

THE TOWN OF WESTWOOD

PROPOSED TOWN BUDGET SUMMARY

FOR FISCAL YEAR 2007

JULY 1, 2006 – JUNE 30, 2007

BOARD OF SELECTMEN

PATRICK J. AHEARN, CHAIRMAN

ANTHONY J. ANTONELLIS

NANCY C. HYDE



WESTWOOD TOWN HALL

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BOARD OF SELECTMEN**



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**MICHAEL A. JAILLET, TOWN ADMINISTRATOR
PAMELA DUKEMAN, FINANCE DIRECTOR**

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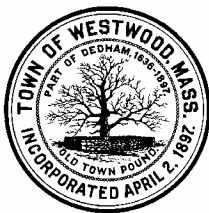
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TOWN OF WESTWOOD

COMMONWEALTH OF MASSACHUSETTS

BOARD OF SELECTMEN

Patrick J. Ahearn, Chairman
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Nancy C. Hyde

Michael A. Jaillet, Town Administrator
Pamela Dukeman, Finance Director
Barbara Benway, Executive Assistant

February 7, 2006

The Honorable Board of Selectmen,

I herewith submit for your review the Proposed FY2007 budget document. It contains several summaries which highlight the proposed budget, as well as a section which provides significant information on the Town's overall finances. Summaries of the school, municipal, and capital budgets are incorporated in this report, with further detail available in the separate school, municipal, and capital budget documents.

The Selectmen have been committed to providing clear, concise and understandable information to Town residents and officials, and I am confident you will find this document a comprehensive, easy to use reference tool.

FY2007 Budget Summary

The FY07 budget presents another challenging year. It continues to be difficult to prepare a balanced budget for the community within the constraints of Proposition 2 ½. Westwood's budget experience is similar to that of municipalities across the state. The limited revenue increases available under Proposition 2 ½ are consumed by increases in fixed costs, particularly health insurance and pension assessment costs. This leaves little or no revenue available for increases to the operating budgets for school and municipal services. As a result, level services cannot be maintained within Proposition 2 ½ and a structural budget deficit is created. Thus, it is difficult each year to maintain the quality services that Westwood residents desire and deserve.

Westwood's situation is similar to that of other communities across the state. A study was conducted in 2005 that looked at municipal finances in Massachusetts.

The study, entitled "**Communities at Risk: Revisiting the Fiscal Partnership between the Commonwealth and Cities and Towns**" was developed by a Municipal Task Force chaired by John Hamill, Chairman of the Sovereign Bank New England. This report documented that property taxes have been rising steeply and that unless state aid significantly increases, deterioration in services or even higher property taxes were in the future. The Task Force concluded that municipalities have generally done a good job of controlling costs, but reductions in support from the state are forcing local officials to rely more on the property tax, a levy that is particularly burdensome for homeowners on fixed incomes and the elderly. The report concludes that revenue sharing from the state should be increased, back to the level it was at in 1988 on a percentage basis; that local officials should be given flexibility in having other revenue sources available to them; and that local officials should be given more flexibility to control costs by

reducing many of the constraints of state law. A copy of this report may be found at the MA Municipal Association web site: www.ma.org, Local Finance News.

Thus the difficulties of balancing services with increases in property taxes continue for the FY07 budget. We will again be challenged to provide quality services within the current revenue parameters. The FY07 budget discussion will be centered on the following issues:

Limited New Revenue

The Town continues to experience limited growth in revenue. The Town's major revenue source, property taxes, is limited by the constraints of Proposition 2 ½. The only significant growth in the tax base comes from new commercial development, which has been limited in the recent struggling economy. Recent efforts to attract new commercial development should bring critical new commercial tax dollars to future budgets, but will not impact FY07.

State aid is expected to increase in FY07, with increases in Chapter 70 education and lottery receipts. While the increasing of state aid is welcomed after several years of uncertainty and decline, the state aid Westwood will receive in FY07 is still well below levels received in prior years.

Increases in Fixed Costs

Coupled with this limited revenue growth is the continued growth in the fixed cost budgets, particularly employee costs, such as health insurance, pension assessments, and payroll taxes. The health insurance budget continues to grow at a significant rate. This growth is caused not only from rate increases, but by the continuing growth in the number of employees and retirees on the health plans. The growth in number of enrollees will continue in the next several years. This growth is particularly fueled by the turnover generated by the state's early retirement program for teachers. As teachers retire and new employees are hired to replace them, the total enrollment increases. The health insurance budget burden is significantly offset by the 40% employee contribution rate, which is much higher than other municipalities.

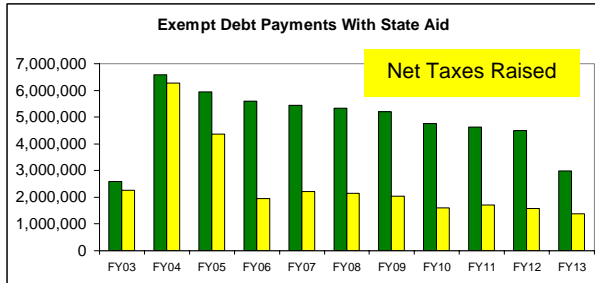
As with other issues, controlling health insurance costs is problematic not just for Westwood, but for all Massachusetts municipalities. A study was performed in 2005 which identified the extent of the problem and the underlying causes. That study, “**A Mounting Crisis for Local Budgets: The Crippling Effects of Soaring Municipal Health Costs**”, can be seen at the MA Municipal Association web site: www.ma.org, Local Finance News.

Continued Service Impact

The FY07 budget is particularly difficult to balance as it represents the fourth year of significant budget constraints. In FY04, due to budget constraints, the municipal and school budgets were level funded, which resulted in streamlining of budgets. In FY05, the budget constraints resulted in very limited increases to the municipal and school budgets, all of which were funded by one time revenue sources. In FY06, the budgets were again level funded, due to the defeat of the general override requests. There have been continued reductions to the municipal and school service operations.

State School Construction

A significant, welcomed change occurred in the past year with the State School Building Assistance Program. Immediately upon the change in the Program, the Town was very aggressive in its efforts to secure our funding. After waiting many years for the state



share for three school projects, Westwood received payments for all projects in FY05 and FY06. These significant payments, totaling \$3.6 million in FY06, flow directly to offset debt payments raised in taxes. Therefore, the state payments directly reduce the tax burden for our residents for the construction

projects. These annual state payments will continue each year until the debt payments retire.

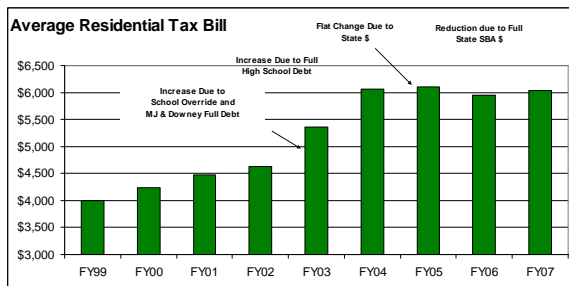
Impact on Tax Bill

The budget requests each year must be balanced against the tax bill impact for our residents. Proposition 2 ½ limits the base tax growth each year and in times of increases in fixed costs, has resulted in a significant structural imbalance in simply maintaining services. However, the override options available to supplement the budget must be balanced against the resultant tax impact.

The average residential tax bill in Westwood experienced significant increases of 15% in FY03 and 13% in FY04. The majority of these increases related to the debt payments associated with the Martha Jones, Downey, and High School construction projects. These major capital projects appreciably updated the capital assets of the Town and will serve the residents for years to come.

As mentioned above, receipt of state funding for the construction projects has dramatically impacted the tax bills.

In FY05 Westwood received \$1.3 million in first year funding for the Martha Jones and Downey School projects. This funding went directly to the tax bill, resulting in a relatively low .67% increase to the average bill. In FY06, the state funded the first \$1.6



million annual payment, as well as a one-time \$5.4 million payment for the High School project. This money went directly to offset the tax bill, resulting in a -3.8% decrease to the average bill. With the state payments continuing now on an annual basis, the dramatic impact on the taxes from construction projects has ended.

Potential Commercial Development

Commercial property is an important component of the overall financial health of the Town. Commercial property is taxed at a higher rate than residential. In FY06, commercial property will pay 23% of the overall tax levy, while representing 14.1% of total value.

Significant new commercial tax dollars is really the only method to bring relief to our budget structure imbalance and to ease the tax burden on residents.

At this time, a significant new commercial development, Westwood Station, is on the horizon. While discussion and plans for the project have begun, new tax dollars will not be generated for several years. Town leaders are working hard to ensure this project brings positive financial relief to the community while mitigating any other impact. It is important that any significant new tax revenue generated from this project be identified to properly fund the Town's reserve accounts and capital plans.

Maintenance of Reserve Funds

It is particularly important as the Town in recent years has taken on significant debt to maintain appropriate reserve funds in the stabilization account. These funds are vital in protecting the Town against unforeseen risks, as well as being a major component in securing a good credit rating and resulting low borrowing costs. The Town has an excellent credit rating, with an AA1 from Moody's Investor Services and an Aa+ from Standard and Poor's. This excellent rating helps lower the Town's cost of borrowing.

The current stabilization fund balance is far short of the level required by the Town's financial policies. Therefore, efforts must continue to build up this account, and these funds should not be used as one-time options to balance the budget.

Importance of Capital Budget Program

Efforts must continue to increase the Town's capital budget spending. The Long Range Financial Planning Subcommittee has created a comprehensive capital document that incorporates all school and municipal capital requests. At the 2005 Annual Town Meeting, the Town took the next step and approved the creation of a capital stabilization fund, currently at \$0 balance. It remains a goal to eventually use this account to provide a source of ongoing funding for capital needs.

The Town's assets, including school and municipal buildings, roadways and sewer, vehicles and equipment are valued at over \$125 million. We must properly maintain these assets and not defer maintenance which delays problems for future generations. The capital plan must ensure appropriate maintenance of the Town's assets and provide the necessary equipment for departments to perform their services safely and efficiently.

Increases in Utility Costs

A major problem in the FY07 budget is the dramatic increase in utility costs, including gas, electricity, and heating fuel. Rapidly rising energy costs are outpacing the increases available under Proposition 2 ½, thereby putting further pressure on the operating

budgets. In order to fund these costs, cuts to other services may be necessary. The Town must review all energy programs to ensure that we take advantage of the most efficient consumption practices, facility improvement opportunities, and best procurement practices of energy supplies.

The Selectmen will continue to address this issue over the coming months.

While confronting all the issues and challenges, we must continue our commitment to keep Westwood a wonderful community.

Westwood will continue its attempts to provide quality programs and services to residents even in difficult economic times. The Board of Selectmen is committed to all the needs of the Town, including quality schools; the public safety needs of the community, including police, fire, inspection, and ambulance services; as well as providing quality recreational facilities, solid waste removal and safe roadways. In addition, significant funds must be provided for the capital budget to ensure proper maintenance of the Town's assets. Westwood is known for its impressive quality of life and we must work to maintain that position. In August, 2005 *Money Magazine* ranked Westwood 13th on its list of America's 100 "Best Places to Live."



We must all continue to work diligently in the months ahead to prepare a balanced budget to submit to Town Meeting. The budget discussions must include an honest assessment of the Town's finances and the service impact on residents. All parties must work together to present an FY2007 budget to Town Meeting in May that best balances the needs of departments against the costs to residents. It will require the cooperative effort of Westwood's talented resources including elected officials, volunteer boards and staff positions to meet this challenge. Working together we can provide the best in services for the residents of Westwood.

I would like to thank Town Accountant Marie O'Leary, Assistant Treasurer Pat Conley, and in particular, Finance Commission Administrator Sheila Nee for their assistance in preparing this budget document. Their efforts have resulted in producing clear and accurate financial information, which is so necessary for Westwood officials and residents to make educated decisions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Pam Dukeman".

Pam Dukeman
Finance Director

**Summary of 2006 Annual Town Meeting
Financial Articles**

Article No.	Article Description	Amount	Description
Article Numbers Not Yet Assigned	FY06 Supplemental Operating Budget	*	Article will only transfer funds from one FY06 budget account to another. No increase in cost to residents.
	FY06 Supplemental Operating Budget	*	Article will utilize additional FY06 available funds. No increase in cost to residents.
	FY06 Supplemental Budget – Stabilization Fund	Minimum \$25,000	Article transfer funds from free cash to stabilization. No increase in cost to residents.
	Unpaid Bills of Prior Years	*	Article will transfer funds from one budget account to another; no increase in cost.
	Rescind Debt Authorization	*	Article will only rescind previous debt authorizations that will not be needed.
	Appropriation – High School project supplemental appropriation for current project.	*	Article will be borrowing article. Bond to be issued to coincide with terms of current high school borrowing. Cost to residents to be given when total cost known.
	Appropriation – Additional High School appropriation for any new items.	*	
	Appropriation for capital improvements stabilization fund	*	Article will transfer available funds to capital stabilization fund, if necessary.
	Operating Budgets	\$57,161,108	The FY2007 maximum tax levy within Proposition 2 ½ will result in a 3.11% increase or \$182 to the average home.
	Municipal Capital	\$417,000	
	Sewer Capital	\$0	
	School Capital	\$406,000	
	Total FY2007 Appropriation Requests Within Proposition 2 ½	\$57,984,108	

*Amounts for each article, if necessary, are determined by the March budget public hearings.

Town of Westwood
Summary of Budget - FY07
Budget that can be Funded within the Limits of Proposition 2 1/2

	FY2005 Approved Per recap	FY2006 Approved Per recap	FY2007 Current Proposed
BUDGET CATEGORIES			
Appropriations Made by Town Meeting:			
Operations Budget	\$55,083,669	\$55,478,712	\$57,161,108
Capital - Municipal	\$490,000	\$417,000	\$417,000
Capital Schools	\$406,000	\$406,000	\$406,000
Capital - Sewer	\$133,000	\$0	\$0
Stabilization Account Appropriation	\$25,000	\$25,000	\$25,000
Misc Warrant Articles	\$39,000	\$190,000	\$210,000
Prior yr Adjustments voted at Town Meeting	\$14,160	\$256,621	\$0
Library/rd improvement ATM 2005	\$0	\$224,000	
Total Appropriations -Town Meeting	\$56,190,829	\$56,997,333	\$58,219,108
Other Amounts to be Raised (not Voted at Town Meeting)			
State Aid Offsets (Funds which must be restricted)	\$188,436	\$217,988	\$217,246
State and County Charges	\$514,888	\$486,312	\$500,526
Overlay (Reserve for real estate abatements/exemptions)/other	<u>\$816,644</u>	<u>\$745,750</u>	<u>\$323,072</u>
Total Other Amounts	\$1,519,968	\$1,450,050	\$1,040,844
Total Expenditures	\$57,710,797	\$58,447,383	\$59,259,952
Financial Resources			
State Revenue:			
State Aid	\$3,154,138	\$3,425,166	\$3,777,148
State School Building Assistance Funding	\$1,544,068	\$3,600,190	\$3,193,029
		\$0	\$0
Local Revenue:			
Total Property Taxes	\$43,092,347	\$42,197,019	\$43,808,218
Local Receipts	\$3,520,759	\$3,573,959	\$3,583,505
Enterprise (Sewer) Funding (for all - capital , articles, etc)	\$3,950,252	\$4,025,935	\$3,433,381
Available Funds/ - for misc articles	\$46,000	\$451,000	\$0
Available Funds	\$951,963	\$288,765	\$529,671
Free Cash (for all - incl article 2)	<u>\$1,451,270</u>	<u>\$885,349</u>	<u>\$935,000</u>
Total Revenues	\$57,710,797	\$58,447,383	\$59,259,952
Total revenue less expenditures	\$0	(\$0)	\$0
Authorization to borrow (Projects approved at Town Meeting -funds are borrowed and debt service included in future budgets) :			
Approved at 2004 Annual Town Meeting	Purchase Street Lights	(\$225,000)	
Approved at 2004 Annual Town Meeting	University Ave Landscaping	(\$325,000)	
Approved at 2004 Annual Town Meeting	Sewer Eng and Construction	\$750,000	
Approved at 2004 Annual Town Meeting	Purchase Islington Church	\$600,000	
Approved at 2005 ATM	High Street Road Improvement		\$1,000,000
Proposed for 2006 ATM	High School Construction		\$ TBD
Proposed for 2006 ATM	High Street Lights		\$200,000

**FY2007 - Budget within the Limits of Proposition 2 1/2
FY2007 Overall Budget Detail**

	FY2006	Total Revenue FY2007	\$ Change	%Change
Taxes	\$42,197,019	\$43,808,218	\$1,611,199	3.8%
State Aid	\$3,425,166	\$3,777,148	\$351,982	10.3%
State School Building Assistance	\$3,600,190	\$3,193,029	(\$407,161)	-11.3%
Sewer Enterprise	\$4,025,935	\$3,433,381	(\$592,554)	-14.7%
Local Receipts	\$3,573,959	\$3,583,505	\$9,546	0.3%
Available Funds	\$739,765	\$529,671	(\$210,094)	-28.4%
Free Cash	\$885,349	\$935,000	\$49,651	5.6%
Total Revenue	\$58,447,383	\$59,259,952	\$812,569	1.4%
		Total Expenditures		
Operations Budget Summary				
Municipal Departments	\$12,688,282	\$13,188,701	\$500,419	3.9%
School Budgets				
Westwood School Budget	\$26,060,095	\$27,075,297	\$1,015,202	3.9%
Blue Hills Regional School Assessment	\$115,653	\$115,653	\$0	0.0%
Traffic Supervisors	\$92,556	\$95,034	\$2,478	2.7%
Total School Budgets	\$26,268,304	\$27,285,984	\$1,017,680	3.9%
Sewer Enterprise	\$3,806,314	\$3,433,381	(\$372,933)	-9.8%
Reserves/Benefits/Insurance	\$6,413,450	\$7,088,450	\$675,000	10.5%
Debt Service	\$6,302,362	\$6,164,592	(\$137,770)	-2.2%
Total Operations Budget	\$55,478,712	\$57,161,108	\$1,682,396	3.0%
Capital Budget - Sewer	\$0	\$0	\$0	0.0%
Capital Budget - Municipal/ School	\$823,000	\$823,000	\$0	0.0%
Total Capital Budget	\$823,000	\$823,000	\$0	0.0%
Overlay	\$350,205	\$323,072	(\$27,133)	-7.7%
State Charges/offset/other	\$1,099,845	\$717,772	(\$382,073)	-34.7%
Stabilization Account Appropriation	\$25,000	\$25,000	\$0	0.0%
Misc Warrant Articles/Prior year	\$670,621	\$210,000	(\$460,621)	-68.7%
Total Other Amounts	\$2,145,671	\$1,275,844	(\$869,827)	-40.5%
Total Overall Expense Budget	\$58,447,383	\$59,259,952	\$812,569	1.4%

This shows the budgets that can be funded within the limits of Proposition 2 1/2.

Current budget requests exceed these limits.

FY07 Current Budget Status.....

As of the printing date of this document, February 5, 2006, current budgets exceed available resources within Proposition 2 ½. The preceding page outlines the budget amounts which can be funded within Proposition 2 ½. The following chart compares those amounts to the current budget requests.

		Current available funds within Proposition 2 ½ can fund:		
FY06 Budget		FY07 Budget Can Be Funded	Current Budget Requested	Budget Gap
\$26,060,095	FY07 School Operating Budget	\$27,075,297	\$27,269,125	(\$193,828)
\$12,688,282	FY07 Municipal Operating Budget	\$13,188,701	\$13,303,967	(\$115,266)
\$115,653	FY07 Blue Hills Budget	\$115,653	\$136,932	(\$21,279)
\$6,413,450	FY07 Fixed Costs Budget	\$7,088,450	\$7,235,758	(\$147,308)

These budget gaps must be resolved in order to present a balanced budget to Town Meeting. Updated information will be provided as the budget process moves forward.

The two major items of the fixed costs budget, health insurance and pension assessment, are currently estimated. Final amounts will be known within a few weeks.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO
Town of Westwood,
Massachusetts

For the Fiscal Year Beginning
July 1, 2005

Linda K. Savitsky
President

Jeffrey L. Esall
Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the Town of Westwood, MA for its annual budget for the fiscal year beginning July 1, 2005.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

The FY2007 Budget

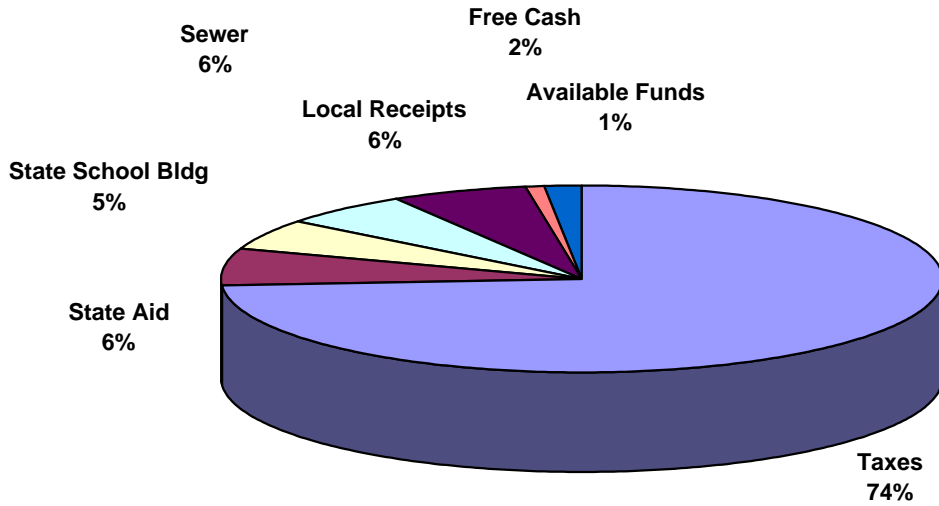
This section includes summary budgets for:

**School
Municipal
Fixed Costs
Capital**

Detail is available in individual documents.

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FY2007 Projected Budget Revenue



FY2007 Projected Budget Revenue

	FY2006 Budget	FY2007 Proj	\$ Increase	% Increase
Taxes	\$42,197,019	\$43,808,218	\$1,611,199	3.8%
State Aid	\$3,425,166	\$3,777,148	\$351,982	10.3%
State School Bldg Reimbursement	\$3,600,190	\$3,193,029	(\$407,161)	-11.3%
Sewer Enterprise	\$4,025,935	\$3,433,381	(\$592,554)	-14.7%
Local Receipts	\$3,573,959	\$3,583,505	\$9,546	0.3%
Available Funds	\$739,765	\$529,671	(\$210,094)	-28.4%
Free Cash	\$885,349	\$935,000	\$49,651	5.6%
Total Revenue	\$58,447,383	\$59,259,952	\$812,569	1.4%

- * Tax revenue to increase by changes per Proposition 2 1/2 and estimated new growth.
- * State aid assumes funding per the Governor's 1/06 state budget proposal.

A Look at Taxes

Tax Levy Calculation	FY2003	FY2004	FY2005	FY2006	Projected FY2007
Prior Year Levy Limit	\$32,012,390	\$35,065,082	\$36,916,575	\$38,726,265	\$40,281,755
Plus 2.5% Increase	\$800,310	\$876,627	\$922,914	\$968,157	\$1,007,044
Plus New Growth**	\$637,179	\$974,866	\$886,775	\$587,334	\$300,000
General Overrides	\$1,615,203	\$0	\$0	\$0	\$0
Tax Levy Limit	\$35,065,082	\$36,916,575	\$38,726,265	\$40,281,755	\$41,588,799
Exempt Debt*	\$2,257,706	\$6,265,148	\$4,367,789	\$1,948,546	\$2,219,419
Levy Capacity	\$37,322,788	\$43,181,723	\$43,094,054	\$42,230,301	\$43,808,218
Actual Levy Assessed	\$37,288,628	\$43,112,383	\$43,092,347	\$42,197,019	\$43,808,218

FY07 Tax Change	
2.5/new growth/excess levy	\$1,340,326
Change in exempt debt	\$270,873
Total Taxes	\$1,611,199

*Exempt debt – This is the principal and interest payment required each year for borrowing projects approved outside Proposition 2 ½.

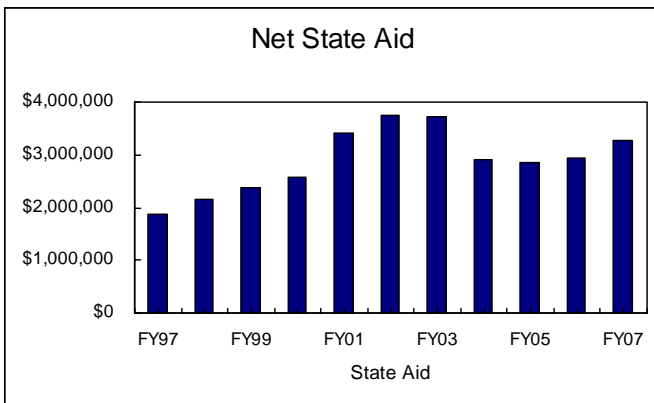
**New Growth – This represents taxes from new residential and commercial development.

	FY02	FY03	FY04	FY05	FY06	Projected FY07
Average Tax Bill Increase	3.74%	15.57%	13.2%	0.67%	(-3.84%)	3.11%
Savings to Average Tax Bill Resulting from Split Tax Rate	\$502.6	\$651.2	\$767	\$663	\$673	
Average Residential Tax Bill Home Value	\$334,339	\$468,075	\$468,075	\$510,202	\$566,324	
*Average Tax Bill	\$4,637	\$5,359	\$6,065	\$6,107	\$5,873	\$6,055

- Largest component of tax increase has been increase in exempt debt due to construction projects – Martha Jones, Downey, High School.
- FY05 increase less than 2 ½% due to receipt of state building funds.
- FY06 was a decrease in taxes due to completion of 1994 road improvement bond and receipt of state building funds for the High School project.

FY07 State Aid

Cherry Sheet Receipts					
	FY2003	FY2004	FY2005	FY2006	Projected FY2007
Chapter 70 - Education	\$2,635,628	\$2,108,502	\$2,108,502	\$2,250,702	\$2,460,703
School Building Assistance	\$330,466	\$327,161	\$226,025	*\$0	*\$0
Lottery	\$747,149	\$635,077	\$635,077	\$721,560	\$857,639
Other	\$362,908	\$197,069	\$222,123	\$234,916	\$241,560
Offsets (Restricted to Metco, Library, School Lunch)	\$185,679	\$166,850	\$188,436	\$217,988	\$217,246
Prior Year Adjustment					
Total Receipts	\$4,261,830	\$3,434,659	\$3,380,163	\$3,425,166	\$3,777,148
Charges					
County Tax	\$155,619	\$153,089	\$156,916	\$154,381	\$158,240
MBTA Assessment	\$314,096	\$297,187	\$280,407	\$263,622	\$271,824
Other	\$55,012	\$64,704	\$77,565	\$68,309	\$70,462
Prior Year Adjustment	\$19,254	\$0	\$0	\$0	\$0
Total Charges	\$543,981	\$514,980	\$514,888	\$486,312	\$500,526
Net State Aid	\$3,717,849	\$2,919,679	\$2,865,275	\$2,938,854	\$3,276,622



- Final FY04 state aid was a 20% reduction. FY05 was level funded.
- Current indications are the state aid for FY07 will change to include increases in Chapter 70 and lottery receipts. The current budget includes the estimates as included in House One, the Governor's budget. We will need to monitor and update this number as the state budget process continues.

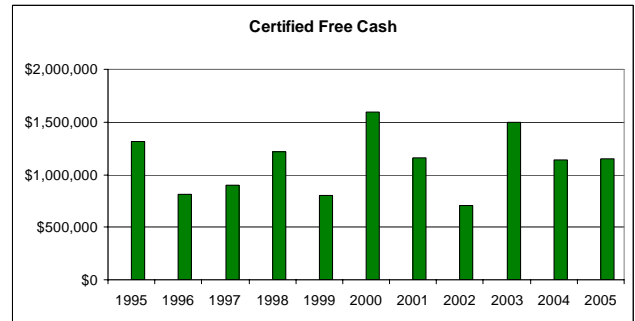
The Town is currently receiving State School Building reimbursement on 4 school construction projects.

