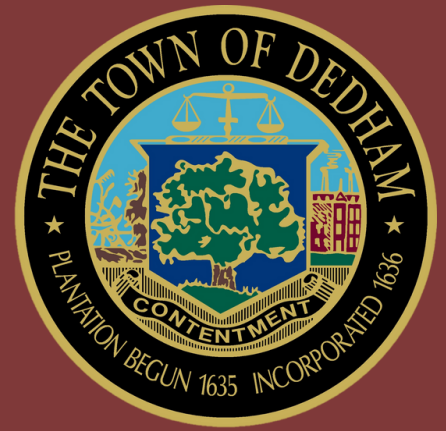


FINANCIAL NEWSLETTER

The official Financial Newsletter from the
Town of Dedham



INTRODUCING OUR NEW SERIES

The Town of Dedham has created a new, multi-part, newsletter series to help provide educational information and resources to breakdown and describe the municipal budgeting process. Included in this series will be details regarding timelines, parties involved, updated financial figures, where Dedham falls within the State of Massachusetts and among surrounding communities, and where to continue to find current and historical financial information for Dedham.

This updated Financial Newsletter will be shared on the Town website, sent out via email to our subscribers, and we will share announcements of the newsletters when published with local media.

The Town remains committed to keeping the community informed of Town services and finances, and hope this new information series proves to be a valued resource.

IN THIS ISSUE:

- Who's Who In the Budget Process
- Budget Timeline and Process Breakdown
- Recent Budget Updates
- Glossary of Terms
- In the Next Issue

About Dedham

- **Year Incorporated:**
1636
- **Total Area:** 10.6 sq. miles
- **Current Population:**
25,364 (2020 Census)
- **Public School Enrollment (2021-2022):**
2,567 (MA DESE)
- **S&P Credit Rating (2022):** AAA - Stable
- **Average Single Family Tax Bill (FY22):** \$7,980
- **Average Single Family Home Value (FY22):**
\$597,742

WHO'S WHO IN THE BUDGET PROCESS

Town Manager:

- Evaluates operating and capital budgets requested by the Superintendent of Schools and town departments
- Forecasts revenues from state and local sources
- Reviews capital requests with Capital Expenditures Committee
- Presents budget message and capital plan to Select Board

Finance Director:

- Supervises and coordinates all Town accounting and fiscal activities
- Reports to the Town Manager and is responsible for executing the Dedham's financial policies
- Coordinates the budget process, projects revenue and expenditures, and helps to develop the Town's Capital Improvement Plan

Assistant Town Manager:

- Works with Department Heads to finalize requests and plans for proposed budget
- Schedules public meetings for Capital Expenditure Committee and Finance & Warrant Committee
- Prepares Town Meeting Warrant Book for publication and distribution

Town Clerk:

- Chief Elections Officer for Dedham
- Staffs Town Meeting
- Posts official Town Meeting notices
- Records official minutes and vote counts

Department Heads & Superintendent:

- Review and analyze prior year results
- Prioritize goals, staffing, and other expenses for upcoming year
- Assess opportunities for efficiency gains

Select Board:

- Serve as the chief executive office of the Town, formulating policy directives and guidelines for all Town agencies, oversees licensing, and makes appointments to Town offices, boards, and committees

School Committee:

- Oversees Dedham's public schools by appointing leadership, reviewing and approving budgets, and setting school education goals and policies

Board of Assessors:

- An elected board made up of three members who oversee the annual valuation of real estate and personal property within Dedham for taxation purposes.
- Each year, the Board of Assessors present the town-wide valuation to the Select Board to vote on the tax classification for the next year.

