

TOWN OF DEDHAM, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year Ended June 30, 2013

On the cover: Completed in October 2013, the Dedham Square Improvement Project consisted of a \$6.5 million makeover of the downtown's streets and sidewalks. The Town partnered with the State Public Works Economic Development Office who contributed a \$1.7 million grant to help subsidize the costs. The project was developed through a series of local meetings and provides significant pedestrian safety measures including wider sidewalks, curb extensions, reduced crossing distances and signal phasing. Streetscape elements upgraded the visual appearance of the Square, which is the home for many local businesses, the District Court, and the Registry of Deeds. Treatments include ornamental lighting, brick surfaces at selected locations, and bike racks. The project also includes pavement rehabilitation, new granite curbing, the widening of sidewalks and textured crosswalks.



Mariellen Murphy

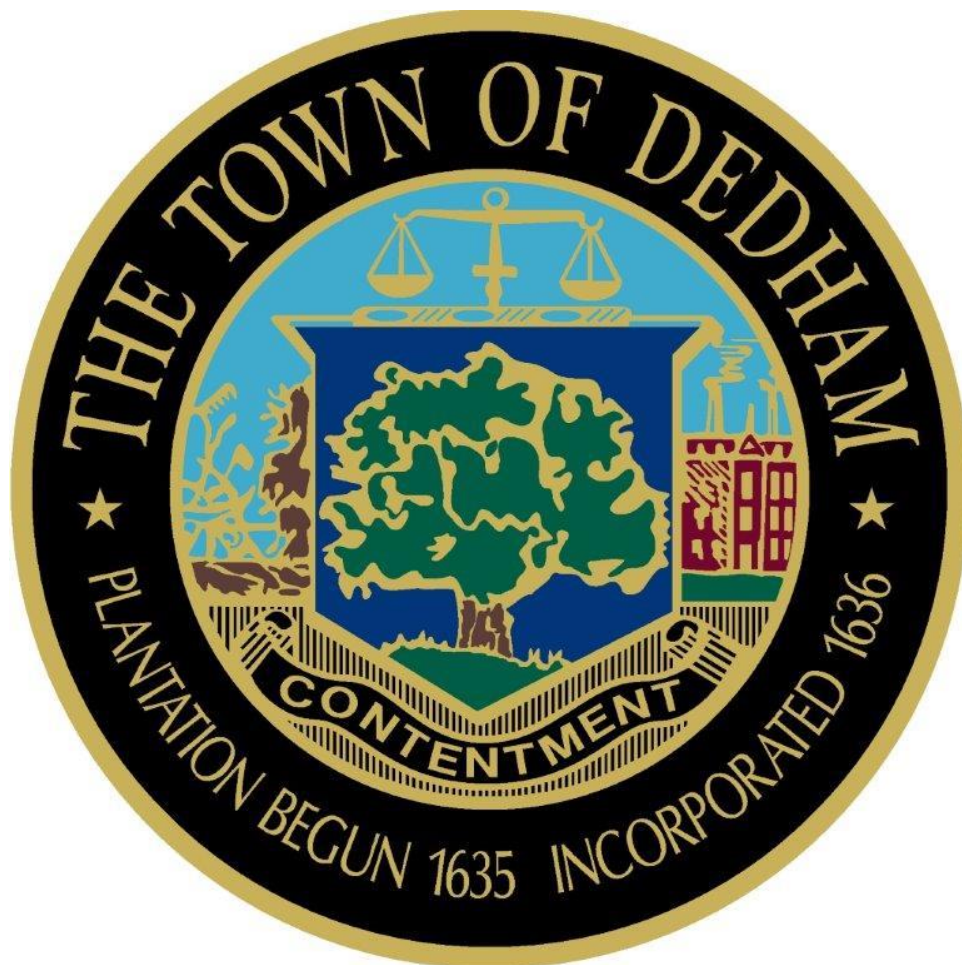
March 17, 1958 – April 14, 2014

Above: The Town of Dedham's second Comprehensive Annual Financial Report is dedicated to the memory of Mariellen Murphy, the Town's first Finance Director. Mariellen served in that capacity from 2002 until her passing earlier this year. Throughout this time, she was the backbone of the Finance Department leading the Town through multiple bond rating increases culminating in the highest possible bond rating of AAA in 2013. She was also instrumental in preparing the Town's first Comprehensive Annual Financial Report that received the distinguished Certificate of Achievement in Financial Reporting from the Government Finance Officers' Association. She will be sorely missed by all who knew her.

TOWN OF DEDHAM, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

Nancy Baker, Interim Town Manager



*Prepared by the Finance Department
Carol Coppola, Acting Director of Finance*



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**TOWN OF DEDHAM, MASSACHUSETTS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2013**

TABLE OF CONTENTS

	<u>Page(s)</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal.....	1
Organizational Chart	9
Principal Town Officials	10
Certificate of Achievement For Excellence in Financial Reporting.....	11
 <u>FINANCIAL SECTION</u>	
Independent Auditor’s Report	13-15
Management’s Discussion and Analysis	17-28
 Basic Financial Statements:	
Statement of Net Position	32
Statement of Activities.....	33
Balance Sheet – Governmental Funds	34
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position	35
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	36
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	37
Statement of Net Position – Proprietary Funds.....	38
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	39
Statement of Cash Flows – Proprietary Funds.....	40
Statement of Fiduciary Net Position	41
Statement of Changes in Fiduciary Net Position	42
Notes to Basic Financial Statements.....	43-67
 Required Supplementary Information:	
Schedules of Funding Progress.....	71
Schedules of Contribution Funding	71
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	72-76
Notes to Required Supplementary Information	77
 Combining Statements:	
<i>Nonmajor Governmental Funds</i>	80-81
Combining Balance Sheet – Nonmajor Governmental Funds	82-85
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	86-89
<i>Fiduciary Funds</i>	90
Statement of Changes in Assets and Liabilities – Agency Fund	91

**TOWN OF DEDHAM, MASSACHUSETTS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2013**

TABLE OF CONTENTS

	<u>Page(s)</u>
<u>STATISTICAL SECTION</u>	
Narrative	93
Net Position by Component – Last Ten Fiscal Years.....	95
Changes in Net Position – Last Ten Fiscal Years	96-97
Fund Balances, Governmental Funds – Last Ten Fiscal Years	98
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	99
Assessed Value and Estimated Actual Value of Taxable Property By Classification and Tax Rates – Last Ten Fiscal Years.....	100
Principal Taxpayers – Current Year and Nine Years Ago	101
Property Tax Levies and Collections – Last Ten Fiscal Years.....	102
Ratios of Outstanding Debt and General Obligation Debt – Last Ten Fiscal Years	103
Computation of Legal Debt Margin – Last Ten Fiscal Years	104
Direct and Overlapping Governmental Activities Debt	105
Demographic and Economic Statistics – Last Ten Fiscal Years	106
Principal Employers (Excluding Town) – Current Year and Nine Years Ago	107
Full-time Equivalent Town Employees by Functions – Last Ten Fiscal Years	108
Operating Indicators by Function/Program – Last Ten Fiscal Years	109
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years	110

INTRODUCTORY SECTION



The Fairbanks House in Dedham, is a historic house built between 1637 and 1641 making it the oldest surviving timber-frame house in North America that has been verified by dendrochronology testing. Puritan settler Jonathan Fairbanks constructed the farm house for his wife Grace and their family. The house was occupied and then passed down through eight generations of the family until the early 20th century.

Today the Fairbanks House is owned and operated by the Fairbanks Family in America, a member-based non-profit organization, as a historic house museum. The Family Association has preserved, studied and interpreted their ancestral home and its collections for over 90 years.



James A. MacDonald, Chairman
Carmen E. Dellolaco, Vice Chairman
Michael L. Butler
Dennis J. Guilfoyle
Dennis J. Teehan, Jr.

Nancy A. Baker
Interim Town Manager



TOWN OF DEDHAM
Board of Selectmen

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Letter of Transmittal

May 21, 2014

Honorable Board of Selectmen and Citizens of the Town of Dedham, Massachusetts:

I am pleased to acknowledge that the Town of Dedham has completed its second annual *Comprehensive Annual Financial Report* (CAFR). The report is for the fiscal year ended June 30, 2013, 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 America (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 of 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.

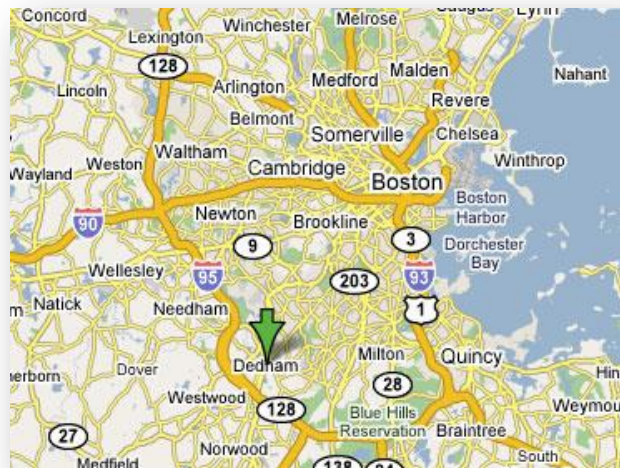
The Town of Dedham’s financial statements have been audited by Roselli, Clark and Associates, a firm of licensed certified public accountants. The goal of the independent audit is, to on an annual basis, provide reasonable assurance that the financial statements of the Town of Dedham are free of material 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 unqualified opinion that the Town of Dedham’s financial statements for the fiscal year ended June 30, 2013 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 OMB Circular A-133.

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 three stops on the Franklin Line (Endicott, Dedham Corporate Center and the 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 tax-payer 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;

1. Dedham High School
2. Dedham Middle School
3. Avery Elementary School
4. Oakdale Elementary School
5. Greenlodge Elementary School
6. Riverdale Elementary School
7. The Capen Early Childhood Education Center

School enrollment is approximately 3,000 and funding for schools is received via taxation and from governmental revenues based on a minimum net school spending formula.

The new Dedham Middle School was completed in 2007 and the new Avery Elementary School was completed in fiscal 2013. In addition, the Town has made renovations to the High School and other schools. Total construction costs since 2003 have exceeded \$60 million for which a substantial portion has been received in the form of a grant from the Commonwealth of Massachusetts.

The mission of the Dedham Public Schools, in partnership with the community, is “to promote excellence in learning, self-discipline, and motivation.” In 2013, the Dedham High School earned a **silver medal** from the US News and World Report, one of only 30 schools in Massachusetts to earn this distinction.

The Town operates under the Selectmen, Town Administrator (changing to Town Manager in fiscal 2014) and Representative Town Meeting form of government. The five elected Selectmen make policy decisions and the Town Administrator 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. School committee members are elected to three-year terms.

An annual operating budget is approved by 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 state statute.

Factors Affecting Economic Condition

Dedham is a residential community with significant commercial development, primarily along US Route 1 and State Route 1A. On the basis of fiscal 2013 assessed valuations, approximately 79.3% of the Town's property is residential, 16.7% is commercial, 1.0% is industrial and 3.0% 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 in 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 12,000 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 a stabilization fund for capital facilities. Through June 30, 2013 the hotel/motel and meals excise have generated \$3.8 million.

The major developments that have emerged over this period are:

Legacy Place is a 675,000 square foot "lifestyle" shopping center featuring national retail stores, dining and entertainment anchored by a major cinema complex and high end grocer.



With an assessed valuation of \$117 million, the center offers a unique mix of retailers, restaurants and entertainment that have established it as a regional destination. 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. This is arguably the crown jewel of Dedham with respect to recent developments.

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. It's ideal for active and independent seniors who want the reassurance that continuing care can provide. 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.



OCW Retail, a Wilder Companies property, is a redevelopment of the Dedham Mall. This was completed in 2008 with an assessed valuation of approximately \$46 million.

Dedham at Jefferson Station are upscale one and two bedroom luxury unit apartments. 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 a second 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.

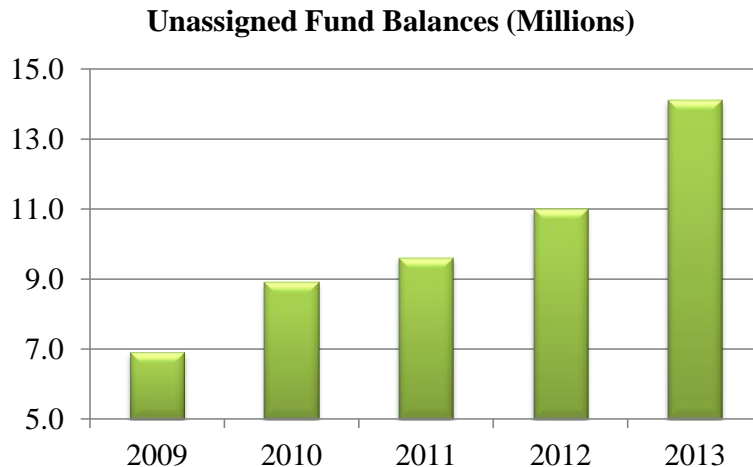
The Town of Dedham created an Economic Development department in 2007 to proactively manage economic growth. Since then the Town has adopted expedited permitting and designated two priority development sites. The Town is also rated as a Silver BioReady Community by the MA Biotech Council and is part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

A significant new growth sector in development has emerged with seven mixed use buildings either completed or under construction currently. Included within this growth sector are 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. In addition, 910 Washington Street is a 21,000 square foot medical office complex with 60 employees. 420 Washington Street has four commercial first floor tenants in 10,314 square feet with two floors of 26 residential units above. All the buildings are 100% leased and a fourth is in construction phase now with 27 units planned above street level commercial space. The three completed projects have a combined assessed value of \$7.9 million.

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.

Property Taxes 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 revenue increases have been limited in recent years, fixed costs, including health insurance and pension costs, have increased more proportionally. As a result, balancing the annual budget is a challenge without an appropriation from free cash. The Town attempts to mitigate this impact by conservatively forecasting revenues thus creating free cash in the subsequent year. By doing so, the Town maintains a consistent level of reserves from year to year.

The following illustrates the Town’s unassigned fund balance trend since 2009:



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 following represents the Town's five year revenue projections:

	2014	2015	2016	2017	2018
Real and personal property	\$ 79,873,680	\$ 82,689,227	\$ 85,604,022	\$ 88,621,564	\$ 91,745,474
Local aid (governmental)	7,118,442	7,490,000	7,729,680	7,977,030	8,232,295
Local receipts	6,000,000	6,699,000	6,799,485	6,901,477	7,004,999
Indirect costs	1,075,725	1,110,148	1,145,673	1,182,334	1,220,169
Total sources	\$ 94,067,847	\$ 97,988,375	\$ 101,278,860	\$ 104,682,406	\$ 108,202,938

The Town expects that annual budget sources as forecasted will be sufficient to fund annual appropriations.

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 MWPAT 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.

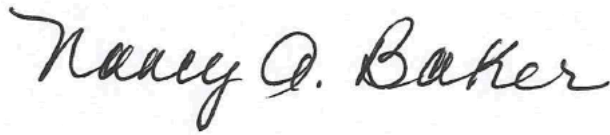
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Dedham for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the first 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 Roselli, Clark and Associates for their advice and assistance in the preparation of this report.

Respectfully submitted,

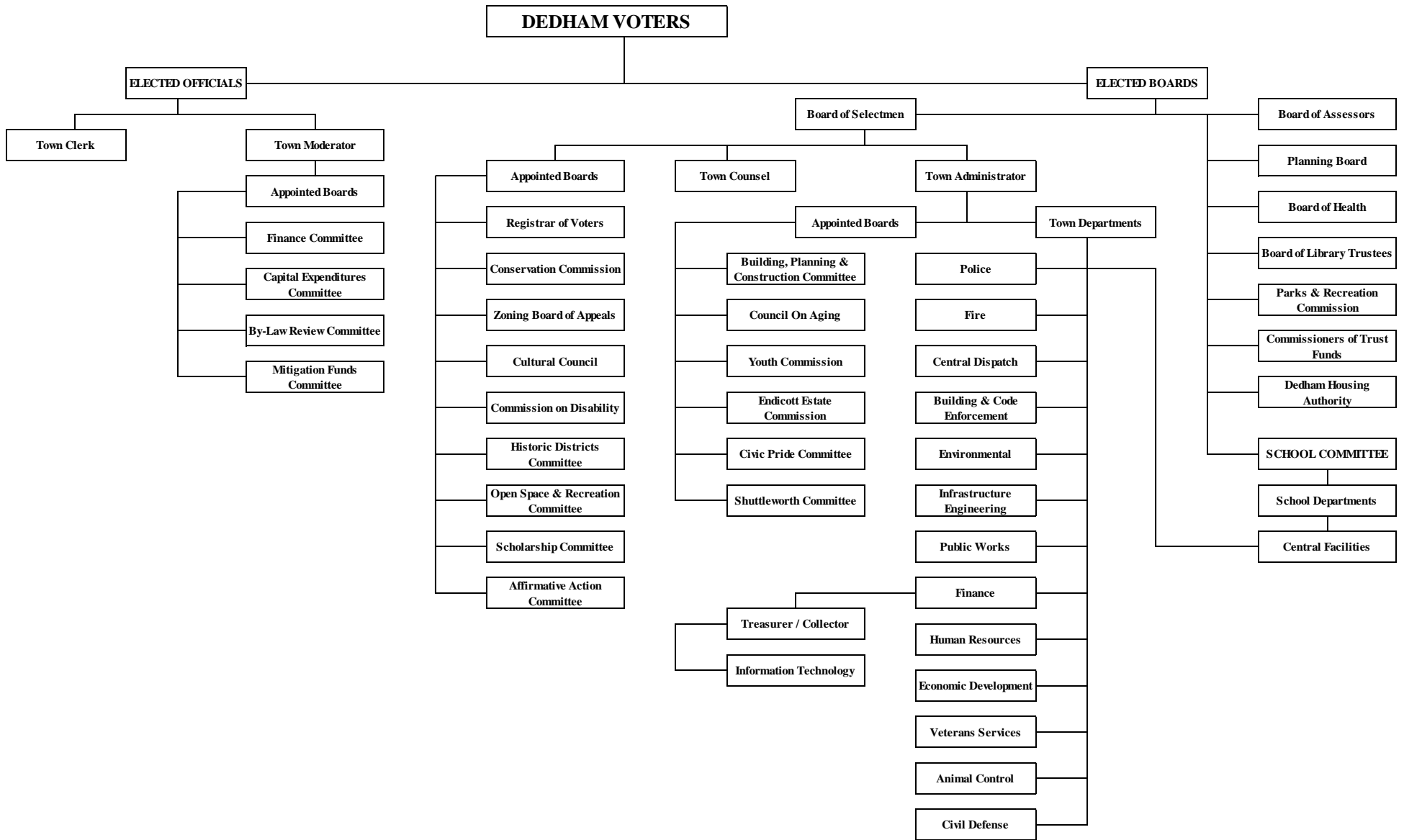
A handwritten signature in black ink that reads "Nancy Q. Baker". The signature is written in a cursive, flowing style.

Nancy Baker
Interim Town Manager

A handwritten signature in black ink that reads "Carol Coppola". The signature is written in a cursive, flowing style.

Carol Coppola
Acting Director of Finance

ORGANIZATION CHART



PRINCIPAL TOWN OFFICIALS
As of June 30, 2013

Elected Officials

Board of Selectmen	Michael Butler, Chairperson James MacDonald, Vice Chairperson Carmen DelloIacono Sarah MacDonald Paul Reynolds
School Committee	Joseph Heisler, Chairperson Jennifer Barsamian, Vice Chairperson Mayanne Briggs Susan Butler-Walko Kevin Coughlin Rachel McGregor Thomas Ryan
Town Moderator	Daniel Driscoll
Town Clerk	Paul M. Munchbach

Appointed Finance Committee (By Moderator)

Finance Committee	Russell Stamm, Chairperson William A. Podolski, Vice Chairperson Stephen Bilafer Eric Chambers Maureen Hanlon John Heffernan David Martin Derek Moulton Laura Timmins
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Principal Executive Officers

Town Administrator*	William Keegan
Finance Director	Mariellen Murphy
Superintendent of Schools	June M. Doe

*Town Manager in fiscal 2014



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, 2012

Executive Director/CEO



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FINANCIAL SECTION



Above: Located in the historic Dedham Square, the Dedham Community Theatre was the first movie theatre in Dedham. Established in 1927, it is a two-screen movie theatre. Each auditorium seats 300. Nowadays, the theater is a historic building.

Below: Mother Brook is the modern name of a stream that flows from the Charles River in Dedham, to the Neponset River in the Hyde Park section of Boston. The man-made portion of Mother Brook is considered to have been the first canal in America dug by English settlers. Mother Brook was important to Dedham as its only source of water power for mills, from 1639 into the early 20th century.





INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Board of Selectmen
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, (the Town) as of and for the year ended June 30, 2013, (except for the Pension Trust Fund which is as of December 31, 2012), 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 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, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Restatement

As discussed in Note V, the Town restated its 2012 basic financial statements to more accurately report unbilled sewer charges.

Change in Accounting Principle

As described in Note B, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflow of Resources, Deferred Inflow of Resources and Net Position*. Our opinion was not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the funding and contribution progress for pension benefits and other postemployment benefits information and budgetary comparison information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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's basic financial statements. The introductory section, combining and individual nonmajor fund financial 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 nonmajor fund financial 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 and individual nonmajor fund financial 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 a report dated May 21, 2014, on our consideration of the Town of Dedham, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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's internal control over financial reporting and compliance.



Roselli, Clark & Associates
Certified Public Accountants
May 21, 2014



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Management's Discussion and Analysis



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MANAGEMENT’S DISCUSSION AND ANALYSIS

As the management of the Town, we offer readers of the accompanying financial statements this narrative overview and analysis of the financial activities of the Town and its component units for the fiscal year ended June 30, 2013.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by approximately \$117.1 million (*total net position*).
- The government’s total net position increased by approximately \$6.9 million (6.2%). The governmental activities increased governmental activities net position by approximately \$ 6.1 million (6.8%) while the business - type activities increased business – type net position by approximately \$0.8 million (3.6%).
- The Town’s Unassigned Fund Balance reported in the General Fund was approximately \$14.1 million (15.0% of General Fund expenditures). Total Fund Balance in the General Fund was approximately \$21.2 million (22.6% of General Fund expenditures). The Town reported total Fund Balances of approximately \$9.5 million in the Combined Nonmajor Governmental Funds. Approximately \$0.8 million is classified as nonspendable with the majority of remainder \$8.7 million classified as restricted. The total assets of the School Construction Fund approximated total liabilities.
- The Town’s total debt increased by approximately \$0.4 million during the fiscal year. Detail of this net increase are illustrated as follows:

Regular Scheduled Maturities:	
Governmental Activities	\$ (6,341,729)
Business-Type Activities	(497,780)
Issuance of debt	
Governmental Activities	6,988,000
Business-Type Activities	260,150
	\$ 408,641

Overview of the Financial Statements

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

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 a private-sector business. The *statement of net position* presents information on all of the Town’s assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. The *statement of activities* presents information showing how the government’s net

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

The government-wide financial statements consist of two classifications; (1) those whose activities are principally supported by taxes and intergovernmental revenue (*governmental activities*); and (2) those whose activities are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The governmental activities of the Town include general government, public safety, education, public works, human services, culture and recreation and debt service. The business-type activities of the Town are comprised completely of the sewer enterprise 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.

