

TOWN OF DEDHAM

MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



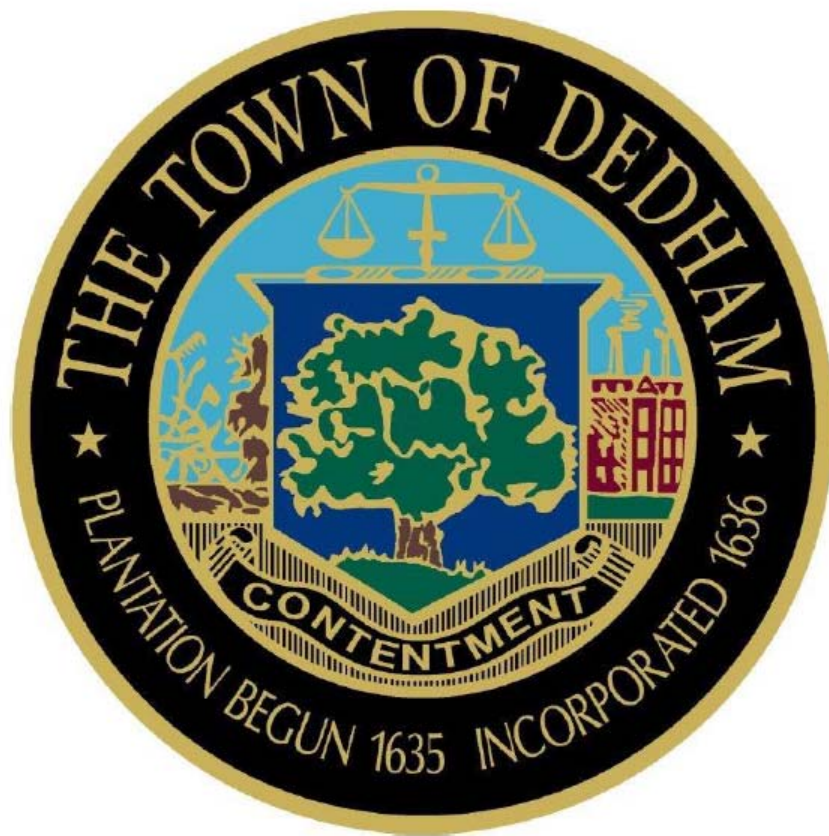
For the Year Ended June 30, 2019

On the Cover: Newly Renovated Dedham Town Hall (Historic Ames School House built in 1897)

TOWN OF DEDHAM, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2019



Prepared by:

The Finance Department of the Town of Dedham, Massachusetts

TOWN OF DEDHAM, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2019

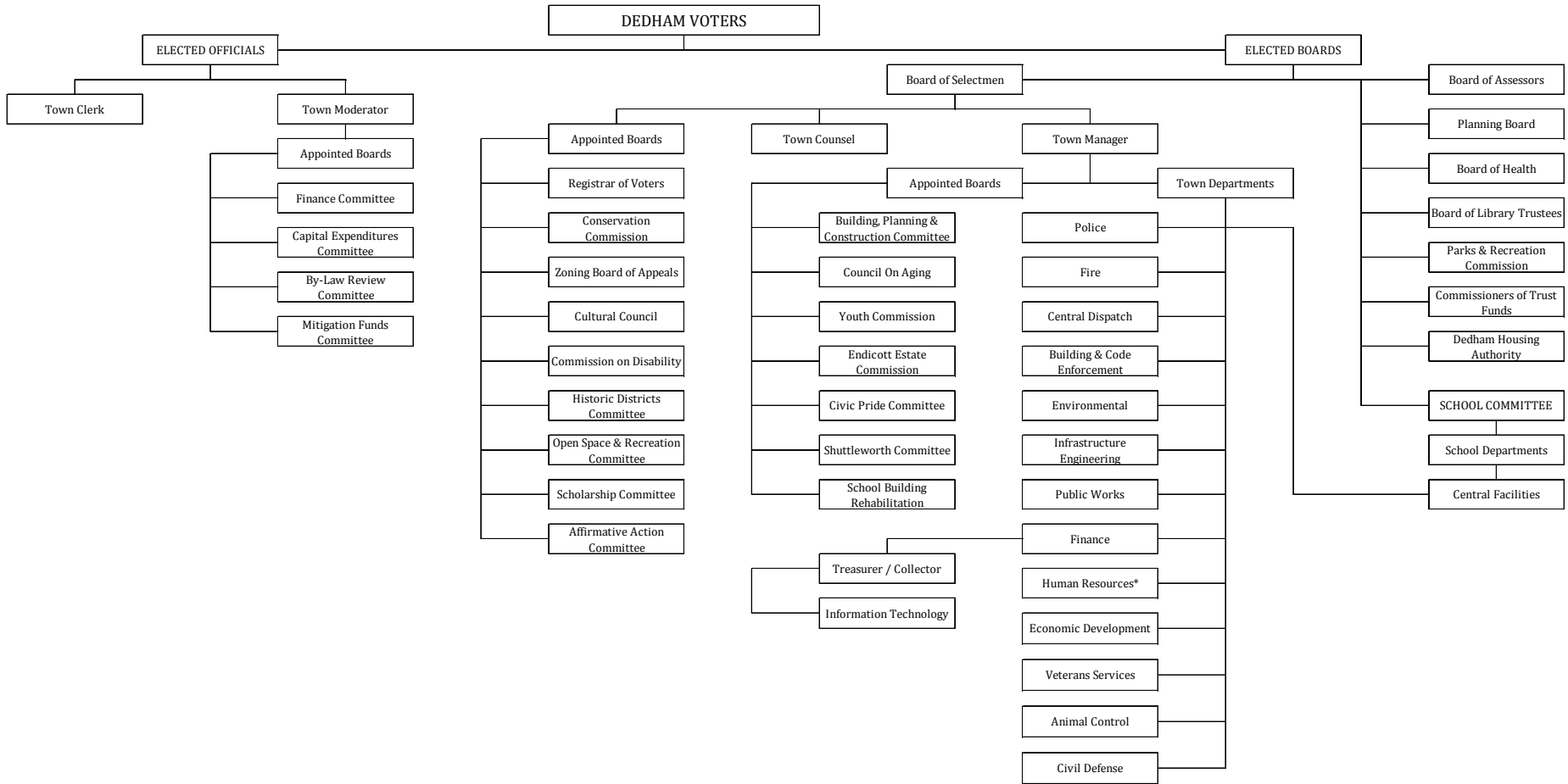
TABLE OF CONTENTS

Introductory Section	1
Organizational Chart	2
Principal Town Officials	3
Financial Section	5
Independent Auditor’s Report.....	7
Management’s Discussion and Analysis.....	10
Basic Financial Statements	19
Statement of Net Position	21
Statement of Activities.....	22
Governmental Funds – Balance Sheet	24
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position	25
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Proprietary Funds – Statement of Net Position.....	28
Proprietary Funds – Statement of Revenues, Expenses and Changes in Net Position	29
Proprietary Funds – Statement of Cash Flows	30
Fiduciary Funds – Statement of Fiduciary Net Position	31
Fiduciary Funds – Statement of Changes in Fiduciary Net Position.....	32
Notes to Basic Financial Statements	33
Required Supplementary Information.....	71
General Fund Budgetary Comparison Schedule	72
General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	73
Pension Plan Schedules – Retirement System	78
Schedule of Changes in the Net Pension Liability and Related Ratios.....	79
Schedule of Contributions	80
Schedule of Investment Returns	81
Pension Plan Schedules - Town	82

Schedule of the Town's Proportionate Share of the Net Pension Liability.....	83
Schedule of the Town's Contributions.....	84
Schedule of Special Funding Amounts of the Net Pension Liability	85
Other Postemployment Benefit Plan Schedules	86
Schedule of Town's Net OPEB Liability and Related Ratios	87
Schedule of Town Contributions	88
Schedule of Investment Returns	89
Notes to Required Supplementary Information.....	90
Combining and Individual Fund Statements	95
Nonmajor Governmental Funds	96
Nonmajor Governmental Funds – Combining Balance Sheet	98
Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	102
Fiduciary Funds.....	105
Agency Fund – Statement of Changes in Assets and Liabilities.....	106

Introductory Section

TOWN ORGANIZATIONAL CHART



Principal Town Officials

<u>Elected Officials</u>		<u>Term Expires</u>
Board of Selectmen	Dennis J. Guilfoyle, Chairman	2020
	James A. MacDonald, Vice Chairman	2021
	Dennis J. Teehan, Jr.	2020
	Dimitria Sullivan	2022
	Sarah MacDonald	2022
Moderator	Daniel Driscoll	2020
Town Clerk	Paul M. Munchbach	2021
School Committee	Kevin R. Coughlin, Chair	2021
	Steve Bilafer	2021
	Mayanne Macdonald Briggs	2022
	Joshua Donati	2020
	Lisa Laprade	2021
	Melissa Pearrow	2020
	Tracey White	2022
 <u>Appointed Officials</u>		
Finance & Warrant Committee	Kevin Preston, Chair	2022
	John Heffernan, Vice	2020
	Susan Fay	2020
	Kevin Hughes	2021
	Michael Leahy	2020
	Marty Lindeman	2021
	Beth Pierce	2020
	Michelle Persson Reilly	2021
	Dave Roberts	2020
 <u>Other Officials</u>		
Town Manager	Leon Goodwin	
Director of Finance	Andrea L. Terkelsen	
Superintendent of Schools	Michael Welch	

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Financial Section

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Independent Auditor's Report

To the Honorable Board of Selectmen
and the Audit Committee
Town of Dedham, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dedham, Massachusetts, as of and for the year ended June 30, 2019 (except for the Dedham Contributory Retirement System which is as of and for the year ended December 31, 2018), and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dedham, Massachusetts, as of June 30, 2019 (except for the Dedham Contributory Retirement System which is as of December 31, 2018), and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

The introductory section has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2020, on our consideration of the Town of Dedham, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Dedham's internal control over financial reporting and compliance.

Powers & Sullivan LLC

February 1, 2020

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Dedham, Massachusetts (the Town), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town of Dedham for the year ended June 30, 2019.

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

Overview of the Financial Statements

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

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

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

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

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

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

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

resources, as well as on balances of expendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

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

Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its sewer operations.

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 fiduciary fund financial statements provide combined information for the pension and OPEB trust funds of the Town. The pension and other employee benefits trust is used to account for assets accumulated to provide funding for future pension and net other postemployment benefits (OPEB) liabilities. The private purpose trust fund is used to account for resources held in trust which principal and investment income exclusively benefit individuals, private organizations, or other governments. The agency fund reports resources held by the Town in a custodial capacity.

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

Financial Overview

- The government-wide assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the recent year by \$71 million and \$29.7 million (net position) for governmental activities and business-type activities, respectively.
- At the close of the current year, the Town's general fund reported an ending fund balance of \$28.4 million, a decrease of \$2.2 million over the prior year. Total fund balance represents 24.4% of total general fund expenditures, which management considers adequate. Approximately \$24.3 million of this total amount is unassigned and available for appropriation at the Town's discretion.

- The Town's governmental debt decreased by \$2.4 million during the current year resulting from \$7.8 million of principal payments and new borrowings of \$5.4 million. Current year debt issuances include the Early Childhood Education Center construction and other various capital improvements and infrastructure projects.

Government-wide Financial Analysis

Government-wide net position of \$108.3 million reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$3.1 million (3.1%), represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position has a year-end deficit of \$10.7 million. The primary reason for this deficit balance is the recognition of the net other postemployment benefits liability and net pension liability totaling \$52.6 million and \$35.5 million, respectively.

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

Governmental Activities. The governmental activities net position decreased by \$98,000 during the current year as compared to an increase in net position of \$6.5 million during the prior year.

	2019	2018
Assets:		
Current assets.....	\$ 66,941,891	\$ 75,639,050
Capital assets, non depreciable.....	69,922,759	58,913,342
Capital assets, net of accumulated depreciation....	104,094,068	104,548,225
Total assets.....	240,958,718	239,100,617
Deferred outflow of resources.....	38,826,920	16,942,783
Liabilities:		
Current liabilities (excluding debt).....	7,775,308	9,059,804
Noncurrent liabilities (excluding debt).....	89,667,424	67,583,847
Current debt.....	8,947,373	8,112,394
Noncurrent debt.....	90,139,107	92,240,522
Total liabilities.....	196,529,212	176,996,567
Deferred inflow of resources.....	12,242,813	7,935,061
Net position:		
Net investment in capital assets.....	87,718,413	86,724,148
Restricted.....	3,079,059	4,477,121
Unrestricted.....	(19,783,859)	(20,089,497)
Total net position.....	\$ 71,013,613	\$ 71,111,772

Total revenues had an increase when compared to prior year of approximately \$7.7 million. The increase related to real estate and personal property taxes, operating and capital grants and contributions, and investment income. The increase in operating grants is related to the Massachusetts Teachers Retirement System's (MTRS) which increased the on-behalf revenue and corresponding education expense by \$307,000 and an increase in Chapter 70 payments from the State. The increase in capital grants is primarily due to an increase in reimbursements from the Massachusetts School Building Authority (MSBA) for the Early Childhood Education Center construction project.

Overall, governmental activities expenses increased \$13.6 million from the prior year. This is the net result of budgetary increases, remittance of \$926,000 of cable franchise fees previously held by the Town to Dedham Visionary Access Corporation (DVAC) and an increase in the net pension liability due to changes in actuarial assumptions.

	2019	2018
Program Revenues:		
Charges for services..... \$	6,107,655	\$ 5,963,379
Operating grants and contributions.....	18,297,523	16,496,065
Capital grants and contributions.....	5,530,075	4,115,030
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	85,360,315	83,914,028
Tax and other liens.....	887,497	39,292
Motor vehicle and other excise taxes.....	3,902,400	3,889,293
Hotel/motel tax.....	1,446,469	1,468,170
Meals tax.....	1,006,126	924,153
Penalties and interest on taxes.....	630,133	533,387
Payments in lieu of taxes.....	142,223	30,942
Grants and contributions not restricted to specific programs.....	3,681,863	3,548,546
Unrestricted investment income.....	1,980,624	430,563
Miscellaneous.....	138,841	59,545
Total revenues.....	129,111,744	121,412,393
Expenses:		
General government.....	12,516,527	9,443,740
Public safety.....	20,847,436	16,797,571
Education.....	74,481,775	71,215,938
Public works.....	12,089,797	10,016,768
Health and human services.....	2,058,842	1,761,448
Culture and recreation.....	4,143,407	3,490,920
Interest.....	3,008,019	2,846,337
Total expenses.....	129,145,803	115,572,722
Excess (Deficiency) before transfers and special items.....	(34,059)	5,839,671
Transfers.....	(64,100)	(78,515)
Special item.....	-	720,976
Change in net position.....	(98,159)	6,482,132
Net position, beginning of year.....	71,111,772	64,629,640
Net position, end of year..... \$	71,013,613	\$ 71,111,772

Other financial notes related to governmental activities:

- Charges for services represented 4.7% of governmental activities resources. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the Town are included in this category. These charges increased \$144,000 from prior year.
- Operating grants and contributions accounted for 14.2% percent of the governmental activities resources. Most of these resources apply to educational operations. These resources offset costs within the school department and supplement the portion of the general fund operating budget that is dedicated to the education function.
- Property taxes are by far the most significant revenue source for the Town's governmental activities. They comprised 66.1% of current resources. These charges increased \$1.4 million from the prior year.
- Other taxes and other revenues comprised a total of 15% percent of the governmental activities resources. This category primarily includes capital grants, motor vehicle and other excise taxes, hotel/motel taxes, meals taxes, non-restricted grants and contributions, and investment earnings.
- Education is by far the largest governmental activity of the Town. Approximately \$49.8 million in taxes and other revenue (general revenues) were needed to cover its 2019 operating expenses, net of related program revenues. A pension contribution of approximately \$9.2 million was made by the State on-behalf of Dedham teachers. Operating grants and educational expenses are grossed-up by recording this contribution.
- Public safety and general government are the second and third largest activities of the Town. Approximately \$19.2 million and \$11.2 million, respectively, of general revenues were needed to cover their 2019 operating expenses, net of related program revenues.

