

# **TOWN OF DEDHAM, MASSACHUSETTS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



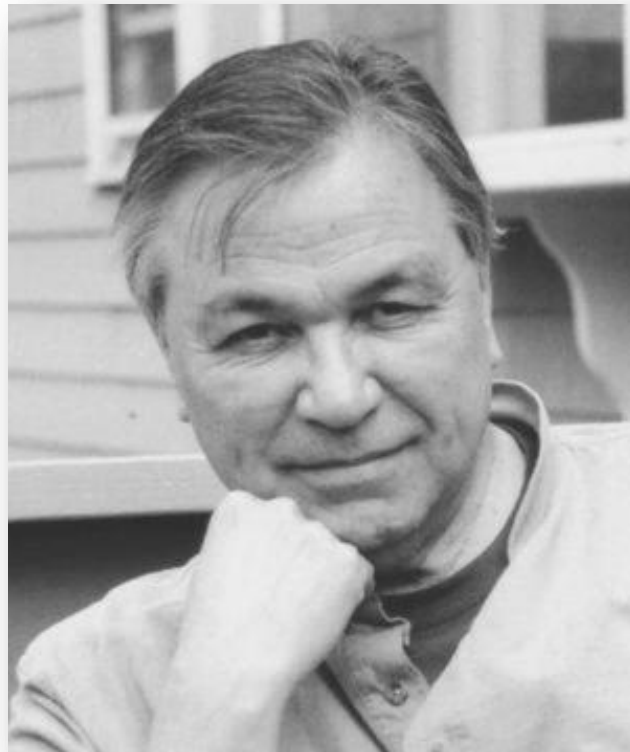
For the Fiscal Year Ended June 30, 2012

**On the cover:** The Endicott Estate is a mansion built in the nineteenth century located in the Town of Dedham. Situated on 15 acres of rolling lawns, surrounded by century old elm, spruce and weeping willow trees, the twenty- five room estate boasts eleven fireplaces, and provides a charm and elegance rarely found today.

Built in 1904 by Henry Bradford Endicott, the estate remained in the Endicott family until 1967 when it was willed to the Town of Dedham, upon the death of Endicott's daughter Katherine.

The estate is now used for many educational, civic and recreational activities ranging from wedding receptions to car shows, to business meetings and summer concerts.

An architectural gem, the estate has the distinction of being listed in the National Registry of Historic Places.



Robin Reyes

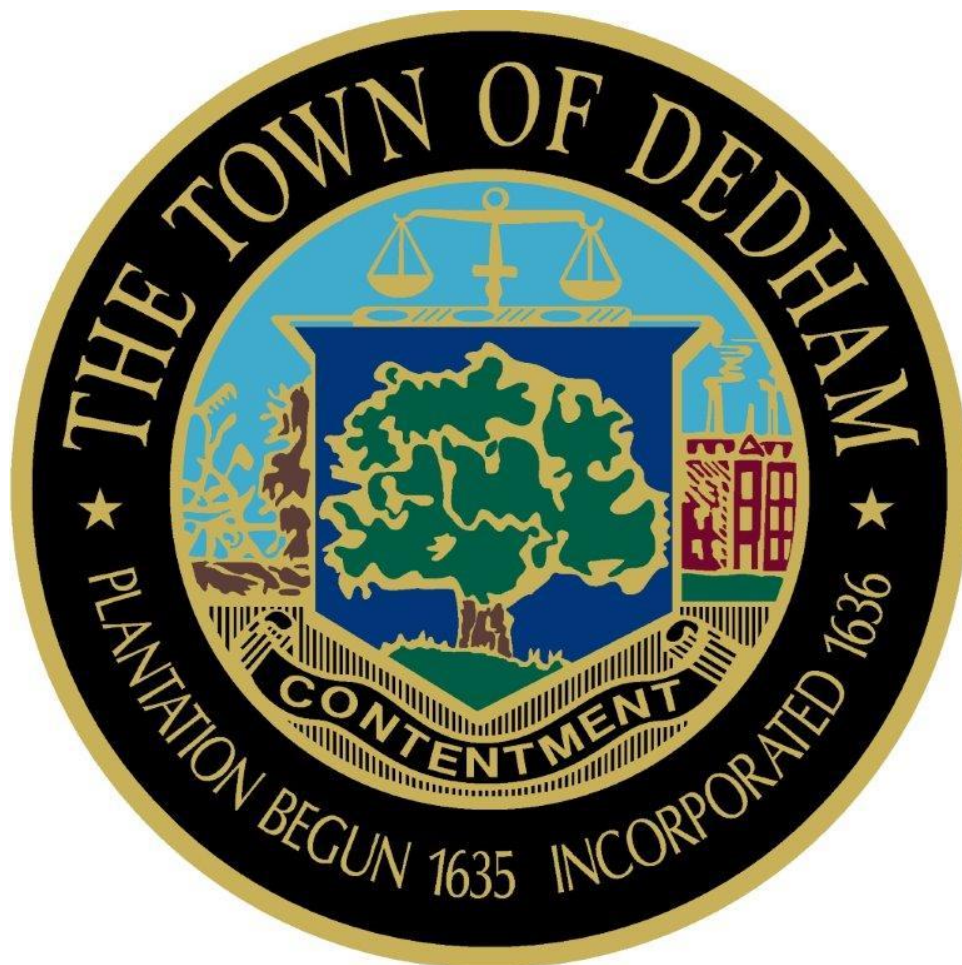
May 31, 1941 – October 13, 2012

**Above:** The Town of Dedham's first Comprehensive Annual Financial Report is dedicated to the memory of Robin Reyes, the Town's Treasurer/Collector who also served as a member of the Board of Selectmen and Finance Committee and delivered 23 years of honest dedicated service to the citizens of the Town of Dedham. We are forever grateful for your service.

**TOWN OF DEDHAM, MASSACHUSETTS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2012

William Keegan, Town Administrator



*Prepared by the Finance Department  
Mariellen Murphy, Director of Finance*



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**TOWN OF DEDHAM, MASSACHUSETTS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED JUNE 30, 2012**

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# INTRODUCTORY SECTION



The Avery Elementary School which was occupied in April 2012 is one of two major school projects undertaken by the Town over the past 8 years. Together with the Dedham Middle School, total construction costs on these schools exceeded \$40 million as the Town has taken advantage of the Massachusetts School Business Administration construction reimbursement program. Over 50% of total costs will be reimbursed to the Town over the duration of the project as part of this program.





Michael L. Butler, Chairman  
James A. MacDonald, Vice Chairman  
Carmen E. Dellolacono  
Sarah E. MacDonald  
Paul A. Reynolds

William G. Keegan, Jr.  
Town Administrator

Nancy A. Baker  
Asst. Town Administrator



**TOWN OF DEDHAM**  
Board of Selectmen

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## Letter of Transmittal

May 3, 2013

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

I am pleased to acknowledge that the Town of Dedham has completed its inaugural installment of the *Comprehensive Annual Financial Report (CAFR)*. The report is for the fiscal year ended June 30, 2012, and I am confident this transmission will be the beginning of what will be an annual endeavor.

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

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

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

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

The Town of Dedham's financial statements have been audited by Roselli, Clark and Associates, a firm of licensed certified public accountants. The goal of the independent audit is, to on an annual basis, provide reasonable assurance that the financial statements of the Town of Dedham are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Dedham's financial statements for the fiscal year ended June 30, 2012 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

### **Profile of the Town**

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

On January 1, 1643, the Town authorized the first tax-payer funded school in America. This was considered "the seed of American education".

The Town is located in Norfolk County, Massachusetts on a total area of 10.6 square miles of which 10.4 square miles is land and 0.2 square miles is water. It borders Boston on the northeast, Needham on the northwest, Westwood on the southwest and Canton on the southeast. It is within close proximity to Routes 128, 1, 93 and 95 and interstate 109. The population at the 2010 census was 24,729.



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

Dedham's close proximity to Boston also places it within a reasonable distance from Logan International Airport, the largest transportation center in New England.

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

Dedham prides itself on the quality of its school system. As discussed previously, the Town is known for the implementation of the first tax supported free public school system which is now the national standard.

There are seven Town administered schools in Dedham;

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

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

The new Dedham Middle School was completed in 2007 and the new Avery Elementary School was occupied in April 2012. In addition, the Town has made renovations to the High School and other schools. Total construction costs since 2003 have exceeded \$60 million for which a substantial portion has been received in the form of a grant from the Commonwealth of Massachusetts.

The mission of the Dedham Public Schools, in partnership with the community, is "to promote excellence in learning, self-discipline, and motivation."

In 2012, the Dedham High School was ranked as the 42<sup>nd</sup> best School in Massachusetts by US News College Compass. This is exemplary of the pride that Dedham places in educating its students.

The Town operates under the Selectmen, Town Administrator and Representative Town Meeting form of government. The five elected Selectmen make policy decisions and the Town Administrator is responsible for carrying out the policies of the Selectmen and for managing the day to day operations of the Town.

An elected, seven-member School Committee appoints a School Superintendent who administers the public school system of the Town. School committee members are elected to three-year terms.

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

### **Factors Affecting Economic Condition**

Dedham is a residential community with significant commercial development, primarily along US Route 1 and State Route 1A. The Town center remains a vibrant hub for small businesses with a significant \$6.1 million dollar public infrastructure investment in the downtown scheduled to be completed in 2013. The intent and goal of the project is the immediate creation of jobs, small business growth and increased tax revenues. The Commonwealth of Massachusetts recognized the merits of the project with the award of a \$1.7 million grant to the Town for the project. On the basis of fiscal 2012 assessed valuations, approximately 79.1% of the Town's property is residential, 16.7% is commercial, 1.0% is industrial and 3.2% is personal property.

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

Approximately 954 businesses are located in the Town. The business base is quite diverse and spread over 9 major industry types. Dedham has also become a regional retail destination with development ranging from big box retail, traditional malls to the latest iteration in retail development, the lifestyle center.

The past decade has been one of aggressive economic development growth in Town. During this period, the Town has issued nearly 12,000 building permits that have generated over \$1 billion in assessed tax valuation. The Town also adopted the local meals excise option in 2010 and increased the hotel/motel excise by two percent with these revenues dedicated to a stabilization fund for capital facilities. Through June 30, 2012 the hotel/motel and meals excise have generated \$2,575,630.

The major developments that have emerged over this period are:

**Legacy Place** is a 675,000 square foot "lifestyle" shopping center featuring national retail stores, dining and entertainment anchored by a major cinema complex and high end grocer with an assessed valuation of \$105 million. The center offers a unique mix of retailers, restaurants and entertainment that have established it as a regional destination. It is within walking distance of the commuter rail and adjacent upscale apartments with multi modal public transportation access for the approximately 1,000 employee base. This is arguably the crown jewel of Dedham with respect to recent developments.

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

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

**Dedham at Jefferson Station** are upscale one and two bedroom luxury unit apartments. Located very close to commuter rail access into Boston and a three minute walk to Legacy Place, the units provide an attractive living arrangement for the upscale professional crowd. This was completed in 2009 with 300 residential units and an assessed valuation of over \$40 million.

**Station 250** is a second large upscale apartment complex with 285 units also adjacent to Legacy Place. This development and the neighboring Jefferson Station have consistently had very low vacancy rates and are typically 95% leased on average. This property has an assessed valuation of over \$40 million.

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

The Town has identified medical office space/outpatient facilities as a key growth area that features higher wage earning employment. Dedham is attractive as a satellite location, close to Boston, but with greater transportation ease and access outside of the City. The new Shields Medical Center is an outpatient facility with 60% leased to New England Baptist Hospital. The building has 66,000 square feet of new construction and will have approximately 90 employees when completed in June 2013. Already completed is 910 Washington Street, a 21,000 square feet medical office complex with 60 employees.

A significant new growth sector in development has emerged with seven mixed use buildings either completed or under construction currently. In the Dedham square area, three new mixed use buildings have added to the business/residential base. At 420 Washington Street, the fully leased building has four commercial first floor tenants in 10,314 square feet with two floors of 26 residential units above. All the buildings are 100% leased and a fourth is in construction phase now with 27 units planned above street level commercial space. The three completed projects have a combined assessed value of over \$7 million.

In addition, the Town continues to be very active on the development front and is currently evaluating the Keystone lot, an underutilized public lot in the downtown area. The following is an excerpt from the Town's study of this parcel.

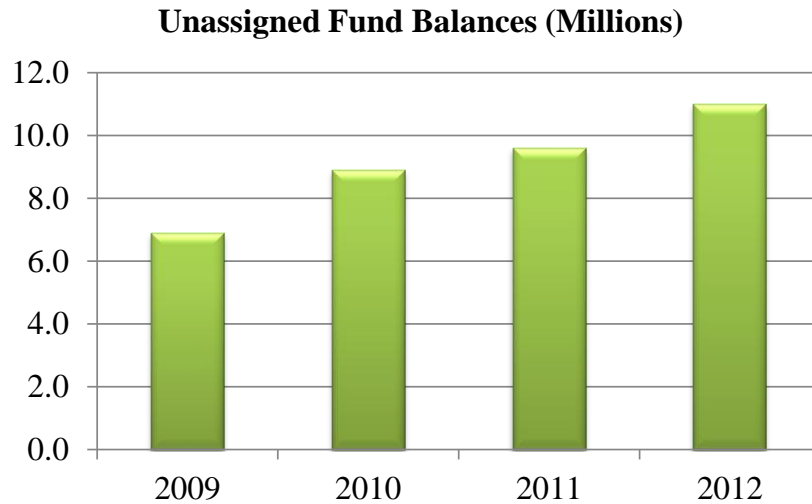
*"The Keystone lot plays an important role in the future of the downtown. It is the single largest underutilized parcel in the downtown, occupying an entire block strategically located between Route 1 and the core of the business district. Given its size and location, this property represents a physical and visual gateway into the downtown for vehicles traveling along Route 1. The potential redevelopment of this parcel would provide an opportunity to complete what is now an unfinished edge of the commercial district and to bring complementary uses and activities that would contribute to the economic base of the downtown."*

The Town leaders recognize the importance of maintaining a stable tax situation for its residents. Development on the commercial side helps accomplish this goal and the Town continues to seek out the means to maintain vigilance in this area.

**Property Taxes** The growth of the Town's main source of revenues, property taxes, is capped by Proposition 2 ½ and can only be overridden through a ballot by the voters. While revenue increases have been limited in recent years, fixed costs, including health insurance and pension costs, have increased

more proportionally. As a result, balancing the annual budget is a challenge without an appropriation from free cash. The Town attempts to mitigate this impact by conservatively forecasting revenues thus creating free cash in the subsequent year. By doing so, the Town maintains a consistent level of reserves from year to year.

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



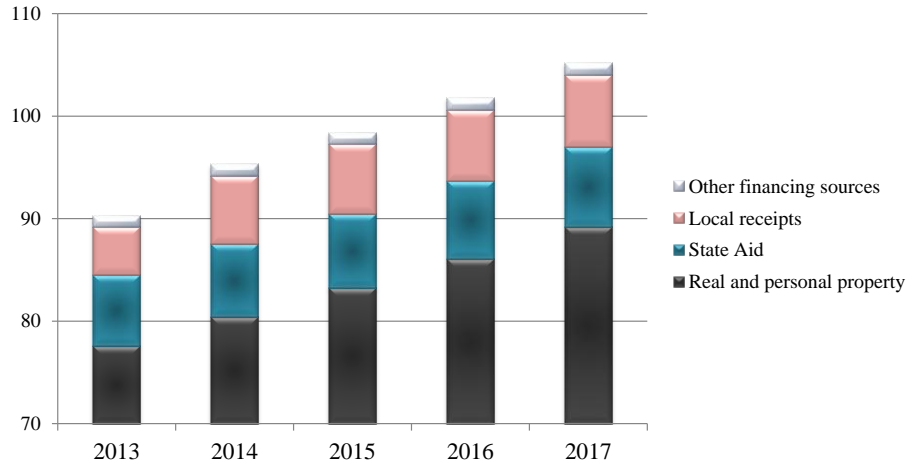
**Long-term Financial Planning**

Beginning in 2009, the Town implemented a policy of preparing rolling five-year projections. The Town believes this will provide better insight when preparing annual budgets and will also alert the Town to any potential budgeting issues far ahead of when these situations become real issues.

The following represents the Town’s five year revenue projections:

	2013	2014	2015	2016	2017
Real and personal property	\$ 77,636,268	\$ 80,372,946	\$ 83,206,093	\$ 86,139,108	\$ 89,175,511
Local aid (governmental)	6,910,124	7,131,248	7,359,448	7,594,950	7,837,989
Local receipts	4,700,000	6,699,000	6,799,485	6,901,477	7,004,999
Indirect costs	1,075,725	1,110,148	1,145,673	1,182,334	1,220,169
<b>Total sources</b>	<b><u>\$ 90,322,117</u></b>	<b><u>\$ 95,313,343</u></b>	<b><u>\$ 98,510,699</u></b>	<b><u>\$ 101,817,870</u></b>	<b><u>\$ 105,238,668</u></b>

Graphically by fiscal year in millions:



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

### Capital Improvements

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

- Streets, sidewalks and sewer infrastructure; funded principally through the Massachusetts Highway Department Chapter 90 program, MWRA and MWPAT notes, and bond issuances over \$35 million.
- Upgrades to educational facilities including construction of the Dedham Middle School and Avery Elementary School over \$60 million. These were funded principally through bond issuances and MSBA reimbursements.
- Energy efficiency improvements to public buildings over \$14 million.
- Various other improvements and additions of equipment regarding public safety and culture and recreation over \$11 million.

### Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting. This is a very prestigious award and in order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

A handwritten signature in black ink that reads "William Keegan". The signature is written in a cursive style with a large initial 'W'.

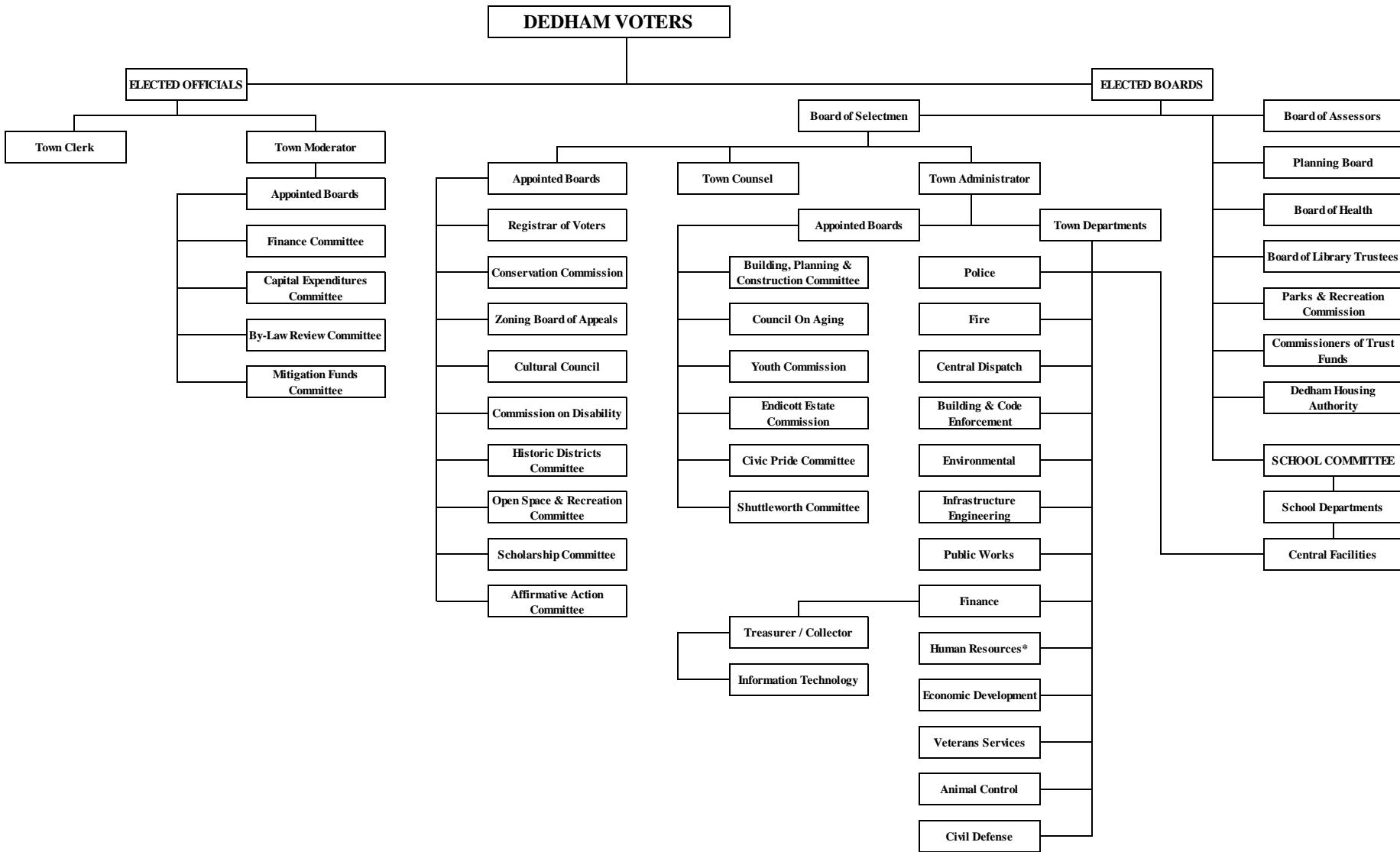
William Keegan  
Town Administrator

A handwritten signature in black ink that reads "Mariellen Murphy". The signature is written in a cursive style with a large initial 'M'.

