

# **THE TOWN OF WESTWOOD, MASSACHUSETTS**

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## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR  
JULY 1, 2004 – JUNE 30, 2005**



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**WESTWOOD TOWN HALL**

**The Town of  
Westwood, Massachusetts**



**Comprehensive  
Annual Financial Report**

**For the Fiscal Year  
July 1, 2004 through June 30, 2005**

**Board of Selectmen**

**Nancy C. Hyde, Chairman  
Patrick J. Ahearn  
Anthony J. Antonellis**

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

**Town of Westwood, Massachusetts**  
**Comprehensive Annual Financial Report**  
*For the Year Ended June 30, 2005*

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# *Introductory Section*

*Transmittal Letter*

*A Few Words About Westwood*

*Directory of Officials*

*Organization Chart*

*Certificate of Achievement*



*Finance Director Pamela Dukeman and Finance Team Receiving  
FY04 CAFR Award from Board of Selectmen.*

Pictured from left to right: Selectman Nancy Hyde, Finance Director Pamela Dukeman,  
Selectman Patrick Ahearn, Town Accountant Marie O'Leary,  
Finance Commission Administrator Sheila Nee, Assistant Treasurer Patricia Conley, and  
Town Treasurer James Gavin.



**Town of Westwood**  
Commonwealth of Massachusetts

**Office of the Finance Director**

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Letter of Transmittal

October 24, 2005

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 fiscal year a complete set of financial statements in conformity with accounting principals 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, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Westwood, Massachusetts, for the fiscal year ending June 30, 2005 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.

The Town of Westwood's financial statements have been audited by Powers & Sullivan, 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 fiscal year ended June 30, 2005, 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 principals used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion the Town of Westwood's financial statements for the fiscal year ended June 30, 2005, 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.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is

designed to compliment MD&A and should be read in conjunction with it. The Town of Westwood's MD&A can be found immediately following the report of the independent auditors.

### ***Profile of the Town***

Westwood was incorporated as a Town in 1897. With a population of approximately 14,000, 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. The recent completion of a brand new state of the art High School will continue to ensure a top quality education for our students.

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.

### ***Factors Affecting Financial Condition***

The Town of Westwood continues to reflect a strong economic condition. The per capita income is significantly higher than state averages, and the unemployment rate has always been extremely low. The Town remains a very desirable community given its close proximity to Boston and quality of services provided. The residential sales market has been very strong, reflecting the solid interest in the community.

The Town continues to maintain a strong commercial tax base. In FY05, commercial property represented 14.5% of the total Town value. The Town continues to focus on the needs of its business community, primarily in the University Avenue Park. This area represents the economic engine that drives the Town's commercial tax base. A significant new mixed use "smart growth" development is on the horizon for the Park. This development will have a considerable positive impact on the Town's commercial value.

Residential values have continued to increase and residential sales remain strong. The residential values demonstrate the desirability of the Town. The Town's proximity to Boston and major highways, its quality of life, and dedication to public education maintains the community's popular reputation.

On the Town's operating side, the current state fiscal problems will have some impact on the delivery of Town services. State aid will at best be level funded in the following years. This will leave the Town in a position of having to rely mainly on property taxes to cover the increasing cost of providing services and replace the revenue

lost from the state. As the Town is not highly dependent on state aid, the Town will not be as adversely affected as other communities in the state.

The Town continues to manage its financial affairs in prudent manner. It has maintained its “*excellent*” bond rating of Aa1 even with the overall unsettled economy. It has been able to do so by incorporating long range planning tools such as a five-year Capital Improvement Program; maintaining reserve balances despite tight budgets; investing in technology to ensure efficient operations; and maintaining an aggressive pay as you go financing strategy for capital improvements.

The Town of Westwood 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.

## **Financial and Management Systems**

### **Internal Controls**

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.

### **Budgetary Controls**

The Town Administrator is responsible for preparing and presenting the budget to the Board of Selectmen. The Selectmen review all requests and Town wide issues and present a budget to Town Meeting for approval. A fifteen member Finance 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 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.

## **Cash Management**

Cash management is handled by the Town Treasurer. The Town Treasurer monitors the Town's cash flow and provides for the investment of Town funds. The Treasurer seeks to maximize the return on Town funds while maintaining adequate protection and liquidity of funds.

Quarterly tax billings and excellent collection rates have eliminated the need to borrow on a short term basis to maintain cash flow. The Town's investment options are governed by Massachusetts General Laws and focus on safety, liquidity and yield.

## **Risk Management**

The Town is exposed to various risks of loss related to general liability, property and casualty, workers' compensation and unemployment compensation claims.

Buildings and property are fully insured against fire, theft and natural disaster to the extent that losses exceed \$1,000 per incident.

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 in 2005 amounted to \$286,000 and were recorded in the General Fund.

The Town takes specific measures to reduce all risk exposure. The Town has an Employee Safety Committee which meets bi-monthly to review claims and accidents, and develops and implements safety programs.

## **Debt Administration**

The Town Treasurer has oversight of all Town debt. The Town's credit rating was reaffirmed as an Aa1 rating in 2005, a strong reflection on the financial condition and management of the Town.

The Town seeks to maintain a ten year repayment policy whenever possible. This policy has worked very well in structuring a smooth debt schedule. In addition, this policy permits the Town to continually address capital needs through debt replacement programs.

It is the Town's policy for sewer debt to be paid through sewer receipts. In addition, the Town has issued sewer debt through a state program with resulting interest rates of 1.26%.

As of June 30, 2005, the Town has outstanding debt of \$59,557,664, of which \$3,854,664 is sewer construction debt. Bonds issued for road and school improvements were approved as debt exclusions to Proposition 2 ½. The additional tax payments for the bonds will end when the bonds are repaid. The school related debt qualifies for state programs that will pay for 59% of the total principal and interest costs.

The Town has authorized and unissued debt for school expansion and land acquisition projects. Total authorized and unissued debt as of June 30, 2005 is \$7,023,340. The authorized and unissued debt includes \$5,033,340 to complete a new high school. The Town will not have to issue the school debt as the full amount will be paid off by the state as a lump sum reimbursement. This significantly reduces the balance of authorized and unissued debt.

The significant FY04 increase in the outstanding debt is due to debt associated with the Town's commitment to build the new high school at a cost of \$43 million. The new high school, which opened to students in February 2005, is a state-of-the art complex providing outstanding educational facilities. In addition, it will provide significant community resources including a theater, pool, library, playing fields and meeting space facilities.

### ***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 fiscal year ended June 30, 2004. 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 FY97.

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 GFOA.

In addition, the Town's FY06 budget recently received the GFOA Distinguished Budget Presentation Award. This award is the highest form of recognition in governmental budgeting and is a significant achievement for the Town and the financial staff. The FY2000, FY99 and FY98 budgets previously received the award. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories including policy documentation, finance, financial planning and organization.

In August 2005 Money Magazine ranked Westwood 13<sup>th</sup> on its list of America's 100 "Best Places to Live". The initial database included over 400,000 different places. Westwood ranked highest among the four Massachusetts communities. Our highest marks were in the crime and education categories.

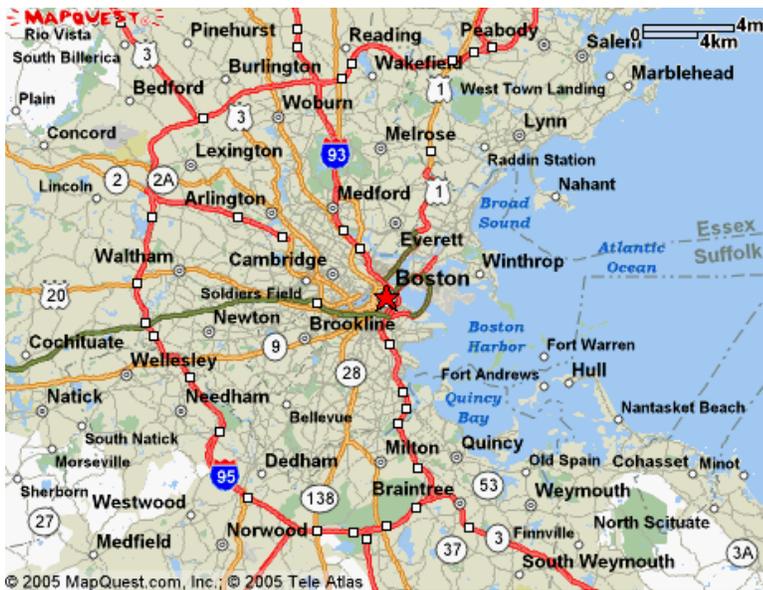
This report represents significant effort by the entire financial team of the Town, whose dedicated efforts have significantly improved the financial operations of the Town. I particularly would like to acknowledge the efforts of Sheila Nee, whose assistance was invaluable in the preparation of this 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 14,626. 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 1,200 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. Hale Reservation is the largest summer day camp in the nation with 2,025 students.

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

**Town of Westwood, Massachusetts**  
**Principal Officials**

***Board of Selectmen***

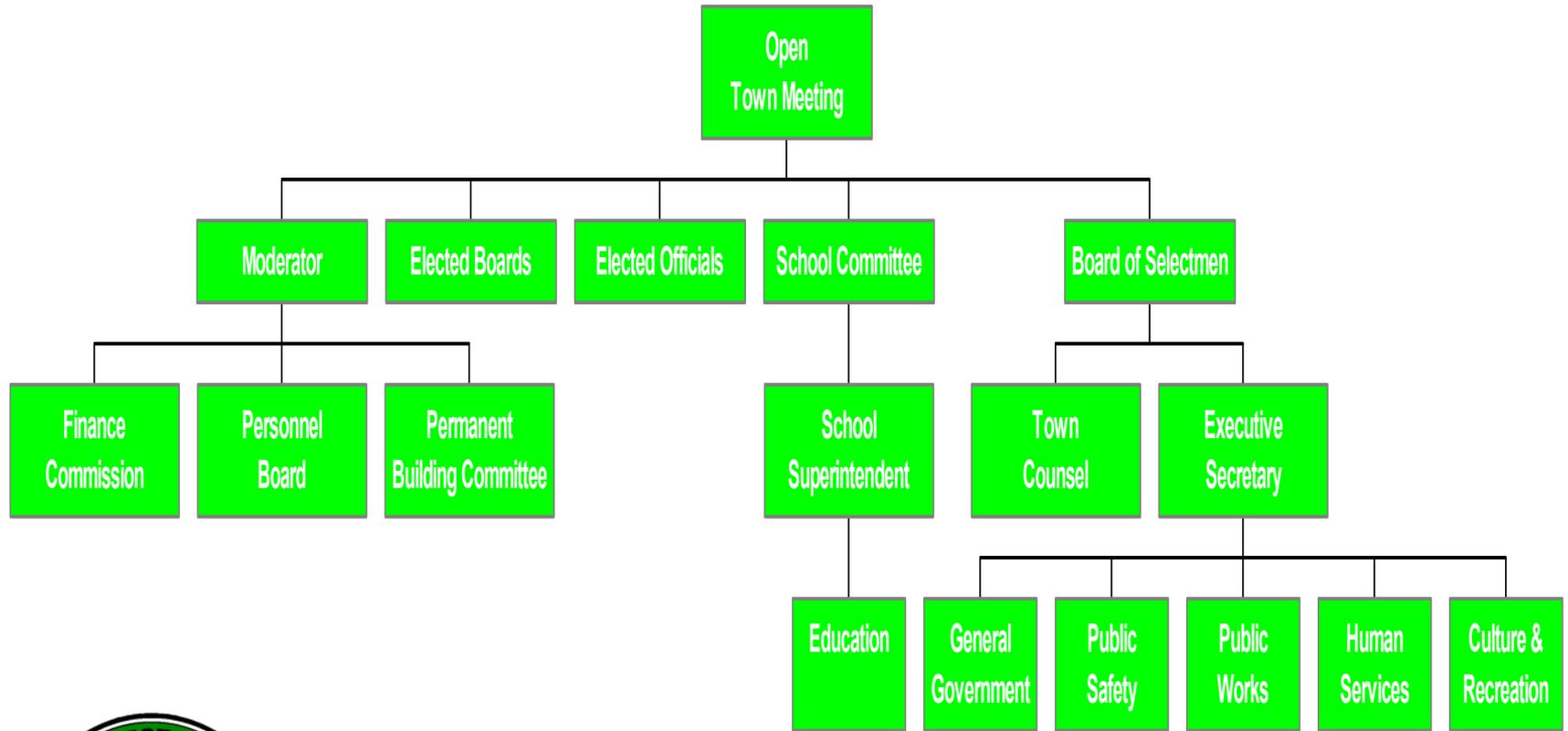
Nancy C. Hyde, Chairman  
Patrick J. Ahearn  
Anthony J. Antonellis

Town Administrator – Michael Jaillet  
Finance Director – Pamela Dukeman  
School Superintendent – Dr. Paul Ash  
Town Treasurer – James Gavin  
Police Chief – William Chase  
Fire Chief – William Scoble  
DPW Director – Timothy Walsh

**Town of Westwood, Massachusetts**  
**Total Budget Salaries of Principal Officials**  
**June 30, 2005**

<b>Position</b>	<b>Salary</b>
School Superintendent	\$ 130,000
Assistant School Superintendent	\$ 109,435
Town Administrator	\$ 103,770
Police Chief	\$ 103,590
Department of Public Works Director	\$ 95,111
Fire Chief	\$ 95,087
Finance Director	\$ 84,784
Town Counsel	\$ 77,638
Library Director	\$ 77,142
Information Systems Director	\$ 69,195
Town Accountant	\$ 69,045
Recreation Director	\$ 67,541
Health Director	\$ 63,434
Town Clerk (Elected)	\$ 63,217
Building Commissioner	\$ 63,189
Council on Aging Director	\$ 61,740
Youth Director	\$ 59,666
Assistant Treasurer	\$ 51,254
Board of Selectmen (Elected)	\$ 2,000
Board of Assessors (Elected)	\$ 1,800
Treasurer (Elected)	\$ 4,000
Tax Collector (Elected)	\$ 4,000

# The Town of Westwood



### Elected Boards

Regional Vocational School Rep.

Housing Authority

Library Trustees

Planning Board

Assessors

### Elected Officials

Town Clerk

Town Collector

Town Treasurer

# 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, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Nancy L. Zjelle*

President

*Jeffrey R. Emor*

Executive Director

# *Financial Section*

*Independent Auditors' Report  
Management's Discussion and Analysis  
Basic Financial Statements  
Required Supplementary Information  
Other Supplementary Information*

*Westwood's New High School*



*Opening Day April 26, 2005*



*Science Lab*



*Auditorium*

At Special Town Meetings in 2000 and 2002, Westwood residents reaffirmed their commitment to education by approving a total of \$44 million for the construction of a new high school and recreational sports fields. In April, 2005 the new high school was opened for students.



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## Independent Auditors' Report

To the Honorable Board of Selectmen  
Town of Westwood, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Westwood, Massachusetts, as of and for the fiscal year ended June 30, 2005, which comprise the Town's basic financial statements. These financial statements are the responsibility of the Town of Westwood, Massachusetts' management. Our responsibility is to express an opinion 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2005, and the respective changes in financial position and cash flows where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2005, on our consideration of the Town of Westwood, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Management's discussion and analysis, located on the following pages, and the schedule of revenues, expenditures and changes in fund balance – general fund – budgetary basis, located after the notes to the basic financial statements, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Powers + Sullivan".

August 25, 2005

## Management's Discussion and Analysis

As management of the Town of Westwood, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2005. This is the third year our financial statements have been prepared under the Governmental Accounting Standards Board Statement Number 34 – Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. 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 principals (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 auditor's opinion. If the Town of Westwood's financial statements have significant departures from GAAP the independent auditors' may issue a qualified opinion or a disclaimer (where no opinion is given). These types of opinions may have an adverse effect on the Town's bond rating and our ability to borrow money at favorable interest rates. The Town of Westwood has enjoyed an unqualified opinion on its financial statements since the fiscal year ended June 30, 1984.

### Financial Highlights

- The governmental assets of the Town of Westwood exceeded its liabilities at the close of the most recent fiscal year by \$61.1 million (net assets).
- Of this amount, 11% or \$6.9 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- At the close of the current fiscal year, the Town of Westwood's general fund reported an ending fund balance of \$3.8 million, a decrease of \$1.2 million in comparison with the prior year. Total fund balance represents 7% of total general fund expenditures. Approximately \$2 million of this total amount is available for appropriation at the government's discretion. Of this amount, \$860 thousand was appropriated to balance the subsequent year's budget.
- The Town of Westwood's total governmental debt decreased by \$5.4 million during the current fiscal year. This was the effect of principal payments on debt. The Commonwealth of Massachusetts is committed to provide assistance in the form of a capital grant of 59% of the cost of the project through the state's school building assistance program. In FY05, the state provided new funding of \$1.2 million for school debt.

### Overview of the Financial Statements

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

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

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

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

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

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Westwood, like other state and local governments, use 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 statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

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

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources

of those funds are not available to support the Town of Westwood's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Westwood, assets exceeded liabilities by \$77.2 million at the close of the fiscal year 2005.

Governmental net assets of \$52.1 million (85%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town of Westwood's net assets \$2.0 million (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$6.9 million (12%) may be used to meet the government's ongoing obligations to citizens and creditors.

