Comprehensive Annual Financial Report

Year Ended June 30, 2017

The Town of Westwood, Massachusetts

The Town of
Westwood, Massachusetts

Comprehensive
Annual Financial Report

For the Year
July 1, 2016 through June 30, 2017

Board of Selectmen

John Hickey, Chairman
Nancy C. Hyde
Michael F. Walsh

Prepared by:
Pamela Dukeman, Finance Director

Town of Westwood, Massachusetts

Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

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Certificate of Achievement

Finance Director Pamela Dukeman and Finance Team Receiving CAFR Award from Board of Selectmen.

Pictured from left to right, Town Administrator Michael Jaillet, Selectman Michael Walsh, Selectman Nancy Hyde, Selectman Chairman John Hickey, Finance Director Pam Dukeman, Town Accountant Marie O'Leary, Financial Analyst Laura Bucari, Assistant Treasurer Kathryn Foley, and Town Treasurer James Gavin

Town of Westwood

Commonwealth of Massachusetts

Office of the Finance Director

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Letter of Transmittal

November 12, 2017

To the Honorable Board of Selectmen and Citizens of the Town of Westwood:

State law requires the Town of Westwood to publish at the close of each year a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, I hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Westwood, Massachusetts, for the year ending June 30, 2017 for your review.

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

This report consists of management's representations concerning the finances of the Town of Westwood. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Management of the Town is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Finance Director is responsible for evaluating the adequacy and effectiveness of the internal control structure and implementing improvements.

Because the cost of internal controls should not outweigh their benefits, the Town of Westwood's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The Town of Westwood's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Westwood for the year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Westwood's financial statements for the year ended June 30, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of an MD&A. This letter of transmittal is designed to complement the MD&A where the financial analysis is presented. The Town's MD&A can be found immediately following the independent auditor's report from Powers & Sullivan, LLC.

Profile of the Town

Westwood was incorporated as a Town in 1897. With a population of approximately 15,000, Westwood is located in eastern Massachusetts, 13 miles south of Boston, with a land area of 11 square miles. Situated at the junction of Routes 95/128 and 93, Westwood provides an excellent location for its residents and its businesses. The Town offers the further convenience of two commuter rail lines, full MBTA bus service on some major routes, and Amtrak high speed rail access to Boston and New York.

Westwood is known throughout the state for its high quality school system and beautiful open space. Westwood 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. Westwood High School was named a 2012 National Blue Ribbon School with a designation of Extremely High Performance by the U. S. Department of Education.

Westwood is recognized throughout the state for its attractive open space and rambling New England stone walls.

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

The Town operates under a Board of Selectmen/Open Town Meeting/Town Administrator form of government. The elected, three-member Board of Selectmen makes policy decisions. The Town Administrator 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 three-year staggered terms.

The Finance Director is responsible for preparing and presenting the General Fund budget to the Board of Selectmen. The Selectmen review all requests and Town wide issues and present a budget to Town Meeting for approval. A fifteen member Finance and Warrant Commission reviews the budget and makes recommendations to Town Meeting.

The level of budgetary control is established by Town Meeting and this approval defines the level at which expenditures may not exceed appropriations. This level is typically at the individual department salary and expense level. The Town Accountant is responsible for ensuring all payroll and invoices are within the budgetary control level before authorizing payment. Additional appropriations may be approved at subsequent Town Meetings. The Finance and Warrant Commission, upon request by the Board of Selectmen, may approve during

the year a transfer from a reserve fund established at Town Meeting. These controls ensure compliance with the budget approved by Town Meeting.

Information Useful in Assessing the Town's Economic Condition

The Town of Westwood continues to reflect a strengthening local economy. The per capita income of $101,520 continues to rise and outpace the state average. Westwood also has an extremely low comparable unemployment rate of 2.6% (May, 2017) compared with the state rate of 3.9% (April, 2017).

Westwood is a very desirable community and this is reflected in the strong residential sales market, which has risen above the 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.

Westwood has experienced a major, positive change in commercial property value. In order to improve commercial development, the Town took steps several years ago to enhance the desirability of its major commercial areas, including creating specific overlay districts for each commercial area encouraging flexible redevelopment. The University Park 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 speed rail service to Providence, Rhode Island, New York City and Washington DC.

University Station, the Town's high profile commercial development project, significantly advanced in 2017. The project includes over two million square feet of new mixed use development including residential, commercial, hotel, office, and retail components. Stores and many restaurants have now been opened and operating as a vibrant commercial center. Construction of a hotel and additional restaurant has begun and will be completed in the upcoming fiscal year. Advancement of this project has significantly enhanced the Town's tax base.

The Town knew that the resulting economic benefits including employment opportunities from the project and significant new growth revenue would outweigh the additional service costs. The project has mitigated any transportation and environmental concerns, and is providing for an enhanced and stable commercial tax base, creating new employment opportunities and maintaining and enhancing the quality of the community.

The overlay district zoning for University Park 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 as well as to Providence, Rhode Island. The station also serves as the suburban stop for the Acela high speed rail train between Boston, New York and Washington, D.C. 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.

The Everett/Providence Highway commercial area has recently been redeveloped with three new high end car dealerships (Jaguar, Acura, and Audi) constructed during 2016. These have also added to the commercial tax base.

The growth of the Town's main source of revenues, property taxes, is capped by Proposition 2 ½ and can only be overridden by a majority vote at a Town election. While tax revenue increases have been limited in recent years, other revenue sources, such as State aid and local receipts have stabilized. In addition, the Town has made significant efforts with fixed costs budgets, resulting in much improved budgets in health insurance and benefit accounts. On the Town's operating side, the 2017 budgets and service level were maintained through a modest 3.5% 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. The Town continues to work on the health insurance costs

resulting in continued savings. The changes included plan restructuring and transition to the state GIC program. Savings from the changes has allowed the Town to build into the budget an annual OPEB appropriation of $1,390,000, which will be increased incrementally by $25,000 per year. The Town has made significant progress in addressing the OPEB liability and with continued work may soon reach full compliance with the annual requirement.

The Town continues to manage its financial affairs in a prudent manner, primarily through considerable long-term planning and strong financial policies. In 2016 the Town's AAA credit rating was reaffirmed by Standard & Poor's. It has been able to do so by incorporating long range planning tools such as a five-year Capital Improvement Program; maintaining reserve balances and addressing long term liabilities 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 2017, the Town continued to demonstrate its commitment to the Financial Policy of maintaining and building its reserve accounts. The Town continued its commitment to build the Stabilization account to the policy goal level, which is 4% of general fund net operating revenues. The 2018 budget appropriated $100,000 to the Stabilization Fund and $1,390,000 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, with the exception of major new buildings. The Town has aggressively pursued and received state funding for all school construction projects. The state is committed to stabilized annual payments of approximately $1.4 million which are directly applied to the High School debt service thereby limiting the burden on the taxpayers. Other municipal ten year bonds were completed in 2015, before the addition of new bonds for public safety buildings. This roll over of debt allowed the Town to issue new debt for infrastructure improvements and remain within the same debt levels. 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 resources 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 towards 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.

Major initiatives for 2018 will include continuing inspecting and facilitating the construction of additional pieces of the University Station project including the hotel and new restaurants, 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 services.

The Town significantly improved its public safety facilities. The new police and fire stations will come on line in FY18. These new facilities will not only enhance current services but will allow the Town to provide additional services to meet the needs of the University Station development. The Town will begin planning in FY18 for the next phase of facilities upgrades for Town and School buildings.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Westwood for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report. Westwood has received this award annually since 1997, a 20 year consecutive record.

In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

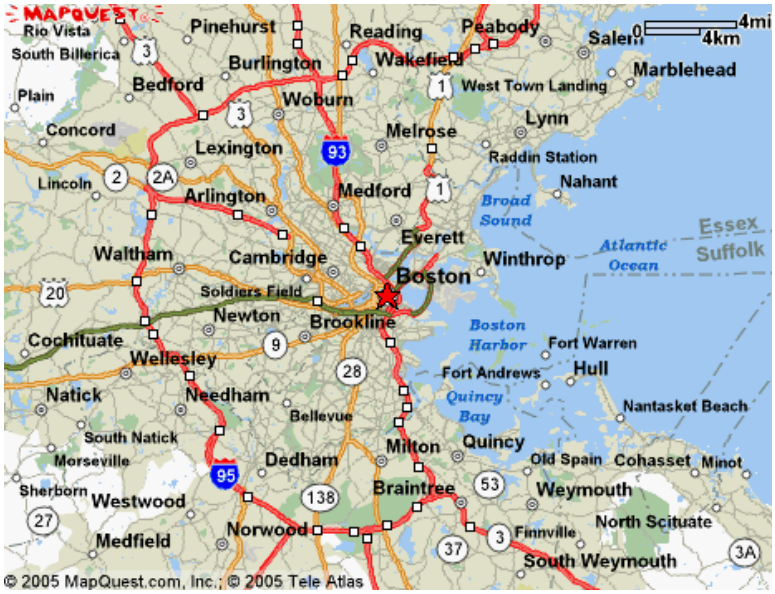
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

This report represents significant effort by the entire financial team of the Town, whose dedicated efforts have significantly improved the financial operations of the Town. I particularly would like to acknowledge the efforts of Laura Bucari, whose assistance was invaluable in the preparation of this Comprehensive Annual Financial Report. I would also like to thank the Town's management team for their recognition of the importance of the CAFR and the encouragement given to the financial departments.

Respectfully submitted,

Pamela Dukeman
Finance Director

A Few Words About Westwood….



Westwood was incorporated as a town in 1897 and has a current population of approximately 14,809. The town is located in eastern Massachusetts, 13 miles south of its capital city of Boston. One major attraction of Westwood is its location in relation to Boston and major roadways. The commuter rail has four convenient stops within five minutes of Town, one of which doubles as an Amtrak station. The Amtrak station provides connections originating in Boston and continuing to Providence, Rhode Island and New York City.

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

Westwood operates under a Board of Selectmen/Open Town Meeting/Town Administrator form of government. The elected, three-member Board of Selectmen makes policy decisions. The Town Administrator 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 Town's public school system. School Committee members, like the Board of Selectmen, are elected at-large to three-year staggered terms.

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

From a natural perspective, the Town works very hard to conserve land. It is the hope of preservation workers that Westwood can create its own emerald necklace with its conservation land and walking paths. Hale Reservation is one of the Town's hidden gems. With 1,100 acres of wooded area and a large pond, Hale is an active part of the community. During the summer, Hale's membership beach attracts over 500 families.

The formation of Westwood has been influenced by a number of factors. Character, community, and location are just three of its most admirable traits.

In March 2012, Boston Magazine selected Westwood as one of the best places to live in Massachusetts.

2012 National Blue Ribbon School of Excellence

WESTWOOD HIGH SCHOOL NAMED
2012 NATIONAL BLUE RIBBON HIGH SCHOOL

Westwood High School was named a 2012 National Blue Ribbon High School by U.S. Secretary of Education Arne Duncan on Friday, September 7, 2012.

The school is one of just 38 high schools nationwide to be identified as “Exemplary High Performing," a designation reserved for schools that are among their state's highest performing schools, as measured by state assessments or nationally-normed tests. As the name suggests, earning Blue Ribbon status is the highest honor a United States school can receive from the U.S. Department of Education.

"The entire Westwood High School community is thrilled about earning Blue Ribbon status," said Sean Bevan, Principal of Westwood High School. "It’s an extraordinary achievement that speaks to our students’ dedication, our faculty and staff’s expertise and commitment to their work, and our families’ support of education. Our students, along with their teachers, are committed to preparing for future success in college and careers; this award is a powerful reminder of the importance of that hard work."

Westwood Superintendent John J. Antonucci commented that while the Blue Ribbon designation is a reflection of a high-quality school system, it is also a reflection of a high-quality community. “The residents of Westwood share our commitment to excellence and have a long tradition of supporting their public schools. We value and appreciate that support and work hard to ensure that all Westwood students receive a first-class educational experience.”

Principal Sean Bevan, along with a teacher from the WHS faculty, represented the students and staff at a recognition ceremony on November 12-13 in Washington, D.C. He said, “The event will be a proud moment to celebrate a school culture and climate that strives to nurture and support the success of all of its students. I am honored to accept the award on behalf of our students and staff.”

According to the Department of Education, “A total of 417 schools nationwide may be nominated [each year], with allocations determined by the numbers of K-12 students and schools in each jurisdiction.” This year, 219 public and 50 private schools from all grade levels will be awarded National Blue Ribbon status. Westwood High School is one of 47 public and private high schools earning the designation: WHS and 38 others are designated as “Exemplary High Performing”, while nine others are recognized as “Exemplary Improving".

The mission of Hale is to offer educational and recreational opportunities that develop self-confidence, inspire a passion for learning, and encourage an appreciation for the natural environment.

Hale Reservation is a private, non-profit educational organization that manages over 1,100 acres of woodlands, including four ponds and over twenty miles of trails in Westwood and Dover, Massachusetts. Hale is most widely recognized for its summer day camp programs which annually serve over 4,400 children from 70 communities in the Greater Boston area. Hale Reservation also offers a family program, outdoor and environmental education experiences for children and adults, and open space for casual recreational use.

The essence of Hale Reservation can be found in Robert Sever Hale's original desires for the organization he began in 1918. The current programs and land management practices are the legacy of his desire "to provide education which will develop intelligent, capable and responsible citizens" and to use the land "so long as it is charitable and benevolent in nature." The goal of today's programs is to develop intelligent leaders and environmentally educated citizens. We believe that the diversity of the natural environment must be reflected back in the diversity of the people who experience our programs and opportunities for people of any race, background, religion or economic status.

Hale operates five core programs
Hale Day Camp
Family Membership
Agency Camps
Education, Adventure and Outings
Stewardship and Public Access

Town of Westwood, Massachusetts

Principal Officials

Board of Selectmen

John Hickey, Chairman
Nancy C. Hyde
Michael F. Walsh

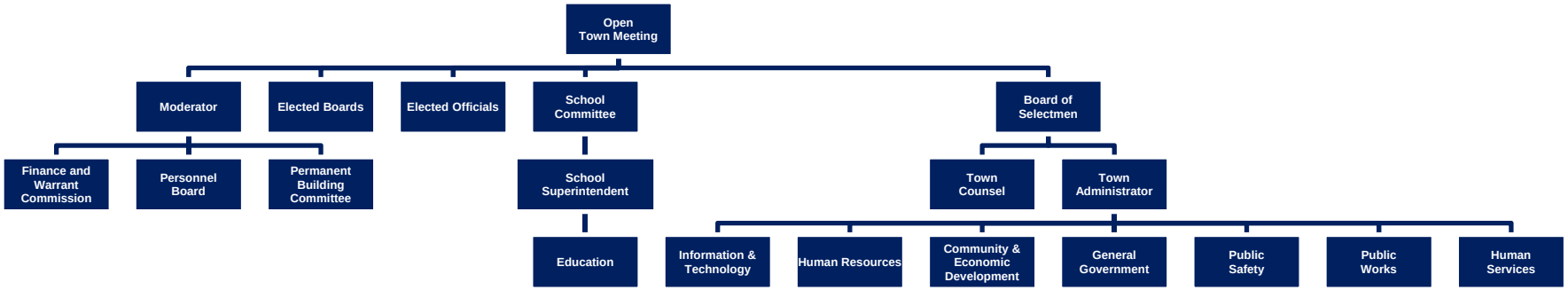
Town Administrator – Michael Jaillet
Finance Director – Pamela Dukeman
School Superintendent – Emily Parks
Town Treasurer – James Gavin
Police Chief – Jeffrey Silva
Fire Chief – William Scoble

Town of Westwood, Massachusetts

Total Budget Salaries of Principal Officials
June 30, 2017

Position	Salary
School Superintendent	$211,348
School Director of Business and Finance	$143,286
Town Administrator	$184,759
Police Chief	$164,542
Fire Chief	$163,273
Finance Director	$133,455
Department of Public Works Director	$114,600
Director of Information Technology	$110,357
Town Accountant	$101,323
Town Counsel	$ 97,806
Health Director	$ 94,854
Building Commissioner	$ 94,764
Library Director	$ 95,606
Youth Director	$ 85,722
Recreation Director	$ 85,362
Council on Aging Director	$ 80,272
Town Clerk (Elected)	$ 78,654
Assistant Treasurer	$ 76,645
Tax Collector (Elected)	$ 4,000
Treasurer (Elected)	$ 4,000
Board of Selectmen (Elected)	$ 2,000
Board of Assessors (Elected)	$ 1,800

The Town of Westwood



Elected Boards

Board of Selectmen

Regional Vocational School Representative

Housing Authority

Library Trustees

Planning Board

Board of Assessors

Sewer Commissioners

School Committee

Elected Officials

Moderator

Town Clerk

Town Collector

Town Treasurer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Westwood

Massachusetts

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

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

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The Town has recently built or is in the process of constructing several new buildings.

Library

The Town's new library opened in 2013. It offers patrons an entire children's wing, a reading room just for teens, an art gallery and plenty of space for conferences and meetings.

Fire Station – Completed Fall 2017

Police Headquarters – Completed Fall 2017

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Westwood, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Westwood, Massachusetts as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Westwood, Massachusetts, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2017, on our consideration of the Town of Westwood, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance**.** That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Westwood, Massachusetts' internal control over financial reporting and compliance.

Powers & Sullivan LLC

November 12, 2017

Management's Discussion and Analysis

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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 year ended June 30, 2017. 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 unmodified opinion on its financial statements since the year ended June 30, 1984.

Financial Highlights

- The governmental assets and deferred outflows of resources of the Town of Westwood exceeded its liabilities and deferred inflows of resources at the close of the most recent year by $63.4 million (net position).
- As required by GASB Statement #68, in 2017 the Town recognized a net pension liability of $38.6 million along with a deferred outflow related to pension of $5.5 million and a deferred inflow related to pension of $2.8 million on the statement of net position. Additional disclosures and schedules can be found in the notes to the basic financial statements and required supplementary information.
- At the close of the current year, the Town of Westwood's general fund reported an ending fund balance of $19.6 million, an increase of $600,000 in comparison with the prior year. Total fund balance represents 20.8% of total general fund expenditures. Approximately $10.1 million of this total amount is available for appropriation at the government's discretion, $4.7 million is committed for capital articles approved by Town Meeting, $1.6 million is assigned for encumbrances carried forward to the subsequent year and $3.2 million represents available funds appropriated to fund the fiscal year 2018 budget.
- The Town of Westwood's total governmental debt increased by $7.9 million during the current year. The Town issued $12.8 million for the construction of the police station and made $4.8 million in principal payments.
- The Town expended $231,000 related to the University Station project. Approximately $3.1 million has been carried over to be expended in future years.
- The Town expended $7.9 million on the construction of the police station with proceeds from a $12.8 million bond issuance.

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

The statement of activities presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing 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 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, university station, 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 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.

In accordance with accounting standards, the Town reports fund balance components as nonspendable, restricted, committed, assigned and unassigned. Additionally, 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 position 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $80 million at the close of 2017.

Net position of $103.6 million 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 position $2 million represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of unrestricted net position $25.6 million is primarily due to the recognition of the $38.6 million net pension liability and $24 million in the other postemployment benefits liability.

