to meet the government's on-going obligations to citizens and creditors.
- At the close of the current year, the Town's general fund reported an ending fund balance of \$41.7 million, an increase of \$4.7 million over the prior year. Total fund balance represents 41.5% of total

general fund expenditures, which management considers adequate. Approximately \$29.7 million of this total amount is unassigned and available for appropriation at the Town's discretion.

- The Town of Dedham's total governmental debt increased by \$14.5 million during the current year resulting from \$6.1 million of principal payments and new borrowings of \$20.6 million. Current year debt issuances include various capital improvements and infrastructure projects.

Government-wide Financial Analysis

Government-wide net position of \$92.5 million (70.1%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in 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 of Dedham's net position, \$5.1 million (3.8%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$34.3 million (26%), may be used to meet the Town's ongoing obligations to citizens and creditors.

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

Details related to the Town's governmental and business-type activities follow.

Governmental Activities. The governmental activities net position increased by \$6 million during the current year as compared to an increase in net position of \$11.2 million during the prior year. The Town was able to achieve this through better than expected revenue collections and prudent management of expenditures on the budgetary basis of accounting as well as a decrease in the other postemployment benefits liability.

Total revenues had a slight increase when compared to prior year. Charges for services decreased mainly from the Town no longer renting the Ames Building. The increase in operating grants is related to the Massachusetts Teachers Retirement System's (MTRS) implementation of GASB #68 and #71 which decreased the on-behalf revenue and corresponding education expense by \$6.1 million. The decrease in capital grants is mainly due to a decrease in state funding for road improvement projects.

Overall, governmental activities expenses increased \$5.2 million from the prior year. Education increased \$4.8 million of which \$2 million was from the increase in the MTRS. Public works decreased \$951,000 mainly due to a decrease in snow and ice expenditures.

	<u>2016</u>	<u>2015</u>
Assets:		
Current assets.....	\$ 81,535,258	\$ 60,864,699
Capital assets, non depreciable.....	22,064,353	19,670,260
Capital assets, net of accumulated depreciation.....	<u>107,341,824</u>	<u>111,096,569</u>
Total assets.....	<u>210,941,435</u>	<u>191,631,528</u>
Deferred outflows of resources.....	<u>8,687,138</u>	<u>321,077</u>
Liabilities:		
Current liabilities (excluding debt).....	7,126,751	7,058,091
Noncurrent liabilities (excluding debt).....	32,231,581	28,809,405
Current debt.....	7,258,956	6,820,983
Noncurrent debt.....	<u>66,521,659</u>	<u>51,967,076</u>
Total liabilities.....	<u>113,138,947</u>	<u>94,655,555</u>
Deferred inflows of resources.....	<u>3,210,186</u>	<u>-</u>
Net Position:		
Net investment in capital assets.....	74,335,822	75,778,459
Restricted.....	5,080,485	4,772,773
Unrestricted.....	<u>23,863,133</u>	<u>16,745,818</u>
Total net position.....	<u>\$ 103,279,440</u>	<u>\$ 97,297,050</u>
	<u>2016</u>	<u>2015</u>
Program Revenues:		
Charges for services.....	\$ 5,395,448	\$ 6,236,579
Operating grants and contributions.....	14,404,503	11,514,258
Capital grants and contributions.....	1,092,587	1,503,681
General Revenues:		
Real estate and personal property taxes.....	79,171,605	78,188,390
Tax liens.....	1,804,992	2,231,139
Motor vehicle and other excise taxes.....	3,674,075	3,416,160
Hotel/motel taxes.....	1,487,976	1,395,840
Meals taxes.....	870,316	860,026
Penalties and interest on taxes.....	548,701	656,738
Payment in lieu of taxes.....	291	28,714
Nonrestricted grants and contributions.....	3,255,520	3,202,367
Unrestricted investment income.....	884,474	380,238
Miscellaneous.....	<u>9,663</u>	<u>-</u>
Total revenues.....	<u>112,600,151</u>	<u>109,614,130</u>
Expenses:		
General government.....	9,895,257	9,213,762
Public safety.....	16,397,639	16,073,950
Education.....	63,663,385	58,821,863
Public works.....	9,743,512	10,694,480
Health and human services.....	1,607,696	1,407,928
Culture and recreation.....	3,043,349	3,181,678
Interest.....	<u>1,675,411</u>	<u>1,411,829</u>
Total expenses.....	<u>106,026,249</u>	<u>100,805,490</u>
Excess before transfers.....	6,573,902	8,808,640
Transfers.....	<u>(591,512)</u>	<u>2,361,107</u>
Change in net position.....	5,982,390	11,169,747
Net position - beginning.....	<u>97,297,050</u>	<u>86,127,303</u>
Net position - ending.....	<u>\$ 103,279,440</u>	<u>\$ 97,297,050</u>

Other financial notes related to governmental activities:

- Charges for services represented 4.8% of governmental activities resources. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the Town are included in this category. These charges decreased \$841,000 from prior year mainly from decreases in building permits and other departmental revenues.
- Operating grants and contributions accounted for 12.8% percent of the governmental activities resources. Most of these resources apply to educational operations. These resources offset costs within the school department and supplement the portion of the general fund operating budget that is dedicated to the education function.
- Property taxes are by far the most significant revenue source for the Town's governmental activities. They comprised 70.3% of current resources.
- Other taxes and other revenues comprised a total of 12.1% percent of the governmental activities resources. This category primarily includes capital grants, motor vehicle and other excise taxes, hotel/motel taxes, meals taxes, non-restricted grants and contributions, and investment earnings.
- Education is by far the largest governmental activity of the Town. Approximately \$47.9 million in taxes and other revenue (general revenues) were needed to cover its 2016 operating expenses, net of related program revenues. A pension contribution of approximately \$6.1 million was made by the state on-behalf of Dedham teachers. Operating grants and educational expenses are grossed-up by recording this contribution.
- Public safety and public works are the second and third largest activities of the Town. Approximately \$14.3 million and \$8.9 million, respectively, of general revenues were needed to cover their 2016 operating expenses, net of related program revenues.

Business-type activities. Business-type activities net position increased by \$3.6 million compared to an increase of \$175,000 in the previous year. Contributing to the change was the recognition of the Endicott Estate as an enterprise fund. A Capital Contribution of \$1.1 million was recognized as assets were transferred into the new enterprise fund. Additionally, the sewer fund reported an increase of \$2.5 million which included a capital contribution from the Massachusetts Water Resource Authority (MWRA) of \$536,000. In the prior year, the sewer fund recognized a larger transfer out as they closed out some older capital projects that were initially funded by the general fund. The sewer fund is used to account for the capital operations of running the Town's sewer operation. The final non-capital expenditures in the fund are primarily the Town's assessment to MWRA.

As shown on the following page, business-type activities assets exceeded liabilities by \$28.6 million at the close of 2016. The net investment in capital assets was \$18.1 million (63.4%) and unrestricted net position was \$10.5 million (36.6%).

	<u>2016</u>	<u>2015</u>
Assets:		
Current assets.....	\$ 10,902,832	\$ 10,391,512
Noncurrent assets (excluding capital).....	130,274	183,429
Capital assets, non depreciable.....	255,948	1,000,276
Capital assets, net of accumulated depreciation.....	<u>19,476,412</u>	<u>16,795,635</u>
Total assets.....	<u>30,765,466</u>	<u>28,370,852</u>
Liabilities:		
Current liabilities (excluding debt).....	162,272	1,063,975
Current debt.....	426,480	514,055
Noncurrent debt.....	<u>1,581,855</u>	<u>1,780,085</u>
Total liabilities.....	<u>2,170,607</u>	<u>3,358,115</u>
Net Position:		
Net investment in capital assets.....	18,135,704	15,737,411
Unrestricted.....	<u>10,459,155</u>	<u>9,275,326</u>
Total net position.....	<u>\$ 28,594,859</u>	<u>\$ 25,012,737</u>

Noncurrent assets (excluding capital) consist of a receivable from the Massachusetts Clean Water Trust for a principal subsidy in the amount of \$130,000. The subsidy is discussed further in Note 7.

	<u>2016</u>	<u>2015</u>
Program Revenues:		
Charges for services.....	\$ 8,323,701	\$ 7,598,905
Operating grants and contributions.....	29,718	35,087
Capital grants and contributions.....	684,750	684,750
General Revenues:		
Unrestricted investment income.....	-	690
Total revenues.....	<u>9,038,169</u>	<u>8,319,432</u>
Expenses:		
Sewer.....	5,766,409	5,783,229
Endicott Estate.....	281,150	-
Total expenses.....	<u>6,047,559</u>	<u>5,783,229</u>
Excess before transfers.....	2,990,610	2,536,203
Transfers.....	<u>591,512</u>	<u>(2,361,107)</u>
Change in net position.....	3,582,122	175,096
Net position - beginning.....	<u>25,012,737</u>	<u>24,837,641</u>
Net position - ending.....	<u>\$ 28,594,859</u>	<u>\$ 25,012,737</u>

Pension and Other Postemployment Benefits (OPEB). The general fund assumes responsibility for funding pension and OPEB costs town-wide, and no amounts are allocated to the enterprise funds.

Financial Analysis of the Governmental Funds

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

Governmental funds. The focus of the Town's 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. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, governmental funds reported combined ending fund balances of \$68.2 million which translates into a \$20.6 million increase over the prior year. The significant cause of the increase is the results of operations within the general fund. The specific activities contributing to the increase are outlined below.

The General Fund is the chief operating fund of the Town. At the end of the current year, the unassigned fund balance of the general fund was \$29.7 million, while the total fund balance was \$41.7 million. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total fund expenditures. The unassigned fund balance represents 29.5% of total general fund expenditures, while the total fund balance represents 41.5% of that same amount.

The General Fund increase of \$4.7 million was the result of the following:

- Real estate and personal property tax revenues, motor vehicle excise tax revenues, meals tax, and hotel/motel surcharge tax revenues exceeding budgeted amounts by \$1.7 million;
- Receipt of \$564,000 of tax lien revenue which was unbudgeted;
- Prudent cost control in the general government, public safety and public works functions resulting in unspent appropriations of \$2.4 million;

New in 2016 the Town recognized the Ames Property as a major governmental fund. During the 2014 Annual Town Meeting, the Town approved the purchase of the Ames Schoolhouse which is to be converted into Town Hall and the Senior Center. The fund totaled \$16.7 million at year end and reported \$17.4 million in debt proceeds.

Nonmajor governmental funds had a net increase of \$591,000. This represents the activity of nonmajor capital projects, grants and permanent trust funds. This increase was the result of the proceeds from the issuance of \$3.2 million in construction bonds along with \$7.7 million in grants, contributions and other departmental revenues, used to finance \$10.8 million in combined expenditures.

General Fund Budgetary Highlights

The final budget decreased from the original budget by approximately \$8,000 due to the release of prior year articles and encumbrances.

Revenues of the general fund came in higher than anticipated by \$3.4 million, mainly relating to real estate and personal property, tax liens, motor vehicle excise, and licenses and permits. Total expenditures and carryovers were less than budget by approximately \$3.2 million which includes \$429,000 from the finance committee, \$790,000 from facilities maintenance and operations, and \$440,000 from education.

Capital Assets and Debt Management

The Town's valuation of governmental activities capital assets as of June 30, 2016, amounts to \$129.4 million, net of accumulated depreciation. This amount represents purchases made over time in the following categories: land, infrastructure, improvements other than buildings, buildings and improvements, vehicles, and machinery and equipment. The Town's major capital additions related to the purchase of the Ames building, various infrastructure projects and the purchase of vehicles and equipment.

The Town's valuation of business-type activities capital assets as of June 30, 2016, amounts to \$20 million, net of accumulated depreciation. This amount represents purchases made over time to improve or expand the system infrastructure along with the building improvements to the Endicott Estate.

The Town of Dedham's governmental funds has total bonded debt outstanding of \$72 million at the end of the current year. As compared to the prior year, this is a net increase of \$14.5 million resulting from principal payments of \$6.1 million offset by \$20.6 million long term bond issuances during 2016.

The sewer enterprise fund has \$2 million in debt that is fully supported by a general fund subsidy.

Please refer to notes 4, 6, and 7 to the financial statements for further discussion of the major capital and debt activity.

Pension Trust Fund

The Pension Trust Fund (System) recognized net investment income and receipts of \$8.2 million for the calendar year ended December 31, 2015. The System paid out \$9.5 million of retirement benefits, administration costs and transfers to other systems. Total net position of the System amounted to \$109.4 million at December 31, 2015. Based on the most recent actuarial valuation performed as of January 1, 2016, the System's Funded Ratio was 85.8%, up from 80.2% in the previous valuation dated January 1, 2014.

Other Postemployment Benefits

In accordance with GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension (OPEB)*, the government-wide activities have accumulated a liability for other postemployment benefits totaling \$8.1 million as of June 30, 2016. The total assets set aside in trust for future benefits amounted to approximately \$11 million at year-end.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department, 26 Bryant Street, Dedham, Massachusetts 02026.

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2016

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 65,220,894	\$ 6,124,931	\$ 71,345,825
Investments.....	8,635,120	-	8,635,120
Receivables, net of allowance for uncollectibles:			
Real estate, personal property and tax deferrals.....	927,143	-	927,143
Tax liens.....	4,944,777	-	4,944,777
Motor vehicle and other excise taxes.....	404,310	-	404,310
User charges.....	-	4,724,746	4,724,746
Departmental and other.....	3,200	-	3,200
Special assessments.....	11,529	-	11,529
Intergovernmental.....	1,388,285	53,155	1,441,440
Total current assets.....	<u>81,535,258</u>	<u>10,902,832</u>	<u>92,438,090</u>
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	-	130,274	130,274
Capital assets, non depreciable.....	22,064,353	255,948	22,320,301
Capital assets, net of accumulated depreciation.....	<u>107,341,824</u>	<u>19,476,412</u>	<u>126,818,236</u>
Total noncurrent assets.....	<u>129,406,177</u>	<u>19,862,634</u>	<u>149,268,811</u>
TOTAL ASSETS.....	<u>210,941,435</u>	<u>30,765,466</u>	<u>241,706,901</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions.....	8,687,138	-	8,687,138
LIABILITIES			
CURRENT:			
Warrants payable.....	869,759	162,272	1,032,031
Accrued payroll.....	3,126,632	-	3,126,632
Tax refunds payable.....	2,055,393	-	2,055,393
Other liabilities.....	550,867	-	550,867
Compensated absences.....	524,100	-	524,100
Notes payable.....	600,000	-	600,000
Bonds payable.....	6,658,956	426,480	7,085,436
Total current liabilities.....	<u>14,385,707</u>	<u>588,752</u>	<u>14,974,459</u>
NONCURRENT:			
Compensated absences.....	1,572,400	-	1,572,400
Net pension liability.....	22,537,763	-	22,537,763
Other postemployment benefits.....	8,121,418	-	8,121,418
Bonds payable.....	66,521,659	1,581,855	68,103,514
Total noncurrent liabilities.....	<u>98,753,240</u>	<u>1,581,855</u>	<u>100,335,095</u>
TOTAL LIABILITIES.....	<u>113,138,947</u>	<u>2,170,607</u>	<u>115,309,554</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions.....	3,210,186	-	3,210,186
NET POSITION			
Net investment in capital assets.....	74,335,822	18,135,704	92,471,526
Restricted for:			
Cemetery care, library and other trust funds:			
Expendable.....	728,260	-	728,260
Nonexpendable.....	1,263,935	-	1,263,935
Gifts and grants.....	3,088,290	-	3,088,290
Unrestricted.....	23,863,133	10,459,155	34,322,288
TOTAL NET POSITION.....	<u>\$ 103,279,440</u>	<u>\$ 28,594,859</u>	<u>\$ 131,874,299</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 9,895,257	\$ 967,506	\$ 307,098	\$ 189,198	\$ (8,431,455)
Public safety.....	16,397,639	1,907,041	120,624	77,248	(14,292,726)
Education.....	63,663,385	1,936,319	13,648,940	136,047	(47,942,079)
Public works.....	9,743,512	62,571	110,712	690,094	(8,880,135)
Health and human services.....	1,607,696	196,789	182,714	-	(1,228,193)
Culture and recreation.....	3,043,349	325,222	34,415	-	(2,683,712)
Interest.....	1,675,411	-	-	-	(1,675,411)
Total Governmental Activities.....	106,026,249	5,395,448	14,404,503	1,092,587	(85,133,711)
<i>Business-Type Activities:</i>					
Sewer.....	5,766,409	7,976,529	29,718	684,750	2,924,588
Endicott Estate.....	281,150	347,172	-	-	66,022
Total Business-Type Activities.....	6,047,559	8,323,701	29,718	684,750	2,990,610
Total Primary Government.....	\$ 112,073,808	\$ 13,719,149	\$ 14,434,221	\$ 1,777,337	\$ (82,143,101)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (85,133,711)	\$ 2,990,610	\$ (82,143,101)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds.....	79,171,605	-	79,171,605
Tax liens.....	1,804,992	-	1,804,992
Motor vehicle and other excise taxes.....	3,674,075	-	3,674,075
Hotel/motel taxes.....	1,487,976	-	1,487,976
Meals taxes.....	870,316	-	870,316
Penalties and interest on taxes.....	548,701	-	548,701
Payments in lieu of taxes.....	291	-	291
Grants and contributions not restricted to specific programs.....	3,255,520	-	3,255,520
Unrestricted investment income.....	884,474	-	884,474
Miscellaneous.....	9,663	-	9,663
<i>Transfers, net</i>	<u>(591,512)</u>	<u>591,512</u>	<u>-</u>
Total general revenues and transfers.....	<u>91,116,101</u>	<u>591,512</u>	<u>91,707,613</u>
Change in net position.....	5,982,390	3,582,122	9,564,512
<i>Net Position:</i>			
Beginning of year.....	<u>97,297,050</u>	<u>25,012,737</u>	<u>122,309,787</u>
End of year.....	\$ <u><u>103,279,440</u></u>	\$ <u><u>28,594,859</u></u>	\$ <u><u>131,874,299</u></u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2016

	General	Ames Property	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents.....	\$ 41,078,142	\$ 16,683,564	\$ 7,459,188	\$ 65,220,894
Investments.....	6,689,400	-	1,945,720	8,635,120
Receivables, net of uncollectibles:				
Real estate, personal property and tax deferrals.....	927,143	-	-	927,143
Tax liens.....	4,944,777	-	-	4,944,777
Motor vehicle and other excise taxes.....	404,310	-	-	404,310
Departmental and other.....	3,200	-	-	3,200
Special assessments.....	11,529	-	-	11,529
Intergovernmental.....	-	-	1,388,285	1,388,285
Due from other funds.....	108,123	-	-	108,123
TOTAL ASSETS.....	\$ 54,166,624	\$ 16,683,564	\$ 10,793,193	\$ 81,643,381
LIABILITIES				
Warrants payable.....	\$ 575,913	\$ 20,000	\$ 273,846	\$ 869,759
Accrued payroll.....	3,126,632	-	-	3,126,632
Tax refunds payable.....	2,055,393	-	-	2,055,393
Other liabilities.....	550,867	-	-	550,867
Due to other funds.....	-	-	108,123	108,123
Notes payable.....	-	-	600,000	600,000
TOTAL LIABILITIES.....	6,308,805	20,000	981,969	7,310,774
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues.....	6,114,954	-	-	6,114,954
FUND BALANCES				
Nonspendable.....	-	-	728,260	728,260
Restricted.....	-	16,663,564	9,082,964	25,746,528
Committed.....	792,356	-	-	792,356
Assigned.....	11,276,770	-	-	11,276,770
Unassigned.....	29,673,739	-	-	29,673,739
TOTAL FUND BALANCES.....	41,742,865	16,663,564	9,811,224	68,217,653
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 54,166,624	\$ 16,683,564	\$ 10,793,193	\$ 81,643,381

See notes to basic financial statements.