Accounting guidelines distinguish fund balance between amounts that are considered nonspendable, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

- Restricted—amounts constrained by external parties, constitutional provision, or enabling legislation.
- Committed—amounts constrained by a government using its highest level of decision-making authority.
- Assigned—amounts a government intends to use for a particular purpose.
- Unassigned—amounts that are not constrained at all will be reported in the general fund or in other major funds if negative.

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 financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The Town maintains 17 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and

changes in fund balances for the General Fund, and School Construction Fund which are considered to be major funds. Data from the other 15 governmental 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.

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

Proprietary fund – The Town maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses an enterprise fund to account for its sewer enterprise. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer enterprise fund.

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 three fiduciary funds:

The Pension Trust Fund is a legally separate entity reported as a fiduciary fund. Because the Pension Trust Fund provides services almost entirely to the Town, it is presented as if it were part of the primary government as a blended component unit due to the significance of its operations.

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 Funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. These funds are used for educational scholarships and needy citizen benefit funds.

Notes to the 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.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town’s progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees as well as the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Town, assets exceeded liabilities by approximately \$117.1 million at the close of the most recent fiscal year.

Condensed net position data is presented as follows:

	Governmental activities		Business-type activities		Total	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012 as restated	June 30, 2013	June 30, 2012 as restated
<u>Assets</u>						
Current and other assets	\$ 42,357,890	\$ 36,743,422	\$ 11,430,629	\$ 10,590,237	\$ 53,788,519	\$ 47,333,659
Capital assets, net	125,858,088	124,432,389	13,706,885	14,090,058	139,564,973	138,522,447
Total Assets	168,215,978	161,175,811	25,137,514	24,680,295	193,353,492	185,856,106
<u>Liabilities</u>						
Long-term liabilities	67,394,714	65,510,953	3,143,870	3,381,500	70,538,584	68,892,453
Other liabilities	5,688,248	6,615,446	-	74,901	5,688,248	6,690,347
Total Liabilities	73,082,962	72,126,399	3,143,870	3,456,401	76,226,832	75,582,800
<u>Net Position</u>						
Invested in capital assets	74,967,068	70,945,301	10,563,015	11,061,349	85,530,083	82,006,650
Restricted	8,973,983	6,908,583	-	-	8,973,983	6,908,583
Unrestricted	11,191,965	11,195,528	11,430,629	10,162,545	22,622,594	21,358,073
Total Net Position	\$ 95,133,016	\$ 89,049,412	\$ 21,993,644	\$ 21,223,894	\$ 117,126,660	\$ 110,273,306

By far, the largest portion (approximately \$85.5 million) of the Town's net position reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment), less any related debt (netted down by those amounts expected to be reimbursed by the Commonwealth) 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 Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, approximately \$9.0 million, of the Town's net position represents resources that are subject to external restriction on how they may be used.

The remaining net position balance consists of *unrestricted net position* of approximately \$22.6 million. This is allocated approximately \$11.2 million to governmental activities, and approximately \$11.4 million to business-type activities. These amounts are available for spending at the Town's discretion.

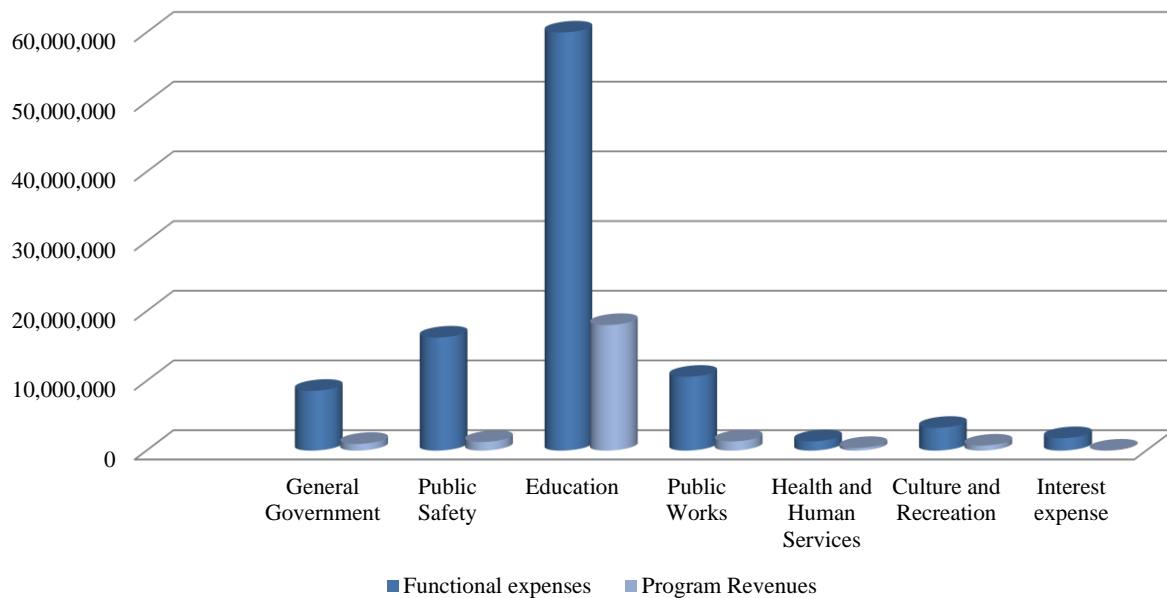
The following are the primary causes for the net increase in governmental activities:

Massachusetts School Building Authority reimbursements		\$ 939,761
Provision for other postemployment benefits		(1,206,234)
Depreciation		(5,568,756)
Revenues exceeding forecasts		3,873,334
Favorable actual expenses as compared to budget		1,710,136
Revenues used for capital asset additions (not offset by expenses)	6,994,455	
Less: Bond proceeds	(6,988,000)	
Massachusetts School Building Authority reimbursements	(939,761)	(933,306)
Revenues used to pay down debt		6,341,729
Other net minor items		926,940
		<u>\$ 6,083,604</u>

Net position of the business-type activities increased primarily due to an increase in user rates, increased consumption and intergovernmental subsidies of capital items.

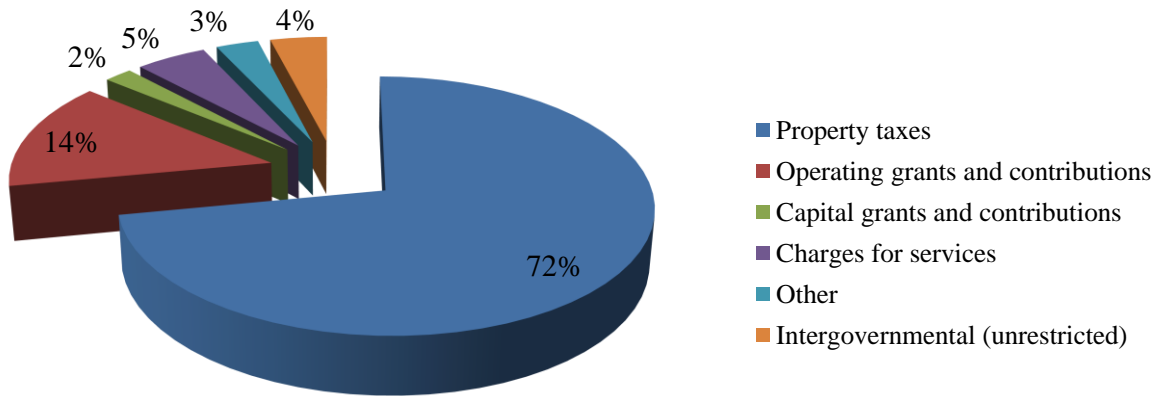
Governmental Activities Comparison

Functional Expense versus Program Revenue



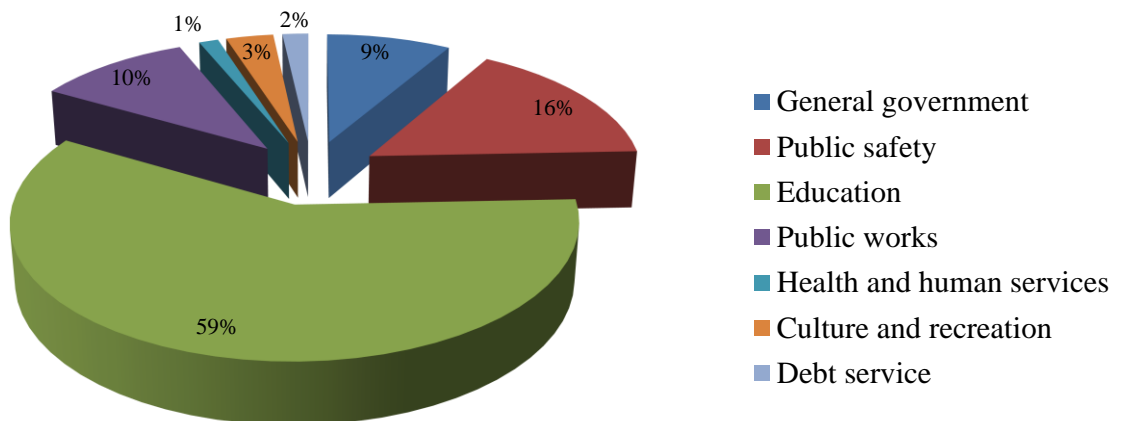
Major revenue sources of governmental activities consist of revenue from; (1) Operating grants which comprised approximately 14.4% of the total governmental activity revenues; consistent with the prior year of 14.2%. and (2) Property taxes which represented 71.4% of total revenues, up from 67.1% in the prior year, as the Town exceeded forecasts both from a collection and write-off standpoint. No other revenue sources exceeded 10% of total revenues in either fiscal 2013 or 2012.

Revenues



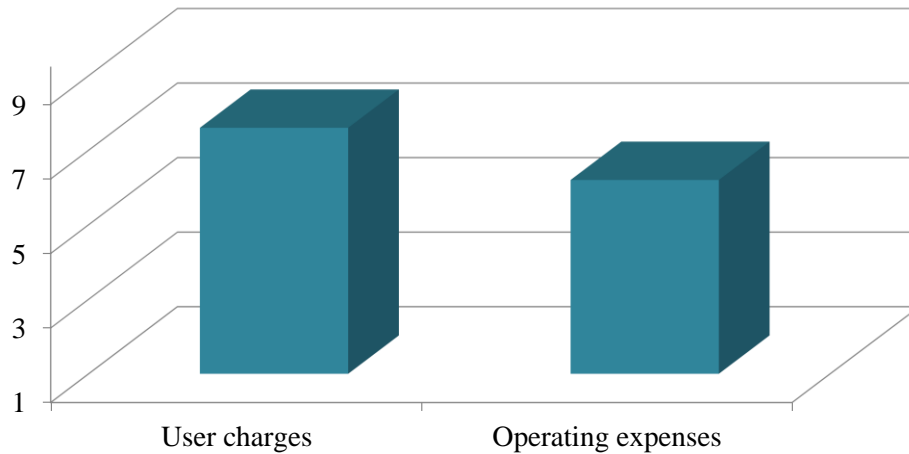
Educational expenses continues to be an area in which the Town devotes substantial resources. The Town devoted 59.0% of its total disbursements to education consistent with 59.8% in the prior year. The increase, representing approximately \$2.4 million was primarily due to an increase in the school population and the need to meet the State mandated per pupil cost requirements. Public Safety expenses represented 15.9% of total expenses, down from 17.1% in the prior year. While the ratios changed from year to year, the expense amount of \$16.2 million was consistent with \$16.5 million in the prior year, as operations were mainly consistent from year to year and approximated budget. No other expenses represented greater than 10.0% of total expenses in either fiscal 2013 and 2012.

Expenses



Business-type Activities – Business-type activities increased the Town’s net position by approximately \$0.8 million. This was a result of an increase in consumption due to seasonal activity being more positive than expected. In addition the Town continues to budget expenses conservatively and funds many capital items with user charges which are classified as capital assets.

Enterprise Fund



Fund-wide Financial Analysis of the Government’s 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 *spendable* resources. Such information is useful in assessing the Town’s financing requirements. In particular, *unrestricted fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the Town’s governmental funds balance sheet reported a combined ending fund balance of approximately \$30.6 million.

Unassigned fund balance in the general fund was approximately \$14.1 million or 15.0% of general fund expenditures. This is available for spending at the government’s discretion. Restricted fund balance of the general fund was approximately \$0.5 million. These represent amounts that accumulate from bond premiums and are restricted for future debt service. Assigned fund balance, as a result of encumbrances and subsequent budget appropriations approximated \$1.7 million and committed fund balances made up primarily of a capital stabilization fund approximated \$4.9 million to bring total fund balance in the general fund to approximately \$21.2 million or 22.6% of general fund expenditures.

This increased by approximately \$3.2 million over the prior year due primarily to the following:

Other revenues exceeding forecast	\$ 3,873,334
Favorable actual expenditures as compared to budget	1,710,136
Use of unassigned fund balance	(2,240,295)
Other net minor items	(151,261)
	\$ 3,191,914

The School Construction Fund total assets approximate total liabilities. The minor deficit has been reflected as unassigned fund balance. In the current year, the activity reflected approximately \$0.9 million in reimbursements from the Commonwealth of Massachusetts for eligible school construction costs and \$0.4 million of expenditures related to school construction.

The remainder of governmental fund balances are included as Combined Nonmajor Fund Balances and are classified as either (1) non-spendable, due to being the corpus of an endowment for the cemetery in the amount of approximately \$0.8 million; and (2) restricted due to constraints placed externally by third-parties in the amount of approximately \$8.7 million. Fund balances in these funds increased by approximately \$2.5 million as sources exceeded expenditures primarily as the result of bond proceeds.

Proprietary funds – The Town’s proprietary funds are made up of a Sewer Enterprise Fund which provides the same type of information found in the government-wide financial statements under Business-type activities, but in more detail;

Fiduciary Fund – The Town’s fiduciary fund is comprised primarily of the Town’s Pension Trust Fund whose net position is approximately \$93.6 million. These assets are used strictly to pay retiree pensions and annuities and may not be used for Town operating purposes.

For the year ended December 31, 2012 the net position increased by approximately \$9.0 million due primarily to market conditions. The unfunded pension liability is approximately 71.9% funded as of the latest actuarial valuation.

In addition to the Town’s Pension Trust Fund, the Town has also established an Other Postemployment Benefits Trust Fund (OPEB) to accumulate funds for future payments of other postemployment benefits for retirees such as health and life insurance. The fund currently has \$5.3 million, an increase of \$2.0 million over the prior year as the Town continued to fund a portion of the unfunded liability. The unfunded OPEB liability is approximately 4.1% funded as of the latest actuarial valuation.

The Private Purpose Trust Funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. These funds are used for educational scholarships and needy citizen benefit funds. The funds currently have approximately \$1.2 million as operations were positive due to a significant donation during the year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget included revisions to the following line items:

- Approximately \$0.4 million in increases allocated to public safety.
- Approximately \$0.6 million in increases allocated to education.
- Approximately \$0.6 million in increases allocated to public works.
- Approximately \$0.4 million in decreases to all pension and fringe benefits.
- Approximately \$0.1 million in decreases to all other minor areas in aggregate.

All of the amendments were between operating line items in the original budget and were for operating purposes. The overall bottom line final budget did not vary significantly (about 1%) from the original.

Major budget to actual differences on the revenue side included licenses and permits, which exceeded budget by approximately \$0.2 million, motor vehicle excise collections which exceeded budget by approximately \$1.7 million and property taxes which exceeded budget by \$1.4 million. On the expenditure side, costs were spread across line items and resulted in favorable results as compared to budget of approximately \$1.7 million.

Further detail of budget to actual comparisons may be reviewed as part of the Required Supplementary Information following the footnotes to the report.

Capital Asset and Debt Administration

Capital Assets – The Town’s investment in capital assets for its governmental and business type activities as of June 30, 2013 amounts to approximately \$139.6 million (net of accumulated depreciation) an increase from the previous year’s balance of approximately \$1.0 million. This investment in capital assets includes land, buildings and improvements, infrastructure, machinery, equipment, and software. The total increase is due to capital investments exceeding depreciation for the year.

The Town has in recent years undergone major renovations and building of its educational facilities. Final completed costs will exceed \$60 million. Under pertinent Massachusetts General School Construction regulations the Town is allowed to recoup a percentage of eligible construction costs. In addition, over the past decade, the Town has invested an additional \$60 million in capital assets including energy efficiency facilities, road and sidewalk improvements and sewer mains and infrastructure.

Additional information on the Town’s capital assets can be found in Note II subsection D.

Long-term Debt – At the end of the current fiscal year, the Town had total debt outstanding of approximately \$57.3 million. The entire amount comprises debt backed by the full faith and credit of the government. The Town’s total debt decreased by approximately \$0.4 million during the fiscal year due to:

Regular Scheduled Maturities:	
Governmental Activities	\$ (6,341,729)
Business-Type Activities	(497,780)
Issuance of debt	
Governmental Activities	6,988,000
Business-Type Activities	260,150
	<u>\$ 408,641</u>

The Town’s most recent credit evaluation resulted in an “AAA” rating from Standard and Poor’s Investment Services for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5.0 % of its total assessed valuation. The current debt limitation for the Town is approximately \$213.3 million, which is significantly in excess of the Town’s outstanding general obligation debt classified as inside the debt limit. Further detail of this calculation may be reviewed in the Statistical Section of these financial statements.

The Town also holds a proportionate share of debt of other governmental units that provide services within the Town's boundaries. The debt service from such arrangements is assessed annually to the Town. Further detail of these arrangements may be reviewed in the Statistical Section of these financial statements.

Additional information on the Town's short-term and long-term debt can be found in Note II under subsections F and G.

Economic Factors and Next Year's Budgets and Rates

- Consistent with both State and National work force trends, the Town's unemployment rates have continued to stabilize, with little volatility in the last 2 years. Unemployment rates in the Town and region are trending more favorably than Nationally, and are creeping back to 2008 levels.
- The Town's real estate tax base is made up predominantly of residential taxes, which comprise 64.7% of the Town's real estate tax base. The Town also relies heavily on its commercial and industrial real estate tax base, which in aggregate comprise 30.2 % of the Town's real estate tax base. The latter was assessed at a rate that is nearly 2.16 times the residential real estate tax rate during 2014.

In addition, Chapter 580 of the Acts of 1980, more commonly referred to as Proposition 2 ½, limits the Town's ability to increase taxes in any one year by more than two and one-half percent (2.5%) of the previous year tax levy.

- Consistent with both State and National indices, the Town's housing market experienced a downward trend from 2005 – 2010. Housing prices began to stabilize during fiscal year 2011 and recently are beginning to see an upward trend. Subsequent to year-end, houses in the Town began selling at greater than their assessed values, as a result, the Town expects its housing market to continue to maintain or slightly outpace National indices. In addition, The Town has residential developments in various stages of completion. These are expected to be completed in the near future.

All of the above items were considered when the Town developed its budget for fiscal year 2013. The budget was adopted in May 2013 and the Town's tax rate was certified in December 2013.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of the Finance Director, 26 Bryant Street, Dedham, Massachusetts, 02026 or ccoppola@dedham-ma.gov.



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Basic Financial Statements



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TOWN OF DEDHAM, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 30,707,004	\$ 5,995,548	\$ 36,702,552
Investments	2,387,419	-	2,387,419
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes	3,672,787	-	3,672,787
User fees	-	5,094,979	5,094,979
Departmental and other	2,376,668	-	2,376,668
Intergovernmental	3,214,012	340,102	3,554,114
Capital assets, not being depreciated	19,670,260	-	19,670,260
Capital assets, net of accumulated depreciation	106,187,828	13,706,885	119,894,713
TOTAL ASSETS	168,215,978	25,137,514	193,353,492
LIABILITIES			
Warrants and accounts payable	1,504,510	-	1,504,510
Accrued payroll and withholdings	2,613,043	-	2,613,043
Retainage	214,750	-	214,750
Tax refunds payable	932,717	-	932,717
Other liabilities	423,228	-	423,228
Noncurrent liabilities:			
Due in one year	6,492,114	536,790	7,028,904
Due in more than one year	60,902,600	2,607,080	63,509,680
TOTAL LIABILITIES	73,082,962	3,143,870	76,226,832
NET POSITION			
Invested in capital assets	74,967,068	10,563,015	85,530,083
Restricted:			
Perpetual permanent funds	796,915	-	796,915
Expendable permanent funds	988,778	-	988,778
Capital projects	3,586,843	-	3,586,843
Federal and State grants	1,021,773	-	1,021,773
Other purposes	2,579,674	-	2,579,674
Unrestricted	11,191,965	11,430,629	22,622,594
NET POSITION	\$ 95,133,016	\$ 21,993,644	\$ 117,126,660

See accompanying notes to basic financial statements.