Business-type activities. The business-type activities assets exceeded liabilities by \$29.7 million at the close of 2019. The net investment in capital assets was \$20.6 million (69.4%) and unrestricted net position was \$9.1 million (30.6%).

	2019	2018
Assets:		
Current assets.....	\$ 9,086,300	\$ 9,214,684
Noncurrent assets (excluding capital).....	-	14,942
Capital assets, net of accumulated depreciation....	21,341,184	20,857,078
Total assets.....	30,427,484	30,086,704
Liabilities:		
Current liabilities (excluding debt).....	2,550	7,646
Current debt.....	200,650	383,950
Noncurrent debt.....	566,075	766,725
Total liabilities.....	769,275	1,158,321
Net position:		
Net investment in capital assets.....	20,589,401	19,779,480
Unrestricted.....	9,068,808	9,148,903
Total net position.....	\$ 29,658,209	\$ 28,928,383

Business-type activities net position increased by \$730,000 compared to a decrease of \$803,000 in the previous year. The sewer fund reported an operating surplus of \$687,000. The fund is used to account for the capital operations of running the Town's sewer infrastructure. The non-capital expenditures in the fund are primarily the Town's assessment to Massachusetts Water Resources Authorities' (MWRA) of \$5.6 million.

On June 30, 2018 the Endicott Estate enterprise fund ceased operations as an enterprise fund and became a department of the general fund, ending net position was transferred as a special item in fiscal year 2018.

	2019	2018
Program Revenues:		
Charges for services..... \$	7,858,898	\$ 7,457,001
Operating grants and contributions.....	7,934	14,044
General Revenues:		
Unrestricted investment income.....	-	29,913
Total revenues.....	7,866,832	7,500,958
Expenses:		
Sewer.....	7,201,106	7,292,154
Endicott Estate.....	-	369,543
Total expenses.....	7,201,106	7,661,697
Excess (Deficiency) before transfers and special items.....	665,726	(160,739)
Transfers.....	64,100	78,515
Special item.....	-	(720,976)
Change in net position.....	729,826	(803,200)
Net position, beginning of year.....	28,928,383	29,731,583
Net position, end of year..... \$	29,658,209	\$ 28,928,383

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

Financial Analysis of the Governmental Funds

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

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Town's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, governmental funds reported combined ending fund balances of \$54.4 million which translates into a \$8 million decrease over the prior year. The cause of the decrease is mainly related to the

increased costs associated with the Town's ongoing building projects. The specific activities contributing to the decrease are outlined below.

The general fund is the chief operating fund of the Town. At the end of the current year, the unassigned fund balance of the general fund was \$24.3 million, while the total fund balance was \$28.4 million. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total fund expenditures. The unassigned fund balance represents 21.2% of total general fund expenditures, while the total fund balance represents 24.4% of that same amount.

The general fund's decrease of \$2.2 million was primarily due to the budgeted use of free cash of \$7.4 million offset by greater than budgeted revenue collections and lower than budgeted expenditures.

The buildings and improvements fund accounts for the building acquisition and construction activities that are funded through the issuance of long-term debt, free cash and State reimbursements. The fund totaled \$15.2 million at year end and reported \$13.5 million in capital expenditures. These expenditures were funded through proceeds from the issuance of \$2.9 million in new bonds, \$2 million of transfers from the general fund, prior year bond issuances and \$4.5 million in reimbursements from the State.

Nonmajor governmental funds had a net decrease of \$1.3 million. This represents the activity of nonmajor capital projects, grants and permanent trust funds. This decrease was the result of the remittance of \$926,000 of cable franchise fees, to the local cable provider, Dedham Visionary Access Corporation (DVAC).

General Fund Budgetary Highlights

The final budget increased from the original budget by approximately \$3.7 million due to the \$3.7 supplemental appropriation of free cash for the retirement system appropriation. For fiscal year 2019, the Town appropriated \$7.4 million of free cash for the retirement system and capital purposes.

Revenues of the general fund came in higher than anticipated by \$2.3 million, mainly relating to tax liens, departmental and other, and investment income. Total expenditures and carryovers were less than budget by approximately \$2.1 million. Major contributors were general government, education, and public works.

Capital Assets and Debt Management

The Town's valuation of governmental activities capital assets as of June 30, 2019, amounts to \$174 million, net of accumulated depreciation. This amount represents purchases made over time in the following categories: land, infrastructure, improvements other than buildings, buildings and improvements, and vehicles, machinery and equipment. The Town's capital additions of \$16.9 million relate to the following major additions: \$11.3 million for the Early Childhood Education Center building improvements, \$844,000 for the Ames building renovations, \$1.3 million for the public safety building project, and \$2.2 million for infrastructure improvements.

The Town's valuation of business-type activities capital assets as of June 30, 2019, amounts to \$21.3 million, net of accumulated depreciation. Additions totaled \$1.3 million for sewer infrastructure.

The Town's governmental funds had total bonded debt outstanding of \$95.2 million at the end of the current year. As compared to the prior year, this is a net decrease of \$2.4 million resulting from principal payments of \$7.8 million offset by \$5.4 million long term bond issuances during 2019.

The sewer enterprise fund had \$767,000 in debt that is supported by a general fund subsidy.

During fiscal year 2019 S&P Global Ratings assigned 'AAA' crediting rating to the Town's latest general obligation bonds and affirmed its 'AAA' long-term rating, with stable outlook, on the Town's existing debt.

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

Pension Trust Fund

The Pension Trust Fund (the System) recognized net investment loss and receipts of \$5.1 million for the calendar year ended December 31, 2018. The System paid out \$10.4 million of retirement benefits, administration costs and transfers to other systems. Total net position of the System amounted to \$138.5 million at December 31, 2018.

Based on the most recent actuarial valuation performed as of January 1, 2019, the System's Funded Ratio was 78.9%, down from 94.7% in the previous valuation dated January 1, 2018. The funded ratio decreased as a result of changes in assumptions made by the Board for the most recent valuation. Refer to note 10 in the financial statements for further discussion.

Other Postemployment Benefits

In accordance with GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, the government-wide activities have accumulated a liability for the net other postemployment benefits totaling \$52.6 million as of June 30, 2019. The total assets set aside in a trust for future benefits amounted to approximately \$19.8 million at June 30, 2019.

Requests for Information

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

Basic Financial Statements

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STATEMENT OF NET POSITION

JUNE 30, 2019

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 33,714,883	\$ 3,157,187	\$ 36,872,070
Investments.....	28,224,776	-	28,224,776
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	607,200	-	607,200
Tax liens.....	4,016,550	-	4,016,550
Motor vehicle and other excise taxes.....	348,820	-	348,820
User charges.....	-	5,914,171	5,914,171
Departmental and other.....	24,969	-	24,969
Intergovernmental - subsidy.....	-	14,942	14,942
Special assessments.....	4,693	-	4,693
Total current assets.....	<u>66,941,891</u>	<u>9,086,300</u>	<u>76,028,191</u>
NONCURRENT:			
Capital assets, nondepreciable.....	69,922,759	-	69,922,759
Capital assets, net of accumulated depreciation.....	<u>104,094,068</u>	<u>21,341,184</u>	<u>125,435,252</u>
Total noncurrent assets.....	<u>174,016,827</u>	<u>21,341,184</u>	<u>195,358,011</u>
TOTAL ASSETS.....	<u>240,958,718</u>	<u>30,427,484</u>	<u>271,386,202</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	33,149,681	-	33,149,681
Deferred outflows related to other postemployment benefits.....	<u>5,677,239</u>	<u>-</u>	<u>5,677,239</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>38,826,920</u>	<u>-</u>	<u>38,826,920</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	1,313,679	2,550	1,316,229
Accrued payroll.....	4,566,053	-	4,566,053
Tax refunds payable.....	133,250	-	133,250
Accrued interest.....	476,902	-	476,902
Other liabilities.....	758,524	-	758,524
Compensated absences.....	526,900	-	526,900
Notes payable.....	1,000,000	-	1,000,000
Bonds payable.....	<u>7,947,373</u>	<u>200,650</u>	<u>8,148,023</u>
Total current liabilities.....	<u>16,722,681</u>	<u>203,200</u>	<u>16,925,881</u>
NONCURRENT:			
Compensated absences.....	1,580,800	-	1,580,800
Net pension liability.....	35,465,442	-	35,465,442
Net other postemployment benefits liability.....	52,621,182	-	52,621,182
Bonds payable.....	<u>90,139,107</u>	<u>566,075</u>	<u>90,705,182</u>
Total noncurrent liabilities.....	<u>179,806,531</u>	<u>566,075</u>	<u>180,372,606</u>
TOTAL LIABILITIES.....	<u>196,529,212</u>	<u>769,275</u>	<u>197,298,487</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes paid in advance.....	92,295	-	92,295
Deferred inflows related to pensions.....	1,118,320	-	1,118,320
Deferred inflows related to other postemployment benefits.....	<u>11,032,198</u>	<u>-</u>	<u>11,032,198</u>
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>12,242,813</u>	<u>-</u>	<u>12,242,813</u>
NET POSITION			
Net investment in capital assets.....	87,718,413	20,589,401	108,307,814
Restricted for:			
Permanent funds:			
Expendable.....	1,240,961	-	1,240,961
Nonexpendable.....	794,115	-	794,115
Gifts and grants.....	1,043,983	-	1,043,983
Unrestricted.....	<u>(19,783,859)</u>	<u>9,068,808</u>	<u>(10,715,051)</u>
TOTAL NET POSITION.....	<u>\$ 71,013,613</u>	<u>\$ 29,658,209</u>	<u>\$ 100,671,822</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 12,516,527	\$ 1,075,107	\$ 230,743	\$ -	\$ (11,210,677)
Public safety.....	20,847,436	1,648,802	9,284	22,372	(19,166,978)
Education.....	74,481,775	2,428,716	17,611,476	4,673,984	(49,767,599)
Public works.....	12,089,797	110,528	24,618	833,719	(11,120,932)
Health and human services.....	2,058,842	121,363	374,849	-	(1,562,630)
Culture and recreation.....	4,143,407	723,139	46,553	-	(3,373,715)
Interest.....	3,008,019	-	-	-	(3,008,019)
Total Governmental Activities.....	129,145,803	6,107,655	18,297,523	5,530,075	(99,210,550)
<i>Business-Type Activities:</i>					
Sewer.....	7,201,106	7,858,898	7,934	-	665,726
Total Primary Government.....	\$ 136,346,909	\$ 13,966,553	\$ 18,305,457	\$ 5,530,075	\$ (98,544,824)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (99,210,550)	\$ 665,726	\$ (98,544,824)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	85,360,315	-	85,360,315
Tax and other liens.....	887,497	-	887,497
Motor vehicle and other excise taxes.....	3,902,400	-	3,902,400
Hotel/motel tax.....	1,446,469	-	1,446,469
Meals tax.....	1,006,126	-	1,006,126
Penalties and interest on taxes.....	630,133	-	630,133
Payments in lieu of taxes.....	142,223	-	142,223
Grants and contributions not restricted to specific programs.....	3,681,863	-	3,681,863
Unrestricted investment income.....	1,980,624	-	1,980,624
Miscellaneous.....	138,841	-	138,841
<i>Transfers, net</i>	<u>(64,100)</u>	<u>64,100</u>	<u>-</u>
Total general revenues and transfers.....	<u>99,112,391</u>	<u>64,100</u>	<u>99,176,491</u>
Change in net position.....	(98,159)	729,826	631,667
<i>Net position:</i>			
Beginning of year.....	<u>71,111,772</u>	<u>28,928,383</u>	<u>100,040,155</u>
End of year.....	\$ <u><u>71,013,613</u></u>	\$ <u><u>29,658,209</u></u>	\$ <u><u>100,671,822</u></u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2019

	General	Building and Improvements	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents.....	\$ 8,256,532	\$ 16,208,731	\$ 9,249,620	\$ 33,714,883
Investments.....	26,216,177	-	2,008,599	28,224,776
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	607,200	-	-	607,200
Tax liens.....	4,016,550	-	-	4,016,550
Motor vehicle and other excise taxes.....	348,820	-	-	348,820
Departmental and other.....	24,969	-	-	24,969
Special assessments.....	4,693	-	-	4,693
TOTAL ASSETS.....	\$ 39,474,941	\$ 16,208,731	\$ 11,258,219	\$ 66,941,891
LIABILITIES				
Warrants payable.....	\$ 869,317	\$ 16,573	\$ 427,789	\$ 1,313,679
Accrued payroll.....	4,566,053	-	-	4,566,053
Tax refunds payable.....	133,250	-	-	133,250
Other liabilities.....	758,524	-	-	758,524
Notes payable.....	-	1,000,000	-	1,000,000
TOTAL LIABILITIES.....	6,327,144	1,016,573	427,789	7,771,506
DEFERRED INFLOWS OF RESOURCES				
Taxes paid in advance.....	92,295	-	-	92,295
Unavailable revenue.....	4,695,474	-	-	4,695,474
TOTAL DEFERRED INFLOWS OF RESOURCES.....	4,787,769	-	-	4,787,769
FUND BALANCES				
Nonspendable.....	-	-	794,115	794,115
Restricted.....	-	15,192,158	10,036,315	25,228,473
Committed.....	741,178	-	-	741,178
Assigned.....	3,311,223	-	-	3,311,223
Unassigned.....	24,307,627	-	-	24,307,627
TOTAL FUND BALANCES.....	28,360,028	15,192,158	10,830,430	54,382,616
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 39,474,941	\$ 16,208,731	\$ 11,258,219	\$ 66,941,891

See notes to basic financial statements.