Mariellen Murphy  
Finance Director



# ORGANIZATION CHART



\* Pending Town Meeting approval

**PRINCIPAL TOWN OFFICIALS**  
**As of June 30, 2012**

Elected Officials

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

Appointed Finance Committee (By Moderator)

Finance Committee	David Martin, Chairperson William A. Podolski, Vice Chairperson Laura Timmins Russell Stamm Maureen Hanlon Derek Moulton John Heffernan William McKinney Susan Carney
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Principal Executive Officers

Town Administrator	William Keegan
Finance Director	Mariellen Murphy
Superintendent of Schools	June M. Doe
Treasurer/Collector	Robin Reyes

# FINANCIAL SECTION



Legacy Place is an open-air shopping, dining and entertainment destination located in the Town of Dedham.

With an assessed valuation of over \$105 million, it is the largest taxpayer in Dedham and its existence exemplifies the attractiveness of Dedham to commercial interests alike as Dedham continues to be one of the most attractive commercial destinations in Massachusetts.







## INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Board of Selectmen  
Town of Dedham, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Dedham, Massachusetts, (the Town) as of and for the year ended June 30, 2012 which collectively comprise the Town's basic financial statements as listed in the table of contents, (except for the Pension Trust Fund which is as of December 31, 2011). These financial statements are the responsibility of the management of the Town. Our responsibility is to express an opinion on these basic financial statements based on our audit.

As discussed in Note V, the Town restated its 2011 basic financial statements to more accurately reflect the classification of stabilization fund arrangements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town as of June 30, 2012, (except for the Town of Dedham Contributory Retirement System, which is as of December 31, 2011) and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2013 on our consideration of the Town's 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the funding and contribution progress for pension benefits and other post-employment benefits and budgetary comparison information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be

an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements taken as a whole. The introductory section, combining and individual Nonmajor fund financial statements, and statistical section as listed in the table of contents, are presented for the purpose of supplementary analysis and are not a required part of the financial statements of the Town. The combining and individual Nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.



Roselli, Clark & Associates  
Certified Public Accountants  
May 3, 2013

# **Management's Discussion and Analysis**



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the Town, we offer readers of the accompanying financial statements this narrative overview and analysis of the financial activities of the Town and its component units for the fiscal year ended June 30, 2012.

### Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by approximately \$110.9 million (*total net assets*).
- The government's total net assets increased by approximately \$15.6 million (16.3%). The governmental activities increased governmental activities net assets by approximately \$ 12.9 million (16.9%) while the business - type activities increased business – type net assets by approximately \$2.7 million (14.1%).
- The Town's Unassigned Fund Balance reported in the General Fund was approximately \$11.0 million (12.2% of General Fund expenditures). Total Fund Balance in the General Fund was approximately \$18.0 million (19.9% of General Fund expenditures). The Town reported a Deficit Fund Balance of approximately \$0.5 million in the School Construction Fund which has been classified as unassigned and reported Total Fund Balances of approximately \$6.9 million in the Combined Nonmajor Governmental Funds. Approximately \$0.8 million is classified as nonspendable with the remainder \$6.1 million classified as restricted.
- The Town's total debt decreased by approximately \$0.5 million during the fiscal year. Detail of this net decrease are illustrated as follows:

Regular Scheduled Maturities:	
Governmental Activities	\$ (6,236,728)
Business-Type Activities	(563,080)
Issuance of debt	
Governmental Activities	6,295,000
	<u>\$ (504,808)</u>

### Overview of the Financial Statements

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

**Government-wide Financial Statements** – The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving

rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

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

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

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

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

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

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

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

The Town maintains 17 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and School Construction Fund which are considered to be

major funds. Data from the other 15 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these Nonmajor governmental funds is provided in the form of combining statements.

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

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

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

The Town maintains three fiduciary funds:

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

The Other Post-Employment Benefits Trust Fund is used to accumulate funds for future payments of other post-employment benefits for retirees such as health and life insurance.

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

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

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

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the Town, assets exceeded liabilities by approximately \$110.9 million at the close of the most recent fiscal year.

Condensed net asset data is presented as follows:

	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total</b>	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
<b><u>Assets</u></b>						
Current and other assets	\$ 36,743,422	\$ 38,302,678	\$ 11,174,377	\$ 10,689,218	\$ 47,917,799	\$ 48,991,896
Capital assets, net	124,432,389	109,400,279	14,090,058	12,366,860	138,522,447	121,767,139
<b>Total Assets</b>	<b>161,175,811</b>	<b>147,702,957</b>	<b>25,264,435</b>	<b>23,056,078</b>	<b>186,440,246</b>	<b>170,759,035</b>
<b><u>Liabilities</u></b>						
Long-term liabilities	65,510,953	63,606,446	3,381,500	3,944,580	68,892,453	67,551,026
Other liabilities	6,615,446	7,898,384	74,901	10,560	6,690,347	7,908,944
<b>Total Liabilities</b>	<b>72,126,399</b>	<b>71,504,830</b>	<b>3,456,401</b>	<b>3,955,140</b>	<b>75,582,800</b>	<b>75,459,970</b>
<b><u>Net Assets</u></b>						
Invested in capital assets, net of related debt	70,945,301	55,971,463	11,061,349	8,831,269	82,006,650	64,802,732
Restricted	6,908,583	13,163,551	-	-	6,908,583	13,163,551
Unrestricted	11,195,528	7,063,113	10,746,685	10,269,669	21,942,213	17,332,782
<b>Total Net Assets</b>	<b>\$ 89,049,412</b>	<b>\$ 76,198,127</b>	<b>\$ 21,808,034</b>	<b>\$ 19,100,938</b>	<b>\$ 110,857,446</b>	<b>\$ 95,299,065</b>

By far, the largest portion (approximately \$82.0 million) of the Town's net assets reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment), less any related debt (netted down by those amounts expected to be reimbursed by the Commonwealth) used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, approximately \$6.9 million, of the Town's net assets represents resources that are subject to external restriction on how they may be used.

The remaining net asset balance consists of *unrestricted net assets* of approximately \$21.9 million. This is allocated approximately \$11.2 million to governmental activities, and approximately \$10.7 million to business-type activities. They are available for spending at the Town's discretion.

Condensed change in net asset data is presented as follows:

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
<b><u>Revenues</u></b>						
Program revenues:						
Charges for services	\$ 4,906,322	\$ 4,941,583	\$ 8,409,004	\$ 7,476,467	\$ 13,315,326	\$ 12,418,050
Operating grants and contributions	15,443,557	14,807,668	-	-	15,443,557	14,807,668
Capital grants and contributions	7,200,151	5,108,943	38,227	52,146	7,238,378	5,161,089
General revenues:						
Property taxes	72,965,354	69,653,675	-	-	72,965,354	69,653,675
Motor vehicle excise and other taxes	4,449,942	4,543,269	-	-	4,449,942	4,543,269
Other	3,723,482	3,840,257	11	-	3,723,493	3,840,257
<b>Total Revenues</b>	<b>108,688,808</b>	<b>102,895,395</b>	<b>8,447,242</b>	<b>7,528,613</b>	<b>117,136,050</b>	<b>110,424,008</b>
<b><u>Expenses</u></b>						
General government	7,144,072	7,187,256	-	-	7,144,072	7,187,256
Public safety	16,505,620	17,524,157	-	-	16,505,620	17,524,157
Education	57,609,327	53,013,845	-	-	57,609,327	53,013,845
Public works	8,640,310	10,352,050	-	-	8,640,310	10,352,050
Human services	1,293,813	1,300,046	-	-	1,293,813	1,300,046
Culture and recreation	3,216,271	4,391,573	-	-	3,216,271	4,391,573
Debt service	1,858,222	1,555,138	-	-	1,858,222	1,555,138
Sewer	-	-	5,310,034	5,645,902	5,310,034	5,645,902
<b>Total Expenses</b>	<b>96,267,635</b>	<b>95,324,065</b>	<b>5,310,034</b>	<b>5,645,902</b>	<b>101,577,669</b>	<b>100,969,967</b>
Excess (deficiency) in net assets before transfers	12,421,173	7,571,330	3,137,208	1,882,711	15,558,381	9,454,041
<b>Transfers</b>	<b>430,112</b>	<b>278,207</b>	<b>(430,112)</b>	<b>(278,207)</b>	<b>-</b>	<b>-</b>
Change in net assets	12,851,285	7,849,537	2,707,096	1,604,504	15,558,381	9,454,041
Net assets, beginning of year	76,198,127	68,348,590	19,100,938	17,496,434	95,299,065	85,845,024
Net assets, end of year	\$ 89,049,412	\$ 76,198,127	\$ 21,808,034	\$ 19,100,938	\$ 110,857,446	\$ 95,299,065

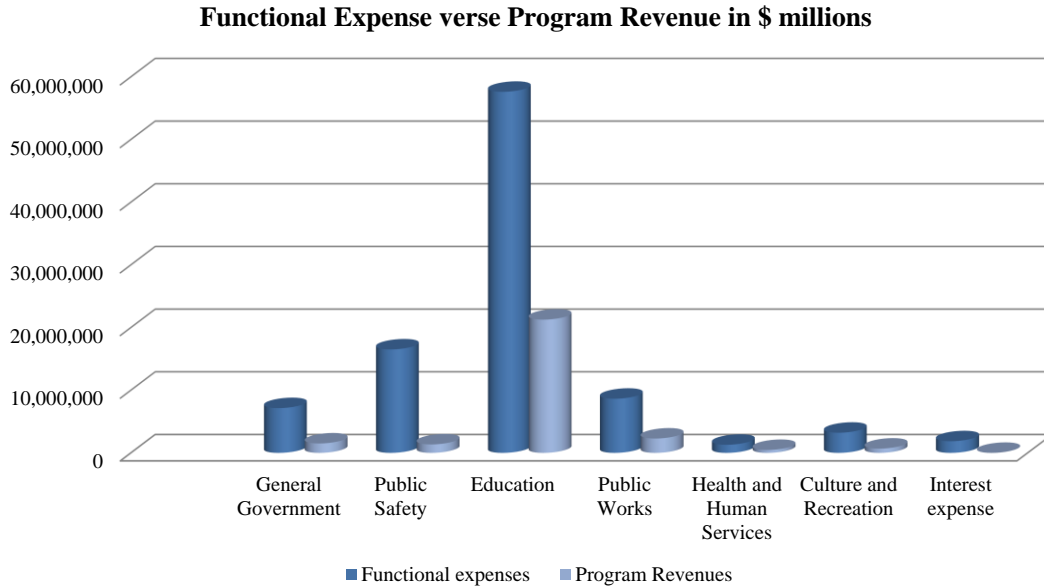
**Governmental Activities** – The governmental activities increased net assets by approximately \$12.9 million while the business-type activities increased net assets by approximately \$2.7 million.

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

Massachusetts School Building Authority reimbursements		\$ 4,538,614
Provision for other post employment benefits		(1,648,021)
Depreciation		(5,074,284)
Revenues exceeding forecasts		2,523,149
Favorable actual expenses as compared to budget		1,768,573
Revenues used for fixed asset additions (not offset by expenses)	20,106,394	
Less: Bond proceeds	(3,870,000)	
Massachusetts School Building Authority reimbursements	(4,538,614)	11,697,780
Other net minor items		(954,526)
		<u>\$ 12,851,285</u>

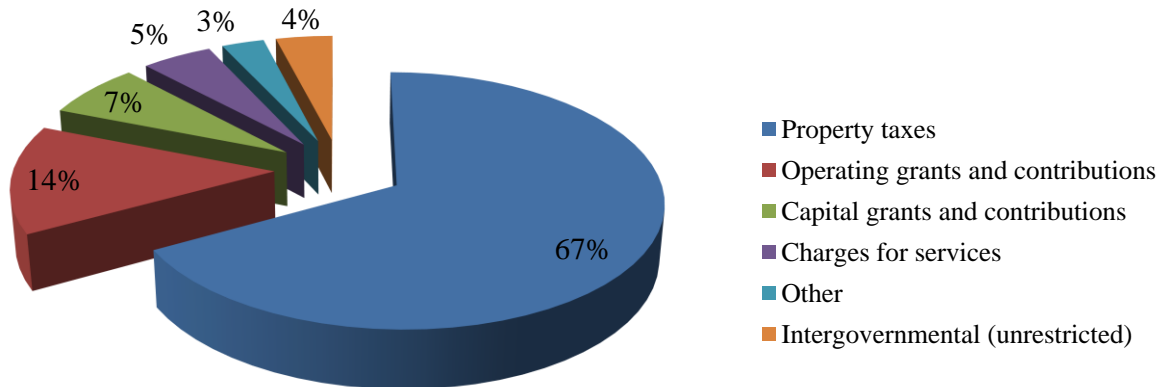
Net assets of the business-type activities increased primarily due to an increase in user rates, increased consumption and intergovernmental subsidies of capital items.

### Governmental Activities Comparison



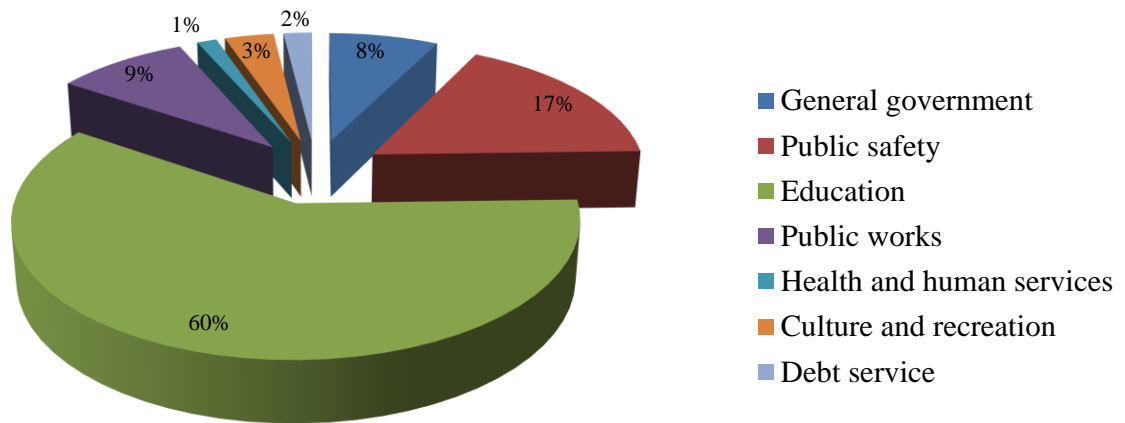
Major revenue sources of governmental activities consist of revenue from; (1) Operating grants which comprised approximately 14.2% of the total governmental activity revenues; consistent with the prior year of 14.4%. and (2) Property taxes which represented 67.1% of total revenues, down slightly from 67.7% in the prior year. No other revenue sources exceeded 10% of total revenues in either fiscal 2012 or 2011.

### Revenues



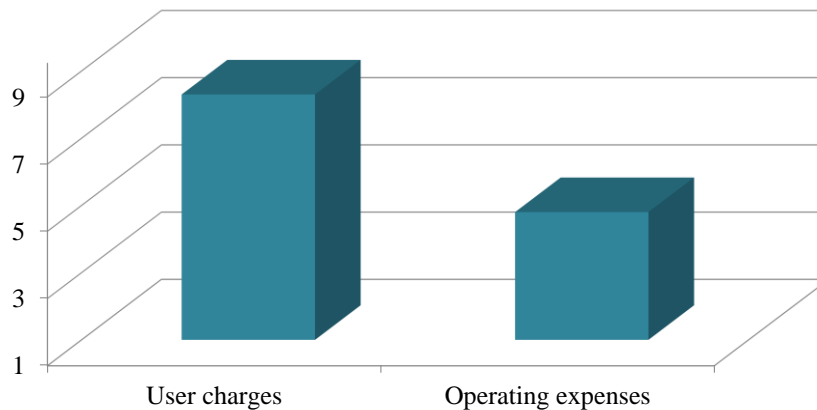
Educational expenses continues to be an area in which the Town devotes substantial resources. The Town devoted 59.8% of its total disbursements to education up from 55.6% in the prior year. The increase, representing approximately \$4.6 million was primarily due to an increase in the school population and the need to meet the State mandated per pupil cost requirements. Public Safety expenses represented 17.1% of total expenses, down slightly from 18.4% in the prior year as operations were mainly consistent from year to year and approximated budget. No other expenses represented greater than 10.0% of total expenses in either fiscal 2012 and 2011.

## Expenses



**Business-type Activities** – Business-type activities increased the Town’s net assets by approximately \$2.7 million. This was a result of the Town discovering meters that were previously not being billed and an increase in consumption due to seasonal activity being more positive than expected. In addition the Town continues to budget expenses conservatively and funds many capital items with user charges which are classified as fixed assets.

## Enterprise Fund



**Fund-wide Financial Analysis of the Government’s Funds**

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

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

As of the close of the current fiscal year, the Town’s governmental funds balance sheet reported a combined ending fund balance of approximately \$24.4 million.

Unassigned fund balance in the general fund was approximately \$11.0 million or 12.2% of general fund expenditures. This is available for spending at the government’s discretion. Restricted fund balance of the general fund was approximately \$0.9 million. These represent an amount that accumulated from bond premiums and is restricted for future debt service. Assigned fund balance, as a result of encumbrances and subsequent budget appropriations approximated \$3.1 million and committed fund balances made up primarily of a capital stabilization fund approximated \$3.0 million to bring total fund balance in the general fund to approximately \$18.0 million or 19.9% of general fund expenditures.

This increased by approximately \$3.7 million over the prior year due primarily to the following:

Other revenues exceeding forecast	2,523,149
Favorable actual expenditures as compared to budget	1,768,573
Other net minor items	(611,026)
	<u>\$ 3,680,696</u>

This was after factoring in the impact of a prior period adjustment to reflect the Mitigation Stabilization fund as unassigned general fund rather than as a trust fund, and to reflect the Capital Facilities Trust Fund as a committed fund in the general fund rather than as a trust fund. The total impact of this prior period restatement was approximately \$2.6 million. (See Note V for more details)

The School Construction Fund has a deficit fund balance of approximately \$0.5 million. In the current year, the activity reflected approximately \$4.5 million in reimbursements from the Commonwealth of Massachusetts for eligible school construction costs and \$12.0 million of expenditures related to school construction. In addition, the Town issued bonds in the amount of approximately \$3.9 million to fund a portion of the Town’s share of the school construction. Total activity resulted in a decrease to fund balance of approximately \$3.1 million.

The remainder of governmental fund balances are included as Combined Nonmajor Fund Balances and are classified as either (1) non-spendable, due to being the corpus of an endowment for the cemetery in the amount of approximately \$0.8 million; and (2) restricted due to constraints placed externally by third-parties in the amount of approximately \$6.1 million. Fund balances in these funds decreased by approximately \$0.3 million as sources and expenditures approximated one another. This was after factoring in the impact of a prior period adjustment discussed previously.

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



**Fiduciary Fund** – The Town’s fiduciary fund is comprised primarily of the Town’s Pension Trust Fund whose net assets are approximately \$84.6 million. These assets are used strictly to pay retiree pensions and annuities and may not be used for Town operating purposes.

For the year ended December 31, 2011 the net assets decreased by approximately \$2.0 million due primarily to market conditions. The unfunded pension liability is approximately 79% funded as of the latest actuarial valuation.

In addition to the Town’s Pension Trust Fund, the Town has also established an Other Post-Employment Benefits Trust Fund (OPEB) to accumulate funds for future payments of other post-employment benefits for retirees such as health and life insurance. The fund currently has \$3.3 million, an increase of \$0.7 million over the prior year as the Town continued to fund a portion of the unfunded liability. The unfunded OPEB liability is approximately 4.1% funded as of the latest actuarial valuation.

The Private Purpose Trust Funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. These funds are used for educational scholarships and needy citizen benefit funds. The funds currently have approximately \$0.6 million as operations were mainly flat for the year.

### **General Fund Budgetary Highlights**

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

- Approximately \$0.4 million in increases allocated to general government.
- Approximately \$0.9 million in increases allocated to debt service.
- Approximately \$0.2 million in increases to all other minor areas in aggregate.

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

Major budget to actual differences on the revenue side included licenses and permits, which exceeded budget by approximately \$0.4 million, motor vehicle excise collections which exceeded budget by approximately \$0.9 million and property taxes which exceeded budget by \$0.3 million. On the expenditure side, costs were spread across line items and resulted in favorable results as compared to budget of approximately \$1.8 million.

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

### **Capital Asset and Debt Administration**

**Capital Assets** – The Town’s investment in capital assets for its governmental and business type activities as of June 30, 2012 amounts to approximately \$138.5 million (net of accumulated depreciation) an increase from the previous year’s balance of approximately \$16.8 million. This investment in capital assets includes land, buildings and improvements, infrastructure, machinery, equipment, and software.

The total increase is due to capital investments exceeding depreciation for the year and the largest addition is related to school construction of an elementary school.

The Town has in recent years undergone major renovations and building of its educational facilities. Final completed costs will exceed \$40 million. Under pertinent Massachusetts General School Construction regulations the Town is allowed to recoup a percentage of eligible construction costs. In addition, over the past decade, the Town has invested an additional \$80 million in capital assets including energy efficiency facilities, road and sidewalk improvements and sewer mains and infrastructure.

