

OFFICIAL STATEMENT DATED DECEMBER 13, 2012

Ratings: See "Ratings" herein.
Standard & Poor's Rating Group: AA+

New Issue

In the opinion of Edwards Wildman Palmer LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the "Code"). Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. See "Tax Exemption" herein.

TOWN OF WESTWOOD, MASSACHUSETTS \$4,635,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2012 BONDS

DATED
Date of Delivery

DUE
June 1
(as shown below)

The Bonds are issuable only in fully registered form, registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form in the denomination of \$5,000 or any integral multiple thereof. (See "Book-Entry-Transfer System" herein.)

Principal and semiannual interest on the Bonds will be paid by U. S. Bank National Association, Boston, Massachusetts as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the indirect Participants, as more fully described herein.

Principal of the Bonds will be payable on June 1 of the years in which the Bonds mature. Interest on the Bonds will be payable on June 1, 2013 and semiannually thereafter on each December 1 and June 1 to the Bondowners of record.

In the opinion of Bond Counsel, the Bonds are valid general obligations of the Town of Westwood, Massachusetts (the "Town") and the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

The Bonds are not subject to redemption prior to their stated dates of maturity.

MATURITIES, AMOUNTS, INTEREST RATES, YIELD AND CUSIPS

Due June 1	Principal Amount	Interest Rate	Yield	CUSIP 961777
2013	\$ 465,000	3.00 %	0.30 %	XJ3
2014	465,000	3.00	0.40	XK0
2015	465,000	2.00	0.55	XL8
2016	465,000	2.00	0.72	XM6
2017	465,000	3.00	0.88	XN4
2018	465,000	2.00	1.05	XP9
2019	465,000	3.00	1.25	XQ7
2020	465,000	2.00	1.45	XR5
2021	460,000	3.00	1.68	XS3
2022	455,000	3.00	1.90	XT1

The Bonds are offered subject to the final approving opinion of Edwards Wildman Palmer LLP, Boston, Massachusetts, Bond Counsel, and to certain other conditions referred to herein and in the Notice of Sale. First Southwest Company, Boston, Massachusetts, has acted as Financial Advisor to the Town of Westwood, Massachusetts with respect to the Bonds. The Bonds in definitive form will be delivered to DTC, on or about December 20, 2012.

FIDELITY CAPITAL MARKETS

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
SUMMARY STATEMENT	3	TOWN FINANCES:	
NOTICE OF SALE	4	Budget and Appropriation Process.....	26
THE BONDS:		Operating Budget Trends	26
Description of the Bonds	7	Education Reform	26
Record Date	7	Revenues	27
Book-Entry Transfer System	7	Property Taxes	27
Authorization of the Bonds and		State Aid	27
Use of Proceeds	9	State School Building Assistance Program	27
Principal Payments by Purpose.....	9	Federal Aid.....	28
Tax Exemption	9	Motor Vehicle Excise.....	28
Security and Remedies	11	Room Occupancy Tax.....	28
Opinion of Bond Counsel.....	12	Audits	29
Ratings	12	Financial Statements.....	29
Financial Advisory Services		Combined Balance Sheet - Governmental Funds	
of First Southwest Company	12	Ending June 30, 2012 (Draft)	30
Continuing Disclosure	12	Combined Balance Sheet - Governmental Funds	
TOWN OF WESTWOOD:		Ending June 30, 2011	31
Description	13	Combined Balance Sheet - Governmental Funds	
Local Government	13	Ending June 30, 2010	32
Principal Town Officials	13	Combined Balance Sheet - Governmental Funds	
Municipal Services	13	Ending June 30, 2009	33
Education	13	Combined Statement of Revenues,	
Economic Conditions and Outlook	14	Expenditures and Changes in Fund	
Labor Force, Unemployment Rates.....	16	Balance - General Fund	
Employment by Industry	16	June 30, 2007 - 2012	34
Major Employers	16	Undesignated General Fund and Free Cash	37
Population, Income and Wealth Levels	17	Stabilization Fund.....	37
Building Permits	17	Investment of Town Funds.....	37
PROPERTY TAXATION:		Tax Increment Financing for Development Districts	38
Tax Levy Computation	18	Other Tax Increment Financing.....	38
Assessed Valuations	19	INDEBTEDNESS:	
Classification of Property.....	19	Authorization Procedure and Limitations.....	39
Largest Taxpayers.....	20	Types of Obligations	39
State Equalized Valuation	20	Direct Debt Summary.....	40
Tax Collections.....	20	Key Debt Ratios.....	40
Abatements and Overlay	21	Annual Debt Service	41
Tax Outstanding	21	Authorized Unissued Debt	41
Taxation to Meet Deficits.....	22	Overlapping Debt	41
Tax Limitations	22	Contractual Obligations.....	42
Unused Levy Capacity	24	RETIREMENT SYSTEM	42
Sale of Tax Receivables.....	24	Other Post-Employment Benefits.....	44
Proposition 2 ½	24	EMPLOYEE RELATIONS	44
Pledged Taxes	24	LITIGATION.....	45
Community Preservation Act	24	APPENDIX A - Fiscal 2011 Audit	
		APPENDIX B - Proposed Form of Legal Opinion	
		APPENDIX C - Proposed Form of	
		Continuing Disclosure Certificate	

The information and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

SUMMARY STATEMENT

The information set forth below is qualified in its entirety by the information and financial statements appearing elsewhere in the Official Statement.

Date of Sale:	Thursday, December 13, 2012, 11:00 a.m. (Eastern Time)
Location of Sale	First Southwest Company, 54 Canal Street, 3 rd Floor, Boston, Massachusetts.
Issuer:	Town of Westwood, Massachusetts.
Issue:	\$4,635,000 General Obligation Municipal Purpose Loan of 2012 Bonds.
Official Statement Dated:	December 13, 2012.
Dated Date of the Bonds:	Date of delivery.
Principal Due:	June 1, 2013 through June 1, 2022, inclusive, as detailed herein.
Interest Due:	June 1 and December 1, commencing June 1, 2013.
Purpose and Authority:	The Bonds are authorized for roadway, departmental equipment, school roof and drainage purposes by the Town under provisions of the Massachusetts General Laws as detailed herein.
Redemption:	The Bonds are not subject to redemption prior to their stated maturity dates.
Security for the Bonds:	The Bonds will be valid general obligations of the Town of Westwood, Massachusetts, and the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town subject to the limit imposed by Chapter 59, Section 21C of the General Laws. See "THE BONDS – Authorization and Use of Proceeds" herein
Credit Ratings:	Standard & Poor's Ratings Group has assigned a rating of AA+ to the Bonds.
Bond Insurance:	The Town has not contracted for the issuance of any policy of municipal bond insurance or any other credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date. BIDS MUST INCLUDE A PREMIUM OF AT LEAST \$45,000.
Tax Exemption:	Refer to "THE BONDS -Tax Exemption" herein and "APPENDIX B – Proposed Form of Legal Opinion".
Continuing Disclosure:	Refer to "THE BONDS - Continuing Disclosure" and APPENDIX C – Form of Continuing Disclosure Certificate" herein.
Bank Qualification:	The Bonds WILL NOT BE "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.
Paying Agent:	U. S. Bank National Association, Boston, Massachusetts.
Bond Counsel:	Edwards Wildman Palmer LLP, Boston, Massachusetts.
Financial Advisor:	First Southwest Company, Boston, Massachusetts.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry only form will be made to DTC on or about December 20, 2012, against payment in Federal Funds.
Additional Information:	Questions concerning the Official Statement should be addressed to: Mr. James J. Gavin, Treasurer, Town of Westwood, Massachusetts. Tel: (781) 326-4962 or Peter Frazier, Senior Vice President, First Southwest Company, Boston, Massachusetts. Tel: (617) 619-4409.

**NOTICE OF SALE
TOWN OF WESTWOOD, MASSACHUSETTS
\$4,635,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2012 BONDS**

The Town of Westwood, Massachusetts (the "Town") will receive sealed and electronic (as described herein) proposals until 11:00 A.M., Eastern Time, Thursday, December 13, 2012, for the purchase of the following described General Obligation Municipal Purpose Loan of 2012 Bonds of the Town (the "Bonds"):

\$4,635,000 General Obligation Refunding Bonds payable December 1 of the years and in the amounts as follows:

Due June 1	Principal Amount
2013	\$ 465,000
2014	465,000
2015	465,000
2016	465,000
2017	465,000
2018	465,000
2019	465,000
2020	465,000
2021	460,000
2022	455,000

The Bonds will be dated their date of delivery. Principal of the Bonds will be payable on June 1 of the years in which the Bonds mature. Interest will be payable on June 1 and December 1, commencing June 1, 2013.

The Bonds will be issued by means of a book-entry system with no physical distribution of Bond certificates made to the public. One Bond certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody. Ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, will be evidenced by a book-entry system with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bond certificates with DTC, registered in the name of Cede & Co. Interest and principal on the Bonds will be payable to DTC or its nominee as Registered Owner of the Bonds. Transfer of principal and interest payments to DTC participants will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners will be the responsibility of such participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

The original Bond certificates to be immobilized at DTC will be prepared under the supervision of First Southwest Company and their legality will be approved by Edwards Wildman Palmer LLP, Boston, Massachusetts, whose opinion will be furnished to the purchaser without charge.

Principal and semiannual interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/20 or 1/8 of one percent, but shall not state (a) more than one interest rate for any Bonds having a like maturity or (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3 percent. **BIDS MUST INCLUDE A PREMIUM OF AT LEAST \$45,000.**

Bidding Parameters

As between proposals which comply with this Notice of Sale, the award will be to the bidder who offers to purchase all the Bonds at the lowest net effective interest rate to the Town. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of the delivery date, discounts semiannually all future payments on account of principal and interest to the price bid. In the event there is more than one proposal specifying the lowest such rate, the Bonds will be awarded to the bidder whose proposal is selected by the Town Treasurer by lot among all such proposals.

Bids must be submitted either:

- (a) In a sealed envelope marked "Proposal for Bonds" and addressed to Mr. James Gavin, Treasurer, Town of Westwood, Massachusetts c/o First Southwest Company, 54 Canal Street, Boston, Massachusetts 02114. Signed blank bid forms may be faxed to (617) 619-4411 prior to submitting bids, and actual bids may be telephoned to First Southwest Company, telephone (617) 619-4400, at least one-half hour prior to the 11:00 A.M. sale and after receipt of the faxed bid form by First Southwest Company. First Southwest Company will act as agent for the bidder, but neither the Town nor First Southwest Company shall be responsible for any errors in connection with bids submitted in this manner.
- (b) Electronically via Parity in accordance with this Notice of Sale. To the extent any instructions or directions set forth in Parity conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about Parity, potential bidders may contact the Financial Advisor to the Town or I-deal at 40 West 23rd Street, 5th Floor, New York, NY 10010 (212) 404-8102. An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town.

The award of the Bonds to the winning bidder will not be effective until the bid has been approved by the Treasurer and the Board of Selectmen of the Town.

The right is reserved to reject all bids and to reject any bid not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

The Town of Westwood has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds. Should the bidder purchase municipal bond insurance, all expenses associated with such policy or commitment will be borne by the bidder, except for the fees paid to Standard & Poor's for ratings on the Bonds. Any such fees paid to Standard & Poor's would be borne by the Town.

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that it shall be furnished, without cost, with (a) the approving opinion of the firm of Edwards Wildman Palmer LLP, Boston, Massachusetts, substantially in the form appearing as Appendix B of the Preliminary Official Statement dated December 4, 2012, (b) a certificate in the form satisfactory to Bond Counsel dated as of the date of delivery of the Bonds and receipt of payment therefor to the effect that there is no litigation pending or, to the knowledge of the signers thereof, threatened which affects the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, (c) a certificate of the Town Treasurer to the effect that, to the best of his knowledge and belief, as of the date of sale the Preliminary Official Statement did not, and as of the date of the delivery of the Bonds, the Final Official Statement does not, contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate in the form described in the Preliminary Official Statement dated December 4, 2012.

In order to assist bidders in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will undertake to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement dated December 4, 2012.

The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 as amended (the "Code").

Additional information concerning the Town of Westwood and the Bonds is contained in the Preliminary Official Statement dated December 4, 2012, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. Said Preliminary Official Statement is deemed final by the Town except for the omission of the reoffering price(s), interest rate(s), delivery date, the identity of the underwriter(s), and any other pertinent terms of the Bonds depending on such matters, but is subject to change without notice to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from First Southwest Company, 54 Canal Street, Boston, Massachusetts 02114 (Telephone: 617-619-4400). Within seven (7) business days following the award of the Bonds in accordance herewith, ten (10) copies of the Final Official Statement will be available from the First Southwest Company to the successful bidder for use in reoffering the Bonds. Upon request, additional copies will be provided at the expense of the requester.

On or prior to the date of delivery of the Bonds, the successful bidder shall furnish to the Town a certificate acceptable to Bond Counsel generally to the effect that (i) as of December 12, 2012 (the "Sale Date"), the purchaser had offered or reasonably expected to offer all of the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the prices set forth in such certificate, plus accrued interest, if any, (ii) such prices represent fair market prices of the Bonds as of the Sale Date, and (iii) as of the date of such certificate, all of the Bonds have been offered to the general public in a bona fide offering at the prices set forth in such certificate, and at least 10% of each maturity of the Bonds actually has been sold to the general public at such prices. To the extent the certifications described in the preceding sentence are not factually accurate with respect to the reoffering of the Bonds, Bond Counsel should be consulted by the bidder as to alternative certifications that will be suitable to establish the "issue price" of the Bonds for federal tax law purposes. If a municipal bond insurance policy or similar credit enhancement is obtained with respect to the Bonds by the successful bidder, such bidder will also be required to certify as to the net present value savings on the Bonds resulting from payment of insurance premiums or other credit enhancement fees.

It is anticipated that CUSIP identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Town, provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau or other charge that may be imposed for the assignment of such numbers.

The Bonds in definitive form will be delivered to DTC or its custodial agent on or about December 20, 2012 for settlement in federal funds.

December 4, 2012

TOWN OF WESTWOOD, MASSACHUSETTS
/s/ James Gavin, Treasurer

PRELIMINARY OFFICIAL STATEMENT
TOWN OF WESTWOOD, MASSACHUSETTS

\$4,635,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2012 BONDS

This Preliminary Official Statement is provided for the purpose of presenting certain information relating to the Town of Westwood, Massachusetts (the "Town") in connection with the sale of \$4,635,000 aggregate principal amount of its General Obligation Municipal Purpose Loan of 2012 Bonds (the "Bonds"). The information contained herein has been furnished by the Town, except information attributed to another governmental agency or official as the source.

THE BONDS

Description of the Bonds

The Bonds will be dated as of their delivery date. The Bonds are being issued for various municipal purposes described herein and mature on June 1 in each of the years and in the principal amounts as set forth on the cover page of this Preliminary Official Statement. Interest on the Bonds will be payable on June 1, 2013 and semiannually thereafter on each December 1 and June 1 to the Bondowners of record.

The Bonds are issuable only in fully registered form without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000, or any integral multiple thereof. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "THE BONDS - Book-Entry Only System" herein.)

Principal and semiannual interest on the Bonds will be paid by U. S. Bank National Association, Boston, Massachusetts as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC participants is the responsibility of DTC and the disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the indirect Participants, as more fully described herein.

The Bonds are not subject to redemption prior to their stated maturity dates.

Record Date

The record date for each payment of interest is the fifteenth day of the month proceeding the interest payment date (if such date is not a business day, the record date will be the next succeeding business day), provided that, with respect to overdue interest, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the Bondowners at least ten (10) days before the special record date.

Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of each series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities

brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it, DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

Authorization of the Bonds and Use of Proceeds

Purpose	This Issue	Date of Authorization	Statutory (Reference Massachusetts General Laws, as amended)	Amount Authorized
Roadway	\$ 1,500,000	5/7/2012	Ch. 44, s.7(6)	\$ 2,400,000
DPW Equipment	1,500,000	5/7/2012	Ch. 44, s.7(9)	2,000,000
School Roof	935,000	5/7/2012	Ch. 44, s.7(3A)	935,000
Departmental Equipment	460,000	5/1/2011	Ch. 44, s.7(9)	460,000
Drainage Improvements	240,000	5/1/2011	Ch. 44, s.7(1)	450,000
Total	\$ 4,635,000			

Principal Payments By Purpose

Year	Roadway	DPW Equipment	School Roof	Departmental Equipment	Drainage Improvements	Total
2013	\$ 150,000	\$ 150,000	\$ 94,000	\$ 46,000	\$ 25,000	\$ 465,000
2014	150,000	150,000	94,000	46,000	25,000	465,000
2015	150,000	150,000	94,000	46,000	25,000	465,000
2016	150,000	150,000	94,000	46,000	25,000	465,000
2017	150,000	150,000	94,000	46,000	25,000	465,000
2018	150,000	150,000	94,000	46,000	25,000	465,000
2019	150,000	150,000	94,000	46,000	25,000	465,000
2020	150,000	150,000	94,000	46,000	25,000	465,000
2021	150,000	150,000	94,000	46,000	20,000	460,000
2022	150,000	150,000	89,000	46,000	20,000	455,000
Totals	\$ 1,500,000	\$ 1,500,000	\$ 935,000	\$ 460,000	\$ 240,000	\$ 4,635,000

Tax Exemption

In the opinion of Edwards Wildman Palmer LLP, Bond Counsel to the Town ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The Town has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise

taxes. Bond Counsel expresses no opinion as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds ("Premium Bonds"), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Prospective Bondholders should be aware that from time to time legislation is or may be proposed which, if enacted into law, could result in interest on the Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent Bondholders from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Bonds from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income, deduction or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

Security and Remedies

Full Faith and Credit. General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" as described below (see "Types of Obligations- Serial Bonds and Notes" under "INDEBTEDNESS") and setoffs of state distributions as described below (see "Use of State Distributions to Pay Debt Service" below), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for and all amounts necessary to satisfy final judgments." Specific provision is also made for including in the next tax levy payment of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation. (See "Tax Limitations" under "PROPERTY TAXATION" below.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See "Debt Limits" below.) Subject to the approval of the State Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

Court Proceedings. Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law. (See "Tax Limitations" under "PROPERTY TAXATION" below.) In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

Restricted Funds Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, and community preservation and affordable housing purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately-held property in the city or town for certain energy conservation and renewable energy projects, and may borrow to establish such a fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

State Distributions State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on "qualified bonds" under (See "Types of Obligation - *Serial Bonds and Notes*" below) and any other sums due and payable by the city or town to the Commonwealth or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority if the city or town is within the territory served by the Authority, for any debt service due on obligations issued to the Massachusetts School Building Authority, or for charges necessary to meet obligations under the Commonwealth's Water Pollution Abatement or Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

Bankruptcy. Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of Federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not generally authorized by the Massachusetts General Laws to file a petition for bankruptcy under Federal bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth's oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

Opinion of Bond Counsel

The purchaser will be furnished the legal opinion of the firm of Edwards Wildman Palmer LLP, Boston, Massachusetts ("Bond Counsel"). The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful bidder. The opinion will be substantially in the form presented in Appendix B.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing upon and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

Rating

Standard & Poor's Rating Group has assigned a rating of AA+ to the Bonds. The rating reflects the rating agency's views and is subject to revision or withdrawal, which could affect the market price of the Bonds.

Financial Advisory Services of First Southwest Company

First Southwest Company, Boston, Massachusetts serves as financial advisor to the Town of Westwood, Massachusetts.

Continuing Disclosure

In order to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"), the Town will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Town by not later than 270 days after the end of each fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain significant events. Other than the Town, there are no obligated persons with respect to the Bonds within the meaning of the Rule. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix C. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds.

The Town has never failed to comply in all material respects with any previous undertakings to provide annual reports or notices of significant events in accordance with the Rule.

THE TOWN OF WESTWOOD, MASSACHUSETTS

Description

The area known as Westwood today was settled in 1640 as a part of the Town of Dedham and was incorporated as a separate town in 1897. The Town is located in Norfolk County approximately 13 miles from Boston. It is bordered on the north and northeast by Needham and Dedham, on the east by Canton, on the south by Norwood and Walpole, and on the west by Dover. Situated at the junction of Interstate Routes 95/128 and 93, Westwood provides an excellent location for its residents and its businesses. It is approximately 11 square miles in area and, according to the 2010 Federal Census, has a population of 14,618.