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

JUNE 30, 2019

Total governmental fund balances.....		\$ 54,382,616
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		174,016,827
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		4,695,474
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....		26,676,402
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(476,902)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(98,086,480)	
Net pension liability.....	(35,465,442)	
Net other postemployment benefits liability.....	(52,621,182)	
Compensated absences.....	<u>(2,107,700)</u>	
Net effect of reporting long-term liabilities.....		<u>(188,280,804)</u>
Net position of governmental activities.....		<u>\$ 71,013,613</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2019

	General	Building and Improvements	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ 85,794,821	\$ -	\$ -	\$ 85,794,821
Tax liens.....	910,780	-	-	910,780
Motor vehicle and other excise taxes.....	3,882,516	-	-	3,882,516
Hotel/motel tax.....	1,446,469	-	-	1,446,469
Meals tax.....	1,006,126	-	-	1,006,126
Penalties and interest on taxes.....	630,133	-	-	630,133
Payments in lieu of taxes.....	142,223	-	-	142,223
Licenses and permits.....	1,394,965	-	-	1,394,965
Fines and forfeitures.....	118,543	-	-	118,543
Intergovernmental - state aid.....	8,951,330	-	-	8,951,330
Intergovernmental - Teachers Retirement.....	9,246,965	-	-	9,246,965
Intergovernmental - other.....	290,548	4,532,927	4,158,975	8,982,450
Departmental and other.....	1,621,689	35,862	3,173,608	4,831,159
Contributions and donations.....	-	-	223,820	223,820
Investment income.....	1,853,113	-	127,511	1,980,624
TOTAL REVENUES.....	117,290,221	4,568,789	7,683,914	129,542,924
EXPENDITURES:				
Current:				
General government.....	7,082,246	1,756,527	2,814,533	11,653,306
Public safety.....	13,536,678	-	570,912	14,107,590
Education.....	44,018,753	11,743,060	6,895,174	62,656,987
Public works.....	6,497,670	-	2,497,352	8,995,022
Health and human services.....	1,170,575	-	191,648	1,362,223
Culture and recreation.....	2,329,362	-	490,433	2,819,795
Pension benefits.....	5,104,530	-	-	5,104,530
Pension benefits - Teachers Retirement.....	9,246,965	-	-	9,246,965
Employee benefits.....	13,396,994	-	-	13,396,994
State and county charges.....	2,890,687	-	-	2,890,687
Debt service:				
Principal.....	7,831,726	-	-	7,831,726
Interest.....	3,316,280	-	8,235	3,324,515
TOTAL EXPENDITURES.....	116,422,466	13,499,587	13,468,287	143,390,340
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	867,755	(8,930,798)	(5,784,373)	(13,847,416)
OTHER FINANCING SOURCES (USES):				
Issuance of bonds.....	-	2,890,000	2,550,000	5,440,000
Premium from issuance of bonds.....	-	161,118	262,421	423,539
Transfers in.....	369,477	1,975,694	1,826,918	4,172,089
Transfers out.....	(3,422,418)	(667,672)	(146,099)	(4,236,189)
TOTAL OTHER FINANCING SOURCES (USES).....	(3,052,941)	4,359,140	4,493,240	5,799,439
NET CHANGE IN FUND BALANCES.....	(2,185,186)	(4,571,658)	(1,291,133)	(8,047,977)
FUND BALANCES AT BEGINNING OF YEAR.....	30,545,214	19,763,816	12,121,563	62,430,593
FUND BALANCES AT END OF YEAR.....	\$ 28,360,028	\$ 15,192,158	\$ 10,830,430	\$ 54,382,616

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds.....		\$ (8,047,977)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	16,882,677	
Depreciation expense.....	<u>(6,327,417)</u>	
Net effect of reporting capital assets.....		10,555,260
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable 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. This amount represents the net change in unavailable revenue.....</p>		
		(431,180)
<p>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 transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Issuance of bonds.....	(5,440,000)	
Premium from issuance of bonds.....	(423,539)	
Net amortization of premium from issuance of bonds.....	298,249	
Debt service principal payments.....	<u>7,831,726</u>	
Net effect of reporting long-term debt.....		2,266,436
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	(59,400)	
Net change in accrued interest on long-term debt.....	18,247	
Net change in deferred outflow/(inflow) of resources related to pensions.....	27,659,760	
Net change in net pension liability.....	(34,522,153)	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....	(10,020,328)	
Net change in net other postemployment benefits liability.....	<u>12,483,176</u>	
Net effect of recording long-term liabilities.....		<u>(4,440,698)</u>
Change in net position of governmental activities.....		\$ <u>(98,159)</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2019

	Business-type Activities - Enterprise Fund
	Sewer
ASSETS	
CURRENT:	
Cash and cash equivalents.....	\$ 3,157,187
Receivables, net of allowance for uncollectibles:	
User charges.....	5,914,171
Intergovernmental - subsidy.....	14,942
Total current assets.....	9,086,300
NONCURRENT:	
Capital assets, net of accumulated depreciation.....	21,341,184
TOTAL ASSETS.....	30,427,484
LIABILITIES	
CURRENT:	
Warrants payable.....	2,550
Bonds payable.....	200,650
Total current liabilities.....	203,200
NONCURRENT:	
Bonds payable.....	566,075
TOTAL LIABILITIES.....	769,275
NET POSITION	
Net investment in capital assets.....	20,589,401
Unrestricted.....	9,068,808
TOTAL NET POSITION.....	\$ 29,658,209

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2019

	Business-type Activities - Enterprise Fund
	Sewer
<u>OPERATING REVENUES:</u>	
Charges for services.....	\$ 7,858,898
<u>OPERATING EXPENSES:</u>	
Cost of services and administration.....	773,048
MWRA assessment.....	5,597,434
Depreciation.....	801,870
TOTAL OPERATING EXPENSES.....	7,172,352
OPERATING INCOME (LOSS).....	686,546
<u>NONOPERATING REVENUES (EXPENSES):</u>	
Interest expense.....	(28,754)
Intergovernmental - subsidy.....	7,934
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(20,820)
INCOME (LOSS) BEFORE TRANSFERS.....	665,726
<u>TRANSFERS:</u>	
Transfers in.....	64,100
CHANGE IN NET POSITION.....	729,826
NET POSITION AT BEGINNING OF YEAR.....	28,928,383
NET POSITION AT END OF YEAR.....	\$ 29,658,209

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2019

	Business-type Activities - Enterprise Fund
	Sewer
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Receipts from customers and users.....	\$ 6,833,118
Payments to vendors.....	<u>(6,375,303)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>457,815</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>	
Transfers in.....	<u>64,100</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>	
Acquisition and construction of capital assets.....	(1,285,976)
Principal payments on bonds.....	(325,815)
Interest expense.....	<u>(20,820)</u>
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	<u>(1,632,611)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(1,110,696)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>4,267,883</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 3,157,187</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u>	
<u>FROM OPERATING ACTIVITIES:</u>	
Operating income (loss).....	\$ <u>686,546</u>
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation.....	801,870
Changes in assets and liabilities:	
User charges.....	(1,025,780)
Warrants payable.....	<u>(4,821)</u>
Total adjustments.....	<u>(228,731)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 457,815</u>
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>	
Intergovernmental subsidy of debt service.....	\$ 58,135

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2019

	Pension and Other Employee Benefit Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents.....	\$ 486,933	\$ 20,614	\$ 483,051
Investments:			
Investments in Pension Reserve Investment Trust.....	157,780,947	-	-
U.S. treasuries.....	-	262,077	-
Government sponsored enterprises.....	-	215,408	-
Corporate bonds.....	-	218,192	-
Equity securities.....	-	240,780	-
Equity mutual funds.....	-	337,285	-
Fixed income mutual funds.....	-	290,084	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	55,644	-	237,731
Intergovernmental.....	205,767	-	-
TOTAL ASSETS.....	158,529,291	1,584,440	720,782
LIABILITIES			
Warrants payable.....	232,914	-	655
Liabilities due depositors.....	-	-	720,127
Other liabilities.....	-	410,920	-
TOTAL LIABILITIES.....	232,914	410,920	720,782
NET POSITION			
Restricted for pensions.....	138,512,031	-	-
Restricted for other postemployment benefits.....	19,784,346	-	-
Held in trust for other purposes.....	-	1,173,520	-
TOTAL NET POSITION.....	\$ 158,296,377	\$ 1,173,520	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2019

	Pension and Other Employee Benefit Trust Fund	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 7,072,990	\$ -
Employer contributions for other postemployment benefit payments.....	3,952,760	-
Member contributions.....	2,446,704	-
Transfers from other systems.....	190,183	-
3(8)c contributions from other systems.....	196,427	-
Workers compensation settlements.....	3,750	-
Federal grant reimbursements.....	9,340	-
State COLA reimbursements.....	164,969	-
Member makeup payments and redeposits.....	1,752	-
	<u>14,038,875</u>	<u>-</u>
Net investment income:		
Investment income (loss).....	(1,428,480)	90,412
Less: investment expense.....	(752,112)	-
	<u>(2,180,592)</u>	<u>90,412</u>
Net investment income (loss).....	<u>(2,180,592)</u>	<u>90,412</u>
	<u>11,858,283</u>	<u>90,412</u>
DEDUCTIONS:		
Administration.....	249,350	-
Transfers to other systems.....	301,179	-
3(8)c transfer to other systems.....	255,005	-
Retirement benefits and refunds.....	9,594,760	-
Other postemployment benefit payments.....	3,952,760	-
Health and human services.....	-	100
Educational scholarships.....	-	58,870
	<u>14,353,054</u>	<u>58,970</u>
TOTAL DEDUCTIONS.....	<u>14,353,054</u>	<u>58,970</u>
NET INCREASE (DECREASE) IN NET POSITION.....	(2,494,771)	31,442
NET POSITION AT BEGINNING OF YEAR.....	<u>160,791,148</u>	<u>1,142,078</u>
NET POSITION AT END OF YEAR.....	<u>\$ 158,296,377</u>	<u>\$ 1,173,520</u>

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

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

Joint Ventures – The Town has entered into a joint venture with the Towns of Westwood, Avon, Canton, Braintree, Holbrook, Milton, Norwood and Randolph to pool resources and share the costs, risks and rewards associated with providing vocational education through the Blue Hills Regional Technical School District. The members share in the operations of the Blue Hills Regional Technical School District and each member is responsible for its proportionate share of the operational and capital cost of the Blue Hills Regional Technical School District, which are paid in the form of assessments. The Town does not have an equity interest in the Blue Hills Regional Technical School District and the 2019 assessment was \$1,602,000. The School issues a publicly available financial report that can be obtained by writing to the School Business Manager at 800 Randolph Street, Canton, Massachusetts 02021.

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

B. Government-Wide and Fund-Level Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

Fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

The *buildings and improvements fund* is used to account for the building acquisition and construction activities that are funded through the issuance of long-term debt or other available funds.

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

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

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

The *permanent fund* is used to account for and report financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

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

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

The following major proprietary fund is reported:

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

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

The following fiduciary fund types are reported:

The *pension and other postemployment benefit trust fund* is used to account for the activities of the System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries and to accumulate resources to provide funding for future OPEB (other postemployment benefits) liabilities.

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

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition.

Investments are carried at fair value. The fair values were determined by the closing price for those securities traded on national stock exchanges and at the average bid-and-asked quotation for those securities traded in the over-the-counter market.

E. Fair Value Measurements

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

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

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

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

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

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

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

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

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

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

Motor Vehicle Excise

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

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

User Charges

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

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

Departmental and Other

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

Intergovernmental

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

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

Special Assessments

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

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

G. Inventories

Government-Wide and Fund Financial Statements

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

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

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

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

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

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

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Town has reported deferred outflows of resources related to pensions and other postemployment benefits in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has reported taxes paid in advance and deferred inflows of resources related to pensions and other postemployment benefits in this category.

Governmental Fund Financial Statements

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

J. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Unavailable Revenue

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

M. Net Position and Fund Equity

Government-Wide Financial Statements (Net position)

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

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

Net position has been “restricted for” the following:

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

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

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

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

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

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

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

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount.

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

N. Long-term Debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

O. Pensions

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

P. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

Q. Investment Income

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

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

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

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

S. Total Column*Government-Wide Financial Statements*

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

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

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

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

The PRIT fund, as a pool, invests in various products including, but not limited to, money market mutual funds, equities, pooled foreign and domestic fixed income and equity funds, United States government sponsored enterprises and Treasury notes, real estate, and commodities. The underlying components of PRIT's fixed income portfolio had an effective weighted duration rate ranging from 0.18 to 15.31 years. There is no credit quality rating for the fund.

MMDT maintains a cash portfolio and a short-term bond portfolio with combined average maturities of approximately 33 days and a weighted average maturity of 2.78 years, respectively. The fair value of the position of the Pool is the same as the value of the Pool shares.

Custodial Credit Risk – Deposits

In the case of deposits, the custodial risk is the risk that, in the event of a bank failure the Town's deposits may not be recovered. The Town's policy states the Treasurer/Collector should consider choosing banks with Federal Depository Insurance and either Depositor Insurance Fund or Share Insurance Fund insurance to fully protect Town funds, or a firm offering collateralization. At year end, the carrying amount of deposits totaled \$31,059,122 and the bank balance totaled \$32,047,135. Of the bank balance, \$1,250,000 was covered by Federal Depository Insurance, \$13,252,805 was covered by Depositor Insurance Fund, \$3,171,789 was covered by Share Insurance Fund, and \$14,372,541 was covered through collateralization agreements with the bank.

At December 31, 2018 the carrying amount of the Retirement System's deposits totaled \$486,933 and the bank balance totaled \$573,996. Of the bank balance \$250,000 was covered by Federal Depository Insurance and \$323,996 was uncollateralized.

As of June 30, 2019 the Town had the following investments:

<u>Investment Type</u>	<u>Fair value</u>	<u>Under 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 4,286,280	\$ 237,180	\$ 3,214,845	\$ 834,255
Government sponsored enterprises.....	3,122,605	472,946	2,050,095	599,564
Corporate bonds.....	3,372,407	95,025	2,908,947	368,435
Total debt securities.....	10,781,292	\$ 805,151	\$ 8,173,887	\$ 1,802,254
<u>Other investments:</u>				
Equity securities.....	2,386,189			
Equity mutual funds.....	2,899,563			
Fixed income mutual funds.....	3,532,726			
Money market mutual funds.....	254,170			
Pension Reserve Investment Trust (PRIT).....	19,784,345			
MMDT - Bond portfolio.....	10,188,833			
MMDT - Cash portfolio.....	6,062,443			
Total investments.....	\$ 55,889,561			

As of December 31, 2018, the Retirement System had investments in PRIT totaling \$137,996,601.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Town’s investments of \$10,781,292 in debt securities and \$2,386,189 in equity securities are exposed to custodial credit risk, as the securities are uninsured. The shares of MMDT and open-end mutual funds are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book-entry form.

The Town’s policy is for the Treasurer/Collector to review each financial institution conducting business with the Town on a quarterly basis, using a recognized bank rating service. In addition, required monthly activity statements must be reconciled to the Town’s records to ensure the timely resolution of any errors, discrepancies, etc. Securities held directly by the Town must be registered in the Town’s name and tax identification number to prevent loss.

At December 31, 2018, the System’s \$137,996,601 investment in PRIT is not subject to custodial credit risk exposure because it is not evidenced by securities that exist in physical or book-entry form.

