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**THE TOWN OF WESTWOOD, MASSACHUSETTS**

**PROPOSED TOWN BUDGET SUMMARY**

**FOR FISCAL YEAR 2008  
JULY 1, 2007 – JUNE 30, 2008**

**BOARD OF SELECTMEN  
ANTHONY J. ANTONELLIS, CHAIRMAN  
PATRICK J. AHEARN  
NANCY C. HYDE**



**WESTWOOD TOWN HALL**





# TOWN OF WESTWOOD

COMMONWEALTH OF MASSACHUSETTS

## BOARD OF SELECTMEN

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

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

February 14, 2007

The Honorable Board of Selectmen,

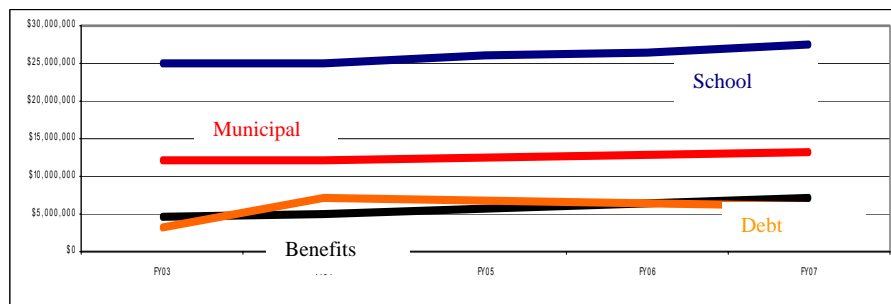
I herewith submit for your review the Proposed FY2008 budget document. It contains several summaries which highlight the proposed budget, as well as a section which provides significant information on the Town's overall finances. Summaries of the school, municipal, and capital budgets are incorporated 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.

### *FY2008 Budget Summary*

The FY08 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. For the last few years, 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.

The structural deficit has been particularly difficult since FY03. During these years, state aid declined by 20% and only began to increase again in FY07. Against this decline in revenue, fixed costs greatly increased, including pension assessment increases of 17% and 13% in FY06 and FY07 and health insurance increases over 10% per year.



During the last four years, against the dramatic growth in fixed costs, the school and municipal operating budgets have only grown an average 2% per year. This growth has not been enough to sustain level services, resulting in a decline of service level and quality.

The community has accomplished much during these past four years. These significant accomplishments include:

- Completion of the new High School.
- Completion of Route 109 reconstruction.
- Rezoning of University Avenue to attract new development.
- Improvement to capital budgeting process and financial policies.

All of these efforts were complex, multi year projects which involved many of our elected and appointed boards, staff, and greatly impacted our residents.

With the completion of these major projects and Westwood Station on the horizon, the Town is poised to face the challenges ahead.

Even with Westwood Station on the horizon, the FY08 budget will be as difficult as the last four years. Without an increase in revenue, the structural deficit continues to FY08 and services will continue to decline. The FY08 budget discussion will again focus 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 FY08

It is unclear what to expect for state aid for FY08. The new Governor has been very vocal in voicing support for municipalities and looking to alleviate the pressure on the property tax bill. However, the state is again experiencing budget problems, thereby potentially limiting the revenue available for state aid to cities and towns. The current budget projections do not include any increase in state aid at this time. The Governor's budget is due to be released on February 28, 2007 and the projections will be updated accordingly.

#### *Increases in Fixed Costs*

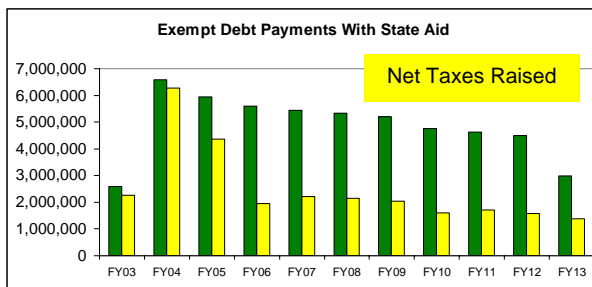
Coupled with this limited revenue growth is the continued growth in the fixed cost budgets, particularly employee costs, such as health insurance, pension assessments, and payroll taxes. The health insurance budget continues to grow at a significant rate. This growth is caused not only from rate increases, but by the continuing growth in the number of employees and retirees on the health plans. The health insurance budget burden is significantly offset by the 40% employee contribution rate, which is much higher than other municipalities. The total health insurance budget has tripled since FY2000, growing from \$1.2 million to over \$3.5 million.

*Continued Service Impact*

The FY08 budget is particularly difficult to balance as it represents the fifth year of significant budget constraints. As stated, the school and municipal operating budgets have only grown 2% per year for the last four years, with 0% increases in FY04 and FY06. There have been continued reductions to the municipal and school service operations to meet these budget constraints. There is simply no room to absorb any easy cuts in the budgets.

*State School Construction*

The significant change with the State School Building Assistance Program continues to provide tax relief to the community. Immediately upon the change in the Program, the Town was very aggressive in its efforts to secure our funding. After waiting many years

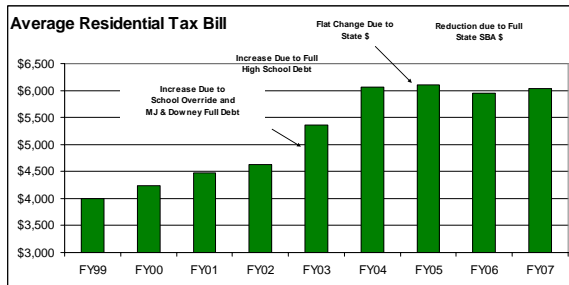


for the state share for three school projects, Westwood received payments for all projects in FY05 and FY06. These significant payments, totaling \$3.1 million in FY07, flow directly to offset debt payments raised in taxes. Therefore, the state payments directly reduce the tax burden for our residents 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. Override options available to supplement the budget will be considered for the FY08 budget.

The average residential tax bill in Westwood had experienced significant increases in FY03 and FY04, primarily related to the debt payments associated with 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 began receiving the state share of construction costs. The state now pays \$3.1M annually for their share of the debt. As a result of this payment, the FY07 average tax bill was equal to the FY04 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 FY07, 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 this project will not generate tax dollars for FY08, it does represent a major enhancement to commercial revenue that will help the Town in future 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, as well as help with the structural deficit and providing for healthy operating budgets.

### *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 credit ratings were reaffirmed by the rating agencies in February 2007. While the agencies are impressed with the many positive accomplishments the Town has achieved over the last few years, they have put the Town on notice that current reserves are too low. Particularly with Westwood Station on the horizon, the Town must start to build reserves and properly fund capital in order to maintain our credit rating.

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 \$128 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.

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.

Our challenges are many. We must provide additional resources to the school and municipal budgets for FY08 in order to provide quality services to the community. In addition, the Town must look ahead to Westwood Station and the impact that important commercial project will bring to the community. New revenue must be used to bring the reserves in line with financial policy targets and enhance the capital budget. In the interim period, the Town will be asked to support an override to stop the decline in school services. The Town must put in place solid funding for reserves, capital, and operational budgets.

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 FY2008 budget to Town Meeting in May that best balances the needs of departments against the costs to residents. If an override question is placed on the ballot as a solution for FY2008, we will provide clear information to the community so they can make informed decisions. 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.

Respectfully submitted,

  
Pamela Dukeman  
Finance Director

**Summary of 2007 Annual Town Meeting  
Financial Articles**

| <b>Article No.</b>               | <b>Article Description</b>                                       | <b>Amount</b>       | <b>Description</b>   |
|----------------------------------|--|---------------------|--|
| Article Numbers Not Yet Assigned | FY07 Supplemental Operating Budget                               | *                   | Article will only transfer funds from one FY07 budget account to another. No increase in cost to residents.      |
|                                  | FY07 Supplemental Operating Budget                               | *                   | Article will utilize additional FY07 available funds. No increase in cost to residents.                          |
|                                  | FY07 Supplemental Budget – Stabilization Fund                    | Minimum<br>\$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.                             |
|                                  | Westwood Station – FY08 Budget                                   |                     | Article will appropriate revenue and expenses expected to be received for Westwood Station in FY08.              |
|                                  | Operating Budgets  | <b>\$59,477,473</b> | The FY2008 maximum tax levy within Proposition 2 ½ will result in a 2.54% increase or \$156 to the average home. |
|                                  | Municipal Capital  | <b>\$417,000</b>    |  |
|                                  | Sewer Capital  | <b>\$0</b>          |  |
|                                  | School Capital   | <b>\$406,000</b>    |  |
|                                  | Total FY2008<br>Appropriation Requests<br>Within Proposition 2 ½ | <b>\$60,300,473</b> |  |

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

**Town of Westwood  
Summary of Budget - FY08**

|  | FY2005<br>Approved<br>Per recap | FY2006<br>Approved<br>Per recap | FY2007<br>Approved<br>Per recap | FY2008<br>Projections |
|--|---------------------------------|---------------------------------|---------------------------------|-----------------------|
| <b>BUDGET CATEGORIES</b>   |                                 |                                 |                                 |                       |
| <b>Appropriations Made by Town Meeting:</b>  |                                 |                                 |                                 |                       |
| Operations Budget  | \$55,083,669                    | \$55,478,712                    | \$57,566,185                    | \$59,477,473          |
| Capital - Municipal  | \$490,000                       | \$417,000                       | \$417,000                       | \$417,000             |
| Capital Schools  | \$406,000                       | \$406,000                       | \$406,000                       | \$406,000             |
| Capital - Sewer  | \$133,000                       | \$0                             | \$355,000                       | \$0                   |
| Stabilization Account Appropriation  | \$25,000                        | \$25,000                        | \$25,000                        | \$25,000              |
| Other Financial Warrant Articles   | \$39,000                        | \$190,000                       | \$450,000                       | \$0                   |
| Prior yr Adjustments voted at Town Meeting   | \$14,160                        | \$256,621                       | \$159,433                       | \$0                   |
| Library/rd improvement ATM 2005  | \$0                             | \$224,000                       |                                 |                       |
|  | \$56,190,829                    | \$56,997,333                    | \$59,378,618                    | \$60,325,473          |
| <b>Other Amounts to be Raised (not Voted at Town Meeting)</b>  |                                 |                                 |                                 |                       |
| State Aid Offsets (Funds which must be restricted )  | \$188,436                       | \$217,988                       | \$29,099                        | \$29,099              |
| State and County Charges   | \$514,888                       | \$486,312                       | \$510,423                       | \$535,944             |
| Overlay (Reserve for abatements/exemptions)/other-snow   | \$816,644                       | \$745,750                       | \$600,175                       | \$439,706             |
|  | \$1,519,968                     | \$1,450,050                     | \$1,139,697                     | \$1,004,749           |
|  | \$57,710,797                    | \$58,447,383                    | \$60,518,315                    | \$61,330,222          |
| <b>Financial Resources</b>   |                                 |                                 |                                 |                       |
| <b>State Revenue:</b>  |                                 |                                 |                                 |                       |
| State Aid  | \$3,154,138                     | \$3,425,166                     | \$3,717,104                     | \$3,717,104           |
| State School Building Assistance Funding   | \$1,544,068                     | \$3,600,190                     | \$3,193,029                     | \$3,193,029           |
|  |                                 | \$0                             | \$0                             | \$0                   |
| <b>Local Revenue:</b>  |                                 |                                 |                                 |                       |
| Total Property Taxes   | \$43,092,347                    | \$42,197,019                    | \$43,967,446                    | \$45,383,465          |
| Local Receipts   | \$3,520,759                     | \$3,573,959                     | \$3,662,483                     | \$3,812,483           |
| Enterprise (Sewer ) Funding (for all - capital , articles, etc)  | \$3,950,252                     | \$4,025,935                     | \$3,889,149                     | \$3,845,601           |
| Available Funds/ - for misc articles   | \$46,000                        | \$451,000                       | \$509,433                       | \$0                   |
| Available Funds  | \$951,963                       | \$288,765                       | \$529,671                       | \$428,540             |
| Free Cash (for all - incl article 2)   | \$1,451,270                     | \$885,349                       | \$1,050,000                     | \$950,000             |
|  | \$57,710,797                    | \$58,447,383                    | \$60,518,315                    | \$61,330,222          |
|  | \$0                             | \$0                             | \$0                             | \$0                   |
| <b>Authorization to borrow (Projects approved at Town Meeting -funds are borrowed and debt service included in future budgets) :</b> |                                 |                                 |                                 |                       |
| Approved at 2004 Annual Town Meeting   | (\$225,000)                     |                                 |                                 |                       |
| Approved at 2004 Annual Town Meeting   | (\$325,000)                     |                                 |                                 |                       |
| Approved at 2004 Annual Town Meeting   | \$750,000                       |                                 |                                 |                       |
| Approved at 2004 Annual Town Meeting   | \$600,000                       |                                 |                                 |                       |
| Approved at 2005 ATM   |                                 | \$1,000,000                     |                                 |                       |
| Approved at 2006 ATM   |                                 |                                 | \$1,950,000                     |                       |
| Approved at 2006 ATM   |                                 |                                 | \$195,000                       |                       |



**FY2008 - Budget within the Limits of Proposition 2 1/2  
FY2008 Overall Budget Detail**

|                                       | <b>FY2007</b>       | <b>Total Revenue<br/>FY2008</b> | <b>\$ Change</b>   | <b>%Change</b> |
|---------------------------------------|---------------------|---------------------------------|--------------------|----------------|
| Taxes                                 | \$43,967,446        | \$45,383,465                    | \$1,416,019        | 3.2%           |
| State Aid                             | \$3,717,104         | \$3,717,104                     | \$0                | 0.0%           |
| State School Building Assistance      | \$3,193,029         | \$3,193,029                     | \$0                | 0.0%           |
| Sewer Enterprise                      | \$3,889,149         | \$3,845,601                     | (\$43,548)         | -1.1%          |
| Local Receipts                        | \$3,662,483         | \$3,812,483                     | \$150,000          | 4.1%           |
| Available Funds                       | \$1,039,104         | \$428,540                       | (\$610,564)        | -58.8%         |
| Free Cash                             | \$1,050,000         | \$950,000                       | (\$100,000)        | -9.5%          |
| <b>Total Revenue</b>                  | <b>\$60,518,315</b> | <b>\$61,330,222</b>             | <b>\$811,907</b>   | <b>1.3%</b>    |
|                                       |                     | <b>Total Expenditures</b>       |                    |                |
| <b>Operations Budget Summary</b>      |                     |                                 |                    |                |
| Municipal Departments                 | \$13,253,967        | \$13,563,325                    | \$309,358          | 2.3%           |
| School Budgets                        |                     |                                 |                    |                |
| Westwood School Budget                | \$27,094,126        | \$27,752,126                    | \$658,000          | 2.4%           |
| Blue Hills Regional School Assessment | \$136,932           | \$149,963                       | \$13,031           | 9.5%           |
| Traffic Supervisors                   | \$95,034            | \$99,945                        | \$4,911            | 5.2%           |
| <b>Total School Budgets</b>           | <b>\$27,326,092</b> | <b>\$28,002,034</b>             | <b>\$675,942</b>   | <b>2.5%</b>    |
| Sewer Enterprise                      | \$3,534,149         | \$3,845,601                     | \$311,452          | 8.8%           |
| Reserves/Benefits/Insurance           | \$7,287,385         | \$7,930,493                     | \$643,108          | 8.8%           |
| Debt Service                          | \$6,164,592         | \$6,136,020                     | (\$28,572)         | -0.5%          |
| <b>Total Operations Budget</b>        | <b>\$57,566,185</b> | <b>\$59,477,473</b>             | <b>\$1,911,288</b> | <b>3.3%</b>    |
| Capital Budget - Sewer                | \$355,000           | \$0                             | (\$355,000)        | 0.0%           |
| Capital Budget - Municipal/ School    | \$823,000           | \$823,000                       | \$0                | 0.0%           |
| <b>Total Capital Budget</b>           | <b>\$1,178,000</b>  | <b>\$823,000</b>                | <b>(\$355,000)</b> | <b>-30.1%</b>  |
| Overlay                               | \$600,175           | \$439,706                       | (\$160,469)        | -26.7%         |
| State Charges/offset/other            | \$539,522           | \$565,043                       | \$25,521           | 4.7%           |
| Stabilization Account Appropriation   | \$25,000            | \$25,000                        | \$0                | 0.0%           |
| Misc Warrant Articles/Prior year      | \$609,433           | \$0                             | (\$609,433)        | -100.0%        |
| <b>Total Other Amounts</b>            | <b>\$1,774,130</b>  | <b>\$1,029,749</b>              | <b>(\$744,381)</b> | <b>-42.0%</b>  |
| <b>Total Overall Expense Budget</b>   | <b>\$60,518,315</b> | <b>\$61,330,222</b>             | <b>\$811,907</b>   | <b>1.3%</b>    |

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

**Current budget requests exceed these limits.**

# FY08 Current Budget Status.....

As of the printing date of this document, 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: |                          |               |
|--------------|---------------------------------|--|--------------------------|---------------|
| FY07 Budget  |                                 | FY08 Budget Can Be Funded                                | Current Budget Requested | Budget Gap    |
| \$27,094,126 | FY08 School Operating Budget    | \$27,752,126   | \$30,927,957             | (\$3,175,831) |
| \$13,253,967 | FY08 Municipal Operating Budget | \$13,563,325   | \$13,854,145             | (\$290,820)   |
| \$136,932    | FY08 Blue Hills Budget          | \$149,963  | \$149,963                | -0-           |
| \$7,287,385  | FY08 Fixed Costs Budget         | \$7,930,493  | \$8,071,001              | (\$140,508)   |
| \$6,164,592  | FY08 Debt Budget                | \$6,163,020  | \$6,163,020              | -0-           |

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 gaps will be resolved through a combination of increased state aid, finalization of fixed costs budgets, budget reductions, and possible tax override.