Project	Total State Reimbursement (59% of Project)	State Payments Remaining	
		Amount	Period
1997 Middle School	\$2,396,493	\$248,732/yr.	FY06 – FY2010
1999 Downey School	\$5,006,352	\$625,794/yr.	FY06 – FY2012
2000 Martha Jones School	\$5,537,952	\$692,249/yr.	FY06 – FY2012
High School	\$34,729,335	\$1,626,254	FY06 – FY2023

Total State Reimbursement	
FY05	\$1,544,068
FY06	\$3,600,190
FY07	\$3,193,029

A Look at Free Cash

- Certified Free Cash as of July 1, 2005 is \$1,154,408 which is approximately 2% of the FY05 budget.
- The 5-year average Free Cash has been \$1.2 million.
- The July 1, 2003 Free Cash was higher than normal due to higher than average tax title collections and an increase in investment income revenue.
- The FY05 budget utilized \$725,000 of free cash to fund the operating budget as an unusual, one-time budget gap closure resource.

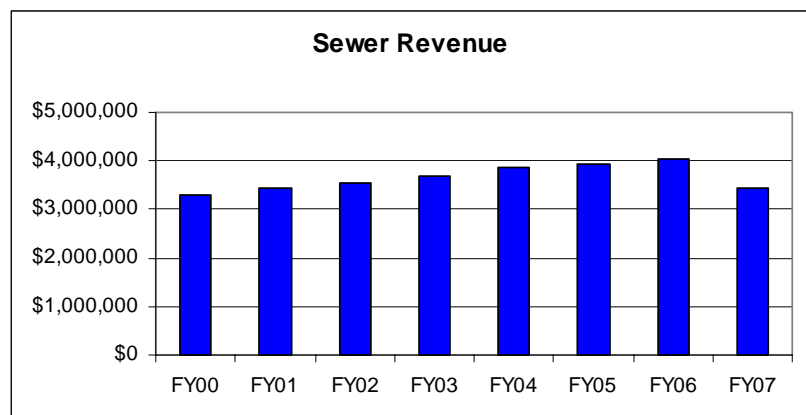


	July 2005	July 2004	July 2003	July 2002	July 2001	July 2000	July 1999
Certified	\$1,154,408	\$1,138,014	\$1,498,110	\$700,938	\$1,158,195	\$1,591,553	\$803,436
Used to Fund Subsequent Budget	Proposed: Capital \$700,000 Articles \$210,000 Stabilization \$25,000	Capital \$737,899 Budgets \$122,450 Stabilization \$25,000	Capital \$696,000 Budgets \$725,270 Article \$5,000 Stabilization \$25,000	Capital \$600,000 Articles \$100,000	Capital/ Budgets \$896,912 Articles \$235,000	Capital \$1,265,000 Articles \$320,500	Budgets \$745,000 Stabilization \$50,000
Certified Free Cash As % of Total Budget	2%	2%	3%	2%	3.7%	3%	2.5%

Sewer

Assumptions in FY07:

- Revenue is set to fully recover sewer operating and capital budget.
- Current revenue funds operating budget of \$3,433,381. If sewer capital is approved, revenue will also increase.



FY2007 Local Receipts and Available Funds

	FY04	FY05	FY05	FY06	FY07
	Actual	Budget	Actual	Budget	Budget
Motor Vehicle Excise Tax	\$2,273,693	\$2,250,000	\$2,309,888	\$2,250,000	\$2,250,000
Penalties and Interest	\$109,523	\$80,000	\$80,853	\$80,000	\$80,000
License/Permits	\$390,896	\$325,000	\$488,923	\$325,000	\$325,000
Departmental Receipts	\$201,193	\$173,659	\$202,443	\$253,659	\$257,041
Special Assessments	\$2,279	\$2,100	\$2,196	\$300	\$300
Investment Income	\$494,065	\$275,000	\$402,355	\$250,000	\$250,000
Sewer Indirect	\$212,000	\$212,000	\$212,000	\$212,000	\$212,000
Recreation	\$150,000	\$145,000	\$145,000	\$145,000	\$151,164
Other	\$87,768	\$58,000	\$67,083	\$58,000	\$58,000
Total Local Receipts	\$3,921,417	\$3,520,759	\$3,910,741	\$3,573,959	\$3,583,505

- FY07 primarily level funded. As prudent financial policy, the Town has not budgeted and spent higher than average local receipts on operating funds. These funds have closed to free cash and have been spent on one-time needs (such as \$400,000 capital in FY02). Actual investment income is significantly declining as the construction projects are completed (was \$731,000 in FY03).
- FY06 departmental receipts include anticipated rental income from the Islington Community Center.

Available Funds Allocated	FY04	FY05	FY06	FY07
	Budget	Budget	Budget	Budget
Conservation Receipts	\$7,000	\$7,000	\$17,000	\$17,000
Cemetery Trust	\$10,000	\$10,000	\$10,000	\$10,000
Cemetery Lot Sales-Cemetery Debt	\$0	\$0	\$0	\$0
Overlay Surplus	\$0	\$0	\$0	\$0
Ambulance Receipts	\$350,463	\$223,463	\$223,463	\$323,850
Extra Circuit Breaker \$	\$0	\$200,000	\$0	\$0
Pension Reserves	\$350,000	\$350,000	\$0	\$0
High School Bond Premium	\$0	\$42,966	\$38,302	\$36,821
Sale of Land/Bond Premium	\$472,970	\$118,534	\$0	\$0
Prior Year/Miscellaneous Articles	\$0	\$46,000	\$271,000	\$0
Library-land purchase			\$180,000	\$0
FY06 Ch70 not used				\$142,000
	\$1,190,433	\$997,963	\$739,765	\$529,671

- Pension funds funding source was fully depleted in FY05.
- FY04 used bond premium from FY02 sale towards debt.
- High School bond premium required annual apportionment to debt.

Municipal Budget

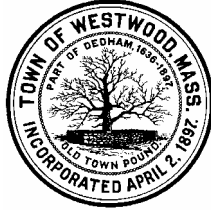
***This section is a summary of the
FY07 Proposed Municipal Budget.***

Please refer to the separate document...

***FY2007 Municipal Budget Detail
for more detail.***

TOWN OF WESTWOOD

Commonwealth of Massachusetts



Office of the Finance Director

February 7, 2006

To the Honorable Board of Selectmen:

I hereby submit to you the Proposed FY07 Municipal Budget document. This document contains the Selectmen's proposed budget for overall municipal operations for FY07. Included are the department narratives and detailed budget requests for all municipal departments, including the largest departments of Police Fire, and Public Works. In addition, this document contains detailed information on the Town-wide fixed cost budgets, including debt services, school and municipal employee benefits, pensions and reserves, and the overall capital budget. The municipal department budgets are displayed in clear, easy to read layouts, allowing all readers to easily track several years of budget and actual expenditures and staffing levels for each department.

This document will be used in conjunction with the separate Town Budget Summary book as we go forward in our budget process. At this point in the process, the municipal budget request exceeds the projected available revenue for FY07. We will continue to work with the Selectmen and Finance Commission to prepare a balanced budget in preparation for the Annual Town Meeting in May.

It continues to be a difficult and challenging time for municipal governments. Limited revenue and significant increases in fixed costs have made it difficult to continue to provide quality services to our residents. The municipal budget has endured three continuous years of level funding or limited budget growth. This comes at a time when demands to provide quality services are high and ever increasing. Residents expect a high level of service in the areas of public safety, Advance Life support (ALS) ambulance service, field and playground maintenance, trash and recycling services and programs for our seniors and recreation departments. The municipal department heads have strived to find ways to continue the high level of service while remaining within the limited available revenue.

In FY06, significant reductions were made to the municipal budget. These cuts included:

- 1 Police position
- 1 Fire position
- Reduction to IS staffing
- Reduction to Council on Aging expense budget
- Reduction to Youth and Family Services expense budget
- 1 part time Assessors Office position
- Town funding – Housing Authority staff
- Reduction to Library services
- Reduction to salary cost of living adjustment
- Reduction to municipal capital

These cuts were in addition to the non-funding of over \$775,000 in requested needs by the departments.

For FY07, the municipal departments were asked once again to prepare budgets that strived to remain within limited funding, while having as few as possible reductions in service to the community.

The overall FY07 municipal budget request is:

	Expended FY2005	Current FY2006 Budget	FY2007 Budget	\$ Change FY07 vs. FY06	% Change FY07 vs. FY06
Salaries	\$8,445,048	\$8,574,704	\$9,069,011	\$494,307	5.8%
Expenses	\$4,455,033	\$4,113,578	\$4,234,956	\$121,378	3.0%
Total	\$12,900,081	\$12,688,282	\$13,303,967	\$615,685	4.9%

A summary of the budget request is provided on the following pages. However, in summary, over half of the total requested increase is in the police and fire budgets, as the Selectmen strive to restore the cuts of FY06. In addition, a significant portion of the increase will be funded through increases to user fees and use of available funds, particularly the ambulance funds. The budget includes a significant increase for utility costs, which reflect the current issue of high electric, fuel and gas costs. The budget also contains a 3 % cost of living salary adjustment for all municipal employees.

As stated, the current municipal budget exceeds the level of current available revenue. Efforts will continue to revise and streamline the budget. Through a combination of future reductions, additional increases in fees, and continued analysis of utility costs, we expect to produce a balanced budget by Town Meeting.

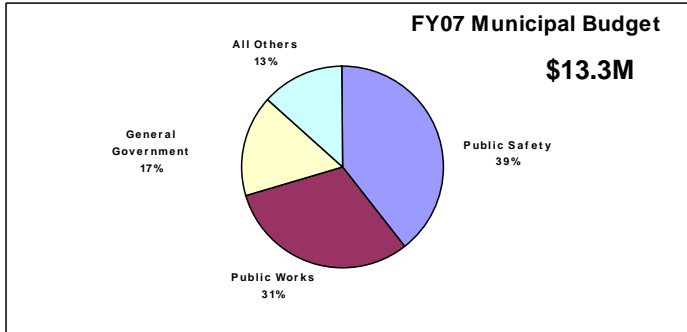
We will continue to work with our municipal departments as we move forward in the budget process. I wish to thank the municipal department heads for their cooperation and hard work during these difficult budget times. The fact that they continue to provide such great services to the residents of Westwood despite the limited funding is a testament to their dedication and outstanding quality of work.

I also wish to thank Marie O'Leary, Town Accountant, Patricia Conley, Assistant Treasurer, and particularly Sheila Nee, Finance Commission Administrator, for the significant contribution they make to our budget process and overall financial management. Their efforts have resulted in presentation of clear, accurate, and easy to use financial information, which is so necessary for Westwood officials and residents to have in order to make key financial decisions during these difficult times.

Respectfully submitted,

Pamela Dukeman
Finance Director

Municipal Budget Proposed for FY07.....

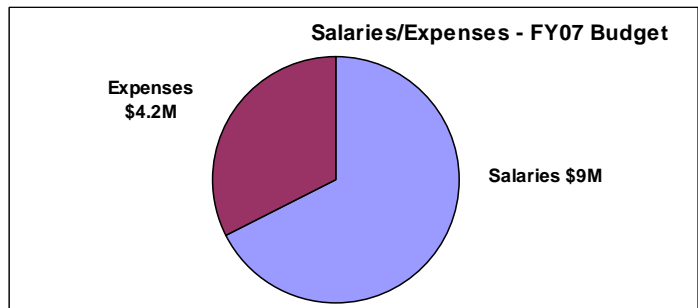


What we do:
 FY07 Municipal Budget \$13.3M
 70% or \$9M provides for:

- Police and Fire public safety protection.
- Ambulance services.
- Public Works services.
- Trash/recycling.

Function	Amount	% of Total
Public Safety	\$5,256,142	39%
Public Works	\$4,076,688	31%
General Government	\$2,215,612	17%
Library, Recreation and All Others	\$1,755,525	13%
Total	\$13,303,967	100%

The major portion of the municipal budget is spent on personnel for providing Police, Fire, and DPW services.



Salary is 68% of budget.

FY07 Municipal Budget Detail.....

	Expended FY2005	Current FY2006 Budget	FY2007 Budget	\$ Change FY07 vs. FY06	% Change FY07 vs. FY06
Salaries	\$8,445,048	\$8,574,704	\$9,069,011	\$494,307	5.8%
Expenses	\$4,455,033	\$4,113,578	\$4,234,956	\$121,378	3.0%
Total	\$12,900,081	\$12,688,282	\$13,303,967	\$615,685	4.9%

Major Salary Changes		
Department	Item	Amount
All departments	Salary/COLA increases	\$245,000
All departments	Salary step/other increases	\$120,000
Police	Restore 1 position cut in FY06	\$50,000
Fire	Restore 1 position cut in FY06	\$50,000
Police	State funded education incentive	\$10,000
Personnel	Increase to full time Director requested	\$16,000
	Total Major Salary Increases	\$491,000

Major Expense Changes	
	Amount
Utilities – estimated increase	\$100,000
Town Clerk – election cycle	\$13,050
Public Works expense – budget reduction	(\$30,100)
Trash disposal	\$42,500
Personnel – cut to offset salary increase	(\$11,000)
Council on Aging – restore FY06 cut	\$6,900
Total	\$121,350

FY07 Municipal Budget Request

Net of Increases to Restricted Revenue

A significant piece of the FY07 municipal budget increase will be offset by increases in fees and available revenue.

Total Budget Requested

	Expended FY2005	Current FY2006 Budget	FY2007 Budget	\$ Change FY07 vs. FY06	% Change FY07 vs. FY06
Salaries	\$8,445,048	\$8,574,704	\$9,069,011	\$494,307	5.8%
Expenses	\$4,455,033	\$4,113,578	\$4,234,956	\$121,378	3.0%
Total	\$12,900,081	\$12,688,282	\$13,303,967	\$615,685	4.9%

Available sources of revenue/user fees to fund related increases in costs.

- \$5,000 ambulance receipts – to fund increase in ambulance collection cost – Collector's department.
- \$6,164 Recreation user fees – to fully fund increases in Recreation Dept.
- \$10,026 state funds – to fully fund increase in Police education incentive.
- \$89,387 increase in ambulance funds – to fund related increases in Fire budget
- Total increases in fees/ambulance funds - \$110,577.

The net municipal FY07 budget request and increase is therefore:

	FY07	\$ Increase	% Increase
Salaries	\$8,963,434	\$388,730	4.5%
Expenses	\$4,229,956	\$116,378	2.8%
Total	\$13,193,390	\$505,108	3.98%

Municipal Personnel Summary

Fiscal Years 2000 – 2007

This chart outlines the staffing levels of the municipal departments over several years. The major area of growth has been in the DPW. This is due to the transfer of the field maintenance program from the school department to the DPW. Several field maintenance workers have been added to provide this service.

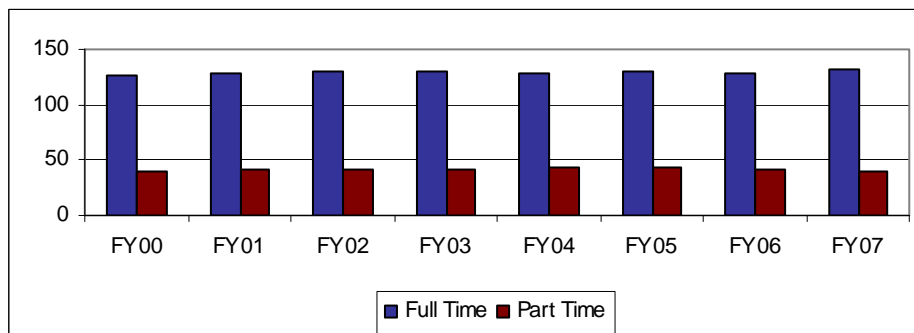
As vacancies occur, every effort has been made to reexamine the position duties with a view toward either reducing the number of hours or entirely eliminating the position.

The Selectmen established a policy whereby no vacant position may be filled until the department head meets with the Selectmen to justify the need to fill or presents changes to the position.

This has helped the organization to adapt to changing service needs without significant additions to staffing levels.

In the FY07 budget, the Selectmen are proposing to restore a total of 2 positions that were cut in the FY06 budget.

	FY01	FY02	FY03	FY04	FY05	FY06	FY07
General Government							
Full Time	19	19	19	18	20	20	21
Part Time	11	11	11	12	11	9	8
Total	30	30	30	30	31	29	29
Public Safety							
Full Time	68	68	68	68	68	66	68
Part Time	6	6	6	6	6	6	6
Total	74	74	74	74	74	72	74
Public Works/Sewer							
Full Time	28	29	29	28	28	28	28
Part Time	1	1	1	2	2	2	2
Total	29	30	30	30	30	30	30
Human Services							
Full Time	6	6	6	6	6	6	6
Part Time	5	6	6	6	6	6	6
Total	11	12	12	12	12	12	12
Culture & Recreation							
Full Time	8	9	9	9	9	9	9
Part Time	18	18	18	18	18	18	18
Total	26	27	27	27	27	27	27
Totals							
Full Time	129	131	131	129	131	129	132
Part Time	41	42	42	44	43	43	40



**Preliminary Appendix D
FY2007 Departmental Salary/Expense Budgets**

Description	Expended FY2004	Expended FY2005	Current FY2006 Budget	Proposed FY2007 Budget	\$ Change FY07 vs FY06	% Change FY07 vs FY06	Comments
Selectmen							
Salaries	315,128	327,986	334,708	348,672	13,964	4.2%	
Expenses	49,331	47,789	51,700	51,700	0	0.0%	
	<u>364,459</u>	<u>375,775</u>	<u>386,408</u>	<u>400,372</u>	<u>13,964</u>	<u>3.6%</u>	
Finance Commission							
Salary	27,883	29,274	29,880	30,791	911	3.0%	
Expenses	17,808	18,759	21,500	20,614	(886)	-4.1%	
	<u>45,691</u>	<u>48,033</u>	<u>51,380</u>	<u>51,405</u>	<u>25</u>	<u>0.0%</u>	
Accounting							
Salaries	152,683	136,557	139,435	143,782	4,347	3.1%	
Expenses	3,575	4,552	5,700	5,700	0	0.0%	
	<u>156,258</u>	<u>141,109</u>	<u>145,135</u>	<u>149,482</u>	<u>4,347</u>	<u>3.0%</u>	
Audit - School & Municipal Financials							
Expenses	45,136	46,000	46,000	46,000	0	0.0%	
Assessors							
Salaries	95,895	124,313	146,653	150,899	4,246	2.9%	
Expenses	70,975	73,308	27,750	23,504	(4,246)	-15.3%	
Revaluation	0	0	0	0	0	0.0%	
	<u>166,870</u>	<u>197,621</u>	<u>174,403</u>	<u>174,403</u>	<u>0</u>	<u>0.0%</u>	
Treasurer							
Salary	63,269	65,767	67,050	68,950	1,900	2.8%	
Expenses	2,074	3,167	17,030	15,130	(1,900)	-11.2%	
	<u>65,343</u>	<u>68,934</u>	<u>84,080</u>	<u>84,080</u>	<u>0</u>	<u>0.0%</u>	
Collector							
Salaries	84,431	85,794	88,379	90,947	2,568	2.9%	
Expenses	51,882	58,481	57,050	62,150	5,100	8.9%	
	<u>136,313</u>	<u>144,275</u>	<u>145,429</u>	<u>153,097</u>	<u>7,668</u>	<u>5.3%</u>	Amb fund will pay for increase in amb collection costs
Legal							
Salaries	74,639	77,604	79,212	81,607	2,395	3.0%	
Professional Services	71,468	91,439	56,500	56,500	0	0.0%	
	<u>146,107</u>	<u>169,043</u>	<u>135,712</u>	<u>138,107</u>	<u>2,395</u>	<u>1.8%</u>	
Personnel Board							
Salary	38,643	59,230	60,501	85,316	24,815	41.0%	
Expenses	15,697	17,169	15,800	4,175	(11,625)	-73.6%	
	<u>54,340</u>	<u>76,399</u>	<u>76,301</u>	<u>89,491</u>	<u>13,190</u>	<u>17.3%</u>	Request to increase director position to full time, can fund some by decreasing expenses
Information Systems							
Salaries	157,496	171,440	179,260	190,395	11,135	6.2%	
Expenses	160,000	174,886	195,000	195,000	0	0.0%	
	<u>317,496</u>	<u>346,326</u>	<u>374,260</u>	<u>385,395</u>	<u>11,135</u>	<u>3.0%</u>	Sal increase high due to new staff step increases

**Preliminary Appendix D
FY2007 Departmental Salary/Expense Budgets**

Description	Expended FY2004	Expended FY2005	Current FY2006 Budget	Proposed FY2007 Budget	\$ Change FY07 vs FY06	% Change FY07 vs FY06	Comments
Town Clerk							
Salaries	114,158	122,723	129,828	133,666	3,838	3.0%	
Expenses	28,136	35,446	37,650	50,700	13,050	34.7%	Election cycle
	<u>142,294</u>	<u>158,169</u>	<u>167,478</u>	<u>184,366</u>	<u>16,888</u>	<u>10.1%</u>	
Conservation Commission							
Salary	26,424	29,142	37,806	38,941	1,135	3.0%	
Expenses	2,196	2,141	2,800	2,800	0	0.0%	
	<u>28,620</u>	<u>31,283</u>	<u>40,606</u>	<u>41,741</u>	<u>1,135</u>	<u>2.8%</u>	
Planning Board							
Salaries	65,447	68,614	70,531	72,859	2,328	3.3%	
Expenses	2,948	2,942	3,230	3,230	0	0.0%	
	<u>68,395</u>	<u>71,556</u>	<u>73,761</u>	<u>76,089</u>	<u>2,328</u>	<u>3.2%</u>	
Zoning Board of Appeals							
Salaries	19,370	19,810	20,211	20,818	607	3.0%	
Expenses	2,961	1,761	4,000	3,350	(650)	-16.3%	
	<u>22,331</u>	<u>21,571</u>	<u>24,211</u>	<u>24,168</u>	<u>(43)</u>	<u>-0.2%</u>	
Economic Development Task Force							
Salaries	37,562	56,203	50,161	51,666	1,505	3.0%	
Expenses	831	992	5,300	5,300	0	0.0%	
	<u>38,393</u>	<u>57,195</u>	<u>55,461</u>	<u>56,966</u>	<u>1,505</u>	<u>2.7%</u>	
Outside Professional Services							
Expenses	31,016	30,990	35,000	35,000	0	0.0%	
Mass Housing Partnership							
Expenses	11,604	11,800	1,800	1,800	0	0.0%	
Housing Authority							
Expenses	4,946	5,000	1,000	1,000	0	0.0%	
Communications Systems							
Expenses	107,529	117,919	118,650	118,650	0	0.0%	
Training							
Expenses	2,450	3,210	4,000	4,000	0	0.0%	
Total General Government	1,955,591	2,122,208	2,141,075	2,215,612	74,537	3.5%	

**Preliminary Appendix D
FY2007 Departmental Salary/Expense Budgets**

Description	Expended FY2004	Expended FY2005	Current FY2006 Budget	Proposed FY2007 Budget	\$ Change FY07 vs FY06	% Change FY07 vs FY06	Comments
Police Department							
Salaries	2,105,779	2,152,648	2,185,341	2,322,087	136,746	6.3%	Includes restoration of 1 position cut in FY06
Expenses	133,625	144,027	161,150	166,150	5,000	3.1%	
	<u>2,239,404</u>	<u>2,296,675</u>	<u>2,346,491</u>	<u>2,488,237</u>	<u>141,746</u>	<u>6.0%</u>	
State Funded Education Incentive	107,100	117,573	129,733	139,759	10,026	7.7%	Fully funded by state money
Auxiliary Police/Civil Defense							
Expenses	771	10	2,000	2,000	0	0.0%	
	<u>771</u>	<u>10</u>	<u>2,000</u>	<u>2,000</u>	<u>0</u>	<u>0.0%</u>	
Animal Control							
Salary	27,799	28,986	29,562	30,430	868	2.9%	
Expenses	4,344	6,061	6,650	6,650	0	0.0%	
	<u>32,143</u>	<u>35,047</u>	<u>36,212</u>	<u>37,080</u>	<u>868</u>	<u>2.4%</u>	
Fire Department							
Salaries	1,990,276	2,030,485	2,010,134	2,181,653	171,519	8.5%	Includes restoration of 1 position cut in FY06 use additional ambulance funds
Expenses	132,769	151,217	162,150	162,150	0	0.0%	
	<u>2,123,045</u>	<u>2,181,702</u>	<u>2,172,284</u>	<u>2,343,803</u>	<u>171,519</u>	<u>7.9%</u>	
Building Inspection							
Salaries	190,592	203,268	215,300	221,163	5,863	2.7%	
Expenses	22,014	22,920	25,900	24,100	(1,800)	-6.9%	
	<u>212,606</u>	<u>226,188</u>	<u>241,200</u>	<u>245,263</u>	<u>4,063</u>	<u>1.7%</u>	
Total Public Safety	4,715,069	4,857,195	4,927,920	5,256,142	328,222	6.7%	

Preliminary Appendix D
FY2007 Departmental Salary/Expense Budgets

Description	Expended FY2004	Expended FY2005	Current FY2006 Budget	Proposed FY2007 Budget	\$ Change FY07 vs FY06	% Change FY07 vs FY06	Comments
Department of Public Works							
Salaries - admin	145,468	150,282	153,435	158,075	4,640	3.0%	
Salaries - operations	1,036,692	1,075,214	1,092,251	1,143,093	50,842	4.7%	
Expenses	345,660	344,506	383,100	353,000	(30,100)	-7.9%	Cuts to current levels of tree trimming, police details
	<u>1,527,820</u>	<u>1,570,002</u>	<u>1,628,786</u>	<u>1,654,168</u>	<u>25,382</u>	<u>1.6%</u>	
Building Maintenance	318,570	379,171	474,320	574,320	100,000	21.1%	Includes utility estimated increase of approximately \$100,000
Municipal & School Field Maintenance	80,875	85,000	85,000	85,000	0	0.0%	
Snow & Ice	214,260	581,892	141,200	141,200	0	0.0%	
Street Lighting/ Traffic Light Maint	88,425	93,257	105,000	105,000	0	0.0%	
Waste Collection/Disposal Expenses	1,424,902	1,439,994	1,474,500	1,517,000	42,500	2.9%	
Total Public Works	3,654,852	4,149,316	3,908,806	4,076,688	167,882	4.3%	
Health Department							
Salaries	137,921	143,361	146,294	149,456	3,162	2.2%	
Expenses	8,949	8,456	10,000	10,000	0	0.0%	
	<u>146,870</u>	<u>151,817</u>	<u>156,294</u>	<u>159,456</u>	<u>3,162</u>	<u>2.0%</u>	
Outside Health Agencies	13,776	14,316	14,316	14,316	0	0.0%	
Disability Commission Expenses	250	0	500	500	0	0.0%	
Council On Aging							
Salaries	131,677	136,944	139,824	144,083	4,259	3.0%	
Expenses	16,593	16,710	12,450	19,385	6,935	55.7%	Requests restoration of \$5,000 expense cut that occurred in FY06
	<u>148,270</u>	<u>153,654</u>	<u>152,274</u>	<u>163,468</u>	<u>11,194</u>	<u>7.4%</u>	
Youth and Family Services Commission							
Salaries	136,954	134,388	134,975	140,910	5,935	4.4%	
Expenses	14,073	14,697	15,282	15,282	0	0.0%	
	<u>151,027</u>	<u>149,085</u>	<u>150,257</u>	<u>156,192</u>	<u>5,935</u>	<u>3.9%</u>	
Veterans Services							
Salaries	21,215	21,932	22,322	22,902	580	2.6%	
Expenses	22,005	27,545	32,225	32,225	0	0.0%	
	<u>43,220</u>	<u>49,477</u>	<u>54,547</u>	<u>55,127</u>	<u>580</u>	<u>1.1%</u>	
Total Human Services	503,413	518,349	528,188	549,059	20,871	4.0%	

Preliminary Appendix D
FY2007 Departmental Salary/Expense Budgets

Description	Expended FY2004	Expended FY2005	Current FY2006 Budget	Proposed FY2007 Budget	\$ Change FY07 vs FY06	% Change FY07 vs FY06	Comments
Public Library							
Salaries	636,833	663,676	665,614	683,622	18,008	2.7%	
Expenses	187,091	190,389	200,975	200,975	0	0.0%	
Lost Books	848	1,058	850	850	0	0.0%	
	<u>824,772</u>	<u>855,123</u>	<u>867,439</u>	<u>885,447</u>	<u>18,008</u>	<u>2.1%</u>	
Recreation							
Salaries	202,963	211,834	216,304	222,469	6,165	2.9%	Increase to be funded through user fee increase
Expenses	41,544	41,550	41,550	41,550	0	0.0%	
	<u>244,507</u>	<u>253,384</u>	<u>257,854</u>	<u>264,019</u>	<u>6,165</u>	<u>2.4%</u>	
Memorial Day Expenses	2,253	2,506	3,800	3,800	0	0.0%	
Total Culture and Recreation	1,071,532	1,111,013	1,129,093	1,153,266	24,173	2.1%	
Other							
Operating Equipment & Projects	240,657	142,000	53,200	53,200	0	0.0%	
Total Other	240,657	142,000	53,200	53,200	0	0.0%	
Total Municipal Budget	12,141,114	12,900,081	12,688,282	13,303,967	615,685	4.9%	

School Budget

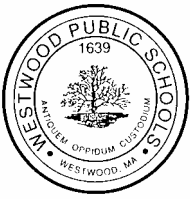
*This section is a summary of the
FY07 Recommended School Budget.*

Please refer to the separate document...