Local Government

The Town operates under a Board of Selectmen/Open Town Meeting/Executive Secretary form of government. The elected three-member Board of Selectmen makes policy decisions and the Executive Secretary is responsible for carrying out the policies and direction of the Board of Selectmen and for managing the day-to-day operations of the Town.

An elected five-member School Committee appoints a School Superintendent who administers the public school system of the Town. School Committee members, like the Board of Selectmen, are elected at-large to staggered three-year terms.

Local taxes are assessed by a board of three assessors elected for staggered three-year terms.

Principal Executive Officers

<u>Office</u>	<u>Name</u>	<u>Term and Manner of Selection</u>	<u>Term Expires</u>
Selectmen	Philip N. Shapiro	Elected – 3-year term	2014
	Patrick J. Ahearn - Chair	Elected – 3-year term	2013
	Nancy C. Hyde	Elected – 3-year term	2015
Town Administrator	Michael A. Jaillet	Appointed by Selectmen	Indefinite under contract
Treasurer	James J. Gavin	Elected – 3-year term	2015
Collector	Albert Wisialko, Jr.	Elected – 3-year term	2014
Town Clerk	Dorothy Powers	Elected – 3-year term	2013
Town Accountant	Marie O'Leary	Appointed by Selectmen	Indefinite
Finance Director	Pamela Dukeman	Appointed by Selectmen	Indefinite
Superintendent of Schools	John J. Antonucci	Appointed by School Committee	Indefinite under contract

Municipal Services

The Town offers a full range of services, including police and fire protection, education, maintenance of streets and infrastructure, solid waste collection and disposal, cultural, recreational and health and human services.

Education

Westwood is recognized for the quality of its schools. Students consistently score in the top percentiles on national tests, and the overwhelming majority of students graduating from the High School go on to higher education.

The school system is comprised of seven buildings: Five elementary schools with a total capacity of 1,400 students; a middle school with a capacity of 700 students; a high school with a capacity of 800 students; and an administration building. All of the buildings are in good condition. The school staff totals 501 employees, 259 of whom are employed in teaching positions, yielding a student to teacher ratio of 12 to 1. Over the last five years, 93% of Westwood high school graduates have gone on to pursue a four-year college education.

Public Safety - The Town's Police and Fire Departments provide crime prevention, fire fighting, fire prevention and advance life support. The Building Department provides inspection services.

Public Works - Through its Public Works Department, the Town constructs and maintains highways and sidewalks, including snow removal, and maintains street lighting, parks, and cemeteries. Solid waste removal, including recycling, is provided through a contracted service.

Sewer - The Sewer Commission maintains and operates a sewer enterprise system, which provides sewer services to approximately 90% of the Town. The Town's residential and industrial sewage flows to the Nut Island Treatment Plant of the Massachusetts Water Resources Authority.

Water - At a Special Town Meeting on September 30, 1985, the Town voted to establish the Dedham-Westwood Water District, which operates as a separate unit of regional government and supplies water to the Towns of Dedham and Westwood.

Transportation - The Town offers the convenience of two commuter rail lines and full MBTA bus service on some major routes. Commuter rail service to South Station and Back Bay Station in Boston is available, and Amtrak's passenger service between Boston and New York stops at the Route 128 station in Westwood.

Recreation - The Town maintains many recreational areas and facilities, including numerous conservation areas, playgrounds, ball fields and an indoor sport facility. It has two libraries, a senior center and numerous community-sponsored events for the Town's residents.

Economic Conditions and Outlook

The Town of Westwood continues to reflect a strong local economic condition through the recent fiscal crisis. The per capita income continues to rise and outpace the state averages. The Town also has an extremely low comparable unemployment rate of 4.8% compared with the state rate of 6.6%.

The Town remains a very desirable community and this is reflected in the strong residential sales market, which have regained their pre-fiscal crisis levels. The Town offers a unique mix of proximity to Boston and major highways and transportation, while maintaining a desirable residential community. The Town offers a broad range of high quality services, outstanding public education, and an attractive quality of life.

The Town is currently poised for a major, positive change in commercial property value. In order to improve commercial development, the Town has taken steps over the last several years to enhance the desirability of its major commercial areas. The commercial area is situated in a far corner of the Town's geographical area, bordering major highways and a commuter rail system with connections to Boston as well as Amtrak and Acela service to Providence, Rhode Island, New York City and Washington DC.

Since the passage of these steps, including zoning and permitting changes, a major developer has assembled 17 parcels, totaling 137 acres. The master plan for the area contemplates and encourages extensive mixed use development including residential, commercial, and retail components. The developer demolished most of the existing structures and began the installation of all utilities and layouts of the new road systems. Although local and state approvals will be required for the project of this magnitude to adjust to current economic conditions, the Town expects that the resulting economic benefits in creating employment opportunities for the Commonwealth and the region and significant new revenue will outweigh the additional service costs. For example the developer has since obtained a \$55 million commitment from the Commonwealth to complete these infrastructure improvements. The overall goal is to achieve a redevelopment project that mitigates any transportation and environmental concerns, provides for an enhanced and stable commercial tax base, and maintains the quality of the community.

The zoning encourages residential units strategically located within walking distance of the train station. The Route 128/University Park train station, which includes a 2,700 vehicle parking center, provides MBTA commuter service to the Back bay and South Station in Downtown Boston. The station also serves as the suburban stop for the Acela high speed rail train between Boston, New York and Washington, DC. With current and forecasted trends in the price of gasoline, these units with access to commuter service, employment opportunities and shopping and leisure activities, are expected to be extremely desirable.

In addition, the 2010 Annual Town Meeting unanimously passed a zoning bylaw amendment that created an overlay district which provided significantly more flexibility to the Planning Board in considering and approving development proposals in five of Westwood's major commercial areas. A proposed 66,000 square foot medical office development is currently taking advantage of this more flexible approach.

The growth of the Town's main source of revenues, property taxes, is capped by Proposition 2½ and can only be overridden by a majority vote at a Town election. While revenue increases have been limited in recent years, fixed costs, including health insurance and pension costs, have increased substantially. On the Town's operating side, the fiscal 2012 budgets and service level were maintained though a model 2% increase in the operating budget. This allowed the Town to continue to provide high quality services while minimizing the impact on the property tax burden. In 2011 the municipal and school administrations reached a joint agreement with all of their respective employees and retirees to transition health care coverage to a Rate Saver Plan requiring co-pays in exchange for lower premiums, which saved the Town and employees over a million dollars last year and is projected to save \$1.6 million this year.

The Town continues to manage its financial affairs in a prudent manner, primarily through considerable long term planning and strong financial policies. It has maintained a high bond rating even with the overall unsettled economy. It has been able to do so by incorporating long range planning tools such as a five-year Capital Improvement Program; maintaining reserve balances despite tight budgets; investing in technology to ensure efficient operations; and maintaining an aggressive pay as you go financing strategy for capital improvements. The Town's long-term policies will preserve its strong financial position for the foreseeable future.

In fiscal 2012, the Town continues to demonstrate its commitment to the financial policy of maintaining and building its reserve accounts. Despite a tight budget process the Town expanded its continued commitment to build the account to the policy goal level, which is 4% of general fund net operating revenues. The FY13 budget appropriates \$794,000 to the Stabilization Fund and \$435,000 to the OPEB Liability Account. The Town plans to continue to fund the reserves more in future years.

The Town has remained dedicated to an aggressive retirement of debt policy. Whenever possible, debt is issued for shorter time periods than allowed, typically ten years. The Town has aggressively pursued and received state funding for all school construction projects. Since fiscal 2008, the state committed to stabilized annual payments of approximately \$3 million which are directly applied to the school relevant debt, thereby limiting the burden on the taxpayers. The Town monitors and schedules retirement and issuance of debt to ensure that debt service does not exceed 10% of the operating budget to ensure availability of resource for ongoing operations.

The Town has also enhanced its revenue flexibility by establishing an enterprise fund for sewer operations. This has allowed the Town to shift one hundred percent of the operating cost and capital improvements to the users of sewer services so that no tax support goes toward providing these services. All sewer related debt is related to the sewer infrastructure and is funded through sewer user fees. By doing so the Town is able to provide the maximum tax dollars available to all other services.

In fiscal 2010, the Town approved the funding, through a debt service override of Proposition 2½, for the Town share of the cost of a new 30,000 square foot library. The Town's share of the cost is 70% with the Commonwealth funding the remaining 30% through a matching grant. Construction will be completed in 2012 and will be a significant public investment not only in library services, but in the community's central business district, as the new library will be centrally located. The Town issued a \$9.3M bond for the library with very favorable rates in the spring of 2011. The project is proceeding on schedule for a December 2012 opening.

Major initiatives for fiscal 2013 will include centering efforts on the revisions to the Westwood Station project, ensuring that this exciting new development proceeds appropriately and impacts the community in a positive manner. Particular focus will be given to ensuring that new revenue from this project strengthens the reserve and capital accounts according to the Town's Financial Policies as well as enhancing delivery of current services.

Labor Force, Employment and Unemployment Rates

According to the Massachusetts Department of Employment and Training, in October 2012, the Town had a total labor force of 7,132 of whom 6,787 were employed and 345 or 4.8% were unemployed as compared to 6.6% for the Commonwealth and 7.9% for the United States. The following table sets forth the Town's average labor force and unemployment rates for calendar years 2007 through 2011 and the unemployment rates for the Commonwealth and the nation as a whole for the same period:

Year	Town of Westwood			Unemployment Rate	
	Labor Force	Number Employed	Unemployment Rate	Massachusetts	U.S.
2011	6,959	6,623	4.8%	6.6%	8.3%
2010	6,807	6,394	6.1	8.5	9.6
2009	6,837	6,441	5.8	9.1	9.7
2008	6,772	6,522	3.7	5.3	5.8
2007	6,687	6,480	3.1	4.5	4.6

Source: Massachusetts Department of Employment and Training. Data based upon place of residence, not place of employment.

Employment by Industry (1)

Following is a summary of the major categories of income and employment from 2007 through 2011:

Industry	Calendar Year Average				
	2007	2008	2009	2010	2011
Construction	523	561	390	487	440
Manufacturing	633	417	351	316	364
Trade, Transportation and Utilities	1,896	592	1,687	1,713	1,542
Information	1,021	1,081	1,034	886	1,134
Financial Activities	961	1,029	1,019	987	1,036
Professional and Business Services	2,053	2,279	2,209	2,187	2,278
Education and Health Services	1,619	1,570	1,586	1,764	1,822
Leisure and Hospitality	465	392	360	337	357
Other Services	163	191	187	160	165
Total Employment	9,334	8,112	8,823	8,837	9,138
Number of Establishments	511	503	498	507	522
Average Weekly Wages	\$1,394	\$ 1,433	\$ 1,381	\$ 8,945	\$ 1,457
Total Wages	\$683,833,036	\$ 702,892,496	\$ 640,816,355	\$ 670,255,360	\$ 701,033,217

(1) Due to the reclassification the U.S. Department of Labor now uses the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.

Major Employers (1)

Name	Nature of Business	Number of Employees
NStar	Power company	1,115
State Street Bank	Financial services	700
Meditech, Inc.	Medical information	435
New York Life Insurance	Life Insurance	325
Roche Bros.	Supermarkets	280
Turnbine, Inc.	Video Games	250
ADE Corporation	Measurement Technology	200
MIB	Medical information	176
Northrop Grumman	Electronics	150
Clair Motors	Car dealer	111

Source: Selectmen's Office.

(1) Excluding the Town.

Population, Income and Wealth Levels

	<u>Westwood</u>	<u>Massachusetts</u>	<u>United States</u>
Median Age:			
2010	43.9	39.1	37.2
2000	41.0	36.5	35.3
1990	39.3	33.6	32.9
Median Family Income:			
2010	\$ 149,931	\$ 81,165	\$ 51,144
2000	103,242	61,664	50,046
1990	67,317	44,367	35,225
Per Capita Income:			
2010	\$ 56,150	\$ 33,966	\$ 27,334
2000	41,553	25,952	21,587
1990	26,241	17,224	14,420

SOURCE: U.S. Bureau of the Census.

Building Permits

The following table sets forth the number of building permits issued and the estimated dollar value of new construction and alterations for calendar years 2007 through 2012. The estimated dollar values are builders' estimates and are generally considered to be conservative. Estimated valuations include both private construction and Town projects:

<u>Calendar Year</u>	<u>New Dwellings</u>	<u>Commercial Foundations</u>	<u>Additions/ Alterations</u>	<u>Totals</u>	
				<u>No.</u>	<u>Value</u>
2012	10	1	673	684	\$33,895,865
2011	19	4	702	725	43,826,788
2010	12	1	683	696	30,639,594
2009	13	1	598	612	25,288,627
2008	12	0	675	687	35,752,828
2007	10	0	697	707	35,739,326

SOURCE: Building Inspector.

PROPERTY TAXATION

Tax Levy Computation

The principal revenue source of the Town is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits, see "Tax Limitations," below.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements (see "Overlay and Abatements," below), no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see "Taxation to Meet Deficits," below).

The following table illustrates the manner in which the tax levy was determined for the current and last four fiscal years:

	Fiscal Year				
	2009	2010	2011	2012	2013
Appropriations (1)	\$ 84,021,988	\$ 67,311,973	\$ 67,909,406	\$ 71,093,986	\$ 71,849,419
Other Local Expenditures	157,670	27,313	86,793	29,334	26,770
State and County Assessments	519,332	555,357	554,546	560,444	560,670
Overlay Reserve	688,159	523,009	1,121,203	612,932	849,177
Gross Amount to be Raised	<u>\$ 85,387,149</u>	<u>\$ 68,417,652</u>	<u>\$ 69,671,948</u>	<u>\$ 72,296,696</u>	<u>\$ 73,286,036</u>
LESS ESTIMATED RECEIPTS & OTHER REVENUE:					
Estimated Receipts from State (1)	\$ 7,741,754	\$ 7,343,046	\$ 7,341,725	\$ 7,295,530	\$ 6,561,560
Estimated Receipts - Local	25,380,046	7,527,730	6,739,334	6,797,383	7,101,882
Available Funds Appropriated:					
Free Cash	963,000	1,075,000	985,000	980,000	1,364,000
Other Available Funds	929,260	639,631	1,034,662	1,163,409	586,662
Total Estimated Receipts & Other Revenue	<u>\$ 35,014,060</u>	<u>\$ 16,585,407</u>	<u>\$ 16,100,721</u>	<u>\$ 16,236,322</u>	<u>\$ 15,614,104</u>
Net Amount To Be Raised (Tax Levy)	\$ 50,373,089	\$ 51,832,245	\$ 53,571,227	\$ 56,060,374	\$ 57,671,932
Property Valuation (000)	3,687,886	3,518,301	3,429,914	3,484,183	3,488,168
Tax Rate per \$1,000					
Residential/Open Space	\$ 12.01	\$ 13.07	\$ 13.83	\$ 14.48	\$ 14.89
Personal/Commercial/Industrial	\$ 22.25	\$ 23.98	\$ 25.38	\$ 26.55	\$ 27.28

Source: Board of Assessors

(1) Estimated by the State Department of Revenue and required by law to be used in setting of the tax rate. Actual state aid payments may vary upward or downward from said estimates, and the State may withhold payments pending receipt of State and County assessments.

NOTE: Property tax rates may not be set by the local assessors until they have been approved by the Commissioner of Revenue.

Assessed Valuation

Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 percent of its share of the total taxable valuation; the effective rate for open space must be at least 75 percent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every three years, or pursuant to a revised schedule as may be issued by the Commissioner.

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality. This is known as the "equalized value". See "DEBT LIMITS" below.

The Town assesses all classes of property at the same tax rate.

Related statutes provide that certain forest land, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

Valuation of real and personal property in Westwood is established by the Board of Assessors.

The following table sets forth the trend in the Town's assessed and equalized valuations (see "State Equalized Valuation," below):

Fiscal Year	Assessed Valuation (1)			Equalized Valuation (2)	Assessed Valuation as a Percent of Equalized Valuation
	Real Estate	Personal Property	Total		
2013	\$3,440,729,600	\$47,438,500	\$3,488,168,100	\$3,702,302,900	91.5%
2012	3,434,960,487	49,223,000	3,484,183,487	3,845,002,400	90.6
2011	3,429,913,655	52,502,700	3,482,416,355	3,845,002,400	90.6
2010	3,518,301,121	48,381,800	3,566,682,921	3,906,162,100	91.3
2009	3,687,886,752	47,784,400	3,735,651,152	3,906,162,100	95.6

(1) Source: Board of Assessors.

(2) Source: Massachusetts Department of Revenue. The equalized valuations used here are as follows: fiscal year 2013 based on proposed January 1, 2012, for fiscal years 2011 and 2012 equalized valuation as of January 1, 2010; 2010 and 2009, equalized valuation as of January 1, 2008.

Classification of Property

Following is a breakdown by classification of the Town's assessed valuations for the last three fiscal years:

	Fiscal 2013		Fiscal 2012		Fiscal 2011	
	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total
Residential	\$ 3,025,447,435	86.7 %	\$ 3,019,444,695	86.7 %	\$ 3,014,069,261	86.6 %
Commercial	305,246,315	8.8	298,952,742	8.6	303,956,394	8.7
Industrial	110,035,850	3.2	116,563,050	3.3	111,888,000	3.2
Personal	47,438,500	1.4	49,223,000	1.4	52,502,700	1.5
Total	<u>\$ 3,488,168,100</u>	<u>100.0</u>	<u>\$ 3,484,183,487</u>	<u>100.0 %</u>	<u>\$ 3,482,416,355</u>	<u>100.0 %</u>

Source: Board of Assessors.

Largest Taxpayers

Following is a list of the ten largest taxpayers in the Town based upon assessed valuations for fiscal 2012. All of these taxpayers are current in their property tax payments:

Name	Nature of Business	Fiscal Assessed Value	2012 Tax Levy	Percent of Total 2012 Tax Levy
CFRI/Doherty WW Station	Office Building/Warehouse	\$ 99,081,350	\$ 2,601,814	4.5 %
Medical Information Tech. Inc.	Office Building/Medical Info.	47,530,400	1,261,932	2.2
NSTAR	Office Building	47,044,800	1,241,323	2.2
Foxhill	Residential Community	77,559,350	1,149,676	2.0
Gr-Highland/Westwood Glen LP	Residential Community	45,001,250	651,618	1.1
L&B CIP 690 Canton St LLC	Office/Research & Development	17,758,700	471,493	0.8
Fairlane Westwood LLC	Office/Warehouse/Leasing	11,312,500	300,347	0.5
346 University LLC	Office Building	9,737,100	258,520	0.4
AMR Real Estate Holdings LLC	Auto Sales	9,088,000	241,286	0.4
Westwood Cloverleaf LLC	Office	8,057,200	213,919	0.4
	Total	\$ 455,309,600	\$ 10,189,202	13.4 %

Source: Board of Assessors.

State Equalized Valuation

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality as of January 1 of even numbered years for the next two years. This is known as "equalized value." The following table sets forth the trend in equalized valuations of the Town:

As of January 1	State Equalized Valuations	% Change
2012 (Proposed)	\$3,702,302,900	0.96%
2010	3,845,002,400	(1.56)
2008	3,906,162,100	1.85
2006	3,834,008,100	12.3
2004	3,415,448,600	22.2
2002	2,795,016,900	12.8

Source: Massachusetts Department of Revenue.

Tax Collections

The Town has accepted a statute providing for quarterly tax payments; under the statute, preliminary tax payments are due on August 1 and November 1 with payment of the actual tax bill (after credit is given for the preliminary payments) in installments on February 1 and May 1 if actual tax bills are mailed by December 31. Interest accrues on delinquent taxes at the rate of 14 percent per annum retroactive to one month before the due date.