At this point, state aid is level funded. Budgets to be updated with any state aid increases.

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 and the fixed costs budget will be updated.



## Override Information

### ***Process***

At this time, an operational override is being contemplated for the FY08 budget. The law provides that the Board of Selectmen decide final wording and the amount of the override. The question will be placed on the regular Town election on April 24, 2007.

### ***Override Cost***

An override costs approximately \$2.50 per \$100,000 of override amount per \$100,000 of home value. The following chart shows approximately override cost

| Override Amount | Cost Per \$100,000 of Home Value | Cost For Average Home \$566,000 |
|-----------------|----------------------------------|---------------------------------|
| \$100,000       | \$2.50                           | \$14.15                         |
| \$1,000,000     | \$25                             | \$141.50                        |
| \$2,000,000     | \$50                             | \$283                           |
| \$2,900,000     | \$72.50                          | \$410                           |

The current average home value is \$566,000 with a current FY07 tax bill of \$6,073. This bill will increase in FY08 to \$6,227, a \$154 or 2.54% increase.

Any approved override would be added to this base FY08 bill.

When the final override amount is determined, tax bill impact information will be updated.



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*      *Jeffrey L. Esall*  
President                      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 FY2008 Budget

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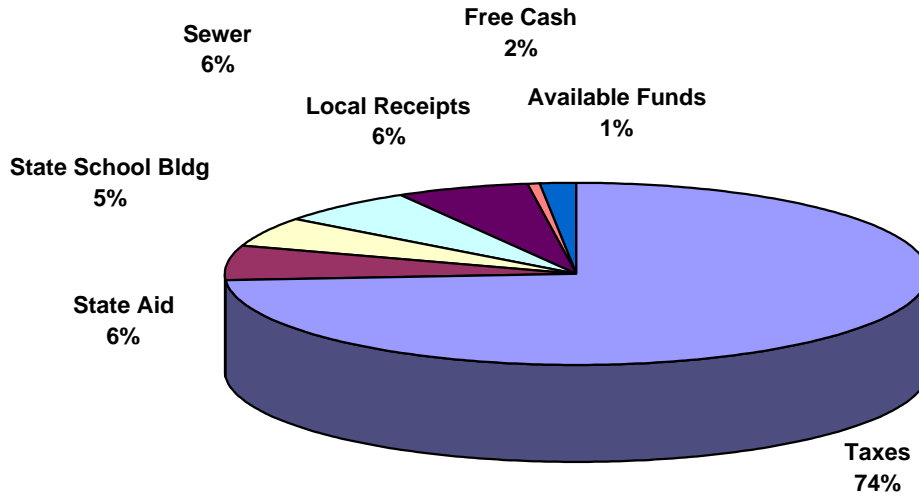
**This section includes summary budgets for:**

**School  
Municipal  
Fixed Costs  
Capital**

**Detail is available in individual documents.**

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## FY2008 Projected Budget Revenue



### FY2008 Projected Budget Revenue

|                                 | FY2007 Budget       | FY2008 Proj         | \$ Increase      | % Increase  |
|---------------------------------|---------------------|---------------------|------------------|-------------|
| Taxes                           | \$43,967,446        | \$45,383,465        | \$1,416,019      | 3.2%        |
| State Aid                       | \$3,717,104         | \$3,717,104         | \$0              | 0.0%        |
| State School Bldg Reimbursement | \$3,193,029         | \$3,193,029         | \$0              | 0.0%        |
| Sewer Enterprise                | \$3,889,149         | \$3,845,601         | (\$43,548)       | -1.1%       |
| Local Receipts                  | \$3,662,483         | \$3,812,483         | \$150,000        | 4.1%        |
| Available Funds                 | \$1,039,104         | \$428,540           | (\$610,564)      | -58.8%      |
| Free Cash                       | \$1,050,000         | \$950,000           | (\$100,000)      | -9.5%       |
| <b>Total Revenue</b>            | <b>\$60,518,315</b> | <b>\$61,330,222</b> | <b>\$811,907</b> | <b>1.3%</b> |

- \* Tax revenue to increase by changes per Proposition 2 1/2 and estimated new growth.
- \* State aid is currently level funded - will be updated when Governor's budget is released on 2/28/07.

## A Look at Taxes

| Tax Levy Calculation  | FY2003              | FY2004              | FY2005              | FY2006              | FY2007              | Projected<br>FY2008 |
|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Prior Year Levy Limit | \$32,012,390        | \$35,065,082        | \$36,916,575        | \$38,726,265        | \$40,281,755        | \$41,938,657        |
| Plus 2.5% Increase    | \$800,310           | \$876,627           | \$922,914           | \$968,157           | \$1,007,044         | \$1,048,466         |
| Plus New Growth**     | \$637,179           | \$974,866           | \$886,775           | \$587,334           | \$649,858           | \$300,000           |
| General Overrides     | \$1,615,203         | \$0                 | \$0                 | \$0                 | \$0                 | \$0                 |
| <b>Tax Levy Limit</b> | <b>\$35,065,082</b> | <b>\$36,916,575</b> | <b>\$38,726,265</b> | <b>\$40,281,755</b> | <b>\$41,938,657</b> | <b>\$43,287,124</b> |
| <b>Exempt Debt*</b>   | <b>\$2,257,706</b>  | <b>\$6,265,148</b>  | <b>\$4,367,789</b>  | <b>\$1,948,546</b>  | <b>\$2,219,419</b>  | <b>\$2,096,341</b>  |
| <b>Levy Capacity</b>  | <b>\$37,322,788</b> | <b>\$43,181,723</b> | <b>\$43,094,054</b> | <b>\$42,230,301</b> | <b>\$43,808,218</b> | <b>\$45,383,465</b> |
| Actual Levy Assessed  | \$37,288,628        | \$43,112,383        | \$43,092,347        | \$42,197,019        | \$43,967,446        | \$45,383,465        |

| FY08 Tax Change            |                    |
|----------------------------|--------------------|
| 2.5/new growth/excess levy | \$1,539,096        |
| Change in exempt debt      | (\$123,078)        |
| <b>Total Taxes</b>         | <b>\$1,416,018</b> |

\*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.

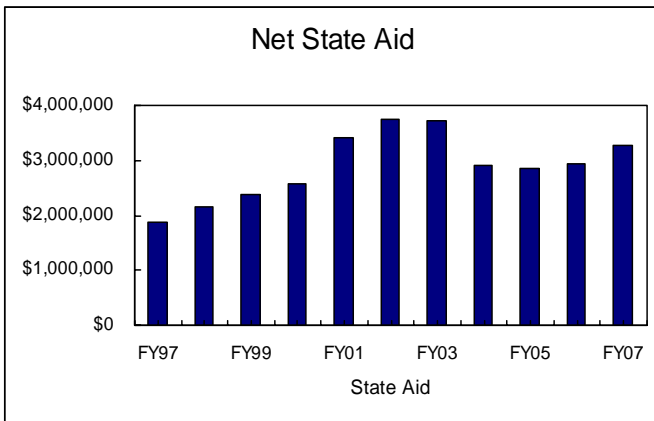
|   | FY02      | FY03      | FY04      | FY05      | FY06      | FY07      | Projected<br>FY08 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-------------------|
| Average Tax Bill Increase                                 | 3.74%     | 15.57%    | 13.2%     | 0.67%     | (-3.84%)  | 3.5%      | 2.54%             |
| Savings to Average Tax Bill Resulting from Split Tax Rate | \$502.6   | \$651.2   | \$767     | \$663     | \$673     | \$725     |                   |
| 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   | \$6,076   | \$6,230           |

- Largest component of prior years' tax increases have 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             | FY2007             | Projected FY2008   |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Chapter 70-Education                                 | \$2,635,628        | \$2,108,502        | \$2,108,502        | \$2,250,702        | \$2,588,559        | \$2,588,559        |
| School Building Assistance                           | \$330,466          | \$327,161          | \$226,025          | *\$0               | *\$0               | *\$0               |
| Lottery  | \$747,149          | \$635,077          | \$635,077          | \$721,560          | \$857,639          | \$857,639          |
| Other  | \$362,908          | \$197,069          | \$222,123          | \$234,916          | \$241,807          | \$241,807          |
| Offsets (Restricted to Metco, Library, School Lunch) | \$185,679          | \$166,850          | \$188,436          | \$217,988          | \$29,099           | \$29,099           |
| Prior Year Adjustment                                |                    |                    |                    |                    |                    | \$250,000          |
| <b>Total Receipts</b>                                | <b>\$4,261,830</b> | <b>\$3,434,659</b> | <b>\$3,380,163</b> | <b>\$3,425,166</b> | <b>\$3,717,104</b> | <b>\$3,717,104</b> |
| Charges  |                    |                    |                    |                    |                    |                    |
| County Tax   | 155,619            | 153,089            | 156,916            | 154,381            | 158,240            | 166,152            |
| MBTA Assessment                                      | 314,096            | 297,187            | 280,407            | 263,622            | 271,824            | 285,415            |
| Other  | 55,012             | 64,704             | 77,565             | 68,309             | 80,359             | 84,377             |
| Prior Year Adjustment                                | 19,254             | 0                  | 0                  | 0                  | 0                  | 0                  |
| <b>Total Charges</b>                                 | <b>\$543,981</b>   | <b>\$514,980</b>   | <b>\$514,888</b>   | <b>\$486,312</b>   | <b>\$510,423</b>   | <b>\$535,944</b>   |
| <b>Net State Aid</b>                                 | <b>\$3,717,849</b> | <b>\$2,919,679</b> | <b>\$2,865,275</b> | <b>\$2,938,854</b> | <b>\$3,206,681</b> | <b>\$3,181,160</b> |



- FY04 state aid was a 20% reduction. FY05 was level funded, slight increase in FY06.
- FY07 had first significant increase in 5 years. FY07 Chapter 70 still not recovered to FY02 amounts.

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

| School Building Reimbursement |               |  |                       |
|-------------------------------|---------------|--|-----------------------|
| Project                       | Payment Years | Total State Reimbursement (59% of Project) | Annual State Payments |
| 1997 Middle School            | FY01-FY2010   | \$2,396,493                                | \$248,732/yr          |
| Downey School                 | FY05-FY2012   | \$5,006,352                                | \$625,794/yr          |
| Martha Jones School           | FY05-FY2012   | \$5,537,952                                | \$692,249/yr          |
| High School-Annual Payments   | FY06-FY2023   | \$29,254,572                               | \$1,626,254/yr        |

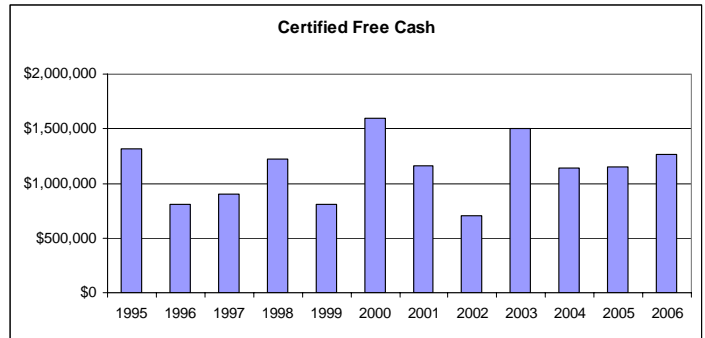
| Total State Reimbursement |             |
|---------------------------|-------------|
| FY05                      | \$1,544,068 |
| FY06                      | \$3,600,190 |
| FY07                      | \$3,193,029 |
| FY08                      | \$3,193,029 |

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.



## A Look at Free Cash

- Certified Free Cash as of July 1, 2006 is \$1,266,415 which is approximately 2% of the FY06 budget.
- The 5-year average Free Cash has been \$1.1 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 FY08 budget proposal at this time continues the use of \$225,000 of free cash to fund an energy reserve account.
- Free cash is primarily used each year to fund the capital budget and miscellaneous articles.

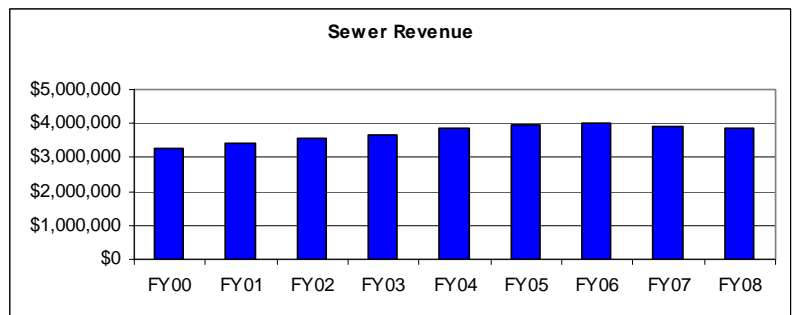


|  | July 2006  | July 2005   | July 2004  | July 2003   | July 2002   | July 2001  | July 2000   |
|--|--|---|--|---|---|--|---|
| Certified                                | \$1,266,415  | \$1,154,408   | \$1,138,014  | \$1,498,110   | \$700,938   | \$1,158,195  | \$1,591,553   |
| Used to Fund Subsequent Budget           | Proposed:<br><b>Energy Reserve</b><br>\$225,000<br><b>Capital</b><br>\$700,000<br><b>Stabilization</b><br>\$25,000 | <b>Energy Reserve</b><br>\$225,000<br><b>Capital</b><br>\$700,000<br><b>Articles</b><br>\$100,000<br><b>Stabilization</b><br>\$25,000 | <b>Capital</b><br>\$737,899<br><b>Budgets</b><br>\$122,450<br><b>Stabilization</b><br>\$25,000 | <b>Capital</b><br>\$696,000<br><b>Budgets</b><br>\$725,270<br><b>Article</b><br>\$5,000<br><b>Stabilization</b><br>\$25,000 | <b>Capital</b><br>\$600,000<br><b>Articles</b><br>\$100,000 | <b>Capital/Budget</b><br>\$896,912<br><b>Articles</b><br>\$235,000 | <b>Capital</b><br>\$1,265,000<br><b>Articles</b><br>\$320,500 |
| Certified Free Cash as % of Total Budget | 2%   | 2%  | 2%   | 3%  | 2%  | 3.7%   | 3%  |

### Sewer

Assumptions in FY08:

- Revenue is set to fully recover sewer operating and capital budget.
- Current revenue funds operating budget of \$3,845,601. If sewer capital is approved, revenue will also increase.