*FY2007 School Department Budget
for more detail.*

Preliminary Appendix D
 FY2007 Departmental Salary/Expense Budgets

Description	Expended FY2004	Expended FY2005	Current FY2006 Budget	Proposed FY2007 Budget	\$ Change FY07 vs FY06	% Change FY07 vs FY06	Comments
Westwood Public Schools							
Salaries	17,042,522	19,839,052	20,445,180	20,669,274	224,094	1.1%	Superintendent's Proposed Budget
Expenses	7,450,784	6,170,465	5,614,915	6,599,852	984,937	17.5%	
School salaries & exps	24,493,306	26,009,517	26,060,095	27,269,126	1,209,031	4.6%	
Blue Hills Regional	86,843	121,028	115,653	136,932	21,279	18.4%	Initial estimate from Blue Hills
Crossing Guards							
Salaries	81,766	82,898	89,756	92,234	2,478	2.8%	
Expenses	1,521	2,427	2,800	2,800	0	0.0%	
	83,287	85,325	92,556	95,034	2,478	2.7%	
Total School Budgets	24,663,436	26,215,870	26,268,304	27,501,092	1,232,788	4.7%	



WESTWOOD PUBLIC SCHOOLS
THE BEST PLACE TO LEARN

JOHN J. ANTONUCCI
Superintendent of Schools

January 26, 2006

Dear School Committee Members and Westwood Residents,

On behalf of the Westwood Public Schools, I present to you the Proposed FY'07 School Department Budget. I believe you will find this document to be a valuable resource in your effort to learn more about our great school system.

In 1775, Massachusetts native and United States founding father, John Adams, opined: "*Laws for the liberal education of youth...are so extremely wise and useful that to a humane and generous mind, no expense for this purpose would be thought extravagant.*" His thought that public education should be a core focus of our country, regardless of the cost, is profound. It is thus disappointing, that over 200 years later, education funding nationally, statewide, and locally, is dwindling.

In Massachusetts, the funding mechanism for public education needs an overhaul. In the absence of significant state contributions, towns like Westwood must rely almost solely on local property taxes to fund school and municipal budgets. In the wake of an economic downturn, we are faced this year, like last, with a budget that simply does not allow us to offer an ideal educational program – one that Westwood residents have come to expect for many years.

The proposed FY'07 budget for the Westwood Public Schools has been developed with the fiscal constraints of the Town and the Commonwealth as key driving forces. The total budget amount, \$27,269,125, represents an increase of \$1,209,030, or 4.64% over FY'06. In a typical year, many would argue that an increase over 4% would be adequate. While that is debatable, I need to be extremely clear when I say this is *not* a typical year. In fact, due to factors beyond our control, this increase will not allow us to maintain level services. Increasing, and in many ways, uncontrollable costs in Special Education, Heating Fuel, and Electricity, puts us in a position where program reductions, staffing cuts, and increased fees are inevitable.

The table below illustrates the impact those factors have on our budget: Four budget categories—*Utilities, SPED Out-of-District Tuition, SPED In-District Program Costs, and SPED Transportation*, account for 4.35% of the total 4.64% increase.

Utility Costs:	1.87%
SPED Out-of-District:	1.58%
NECC Program Costs:	.64%
SPED Transportation:	.26%
Salaries	.86%
<u>Other Categories</u>	<u>-.57%</u>
Total Increase:	4.64%

The challenge of developing a responsible budget was made even more difficult because the FY'06 budget was level-funded. Our operation is already strained, and leaves us with issues such as over-guideline class sizes at all levels, unmet program needs, limited expense budgets, and high user fees. The proposed FY'07 budget does not allow us to address any of these issues, and in some ways exacerbates them. To put it simply, the current level of funding does not allow us to adequately address our needs.

I have attempted below to provide a general overview of the school department budget. My goal is to present the budget in a logical, straightforward manner. My hope is that this summary begins to do that.

BUDGET DEVELOPMENT PROCESS

Development of the FY'07 budget began in mid-September. At that time, cost center managers (e.g. Principals, Directors) were given budget sheets that contained updated salary budgets, personnel counts, and historical expenditure information. In mid-November, when budget submittals were due, cost center managers met with me, Mr. Kazanjian, and Dr. Green, to review and analyze their budget requests. Those meetings also allowed me to learn more about their department or school in an in-depth manner.

SUPPLEMENTAL REQUESTS: "NEW" ITEMS:

As part of the budget development process, administrators were asked to initially submit a "needs based" budget. Specifically, we asked the question: What new personnel, supplies, equipment, etc., are necessary to maintain or improve the quality of the educational program? The total amount of supplemental requests was \$2,176,623, broken down as follows:

In my opinion, there were no supplemental requests that could, in any way, be considered excessive. In fact, virtually all of the positions requested addressed needs that have been identified, and reiterated for many years (e.g. teachers to reduce class sizes at all levels, K-5 Math support, additional high school administrator). Similarly, the non-salary requests, for the most part, only restored funding lost in recent years (e.g. library books, classroom furniture, maintenance).

The proposed capital budget includes \$101,800 of these non-salary requests. However, with the exception of a Grade 2 teacher at Downey School, *no other supplemental requests are funded*. In summary, over two million dollars of stated needs will go unmet.

LEVEL-SERVICES BUDGET:

When all the non-supplemental requests were entered, we developed (internally) a level-services budget. With Special Education and Utility costs acting as major drivers, the level-services budget showed an increase of 9.50%, or \$2.5 million over FY'06. Given the fiscal climate, we recognized that we could not move forward with that increase. However, because SPED and Utilities -- \$1.1 million increase between them -- are essentially fixed costs, we were forced to look at existing services, expense budgets, and user fees to mitigate the impact. My proposed budget represents a decrease of \$1.3 million from level services.

MAJOR CHANGES TO THE BUDGET: FY'06 TO FY'07

All of the budget documents contained in this book compare the FY'06 appropriation to the Proposed FY'07 budget. Thus, when dollar or percentage changes are noted, it is from one year to the next. Below are categories of budget drivers that contribute towards the 4.64% increase. If they are additions to the budget from FY'06, they are noted with a (+). If they are reductions from FY'06, they are noted with a (-).

(+) MAJOR BUDGET DRIVERS

- **Utilities** increased by \$487,450, or 50.16%. To underscore the pressures we face with the heating budget, note that the cost of heating fuel has risen from \$.79/gallon in FY'04, to \$2.34 in FY'06.
- **SPED Out-of District Tuition** increased by \$410,945, or 42.11%. These are costs for known placements. There is no contingency built into the budget.
- **SPED In-District Program** costs increased by \$167,350, or 27.35%. A new program, NECC III, is included in my recommended budget. This program will serve students with already-identified needs, and avoid costly out-of-district placements.
- **SPED Transportation** increased by \$67,890, or 12.53%. Once again, these are known costs for already-identified student needs. There is no contingency built into the budget.

(+) NEW PERSONNEL

It is important to remind ourselves during the budget season that our school department is a large, complex organization. Because we must respond to the specific needs of children, we are not necessarily able to maintain the exact structure of our programs on an annual basis. Thus, even in light of significant service reductions, it is necessary to actually add staff in key areas. My recommended budget includes the following new positions:

- **1.0 Teacher at Hanlon School:** This position is enrollment driven. The school is graduating a singleton Grade 5; two Kindergarten classes are entering.
- **1.0 Grade 2 Teacher at Downey School:** Based on current information, there will be 54 incoming second graders at Downey School. Due to the complexity of the District Special Education programs offered exclusively at Downey School, it is important to keep class sizes within guidelines. Budget also includes \$5,000 for classroom setup.
- **3.0 ABA Tutors:** These three tutors are currently on staff in FY'06. These unbudgeted positions were added at the beginning of the school year to accommodate specific IEPs.
- **.5 Pre-School Nurse:** The Pre-School program, currently housed at Downey School, will be moving to the High School in September 2006. It is necessary to have a nurse on-site to serve that population of students.
- **1.0 Pre-School teacher, 1.35 Pre-School assistants:** This new pre-school classroom, while serving the needs of our students, will also generate approximately \$20,000 of additional revenue to help offset the operating budget.
- **.5 ABA Specialist:** This position is needed to analyze applied behavioral analysis data, design behavior plans, and train ABA tutors in their implementation.
- **Summer teacher/aide for SPED PDD program (70 hrs.):** These additional hours are needed for two high school students whose IEPs require summer services.
- **5 High School Coaching Stipends (JV Golf, JV Boys/Girls Tennis, Winter Track, Spring Track):** This change has no impact to the operating budget, rather will be offset by user fees. These teams already exist unofficially; we have been collecting user fees for students participating on these teams, without having a paid coach.

(-) REDUCTIONS TO NON-SALARY BUDGETS

- Reduce **Elementary Supplies and Textbook** accounts by 20%, or \$51,680.
- Reduce **Advertising** budget by \$10,000.
- Reduce **Transportation** budget by \$131,760, by eliminating 4 busses. This change will require staggered start times at the elementary schools.

(-) INCREASED REVENUE STREAMS (TO REDUCE OPERATING BUDGET)

- Increase **Full-Day Kindergarten** fees by \$500. (from \$950 to \$1,450). This generates an estimated \$100,000 in new revenue.
- Increase **Transportation fees**, for High School students only, by \$150 (from \$235 to \$385). This generates an estimated \$37,500 in new revenue.
- Increase **High School Extra-Curricular** fees by \$50 (from \$50 to \$100). This generates an estimated \$20,000 in new revenue.
- Apply **Driver's Education** program revenue to High School Extra-Curricular account: \$8,000.
- Open **third Pre-School** classroom. This generates an estimated net revenue of \$20,000.
- Increase **Circuit Breaker** fund offset by \$42,000, based on *estimated* reimbursements.

(-) PERSONNEL REDUCTIONS

As I described above, there are some personnel additions to the budget. As such, although there are reductions listed below totaling 14.69 FTE, the actual net FTE reduction from FY'06 to FY'07 is 6.34. The reductions, listed by cost center, are as follows:

High School: Reduction of 3.00 Professional FTE, .5 FTE Para-Professional

- 1.0 High School English teacher -- eliminates Grade 9 Reading program.
- 1.0 High School Math/Science teacher
- 1.0 High School Business/Social Studies teacher
- .5 Clerk: Reduce from Full Year to School Year
- Reduce Permanent Sub time

K-12 Instruction: Reduction of 4.05 Professional FTE, 1.0 FTE Para-Professional

- .50 Middle School Library teacher
- 1.0 Middle School Technology teacher
- .30 Middle School Strings teacher
- .60 Elementary Art – Reduce specialists time
- .85 Elementary Performing Arts – Reduce specialists time
- .60 Elementary Physical Education – Reduce specialists time
- 1.0 High School Library Assistant
- .20 High School Video Production class (tentative cut: may be able to re-allocate non-salary resources to fund position)

Student Services: Reduction of 2.50 FTE Professional, 1.69 FTE Para-Professional

- .50 Special Education teacher – Downey School
- 2.0 Special Education teachers – Middle School
- .5 Guidance Secretary – High School
- 1.19 Instructional Assistants – Elementary
- Reduce number of early release days for Instructional Assistants (\$12,000)

District-Wide: Reduction of .95 Clerical Staff, 1.0 Other Staff

- .95 Secretary - Eliminate Central Office Receptionist position
- 1.0 Custodian (.5 Downey/.5 Sheehan)

(-) OTHER REDUCTIONS

- Increase the **Staff Turnover** offset by \$50,000 to \$180,000. This will restrict us to hiring new teachers at an average of step M-5.
- Reduce **Department Head Summer Days** Account by \$15,000.

WHAT IS THE IMPACT OF THESE REDUCTIONS?

It is difficult to predict exactly what impact these changes will have on our educational program. However, I have listed below several realities we face as a result of the personnel and expense reductions:

- **Higher class sizes at the elementary level:** Although many elementary classes are already over guideline, only one general classroom teacher that is not enrollment-driven (Grade 2 Downey) has been added to the budget. With enrollment still increasing at a moderate pace, this means that class sizes will either remain at current levels or increase. Since most of our schools have only two classrooms per grade, an increase of just a few students has a considerable impact on class size.
- **Higher class sizes at the High School:** Currently, 29% of all high school classes have greater than 25 students. In comparison, ten years ago there were only 4%. With the proposed reduction of 3.0 academic teachers, these percentages will only worsen.
- **High class sizes in Middle School special areas:** Although most class sizes in middle school academic areas remain constant (approximately 25/class), we currently have some specialty areas, such as Physical Education, with approximately 40 students per class. This issue will remain in FY'07.
- **Reduced specials at the Elementary level/schedule change:** With the proposed budget changes, the number of special classes (Art, Music, PE, Library) will be reduced. In addition, there is a *tentative* schedule change: Specials will now be scheduled in a four-day rotation, meaning that special classes will be offered on different days on a weekly basis.
- **Reduced supply and textbook budgets:** With already-lean supply budgets (e.g. no budget for library books), an additional 20% decrease will lead to more reliance on fees and parent contributions for basic necessities.
- **Increased Reliance on Grant and Revolving Fund Offsets:** The Proposed FY'07 budget contains over \$3.5 million in grant and revolving fund offsets. These offsets -- outside sources that help reduce the operating budget -- come from state and federal grants, state reimbursement programs such as Circuit Breaker, and a number of user fees such as High School Athletics, Full-Day Kindergarten and Transportation.

A FOCUS ON EXCELLENCE

Despite a difficult budget year, the faculty and staff of the Westwood Public Schools remains committed to providing an excellent educational experience for our students. Many years of hiring the best and brightest classroom teachers and administrators leaves us with a strong foundation; one that I am confident can sustain these impacts in FY'07. But our resources and talent are being stretched. With this promise to “do more with less”, comes my hope that we can reverse this trend in the near future.

The students of the Westwood Public Schools have a long history of achieving excellence – in the classroom, on the stage, on the playing fields, and in every arena in which they participate. This

did not happen by accident. An equally long history of community support has allowed our schools to garner the financial resources necessary to run a first-class system.

We should not take excellence for granted; quality comes with a price. Although we recognize that this budget cycle will not allow us to maintain our current level of services, I would be remiss if I did not express the need to substantially increase the school department budget in FY'08. Although it is over one year away, we need to start the conversation now about how to make that happen.

WHAT COULD CHANGE?

The budgeting process, at both the school and municipal level, is fluid. Because of the timing of Town Meeting, we are forced to develop a proposed budget that makes many assumptions about potential revenue, federal, state and local aid, projected enrollment, and many other factors. As such, although this proposal is accurate and realistic as of today, changes (positive or negative) to any of these variables could shift our priorities and decision-making processes. For example, if we received confirmation from the legislature that state aid was to increase substantially, we could re-open our process and begin restoring lost positions.

This budget forces us to make significant personnel and program reductions. If more funding becomes available, we must be willing to advocate for much-needed resources. Should anything change, I am committed to open, honest and timely communication with all stakeholders. My goal as leader of this school system is to ensure that there are no surprises to anyone impacted by our decisions.

CONCLUSION

I hope this overview has been helpful to you. The preparation of this budget has been a challenge to every administrator in the district, as we try to balance the needs of our students, the needs of the community, and the local mandate for continuous improvement.

I want to thank all of the principals, K-12 Directors, and central office staff for their contribution in developing the Proposed FY'07 Budget. I also want to acknowledge Ed Kazanjian, Assistant Superintendent, for his work in developing a professional and thorough document.

I look forward to discussing the budget with you in more detail, beginning with the initial presentation at the January 26 School Committee meeting, and the program presentations on Saturday, January 28. Thank you.

Sincerely,



John J. Antonucci

Exhibit 1
FY '06 Appropriation vs. FY '07 Superintendent's Recommended Budget

	FY'06 Appropriation	FY'07 Proposed Budget	Increase/ Decrease (\$)	Increase/ Decrease (%)
I. INSTRUCTIONAL				
Personal Services	\$ 18,541,412	\$ 18,821,548	\$ 280,136	1.51%
Expenses	2,252,095	2,371,221	119,126	5.29%
<i>Instructional Sub-total</i>	\$ 20,793,507	\$ 21,192,769	\$ 399,262	1.92%
II. CENTRAL ADMINISTRATION				
Personal Services	768,025	\$ 724,232	\$ (43,793)	-5.70%
Expenses	194,350	182,250	(12,100)	-6.23%
<i>Administration Sub-total</i>	\$ 962,375	\$ 906,482	\$ (55,893)	-5.81%
III. OPERATIONS				
Personal Services	1,135,743	\$ 1,143,494	\$ 7,751	0.68%
Expenses	1,650,566	2,029,641	379,075	22.97%
<i>Operations Sub-total</i>	\$ 2,786,308	\$ 3,173,134	\$ 386,826	13.88%
Sub-Total Sections I-III.	\$ 24,542,190	\$ 25,272,385	\$ 730,195	2.98%
IV. SPECIAL TUITION AND TRANSP.				
Tuition	975,905	\$ 1,386,850	\$ 410,945	42.11%
Transportation	542,000	609,890	67,890	12.53%
<i>Spec. Ed. Tuition and Transp. Sub-total</i>	\$ 1,517,905	\$ 1,996,740	\$ 478,835	31.55%
Sub-Total Section IV.	\$ 1,517,905	\$ 1,996,740	\$ 478,835	31.55%
TOTAL OPERATING BUDGET				
	\$ 26,060,095	\$ 27,269,125	\$ 1,209,030	4.64%

Fixed Costs/Other Budgets

Debt

Reserves/Benefits/Insurance

Sewer

**Preliminary Appendix D
FY2007 Departmental Salary/Expense Budgets**

Description	Expended FY2004	Expended FY2005	Current FY2006 Budget	Proposed FY2007 Budget	\$ Change FY07 vs FY06	% Change FY07 vs FY06	Comments
Fixed Costs Budgets - School and Municipal							
Municipal Employee Benefits/Costs							
Retirement Assessment	803,785	944,713	1,113,919	1,303,285	189,366	17.0%	
Non-Contrib Pension	48,150	49,113	51,088	51,598	510	1.0%	
Worker's Compensation	32,004	36,471	40,259	51,128	10,869	27.0%	
Unemployment Comp	1,742	17,978	2,000	12,000	10,000	500.0%	
Health Insurance	677,000	738,904	836,561	953,679	117,118	14.0%	
Life Insurance	2,927	3,475	3,000	3,500	500	16.7%	
Pre-Hire/EAP/Payroll	65,151	50,647	44,500	52,600	8,100	18.2%	
Public Safety Medical	16,538	21,330	16,000	16,000	0	0.0%	
Medicare Part B Refund	18,182	21,505	20,000	23,000	3,000	15.0%	
Social Security	23,204	18,470	27,684	23,000	(4,684)	-16.9%	
Mandatory Medicare	91,783	121,098	102,442	107,564	5,122	5.0%	
Municipal Employee Benefits/Costs	1,780,466	2,023,704	2,257,453	2,597,354	339,901	15.1%	
School Employee Benefits/Costs							
Retirement Assessments	344,479	404,877	477,251	558,384	81,133	17.0%	
Worker's Compensation	68,012	84,217	85,483	108,563	23,080	27.0%	
Unemployment Comp	70,528	23,086	75,000	75,000	0	0.0%	
Health Insurance	1,877,096	2,040,286	2,307,347	2,630,375	323,028	14.0%	
Life Insurance	3,228	5,756	5,000	5,680	680	13.6%	
EAP/Payroll	29,383	29,322	29,000	31,500	2,500	8.6%	
Medicare Part B Refund	53,713	62,451	60,000	64,000	4,000	6.7%	
Social Security	26,724	22,095	51,412	30,000	(21,412)	-41.6%	
Mandatory Medicare	223,470	233,736	298,954	313,902	14,948	5.0%	
School Employee Benefits/Costs	2,696,633	2,905,826	3,389,447	3,817,404	427,957	12.6%	
Total Benefits/Costs	4,477,099	4,929,530	5,646,900	6,414,758	767,858	13.6%	
Insurance/Reserve							
Comprehensive And Liability Insurance - School & Municipal Expenses	273,967	298,824	341,550	371,000	29,450	8.6%	
Mandated Post employment retirement actuarial study Reserve Fund	0	0	25,000 400,000	0 450,000	(25,000) 50,000		
Total Insurance/Reserve	273,967	298,824	766,550	821,000	54,450	7.1%	
Total Fixed Costs Budget	4,751,066	5,228,354	6,413,450	7,235,758	822,308	12.8%	
Debt Service Budget							
Municipal Related Debt Service	885,274	950,856	668,717	670,275	1,558	0.2%	
School Related Debt Service	6,401,156	5,771,922	5,633,645	5,494,317	(139,328)	-2.5%	
Total Debt Budget	7,286,430	6,722,778	6,302,362	6,164,592	(137,770)	-2.2%	
Sewer Enterprise							
Salaries	268,970	278,150	289,349	297,329	7,980	2.8%	
Expenses	89,621	97,333	100,000	100,000	0	0.0%	
Pumping Stations	102,030	123,903	134,000	134,000	0	0.0%	
MWRA Assessment	1,822,911	1,871,749	1,903,321	2,084,200	180,879	9.5%	Initial assessment from state
Mandated Inspections	120,000	120,100	120,000	120,000	0	0.0%	
Indirect Costs	212,000	212,000	212,000	212,000	0	0.0%	
Sewer Debt & Int System Ext./Repairs	1,099,603	1,254,097	1,022,644	460,852	(561,792)	-54.9%	Completion of prior yr bond
Total Sewer Enterprise	3,739,294	3,982,332	3,806,314	3,433,381	(372,933)	-9.8%	

Capital

*This section is a summary of the
Capital Improvement Plan.*

Please refer to the separate document...

*FY2007-FY2011
Five-Year Capital Improvement Plan
for more detail.*

CAPITAL OVERVIEW

The Capital Improvement Plan is a five year projection of capital needs for maintaining and upgrading the Town's physical plant. It provides detailed information concerning those capital requests for the upcoming fiscal year; summary information for the following four fiscal years is provided to identify current projections of what level of capital outlay will be required in future years.

The Selectmen are committed to reinvesting in the community's capital infrastructure. The Town's physical resources are a major component of the Town's overall financial assets and represent a significant investment of public funds. As such, the Town must adequately maintain and update its capital assets.

In January, 2004 the Selectmen adopted updated Financial Policies, including capital planning and debt management policies. The capital policies require that a Five-Year Capital Improvement Program document be issued annually. In addition, capital funding and debt management policies were developed in order to continue to appropriately balance total debt and capital costs and tax implications with other operating sources.

In the spring of 2003, the Board of Selectmen formed the Long-Range Financial Planning Subcommittee (LRFP). The committee is comprised of representatives from the Board of Selectmen, School Committee, Town Treasurer, Finance Commission, Board of Assessors, Tax Collector, Business Development Advisory Board as well as the Town's Finance Director.

A major objective of this committee is to conduct analyses of the Town's finances covering an expanded period of five years. The LRFP is committed to improving the overall Capital Improvement Plan, increasing the funding for capital, and providing recommendations to the Board of Selectmen.

Definition of Capital Projects

Capital items shall be defined as follows:

- Items requiring an expenditure of at least \$10,000 and having a useful life of more than five years.
- Projects consisting of real property acquisitions, construction, capital asset improvements, long-life capital equipment, or major maintenance/repair of an existing capital item, as distinguished from a normal operating expenditure.
- Items obtained under a long term lease.
- Bulk purchases of similar items, such as technology and furniture purchases, shall be aggregated and the total considered a capital item.

Funding of Capital Projects

Capital projects can be financed in a number of ways. An appropriate balance of financing options is important to maintain an ongoing program and limit the community's risk. Westwood has continued to utilize a mix of pay-as-you-go financing, combined with prudent use of debt financing. This mix has provided significant resources for capital over the last several years.

Going forward, the Town must shift its pay-as-you-go financing from free cash to an annual tax revenue appropriation. In recent years, due to tight budgeting and limited new revenue growth, the amount of free cash available for capital projects has declined. As such, a new, ongoing revenue source must be identified so as to avoid putting the capital fund burden onto debt financing.

The following funding sources are used to finance the Town's capital improvements:

Tax Revenue – Annual revenue from the total tax levy can be used to fund capital items.

Free Cash – The Town's "undesignated fund balance"; certified each July 1 by the state and the portion of fund balance available for appropriation. As Free Cash should not be used for operating budgets, it is a very appropriate revenue source for non-recurring capital items.

Borrowing Approved within Proposition 2 ½ - For large construction, infrastructure and land purchase projects, general obligation bonds are issued. Funding for annual debt service comes from annual budget within the tax levy.

Borrowing Approved as Exempt to Proposition 2 ½ - For large construction, infrastructure and land purchase projects, general obligation bonds are issued. Funding for annual debt service is raised through additional tax revenue raised outside the limits of Proposition 2 ½ (exempt debt).

Sewer Enterprise Funds – Sewer Enterprise Fund retained earnings are used to fund capital items for the sewer operations.

Sewer Enterprise Borrowing – For large sewer infrastructure projects, general obligation bonds are issued. Funding for annual debt service is fully supported by sewer user fees.

Capital Improvement Stabilization Fund – Funding for annual capital expenditures may come from the Capital Improvement Stabilization Fund upon vote of Town Meeting. This fund, established at the 2005 Annual Town Meeting, currently has a \$0 balance.

Other Sources – Other funding sources may include state and federal grants and available funds, such as ambulance receipts, library trust funds or other restricted accounts.

A Look at Recent Capital Project Financing

	FY02	FY03	FY04	FY05	FY06
Tax Revenue	\$108,710	\$394,840	\$176,000	\$142,000	\$85,101
Free Cash	\$1,255,500	\$871,912	\$600,000	\$696,000	\$737,899
Borrowing Within Proposition 2 ½	\$2,600,000			\$600,000	\$1,000,000
Exempt Debt	\$44,295,640				
Sewer Enterprise Funds	\$59,000	\$70,000	\$0	\$133,000	
Sewer Enterprise Borrowing				\$750,000	
Other Sources	\$15,840	\$177,000	\$144,819	\$200,000	\$370,000

Process and Presentation to Voters

Annually, municipal and school departments prepare five-year projections of their capital needs. The requests are summarized and presented to the Selectmen for review. The School Committee prioritizes the capital requests for the School Department. Capital funded as debt exemptions require additional approval by the voters at the ballot as Proposition 2 ½ exemptions.

The Selectmen prepare a recommended capital budget and present it to the Finance Commission for review and recommendation to Town Meeting. Town Meeting votes approval of capital articles; capital articles requesting borrowing are separately voted.

FY07 CAPITAL DISCUSSION

FY07 continues to be a difficult budget year for municipalities across the state of Massachusetts. Limited new revenue growth, limited state aid, and increases in fixed costs, particularly health insurance and retirement assessments, have all combined to strain the resources available both for capital and operating budgets. Additionally, Westwood had seen significant increases in tax bills in FY03 and FY04 due to debt related to capital expenditures for school construction projects. These large tax increases further limited the ability of the voters to approve additional increases outside Proposition 2 ½ for capital and operating budget needs. In FY05 and FY06, there was significant relief to these tax increases as the state began to make significant payments for the state share of these school projects.