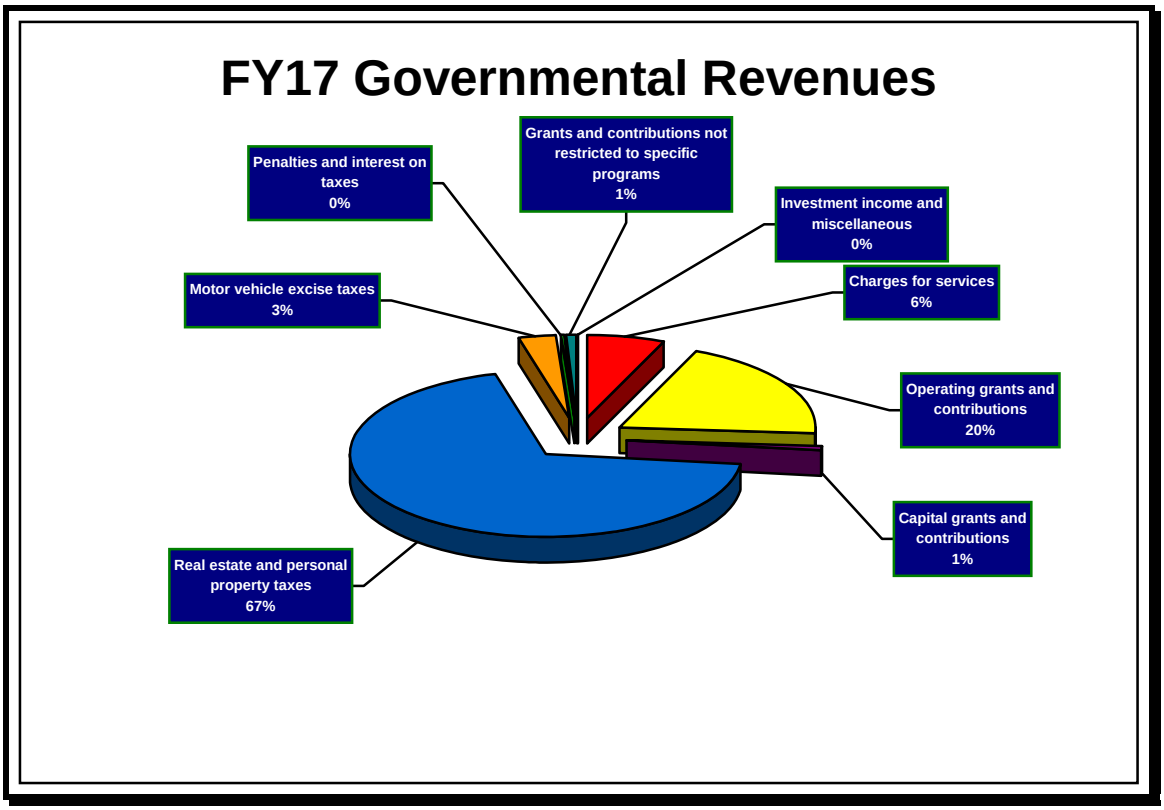
Governmental activities. The governmental activities net position decreased by approximately $1.8 million during the current year. The underlying reason for the decrease was the increase in the OPEB and pension liabilities offset by better than expected budgetary performance.

Governmental Activities:	Balance at June 30, 2017	Balance at June 30, 2016
Assets:		
Current assets	$ 44,433,287	$ 41,797,097
Noncurrent assets (excluding capital)	6,553,000	7,769,000
Capital assets, not being depreciated	25,919,909	14,927,992
Capital assets, net of accumulated depreciation	104,796,751	107,750,241
Total assets	**181,702,947**	**172,244,330**
Deferred outflows of resources	5,496,629	7,952,342
Liabilities:		
Current liabilities (excluding debt)	6,714,622	5,934,613
Noncurrent liabilities (excluding debt)	62,933,594	63,103,500
Current debt	4,873,843	4,552,628
Noncurrent debt	46,570,696	38,171,159
Total liabilities	**121,092,755**	**111,761,900**
Deferred inflows of resources	2,749,635	**3,299,169**
Net Position:		
Net investment in capital assets	92,145,970	94,483,050
Restricted	2,038,029	2,061,713
Unrestricted	(30,826,813)	(31,409,160)
Total net position	$ **63,357,186**	$ **65,135,603**
Program revenues:		
Charges for services	$ 6,412,498	$ 6,957,929
Operating grants and contributions	20,362,007	19,171,437
Capital grants and contributions	627,863	1,584,581
General revenues:		
Real estate and personal property taxes	70,239,637	67,327,061
Motor vehicle excise taxes	3,343,962	3,042,773
Penalties and interest on taxes	147,442	187,078
Nonrestricted grants and contributions	760,612	697,791
Unrestricted investment income	119,027	56,770
Total revenues	**102,013,048**	**99,025,420**
Expenses:		
General government	5,908,199	6,212,821
Public safety	12,380,718	11,661,076
Education	69,129,730	64,002,507
Public works	9,387,133	9,033,773
University Station	507,970	2,932,353
Human services	1,428,184	1,426,588
Culture and recreation	3,725,614	4,307,074
Interest	1,614,895	1,259,517
Total expenses	**104,082,443**	**100,835,709**
Excess (Deficiency) before transfers	**(2,069,395)**	**(1,810,289)**
Transfers	**290,978**	**290,978**
Change in net position	**(1,778,417)**	**(1,519,311)**
Net position beginning of the year	65,135,603	66,654,914
Net position end of the year	$ **63,357,186**	$ **65,135,603**

- Charges for services represent about 6% 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 general government, public safety, and education operations, such as traffic mitigation revenue, building permits, ambulance revenue, athletic receipts, kindergarten revenue and bus fees.

- Operating grants and contributions account for 20% of the governmental activities resources. Most of these resources apply to education and public works operations.

- Capital grants and contributions account for 1% of the governmental activities resources. The decrease from the prior year can be attributable to the Town receiving $683,000 in a settlement related to the construction of the public library during the prior year.

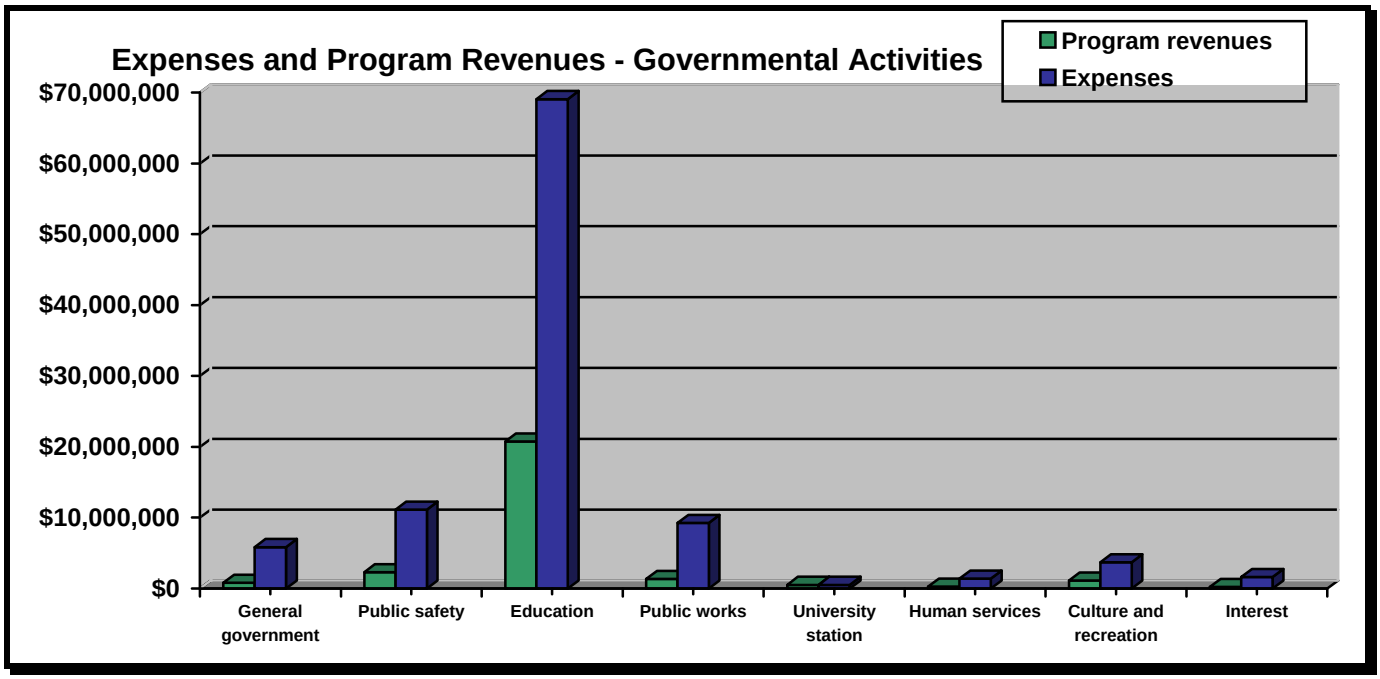


- Property taxes are by far the most significant revenue source for the Town's governmental activities. They comprise 67% of all resources. Real estate and personal property tax collections increased 4% from the prior year. In Massachusetts, proposition 2 ½ allows municipalities to increases tax rates up to 2 ½ percent of the prior levy limit adjusted for new construction and certain approved debt service. Other taxes and other revenues comprised a total of 6% of the governmental activities resources. These primarily include excise taxes, nonrestricted grants, and investment earnings.

- Education is by far the largest governmental activity of the Town with 66% of total governmental expenses. Program revenues of $20.8 million provided direct support to education and $48.4 million in taxes and other general revenue were needed to cover the remaining 2017 operating expenses.

- General government, public safety, public works and culture and recreation are significant activities of the Town. Program revenues for general government of $814,000, public safety of $2.3 million, public works

of $1.4 million and $1.1 million in culture and recreation directly supported $5.9 million, $12.4 million, $9.4 million and $3.7 million of operating expenses, respectively. Taxes and other general revenue of $25.8 million were needed to cover the remaining 2017 operating expenses for these activities. Combined, they represent 30% of governmental activity expenses.



Business-type activities. For sewer business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $16.7 million at the close of 2017. Net investment in capital assets totaled $11.4 million while unrestricted net position totaled $5.2 million. There was a net decrease of $152,000 in net position reported in connection with the sewer enterprise. Capital grants and contributions decreased by $432,000 from the prior year due to the receipt of an MWRA grant in the prior year. Charges for services decrease by $306,000 from the prior year due to a change in the billing cycle during fiscal year 2017. Operating grants experienced a slight decrease from the prior year. The sewer fund's operating expenses remained consistent with the prior year.

Business-Type Activities:

	Balance at June 30, 2017	Balance at June 30, 2016
Assets:		
Current assets	$ 6,681,470	$ 7,071,837
Noncurrent assets (excluding capital)	53,094	105,859
Capital assets, not being depreciated	350,850	350,850
Capital assets, net of accumulated depreciation	12,508,148	12,343,050
Total assets	**19,593,562**	**19,871,596**
Deferred outflows of resources	133,094	200,039
Liabilities:		
Current liabilities (excluding debt)	85,623	58,151
Noncurrent liabilities (excluding debt)	1,210,238	1,275,743
Current debt	405,300	442,060
Noncurrent debt	1,274,700	1,680,000
Total liabilities	**2,975,861**	**3,455,954**
Deferred inflows of resources	66,579	**82,990**
Net Position:		
Net investment in capital assets	11,435,385	11,327,932
Unrestricted	5,248,831	5,204,759
Total net position	$ **16,684,216**	$ **16,532,691**
Program revenues:		
Charges for services	$ 4,672,765	$ 4,978,724
Operating grants and contributions	20,883	25,910
Capital grants and contributions	26,485	458,315
Total revenues	**4,720,133**	**5,462,949**
Expenses:		
Sewer	**4,277,630**	**4,299,580**
Excess (Deficiency) before transfers	**442,503**	**1,163,369**
Transfers	**(290,978)**	**(290,978)**
Change in net position	**151,525**	**872,391**
Net position beginning of the year	16,532,691	15,660,300
Net position - ending	$ **16,684,216**	$ **16,532,691**

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the Town of Westwood's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Westwood's 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 year.

As of the end of the current year, governmental funds reported combined ending fund balances of $36.3 million, an increase of $2.4 million from the prior year. The police station capital project accounted for $4.9 million of this increase as $12.8 million in bond proceeds were received which were offset by $7.9 million of expenditures. The general fund reported an increase of $600,000 and the nonmajor governmental funds reported a decrease of $3.1 million. The nonmajor decrease related mainly to the fire station capital project where $3.9 million had been spent this year which were financed with bond proceeds received in the prior year.

The general fund is the Town's chief operating fund. The ending fund balance increased by $600,000 in comparison with prior year. This increase is due to stronger than expected collections in nearly all revenue categories. Another contributing factor was budgetary turn backs of appropriations by departments in nearly all expenditure categories.

Real estate tax revenue increased from 2016 by $2.9 million. This is due to the fact that in Massachusetts, Proposition 2 ½ allows municipalities to increases tax rates up to 2 ½ percent of the prior levy limit adjusted for new construction and certain approved debt service.

At the end of the current year, unassigned fund balance of the general fund totaled $10.1 million, while total fund balance totaled $19.6 million. The $4.7 million of committed fund balance represents amounts that have been appropriated for specific purposes. The $4.8 million of assigned fund balance represents amounts that have been encumbered at year end to meet contractual obligations at year end. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 10.7% of total general fund expenditures, while total fund balance represents 20.8% of that same amount.

The Town also maintains a stabilization fund, which has been classified within the unassigned general fund balance in the governmental funds financial statements to remain compliant with GASB 54. The stabilization fund has a year-end balance of $4.0 million which represents 4.2% of general fund expenditures. These funds can be used for general or capital purposes upon Town Meeting approval. Please refer to Note 11 for additional information on the Town's stabilization fund.

The police station project is used to account for financial resources to be used for the construction of the new police station which is scheduled to be opened during FY18. During the year the Town issued $12.8 million in long term bonds to fund the project and expensed $7.9 million. The fund balance increased $4.9 million from the prior year.

General Fund Budgetary Highlights

The final general fund appropriation budget totaled $90.7 million, which included $5.9 million in encumbrances and articles were carried over from the prior year. The final budget also included the planned use of $3.0 million in available funds. Due to positive budgetary results this reserve was not needed.

General fund revenues came in over budget by $2.6 million. The majority of this surplus $1.1 million (43%) was generated from motor vehicle excise taxes and $607,000 (23%) was generated through licenses and permits.

General fund expenditures and encumbrances were lower than final budget by $996,000 (1%), with the majority of the variance occurring in the employee benefits and the reserve fund which turned back $473,000 and $235,000, respectively.

The $1.4 million increase between the original budget and the final amended budget was primarily from supplementary appropriations from free cash and the reserve fund to fund the capital outlay budget, the public safety budget, and the public works budget. Additionally the Town voted several transfers within budgetary line items during the year.

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 year as well as summary information for the following four 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 position 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 position 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 position will be reduced through depreciation and will be increased by the revenues raised to support the debt principal payments. Net position is 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, 2017, totaled $49.4 million of which, $6.5 million is related to library projects, $14.3 million is related to school projects, $22.3 million is related to public safety projects, $3.8 million is related to roadway improvements, $1.3 million for department equipment and $1.2 million for land development.

The enterprise fund has $1.7 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 school building improvements, public safety and public works vehicles, school computers and equipment, and roadway improvements.

Please refer to notes 5, 6, 7, and 8 to the financial statements for further discussion of the Town's major capital and debt activity.

Capital Assets

Governmental activities:	Cost of Capital Assets	Accumulated Depreciation at end of year	Capital Assets, net
Land	$ 6,748,382	$ -	$ 6,748,382
Construction in progress	19,171,527	-	19,171,527
Buildings and improvements	109,825,923	(42,617,554)	67,208,369
Vehicles	9,769,051	(6,645,957)	3,123,094
Machinery and equipment	14,057,492	(12,376,277)	1,681,215
Infrastructure	66,681,028	(33,896,955)	32,784,073
Total governmental activities	226,253,403	(95,536,743)	130,716,660
Business-type activities:			
Land	350,850	-	350,850
Plant and infrastructure	19,528,521	(9,514,680)	10,013,841
Other buildings and improvements	6,339,070	(3,968,847)	2,370,223
Vehicles	448,428	(378,472)	69,956
Machinery and equipment	510,212	(456,084)	54,128
Total business-type activities	27,177,081	(14,318,083)	12,858,998
Total capital assets	$ 253,430,484	$ (109,854,826)	$ 143,575,658

Governmental Bonds Payable

Project	Maturity Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2016	Issued	Redeemed	Outstanding at June 30, 2017
Municipal Purpose Bonds of 2008	2023	$ 3,830,000	3.50 - 4.00	$ 1,130,000	$ -	$ (305,000)	$ 825,000
Municipal Purpose Bonds of 2009	2029	3,500,000	2.13 - 5.00	2,275,000	-	(175,000)	2,100,000
Municipal Purpose Bonds of 2010	2031	9,300,000	3.25 - 4.00	6,975,000	-	(465,000)	6,510,000
Municipal Purpose Refunding Bonds of 2012	2023	19,095,000	2.00 - 4.00	12,800,000	-	(1,895,000)	10,905,000
Municipal Purpose Bonds of 2013	2022	4,635,000	2.00 - 3.00	2,775,000	-	(465,000)	2,310,000
Municipal Purpose Bonds of 2014	2024	1,400,000	2.00 - 2.50	1,120,000	-	(140,000)	980,000
Municipal Purpose Bonds of 2015	2036	850,000	2.5 - 5.00	850,000	-	(42,500)	807,500
Municipal Purpose Bonds of 2016	2036	9,600,000	2.5 - 5.00	9,600,000	-	(572,500)	9,027,500
Municipal Purpose Bonds of 2017	2046	16,645,000	2.00 - 4.00	3,890,000	12,755,000	(755,000)	15,890,000
Total Governmental Activities				$ 41,415,000	$ 12,755,000	$ (4,815,000)	$ 49,355,000

Enterprise Bonds Payable

Project	Maturity Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2016	Issued	Redeemed	Outstanding at June 30, 2017
Municipal Purpose Bonds of 1998 (MCWT)	2019	$ 3,220,700	3.88	$ 595,600	$ -	$ (192,800)	$ 402,800
MWRA Notes of 2013	2017	212,300	0.00	42,460	-	(42,460)	-
Municipal Purpose Bonds of 2014	2024	1,570,000	2.00 - 2.50	1,250,000	-	(160,000)	1,090,000
MWRA Notes of 2017	2021	234,000	0.00	234,000	-	(46,800)	187,200
Total Enterprise Bonds Payable				$ 2,122,060	$ -	$ (442,060)	$ 1,680,000

The Town of Westwood has an “AAA” rating from Standard & Poor’s and an “Aa1” from Moody’s for general obligation debt.

Other Postemployment Benefits

In accordance with GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension (OPEB),* the government-wide activities have accumulated a liability for other postemployment benefits totaling $24.0 million as of June 30, 2017 and have pre-funded future obligations totaling approximately $1.4 million during 2017. The total assets set aside in trust for future benefits amounted to approximately $5.0 million at year-end.

Economic Factors and Next Year's Budget and Rates

For the 2018 budget, the Town has utilized new tax revenue from the new University Station project to supplement operating budgets, build reserve accounts, fund capital projects, and stabilize tax bills.

The revenue increases and improvements have allowed the Town to make the following structurally balanced budget decisions:

- The Town provided for an approximate 3.3% increase for the school and 3.6% increase for municipal 2018 operating budgets.
- The 2018 budget has increased capital budgets through additional use of free cash.
- The 2018 budget provides for a $100,000 appropriation to the stabilization reserve account. This is an ongoing appropriation funded within the budget.
- The 2018 budget provides for a $1,390,000 appropriation to the OPEB Trust account. This is an ongoing appropriation funded with the budget.
- The 2018 commercial and residential tax rates are not yet finalized, but are expected to increase approximately 2.5%.