TOWN OF DEDHAM, MASSACHUSETTS

STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 8,576,777	\$ 631,013	\$ 286,848	\$ 47,349	\$ (7,611,567)		\$ (7,611,567)
Public safety	16,223,866	1,156,597	80,359	-	(14,986,910)		(14,986,910)
Education	59,992,955	2,415,302	14,665,600	939,761	(41,972,292)		(41,972,292)
Public works	10,593,671	48,673	84,548	1,186,852	(9,273,598)		(9,273,598)
Health and human services	1,333,425	113,926	262,981	-	(956,518)		(956,518)
Culture and recreation	3,264,258	633,245	84,281	-	(2,546,732)		(2,546,732)
Debt service	1,782,917	-	-	-	(1,782,917)		(1,782,917)
Total Governmental Activities	101,767,869	4,998,756	15,464,617	2,173,962	(79,130,534)		(79,130,534)
Business-Type Activities:							
Sewer	6,731,980	7,684,458	82,589	212,850		\$ 1,247,917	1,247,917
Total Primary Government	\$ 108,499,849	\$ 12,683,214	\$ 15,547,206	\$ 2,386,812	(79,130,534)	1,247,917	(77,882,617)
General Revenues:							
					76,708,396	-	76,708,396
						-	
					2,737,372	-	2,737,372
					4,456,087	-	4,456,087
					344,787	-	344,787
					398,380	25	398,405
					90,924	-	90,924
					478,192	(478,192)	-
					85,214,138	(478,167)	84,735,971
					6,083,604	769,750	6,853,354
					89,049,412	21,223,894	110,273,306
					\$ 95,133,016	\$ 21,993,644	\$ 117,126,660

See accompanying notes to basic financial statements.

TOWN OF DEDHAM, MASSACHUSETTS

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	General	School Construction	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 22,157,512	\$ -	\$ 8,549,492	\$ 30,707,004
Investments	990,663	-	1,396,756	2,387,419
Receivables, net of allowance for uncollectibles:				
Real estate and personal property taxes	3,672,787	-	-	3,672,787
Other	2,373,977	-	2,691	2,376,668
Due from Commonwealth	105,120	2,552,952	555,940	3,214,012
Due from other funds	2,613,235	-	-	2,613,235
Total Assets	\$ 31,913,294	\$ 2,552,952	\$ 10,504,879	\$ 44,971,125
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Warrants and accounts payable	\$ 753,538	\$ -	\$ 750,972	\$ 1,504,510
Accrued payroll and withholdings	2,613,043	-	-	2,613,043
Retainage payable	-	-	214,750	214,750
Tax refunds payable	932,717	-	-	932,717
Deferred revenue	6,046,764	-	2,691	6,049,455
Other liabilities	394,233	-	28,995	423,228
Due to other funds	-	2,581,495	31,740	2,613,235
Total Liabilities	10,740,295	2,581,495	1,029,148	14,350,938
FUND BALANCES:				
Nonspendable	-	-	796,915	796,915
Restricted	450,779	-	8,710,556	9,161,335
Committed	4,938,065	-	-	4,938,065
Assigned	1,716,512	-	-	1,716,512
Unassigned	14,067,643	(28,543)	(31,740)	14,007,360
Total Fund Balances	21,172,999	(28,543)	9,475,731	30,620,187
Total Liabilities and Fund Balances	\$ 31,913,294	\$ 2,552,952	\$ 10,504,879	\$ 44,971,125

See accompanying notes to basic financial statements.

TOWN OF DEDHAM, MASSACHUSETTS

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

JUNE 30, 2013

Total Governmental Fund Balances	\$ 30,620,187
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	125,858,088
Other assets are not available to pay for current-period expenditures and are therefore deferred on funds.	6,049,455
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the government funds:	
Bonds and notes payable	(54,133,359)
Unamortized premiums on bonds	(855,682)
Compensated absences	(879,524)
Other postemployment benefits	<u>(11,526,149)</u>
Net Position of Governmental Activities	<u>\$ 95,133,016</u>

See accompanying notes to basic financial statements.

TOWN OF DEDHAM, MASSACHUSETTS

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	General	School Construction	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Real estate and personal property taxes	\$ 76,448,797	\$ -	\$ -	\$ 76,448,797
Intergovernmental	14,606,146	939,761	4,351,735	19,897,642
Motor vehicle and other excises	4,224,173	-	-	4,224,173
License and permits	989,430	-	-	989,430
Departmental and other revenue	1,208,819	-	2,947,362	4,156,181
Penalties and interest on taxes	344,787	-	-	344,787
Fines and forfeitures	170,008	-	10,000	180,008
Investment income	379,913	-	18,467	398,380
Contributions and donations	-	-	450,855	450,855
	<u>98,372,073</u>	<u>939,761</u>	<u>7,778,419</u>	<u>107,090,253</u>
EXPENDITURES				
Current:				
General government	5,448,551	-	1,118,219	6,566,770
Public safety	11,047,458	-	360,187	11,407,645
Education	35,953,710	440,185	5,156,516	41,550,411
Public works	6,211,801	-	6,900,202	13,112,003
Health and human services	865,321	-	71,979	937,300
Culture and recreation	1,798,921	-	569,478	2,368,399
Pensions and other fringe benefits	21,858,995	-	-	21,858,995
State and county tax assessments	2,369,851	-	-	2,369,851
Debt service:				
Principal	6,341,729	-	-	6,341,729
Interest	1,899,555	-	-	1,899,555
	<u>93,795,892</u>	<u>440,185</u>	<u>14,176,581</u>	<u>108,412,658</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	6,988,000	6,988,000
Premiums from debt issuances	114,851	-	-	114,851
Transfers in	1,287,390	-	2,235,654	3,523,044
Transfers out	(2,786,508)	-	(258,344)	(3,044,852)
	<u>(1,384,267)</u>	<u>-</u>	<u>8,965,310</u>	<u>7,581,043</u>
NET CHANGE IN FUND BALANCE	3,191,914	499,576	2,567,148	6,258,638
FUND BALANCES, JULY 1, 2012	<u>17,981,085</u>	<u>(528,119)</u>	<u>6,908,583</u>	<u>24,361,549</u>
FUND BALANCES, JUNE 30, 2013	<u>\$ 21,172,999</u>	<u>\$ (28,543)</u>	<u>\$ 9,475,731</u>	<u>\$ 30,620,187</u>

See accompanying notes to basic financial statements.

TOWN OF DEDHAM, MASSACHUSETTS

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

JUNE 30, 2013

Net Change in Fund Balances - Total Governmental Fund Balances **\$ 6,258,638**

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. The net amounts are reflected here as reconciling items:

Capital Outlays	\$ 6,994,455	
Depreciation Expense	(5,568,756)	
Net effect of reporting capital assets		1,425,699

The issuance of long-term debt 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 has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas these amounts are deferred and amortized in the Statement of Activities. The net amount presented here as a reconciling item represents the following differences:

Issuance of debt	(6,988,000)	
Premiums from debt issuances	(114,851)	
Amortization of bond premiums	116,638	
Repayments of debt	6,341,729	
Net effect of reporting long-term debt		(644,484)

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 differ between the two statements.

The amount presented represents the differences derived from deferred revenue. 283,028

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:

Compensated absences	(33,043)	
Other postemployment benefits	(1,206,234)	
Net effect of reporting long-term liabilities		(1,239,277)

Change in Net Position of Governmental Activities **\$ 6,083,604**

See accompanying notes to basic financial statements.

TOWN OF DEDHAM, MASSACHUSETTS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2013

	<u>Business-type Activities - Enterprise Funds Sewer</u>
ASSETS	
CURRENT:	
Cash and cash equivalents	\$ 5,995,548
Receivables net of allowance for uncollectibles:	
User fees	5,094,979
Due from Commonwealth - subsidy	<u>52,828</u>
Total Current Assets	<u>11,143,355</u>
NONCURRENT:	
Due from Commonwealth - subsidy	287,274
Capital assets, net of accumulated depreciation	<u>13,706,885</u>
TOTAL ASSETS	<u>25,137,514</u>
LIABILITIES	
CURRENT:	
Warrants payable	-
Bond indebtedness - short term portion	<u>536,790</u>
Total Current Liabilities	<u>536,790</u>
NONCURRENT:	
Bond indebtedness - long term portion	<u>2,607,080</u>
TOTAL LIABILITIES	<u>3,143,870</u>
NET POSITION	
Invested in capital assets	10,563,015
Unrestricted	<u>11,430,629</u>
NET POSITION	<u><u>\$ 21,993,644</u></u>

See accompanying notes to basic financial statements.

TOWN OF DEDHAM, MASSACHUSETTS

**STATEMENT OF REVENUES, EXPENSES, ASSETS
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013**

	<u>Business-type Activities - Enterprise Funds Sewer</u>
OPERATING REVENUES	
Charges for services	\$ 7,619,358
Other revenues	<u>65,100</u>
Total Operating Revenues	<u>7,684,458</u>
OPERATING EXPENSES	
Operating costs	6,153,776
Depreciation	<u>383,173</u>
Total Operating Expenses	<u>6,536,949</u>
OPERATING INCOME	<u>1,147,509</u>
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental revenues	82,589
Investment income	25
Interest expense	<u>(195,031)</u>
Total Nonoperating Revenues (Expenses), net	<u>(112,417)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>1,035,092</u>
Capital contributions	212,850
Transfers in	597,533
Transfers out	<u>(1,075,725)</u>
CHANGE IN NET POSITION	<u>769,750</u>
NET POSITION AT BEGINNING OF YEAR, As restated (see Note V)	<u>21,223,894</u>
NET POSITION AT END OF YEAR	<u><u>\$ 21,993,644</u></u>

See accompanying notes to basic financial statements.

TOWN OF DEDHAM, MASSACHUSETTS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013**

	<u>Business-type Activities - Enterprise Funds Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from users	\$ 7,519,465
Payments to vendors	<u>(6,228,677)</u>
Net Cash Provided by Operating Activities	<u>1,290,788</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers in	597,533
Transfers out	<u>(1,075,725)</u>
Net Cash Used for Noncapital Related Financing Activities	<u>(478,192)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Governmental grants - subsidy	95,278
Proceeds from bonds and notes	260,150
Proceeds from capital grants	212,850
Principal payown of debt	(497,780)
Interest expense	<u>(195,031)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(124,533)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	<u>25</u>
Net Cash Provided by Investing Activities	<u>25</u>
NET CHANGE IN CASH AND EQUIVALENTS	688,088
CASH AND EQUIVALENTS:	
July 1, 2012	<u>5,307,460</u>
June 30, 2013	<u><u>\$ 5,995,548</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Operating income	\$ 1,147,509
Depreciation	<u>383,173</u>
Changes in assets and liabilities:	
Receivables	(164,993)
Warrants payable	<u>(74,901)</u>
Net Cash Provided From Operating Activities	<u><u>\$ 1,290,788</u></u>

See accompanying notes to basic financial statements.

TOWN OF DEDHAM, MASSACHUSETTS

**STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013**

	Pension Trust Fund (December 31, 2012)	Other Postemployment Trust Fund	Private Purpose Trust Funds	Agency Fund
ASSETS				
Cash and Cash Equivalents	\$ 165,606	\$ 32,644	\$ 860,665	\$ 1,001,283
Investments (at fair value):				
Securities	-	5,217,836	298,254	-
Pooled funds - PRIT	93,404,026	-	-	-
Total Investments	93,404,026	5,217,836	298,254	-
Receivables:				
Other receivables	5,820	-	-	619,176
Total Assets	93,575,452	5,250,480	1,158,919	1,620,459
LIABILITIES				
CURRENT:				
Employee deposits	-	-	-	444,400
Planning board deposits	-	-	-	429,215
Student activities	-	-	-	256,656
Public safety details	-	-	-	287,142
Other deposits	-	-	-	203,046
Total Liabilities	-	-	-	1,620,459
NET POSITION				
Held in trust for:				
Pension benefits	93,575,452	-	-	-
Other postemployment benefits	-	5,250,480	-	-
Private purposes	-	-	1,158,919	-
Net Position	\$ 93,575,452	\$ 5,250,480	\$ 1,158,919	\$ -

See accompanying notes to basic financial statements.

TOWN OF DEDHAM, MASSACHUSETTS

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2013**

	Pension Trust Fund <u>(December 31, 2012)</u>	Other Postemployment Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 3,618,401	\$ 4,411,331	\$ -
Employee	2,055,547	779,473	-
Private donations	-	-	604,219
Commonwealth of Massachusetts	151,519	-	-
Transfers from other systems	67,056	-	-
Reimbursements from other systems	126,499	-	-
Total contributions	<u>6,019,022</u>	<u>5,190,804</u>	<u>604,219</u>
Investment income:			
Interest and dividends	2,823,681	114,594	29,113
Net appreciation in fair value of investments	8,829,861	171,059	-
Less - investment management fees	(473,058)	(18,541)	-
Net investment earnings	<u>11,180,484</u>	<u>267,112</u>	<u>29,113</u>
Other income	<u>10,921</u>	<u>-</u>	<u>-</u>
Total Additions	<u>17,210,427</u>	<u>5,457,916</u>	<u>633,332</u>
DEDUCTIONS			
Benefit payments to retirees and beneficiaries	7,488,131	-	-
Life and health insurance premiums paid for retirees	-	3,461,804	-
Refunds to members	75,717	-	-
Transfers to other systems	313,708	-	-
Reimbursements to other systems	182,725	-	-
Operations payroll expenditures	90,933	-	-
Other administrative expenses	81,584	-	-
Scholarships and public assistance	-	-	41,723
Total Deductions	<u>8,232,798</u>	<u>3,461,804</u>	<u>41,723</u>
CHANGE IN NET POSITION	8,977,629	1,996,112	591,609
NET POSITION AT BEGINNING OF YEAR	<u>84,597,823</u>	<u>3,254,368</u>	<u>567,310</u>
NET POSITION AT END OF YEAR	<u>\$ 93,575,452</u>	<u>\$ 5,250,480</u>	<u>\$ 1,158,919</u>

See accompanying notes to basic financial statements.

TOWN OF DEDHAM, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013

I. Summary of Significant Accounting Policies

The basic financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to state and local governments. GAAP is prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for state and local governmental entities. The following is a summary of the more significant policies and practices used by the Town:

A. Reporting Entity

The Town of Dedham is located south-west of Boston in Norfolk County. Dedham was established as a Town in 1636. The Town is governed by an elected five-member Board of Selectmen with an appointed Town Administrator. Each Board of Selectmen member serves a three-year term. The Town provides governmental services for the territory within its boundaries, including police and fire protection, rubbish disposal, public education in grades K-12, sewer services, street maintenance, parks and recreational facilities.

Dedham Contributory Retirement System - The Dedham Contributory Retirement System (the System, Pension Trust Fund or Retirement System) services almost entirely to the Town. While legally separate, it is presented as if it were part of the primary government, because of the significance of its operations and common control. Data is blended with the fiduciary funds. Stand-alone financial statements for the year ended December 31, 2012 were not issued; however, an internally prepared annual report is available at the Retirement Office, 202 Bussey Street, 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 of providing vocational education through the Blue Hills Regional Technical School District (BHRS). Town's assessment for 2013 was \$910,376. Stand-alone financial statements for the year ended June 30, 2013 are available at Blue Hills Regional Technical School District, 800 Randolph Street, Canton, Massachusetts 02021.

The Town has no equity interest in BHRS.

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 or economically accountable to the Dedham-Westwood Water District beyond making these appointments.

B. Government-Wide and Fund Financial Statements

In 2013, the Town implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. As a result of the implementation, the basic financial statements were renamed to the *statement of net position* and *statement of revenues, expenses and changes in net position*. These statements were formerly referred to as the *statement of net assets* and *statement of revenues, expenses and changes in net*

assets. All previous references to *net assets* have been replaced with the concept of *net position* in accordance with GASB 63. The Town did not have any assets or liabilities that were required to be reported as deferred outflows of resources and deferred inflows of resources in these financial statements.

The government-wide financial statements (i.e., the 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 normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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 government funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Major Fund Criteria – Major funds must be reported if both of the following criteria are met:

- 1) The total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least ten percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- 2) The total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five 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.

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

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 a liability is incurred. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. For the most part, the effect of interfund activity has been removed from the government-wide financial statements.

The governmental fund financial statements are reported using *the current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e. measurable and available). Revenues are considered to be *available* when they are 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 interest on general long-term debt which is recognized when payment is due, certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

The Town considers property tax revenues to be available if they are collected within 60 days after the end of the fiscal year and are material. Investment income associated with the current fiscal period is susceptible to accrual and has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received and are recognized as revenue at that time.

The government reports the following major governmental funds:

General Fund – is the government’s primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

School Construction Fund – is used to account for the financial activities relating to the construction of a new elementary school.

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 Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The Capital Projects Funds are used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

The Permanent Funds are used to account for financial resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues are user charges and fees, while operating expenses consist of salaries, ordinary maintenance, indirect costs and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The government reports the following major proprietary fund:

Sewer Enterprise Fund – is used to account for user charges collected to finance costs associated with maintaining the related infrastructure within the Town boundaries by which the sewer activities are processed.

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

The government reports the following fiduciary funds:

Pension Trust Fund – is used to account for the activities of the System, which accumulates resources for pension benefits to retired Town employees.

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.

Private-Purpose Trust Funds – is used to account for trust arrangements under which principal and income benefit individuals, private organizations or other governments. This fund is used for educational scholarships and needy citizen benefit funds.

Agency Fund – is used to account for assets held in a purely custodial capacity. This fund is primarily used for private public safety details, developer deposits and student activities. Agency funds apply the accrual basis of accounting but do not have a measurement focus.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Equity

Deposits and Investments – The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the Town and its component units are reported at fair value.

Receivables – Real estate and personal property taxes are assessed on January 1 every year. Bills are sent quarterly and are due on August 1, November 1, February 1, and May 1, or thirty days subsequent to the mailing date. Interest accrues on delinquent taxes to the statutory rate per annum. The Town is allowed to take delinquent tax accounts into tax title fourteen days subsequent to the mailing of demand of delinquent taxes. Property taxes levied are recorded as receivables in the fiscal year of the levy.

User charge receivables represent amounts billed for sewer usage by the Town’s property owners. Bills are sent in cycles with each property owner receiving 4 bills per year.

Real estate taxes and sewer user fees may be secured through a lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible balances for these receivables is not reported. All personal property tax, excise tax and other departmental receivables are shown net of an allowance for uncollectible balances comprised of those outstanding amounts greater than five years old.

Inventories and Prepaid Items – Inventories, which are not material to the basic financial statements, are considered to be expenditures at the time of purchase. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Capital assets, which include land, buildings and improvements, machinery and equipment, vehicles and infrastructure (e.g. roads, sewer mains, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

Net interest incurred during the construction phase of capital assets of business-type activities, if material is included as part of the capitalized value of the assets constructed.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected lives of greater than two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets (excluding land and construction-in-process) are depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	40 years
Machinery and equipment	5-10 years
Vehicles	5-10 years
Infrastructure	40-50 years

Interfund Balances – Activity between funds that are representative of lending arrangements outstanding at the end of the fiscal year are referred to as either *due to/from other funds* or *advances to/from other funds*. All other outstanding balances between funds are reported as due to/from other funds.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

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 in the individual fund statements. Transfers between and within governmental and fiduciary funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and the business –type activities are reported in the statement of activities as *transfers, net*.

Investment Income – Investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by state law. Investment income of the proprietary funds is voluntarily assigned to the general fund. Investment income of the permanent funds is retained in the funds.

Compensated Absences – It is the Town’s policy to permit employees to accumulate earned but unused vacation and sick-pay benefits. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting the payroll and related expenditures. Amounts related to these benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in Governmental Funds only if they have matured.

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

In the governmental fund financial statements, the face amount of long-term debt issued is reported as other financing sources. Premiums received on a debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are exclusively reported as general government expenditures regardless of whether they are withheld from the actual proceeds.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town does not have any items that qualify for reporting as a deferred outflow.

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

Net Position – In the government-wide financial statements, net position reported as “invested 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 related debt.

Net position are reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific use. Net position has been *restricted for* the following:

Perpetual permanent funds represent the endowment portion of donor restricted trusts that support governmental programs.

Expendable permanent funds represent amounts held in trust whereby expenditures are subject to various trust agreements.

Capital projects represents remaining balances from bond proceeds that are restricted by state law to specific capital purposes and borrowing terms.

Federal and State grants represent assets that have restrictions placed on them from federal and state granting agencies.

Other specific purposes represent assets that are restricted by donors for specific governmental programs and uses.

Fund Equity – In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent in which the Town is required to honor constraints on the specific purpose for which amounts in the funds can be spent.

Fund balance is reported in five components – non-spendable, restricted, committed, assigned, and unassigned as described below:

Non-spendable represents amounts that cannot be spent because they are either (a) not in spendable form (i.e. inventory or prepaid) or (b) legally or contractually required to be maintained intact such as the corpus of an endowment.

Restricted represents amounts that have constraints placed either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Town to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision making authority, which consists of the Town Meeting members through Town Meeting Votes. Those committed amounts cannot be used for any other purpose unless the Town Meeting removes or changes the specified use by taking the same type of action (through Town Meeting Votes) it employed previously to commit those amounts.

Assigned represents amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. The Finance Director has the authority to assign fund balance. The Town Meeting may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the Town's policy to use committed resources first, then assigned, and then unassigned as they are needed.

The Town has not established financial policies with respect to maintaining minimum fund balance amounts.

Stabilization Funds – The Town maintains a stabilization fund which may be used for any municipal purpose upon a two-thirds vote of the Town Meeting. The balance of the fund totals \$4,530,457 at June 30, 2013 and is reported as unassigned fund balance in the General Fund.

The Town maintains a mitigation stabilization fund which may be used for any municipal purpose, or as specified by a developer, upon a two-thirds vote of the Town Meeting. The balance of the fund totals \$488,665 at June 30, 2013 and is reported as unassigned fund balance in the General Fund.

The Town maintains a major capital facilities stabilization fund which may be used for facilities improvements, facilities replacements or new facilities upon a two-thirds vote of the Town Meeting. The balance of the fund totals \$3,818,349 at June 30, 2013 and is reported as committed fund balance in the General Fund.

Encumbrances - The Town's encumbrance policy regarding the general fund is to (1) classify encumbrances that arise from the issuance of purchase orders resulting from normal purchasing activity approved by the Finance Director as assigned, and; (2) classify encumbrances that result from an action of the Town Meeting as committed. Encumbrances of funds already restricted, or committed are included within the classification of those fund balances and not reported separately. The Town reports \$661,596 of encumbrances from normal purchasing activity in the general fund as assigned. The Town reports \$1,119,716 of encumbrances from Town Meeting votes in the general fund as committed.