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

**Comparative Financial Data – Governmental Activities**

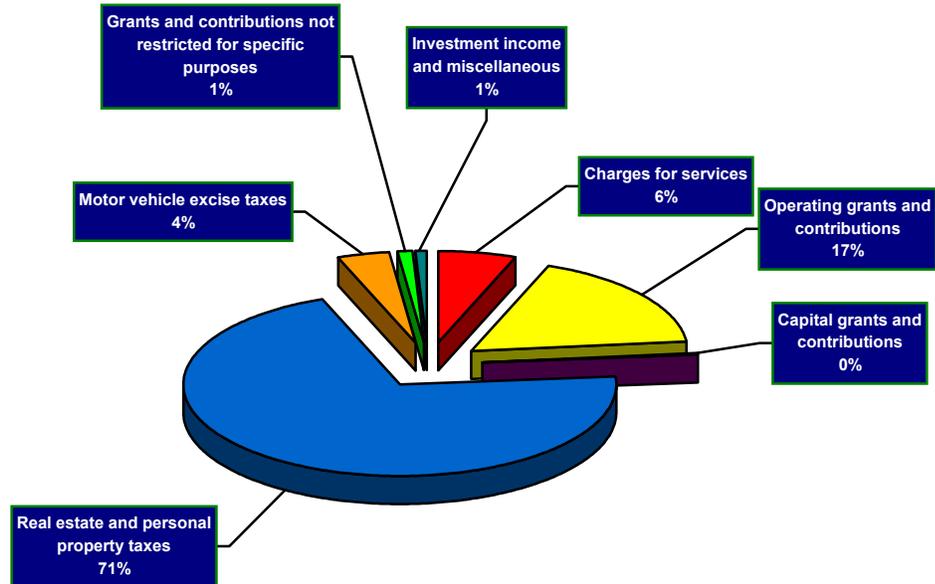
<b>Governmental Activities:</b>	Balance at June 30, 2005	Balance at June 30, 2004
	<u>                    </u>	<u>                    </u>
<b>Assets:</b>		
Current assets.....	\$ 27,238,730	\$ 24,332,881
Noncurrent assets (excluding capital).....	23,077,677	31,223,965
Capital assets, not being depreciated.....	46,125,009	41,132,171
Capital assets, net of accumulated depreciation.....	26,554,901	24,575,658
<b>Total assets.....</b>	<b><u>122,996,317</u></b>	<b><u>121,264,675</u></b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	5,520,876	7,442,716
Noncurrent liabilities (excluding debt).....	697,668	1,052,479
Current debt.....	9,613,000	4,415,000
Noncurrent debt.....	46,090,000	50,255,000
<b>Total liabilities.....</b>	<b><u>61,921,544</u></b>	<b><u>63,165,195</u></b>
<b>Net Assets:</b>		
Capital assets net of related debt.....	52,128,000	47,624,252
Restricted.....	2,040,497	2,396,035
Unrestricted.....	6,906,276	8,079,193
<b>Total net assets.....</b>	<b><u>\$ 61,074,773</u></b>	<b><u>\$ 58,099,480</u></b>

**Governmental activities.** The governmental activities net assets increased by \$3.0 million during the current fiscal year. The major reasons for this increase is directly attributed to the acquisition of approximately \$1 million in capital assets from current revenues and the current reduction of debt exceeding depreciation by approximately \$2.8 million. All of these factors improve the Town’s financial position.

<b>Governmental Activities:</b>	Balance at June 30, 2005	Balance at June 30, 2004
	<u>                    </u>	<u>                    </u>
<b>Program revenues:</b>		
Charges for services.....	\$ 3,586,229	\$ 2,932,439
Operating grants and contributions.....	10,538,810	10,228,691
Capital grants and contributions.....	206,689	10,228,896
<b>General Revenues:</b>		
Real estate and personal property taxes.....	42,580,416	42,923,459
Motor vehicle excise taxes.....	2,401,439	2,167,087
Nonrestricted grants and contributions.....	703,263	700,468
Unrestricted investment income.....	402,355	494,065
Miscellaneous revenues.....	87,663	620,878
<b>Total revenues.....</b>	<b><u>60,506,864</u></b>	<b><u>70,295,983</u></b>
<b>Expenses:</b>		
General government.....	3,190,609	3,176,001
Public safety.....	6,740,040	6,885,141
Education.....	37,193,152	33,719,570
Public works.....	5,147,561	4,538,606
Human services.....	769,618	686,769
Culture and recreation.....	1,714,349	1,660,588
Interest.....	2,280,112	2,887,075
State and county charges.....	496,131	513,867
<b>Total expenses.....</b>	<b><u>57,531,572</u></b>	<b><u>54,067,617</u></b>
<b>Transfers.....</b>	<b><u>                    -</u></b>	<b><u>                    -</u></b>
<b>Change in net assets.....</b>	<b>\$ 2,975,292</b>	<b>\$ 16,228,366</b>

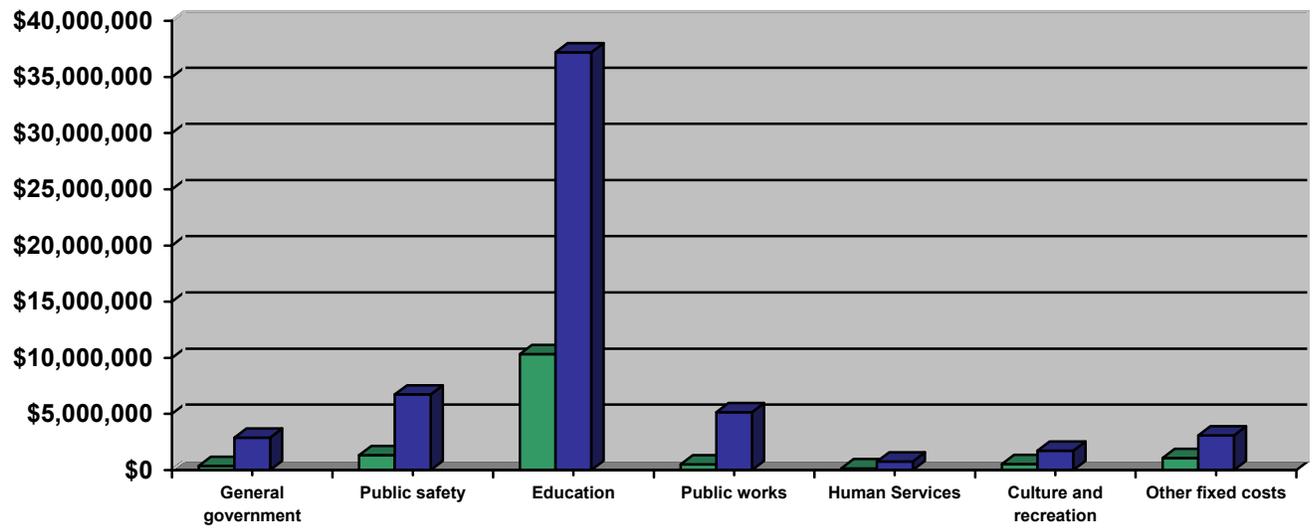
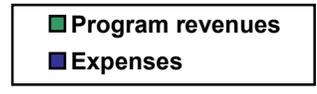
- Charges for services represent about 6% of governmental activities resources. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the Board of Selectmen are included in this category.
- Operating and capital grants and contributions account for 17% of the governmental activities resources. Most of these resources apply to education operations. These resources offset cost within the school department in addition to their General Fund operating budget.
- Property taxes are by far the most significant revenue source for the Town’s governmental activities. They comprise 71% of all resources.
- Other taxes comprise 4% of the governmental activities resources.
- The FY04 capital grant revenue includes a one-time grant from the MSBA for school construction.

## FY05 Governmental Revenues



- Education is by far the largest governmental activity of the Town at 65%. Program revenues of \$10.3 million provided direct support to education and \$26.9 million in taxes and other general revenue were needed to cover the remaining FY 2005 operating expenses.
- Public safety and public works are significant activities of the Town. Program revenues for public safety of \$1.3 million and \$.5 million in public works directly supported \$6.7 million and \$5.1 million of operating expenses respectively. Taxes and other general revenue of \$10.0 million were needed to cover the remaining FY 2005 operating expenses. Combined, they represent 21% of governmental activity expenses.

### Expenses and Program Revenues - Governmental Activities



**Business-type activities.** For sewer business-type activities assets exceeded liabilities by \$16.2 million at the close of fiscal year 2005. Capital assets net of related debt was \$13 million (81%) while unrestricted net assets was \$3.1 million (19%). There was a decrease of \$94 thousand in net assets reported in connection with the sewer enterprise. This relative small change in net assets reflects management’s goal of maintaining the system while only charging users for the cost of operations.

**Comparative Revenues & Expenses – Business-type**

	Balance at June 30, 2005	Balance at June 30, 2004
	<u>                    </u>	<u>                    </u>
<b>Program revenues:</b>		
Charges for services.....	\$ 3,402,779	\$ 3,657,703
Operating grants and contributions.....	174,094	114,779
<b>Total revenues.....</b>	<b>3,576,873</b>	<b>3,772,482</b>
<b>Expenses:</b>		
Sewer.....	3,670,564	3,346,728
<b>Total expenses.....</b>	<b>3,670,564</b>	<b>3,346,728</b>
<b>Change in net assets.....</b>	<b>\$ (93,691)</b>	<b>\$ 425,754</b>

**Comparative Assets, Liabilities and Net Assets – Business-type**

	Balance at June 30, 2005	Balance at June 30, 2004
	<u>                    </u>	<u>                    </u>
<b>Assets:</b>		
Current assets.....	\$ 2,675,625	\$ 3,317,370
Noncurrent assets (excluding capital).....	561,000	505,591
Capital assets, not being depreciated.....	350,850	350,850
Capital assets, net of accumulated depreciation.....	16,535,243	17,048,902
<b>Total assets.....</b>	<b>20,122,718</b>	<b>21,222,713</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	110,824	148,210
Current debt.....	414,166	968,918
Noncurrent debt.....	3,440,498	3,854,664
<b>Total liabilities.....</b>	<b>3,965,488</b>	<b>4,971,792</b>
<b>Net Assets:</b>		
Capital assets net of related debt.....	13,031,429	12,576,170
Unrestricted.....	3,125,801	3,674,751
<b>Total net assets.....</b>	<b>\$ 16,157,230</b>	<b>\$ 16,250,921</b>

## **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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$8.6 million, a decrease of \$8.2 million from the prior year. Most of the decrease is attributable to expenditures used to acquire capital assets.

The general fund is the chief operating fund. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2 million, while total fund balance reached \$3.8 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 5% of total general fund expenditures, while total fund balance represents 7% of that same amount.

The fund balance of the general fund decreased by \$1.2 million which represents management's intention to maintain sufficient reserves while maintain a structural balanced budget each fiscal year. The decrease was expected as the Town budgeted prior year fund balance to support current operations.

The Town also maintains a stabilization fund, which management has classified as a major governmental fund. The stabilization fund has a year end balance of \$848,225 which represents 1% 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 New High School Fund is used to account for the construction of a new High School facility. At June 30, 2005, the New High School Fund's temporary deficit of (\$2.0) million is comprised of \$3.0 million of unspent funds and \$5.0 million outstanding in temporary notes payable. The fund deficit will increase as the cash is spent to complete the project and the deficit will be funded upon receipt of MSBA capital grant due in FY06. The capital grant proceeds are required to be used to pay off the outstanding notes. The students moved into the new facility in February 2005, and the remaining site work and demolition of the old high school will be completed in FY06. Please refer to Note 12 for additional information on the Town's high school building project.

### **General Fund Budgetary Highlights**

Actual general fund revenues exceeded the final budget amount by 1%, primarily occurring in the licenses and permits and investment income accounts. Building permitting receipts continued to be strong, reflecting a strong residential housing market and commitment of residents to remain in Town.

Investment income exceeded budget by 46% due to higher than average cash balances from construction projects. This high investment income will decline going forward as major construction projects are completed.

Actual general fund expenditures are less than final budget by 1%, with the majority of the variance occurring in education and public safety.

The general fund education expenditures were less than final budget by approximately \$151,000 or 1%, due to unanticipated changes in special education student assignments.

The reserve account varied from budget by approximately \$9,800 or 2%, as reserve funds were not fully needed for other purposes.

The \$252 thousand increase between the original budget and the final amended budget was due to supplementary appropriations to fund capital outlay and the stabilization fund.

All of this increase was funded out of the Town's available fund balances.

### **Capital Assets and Debt Management**

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

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

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

Outstanding long-term debt of the general government, as of June 30, 2005, totaled \$50,255,000, of which, approximately \$46,324,000 is related to school projects, leaving a balance of only approximately \$3,931,000 for other non-school related projects.

The Town issued bond anticipation notes (BANS) of \$5,033,000 to fund the New High School and \$415,000 for the purchase of the Islington Church. The maturity date of the BANS are September 15, 2005, which does not meet the criteria for treatment as long-term debt.

The enterprise fund has \$3,854,664 in sewer enterprise debt that is fully supported by the rates and do not rely on a general fund subsidy.

The Town's major capital project is used to account for the Town's new high school construction project which is anticipated to cost approximately \$45,000,000. To fund the project, the Town issued \$5,033,000 of BANS in FY05. The Massachusetts School Building Authority is committed to provide assistance in the form of a capital grant of 59% of the cost of the project through the state's school building assistance program. The Town has recorded approximately \$19.1 million of capital grants equal to 59% the allowable capital expenses incurred each year.

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

**CAPITAL ASSETS**

	Cost of Capital Assets at end of year	Accumulated Depreciation at end of year	Capital Assets, net
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Governmental activities:			
Land.....	\$ 5,678,382	\$ -	\$ 5,678,382
Construction in progress.....	40,446,627	-	40,446,627
Buildings and improvements.....	37,714,994	(15,884,177)	21,830,817
Vehicles.....	5,067,199	(2,995,700)	2,071,499
Machinery and equipment.....	4,798,656	(3,203,209)	1,595,447
Furniture and fixtures.....	202,953	(123,120)	79,833
Infrastructure.....	<u>1,152,104</u>	<u>(174,799)</u>	<u>977,305</u>
Total governmental activities.....	<u>95,060,915</u>	<u>(22,381,005)</u>	<u>72,679,910</u>
Business-type activities:			
Land.....	350,850	-	350,850
Plant and infrastructure.....	25,181,507	(12,267,435)	12,914,072
Other buildings and improvements...	5,564,646	(2,150,251)	3,414,395
Vehicles.....	238,630	(147,994)	90,636
Machinery and equipment.....	247,306	(131,166)	116,140
Furniture and fixtures.....	<u>35,323</u>	<u>(35,323)</u>	<u>-</u>
Total business-type activities.....	<u>31,618,262</u>	<u>(14,732,169)</u>	<u>16,886,093</u>
Total capital assets.....	<u>\$ 126,679,177</u>	<u>\$ (37,113,174)</u>	<u>\$ 89,566,003</u>

### GOVERNMENTAL BONDS PAYABLE

Project	Interest Rate (%)	Outstanding at June 30, 2004	Issued	Redeemed	Outstanding at June 30, 2005
Roads.....	4.40-5.70	\$ 220,000	\$ -	\$ 220,000	\$ -
Land acquisition.....	4.40-5.70	30,000	-	30,000	-
Middle school/gym.....	3.50-4.00	1,175,000	-	235,000	940,000
Middle school/gym.....	3.50-4.00	275,000	-	55,000	220,000
Land acquisition.....	3.50-4.00	200,000	-	40,000	160,000
Senior center.....	3.50-4.00	120,000	-	24,000	96,000
School fields.....	3.50-4.00	95,000	-	19,000	76,000
Middle school/gym completion.....	3.50-4.00	75,000	-	15,000	60,000
Middle school/gym completion.....	3.50-4.00	35,000	-	7,000	28,000
Martha Jones School construction.....	3.90-5.00	5,760,000	-	720,000	5,040,000
Downey School construction.....	3.90-5.00	5,040,000	-	630,000	4,410,000
Striar land purchase.....	3.90-5.00	1,040,000	-	130,000	910,000
Cemetery land purchase.....	3.90-5.00	240,000	-	30,000	210,000
School planning.....	2.50-5.38	37,524,300	-	1,974,300	35,550,000
Public building.....	3.00-5.00	2,600,000	-	260,000	2,340,000
Public building.....	3.00-5.00	240,700	-	25,700	215,000
<b>Total governmental bonds payable.....</b>		<b>\$ 54,670,000</b>	<b>\$ -</b>	<b>\$ 4,415,000</b>	<b>\$ 50,255,000</b>

### ENTERPRISE BONDS PAYABLE

Project	Interest Rate (%)	Outstanding at June 30, 2004	Issued	Redeemed	Outstanding at June 30, 2005
Sewer (WPAT).....	1.26	\$ 6,295	\$ -	\$ 6,295	\$ -
Sewer (WPAT).....	1.26	436,085	-	436,085	-
Sewer.....	4.40-5.70	85,000	-	85,000	-
Sewer.....	4.40-5.70	30,000	-	30,000	-
Sewer.....	3.50-4.00	400,000	-	80,000	320,000
Sewer.....	3.50-4.00	200,000	-	40,000	160,000
Sewer (WPAT).....	3.88	2,466,202	-	141,538	2,324,664
Sewer.....	3.90-5.00	1,200,000	-	150,000	1,050,000
<b>Total enterprise bonds payable.....</b>		<b>\$ 4,823,582</b>	<b>\$ -</b>	<b>\$ 968,918</b>	<b>\$ 3,854,664</b>

The Town of Westwood maintains an “AA+” rating from Standard & Poor’s and an AA1 from Moody’s for general obligation debt.

### **Economic Factors and Next Year’s Budget and Rates**

- The Commonwealth of Massachusetts is recovering from budget deficits of prior years and local aid has stabilized. The Town budgeted level funding for local aid for FY06.
- The operating budget increased .7% over the FY05 budget. This increase is attributable to relatively flat 0 – 1.2% increases for school and municipal operating budgets, a 6.3% decrease in debt service, and a 11.2% increase in employee health insurance and other benefit costs.
- The FY06 budget includes a \$25,000 appropriation to the Stabilization reserve account.
- The FY06 budget also included \$25,000 to conduct an actuarial study of the Town’s liability for post-employment benefit costs.

All these factors were considered in preparing the Town of Westwood’s budget for fiscal year 2006.

The official tax rates for FY06 have not yet been set. However, the Town's residential tax rate will decline from the current \$11.97 per thousand of valuation. The Town's commercial tax rate will also decline from the current rate of \$20.97. The tax rate declines are primarily due to the receipt of significant capital grant funds from the state for school construction projects and rising assessed values.

Sewer rates will increase by 4% for fiscal year 2006. The increase is primarily due to the increase in the assessment charged by the state for the Massachusetts Water Resource Authority (MWRA).