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

STATEMENT OF NET POSITION

JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents	$ 37,424,170	$ 4,922,185	$ 42,346,355
Investments	3,160,783	-	3,160,783
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes	581,500	-	581,500
Tax liens	1,149,537	-	1,149,537
Motor vehicle excise taxes	303,015	-	303,015
User charges	-	1,706,520	1,706,520
Departmental and other	228,694	-	228,694
Intergovernmental	1,585,588	52,765	1,638,353
Total Current Assets	44,433,287	6,681,470	51,114,757
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental	6,553,000	53,094	6,606,094
Capital assets, not being depreciated	25,919,909	350,850	26,270,759
Capital assets, net of accumulated depreciation	104,796,751	12,508,148	117,304,899
Total Noncurrent Assets	137,269,660	12,912,092	150,181,752
TOTAL ASSETS	181,702,947	19,593,562	201,296,509
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	5,496,629	133,094	5,629,723
LIABILITIES			
CURRENT:			
Warrants payable	2,638,607	51,626	2,690,233
Accrued payroll	1,637,242	5,677	1,642,919
Tax refunds payable	174,885	-	174,885
Accrued interest	480,916	13,320	494,236
Other liabilities	227,092	-	227,092
Capital lease obligations	349,880	-	349,880
Compensated absences	1,206,000	15,000	1,221,000
Bonds payable	4,873,843	405,300	5,279,143
Total Current Liabilities	11,588,465	490,923	12,079,388
NONCURRENT:			
Capital lease obligations	858,070	-	858,070
Compensated absences	754,000	-	754,000
Other postemployment benefits	23,667,287	298,488	23,965,775
Net pension liability	37,654,237	911,750	38,565,987
Bonds payable	46,570,696	1,274,700	47,845,396
Total Noncurrent Liabilities	109,504,290	2,484,938	111,989,228
TOTAL LIABILITIES	121,092,755	2,975,861	124,068,616
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	2,749,635	66,579	2,816,214
NET POSITION			
Net investment in capital assets	92,145,970	11,435,385	103,581,355
Restricted for:			
Permanent funds:			
Expendable	52,693	-	52,693
Nonexpendable	429,400	-	429,400
Gifts	476,968	-	476,968
Grants	1,078,968	-	1,078,968
Unrestricted	(30,826,813)	5,248,831	(25,577,982)
TOTAL NET POSITION	$ 63,357,186	$ 16,684,216	$ 80,041,402

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary Government:					
Governmental Activities:					
General government	$ 5,908,199	$ 378,790	$ 434,723	$ -	$ (5,094,686)
Public safety	12,380,718	2,059,156	228,375	23,925	(10,069,262)
Education	69,129,730	2,793,990	17,967,949	-	(48,367,791)
Public works	9,387,133	59,335	697,555	603,938	(8,026,305)
University Station	507,970	-	518,763	-	10,793
Human services	1,428,184	94,507	181,631	-	(1,152,046)
Culture and recreation	3,725,614	1,026,720	109,735	-	(2,589,159)
Interest	1,614,895	-	223,276	-	(1,391,619)
Total Governmental Activities	104,082,443	6,412,498	20,362,007	627,863	**(76,680,075)**
Business-Type Activities:					
Sewer	4,277,630	4,672,765	20,883	26,485	**442,503**
Total Primary Government	$ 108,360,073	$ 11,085,263	$ 20,382,890	$ 654,348	$ **(76,237,572)**

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page……	$ **(76,680,075)**	$ **442,503**	$ **(76,237,572)**
General revenues:			
Real estate and personal property taxes, net of tax refunds payable……	70,239,637	-	70,239,637
Motor vehicle excise taxes……	3,343,962	-	3,343,962
Penalties and interest on taxes……	147,442	-	147,442
Grants and contributions not restricted to specific programs……	760,612	-	760,612
Unrestricted investment income……	119,027	-	119,027
Transfers, net ……	290,978	(290,978)	-
Total general revenues and transfers……	74,901,658	(290,978)	74,610,680
Change in net position……	(1,778,417)	151,525	(1,626,892)
Net Position:			
Beginning of year……	65,135,603	16,532,691	81,668,294
End of year……	$ 63,357,186	$ 16,684,216	$ 80,041,402

See notes to basic financial statements.

(Concluded)

GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2017

	General	Police Station Project	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 19,642,374	$ 5,501,607	$ 12,280,189	$ 37,424,170
Investments	3,135,258	-	25,525	3,160,783
Receivables, net of uncollectibles:				
Real estate and personal property taxes	581,500	-	-	581,500
Tax liens	1,149,537	-	-	1,149,537
Motor vehicle excise taxes	303,015	-	-	303,015
Departmental and other	36,098	-	192,596	228,694
Intergovernmental	7,769,000	-	369,588	8,138,588
TOTAL ASSETS	$ 32,616,782	$ 5,501,607	$ 12,867,898	$ 50,986,287
LIABILITIES				
Warrants payable	$ 1,503,066	$ 853,951	$ 281,590	$ 2,638,607
Accrued payroll	1,637,242	-	-	1,637,242
Tax refunds payable	174,885	-	-	174,885
Other liabilities	227,092	-	-	227,092
TOTAL LIABILITIES	3,542,285	853,951	281,590	4,677,826
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	9,491,962	-	562,184	10,054,146
FUND BALANCES				
Nonspendable	-	-	429,400	429,400
Restricted	-	4,647,656	11,594,724	16,242,380
Committed	4,709,894	-	-	4,709,894
Assigned	4,791,275	-	-	4,791,275
Unassigned	10,081,366	-	-	10,081,366
TOTAL FUND BALANCES	19,582,535	4,647,656	12,024,124	36,254,315
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 32,616,782	$ 5,501,607	$ 12,867,898	$ 50,986,287

See notes to basic financial statements.

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

JUNE 30, 2017

Total governmental fund balances		$ 36,254,315
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds		130,716,660
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds		10,054,146
Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions		2,746,994
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due		(480,916)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds payable	(51,444,539)	
Capital lease obligations	(1,207,950)	
Other postemployment benefits	(23,667,287)	
Net pension liability	(37,654,237)	
Compensated absences	(1,960,000)	
Net effect of reporting long-term liabilities		(115,934,013)
Net position of governmental activities		$ 63,357,186

See notes to basic financial statements.

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	General	Police Station Project	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Real estate and personal property taxes, net of tax refunds	$ 70,191,498	$ -	$ -	$ 70,191,498
Motor vehicle excise taxes	3,300,479	-	-	3,300,479
Charges for services	-	-	5,008,558	5,008,558
Penalties and interest on taxes	147,442	-	-	147,442
Fees and rentals	761,054	-	-	761,054
Licenses and permits	1,007,288	-	-	1,007,288
Fines and forfeitures	25,354	-	-	25,354
Intergovernmental	16,584,663	-	4,599,170	21,183,833
Departmental and other	286,447	-	919,177	1,205,624
Contributions	-	-	496,847	496,847
Investment income	121,446	-	5,614	127,060
TOTAL REVENUES	92,425,671	-	11,029,366	103,455,037
EXPENDITURES:				
Current:				
General government	3,255,849	-	631,822	3,887,671
Public safety	9,226,881	7,903,078	4,116,580	21,246,539
Education	42,130,310	-	5,996,701	48,127,011
Public works	5,245,424	-	2,084,726	7,330,150
University Station	231,147	-	276,823	507,970
Human services	955,884	-	135,459	1,091,343
Culture and recreation	1,549,675	-	1,058,620	2,608,295
Pension benefits	13,315,275	-	-	13,315,275
Property and liability insurance	387,101	-	-	387,101
Employee benefits	8,106,961	-	-	8,106,961
State and county charges	642,045	-	-	642,045
Capital outlay	2,551,383	-	-	2,551,383
Debt service:				
Principal	4,815,000	-	-	4,815,000
Interest	1,641,193	-	-	1,641,193
TOTAL EXPENDITURES	94,054,128	7,903,078	14,300,731	116,257,937
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,628,457)	(7,903,078)	(3,271,365)	(12,802,900)
OTHER FINANCING SOURCES (USES):				
Issuance of long-term debt	-	12,755,000	-	12,755,000
Premium from issuance of bonds	-	-	948,380	948,380
Capital lease financing	1,160,000	-	-	1,160,000
Transfers in	1,068,021	-	-	1,068,021
Transfers out	-	-	(777,043)	(777,043)
TOTAL OTHER FINANCING SOURCES (USES)	2,228,021	12,755,000	171,337	15,154,358
NET CHANGE IN FUND BALANCES	599,564	4,851,922	(3,100,028)	2,351,458
FUND BALANCES AT BEGINNING OF YEAR	18,982,971	(204,266)	15,124,152	33,902,857
FUND BALANCES AT END OF YEAR	$ 19,582,535	$ 4,647,656	$ 12,024,124	$ 36,254,315

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds		$ 2,351,458
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	15,353,111	
Depreciation expense	(7,314,684)	
Net effect of reporting capital assets		8,038,427
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 unavailable revenue		(1,441,989)
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 position. 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.		
Capital lease financing	(1,160,000)	
Capital lease principal payments	244,922	
Proceeds from bonds and notes	(12,755,000)	
Debt service principal payments	4,815,000	
Net effect of reporting long-term debt		(8,855,078)
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	57,000	
Net change in accrued interest on long-term debt	(141,330)	
Net change in other postemployment benefits	(592,508)	
Amortization of bond premiums	(780,752)	
Net change in deferred outflow/(inflow) of resources related to pensions	(1,906,179)	
Net change in net pension liability	1,492,534	
Net effect of recording long-term liabilities		(1,871,235)
Change in net position of governmental activities		$ (1,778,417)

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2017

		Business-type Sewer Enterprise
ASSETS		
CURRENT:		
Cash and cash equivalents	$	4,922,185
Receivables, net of allowance for uncollectibles:		
User fees		1,706,520
Intergovernmental		52,765
Total current assets		6,681,470
NONCURRENT:		
Receivables, net of allowance for uncollectibles:		
Intergovernmental		53,094
Capital assets, not being depreciated		350,850
Capital assets, net of accumulated depreciation		12,508,148
Total noncurrent assets		12,912,092
TOTAL ASSETS		19,593,562
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions		133,094
LIABILITIES		
CURRENT:		
Warrants payable		51,626
Accrued payroll		5,677
Accrued interest		13,320
Compensated absences		15,000
Bonds payable		405,300
Total current liabilities		490,923
NONCURRENT:		
Other postemployment benefits		298,488
Net pension liability		911,750
Bonds payable		1,274,700
Total noncurrent liabilities		2,484,938
TOTAL LIABILITIES		2,975,861
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of resources related to pensions		66,579
NET POSITION		
Net invested in capital assets		11,435,385
Unrestricted		5,248,831
TOTAL NET POSITION	$	16,684,216

See notes to basic financial statements.

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2017

		Business-type Sewer Enterprise
OPERATING REVENUES:		
Charges for services	$	4,672,765
OPERATING EXPENSES:		
Cost of services and administration		913,502
MWRA assessment		2,598,265
Depreciation		721,983
TOTAL OPERATING EXPENSES		4,233,750
OPERATING INCOME (LOSS)		439,015
NONOPERATING REVENUES (EXPENSES):		
Interest expense		(43,880)
Intergovernmental		20,883
TOTAL NONOPERATING REVENUES (EXPENSES), NET		(22,997)
INCOME/(LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS		416,018
CAPITAL CONTRIBUTIONS:		
Sewer betterments		26,485
TRANSFERS:		
Transfers out		(290,978)
CHANGE IN NET POSITION		151,525
NET POSITION AT BEGINNING OF YEAR		16,532,691
NET POSITION AT END OF YEAR	$	16,684,216

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2017

		Business-type Sewer Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and users	$	5,134,138
Payments to vendors		(3,146,789)
Payments to employees		(347,452)
NET CASH FROM OPERATING ACTIVITIES		1,639,897
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers out		(290,978)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Intergovernmental subsidy		20,883
Acquisition and construction of capital assets		(887,081)
Capital contributions		26,485
Principal payments on bonds and notes		(393,669)
Interest expense		(48,905)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES		(1,282,287)
NET CHANGE IN CASH EQUIVALENTS		66,632
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		4,855,553
CASH AND CASH EQUIVALENTS AT END OF YEAR	$	4,922,185
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:		
Operating income (loss)	$	439,015
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation		721,983
Deferred (outflows)/inflows related to pensions		50,534
Changes in assets and liabilities:		
User fees		461,373
Warrants payable		40,740
Accrued payroll		(243)
Accrued compensated absences		(8,000)
Other postemployment benefits		7,473
Net pension liability		(72,978)
Total adjustments		1,200,882
NET CASH FROM OPERATING ACTIVITIES	$	1,639,897
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Intergovernmental debt service subsidy	$	48,391

See notes to basic financial statements.

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITON

JUNE 30, 2017

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds	Agency Fund
ASSETS			
Cash and cash equivalents	$ -	$ 371,320	$ 201,147
Investments:			
PRIT	5,028,401	-	-
Receivables, net of allowance for uncollectibles:			
Departmental and other	-	-	170,678
TOTAL ASSETS	5,028,401	371,320	371,825
LIABILITIES			
Liabilities due depositors	-	-	371,825
NET POSITION			
Held in trust for OPEB and other purposes	$ 5,028,401	$ 371,320	$ -

See notes to basic financial statements.

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2017

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer contribution to the trust	$ 1,350,000	$ -
Employer contribution to pay for OPEB benefits	1,995,030	-
Private donations	-	139,710
Total contributions	3,345,030	139,710
Net investment income:		
Investment income	533,515	-
Interest	-	3,629
Total investment income (loss)	533,515	3,629
TOTAL ADDITIONS	3,878,545	143,339
DEDUCTIONS:		
OPEB benefits	1,995,030	-
Educational scholarships	-	85,982
TOTAL DEDUCTIONS	1,995,030	85,982
CHANGE IN NET POSITION	1,883,515	57,357
NET POSITION AT BEGINNING OF YEAR	3,144,886	313,963
NET POSITION AT END OF YEAR	$ 5,028,401	$ 371,320

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, 2017, the District has no significant unassigned fund balance and has no outstanding long-term bonds. The following is the address where the District's financial statements are available, its purpose, and the assessment paid by the Town during 2017.

Joint Venture and Address	Purpose	2017 Assessment
Blue Hills Regional Technical School District 800 Randolph Street, Canton, MA 02021	To provide vocational education	$ 122,800

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 position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units.

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

Fund Financial Statements

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

Major Fund Criteria

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

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

- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

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

Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and 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 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 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 *police station project fund* is used to account for the funds received and expended in connection with the construction of the new police station.

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 s*pecial 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 c*apital 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 *other postemployment benefit trust fund* is used to account for and accumulate resources to provide funding for future OPEB (other postemployment benefit) liabilities.

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

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.

E. Fair Value Measurements

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

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

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date.

Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

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

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

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

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

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessors 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 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 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 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 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 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.

G. 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.

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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; donated works of art, historical treasures and similar assets; and capital assets received in service concession arrangements are recorded at acquisition value. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

All purchases and construction costs in excess of $50,000 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:

Capital Asset Type	Estimated Useful Life (in years)
Buildings and improvements……	7-40
Plant and infrastructure……	7-40
Other buildings and improvements……	7-40
Vehicles……	5-10
Machinery and equipment……	5-50
Infrastructure……	5-50

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

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

Governmental Fund Financial Statements

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

J. Interfund Receivables and Payables

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

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the

governmental activities and business-type activities are reported in the statement of net position as “internal balances”.

Fund Financial Statements

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

K. Interfund Transfers

During the course of its operations, 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 activities. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as “Transfers, net”.

Fund Financial Statements

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

L. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

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

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

Net position has been “restricted for” the following:

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

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

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

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption

must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

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

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

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

The Town's spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

M. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as

other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

N. Pensions

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

O. 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.

P. 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.

Q. Use of Estimates

Government-Wide and Fund Financial Statements

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

R. 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.

S. Appropriation Deficit

The Town reported appropriation deficits in the snow and ice budget and state and county assessments. These deficits will be raised on the Town's future year tax recapitulation sheet.

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 (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 year-end, the carrying amount of deposits totaled $40,369,838 and the bank balance totaled $40,932,511. Of the bank balance, $2,000,000 was covered by Federal Depository Insurance, $9,276,710 was covered by the Depositors Insurance Fund, $120,910 was covered by the Share Insurance Fund, $500,000 was

covered by Securities Investor Protector Corporation, $17,088,068 was collateralized and $11,946,823 was subject to custodial credit risk because it was uninsured and uncollateralized.

Investments

As of June 30, 2017, the Town had the following investments:

		Maturity	
	Fair Value	Under 1 Year	1-5 Years
Investment Type			
Debt Securities			
Government Sponsored Enterprises….	$ 2,174,638	$ -	$ 2,174,638
Corporate Bonds.....	740,761	269,668	471,093
Total Debt Securities.....	2,915,399	$ 269,668	$ 2,645,731
Other Investments			
Equity Mutual Funds.....	245,384		
MMDT……	2,548,984		
Total Investments.....	$ 5,709,767		

In addition to the Town's investments reported above, the OPEB Trust held $5,028,401 at June 30, 2017, all of which was invested through the State Retiree Benefits Trust Fund in PRIT's general allocation account. The effective weighted duration rate for PRIT investments ranged from .45 to 22.60 years.

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, 2017, 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, 2017.

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.

The Town's investments at June 30, 2017, are rated as follows:

		Quality Ratings			
Investment Type	Fair Value	AAA	AA+	A+	BBB+
Debt Securities:					
Government Sponsored Enterprises….	$ 2,174,638	$ 1,937,058	$ 237,580	$ -	$ -
Corporate Bonds.....	740,761	-	-	269,977	470,784
Total Debt Securities.....	$ 2,915,399	$ 1,937,058	$ 237,580	$ 269,977	$ 470,784

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, 2017, the Town did not have more than 5% of the Town's investments in with any one issuer.

Fair Market Value of Investments

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

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

The Town has the following recurring fair value measurements as of June 30, 2017:

		Fair Value Measurements Using		
Investment Type	6/30/17	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities:				
Corporate bonds	$ 740,761	$ -	$ 740,761	$ -
Government sponsored enterprises	2,174,638	2,174,638	-	-
Total debt securities	2,915,399	2,174,638	740,761	-
Other investments:				
Equity mutual funds	245,384	245,384	-	-
Total investments measured at fair value	3,160,783	$ 2,420,022	$ 740,761	$ -
Investment measurered at net asset value (NAV):				
PRIT investments	5,028,401			
Investment measurered at amortized costs:				
MMDT	2,548,984			
Total investments	$ 10,738,168			

U.S. government sponsored enterprise and equity mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

PRIT investments are valued using the net asset value method. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserve Investment Management Board (PRIM). The fair values of the positions in each investment Pool are the same as the value of each Pool's shares. The Town does not have the ability to control any of the investment decisions relative to its funds in PRIT.

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

NOTE 3 – RECEIVABLES

At June 30, 2017, receivables for the individual major governmental funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Real estate and personal property taxes……	$ 581,500	$ -	$ 581,500
Tax liens……..……	1,149,537	-	1,149,537
Motor vehicle excise taxes……	303,015	-	303,015
Departmental and other……	328,694	(100,000)	228,694
Intergovernmental……	8,138,588	-	8,138,588
Total……	$ 10,501,334	$ (100,000)	$ 10,401,334

At June 30, 2017, receivables for the fiduciary funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Departmental and other……	$ 170,678	$ -	$ 170,678

At June 30, 2017, receivables for the enterprise fund consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Sewer fees……	$ 1,706,520	$ -	$ 1,706,520
Intergovernmental……	105,859	-	105,859
Total……	$ 1,812,379	$ -	$ 1,812,379

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

	General Fund	Nonmajor Governmental Funds	Total
Receivable type:			
Real estate and personal property taxes	$ 234,312	$ -	$ 234,312
Tax liens	1,149,537	-	1,149,537
Motor vehicle excise taxes	303,015	-	303,015
Departmental and other	36,098	192,596	228,694
Intergovernmental	7,769,000	369,588	8,138,588
Total	$ 9,491,962	$ 562,184	$ 10,054,146

NOTE 4 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2017, are summarized as follows:

	Transfers In:	
Transfers Out:	General Fund	
Nonmajor Governmental Fund	$ 32,493	(A)
Nonmajor Governmental Fund	127,250	(B)
Nonmajor Governmental Fund	617,300	(C)
Sewer Enterprise Fund	290,978	(D)
Total	$ 1,068,021	

(A) - Transfer from Special Revenue Bond Premiums Fund to support debt service expenditures.
(B) - Transfer from Special Revenue Revolving Funds to support conservation expenditures.
(C) - Transfer from Special Revenue Ambulance Receipts for ambulance operations.
(D) - Transfer from Sewer Fund to the General Fund.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 6,748,382	$ -	$ -	$ 6,748,382
Construction in progress	8,179,610	10,991,917	-	19,171,527
Total capital assets not being depreciated	14,927,992	10,991,917	-	25,919,909
Capital assets being depreciated:				
Buildings and improvements	108,876,818	949,105	-	109,825,923
Vehicles	8,498,266	1,545,945	(275,160)	9,769,051
Machinery and equipment	13,622,589	434,903	-	14,057,492
Infrastructure	67,208,998	1,431,241	(1,959,211)	66,681,028
Total capital assets being depreciated	198,206,671	4,361,194	(2,234,371)	200,333,494
Less accumulated depreciation for:				
Buildings and improvements	(39,601,552)	(3,016,002)	-	(42,617,554)
Vehicles	(6,008,549)	(912,568)	275,160	(6,645,957)
Machinery and equipment	(11,641,238)	(735,039)	-	(12,376,277)
Infrastructure	(33,205,091)	(2,651,075)	1,959,211	(33,896,955)
Total accumulated depreciation	(90,456,430)	(7,314,684)	2,234,371	(95,536,743)
Total capital assets being depreciated, net	107,750,241	(2,953,490)	-	104,796,751
Total governmental activities capital assets, net	$ 122,678,233	$ 8,038,427	$ -	$ 130,716,660

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets not being depreciated:				
Land	$ 350,850	$ -	$ -	$ 350,850
Capital assets being depreciated:				
Plant and infrastructure	19,077,918	813,129	(362,526)	19,528,521
Other buildings and improvements	6,339,070	-	-	6,339,070
Vehicles	448,343	73,952	(73,867)	448,428
Machinery and equipment	510,212	-	-	510,212
Total capital assets being depreciated	26,375,543	887,081	(436,393)	26,826,231
Less accumulated depreciation for:				
Plant and infrastructure	(9,313,504)	(563,702)	362,526	(9,514,680)
Other buildings and improvements	(3,848,824)	(120,023)	-	(3,968,847)
Vehicles	(438,147)	(14,192)	73,867	(378,472)
Machinery and equipment	(432,018)	(24,066)	-	(456,084)
Total accumulated depreciation	(14,032,493)	(721,983)	436,393	(14,318,083)
Total capital assets being depreciated, net	12,343,050	165,098	-	12,508,148
Total business-type activities capital assets, net	$ 12,693,900	$ 165,098	$ -	$ 12,858,998

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

Governmental Activities:	
General government	$ 223,298
Public safety	427,792
Education	2,736,203
Public works	3,228,534
Human services	23,367
Culture and recreation	675,490
Total depreciation expense - governmental activities	$ 7,314,684
Business-Type Activities:	
Sewer	$ 721,983

NOTE 6 – CAPITAL LEASES

The Town has entered into a lease agreement for financing the acquisition of fire trucks. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

		Governmental Activities
Asset:		
Vehicles	$	1,908,083
Accumulated depreciation		(581,659)
Total	$	1,326,424

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2017, are as follows:

Years Ending June 30:		Governmental Activities
2018	$	377,398
2019		226,355
2020		226,356
2021		226,355
2022		226,357
Total minimum lease payments		1,282,821
Less: amounts representing interest		(74,871)
Present value of minimum lease payments	$	1,207,950

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 2017.