## FY2007 Local Receipts and Available Funds

|                             | <b>FY05</b>        | <b>FY06</b>        | <b>FY06</b>        | <b>FY07</b>        | <b>FY08</b>        |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                             | <b>Actual</b>      | <b>Budget</b>      | <b>Actual</b>      | <b>Budget</b>      | <b>Budget</b>      |
| Motor Vehicle Excise Tax    | \$2,309,888        | \$2,250,000        | \$2,298,851        | \$2,250,000        | \$2,250,000        |
| Penalties and Interest      | \$80,853           | \$80,000           | \$55,045           | \$50,000           | \$50,000           |
| License/Permits             | \$488,923          | \$325,000          | \$566,317          | \$338,000          | \$360,000          |
| Departmental Receipts       | \$202,443          | \$253,659          | \$281,089          | \$257,041          | \$260,000          |
| Special Assessments         | \$2,196            | \$300              | \$227              | \$200              | \$0                |
| Investment Income           | \$402,355          | \$250,000          | \$688,030          | \$280,100          | \$404,505          |
| Sewer Indirect              | \$212,000          | \$212,000          | \$212,000          | \$290,978          | \$290,978          |
| Recreation                  | \$145,000          | \$145,000          | \$145,000          | \$151,164          | \$152,000          |
| Other                       | \$67,083           | \$58,000           | \$49,686           | \$45,000           | \$45,000           |
| <b>Total Local Receipts</b> | <b>\$3,910,741</b> | <b>\$3,573,959</b> | <b>\$4,296,245</b> | <b>\$3,662,483</b> | <b>\$3,812,483</b> |

- FY08 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 fluctuations due to the construction projects. (was \$731,000 in FY03).
- FY06 departmental receipts started to include anticipated rental income from the Islington Community Center.

| <b>Available Funds Allocated</b>  | <b>FY04</b>        | <b>FY05</b>      | <b>FY06</b>      | <b>FY07</b>        | <b>FY08</b>      |
|-----------------------------------|--------------------|------------------|------------------|--------------------|------------------|
|                                   | <b>Budget</b>      | <b>Budget</b>    | <b>Budget</b>    | <b>Budget</b>      | <b>Budget</b>    |
| Conservation Receipts             | \$7,000            | \$7,000          | \$17,000         | \$17,000           | \$17,000         |
| Cemetery Trust                    | \$10,000           | \$10,000         | \$10,000         | \$10,000           | \$10,000         |
| Cemetery Lot Sales-Cemetery Debt  | \$0                | \$0              | \$0              | \$0                | \$0              |
| Ambulance Receipts                | \$350,463          | \$223,463        | \$223,463        | \$323,850          | \$366,200        |
| Extra Circuit Breaker \$          | \$0                | \$200,000        | \$0              | \$0                | \$0              |
| Pension Reserves                  | \$350,000          | \$350,000        | \$0              | \$0                | \$0              |
| High School Bond Premium          | \$0                | \$42,966         | \$38,302         | \$36,821           | \$35,340         |
| Sale of Land/Bond Premium         | \$472,970          | \$118,534        | \$0              | \$0                | \$0              |
| Prior Year/Miscellaneous Articles | \$0                | \$46,000         | \$271,000        | \$509,433          |                  |
| Library funds-land purchase       |                    |                  | \$180,000        | \$0                |                  |
| FY06 Ch70 not used                |                    |                  |                  | \$142,000          |                  |
|                                   | <b>\$1,190,433</b> | <b>\$997,963</b> | <b>\$739,765</b> | <b>\$1,039,104</b> | <b>\$428,540</b> |

- 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***

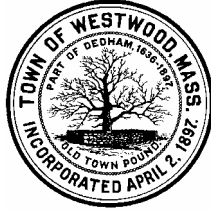
***This section is a summary of the  
FY08 Proposed Municipal Budget.***

***Please refer to the separate document...***

***FY2008 Municipal Budget Detail  
for more detail.***

# TOWN OF WESTWOOD

Commonwealth of Massachusetts



Office of the Finance Director

To the Honorable Board of Selectmen:

I hereby submit to you the Proposed FY08 Municipal Budget document. This document contains the Selectmen's proposed budget for overall municipal operations for FY08. 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 FY08. 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.

The FY08 budget presents another difficult budget year. As with the last four budget years, limited revenue and significant increases in fixed costs have made it difficult to continue to provide quality services to the community.

The municipal budget has endured 4 continuous years of level funding or limited budget growth.

|                   | <b>FY04</b> | <b>FY05</b> | <b>FY06</b> | <b>FY07</b> |
|-------------------|-------------|-------------|-------------|-------------|
| Municipal Budgets | 0.0%        | 3.4%        | 1.2%        | 4.5%        |

As shown on the chart, the municipal budget has only grown approximately 2% per year since FY04. Since the average 2% increase must cover increases in gas and utility costs, expense increases, and wage increases, continual reductions to services have occurred in order to remain within the limited budget.

Over the last four years, some of the reductions that have been made include the following:

- Reduced staffing in Town administration departments.
- Reduced Library services including closing on Sundays.
- Reduced municipal capital budget.
- Reduction or elimination of salary COLA.
- Reduction to service coverage in the Fire Department.
- Non-funding of new position/program requests from departments.
- Implementation of fees for removal of white goods.

The municipal departments have been hard pressed to meet the service demands of the community and the requirements of state regulations or mandates.

For FY08, 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 FY08 municipal budget request is:

|              | <b>Expended<br/>FY2006</b> | <b>Current<br/>FY2007<br/>Budget</b> | <b>FY2008<br/>Budget</b> | <b>\$ Change<br/>FY08 vs.<br/>FY07</b> | <b>% Change<br/>FY08 vs.<br/>FY07</b> |
|--------------|----------------------------|--------------------------------------|--------------------------|--|---------------------------------------|
| Salaries     | \$8,431,567                | \$9,126,404                          | \$9,525,728              | \$399,324                              | 4.4%                                  |
| Expenses     | \$4,314,869                | \$4,184,956                          | \$4,328,417              | \$143,461                              | 3.4%                                  |
| <b>Total</b> | <b>\$12,746,436</b>        | <b>\$13,311,360</b>                  | <b>\$13,854,145</b>      | <b>\$542,785</b>                       | <b>4.1 %</b>                          |

A summary of the budget request is provided on the following pages, including a one-page quick snapshot of major salary and expense changes. More than half of the total budget increase, or \$306,000 is for salary increases for cost of living wage adjustments and step increases for employees. Also included is \$85,000 of new salary and expense costs associated with the maintenance of the new High School fields, as per the final step of the field maintenance takeover agreement. Other than the DPW field position, the budget does not include new positions or increases in employee hours that were requested by departments and necessary to maintain level services.

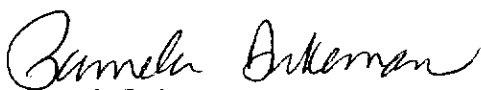
Residents expect a high level of service in the areas of public safety, advance life support (ALS) ambulance service, field and playground maintenance, trash and recycling services and programs for our seniors and recreation departments. The municipal department heads have strived to find ways to continue providing quality services while remaining within the limited available revenue.

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. However, because of the limited budget increases over the past four years, these reductions will cause a further decrease in the quality and level of services provided.

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. They continue to work hard providing services to the residents of Westwood within limited funding, which is a testament to their commitment to the Town.

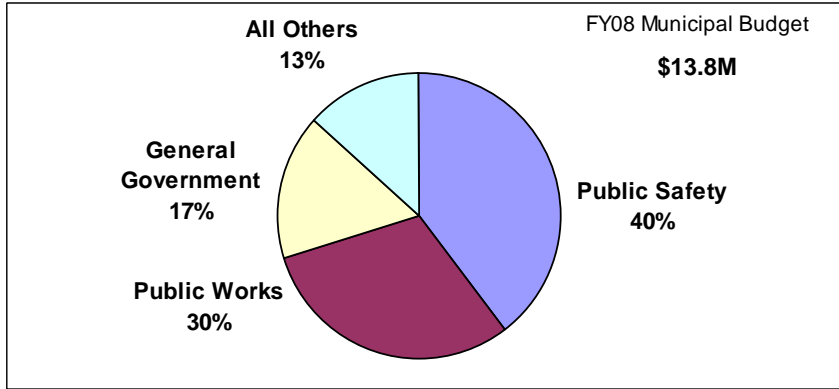
I also wish to thank Marie O’Leary, Town Accountant, Patricia Conley, Assistant Treasurer, and particularly Sheila Nee, Finance Commission Administrator, for the significant contribution they make to our budget process and overall financial management. Their efforts have resulted in presentation of clear, 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 FY08....



What we do:

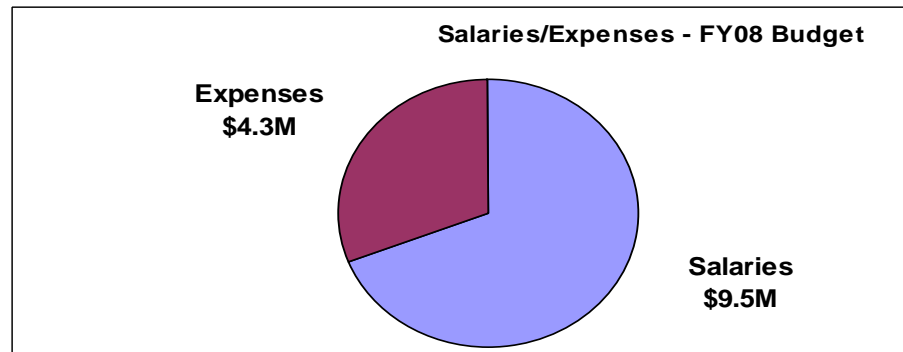
FY08 Municipal Budget \$13.8M

70% or \$9.6M provides for:

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

| Function                           | Amount       | % of Total |
|------------------------------------|--------------|------------|
| Public Safety                      | \$5,490,556  | 40%        |
| Public Works                       | \$4,202,206  | 30%        |
| General Government                 | \$2,300,416  | 17%        |
| Library, Recreation and All Others | \$1,860,967  | 13%        |
| Total                              | \$13,854,145 | 100%       |

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



Salary is 69% of budget.

## FY08 Municipal Budget Detail.....

|              | Expended<br>FY2006  | Current<br>FY2007<br>Budget | FY2008<br>Budget    | \$ Change<br>FY08 vs.<br>FY07 | % Change<br>FY08 vs.<br>FY07 |
|--------------|---------------------|-----------------------------|---------------------|-------------------------------|------------------------------|
| Salaries     | \$8,431,567         | \$9,126,404                 | \$9,525,728         | \$399,324                     | 4.4%                         |
| Expenses     | \$4,314,869         | \$4,184,956                 | \$4,328,417         | \$143,461                     | 3.4%                         |
| <b>Total</b> | <b>\$12,746,436</b> | <b>\$13,311,360</b>         | <b>\$13,854,145</b> | <b>\$542,785</b>              | <b>4.1%</b>                  |

| Major Salary Changes |  |                  |
|----------------------|--|------------------|
| Department           | Item                                     | Amount           |
| All departments      | Contract/COLA increases                  | \$250,000        |
| DPW Operations       | New position for new fields              | \$42,466         |
| DPW Operations       | Increased seasonal help – new fields     | \$7,400          |
| All departments      | Contract/Step/Other increases            | \$56,000         |
| COA                  | Part-time Program Admin implemented FY07 | \$30,000         |
|                      | <b>Total Major Salary Increases</b>      | <b>\$385,866</b> |

| Major Expense Changes     |   |                  |
|---------------------------|---|------------------|
| Department                | Detail  | Amount           |
| Field Maintenance         | High School field expenses                      | \$35,000         |
| Street Lighting/Traffic   | New High Street lights and traffic signals      | \$16,000         |
| Police                    | Increase in training/vehicle maintenance costs  | \$6,000          |
| Police/Fire/DPW           | Increase in gas cost                            | \$32,000         |
| DPW Operations            | Increase in expenses/storm water testing        | \$35,000         |
| Building Maintenance      | Increase in utilities/maintenance costs         | \$64,000         |
| Town Clerk                | Election cycle                                  | (\$6,900)        |
| Conservation              | Pond maintenance – Pettee’s Pond                | \$2,500          |
| Audit                     | Current 3-Yr contract expires FY07              | \$4,000          |
| Information Systems       | Increase in hardware/software maintenance costs | \$15,000         |
| Building Department       | Increase in inspectors’ mileage expense         | \$3,900          |
| Personnel Board           | Increase in consulting/training costs           | \$5,000          |
| Veterans                  | Increase in veterans’ benefits costs            | \$5,000          |
| Council on Aging          | Increase in gas/vehicle maintenance costs       | \$4,000          |
| Waste Disposal/Collection | DPW Director negotiated new disposal contract   | (\$100,000)      |
|                           | <b>Total Major Expense Changes</b>              | <b>\$120,500</b> |

# Municipal Personnel Summary

## Fiscal Years 2000 – 2008

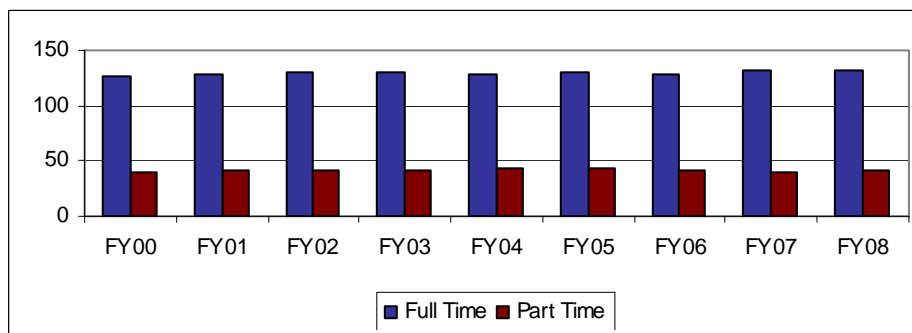
This chart outlines the staffing levels of the municipal departments over several years. The major area of growth has been in the DPW. This is due to the transfer of the field maintenance program from the school department to the DPW. Several field maintenance workers have been added to provide this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

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.