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

Interest Rate Risk

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

Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer or backer. The Town has not adopted a formal policy related to credit risk. At June 30, 2019 the Town’s investments were rated as follows:

<u>Quality Rating</u>	<u>Government Sponsored Enterprises</u>	<u>Corporate Bonds</u>
AAA.....	\$ 3,122,605	\$ -
AA.....	-	1,509,534
A.....	-	1,862,873
Total.....	<u>\$ 3,122,605</u>	<u>\$ 3,372,407</u>

The Town’s investments in equity securities, equity mutual funds, fixed income mutual funds, money market mutual funds, PRIT and MMDT are unrated.

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

Concentration of Credit Risk

The Town’s policy states no more than 25% of the Town’s cash should be invested in a single financial institution unless that institution’s investment is fully insured or collateralized. The Town did not have more than 5% of its investments in any one individual security.

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

Fair Value of Investments

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

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

The following table presents financial assets at June 30, 2019, that the Town measures fair value on a recurring basis, by level, within the fair value hierarchy.

Investment Type	June 30, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 4,286,280	\$ 4,286,280	\$ -	\$ -
Government sponsored enterprises.....	3,122,605	3,122,605	-	-
Corporate bonds.....	3,372,407	-	3,372,407	-
Total debt securities.....	10,781,292	7,408,885	3,372,407	-
<u>Other investments:</u>				
Equity securities.....	2,386,189	2,386,189	-	-
Equity mutual funds.....	2,899,563	2,899,563	-	-
Fixed income mutual funds.....	3,532,726	3,532,726	-	-
Money market mutual funds.....	254,170	254,170	-	-
MMDT - Bond portfolio.....	10,188,833	10,188,833	-	-
Total other investments.....	19,261,481	19,261,481	-	-
Total investments measured at fair value.....	30,042,773	\$ 26,670,366	\$ 3,372,407	\$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	6,062,443			
Investments measured at net asset value:				
Pension Reserve Investment Trust (PRIT).....	19,784,345			
Total investments.....	\$ 55,889,561			

U.S. treasury notes, government sponsored enterprises, equity securities, equity mutual funds, fixed income mutual funds, money market mutual funds and MMDT bond portfolio classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

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

PRIT investments are valued using the net asset value (NAV) method. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The fair values of the positions in each investment Pool are the same as the value of each Pool’s shares. Neither the Town nor the System has the ability to control

any of the investment decisions relative to its funds in PRIT. As of June 30, 2019, the Town had investments in PRIT totaling \$19,784,345.

As of December 31, 2018, the Retirement System had investments in PRIT totaling \$137,996,601.

NOTE 3 – RECEIVABLES

At June 30, 2019, receivables for the individual major and nonmajor governmental funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes..... \$	995,100	\$ (387,900)	\$ 607,200
Tax liens.....	4,016,550	-	4,016,550
Motor vehicle and other excise taxes.....	433,520	(84,700)	348,820
Departmental and other.....	24,969	-	24,969
Special assessments.....	4,693	-	4,693
Total.....	<u>\$ 5,474,832</u>	<u>\$ (472,600)</u>	<u>\$ 5,002,232</u>

At December 31, 2018, the Pension System reported departmental and intergovernmental receivables of \$55,644 and \$205,767, respectively.

At June 30, 2019, receivables for the sewer enterprise fund consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Sewer user charges..... \$	5,914,171	-	\$ 5,914,171
Sewer intergovernmental - subsidy.....	14,942	-	14,942
Total.....	<u>\$ 5,929,113</u>	<u>\$ -</u>	<u>\$ 5,929,113</u>

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

	General Fund
<u>Receivables:</u>	
Real estate and personal property taxes..... \$	448,582
Tax liens.....	3,868,410
Motor vehicle and other excise taxes.....	348,820
Departmental and other.....	24,969
Special assessments.....	4,693
Total.....	<u>\$ 4,695,474</u>

NOTE 4 – CAPITAL ASSETS

A summary of changes in capital asset activity for the year ended June 30, 2019, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 19,670,260	\$ -	\$ -	\$ 19,670,260
Construction in progress.....	39,243,082	16,285,865	(5,276,448)	50,252,499
Total capital assets not being depreciated....	58,913,342	16,285,865	(5,276,448)	69,922,759
<u>Capital assets being depreciated:</u>				
Improvements other than buildings.....	6,243,070	2,440,867	-	8,683,937
Buildings and improvements.....	121,438,222	661,287	(65,000)	122,034,509
Vehicles, machinery and equipment.....	20,180,148	540,824	-	20,720,972
Infrastructure.....	86,502,690	2,230,282	(2,183,885)	86,549,087
Total capital assets being depreciated.....	234,364,130	5,873,260	(2,248,885)	237,988,505
<u>Less accumulated depreciation for:</u>				
Improvements other than buildings.....	(2,532,703)	(341,224)	-	(2,873,927)
Buildings and improvements.....	(67,761,248)	(2,620,994)	65,000	(70,317,242)
Vehicles, machinery and equipment.....	(16,111,740)	(1,022,571)	-	(17,134,311)
Infrastructure.....	(43,410,214)	(2,342,628)	2,183,885	(43,568,957)
Total accumulated depreciation.....	(129,815,905)	(6,327,417)	2,248,885	(133,894,437)
Total capital assets being depreciated, net.....	104,548,225	(454,157)	-	104,094,068
Total governmental activities capital assets, net....	\$ 163,461,567	\$ 15,831,708	\$ (5,276,448)	\$ 174,016,827
Business-Type Activities:				
<u>Capital assets being depreciated:</u>				
Vehicles, machinery and equipment.....	\$ 75,823	\$ -	\$ -	\$ 75,823
Infrastructure.....	26,173,017	1,285,976	-	27,458,993
Total capital assets being depreciated.....	26,248,840	1,285,976	-	27,534,816
<u>Less accumulated depreciation for:</u>				
Vehicles, machinery and equipment.....	(60,658)	(15,165)	-	(75,823)
Infrastructure.....	(5,331,104)	(786,705)	-	(6,117,809)
Total accumulated depreciation.....	(5,391,762)	(801,870)	-	(6,193,632)
Total capital assets being depreciated, net.....	20,857,078	484,106	-	21,341,184
Total business-type activities capital assets, net....	\$ 20,857,078	\$ 484,106	\$ -	\$ 21,341,184

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

Governmental Activities:	
General government.....	\$ 697,937
Public safety.....	469,106
Education.....	2,203,646
Public works.....	2,673,119
Health and human services.....	3,423
Culture and recreation.....	<u>280,186</u>
 Total depreciation expense - governmental activities.....	 \$ <u>6,327,417</u>
 Business-Type Activities:	
Sewer.....	\$ <u>801,870</u>

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2019, are summarized as follows:

Transfers Out:	Transfers In:				Total	
	General Fund	Building and Improvements	Nonmajor Governmental Funds	Sewer Enterprise Fund		
General fund.....	\$	\$ 1,975,694	\$ 1,382,624	\$ 64,100	\$ 3,422,418	(1)
Building and Improvements.....	300,272	-	367,400	-	667,672	(2)
Nonmajor governmental funds.....	<u>69,205</u>	<u>-</u>	<u>76,894</u>	<u>-</u>	<u>146,099</u>	(2)
Total.....	\$ <u>369,477</u>	\$ <u>1,975,694</u>	\$ <u>1,826,918</u>	\$ <u>64,100</u>	\$ <u>4,236,189</u>	

- (1) Represents transfers from the general fund to the building and improvements major fund and nonmajor capital project funds for various Town capital projects. To sewer enterprise for the betterment project and sewer debt service.
- (2) Represents transfers to the general fund from building and improvements and nonmajor funds for the close out of various capital articles. Transfers between building and improvements and nonmajor funds represent the reallocation of resources.

NOTE 6 – SHORT-TERM FINANCING

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

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

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

Details related to the short-term debt activity for the year ended June 30, 2019, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2018	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2019
Governmental Funds:							
BAN	ECEC construction.....	3.60%	06/04/20	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000

NOTE 7 – LONG-TERM DEBT

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

Details related to the Town’s outstanding general obligation indebtedness at June 30, 2019, and the debt service requirements for the governmental activities are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2019
Municipal Purpose Bonds of 2002.....	2022	\$ 4,210,000	3.50-5.00	\$ 300,000
Municipal Purpose Bonds of 2005.....	2025	15,826,000	3.25-4.00	3,000,000
Municipal Purpose Bonds of 2007.....	2022	9,865,000	3.70-5.00	870,000
Municipal Purpose Bonds of 2008.....	2027	6,825,000	3.50-4.05	1,680,000
Municipal Purpose Bonds of 2010.....	2030	8,094,500	2.00-4.00	3,145,000
Municipal Purpose Bonds of 2011.....	2031	16,890,000	2.00-5.00	8,780,000
Municipal Purpose Bonds of 2012.....	2032	6,295,000	2.00-4.00	3,180,000
Municipal Purpose Bonds of 2013.....	2023	6,988,000	2.00-2.38	4,110,000
Municipal Purpose Bonds of 2014.....	2029	3,589,105	3.00	1,990,000
Municipal Purpose Bonds of 2014.....	2035	5,384,455	2.00-3.20	4,280,000
Municipal Purpose Bonds of 2015.....	2035	6,607,270	2.00-4.00	4,195,000
Municipal Purpose Bonds of 2016.....	2046	20,568,692	2.00-5.00	17,730,000
Municipal Purpose Bonds of 2017.....	2047	13,617,000	3.00-5.00	11,850,000
Municipal Purpose Bonds of 2018.....	2048	25,615,000	2.70-5.00	24,615,000
Municipal Purpose Bonds of 2019.....	2049	5,440,000	2.13-5.00	5,440,000
Total Bonds Payable.....				95,165,000
Add: Unamortized premium on bonds.....				2,921,480
Total Bonds Payable, net.....				\$ 98,086,480

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

Year	Principal	Interest	Total
2020.....	\$ 7,650,000	\$ 3,249,992	\$ 10,899,992
2021.....	7,185,000	2,986,142	10,171,142
2022.....	6,745,000	2,732,698	9,477,698
2023.....	5,895,000	2,474,688	8,369,688
2024.....	5,835,000	2,239,475	8,074,475
2025.....	5,690,000	2,006,450	7,696,450
2026.....	5,150,000	1,794,239	6,944,239
2027.....	5,005,000	1,609,513	6,614,513
2028.....	4,630,000	1,440,056	6,070,056
2029.....	4,110,000	1,298,344	5,408,344
2030.....	3,910,000	1,170,570	5,080,570
2031.....	3,515,000	1,048,805	4,563,805
2032.....	2,765,000	945,287	3,710,287
2033.....	2,315,000	863,095	3,178,095
2034.....	2,215,000	792,526	3,007,526
2035.....	2,095,000	723,996	2,818,996
2036.....	1,685,000	661,469	2,346,469
2037.....	1,685,000	608,594	2,293,594
2038.....	1,680,000	555,331	2,235,331
2039.....	1,675,000	502,025	2,177,025
2040.....	1,675,000	448,600	2,123,600
2041.....	1,675,000	394,213	2,069,213
2042.....	1,675,000	339,825	2,014,825
2043.....	1,675,000	285,438	1,960,438
2044.....	1,675,000	231,050	1,906,050
2045.....	1,675,000	176,663	1,851,663
2046.....	1,670,000	122,275	1,792,275
2047.....	1,090,000	85,463	1,175,463
2048.....	825,000	48,650	873,650
2049.....	95,000	2,852	97,852
Total.....	\$ <u>95,165,000</u>	\$ <u>31,838,322</u>	\$ <u>127,003,322</u>

Details related to the Town’s outstanding general obligation indebtedness at June 30, 2019, and the debt service requirements for the enterprise funds are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2019
Municipal Purpose Loans of 2003....	2023	\$ 2,172,000	2.00-4.00	\$ 420,000
MCWT Loans of 2005.....	2020	2,545,794	0.00	50,000
MWRA Loans of 2015.....	2025	228,250	0.00	136,950
MWRA Loans of 2016.....	2026	228,250	0.00	<u>159,775</u>
Total Bonds Payable.....				\$ <u>766,725</u>

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

Year	Principal	Interest	Total
2020.....	\$ 200,650	\$ 17,860	\$ 218,510
2021.....	150,650	12,495	163,145
2022.....	150,650	8,400	159,050
2023.....	150,650	4,200	154,850
2024.....	45,650	-	45,650
2025.....	45,650	-	45,650
2026.....	22,825	-	22,825
Total.....	<u>\$ 766,725</u>	<u>\$ 42,955</u>	<u>\$ 809,680</u>

The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$14,942 and interest costs for \$1,375. Net MCWT loan repayments including interest are scheduled to be \$35,058. Since the Town is legally obligated for the total amount of the debt, such amounts have been recorded in the accompanying basic financial statements. During 2019, the sewer enterprise fund principal subsidy totaled \$58,135 and the sewer enterprise interest subsidy totaled \$7,934.