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, 2017, and the debt service requirements follow.

Project	Maturity Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2016	Issued	Redeemed	Outstanding at June 30, 2017
Municipal Purpose Bonds of 2008	2023	$ 3,830,000	3.50 - 4.00	$ 1,130,000	$ -	$ (305,000)	$ 825,000
Municipal Purpose Bonds of 2009	2029	3,500,000	2.13 - 5.00	2,275,000	-	(175,000)	2,100,000
Municipal Purpose Bonds of 2010	2031	9,300,000	3.25 - 4.00	6,975,000	-	(465,000)	6,510,000
Municipal Purpose Refunding Bonds of 2012	2023	19,095,000	2.00 - 4.00	12,800,000	-	(1,895,000)	10,905,000
Municipal Purpose Bonds of 2013	2022	4,635,000	2.00 - 3.00	2,775,000	-	(465,000)	2,310,000
Municipal Purpose Bonds of 2014	2024	1,400,000	2.00 - 2.50	1,120,000	-	(140,000)	980,000
Municipal Purpose Bonds of 2015	2036	850,000	2.5 - 5.00	850,000	-	(42,500)	807,500
Municipal Purpose Bonds of 2016	2045	13,490,000	2.5 - 5.00	9,600,000	-	(572,500)	9,027,500
Municipal Purpose Bonds of 2017	2046	12,755,000	2.5 - 5.00	3,890,000	12,755,000	(755,000)	15,890,000
Total Future Debt Service Requirements				41,415,000	12,755,000	(4,815,000)	49,355,000
Unamortized Premium on Bonds				1,308,787	948,380	(167,628)	2,089,539
Total Governmental Bonds Payable				42,723,787	13,703,380	(4,982,628)	51,444,539
Municipal Purpose Bonds of 1998 (MCWT)	2019	3,220,700	3.88	595,600	-	(192,800)	402,800
MWRA Notes 2013	2017	212,300	0.00	42,460	-	(42,460)	-
Municipal Purpose Bonds of 2014	2024	1,570,000	2.00 - 2.50	1,250,000	-	(160,000)	1,090,000
MWRA Notes 2017	2021	234,000	0.00	234,000	-	(46,800)	187,200
Total Enterprise Bonds Payable				2,122,060	-	(442,060)	1,680,000
Total General Obligation Bonds Payable				$ 44,845,847	$ 13,703,380	$ (5,424,688)	$ 53,124,539

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

Year	Principal	Interest	Total
2018	$ 4,645,000	$ 1,721,141	$ 6,366,141
2019	4,590,000	1,547,980	6,137,980
2020	4,575,000	1,359,280	5,934,280
2021	4,555,000	1,180,480	5,735,480
2022	4,425,000	1,019,850	5,444,850
2023-2027	11,390,000	3,297,507	14,687,507
2028-2032	6,885,000	1,707,095	8,592,095
2033-2037	4,200,000	900,118	5,100,118
2038-2042	2,300,000	475,500	2,775,500
2043-2046	1,790,000	132,900	1,922,900
Total	$ 49,355,000	$ 13,341,849	$ 62,696,849

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

Year	Principal	Interest	Total
2018	$ 405,300	$ 32,639	$ 437,939
2019	406,100	24,096	430,196
2020	201,800	15,888	217,688
2021	201,800	12,788	214,588
2022	155,000	9,688	164,688
2023	155,000	6,588	161,588
2024	155,000	3,488	158,488
Total	$ 1,680,000	$ 105,172	$ 1,785,172

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 2017, approximately $1,401,000 of such assistance was received. Approximately $8,408,000 will be received in future years. Of this amount, approximately $639,000 represents reimbursement of long-term interest costs, and approximately $7,769,000 represents reimbursement of approved construction costs. Accordingly, a $7,769,000 intergovernmental receivable and corresponding unavailable 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 scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of $105,859 and interest costs for $15,558. The principal subsidies are guaranteed and therefore a $105,859 intergovernmental receivable has been recorded in the sewer enterprise fund at June 30, 2017. Net MCWT loan repayments, including interest, are scheduled to be $296,942. Since the Town is legally obligated for the total amount of the debt, such amounts have been recorded in the accompanying basic financial statements. During 2017 the principal subsidy totaled $48,391 and the interest subsidy totaled $20,883.

The Town is a member of the Massachusetts Water Resources Authority (MWRA) which offers its members interest free loans for various purposes. The Town has $187,200 in loans outstanding at June 30, 2017. The imputed interest on this loan is immaterial and has not been recognized by the Town.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2017, the Town had the following authorized and unissued debt:

Purpose	Date Voted	Article	Amount Authorized and Unissued
Police Station Construction	5/2/2016	15	$ 450,000

Changes in Long-Term Liabilities

During the year ended June 30, 2017, the following changes occurred in long-term liabilities:

	Balance at June 30, 2016	Additions	Retirements and Other	Balance at June 30, 2017	Current Portion
Governmental Activities:					
Long-Term Bonds	$ 41,415,000	$ 12,755,000	$ (4,815,000)	$ 49,355,000	$ 4,645,000
Unamortized Premium on Bonds	1,308,787	948,380	(167,628)	2,089,539	228,843
Other Postemployment Benefits	23,074,779	3,826,661	(3,234,153)	23,667,287	-
Capital Lease Obligations	292,872	1,160,000	(244,922)	1,207,950	349,880
Compensated Absences	2,017,000	1,226,000	(1,283,000)	1,960,000	1,206,000
Net Pension Liability	39,146,771	-	-	39,146,771	-
Total Governmental Activities	107,255,209	19,916,041	(9,744,703)	117,426,547	6,429,723
Business-Type Activities:					
Long-Term Bonds	2,122,060	-	(442,060)	1,680,000	405,300
Other Postemployment Benefits	291,015	118,350	(110,877)	298,488	-
Compensated Absences	23,000	15,000	(23,000)	15,000	15,000
Net Pension Liability	984,728		-	984,728	-
Total Business-Type Activities	3,420,803	133,350	(575,937)	2,978,216	420,300
Total	$ 110,676,012	$ 20,049,391	$ (10,320,640)	$ 120,404,763	$ 6,850,023

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

GASB 54 provides for two major types of fund 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.

The Town's spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

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 year end the balance of the General Stabilization fund is $4.0 million and is reported as unassigned fund balance within the General Fund.

As of June 30, 2017, the governmental fund balance consisted of the following:

	GOVERNMENTAL FUNDS			
	General	Police Station Project	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES				
Nonspendable:				
Permanent fund principal	$ -	$ -	$ 429,400	$ 429,400
Restricted for:				
Police station project	-	4,647,656	-	4,647,656
Town grants and revolving funds	-	-	4,937,045	4,937,045
School lunch	-	-	105,379	105,379
Ambulance fund	-	-	800,861	800,861
School grants and revolving funds	-	-	3,178,859	3,178,859
University station	-	-	650,975	650,975
Expendable governmental trusts	-	-	81,287	81,287
Roadway improvements	-	-	646,276	646,276
Fire station project	-	-	801,871	801,871
Facility renovations	-	-	339,478	339,478
Cemetery	-	-	12,420	12,420
Other nonexpendable trust funds	-	-	40,273	40,273
Committed to:				
Selectmen	5,818	-	-	5,818
Assessors department	5,363	-	-	5,363
Information systems	357,700	-	-	357,700
Conservation	20,000	-	-	20,000
University Station	3,113,463	-	-	3,113,463
Police department	133,412	-	-	133,412
Fire department	153,836	-	-	153,836
Education	657,125	-	-	657,125
Public works equipment	169,849	-	-	169,849
Human services	91,587	-	-	91,587
Culture and recreation	9,159	-	-	9,159
Assigned to:				
Selectmen	1,750	-	-	1,750
Accounting department	455	-	-	455
Assessors department	6,267	-	-	6,267
Information systems	3,564	-	-	3,564
Town clerk	10,050	-	-	10,050
Legal	19,139	-	-	19,139
Zoning	175	-	-	175
Outside professional services	12,800	-	-	12,800
Office communications	69	-	-	69
Police department	34,095	-	-	34,095
Fire department	68,220	-	-	68,220
Building inspection	1,724	-	-	1,724
Education salaries	1,295,530	-	-	1,295,530
Education expenses	57,817	-	-	57,817
Public works	6,539	-	-	6,539
School and field maintenance	12,317	-	-	12,317
Street lighting	12,698	-	-	12,698
Human services	2,931	-	-	2,931
Library expenses	7,667	-	-	7,667
Reserve for subsequent year expenditure	3,230,050	-	-	3,230,050
Unassigned	10,081,366	-	-	10,081,366
TOTAL FUND BALANCES	$ 19,582,535	$ 4,647,656	$ 12,024,124	$ 36,254,315

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 years.

On July 1, 2015, the Town joined the Commonwealth of Massachusetts' Group Insurance Commission (GIC) which offers premium based insurance plans to GIC members. The GIC sets the rates for participating municipalities annually. Municipalities participating in the GIC plans are assessed a .05% administrative fee on their premium over what the State employees pay.

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 2017 totaled $303,000 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, 2017, and therefore is not reported.

The Town is self-insured for unemployment compensation. During 2017, the Town appropriated $112,000 to provide for anticipated costs of unemployment benefits. During 2017, claims related to unemployment compensation totaled $39,000. The liability for unemployment compensation was not material at June 30, 2017, and therefore is not reported.

NOTE 11 – STABILIZATION FUND

The Town has $4.0 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.

NOTE 12 – PENSION PLAN

Plan Description

The Town is a member of the Norfolk County Retirement System (NCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 41 member units. The system is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. A copy of their audited financial report may be obtained by visiting http://www.norfolkcountyretirement.org.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting http://www.mass.gov/osc/publications-and-reports/financial-reports/.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2016. The Town's portion of the collective pension expense, contributed by the Commonwealth, of $9,368,864 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is $91,845,701 as of the measurement date.

Benefits Provided

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

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

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

There were no changes of benefit terms that affected measurement of the total pension liability since the prior measurement date.

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding $30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the NCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution equaled its actual contribution for the year ended December 31, 2016 was $3,946,275, 19% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities

At June 30, 2017, the Town reported a liability of $38,565,987 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2016, the Town's proportion was 7.3878%, which was the same proportion measured at December 31, 2015.

Pension Expense

For the year ended June 30, 2017, the Town recognized a pension expense of $4,554,655. At June 30, 2017, the Town reported net deferred outflows of resources and inflows of resources related to pensions of $5,629,723 and $2,816,214, respectively.

The balances of deferred outflows and inflows at June 30, 2017 consist of the following:

Deferred category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience……	$ 604,647	$ -	$ 604,647
Changes of assumptions……	-	(2,514,935)	(2,514,935)
Difference between projected and actual earnings……	3,524,365	-	3,524,365
Changes in proportion and difference between proportionate share of contributions and actual contributions……	1,500,711	(301,279)	1,199,432
Total Deferred Outflows/(Inflows) or Resources……	$ 5,629,723	$ (2,816,214)	$ 2,813,509

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

Year ended June 30:	
2018……	$ 1,098,560
2019……	1,098,560
2020……	796,241
2021……	(179,852)
Total……	$ 2,813,509

Actuarial Assumptions - The total pension liability in the January 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2016:

Valuation date……	January 1, 2016
Actuarial cost method……	Entry Age Normal Actuarial Cost Method.
Amortization method……	Open - Level percent of payroll. Payroll assumed to grow 3.5% - 5.5% per year.
Asset valuation method……	Market value as reported by the Public Employees' Retirement Administration (PERAC)
Inflation rate……	4.0% as of January 1, 2016
Projected salary increases……	3.5% - 5.5% as of January 1, 2016
Cost of living adjustments……	3.0% of the first $15,000 of retirement income.
Rates of retirement……	Varies based upon age for general employees, police and fire employees.
Rates of disability……	For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).
Mortality Rates:	
Pre-Retirement and Post-Retirement……	The RP-2014 Blue Collar Mortality Table for males and females,
Disabled Retiree……	The RP-2000 Mortality Table set forward six years for Groups 1 and 2 and two years for Group 4.
Investment rate of return/Discount rate……	8.00%

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established by PRIT. Plan assets are managed on a total return basis with a long-term objective of achieving a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity……	32.00%	4.60%
International equities……	17.50%	4.60%
Fixed income……	19.00%	0.50%
Real estate……	9.00%	1.10%
Private equity……	8.50%	6.30%
Hedge funds……..……	9.00%	9.10%
Real assets……	5.00%	3.50%
	100.00%	

Rate of Return

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.59%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rated. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net position liability, calculated using the discount rate of 8.00%, as well as what the net position liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount (8.00%)	1% Increase (9.00%)
The Town's proportionate share of the net pension liability……	$ 48,795,701	$ 38,565,987	$ 29,796,993

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Norfolk County Retirement System financial report.

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 2017, the Town contributed approximately $3.3 million to the plan.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and to enable the Town to begin pre-funding its other postemployment benefit (OPEB) liabilities.

During 2017, the Town pre-funded future OPEB liabilities by contributing $1,350,000 to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reporting within the Fiduciary Funds financial statements. As of June 30, 2017, the balance of this fund totaled $5.0 million.

The annual money-weighted rate of return on OPEB plan investments was 12.53%. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

Plan Membership – The following table represents the Plan's membership at June 30, 2017:

Active members……	385
Inactive members currently receiving benefits……	399
	784

Components of OPEB Liability – The following table represents the components of the Plan's OPEB liability as of June 30, 2017:

Total OPEB liability……	$	46,112,261
Less: OPEB plan's fiduciary net position……		(5,028,401)
Net OPEB liability……	$	41,083,860
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability……		10.90%

Significant Actuarial Methods and Assumptions – The Plan's total OPEB liability in the June 30, 2015 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods including the measurement date which was updated to June 30, 2017 to be in accordance with GASB #74:

Valuation date	June 30, 2015 The results of the June 30, 2015 actuarial valuation were used to determine the Actuarially Determined Contribution for the fiscal year ending June 30, 2017.
Actuarial cost method	Entry Age Normal - Level percentage of payroll.
Asset valuation method	Market Value as of June 30, 2017.
Discount rate	7.50%
Nominal investment rate of return	7.50%
Inflation rate	4.00%
Healthcare cost trend rate:	
Non-Medicare cost trend rate	6.0% for 8 years, 5.5% for 1 year, and an ultimate level of 5.0% per year thereafter.
Medicare cost trend rate	8.0% for 4 years, then decreasing by 0.5% for 6 years to an ultimate level of 5.0% per year thereafter.
Part B premium trend rate	5.00%
Salary increases	Service related increase for Group 1, Group 2 and Group 4 employees: 5.5% decreasing over 6 years to an ultimate rate of 3.5%. Service related increases for Teachers: 7.5% decreasing over 20 years to an ultimate level of 4.0%.
Mortality rates:	
Pre-Retirement (Non-Teachers)	RP-2000 Employee Mortality Table projected generationally with Scale BB2D from 2009.
Healthy (Non-Teachers)	RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB2D from 2009.
Disabled (Non-Teachers)	RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB2D from 2015.
Pre-Retirement (Teachers)	RP-2014 Employee Mortality Table projected generationally with Scale BB2D from 2014.
Healthy (Teachers)	RP-2014 Healthy Annuitant Mortality Table projected generationally with Scale BB2D from 2014.
Disabled (Teachers)	RP-2014 Healthy Annuitant Mortality Table set forward 4 years projected generationally with Scale BB2D from 2014.

Investment Policy – The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town's investment policy.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce a long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The Plan's expected future real rate of return of 3.50% is added to the expected inflation of 4.00% to produce the long-term expected nominal rate of return of 7.50%. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	18.00%	6.44%
International developed markets equity	16.00%	7.40%
International emerging markets equity	6.00%	9.42%
Core fixed income	12.00%	2.02%
High-yield fixed income	10.00%	4.43%
Real estate	10.00%	5.00%
Commodities	4.00%	4.43%
Hedge funds, GTAA, Risk parity	13.00%	3.75%
Private equity	11.00%	10.47%
Total Asset Allocation	100.00%	

Sensitivity of the net OPEB liability to changes in the discount rate – The following table presents the Plan's net OPEB liability, calculated using the discount rate of 7.5%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net OPEB liability	$ 47,258,091	$ 41,083,860	$ 35,988,736

Sensitivity of the net OPEB liability to changes in the healthcare trend – The following table presents the net other postemployment benefit liability, calculated using the healthcare trend rate if it was 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability	$ 34,684,253	$ 41,083,860	$ 49,069,792

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	$ 3,448,958
Interest on net OPEB obligation	1,810,849
Amortization of net OPEB obligation	(1,314,796)
Annual OPEB cost (expense)	3,945,011
Contributions made	(3,345,030)
Increase/(Decrease) in net OPEB obligation	599,981
Net OPEB obligation-beginning of year	23,365,794
Net OPEB obligation-end of year	$ 23,965,775

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015, 2016 and 2017 were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2017	$ 3,945,011	85%	$ 23,965,775
6/30/2016	3,806,299	84%	23,365,794
6/30/2015	5,222,092	53%	22,769,498

Funded Status and Funding Progress – As of June 30, 2015, the most recent actuarial valuation date, the actuarial value of assets totaled $1.7 million, the actuarial accrued liability for benefits totaled $37.3 million and $35.6 million was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $44.9 million, and the ratio of the UAAL to the covered payroll was 79.26%.

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, 2015 actuarial valuation, actuarial liabilities were determined using the projected unit credit cost method. Plan membership includes 385 active members and 399 retirees, beneficiaries and dependents. The

actuarial assumptions included a discount rate of 7.75%; a 7.75% asset rate of 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 a non-Medicare cost trend rate of 6.0% for 8 year, 5.5% for 1 years, and an ultimate level of 5.0% per year thereafter; a Medicare cost trend rate of 8.0% for 4 years, then decreasing by 0.5% for 6 years to an ultimate level of 5.0% per year; and a 5.0% increase per year in the part B premium trend rate. The UAAL is being amortized over a 30 year closed period using a level percentage of projected payroll with amortization payments increasing at 4.0% per year. The asset valuation method used is market value. The remaining amortization period at June 30, 2017 is 28 years.