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

JUNE 30, 2016

Total governmental fund balances.....	\$	68,217,653
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		129,406,177
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		6,114,954
Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as (deferred outflows of resources) or deferred inflows of resources related to pensions.....		5,476,952
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds payable.....	(72,018,870)	
Unamortized premiums on bonds.....	(1,161,745)	
Compensated absences.....	(2,096,500)	
Net pension liability.....	(22,537,763)	
Other postemployment benefits.....	<u>(8,121,418)</u>	
Net effect of reporting long-term liabilities.....		<u>(105,936,296)</u>
Net position of governmental activities.....	\$	<u><u>103,279,440</u></u>

See notes to basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2016

	General	Ames Property	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ 79,902,404	\$ -	\$ -	\$ 79,902,404
Tax liens.....	564,136	-	-	564,136
Motor vehicle and other excise taxes.....	3,763,952	-	-	3,763,952
Hotel/motel taxes.....	1,487,976	-	-	1,487,976
Meals taxes.....	870,316	-	-	870,316
Payments in lieu of taxes.....	291	-	-	291
Penalties and interest on taxes.....	548,701	-	-	548,701
Licenses and permits.....	1,816,602	-	-	1,816,602
Fines and forfeitures.....	89,396	-	-	89,396
Intergovernmental.....	13,953,794	-	4,726,895	18,680,689
Departmental and other.....	1,040,627	-	2,551,965	3,592,592
Contributions.....	-	-	389,959	389,959
Investment income.....	828,043	-	56,431	884,474
TOTAL REVENUES.....	104,866,238	-	7,725,250	112,591,488
EXPENDITURES:				
Current:				
General government.....	6,340,892	2,084,371	849,452	9,274,715
Public safety.....	11,870,269	-	519,563	12,389,832
Education.....	46,410,202	-	5,750,947	52,161,149
Public works.....	6,224,229	-	3,219,103	9,443,332
Health and human services.....	1,021,794	-	134,879	1,156,673
Culture and recreation.....	1,967,098	-	358,018	2,325,116
Pension.....	4,546,244	-	-	4,546,244
Employee benefits.....	11,960,719	-	-	11,960,719
State and county charges.....	2,477,739	-	-	2,477,739
Debt service:				
Principal.....	6,123,451	-	-	6,123,451
Interest.....	1,772,943	-	-	1,772,943
TOTAL EXPENDITURES.....	100,715,580	2,084,371	10,831,962	113,631,913
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	4,150,658	(2,084,371)	(3,106,712)	(1,040,425)
OTHER FINANCING SOURCES (USES):				
Issuance of long-term debt.....	-	17,400,000	3,168,692	20,568,692
Premium from issuance of bonds.....	644,847	-	-	644,847
Transfers in.....	1,044,094	-	798,249	1,842,343
Transfers out.....	(1,141,620)	-	(269,501)	(1,411,121)
TOTAL OTHER FINANCING SOURCES (USES).....	547,321	17,400,000	3,697,440	21,644,761
NET CHANGE IN FUND BALANCES.....	4,697,979	15,315,629	590,728	20,604,336
FUND BALANCES AT BEGINNING OF YEAR.....	37,044,886	1,347,935	9,220,496	47,613,317
FUND BALANCES AT END OF YEAR.....	\$ 41,742,865	\$ 16,663,564	\$ 9,811,224	\$ 68,217,653

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds.....	\$	20,604,336
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....		5,318,370
Depreciation expense.....		<u>(6,679,022)</u>
Net effect of reporting capital assets.....		(1,360,652)
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.....</p>		
		8,663
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Issuance of long-term debt.....		(20,568,692)
Premium from issuance of bonds.....		(644,847)
Debt service principal payments.....		<u>6,123,451</u>
Net effect of reporting long-term debt.....		(15,090,088)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....		(44,500)
Net change in deferred outflow/(inflow) of resources related to pensions.....		5,155,875
Net change in pension liability.....		(5,616,633)
Net change in other postemployment benefits accrual.....		2,227,857
Amortization of bond premiums.....		<u>97,532</u>
Net effect of recording long-term liabilities.....		<u>1,820,131</u>
Change in net assets of governmental activities.....	\$	<u><u>5,982,390</u></u>

See notes to basic financial statements.

PROPRIETARY FUND
STATEMENT OF NET POSITION

JUNE 30, 2016

	Business-type Activities - Enterprise Funds		
	Sewer	Endicott Estate	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 5,992,928	\$ 132,003	\$ 6,124,931
Receivables, net of allowance for uncollectibles:			
User charges.....	4,724,746	-	4,724,746
Intergovernmental.....	53,155	-	53,155
Total current assets.....	<u>10,770,829</u>	<u>132,003</u>	<u>10,902,832</u>
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	130,274	-	130,274
Capital assets, nondepreciable.....	139,294	116,654	255,948
Capital assets, net of accumulated depreciation.....	18,635,696	840,716	19,476,412
Total noncurrent assets.....	<u>18,905,264</u>	<u>957,370</u>	<u>19,862,634</u>
TOTAL ASSETS.....	<u>29,676,093</u>	<u>1,089,373</u>	<u>30,765,466</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	161,655	617	162,272
Bonds payable.....	426,480	-	426,480
Total current liabilities.....	<u>588,135</u>	<u>617</u>	<u>588,752</u>
NONCURRENT:			
Bonds payable.....	1,581,855	-	1,581,855
TOTAL LIABILITIES.....	<u>2,169,990</u>	<u>617</u>	<u>2,170,607</u>
NET POSITION			
Net investment in capital assets.....	17,178,334	957,370	18,135,704
Unrestricted.....	10,327,769	131,386	10,459,155
TOTAL NET POSITION.....	<u>\$ 27,506,103</u>	<u>\$ 1,088,756</u>	<u>\$ 28,594,859</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Funds		
	Sewer	Endicott Estate	Total
OPERATING REVENUES:			
Charges for services.....	\$ 7,976,529	\$ 347,172	\$ 8,323,701
OPERATING EXPENSES:			
Administration and general.....	5,003,272	163,319	5,166,591
Depreciation.....	659,451	117,831	777,282
TOTAL OPERATING EXPENSES.....	5,662,723	281,150	5,943,873
OPERATING INCOME.....	2,313,806	66,022	2,379,828
NONOPERATING REVENUES (EXPENSES):			
Interest expense.....	(103,686)	-	(103,686)
Intergovernmental.....	29,718	-	29,718
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(73,968)	-	(73,968)
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS.....	2,239,838	66,022	2,305,860
CAPITAL CONTRIBUTIONS.....	684,750	1,022,734	1,707,484
TRANSFERS:			
Transfers in.....	535,812	-	535,812
Transfers out.....	(967,034)	-	(967,034)
TOTAL TRANSFERS.....	(431,222)	-	(431,222)
CHANGE IN NET POSITION.....	2,493,366	1,088,756	3,582,122
NET POSITION AT BEGINNING OF YEAR.....	25,012,737	-	25,012,737
NET POSITION AT END OF YEAR.....	\$ 27,506,103	\$ 1,088,756	\$ 28,594,859

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Funds		
	Sewer	Endicott Estate	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users.....	\$ 7,625,900	\$ 347,172	\$ 7,973,072
Payments to vendors.....	(5,905,592)	(162,702)	(6,068,294)
NET CASH FROM OPERATING ACTIVITIES.....	1,720,308	184,470	1,904,778
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in.....	535,812	-	535,812
Transfers out.....	(967,034)	-	(967,034)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(431,222)	-	(431,222)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the issuance of bonds.....	228,250	-	228,250
Capital contributions.....	684,750	-	684,750
Acquisition and construction of capital assets.....	(1,638,530)	(52,467)	(1,690,997)
Principal payments on bonds.....	(461,844)	-	(461,844)
Interest expense.....	(73,968)	-	(73,968)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,261,342)	(52,467)	(1,313,809)
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	27,744	132,003	159,747
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....	5,965,184	-	5,965,184
CASH AND CASH EQUIVALENTS, END OF YEAR.....	\$ 5,992,928	\$ 132,003	\$ 6,124,931
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:			
Operating income (loss).....	\$ 2,313,806	\$ 66,022	\$ 2,379,828
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation.....	659,451	117,831	777,282
Changes in assets and liabilities:			
User charges.....	(350,629)	-	(350,629)
Warrants payable.....	(902,320)	617	(901,703)
Total adjustments.....	(593,498)	118,448	(475,050)
NET CASH FROM OPERATING ACTIVITIES.....	\$ 1,720,308	\$ 184,470	\$ 1,904,778
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:			
Debt service subsidy.....	\$ 81,929	-	81,929
Capital asset contribution from governmental activities.....	-	1,022,734	1,022,734

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2016

	Pension Trust Fund (as of December 31, 2015)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Fund	Agency Fund
ASSETS				
Cash and cash equivalents.....	\$ 151,711	\$ -	\$ 35,613	\$ 975,791
Investments:				
Equity securities.....	-	-	383,638	-
Fixed income mutual funds.....	-	-	323,790	-
Equity mutual funds.....	-	-	239,080	-
Debt securities.....	-	-	565,273	-
PRIT funds.....	109,195,176	11,036,189	-	-
Receivables, net of allowance for uncollectibles:				
Departmental and other receivables.....	71,125	-	-	152,831
TOTAL ASSETS.....	109,418,012	11,036,189	1,547,394	1,128,622
LIABILITIES				
Accrued liabilities.....	5,553	-	380,663	-
Liabilities due depositors.....	-	-	-	1,128,622
TOTAL LIABILITIES.....	5,553	-	380,663	1,128,622
NET POSITION				
Restricted for pension benefits.....	109,412,459	-	-	-
Held in trust for OPEB benefits and other purposes....	-	11,036,189	1,166,731	-
TOTAL NET POSITION.....	\$ 109,412,459	\$ 11,036,189	\$ 1,166,731	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2016

	Pension Trust Fund (as of December 31, 2015)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Fund
ADDITIONS:			
Contributions:			
Employer contributions.....	\$ 4,725,074	\$ 1,473,816	\$ -
Member contributions.....	2,169,994	-	-
Member contributions - transfers from other systems.....	310,967	-	-
Other payments - 3(8)c receipts from other systems.....	163,889	-	-
Other payments - Federal grant reimbursements.....	3,755	-	-
State COLA reimbursements.....	137,555	-	-
Total contributions.....	7,511,234	1,473,816	-
Net investment income:			
Net change in fair value of investments.....	(1,626,532)	-	-
Interest.....	2,902,152	156,042	32,368
Total investment income.....	1,275,620	156,042	32,368
Less: investment expense.....	(569,901)	-	-
Net investment income.....	705,719	156,042	32,368
TOTAL ADDITIONS.....	8,216,953	1,629,858	32,368
DEDUCTIONS:			
Administration.....	221,292	-	-
Retirement benefits - transfers to other systems.....	132,212	-	-
Retirement benefits - 3(8)c payments to other systems.....	212,594	-	-
Retirement benefits and refunds.....	8,960,018	-	-
Scholarships and public assistance.....	-	-	30,100
TOTAL DEDUCTIONS.....	9,526,116	-	30,100
CHANGE IN NET POSITION.....	(1,309,163)	1,629,858	2,268
NET POSITION AT BEGINNING OF YEAR.....	110,721,622	9,406,331	1,164,463
NET POSITION AT END OF YEAR.....	\$ 109,412,459	\$ 11,036,189	\$ 1,166,731

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town was incorporated in 1636 under the statutes of the Commonwealth of Massachusetts (Commonwealth). The Town is a municipal corporation governed by an elected Board of Selectmen.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. The Town has included one component unit in the reporting entity, because of the significance of their operational and financial relationships.

Component Unit Presented as a Fiduciary Fund – The following component unit is presented as a Fiduciary Fund of the primary government due to the nature and significance of the relationship between the Town and the component unit.

The Dedham Contributory Retirement System (System) was established to provide retirement benefits to Town employees, the Dedham Housing Authority employees, and their beneficiaries. The System is governed by a five member board comprised of the Town's Finance Director (ex-officio), two members elected by the System's participants, one member appointed by the Board of Selectmen and one member appointed by the Board members. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements.

The System did not issue a separate audited financial statement. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth's Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System at 202 Bussey Street, Suite 101, Dedham, Massachusetts 02026.

Joint Ventures – The Town has entered into a joint venture with the Towns of Westwood, Avon, Canton, Braintree, Holbrook, Milton, Norwood and Randolph to pool resources and share the costs, risks and rewards associated with providing vocational education through the Blue Hills Regional Technical School District. The members share in the operations of the Blue Hills Regional Technical School District and each member is responsible for its proportionate share of the operational and capital cost of the Blue Hills Regional Technical School District, which are paid in the form of assessments. The Town does not have an equity interest in the Blue Hills Regional Technical School District and the 2016 assessment was \$1,457,054. The School issues a publically available financial report that can be obtained by writing to the School Business Manager at 800 Randolph Street, Canton, Massachusetts 02021.

Jointly Governed Organizations – The Dedham-Westwood Water District is responsible for providing water services to the Town's citizens. The Town is responsible for appointing three of the six members of the Board of Water Commissioners. The Town is not financially accountable to the District beyond making these appointments.

B. Government-Wide and Fund-Level Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

Fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

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

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

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.

- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when 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 year end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

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

The following major governmental funds are reported:

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

The *Ames property fund* is used to account for the remodeling/ repurposing of the Ames Building.

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

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than permanent funds or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

The *permanent fund* is used to account for and report financial resources that are legally restricted to the extent

that only earnings, not principal, may be used for purposes that support the governmental programs.

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

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

The following major proprietary funds are reported:

The *sewer fund* is used to account for sewage treatment operations of the department of public works that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

The *Endicott Estate fund* is used to account for and report the activities at the Endicott Estate.

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

The following fiduciary fund types are reported:

The *pension trust fund* is used to account for the activities of the System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries.

The *other postemployment benefit trust fund* is used to accumulate resources to provide funding for future OPEB (other postemployment benefits) liabilities.

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trust funds have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The donor restrictions and trustee policies only allows the trustees to authorize spending of the realized investment earnings. The Town's educational scholarships and needy citizen benefit funds are accounted for in this fund.

The *agency fund* is used to account for assets held in a purely custodial capacity. Agency funds apply the accrual basis of accounting but do not have a measurement focus. The Town's agency fund mainly consists of off-duty work details, performance bonds and student activities.

D. Cash and Investments

Government-Wide and Fund Financial Statements

The Town's 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. The fair values were determined by the closing price for those securities traded on national stock exchanges and at the average bid-and-asked quotation for those securities traded in the

over-the-counter market.

E. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 2 – Cash and Investments.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are

not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the year of the levy.

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

Motor Vehicle Excise

Motor vehicle excise taxes are assessed annually for each vehicle registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value. Boat excise taxes are assessed annually for each boat registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of boats registered and the fair value of those boats. The tax calculation is the fair value of the boat multiplied by \$10 per \$1,000 of value.

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

User Charges

User fees are levied quarterly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Unbilled user fees are estimated at year end and are recorded as revenue in the current period. Liens are processed in December of every year and included as a lien on the property owner's tax bill.

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

Departmental and Other

Departmental and other receivables are recorded net of an allowance for uncollectible accounts. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Intergovernmental

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

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

Special Assessments

Special assessments in the general fund consist of apportioned and unapportioned road improvement betterments assessed to homeowners whose properties were improved through Town-run construction projects.

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

G. Inventories

Government-Wide and Fund Financial Statements

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

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, improvements other than buildings, buildings and improvements, vehicles, machinery and equipment, and infrastructure (e.g., roads, street lights, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with useful lives of greater than 3 years.

Capital assets (excluding land and construction-in-progress) are depreciated over the estimated useful lives using the straight-line method. The estimated useful lives of capital assets being depreciated are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Improvements other than buildings.....	10-40
Buildings and improvements.....	10-40
Vehicles, machinery and equipment.....	5-20
Infrastructure.....	20-50

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

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of net 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 then. The Town has reported deferred outflows of resources related to

pensions in this category.

In addition to liabilities, the statement of net 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 reported deferred inflows of resources related to pensions in this category.

Governmental Fund Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents assets that have not been recorded in the governmental fund financial statements but the revenue is not available and so will *not* be recognized as an inflow of resources (revenue) until it becomes available. The Town has recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet.

J. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Interfund Transfers

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

Government-Wide Financial Statements

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

L. Unavailable Revenue

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

M. Net Position and Fund Equity

Government-Wide Financial Statements (Net position)

Net position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt related to future reimbursements from the state’s school building program is not considered to be capital related debt.

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

Net position has been “restricted for” the following:

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

“Permanent funds - nonexpendable” represents the endowment portion of donor restricted trusts that support governmental programs.

“Gifts and grants” represents restrictions placed on assets from outside parties and consists primarily of gifts and federal and state grants.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Financial Statements (Fund Balances)

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments’ or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Town Meeting is the highest level of decision making authority that can, by adoption of a Town Meeting warrant article (resolution), commit funds for a specific purpose. Once voted, the limitation imposed by the vote remains in place until the funds are used for their intended purpose or a vote is taken to rescind the commitment.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. The Town’s by-laws authorize the Town Accountant to assign fund balance. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Sometimes, the Town will fund outlays for a particular purpose from different components of fund balance. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balances in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. When different components of fund balance can be used for the same purpose, it is the Town’s policy to consider restricted fund balance to have been depleted first, followed by committed fund balance, and assigned fund balance. Unassigned fund balance is applied last.

N. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net 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 Fund Financial Statements

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

O. Pensions

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 both the Dedham Contributory Retirement System and the Massachusetts Teachers Retirement System and additions to/deductions from the Systems fiduciary net position have been determined on the same basis as they are reported by the Systems. 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.

P. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

Compensated absences are reported in the governmental funds only if they have matured, (i.e. unused reimbursable leave still outstanding following an employee's resignation or retirement.) Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon maturity of the liability.

Q. Investment Income

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

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

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

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

S. Total Column*Government-Wide Financial Statements*

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

Statutes authorize the investment in obligations of the U. S. Treasury, agencies, instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the Treasurer of the Commonwealth's Investment Pool (Pool). The Town Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

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

The Retirement System participates, as a Participating member, in the Pension Reserves Investment Trust (PRIT), which meets the criteria of an external investment pool. PRIT is administered by the Pension Reserves Investment Management Board, which was established by the Treasurer of the Commonwealth who serves as trustee. The fair value of the position in the PRIT is the same as the value of the PRIT shares.

The PRIT fund, as a pool, invests in various products including, but not limited to, money market mutual funds, equities, pooled foreign and domestic fixed income and equity funds, United States government sponsored enterprises and Treasury notes, real estate, and commodities. The underlying components of PRIT's fixed income portfolio had an effective weighted duration rate ranging from 0.14 to 23.43 years.

MMDT maintains a cash portfolio and a short-term bond portfolio with combined average maturities of approximately 3 months. The fair value of the position of the Pool is the same as the value of the Pool shares.

Custodial Credit Risk – Deposits

In the case of deposits, the custodial risk is the risk that, in the event of a bank failure the Town's deposits may not be recovered. At year end, the carrying amount of deposits totaled \$ 43,020,189 and the bank balance totaled \$50,359,590. Of the bank balance, \$13,297,563 was covered by Federal Depository Insurance, \$23,370,824 was covered by Depositor Insurance Fund, \$2,818,513 was covered by Share Insurance Fund, and \$10,872,690 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2015 the carrying amount of the Retirement System's deposits totaled \$151,711 and the bank balance totaled \$271,259. The bank balance was fully covered by Federal Depository Insurance.