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.

|                                 | FY02       | FY03       | FY04       | FY05       | FY06       | FY07       | FY08       |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|
| <b>General Government</b>       |            |            |            |            |            |            |            |
| Full Time                       | 19         | 19         | 18         | 20         | 20         | 21         | 21         |
| Part Time                       | 11         | 11         | 12         | 11         | 9          | 8          | 8          |
| <b>Total</b>                    | <b>30</b>  | <b>30</b>  | <b>30</b>  | <b>31</b>  | <b>29</b>  | <b>29</b>  | <b>29</b>  |
| <b>Public Safety</b>            |            |            |            |            |            |            |            |
| Full Time                       | 68         | 68         | 68         | 68         | 66         | 68         | 68         |
| Part Time                       | 6          | 6          | 6          | 6          | 6          | 6          | 6          |
| <b>Total</b>                    | <b>74</b>  | <b>74</b>  | <b>74</b>  | <b>74</b>  | <b>72</b>  | <b>74</b>  | <b>74</b>  |
| <b>Public Works/Sewer</b>       |            |            |            |            |            |            |            |
| Full Time                       | 29         | 29         | 28         | 28         | 28         | 28         | 29         |
| Part Time                       | 1          | 1          | 2          | 2          | 2          | 2          | 2          |
| <b>Total</b>                    | <b>30</b>  | <b>30</b>  | <b>30</b>  | <b>30</b>  | <b>30</b>  | <b>30</b>  | <b>31</b>  |
| <b>Human Services</b>           |            |            |            |            |            |            |            |
| Full Time                       | 6          | 6          | 6          | 6          | 6          | 6          | 6          |
| Part Time                       | 6          | 6          | 6          | 6          | 6          | 6          | 7          |
| <b>Total</b>                    | <b>12</b>  | <b>12</b>  | <b>12</b>  | <b>12</b>  | <b>12</b>  | <b>12</b>  | <b>13</b>  |
| <b>Culture &amp; Recreation</b> |            |            |            |            |            |            |            |
| Full Time                       | 9          | 9          | 9          | 9          | 9          | 9          | 9          |
| Part Time                       | 18         | 18         | 18         | 18         | 18         | 18         | 18         |
| <b>Total</b>                    | <b>27</b>  | <b>27</b>  | <b>27</b>  | <b>27</b>  | <b>27</b>  | <b>27</b>  | <b>27</b>  |
| <b>Totals</b>                   |            |            |            |            |            |            |            |
| <b>Full Time</b>                | <b>131</b> | <b>131</b> | <b>129</b> | <b>131</b> | <b>129</b> | <b>132</b> | <b>133</b> |
| <b>Part Time</b>                | <b>42</b>  | <b>42</b>  | <b>44</b>  | <b>43</b>  | <b>43</b>  | <b>40</b>  | <b>41</b>  |





**Preliminary Appendix D  
FY2008 Departmental Salary/Expense Budgets**

| Description                           | Expended<br>FY2005 | Expended<br>FY2006 | Current<br>FY2007<br>Budget | Proposed<br>FY2008<br>Budget | \$ Change<br>FY08 vs<br>FY07 | % Change<br>FY08 vs<br>FY07 |
|---------------------------------------|--------------------|--------------------|-----------------------------|------------------------------|------------------------------|-----------------------------|
| Selectmen                             |                    |                    |                             |                              |                              |                             |
| Salaries                              | 327,986            | 334,012            | 365,784                     | 376,906                      | 11,122                       | 3.0%                        |
| Expenses                              | 47,789             | 46,944             | 51,700                      | 51,700                       | 0                            | 0.0%                        |
|                                       | <u>375,775</u>     | <u>380,956</u>     | <u>417,484</u>              | <u>428,606</u>               | <u>11,122</u>                | <u>2.7%</u>                 |
| Finance Commission                    |                    |                    |                             |                              |                              |                             |
| Salary                                | 29,274             | 29,583             | 31,407                      | 32,379                       | 972                          | 3.1%                        |
| Expenses                              | 18,759             | 19,732             | 20,614                      | 22,064                       | 1,450                        | 7.0%                        |
|                                       | <u>48,033</u>      | <u>49,315</u>      | <u>52,021</u>               | <u>54,443</u>                | <u>2,422</u>                 | <u>4.7%</u>                 |
| Accounting                            |                    |                    |                             |                              |                              |                             |
| Salaries                              | 136,557            | 139,406            | 145,228                     | 153,634                      | 8,406                        | 5.8%                        |
| Expenses                              | 4,552              | 5,469              | 5,700                       | 5,700                        | 0                            | 0.0%                        |
|                                       | <u>141,109</u>     | <u>144,875</u>     | <u>150,928</u>              | <u>159,334</u>               | <u>8,406</u>                 | <u>5.6%</u>                 |
| Audit - School & Municipal Financials |                    |                    |                             |                              |                              |                             |
| Expenses                              | 46,000             | 45,990             | 46,000                      | 50,000                       | 4,000                        | 8.7%                        |
| Assessors                             |                    |                    |                             |                              |                              |                             |
| Salaries                              | 124,313            | 145,837            | 152,179                     | 157,530                      | 5,351                        | 3.5%                        |
| Expenses                              | 73,308             | 25,730             | 23,504                      | 25,390                       | 1,886                        | 8.0%                        |
|                                       | <u>0</u>           | <u>0</u>           | <u>175,683</u>              | <u>182,920</u>               | <u>0</u>                     | <u>4.1%</u>                 |
| Treasurer                             |                    |                    |                             |                              |                              |                             |
| Salary                                | 65,767             | 64,575             | 70,015                      | 72,111                       | 2,096                        | 3.0%                        |
| Expenses                              | 3,167              | 13,018             | 15,130                      | 15,130                       | 0                            | 0.0%                        |
|                                       | <u>68,934</u>      | <u>77,593</u>      | <u>85,145</u>               | <u>87,241</u>                | <u>2,096</u>                 | <u>2.5%</u>                 |
| Collector                             |                    |                    |                             |                              |                              |                             |
| Salaries                              | 85,794             | 79,270             | 90,947                      | 90,063                       | (884)                        | -1.0%                       |
| Expenses                              | 58,481             | 56,728             | 62,150                      | 62,150                       | 0                            | 0.0%                        |
|                                       | <u>144,275</u>     | <u>135,998</u>     | <u>153,097</u>              | <u>152,213</u>               | <u>(884)</u>                 | <u>-0.6%</u>                |
| Legal                                 |                    |                    |                             |                              |                              |                             |
| Salary                                | 77,604             | 79,190             | 81,607                      | 84,073                       | 2,466                        | 3.0%                        |
| Expenses                              | 91,439             | 55,372             | 56,500                      | 56,500                       | 0                            | 0.0%                        |
|                                       | <u>169,043</u>     | <u>134,562</u>     | <u>138,107</u>              | <u>140,573</u>               | <u>2,466</u>                 | <u>1.8%</u>                 |
| Personnel Board                       |                    |                    |                             |                              |                              |                             |
| Salary                                | 59,230             | 69,408             | 85,316                      | 88,105                       | 2,789                        | 3.3%                        |
| Expenses                              | 17,169             | 3,921              | 4,175                       | 9,300                        | 5,125                        | 122.8%                      |
|                                       | <u>76,399</u>      | <u>73,329</u>      | <u>89,491</u>               | <u>97,405</u>                | <u>7,914</u>                 | <u>8.8%</u>                 |
| Information Systems                   |                    |                    |                             |                              |                              |                             |
| Salaries                              | 171,440            | 162,724            | 191,927                     | 196,692                      | 4,765                        | 2.5%                        |
| Expenses                              | 174,886            | 194,011            | 195,000                     | 210,000                      | 15,000                       | 7.7%                        |
|                                       | <u>346,326</u>     | <u>356,735</u>     | <u>386,927</u>              | <u>406,692</u>               | <u>19,765</u>                | <u>5.1%</u>                 |

Preliminary Appendix D  
FY2008 Departmental Salary/Expense Budgets

| Description                     | Expended<br>FY2005 | Expended<br>FY2006 | Current<br>FY2007<br>Budget | Proposed<br>FY2008<br>Budget | \$ Change<br>FY08 vs<br>FY07 | % Change<br>FY08 vs<br>FY07 |
|---------------------------------|--------------------|--------------------|-----------------------------|------------------------------|------------------------------|-----------------------------|
| Town Clerk                      |                    |                    |                             |                              |                              |                             |
| Salaries                        | 122,723            | 121,810            | 135,007                     | 128,551                      | (6,456)                      | -4.8%                       |
| Expenses                        | 35,446             | 24,547             | 50,700                      | 43,750                       | (6,950)                      | -13.7%                      |
|                                 | 158,169            | 146,357            | 185,707                     | 172,301                      | (13,406)                     | -7.2%                       |
| Conservation Commission         |                    |                    |                             |                              |                              |                             |
| Salary                          | 29,142             | 25,665             | 38,941                      | 36,985                       | (1,956)                      | -5.0%                       |
| Expenses                        | 2,141              | 2,196              | 2,800                       | 5,300                        | 2,500                        | 89.3%                       |
|                                 | 31,283             | 27,861             | 41,741                      | 42,285                       | 544                          | 1.3%                        |
| Planning Board                  |                    |                    |                             |                              |                              |                             |
| Salaries                        | 68,614             | 64,947             | 74,166                      | 76,335                       | 2,169                        | 2.9%                        |
| Expenses                        | 2,942              | 2,508              | 3,230                       | 3,230                        | 0                            | 0.0%                        |
|                                 | 71,556             | 67,455             | 77,396                      | 79,565                       | 2,169                        | 2.8%                        |
| Zoning Board of Appeals         |                    |                    |                             |                              |                              |                             |
| Salaries                        | 19,810             | 20,184             | 20,818                      | 21,074                       | 256                          | 1.2%                        |
| Expenses                        | 1,761              | 3,173              | 3,350                       | 3,350                        | 0                            | 0.0%                        |
|                                 | 21,571             | 23,357             | 24,168                      | 24,424                       | 256                          | 1.1%                        |
| Economic Development Task Force |                    |                    |                             |                              |                              |                             |
| Salaries                        | 56,203             | 48,244             | 52,539                      | 54,114                       | 1,575                        | 3.0%                        |
| Expenses                        | 992                | 5,252              | 5,300                       | 5,300                        | 0                            | 0.0%                        |
|                                 | 57,195             | 53,496             | 57,839                      | 59,414                       | 1,575                        | 2.7%                        |
| Outside Professional Services   |                    |                    |                             |                              |                              |                             |
| Expenses                        | 30,990             | 34,150             | 35,000                      | 35,000                       | 0                            | 0.0%                        |
| Mass Housing Partnership        |                    |                    |                             |                              |                              |                             |
| Expenses                        | 11,800             | 1,765              | 1,800                       | 2,000                        | 200                          | 11.1%                       |
| Housing Authority               |                    |                    |                             |                              |                              |                             |
| Expenses                        | 5,000              | 570                | 1,000                       | 1,000                        | 0                            | 0.0%                        |
| Communications Systems          |                    |                    |                             |                              |                              |                             |
| Expenses                        | 117,919            | 115,560            | 118,650                     | 121,000                      | 2,350                        | 2.0%                        |
| Training                        |                    |                    |                             |                              |                              |                             |
| Expenses                        | 3,210              | 4,000              | 4,000                       | 4,000                        | 0                            | 0.0%                        |
| <b>Total General Government</b> | <b>2,122,208</b>   | <b>2,045,491</b>   | <b>2,242,185</b>            | <b>2,300,416</b>             | <b>58,232</b>                | <b>2.6%</b>                 |

**Preliminary Appendix D  
FY2008 Departmental Salary/Expense Budgets**

| <b>Description</b>                    | <b>Expended<br/>FY2005</b> | <b>Expended<br/>FY2006</b> | <b>Current<br/>FY2007<br/>Budget</b> | <b>Proposed<br/>FY2008<br/>Budget</b> | <b>\$ Change<br/>FY08 vs<br/>FY07</b> | <b>% Change<br/>FY08 vs<br/>FY07</b> |
|---------------------------------------|----------------------------|----------------------------|--------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>Police Department</b>              |                            |                            |                                      |                                       |                                       |                                      |
| Salaries                              | 2,152,648                  | 2,129,283                  | 2,325,465                            | 2,425,155                             | 99,690                                | 4.3%                                 |
| Expenses                              | 144,027                    | 160,660                    | 166,150                              | 190,900                               | 24,750                                | 14.9%                                |
|                                       | <u>2,296,675</u>           | <u>2,289,943</u>           | <u>2,491,615</u>                     | <u>2,616,055</u>                      | <u>124,440</u>                        | <u>5.0%</u>                          |
| State Funded Education Incentive      | 117,573                    | 122,506                    | 139,759                              | 142,966                               | 3,207                                 | 2.3%                                 |
| <b>Auxiliary Police/Civil Defense</b> |                            |                            |                                      |                                       |                                       |                                      |
| Expenses                              | 10                         | 231                        | 2,000                                | 2,000                                 | 0                                     | 0.0%                                 |
|                                       | <u>10</u>                  | <u>231</u>                 | <u>2,000</u>                         | <u>2,000</u>                          | <u>0</u>                              | <u>0.0%</u>                          |
| <b>Animal Control</b>                 |                            |                            |                                      |                                       |                                       |                                      |
| Salary                                | 28,986                     | 29,405                     | 31,009                               | 31,961                                | 952                                   | 3.1%                                 |
| Expenses                              | 6,061                      | 8,256                      | 6,650                                | 7,000                                 | 350                                   | 5.3%                                 |
|                                       | <u>35,047</u>              | <u>37,661</u>              | <u>37,659</u>                        | <u>38,961</u>                         | <u>1,302</u>                          | <u>3.5%</u>                          |
| <b>Fire Department</b>                |                            |                            |                                      |                                       |                                       |                                      |
| Salaries                              | 2,030,485                  | 2,025,313                  | 2,185,198                            | 2,259,931                             | 74,733                                | 3.4%                                 |
| Expenses                              | 151,217                    | 161,148                    | 162,150                              | 170,450                               | 8,300                                 | 5.1%                                 |
|                                       | <u>2,181,702</u>           | <u>2,186,461</u>           | <u>2,347,348</u>                     | <u>2,430,381</u>                      | <u>83,033</u>                         | <u>3.5%</u>                          |
| <b>Building Inspection</b>            |                            |                            |                                      |                                       |                                       |                                      |
| Salaries                              | 203,268                    | 205,398                    | 222,491                              | 228,843                               | 6,352                                 | 2.9%                                 |
| Expenses                              | 22,920                     | 24,584                     | 24,100                               | 31,350                                | 7,250                                 | 30.1%                                |
|                                       | <u>226,188</u>             | <u>229,982</u>             | <u>246,591</u>                       | <u>260,193</u>                        | <u>13,602</u>                         | <u>5.5%</u>                          |
| <b>Total Public Safety</b>            | <b>4,857,195</b>           | <b>4,866,784</b>           | <b>5,264,971</b>                     | <b>5,490,556</b>                      | <b>225,585</b>                        | <b>4.3%</b>                          |