### **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 ASSETS**

JUNE 30, 2005

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
CURRENT:			
Cash and short-term investments.....	\$ 17,798,096	\$ 641,019	\$ 18,439,115
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	221,299	-	221,299
Tax liens.....	55,102	-	55,102
Motor vehicle excise taxes.....	203,142	-	203,142
User charges.....	-	2,001,942	2,001,942
Departmental and other.....	292,009	-	292,009
Special assessments.....	720	-	720
Intergovernmental.....	8,668,362	32,664	8,701,026
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	23,077,677	561,000	23,638,677
Capital assets, not being depreciated.....	46,125,009	350,850	46,475,859
Capital assets, net of accumulated depreciation.....	26,554,901	16,535,243	43,090,144
<b>TOTAL ASSETS.....</b>	<b>122,996,317</b>	<b>20,122,718</b>	<b>143,119,035</b>
<b>LIABILITIES</b>			
CURRENT:			
Warrants payable.....	3,299,813	66,449	3,366,262
Accrued payroll.....	416,399	-	416,399
Tax refunds payable.....	38,000	-	38,000
Accrued interest.....	248,206	28,375	276,581
Other liabilities.....	273,647	-	273,647
Capital lease obligations.....	359,811	-	359,811
Compensated absences.....	885,000	16,000	901,000
Bonds and notes payable.....	9,613,000	414,166	10,027,166
NONCURRENT:			
Capital lease obligations.....	245,668	-	245,668
Compensated absences.....	452,000	-	452,000
Bonds and notes payable.....	46,090,000	3,440,498	49,530,498
<b>TOTAL LIABILITIES.....</b>	<b>61,921,544</b>	<b>3,965,488</b>	<b>65,887,032</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt.....	52,128,000	13,031,429	65,159,429
Restricted for:			
Permanent funds:			
Expendable.....	96,550	-	96,550
Nonexpendable.....	264,878	-	264,878
Other purposes.....	1,679,069	-	1,679,069
Unrestricted.....	6,906,276	3,125,801	10,032,077
<b>TOTAL NET ASSETS.....</b>	<b>\$ 61,074,773</b>	<b>\$ 16,157,230</b>	<b>\$ 77,232,003</b>

See notes to basic financial statements.

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**STATEMENT OF ACTIVITIES**

FISCAL YEAR ENDED JUNE 30, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government.....	\$ 3,190,609	\$ 233,492	\$ 130,040	\$ -	\$ (2,827,077)
Public safety.....	6,740,040	1,117,709	214,525	-	(5,407,806)
Education.....	37,193,152	1,570,591	8,760,216	-	(26,862,345)
Public works.....	5,147,561	141,456	174,828	206,689	(4,624,588)
Human services.....	769,618	61,025	95,237	-	(613,356)
Culture and recreation.....	1,714,349	461,956	74,209	-	(1,178,184)
Interest.....	2,280,112	-	1,089,755	-	(1,190,357)
State and county charges.....	496,131	-	-	-	(496,131)
<b>Total Governmental Activities.....</b>	<b>57,531,572</b>	<b>3,586,229</b>	<b>10,538,810</b>	<b>206,689</b>	<b>(43,199,844)</b>
<i>Business-Type Activities:</i>					
Sewer.....	3,670,564	3,402,779	174,094	-	(93,691)
<b>Total Primary Government.....</b>	<b>\$ 61,202,136</b>	<b>\$ 6,989,008</b>	<b>\$ 10,712,904</b>	<b>\$ 206,689</b>	<b>\$ (43,293,535)</b>

See notes to basic financial statements.

(Continued)

**STATEMENT OF ACTIVITIES (Continued)**

FISCAL YEAR ENDED JUNE 30, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net assets:</b>			
Net (expense) revenue from previous page.....	\$ <b>(43,199,844)</b>	\$ <b>(93,691)</b>	\$ <b>(43,293,535)</b>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	42,580,416	-	42,580,416
Motor vehicle excise taxes.....	2,401,439	-	2,401,439
Penalties and interest on taxes.....	80,853	-	80,853
Grants and contributions not restricted to specific programs.....	703,263	-	703,263
Unrestricted investment income.....	402,355	-	402,355
Miscellaneous.....	6,810	-	6,810
Total general revenues.....	<u>46,175,136</u>	<u>-</u>	<u>46,175,136</u>
Change in net assets.....	2,975,292	(93,691)	2,881,601
<i>Net Assets:</i>			
Beginning of year.....	<u>58,099,481</u>	<u>16,250,921</u>	<u>74,350,402</u>
End of year.....	\$ <u><u>61,074,773</u></u>	\$ <u><u>16,157,230</u></u>	\$ <u><u>77,232,003</u></u>

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2005

<b>ASSETS</b>	General	Stabilization	New High School	Nonmajor Governmental Funds	Total Governmental Funds
Cash and short-term investments.....	\$ 5,593,849	\$ 848,225	\$ 4,960,588	\$ 6,395,434	\$ 17,798,096
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	221,299	-	-	-	221,299
Tax liens.....	55,102	-	-	-	55,102
Motor vehicle excise taxes.....	203,142	-	-	-	203,142
Departmental and other.....	7,229	-	-	284,780	292,009
Special assessments.....	720	-	-	-	720
Intergovernmental.....	30,995,677	-	-	750,362	31,746,039
<b>TOTAL ASSETS.....</b>	<b>\$ 37,077,018</b>	<b>\$ 848,225</b>	<b>\$ 4,960,588</b>	<b>\$ 7,430,576</b>	<b>\$ 50,316,407</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Warrants payable.....	\$ 1,239,414	\$ -	\$ 1,951,237	\$ 109,162	\$ 3,299,813
Accrued payroll.....	416,399	-	-	-	416,399
Tax refunds payable.....	38,000	-	-	-	38,000
Other liabilities.....	273,647	-	-	-	273,647
Deferred revenues.....	31,344,505	-	-	942,701	32,287,206
Notes payable.....	-	-	5,033,000	415,000	5,448,000
<b>TOTAL LIABILITIES.....</b>	<b>33,311,965</b>	<b>-</b>	<b>6,984,237</b>	<b>1,466,863</b>	<b>41,763,065</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Encumbrances and continuing appropriations.....	919,078	-	-	-	919,078
Perpetual permanent funds.....	-	-	-	264,878	264,878
Unreserved:					
Designated for subsequent year's expenditures.....	860,349	-	-	-	860,349
Undesignated, reported in:					
General fund.....	1,985,626	-	-	-	1,985,626
Special revenue funds.....	-	848,225	-	4,265,744	5,113,969
Capital projects funds.....	-	-	(2,023,649)	1,336,541	(687,108)
Permanent funds.....	-	-	-	96,550	96,550
<b>TOTAL FUND BALANCES.....</b>	<b>3,765,053</b>	<b>848,225</b>	<b>(2,023,649)</b>	<b>5,963,713</b>	<b>8,553,342</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 37,077,018</b>	<b>\$ 848,225</b>	<b>\$ 4,960,588</b>	<b>\$ 7,430,576</b>	<b>\$ 50,316,407</b>

See notes to basic financial statements.

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

JUNE 30, 2005

Total governmental fund balances.....		\$ 8,553,342
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		72,679,910
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		32,287,206
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(248,206)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds and notes payable.....	(50,255,000)	
Capital lease obligations.....	(605,479)	
Compensated absences.....	<u>(1,337,000)</u>	
Net effect of reporting long-term liabilities.....		<u>(52,197,479)</u>
Net assets of governmental activities.....		<u>\$ 61,074,773</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2005

	General	Stabilization	New High School	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 42,597,265	\$ -	\$ -	\$ -	\$ 42,597,265
Motor vehicle excise taxes.....	2,309,888	-	-	-	2,309,888
Charges for services.....	-	-	-	3,117,619	3,117,619
Penalties and interest on taxes.....	80,853	-	-	-	80,853
Fees and rentals.....	139,377	-	-	-	139,377
Licenses and permits.....	488,924	-	-	-	488,924
Fines and forfeitures.....	19,535	-	-	-	19,535
Intergovernmental.....	8,674,592	-	-	2,328,537	11,003,129
Departmental and other.....	254,683	-	950	254,420	510,053
Special assessments.....	2,196	-	-	-	2,196
Contributions.....	-	-	-	198,012	198,012
Investment income.....	402,355	16,083	-	44,377	462,815
<b>TOTAL REVENUES.....</b>	<b>54,969,668</b>	<b>16,083</b>	<b>950</b>	<b>5,942,965</b>	<b>60,929,666</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	2,120,956	-	-	404,464	2,525,420
Public safety.....	4,943,937	-	-	153,213	5,097,150
Education.....	26,455,413	-	6,413,745	3,862,185	36,731,343
Public works.....	4,133,860	-	-	469,857	4,603,717
Human services.....	518,055	-	-	73,008	591,063
Culture and recreation.....	1,110,515	-	-	316,387	1,426,902
Pension benefits.....	5,532,520	-	-	-	5,532,520
Property and liability insurance.....	298,824	-	-	-	298,824
Employee benefits.....	3,318,828	-	-	-	3,318,828
State and county charges.....	496,131	-	-	-	496,131
Capital outlay.....	996,440	-	-	795,000	1,791,440
Debt service:					
Principal.....	4,415,000	-	-	-	4,415,000
Interest.....	2,307,778	-	-	-	2,307,778
<b>TOTAL EXPENDITURES.....</b>	<b>56,648,257</b>	<b>-</b>	<b>6,413,745</b>	<b>6,074,114</b>	<b>69,136,116</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(1,678,589)</b>	<b>16,083</b>	<b>(6,412,795)</b>	<b>(131,149)</b>	<b>(8,206,450)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in.....	1,013,180	50,000	-	460,000	1,523,180
Transfers out.....	(510,000)	-	-	(1,013,180)	(1,523,180)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>503,180</b>	<b>50,000</b>	<b>-</b>	<b>(553,180)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(1,175,409)</b>	<b>66,083</b>	<b>(6,412,795)</b>	<b>(684,329)</b>	<b>(8,206,450)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>4,940,462</b>	<b>782,142</b>	<b>4,389,146</b>	<b>6,648,042</b>	<b>16,759,792</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 3,765,053</b>	<b>\$ 848,225</b>	<b>\$ (2,023,649)</b>	<b>\$ 5,963,713</b>	<b>\$ 8,553,342</b>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2005

Net change in fund balances - total governmental funds..... \$ (8,206,450)

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.....	8,895,320
Depreciation expense.....	<u>(1,923,240)</u>

Net effect of reporting capital assets..... 6,972,080

Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue..... (422,802)

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Capital lease payments.....	344,798
Debt service principal payments.....	<u>4,415,000</u>

Net effect of reporting long-term debt..... 4,759,798

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.....	(155,000)
Net change in accrued interest on long-term debt.....	<u>27,666</u>

Net effect of recording long-term liabilities..... (127,334)

Change in net assets of governmental activities..... \$ 2,975,292

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF NET ASSETS

JUNE 30, 2005

	<u>Business-type Sewer Enterprise</u>
<b>ASSETS</b>	
CURRENT:	
Cash and short-term investments.....	\$ 641,019
Receivables, net of allowance for uncollectibles:	
User fees.....	2,001,942
Intergovernmental.....	<u>32,664</u>
Total current assets.....	<u>2,675,625</u>
NONCURRENT:	
Receivables, net of allowance for uncollectibles:	
Intergovernmental.....	561,000
Capital assets, not being depreciated.....	350,850
Capital assets, net of accumulated depreciation.....	<u>16,535,243</u>
Total noncurrent assets.....	<u>17,447,093</u>
TOTAL ASSETS.....	<u>20,122,718</u>
<b>LIABILITIES</b>	
CURRENT:	
Warrants payable.....	66,449
Accrued interest.....	28,375
Compensated absences.....	16,000
Bonds and notes payable.....	<u>414,166</u>
Total current liabilities.....	<u>524,990</u>
NONCURRENT:	
Bonds and notes payable.....	<u>3,440,498</u>
TOTAL LIABILITIES.....	<u>3,965,488</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt.....	12,680,579
Unrestricted.....	<u>3,476,651</u>
TOTAL NET ASSETS.....	<u>\$ 16,157,230</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2005

	<u>Business-type Sewer Enterprise</u>
<b>OPERATING REVENUES:</b>	
Charges for services .....	\$ 3,198,214
Sewer betterments.....	<u>204,565</u>
<b>TOTAL OPERATING REVENUES .....</b>	<b><u>3,402,779</u></b>
<b>OPERATING EXPENSES:</b>	
Cost of services and administration .....	757,746
MWRA Assessment.....	1,871,749
Depreciation.....	<u>646,639</u>
<b>TOTAL OPERATING EXPENSES .....</b>	<b><u>3,276,134</u></b>
<b>OPERATING INCOME (LOSS).....</b>	<b><u>126,645</u></b>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Interest expense.....	(182,430)
Intergovernmental.....	174,094
Other expenses.....	<u>(212,000)</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b><u>(220,336)</u></b>
<b>CHANGE IN NET ASSETS.....</b>	<b>(93,691)</b>
<b>NET ASSETS AT BEGINNING OF YEAR.....</b>	<b><u>16,250,921</u></b>
<b>NET ASSETS AT END OF YEAR.....</b>	<b>\$ <u><u>16,157,230</u></u></b>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2005

		Business-type Sewer Enterprise
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Receipts from customers and users.....	\$	3,635,009
Payments to vendors.....		(2,369,838)
Payments to employees.....		(281,150)
		984,021
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Other expenses.....		(212,000)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Acquisition and construction of capital assets.....		(132,980)
Principal payments on bonds and notes.....		(942,831)
Interest expense.....		(111,266)
		(1,187,077)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....		(1,187,077)
NET CHANGE IN CASH AND SHORT-TERM INVESTMENTS.....		(415,056)
CASH AND SHORT-TERM INVESTMENTS AT BEGINNING OF YEAR.....		1,056,075
CASH AND SHORT-TERM INVESTMENTS AT END OF YEAR.....	\$	641,019
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>		
Operating income (loss).....	\$	126,645
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation.....		646,639
Changes in assets and liabilities:		
User fees.....		232,230
Warrants payable.....		(18,979)
Accrued payroll.....		(5,514)
Accrued compensated absences.....		3,000
Total adjustments.....		857,376
NET CASH FROM OPERATING ACTIVITIES.....	\$	984,021
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>		
Intergovernmental Debt Service Subsidy.....	\$	113,144

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2005

	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>		
CURRENT:		
Cash and short-term investments.....	\$ 323,155	\$ 247,579
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	-	83,806
<b>TOTAL ASSETS</b> .....	<u>323,155</u>	<u>331,385</u>
<b>LIABILITIES</b>		
Warrants payable.....	-	5,650
Liabilities due depositors.....	-	325,735
<b>TOTAL LIABILITIES</b> .....	<u>-</u>	<u>331,385</u>
<b>NET ASSETS</b> .....	<u>\$ 323,155</u>	<u>\$ -</u>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2005

	<u>Private Purpose Trust Funds</u>
<u>ADDITIONS:</u>	
Contributions:	
Private donations.....	\$ 39,377
Net investment income:	
Interest.....	<u>6,982</u>
TOTAL ADDITIONS.....	<u>46,359</u>
<u>DEDUCTIONS:</u>	
Educational scholarships.....	<u>66,000</u>
CHANGE IN NET ASSETS.....	(19,641)
NET ASSETS AT BEGINNING OF YEAR.....	<u>342,796</u>
NET ASSETS AT END OF YEAR.....	<u><u>\$ 323,155</u></u>

See notes to basic financial statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

For financial reporting purposes, the Town has included all funds, organizations, account groups, 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, 2005, the District has no significant unreserved fund balance and has approximately \$1.2 million in outstanding long-term bonds related to capital improvements. The following is the address where the District's financial statements are available, its purpose, and the assessment paid by the Town during fiscal year 2005.

<u>Joint venture and address</u>	<u>Purpose</u>	<u>2005 Assessment</u>
Blue Hills Regional Technical School District 800 Randolph Street, Canton, MA 02021	To provide vocational education	<u>\$ 122,545</u>

The Town has no equity interest in the District.

**Jointly Governed Organizations**

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

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

The government-wide financial statements (i.e., statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

*Fund Financial Statements*

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

*Major Fund Criteria*

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

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

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

Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Basis of Presentation*Government-Wide Financial Statements*

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

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

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

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and sewer enterprise fund. 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, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

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

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

The following major governmental funds are reported:

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

The *stabilization fund* is used to account for the accumulation of resources to provide general and/or capital reserves.

The *new high school fund* is used to account for financial resources to expand and upgrade the high school facilities.

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

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise 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 sewer activities.

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

The following fiduciary fund types are reported:

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments. The Town's educational scholarships 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 funds consist primarily of public safety and custodial details worked by Town employees.

#### *Government-Wide and Fund Financial Statements*

For the government-wide financial statements, and proprietary and fiduciary fund accounting, all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, are applied, unless those pronouncements conflict with or contradict GASB pronouncements.

#### D. Cash and Investments

##### *Government-Wide and Fund Financial Statements*

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

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

#### E. Accounts Receivable

##### *Government-Wide and Fund Financial Statements*

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

**Real Estate, Personal Property Taxes and Tax Liens**

Real estate and personal property taxes are levied and based on values assessed on January 1<sup>st</sup> of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due date. Real estate tax liens are processed annually on delinquent properties. Real estate and personal property taxes levied are recorded as receivables in the fiscal year of the levy and are recorded under the modified accrual basis of accounting.

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

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

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

**Motor Vehicle Excise Taxes**

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

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

**User Charges**

Sewer charges are levied quarterly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Sewer liens are processed in October of every year and included as a lien on the property owner's tax bill. Sewer charges are recorded as receivables in the fiscal year of the levy and are recorded under the full accrual basis of accounting.

**Departmental and Other**

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

**Special Assessments**

Special assessments consist of street, construction and particular apportioned betterments. These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

**Intergovernmental**

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

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

F. Inventories

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

G. Capital Assets

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

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

As allowed by GASB Statement #34, the Town has elected to delay the retroactive reporting of all major general governmental infrastructure assets that were acquired prior to the implementation of GASB Statement #34. Consequently, infrastructure assets that were acquired, or significantly reconstructed or improved prior to fiscal year 2003 are not included in these financial statements.

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

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

H. Interfund Transfers

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

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

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

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

Net assets have been “restricted for” the following:

“Permanent funds - expendable” represents the expendable resources generated by amounts held in trust which stipulate that only earnings may be used for purposes that support governmental programs.

“Permanent funds - nonexpendable” represents the permanently restricted portion of amounts held in trust which stipulate that only earnings may be used for purposes that support governmental programs.

“Other purposes” – represents restrictions placed on assets from outside parties.

*Fund Financial Statements (Fund Balances)*

Fund balances are reserved for amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use. Designations of fund balance represent tentative management plans that are subject to change.