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

**Long-term Debt** – At the end of the current fiscal year, the Town had total debt outstanding of approximately \$56.9 million. The entire amount comprises debt backed by the full faith and credit of the government. The Town’s total debt decreased by approximately \$0.5 million during the fiscal year due to:

Regular Scheduled Maturities:	
Governmental Activities	\$ (6,236,728)
Business-Type Activities	(563,080)
Issuance of debt	
Governmental Activities	6,295,000
	<u>\$ (504,808)</u>

The Town’s most recent credit evaluation resulted in an “AA+” rating with a positive outlook from Standard and Poor’s Investment Services for general obligation debt.

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

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

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

**Economic Factors and Next Year’s Budgets and Rates**

- Consistent with both State and National work force trends, the Town’s unemployment rates have continued to stabilize, with little volatility in the last 12 months. While this trend is expected to improve in calendar 2013, this recovery may be slow. Furthermore, the extent, timing or certainty of any full economic rebound cannot be reasonably estimated at this time.

- The Town's real estate tax base is made up predominantly of residential taxes, which comprise nearly 63.8% of the Town's real estate tax base. The Town also relies heavily on its commercial and industrial real estate tax base, which in aggregate comprise 30.9 % of the Town's real estate tax base. The latter was assessed at a rate that is nearly 2.18 times the residential real estate tax rate during 2013.

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

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

All of the above items were considered when the Town developed its budget for fiscal year 2013. The budget was adopted in May 2012 and the Town's tax rate was certified in December 2012.

### **Requests for Information**

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



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## **Basic Financial Statements**



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**TOWN OF DEDHAM, MASSACHUSETTS**

**STATEMENT OF NET ASSETS**

**JUNE 30, 2012**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 24,974,945	\$ 5,307,460	\$ 30,282,405
Investments	2,886,200	-	2,886,200
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes	3,359,865	-	3,359,865
Departmental and other	2,406,562	5,514,126	7,920,688
Intergovernmental	3,115,850	352,791	3,468,641
Capital assets, not being depreciated	42,630,629	-	42,630,629
Capital assets, net of accumulated depreciation	81,801,760	14,090,058	95,891,818
<b>TOTAL ASSETS</b>	<b>161,175,811</b>	<b>25,264,435</b>	<b>186,440,246</b>
<b>LIABILITIES</b>			
Warrants and accounts payable	1,829,740	74,901	1,904,641
Accrued payroll and withholdings	2,452,694	-	2,452,694
Retainage	1,117,434	-	1,117,434
Tax refunds payable	892,318	-	892,318
Other liabilities	323,260	-	323,260
Noncurrent liabilities:			
Due in one year	6,601,562	497,780	7,099,342
Due in more than one year	58,909,391	2,883,720	61,793,111
<b>TOTAL LIABILITIES</b>	<b>72,126,399</b>	<b>3,456,401</b>	<b>75,582,800</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	70,945,301	11,061,349	82,006,650
Restricted:			
Perpetual permanent funds	781,615	-	781,615
Expendable permanent funds	971,943	-	971,943
Capital projects	1,757,400	-	1,757,400
Federal and State grants	1,109,010	-	1,109,010
Other purposes	2,288,615	-	2,288,615
Unrestricted	11,195,528	10,746,685	21,942,213
<b>NET ASSETS</b>	<b>\$ 89,049,412</b>	<b>\$ 21,808,034</b>	<b>\$ 110,857,446</b>

See accompanying notes to basic financial statements.

TOWN OF DEDHAM, MASSACHUSETTS

STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Governmental Activities:</u>							
General government	\$ 7,144,072	\$ 521,601	\$ 293,317	\$ 688,336	\$ (5,640,818)		\$ (5,640,818)
Public safety	16,505,620	1,109,683	239,225	-	(15,156,712)		(15,156,712)
Education	57,609,327	2,314,003	14,348,955	4,598,509	(36,347,860)		(36,347,860)
Public works	8,640,310	226,893	148,659	1,913,306	(6,351,452)		(6,351,452)
Health and human services	1,293,813	217,543	249,900	-	(826,370)		(826,370)
Culture and recreation	3,216,271	516,599	163,501	-	(2,536,171)		(2,536,171)
Debt service	1,858,222	-	-	-	(1,858,222)		(1,858,222)
Total Governmental Activities	96,267,635	4,906,322	15,443,557	7,200,151	(68,717,605)		(68,717,605)
<u>Business-Type Activities:</u>							
Sewer	5,310,034	8,409,004	38,227	-		\$ 3,137,197	3,137,197
Total Primary Government	\$ 101,577,669	\$ 13,315,326	\$ 15,481,784	\$ 7,200,151	(68,717,605)	3,137,197	(65,580,408)
<u>General Revenues:</u>							
					72,965,354	-	72,965,354
					2,765,940	-	2,765,940
					4,449,942	-	4,449,942
					345,562	-	345,562
					611,980	11	611,991
					430,112	(430,112)	-
					81,568,890	(430,101)	81,138,789
					12,851,285	2,707,096	15,558,381
<u>Net Assets:</u>							
					76,198,127	19,100,938	95,299,065
					\$ 89,049,412	\$ 21,808,034	\$ 110,857,446

See accompanying notes to basic financial statements.



**TOWN OF DEDHAM, MASSACHUSETTS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	General	School Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 19,896,614	\$ -	\$ 5,078,331	\$ 24,974,945
Investments	1,132,642	-	1,753,558	2,886,200
Receivables, net of allowance for uncollectibles:				
Real estate and personal property taxes	3,359,865	-	-	3,359,865
Other	2,406,562	-	-	2,406,562
Due from Commonwealth	28,568	1,712,461	1,374,821	3,115,850
Due from other funds	1,300,815	-	-	1,300,815
<b>Total Assets</b>	<b>\$ 28,125,066</b>	<b>\$ 1,712,461</b>	<b>\$ 8,206,710</b>	<b>\$ 38,044,237</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Warrants and accounts payable	\$ 787,277	\$ 270,684	\$ 771,779	\$ 1,829,740
Accrued payroll and withholdings	2,393,476	-	59,218	2,452,694
Retainage payable	-	669,081	448,353	1,117,434
Tax refunds payable	892,318	-	-	892,318
Deferred revenue	5,766,427	-	-	5,766,427
Other liabilities	304,483	-	18,777	323,260
Due to other funds	-	1,300,815	-	1,300,815
<b>Total Liabilities</b>	10,143,981	2,240,580	1,298,127	13,682,688
<b>FUND BALANCES:</b>				
Nonspendable	-	-	781,615	781,615
Restricted	857,469	-	6,126,968	6,984,437
Committed	3,133,729	-	-	3,133,729
Assigned	2,973,705	-	-	2,973,705
Unassigned	11,016,182	(528,119)	-	10,488,063
<b>Total Fund Balances</b>	17,981,085	(528,119)	6,908,583	24,361,549
<b>Total Liabilities and Fund Balances</b>	<b>\$ 28,125,066</b>	<b>\$ 1,712,461</b>	<b>\$ 8,206,710</b>	<b>\$ 38,044,237</b>

See accompanying notes to basic financial statements.

TOWN OF DEDHAM, MASSACHUSETTS

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

JUNE 30, 2012

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<b>Total Governmental Fund Balances</b>	<b>\$ 24,361,549</b>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	124,432,389
Other assets are not available to pay for current-period expenditures and are therefore deferred on funds.	5,766,427
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the government funds:	
Bonds and notes payable	(53,487,088)
Unamortized premiums on bonds	(857,469)
Compensated absences	(846,481)
Other post-employment benefits	<u>(10,319,915)</u>
<b>Net Assets of Governmental Activities</b>	<b><u><u>\$ 89,049,412</u></u></b>

See accompanying notes to basic financial statements.

TOWN OF DEDHAM, MASSACHUSETTS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	General	School Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Real estate and personal property taxes	\$ 72,986,435	\$ -	\$ -	\$ 72,986,435
Intergovernmental	14,141,037	4,538,614	6,039,879	24,719,530
Motor vehicle and other excises	4,466,321	-	-	4,466,321
License and permits	970,991	-	-	970,991
Departmental and other revenue	1,080,907	-	2,727,049	3,807,956
Penalties and interest on taxes	345,562	-	-	345,562
Fines and foreitures	165,295	-	38,487	203,782
Investment income	524,896	-	48,337	573,233
Contributions and donations	-	-	531,787	531,787
Total Revenues	<u>94,681,444</u>	<u>4,538,614</u>	<u>9,385,539</u>	<u>108,605,597</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,214,179	-	1,652,905	6,867,084
Public safety	11,179,182	-	361,351	11,540,533
Education	34,299,750	12,041,223	7,232,902	53,573,875
Public works	5,307,983	-	3,561,289	8,869,272
Health and human services	796,885	-	130,417	927,302
Culture and recreation	1,863,688	-	688,406	2,552,094
Pensions and other fringe benefits	21,215,130	-	-	21,215,130
State and county tax assessments	2,335,196	-	-	2,335,196
Debt service:				
Principal	6,236,728	-	-	6,236,728
Interest	1,858,222	-	-	1,858,222
Total Expenditures	<u>90,306,943</u>	<u>12,041,223</u>	<u>13,627,270</u>	<u>115,975,436</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,374,501	(7,502,609)	(4,241,731)	(7,369,839)
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds	-	3,870,000	2,425,000	6,295,000
Premiums from debt issuances	323,945	-	-	323,945
Transfers in	1,426,425	-	1,840,362	3,266,787
Transfers out	(2,444,175)	-	(392,500)	(2,836,675)
Total Other Financing Sources (Uses)	<u>(693,805)</u>	<u>3,870,000</u>	<u>3,872,862</u>	<u>7,049,057</u>
<b>NET CHANGE IN FUND BALANCE</b>	3,680,696	(3,632,609)	(368,869)	(320,782)
<b>FUND BALANCES, JULY 1, 2011</b> (as restated, see Note V)	<u>14,300,389</u>	<u>3,104,490</u>	<u>7,277,452</u>	<u>24,682,331</u>
<b>FUND BALANCES, JUNE 30, 2012</b>	<u>\$ 17,981,085</u>	<u>\$ (528,119)</u>	<u>\$ 6,908,583</u>	<u>\$ 24,361,549</u>

See accompanying notes to basic financial statements.

**TOWN OF DEDHAM, MASSACHUSETTS**

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

**JUNE 30, 2012**

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**Net Change in Fund Balances - Total Governmental Fund Balances** **\$ (320,782)**

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The net amounts are reflected here as reconciling items:

Capital Outlays	\$ 20,106,394	
Depreciation Expense	<u>(5,074,284)</u>	
Net effect of reporting fixed assets		15,032,110

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas these amounts are deferred and amortized in the Statement of Activities. The net amount presented here as a reconciling item represents the following differences:

Issuance of debt	(6,295,000)	
Premiums from debt issuances	(323,945)	
Amortization of bond premiums	38,747	
Repayments of debt	<u>6,236,728</u>	
Net effect of reporting long-term debt		(343,470)

Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements.

The amount presented represents the differences derived from deferred revenue. 44,464

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Compensated absences	86,984	
Other post employment benefits	<u>(1,648,021)</u>	
Net effect of reporting long-term liabilities		<u>(1,561,037)</u>

**Change in Net Assets of Governmental Activities** **\$ 12,851,285**

See accompanying notes to basic financial statements.

**TOWN OF DEDHAM, MASSACHUSETTS**

**STATEMENT OF NET ASSETS**

**PROPRIETARY FUNDS**

**JUNE 30, 2012**

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	<u>Business-type Activities - Enterprise Funds Sewer</u>
<b>ASSETS</b>	
CURRENT:	
Cash and cash equivalents	\$ 5,307,460
Receivables net of allowance for uncollectibles:	
User fees	5,514,126
Due from Commonwealth - subsidy	12,689
<b>Total Current Assets</b>	<u>10,834,275</u>
NONCURRENT:	
Due from Commonwealth - subsidy	340,102
Capital assets, net of accumulated depreciation	<u>14,090,058</u>
<b>TOTAL ASSETS</b>	<u>25,264,435</u>
<b>LIABILITIES</b>	
CURRENT:	
Warrants payable	74,901
Bond indebtedness - short term portion	<u>497,780</u>
<b>Total Current Liabilities</b>	<u>572,681</u>
NONCURRENT:	
Bond indebtedness - long term portion	<u>2,883,720</u>
<b>TOTAL LIABILITIES</b>	<u>3,456,401</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	11,061,349
Unrestricted	<u>10,746,685</u>
<b>NET ASSETS</b>	<u><u>\$ 21,808,034</u></u>

See accompanying notes to basic financial statements.

**TOWN OF DEDHAM, MASSACHUSETTS**

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2012**

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	<u>Business-type Activities - Enterprise Funds Sewer</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 8,355,531
Other revenues	<u>53,473</u>
Total Operating Revenues	<u>8,409,004</u>
<b>OPERATING EXPENSES</b>	
Operating costs	4,809,110
Depreciation	<u>365,766</u>
Total Operating Expenses	<u>5,174,876</u>
<b>OPERATING INCOME</b>	<u>3,234,128</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Intergovernmental revenues	38,227
Investment income	11
Interest expense	<u>(135,158)</u>
Total Nonoperating Revenues (Expenses), net	<u>(96,920)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>3,137,208</u>
<b>TRANSFERS</b>	
Transfers in	603,813
Transfers out	<u>(1,033,925)</u>
<b>NET TRANSFERS</b>	<u>(430,112)</u>
<b>CHANGE IN NET ASSETS</b>	2,707,096
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>19,100,938</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 21,808,034</u></u>

See accompanying notes to basic financial statements.

**TOWN OF DEDHAM, MASSACHUSETTS**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2012**

	<u>Business-type Activities - Enterprise Funds Sewer</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from users	\$ 7,829,349
Payments to vendors	(4,744,769)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>3,084,580</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Transfers in	603,813
Transfers out	(1,033,925)
<b>Net Cash Used for Noncapital Related Financing Activities</b>	<u>(430,112)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Governmental grants - subsidy	94,425
Principal paydown of debt	(563,080)
Acquisition and construction of capital assets	(2,088,964)
<b>Net Cash Used for Capital and Related Financing Activities</b>	<u>(2,557,619)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Investment income	11
Interest expense	(135,158)
<b>Net Cash Provided by Investing Activities</b>	<u>(135,147)</u>
<b>NET CHANGE IN CASH AND EQUIVALENTS</b>	(38,298)
<b>CASH AND EQUIVALENTS:</b>	
<b>July 1, 2011</b>	<u>5,345,758</u>
<b>June 30, 2012</b>	<u><b>\$ 5,307,460</b></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>	
Operating income (loss)	\$ 3,234,128
Depreciation	365,766
Changes in assets and liabilities:	
Receivables	(579,655)
Warrants payable	64,341
<b>Net Cash Provided From Operating Activities</b>	<u><b>\$ 3,084,580</b></u>

See accompanying notes to basic financial statements.

**TOWN OF DEDHAM, MASSACHUSETTS**

**STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2012**

	Pension Trust Fund (December 31, 2011)	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 277,091	\$ 185,271	\$ 502,657	\$ 543,880
Investments (at fair value):				
Securities	-	3,069,097	64,903	-
Pooled funds - PRIT	84,237,910	-	-	-
Total Investments	84,237,910	3,069,097	64,903	-
Receivables:				
Other receivables	82,822	-	-	525,815
<b>Total Assets</b>	<b>84,597,823</b>	<b>3,254,368</b>	<b>567,560</b>	<b>1,069,695</b>
<b>LIABILITIES</b>				
CURRENT:				
Warrants payable	-	-	250	10,355
Accrued payroll and withholdings	-	-	-	54,654
Planning board deposits	-	-	-	287,042
Student activities	-	-	-	232,014
Public safety details	-	-	-	300,962
Other deposits	-	-	-	184,668
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>250</b>	<b>1,069,695</b>
<b>NET ASSETS</b>				
Held in trust for:				
Pension benefits	84,597,823	-	-	-
Other post employment benefits	-	3,254,368	-	-
Private purposes	-	-	567,310	-
<b>Net Assets</b>	<b>\$ 84,597,823</b>	<b>\$ 3,254,368</b>	<b>\$ 567,310</b>	<b>\$ -</b>

See accompanying notes to basic financial statements.



**TOWN OF DEDHAM, MASSACHUSETTS**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
YEAR ENDED JUNE 30, 2012**

	Pension Trust Fund (December 31, 2011)	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 3,510,121	\$ 3,398,957	\$ -
Employee	1,963,932	815,043	-
Commonwealth of Massachusetts	161,377	-	-
Transfers from other systems	154,414	-	-
Reimbursements from other systems	118,167	-	-
Total contributions	<u>5,908,011</u>	<u>4,214,000</u>	<u>-</u>
Investment income:			
Interest and dividends	2,618,918	54,904	7,807
Net appreciation in fair value of investments	(2,537,703)	(90,307)	-
Less - investment management fees	(428,966)	(13,659)	-
Net investment earnings	<u>(347,751)</u>	<u>(49,062)</u>	<u>7,807</u>
Other income	<u>18,175</u>	<u>-</u>	<u>-</u>
<b>Total Additions</b>	<u>5,578,435</u>	<u>4,164,938</u>	<u>7,807</u>
<b>DEDUCTIONS</b>			
Benefit payments to retirees and beneficiaries	6,961,150	-	-
Life and health insurance premiums paid for retirees	-	3,464,643	-
Refunds to members	107,271	-	-
Transfers to other systems	125,269	-	-
Reimbursements to other systems	230,568	-	-
Operations payroll expenditures	91,551	-	-
Other administrative expenses	68,266	-	-
Scholarships and public assistance	-	-	37,667
Total Deductions	<u>7,584,075</u>	<u>3,464,643</u>	<u>37,667</u>
<b>CHANGE IN NET ASSETS</b>	(2,005,640)	700,295	(29,860)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>86,603,463</u>	<u>2,554,073</u>	<u>597,170</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><b>\$ 84,597,823</b></u>	<u><b>\$ 3,254,368</b></u>	<u><b>\$ 567,310</b></u>

See accompanying notes to basic financial statements.

## TOWN OF DEDHAM, MASSACHUSETTS

### NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2012

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#### I. Summary of Significant Accounting Policies

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

##### A. Reporting Entity

The Town of Dedham is located south-west of Boston in Norfolk County. Dedham was established as a Town in 1636. The Town is governed by an elected five-member Board of Selectmen with an appointed Town Administrator. Each Board of Selectmen member serves a three-year term. The Town provides governmental services for the territory within its boundaries, including police and fire protection, rubbish disposal, public education in grades K-12, sewer services, street maintenance, parks and recreational facilities. The component units discussed below are included in the Town's reporting entity because of the significance of their operations or financial relationships with the Town.

Dedham Contributory Retirement System - The Dedham Contributory Retirement System (the System) services almost entirely to the Town. While legally separate, it is presented as if it were part of the primary government, because of the significance of its operations and common control. Data is blended with the fiduciary funds. Stand-alone financial statements for the year ended December 31, 2011 were not issued; however, an internally prepared annual report is available at the Retirement Office, 202 Bussey Street, Dedham, Massachusetts 02026.

Joint Ventures - The Town has entered into a joint venture with the Towns of Westwood, Avon, Canton, Braintree, Holbrook, Milton, Norwood and Randolph to pool resources and share the costs, risks and rewards of providing vocational education through the Blue Hills Regional Technical School District (BHRS). The Town's assessment for 2012 was \$842,648. Stand-alone financial statements for the year ended June 30, 2012 are available at Blue Hills Regional Technical School District, 800 Randolph Street, Canton, Massachusetts 02021.

The Town has no equity interest in BHRS.

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

##### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and

intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e. measurable and available). Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for interest on general long-term debt which is recognized when payment is due, certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

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

The government reports the following major governmental funds:

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

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

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

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

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

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

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

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

The government reports the following major proprietary fund:

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

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

The government reports the following fiduciary funds:

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

Other Post-Employment Benefits Trust Fund – is used to accumulate funds for future payments of other post-employment benefits for retirees such as health and life insurance.

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The Town has elected not to follow subsequent private-sector guidance.

#### **D. Assets, Liabilities, and Net Assets or Equity**

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

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

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

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

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

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

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

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

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

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

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

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

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

Interfund Transfers – During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out in the individual fund statements. Transfers between and within governmental and fiduciary funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and the business –type activities are reported in the statement of activities as *transfers, net*.

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

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

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

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

Net Assets – In the government-wide financial statements, net assets reported as “invested in capital assets, net of related debt” 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 and outstanding debt related to future state reimbursements for capital construction costs are not considered to be capital related debt.

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

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

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

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

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

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

Fund Equity – The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. Under this Statement, in the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent in which the Town is required to honor constraints on the specific purpose for which amounts in the funds can be spent.

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

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

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

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

*Assigned* represents amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Town Meeting, Board of Selectmen or their designee.

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

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

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

*Stabilization Funds* – The Town maintains a stabilization fund which may be used for any municipal purpose upon a two-thirds vote of the Town Meeting. The balance of the fund totals \$4,425,515 at June 30, 2012 and is reported as unassigned fund balance in the General Fund.

The Town maintains a mitigation stabilization fund which may be used for any municipal purpose, or as specified by a developer, upon a two-thirds vote of the Town Meeting. The balance of the fund totals \$743,573 at June 30, 2012 and is reported as unassigned fund balance in the General Fund.