**Preliminary Appendix D  
FY2008 Departmental Salary/Expense Budgets**

| Description                             | Expended<br>FY2005 | Expended<br>FY2006 | Current<br>FY2007<br>Budget | Proposed<br>FY2008<br>Budget | \$ Change<br>FY08 vs<br>FY07 | % Change<br>FY08 vs<br>FY07 |
|---|--------------------|--------------------|-----------------------------|------------------------------|------------------------------|-----------------------------|
| Department of Public Works              |                    |                    |                             |                              |                              |                             |
| Salaries - admin                        | 150,282            | 153,259            | 168,036                     | 173,469                      | 5,433                        | 3.2%                        |
| Salaries - operations                   | 1,075,214          | 1,092,189          | 1,144,770                   | 1,241,717                    | 96,947                       | 8.5%                        |
| Expenses                                | 344,506            | 380,548            | 353,000                     | 402,100                      | 49,100                       | 13.9%                       |
|   | <u>1,570,002</u>   | <u>1,625,996</u>   | <u>1,665,806</u>            | <u>1,817,286</u>             | <u>151,480</u>               | <u>9.1%</u>                 |
| Building Maintenance                    | 379,171            | 539,451            | 524,320                     | 588,520                      | 64,200                       | 12.2%                       |
| Municipal & School<br>Field Maintenance | 85,000             | 84,899             | 85,000                      | 120,200                      | 35,200                       | 41.4%                       |
| Snow & Ice                              | 581,892            | 355,845            | 141,200                     | 141,200                      | 0                            | 0.0%                        |
| Street Lighting/<br>Traffic Light Maint | 93,257             | 104,236            | 105,000                     | 121,000                      | 16,000                       | 15.2%                       |
| Waste Collection/Disposal<br>Expenses   | 1,439,994          | 1,460,658          | 1,517,000                   | 1,414,000                    | (103,000)                    | -6.8%                       |
| <b>Total Public Works</b>               | <b>4,149,316</b>   | <b>4,171,085</b>   | <b>4,038,326</b>            | <b>4,202,206</b>             | <b>163,880</b>               | <b>4.1%</b>                 |
| Health Department                       |                    |                    |                             |                              |                              |                             |
| Salaries                                | 143,361            | 140,426            | 151,336                     | 168,030                      | 16,694                       | 11.0%                       |
| Expenses                                | 8,456              | 9,230              | 10,000                      | 10,000                       | 0                            | 0.0%                        |
|   | <u>151,817</u>     | <u>149,656</u>     | <u>161,336</u>              | <u>178,030</u>               | <u>16,694</u>                | <u>10.3%</u>                |
| Outside Health Agencies                 | 14,316             | 12,556             | 14,316                      | 14,316                       | 0                            | 0.0%                        |
| Disability Commission Expenses          | 0                  | 0                  | 500                         | 500                          | 0                            | 0.0%                        |
| Council On Aging                        |                    |                    |                             |                              |                              |                             |
| Salaries                                | 136,944            | 139,776            | 146,562                     | 181,339                      | 34,777                       | 23.7%                       |
| Expenses                                | 16,710             | 12,405             | 19,385                      | 23,935                       | 4,550                        | 23.5%                       |
|   | <u>153,654</u>     | <u>152,181</u>     | <u>165,947</u>              | <u>205,274</u>               | <u>39,327</u>                | <u>23.7%</u>                |
| Youth and Family Services Commission    |                    |                    |                             |                              |                              |                             |
| Salaries                                | 134,388            | 121,585            | 142,141                     | 148,576                      | 6,435                        | 4.5%                        |
| Expenses                                | 14,697             | 15,263             | 15,282                      | 15,282                       | 0                            | 0.0%                        |
|   | <u>149,085</u>     | <u>136,848</u>     | <u>157,423</u>              | <u>163,858</u>               | <u>6,435</u>                 | <u>4.1%</u>                 |
| Veterans Services                       |                    |                    |                             |                              |                              |                             |
| Salaries                                | 21,932             | 22,311             | 22,902                      | 23,699                       | 797                          | 3.5%                        |
| Expenses                                | 27,545             | 28,840             | 32,225                      | 37,800                       | 5,575                        | 17.3%                       |
|   | <u>49,477</u>      | <u>51,151</u>      | <u>55,127</u>               | <u>61,499</u>                | <u>6,372</u>                 | <u>11.6%</u>                |
| <b>Total Human Services</b>             | <b>518,349</b>     | <b>502,392</b>     | <b>554,649</b>              | <b>623,477</b>               | <b>68,828</b>                | <b>12.4%</b>                |

**Preliminary Appendix D  
FY2008 Departmental Salary/Expense Budgets**

| Description                         | Expended<br>FY2005 | Expended<br>FY2006 | Current<br>FY2007<br>Budget | Proposed<br>FY2008<br>Budget | \$ Change<br>FY08 vs<br>FY07 | % Change<br>FY08 vs<br>FY07 |
|-------------------------------------|--------------------|--------------------|-----------------------------|------------------------------|------------------------------|-----------------------------|
| Public Library                      |                    |                    |                             |                              |                              |                             |
| Salaries                            | 663,676            | 662,811            | 685,262                     | 700,529                      | 15,267                       | 2.2%                        |
| Expenses                            | 190,389            | 196,945            | 200,975                     | 204,800                      | 3,825                        | 1.9%                        |
| Lost Books                          | 1,058              | 818                | 850                         | 850                          | 0                            | 0.0%                        |
|                                     | <u>855,123</u>     | <u>860,574</u>     | <u>887,087</u>              | <u>906,179</u>               | <u>19,092</u>                | <u>2.2%</u>                 |
| Recreation                          |                    |                    |                             |                              |                              |                             |
| Salaries                            | 211,834            | 202,450            | 225,592                     | 230,961                      | 5,369                        | 2.4%                        |
| Expenses                            | 41,550             | 41,550             | 41,550                      | 41,550                       | 0                            | 0.0%                        |
|                                     | <u>253,384</u>     | <u>244,000</u>     | <u>267,142</u>              | <u>272,511</u>               | <u>5,369</u>                 | <u>2.0%</u>                 |
| Memorial/Veteran's Day<br>Expenses  | 2,506              | 2,910              | 3,800                       | 5,600                        | 1,800                        | 47.4%                       |
| <b>Total Culture and Recreation</b> | <b>1,111,013</b>   | <b>1,107,484</b>   | <b>1,158,029</b>            | <b>1,184,290</b>             | <b>26,261</b>                | <b>2.3%</b>                 |
| Other                               |                    |                    |                             |                              |                              |                             |
| Operating Equipment & Projects      | 142,000            | 53,200             | 53,200                      | 53,200                       | 0                            | 0.0%                        |
| List fy08 items                     |                    |                    |                             |                              |                              |                             |
| <b>Total Other</b>                  | <b>142,000</b>     | <b>53,200</b>      | <b>53,200</b>               | <b>53,200</b>                | <b>0</b>                     | <b>0.0%</b>                 |
| <b>Total Municipal Budget</b>       | <b>12,900,081</b>  | <b>12,746,436</b>  | <b>13,311,360</b>           | <b>13,854,145</b>            | <b>542,785</b>               | <b>4.1%</b>                 |

## ***School Budget***

***This section is a summary of the  
FY08 Recommended School Budget.***

***Please refer to the separate document...***

***FY2008 School Department Budget  
for more detail.***

**Preliminary Appendix D  
FY2008 Departmental Salary/Expense Budgets**

| Description                    | Expended<br>FY2005 | Expended<br>FY2006 | Current<br>FY2007<br>Budget | Proposed<br>FY2008<br>Budget | \$ Change<br>FY08 vs<br>FY07 | % Change<br>FY08 vs<br>FY07 |
|--------------------------------|--------------------|--------------------|-----------------------------|------------------------------|------------------------------|-----------------------------|
| <b>Westwood Public Schools</b> |                    |                    |                             |                              |                              |                             |
| Salaries                       | 19,839,052         |                    | 20,689,274                  | 23,587,688                   | 2,898,414                    | 14.0%                       |
| Expenses                       | 6,170,465          |                    | 6,404,852                   | 7,340,270                    | 935,418                      | 14.6%                       |
| School salaries & exps         | 26,009,517         | 26,009,280         | 27,094,126                  | 30,927,958                   | 3,833,832                    | 14.2%                       |
| <br>                           |                    |                    |                             |                              |                              |                             |
| Blue Hills Regional School     | 121,028            | 112,019            | 136,932                     | 149,963                      | 13,031                       | 9.5%                        |
| <br>                           |                    |                    |                             |                              |                              |                             |
| Crossing Guards                |                    |                    |                             |                              |                              |                             |
| Salaries                       | 82,898             | 88,150             | 92,254                      | 97,185                       | 4,951                        | 5.4%                        |
| Expenses                       | 2,427              | 1,299              | 2,800                       | 2,800                        | 0                            | 0.0%                        |
|                                | 85,325             | 89,449             | 95,054                      | 99,985                       | 4,951                        | 5.2%                        |
| <br>                           |                    |                    |                             |                              |                              |                             |
| <b>Total School Budgets</b>    | <b>26,215,870</b>  | <b>26,210,748</b>  | <b>27,326,092</b>           | <b>31,177,906</b>            | <b>3,851,814</b>             | <b>14.1%</b>                |



WESTWOOD PUBLIC SCHOOLS  
THE BEST PLACE TO LEARN

JOHN J. ANTONUCCI  
Superintendent of Schools

DRAFT

January 11, 2007

Dear School Committee Members and Westwood Residents,

On behalf of the Westwood Public Schools, I present to you the Proposed FY'08 School Department Budget. I believe you will find this document to be an excellent resource in your effort to learn more about our school system. This Executive Summary, in particular, is intended to provide you an easy-to-read, yet detailed overview of the budget request. I am confident your time spent reading this will be valuable.

As the table below illustrates, my recommended budget for FY'08 totals \$30,927,957, a \$3,715,832 or 13.66% increase over FY'07.

|                       |               |
|-----------------------|---------------|
| Final FY'07 Budget    | \$ 27,212,125 |
| Proposed FY'08 Budget | \$ 30,927,957 |
| Increase (\$)         | \$ 3,715,832  |
| Increase (%)          | 13.66%        |

Of the \$3.7 million increase, approximately \$1.4 million is to maintain level services\* The additional amount, \$2.3 million, is primarily to restore staff, programs or services that were scaled back or eliminated in prior fiscal years. Anything new is to address class size or critical program need. The breakdown is below:

|   |              |
|---|--------------|
| Increase needed to provide Level Services | \$ 1,441,811 |
| Total of Restored or New Budget Requests  | \$ 2,274,021 |
| Total FY'08 Budget Increase (\$)          | \$ 3,715,832 |

\* A level-service budget is defined as a budget of the same amount as the previous year plus cost increases for known contracts or obligations (e.g. salaries, special education, transportation, utilities, enrollment.). Or generally, what do we need to maintain the same level of service next year that we have today?

### TOWN CONTRIBUTION AND ITS IMPACT ON AN OVERRIDE

Based on discussions we have had with Town officials, it appears that the School Department can expect no more than \$750,000 from the Town (even this amount may be optimistic depending on several variables including state aid). What this means is that to fund the FY'08 recommended budget, a Proposition 2 ½ override of \$2.96 million will be necessary. Although I hold out hope that the fiscal climate may change as the budget season progresses, for our planning purposes we need to be as conservative and prudent as possible. The calculation of the override amount is below:

|  |                |
|--|----------------|
| Probable Local Contribution                            | \$ 750,000     |
| Total FY'08 Budget Increase                            | \$ 3,715,832   |
| Budget Shortfall and Proposition 2 1/2 Override Amount | \$ (2,965,832) |



## WHY IS THERE SUCH A LARGE INCREASE TO THE BUDGET?

This budget was built with the belief that our public school system is at risk of losing its status as a high-quality, high-performing institution. The students of the Westwood Public Schools have a long history of achieving excellence, and it did not happen by accident. Rather, it happened because the residents of Westwood backed their pride in their public schools with the necessary financial commitment to adequately support them. Generations of Westwood students have had the privilege of attending our schools and were given countless opportunities to succeed. They were taught by the best teachers, they had reasonable class sizes, they had numerous co-curricular offerings such as athletics and performing arts, their classrooms and libraries were well-stocked, and they paid no user fees.

However, the schools are at a crossroad. The strain placed on the system by several years of inadequate budget growth is compromising the education of Westwood students. Over the course of the last five years, the Town's ability to provide an adequate level of funding to the school or municipal budgets has been eroded by rising costs in several areas such as special education, utilities, and health insurance. All of this is exacerbated by a State government that has retreated from its financial commitment to fund public education. The following is a summary of some of the challenges we face as a school system today:

### THE CURRENT STATE OF THE DISTRICT *TODAY'S CHALLENGES*

As we have discussed so frequently and publicly over the past twelve months, last year was the tipping point in the Westwood Public Schools, when we were forced to significantly reduce our services to absorb the impact of fixed costs in the Utilities and Special Education budgets. My recent state of the district presentation (found on the district website at [www.westwood.k12.ma.us](http://www.westwood.k12.ma.us)) details of some of the challenges we face today, as compared to recent years. Below are some highlights from that presentation:

- **HIGH CLASS SIZES THROUGHOUT THE DISTRICT**
  - 23% of all Elementary class sizes are above the School Committee guideline.
  - 21% of all specialist classes at Thurston Middle School have 40 or more students, including some Physical Education that have 48 students.
  - At Westwood High School, 30% of all classes have 25 or more students. In 1996, that number was 3.6%.
- **LIMITED PROGRAM OFFERINGS AT WESTWOOD HIGH SCHOOL**
  - In recent years, Westwood High School has been able to maintain most of its program offerings, albeit at the expense of reasonable class sizes. In FY'07, the High School was forced to reduce over \$250,000 from a level service budget. That proved to be the breaking point, and as a result we cut the following courses: *AP Psychology, AP Statistics, AP Government, AP Environmental Science, Level I and II Environment Science, Business, Grade 9 Reading and Research, Level III Psychology, Latin IV, Chorus, Student Newspaper, and Yearbook (rolled into English curriculum).*
  - Due to these program losses, many of our students no longer have the option to take a full complement of academic courses that are desired by most colleges. To combat a potential missed opportunity for our students, the high school principal is now including a letter to college admissions offices (with the students' transcripts) explaining how recent budget cuts have impacted course selection. This was highlighted in a Boston Globe article on Sunday, December 9, 2006.

- **DECREASES IN ART, MUSIC AND PE AT THE ELEMENTARY LEVEL**
  - A reduction of 2.4 full-time equivalent (FTE) elementary specialists in the FY'07 budget significantly reduced the contact time afforded to teachers and students. Some elementary students have 50% less instruction in specialty areas than in past years.
  - The reduction led to the implementation of the Drop Everything and Read (D.E.A.R.) program. Every other Wednesday, students in grades 1-5 gather in the gymnasium or cafeteria (a la Study Halls for older students) and are required to spend 45 minutes reading. This is non-instructional time. For obvious reasons, we feel strongly that this is not an educationally-optimal use of the school day.
- **CHANGES IN PROGRAM OFFERINGS AT THURSTON MIDDLE SCHOOL**
  - Students at Thurston Middle School do not have the same opportunities as in past years. With the exception of Physical Education and Music, students do not have three years of any specialty subject area.
  - In addition, last year's staff reduction also led to the implementation of Study Halls in Grades 7 and 8. Twenty-first century education demands high-standards. We need to maintain an adequate level of direct instructional time; study halls erode that effort.
- **CONTINUED NEED FOR MATH SUPPORT AT THE ELEMENTARY LEVEL**
  - Elementary Math Specialists have been requested and unfunded for four fiscal years, despite a demonstrated data-driven need. In fact, 27% of fourth grade students scored in the Needs Improvement category on the MCAS. The goal is to reduce that by at least 10%.
- **HIGH USER FEES THROUGHOUT THE DISTRICT.**
  - The FY'07 budget contains approximately \$1 million in user fee revenue. User fees effectively shift the responsibility of public education from local, state and federal governments onto students and their families. In lieu of cutting programs entirely, districts like Westwood have been forced to institute user fees. This is a recent phenomenon and is a trend that needs to be reversed. The following shows the dramatic increases in user fees since FY'00.

| User Fees For...         | FY'00 | FY'07   | Change  |
|--------------------------|-------|---------|---------|
| HS Athletics (per sport) | \$100 | \$300   | \$200   |
| K-8 Transportation       | \$0   | \$235   | \$235   |
| HS Transportation        | \$0   | \$385   | \$385   |
| Kindergarten             | \$0   | \$1,450 | \$1,450 |
| Student Activities       | \$0   | \$100   | \$100   |
| HS Parking               | \$0   | \$200   | \$200   |

- **REDUCTIONS TO SUPPLY AND EQUIPMENT BUDGETS**
  - Due to recent budget cuts, the school department budget contains no funds (\$0) for Library books. In addition, general elementary supply budgets were reduced by 20% in FY'07.
  - In recent years, the Operations and Maintenance budget, like the instructional supply budgets, has been reduced. Most recently, in FY'06, the operations and maintenance budget was reduced by \$85,000. With over 650,000 square feet of school building space, and with the buildings being occupied by 3,000 students and community members seven days per week, it is imperative that we maintain adequate repair and maintenance budgets. Without a restoration of funds, our ability to maintain our building resources is greatly compromised.

