

TOWN OF DEDHAM

MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Year Ended June 30, 2014

On the Cover: The Endicott Estate

The Endicott Estate was built in 1904 by Henry Bradford Endicott, founder of the Endicott-Johnson Shoe Corporation, after fire destroyed the original home on the site. The Estate remained in the Endicott family until 1967. After the death of Henry's adopted daughter Katherine, it was willed to the Town of Dedham to be used for "educational, civic and recreational purposes."

The graceful three-story, 25 room Colonial Revival mansion with Georgian overtones is situated on 15 acres of rolling lawns surrounded by stately elm, spruce and weeping willow trees.

The Estate has the distinction of being listed on the National Register of Historic Places.

TOWN OF DEDHAM, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

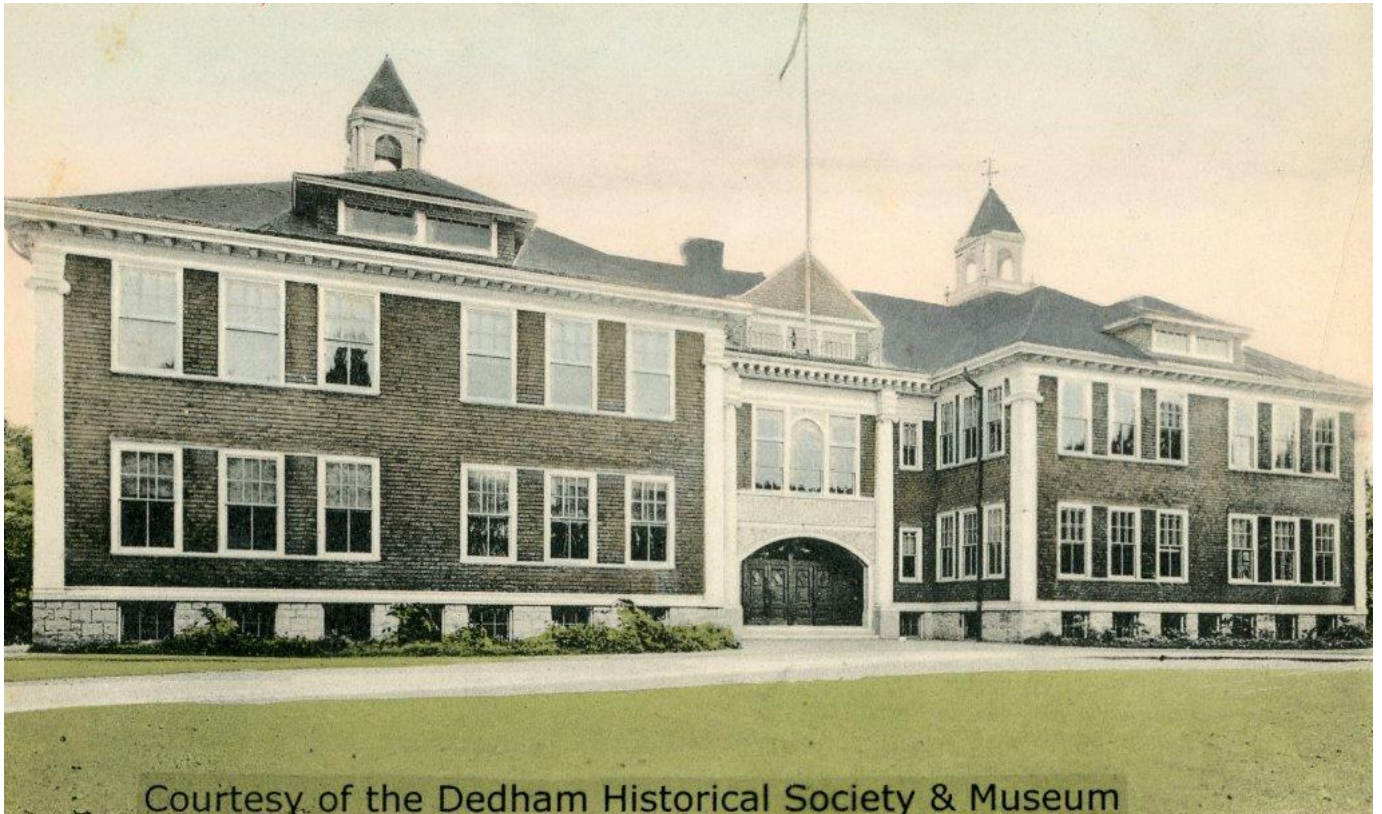
JUNE 30, 2014

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Introductory Section



Courtesy of the Dedham Historical Society & Museum

The Ames Schoolhouse

The Ames Schoolhouse is a historic school building at 450 Washington Street in Dedham, Massachusetts. The 2-1/2 story brick Colonial Revival structure was built in 1897. It was named in honor of American Revolution-era politician Fisher Ames.

During 2014, Town Meeting approved a plan to purchase the historic Ames Schoolhouse as part of the development of a new municipal campus. Once the plan is complete, Town Hall and the senior center will occupy the Ames building and the current Town Hall, located just blocks away, will be renovated for use as a police station. The total project is expected to cost roughly \$28 million. The purchase of the Ames building was completed in July, 2014.

Introductory Section

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

James A. Kern
Town Manager

Nancy A. Baker
Assistant Town Manager



TOWN OF DEDHAM
Board of Selectmen

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Letter of Transmittal

December 22, 2014

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

I am pleased to acknowledge that the Town of Dedham has completed its third annual *Comprehensive Annual Financial Report (CAFR)*. The report is for the fiscal year ended June 30, 2014, and it has been prepared by the Town's Finance Department.

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

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

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

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

The Town of Dedham's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit is, to on an annual basis, provide reasonable assurance that the financial statements of the Town of Dedham are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Dedham's financial statements for the fiscal year ended June 30, 2014 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report

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

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

Profile of the Town

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

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

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

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

Dedham prides itself on the quality of its school system. On January 1, 1643 the Town authorized the first taxpayer funded school in America. This was considered "the seed of American education: and is now the national standard.

There are seven Town administered schools in Dedham;

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 2,800 and funding for schools is received via taxation and from governmental revenues based on a minimum net school spending formula.

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

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

The Town operates under the Selectman, Town Manager and Representative Town Meeting form of government. The five elected Selectmen make policy decisions and the Town Manager is responsible for carrying out the policies of the Selectmen and for managing the day to day operations of the Town. An elected, seven-member School Committee appoints a School Superintendent who administers the public school system of the Town. School committee members are elected to three-year terms.

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

Factors Affecting Economic Condition

Dedham is a residential community with significant commercial development, primarily along US Route 1 and State Route 1A. On the basis of fiscal 2014 assessed valuations, approximately 79.3% of the Town’s property is residential, 16.7% is commercial, 1.0% is industrial and 3.0% is personal property.

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

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

Over 1,000 businesses are located in the Town. The business base is quite diverse and spread over 9 major industry types. Dedham has also become a regional retail destination with development ranging from big box retail, traditional malls to the latest iteration in retail development, the lifestyle center. The past decade has been one off aggressive economic development growth in Town. During this period, the Town has issued over 11,000 building permits that have generated over \$1 billion in assessed tax valuation. The Town also adopted the local meals excise option in fiscal year 2010 and increased the hotel/motel excise by town percent with these revenues dedicated to the stabilization fund for capital facilities. Through June 30, 2014 the hotel/motel and meals excise have generated \$3.8 million.

The major developments that have emerged over this period are:

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

With an assessed valuation of \$117 million, the center offers a unique mix of retailers, restaurants and entertainment that have established it as a regional destination. It is with 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 is an 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 complete in 2009 with 300 residential units and an assessed valuation of over \$40 million.

Station 250 is a second large upscale apartment complex with 285 units also adjacent to Legacy Place. This development and the neighboring Jefferson Station have consistently had very low vacancy rates and are typically 95% leased on average. This property has an assessed valuation of over \$45 million.

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

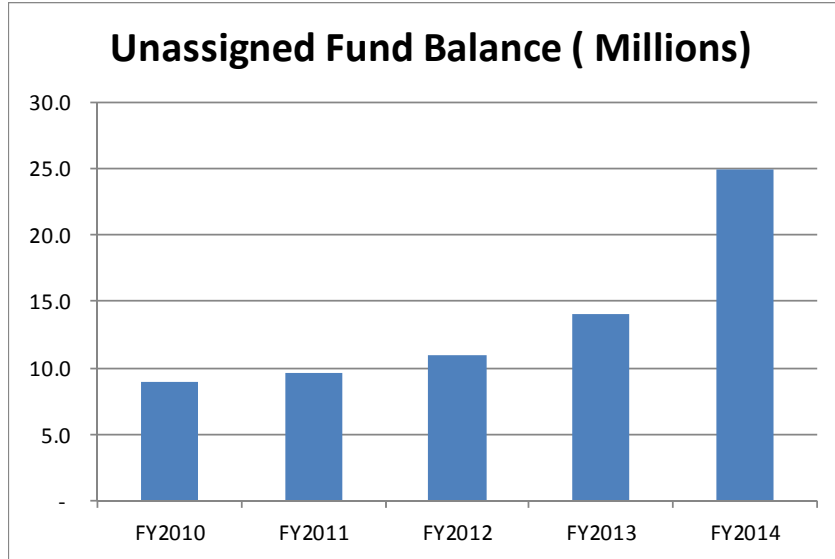
A significant new grown sector in development has emerged with seven mixed use buildings either completed or under construction currently. Included within this growth sector are medical office space/outpatient facilities which are a key growth area that feature higher wage earning employment. Dedham is attractive as a satellite location, close to Boston, but with greater transportation ease and access outside of the City. The new Shields Medical Center is an outpatient facility with 60% leased to New England Baptist Hospital. The building has 66,000 square feet of new construction and has approximately 90 employees. In addition, 910 Washington Street is a 21,000 square feet medical office complex with 60 employees. 420 Washington Street has four commercial first floor tenants in 10,314 square feet with two floors of 26 residential units above. All the buildings are 100% leased and a fourth is in construction phase now with 27 units planned above street level commercial space. The three completed projects have a combined assessed value of \$7.9 million.

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

Property Taxes The growth of the Town's main source of revenues, property taxes, is capped by Proposition 2 ½ and can only be overridden through a ballot by the voters. While revenue increase 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 2010.



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:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Property Tax	\$ 81,211,462	\$ 82,571,650	\$ 83,954,620	\$ 85,360,752	\$ 86,790,436
State Aid	7,406,676	7,667,687	7,937,896	8,217,627	8,507,216
Local Receipts	6,727,995	6,799,485	6,871,735	6,944,752	7,018,545
Other Sources	9,462,150	9,746,015	10,038,395	10,339,547	10,649,733
	<u>\$ 104,808,283</u>	<u>\$ 106,784,837</u>	<u>\$ 108,802,646</u>	<u>\$ 110,862,678</u>	<u>\$ 112,965,930</u>

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 Massachusetts Clean Water Trust (MCWT) notes, and bond issuances over \$35 million.

- Upgrades to educational facilities including construction of the Dedham Middle School and Avery Elementary School over \$60 million. These were funded principally through bond issuances and MSBA reimbursements.
- Energy efficiency improvements to public buildings over \$14 million.
- Various other improvements and additions of equipment regarding public safety and culture and recreation over \$11 million.

Awards and Acknowledgements

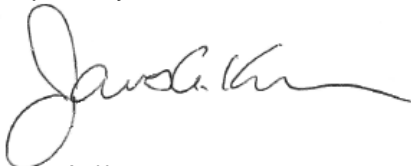
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the Town of Dedham for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the second year the Town had applied to receive this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Distinguished Budget Presentation Award to the Town of Dedham for its commitment of the governing body and staff to meet the highest principles of governmental budgeting for the fiscal year beginning July 1, 2014. This was the first year the Town had applied to receive this award. In order to receive the budget award, the town had to satisfy nationally recognized guidelines for effective budget presentation.

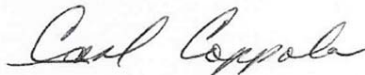
A certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report will meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for this certificate.

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

Respectfully submitted,



James A. Kern
Town Manager



Carol Coppola
Acting Director of Finance



Government Finance Officers Association

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

Presented to

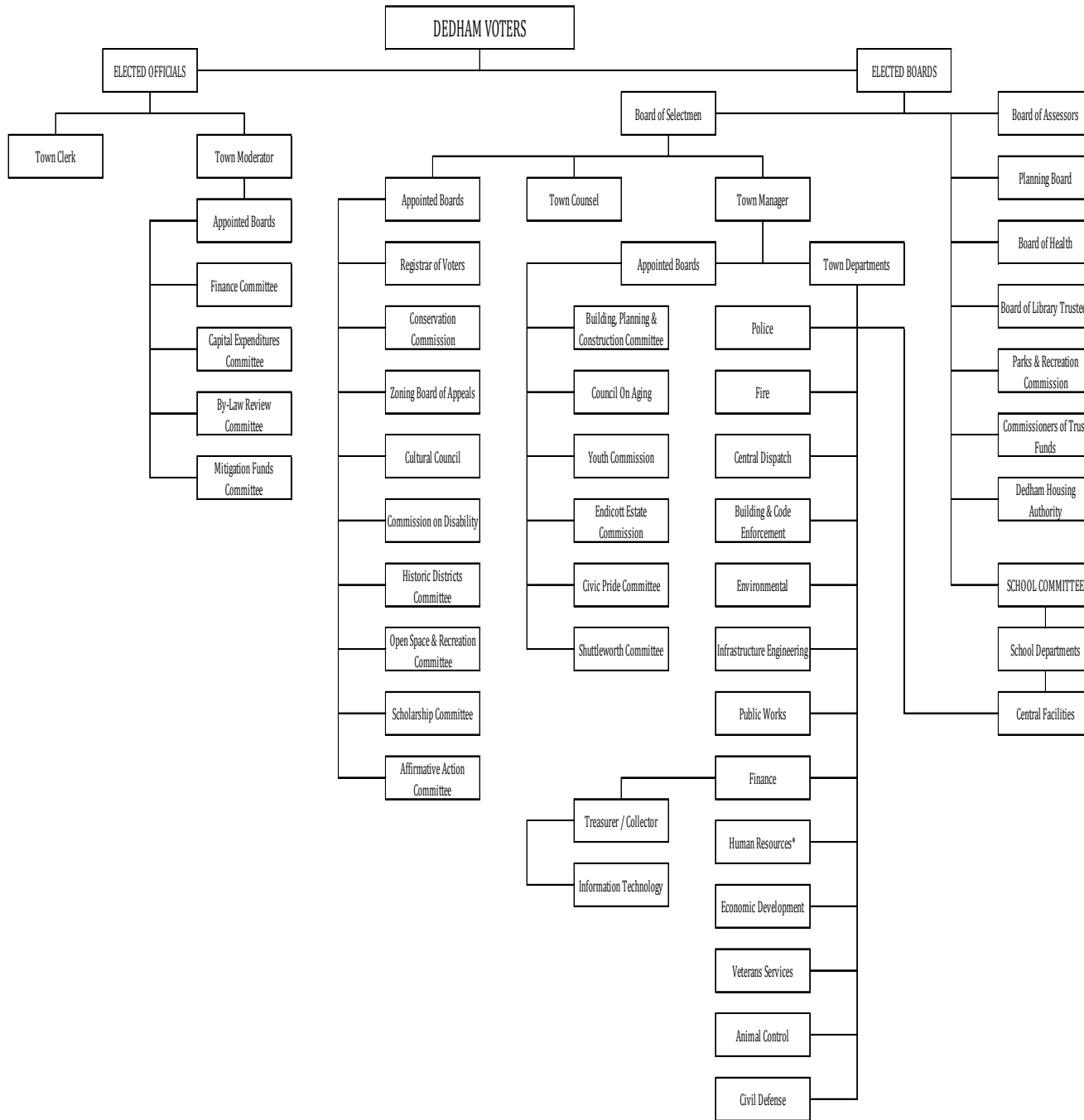
**Town of Dedham
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

TOWN ORGANIZATIONAL CHART



Principal Town Officials

<u>Elected Officials</u>		<u>Term Expires</u>
Board of Selectmen	James MacDonald, Chairperson	2015
	Carmen Dellolacono, Vice Chairperson	2016
	Michael Butler	2016
	Dennis J. Guifoyle	2017
	Dennis J. Teehan, Jr.	2017
Moderator	Daniel Driscoll	2017
Town Clerk	Paul M. Munchbach	2015
School Committee	Jennifer Barsamian, Chairperson	2015
	Tom Ryan, Vice Chair person	2017
	Mayanne Briggs	2016
	Susan Butler-Walko	2017
	Kevin Coughlin	2015
	Rachel McGregor	2016
	Joe Heisler	2015

Appointed Officials

Finance Committee	John Heffernan, Chair	2017
	William A. Podolski, Vice Chair	2016
	Maureen Hanlon	2016
	Russell Stamm	2016
	Steve Bilafer	2015
	Sue Carney	2015
	Liz O'Donnell	2017
	Dave Roberts	2017
	Kevin Hughes	2015

Other Officials

Town Manager	James A. Kern
Acting Finance Director	Carol Coppola
Superintendent of Schools	Mike Welch

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Financial Section



The Ames Schoolhouse

Financial Section

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Dedham, Massachusetts, as of and for the year ended June 30, 2014 (except for the Dedham Contributory Retirement System which is as of and for the year ended December 31, 2013), and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents. The financial statements of the Town of Dedham, Massachusetts, as of June 30, 2013, were audited by other auditors whose report dated May 21, 2014, expressed an unmodified opinion on those financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. As part of our audit of the 2014 financial statements, we also audited the adjustments described in Note 1 that were applied to restate the 2013 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2013 financial statements to the Town other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2013 basic financial statements as a whole. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Dedham, Massachusetts, as of June 30, 2014 (except for the Dedham Contributory Retirement System which is as of December 31, 2013), and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2014, on our consideration of the Town of Dedham, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Dedham's internal control over financial reporting and compliance.

Powers & Sullivan LLC

December 22, 2014

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Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Dedham, Massachusetts, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town of Dedham for the year ended June 30, 2014.