Real property (land and buildings) is subject to a lien for the taxes assessed upon it, subject to any paramount federal lien and subject to bankruptcy and insolvency laws. (In addition, real property is subject to a lien for certain unpaid municipal charges or fees.) If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment. Based on the Town's experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

The Town is authorized to increase each tax levy by an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the excess is required to be added to the next tax levy.

Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with approval of the State Commissioner of Revenue. But uncollected real property taxes are not ordinarily written off until they become municipal "tax titles" by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The following table presents tax collections of the Town for the last five fiscal years:

Fiscal Year	Gross Tax Levy	Overlay Reserve for Abatements	Net Tax Levy (1)	% of Net Collected at FY End (2)
2012	\$ 56,060,374	\$ 612,932	\$ 55,447,442	99.0 %
2011	53,571,227	1,121,203	52,450,024	97.2
2010	51,832,245	523,009	51,309,236	98.5
2009	50,373,089	688,159	49,684,930	97.8
2008	48,519,937	1,084,368	47,435,569	101.0

Source: Board of Assessors as to rates and levies; Town Accountant as to tax collections.

- (1) Net of overlay reserve for abatements.
- (2) I.e., at the end of the fiscal year for which levied.

Abatements and Overlay

The following table sets forth the amount of overlay reserve for the last five fiscal years and abatements or exemptions granted through June 30 of each fiscal year:

Fiscal Year	Overlay Allowance		Abatements Granted as of June 30 (1)	Overlay Excess (Deficit)
	Dollar Amount	Percent of Total Levy		
2012	\$612,932	1.1%	\$286,300	\$326,632
2011	1,121,203	2.0	407,103	714,100
2010	523,009	1.0	584,174	61,165
2009	688,159	1.4	479,690	208,469
2008	1,084,368	2.2	239,144	845,224

Source: Town Collector.

- (1) Includes real estate and personal property tax abatements for five prior fiscal years.

Taxes Outstanding

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for nonpayment of taxes. In either case, the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right to redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments) it can be foreclosed or taken by the municipality, becoming a "tax possession," which may be held and disposed of in the same manner as other land held for municipal purposes. Uncollectible real property taxes are ordinarily not written off until they become municipal tax titles (either by purchase at the public sale or by taking), at which time the tax is written off in full by reserving the amount of tax and charging surplus.

The following table presents aggregate taxes outstanding for the last five fiscal years:

<u>As of 6/30</u>	<u>Aggregate Taxes Outstanding (1)</u>	<u>Tax Titles</u>
2012	\$489,777	\$ 542,067
2011	828,656	2,787,235 (2)
2010	32,706	133,912
2009	9,201	113,050
2008	696	96,100

Source: Town Collector.

(1) For five prior fiscal years. Excludes abated taxes. Includes taxes in litigation if any.

(2) Fiscal 2011 year-end balance reflects tax title for the Westwood Station property, which was fully paid in August 2011. To date, the Westwood Station property is current in their fiscal 2012 payments.

Taxation to Meet Deficits

Overlay deficits, i.e., tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e., those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates, and certain established salaries, e.g. civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as "free cash" deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

Tax Limitations

Chapter 59, Section 21C of the General Laws, also known as Proposition 2½, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a 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 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year's valuation.

This "growth" limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the "growth" limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit “to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year”.

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or for the city or town’s apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality’s sewer or water charges are reduced accordingly.

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year’s assessments and (b) “any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option”. Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district’s governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

Unused Levy Capacity (1)

The following table sets forth the Town's tax levy limits and unused levy capacity for the following fiscal years:

	For Fiscal Year				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Primary Levy Limit (2)	\$87,104,587	\$87,060,409	\$89,167,073	\$93,391,279	\$92,357,361
Prior Fiscal Year Levy Limit	51,960,889	50,167,618	48,296,355	46,442,531	41,938,658
2.5% Levy Growth	1,299,022	1,254,190	1,207,409	1,161,063	1,048,466
Current Fiscal Year New Growth (3)	453,976	539,081	658,066	692,761	678,020
Current Fiscal Year Override	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,777,387</u>
Growth Levy Limit	53,713,887	51,960,889	50,161,830	48,296,355	46,442,531
Current Fiscal Year Debt Exclusions	2,497,391	1,838,094	1,722,080	2,158,527	2,199,778
Current Fiscal Year Capital Expenditures Override	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Tax Levy Limit	56,211,278	53,798,983	51,883,910	50,454,882	48,642,309
Tax Levy	<u>56,060,374</u>	<u>53,571,227</u>	<u>51,832,246</u>	<u>50,373,089</u>	<u>48,519,937</u>
Unused Levy Capacity (4)	<u>\$ 150,904</u>	<u>\$ 227,756</u>	<u>\$ 51,664</u>	<u>\$ 81,793</u>	<u>\$ 122,372</u>
Unused Primary Levy Capacity (5)	<u>\$33,390,700</u>	<u>\$35,099,520</u>	<u>\$39,005,243</u>	<u>\$45,094,924</u>	<u>\$45,914,830</u>

(1) Source: Massachusetts Department of Revenue.

(2) 2.5% of assessed valuation.

(3) Allowed increase for new valuations - certified by the Department of Revenue.

(4) Tax Levy Limit Less Tax Levy.

(5) Primary Levy Limit Less Growth Levy Limit.

Sale of Tax Receivables

Cities and towns are authorized to sell delinquent property tax receivables by public sale or auction, either individually or in bulk.

Proposition 2 1/2

Between the passage of Proposition 2 ½ in 1980 and December 4, 2012, the Town of Westwood has approved debt exclusions totaling \$80,404,090 in par amount of bonds for various purposes. As of June 30, 2012, the Town had \$29,557,500 excluded principal outstanding.

Pledged Taxes

Taxes on the increased value of certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes.

Community Preservation Act

The Massachusetts Community Preservation Act (the "CPA") permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy, dedicate revenue (other than state or federal funds), and to receive state matching funds for (i) the acquisition, creation, preservation, rehabilitation and restoration of land for recreational use, open space, and affordable housing and (ii) the acquisition, preservation, rehabilitation and restoration of historic resources. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the

purpose of determining the permitted levy amount under Proposition 2½ (see “*Tax Limitations*” under “PROPERTY TAX” above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge and dedication of revenue. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on taxes, the dedication of revenue and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge and dedicated revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

The Town has not adopted the Community Preservation Act.

TOWN FINANCES

The Budget and Appropriation Process

The annual appropriations of the Town are ordinarily made at the Annual Town Meeting, which generally takes place in May. Appropriations may also be voted at Special Town Meetings. The Town Administrator is responsible for preparing and presenting the budget to the Board of Selectmen. The Selectmen review all requests and town-wide issues and presents a budget to the Town Meeting for approval. A 15-member Finance Commission reviews the budget and makes recommendations to Town Meeting.

The school budget is limited to the total amount appropriated by the town meeting, but the school committee retains full power to allocate the funds appropriated. (See "Education Reform" below.)

State and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for, and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget, but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy.

Operating Budget Trends

The following table sets forth the trend in general fund expenditures by category for fiscal 2009 through 2013:

	Fiscal Year				
	2013	2012	2011	2010	2009
General Government	\$ 2,798,174	\$ 2,669,252	\$ 2,587,233	\$ 2,543,629	\$ 2,576,341
Public Safety	6,169,329	6,010,112	5,778,735	5,778,483	5,764,188
Education	34,994,343	34,007,397	32,778,495	32,768,630	32,761,080
Public Works	4,288,293	4,242,853	4,191,404	4,260,404	4,204,834
Sewer Enterprise	3,303,904	3,353,910	3,211,356	3,174,752	4,007,563
Human Services	778,796	737,501	701,762	673,836	652,873
Culture and Recreation	1,347,927	1,280,549	1,233,153	1,233,153	1,243,585
Reserves/Benefits/Insurance	10,222,702	10,172,244	9,628,636	9,187,745	8,911,037
Debt Service	5,379,818	6,556,920	5,899,598	6,127,341	6,372,806
Other	42,534	42,534	54,534	-	-
Total	<u>\$ 69,325,820</u>	<u>\$ 69,073,272</u>	<u>\$ 66,064,906</u>	<u>\$ 65,747,973</u>	<u>\$ 66,494,307</u>

Source: Town Accountant.

Education Reform

State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education and related programs, and may affect the level of state aid to be received for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors.

Since its passage, the Town has complied with the Act and appropriations for education have exceeded the minimum required level.

Revenues

Property Taxes: Property taxes are the major source of revenue of the Town. The total amount levied is subject to certain limits prescribed by law; for a description of those limits, see "Tax Limitations," above.

State Aid - In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use, and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. The formulas for determining a municipality's state aid entitlement are subject to amendment by the state legislature and, while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

In the fall of 1986, both the State Legislature (by statute, repealed as of July 1, 1999) and the voters (by initiative petition) placed limits on the growth of state tax revenues. Although somewhat different in detail, each measure essentially limited the annual growth in state tax revenues to an average rate of growth in wages and salaries in the Commonwealth over the three previous calendar years. If not amended, the remaining law could restrict the amount of state revenues available for state aid to local communities.

Legislation was enacted in 1991 to help municipalities compensate for additional local aid reductions by the Commonwealth for fiscal year 1992. Under that law, municipalities were allowed to defer budgeting for teacher's summer compensation payable by the end of the fiscal years 1992 and 1993. Municipalities that chose to defer such amounts are required to amortize the resulting budget deficiency by raising at least one fifteenth of the deferred amount in each of the fiscal years 1997 through 2011, or in accordance with a more rapid amortization schedule.

Following are state aid payments received by the Town for the last five fiscal years and an estimate for the current fiscal year.

<u>Fiscal Year</u>	<u>State Aid Receipts</u>
2013 (est.)	\$5,160,284
2012	4,605,718
2011	4,581,087
2010	4,290,440
2009	4,735,987
2008	4,239,632

Source: Town Accountant.

State School Building Assistance Program: Under its school building assistance program, the Commonwealth of Massachusetts provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "Authority") to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program.

Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the Authority based on the approved project cost and reimbursement rate applicable under the prior law. The Authority has paid and is expected to continue to pay the remaining amounts of the grants for such projects either in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects, or as lump sum payments to contribute to the defeasance of such bonds.

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the Authority based on the eligible project costs and reimbursement rates applicable under the prior law. With limited exceptions, the Authority is required to fund the grants for such projects in the order in which they appear on the waiting list. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the Authority in lump sum payments, thereby eliminating the need for the Authority to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the Authority's share of such project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, is included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway have been and are expected to continue to be paid by the Authority as project costs are incurred by the municipality pursuant to a project funding agreement between the Authority and the municipality, eliminating the need for the municipality to borrow even on a temporary basis to finance the Authority's share of the project costs in most cases.

The range of reimbursement rates for new project grant applications submitted to the Authority on or after July 1, 2007 has been reduced to between 40% and 80% of approved project costs. The Authority promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

Federal Aid: During the years ending June 30, 2009, June 30, 2010, June 30, 2011 and June 30, 2012 the Town received no significant federal financial assistance.

Motor Vehicle Excise Tax: An excise is imposed on the registration of motor vehicles (subject to exemptions) at a rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is customarily kept. Valuations are determined by a statutory formula based on manufacturers' list price and year of manufacture. Bills not paid when due bear interest at 12 percent per annum. Provision is also made, after notice to the owner, for suspension of the owner's operating license or registration by the registry of motor vehicles.

The following table presents a five-year history of motor vehicle excise tax receipts of the Town:

<u>Fiscal Year</u>	<u>Receipts (1)</u>
2012	\$2,274,492
2011	2,382,329
2010	2,131,252
2009	2,242,921
2008	2,202,799

Source: Town Accountant.

(1) Net after refunds. Includes receipts from prior years' levies.

Room Occupancy Tax: Under the room occupancy excise tax, local governments may tax the provision of hotel, motel and lodging house, and bed and breakfast rooms at a rate not to exceed six percent (6%) of the cost of renting such rooms. The tax is paid by the operator of each establishment to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located. The Town is currently levying this tax at the maximum six percent (6%) rate. In fiscal 2009, fiscal 2010, fiscal 2011 and fiscal 2012, receipts totaled approximately \$9,185, \$8,374, \$5,256 and \$8,699, respectively.

Audits

The Town's accounts have been audited annually by Powers and Sullivan of Boston, Massachusetts. An audit for fiscal year ended June 30, 2011 is attached hereto as Appendix A.

The attached report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Financial Statements

Set forth on the following pages are Governmental Funds Balance Sheets for fiscal years ended 2009 through 2012 a Statement of Revenues, Expenditures and Changes in Fund Balances (Governmental Funds) for fiscal 2011, 2012, and a Comparative Statement of Revenues and Expenditures (General Fund) for fiscal years 2007 through 2010. Said statements have been extracted from the Town's audited financials, with the exception of fiscal 2012 which are from draft financials, subject to change.

TOWN OF WESTWOOD, MASSACHUSETTS
Governmental Funds
June 30, 2012 (1)

ASSETS	<u>General</u>	<u>University Station Project</u>	<u>Library Project</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 10,978,063	\$ 57,609	\$ 4,494,656	\$ 8,476,449	\$ 24,006,777
Investments	-	-	-	12,946	12,946
Receivables, net of uncollectibles:					
Real Estate and Personal Property taxes	619,228	-	-	-	619,228
Tax Liens	829,242	-	-	-	829,242
Motor Vehicle Excise Taxes	194,406	-	-	-	194,406
Departmental and other	5,837	-	-	115,799	121,636
Intergovernmental	13,322,000	-	-	275,100	13,597,100
Due to other funds	-	-	-	203,711	203,711
TOTAL ASSETS	<u>\$ 25,948,776</u>	<u>\$ 57,609</u>	<u>\$ 4,494,656</u>	<u>\$ 9,084,005</u>	<u>\$ 39,585,046</u>
 LIABILITIES AND FUND BALANCES:					
Liabilities:					
Warrants payable	989,512	-	804,309	58,272	1,852,093
Accrued payroll	1,251,413	-	-	3,573	1,254,986
Tax refunds payable	365,019	-	-	-	365,019
Other liabilities	500,578	-	-	-	500,578
Deferred revenues	14,600,995	-	-	390,899	14,991,894
Due to other funds	-	-	-	203,711	203,711
TOTAL LIABILITIES	<u>17,707,517</u>	<u>-</u>	<u>804,309</u>	<u>656,455</u>	<u>19,168,281</u>
 Fund Balances					
Nonspendable	-	-	-	346,034	346,034
Restricted	-	57,609	3,690,347	8,285,227	12,033,183
Committed	1,518,171	-	-	-	1,518,171
Assigned	1,172,866	-	-	-	1,172,866
Unassigned	5,550,222	-	-	(203,711)	5,346,511
Total Fund Balances:	<u>8,241,259</u>	<u>57,609</u>	<u>3,690,347</u>	<u>8,427,550</u>	<u>20,416,765</u>
Total liabilities and fund balances	<u>\$ 25,948,776</u>	<u>\$ 57,609</u>	<u>\$ 4,494,656</u>	<u>\$ 9,084,005</u>	<u>\$ 39,585,046</u>

(1) Extracted from the draft financial statements of the Town, subject to change.

TOWN OF WESTWOOD, MASSACHUSETTS
Governmental Funds
June 30, 2011 (1)

ASSETS	General	Westwood Station	Library Project	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 6,365,958	\$ 116,853	\$ 9,856,344	\$ 8,724,191	\$ 25,063,346
Investments	-	-	-	12,453	12,453
Receivables, net of uncollectibles:					
Real Estate and Personal Property taxes	902,444	-	-	-	902,444
Tax Liens	3,083,355	-	-	-	3,083,355
Motor Vehicle Excise Taxes	133,402	-	-	-	133,402
Departmental and other	4,030	-	-	132,586	136,616
Intergovernmental	15,784,116	-	-	932,139	16,716,255
TOTAL ASSETS	\$ 26,273,305	\$ 116,853	\$ 9,856,344	\$ 9,801,369	\$ 46,047,871
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Warrants payable	970,674	-	528,352	66,265	1,565,291
Accrued payroll	1,122,502	-	-	-	1,122,502
Other liabilities	553,744	-	-	-	553,744
Deferred revenue	16,856,964	-	-	1,064,725	17,921,689
TOTAL LIABILITIES	19,503,884	-	528,352	1,130,990	21,163,226
Fund Balances					
Nonspendable	-	-	-	346,050	346,050
Restricted	-	116,853	9,327,992	8,324,329	17,769,174
Assigned	2,200,891	-	-	-	2,200,891
Unassigned	4,568,530	-	-	-	4,568,530
Total Fund Balances:	6,769,421	116,853	9,327,992	8,670,379	24,884,645
Total liabilities and fund balances	\$ 26,273,305	\$ 116,853	\$ 9,856,344	\$ 9,801,369	\$ 46,047,871

(1) Extracted from the audited financial statements of the Town.

TOWN OF WESTWOOD, MASSACHUSETTS
Governmental Funds
June 30, 2010 (1)

ASSETS	General	Stabilization	Westwood Station	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 7,670,976	\$ 1,216,020	\$ 138,417	\$ 7,513,360	\$ 16,538,773
Investments	-	-	-	9,402	9,402
Receivables, net of uncollectibles:					
Real Estate and Personal Property taxes	1,191,936	-	-	-	1,191,936
Tax Liens	387,612	-	-	-	387,612
Motor Vehicle Excise Taxes	107,637	-	-	-	107,637
Departmental and other	7,184	-	-	116,309	123,493
Intergovernmental	17,676,000	-	-	662,605	18,338,605
TOTAL ASSETS	\$ 27,041,345	\$ 1,216,020	\$ 138,417	\$ 8,301,676	\$ 36,697,458
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Warrants payable	1,082,425	-	-	96,581	1,179,006
Accrued payroll	1,273,056	-	-	30,460	1,303,516
Other liabilities	1,229,121	-	-	-	1,229,121
Deferred revenue	19,253,292	-	-	778,914	20,032,206
TOTAL LIABILITIES	22,837,894	-	-	905,955	23,743,849
Fund Balances					
Encumbrances and Continuing Appropriations	1,855,781	-	-	-	1,855,781
Perpetual permanent funds	-	-	-	325,949	325,949
Unreserved:					
Designated for subsequent year's expenditures	810,000	-	-	-	810,000
Undesignated, reported in:					
General Fund	1,537,670	-	-	-	1,537,670
Special Revenue Funds	-	1,216,020	138,417	5,512,635	6,867,072
Capital Projects Funds	-	-	-	1,356,217	1,356,217
Permanent Funds	-	-	-	200,920	200,920
Total Fund Balances:	4,203,451	1,216,020	138,417	7,395,721	12,953,609
Total liabilities and fund balances	\$ 27,041,345	\$ 1,216,020	\$ 138,417	\$ 8,301,676	\$ 36,697,458

(1) Extracted from the audited financial statements of the Town.

TOWN OF WESTWOOD, MASSACHUSETTS
Governmental Funds
June 30, 2009 (1)

ASSETS	<u>General</u>	<u>Stabilization</u>	<u>Westwood Station</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 7,518,060	\$ 1,210,708	\$ 172,088	\$ 10,791,539	\$ 19,692,395
Investments	-	-	-	8,114	8,114
Receivables, net of uncollectibles:					
Real Estate and Personal Property taxes	440,273	-	-	-	440,273
Tax Liens	309,110	-	-	-	309,110
Motor Vehicle Excise Taxes	86,647	-	-	-	86,647
Departmental and other	16,673	-	-	170,930	187,603
Special Assessments	162	-	-	-	162
Intergovernmental	19,832,000	-	-	954,724	20,786,724
TOTAL ASSETS	<u>\$ 28,202,925</u>	<u>\$ 1,210,708</u>	<u>\$ 172,088</u>	<u>\$ 11,925,307</u>	<u>\$ 41,511,028</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Warrants payable	946,750	-	-	175,813	1,122,563
Accrued payroll	1,065,336	-	-	-	1,065,336
Tax refunds payable	153,895	-	-	-	153,895
Other liabilities	1,164,995	-	-	-	1,164,995
Deferred revenue	20,481,192	-	-	1,125,654	21,606,846
TOTAL LIABILITIES	<u>23,812,168</u>	<u>-</u>	<u>-</u>	<u>1,301,467</u>	<u>25,113,635</u>
Fund Balances					
Encumbrances and Continuing Appropriations	1,450,831	-	-	-	1,450,831
Perpetual permanent funds	-	-	-	314,274	314,274
Unreserved:					
Designated for subsequent year's expenditures	870,000	-	-	-	870,000
Undesignated, reported in:					
General Fund	2,069,926	-	-	-	2,069,926
Special Revenue Funds	-	1,210,708	172,088	5,562,959	6,945,755
Capital Projects Funds	-	-	-	4,536,063	4,536,063
Permanent Funds	-	-	-	210,544	210,544
Total Fund Balances:	<u>4,390,757</u>	<u>1,210,708</u>	<u>172,088</u>	<u>10,623,840</u>	<u>16,397,393</u>
Total liabilities and fund balances	<u>\$ 28,202,925</u>	<u>\$ 1,210,708</u>	<u>\$ 172,088</u>	<u>\$ 11,925,307</u>	<u>\$ 41,511,028</u>

(1) Extracted from the audited financial statements of the Town.