NOTE 13 – COMMITMENTS

Police Station

The Town is nearing the completion of the construction of a new 19,000 square foot police station. The project, which began on July 1, 2016, has a total cost of $13.2 million. The Town issued general obligation bonds of $12.8 million in September 2016 to finance the project. The Town has an additional $450,000 of authorized and unissued debt related to the police station. As of June 30, 2017, the Town had expended $9.1 million on the police station project.

NOTE 14 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards through June 30, 2017, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending 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, 2017, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2017.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 12, 2017, which is the date the financial statements were available to be issued.

NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2017, the following GASB pronouncements were implemented:

- GASB Statement #74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* The basic financial statements, related notes and required supplementary information were updated to be in compliance with this pronouncement.

- GASB Statement #77, *Tax Abatement Disclosures.* This pronouncement did not impact the basic financial statements.

- GASB Statement #78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This pronouncement did not impact the basic financial statements.

- GASB Statement #80, *Blending Requirements for Certain Component Units – an amendment of GASB #14*. This pronouncement did not impact the basic financial statements.

- GASB Statement #82, *Pension Issues – an amendment of GASB Statements #67, #68, and #73.* The basic financial statements and related notes were updated to be in compliance with this pronouncement.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* which is required to be implemented in 2018.

- The GASB issued Statement #81, *Irrevocable Split-Interest Agreements***,** which is required to be implemented in 2018.

- The GASB issued Statement #83, *Certain Asset Retirement Obligations*, which is required to be implemented in 2019.

- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2020.

- The GASB issued Statement #85, *Omnibus 2017*, which is required to be implemented in 2018.

- The GASB issued Statement #86, *Certain Debt Extinguishment Issues*, which is required to be implemented in 2018.

- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2021.

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

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Required Supplementary Information

General Fund
Budgetary Comparison Schedule

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

GENERAL FUND

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

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
REVENUES:					
Real estate and personal property taxes, net of tax refunds	$ 69,860,874	$ 69,860,874	$ 70,112,149	$ -	$ 251,275
Motor vehicle excise taxes	2,177,000	2,177,000	3,300,479	-	1,123,479
Penalties and interest on taxes	80,000	80,000	147,442	-	67,442
Fees and rentals	260,000	260,000	761,054	-	501,054
Licenses and permits	400,000	400,000	1,007,288	-	607,288
Fines and forfeitures	10,000	10,000	25,354	-	15,354
Intergovernmental	7,163,063	7,163,063	7,215,663	-	52,600
Departmental and other	365,000	365,000	286,447	-	(78,553)
Investment income	20,000	20,000	119,027	-	99,027
TOTAL REVENUES	80,335,937	80,335,937	82,974,903	-	2,638,966
EXPENDITURES:					
GENERAL GOVERNMENT					
SELECTMEN					
Salaries	560,924	566,672	566,666	-	6
Expenditures	51,500	51,500	46,223	1,750	3,527
TOTAL	612,424	618,172	612,889	1,750	3,533
FINANCE COMMISSION					
Salaries	15,248	15,248	15,205	-	43
Expenditures	32,213	32,213	26,437	-	5,776
TOTAL	47,461	47,461	41,642	-	5,819
ACCOUNTING					
Salaries	241,624	241,931	241,878	-	53
Expenditures	5,300	5,300	4,836	455	9
TOTAL	246,924	247,231	246,714	455	62
AUDIT-SCHOOL & MUNICIPAL FINANCIALS					
Professional Services	57,750	57,750	53,580	-	4,170
ASSESSORS					
Salaries	206,436	206,708	206,355	-	353
Expenditures	17,400	17,400	11,074	6,267	59
TOTAL	223,836	224,108	217,429	6,267	412
TREASURER					
Salaries	100,019	100,057	99,300	-	757
Expenditures	12,800	12,800	9,474	-	3,326
TOTAL	112,819	112,857	108,774	-	4,083
COLLECTOR					
Salaries	118,382	118,654	117,963	-	691
Expenditures	74,725	74,725	74,629	-	96
TOTAL	193,107	193,379	192,592	-	787
LEGAL					
Salaries	97,806	97,806	97,801	-	5
Expenditures	104,500	104,500	81,075	19,139	4,286
TOTAL	202,306	202,306	178,876	19,139	4,291
HUMAN RESOURCES					
Salaries	211,500	211,615	211,591	-	24
Expenditures	11,500	11,500	5,596	-	5,904
TOTAL	223,000	223,115	217,187	-	5,928

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
INFORMATION SYSTEMS					
Salaries	263,238	263,343	262,333	-	1,010
Expenditures	79,276	79,276	75,702	3,564	10
TOTAL	342,514	342,619	338,035	3,564	1,020
TOWN CLERK					
Salaries	157,728	157,876	147,502	-	10,374
Expenditures	68,300	68,300	57,446	10,050	804
TOTAL	226,028	226,176	204,948	10,050	11,178
CONSERVATION COMMISSION					
Salaries	67,924	67,924	67,174	-	750
Expenditures	5,600	5,600	5,130	-	470
TOTAL	73,524	73,524	72,304	-	1,220
PLANNING BOARD					
Salaries	124,687	124,687	123,506	-	1,181
Expenditures	3,100	3,100	2,724	-	376
TOTAL	127,787	127,787	126,230	-	1,557
ZONING BOARD OF APPEALS					
Salaries	48,649	50,649	49,672	-	977
Expenditures	2,800	2,800	936	175	1,689
TOTAL	51,449	53,449	50,608	175	2,666
ECONOMIC DEVELOPMENT TASK FORCE					
Salaries	158,926	159,048	153,772	-	5,276
Expenditures	3,650	3,650	2,802	-	848
TOTAL	162,576	162,698	156,574	-	6,124
OUTSIDE PROFESSIONAL SERVICES					
Expenditures	41,000	41,000	27,345	12,800	855
MASS HOUSING PARTNERSHIP/ HOUSING AUTHORITY					
Salaries	8,944	8,944	8,906	-	38
Expenditures	3,200	3,200	2,900	-	300
	12,144	12,144	11,806	-	338
OFFICE COMMUNICATIONS					
Expenditures	149,750	149,750	141,067	69	8,614
TRAINING					
Expenditures	15,000	15,000	5,202	-	9,798
Total General Government	3,121,399	3,130,526	3,003,802	54,269	72,455
PUBLIC SAFETY					
POLICE DEPARTMENT					
Salaries	3,475,868	3,632,138	3,597,759	34,000	379
Expenditures	276,001	216,001	205,612	95	10,294
TOTAL	3,751,869	3,848,139	3,803,371	34,095	10,673
ANIMAL CONTROL					
Salaries	55,084	55,084	54,602	-	482
Expenditures	9,600	9,600	3,678	-	5,922
TOTAL	64,684	64,684	58,280	-	6,404
CROSSING GUARDS					
Salaries	103,454	103,454	94,411	-	9,043
Expenditures	3,500	3,500	794	-	2,706
TOTAL	106,954	106,954	95,205	-	11,749
FIRE DEPARTMENT					
Salaries	3,675,845	3,675,990	3,632,937	43,000	53
Expenditures	249,895	249,895	224,312	25,220	363
TOTAL	3,925,740	3,925,885	3,857,249	68,220	416

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
BUILDING INSPECTION					
Salaries	317,803	317,928	230,981	-	86,947
Expenditures	39,975	39,975	20,979	1,724	17,272
TOTAL	357,778	357,903	251,960	1,724	104,219
CIVIL DEFENSE	3,000	3,000	816	-	2,184
Total Public Safety	8,210,025	8,306,565	8,066,881	104,039	135,645
EDUCATION					
PUBLIC SCHOOLS					
Salaries and expenditures	43,019,445	43,019,445	41,642,791	1,353,347	23,307
BLUE HILLS REGIONAL	339,532	339,532	337,600	-	1,932
Total Education	43,358,977	43,358,977	41,980,391	1,353,347	25,239
PUBLIC WORKS					
DEPARTMENT OF PUBLIC WORKS					
Salaries	1,579,079	1,672,316	1,662,381	6,539	3,396
Expenditures	499,299	499,299	498,691	-	608
TOTAL	2,078,378	2,171,615	2,161,072	6,539	4,004
BUILDING MAINTENANCE					
Salaries	121,903	174,903	174,873	-	30
Expenditures	830,686	830,686	819,064	8,133	3,489
	952,589	1,005,589	993,937	8,133	3,519
MUNICIPAL & SCHOOL FIELD MAINTENANCE					
Expenditures	135,000	135,000	130,722	4,184	94
SNOW & ICE					
Expenditures	250,000	550,000	619,714	-	(69,714)
STREET LIGHTING					
Expenditures	130,635	130,635	104,473	12,698	13,464
WASTE/COLLECTION/DISPOSAL					
Expenditures	1,265,858	1,265,858	1,265,787	-	71
Total Public Works	4,812,460	5,258,697	5,275,705	31,554	(48,562)
HEALTH AND HUMAN SERVICES					
HEALTH DIVISION					
Salaries	266,730	268,548	248,239	-	20,309
Expenditures	11,150	11,150	9,907	-	1,243
TOTAL	277,880	279,698	258,146	-	21,552
OUTSIDE HEALTH AGENCIES	13,416	13,416	11,016	-	2,400
DISABILITY COMMISSION					
Expenditures	500	500	100	-	400
COUNCIL ON AGING					
Salaries	290,009	290,079	280,784	-	9,295
Expenditures	31,803	31,803	31,102	-	701
TOTAL	321,812	321,882	311,886	-	9,996
YOUTH COMMISSION					
Salaries	239,497	245,288	240,135	-	5,153
Expenditures	15,000	15,000	12,068	2,931	1
TOTAL	254,497	260,288	252,203	2,931	5,154

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
VETERANS SERVICES					
Salaries	52,155	55,315	54,319	-	996
Expenditures	72,300	72,300	69,928	-	2,372
TOTAL	124,455	127,615	124,247	-	3,368
Total Health and Human Services	992,560	1,003,399	957,598	2,931	42,870
CULTURE AND RECREATION					
RECREATION					
Salaries	297,576	297,576	297,450	-	126
Expenditures	15,784	15,784	15,227	-	557
TOTAL	313,360	313,360	312,677	-	683
PUBLIC LIBRARY					
Salaries	946,333	971,333	967,639	-	3,694
Expenditures	272,293	272,293	264,273	7,667	353
Lost Books	1,600	1,600	741	-	859
TOTAL	1,220,226	1,245,226	1,232,653	7,667	4,906
MEMORIAL DAY					
Expenditures	12,950	12,950	7,327	-	5,623
Total Culture and Recreation	1,546,536	1,571,536	1,552,657	7,667	11,212
PENSION BENEFITS					
Contributory Pension	4,013,829	3,968,829	3,946,275	-	22,554
INSURANCE					
General Liability	464,000	464,000	387,101	-	76,899
UNIVERSITY STATION	3,344,609	3,344,609	231,146	3,113,463	-
CAPITAL OUTLAY	4,162,830	4,364,710	2,760,733	1,603,849	128
EMPLOYEE BENEFITS	8,586,200	8,586,200	8,113,425	-	472,775
RESERVE FUND	650,000	236,177	1,257	-	234,920
STATE AND COUNTY ASSESSMENTS	591,670	591,670	642,046	-	(50,376)
DEBT SERVICE PRINCIPAL	3,780,284	4,815,000	4,815,000	-	-
DEBT SERVICE INTEREST	1,641,193	1,641,193	1,641,193	-	-
TOTAL EXPENDITURES	89,276,572	90,642,088	83,375,210	6,271,119	995,759
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,940,635)	(10,306,151)	(400,307)	(6,271,119)	3,634,725
OTHER FINANCING SOURCES (USES):					
Transfers in	1,577,221	1,718,021	1,718,021	-	-
Transfers out	(100,000)	(100,000)	(100,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,477,221	1,618,021	1,618,021	-	-
NET CHANGE IN FUND BALANCE	(7,463,414)	(8,688,130)	1,217,714	(6,271,119)	3,634,725
BUDGETARY FUND BALANCE, Beginning of year	15,317,203	15,317,203	15,317,203	-	-
BUDGETARY FUND BALANCE, End of year	$ 7,853,789	$ 6,629,073	$ 16,534,917	$ (6,271,119)	$ 3,634,725

See notes to required supplementary information.

(Concluded)

Retirement System Schedules

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

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

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

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

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
NORFOLK COUNTY CONTRIBUTORY RETIREMENT SYSTEM

	December 31, 2014	December 31, 2015	December 31, 2016
Town's proportion of the net pension liability (asset)……	6.827%	7.388%	7.388%
Town's proportionate share of the net pension liability (asset)……	$ 35,408,720	$ 40,131,499	$ 38,565,987
Town's covered employee payroll……	$ 16,856,918	$ 19,710,504	$ 20,770,111
Net pension liability as a percentage of covered-employee payroll……	210.05%	203.60%	185.68%
Plan fiduciary net position as a percentage of the total pension liability……	60.10%	58.60%	58.60%

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

See notes to required supplementary information.

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
NORFOLK COUNTY CONTRIBUTORY RETIREMENT SYSTEM

	December 31, 2014	December 31, 2015	December 31, 2016
Actuarially determined contribution	$ 3,303,348	$ 3,583,777	$ 3,946,275
Contributions in relation to the actuarially determined contribution	(3,303,348)	(3,583,777)	(3,946,275)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll	$ 16,856,918	$ 19,710,504	$ 20,770,111
Contributions as a percentage of covered-employee payroll	19.60%	18.18%	19.00%

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

See notes to required supplementary information.

SCHEDULE OF THE SPECIAL FUNDING AMOUNTS OF THE NET PENSION LIABILITY

MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

Fiscal Year	Commonwealth's 100% Share of the Net Pension Liability Associated with the Town	Town's Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2015	$ 63,201,321	$ 4,390,899	61.64%
2016	83,664,175	6,785,909	55.38%
2017	91,845,701	9,368,864	52.73%

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

See notes to required supplementary information.

Other Postemployment Benefits Plan Schedules

GASB #74 - Schedules for the Other Postemployment Benefits Plan

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability presents multi-year trend information on the Town's net other postemployment benefit liability and related ratios.

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

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

GASB #45 - Schedules for the Town's Other Postemployment Benefits Liability

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

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

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

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

		June 30, 2017
Total OPEB Liability		
Service Cost	$	1,237,052
Interest		3,287,987
Benefit payments		(1,995,030)
Net change in total OPEB liability		2,530,009
Total OPEB liability - beginning		43,582,252
Total OPEB liability - ending (a)	$	46,112,261
Plan fiduciary net position		
Employer contribution to the trust	$	1,350,000
Employer contribution to pay for OPEB benefits		1,995,030
Net investment income		533,515
Benefit payments		(1,995,030)
Net change in plan fiduciary net position		1,883,515
Plan fiduciary net position - beginning		3,144,886
Plan fiduciary net position - ending (b)	$	5,028,401
Town's net OPEB liability - ending (a)-(b)	$	41,083,860
Plan fiduciary net position as a percentage of the total OPEB liability		10.90%
Covered-employee payroll		45,861,000
Town's net OPEB liability as a percentage of covered-employee payroll		89.58%

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

See notes to required supplementary information.

SCHEDULE OF TOWN CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN

		June 30, 2017
Actuarially determined contribution……	$	3,448,958
Contributions in relation to the actuarially determined contribution……		(3,345,030)
Contribution deficiency (excess)……	$	103,928
Covered-employee payroll……		45,861,000
Contributions as a percentage of covered - employee payroll……		7.29%

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
LAST TEN FISCAL YEARS

OTHER POSTEMPLOYMENT BENEFIT PLAN

Fiscal Year Ending June 30,	Annual money-weighted rate of return, net of investment expense
2017	12.53%

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

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
6/30/2015	$ 1,724,140	$ 37,327,478	$ 35,603,338	5%	$ 44,922,136	79.26%
6/30/2013	612,433	56,528,705	55,916,272	1%	40,499,858	138.1%
6/30/2011	-	59,054,291	59,054,291	0%	37,620,046	157.0%
6/30/2009	-	49,334,499	49,334,499	0%	39,100,816	126.2%
7/1/2006	-	53,091,156	53,091,156	0%	29,437,171	180.4%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
2017	$ 3,448,958	$ 3,345,030	97%
2016	3,298,515	3,210,003	97%
2015	4,977,500	2,748,906	55%
2014	4,737,069	2,504,494	53%
2013	5,143,808	1,884,014	37%
2012	4,891,733	1,751,826	36%

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFITS PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods:

Valuation date	June 30, 2015
Actuarial cost method	Projected credit unit
Amortization method	Payments increasing at 4.0%
Remaining amortization period	29 years as of June 30, 2016
Asset valuation method	Market Value

Actuarial Assumptions:

Investment rate of return	7.75%
Discount rate	7.75%
Inflation rate	4.00%
Healthcare cost trend rate	6.0% for 8 years, 5.5% for 1 year, and an ultimate level of 5.0% per year thereafter for non-Medicare; 8.0% for 4 years, then decreasing by 0.5% for 6 years to an ultimate level of 5.0% per year for Medicare.
Part B premiun trend rate	5.00%

Plan Membership:

Current retirees, beneficiaries, and dependents	399
Current active members	385
Total	784

See notes to required supplementary information.

NOTE A – BUDGETARY BASIS OF ACCOUNTING

1. Budgetary Information

Municipal Law requires the Town to adopt a balanced budget that is approved by Town Meeting. The Finance Committee presents an annual budget to Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between and within departments subsequent to the approval of the annual budget, requires majority Special Town Meeting approval via a special article.

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

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the Town is statutorily required to pay debt service, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of Town Meeting.

The Town adopts an annual budget for the General Fund in conformity with the guidelines described above. The original 2017 approved budget for the General Fund authorized approximately $83.5 million in appropriations and other amounts to be raised and $5.9 million in encumbrances and appropriations carried over from previous years. During 2017, the Town increased the original budget by $1.4 million, which was primarily due to the supplementary appropriations from free cash and the reserve fund to fund the capital outlay budget, the public safety budget, and the public works budget.

The Town Accountant's office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the Town's accounting system.

2. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth of Massachusetts (Commonwealth)) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the General Fund for the year ended June 30, 2017, is presented below:

Net change in fund balance - budgetary basis…… $	1,217,714
Perspective difference:	
Activity of the stabilization fund recorded in the general fund for GAAP.....	(547,581)
Basis of accounting differences:	
Net change in recording 60-day receipts accrual……	79,349
Net change in expenditure accruals……	(149,918)
Recognition of revenue for on-behalf payments……	9,360,000
Recognition of expenditures for on-behalf payments……	(9,360,000)
Net change in fund balance - GAAP basis…… $	599,564

3. Appropriation Deficit

The Town reported appropriation deficits in the snow and ice budget and the capital outlay budget, as well as in the state and county assessments budget. These deficits will be raised on the Town's future year tax recapitulation sheet.

NOTE B – PENSION PLAN

Pension Plan Schedules

Schedule of the Town's Proportionate Share of the Net Pension Liability

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

Schedule of Town's Contributions

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

Schedule of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

Changes in Assumptions

The January 1, 2017 actuarial valuation included an 8.00% assumed rate of return on Plan investments; this is a decrease from the 8.25% assumed rate included in the prior valuation. Additionally, the salary scale was changed to a tiered schedule ranging from 3.5% to 5.5% based on years of service, as compared to a level 4% assumption in the prior valuation.

Changes in Plan Provisions

There were no changes in plan provisions as part of the updated actuarial valuation through the measurement date of December 31, 2016.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

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

The Other Postemployment Benefit Plan

Schedule of the Town’s Proportionate Share of the Net Other Postemployment Benefit Liability

The Schedule of the Town’s Proportionate Share of the Net Other Postemployment Benefit Liability details the Plan’s net other postemployment benefit liability (asset) and the covered employee payroll. It also demonstrates the Plan’s net position as a percentage of the total liability and the Plan’s net other postemployment benefit liability as a percentage of covered payroll.