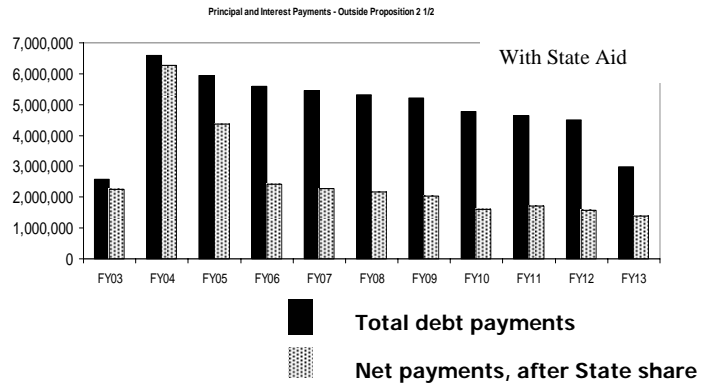
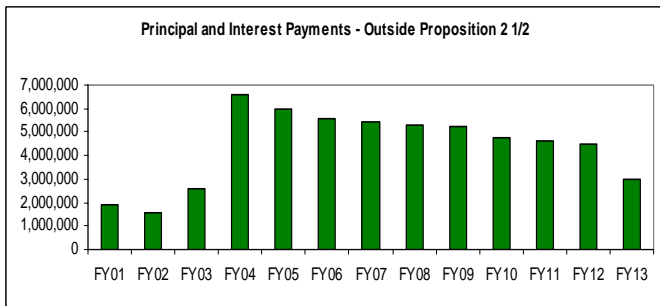
The Town has been very successful in prior years with funding capital on a pay-as-you-go basis, with capital needs being annually funded from free cash. Debt financing has been used only for very large land purchases, road renovation, and school construction projects. This policy of balancing debt and pay-as-you-go financing had allowed the Town to maintain an annual capital budget of approximately \$800,000 to \$1 million dollars. The Town had been able to avoid debt financing for such items as vehicles, DPW equipment and information systems equipment.

The pay-as-you-go plan that worked in the past cannot continue in future years. First, the funding source, free cash, cannot be maintained at the same levels; therefore, funds will not be available to appropriate at these same capital levels.

In addition, overall capital expenditures need to increase. The Town's assets and infrastructure, including Town and School buildings, roadways, and equipment are aging and will require sufficient annual appropriations to maintain their proper condition.

Moving forward, the Town needs to replace free cash as the funding source for the pay-as-you-go financing items. Due to tighter annual budgets and limited revenue, the free cash balance is expected to decline in future years and be more subject to annual fluctuations. Free cash alone will not be sufficient to fund the same level of the capital budget as has been done in prior years.

The Town is at a significant crossroad in terms of finding a permanent funding source for capital budget items. At the very time the free cash source needs to be replaced, there is a significant change in the tax levy being raised to fund school construction projects. The Town has been paying 100% of the cost of the school projects. As the state begins to pay Westwood for its 59% share of these projects, the tax burden will be reduced.



As the graphs show, the state reimbursement represents significant dollars and has a resulting significant effect on the exempt tax revenue needed to pay for the debt. The opportunity exists to replace the decline in current debt with new tax revenue earmarked specifically for capital. Converting the current revenue stream to capital financing will provide a permanent revenue stream for necessary capital, while not further increasing the tax burden on our residents.

It is extremely important that the new tax revenue, which would have to be voted outside of Proposition 2 ½, be used for capital financing only. Because the annual operating budget pressures present such a challenge, the Long Range Financial Planning Subcommittee has looked at ways to ensure that the money is used only for capital and not to solve annual operating budget needs.

In FY06, the LRFSP Subcommittee proposed establishing a Capital Stabilization Fund, which would legally limit the funds for capital uses. This fund was approved at the May, 2005 Annual Town Meeting. While currently at a zero balance, this fund will provide a tool to guarantee voters that if asked to approve capital funds, that money would only be used for capital.

FY07 Recommendations

As discussed, the overall expenditure on capital and maintenance of the Town's assets needs to increase. For the past several years, the capital focus has been on large renovation and construction projects. The Town has renovated and expanded two elementary schools, constructed a new high school and also built a new municipal office building.

The focus now is to concentrate annual capital towards important annual maintenance and upgrading of Town and school facilities and equipment. The Long Range Financial Planning Subcommittee supports a comprehensive capital plan which would ensure the sufficient maintenance of the Town's assets.

Also, it is important for residents to know that money appropriated for capital will only be used for capital, even during difficult budget years when the availability of funds for operating budgets is so tight. Therefore, capital projects should be funded through the restrictive Capital Improvements Stabilization Fund. This will ensure that funding remains for important capital projects and maintenance only.

The current financial projections for FY07 indicate that there will only be funding within Proposition 2 ½ to support FY07 capital at the current FY06 levels. To support capital above these minimum levels would require new funding sources.

**Capital Outlay Requests - FY2007
For Approval at the 2006 Annual Town Meeting**

Current Availability for Funding - FY2007

At this time, available funds within Proposition 2 1/2 only allow for funding for capital at the same level as FY06. In summary, that funding would provide at the following capital level:

	FY06	FY07
School Capital	\$406,000	\$406,000
Municipal Capital	\$417,000	\$417,000

Items to be funded are identified on the following pages.

Other items would need to be approved as borrowing articles or voted as capital exemptions from the limits of Proposition 2 1/2.

A significant effort to fund capital through a major borrowing will wait until future years. The borrowing capital effort for the 2006 Annual Town Meeting will be a borrowing article to secure the funding needed to complete the high school project. Once this major capital project is completed, the Long Range Financial Planning Subcommittee will look to secure funding to adequately finance school and municipal capital needs.

Municipal Capital Items Proposed for FY07 Funding

Department	Item	Cost	
Fire	1500 GPM Engines (5th of 6 payments)	\$117,535	Lease Payment
DPW	(2) Heavy Duty Pick-up & Plow	\$94,000	
COA	Medical van	\$40,000	May be partially funded by grant
IS	End user technology/software upgrades	\$100,000	
Police	Replacement of police vehicles	<u>\$102,845</u>	
			\$454,380 Total

Fund via Smaller Operating Capital:

Total Funding Available:

\$53,200

Fire	S.C.B.A. Upgrade & Replacement	\$15,600	
	Radio Upgrade & Replacement	\$6,400	
	Rescue Equipment	\$3,700	
IS/Library	Library equipment upgrade	\$7,500	
Police	Radio infrastructure plan	\$20,000	\$53,200 Total

Fund via Separate Warrant Article:

Infrastructure	High Street Lights	\$200,000	Borrow funds
DPW	Sidewalk plow	\$110,000	
	The sidewalk plow, a town and school need, will be funded utilizing an additional \$110,000 of free cash.		

Exhibit 6
Proposed FY '07 Capital Budget - Superintendent's Recommendation

Item	Description	Actual FY '04	Actual FY '05	Actual FY '06	Request FY '07
1	Technology	\$ -	\$ 100,000	\$ 100,000	\$ 100,000
2	FF&E	\$ -	\$ 3,500	\$ 22,300	\$ 70,800
3	HVAC	\$ 70,000	\$ -	\$ 15,000	\$ 15,000
4	Roofing	\$ -	\$ -	\$ -	\$ 320,000
5	Repair & Maintenance	\$ 27,800	\$ 51,000	\$ 64,000	\$ 31,000
6	Copiers	\$ 70,000	\$ 87,300	\$ 66,500	\$ 70,000
7	Vehicles	\$ -	\$ 26,000	\$ -	\$ -
8	Custodial Equipment	\$ -	\$ -	\$ -	\$ -
9	M. S. - Modulars	\$ 138,200	\$ 138,200	\$ 138,200	\$ 138,200
	- yr. 4 of 5 yr. lease				
	Total	\$ 306,000	\$ 406,000	\$ 406,000	\$ 745,000
	Requested Annual Amounts From School Ten-Year Capital Plan and Town of Westwood Five-Year Plan	\$ 1,190,000	\$ 1,451,500	\$ 1,701,500	\$ 1,822,500
	Cumulative Shortfall from Plan	\$ 884,000	\$ 1,929,500	\$ 3,225,000	\$ 4,302,500

FY2007 - 2011 Capital Improvement Plan

Capital Project Requests	FY2007 Request	FY2008 Request	FY2009 Request	FY2010 Request	FY2011 Request	Total
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Municipal Infrastructure

High Street Lights	\$200,000					\$200,000
Road Improvement Project	\$2,300,000					\$2,300,000
Islington Playground Replacement	\$100,000					\$100,000
Cemetery Expansion				\$700,000		\$700,000

Category Subtotal	\$2,600,000			\$700,000		\$3,300,000
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Municipal Buildings

Senior Center Addition	\$450,000					\$450,000
Fire Station 1 Renovations	\$100,000	\$1,500,000	\$15,000	\$15,000	\$15,000	\$1,645,000
Fire Station 2 Renovations	\$125,000	\$3,000,000				\$3,125,000
Library Branch Porch/Stairs Repair	\$15,500					\$15,500
Main Library Building Project			\$7,500,000			\$7,500,000
Police Space Needs Assessment	\$25,000					\$25,000
Town Hall Renovation	\$150,000	\$1,500,000				\$1,650,000
Islington Community Center Lift					\$100,000	\$100,000
Cemetery Barn	\$150,000					\$150,000
Colburn School Renovation		\$2,600,000				\$2,600,000
Municipal Building Maintenance	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000

Category Subtotal	\$1,115,500	\$8,700,000	\$7,615,000	\$115,000	\$215,000	\$17,760,500
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COA

Medical Van	\$40,000					\$40,000
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Department Total	\$40,000					\$40,000
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DPW

3 Yard Loader	\$140,000					\$140,000
(2) Heavy Duty Pick-up & Plow	\$94,000					\$94,000
35,000 G.V.W. Dump Truck, Sander, & Plow Truck	\$117,000	\$117,000				\$234,000
(2) One Ton Dump Truck & Plow	\$106,000					\$106,000
(8) Garage Doors - Maintenance Garage	\$50,000					\$50,000
(2) Heavy Duty Pick-up Truck		\$106,000				\$106,000
Sidewalk Plow		\$110,000				\$110,000
Vehicle Computer Analyzer			\$18,000			\$18,000
Sedan			\$35,000			\$35,000
(3) One Ton Dump Trucks			180,000			\$180,000
10 Wheel Dump Truck				\$130,000		\$130,000
(2) Heavy Duty Pick-up Truck				\$120,000		\$120,000
35,000 Dump Truck					\$120,000	\$120,000
Heavy Duty Pick-up Truck					\$55,000	\$55,000
(3) One-Ton Dump Trucks					\$180,000	\$180,000

Department Total	\$507,000	\$333,000	\$233,000	\$250,000	\$355,000	\$1,678,000
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FY2007 - 2011 Capital Improvement Plan

Capital Project Requests	FY2007 Request	FY2008 Request	FY2009 Request	FY2010 Request	FY2011 Request	Total
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Fire

1500 GPM Engines (5th of 6 payments)	\$117,535	\$117,535				\$235,070
S.C.B.A. Upgrade & Replacement	\$15,600	\$16,000	\$16,200	\$16,400	\$16,600	\$80,800
Command Vehicle	\$35,000					\$35,000
Radio Upgrade & Replacement	\$6,400	\$6,600	\$6,800	\$150,000	\$50,000	\$219,800
Rescue Equipment	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$60,000
Replace Squad Truck Pumps	\$70,000					\$70,000
Pickup Truck	\$40,000					\$40,000
Fire Alarm Wireless Receiver	\$30,000	\$30,000				\$60,000
Deputy's Vehicle	\$32,000					\$32,000
Ladder Truck		\$100,000	\$100,000	\$100,000	\$100,000	\$400,000
Chief's Car		\$35,000				\$35,000
Ambulance			\$230,000			\$230,000
Engines - Overhaul					\$24,000	\$24,000

Department Total	\$358,535	\$317,135	\$365,000	\$278,400	\$202,600	\$1,521,670
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Information Systems

Municipal Software Upgrade	\$85,000	\$85,000				\$170,000
Police/Fire Records Management Software	\$70,000	\$60,000	\$60,000			\$190,000
End User Technology	\$75,000	\$85,000	\$85,000	\$85,000	\$85,000	\$415,000
Library Equipment Upgrade	\$7,500	\$8,500	\$8,500	\$8,500	\$8,500	\$41,500

Department Total	\$237,500	\$238,500	\$153,500	\$93,500	\$93,500	\$816,500
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Police

Replacement of Police Vehicles	\$102,845	\$106,959	\$111,237	\$115,687	\$120,314	\$557,042
Radio Infrastructure Plan	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$100,000

Department Total	\$122,845	\$126,959	\$131,237	\$135,687	\$140,314	\$657,042
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School

Technology	\$400,000	\$500,000	\$500,000	\$500,000	\$500,000	\$2,400,000
Furniture, Fixtures, Equipment	\$255,000	\$275,000	\$325,000	\$325,000	\$325,000	\$1,505,000
HVAC and controls	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000
Roofing	\$345,000	\$300,000	\$200,000	\$65,000	\$175,000	\$1,085,000
Repair Items	\$250,000	\$300,000	\$350,000	\$350,000	\$350,000	\$1,600,000
Copiers/Duplicators	\$88,000	\$88,000	\$88,000	\$88,000	\$88,000	\$440,000
Vehicles				\$14,000		\$14,000
Modulars - lease purchase Thurston (5th of 5 payment)	\$138,200					\$138,200
Modulars - lease purchase Hanlon	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000	\$975,000
Modulars - lease purchase Deerfield			\$95,000	\$95,000	\$95,000	\$285,000

Department Total	\$1,771,200	\$1,758,000	\$1,853,000	\$1,732,000	\$1,828,000	\$8,942,200
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FY2007 - 2011 Capital Improvement Plan

Capital Project Requests	FY2007 Request	FY2008 Request	FY2009 Request	FY2010 Request	FY2011 Request	Total
Sewer						
Line rehabilitation and manhole sealing	\$325,000					\$325,000
Sedan	\$30,000					\$30,000
Service vehicle No. 1	\$55,000					\$55,000
Pump control upgrades		\$90,000				\$90,000
Service vehicle No. 2		\$55,000				\$55,000
Motor upgrades		\$90,000			\$100,000	\$190,000
Scada upgrade			\$10,000			\$10,000
2nd meter system			\$80,000			\$80,000
Generator replacement - phase one			\$80,000			\$80,000
Sewer vacuum truck				\$290,000		\$290,000
Pump replacement					\$100,000	\$100,000
Department Total	\$410,000	\$235,000	\$170,000	\$290,000	\$200,000	\$1,305,000
Totals 5-Year Capital Requests All Departments	\$7,162,580	\$11,708,594	\$10,520,737	\$3,594,587	\$3,034,414	\$36,020,912

**FY2007 - FY2011
Summary of Capital Budget Requests**

Budget 37

	Department	Expenditures per Fiscal Year					Total Costs
		FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	
	Municipal Infrastructure	\$2,600,000			\$700,000		\$3,300,000
	Municipal Buildings	\$1,115,500	\$8,700,000	\$7,615,000	\$115,000	\$215,000	\$17,760,500
	COA	\$40,000					\$40,000
	DPW	\$507,000	\$333,000	\$233,000	\$250,000	\$355,000	\$1,678,000
	Fire	\$358,535	\$317,135	\$365,000	\$278,400	\$202,600	\$1,521,670
	Information Systems	\$237,500	\$238,500	\$153,500	\$93,500	\$93,500	\$816,500
	Police	\$122,845	\$126,959	\$131,237	\$135,687	\$140,314	\$657,042
	Total Municipal Departments	\$4,981,380	\$9,715,594	\$8,497,737	\$1,572,587	\$1,006,414	\$25,773,712
	School Department	\$1,771,200	\$1,758,000	\$1,853,000	\$1,732,000	\$1,828,000	\$8,942,200
	Sewer	\$410,000	\$245,000	\$160,000	\$290,000	\$200,000	\$1,305,000
	Total Capital Requests	\$7,162,580	\$11,718,594	\$10,510,737	\$3,594,587	\$3,034,414	\$36,020,912

Capital Outlay Requests - FY2006
Approved at 2005 Annual Town Meeting

Item/Project	Department	Cost	Funding Source
35,000 G.V.W. Hook-lift Water, Sander, & Plow Truck (2nd of 2 payments)	DPW	\$60,000	Free Cash
Fire 1500 GPM Engines (4th of 6 payments)	Fire	\$117,535	Free Cash
Ladder Truck (5th of 5 payments)	Fire	\$132,907	\$47,806 Free Cash/Taxation
End User Technology	Information Systems	\$40,669	Free Cash
Police Cruisers	Police	\$65,889	Free Cash
	Total	\$417,000	
Technology	School	\$100,000	Free Cash
Furniture, Fixtures and Equipment	↓	\$22,300	Free Cash
HVAC		\$15,000	Free Cash
Repair and Modernization		\$64,000	Free Cash
Copiers		\$66,500	Free Cash
Thurston School Portables-Yr. 4 of 5 Yr. Lease		\$138,200	Free Cash
	Total	\$406,000	
Completion of Automated Assessing Property Records	Assessors	\$12,700	Taxation
DPW Storm Water Testing	DPW	\$7,000	Taxation
Fire Rescue Equipment	Fire	\$12,000	Ambulance Receipts
Library Minuteman System	Library	\$7,500	Taxation
Flood Study	Planning/Economic Development	\$14,000	Taxation
	Total	\$53,200	
Ambulance	Fire	\$190,000	Ambulance Receipts
High Street	Selectmen	\$1,000,000	Borrowing
Library Land Purchase	Library	\$180,000	Library Trust Funds



Financial Overview

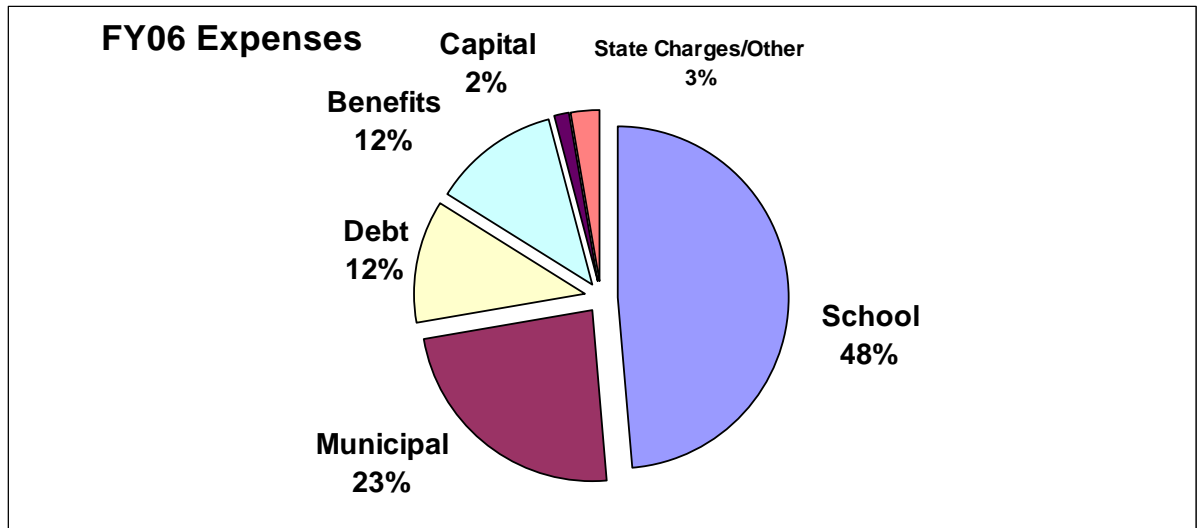
This section is intended to provide readers with the Town's current financial situation as well as the basis for the Board of Selectmen's FY07 budget recommendations.

Included is information regarding the current FY06 budget, as well as historical data on taxes, debt, state aid, and stabilization fund. This overall financial information is important in understanding the financial condition of the Town. Decisions on each year's budget cannot be made without an understanding of this information.

This information is drawn from the numerous presentation made throughout the early fall and budget process at public meetings of the Board of Selectmen, Finance Commission, and School Committee.

A Look at the Total

Current FY06 Budget...

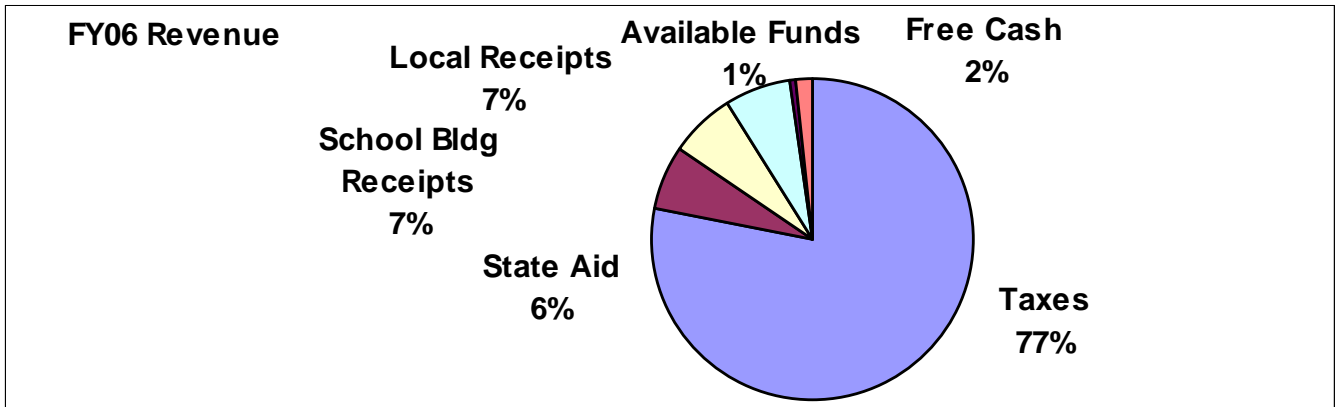


FY06 Expenses	
School Operating	\$26,268,304
Municipal Operating	\$12,688,282
Debt	\$6,302,362
Employee Costs/Reserves	\$6,413,450
Total Operating	\$51,672,398
Capital Budget	\$823,000
State Charges/Other	\$1,450,050
Total	\$53,945,448

Does not include Sewer Enterprise.

A Look at the Total

Current FY06 Budget Continued.....

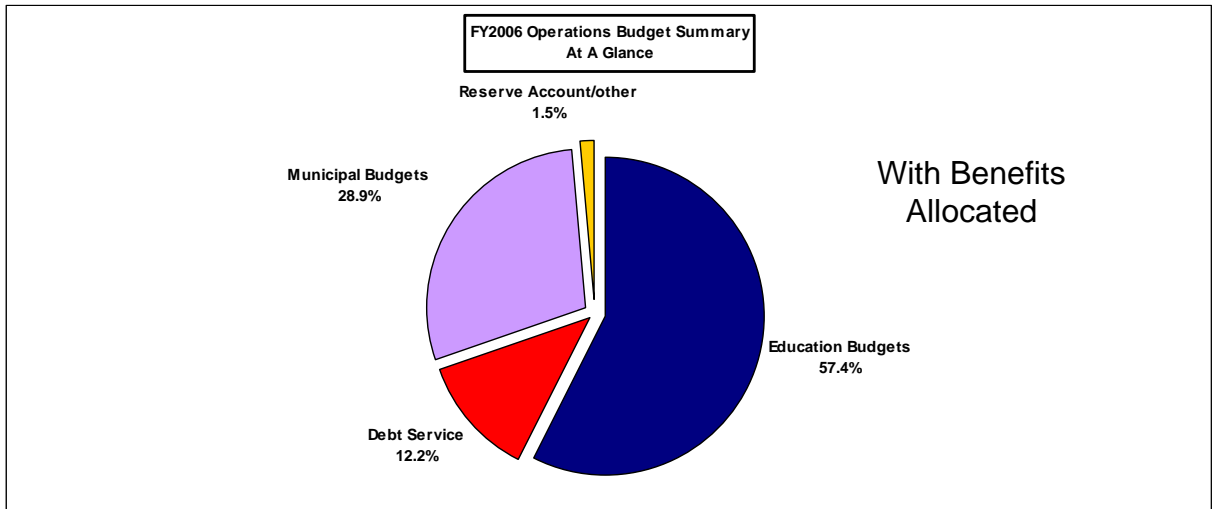


FY06 Revenue	
Taxes	\$42,197,019
State Aid	\$3,425,166
School Building Receipts	\$3,600,190
Local Receipts	\$3,573,959
Available Funds	\$288,765
Free Cash	\$860,349
Total	\$53,945,448

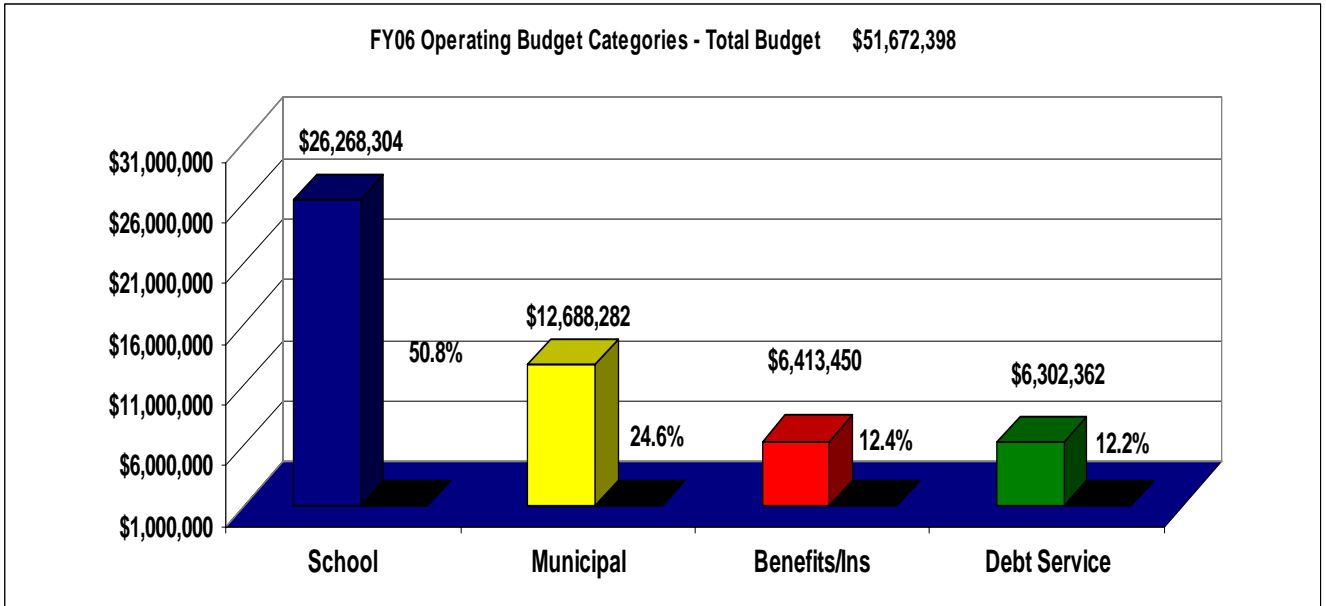
Does not include Sewer Enterprise.

A Look at The FY06 Operating Budget Categories...

	FY06	FY05	FY06 \$ Change	FY06 % Change
School Budgets	\$26,268,304	\$26,237,002	\$31,302	.1%
Municipal	\$12,688,282	\$12,540,894	\$147,388	1.2%
Debt	\$ 6,302,362	\$ 6,722,777	(\$420,415)	-6.3%
Benefits/Employee Costs/Reserves	\$ 6,413,450	\$ 5,767,904	\$ 645,546	11.2%
	\$51,672,398	\$51,268,577	\$403,821	.8%
Note: Benefits and debt not allocated to School or Municipal budgets in this chart.				