TOWN OF WESTWOOD, MASSACHUSETTS
STATEMENT OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2012 (1)

REVENUES:	General	University Station Project	Library Project	Nonmajor Governmental Funds	Total Governmental Funds
Real and personal property taxes, net of tax refunds	\$ 54,944,965	\$ -	\$ -	\$ -	\$ 54,944,965
Motor vehicle excise taxes	2,274,492	-	-	-	2,274,492
Charges for services	-	-	-	4,798,942	4,798,942
Penalties and interest on taxes	264,092	-	-	-	264,092
Fees and rentals	521,268	-	-	-	521,268
Licenses and permits	456,436	-	-	-	456,436
Fines and forfeitures	12,937	-	-	-	12,937
Intergovernmental	13,416,197	-	1,109,679	3,240,208	17,766,084
Departmental and other	246,242	-	-	652,350	898,592
Contributions	-	-	-	224,819	224,819
Investment income	77,839	-	-	902	78,741
Total Revenues	\$ 72,214,468	\$ -	\$ 1,109,679	\$ 8,917,221	\$ 82,241,368
EXPENDITURES					
Current:					
General government	\$ 2,567,325	\$ 59,244	\$ -	\$ 751,696	\$ 3,378,265
Public safety	6,198,337	-	-	150,828	6,349,165
Education	34,133,323	-	-	6,100,290	40,233,613
Public works	4,153,298	-	-	1,082,125	5,235,423
Human services	756,107	-	-	55,454	811,561
Culture & recreation	1,273,148	-	6,747,324	657,467	8,677,939
Pension benefits	8,708,603	-	-	-	8,708,603
Property and liability insurance	291,839	-	-	-	291,839
Employee benefits	5,624,542	-	-	-	5,624,542
State and county charges	531,795	-	-	-	531,795
Capital outlay	805,568	-	-	-	805,568
Debt Service:					
Principal	4,810,000	-	-	-	4,810,000
Interest	1,696,931	-	-	-	1,696,931
Total Expenditures	71,550,816	59,244	6,747,324	\$ 8,797,860	\$ 87,155,244
Excess (deficiency) of revenues over expenditures	663,652	(59,244)	(5,637,645)	119,361	(4,913,876)
Other financing sources (uses):					
Premium from issuance of bonds	-	-	-	110,997	110,997
Issuance of refunding bonds	19,095,000	-	-	-	19,095,000
Premium from issuance of refunding bonds	2,274,135	-	-	-	2,274,135
Payments to refunded bond escrow agent	(21,375,114)	-	-	-	(21,375,114)
Sale of capital assets	-	-	-	50,000	50,000
Transfers in	814,165	-	-	-	814,165
Transfers out	-	-	-	(523,187)	(523,187)
Total other financing sources (uses)	808,186	-	-	(362,190)	445,996
Net Change in Fund Balance	1,471,838	(59,244)	(5,637,645)	(242,829)	(4,467,880)
Fund Equity - Beginning of year, as revised	6,769,421	116,853	9,327,992	8,670,379	24,884,645
Fund Equity - End of year	\$ 8,241,259	\$ 57,609	\$ 3,690,347	\$ 8,427,550	\$ 20,416,765

(1) Extracted from the draft financial statements of the Town, subject to change.

TOWN OF WESTWOOD, MASSACHUSETTS
STATEMENT OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2011 (1)

REVENUES:	General	State Fiscal Stabilization Fund	Westwood Station	Library Project	Nonmajor Governmental Funds	Total Governmental Funds
Real and personal property taxes, net of tax refunds	\$ 53,892,828	\$ -	\$ -	\$ -	\$ -	\$ 53,892,828
Motor vehicle excise taxes	2,382,329	-	-	-	-	2,382,329
Charges for services	-	-	-	-	4,588,668	4,588,668
Penalties and interest on taxes	122,486	-	-	-	-	122,486
Fees and rentals	277,895	-	-	-	-	277,895
Licenses and permits	473,966	-	-	-	-	473,966
Fines and forfeitures	15,120	-	-	-	-	15,120
Intergovernmental	12,812,949	459,199	-	2,219,357	2,957,244	18,448,749
Departmental and other	258,126	-	168,734	-	372,653	799,513
Contributions	-	-	-	-	256,741	256,741
Investment income	94,980	-	-	-	4,381	99,361
Total Revenues	\$ 70,330,679	\$ 459,199	\$ 168,734	\$ 2,219,357	\$ 8,179,687	\$ 81,357,656
EXPENDITURES						
Current:						
General government	\$ 2,575,356	\$ -	\$ 190,298	\$ -	\$ 115,869	\$ 2,881,523
Public safety	5,993,576	-	-	-	121,895	6,115,471
Education	33,514,415	459,199	-	-	5,249,587	39,223,201
Public works	4,214,477	-	-	-	358,910	4,573,387
Human services	698,835	-	-	2,191,365	64,577	2,954,777
Culture & recreation	1,216,204	-	-	-	712,394	1,928,598
Pension benefits	8,065,476	-	-	-	-	8,065,476
Property and liability insurance	271,221	-	-	-	-	271,221
Employee benefits	5,616,358	-	-	-	-	5,616,358
State and county charges	539,989	-	-	-	-	539,989
Capital outlay	1,165,364	-	-	-	-	1,165,364
Debt Service:						-
Principal	4,290,000	-	-	-	-	4,290,000
Interest	1,609,598	-	-	-	-	1,609,598
Total Expenditures	69,770,869	459,199	190,298	2,191,365	\$ 6,623,232	\$ 79,234,963
Excess (deficiency) of revenues over expenditures	559,810	-	(21,564)	27,992	1,556,455	2,122,693
Other financing sources (uses):						
Issuance of long-term debt	-	-	-	9,300,000	-	9,300,000
Premium from issuance of bonds	-	-	-	-	217,365	217,365
Transfers in	790,140	-	-	-	-	790,140
Transfers out	-	-	-	-	(4,999,162)	(499,162)
Total other financing sources (uses)	790,140	-	-	9,300,000	(4,781,797)	9,808,343
Net Change in Fund Balance	1,349,950	-	(21,564)	9,327,992	1,274,658	11,931,036
Fund Equity - Beginning of year, as revised	5,419,471	-	138,417	-	7,395,721	12,953,609
Fund Equity - End of year	\$ 6,769,421	\$ -	\$ 116,853	\$ 9,327,992	\$ 8,670,379	\$ 24,884,645

(1) Extracted from the audited financial statements of the Town.

**TOWN OF WESTWOOD, MASSACHUSETTS
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE--GENERAL FUND(1)**

REVENUES:	Fiscal Year			
	2007	2008	2009	2010
Real and Property Taxes	\$ 43,390,323	\$ 48,329,364	\$ 49,655,987	\$ 50,545,249
Motor vehicle excise	2,135,754	2,213,371	2,242,922	2,131,252
Westwood Station guaranteed tax payment	-	-	1,750,000	615,000
Westwood Station building permits	-	-	811,079	-
Intergovernmental	11,564,211	12,129,464	12,372,131	12,445,401
Penalties and interest on taxes	67,239	96,970	96,949	105,602
Fees	310,687	279,096	251,898	233,430
Special Assessments	219	94	91	-
Offset receipts - recreation	-	-	-	-
Departmental and other revenue	609,175	637,043	571,888	255,382
Licenses and permits	438,345	479,822	378,525	403,405
Fines	20,030	16,825	16,982	17,521
Investment income	707,268	615,900	280,678	111,156
Total Revenues	\$ 59,243,251	\$ 64,797,949	\$ 68,429,130	\$ 66,863,398
 EXPENDITURES:				
Current:				
General Government	\$ 2,201,667	\$ 2,217,133	\$ 2,443,455	\$ 2,478,371
Public Safety	5,422,500	5,712,133	5,899,945	5,943,746
Education	27,559,834	30,591,159	32,407,192	32,676,099
Public Works	4,068,829	4,463,733	4,574,961	4,208,842
Human Services	566,943	623,576	675,853	700,964
Culture & Recreation	1,153,346	1,180,194	1,225,317	1,241,405
Pension Benefits	6,521,911	6,705,488	7,294,027	7,557,081
Property and Liability Insurance	335,255	371,053	317,418	278,318
Employee Benefits	4,349,031	4,788,339	4,950,403	5,379,428
State and district assessments	508,634	514,316	521,780	536,238
Capital outlay	1,448,482	1,005,620	1,106,238	1,302,387
Capital outlay - Westwood Station	-	-	792,600	18,400
Debt Service	6,153,350	6,124,070	6,325,846	6,073,034
Total Expenditures	60,289,782	64,296,814	68,535,035	68,394,313
Excess (deficiency) of revenues over expenditures	(1,046,531)	501,135	(105,905)	(1,530,915)
Other financing sources (uses):				
Capital Lease Financing	185,622	24,000	-	-
Operating transfers in	408,671	510,221	491,859	1,471,109
Operating transfers out	(25,000)	(25,000)	(185,000)	(127,500)
Total other financing sources (uses)	569,293	509,221	306,859	1,343,609
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses:	(477,238)	1,010,356	200,954	(187,306)
Fund Equity - Beginning of year	3,656,685	3,179,447	4,189,803	4,390,757
Fund Equity - End of year	\$ 3,179,447	\$ 4,189,803	\$ 4,390,757	\$ 4,203,451

(1) Extracted from the audited financial statements of the Town.

Undesignated General Fund Balances and Free Cash

Following is a five-year history of the Town's undesignated general fund balances and free cash as certified by the Department of Revenue:

<u>Year</u>	<u>Undesignated General Fund Balance as of June 30 (1)</u>	<u>Certified Free Cash as of July 1 (2)</u>
2012	\$5,550,222 (4)	\$2,547,593
2011	4,568,530 (3)	2,572,798
2010	1,537,670	985,616
2009	2,069,926	1,148,459
2008	1,981,435	1,274,374

(1) Source: Audited financial statements.

(2) Source: As certified by the Massachusetts Department of Revenue.

(3) Unassigned General Fund Balance. Extracted from audited financial statements. Due to the changes in GASB fund balance reporting practices, Unassigned General Fund Balance includes Stabilization Fund Balances.

(4) Source: Draft financial statements. Unassigned General Fund Balance.

Stabilization Fund

The Town maintains a stabilization fund, which is accounted for in the Trust Funds. Funded by an annual appropriation, the stabilization fund plus interest income may be appropriated by a two-thirds vote at an annual or special town meeting for any municipal purpose.

<u>Fiscal Year</u>	<u>Stabilization Fund Balance</u>
2012	\$ 1,915,961
2011	1,143,536
2010	1,216,020
2009	1,210,708
2008	1,037,354

Source: Finance Director.

Investment of Town Funds

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws, Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee, and the funds are managed under contract by an investment firm under the supervision of the State Treasurer's office. According to the State Treasurer the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with Section 54 of Chapter 44, which permits a broader range of investments than Section 55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by Sections 54 and 55 do not apply to city and town retirement systems.

Tax Increment Financing for Development Districts

Massachusetts recently adopted legislation authorizing cities and towns in the Commonwealth to establish development districts to encourage residential, industrial, and commercial development. All or a portion of the net new tax growth in such districts may be pledged and used to finance infrastructure improvements to support the economic development projects in the district. This includes pledging such “tax increments” for the payment of bonds issued to finance the infrastructure improvements for the project. As a result of any such pledge, tax increments raised from new growth in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2 ½ (see “Tax Limitations” under “PROPERTY TAXATION” above.)

Other Tax Increment Financing

In 2007, the Town received the approval of the creation of an Economic Opportunity Area (EOA) within Massachusetts Economic Development Incentive Program (EDIC) in order to qualify to provide Tax Increment Financing (TIF) incentives to be eligible for development districts. The Town of Westwood and Cabot, Cabot & Forbes negotiated a TIF Agreement for a Mixed Use Redevelopment of over half of the 250 acre University Office Park, known as Westwood Station (see “Economic Conditions and Outlook – *Major Initiatives*” above). The negotiated TIF Agreement provides tax incentives over 20 years that will be used by the developer to service some of the debt incurred to build out all of the mitigation for the project. The actual tax exemptions only begin once the Town has achieved a specific predetermined level of increase in new tax revenue from the project after the commencement and completion of vertical construction. The first phase has been permitted and the permit was recently extended, while the developer is pursuing recapitalization. (See below for subsequent financing opportunities for this project.)

At its 2008 Annual Town Meeting, the Town approved a TIF Agreement with Romanow Container, a manufacturer of corrugated boxes and materials located in the Economic Opportunity Area, for a proposed 67,300 square foot addition to its existing 145,320 square foot industrial building located at 346 University Avenue.

At its 2010 Annual Town Meeting, the Town approved an alternative approach to public financing of regional infrastructure improvements known as I-Cubed (Infrastructure Investment Incentive), which would provide state bond funding for the Westwood Station project discussed above, the reconfiguration of the Route 128 ramp at Blue Hill Drive, expansion of the Dedham/Canton Street corridor, the construction of Westwood Station Boulevard and the reconstruction of the Canton Street/University Avenue intersection. The total cost of the regional infrastructure was estimated at approximately \$55 million and would be funded through various sources, \$6 million of which would come from I-Cubed funding. This approach to public financing would allow debt service to be paid from the marginal increase in tax revenue realized by the Commonwealth. The current I-Cubed regulations do not allow a project to use both TIF and I-Cubed, except if the TIF had been approved prior to the adoption of I-Cubed. Therefore, the TIF described above is not likely to be implemented; however, in order to preserve the Town’s ability to utilize this approach, the Town is holding this in abeyance until such time as plans are finalized with the Commonwealth.

INDEBTEDNESS

Authorization of General Obligation Bonds and Notes

Bonds and notes are generally authorized on behalf of a town by a two-thirds vote of the town meeting, subject to a referendum vote if a petition therefore is timely filed. Borrowings for certain purposes require state administrative approval. Temporary loans in anticipation of current revenues and certain state and county reimbursements are generally authorized by majority vote, but provision is made for temporary loans in anticipation of current revenues and federal grants and for other purposes in certain circumstances without town meeting authorization.

The general debt limit of the Town consists of a normal debt limit and a double debt limit. The normal debt limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The Town can authorize debt up to this amount without state approval. It can authorize debt up to twice this amount (the double debt limit) with the approval of the State's Municipal Finance Oversight Board.

There are many categories of general obligation debt which are exempt from and do not count against either the normal debt limit or the double debt limit. Among others, these exempt categories include temporary loans in anticipation of current revenues, temporary loans in anticipation of grants and reimbursements, certain school bonds, sewer bonds and solid waste disposal facility bonds, and subject to special debt limits, bonds for water (limited to 10 percent of equalized valuation), housing, urban renewal and economic development (subject to various debt limits) and electric and gas (subject to a separate limit equal to the normal debt limit, including the same doubling provision). Industrial revenue bonds, electric revenue bonds and water pollution abatement revenue bonds are not subject to these debt limits. The normal debt limit and the special debt limit for water bonds apply at the time debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

Types of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue ("DOR"). Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as "qualified bonds" with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as "tax credit bonds" to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed five years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. For certain school projects, however, notes may be refunded from time to time for a period not to exceed seven years without having to pay any portion of the principal of the notes from revenue funds. The maximum term of bonds issued to refund bond anticipation notes is measured (except for certain school projects) from the date of the original issue of the notes.

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements. They must generally mature within two years, but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities and for projects financed under the Commonwealth's Water Pollution Abatement or Drinking Water Revolving Loan Programs and for certain economic development projects supported by the increment financings. In addition, cities and towns having electric departments may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy.

The Town has not borrowed against current revenues for the last five fiscal years, and does not anticipate the need to do so in fiscal 2013.

**Direct Debt Summary
As of June 30, 2012**

General Obligation Bonds (1)		
Sewer (2)	\$	1,230,900
Land Acquisition		90,000
School (3)		25,402,500
Public Buildings		9,402,500
Other		650,000
Total General Obligation Bonds		\$ 36,775,900
The Bonds		4,635,000
Total Direct Debt		\$ 41,410,900

- (1) Excludes overlapping debt, lease-purchase obligations, unfunded pension liability and unfunded other post employment benefit liability. \$29,557,500 has been excluded from the provisions of Proposition 2 ½, except as provided under Chapter 44, Section 20 of the General Laws.
- (2) Does not include Massachusetts Water Pollution Abatement Trust subsidy.
- (3) The Town is receiving state school construction grants in connection with the recent Downey Elementary, Martha Jones Elementary and High School construction projects. The balance of unpaid grants at June 30, 2012 was \$16,750,965

Key Debt Ratios

	As of June 30				
	2012	2011	2010	2009	2008
Amount (1)	\$ 36,775,900	\$ 42,840,600	\$ 38,145,287	\$ 42,750,125	\$ 40,360,875
Per Capita (2)	\$ 2,605.08	\$ 3,034.68	\$ 2,702.08	\$ 3,028.27	\$ 2,859.03
Percent of Assessed Valuation (3)	1.06%	1.23%	1.07%	1.14%	1.09%
Percent of Equalized Valuation (4)	0.96%	1.11%	0.98%	1.09%	1.05%
Per Capita Debt as a Percent of Personal Income Per Capita (2)	6.27%	7.30%	6.50%	7.29%	6.88%

- (1) Excludes temporary loans, lease-purchase obligations, overlapping debt, unfunded pension liability and unfunded other post employment benefits liability and other liabilities or contractual obligations not more than 90 days past due.
- (2) Source: U.S. Department of Commerce, Bureau of the Census.
- (3) Source: Board of Assessors. Assessed valuation as of the prior January 1.
- (4) Source: Massachusetts Department of Revenue - Equalized valuation in effect for that fiscal year. (Equalized valuations are established as of January 1 of even-numbered years for the next two fiscal years.)

Annual Debt Service

The following table sets forth annual principal and interest payments to retire all general obligation long-term debt as of June 30, 2012:

Fiscal Year	Outstanding		This Issue		Less School Aid (2)	Less MWPAT Subsidies	Net Debt Service	Cumulative % Principal Retired
	Principal	Interest	Principal	Interest				
2013	\$ 3,365,300	\$ 1,410,131	\$ 465,000	\$ 53,868	\$ (1,522,815)	\$ (85,164)	\$ 3,686,320	9.2 %
2014	3,451,300	1,177,820	465,000	106,500	(1,522,815)	(80,058)	3,597,747	18.7
2015	3,131,600	1,067,839	465,000	92,550	(1,522,815)	(77,628)	3,156,546	27.4
2016	3,052,100	982,419	465,000	83,250	(1,522,815)	(73,271)	2,986,683	35.9
2017	3,032,800	879,732	465,000	73,950	(1,522,815)	(69,274)	2,859,393	44.3
2018	2,873,500	761,353	465,000	60,000	(1,522,815)	(63,216)	2,573,822	52.4
2019	2,824,300	655,698	465,000	50,700	(1,522,815)	(58,201)	2,414,682	60.3
2020	2,605,000	539,390	465,000	36,750	(1,522,815)	-	2,123,325	67.8
2021	2,590,000	433,440	460,000	27,450	(1,522,815)	-	1,988,075	75.1
2022	2,555,000	347,910	455,000	13,650	(1,522,815)	-	1,848,745	82.4
2023	2,525,000	268,080	-	-	(1,522,815)	-	1,270,265	88.5
2024	640,000	187,988	-	-	-	-	827,988	90.0
2025	640,000	164,713	-	-	-	-	804,713	91.6
2026	640,000	140,275	-	-	-	-	780,275	93.1
2027	640,000	115,619	-	-	-	-	755,619	94.7
2028	640,000	89,581	-	-	-	-	729,581	96.2
2029	640,000	63,456	-	-	-	-	703,456	97.8
2030	465,000	37,200	-	-	-	-	502,200	98.9
2031	465,000	18,600	-	-	-	-	483,600	100.0
Total	<u>\$ 36,775,900</u>	<u>\$ 9,341,244</u>	<u>\$ 4,635,000</u>	<u>\$ 598,668</u>	<u>\$ (16,750,965)</u>	<u>\$ (506,812)</u>	<u>\$ 34,093,035</u>	

- (1) Excludes temporary loans, overlapping debt, lease and installment purchase obligations and unfunded pension liability.
(2) Final school construction grants for the Downey Elementary, Martha Jones Elementary, Middle School and High School projects to be paid by the Massachusetts School Building Authority.