The Town is a member of the Massachusetts Water Resources Authority (MWRA) which offers its members interest free loans for various purposes. The Town has \$296,725 in loans outstanding at year end. The imputed interest on this loan is immaterial and has not been recognized by the Town.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2019, the Town had the following authorized and unissued debt:

Purpose	Amount
Public safety facility.....	\$ 28,000,000
Early childhood education center.....	11,230,909
Rustcraft sewer.....	3,200,000
Roads.....	1,200,000
Sewer I&I.....	1,160,000
Dedham High School HVAC.....	800,000
Pool window repair.....	485,000
Ames property.....	350,000
Sewer repair.....	300,000
DPW truck.....	260,000
Striar property.....	210,000
Sidewalks.....	182,000
High School & Greenlodge ceilings.....	100,000
Solar panels.....	25,000
Total.....	<u>\$ 47,502,909</u>

Changes in Long-term Liabilities

During the year ended June 30, 2019, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term bonds payable.....	\$ 97,556,726	\$ 5,440,000	\$ (7,831,726)	\$ -	\$ -	\$ 95,165,000	\$ 7,650,000
Add: Unamortized premium on bonds....	2,796,190			405,960	(280,670)	2,921,480	297,373
Total bonds payable.....	100,352,916	5,440,000	(7,831,726)	405,960	(280,670)	98,086,480	7,947,373
Compensated absences.....	2,048,300	-	-	571,500	(512,100)	2,107,700	526,900
Net pension liability.....	943,289	-	-	39,656,016	(5,133,863)	35,465,442	-
Net OPEB liability.....	65,104,358	-	-	5,943,605	(18,426,781)	52,621,182	-
Total governmental activity long-term liabilities.....	\$ 168,448,863	\$ 5,440,000	\$ (7,831,726)	\$ 46,577,081	\$ (24,353,414)	\$ 188,280,804	\$ 8,474,273
Business-Type Activities:							
Long-term bonds payable.....	\$ 1,150,675	\$ -	\$ (383,950)	\$ -	\$ -	\$ 766,725	\$ 200,650

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

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

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

In addition to the nonspendable fund balance, accounting standards provide a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

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

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

	<u>General</u>	<u>Building and Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Nonspendable:				
Permanent fund principal.....	\$ -	\$ -	\$ 794,115	\$ 794,115
Restricted for:				
Building and improvements.....	-	15,192,158	-	15,192,158
Town grants.....	-	-	137,660	137,660
School grants.....	-	-	285,668	285,668
Town gifts.....	-	-	447,610	447,610
School gifts.....	-	-	173,045	173,045
School lunch.....	-	-	203,066	203,066
Town revolving.....	-	-	838,568	838,568
School revolving.....	-	-	492,727	492,727
Receipts reserved.....	-	-	135,533	135,533
Land and improvements.....	-	-	994,130	994,130
Roadway improvements.....	-	-	2,190,774	2,190,774
Machinery and equipment.....	-	-	1,082,077	1,082,077
Ames property.....	-	-	1,814,496	1,814,496
Cemetery trust funds.....	-	-	225,197	225,197
Library trust funds.....	-	-	604,288	604,288
Other trust funds.....	-	-	411,476	411,476
Committed to:				
Articles and continuing appropriations:				
Reserve for bond premium.....	201,442	-	-	201,442
General government:				
Selectmen/Town Manager.....	77,639	-	-	77,639
Economic development.....	31,387	-	-	31,387
Planning.....	20,000	-	-	20,000
Town facilities.....	103,757	-	-	103,757
School facilities.....	76,721	-	-	76,721
Public safety.....	10,148	-	-	10,148
Education.....	95,261	-	-	95,261
Public works.....	83,791	-	-	83,791
Community services.....	41,032	-	-	41,032
Assigned to:				
Encumbrances:				
General government:				
Town facilities.....	213,616	-	-	213,616
School facilities.....	152,995	-	-	152,995
Other general government.....	97,099	-	-	97,099
Public safety.....	5,970	-	-	5,970
Education.....	138,783	-	-	138,783
Public works.....	314,010	-	-	314,010
Community services.....	3,068	-	-	3,068
Free cash for subsequent year expenditures.....	1,185,682	-	-	1,185,682
Overlay released to reduce subsequent year tax levy....	1,200,000	-	-	1,200,000
Unassigned.....	<u>24,307,627</u>	<u>-</u>	<u>-</u>	<u>24,307,627</u>
Total Fund Balances.....	<u>\$ 28,360,028</u>	<u>\$ 15,192,158</u>	<u>\$ 10,830,430</u>	<u>\$ 54,382,616</u>

Massachusetts General Law Ch.40 §5B allows for the establishment of Stabilization funds for one or more different purposes on an as needed basis. The creation of a fund requires a two-thirds vote of Town Meeting and

must clearly define the purpose of the fund. Any changes to the purpose of the fund along with any additions to or appropriations from the fund required a two-thirds vote of Town Meeting. At June 30, 2019, the following amounts (included on the previous page as unassigned fund balance) have been set aside in the following stabilization funds: general stabilization \$6,755,826, mitigation stabilization fund \$181,170, and \$9,791,013 in the major capital project stabilization fund.

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

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

NOTE 9 – RISK FINANCING

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

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

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

NOTE 10 – PENSION PLAN

Plan Descriptions

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

and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth’s reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer’s covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2018. The Town’s portion of the collective pension expense, contributed by the Commonwealth, of \$9,246,965 is reported in the general fund as intergovernmental revenue and pension benefits in the current fiscal year. The portion of the Commonwealth’s collective net pension liability associated with the Town is \$91,250,976 as of the measurement date.

Benefits Provided

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The Systems provide retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

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

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

There were no changes of benefit terms that affected the total pension liability at December 31, 2018.

At December 31, 2018, the DCRS membership consists of the following:

Active members.....	440
Inactive members.....	121
Retirees and beneficiaries currently receiving benefits.....	<u>331</u>
Total.....	<u><u>892</u></u>

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the DCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2018 was \$5,357,851, 21.18% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Town's proportionate share of the required contribution was \$5,124,523. The Town paid \$5,133,863 for its actual contribution.

Pension Liabilities

The components of the net pension liability of the participating member units at June 30, 2019 were as follows:

Total pension liability.....	\$	175,560,677
Total pension plan's fiduciary net position.....		<u>(138,512,031)</u>
Total net pension liability.....	\$	<u>37,048,646</u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....		78.90%

At June 30, 2019, the Town reported a liability of \$35,465,442 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2018, the Town's proportion was 95.73%, which increased from a proportion of 70.32% at December 31, 2017.

Pension Expense

For the year ended June 30, 2019, the Town recognized pension expense of \$11,996,255. At June 30, 2019, the Town reported deferred outflows of resources related to pensions of \$33,149,681, and deferred inflows of resources related to pensions of \$1,118,320.

The balances of deferred outflows and inflows at June 30, 2019 consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 7,454,856	\$ -	\$ 7,454,856
Difference between projected and actual earnings, net.....	5,679,364	-	5,679,364
Changes in assumptions.....	15,266,946	(1,076,502)	14,190,444
Changes in proportion and proportionate share of contributions...	4,748,515	(41,818)	4,706,697
Total deferred outflows/(inflows) of resources.....	\$ 33,149,681	\$ (1,118,320)	\$ 32,031,361

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

Year ended June 30:

2020.....	\$ 10,690,787
2021.....	9,252,098
2022.....	8,603,739
2023.....	3,484,737
Total.....	\$ 32,031,361

Actuarial Assumptions

The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement date that was rolled back to December 31, 2018:

Valuation date.....	January 1, 2019
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	9.32% increasing payments for 3 years and 3.00% thereafter.
Remaining amortization period.....	11 years for the remaining liability, until 2030.
Asset valuation method.....	Market value of assets as reported in the System's annual statement less unrecognized return in each of the last four years. Unrecognized return is equal to the difference between the actual market value return and the expected market value return and is recognized over a 4 year period, further adjusted, if necessary, to be within 10% of the market value.

Investment rate of return/discount rate.....	7.25%, previously 7.50%.
Inflation rate.....	Ranges from 2.75% to 3.00%.
Projected salary increases.....	3.00%, previously 4.00%.
Cost of living adjustments.....	3.00% of the first \$15,000 per year.
Mortality rates.....	<p><i>Pre-Retirement:</i> RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2018.</p> <p><i>Healthy Retiree:</i> RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2018.</p> <p><i>Disabled Retiree:</i> RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with Scale MP-2018.</p>

Rate of return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -2.28%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

The discount rate used to measure the total pension liability was 7.25%, previously 7.50%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Investment policy

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the System’s target asset allocation as of January 1, 2019 are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equities.....	21.00%	6.16%
International developed markets equities....	13.00%	6.69%
International emerging markets equities.....	5.00%	9.47%
Core fixed income.....	15.00%	1.89%
High-yield fixed income.....	8.00%	4.00%
Real Estate.....	10.00%	4.58%
Commodities.....	4.00%	4.77%
Hedge fund, GTAA, risk parity.....	11.00%	3.68%
Private equity.....	13.00%	10.00%
Total.....	100.00%	

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

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
	December 31, 2017 Measurement Date		
The Town's proportionate share of the net pension liability..... \$	55,361,844	\$ 35,465,442	\$ 18,822,516
DCRS total net pension liability..... \$	57,617,818	\$ 37,048,646	\$ 19,842,962

Changes in Assumptions:

- The discount rate was reduced from 7.50% to 7.25%.
- The wage inflation was decreased from 4.00% to 3.00%.
- The mortality assumption for active participants was changed from the RP-2014 Blue Collar Employee Mortality Table projected generationally with Scare MP-2014 to the RP-2014 Blue Collar Employee Mortality Table projected generationally with Scare MP-2018.
- The mortality assumption for healthy retirees was changed from the RP-2014 Blue Collar Healthy Annuitant Mortality Tables set forward 5 years for males and 3 for females for Groups 1 and 2 and 3 years for males and 6 for females for Group 4 and projected generationally with Scale MP-2014 to the RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scare MP-2018.

- The mortality assumption for disabled retirees was changed from the RP-2000 Healthy Annuitant Mortality Table set forward 6 years for Groups 1 and 2 and 2 years for Group 4 to the RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward 1 year projected generationally with Scare MP-2018.
- The mortality assumption for beneficiaries was changed from the RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2014 to the RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scare MP-2018.

Changes in Plan Provisions – None.

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

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

Funding Policy

Contribution requirements are negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. Retired plan members and beneficiaries currently receiving benefits are required to contribute between 10% and 50% of the cost of benefits provided depending on the plan they choose. The Town is required to contribute the balance of the current premiums and may contribute additional amounts to pre-fund benefits. The Town contributed approximately \$5.7 million to the plan during 2019. Administrative costs of the Plan are assumed to be included in plan premiums.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish the other postemployment benefit trust fund to begin pre-funding its OPEB liabilities. During 2019, the Town pre-funded future OPEB liabilities totaling \$1.7 million by contributing funds to the OPEB trust fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Fund financial statements. As of June 30, 2019, the net position of the OPEB trust fund totaled \$19.8 million.

Investment policy

The Town's policy in regard to the allocation of invested assets is established and may be amended by the Board of Selectmen by a majority vote of its members. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town's investment policy.

GASB Statement #74 – OPEB Plan Financial Reporting

Measurement Date – GASB #74 requires the net OPEB liability to be measured as of the OPEB Plan's most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

Employees Covered by Benefit Terms

The following table represents the Plan's membership at June 30, 2019:

Active members.....	648
Inactive members currently receiving benefits.....	<u>728</u>
Total.....	<u><u>1,376</u></u>

Components of OPEB Liability

The following table represents the components of the Plan's OPEB liability as of June 30, 2019:

Total OPEB liability.....	\$ 72,426,698
Less: OPEB plan's fiduciary net position.....	<u>(19,784,346)</u>
Net OPEB liability.....	<u><u>\$ 52,642,352</u></u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	27.32%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, to be in accordance with GASB Statement #74:

Valuation date.....	June 30, 2018
Actuarial cost method.....	Entry Age Normal.
Asset valuation method.....	Market Value of Assets as of the reporting date.
Discount rate.....	7.50%
Healthcare cost trend rate.....	4.50%
Mortality rates.....	<i>Pre-retirement and beneficiary:</i> RP-2014 Blue Collar Mortality Table with Scale MP-2015, fully generational. <i>Retired Group 1 and 2:</i> RP-2014 Blue Collar Mortality Table set forward five years for males and three years for females, fully generational. <i>Retired Group 4:</i> RP-2014 Blue Collar Mortality Table set forward three years for males and six years for females, fully generational. <i>Disabled Group 1 and 2:</i> RP-2000 Mortality Table set forward six years. <i>Disabled Group 4:</i> RP-2000 Mortality Table set forward two years.

Rate of return

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 5.56%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Best estimates of geometric real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Global equity:		
Large cap equities.....	14.50%	7.50%
Small/mid cap equities.....	3.50%	7.75%
International equities.....	16.00%	7.80%
Emerging international equities.....	6.00%	9.30%
Core fixed income:		
Core bonds.....	5.00%	3.75%
20+ year treasuries.....	2.00%	3.50%
TIPS.....	5.00%	3.75%
Value added fixed income:		
High-yield bonds.....	1.50%	5.50%
Bank loans.....	2.50%	5.50%
EMD (external).....	1.00%	2.00%
EMD (local currency).....	0.00%	6.50%
Distressed debt.....	3.00%	8.80%
Other credit opportunities.....	2.00%	6.50%
Private equity.....	11.00%	9.50%
Real estate.....	10.00%	6.70%
Timberland.....	4.00%	6.25%
Hedge fund and portfolio completion.....	13.00%	6.40%
Total.....	100.00%	

Discount rate

The discount rate used to measure the total OPEB liability was 7.50% as of June 30, 2019 and June 30, 2018. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be sufficient to make all projected benefit payments to current plan members.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 7.50%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net OPEB liability..... \$	\$ 61,302,938	\$ 52,642,352	\$ 45,451,194

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend

The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate of 4.50%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability..... \$	\$ 43,449,705	\$ 52,642,352	\$ 64,012,847

Changes in Assumptions – None.

Changes in Plan Provisions – None.

GASB Statement #75 – OPEB Employer Financial Reporting

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

Measurement Date

GASB Statement #75 requires the net OPEB liability to be measured as of a date no earlier than the end of the employer’s prior fiscal year and no later than the end of the employer’s current fiscal year, consistently applied from period to period. Accordingly, the net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The plan membership and actuarial assumptions are consistent with those used for GASB Statement #74, since the same actuarial valuation was used.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB	Plan	Net OPEB
	Liability (a)	Fiduciary Net Position (b)	Liability (a) - (b)
Balances at June 30, 2017.....	\$ 79,089,664	\$ 13,985,306	\$ 65,104,358
Changes for the year:			
Service cost.....	1,472,302	-	1,472,302
Interest.....	5,595,888	-	5,595,888
Differences between expected and actual experience....	(13,034,791)	-	(13,034,791)
Benefit payments.....	(3,475,557)	(3,475,557)	-
Employer contributions.....	-	5,085,011	(5,085,011)
Investment income.....	-	1,431,564	(1,431,564)
Net change.....	<u>(9,442,158)</u>	<u>3,041,018</u>	<u>(12,483,176)</u>
Balances at June 30, 2018.....	<u>\$ 69,647,506</u>	<u>\$ 17,026,324</u>	<u>\$ 52,621,182</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the net other postemployment benefit liability, calculated using the discount rate of 7.50%, as well as what the net other postemployment benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current discount rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net OPEB liability.....	\$ <u>60,997,187</u>	\$ <u>52,621,182</u>	\$ <u>45,665,140</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the net other postemployment benefit liability, calculated using the current healthcare trend rate of 4.50%, as well as what the net other postemployment benefit liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ <u>44,354,380</u>	\$ <u>52,621,182</u>	\$ <u>62,819,074</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, with a measurement date of June 30, 2018, the Town recognized OPEB expense of \$3,521,370. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (10,458,745)	\$ (10,458,745)
Difference between projected and actual earnings, net.....	-	(573,453)	(573,453)
Contributions made subsequent to the measurement date.....	5,677,239	-	5,677,239
Total deferred outflows/(inflows) of resources.....	\$ 5,677,239	\$ (11,032,198)	\$ (5,354,959)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2020.....	\$ (2,745,638)
2021.....	(2,745,638)
2022.....	(2,745,636)
2023.....	(2,640,725)
2024.....	(154,561)
Subtotal amortized deferred outflows/(inflows) of resources.....	(11,032,198)
Contributions made subsequent to the measurement date.....	5,677,239
Total deferred outflows/(inflows) of resources.....	\$ (5,354,959)

Changes in Assumptions – None.

Changes in Plan Provisions – None.

NOTE 12 – FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS

GAAP requires that all Pension and Other Postemployment Trust Funds be combined and presented in one column in the Fiduciary Funds financial statements and that the individual financial statements for each trust fund plan are reported in the notes to the financial statements. Provided below are the individual financial statements for the pension and OPEB plans that are included in the Fiduciary Funds as Pension and Other Postemployment Benefit Trust Funds.