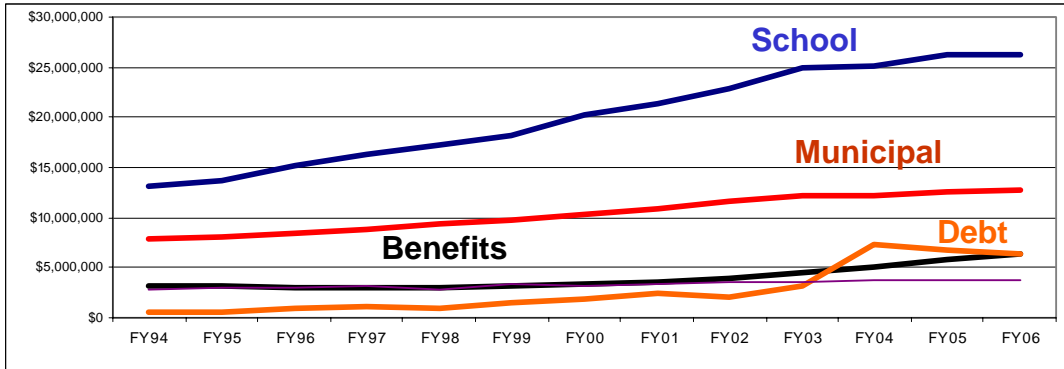
A Look at The FY06 Operating Budget Categories.....



Note: Debt and Benefit budgets not allocated in School or Municipal budgets shown above.

Benefits, Insurance, and Debt Service are fixed, restricted accounts.

A Look at the Budget History.....



Budget	\$ Budget				
	FY02	FY03	FY04	FY05	FY06
School Budgets	\$22,918,285	\$24,956,196	\$25,062,489	\$26,237,002	\$26,268,304
Municipal Budgets	\$11,580,897	\$12,127,081	\$12,127,081	\$12,540,894	\$12,688,282
Benefits/Insurance/ Reserves	\$3,896,837	\$4,497,240	\$5,045,017	\$5,767,904	\$6,413,450
Debt Service	\$2,091,415	\$3,157,965	\$7,286,431	\$6,722,777	\$6,302,362

Budget	% Change in Budget				
	FY02	FY03	FY04	FY05	FY06
School Budgets	6.6%	8.2%	0.4%	4.7%	.1%
Municipal Budgets	5.6%	4.5%	0.0%	3.4%	1.2%
Benefits/Insurance/ Reserves	9.7%	13.4%	10.9%	14.3%	11.2%
Debt Service	-16.7%	33.8%	56.7%	-7.7%	-6.3%

A Look at Recent Budget Years.....

Limited revenue available for operating budgets

- Fixed costs increases taking all new revenue available within Proposition 2 ½.
- Insufficient revenue available for school and municipal operating budgets to remain at current services.
- Services continue to be reduced, as limited funds are directed to increases in fixed costs.

FY04 Budget Impact

- FY04 - \$0, 0% operating budget increase
 - School – 0%
 - Municipal – 0%
 - Reduced capital budget

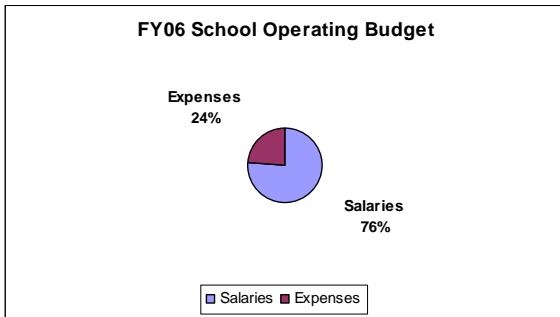
FY05 Budget Impact

- FY05 – small operating increases
 - School – 4.4%
 - Municipal – 3.4%
- Capital maintained at reduced level
- Used significant one-time revenue to balance budget (\$1.4M)

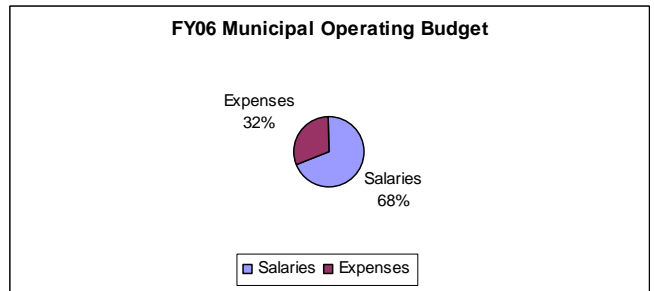
FY06 Budget Impact

- No additional revenue – school and municipal budgets.
 - School – 0%
 - Municipal –1.2%-funded by reducing capital.
- Capital remained at reduced level.
- Significant service reductions made to school and municipal operations.

Important Areas ...Salaries as Component of Budgets



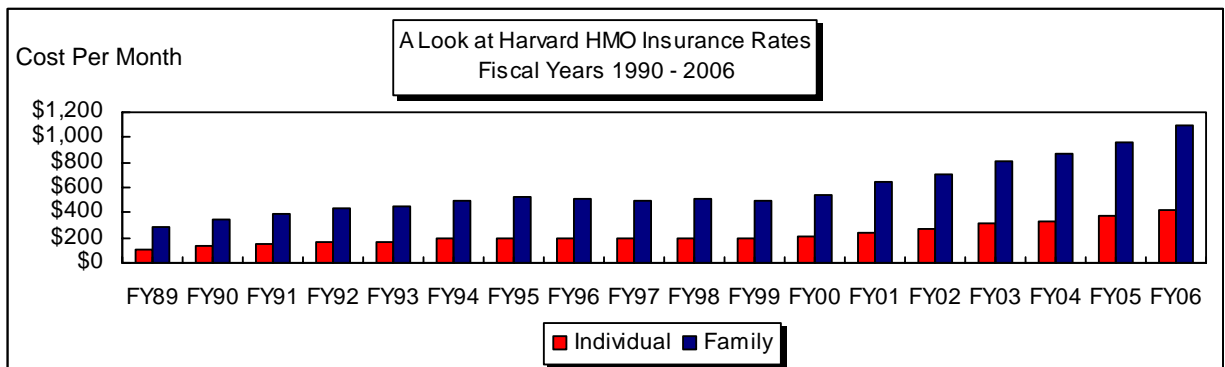
76% of budget is salary



68% of budget is salary

Salary increase is typically or usually the largest component of the budget increase year to year.

Health Insurance

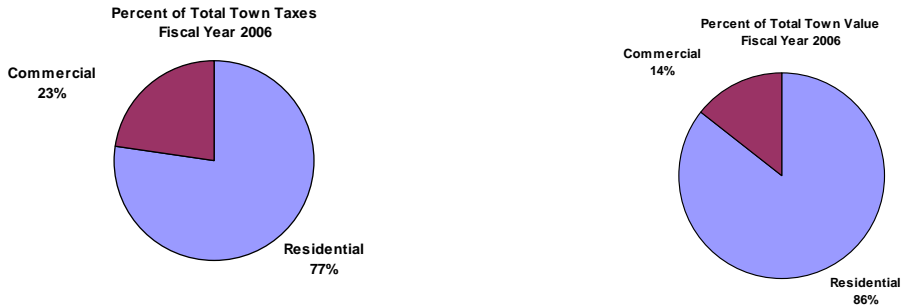


Total Benefits/Reserves/Insurance			
FY05	FY06	\$ Change	% Change
\$5,767,904	\$6,413,450	\$645,546	11.2%

- Westwood employees contribute 40% of the cost of health insurance, a much higher % than other communities.
- Health insurance is back as a budget buster for municipalities.
- As with other public and private industries, Town is experiencing annual 5-15% rate increases each year.
- Municipalities have additional problem of covering increasing number of individuals, as workforce, especially teachers, turns over through retirement.
- This category also includes retirement assessment, payroll taxes, workers' compensation and unemployment compensation.

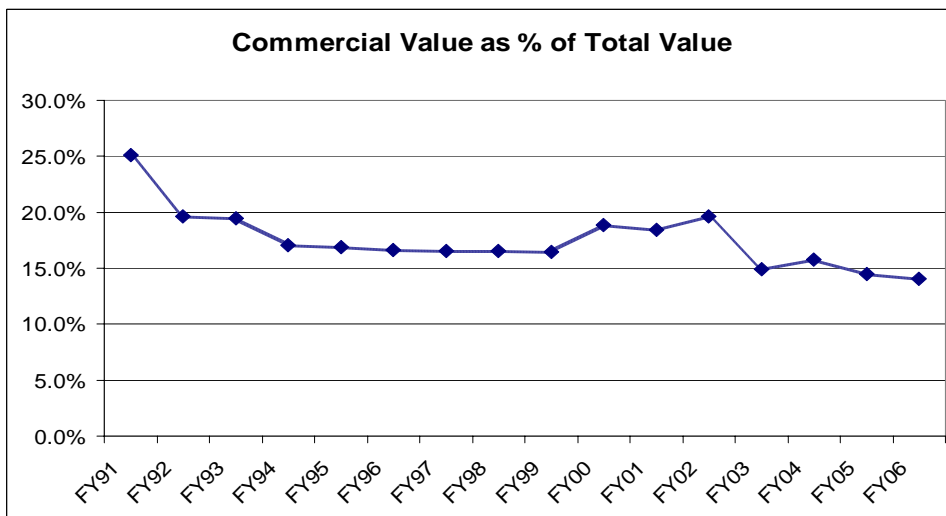
Some Information on Taxes.....

The Town's commercial property is an important component of the Town's overall tax base. Westwood taxes its commercial property at a higher rate than residential (\$18.85 vs. \$10.37).



- Annual savings of \$673 from split tax rate in FY06.
- In FY06 commercial represented 14.1% of value; however, they paid 22.9% of total taxes.

The Importance of Commercial Property....

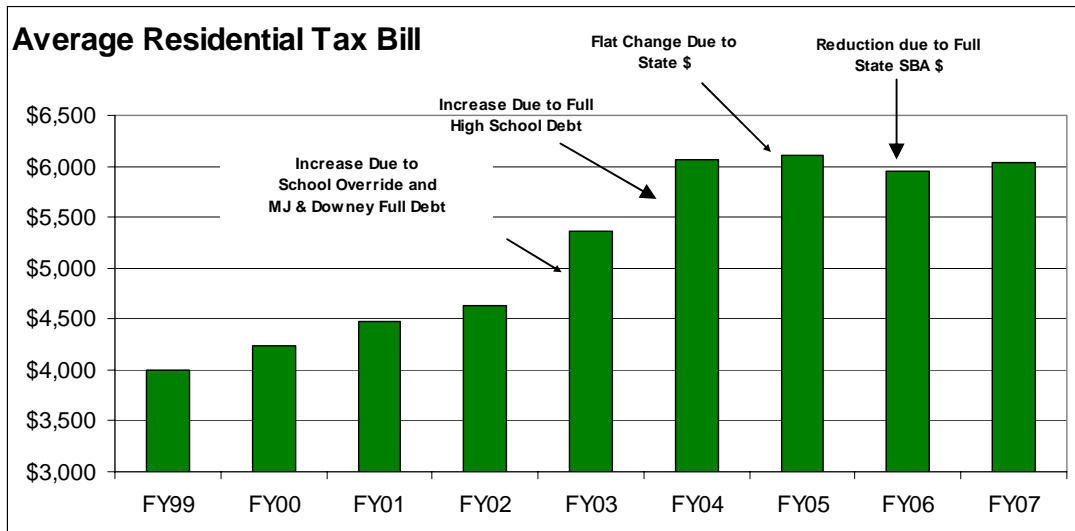


- Commercial value important factor to tax revenue.
- Commercial value cannot keep pace with significant residential growth.
- Strong commercial value minimizes tax impact on residents.

More on Taxes.....

	FY02	FY03	FY04	FY05	FY06	Projected FY07
Average Tax Bill Increase	3.74%	15.57%	13.2%	0.67%	(3.84%)	3.11%
Savings to Average Tax Bill Resulting from Split Tax Rate	\$502.6	\$651.2	\$767	\$663	\$673	
Average Residential Tax Bill Home Value	\$334,339	\$468,075	\$468,075	\$510,202	\$566,324	\$566,324
*Average Tax Bill	\$4,637	\$5,359	\$6,065	\$6,107	\$5,873	\$6,055

- Largest component of tax increase has been increase in exempt debt due to construction projects – Martha Jones, Downey, High School.
- FY05 increase less than 2 ½% due to receipt of state building funds for Martha Jones and Downey school projects.
- FY06 decrease due to receipt of state funds for the High School project and completion of 1994 road improvement bond.



*Amounts shown for average home.

Individual tax bills may increase/decrease differently due to specific change in valuation.

Analysis of Average Tax Bill Increase.....

The change in taxes each year is driven by multiple factors. These include:

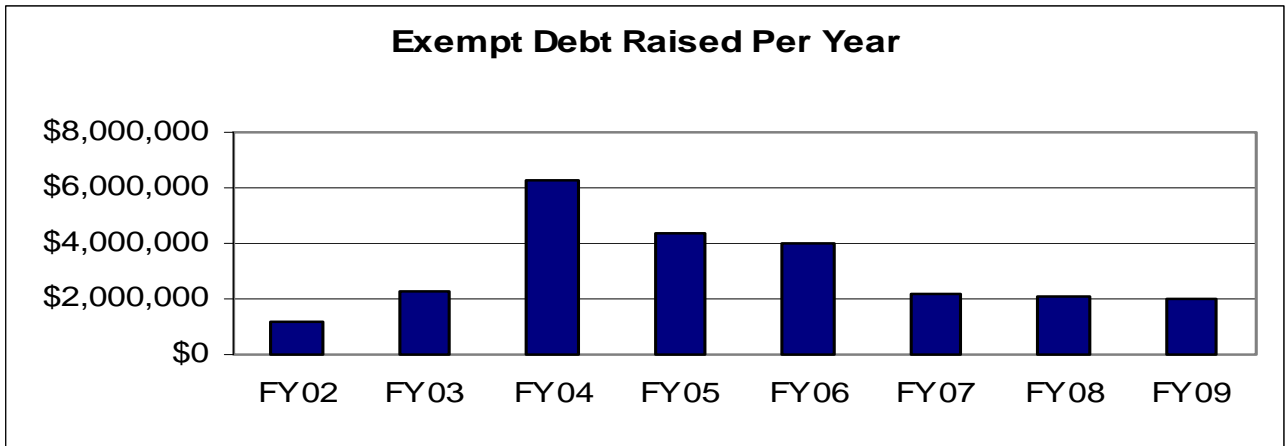
- Proposition 2 ½ increases – Taxes general increase by 2.5% each year as allowed by Proposition 2 ½.
- General Overrides – Taxes increase if a general override is approved by the voters. The amount of the override determines the tax increase.
- Change in Exempt Debt – As the principal and interest on exempt debt changes each year, the impact on taxes may change. In general, when new exempt debt is brought on, taxes increase; as debt is paid off or when state reimbursement is received, the tax impact decreases.
- Value Shift – There can be a tax impact if there is significant change in total value among the commercial and residential property sectors.

The following chart shows the approximate impact of each item on the tax bill for the last several years.

	FY02	FY03	FY04	FY05	FY06	FY07
Proposition 2 ½ Increase	2.8%	2.5%	2.5%	2.5%	2.5%	2.5%
General Overrides	--	5%	--	--	--	--
Change in Exempt Debt	(-1.16%)	3.07%	10.50%	(-4.53%)	(-5.94%)	(-.6%)
Effect of Value Shift	2.1%	5%	.2%	2.7%	(-.4%)	--
Total Tax Increase	3.74%	15.57%	13.2%	.67%	(-3.84%)	3.11%

More on Taxes.....Exempt Debt

Exempt debt is the additional tax dollars collected above Proposition 2 ½ for the principal and interest payments for projects approved outside of Proposition 2 ½ , net of any state reimbursement.



	FY02	FY03	FY04	FY05	FY06	Projected FY07
Exempt Debt	\$1,199,655	\$2,257,706	\$6,265,148	\$4,367,789	\$1,948,546	\$2,219,419

- Exempt debt significantly increased in FY03 and FY04 due to bonds issued for the Martha Jones, Downey, and High School projects.
- Exempt debt declined in FY05 due to receipt of state school building reimbursement for Martha Jones and Downey school projects.
- Exempt debt declined in FY06 due to receipt of significant state funds for the High School project and completion of 1994 road improvement bond.

School Building Reimbursement.....

The Massachusetts School Building Assistance program underwent a major change in 2004. One of the results of this change was the effort made by the state to move communities from the “waiting” list by starting payments on completed and approved school building projects.

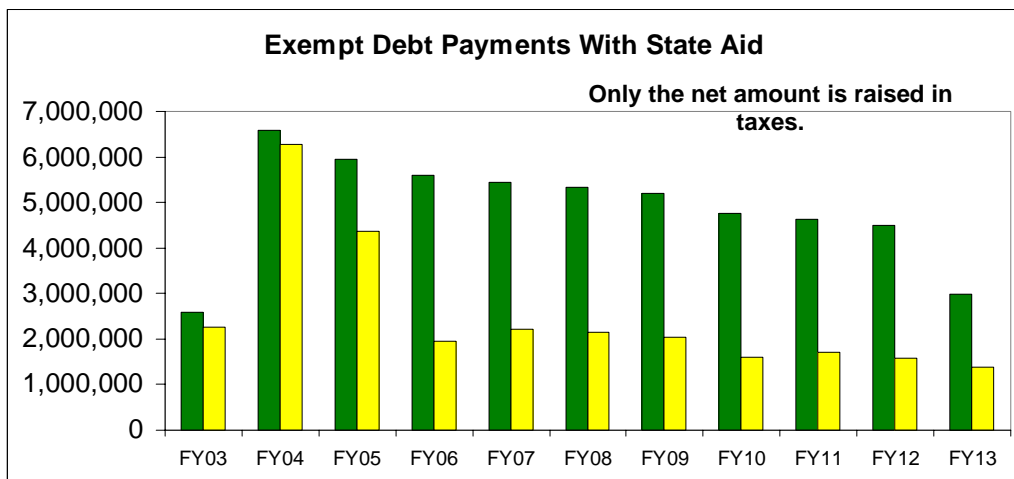
Westwood was very aggressive in pursuing all of our funding and as a result have now secured funding for all pending projects, including the Martha Jones, Downey and High School projects.

The current payments we are receiving are as follows:

Project	Total State Reimbursement (59% of Project)	State Payments Remaining	
1997 Middle School	\$2,396,493	\$248,732/yr	FY06 – FY2010
Downey School	\$5,006,352	\$625,794/yr	FY06 – FY2012
Martha Jones School	\$5,537,952	\$692,249/yr	FY06 – FY2012
High School-Annual Payments	\$29,254,572	\$1,625,254/yr	FY06 – FY2023

In addition to these annual payments, the Town also received a one-time lump sum payment of \$5,474,763 on 9/1/05 for the High School project.

These payments have a significant positive impact on our taxes, as shown in the chart below, as residents pay only the net amount of the debt.



Net Taxes

State Aid.....

State Aid consists of distributions, reimbursements, and offsets. Distributions are aid programs through which towns receive funds according to varying formulas. Reimbursements are amounts paid to reimburse towns for certain activities or services provided. Offsets are reimbursements for special programs that must be spent for a particular purpose by local officials without appropriation in the local budget.

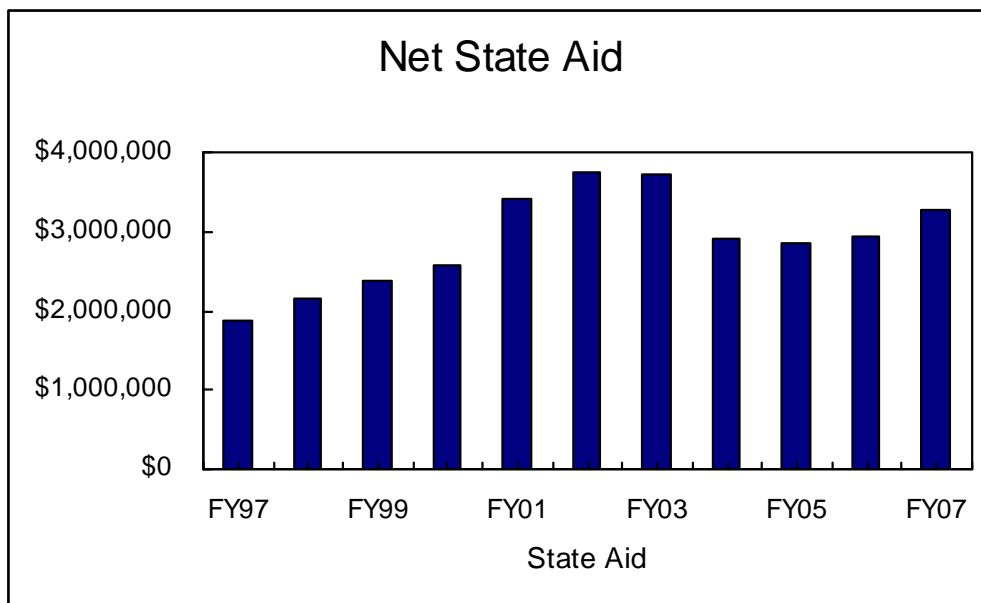
The Town's two main categories of aid are Chapter 70 education aid and lottery proceeds.

In 1993, after several years of decline, the amount of state aid stabilized and then began to again increase. The increases were primarily in the form of increased education aid and lottery receipts.

In FY02, Chapter 70 aid increased by \$290,451. In FY03, the major State aid accounts, Chapter 70 and lottery proceeds, were level funded for the first time in eight years.

Final FY04 state aid was a 20% reduction. FY05 was level funded; FY06 included a \$50 per pupil increase in Chapter 70.

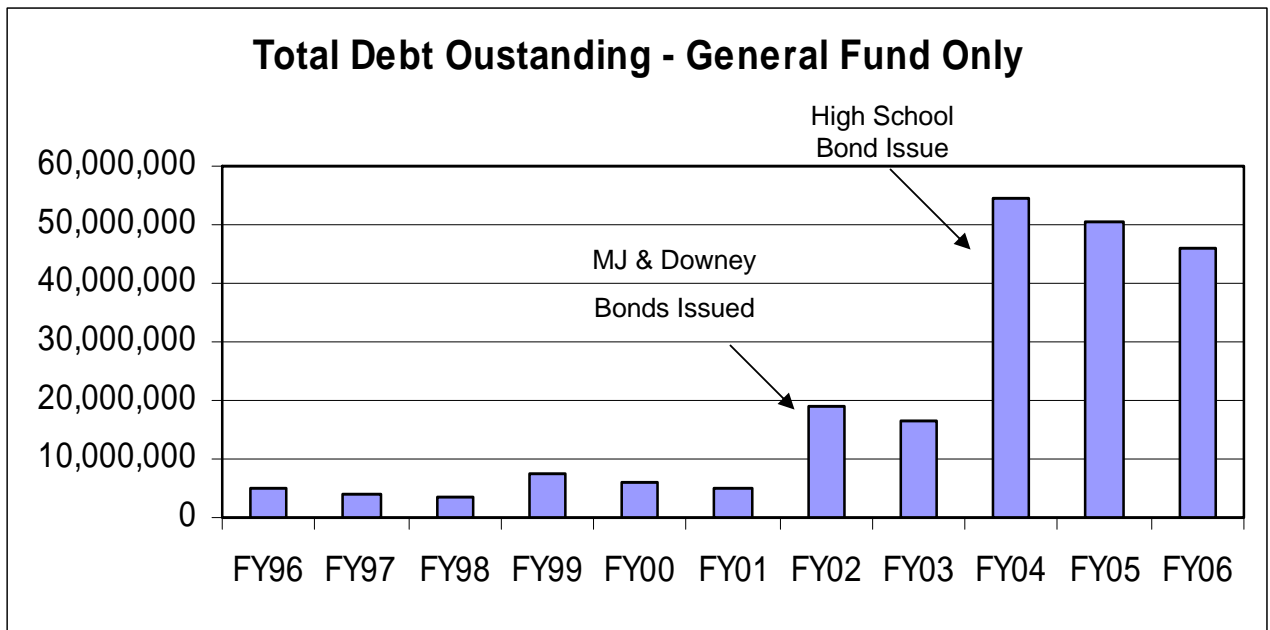
The current FY07 budget includes a \$210,001 increase in Chapter 70, and a \$136,079 increase in lottery, as included in House One, the Governor's budget. We will need to monitor and update this number as the state budget process continues.



Important AreasDebt

- Total general fund debt outstanding as of 6/30/06 - \$46,090,000
 - Issued \$16.6 M bond March, 2002.
 - Issued \$42.1 M bond in August, 2003.
 - Total debt remaining to be issued:
 - \$1,000,000 High School Reconstruction
 - \$ 275,000 Eminent Domain Land Purchase

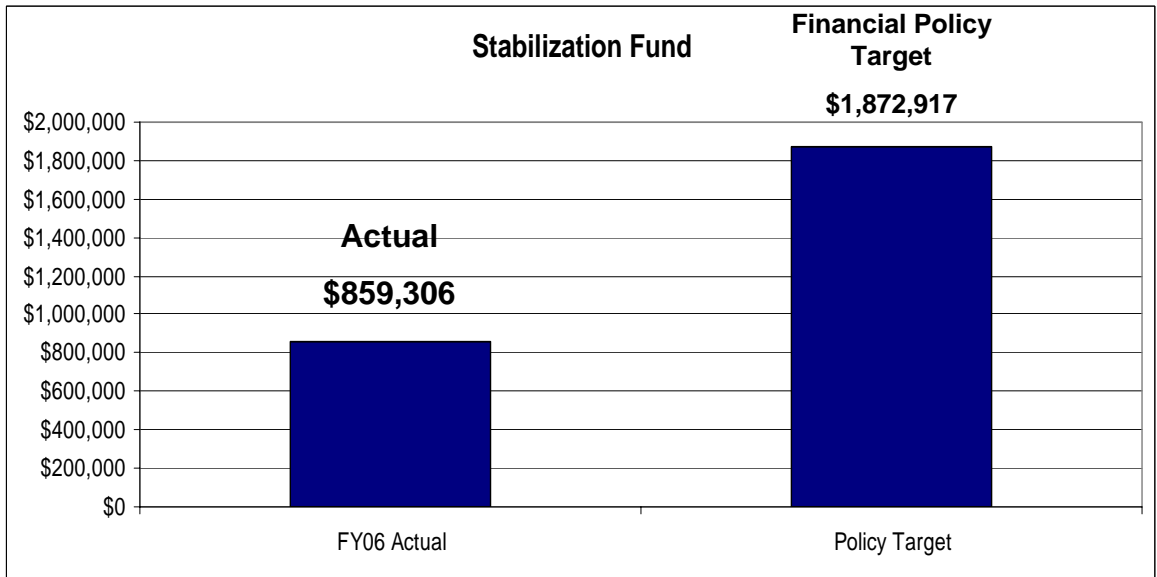
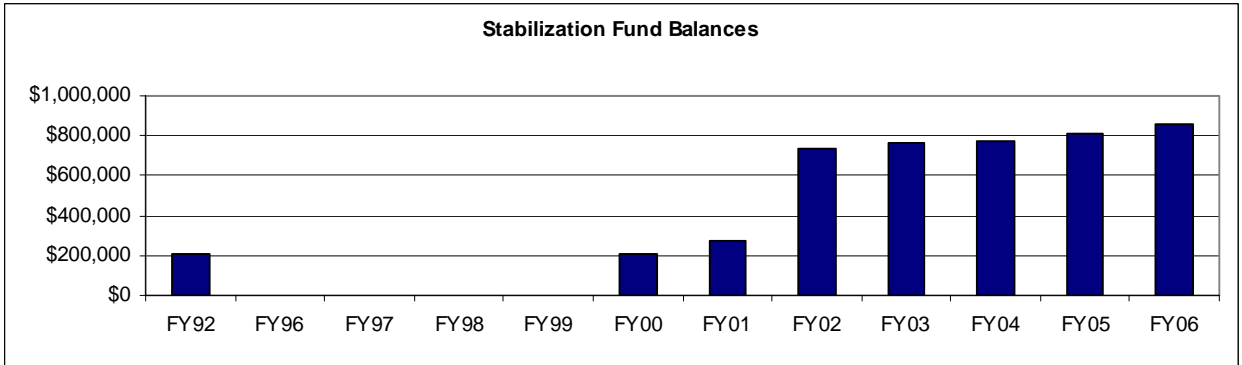
- Credit rating – reaffirmed August, 2003
 - Moody’s Investor Services – AA1
 - Standard & Poor’s – AA+
 - These are the second highest ratings achievable by municipalities.