As of June 30, 2016 the Town had the following investments:

Investment Type	Fair Value	Maturity		
		Under 1 Year	1-5 Years	6-10 Years
<u>Debt Securities</u>				
Government Sponsored Enterprises.....	\$ 3,141,676	\$ 597,412	\$ 2,490,469	\$ 53,795
U.S. Treasury Notes.....	592,666	-	319,267	273,399
Corporate Bonds.....	2,365,425	115,840	1,966,597	282,988
Total Debt Securities.....	6,099,767	\$ 713,252	\$ 4,776,333	\$ 610,182
<u>Other Investments</u>				
Equity Securities.....	2,278,637			
Money Market Mutual Funds.....	611,117			
Fixed Income Mutual Funds.....	1,176,261			
Equity Mutual Funds.....	592,236			
PRIT.....	11,036,189			
MMDT Short-Term Bond Funds.....	9,678,629			
MMDT Cash Portfolio.....	19,047,433			
Total Investments.....	\$ 50,520,269			

As of December 31, 2015, the Retirement System had investments in PRIT totaling \$109,190,247.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Town’s investments of \$6,099,767 in debt securities and \$2,278,637 in equity securities are exposed to custodial credit risk, as the securities are uninsured. The shares of MMDT and open end mutual funds are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book-entry form.

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

At December 31, 2015, the System’s \$109,190,247 investment in PRIT is not subject to custodial credit risk exposure because it is not evidenced by securities that exist in physical or book-entry form.

The System has not adopted a formal policy related to custodial credit risk.

Interest Rate Risk

Neither the Town nor the System has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer or backer. The Town has not adopted a formal policy related to credit risk. At June 30, 2016 the Town’s investments were rated as follows:

Quality Ratings	Government Sponsored Enterprises	Corporate Bonds
AA+.....	\$ 3,141,676	\$ 187,650
AA.....	-	286,007
AA-.....	-	229,747
A.....	-	897,796
A-.....	-	108,832
BB+.....	-	25,027
BBB+.....	-	630,366
Total.....	<u>\$ 3,141,676</u>	<u>\$ 2,365,425</u>

The Town’s investment in money market mutual funds is unrated. The Town’s investment in MMDT is unrated.

The System has not adopted a formal policy related to Credit Risk. The System’s investments in PRIT are unrated.

Concentration of Credit Risk

The Town and the System places no limit on the amount the government may invest in any one issuer.

Fair Market Value of Investments

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town chooses a tabular format for disclosing the levels within the fair value hierarchy.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following table presents financial assets at June 30, 2016, that the Town measures fair value on a recurring basis, by level, within the fair value hierarchy:

Investment Type	June 30, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments Measured at Fair Value:				
<u>Debt Securities:</u>				
Government Sponsored Enterprises.....	\$ 3,141,676	\$ 3,141,676	\$ -	\$ -
U.S. Treasury Notes.....	592,666	592,666	-	-
Corporate Bonds.....	2,365,425	-	2,365,425	-
Total debt securities.....	6,099,767	3,734,342	2,365,425	-
<u>Other investments:</u>				
Equity Securities.....	2,278,637	2,278,637	-	-
Money Market Mutual Funds.....	611,117	611,117	-	-
Fixed Income Mutual Funds.....	1,176,261	1,176,261	-	-
Equity Mutual Funds.....	592,236	592,236	-	-
MMDT Short-Term Bond Funds.....	9,678,629	9,678,629	-	-
Total other investments.....	14,336,880	14,336,880	-	-
Total investments measured at fair value.....	20,436,647	\$ 18,071,222	\$ 2,365,425	\$ -
Investments Measured at Amortized Cost:				
MMDT Cash Portfolio.....	19,047,433			
Investments Measured at Net Asset Value:				
PRIT.....	11,036,189			
Total investments.....	\$ 50,520,269			

Debt and equity securities, Government Sponsored Enterprises, U.S. Treasury Notes, Mutual Funds and MMDT Short-Term Bond Funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

MMDT Cash Portfolio investments are valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

PRIT Investments are valued using the net asset value (NAV) method. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The fair values of the positions in each investment Pool are the same as the value of each Pool's shares. Neither the Town nor the System has the ability to control any of the investment decisions relative to its funds in PRIT. As of June 30, 2016, the Town had investments in PRIT totaling \$11,036,189. As of December 31, 2015, the Retirement System had investments in PRIT totaling \$109,190,247.

NOTE 3 – RECEIVABLES

At June 30, 2016, receivables for the individual major, nonmajor governmental funds, and the agency fund, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate, personal property and tax deferrals.....	\$ 1,307,864	\$ (380,721)	\$ 927,143
Tax liens.....	4,944,777	-	4,944,777
Motor vehicle and other excise taxes.....	600,024	(195,714)	404,310
Departmental and other.....	156,031	-	156,031
Intergovernmental.....	1,388,285	-	1,388,285
Special assessments.....	11,529	-	11,529
Total.....	<u>\$ 8,408,510</u>	<u>\$ (576,435)</u>	<u>\$ 7,832,075</u>

At June 30, 2016, receivables for the sewer enterprise fund consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
User Charges.....	\$ 4,724,746	\$ -	\$ 4,724,746
Intergovernmental.....	183,429	-	183,429
Total.....	<u>\$ 4,908,175</u>	<u>\$ -</u>	<u>\$ 4,908,175</u>

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

	General Fund
<u>Receivable type:</u>	
Real estate, personal property and tax deferrals.....	\$ 751,139
Tax liens.....	4,944,777
Motor vehicle and other excise taxes.....	404,310
Departmental and other.....	3,199
Special assessments.....	11,529
Total.....	\$ 6,114,954

NOTE 4 – CAPITAL ASSETS

A summary of changes in capital asset activity for the year ended June 30, 2016, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 19,670,260	\$ -	\$ (116,654)	\$ 19,553,606
Construction in progress.....	-	2,510,747	-	2,510,747
Total capital assets not being depreciated.....	19,670,260	2,510,747	(116,654)	22,064,353
<u>Capital assets being depreciated:</u>				
Improvements other than buildings.....	6,220,070	23,000	-	6,243,070
Buildings and improvements.....	120,566,880	146,739	(4,038,675)	116,674,944
Vehicles, machinery and equipment.....	22,986,671	604,073	(798,846)	22,791,898
Infrastructure.....	78,287,552	3,056,545	-	81,344,097
Total capital assets being depreciated.....	228,061,173	3,830,357	(4,837,521)	227,054,009
<u>Less accumulated depreciation for:</u>				
Improvements other than buildings.....	(1,682,515)	(277,556)	-	(1,960,071)
Buildings and improvements.....	(59,759,507)	(2,719,742)	3,188,560	(59,290,689)
Vehicles, machinery and equipment.....	(18,591,362)	(1,279,934)	742,881	(19,128,415)
Infrastructure.....	(36,931,220)	(2,401,790)	-	(39,333,010)
Total accumulated depreciation.....	(116,964,604)	(6,679,022)	3,931,441	(119,712,185)
Total capital assets being depreciated, net.....	111,096,569	(2,848,665)	(906,080)	107,341,824
Total governmental activities capital assets, net.....	\$ 130,766,829	\$ (337,918)	\$ (1,022,734)	\$ 129,406,177

	Beginning Balance	Increases	Decreases	Ending Balance
Business Type Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ -	\$ 116,654	\$ -	\$ 116,654
Construction in progress.....	1,000,276	139,294	(1,000,276)	139,294
Total capital assets not being depreciated.....	1,000,276	255,948	(1,000,276)	255,948
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	-	4,076,918	-	4,076,918
Vehicles, machinery and equipment.....	-	156,988	-	156,988
Infrastructure.....	20,027,247	2,453,078	-	22,480,325
Total capital assets being depreciated.....	20,027,247	6,686,984	-	26,714,231
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(3,188,560)	(112,155)		(3,300,715)
Vehicles, machinery and equipment.....	(40,365)	(20,664)		(61,029)
Infrastructure.....	(3,231,612)	(644,463)	-	(3,876,075)
Total accumulated depreciation.....	(6,460,537)	(777,282)	-	(7,237,819)
Total capital assets being depreciated, net.....	13,566,710	5,909,702	-	19,476,412
Total business-type activities capital assets, net.....	\$ 14,566,986	\$ 6,165,650	\$ (1,000,276)	\$ 19,732,360

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

Governmental Activities:

General government.....	\$ 828,021
Public safety.....	491,717
Education.....	2,545,724
Public works.....	2,661,399
Health and human services.....	8,216
Culture and recreation.....	143,945

Total depreciation expense - governmental activities..... \$ 6,679,022

Business-Type Activities:

Sewer.....	\$ 659,451
Endicott Estate.....	117,831

Total depreciation expense - business-type activities..... \$ 777,282

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2016, the Town has interfund receivables/payables of \$108,123 which exists between the general fund and the town grant funds (\$47,075) and the general fund and the roadway improvement funds (\$61,048). The purpose of this balance is to cover short-term cash needs that will be funded by future grant proceeds and departmental revenues.

Interfund transfers for the year ended June 30, 2016, are summarized as follows:

Transfers Out:	Transfers In:			
	General Fund	Nonmajor Governmental Funds	Sewer Enterprise Fund	Total
General Fund.....	\$ -	\$ 605,808	\$ 535,812	\$ 1,141,620 (1)
Nonmajor Governmental Funds.....	77,060	192,441	-	269,501 (2)
Sewer Enterprise Fund.....	967,034	-	-	967,034 (3)
Total.....	<u>\$ 1,044,094</u>	<u>\$ 798,249</u>	<u>\$ 535,812</u>	<u>\$ 2,378,155</u>

- (1) Represents transfers from the general fund to the nonmajor capital project funds for various Town capital projects as well as \$535,812 for sewer debt service.
- (2) Represents transfers to the general fund from energy savings company (ESCO) projects, cemetery perpetual care and various nonmajor capital project funds.
- (3) Represents transfers from the sewer enterprise fund to the general fund for indirect costs and close out of completed projects.

NOTE 6 – SHORT-TERM FINANCING

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

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

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

Details related to the short-term debt activity for the year ended June 30, 2016, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2015	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2016
BAN	School Construction.....	0.45%	6/15/2016	\$ 600,000	\$ -	\$ (600,000)	\$ -
BAN	School Construction.....	0.60%	6/15/2017	-	600,000	-	600,000
Total.....				<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ (600,000)</u>	<u>\$ 600,000</u>

NOTE 7 – LONG-TERM DEBT

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

Details related to the Town's outstanding general obligation indebtedness at June 30, 2016, and the debt service requirements for the governmental activities are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2015	Issued	Redeemed	Outstanding at June 30, 2016
MCWT Loans of 2001.....	2019	\$ 121,105	0.00	\$ 26,904	\$ -	\$ (6,726)	\$ 20,178
Municipal Purpose Loans of 2002....	2022	4,210,000	3.50-5.00	700,000	-	(100,000)	600,000
Municipal Purpose Loans of 2005....	2025	15,826,000	3.25-4.00	5,000,000	-	(500,000)	4,500,000
Municipal Purpose Loans of 2007....	2022	9,865,000	3.70-5.00	2,670,000	-	(830,000)	1,840,000
Municipal Purpose Loans of 2008....	2027	6,825,000	3.50-4.05	3,230,000	-	(480,000)	2,750,000
Municipal Purpose Loans of 2009....	2019	9,080,000	2.00-4.75	2,125,000	-	(560,000)	1,565,000
Municipal Purpose Loans of 2010....	2030	8,094,500	2.00-4.00	4,925,000	-	(445,000)	4,480,000
Municipal Purpose Loans of 2011....	2031	16,890,000	2.00-5.00	12,715,000	-	(1,040,000)	11,675,000
Municipal Purpose Loans of 2012....	2032	6,295,000	2.00-4.00	4,930,000	-	(455,000)	4,475,000
Municipal Purpose Loans of 2013....	2023	6,988,000	2.00-2.38	6,015,000	-	(480,000)	5,535,000
Municipal Purpose Loans of 2014....	2029	3,589,105	3.00	3,245,000	-	(335,000)	2,910,000
Municipal Purpose Loans of 2014....	2035	5,384,455	2.00-3.20	5,384,455	-	(279,455)	5,105,000
Municipal Purpose Loans of 2015....	2035	6,607,270	2.00-4.00	6,607,270	-	(612,270)	5,995,000
Municipal Purpose Loans of 2016....	2046	20,568,692	2.00-5.00	-	20,568,692	-	20,568,692
Total Bonds Payable.....				<u>57,573,629</u>	<u>20,568,692</u>	<u>(6,123,451)</u>	<u>72,018,870</u>
Add: Unamortized Premium.....				<u>614,430</u>	<u>644,847</u>	<u>(97,532)</u>	<u>1,161,745</u>
Total Bonds Payable, net.....				<u>\$ 58,188,059</u>	<u>\$ 21,213,539</u>	<u>\$ (6,220,983)</u>	<u>\$ 73,180,615</u>

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

Year	Principal	Interest	Total
2017.....	\$ 6,530,418	\$ 2,187,248	\$ 8,717,666
2018.....	6,276,726	2,005,898	8,282,624
2019.....	5,951,726	1,810,342	7,762,068
2020.....	5,415,000	1,626,745	7,041,745
2021.....	4,950,000	1,469,292	6,419,292
2022.....	4,510,000	1,327,596	5,837,596
2023.....	3,890,000	1,181,338	5,071,338
2024.....	3,875,000	1,046,376	4,921,376
2025.....	3,860,000	911,351	4,771,351
2026.....	3,320,000	790,641	4,110,641
2027.....	3,175,000	690,864	3,865,864
2028.....	2,965,000	596,906	3,561,906
2029.....	2,515,000	512,346	3,027,346
2030.....	2,325,000	436,996	2,761,996
2031.....	1,930,000	364,971	2,294,971
2032.....	1,180,000	312,344	1,492,344
2033.....	990,000	278,576	1,268,576
2034.....	990,000	249,070	1,239,070
2035.....	990,000	218,840	1,208,840
2036.....	580,000	191,400	771,400
2037.....	580,000	174,000	754,000
2038.....	580,000	156,600	736,600
2039.....	580,000	139,200	719,200
2040.....	580,000	121,800	701,800
2041.....	580,000	104,400	684,400
2042.....	580,000	87,000	667,000
2043.....	580,000	69,600	649,600
2044.....	580,000	52,200	632,200
2045.....	580,000	34,800	614,800
2046.....	580,000	17,400	597,400
Total.....	\$ 72,018,870	\$ 19,166,138	\$ 91,185,008

Details related to the Town's outstanding general obligation indebtedness at June 30, 2016, and the debt service requirements for the enterprise funds are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2015	Issued	Redeemed	Outstanding at June 30, 2016
Municipal Purpose Loans of 2001....	2016	\$ 1,765,000	4.30-7.00	\$ 115,000	\$ -	\$ (115,000)	\$ -
Municipal Purpose Loans of 2003....	2023	2,172,000	2.00-4.00	850,000	-	(110,000)	740,000
MCWT Loans of 2005.....	2020	2,545,794	0.00	884,800	-	(199,200)	685,600
Municipal Purpose Loans of 2009....	2019	170,000	2.00-3.00	60,000	-	(15,000)	45,000
MWRA Loans of 2013.....	2018	260,150	0.00	156,090	-	(52,030)	104,060
MWRA Loans of 2015.....	2026	228,250	0.00	228,250	-	(22,825)	205,425
MWRA Loans of 2016.....	2027	228,250	0.00	-	228,250	-	228,250
Total Bonds Payable.....				\$ 2,294,140	\$ 228,250	\$ (514,055)	\$ 2,008,335

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

Year	Principal	Interest	Total
2017.....	\$ 426,480	\$ 57,213	\$ 483,693
2018.....	431,180	39,536	470,716
2019.....	383,950	28,754	412,704
2020.....	200,650	17,860	218,510
2021.....	150,650	12,495	163,145
2022.....	150,650	8,400	159,050
2023.....	150,650	4,200	154,850
2024.....	45,650	-	45,650
2025.....	45,650	-	45,650
2026.....	22,825	-	22,825
Total.....	\$ 2,008,335	\$ 168,458	\$ 2,176,793

The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$183,429 and interest costs for \$49,217. Net MCWT loan repayments including interest are scheduled to be \$526,723. Since the Town is legally obligated for the total amount of the debt, such amounts have been recorded in the accompanying basic financial statements. During 2016, the sewer enterprise fund principal subsidy totaled \$52,211 and the sewer enterprise interest subsidy totaled \$29,718.

The Town is a member of the Massachusetts Water Resources Authority (MWRA) which offers its members interest free loans for various purposes. The Town has \$537,735 in loans outstanding at year end. The imputed interest on this loan is immaterial and has not been recognized by the Town.

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, 2016, the Town had the following authorized and unissued debt:

Purpose	Amount
Artificial Turf.....	\$ 2,400,000
Equipment.....	300,000
Sidewalks.....	500,000
Roads.....	1,500,000
Colburn Dam.....	755,000
Early Childhood Education Center Construction.....	29,763,402
Rustcraft/Elm/Bussey Street Design.....	105,000
HS & Greenlodge Ceilings.....	100,000
Ames Property.....	3,500,000
Solar Panels.....	25,000
Striar Property.....	210,000
Total.....	\$ 39,158,402

Changes in Long-term Liabilities

During the year ended June 30, 2016, the following changes occurred in long-term liabilities:

	Balance June 30, 2015	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Balance June 30, 2016	Due Within One Year
Governmental Activities:							
Long-Term Bonds.....	\$ 57,573,629	\$ 20,568,692	\$ (6,123,451)	\$ -	\$ -	\$ 72,018,870	\$ 6,530,418
Add: Unamortized Bond Premium...	614,430	-	-	644,847	(97,532)	1,161,745	128,538
Total Bonds Payable.....	58,188,059	20,568,692	(6,123,451)	644,847	(97,532)	73,180,615	6,658,956
Compensated Absences.....	2,052,000	-	-	557,500	(513,000)	2,096,500	524,100
Net Pension Liability.....	16,921,130	-	-	10,147,884	(4,531,251)	22,537,763	-
Other Postemployment Benefits.....	10,349,275	-	-	4,617,900	(6,845,757)	8,121,418	-
Total Governmental Activities.....	87,510,464	20,568,692	(6,123,451)	15,968,131	(11,987,540)	105,936,296	7,183,056
Business Type Activities:							
Long-Term Bonds.....	2,294,140	228,250	(514,055)	-	-	2,008,335	426,480
Total.....	\$ 89,804,604	\$ 20,796,942	\$ (6,637,506)	\$ 15,968,131	\$ (11,987,540)	\$ 107,944,631	\$ 7,609,536

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

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town classifies fund balances according to the constraints imposed on the use of those resources. There are two major types of fund balances, which are nonspendable and spendable.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- **Restricted:** fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed:** fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The Town's highest level of decision making authority is the Annual Town Meeting. Town Meeting adoption of a "warrant article" is required to commit fund balance.
- **Assigned:** fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- **Unassigned:** fund balance of the general fund that is not constrained for any particular purpose.

The Town has classified its fund balances with the following hierarchy:

	General	Ames Property	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances				
Nonspendable:				
Cemetery care and library trust funds..... \$	-	-	728,260	\$ 728,260
Restricted for:				
Ames Property.....		16,663,564	-	16,663,564
Town Grants.....	-	-	146,326	146,326
School Grants.....	-	-	1,101,248	1,101,248
Town Gifts.....	-	-	1,691,954	1,691,954
School Gifts.....	-	-	148,762	148,762
School Lunch Fund.....	-	-	163,619	163,619
Town Revolving Funds.....	-	-	660,390	660,390
School Revolving Funds.....	-	-	1,262,820	1,262,820
Receipts Reserved.....	-	-	220,935	220,935
Land and Improvements.....	-	-	79,290	79,290
Buildings and Improvements.....	-	-	918,775	918,775
Roadway Improvements.....	-	-	957,742	957,742
Machinery and Equipment.....	-	-	467,168	467,168
Cemetery Trust Funds.....	-	-	128,887	128,887
Library Trust Funds.....	-	-	720,489	720,489
Other Trust Funds.....	-	-	414,559	414,559
Committed to:				
Reserve for bond premium.....	310,562	-	-	310,562
General Government:				
Town Facilities.....	204,338	-	-	204,338
Other General Government.....	187,659	-	-	187,659
Public Safety.....	5,809	-	-	5,809
Education.....	9,874	-	-	9,874
Public Works.....	49,880	-	-	49,880
Community Services.....	24,234	-	-	24,234
Assigned to:				
General Government:				
Town Facilities.....	301,909	-	-	301,909
School Facilities.....	327,691	-	-	327,691
Other General Government.....	201,160	-	-	201,160
Public Safety.....	44,936	-	-	44,936
Education.....	777,028	-	-	777,028
Public Works.....	146,071	-	-	146,071
Community Services.....	147,975	-	-	147,975
Free cash for subsequent year expenditures.....	9,330,000	-	-	9,330,000
Unassigned.....	<u>29,673,739</u>	<u>-</u>	<u>-</u>	<u>29,673,739</u>
Total Fund Balances..... \$	<u>\$ 41,742,865</u>	<u>\$ 16,663,564</u>	<u>\$ 9,811,224</u>	<u>\$ 68,217,653</u>

Massachusetts General Law Ch.40 §5B allows for the establishment of Stabilization funds for one or more different purposes on an as needed basis. The creation of a fund requires a two-thirds vote of Town Meeting and must clearly define the purpose of the fund. Any changes to the purpose of the fund along with any additions to or appropriations from the fund required a two-thirds vote of Town Meeting.