	Pension Trust Fund (as of December 31, 2018)	Other Postemployment Benefit Trust Fund	Total Pension and Other Postemployment Benefit Trust Funds
ASSETS			
Cash and cash equivalents.....	\$ 486,933	\$ -	\$ 486,933
Investments:			
Investments in Pension Reserve Investment Trust.....	137,996,601	19,784,346	157,780,947
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	55,644	-	55,644
Intergovernmental.....	205,767	-	205,767
TOTAL ASSETS.....	138,744,945	19,784,346	158,529,291
LIABILITIES			
Warrants payable.....	232,914	-	232,914
NET POSITION			
Restricted for pensions.....	138,512,031	-	138,512,031
Restricted for other postemployment benefits.....	-	19,784,346	19,784,346
TOTAL NET POSITION.....	\$ 138,512,031	\$ 19,784,346	\$ 158,296,377

	Pension Trust Fund (as of December 31, 2018)	Other Postemployment Benefit Trust Fund	Total Pension and Other Postemployment Benefit Trust Funds
ADDITIONS:			
Contributions:			
Employer contributions.....	\$ 5,348,511	\$ 1,724,479	\$ 7,072,990
Employer contributions for other postemployment benefit payments.....	-	3,952,760	3,952,760
Member contributions.....	2,446,704	-	2,446,704
Transfers from other systems.....	190,183	-	190,183
3(8)c contributions from other systems.....	196,427	-	196,427
Workers compensation settlements.....	3,750	-	3,750
Federal grant reimbursements.....	9,340	-	9,340
State COLA reimbursements.....	164,969	-	164,969
Member makeup payments and redeposits.....	1,752	-	1,752
Total contributions.....	8,361,636	5,677,239	14,038,875
Net investment income:			
Investment income (loss).....	(2,462,023)	1,033,543	(1,428,480)
Less: investment expense.....	(752,112)	-	(752,112)
Net investment income (loss).....	(3,214,135)	1,033,543	(2,180,592)
TOTAL ADDITIONS.....	5,147,501	6,710,782	11,858,283
DEDUCTIONS:			
Administration.....	249,350	-	249,350
Transfers to other systems.....	301,179	-	301,179
3(8)c transfer to other systems.....	255,005	-	255,005
Retirement benefits and refunds.....	9,594,760	-	9,594,760
Other postemployment benefit payments.....	-	3,952,760	3,952,760
TOTAL DEDUCTIONS.....	10,400,294	3,952,760	14,353,054
NET INCREASE (DECREASE) IN NET POSITION.....	(5,252,793)	2,758,022	(2,494,771)
NET POSITION AT BEGINNING OF YEAR.....	143,764,824	17,026,324	160,791,148
NET POSITION AT END OF YEAR.....	\$ 138,512,031	\$ 19,784,346	\$ 158,296,377

NOTE 13 – COMMITMENTS

The Town is committed to completing various projects throughout the Town which will be funded with long-term debt which has been authorized but not yet issued, totaling approximately \$47.5 million. The November 2017 special Town Meeting authorized the Board of Selectmen to borrow \$45 million for the Public Safety Facility construction project. As of June 30, 2019, the Town has issued \$15 million for design, engineering and site preparations. As of June 30, 2019, the Town has spent \$32 million on the project. Additionally, since the May 2016 special Town Meeting authorized the Board of Selectmen to borrow \$29.8 million for the Early Childhood Education Center construction project. As of June 30, 2019, the Town has issued \$28.5 million for the ECEC construction and spent \$26.8 million on the project. Other debt issued during fiscal year 2019 totaling \$2.6 million was used towards roads and sidewalks maintenance, equipment and building improvements.

NOTE 14 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2019, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2019, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2019.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 1, 2020, which is the date the financial statements were available to be issued.

NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2019, the following GASB pronouncements were implemented:

- GASB Statement #83, *Certain Asset Retirement Obligations*. This pronouncement did not impact the basic financial statements.
- GASB Statement #88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2020.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2021.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2021.
- The GASB issued Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in 2020.
- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2022.

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

Required Supplementary Information

General Fund Budgetary Comparison Schedule

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

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

YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget			
REVENUES:						
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 85,937,233	\$ 85,937,233	\$ 85,937,233	\$ 85,735,971	\$ (201,262)
Tax liens.....	-	-	-	-	762,640	- 762,640
Motor vehicle and other excise taxes.....	-	3,800,000	3,800,000	3,800,000	3,882,516	- 82,516
Penalties and interest on taxes.....	-	550,000	550,000	550,000	630,133	- 80,133
Payments in lieu of taxes.....	-	28,000	28,000	28,000	142,223	- 114,223
Licenses and permits.....	-	1,100,000	1,100,000	1,100,000	1,394,965	- 294,965
Fines and forfeitures.....	-	160,000	160,000	160,000	118,543	- (41,457)
Intergovernmental.....	-	9,134,321	9,134,321	9,134,321	9,241,878	- 107,557
Departmental and other.....	-	1,105,000	1,105,000	1,105,000	1,621,689	- 516,689
Investment income.....	-	250,000	250,000	250,000	881,596	- 631,596
TOTAL REVENUES.....	-	102,064,554	102,064,554	102,064,554	104,412,154	- 2,347,600
EXPENDITURES:						
Current:						
General Government						
Selectmen/Town Manager:						
Personnel services.....	-	970,569	970,569	472,357	472,292	- 65
Purchase of services.....	-	255,190	255,190	283,713	259,978	- 23,735
Other charges and expenses.....	-	974,570	974,570	1,070,390	1,053,526	- 16,864
Operating capital.....	53,639	-	53,639	53,639	-	- 53,639
Articles.....	31,500	-	31,500	24,000	-	- 24,000
Total.....	85,139	2,200,329	2,285,468	1,904,099	1,785,796	77,639
Finance & Warrant Committee:						
Purchase of services.....	-	4,820	4,820	4,820	45	- 4,775
Supplies.....	-	150	150	150	-	- 150
Other charges and expenses.....	-	673	673	673	280	- 393
Reserve fund.....	-	500,000	500,000	78,772	-	- 78,772
Total.....	-	505,643	505,643	84,415	325	- 84,090
Finance Department:						
Personnel services.....	-	853,009	853,009	844,643	830,653	- 13,990
Purchase of services.....	86,713	857,350	944,063	989,219	901,906	81,616 5,697
Supplies.....	-	11,000	11,000	11,000	10,062	- 583 355
Other charges and expenses.....	-	13,000	13,000	13,000	8,086	- 8,086 4,914
Operating capital.....	10,000	-	10,000	-	-	- 10,000
Total.....	96,713	1,734,359	1,831,072	1,857,862	1,750,707	82,199
Central Purchasing:						
Personnel services.....	-	10,000	10,000	10,000	10,000	-
Purchase of services.....	-	86,500	86,500	86,500	74,736	- 11,764
Overtime.....	-	45,000	45,000	65,758	64,786	- 972
Supplies.....	232	65,000	65,232	65,179	54,986	- 10,193
Total.....	232	206,500	206,732	227,437	204,508	- 22,929
Assessing:						
Personnel services.....	-	361,880	361,880	368,699	368,617	- 82
Purchase of services.....	-	36,250	36,250	36,250	33,175	- 3,075
Supplies.....	-	2,200	2,200	2,200	365	- 1,835
Other charges and expenses.....	-	3,000	3,000	3,000	2,017	- 983
Total.....	-	403,330	403,330	410,149	404,174	- 5,975
Human Resources:						
Personnel services.....	-	222,481	222,481	228,373	218,443	- 9,930
Purchase of services.....	190	109,427	109,617	95,050	47,125	- 47,925
Other charges and expenses.....	-	4,505	4,505	4,255	2,826	- 1,429
Total.....	190	336,413	336,603	327,678	268,394	- 59,284
Legal:						
Purchase of services.....	128	250,000	250,128	250,128	210,680	- 39,448
Litigation & judgements.....	-	25,000	25,000	25,000	4,360	- 20,640
Total.....	128	275,000	275,128	275,128	215,040	- 60,088
Town Clerk:						
Personnel services.....	-	304,001	304,001	310,409	310,109	- 300
Purchase of services.....	-	47,350	47,350	49,450	48,187	- 1,263
Supplies.....	-	750	750	750	656	- 94
Other charges and expenses.....	-	1,550	1,550	1,550	1,495	- 55
Total.....	-	353,651	353,651	362,159	360,447	- 1,712

(continued)

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

YEAR ENDED JUNE 30, 2019

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Economic Development:							
Personnel services.....	-	97,991	97,991	100,732	100,687	-	45
Purchase of services.....	-	64,700	64,700	64,700	14,787	14,900	35,013
Other charges and expenses.....	-	6,620	6,620	6,620	6,480	-	140
Operating capital.....	22,824	-	22,824	22,824	-	22,824	-
Articles.....	8,563	-	8,563	8,563	-	8,563	-
Total.....	31,387	169,311	200,698	203,439	121,954	46,287	35,198
Planning:							
Personnel services.....	-	148,955	148,955	130,343	129,386	-	957
Purchase of services.....	-	13,200	13,200	50,765	34,220	-	16,545
Other charges and expenses.....	-	1,500	1,500	1,500	-	-	1,500
Operating capital.....	87,397	-	87,397	27,397	4,147	20,000	3,250
Total.....	87,397	163,655	251,052	210,005	167,753	20,000	22,252
Building Planning and Construction Committee:							
Purchase of services.....	-	20,000	20,000	160,560	106,235	-	54,325
Town Facilities:							
Personnel services.....	-	517,742	517,742	407,025	402,159	-	4,866
Overtime.....	-	10,808	10,808	10,827	7,137	-	3,690
Utilities.....	242,336	568,589	810,925	608,248	453,876	104,576	49,796
Purchase of services.....	140,732	433,675	574,407	599,588	483,933	104,403	11,252
Supplies.....	-	112,985	112,985	114,225	110,421	4,637	(833)
Other charges and expenses.....	-	4,926	4,926	4,926	4,413	-	513
Operating capital.....	175,537	-	175,537	175,458	71,700	103,757	1
Total.....	558,605	1,648,725	2,207,330	1,920,297	1,533,639	317,373	69,285
School Facilities:							
Personnel services.....	-	1,867,663	1,867,663	1,829,416	1,798,030	-	31,386
Overtime.....	-	170,826	170,826	170,826	170,826	-	-
Utilities.....	56,120	1,138,261	1,194,381	1,191,072	1,049,657	125,555	15,860
Purchase of services.....	29,253	396,643	425,896	545,504	515,148	25,829	4,527
Supplies.....	-	212,987	212,987	215,699	211,810	1,611	2,278
Other charges and expenses.....	-	2,500	2,500	2,500	-	-	2,500
Operating capital.....	148	-	148	83,789	7,068	76,721	-
Total.....	85,521	3,788,880	3,874,401	4,038,806	3,752,539	229,716	56,551
Conservation:							
Personnel services.....	-	113,987	113,987	115,816	101,600	-	14,216
Supplies.....	-	250	250	250	243	-	7
Other charges and expenses.....	-	6,300	6,300	6,300	3,564	-	2,736
Total.....	-	120,537	120,537	122,366	105,407	-	16,959
Environmental:							
Personnel services.....	-	60,337	60,337	61,391	57,440	-	3,951
Purchase of services.....	2,675	26,000	28,675	28,675	27,845	-	830
Supplies.....	-	600	600	600	388	-	212
Other charges and expenses.....	-	1,561	1,561	1,561	1,471	-	90
Total.....	2,675	88,498	91,173	92,227	87,144	-	5,083
Total General Government.....	947,987	12,014,831	12,962,818	12,196,627	10,864,062	773,214	559,351
Public Safety:							
Police Department:							
Personnel services.....	-	5,175,228	5,175,228	5,485,357	5,483,307	-	2,050
Overtime.....	-	649,820	649,820	650,554	571,047	-	79,507
Purchase of services.....	4,900	217,460	222,360	218,230	175,862	5,017	37,351
Supplies.....	-	146,898	146,898	149,898	127,736	83	22,079
Other charges and expenses.....	-	21,680	21,680	21,680	18,113	-	3,567
Operating capital.....	5,748	-	5,748	5,748	-	5,748	-
Total.....	10,648	6,211,086	6,221,734	6,531,467	6,376,065	10,848	144,554
Fire Department:							
Personnel services.....	-	5,177,862	5,177,862	5,338,855	5,329,352	-	9,503
Overtime.....	-	375,051	375,051	468,432	468,432	-	-
Purchase of services.....	3,036	178,055	181,091	178,055	112,624	-	65,431
Supplies.....	-	105,648	105,648	105,648	87,485	-	18,163
Other charges and expenses.....	-	11,120	11,120	11,120	10,457	-	663
Operating capital.....	11,147	-	11,147	10,946	6,546	4,400	-
Total.....	14,183	5,847,736	5,861,919	6,113,056	6,014,896	4,400	93,760

(continued)

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

YEAR ENDED JUNE 30, 2019

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Central Dispatch Center:							
Personnel services.....	-	565,972	565,972	574,421	555,475	-	18,946
Overtime.....	-	62,000	62,000	64,052	64,052	-	-
Purchase of services.....	3,197	29,736	32,933	32,933	29,657	870	2,406
Other charges and expenses.....	-	100	100	100	-	-	100
Total.....	3,197	657,808	661,005	671,506	649,184	870	21,452
Building Inspection:							
Personnel services.....	-	501,748	501,748	510,018	493,306	-	16,712
Supplies.....	-	2,000	2,000	2,000	106	-	1,894
Other charges and expenses.....	-	2,000	2,000	2,000	765	-	1,235
Total.....	-	505,748	505,748	514,018	494,177	-	19,841
Civil Preparedness:							
Purchase of services.....	-	1,395	1,395	1,395	1,386	-	9
Supplies.....	-	2,760	2,760	2,760	970	-	1,790
Other charges and expenses.....	-	200	200	200	-	-	200
Total.....	-	4,355	4,355	4,355	2,356	-	1,999
Total Public Safety.....	28,028	13,226,733	13,254,761	13,834,402	13,536,678	16,118	281,606
Education:							
Dedham Public Schools:							
School operations.....	386,771	39,001,100	39,387,871	39,387,871	38,605,779	138,783	643,309
Operating capital.....	25,429	-	25,429	115,429	27,148	88,281	-
Articles.....	6,980	-	6,980	6,980	-	6,980	-
Total.....	419,180	39,001,100	39,420,280	39,510,280	38,632,927	234,044	643,309
Blue Hills Regional School:							
Assessment.....	-	1,450,942	1,450,942	1,601,848	1,601,847	-	1
Norfolk County Agricultural High School:							
Assessment.....	-	58,830	58,830	58,830	31,440	-	27,390
Total Education.....	419,180	40,510,872	40,930,052	41,170,958	40,266,214	234,044	670,700
Public Works:							
Public Works Operations:							
Personnel services.....	-	1,749,144	1,749,144	1,595,962	1,595,961	-	1
Overtime.....	-	185,000	185,000	188,614	139,780	-	48,834
Purchase of services.....	52,794	789,000	841,794	801,973	625,610	150,647	25,716
Supplies.....	-	300,960	300,960	333,281	309,416	9,369	14,496
Other charges and expenses.....	-	9,000	9,000	9,000	8,219	225	556
Operating capital.....	79,831	-	79,831	97,814	44,028	27,875	25,911
Total.....	132,625	3,033,104	3,165,729	3,026,644	2,723,014	188,116	115,514
Snow and Ice:							
Snow and ice removal.....	11,349	677,000	688,349	1,002,719	980,761	4,305	17,653
Engineering:							
Personnel services.....	-	478,718	478,718	490,201	470,247	-	19,954
Purchase of services.....	-	52,105	52,105	52,105	35,246	16,000	859
Supplies.....	-	16,200	16,200	16,200	7,737	-	8,463
Other charges/expenditures.....	-	11,020	11,020	11,020	5,796	-	5,224
Articles.....	55,916	-	55,916	55,916	-	55,916	-
Total.....	55,916	558,043	613,959	625,442	519,026	71,916	34,500
Rubbish and Recycling:							
Rubbish and recycling.....	143,866	2,047,500	2,191,366	2,561,366	2,358,068	95,920	107,378
Street Lighting:							
Streetslights.....	38,092	282,000	320,092	291,108	164,035	37,544	89,529
Total Public Works.....	381,848	6,597,647	6,979,495	7,507,279	6,744,904	397,801	364,574
Community Services:							
Board of Health:							
Personnel services.....	-	361,043	361,043	371,244	366,649	-	4,595
Purchase of services.....	-	1,600	1,600	4,100	1,967	1,320	813
Supplies.....	-	1,100	1,100	1,100	662	-	438
Other charges and expenses.....	-	22,200	22,200	22,200	19,565	-	2,635
Total.....	-	385,943	385,943	398,644	388,843	1,320	8,481