The following table reflects the Town's fund equity categorizations:

	General	School Construction Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Perpetual permanent funds	\$ -	\$ -	\$ 796,915	\$ 796,915
Restricted:				
General government	-	-	1,346,845	1,346,845
Public safety	-	-	222,868	222,868
Education	-	-	2,007,079	2,007,079
Public works	-	-	149,456	149,456
Health and human services	-	-	199,753	199,753
Culture and recreation	-	-	1,197,712	1,197,712
Capital outlay	-	-	3,586,843	3,586,843
Other purposes	450,779	-	-	450,779
Committed:				
General government	776,508	-	-	776,508
Capital outlay	3,818,349	-	-	3,818,349
Other purposes	343,208	-	-	343,208
Assigned:				
Purchase orders	661,596	-	-	661,596
Subsequent years' budget	1,054,916	-	-	1,054,916
Unassigned	14,067,643	(28,543)	(31,740)	14,007,360
	<u>\$ 21,172,999</u>	<u>\$ (28,543)</u>	<u>\$ 9,475,731</u>	<u>\$ 30,620,187</u>

E. Excess of Expenditures Over Appropriations and Deficits

During the fiscal year ended, expenditures exceeded appropriations in the General Fund for state and county charges.

The Town has a deficit in its School Construction Major Capital Projects Fund, totaling \$28,543. This deficit will be funded through grant revenues and bond proceeds. The Town has also a deficit fund balance totaling \$31,740, in its School Lunch Fund which is classified as a Nonmajor Governmental Fund. This deficit will be funded through future revenues and grant proceeds.

F. Use of Estimates

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 fiscal year. Actual results could vary from estimates that were used.

II. Detailed Notes to All Funds

A. Deposits 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 trust funds are held separately from those of other funds.

State laws and regulations require the Town to invest funds only in pre-approved investment instruments which include but are not necessarily limited to bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements, and the State Treasurer's investment pool ("the Pool"). In addition, the statutes impose various limitations on the amount and length of investments and deposits. Repurchase agreements cannot be for a period of over ninety days, and the underlying security must be a United States obligation. During the fiscal year, the Town did not enter into any repurchase agreements.

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 System invests in an external investment pool fund known as the Pension Reserves Investment Trust (PRIT), managed by the Pension Reserves Investment Management (PRIM) Board, a division of the Commonwealth of Massachusetts. This pool generally has specific investment criteria which limits the range of investments that may be held within the pool. Approximately 99% of the System's cash and investments are held in such funds. The fair value of the position in these pools is the same as the value of their shares; fair value determination based upon open investment market pricing is not necessarily available for all of these investments.

The fair value of bonds and government obligations were determined, based on quoted market prices. The fair values of stocks were determined by closing prices for those securities traded on national stock exchanges and at the average of bid-and-asked quotations for these securities traded in the over-the-counter market.

Custodial Credit Risk: Deposits - In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk relative to cash holdings. At year-end, the carrying amount of the Town's deposits was \$16,072,813 and the bank balance was \$18,623,724. Of the Town's bank balance, \$15,132,485 was covered by federal depository insurance, the depositors' insurance fund or the share insurance fund; and the remainder was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2012, the carrying amount of the System's deposits was \$90,534 and the bank balance of \$227,804 was covered by federal depository insurance.

Custodial Credit Risk: Investments – In the case of investments, this is the risk that in the event of the invested party not being able to provide required payments to investors, ceasing to exist, or filing of bankruptcy, the Town or System may not be able to recover the full amount of its principal investment and/or investment earnings. Neither the Town nor the System have formal investment policies related to custodial credit risk.

The Town's investments of \$1,089,036 in United States governmental obligations, \$425,031 in corporate fixed income investments and \$946,393 in equity securities are exposed to custodial credit risk because the related securities are uninsured, unregistered and are held by the counterparty.

The Town's investments of \$21,285,240 in the MMDT and the System's investments of \$93,404,026 are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Interest Rate Risk – The Town does not have formal investment policies that limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Securities Credit Risk: Investments – In the case of investments, there is the risk that in the event an invested party will be unable to fulfill its obligations, such as to provide required payments to investors, to meet current or future performance expectations, to abide by industry regulations and proper operational practices, ceasing to exist, or filing for bankruptcy. In those instances, the Town or System may not be able to recover the full amount of its principal investment and/or investment earnings.

The Town does not have a formal investment policy related to securities credit risk. The System does voluntarily self-impose certain investment restrictions; however, those can be changed at the Board's discretion. The System's pooled investment account was not subject to credit quality ratings from leading credit rating agencies.

Concentration of Credit Risk – Exposure from this risk is relative to the diversity of investment holdings by the Town or System, and the potential significant loss that could be realized should the invested party or parties fail or are unable to meet its or their obligations to investors. The Town nor the System places a limit on the amount that may be invested in any one issuer.

The Town does not maintain balances in any single investment that would represent more than 5% of the Town's total investments.

The System maintains 100% of its investment balances within a pooled investment account through PRIT.

Details of the Town and System investments at June 30, 2013 are as follows:

Investment Type	Fair Value	Time Until Maturity (Years)			
		Less Than 1	1-5	6-10	More Than 10
<u>Town Investments at June 30, 2013</u>					
Fixed income securities - Corporate	\$ 425,031	\$ -	\$ 179,727	\$ 100,944	\$ 144,360
Fixed income securities - Government backed	1,089,036	-	1,089,036	-	-
Certificates of deposit	8,547,217 *	1,218,736	5,454,680	1,108,027	765,774
Total Town investments with maturities	10,061,284	1,218,736	6,723,443	1,208,971	910,134
<u>Other Town Investments:</u>					
Equities	946,393				
Mutual funds	5,443,049				
Money market mutual funds	1,239,091				
External investment pool (MMDT)	21,285,240				
Total Town investments	38,975,057				
<u>Pension Trust Investments at December 31, 2012:</u>					
Money market mutual funds	75,072				
External investment pool (PRIT)	93,404,026				
Total Pension Trust investments	93,479,098				
Total Investments	\$ 132,454,155				

* Certificates of deposit have also been included in the carrying amount of deposits in the custodial credit risk of deposits as these investments are subject to federal depository insurance coverage.

At June 30, 2013 the credit quality ratings of investments were as follows:

Quality Ratings (Moody's)	Corporate Fixed Income	U.S. Government	Certificates of Deposits	Totals
AAA	\$ -	\$ 1,089,036	\$ -	\$ 1,089,036
AA	52,103	-	-	52,103
A	146,539	-	-	146,539
A1	88,987	-	-	88,987
BAA	50,642	-	-	50,642
BAA3	86,760	-	-	86,760
Not rated	-	-	8,547,217	8,547,217
Totals - All	\$ 425,031	\$ 1,089,036	\$ 8,547,217	\$ 10,061,284

B. Receivables

Receivables as of year-end for the Town's individual major and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Real estate and personal property taxes	\$ 3,672,787	\$ -	\$ 3,672,787
Tax liens and deferrals	1,557,919	-	1,557,919
Excise	710,219	-	710,219
Special assessments	38,438	-	38,438
Water liens added to tax	67,401	-	67,401
Departmental and other	2,691	-	2,691
Intergovernmental	3,214,012	-	3,214,012
Total	<u>\$ 9,263,467</u>	<u>\$ -</u>	<u>\$ 9,263,467</u>

Receivables as of year-end for Town's proprietary funds are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Sewer user charge	\$ 4,894,278	\$ -	\$ 4,894,278
Sewer liens	200,701	-	200,701
Intergovernmental	340,102	-	340,102
Total	<u>\$ 5,435,081</u>	<u>\$ -</u>	<u>\$ 5,435,081</u>

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

	General Fund	Other Governmental Funds	Total
Receivable type:			
Real estate and personal property taxes	\$ 3,672,787	\$ -	\$ 3,672,787
Tax liens	1,557,919	-	1,557,919
Excise	710,219	-	710,219
Special assessments	38,438	-	38,438
Water liens added to tax	67,401	-	67,401
Departmental and other	-	2,691	2,691
Total	<u>\$ 6,046,764</u>	<u>\$ 2,691</u>	<u>\$ 6,049,455</u>

Massachusetts School Building Authority Assistance Reimbursement – As of June 30, 2013, the Town expects to receive as the balance of grants from the Commonwealth of Massachusetts, \$2,552,952 applicable to approved school construction costs. Such costs will be reimbursed in lump sum payments during fiscal year 2014. This amount is included as a receivable in the Governmental Funds in the School Construction major fund.

Massachusetts Water Pollution Abatement Trust Loan Subsidies – The Town has entered into numerous loan agreements with the Massachusetts Water Pollution Abatement Trust (MWPAT). It is expected that the Town will be subsidized by MWPAT on a periodic basis for principal in the amount of \$340,102 and interest in the amount of \$156,078 until the maturity of these agreements. GAAP requires the recognition of gross debt relative to these agreements; therefore, the principal amount is reported as a receivable in the Sewer Enterprise Fund.

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances at June 30, 2013 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	School Construction Fund	\$ 2,581,495
General Fund	Nonmajor Governmental Funds - School Lunch Fund	31,740
Total		<u>\$ 2,613,235</u>

The outstanding balances between funds result mainly from the timing difference between the dates that (1) reimburseable expenditures occur, (2) the intergovernmental reimbursements are received and (3) the payments to the general fund are made.

The composition of interfund transfers for the fiscal year ended June 30, 2013 is as follows:

<u>Transfers Out</u>	<u>Transfers In</u>			<u>Total</u>	
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Sewer Enterprise Fund</u>		
General Fund	\$ -	\$ 2,188,975	\$ 597,533	\$ 2,786,508	(1)
Nonmajor Governmental Funds	211,665	46,679	-	258,344	(2)
Sewer Enterprise Fund	1,075,725	-	-	1,075,725	(3)
Total	<u>\$ 1,287,390</u>	<u>\$ 2,235,654</u>	<u>\$ 597,533</u>	<u>\$ 4,120,577</u>	

- (1) Transfer to nonmajor funds to fund capital costs and transfers to the sewer enterprise fund for debt service costs.
- (2) Transfers to general fund for operating budgets and transfers between nonmajor governmental funds for capital costs.
- (3) Transfer to the general fund for indirect costs.

D. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 19,670,260	\$ -	\$ -	\$ 19,670,260
Construction in process	22,960,369	-	(22,960,369)	-
Total capital assets not being depreciated	42,630,629	-	(22,960,369)	19,670,260
Capital assets being depreciated:				
Buildings and improvements	90,249,018	23,719,096	-	113,968,114
Improvements other than buildings	5,979,662	197,903	-	6,177,565
Infrastructure	65,330,417	5,165,459	-	70,495,876
Machinery, equipment and vehicles	18,721,740	872,366	-	19,594,106
Total capital assets being depreciated	180,280,837	29,954,824	-	210,235,661
Less accumulated depreciation for:				
Buildings and improvements	(51,757,320)	(2,469,677)	-	(54,226,997)
Improvements other than buildings	(860,163)	(272,232)	-	(1,132,395)
Infrastructure	(30,966,011)	(1,756,904)	-	(32,722,915)
Machinery, equipment and vehicles	(14,895,583)	(1,069,943)	-	(15,965,526)
Total accumulated depreciation	(98,479,077)	(5,568,756)	-	(104,047,833)
Total capital assets being depreciated, net	81,801,760	24,386,068	-	106,187,828
Governmental activities capital assets, net	\$ 124,432,389	\$ 24,386,068	\$ (22,960,369)	\$ 125,858,088
<i>Business-Type Activities (Sewer):</i>				
Capital assets being depreciated:				
Infrastructure	\$ 15,855,719	\$ -	\$ -	\$ 15,855,719
Total capital assets being depreciated	15,855,719	-	-	15,855,719
Less accumulated depreciation for:				
Infrastructure	(1,765,661)	(383,173)	-	(2,148,834)
Total accumulated depreciation	(1,765,661)	(383,173)	-	(2,148,834)
Total capital assets being depreciated, net	14,090,058	(383,173)	-	13,706,885
Business-type activities capital assets, net	14,090,058	(383,173)	-	13,706,885

Depreciation expense was charged to functions/programs as follows:

General government	\$ 661,933
Public safety	459,107
Education	2,271,385
Public works	1,908,532
Health and human services	18,426
Culture and recreation	249,373
Total Depreciation - Governmental Funds	<u>\$ 5,568,756</u>
Total Depreciation - Business-type Funds (Sewer)	<u>\$ 383,173</u>

E. Temporary Debt

The Town is authorized to borrow on a temporary basis to fund the following:

Current Operating Costs – Prior to the collection of revenues, expenditures may be financed through the issuance of revenue (RANS) or tax anticipation notes (TANS).

Capital Projects and Other Approved Costs – Projects may be temporarily funded through the issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS). In certain cases, prior to the issuance of these temporary notes, the governing body must take the necessary legal steps to authorize the issuance of the general obligation bonds. Temporary notes may not exceed the aggregate amount of bonds authorized or the grant award amount.

Temporary notes are general obligations of the Town and carry maturity dates not in excess of one year and are interest bearing and will be paid through future issuance of general obligation bonds. There were no temporary notes outstanding at June 30, 2013.

F. Long-Term Obligations

Bond and Note Indebtedness – The Town issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued for both governmental and business-type activities. Additionally, the Town incurs various other long-term obligations relative to associated personnel costs. State law permits the Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5.0 percent of its equalized valuation. Debt issued in accordance with this section of the law is designated as being “inside the debt limit.” In addition, the Town may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being “outside the debt limit”.

On May 20, 2013, the Town issued \$260,150 in MWRA notes for sewer projects. The Town also received grant proceeds of \$212,850 from the MWRA associated with this issue. On June 15, 2013, the Town issued \$6,988,000 in general obligation bonds for road and sidewalk repairs and roof repairs for various Town buildings.

The following reflects current year activity in the long-term liability accounts:

Obligations	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<i>Governmental Activities:</i>					
Bond and note debt	\$ 53,487,088	\$ 6,988,000	\$ (6,341,729)	\$ 54,133,359	\$ 6,159,728
Unamortized bond premium	857,469	114,851	(116,638)	855,682	112,505
Compensated absences	846,481	244,663	(211,620)	879,524	219,881
Other postemployment benefits	10,319,915	6,075,651	(4,869,417)	11,526,149	-
Total Governmental Activities	<u>\$ 65,510,953</u>	<u>\$ 13,423,165</u>	<u>\$ (11,539,404)</u>	<u>\$ 67,394,714</u>	<u>\$ 6,492,114</u>
<i>Business-type Activities - Sewer:</i>					
Bond and note debt	\$ 3,381,500	\$ 260,150	\$ (497,780)	\$ 3,143,870	\$ 536,790
Total Business-type Activities - Sewer	<u>\$ 3,381,500</u>	<u>\$ 260,150</u>	<u>\$ (497,780)</u>	<u>\$ 3,143,870</u>	<u>\$ 536,790</u>
Total Long-term Obligations	<u>\$ 68,892,453</u>	<u>\$ 13,683,315</u>	<u>\$ (12,037,184)</u>	<u>\$ 70,538,584</u>	<u>\$ 7,028,904</u>

The governmental activities liabilities will be liquidated by the general fund. The business-type liabilities will be liquidated by the sewer enterprise fund.

The following is a summary of outstanding long-term debt obligations as of June 30, 2013:

The following is a summary of outstanding long-term debt obligations for the year ended June 30, 2013:

Description of Issue	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
<i>Governmental Activities:</i>					
General obligation bonds	2.0 - 5.0%	\$ 53,440,000	\$ 6,988,000	\$ (6,335,000)	\$ 54,093,000
MWPAT notes	0.0%	47,088	-	(6,729)	40,359
Total Governmental Activities		<u>\$ 53,487,088</u>	<u>\$ 6,988,000</u>	<u>\$ (6,341,729)</u>	<u>54,133,359</u>
<i>Business-type Activities - Sewer:</i>					
General obligation bonds	2.0 - 7.0%	\$ 1,750,000	\$ -	\$ (245,000)	\$ 1,505,000
MWRA notes	0.0%	247,500	260,150	(138,380)	369,270
MWPAT notes	Varies	1,384,000	-	(114,400)	1,269,600
Total Business-type Activities: Sewer		<u>\$ 3,381,500</u>	<u>\$ 260,150</u>	<u>\$ (497,780)</u>	<u>3,143,870</u>
Total Bond and Note Debt		<u>\$ 56,868,588</u>	<u>\$ 7,248,150</u>	<u>\$ (6,839,509)</u>	<u>\$ 57,277,229</u>

Payments on outstanding bond balances due in future years consist of the following:

Year Ending June 30	Principal			Interest			Total
	Balance	Subsidy	Net of Subsidy	Balance	Subsidy	Net of Subsidy	
<i>Governmental Activities</i>							
2014	\$ 6,159,728	\$ -	\$ 6,159,728	\$ 1,754,219	\$ (1,879)	\$ 1,752,340	\$ 7,912,068
2015	5,636,726	-	5,636,726	1,554,666	(1,534)	1,553,132	7,189,858
2016	4,896,726	-	4,896,726	1,360,682	(1,190)	1,359,492	6,256,218
2017	4,381,726	-	4,381,726	1,200,888	(845)	1,200,043	5,581,769
2018	4,146,727	-	4,146,727	1,064,570	(504)	1,064,066	5,210,793
2019 - 2023	15,796,726	-	15,796,726	3,447,973	(168)	3,447,805	19,244,531
2024 - 2028	9,865,000	-	9,865,000	1,382,369	-	1,382,369	11,247,369
2029 - 2033	3,250,000	-	3,250,000	202,975	-	202,975	3,452,975
Total	<u>\$ 54,133,359</u>	<u>\$ -</u>	<u>\$ 54,133,359</u>	<u>\$ 11,968,342</u>	<u>\$ (6,120)</u>	<u>\$ 11,962,222</u>	<u>\$ 66,095,581</u>
<i>Business-Type Activities: Sewer</i>							
2014	\$ 536,790	\$ (52,828)	\$ 483,962	\$ 111,339	\$ (37,454)	\$ 73,885	\$ 557,847
2015	541,190	(51,634)	489,556	94,014	(35,087)	58,927	548,483
2016	491,230	(52,211)	439,019	73,967	(29,718)	44,249	483,268
2017	380,830	(53,155)	327,675	57,213	(24,347)	32,866	360,541
2018	385,530	(57,197)	328,333	39,536	(14,044)	25,492	353,825
2019 - 2023	808,300	(73,077)	735,223	71,708	(9,308)	62,400	797,623
Total	<u>\$ 3,143,870</u>	<u>\$ (340,102)</u>	<u>\$ 2,803,768</u>	<u>\$ 447,777</u>	<u>\$ (149,958)</u>	<u>\$ 297,819</u>	<u>\$ 3,101,587</u>

The following represents authorized and unissued debt as of June 30, 2013:

<u>Project</u>	<u>Amount</u>
<i>Governmental:</i>	
School construction and repairs	\$ 11,470,000
Town hall energy improvements	4,025,000
Dedham Square improvements	1,300,000
Roads and sidewalks	2,000,000
Other	705,500
<i>Business-type:</i>	
Sewer repairs	180,000
Total Authorized and Unissued	<u>\$ 19,680,500</u>

III. Other Information

A. Retirement System

Retirement System Description – The Town contributes to the Town of Dedham Contributory Retirement System, an agency multiple-employer defined benefit pension plan for the Town, and Dedham Housing Authority. The Retirement System was established under Chapter 32 of the General Laws of the Commonwealth of Massachusetts. The Retirement System is administered by the Town of Dedham and is part of the reporting entity. Stand-alone financial statements for the year ended December 31, 2012 were not issued, however an annual report is available at the Retirement Office, 202 Bussey Street, Suite 101, Dedham, Massachusetts 02026.

Substantially all employees of the Town, except teachers and certain administrative personnel employed by the School Department, participate in the Retirement System. The members of the Retirement System do not participate in the Social Security Retirement System. Benefits paid under the Retirement System, referred to as "retirement allowances," include both an annuity portion, funded principally from amounts contributed by the participants, and a pension portion, funded by the Town.

Membership – Current membership in the Retirement System as of December 31, 2012, is as follows:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	309
Active/inactive employees	<u>564</u>
Total	<u>873</u>

Benefits – Massachusetts contributory retirement system benefits are uniform from retirement system to system. The System provides for retirement allowance benefits up to a maximum of 80 percent of a participant's highest three-year average annual rate of regular compensation, if hired prior to April 2, 2012 and using the participants highest five-year average if hired on or after April 2, 2012. Benefit payments are based upon a participant's age, length of creditable service, level of compensation and group classification.

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

From time to time, the Legislature may grant cost-of-living increases to benefits being paid to retirees. These increases are expressed as a percentage of the retiree's allowance subject to a maximum dollar increase. Since 1982, cost-of-living increases granted to members of local retirement systems have been the financial responsibility of the State. However, beginning in 1998, the funding of future cost-of-living amounts became the responsibility of the participating units. These units are responsible for the full cost-of-living amounts for all new retirees beginning that year, and for any additional cost-of-living increases granted to individuals who retired before 1998. The State shall continue to fund the cost-of-living amounts granted to retirees prior to 1998 for the duration of their selected retirement option.

Participants 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 contributions. In addition, depending upon the number of years of creditable service, such employees are entitled to receive 0, 50% or 100% of the regular interest that has accrued upon those contributions. A vested employee under the age of 55 who elects to leave his accumulation on deposit may apply for benefits upon reaching that age.

Survivor benefits are extended to eligible beneficiaries of participants whose death occurs prior to or following retirement.

The Retirement System may be amended or terminated in whole or in part at any time by the Massachusetts Legislature, provided that no such modification, amendment or termination shall be made that would deprive a current member of superannuation pension rights or benefits provided under applicable laws of Massachusetts, if such member has paid the stipulated contributions specified in sections or provisions of such laws.

Normal Retirement – Normal retirement occurs at age 65; however, participants may retire after twenty years of service or at any time after attaining age 55, if hired prior to April 2, 2012 or at any time after attaining age 60 if hired on or after April 2, 2012. Participants with hire dates subsequent to January 1, 1978 must have a minimum of ten years' creditable service in order to retire at age 55. Participants become vested after ten years of service. Benefits commencing before age 65 are provided at a reduced rate. Members working in certain occupations may retire with full benefits earlier than age 65.

Disability Retirement – The Retirement System provides for both an ordinary disability retirement, where a participant is permanently incapacitated from a cause unrelated to employment and an accidental disability retirement, where the disability is the result of an injury or illness received or aggravated in the performance of duty. The amount of benefits to be received in such cases is dependent upon several factors, including the age at which the disability retirement occurs, the years of service, average compensation and veteran status.

Funding Status and Progress – The Town has elected provisions of Chapter 32, Section 22D (as amended) of Massachusetts General Laws, which require that a funding schedule be established to fully fund the accrued liability by June 30, 2040. Under provisions of this law, participating employers are assessed their share of the total retirement cost based on the entry age, normal actuarial cost method. Amortization of the unfunded actuarial liability is determined using the level dollar amortization method over a 22-year period. Currently, the Town's funding schedule is calculated to fully fund the accrued liability by June 30, 2035.