Authorized Unissued Debt

Following delivery of the Bonds, the Town will have approximately \$1,400,340 in authorized and unissued debt for roadway and drainage repairs (\$900,000), DPW Equipment (\$500,000) and improvements to the High School (\$340).

Overlapping Debt

The following are the principal entities whose indebtedness is chargeable to the Town of Westwood or payable from taxation of property within the Town:

	Outstanding Bonded Debt as of 6/30/12 (1)	FY 2013 Dollar Assessment for Operations & Debt Service	
		%	\$
Norfolk County (2)	\$ 700,000	3.380 %	\$ 171,620
Massachusetts Bay Transportation Authority (3)	5,769,214,580	0.000	287,847
Massachusetts Water Resource Authority (4) - Sewer	4,027,396,000	0.636	2,317,405
Blue Hills Regional Vocational-Technical School District (5)	170,000	0.160	49,358

- (1) Excludes temporary loans in anticipation of revenue. Omits debt of the Commonwealth.

(Footnotes continued on following page.)

- (2) Source: County Treasurer's Office. County expenses, including operating costs and debt service on County bonds, if applicable, are assessed upon cities and towns within the county in proportion to their valuation of taxable property as last equalized by the State Commissioner of Revenue.
- (3) Source: Massachusetts Bay Transportation Authority. Outstanding bonded debt as of June 30, 2011. The MBTA is comprised of cities and towns in the Greater Boston area. The Commonwealth pays approximately 90 percent of the debt service on MBTA Bonds. It has also been state practice in recent years to absorb enough of the net cost of service of the MBTA to assure that the total assessments on the cities and towns within the territory of the MBTA will not exceed 102 ½ percent of the prior year's assessments. The remainder of the net cost of service is assessed on those cities and towns.
- (4) Source: Massachusetts Water Resources Authority ("MWRA"). Outstanding bonded debt as of June 30, 2011. The MWRA was established in January, 1985 to succeed to the waterworks and sewer operations of the Metropolitan Sewerage District, the Metropolitan Water District and the Metropolitan Parks District, each district consisting of the City of Boston and other cities and towns in the Boston area. The MWRA commenced operations on July 1, 1985. Under its enabling legislation, as amended, the MWRA may borrow up to \$3.91 billion for its corporate purposes. Its obligations are secured by revenues of the MWRA. The MWRA assesses member cities and towns, which continue to provide direct retail water and sewer services to users. The cities and towns collect fees from the users to pay all or part of the assessments; some municipalities levy property taxes to pay part of the amounts assessed upon them.
- (5) Source: Treasurer, Blue Hills Regional Vocational-Technical School District. The assessment indicated is for the District's fiscal 2011 operating budget, only, as debt service is paid entirely by the Commonwealth, which purchased the building for which the debt was originally issued. Under the Education Reform Act, the Commonwealth mandates amount to be assessed to each member community.

Contractual Obligations

Obligations to make payments on account of municipal contracts are generally limited to currently available appropriations. A Massachusetts city or town has general statutory authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interests, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally will be expressly subject to availability and appropriations of funds. Specific authority exists in relatively few cases for long-term contractual obligations that are not subject to annual appropriations, including contracts for refuse disposal (20 year maximum term). Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There is implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases. The Town is currently a participant in the following long-term contracts:

<u>Name</u>	<u>Nature of Service</u>	<u>Contract Expires</u>	<u>Annual Cost Fiscal 2012</u>	<u>Annual Cost Fiscal 2013</u>
Waste Management	Solid Waste & Recycling Collection	04/30/17	\$550,000	\$825,000
Wheelabrator Millbury, Inc.	Solid Waste Disposal	12/15/17	350,000	270,000
Michael Connolly & Sons, Inc.	School Buses	06/30/15	665,920	853,740

RETIREMENT SYSTEM

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

The Town participates in the Norfolk County Retirement System which has adopted a schedule, approved by the Public Employee Retirement Administration, which provides for the normal cost plus funding of the unfunded actuarial liability. As of January 1, 2010, the Retirement System was approximately 60% funded with an estimated unfunded actuarial accrued liability of \$401,090,220 based on an actuarial value of assets of \$600,790,835. As of January 1, 2010, the Town's share of the unfunded actuarial accrued liability was approximately 5.49% or \$17.1 million.

The following table sets forth the annual contributions of the Town to the retirement system for the last five fiscal years and the amount budgeted for the current fiscal year:

<u>Fiscal Year</u>	<u>Contributory</u>
2013 (budget)	\$2,749,296
2012	2,619,736
2011	2,417,221
2010	2,329,423
2009	2,135,186
2008	1,852,101

Source: Town Accountant.

The foregoing data do not include the retirement system costs or liabilities of any larger entity of which the Town is a constituent part and for which it is assessed a share of expenses.

Other Post-Employment Benefits

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis. The pay-as-you-go cost to the Town for such benefits in recent years has been as follows:

<u>Fiscal Year</u>	<u>Benefit Costs</u>
2012	\$ 1,394,544
2011	1,485,815
2010	1,379,488
2009	1,302,000
2008	1,162,000

The Governmental Accounting Standards Board ("GASB") recently promulgated its Statement Nos. 43 and 45, which will for the first time require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These new accounting standards do not require pre-funding the payment of these costs as the liability for such costs accrues, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if the cost of such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. In addition, cities and towns may establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

The Town was required to implement the new GASB reporting requirements for other post-employment benefits beginning in fiscal year 2009. The Town has most recently completed an actuarial valuation of its post-employment benefit liability as of June 30, 2011. The Unfunded Actuarial Liability ('UAL') based on an 8% discount rate and hypothetical full prefunding was \$33,378,799 with an Annual Required Contribution ('ARC') of \$3,047,009; and the UAL based on a 3.5% discount rate and pay-as-you-go funding was \$59,054,291 with an ARC of \$4,891,733.

EMPLOYEE RELATIONS

Employees of Massachusetts municipalities (other than managerial and confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment. Provisions for compulsory arbitration or labor disputes involving firefighters and police officers were repealed by the Proposition 2 1/2 legislation.

The Town employs approximately 810 persons on a full or part-time basis, including those in the School Department. Approximately 67 percent belong to unions or other collective bargaining groups as shown below:

<u>Employee Category</u>	<u>Represented by</u>	<u>Number of Employees</u>	<u>Contract Expires</u>
Town:			
Police	Mass Coalition of Police	23	6/30/13
Police Lieutenants	Westwood Police Superior Officers Association	2	6/30/13
Firefighters	Westwood Permanent Firefighters Association, IAFF	29	6/30/13
Clerical	SEIU Local 888	21	6/30/13
Highway	United Food & Commercial Workers Union (UFCWU) - Local 1445	21	6/30/13
Traffic Supervisors	Traffic Supervisors Association	14	6/30/13
School:			
Teachers/Nurses	Westwood Teachers Association	289	8/31/13
School Administrators	Westwood Administrators Association, Unit B	4	6/30/13
Administrative Assistants	Westwood Administrative Asst. Assoc	25	6/30/13
Instructional Aides	Westwood Instructional Assistants Association	66	6/30/13
Custodians	National Assoc. of Governmental Employees Local 243	28	6/30/13
Cafeteria Workers	Westwood Cafeteria Employees Association	<u>20</u>	6/30/13
Total		542	

LITIGATION

There are various suits pending in courts within the State in which the Town is a defendant. In the opinion of the Town, no litigation is pending, or to the Town's knowledge, threatened, which is likely to result, either individually or in the aggregate, in final judgments against the Town materially affecting its financial position.

TOWN OF WESTWOOD, MASSACHUSETTS
/s/ James J. Gavin, Treasurer

December 13, 2012

THIS PAGE INTENTIONALLY LEFT BLANK

**The Town of
Westwood, Massachusetts**



**Comprehensive
Annual Financial Report**

**For the Fiscal Year
July 1, 2010 through June 30, 2011**

Board of Selectmen

**Nancy C. Hyde, Chairman
Patrick J. Ahearn
Philip N. Shapiro**

**Prepared by:
Pamela Dukeman, Finance Director**

Town of Westwood, Massachusetts
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

Table of Contents

	Page
FINANCIAL SECTION	A-1
Independent Auditors' Report	A-1
Management's Discussion and Analysis.....	A-3
Basic Financial Statements.....	A-15
Government-Wide Financial Statements.....	A-17
Statement of Net Assets	A-17
Statement of Activities.....	A-18
Fund Financial Statements.....	A-20
Governmental Funds – Balance Sheet	A-20
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Assets.....	A-21
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances	A-22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	A-23
Proprietary Funds – Statement of Net Assets	A-24
Proprietary Funds – Statement of Revenues, Expenditures, and Changes in Fund Net Assets	A-25
Proprietary Funds – Statement of Cash Flows	A-26
Fiduciary Funds – Statement of Fiduciary Net Assets.....	A-27
Fiduciary Funds – Statement of Changes in Fiduciary Net Assets	A-28
Notes to Basic Financial Statements.....	A-29

Financial Section

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

*General Fund Budgetary Comparison Schedule, Retirement System Schedules, and Other
Postemployment Benefit Schedules*

Combining and Individual Fund Financial Statements and Schedules

In the spring of 2010, residents approved borrowing \$9.3M for a new library project. In addition, the Town has been granted approximately \$4M in Massachusetts Library and Green Incentive grants. Groundbreaking occurred on April 7, 2011 and opening is expected in September, 2012.

The Library Trustees, as well as many others, worked diligently over the past decade developing the new library plans. It is anticipated the new library will provide high quality services to all ages of Westwood residents for the next forty years.



Artist's Rendition of New Library



Groundbreaking April 7, 2011

This page left intentionally blank.



Independent Auditors' Report

To the Honorable Board of Selectmen
Town of Westwood, Massachusetts

100 Quannapowitt Parkway
Suite 101
Wakefield, MA 01880
T. 781-914-1700
F. 781-914-1701
www.powersandsullivan.com

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Westwood, Massachusetts, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Westwood, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Westwood, Massachusetts, as of June 30, 2011, and the respective changes in financial position and cash flows where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2011, on our consideration of the Town of Westwood, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The combining and individual fund statements and schedules, as listed in the table of contents, are presented for the purpose of supplementary analysis and are not a required part of the financial statements of the Town of Westwood, Massachusetts. Such supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Management's discussion and analysis, located on the following pages, and the schedule of revenues, expenditures and changes in fund balance – general fund – budgetary basis, retirement system schedule of employer contributions, retirement system schedule of funding progress, other postemployment benefit plan schedule of funding progress and schedule of employer contributions, and other postemployment benefit plan actuarial methods and assumptions, located after the notes to the basic financial statements, are not a required part of the basic financial statements but are supplementary information required by accounting principles

generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The introductory section and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Powers & Sullivan LLC

December 15, 2011

Management's Discussion and Analysis

As management of the Town of Westwood, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented in this report in conjunction with additional information that we have furnished in our letter of transmittal.

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.

Governments must adhere to GASB pronouncements in order to issue their financial statements in conformity with GAAP. The users of financial statements also rely on the independent auditors' opinion. If the Town of Westwood's financial statements have significant departures from GAAP the independent auditors may issue a qualified opinion or a disclaimer (where no opinion is given). These types of opinions may have an adverse effect on the Town's bond rating and our ability to borrow money at favorable interest rates. The Town of Westwood has enjoyed an unqualified opinion on its financial statements since the fiscal year ended June 30, 1984.

Financial Highlights

- The governmental assets of the Town of Westwood exceeded its liabilities at the close of the most recent fiscal year by \$103 million (net assets).
- Of this amount, 1.8% or \$1.8 million (unrestricted net assets) may be used to meet the government's on-going obligations to citizens and creditors.
- At the close of the current fiscal year, the Town of Westwood's general fund reported an ending fund balance of \$6.8 million, an increase of \$1.3 million in comparison with the prior year. Total fund balance represents 9.7% of total general fund expenditures. Approximately \$4.6 million of this total amount is available for appropriation at the government's discretion and \$2.2 million is reserved for the subsequent fiscal year as articles and encumbrances carried forward and appropriations to balance the subsequent year's budget.
- The Town of Westwood's total governmental debt increased by \$4.7 million during the current fiscal year. This was the net result of a \$9.3 million issuance of general obligation bonds for the construction of the town library and principal payments of \$4.6 million on long-term debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Westwood's basic financial statements. The Town of Westwood's basic financial statements are comprised of three components: 1) government-wide financial statements 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements provide both long-term and short-term information about the Town as a whole. The fund financial statements focus on the individual components of the Town government, reporting the Towns' operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the Town's accountability. An additional part of the basic financial statements are the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 fiscal 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, human services, culture and recreation and interest. The business-type activities include the activities of the sewer enterprise fund.

Fund financial statements. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Westwood, 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 of Westwood 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 financial statements focus on near-term inflows and outflows, and balances of spendable resources. Such information is useful in assessing the Town of Westwood's near-term financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

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.

Fiscal year 2011 was the Town's initial year of implementation of GASB #54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The implementation of this standard has changed the fund balance components into nonspendable, restricted, committed, assigned and unassigned. Additionally, under the new standard, the Town's stabilization fund is reported within the general fund as unassigned.

The Town of Westwood adopts an annual appropriated budget for its general fund. A budgetary comparison schedule is included as required supplementary information for the general fund to demonstrate compliance with this budget.

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

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

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

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.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Westwood, government-wide assets exceeded liabilities by \$120 million at the close of fiscal year 2011.

Net assets of \$112.4 million (94%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are 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 its capital assets is reported net of its 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 Westwood's net assets \$1.7 million (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$6.1 million (5%) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Comparative Financial Data – Governmental Activities

Governmental Activities:

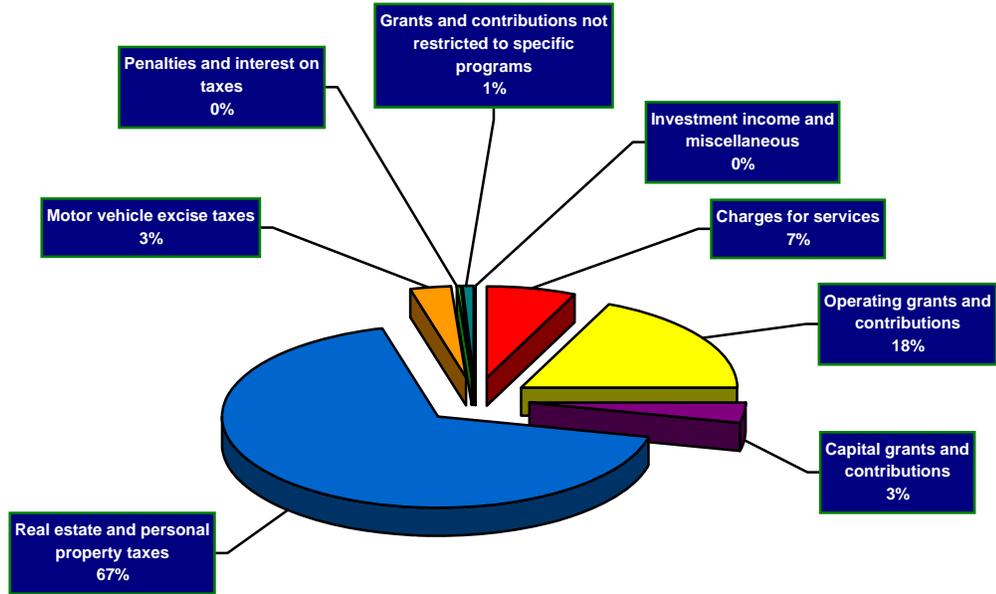
	Balance at June 30, 2011	Balance at June 30, 2010
	<u> </u>	<u> </u>
Assets:		
Current assets.....	\$ 32,343,871	\$ 21,007,458
Noncurrent assets (excluding capital).....	13,704,000	15,690,000
Capital assets, not being depreciated.....	8,049,747	5,858,382
Capital assets, net of accumulated depreciation.....	<u>106,318,217</u>	<u>109,242,707</u>
Total assets.....	<u>160,415,835</u>	<u>151,798,547</u>
Liabilities:		
Current liabilities (excluding debt).....	4,520,604	5,230,210
Noncurrent liabilities (excluding debt).....	11,661,954	8,386,543
Current debt.....	4,750,000	4,290,000
Noncurrent debt.....	<u>36,540,000</u>	<u>31,990,000</u>
Total liabilities.....	<u>57,472,558</u>	<u>49,896,753</u>
Net Assets:		
Invested in capital assets, net of related debt.....	99,380,376	97,853,306
Restricted.....	1,735,851	2,172,033
Unrestricted.....	<u>1,827,050</u>	<u>1,876,455</u>
Total net assets.....	<u>\$ 102,943,277</u>	<u>\$ 101,901,794</u>

Governmental activities. The governmental activities net assets increased by approximately \$1 million during the current fiscal year. The primary reasons for this increase were \$2.8 million in capital grants received for the construction of a new library and public works projects, as well as real estate, personal property and motor vehicle taxes experiencing a significant increase in revenue of approximately \$2.2 million. The change in net assets is primarily the net difference between these revenue increases and the current year increase in the other postemployment benefit obligation of approximately \$3.4 million which was recorded to comply with the requirements of GASB Statement #45. This liability is also the reason for the increase in noncurrent liabilities (excluding debt).