(continued)

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

YEAR ENDED JUNE 30, 2019

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Council of Aging:							
Personnel services.....	-	228,406	228,406	232,252	225,533	-	6,719
Purchases of services.....	-	6,500	6,500	6,500	6,473	-	27
Supplies.....	-	9,000	9,000	9,000	7,099	-	1,901
Other charges and expenses.....	-	2,100	2,100	2,100	1,762	-	338
Total.....	-	246,006	246,006	249,852	240,867	-	8,985
Youth Commission:							
Personnel services.....	-	296,876	296,876	301,911	300,313	-	1,598
Purchase of services.....	-	5,000	5,000	5,000	2,369	-	2,631
Supplies.....	-	1,250	1,250	1,250	314	-	936
Other charges and expenses.....	-	1,900	1,900	1,900	1,572	-	328
Total.....	-	305,026	305,026	310,061	304,568	-	5,493
Veteran's Services:							
Personnel services.....	-	83,642	83,642	86,504	86,481	-	23
Purchase of services.....	-	5,150	5,150	5,150	1,094	-	4,056
Supplies.....	-	300	300	300	200	-	100
Other charges and expenses.....	-	186,000	186,000	186,000	148,522	-	37,478
Total.....	-	275,092	275,092	277,954	236,297	-	41,657
Library:							
Personnel services.....	-	1,061,847	1,061,847	1,070,572	977,365	-	93,207
Overtime.....	-	11,000	11,000	11,129	8,225	-	2,904
Purchase of services.....	-	73,510	73,510	73,510	73,368	-	142
Supplies.....	-	216,250	216,250	216,250	216,250	-	-
Other charges and expenses.....	-	6,900	6,900	6,900	6,884	-	16
Articles.....	16,908	-	16,908	16,908	-	16,908	-
Total.....	16,908	1,369,507	1,386,415	1,395,269	1,282,092	16,908	96,269
Parks & Recreation:							
Personnel services.....	-	655,464	655,464	666,193	666,193	-	-
Overtime.....	-	9,500	9,500	9,637	9,637	-	-
Utilities.....	-	1,250	1,250	1,250	160	-	1,090
Purchase of services.....	-	49,000	49,000	49,000	48,881	-	119
Supplies.....	-	127,375	127,375	127,375	124,310	1,748	1,317
Other charges and expenses.....	-	600	600	600	600	-	-
Operating capital.....	33,694	-	33,694	32,476	8,352	24,124	-
Total.....	33,694	843,189	876,883	886,531	858,133	25,872	2,526
Endicott Estate:							
Personnel services.....	-	158,336	158,336	160,988	137,988	-	23,000
Purchase of services.....	-	21,650	21,650	21,650	17,698	-	3,952
Supplies.....	-	3,500	3,500	3,500	3,451	-	49
Other charges and expenses.....	-	1,900	1,900	1,900	-	-	1,900
Total.....	-	185,386	185,386	188,038	159,137	-	28,901
Civic & Cultural Programs:							
Civic pride.....	-	20,000	20,000	20,000	20,000	-	-
Cultural Council.....	-	10,000	10,000	10,000	10,000	-	-
Total.....	-	30,000	30,000	30,000	30,000	-	-
Total Community Services.....	50,602	3,640,149	3,690,751	3,736,349	3,499,937	44,100	192,312
State and County Assessments.....	-	2,767,212	2,767,212	2,767,212	2,890,687	-	(123,475)
Debt Service:							
Principal.....	-	7,831,726	7,831,726	7,831,726	7,831,726	-	-
Interest.....	-	3,379,363	3,379,363	3,379,363	3,316,280	-	63,083
Total.....	-	11,211,089	11,211,089	11,211,089	11,148,006	-	63,083
Employee Benefits:							
Personnel services.....	-	15,791,067	15,791,067	18,840,922	18,771,524	-	69,398
TOTAL EXPENDITURES.....	1,827,645	105,759,600	107,587,245	111,264,838	107,722,012	1,465,277	2,077,549
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(1,827,645)	(3,695,046)	(5,522,691)	(9,200,284)	(3,309,858)	(1,465,277)	4,425,149

(continued)

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

YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget			
OTHER FINANCING SOURCES (USES):						
Transfers in.....	-	4,718,856	4,718,856	4,718,856	5,088,333	369,477
Transfers out.....	-	(4,382,129)	(4,382,129)	(4,430,129)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	336,727	336,727	288,727	658,204	369,477
NET CHANGE IN FUND BALANCE.....	(1,827,645)	(3,358,319)	(5,185,964)	(8,911,557)	(2,651,654)	4,794,626
BUDGETARY FUND BALANCE, Beginning of year.....	-	14,121,712	14,121,712	14,121,712	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ (1,827,645)	\$ 10,763,393	\$ 8,935,748	\$ 5,210,155	\$ 11,470,058	\$ 4,794,626

(Concluded)

See notes to required supplementary information.

Pension Plan Schedules – Retirement System

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

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

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

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

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

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018
Total pension liability:					
Service cost.....	\$ 2,850,624	\$ 3,044,083	\$ 3,044,083	\$ 3,130,263	\$ 3,407,651
Interest.....	10,222,589	10,663,706	10,166,868	10,434,432	10,778,701
Changes in benefit terms.....	-	1,684,915	-	-	-
Differences between expected and actual experience.....	-	3,030,168	-	1,572,401	7,826,299
Changes in assumptions.....	-	(4,100,558)	-	3,494,125	18,037,471
Benefit payments.....	(8,913,863)	(9,304,824)	(9,809,840)	(9,880,882)	(9,595,615)
Interest on benefit payments.....	-	(353,834)	-	-	-
Net change in total pension liability.....	4,159,350	4,663,656	3,401,111	8,750,339	30,454,507
Total pension liability - beginning.....	124,131,714	128,291,064	132,954,720	136,355,831	145,106,170
Total pension liability - ending (a).....	<u>\$ 128,291,064</u>	<u>\$ 132,954,720</u>	<u>\$ 136,355,831</u>	<u>\$ 145,106,170</u>	<u>\$ 175,560,677</u>
Plan fiduciary net position:					
Employer contributions.....	\$ 4,277,701	\$ 4,725,074	\$ 12,194,092	\$ 7,031,923	\$ 5,357,851
Member contributions.....	2,183,402	2,480,961	2,509,736	2,449,519	2,448,456
Net investment income (loss).....	7,721,433	705,719	8,454,659	21,087,313	(3,214,135)
Administrative expenses.....	(213,559)	(221,292)	(227,189)	(211,787)	(249,350)
Retirement benefits and refunds.....	(8,913,863)	(9,304,824)	(9,809,840)	(9,880,882)	(9,595,615)
Other receipts.....	289,068	305,199	487,921	266,900	-
Net increase (decrease) in fiduciary net position.....	5,344,182	(1,309,163)	13,609,379	20,742,986	(5,252,793)
Fiduciary net position - beginning of year.....	105,377,440	110,721,622	109,412,459	123,021,838	143,764,824
Fiduciary net position - end of year (b).....	<u>\$ 110,721,622</u>	<u>\$ 109,412,459</u>	<u>\$ 123,021,838</u>	<u>\$ 143,764,824</u>	<u>\$ 138,512,031</u>
Net pension liability - ending (a)-(b).....	<u>\$ 17,569,442</u>	<u>\$ 23,542,261</u>	<u>\$ 13,333,993</u>	<u>\$ 1,341,346</u>	<u>\$ 37,048,646</u>
Plan fiduciary net position as a percentage of the total pension liability.....	86.31%	82.29%	90.22%	99.08%	78.90%
Covered payroll.....	\$ 20,523,383	\$ 22,457,073	\$ 23,355,356	\$ 24,330,871	\$ 25,300,391
Net pension liability as a percentage of covered payroll.....	85.61%	104.83%	57.09%	5.51%	146.44%

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

See notes to required supplementary information.

SCHEDULE OF CONTRIBUTIONS
DEDHAM CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2018.....	\$ 5,348,511	\$ (5,357,851)	\$ (9,340)	\$ 25,300,391	21.18%
December 31, 2017.....	5,031,923	(7,031,923)	(2,000,000)	24,330,871	28.90%
December 31, 2016.....	4,694,092	(12,194,092)	(7,500,000)	23,355,356	52.21%
December 31, 2015.....	4,531,244	(4,725,074)	(193,830)	22,457,073	21.04%
December 31, 2014.....	4,277,701	(4,277,701)	-	20,523,383	20.84%

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
DEDHAM CONTRIBUTORY RETIREMENT SYSTEM

Year	Annual money-weighted rate of return, net of investment expense
December 31, 2018.....	-2.28%
December 31, 2017.....	17.17%
December 31, 2016.....	7.54%
December 31, 2015.....	0.64%
December 31, 2014.....	7.58%

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

See notes to required supplementary information.

Pension Plan Schedules – Town

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

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

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

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

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

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2018.....	95.73%	\$ 35,465,442	\$ 24,313,714	145.87%	78.90%
December 31, 2017.....	70.32%	35,465,442	23,583,495	150.38%	99.08%
December 31, 2016.....	93.50%	12,467,754	22,419,105	55.61%	90.22%
December 31, 2015.....	95.73%	22,537,763	21,498,156	104.84%	82.29%
December 31, 2014.....	96.31%	16,921,130	19,766,070	85.61%	86.31%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

The components of the net pension liability were allocated based on the total appropriation with the exception of the actual contributions and the beginning net pension liability which were actual values.

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS
DEDHAM CONTRIBUTORY RETIREMENT SYSTEM**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2019.....	\$ 5,124,523	\$ (5,133,863)	\$ (9,340)	\$ 24,617,635	20.85%
June 30, 2018.....	4,826,096	(6,826,096)	(2,000,000)	23,878,289	28.59%
June 30, 2017.....	4,505,919	(12,005,919)	(7,500,000)	22,699,344	52.89%
June 30, 2016.....	4,337,414	(4,531,244)	(193,830)	21,766,883	20.82%
June 30, 2015.....	4,107,233	(4,107,233)	-	20,013,146	20.52%

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

See notes to required supplementary information.

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

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

<u>Year</u>	<u>Commonwealth's 100% Share of the Associated Net Pension Liability</u>	<u>Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
2019.....	\$ 91,250,976	\$ 9,246,965	54.84%
2018.....	85,654,990	8,940,061	54.25%
2017.....	80,976,650	8,260,149	52.73%
2016.....	74,825,083	6,068,980	55.38%
2015.....	58,416,266	4,058,458	61.64%

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

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered-employee payroll.

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

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

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

**SCHEDULE OF CHANGES IN THE
TOWN'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017	June 30, 2018	June 30, 2019
Total OPEB Liability			
Service Cost.....	\$ 1,644,829	\$ 1,472,302	\$ 1,538,556
Interest.....	5,265,920	5,595,888	5,193,396
Changes of benefit terms.....	-	-	-
Differences between expected and actual experience....	-	(13,034,791)	-
Changes of assumptions.....	-	-	-
Benefit payments.....	<u>(3,771,164)</u>	<u>(3,475,557)</u>	<u>(3,952,760)</u>
Net change in total OPEB liability.....	3,139,585	(9,442,158)	2,779,192
Total OPEB liability - beginning.....	<u>75,950,079</u>	<u>79,089,664</u>	<u>69,647,506</u>
Total OPEB liability - ending (a).....	<u>\$ 79,089,664</u>	<u>\$ 69,647,506</u>	<u>\$ 72,426,698</u>
Plan fiduciary net position			
Employer contributions.....	\$ 1,540,138	\$ 1,609,454	\$ 1,724,479
Employer contributions for OPEB payments.....	3,771,164	3,475,557	3,952,760
Net investment income.....	1,408,979	1,431,564	1,033,543
Benefit payments.....	<u>(3,771,164)</u>	<u>(3,475,557)</u>	<u>(3,952,760)</u>
Net change in plan fiduciary net position.....	2,949,117	3,041,018	2,758,022
Plan fiduciary net position - beginning of year.....	<u>11,036,189</u>	<u>13,985,306</u>	<u>17,026,324</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 13,985,306</u>	<u>\$ 17,026,324</u>	<u>\$ 19,784,346</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 65,104,358</u>	<u>\$ 52,621,182</u>	<u>\$ 52,642,352</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	17.68%	24.45%	27.32%
Covered-employee payroll.....	\$ 48,730,159	\$ 52,002,675	\$ 53,822,768
Net OPEB liability as a percentage of covered-employee payroll.....	133.60%	101.19%	97.81%

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

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2019.....	\$ 4,524,078	\$ (5,677,239)	\$ (1,153,161)	\$ 53,822,768	10.55%
June 30, 2018.....	4,313,840	(5,085,011)	(771,171)	52,002,675	9.78%
June 30, 2017.....	5,282,204	(5,925,736)	(643,532)	48,730,159	12.16%

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2019.....	5.56%
June 30, 2018.....	9.26%
June 30, 2017.....	12.72%

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

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2019 budget consisted of approximately \$112 million in appropriations and other amounts to be raised. Included in the original budget are approximately \$1.8 million in amounts carried over from previous years.