The Town maintains a major capital facilities stabilization fund which may be used for facilities improvements, facilities replacements or new facilities upon a two-thirds vote of the Town Meeting. The balance of the fund totals \$2,604,861 at June 30, 2012 and is reported as committed fund balance in the General Fund.



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

The following table reflects the Town's fund equity categorizations in accordance with GASB 54:

	General	School Construction Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Perpetual permanent funds	\$ -	\$ -	\$ 781,615	\$ 781,615
Restricted:				
General government	-	-	1,122,270	1,122,270
Public safety	-	-	255,503	255,503
Education	-	-	1,525,199	1,525,199
Public works	-	-	190,365	190,365
Health and human services	-	-	194,428	194,428
Culture and recreation	-	-	1,081,803	1,081,803
Capital outlay	-	-	1,757,400	1,757,400
Other purposes	857,469	-	-	857,469
Committed:				
General government	466,801	-	-	466,801
Capital outlay	2,604,861	-	-	2,604,861
Other purposes	62,067	-	-	62,067
Assigned:				
Purchase orders	733,410	-	-	733,410
Subsequent years' budget	2,240,295	-	-	2,240,295
Unassigned	11,016,182	(528,119)	-	10,488,063
	<u>\$ 17,981,085</u>	<u>\$ (528,119)</u>	<u>\$ 6,908,583</u>	<u>\$ 24,361,549</u>

**E. Excess of Expenditures Over Appropriations and Deficits**

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

The Town has a legal deficit fund balance in its School Construction Major Capital Projects Fund, totaling \$528,119. This deficit will be funded through future bond issuances.

## **F. Use of Estimates**

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

## **II. Detailed Notes to All Funds**

### **A. Deposits and Investments**

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

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

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

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

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

The Town and System believes their existing exposure to derivative-type investments to be insignificant.

*Custodial Credit Risk: Deposits* - In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk relative to cash holdings. At year-end, the carrying amount of the Town's deposits was \$16,106,857 and the bank balance was \$17,584,019. Of the Town's bank balance, \$13,821,215 was covered by federal depository insurance, the depositors' insurance fund or the share insurance fund; and the remainder was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2011, the carrying amount of the System's deposits was \$27,022 and the bank balance of \$120,745 was covered by federal depository insurance.

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

The Town's investments of \$1,667,645 in United States governmental obligations, \$232,554 in corporate fixed income investments and \$814,462 in equity securities are exposed to custodial credit risk because the related securities are uninsured, unregistered and are held by the counterparty.

The Town's investments of \$15,165,020 in the MMDT and the System's investments of \$84,237,910 are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

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

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

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

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

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

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

Details of the Town and System investments at June 30, 2012 are as follows:

Investment Type	Fair Value	Time Until Maturity (Years)				Quality Ratings (Moody's)				
		Less Than 1	1-5	6-10	More Than 10	AAA	A1	A3	BAA2	Unrated
<u>Town Investments at June 30, 2012</u>										
Fixed income securities - Corporate	\$ 232,554	\$ -	\$ 92,120	\$ -	\$ 140,434	\$ -	\$ 92,120	\$ 71,664	\$ 68,770	\$ -
Fixed income securities - Government backed	1,667,645	709,156	903,391	55,098	-	1,667,645	-	-	-	-
Certificates of deposit	7,133,403	930,477	4,167,363	1,640,687	394,876	-	-	-	-	7,133,403
Total Town investments with maturities	9,033,602	1,639,633	5,162,874	1,695,785	535,310	1,667,645	92,120	71,664	68,770	7,133,403
<u>Other Town Investments:</u>										
Equities	814,462									
Mutual funds	3,305,539									
Money market mutual funds	242,337									
External investment pool (MMDT)	15,165,020									
Total Town investments	28,560,960									
<u>Pension Trust Investments at December 31, 2011:</u>										
Total Pension Trust investments with maturities	-	-	-	-	-	-	-	-	-	-
<u>Other Pension Trust Investments:</u>										
Money market mutual funds	250,069									
External investment pool (PRIT)	84,237,910									
Total Pension Trust investments	84,487,979									
Total Investments	\$ 113,048,939									
Total by Maturity and Quality Classification - All Funds		\$ 1,639,633	\$ 5,162,874	\$ 1,695,785	\$ 535,310	\$ 1,667,645	\$ 92,120	\$ 71,664	\$ 68,770	\$ 7,133,403

**B. Receivables**

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Real estate and personal property taxes	\$ 3,359,865	\$ -	\$ 3,359,865
Tax liens and deferrals	1,611,242	-	1,611,242
Excise	478,305	-	478,305
Special assessments	95,134	-	95,134
Water liens added to tax	186,504	-	186,504
Departmental and other	35,377	-	35,377
Intergovernmental	3,115,850	-	3,115,850
Total	<u>\$ 8,882,277</u>	<u>\$ -</u>	<u>\$ 8,882,277</u>

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Sewer user charge	\$ 5,266,174	\$ -	\$ 5,266,174
Sewer liens	247,952	-	247,952
Intergovernmental	352,791	-	352,791
Total	<u>\$ 5,866,917</u>	<u>\$ -</u>	<u>\$ 5,866,917</u>

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

	General Fund	Other Governmental Funds	Total
Receivable type:			
Real estate and personal property taxes	\$ 3,359,865	\$ -	\$ 3,359,865
Tax liens	1,611,242	-	1,611,242
Excise	478,305	-	478,305
Special assessments	95,134	-	95,134
Water liens added to tax	186,504	-	186,504
Departmental and other	35,377	-	35,377
Total	<u>\$ 5,766,427</u>	<u>\$ -</u>	<u>\$ 5,766,427</u>

Massachusetts School Building Authority Assistance Reimbursement – As of June 30, 2012, the Town expects to receive as the balance of grants from the Commonwealth of Massachusetts, \$1,712,461 applicable to approved school construction costs. Such costs will be reimbursed in lump sum payments during fiscal year 2013. This amount is included as a receivable in the Governmental Funds in the School Construction major fund.

Massachusetts Water Pollution Abatement Trust Loan Subsidies – The Town has entered into numerous loan agreements with the Massachusetts Water Pollution Abatement Trust (MWPAT). It is expected that the Town will be subsidized by MWPAT on a periodic basis for principal in the amount of \$352,791 and interest in the amount of \$352,791 until the maturity of these agreements. GAAP requires the recognition of gross debt relative to these agreements; therefore, the principal amount is reported as a receivable in the Sewer Enterprise.

**C. Interfund Receivables, Payables and Transfers**

Interfund receivables and payables for the fiscal year ended June 30, 2012, represent interfund borrowing for cash flow purposes and are summarized as follows:

Receivable Fund	Payable Fund	Amount
General Fund	School Construction Fund	<u>\$ 1,300,815</u>

Interfund transfers for the fiscal year ended June 30, 2012, are summarized as follows:

Transfers Out	Transfers In			Total	
	General Fund	Nonmajor Governmental Funds	Sewer Enterprise Fund		
General Fund	\$ -	\$ 1,840,362	\$ 603,813	\$ 2,444,175	(1)
Nonmajor Governmental Funds	392,500	-	-	392,500	(2)
Sewer Enterprise Fund	1,033,925	-	-	1,033,925	(3)
Total	<u>\$ 1,426,425</u>	<u>\$ 1,840,362</u>	<u>\$ 603,813</u>	<u>\$ 3,870,600</u>	

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

## D. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Governmental Activities:</u></i>				
Capital assets not being depreciated:				
Land	\$ 19,245,336	\$ 424,924	\$ -	\$ 19,670,260
Construction in process	10,839,518	13,339,827	(1,218,976)	22,960,369
Total capital assets not being depreciated	30,084,854	13,764,751	(1,218,976)	42,630,629
Capital assets being depreciated:				
Buildings and improvements	89,915,729	333,289	-	90,249,018
Improvements other than buildings	2,749,757	3,229,905	-	5,979,662
Infrastructure	62,578,012	2,752,405	-	65,330,417
Machinery, equipment and vehicles	17,476,720	1,245,020	-	18,721,740
Total capital assets being depreciated	172,720,218	7,560,619	-	180,280,837
Less accumulated depreciation for:				
Buildings and improvements	(49,624,832)	(2,132,488)	-	(51,757,320)
Improvements other than buildings	(635,221)	(224,942)	-	(860,163)
Infrastructure	(29,356,920)	(1,609,091)	-	(30,966,011)
Machinery, equipment and vehicles	(13,787,820)	(1,107,763)	-	(14,895,583)
Total accumulated depreciation	(93,404,793)	(5,074,284)	-	(98,479,077)
Total capital assets being depreciated, net	79,315,425	2,486,335	-	81,801,760
Governmental activities capital assets, net	\$ 109,400,279	\$ 16,251,086	\$ (1,218,976)	\$ 124,432,389
<i><u>Business-Type Activities (Sewer):</u></i>				
Total capital assets not being depreciated	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated:				
Infrastructure	13,766,755	2,088,964	-	15,855,719
Total capital assets being depreciated	13,766,755	2,088,964	-	15,855,719
Less accumulated depreciation for:				
Infrastructure	(1,399,895)	(365,766)	-	(1,765,661)
Total accumulated depreciation	(1,399,895)	(365,766)	-	(1,765,661)
Total capital assets being depreciated, net	12,366,860	1,723,198	-	14,090,058
Business-type activities capital assets, net	12,366,860	1,723,198	-	14,090,058

Depreciation expense was charged to functions/programs as follows:

General government	\$ 680,561
Public safety	435,580
Education	1,939,828
Public works	1,753,576
Health and human services	14,308
Culture and recreation	250,431
Total Depreciation - Governmental Funds	<u>\$ 5,074,284</u>
Total Depreciation - Business-type Funds (Sewer)	<u>\$ 365,766</u>

The following schedule represents the calculation of invested in capital assets net of related debt.

<u>Description</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Fixed assets	\$ 222,911,466	\$ 15,855,719
Accumulated depreciation	(98,479,077)	(1,765,661)
Outstanding debt related to fixed assets	(53,487,088)	(3,381,500)
Future grants reimbursing debt	-	352,791
Invested in capital, net of related debt	<u>\$ 70,945,301</u>	<u>\$ 11,061,349</u>

#### **E. Temporary Debt**

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

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

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

Temporary notes are general obligations of the Town and carry maturity dates not in excess of one year and are interest bearing and will be paid through future issuance of general obligation bonds. There were no temporary notes outstanding at June 30, 2012.

#### **F. Long-Term Obligations**

Bond and Note Indebtedness – The Town issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued for both governmental and business-type activities. Additionally, the Town incurs various other long-term obligations relative to associated personnel costs.



State law permits the Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5.0 percent of its equalized valuation. Debt issued in accordance with this section of the law is designated as being “inside the debt limit.” In addition, the Town may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being “outside the debt limit”.

On May 15, 2012, the Town issued \$6,295,000 in general obligation bonds for school construction, road and sidewalk repairs, land acquisition and public works equipment.

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

Obligations	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<i>Governmental Activities:</i>					
Bond and note debt	\$ 53,428,816	\$ 6,295,000	\$ (6,236,728)	\$ 53,487,088	\$ 6,341,729
Unamortized bond premium	572,271	323,945	(38,747)	857,469	48,213
Compensated absences	933,465	146,382	(233,366)	846,481	211,620
Other post employment benefits	8,671,894	5,612,125	(3,964,104)	10,319,915	-
Total Governmental Activities	<u>\$ 63,606,446</u>	<u>\$ 12,377,452</u>	<u>\$ (10,472,945)</u>	<u>\$ 65,510,953</u>	<u>\$ 6,601,562</u>
<i>Business-type Activities - Sewer:</i>					
Bond and note debt	\$ 3,944,580	\$ -	\$ (563,080)	\$ 3,381,500	\$ 497,780
Total Business-type Activities - Sewer	<u>\$ 3,944,580</u>	<u>\$ -</u>	<u>\$ (563,080)</u>	<u>\$ 3,381,500</u>	<u>\$ 497,780</u>
Total Long-term Obligations	<u>\$ 67,551,026</u>	<u>\$ 12,377,452</u>	<u>\$ (11,036,025)</u>	<u>\$ 68,892,453</u>	<u>\$ 7,099,342</u>

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

The following is a summary of outstanding long-term debt obligations as of June 30, 2012:

Description of Issue	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
<i>Governmental Activities:</i>					
General obligation bonds	2.0 - 5.0%	\$ 53,375,000	\$ 6,295,000	\$ (6,230,000)	\$ 53,440,000
MWPAT notes	0.0%	53,816	-	(6,728)	47,088
Total Governmental Activities		<u>\$ 53,428,816</u>	<u>\$ 6,295,000</u>	<u>\$ (6,236,728)</u>	<u>53,487,088</u>
<i>Business-type Activities - Sewer:</i>					
General obligation bonds	2.0 - 7.0%	\$ 1,995,000	\$ -	\$ (245,000)	\$ 1,750,000
MWRA notes	0.0%	385,880	-	(138,380)	247,500
MWPAT notes	Varies	1,563,700	-	(179,700)	1,384,000
Total Business-type Activities: Sewer		<u>\$ 3,944,580</u>	<u>\$ -</u>	<u>\$ (563,080)</u>	<u>3,381,500</u>
Total Bond and Note Debt		<u>\$ 57,373,396</u>	<u>\$ 6,295,000</u>	<u>\$ (6,799,808)</u>	<u>\$ 56,868,588</u>

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

Year Ending June 30	Principal			Interest			Total
	Balance	Subsidy	Net of Subsidy	Balance	Subsidy	Net of Subsidy	
<i>Governmental Activities</i>							
2013	\$ 6,341,729	\$ -	\$ 6,341,729	\$ 1,811,948	\$ (8,006)	\$ 1,803,942	\$ 8,145,671
2014	5,666,728	-	5,666,728	1,604,840	(1,879)	1,602,961	7,269,689
2015	5,156,726	-	5,156,726	1,415,147	(1,534)	1,413,613	6,570,339
2016	4,416,726	-	4,416,726	1,230,763	(1,190)	1,229,573	5,646,299
2017	3,901,726	-	3,901,726	1,080,570	(845)	1,079,725	4,981,451
2018 - 2022	15,243,453	-	15,243,453	3,563,339	(672)	3,562,667	18,806,120
2023 - 2027	8,400,000	-	8,400,000	1,505,604	-	1,505,604	9,905,604
2028 - 2032	4,360,000	-	4,360,000	346,463	-	346,463	4,706,463
Total	<u>\$ 53,487,088</u>	<u>\$ -</u>	<u>\$ 53,487,088</u>	<u>\$ 12,558,674</u>	<u>\$ (14,126)</u>	<u>\$ 12,544,548</u>	<u>\$ 66,031,636</u>
<i>Business-Type Activities: Sewer</i>							
2013	\$ 497,780	\$ (12,689)	\$ 485,091	\$ 195,031	\$ (82,589)	\$ 112,442	\$ 597,533
2014	484,760	(52,828)	431,932	111,339	(37,454)	73,885	505,817
2015	489,160	(51,634)	437,526	94,014	(35,087)	58,927	496,453
2016	439,200	(52,211)	386,989	73,967	(29,718)	44,249	431,238
2017	328,800	(53,155)	275,645	57,213	(24,347)	32,866	308,511
2018 - 2022	1,036,800	(130,274)	906,526	107,044	(23,352)	83,692	990,218
2023 - 2027	105,000	-	105,000	4,200	-	4,200	109,200
Total	<u>\$ 3,381,500</u>	<u>\$ (352,791)</u>	<u>\$ 3,028,709</u>	<u>\$ 642,808</u>	<u>\$ (232,547)</u>	<u>\$ 410,261</u>	<u>\$ 3,438,970</u>

The following represents authorized and unissued debt as of June 30, 2012:

Project	Amount
<i>Governmental:</i>	
School construction	\$ 11,250,000
Town hall energy improvements	4,025,000
Dedham Square improvements	6,100,000
Roads and sidewalks	2,000,000
Other	508,500
<i>Business-type:</i>	
Sewer repairs	180,000
Total Authorized and Unissued	<u>\$ 24,063,500</u>

### **III. Other Information**

#### **A. Retirement System**

Retirement System Description – The Town contributes to the Town of Dedham Contributory Retirement System (the Retirement System), an agency multiple-employer defined benefit pension plan for the Town, and Dedham Housing Authority. The Retirement System was established under Chapter 32 of the General Laws of the Commonwealth of Massachusetts. The Retirement System is administered by the Town of Dedham and is part of the reporting entity. Stand-alone financial statements for the year ended December 31, 2011 were not issued, however an annual report is available at the Retirement Office, 202 Bussey Street, Suite 101, Dedham, Massachusetts 02026.

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

Membership – Current membership in the Retirement System as of December 31, 2011, is as follows:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	292
Active/inactive employees	<u>563</u>
Total	<u>855</u>

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

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

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

Participants who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total contributions. In addition, depending upon the number of years of creditable service, such employees are entitled to receive 0, 50% or 100% of the regular interest that has accrued upon those contributions. A vested employee under the age of 55 who elects to leave his accumulation on deposit may apply for benefits upon reaching that age.

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

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

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

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

Funding Status and Progress – The Town has elected provisions of Chapter 32, Section 22D (as amended) of Massachusetts General Laws, which require that a funding schedule be established to fully fund the accrued liability by June 30, 2040. Under provisions of this law, participating employers are assessed their share of the total retirement cost based on the entry age, normal actuarial cost method. Amortization of the unfunded actuarial liability is determined using the level dollar amortization method over a 16-year period. Currently, the Town’s funding schedule is calculated to fully fund the accrued liability by June 30, 2026.

The funded status of the Retirement System at January 1, 2010, the most recent valuation date, is:

Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B – A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
\$ 85,456,310	\$107,609,083	\$ 22,152,773	79.4%	\$19,109,370	115.9%

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

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

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

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

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

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

Year Ended December 31,	Annual Required Contribution	Percentage Contributed	Net Pension Obligation
2011	\$ 3,510,121	100 %	—
2010	3,483,922	100 %	—
2009	3,457,781	100 %	—

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

Valuation date:	January 1, 2010
Actuarial cost method	Individual entry age normal
Amortization method	Level percent of pay, 4.5% increasing payments
Remaining amortization period	16 years as of January 1, 2010 (closed)
Asset valuation method	Actuarial; 4 year smoothing
Investment rate of return	8.0%
Inflation rate	4.5%
Projected salary increases	Service-based table with ultimate rates of 5.0%

Legally Required Reserve Accounts – The balances in the Retirement System’s legally required reserves as of December 31, 2011 are as follows:

<u>Description</u>	<u>Amount</u>	<u>Purpose</u>
Annuity Savings Fund	\$19,937,057	Active members’ contribution balance
Annuity Reserve Fund	6,319,639	Retired members’ contribution account
Pension Fund	5,611,203	Amounts appropriated to fund future retirement benefits
Military Service Fund	7,996	Contributions and interest for members on military leave
Pension Reserve Fund	<u>52,721,928</u>	Remaining net assets
Total	<u>\$84,597,823</u>	

Massachusetts Teacher's Retirement System, a Noncontributing Employer Plan – Teachers and certain administrative employees of the School Department participate in a contributory retirement system administered by the Massachusetts Teachers Retirement Board. Contributions to that system totaled \$7,459,778 for the year ended June 30, 2012 and were made entirely by the Commonwealth of Massachusetts, on behalf of the Town, which does not contribute directly to this system. Eligibility requirements for participation are as follows:

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

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

## **B. Other Post-Employment Benefits (OPEB)**

Plan Description – In addition to the pension benefits previously described, the Town provides health and life insurance benefits to current and future retirees, their dependents and beneficiaries (hereinafter referred to as the “Plan”) in accordance with Massachusetts General Law Chapter 32B. Specific benefit provisions and contribution rates are established by collective bargaining agreements, state law, and Town ordinance. All benefits are provided through the Town's insurance program. The Plan does not issue a stand – alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. The number of participants in the Plan consists of 749 active employees and 721 retired employees for a total of 1,470.

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

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

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

Annual required contribution (ARC)	\$ 5,622,162
Interest on net OPEB obligation	198,446
Adjustment to ARC	<u>(208,483)</u>
Annual OPEB cost	5,612,125
Contributions made	<u>\$ (3,964,104)</u>
Increase in net OPEB obligation	1,648,021
Net OPEB obligation at beginning of year	<u>8,671,894</u>
Net OPEB obligation at end of year	<u><u>\$ 10,319,915</u></u>

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

Fiscal Year Ending	Annual OPEB Cost (AOPEBC)	Percentage of AOPEBC Contributed	Net OPEB Obligation
June 30, 2012	\$ 5,612,125*	70.6%	\$ 10,319,915
June 30, 2011	\$ 5,443,191	72.7%	\$ 8,671,894
June 30, 2010	\$ 5,055,057	69.9%	\$ 6,812,230

\* The AOPEBC at June 30, 2012 was charged to the following functional programs within the Statement of Activities:

General Government	\$ 297,443
Public Safety	1,874,450
Education	3,019,322
Public Works	117,855
Health and Human Services	129,079
Culture and Recreation	<u>173,976</u>
Total	<u>\$ 5,612,125</u>

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

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

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

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

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

The blended discount rate is reflective of the percentage of the annual required contribution that is currently being funded.