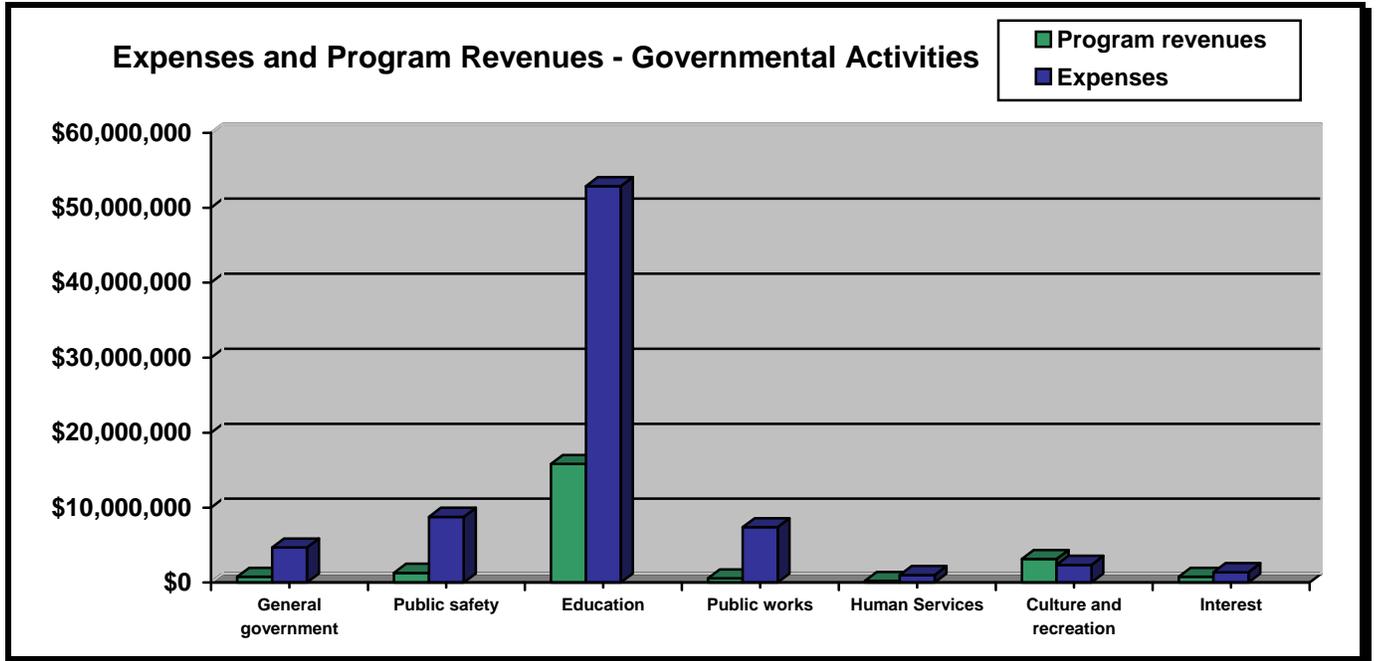
Governmental Activities:	Fiscal Year Ended June 30, 2011	Fiscal Year Ended June 30, 2010
	<u>2011</u>	<u>2010</u>
Program revenues:		
Charges for services.....	\$ 5,289,074	\$ 5,235,983
Operating grants and contributions.....	14,570,871	14,179,816
Capital grants and contributions.....	2,752,205	416,865
General revenues:		
Real estate and personal property taxes.....	53,365,772	51,462,011
Motor vehicle excise taxes.....	2,408,095	2,152,241
Penalties and interest on taxes.....	122,486	105,602
Nonrestricted grants and contributions.....	647,232	723,159
Unrestricted investment income.....	91,404	111,156
Total revenues.....	<u>79,247,139</u>	<u>74,386,833</u>
Expenses:		
General government.....	4,670,650	4,745,598
Public safety.....	8,969,089	8,490,129
Education.....	52,489,520	52,200,467
Public works.....	7,472,604	7,425,668
Human services.....	1,047,144	1,052,991
Culture and recreation.....	2,371,894	2,378,042
Interest.....	1,475,733	1,750,493
Total expenses.....	<u>78,496,634</u>	<u>78,043,388</u>
Excess (Deficiency) before transfers.....	750,505	(3,656,555)
Transfers.....	<u>290,978</u>	<u>290,978</u>
Change in net assets.....	\$ <u>1,041,483</u>	\$ <u>(3,365,577)</u>

- Charges for services represent about 6.7% 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 Board of Selectmen are included in this category. Most of these resources apply to public safety and education operations, such as building permits, ambulance revenue, athletic receipts, kindergarten revenue and bus fees.
- Operating and capital grants and contributions account for 18.4% of the governmental activities resources. Most of these resources apply to education operations. These resources offset costs within the school department in addition to the General Fund operating budget. General government experienced a decrease in operating grants of approximately \$653,000 when compared to the prior year. This decrease was due to the Town receiving an operating grant in the amount of \$615,000 in fiscal 2010 related to the Westwood Station project.
- In fiscal year 2011, the Town also recorded \$2.2 in capital grants related to the construction of a new Town library.
- Property taxes are by far the most significant revenue source for the Town's governmental activities. They comprise 67% of all resources.
- Motor vehicle excise taxes comprise 3% of the governmental activities resources.
- The Town held expenses relatively stable while grants and tax revenue increased, resulting in a positive year.

FY11 Governmental Revenues



- Education is by far the largest governmental activity of the Town with 67% of total governmental expenses. Program revenues of \$15.8 million provided direct support to education and \$36.7 million in taxes and other general revenue were needed to cover the remaining fiscal year 2011 operating expenses.
- Public safety and public works are significant activities of the Town. Program revenues for public safety of \$1.3 million and \$563,000 in public works directly supported \$9 million and \$7.5 million of operating expenses, respectively. Taxes and other general revenue of \$4.6 million were needed to cover the remaining fiscal year 2011 operating expenses. Combined, they represent 21% of governmental activity expenses.



Business-type activities. For sewer business-type activities, assets exceeded liabilities by \$17.2 million at the close of fiscal year 2011. Capital assets net of related debt totaled \$13 million (75%) while unrestricted net assets totaled \$4.2 million (25%). There was an increase of \$37,000 in net assets reported in connection with the sewer enterprise. Charges for services increased from prior year by \$139,000 which was primarily due to an increase in sewer usage revenue. Capital grants experienced a slight decline from the prior year. The sewer fund also reported an increase in its liability for other postemployment benefits totaling \$35,000, which is a result of GASB Statement #45.

Comparative Assets, Liabilities and Net Assets – Business-type

	Balance at June 30, 2011	Balance at June 30, 2010
Assets:		
Current assets.....	\$ 4,098,123	\$ 3,662,911
Noncurrent assets (excluding capital).....	296,350	348,074
Capital assets, not being depreciated.....	350,850	350,850
Capital assets, net of accumulated depreciation.....	14,197,856	14,833,081
Total assets.....	18,943,179	19,194,916
Liabilities:		
Current liabilities (excluding debt).....	48,446	57,468
Noncurrent liabilities (excluding debt).....	117,191	82,197
Current debt.....	319,700	314,687
Noncurrent debt.....	1,230,900	1,550,600
Total liabilities.....	1,716,237	2,004,952
Net Assets:		
Invested in capital assets, net of related debt.....	12,998,106	13,318,644
Unrestricted.....	4,228,836	3,871,320
Total net assets.....	\$ 17,226,942	\$ 17,189,964

reductions in education and other essential services. During fiscal year 2011, the Town received \$459,000 in state fiscal stabilization funds, which was used to help fund school teacher salaries.

The Westwood Station fund is used to account for funds received in connection with the Westwood Station Project. At June 30, 2011, the Westwood Station fund had a year end balance of \$117,000. The Westwood Station fund balance decreased (\$22,000) from prior year as the Town utilized funds received in prior years.

The library project major fund is used to account for the construction of a new Town library. In 2011, the Town issued a \$9.3 million bond for the library construction project. During fiscal year 2011, this fund also recognized \$2.2 million in capital grant revenue and recorded \$2.2 million in project expenditures.

General Fund Budgetary Highlights

Actual revenues were lower than budgeted for real estate and personal property taxes by \$1.5 million because Westwood Station did not pay their real estate tax bill during the fiscal year. Subsequent to fiscal year end, the Town received approximately \$2.5 million in outstanding real estate taxes from the Westwood Station project.

Actual general fund expenditures and encumbrances are lower than final budget by 1.5%, with the majority of the variance occurring in the reserve fund, which turned back \$150,000, as reserve funds were not fully required to fund unanticipated events, also the general fund employee benefits expenditures were lower than the final budget by approximately \$485,000. This is partially due to conservative budgeting. Expenditures exceeded appropriations for police department salaries, snow and ice removal, and veteran's services. These deficits will be raised during the subsequent year's budget process.

The \$802,000 increase between the original budget and the final amended budget was primarily due to the supplementary appropriations to fund the police department budget, the education department budget, the department of public works snow and ice budget and the capital outlay budget.

Capital Assets and Debt Management

In conjunction with the operating budget, the Town annually prepares a capital budget which includes detailed information concerning those capital requests for the upcoming fiscal year as well as summary information for the following four fiscal years to identify current projections of what level of capital outlay will be required in future years.

As part of the capital plan the Town has historically financed the acquisition of some capital assets from current revenue. This policy will continue to improve the financial position as net assets will increase by the amount of acquisitions less the current depreciation.

Major capital assets are funded by the issuance of long and short-term debt and capital grants. The effect on net assets during the construction phase of the project is neutral for assets acquired with debt since the Town increases its assets and associated liability by the same amount. In subsequent years the net assets will be reduced through depreciation and will be increased by the revenues raised to support the debt principal payments. Net assets are increased for assets acquired with grant funds since there is no corresponding liability incurred.

Outstanding long-term debt of the general government, as of June 30, 2011, totaled \$41.3 million of which, \$9.3 million is related to library projects, \$30.1 million is related to school projects, leaving a balance of only \$1.9 million for other non-school related projects.

The enterprise fund has \$1.6 million in sewer enterprise debt outstanding that is fully supported by the rates and does not rely on a general fund subsidy.

The most significant capital asset additions during the year included various building improvements, public safety vehicles, school equipment, and roadway improvements. Also, current year expenditures for the new library have been capitalized as construction in progress as of June 30, 2011.

Please refer to notes 6, 7, and 8 to the financial statements for further discussion of the Town’s major capital and debt activity.

CAPITAL ASSETS

	Cost of Capital Assets	Accumulated Depreciation at end of year	Capital Assets, net
Governmental activities:			
Land.....	\$ 5,858,382	\$ -	\$ 5,858,382
Buildings and improvements.....	91,290,332	(26,004,460)	65,285,872
Vehicles.....	6,181,409	(4,434,595)	1,746,814
Machinery and equipment.....	9,976,881	(7,055,268)	2,921,613
Furniture and fixtures.....	357,983	(246,249)	111,734
Infrastructure.....	84,830,884	(48,578,700)	36,252,184
Total governmental activities.....	<u>200,687,236</u>	<u>(86,319,272)</u>	<u>114,367,964</u>
Business-type activities:			
Land.....	350,850	-	350,850
Plant and infrastructure.....	25,823,141	(15,353,849)	10,469,292
Other buildings and improvements...	6,339,070	(3,100,027)	3,239,043
Vehicles.....	506,331	(287,990)	218,341
Machinery and equipment.....	483,709	(212,529)	271,180
Furniture and fixtures.....	35,323	(35,323)	-
Total business-type activities.....	<u>33,538,424</u>	<u>(18,989,718)</u>	<u>14,548,706</u>
Total capital assets.....	<u>\$ 234,225,660</u>	<u>\$ (105,308,990)</u>	<u>\$ 128,916,670</u>

GOVERNMENTAL BONDS PAYABLE

Project	Interest Rate (%)	Outstanding at June 30, 2010	Issued	Redeemed	Outstanding at June 30, 2011
Martha Jones School Construction.....	3.90-5.00	\$ 1,440,000	\$ -	\$ 720,000	\$ 720,000
Downey School Construction.....	3.90-5.00	1,260,000	-	630,000	630,000
Striar Land Purchase.....	3.90-5.00	260,000	-	130,000	130,000
Cemetery Land Purchase.....	3.90-5.00	60,000	-	30,000	30,000
School Planning.....	2.50-5.38	25,675,000	-	1,975,000	23,700,000
Public Building.....	3.00-5.00	1,130,000	-	285,000	845,000
Land Acquisition.....	3.50-4.00	150,000	-	30,000	120,000
High Street Reconstruction.....	3.50-4.00	770,000	-	110,000	660,000
High Street Lights.....	3.50-4.00	145,000	-	25,000	120,000
High School Supplement.....	3.50-4.00	1,690,000	-	130,000	1,560,000
High School Fields.....	3.50-4.00	375,000	-	50,000	325,000
Middle School Modular Classrooms.....	2.13-5.00	3,325,000	-	175,000	3,150,000
Library Construction.....	3.25-4.00	-	9,300,000	-	9,300,000
Total Governmental Bonds Payable.....		\$ 36,280,000	\$ 9,300,000	\$ 4,290,000	\$ 41,290,000

ENTERPRISE BONDS PAYABLE

Project	Interest Rate (%)	Outstanding at June 30, 2010	Issued	Redeemed	Outstanding at June 30, 2011
Sewer (MWPAT).....	3.88	\$ 1,565,287	\$ -	\$ 164,687	\$ 1,400,600
Sewer.....	3.90-5.00	300,000	-	150,000	150,000
Total Enterprise Bonds Payable.....		\$ 1,865,287	\$ -	\$ 314,687	\$ 1,550,600

The Town of Westwood has an "AA+" rating from Standard & Poor's and an "Aa1" from Moody's for general obligation debt.

Economic Factors and Next Year's Budget and Rates

For the fiscal year 2012 budget, the Town has projected modest improvement in major revenue categories over the previous year's budget. General tax revenues are expected to increase by approximately 3%, and after several years of decline, state aid has been level funded. Economic driven local receipts; such as motor vehicle excise payments and buildings permits, have also been level funded for FY12 after improved collections in FY11.

The modest revenue increases have allowed the Town to make the following conservative budget decisions:

- The Town provided for a 2% increase for the fiscal year 2012 school and municipal operating budgets.
- Favorable settlement of labor contracts allowed the Town to remain within the 2% increase while maintaining current staffing levels.
- The fiscal year 2012 budget has level funded the base capital budgets and provides for increase in capital equipment through a small debt authorization of \$460,000.
- The fiscal year 2012 budget provides for a \$25,000 appropriation to the stabilization reserve accounts.
- The FY12 commercial and residential tax rates are not yet finalized, but are expected to increase approximately 4%. This increase includes first year funding for the new library construction projects.

Requests for Information

This financial report is designed to provide a general overview of the Town of Westwood's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Town Hall, 580 High Street, Westwood, Massachusetts 02090.

Basic Financial Statements

This page left intentionally blank.

STATEMENT OF NET ASSETS

JUNE 30, 2011

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 25,063,346	\$ 2,209,105	\$ 27,272,451
Investments.....	12,453	-	12,453
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	902,444	-	902,444
Tax liens.....	3,083,355	-	3,083,355
Motor vehicle excise taxes.....	133,402	-	133,402
User charges.....	-	1,837,294	1,837,294
Departmental and other.....	136,616	-	136,616
Intergovernmental.....	3,012,255	51,724	3,063,979
Total Current Assets.....	32,343,871	4,098,123	36,441,994
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	13,704,000	296,350	14,000,350
Capital assets, not being depreciated.....	8,049,747	350,850	8,400,597
Capital assets, net of accumulated depreciation.....	106,318,217	14,197,856	120,516,073
Total Noncurrent Assets.....	128,071,964	14,845,056	142,917,020
TOTAL ASSETS.....	160,415,835	18,943,179	179,359,014
LIABILITIES			
CURRENT:			
Warrants payable.....	1,565,291	16,124	1,581,415
Accrued payroll.....	1,122,502	5,067	1,127,569
Accrued interest.....	266,067	7,255	273,322
Other liabilities.....	553,744	-	553,744
Compensated absences.....	1,013,000	20,000	1,033,000
Bonds payable.....	4,750,000	319,700	5,069,700
Total Current Liabilities.....	9,270,604	368,146	9,638,750
NONCURRENT:			
Compensated absences.....	502,000	-	502,000
Other postemployment benefits.....	11,159,954	117,191	11,277,145
Bonds payable.....	36,540,000	1,230,900	37,770,900
Total Noncurrent Liabilities.....	48,201,954	1,348,091	49,550,045
TOTAL LIABILITIES.....	57,472,558	1,716,237	59,188,795
NET ASSETS			
Invested in capital assets, net of related debt.....	99,380,376	12,998,106	112,378,482
Restricted for:			
Permanent funds:			
Expendable.....	192,618	-	192,618
Nonexpendable.....	346,050	-	346,050
Gifts.....	310,453	-	310,453
Grants.....	886,730	-	886,730
Unrestricted.....	1,827,050	4,228,836	6,055,886
TOTAL NET ASSETS.....	\$ 102,943,277	\$ 17,226,942	\$ 120,170,219

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2011

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.....	\$ 4,670,650	\$ 703,996	\$ 62,704	\$ -	\$ (3,903,950)
Public safety.....	8,969,089	1,218,831	91,727	-	(7,658,531)
Education.....	52,489,520	2,364,662	13,456,629	-	(36,668,229)
Public works.....	7,472,604	30,085	-	532,848	(6,909,671)
Human services.....	1,047,144	69,336	149,111	-	(828,697)
Culture and recreation.....	2,371,894	902,164	36,537	2,219,357	786,164
Interest.....	1,475,733	-	774,163	-	(701,570)
Total Governmental Activities.....	78,496,634	5,289,074	14,570,871	2,752,205	(55,884,484)
<i>Business-Type Activities:</i>					
Sewer.....	3,653,546	3,895,027	45,563	40,912	327,956
Total Primary Government.....	\$ 82,150,180	\$ 9,184,101	\$ 14,616,434	\$ 2,793,117	\$ (55,556,528)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net assets:			
Net (expense) revenue from previous page.....	\$ (55,884,484)	\$ 327,956	\$ (55,556,528)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	53,365,772	-	53,365,772
Motor vehicle excise taxes.....	2,408,095	-	2,408,095
Penalties and interest on taxes.....	122,486	-	122,486
Grants and contributions not restricted to specific programs.....	647,232	-	647,232
Unrestricted investment income.....	91,404	-	91,404
<i>Transfers, net</i>	290,978	(290,978)	-
Total general revenues and transfers.....	<u>56,925,967</u>	<u>(290,978)</u>	<u>56,634,989</u>
Change in net assets.....	1,041,483	36,978	1,078,461
<i>Net Assets:</i>			
Beginning of year.....	<u>101,901,794</u>	<u>17,189,964</u>	<u>119,091,758</u>
End of year.....	\$ <u><u>102,943,277</u></u>	\$ <u><u>17,226,942</u></u>	\$ <u><u>120,170,219</u></u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2011

ASSETS	General	Westwood Station	Library Project	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents.....	\$ 6,365,958	\$ 116,853	\$ 9,856,344	\$ 8,724,191	\$ 25,063,346
Investments.....	-	-	-	12,453	12,453
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	902,444	-	-	-	902,444
Tax liens.....	3,083,355	-	-	-	3,083,355
Motor vehicle excise taxes.....	133,402	-	-	-	133,402
Departmental and other.....	4,030	-	-	132,586	136,616
Intergovernmental.....	15,784,116	-	-	932,139	16,716,255
TOTAL ASSETS.....	\$ 26,273,305	\$ 116,853	\$ 9,856,344	\$ 9,801,369	\$ 46,047,871
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 970,674	\$ -	\$ 528,352	\$ 66,265	\$ 1,565,291
Accrued payroll.....	1,122,502	-	-	-	1,122,502
Other liabilities.....	553,744	-	-	-	553,744
Deferred revenues.....	16,856,964	-	-	1,064,725	17,921,689
TOTAL LIABILITIES.....	19,503,884	-	528,352	1,130,990	21,163,226
FUND BALANCES:					
Nonspendable.....	-	-	-	346,050	346,050
Restricted.....	-	116,853	9,327,992	8,324,329	17,769,174
Assigned.....	2,200,891	-	-	-	2,200,891
Unassigned.....	4,568,530	-	-	-	4,568,530
TOTAL FUND BALANCES.....	6,769,421	116,853	9,327,992	8,670,379	24,884,645
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 26,273,305	\$ 116,853	\$ 9,856,344	\$ 9,801,369	\$ 46,047,871

See notes to basic financial statements.