Fund balances have been “reserved for” the following:

“Encumbrances and continuing appropriations” represents amounts obligated under purchase orders, contracts and other commitments for expenditures that are being carried over to the ensuing fiscal year.

“Perpetual permanent funds” represents the permanently restricted portion of amounts held in trust which stipulate that only earnings may be used for purposes that support governmental programs.

Fund balances have been “designated for” the following:

“Subsequent year’s expenditures” represents amounts appropriated for the fiscal year 2006 operating budget.

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

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

*Governmental Fund Financial Statements*

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

K. Investment Income

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

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

L. Compensated Absences

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

*Government-Wide and Proprietary Fund Financial Statements*

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

*Governmental Fund Financial Statements*

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

M. Post Retirement Benefits*Government-Wide and Fund Financial Statements*

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance is recognized by recording the employer's 50-60% share of insurance premiums in the general fund in the fiscal year paid. For the fiscal year ended June 30, 2005, this expenditure totaled approximately \$834,000. There were approximately 283 participants eligible to receive benefits at June 30, 2005.

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

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

## O. Total Column

### *Government-Wide Financial Statements*

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

### *Fund Financial Statements*

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

## **NOTE 2 – CASH AND INVESTMENTS**

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

The Town follows internal investment policies as well as investment policies established under Massachusetts General Laws. The Commonwealth's statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). Additionally, they allow the Town to invest trust funds in trust companies incorporated under the laws of the Commonwealth, banking companies incorporated under the laws of the Commonwealth which are members of the Federal Deposit Insurance Corporation, national banks, or invested by cities or towns in participation units in a combined investment fund or in paid-up shares and accounts of and in cooperative banks or in shares of savings and loan associations or in shares of savings deposits of federal savings and loan associations doing business in the Commonwealth to an amount not exceeding one hundred thousand dollars or 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 up to one year maturities from the date of purchase, and bank accounts and Certificates of Deposit with maturities up to one year which are full collateralized or fully insured by F.D.I.C. or the Depository Insurance Fund. Additionally, the policy allows the Town to invest in unsecured bank deposits such as checking, savings, money market or Certificates of Deposit (up to three months). Unsecured deposits are limited to no more than 5% of an institution's assets and no more than 10% of the Town's total cash. At fiscal year-end, the carrying amount of deposits totaled \$18,820,366 and the bank balance totaled \$19,863,522. Of the bank balance, \$907,383 was covered by Federal Depository Insurance, \$131,382 was covered by the Depositors

Insurance Fund, and \$18,824,757 was subject to custodial credit risk because it was uninsured and uncollateralized.

Investments

As of June 30, 2005, the government had the following investments:

Equity Mutual Funds.....	\$	9,535
Money Market Mutual Funds.....		168,284
MMDT.....		<u>11,664</u>
Total Investments.....	\$	<u><u>189,483</u></u>

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, 2005, 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. 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 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. Unsecured Certificates of Deposit are limited to a maximum of three months.

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 unrated.

Concentration of Credit Risk

The Town limits the amount that may be invested in any one issuer to no more than 5% of an institution’s assets and no more than 10% of a the Town’s total investments. At June 30, 2005, the Town did not have more than 5% of the Town’s investments in with any one issuer.

**NOTE 3 – RECEIVABLES**

At June 30, 2005, 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
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 221,299	\$ -	\$ 221,299
Tax liens.....	55,102	-	55,102
Motor vehicle excise taxes.....	231,642	(28,500)	203,142
Departmental and other.....	383,109	(91,100)	292,009
Special assessments.....	720	-	720
Intergovernmental.....	31,746,039	-	31,746,039
Total.....	<u>\$ 32,637,911</u>	<u>\$ (119,600)</u>	<u>\$ 32,518,311</u>

At June 30, 2005, receivables for the fiduciary funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Details.....	<u>\$ 83,806</u>	<u>\$ -</u>	<u>\$ 83,806</u>

At June 30, 2005, receivables for the enterprise fund consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Sewer fees.....	<u>\$ 2,001,942</u>	<u>\$ -</u>	<u>\$ 2,001,942</u>

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

Receivable type:	General	Nonmajor	Total
	Fund	Governmental Funds	
Real estate and personal property taxes.....	\$ 82,635	\$ -	\$ 82,635
Tax liens.....	55,102	-	55,102
Motor vehicle excise taxes.....	203,142	-	203,142
Departmental and other.....	7,229	284,779	292,008
Special assessments.....	720	-	720
Intergovernmental.....	30,995,677	657,922	31,653,599
Total.....	\$ <u>31,344,505</u>	\$ <u>942,701</u>	\$ <u>32,287,206</u>

**NOTE 4 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

At June 30, 2005, there were no interfund receivables or payables.

Interfund transfers in for the fiscal year ended June 30, 2005, are summarized as follows:

Transfers Out:	Transfers In:			
	General Fund	Stabilization	Open Space Capital Project	Total
Budgeted appropriations from General fund.....	\$ -	\$ 50,000	\$ 460,000	\$ 510,000
Budgeted appropriations from Pension reserve fund.....	345,217	-	-	345,217
Budgeted appropriations from Cemetery permanent funds.....	10,000	-	-	10,000
Budgeted appropriations from Receipts reserved for appropriation funds.....	527,963	-	-	527,963
Budgeted appropriations from Revolving funds.....	130,000	-	-	130,000
Total.....	\$ <u>1,013,180</u>	\$ <u>50,000</u>	\$ <u>460,000</u>	\$ <u>1,523,180</u>

**NOTE 5 – PENSION PLAN**

*Plan Description* - The Town contributes to the Norfolk Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan administered by the Norfolk County Retirement Board. Substantially all employees of the Town are members of the System, except for public school teachers and certain administrators who are members of the Commonwealth of Massachusetts' Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$4,134,000 for the fiscal year ended June 30, 2005, and, accordingly, are reported in the General Fund as Intergovernmental Revenues and Pension Expenditures.

The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Norfolk County Contributory Retirement Board and are borne by the System. The System issues a publicly available financial report in accordance with guidelines established by the Commonwealth's Public Employee Retirement Administration Commission. That report may be obtained by contacting the System located at 480 Neponset Street, Building 15, Canton, MA, 02021.

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

*Annual Pension Cost* - The Town's contributions to the System for the fiscal years ended June 30, 2005, 2004, and 2003 were \$1,349,590 \$1,148,264, and \$1,101,179 respectively, which equaled its required contribution for each fiscal year.

*Noncontributory Retirement Allowance* - The Town pays the entire retirement allowance for certain retirees who are eligible for noncontributory benefits and are not members of the System. The general fund expenditure for fiscal year 2005 totaled approximately \$49,000.

*Pension Reserve Fund* - The Town established a pension reserve fund (accounted for in the nonmajor governmental funds) that was distinct and separate from the System. The purpose of the fund was to provide a reserve to meet future annual contributions to the System. The assets of this fund were invested in certificates of deposit.

During fiscal year 2005, the Town voted to transfer the remaining balance of the Pension Reserve Fund to the General Fund. The annual future contributions to the System will now be appropriated in the General Fund.

A summary of changes in the pension reserve fund during fiscal year 2005 is as follows:

Beginning balance, July 1, 2004.....	\$	344,867
Interest income.....		350
Transfers to the general fund.....		<u>(345,217)</u>
Ending balance, June 30, 2005.....	\$	<u><u>-</u></u>

**NOTE 6 – CAPITAL ASSETS**

The Town has elected to delay the retrospective reporting of general infrastructure assets as allowed by GASB Statement #34.

Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 5,273,382	\$ 405,000	\$ -	\$ 5,678,382
Construction in progress.....	35,858,789	6,413,745	(1,825,907)	40,446,627
Total capital assets not being depreciated.....	41,132,171	6,818,745	(1,825,907)	46,125,009
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	35,145,911	2,569,083	-	37,714,994
Vehicles.....	4,600,521	540,080	(73,402)	5,067,199
Machinery and equipment.....	4,333,187	465,469	-	4,798,656
Furniture and fixtures.....	174,935	28,018	-	202,953
Infrastructure.....	852,271	299,833	-	1,152,104
Total capital assets being depreciated.....	45,106,825	3,902,483	(73,402)	48,935,906
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(15,027,111)	(857,066)	-	(15,884,177)
Vehicles.....	(2,660,722)	(408,380)	73,402	(2,995,700)
Machinery and equipment.....	(2,649,747)	(553,462)	-	(3,203,209)
Furniture and fixtures.....	(104,178)	(18,942)	-	(123,120)
Infrastructure.....	(89,409)	(85,390)	-	(174,799)
Total accumulated depreciation.....	(20,531,167)	(1,923,240)	73,402	(22,381,005)
Total capital assets being depreciated, net.....	24,575,658	1,979,243	-	26,554,901
Total governmental activities capital assets, net.....	\$ 65,707,829	\$ 8,797,988	\$ (1,825,907)	\$ 72,679,910

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 350,850	\$ -	\$ -	\$ 350,850
<u>Capital assets being depreciated:</u>				
Plant and infrastructure.....	25,181,507	-	-	25,181,507
Other buildings and improvements.....	5,506,646	58,000	-	5,564,646
Vehicles.....	180,630	58,000	-	238,630
Machinery and equipment.....	230,326	16,980	-	247,306
Furniture and fixtures.....	35,323	-	-	35,323
Total capital assets being depreciated.....	31,134,432	132,980	-	31,267,412
<u>Less accumulated depreciation for:</u>				
Plant and infrastructure.....	(11,763,805)	(503,630)	-	(12,267,435)
Other buildings and improvements.....	(2,039,537)	(110,714)	-	(2,150,251)
Vehicles.....	(116,548)	(31,446)	-	(147,994)
Machinery and equipment.....	(130,317)	(849)	-	(131,166)
Furniture and fixtures.....	(35,323)	-	-	(35,323)
Total accumulated depreciation.....	(14,085,530)	(646,639)	-	(14,732,169)
Total capital assets being depreciated, net.....	17,048,902	(513,659)	-	16,535,243
Total business-type activities capital assets, net.....	\$ 17,399,752	\$ (513,659)	\$ -	\$ 16,886,093

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

<b>Governmental Activities:</b>	
General government.....	\$ 159,003
Public safety.....	295,231
Education.....	1,011,232
Public works.....	400,643
Human services.....	33,202
Culture and recreation.....	23,929
Total depreciation expense - governmental activities.....	\$ 1,923,240
<b>Business-Type Activities:</b>	
Sewer.....	\$ 646,639

**NOTE 7 – CAPITAL LEASES**

The Town has entered into lease agreements as lessee for financing the acquisition of an Aerial Ladder Fire Apparatus, six relocatable classroom buildings, and two rescue fire pumpers with down payments of \$254,515 \$135,000 and \$271,154, respectively. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

<u>Asset:</u>	<u>Governmental Activities</u>
Vehicles.....	\$ 890,000
Buildings and improvements.....	634,380
Accumulated depreciation.....	<u>(206,875)</u>
 Total.....	 \$ <u>1,317,505</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2005, were as follows:

<u>Fiscal Years Ending June 30</u>	<u>Governmental Activities</u>
2006.....	\$ 385,999
2007.....	<u>256,189</u>
 Total minimum lease payments.....	 642,188
 Less: amounts representing interest.....	 <u>(36,709)</u>
 Present value of minimum lease payments.....	 \$ <u>605,479</u>

**NOTE 8 – 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.

Details related to the Town's outstanding short-term indebtedness at June 30, 2005, and the debt service requirements follow.

<u>Purpose</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Outstanding at June 30, 2004</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding at June 30, 2005</u>
High school construction.....	6/15/05	09/15/05	3.25	\$ -	\$ 5,033,000	\$ -	\$ 5,033,000
Islington Church.....	6/15/05	09/15/05	3.25	-	140,000	-	140,000
Land acquisition.....	6/15/05	09/15/05	3.25	-	275,000	-	275,000
Total.....				\$ -	\$ 5,448,000	\$ -	\$ 5,448,000

#### **NOTE 9 – 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 indebtedness at June 30, 2005, and the debt service requirements follow.

Project	Interest Rate (%)	Outstanding at June 30, 2004	Issued	Redeemed	Outstanding at June 30, 2005
Roads.....	4.40-5.70	\$ 220,000	\$ -	\$ 220,000	\$ -
Land acquisition.....	4.40-5.70	30,000	-	30,000	-
Middle school/gym.....	3.50-4.00	1,175,000	-	235,000	940,000
Middle school/gym.....	3.50-4.00	275,000	-	55,000	220,000
Land acquisition.....	3.50-4.00	200,000	-	40,000	160,000
Senior center.....	3.50-4.00	120,000	-	24,000	96,000
School fields.....	3.50-4.00	95,000	-	19,000	76,000
Middle school/gym completion.....	3.50-4.00	75,000	-	15,000	60,000
Middle school/gym completion.....	3.50-4.00	35,000	-	7,000	28,000
Martha Jones School construction.....	3.90-5.00	5,760,000	-	720,000	5,040,000
Downey School construction.....	3.90-5.00	5,040,000	-	630,000	4,410,000
Striar land purchase.....	3.90-5.00	1,040,000	-	130,000	910,000
Cemetery land purchase.....	3.90-5.00	240,000	-	30,000	210,000
School planning.....	2.50-5.38	37,524,300	-	1,974,300	35,550,000
Public building.....	3.00-5.00	2,600,000	-	260,000	2,340,000
Public building.....	3.00-5.00	240,700	-	25,700	215,000
<b>Total governmental bonds payable.....</b>		<b>\$ 54,670,000</b>	<b>\$ -</b>	<b>\$ 4,415,000</b>	<b>\$ 50,255,000</b>
Sewer (WPAT).....	1.26	\$ 6,295	\$ -	\$ 6,295	\$ -
Sewer (WPAT).....	1.26	436,085	-	436,085	-
Sewer.....	4.40-5.70	85,000	-	85,000	-
Sewer.....	4.40-5.70	30,000	-	30,000	-
Sewer.....	3.50-4.00	400,000	-	80,000	320,000
Sewer.....	3.50-4.00	200,000	-	40,000	160,000
Sewer (WPAT).....	3.88	2,466,202	-	141,538	2,324,664
Sewer.....	3.90-5.00	1,200,000	-	150,000	1,050,000
<b>Total enterprise bonds payable.....</b>		<b>\$ 4,823,582</b>	<b>\$ -</b>	<b>\$ 968,918</b>	<b>\$ 3,854,664</b>
<b>Total general obligation bonds and notes payable.....</b>		<b>\$ 59,493,582</b>	<b>\$ -</b>	<b>\$ 5,383,918</b>	<b>\$ 54,109,664</b>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006.....	\$ 4,165,000	\$ 2,137,364	\$ 6,302,364
2007.....	4,165,000	1,979,048	6,144,048
2008.....	4,165,000	1,835,447	6,000,447
2009.....	4,165,000	1,693,057	5,858,057
2010.....	3,770,000	1,523,055	5,293,055
2011.....	3,770,000	1,370,367	5,140,367
2012.....	3,770,000	1,215,793	4,985,793
2013.....	2,255,000	1,036,731	3,291,731
2014.....	2,255,000	923,981	3,178,981
2015.....	1,975,000	811,231	2,786,231
2016.....	1,975,000	712,481	2,687,481
2017.....	1,975,000	629,531	2,604,531
2018.....	1,975,000	523,375	2,498,375
2019.....	1,975,000	436,475	2,411,475
2020.....	1,975,000	347,600	2,322,600
2021.....	1,975,000	258,725	2,233,725
2022.....	1,975,000	167,875	2,142,875
2023.....	1,975,000	83,938	2,058,938
Total.....	\$ <u>50,255,000</u>	\$ <u>17,686,074</u>	\$ <u>67,941,074</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006.....	\$ 414,166	\$ 165,952	\$ 580,118
2007.....	417,670	150,005	567,675
2008.....	421,953	130,043	551,996
2009.....	425,750	111,708	537,458
2010.....	309,838	91,336	401,174
2011.....	314,687	82,051	396,738
2012.....	319,700	58,112	377,812
2013.....	90,300	136,660	226,960
2014.....	176,300	48,124	224,424
2015.....	181,600	42,279	223,879
2016.....	187,100	32,554	219,654
2017.....	192,800	23,516	216,316
2018.....	198,500	10,451	208,951
2019.....	204,300	5,108	209,408
Total.....	\$ <u>3,854,664</u>	\$ <u>1,087,899</u>	\$ <u>4,942,563</u>

The Town is scheduled to be subsidized by the Massachusetts Water Pollution Abatement Trust (WPAT) on a periodic basis for principal in the amount of \$593,664 and interest costs for \$597,822. Thus, net WPAT loan repayments including interest are scheduled to be \$2,050,519. Since the Town is legally obligated for the total amount of the debt, such amounts have been recorded in the accompanying basic financial statements. The fiscal year 2005 principal and interest subsidy totaled approximately \$26,000 and \$87,000, respectively.

The Town has been approved to receive school construction assistance through the Massachusetts School Building Authority (MSBA). The MSBA provides resources for eligible construction costs and debt interest and borrowing costs. During fiscal year 2005, approximately \$1,567,000 of such assistance was received. Approximately \$40,884,000 will be received in future fiscal years. Of this amount, approximately \$9,888,000 represents reimbursement of long-term interest costs, and \$30,995,677 represents reimbursement of approved construction costs. Accordingly, \$30,995,677 intergovernmental receivable and corresponding deferred revenue has been recorded in the fund based financial statements and the change in the receivable has been recognized as revenue in the conversion to the government-wide financial statements.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2005, the Town had the following authorized and unissued debt:

Purpose	Date Voted	Article	Amount Authorized	Amount Unissued
Additional high school construction.....	STM 2/2002	5 & 6	\$ 8,333,640	\$ 5,033,340
Eminent domain land purchase.....	ATM 5/2001	15	300,000	300,000
Purchase of Islington Church.....	ATM 5/2004	16	600,000	140,000
High Street road improvements.....	ATM 5/2005	17	<u>1,000,000</u>	<u>1,000,000</u>
Governmental Activities.....			10,233,640	6,473,340
Sewer engineering and construction.....	ATM 5/2004	17	<u>750,000</u>	<u>550,000</u>
Total.....			<u>\$ 10,983,640</u>	<u>\$ 7,023,340</u>

Changes in Long-Term Liabilities

During the fiscal year ended June 30, 2005, the following changes occurred in long-term liabilities:

	Balance at June 30, 2004	Additions	Retirements and Other	Balance at June 30, 2005	Current Portion
<b>Governmental Activities:</b>					
Long-Term Bonds and Notes.....	\$ 54,670,000	\$ 5,448,000	\$ (4,415,000)	\$ 55,703,000	\$ 9,613,000
Capital Lease Obligations.....	950,277	-	(344,798)	605,479	359,811
Compensated Absences.....	1,182,000	155,000	-	1,337,000	885,000
Total Governmental Activities.....	<u>56,802,277</u>	<u>5,603,000</u>	<u>(4,759,798)</u>	<u>57,645,479</u>	<u>10,857,811</u>
<b>Business-Type Activities:</b>					
Long-Term Bonds and Notes.....	4,823,582	-	(968,918)	3,854,664	414,166
Compensated Absences.....	13,000	3,000	-	16,000	16,000
Total Business-Type Activities.....	<u>4,836,582</u>	<u>3,000</u>	<u>(968,918)</u>	<u>3,870,664</u>	<u>430,166</u>
Total.....	<u>\$ 61,638,859</u>	<u>\$ 5,606,000</u>	<u>\$ (5,728,716)</u>	<u>\$ 61,516,143</u>	<u>\$ 11,287,977</u>

Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures.