At June 30, 2016, the following amounts (included above as unassigned fund balance) have been set aside in the following stabilization funds: general stabilization \$6,012,070, mitigation stabilization fund \$140,046, and \$6,049,444 in the major capital project stabilization fund. During 2016 the general stabilization fund, the mitigation stabilization fund, and the major capital projects stabilization fund recognized interest earnings of \$347,375; \$1,111; and \$124,494, respectively. These amounts are reported as a component of unassigned fund balance.

The general stabilization fund balance can be used for general and/or capital purposes upon two-thirds majority approval of Town Meeting. The mitigation stabilization fund balance can only be used to offset unforeseen Town operating costs as a result of increased demand for services. The major capital projects stabilization fund balance can be used for any capital purpose approved by Town Meeting.

With the exception of the reserve for bond premium, the committed balances in the General Fund are articles carried forward to next year. With the exception of free cash for subsequent year expenditures, assigned balances in the General Fund are encumbrances carried forward to next year. The detail of each article and encumbrance is included in the budgetary comparison schedule presented as required supplementary information.

NOTE 9 – RISK FINANCING

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

The Town provides health insurance to its employees and retirees through its participation in a pooled health insurance group called the West Suburban Health Group (Group). The purpose of the Group is for the joint negotiation and purchase of health insurance coverage with various carriers. Under these agreements, the insurance claims of the covered employees are paid for by the insurance carrier and are subsequently reimbursed by the Group. The Group charges monthly premiums to each governmental unit based upon requirements established through underwriting or actuarial estimates. The Group also maintains a deposit with the insurance carrier which is sufficient to cover two months of claims paid by the carrier for the Group. In addition, the Group provides full reinsurance coverage for all claim costs in excess of \$225,000 per covered employee.

The Town is entirely self-insured for its' unemployment activities and workers compensation for its' public safety employees. These activities are accounted for in the general fund. The associated liabilities are immaterial to the basic financial statements and have not been recorded.

NOTE 10 – PENSION PLAN

Plan Descriptions

The Town is a member of the Dedham Contributory Retirement System (DCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 2 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System is a component unit and is reported as a pension trust fund in the fiduciary fund financial statements.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. 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 is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2015. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$6,068,980 is reported in the general fund as intergovernmental revenue and pension benefits in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$74,825,083 as of the measurement date.

Benefits Provided

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The Systems provide retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is 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.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

There were no changes of benefit terms that affected the total pension liability at December 31, 2015.

At December 31, 2015, the DCRS membership consists of the following:

Active members.....	446
Inactive members.....	122
Disabled members.....	56
Retirees and beneficiaries currently receiving benefits...	270
Total.....	<u>894</u>

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the DCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2015 was \$4,725,074, 20.2% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Town's proportionate share of the required contribution was \$4,337,414. The Town paid \$4,531,244 for its actual contribution.

Pension Liabilities

The components of the net pension liability of the participating member units at June 30, 2016 were as follows:

Total pension liability.....	\$	132,954,719
Total pension plan's fiduciary net position.....		<u>(109,412,458)</u>
Total net pension liability.....	\$	<u><u>23,542,261</u></u>
The pension plan's fiduciary net position as a percentage of the total pension liability....		82.29%

At June 30, 2016, the Town reported a liability of \$22,537,763 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2015, the Town's proportion was 95.72%.

Pension Expense

For the year ended June 30, 2016, the Town recognized pension expense of \$5,152,475. At June 30, 2016, the Town reported deferred outflows of resources related to pensions of \$8,687,138, from the difference between expected and actual experience and the net difference between projected and actual investment earnings on pension plan investments. At June 30, 2016, the Town reported deferred inflows of resources related to pensions of \$3,210,186, from changes in assumptions.

The balances of deferred outflows and inflows at June 30, 2016 consist of the following:

Deferred category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 2,372,216	\$ -	\$ 2,372,216
Difference between projected and actual earnings.....	6,314,922	-	6,314,922
Changes of assumptions.....	-	(3,210,186)	(3,210,186)
Total Deferred Outflows/(Inflows) of Resources.....	\$ 8,687,138	\$ (3,210,186)	\$ 5,476,952

The deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017.....	\$ 1,412,045
2018.....	1,412,045
2019.....	1,412,045
2020.....	1,332,265
2021.....	(91,448)
Total.....	\$ 5,476,952

Actuarial Assumptions

The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation date.....	January 1, 2016
Actuarial cost method.....	Individual Entry Age Normal Actuarial Cost Method.
Amortization method.....	Amortization payments increasing at 4.5% annually over 6 years.
Remaining amortization period.....	6 years from July 1, 2016, closed.
Asset valuation method.....	Assets held by the fund are valued at market value as reported by the Public Employees' Retirement Administration Commission (PERAC). The actuarial value of assets is determined using a four-year smoothing of asset returns greater than or less than the assumed rate of return.
Inflation rate.....	Ranges from 2.75% to 3.00%
Rate of investment return.....	A compound annual rate of 7.75%
Projected salary increases.....	4% per year
Cost of living adjustments.....	3.0% of the lesser of the pension amount and \$15,000 per year.

Rates of retirement.....	Varies based upon age for general employees, police and fire employees.
Rates of disability.....	For general employees, it was assumed that 20% of all disabilities are ordinary (80% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).
Annual rate of mortality.....	It is assumed that both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2014, fully generational. Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females, fully generational. Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward three years for males, and six years for females, fully generational. Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2014.
Investment rate of return/Discount rate....	7.75%

Rate of return

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.64%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. 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.

Investment policy

The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

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, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Equities.....	14.50%	7.50%
Small/Mid Cap Equities.....	3.50%	7.75%
International Equities (Unhedged).....	16.00%	8.00%
Emerging International Equities.....	6.00%	9.50%
High-Yield Bonds.....	1.50%	5.75%
Core Bonds.....	5.00%	3.78%
Bank Loans.....	1.50%	6.00%
EMD (external).....	1.00%	6.00%
EMD (local currency).....	2.00%	6.50%
TIPS.....	3.00%	4.00%
Long Treasuries.....	5.00%	3.50%
Private Equity.....	10.00%	9.50%
Private Debt.....	4.00%	8.00%
Real Estate.....	10.00%	6.50%
Hedge Funds.....	9.00%	6.50%
Timber/Natural Resources.....	4.00%	7.07%
Portfolio Completion.....	4.00%	6.18%
Total.....	<u>100.00%</u>	

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount (7.75%)	1% Increase (8.75%)
The Town's proportionate share of the net pension liability.....	\$ 35,930,355	\$ 22,537,763	\$ 11,111,835
DCRS total net pension liability.....	\$ 37,531,755	\$ 23,542,261	\$ 11,607,084

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

At June 30, 2016, the Plan’s membership consisted of the following:

Current retirees, beneficiaries, and dependents.....	677
Current active members.....	<u>626</u>
Total.....	<u><u>1,303</u></u>

Funding Policy – Contribution requirements are negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. Retired plan members and beneficiaries currently receiving benefits are required to contribute between 10% and 50% of the cost of benefits provided depending on the plan they choose. The Town is required to contribute the balance of the current premiums and may contribute additional amounts to pre-fund benefits. The Town contributed approximately \$6.8 million to the plan during 2016. Administrative costs of the Plan are assumed to be included in plan premiums.

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

The components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town’s net OPEB obligations/(assets) are summarized in the following table:

Annual required contribution.....	\$ 4,399,406
Interest on net OPEB obligation.....	776,196
Adjustments to annual required contribution.....	<u>(557,702)</u>
Annual OPEB cost.....	4,617,900
Contributions made.....	<u>(6,845,757)</u>
Increase/(Decrease) in net OPEB obligation.....	(2,227,857)
Net OPEB obligation - beginning of year.....	<u>10,349,275</u>
Net OPEB obligation - end of year.....	<u><u>\$ 8,121,418</u></u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two most recent preceding years are as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	\$ 4,617,900	148.2%	\$ 8,121,418
6/30/2015	4,283,426	114.4%	10,349,275
6/30/2014	4,232,932	113.2%	10,967,182

Funded Status and Funding Progress – The funded status of the Plan as of the most recent actuarial valuation dates is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	Percentage of Covered Payroll ((B-A)/C)
06/30/14	\$ 5,876,987	\$ 56,071,275	\$ 50,194,288	10.5%	\$ 43,951,811	114.2%
06/30/12	3,180,875	77,722,866	74,541,991	4.1%	39,791,854	187.3%
06/30/10	1,403,793	74,018,559	72,614,766	1.9%	45,934,750	158.1%

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

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

In the June 30, 2014 actuarial valuation, actuarial liabilities were determined using the projected unit credit cost method. The actuarial assumptions included a 7.5% investment return assumption, which is based on the expected yield on the assets of the Town, calculated based on the funded level of the plan at the valuation date; 4.0% projected salary increases; an inflation rate of 4.0% and an annual medical and drug cost trend rate of 6.5% initially graded to 4.5% over 4 years. The UAAL is being amortized over a closed 28 year period using a level dollar amount with amortization payment increasing at 4.0% per year. The remaining amortization period at June 30, 2014 is 27 years.

NOTE 12 – COMMITMENTS

The Town is committed to completing various projects throughout the Town which will be funded with long-term debt totaling approximately \$20.6 million. Additionally, the May 2016 annual Town Meeting authorized the Board of Selectmen to borrow \$29.8 million for the Early Childhood Education Center construction project. As of June 30, 2016, the Town has issued \$24.8 million for the purchase and preparation of the Ames property. Interior demolition began during fiscal 2016 and as of June 30, 2016, the Town has spent \$2.1 million on the project.

NOTE 13 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2016, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be

disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2016, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2016.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 23, 2016, which is the date the financial statements were available to be issued.

At the 2016 Annual Town Meeting, the Town voted \$7.5 million from free cash be appropriated towards the Town's unfunded pension liability. The Town made this payment on July 1, 2016.

NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2016, the following GASB pronouncements were implemented:

- GASB Statement #72, *Fair Value Measurement and Application*. Notes to the basic financial statements were changed to provide additional disclosure on fair value measurement.
- GASB Statement #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*. This pronouncement did not impact the basic financial statements.
- GASB Statement #76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This pronouncement did not impact the basic financial statements.
- GASB Statement #79, *Certain External Investment Pools and Pool Participants*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in 2017.
- The GASB issued Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented in 2018.
- The GASB issued Statement #77, *Tax Abatement Disclosures*, which is required to be implemented in 2017.
- The GASB issued Statement #78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which is required to be implemented in 2017.
- The GASB issued Statement #80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement #14*, which is required to be implemented in 2017.

- The GASB issued Statement #81, *Irrevocable Split-Interest Agreements*, which is required to be implemented in 2018.
- The GASB issued Statement #82, *Pension Issues – an amendment of GASB Statements #67, #68, and #73*, which is required to be implemented in 2018.
- The GASB issued Statement #83, *Certain Asset Retirement Obligations*, which is required to be implemented in 2019.

Management is currently assessing the impact the implementation of these standards will have on the basic financial statements.

Required Supplementary Information

General Fund Budgetary Comparison Schedule

The General Fund is the general operating fund of the Town. It is used to account for the entire Town's financial resources, except those required to be accounted for in another fund.

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

YEAR ENDED JUNE 30, 2016

	Budgeted Amounts					Actual	Amounts	
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			Carried Forward To Next Year	Variance to Final Budget
REVENUES:								
Real estate and personal property taxes, net of tax refunds..... \$	-	\$ 79,717,808	\$ 79,717,808	\$ 79,717,808	\$ 80,645,982	\$ -	\$ 928,174	
Tax liens.....	-	-	-	-	564,136	-	564,136	
Motor vehicle and other excises.....	-	3,300,000	3,300,000	3,300,000	3,763,952	-	463,952	
Meals tax.....	-	825,000	825,000	825,000	870,316	-	45,316	
Hotel/motel taxes.....	-	1,200,000	1,200,000	1,200,000	1,487,976	-	287,976	
Licenses and permits.....	-	890,000	890,000	890,000	1,816,602	-	926,602	
Penalties and interest on taxes.....	-	500,000	500,000	500,000	548,701	-	48,701	
Payment in lieu of taxes.....	-	27,000	27,000	27,000	291	-	(26,709)	
Fines and forfeitures.....	-	143,000	143,000	143,000	89,396	-	(53,604)	
Intergovernmental.....	-	7,764,127	7,764,127	7,764,127	7,884,814	-	120,687	
Departmental and other revenue.....	-	1,110,000	1,110,000	1,110,000	1,040,627	-	(69,373)	
Investment income.....	-	200,000	200,000	200,000	355,063	-	155,063	
TOTAL REVENUES.....	-	95,676,935	95,676,935	95,676,935	99,067,856	-	3,390,921	
EXPENDITURES:								
Current:								
General Government								
Selectmen/Town Manager:								
Personnel services.....	-	402,712	402,712	425,395	415,109	-	10,286	
Purchase of services.....	2,000	30,545	32,545	30,545	27,174	-	3,371	
Supplies.....	-	600	600	600	75	-	525	
Other charges/expensures.....	-	13,659	13,659	29,484	27,317	-	2,167	
Bus service contract.....	13,200	116,657	129,857	120,396	120,396	-	-	
Town audit.....	625	70,000	70,625	70,000	70,000	-	-	
SNARC assessment.....	-	5,750	5,750	5,750	5,750	-	-	
Liability and property insurance.....	-	850,000	850,000	861,668	861,668	-	-	
Operating capital.....	70,876	-	70,876	70,876	16,232	54,644	-	
Articles.....	161,937	-	161,937	161,938	165	161,773	-	
Total.....	248,638	1,489,923	1,738,561	1,776,652	1,543,886	216,417	16,349	
Finance Committee:								
Purchase of services.....	-	4,820	4,820	4,820	2,400	-	2,420	
Supplies.....	-	150	150	150	120	-	30	
Other charges and expenses.....	-	673	673	673	273	-	400	
Reserve funds.....	-	500,000	500,000	425,801	-	-	425,801	
Total.....	-	505,643	505,643	431,444	2,793	-	428,651	
Department of Finance:								
Personnel services.....	-	790,216	790,216	772,557	703,378	-	69,179	
Purchase of services.....	37,228	733,872	771,100	767,205	698,151	53,273	15,781	
Supplies.....	-	35,000	35,000	35,000	34,262	474	264	
Other charges and expenses.....	-	9,211	9,211	46,439	46,439	-	-	
Operating capital.....	76,199	66,833	143,032	143,032	82,302	60,730	-	
Articles.....	58,371	25,000	83,371	83,371	13,191	70,180	-	
Total.....	171,798	1,660,132	1,831,930	1,847,604	1,577,723	184,657	85,224	
Central Purchasing:								
Purchase of services.....	-	84,931	84,931	1,000	-	-	1,000	
Postage.....	-	1,000	1,000	84,931	68,782	-	16,149	
Overtime and sick leave.....	-	55,000	55,000	63,000	58,543	-	4,457	
Supplies.....	100	39,920	40,020	39,920	39,919	-	1	
Other charges and expenses.....	-	-	-	100	-	-	100	
Non-capital equipment.....	-	26,000	26,000	26,000	16,353	-	9,647	
Total.....	100	206,851	206,951	214,951	183,597	-	31,354	
Assessors:								
Personnel services.....	-	314,320	314,320	360,403	359,776	-	627	
Purchase of services.....	-	2,300	2,300	2,300	200	-	2,100	
Supplies.....	-	1,250	1,250	1,250	1,071	-	179	
Other charges and expenses.....	-	5,932	5,932	5,932	1,697	-	4,235	
Articles.....	58,408	125,000	183,408	183,407	116,742	66,665	-	
Total.....	58,408	448,802	507,210	553,292	479,486	66,665	7,141	

(continued)

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

YEAR ENDED JUNE 30, 2016

	Budgeted Amounts					Actual	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget				
Human Resources:								
Personnel services.....	-	169,737	169,737	195,624	181,878	-	13,746	
Purchase of services.....	-	52,900	52,900	50,400	16,084	4,328	29,988	
Other charges and expenses.....	-	4,341	4,341	4,341	2,455	-	1,886	
Total.....	-	226,978	226,978	250,365	200,417	4,328	45,620	
Legal Services:								
Purchase of services.....	48,916	250,000	298,916	250,000	210,718	11,443	27,839	
Litigation/damages.....	-	25,000	25,000	25,000	3,447	-	21,553	
Other charges and expenses.....	-	-	-	48,915	44,217	-	4,698	
Total.....	48,916	275,000	323,916	323,915	258,382	11,443	54,090	
Town Clerk/ Elections/Registrars:								
Personnel services.....	-	249,275	249,275	256,156	254,694	-	1,462	
Purchase of services.....	-	56,238	56,238	56,238	53,639	-	2,599	
Supplies.....	-	750	750	1,330	1,207	-	123	
Other charges and expenses.....	-	1,450	1,450	870	869	-	1	
Operating capital.....	-	74,314	74,314	74,314	74,314	-	-	
Total.....	-	382,027	382,027	388,908	384,723	-	4,185	
Economic Development:								
Personnel services.....	-	81,703	81,703	83,337	73,715	-	9,622	
Purchase of services.....	-	10,300	10,300	10,000	-	10,000	-	
Other charges and expenses.....	-	8,700	8,700	9,000	7,777	-	1,223	
Articles.....	77,732	-	77,732	70,763	6,206	64,557	-	
Total.....	77,732	100,703	178,435	173,100	87,698	74,557	10,845	
Planning Board:								
Personnel services.....	-	145,311	145,311	148,214	148,191	-	23	
Purchase of services.....	6,000	6,500	12,500	6,639	1,767	3,000	1,872	
Other charges and expenses.....	-	1,230	1,230	7,230	6,285	-	945	
Total.....	6,000	153,041	159,041	162,083	156,243	3,000	2,840	
Building Planning and Construction Committee:								
Purchase of services.....	-	20,000	20,000	20,000	-	-	20,000	
Town Facilities:								
Personnel services.....	-	226,508	226,508	230,964	230,328	-	636	
Substitutes.....	-	32,784	32,784	46,784	25,383	-	21,401	
Utilities.....	-	678,045	678,045	678,045	346,914	33,370	297,761	
Telephone.....	-	154,683	154,683	154,683	135,718	-	18,965	
Purchase of services.....	-	451,157	451,157	427,157	341,588	64,201	21,368	
Supplies.....	-	61,409	61,409	2,804	896	-	1,908	
Other charges and expenses.....	-	1,811	1,811	70,416	64,382	-	6,034	
Capital.....	-	326,250	326,250	326,250	121,912	204,338	-	
Total.....	-	1,932,647	1,932,647	1,937,103	1,267,121	301,909	368,073	
School Facilities:								
Personnel services.....	-	1,610,308	1,610,308	1,704,984	1,690,935	-	14,049	
Overtime and substitutes.....	-	100,467	100,467	10,244	9,770	-	474	
Utilities.....	62,201	1,340,156	1,402,357	1,335,156	910,608	60,528	364,020	
Telephone.....	-	42,800	42,800	42,800	42,468	-	332	
Purchase of services.....	25,293	306,517	331,810	-	-	-	-	
Supplies.....	4,232	159,000	163,232	189,000	186,510	2,490	-	
Other charges and expenses.....	-	2,500	2,500	297,717	260,210	-	37,507	
Operating capital.....	95,394	425,000	520,394	759,570	494,897	264,673	-	
Articles.....	26,030	-	26,030	131,732	100,310	26,030	5,392	
Total.....	213,150	3,986,748	4,199,898	4,471,203	3,695,708	353,721	421,774	
Conservation Commission:								
Personnel services.....	-	92,481	92,481	94,329	92,351	-	1,978	
Purchase of services.....	5,000	2,500	7,500	2,500	1,482	-	1,018	
Other charges and expenses.....	-	2,730	2,730	7,730	5,062	-	2,668	
Total.....	5,000	97,711	102,711	104,559	98,895	-	5,664	
Environmental:								
Personnel services.....	-	83,239	83,239	84,904	84,297	-	607	
Purchase of services.....	674	12,597	13,271	12,597	9,212	3,268	117	
Other charges and expenses.....	-	1,486	1,486	2,161	1,858	-	303	
Articles.....	2,922	-	2,922	2,922	130	2,792	-	
Total.....	3,596	97,322	100,918	102,584	95,497	6,060	1,027	
Total General Government.....	833,338	11,583,528	12,416,866	12,757,763	10,032,169	1,222,757	1,502,837	