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

JUNE 30, 2011

Total governmental fund balances.....		\$ 24,884,645
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		114,367,964
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		17,921,689
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(266,067)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds and notes payable.....	(41,290,000)	
Other postemployment benefits.....	(11,159,954)	
Compensated absences.....	<u>(1,515,000)</u>	
Net effect of reporting long-term liabilities.....		<u>(53,964,954)</u>
Net assets of governmental activities.....		<u>\$ 102,943,277</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2011

	General	State Fiscal Stabilization Fund	Westwood Station	Library Project	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Real estate and personal property taxes, net of tax refunds.....	\$ 53,892,828	\$ -	\$ -	\$ -	\$ -	\$ 53,892,828
Motor vehicle excise taxes.....	2,382,329	-	-	-	-	2,382,329
Charges for services.....	-	-	-	-	4,588,668	4,588,668
Penalties and interest on taxes.....	122,486	-	-	-	-	122,486
Fees and rentals.....	277,895	-	-	-	-	277,895
Licenses and permits.....	473,966	-	-	-	-	473,966
Fines and forfeitures.....	15,120	-	-	-	-	15,120
Intergovernmental.....	12,812,949	459,199	-	2,219,357	2,957,244	18,448,749
Departmental and other.....	258,126	-	168,734	-	372,653	799,513
Contributions.....	-	-	-	-	256,741	256,741
Investment income.....	94,980	-	-	-	4,381	99,361
TOTAL REVENUES.....	70,330,679	459,199	168,734	2,219,357	8,179,687	81,357,656
EXPENDITURES:						
Current:						
General government.....	2,575,356	-	190,298	-	115,869	2,881,523
Public safety.....	5,993,576	-	-	-	121,895	6,115,471
Education.....	33,514,415	459,199	-	-	5,249,587	39,223,201
Public works.....	4,214,477	-	-	-	358,910	4,573,387
Human services.....	698,835	-	-	-	64,577	763,412
Culture and recreation.....	1,216,204	-	-	2,191,365	712,394	4,119,963
Pension benefits.....	8,065,476	-	-	-	-	8,065,476
Property and liability insurance.....	271,221	-	-	-	-	271,221
Employee benefits.....	5,616,358	-	-	-	-	5,616,358
State and county charges.....	539,989	-	-	-	-	539,989
Capital outlay.....	1,165,364	-	-	-	-	1,165,364
Debt service:						
Principal.....	4,290,000	-	-	-	-	4,290,000
Interest.....	1,609,598	-	-	-	-	1,609,598
TOTAL EXPENDITURES.....	69,770,869	459,199	190,298	2,191,365	6,623,232	79,234,963
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	559,810	-	(21,564)	27,992	1,556,455	2,122,693
OTHER FINANCING SOURCES (USES):						
Issuance of long-term debt.....	-	-	-	9,300,000	-	9,300,000
Premium from issuance of bonds.....	-	-	-	-	217,365	217,365
Transfers in.....	790,140	-	-	-	-	790,140
Transfers out.....	-	-	-	-	(499,162)	(499,162)
TOTAL OTHER FINANCING SOURCES (USES).....	790,140	-	-	9,300,000	(281,797)	9,808,343
NET CHANGE IN FUND BALANCES.....	1,349,950	-	(21,564)	9,327,992	1,274,658	11,931,036
FUND BALANCES AT BEGINNING OF YEAR, AS REVISED.....	5,419,471	-	138,417	-	7,395,721	12,953,609
FUND BALANCES AT END OF YEAR.....	\$ 6,769,421	\$ -	\$ 116,853	\$ 9,327,992	\$ 8,670,379	\$ 24,884,645

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**

FISCAL YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds..... \$ 11,931,036

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.

Capital outlay.....	5,167,049	
Depreciation expense.....	<u>(5,900,174)</u>	
Net effect of reporting capital assets.....		(733,125)

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 revenue..... (2,110,517)

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.

Proceeds from bonds and notes.....	(9,300,000)	
Debt service principal payments.....	<u>4,290,000</u>	
Net effect of reporting long-term debt.....		(5,010,000)

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.

Net change in compensated absences accrual.....	407,000	
Net change in accrued interest on long-term debt.....	(83,500)	
Net change in other postemployment benefits.....	<u>(3,359,411)</u>	
Net effect of recording long-term liabilities.....		<u>(3,035,911)</u>

Change in net assets of governmental activities..... \$ 1,041,483

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2011

	<u>Business-type Sewer Enterprise</u>
ASSETS	
CURRENT:	
Cash and cash equivalents.....	\$ 2,209,105
Receivables, net of allowance for uncollectibles:	
User fees.....	1,837,294
Intergovernmental.....	<u>51,724</u>
Total current assets.....	<u>4,098,123</u>
NONCURRENT:	
Receivables, net of allowance for uncollectibles:	
Intergovernmental.....	296,350
Capital assets, not being depreciated.....	350,850
Capital assets, net of accumulated depreciation.....	<u>14,197,856</u>
Total noncurrent assets.....	<u>14,845,056</u>
TOTAL ASSETS.....	<u>18,943,179</u>
LIABILITIES	
CURRENT:	
Warrants payable.....	16,124
Accrued payroll.....	5,067
Accrued interest.....	7,255
Compensated absences.....	20,000
Bonds payable.....	<u>319,700</u>
Total current liabilities.....	<u>368,146</u>
NONCURRENT:	
Other postemployment benefits.....	117,191
Bonds payable.....	<u>1,230,900</u>
Total noncurrent liabilities.....	<u>1,348,091</u>
TOTAL LIABILITIES.....	<u>1,716,237</u>
NET ASSETS	
Invested in capital assets, net of related debt.....	12,998,106
Unrestricted.....	<u>4,228,836</u>
TOTAL NET ASSETS.....	<u>\$ 17,226,942</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2011

	Business-type Sewer Enterprise
<u>OPERATING REVENUES:</u>	
Charges for services	\$ 3,895,027
<u>OPERATING EXPENSES:</u>	
Cost of services and administration	595,663
MWRA assessment.....	2,158,037
Depreciation.....	823,848
 TOTAL OPERATING EXPENSES	 3,577,548
 OPERATING INCOME (LOSS).....	 317,479
<u>NONOPERATING REVENUES (EXPENSES):</u>	
Interest expense.....	(75,998)
Intergovernmental.....	45,563
 TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	 (30,435)
 INCOME/(LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS.....	 287,044
<u>CAPITAL CONTRIBUTIONS:</u>	
Sewer betterments.....	40,912
<u>TRANSFERS:</u>	
Transfers out.....	(290,978)
 CHANGE IN NET ASSETS.....	 36,978
NET ASSETS AT BEGINNING OF YEAR.....	17,189,964
NET ASSETS AT END OF YEAR.....	\$ 17,226,942

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2011

	Business-type Sewer Enterprise
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Receipts from customers and users.....	\$ 3,875,940
Payments to vendors.....	(2,391,241)
Payments to employees.....	(330,431)
	1,154,268
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>	
Transfers out.....	(290,978)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>	
Acquisition and construction of capital assets.....	(188,623)
Capital contributions.....	40,912
Principal payments on bonds and notes.....	(268,564)
Interest expense.....	(36,491)
	(452,766)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(452,766)
NET CHANGE IN CASH EQUIVALENTS.....	410,524
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	1,798,581
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ <u>2,209,105</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u>	
<u>FROM OPERATING ACTIVITIES:</u>	
Operating income (loss).....	\$ <u>317,479</u>
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Depreciation.....	823,848
Changes in assets and liabilities:	
User fees.....	(19,087)
Warrants payable.....	(932)
Accrued payroll.....	(3,034)
Accrued compensated absences.....	1,000
Other postemployment benefits.....	34,994
Total adjustments.....	836,789
NET CASH FROM OPERATING ACTIVITIES.....	\$ <u>1,154,268</u>
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>	
Intergovernmental debt service subsidy.....	\$ <u>91,686</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2011

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and cash equivalents.....	\$ 349,556	\$ 879,861
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	-	22,828
TOTAL ASSETS	<u>349,556</u>	<u>902,689</u>
LIABILITIES		
Warrants payable.....	-	134
Liabilities due depositors.....	-	902,555
TOTAL LIABILITIES	<u>-</u>	<u>902,689</u>
NET ASSETS	<u>\$ 349,556</u>	<u>\$ -</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2011

	<u>Private Purpose Trust Funds</u>
<u>ADDITIONS:</u>	
Contributions:	
Private donations.....	\$ 77,116
Net investment income:	
Interest.....	<u>5,036</u>
TOTAL ADDITIONS.....	<u>82,152</u>
<u>DEDUCTIONS:</u>	
Educational scholarships.....	<u>96,150</u>
CHANGE IN NET ASSETS.....	(13,998)
NET ASSETS AT BEGINNING OF YEAR.....	<u>363,554</u>
NET ASSETS AT END OF YEAR.....	<u>\$ 349,556</u>

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

An elected three-member Board of Selectmen governs the Town.

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 Town’s 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 did not identify any component units requiring inclusion in the basic financial statements.

Joint Ventures

The Town has entered into a joint venture with the Towns of Avon, Canton, Dedham, Braintree, Holbrook, Milton, Norwood, and Randolph to pool resources and share the costs, risks and rewards of providing vocational education through the Blue Hills Regional Technical School District (District). As of June 30, 2011, the District has no significant unassigned fund balance and has approximately \$170,000 in outstanding long-term bonds related to capital improvements. The following is the address where the District’s financial statements are available, its purpose, and the assessment paid by the Town during fiscal year 2011.

<u>Joint venture and address</u>	<u>Purpose</u>	<u>2011 Assessment</u>
Blue Hills Regional Technical School District 800 Randolph Street, Canton, MA 02021	To provide vocational education	<u>\$ 183,946</u>

The Town has no equity interest in the District.

Jointly Governed Organizations

The Board of Selectmen is responsible for appointing three of the six-member Board of Water Commissioners of the Dedham-Westwood Water District. The Town’s accountability for this organization does not extend beyond making these appointments.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net assets and the statement of changes in net assets) 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, liabilities, 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 fund of that category or type (total governmental or total enterprise funds), *and*
- If the total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

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

Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Basis of 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 fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., 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, and 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 fiscal 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 *state fiscal stabilization fund* is used to account for the Town's use of the federal state fiscal stabilization program which was awarded to Governors to help stabilize State and local budgets in order to minimize and avoid reductions in education and other essential services.

The *Westwood Station fund* is used to account for the funds received in connection with the development and renovation of the new train station as well as residential, commercial, and retail units.

The *Library Project fund* is used to account for the funds used in the construction and development of the Town library.

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

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

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

The following major proprietary fund is reported:

The *sewer enterprise fund* is used to account for the Town's sewer activities.

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

The following fiduciary fund types are reported:

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts 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 scholarship trusts are accounted for in this fund.

The *agency fund* is used to account for assets held in a purely custodial capacity. The Town's agency fund consists primarily of student activities and planning deposits.

Government-Wide and Fund Financial Statements

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

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 tax liens are processed annually on delinquent properties. Real estate and personal property taxes levied are recorded as receivables in the fiscal year of the levy and are recorded under the modified accrual basis of accounting.

Real estate tax liens are processed six months after the close of the valuation year on delinquent properties and are recorded as receivables in the fiscal year they are processed.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

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 Taxes

Motor vehicle excise taxes are assessed annually for each vehicle registered and are recorded as receivables in the fiscal 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 Fees

Sewer 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. Sewer liens are processed in October of every year and included as a lien on the property owner's tax bill. Sewer charges are recorded as receivables in the fiscal year of the levy and are recorded under the full accrual basis of accounting.

Departmental and Other

Departmental and other receivables consist primarily of police details, ambulance fees and school rentals and are recorded as receivables in the fiscal year accrued. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Intergovernmental

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred and all other grant requirements are met. These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

F. Inventories

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the basic financial statements and therefore are not reported.

G. Capital Assets

Capital assets, which include land, buildings and improvements, vehicles, machinery and equipment, furniture and fixtures, 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. 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 expected useful lives of greater than one year.

The Town has included all general infrastructure assets regardless of their acquisition date or amount. The Town was able to estimate the historical cost for the initial reporting of these assets through backtracking.

Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of fixed assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Buildings and improvements.....	7-40
Plant and infrastructure.....	7-40
Other buildings and improvements.....	7-40
Vehicles.....	5-10
Machinery and equipment.....	5-50
Furniture and fixtures.....	5-20
Infrastructure.....	5-50

H. Interfund Transfers

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

Transfers between and within governmental funds and are eliminated from the governmental activities in the statement of net assets. 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.

I. Net Assets and Fund Equity*Government-Wide Financial Statements (Net Assets)*

Net assets reported as "invested in capital assets, net of related debt" includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt 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 assets are reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net assets have been "restricted for" the following:

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

"Permanent funds – nonexpendable" represents the endowment portion of donor restricted trusts that support governmental programs.

"Gifts and Grants" – represents restrictions placed on assets from outside parties.

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.

“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.

“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.

J. 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 assets. 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.

K. 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.

L. Compensated Absences

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

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities.

Compensated absences are reported in the governmental funds only if they have matured.

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

N. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

The Town follows internal investment policies as well as investment policies established under Massachusetts General Laws. The Commonwealth's 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 State Treasurer's Investment Pool (the Pool). Additionally, they allow the Town to invest trust funds in trust companies incorporated under the laws of the Commonwealth, banking companies incorporated under the laws of the Commonwealth which are members of the Federal Deposit Insurance Corporation (FDIC), national banks, in participation units in combined investment funds, in paid-up shares and accounts of and in cooperative banks, in shares of savings and loan associations, in shares or savings deposits of federal savings and loan associations doing business in the Commonwealth to an amount not exceeding one hundred thousand dollars, and in bonds or notes which are legal investments for savings banks. Municipalities having trust funds in the custody of the Treasurer in an aggregate amount in excess of two hundred and fifty thousand dollars may also invest trust funds in securities, other than mortgages and collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth provided that not more than fifteen percent of any such trust funds shall be invested in bank stocks and insurance company stocks, nor shall more than one and one-half percent of such funds be invested in the stock of any one bank or insurance company.

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 of Massachusetts who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's deposit and investment policy allows for unlimited investments in MMDT, U.S. Treasuries and Agencies that will be held to maturity with maturities up to one year from the date of purchase, and bank accounts and Certificates of Deposit with maturities up to one year which are fully collateralized or fully insured.

Additionally, the Town’s policy allows for investments in unsecured bank deposits such as checking, savings, money market or Certificates of Deposit with maturities up to three months. Unsecured deposits in each institution are limited to no more than 5% of an institution’s assets and no more than 20% of the Town’s total cash. At fiscal year-end, the carrying amount of deposits totaled \$23,437,712 and the bank balance totaled \$23,704,121. Of the bank balance, \$2,000,000 was covered by Federal Depository Insurance, \$270,421 was covered by the Depositors Insurance Fund, \$99,560 was covered by the Share Insurance Fund, \$13,579,403 was collateralized and \$7,754,737 was subject to custodial credit risk because it was uninsured and uncollateralized.

Investments

As of June 30, 2011, the Town had the following investments:

Equity Mutual Funds.....	\$	12,453
MMDT.....		<u>5,064,156</u>
Total Investments.....	\$	<u><u>5,076,609</u></u>

The Town participates in MMDT, which maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately 3 months.

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 the outside party. At June 30, 2011, the Town does not have any custodial credit risk exposure for its investments since open-end mutual funds and MMDT deposits are not subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. In addition to the deposit and investment restrictions listed above, the Town’s investment policies allow for trust funds to be invested in any instruments allowed by the Legal List issued by the Banking Commissioner each July. Stabilization funds may be invested in National Banks, Savings Banks, Cooperative banks or trust companies organized under Massachusetts laws, Securities legal for savings banks (i.e. those included in the Legal List issued annually by the Banking Commissioner), Federal Savings and Loan Associations situated in the Commonwealth and the MMDT.

Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect the fair value of the Town’s investments. The Town manages its exposure to fair value losses arising from increasing interest rates by limiting the allowable maturities of investments. The Town’s investment policy limits the maturities of investments in U.S. Treasuries, U.S. Agencies and secured Certificates of Deposit to a maximum of one year from the date of purchase. Negotiable Certificates of Deposit are limited to a maximum of three months. The Town had no debt securities as of June 30, 2011.

Credit Risk

The Town’s policy for Credit Risk requires all brokerage houses and broker/dealers wishing to do business with the Town to supply the Treasurer with audited financial statements, proof of National Association of Security Dealers certification, a statement that the dealer has read the Town’s investment policy and will comply with it and proof of credit worthiness with minimum standards of at least five years in operation and a minimum capital of \$10 million. All of the Town’s investments are unrated.

Concentration of Credit Risk

The Town limits the amount that may be invested in any one issuer, except for MMDT, to no more than 5% of an institution's assets and no more than 30% of the Town's total investments. At June 30, 2011, the Town did not have more than 5% of the Town's investments in with any one issuer.

NOTE 3 – RECEIVABLES

At June 30, 2011, receivables for the individual major governmental funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>	
<u>Receivables:</u>				
Real estate and personal property taxes.....	\$ 902,444	\$ -	\$ 902,444	(1)
Tax liens.....	3,083,355	-	3,083,355	(1)
Motor vehicle excise taxes.....	195,402	(62,000)	133,402	
Departmental and other.....	159,616	(23,000)	136,616	
Intergovernmental.....	<u>16,716,255</u>	<u>-</u>	<u>16,716,255</u>	
 Total.....	 <u>\$ 21,057,072</u>	 <u>\$ (85,000)</u>	 <u>\$ 20,972,072</u>	

At June 30, 2011, receivables for the fiduciary funds consist of the following:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Details.....	<u>\$ 22,828</u>	<u>\$ -</u>	<u>\$ 22,828</u>

At June 30, 2011, receivables for the enterprise fund consist of the following:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Sewer fees.....	\$ 1,837,294	\$ -	\$ 1,837,294
Intergovernmental.....	<u>348,074</u>	<u>-</u>	<u>348,074</u>
 Total.....	 <u>\$ 2,185,368</u>	 <u>\$ -</u>	 <u>\$ 2,185,368</u>

(1) Subsequent to year-end the Town collected approximately \$3.1 million of delinquent real estate taxes and liens due mainly from the Westwood Station. Since these amounts were collected within 60 days of year-end they have been recorded as revenue under the modified accrual basis of accounting.

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

Receivable type:	General Fund	Nonmajor Governmental Funds	Total
Real estate and personal property taxes.....	\$ 404,174	\$ -	\$ 404,174
Tax liens.....	531,242	-	531,242
Motor vehicle excise taxes.....	133,402	-	133,402
Departmental and other.....	4,030	132,586	136,616
Intergovernmental.....	<u>15,784,116</u>	<u>932,139</u>	<u>16,716,255</u>
Total.....	<u>\$ 16,856,964</u>	<u>\$ 1,064,725</u>	<u>\$ 17,921,689</u>

NOTE 4 – INTERFUND TRANSFERS

At June 30, 2011, the Town did not have any interfund receivables or payables.

Interfund transfers for the fiscal year ended June 30, 2011, are summarized as follows:

Transfers Out:	Transfers In:
	General Fund
Nonmajor Governmental Fund.....	\$ 29,662 (A)
Nonmajor Governmental Fund.....	10,000 (B)
Nonmajor Governmental Fund.....	459,500 (C)
Sewer Enterprise Fund.....	<u>290,978 (D)</u>
Total.....	<u>\$ 790,140</u>

(A) - Transfer from New Library Project Premium Fund within the Nonmajor Fund to offset debt costs related to the Library project.

(B) - Transfer from Cemetery Permanent Fund to support cemetery expenditures.

(C) - Transfer from Special Revenue Ambulance Receipts for capital purchases.

(D) - Transfer from Sewer Fund to the General Fund for indirect cost reimbursements.

NOTE 5 – PENSION PLAN

Plan Description - The Town contributes to the Norfolk County Contributory Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan administered by the Norfolk County Retirement Board. Substantially all employees of the Town are members of the System, except for public school teachers and certain administrators who are members of the Commonwealth of 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 \$5,592,000 for the fiscal year ended June 30, 2011, 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 Norfolk County Contributory Retirement Board and are borne by the System. The System issues a publicly available financial report in accordance with guidelines established by the Commonwealth's Public Employee Retirement Administration Commission. That report may be obtained by contacting the System located at 480 Neponset Street, Building 15, Canton, MA, 02021.

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. The contributions of plan members and the Town are governed by Chapter 32 of the MGL.

Annual Pension Cost - The Town's contributions to the System for the fiscal years ended June 30, 2011, 2010, and 2009 were \$2,417,220, \$2,329,423, and \$2,135,190, which equaled its required contribution for each fiscal year.