Schedule of the Town’s Contributions

The Schedule of the Town’s Contributions includes the Town’s annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll.

Schedule of Investment Returns

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

The Town

The Town currently finances its other postemployment benefits (OPEB) on a combined pre-funded and pay-as-you-go basis. As a result, the funded ratio (actual value of assets expressed as a percentage of the actuarial accrued liability) is 5%. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

Projections of benefits for financial reporting purposes are based on the substantive plan and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost 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.

Schedule of Funding Progress

The Schedule of Funding Progress presents multiyear trend information which compares, over time, the Town's actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

Schedule of Employer Contributions

The Schedule of Employer Contributions presents multiyear trend information for the Town's required and actual contributions relating to the plan.

Schedule of Actuarial Methods and Assumptions

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

Other Supplementary Information

Combining and Individual Fund Statements and Schedules

The combining financial statements provide a more detailed view of the “Basic Financial Statements” presented in the preceding subsection.

Combining statements are presented when there are more than one fund of a given fund type.

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than permanent funds or major capital project funds) that are restricted by law or administrative action to expenditures for specific purposes. The Town's special revenue funds are grouped into the following categories:

- ***School Lunch Fund*** – accounts for the operations of the public school lunch program.

- ***Ambulance Fund*** – accounts for the fees collected for ambulance services which can legally only be appropriated for costs to provide the service, such as Emergency Medical Technician firefighter stipend and ambulance supplies.

- ***Departmental Grants/Other Revolving Funds*** – accounts for various grants and legally restricted revenues for special programs administered by Town departments.

- ***Educational Grants Funds*** – accounts for all educational programs specially financed by grants and other restricted revenues.

- ***Educational Revolving Funds*** – accounts for educational programs financed by non-grant revenues and gifts.

- ***Expendable Governmental Trusts –*** accounts for contributions where both principal and investment earnings may be spent to support the government.

- ***Highway Improvement Fund –*** accounts for funds received from the State Highway Department which is used for construction, reconstruction and improvements of roadways.

- ***University Station –*** accounts for the remaining dedicated revenues and expenditures related to the Town's high profile commercial development project which has been substantially completed.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition, construction or improvement of major capital assets (other than those financed by enterprise funds). Such resources are derived principally from proceeds of general obligation bonds and grants. The Town's grouping for non-major capital project funds is as described as follows:

- ***Roadway Improvements*** – accounts for construction, reconstruction and improvements of roadways, streets and sidewalks. Funding is provided primarily by bond proceeds, various grants and legally restricted revenues for special programs administered by Town departments.

- ***Fire Station Project*** – accounts for renovation, improvements and capital equipment associated with the new fire station.

- ***Facilities Renovations*** – accounts for all renovation, improvements and capital equipment associated with various town buildings and facilities.

Permanent Funds

Permanent Funds are 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 reporting government's programs.

- ***Cemetery Fund*** – accounts for contributions associated with cemetery care and maintenance.

- ***Other Nonexpendable Trust Funds –*** accounts for various contributions associated with the public library, schools and veterans services.

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NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2017

	Special Revenue Funds								
	School Lunch	Ambulance	Departmental Grants/ Other Revolving	Educational Grants	Educational Revolving	Expendable Governmental Trusts	Highway Improvement	University Station	Sub-total
ASSETS									
Cash and cash equivalents	$ 105,767	$ 800,861	$ 4,959,325	$ 879,796	$ 2,341,581	$ 81,287	$ 63,900	$ 650,975	$ 9,883,492
Investments	-	-	-	-	-	-	-	-	-
Receivables, net of uncollectibles:									
Departmental and other	-	192,596	-	-	-	-	-	-	192,596
Intergovernmental	-	-	-	-	-	-	369,588	-	369,588
TOTAL ASSETS	$ 105,767	$ 993,457	$ 4,959,325	$ 879,796	$ 2,341,581	$ 81,287	$ 433,488	$ 650,975	$ 10,445,676
LIABILITIES									
Warrants payable	$ 388	$ -	$ 22,280	$ 15,816	$ 26,702	$ -	$ -	$ -	$ 65,186
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenues	-	192,596	-	-	-	-	369,588	-	562,184
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	105,379	800,861	4,937,045	863,980	2,314,879	81,287	63,900	650,975	9,818,306
TOTAL FUND BALANCES	105,379	800,861	4,937,045	863,980	2,314,879	81,287	63,900	650,975	9,818,306
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 105,767	$ 993,457	$ 4,959,325	$ 879,796	$ 2,341,581	$ 81,287	$ 433,488	$ 650,975	$ 10,445,676

(Continued)

Capital Projects Funds				Permanent Funds			
Roadway Improvements	Fire Station Project	Facilities Renovations	Sub-total	Cemetery	Other Nonexpendable Trust Funds	Sub-total	Total Nonmajor Governmental Funds
$ 582,376	$ 957,525	$ 400,228	$ 1,940,129	$ 403,342	$ 53,226	$ 456,568	$ 12,280,189
-	-	-	-	-	25,525	25,525	25,525
-	-	-	-	-	-	-	192,596
-	-	-	-	-	-	-	369,588
$ 582,376	$ 957,525	$ 400,228	$ 1,940,129	$ 403,342	$ 78,751	$ 482,093	$ 12,867,898
$ -	$ 155,654	$ 60,750	$ 216,404	$ -	$ -	$ -	$ 281,590
-	-	-	-	-	-	-	562,184
-	-	-	-	390,922	38,478	429,400	429,400
582,376	801,871	339,478	1,723,725	12,420	40,273	52,693	11,594,724
582,376	801,871	339,478	1,723,725	403,342	78,751	482,093	12,024,124
$ 582,376	$ 957,525	$ 400,228	$ 1,940,129	$ 403,342	$ 78,751	$ 482,093	$ 12,867,898

(Concluded)

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	Special Revenue Funds								
	School Lunch	Ambulance	Departmental Grants/ Other Revolving	Educational Grants	Educational Revolving	Expendable Governmental Trusts	Highway Improvement	University Station	Sub-total
REVENUES:									
Charges for services	$ 999,254	$ 774,401	$ 886,471	$ -	$ 2,348,432	$ -	$ -	$ -	$ 5,008,558
Intergovernmental	129,060	-	1,277,040	2,212,576	-	-	776,503	-	4,395,179
Departmental and other	-	-	400,414	-	-	-	-	518,763	919,177
Contributions	-	-	256,592	-	232,455	-	-	-	489,047
Investment income	-	-	-	-	-	698	-	-	698
TOTAL REVENUES	1,128,314	774,401	2,820,517	2,212,576	2,580,887	698	776,503	518,763	10,812,659
EXPENDITURES:									
Current:									
General government	-	-	592,540	-	-	-	-	-	592,540
Public safety	-	-	176,700	-	-	-	-	-	176,700
Education	1,081,215	-	-	2,305,376	2,610,110	-	-	-	5,996,701
Public works	-	-	768,415	-	-	-	895,864	-	1,664,279
University station	-	-	-	-	-	-	-	276,823	276,823
Human services	-	-	135,459	-	-	-	-	-	135,459
Culture and recreation	-	-	840,371	-	-	-	-	-	840,371
TOTAL EXPENDITURES	1,081,215	-	2,513,485	2,305,376	2,610,110	-	895,864	276,823	9,682,873
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	47,099	774,401	307,032	(92,800)	(29,223)	698	(119,361)	241,940	1,129,786
OTHER FINANCING SOURCES (USES):									
Premium from issuance of bonds	-	-	948,380	-	-	-	-	-	948,380
Transfers out	-	(617,300)	(159,743)	-	-	-	-	-	(777,043)
TOTAL OTHER FINANCING SOURCES (USES)	-	(617,300)	788,637	-	-	-	-	-	171,337
NET CHANGE IN FUND BALANCES	47,099	157,101	1,095,669	(92,800)	(29,223)	698	(119,361)	241,940	1,301,123
FUND BALANCES AT BEGINNING OF YEAR	58,280	643,760	3,841,376	956,780	2,344,102	80,589	183,261	409,035	8,517,183
FUND BALANCES AT END OF YEAR	$ 105,379	$ 800,861	$ 4,937,045	$ 863,980	$ 2,314,879	$ 81,287	$ 63,900	$ 650,975	$ 9,818,306

(Continued)

Capital Projects Funds				Permanent Funds			
Roadway Improvements	Fire Station Project	Facilities Renovations	Sub-total	Cemetery	Other Nonexpendable Trust Funds	Sub-total	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,008,558
180,066	23,925	-	203,991	-	-	-	4,599,170
-	-	-	-	-	-	-	919,177
-	-	-	-	7,800	-	7,800	496,847
-	-	-	-	930	3,986	4,916	5,614
180,066	23,925	-	203,991	8,730	3,986	12,716	11,029,366
22,744	-	16,538	39,282	-	-	-	631,822
-	3,939,880	-	3,939,880	-	-	-	4,116,580
-	-	-	-	-	-	-	5,996,701
420,447	-	-	420,447	-	-	-	2,084,726
-	-	-	-	-	-	-	276,823
-	-	-	-	-	-	-	135,459
-	-	217,981	217,981	-	268	268	1,058,620
443,191	3,939,880	234,519	4,617,590	-	268	268	14,300,731
(263,125)	(3,915,955)	(234,519)	(4,413,599)	8,730	3,718	12,448	(3,271,365)
-	-	-	-	-	-	-	948,380
-	-	-	-	-	-	-	(777,043)
-	-	-	-	-	-	-	171,337
(263,125)	(3,915,955)	(234,519)	(4,413,599)	8,730	3,718	12,448	(3,100,028)
845,501	4,717,826	573,997	6,137,324	394,612	75,033	469,645	15,124,152
$ 582,376	$ 801,871	$ 339,478	$ 1,723,725	$ 403,342	$ 78,751	$ 482,093	$ 12,024,124

(Concluded)

Agency 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.

AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2017

	July 1, 2016	Additions	Deletions	June 30, 2017
ASSETS				
Cash and cash equivalents	$ 266,021	$ 1,212,146	$ (1,277,020)	$ 201,147
Receivables, net of allowance for uncollectibles:				
Departmental and other	122,289	917,932	(869,543)	170,678
TOTAL ASSETS	$ 388,310	$ 2,130,078	$ (2,146,563)	$ 371,825
LIABILITIES				
Liabilities due depositors - Student Activities	$ 165,200	$ 291,909	$ (293,188)	$ 163,921
Liabilities due depositors - Planning Deposits	223,110	1,838,169	(1,853,375)	207,904
TOTAL LIABILITIES	$ 388,310	$ 2,130,078	$ (2,146,563)	$ 371,825

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Statistical Section

Ten Year History of the Following Major Categories:

Expenditures
Revenues
Property Tax Collections
Debt

Town Demographics and Economic Information

General Information

Westwood's newest commercial development, University Station, is up and running!

University Station is a vibrant mixed-use development of retail, residential, office and hotel uses in Westwood, Massachusetts, located adjacent to the Route 128 Amtrak and MBTA Station.

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

Town of Westwood, Massachusetts

Net Position By Component

Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Invested in capital assets	$ 98,219,632	$ 97,986,113	$ 97,375,492	$ 99,380,376	$ 99,367,799	$ 96,462,678	$ 95,611,881	$ 97,303,917	$ 94,483,050	$ 92,145,970
Restricted	2,422,271	2,591,376	2,172,033	1,735,851	1,878,233	1,806,455	1,655,112	1,533,978	2,061,713	2,038,029
Unrestricted	8,255,277	4,689,882	2,354,269	1,827,050	60,536	(125,175)	(29,404,389)	(32,182,981)	(31,409,160)	(30,826,813)
Total governmental activities net position	$ 108,897,180	$ 105,267,371	$ 101,901,794	$ 102,943,277	$ 101,306,568	$ 98,143,958	$ 67,862,604	$ 66,654,914	$ 65,135,603	$ 63,357,186
Business-type activities:										
Invested in capital assets, net of related debt	$ 13,521,282	$ 13,678,560	$ 13,318,644	$ 12,998,106	$ 12,371,623	$ 12,309,207	$ 11,776,682	$ 11,209,128	$ 11,327,932	$ 11,435,385
Unrestricted	3,813,896	3,620,615	3,871,320	4,228,836	4,558,778	4,072,081	3,146,433	4,451,172	5,204,759	5,248,831
Total business-type activities net position	$ 17,335,178	$ 17,299,175	$ 17,189,964	$ 17,226,942	$ 16,930,401	$ 16,381,288	$ 14,923,115	$ 15,660,300	$ 16,532,691	$ 16,684,216
Primary government:										
Invested in capital assets	$ 111,740,914	$ 111,664,673	$ 110,694,136	$ 112,378,482	$ 111,739,422	$ 108,771,885	$ 107,388,563	$ 108,513,045	$ 105,810,982	$ 103,581,355
Restricted	2,422,271	2,591,376	2,172,033	1,735,851	1,878,233	1,806,455	1,655,112	1,533,978	2,061,713	2,038,029
Unrestricted	12,069,173	8,310,497	6,225,589	6,055,886	4,619,314	3,946,906	(26,257,956)	(27,731,809)	(26,204,401)	(25,577,982)
Total primary government net position	$ 126,232,358	$ 122,566,546	$ 119,091,758	$ 120,170,219	$ 118,236,969	$ 114,525,246	$ 82,785,719	$ 82,315,214	$ 81,668,294	$ 80,041,402

The Town implemented GASB 68 and recorded their Net Pension Liability for the first time in 2015 and the 2014 balances were revised to reflect the associated changes.

Town of Westwood, Massachusetts

Changes in Net Position

Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	$ 8,392,072	$ 7,984,596	$ 4,745,598	$ 4,670,650	$ 5,135,899	$ 6,151,299	$ 4,921,812	$ 4,953,798	$ 6,212,821	$ 5,908,199
Public safety	7,851,039	8,778,769	8,490,129	8,969,089	9,391,010	9,735,929	10,215,841	10,470,500	11,661,076	12,380,718
Education	45,462,795	52,088,397	52,200,467	52,489,520	54,472,071	57,774,167	58,068,384	59,970,747	64,002,507	69,129,730
Public works	7,193,036	7,037,271	7,425,668	7,472,604	7,204,025	8,351,807	8,697,469	9,028,119	9,033,773	9,387,133
University Station	-	-	-	-	-	-	1,947,259	1,651,889	2,932,353	507,970
Human services	833,985	942,357	1,052,991	1,047,144	1,157,238	1,218,894	1,138,997	1,228,151	1,426,588	1,428,184
Culture and recreation	2,376,794	2,468,819	2,378,042	2,371,894	2,386,859	2,801,155	3,394,657	3,308,166	4,307,074	3,725,614
Interest	1,983,060	1,692,305	1,750,493	1,475,733	1,542,158	1,216,381	1,137,383	1,060,200	1,259,517	1,614,895
Total government activities expenses	74,092,781	80,992,514	78,043,388	78,496,634	81,289,260	87,249,632	89,521,802	91,671,570	100,835,709	104,082,443
Business-type activities:										
Sewer	3,734,283	3,761,813	3,670,498	3,653,546	4,149,346	3,913,703	4,135,251	4,205,003	4,299,580	4,277,630
Total primary government expenses	$ 77,827,064	$ 84,754,327	$ 81,713,886	$ 82,150,180	$ 85,438,606	$ 91,163,335	$ 93,657,053	$ 95,876,573	$ 105,135,289	$ 108,360,073
Program Revenues										
Governmental activities:										
Education charges for services	$ 2,448,952	$ 2,187,026	$ 2,360,978	$ 2,364,662	$ 2,455,709	$ 2,444,072	$ 2,463,005	$ 2,453,507	$ 2,568,453	$ 2,793,990
Public Safety charges for services	1,208,295	1,282,996	1,064,513	1,217,831	1,177,994	1,414,033	1,370,625	1,641,691	1,953,758	2,059,156
Other charges for services	5,601,007	4,866,297	1,810,492	1,705,581	1,901,613	3,358,796	1,584,341	1,745,798	2,435,718	1,559,352
Operating grants and contributions	13,597,090	15,435,834	14,179,816	14,570,871	14,155,121	14,617,337	22,271,886	14,500,929	19,171,437	20,362,007
Capital grant and contributions	405,154	404,240	416,865	2,752,205	1,110,679	682,003	1,474,068	4,045,233	1,584,581	627,863
Total government activities program revenues	23,260,498	24,176,393	19,832,664	22,611,150	20,801,116	22,516,241	29,163,925	24,387,158	27,713,947	27,402,368
Business-type activities:										
Charges for services	4,276,856	3,623,588	3,756,083	3,895,027	3,677,221	3,525,289	3,731,776	5,175,034	4,978,724	4,672,765
Operating grants and contributions	200,163	54,547	-	45,563	31,638	85,164	32,115	30,832	25,910	20,883
Capital grant and contributions	52,688	47,675	96,182	40,912	222,624	45,115	41,516	27,300	458,315	26,485
Total business-type activities program revenues	4,529,707	3,725,810	3,852,265	3,981,502	3,931,483	3,655,568	3,805,407	5,233,166	5,462,949	4,720,133
Total primary government program revenues	$ 27,790,205	$ 27,902,203	$ 23,684,929	$ 26,592,652	$ 24,732,599	$ 26,171,809	$ 32,969,332	$ 29,620,324	$ 33,176,896	$ 32,122,501
Net (Expense)/Program Revenue										
Governmental activities	$ (50,832,283)	$ (56,816,121)	$ (58,210,724)	$ (55,884,484)	$ (60,488,144)	$ (64,733,391)	$ (60,357,877)	$ (67,284,412)	$ (73,121,762)	$ (76,680,075)
Business-type activities	795,424	(36,003)	181,767	327,956	(5,563)	(258,135)	(329,844)	1,028,163	1,163,369	442,503
Total primary government net (expense)/program revenue	$ (50,036,859)	$ (56,852,124)	$ (58,028,957)	$ (55,556,528)	$ (60,493,707)	$ (64,991,526)	$ (60,687,721)	$ (66,256,249)	$ (71,958,393)	$ (76,237,572)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable	$ 48,295,949	$ 49,761,536	$ 51,462,011	$ 53,365,772	$ 55,088,302	$ 57,531,776	$ 59,098,869	$ 61,772,952	$ 67,327,061	$ 70,239,637
Motor vehicle excise taxes	2,245,316	2,164,294	2,152,241	2,408,095	2,335,495	2,591,759	2,770,941	3,035,505	3,042,773	3,343,962
Penalties and interest on taxes	96,970	96,949	105,602	122,486	264,092	180,465	118,681	172,557	187,078	147,442
Grants and contributions not restricted to specific programs	962,617	882,855	723,159	647,232	748,294	639,972	712,014	776,342	697,791	760,612
Unrestricted investment income	615,900	280,678	111,156	91,404	74,274	45,831	25,929	28,388	56,770	119,027
Gain of sale of capital assets	-	-	-	-	50,000	290,000	-	-	-	-
Miscellaneous	84,833	-	-	-	-	-	-	-	-	-
Transfers	-	-	290,978	290,978	290,978	290,978	290,978	290,978	290,978	290,978
Total governmental activities	52,301,585	53,186,312	54,845,147	56,925,967	58,851,435	61,570,781	63,017,412	66,076,722	71,602,451	74,901,658
Business-type activities:										
Transfers	-	-	(290,978)	(290,978)	(290,978)	(290,978)	(290,978)	(290,978)	(290,978)	(290,978)
Total primary government general revenues and other changes in net position	$ 52,301,585	$ 53,186,312	$ 54,554,169	$ 56,634,989	$ 58,560,457	$ 61,279,803	$ 62,726,434	$ 65,785,744	$ 71,311,473	$ 74,610,680
Changes in Net Position										
Governmental activities	$ 1,469,302	$ (3,629,809)	$ (3,365,577)	$ 1,041,483	$ (1,636,709)	$ (3,162,610)	$ 2,659,535	$ (1,207,690)	$ (1,519,311)	$ (1,778,417)
Business-type activities	795,424	(36,003)	(109,211)	36,978	(296,541)	(549,113)	(620,822)	737,185	872,391	151,525
Total primary government changes in net position	$ 2,264,726	$ (3,665,812)	$ (3,474,788)	$ 1,078,461	$ (1,933,250)	$ (3,711,723)	$ 2,038,713	$ (470,505)	$ (646,920)	$ (1,626,892)

The Town implemented GASB 68 and recorded their Net Pension Liability for the first time in 2015.