(continued)

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

YEAR ENDED JUNE 30, 2016

	Budgeted Amounts					Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget	Actual		
Public Safety:							
Police Department:							
Personnel services.....	-	4,942,778	4,942,778	4,982,506	4,798,582	-	183,924
Overtime and substitutes.....	-	586,510	586,510	586,510	538,844	-	47,666
Purchase of services.....	200	90,836	91,036	102,566	91,552	4,871	6,143
Supplies.....	3,836	143,842	147,678	145,630	127,314	7,521	10,795
Other charges and expenses.....	-	14,905	14,905	23,491	18,358	-	5,133
Operating capital.....	29,282	19,417	48,699	48,699	18,788	29,911	-
Articles.....	5,531	-	5,531	5,531	-	5,531	-
Total.....	38,849	5,798,288	5,837,137	5,894,933	5,593,438	47,834	253,661
Fire Department:							
Personnel services.....	-	4,555,842	4,555,842	4,633,610	4,453,818	-	179,792
Overtime and substitutes.....	-	547,360	547,360	547,360	494,692	-	52,668
Purchase of services.....	1,056	147,350	148,406	147,350	139,957	-	7,393
Supplies.....	-	64,343	64,343	64,343	47,752	-	16,591
Other charges and expenses.....	-	9,535	9,535	10,591	8,378	-	2,213
Operating capital.....	3,618	34,000	37,618	37,613	35,252	2,361	-
Articles.....	278	173,130	173,408	278	-	278	-
Total.....	4,952	5,531,560	5,536,512	5,441,145	5,179,849	2,639	258,657
Central Dispatch Center:							
Personnel services.....	-	498,937	498,937	519,107	508,218	-	10,889
Overtime and substitutes.....	-	69,000	69,000	110,000	110,000	-	-
Purchase of services.....	-	27,475	27,475	27,475	27,475	-	-
Other charges and expenses.....	-	75	75	75	-	-	75
Total.....	-	595,487	595,487	656,657	645,693	-	10,964
Building Department:							
Personnel services.....	-	419,580	419,580	436,601	429,216	-	7,385
Overtime and substitutes.....	-	6,000	6,000	15,100	15,100	-	-
Supplies.....	-	525	525	525	-	272	253
Other charges and expenses.....	170	1,910	2,080	2,080	1,490	-	590
Total.....	170	428,015	428,185	454,306	445,806	272	8,228
Sealer of Weights and Measures:							
Personnel services.....	-	10,000	10,000	10,200	2,983	-	7,217
Supplies.....	-	2,000	2,000	2,000	161	-	1,839
Other charges and expenses.....	-	325	325	325	55	-	270
Total.....	-	12,325	12,325	12,525	3,199	-	9,326
Civil Preparedness Agency:							
Purchase of services.....	-	1,395	1,395	1,395	1,146	-	249
Supplies.....	-	2,760	2,760	2,760	1,138	-	1,622
Other charges and expenses.....	-	200	200	200	-	-	200
Total.....	-	4,355	4,355	4,355	2,284	-	2,071
Total Public Safety.....	43,971	12,370,030	12,414,001	12,463,921	11,870,269	50,745	542,907
Education:							
Dedham Public Schools:							
School operations.....	1,675,461	34,741,422	36,416,883	36,094,182	34,883,933	770,122	440,127
Operating capital.....	-	326,060	326,060	379,060	372,154	6,906	-
Articles.....	9,874	-	9,874	9,874	-	9,874	-
Total.....	1,685,335	35,067,482	36,752,817	36,483,116	35,256,087	786,902	440,127
Blue Hills Regional School:							
Assessment.....	-	1,470,353	1,470,353	1,470,353	1,457,054	-	13,299
Norfolk County Agricultural High School:							
Assessment.....	-	56,040	56,040	56,040	56,040	-	-
Total Education.....	1,685,335	36,593,875	38,279,210	38,009,509	36,769,181	786,902	453,426

(continued)

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

YEAR ENDED JUNE 30, 2016

	Budgeted Amounts					Actual	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget				
Public Works:								
Public Works Operations:								
Personnel services.....	-	1,601,977	1,601,977	1,631,648	1,631,648	-	-	
Overtime.....	-	160,000	160,000	160,000	160,000	-	-	
Purchase of services.....	-	664,720	664,720	664,720	664,720	-	-	
Supplies.....	-	266,960	266,960	266,960	266,960	-	-	
Other charges and expenses.....	-	5,300	5,300	5,300	1,127	-	4,173	
Operating capital.....	60,316	25,000	85,316	85,316	67,198	18,118	-	
Total.....	60,316	2,723,957	2,784,273	2,813,944	2,791,653	18,118	4,173	
Snow and Ice Control:								
Snow and ice removal.....	11,223	700,000	711,223	711,222	710,999	-	223	
Infrastructure Engineering:								
Personnel services.....	-	436,383	436,383	445,097	428,950	-	16,147	
Purchase of services.....	-	79,605	79,605	79,605	46,950	5,168	27,487	
Supplies.....	-	22,325	22,325	22,325	22,112	-	213	
Other charges/expensures.....	1,129	10,927	12,056	12,057	9,907	267	1,883	
Operating capital.....	2,973	166,500	169,473	169,474	138,913	30,561	-	
Articles.....	63,300	-	63,300	63,300	13,420	49,880	-	
Total.....	67,402	715,740	783,142	791,858	660,252	85,876	45,730	
Rubbish and Recycling:								
Contracts.....	-	1,950,000	1,950,000	1,950,000	1,746,358	-	203,642	
Supplies.....	1,550	28,000	29,550	29,550	20,218	-	9,332	
Total.....	1,550	1,978,000	1,979,550	1,979,550	1,766,576	-	212,974	
Street Lighting:								
Streetlights.....	52,820	336,656	389,476	340,351	188,468	75,460	76,423	
Street Lighting capital.....	-	-	-	52,820	36,323	16,497	-	
Total.....	52,820	336,656	389,476	393,171	224,791	91,957	76,423	
Total Public Works.....	193,311	6,454,353	6,647,664	6,689,745	6,154,271	195,951	339,523	
Community Services:								
Board of Health:								
Personnel services.....	-	278,964	278,964	284,297	282,133	-	2,164	
Purchase of services.....	-	3,600	3,600	3,600	2,580	-	1,020	
Supplies.....	-	840	840	840	85	139	616	
Other charges and expenses.....	-	2,168	2,168	4,168	3,337	-	831	
Hazardous waste collection.....	-	9,043	9,043	7,043	7,028	-	15	
Articles.....	7,326	-	7,326	7,326	-	7,326	-	
Total.....	7,326	294,615	301,941	307,274	295,163	7,465	4,646	
Council of Aging:								
Personnel services.....	-	217,569	217,569	232,915	228,049	-	4,866	
Purchases of services.....	-	1,865	1,865	1,865	1,743	-	122	
Supplies.....	-	5,540	5,540	5,540	5,453	-	87	
Other charges and expenses.....	-	1,325	1,325	1,325	57	-	1,268	
Total.....	-	226,299	226,299	241,645	235,302	-	6,343	
Youth Commission:								
Personnel services.....	-	267,417	267,417	272,379	269,830	-	2,549	
Purchase of services.....	-	2,975	2,975	2,975	1,881	-	1,094	
Supplies.....	82	1,221	1,303	1,221	348	-	873	
Other charges and expenses.....	-	1,860	1,860	1,942	1,904	-	38	
Total.....	82	273,473	273,555	278,517	273,963	-	4,554	
Veteran's Services:								
Personnel services.....	-	91,464	91,464	73,293	62,346	-	10,947	
Memorial Day program.....	-	5,000	5,000	6,000	5,862	-	138	
Purchase of services.....	-	300	300	5,000	1,746	-	3,254	
Supplies.....	-	6,000	6,000	300	230	-	70	
Other charges and expenses.....	-	3,414	3,414	4,964	4,912	-	52	
Veteran's benefits.....	-	112,400	112,400	142,400	142,270	-	130	
Total.....	-	218,578	218,578	231,957	217,366	-	14,591	

(continued)

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

YEAR ENDED JUNE 30, 2016

	Budgeted Amounts					Actual	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget				
Public Libraries:								
Personnel services.....	-	851,875	851,875	868,749	849,496	-	19,253	
Overtime and substitutes.....	-	11,000	11,000	11,000	9,045	-	1,955	
Books, periodicals, and bindings.....	-	171,061	171,061	171,061	170,981	-	80	
Purchase of services.....	-	66,569	66,569	66,569	61,574	-	4,995	
Supplies.....	-	15,865	15,865	15,865	12,226	-	3,639	
Other charges and expenses.....	-	6,900	6,900	6,900	5,308	-	1,592	
Articles.....	18,700	-	18,700	18,700	1,792	16,908	-	
Total.....	18,700	1,123,270	1,141,970	1,158,844	1,110,422	16,908	31,514	
Recreation Department:								
Personnel services.....	-	574,324	574,324	589,629	587,939	-	1,690	
Overtime and substitutes.....	-	9,500	9,500	9,500	9,499	-	1	
Purchase of services.....	-	45,500	45,500	54,140	54,140	-	-	
Supplies.....	-	95,125	95,125	91,625	91,008	-	617	
Other charges and expenses.....	-	375	375	375	338	-	37	
Operating capital.....	59,850	142,460	202,310	202,310	54,474	147,836	-	
Total.....	59,850	867,284	927,134	947,579	797,398	147,836	2,345	
Civic Pride:								
Other charges and expenses.....	-	10,000	10,000	10,000	10,000	-	-	
Total Community Services.....	85,958	3,013,519	3,099,477	3,175,816	2,939,614	172,209	63,993	
State and County Assessments.....	-	2,481,875	2,481,875	2,481,875	2,477,739	-	4,136	
Debt Service:								
Principal.....	-	6,123,451	6,123,451	6,123,451	6,123,451	-	-	
Interest.....	-	1,802,519	1,802,519	1,802,519	1,772,943	-	29,576	
Total.....	-	7,925,970	7,925,970	7,925,970	7,896,394	-	29,576	
Employee Benefits:								
Contributory pension.....	-	4,531,244	4,531,244	4,531,244	4,531,244	-	-	
Non-contributory pension.....	-	15,000	15,000	15,000	15,000	-	-	
Unemployment payments.....	-	50,000	50,000	50,000	47,050	-	2,950	
Insurance and Hospitalization.....	146	11,405,799	11,405,945	11,405,799	11,203,045	-	202,754	
Medicare tax.....	-	726,063	726,063	726,063	694,731	-	31,332	
Deferred compensation.....	-	19,500	19,500	19,500	15,893	-	3,607	
Reserve for Salary Increases.....	-	470,000	470,000	49,868	-	-	49,868	
Total.....	146	17,217,606	17,217,752	16,797,474	16,506,963	-	290,511	
TOTAL EXPENDITURES.....	2,842,059	97,640,756	100,482,815	100,302,073	94,646,600	2,428,564	3,226,909	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(2,842,059)	(1,963,821)	(4,805,880)	(4,625,138)	4,421,256	(2,428,564)	6,617,830	
OTHER FINANCING SOURCES (USES):								
Premiums from debt issuance.....	-	-	-	-	644,847	-	644,847	
Transfers in.....	-	1,312,054	1,312,054	1,312,054	1,389,114	-	77,060	
Transfers out.....	-	(1,858,642)	(1,858,642)	(2,031,772)	(2,158,150)	-	(126,378)	
TOTAL OTHER FINANCING SOURCES (USES).....	-	(546,588)	(546,588)	(719,718)	(124,189)	-	595,529	
NET CHANGE IN FUND BALANCE.....	(2,842,059)	(2,510,409)	(5,352,468)	(5,344,856)	4,297,067	(2,428,564)	7,213,359	
BUDGETARY FUND BALANCE, Beginning of year.....	-	27,061,319	27,061,319	27,061,319	27,061,319	-	-	
BUDGETARY FUND BALANCE, End of year.....	\$(2,842,059)	\$ 24,550,910	\$ 21,708,851	\$ 21,716,463	\$ 31,358,386	\$(2,428,564)	\$ 7,213,359	

See notes to required supplementary information.

(concluded)

Pension Plan Schedules – Retirement System

The Pension Plan's Schedule of Changes in the Net Pension Liability presents multi-year trend information on the net pension liability and related ratios.

The Pension Plan's Schedule of Contributions presents multi-year trend information on the required and actual contributions to the pension plan and related ratios.

The Pension Plan's Schedule of Investment Return presents multi-year trend information on the money-weighted investment return on retirement assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
DEDHAM CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2014	December 31, 2015
Total pension liability:		
Service cost.....	\$ 2,850,624	\$ 3,044,083
Interest.....	10,222,589	10,663,706
Changes in plan provisions.....	-	1,684,915
Differences between expected and actual experience.....	-	3,030,168
Changes in assumptions.....	-	(4,100,558)
Benefit payments.....	(8,913,863)	(9,304,824)
Interest on benefit payments.....	-	(353,834)
Net change in total pension liability.....	4,159,350	4,663,656
Total pension liability, beginning.....	124,131,714	128,291,064
Total pension liability, ending (a).....	<u>\$ 128,291,064</u>	<u>\$ 132,954,720</u>
Plan fiduciary net position:		
Employer contributions.....	\$ 4,277,701	\$ 4,725,074
Member contributions.....	2,183,402	2,480,961
Net investment income (loss).....	7,721,433	705,719
Retirement benefits and refunds.....	(8,913,863)	(9,304,824)
Administrative expenses.....	(213,559)	(221,292)
Other receipts.....	289,068	305,199
Net increase (decrease) in fiduciary net position.....	5,344,182	(1,309,163)
Fiduciary net position at beginning of year.....	105,377,440	110,721,622
Fiduciary net position at end of year (b).....	<u>\$ 110,721,622</u>	<u>\$ 109,412,459</u>
Net pension liability - ending (a) - (b).....	<u>\$ 17,569,442</u>	<u>\$ 23,542,261</u>
Plan fiduciary net position as a percentage of the total pension liability.....	86.31%	82.29%
Covered-employee payroll.....	\$ 20,523,383	\$ 22,457,073
Net pension liability as a percentage of covered-employee payroll.....	85.61%	104.83%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for
which information is available.

See notes to required supplementary information.

SCHEDULE OF CONTRIBUTIONS
DEDHAM CONTRIBUTORY RETIREMENT SYSTEM

	December 31, 2014	December 31, 2015
Actuarially determined contribution.....	\$ 4,277,701	\$ 4,531,244
Contributions in relation to the actuarially determined contribution.....	(4,277,701)	(4,725,074)
Contribution deficiency (excess).....	\$ -	\$ (193,830)
Covered-employee payroll.....	\$ 20,523,383	\$ 22,457,073
Contributions as a percentage of covered- employee payroll.....	20.84%	21.04%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those
years for which information is available.

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURN
DEDHAM CONTRIBUTORY RETIREMENT SYSTEM

	December 31, 2014	December 31, 2015
Annual money-weighted rate of return, net of investment expense.....	7.58%	0.64%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those
years for which information is available.

The annual money-weighted rate of return has been calculated by
the Pension Reserves Investment Management Board (PRIM).

See notes to required supplementary information.

Pension Plan Schedules – Town

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Town along with related ratios.

These schedules are intended to present information for ten years. Until a ten year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
DEDHAM CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2014	December 31, 2015
Town's proportionate share of the net pension liability (asset).....	96.31%	95.73%
Town's proportionate share of the net pension liability (asset)..... \$	16,921,130	\$ 22,537,763
Town's covered employee payroll..... \$	19,766,070	\$ 21,498,156
Net pension liability as a percentage of covered-employee payroll.....	85.61%	104.84%
Plan fiduciary net position as a percentage of the total pension liability.....	86.31%	82.29%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for
which information is available.

- (a) The Town's actual contribution for fiscal year 2016 was \$4,531,244. The components of the net pension liability were allocated based on the total appropriation with the exception of the actual contributions and the beginning net pension liability which were actual values.

See notes to required supplementary information.

SCHEDULE OF TOWN'S CONTRIBUTIONS
DEDHAM CONTRIBUTORY RETIREMENT SYSTEM

	December 31, 2014	December 31, 2015
Actuarially determined contribution.....	\$ 4,107,233	\$ 4,337,414
Contributions in relation to the actuarially determined contribution.....	(4,107,233)	(4,531,244)
Contribution deficiency (excess).....	\$ -	\$ (193,830)
Covered-employee payroll.....	\$ 19,766,070	\$ 21,498,156
Contributions as a percentage of covered- employee payroll.....	20.78%	21.08%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those
years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS
OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

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 which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

Year	Commonwealth's 100% Share of the Net Pension Liability Associated with the Town	Town's Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2016..... \$	74,825,083	\$ 6,068,980	55.38%
2015.....	58,416,266	4,058,458	61.64%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

The Schedule of Funding Progress compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

The Schedule of Employer Contributions compares, over time, the Annual Required Contributions to the Actual Contributions made.

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

OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

JUNE 30, 2016

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)
6/30/2014	\$ 5,876,987	\$ 56,071,275	\$ 50,194,288	10.5%	\$ 43,951,811	114.2%
6/30/2012	3,180,875	77,722,866	74,541,991	4.1%	39,791,854	187.3%
6/30/2010	1,403,793	74,018,559	72,614,766	1.9%	45,934,750	158.1%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution (ARC)	Actual Contributions Made	Percentage Contributed
2016	\$ 4,399,406	\$ 6,845,757	155.6%
2015	4,223,417	4,901,333	116.1%
2014	4,054,489	4,791,899	118.2%
2013	5,915,883	4,869,417	82.3%
2012	5,622,162	3,964,104	70.5%
2011	5,319,868	3,583,527	67.4%
2010	5,065,094	3,534,713	69.8%

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

YEAR ENDED JUNE 30, 2016

Actuarial Methods:

Valuation date.....	June 30, 2014
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Amortization payments increasing at 4.0%
Remaining amortization period.....	28 years as of July 1, 2014, closed

Actuarial Assumptions:

Investment rate of return.....	7.5% pre-funding scenario
Inflation rate.....	4.0%
Projected salary increases.....	4.0%
Medical/drug cost trend rate.....	6.5% decreasing by 0.50% for 4 years to an ultimate level of 4.5% per year

Plan Membership:

Current retirees, beneficiaries, and dependents.....	677
Current active members.....	<u>626</u>
Total.....	<u><u>1,303</u></u>

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved at the Annual and Special Town Meetings. The Town has an Advisory Committee that submits reports on proposed appropriations at Town Meetings.