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

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial Overview

- The government-wide assets of the Town of Dedham exceeded its liabilities at the close of the recent year by \$104.2 million and \$24.8 million (net position) for governmental activities and business-type activities, respectively. The business-type activities include the activities of the sewer enterprise fund.
- Of these amounts, 27.6% or \$35.4 million (total primary governmental unrestricted net position) may be used to meet the government's on-going obligations to citizens and creditors.
- At the close of the current year, the Town's general fund reported an ending fund balance of \$28.3 million, an increase of \$7.1 million over the prior year. Total fund balance represents 29.0% of total general fund expenditures, which management considers adequate. Approximately \$24.9 million of this total amount is unassigned and available for appropriation at the Town's discretion.

- The Town of Dedham's total governmental debt was reduced by approximately \$1.6 million during the current year resulting from \$6.2 million of principal payments and new borrowings of \$4.5 million. Current year debt issuances include various capital improvements and infrastructure projects.

Government-wide Financial Analysis

Government-wide net position of \$88.7 million (68.7%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town of Dedham's net position, \$5.0 million (3.9%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$35.4 million (27.4%), may be used to meet the Town's ongoing obligations to citizens and creditors.

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

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

Governmental Activities. The governmental activities net position increased by \$9.1 million during the current year as compared to an increase in net position of \$6.1 million during the prior year. The Town was able to achieve this through better than expected revenue collections and prudent management of expenditures on the budgetary basis of accounting as well a decrease in the other postemployment benefits liability.

Total revenues increased in essentially all categories. The biggest revenue change occurred in the capital grants category, which was expected, because the Town had projected less grant reimbursable costs incurred in connection with the Avery School construction project.

Overall, governmental activities expenses were unchanged from fiscal year 2013; however, certain functions experienced fluctuations. Specifically, the public works and culture and recreation functional expenses along with interest expense decreased \$1.1 million as a result of decreased outlays from grant and gift accounts. General government, public safety, education, and health and human services expenses increased \$1.2 million mainly due to increases in employee benefit expenses.

	<u>2014</u>	<u>2013</u>
Assets:		
Current assets.....	\$ 50,312,039	\$ 42,357,890
Capital assets, non depreciable.....	19,670,260	19,670,260
Capital assets, net of accumulated depreciation.....	<u>105,769,403</u>	<u>106,187,828</u>
Total assets.....	<u>175,751,702</u>	<u>168,215,978</u>
Liabilities:		
Current liabilities (excluding debt).....	5,907,613	6,020,634
Noncurrent liabilities (excluding debt).....	11,882,182	12,928,969
Current debt.....	6,641,574	6,159,728
Noncurrent debt.....	<u>47,130,789</u>	<u>47,973,631</u>
Total liabilities.....	<u>71,562,158</u>	<u>73,082,962</u>
Net Position:		
Net investment in capital assets.....	74,333,335	74,967,068
Restricted.....	4,987,798	5,387,140
Unrestricted.....	<u>24,868,411</u>	<u>14,778,808</u>
Total net position.....	<u>\$ 104,189,544</u>	<u>\$ 95,133,016</u>
	<u>2014</u>	<u>2013</u>
Program Revenues:		
Charges for services.....	\$ 5,219,258	\$ 5,073,272
Operating grants and contributions.....	15,558,347	15,464,617
Capital grants and contributions.....	856,405	2,190,370
General Revenues:		
Real estate and personal property taxes.....	78,692,616	76,916,858
Tax liens.....	355,426	49,813
Motor vehicle and other excise taxes.....	3,401,778	3,041,377
Hotel/motel taxes.....	1,187,574	315,907
Meals taxes.....	828,669	813,338
Penalties and Interest on taxes.....	585,132	344,787
Payment in lieu of taxes.....	27,780	27,100
Nonrestricted grants and contributions.....	3,139,624	2,737,462
Unrestricted investment income.....	<u>510,602</u>	<u>398,380</u>
Total revenues.....	<u>110,363,211</u>	<u>107,373,281</u>
Expenses:		
General government.....	8,933,404	8,576,777
Public safety.....	16,283,890	16,223,866
Education.....	60,660,525	59,992,955
Public works.....	9,867,811	10,593,671
Health and human services.....	1,426,511	1,333,425
Culture and Recreation.....	3,185,169	3,264,258
Interest.....	<u>1,629,350</u>	<u>1,782,917</u>
Total expenses.....	<u>101,986,660</u>	<u>101,767,869</u>
Excess before transfers.....	8,376,551	5,605,412
Transfers.....	<u>679,977</u>	<u>478,192</u>
Change in net position.....	9,056,528	6,083,604
Net position - beginning.....	<u>95,133,016</u>	<u>89,049,412</u>
Net position - ending.....	<u>\$ 104,189,544</u>	<u>\$ 95,133,016</u>

Other financial notes related to governmental activities:

- Charges for services represented 4.7% of governmental activities resources. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the Town are included in this category. These charges were relatively unchanged from fiscal year 2013.
- Operating grants and contributions accounted for 14.1% percent of the governmental activities resources. Most of these resources apply to educational operations. These resources offset costs within the school department and supplement the portion of the general fund operating budget that is dedicated to the education function.
- Property taxes are by far the most significant revenue source for the Town's governmental activities. They comprised 71.4% of current resources.
- Other taxes and other revenues comprised a total of 9.8% percent of the governmental activities resources. This category primarily includes capital grants, motor vehicle and other excise taxes, hotel/motel taxes, meals taxes, non-restricted grants and contributions, and investment earnings.
- Education is by far the largest governmental activity of the Town. Approximately \$43.3 million in taxes and other revenue (general revenues) were needed to cover its 2014 operating expenses, net of related program revenues. A pension contribution of approximately \$7,960,000 million was made by the state on-behalf of Dedham teachers. Operating grants and educational expenses are grossed-up by recording this contribution.
- Public safety and public works are the second and third largest activities of the Town. Approximately \$15.3 million and \$9.0 million, respectively, of general revenues were needed to cover their 2014 operating expenses, net of related program revenues.

Business-type activities. Business-type activities net position increased by \$1.6 million compared to an increase of \$2.1 million in the previous year. Contributing to the change was a \$213,000 capital grant from the MWRA that did not reoccur in fiscal year 2014 and an increase transfers to the general fund for the sewer enterprise fund's share of employee health insurance, pension contributions and payroll.

As shown below, business-type activities assets exceeded liabilities by \$24.8 million at the close of 2014. The net investment in capital assets was \$14.3 million (56.5%) and unrestricted net position was \$10.5 million (43.5%). The overall results of operations reflect management's goal of maintaining the systems while only charging users for the cost of operations.

	<u>2014</u>	<u>2013</u>
Assets:		
Current assets.....	\$ 11,083,041	\$ 11,143,355
Noncurrent assets (excluding capital).....	235,640	287,274
Capital assets, net of accumulated depreciation.....	<u>16,647,072</u>	<u>13,706,885</u>
Total assets.....	<u>27,965,753</u>	<u>25,137,514</u>
Liabilities:		
Current liabilities (excluding debt).....	521,032	-
Current debt.....	541,190	536,790
Noncurrent debt.....	<u>2,065,890</u>	<u>2,607,080</u>
Total liabilities.....	<u>3,128,112</u>	<u>3,143,870</u>
Net Position:		
Net investment in capital assets.....	14,327,266	12,112,642
Unrestricted.....	<u>10,510,375</u>	<u>11,430,629</u>
Total net position.....	<u>\$ 24,837,641</u>	<u>\$ 23,543,271</u>

Non-current assets (excluding capital) consist of the Sewer Department's \$16.6 million carrying value of capital assets, net of accumulated depreciation and a receivable from the Massachusetts Clean Water Trust for a principal subsidy in the amount of \$236,000. The subsidy is discussed further in Note 7.

	<u>2014</u>	<u>2013</u>
Program Revenues:		
Charges for services.....	\$ 7,684,973	\$ 7,684,458
Operating grants and contributions.....	37,454	82,589
Capital grants and contributions.....	-	212,850
General Revenues:		
Unrestricted investment income.....	<u>800</u>	<u>25</u>
Total revenues.....	<u>7,723,227</u>	<u>7,979,922</u>
Expenses:		
Sewer.....	<u>5,488,730</u>	<u>5,442,503</u>
Excess before transfers.....	<u>2,234,497</u>	<u>2,537,419</u>
Transfers.....	<u>(679,977)</u>	<u>(478,192)</u>
Change in net position.....	<u>1,554,520</u>	<u>2,059,227</u>
Net position - beginning.....	<u>23,283,121</u>	<u>21,223,894</u>
Net position - ending.....	<u>\$ 24,837,641</u>	<u>\$ 23,283,121</u>

Financial Analysis of the Governmental Funds

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

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

As of the end of the current year, governmental funds reported combined ending fund balances of \$38.4 million which translates into a \$7.8 million increase over the prior year. The significant cause of the increase is the results of operations within the general fund. The specific activities contributing to the increase are outlined below.

The General Fund is the chief operating fund of the Town. At the end of the current year, the unassigned fund balance of the general fund was \$24.9 million, while the total fund balance was \$28.3 million. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total fund expenditures. The unassigned fund balance represents 25.6% of total general fund expenditures, while the total fund balance represents 29.0% of that same amount.

The General Fund increase of \$7.1 million was the result of the following:

- Real estate and personal property tax revenues, motor vehicle excise tax revenues, and hotel/motel surcharge tax revenues exceeding budgeted amounts by \$3.5 million;
- Receipt of \$201,000 of tax lien revenue and \$829,000 of meal tax revenue. Both of these revenue categories were unbudgeted;
- Prudent cost control in the general government, public safety, education and employee benefit functions resulting in unspent appropriations of \$2.9 million.

The School Construction Fund is a capital project fund that accounts for activities and resources associated with the construction of the Avery school and 2014 was the first full operating year for the new school. During the year, the fund recognized \$906,000 of expenditures and recognized a \$481,000 receivable from the MSBA. MSBA will reimburse the Town the final balance upon the close-out and final audit of the project. The Town issued \$934,000 of long-term debt on August 28, 2014 to permanently finance short-term debt that was temporarily funding the Town's share of the project. Accordingly, the \$934,000 of bonds payable have been reported as long-term debt as of June 30, 2014.

General Fund Budgetary Highlights

The final budget increased from the original budget by approximately \$1 million. This mainly relates to supplemental appropriations of \$611,000 for the Town's stabilization fund and \$55,000 for capital articles voted at town meeting.

Revenues of the general fund came in higher than anticipated by \$5.4 million, mainly relating to motor vehicle excise and real estate and personal property as well as \$829,000 received for local meals tax which the Town does not budget for. Total expenditures and carryovers were less than budget by approximately \$2.9 million which includes \$774,000 from the school department.

Capital Assets and Debt Management

The Town's valuation of governmental activities capital assets as of June 30, 2014, amounts to \$125.4 million, net of accumulated depreciation. This amount represents purchases made over time in the following categories: land, infrastructure, improvements other than buildings, buildings and improvements, vehicles, and machinery and equipment. The Town's major capital additions related to various infrastructure projects and the purchase of vehicles and equipment.

The Town's valuation of business-type activities capital assets as of June 30, 2014, amounts to \$16.6 million, net of accumulated depreciation. This amount represents purchases made over time to improve or expand the system infrastructure. The Town's major capital improvements related to infrastructure projects.

The Town of Dedham's governmental funds has total bonded debt outstanding of \$52.5 million at the end of the current year. As compared to the prior year, this is a net decrease of \$1.6 million resulting from principal payments of \$6.2 million offset by \$4.5 million long term bond issuances during 2014.

The sewer enterprise fund has \$2.6 million in debt that is fully supported by a general fund subsidy.

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

Pension Trust Fund

The Pension Trust Fund (System) recognized net investment income and receipts of \$20.2 million for the calendar year ended December 31, 2013. The System paid out \$8.4 million of retirement benefits, administration costs and transfers to other systems. Total net position of the System amounted to \$105.4 million at December 31, 2013. Based on the most recent actuarial valuation performed as of January 1, 2012, the System's Funded Ratio was 71.9%, down from 79.4% in the previous valuation dated January 1, 2010.

Other Postemployment Benefits

In accordance with GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension (OPEB)*, the government-wide activities have accumulated a liability for other postemployment benefits totaling \$11 million as of June 30, 2014. The total assets set aside in trust for future benefits amounted to approximately \$7.6 million at year-end.

Requests for Information

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

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 40,094,792	\$ 6,441,206	\$ 46,535,998
Investments.....	3,472,340	-	3,472,340
Receivables, net of allowance for uncollectibles:			
Real estate, personal property and tax deferrals.....	3,388,572	-	3,388,572
Tax liens.....	1,621,765	-	1,621,765
Motor vehicle excise taxes.....	682,718	-	682,718
User charges.....	-	4,590,201	4,590,201
Departmental and other.....	20,824	-	20,824
Special assessments.....	18,365	-	18,365
Intergovernmental.....	1,012,663	51,634	1,064,297
Total current assets.....	50,312,039	11,083,041	61,395,080
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	-	235,640	235,640
Capital assets, non depreciable.....	19,670,260	-	19,670,260
Capital assets, net of accumulated depreciation.....	105,769,403	16,647,072	122,416,475
Total noncurrent assets.....	125,439,663	16,882,712	142,322,375
TOTAL ASSETS.....	175,751,702	27,965,753	203,717,455
LIABILITIES			
CURRENT:			
Warrants payable.....	1,760,279	521,032	2,281,311
Accrued payroll.....	2,410,048	-	2,410,048
Tax refunds payable.....	943,080	-	943,080
Other liabilities.....	489,206	-	489,206
Compensated absences.....	305,000	-	305,000
Notes payable.....	549,840	-	549,840
Bonds payable.....	6,091,734	541,190	6,632,924
Total current liabilities.....	12,549,187	1,062,222	13,611,409
NONCURRENT:			
Compensated absences.....	915,000	-	915,000
Other postemployment benefits.....	10,967,182	-	10,967,182
Bonds payable.....	47,130,789	2,065,890	49,196,679
Total noncurrent liabilities.....	59,012,971	2,065,890	61,078,861
TOTAL LIABILITIES.....	71,562,158	3,128,112	74,690,270
NET POSITION			
Net investment in capital assets.....	74,333,335	14,327,266	88,660,601
Restricted for:			
Permanent funds:			
Expendable.....	894,421	-	894,421
Nonexpendable.....	1,045,428	-	1,045,428
Grants and gifts.....	3,047,949	-	3,047,949
Unrestricted.....	24,868,411	10,510,375	35,378,786
TOTAL NET POSITION.....	\$ 104,189,544	\$ 24,837,641	\$ 129,027,185

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 8,933,404	\$ 871,069	\$ 330,741	\$ 103,009	\$ (7,628,585)
Public safety.....	16,283,890	947,966	54,894	17,665	(15,263,365)
Education.....	60,660,525	2,270,306	15,051,719	30,126	(43,308,374)
Public works.....	9,867,811	148,978	18,950	698,105	(9,001,778)
Health and human services.....	1,426,511	318,813	85,450	-	(1,022,248)
Culture and recreation.....	3,185,169	662,126	16,593	7,500	(2,498,950)
Interest.....	1,629,350	-	-	-	(1,629,350)
Total Governmental Activities.....	<u>101,986,660</u>	<u>5,219,258</u>	<u>15,558,347</u>	<u>856,405</u>	(80,352,650)
<i>Business-Type Activities:</i>					
Sewer.....	<u>5,488,730</u>	<u>7,684,973</u>	<u>37,454</u>	<u>-</u>	2,233,697
Total Primary Government.....	<u>\$ 107,475,390</u>	<u>\$ 12,904,231</u>	<u>\$ 15,595,801</u>	<u>\$ 856,405</u>	\$ (78,118,953)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (80,352,650)	\$ 2,233,697	\$ (78,118,953)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds.....	78,692,616	-	78,692,616
Tax liens.....	355,426	-	355,426
Motor vehicle and other excise taxes.....	3,401,778	-	3,401,778
Hotel/motel taxes.....	1,187,574	-	1,187,574
Meals taxes.....	828,669	-	828,669
Penalties and interest on taxes.....	585,132	-	585,132
Payments in lieu of taxes.....	27,780	-	27,780
Grants and contributions not restricted to specific programs.....	3,139,624	-	3,139,624
Unrestricted investment income.....	510,602	800	511,402
<i>Transfers, net</i>	679,977	(679,977)	-
Total general revenues and transfers.....	<u>89,409,178</u>	<u>(679,177)</u>	<u>88,730,001</u>
Change in net position.....	9,056,528	1,554,520	10,611,048
<i>Net Position:</i>			
Beginning of year (as restated).....	<u>95,133,016</u>	<u>23,283,121</u>	<u>118,416,137</u>
End of year.....	<u>\$ 104,189,544</u>	<u>\$ 24,837,641</u>	<u>\$ 129,027,185</u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2014

	General	School Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents.....	\$ 31,541,361	\$ 69,070	\$ 8,484,361	\$ 40,094,792
Investments.....	1,595,474	-	1,876,866	3,472,340
Receivables, net of uncollectibles:				
Real estate, personal property and tax deferrals	3,388,572	-	-	3,388,572
Tax liens.....	1,621,765	-	-	1,621,765
Motor vehicle excise taxes.....	682,718	-	-	682,718
Departmental and other.....	15,932	-	4,892	20,824
Special assessments.....	18,365	-	-	18,365
Intergovernmental.....	26,433	480,770	505,460	1,012,663
TOTAL ASSETS.....	\$ 38,890,620	\$ 549,840	\$ 10,871,579	\$ 50,312,039
LIABILITIES				
Warrants payable.....	\$ 1,057,393	\$ -	\$ 702,886	\$ 1,760,279
Accrued payroll.....	2,410,048	-	-	2,410,048
Tax refunds payable.....	943,080	-	-	943,080
Other liabilities.....	488,406	-	800	489,206
Notes payable.....	-	549,840	-	549,840
TOTAL LIABILITIES.....	4,898,927	549,840	703,686	6,152,453
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues.....	5,727,355	-	1,667	5,729,022
FUND BALANCES				
Nonspendable.....	-	-	894,421	894,421
Restricted.....	-	-	9,271,805	9,271,805
Committed.....	1,365,378	-	-	1,365,378
Assigned.....	1,963,577	-	-	1,963,577
Unassigned.....	24,935,383	-	-	24,935,383
TOTAL FUND BALANCES.....	28,264,338	-	10,166,226	38,430,564
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 38,890,620	\$ 549,840	\$ 10,871,579	\$ 50,312,039

See notes to basic financial statements.