I hope this State of the District Summary was informative, and that it provides you some concrete information about the Westwood Public Schools. Although I firmly believe that we have the finest teachers and administrators in the Commonwealth, it has become increasingly difficult to provide the same high quality education that Westwood students have been afforded for so many years.

## WHAT MAKES UP THE \$3.7 MILLION INCREASE?

### WHAT DOES A \$2.96 MILLION OVERRIDE BUY?

A \$2.96 million override will allow us to fund the \$1.44 million of level services, as well as restore a significant number of teachers, restore supply and material budgets, and more. More detailed explanations are found later in this document, and the table below provides a budget impact summary:

| Budget Action   | Budget Impact       |
|---|---------------------|
| Fund Level Services Budget: Salaries<br><i>(including 2.0 FTE new positions due to Enrollment)</i>                    | \$ 1,000,902        |
| Fund Level Services Budget: Non-Salary  | \$ 440,909          |
| <b>Subtotal: Level Services Budget</b>  | <b>\$ 1,441,811</b> |
| Restore or Add 34.77 Full-Time Equivalent Positions   | \$ 1,752,041        |
| Reduce Turnover account by \$30,000 to \$150,000  | \$ 30,000           |
| Restore Elementary Supply budgets (+ 20%)   | \$ 67,180           |
| Restore Operations & Maintenance Supply budget  | \$ 85,000           |
| Restore Library Book/Periodical Budget  | \$ 59,300           |
| Fund Supplemental Expense Budgets<br><i>(e.g. textbooks, non-consumable supplies, classroom set-up, etc.)</i>         | \$ 43,175           |
| Fund Repair and Maintenance Items<br><i>(e.g. doors and hardware, electrical repair, door buzzer for Hanlon, etc)</i> | \$ 60,200           |
| Fund Furniture, Fixtures, and Equipment budget<br><i>(e.g. Science equipment, student desks and chairs, etc.)</i>     | \$ 60,625           |
| Fund Technology Equipment Budget<br><i>(computers based on five-year replacement program)</i>                         | \$ 116,500          |
| <b>Subtotal: New or Restorative Items</b>   | <b>\$ 2,274,021</b> |
| <b>TOTAL FY'08 BUDGET INCREASE</b>  | <b>\$ 3,715,832</b> |

## USER FEES: RECOMMENDED ROLL-BACK PLAN

As a result of conservative budgeting, high bus ridership, high participation in full-day Kindergarten, and increased participation in high school athletics, we have surplus balances in our revolving accounts of approximately \$350,000. As such, I am recommending that this one-time revenue be applied to the budget, thereby enabling us to roll back (but not eliminate) fees with zero operating budget impact. The application of these funds to the budget would result in the following changes:

- Full-Day Kindergarten: Reduce fee by \$500 (to \$950 from \$1,450)
- High School Athletics: Reduce fee by \$50/season (to \$250 from \$300)
- High School Extra-Curricular: Reduce fee by \$50 (to \$50 from \$100)
- Bus Transportation : K-8: Reduce fee by \$100 (to \$135 from \$235)
- Bus Transportation: 9-12 Reduce fee by \$100 (to \$285 from \$385)
- High School Parking: Eliminate Fee

**Important Note:** It is my further recommendation that, if the override fails, these one-time funds be used to mitigate the impact of a cut to the level-service budget.

## SALARIES: THE LARGEST BUDGET DRIVER

Not surprisingly, the School Department's major budget driver is personnel costs. Schools are labor-intensive organizations by their very nature. Each day our staff – *teachers, administrators, aides, nurses, secretaries, custodians, cafeteria workers, and others* – directly serve almost 3,000 Westwood students. In the FY'08 recommended budget, which attempts to restore lost programs, lower class sizes, increase student achievement, and meet the needs of our special education students, the vast majority of restored or new requests are staff. Note the following:

- 76.3% of the proposed \$30.9 million total budget is attributable to salary costs
- 74.9% of the total budget increase is also attributable to salary costs

## SUMMARY OF PERSONNEL REQUESTS

A total of 36.77 FTE restored or new personnel are included in the recommended budget. Of those, 2.0 FTE (Sheehan Grade 5 teacher and High School Custodian) are included in the level services budget. The breakdown of those positions by type and school is below, listed with the total full-time equivalency (FTE) and total budget impact.

|                                 |                  |                    |
|---------------------------------|------------------|--------------------|
| • Elementary Teachers:          | 12.60 FTE        | \$680,400          |
| • Middle School Teachers:       | 3.90 FTE         | \$210,600          |
| • High School Teachers:         | 9.85 FTE         | \$552,091          |
| • High School Secretary:        | 0.5 FTE          | \$20,000           |
| • Special Education Teachers:   | 3.5 FTE          | \$189,000          |
| • Special Education Assistants: | 4.42 FTE         | \$99,450           |
| • SPED Other                    | 0.0 FTE          | \$18,000           |
| • Custodians                    | 2.0 FTE          | \$73,500           |
| • <u>Staff Turnover Account</u> | <u>0.0 FTE</u>   | <u>\$30,000</u>    |
| <b>TOTAL:</b>                   | <b>36.77 FTE</b> | <b>\$1,873,041</b> |

## RATIONALE FOR NEW PERSONNEL

Appendix A of the Executive Summary provides detailed explanations and rationale for several of the new or restored positions in the FY'08 budget request. As you are reading them, bear in mind that all of the requests focused on one or more of the following goals:

- 1.) Class size reduction
- 2.) Program restoration
- 3.) Program improvement
- 4.) Special Education compliance
- 5.) Improving direct services to students

## SUMMARY OF NON-SALARY REQUESTS

Appendix B of the Executive Summary provides detailed explanations and rationale for restored or new non-salary items *that are above and beyond the level services budget*.

**The following three sections are intended to provide you:**

- An historical perspective of school department budgets;
- Information about how state aid impacts the Town's ability to fund school and municipal budgets (and how Westwood's aid compares to other towns)
- Information about how a \$2.9 million override will impact your property tax bill.

**DISPELLING A MYTH**

**SCHOOL DEPARTMENT BUDGET HISTORY: FY'03 TO FY'08**

The chart below is perhaps the most telling of all of our budget exhibits. The perception that the Westwood Public Schools' budget has grown in recent years at an unmanageable rate is false. In fact, from FY'03 to FY'07, the budget increased at a rate of 2.31% per year. Furthermore, when you factor in the 13.66% increase requested in FY'08, the five-year average would be 4.58%. Although the 13.66% increase is difficult to absorb in one fiscal year, the history suggests that this high figure simply compensates for five years of inadequate budget growth.

| Fiscal Year | Total Budget | Budget Increase |
|-------------|--------------|-----------------|
| FY'03       | \$24,862,000 |                 |
| FY'04       | \$24,966,760 | 0.4%            |
| FY'05       | \$26,060,095 | 4.4%            |
| FY'06       | \$26,060,095 | 0.0%            |
| FY'07       | \$27,212,125 | 4.4%            |
| FY'08       | \$30,927,957 | 13.7%           |

During that same time period (FY'03 to FY'07), there were other factors that exacerbated the limited budget growth. In particular:

- The cost of Heating Fuel rose by \$400,000 or 235%;
- The cost of Electricity rose by \$225,000 or 165%
- Special Education Tuition costs rose by \$1.1 million, or 177%
- Student enrollment increased by more than 10%

When one considers these factors and recognizes that a level service budget costs approximately 5% on an annual basis, it becomes clear that with such limited budget growth, a significant reduction in service was inevitable.

**WHY IS THERE SUCH A BURDEN ON THE TOWN OF WESTWOOD TO FUND PUBLIC EDUCATION?**

Besides local tax revenue, municipalities in the Commonwealth rely heavily on State Education Aid, called "Chapter 70 Aid", to mitigate the costs of funding public education. The Chapter 70 funding formula was originally developed in 1993 when a comprehensive Education Reform package was adopted by the legislature. Naturally, the funding formula favors towns in need, and Westwood, given its relative socio-economic status, receives less than 10% of its annual operating budget from Chapter 70 funds (in FY'07 we received \$2.6 million for a \$27.2 million operating budget) This places a significant burden on local property tax payers to fund the remaining 90%.

The funding formula, in many people's opinion, needs a major overhaul. One striking example of why is illustrated in the table below. This data shows that on a per-pupil basis, Westwood receives only \$885/pupil. Notice other towns on the list like Medfield, Acton, Dover, Wayland, Needham, etc., which receive far more. One striking example: If Westwood received the same amount of per-pupil Chapter 70 Aid as Medfield, it would receive an additional \$2.5 million from the state.

| Comparable District | Enrollment (DOE) | Ch. 70 Aid | Ch. 70 Aid Per Pupil |
|---------------------|------------------|------------|----------------------|
| WESTFORD            | 5,034            | 12,975,693 | 2,578                |
| HOLLISTON           | 2,782            | 6,258,872  | 2,250                |
| MEDFIELD            | 2,954            | 5,113,751  | 1,731                |
| MILLIS              | 1,248            | 2,102,688  | 1,685                |
| ACTON BOXBOROUGH    | 2,838            | 4,715,036  | 1,661                |
| HAMILTON WENHAM     | 2,010            | 3,269,343  | 1,627                |
| CONCORD CARLISLE    | 1,289            | 1,704,025  | 1,322                |
| DEDHAM              | 2,763            | 3,524,055  | 1,275                |
| DOVER SHERBORN      | 1,057            | 1,273,362  | 1,205                |
| HARVARD             | 1,260            | 1,394,722  | 1,107                |
| COHASSET            | 1,521            | 1,552,631  | 1,021                |
| CANTON              | 2,975            | 2,977,671  | 1,001                |
| WINCHESTER          | 3,660            | 3,582,999  | 979                  |
| BEDFORD             | 2,369            | 2,302,613  | 972                  |
| WAYLAND             | 2,849            | 2,706,784  | 950                  |
| NEEDHAM             | 4,752            | 4,366,273  | 919                  |
| WESTWOOD            | 2,925            | 2,588,559  | 885                  |
| WELLESLEY           | 4,578            | 3,765,942  | 823                  |
| WESTON              | 2,279            | 1,790,526  | 786                  |

## WHAT IS THE IMPACT ON YOUR PROPERTY TAX BILL?

*ASSUMES A \$2.9 MILLION OVERRIDE*

The following chart was developed using information supplied by the Town of Westwood's Finance Department.:

| If your home is valued at.... | A \$2.9 million override would add this amount to your tax bill | After-Tax Cost* |
|-------------------------------|---|-----------------|
| \$500,000                     | \$363   | \$261           |
| \$550,000                     | \$399   | \$287           |
| \$600,000                     | \$435   | \$313           |
| \$650,000                     | \$471   | \$339           |
| \$700,000                     | \$508   | \$365           |
| \$750,000                     | \$544   | \$392           |
| \$800,000                     | \$580   | \$418           |
| \$900,000                     | \$653   | \$470           |
| \$1,000,000                   | \$725   | \$522           |
| \$1,200,000                   | \$870   | \$626           |
| \$1,400,000                   | \$1,015   | \$731           |
| \$1,500,000                   | \$1,088   | \$783           |

\* Assumes that homeowner is in 28% tax bracket

## WHAT HAPPENS IF THE OVERRIDE FAILS?

As I indicated above, we need approximately \$1.44 million simply to maintain level services. The estimated local contribution of \$750,000 falls far short of meeting that need. As such, we have what I describe as a "Funding Gap" of approximately \$700,000. Given the current state of the district, cutting an additional \$700,000 from our existing services has draconian implications on our public schools. The calculation of the funding gap is below:

|  |              |
|--|--------------|
| Increase needed to provide Level Services        | \$ 1,441,811 |
| Probable contribution from the Town              | \$ 750,000   |
| Funding Gap: Required cut from existing services | \$ (691,811) |

### OPTIONS IF THE OVERRIDE FAILS:

As I indicated on Page 4 of this document, I would strongly recommend that we use the surplus funds in the Athletic, Bus Fee and Kindergarten revolving accounts (approximately \$350,000) to mitigate the impact of a level-service cut. If we apply these funds to the budget, that leaves a remaining gap of \$350,000. Reducing \$350,000 from the level services budget would require some or all of the following reductions:

- **High School - Cut 2.0 FTE teachers:** This will have adverse impacts on class sizes and program offerings.
- **Elementary – Cut 4.0 to 6.0 FTE teachers:** We will either:
  - *Cut Elementary classroom teachers:* This would result in some elementary classes of over 30 students, or;
  - *Cut specialists or outright eliminate one specialty program:* Either way, D.E.A.R. time would be substantially increased.
- **Facilities - Cut 1.0 FTE High School Custodian**
- **Non-Salary - Cut \$40,000-\$60,000:** Will include curriculum review, professional development, and classroom supply budgets.

Regardless of the amount, any cut to level services will have adverse impacts on the quality of education we can provide to Westwood students. In any budget-reduction exercise, our commitment is to maintaining the core academic program and to preserving (to the extent possible) reasonable class sizes.

## 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. In particular, the largest variable – the one that most drives the amount of the override – is the contribution we receive from the Town. As the budget process evolves, the amount of the override may change based on what the Town is able to contribute.

Furthermore, it is important to remember that the presentation of the Superintendent's recommended budget is the first step of a long process. Depending on several different factors, the budget that we present to the voters will likely differ from the one presented today.

As I have said before, I am committed to open and honest communication with all stakeholders. If I receive new information that may impact the budget, it will be communicated to the general public in a timely and transparent manner.

## 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 recognize that requesting a Proposition 2 ½ Override is difficult for any community. As a new resident of Westwood, I know firsthand that many of our friends, relatives and neighbors find it challenging to manage their household budgets as the cost of living continues to rise. However, I am also responsible for ensuring that our students get the best possible education we can provide. This community has desired and demanded a high-quality school system for many years, but I share many people's concern that the system is showing signs of erosion. This budget begins to address some of our most pressing concerns, namely:

- High class sizes throughout the district
- Reduced program offerings at Westwood High School and Thurston Middle School
- The existence of Drop Everything and Read time (D.E.A.R.) at the elementary level
- A strong reliance on user fees, including those for Kindergarten, Transportation, Extra-Curricular activities, Athletics and Parking
- Inadequate supply, equipment and maintenance budgets.

I want to thank all of the principals, K-12 Directors, and central office staff for their contribution in developing the Proposed FY'08 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 11 School Committee meeting, the budget workshop on January 18, and the program presentations on Saturday, January 20. Thank you.