The appropriated budget is prepared by fund, function and department. Transfers of appropriations among departments require the approval of Town Meeting.

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

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of the Board of Selectmen and written approval from the Massachusetts Department of Revenue.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2016 budget consisted of approximately \$102.3 million in appropriations and other amounts to be raised. Included in the original budget are approximately \$2.8 million in amounts carried over from previous years.

The Financial Services Department has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

B. Budgetary – GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2016, is presented below:

Net change in fund balance, budgetary basis.....	\$	4,297,067
<u>Perspective difference:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP.....		1,144,490
<u>Basis of accounting differences:</u>		
Net change in revenue accrual.....		49,509
Net change in tax refunds payable.....		(793,087)
Recognition of revenue for on-behalf payments.....		6,068,980
Recognition of expenditures for on-behalf payments.....		<u>(6,068,980)</u>
Net change in fund balance, GAAP basis.....	\$	<u>4,697,979</u>

NOTE B – PENSION PLAN***Pension Plan Schedules – Retirement System***A. Changes in the Net Pension Liability and Related Ratios

The Schedule of Changes in the Net Pension Liability and Related Ratios includes the detailed changes in the System's total pension liability, changes in the System's net position, and the ending net pension liability. It also demonstrates the plan's net position as a percentage of the total pension liability and the net pension liability as a percentage of covered payroll.

Since the System performs an actuarial valuation bi-annually, there are no reported amounts for the changes in benefit terms, differences between expected and actual experience and changes in assumptions as of December 31, 2015.

B. Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The total appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the System's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The total appropriations are payable on July 1 and January 1. Employers may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual employer contributions may be less than the "total appropriation". The pension fund appropriations are allocated amongst employers based on covered payroll.

C. Schedule of Investment Return

The money weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money weighted rate of return calculation are determined monthly.

Pension Plan Schedules - TownA. Schedule of the Town's Proportionate Share of the Net Pension Liability

The Schedule of the Town's Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability (asset), the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

B. Schedule of Town's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the System's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the Town based on covered payroll.

C. Schedule of the Special Funding Amounts of the Net Pension Liabilities

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 which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

D. Changes in Assumptions:

The discount rate was reduced to 7.75%.

Cost of living increases have been assumed to be 3% of the lesser of the pension amount and \$15,000 per year.

Table used for the Annual Rate of Withdrawal Prior to Retirement has been updated.

It is assumed that both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2014, fully generational. Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward 5 years for males and 3 years for females, fully generational. Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward 3 years for males, and 6 years for females, fully generational. Mortality for disabled members for Groups 1 and 2 is represented by the RP-2000 Mortality Table set forward 6 years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward 2 years. Generational adjusting is based on Scale MP-2014.

Assumed annual retirement rates have been updated.

It is assumed for the general employees that 20% of all disabilities are ordinary (80% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).

E. Changes in Plan Provisions: There were no changes in plan provisions.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The Town administers a single-employer defined benefit healthcare plan ("The Other Postemployment Benefit Plan"). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town's participation in the West Suburban Healthcare Group, which covers both active and retired members.

The Town currently finances its other postemployment benefits (OPEB) on combined pre-funded and a pay-as-you-go basis whereby the funding schedule is designed to pay the normal cost currently and amortizes the unfunded liability over a period of 28 years. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarially accrued liability) as of the most recent valuation was 10.5%. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarially accrued liability for benefits with the actuarial value of accumulated plan assets.

The Schedule of Employer Contributions presents multi-year trend information of contributions relating to the plan.

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

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

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Combining and Individual Fund Statements

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenue sources that are restricted by law or administrative action to expenditures for specific purposes.

Town Grants Fund – This fund is used to account for non-school related activity specially financed by federal, state, and other grants.

School Grants Fund – This fund is used to account for educational programs specially financed by federal, state, and other grants.

Town Gifts Fund – This fund is used to account for gifts which have been accepted by the Town to be used for non-school purposes that are specified by the donor.

School Gifts Fund – This fund is used to account for gifts which have been accepted by the Town for school related purposes that are specified by the donor.

School Lunch Fund – This fund accounts for the operations of the public school lunch programs that are funded by user fees and grants.

Town Revolving Fund – This fund accounts for self-supporting non-school related programs that are sponsored by the Town.

School Revolving Fund – This fund accounts for self-supporting school related programs that are sponsored by the Town.

Receipts Reserved Fund – This fund accounts for specific receipts identified by the Commonwealth that are to be held until appropriated.

CAPITAL PROJECT FUNDS

Land Improvements Fund – This fund accounts for land acquisition and land improvements that are financed through the issuance of long-term debt or other available funds.

Buildings and Improvements Fund – This fund accounts for building acquisition and construction activities that are funded through the issuance of long-term debt or other available funds.

Roadway Improvements Fund – This fund accounts for roadway improvements throughout the Town that are funded through the issuance of long-term debt, grants received under the Commonwealth of Massachusetts' Chapter 90 program, and other available funds.

Machinery and Equipment Fund – This fund accounts for the acquisition of capital equipment that is funded through the issuance of long-term debt or other available funds.

PERMANENT FUNDS

The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the Town's programs. The Town maintains one fund to account for nonexpendable contributions and expendable earnings that can be spent on governmental purposes.

Cemetery Trust Fund – This fund accounts for contributions earmarked for the perpetual care and maintenance of cemetery facilities and property.

Library Trust Fund – This fund accounts for contributions earmarked for the support of the Town's libraries.

Other Trust Funds – This fund accounts for all contributions and bequests for which only earnings may be expended to benefit the government activities that are not financed by the Cemetery Trust Fund or the Library Trust Fund.

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2016

	Special Revenue Funds					
	Town Grants	School Grants	Town Gifts	School Gifts	School Lunch Fund	Town Revolving Funds
ASSETS						
Cash and cash equivalents.....	\$ -	\$ 955,027	\$ 1,691,954	\$ 148,762	\$ 163,723	\$ 663,518
Investments.....	-	-	-	-	-	-
Receivables, net of uncollectibles:						
Intergovernmental.....	200,700	150,258	-	-	-	-
TOTAL ASSETS.....	\$ 200,700	\$ 1,105,285	\$ 1,691,954	\$ 148,762	\$ 163,723	\$ 663,518
LIABILITIES						
Warrants payable.....	\$ 7,299	\$ 4,037	\$ -	\$ -	\$ 104	\$ 3,128
Due to other funds.....	47,075	-	-	-	-	-
Notes payable.....	-	-	-	-	-	-
TOTAL LIABILITIES.....	54,374	4,037	-	-	104	3,128
FUND BALANCES						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	146,326	1,101,248	1,691,954	148,762	163,619	660,390
TOTAL FUND BALANCES.....	146,326	1,101,248	1,691,954	148,762	163,619	660,390
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 200,700	\$ 1,105,285	\$ 1,691,954	\$ 148,762	\$ 163,723	\$ 663,518

(Continued)

Special Revenue Funds			Capital Projects Funds				
School Revolving Funds	Receipts Reserved Fund	Sub-total	Land and Improvements	Buildings and Improvements	Roadway Improvements	Machinery and Equipment	Sub-total
\$ 1,289,519	\$ 220,935	\$ 5,133,438	\$ 79,290	\$ 927,525	\$ -	\$ 1,272,424	\$ 2,279,239
-	-	-	-	-	-	-	-
-	-	350,958	-	-	1,037,327	-	1,037,327
<u>\$ 1,289,519</u>	<u>\$ 220,935</u>	<u>\$ 5,484,396</u>	<u>\$ 79,290</u>	<u>\$ 927,525</u>	<u>\$ 1,037,327</u>	<u>\$ 1,272,424</u>	<u>\$ 3,316,566</u>
\$ 26,699	\$ -	\$ 41,267	\$ -	\$ 8,750	\$ 18,537	\$ 205,256	\$ 232,543
-	-	47,075	-	-	61,048	-	61,048
-	-	-	-	-	-	600,000	600,000
<u>26,699</u>	<u>-</u>	<u>88,342</u>	<u>-</u>	<u>8,750</u>	<u>79,585</u>	<u>805,256</u>	<u>893,591</u>
-	-	-	-	-	-	-	-
<u>1,262,820</u>	<u>220,935</u>	<u>5,396,054</u>	<u>79,290</u>	<u>918,775</u>	<u>957,742</u>	<u>467,168</u>	<u>2,422,975</u>
<u>1,262,820</u>	<u>220,935</u>	<u>5,396,054</u>	<u>79,290</u>	<u>918,775</u>	<u>957,742</u>	<u>467,168</u>	<u>2,422,975</u>
<u>\$ 1,289,519</u>	<u>\$ 220,935</u>	<u>\$ 5,484,396</u>	<u>\$ 79,290</u>	<u>\$ 927,525</u>	<u>\$ 1,037,327</u>	<u>\$ 1,272,424</u>	<u>\$ 3,316,566</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2016

	Permanent Funds				Total Nonmajor Governmental Funds
	Cemetery Trust Funds	Library Trust Funds	Other Trust Funds	Sub-total	
ASSETS					
Cash and cash equivalents.....	\$ 14,354	\$ 20,922	\$ 11,235	\$ 46,511	\$ 7,459,188
Investments.....	600,479	875,210	470,031	1,945,720	1,945,720
Receivables, net of uncollectibles:					
Intergovernmental.....	-	-	-	-	1,388,285
TOTAL ASSETS.....	\$ 614,833	\$ 896,132	\$ 481,266	\$ 1,992,231	\$ 10,793,193
LIABILITIES					
Warrants payable.....	\$ -	\$ -	\$ 36	\$ 36	\$ 273,846
Due to other funds.....	-	-	-	-	108,123
Notes payable.....	-	-	-	-	600,000
TOTAL LIABILITIES.....	-	-	36	36	981,969
FUND BALANCES					
Nonspendable.....	485,946	175,643	66,671	728,260	728,260
Restricted.....	128,887	720,489	414,559	1,263,935	9,082,964
TOTAL FUND BALANCES.....	614,833	896,132	481,230	1,992,195	9,811,224
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 614,833	\$ 896,132	\$ 481,266	\$ 1,992,231	\$ 10,793,193

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

YEAR ENDED JUNE 30, 2016

	Special Revenue Funds					
	Town Grants	School Grants	Town Gifts	School Gifts	School Lunch Fund	Town Revolving Funds
REVENUES:						
Intergovernmental.....	\$ 384,505	\$ 2,641,466	\$ -	\$ -	\$ 487,151	\$ 59,319
Departmental and other.....	-	18,920	-	-	774,478	551,455
Contributions.....	-	-	325,203	47,019	-	4,296
Interest income.....	-	-	-	50	32	215
TOTAL REVENUES.....	384,505	2,660,386	325,203	47,069	1,261,661	615,285
EXPENDITURES:						
Current:						
General government.....	198,485	-	157,354	4,030	-	295,170
Public safety.....	89,608	-	39,374	-	-	62,805
Public education.....	-	2,498,364	-	31,560	1,296,397	-
Public works.....	-	-	-	-	-	-
Health and human services.....	63,302	4,672	37,130	-	-	29,775
Culture and recreation.....	23,838	-	-	-	-	330,609
TOTAL EXPENDITURES.....	375,233	2,503,036	233,858	35,590	1,296,397	718,359
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	9,272	157,350	91,345	11,479	(34,736)	(103,074)
OTHER FINANCING SOURCES (USES):						
Issuance of long-term debt.....	-	-	-	-	-	-
Transfers in.....	-	141	-	-	-	7,696
Transfers out.....	(27,260)	(470)	-	-	-	(47,741)
TOTAL OTHER FINANCING SOURCES (USES).....	(27,260)	(329)	-	-	-	(40,045)
NET CHANGE IN FUND BALANCES.....	(17,988)	157,021	91,345	11,479	(34,736)	(143,119)
FUND BALANCES AT BEGINNING OF YEAR.....	164,314	944,227	1,600,609	137,283	198,355	803,509
FUND BALANCES AT END OF YEAR.....	\$ 146,326	\$ 1,101,248	\$ 1,691,954	\$ 148,762	\$ 163,619	\$ 660,390

(Continued)

Special Revenue Funds			Capital Projects Funds				
School Revolving Funds	Receipts Reserved Fund	Sub-total	Land and Improvements	Buildings and Improvements	Roadway Improvements	Machinery and Equipment	Sub-total
\$ -	\$ -	\$ 3,572,441	\$ -	\$ -	\$ 1,037,327	\$ 117,127	\$ 1,154,454
1,154,606	52,506	2,551,965	-	-	-	-	-
-	-	376,518	-	-	-	-	-
-	-	297	-	-	-	-	-
<u>1,154,606</u>	<u>52,506</u>	<u>6,501,221</u>	<u>-</u>	<u>-</u>	<u>1,037,327</u>	<u>117,127</u>	<u>1,154,454</u>
-	909	655,948	-	3,123	-	190,381	193,504
-	-	191,787	-	-	-	324,126	324,126
1,313,568	-	5,139,889	-	303,348	-	307,710	611,058
-	-	-	9,046	-	2,929,962	280,025	3,219,033
-	-	134,879	-	-	-	-	-
-	-	354,447	1,550	-	-	2,021	3,571
<u>1,313,568</u>	<u>909</u>	<u>6,476,950</u>	<u>10,596</u>	<u>306,471</u>	<u>2,929,962</u>	<u>1,104,263</u>	<u>4,351,292</u>
<u>(158,962)</u>	<u>51,597</u>	<u>24,271</u>	<u>(10,596)</u>	<u>(306,471)</u>	<u>(1,892,635)</u>	<u>(987,136)</u>	<u>(3,196,838)</u>
-	-	-	-	200,000	2,400,000	568,692	3,168,692
-	-	7,837	-	300,000	56,481	433,931	790,412
<u>(2,985)</u>	<u>-</u>	<u>(78,456)</u>	<u>-</u>	<u>(191,045)</u>	<u>-</u>	<u>-</u>	<u>(191,045)</u>
<u>(2,985)</u>	<u>-</u>	<u>(70,619)</u>	<u>-</u>	<u>308,955</u>	<u>2,456,481</u>	<u>1,002,623</u>	<u>3,768,059</u>
(161,947)	51,597	(46,348)	(10,596)	2,484	563,846	15,487	571,221
<u>1,424,767</u>	<u>169,338</u>	<u>5,442,402</u>	<u>89,886</u>	<u>916,291</u>	<u>393,896</u>	<u>451,681</u>	<u>1,851,754</u>
<u>\$ 1,262,820</u>	<u>\$ 220,935</u>	<u>\$ 5,396,054</u>	<u>\$ 79,290</u>	<u>\$ 918,775</u>	<u>\$ 957,742</u>	<u>\$ 467,168</u>	<u>\$ 2,422,975</u>

(Continued)

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

YEAR ENDED JUNE 30, 2016

	<u>Permanent Funds</u>				Total Nonmajor Governmental Funds
	Cemetery Trust Funds	Library Trust Funds	Other Trust Funds	Sub-total	
REVENUES:					
Intergovernmental.....	\$ -	\$ -	\$ -	\$ -	\$ 4,726,895
Departmental and other.....	-	-	-	-	2,551,965
Contributions.....	6,550	-	6,891	13,441	389,959
Interest income.....	16,029	26,601	13,504	56,134	56,431
TOTAL REVENUES.....	22,579	26,601	20,395	69,575	7,725,250
EXPENDITURES:					
Current:					
General government.....	-	-	-	-	849,452
Public safety.....	-	-	3,650	3,650	519,563
Public education.....	-	-	-	-	5,750,947
Public works.....	-	-	70	70	3,219,103
Health and human services.....	-	-	-	-	134,879
Culture and recreation.....	-	-	-	-	358,018
TOTAL EXPENDITURES.....	-	-	3,720	3,720	10,831,962
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	22,579	26,601	16,675	65,855	(3,106,712)
OTHER FINANCING SOURCES (USES):					
Issuance of long-term debt.....	-	-	-	-	3,168,692
Transfers in.....	-	-	-	-	798,249
Transfers out.....	-	-	-	-	(269,501)
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	-	-	3,697,440
NET CHANGE IN FUND BALANCES.....	22,579	26,601	16,675	65,855	590,728
FUND BALANCES AT BEGINNING OF YEAR.....	592,254	869,531	464,555	1,926,340	9,220,496
FUND BALANCES AT END OF YEAR.....	\$ 614,833	\$ 896,132	\$ 481,230	\$ 1,992,195	\$ 9,811,224

(Concluded)

Fiduciary Funds

Agency Fund – This fund is used to account for payroll withholdings and other amounts held in a fiduciary capacity for nongovernmental purposes.

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2016

	<u>Agency Accounts July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Agency Accounts June 30, 2016</u>
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 1,145,857	\$ 2,978,573	\$ (3,148,639)	\$ 975,791
Departmental and other receivables.....	<u>179,625</u>	<u>57,366</u>	<u>(84,160)</u>	<u>152,831</u>
TOTAL ASSETS.....	<u>\$ 1,325,482</u>	<u>\$ 3,035,939</u>	<u>\$ (3,232,799)</u>	<u>\$ 1,128,622</u>
LIABILITIES				
Liabilities due depositors.....	<u>\$ 1,325,482</u>	<u>\$ 3,035,939</u>	<u>\$ (3,232,799)</u>	<u>\$ 1,128,622</u>

Statistical Section



Courtesy of Kerry Hawkins Photo and Design

Flag Day Parade at Oakdale Square

Statistical Section

This part of the Town of Dedham'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.

Financial Trends

- 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

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

Debt Capacity

- 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

- 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

- 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 audited financial reports for the relevant year.

**Net Position By Component
Last Ten Years**

	<u>2007</u>	<u>2008 (1)</u>	<u>2009</u>	<u>2010 (2)</u>
Governmental activities				
Net investment in capital assets.....	\$ 51,870,735	\$ 50,904,656	\$ 52,384,685	\$ 49,775,353
Restricted.....	7,971,185	3,823,701	3,987,014	13,115,396
Unrestricted.....	<u>10,802,972</u>	<u>13,562,033</u>	<u>9,095,390</u>	<u>6,464,917</u>
Total governmental activities net position.....	<u>\$ 70,644,892</u>	<u>\$ 68,290,390</u>	<u>\$ 65,467,089</u>	<u>\$ 69,355,666</u>
Business-type activities				
Net investment in capital assets.....	\$ -	\$ 5,693,204	\$ 7,453,124	\$ 7,381,486
Unrestricted.....	<u>-</u>	<u>3,742,039</u>	<u>4,139,374</u>	<u>10,114,947</u>
Total business-type activities net position.....	<u>\$ -</u>	<u>\$ 9,435,243</u>	<u>\$ 11,592,498</u>	<u>\$ 17,496,433</u>
Primary government				
Net investment in capital assets.....	\$ 51,870,735	\$ 56,597,860	\$ 59,837,809	\$ 57,156,839
Restricted.....	7,971,185	3,823,701	3,987,014	13,115,396
Unrestricted.....	<u>10,802,972</u>	<u>17,304,072</u>	<u>13,234,764</u>	<u>16,579,864</u>
Total primary government net position.....	<u>\$ 70,644,892</u>	<u>\$ 77,725,633</u>	<u>\$ 77,059,587</u>	<u>\$ 86,852,099</u>

(Continued)

- (1) In 2008, the Town elected to report the activities of its sewer department as a business-type activity. As a result, a prior period restatement was required to reduce the governmental activities statement of net position beginning balance by \$6,057,887 and increase the business-type activities statement of net position beginning balance by \$6,161,381 as of July 1, 2007.
- (2) In 2010, the Town reviewed its sewer usage billing practices. As a result a prior period restatement to reflect earned but unbilled charges was required to increase the business-type activities statement of net position beginning balance by \$3,498,829 as of July 1, 2009.
- (3) In 2011, the Town adjusted its estimate for recording compensated absences due to employees. This resulted in a benefit of \$600,000 that was recorded as a prior period restatement increasing governmental activities beginning balances as of July 1, 2010. In addition, the Town also reviewed all of its Trust Fund agreements and determined that \$1,607,075 were more properly categorized as fiduciary and therefore were reclassified as private purpose trust funds. Of this amount, \$1,403,793 related to the Town adopting OPEB Trust and the remainder related to poor funds and scholarship funds that are considered private purpose funds. This resulted in a prior period restatement decreasing governmental activities' beginning balances as of July 1, 2010. The aggregate impact to governmental activities' beginning net position as of July 1, 2010 was a decrease of \$1,007,075.
- (4) In 2013, the Town adjusted its estimate of unbilled sewer usage charges, which resulted in a decrease to its beginning net position as of July 1, 2012 of \$584,140.
- (5) In 2014, the Town restated its business-type activity beginning net position for capital assets that were not recorded in prior years, which resulted in an increase of \$1,289,477 to its beginning net position.
- (6) The 2014 unrestricted net position for governmental activities has been revised due to the implementation of GASB Statements #68 and #71.