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

Budgetary – GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2019, is presented below:

Net change in fund balance - budgetary basis.....	\$ (2,651,654)
<u>Perspective differences:</u>	
Activity of the stabilization funds recorded in the general fund for GAAP.....	259,479
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	66,750
Net change in recording 60 day receipts.....	140,239
Recognition of revenue for on-behalf payments.....	9,246,965
Recognition of expenditures for on-behalf payments.....	<u>(9,246,965)</u>
Net change in fund balance - GAAP basis.....	<u>\$ (2,185,186)</u>

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

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

Contributions

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

Schedule of Investment Return

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

Pension Plan Schedules - TownSchedule of the Town's Proportionate Share of the Net Pension Liability

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

Schedule of Town's Contributions

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

Schedule of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding

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

Changes in Assumptions:

- The discount rate was reduced from 7.50% to 7.25%.
- The wage inflation was decreased from 4.00% to 3.00%.
- The mortality assumption for active participants was changed from the RP-2014 Blue Collar Employee Mortality Table projected generationally with Scare MP-2014 to the RP-2014 Blue Collar Employee Mortality Table projected generationally with Scare MP-2018.
- The mortality assumption for healthy retirees was changed from the RP-2014 Blue Collar Healthy Annuitant Mortality Tables set forward 5 years for males and 3 for females for Groups 1 and 2 and 3 years for males and 6 for females for Group 4 and projected generationally with Scale MP-2014 to the RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scare MP-2018.
- The mortality assumption for disabled retirees was changed from the RP-2000 Healthy Annuitant Mortality Table set forward 6 years for Groups 1 and 2 and 2 years for Group 4 to the RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward 1 year projected generationally with Scare MP-2018.
- The mortality assumption for beneficiaries was changed from the RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2014 to the RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scare MP-2018.

Changes in Plan Provisions: - None.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The Town administers a single-employer defined benefit healthcare plan ("The Other Postemployment Benefit Plan"). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town's participation in the West Suburban Healthcare Group, which covers both active and retired members. Additionally, retired teachers and their spouses receive health insurance through the Group Insurance Commission of the Commonwealth of Massachusetts (GIC). Each participating municipality is assessed for the governmental share of health and life insurance premiums paid on behalf of its teacher retirees by the state.

The Other Postemployment Benefit Plan

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered-employee payroll.

Schedule of the Town’s Contributions

The Schedule of the Town’s Contributions includes the Town’s annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered-employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered-employee payroll. Actuarially contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine contribution rates are as follows:

Valuation date.....	June 30, 2018
Actuarial cost method.....	Entry Age Normal.
Asset valuation method.....	Market Value of Assets as of the reporting date.
Discount rate.....	7.50%
Healthcare cost trend rate.....	4.50%
Mortality rates.....	<i>Pre-retirement and beneficiary:</i> RP-2014 Blue Collar Mortality Table with Scale MP-2015, fully generational. <i>Retired Group 1 and 2:</i> RP-2014 Blue Collar Mortality Table set forward five years for males and three years for females, fully generational. <i>Retired Group 4:</i> RP-2014 Blue Collar Mortality Table set forward three years for males and six years for females, fully generational. <i>Disabled Group 1 and 2:</i> RP-2000 Mortality Table set forward six years. <i>Disabled Group 4:</i> RP-2000 Mortality Table set forward two years.

Schedule of Investment Returns

The Schedule of Investment Return includes the money-weighted investment return on the Plan’s other postemployment assets, net of investment expense.

Changes in Assumptions – None.

Changes in Provisions – None.

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Combining and Individual Fund Statements

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

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

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

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

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

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

School Lunch Fund – This fund accounts for the operations of the public school's lunch program that is funded by user fees and grants.

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

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

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

CAPITAL PROJECT FUNDS

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

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

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

Ames Property – Fund is used to account for the remodeling/ repurposing of the Ames Building.

PERMANENT FUNDS

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

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

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

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

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2019

	Special Revenue Funds					
	Town Grants	School Grants	Town Gifts	School Gifts	School Lunch	Town Revolving
ASSETS						
Cash and cash equivalents.....	\$ 144,173	\$ 506,146	\$ 447,610	\$ 176,149	\$ 203,066	\$ 841,272
Investments.....	-	-	-	-	-	-
TOTAL ASSETS.....	<u>\$ 144,173</u>	<u>\$ 506,146</u>	<u>\$ 447,610</u>	<u>\$ 176,149</u>	<u>\$ 203,066</u>	<u>\$ 841,272</u>
LIABILITIES						
Warrants payable.....	\$ 6,513	\$ 220,478	-	\$ 3,104	-	\$ 2,704
FUND BALANCES						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	<u>137,660</u>	<u>285,668</u>	<u>447,610</u>	<u>173,045</u>	<u>203,066</u>	<u>838,568</u>
TOTAL FUND BALANCES.....	<u>137,660</u>	<u>285,668</u>	<u>447,610</u>	<u>173,045</u>	<u>203,066</u>	<u>838,568</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	<u>\$ 144,173</u>	<u>\$ 506,146</u>	<u>\$ 447,610</u>	<u>\$ 176,149</u>	<u>\$ 203,066</u>	<u>\$ 841,272</u>

(Continued)

Special Revenue Funds			Capital Project Funds				
School Revolving	Receipts Reserved	Subtotal	Land and Improvements	Roadway Improvements	Machinery and Equipment	Ames Property	Subtotal
\$ 572,642	\$ 135,533	\$ 3,026,591	\$ 999,628	\$ 2,200,488	\$ 1,180,586	\$ 1,815,850	\$ 6,196,552
-	-	-	-	-	-	-	-
<u>\$ 572,642</u>	<u>\$ 135,533</u>	<u>\$ 3,026,591</u>	<u>\$ 999,628</u>	<u>\$ 2,200,488</u>	<u>\$ 1,180,586</u>	<u>\$ 1,815,850</u>	<u>\$ 6,196,552</u>
\$ 79,915	\$ -	\$ 312,714	\$ 5,498	\$ 9,714	\$ 98,509	\$ 1,354	\$ 115,075
-	-	-	-	-	-	-	-
<u>492,727</u>	<u>135,533</u>	<u>2,713,877</u>	<u>994,130</u>	<u>2,190,774</u>	<u>1,082,077</u>	<u>1,814,496</u>	<u>6,081,477</u>
<u>492,727</u>	<u>135,533</u>	<u>2,713,877</u>	<u>994,130</u>	<u>2,190,774</u>	<u>1,082,077</u>	<u>1,814,496</u>	<u>6,081,477</u>
<u>\$ 572,642</u>	<u>\$ 135,533</u>	<u>\$ 3,026,591</u>	<u>\$ 999,628</u>	<u>\$ 2,200,488</u>	<u>\$ 1,180,586</u>	<u>\$ 1,815,850</u>	<u>\$ 6,196,552</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2019

	Permanent Funds				Total Nonmajor Governmental Funds
	Cemetery Trust	Library Trust	Other Trust	Subtotal	
ASSETS					
Cash and cash equivalents.....	\$ 9,546	\$ 10,494	\$ 6,437	\$ 26,477	\$ 9,249,620
Investments.....	<u>724,176</u>	<u>796,038</u>	<u>488,385</u>	<u>2,008,599</u>	<u>2,008,599</u>
TOTAL ASSETS.....	\$ <u>733,722</u>	\$ <u>806,532</u>	\$ <u>494,822</u>	\$ <u>2,035,076</u>	\$ <u>11,258,219</u>
LIABILITIES					
Warrants payable.....	\$ -	\$ -	\$ -	\$ -	\$ 427,789
FUND BALANCES					
Nonspendable.....	508,525	202,244	83,346	794,115	794,115
Restricted.....	<u>225,197</u>	<u>604,288</u>	<u>411,476</u>	<u>1,240,961</u>	<u>10,036,315</u>
TOTAL FUND BALANCES.....	<u>733,722</u>	<u>806,532</u>	<u>494,822</u>	<u>2,035,076</u>	<u>10,830,430</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ <u>733,722</u>	\$ <u>806,532</u>	\$ <u>494,822</u>	\$ <u>2,035,076</u>	\$ <u>11,258,219</u>

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

YEAR ENDED JUNE 30, 2019

	Special Revenue Funds					
	Town Grants	School Grants	Town Gifts	School Gifts	School Lunch	Town Revolving
REVENUES:						
Intergovernmental - other.....	\$ 237,957	\$ 2,466,568	\$ -	\$ -	\$ 570,993	\$ 49,738
Departmental and other.....	175,306	141,057	185,875	-	859,461	371,696
Contributions and donations.....	-	-	90,371	72,777	-	28,893
Investment income.....	-	-	273	348	-	1,857
TOTAL REVENUES.....	413,263	2,607,625	276,519	73,125	1,430,454	452,184
EXPENDITURES:						
Current:						
General government.....	20,401	-	1,320,422	-	-	91,872
Public safety.....	70,373	-	-	-	-	41,614
Education.....	-	3,134,646	52,915	35,771	1,447,348	2,000
Public works.....	-	-	44,258	-	-	-
Health and human services.....	128,751	-	42,968	-	-	19,929
Culture and recreation.....	53,482	-	-	-	-	337,902
Debt service:						
Interest.....	-	-	-	-	-	-
TOTAL EXPENDITURES.....	273,007	3,134,646	1,460,563	35,771	1,447,348	493,317
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	140,256	(527,021)	(1,184,044)	37,354	(16,894)	(41,133)
OTHER FINANCING SOURCES (USES):						
Issuance of bonds.....	-	-	-	-	-	-
Premium from issuance of bonds.....	-	-	-	-	-	-
Transfers in.....	-	-	63,884	-	-	13,010
Transfers out.....	(13,010)	-	-	-	-	(78,884)
TOTAL OTHER FINANCING SOURCES (USES).....	(13,010)	-	63,884	-	-	(65,874)
NET CHANGE IN FUND BALANCES.....	127,246	(527,021)	(1,120,160)	37,354	(16,894)	(107,007)
FUND BALANCES AT BEGINNING OF YEAR.....	10,414	812,689	1,567,770	135,691	219,960	945,575
FUND BALANCES AT END OF YEAR.....	\$ 137,660	\$ 285,668	\$ 447,610	\$ 173,045	\$ 203,066	\$ 838,568

(Continued)

Special Revenue Funds			Capital Project Funds				
School Revolving	Receipts Reserved	Subtotal	Land and Improvements	Roadway Improvements	Machinery and Equipment	Ames Property	Subtotal
\$ -	\$ -	\$ 3,325,256	\$ -	\$ 833,719	\$ -	\$ -	\$ 833,719
1,436,989	3,224	3,173,608	-	-	-	-	-
-	-	192,041	-	-	-	-	-
-	-	2,478	-	-	-	-	-
<u>1,436,989</u>	<u>3,224</u>	<u>6,693,383</u>	<u>-</u>	<u>833,719</u>	<u>-</u>	<u>-</u>	<u>833,719</u>
-	11,799	1,444,494	282,835	-	243,036	844,168	1,370,039
-	-	111,987	-	-	448,481	-	448,481
1,887,643	-	6,560,323	-	-	334,791	-	334,791
-	-	44,258	-	2,196,237	256,817	-	2,453,054
-	-	191,648	-	-	-	-	-
-	-	391,384	-	-	37,300	-	37,300
-	-	-	-	-	-	8,235	8,235
<u>1,887,643</u>	<u>11,799</u>	<u>8,744,094</u>	<u>282,835</u>	<u>2,196,237</u>	<u>1,320,425</u>	<u>852,403</u>	<u>4,651,900</u>
<u>(450,654)</u>	<u>(8,575)</u>	<u>(2,050,711)</u>	<u>(282,835)</u>	<u>(1,362,518)</u>	<u>(1,320,425)</u>	<u>(852,403)</u>	<u>(3,818,181)</u>
-	-	-	-	1,200,000	550,000	800,000	2,550,000
-	-	-	-	125,895	51,145	85,381	262,421
-	-	76,894	479,213	198,715	1,072,096	-	1,750,024
-	-	(91,894)	(10,618)	(41,481)	(2,106)	-	(54,205)
-	-	(15,000)	468,595	1,483,129	1,671,135	885,381	4,508,240
(450,654)	(8,575)	(2,065,711)	185,760	120,611	350,710	32,978	690,059
<u>943,381</u>	<u>144,108</u>	<u>4,779,588</u>	<u>808,370</u>	<u>2,070,163</u>	<u>731,367</u>	<u>1,781,518</u>	<u>5,391,418</u>
<u>\$ 492,727</u>	<u>\$ 135,533</u>	<u>\$ 2,713,877</u>	<u>\$ 994,130</u>	<u>\$ 2,190,774</u>	<u>\$ 1,082,077</u>	<u>\$ 1,814,496</u>	<u>\$ 6,081,477</u>

(Continued)

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

YEAR ENDED JUNE 30, 2019

	Permanent Funds				Total Nonmajor Governmental Funds
	Cemetery Trust	Library Trust	Other Trust	Subtotal	
REVENUES:					
Intergovernmental - other.....	\$ -	\$ -	\$ -	\$ -	\$ 4,158,975
Departmental and other.....	-	-	-	-	3,173,608
Contributions and donations.....	21,650	-	10,129	31,779	223,820
Investment income.....	43,253	50,411	31,369	125,033	127,511
TOTAL REVENUES.....	64,903	50,411	41,498	156,812	7,683,914
EXPENDITURES:					
Current:					
General government.....	-	-	-	-	2,814,533
Public safety.....	-	-	10,444	10,444	570,912
Education.....	-	-	60	60	6,895,174
Public works.....	-	-	40	40	2,497,352
Health and human services.....	-	-	-	-	191,648
Culture and recreation.....	-	61,749	-	61,749	490,433
Debt service:					
Interest.....	-	-	-	-	8,235
TOTAL EXPENDITURES.....	-	61,749	10,544	72,293	13,468,287
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	64,903	(11,338)	30,954	84,519	(5,784,373)
OTHER FINANCING SOURCES (USES):					
Issuance of bonds.....	-	-	-	-	2,550,000
Premium from issuance of bonds.....	-	-	-	-	262,421
Transfers in.....	-	-	-	-	1,826,918
Transfers out.....	-	-	-	-	(146,099)
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	-	-	4,493,240
NET CHANGE IN FUND BALANCES.....	64,903	(11,338)	30,954	84,519	(1,291,133)
FUND BALANCES AT BEGINNING OF YEAR.....	668,819	817,870	463,868	1,950,557	12,121,563
FUND BALANCES AT END OF YEAR.....	\$ 733,722	\$ 806,532	\$ 494,822	\$ 2,035,076	\$ 10,830,430

(Concluded)

Fiduciary Funds

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

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2019

	June 30, 2018	Additions	Deletions	June 30, 2019
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 913,438	\$ 2,797,791	\$ (3,228,178)	\$ 483,051
Receivables, net of uncollectibles:				
Departmental and other.....	245,485	229,561	(237,315)	237,731
TOTAL ASSETS.....	\$ 1,158,923	\$ 3,027,352	\$ (3,465,493)	\$ 720,782
LIABILITIES				
Warrants payable.....	\$ 1,627	\$ -	\$ (972)	\$ 655
Liabilities due depositors.....	1,157,296	3,027,352	(3,464,521)	720,127
TOTAL LIABILITIES.....	\$ 1,158,923	\$ 3,027,352	\$ (3,465,493)	\$ 720,782