The funded status of the Retirement System at January 1, 2012, the most recent valuation date, is:

Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B – A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
\$ 86,438,199	\$120,226,039	\$ 33,787,840	71.9%	\$20,742,966	162.9%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AAL for benefits.

Contribution Requirements and Contributions Made – The Retirement System’s funding policies have been established by Chapter 32 of the Massachusetts General Laws. Depending on their employment date, members must contribute 5%, 7%, 8%, or 9% of their compensation. Additionally, employees hired after January 1, 1979 contribute an additional 2% on earnings in excess of \$30,000.

Contributions are recognized as additions in the period when they become due pursuant to formal commitments, statutory or contractual requirements. Benefits and refunds are recognized as deductions when incurred and administrative expenses are funded through investment earnings.

Member employers are required to contribute the remaining amounts necessary to finance benefits, except for certain cost-of-living adjustments granted between 1982 and 1997, which are reimbursed by the Commonwealth. The amount of these on behalf payments from the Commonwealth were not material to the Town’s financial statements and accordingly were not reported as general fund activity.

GAAP requires that the annual minimum provision for pension costs should include normal cost, interest on unfunded past service cost liability, and amortization of unfunded vested benefits, based on an acceptable actuarial cost method. Chapter 32 of the General Laws as amended requires amortization of the unfunded pension liability over a forty-year period.

Annual Pension Cost – The three-year trend information for the System is as follows:

Year Ended December 31,	Annual Required Contribution	Percentage Contributed	Net Pension Obligation
2012	\$ 3,618,401	100 %	—
2011	3,510,121	100 %	—
2010	3,483,922	100 %	—

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

Valuation date:	January 1, 2012
Actuarial cost method	Individual entry age normal
Amortization method	Level percent of pay, 4% increasing payments

Remaining amortization period	22 years as of January 1, 2012 (closed)
Asset valuation method	Actuarial; 4 year smoothing
Investment rate of return	8.0%
Inflation rate	5.0%
Projected salary increases	Service-based table with ultimate rates of between 4.75% and 5.25%

Legally Required Reserve Accounts – The balances in the Retirement System’s legally required reserves as of December 31, 2012 are as follows:

<u>Description</u>	<u>Amount</u>	<u>Purpose</u>
Annuity Savings Fund	\$20,025,019	Active members’ contribution balance
Annuity Reserve Fund	7,092,325	Retired members’ contribution account
Pension Fund	2,940,942	Amounts appropriated to fund future retirement benefits
Military Service Fund	9,746	Contributions and interest for members on military leave
Pension Reserve Fund	<u>63,507,420</u>	Remaining net position
Total	<u>\$93,575,452</u>	

Massachusetts Teacher’s Retirement System, a Noncontributing Employer Plan – Teachers and certain administrative employees of the School Department participate in a contributory retirement system administered by the Massachusetts Teachers Retirement Board. Contributions to that system totaled \$7,767,287 for the year ended June 30, 2013 and were made entirely by the Commonwealth of Massachusetts, on behalf of the Town, which does not contribute directly to this system. Eligibility requirements for participation are as follows:

1. The employee must be employed on at least a half-time basis in a contracted professional position within a public school system located in Massachusetts.
2. The employee must be certified by the Massachusetts Department of Elementary and Secondary Education for a position, which requires certification.

Benefit provisions and contribution requirements are established by state law. Depending on their employment date, members must contribute 5%, 7%, 8%, or 9% of their compensation. Additionally, employees hired after January 1, 1979 contribute an additional 2% on earnings in excess of \$30,000. Normal retirement occurs at age 65; however, participants may retire after twenty years of service or at any time after attaining age 55. Participants with hire dates subsequent to January 1, 1978 must have a minimum of ten years’ creditable service in order to retire at age 55. Participants become vested after ten years of service. Benefits are based on the average of the three highest consecutive salaried years of employee service and are determined in a manner similar to the provisions of the Retirement System. MGL Chapter 114 of the Acts of 2000 allows for all eligible members of the Massachusetts Teachers Retirement System to contribute a flat 11% rate as of July 1, 2001 in order to receive a retirement benefit enhancement. The benefit enhancement requires a minimum of five years of contribution at this 11% rate and at least 30 years of creditable service in order to receive accelerated retirement benefits up to the statutory maximum of 80%. Contribution at this 11% was voluntary for existing members of the retirement system and is mandated to all new members as of July 1, 2001.

B. Other Postemployment Benefits (OPEB)

Plan Description – In addition to the pension benefits previously described, the Town provides health and life insurance benefits to current and future retirees, their dependents and beneficiaries (hereinafter referred to as the “Plan”) in accordance with Massachusetts General Law Chapter 32B. Specific benefit provisions and contribution rates are established by collective bargaining

agreements, state law, and Town ordinance. All benefits are provided through the Town’s insurance program. The Plan does not issue a stand – alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. The number of participants in the Plan consists of 749 active employees and 721 retired employees for a total of 1,470.

Funding Policy - The contribution requirements of Plan members and the Town are established and may be amended by the Town. Retirees contribute 10% - 50% of the calculated contribution and the remainder of the cost is funded by the Town. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the Town.

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

The following table reflects the activity regarding the Town’s OPEB obligation:

Annual required contribution (ARC)	\$ 5,915,883
Interest on net OPEB obligation	593,395
Adjustment to ARC	<u>(433,627)</u>
Annual OPEB cost	6,075,651
Contributions made	<u>\$ (4,869,417)</u>
Increase in net OPEB obligation	1,206,234
Net OPEB obligation at beginning of year	<u>10,319,915</u>
Net OPEB obligation at end of year	<u><u>\$ 11,526,149</u></u>

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

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual</u> <u>OPEB Cost</u> <u>(AOPEBC)</u>	<u>Percentage of</u> <u>AOPEBC</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
June 30, 2013	\$ 6,075,651*	80.1%	\$ 11,526,149
June 30, 2012	\$ 5,612,125	70.6%	\$ 10,319,915
June 30, 2011	\$ 5,443,191	72.7%	\$ 8,671,894

* The AOPEBC at June 30, 2013 was charged to the following functional programs within the Statement of Activities:

General Government	\$ 322,010
Public Safety	2,029,267
Education	3,268,700
Public Works	127,589
Health and Human Services	139,740
Culture and Recreation	<u>188,345</u>
Total	<u>\$ 6,075,651</u>

Funding Status and Funding Progress – The funded status of the Plan at June 30, 2013 for the most recent actuarial valuation performed as of June 30, 2012, was as follows:

Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B – A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
<u>\$3,180,875</u>	<u>\$ 77,722,866</u>	<u>\$ 74,541,991</u>	4.1%	<u>\$ 39,791,854</u>	187.3%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Amounts determined regarding the funded status of the Plan and the ARC of the employer are subject to continual revision as estimates are compared to actual results and past expectations.

Methods and Assumptions – 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 of benefit costs between the employer and the Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The significant methods and assumptions as of the latest valuation are as follows:

Valuation date:	June 30, 2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, 4% increasing payments
Remaining amortization period:	30 years (closed)
Interest discount rate:	5.75%
Healthcare/Medical cost trend rate:	7.5%, grading down to 4.5% in year 2018 thereafter

C. Risk Financing

The Town is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The 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 participation in a pooled health insurance group called West Suburban Health Group (WSH). Sixteen total entities belong to WSH whose membership includes towns in Norfolk, Middlesex and Worcester Counties; two education collaboratives and a regional school district. WSH pools funds through

monthly assessments to its member entities and uses these funds to pay medical claims of its members' employees and their dependents. The Town bears the risk of loss for its portion of any deficit that remains should WSH cease to exist.

The Town is a part of a premium-based self-insurance group which insures for worker's compensation, and general and personal liability, through the Massachusetts Inter-Local Insurance Association (MIIA). Additionally, the Town is entirely self-insured for police and fire employees' unemployment. The Town essentially transfers its risk through payment of its annual assessment which is adjusted according to the Town's experience history. All other insurance is carried through conventional carriers.

- D. Commitments and Contingencies** – The Town is party to certain legal claims, which are subject to many uncertainties, and the outcome of individual litigation matters is not always predictable with assurance. Although the amount of liability, if any, at June 30, 2013, cannot be ascertained, management believes that any resulting liability, if any, should not materially affect the basic financial statements of the Town at June 30, 2013.

Grant Compliance – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Arbitrage – The Town is subject to certain Federal arbitrage laws in accordance with long-term borrowing agreements. Failure to comply with the rules could result in the payment of penalties. The amount of penalties, if any, cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Appellate Tax Board – The Town has pending cases filed with the Massachusetts Appellate Tax Board in which the telephone and telegraph companies have challenged their assessed valuations of personal property. In addition other real and commercial property cases final outcomes could be material to the overall financial statements. The Town has recorded a loss provision of \$932,717 in the financial statements and believes this will adequately cover any losses resulting from unfavorable outcomes of these claims.

IV. Implementation of New GASB Pronouncements

A. Current Year Implementation

In November 2010, the GASB issued GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement was to improve financial reporting by addressing issues related to service concession arrangements. The provisions of GASB 60 became effective for the Town in fiscal year 2013 and did not have a material effect on its financial statements.

In November 2010, the GASB issued GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement was to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, were amended to better meet user

needs and to address reporting entity issues that have arisen since the issuance of those Statements. The provisions of GASB 61 became effective for the Town in fiscal year 2013 and did not have a material effect on its financial statements.

In December 2010, the GASB issued GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Statement was intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (“FASB”) and American Institute of Certified Public Accountants (“AICPA”) pronouncements. The provisions of GASB 62 became effective for the Town in fiscal year 2013 and did not have a material effect on its financial statements.

In June 2011, the GASB issued GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement was to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. The provisions of GASB 63 became effective for the Town in fiscal year 2013 and did not have a material effect on its financial statements.

In June 2011, the GASB issued GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*. The objective of this Statement was to clarify whether an effective hedging relationship continues after the replacement of a swap-counterparty or a swap-counterparty’s credit support provider. The provisions of GASB 64 became effective for the Town in fiscal year 2013 and did not have a material effect on its financial statements.

B. Future Year Implementation

In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 (fiscal year 2014). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In March 2012, the GASB issued GASB Statement No. 66, *an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after

December 15, 2012 (fiscal year 2014). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In June 2012, the GASB issued GASB Statement No. 67, *Financial Reporting for Pension Plans*. This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement 50 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. This Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014 (fiscal year 2015). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions — an amendment of GASB Statement No. 27*. Statement 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013 (fiscal year 2014). The Town believes the adoption of this statement will have a material impact on the financial statements.

In January 2013, the GASB issued GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. GASB 69 established accounting and financial reporting standards to government combinations and disposals of government operations. The provisions of this Statement are effective for financial reporting periods beginning after December 15, 2013 (fiscal year 2015). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In April 2013, the GASB issued GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of GASB 70 is to improve accounting and financial reporting by governments that extend and receive nonexchange financial guarantees. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2013 (fiscal year 2014). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

V. Prior Period Restatement

The prior period ending Sewer Enterprise Fund and Business-Type Activities net position was decreased by \$584,140 to reflect a change in the Town's unbilled sewer receivables.



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Required Supplementary Information



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TOWN OF DEDHAM, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2013

SCHEDULES OF FUNDING PROGRESS

Pension System - Dedham Contributory Retirement System

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	(b-a/c)
1/1/2012	\$ 86,438,199	\$ 120,226,039	\$ 33,787,840	71.9%	\$ 20,742,966	162.89%
1/1/2010	85,456,310	107,609,083	22,152,773	79.4%	19,109,370	115.93%
1/1/2008	90,708,716	98,591,648	7,882,932	92.0%	18,680,825	42.20%

Other Post Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	(b-a/c)
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%
1/1/2008	-	112,625,512	112,625,512	0.0%	42,322,696	266.1%

SCHEDULES OF CONTRIBUTION FUNDING

Pension System

Year Ended June 30,	Dedham Contributory Retirement System			Town	
	Annual Required Contributions	Actual Contributions	Percentage Contributed	Actual Contribution	Town's Percentage of System Wide Actual Contributions
		(a)		(b)	(b/a)
2013	\$ 3,618,401	\$ 3,618,401	100%	\$ 3,459,643	95.6%
2012	3,510,121	3,510,121	100%	3,351,191	95.5%
2011	3,483,922	3,483,922	100%	3,334,415	95.7%

Other Post Employment Benefits

Year Ended June 30,	Annual OPEB Cost	Actual Contributions	Percentage Contributed
2013	\$ 6,075,651	\$ 4,869,417	80.1%
2012	5,612,125	3,964,104	70.6%
2011	5,443,191	3,583,527	65.8%

The Town implemented GASB Statement No. 45 for the fiscal year ended June 30, 2009. Information from prior years is unavailable.

See accompanying independent auditors' report.

TOWN OF DEDHAM, MASSACHUSETTS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual	Encumbrances	Actual	Variance
	Original Budget	Final Budget	Budgetary Amounts		Budgetary Adjusted	Positive (Negative)
Revenues:						
Property taxes	\$ 75,083,321	\$ 75,083,321	\$ 76,489,196		\$ 76,489,196	\$ 1,405,875
Intergovernmental	6,874,178	6,874,178	6,838,859		6,838,859	(35,319)
Motor vehicle and other excises	2,500,000	2,500,000	4,224,173		4,224,173	1,724,173
Departmental and other revenue	1,002,000	1,002,000	1,208,819		1,208,819	206,819
Licenses and permits	750,000	750,000	989,430		989,430	239,430
Penalties and interest on taxes	125,000	125,000	344,787		344,787	219,787
Fines and forfeitures	150,000	150,000	170,008		170,008	20,008
Investment income	150,000	150,000	242,561		242,561	92,561
Total Revenues	86,634,499	86,634,499	90,507,833		90,507,833	3,873,334
Expenditures:						
<i>General Government:</i>						
Selectmen/Town Administrator:						
Personnel services	361,000	363,000	358,893	-	358,893	4,107
Purchase of services	27,100	27,850	26,605	-	26,605	1,245
Supplies	600	600	570	-	570	30
Other charges/expenditures	23,800	25,100	24,820	-	24,820	280
Bus service contract	75,000	99,740	99,740	-	99,740	-
Town audit	75,000	84,000	84,000	-	84,000	-
SNARC assessment	5,750	5,750	5,750	-	5,750	-
Liability and property insurance	688,200	670,150	669,708	-	669,708	442
Information technology	15,000	55,000	-	55,000	55,000	-
Special articles	91,172	124,172	31,940	92,232	124,172	-
	<u>1,362,622</u>	<u>1,455,362</u>	<u>1,302,026</u>	<u>147,232</u>	<u>1,449,258</u>	<u>6,104</u>
Finance Committee:						
Personnel services	-	-	-	-	-	-
Purchase of services	5,500	5,500	5,030	-	5,030	470
Supplies	150	150	123	-	123	27
Other charges/expenditures	750	750	598	-	598	152
Reserve funds	411,000	73,098	-	-	-	73,098
	<u>417,400</u>	<u>79,498</u>	<u>5,751</u>	<u>-</u>	<u>5,751</u>	<u>73,747</u>
Department of Finance:						
Personnel services	1,055,000	991,500	966,062	-	966,062	25,438
Purchase of services	411,900	444,970	442,911	-	442,911	2,059
Supplies	30,000	37,566	35,053	-	35,053	2,513
Other charges/expenditures	13,000	77,655	75,192	-	75,192	2,463
Special articles	202,833	397,778	-	397,778	397,778	-
	<u>1,712,733</u>	<u>1,949,469</u>	<u>1,519,218</u>	<u>397,778</u>	<u>1,916,996</u>	<u>32,473</u>
Central Purchasing:						
Purchase of services	-	1,000	959	-	959	41
Postage	105,000	105,000	98,352	-	98,352	6,648
Overtime and sick leave	74,500	84,500	56,537	-	56,537	27,963
Supplies	26,000	26,000	25,633	-	25,633	367
Non-capital equipment	79,652	79,652	51,678	-	51,678	27,974
	<u>285,152</u>	<u>296,152</u>	<u>233,159</u>	<u>-</u>	<u>233,159</u>	<u>62,993</u>
Assessors:						
Personnel services	306,400	306,400	304,017	-	304,017	2,383
Substitutes	15,000	15,000	1,440	-	1,440	13,560
Purchase of services	2,575	2,575	-	-	-	2,575
Supplies	300	300	-	-	-	300
Other charges/expenditures	10,625	10,625	4,310	-	4,310	6,315
Special articles	150,205	150,205	95,269	54,936	150,205	-
	<u>485,105</u>	<u>485,105</u>	<u>405,036</u>	<u>54,936</u>	<u>459,972</u>	<u>25,133</u>

TOWN OF DEDHAM, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
Legal Services:						
Purchase of services	190,000	252,900	252,647	-	252,647	253
Litigation/Damages	30,000	12,000	5,636	-	5,636	6,364
Special articles	14,485	14,485	-	14,485	14,485	-
	<u>234,485</u>	<u>279,385</u>	<u>258,283</u>	<u>14,485</u>	<u>272,768</u>	<u>6,617</u>
Town Clerk/Elections/Registrars:						
Personnel services	232,500	232,500	224,395	-	224,395	8,105
Purchase of services	62,750	96,050	91,354	-	91,354	4,696
Supplies	500	833	737	-	737	96
Other charges/expenditures	1,600	1,267	1,207	-	1,207	60
Special articles	3,281	3,281	-	3,281	3,281	-
	<u>300,631</u>	<u>333,931</u>	<u>317,693</u>	<u>3,281</u>	<u>320,974</u>	<u>12,957</u>
Economic Development:						
Personnel services	77,000	77,000	76,560	-	76,560	440
Other charges/expenditures	8,700	8,700	8,405	-	8,405	295
Special articles	153,729	153,729	62,741	90,988	153,729	-
	<u>239,429</u>	<u>239,429</u>	<u>147,706</u>	<u>90,988</u>	<u>238,694</u>	<u>735</u>
Planning Board:						
Personnel services	121,500	121,500	120,818	-	120,818	682
Purchase of services	10,500	10,500	4,646	-	4,646	5,854
Other charges/expenditures	950	950	75	-	75	875
	<u>132,950</u>	<u>132,950</u>	<u>125,539</u>	<u>-</u>	<u>125,539</u>	<u>7,411</u>
Central Administration Building:						
Purchase of services	18,350	18,350	-	-	-	18,350
Supplies	500	500	-	-	-	500
Special articles	47,531	47,531	-	47,531	47,531	-
	<u>66,381</u>	<u>66,381</u>	<u>-</u>	<u>47,531</u>	<u>47,531</u>	<u>18,850</u>
Building Planning and Construction Committee:						
Purchase of services	10,000	10,000	10,000	-	10,000	-
	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Facilities Maintenance and Operations:						
Personnel services	247,242	247,242	207,493	-	207,493	39,749
Centralized electric & heating	650,000	645,000	461,846	-	461,846	183,154
Central telephone	120,000	125,000	124,513	-	124,513	487
Purchase of services	187,000	187,000	163,902	-	163,902	23,098
Supplies	38,100	38,100	20,596	-	20,596	17,504
	<u>1,242,342</u>	<u>1,242,342</u>	<u>978,350</u>	<u>-</u>	<u>978,350</u>	<u>263,992</u>
Conservation Commission:						
Personnel services	41,265	33,067	33,066	-	33,066	1
Purchase of services	28,910	28,910	27,544	-	27,544	1,366
Other charges/expenditures	1,185	1,185	970	-	970	215
Special articles	-	-	-	-	-	-
	<u>71,360</u>	<u>63,162</u>	<u>61,580</u>	<u>-</u>	<u>61,580</u>	<u>1,582</u>
Environmental:						
Personnel services	74,300	74,876	74,638	-	74,638	238
Purchase of services	1,655	1,655	1,160	-	1,160	495
Supplies	350	350	306	-	306	44
Other charges/expenditures	1,600	1,600	1,328	-	1,328	272
Special articles	18,255	27,055	6,778	20,277	27,055	-
	<u>96,160</u>	<u>105,536</u>	<u>84,210</u>	<u>20,277</u>	<u>104,487</u>	<u>1,049</u>
Total General Government	6,656,750	6,738,702	5,448,551	776,508	6,225,059	513,643
Public Safety:						
Police Department:						
Personnel services	4,552,000	4,321,625	4,239,155	-	4,239,155	82,470
Overtime	492,000	658,300	548,492	-	548,492	109,808
Purchase of services	72,000	73,575	69,785	-	69,785	3,790
Supplies	217,500	225,100	199,971	-	199,971	25,129
Other charges/expenditures	27,620	27,620	23,219	-	23,219	4,401
Special articles	54,019	218,019	48,580	169,439	218,019	-
	<u>5,415,139</u>	<u>5,524,239</u>	<u>5,129,202</u>	<u>169,439</u>	<u>5,298,641</u>	<u>225,598</u>

(continued)