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

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

### **C. Risk Financing**

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

The Town provides health insurance to its employees and retirees through participation in a pooled health insurance group called West Suburban Health Group (WSH). Sixteen total entities belong to WSH whose membership includes towns in Norfolk, Middlesex and Worcester Counties; two education collaboratives and a regional school district. WSH pools funds through monthly assessments to its member entities and uses these funds to pay medical claims of its members' employees and their dependents. The Town bears the risk of loss for its portion of any deficit that remains should WSH cease to exist.

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

**D. Commitments and Contingencies** – The Town is party to certain legal claims, which are subject to many uncertainties, and the outcome of individual litigation matters is not always predictable with assurance. Although the amount of liability, if any, at June 30, 2012, cannot be ascertained, management believes that any resulting liability, if any, should not materially affect the basic financial statements of the Town at June 30, 2012.



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

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

*Appellate Tax Board* – The Town has pending cases filed with the Massachusetts Appellate Tax Board in which the telephone and telegraph companies have challenged their assessed valuations of personal property. In addition other real and commercial property cases final outcomes could be material to the overall financial statements. The Town has recorded a loss provision of \$892,318 in the financial statements and believes this will adequately cover any losses resulting from unfavorable outcomes of these claims..

#### **IV. Implementation of New GASB Pronouncements**

##### **A. Current Year Implementation**

In December 2009, the GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The provisions of GASB 57 are effective for financial statements for periods beginning after June 15, 2011 (fiscal year 2012). Statement 57 addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans. The adoption of GASB 57 did not have a material effect on its financial statements.

##### **B. Future Year Implementation**

In November 2010, the GASB issued GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements. The provisions of GASB 60 are effective for financial statements for periods beginning after December 15, 2011 (fiscal year 2013). The Town does not expect that the adoption of GASB 60 will have a material effect on its financial statements.

In November 2010, the GASB issued GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The provisions of GASB 61 are effective for financial statements for periods beginning after June 15, 2012 (fiscal year 2013). The Town does not expect that the adoption of GASB 61 will have a material effect on its financial statements.

In December 2010, the GASB issued GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA*

*Pronouncement.* The Statement is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. The provisions of GASB 62 are effective for financial statements for periods beginning after December 15, 2011 (fiscal year 2013). The Town is currently evaluating whether its adoption will have a material impact on the financial statements.

In June 2011, the GASB issued GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. The provisions of GASB 63 are effective for financial statements for periods beginning after December 15, 2011 (fiscal year 2013). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In June 2011, the GASB issued GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. The provisions of GASB 64 are effective for financial statements for periods beginning after June 15, 2011 (fiscal year 2013). The Town is currently evaluating whether its adoption will have a material impact on the financial statements.

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

In March 2012, the GASB issued GASB Statement No. 66; *an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 (fiscal year 2014). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In June 2012, the GASB issued GASB Statement No. 67; *Financial Reporting for Pension Plans*. This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement 50 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The Statement builds upon the existing framework for financial reports of defined

benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013 (fiscal year 2014). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

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

#### **V. Prior Period Restatement**

The prior period ending general fund balance was increased by \$2,622,247 and the prior period ending nonmajor governmental fund balance was reduced by this amount to reflect a reclassification of two trust funds that are considered to be stabilization funds.



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## **Required Supplementary Information**



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TOWN OF DEDHAM, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED JUNE 30, 2012

SCHEDULES OF FUNDING PROGRESS

Pension System - Dedham Contributory Retirement System

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
1/1/2010	\$ 85,456,310	\$ 107,609,083	\$ 22,152,773	79.4%	\$ 19,109,370	115.93%
1/1/2007	90,708,716	98,591,648	7,882,932	92.0%	18,680,825	42.20%
1/1/2004	70,287,000	89,323,000	19,036,000	78.7%	17,182,000	110.79%

Other Post Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
6/30/2012	\$ 3,180,875	\$ 77,722,866	\$ 74,541,991	4.1%	\$ 39,791,854	187.3%
6/30/2010	1,403,793	74,018,559	72,614,766	1.9%	45,934,750	158.1%
1/1/2008	-	112,625,512	112,625,512	0.0%	42,322,696	266.1%

SCHEDULES OF CONTRIBUTION FUNDING

Pension System

Year Ended June 30,	Dedham Contributory Retirement System			Town	
	Annual Required Contributions	Actual Contributions (a)	Percentage Contributed	Actual Contribution (b)	Town's Percentage of System Wide Actual Contributions (b/a)
2012	\$ 3,510,121	\$ 3,510,121	100%	\$ 3,351,191	95.5%
2011	3,483,922	3,483,922	100%	3,334,415	95.7%
2010	3,457,781	3,457,781	100%	3,313,779	95.8%

Other Post Employment Benefits

Year Ended June 30,	Annual OPEB Cost	Actual Contributions	Percentage Contributed
2012	\$ 5,612,125	\$ 3,964,104	70.6%
2011	5,443,191	3,583,527	65.8%
2010	5,055,057	3,534,713	69.9%
2009	7,950,316	3,258,430	41.0%

The Town implemented GASB Statement No. 45 for the fiscal year ended June 30, 2009.

See accompanying independent auditors' report.

TOWN OF DEDHAM, MASSACHUSETTS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual	Encumbrances	Actual	Variance
	Original Budget	Final Budget	Budgetary Amounts		Budgetary Adjusted	Positive (Negative)
<b>Revenues:</b>						
Property taxes	\$ 71,658,206	\$ 72,545,506	\$ 72,855,505		\$ 72,855,505	\$ 309,999
Intergovernmental	6,438,534	6,438,534	6,681,259		6,681,259	242,725
Motor vehicle and other excises	2,400,000	2,400,000	3,295,878		3,295,878	895,878
Departmental and other revenue	896,189	896,189	1,080,907		1,080,907	184,718
Licenses and permits	579,500	579,500	970,991		970,991	391,491
Penalties and interest on taxes	125,000	125,000	345,562		345,562	220,562
Fines and forfeitures	75,000	75,000	165,295		165,295	90,295
Investment income	200,000	200,000	387,481		387,481	187,481
<b>Total Revenues</b>	<b>82,372,429</b>	<b>83,259,729</b>	<b>85,782,878</b>		<b>85,782,878</b>	<b>2,523,149</b>
<b>Expenditures:</b>						
<i>General Government:</i>						
Selectmen/Town Administrator:						
Personnel services	358,500	358,500	355,559	-	355,559	2,941
Purchase of services	27,100	29,800	26,469	-	26,469	3,331
Supplies	2,500	2,500	2,084	-	2,084	416
Other charges/expenditures	23,800	24,100	23,961	-	23,961	139
Bus service contract	55,000	75,000	75,000	-	75,000	-
Town audit	64,500	64,500	60,000	-	60,000	4,500
SNARC assessment	5,750	5,750	5,750	-	5,750	-
Liability and property insurance	688,200	622,200	604,671	-	604,671	17,529
Information technology	-	15,000	-	15,000	15,000	-
Special articles	116,662	126,662	58,257	68,405	126,662	-
	<u>1,342,012</u>	<u>1,324,012</u>	<u>1,211,751</u>	<u>83,405</u>	<u>1,295,156</u>	<u>28,856</u>
Finance Committee:						
Personnel services	61,750	51,200	40,631	-	40,631	10,569
Purchase of services	4,700	4,700	4,324	-	4,324	376
Supplies	450	400	273	-	273	127
Other charges/expenditures	750	750	641	-	641	109
Reserve funds	275,000	187,965	-	-	-	187,965
	<u>342,650</u>	<u>245,015</u>	<u>45,869</u>	<u>-</u>	<u>45,869</u>	<u>199,146</u>
Department of Finance:						
Personnel services	992,000	997,200	996,829	-	996,829	371
Purchase of services	355,750	355,750	340,068	9,000	349,068	6,682
Supplies	42,500	42,550	36,481	8,070	44,551	(2,001)
Other charges/expenditures	3,650	59,735	59,607	-	59,607	128
Special articles	370,112	565,716	351,883	213,833	565,716	-
	<u>1,764,012</u>	<u>2,020,951</u>	<u>1,784,868</u>	<u>230,903</u>	<u>2,015,771</u>	<u>5,180</u>
Central Purchasing:						
Personnel services	-	29,000	28,852	-	28,852	148
Telephone	122,586	124,482	96,914	-	96,914	27,568
Postage	100,000	100,000	96,017	-	96,017	3,983
Overtime and sick leave	70,000	46,000	42,566	-	42,566	3,434
Electric and heating	625,000	625,000	342,259	-	342,259	282,741
Supplies	-	5,000	1,367	-	1,367	3,633
Non-capital equipment	90,000	94,240	43,884	-	43,884	50,356
	<u>1,007,586</u>	<u>1,023,722</u>	<u>651,859</u>	<u>-</u>	<u>651,859</u>	<u>371,863</u>
Assessors:						
Personnel services	308,425	308,425	298,339	-	298,339	10,086
Substitutes	19,000	19,000	6,525	-	6,525	12,475
Purchase of services	2,575	1,900	1,066	-	1,066	834
Supplies	2,175	2,675	2,339	-	2,339	336
Other charges/expenditures	6,450	6,625	4,866	-	4,866	1,759
Special articles	23,770	173,770	147,209	26,561	173,770	-
	<u>362,395</u>	<u>512,395</u>	<u>460,344</u>	<u>26,561</u>	<u>486,905</u>	<u>25,490</u>



TOWN OF DEDHAM, MASSACHUSETTS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual	Encumbrances	Actual	Variance Positive (Negative)
	Original Budget	Final Budget	Budgetary Amounts		Budgetary Adjusted	
<b>Legal Services:</b>						
Purchase of services	190,000	190,000	172,658	-	172,658	17,342
Litigation/Damages	30,000	30,000	21,263	-	21,263	8,737
Special articles	14,485	14,485		14,485	14,485	-
	<u>234,485</u>	<u>234,485</u>	<u>193,921</u>	<u>14,485</u>	<u>208,406</u>	<u>26,079</u>
<b>Town Clerk/Elections/Registrars:</b>						
Personnel services	244,250	230,450	226,783	-	226,783	3,667
Purchase of services	50,100	55,100	49,936	-	49,936	5,164
Supplies	2,000	2,400	2,393	-	2,393	7
Other charges/expenditures	1,700	1,300	1,065	-	1,065	235
Special articles	-	10,500	7,219	3,281	10,500	-
	<u>298,050</u>	<u>299,750</u>	<u>287,396</u>	<u>3,281</u>	<u>290,677</u>	<u>9,073</u>
<b>Economic Development:</b>						
Personnel services	74,270	74,270	74,148	-	74,148	122
Other charges/expenditures	8,700	8,700	7,893	-	7,893	807
Special articles	52,000	120,525	47,895	72,630	120,525	-
	<u>134,970</u>	<u>203,495</u>	<u>129,936</u>	<u>72,630</u>	<u>202,566</u>	<u>929</u>
<b>Planning Board:</b>						
Personnel services	117,390	117,390	117,203	-	117,203	187
Purchase of services	11,000	13,775	13,771	-	13,771	4
Supplies	1,400	1,400	1,335	-	1,335	65
Other charges/expenditures	1,150	875	676	-	676	199
	<u>130,940</u>	<u>133,440</u>	<u>132,985</u>	<u>-</u>	<u>132,985</u>	<u>455</u>
<b>Central Administration Building:</b>						
Personnel services	111,630	109,230	96,570	-	96,570	12,660
Purchase of services	31,650	33,050	25,100	-	25,100	7,950
Supplies	11,280	13,280	12,741	-	12,741	539
Special articles	38,589	86,589	39,058	47,531	86,589	-
	<u>193,149</u>	<u>242,149</u>	<u>173,469</u>	<u>47,531</u>	<u>221,000</u>	<u>21,149</u>
<b>Building Planning and Construction Committee:</b>						
Purchase of services	9,250	9,250	2,118	-	2,118	7,132
	<u>9,250</u>	<u>9,250</u>	<u>2,118</u>	<u>-</u>	<u>2,118</u>	<u>7,132</u>
<b>Conservation Commission:</b>						
Personnel services	34,985	41,485	32,860	-	32,860	8,625
Purchase of services	26,000	26,000	24,122	-	24,122	1,878
Supplies	750	750	749	-	749	1
Other charges/expenditures	3,125	3,125	874	-	874	2,251
Special articles	20	20	-	20	20	-
	<u>64,880</u>	<u>71,380</u>	<u>58,605</u>	<u>20</u>	<u>58,625</u>	<u>12,755</u>
<b>Environmental:</b>						
Personnel services	71,790	71,790	71,678	-	71,678	112
Purchase of services	835	835	610	-	610	225
Supplies	555	555	361	-	361	194
Other charges/expenditures	2,315	2,315	1,811	-	1,811	504
Special articles	-	11,655	6,600	5,055	11,655	-
	<u>75,495</u>	<u>87,150</u>	<u>81,060</u>	<u>5,055</u>	<u>86,115</u>	<u>1,035</u>
<b>Total General Government</b>	<b>5,959,874</b>	<b>6,407,194</b>	<b>5,214,181</b>	<b>483,871</b>	<b>5,698,052</b>	<b>709,142</b>
<b>Public Safety:</b>						
<b>Police Department:</b>						
Personnel services	4,666,475	4,470,174	4,417,613	-	4,417,613	52,561
Overtime	492,300	527,300	522,791	-	522,791	4,509
Purchase of services	75,254	112,890	100,361	-	100,361	12,529
Supplies	220,000	238,400	227,216	-	227,216	11,184
Other charges/expenditures	26,400	27,317	25,379	-	25,379	1,938
Special articles	2,821	12,011	8,809	3,202	12,011	-
	<u>5,483,250</u>	<u>5,388,092</u>	<u>5,302,169</u>	<u>3,202</u>	<u>5,305,371</u>	<u>82,721</u>

(continued)

TOWN OF DEDHAM, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
<b>Fire Department:</b>						
Personnel services	4,258,100	4,091,800	4,078,145	-	4,078,145	13,655
Overtime	382,500	562,500	562,462	-	562,462	38
Purchase of services	40,800	79,800	72,709	-	72,709	7,091
Supplies	102,300	115,300	109,449	-	109,449	5,851
Other charges/expenditures	5,200	7,200	5,942	-	5,942	1,258
Special articles	8,042	62,542	44,853	17,689	62,542	-
	<u>4,796,942</u>	<u>4,919,142</u>	<u>4,873,560</u>	<u>17,689</u>	<u>4,891,249</u>	<u>27,893</u>
<b>Central Dispatch Center:</b>						
Personnel services	467,050	467,050	461,591	-	461,591	5,459
Overtime and substitutes	69,000	69,000	69,000	-	69,000	-
Purchase of services	6,125	6,125	5,750	-	5,750	375
Supplies	5,150	5,150	4,819	-	4,819	331
Other charges/expenditures	75	75	75	-	75	-
	<u>547,400</u>	<u>547,400</u>	<u>541,235</u>	<u>-</u>	<u>541,235</u>	<u>6,165</u>
<b>Building Department:</b>						
Personnel services	362,960	363,390	363,213	-	363,213	177
Overtime and substitutes	3,100	3,020	3,020	-	3,020	-
Supplies	1,100	1,100	977	-	977	123
Other charges/expenditures	24,220	24,220	23,745	-	23,745	475
	<u>391,380</u>	<u>391,730</u>	<u>390,955</u>	<u>-</u>	<u>390,955</u>	<u>775</u>
<b>Sealer of Weights and Measures:</b>						
Purchase of services	14,000	14,000	14,000	-	14,000	-
	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>	<u>-</u>	<u>14,000</u>	<u>-</u>
<b>Civil Preparedness Agency:</b>						
Purchase of services	1,465	1,465	1,314	-	1,314	151
Supplies	2,900	2,900	2,582	-	2,582	318
Other charges/expenditures	225	225	-	-	-	225
	<u>4,590</u>	<u>4,590</u>	<u>3,896</u>	<u>-</u>	<u>3,896</u>	<u>694</u>
<b>Canine Control:</b>						
Personnel services	46,020	46,020	43,366	-	43,366	2,654
Purchase of services	6,250	6,250	6,000	-	6,000	250
Supplies	2,560	3,960	3,951	-	3,951	9
Other charges/expenditures	50	50	50	-	50	-
	<u>54,880</u>	<u>56,280</u>	<u>53,367</u>	<u>-</u>	<u>53,367</u>	<u>2,913</u>
<b>Total Public Safety</b>	<b><u>11,292,442</u></b>	<b><u>11,321,234</u></b>	<b><u>11,179,182</u></b>	<b><u>20,891</u></b>	<b><u>11,200,073</u></b>	<b><u>121,161</u></b>
<b>Education:</b>						
<b>Dedham Public Schools:</b>						
School operations	34,140,935	34,225,935	33,347,802	716,339	34,064,141	161,794
Transportation subsidy	25,000	25,000	25,000	-	25,000	-
Special articles	9,720	45,451	36,300	9,151	45,451	-
	<u>34,175,655</u>	<u>34,296,386</u>	<u>33,409,102</u>	<u>725,490</u>	<u>34,134,592</u>	<u>161,794</u>
<b>Blue Hills Regional School:</b>						
Assessment	842,650	842,650	842,648	-	842,648	2
<b>Norfolk County Agricultural H.S.</b>						
Assessment	-	48,000	48,000	-	48,000	-
<b>Total Education</b>	<b><u>35,018,305</u></b>	<b><u>35,187,036</u></b>	<b><u>34,299,750</u></b>	<b><u>725,490</u></b>	<b><u>35,025,240</u></b>	<b><u>161,796</u></b>
<b>Public Works:</b>						
<b>Public Works Operations:</b>						
Personnel services	1,425,000	1,448,400	1,387,628	-	1,387,628	60,772
Overtime and meals	169,000	169,000	157,901	-	157,901	11,099
Purchase of services	479,100	477,014	470,454	-	470,454	6,560
Supplies	207,000	207,000	205,160	-	205,160	1,840
Other charges/expenditures	1,500	3,586	3,586	-	3,586	-
	<u>2,281,600</u>	<u>2,305,000</u>	<u>2,224,729</u>	<u>-</u>	<u>2,224,729</u>	<u>80,271</u>
<b>Snow and Ice Control:</b>						
Snow and ice removal	500,000	340,000	340,000	-	340,000	-
	<u>500,000</u>	<u>340,000</u>	<u>340,000</u>	<u>-</u>	<u>340,000</u>	<u>-</u>

TOWN OF DEDHAM, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
<b>Infrastructure Engineering:</b>						
Personnel services	424,840	406,840	382,924	-	382,924	23,916
Purchase of services	70,000	75,000	72,504	-	72,504	2,496
Supplies	25,000	20,000	11,405	-	11,405	8,595
Other charges/expenditures	3,500	3,500	1,635	-	1,635	1,865
	<u>523,340</u>	<u>505,340</u>	<u>468,468</u>	<u>-</u>	<u>468,468</u>	<u>36,872</u>
<b>Rubbish and Recycling:</b>						
Overtime and meals	5,000	5,000	-	-	-	5,000
Contracts	2,100,000	2,111,510	2,038,146	-	2,038,146	73,364
Supplies	5,000	5,000	4,163	-	4,163	837
	<u>2,110,000</u>	<u>2,121,510</u>	<u>2,042,309</u>	<u>-</u>	<u>2,042,309</u>	<u>79,201</u>
<b>Street Lighting:</b>						
Streetlights	277,500	280,206	232,477	-	232,477	47,729
	<u>277,500</u>	<u>280,206</u>	<u>232,477</u>	<u>-</u>	<u>232,477</u>	<u>47,729</u>
<b>Total Public Works</b>	<b>5,692,440</b>	<b>5,552,056</b>	<b>5,307,983</b>	<b>-</b>	<b>5,307,983</b>	<b>244,073</b>
<b>Health and Human Services:</b>						
<b>Public Health Board:</b>						
Personnel services	211,825	211,825	208,685	-	208,685	3,140
Purchase of services	1,400	1,400	976	-	976	424
Supplies	1,560	1,560	1,522	-	1,522	38
Other charges/expenditures	11,500	12,500	10,479	-	10,479	2,021
Hazardous waste collection	13,000	12,000	5,836	-	5,836	6,164
Special articles	7,326	7,326	-	7,326	7,326	-
	<u>246,611</u>	<u>246,611</u>	<u>227,498</u>	<u>7,326</u>	<u>234,824</u>	<u>11,787</u>
<b>Council on Aging:</b>						
Personnel services	204,465	204,465	200,465	-	200,465	4,000
Overtime and substitutes	1,440	80	-	-	-	80
Purchase of services	1,150	1,150	933	-	933	217
Supplies	6,435	7,795	5,906	-	5,906	1,889
Other charges/expenditures	1,305	1,305	275	-	275	1,030
	<u>214,795</u>	<u>214,795</u>	<u>207,579</u>	<u>-</u>	<u>207,579</u>	<u>7,216</u>
<b>Youth Commission:</b>						
Personnel services	240,735	240,735	194,104	-	194,104	46,631
Purchase of services	2,200	2,200	2,171	-	2,171	29
Supplies	1,900	1,900	1,070	-	1,070	830
Other charges/expenditures	7,500	7,500	5,697	-	5,697	1,803
	<u>252,335</u>	<u>252,335</u>	<u>203,042</u>	<u>-</u>	<u>203,042</u>	<u>49,293</u>
<b>Veterans' Services:</b>						
Personnel services	115,000	95,000	84,996	-	84,996	10,004
Memorial Day program	5,500	5,500	5,494	-	5,494	6
Purchase of services	4,000	4,000	1,411	-	1,411	2,589
Supplies	1,150	1,150	1,009	-	1,009	141
Other charges/expenditures	1,000	1,000	297	-	297	703
Veterans' benefits	68,000	68,000	65,559	-	65,559	2,441
	<u>194,650</u>	<u>174,650</u>	<u>158,766</u>	<u>-</u>	<u>158,766</u>	<u>15,884</u>
<b>Total Health and Human Services</b>	<b>908,391</b>	<b>888,391</b>	<b>796,885</b>	<b>7,326</b>	<b>804,211</b>	<b>84,180</b>
<b>Culture and Recreation:</b>						
<b>Public Libraries:</b>						
Personnel services	758,760	758,760	757,905	-	757,905	855
Overtime and substitutes	10,100	4,100	3,183	-	3,183	917
Books, periodicals and bindings	134,500	134,500	133,908	-	133,908	592
Purchase of services	55,500	55,500	53,560	-	53,560	1,940
Supplies	12,000	18,000	17,524	-	17,524	476
Other charges/expenditures	10,800	10,800	8,390	-	8,390	2,410
Special articles	-	25,000	300	24,700	25,000	-
	<u>981,660</u>	<u>1,006,660</u>	<u>974,770</u>	<u>24,700</u>	<u>999,470</u>	<u>7,190</u>
<b>Recreation Department:</b>						
Personnel services	228,000	251,220	247,169	-	247,169	4,051
Purchase of services	32,400	32,400	32,084	-	32,084	316
Supplies	3,000	3,000	2,908	-	2,908	92
Other charges/expenditures	4,650	4,650	4,500	-	4,500	150
	<u>268,050</u>	<u>291,270</u>	<u>286,661</u>	<u>-</u>	<u>286,661</u>	<u>4,609</u>