<u>2011 (3)</u>	<u>2012</u>	<u>2013 (4)</u>	<u>2014 (5) & (6)</u>	<u>2015</u>	<u>2016</u>
\$ 55,971,463	\$ 70,945,301	\$ 74,967,068	\$ 74,333,335	\$ 75,778,459	\$ 74,335,822
13,163,552	6,908,583	8,973,983	4,987,798	4,772,773	5,080,485
<u>7,063,113</u>	<u>11,195,528</u>	<u>11,191,965</u>	<u>24,868,411</u>	<u>16,745,818</u>	<u>23,863,133</u>
<u>\$ 76,198,128</u>	<u>\$ 89,049,412</u>	<u>\$ 95,133,016</u>	<u>\$ 104,189,544</u>	<u>\$ 97,297,050</u>	<u>\$ 103,279,440</u>
\$ 8,831,268	\$ 11,061,349	\$ 10,563,015	\$ 14,327,266	\$ 15,737,411	\$ 18,135,704
<u>10,269,669</u>	<u>10,746,685</u>	<u>11,430,629</u>	<u>10,510,375</u>	<u>9,275,326</u>	<u>10,459,155</u>
<u>\$ 19,100,937</u>	<u>\$ 21,808,034</u>	<u>\$ 21,993,644</u>	<u>\$ 24,837,641</u>	<u>\$ 25,012,737</u>	<u>\$ 28,594,859</u>
\$ 64,802,731	\$ 82,006,650	\$ 85,530,083	\$ 88,660,601	\$ 91,515,870	\$ 92,471,526
13,163,552	6,908,583	8,973,983	4,987,798	4,772,773	5,080,485
<u>17,332,782</u>	<u>21,942,213</u>	<u>22,622,594</u>	<u>35,378,786</u>	<u>26,021,144</u>	<u>34,322,288</u>
<u>\$ 95,299,065</u>	<u>\$ 110,857,446</u>	<u>\$ 117,126,660</u>	<u>\$ 129,027,185</u>	<u>\$ 122,309,787</u>	<u>\$ 131,874,299</u>

(Concluded)

**Changes in Net Position
Last Ten Years**

	2007	2008 (1)	2009	2010
Expenses				
Governmental activities:				
General government.....	\$ 5,836,738	\$ 6,482,125	\$ 6,712,019	\$ 7,455,799
Public safety.....	15,636,464	14,898,467	16,885,045	16,349,388
Education.....	44,680,463	48,501,891	53,913,557	52,733,810
Public works.....	13,597,213	8,462,729	8,495,852	8,796,971
Health and human services.....	807,873	830,625	1,147,489	1,156,051
Culture and recreation.....	3,413,472	3,520,855	3,551,307	3,139,413
Interest.....	1,356,827	1,358,707	1,512,923	1,433,392
	<u>85,329,050</u>	<u>84,055,399</u>	<u>92,218,192</u>	<u>91,064,824</u>
Business-type activities:				
Sewer.....	-	4,877,909	5,369,806	5,096,758
Endicott Estate.....	-	-	-	-
	<u>-</u>	<u>4,877,909</u>	<u>5,369,806</u>	<u>5,096,758</u>
Total primary government expenses.....	<u>\$ 85,329,050</u>	<u>\$ 88,933,308</u>	<u>\$ 97,587,998</u>	<u>\$ 96,161,582</u>
Program Revenues				
Governmental activities:				
General government.....	\$ 560,179	\$ 4,641,660	\$ 3,185,547	\$ 741,943
Public safety.....	2,844,670	694,261	29,465	1,754,489
Education.....	2,381,443	1,896,888	1,772,855	2,118,664
Public works.....	6,658,463	94,180	93,258	138,400
Health and human services.....	17,802	171,750	158,657	198,859
Culture and recreation.....	379,720	316,650	320,949	491,232
Operating grants and contributions.....	13,482,363	12,903,208	14,463,371	14,200,975
Capital grants and contributions.....	1,993,200	912,475	2,172,371	2,368,219
	<u>28,317,840</u>	<u>21,631,072</u>	<u>22,196,473</u>	<u>22,012,781</u>
Business-type activities:				
Charge for services.....	-	7,188,754	7,214,875	7,654,800
Operating grants and contributions.....	-	346,875	83,854	17,821
Capital grants and contributions.....	-	-	-	-
	<u>-</u>	<u>7,535,629</u>	<u>7,298,729</u>	<u>7,672,621</u>
Total primary government program revenues.....	<u>\$ 28,317,840</u>	<u>\$ 29,166,701</u>	<u>\$ 29,495,202</u>	<u>\$ 29,685,402</u>

(Continued)

- (1) In 2008, the Town modified its financial reporting of its sewer operations and reclassified the financial position and results of operations of its sewer operations from public works in its government activities to business-type activities.
- (2) Prior to 2011, the Town, in accordance with Department of Revenue oversight, considered hotel/motel tax and meals tax collections to be part of the motor vehicle and other excise tax category.
- (3) In 2016, the Town established the Endicott Estate enterprise fund.

	2011	2012	2013	2014	2015	2016 (3)
\$	7,187,256	\$ 7,144,072	\$ 8,576,777	\$ 8,933,404	\$ 9,213,762	\$ 9,895,257
	17,524,157	16,505,620	16,223,866	16,283,890	16,073,950	16,397,639
	53,013,845	57,609,327	59,992,955	60,660,525	58,821,863	63,663,385
	10,352,050	8,640,310	10,593,671	9,867,811	10,694,480	9,743,512
	1,300,046	1,293,813	1,333,425	1,426,511	1,407,928	1,607,696
	4,391,573	3,216,271	3,264,258	3,185,169	3,181,678	3,043,349
	1,555,138	1,858,222	1,782,917	1,629,350	1,411,829	1,675,411
	<u>95,324,065</u>	<u>96,267,635</u>	<u>101,767,869</u>	<u>101,986,660</u>	<u>100,805,490</u>	<u>106,026,249</u>
	5,645,902	5,310,034	5,442,503	5,488,730	5,783,229	5,766,409
	-	-	-	-	-	281,150
	<u>5,645,902</u>	<u>5,310,034</u>	<u>5,442,503</u>	<u>5,488,730</u>	<u>5,783,229</u>	<u>6,047,559</u>
\$	<u>100,969,967</u>	<u>101,577,669</u>	<u>107,210,372</u>	<u>107,475,390</u>	<u>106,588,719</u>	<u>112,073,808</u>
\$	866,660	\$ 521,601	\$ 705,729	\$ 871,069	\$ 1,749,713	\$ 967,506
	1,097,670	1,109,683	1,156,597	947,966	1,450,133	1,907,041
	2,030,420	2,314,003	2,415,302	2,270,306	2,032,470	1,936,319
	139,396	226,893	48,673	148,978	133,983	62,571
	197,170	217,543	113,926	318,813	181,192	196,789
	610,267	516,599	633,245	662,126	689,088	325,222
	14,807,668	15,443,557	15,464,617	15,558,347	11,514,258	14,404,503
	5,108,943	7,200,151	2,190,370	856,405	1,503,681	1,092,587
	<u>24,858,194</u>	<u>27,550,030</u>	<u>22,728,459</u>	<u>21,634,010</u>	<u>19,254,518</u>	<u>20,892,538</u>
	7,476,467	8,409,004	7,684,458	7,684,973	7,598,905	8,323,701
	52,146	38,227	82,589	37,454	35,087	29,718
	-	-	212,850	-	684,750	684,750
	<u>7,528,613</u>	<u>8,447,231</u>	<u>7,979,897</u>	<u>7,722,427</u>	<u>8,318,742</u>	<u>9,038,169</u>
\$	<u>32,386,807</u>	<u>35,997,261</u>	<u>30,708,356</u>	<u>29,356,437</u>	<u>27,573,260</u>	<u>29,930,707</u>

(Continued)

**Changes in Net Position
Last Ten Years**

	<u>2007</u>	<u>2008 (1)</u>	<u>2009</u>	<u>2010</u>
Net (Expense)/Revenue				
Governmental activities.....	\$ (57,011,210)	\$ (62,424,327)	\$ (70,021,719)	\$ (69,052,043)
Business-type activities.....	-	2,657,720	1,928,923	2,575,863
Total primary government net expense.....	<u>\$ (57,011,210)</u>	<u>\$ (59,766,607)</u>	<u>\$ (68,092,796)</u>	<u>\$ (66,476,180)</u>
General Revenues and other Changes in Net Position				
Governmental activities:				
Real estate and personal property taxes, net of tax refunds payable.....	\$ 54,614,942	\$ 57,131,569	\$ 60,306,299	\$ 65,728,908
Tax liens.....	-	-	-	-
Motor vehicle and other excise taxes.....	3,358,437	3,518,419	3,462,324	2,941,257
Hotel/motel tax.....	-	-	-	-
Meals tax.....	-	-	-	-
Penalties and interest on taxes.....	492,860	353,259	329,453	345,255
Payments in lieu of taxes.....	-	-	-	-
Grants and contributions not restricted to specific programs.....	4,680,383	4,218,553	2,780,778	2,889,606
Unrestricted investment income.....	920,567	1,076,108	547,896	583,957
Transfers.....	-	(170,196)	(228,332)	451,637
Total governmental activities.....	<u>64,067,189</u>	<u>66,127,712</u>	<u>67,198,418</u>	<u>72,940,620</u>
Business-type activities:				
Grants and contributions not restricted to specific programs.....	-	434,522	-	280,880
Unrestricted investment income.....	-	11,424	-	-
Transfers.....	-	170,196	228,332	(451,637)
Total business type activities.....	<u>-</u>	<u>616,142</u>	<u>228,332</u>	<u>(170,757)</u>
Total primary government general revenues and other changes in net position.....	<u>\$ 64,067,189</u>	<u>\$ 66,743,854</u>	<u>\$ 67,426,750</u>	<u>\$ 72,769,863</u>
Changes in Net Position				
Governmental activities.....	\$ 7,055,979	\$ 3,703,385	\$ (2,823,301)	\$ 3,888,577
Business-type activities.....	-	3,273,862	2,157,255	2,405,106
Total primary government.....	<u>\$ 7,055,979</u>	<u>\$ 6,977,247</u>	<u>\$ (666,046)</u>	<u>\$ 6,293,683</u>

(Continued)

- (1) In 2008, the Town modified its financial reporting of its sewer operations and reclassified the financial position and results of operations of its sewer operations from public works in its government activities to business-type activities.
- (2) Prior to 2011, the Town, in accordance with Department of Revenue oversight, considered hotel/motel tax and meals tax collections to be part of the motor vehicle and other excise tax category.
- (3) In 2016, the Town established the Endicott Estate enterprise fund.

2011	2012	2013	2014	2015	2016 (3)
\$ (70,465,871)	\$ (68,717,605)	\$ (79,039,410)	\$ (80,352,650)	\$ (81,550,972)	\$ (85,133,711)
<u>1,882,711</u>	<u>3,137,197</u>	<u>2,537,394</u>	<u>2,233,697</u>	<u>2,535,513</u>	<u>2,990,610</u>
<u>\$ (68,583,160)</u>	<u>\$ (65,580,408)</u>	<u>\$ (76,502,016)</u>	<u>\$ (78,118,953)</u>	<u>\$ (79,015,459)</u>	<u>\$ (82,143,101)</u>

\$ 69,653,675	\$ 72,965,354	\$ 76,993,771	\$ 78,692,616	\$ 78,571,596	\$ 79,171,605
-	-	-	355,426	1,875,713	1,804,992
4,543,269	4,449,942	3,041,377	3,401,778	3,416,160	3,674,075
-	-	315,907	1,187,574	1,395,840	1,487,976
-	-	813,338	828,669	860,026	870,316
296,259	345,562	344,787	585,132	656,738	548,701
-	-	-	-	934	291
2,736,500	2,765,940	2,737,462	3,139,624	3,202,367	3,255,520
807,498	611,980	398,380	510,602	380,238	884,474
<u>278,207</u>	<u>430,112</u>	<u>478,192</u>	<u>679,977</u>	<u>2,361,107</u>	<u>(591,512)</u>
<u>78,315,408</u>	<u>81,568,890</u>	<u>85,123,214</u>	<u>89,381,398</u>	<u>92,720,719</u>	<u>91,106,438</u>

-	-	-	-	-	-
-	11	25	800	690	-
<u>(278,207)</u>	<u>(430,112)</u>	<u>(478,192)</u>	<u>(679,977)</u>	<u>(2,361,107)</u>	<u>591,512</u>
<u>(278,207)</u>	<u>(430,101)</u>	<u>(478,167)</u>	<u>(679,177)</u>	<u>(2,360,417)</u>	<u>591,512</u>

<u>\$ 78,037,201</u>	<u>\$ 81,138,789</u>	<u>\$ 84,645,047</u>	<u>\$ 88,702,221</u>	<u>\$ 90,360,302</u>	<u>\$ 91,697,950</u>
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\$ 7,849,537	\$ 12,851,285	\$ 6,083,804	\$ 9,028,748	\$ 11,169,747	\$ 5,972,727
<u>1,604,504</u>	<u>2,707,096</u>	<u>2,059,227</u>	<u>1,554,520</u>	<u>175,096</u>	<u>3,582,122</u>

<u>\$ 9,454,041</u>	<u>\$ 15,558,381</u>	<u>\$ 8,143,031</u>	<u>\$ 10,583,268</u>	<u>\$ 11,344,843</u>	<u>\$ 9,554,849</u>
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(Concluded)

**Fund Balances, Governmental Funds
Last Ten Years**

	2007	2008 (1)	2009	2010
General Fund				
Restricted.....	\$ -	\$ -	\$ -	-
Committed.....	-	-	600,000	1,725,257
Assigned.....	2,316,412	1,632,260	3,122,376	2,084,712
Unassigned.....	6,564,592	8,918,431	6,983,518	8,929,306
Total general fund.....	\$ 8,881,004	\$ 10,550,691	\$ 10,705,894	\$ 12,739,275
All Other Governmental Funds				
Nonspendable.....	\$ 670,290	\$ 700,265	\$ 726,715	\$ 748,915
Restricted.....	8,546,165	4,897,481	5,007,551	9,277,010
Unassigned.....	(4,144,145)	(402,403)	-	-
Total all other governmental funds.....	\$ 5,072,310	\$ 5,195,343	\$ 5,734,266	\$ 10,025,925

(Continued)

- (1) In 2008 the Town made several prior period restatements. These included the election to account for its sewer activities as a proprietary fund; the recording of receivables related to a major school renovation; the treatment of short-term debt as long-term and several other minor restatements. The cumulative result of all the restatements was to increase Other Governmental Fund balances by \$2,486,724 as of July 1, 2007.

- (2) In 2011, the Town reviewed all of its trust fund agreements and also elected legislation to create an OPEB trust fund. It was determined that \$203,282 of trust funds represented poor and scholarship accounts and would be more properly classified as fiduciary funds. Accordingly these were recorded as part of the private purpose funds. In addition, the OPEB trust fund in the amount of \$1,403,793 was also reported as a fiduciary fund due to adoption of the legislation. The cumulative result of these restatements was to decrease the General Fund balance by \$1,403,793 and the Other Governmental Fund Balances by \$203,282.

	<u>2011 (2)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$	572,271	\$ 857,469	\$ 450,779	\$ -	\$ -	\$ -
	1,885,966	3,133,729	4,938,065	1,365,378	844,518	792,356
	2,281,430	2,973,705	1,716,512	1,963,577	6,530,614	11,276,770
	<u>9,560,722</u>	<u>11,016,182</u>	<u>14,067,643</u>	<u>24,935,383</u>	<u>29,669,754</u>	<u>29,673,739</u>
\$	<u><u>14,300,389</u></u>	<u><u>17,981,085</u></u>	<u><u>21,172,999</u></u>	<u><u>28,264,338</u></u>	<u><u>37,044,886</u></u>	<u><u>41,742,865</u></u>
\$	768,590	\$ 782,615	\$ 796,915	\$ 894,421	\$ 793,815	\$ 728,260
	9,772,714	6,125,968	8,710,556	9,271,805	9,774,616	9,082,964
	<u>(159,362)</u>	<u>(528,119)</u>	<u>(60,283)</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u><u>10,381,942</u></u>	<u><u>6,380,464</u></u>	<u><u>9,447,188</u></u>	<u><u>10,166,226</u></u>	<u><u>10,568,431</u></u>	<u><u>9,811,224</u></u>

(Concluded)

**Changes in Fund Balances, Governmental Funds
Last Ten Years**

	2007	2008 (1)	2009
Revenues:			
Real estate and personal property taxes, net of tax refunds.....	\$ 54,437,494	\$ 56,793,154	\$ 60,019,839
(2) Tax liens.....	-	-	-
Motor vehicle and other excise taxes.....	3,358,437	3,388,468	3,433,110
(2) Payment in lieu of taxes.....	-	-	-
Penalties and interest on taxes.....	492,860	353,259	329,453
Licenses and permits.....	213,000	4,052,735	2,449,238
(2) Fines and forfeitures.....	-	-	-
Intergovernmental.....	17,310,474	17,111,710	19,111,853
Departmental and other.....	15,026,156	3,841,658	3,367,924
Contributions.....	448,594	485,645	304,667
Investment income.....	920,567	1,076,108	547,896
	92,207,582	87,102,737	89,563,980
Total Revenues.....			
Expenditures:			
General government.....	4,201,229	4,090,528	4,648,871
Public safety.....	11,971,812	10,756,822	11,086,484
Education.....	31,206,612	33,239,793	36,624,106
Public works.....	10,243,500	9,322,677	6,031,550
Health and human services.....	843,934	814,332	788,797
Culture and recreation.....	2,291,883	2,046,329	2,485,021
Pension and fringe benefits.....	15,036,688	16,107,081	17,230,690
State and county charges.....	2,221,627	2,213,537	2,318,484
Capital outlay and other.....	17,873,900	8,299,197	7,157,524
Debt service:			
Principal.....	3,147,453	3,561,729	3,906,728
Interest.....	1,356,827	1,364,521	1,503,267
	100,395,465	91,816,546	93,781,522
Total Expenditures.....			
Excess of revenues over (under) expenditures.....	(8,187,883)	(4,713,809)	(4,217,542)
Other Financing Sources (Uses)			
Issuance of bonds and notes.....	9,985,729	4,190,000	5,140,000
Premium from issuance of bonds.....	-	-	-
Transfers in.....	-	1,977,802	1,574,076
Transfers out.....	-	(2,147,998)	(1,802,408)
	9,985,729	4,019,804	4,911,668
Total other financing sources (uses).....			
Net change in fund balance.....	\$ 1,797,846	\$ (694,005)	\$ 694,126
Debt service as a percentage of noncapital expenditures.....	5.46%	5.90%	6.25%

(Continued)

(1) In 2008, the Town modified its financial reporting of its sewer operations and reclassified the financial position and results of operations of its sewer operations from public works in its governmental funds to a proprietary fund.