Important AreasStabilization Fund

Stabilization Fund – Reserve Important for:

- Protect the Town in case of emergency.
- Maintain high bond rating.
- Prudent fiscal policy.



Financial Policies Status Update

Policy	Target	Actual	Comments	Target Status
B. 2. Operating Reserve Fund – shall be 1% of total general fund operating budget, net of debt service.	\$449,700 1%	FY06 Budget \$400,000	Close to target; 88% of target.	
B. 3. Free Cash – shall maintain at 4% of general fund operating budget, net of debt service.	\$1,798,800 4%	\$1,154,408 2.5%	Actual is at 64% of goal, approximately \$700,000 short of goal. This would be <u>before</u> use of any free cash	
D. 3. Reserve accounts – shall maintain at 8% of general fund operating revenues, net of debt service. Total reserve goals should be maintained at 4% in general fund and 4% in stabilization account.	Stabilization Target 4% \$1,872, 917 Total 8% or \$3,745,834	Stabilization Actual 1.8% \$852,000 Total 4% or \$2,006,408	Stabilization approximately \$1M short of target. Total is at 53% of target. This would be <u>before</u> use of free cash.	
E. 4. General fund nonexempt debt service should not exceed 8% of net general fund revenues.	Not exceed 8% Or \$3,745,834	Actual 1.5%	Target is met.	✓
E. 4. Total General fund exempt and nonexempt debt should not exceed 10-12% of net general fund revenues.	Not exceed 12% Or \$5,618,751	Actual 13.5% \$6,302,362	Actual exceeds target by 1.5%.	
F. 5. Investment in capital stock – will maintain 3% of general fund operating budget, net of debt, on ongoing capital maintenance and replacement.	\$1,349,101 3%	\$823,000 1.8%	Actual is approximately \$526,000 short of target. Actual at 61% of target.	
G. 5. Maintain sewer retained earnings – will maintain 10% of sewer fund revenues.	\$380,631 10%	\$217,691 5.7%	Actual is at approximately 60% of target.	

Financial Policies Status Update Cont'd....

Other Policies	Comments	Target Status
B.1. General Fund – Annual budget should be prepared covering operating expenditures with current operating revenue, not non-recurring revenue sources.	As part of FY06 budget solution, \$97,450 of Free Cash was used to support operating budget – insurance and reserve fund.	
D.5. Reserves – Town will strive to make annual appropriation to the Stabilization Fund	\$25,000 appropriated at 2005 Annual Town Meeting; will continue making appropriations going forward.	✓
F.2. Capital Planning – Town will develop a multi-year plan for capital improvements.	Produced 5-year Capital Improvement Plan document; will continue to improve document and produce on an annual basis.	✓

Looking Ahead....FY07

FY07 Available Budget Funds

Change in Revenue FY06 to FY07	
Taxes – per Proposition 2 ½	\$1,275,000
New Growth	\$300,000
Increased Tax Money	\$1,575,000
Local Receipts	\$0
State Aid	\$490,000
Available Funds-Ch 70 from FY06	\$142,000
Available Funds-Ambulance	\$100,000
Free Cash	(\$135,000)
Total Increase in Revenue	\$2,172,000

Increases in Fixed Costs For all School and Municipal Employees	
Benefit/Employment Costs	\$650,000
Insurance/Reserve	\$25,000
Total	\$675,000

Net New Revenue – \$1,500,000

Available for School and Municipal Operating Budgets.

To balance budget today:

- 3.9% increase - school budget.
- 3.9% increase – municipal budget.
- Capital budget level funded.

Looking Ahead.....FY07

Updating budget status, including State aid as included in the Governor's budget.

		Current available funds within Proposition 2 ½ can fund:		
FY06 Budget		FY07 Budget Can Be Funded	Current Budget Requested	Budget Gap
\$26,060,095	FY07 School Operating Budget	\$27,075,297	\$27,269,125	(\$193,828)
\$12,688,282	FY07 Municipal Operating Budget	\$13,188,701	\$13,303,967	(\$115,266)
\$406,000	FY07 School Capital Budget	\$406,000	\$425,000	(\$19,000)
\$417,000	FY07 Municipal Capital Budget	\$417,000	\$417,000	\$0

- Note the FY07 municipal budget request is shown gross of restricted revenue increases. Net budget is \$13,193,390.

Looking Ahead.....Five Year Forecast

	FY2006	FY2007 Projected	FY2008 Projected	FY2009 Projected	FY2010 Projected	FY2011 Projected
Total Expenditures	\$53,996,780	\$54,037,099	\$54,763,028	\$55,594,817	\$56,138,765	\$57,248,783
Total Revenues	\$53,996,780	\$54,522,216	\$55,515,013	\$56,757,251	\$57,718,384	\$59,018,499
Total Revenues Less Expenditures	-0-	\$485,118	\$751,985	\$1,162,435	\$1,579,619	\$1,769,717

- The forecast shows projected revenue. Expenditures increased for fixed costs only, while holding all operating budgets at a 0% increase.
- There would be insufficient revenue in each of the years to fund necessary increases in the school and municipal operating budgets.

Assumptions:

- Tax revenue calculated per levy limit. New growth assumption of \$300,000 per year.
- State aid level funded.
- Debt – per current schedules – no new debt issued.
- High School state reimbursement received in FY06.
- Health insurance increase – 15%.
- Operating budget increase for all school and municipal budgets FY07-FY11 – 0%.

Looking Ahead.....Five Year Forecast

With 5% Increase to School/Municipal Operating Budgets

	FY2006	FY2007 Projected	FY2008 Projected	FY2009 Projected	FY2010 Projected	FY2011 Projected
Total Expenditures	\$53,996,780	\$55,984,928	\$58,756,078	\$61,735,348	\$64,534,153	\$68,011,769
Total Revenues	\$53,996,780	\$54,522,216	\$55,515,013	\$56,757,251	\$57,718,384	\$59,018,499
Total Revenues Less Expenditures	-0-	(\$1,462,712)	(\$3,241,065)	(\$4,978,097)	(\$6,815,769)	(\$8,993,270)

- The forecast shows projected revenue. Expenditures increased for fixed costs only, and operating budgets at a 5% increase.
- There would be insufficient revenue in each of the years to fund necessary increases in the school and municipal operating budgets.

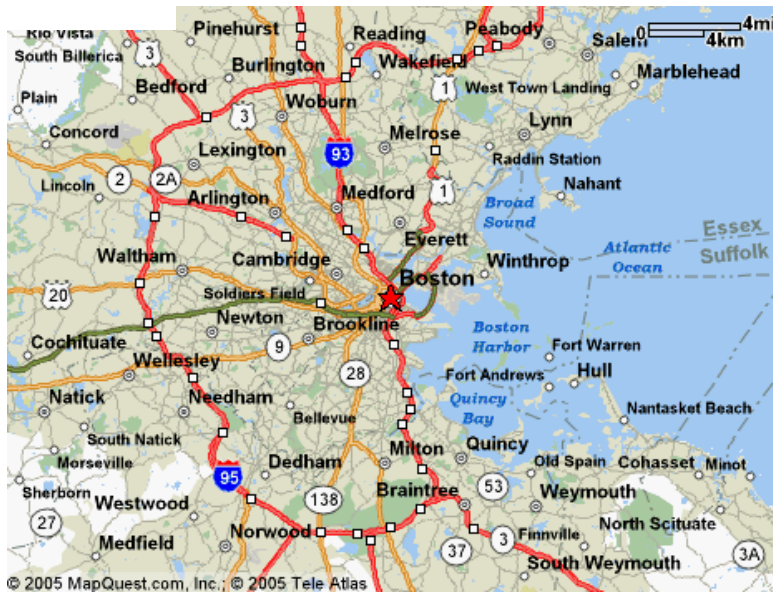
Assumptions:

- Tax revenue calculated per levy limit. New growth assumption of \$300,000 per year.
- State aid level funded.
- Debt – per current schedules – no new debt issued.
- High School state reimbursement received in FY06.
- Health insurance increase – 15%.
- Operating budget increase for all school and municipal budgets FY07-FY11 – 5%.

Information to Know....

<i>Everything You Wanted to Know About:</i>	<i>Page</i>
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<i>Explanation of Proposition 2 1/2</i>	<i>4</i>
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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/Executive Secretary form of government. The elected, three-member Board of Selectmen makes policy decisions. The Executive Secretary is responsible for carrying out the policies and direction of the Board of Selectmen and for managing the day-to-day operations of the town. An elected, five-member School Committee appoints a School Superintendent who administers the 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.

Westwood Ranked America's 13th Best Place To Live



In August, 2005 *Money Magazine* ranked Westwood 13th 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.

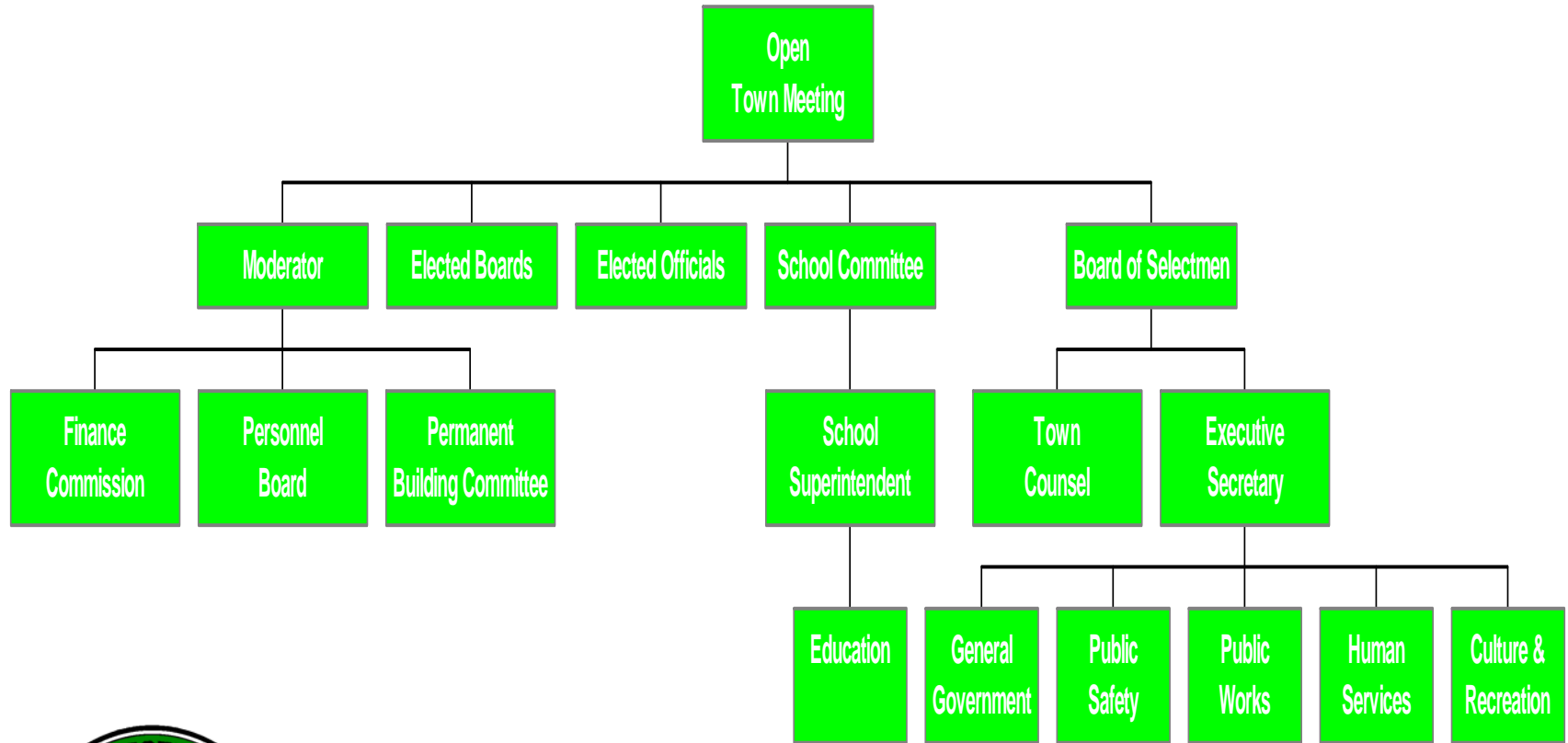
The magazine then reached its list of 100 places by limiting any metropolitan area to two places. Additional data was considered in picking the top 10 places.

Westwood ranked the highest among four Massachusetts communities which numbered 36th, 80th, and 89th. 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."

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

The Tax Levy

Proposition 2 ½

Proposition 2 ½, passed in November 1980, places a limit on the property taxes a community can levy each year. The taxing capacity of the Town is limited to a 2.5 percent increase of the prior year's levy limit. In addition, the total levy may increase by taxes attributable to new growth. Therefore, without any overrides, the total levy limit is increased by 2.5 percent and a new growth amount certified by the Department of Revenue.

Overrides

What is a General Override?

A general override can be passed to obtain additional funds for any municipal purpose. A general override permanently increases the Town's levy limit. An override question may be placed on the ballot by a majority vote of the Board of Selectmen and must be passed by a majority of voters.

What is a Debt Exclusion?

What is a Capital Outlay Expenditure Exclusion?

Proposition 2 ½ allows communities to raise funds for certain purposes above the amount of their levy limits or levy ceilings. Subject to voter approval, a community can assess taxes in excess of its levy limit or levy ceiling for the payment of certain

capital projects and for the payment of specified debt service costs. An exclusion for the purpose of raising funds for debt service costs is referred to as a **debt exclusion** and an exclusion for the purpose of raising funds for capital projects costs is referred to as a **capital outlay expenditure exclusion**.

The additional amount for the payment of debt service is added to the levy limit or levy ceiling **for the life of the debt only**. The additional amount for the payment of the capital project cost is added to the levy limit or levy ceiling **only for the year in which the project is being undertaken**. Unlike overrides, exclusions **do not** become part of the base upon which the levy limit is calculated in future years.

The history of Westwood's total tax levy is presented on the following chart. In addition, the history of Westwood's override questions is presented.

Proposition 2 1/2 Overrides

General Overrides Approved

Project Date of Vote	Amount	Type of Override	Year Cost Impact to be Completed
School Override 1995 Annual Town Election	\$560,413	General Override	Permanent change to the allowable taxation levy limits
School Override 1999 Special Town Election	\$999,164	General Override	Permanent change to the allowable taxation levy limits.
School Override 2002 Special Town Election	\$1,615,203	General Override	Permanent change to the allowable Taxation levy limits.

Debt/Capital Exemption Overrides Approved

Vote to Exempt Sewer Construction Bonds 1982 Annual Town Election	\$4,000,000	Debt Exemption	Completed - FY93
Capital Equipment 1989 Annual Town Election	\$298,000	Capital Exemption	Completed - FY90
Road Improvement Program 1990 Special Town Election	\$1,703,000	Debt Exemption	Completed - FY2001
Reconstruction of Middle School 1990 Special Town Election	\$2,282,000	Debt Exemption*	Completed - FY2002
Road Improvement Program 1994 Annual Town Election	\$2,200,000	Debt Exemption	Completed - FY2005
Middle School/Fields 1997 Annual Town Election	\$2,373,430	Debt Exemption*	Will be completed in FY2009
Middle School/Gymnasium 1997 Annual Town Election	\$550,000	Debt Exemption*	Will be completed in FY2009
Downey School Expansion 1999 Annual Town Election	\$6,500,000	Debt Exemption*	Will be completed in FY012. Net cost to average home \$480 total or \$48/yr. for ten years.
Martha Jones School Expansion 2000 Special Town Election	\$7,200,000	Debt Exemption*	Will be completed in FY012. Net cost to average home \$547 total or \$54/yr. for ten years.
High School - New Construction 2000 Special Town Election	\$35,962,000	Debt Exemption*	\$39,262,300 bond issued. Will be completed 2023. Net cost to average home \$4,693 or \$233/yr. for 20 years. State reimbursement not yet received.
High School – Additional Appropriation for New High School 2002 Special Town Election	\$8,333,640	Debt Exemption*	

*Amount of taxation is directly reduced by state reimbursement (59% of total project).

For debt exemption overrides - debt payment each year is raised outside of Proposition 2 1/2.

Overrides Not Approved

1984 Annual Town Election		Debt Exempt	Exempt Sewer Bond for Sewer Work
1988 Annual Town Election		Debt Exempt	Exempt Road/Sewer Bond
1989 Special Town Election	\$1,500,000	General	General Override for Budget
1991 Special Town Election	\$394,435	Capital Excl	Specific Capital Items
1991 Special Town Election	\$1,282,000	Debt Exempt	Bond for Road Improvement Work
1991 Special Town Election	\$250,000	Debt Exempt	Bond for Purchase of Conservation Land
1993 Annual Town Election	\$500,000	General	General Override to fund teaching positions/curbside recycling
1999 Annual Town Election	\$1,285,320	General	General Override for School Budget
2005 Annual Town Election	\$525,616	General	General Override for Municipal Budget
2005 Annual Town Election	\$2,394,199	General	General Override for School Budget
2005 Annual Town Election	\$1,500,000	General	General Override to fund Capital Stabilization Fund

**Town of Westwood
History of Tax Levy**

Tax Levy Calculation	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	Projected FY2007
Prior Year Levy Limit	\$28,765,850	\$29,980,013	\$32,012,390	\$35,065,082	\$36,916,575	\$38,726,265	\$40,281,755
Plus 2.5% Increase	\$719,146	\$749,500	\$800,310	\$876,627	\$922,914	\$968,157	\$1,007,044
Plus New Growth**	\$495,017	\$1,282,877	\$637,179	\$974,866	\$886,775	\$587,334	\$300,000
General Overrides	\$0	\$0	\$1,615,203	\$0	\$0	\$0	\$0
Tax Levy Limit	\$29,980,013	\$32,012,390	\$35,065,082	\$36,916,575	\$38,726,265	\$40,281,755	\$41,588,799
Exempt Debt*	\$1,579,756	\$1,199,655	\$2,257,706	\$6,265,148	\$4,367,789	\$1,948,546	\$2,219,419
Levy Capacity	\$31,559,769	\$33,212,045	\$37,322,788	\$43,181,723	\$43,094,054	\$42,230,301	\$43,808,218
Actual Levy Assessed	\$31,339,145	\$33,132,948	\$37,288,628	\$43,112,383	\$43,092,347	\$42,197,019	\$43,808,218
Excess Levy(Taxes not raised)	\$220,624	\$79,097	\$34,160	\$69,340	\$1,707	\$33,282	\$0
Increase in Actual Levy (including new growth)	5.9%	5.7%	12.5%	15.6%	0.0%	-2.1%	3.8%
Increase in Levy without new growth	4.2%	1.63%	10.62%	13.00%	-2.10%	-3.44%	3.11%

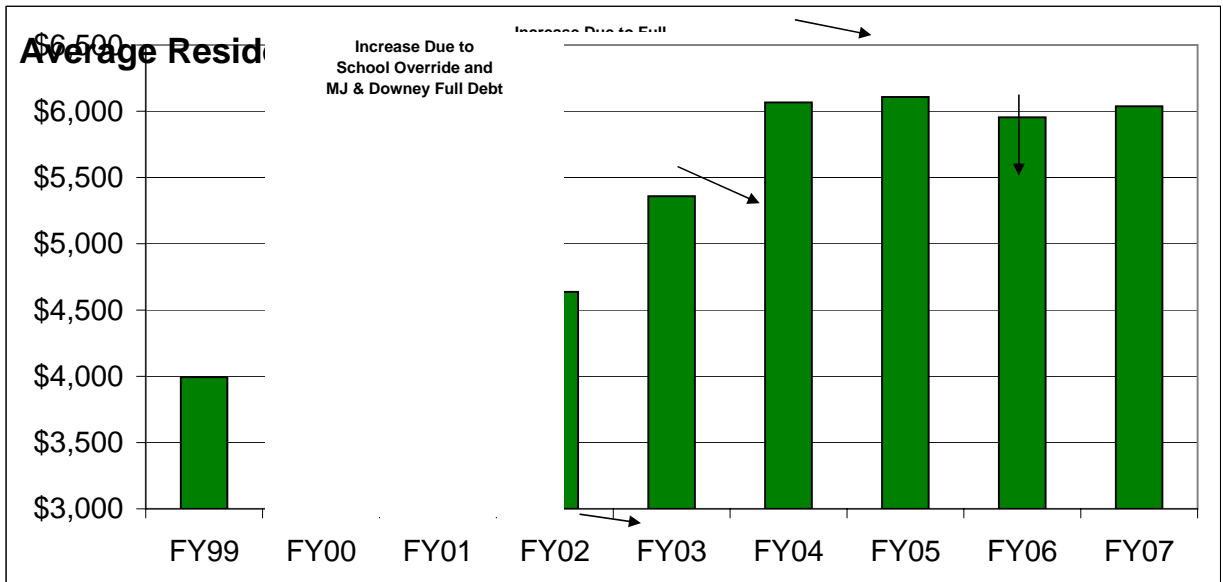
* Exempt debt - This is the principal and interest payment required each year for borrowing projects approved outside Proposition 2 1/2.

**New Growth - This represents taxes from new residential and commercial development.

FY07 Tax Change	
2.5/new growth/excess levy	\$1,340,326
change in exempt debt	<u>\$270,873</u>
Total Taxes	\$1,611,199

Tax Rate/Tax Bill History

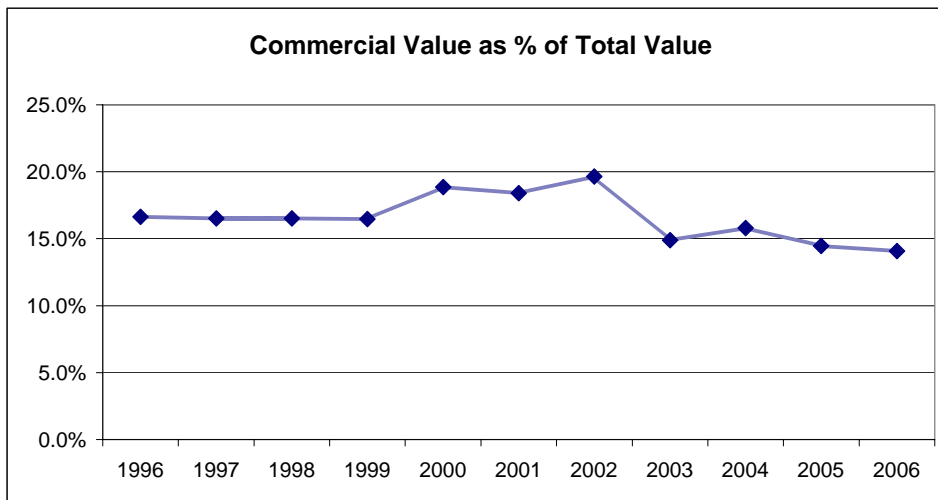
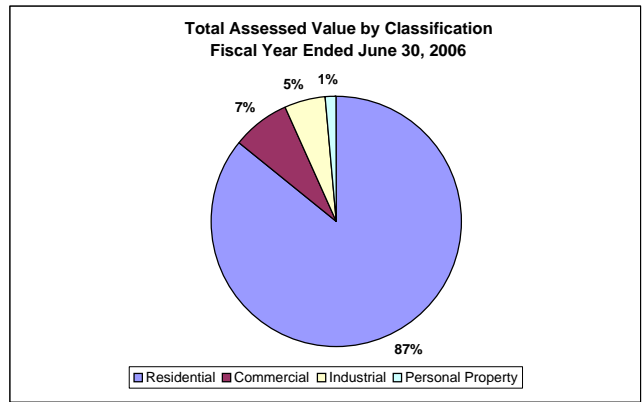
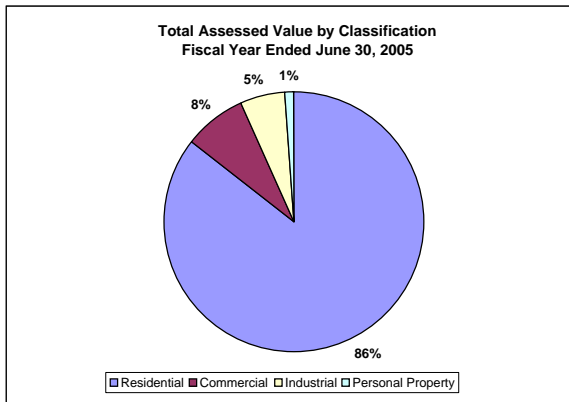
Tax Rate per Thousand	FY00	FY01	FY02	FY03	FY04	FY05	FY06	Projected FY07
Residential	\$12.66	\$13.37	\$13.87	\$11.45	\$12.96	\$11.97	\$10.37	
Commercial	\$21.09	\$21.99	\$21.52	\$20.80	\$23.36	\$20.97	\$18.85	
% of Total Town Value								
Residential Property	81.1%	81.6%	80.4%	85.1%	84.2%	85.5%	85.9%	
Commercial Property	18.9%	18.4%	19.6%	14.9%	15.8%	14.5%	14.1%	
Tax Shift Factor	1.48	1.47	1.40	1.62	1.60	1.58	1.63	
% of Total Town Taxes								
Residential Properties	72.1%	72.9%	72.5%	75.9%	74.7%	77.1%	77.1%	
Commercial Properties	27.9%	27.1%	27.5%	24.1%	25.3%	22.9%	22.9%	
Average Residential Tax Bill								
Home Value	\$334,339	\$334,339	\$334,339	\$468,075	\$468,075	\$510,202	\$566,324	\$566,324
Tax Bill	\$4,233	\$4,470	\$4,637	\$5,359	\$6,066	\$6,107	\$5,873	\$6,055
Average Tax Bill Increase	6.00%	5.61%	3.74%	15.57%	13.2%	0.67%	-3.84%	3.11%
Single Tax Rate	\$14.25	\$14.96	\$15.37	\$12.84	\$14.60	\$13.27	\$11.56	
Savings to Average Tax Bill from Having Split Tax Rate	\$531.3	\$530.4	\$502.6	\$651.2	\$767.0	\$663.0	\$673.7	



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
2006	\$3,135,347,507	\$10.37	\$270,425,345	\$192,667,650	\$50,618,745	\$513,711,740	\$18.85	\$3,649,059,247



(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.

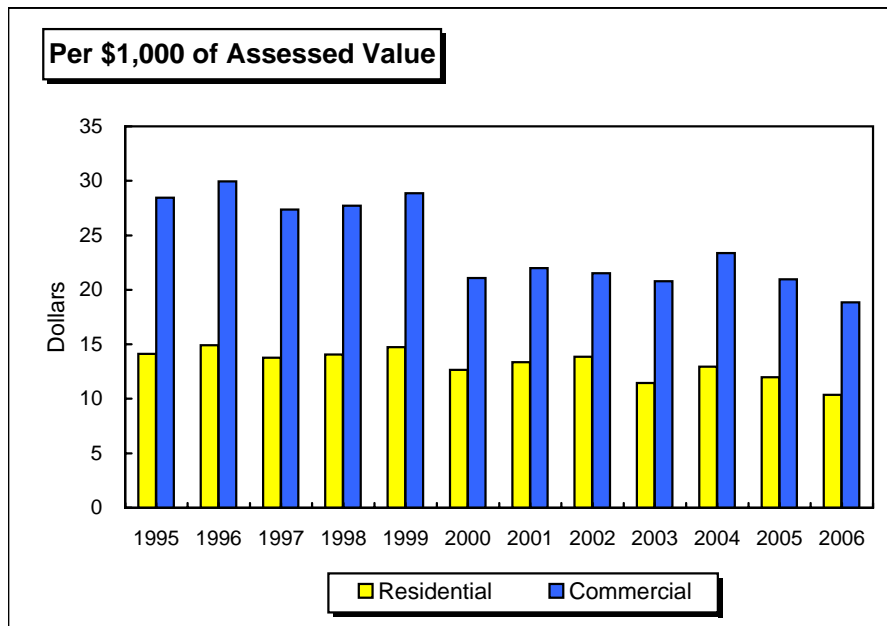
Town of Westwood, Massachusetts

Property Tax Rates Per \$1,000 of Assessed Valuation

Last Ten Fiscal Years

Fiscal Year	Residential Real Property	Commercial and Industrial Real Property	Personal Property
-------------	---------------------------	---	-------------------

1995	\$14.11	\$28.44	\$28.44
1996	\$14.91	\$29.95	\$29.95
1997 (1)	\$13.76	\$27.38	\$27.38
1998	\$14.05	\$27.72	\$27.72
1999	\$14.75	\$28.85	\$28.85
2000 (1)	\$12.66	\$21.09	\$21.09
2001	\$13.37	\$21.99	\$21.99
2002	\$13.87	\$21.52	\$21.52
2003 (1)	\$11.45	\$20.80	\$20.80
2004	\$12.96	\$23.36	\$23.36
2005	\$11.97	\$20.97	\$20.97
2006 (1)	\$10.37	\$18.85	\$18.85



(1) Revaluation Year.