#### NOTE 10 – RISK FINANCING

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

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

The Town is a member of the Massachusetts Interlocal Insurance Association (MIIA), a public entity risk pool currently operating as a common risk management and insurance program for workers' compensation benefits for employees other than uniformed police and fire personnel. MIIA is self-sustaining through member premiums and reinsures through commercial companies for stop loss insurance. The total premiums assessed by MIIA to the Town during fiscal year 2005 totaled \$121,000 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, 2005, and therefore is not reported.

The Town is self-insured for unemployment compensation. During fiscal year 2005, the Town appropriated \$77,000 to provide for anticipated costs of unemployment benefits. During fiscal year 2005, claims related to unemployment compensation totaled \$41,000. The liability for unemployment compensation was not material at June 30, 2005, and therefore is not reported.

**NOTE 11 – STABILIZATION FUND**

The Town has \$848,225 in a stabilization fund classified as a major governmental fund in the fund-based statements. The stabilization fund may be used for general and/or capital purposes upon Town Meeting approval. During fiscal year 2005, the stabilization fund earned investment income of approximately \$16,000.

**NOTE 12 – COMMITMENTS**

During fiscal year 2005, the Town continued construction of a new high school, with an expected total cost of approximately \$45,000,000. The Town has been approved for school construction assistance from the MSBA for 59% of the total costs of the project.

The High School received an occupancy permit in March 2005. The General Contractor was subsequently terminated in May 2005. The Bonding Company and the Permanent Building Committee are negotiating the terms under which the Bonding Company will take over and complete the construction in accordance with the terms and cost of the existing contract. The projected completion date for the remaining work is September 2006.

**NOTE 13 – CONTINGENCIES**

The Town participates in a number of federal award programs. Although the Town grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2005, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Various legal actions and claims are pending against the Town. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2005, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2005.

**NOTE 14 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During fiscal year 2005, the following GASB pronouncements were implemented:

- The GASB has issued Statement #40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement #3*. The implementation of this statement required changes to the note disclosures only.
- The GASB issued Statement #41, *Budgetary Comparison Schedule—Perspective Differences*. This statement did not effect the financial statements.
- During fiscal year 2004, the GASB issued Statement #44, *Economic Condition Reporting: The Statistical section—an amendment of NCGA Statement 1*, which changes the schedules and tables in the statistical section.

**Future Implementation of GASB Pronouncements**

- During fiscal year 2004, the GASB issued Statement #42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, which is required to be implemented in fiscal year 2006.
- During fiscal year 2004, the GASB issued Statement #43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The standards in this statement do not apply to the Town, however, a related statement (Statement #45), addresses new standards for the Town related to Other Postemployment Benefits.
- During fiscal year 2005, the GASB issued Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which is required to be implemented in fiscal year 2008.
- The GASB issued Statement # 46, *Net Assets Restricted by Legislation an amendment of GASB Statement No. 34*. This Statement clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government—such as citizens, public interest groups, or the judiciary—can compel a government to honor. It requires governments to disclose the portion of total net assets that is restricted by enabling legislation. This statement is required to be implemented in FY2006. Management believes that this statement will not effect the basic financial statements.
- The GASB issued Statement # 47, *Accounting for Termination Benefits*. The Statement provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or severance to employees that are involuntarily terminated. The Statement requires that similar forms of termination benefits be accounted for in the same manner and is intended to enhance both the consistency of reporting for termination benefits and the comparability of financial statements. This statement is required to be implemented in FY2006. Management believes that this statement will not effect the basic financial statements.

# *Required Supplementary Information*

# *General Fund*

## *Budgetary Comparison Schedule*

The General Fund is the general operating fund of the Town. It is used to account for 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**

FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Original Budget	Final Budget			
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 42,743,763	\$ 42,743,763	\$ 42,620,925	\$ -	\$ (122,838)
Motor vehicle excise taxes.....	2,250,000	2,250,000	2,309,888	-	59,888
Penalties and interest on taxes.....	80,000	80,000	80,853	-	853
Fees.....	135,659	135,659	139,377	-	3,718
Licenses and permits.....	325,000	325,000	488,924	-	163,924
Fines and forfeitures.....	15,000	15,000	19,535	-	4,535
Intergovernmental.....	4,509,770	4,509,770	4,540,775	-	31,005
Departmental and other.....	226,000	226,000	254,683	-	28,683
Special assessments.....	2,100	2,100	2,196	-	96
Investment income.....	275,000	275,000	402,355	-	127,355
<b>TOTAL REVENUES.....</b>	<b>50,562,292</b>	<b>50,562,292</b>	<b>50,859,511</b>	<b>-</b>	<b>297,219</b>
<b>EXPENDITURES:</b>					
<b>SELECTMEN</b>					
Salaries.....	321,441	328,070	327,986	-	84
Expenditures.....	50,000	50,000	45,987	1,803	2,210
<b>TOTAL.....</b>	<b>371,441</b>	<b>378,070</b>	<b>373,973</b>	<b>1,803</b>	<b>2,294</b>
<b>FINANCE COMMISSION</b>					
Salaries.....	28,719	29,276	29,274	-	2
Expenditures.....	21,500	21,500	18,759	-	2,741
<b>TOTAL.....</b>	<b>50,219</b>	<b>50,776</b>	<b>48,033</b>	<b>-</b>	<b>2,743</b>
<b>ACCOUNTING</b>					
Salaries.....	153,344	136,558	136,557	-	1
Expenditures.....	5,900	5,900	4,548	-	1,352
<b>TOTAL.....</b>	<b>159,244</b>	<b>142,458</b>	<b>141,105</b>	<b>-</b>	<b>1,353</b>
<b>AUDIT-SCHOOL &amp; MUNICIPAL FINANCIALS</b>					
Professional Services.....	46,000	46,000	46,000	-	-
<b>ASSESSORS</b>					
Salaries.....	98,300	124,652	124,313	-	339
Expenditures.....	74,143	74,143	62,308	11,000	835
Revaluation.....	16,500	16,500	16,500	-	-
<b>TOTAL.....</b>	<b>188,943</b>	<b>215,295</b>	<b>203,121</b>	<b>11,000</b>	<b>1,174</b>
<b>TREASURER</b>					
Salaries.....	64,622	65,800	65,767	-	33
Expenditures.....	17,050	17,050	3,168	-	13,882
<b>TOTAL.....</b>	<b>81,672</b>	<b>82,850</b>	<b>68,935</b>	<b>-</b>	<b>13,915</b>
<b>COLLECTOR</b>					
Salaries.....	85,127	86,582	85,793	-	789
Expenditures.....	58,550	58,550	58,479	-	71
<b>TOTAL.....</b>	<b>143,677</b>	<b>145,132</b>	<b>144,272</b>	<b>-</b>	<b>860</b>
<b>LEGAL</b>					
Salaries.....	76,153	77,638	77,604	-	34
Expenditures.....	56,500	91,500	91,440	-	60
<b>TOTAL.....</b>	<b>132,653</b>	<b>169,138</b>	<b>169,044</b>	<b>-</b>	<b>94</b>
<b>PERSONNEL BOARD</b>					
Salaries.....	38,746	59,292	59,230	-	62
Expenditures.....	18,600	18,600	18,169	-	431
<b>TOTAL.....</b>	<b>57,346</b>	<b>77,892</b>	<b>77,399</b>	<b>-</b>	<b>493</b>

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Original Budget	Final Budget			
<b>INFORMATION SYSTEMS</b>					
Salaries.....	175,415	177,046	164,740	6,700	5,606
Expenditures.....	175,000	175,000	174,887	-	113
TOTAL.....	350,415	352,046	339,627	6,700	5,719
<b>TOWN CLERK</b>					
Salaries.....	127,403	130,437	122,724	-	7,713
Expenditures.....	44,888	44,888	36,133	-	8,755
TOTAL.....	172,291	175,325	158,857	-	16,468
<b>CONSERVATION COMMISSION</b>					
Salaries.....	29,158	29,158	29,142	-	16
Expenditures.....	2,800	2,800	2,207	-	593
TOTAL.....	31,958	31,958	31,349	-	609
<b>PLANNING BOARD</b>					
Salaries.....	67,935	69,127	68,614	-	513
Expenditures.....	4,530	4,530	2,942	-	1,588
TOTAL.....	72,465	73,657	71,556	-	2,101
<b>ZONING BOARD OF APPEALS</b>					
Salaries.....	20,400	20,400	19,810	-	590
Expenditures.....	4,000	4,000	1,761	-	2,239
TOTAL.....	24,400	24,400	21,571	-	2,829
<b>BUSINESS DEVELOPMENT TASK FORCE</b>					
Expenditures.....	52,315	57,595	57,195	-	400
<b>OUTSIDE PROFESSIONAL SERVICES</b>					
Expenditures.....	33,500	33,500	30,990	-	2,510
<b>MASS HOUSING PARTNERSHIP</b>					
Expenditures.....	11,800	11,800	11,800	-	-
<b>HOUSING AUTHORITY</b>					
Expenditures.....	5,000	5,000	5,000	-	-
<b>OFFICE COMMUNICATIONS</b>					
Expenditures.....	118,650	118,650	117,919	-	731
<b>TRAINING</b>					
Expenditures.....	4,000	4,000	3,210	-	790
Reserve Fund.....	420,000	9,808	-	-	9,808
Total General Government.....	2,527,989	2,205,350	2,120,956	19,503	64,891
<b>POLICE DEPARTMENT</b>					
Salaries.....	2,188,328	2,215,797	2,152,552	-	63,245
Expenditures.....	144,432	144,432	143,987	319	126
TOTAL.....	2,332,760	2,360,229	2,296,539	319	63,371
CAREER INCENTIVE PROGRAM.....	125,423	125,423	117,573	-	7,850
<b>ANIMAL CONTROL</b>					
Salaries.....	28,581	28,986	28,986	-	-
Expenditures.....	6,400	6,400	6,060	-	340
TOTAL.....	34,981	35,386	35,046	-	340

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Original Budget	Final Budget			
<b>CROSSING GUARDS</b>					
Salaries.....	87,264	88,135	82,898	-	5,237
Expenditures.....	2,800	2,800	2,427	-	373
TOTAL.....	90,064	90,935	85,325	-	5,610
<b>FIRE DEPARTMENT</b>					
Salaries.....	1,961,600	2,030,486	2,030,485	-	1
Expenditures.....	144,300	151,300	151,218	-	82
TOTAL.....	2,105,900	2,181,786	2,181,703	-	83
<b>BUILDING INSPECTION</b>					
Salaries.....	210,649	212,422	203,268	-	9,154
Expenditures.....	27,014	27,014	24,473	-	2,541
TOTAL.....	237,663	239,436	227,741	-	11,695
CIVIL DEFENSE.....	2,000	2,000	10	-	1,990
Total Public Safety.....	4,928,791	5,035,195	4,943,937	319	90,939
<b>EDUCATION</b>					
<b>PUBLIC SCHOOLS</b>					
Salaries and expenditures.....	27,010,790	27,010,790	26,366,321	494,906	149,563
BLUE HILLS REGIONAL.....	86,843	122,545	121,028	-	1,517
Total Education.....	27,097,633	27,133,335	26,487,349	494,906	151,080
<b>DEPARTMENT OF PUBLIC WORKS</b>					
Salaries-admin.....	148,436	150,285	150,282	-	3
Salaries-operations.....	1,057,617	1,075,215	1,075,214	-	1
Expenditures.....	354,343	354,343	329,660	22,750	1,933
TOTAL.....	1,560,396	1,579,843	1,555,156	22,750	1,937
<b>BUILDING MAINTENANCE</b>					
Expenditures.....	380,120	380,120	378,931	240	949
<b>MUNICIPAL &amp; SCHOOL FIELD MAINTENANCE</b>					
Expenditures.....	85,000	85,000	77,764	7,236	-
<b>SNOW &amp; ICE</b>					
Expenditures.....	141,200	501,200	581,891	-	(80,691)
<b>STREET LIGHTING</b>					
Expenditures.....	98,173	98,173	93,257	-	4,916
<b>CEMETERY COMMISSION</b>					
Expenditures.....	300	300	-	-	300
<b>WASTE/COLLECTION/DISPOSAL</b>					
Expenditures.....	1,460,676	1,460,676	1,446,861	-	13,815
Total Public Works.....	3,725,865	4,105,312	4,133,860	30,226	(58,774)
<b>HEALTH DIVISION</b>					
Salaries.....	140,648	143,385	143,361	-	24
Expenditures.....	9,876	9,876	8,162	320	1,394
TOTAL.....	150,524	153,261	151,523	320	1,418

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Original Budget	Final Budget			
OUTSIDE HEALTH AGENCIES	14,316	14,316	14,316	-	-
DISABILITY COMMISSION					
Expenditures.....	500	500	-	-	500
COUNCIL ON AGING					
Salaries.....	134,392	137,005	136,944	-	61
Expenditures.....	16,710	16,710	16,709	-	1
TOTAL.....	151,102	153,715	153,653	-	62
YOUTH COMMISSION					
Salaries.....	138,703	138,703	134,388	-	4,315
Expenditures.....	14,850	14,850	14,698	-	152
TOTAL.....	153,553	153,553	149,086	-	4,467
VETERANS SERVICES					
Salaries.....	21,579	21,943	21,932	-	11
Expenditures.....	22,225	29,225	27,545	-	1,680
TOTAL.....	43,804	51,168	49,477	-	1,691
Total Health and Human Services.....	513,799	526,513	518,055	320	8,138
RECREATION					
Salaries.....	209,813	212,027	211,834	-	193
Expenditures.....	41,550	41,550	41,550	-	-
TOTAL.....	251,363	253,577	253,384	-	193
PUBLIC LIBRARY					
Salaries.....	642,175	663,843	663,676	-	167
Expenditures.....	196,725	196,725	190,949	2,967	2,809
TOTAL.....	838,900	860,568	854,625	2,967	2,976
MEMORIAL DAY					
Expenditures.....	3,800	3,800	2,506	-	1,294
Total Culture and Recreation.....	1,094,063	1,117,945	1,110,515	2,967	4,463
PENSION BENEFITS					
Contributory Pension.....	1,377,100	1,349,590	1,349,590	-	-
Non-Contributory Pension.....	49,600	49,600	49,113	-	487
Total Pension Benefits.....	1,426,700	1,399,190	1,398,703	-	487
INSURANCE					
General Liability.....	310,500	310,500	298,824	-	11,676
CAPITAL OUTLAY.....	1,626,042	1,816,042	1,040,340	747,727	27,975
EMPLOYEE BENEFITS.....	3,568,704	3,398,704	3,318,828	-	79,876
STATE AND COUNTY ASSESSMENTS.....	514,888	514,888	496,131	-	18,757
DEBT SERVICE PRINCIPAL.....	4,415,000	4,415,000	4,415,000	-	-
DEBT SERVICE INTEREST.....	2,307,776	2,307,776	2,307,778	-	(2)
TOTAL EXPENDITURES.....	54,057,750	54,285,750	52,590,276	1,295,968	399,506
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(3,495,458)	(3,723,458)	(1,730,765)	(1,295,968)	696,725

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Original Budget	Final Budget			
<b><u>OTHER FINANCING SOURCES (USES):</u></b>					
Transfers in.....	790,963	1,017,963	1,013,180	-	(4,783)
Transfers out.....	<u>(485,000)</u>	<u>(510,000)</u>	<u>(510,000)</u>	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>305,963</u>	<u>507,963</u>	<u>503,180</u>	-	<u>(4,783)</u>
NET CHANGE IN FUND BALANCE.....	(3,189,495)	(3,215,495)	(1,227,585)	(1,295,968)	691,942
BUDGETARY FUND BALANCE, Beginning of year.....	<u>5,268,862</u>	<u>5,268,862</u>	<u>5,268,862</u>	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ <u><u>2,079,367</u></u>	\$ <u><u>2,053,367</u></u>	\$ <u><u>4,041,277</u></u>	\$ <u><u>(1,295,968)</u></u>	\$ <u><u>691,942</u></u>

See notes to required supplementary information.

(Concluded)

**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 fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year. These carry forwards are included as part of the subsequent fiscal 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 fiscal year 2005 approved budget for the General Fund authorized \$53,003,464 in appropriations and other amounts to be raised and \$1,752,286 in encumbrances and appropriations carried over from previous fiscal years. During fiscal year 2005, Town Meeting also approved supplemental appropriations totaling \$252,000.

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 fiscal year ended June 30, 2005, is presented below:

	<u>General Fund</u>
Net change in fund balance - budgetary basis.....	\$ (1,227,585)
<u>Basis of accounting differences:</u>	
Net change in recording 60-day receipts accrual.....	14,340
Net change in recording tax refunds payable.....	(38,000)
Net change in expenditure accruals.....	75,836
Recognition of revenue for on-behalf payments.....	(4,133,817)
Recognition of expenditures for on-behalf payments.....	<u>4,133,817</u>
Net change in fund balance - GAAP basis.....	<u>\$ (1,175,409)</u>

3. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2005, actual expenditures and encumbrances exceeded appropriations for snow and ice. This over-expenditure will be funded by available funds during fiscal year 2006.