TOWN OF DEDHAM, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
Fire Department:						
Personnel services	4,134,600	4,044,600	3,946,477	-	3,946,477	98,123
Overtime	457,500	795,500	782,333	-	782,333	13,167
Purchase of services	25,820	28,151	28,151	-	28,151	-
Supplies	107,450	117,450	115,977	-	115,977	1,473
Other charges/expenditures	5,200	6,000	5,586	-	5,586	414
Special articles	27,235	27,235	27,204	31	27,235	-
	<u>4,757,805</u>	<u>5,018,936</u>	<u>4,905,728</u>	<u>31</u>	<u>4,905,759</u>	<u>113,177</u>
Central Dispatch Center:						
Personnel services	462,500	462,500	461,648	-	461,648	852
Overtime and substitutes	69,000	69,000	69,000	-	69,000	-
Purchase of services	6,125	6,125	5,525	-	5,525	600
Supplies	5,150	5,150	4,683	-	4,683	467
Other charges/expenditures	-	-	-	-	-	-
	<u>542,775</u>	<u>542,775</u>	<u>540,856</u>	<u>-</u>	<u>540,856</u>	<u>1,919</u>
Building Department:						
Personnel services	369,500	369,500	368,073	-	368,073	1,427
Overtime and substitutes	3,100	4,100	3,829	-	3,829	271
Supplies	1,000	1,000	528	-	528	472
Other charges/expenditures	24,425	24,425	23,985	-	23,985	440
	<u>398,025</u>	<u>399,025</u>	<u>396,415</u>	<u>-</u>	<u>396,415</u>	<u>2,610</u>
Sealer of Weights and Measures:						
Purchase of services	5,000	15,000	14,000	-	14,000	1,000
	<u>5,000</u>	<u>15,000</u>	<u>14,000</u>	<u>-</u>	<u>14,000</u>	<u>1,000</u>
Civil Preparedness Agency:						
Purchase of services	1,465	1,465	1,350	-	1,350	115
Supplies	2,802	2,802	2,135	-	2,135	667
Other charges/expenditures	225	225	50	-	50	175
	<u>4,492</u>	<u>4,492</u>	<u>3,535</u>	<u>-</u>	<u>3,535</u>	<u>957</u>
Canine Control:						
Personnel services	46,000	46,000	45,821	-	45,821	179
Overtime and substitutes	5,000	5,000	2,486	-	2,486	2,514
Purchase of services	6,250	6,250	6,029	-	6,029	221
Supplies	1,960	3,660	3,386	-	3,386	274
Other charges/expenditures	50	50	-	-	-	50
	<u>59,260</u>	<u>60,960</u>	<u>57,722</u>	<u>-</u>	<u>57,722</u>	<u>3,238</u>
Total Public Safety	11,182,496	11,565,427	11,047,458	169,470	11,216,928	348,499
Education:						
Dedham Public Schools:						
School operations	35,583,440	35,948,495	34,957,864	661,596	35,619,460	329,035
Special articles	45,450	90,450	29,470	60,980	90,450	-
	<u>35,628,890</u>	<u>36,038,945</u>	<u>34,987,334</u>	<u>722,576</u>	<u>35,709,910</u>	<u>329,035</u>
Blue Hills Regional School:						
Assessment	806,648	910,376	910,376	-	910,376	-
Norfolk County Agricultural H.S.						
Assessment	-	56,000	56,000	-	56,000	-
Total Education	36,435,538	37,005,321	35,953,710	722,576	36,676,286	329,035
Public Works:						
Public Works Operations:						
Personnel services	1,422,225	1,432,225	1,408,276	-	1,408,276	23,949
Overtime and meals	169,000	169,000	155,308	-	155,308	13,692
Purchase of services	503,800	493,800	469,174	-	469,174	24,626
Supplies	253,600	253,600	248,382	-	248,382	5,218
Other charges/expenditures	3,500	3,500	1,525	-	1,525	1,975
	<u>2,352,125</u>	<u>2,352,125</u>	<u>2,282,665</u>	<u>-</u>	<u>2,282,665</u>	<u>69,460</u>
Snow and Ice Control:						
Snow and ice removal	550,000	1,120,000	1,118,940	-	1,118,940	1,060
	<u>550,000</u>	<u>1,120,000</u>	<u>1,118,940</u>	<u>-</u>	<u>1,118,940</u>	<u>1,060</u>

TOWN OF DEDHAM, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Encumbrances	Actual	Variance
	Original Budget	Final Budget	Budgetary Amounts		Budgetary Adjusted	Positive (Negative)
Infrastructure Engineering:						
Personnel services	421,500	405,953	393,091	-	393,091	12,862
Purchase of services	70,000	46,000	35,094	-	35,094	10,906
Supplies	25,000	20,250	18,913	-	18,913	1,337
Other charges/expenditures	3,500	3,500	2,744	-	2,744	756
Special articles	-	36,731	-	36,731	36,731	-
	<u>520,000</u>	<u>512,434</u>	<u>449,842</u>	<u>36,731</u>	<u>486,573</u>	<u>25,861</u>
Rubbish and Recycling:						
Overtime and meals	5,000	5,000	-	-	-	5,000
Contracts	2,150,000	2,150,000	2,107,700	-	2,107,700	42,300
Supplies	5,000	5,000	3,417	-	3,417	1,583
	<u>2,160,000</u>	<u>2,160,000</u>	<u>2,111,117</u>	<u>-</u>	<u>2,111,117</u>	<u>48,883</u>
Street Lighting:						
Streetlights	277,500	277,500	249,237	-	249,237	28,263
	<u>277,500</u>	<u>277,500</u>	<u>249,237</u>	<u>-</u>	<u>249,237</u>	<u>28,263</u>
Total Public Works	5,859,625	6,422,059	6,211,801	36,731	6,248,532	173,527
Health and Human Services:						
Public Health Board:						
Personnel services	215,500	215,500	213,579	-	213,579	1,921
Purchase of services	1,600	1,600	724	-	724	876
Supplies	1,060	1,060	940	-	940	120
Other charges/expenditures	13,500	14,500	10,583	-	10,583	3,917
Hazardous waste collection	9,000	8,000	7,740	-	7,740	260
Special articles	7,326	7,326	-	7,326	7,326	-
	<u>247,986</u>	<u>247,986</u>	<u>233,566</u>	<u>7,326</u>	<u>240,892</u>	<u>7,094</u>
Council on Aging:						
Personnel services	206,200	206,200	203,841	-	203,841	2,359
Overtime and substitutes	-	-	-	-	-	-
Purchase of services	1,150	1,150	1,059	-	1,059	91
Supplies	6,255	6,255	4,485	-	4,485	1,770
Other charges/expenditures	1,305	1,305	455	-	455	850
Special articles	-	50,000	-	50,000	50,000	-
	<u>214,910</u>	<u>264,910</u>	<u>209,840</u>	<u>50,000</u>	<u>259,840</u>	<u>5,070</u>
Youth Commission:						
Personnel services	235,500	235,500	232,475	-	232,475	3,025
Purchase of services	2,200	2,200	1,796	-	1,796	404
Supplies	1,900	1,900	1,621	-	1,621	279
Other charges/expenditures	7,500	7,500	6,300	-	6,300	1,200
Special articles	3,000	3,000	3,000	-	3,000	-
	<u>250,100</u>	<u>250,100</u>	<u>245,192</u>	<u>-</u>	<u>245,192</u>	<u>4,908</u>
Veterans' Services:						
Personnel services	95,000	95,000	94,196	-	94,196	804
Memorial Day program	5,500	5,500	5,421	-	5,421	79
Purchase of services	4,000	4,000	1,179	-	1,179	2,821
Supplies	300	300	88	-	88	212
Other charges/expenditures	3,000	3,000	2,999	-	2,999	1
Veterans' benefits	80,000	80,000	72,840	-	72,840	7,160
	<u>187,800</u>	<u>187,800</u>	<u>176,723</u>	<u>-</u>	<u>176,723</u>	<u>11,077</u>
Total Health and Human Services	900,796	950,796	865,321	57,326	922,647	28,149
Culture and Recreation:						
Public Libraries:						
Personnel services	771,750	763,750	730,200	-	730,200	33,550
Overtime and substitutes	11,000	11,000	10,095	-	10,095	905
Books, periodicals and bindings	154,274	154,274	154,223	-	154,223	51
Purchase of services	66,568	66,568	65,674	-	65,674	894
Supplies	13,800	21,800	21,796	-	21,796	4
Other charges/expenditures	11,100	11,100	9,409	-	9,409	1,691
Special articles	24,700	24,700	6,000	18,700	24,700	-
	<u>1,053,192</u>	<u>1,053,192</u>	<u>997,397</u>	<u>18,700</u>	<u>1,016,097</u>	<u>37,095</u>
Recreation Department:						
Personnel services	523,100	523,100	514,754	-	514,754	8,346
Overtime and substitutes	9,500	9,500	8,989	-	8,989	511
Purchase of services	38,900	32,900	32,640	-	32,640	260
Supplies	96,100	102,100	101,538	-	101,538	562
Other charges/expenditures	4,650	4,650	4,555	-	4,555	95
Special articles	28,546	28,546	28,545	1	28,546	-
	<u>700,796</u>	<u>700,796</u>	<u>691,021</u>	<u>1</u>	<u>691,022</u>	<u>9,774</u>

(continued)

TOWN OF DEDHAM, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
Endicott Estate Commission:						
Personnel services	127,300	102,300	87,461	-	87,461	14,839
Overtime and substitutes	5,000	5,000	-	-	-	5,000
Purchase of services	6,900	9,400	8,993	-	8,993	407
Supplies	850	3,350	3,024	-	3,024	326
Other charges/expenditures	500	500	-	-	-	500
	<u>140,550</u>	<u>120,550</u>	<u>99,478</u>	<u>-</u>	<u>99,478</u>	<u>21,072</u>
Civic Pride:						
Other charges/expenditures	4,725	4,725	4,725	-	4,725	-
	<u>4,725</u>	<u>4,725</u>	<u>4,725</u>	<u>-</u>	<u>4,725</u>	<u>-</u>
Cultural Council:						
Community grants	6,300	6,300	6,300	-	6,300	-
	<u>6,300</u>	<u>6,300</u>	<u>6,300</u>	<u>-</u>	<u>6,300</u>	<u>-</u>
<i>Total Culture and Recreation</i>	<u>1,905,563</u>	<u>1,885,563</u>	<u>1,798,921</u>	<u>18,701</u>	<u>1,817,622</u>	<u>67,941</u>
<i>State and County Assessments</i>	<u>2,327,218</u>	<u>2,327,218</u>	<u>2,369,851</u>	<u>-</u>	<u>2,369,851</u>	<u>(42,633)</u>
<i>Debt Service:</i>						
Principal and interest	9,058,000	9,058,000	8,838,817	-	8,838,817	219,183
<i>Total Debt Service</i>	<u>9,058,000</u>	<u>9,058,000</u>	<u>8,838,817</u>	<u>-</u>	<u>8,838,817</u>	<u>219,183</u>
<i>Pension and Fringe Benefits:</i>						
Retirement:						
Contributory pension	3,460,000	3,460,000	3,459,643	-	3,459,643	357
	<u>3,460,000</u>	<u>3,460,000</u>	<u>3,459,643</u>	<u>-</u>	<u>3,459,643</u>	<u>357</u>
Retirement:						
Non-contributory pension	13,000	15,800	15,600	-	15,600	200
	<u>13,000</u>	<u>15,800</u>	<u>15,600</u>	<u>-</u>	<u>15,600</u>	<u>200</u>
Unemployment Compensation:						
Unemployment payments	75,000	72,200	23,823	-	23,823	48,377
	<u>75,000</u>	<u>72,200</u>	<u>23,823</u>	<u>-</u>	<u>23,823</u>	<u>48,377</u>
Insurance and Hospitalization:						
Employee group health insurance	9,992,500	9,992,500	9,988,863	-	9,988,863	3,637
Medicare tax	624,000	624,000	603,779	-	603,779	20,221
	<u>10,616,500</u>	<u>10,616,500</u>	<u>10,592,642</u>	<u>-</u>	<u>10,592,642</u>	<u>23,858</u>
Reserve for Salary Increases:						
Collective Bargaining Reserve	500,000	-	-	-	-	-
	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Pension and Fringe Benefits</i>	<u>14,664,500</u>	<u>14,164,500</u>	<u>14,091,708</u>	<u>-</u>	<u>14,091,708</u>	<u>72,792</u>
Total Expenditures	<u>88,990,486</u>	<u>90,117,586</u>	<u>86,626,138</u>	<u>1,781,312</u>	<u>88,407,450</u>	<u>1,710,136</u>
Other Financing Sources (Uses)						
Premiums from debt issuance	-	-	114,851		114,851	114,851
Transfers in	1,628,079	1,628,079	1,475,182		1,475,182	(152,897)
Transfers out	(3,302,937)	(3,346,317)	(3,302,937)		(3,302,937)	43,380
Total Other Financing Sources (Uses)	<u>(1,674,858)</u>	<u>(1,718,238)</u>	<u>(1,712,904)</u>		<u>\$ (1,712,904)</u>	<u>5,334</u>
<i>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures/Uses Of Prior Year Budgetary Fund Balance</i>	<u>(4,030,845)</u>	<u>(5,201,325)</u>	<u>\$ 2,168,791</u>			<u>\$ 5,588,804</u>
Other Budgetary Items						
Use of unreserved fund balance	\$ 2,240,295	\$ 2,810,295				
Use of reserved fund balance	603,450	1,187,642				
Prior year encumbrances and articles	1,216,723	1,216,723				
Other	(29,623)	(13,335)				
Total Other Budgetary Items	<u>4,030,845</u>	<u>5,201,325</u>				
Net budget and actual	<u>\$ -</u>	<u>\$ -</u>				

(Concluded)

The notes to the financial statements are an integral part of this statement.

The notes to the required supplementary information are an integral part of this statement.

TOWN OF DEDHAM, MASSACHUSETTS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2013**

I. Budgetary Basis of Accounting

Budgetary Information – An annual budget is legally adopted for the General Fund. Financial orders are initiated by department heads, recommended by the Board of Selectmen and approved by the Town Meeting members at the Town’s annual meeting in May. Expenditures may not legally exceed appropriations at the department level. Department heads may transfer, without Town meeting approval, appropriation balances from one expenditure account to another within each department. The Town Meeting, however, must approve any transfer of unencumbered appropriation balances between departments. At the close of each fiscal year, unencumbered appropriation balances lapse or reverts to unreserved fund balance.

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. During fiscal year 2013, Town Meeting approved approximately \$1,100,000 in increases from the original approved budget primarily to supplement public safety (\$400,000), education (\$600,000) and public works (\$600,000) appropriations, while reducing fringe benefit appropriations (\$500,000).

The Finance Director has the responsibility to ensure that budgetary control is maintained in the manner in which the appropriations were voted at Town Meeting. Budgetary control is exercised through the Town’s accounting system.

Budgetary-to-GAAP Reconciliation – The Town’s general fund is prepared on a basis other than GAAP. A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund for the fiscal year ended June 30, 2013, is as follows:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues on a budgetary basis			\$ 90,507,833
Stabilization revenue	\$ -	\$ 137,352	137,352
Change in recording tax refunds payable	(40,399)	-	(40,399)
On behalf payments	<u>7,767,287</u>	-	<u>7,767,287</u>
Revenues on a GAAP basis	<u>\$ 7,767,287</u>	<u>\$ -</u>	<u>\$ 98,372,073</u>
Expenditures on a budgetary basis			\$ 86,626,138
On behalf payments	\$ 7,767,287	\$ -	7,767,287
Sewer debt service reported in sewer fund	-	(597,533)	(597,533)
Expenditures on a GAAP basis	<u>\$ 7,767,287</u>	<u>\$ (597,533)</u>	<u>\$ 93,795,892</u>
Other financing sources (uses) on a budgetary basis			\$ (1,712,904)
Stabilization transfers	\$ -	\$ 926,170	926,170
Transfers related to sewer debt activity	-	(597,533)	(597,533)
Other financing sources (uses) on a GAAP basis	<u>\$ -</u>	<u>\$ 328,637</u>	<u>\$ (1,384,267)</u>



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Combining Statements

Nonmajor Governmental Fund

Special Revenue Funds –

Special revenue funds are used to account for certain revenue generating activities that are legally and/or programmatically restricted to expenditures for a specific purpose. From the Town's financial ledgers, these activities can be distinctly categorized into the following groupings:

Town Grants – This fund accounts for non-school grant programs received either directly from federal and state agencies or indirectly through pass-through entities.

School Grants – This fund accounts for educational-based grant programs received either directly from federal and agencies or indirectly through pass-through entities.

Town Gifts – This fund accounts for donated monies which relate to non-school activities.

School Gifts – This fund accounts for donated monies which relate to educational-based activities.

School Lunch Fund – This segregated revolving fund accounts for the activities of the child nutrition programs; amounts collected from services include federal and state meal reimbursements and meal charges.

Town Revolving Funds – This fund accounts for the non-school related activity within revolving funds established in accordance with MGL Chapter 44, Section 53E ½ and other applicable statutes.

School Revolving Funds – This fund accounts for educational-based activities within revolving funds established in accordance with MGL Chapter 44, Section 53E ½ and Chapter 71.

Receipts Reserved Fund – This fund accounts for receipts collected which are reserved until appropriated for a specific purpose for which it has been segregated by law or administrative action.

Capital Projects Funds –

Capital project funds are used to account for the overall financial activities related to the acquisition, renovation, or construction of significant capital assets, excluding those associated with business-type funds. Significant project activities can be categorized as:

Land and Improvements – This fund accounts for specific land acquisition and land improvement projects.

Buildings and Improvements – This fund accounts for specific building acquisition and construction activities.

Road Improvements – This fund accounts for specific roadway improvement projects.

Machinery and Equipment – This fund accounts for specific equipment acquisition for various Town activities.

Permanent Funds –

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs.

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

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

Other Trust Funds – This fund accounts for all contributions including: gifts, donations and bequests for which only earnings on the original trust corpus may be expended to benefit government approved programs, other than those associated with cemetery and library activities.

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2013

	Special Revenue Funds				
	Town Grants	School Grants	Town Gifts	School Gifts	School Lunch Fund
Assets:					
Cash and cash equivalents	\$ 269,534	\$ 202,404	\$ 1,176,103	\$ 119,045	\$ -
Investments	-	-	-	-	-
Receivables, net of allowance for uncollectibles					
Other	-	-	-	-	-
Due from Commonwealth	9,013	546,927	-	-	-
Total Assets	<u>\$ 278,547</u>	<u>\$ 749,331</u>	<u>\$ 1,176,103</u>	<u>\$ 119,045</u>	<u>\$ -</u>
Liabilities and Fund Balances:					
Liabilities:					
Warrants and accounts payable	\$ 6,105	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings	-	-	-	-	-
Retainage payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Deferred revenues	-	-	-	-	-
Due to other funds	-	-	-	-	31,740
Total Liabilities	6,105	-	-	-	31,740
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	272,442	749,331	1,176,103	119,045	-
Unassigned	-	-	-	-	(31,740)
Total Fund Balances	272,442	749,331	1,176,103	119,045	(31,740)
Total Liabilities and Fund Balances	<u>\$ 278,547</u>	<u>\$ 749,331</u>	<u>\$ 1,176,103</u>	<u>\$ 119,045</u>	<u>\$ -</u>

<u>Town Revolving Funds</u>	<u>School Revolving Funds</u>	<u>Receipts Reserved Fund</u>	<u>Sub-total Special Revenue Funds</u>
\$ 374,350	\$ 1,138,703	\$ 335,302	\$ 3,615,441
-	-	-	-
2,691	-	-	2,691
-	-	-	555,940
<u>\$ 377,041</u>	<u>\$ 1,138,703</u>	<u>\$ 335,302</u>	<u>\$ 4,174,072</u>
\$ 958	\$ -	\$ 388	\$ 7,451
-	-	-	-
-	-	-	-
-	-	28,995	28,995
2,691	-	-	2,691
-	-	-	31,740
3,649	-	29,383	70,877
-	-	-	-
373,392	1,138,703	305,919	4,134,935
-	-	-	(31,740)
373,392	1,138,703	305,919	4,103,195
<u>\$ 377,041</u>	<u>\$ 1,138,703</u>	<u>\$ 335,302</u>	<u>\$ 4,174,072</u>

(Continued)

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2013

	Capital Project Funds				
	<u>Land and Improvements</u>	<u>Buildings and Improvements</u>	<u>Roadway Improvements</u>	<u>Machinery and Equipment</u>	<u>Sub-total Capital Project Funds</u>
Assets:					
Cash and cash equivalents	\$ 302,563	\$ 420,489	\$ 3,255,105	\$ 566,957	\$ 4,545,114
Investments	-	-	-	-	-
Receivables, net of allowance for uncollectibles					
Other	-	-	-	-	-
Due from Commonwealth	-	-	-	-	-
Total Assets	<u>\$ 302,563</u>	<u>\$ 420,489</u>	<u>\$ 3,255,105</u>	<u>\$ 566,957</u>	<u>\$ 4,545,114</u>
Liabilities and Fund Balances:					
Liabilities:					
Warrants and accounts payable	\$ 8,510	\$ -	\$ 475,387	\$ 259,624	\$ 743,521
Accrued payroll and withholdings	-	-	-	-	-
Retainage payable	-	-	214,750	-	214,750
Other liabilities	-	-	-	-	-
Deferred revenues	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	8,510	-	690,137	259,624	958,271
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	294,053	420,489	2,564,968	307,333	3,586,843
Unassigned	-	-	-	-	-
Total Fund Balances	294,053	420,489	2,564,968	307,333	3,586,843
Total Liabilities and Fund Balances	<u>\$ 302,563</u>	<u>\$ 420,489</u>	<u>\$ 3,255,105</u>	<u>\$ 566,957</u>	<u>\$ 4,545,114</u>

				Total
Cemetery Trust Funds	Library Trust Funds	Other Trust Funds	Sub-total Permanent Funds	Nonmajor Governmental Funds
\$ -	\$ -	\$ 388,937	\$ 388,937	\$ 8,549,492
545,507	830,144	21,105	1,396,756	1,396,756
-	-	-	-	2,691
-	-	-	-	555,940
<u>\$ 545,507</u>	<u>\$ 830,144</u>	<u>\$ 410,042</u>	<u>\$ 1,785,693</u>	<u>\$ 10,504,879</u>
\$ -	\$ -	\$ -	\$ -	\$ 750,972
-	-	-	-	-
-	-	-	-	214,750
-	-	-	-	28,995
-	-	-	-	2,691
-	-	-	-	31,740
-	-	-	-	1,029,148
512,625	202,244	82,046	796,915	796,915
32,882	627,900	327,996	988,778	8,710,556
-	-	-	-	(31,740)
<u>545,507</u>	<u>830,144</u>	<u>410,042</u>	<u>1,785,693</u>	<u>9,475,731</u>
<u>\$ 545,507</u>	<u>\$ 830,144</u>	<u>\$ 410,042</u>	<u>\$ 1,785,693</u>	<u>\$ 10,504,879</u>

(Concluded)

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2013

	Special Revenue Funds			
	Town Grants	School Grants	Town Gifts	School Gifts
Revenues:				
Intergovernmental	\$ 212,985	\$ 2,567,538	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Departmental and other	-	-	-	-
Interest and investment income	-	-	-	-
Contributions and donations	-	-	358,345	60,747
Total Revenues	<u>212,985</u>	<u>2,567,538</u>	<u>358,345</u>	<u>60,747</u>
Expenditures:				
General government	-	-	95,703	-
Public safety	66,961	-	30,322	-
Education	-	2,578,331	-	48,391
Public works	125,206	-	-	-
Health and human services	65,508	-	-	-
Culture and recreation	31,754	-	46,297	-
Total Expenditures	<u>289,429</u>	<u>2,578,331</u>	<u>172,322</u>	<u>48,391</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>(76,444)</u>	<u>(10,793)</u>	<u>186,023</u>	<u>12,356</u>
Other Financing Sources (Uses):				
Bond proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(76,444)</u>	<u>(10,793)</u>	<u>186,023</u>	<u>12,356</u>
Fund Balances - Beginning of Year	<u>348,886</u>	<u>760,124</u>	<u>990,080</u>	<u>106,689</u>
Fund Balances - End of Year	<u><u>\$ 272,442</u></u>	<u><u>\$ 749,331</u></u>	<u><u>\$ 1,176,103</u></u>	<u><u>\$ 119,045</u></u>