Source: Assessor's Department, Town of Westwood

State Aid

State Aid consists of distributions, reimbursements, and offsets. Distributions are aid programs through which towns receive funds according to varying formulas. Reimbursements are amounts paid to reimburse towns for certain activities or services provided. Offsets are reimbursements for special programs that must be spent for a particular purpose by local officials without appropriation in the local budget.

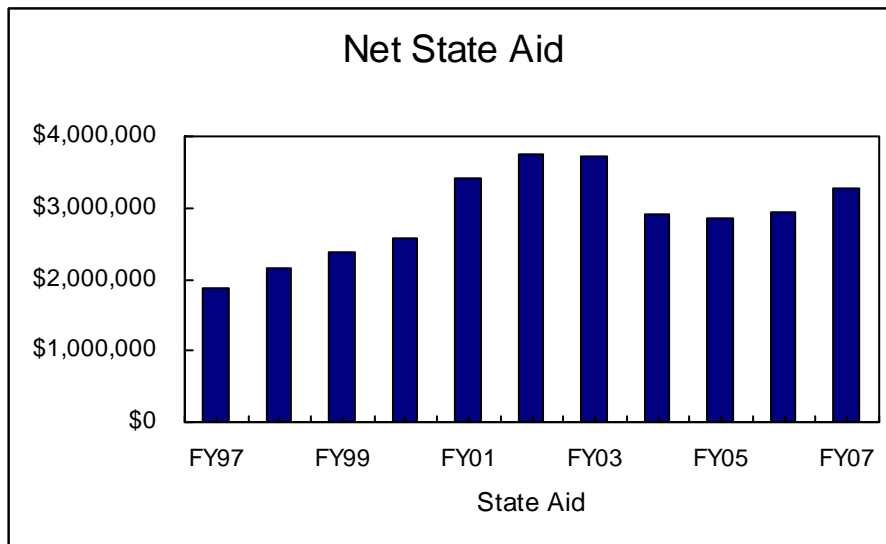
The Town's two main categories of aid are Chapter 70 education aid and lottery proceeds.

In 1993, after several years of decline, the amount of state aid stabilized and then began to again increase. The increases were primarily in the form of increased education aid and lottery receipts.

In FY02, Chapter 70 aid increased by \$290,451. In FY03, the major State aid accounts, Chapter 70 and lottery proceeds, were level funded for the first time in eight years.

Final FY04 state aid was a 20% reduction. FY05 was level funded; FY06 included a \$50 per pupil increase in Chapter 70.

The current FY07 budget includes a \$210,001 increase in Chapter 70, and a \$136,079 increase in lottery, as included in House One, the Governor's budget. We will need to monitor and update this number as the state budget process continues.



Cherry Sheet Receipts								
	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	Projected FY2007
Chapter 70 - Education	\$1,908,727	\$2,345,177	\$2,635,628	\$2,635,628	\$2,108,502	\$2,108,502	\$2,250,702	\$2,460,703
School Building Assistance	\$113,282	\$339,308	\$330,466	\$330,466	\$327,161	\$226,025	\$0	\$0
Lottery	\$658,858	\$711,159	\$747,149	\$747,149	\$635,077	\$635,077	\$721,560	\$857,639
Other	\$325,396	\$356,045	\$397,989	\$362,908	\$197,069	\$222,123	\$234,916	\$241,560
Offsets (Restricted to Metco, Library, School Lunch)	\$127,295	\$163,605	\$173,683	\$185,679	\$166,850	\$188,436	\$217,988	\$217,246
Prior Year Adjustment		\$12,966						
Total Receipts	\$3,133,558	\$3,928,260	\$4,284,915	\$4,261,830	\$3,434,659	\$3,380,163	\$3,425,166	\$3,777,148
Charges								
County Tax	\$133,139	\$136,468	\$151,824	\$155,619	\$153,089	\$156,916	\$154,381	\$158,240
MBTA Assessment	\$351,639	\$346,579	\$329,893	\$314,096	\$297,187	\$280,407	\$263,622	\$271,824
Other	\$47,403	\$39,004	\$37,029	\$55,012	\$64,704	\$77,565	\$68,309	\$70,462
Prior Year Adjustment	\$18,176	\$4,500	\$4,420	\$19,254	\$0	\$0	\$0	\$0
Total Charges	\$550,357	\$526,551	\$523,166	\$543,981	\$514,980	\$514,888	\$486,312	\$500,526
Net State Aid	\$2,583,201	\$3,401,709	\$3,761,749	\$3,717,849	\$2,919,679	\$2,865,275	\$2,938,854	\$3,276,622

*school building assistance - no longer considered a cherry sheet item

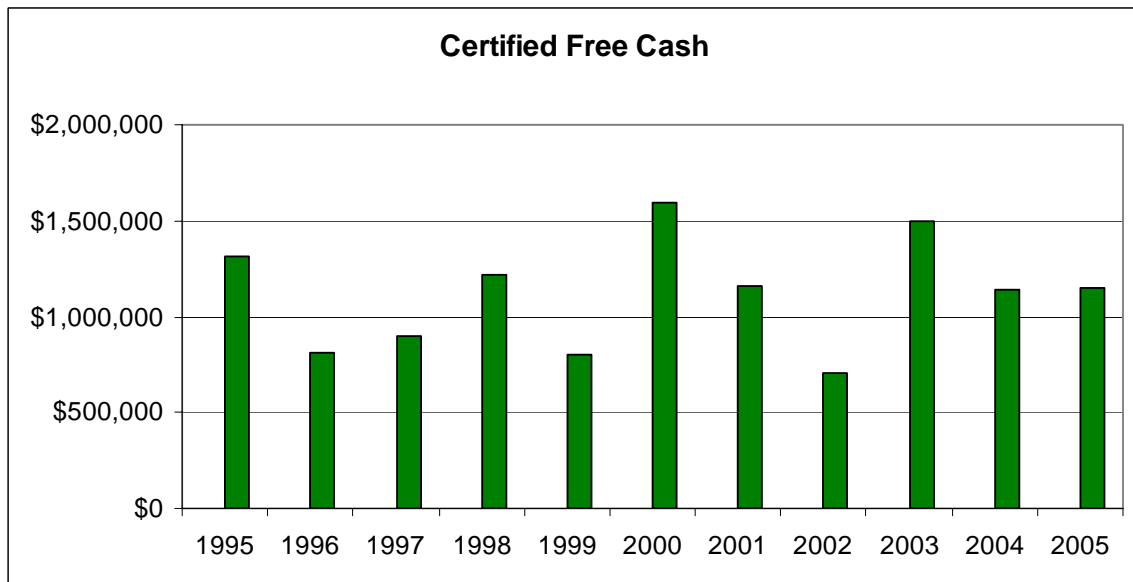
The Town is currently receiving State School Building reimbursement on 4 School construction projects.

Project	Total State Reimbursement (59% of Project)	State Payments Remaining	
1997 Middle School	\$2,396,493	\$248,732/yr	FY04 - FY2010
Downey School	\$5,006,352	\$625,794/yr	FY05 - FY2012
Martha Jones School	\$5,537,952	\$692,249/yr	FY05 - FY2012
High School-Annual Payments	\$29,254,572	\$1,625,254/yr.	FY06 - FY2023

In addition, the high school project also received a one-time lump sum payment of \$5,474,763 on 9/1/05.

Free Cash

- Certified Free Cash as of July 1, 2005 is \$1,154,408 which is approximately 2% of the FY05 budget.
- The 5-year average Free Cash has been \$1.2 million.
- The July 1, 2003 Free Cash was higher than normal due to higher than average tax title collections and an increase in investment income revenue.
- The FY05 budget utilized \$725,000 of free cash to fund the operating budget as an unusual, one-time budget gap closing resource.



	July 2005	July 2004	July 2003	July 2002	July 2001	July 2000	July 1999
Certified	\$1,154,408	\$1,138,014	\$1,498,110	\$700,938	\$1,158,195	\$1,591,553	\$803,436
Used to Fund Subsequent Budget	Proposed: Capital \$810,000 Articles \$100,000 Stabilization \$25,000	Capital \$737,899 Budgets \$122,450 Stabilization \$25,000	Capital \$696,000 Budgets \$725,270 Article \$5,000 Stabilization \$25,000	Capital \$600,000 Articles \$100,000	Capital/Budgets \$896,912 Articles \$235,000	Capital \$1,265,000 Articles \$320,500	Budgets \$745,000 Stabilization \$50,000
Certified Free Cash as % of Total Budget	2%	2%	3%	2%	3.7%	3%	2.5%

Reserve Fund Transfer History Fiscal Years 1995 – 2006

The Town budget is adopted as a series of separate appropriations. Funds can only be transferred from one appropriation account to another by town meeting action. Only the Reserve Fund appropriation may be used during the fiscal year to supplement other appropriation accounts. The Fund provides the ability for the Town budget to meet extraordinary or unforeseen expenditures that may arise during the course of the year.

Reserve Fund transfers are within the exclusive control of the Finance Commission as provided under Chapter 40, Section 6 of the General Laws.

A history of reserve fund transfers appears below.

Fiscal Year	Original Budget	Transfers	Total Used	Remaining Funds
FY06	\$400,000	None to date.		\$400,000
FY05	\$420,000	\$50,192 Annual Town Meeting Transfer to supplement FY05 budgets \$360,000 snow and ice	\$410,192	\$9,808
FY04	\$400,000	\$287,833 Annual Town Meeting Transfer to supplement FY04 budgets	\$287,833	\$112,167
FY03	\$400,000	\$322,000 Annual Town Meeting Transfer to supplement FY03 budgets for Snow and ice, Blue Hills Regional School and School Unemployment Compensation	\$322,000	\$78,000
FY02	\$375,000	\$259,600 Annual Town Meeting Transfer to supplement FY02 budgets, primarily snow and ice and health insurance.	\$259,600	\$115,400
FY01	\$350,000	\$300,000 Annual Town Meeting Transfer to supplement FY01 budgets.	\$300,000	\$50,000
FY00	\$300,000	\$220,000 Annual Town Meeting Transfer to supplement FY00 budgets.	\$220,000	\$80,000
FY99	\$300,000	\$50,000 – MBTA Garage Potential Litigation \$225,000 Annual Town Meeting Transfer to supplement FY99 budgets.	\$275,000	\$25,000
FY98	\$300,000	\$ 35,000 – Snow & Ice \$100,000 - School	\$135,000	\$165,000
FY97	\$300,000	\$149,000 – Snow & Ice \$ 25,700 - Fire	\$174,700	\$125,300
FY96	\$300,000	\$162,900 – Snow & Ice \$108,367 - School	\$271,267	\$28,733
FY95	\$300,000	\$90,000 - School	\$90,000	\$210,000

Debt Management

Prudent use of debt financing is an important part of the Town's overall fiscal planning. The primary objective of any debt management approach is to borrow at the least cost over the term of repayment of the debt. Attainment of this objective requires clear positions regarding for what purposes to borrow, when to schedule debt-financed projects and how long to extend the repayment (generally, debt issued for longer periods bears a higher interest rate).

The Town Treasurer and Selectmen support a rapid repayment schedule of ten years or less. This ensures cost savings to the community and seeks to avoid strapping future generations with large debt loads. The High School was bonded for 20 years to mitigate the effect of the annual tax burden.

All debt is issued as general obligation debt. This means that the full faith and credit of the Town is pledged to the bondholder. Debt issued on behalf of the Town's enterprise operation (sewer) is, however, supported by sewer user revenues when authorized by vote of Town Meeting.

A significant portion of the overall debt is paid by State School Building Assistance funds.

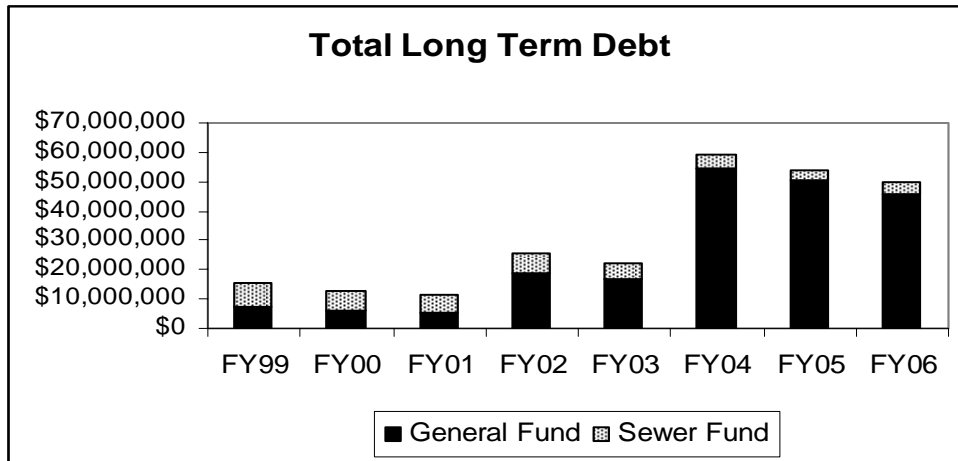
As with a personal credit rating, the Town's credit rating is a statement of its overall fiscal health as a government and as a community. The benefit of a strong credit rating is realized in lower interest costs on the Town's long-term debt issues.

During the summer of 2003, the Town underwent a major credit review in preparation for the sale of the High School bond. Moody's Investor Service reaffirmed the Town's credit rating of Aa1. In addition, Standard & Poor's issued the Town an Aa+ rating. These excellent ratings place Westwood in the top 5% of Massachusetts communities.

In August, 2003, the Town issued a \$42,103,000 bond at an interest rate of 4.25%. The majority of the bond, \$39.2 million, is for the High School project.

Other debt information:

- Total Legal Debt Limit - approx. \$170 Million.
- The Town's general fund debt service is approximately 11.3 % of the operating budget for FY06.
- The Town currently has \$1.2 million in authorized debt remaining to be issued.



Total Long Term Debt Issued and Outstanding	FY06	FY05	FY04	FY03	FY02	FY01	FY00	FY99
General Fund	46,090,000	50,255,000	54,670,000	16,595,000	18,955,000	5,145,000	\$6,035,000	\$7,335,700
Sewer Fund	3,440,498	3,854,664	4,823,582	5,872,408	6,786,885	6,114,567	\$7,068,972	\$7,853,339
Total	49,530,498	54,109,664	59,493,582	22,467,408	25,741,885	11,259,567	\$13,103,972	\$15,189,039

Long Term General Fund Debt Outstanding as of June 30, 2006

Description	Rate of Interest	Date Issued	Maturity Date	Amount Issued	Total Outstanding 30-Jun-06
General Fund					
Roads	4.40 - 5.70	04/95	04/2005	\$2,200,000	\$0
Land Acquisition	4.40 - 5.70	04/95	04/2005	\$300,000	\$0
Middle School/Gym	3.79	12/98	12/2008	\$2,923,000	\$870,000
Land Acquisition	3.79	12/98	12/2008	\$400,000	\$120,000
Senior Center	3.79	12/98	12/2008	\$239,000	\$72,000
School Fields	3.79	12/98	12/2008	\$189,000	\$57,000
Middle School/Gym Completion	3.79	12/98	12/2008	\$225,000	\$66,000
Martha Jones Construction	4.04	3/21/02	3/21/2012	\$7,200,000	\$4,320,000
Downey Construction	4.04	3/21/02	3/21/2012	\$6,300,000	\$3,780,000
Land Acquisition	4.04	3/21/02	3/21/2012	\$1,300,000	\$780,000
Land Acquisition	4.04	3/21/02	3/21/2012	\$300,000	\$180,000
High School Project	4.25	8/01/03	06/01/2023	\$39,262,300	\$33,575,000
Municipal DPW Building	4.25	8/01/03	06/81/2014	\$2,600,000	\$2,080,000
Public Building	4.25	8/01/03	06/08/2014	\$240,700	\$190,000
Total General Fund					\$46,090,000

Scheduled Principal & Interest Repayment of Current Long Term General Fund Debt Issued

		FY10	\$5,293,056
FY06	\$6,302,362	FY11	\$5,140,370
FY07	\$6,144,052	FY12	\$4,985,795
FY08	\$6,000,447	FY13	\$3,291,731
FY09	\$5,858,056	Fy14-24	\$24,925,212

Total repayment of Long Term Debt Currently Issued \$67,941,081

General Fund Debt authorized - Not Yet Issued Long Term

High Street Construction	ATM 5/05	\$1,000,000
Eminent Domain Land Purchase	ATM 5/01	\$275,000
Total		\$1,275,000

**Total Principal and Interest Payments
For Current Outstanding Debt**

Sewer Fund Debt

	Outstanding as of June 30,2004	FY04 For comp.	FY05	FY06	FY07	FY08	FY09	FY10	FY11-19	Total
Principal and Interest payments for current Sewer Debt Outstanding										
										FY05 - FY19
Sewer -Bond 4/95	115,000	126,385	120,750							\$120,750
Sewer - Abatement Trust 2/94	442,380	456,581	451,198							\$451,198
Sewer -Bond 12/98	600,000	145,200	140,850	136,410	131,850	127,170	122,400			\$658,680
Sewer - Abatement Trust 11/98	2,466,202	141,349	141,577	141,759	142,027	142,247	142,455	142,748	1,317,561	\$2,170,374
MWRA no interest loans	0	20,614								\$0
Sewer - \$1.5 m bond 4/02	1,200,000	209,475	201,975	194,475	186,975	180,975	175,125	169,125	319,500	\$1,428,150
Sewer - Auth 5/04 ATM not issued as long term debt**			200,000	550,000	0	0	0	0	0	\$750,000
Total Sewer Debt	4,823,582	1,099,604	1,256,350	1,022,644	460,852	450,392	439,980	311,873	1,637,061	5,579,152
All debt funded by sewer user fees										
** This is the \$750,000 borrowing authorization approved at the 2004 Annual Town Meeting. The \$750,000 was never issued as long term debt, but rather paid off in appropriations as shown. The debt was paid through appropriations due to the decline in the debt schedule and the drop off of the 1994 abatement trust loan.										

**Total Principal and Interest Payments
For Current Outstanding Debt**

General Fund Debt

	Outstanding as of 30-Jun-06	FY05 For Comp.	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13-23	Total FY06-FY23
Principal and Interest for Current Long term Debt Outstanding											
1994 Road Improvement (Exempt)	0	231,000	0	0							\$0
Middle School/Gym (Exempt)	870,000	340,388	329,658	318,638	307,328	295,800	0	0	0		\$1,251,424
1994 Land Acquisition-YMCA	0	31,500									\$0
Land Acquisition	120,000	46,950	45,470	43,950	42,390	40,800	0	0	0		\$172,610
Senior Center	72,000	28,170	27,282	26,370	25,434	24,480	0	0	0		\$103,566
School Fields	57,000	22,301	21,598	20,876	20,135	19,380	0	0	0		\$81,989
Lowell State house notes	0							0	0		\$0
Additional Middle School /Gym	66,000	25,822	25,008	24,172	23,314	22,440	0	0	0		\$94,934
Downey Construct (Exempt)	3,780,000	848,295	816,795	785,295	760,095	735,525	710,325	684,338	657,563	0	\$5,149,936
MJ school Construct (exempt)	4,320,000	969,480	933,480	897,480	868,680	840,600	811,800	782,100	751,500	0	\$5,885,640
Strair Land Purchase	780,000	175,045	168,545	162,045	156,845	151,775	146,575	141,213	135,688	0	\$1,062,686
Cemetery Land Purchase	180,000	40,395	38,895	37,395	36,195	35,025	33,825	32,588	31,313	0	\$245,236
High School Constuct (Exempt)	33,575,000	3,565,635	3,507,106	3,447,856	3,388,606	3,329,356	3,240,481	3,161,481	3,082,481	27,614,942	\$50,772,309
Municipal Building	2,080,000	362,700	354,900	347,100	339,300	331,500	319,800	309,400	299,000	559,000	\$2,860,000
Obed Baker	190,000	35,096	33,625	32,875	32,125	31,375	30,250	29,250	28,250	43,000	\$260,750
Total General Fund Debt	46,090,000	6,722,777	6,302,362	6,144,052	6,000,447	5,858,056	5,293,056	5,140,370	4,985,795	28,216,942	\$67,941,080
Current State Reimbursement Being Received - for School Projects											
1990 Middle School (FY95-FY2004)		0	0								
1997 Middle School - FY2001 - FY2010		248,732	248,732	248,732	248,732	248,732	248,732	0	0	0	
1999 Downey School -FY2005 - FY2012		625,794	625,794	625,794	625,794	625,794	625,794	625,794	625,794	0	
2000 Martha Jones School -FY2005 - FY2012		692,249	692,249	692,249	692,249	692,249	692,249	692,249	692,249	0	
High School Project - FY06 - FY23			1,626,254	1,626,254	1,626,254	1,626,254	1,626,254	1,626,254	1,626,254	17,888,794	

Town of Westwood, Massachusetts

Computation of Legal Debt Margin

June 30, 2006

Fiscal Year 2005 equalized valuation	<u><u>\$3,415,448,600</u></u>
Debt Limit - 5% of equalized valuation	\$170,772,430
Less:	
Total debt applicable to limitation	\$49,530,498
Authorized and unissued debt	<u><u>\$1,275,000</u></u>
Legal debt margin	<u><u>\$119,966,932</u></u>

Cost of Local Government Typical Residential Taxpayer

Westwood's quarterly real estate tax billing schedule is as follows:

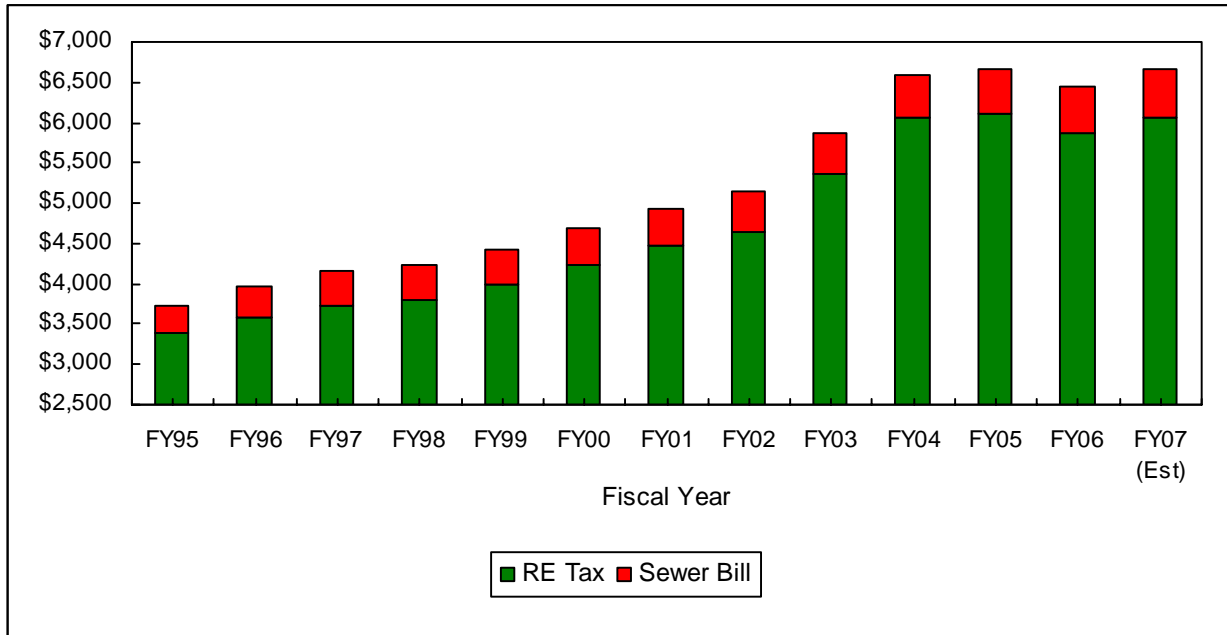
- 1st Quarter Due August 1
- 2nd Quarter Due November 1
- 3rd Quarter Due February 1
- 4th Quarter Due May 1

The 3rd quarter bill reflects the actual total taxes due for the fiscal year.

Applications for abatement must be filed within the 30 day period after the actual (3rd quarter) tax bills are mailed (typically December 31).

The following chart tracks the real estate tax bill the average Westwood homeowner has paid over the past few years. The total bill is based on an average assessment of \$270,000 for FY97 - FY99; \$335,000 for FY2000-FY2002; \$468,000 for FY03-04; and \$510,000 for FY05.

Average annual sewer costs based on a 4-person household using 25ccf per quarter.



	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07 (Est)
Tax Bill	\$3,725	\$3,804	\$3,993	\$4,233	\$4,470	\$4,637	\$5,359	\$6,065	\$6,107	\$5,873	\$6,055
Tax Rate/Thousand	\$13.76	\$14.05	\$14.75	\$12.66	\$13.37	\$13.87	\$11.45	\$12.96	\$11.97	\$10.37	
Annual Sewer Bill	\$435	\$420	\$430	\$450	\$470	\$500	\$510	\$535	\$560	\$580	\$597

Municipal Personnel Summary

Fiscal Years 2000 – 2007

This chart outlines the staffing levels of the municipal departments over several years. The major area of growth has been in the DPW. This is due to the transfer of the field maintenance program from the school department to the DPW. Several field maintenance workers have been added to provide this service.

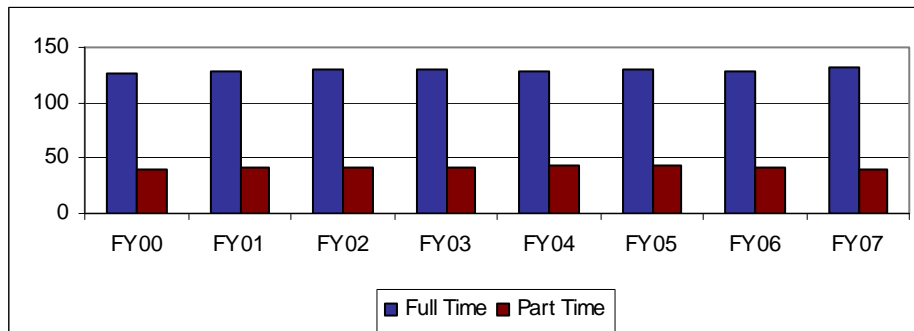
As vacancies occur, every effort has been made to reexamine the position duties with a view toward either reducing the number of hours or entirely eliminating the position.

The Selectmen established a policy whereby no vacant position may be filled until the department head meets with the Selectmen to justify the need to fill or presents changes to the position.

This has helped the organization to adapt to changing service needs without significant additions to staffing levels.

In the FY07 budget, the Selectmen are proposing to restore a total of 2 positions that were cut in the FY06 budget.