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

JUNE 30, 2014

Total governmental fund balances.....		\$ 38,430,564
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		125,439,663
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		5,729,022
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds payable.....	(52,497,190)	
Unamortized premiums on bonds.....	(725,333)	
Compensated absences.....	(1,220,000)	
Other postemployment benefits.....	<u>(10,967,182)</u>	
Net effect of reporting long-term liabilities.....		<u>(65,409,705)</u>
Net position of governmental activities.....		<u>\$ 104,189,544</u>

See notes to basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2014

	General	School Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ 79,137,319	\$ -	\$ -	\$ 79,137,319
Tax liens.....	200,981	-	-	200,981
Motor vehicle and other excise taxes.....	3,429,094	-	-	3,429,094
Hotel/motel taxes.....	1,187,574	-	-	1,187,574
Meals taxes.....	828,669	-	-	828,669
Payments in lieu of taxes.....	27,780	-	-	27,780
Penalties and interest on taxes.....	585,132	-	-	585,132
Licenses and permits.....	859,374	-	-	859,374
Fines and forfeitures.....	180,097	-	-	180,097
Intergovernmental.....	15,040,467	-	3,830,235	18,870,702
Departmental and other.....	1,175,651	-	3,125,789	4,301,440
Contributions.....	-	-	564,880	564,880
Investment income.....	414,956	-	95,646	510,602
TOTAL REVENUES.....	103,067,094	-	7,616,550	110,683,644
EXPENDITURES:				
Current:				
General government.....	5,649,113	-	425,082	6,074,195
Public safety.....	11,438,432	-	427,275	11,865,707
Education.....	36,589,773	905,912	4,794,841	42,290,526
Public works.....	6,750,777	-	5,078,615	11,829,392
Health and human services.....	927,741	-	88,945	1,016,686
Culture and recreation.....	1,887,338	-	562,449	2,449,787
Pension.....	11,900,412	-	-	11,900,412
Employee benefits.....	10,334,013	-	-	10,334,013
State and county charges.....	2,396,658	-	-	2,396,658
Debt service:				
Principal.....	6,159,729	-	-	6,159,729
Interest.....	1,759,699	-	-	1,759,699
TOTAL EXPENDITURES.....	95,793,685	905,912	11,377,207	108,076,804
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	7,273,409	(905,912)	(3,760,657)	2,606,840
OTHER FINANCING SOURCES (USES):				
Issuance of long-term debt.....	-	934,455	3,589,105	4,523,560
Transfers in.....	1,418,324	-	1,073,047	2,491,371
Transfers out.....	(1,600,394)	-	(211,000)	(1,811,394)
TOTAL OTHER FINANCING SOURCES (USES).....	(182,070)	934,455	4,451,152	5,203,537
NET CHANGE IN FUND BALANCES.....	7,091,339	28,543	690,495	7,810,377
FUND BALANCES AT BEGINNING OF YEAR.....	21,172,999	(28,543)	9,475,731	30,620,187
FUND BALANCES AT END OF YEAR.....	\$ 28,264,338	\$ -	\$ 10,166,226	\$ 38,430,564

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2014

Net change in fund balances - total governmental funds.....	\$	7,810,377
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....		5,676,752
Depreciation expense.....		<u>(6,095,177)</u>
Net effect of reporting capital assets.....		(418,425)
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.....</p>		
		(320,433)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Issuance of long-term debt.....		(4,523,560)
Debt service principal payments.....		<u>6,159,729</u>
Net effect of reporting long-term debt.....		1,636,169
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....		(340,476)
Net change in other postemployment benefits accrual.....		558,967
Amortization of bond premiums.....		<u>130,349</u>
Net effect of recording long-term liabilities.....		<u>348,840</u>
Change in net assets of governmental activities.....	\$	<u><u>9,056,528</u></u>

See notes to basic financial statements.

PROPRIETARY FUND
STATEMENT OF NET POSITION

JUNE 30, 2014

	Sewer
ASSETS	
CURRENT:	
Cash and cash equivalents.....	\$ 6,441,206
Receivables, net of allowance for uncollectibles:	
User charges.....	4,590,201
Intergovernmental.....	51,634
Total current assets.....	11,083,041
NONCURRENT:	
Receivables, net of allowance for uncollectibles:	
Intergovernmental.....	235,640
Capital assets, net of accumulated depreciation.....	16,647,072
Total noncurrent assets.....	16,882,712
TOTAL ASSETS.....	27,965,753
LIABILITIES	
CURRENT:	
Warrants payable.....	521,032
Bonds payable.....	541,190
Total current liabilities.....	1,062,222
NONCURRENT:	
Bonds payable.....	2,065,890
TOTAL LIABILITIES.....	3,128,112
NET POSITION	
Net investment in capital assets.....	14,327,266
Unrestricted.....	10,510,375
TOTAL NET POSITION.....	\$ 24,837,641

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2014

		Sewer
OPERATING REVENUES:		
Charges for services	\$	7,684,973
OPERATING EXPENSES:		
Administration and general.....		4,924,268
Depreciation.....		453,123
TOTAL OPERATING EXPENSES		5,377,391
OPERATING INCOME.....		2,307,582
NONOPERATING REVENUES (EXPENSES):		
Investment income.....		800
Interest expense.....		(111,339)
Intergovernmental.....		37,454
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....		(73,085)
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS.....		2,234,497
TRANSFERS:		
Transfers in.....		557,847
Transfers out.....		(1,237,824)
TOTAL TRANSFERS.....		(679,977)
CHANGE IN NET POSITION.....		1,554,520
NET POSITION AT BEGINNING OF YEAR (as restated).....		23,283,121
NET POSITION AT END OF YEAR.....	\$	24,837,641

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2014

	Sewer
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Receipts from customers and users.....	\$ 8,189,751
Payments to vendors.....	(4,875,700)
NET CASH FROM OPERATING ACTIVITIES.....	3,314,051
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>	
Transfers in.....	557,847
Transfers out.....	(1,237,824)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(679,977)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>	
Acquisition and construction of capital assets.....	(1,631,369)
Principal payments on bonds and notes.....	(483,962)
Interest expense.....	(73,885)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(2,189,216)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Investment income.....	800
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	445,658
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....	5,995,548
CASH AND CASH EQUIVALENTS, END OF YEAR.....	\$ 6,441,206
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u> <u>FROM OPERATING ACTIVITIES:</u>	
Operating income (loss).....	\$ 2,307,582
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Depreciation.....	453,123
Changes in assets and liabilities:	
User charges.....	504,778
Warrants payable.....	48,568
Total adjustments.....	1,006,469
NET CASH FROM OPERATING ACTIVITIES.....	\$ 3,314,051
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>	
Debt service subsidy.....	\$ 90,282
Purchase of equipment on account.....	472,464

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2014

	Pension Trust Fund (as of December 31, 2013)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Fund	Agency Fund
ASSETS				
Cash and cash equivalents.....	\$ 313,759	\$ 1,720,931	\$ 429,760	\$ 928,487
Investments:				
Equity securities.....	-	-	1,166,101	-
Equity mutual funds.....	-	5,856,056	-	-
PRIT funds.....	105,057,671	-	-	-
Receivables, net of allowance for uncollectibles:				
Departmental and other receivables.....	6,010	-	-	92,151
TOTAL ASSETS.....	105,377,440	7,576,987	1,595,861	1,020,638
LIABILITIES				
Accrued liabilities.....	-	-	383,483	-
Liabilities due depositors.....	-	-	-	1,020,638
TOTAL LIABILITIES.....	-	-	383,483	1,020,638
NET POSITION				
Restricted for pension benefits.....	105,377,440	-	-	-
Held in trust for OPEB benefits and other purposes.....	-	7,576,987	1,212,378	-
TOTAL NET POSITION.....	\$ 105,377,440	\$ 7,576,987	\$ 1,212,378	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2014

	Pension Trust Fund (as of December 31, 2013)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Fund
ADDITIONS:			
Contributions:			
Employer.....	\$ 4,118,400	\$ 1,700,000	\$ -
Plan members.....	1,974,006	-	-
Total contributions.....	6,092,406	1,700,000	-
Net investment income:			
Net change in fair value of investments.....	11,393,342	-	-
Interest.....	2,892,814	626,507	88,482
Total investment income.....	14,286,156	626,507	88,482
Less: investment expense.....	(553,706)	-	-
Net investment income.....	13,732,450	626,507	88,482
Intergovernmental.....	145,642	-	-
Transfers from other systems.....	265,130	-	-
TOTAL ADDITIONS.....	20,235,628	2,326,507	88,482
DEDUCTIONS:			
Administration.....	176,647	-	-
Transfers to other systems.....	244,371	-	-
Retirement benefits and refunds.....	8,012,622	-	-
Scholarships and public assistance.....	-	-	35,023
TOTAL DEDUCTIONS.....	8,433,640	-	35,023
CHANGE IN NET POSITION.....	11,801,988	2,326,507	53,459
NET POSITION AT BEGINNING OF YEAR.....	93,575,452	5,250,480	1,158,919
NET POSITION AT END OF YEAR.....	\$ 105,377,440	\$ 7,576,987	\$ 1,212,378

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' Public Employees Retirement Administration Commission (PERAC). That report may be obtained by contacting the System at 202 Bussey Street, Suite 101, Dedham, MA 02026.

Joint Ventures – The Town has entered into a joint venture with the Towns of Westwood, Avon, Canton, Braintree, Holbrook, Milton, Norwood and Randolph to pool resources and share the costs, risks and rewards associated with providing vocational education through the Blue Hills Regional Technical School District. The Town's assessment for 2014 was \$973,390. There is no equity interest reported in these financial statements. Complete audited financial statements can be obtained directly from the District's administrative office located at 800 Randolph Street, Canton, MA 02021.

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

B. Government-Wide and Fund-Level Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

Internal service funds and fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

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

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

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

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

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

The following major proprietary funds are reported:

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

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs. Agency funds have no measurement focus.

The following fiduciary fund types are reported:

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

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

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

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

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

E. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

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

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

Motor Vehicle Excise

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

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

User Charges

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

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

Departmental and Other

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

Special Assessments

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

Intergovernmental

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

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

F. Inventories

Government-Wide and Fund Financial Statements

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

G. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

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

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

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

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

Governmental Fund Financial Statements

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

H. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

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

Governmental Fund Financial Statements

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

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

I. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

J. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Net Position and Fund Equity*Government-Wide Financial Statements (Net position)*

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

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

Net position has been “restricted for” the following:

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

“Permanent funds - nonexpendable” represents the endowment portion of donor restricted trusts.

“Grants and gifts” represents amounts held for school, library, and other grants and gift funds.

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

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

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

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

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

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

L. Long-term debt*Government-Wide and Proprietary Fund Financial Statements*

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

Governmental Fund Financial Statements

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

M. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

N. Investment Income

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

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

O. Individual Fund Deficit

At year-end a fund deficit exist in the school construction fund. This deficit will be funded through grants and issuance of long-term debt in future years.

P. Use of Estimates

Government-Wide and Fund Financial Statements

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

Q. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

R. Prior Period Restatement

During the current fiscal year the Town has restated beginning net position of the Sewer Enterprise Fund by \$1,289,477 to account for capital assets that were previously omitted.

NOTE 2 – CASH AND INVESTMENTS

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

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

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

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

The PRIT fund, as a pool, invests in various products including, but not limited to, money market mutual funds, equities, pooled foreign and domestic fixed income and equity funds, United States government sponsored enterprises and Treasury notes, real estate, and commodities. The underlying components of PRIT's fixed income portfolio had an effective weighted duration rate ranging from .25 to 10.78 years.

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

Custodial Credit Risk – Deposits

In the case of deposits, the custodial risk is the risk that, in the event of a bank failure the Town's deposits may not be recovered. At year end, the carrying amount of deposits totaled \$35,392,440 and the bank balance totaled \$36,660,841. Of the bank balance, \$10,504,350 was covered by Federal Depository Insurance, \$5,663,562 was covered by Depositor Insurance Fund, \$2,754,109 was covered by Share Insurance Fund, and \$17,738,820 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2013 the carrying amount of the Retirement System's deposits totaled \$313,759 and the bank balance totaled \$357,493. The bank balance was fully covered by Federal Depository Insurance.

As of June 30, 2014 the Town had the following investments:

Investment Type	Fair Value	Maturity			
		Under 1 Year	1 - 5 Years	6-10 Years	Over 10 Years
<u>Debt Securities</u>					
Government sponsored enterprises.....\$	708,739	\$ 116,117	\$ 592,622	\$ -	\$ -
U.S. Treasury Notes.....	305,078	50,424	254,654	-	-
Corporate Bonds.....	777,317	25,783	321,916	52,506	377,112
Total Debt Securities.....	1,791,134	\$ 192,324	\$ 1,169,192	\$ 52,506	\$ 377,112
<u>Other Investments</u>					
Equity Securities.....	1,769,853				
Money Market Mutual Funds.....	136,106				
Fixed Income Mutual Funds.....	2,664,123				
Equity Mutual Funds.....	4,269,387				
MMDT.....	14,086,630				
Total Investments.....	\$ 24,717,233				

As of December 31, 2013, the Retirement System had investments in PRIT totaling \$105,057,671.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Town's investments of \$1,791,134 in debt securities and \$1,769,853 in equity securities are exposed to custodial credit risk, as the securities are uninsured. The shares of MMDT and open end mutual funds are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book-entry form.

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

At December 31, 2013, the System's \$105,057,671 investment in PRIT is not subject to custodial credit risk exposure because it is not evidenced by securities that exist in physical or book-entry form.

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

Interest Rate Risk

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

Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer or backer. At June 30, 2014 the Town's investments were rated as follows:

Quality Ratings	Government Sponsored Enterprises	Corporate Bonds
AA+.....	\$ 708,739	\$ 193,619
A+.....	-	67,097
A.....	-	362,825
A-.....	-	25,504
BBB+.....	-	51,328
BB.....	-	76,944
	<u>\$ 708,739</u>	<u>\$ 777,317</u>

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

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

Concentration of Credit Risk

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

NOTE 3 – RECEIVABLES

At June 30, 2014, receivables for the individual major, non-major governmental funds, and the agency fund, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate, personal property and tax deferrals	\$ 3,741,207	\$ (352,635)	\$ 3,388,572
Tax liens.....	1,621,765	-	1,621,765
Motor vehicle excise taxes.....	869,886	(187,168)	682,718
Departmental and other.....	118,985	-	118,985
Special assessments.....	18,365	-	18,365
Intergovernmental.....	1,012,663	-	1,012,663
Total.....	<u>\$ 7,382,871</u>	<u>\$ (539,803)</u>	<u>\$ 6,843,068</u>

At June 30, 2014, receivables for the sewer enterprise fund and the internal service fund consist of the following:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
Receivables:			
User Charges.....	\$ 4,590,201	\$ -	\$ 4,590,201
Intergovernmental.....	<u>287,274</u>	<u>-</u>	<u>287,274</u>
Total.....	<u>\$ 4,877,475</u>	<u>\$ -</u>	<u>\$ 4,877,475</u>

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

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receivable type:			
Real estate, personal property and tax deferrals.....	\$ 3,388,575	\$ -	\$ 3,388,575
Tax liens.....	1,621,765	-	1,621,765
Motor vehicle excise.....	682,718	-	682,718
Departmental and other.....	15,932	1,667	17,599
Special Assessments.....	<u>18,365</u>	<u>-</u>	<u>18,365</u>
Total.....	<u>\$ 5,727,355</u>	<u>\$ 1,667</u>	<u>\$ 5,729,022</u>

NOTE 4 – CAPITAL ASSETS

A summary of changes in capital asset activity for the year ended June 30, 2014, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 19,670,260	\$ -	\$ -	\$ 19,670,260
<u>Capital assets being depreciated:</u>				
Improvements other than buildings.....	6,177,565	-	-	6,177,565
Buildings and improvements.....	113,968,114	85,520	-	114,053,634
Vehicles, machinery and equipment.....	19,594,106	1,104,293	-	20,698,399
Infrastructure.....	<u>70,495,876</u>	<u>4,486,939</u>	<u>-</u>	<u>74,982,815</u>
Total capital assets being depreciated.....	<u>210,235,661</u>	<u>5,676,752</u>	<u>-</u>	<u>215,912,413</u>
<u>Less accumulated depreciation for:</u>				
Improvements other than buildings.....	(1,132,395)	(273,331)	-	(1,405,726)
Buildings and improvements.....	(54,226,997)	(2,695,055)	-	(56,922,052)
Vehicles, machinery and equipment.....	(15,965,526)	(1,181,429)	-	(17,146,955)
Infrastructure.....	<u>(32,722,915)</u>	<u>(1,945,362)</u>	<u>-</u>	<u>(34,668,277)</u>
Total accumulated depreciation.....	<u>(104,047,833)</u>	<u>(6,095,177)</u>	<u>-</u>	<u>(110,143,010)</u>
Total capital assets being depreciated, net.....	<u>106,187,828</u>	<u>(418,425)</u>	<u>-</u>	<u>105,769,403</u>
Total governmental activities capital assets, net.....	<u>\$ 125,858,088</u>	<u>\$ (418,425)</u>	<u>\$ -</u>	<u>\$ 125,439,663</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business Type Activities:				
<u>Capital assets being depreciated:</u>				
Infrastructure.....	\$ 17,145,196	\$ 2,103,833	\$ -	\$ 19,249,029
<u>Less accumulated depreciation for:</u>				
Infrastructure.....	(2,148,834)	(453,123)	-	(2,601,957)
Total business-type activities capital assets, net.....	<u>\$ 14,996,362</u>	<u>\$ 1,650,710</u>	<u>\$ -</u>	<u>\$ 16,647,072</u>

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

Governmental Activities:

General government.....	\$ 659,430
Public safety.....	443,962
Education.....	2,583,074
Public works.....	2,166,827
Health and human services.....	8,216
Culture and recreation.....	<u>233,668</u>

Total depreciation expense - governmental activities..... \$ 6,095,177

Business-Type Activities:

Sewer..... \$ 453,123

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2014, are summarized as follows:

Transfers Out:	Transfers In:			
	General Fund	Nonmajor Governmental Funds	Sewer Enterprise Fund	Total
General Fund.....	\$ -	\$ 1,042,547	\$ 557,847	\$ 1,600,394 (1)
Nonmajor Governmental Funds.....	211,000	-	-	211,000 (2)
Sewer Enterprise Fund.....	<u>1,207,324</u>	<u>30,500</u>	-	<u>1,237,824 (3)</u>
Total.....	<u>\$ 1,418,324</u>	<u>\$ 1,073,047</u>	<u>\$ 557,847</u>	<u>\$ 3,049,218</u>

- (1) Represents transfers from the General Fund to the nonmajor capital project funds for various Town capital projects as well as \$557,847 for sewer debt service.
- (2) Represents transfers to the General Fund from Endicott Estate receipts reserved, parking meter receipts, sale of lots and graves and title V receipts to debt service and operating.
- (3) Represents transfers from the Sewer Fund to the general fund for indirect costs.