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 liability for benefits. Additionally, the schedule of employer contributions, presented as required supplementary information, following the notes to the basic financial statements, 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. This information is designed to be helpful for understanding the scale of the information presented relative to the Town.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 5,858,382	\$ -	\$ -	\$ 5,858,382
Construction in progress.....	-	2,191,365	-	2,191,365
 Total capital assets not being depreciated.....	 5,858,382	 2,191,365	 -	 8,049,747
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	90,429,950	860,382	-	91,290,332
Vehicles.....	5,922,343	480,461	(221,395)	6,181,409
Machinery and equipment.....	8,878,007	1,098,874	-	9,976,881
Furniture and fixtures.....	261,123	96,860	-	357,983
Infrastructure.....	84,391,777	439,107	-	84,830,884
 Total capital assets being depreciated.....	 189,883,200	 2,975,684	 (221,395)	 192,637,489
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(23,708,187)	(2,296,273)	-	(26,004,460)
Vehicles.....	(4,227,968)	(428,022)	221,395	(4,434,595)
Machinery and equipment.....	(6,198,665)	(856,603)	-	(7,055,268)
Furniture and fixtures.....	(226,797)	(19,452)	-	(246,249)
Infrastructure.....	(46,278,876)	(2,299,824)	-	(48,578,700)
 Total accumulated depreciation.....	 (80,640,493)	 (5,900,174)	 221,395	 (86,319,272)
 Total capital assets being depreciated, net.....	 109,242,707	 (2,924,490)	 -	 106,318,217
 Total governmental activities capital assets, net.....	 \$ 115,101,089	 \$ (733,125)	 \$ -	 \$ 114,367,964

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 350,850	\$ -	\$ -	\$ 350,850
<u>Capital assets being depreciated:</u>				
Plant and infrastructure.....	25,690,432	132,709	-	25,823,141
Other buildings and improvements.....	6,339,070	-	-	6,339,070
Vehicles.....	503,246	55,914	(52,829)	506,331
Machinery and equipment.....	483,709	-	-	483,709
Furniture and fixtures.....	35,323	-	-	35,323
Total capital assets being depreciated.....	<u>33,051,780</u>	<u>188,623</u>	<u>(52,829)</u>	<u>33,187,574</u>
<u>Less accumulated depreciation for:</u>				
Plant and infrastructure.....	(14,838,713)	(515,136)	-	(15,353,849)
Other buildings and improvements.....	(2,901,420)	(198,607)	-	(3,100,027)
Vehicles.....	(257,653)	(83,166)	52,829	(287,990)
Machinery and equipment.....	(185,590)	(26,939)	-	(212,529)
Furniture and fixtures.....	(35,323)	-	-	(35,323)
Total accumulated depreciation.....	<u>(18,218,699)</u>	<u>(823,848)</u>	<u>52,829</u>	<u>(18,989,718)</u>
Total capital assets being depreciated, net.....	<u>14,833,081</u>	<u>(635,225)</u>	<u>-</u>	<u>14,197,856</u>
Total business-type activities capital assets, net.....	<u>\$ 15,183,931</u>	<u>\$ (635,225)</u>	<u>\$ -</u>	<u>\$ 14,548,706</u>

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

Governmental Activities:

General government.....	\$ 176,680
Public safety.....	329,965
Education.....	2,747,690
Public works.....	2,611,577
Human services.....	29,956
Culture and recreation.....	<u>4,306</u>

Total depreciation expense - governmental activities..... \$ 5,900,174

Business-Type Activities:

Sewer.....	<u>\$ 823,848</u>
------------	-------------------

NOTE 7 – SHORT-TERM FINANCING

The Town is authorized to borrow on a temporary basis 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).
- Federal and state aided capital projects and other program expenditures prior to receiving reimbursement through issuance of federal and state aid anticipation notes (FANS and SANS).

Short-term loans are general obligations of the Town and carry maturity dates that are limited by statute. Interest expenditures for short-term borrowings are accounted for in the General Fund and Sewer Enterprise Fund.

The Town did not have any short-term debt activity during fiscal 2011.

NOTE 8 – LONG-TERM DEBT

State law permits the Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5% of its equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." In addition, however, a Town may authorize debt 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, 2011, and the debt service requirements follow.

Project	Interest Rate (%)	Outstanding at June 30, 2010	Issued	Redeemed	Outstanding at June 30, 2011
Martha Jones School Construction.....	3.90-5.00	\$ 1,440,000	\$ -	\$ 720,000	\$ 720,000
Downey School Construction.....	3.90-5.00	1,260,000	-	630,000	630,000
Striar Land Purchase.....	3.90-5.00	260,000	-	130,000	130,000
Cemetery Land Purchase.....	3.90-5.00	60,000	-	30,000	30,000
School Construction.....	2.50-5.38	25,675,000	-	1,975,000	23,700,000
Public Building.....	3.00-5.00	1,130,000	-	285,000	845,000
Land Acquisition.....	3.50-4.00	150,000	-	30,000	120,000
High Street Reconstruction.....	3.50-4.00	770,000	-	110,000	660,000
High Street Lights.....	3.50-4.00	145,000	-	25,000	120,000
High School Supplement.....	3.50-4.00	1,690,000	-	130,000	1,560,000
High School Fields.....	3.50-4.00	375,000	-	50,000	325,000
Middle School Modular Classrooms.....	2.13-5.00	3,325,000	-	175,000	3,150,000
Library Construction.....	3.25-4.00	-	9,300,000	-	9,300,000
Total Governmental Bonds Payable.....		36,280,000	9,300,000	4,290,000	41,290,000
Sewer (MWPAT).....	3.88	1,565,287	-	164,687	1,400,600
Sewer.....	3.90-5.00	300,000	-	150,000	150,000
Total Enterprise Bonds Payable.....		1,865,287	-	314,687	1,550,600
Total General Obligation Bonds Payable.....		\$ 38,145,287	\$ 9,300,000	\$ 4,604,687	\$ 42,840,600

Debt service requirements for principal and interest for bonds payable in the general fund in future fiscal years are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012.....	\$ 4,750,000	\$ 1,767,923	\$ 6,517,923
2013.....	3,235,000	1,572,152	4,807,152
2014.....	3,230,000	1,429,178	4,659,178
2015.....	2,950,000	1,281,291	4,231,291
2016.....	2,920,000	1,146,346	4,066,346
2017.....	2,920,000	1,029,074	3,949,074
2018.....	2,790,000	893,477	3,683,477
2019.....	2,745,000	780,666	3,525,666
2020.....	2,745,000	652,791	3,397,791
2021.....	2,745,000	531,366	3,276,366
2022.....	2,745,000	409,586	3,154,586
2023.....	2,745,000	299,369	3,044,369
2024.....	640,000	187,988	827,988
2025.....	640,000	164,713	804,713
2026.....	640,000	140,276	780,276
2027.....	640,000	115,618	755,618
2028.....	640,000	89,582	729,582
2029.....	640,000	63,456	703,456
2030.....	465,000	37,200	502,200
2031.....	465,000	18,600	483,600
Total.....	<u>\$ 41,290,000</u>	<u>\$ 12,610,648</u>	<u>\$ 53,900,648</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012.....	\$ 319,700	\$ 58,112	\$ 377,812
2013.....	90,300	136,660	226,960
2014.....	176,300	48,124	224,424
2015.....	181,600	42,279	223,879
2016.....	187,100	32,554	219,654
2017.....	192,800	23,516	216,316
2018.....	198,500	10,451	208,951
2019.....	204,300	5,108	209,408
Total.....	<u>\$ 1,550,600</u>	<u>\$ 356,804</u>	<u>\$ 1,907,404</u>

The Town is scheduled to be subsidized by the Massachusetts Water Pollution Abatement Trust (MWPAT) on a periodic basis for principal in the amount of \$348,074 and interest costs for \$242,100. Thus, net MWPAT loan repayments including interest are scheduled to be \$1,160,668. Since the Town is legally obligated for the total amount of the debt, such amounts have been recorded in the accompanying basic financial statements. The fiscal year 2011 principal and interest subsidy totaled \$46,123 and \$45,563, respectively.

The Town has been approved to receive school construction assistance through the Massachusetts School Building Authority (MSBA). The MSBA provides resources for eligible construction costs and debt interest and borrowing costs. During fiscal year 2011, approximately \$2,760,000 of such assistance was received. Approximately \$19,511,000 will be received in future fiscal years. Of this amount, approximately \$3,821,000 represents reimbursement of long-term interest costs, and approximately \$15,690,000 represents reimbursement of approved construction costs. Accordingly, a \$15,690,000 intergovernmental receivable and corresponding deferred revenue has been recorded in the fund based financial statements and the change in the receivable has been recognized as revenue in the conversion to the government-wide financial statements.

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, 2011, the Town had the following authorized and unissued debt:

Purpose	Date Voted	Article	Amount Authorized and Unissued
DPW Capital Improvements.....	5/2/2011	10	\$ 460,000
Brook Street Culvert.....	5/2/2011	11	450,000
Total.....			<u>\$ 910,000</u>

Changes in Long-Term Liabilities

During the fiscal year ended June 30, 2011, the following changes occurred in long-term liabilities:

	Balance at June 30, 2010	Additions	Retirements and Other	Balance at June 30, 2011	Current Portion
Governmental Activities:					
Long-Term Bonds.....	\$ 36,280,000	\$ 9,300,000	\$ (4,290,000)	\$ 41,290,000	\$ 4,750,000
Other Postemployment Benefits.....	7,800,543	4,503,785	(1,144,374)	11,159,954	-
Compensated Absences.....	1,922,000	929,000	(1,336,000)	1,515,000	1,013,000
Total Governmental Activities.....	<u>46,002,543</u>	<u>14,732,785</u>	<u>(6,770,374)</u>	<u>53,964,954</u>	<u>5,763,000</u>
Business-Type Activities:					
Long-Term Bonds.....	1,865,287	-	(314,687)	1,550,600	319,700
Other Postemployment Benefits.....	82,197	47,294	(12,300)	117,191	-
Compensated Absences.....	19,000	20,000	(19,000)	20,000	20,000
Total Business-Type Activities.....	<u>1,966,484</u>	<u>67,294</u>	<u>(345,987)</u>	<u>1,687,791</u>	<u>339,700</u>
Total.....	<u>\$ 47,969,027</u>	<u>\$ 14,800,079</u>	<u>\$ (7,116,361)</u>	<u>\$ 55,652,745</u>	<u>\$ 6,102,700</u>

Compensated absence liabilities and other postemployment benefit liabilities related to both governmental and business-type activities are normally paid from the general fund and sewer enterprise funds, respectively.

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town has adopted GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Types Definitions*, as part of its fiscal year 2011 reporting. Implementation of GASB 54 is required for fiscal years beginning after June 15, 2010. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Town's financial statements. The reporting standard establishes a hierarchy for fund balance classification and the constraints imposed on the uses of those resource.

Massachusetts General Law Ch.40 §5B allows for the establishment of Stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body 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 the legislative body. At fiscal year end the balance of the General Stabilization fund is \$1.2 million and is reported as unassigned fund balance within the General Fund.

In accordance with GASB Statement No. 54, the stabilization fund has been reported in the general fund, and accordingly, the general fund beginning balance increased by \$1,216,020 and the revised balance totals \$5,419,471.

GASB 54 provides for two major types of fund balance, 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 balances, 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.
- 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.

As of June 30, 2011, the governmental fund balance consisted of the following:

	GOVERNMENTAL FUNDS				
	General	Westwood Station	Library Project	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES					
Nonspendable:					
Permanent fund principal..... \$	- \$	- \$	- \$	346,050 \$	346,050 \$
Restricted for:					
Westwood station.....	-	116,853	-	-	116,853
Library project.....	-	-	9,327,992	-	9,327,992
Town grants and revolving funds.....	-	-	-	2,144,976	2,144,976
School lunch.....	-	-	-	121,608	121,608
Ambulance fund.....	-	-	-	779,386	779,386
School grants and revolving funds.....	-	-	-	3,610,349	3,610,349
Highway improvement fund.....	-	-	-	58,460	58,460
Expendable governmental trusts.....	-	-	-	104,520	104,520
Roadway improvements.....	-	-	-	459,336	459,336
School building renovations.....	-	-	-	584,883	584,883
Cemetery.....	-	-	-	8,628	8,628
Facilities renovations.....	-	-	-	268,193	268,193
Other expendable trust funds.....	-	-	-	183,990	183,990
Assigned to:					
General government.....	14,074	-	-	-	14,074
Public safety.....	4,482	-	-	-	4,482
Education.....	1,178,512	-	-	-	1,178,512
Public works.....	146,171	-	-	-	146,171
Human services.....	393	-	-	-	393
Culture and recreation.....	6,780	-	-	-	6,780
Capital outlay.....	850,479	-	-	-	850,479
Unassigned.....	4,568,530	-	-	-	4,568,530
TOTAL FUND BALANCES..... \$	<u>6,769,421</u>	<u>116,853</u>	<u>9,327,992</u>	<u>8,670,379</u>	<u>24,884,645</u>

NOTE 10 – RISK FINANCING

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

The Town provides health insurance to its employees through its participation in the West Suburban Health Group (the Group), a non-profit trust comprised of eleven towns, one school district and two educational collaboratives. The Group is self-sustaining through member premiums. The Town recognizes the cost of providing health insurance by recording its 60% share of insurance premiums paid to the Group in the General Fund in the fiscal year paid. The purpose of the Group is to pay medical claims of its members' employees and their covered dependents. In the event the group is terminated, the Town is obligated to pay its prorated share of a deficit, should one exist.

The Town is a member of the Massachusetts Interlocal Insurance Association (MIIA), a public entity risk pool currently operating as a common risk management and insurance program for workers' compensation benefits for employees other than uniformed police and fire personnel. MIIA is self-sustaining through member premiums and reinsures through commercial companies for stop loss insurance. The total premiums assessed by MIIA to the Town during fiscal year 2011 totaled \$161,115 and are recorded in the General Fund.

The Town is self-insured for the workers' compensation claims of police officers and firefighters and are paid on a pay-as-you-go basis from the General Fund. The estimated liability for workers' compensation claims is based on history and injury type. The Town's liability is not material at June 30, 2011, and therefore is not reported.

The Town is self-insured for unemployment compensation. During fiscal year 2011, the Town appropriated \$87,000 to provide for anticipated costs of unemployment benefits. During fiscal year 2011, claims related to unemployment compensation totaled \$79,000. The liability for unemployment compensation was not material at June 30, 2011, and therefore is not reported.

NOTE 11 – STABILIZATION FUND

The Town has \$1.2 million in a stabilization fund classified as part of the general fund in the governmental funds financial statements. The stabilization fund may be used for general and/or capital purposes upon Town Meeting approval. During fiscal year 2011, the stabilization fund earned investment income of approximately \$3,500.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description – The Town of Westwood administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town's group health insurance plan, 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 Retiree Health Plan does not issue a publicly available financial report.

Funding Policy – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 60 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 40 percent of their premium costs. For fiscal year 2011, the Town contributed approximately \$1.2 million to the plan.

Annual OPEB Cost and Net OPEB Obligation – The Town's annual 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 the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty 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 obligation are summarized in the following table:

Annual required contribution.....	\$ 4,502,956
Interest on net OPEB obligation.....	275,896
Amortization of net OPEB obligation.....	<u>(227,773)</u>
Annual OPEB cost (expense).....	4,551,079
Contributions made.....	<u>(1,156,674)</u>
Increase/(Decrease) in net OPEB obligation.....	3,394,405
Net OPEB obligation-beginning of year.....	<u>7,882,740</u>
Net OPEB obligation-end of year.....	<u>\$ 11,277,145</u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2009, 2010 and 2011 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2011	\$ 4,551,079	25%	\$ 11,277,145
6/30/2010	4,289,421	25%	7,882,740
6/30/2009	5,973,531	22%	4,671,531

Funded Status and Funding Progress – As of June 30, 2009, the most recent actuarial valuation date, the actuarial accrued liability for benefits totaled \$49,334,499, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$39,100,816, and the ratio of the UAAL to the covered payroll was 126.2 percent.

Actuarial 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 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, 2009 actuarial valuation, actuarial liabilities were determined using the projected unit credit cost method. The actuarial assumptions included a 3.5% 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, and an annual medical/drug cost trend rate of 9% initially, graded to 5% over 7 years. The UAAL is being

amortized over a 30 year closed period using a level percentage of projected payroll with amortization payments increasing at 4.5% per year. The remaining amortization period at June 30, 2011 is 27 years.

NOTE 13 – COMMITMENTS

Westwood Station:

The Town's high profile commercial development project, known as Westwood Station, has stalled in recent years due to the economic downturn. The project originally planned to include in excess of 4.5 million square feet of retail, office, residential, and hotel space to be sited on the Town's former industrial park known as University Ave Park. Subsequent to year end, an agreement was reached for the project to be purchased by a new developer in an effort to re-energize the project and move forward. Advancement of this project has the potential to significantly enhance the Town's tax base.

Library Construction:

During fiscal year 2010, the Town approved construction of a new 32,000 square foot main library located adjacent to the current library. The two-year project has an estimated cost of \$13.85 million, began in fiscal year 2011. The project includes relocating a historic building on this site, all costs associated with the construction of the new facility, and the demolition of the current library. During fiscal 2011, the Town financed \$9.3 million and received approximately \$2.2 million from the Massachusetts Library and Green Incentive Grant. The total grant is \$4 million and the remainder will be received in fiscal 2012. Also, the remainder of the project will be financed through private donations.

NOTE 14 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the Town grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2011, 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 the Town expects such amounts, if any, to be immaterial.

Various legal actions and claims are pending against the Town. 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, 2011, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2011.

NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2011, the following GASB pronouncements were implemented:

- GASB Statement #54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented in fiscal year 2011. Financial statements changes include new fund balance designations and the reclassification of stabilization funds from the special revenue fund to the general fund. Notes to the basic financial statements were changed to provide additional disclosure on the new designations of fund balance.

- GASB Statement #59, *Financial Instruments Omnibus*, was implemented in fiscal year 2011 and did not impact the financial statements

Future Implementation of GASB Pronouncements:

- The GASB issued Statement #60, *Accounting and Financial Reporting for Service Concession Arrangements*, which is required to be implemented in fiscal year 2013. Management expects that the implementation of this pronouncement will have an impact on the basic financial statements.
- The GASB issued Statement #61, *The Financial Reporting Entity: Omnibus*, which is required to be implemented in fiscal year 2013. Management's current assessment is that this pronouncement will not have a significant impact on the basic financial statements.
- The GASB issued Statement #62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is required to be implemented in fiscal year 2013. Management's current assessment is that this pronouncement will not have a significant impact on the basic financial statements.
- The GASB issued Statement #63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which is required to be implemented in fiscal year 2013. Management's current assessment is that this pronouncement will have a significant impact on the basic financial statements.
- The GASB issued Statement #64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions, an amendment of GASB Statement No. 53*, which is required to be implemented in fiscal year 2012. Management does not believe that this pronouncement will require additional disclosure or impact the basic financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK



EDWARDS WILDMAN PALMER LLP
111 HUNTINGTON AVENUE
BOSTON, MA 02199
+1 617 239 0100 main +1 617 227 4420 fax
edwardswildman.com

(Date of Delivery)

James J. Gavin, Treasurer
Town of Westwood
Westwood, Massachusetts

\$4,635,000
Town of Westwood, Massachusetts
General Obligation Municipal Purpose Loan of 2012 Bonds
Dated December 20, 2012

We have acted as bond counsel to the Town of Westwood, Massachusetts (the "Town") in connection with the issuance by the Town of the above-referenced bonds (the "Bonds"). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the Town contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the Town and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Town with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure by the Town to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We

express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Edwards Wildman Palmer LLP

**PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of Westwood, Massachusetts (the “Issuer”) in connection with the issuance of its \$4,635,000 General Obligation Municipal Purpose Loan of 2012 Bonds dated December 20, 2012 (the “Bonds”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted when available separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB, in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated December 12, 2012 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

(b) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles, with certain exceptions permitted by the Massachusetts Uniform Municipal Accounting System promulgated by the Department of Revenue of the Commonwealth. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of the Owners of the Bonds, if material.
 8. Bond calls, if material, and tender offers.
 9. Defeasances.
 10. Release, substitution or sale of property securing repayment of the Bonds, if material.
 11. Rating changes.
 12. Bankruptcy, insolvency, receivership or similar event of the Issuer.*
 13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
 14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (b) Upon the occurrence of a Listed Event, the Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance in accordance with the terms of the Bonds or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this

* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action for specific performance of the Issuer's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: December 20, 2012

TOWN OF WESTWOOD,
MASSACHUSETTS

By _____
Treasurer

Selectmen

[EXHIBIT A: Filing Information for the MSRB]
[EXHIBIT B: Form of Notice of Failure to File Annual Report]