(continued)

TOWN OF DEDHAM, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
Parks and Playgrounds:						
Personnel services	279,290	266,070	265,104	-	265,104	966
Overtime and substitutes	9,500	9,500	8,787	-	8,787	713
Purchase of services	18,000	18,000	13,046	-	13,046	4,954
Supplies	91,500	91,500	90,162	-	90,162	1,338
	<u>398,290</u>	<u>385,070</u>	<u>377,099</u>	<u>-</u>	<u>377,099</u>	<u>7,971</u>
Endicott Estate Commission:						
Personnel services	119,645	179,645	168,048	-	168,048	11,597
Overtime and substitutes	5,000	5,000	5,000	-	5,000	-
Purchase of services	38,900	38,900	29,269	-	29,269	9,631
Supplies	18,450	20,450	11,438	-	11,438	9,012
Other charges/expenditures	500	500	377	-	377	123
	<u>182,495</u>	<u>244,495</u>	<u>214,132</u>	<u>-</u>	<u>214,132</u>	<u>30,363</u>
Civic Pride:						
Other charges/expenditures	4,725	4,725	4,725	-	4,725	-
	<u>4,725</u>	<u>4,725</u>	<u>4,725</u>	<u>-</u>	<u>4,725</u>	<u>-</u>
Cultural Council:						
Community grants	6,300	6,300	6,300	-	6,300	-
	<u>6,300</u>	<u>6,300</u>	<u>6,300</u>	<u>-</u>	<u>6,300</u>	<u>-</u>
<i>Total Culture and Recreation</i>	<u>1,841,520</u>	<u>1,938,520</u>	<u>1,863,687</u>	<u>24,700</u>	<u>1,888,387</u>	<u>50,133</u>
<i>State and County Assessments</i>	<u>2,320,758</u>	<u>2,320,758</u>	<u>2,335,196</u>	<u>-</u>	<u>2,335,196</u>	<u>(14,438)</u>
<i>Debt Service:</i>						
Principal and interest	7,863,200	8,767,500	8,698,763	-	8,698,763	68,737
<i>Total Debt Service</i>	<u>7,863,200</u>	<u>8,767,500</u>	<u>8,698,763</u>	<u>-</u>	<u>8,698,763</u>	<u>68,737</u>
<i>Pension and Fringe Benefits:</i>						
Retirement:						
Contributory pension	3,351,200	3,351,200	3,351,191	-	3,351,191	9
	<u>3,351,200</u>	<u>3,351,200</u>	<u>3,351,191</u>	<u>-</u>	<u>3,351,191</u>	<u>9</u>
Retirement:						
Non-contributory pension	31,000	31,000	24,684	-	24,684	6,316
	<u>31,000</u>	<u>31,000</u>	<u>24,684</u>	<u>-</u>	<u>24,684</u>	<u>6,316</u>
Unemployment Compensation:						
Unemployment payments	75,000	75,000	42,333	-	42,333	32,667
	<u>75,000</u>	<u>75,000</u>	<u>42,333</u>	<u>-</u>	<u>42,333</u>	<u>32,667</u>
Insurance and Hospitalization:						
Employee group health insurance	9,700,625	9,760,425	9,760,045	-	9,760,045	380
Medicare tax	600,000	600,000	577,098	-	577,098	22,902
	<u>10,300,625</u>	<u>10,360,425</u>	<u>10,337,143</u>	<u>-</u>	<u>10,337,143</u>	<u>23,282</u>
<i>Total Pension and Fringe Benefits</i>	<u>13,757,825</u>	<u>13,817,625</u>	<u>13,755,351</u>	<u>-</u>	<u>13,755,351</u>	<u>62,274</u>
<b>Total Expenditures</b>	<u>84,654,755</u>	<u>86,200,314</u>	<u>83,450,978</u>	<u>1,262,278</u>	<u>84,713,256</u>	<u>1,487,058</u>
<b>Other Financing Sources (Uses)</b>						
Premiums from debt issuance	-	-	323,945		323,945	323,945
Transfers in	1,236,425	1,605,524	1,573,094		1,573,094	(32,430)
Transfers out	-	(1,478,900)	(1,488,900)		(1,488,900)	(10,000)
<b>Total Other Financing Sources (Uses)</b>	<u>1,236,425</u>	<u>126,624</u>	<u>408,139</u>		<u>\$ 408,139</u>	<u>281,515</u>
<i>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures/Uses Of Prior Year Budgetary Fund Balance</i>	<u>(1,045,901)</u>	<u>(2,813,961)</u>	<u>\$ 2,740,039</u>			<u>\$ 4,291,722</u>
<b>Other Budgetary Items</b>						
Use of unreserved fund balance	\$ -	\$ 1,425,000				
Prior year encumbrances and articles	1,339,977	1,339,977				
Overlay deficits	(294,076)	(294,076)				
Other	-	343,060				
<b>Total Other Budgetary Items</b>	<u>1,045,901</u>	<u>2,813,961</u>				
<b>Net budget and actual</b>	<u>\$ -</u>	<u>\$ -</u>				

(Concluded)

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

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

**TOWN OF DEDHAM, MASSACHUSETTS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2012**

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**I. Budgetary Basis of Accounting**

*Budgetary Information* – An annual budget is legally adopted for the General Fund. Financial orders are initiated by department heads, recommended by the Finance Committee and approved by the Town Meeting members at the Town’s annual meeting in May. Expenditures may not legally exceed appropriations at the line item level. Department heads may transfer, without Town Meeting approval, individual items within the category that makes up the aggregate line item voted. The Town Meeting, however, must approve any transfer of unencumbered appropriation balances between departments. At the close of each fiscal year, unencumbered appropriation balances lapse or reverts to unreserved fund balance to conform to the Uniform Municipal Accounting System (UMAS) basis of accounting prescribed by the Massachusetts Department of Revenue.

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. During fiscal year 2012, Town Meeting approved approximately \$1,500,000 in increases from the original approved budget to supplement general government (\$400,000), debt service (\$900,000) and all other items, net (\$200,000) appropriations.

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

*Budgetary-to-GAAP Reconciliation* – The Town’s general fund is prepared on a basis other than GAAP. A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund for the fiscal year ended June 30, 2012, is as follows:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues on a budgetary basis			\$ 85,782,878
Stabilization revenue	\$ -	\$ 1,307,858	1,307,858
Change in recording tax refunds payable	130,930	-	130,930
On behalf payments	<u>7,459,778</u>	-	<u>7,459,778</u>
Revenues on a GAAP basis	<u>\$ 7,459,778</u>	<u>\$ -</u>	<u>\$ 94,681,444</u>
Expenditures on a budgetary basis			\$ 83,450,978
On behalf payments	\$ 7,459,778	\$ -	7,459,778
Sewer debt service reported in sewer fund	-	(603,813)	(603,813)
Expenditures on a GAAP basis	<u>\$ 7,459,778</u>	<u>\$ (603,813)</u>	<u>\$ 90,306,943</u>
Other financing sources (uses) on a budgetary basis			\$ 408,139
Stabilization transfers	\$ -	\$ (498,131)	(498,131)
Transfers related to sewer debt activity	-	(603,813)	(603,813)
Other financing sources (uses) on a GAAP basis	<u>\$ -</u>	<u>\$ (1,101,944)</u>	<u>\$ (693,805)</u>



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## **Combining Statements**



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## **Nonmajor Governmental Fund**

### *Special Revenue Funds –*

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

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

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

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

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

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

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

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

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

Capital Projects Funds –

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

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

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

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

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

Permanent Funds –

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

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

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

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



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**NONMAJOR GOVERNMENTAL FUNDS**

COMBINING BALANCE SHEET  
JUNE 30, 2012

	<b>Special Revenue Funds</b>				
	Town Grants	School Grants	Town Gifts	School Gifts	School Lunch Fund
<b>Assets:</b>					
Cash and cash equivalents	\$ 291,648	\$ 719,068	\$ 990,631	\$ 109,501	\$ 14,584
Investments	-	-	-	-	-
Receivables, net of allowance for uncollectibles					
Due from Commonwealth	62,563	82,247	-	-	21,820
<b>Total Assets</b>	<b>\$ 354,211</b>	<b>\$ 801,315</b>	<b>\$ 990,631</b>	<b>\$ 109,501</b>	<b>\$ 36,404</b>
<b>Liabilities and Fund Balances:</b>					
Liabilities:					
Warrants and accounts payable	\$ 5,325	\$ 5,263	\$ 551	\$ -	\$ 14,576
Accrued payroll and withholdings	-	35,928	-	2,812	2,515
Retainage payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
<b>Total Liabilities</b>	5,325	41,191	551	2,812	17,091
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	348,886	760,124	990,080	106,689	19,313
<b>Total Fund Balances</b>	348,886	760,124	990,080	106,689	19,313
<b>Total Liabilities and Fund Balances</b>	<b>\$ 354,211</b>	<b>\$ 801,315</b>	<b>\$ 990,631</b>	<b>\$ 109,501</b>	<b>\$ 36,404</b>

Town Revolving Funds	School Revolving Funds	Receipts Reserved Fund	Sub-total Special Revenue Funds
\$ 280,084	\$ 676,337	\$ 290,360	\$ 3,372,213
-	-	-	-
-	-	-	166,630
<u>\$ 280,084</u>	<u>\$ 676,337</u>	<u>\$ 290,360</u>	<u>\$ 3,538,843</u>

\$ 400	\$ 36,920	\$ 188	\$ 63,223
17,619	344	-	59,218
-	-	-	-
-	-	18,777	18,777
18,019	37,264	18,965	141,218
-	-	-	-
262,065	639,073	271,395	3,397,625
262,065	639,073	271,395	3,397,625
<u>\$ 280,084</u>	<u>\$ 676,337</u>	<u>\$ 290,360</u>	<u>\$ 3,538,843</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS**

COMBINING BALANCE SHEET  
JUNE 30, 2012

	<b>Capital Project Funds</b>				
	<u>Land and Improvements</u>	<u>Buildings and Improvements</u>	<u>Roadway Improvements</u>	<u>Machinery and Equipment</u>	<u>Sub-total Capital Project Funds</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 318,878	\$ 553,638	\$ 338,766	\$ 494,836	\$ 1,706,118
Investments	-	-	-	-	-
Receivables, net of allowance for uncollectibles Due from Commonwealth	-	-	1,208,191	-	1,208,191
<b>Total Assets</b>	<u>\$ 318,878</u>	<u>\$ 553,638</u>	<u>\$ 1,546,957</u>	<u>\$ 494,836</u>	<u>\$ 2,914,309</u>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Warrants and accounts payable	\$ 2,304	\$ 625	\$ 701,054	\$ 4,573	\$ 708,556
Accrued payroll and withholdings	-	-	-	-	-
Retainage payable	-	448,353	-	-	448,353
Other liabilities	-	-	-	-	-
<b>Total Liabilities</b>	2,304	448,978	701,054	4,573	1,156,909
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	316,574	104,660	845,903	490,263	1,757,400
<b>Total Fund Balances</b>	316,574	104,660	845,903	490,263	1,757,400
<b>Total Liabilities and Fund Balances</b>	<u>\$ 318,878</u>	<u>\$ 553,638</u>	<u>\$ 1,546,957</u>	<u>\$ 494,836</u>	<u>\$ 2,914,309</u>

				<b>Total</b>
Cemetery Trust Funds	Library Trust Funds	Other Trust Funds	Sub-total Permanent Funds	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 5,078,331
514,068	805,664	433,826	1,753,558	1,753,558
-	-	-	-	1,374,821
<u>\$ 514,068</u>	<u>\$ 805,664</u>	<u>\$ 433,826</u>	<u>\$ 1,753,558</u>	<u>\$ 8,206,710</u>
\$ -	\$ -	\$ -	\$ -	\$ 771,779
-	-	-	-	59,218
-	-	-	-	448,353
-	-	-	-	18,777
-	-	-	-	1,298,127
497,325	202,244	82,046	781,615	781,615
16,743	603,420	351,780	971,943	6,126,968
514,068	805,664	433,826	1,753,558	6,908,583
<u>\$ 514,068</u>	<u>\$ 805,664</u>	<u>\$ 433,826</u>	<u>\$ 1,753,558</u>	<u>\$ 8,206,710</u>

(Concluded)

**NONMAJOR GOVERNMENTAL FUNDS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FISCAL YEAR ENDED JUNE 30, 2012

	<b>Special Revenue Funds</b>				
	Town Grants	School Grants	Town Gifts	School Gifts	School Lunch Fund
<b>Revenues:</b>					
Intergovernmental	\$ 471,235	\$ 2,706,786	\$ -	\$ -	\$ 358,652
Fines and forfeitures	-	-	-	-	-
Departmental and other	-	-	-	-	682,153
Interest and investment income	-	-	-	-	-
Contributions and donations	-	-	367,162	118,557	-
<b>Total Revenues</b>	<u>471,235</u>	<u>2,706,786</u>	<u>367,162</u>	<u>118,557</u>	<u>1,040,805</u>
<b>Expenditures:</b>					
General government	3,105	-	108,405	-	-
Public safety	89,086	-	29,954	-	-
Education	-	2,648,012	-	56,938	1,061,825
Public works	852	-	-	-	-
Health and human services	61,489	-	-	-	-
Culture and recreation	29,894	-	34,587	-	-
<b>Total Expenditures</b>	<u>184,426</u>	<u>2,648,012</u>	<u>172,946</u>	<u>56,938</u>	<u>1,061,825</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>286,809</u>	<u>58,774</u>	<u>194,216</u>	<u>61,619</u>	<u>(21,020)</u>
<b>Other Financing Sources (Uses):</b>					
Bond proceeds	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	286,809	58,774	194,216	61,619	(21,020)
Fund Balances - Beginning of Year	62,077	701,350	795,864	45,070	40,333
Fund Balances - End of Year	<u>\$ 348,886</u>	<u>\$ 760,124</u>	<u>\$ 990,080</u>	<u>\$ 106,689</u>	<u>\$ 19,313</u>



Town Revolving Funds	School Revolving Funds	Receipts Reserved Fund	Sub-total Special Revenue Funds
\$ -	\$ -	\$ -	\$ 3,536,673
-	-	38,487	38,487
396,202	1,325,343	165,020	2,568,718
-	-	-	-
-	-	-	485,719
<u>396,202</u>	<u>1,325,343</u>	<u>203,507</u>	<u>6,629,597</u>
1,500	-	8,992	122,002
14,221	-	-	133,261
-	1,124,878	-	4,891,653
-	-	-	852
11,716	-	-	73,205
<u>375,420</u>	<u>-</u>	<u>-</u>	<u>439,901</u>
<u>402,857</u>	<u>1,124,878</u>	<u>8,992</u>	<u>5,660,874</u>
<u>(6,655)</u>	<u>200,465</u>	<u>194,515</u>	<u>968,723</u>
-	-	-	-
-	-	-	-
-	-	(262,500)	(262,500)
-	-	(262,500)	(262,500)
(6,655)	200,465	(67,985)	706,223
<u>268,720</u>	<u>438,608</u>	<u>339,380</u>	<u>2,691,402</u>
<u>\$ 262,065</u>	<u>\$ 639,073</u>	<u>\$ 271,395</u>	<u>\$ 3,397,625</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FISCAL YEAR ENDED JUNE 30, 2012

	<b>Capital Project Funds</b>				
	<u>Land and Improvements</u>	<u>Buildings and Improvements</u>	<u>Roadway Improvements</u>	<u>Machinery and Equipment</u>	<u>Sub-total Capital Project Funds</u>
<b>Revenues:</b>					
Intergovernmental	\$ -	\$ 589,900	\$ 1,913,306	\$ -	\$ 2,503,206
Fines and forfeitures	-	-	-	-	-
Departmental and other	-	158,331	-	-	158,331
Interest and investment income	-	-	-	-	-
Contributions and donations	-	-	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>748,231</u>	<u>1,913,306</u>	<u>-</u>	<u>2,661,537</u>
<b>Expenditures:</b>					
General government	467,124	894,637	-	167,233	1,528,994
Public safety	-	2,120	-	204,160	206,280
Education	1,755,543	310,706	-	275,000	2,341,249
Public works	3,075	-	3,385,280	162,912	3,551,267
Health and human services	-	-	-	57,212	57,212
Culture and recreation	213,186	-	-	35,319	248,505
<b>Total Expenditures</b>	<u>2,438,928</u>	<u>1,207,463</u>	<u>3,385,280</u>	<u>901,836</u>	<u>7,933,507</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>(2,438,928)</u>	<u>(459,232)</u>	<u>(1,471,974)</u>	<u>(901,836)</u>	<u>(5,271,970)</u>
<b>Other Financing Sources (Uses):</b>					
Bond proceeds	425,000	-	1,850,000	150,000	2,425,000
Transfers in	315,901	348,000	-	1,176,461	1,840,362
Transfers out	-	(130,000)	-	-	(130,000)
<b>Total Other Financing Sources (Uses)</b>	<u>740,901</u>	<u>218,000</u>	<u>1,850,000</u>	<u>1,326,461</u>	<u>4,135,362</u>
<b>Net Change in Fund Balances</b>	<u>(1,698,027)</u>	<u>(241,232)</u>	<u>378,026</u>	<u>424,625</u>	<u>(1,136,608)</u>
Fund Balances - Beginning of Year	<u>2,014,601</u>	<u>345,892</u>	<u>467,877</u>	<u>65,638</u>	<u>2,894,008</u>
Fund Balances - End of Year	<u>\$ 316,574</u>	<u>\$ 104,660</u>	<u>\$ 845,903</u>	<u>\$ 490,263</u>	<u>\$ 1,757,400</u>

				<b>Total</b>
Cemetery Trust Funds	Library Trust Funds	Other Trust Funds	Sub-total Permanent Funds	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 6,039,879
-	-	-	-	38,487
-	-	-	-	2,727,049
9,638	32,547	6,152	48,337	48,337
<u>14,025</u>	<u>-</u>	<u>32,043</u>	<u>46,068</u>	<u>531,787</u>
<u>23,663</u>	<u>32,547</u>	<u>38,195</u>	<u>94,405</u>	<u>9,385,539</u>
-	-	1,909	1,909	1,652,905
-	-	21,810	21,810	361,351
-	-	-	-	7,232,902
9,150	-	20	9,170	3,561,289
-	-	-	-	130,417
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>688,406</u>
<u>9,150</u>	<u>-</u>	<u>23,739</u>	<u>32,889</u>	<u>13,627,270</u>
<u>14,513</u>	<u>32,547</u>	<u>14,456</u>	<u>61,516</u>	<u>(4,241,731)</u>
-	-	-	-	2,425,000
-	-	-	-	1,840,362
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(392,500)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,872,862</u>
14,513	32,547	14,456	61,516	(368,869)
<u>499,555</u>	<u>773,117</u>	<u>419,370</u>	<u>1,692,042</u>	<u>7,277,452</u>
<u>\$ 514,068</u>	<u>\$ 805,664</u>	<u>\$ 433,826</u>	<u>\$ 1,753,558</u>	<u>\$ 6,908,583</u>

(Concluded)

## **Fiduciary Funds**

### *Agency Funds* –

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

**AGENCY FUND**

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FISCAL YEAR ENDED JUNE 30, 2012

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 603,142	\$ 1,774,463	\$ (1,833,725)	\$ 543,880
Receivables, net	<u>325,212</u>	<u>1,541,241</u>	<u>(1,340,638)</u>	<u>525,815</u>
Total Assets	<u><u>\$ 928,354</u></u>	<u><u>\$ 3,315,704</u></u>	<u><u>\$ (3,174,363)</u></u>	<u><u>\$ 1,069,695</u></u>
<b>Liabilities:</b>				
Warrants payable	\$ 4,345	\$ 274,088	\$ (268,078)	\$ 10,355
Accrued payroll and withholdings	44,491	1,575,810	(1,565,647)	54,654
Planning board deposits	287,042	-	-	287,042
Student activities	206,341	249,761	(224,088)	232,014
Public safety details	168,475	1,199,037	(1,066,550)	300,962
Other deposits	<u>217,660</u>	<u>17,008</u>	<u>(50,000)</u>	<u>184,668</u>
Total Liabilities	<u><u>\$ 928,354</u></u>	<u><u>\$ 3,315,704</u></u>	<u><u>\$ (3,174,363)</u></u>	<u><u>\$ 1,069,695</u></u>



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# STATISTICAL SECTION



The Town's main library was constructed in 1886 through a bequest received from Hannah Shuttleworth. Boston architects Van Brunt and Howe designed the main library with a unique Romanesque/Southern France style; the exterior is Dedham pink granite and red sandstone trim.