NOTE 6 – SHORT-TERM FINANCING

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

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

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

Details related to the short-term debt activity for the year ended June 30, 2014, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2013	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2014
BAN	School Construction.....	0.30%	8/28/2014	\$ -	\$ 1,484,295	\$ 934,455	\$ 549,840

In August 2014 the Town issued \$5,384,455 of long-term debt. The Town used long-term bond proceeds of \$934,455, along with \$549,840 of current revenues to pay down the BAN on August 28, 2014. The \$934,455 has been reported as long-term debt while the \$4,450,000 of long-term debt issued for a land purchase is reported as debt subsequent to year end.

NOTE 7 – LONG-TERM DEBT

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

Details related to the Town's outstanding general obligation indebtedness at June 30, 2014, and the debt service requirements for the governmental activities are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2013	Issued	Redeemed	Outstanding at June 30, 2014
MCWT Loans of 2001.....	2019	\$ 121,105	0.00	\$ 40,359	\$ -	\$ 6,729	\$ 33,630
Municipal Purpose Loans of 2002.....	2022	4,210,000	3.50-5.00	900,000	-	100,000	800,000
Municipal Purpose Loans of 2004.....	2014	4,186,000	3.00-4.00	200,000	-	200,000	-
Municipal Purpose Loans of 2005.....	2025	15,826,000	3.25-4.00	7,140,000	-	1,070,000	6,070,000
Municipal Purpose Loans of 2007.....	2022	9,865,000	3.70-5.00	4,330,000	-	830,000	3,500,000
Municipal Purpose Loans of 2008.....	2027	6,825,000	3.50-4.05	4,190,000	-	480,000	3,710,000
Municipal Purpose Loans of 2009.....	2019	9,080,000	2.00-4.75	3,550,000	-	865,000	2,685,000
Municipal Purpose Loans of 2010.....	2030	8,094,500	2.00-4.00	6,160,000	-	620,000	5,540,000
Municipal Purpose Loans of 2011.....	2031	16,890,000	2.00-5.00	14,795,000	-	1,040,000	13,755,000
Municipal Purpose Loans of 2012.....	2032	6,295,000	2.00-4.00	5,840,000	-	455,000	5,385,000
Municipal Purpose Loans of 2013.....	2023	6,988,000	2.00-2.38	6,988,000	-	493,000	6,495,000
Municipal Purpose Loans of 2014.....	2035	934,455	2-3.2%	-	4,523,560	-	4,523,560
Total Bonds Payable				54,133,359	4,523,560	6,159,729	52,497,190
Add: Unamortized Premium.....				855,682	-	130,349	725,333
Total Bonds Payable, net				\$ 54,989,041	\$ 4,523,560	\$ 6,290,078	\$ 53,222,523

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

Year	Principal	Interest	Total
2015.....	\$ 5,980,830	\$ 1,674,681	\$ 7,655,511
2016.....	5,286,181	1,483,026	6,769,207
2017.....	4,751,726	1,311,889	6,063,615
2018.....	4,506,726	1,164,718	5,671,444
2019.....	4,186,727	1,012,266	5,198,993
2020.....	3,655,000	866,141	4,521,141
2021.....	3,480,000	747,191	4,227,191
2022.....	3,230,000	640,041	3,870,041
2023.....	2,610,000	547,035	3,157,035
2024.....	2,595,000	465,323	3,060,323
2025.....	2,580,000	383,433	2,963,433
2026.....	2,080,000	300,125	2,380,125
2027.....	2,005,000	235,778	2,240,778
2028.....	1,795,000	176,060	1,971,060
2029.....	1,345,000	119,960	1,464,960
2030.....	1,155,000	74,048	1,229,048
2031.....	885,000	33,035	918,035
2032.....	235,000	10,028	245,028
2033.....	45,000	3,600	48,600
2034.....	45,000	2,160	47,160
2035.....	45,000	720	45,720
Total	\$ 52,497,190	\$ 11,251,256	\$ 63,748,446

Details related to the Town's outstanding general obligation indebtedness at June 30, 2014, and the debt service requirements for the enterprise funds are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2013	Issued	Redeemed	Outstanding at June 30, 2014
Municipal Purpose Loans of 2001.....	2016	\$ 1,765,000	4.3-7%	\$ 345,000	\$ -	\$ 115,000	\$ 230,000
Municipal Purpose Loans of 2003.....	2023	2,172,000	2-4%	1,070,000	-	110,000	960,000
MCWT Loans of 2005.....	2020	630,994	0%	1,269,600	-	190,200	1,079,400
Municipal Purpose Loans of 2009.....	2019	170,000	2-3%	90,000	-	15,000	75,000
MWRA Loans of 2010.....	2015	272,800	0%	109,120	-	54,560	54,560
MWRA Loans of 2013.....	2018	260,150	0%	260,150	-	52,030	208,120
Total Bonds Payable.....				\$ 3,143,870	\$ -	\$ 536,790	\$ 2,607,080

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

Year	Principal	Interest	Total
2015.....	\$ 541,190	\$ 94,014	\$ 635,204
2016.....	491,230	73,968	565,198
2017.....	380,830	57,213	438,043
2018.....	385,530	39,536	425,066
2019.....	338,300	28,754	367,054
2020.....	155,000	17,860	172,860
2021.....	105,000	12,495	117,495
2022.....	105,000	8,400	113,400
2023.....	105,000	4,200	109,200
Total	\$ <u>2,607,080</u>	\$ <u>336,439</u>	\$ <u>3,284,158</u>

The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$287,000 and interest costs for \$117,000. Net MCWT loan repayments including interest are scheduled to be \$852,000. Since the Town is legally obligated for the total amount of the debt, such amounts have been recorded in the accompanying basic financial statements. During 2014, the sewer enterprise fund principal subsidy totaled \$53,000 and the sewer enterprise interest subsidy totaled \$37,500. The general fund recognized an interest subsidy of \$1,900.

The Town is a member of the Massachusetts Water Resources Authority (MWRA) which offers its members interest free loans for various purposes. The Town has \$263,000 in loans outstanding at year end. The imputed interest on this loan is immaterial and has not been recognized by the Town.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2014, the Town had the following authorized and un-issued debt:

Purpose	Amount
Early Childhood Feasibility.....	\$ 600,000
Ames Property.....	28,250,000
Software.....	289,000
School Ceilings and Doors.....	450,000
Fire Engine.....	500,000
School Network.....	128,270
Roads.....	1,500,000
Sidewalks.....	700,000
Motor Equip Replacement.....	240,000
Land Acquisition.....	25,000
Dedham Square Roads.....	356,395
Town Hall Solar.....	25,000
Avery School Construction.....	581,947
Avery School Plans.....	150,000
Sewer Repairs.....	180,000
HS Equip - Security.....	20,000
Replace Heating Pipes.....	25,000
Striar Property.....	235,000
Total.....	\$ <u>34,255,612</u>

Changes in Long-term Liabilities

During the year ended June 30, 2014, the following changes occurred in long-term liabilities:

	Balance June 30, 2013	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Balance June 30, 2014	Due Within One Year
Governmental Activities:							
Long-Term Bonds.....	\$ 54,133,359	\$ 4,523,560	\$ (6,159,729)	\$ -	\$ -	\$ 52,497,190	\$ 5,980,831
Add: Unamortized Bond Premium....	855,682	-	-	-	(130,349)	725,333	110,903
Total Bonds Payable.....	54,989,041	4,523,560	(6,159,729)	-	(130,349)	53,222,523	6,091,734
Compensated Absences.....	879,524	-	-	560,357	(219,881)	1,220,000	305,000
Other Postemployment Benefits.....	11,526,149	-	-	2,532,932	(3,091,899)	10,967,182	-
Total Governmental Activities.....	67,394,714	4,523,560	(6,159,729)	3,093,289	(3,442,129)	65,409,705	6,396,734
Business Type Activities:							
Long-Term Bonds.....	3,143,870	-	(536,790)	-	-	2,607,080	541,190
Total.....	\$ 70,538,584	\$ 4,523,560	\$ (6,696,519)	\$ 3,093,289	\$ (3,442,129)	\$ 68,016,785	\$ 6,937,924

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

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

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

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

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

The Town’s spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation.

Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in the governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to other purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances			
Nonspendable:			
Permanent fund principal.....\$	-	\$ 894,421	\$ 894,421
Restricted for:			
Town Grants.....	-	116,462	116,462
School Grants.....	-	1,345,828	1,345,828
Town Gifts.....	-	1,453,412	1,453,412
School Gifts.....	-	132,247	132,247
School lunch fund.....	-	170,591	170,591
Town Revolving Funds.....	-	541,311	541,311
School Revolving Funds.....	-	1,402,890	1,402,890
Receipts reserved.....	-	463,446	463,446
Land and Improvements.....	-	92,897	92,897
Buildings and Improvements.....	-	536,599	536,599
Roadway Improvements.....	-	1,669,241	1,669,241
Machinery and Equipment.....	-	301,453	301,453
Cemetery Trust Funds.....	-	78,969	78,969
Library Trust Funds.....	-	667,170	667,170
Other Trust Funds.....	-	299,289	299,289
Committed to:			
Reserve for bond premium.....	376,607	-	376,607
General Government.....	884,022	-	884,022
Public Safety.....	5,471	-	5,471
Education.....	6,100	-	6,100
Public Works.....	67,152	-	67,152
Community Services.....	26,026	-	26,026
Assigned to:			
General Government.....	31,796	-	31,796
Public Safety.....	5,074	-	5,074
Education.....	274,848	-	274,848
Public Works.....	99,709	-	99,709
Free cash for subsequent year expenditures.....	1,552,150	-	1,552,150
Unassigned.....	<u>24,935,383</u>	-	<u>24,935,383</u>
Total Fund Balances.....\$	<u>28,264,338</u>	<u>\$ 10,166,226</u>	<u>\$ 38,430,564</u>

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

At June 30, 2014, the following amounts have been set aside in the following stabilization funds: general stabilization \$4,790,092, mitigation stabilization fund \$510,592, and \$4,447,808 in the major capital project stabilization fund. During 2014 the general stabilization fund, the mitigation stabilization fund, and the major capital projects stabilization fund recognized interest earnings of \$165,347, \$21,927 and \$18,405, respectively. These amounts are reported as a component of unassigned fund balance.

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

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

NOTE 9 – RISK FINANCING

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

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

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

NOTE 10 – CONTRIBUTORY RETIREMENT SYSTEM

Plan Description - The Town contributes to the System, a cost-sharing multiple-employer defined benefit pension plan administered by the Dedham Contributory Retirement Board. Substantially all employees are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount

of these on-behalf payments totaled approximately \$7,960,000 for the year ended June 30, 2014, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Dedham Contributory Retirement Board and are borne by the System.

At December 31, 2013, the System's membership consists of the following:

Active members.....	439
Inactive members.....	123
Disabled members.....	54
Retirees and beneficiaries currently receiving benefits.....	<u>264</u>
 Total.....	 <u><u>880</u></u>

Funding Policy - Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. Chapter 32 of the MGL governs the contributions of plan members and the Town.

Annual Pension Cost - The Town's contributions to the System for the last three years ended June 30, 2014, 2013, and 2012 were approximately \$3,951,000, \$3,460,000 and \$3,351,000, respectively, which equaled its required contribution for each year. The most recent actuarial valuation used the closed individual entry age normal actuarial cost method and is dated January 1, 2012. The actuarial assumptions included an 8.0% investment rate of return and projected salary increases based on years of service with rates of 4.75%, 5.0% and 5.25% for the various groups served. The System uses a 4 year smoothing methodology to determine the actuarial value of the assets. The actuarial value of the assets was adjusted, if necessary, to be within 10% of the market value.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
1/1/2012	\$ 86,438,199	\$ 120,226,039	33,787,840	71.9%	\$ 20,742,966	162.9%
1/1/2010	85,456,310	107,609,083	22,152,773	79.4%	19,109,370	115.9%
1/1/2008	90,708,716	98,591,648	7,882,932	92.0%	18,680,825	42.2%

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.

Schedule of Employer Contributions

Year Ended	System-Wide			Town of Dedham	
	Annual Required Contribution	Actual Contributions Made	Percentage Contributed	Actual Contributions Made	Town's Contributions as a Percentage of System Wide Contributions
6/30/2014	\$ 4,105,296	\$ 4,105,296	100%	\$ 3,951,347	96.25%
6/30/2013	3,618,401	3,618,401	100%	3,459,643	95.61%
6/30/2012	3,510,121	3,510,121	100%	3,351,191	95.47%

The schedule of employer contributions presents multiyear trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the Town is one participating employer, as well as the Town's proportionate share of the plan's annual contributions.

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

At June 30, 2014, the Plan's membership consisted of the following:

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

Funding Policy – Contribution requirements are negotiated between the Town and union representatives. The required contribution is based on pay-as-you-go financing requirement. Retired plan members and beneficiaries currently receiving benefits are required to contribute between 10% and 50% of the cost of benefits provided depending on the plan they choose. The Town is required to contribute the balance of the current premiums and may contribute additional amounts to pre-fund benefits. The Town contributed approximately \$4.8 million to the plan during 2014. Administrative costs of the Plan are assumed to be included in plan premiums.

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

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

Annual required contribution.....	\$	4,054,489
Interest on net OPEB obligation/(asset).....		662,754
Adjustments to annual required contribution.....		<u>(484,311)</u>
Annual OPEB cost.....		4,232,932
Contributions made.....		<u>(4,791,899)</u>
Increase/(Decrease) in net OPEB obligation.....		(558,967)
Net OPEB obligation/(asset) - beginning of year.....		<u>11,526,149</u>
Net OPEB obligation/(asset) - end of year.....	\$	<u><u>10,967,182</u></u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two most recent preceding years are as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/ (Asset)
6/30/2014	\$ 4,232,932	113.2%	\$ 10,967,182
6/30/2013	6,075,651	80.1%	11,526,149
6/30/2012	5,612,125	70.6%	10,319,915

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

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

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

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that

are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

NOTE 12 – COMMITMENTS

The Town is committed to completing various projects throughout the Town which will be funded with long-term debt totaling approximately \$12 million. Additionally, the May 2014 annual Town Meeting authorized the Board of Selectmen borrow \$28.25 million to acquire the Ames Schoolhouse property and to renovate it to create a Senior Center and Town Hall; and to renovate the existing Town Hall for a Police Station; and to renovate the Main Fire Station, all to create a Municipal Campus in Dedham Square. The purchase of the Ames property was completed subsequent to year-end and totaled \$5.8 million.

NOTE 13 – CONTINGENCIES

The Town participates in a number of Federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2014, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2014, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2014.

NOTE 14 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2014, the following GASB pronouncements were implemented:

- GASB Statement #65, *Items Previously Reported as Assets and Liabilities*. Financial statement changes include the presentation of deferred outflows and inflows in the Statement of Net Position and Governmental Funds Balance Sheet. Notes to the basic financial statements were changed to provide additional disclosure on deferred outflows of resources and deferred inflows of resources.
- GASB Statement #70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The implementation of this pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in future years:

- The GASB issued Statement #67, *Financial Reporting for Pension Plans*, which is required to be implemented in 2015.

- The GASB issued Statement #68, *Accounting and Financial Reporting for Pensions*, which is required to be implemented in 2015.
- The GASB issued Statement #69, *Government Combinations and Disposals of Government Operations*, which is required to be implemented in 2015.
- The GASB issued Statement #71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which is required to be implemented simultaneously with GASB Statement #68 in 2015.