# *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*

## Fund Description

### **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/Other Revolving Funds** – accounts for all educational programs specially financed by grants and other restricted revenues.
- **Pension Reserve Fund** – accounts for Town funding targeted to offset future cost impact of Norfolk County Contributory Retirement System.
- **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 are used for construction, reconstruction and improvements of roadways.

### **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.
- **School Building Renovations** – accounts for renovation, improvements and capital equipment associated with public school buildings.
- **Facilities Renovations** – accounts for renovation, improvements and capital equipment associated with 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, 2005

	<b>Special Revenue Funds</b>						
	School Lunch	Ambulance	Departmental Grants/ Other Revolving	Educational Grants/ Other Revolving	Pension Reserve	Expendable Governmental Trusts	Highway Improvement
<b>ASSETS</b>							
Cash and short-term investments.....	\$ 156,304	\$ 362,206	\$ 1,712,218	\$ 1,963,167	\$ -	\$ 76,570	\$ -
Receivables, net of uncollectibles:							
Departmental and other.....	-	283,779	651	-	-	-	-
Intergovernmental.....	-	-	-	-	-	-	750,362
Due from other funds.....	-	-	92,440	-	-	-	-
<b>TOTAL ASSETS.....</b>	<b>\$ 156,304</b>	<b>\$ 645,985</b>	<b>\$ 1,805,309</b>	<b>\$ 1,963,167</b>	<b>\$ -</b>	<b>\$ 76,570</b>	<b>\$ 750,362</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES:</b>							
Warrants payable.....	\$ 1,733	\$ -	\$ 61,030	\$ 34,399	\$ -	\$ -	\$ -
Deferred revenues.....	-	283,779	650	-	-	-	657,922
Due to other funds.....	-	-	-	-	-	-	92,440
Notes payable.....	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES.....</b>	<b>1,733</b>	<b>283,779</b>	<b>61,680</b>	<b>34,399</b>	<b>-</b>	<b>-</b>	<b>750,362</b>
<b>FUND BALANCES:</b>							
Reserved for:							
Perpetual permanent funds.....	-	-	-	-	-	-	-
Unreserved:							
Undesignated, reported in:							
Special revenue funds.....	154,571	362,206	1,743,629	1,928,768	-	76,570	-
Capital projects funds.....	-	-	-	-	-	-	-
Permanent funds.....	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<b>154,571</b>	<b>362,206</b>	<b>1,743,629</b>	<b>1,928,768</b>	<b>-</b>	<b>76,570</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 156,304</b>	<b>\$ 645,985</b>	<b>\$ 1,805,309</b>	<b>\$ 1,963,167</b>	<b>\$ -</b>	<b>\$ 76,570</b>	<b>\$ 750,362</b>

(Continued)

Capital Projects Funds					Permanent Funds			Total Nonmajor Governmental Funds
Sub-total	Roadway Improvements	School Building Renovations	Facilities Renovations	Sub-total	Cemetery	Other Nonexpendable Trust Funds	Sub-total	
\$ 4,270,465	\$ 632,231	\$ 79,589	\$ 1,051,721	\$ 1,763,541	\$ 286,663	\$ 74,765	\$ 361,428	\$ 6,395,434
284,430	-	-	-	-	350	-	350	284,780
750,362	-	-	-	-	-	-	-	750,362
92,440	-	-	-	-	-	-	-	92,440
<u>\$ 5,397,697</u>	<u>\$ 632,231</u>	<u>\$ 79,589</u>	<u>\$ 1,051,721</u>	<u>\$ 1,763,541</u>	<u>\$ 287,013</u>	<u>\$ 74,765</u>	<u>\$ 361,778</u>	<u>\$ 7,523,016</u>
\$ 97,162	\$ -	\$ -	\$ 12,000	\$ 12,000	\$ -	\$ -	\$ -	\$ 109,162
942,351	-	-	-	-	350	-	350	942,701
92,440	-	-	-	-	-	-	-	92,440
-	-	-	415,000	415,000	-	-	-	415,000
<u>1,131,953</u>	<u>-</u>	<u>-</u>	<u>427,000</u>	<u>427,000</u>	<u>350</u>	<u>-</u>	<u>350</u>	<u>1,559,303</u>
-	-	-	-	-	264,878	-	264,878	264,878
4,265,744	-	-	-	-	-	-	-	4,265,744
-	632,231	79,589	624,721	1,336,541	-	-	-	1,336,541
-	-	-	-	-	21,785	74,765	96,550	96,550
<u>4,265,744</u>	<u>632,231</u>	<u>79,589</u>	<u>624,721</u>	<u>1,336,541</u>	<u>286,663</u>	<u>74,765</u>	<u>361,428</u>	<u>5,963,713</u>
<u>\$ 5,397,697</u>	<u>\$ 632,231</u>	<u>\$ 79,589</u>	<u>\$ 1,051,721</u>	<u>\$ 1,763,541</u>	<u>\$ 287,013</u>	<u>\$ 74,765</u>	<u>\$ 361,778</u>	<u>\$ 7,523,016</u>

(Concluded)

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

FISCAL YEAR ENDED JUNE 30, 2005

	Special Revenue Funds						
	School Lunch	Ambulance	Departmental Grants/ Other Revolving	Educational Grants/ Other Revolving	Pension Reserve	Expendable Governmental Trusts	Highway Improvement
<b>REVENUES:</b>							
Charges for services.....	\$ 736,190	\$ 438,661	\$ 330,296	\$ 1,612,472	\$ -	\$ -	\$ -
Intergovernmental.....	62,072	-	273,173	1,786,603	-	-	92,440
Departmental and other.....	-	-	254,420	-	-	-	-
Contributions.....	-	-	49,048	132,739	-	-	-
Investment income.....	-	-	133	-	350	1,019	-
<b>TOTAL REVENUES.....</b>	<b>798,262</b>	<b>438,661</b>	<b>907,070</b>	<b>3,531,814</b>	<b>350</b>	<b>1,019</b>	<b>92,440</b>
<b>EXPENDITURES:</b>							
Current:							
General government.....	-	-	204,464	-	-	-	-
Public safety.....	-	-	153,213	-	-	-	-
Education.....	904,973	-	-	2,948,992	-	-	-
Public works.....	-	-	172,281	-	-	-	208,231
Human services.....	-	-	73,008	-	-	-	-
Culture and recreation.....	-	-	315,726	-	-	-	-
Capital outlay.....	-	-	13,300	-	-	-	-
<b>TOTAL EXPENDITURES.....</b>	<b>904,973</b>	<b>-</b>	<b>931,992</b>	<b>2,948,992</b>	<b>-</b>	<b>-</b>	<b>208,231</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(106,711)	438,661	(24,922)	582,822	350	1,019	(115,791)
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers out.....	-	(489,463)	(168,500)	-	(345,217)	-	-
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(106,711)</b>	<b>(50,802)</b>	<b>(193,422)</b>	<b>582,822</b>	<b>(344,867)</b>	<b>1,019</b>	<b>(115,791)</b>
FUND BALANCES AT BEGINNING OF YEAR.....	261,282	413,008	1,937,051	1,345,946	344,867	75,551	115,791
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 154,571</b>	<b>\$ 362,206</b>	<b>\$ 1,743,629</b>	<b>\$ 1,928,768</b>	<b>\$ -</b>	<b>\$ 76,570</b>	<b>\$ -</b>

(Continued)

Capital Projects Funds					Permanent Funds			Total Nonmajor Governmental Funds
Sub-total	Roadway Improvements	School Building Renovations	Facilities Renovations	Sub-total	Cemetery	Other Nonexpendable Trust Funds	Sub-total	
\$ 3,117,619	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,117,619
2,214,288	114,249	-	-	114,249	-	-	-	2,328,537
254,420	-	-	-	-	-	-	-	254,420
181,787	-	-	-	-	16,225	-	16,225	198,012
1,502	-	-	-	-	5,560	37,315	42,875	44,377
<u>5,769,616</u>	<u>114,249</u>	<u>-</u>	<u>-</u>	<u>114,249</u>	<u>21,785</u>	<u>37,315</u>	<u>59,100</u>	<u>5,942,965</u>
204,464	-	-	200,000	200,000	-	-	-	404,464
153,213	-	-	-	-	-	-	-	153,213
3,853,965	-	8,220	-	8,220	-	-	-	3,862,185
380,512	54,221	-	35,124	89,345	-	-	-	469,857
73,008	-	-	-	-	-	-	-	73,008
315,726	-	-	-	-	-	661	661	316,387
13,300	-	-	615,000	615,000	-	166,700	166,700	795,000
<u>4,994,188</u>	<u>54,221</u>	<u>8,220</u>	<u>850,124</u>	<u>912,565</u>	<u>-</u>	<u>167,361</u>	<u>167,361</u>	<u>6,074,114</u>
<u>775,428</u>	<u>60,028</u>	<u>(8,220)</u>	<u>(850,124)</u>	<u>(798,316)</u>	<u>21,785</u>	<u>(130,046)</u>	<u>(108,261)</u>	<u>(131,149)</u>
<u>(1,003,180)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>(10,000)</u>	<u>(1,013,180)</u>
<u>(227,752)</u>	<u>60,028</u>	<u>(8,220)</u>	<u>(390,124)</u>	<u>(338,316)</u>	<u>11,785</u>	<u>(130,046)</u>	<u>(118,261)</u>	<u>(684,329)</u>
<u>4,493,496</u>	<u>572,203</u>	<u>87,809</u>	<u>1,014,845</u>	<u>1,674,857</u>	<u>274,878</u>	<u>204,811</u>	<u>479,689</u>	<u>6,648,042</u>
<u>\$ 4,265,744</u>	<u>\$ 632,231</u>	<u>\$ 79,589</u>	<u>\$ 624,721</u>	<u>\$ 1,336,541</u>	<u>\$ 286,663</u>	<u>\$ 74,765</u>	<u>\$ 361,428</u>	<u>\$ 5,963,713</u>

(Concluded)

# *Agency Funds*

## Fund Description

Agency Funds are used to account for the collection and payment of charges for extra duty details for police officers, fire fighters and custodians.

**AGENCY FUNDS**  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Special Details <u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	Special Details <u>June 30, 2005</u>
<b>ASSETS</b>				
CURRENT:				
Cash and short-term investments.....	\$ 132,803	\$ 964,063	\$ (849,286)	\$ 247,579
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	<u>43,459</u>	<u>366,154</u>	<u>(325,808)</u>	<u>83,806</u>
TOTAL ASSETS.....	<u>\$ 176,262</u>	<u>\$ 1,330,217</u>	<u>\$ (1,175,094)</u>	<u>\$ 331,385</u>
<b>LIABILITIES</b>				
Warrants payable.....	\$ 3,483	\$ -	\$ (3,483)	\$ 5,650
Liabilities due depositors.....	<u>172,779</u>	<u>1,606,030</u>	<u>(850,252)</u>	<u>325,735</u>
TOTAL LIABILITIES.....	<u>\$ 176,262</u>	<u>\$ 1,606,030</u>	<u>\$ (853,735)</u>	<u>\$ 331,385</u>

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# *Statistical Section*

*Financial Trends*

*Revenue Capacity*

*Debt Capacity*

*Demographic and Economic Information*

*Operating Information*

*General Information*



*Carby Street Municipal Office Building*

At the 2001 Annual Town Meeting, residents approved \$2.6 M to construct a new municipal office building. The building opened in the summer of 2004 and houses all Land Use Departments and the Department of Public Works administrative offices.

# *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. The Town implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

**Net Assets By Component**

**Last Three Fiscal Years**

	Fiscal Year		
	2003	2004	2005
<b>Governmental activities</b>			
Invested in capital assets, net of related debt.....	\$ 32,916,498	\$ 47,624,251	\$ 52,128,000
Restricted.....	1,982,394	2,396,038	2,040,497
Unrestricted.....	6,972,221	8,079,192	6,906,276
<b>Total governmental activities net assets.....</b>	<b>\$ 41,871,113</b>	<b>\$ 58,099,481</b>	<b>\$ 61,074,773</b>
<b>Business-type activities</b>			
Invested in capital assets, net of related debt.....	\$ 11,777,013	\$ 12,576,170	\$ 13,031,429
Unrestricted.....	4,048,154	3,674,751	3,125,801
<b>Total business-type activities net assets.....</b>	<b>\$ 15,825,167</b>	<b>\$ 16,250,921</b>	<b>\$ 16,157,230</b>
<b>Primary government</b>			
Invested in capital assets, net of related debt.....	\$ 44,693,511	\$ 60,200,421	\$ 65,159,429
Restricted.....	1,982,394	2,396,038	2,040,497
Unrestricted.....	11,020,375	11,753,943	10,032,077
<b>Total primary government net assets.....</b>	<b>\$ 57,696,280</b>	<b>\$ 74,350,402</b>	<b>\$ 77,232,003</b>

**Changes in Net Assets**

**Last Three Fiscal Years**

	<b>Fiscal Year</b>		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Expenses</b>			
Governmental activities:			
General government.....	\$ 2,988,857	\$ 3,176,002	\$ 3,190,609
Public safety.....	5,913,911	6,885,140	6,740,040
Education.....	33,748,282	33,719,574	37,193,152
Public works.....	4,087,945	4,538,604	5,147,561
Human services.....	657,325	686,770	769,618
Culture and recreation.....	1,470,450	1,660,585	1,714,349
Interest.....	1,300,036	2,887,074	2,280,112
State and county charges.....	538,506	513,867	496,131
Total government activities expenses.....	<u>50,705,312</u>	<u>54,067,616</u>	<u>57,531,572</u>
Business-type activities:			
Sewer.....	<u>3,531,101</u>	<u>3,346,728</u>	<u>3,670,564</u>
Total primary government expenses.....	<u>\$ 54,236,413</u>	<u>\$ 57,414,344</u>	<u>\$ 61,202,136</u>
<b>Program Revenues</b>			
Governmental activities:			
Education charges for services.....	\$ 938,178	\$ 1,362,860	\$ 1,570,591
Public Safety charges for services.....	719,892	824,255	1,117,709
Other charges for services.....	738,635	745,324	897,929
Operating grants and contributions.....	9,583,746	10,228,691	10,538,810
Capital grant and contributions.....	8,850,868	10,228,896	206,689
Total government activities program revenues.....	<u>20,831,319</u>	<u>23,390,026</u>	<u>14,331,728</u>
Business-type activities:			
Charges for services.....	3,673,919	3,657,703	3,402,779
Operating grants and contributions.....	130,477	114,779	174,094
Total business-type activities program revenues.....	<u>3,804,396</u>	<u>3,772,482</u>	<u>3,576,873</u>
Total primary government program revenues.....	<u>\$ 24,635,715</u>	<u>\$ 27,162,508</u>	<u>\$ 17,908,601</u>
<b>Net (Expense)/Program Revenue</b>			
Governmental activities.....	\$ (29,874,293)	\$ (30,677,590)	\$ (43,199,844)
Business-type activities.....	<u>273,295</u>	<u>425,754</u>	<u>(93,691)</u>
Total primary government net (expense)/program revenue.....	<u>\$ (29,600,998)</u>	<u>\$ (30,251,836)</u>	<u>\$ (43,293,535)</u>
<b>General Revenues and other Changes in Net Assets</b>			
Governmental activities:			
Real estate and personal property taxes, net of tax refunds payable.....	\$ 37,137,655	\$ 42,923,460	\$ 42,580,416
Motor vehicle excise taxes.....	2,417,791	2,167,086	2,401,439
Penalties and interest on taxes.....	965,211	109,524	80,853
Grants and contributions not restricted to specific programs.....	724,330	700,468	703,263
Unrestricted investment income.....	731,824	494,065	402,355
Miscellaneous.....	473,967	511,355	6,810
Transfers.....	212,000	-	-
Total governmental activities.....	<u>42,662,778</u>	<u>46,905,958</u>	<u>46,175,136</u>
Business-type activities:			
Transfers.....	<u>(212,000)</u>	<u>-</u>	<u>-</u>
Total primary government general revenues and other changes in net assets.....	<u>\$ 42,450,778</u>	<u>\$ 46,905,958</u>	<u>\$ 46,175,136</u>
<b>Changes in Net Assets</b>			
Governmental activities.....	\$ 11,918,485	\$ 16,228,368	\$ 2,975,292
Business-type activities.....	<u>61,295</u>	<u>425,754</u>	<u>(93,691)</u>
Total primary government changes in net assets.....	<u>\$ 11,979,780</u>	<u>\$ 16,654,122</u>	<u>\$ 2,881,601</u>

**Fund Balances, Governmental Funds**

**Last Ten Fiscal Years**

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>General Fund</b>										
Reserved.....	\$ 408,870	\$ 432,547	\$ 619,896	\$ 419,256	\$ 748,400	\$ 1,276,601	\$ 1,103,884	\$ 972,309	\$ 1,363,820	\$ 919,078
Unreserved.....	2,407,962	2,664,497	2,961,102	2,830,282	3,136,746	2,958,707	2,416,165	2,464,039	3,576,642	2,845,975
<b>Total general fund.....</b>	<b>\$ 2,816,832</b>	<b>\$ 3,097,044</b>	<b>\$ 3,580,998</b>	<b>\$ 3,249,538</b>	<b>\$ 3,885,146</b>	<b>\$ 4,235,308</b>	<b>\$ 3,520,049</b>	<b>\$ 3,436,348</b>	<b>\$ 4,940,462</b>	<b>\$ 3,765,053</b>
<b>All Other Governmental Funds</b>										
Reserved.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 282,479	\$ 260,154	\$ 264,878
Unreserved, reported in:										
Special revenue funds.....	1,359,391	1,775,160	1,904,972	2,153,385	2,154,458	2,757,204	3,600,812	5,007,313	5,275,639	5,113,969
Capital projects funds.....	1,050,172	268,105	(2,535,627)	236,598	(1,285,729)	(11,688,102)	(2,119,012)	21,943,519	6,064,002	(687,108)
Permanent funds.....	-	-	-	-	-	-	-	188,960	219,535	96,550
<b>Total all other governmental funds....</b>	<b>\$ 2,409,563</b>	<b>\$ 2,043,265</b>	<b>\$ (630,655)</b>	<b>\$ 2,389,983</b>	<b>\$ 868,729</b>	<b>\$ (8,930,898)</b>	<b>\$ 1,481,800</b>	<b>\$ 27,422,271</b>	<b>\$ 11,819,330</b>	<b>\$ 4,788,289</b>

Fiscal years 1996 through 2002 exclude Expendable and Nonexpendable Trust Funds which were reported under the pre-GASB 34 format.