School Lunch Fund	Town Revolving Funds	School Revolving Funds	Receipts Reserved Fund	Sub-total Special Revenue Funds
\$ 364,465	\$ -	\$ -	\$ -	\$ 3,144,988
-	-	-	10,000	10,000
661,065	534,537	1,479,904	244,402	2,919,908
-	-	-	-	-
-	-	-	-	419,092
<u>1,025,530</u>	<u>534,537</u>	<u>1,479,904</u>	<u>254,402</u>	<u>6,493,988</u>
-	4,180	-	8,213	108,096
-	34,591	-	-	131,874
1,076,583	-	933,595	-	4,636,900
-	-	-	-	125,206
-	6,471	-	-	71,979
-	377,968	-	-	456,019
<u>1,076,583</u>	<u>423,210</u>	<u>933,595</u>	<u>8,213</u>	<u>5,530,074</u>
<u>(51,053)</u>	<u>111,327</u>	<u>546,309</u>	<u>246,189</u>	<u>963,914</u>
-	-	-	-	-
-	-	-	-	-
-	-	(46,679)	(211,665)	(258,344)
-	-	(46,679)	(211,665)	(258,344)
(51,053)	111,327	499,630	34,524	705,570
19,313	262,065	639,073	271,395	3,397,625
<u>\$ (31,740)</u>	<u>\$ 373,392</u>	<u>\$ 1,138,703</u>	<u>\$ 305,919</u>	<u>\$ 4,103,195</u>

(Continued)

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2013

	Capital Project Funds				
	<u>Land and Improvements</u>	<u>Buildings and Improvements</u>	<u>Roadway Improvements</u>	<u>Machinery and Equipment</u>	<u>Sub-total Capital Project Funds</u>
Revenues:					
Intergovernmental	\$ -	\$ 19,895	\$ 1,186,852	\$ -	\$ 1,206,747
Fines and forfeitures	-	-	-	-	-
Departmental and other	-	27,454	-	-	27,454
Interest and investment income	-	-	-	-	-
Contributions and donations	-	-	-	-	-
Total Revenues	<u>-</u>	<u>47,349</u>	<u>1,186,852</u>	<u>-</u>	<u>1,234,201</u>
Expenditures:					
General government	5,520	516,199	-	487,458	1,009,177
Public safety	-	-	-	211,184	211,184
Education	187,533	-	-	332,083	519,616
Public works	22,940	-	6,517,787	234,249	6,774,976
Health and human services	-	-	-	-	-
Culture and recreation	52,649	-	-	60,810	113,459
Total Expenditures	<u>268,642</u>	<u>516,199</u>	<u>6,517,787</u>	<u>1,325,784</u>	<u>8,628,412</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>(268,642)</u>	<u>(468,850)</u>	<u>(5,330,935)</u>	<u>(1,325,784)</u>	<u>(7,394,211)</u>
Other Financing Sources (Uses):					
Bond proceeds	-	188,000	6,800,000	-	6,988,000
Transfers in	246,121	596,679	250,000	1,142,854	2,235,654
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>246,121</u>	<u>784,679</u>	<u>7,050,000</u>	<u>1,142,854</u>	<u>9,223,654</u>
Net Change in Fund Balances	<u>(22,521)</u>	<u>315,829</u>	<u>1,719,065</u>	<u>(182,930)</u>	<u>1,829,443</u>
Fund Balances - Beginning of Year	<u>316,574</u>	<u>104,660</u>	<u>845,903</u>	<u>490,263</u>	<u>1,757,400</u>
Fund Balances - End of Year	<u>\$ 294,053</u>	<u>\$ 420,489</u>	<u>\$ 2,564,968</u>	<u>\$ 307,333</u>	<u>\$ 3,586,843</u>

				Total
Cemetery Trust Funds	Library Trust Funds	Other Trust Funds	Sub-total Permanent Funds	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 4,351,735
-	-	-	-	10,000
-	-	-	-	2,947,362
16,139	24,480	(22,152)	18,467	18,467
<u>15,300</u>	<u>-</u>	<u>16,463</u>	<u>31,763</u>	<u>450,855</u>
31,439	24,480	(5,689)	50,230	7,778,419
-	-	946	946	1,118,219
-	-	17,129	17,129	360,187
-	-	-	-	5,156,516
-	-	20	20	6,900,202
-	-	-	-	71,979
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>569,478</u>
-	-	18,095	18,095	14,176,581
<u>31,439</u>	<u>24,480</u>	<u>(23,784)</u>	<u>32,135</u>	<u>(6,398,162)</u>
-	-	-	-	6,988,000
-	-	-	-	2,235,654
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(258,344)</u>
-	-	-	-	8,965,310
31,439	24,480	(23,784)	32,135	2,567,148
<u>514,068</u>	<u>805,664</u>	<u>433,826</u>	<u>1,753,558</u>	<u>6,908,583</u>
<u>\$ 545,507</u>	<u>\$ 830,144</u>	<u>\$ 410,042</u>	<u>\$ 1,785,693</u>	<u>\$ 9,475,731</u>

(Concluded)

Fiduciary Funds

Agency Funds –

Agency funds are used to account for assets maintained in a custodial capacity. Such activities primarily consist of performance bonds and school deposits held, as well as, monies due to Town personnel for certain services rendered that were collected from external parties on their behalf.

AGENCY FUND

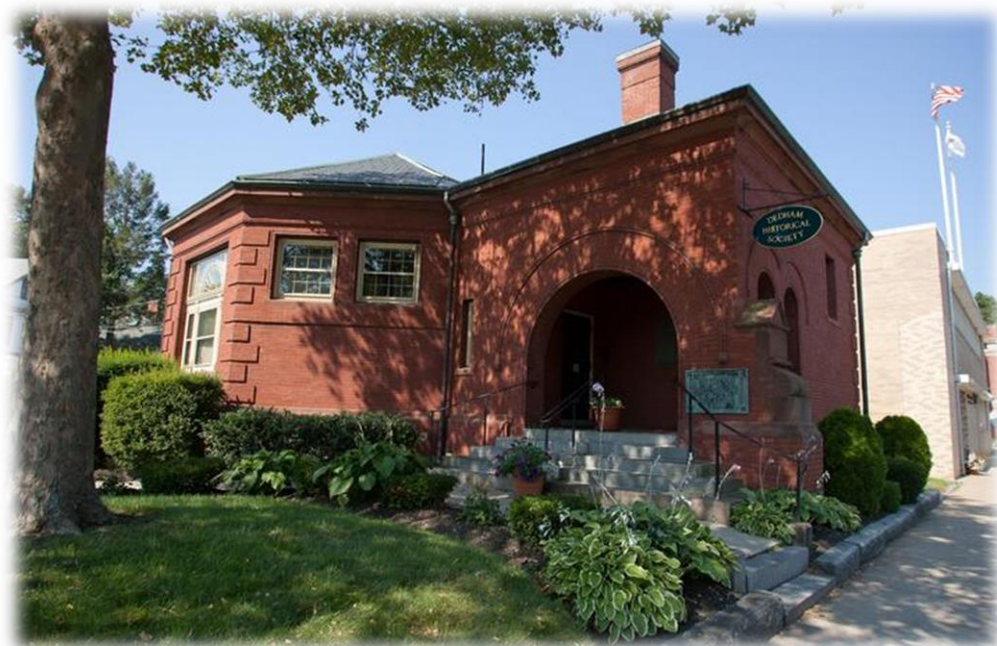
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FISCAL YEAR ENDED JUNE 30, 2013

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Assets:				
Cash and cash equivalents	\$ 543,880	\$ 2,917,109	\$ (2,459,706)	\$ 1,001,283
Receivables, net	<u>525,815</u>	<u>1,728,944</u>	<u>(1,635,583)</u>	<u>619,176</u>
Total Assets	<u>\$ 1,069,695</u>	<u>\$ 4,646,053</u>	<u>\$ (4,095,289)</u>	<u>\$ 1,620,459</u>
Liabilities:				
Warrants payable	\$ 10,355	\$ 298,045	\$ (308,400)	\$ -
Accrued payroll and withholdings	54,654	1,745,856	(1,800,510)	-
Employee deposits	-	484,445	(40,045)	444,400
Planning board deposits	287,042	213,673	(71,500)	429,215
Student activities	232,014	263,242	(238,600)	256,656
Public safety details	300,962	1,551,954	(1,565,774)	287,142
Other deposits	<u>184,668</u>	<u>88,838</u>	<u>(70,460)</u>	<u>203,046</u>
Total Liabilities	<u>\$ 1,069,695</u>	<u>\$ 4,646,053</u>	<u>\$ (4,095,289)</u>	<u>\$ 1,620,459</u>



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STATISTICAL SECTION



Founded in 1859, the Dedham Historical Society has three components: The museum, the library and the archives.

The library holds over 10,000 books and over 15,000 photos and other types of images. The archives include original letters, maps and other official documents including hard copies and microfilms from newspaper editions since 1796.

The Dedham Historical Society is one of the earliest historical societies in the area it has a lot of very early items, collections, diaries, information from all around the region, and a rather extraordinary collection of portraits.

Boston directories from the 1860s are some of the many reference materials available to genealogy researchers in the archives of the Dedham Historical Society.



Statistical Section

This part of the comprehensive annual financial report presents 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 financial statements for the relevant year.



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NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	2004	2005	2006	2007 (1)	2008 (2)	2009	2010 (3)	2011 (4)	2012	2013 (5)
Governmental activities:										
Invested in capital assets.....	\$ 14,659,373	\$ 17,088,038	\$ 33,237,328	\$ 51,870,735	\$ 50,904,656	\$ 52,384,685	\$ 49,775,353	\$ 55,971,463	\$ 70,945,301	\$ 74,967,068
Restricted.....	11,938,298	11,420,364	6,457,883	7,971,185	3,823,701	3,987,014	13,115,396	13,163,552	6,908,583	8,973,983
Unrestricted.....	5,845,578	7,368,720	10,349,636	10,802,972	13,562,033	9,095,390	6,464,917	7,063,113	11,195,528	11,191,965
Total governmental activities net position.....	\$ 32,443,249	\$ 35,877,122	\$ 50,044,847	\$ 70,644,892	\$ 68,290,390	\$ 65,467,089	\$ 69,355,666	\$ 76,198,128	\$ 89,049,412	\$ 95,133,016
Business-type activities:										
Invested in capital assets.....	\$ -	\$ -	\$ -	\$ -	\$ 5,693,204	\$ 7,453,124	\$ 7,381,486	\$ 8,831,268	\$ 11,061,349	\$ 10,563,015
Unrestricted.....	-	-	-	-	3,742,039	4,139,374	10,114,947	10,269,669	10,162,545	11,430,629
Total business-type activities net position.....	\$ -	\$ -	\$ -	\$ -	\$ 9,435,243	\$ 11,592,498	\$ 17,496,433	\$ 19,100,937	\$ 21,223,894	\$ 21,993,644
Primary government:										
Invested in capital assets.....	\$ 14,659,373	\$ 17,088,038	\$ 33,237,328	\$ 51,870,735	\$ 56,597,860	\$ 59,837,809	\$ 57,156,839	\$ 64,802,731	\$ 82,006,650	\$ 85,530,083
Restricted.....	11,938,298	11,420,364	6,457,883	7,971,185	3,823,701	3,987,014	13,115,396	13,163,552	6,908,583	8,973,983
Unrestricted.....	5,845,578	7,368,720	10,349,636	10,802,972	17,304,072	13,234,764	16,579,864	17,332,782	21,358,073	22,622,594
Total primary government net position.....	\$ 32,443,249	\$ 35,877,122	\$ 50,044,847	\$ 70,644,892	\$ 77,725,633	\$ 77,059,587	\$ 86,852,099	\$ 95,299,065	\$ 110,273,306	\$ 117,126,660

- (1) The Town elected to defer the recording of infrastructure in its governmental activities' net position until fiscal year 2007. As a result, a prior period restatement of \$13,544,066 was made to beginning net position as of July 1, 2006.
- (2) In fiscal year 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 assets beginning balance by \$6,161,381 as of July 1, 2007.
- (3) In fiscal year 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.
- (4) In fiscal year 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 balance 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 an 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 balance 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.
- (5) In fiscal year 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.

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008 (1)	2009	2010	2011	2012	2013
Expenses -										
Governmental activities:										
General government.....	\$ 5,218,039	\$ 5,120,642	\$ 5,637,858	\$ 5,836,738	\$ 6,482,125	\$ 6,712,019	\$ 7,455,799	\$ 7,187,256	\$ 7,144,072	\$ 8,576,777
Public safety.....	12,671,981	13,107,844	15,487,680	15,636,464	14,898,467	16,885,045	16,349,388	17,524,157	16,505,620	16,223,866
Education.....	39,826,762	41,993,147	43,371,842	44,680,463	48,501,891	53,913,557	52,733,810	53,013,845	57,609,327	59,992,955
Public works.....	10,240,920	11,357,085	11,400,650	13,597,213	8,462,729	8,495,852	8,796,971	10,352,050	8,640,310	10,593,671
Human services.....	664,841	703,406	730,320	807,873	830,625	1,147,489	1,156,051	1,300,046	1,293,813	1,333,425
Culture and recreation.....	2,814,871	2,714,074	3,270,116	3,413,472	3,520,855	3,551,307	3,139,413	4,391,573	3,216,271	3,264,258
Interest.....	769,452	1,273,877	1,710,505	1,356,827	1,358,707	1,512,923	1,433,392	1,555,138	1,858,222	1,782,917
Total government activities expenses.....	<u>72,206,866</u>	<u>76,270,075</u>	<u>81,608,971</u>	<u>85,329,050</u>	<u>84,055,399</u>	<u>92,218,192</u>	<u>91,064,824</u>	<u>95,324,065</u>	<u>96,267,635</u>	<u>101,767,869</u>
Business-type activities:										
Sewer.....	-	-	-	-	4,877,909	5,369,806	5,096,758	5,645,902	5,310,034	6,731,980
Total business-type activities expenses.....	-	-	-	-	4,877,909	5,369,806	5,096,758	5,645,902	5,310,034	6,731,980
Total primary government expenses.....	<u>\$ 72,206,866</u>	<u>\$ 76,270,075</u>	<u>\$ 81,608,971</u>	<u>\$ 85,329,050</u>	<u>\$ 88,933,308</u>	<u>\$ 97,587,998</u>	<u>\$ 96,161,582</u>	<u>\$ 100,969,967</u>	<u>\$ 101,577,669</u>	<u>\$ 108,499,849</u>
Program Revenues -										
Governmental activities:										
Charges for services:										
General government.....	\$ 504,376	\$ 707,045	\$ 504,192	\$ 560,179	\$ 4,641,660	\$ 3,185,547	\$ 741,943	\$ 866,660	\$ 521,601	\$ 631,013
Public safety.....	1,631,457	2,431,112	2,007,388	2,844,670	694,261	29,465	1,754,489	1,097,670	1,109,683	1,156,597
Education.....	1,530,642	2,106,024	2,187,806	2,381,443	1,896,888	1,772,855	2,118,664	2,030,420	2,314,003	2,415,302
Public works.....	5,421,610	5,984,431	6,068,853	6,658,463	94,180	93,258	138,400	139,396	226,893	48,673
Human services.....	171,653	58,283	3,968	17,802	171,750	158,657	198,859	197,170	217,543	113,926
Culture and recreation.....	318,569	323,370	335,966	379,720	316,650	320,949	491,232	610,267	516,599	633,245
Operating grants and contributions.....	9,462,604	11,251,551	9,975,595	13,482,363	12,903,208	14,463,371	14,200,975	14,807,668	15,443,557	15,464,617
Capital grants and contributions.....	820,661	845,099	13,383,168	1,993,200	912,475	2,172,371	2,368,219	5,108,943	7,200,151	2,173,962
Total government activities program revenues.....	<u>19,861,572</u>	<u>23,706,915</u>	<u>34,466,936</u>	<u>28,317,840</u>	<u>21,631,072</u>	<u>22,196,473</u>	<u>22,012,781</u>	<u>24,858,194</u>	<u>27,550,030</u>	<u>22,637,335</u>
Business-type activities:										
Charges for services.....	-	-	-	-	7,188,754	7,214,875	7,654,800	7,476,467	7,824,864	7,684,458
Operating grants and contributions.....	-	-	-	-	346,875	83,854	17,821	52,146	38,227	82,589
Capital grants and contributions.....	-	-	-	-	-	-	-	-	-	212,850
Total business-type activities program revenues.....	-	-	-	-	7,535,629	7,298,729	7,672,621	7,528,613	7,863,091	7,979,897
Total primary government program revenues.....	<u>\$ 19,861,572</u>	<u>\$ 23,706,915</u>	<u>\$ 34,466,936</u>	<u>\$ 28,317,840</u>	<u>\$ 29,166,701</u>	<u>\$ 29,495,202</u>	<u>\$ 29,685,402</u>	<u>\$ 32,386,807</u>	<u>\$ 35,413,121</u>	<u>\$ 30,617,232</u>
Net (Expense)/Program Revenue										
Governmental activities.....	\$ (52,345,294)	\$ (52,563,160)	\$ (47,142,035)	\$ (57,011,210)	\$ (62,424,327)	\$ (70,021,719)	\$ (69,052,043)	\$ (70,465,871)	\$ (68,717,605)	\$ (79,130,534)
Business-type activities.....	-	-	-	-	2,657,720	1,928,923	2,575,863	1,882,711	2,553,057	1,247,917
Total primary government net (expense)/program revenue.....	<u>\$ (52,345,294)</u>	<u>\$ (52,563,160)</u>	<u>\$ (47,142,035)</u>	<u>\$ (57,011,210)</u>	<u>\$ (59,766,607)</u>	<u>\$ (68,092,796)</u>	<u>\$ (66,476,180)</u>	<u>\$ (68,583,160)</u>	<u>\$ (66,164,548)</u>	<u>\$ (77,882,617)</u>

(1) In fiscal year 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.

(continued)

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008 (1)</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Revenues and other Changes in Net Position -										
Governmental activities:										
Real estate and personal property taxes,										
net of tax refunds payable.....	\$ 44,928,026	\$ 47,612,740	\$ 50,846,181	\$ 54,614,942	\$ 57,131,569	\$ 60,306,299	\$ 65,728,908	\$ 69,653,675	\$ 72,965,354	\$ 76,708,396
Motor vehicle excise taxes.....	3,502,008	3,504,873	3,542,650	3,358,437	3,518,419	3,462,324	2,941,257	4,543,269	4,449,942	4,456,087
Penalties and interest on taxes.....	461,544	254,835	300,058	492,860	353,259	329,453	345,255	296,259	345,562	344,787
Grants and contributions not restricted to specific programs.....	3,542,140	3,936,353	5,664,434	4,680,383	4,218,553	2,780,778	2,889,606	2,736,500	2,765,940	2,737,372
Unrestricted investment income.....	140,412	688,232	956,437	920,567	1,076,108	547,896	583,957	807,498	611,980	398,380
Miscellaneous.....	-	-	-	-	-	-	-	-	-	90,924
Transfers.....	-	-	-	-	(170,196)	(228,332)	451,637	278,207	430,112	478,192
Total governmental activities.....	<u>52,574,130</u>	<u>55,997,033</u>	<u>61,309,760</u>	<u>64,067,189</u>	<u>66,127,712</u>	<u>67,198,418</u>	<u>72,940,620</u>	<u>78,315,408</u>	<u>81,568,890</u>	<u>85,214,138</u>
Business-type activities:										
Grants and contributions not restricted to specific programs.....	-	-	-	-	434,522	-	280,880	-	-	-
Unrestricted investment income.....	-	-	-	-	11,424	-	-	-	11	25
Transfers.....	-	-	-	-	170,196	228,332	(451,637)	(278,207)	(430,112)	(478,192)
Total business-type activities.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>616,142</u>	<u>228,332</u>	<u>(170,757)</u>	<u>(278,207)</u>	<u>(430,101)</u>	<u>(478,167)</u>
Total primary government general revenues and other changes in net position.....	<u>\$ 52,574,130</u>	<u>\$ 55,997,033</u>	<u>\$ 61,309,760</u>	<u>\$ 64,067,189</u>	<u>\$ 66,743,854</u>	<u>\$ 67,426,750</u>	<u>\$ 72,769,863</u>	<u>\$ 78,037,201</u>	<u>\$ 81,138,789</u>	<u>\$ 84,735,971</u>
Changes in Net Position										
Governmental activities.....	\$ 228,836	\$ 3,433,873	\$ 14,167,725	\$ 7,055,979	\$ 3,703,385	\$ (2,823,301)	\$ 3,888,577	\$ 7,849,537	\$ 12,851,285	\$ 6,083,604
Business-type activities.....	-	-	-	-	3,273,862	2,157,255	2,405,106	1,604,504	2,122,956	769,750
Total primary government changes in net position.....	<u>\$ 228,836</u>	<u>\$ 3,433,873</u>	<u>\$ 14,167,725</u>	<u>\$ 7,055,979</u>	<u>\$ 6,977,247</u>	<u>\$ (666,046)</u>	<u>\$ 6,293,683</u>	<u>\$ 9,454,041</u>	<u>\$ 14,974,241</u>	<u>\$ 6,853,354</u>

(1) In fiscal year 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.