The Trustees approved the addition of a children's room in 1916, and Edith H. Smith became the first children's librarian. In 1952, an entire children's wing was added, along with a renovation of the adult department and a new main entrance on Church Street. This is the current state of the main library.

Today, the library is home to 124,000 holdings and has a circulation of almost 140,000.





# Statistical Section

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

## **Financial Trends**

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

## **Revenue Capacity**

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

## **Debt Capacity**

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

## **Demographic and Economic Information**

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

## **Operating Information**

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

Sources: Unless otherwise noted, the information in these schedules is derived from the financial statements for the relevant year.

**NET ASSETS BY COMPONENT**

**LAST TEN FISCAL YEARS**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007 (1)</u>	<u>2008 (2)</u>	<u>2009</u>	<u>2010 (3)</u>	<u>2011 (4)</u>	<u>2012</u>
<b>Governmental activities:</b>										
Invested in capital assets, net of related debt.....	\$ 17,957,960	\$ 14,659,373	\$ 17,088,038	\$ 33,237,328	\$ 51,870,735	\$ 50,904,656	\$ 52,384,685	\$ 49,775,353	\$ 55,971,463	\$ 70,945,301
Restricted.....	10,870,263	11,938,298	11,420,364	6,457,883	7,971,185	3,823,701	3,987,014	13,115,396	13,163,552	6,908,583
Unrestricted.....	3,386,190	5,845,578	7,368,720	10,349,636	10,802,972	13,562,033	9,095,390	6,464,917	7,063,113	11,195,528
<b>Total governmental activities net assets.....</b>	<b><u>\$ 32,214,413</u></b>	<b><u>\$ 32,443,249</u></b>	<b><u>\$ 35,877,122</u></b>	<b><u>\$ 50,044,847</u></b>	<b><u>\$ 70,644,892</u></b>	<b><u>\$ 68,290,390</u></b>	<b><u>\$ 65,467,089</u></b>	<b><u>\$ 69,355,666</u></b>	<b><u>\$ 76,198,128</u></b>	<b><u>\$ 89,049,412</u></b>
<b>Business-type activities:</b>										
Invested in capital assets, net of related debt.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,693,204	\$ 7,453,124	\$ 7,381,486	\$ 8,831,268	\$ 11,061,349
Unrestricted.....	-	-	-	-	-	3,742,039	4,139,374	10,114,947	10,269,669	10,746,685
<b>Total business-type activities net assets.....</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 9,435,243</u></b>	<b><u>\$ 11,592,498</u></b>	<b><u>\$ 17,496,433</u></b>	<b><u>\$ 19,100,937</u></b>	<b><u>\$ 21,808,034</u></b>
<b>Primary government:</b>										
Invested in capital assets, net of related debt.....	\$ 17,957,960	\$ 14,659,373	\$ 17,088,038	\$ 33,237,328	\$ 51,870,735	\$ 56,597,860	\$ 59,837,809	\$ 57,156,839	\$ 64,802,731	\$ 82,006,650
Restricted.....	10,870,263	11,938,298	11,420,364	6,457,883	7,971,185	3,823,701	3,987,014	13,115,396	13,163,552	6,908,583
Unrestricted.....	3,386,190	5,845,578	7,368,720	10,349,636	10,802,972	17,304,072	13,234,764	16,579,864	17,332,782	21,942,213
<b>Total primary government net assets.....</b>	<b><u>\$ 32,214,413</u></b>	<b><u>\$ 32,443,249</u></b>	<b><u>\$ 35,877,122</u></b>	<b><u>\$ 50,044,847</u></b>	<b><u>\$ 70,644,892</u></b>	<b><u>\$ 77,725,633</u></b>	<b><u>\$ 77,059,587</u></b>	<b><u>\$ 86,852,099</u></b>	<b><u>\$ 95,299,065</u></b>	<b><u>\$ 110,857,446</u></b>

- (1) The Town elected to defer the recording of infrastructure in its governmental activities' net assets until fiscal year 2007. As a result, a prior period restatement of \$13,544,066 was made to beginning net assets as of July 1, 2006.
- (2) In fiscal year 2008, the Town elected to report the activities of its sewer department as a business-type activity. As a result, a prior period restatement was required to reduce the governmental activities statement of net assets beginning balance by \$6,057,887 and increase the business-type activities statement of net assets beginning balance by \$6,161,381 as of July 1, 2007.
- (3) In fiscal year 2010, the Town reviewed its sewer usage billing practices. As a result a prior period restatement to reflect earned but unbilled charges was required to increase the business-type activities statement of net assets beginning balance by \$3,498,829 as of July 1, 2009.
- (4) In fiscal year 2011, the Town adjusted its estimate for recording compensated absences due to employees. This resulted in a benefit of \$600,000 that was recorded as a prior period restatement increasing governmental activities' beginning balance as of July 1, 2010. In addition, the Town also reviewed all of its Trust Fund agreements and determined that \$1,607,075 were more properly categorized as fiduciary and therefore were reclassified as private purpose trust funds. Of this amount, \$1,403,793 related to the Town adopting an OPEB Trust and the remainder related to poor funds and scholarship funds that are considered private purpose funds. This resulted in a prior period restatement decreasing governmental activities' beginning balance as of July 1, 2010. The aggregate impact to governmental activities' beginning net assets as of July 1, 2010 was a decrease of \$1,007,075.

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008 (1)	2009	2010	2011	2012
Expenses -										
Governmental activities:										
General government.....	\$ 4,709,829	\$ 5,218,039	\$ 5,120,642	\$ 5,637,858	\$ 5,836,738	\$ 6,482,125	\$ 6,712,019	\$ 7,455,799	\$ 7,187,256	\$ 7,144,072
Public safety.....	11,957,817	12,671,981	13,107,844	15,487,680	15,636,464	14,898,467	16,885,045	16,349,388	17,524,157	16,505,620
Education.....	39,649,512	39,826,762	41,993,147	43,371,842	44,680,463	48,501,891	53,913,557	52,733,810	53,013,845	57,609,327
Public works.....	11,991,716	10,240,920	11,357,085	11,400,650	13,597,213	8,462,729	8,495,852	8,796,971	10,352,050	8,640,310
Human services.....	584,391	664,841	703,406	730,320	807,873	830,625	1,147,489	1,156,051	1,300,046	1,293,813
Culture and recreation.....	3,039,149	2,814,871	2,714,074	3,270,116	3,413,472	3,520,855	3,551,307	3,139,413	4,391,573	3,216,271
Interest.....	468,941	769,452	1,273,877	1,710,505	1,356,827	1,358,707	1,512,923	1,433,392	1,555,138	1,858,222
Total government activities expenses.....	<u>72,401,355</u>	<u>72,206,866</u>	<u>76,270,075</u>	<u>81,608,971</u>	<u>85,329,050</u>	<u>84,055,399</u>	<u>92,218,192</u>	<u>91,064,824</u>	<u>95,324,065</u>	<u>96,267,635</u>
Business-type activities:										
Sewer.....	-	-	-	-	-	4,877,909	5,369,806	5,096,758	5,645,902	5,310,034
Total business-type activities expenses.....	-	-	-	-	-	4,877,909	5,369,806	5,096,758	5,645,902	5,310,034
Total primary government expenses.....	<u>\$ 72,401,355</u>	<u>\$ 72,206,866</u>	<u>\$ 76,270,075</u>	<u>\$ 81,608,971</u>	<u>\$ 85,329,050</u>	<u>\$ 88,933,308</u>	<u>\$ 97,587,998</u>	<u>\$ 96,161,582</u>	<u>\$ 100,969,967</u>	<u>\$ 101,577,669</u>
Program Revenues -										
Governmental activities:										
Charges for services:										
General government.....	\$ 841,879	\$ 504,376	\$ 707,045	\$ 504,192	\$ 560,179	\$ 4,641,660	\$ 3,185,547	\$ 741,943	\$ 866,660	\$ 521,601
Public safety.....	1,548,710	1,631,457	2,431,112	2,007,388	2,844,670	694,261	29,465	1,754,489	1,097,670	1,109,683
Education.....	1,510,339	1,530,642	2,106,024	2,187,806	2,381,443	1,896,888	1,772,855	2,118,664	2,030,420	2,314,003
Public works.....	5,216,049	5,421,610	5,984,431	6,068,853	6,658,463	94,180	93,258	138,400	139,396	226,893
Human services.....	48,588	171,653	58,283	3,968	17,802	171,750	158,657	198,859	197,170	217,543
Culture and recreation.....	283,461	318,569	323,370	335,966	379,720	316,650	320,949	491,232	610,267	516,599
Operating grants and contributions.....	9,799,578	9,462,604	11,251,551	9,975,595	13,482,363	12,903,208	14,463,371	14,200,975	14,807,668	15,443,557
Capital grants and contributions.....	453,452	820,661	845,099	13,383,168	1,993,200	912,475	2,172,371	2,368,219	5,108,943	7,200,151
Total government activities program revenues.....	<u>19,702,056</u>	<u>19,861,572</u>	<u>23,706,915</u>	<u>34,466,936</u>	<u>28,317,840</u>	<u>21,631,072</u>	<u>22,196,473</u>	<u>22,012,781</u>	<u>24,858,194</u>	<u>27,550,030</u>
Business-type activities:										
Charges for services.....	-	-	-	-	-	7,188,754	7,214,875	7,654,800	7,476,467	8,409,004
Capital grants and contributions.....	-	-	-	-	-	346,875	83,854	17,821	52,146	38,227
Total business-type activities program revenues.....	-	-	-	-	-	7,535,629	7,298,729	7,672,621	7,528,613	8,447,231
Total primary government program revenues.....	<u>\$ 19,702,056</u>	<u>\$ 19,861,572</u>	<u>\$ 23,706,915</u>	<u>\$ 34,466,936</u>	<u>\$ 28,317,840</u>	<u>\$ 29,166,701</u>	<u>\$ 29,495,202</u>	<u>\$ 29,685,402</u>	<u>\$ 32,386,807</u>	<u>\$ 35,997,261</u>
Net (Expense)/Program Revenue										
Governmental activities.....	\$ (52,699,299)	\$ (52,345,294)	\$ (52,563,160)	\$ (47,142,035)	\$ (57,011,210)	\$ (62,424,327)	\$ (70,021,719)	\$ (69,052,043)	\$ (70,465,871)	\$ (68,717,605)
Business-type activities.....	-	-	-	-	-	2,657,720	1,928,923	2,575,863	1,882,711	3,137,197
Total primary government net (expense)/program revenue.....	<u>\$ (52,699,299)</u>	<u>\$ (52,345,294)</u>	<u>\$ (52,563,160)</u>	<u>\$ (47,142,035)</u>	<u>\$ (57,011,210)</u>	<u>\$ (59,766,607)</u>	<u>\$ (68,092,796)</u>	<u>\$ (66,476,180)</u>	<u>\$ (68,583,160)</u>	<u>\$ (65,580,408)</u>

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

(continued)

**CHANGES IN NET ASSETS**

**LAST TEN FISCAL YEARS**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008 (1)</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>General Revenues and other Changes in Net Assets -</b>										
<b>Governmental activities:</b>										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 41,958,918	\$ 44,928,026	\$ 47,612,740	\$ 50,846,181	\$ 54,614,942	\$ 57,131,569	\$ 60,306,299	\$ 65,728,908	\$ 69,653,675	\$ 72,965,354
Motor vehicle excise taxes.....	3,402,270	3,502,008	3,504,873	3,542,650	3,358,437	3,518,419	3,462,324	2,941,257	4,543,269	4,449,942
Penalties and interest on taxes.....	377,729	461,544	254,835	300,058	492,860	353,259	329,453	345,255	296,259	345,562
Grants and contributions not restricted to specific programs.....	3,933,968	3,542,140	3,936,353	5,664,434	4,680,383	4,218,553	2,780,778	2,889,606	2,736,500	2,765,940
Unrestricted investment income.....	350,890	140,412	688,232	956,437	920,567	1,076,108	547,896	583,957	807,498	611,980
Transfers.....	-	-	-	-	-	(170,196)	(228,332)	451,637	278,207	430,112
<b>Total governmental activities.....</b>	<b>50,023,775</b>	<b>52,574,130</b>	<b>55,997,033</b>	<b>61,309,760</b>	<b>64,067,189</b>	<b>66,127,712</b>	<b>67,198,418</b>	<b>72,940,620</b>	<b>78,315,408</b>	<b>81,568,890</b>
<b>Business-type activities:</b>										
Grants and contributions not restricted to specific programs.....	-	-	-	-	-	434,522	-	280,880	-	-
Unrestricted investment income.....	-	-	-	-	-	11,424	-	-	-	11
Transfers.....	-	-	-	-	-	170,196	228,332	(451,637)	(278,207)	(430,112)
<b>Total business-type activities.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>616,142</b>	<b>228,332</b>	<b>(170,757)</b>	<b>(278,207)</b>	<b>(430,101)</b>
<b>Total primary government general revenues and other changes in net assets.....</b>	<b>\$ 50,023,775</b>	<b>\$ 52,574,130</b>	<b>\$ 55,997,033</b>	<b>\$ 61,309,760</b>	<b>\$ 64,067,189</b>	<b>\$ 66,743,854</b>	<b>\$ 67,426,750</b>	<b>\$ 72,769,863</b>	<b>\$ 78,037,201</b>	<b>\$ 81,138,789</b>
<b>Changes in Net Assets</b>										
Governmental activities.....	\$ 50,023,775	\$ 52,574,130	\$ 55,997,033	\$ 61,309,760	\$ 64,067,189	\$ 66,127,712	\$ 67,198,418	\$ 72,940,620	\$ 78,315,408	\$ 81,568,890
Business-type activities.....	-	-	-	-	-	616,142	228,332	(170,757)	(278,207)	(430,101)
<b>Total primary government changes in net assets.....</b>	<b>\$ 50,023,775</b>	<b>\$ 52,574,130</b>	<b>\$ 55,997,033</b>	<b>\$ 61,309,760</b>	<b>\$ 64,067,189</b>	<b>\$ 66,743,854</b>	<b>\$ 67,426,750</b>	<b>\$ 72,769,863</b>	<b>\$ 78,037,201</b>	<b>\$ 81,138,789</b>
<b>Changes in Net Assets</b>										
Governmental activities.....	\$ (2,675,524)	\$ 228,836	\$ 3,433,873	\$ 14,167,725	\$ 7,055,979	\$ 3,703,385	\$ (2,823,301)	\$ 3,888,577	\$ 7,849,537	\$ 12,851,285
Business-type activities.....	-	-	-	-	-	3,273,862	2,157,255	2,405,106	1,604,504	2,707,096
<b>Total primary government changes in net assets.....</b>	<b>\$ (2,675,524)</b>	<b>\$ 228,836</b>	<b>\$ 3,433,873</b>	<b>\$ 14,167,725</b>	<b>\$ 7,055,979</b>	<b>\$ 6,977,247</b>	<b>\$ (666,046)</b>	<b>\$ 6,293,683</b>	<b>\$ 9,454,041</b>	<b>\$ 15,558,381</b>

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

(concluded)

**FUND BALANCES - GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008 (1)</u>	<u>2009</u>	<u>2010</u>	<u>2011 (2)</u>	<u>2012</u>
General Fund:										
Restricted.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 572,271	\$ 857,469
Committed.....	-	-	-	-	-	-	600,000	1,725,257	1,885,966	3,133,729
Assigned.....	3,253,942	3,129,582	3,154,007	2,217,464	2,316,412	1,632,260	3,122,376	2,084,712	2,281,430	2,973,705
Unassigned.....	<u>4,495,527</u>	<u>5,452,834</u>	<u>5,529,788</u>	<u>4,644,408</u>	<u>6,564,592</u>	<u>8,918,431</u>	<u>6,983,518</u>	<u>8,929,306</u>	<u>9,560,722</u>	<u>11,016,182</u>
Total general fund.....	<u>\$ 7,749,469</u>	<u>\$ 8,582,416</u>	<u>\$ 8,683,795</u>	<u>\$ 6,861,872</u>	<u>\$ 8,881,004</u>	<u>\$ 10,550,691</u>	<u>\$ 10,705,894</u>	<u>\$ 12,739,275</u>	<u>\$ 14,300,389</u>	<u>\$ 17,981,085</u>
All Other Governmental Funds:										
Nonspendable.....	\$ 506,710	\$ 532,585	\$ 541,935	\$ 649,055	\$ 670,290	\$ 700,265	\$ 726,715	\$ 748,915	\$ 768,590	\$ 782,615
Restricted.....	7,363,964	7,407,010	6,915,879	4,644,541	8,546,165	4,897,481	5,007,551	9,277,010	9,772,714	6,125,968
Unassigned.....	<u>(672,299)</u>	<u>(3,430,425)</u>	<u>(1,820,520)</u>	<u>-</u>	<u>(4,144,144)</u>	<u>(402,403)</u>	<u>-</u>	<u>-</u>	<u>(159,362)</u>	<u>(528,119)</u>
Total all other governmental funds.....	<u>\$ 7,198,375</u>	<u>\$ 4,509,170</u>	<u>\$ 5,637,294</u>	<u>\$ 5,293,596</u>	<u>\$ 5,072,311</u>	<u>\$ 5,195,343</u>	<u>\$ 5,734,266</u>	<u>\$ 10,025,925</u>	<u>\$ 10,381,942</u>	<u>\$ 6,380,464</u>

Note: The Town implemented GASB 54 in fiscal year 2011. All previous years (2003 - 2010) data presented were restated to conform to the GASB 54 presentation.

- (1) In fiscal year 2008 the Town made several prior period restatements. These included the election to account for its sewer activities as a proprietary fund; the recording of receivables related to a major school renovation; the treatment of short-term debt as long-term and several other minor restatements. The cumulative result of all the restatements was to increase Other Governmental Fund balances by \$2,486,724 as of July 1, 2007.
- (2) In fiscal year 2011, the Town reviewed all of its trust fund agreements and also elected legislation to create an OPEB trust fund. It was determined that \$203,282 of trust funds represented poor and scholarship accounts and would be more properly classified as fiduciary funds. Accordingly these were recorded as part of the private purpose funds. In addition, the OPEB trust fund in the amount of \$1,403,793 was also reported as a fiduciary fund due to adoption of the legislation. The cumulative result of these restatements was to decrease the General Fund balance by \$1,403,793 and the Other Governmental Fund Balances by \$203,282.