Finance & Warrant Committee (FWC):

- Reviews all line items in proposed budget
- Ask questions of department heads and town manager
- Deliberates as a body and takes votes on operating and capital budgets
- Makes recommendations to Town Meeting

Capital Expenditures Committee:

- Reviews Capital requests with Town Manager
- Makes recommendations on improving Town-owned buildings and allocates funds for Town projects and studies

Town Meeting Representatives:

- Elected Dedham residents review, discuss, and vote on budgets at Town Meeting each spring and fall, acting as a lawmaking body for the community
- Town Meeting is the final approval of the annual Town Budget

TIMELINE

BUDGET TIMELINE AND PROCESS

- DECEMBER** Finance Director calls for capital expenditure requests from each Town Department and the School Department. Capital Expenditure Committee public meetings with Department Heads begin.
- JANUARY** Select Board votes to set date for Spring Annual Town Meeting and when to close the warrant. Capital Expenditures Committee meetings continue. Department Heads and Superintendent prepare and submit their budget requests to the Finance Department and Town Manager for review.
- FEBRUARY** Town Manager presents budget to Select Board and to the FWC. Warrant closes for Spring Annual Town Meeting. School Committee votes on proposed budget.
- MARCH** FWC hold public meetings to review all line items within the proposed budgets (operating and capital expenditures).
- APRIL** FWC public meetings continue. The Committee deliberates to take votes on the budget to be included in the final Warrant Book for Spring Annual Town Meeting.
- MAY** Town Meeting Representatives debate and vote on warrant articles that appropriate funds for the operating budget and capital expenditures budget at Spring Town Meeting. A Warrant Review meeting is held one week prior to Town Meeting to answer questions. Town Meeting is the final approval on the annual Town budget.
- JUNE - JULY** Close out fiscal year. New fiscal year begins on July 1.
- AUGUST** Select Board votes to set date for Fall Annual Town Meeting and when to close the warrant.
- SEPTEMBER** Warrant closes for Fall Annual Town Meeting. FWC public meetings begin to review line item transfers and capital requests from each Department.
- OCTOBER** FWC public meetings continue. Committee deliberates to take votes on the budget for the final Warrant Book for Fall Annual Town Meeting.
- NOVEMBER** Board of Assessors hold Tax Classification Hearing with the Select Board to present the town-wide valuation. Select Board votes to classify the tax rate and the shift between residential and property taxes. Fall Annual Town Meeting is held and Town Meeting Representatives debate and vote on warrant articles that appropriate funds for the operating budget and capital expenditures budget. A Warrant Review meeting is held one week prior to Town Meeting to answer questions.

UPDATES

RECENT BUDGET UPDATES

Following a series of meetings with each Town Department, Town Manager Leon Goodwin and Director of Finance John Arnett prepared a complete, proposed budget for the upcoming fiscal year, FY23, for detailed review by the Finance and Warrant Committee.

At the **March 10, 2022** Select Board public meeting, Town Manager Leon Goodwin presented his FY23 Budget Message and his recommended FY23 Operating and Capital Budgets.

Copies of these materials (as PDF) have been made available on the Town website and are linked below:

- **FY23 Budget Message from Town Manager**
- **FY23 Town Manager Budget Presentation (to Select Board at 3/10/22 meeting)**
- **FY23 Proposed Operating Budget**

Finance & Warrant Committee Meetings

The Finance & Warrant Committee began to hold their public meetings to review the proposed FY23 operating budget, line-by-line, before taking a vote and preparing their recommendations for a vote at Spring Annual Town Meeting in May 2022. Visit the Town website calendar for a list of future FWC meeting dates. Below are links to the Dedham TV recordings from the March FWC meetings, and to the 2022 Spring Annual Town Meeting website:

- **March 16, 2022:**
 - Presentations by Assessing Director Kevin Doyle Re: the process involved in setting the tax rate and property evaluations and by former Select Board Member Mike Butler Re: the Town's Statement of Net Position & comparisons to other Norfolk County Communities
- **March 19, 2022 (Morning Session & Afternoon Session):**
 - All-day budget hearings with Town Department Heads
- **March 21, 2022:**
 - Article 4 (Capital Budget)
 - Article 9 (Revolving Funds)
 - Article 21 (Proposed Bylaw Amendment Re: Board of Library Trustees)
 - Article 22 (Proposed Bylaw Amendment Re: public comment)
 - Article 23 (Proposed Bylaw Amendment Re: Garbage, Refuse & Waste)
- **March 28, 2022:**
 - Article 4 (Capital Budget)
 - Article 9 (Revolving Funds)
 - Article 21 (Proposed Bylaw Amendment Re: Board of Library Trustees)
 - Article 22 (Proposed Bylaw Amendment Re: public comment)
 - Article 23 (Proposed Bylaw Amendment Re: Garbage, Refuse & Waste)
- **March 29, 2022:**
 - Article 5 (Prior Year Bills)
 - Article 7 (Appropriation to Special Purpose Stabilization Fund)
 - Article 8 (Appropriation from Special Purpose Stabilization Fund)
 - Article 12 (Reports of Committees; update report will be presented regarding the Master Plan; Dedham Square Planning Committee)
 - Article 15 (Appropriation to repair Powder House)
 - Article 24 (Special Legislation to continue employment of Fire Chief/Civil Service)
 - Article 25 (Special Legislation regarding age requirement for police officers)
- **2022 Spring Annual Town Meeting page**



**SUBSCRIBE
FOR EMAILS**

To receive email notifications of these meetings, please visit www.dedham-ma.gov/subscribe, enter your email address, and select "Finance & Warrant Committee" from the list of options.

GLOSSARY

COMMONLY USED TERMS

- **CAPITAL IMPROVEMENTS:** Construction, renovation or improvement of buildings or grounds which exceeds \$50,000
- **CAPITAL OUTLAY EXPENDITURE EXCLUSION:** A type of tax override that allows towns to raise funds for capital projects. Its rules are similar to those for debt exclusions, except the cost is only added to the levy for the year in which the project is undertaken.
- **CHAPTER 70:** State aid funding to public elementary and secondary schools.
- **CHERRY SHEET:** Named for the cherry colored paper on which the Massachusetts Department of Revenue traditionally has printed it, listing the amounts of state and county assessments, as well as the estimated state distribution (State Aid).
- **COLA:** Cost of Living Adjustment
- **COLLECTIVE BARGAINING:** A process in which employees, through their unions, negotiate contracts with employers to determine terms of employment (i.e., pay, hours, benefits, etc.)
- **DEBT EXCLUSION:** A debt exclusion allows towns to raise funds to pay for debt incurred by the town. The amount of the payment is added to the levy for the life of the debt, and is not included in calculations of the new levy limit for future years. A debt exclusion requires a two-thirds majority vote to borrow at town meeting and requires a majority vote at a special town election.
- **ENTERPRISE FUND:** A separate fund inclusive of the direct and indirect costs to provide a service and amounts of revenue to support the fund in exchange for the service (i.e., sewer enterprise fund).
- **EXCESS LEVY CAPACITY:** The difference between the levy and its limit. The levy limit is not affected by excess capacity, however, meaning that in future years a town can tax up to that limit regardless of the previous levy. For example, a 1% levy increase one year allows the town to raise the levy by 4% the next year - the normal 2 ½ percent, plus the 1 ½ percent not taxed the year before.
- **FREE CASH:** The amount of Town funds that are unrestricted and available for appropriation. Free Cash may be appropriated by vote of the Town Meeting.
- **GENERAL OVERRIDE:** Residents can vote to increase tax levies beyond the levy limit, as long as the community is below the levy ceiling. The increase is included in the levy for that year and added to the base used to calculate future levy limits. An override requires a majority vote of the town at a special town election.
- **GENERAL STABILIZATION FUND:** This fund serves as a general financial reserve for the Town. Money may be appropriated to the Fund up to ten percent of the preceding year's tax levy, but the Fund may not exceed ten percent of the total tax valuation of the Town. The Fund may be used for any legal purpose by a two-thirds vote of the Town Meeting. Interest earned remains in the Fund.
- **LEVEL FUNDING:** Appropriates the same amount of money as the prior year to each department, and includes cost increases.
- **LEVEL SERVICES:** No cuts are made and the budget is prepared to accommodate for changes that provide the same services and staffing levels as the previous year. These changes can include COLA increases, inflation, contractual obligations, etc.