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

Required Supplementary Information

General Fund Budgetary Comparison Schedule

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

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

YEAR ENDED JUNE 30, 2014

	Budgeted Amounts					Actual	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget				
REVENUES:								
Real estate and personal property taxes, net of tax refunds..... \$	-	\$ 77,360,772	\$ 77,360,772	\$ 77,598,249	\$ 79,128,302	\$ -	\$ 1,530,053	
Tax liens.....	-	-	-	-	200,981	-	200,981	
Motor vehicle and other excises.....	-	2,000,000	2,000,000	2,000,000	3,429,094	-	1,429,094	
Meals tax.....	-	-	-	-	828,669	-	828,669	
Hotel/motel taxes.....	-	600,000	600,000	600,000	1,187,574	-	587,574	
Licenses and permits.....	-	750,000	750,000	750,000	859,374	-	109,374	
Penalties and interest on taxes.....	-	300,000	300,000	300,000	585,132	-	285,132	
Payment in lieu of taxes.....	-	20,000	20,000	20,000	27,780	-	7,780	
Fines and forfeitures.....	-	130,000	130,000	130,000	180,097	-	50,097	
Intergovernmental.....	-	7,218,442	7,218,442	7,218,442	7,078,588	-	(139,854)	
Departmental and other revenue.....	-	550,000	550,000	550,000	1,175,651	-	625,651	
Investment income.....	-	150,000	150,000	150,000	209,277	-	59,277	
TOTAL REVENUES.....	-	89,079,214	89,079,214	89,316,691	94,890,519	-	5,573,828	
EXPENDITURES:								
Current:								
General Government								
Selectmen/ Town Manager:								
Personnel services.....	-	359,378	359,378	366,690	362,530	-	4,160	
Purchase of services.....	-	55,345	55,345	45,345	32,408	1,617	11,320	
Supplies.....	-	600	600	600	566	-	34	
Other charges/ expenditures.....	-	27,106	27,106	24,606	24,271	-	335	
Bus service contract.....	-	29,485	29,485	99,485	22,083	-	77,402	
Town audit.....	-	75,000	75,000	75,000	51,934	-	23,066	
SNARC assessment.....	-	5,750	5,750	5,750	5,750	-	-	
Liability and property insurance.....	-	742,761	742,761	712,761	710,979	-	1,782	
Information technology.....	26,000	-	26,000	125,000	-	125,000	-	
Articles.....	92,232	155,000	247,232	269,232	108,659	160,573	-	
Total.....	118,232	1,450,425	1,568,657	1,724,469	1,319,180	287,190	118,099	
Finance Committee:								
Purchase of services.....	-	4,500	4,500	6,935	6,935	-	-	
Supplies.....	-	150	150	150	130	-	20	
Other charges and expenses.....	-	673	673	673	363	-	310	
Reserve funds.....	-	436,953	436,953	139,213	-	-	139,213	
Total.....	-	442,276	442,276	146,971	7,428	-	139,543	
Department of Finance:								
Personnel services.....	-	957,223	957,223	947,254	918,172	-	29,082	
Purchase of services.....	-	489,410	489,410	518,410	479,676	9,000	29,734	
Supplies.....	-	31,900	31,900	31,900	28,090	-	3,810	
Other charges and expenses.....	-	17,630	17,630	19,376	18,206	-	1,170	
Articles.....	326,778	135,554	462,332	481,527	109,206	372,321	-	
Total.....	326,778	1,631,717	1,958,495	1,998,467	1,553,350	381,321	63,796	
Central Purchasing:								
Purchase of services.....	-	14,500	14,500	14,500	13,237	-	1,263	
Postage.....	-	107,394	107,394	107,394	56,600	-	50,794	
Overtime and sick leave.....	-	73,970	73,970	48,970	47,585	-	1,385	
Supplies.....	-	20,033	20,033	32,533	31,458	-	1,075	
Non-capital equipment.....	-	100,000	100,000	25,000	24,854	-	146	
Total.....	-	315,897	315,897	228,397	173,734	-	54,663	
Assessors:								
Personnel services.....	-	310,893	310,893	328,879	328,879	-	-	
Substitutes.....	-	4,986	4,986	-	-	-	-	
Purchase of services.....	-	1,400	1,400	1,400	-	-	1,400	
Other charges and expenses.....	-	10,198	10,198	10,198	7,713	-	2,485	
Articles.....	54,936	125,000	179,936	179,936	80,638	99,298	-	
Total.....	54,936	452,477	507,413	520,413	417,230	99,298	3,885	

(continued)

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

YEAR ENDED JUNE 30, 2014

	Budgeted Amounts				Actual	Amounts		Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget		Carried Forward To Next Year		
Human Resources:								
Personnel services.....	-	142,752	142,752	134,884	134,695	-	189	
Purchase of services.....	-	12,350	12,350	12,350	5,860	4,000	2,490	
Other charges and expenses.....	-	1,810	1,810	1,810	827	-	983	
Total.....	-	156,912	156,912	149,044	141,382	4,000	3,662	
Legal Services:								
Purchase of services.....	-	190,000	190,000	290,000	278,421	-	11,579	
Litigation/ damages.....	-	30,000	30,000	15,000	1,000	8,448	5,552	
Articles.....	14,485	-	14,485	14,485	-	14,485	-	
Total.....	14,485	220,000	234,485	319,485	279,421	22,933	17,131	
Town Clerk/ Elections/ Registrars:								
Personnel services.....	-	228,054	228,054	236,431	233,997	-	2,434	
Purchase of services.....	-	35,888	35,888	38,988	36,349	-	2,639	
Supplies.....	-	750	750	750	747	-	3	
Other charges and expenses.....	-	1,445	1,445	1,445	1,253	-	192	
Articles.....	3,281	-	3,281	-	-	-	-	
Total.....	3,281	266,137	269,418	277,614	272,346	-	5,268	
Economic Development:								
Personnel services.....	-	76,854	76,854	79,874	79,873	-	1	
Purchase of services.....	-	300	300	300	-	-	300	
Other charges and expenses.....	-	8,700	8,700	8,700	7,834	-	866	
Articles.....	90,988	-	90,988	90,988	20,225	70,763	-	
Total.....	90,988	85,854	176,842	179,862	107,932	70,763	1,167	
Planning Board:								
Personnel services.....	-	125,511	125,511	130,967	130,966	-	1	
Purchase of services.....	-	11,000	11,000	11,000	9,747	-	1,253	
Other charges and expenses.....	-	1,277	1,277	1,277	270	-	1,007	
Articles.....	-	10,000	10,000	10,000	10,000	-	-	
Total.....	-	147,788	147,788	153,244	150,983	-	2,261	
Central Administration Building:								
Articles.....	47,531	-	47,531	-	-	-	-	
Building Planning and Construction Committee:								
Purchase of services.....	-	20,000	20,000	26,860	17,399	361	9,100	
Facilities Maintenance and Operations:								
Personnel services.....	-	215,489	215,489	222,176	195,852	-	26,324	
Substitutes.....	-	31,648	31,648	31,648	14,974	-	16,674	
Centralized electric & heating.....	-	742,902	742,902	658,902	350,561	8,370	299,971	
Central telephone.....	-	127,200	127,200	133,700	130,255	-	3,445	
Purchase of services.....	-	354,490	354,490	335,690	301,258	-	34,432	
Supplies.....	-	81,345	81,345	73,845	49,299	-	24,546	
Other charges and expenses.....	-	2,100	2,100	2,100	1,137	-	963	
Articles.....	-	-	-	26,030	-	26,030	-	
Total.....	-	1,555,174	1,555,174	1,484,091	1,043,336	34,400	406,355	
Conservation Commission:								
Personnel services.....	-	46,648	46,648	48,430	48,430	-	-	
Purchase of services.....	-	31,133	31,133	30,878	19,607	-	11,271	
Other charges and expenses.....	-	2,016	2,016	2,271	2,270	-	1	
Total.....	-	79,797	79,797	81,579	70,307	-	11,272	
Environmental:								
Personnel services.....	-	78,534	78,534	81,711	81,711	-	-	
Purchase of services.....	-	11,460	11,460	11,460	6,500	-	4,960	
Other charges and expenses.....	-	1,777	1,777	1,777	949	-	828	
Articles.....	20,277	10,000	30,277	21,477	5,925	15,552	-	
Total.....	20,277	101,771	122,048	116,425	95,085	15,552	5,788	
Total General Government.....	676,508	6,926,225	7,602,733	7,406,921	5,649,113	915,818	841,990	

(continued)

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

YEAR ENDED JUNE 30, 2014

	Budgeted Amounts				Actual	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Public Safety:							
Police Department:							
Personnel services.....	-	4,598,710	4,598,710	4,729,518	4,533,663	-	195,855
Overtime and substitutes.....	-	564,623	564,623	579,665	543,611	-	36,054
Purchase of services.....	-	80,583	80,583	80,583	70,151	-	10,432
Supplies.....	-	224,238	224,238	238,238	224,537	5,074	8,627
Other charges and expenses.....	-	28,837	28,837	28,837	24,471	-	4,366
Articles.....	5,440	-	5,440	5,440	-	5,440	-
Total.....	5,440	5,496,991	5,502,431	5,662,281	5,396,433	10,514	255,334
Fire Department:							
Personnel services.....	-	4,167,111	4,167,111	4,252,804	4,165,058	-	87,746
Overtime and substitutes.....	-	355,186	355,186	697,686	695,650	-	2,036
Purchase of services.....	-	52,720	52,720	56,194	56,109	-	85
Supplies.....	-	101,235	101,235	101,235	91,322	-	9,913
Other charges and expenses.....	-	7,060	7,060	7,060	6,706	-	354
Articles.....	31	-	31	31	-	31	-
Total.....	31	4,683,312	4,683,343	5,115,010	5,014,845	31	100,134
Central Dispatch Center:							
Personnel services.....	-	463,935	463,935	485,631	485,631	-	-
Overtime and substitutes.....	-	68,537	68,537	68,537	68,537	-	-
Purchase of services.....	-	22,600	22,600	19,100	18,906	-	194
Supplies.....	-	4,500	4,500	4,500	4,173	-	327
Other charges and expenses.....	-	75	75	75	-	-	75
Total.....	-	559,647	559,647	577,843	577,247	-	596
Building Department:							
Personnel services.....	-	373,608	373,608	400,017	400,017	-	-
Overtime and substitutes.....	-	3,100	3,100	8,400	7,022	-	1,378
Supplies.....	-	1,600	1,600	1,600	1,152	-	448
Other charges and expenses.....	-	24,410	24,410	24,410	24,357	-	53
Total.....	-	402,718	402,718	434,427	432,548	-	1,879
Sealer of Weights and Measures:							
Personnel services.....	-	10,000	10,000	14,000	14,000	-	-
Civil Preparedness Agency:							
Personnel services.....	-	1,395	1,395	1,395	1,215	-	180
Supplies.....	-	2,760	2,760	2,760	2,144	-	616
Other charges and expenses.....	-	200	200	200	-	-	200
Total.....	-	4,355	4,355	4,355	3,359	-	996
Total Public Safety.....	5,471	11,157,023	11,162,494	11,807,916	11,438,432	10,545	358,939
Education:							
Dedham Public Schools:							
School operations.....	661,596	35,926,525	36,588,121	36,556,920	35,508,059	280,948	767,913
Articles.....	60,980	-	60,980	60,980	54,880	-	6,100
Total.....	722,576	35,926,525	36,649,101	36,617,900	35,562,939	280,948	774,013
Blue Hills Regional School:							
Assessment.....	-	973,390	973,390	973,390	973,390	-	-
Norfolk County Agricultural High School:							
Assessment.....	-	68,000	68,000	53,486	53,444	-	42
Total Education.....	722,576	36,967,915	37,690,491	37,644,776	36,589,773	280,948	774,055
Public Works:							
Public Works Operations:							
Personnel Services.....	-	1,500,880	1,500,880	1,564,195	1,532,783	-	31,412
Overtime.....	-	160,000	160,000	160,000	145,010	-	14,990
Purchase of services.....	-	695,000	695,000	720,000	700,738	-	19,262
Supplies.....	-	344,351	344,351	344,351	281,227	-	63,124
Other charges and expenses.....	-	3,500	3,500	3,500	3,133	-	367
Total.....	-	2,703,731	2,703,731	2,792,046	2,662,891	-	129,155

(continued)

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

YEAR ENDED JUNE 30, 2014

	Budgeted Amounts				Actual	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Snow and Ice Control:							
Snow and ice removal.....	-	600,000	600,000	1,300,500	1,284,874	-	15,626
Infrastructure Engineering:							
Personnel services.....	-	411,186	411,186	420,753	418,382	-	2,371
Purchase of services.....	-	77,087	77,087	77,087	71,052	1,744	4,291
Supplies.....	-	25,860	25,860	25,860	8,023	-	17,837
Other charges/ expenditures.....	-	6,110	6,110	6,110	3,136	-	2,974
Articles.....	-	75,000	75,000	75,000	7,848	67,152	-
Total.....	-	595,243	595,243	604,810	508,441	68,896	27,473
Rubbish and Recycling:							
Contracts.....	-	2,209,454	2,209,454	2,134,454	2,075,988	-	58,466
Supplies.....	-	15,778	15,778	15,778	14,773	-	1,005
Total.....	-	2,225,232	2,225,232	2,150,232	2,090,761	-	59,471
Street Lighting:							
Streetlights.....	-	275,000	275,000	225,000	203,810	-	21,190
Street Lighting capital.....	-	-	-	100,000	-	97,965	2,035
Total.....	-	275,000	275,000	325,000	203,810	97,965	23,225
Total Public Works.....	-	6,399,206	6,399,206	7,172,588	6,750,777	166,861	254,950
Community Services:							
Board of Health:							
Personnel services.....	-	218,597	218,597	232,991	232,991	-	-
Purchase of services.....	-	3,600	3,600	3,100	2,273	-	827
Supplies.....	-	1,690	1,690	1,690	409	-	1,281
Other charges and expenses.....	-	13,125	13,125	11,875	11,027	-	848
Hazardous waste collection.....	-	9,043	9,043	9,043	8,829	-	214
Articles.....	7,326	-	7,326	7,326	-	7,326	-
Total.....	7,326	246,055	253,381	266,025	255,529	7,326	3,170
Council of Aging:							
Personnel services.....	-	207,655	207,655	214,384	214,384	-	-
Purchases of services.....	-	1,865	1,865	1,865	1,854	-	11
Supplies.....	-	10,198	10,198	7,048	6,950	-	98
Other charges and expenses.....	-	1,217	1,217	367	40	-	327
Articles.....	50,000	-	50,000	-	-	-	-
Total.....	50,000	220,935	270,935	223,664	223,228	-	436
Youth Commission:							
Personnel services.....	-	240,488	240,488	248,409	248,409	-	-
Purchase of services.....	-	2,975	2,975	2,975	2,517	-	458
Supplies.....	-	1,221	1,221	1,221	756	-	465
Other charges and expenses.....	-	6,660	6,660	6,660	6,660	-	-
Total.....	-	251,344	251,344	259,265	258,342	-	923
Veteran's Services:							
Personnel services.....	-	96,539	96,539	98,891	94,064	-	4,827
Memorial Day program.....	-	5,350	5,350	4,810	4,809	-	1
Purchase of services.....	-	5,000	5,000	5,000	1,555	-	3,445
Supplies.....	-	300	300	229	229	-	-
Other charges and expenses.....	-	2,183	2,183	2,794	2,744	-	50
Veteran's benefits.....	-	80,000	80,000	87,300	87,241	-	59
Total.....	-	189,372	189,372	199,024	190,642	-	8,382
Public Libraries:							
Personnel services.....	-	783,352	783,352	806,540	776,568	-	29,972
Overtime and substitutes.....	-	11,000	11,000	11,000	10,093	-	907
Books, periodicals, and bindings.....	-	156,905	156,905	156,905	156,898	-	7
Purchase of services.....	-	66,569	66,569	66,569	66,438	-	131
Supplies.....	-	16,865	16,865	16,865	16,865	-	-
Other charges and expenses.....	-	11,100	11,100	11,100	11,004	-	96
Articles.....	18,700	-	18,700	18,700	-	18,700	-
Total.....	18,700	1,045,791	1,064,491	1,087,679	1,037,866	18,700	31,113

(continued)

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

YEAR ENDED JUNE 30, 2014

	Budgeted Amounts				Actual	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Recreation Department:							
Personnel services.....	-	510,254	510,254	526,396	526,396	-	-
Overtime and substitutes.....	-	9,496	9,496	9,496	7,728	-	1,768
Purchase of services.....	-	35,500	35,500	35,500	35,101	-	399
Supplies.....	-	97,288	97,288	97,288	97,192	-	96
Other charges and expenses.....	-	4,870	4,870	4,870	4,500	-	370
Articles.....	-	49,000	49,000	49,000	49,000	-	-
Total.....	-	706,408	706,408	722,550	719,917	-	2,633
Endicott Estate Commission:							
Personnel services.....	-	96,307	96,307	99,646	99,645	-	1
Purchase of services.....	-	11,380	11,380	11,380	10,007	-	1,373
Supplies.....	-	3,465	3,465	3,465	2,873	-	592
Other charges and expenses.....	-	1,694	1,694	1,694	730	-	964
Total.....	-	112,846	112,846	116,185	113,255	-	2,930
Civic Pride:							
Other charges and expenses.....	-	10,000	10,000	10,000	10,000	-	-
Cultural Council:							
Community grants.....	-	6,300	6,300	6,300	6,300	-	-
Total Community Services.....	76,026	2,789,051	2,865,077	2,890,692	2,815,079	26,026	49,587
State and County Assessments.....	-	2,419,189	2,419,189	2,419,189	2,396,658	-	22,531
Debt Service:							
Principal.....	-	6,159,728	6,159,728	6,482,759	6,159,729	-	323,030
Interest.....	-	2,407,995	2,407,995	1,809,964	1,757,820	-	52,144
Total.....	-	8,567,723	8,567,723	8,292,723	7,917,549	-	375,174
Employee Benefits:							
Contributory pension.....	-	3,951,350	3,951,350	3,951,350	3,928,166	-	23,184
Non-contributory pension.....	-	15,000	15,000	16,015	12,246	-	3,769
Unemployment payments.....	-	75,000	75,000	10,000	8,911	-	1,089
Insurance and Hospitalization.....	-	9,916,380	9,916,380	9,915,365	9,700,270	-	215,095
Medicare tax.....	-	650,000	650,000	630,000	624,832	-	5,168
Reserve for Salary Increases.....	-	497,801	497,801	-	-	-	-
Total.....	-	15,105,531	15,105,531	14,522,730	14,274,425	-	248,305
TOTAL EXPENDITURES.....	1,480,581	90,331,863	91,812,444	92,157,535	87,831,806	1,400,198	2,925,531
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(1,480,581)	(1,252,649)	(2,733,230)	(2,840,844)	7,058,713	(1,400,198)	2,648,297
OTHER FINANCING SOURCES (USES):							
Transfers in.....	-	1,397,324	1,397,324	1,418,324	1,418,324	-	-
Transfers out.....	-	(1,498,440)	(1,498,440)	(2,164,494)	(2,211,448)	-	(46,954)
TOTAL OTHER FINANCING SOURCES (USES).....	-	(101,116)	(101,116)	(746,170)	(793,124)	-	(46,954)
NET CHANGE IN FUND BALANCE.....	(1,480,581)	(1,353,765)	(2,834,346)	(3,587,014)	6,265,589	(1,400,198)	2,601,343
BUDGETARY FUND BALANCE, Beginning of year.....	-	13,173,957	13,173,957	13,173,957	13,173,957	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ (1,480,581)	\$ 11,820,192	\$ 10,339,611	\$ 9,586,943	\$ 19,439,546	\$ (1,400,198)	\$ 2,601,343

(concluded)

See notes to required supplementary information.