	FY01	FY02	FY03	FY04	FY05	FY06	FY07
General Government							
Full Time	19	19	19	18	20	20	21
Part Time	11	11	11	12	11	9	8
Total	30	30	30	30	31	29	29
Public Safety							
Full Time	68	68	68	68	68	66	68
Part Time	6	6	6	6	6	6	6
Total	74	74	74	74	74	72	74
Public Works/Sewer							
Full Time	28	29	29	28	28	28	28
Part Time	1	1	1	2	2	2	2
Total	29	30	30	30	30	30	30
Human Services							
Full Time	6	6	6	6	6	6	6
Part Time	5	6	6	6	6	6	6
Total	11	12	12	12	12	12	12
Culture & Recreation							
Full Time	8	9	9	9	9	9	9
Part Time	18	18	18	18	18	18	18
Total	26	27	27	27	27	27	27
Totals							
Full Time	129	131	131	129	131	129	132
Part Time	41	42	42	44	43	43	40



Stabilization Fund

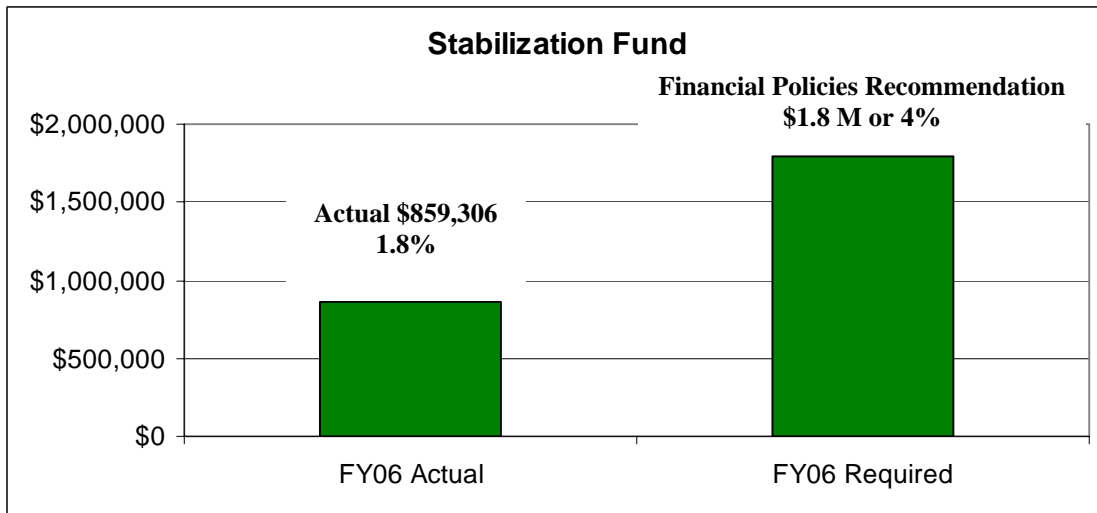
The Stabilization Fund is a reserve account authorized by MA General Laws Chapter 40, Section 5B. Appropriations into the Stabilization Fund require a majority vote of Town Meeting. A 2/3 vote of Town meeting is required to use Stabilization funds. The Stabilization account may be used for any purpose approved by Town Meeting. As with all Town monies, the cash in the Stabilization Fund is overseen and invested by the Town Treasurer.

In FY2000, the Town began to rebuild the Stabilization Fund. A major addition was added in FY2002 with the appropriation of \$450,000 of NStar funds. While the FY03 budget did not include an appropriation, \$25,000 was transferred from available funds at the May 2002 Annual Town Meeting. An additional \$25,000 was transferred from free cash into the account at the May 2004 and May 2005 Annual Town Meetings.

As with any business, it is important for the Town to have a reserve account to provide for unforeseen emergencies or future expenditures. As like most communities, Westwood was not able in the late '80's and early '90's to continue the practice of appropriating funds in to the Stabilization account.

In January, 2004 the Selectmen adopted revised financial policies; those policies include a statement that the Town shall strive to maintain 4% of general fund operating revenues in the stabilization account. Accordingly, Westwood should have a balance of \$1.8 million. The current balance, at 1.8% of revenue, is inadequate. Recognizing the importance of this account, the Town shall strive to make an annual appropriation to the stabilization fund.

The Town must now address this account, as prudent use of a reserve fund is vital to good financial management, protection for the Town against unforeseen emergencies, and maintenance of a top bond rating.



	FY2006	FY2005	FY2004	FY2003	FY2002	FY2001	FY2000	FY99
Town Meeting Appropriated Into Fund	\$25,000	\$25,000		\$25,000	\$450,000	\$50,000	\$200,000	0
Balance	\$859,306	\$812,191	\$773,283	\$760,200	\$735,200	\$270,000	\$211,441	\$4,003

Summary of Grants Received by Municipal Departments

Fiscal Year 2005

Department	Project	Amount
COA	Executive Office of Elderly Affairs	17,941
DPW	FEMA snowstorm 1/22 – 1/25/05	171,682
DPW	Recycling	11,120
DPW	Road Improvement – Chapter 90	208,230
Fire	Safe Program	4,532
Fire	FEMA Fire Equipment Grant	21,000
Health	Bioterrorism Health Grant	6,093
Health	Tobacco Mini-Health Grant	440
Police	“Click-It or Ticket” Enforcement	9,109
Town Clerk	Poll Grant	3,109

Fiscal Year 2004

COA	Executive Office of Elderly Affairs	16,288
DPW	Recycling	50,300
DPW	FEMA snowstorm 12/6/03	120,857
DPW	Road Improvement – Chapter 90	312,592
Fire	Safe Program	1,305
Fire	Fire Equipment	7,311
Health	Bioterrorism Health Grant	8,093
Library	Library Services and Technology Act	15,000
Police	Emergency Operations Planning	3,600
Police	Child Passenger Safety Seat	1,500
Police	Traffic Enforcement	9,500
Police	Community Policing	19,200
Selectmen	University Avenue Landscaping	250,000
Town Clerk	Poll Grant	1,554

Fiscal Year 2003

Police	Community Policing	16,000
Police	Governor's Alliance Against Drugs	50,000
Police	Click It or Ticket Enforcement	4,800
Police	Metropolitan Law Enforcement Assistance	250,000
Police	Public Safety Equipment	20,500
Police	Workplace Violence Pilot Initiative	100,000
Police	Breath Alcohol Testing System	9,800
Fire	Safe Program	1,305
Fire	Fire Equipment Grant	21,000
COA	Executive Office of Elderly Affairs	16,288
DPW	Recycling	96,788
DPW	FEMA Snow 2/03	94,324
DPW	Road Improvement – Chapter 90	264,499
Town Clerk	Poll Grant	2,961
Health	Toxic Grant	5,850

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
Westwood		14,020	243,613	41,553

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
Westwood	11.97	20.97	43,092,347	74.9

Municipality	Fiscal Year 2005			Fiscal Year 2004	5-05
	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
Westwood	6,875	19	\$1,138,014	\$782,142	Aa1

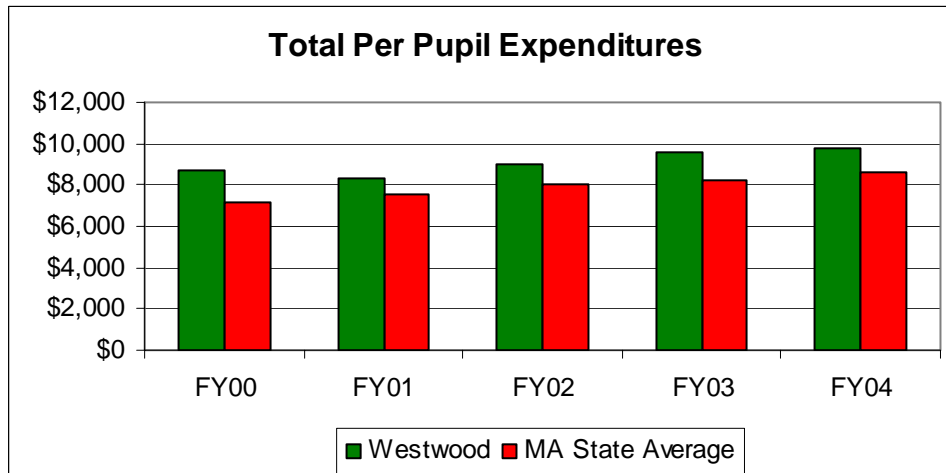
Source: MA Department of Revenue Division of Local Services

Some Facts About Westwood

Form of Government	Board of Selectmen, Executive Secretary, Open Town Meeting			
Population Trends	1990		2000	
	12,557		14,117	
Registered Voters (2004)	Total	Democrats	Republicans	Unenrolled/Other
	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.



Town of Westwood

Financial Management Policies and Objectives

It is the policy of the Town of Westwood that financial management is conducted with the objectives of safeguarding public funds, protecting the Town's assets, and complying with financial standards and regulations.

To help ensure the Town's financial stewardship, an established program of managing the Town's finances becomes essential. To this end, the Board of Selectmen seeks policies and procedures that are financially prudent and in the Town's best economic interests.

In adherence to this policy, the Town shall pursue the following objectives:

- To provide effective financial management within the Town that conforms to generally accepted accounting principles;
- To provide public confidence in public financial management;
- To protect and enhance the Town's credit rating and prevent default on any municipal debts;
- To provide quality, essential public safety and education services at the most efficient cost.
- To provide safeguards to ensure the quality and integrity of the financial systems;
- To minimize the Town's financial risk due to unforeseen emergencies;
- To protect and maintain the Town's capital assets.

In order to achieve the above objectives, the Board of Selectmen adopts the following financial policies. The Board of Selectmen will review these financial policies on an annual basis. As part of that review, the Finance Director will report on the status of the goals, particularly how the current reserve balances compare to stated goals.

Further, it is the intention of the Board of Selectmen that these financial policies will serve as the Town's guiding financial principles. The Selectmen will not diverge from the policies without a clear, public statement and analysis of the change(s); (i.e., schedule of long term borrowing).

A. Accounting, Auditing and Financial Planning

1. The Town will produce annual financial reports in accordance with Generally Accepted Accounting Principles (GAAP) as outlined by the Government Accounting Standards Board.
2. An annual audit will be performed by an independent public accounting firm.
3. The Town will maintain strong financial controls to ensure compliance with Town Meeting appropriations and state regulations.
4. The Town will strive to produce quality financial reporting including clear financial statements, high quality, user friendly annual budget documents, and an annual Comprehensive Annual Finance Report (CAFR).
5. The Town shall strive to attain an extremely favorable credit rating. The Town's credit rating is a statement of its overall fiscal health as a government and as a community. The benefit of a strong credit rating is realized in lower interest rate costs on the Town's long term debt issues. The Town will strive to maintain an extremely favorable credit rating by practicing prudent financial management, strong budget control, good cash management and timely billing and collection.

B. General Fund

1. The annual budget should be prepared such that all current operating expenditures will be paid for with current operating revenue. The Town should not fund ongoing operating expenditures with non-recurring revenue sources, such as free cash or borrowing. Operating expenses shall be supported by ongoing recurring revenue sources, including taxes, state aid, local receipts and fees.
2. The annual operating budget shall include an appropriation to an operating reserve fund. This account shall be used to fund any unforeseen and extraordinary expenses that occur during the fiscal year. Funds are transferred to individual departments during the year only upon recommendation of the Finance Commission. The annual appropriation to this account shall be 1% of the total general fund operating budget, net of debt service. The reserve account may also be used by Town Meeting to meet unexpected, small increases in service delivery costs. This funding will only occur by a transfer article voted at Town Meeting.
3. The Town will maintain adequate working capital in the General Fund by seeking to refrain from using available fund balance equivalent to 4% of the annual general fund operating budget. Specifically, the Town shall strive to maintain free cash at 4% of general fund operating budget, net of debt service. This balance of free cash will provide sufficient cash flow to meet payroll and expenditures without having to borrow in anticipation of tax receipts and will serve as liquid funds that can be used in case of emergency.
4. Free Cash in excess of the goal reserve shall not be used to fund ongoing operating expenditures or budget shortfalls. Free cash in excess of goal amount should be used to:
 - Fund non-recurring, unforeseen expenditures, such as unusually high snow and ice costs;
 - Provide funding for additional capital projects;
 - Build stabilization reserves to goal targets.

C. Revenue

1. The Town will follow an aggressive and equitable policy of collecting revenues.
2. The Town will utilize all available tools to collect revenues including tax title process, title liens, and motor vehicle flagging procedures.
3. The Town will consider the use of service charges as a means of financing services not equitably supported through the existing tax structure.
4. The Town will strive to maintain a healthy commercial tax base to supplement residential tax revenues.
5. The Town will set the annual tax classification factor with the goal to provide residential relief while encouraging appropriate business development. The annual classification factor will be determined utilizing the separate, written document, "Tax Rate Shift Policy".
6. The Town will thoroughly analyze any unexpected and unusual one-time revenue sources before appropriation. One-time revenue sources include items such as unusually high receipts, unanticipated state funds, legal settlements, or other one-time revenues. These funds shall first be considered for use toward meeting reserve level goals and capital needs before being utilized for funding general fund operating budget needs.
7. The Town will thoroughly analyze any new, recurring revenue sources before appropriation. New, recurring revenue sources include significant new commercial development, or other permanent

8. revenue sources. These funds shall first be considered, particularly in the first year, toward meeting reserve level goals and capital needs before being utilized for funding general fund operating budget needs.

D. Reserves

1. The Town will maintain adequate reserve funds to protect the Town from unforeseen, extraordinary needs of an emergency nature. Prudent stewardship of the Town requires such planning and protection for the Town's financial health.
2. Reserve funds will be maintained as part of long term goals to reduce borrowing costs. The Town's reserves are a major factor in the Town's bond rating. Sudden decline in reserve amounts could result in a decline in bond rating and potential increases in costs of borrowing.
3. The Town shall strive to maintain reserve accounts at a minimum of 8% of general fund operating revenues, net of debt service. The total reserve goal should be maintained at 4% in the general fund and 4% in the stabilization account.
4. Stabilization reserve funds shall be used to provide for temporary financing for unanticipated or unforeseen extraordinary needs of an emergency nature; for example, costs related to a natural disaster or calamity, an unexpected liability created by Federal or State legislation, immediate public safety or health needs, opportunities to achieve long-term cost savings, or planned capital investments and related debt service. Reserves will not be used to fund recurring budget items.
5. The Town shall strive to make an annual appropriation to the stabilization fund. Even if a nominal amount, this annual appropriation will demonstrate the commitment to reserves and keep the account in focus.
6. Funds shall be allocated from reserves only after an analysis and utilization plan has been prepared by the Finance Director and presented to the Board of Selectmen. The analysis shall provide sufficient evidence to establish that the remaining balance is adequate to offset potential downturns in revenue sources and provide a sufficient cash balance for daily financial needs; and that conditions exist in future years that will allow for replenishment of reserve funds.
7. Funds shall be allocated each year in the budget process to replace any use of reserve funds during the preceding fiscal year to maintain the balance of the reserves at 8%.

E. Debt Management

1. Long-term debt should be issued only for capital projects or assets that have a long useful life. It should be issued to pay for the cost of significant infrastructure and capital projects, such as school remodeling, road construction, building construction, and land purchases. Long term debt should not be issued for recurring, small capital purchases with a useful life of less than five years.
2. The Town should attempt rapid debt repayment schedules. The Town shall strive for a rapid repayment schedule of ten years or less. This ensures cost savings to the community and seeks to avoid strapping future generations with large debt obligations. This policy recognizes that capital needs continue and that new debt will continue to be identified and issued.
3. Long-term debt should not be incurred without a clear identification of its financing sources. Long-term debt is generally utilized to fund capital projects that have a long useful life and are relatively expensive. Because of the debt service costs and annual appropriations necessary to retire this debt, there should be clear knowledge and commitment of revenue sources available to pay these costs

without competing with operating budgets for limited resources. Debt issued on behalf of the Sewer Enterprise is supported by sewer user fees.

4. General fund nonexempt debt service should not exceed 8% of general fund revenues. Non-dedicated tax revenue debt service should not exceed 8% of net general fund operating revenue so as to provide appropriate funding for other Town services. Total general fund debt, exempt and non-exempt, should be maintained at no greater than 10-12% of net general fund operating revenues so as to balance total debt costs and tax implications with other services.
5. The Town will follow a policy of full disclosure on all bond offerings and financial prospectus.

F. Capital Planning

1. The Town will maintain its physical assets at a level adequate to protect the Town's capital investments and to minimize future maintenance and replacement costs. The Town's physical resources are a major component of the Town's overall financial assets and represent a significant investment of public funds. As such, the Town must adequately maintain and update its capital assets.
2. The Town will develop a multi-year plan for capital improvements to be known as the "Five-Year Capital Budget," which will be updated on an annual basis. This report will include all known capital needs for a five year period for all school and municipal operations.
3. Capital items shall be defined as follows:
 - Items requiring an expenditure of at least \$10,000 and having a useful life of more than five years.
 - Projects consisting of real property acquisitions, construction, capital asset improvements, long-life capital equipment, or major maintenance/repair of an existing capital item, as distinguished from a normal operating expenditure.
 - Items obtained under a long term lease.
 - Bulk purchases of similar items, such as technology and furniture purchases, shall be aggregated and the total considered a capital item.
4. The Town shall regularly invest in capital stock on an ongoing basis. Annual delays in reinvesting in the Town's capital assets and equipment can often lead to delaying major problems that result in larger investments of financial resources to correct. The Board of Selectmen will continue to stress the importance of capital reinvestment and will carefully balance the financing of capital with annual operating expenses. The Town will strive to maintain 3 - 5% of the general fund operating budget, net of debt, on capital maintenance and replacement.
5. The funding source for capital projects must be identified and analyzed before any long term bonded capital project is recommended. Funding sources for capital projects must be analyzed so as to balance the limited resources available within Proposition 2 ½.
6. Capital projects funding should also be reviewed in relation to impact on property tax limitation.
 - Projects funded with current tax revenues should identify impact on annual operating budget.
 - Projects funded with long-term debt and *not exempted* from Proposition 2 ½ should identify impact on annual operating budgets.
 - Projects funded with long-term debt and *exempted* from Proposition 2 ½ should identify impact on annual tax rate and/or tax bill (debt exclusion).
 - Projects funded with *capital exclusion* should identify impact on current annual tax rate and/or tax bill (capital expenditure exclusion).

7. The annual operating cost of a proposed capital project, as well as debt service costs, will be identified before any long-term bonded capital project is recommended.

Capital projects may increase future expenses, decrease future expenses or may be cost-neutral. The funding of capital projects may fall within available revenue (taxes or fees) or new revenue sources (debt or capital exclusions). It is important to project the impact that the proposed capital project has on the operating budget so that operating budget funding sources can also be identified or new funding sources identified. Future operating and maintenance costs for all new capital facilities will be fully costed out.

G. Sewer Enterprise Fund

1. Rates and fees for sewer funds shall be established so as to produce revenue that does not exceed the amount of annual appropriation made for the enterprise, less any funds received for the enterprise from any other source without express authority from the Town Meeting.
2. Sewer funds are reviewed annually to project revenues and expenditures for the next fiscal year, estimates of the current year, and projections for future years. Estimates of capital projects and debt service should be included in order to project impact on sewer rates.
3. Betterments will be assessed for sewer extensions. Sewer projects that are extensions on the existing system will be assessed to the property owner according to the betterment formula for sewer projects. When specific benefits accrue to property owner(s), betterments will be assessed in accordance with state statutes and local policies. This funding source will contribute all or a portion of the costs associated with the capital projects.
4. Sewer main replacements should be scheduled so as to avoid major increases in sewer rates. The current sewer funds are established as self-supporting on a cash basis. Revenues are planned to cover operating budgets, indirect and overhead costs, and debt service payments. Sewer long-term debt schedules should be closely monitored to ensure that new sewer debt replaces completed debt instead of continually adding to total debt.
5. The sewer enterprise will maintain adequate working capital to finance operations. In the absence of retained earnings, operations would require the use of General Fund cash which would reduce General Fund cash available for investment, and consequently reduce General Fund Revenue. To avoid the use of General Fund cash as working capital for the sewer operations, and to accommodate fluctuations in revenue due to consumption variations, retained earnings shall be maintained at an appropriate level. The amount retained for this purpose shall be at least equal to 10% of sewer fund revenues.

H. Gifts, Grants, and Other Funds

1. All grants shall be managed to comply with the laws, regulations and guidance of the grantor.
2. All gifts and donations shall be managed and expended according to the wishes and instructions of the donor and shall be in compliance with applicable state laws and regulations.
3. All user fees and revolving funds shall be managed in compliance with applicable state laws and regulations. User fees will be set so as to generate only the revenue needed to recover the allowable costs of the programs.

4. All gifts, grants, and fees shall be evaluated for suitability and consistency with Town policies. They shall also be formally approved and accepted by the Board of Selectmen and/or School Committee.
5. Any gifts with conditions determined to be unsuitable for the Town will not be accepted.

I. Investment Policy

1. Disbursement, collection, and deposit of all funds will be managed to insure protection and safeguard of funds, and adequate cash flow to meet the Town's needs of operations.
2. The Town will strive to maximize the return on its portfolio, with the primary objectives of safety of principal, liquidity of funds and maximum yield.
3. The Town Treasurer will maintain a separate, written, detailed investment policy.

Adopted by the Board of Selectmen on January 12, 2004.

What Do Those Financial Terms Really Mean?

Abatement:	A complete or partial cancellation of a levy imposed by a governmental unit; applicable to tax levies and special assessments.
Appropriation:	An authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and the time when it can be expended. Only a vote of town meeting or the school committee can authorize money appropriated for one purpose to be used for another. Any amount appropriated may be encumbered. Any part of the general appropriation not spent or encumbered by June 30 automatically reverts to surplus.
Assessed valuation:	The value placed on a particular property by the local Board of Assessors for the purpose of apportioning the town's tax levy among individual property owners equitably and in accordance with the legal requirement that property be assessed at "full and fair cash value," certified periodically by the Commonwealth's Commissioner of Revenue, no less frequently than once every three years.
Audit:	Work done by accountants in examining financial reports, reviewing compliance with applicable laws and regulations, reviewing efficiency and economy of operations and reviewing effectiveness in achieving program results. A basic audit examines only the financial reports and legal compliance. An outside certified public accountant (CPA) audit is directed primarily toward the expression of an opinion as to the fairness of the financial statements and submission of a management letter. An auditor must be independent of the executive branch of government. A state auditor, private CPA or public accountant, or elected auditor meets this test.
Balance sheet:	A statement that discloses the assets, liabilities, reserves and equities of a fund or government unit at a specified date.
Budget:	A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. A budget may be preliminary (the financial plan presented to the town meeting) or final (the plan approved by that body).
Capital budget:	A plan of proposed capital outlays and the means of financing them for the current fiscal period.
Cherry sheet:	An annual statement received from the Massachusetts Department of Revenue detailing estimated receipts for the next fiscal year from the various state aid accounts and estimated state and county government charges payable to the state. The actual receipts and charges may vary from the estimates.
Classification:	The division of the real estate tax by the selectmen into one rate for residences, another rate for business, and another rate for open space.
Debt service:	Payment of interest and principal related to long-term debt.
Encumbrance:	Obligations such as purchase orders, contracts or salary commitments that are chargeable to an appropriation and for which a part of the appropriation is reserved.
Enterprise fund:	A fiscal entity with a self-balancing set of accounts that is utilized to account for a governmental service when it is the intent to recover the total cost of service primarily through user charges.

What Do Those Financial Terms Really Mean?

Expenditure:	The spending of money by the town for the programs or projects within the approved budget.
Fiscal year:	A 12-month period, commencing July 1 and ending June 30, to which the annual budget applies and at the end of which a governmental unit determines its financial position and the results of its operations. The number of the fiscal year is that of the calendar year in which it ends: FY2000 is the fiscal year that ends June 30, 2000.
Free cash:	Now referred to as "undesignated fund balance." Certified each July 1 by the state, this is the portion of fund balance available for appropriation. It is not cash, but rather is approximately the total of cash and receivables less current liabilities and earmarked reserves, reduced also by reserves for uncollected taxes.
Fund:	An accounting entity with a self-balancing set of accounts segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations.
General fund:	The fund into which the general (non-earmarked) revenues of the town are deposited and from which money is appropriated to pay expenses.
Overlay:	The amount raised in excess of appropriations and other charges. It is used to cover abatements and exemptions granted locally or on appeal.
Override:	A vote to increase the amount of property tax revenue that may be raised over the levy limit.
Personal services:	The cost of salaries, wages and related employment benefits.
Property tax levy:	The amount produced by multiplying the assessed valuation of property by the tax rate. The tax rate is expressed per thousand dollars of assessed valuation, for example: <i>House value:</i> \$200,000 <i>Tax rate:</i> \$10 (which means \$10 per thousand) <i>Levy:</i> \$10 multiplied by \$200,000 and divided by \$1,000 <i>Result:</i> \$2,000
Reserve fund:	This is a reserve account established by vote at annual town meeting for the purpose of funding any unforeseen and extraordinary expenses that occur during the fiscal year. Funds are transferred to individual departments only upon recommendation of the Finance Commission.
Revolving fund:	Funds that may be used without appropriation and that are established for special uses. Fees, as for recreation, may be paid into a revolving fund. Revolving funds are established by state law or town bylaw.
Tax levy:	Total amount of dollars assessed in property taxes imposed by the Town each fiscal year.
Undesignated fund balance or surplus revenue account:	The amount by which cash, accounts receivable and other assets exceed liabilities and restricted reserves. It is akin to the stock holders equity account on a corporate balance sheet. It is not, however, available for appropriation in full because a portion of the assets listed as "accounts receivable" may be taxes receivable and uncollected. (See Free Cash)
Warrant:	A list of items to be voted on at Town Meeting.

Budget Procedure

The Town of Westwood operates under state statutes and the Town Charter as adopted July 1, 1970. The Town Charter provides for a Board of Selectmen/ Open Town Meeting/ Executive Secretary form of town government. The proposed annual budget of the town is assembled by the executive secretary.

Budget Schedule

- **October** - The Executive and Asst. Executive Secretary prepare financial projections for the upcoming fiscal year. The Board of Selectmen, School Committee, and Finance Commission discuss those projections as well as the current financial status of the town. Budget preparation guidelines to be followed by departments for the upcoming fiscal year are subsequently identified.
- **November** - The Asst. Executive Secretary distributes the budget guidelines and worksheets to all departments. Departments prepare their operating and capital budget requests and return the information by the beginning of December.

Individual School principals begin preparation of their budgets.

- **December/January** - The Asst. Executive Secretary reviews and discusses budget requests with individual departments.

The School Superintendent reviews school budget submissions.

- **February** (or not less than three months before the business session of the annual town meeting), the Executive Secretary submits to the Board of Selectmen, and files with the Finance Commission, a proposed budget with a summary budget message and supporting documents for the ensuing fiscal year.

The School Committee reviews the School budget.

- **March/April** - The Finance Commission conducts one or more public meetings on the proposed budget (including town meeting warrant articles). The schedule and agenda for such public meetings is distributed is sent to each and every resident.

The Finance Commission considers all articles in the annual town warrant and reports in print before each town meeting its advice, estimates, and recommendations for consideration by the town meeting.

Budget Appropriation and Amendment

- **May** - Open Town Meeting is conducted. All registered voters are entitled to attend and vote on any issue that comes before the Town Meeting. Town Meeting is authorized to appropriate funds for the operating and capital budget except for specific cases where state statutes or regulations do not require appropriation. A subsequent annual town meeting or special town meeting vote is required to amend appropriations, with the following two exceptions:
 - The reserve fund budget from which transfers can be made during the year upon approval by the Finance Commission.
 - Merit increase funds may be disbursed to departmental salary budgets by the Town Accountant upon recommendation of the Board of Selectmen and approval of the Finance Commission.

Budget Basis

The budget for the town is presented on a cash basis. Briefly, this means that transactions are recorded when expenditures are disbursed and when revenues are received. Obligations of the town (i.e., outstanding purchase orders) are not reflected as expenditures in the year incurred but are reflected in the year disbursed. Funds for these obligations are reflected as “continued” appropriations from those of the prior fiscal year.

The budget presents General Fund and Enterprise Funds which are required to be appropriated by Town Meeting.

Capital Budget

The capital budget is included as a separate section of the Town’s budget document. It provides detail information concerning those capital requests for the upcoming fiscal year; summary information for the following four fiscal years is provided to identify current projections of what level of capital outlay will be required in future years.

All capital requests are categorized into major categories, which are methods of how the items will be voted and funded at town meeting. The categories are:

Warrant Article Capital Projects/Equipment - requests for major construction, repair projects or large equipment which are over \$10,000 in cost. The items proposed for funding in this category are summarized in either a capital project or capital equipment article for town meeting action.

Municipal Items - requests for small municipal operating equipment items. The items proposed for funding in this category are summarized and funded in the municipal operating budget as department budget #930. These are considered to be routine operating equipment.

Capital Projects to be Funded by Bonds - requests for large construction projects that are to be financed over a period of years. Items to be financed through long term debt must receive Town Meeting approval authorizing the borrowing of funds.

The School Committee reviews and proposes School Department capital projects, and the Board of Selectmen reviews and proposes all other capital projects for presentation to the Finance Commission and town meeting for their respective consideration.