**Changes in Fund Balances, Governmental Funds**

**Last Ten Fiscal Years**

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>Revenues:</b>										
Real estate and personal property taxes, net of tax refunds.....	\$ 23,371,134	\$ 24,772,492	\$ 25,374,757	\$ 27,138,931	\$ 29,203,012	\$ 30,989,110	\$ 33,058,505	\$ 37,231,915	\$ 42,985,534	\$ 42,597,265
Motor vehicle and excise taxes.....	1,323,908	1,496,775	1,778,859	1,684,385	1,881,612	2,034,010	2,130,210	2,268,563	2,273,692	2,309,888
Charges for Service.....	3,638,370	3,994,807	4,100,589	4,049,877	4,564,588	4,709,200	5,347,532	2,136,492	2,651,950	3,117,619
Penalties and interest on taxes.....	82,408	122,283	128,440	103,236	91,956	105,016	80,919	95,211	109,524	80,853
Fees and rentals.....	181,313	246,222	264,627	325,700	327,887	323,616	157,769	194,161	193,562	139,377
Licenses and permits.....	185,641	217,046	248,370	262,963	390,777	302,049	402,773	389,218	390,896	488,924
Fines and forfeitures.....	25,247	28,817	27,438	21,322	16,921	18,505	20,968	22,131	20,103	19,535
Intergovernmental.....	3,375,662	3,424,620	4,490,372	5,311,408	5,638,337	6,063,531	10,384,817	9,538,368	9,278,949	11,003,129
Departmental and other.....	756,741	621,984	601,108	761,993	814,420	666,298	448,278	824,161	315,548	510,053
Special assessments.....	299,240	-	-	-	-	350,074	302,343	2,635	2,279	2,196
Contributions.....	101,386	546,517	274,283	331,355	108,497	339,225	101,472	254,579	292,751	198,012
Payment in lieu of taxes.....	117,365	125,192	134,044	195,832	-	-	-	-	-	-
Investment income.....	356,722	394,963	417,220	500,551	871,423	1,136,865	603,882	764,835	526,102	462,815
<b>Total Revenue.....</b>	<b>33,815,137</b>	<b>35,991,718</b>	<b>37,840,107</b>	<b>40,687,553</b>	<b>43,909,430</b>	<b>47,037,499</b>	<b>53,039,468</b>	<b>53,722,269</b>	<b>59,040,890</b>	<b>60,929,666</b>
<b>Expenditures:</b>										
General government.....	1,386,688	1,581,873	1,764,063	2,178,962	1,945,303	2,023,982	2,714,855	2,506,586	2,440,882	2,525,420
Public safety.....	3,542,953	3,779,534	4,019,515	4,375,431	4,611,266	4,419,718	5,156,328	5,508,539	5,423,024	5,097,150
Education.....	16,516,675	17,540,574	18,642,937	20,080,024	21,646,822	23,362,862	26,054,543	41,752,407	43,725,377	36,731,343
Public works.....	3,432,673	3,460,106	3,344,459	4,114,487	3,617,940	4,163,417	4,673,091	4,483,946	5,635,285	4,603,717
Human services.....	345,277	383,659	400,514	451,433	470,191	458,134	494,694	591,825	553,891	591,063
Culture and recreation.....	972,372	990,688	1,152,375	1,030,684	1,064,374	1,136,346	1,352,756	1,323,466	1,353,018	1,426,902
Pension benefits.....	-	-	-	-	-	-	4,527,122	4,623,294	4,914,630	5,532,520
Property and liability insurance.....	-	-	-	-	-	-	194,098	241,297	273,966	298,824
Employee benefits.....	2,631,220	2,697,306	2,659,014	2,759,375	3,008,991	3,186,542	2,465,611	2,872,277	3,073,485	3,318,828
State and MWRA assessments.....	1,674,484	1,875,572	2,065,711	1,959,361	2,276,877	2,230,095	2,154,608	538,506	513,867	496,131
Capital outlay.....	2,591,701	1,922,990	4,467,371	6,721,897	6,095,441	12,651,562	7,058,760	2,129,695	1,148,062	1,791,440
Debt service.....	-	-	-	-	-	-	-	-	-	-
Principal.....	2,029,417	1,999,577	1,519,077	1,748,285	2,808,273	3,439,008	2,140,102	2,360,000	4,028,000	4,415,000
Interest.....	-	-	-	-	-	-	1,052,316	834,458	3,258,430	2,307,778
<b>Total Expenditures.....</b>	<b>35,123,460</b>	<b>36,231,879</b>	<b>40,035,036</b>	<b>45,419,939</b>	<b>47,545,478</b>	<b>57,071,666</b>	<b>60,038,884</b>	<b>69,766,296</b>	<b>76,341,917</b>	<b>69,136,116</b>
Excess of revenues over (under) expenditures.....	(1,308,323)	(240,161)	(2,194,929)	(4,732,386)	(3,636,048)	(10,034,167)	(6,999,416)	(16,044,027)	(17,301,027)	(8,206,450)
<b>Other Financing Sources (Uses)</b>										
Issuance of debt.....	-	144,075	-	7,269,070	2,315,700	-	16,600,000	39,841,000	2,262,000	-
Premium from issuance of bonds.....	-	-	-	-	-	-	-	-	511,354	-
Capital lease financing.....	-	-	-	-	-	-	-	869,865	428,846	-
Transfers in.....	140,029	143,040	366,843	506,219	807,778	1,613,135	1,200,917	1,202,728	1,197,433	1,523,180
Transfers out.....	-	(133,040)	(361,880)	(353,725)	(373,076)	(1,028,433)	(1,104,062)	(990,728)	(1,197,433)	(1,523,180)
<b>Total other financing sources (uses).....</b>	<b>140,029</b>	<b>154,075</b>	<b>4,963</b>	<b>7,421,564</b>	<b>2,750,402</b>	<b>584,702</b>	<b>16,696,855</b>	<b>40,922,865</b>	<b>3,202,200</b>	<b>-</b>
<b>Net change in fund balance.....</b>	<b>\$ (1,168,294)</b>	<b>\$ (86,086)</b>	<b>\$ (2,189,966)</b>	<b>\$ 2,689,178</b>	<b>\$ (885,646)</b>	<b>\$ (9,449,465)</b>	<b>\$ 9,697,439</b>	<b>\$ 24,878,838</b>	<b>\$ (14,098,827)</b>	<b>\$ (8,206,450)</b>
Debt service as a percentage of noncapital expenditures.....	6.24%	5.83%	4.27%	4.52%	6.78%	7.74%	6.03%	4.72%	9.69%	10%

**Notes:**

Fiscal years 1996 through 2002 exclude Expendable and Nonexpendable Trust Funds which were reported under the pre-GASB 34 format.

In fiscal year 2002, the on-behalf payments by the Commonwealth for teachers pension benefits were reported for the first time.

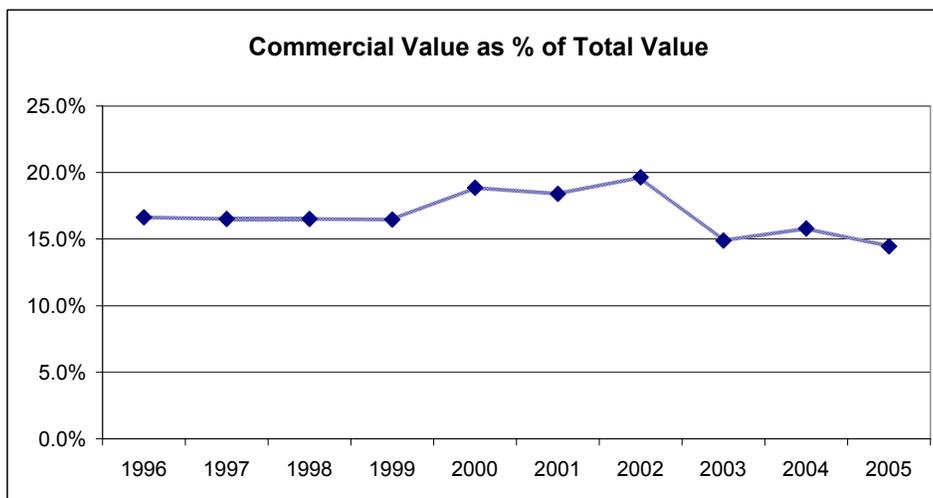
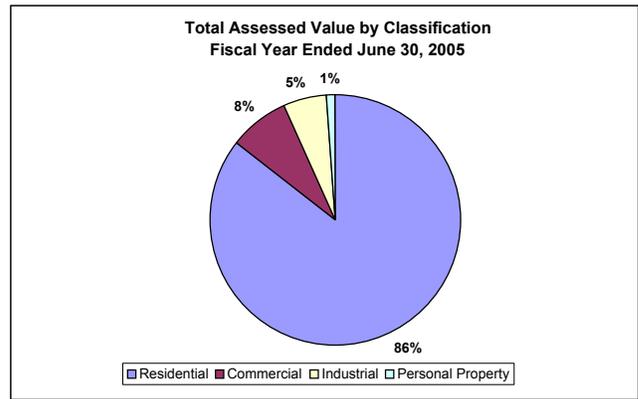
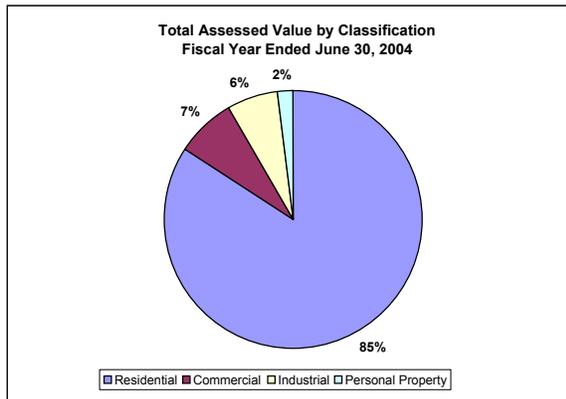
In fiscal year 2003, sewer charges for services were reclassified to the Sewer Enterprise Fund which was established in accordance with GASB 34.

Debt service interest and principal expenditures from 1996 through 2001 are combined.

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

Last Ten Fiscal Years

Fiscal 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	Total Town Value
1996	\$1,122,897,150	\$14.91	\$101,025,350	\$107,359,300	\$15,673,060	\$224,057,710	\$29.95	\$1,346,954,860
1997	(1) \$1,280,058,250	\$13.76	\$112,180,800	\$124,055,100	\$17,021,650	\$253,257,550	\$27.38	\$1,533,315,800
1998	\$1,301,083,000	\$14.05	\$111,953,750	\$127,527,300	\$18,123,340	\$257,604,390	\$27.72	\$1,558,687,390
1999	\$1,330,319,200	\$14.75	\$112,066,200	\$128,531,800	\$21,639,140	\$262,237,140	\$28.85	\$1,592,556,340
2000	(1) \$1,685,949,500	\$12.66	\$171,721,300	\$190,194,000	\$29,756,990	\$391,672,290	\$21.09	\$2,077,621,790
2001	\$1,709,699,250	\$13.37	\$162,673,650	\$191,446,000	\$31,531,378	\$385,651,028	\$21.99	\$2,095,350,278
2002	\$1,731,760,550	\$13.87	\$205,967,250	\$185,038,900	\$32,480,313	\$423,486,463	\$21.52	\$2,155,247,013
2003	(1) \$2,471,698,300	\$11.45	\$217,111,450	\$186,762,200	\$28,226,499	\$432,100,149	\$20.80	\$2,903,798,449
2004	\$2,485,356,400	\$12.96	\$220,942,100	\$190,054,500	\$55,705,658	\$466,702,258	\$23.36	\$2,952,058,658
2005	\$2,777,182,391	\$11.97	\$257,451,131	\$175,306,750	\$36,935,683	\$469,693,564	\$20.97	\$3,246,875,955



(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 fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

Town of Westwood, Massachusetts

Principal Taxpayers

Current Year and Nine Years Ago

Name	Nature of Business	2005			1996*		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Foxhill Investment Corporation	Retirement Community	\$81,692,650	1	3%			
Boston Edison Company	Office Building	\$50,601,950	2	2%			
Medical Information Tech Inc.	Office Building/Medical Information	\$50,309,550	3	2%	\$5,753,000	8	0%
Perry and Walker	Office Building/Financial Services	\$46,328,400	4	1%	\$27,552,000	2	2%
GR-Highland/Westwood Glen LP	Residential Community	\$27,073,400	5	1%			
Westwood Investors LLC	Office Building/Administration	\$21,596,350	6	1%			
Piravano, John A. Trustee	Warehouse Storage	\$13,275,000	7	0%			
Clair Limited Partnership	Car Dealership	\$10,225,750	8	0%			
Wells Limited Partnership	Office/Research & Development	\$9,852,400	9	0%			
Glacier Limited Partnership	Office Building	\$9,769,600	10	0%			
MGH Health Services Corp.	Health Care				\$61,699,080	1	5%
Westwood Executive Center	Offices/Business				\$22,050,000	3	2%
Travelers Insurance Co.	Insurance				\$13,920,000	4	1%
Dominic J. Saraceno	Real Estate				\$10,954,700	5	1%
Mortimer B. Zuckerman	Real Estate/Warehouse/Office Building				\$7,372,000	6	1%
Klinnoc Realty	General Motors-Warehouse				\$7,001,500	7	1%
Dean Witter Realty Income	Real Estate				\$4,769,000	9	0%
Westwood Industrial Park	Offices				\$4,733,000	10	0%
	<b>Totals</b>	<u>\$239,032,400</u>		<u>10%</u>	<u>\$165,804,280</u>		<u>12%</u>

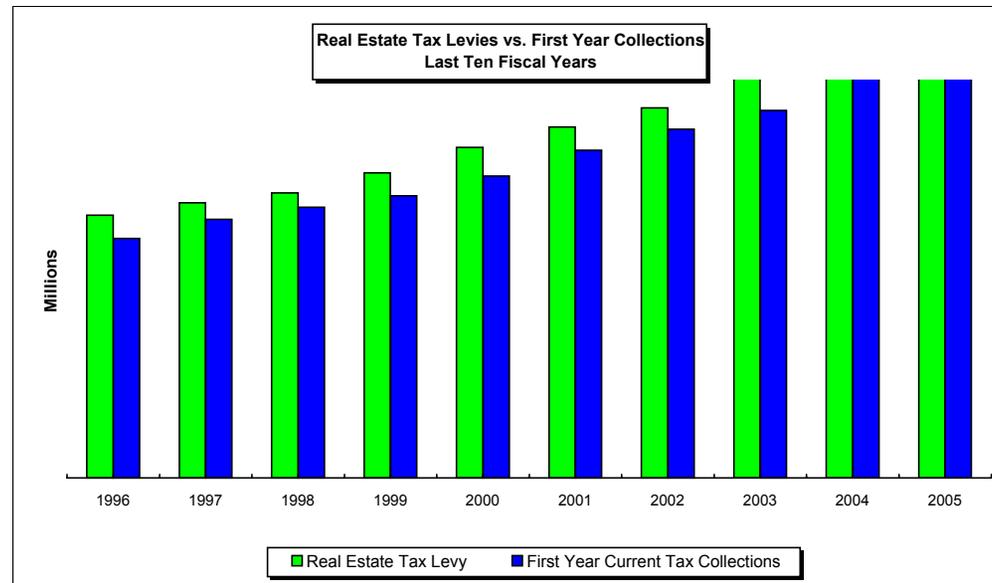
\*Actual numbers from fiscal 1995

Town of Westwood, Massachusetts

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	(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
1996	\$23,306,577	\$22,950,757	98.5%	\$349,588	\$23,300,345	99.97%
1997	(1) \$24,399,976	\$24,012,330	98.4%	\$379,318	\$24,391,648	99.97%
1998	\$25,291,715	\$25,015,911	98.9%	\$269,891	\$25,285,802	99.98%
1999	\$27,073,576	\$26,784,772	98.9%	\$287,300	\$27,072,072	99.99%
2000	(1) \$29,335,741	\$29,058,196	99.1%	\$263,045	\$29,321,241	99.95%
2001	\$31,137,780	\$30,935,846	99.4%	\$182,650	\$31,118,496	99.94%
2002	\$32,816,808	\$32,592,848	99.3%	\$200,000	\$32,792,848	99.93%
2003	(1) \$37,159,982	\$37,036,617	99.7%	\$96,832	\$37,133,449	99.93%
2004	\$42,808,208	\$42,644,456	99.6%	\$111,403	\$42,755,859	99.88%
2005	\$42,693,664	\$42,455,987	99.4%	\$0	\$42,455,987	99.44%



(1) Revaluation year.  
 (2) Includes tax liens.