Retirement System Schedule of Funding Progress and Employer Contributions

The Retirement System Schedule of Funding progress presents multiyear trend information relating to the cost-sharing plan as a whole, of which the Town is one participating employer, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The Retirement System Schedule of Employer Contributions presents multi-year trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the Town is one of two participating employers, as well as the Town's proportionate share of the plan's annual contributions.

RETIREMENT SYSTEM BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
1/1/2012	\$ 86,438,199	\$ 120,226,039	\$ 33,787,840	71.9%	\$ 20,742,966	162.9%
1/1/2010	85,456,310	107,609,083	22,152,773	79.4%	19,109,370	115.9%
1/1/2008	90,708,716	98,591,648	7,882,932	92.0%	18,680,825	42.2%

Schedule of Employer Contributions

Year Ended	System-Wide			Town of Dedham		
	Annual Required Contribution	Actual Contributions Made	Percentage Contributed	Actual Contributions Made	Town's Contributions as a Percentage of System Wide Contributions	
6/30/2014	\$ 4,105,296	\$ 4,105,296	100%	\$ 3,951,347	96.25%	
6/30/2013	3,618,401	3,618,401	100%	3,459,643	95.61%	
6/30/2012	3,510,121	3,510,121	100%	3,351,191	95.47%	

The Town's actual contributions equaled 100% of its' required contribution for each year presented.

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

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

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

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

OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

JUNE 30, 2014

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
6/30/2014	\$ 5,876,987	\$ 56,071,275	\$ 50,194,288	10.5%	\$ 43,951,811	114.2%
6/30/2012	3,180,875	77,722,866	74,541,991	4.1%	39,791,854	187.3%
6/30/2010	1,403,793	74,018,559	72,614,766	1.9%	45,934,750	158.1%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution (ARC)	Actual Contributions Made	Percentage Contributed
2014	\$ 4,054,489	\$ 4,791,899	118.2%
2013	5,915,883	4,869,417	82.3%
2012	5,622,162	3,964,104	70.5%

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

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

YEAR ENDED JUNE 30, 2014

Actuarial Methods:

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

Actuarial Assumptions:

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

Plan Membership:

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

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2014 budget consisted of approximately \$91.8 million in appropriations and other amounts to be raised. Included in the original budget are approximately \$1.5 million in amounts carried over from previous years.

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

B. Budgetary – GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2014, is presented below:

Net change in fund balance, budgetary basis.....	\$	6,265,589
<u>Perspective difference:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP.....		816,733
<u>Basis of accounting differences:</u>		
Net change in tax refunds payable.....		9,017
Recognition of revenue for on-behalf payments.....		7,960,000
Recognition of expenditures for on-behalf payments.....		<u>(7,960,000)</u>
Net change in fund balance, GAAP basis.....	\$	<u><u>7,091,339</u></u>

NOTE B – OTHER POSTEMPLOYMENT BENEFITS

The Town administers a single-employer defined benefit healthcare plan (“The Other Postemployment Benefit Plan”). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members.

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

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

The Schedule of Employer Contributions presents multiyear trend information of contributions relating to the plan.

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

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

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The Town administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare, dental and life insurance for eligible retirees, and their spouses, through its’ participation in the West Suburban Healthcare Group.

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

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

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 plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

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

Combining and Individual Fund Statements

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

CAPITAL PROJECT FUND

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

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

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

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

PERMANENT FUND

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

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

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

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

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**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2014

	Special Revenue Funds					
	Town Grants	School Grants	Town Gifts	School Gifts	School Lunch Fund	Town Revolving Funds
ASSETS						
Cash and cash equivalents.....	\$ 119,891	\$ 889,354	\$ 1,453,412	\$ 135,311	\$ 163,133	\$ 548,682
Investments.....	-	-	-	-	-	-
Receivables, net of uncollectibles:						
Departmental and other.....	-	-	-	-	-	1,667
Intergovernmental.....	3,391	465,090	-	-	35,078	1,901
TOTAL ASSETS.....	<u>\$ 123,282</u>	<u>\$ 1,354,444</u>	<u>\$ 1,453,412</u>	<u>\$ 135,311</u>	<u>\$ 198,211</u>	<u>\$ 552,250</u>
LIABILITIES						
Warrants payable.....	\$ 6,820	\$ 8,616	\$ -	\$ 3,064	\$ 27,620	\$ 9,272
Other liabilities.....	-	-	-	-	-	-
TOTAL LIABILITIES.....	<u>6,820</u>	<u>8,616</u>	<u>-</u>	<u>3,064</u>	<u>27,620</u>	<u>9,272</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues.....	-	-	-	-	-	1,667
FUND BALANCES						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	116,462	1,345,828	1,453,412	132,247	170,591	541,311
TOTAL FUND BALANCES.....	<u>116,462</u>	<u>1,345,828</u>	<u>1,453,412</u>	<u>132,247</u>	<u>170,591</u>	<u>541,311</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	<u>\$ 123,282</u>	<u>\$ 1,354,444</u>	<u>\$ 1,453,412</u>	<u>\$ 135,311</u>	<u>\$ 198,211</u>	<u>\$ 552,250</u>

(Continued)

Special Revenue Funds			Capital Projects Funds				
School Revolving Funds	Receipts Reserved Fund	Sub-total	Land and Improvements	Buildings and Improvements	Roadway Improvements	Machinery and Equipment	Sub-total
\$ 1,512,435	\$ 464,467	\$ 5,286,685	\$ 92,897	\$ 536,599	\$ 2,206,814	\$ 298,228	\$ 3,134,538
-	-	-	-	-	-	-	-
-	-	1,667	-	-	-	3,225	3,225
-	-	505,460	-	-	-	-	-
<u>\$ 1,512,435</u>	<u>\$ 464,467</u>	<u>\$ 5,793,812</u>	<u>\$ 92,897</u>	<u>\$ 536,599</u>	<u>\$ 2,206,814</u>	<u>\$ 301,453</u>	<u>\$ 3,137,763</u>
\$ 109,545	\$ 221	\$ 165,158	\$ -	\$ -	\$ 537,573	\$ -	\$ 537,573
-	800	800	-	-	-	-	-
109,545	1,021	165,958	-	-	537,573	-	537,573
-	-	1,667	-	-	-	-	-
-	-	-	-	-	-	-	-
1,402,890	463,446	5,626,187	92,897	536,599	1,669,241	301,453	2,600,190
1,402,890	463,446	5,626,187	92,897	536,599	1,669,241	301,453	2,600,190
<u>\$ 1,512,435</u>	<u>\$ 464,467</u>	<u>\$ 5,793,812</u>	<u>\$ 92,897</u>	<u>\$ 536,599</u>	<u>\$ 2,206,814</u>	<u>\$ 301,453</u>	<u>\$ 3,137,763</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2014

	Permanent Funds				Total Nonmajor Governmental Funds
	Cemetery Trust Funds	Library Trust Funds	Other Trust Funds	Sub-total	
ASSETS					
Cash and cash equivalents.....	\$ 18,955	\$ 23,991	\$ 20,192	\$ 63,138	\$ 8,484,361
Investments.....	591,589	845,423	439,854	1,876,866	1,876,866
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	-	-	4,892
Intergovernmental.....	-	-	-	-	505,460
TOTAL ASSETS.....	\$ 610,544	\$ 869,414	\$ 460,046	\$ 1,940,004	\$ 10,871,579
LIABILITIES					
Warrants payable.....	\$ -	\$ -	\$ 155	\$ 155	\$ 702,886
Other liabilities.....	-	-	-	-	800
TOTAL LIABILITIES.....	-	-	155	155	703,686
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues.....	-	-	-	-	1,667
FUND BALANCES					
Nonspendable.....	531,575	202,244	160,602	894,421	894,421
Restricted.....	78,969	667,170	299,289	1,045,428	9,271,805
TOTAL FUND BALANCES.....	610,544	869,414	459,891	1,939,849	10,166,226
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 610,544	\$ 869,414	\$ 460,046	\$ 1,940,004	\$ 10,871,579

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

YEAR ENDED JUNE 30, 2014

	Special Revenue Funds					
	Town Grants	School Grants	Town Gifts	School Gifts	School Lunch Fund	Town Revolving Funds
REVENUES:						
Intergovernmental.....	\$ 179,494	\$ 2,535,012	\$ -	\$ -	\$ 360,947	\$ 56,677
Departmental and other.....	64,548	15,099	-	-	790,508	425,370
Contributions.....	7,500	-	386,127	69,781	-	3,966
Interest income.....	-	-	-	30	-	119
TOTAL REVENUES.....	251,542	2,550,111	386,127	69,811	1,151,455	486,132
EXPENDITURES:						
Current:						
General government.....	208,689	-	47,219	4,000	-	1,746
Public safety.....	70,754	-	26,372	-	-	20,183
Public education.....	-	1,953,614	14,878	52,609	949,124	-
Public works.....	53,221	-	-	-	-	-
Health and human services.....	45,894	-	20,349	-	-	22,702
Culture and recreation.....	8,050	-	-	-	-	306,849
TOTAL EXPENDITURES.....	386,608	1,953,614	108,818	56,609	949,124	351,480
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(135,066)	596,497	277,309	13,202	202,331	134,652
OTHER FINANCING SOURCES (USES):						
Issuance of long-term debt.....	-	-	-	-	-	-
Transfers in.....	-	-	-	-	-	29,854
Transfers out.....	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	-	-	-	29,854
NET CHANGE IN FUND BALANCES.....	(135,066)	596,497	277,309	13,202	202,331	164,506
FUND BALANCES AT BEGINNING OF YEAR.....	251,528	749,331	1,176,103	119,045	(31,740)	376,805
FUND BALANCES AT END OF YEAR.....	\$ 116,462	\$ 1,345,828	\$ 1,453,412	\$ 132,247	\$ 170,591	\$ 541,311

(Continued)

Special Revenue Funds			Capital Projects Funds				
School Revolving Funds	Receipts Reserved Fund	Sub-total	Land and Improvements	Buildings and Improvements	Roadway Improvements	Machinery and Equipment	Sub-total
\$ -	\$ -	\$ 3,132,130	\$ -	\$ -	\$ 698,105	\$ -	\$ 698,105
1,459,727	370,499	3,125,751	-	-	-	-	-
-	-	467,374	-	-	-	-	-
-	-	149	-	-	-	-	-
<u>1,459,727</u>	<u>370,499</u>	<u>6,725,404</u>	<u>-</u>	<u>-</u>	<u>698,105</u>	<u>-</u>	<u>698,105</u>
-	12,000	273,654	-	92,913	-	58,163	151,076
-	11,211	128,520	-	-	-	260,292	260,292
1,191,802	-	4,162,027	-	326,618	-	306,196	632,814
-	-	53,221	54,545	-	4,537,437	433,342	5,025,324
-	-	88,945	-	-	-	-	-
-	-	314,899	187,110	40,460	-	19,980	247,550
<u>1,191,802</u>	<u>23,211</u>	<u>5,021,266</u>	<u>241,655</u>	<u>459,991</u>	<u>4,537,437</u>	<u>1,077,973</u>	<u>6,317,056</u>
<u>267,925</u>	<u>347,288</u>	<u>1,704,138</u>	<u>(241,655)</u>	<u>(459,991)</u>	<u>(3,839,332)</u>	<u>(1,077,973)</u>	<u>(5,618,951)</u>
-	-	-	40,500	245,000	2,943,605	360,000	3,589,105
-	-	29,854	-	331,100	-	712,093	1,043,193
-	(211,000)	(211,000)	-	-	-	-	-
-	(211,000)	(181,146)	40,500	576,100	2,943,605	1,072,093	4,632,298
267,925	136,288	1,522,992	(201,155)	116,109	(895,727)	(5,880)	(986,653)
<u>1,134,965</u>	<u>327,158</u>	<u>4,103,195</u>	<u>294,052</u>	<u>420,490</u>	<u>2,564,968</u>	<u>307,333</u>	<u>3,586,843</u>
<u>\$ 1,402,890</u>	<u>\$ 463,446</u>	<u>\$ 5,626,187</u>	<u>92,897</u>	<u>536,599</u>	<u>1,669,241</u>	<u>301,453</u>	<u>\$ 2,600,190</u>

(Continued)

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

YEAR ENDED JUNE 30, 2014

	<u>Permanent Funds</u>				Total Nonmajor Governmental Funds
	Cemetery Trust Funds	Library Trust Funds	Other Trust Funds	Sub-total	
REVENUES:					
Intergovernmental.....	\$ -	\$ -	\$ -	\$ -	\$ 3,830,235
Departmental and other.....	-	-	38	38	3,125,789
Contributions.....	18,950	-	78,556	97,506	564,880
Interest income.....	46,087	39,270	10,140	95,497	95,646
TOTAL REVENUES.....	65,037	39,270	88,734	193,041	7,616,550
EXPENDITURES:					
Current:					
General government.....	-	-	352	352	425,082
Public safety.....	-	-	38,463	38,463	427,275
Public education.....	-	-	-	-	4,794,841
Public works.....	-	-	70	70	5,078,615
Health and human services.....	-	-	-	-	88,945
Culture and recreation.....	-	-	-	-	562,449
TOTAL EXPENDITURES.....	-	-	38,885	38,885	11,377,207
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	65,037	39,270	49,849	154,156	(3,760,657)
OTHER FINANCING SOURCES (USES):					
Issuance of long-term debt.....	-	-	-	-	3,589,105
Transfers in.....	-	-	-	-	1,073,047
Transfers out.....	-	-	-	-	(211,000)
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	-	-	4,451,152
NET CHANGE IN FUND BALANCES.....	65,037	39,270	49,849	154,156	690,495
FUND BALANCES AT BEGINNING OF YEAR.....	545,507	830,144	410,042	1,785,693	9,475,731
FUND BALANCES AT END OF YEAR.....	\$ 610,544	\$ 869,414	\$ 459,891	\$ 1,939,849	\$ 10,166,226

(Concluded)

Fiduciary Funds

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

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2014

	Agency Accounts <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Agency Accounts <u>June 30, 2014</u>
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 1,001,283	\$ 3,217,131	\$ (3,289,927)	\$ 928,487
Departmental and other receivables.....	<u>619,176</u>	<u>1,681,038</u>	<u>(2,208,063)</u>	<u>92,151</u>
TOTAL ASSETS.....	<u>\$ 1,620,459</u>	<u>\$ 4,898,169</u>	<u>\$ (5,497,990)</u>	<u>\$ 1,020,638</u>
LIABILITIES				
Liabilities due depositors.....	<u>\$ 1,620,459</u>	<u>\$ 1,143,817</u>	<u>\$ (1,743,638)</u>	<u>\$ 1,020,638</u>

Statistical Section



The Endicott Estate

The Endicott Estate is a truly magnificent Town-owned mansion located on 15 acres, featuring a beautifully manicured lawn surrounded by lush vegetation. The estate plays a vital role in the local community and beyond as a place for year-round recreation, corporate and social events, art shows, cars shows, summer concerts and movie filming.

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

SOURCES: Unless otherwise noted, the information in these schedules is derived from the audited financial reports for the relevant year.

**Net Position By Component
Last Ten Years**

	2005	2006	2007 (1)	2008 (2)	2009	2010 (3)	2011 (4)	2012	2013 (5)	2014
Governmental activities										
Net investment in capital assets.....	\$ 17,088,038	\$ 33,237,328	\$ 51,870,735	\$ 50,904,656	\$ 52,384,685	\$ 49,775,353	\$ 55,971,463	\$ 70,945,301	\$ 74,967,068	\$ 74,333,335
Restricted.....	11,420,364	6,457,883	7,971,185	3,823,701	3,987,014	13,115,396	13,163,552	6,908,583	8,973,983	4,987,798
Unrestricted.....	7,368,720	10,349,636	10,802,972	13,562,033	9,095,390	6,464,917	7,063,113	11,195,528	11,191,965	24,868,411
Total governmental activities net position.....	\$ 35,877,122	\$ 50,044,847	\$ 70,644,892	\$ 68,290,390	\$ 65,467,089	\$ 69,355,666	\$ 76,198,128	\$ 89,049,412	\$ 95,133,016	\$ 104,189,544
Business-type activities										
Net investment in capital assets.....	\$ -	\$ -	\$ -	\$ 5,693,204	\$ 7,453,124	\$ 7,381,486	\$ 8,831,268	\$ 11,061,349	\$ 10,563,015	\$ 14,327,266
Unrestricted.....	-	-	-	3,742,039	4,139,374	10,114,947	10,269,669	10,746,685	11,430,629	10,510,375
Total business-type activities net position.....	\$ -	\$ -	\$ -	\$ 9,435,243	\$ 11,592,498	\$ 17,496,433	\$ 19,100,937	\$ 21,808,034	\$ 21,993,644	\$ 24,837,641
Primary government										
Net investment in capital assets.....	\$ 17,088,038	\$ 33,237,328	\$ 51,870,735	\$ 56,597,860	\$ 59,837,809	\$ 57,156,839	\$ 64,802,731	\$ 82,006,650	\$ 85,530,083	\$ 88,660,601
Restricted.....	11,420,364	6,457,883	7,971,185	3,823,701	3,987,014	13,115,396	13,163,552	6,908,583	8,973,983	4,987,798
Unrestricted.....	7,368,720	10,349,636	10,802,972	17,304,072	13,234,764	16,579,864	17,332,782	21,942,213	22,622,594	35,378,786
Total primary government net position.....	\$ 35,877,122	\$ 50,044,847	\$ 70,644,892	\$ 77,725,633	\$ 77,059,587	\$ 86,852,099	\$ 95,299,065	\$ 110,857,446	\$ 117,126,660	\$ 129,027,185

- (1) The Town elected to defer the recording of infrastructure in its governmental activities' net position until 2007. As a result, a prior period restatement of \$13,544,066 was made to beginning net positions as of July 1, 2006.
- (2) In 2008, the Town elected to report the activities of its sewer department as a business-type activity. As a result, a prior period restatement was required to reduce the governmental activities statement of net position beginning balance by \$6,057,887 and increase the business-type activities statement of net position beginning balance by \$6,161,381 as of July 1, 2007.
- (3) In 2010, the Town reviewed its sewer usage billing practices. As a result a prior period restatement to reflect earned but unbilled charges was required to increase the business-type activities statement of net position beginning balance by \$3,498,829 as of July 1, 2009.
- (4) In 2011, the Town adjusted its estimate for recording compensated absences due to employees. This resulted in a benefit of \$600,000 that was recorded as a prior period restatement increasing governmental activities beginning balances as of July 1, 2010. In addition, the Town also reviewed all of its Trust Fund agreements and determined that \$1,607,075 were more properly categorized as fiduciary and therefore were reclassified as private purpose trust funds. Of this amount, \$1,403,793 related to the Town adopting OPEB Trust and the remainder related to poor funds and scholarship funds that are considered private purpose funds. This resulted in a prior period restatement decreasing governmental activities' beginning balances as of July 1, 2010. The aggregate impact to governmental activities' beginning net position as of July 1, 2010 was a decrease of \$1,007,075.
- (5) In 2013, the Town adjusted its estimate of unbilled sewer usage charges, which resulted in a decrease to its beginning net position as of July 1, 2012 of \$584,140.
- (6) In 2014, the Town restated its business-type activity beginning net position for capital assets that were not recorded in prior years, which resulted in an increase of \$1,289,477 to its beginning net position.