Town of Westwood, Massachusetts

Fund Balances, Governmental Funds

Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Committed	$ -	$ -	$ -	$ 850,479	$ 1,518,171	$ 1,237,464	$ 5,431,729	$ 6,069,333	$ 4,617,755	$ 4,709,894
Assigned	1,041,648	1,450,831	1,855,781	1,350,412	1,172,866	1,085,504	1,385,604	1,253,232	4,048,666	4,791,275
Unassigned	3,148,155	2,939,926	2,347,670	4,568,530	5,550,222	7,248,711	8,799,948	9,447,109	10,316,550	10,081,366
Total general fund	$ 4,189,803	$ 4,390,757	$ 4,203,451	$ 6,769,421	$ 8,241,259	$ 9,571,679	$ 15,617,281	$ 16,769,674	$ 18,982,971	$ 19,582,535
All Other Governmental Funds										
Reserved	$ 300,298	$ 314,274	$ 325,949	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in:										
Special revenue funds	6,408,669	6,945,755	6,867,072	-	-	-	-	-	-	-
Capital projects funds	1,661,627	4,536,063	1,356,217	-	-	-	-	-	-	-
Permanent funds	214,874	210,544	200,920	-	-	-	-	-	-	-
Nonspendable	-	-	-	346,050	346,034	356,034	349,547	361,891	409,600	429,400
Restricted	-	-	-	17,769,174	11,829,474	9,886,170	9,006,419	7,679,740	14,510,286	16,242,380
Total all other governmental funds	$ 8,585,468	$ 12,006,636	$ 8,750,158	$ 18,115,224	$ 12,175,508	$ 10,242,204	$ 9,355,966	$ 8,041,631	$ 14,919,886	$ 16,671,780

The Town implemented GASB 54 in fiscal 2011, fund balances prior to fiscal year 2011 have been reported in the pre-GASB 54 format.

Town of Westwood, Massachusetts

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

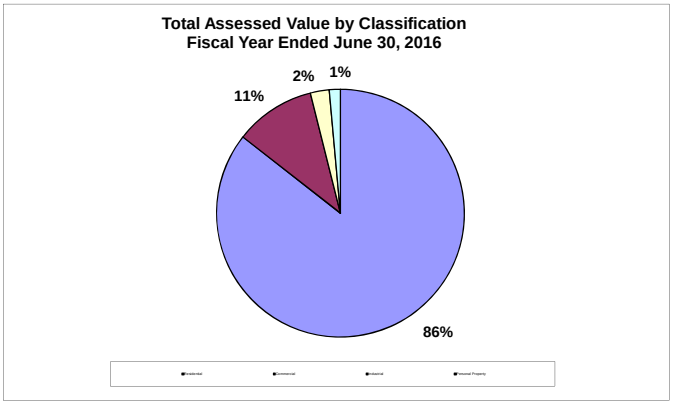
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Real estate and personal property taxes, net of tax refunds	$ 48,329,364	$ 49,655,987	$ 50,545,249	$ 53,892,828	$ 54,944,965	$ 57,528,131	$ 58,918,129	$ 61,838,371	$ 67,189,068	$ 70,191,498
Motor vehicle excise taxes	2,213,371	2,242,922	2,131,252	2,382,329	2,274,492	2,396,286	2,844,489	3,057,593	3,077,485	3,300,479
Charges for Service	4,391,067	4,366,363	4,671,063	4,588,668	4,798,942	4,572,213	4,774,815	4,951,197	4,896,303	5,008,558
University Station guaranteed tax payment	-	1,750,000	615,000	-	-	-	-	-	-	-
University Station mitigation funds	-	-	-	-	-	-	4,400,000	-	486,453	-
University Station permits	-	811,079	-	-	-	-	925,000	905,000	440,650	-
Penalties and interest on taxes	96,970	96,949	105,602	122,486	264,092	180,465	118,681	172,557	187,078	147,442
Fees and rentals	279,096	251,898	233,430	277,895	521,268	308,533	341,562	379,437	541,579	761,054
Licenses and permits	479,822	378,525	403,405	473,966	456,436	658,179	643,568	771,232	1,053,310	1,007,288
Fines and forfeitures	16,825	16,982	17,521	15,120	12,937	10,940	18,587	32,464	26,246	25,354
Intergovernmental	15,026,293	15,663,177	15,877,013	18,448,749	17,766,084	15,300,737	16,395,623	18,010,694	18,941,829	21,183,833
Departmental and other	1,130,800	962,503	522,101	630,779	898,592	972,687	681,348	864,185	1,421,096	1,205,624
Departmental and other - University Station	3,853,037	2,508,971	424,882	168,734	-	1,601,661	1,437,838	532,664	1,461,119	-
Contributions	1,232,407	257,657	293,161	256,741	224,819	217,283	782,122	266,436	364,845	496,847
Investment income	788,518	318,376	121,794	99,361	78,741	53,292	34,965	104,459	104,459	127,060
Total Revenue	77,837,570	79,281,389	75,961,473	81,357,656	82,241,368	83,800,407	92,316,727	91,886,289	100,191,520	103,455,037
Expenditures:										
General government	2,650,320	3,496,046	2,670,152	2,786,584	3,344,297	2,946,533	3,164,539	3,089,254	4,253,587	3,994,717
Public safety	6,028,392	6,152,929	5,920,912	6,263,893	6,416,397	6,569,032	7,184,612	7,813,058	8,644,179	9,805,381
Education	34,626,723	36,684,935	37,717,356	37,617,989	38,925,806	41,347,249	41,863,435	43,665,556	46,408,907	48,670,252
Public works	4,365,544	3,672,775	4,178,898	4,130,176	3,807,414	4,577,562	4,816,935	5,534,486	4,570,811	5,269,963
University Station	4,438,354	2,328,458	458,553	190,298	59,244	1,310,832	1,947,259	1,651,889	3,598,262	507,970
Human services	677,563	685,177	788,912	754,398	811,561	840,202	812,061	934,962	1,077,496	1,126,850
Culture and recreation	2,097,742	2,079,125	1,969,701	1,931,934	1,930,615	1,982,066	2,220,899	2,222,748	3,141,592	2,622,118
Pension benefits	6,705,488	7,294,027	7,557,081	8,065,476	8,708,603	9,164,381	9,356,600	7,647,979	10,369,777	13,315,275
Property and liability insurance	371,053	317,418	278,318	271,221	291,839	325,755	290,897	401,257	351,987	387,101
Employee benefits	4,788,339	5,323,520	5,453,428	5,616,358	5,624,542	6,455,097	6,574,999	7,230,271	7,363,094	8,106,961
State and MWRA assessments	514,316	521,780	536,238	539,989	531,795	570,404	574,743	591,182	581,921	642,045
Capital outlay	3,920,736	4,367,254	6,093,652	5,167,049	10,196,200	8,462,813	5,813,248	7,600,649	10,582,910	15,353,111
Debt service:										
Principal	4,165,000	4,515,000	4,295,000	4,290,000	4,810,000	3,740,000	3,740,000	3,555,000	3,470,000	4,815,000
Interest	1,959,070	1,810,846	1,778,034	1,609,598	1,696,931	1,327,341	1,236,197	1,146,459	1,276,338	1,641,193
Total Expenditures	77,308,640	79,249,290	79,696,235	79,234,963	87,155,244	89,619,267	89,596,424	93,084,750	105,690,861	116,257,937
Excess of revenues over (under) expenditures	528,930	32,099	(3,734,762)	2,122,693	(4,913,876)	(5,818,860)	2,720,303	(1,198,461)	(5,499,341)	(12,802,900)
Other Financing Sources (Uses)										
Issuance of debt	3,830,000	3,500,000	-	9,300,000	-	4,635,000	1,400,000	850,000	13,490,000	12,755,000
Issuance of debt refunding	-	-	-	-	19,095,000	-	-	-	-	-
Premium from issuance of refunding bonds	-	-	-	-	2,274,135	-	-	-	-	-
Payments to refunded bond escrow agents	-	-	-	-	(21,375,114)	-	-	-	1,160,000	-
Premium from issuance of bonds	-	90,023	-	217,365	110,997	-	-	-	809,915	948,380
Sale of capital assets	-	-	-	-	50,000	290,000	-	-	1,068,021	-
Capital lease financing	24,000	-	-	-	-	-	748,083	-	-	1,160,000
Transfers in	535,221	676,859	1,598,609	790,140	814,165	1,254,221	1,087,606	1,469,929	848,253	1,068,021
Transfers out	(535,221)	(676,859)	(1,307,631)	(499,162)	(523,187)	(963,243)	(796,628)	(1,178,951)	(557,275)	(777,043)
Total other financing sources (uses)	3,854,000	3,590,023	290,978	9,808,343	445,996	5,215,978	2,439,061	1,140,978	16,818,914	15,154,358
Net change in fund balance	$ 4,382,930	$ 3,622,122	$ (3,443,784)	$ 11,931,036	$ (4,467,880)	$ (602,882)	$ 5,159,364	$ (57,483)	$ 11,319,573	$ 2,351,458
Debt service as a percentage of noncapital expenditures	8.34%	8.45%	8.25%	7.97%	8.46%	6.24%	5.94%	5.50%	4.99%	6.40%

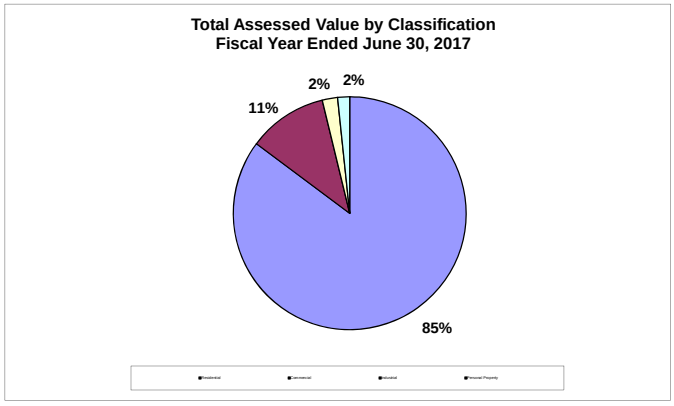
Town of Westwood, Massachusetts

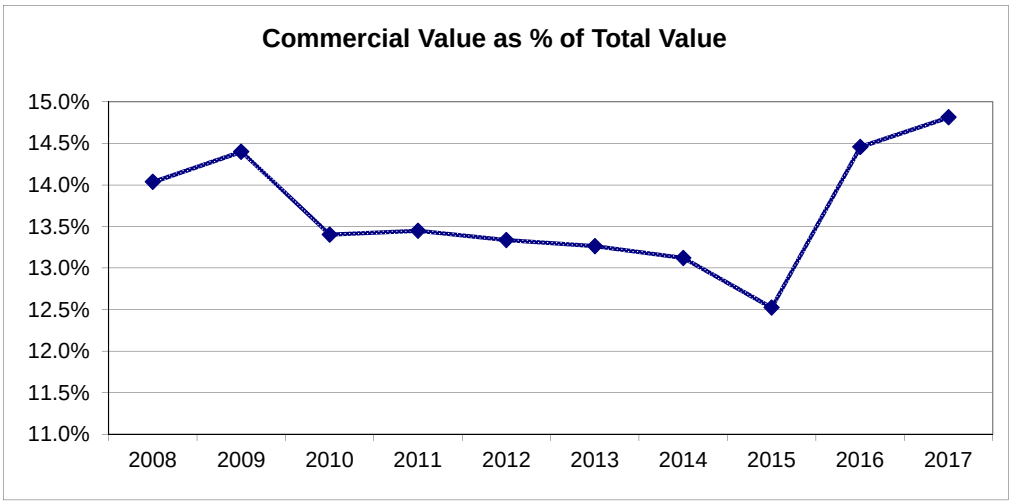
Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates

Last Ten Years

Year		Assessed and Actual Values and Tax Rates									
		Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Commercial % of Total Value	Direct Tax Rate	Total Town Value
2008		$3,175,772,814	$11.74	$272,818,535	$193,747,600	$51,955,500	$518,521,635	$21.67	14.0%	$13.13	$3,694,294,449
2009	(1)	$3,197,768,457	$12.01	$325,730,795	$164,387,500	$47,764,400	$537,882,695	$22.25	14.4%	$13.48	$3,735,651,152
2010		$3,088,616,907	$13.07	$313,502,764	$116,181,450	$48,381,800	$478,066,014	$23.98	13.4%	$14.53	$3,566,682,921
2011		$3,014,069,261	$13.83	$303,956,394	$111,888,000	$52,502,700	$468,347,094	$25.38	13.4%	$15.38	$3,482,416,355
2012	(1)	$3,019,444,695	$14.48	$298,952,742	$116,563,050	$49,223,000	$464,738,792	$26.55	13.3%	$16.09	$3,484,183,487
2013		$3,025,447,435	$14.89	$305,246,315	$110,035,850	$47,438,500	$462,720,665	$27.28	13.3%	$16.53	$3,488,168,100
2014		$3,024,619,084	$15.40	$301,008,803	$108,446,500	$47,416,300	$456,871,603	$28.18	13.1%	$17.08	$3,481,490,687
2015	(1)	$3,201,759,309	$15.24	$305,143,078	$104,513,800	$48,705,000	$458,361,878	$28.79	12.5%	$16.94	$3,660,121,187
2016		$3,479,561,719	$14.66	$429,192,713	$100,498,400	$58,369,200	$588,060,313	$28.27	14.5%	$16.63	$4,067,622,032
2017		$3,620,229,895	$14.57	$467,768,522	$90,401,550	$71,406,300	$629,576,372	$28.20	14.8%	$16.59	$4,249,806,267







(1) Revaluation year.
Source: Assessor's Department, Town of Westwood
All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

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

Town of Westwood, Massachusetts

Principal Taxpayers

Current Year and Nine Years Ago

		2017			2008		
Name	**Nature of Business**	**Assessed Valuation**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Assessed Valuation**	**Rank**	**Percentage of Total Taxable Assessed Value**
SVF University Westwood LLC	Retail	$ 112,004,900	1	4.5%	-		-
Eversource Utility Company	Office Building	$ 50,624,000	2	2.0%	$ 52,958,450	3	1.4%
Medical Information Tech Inc	Office Building/Medical Info	$ 46,995,150	3	1.9%	$ 52,617,450	4	1.4%
Westwood Gables II LLC	Residential Community	$ 82,056,700	4	1.7%	-		-
AGNL Exercise LLC	Fitness Center	$ 40,538,250	5	1.6%	-		-
Foxhill Village Homeowner Corp	Residential Community	$ 76,484,500	6	1.4%	$ 80,748,000	2	0.0%
Target Corporation	Retail	$ 20,485,750	7	0.8%	-		-
University Station Phase 2 LLC	Developer	$ 20,241,850	8	0.8%	-		-
L&B CIP 690 Canton St LLC	Office/Research & Development	$ 17,938,850	9	0.7%	-		-
Westwood Developer LLC	Office Building	$ 17,863,450	10	0.7%	-		-
CFRI/Doherty	Office Building/Warehouse	-		-	$ 130,993,450	1	3.6%
GR - Highland/Westwood Glen LP	Residential Community	-		-	$ 48,760,050	5	1.3%
CRP Holdings	Office Building/R&D	-		-	$ 17,406,750	6	0.5%
J L Rappaport & J F Aserkoff Trust	Office Building	-		-	$ 9,399,850	7	0.3%
AMR Real Estate Holdings	Office Building	-		-	$ 9,387,950	8	0.3%
Glacier Limited Partnership	Office Building	-		-	$ 8,774,650	9	0.2%
346 University LLC	Office Building	-		-	$ 8,745,000	10	0.2%
	Totals	$ 485,233,400		16.1%	$ 419,791,600		9.2%

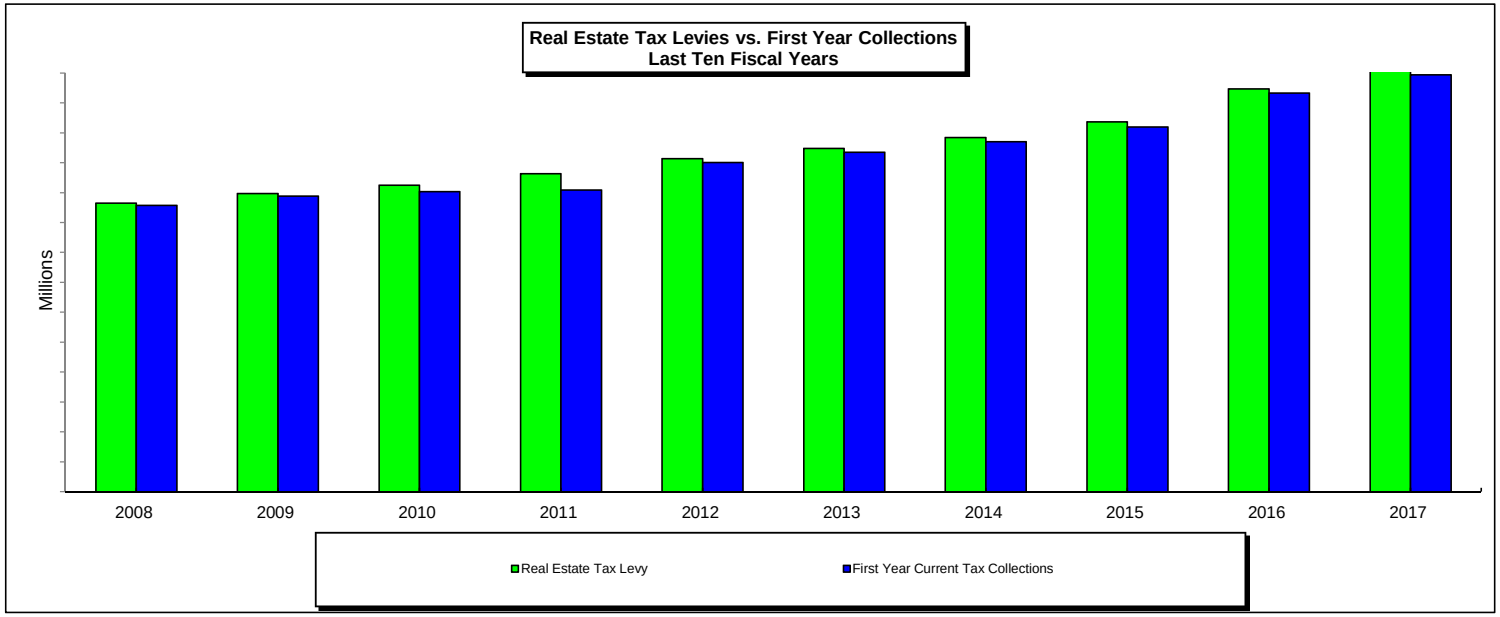
Source: Town of Westwood, Assessor Department

Town of Westwood, Massachusetts

Property Tax Levies and Collections

Last Ten Years

Year		(2) Total Tax Levy	Less Abatements & Exemptions	(2) Net Tax Levy	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2008		$48,519,937	$269,741	$48,250,196	$47,864,756	99.20%	$211,765	$48,076,521	99.64%
2009	(1)	$50,373,089	$554,555	$49,818,534	$49,418,485	99.20%	$219,456	$49,637,941	99.64%
2010		$51,832,246	$580,906	$51,251,340	$50,187,397	97.92%	$365,302	$50,552,699	98.64%
2011		$53,571,227	$417,348	$53,153,879	$50,453,631	94.92%	$2,610,683	$53,064,314	99.83%
2012	(1)	$56,060,374	$366,520	$55,693,854	$55,028,113	98.80%	$137,394	$55,165,507	99.05%
2013		$57,671,932	$308,035	$57,363,897	$56,720,328	98.88%	$380,245	$57,100,573	99.54%
2014		$59,453,776	$232,373	$59,221,403	$58,534,283	98.84%	$419,104	$58,953,387	99.55%
2015	(1)	$61,991,050	$182,597	$61,808,453	$60,957,134	98.62%	$600,706	$61,557,840	99.59%
2016		$67,634,840	$289,357	$67,345,483	$66,662,570	98.99%	$246,165	$66,908,735	99.35%
2017		$70,500,803	$169,187	$70,331,616	$69,668,323	99.06%	$0	$69,668,323	99.06%