Sincerely,



John J. Antonucci



**Exhibit 1**  
**FY '07 Appropriation vs. FY '08 Superintendent's Recommended Budget**

|  | FY'07<br>Appropriation | FY'08<br>Proposed<br>Budget | Increase/<br>Decrease (\$) | Increase/<br>Decrease (%) |
|--|------------------------|-----------------------------|----------------------------|---------------------------|
| <b>I. INSTRUCTIONAL</b>                        |                        |                             |                            |                           |
| Personal Services                              | \$ 18,859,635          | \$ 21,487,912               | \$ 2,628,276               | 13.94%                    |
| Expenses                                       | 2,372,721              | 2,811,320                   | 438,599                    | 18.49%                    |
| <i>Instructional Sub-total</i>                 | <b>\$ 21,232,356</b>   | <b>\$ 24,299,232</b>        | <b>\$ 3,066,875</b>        | <b>14.44%</b>             |
| <b>II. CENTRAL ADMINISTRATION</b>              |                        |                             |                            |                           |
| Personal Services                              | 768,812                | \$ 791,306                  | \$ 22,494                  | 2.93%                     |
| Expenses                                       | 182,250                | 184,250                     | 2,000                      | 1.10%                     |
| <i>Administration Sub-total</i>                | <b>\$ 951,062</b>      | <b>\$ 975,556</b>           | <b>\$ 24,494</b>           | <b>2.58%</b>              |
| <b>III. OPERATIONS</b>                         |                        |                             |                            |                           |
| Personal Services                              | 1,177,127              | \$ 1,308,470                | \$ 131,343                 | 11.16%                    |
| Expenses                                       | 1,854,840              | 2,268,700                   | 413,860                    | 22.31%                    |
| <i>Operations Sub-total</i>                    | <b>\$ 3,031,966</b>    | <b>\$ 3,577,169</b>         | <b>\$ 545,203</b>          | <b>17.98%</b>             |
| <b>Sub-Total Sections I.-III.</b>              | <b>\$ 25,215,385</b>   | <b>\$ 28,851,957</b>        | <b>\$ 3,636,572</b>        | <b>14.42%</b>             |
| <b>IV. SPECIAL TUITION AND TRANSP.</b>         |                        |                             |                            |                           |
| Tuition  | 1,386,850              | \$ 1,453,500                | \$ 66,650                  | 4.81%                     |
| Transportation                                 | 609,890                | 622,500                     | 12,610                     | 2.07%                     |
| <i>Spec. Ed. Tuition and Transp. Sub-total</i> | <b>\$ 1,996,740</b>    | <b>\$ 2,076,000</b>         | <b>\$ 79,260</b>           | <b>3.97%</b>              |
| <b>Sub-Total Section IV.</b>                   | <b>\$ 1,996,740</b>    | <b>\$ 2,076,000</b>         | <b>\$ 79,260</b>           | <b>3.97%</b>              |
| <b>TOTAL OPERATING BUDGET</b>                  |                        |                             |                            |                           |
|  | <b>\$ 27,212,125 *</b> | <b>\$ 30,927,957</b>        | <b>\$ 3,715,832</b>        | <b>13.66%</b>             |

\* Includes additional \$118,000 Chapter 70 Aid authorized by Legislature in June 2006.

*Fixed Costs/Other Budgets*

*Debt*

*Reserves/Benefits/Insurance*

*Sewer*

**Preliminary Appendix D  
FY2008 Departmental Salary/Expense Budgets**

| Description  | Expended<br>FY2005 | Expended<br>FY2006 | Current<br>FY2007<br>Budget | Proposed<br>FY2008<br>Budget | \$ Change<br>FY08 vs<br>FY07 | % Change<br>FY08 vs<br>FY07 |
|--|--------------------|--------------------|-----------------------------|------------------------------|------------------------------|-----------------------------|
| <b>Fixed Costs Budgets - School and Municipal</b>          |                    |                    |                             |                              |                              |                             |
| <b>Municipal Employee Benefits/Costs</b>                   |                    |                    |                             |                              |                              |                             |
| Retirement Assessment                                      | 944,713            | 1,113,493          | 1,267,548                   | 1,296,702                    | 29,154                       | 2.3%                        |
| Non-Contrib Pension  | 49,113             | 50,095             | 51,598                      | 53,146                       | 1,548                        | 3.0%                        |
| Worker's Compensation                                      | 36,471             | 49,334             | 51,128                      | 63,910                       | 12,782                       | 25.0%                       |
| Unemployment Comp  | 17,978             | 46,461             | 12,000                      | 12,000                       | 0                            | 0.0%                        |
| Health Insurance   | 738,904            | 893,098            | 934,391                     | 1,074,550                    | 140,159                      | 15.0%                       |
| Life Insurance   | 3,475              | 3,149              | 3,500                       | 3,500                        | 0                            | 0.0%                        |
| Pre-Hire/EAP/Payroll                                       | 50,647             | 49,610             | 52,600                      | 53,830                       | 1,230                        | 2.3%                        |
| Public Safety Medical                                      | 21,330             | 2,645              | 16,000                      | 16,000                       | 0                            | 0.0%                        |
| Medicare Part B Refund                                     | 21,505             | 26,506             | 23,000                      | 27,000                       | 4,000                        | 17.4%                       |
| Social Security  | 18,470             | 14,212             | 23,000                      | 23,000                       | 0                            | 0.0%                        |
| Medicare Payroll Tax                                       | 121,098            | 99,424             | 107,564                     | 112,942                      | 5,378                        | 5.0%                        |
| <b>Municipal Employee Benefits/Costs</b>                   | <b>2,023,704</b>   | <b>2,348,027</b>   | <b>2,542,329</b>            | <b>2,736,580</b>             | <b>194,251</b>               | <b>7.6%</b>                 |
| <b>School Employee Benefits/Costs</b>                      |                    |                    |                             |                              |                              |                             |
| Retirement Assessments                                     | 404,877            | 477,251            | 543,235                     | 555,399                      | 12,164                       | 2.2%                        |
| Worker's Compensation                                      | 84,217             | 103,173            | 108,563                     | 135,703                      | 27,140                       | 25.0%                       |
| Unemployment Comp  | 23,086             | 34,962             | 75,000                      | 75,000                       | 0                            | 0.0%                        |
| Health Insurance   | 2,040,286          | 2,293,153          | 2,577,176                   | 2,963,752                    | 386,576                      | 15.0%                       |
| Life Insurance   | 5,756              | 4,870              | 5,680                       | 5,680                        | 0                            | 0.0%                        |
| EAP/Payroll  | 29,322             | 28,023             | 31,500                      | 33,775                       | 2,275                        | 7.2%                        |
| Medicare Part B Refund                                     | 62,451             | 68,871             | 64,000                      | 68,870                       | 4,870                        | 7.6%                        |
| Social Security  | 22,095             | 19,418             | 30,000                      | 30,000                       | 0                            | 0.0%                        |
| Medicare Payroll Tax                                       | 233,736            | 264,702            | 313,902                     | 329,597                      | 15,695                       | 5.0%                        |
| <b>School Employee Benefits/Costs</b>                      | <b>2,905,826</b>   | <b>3,294,423</b>   | <b>3,749,056</b>            | <b>4,197,776</b>             | <b>448,720</b>               | <b>12.0%</b>                |
| <b>Total Benefits/Costs</b>                                | <b>4,929,530</b>   | <b>5,642,450</b>   | <b>6,291,385</b>            | <b>6,934,356</b>             | <b>642,971</b>               | <b>10.2%</b>                |
| <b>Insurance/Reserve</b>                                   |                    |                    |                             |                              |                              |                             |
| Comprehensive And Liability Insurance - School & Municipal |                    |                    |                             |                              |                              |                             |
| Expenses   | 298,824            | 324,298            | 371,000                     | 406,810                      | 35,810                       | 9.7%                        |
| Mandated Post employment retirement actuarial study        |                    | 25,000             | 0                           | 0                            | 0                            |                             |
| Energy/Utility Reserve Fund*                               | 0                  | 0                  | 225,000                     | 225,000                      | 0                            | 0.0%                        |
| Reserve Fund   | 0                  | 0                  | 400,000                     | 400,000                      | 0                            | 0.0%                        |
| <b>Total Insurance/Reserve</b>                             | <b>298,824</b>     | <b>349,298</b>     | <b>996,000</b>              | <b>1,031,810</b>             | <b>35,810</b>                | <b>3.6%</b>                 |
| <b>Total Fixed Costs Budget</b>                            | <b>5,228,354</b>   | <b>5,991,748</b>   | <b>7,287,385</b>            | <b>7,966,166</b>             | <b>678,781</b>               | <b>9.3%</b>                 |

\* This reserve account has been established in order to handle uncertainty regarding FY07 utility costs.  
The account contains \$175,000 of school and \$50,000 of municipal utility/energy budget requests.  
This reserve fund budget will be transferred if needed to the respective budgets upon vote by the Board of Selectmen .

**Debt Service Budget**

|                                   |                  |                  |                  |                  |                 |              |
|-----------------------------------|------------------|------------------|------------------|------------------|-----------------|--------------|
| Municipal Related<br>Debt Service | 950,856          | 668,717          | 670,275          | 689,862          | 19,587          | 2.9%         |
| School Related<br>Debt Service    | 5,771,922        | 5,636,499        | 5,494,317        | 5,446,158        | (48,159)        | -0.9%        |
| <b>Total Debt Budget</b>          | <b>6,722,778</b> | <b>6,305,216</b> | <b>6,164,592</b> | <b>6,136,020</b> | <b>(28,572)</b> | <b>-0.5%</b> |

Non-exempt increase \$95,988

**Preliminary Appendix D  
FY2008 Departmental Salary/Expense Budgets**

| <b>Description</b>            | <b>Expended<br/>FY2005</b> | <b>Expended<br/>FY2006</b> | <b>Current<br/>FY2007<br/>Budget</b> | <b>Proposed<br/>FY2008<br/>Budget</b> | <b>\$ Change<br/>FY08 vs<br/>FY07</b> | <b>% Change<br/>FY08 vs<br/>FY07</b> |
|-------------------------------|----------------------------|----------------------------|--------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>Sewer Enterprise</b>       |                            |                            |                                      |                                       |                                       |                                      |
| Salaries                      | 278,150                    | 293,332                    | 298,752                              | 309,432                               | 10,680                                | 3.6%                                 |
| Expenses                      | 97,353                     | 77,929                     | 100,400                              | 108,500                               | 8,100                                 | 8.1%                                 |
| Pumping Stations              | 123,903                    | 130,326                    | 155,390                              | 158,000                               | 2,610                                 | 1.7%                                 |
| MWRA Assessment               | 1,871,749                  | 1,872,424                  | 2,084,200                            | 2,384,200                             | 300,000                               | 14.4%                                |
| Mandated Inspections          | 120,100                    | 120,000                    | 120,000                              | 120,000                               | 0                                     | 0.0%                                 |
| Indirect Costs                | 212,000                    | 212,000                    | 290,978                              | 290,978                               | 0                                     | 0.0%                                 |
| Sewer Debt & Int              | 1,254,097                  | 1,021,295                  | 460,852                              | 449,491                               | (11,361)                              | -2.5%                                |
| System Ext./Repairs           | 25,000                     | 25,000                     | 25,000                               | 25,000                                | 0                                     | 0.0%                                 |
| <b>Total Sewer Enterprise</b> | <b>3,982,332</b>           | <b>3,752,306</b>           | <b>3,535,572</b>                     | <b>3,845,601</b>                      | <b>310,029</b>                        | <b>8.8%</b>                          |

## *Capital*

This section is a summary of the  
Capital Improvement Plan.

For more detail, please refer to the separate document...

FY2008 – FY2012  
Five-Year Capital Improvement Plan.

## **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        | FY07        |
|----------------------------------|--------------|-----------|-----------|-----------|-------------|-------------|
| Tax Revenue                      | \$108,710    | \$394,840 | \$176,000 | \$142,000 | \$85,101    | \$123,000   |
| Free Cash                        | \$1,255,500  | \$871,912 | \$600,000 | \$696,000 | \$737,899   | \$700,000   |
| Borrowing Within Proposition 2 ½ | \$2,600,000  |           |           | \$600,000 | \$1,000,000 | \$2,145,000 |
| Exempt Debt                      | \$44,295,640 |           |           |           |             |             |
| Sewer Enterprise Funds           | \$59,000     | \$70,000  | \$0       | \$133,000 |             | \$355,000   |
| Sewer Enterprise Borrowing       |              |           |           | \$750,000 |             |             |
| Other Sources                    | \$15,840     | \$177,000 | \$144,819 | \$200,000 | \$370,000   | \$450,000   |

### **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.

## FY08 CAPITAL DISCUSSION

FY08 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 through FY07 there was significant relief to these tax increases as the state began to make significant payments for the full state share of these school projects.

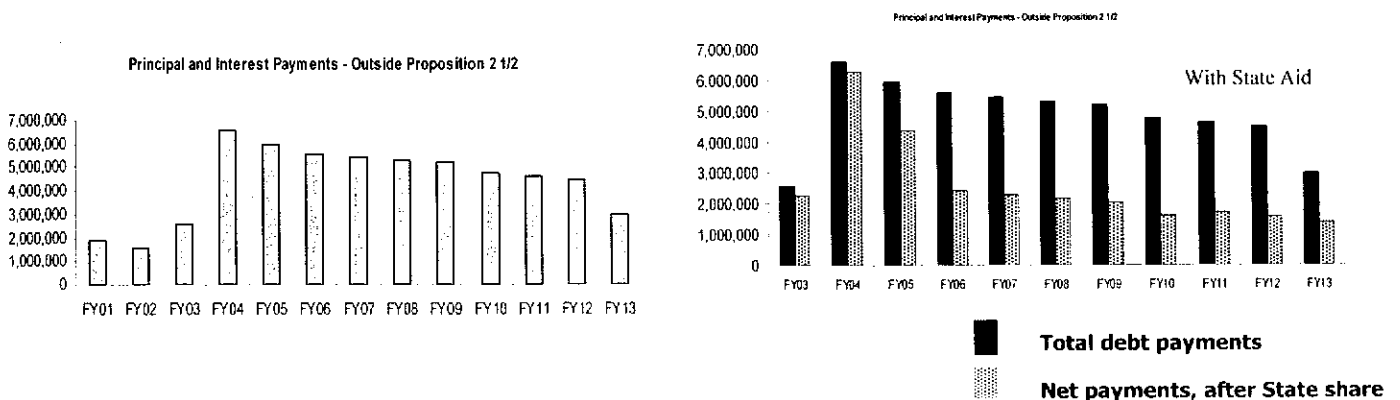
The Town has been very successful in prior years with funding capital on a pay-as-you-go basis, with capital needs being annually funded from free cash. Debt financing has been used only for very large land purchases, road renovation, and school construction projects. This policy of balancing debt and 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. In addition, it is important that funding is available to properly maintain the new and renovated assets recently brought on line, including the Carby Street Municipal Office building, the new High School, and the renovated elementary schools. After significant investment in these resources, proper investment is critical to ensure these assets remain at a high quality level.

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 now pays 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.

Alternatively, a portion of new tax revenue from new commercial development could be dedicated to capital financing. This would also provide for a long term, consistent method of funding necessary capital improvements and maintenance.

In addition, in FY06 the LRFPS 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.

#### **FY08 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 FY08 indicate that there will only be funding within Proposition 2 ½ to support FY08 capital at the current FY07 levels. To support capital above these minimum levels would require new funding sources. Therefore, without significant new funding, the capital budget will continue below what is necessary to properly maintain the Town's assets.