**Changes in Net Position
Last Ten Years**

	2005	2006	2007	2008 (1)	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government.....	\$ 5,120,642	\$ 5,637,858	\$ 5,836,738	\$ 6,482,125	\$ 6,712,019	\$ 7,455,799	\$ 7,187,256	\$ 7,144,072	\$ 8,576,777	\$ 8,933,404
Public safety.....	13,107,844	15,487,680	15,636,464	14,898,467	16,885,045	16,349,388	17,524,157	16,505,620	16,223,866	16,283,890
Education.....	41,993,147	43,371,842	44,680,463	48,501,891	53,913,557	52,733,810	53,013,845	57,609,327	59,992,955	60,660,525
Public works.....	11,357,085	11,400,650	13,597,213	8,462,729	8,495,852	8,796,971	10,352,050	8,640,310	10,593,671	9,867,811
Health and human services.....	703,406	730,320	807,873	830,625	1,147,489	1,156,051	1,300,046	1,293,813	1,333,425	1,426,511
Culture and Recreation.....	2,714,074	3,270,116	3,413,472	3,520,855	3,551,307	3,139,413	4,391,573	3,216,271	3,264,258	3,185,169
Interest.....	1,273,877	1,710,505	1,356,827	1,358,707	1,512,923	1,433,392	1,555,138	1,858,222	1,782,917	1,629,350
Total government activities expenses.....	<u>76,270,075</u>	<u>81,608,971</u>	<u>85,329,050</u>	<u>84,055,399</u>	<u>92,218,192</u>	<u>91,064,824</u>	<u>95,324,065</u>	<u>96,267,635</u>	<u>101,767,869</u>	<u>101,986,660</u>
Business-type activities:										
Sewer.....	-	-	-	4,877,909	5,369,806	5,096,758	5,645,902	5,310,034	5,442,503	5,488,730
Total primary government expenses.....	<u>\$ 76,270,075</u>	<u>\$ 81,608,971</u>	<u>\$ 85,329,050</u>	<u>\$ 88,933,308</u>	<u>\$ 97,587,998</u>	<u>\$ 96,161,582</u>	<u>\$ 100,969,967</u>	<u>\$ 101,577,669</u>	<u>\$ 107,210,372</u>	<u>\$ 107,475,390</u>
Program Revenues										
Governmental activities:										
General government.....	\$ 707,045	\$ 504,192	\$ 560,179	\$ 4,641,660	\$ 3,185,547	\$ 741,943	\$ 866,660	\$ 521,601	\$ 705,729	\$ 871,069
Public Safety.....	2,431,112	2,007,388	2,844,670	694,261	29,465	1,754,489	1,097,670	1,109,683	1,156,597	947,966
Education.....	2,106,024	2,187,806	2,381,443	1,896,888	1,772,855	2,118,664	2,030,420	2,314,003	2,415,302	2,270,306
Public works.....	5,984,431	6,068,853	6,658,463	94,180	93,258	138,400	139,396	226,893	48,673	148,978
Human Services.....	58,283	3,968	17,802	171,750	158,657	198,859	197,170	217,543	113,926	318,813
Culture and recreation.....	323,370	335,966	379,720	316,650	320,949	491,232	610,267	516,599	633,245	662,126
Operating grants and contributions.....	11,251,551	9,975,595	13,482,363	12,903,208	14,463,371	14,200,975	14,807,668	15,443,557	15,464,617	15,558,347
Capital grants and contributions.....	845,099	13,383,168	19,932,000	912,475	2,172,371	2,368,219	5,108,943	7,200,151	2,190,370	856,405
Total government activities program revenues.....	<u>23,706,915</u>	<u>34,466,936</u>	<u>28,317,840</u>	<u>21,631,072</u>	<u>22,196,473</u>	<u>22,012,781</u>	<u>24,858,194</u>	<u>27,550,030</u>	<u>22,728,459</u>	<u>21,634,010</u>
Business-type activities:										
Charge for services.....	-	-	-	7,188,754	7,214,875	7,654,800	7,476,467	8,409,004	7,684,458	7,684,973
Operating grants and contributions.....	-	-	-	346,875	83,854	17,821	52,146	38,227	82,589	37,454
Capital grants and contributions.....	-	-	-	-	-	-	-	-	212,850	-
Total business-type activities program revenues.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,535,629</u>	<u>7,298,729</u>	<u>7,672,621</u>	<u>7,528,613</u>	<u>8,447,231</u>	<u>7,979,897</u>	<u>7,722,427</u>
Total primary government program revenues.....	<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>	<u>\$ 30,708,356</u>	<u>\$ 29,356,437</u>

(Continued)

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

(2) Prior to 2011, the Town, in accordance with Department of Revenue oversight, considered hotel/motel tax and meals tax collections to be part of the motor vehicle and other excise tax category.

Changes in Net Position

Last Ten Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (Expense)/Revenue										
Governmental activities.....	\$ (52,563,160)	\$ (47,142,035)	\$ (57,011,210)	\$ (62,424,327)	\$ (70,021,719)	\$ (69,052,043)	\$ (70,465,871)	\$ (68,717,605)	\$ (79,039,410)	\$ (80,352,650)
Business-type activities.....	-	-	-	2,657,720	1,928,923	2,575,863	1,882,711	3,137,197	2,537,394	2,233,697
Total primary government net expense.....	\$ (52,563,160)	\$ (47,142,035)	\$ (57,011,210)	\$ (59,766,607)	\$ (68,092,796)	\$ (66,476,180)	\$ (68,583,160)	\$ (65,580,408)	\$ (76,502,016)	\$ (78,118,953)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 47,612,740	\$ 50,846,181	\$ 54,614,942	\$ 57,131,569	\$ 60,306,299	\$ 65,728,908	\$ 69,653,675	\$ 72,965,354	\$ 76,993,771	\$ 79,075,822
Motor vehicle and other excise taxes.....	3,504,873	3,542,650	3,358,437	3,518,419	3,462,324	2,941,257	4,543,269	4,449,942	3,041,377	3,401,778
Hotel/motel tax.....	-	-	-	-	-	-	-	-	315,907	1,187,574
Meals tax.....	-	-	-	-	-	-	-	-	813,338	828,669
Penalties and interest on taxes.....	254,835	300,058	492,860	353,259	329,453	345,255	296,259	345,562	344,787	585,132
Grants and contributions not restricted to specific programs.....	3,936,353	5,664,434	4,680,383	4,218,553	2,780,778	2,889,606	2,736,500	2,765,940	2,737,462	3,139,624
Unrestricted investment income.....	688,232	956,437	920,567	1,076,108	547,896	583,957	807,498	611,980	398,380	510,602
Transfers.....	-	-	-	(170,196)	(228,332)	451,637	278,207	430,112	478,192	679,977
Total governmental activities.....	55,997,033	61,309,760	64,067,189	66,127,712	67,198,418	72,940,620	78,315,408	81,568,890	85,123,214	89,409,178
Business-type activities:										
Grants and contributions not restricted to specific programs.....	-	-	-	434,522	-	280,880	-	-	-	-
Unrestricted investment income.....	-	-	-	11,424	-	-	-	11	25	800
Transfers.....	-	-	-	170,196	228,332	(451,637)	(278,207)	(430,112)	(478,192)	(679,977)
Total business type activities.....	-	-	-	616,142	228,332	(170,757)	(278,207)	(430,101)	(478,167)	(679,177)
Total primary government general revenues and other changes in net position.....	\$ 55,997,033	\$ 61,309,760	\$ 64,067,189	\$ 66,743,854	\$ 67,426,750	\$ 72,769,863	\$ 78,037,201	\$ 81,138,789	\$ 84,645,047	\$ 88,730,001
Changes in Net Position										
Governmental activities.....	\$ 3,433,873	\$ 14,167,725	\$ 7,055,979	\$ 3,703,385	\$ (2,823,301)	\$ 3,888,577	\$ 7,849,537	\$ 12,851,285	\$ 6,083,804	\$ 9,056,528
Business-type activities.....	-	-	-	3,273,862	2,157,255	2,405,106	1,604,504	2,707,096	2,059,227	1,554,520
Total primary government.....	\$ 3,433,873	\$ 14,167,725	\$ 7,055,979	\$ 6,977,247	\$ (666,046)	\$ 6,293,683	\$ 9,454,041	\$ 15,558,381	\$ 8,143,031	\$ 10,611,048

(Concluded)

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

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

	2005	2006	2007	2008 (1)	2009	2010	2011 (2)	2012	2013	2014
General Fund										
Restricted.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	572,271	857,469	450,779	\$ -
Committed.....	-	-	-	-	600,000	1,725,257	1,885,966	3,133,729	4,938,065	1,365,378
Assigned.....	3,154,007	2,217,464	2,316,412	1,632,260	3,122,376	2,084,712	2,281,430	2,973,705	1,716,512	1,963,577
Unassigned.....	5,529,788	4,644,408	6,564,592	8,918,431	6,983,518	8,929,306	9,560,722	11,016,182	14,067,643	24,935,383
Total general fund.....	\$ 8,683,795	\$ 6,861,872	\$ 8,881,004	\$ 10,550,691	\$ 10,705,894	\$ 12,739,275	\$ 14,300,389	\$ 17,981,085	\$ 21,172,999	\$ 28,264,338
All Other Governmental Funds										
Nonspendable.....	541,935	649,055	670,290	700,265	726,715	748,915	768,590	782,615	796,915	894,421
Restricted.....	6,915,879	4,644,541	8,546,165	4,897,481	5,007,551	9,277,010	9,772,714	6,125,968	8,710,556	9,271,805
Unassigned.....	(1,820,520)	-	(4,144,145)	(402,403)	-	-	(159,362)	(528,119)	(60,283)	-
Total all other governmental funds.....	\$ 5,637,294	\$ 5,293,596	\$ 5,072,310	\$ 5,195,343	\$ 5,734,266	\$ 10,025,925	\$ 10,381,942	\$ 6,380,464	\$ 9,447,188	\$ 10,166,226

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

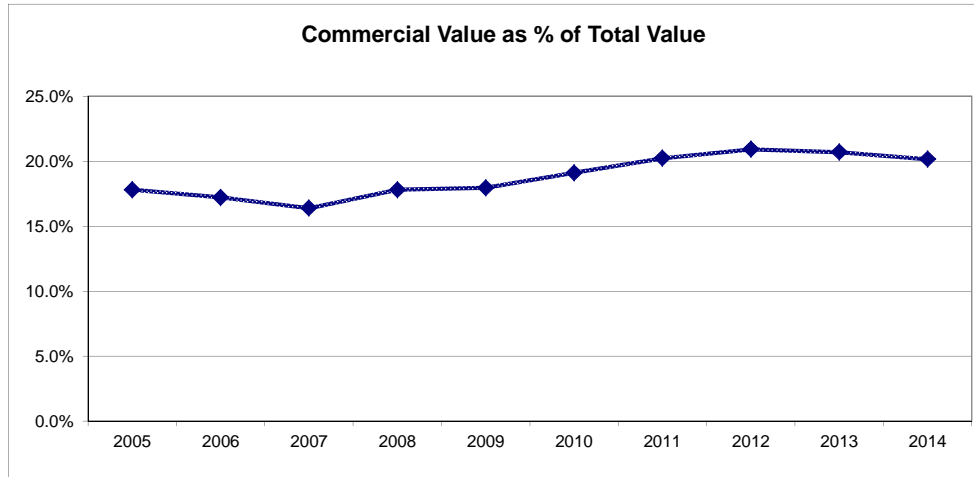
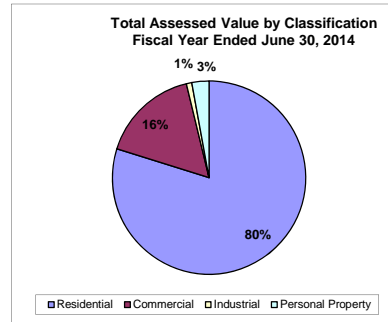
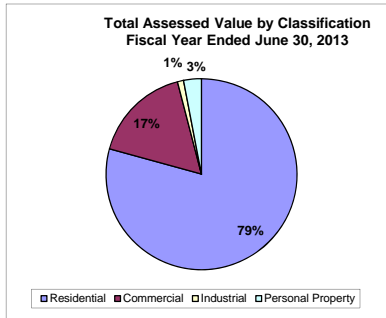
**Changes in Fund Balances, Governmental Funds
Last Ten Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 47,674,121	\$ 50,845,052	\$ 54,437,494	\$ 56,793,154	\$ 60,019,839	\$ 64,823,037	\$ 69,152,109	\$ 72,986,435	\$ 76,448,797	\$ 79,366,080
Motor vehicle and other excise taxes.....	3,504,873	3,542,650	3,358,437	3,388,468	3,433,110	2,987,651	4,454,360	4,466,321	4,224,173	5,445,337
Penalties and interest on taxes.....	254,835	300,058	492,860	353,259	329,453	345,255	296,259	345,562	344,787	585,132
Licenses and permits.....	165,333	159,070	213,000	4,052,735	2,449,238	1,437,306	978,860	970,991	989,430	859,374
Intergovernmental.....	14,296,523	26,564,451	17,310,474	17,111,710	19,111,853	17,640,910	21,785,069	24,719,530	19,897,642	18,870,702
Departmental and other.....	11,667,988	11,617,805	15,026,156	3,841,658	3,367,924	3,867,015	4,082,789	4,011,738	4,336,189	4,481,537
Contributions.....	887,213	363,495	448,594	485,645	304,667	1,817,890	753,597	531,787	450,855	564,880
Investment income.....	688,232	956,439	920,567	1,076,108	547,896	583,957	439,927	573,233	398,380	510,602
Total Revenue.....	79,139,118	94,349,020	92,207,582	87,102,737	89,563,980	93,503,021	101,942,970	108,605,597	107,090,253	110,683,644
Expenditures:										
General government.....	3,929,012	3,941,886	4,201,229	4,090,528	4,648,871	5,378,583	4,886,067	4,622,485	5,494,350	5,991,113
Public safety.....	11,036,528	11,748,759	11,971,812	10,756,822	11,086,484	10,765,927	11,955,740	11,332,964	11,120,678	11,712,788
Education.....	33,713,178	32,884,891	31,206,612	33,239,793	36,624,106	36,694,551	35,584,639	37,973,487	40,590,610	41,811,603
Public works.....	8,743,265	10,503,038	10,243,500	9,322,677	6,031,550	6,247,224	7,645,903	7,172,931	8,578,740	6,896,867
Human services.....	703,406	1,014,288	843,934	814,332	788,797	837,605	862,411	844,790	937,300	1,016,686
Culture and recreation.....	1,896,861	1,800,950	2,291,883	2,046,329	2,485,021	2,219,390	3,397,035	2,277,109	2,226,395	2,420,484
Pension and fringe benefits.....	9,568,211	13,479,041	15,036,688	16,107,081	17,230,690	18,182,453	20,358,753	21,215,130	21,858,995	22,234,425
State and county charges.....	1,510,657	1,902,338	2,221,627	2,213,537	2,318,484	2,596,530	2,397,937	2,335,196	2,369,851	2,396,658
Capital outlay and other.....	19,058,378	14,610,740	17,873,900	8,299,197	7,157,524	6,132,142	22,606,961	20,106,394	6,994,455	5,676,752
Debt service:										
Principal.....	2,312,264	3,110,705	3,147,453	3,561,729	3,906,728	5,021,729	5,276,229	6,236,728	6,341,729	6,159,729
Interest.....	1,273,877	1,710,505	1,356,827	1,364,521	1,503,267	1,647,984	1,555,138	1,858,222	1,899,555	1,759,699
Total Expenditures.....	93,745,637	96,707,141	100,395,465	91,816,546	93,781,522	95,724,118	116,526,813	115,975,436	108,412,658	108,076,804
Excess (deficiency) of revenues over (under) expenditures.....	(14,606,519)	(2,358,121)	(8,187,883)	(4,713,809)	(4,217,542)	(2,221,097)	(14,583,843)	(7,369,839)	(1,322,405)	2,606,840
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	15,836,022	192,500	9,985,729	4,190,000	5,140,000	8,094,500	17,344,842	6,295,000	6,988,000	4,523,560
Premium from issuance of bonds.....	-	-	-	-	-	-	485,000	323,945	114,851	-
Transfers in.....	-	-	-	1,977,802	1,574,076	3,225,257	3,174,097	3,266,787	3,523,044	2,491,371
Transfers out.....	-	-	-	(2,147,998)	(1,802,408)	(2,773,620)	(2,895,890)	(2,836,675)	(3,044,852)	(1,811,394)
Total other financing sources (uses).....	15,836,022	192,500	9,985,729	4,019,804	4,911,668	8,546,137	18,108,049	7,049,057	7,581,043	5,203,537
Net change in fund balance.....	\$ 1,229,503	\$ (2,165,621)	\$ 1,797,846	\$ (694,005)	\$ 694,126	\$ 6,325,040	\$ 3,524,206	\$ (320,782)	\$ 6,258,638	\$ 7,810,377
Debt service as a percentage of noncapital expenditures.....	4.80%	5.87%	5.46%	5.90%	6.25%	7.44%	7.27%	8.44%	8.13%	7.73%