(2) Prior to 2014, tax liens and payments in lieu of taxes were reported as real estate and personal property taxes. Additionally, fines and forfeitures were reported as departmental and other revenues.

	2010	2011	2012	2013	2014	2015	2016
\$	64,823,037	\$ 69,152,109	\$ 72,986,435	\$ 76,448,797	\$ 79,137,319	\$ 79,916,907	\$ 79,902,404
	-	-	-	-	200,981	269,413	564,136
	2,987,651	4,454,360	4,466,321	4,224,173	5,445,337	5,859,391	6,122,244
	-	-	-	-	27,780	28,714	291
	345,255	296,259	345,562	344,787	585,132	656,738	548,701
	1,437,306	978,860	970,991	989,430	859,374	1,375,299	1,816,602
	-	-	-	-	180,097	97,452	89,396
	17,640,910	21,785,069	24,719,530	19,897,642	18,690,605	15,601,714	18,680,689
	3,867,015	4,082,789	4,011,738	4,336,189	4,481,537	4,754,491	3,592,592
	1,817,890	753,597	531,787	450,855	564,880	296,504	389,959
	583,957	439,927	573,233	398,380	510,602	380,238	884,474
	<u>93,503,021</u>	<u>101,942,970</u>	<u>108,605,597</u>	<u>107,090,253</u>	<u>110,683,644</u>	<u>109,236,861</u>	<u>112,591,488</u>
	5,378,583	4,886,067	4,622,485	5,494,350	5,991,113	6,708,315	7,144,636
	10,765,927	11,955,740	11,332,964	11,120,678	11,712,788	12,050,599	12,128,514
	36,694,551	35,584,639	37,973,487	40,590,610	41,811,603	46,542,607	51,425,188
	6,247,224	7,645,903	7,172,931	8,578,740	6,896,867	7,466,215	6,252,586
	837,605	862,411	844,790	937,300	1,016,686	1,059,331	1,156,673
	2,219,390	3,397,035	2,277,109	2,226,395	2,420,484	2,407,798	2,302,116
	18,182,453	20,358,753	21,215,130	21,858,995	22,234,425	15,105,891	16,506,963
	2,596,530	2,397,937	2,335,196	2,369,851	2,396,658	2,481,421	2,477,739
	6,132,142	22,606,961	20,106,394	6,994,455	5,676,752	12,146,745	6,341,104
	5,021,729	5,276,229	6,236,728	6,341,729	6,159,729	5,980,831	6,123,451
	1,647,984	1,555,138	1,858,222	1,899,555	1,759,699	1,697,913	1,772,943
	<u>95,724,118</u>	<u>116,526,813</u>	<u>115,975,436</u>	<u>108,412,658</u>	<u>108,076,804</u>	<u>113,647,666</u>	<u>113,631,913</u>
	<u>(2,221,097)</u>	<u>(14,583,843)</u>	<u>(7,369,839)</u>	<u>(1,322,405)</u>	<u>2,606,840</u>	<u>(4,410,805)</u>	<u>(1,040,425)</u>
	8,094,500	17,344,842	6,295,000	6,988,000	4,523,560	11,057,270	20,568,692
	-	485,000	323,945	114,851	-	175,181	644,847
	3,225,257	3,174,097	3,266,787	3,523,044	2,491,371	6,506,648	1,842,343
	<u>(2,773,620)</u>	<u>(2,895,890)</u>	<u>(2,836,675)</u>	<u>(3,044,852)</u>	<u>(1,811,394)</u>	<u>(4,145,541)</u>	<u>(1,411,121)</u>
	<u>8,546,137</u>	<u>18,108,049</u>	<u>7,049,057</u>	<u>7,581,043</u>	<u>5,203,537</u>	<u>13,593,558</u>	<u>21,644,761</u>
\$	<u>6,325,040</u>	<u>3,524,206</u>	<u>(320,782)</u>	<u>6,258,638</u>	<u>7,810,377</u>	<u>9,182,753</u>	<u>20,604,336</u>
	7.44%	7.27%	8.44%	8.13%	7.73%	7.57%	7.36%

(Concluded)

**Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates
Last Ten Years**

Year	Assessed and Actual Values and Tax Rates										
	Residential Value	Residential Tax Rate	Residential % of Total Value	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Commercial % of Total Value	Total Direct Rate	Total Town Value
2007	(1) \$ 3,556,431,280	\$ 10.93	83.60%	\$ 542,931,020	\$ 41,240,700	113,549,940	\$ 697,721,660	\$ 23.89	16.40%	\$ 13.06	\$ 4,254,152,940
2008	3,351,352,480	12.05	82.18%	571,042,620	38,059,800	117,387,370	726,489,790	25.18	17.82%	14.39	4,077,842,270
2009	3,340,893,561	12.62	82.04%	577,925,139	35,523,600	118,048,860	731,497,599	26.43	17.96%	15.10	4,072,391,160
2010	(1) 3,239,639,379	13.57	80.87%	607,473,987	44,401,980	114,363,740	766,239,707	28.87	19.13%	16.50	4,005,879,086
2011	3,206,406,499	14.37	79.76%	650,558,181	39,420,220	123,811,820	813,790,221	31.06	20.24%	17.75	4,020,196,720
2012	3,109,065,167	15.43	79.06%	656,519,213	39,588,320	127,147,780	823,255,313	32.20	20.94%	18.94	3,932,320,480
2013	(1) 3,134,309,527	15.79	79.29%	658,879,273	40,010,900	120,007,710	818,897,883	34.37	20.71%	19.64	3,953,207,410
2014	3,214,058,863	16.08	79.83%	658,995,037	36,653,100	116,322,320	811,970,457	34.72	20.17%	19.84	4,026,029,320
2015	3,330,483,081	15.87	80.48%	661,372,619	33,981,500	112,195,780	807,549,899	33.95	19.52%	19.40	4,138,032,980
2016	(1) 3,487,624,988	15.49	80.73%	691,486,412	32,486,100	108,568,250	832,540,762	33.02	19.27%	18.87	4,320,165,750

(1) Revaluation year.

Source: Assessor's Department, Town of Dedham

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	2016			2007		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Legacy Place, LLC	Shopping Center/Mall	\$ 98,073,150	1	3.97%	\$ -	-	-
OCW Retail - Dedham, LLC	Shopping Center/Mall	57,981,400	2	2.35%	-	-	-
HRCA of Dedham Inc.	Apts/Assisted Living	89,156,300	3	1.69%	-	-	-
Eversource	Utility	39,574,280	4	1.60%	-	-	-
Federal Realty Investment	Shopping Center/Mall	33,153,900	5	1.34%	30,912,500	2	0.73%
National Amusements	Theater/Entertainment	27,641,000	6	1.12%	14,037,450	10	0.33%
Pearl Realty Trust	Retail	22,903,300	7	0.93%	24,544,700	5	0.58%
RAR2= Jefferson At Dedham	Apartment Complex	48,664,800	8	0.92%	-	-	-
Archstone Legacy Place	Apartment Complex	48,222,100	9	0.91%	-	-	-
DIV CMM Rustcraft	Office/Warehouse	16,750,000	10	0.68%	-	-	-
Thomas Flatley	Shopping Center/Mall	-	-	-	41,349,320	1	0.97%
Fox Television	Broadcasting	-	-	-	26,404,100	3	0.62%
Dedham Properties	Offices	-	-	-	24,865,100	4	0.58%
Liberty MA Portfolio	Office/Warehouse	-	-	-	21,507,200	6	0.51%
Lowe's Home Center	Retail	-	-	-	17,852,960	7	0.42%
P-LR 5A-LP	Hotel/Offices	-	-	-	17,579,800	8	0.41%
Towne-Lynn	Retail	-	-	-	17,477,190	9	0.41%
	Totals	\$ 482,120,230		15.51%	\$ 236,530,320		5.56%

Source: Official Statements

**Property Tax Levies and Collections
Last Ten Years**

Year	Total Tax Levy (1)	Less Abatements & Exemptions	Net Tax Levy (1)	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy (2)
2007	\$55,540,364	\$1,161,279	\$54,379,085	\$53,793,604	98.92%	\$498,227	\$54,291,831	99.84%
2008	\$58,676,810	\$1,182,158	\$57,494,652	\$56,546,016	98.35%	\$841,847	\$57,387,863	99.81%
2009	\$61,495,558	\$1,403,400	\$60,092,158	\$59,471,579	98.97%	\$443,415	\$59,914,994	99.71%
2010	\$66,083,247	\$1,850,167	\$64,233,080	\$64,493,926	100.41%	\$488,703	\$64,982,629	101.17%
2011	\$71,352,386	\$2,800,787	\$68,551,599	\$68,553,824	100.00%	\$895,359	\$69,449,183	101.31%
2012	\$74,481,697	\$1,947,191	\$72,534,506	\$73,079,651	100.75%	\$633,516	\$73,713,167	101.62%
2013	\$77,636,268	\$2,575,947	\$75,060,321	\$75,820,958	101.01%	\$586,607	\$76,407,565	101.79%
2014	\$79,873,681	\$2,275,432	\$77,598,249	\$77,968,654	100.48%	\$1,236,443	\$79,205,097	102.07%
2015	\$80,271,086	\$2,166,652	\$78,104,434	\$78,814,902	100.91%	\$1,470,113	\$80,285,016	102.79%
2016	\$81,513,807	\$1,795,999	\$79,717,808	\$79,831,976	100.14%	\$0	\$79,831,976	100.14%

Source: Accounting Records and Official Statements

(1) Includes tax liens.

(2) If the actual abatements and exemptions are lower than the reserve, the actual collections can exceed the net levy.

**Ratios of Outstanding Debt and General Bonded Debt
Last Ten Years**

Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities Debt			
				General Obligation Bonds	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2007	24,418	\$ 980,211,774	\$ 4,254,152,940	\$ 35,618,481	1,459	3.63%	0.84%
2008	24,779	954,090,616	4,077,842,270	37,509,003	1,514	3.93%	0.92%
2009	24,811	931,305,696	4,072,391,160	38,742,274	1,561	4.16%	0.95%
2010	24,775	1,033,662,550	4,005,879,086	41,815,045	1,688	4.05%	1.04%
2011	24,895	1,035,507,525	4,020,196,720	53,428,816	2,146	5.16%	1.33%
2012	24,895	1,032,345,860	3,932,320,480	53,487,088	2,149	5.18%	1.36%
2013	24,974	1,072,932,988	3,953,207,410	54,989,041	2,202	5.13%	1.39%
2014	25,299	1,086,895,638	4,026,029,320	53,222,523	2,104	4.90%	1.32%
2015	25,374	1,094,050,758	4,138,032,980	58,188,059	2,293	5.32%	1.41%
2016	25,473	1,126,950,993	4,320,165,750	72,646,671	2,852	6.45%	1.68%

Year	Business-type Activities (1)		Total Primary Government		
	General Obligation Bonds	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2007	\$ -	\$ 35,618,481	1,459	3.63%	0.84%
2008 (1)	5,266,377	42,775,380	1,726	4.48%	1.05%
2009	4,882,153	43,624,427	1,758	4.68%	1.07%
2010	4,580,317	46,395,362	1,873	4.49%	1.16%
2011	3,944,580	57,373,396	2,305	5.54%	1.43%
2012	3,381,500	56,868,588	2,284	5.51%	1.45%
2013	3,143,870	58,132,911	2,328	5.42%	1.47%
2014	2,607,080	55,829,603	2,207	5.14%	1.39%
2015	2,294,140	60,482,199	2,384	5.53%	1.46%
2016	1,780,085	74,426,756	2,922	6.60%	1.72%

(1) In 2008, the Town modified its financial reporting of its sewer operations and reclassified the financial position and results of operations of its sewer operations from public works in its governmental activities to business-type activities.

Source: U.S. Census, State Division of Local Services

Direct and Overlapping Governmental Activities Debt

As of June 30, 2016

<u>Town of Dedham, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Massachusetts Bay Transportation Authority.....	\$ 5,328,607,000	0.3320%	\$ 17,690,975
Town direct debt.....			<u>72,646,671</u>
Total direct and overlapping debt.....			<u>\$ 90,337,646</u>

Source: Official Statements, Accounting Records

Note: The estimated percentage applicable is based on the Town's weighted percentage of total population as provided in the enabling act.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the taxpayers of the Town. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Computation of Legal Debt Margin

Last Ten Years

(Amounts in thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Equalized Valuation.....	\$ 4,262,715	\$ 4,262,715	\$ 4,544,587	\$ 4,401,456	\$ 4,401,456	\$ 4,266,970	\$ 4,266,970	\$ 4,205,404	\$ 4,205,404	\$ 4,211,598
Debt Limit -5% of Equalized Valuation.....	213,136	213,136	227,229	220,073	220,073	213,349	213,349	210,270	210,270	210,580
Less:										
Outstanding debt applicable to limit.....	35,618	42,775	43,624	46,395	57,373	57,276	58,133	49,576	55,421	69,123
Authorized and unissued debt.....	11,030	5,230	6,645	36,510	19,844	24,064	19,681	34,256	25,458	39,158
Legal debt margin.....	<u>\$ 166,488</u>	<u>\$ 165,131</u>	<u>\$ 176,960</u>	<u>\$ 137,168</u>	<u>\$ 142,856</u>	<u>\$ 132,009</u>	<u>\$ 135,535</u>	<u>\$ 126,438</u>	<u>\$ 129,391</u>	<u>\$ 102,299</u>
Total debt applicable to the limit as a percentage of debt limit.....	21.89%	22.52%	22.12%	37.67%	35.09%	38.13%	36.47%	39.87%	38.46%	51.42%

Source: State Division of Local Services, Accounting Records

Demographic and Economic Statistics

Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2007	24,418	\$ 980,211,774	\$ 40,143	39.6	2,871	4.40%
2008	24,779	954,090,616	38,504	39.6	2,879	5.60%
2009	24,811	931,305,696	37,536	39.6	2,857	7.00%
2010	24,775	1,033,662,550	41,722	43.4	2,910	7.60%
2011	24,895	1,035,507,525	41,595	43.4	2,879	6.70%
2012	24,895	1,032,345,860	41,468	43.4	2,862	5.80%
2013	24,974	1,072,932,988	42,962	43.4	2,826	5.80%
2014	25,299	1,086,895,638	42,962	43.4	2,819	4.40%
2015	25,374	1,094,050,758	43,117	43.4	2,776	4.10%
2016	25,473	1,126,950,993	44,241	43.1	2,772	4.00%

Source: U. S. Census, Division of Local Services, Massachusetts Department of Elementary and Secondary Education

Note: Median age is based on most recent census data

Principal Employers
Current Year and Nine Years Ago

Employer	Nature of Business	2016			2007		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Legacy Place Lifestyle Center	Retail	1,750	1	10.95%	-	-	-
Newbridge on the Charles	Assisted Living/Nursing Home	650	2	4.07%	-	-	-
Dedham Medical Associates	Medical Center	500	3	3.13%	-	-	-
Norfolk County	County Government	500	3	3.13%	170	10	1.14%
General Dynamics	Technology	400	5	2.50%	-	-	-
Citizens Bank	Finance	350	6	2.19%	-	-	-
Whole Foods	Grocery/ Retail	300	7	1.88%	-	-	-
Sears, Roebuck & Co.	Retail	250	8	1.56%	250	1	1.68%
American Red Cross	Emergency Relief/Blood Bank	250	8	1.56%	250	1	1.68%
Dedham Executive Center	Office Complex	250	8	1.56%	-	-	-
Dedham Savings Bank	Banking	-	-	-	220	3	1.48%
Fox Television	Broadcasting	-	-	-	205	5	1.38%
Hilton at Dedham	Hotel	-	-	-	202	6	1.36%
Highgate Manor	Nursing Home	-	-	-	212	4	1.43%
Bank of America	Banking	-	-	-	200	7	1.35%
National Amusements, Inc.	Movie Theaters/ Executive Offices	-	-	-	200	7	-
Commonwealth of MA Court System	State Government	-	-	-	190	9	1.28%
	Total	5200		32.53%	2099		12.77%

Source: Official Statements

Note: Employers with same amount of employees are ranked equally.

Calendar Year Average

Full-time Equivalent Town Employees by Function

Last Ten Years

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government.....	35	37	37	35	37	64	67	65	65	63
Public safety.....	144	144	144	146	144	144	143	141	142	142
Education.....	491	486	509	460	518	497	502	518	518	520
Public works.....	23	24	24	22	24	24	24	28	28	28
Health and human services.....	14	14	14	4	14	14	14	14	14	14
Culture and recreation.....	28	27	27	40	26	26	25	27	27	27
Subtotal.....	<u>735</u>	<u>732</u>	<u>755</u>	<u>707</u>	<u>763</u>	<u>769</u>	<u>775</u>	<u>793</u>	<u>794</u>	<u>794</u>
Sewer.....	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
Total	<u><u>738</u></u>	<u><u>735</u></u>	<u><u>758</u></u>	<u><u>710</u></u>	<u><u>766</u></u>	<u><u>772</u></u>	<u><u>778</u></u>	<u><u>796</u></u>	<u><u>797</u></u>	<u><u>797</u></u>

Source: Town personnel records

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Town Clerk										
Registered Voters.....	15,020	16,522	16,211	16,688	16,799	17,825	17,930	18,147	17,498	18,924
Public Safety										
Police										
Criminal offenses										
Violent.....	96	72	124	110	124	83	68	78	22	13
Property.....	522	412	572	678	641	669	737	654	498	585
Total criminal offenses.....	618	484	696	788	765	752	805	732	520	598
Fire										
Incidents										
Fires.....	135	153	119	167	188	209	177	206	230	217
Non-fire incidents.....	3,986	4,157	3,496	4,166	4,290	4,081	4,246	4,203	4,568	4,352
Total fire calls.....	4,121	4,310	3,615	4,333	4,478	4,290	4,423	4,409	4,798	4,569
Inspectional Services										
Number of Building Permits.....	1,147	1,610	1,072	1,244	1,055	1,165	1,104	1,149	1,032	1,475
Education										
Number of students.....	2,871	2,879	2,857	2,910	2,903	2,864	2,829	2,819	2,776	2,747
Public Works										
Highway										
Roads paved (miles).....	2	8	4.5	2.5	6	4	4	11	8	4
Sewer										
Sanitary sewers replaced (miles).....	-	0.04	0.05	0.02	0.02	0.01	0.01	0.04	0.09	0.14
Health and Human Services										
Board of Health										
Inspections										
Food establishments.....	497	546	780	642	467	511	601	568	566	586
Other.....	280	291	217	258	194	241	259	366	417	348
Total Inspections.....	777	837	997	900	661	752	860	934	983	934
Culture and Recreation										
Libraries										
Circulation.....	257,397	268,736	251,387	293,895	278,085	138,732	140,195	137,891	146,186	137,326
Holdings.....	105,500	102,613	103,487	107,246	113,764	124,252	126,368	137,149	137,994	150,214
Total libraries.....	362,897	371,349	354,874	401,141	391,849	262,984	266,563	275,040	284,180	287,540

Source: Various Town Departments and State Websites.

Capital Asset Statistics by Function/Program

Last Ten Years

<u>Function/Program</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>	<u>2016</u>
General Government										
Number of buildings.....	18	18	18	18	18	18	18	18	18	18
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	2	2	2	2	2	2	2	2	2	2
Education										
Number of elementary schools.....	7	7	7	7	7	7	7	7	7	7
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										
Road miles.....	110	110	110	110	110	110	110	107	107	107
Sewer main lines (miles).....	118	118	118	118	118	118	118	95	95	95
Number of cemeteries.....	3	3	3	3	3	3	3	3	3	3
Culture and Recreation										
Number of libraries.....	2	2	2	2	2	2	2	2	2	2
Number of public parks.....	9	9	9	9	9	9	9	9	9	9

Source: Various Town Departments and State websites.