Town of Westwood, Massachusetts

Ratios of Outstanding Debt and General Bonded Debt

Last Ten Fiscal Years

Fiscal Year	Population Estimates	Personal Income	Assessed Value	Governmental Activities Debt				
				General Obligation Bonds	Capital Leases	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
1996	13,987	367,032,867	\$1,346,954,860	\$4,875,000	\$0	\$349	1.33%	0.36%
1997	14,077	388,062,196	\$1,533,315,800	\$4,185,000	\$0	\$297	1.08%	0.27%
1998	14,114	409,560,188	\$1,558,687,390	\$3,495,000	\$0	\$248	0.85%	0.22%
1999	14,347	438,233,036	\$1,592,556,340	\$7,335,700	\$0	\$511	1.67%	0.46%
2000	14,626	470,268,598	\$2,077,621,790	\$6,445,000	\$0	\$441	1.37%	0.31%
2001	14,745	499,047,153	\$2,095,350,278	\$5,145,000	\$0	\$349	1.03%	0.25%
2002	14,807	527,521,635	\$2,155,247,013	\$18,955,000	\$0	\$1,280	3.59%	0.88%
2003	14,885	558,211,056	\$2,903,798,449	\$16,595,000	\$0	\$1,115	2.97%	0.57%
2004	15,165	598,643,683	\$2,952,058,658	\$54,670,000	\$0	\$3,605	9.13%	1.85%
2005	15,229	632,810,637	\$3,246,875,955	\$50,255,000	\$0	\$3,300	7.94%	1.55%

Fiscal Year	Business-type Activities (1)		Total Primary Government			
	General Obligation Bonds	Capital Leases	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
1996	\$4,958,986	\$0	\$9,833,986	\$703	2.68%	0.73%
1997	\$4,210,137	\$0	\$8,395,137	\$596	2.16%	0.55%
1998	\$3,717,284	\$0	\$7,212,284	\$511	1.76%	0.46%
1999	\$5,947,640	\$0	\$13,283,340	\$926	3.03%	0.83%
2000	\$7,030,548	\$0	\$13,475,548	\$921	2.87%	0.65%
2001	\$6,114,568	\$0	\$11,259,568	\$764	2.26%	0.54%
2002	\$6,786,885	\$0	\$25,741,885	\$1,738	4.88%	1.19%
2003	\$5,805,810	\$0	\$22,400,810	\$1,505	4.01%	0.77%
2004	\$4,823,582	\$0	\$59,493,582	\$3,923	9.94%	2.02%
2005	\$3,854,664	\$0	\$54,109,664	\$3,553	8.55%	1.67%

(1) Sewer Fund

Source: Audited Financial Statements, U. S. Census

**Town of Westwood, Massachusetts**  
**Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2005**

<u>Town of Westwood, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Norfolk County.....	\$ 1,500,000	3.7%	\$ 54,975
Blue Hills Regional Vocational School District.....	\$ 1,360,000	1.2%	<u>16,320</u>
Subtotal, overlapping debt.....			71,295
Town direct debt.....			<u>50,255,000</u>
Total direct and overlapping debt.....			<u>\$ 50,326,295</u>

**Town of Westwood, Massachusetts**

**Computation of Legal Debt Margin**

**Last Ten Fiscal Years**

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Equalized Valuation	<u>\$1,526,558,000</u>	<u>\$1,526,558,000</u>	<u>\$1,701,499,600</u>	<u>\$1,701,499,600</u>	<u>\$2,218,233,000</u>	<u>\$2,218,233,000</u>	<u>\$2,795,016,900</u>	<u>\$2,795,016,900</u>	<u>\$3,415,448,600</u>	<u>\$3,415,448,600</u>
Debt Limit -5% of Equalized Valuation	\$76,327,900	\$ 76,327,900	\$ 85,074,980	\$ 85,074,980	\$ 110,911,650	\$ 110,911,650	\$ 139,750,845	\$ 139,750,845	\$ 170,772,430	\$ 170,772,430
Less:										
Outstanding debt applicable to limit	\$ 9,833,986	\$ 8,395,137	\$ 7,212,284	\$ 13,283,340	\$ 13,103,972	\$ 11,259,568	\$ 25,741,858	\$ 22,400,810	\$ 59,493,582	\$ 54,109,664
Authorized and unissued debt	<u>\$ 1,761,000</u>	<u>\$ 9,152,330</u>	<u>\$ 11,490,201</u>	<u>\$ 11,323,110</u>	<u>\$ 55,006,500</u>	<u>\$ 56,702,000</u>	<u>\$ 47,986,340</u>	<u>\$ 9,183,640</u>	<u>\$ 5,833,340</u>	<u>\$ 7,023,340</u>
Legal debt margin	<u>\$64,732,914</u>	<u>\$58,780,433</u>	<u>\$66,372,495</u>	<u>\$60,468,530</u>	<u>\$42,801,178</u>	<u>\$42,950,082</u>	<u>\$66,022,647</u>	<u>\$108,166,395</u>	<u>\$105,445,508</u>	<u>\$109,639,426</u>
Total debt applicable to the limit as a percentae of debt limit	15.19%	22.99%	21.98%	28.92%	61.41%	61.28%	52.76%	22.60%	38.25%	35.80%

**Town of Westwood, Massachusetts**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population Estimates</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
1996	13,987	\$ 367,032,867	\$26,241	39.3	2,085	2.60%
1997	14,077	\$ 388,062,196	\$27,567	39.3	2,191	2.80%
1998	14,114	\$ 409,560,188	\$29,018	39.3	2,299	1.80%
1999	14,347	\$ 438,233,036	\$30,545	39.3	2,488	1.60%
2000	14,626	\$ 470,268,598	\$32,153	41.0	2,562	1.50%
2001	14,745	\$ 499,047,153	\$33,845	41.0	2,556	2.70%
2002	14,807	\$ 527,521,635	\$35,627	41.0	2,698	3.40%
2003	14,885	\$ 558,211,056	\$37,502	41.0	2,761	3.60%
2004	15,165	\$ 598,643,683	\$39,475	41.0	2,830	2.10%
2005	15,229	\$ 632,810,637	\$41,553	41.0	2,867	3.30%

Town of Westwood, Massachusetts

Principal Employers (excluding Town)

Current Year and Nine Years Ago

Employer	Nature of Business	2005			1996*		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Nstar	Power Company	1100	1	12%			
State Street Bank	Financial Services	750	2	8%			
Meditech, Inc.	Medical Information	450	3	5%			
Roche Brothers	Supermarkets	390	4	4%	390	4	6%
LTX Corporation	Test Equipment for Computer Components	350	5	4%	500	2	8%
RCN	Communications	300	6	3%			
ADE Corporation	Measurement Technology	300	7	3%			
General Motors Corp.	Auto Parts Distribution	200	8	2%			
MIB	Medical Information	200	9	2%	200	9	3%
Quebecor	Print Production	130	10	1%			
Analog Devices	Electronic Control Devices				1000	1	15%
Cellular One	Communications				400	3	6%
F.W. Fazon Co., Inc	Library Subscription Agency				300	5	5%
Damon Corporation	Medical & Pharmaceutical Supplies				300	6	5%
Behring Diagnostics	Medical Diagnostic Equipment				300	7	5%
Computer Associates	Software Development				250	8	4%
Nimrod Press	Printing Company				150	10	2%

Town-wide employment third quarter, 2004:

9,025

Source: Massachusetts Department of Employment and Training

\*actual numbers from fiscal 1995

**Town of Westwood, Massachusetts**  
**Full-time Equivalent Town Employees by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General government.....	16	17	18	18	18	19	19	19	18	20
Public Safety.....	63	66	66	68	68	68	68	68	68	68
Education.....	326	349	364	388	347	345	367	391	379	396
Public works.....	22	24	24	25	26	28	29	29	28	28
Human services.....	3	3	5	5	6	6	6	6	6	6
Culture and recreation.....	8	8	8	8	8	8	9	9	9	9
<b>Total .....</b>	<b>438</b>	<b>467</b>	<b>485</b>	<b>512</b>	<b>473</b>	<b>474</b>	<b>498</b>	<b>522</b>	<b>508</b>	<b>527</b>

Source: Various Town Departments

**Operating Indicators by Function/Program**

**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>Fiscal Year</b>									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<b>General Government</b>										
Population.....	13,997	13,987	14,077	14,114	14,347	14,626	14,745	14,807	14,885	15,196
Registered Voters, Annual Town Election.....	8,637	8,721	9,016	9,004	8,852	9,247	9,212	9,000	9,032	8,999
<b>Town Clerk</b>										
Births.....	155	171	180	176	190	193	180	173	176	152
Marriage licenses issued.....	72	89	80	62	74	61	56	46	49	41
Deaths.....	135	151	169	144	156	165	161	142	153	141
Dogs licensed.....	1,068	1,023	1,045	983	979	692	989	963	997	1,109
<b>Police</b>										
Documented calls for police services.....	10,303	13,354	15,124	15,670	16,628	16,579	13,909	15,088	15,408	15,858
Uniform crimes reported.....	186	194	205	225	155	139	164	177	210	NA
Arrests.....	128	138	167	154	167	134	126	105	147	NA
Traffic citations issued.....	2,939	2,232	1,140	3,101	1,889	1,930	1,148	1,081	1,804	NA
Parking tickets issued.....	206	97	124	112	52	77	208	144	343	356
False burglary alarms.....	1,878	1,413	1,582	1,734	2,328	2,448	2,121	1,371	1,261	1,245
Total number of animal complaints.....	270	759	806	977	876	1,030	991	883	888	861
<b>Fire</b>										
Inspections.....	551	522	720	876	783	817	826	818	840	852
Plan reviews.....	93	118	124	118	115	132	118	NA	NA	NA
Permits/certificates issued.....	270	345	569	562	580	621	507	371	563	547
Emergency responses.....	1,865	2,231	2,457	2,539	2,686	2,927	3,178	2,819	2,658	2,793
<b>Building Department</b>										
Permits issued.....	1,699	1,741	1,849	1,703	1,572	1,788	1,631	1,736	1,764	1,782
<b>Education</b>										
Public school enrollment.....	2,071	2,085	2,191	2,299	2,488	2,562	2,556	2,698	2,573	2,720
<b>Public Works</b>										
<b>Cemetery</b>										
Lots sold.....	38	54	59	52	40	61	46	43	26	47
Interments.....	67	60	66	66	53	63	65	61	52	68
Recycling/tons.....	NA	NA	895	1,324	1,352	1,460	1,490	1,709	1,840	1,807
Hazardous Waste Day Participants.....	NA	NA		290	256	311	353	567	360	479
<b>Human Services</b>										
<b>Board of Health</b>										
Permits issued.....	214	272	279	322	355	358	362	353	348	359
Inspections.....	142	222	296	334	390	319	450	496	475	427
Complaints investigated.....	21	29	27	50	24	34				
<b>Council on Aging</b>										
Home delivered meals served.....	10,541	14,500	15,600	16,220	17,890	17,890	15,759	16,987	15,040	14,625
Medical-van trips.....	2,250	2,760	3,280	3,156	3,040	4,321	1,980	3,186	2,832	2,945
<b>Libraries</b>										
Volumes in collection.....	104,864	104,864	105,742	106,820	108,604	99,071	97,566	104,078	112,017	119,325
Circulation.....	179,990	189,414	204,349	203,695	211,666	220,452	239,114	241,796	235,300	247,321
Program attendance.....	7,390	10,450	10,582	10,660	8,538	9,402	13,364	13,351	12,500	14,907
<b>Youth &amp; Family Services</b>										
Misc resident clinical consultation hours.....	590	610	700	950	950	910	900	1,397	1,268	1,320
<b>Recreation</b>										
Participants.....	NA	5,483	5,694	6,319	6,271	7,032	6,982	6,711	7,105	6,832
NA: Information not available										

Source: Various Town Departments

**Town of Westwood, Massachusetts**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Government										
Number of Buildings.....	1	1	1	1	1	1	1	1	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
Culture and Recreation										
Libraries.....	2	2	2	2	2	2	2	2	2	2
Conservation land (acreage).....	583	583	654	654	738	760	N/A	N/A	N/A	N/A

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	2004 Estimated U.S. Census	2004 EQV Per Capita	2000 Income Per Capita
Canton	8	21,505	164,732	33,510
Concord	24	16,919	285,814	51,477
Holliston	14	13,919	133,628	32,116
Medfield	6	12,397	169,463	42,891
Sharon	9	17,847	147,209	41,323
Sudbury	21	17,164	218,708	53,285
Wayland	17	13,063	231,391	52,717
Weston	15	11,595	401,644	79,640
<b>Westwood</b>		<b>14,020</b>	<b>243,613</b>	<b>41,553</b>

Fiscal Year 2005				
Municipality	Residential Tax Rate	Commercial Tax Rate	Tax Levy	Taxes As % of Total Revenue
Canton	9.42	20.02	42,468,781	62.9
Concord	9.80	9.80	50,147,585	83.9
Holliston	14.53	14.53	26,621,055	59.5
Medfield	12.92	12.92	27,584,721	63.9
Sharon	15.58	15.58	39,997,288	68.7
Sudbury	13.46	20.53	49,961,616	74.1
Wayland	12.58	12.58	38,045,024	70.3
Weston	9.46	9.46	43,758,392	72.9
<b>Westwood</b>	<b>11.97</b>	<b>20.97</b>	<b>43,092,347</b>	<b>74.9</b>

Municipality	Fiscal Year 2005			Fiscal Year 2005	12-03
	Average Single Family Tax Bill	State Hi-Lo Rank	Free Cash	Stabilization Fund	Moody's Bond Rating*
Canton	4,147	75	\$4,574,977	\$935,476	Aa2
Concord	8,805	6	\$3,994,445	\$2,147	Aaa
Holliston	5,293	42	\$258,447	\$1,125,215	A1
Medfield	7,094	15	\$1,550,455	\$817,580	Aa2
Sharon	6,628	22	\$2,189,732	\$6,320	Aa3
Sudbury	8,101	7	\$855,226	\$1,515,170	Aa1
Wayland	7,904	8	\$1,592,276	\$153,378	Aaa
Weston	11,767	1	\$1,467,051	\$12,160	Aaa
<b>Westwood</b>	<b>6,875</b>	<b>19</b>	<b>\$1,138,014</b>	<b>\$782,142</b>	<b>Aa1</b>

Source: MA Department of Revenue Division of Local Services

## Westwood Ranked America's 13<sup>th</sup> Best Place To Live



In August, 2005 *Money Magazine* ranked Westwood 13<sup>th</sup> on its list of America's 100 "Best Places to Live." Their search began with an initial database of 40,000 places. It narrowed that list to 1,100 by focusing on places with more than 14,000 residents, above-median household incomes, growing populations and real estate prices.

Removed from that list were places that were not within 60 miles of a major airport or 30 miles of a major teaching hospital, that had low education scores, or that received low scores on at least two of our categories: unemployment, income growth, crime, and arts resources. The remaining 850 communities were compared based on economic, education, and safety data; and, to a lesser extent, on arts, leisure, and park space.

The magazine then reached its list of 100 places by limiting any metropolitan area to two places. Additional data was considered in picking the top 10 places.

Westwood ranked the highest among four Massachusetts communities which numbered 36<sup>th</sup>, 80<sup>th</sup>, and 89<sup>th</sup>. Westwood obtained its highest marks in the categories of crime and education.

Some town officials believe the ranking will help attract businesses that are looking for quality of life for their work forces and their potential work forces. Some other comments included:

- "The ranking could help nudge homebuyers to consider Westwood."
- "It's an affirmation of the focus the town has taken on both education and quality of life."

# Some Facts About Westwood

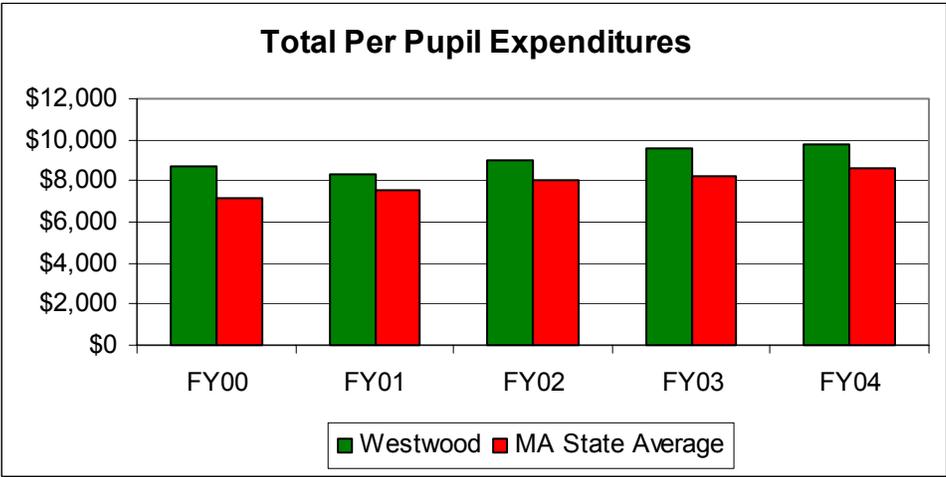
<b>Form of Government</b>	Board of Selectmen, Town Administrator, Open Town Meeting			
<b>Population Trends</b>	<b>1990</b>		<b>2000</b>	
	12,557		14,117	
<b>Registered Voters (2004)</b>	<b>Total</b>	<b>Democrats</b>	<b>Republicans</b>	<b>Unenrolled/Other</b>
	9,369	2,682	1,877	4,810

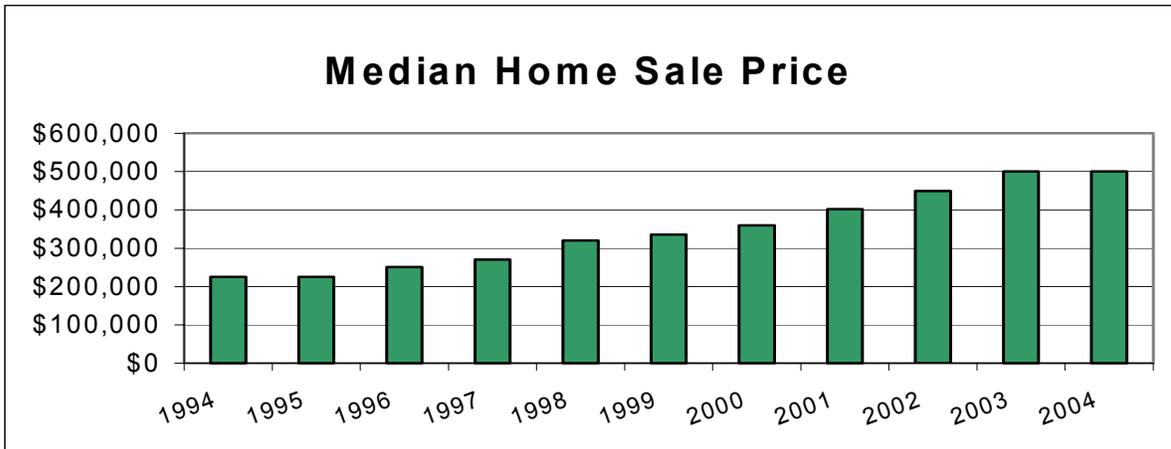
## Westwood Schools

At Special Town Meetings in 2000 and 2002, Westwood residents reaffirmed their commitment to education by approving a total of \$44 million for the construction of a new high school and recreational sports fields. In April, 2005 the new high school was opened for students. The new school features beautiful classroom facilities, a state of the art media center, and a new performing arts facility.



*Westwood's New High School*





**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



Questions/Comments?  
Contact us online....

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