GLOSSARY

COMMONLY USED TERMS

- **LEVY CEILING:** The maximum amount a community may levy under all conditions. A community's levy ceiling is 2 ½ percent of the aggregated valuation of all taxable properties.
- **LEVY LIMIT:** The maximum amount a community may levy in a year. The levy limit can increase only by 2 ½ percent each year, plus adjustment for new growth and the addition of the debt service for previously voted tax overrides, such as debt exclusions.
- **MAJOR CAPITAL FACILITIES STABILIZATION:** Also known as the Robin Reyes Fund, this is a special purpose reserve created by vote of Town Meeting. Expenditures may be made from the fund only on a two-thirds vote of Town Meeting. It is a management policy of the Town that this fund be used for major construction or renovation of buildings estimated to cost \$4 million or more.
- **MITIGATION STABILIZATION:** Special purpose reserves created by vote of Town Meeting. Like the General Stabilization Fund, expenditures from these funds require a two-thirds vote of Town Meeting.
- **MWRA:** The Massachusetts Water Resources Authority was established in 1985 to provide water supply services and sewer collection, treatment and disposal services to the region. The MWRA sets user rates and assesses each town in the area according to the metered flow of water through the sewers. Dedham funds its sewer assessment from billings based upon a metered water use rate set by the Select Board. The Town is not assessed water use charges.
- **NEW GROWTH:** A community can increase its levy limit annually based on new development and other growth in the tax base. New growth is calculated using the following equation:
Property value (based on assessment as of January 1) x FY2022 tax rate = New Growth
- **OTHER AVAILABLE FUNDS:** Certain receipts, when received by the Town, must be set aside and reserved for particular appropriation. These include the Endicott Estate Receipts, Sale of Cemetery Lots and Graves, and Parking Meter Receipts. In addition, funds from the Overlay Surplus (the accumulated amount of the overlay for various years not used or required to be held in the overlay account) may be used by a town to offset budget requests for the next year. Also, all unused balances from prior years' Special Article Appropriations may be transferred to meet a new appropriation.
- **OVERLAY SURPLUS:** The Overlay is the amount from the property tax levy in excess of appropriations and other charges. It is used to cover abatements and exemptions granted locally or on appeal. The Overlay Surplus is the unused portion of previous years' overlays.
- **PROPERTY TAX LEVY:** The total revenue a community raises through property taxes. Often just called the "levy," it is the largest source of revenue for Dedham. This is different from the tax rate, which is the tax amount charged individual properties per \$1,000 of property valuation. The tax rate is set each year by the town.
- **RESERVE FUND:** This fund is established by Town Meeting and may be composed of (a) an appropriation (not exceeding 5% of last year's levy), (b) money transferred from existing accounts or funds, or (c) both. The Reserve Fund amounts to an omnibus appropriation, to be transferred by vote of the Finance Committee for extraordinary or unforeseen expenditures where the Committee decides such expenditures would be approved by Town Meeting. "Extraordinary" covers items, which are not in the usual line, or are great or exceptional. "Unforeseen" includes items, which were unforeseen at the time of the Town Meeting, when appropriations were voted.

UP NEXT IN THE NEXT ISSUE

- **Revenue Sources:**
 - What are they and how much do they contribute?
- **State Aid:**
 - What does this include?
- **Grants:**
 - How often does the Town receive grants?
- **Expenses and Local Receipts:**
 - Categories and Accounts
 - How does the Town spend money?
- **Tax Levy:**
 - How is it calculated?
- **Special Funds and Enterprise Funds:**
 - What are the types of funds?
- **Capital Projects and Expenditures:**
 - Review of capital projects and process for requesting funds
- **Debts:**
 - Recurring debts
 - How are they managed?