(continued)

**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues:</b>										
Real estate and personal property taxes, net of tax refunds.....	\$ 41,534,304	\$ 46,161,126	\$ 47,674,121	\$ 50,845,052	\$ 54,437,494	\$ 56,793,154	\$ 60,019,839	\$ 64,823,037	\$ 69,152,109	\$ 72,986,435
Motor vehicle and other excise taxes.....	3,642,098	3,519,550	3,504,873	3,542,650	3,358,437	3,388,468	3,433,110	2,987,651	4,454,360	4,466,321
Penalties and interest on taxes.....	377,729	461,544	254,835	300,058	492,860	353,259	329,453	345,255	296,259	345,562
Intergovernmental.....	13,762,505	13,670,248	14,296,523	26,564,451	17,310,474	17,111,710	19,111,853	17,640,910	21,785,069	24,719,530
Departmental and other.....	10,741,382	9,523,983	11,667,988	11,617,805	15,026,156	3,841,658	3,367,924	3,867,015	4,082,789	4,011,738
Licenses and permits.....	145,554	159,812	165,333	159,070	213,000	4,052,735	2,449,238	1,437,306	978,860	970,991
Contributions.....	28,640	189,422	887,213	363,495	448,594	485,645	304,667	1,817,890	753,597	531,787
Investment income.....	350,890	140,412	688,232	956,439	920,567	1,076,108	547,896	583,957	439,927	573,233
<b>Total Revenue.....</b>	<b>70,583,102</b>	<b>73,826,097</b>	<b>79,139,118</b>	<b>94,349,020</b>	<b>92,207,582</b>	<b>87,102,737</b>	<b>89,563,980</b>	<b>93,503,021</b>	<b>101,942,970</b>	<b>108,605,597</b>
<b>Expenditures:</b>										
General government.....	2,827,758	4,094,321	3,929,012	3,941,886	4,201,229	4,090,528	4,648,871	5,378,583	4,886,067	4,622,485
Public safety.....	9,453,280	10,242,571	11,036,528	11,748,759	11,971,812	10,756,822	11,086,484	10,765,927	11,955,740	11,332,964
Education.....	32,639,264	36,006,763	33,713,178	32,884,891	31,206,612	33,239,793	36,624,106	36,694,544	35,584,639	37,973,487
Public works.....	11,058,449	12,011,032	8,743,265	10,503,038	10,243,500	9,322,677	6,031,550	6,247,224	7,645,903	5,953,955
Human services.....	584,477	666,033	703,406	1,014,288	843,934	814,332	788,797	837,605	862,411	844,790
Culture and recreation.....	2,337,930	2,249,439	1,896,861	1,800,950	2,291,883	2,046,329	2,485,021	2,219,390	3,397,035	2,277,109
Pension and fringe benefits.....	8,383,876	8,812,996	9,568,211	13,479,041	15,036,688	16,107,081	17,230,690	18,182,453	20,358,753	21,215,130
State and county charges.....	1,553,380	1,547,514	1,510,657	1,902,338	2,221,627	2,213,537	2,318,484	2,596,530	2,397,937	2,335,196
Capital outlay and other.....	2,021,161	1,554,979	19,058,378	14,610,740	17,873,900	8,299,197	7,157,524	6,132,142	22,606,961	21,325,370
Debt service:										
Principal.....	1,758,639	2,081,619	2,312,264	3,110,705	3,147,453	3,561,729	3,906,728	5,021,729	5,276,229	6,236,728
Interest.....	468,941	661,895	1,273,877	1,710,505	1,356,827	1,364,521	1,503,267	1,647,984	1,555,138	1,858,222
<b>Total Expenditures.....</b>	<b>73,087,155</b>	<b>79,929,162</b>	<b>93,745,637</b>	<b>96,707,141</b>	<b>100,395,465</b>	<b>91,816,546</b>	<b>93,781,522</b>	<b>95,724,111</b>	<b>116,526,813</b>	<b>115,975,436</b>
Excess of revenues over (under) expenditures.....	(2,504,053)	(6,103,065)	(14,606,519)	(2,358,121)	(8,187,883)	(4,713,809)	(4,217,542)	(2,221,090)	(14,583,843)	(7,369,839)
<b>Other Financing Sources (Uses):</b>										
Issuance of bonds and notes.....	3,959,000	4,246,807	15,836,022	192,500	9,985,729	4,190,000	5,140,000	8,094,500	17,344,842	6,295,000
Premiums from debt issuances.....	-	-	-	-	-	-	-	-	485,000	323,945
Transfers in.....	-	-	-	-	-	1,977,802	1,574,076	3,225,257	3,174,097	3,266,787
Transfers out.....	-	-	-	-	-	(2,147,998)	(1,802,408)	(2,773,620)	(2,895,890)	(2,836,675)
<b>Total other financing sources (uses).....</b>	<b>3,959,000</b>	<b>4,246,807</b>	<b>15,836,022</b>	<b>192,500</b>	<b>9,985,729</b>	<b>4,019,804</b>	<b>4,911,668</b>	<b>8,546,137</b>	<b>18,108,049</b>	<b>7,049,057</b>
<b>Net change in fund balance.....</b>	<b>\$ 1,454,947</b>	<b>\$ (1,856,258)</b>	<b>\$ 1,229,503</b>	<b>\$ (2,165,621)</b>	<b>\$ 1,797,846</b>	<b>\$ (694,005)</b>	<b>\$ 694,126</b>	<b>\$ 6,325,047</b>	<b>\$ 3,524,206</b>	<b>\$ (320,782)</b>
Debt service as a percentage of noncapital expenditures.....	3.13%	3.50%	4.80%	5.87%	5.46%	5.90%	6.25%	7.44%	7.27%	8.55%

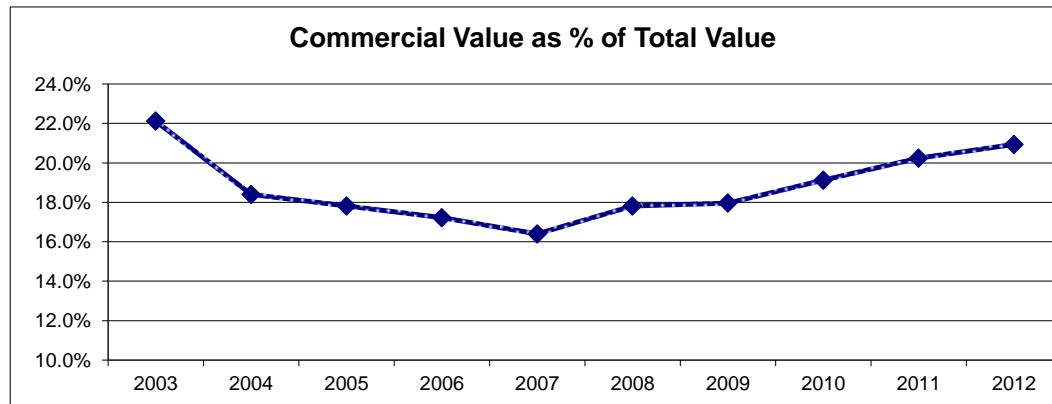
(1) In fiscal year 2008, the Town modified its financial reporting of its sewer operations and reclassified the financial position and results of operations of its sewer operations from public works in its governmental funds to a proprietary fund.

(concluded)

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

**LAST TEN FISCAL YEARS**

Fiscal Year	Assessed Value							Ratio of Assessed to Equalized Value	Tax Rates		
	Residential Value	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Total Town Value	State Equalized Value		Residential Tax Rate	Commercial Tax Rate	Average Tax Rate
2003	\$ 1,866,572,800	\$ 413,919,400	\$ 30,495,400	\$ 85,760,010	\$ 530,174,810	\$ 2,396,747,610	\$ 2,818,552,900	85.03%	\$ 14.03	\$ 31.20	\$ 17.83
2004	2,812,113,841	487,540,659	33,610,700	113,011,310	634,162,669	3,446,276,510	2,818,552,900	122.27%	10.23	26.41	13.21
2005	3,004,845,701	498,017,799	32,423,500	121,106,920	651,548,219	3,656,393,920	3,556,144,106	102.82%	10.46	26.15	13.27
2006	3,185,636,525	512,687,475	33,556,300	116,639,530	662,883,305	3,848,519,830	3,556,144,106	108.22%	11.15	26.07	13.72
2007	3,556,431,280	542,931,020	41,240,700	113,549,940	697,721,660	4,254,152,940	4,262,714,700	99.80%	10.93	23.89	13.06
2008	3,351,352,480	571,042,620	38,059,800	117,387,370	726,489,790	4,077,842,270	4,262,714,700	95.66%	12.05	25.18	14.39
2009	3,340,893,561	577,925,139	35,523,600	118,048,860	731,497,599	4,072,391,160	4,544,587,000	89.61%	12.62	26.43	15.10
2010	3,239,639,379	607,473,987	44,401,980	114,363,740	766,239,707	4,005,879,086	4,401,455,700	91.01%	13.57	28.87	16.50
2011	3,206,406,499	650,558,181	39,420,220	123,811,820	813,790,221	4,020,196,720	4,401,455,700	91.34%	14.37	31.06	17.75
2012	3,109,065,167	656,519,213	39,588,320	127,147,780	823,255,313	3,932,320,480	4,266,970,200	92.16%	15.43	32.20	18.94



Source: Official Statements, State Division of Local Services

Note: All property in the Commonwealth of Massachusetts is assessed at 100% of full and fair cash value. The State estimates this "equalized valuation" for all municipalities every two years. Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2% of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2%, subject to an exception for property added to the tax rolls and for certain valuation increases. This secondary limit may be exceeded in any fiscal year by majority approval of the voters, however, it cannot exceed the primary limitation.

**PRINCIPAL TAXPAYERS**

**CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	Nature of Business	2012			2003		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Legacy Place, LLC	Shopping Center/Mall	\$ 105,674,500	1	2.69%			
HCRA of Dedham, Inc.	Senior Living	89,832,300	2	2.28%			
OCW Retail - Dedham, LLC	Shopping Center/Mall	45,820,800	3	1.17%			
RAR2=Dedham at Jefferson	Apartments	40,318,700	4	1.03%			
Fairfield Dedham Limited	Apartments	38,151,200	5	0.97%			
Federal Realty Investment	Shopping Center/Mall	29,691,900	6	0.76%	\$ 28,300,300	2	1.18%
Liberty MA Portfolio	Office/Warehouse	23,641,700	7	0.60%			
Pearl Realty Trust	Retail	22,627,900	8	0.58%	22,001,300	3	0.92%
Lowe's Home Center's Inc.	Retail	15,642,900	9	0.40%			
Dedham Fee LLC	Offices	14,198,200	10	0.36%			
Rustcraft Road Assoc.	Commercial Real Estate				34,123,060	1	1.42%
Dedham Holdings, Inc.	Commercial Real Estate				21,362,000	4	0.89%
Wells Ave Senior	Commercial Real Estate				17,717,000	5	0.74%
Thomas Flatley	Shopping Center/Mall				17,501,300	6	0.73%
P-LR SALP	Commercial Real Estate				14,987,900	7	0.63%
National Amusements	Theater/Commercial Real Estate				13,603,700	8	0.57%
HCRI Mass Prop	Hospital/Medical/Medical Office				12,033,900	9	0.50%
William Davison	Commercial Real Estate				10,335,400	10	0.43%
	Totals	<u>\$ 425,600,100</u>		<u>10.82%</u>	<u>\$ 191,965,860</u>		<u>8.01%</u>

Source: Official Statements



**PROPERTY TAX LEVIES AND COLLECTIONS**

**LAST TEN FISCAL YEARS**

Fiscal Year	Tax Levy			Collections				Percent of Total Tax Collections to Net Tax Levy
	Total Tax Levy	Less Abatements & Exemptions	Net Tax Levy	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	
2003	\$ 42,729,470	\$ 1,000,900	\$ 41,728,570	\$ 41,041,738	98.35%	\$ 595,694	\$ 41,637,432	99.78%
2004	45,516,161	1,014,509	44,501,652	44,241,093	99.41%	(567,979)	43,673,114	98.14%
2005	48,528,769	1,238,712	47,290,057	47,184,764	99.78%	(150,773)	47,033,991	99.46%
2006	52,801,215	1,125,637	51,675,578	51,060,070	98.81%	437,089	51,497,159	99.65%
2007	55,540,364	1,161,279	54,379,085	53,793,604	98.92%	(33,854)	53,759,750	98.86%
2008	58,676,810	1,182,158	57,494,652	56,546,016	98.35%	494,481	57,040,497	99.21%
2009	61,495,558	1,403,400	60,092,158	59,471,579	98.97%	(208,237)	59,263,342	98.62%
2010	66,083,247	1,850,167	64,233,080	64,493,926	100.41%	529,501	65,023,427	101.23%
2011	71,352,386	2,800,787	68,551,599	68,553,824	100.00%	66,137	68,619,961	100.10%
2012	74,481,697	1,947,191	72,534,506	73,079,651	100.75%	-	73,079,651	100.75%

Source: Accounting Records and Official Statements

**RATIOS OF OUTSTANDING DEBT AND GENERAL OBLIGATION DEBT**

**LAST TEN FISCAL YEARS**

Fiscal Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities Debt			
				General Obligation Bonds and Other Notes	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2003	23,204	\$ 741,112,556	\$ 2,396,747,610	\$ 16,200,991	\$ 698	2.19%	0.68%
2004	23,200	752,956,000	3,446,276,510	18,305,372	789	2.43%	0.53%
2005	23,738	851,743,178	3,656,393,920	31,819,109	1,340	3.74%	0.87%
2006	23,796	868,125,672	3,848,519,830	28,900,934	1,215	3.33%	0.75%
2007	24,418	980,211,774	4,254,152,940	35,618,481	1,459	3.63%	0.84%
2008	24,779	954,090,616	4,077,842,270	37,509,003	1,514	3.93%	0.92%
2009	24,811	931,305,696	4,072,391,160	38,742,274	1,561	4.16%	0.95%
2010	24,729	1,031,743,338	4,005,879,086	41,815,045	1,691	4.05%	1.04%
2011	24,895	1,035,507,525	4,020,196,720	53,428,816	2,146	5.16%	1.33%
2012	24,895	1,032,345,860	3,932,320,480	53,487,088	2,149	5.18%	1.36%

Fiscal Year	Business-type Activities (1)		Total Primary Government			
	General Obligation Bonds	Other Notes (2)	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2003	\$ -	\$ -	\$ 16,200,991	\$ 698	2.19%	0.68%
2004	-	-	18,305,372	789	2.43%	0.53%
2005	-	-	31,819,109	1,340	3.74%	0.87%
2006	-	-	28,900,934	1,215	3.33%	0.75%
2007	-	-	35,618,481	1,459	3.63%	0.84%
2008	2,545,000	2,721,377	42,775,380	1,726	4.48%	1.05%
2009	2,485,000	2,397,153	43,624,427	1,758	4.68%	1.07%
2010	2,240,000	2,340,317	46,395,362	1,876	4.50%	1.16%
2011	1,995,000	1,949,580	57,373,396	2,305	5.54%	1.43%
2012	1,750,000	1,631,500	56,868,588	2,284	5.51%	1.45%

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

(2) Massachusetts Water Resource Authority notes.

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

**COMPUTATION OF LEGAL DEBT MARGIN**

**LAST TEN FISCAL YEARS**

(Amounts in Thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Equalized Valuation.....	\$ 2,818,553	\$ 2,818,553	\$ 3,556,144	\$ 3,556,144	\$ 4,262,715	\$ 4,262,715	\$ 4,544,587	\$ 4,401,456	\$ 4,401,456	\$ 4,266,970
Debt Limit.....	70,464	70,464	177,807	177,807	213,136	213,136	227,229	220,073	220,073	213,349
Outstanding general obligation bonds.....	16,201	18,305	31,819	28,901	35,618	42,775	43,624	46,395	57,373	56,869
Authorized and unissued debt.....	33,457	16,631	11,031	9,111	11,030	5,230	6,645	36,510	19,844	24,064
Debt not applicable to debt limit.....	<u>(107)</u>	<u>(101)</u>	<u>(94)</u>	<u>(87)</u>	<u>(81)</u>	<u>(74)</u>	<u>(67)</u>	<u>(61)</u>	<u>(54)</u>	<u>(3,910)</u>
Legal debt margin.....	<u>\$ 20,699</u>	<u>\$ 35,427</u>	<u>\$ 134,863</u>	<u>\$ 139,708</u>	<u>\$ 166,407</u>	<u>\$ 165,057</u>	<u>\$ 176,893</u>	<u>\$ 137,107</u>	<u>\$ 142,802</u>	<u>\$ 128,506</u>
Total debt applicable to the limit as a percentage of debt limit.....	70.32%	49.44%	24.05%	21.33%	21.85%	22.49%	22.09%	37.64%	35.06%	36.10%

Source: State Division of Local Services, Accounting Records

Note: In fiscal year 2004, changes to Massachusetts General Law raised the debt limit from 2 1/2% to 5% of equalized valuation.

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

**AS OF JUNE 30, 2012**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Massachusetts Bay Transportation Authority.....	\$ 5,769,214,580	0.51%	<u>\$ 29,596,071</u>
Subtotal, overlapping debt.....			29,596,071
Town direct debt.....			<u>53,487,088</u>
Total direct and overlapping debt.....			<u><u>\$ 83,083,159</u></u>

\*Outstanding debt as of June 30, 2012.

Source: Official Statements, Accounting Records

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

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**LAST TEN FISCAL YEARS**

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2003	23,204	\$ 741,112,556	\$ 31,939	39.6	2,983	5.00%
2004	23,200	752,956,000	32,455	39.6	2,996	5.10%
2005	23,738	851,743,178	35,881	39.6	2,945	4.40%
2006	23,796	868,125,672	36,482	39.6	2,897	4.60%
2007	24,418	980,211,774	40,143	39.6	2,871	4.00%
2008	24,779	954,090,616	38,504	39.6	2,879	4.70%
2009	24,811	931,305,696	37,536	39.6	2,857	7.50%
2010	24,729	1,031,743,338	41,722	43.4	2,910	7.60%
2011	24,895	1,035,507,525	41,595	43.4	2,879	6.30%
2012	24,895	1,032,345,860	41,468	43.4	2,862	5.90%

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

**PRINCIPAL EMPLOYERS (EXCLUDING TOWN)**

**CURRENT YEAR AND NINE YEARS AGO**

Employer	Nature of Business	2012			2003		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Newbridge on the Charles	Assisted Living	650	1	4.43%			
Dedham Medical Associates	Medical Center	500	2	3.41%			
Norfolk County	County Government	500	3	3.41%	458	2	2.87%
Whole Foods	Grocery	300	4	2.04%			
Sears, Roebuck & Co.	Retail	250	5	1.70%	250	4	1.56%
American Red Cross	Emergency Relief/Blood Bank	250	6	1.70%	250	5	1.56%
Dedham Executive Center	Offices	250	7	1.70%			
Dedham Savings Bank	Banking	220	8	1.50%	220	6	1.38%
Fox Television	Broadcasting	205	9	1.40%			
Hilton at Dedham	Hotel	202	10	1.38%	202	8	1.26%
Stop & Shop	Retail				550	1	3.44%
Fleet Bank	Banking				325	3	2.03%
Care Matrix	Nursing Home				212	7	1.33%
Commonwealth of MA Court System	State Government				190	9	1.19%
Eastwood Care Center	Nursing Home				150	10	0.94%

Source: Official Statements

**FULL-TIME EQUIVALENT TOWN EMPLOYEES BY FUNCTION**

**LAST TEN FISCAL YEARS**

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government.....	34	34	33	34	34	34	34	35	35	35
Public safety.....	142	144	142	144	144	146	146	146	146	146
Education.....	389	377	386	444	444	436	460	460	469	478
Public works.....	35	31	31	26	26	27	27	27	27	27
Health and human services.....	3	3	3	4	4	4	4	4	4	4
Culture and recreation.....	39	39	40	41	41	40	40	40	38	38
Total Town employees.....	642	628	635	693	693	687	711	712	719	728

Source: Town personnel records

**OPERATING INDICATORS BY FUNCTION/PROGRAM**

**LAST TEN FISCAL YEARS**

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Government:</b>										
Town Clerk										
Registered voters.....	15,715	15,641	15,295	15,614	15,020	16,522	16,211	16,635	16,799	17,924
<b>Public Safety:</b>										
Police										
Criminal offenses										
Violent.....	7	25	16	82	96	72	124	110	124	83
Property.....	432	590	472	431	522	412	572	678	641	669
Total criminal offenses	<u>439</u>	<u>615</u>	<u>488</u>	<u>513</u>	<u>618</u>	<u>484</u>	<u>696</u>	<u>788</u>	<u>765</u>	<u>752</u>
Fire										
Incidents										
Fires.....	92	80	79	69	135	153	119	167	188	209
Non-fire incidents.....	3,691	3,603	3,737	3,732	3,986	4,157	3,496	4,166	4,290	4,081
Total fire calls.....	<u>3,783</u>	<u>3,683</u>	<u>3,816</u>	<u>3,801</u>	<u>4,121</u>	<u>4,310</u>	<u>3,615</u>	<u>4,333</u>	<u>4,478</u>	<u>4,290</u>
Inspectional Services:										
Number of building permits.....	1,074	1,104	1,147	1,141	1,147	1,610	1,072	1,244	1,055	1,165
Education:										
Number of students.....	3,011	2,957	2,965	2,876	2,919	2,878	2,910	2,903	2,952	2,925
Public Works:										
Highway										
Roads paved (miles).....	N/A	N/A	N/A	N/A	2	8	4.5	2.5	6	4
Sewer										
Sanitary sewers replaced (miles).....	N/A	N/A	N/A	N/A	N/A	0.04	0.05	0.02	0.02	0.01
Health and Human Services:										
Board of Health										
Inspections										
Food Establishments.....	319	355	431	448	497	546	780	642	467	511
Other.....	518	520	291	268	280	291	217	258	194	241
Total inspections.....	<u>837</u>	<u>875</u>	<u>722</u>	<u>716</u>	<u>777</u>	<u>837</u>	<u>997</u>	<u>900</u>	<u>661</u>	<u>752</u>
Culture and Recreation:										
Libraries										
Circulation.....	123,577	132,681	149,244	143,433	257,397	268,736	251,387	293,895	278,085	138,732
Holdings.....	106,010	105,822	105,990	100,746	105,500	102,613	103,487	107,246	113,764	124,252

N/A - Information not available

Source: Various Town Departments and State websites.



**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

**LAST TEN FISCAL YEARS**

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government:										
Number of buildings.....	18	18	18	18	18	18	18	18	18	18
Public Safety:										
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	2	2	2	2	2	2	2	2	2	2
Education:										
Number of elementary schools.....	7	7	7	7	7	7	7	7	7	8
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works:										
Road miles.....	103	103	103	106	106	106	107	107	107	107
Sewer main lines (miles).....	95	95	95	95	95	95	95	95	95	95
Number of cemeteries.....	3	3	3	3	3	3	3	3	3	3
Culture and Recreation:										
Number of libraries.....	2	2	2	2	2	2	2	2	2	2
Number of senior centers.....	1	1	1	1	1	1	1	1	1	1
Number of public parks.....	9	9	9	9	9	9	11	11	11	11

Source: Various Town Departments and State websites.