(concluded)

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008 (1)</u>	<u>2009</u>	<u>2010</u>	<u>2011 (2)</u>	<u>2012</u>	<u>2013</u>
General Fund:										
Restricted.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 572,271	\$ 857,469	\$ 450,779
Committed.....	-	-	-	-	-	600,000	1,725,257	1,885,966	3,133,729	4,938,065
Assigned.....	3,129,582	3,154,007	2,217,464	2,316,412	1,632,260	3,122,376	2,084,712	2,281,430	2,973,705	1,716,512
Unassigned.....	<u>5,452,834</u>	<u>5,529,788</u>	<u>4,644,408</u>	<u>6,564,592</u>	<u>8,918,431</u>	<u>6,983,518</u>	<u>8,929,306</u>	<u>9,560,722</u>	<u>11,016,182</u>	<u>14,067,643</u>
Total general fund.....	<u>\$ 8,582,416</u>	<u>\$ 8,683,795</u>	<u>\$ 6,861,872</u>	<u>\$ 8,881,004</u>	<u>\$ 10,550,691</u>	<u>\$ 10,705,894</u>	<u>\$ 12,739,275</u>	<u>\$ 14,300,389</u>	<u>\$ 17,981,085</u>	<u>\$ 21,172,999</u>
All Other Governmental Funds:										
Nonspendable.....	\$ 532,585	\$ 541,935	\$ 649,055	\$ 670,290	\$ 700,265	\$ 726,715	\$ 748,915	\$ 768,590	\$ 782,615	\$ 796,915
Restricted.....	7,407,010	6,915,879	4,644,541	8,546,165	4,897,481	5,007,551	9,277,010	9,772,714	6,125,968	8,710,556
Unassigned.....	<u>(3,430,425)</u>	<u>(1,820,520)</u>	<u>-</u>	<u>(4,144,144)</u>	<u>(402,403)</u>	<u>-</u>	<u>-</u>	<u>(159,362)</u>	<u>(528,119)</u>	<u>(60,283)</u>
Total all other governmental funds.....	<u>\$ 4,509,170</u>	<u>\$ 5,637,294</u>	<u>\$ 5,293,596</u>	<u>\$ 5,072,311</u>	<u>\$ 5,195,343</u>	<u>\$ 5,734,266</u>	<u>\$ 10,025,925</u>	<u>\$ 10,381,942</u>	<u>\$ 6,380,464</u>	<u>\$ 9,447,188</u>

Note: The Town implemented GASB 54 in fiscal year 2011. All previous years (2004 - 2010) data presented were restated to conform to the GASB 54 presentation.

- (1) In fiscal year 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 fiscal year 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.

(continued)

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 46,161,126	\$ 47,674,121	\$ 50,845,052	\$ 54,437,494	\$ 56,793,154	\$ 60,019,839	\$ 64,823,037	\$ 69,152,109	\$ 72,986,435	\$ 76,448,797
Motor vehicle and other excise taxes.....	3,519,550	3,504,873	3,542,650	3,358,437	3,388,468	3,433,110	2,987,651	4,454,360	4,466,321	4,224,173
Penalties and interest on taxes.....	461,544	254,835	300,058	492,860	353,259	329,453	345,255	296,259	345,562	344,787
Intergovernmental.....	13,670,248	14,296,523	26,564,451	17,310,474	17,111,710	19,111,853	17,640,910	21,785,069	24,719,530	19,897,642
Departmental and other.....	9,523,983	11,667,988	11,617,805	15,026,156	3,841,658	3,367,924	3,867,015	4,082,789	4,011,738	4,336,189
Licenses and permits.....	159,812	165,333	159,070	213,000	4,052,735	2,449,238	1,437,306	978,860	970,991	989,430
Contributions.....	189,422	887,213	363,495	448,594	485,645	304,667	1,817,890	753,597	531,787	450,855
Investment income.....	140,412	688,232	956,439	920,567	1,076,108	547,896	583,957	439,927	573,233	398,380
Total Revenue.....	73,826,097	79,139,118	94,349,020	92,207,582	87,102,737	89,563,980	93,503,021	101,942,970	108,605,597	107,090,253
Expenditures:										
General government.....	4,094,321	3,929,012	3,941,886	4,201,229	4,090,528	4,648,871	5,378,583	4,886,067	4,622,485	5,494,350
Public safety.....	10,242,571	11,036,528	11,748,759	11,971,812	10,756,822	11,086,484	10,765,927	11,955,740	11,332,964	11,120,678
Education.....	36,006,763	33,713,178	32,884,891	31,206,612	33,239,793	36,624,106	36,694,544	35,584,639	37,973,487	40,590,610
Public works.....	12,011,032	8,743,265	10,503,038	10,243,500	9,322,677	6,031,550	6,247,224	7,645,903	7,172,931	8,578,740
Human services.....	666,033	703,406	1,014,288	843,934	814,332	788,797	837,605	862,411	844,790	937,300
Culture and recreation.....	2,249,439	1,896,861	1,800,950	2,291,883	2,046,329	2,485,021	2,219,390	3,397,035	2,277,109	2,226,395
Pension and fringe benefits.....	8,812,996	9,568,211	13,479,041	15,036,688	16,107,081	17,230,690	18,182,453	20,358,753	21,215,130	21,858,995
State and county charges.....	1,547,514	1,510,657	1,902,338	2,221,627	2,213,537	2,318,484	2,596,530	2,397,937	2,335,196	2,369,851
Capital outlay and other.....	1,554,979	19,058,378	14,610,740	17,873,900	8,299,197	7,157,524	6,132,142	22,606,961	20,106,394	6,994,455
Debt service:										
Principal.....	2,081,619	2,312,264	3,110,705	3,147,453	3,561,729	3,906,728	5,021,729	5,276,229	6,236,728	6,341,729
Interest.....	661,895	1,273,877	1,710,505	1,356,827	1,364,521	1,503,267	1,647,984	1,555,138	1,858,222	1,899,555
Total Expenditures.....	79,929,162	93,745,637	96,707,141	100,395,465	91,816,546	93,781,522	95,724,111	116,526,813	115,975,436	108,412,658
Excess of revenues over (under) expenditures.....	(6,103,065)	(14,606,519)	(2,358,121)	(8,187,883)	(4,713,809)	(4,217,542)	(2,221,090)	(14,583,843)	(7,369,839)	(1,322,405)
Other Financing Sources (Uses):										
Issuance of bonds and notes.....	4,246,807	15,836,022	192,500	9,985,729	4,190,000	5,140,000	8,094,500	17,344,842	6,295,000	6,988,000
Premiums from debt issuances.....	-	-	-	-	-	-	-	485,000	323,945	114,851
Transfers in.....	-	-	-	-	1,977,802	1,574,076	3,225,257	3,174,097	3,266,787	3,523,044
Transfers out.....	-	-	-	-	(2,147,998)	(1,802,408)	(2,773,620)	(2,895,890)	(2,836,675)	(3,044,852)
Total other financing sources (uses).....	4,246,807	15,836,022	192,500	9,985,729	4,019,804	4,911,668	8,546,137	18,108,049	7,049,057	7,581,043
Net change in fund balance.....	\$ (1,856,258)	\$ 1,229,503	\$ (2,165,621)	\$ 1,797,846	\$ (694,005)	\$ 694,126	\$ 6,325,047	\$ 3,524,206	\$ (320,782)	\$ 6,258,638
Debt service as a percentage of noncapital expenditures.....	3.50%	4.80%	5.87%	5.46%	5.90%	6.25%	7.44%	7.27%	8.44%	8.13%

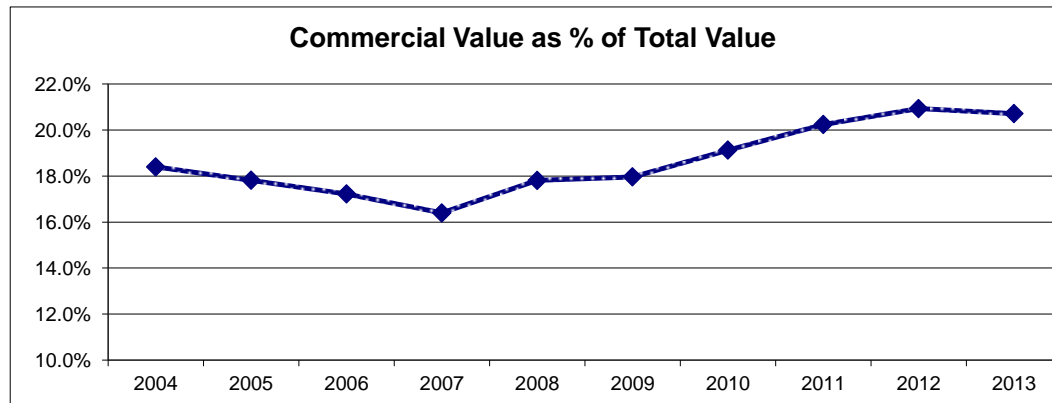
(1) In fiscal year 2008, the Town modified its financial reporting of its sewer operations and reclassified the financial position and results of operations of its sewer operations from public works in its governmental funds to a proprietary fund.

(concluded)

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY BY CLASSIFICATION AND TAX RATES

LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value							Ratio of Assessed to Equalized Value	Tax Rates		
	Residential Value	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Total Town Value	State Equalized Value		Residential Tax Rate	Commercial Tax Rate	Average Tax Rate
2004	\$ 2,812,113,841	\$ 487,540,659	\$ 33,610,700	\$ 113,011,310	\$ 634,162,669	\$ 3,446,276,510	\$ 2,818,552,900	122.27%	\$ 10.23	\$ 26.41	\$ 13.21
2005	3,004,845,701	498,017,799	32,423,500	121,106,920	651,548,219	3,656,393,920	3,556,144,106	102.82%	10.46	26.15	13.27
2006	3,185,636,525	512,687,475	33,556,300	116,639,530	662,883,305	3,848,519,830	3,556,144,106	108.22%	11.15	26.07	13.72
2007	3,556,431,280	542,931,020	41,240,700	113,549,940	697,721,660	4,254,152,940	4,262,714,700	99.80%	10.93	23.89	13.06
2008	3,351,352,480	571,042,620	38,059,800	117,387,370	726,489,790	4,077,842,270	4,262,714,700	95.66%	12.05	25.18	14.39
2009	3,340,893,561	577,925,139	35,523,600	118,048,860	731,497,599	4,072,391,160	4,544,587,000	89.61%	12.62	26.43	15.10
2010	3,239,639,379	607,473,987	44,401,980	114,363,740	766,239,707	4,005,879,086	4,401,455,700	91.01%	13.57	28.87	16.50
2011	3,206,406,499	650,558,181	39,420,220	123,811,820	813,790,221	4,020,196,720	4,401,455,700	91.34%	14.37	31.06	17.75
2012	3,109,065,167	656,519,213	39,588,320	127,147,780	823,255,313	3,932,320,480	4,266,970,200	92.16%	15.43	32.20	18.94
2013	3,134,309,527	658,879,273	40,010,900	120,007,710	818,897,883	3,953,207,410	4,266,970,200	92.65%	15.79	34.37	19.64



Source: Official Statements, State Division of Local Services

Note: All property in the Commonwealth of Massachusetts is assessed at 100% of full and fair cash value. The State estimates this "equalized valuation" for all municipalities every two years.

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% 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%, subject to an exception for property added to the tax rolls and for certain valuation increases. This secondary limit may be exceeded in any fiscal year by majority approval of the voters, however, it cannot exceed the primary limitation.

PRINCIPAL TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Nature of Business	2013			2004		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Legacy Place, LLC	Shopping Center/Mall	\$ 88,580,200	1	2.24%			
OCW Retail - Dedham, LLC	Shopping Center/Mall	46,202,500	2	1.17%			
RAR2=Dedham at Jefferson	Apartments	43,135,400	3	1.09%			
Archstone Legacy Place	Apartments	41,399,200	4	1.05%			
Federal Realty Investment	Shopping Center/Mall	30,097,000	5	0.76%	\$ 28,300,300	2	0.82%
National Amusements	Theater/Commercial Real Estate	25,612,400	6	0.65%	13,603,700	8	0.39%
Pearl Realty Trust	Retail	21,273,300	7	0.54%	22,001,300	3	0.64%
Liberty MA Portfolio	Office/Warehouse	20,663,200	8	0.52%			
Dedham Fee LLC	Offices	14,271,800	9	0.36%			
Lowe's Home Center's Inc.	Retail	14,015,800	10	0.35%			
Rustcraft Road Assoc.	Commercial Real Estate				34,123,060	1	0.99%
Dedham Holdings, Inc.	Commercial Real Estate				21,362,000	4	0.62%
Wells Ave Senior	Commercial Real Estate				17,717,000	5	0.51%
Thomas Flatley	Shopping Center/Mall				17,501,300	6	0.51%
P-LR SALP	Commercial Real Estate				14,987,900	7	0.43%
HCRI Mass Prop	Hospital/Medical/Medical Office				12,033,900	9	0.35%
William Davison	Commercial Real Estate				10,335,400	10	0.30%
	Totals	<u>\$ 345,250,800</u>		<u>8.73%</u>	<u>\$ 191,965,860</u>		<u>5.57%</u>

Source: Official Statements

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year	Tax Levy			Collections				Percent of Total Tax Collections to Net Tax Levy
	Total Tax Levy	Less Abatements & Exemptions	Net Tax Levy	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	
2004	\$ 45,516,161	\$ 1,014,509	\$ 44,501,652	\$ 44,241,093	99.41%	\$ 202,617	\$ 44,443,710	99.87%
2005	48,528,769	1,238,712	47,290,057	47,184,764	99.78%	26,028	47,210,792	99.83%
2006	52,801,215	1,125,637	51,675,578	51,060,070	98.81%	523,764	51,583,834	99.82%
2007	55,540,364	1,161,279	54,379,085	53,793,604	98.92%	491,390	54,284,994	99.83%
2008	58,676,810	1,182,158	57,494,652	56,546,016	98.35%	836,094	57,382,110	99.80%
2009	61,495,558	1,403,400	60,092,158	59,471,579	98.97%	413,540	59,885,119	99.66%
2010	66,083,247	1,850,167	64,233,080	64,493,926	100.41%	443,444	64,937,370	101.10%
2011	71,352,386	2,800,787	68,551,599	68,553,824	100.00%	774,556	69,328,380	101.13%
2012	74,481,697	1,947,191	72,534,506	73,079,651	100.75%	428,417	73,508,068	101.34%
2013	77,636,268	2,575,947	75,060,321	75,820,958	101.01%	-	75,820,958	101.01%

Source: Accounting Records and Official Statements

RATIOS OF OUTSTANDING DEBT AND GENERAL OBLIGATION DEBT

LAST TEN FISCAL YEARS

Fiscal Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities Debt			
				General Obligation Bonds and Other Notes	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2004	23,200	\$ 752,956,000	\$ 3,446,276,510	\$ 18,305,372	\$ 789	2.43%	0.53%
2005	23,738	851,743,178	3,656,393,920	31,819,109	1,340	3.74%	0.87%
2006	23,796	868,125,672	3,848,519,830	28,900,934	1,215	3.33%	0.75%
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	54,344,557	2,183	5.26%	1.38%
2013	24,974	1,072,932,988	3,953,207,410	54,989,041	2,202	5.13%	1.39%

Fiscal Year	Business-type Activities (1)		Total Primary Government			
	General Obligation Bonds	Other Notes (2)	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2004	\$ -	\$ -	\$ 18,305,372	\$ 789	2.43%	0.53%
2005	-	-	31,819,109	1,340	3.74%	0.87%
2006	-	-	28,900,934	1,215	3.33%	0.75%
2007	-	-	35,618,481	1,459	3.63%	0.84%
2008	2,545,000	2,721,377	42,775,380	1,726	4.48%	1.05%
2009	2,485,000	2,397,153	43,624,427	1,758	4.68%	1.07%
2010	2,240,000	2,340,317	46,395,362	1,873	4.49%	1.16%
2011	1,995,000	1,949,580	57,373,396	2,305	5.54%	1.43%
2012	1,750,000	1,631,500	57,726,057	2,319	5.59%	1.47%
2013	1,505,000	1,638,870	58,132,911	2,328	5.42%	1.47%

(1) In fiscal year 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.

(2) Massachusetts Water Resource Authority notes.

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

COMPUTATION OF LEGAL DEBT MARGIN

LAST TEN FISCAL YEARS

(Amounts in Thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Equalized Valuation.....	\$ 2,818,553	\$ 3,556,144	\$ 3,556,144	\$ 4,262,715	\$ 4,262,715	\$ 4,544,587	\$ 4,401,456	\$ 4,401,456	\$ 4,266,970	\$ 4,266,970
Debt Limit.....	70,464	177,807	177,807	213,136	213,136	227,229	220,073	220,073	213,349	213,349
Outstanding general obligation bonds.....	18,305	31,819	28,901	35,618	42,775	43,624	46,395	57,373	57,726	58,133
Authorized and unissued debt.....	16,631	11,031	9,111	11,030	5,230	6,645	36,510	19,844	24,064	19,681
Debt not applicable to debt limit.....	(101)	(94)	(87)	(81)	(74)	(67)	(61)	(54)	(3,910)	(3,715)
Legal debt margin.....	<u>\$ 35,427</u>	<u>\$ 134,863</u>	<u>\$ 139,708</u>	<u>\$ 166,407</u>	<u>\$ 165,057</u>	<u>\$ 176,893</u>	<u>\$ 137,107</u>	<u>\$ 142,802</u>	<u>\$ 127,649</u>	<u>\$ 131,820</u>
Total debt applicable to the limit as a percentage of debt limit.....	49.44%	24.05%	21.33%	21.85%	22.49%	22.09%	37.64%	35.06%	36.50%	34.73%

Source: State Division of Local Services, Accounting Records

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2013

	<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.....	\$ 5,375,685,000	0.513%	<u>\$ 27,577,264</u>
Subtotal, overlapping debt.....			27,577,264
Town direct debt.....			<u>54,989,041</u>
Total direct and overlapping debt.....			<u><u>\$ 82,566,305</u></u>

*Outstanding debt as of June 30, 2012.

Source: Official Statements, Accounting Records

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

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2004	23,200	\$ 752,956,000	\$ 32,455	39.6	2,996	3.60%
2005	23,738	851,743,178	35,881	39.6	2,945	4.30%
2006	23,796	868,125,672	36,482	39.6	2,897	4.60%
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%

Source: U. S. Census, Division of Local Services, Massachusetts
 Department of Elementary and Secondary Education
 Median age is based on most recent census data

PRINCIPAL EMPLOYERS (EXCLUDING TOWN)

CURRENT YEAR AND NINE YEARS AGO

Employer	Nature of Business	2013			2004		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Newbridge on the Charles	Assisted Living	650	1	4.11%			
Dedham Medical Associates	Medical Center	500	2	3.16%			
Norfolk County	County Government	500	3	3.16%	458	2	3.09%
Whole Foods	Grocery	300	4	1.90%			
Sears, Roebuck & Co.	Retail	250	5	1.58%	250	4	1.69%
American Red Cross	Emergency Relief/Blood Bank	250	6	1.58%	250	5	1.69%
Dedham Executive Center	Offices	250	7	1.58%			
Dedham Savings Bank	Banking	220	8	1.39%	220	6	1.48%
Fox Television	Broadcasting	205	9	1.30%			
Hilton at Dedham	Hotel	202	10	1.28%	202	8	1.36%
Stop & Shop	Retail				550	1	3.71%
Fleet Bank	Banking				325	3	2.19%
Care Matrix	Nursing Home				212	7	1.43%
Commonwealth of MA Court System	State Government				190	9	1.28%
Eastwood Care Center	Nursing Home				150	10	1.01%

Source: Official Statements

FULL-TIME EQUIVALENT TOWN EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government.....	34	33	34	35	37	37	37	37	64	67
Public safety.....	145	143	144	144	144	144	144	144	144	143
Education.....	424	474	494	491	486	509	512	518	497	502
Public works.....	29	29	24	23	24	24	24	24	24	24
Health and human services.....	13	14	14	14	14	14	14	14	14	14
Culture and recreation.....	26	27	28	28	27	27	27	26	26	25
Sub-total	671	720	738	735	732	755	758	763	769	775
Sewer.....	2	2	2	3	3	3	3	3	3	3
Total Town employees.....	<u>673</u>	<u>722</u>	<u>740</u>	<u>738</u>	<u>735</u>	<u>758</u>	<u>761</u>	<u>766</u>	<u>772</u>	<u>778</u>

Source: Town personnel records

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government:										
Town Clerk										
Registered voters.....	15,641	15,295	15,614	15,020	16,522	16,211	16,688	16,799	17,825	17,930
Public Safety:										
Police										
Criminal offenses										
Violent.....	25	16	82	96	72	124	110	124	83	68
Property.....	590	472	431	522	412	572	678	641	669	737
Total criminal offenses	<u>615</u>	<u>488</u>	<u>513</u>	<u>618</u>	<u>484</u>	<u>696</u>	<u>788</u>	<u>765</u>	<u>752</u>	<u>805</u>
Fire										
Incidents										
Fires.....	80	79	69	135	153	119	167	188	209	177
Non-fire incidents.....	3,603	3,737	3,732	3,986	4,157	3,496	4,166	4,290	4,081	4,246
Total fire calls.....	<u>3,683</u>	<u>3,816</u>	<u>3,801</u>	<u>4,121</u>	<u>4,310</u>	<u>3,615</u>	<u>4,333</u>	<u>4,478</u>	<u>4,290</u>	<u>4,423</u>
Inspectional Services:										
Number of building permits.....	1,104	1,147	1,141	1,147	1,610	1,072	1,244	1,055	1,165	1,104
Education:										
Number of students.....	2,996	2,945	2,897	2,871	2,879	2,857	2,910	2,879	2,862	2,826
Public Works:										
Highway										
Roads paved (miles).....	-	-	-	2	8	4.5	2.5	6	4	4
Sewer										
Sanitary sewers replaced (miles).....	-	-	-	-	0.04	0.05	0.02	0.02	0.01	0.01
Health and Human Services:										
Board of Health										
Inspections										
Food Establishments.....	355	431	448	497	546	780	642	467	511	601
Other.....	520	291	268	280	291	217	258	194	241	259
Total inspections.....	<u>875</u>	<u>722</u>	<u>716</u>	<u>777</u>	<u>837</u>	<u>997</u>	<u>900</u>	<u>661</u>	<u>752</u>	<u>860</u>
Culture and Recreation:										
Libraries										
Circulation.....	132,681	149,244	143,433	257,397	268,736	251,387	293,895	278,085	138,732	140,195
Holdings.....	105,822	105,990	100,746	105,500	102,613	103,487	107,246	113,764	124,252	126,368

N/A - Information not available

Source: Various Town Departments and State websites.

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government:										
Number of buildings.....	18	18	18	18	18	18	18	18	18	18
Public Safety:										
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.....	103	103	106	106	106	107	107	107	107	107
Sewer main lines (miles).....	95	95	95	95	95	95	95	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	11	11	11	11	11

Source: Various Town Departments and State websites.