(1) Revaluation year.
(2) Includes tax liens.
(3) Source: Town of Westwood Collectors Department and Town Records

Town of Westwood, Massachusetts

Ratios of Outstanding Debt by Type

Last Ten Years

Year	Governmental Activities		Business-type Activities					
	General Obligation Bonds (2)	**Capital Leases**	**General Obligation Bonds (2)**	**Capital Leases**	**Total Debt Outstanding**	**Percentage of Personal Income**	**U. S. Census Population**	**Debt Per Capita**
2008	$ 41,590,000	$ 146,004	$ 2,600,875	$ -	$ 44,336,879	5.09%	15,648	$ 2,833
2009	$ 40,575,000	$ 74,737	$ 2,175,125	$ -	$ 42,824,862	4.63%	15,680	$ 2,731
2010	$ 36,280,000	$ -	$ 1,865,287	$ -	$ 38,145,287	3.88%	15,715	$ 2,427
2011	$ 41,290,000	$ -	$ 1,550,600	$ -	$ 42,840,600	4.42%	14,618	$ 2,931
2012	$ 36,042,083	$ -	$ 1,443,200	$ -	$ 37,485,283	3.65%	14,618	$ 2,564
2013	$ 37,219,166	$ -	$ 1,310,440	$ -	$ 38,529,606	3.64%	14,618	$ 2,636
2014	$ 34,801,249	$ 579,212	$ 2,661,680	$ -	$ 38,042,141	2.71%	14,618	$ 2,602
2015	$ 32,018,332	$ 434,827	$ 2,277,620	$ -	$ 34,730,779	2.61%	14,876	$ 2,335
2016	$ 42,723,787	$ 292,872	$ 2,122,060	$ -	$ 45,138,719	3.00%	14,809	$ 3,048
2017	$ 51,444,539	$ 1,207,950	$ 1,680,000	$ -	$ 54,332,489	3.55%	15,094	$ 3,600

(1) Sewer Fund
(2) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.
Source: Audited Financial Statements, U. S. Census

Town of Westwood, Massachusetts

Ratios of Outstanding Debt and General Bonded Debt

Last Ten Years

Year	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2008	$ 44,336,879	$ -	$ 44,336,879	1.20%	$ 2,833
2009	$ 42,824,862	$ -	$ 42,824,862	1.15%	$ 2,731
2010	$ 38,145,287	$ -	$ 38,145,287	1.07%	$ 2,427
2011	$ 42,840,600	$ -	$ 42,840,600	1.23%	$ 2,931
2012	$ 37,485,283	$ -	$ 37,485,283	1.08%	$ 2,564
2013	$ 38,529,606	$ -	$ 38,529,606	1.10%	$ 2,636
2014	$ 38,042,141	$ -	$ 38,042,141	1.09%	$ 2,602
2015	$ 34,730,779	$ -	$ 34,730,779	0.95%	$ 2,335
2016	$ 45,138,719	$ -	$ 45,138,719	1.11%	$ 3,048
2017	$ 54,332,489	$ -	$ 54,332,489	1.28%	$ 3,600

(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

Source: Audited Financial Statements, U. S. Census

Town of Westwood, Massachusetts

Direct and Overlapping Governmental Activities Debt

As of June 30, 2017

Town of Westwood, Massachusetts	Debt Outstanding (1)	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Norfolk County…… $	14,004,000	3.12%	$ 436,225
Direct debt:			
Capital Lease Obligations……			1,207,950
General Governmental Debt……			51,444,539
Town total direct debt……			52,652,489
Total direct and overlapping debt……			$ 53,088,714

(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

Source: Town of Westwood, Finance Department and related organizations.

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

Town of Westwood, Massachusetts

Computation of Legal Debt Margin

Last Ten Years

	Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Equalized Valuation	$ 3,906,162,100	$ 3,906,162,100	$ 3,845,002,400	$ 3,845,002,400	$ 3,702,302,900	$ 3,702,302,900	$ 3,698,071,400	$ 3,698,071,400	$ 4,342,334,700	$ 4,342,334,700
Debt Limit -5% of Equalized Valuation	$ 195,308,105	$ 195,308,105	$ 192,250,120	$ 192,250,120	$ 185,115,145	$ 185,115,145	$ 184,903,570	$ 184,903,570	$ 217,116,735	$ 217,116,735
Less:										
Outstanding debt applicable to limit	$ 44,190,875	$ 42,750,125	$ 38,145,287	$ 42,840,600	$ 36,988,200	$ 37,750,440	$ 36,761,680	$ 33,672,620	$ 43,537,060	$ 51,035,000
Authorized and unissued debt	$ 4,535,000	$ 1,150,000	$ 9,450,000	$ 910,000	$ 6,245,000	$ 2,970,000	$ -	$ 9,600,000	$ 13,205,000	$ 450,000
Legal debt margin	$ 146,582,230	$ 151,407,980	$ 144,654,833	$ 148,499,520	$ 141,881,945	$ 144,394,705	$ 148,141,890	$ 141,630,950	$ 160,374,675	$ 165,631,735
Total debt applicable to the limit as a percentage of debt limit	24.95%	22.48%	24.76%	22.76%	23.35%	22.00%	19.88%	23.40%	26.13%	23.71%

Source: Town of Westwood, Finance Department

Town of Westwood, Massachusetts

Demographic and Economic Statistics

Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2008	15,648	$ 871,262,158	$ 55,679	41.0	3,008	2.7%
2009	15,680	$ 925,426,513	$ 59,020	41.0	3,012	5.7%
2010	15,715	$ 983,141,729	$ 62,561	41.0	3,184	6.1%
2011	14,618	$ 969,383,375	$ 66,314	41.0	3,180	4.5%
2012	14,618	$ 1,027,546,378	$ 70,293	41.0	3,019	4.3%
2013	14,618	$ 1,059,322,606	$ 72,467	41.0	3,206	4.1%
2014	14,618	$ 1,403,985,810	$ 96,045	41.0	3,213	3.9%
2015	14,876	$ 1,330,018,532	$ 89,407	41.0	3,521	3.7%
2016	14,809	$ 1,503,409,680	$ 101,520	41.0	3,163	2.9%
2017	15,094	$ 1,532,342,880	$ 101,520	41.0	3,117	2.6%

Source: U. S. Census, Division of Local Services
Median age is based on most recent census data
MA Department of Elementary and Secondary Education
School and Town Clerk Departments, Town of Westwood
MA Office of Workforce Development

Town of Westwood, Massachusetts

Principal Employers (excluding Town)

Current Year and Nine Years Ago

		2017			2008		
Employer	**Nature of Business**	**Employees**	**Rank**	**Percentage of Total Town Employment**	**Employees**	**Rank**	**Percentage of Total Town Employment**
Wegmans	Supermarket	550	1	4.4%	-		-
John Hancock retirement Plan Services	Financial Services	450	2	3.6%	-		-
Eversource Energy	Utility - Gas & Electric	350	3	2.8%	-		-
Roche Brothers	Supermarkets	350	4	2.8%	280	5	4.3%
Meditech, Inc	Healthcare Technology	250	5	2.0%	435	3	6.6%
Prime Motor Group	Automobile Sales	250	6	2.0%	-		-
47 Brand	Apparel	200	7	1.6%	-		-
Life Time Fitness	Health & fitness	200	8	1.6%	-		-
Target	Department Store	200	9	1.6%	-		-
KLA - Tenor Corp	Measurement Technology	175	10	1.4%	-		-
Nstar	Power Company	-		-	1,115	1	17.0%
State Street Bank	Financial Services	-		-	700	2	10.7%
New York Life Insurance	Life Insurance	-		-	325	4	5.0%
Turbine, Inc	Measurement Technology	-		-	250	6	3.8%
ADE Corporation	Measurement Technology	-		-	200	7	3.0%
MIB	Medical Information	-		-	176	8	2.7%
Northrop Grumman	Electronics	-		-	150	9	2.3%
Clair Motors	Car Dealer	-		-	111	10	1.7%
Total		2,975		23.8%	3,742		57.1%

Source: Massachusetts Workplace Development

Town of Westwood, Massachusetts

Full-time Equivalent Town Employees by Function

Last Ten Years

	Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function										
General government	21	22	22	22	22	22	21	22	23	25
Public Safety	69	70	70	70	72	72	76	88	83	83
Education	493	513	512	476	479	496	501	515	536	559
Public works	29	29	29	29	29	30	29	29	26	28
Human services	6	6	6	6	9	9	9	10	9	9
Culture and recreation	9	10	10	10	13	13	13	13	13	13
Total	627	650	649	613	624	642	649	677	690	717

Source: Town Records

Town of Westwood, Massachusetts

Operating Indicators by Function/Program

Last Ten Years

	Year									
Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Population	15,648	15,680	15,584	14,618	14,618	14,618	14,618	14,618	14,618	15,094
Registered Voters, Annual Town Election	9,584	10,040	10,182	9,450	9,926	10,553	10,639	10,511	10,777	10,687
Town Clerk										
Births	143	117	113	94	111	105	110	114	117	128
Marriages	36	42	36	47	73	56	66	73	63	56
Deaths	145	156	163	154	142	162	167	151	167	153
Dogs licensed	1,098	1,239	1,213	1,331	1,382	1,387	1,439	1,477	1,455	1,403
Police										
Documented calls for police services	16,234	12,819	14,464	12,913	12,800	14,089	15,819	17,669	28,404	30,947
Uniform crimes reported	263	237	254	259	191	235	195	169	221	256
Arrests	153	90	76	89	86	127	139	134	553	472
Traffic citations issued	2,583	1,816	2,191	988	1,130	1,666	1,729	1,694	3,259	2,897
Parking tickets issued	74	4	46	14	54	42	172	99	207	289
Burglary alarms	846	829	788	843	912	769	949	817	975	966
Total number of animal complaints	458	467	938	372	415	478	546	615	591	568
Fire										
Inspections	840	716	701	736	779	839	839	779	1,021	1,063
Plan reviews	106	75	69	81	77	106	106	142	156	151
Permits/certificates issued	242	362	330	405	524	566	566	609	654	741
Emergency responses	2,767	3,015	2,841	3,039	3,064	2,837	2,862	2,820	3,065	3,325
Building Department										
Permits issued	1,899	1,897	1,601	1,821	1,823	1,935	2,185	2,275	2,883	2,605
Education										
Public school enrollment	3,008	3,024	3,079	3,178	3,213	3,209	3,213	3,253	3,209	3,117
Public Works										
Cemetery										
Lots sold	51	32	54	32	43	70	31	35	35	48
interments	66	72	76	69	72	51	74	71	71	73
Recycling/tons	1,595	1,501	1,329	1,324	1,297	1,439	1,764	1,841	1,841	1,887
Hazardous Waste Day Participants	344	276	292	343	250	187	140	195	266	114
Human Services										
Board of Health										
Permits issued	375	324	317	356	326	376	240	351	307	275
Inspections	422	431	321	300	288	284	210	298	183	228
Council on Aging										
Home delivered meals served	19,576	19,878	19,988	19,638	19,404	19,528	16,505	13,014	7,014	6,895
Medical-van trips	7,561	6,088	8,422	6,876	7,025	7,132	7,098	4,424	4,424	3,319
Libraries										
Volumes in collection	120,148	115,214	111,114	115,131	115,131	128,680	143,913	156,574	160,967	187,933
Circulation	242,464	265,772	288,241	280,422	277,941	192,958	267,582	262,598	228,204	274,486
Program attendance	11,136	11,522	10,824	10,058	8,791	5,776	9,783	9,762	10,671	14,900
Youth & Family Services										
Misc resident clinical consultation hours	822	726	677	889	987	1,003	1,052	1,052	1,239	1,219
Recreation										
Participants	7,327	7,877	8,327	8,013	7,264	8,248	9,564	8,526	6,149	4,498
Special Events Participants	-	-	-	-	4,850	5,750	13,700	14,000	12,225	13,900
Pool Admittance	-	-	-	-	-	-	-	15,426	16,577	15,157

NA: Information not available
Note: 2017 information not available
Source: Various Town Departments

Town of Westwood, Massachusetts

Capital Asset Statistics by Function/Program

Last Ten Years

	Year									
Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Number of Buildings	3	3	3	3	3	3	3	3	3	3
Police										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Number of Stations	2	2	2	2	2	2	2	2	2	2
Education										
Number of elementary schools	5	5	5	5	5	5	5	5	5	5
Number of middle schools	1	1	1	1	1	1	1	1	1	1
Number of high schools	1	1	1	1	1	1	1	1	1	1
Human Services										
Senior Center Facility	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Libraries	2	2	2	2	2	2	2	2	2	2
Conservation land (acreage)	700	700	700	700	700	700	700	700	700	700

Source: Various Town Departments

How Does Westwood Compare with Other Communities?

In determining the list of communities with which to compare Westwood, three factors were considered: location, population, and per capita equalized valuation (EQV).

Location - Communities within a 30 mile radius of Westwood were considered.

Population - Towns with a population significantly smaller than Westwood probably do not have similar service demands; one larger in population will have increased service delivery demands.

Per Capita Equalized Valuation (EQV) - This factor measures the relative "wealth" of a community by dividing property valuations by population.
Per capita valuation is directly related to the amount of revenue that a community can raise via the property tax. It offers some comparison of a community's "ability to pay."

Municipality	Miles from Westwood	2013 Population	2014 EQV Per Capita	2012 Income Per Capita
Canton	8	22,221	$183,775	$51,977
Concord	24	19,285	$287,301	$119,191
Holliston	14	14,162	$148,110	$47,418
Medfield	6	12,313	$194,877	$83,668
Sharon	9	18,027	$160,641	$60,755
Sudbury	21	18,367	$226,192	$98,133
Wayland	17	13,444	$236,137	$144,135
Weston	15	11,853	$471,984	$306,253
Westwood		**14,876**	**$248,593**	**$98,937**

Source: MA Department of Revenue

2017				
Municipality	**Residential Tax Rate**	**Commercial Tax Rate**	**Tax Levy**	**Taxes As % of Total Revenue**
Canton	12.79	26.34	$70,948,771	66.88
Concord	14.07	14.07	$84,050,190	81.56
Holliston	18.52	18.52	$44,406,756	63.03
Medfield	16.89	16.89	$42,723,594	68.66
Sharon	19.62	19.62	$64,625,559	74.36
Sudbury	17.74	25.01	$79,892,487	82.04
Wayland	18.14	18.14	$62,712,500	70.29
Weston	12.40	12.40	$73,668,583	76.3
Westwood	**14.57**	**28.20**	**$70,500,803**	**78.55**

	2017			2016	2015	
Municipality	**Average Single Family Tax Bill**	**2017 State Hi-Lo Rank**	**7-1-16 Free Cash**	**Stabilization Fund**	**Moody's Bond Rating**	**S&P**
Canton	$6,447	75	$4,177,587	$6,426,120		AAA
Concord	$13,895	7	$12,605,955	$2,801,383	Aaa	
Holliston	$8,092	45	$2,005,149	$4,883,392		Aa+
Medfield	$10,529	18	$2,755.731	$3,642,454	Aa1	
Sharon	$10,378	20	$4,964,801	$0	Aa3	Aa
Sudbury	$12,520	9	$3,074,985	$4,386,886		AAA
Wayland	$12,529	11	$4,641,973	$1,826,752	Aaa	
Weston	$19,380	1	$3,613,421	$0	Aaa	AAA
Westwood	**$10,506**	**17**	**$5,386,795**	**$2,917,138**	**Aa1**	**AAA**

Some Facts About Westwood

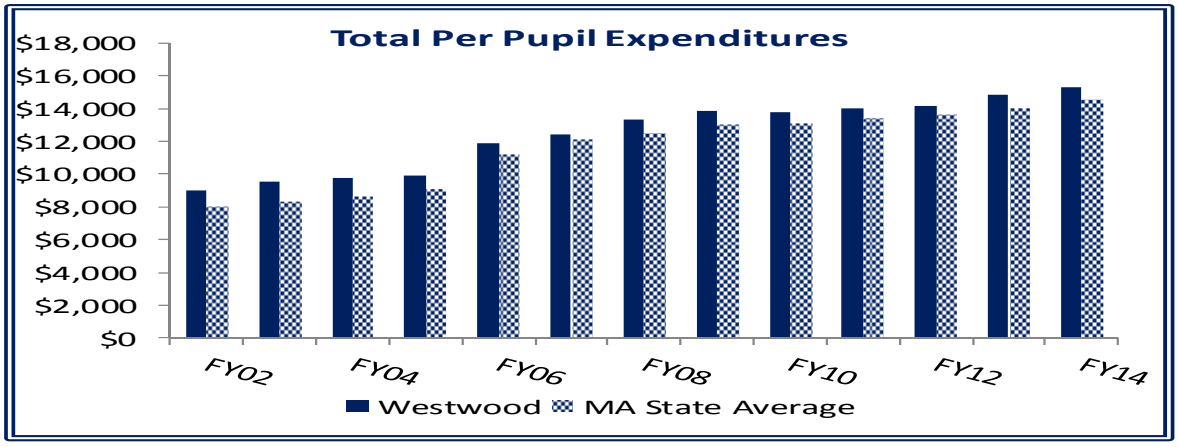
Form of Government	Board of Selectmen, Executive Secretary, Open Town Meeting			
Population Trends	**2000**		**2016**	
	14,117		15,094	
Registered Voters (2015)	**Total**	**Democrats**	**Republicans**	**Unenrolled/Other**
	10,687	2,720	1,566	6,394

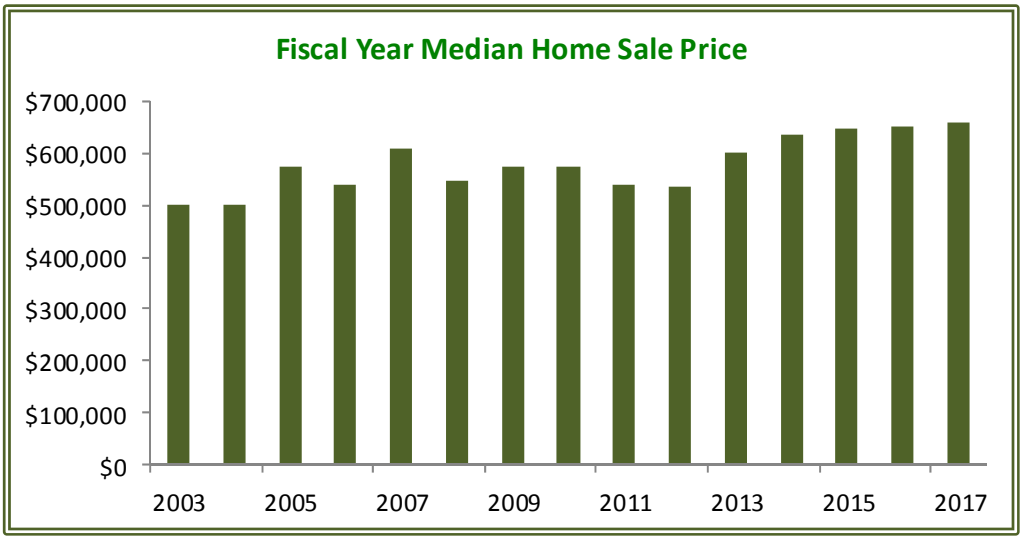
Westwood Schools

In April, 2005 the new high school and recreational sports fields were opened for students. The new school features beautiful classroom facilities, a state of the art media center, and a new performing arts facility.

2012 National Blue Ribbon School of Excellence

Westwood High School was named a 2012 National blue Ribbon High School by U. S. Secretary of Education Arne Duncan on September 7, 2012. The school is one of just 38 high schools nationwide to be identified as "Exemplary High Performing," a designation reserved for schools that are among their state's highest performing schools.





Visit Westwood's Web Site!

http://www.townhall.westwood.ma.us

Important Links…

About Westwood
Address & Phone Directory
Community Resources Links
Employment Opportunities
Forms, Documents, Minutes
How Do I?
New Residents
News and Announcements
Photo Gallery
Traffic Updates
Upcoming Events

Sources: MA Department of Revenue
MA Department of Education
U. S. Census
Town Clerk – Town of Westwood
Board of Assessors – Town of Westwood