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

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

Year	Assessed and Actual Values and Tax Rates										
	Residential Value	Residential Tax Rate	Residential % of Total Value	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Commercial % of Total Value	Total Direct Rate	Total Town Value
2005	\$ 3,004,845,701	\$ 10.46	82.18%	\$ 498,017,799	\$ 32,423,500	\$ 121,106,920	\$ 651,548,219	26.15	17.82%	\$ 13.26	\$ 3,656,393,920
2006	3,185,636,525	11.15	82.78%	512,687,475	33,556,300	116,639,530	662,883,305	26.07	17.22%	13.72	3,848,519,830
2007 (1)	3,556,431,280	10.93	83.60%	542,931,020	41,240,700	113,549,940	697,721,660	23.89	16.40%	13.06	4,254,152,940
2008	3,351,352,480	12.05	82.18%	571,042,620	38,059,800	117,387,370	726,489,790	25.18	17.82%	14.39	4,077,842,270
2009	3,340,893,561	12.62	82.04%	577,925,139	35,523,600	118,048,860	731,497,599	26.43	17.96%	15.10	4,072,391,160
2010 (1)	3,239,639,379	13.57	80.87%	607,473,987	44,401,980	114,363,740	766,239,707	28.87	19.13%	16.50	4,005,879,086
2011	3,206,406,499	14.37	79.76%	650,558,181	39,420,220	123,811,820	813,790,221	31.06	20.24%	17.75	4,020,196,720
2012	3,109,065,167	15.43	79.06%	656,519,213	39,588,320	127,147,780	823,255,313	32.20	20.94%	18.94	3,932,320,480
2013 (1)	3,134,309,527	15.79	79.29%	658,879,273	40,010,900	120,007,710	818,897,883	34.37	20.71%	19.64	3,953,207,410
2014	3,214,058,863	16.08	79.83%	658,995,037	36,653,100	116,322,320	811,970,457	34.72	20.17%	19.84	4,026,029,320



(1) Revaluation year.

Source: Assessor's Department, Town of Dedham

All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

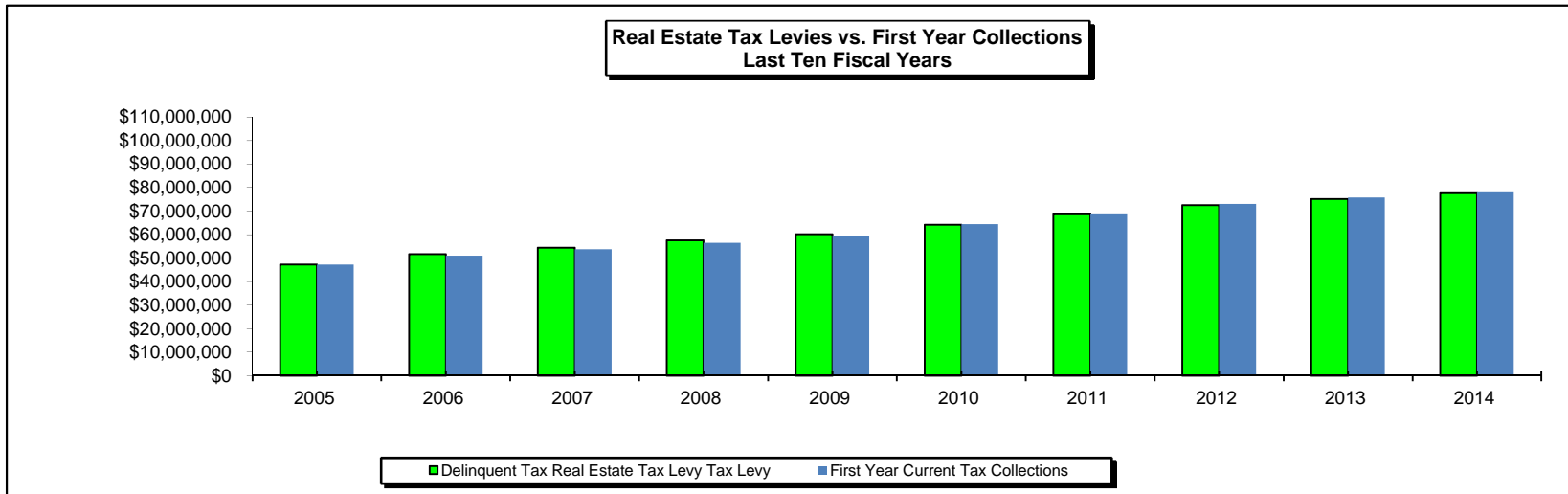
Principal Taxpayers
Current Year and Nine Years Ago

Name	Nature of Business	2014			2005		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Legacy Place, LLC	Shopping Center/ Mall	\$ 91,570,100	1	2.27%	\$ -	-	0.00%
OCW Retail - Dedham, LLC	Shopping Center/ Mall	46,207,100	2	1.15%	-	-	0.00%
HRC of Dedham Inc.	Apts/Assisted Living	89,754,400	3	2.23%	-	-	0.00%
Federal Realty Investment	Shopping Center/ Mall	30,048,900	4	0.75%	29,969,600	1	0.82%
National Amusements	Theater/Entertainment	25,609,900	5	0.64%	13,603,700	8	0.37%
Pearl Realty Trust	Retail	21,252,700	6	0.53%	22,911,800	2	0.63%
Archstone Legacy Place	Apartment Complex	45,863,900	7	1.14%	-	-	0.00%
DIV CMM Rustcraft	Office/Warehouse	20,788,700	8	0.52%	-	-	0.00%
INSTAT Electric Co	Utility	20,484,980	9	0.51%	-	-	0.00%
RAR2= Jefferson At Dedham	Apartment Complex	43,128,800	10	1.07%	-	-	0.00%
RR/Saracen LLC	Offices	-	-	0.00%	22,239,200	3	0.61%
Rustcraft Road Assoc.	Commercial Real Estate	-	-	0.00%	21,507,200	4	0.59%
Dedham Holdings, Inc.	Commercial Real Estate	-	-	0.00%	21,362,500	5	0.58%
Thomas Flatley	Shopping Center/ Mall	-	-	0.00%	17,501,300	6	0.48%
P-LR SALP	Commercial Real Estate	-	-	0.00%	17,146,400	7	0.47%
Fox Television	Broadcasting	-	-	0.00%	13,553,200	9	0.37%
HCRI Mass Prop	Hospital/ Medical/ Medical Office	-	-	0.00%	12,033,900	10	0.33%
Totals		<u>\$ 434,709,480</u>		<u>10.80%</u>	<u>\$ 191,828,800</u>		<u>5.25%</u>

Source: Official Statements

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

Year	Total Tax Levy (1)	Less Abatements & Exemptions	Net Tax Levy (1)	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy (2)
2005	\$48,528,769	\$1,238,712	\$47,290,057	\$47,184,764	99.78%	\$26,675	\$47,211,439	99.83%
2006	\$52,801,215	\$1,125,637	\$51,675,578	\$51,060,070	98.81%	\$528,936	\$51,589,006	99.83%
2007	\$55,540,364	\$1,161,279	\$54,379,085	\$53,793,604	98.92%	\$498,227	\$54,291,831	99.84%
2008	\$58,676,810	\$1,182,158	\$57,494,652	\$56,546,016	98.35%	\$841,847	\$57,387,863	99.81%
2009	\$61,495,558	\$1,403,400	\$60,092,158	\$59,471,579	98.97%	\$443,415	\$59,914,994	99.71%
2010	\$66,083,247	\$1,850,167	\$64,233,080	\$64,493,926	100.41%	\$488,703	\$64,982,629	101.17%
2011	\$71,352,386	\$2,800,787	\$68,551,599	\$68,553,824	100.00%	\$895,359	\$69,449,183	101.31%
2012	\$74,481,697	\$1,947,191	\$72,534,506	\$73,079,651	100.75%	\$633,516	\$73,713,167	101.62%
2013	\$77,636,268	\$2,575,947	\$75,060,321	\$75,820,958	101.01%	\$823,299	\$76,644,257	102.11%
2014	\$79,873,681	\$2,275,432	\$77,598,249	\$77,968,654	100.48%	\$0	\$77,968,654	100.48%



Source: Accounting Records and Official Statements

(1) Includes tax liens.

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

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

Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities Debt			
				General Obligation Bonds	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2005	23,738	\$ 851,743,178	\$ 3,656,393,920	\$ 31,819,109	1,340	3.74%	0.87%
2006	23,796	868,125,672	3,848,519,830	28,900,934	1,215	3.33%	0.75%
2007	24,418	980,211,774	4,254,152,940	35,618,481	1,459	3.63%	0.84%
2008	24,779	954,090,616	4,077,842,270	37,509,003	1,514	3.93%	0.92%
2009	24,811	931,305,696	4,072,391,160	38,742,274	1,561	4.16%	0.95%
2010	24,775	1,033,662,550	4,005,879,086	41,815,045	1,688	4.05%	1.04%
2011	24,895	1,035,507,525	4,020,196,720	53,428,816	2,146	5.16%	1.33%
2012	24,895	1,032,345,860	3,932,320,480	53,487,088	2,149	5.18%	1.36%
2013	24,974	1,072,932,988	3,953,207,410	54,989,041	2,202	5.13%	1.39%
2014	25,299	1,086,895,638	4,026,029,320	53,222,523	2,104	4.90%	1.32%

Year	Business-type Activities (1)		Total Primary Government		
	General Obligation Bonds	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
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	5,266,377	42,775,380	1,726	4.48%	1.05%
2009	4,882,153	43,624,427	1,758	4.68%	1.07%
2010	4,580,317	46,395,362	1,873	4.49%	1.16%
2011	3,944,580	57,373,396	2,305	5.54%	1.43%
2012	3,381,500	56,868,588	2,284	5.51%	1.45%
2013	3,143,870	58,132,911	2,328	5.42%	1.47%
2014	2,607,080	55,829,603	2,207	5.14%	1.39%

(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.

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

Direct and Overlapping Governmental Activities Debt

As of June 30, 2014

<u>Town of Dedham, Massachusetts</u>	<u>Debt Outstanding*</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Massachusetts Bay Transportation Authority.....	\$ 5,434,164,000	33.20%	\$ 1,804,142,448
Town direct debt.....			<u>53,222,523</u>
Total direct and overlapping debt.....			<u>\$ 1,857,364,971</u>

Source: Official Statements, Accounting Records

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

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

Computation of Legal Debt Margin

Last Ten Fiscal Years

(Amounts in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Equalized Valuation.....	\$ 3,556,144	\$ 3,556,144	\$ 4,262,715	\$ 4,262,715	\$ 4,544,587	\$ 4,401,456	\$ 4,401,456	\$ 4,266,970	\$ 4,266,970	\$ 4,205,404
Debt Limit -5% of Equalized Valuation.....	177,807	177,807	213,136	213,136	227,229	220,073	220,073	213,349	213,349	210,270
Less:										
Outstanding debt applicable to limit.....	31,819	28,901	35,618	42,775	43,624	46,395	57,373	57,276	58,133	49,576
Authorized and unissued debt.....	11,031	9,111	11,030	5,230	6,645	36,510	19,844	24,064	19,681	34,256
Legal debt margin.....	\$ 134,957	\$ 139,795	\$ 166,488	\$ 165,131	\$ 176,960	\$ 137,168	\$ 142,856	\$ 132,009	\$ 135,535	\$ 126,438
Total debt applicable to the limit as a percentage of debt limit.....	24.10%	21.38%	21.89%	22.52%	22.12%	37.67%	35.09%	38.13%	36.47%	39.87%

Source: State Division of Local Services, Accounting Records

Demographic and Economic Statistics

Last Ten Fiscal Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2005	23,738	\$ 851,743,178	\$ 35,881	39.6	2,945	4.30%
2006	23,796	868,125,672	36,482	39.6	2,897	4.60%
2007	24,418	980,211,774	40,143	39.6	2,871	4.40%
2008	24,779	954,090,616	38,504	39.6	2,879	5.60%
2009	24,811	931,305,696	37,536	39.6	2,857	7.00%
2010	24,775	1,033,662,550	41,722	43.4	2,910	7.60%
2011	24,895	1,035,507,525	41,595	43.4	2,879	6.70%
2012	24,895	1,032,345,860	41,468	43.4	2,862	5.80%
2013	24,974	1,072,932,988	42,962	43.4	2,826	5.80%
2014	25,299	1,086,895,638	42,962	43.4	2,819	4.40%

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

Note: Median age is based on most recent census data

Principal Employers
Current Year and Nine Years Ago

Employer	Nature of Business	2014			2005		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Newbridge on the Charles	Assisted Living	650	1	4.11%	-	-	0.00%
Dedham Medical Associates	Medical Center	500	2	3.16%	-	-	0.00%
Norfolk County	County Government	500	3	3.16%	170	10	3.09%
Whole Foods	Grocery	300	4	1.90%	-	-	0.00%
Sears, Roebuck & Co.	Retail	250	5	1.58%	250	1	1.69%
American Red Cross	Emergency Relief/ Blood Bank	250	6	1.58%	250	1	1.69%
Dedham Executive Center	Offices	250	7	1.58%	-	-	0.00%
Dedham Savings Bank	Banking	220	8	1.39%	220	3	1.48%
Fox Television	Broadcasting	205	9	1.30%	205	5	0.00%
Hilton at Dedham	Hotel	202	10	1.39%	202	6	1.36%
Highgate Manor	Nursing Home	-	-	0.00%	212	4	3.71%
National Amusements, Inc.	Movie Theaters/Executive Offices	-	-	0.00%	200	7	2.19%
Bank of America	Banking	-	-	0.00%	200	7	1.43%
Commonwealth of MA Court System	State Government	-	-	0.00%	190	9	1.28%
	Total.....	<u>3327</u>		<u>21.15%</u>	<u>2099</u>		<u>17.92%</u>

Source: Official Statements

Full-time Equivalent Town Employees by Function

Last Ten Years

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government.....	33	34	35	37	37	35	37	64	67	71
Public safety.....	143	144	144	144	144	146	144	144	143	134
Public education.....	474	494	491	486	509	460	518	497	502	492
Public works.....	29	24	23	24	24	22	24	24	24	28
Health and human services.....	14	14	14	14	14	4	14	14	14	13
Culture and recreation.....	27	28	28	27	27	40	26	26	25	25
Subtotal.....	720	738	735	732	755	707	763	769	775	763
Sewer.....	2	2	3	3	3	3	3	3	3	3
Total	722	740	738	735	758	710	766	772	778	766

Source: Town personnel records

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Town Clerk										
Registered Voters.....	15,295	15,614	15,020	16,522	16,211	16,688	16,799	17,825	17,930	18,147
Public Safety										
Police:										
Criminal offenses										
Violent.....	16	82	96	72	124	110	124	83	68	78
Property.....	472	431	522	412	572	678	641	669	737	654
Total criminal offenses.....	488	513	618	484	696	788	765	752	805	732
Fire:										
Incidents										
Fires.....	79	69	135	153	119	167	188	209	177	206
Non-fire incidents.....	3,737	3,732	3,986	4,157	3,496	4,166	4,290	4,081	4,246	4,203
Total fire calls.....	3,816	3,801	4,121	4,310	3,615	4,333	4,478	4,290	4,423	4,409
Inspectional Services:										
Number of Building Permits.....	1,147	1,141	1,147	1,610	1,072	1,244	1,055	1,165	1,104	1,149
Education:										
Number of students.....	2,945	2,897	2,871	2,879	2,857	2,910	2,903	2,864	2,829	2,819
Public Works:										
Highway										
Roads paved (miles).....	-	-	2	8	4.5	2.5	6	4	4	11
Sewer										
Sanitary sewers replaced (miles).....	-	-	-	0.04	0.05	0.02	0.02	0.01	0.01	0.04
Health and Human Services:										
Board of Health										
Inspections										
Food establishments.....	431	448	497	546	780	642	467	511	601	568
Other.....	291	268	280	291	217	258	194	241	259	366
Total Inspections.....	722	716	777	837	997	900	661	752	860	934
Culture and Recreation:										
Libraries										
Circulation.....	149,244	143,433	257,397	268,736	251,387	293,895	278,085	138,732	140,195	137,891
Holdings.....	105,990	100,746	105,500	102,613	103,487	107,246	113,764	124,252	126,368	137,149
Total libraries.....	255,234	244,179	362,897	371,349	354,874	401,141	391,849	262,984	266,563	275,040

Source: Various Town Departments and State Websites.

Capital Asset Statistics by Function/Program

Last Ten Years

<u>Function/Program</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>	<u>2013</u>	<u>2014</u>
General Government										
Number of buildings.....	18	18	18	18	18	18	18	18	18	18
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	2	2	2	2	2	2	2	2	2	2
Education										
Number of elementary schools.....	7	7	7	7	7	7	7	7	7	7
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works										
Road miles.....	110	110	110	110	110	110	110	110	110	107
Sewer main lines (miles).....	118	118	118	118	118	118	118	118	118	95
Number of cemeteries.....	3	3	3	3	3	3	3	3	3	3
Culture and Recreation										
Number of libraries.....	2	2	2	2	2	2	2	2	2	2
Number of public parks.....	9	9	9	9	9	9	9	9	9	9

Source: Various Town Departments and State websites.