**Capital Outlay Requests - FY2008  
For Approval at the 2007 Annual Town Meeting**

**Current Availability for Funding - FY2008**

At this time, available funds within Proposition 2 1/2 only allow for funding for capital at the same level as FY07. In summary, that funding would provide at the following capital level:

|                     | <b>FY07</b> | <b>FY08</b> |
|---------------------|-------------|-------------|
| School Capital      | \$406,000   | \$406,000   |
| Municipal Capital   | \$417,000   | \$417,000   |
| *Sidewalk Plow      | \$110,000   |             |
| *Middle School Roof | \$340,000   |             |

\*In FY07, additional capital was funded with use of one time funds - close out of FY04 telecommunications tax reserve. This funding is no longer available for FY08.

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

**Municipal Capital Items Proposed for FY08 Funding**

| <b>Department</b> | <b>Item</b>                           | <b>Cost</b>      |                        |
|-------------------|---------------------------------------|------------------|------------------------|
| Fire              | 1500 GPM Engines (6th of 6 payments)  | \$117,535        | Lease Payment          |
| DPW               | Equipment funding                     | \$124,000        |                        |
| IS                | End user technology/software upgrades | \$75,000         |                        |
| Police            | Replacement of police vehicles        | <u>\$100,465</u> |                        |
|                   |                                       |                  | <b>\$417,000 Total</b> |

|            | <b>Fund via Smaller Operating Capital:</b> | <b>Total Funding Available:</b> | <b>\$53,200</b>       |
|------------|--|---------------------------------|-----------------------|
| 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                        | <b>\$53,200 Total</b> |

### Capital Budget Summary

| Item | Description  | Actual<br>FY '04  | Actual<br>FY '05  | Actual<br>FY '06  | Actual<br>FY '07  | Proposed<br>FY '08 |
|------|--|-------------------|-------------------|-------------------|-------------------|--------------------|
| 1    | Technology   | \$ -              | \$ 100,000        | \$ 100,000        | \$ 100,000        | \$ 183,500         |
| 2    | FF&E   | \$ -              | \$ 3,500          | \$ 22,300         | \$ 70,800         | \$ 16,500          |
| 3    | HVAC   | \$ 70,000         | \$ -              | \$ 15,000         | \$ 15,000         | \$ -               |
| 4    | Roofing  | \$ -              | \$ -              | \$ -              | \$ 340,000        | \$ -               |
| 5    | Repair & Maintenance   | \$ 27,800         | \$ 51,000         | \$ 64,000         | \$ 31,000         | \$ 50,000          |
| 6    | Copiers  | \$ 70,000         | \$ 87,300         | \$ 66,500         | \$ 51,000         | \$ 77,600          |
| 7    | Vehicles   | \$ -              | \$ 26,000         | \$ -              | \$ -              | \$ -               |
| 8    | Modulars - Hanlon  | \$ -              | \$ -              | \$ -              | \$ -              | \$ 78,400          |
| 9    | M. S. - Modulars   | \$ 138,200        | \$ 138,200        | \$ 138,200        | \$ 138,200        | \$ -               |
|      | <b>Modulars</b>  |                   |                   |                   |                   |                    |
|      | <b>Total</b>   | <b>\$ 306,000</b> | <b>\$ 406,000</b> | <b>\$ 406,000</b> | <b>\$ 746,000</b> | <b>\$ 406,000</b>  |
|      | Requested Annual Amounts From<br>School Ten-Year Capital Plan and<br>Town of Westwood Five-Year Plan | \$ 1,190,000      | \$ 1,451,500      | \$ 1,701,500      | \$ 1,822,500      | \$ 1,687,400       |
|      | Cumulative Shortfall from Plan   | \$ 884,000        | \$ 1,929,500      | \$ 3,225,000      | \$ 4,301,500      | \$ 5,582,900       |

\* Thurston Roof funded  
by separate article

Budget-34

**FY2008 - 2012 Capital Improvement Plan**

| Capital Project Requests | FY2008<br>Request | FY2009<br>Request | FY2010<br>Request | FY2011<br>Request | FY2012<br>Request | Total |
|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------|
|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------|

**Municipal Infrastructure**

|                          |             |  |  |           |  |             |
|--------------------------|-------------|--|--|-----------|--|-------------|
| Road Improvement Project | \$2,500,000 |  |  |           |  | \$2,500,000 |
| Cemetery Expansion       |             |  |  | \$700,000 |  | \$700,000   |

|                          |                    |  |  |                  |  |                    |
|--------------------------|--------------------|--|--|------------------|--|--------------------|
| <b>Category Subtotal</b> | <b>\$2,500,000</b> |  |  | <b>\$700,000</b> |  | <b>\$3,200,000</b> |
|--------------------------|--------------------|--|--|------------------|--|--------------------|

**Municipal Buildings**

|   |           |             |             |           |           |             |
|---|-----------|-------------|-------------|-----------|-----------|-------------|
| Design Plans for Senior Center Addition | \$35,000  |             |             |           |           | \$35,000    |
| Senior Center Addition                  |           | \$450,000   |             |           |           | \$450,000   |
| Storage Garage - Cemetery               | \$160,000 |             |             |           |           | \$160,000   |
| Fire Station 1 Renovations              | \$100,000 | \$1,500,000 | \$15,000    | \$15,000  | \$15,000  | \$1,645,000 |
| Fire Station 2 Renovations              | \$300,000 | \$3,000,000 |             |           |           | \$3,300,000 |
| Police Space Needs Assessment           | \$25,000  |             |             |           |           | \$25,000    |
| Main Library Building Project           |           | \$7,600,000 |             |           |           | \$7,600,000 |
| Town Hall Landscaping                   | \$250,000 |             |             |           |           | \$250,000   |
| Town Hall Renovation                    | \$200,000 | \$1,800,000 |             |           |           | \$2,000,000 |
| Islington Community Center Lift         |           |             |             | \$100,000 |           | \$100,000   |
| Colburn School Renovations              |           | \$260,000   | \$2,500,000 |           |           | \$2,760,000 |
| Municipal Building Maintenance          | \$100,000 | \$100,000   | \$100,000   | \$100,000 | \$100,000 | \$500,000   |

|                          |                    |                     |                    |                  |                  |                     |
|--------------------------|--------------------|---------------------|--------------------|------------------|------------------|---------------------|
| <b>Category Subtotal</b> | <b>\$1,170,000</b> | <b>\$14,710,000</b> | <b>\$2,615,000</b> | <b>\$215,000</b> | <b>\$115,000</b> | <b>\$18,825,000</b> |
|--------------------------|--------------------|---------------------|--------------------|------------------|------------------|---------------------|

**COA**

|     |  |  |          |  |  |          |
|-----|--|--|----------|--|--|----------|
| Van |  |  | \$45,000 |  |  | \$45,000 |
|-----|--|--|----------|--|--|----------|

|                         |            |  |                 |  |  |                 |
|-------------------------|------------|--|-----------------|--|--|-----------------|
| <b>Department Total</b> | <b>\$0</b> |  | <b>\$45,000</b> |  |  | <b>\$45,000</b> |
|-------------------------|------------|--|-----------------|--|--|-----------------|

**DPW**

|  |           |           |           |           |           |           |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| 3 Yard Loader                                  | \$160,000 |           |           |           |           | \$160,000 |
| (2) One Ton Dump Truck & Plow                  | \$106,000 |           |           |           |           | \$106,000 |
| 35,000 G.V.W. Dump Truck, Sander, & Plow Truck | \$127,000 | \$127,000 |           |           |           | \$254,000 |
| Town Engineer's Utility Vehicle                | \$28,000  |           |           |           |           | \$28,000  |
| 8 Garage Doors - Maintenance Garage            | \$50,000  |           |           |           |           | \$50,000  |
| (2) Heavy Duty Pick-up Truck                   |           | \$106,000 |           |           |           | \$106,000 |
| Vehicle Computer Analyzer                      |           |           | \$18,000  |           |           | \$18,000  |
| Sedan  |           |           | \$35,000  |           |           | \$35,000  |
| (3) One Ton Dump Trucks                        |           |           | \$190,000 |           |           | \$190,000 |
| 10 Wheel Dump Truck                            |           |           |           | \$140,000 |           | \$140,000 |
| (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 |

|                         |                  |                  |                  |                  |                  |                    |
|-------------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| <b>Department Total</b> | <b>\$471,000</b> | <b>\$233,000</b> | <b>\$243,000</b> | <b>\$260,000</b> | <b>\$355,000</b> | <b>\$1,562,000</b> |
|-------------------------|------------------|------------------|------------------|------------------|------------------|--------------------|

**FY2008 - 2012 Capital Improvement Plan**

| Capital Project Requests | FY2008 Request | FY2009 Request | FY2010 Request | FY2011 Request | FY2012 Request | Total |
|--------------------------|----------------|----------------|----------------|----------------|----------------|-------|
|--------------------------|----------------|----------------|----------------|----------------|----------------|-------|

**Fire**

|                                      |           |           |           |           |           |           |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| 1500 GPM Engines (6th of 6 payments) | \$117,535 |           |           |           |           | \$117,535 |
| S.C.B.A. Upgrade & Replacement       | \$16,000  | \$16,200  | \$16,400  | \$16,600  | \$16,800  | \$82,000  |
| Command Vehicle                      | \$29,000  |           |           |           |           | \$29,000  |
| Radio Upgrade & Replacement          | \$9,600   | \$6,800   | \$7,000   | \$7,200   | \$50,000  | \$80,600  |
| Rescue Equipment                     | \$12,000  | \$12,000  | \$12,000  | \$12,000  | \$12,000  | \$60,000  |
| Replace Squad Truck Pumps            | \$70,000  |           |           |           |           | \$70,000  |
| Pickup Truck                         | \$47,300  |           |           |           |           | \$47,300  |
| Deputy's Vehicle                     | \$26,000  |           |           |           |           | \$26,000  |
| Ladder Truck                         | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$500,000 |
| Chief's Car                          | \$26,000  |           |           |           |           | \$26,000  |
| Fire Alarm Wireless Receiver         | \$30,000  | \$30,000  |           |           |           | \$60,000  |
| Ambulance                            |           | \$230,000 |           |           |           | \$230,000 |
| Engines - Overhaul                   |           |           |           | \$24,000  |           | \$24,000  |

|                         |                  |                  |                  |                  |                  |                    |
|-------------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| <b>Department Total</b> | <b>\$483,435</b> | <b>\$395,000</b> | <b>\$135,400</b> | <b>\$159,800</b> | <b>\$178,800</b> | <b>\$1,352,435</b> |
|-------------------------|------------------|------------------|------------------|------------------|------------------|--------------------|

**Information Technology**

|   |          |          |          |          |          |           |
|---|----------|----------|----------|----------|----------|-----------|
| End User Technology                     | \$75,000 | \$75,000 | \$75,000 | \$75,000 | \$75,000 | \$375,000 |
| Municipal Software Upgrade              | \$50,000 | \$50,000 |          |          |          | \$100,000 |
| Police/Fire Records Management Software | \$75,000 | \$75,000 |          |          |          | \$150,000 |
| Library Equipment Upgrade               | \$7,500  | \$7,500  | \$7,500  | \$7,500  | \$7,500  | \$37,500  |

|                         |                  |                  |                 |                 |                 |                  |
|-------------------------|------------------|------------------|-----------------|-----------------|-----------------|------------------|
| <b>Department Total</b> | <b>\$207,500</b> | <b>\$207,500</b> | <b>\$82,500</b> | <b>\$82,500</b> | <b>\$82,500</b> | <b>\$662,500</b> |
|-------------------------|------------------|------------------|-----------------|-----------------|-----------------|------------------|

**Police**

|                                     |           |           |           |           |           |           |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Replacement of Police Vehicles      | \$106,959 | \$111,237 | \$115,687 | \$120,314 | \$125,127 | \$579,324 |
| Radio Infrastructure Plan           | \$20,000  | \$20,000  | \$20,000  | \$20,000  |           | \$80,000  |
| Livescan Digital Fingerprint System | \$20,000  |           |           |           |           | \$20,000  |

|                         |                  |                  |                  |                  |                  |                  |
|-------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Department Total</b> | <b>\$146,959</b> | <b>\$131,237</b> | <b>\$135,687</b> | <b>\$140,314</b> | <b>\$125,127</b> | <b>\$679,324</b> |
|-------------------------|------------------|------------------|------------------|------------------|------------------|------------------|

**School**

|                                  |           |           |           |           |           |             |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|-------------|
| Technology                       | \$500,000 | \$500,000 | \$500,000 | \$500,000 | \$500,000 | \$2,500,000 |
| Furniture, Fixtures, Equipment   | \$275,000 | \$275,000 | \$325,000 | \$325,000 | \$325,000 | \$1,525,000 |
| HVAC and Controls                | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$500,000   |
| Roofing                          | \$169,000 | \$145,000 | \$123,300 | \$168,000 | \$151,300 | \$756,600   |
| Repair Items                     | \$350,000 | \$350,000 | \$350,000 | \$350,000 | \$350,000 | \$1,750,000 |
| Copiers/Duplicators              | \$90,000  | \$90,000  | \$90,000  | \$90,000  | \$90,000  | \$450,000   |
| Vehicles                         |           | \$24,000  | \$14,000  |           |           | \$38,000    |
| Modulars - lease purchase Hanlon | \$78,400  | \$78,400  | \$78,400  |           |           | \$235,200   |
| Modulars - lease purchase        | \$125,000 | \$125,000 | \$125,000 | \$125,000 | \$125,000 | \$625,000   |

|                         |                    |                    |                    |                    |                    |                    |
|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Department Total</b> | <b>\$1,687,400</b> | <b>\$1,687,400</b> | <b>\$1,705,700</b> | <b>\$1,658,000</b> | <b>\$1,641,300</b> | <b>\$8,379,800</b> |
|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|

*FY2008 - 2012 Capital Improvement Plan*

| Capital Project Requests | FY2008 Request | FY2009 Request | FY2010 Request | FY2011 Request | FY2012 Request | Total |
|--------------------------|----------------|----------------|----------------|----------------|----------------|-------|
|--------------------------|----------------|----------------|----------------|----------------|----------------|-------|

**Sewer**

|                                    |           |           |           |           |           |           |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Service vehicle No. 1              | \$55,000  |           |           |           |           | \$55,000  |
| Pump control upgrades              | \$90,000  |           |           |           |           | \$90,000  |
| Motor upgrades                     | \$90,000  | \$100,000 |           |           |           | \$190,000 |
| Pump replacement                   | \$100,000 |           |           |           |           | \$100,000 |
| Service vehicle No. 2              |           | 55,000    |           |           |           | \$55,000  |
| 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 |
| Motor and Pump Replacement         |           |           |           | \$175,000 |           | \$175,000 |
| Sewer Main Repairs                 |           |           |           | \$100,000 |           | \$100,000 |
| Brook Street Pump Station Overhaul |           |           |           |           | \$300,000 | \$300,000 |
| Flow analysis of System            |           |           |           |           | \$100,000 | \$100,000 |

|                         |                  |                  |                  |                  |                  |                    |
|-------------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| <b>Department Total</b> | <b>\$335,000</b> | <b>\$165,000</b> | <b>\$450,000</b> | <b>\$275,000</b> | <b>\$400,000</b> | <b>\$1,625,000</b> |
|-------------------------|------------------|------------------|------------------|------------------|------------------|--------------------|

|   |                    |                     |                    |                    |                    |                     |
|---|--------------------|---------------------|--------------------|--------------------|--------------------|---------------------|
| <b>Totals 5-Year Capital Requests<br/>All Departments</b> | <b>\$7,001,294</b> | <b>\$17,529,137</b> | <b>\$5,412,287</b> | <b>\$3,490,614</b> | <b>\$2,897,727</b> | <b>\$36,331,059</b> |
|---|--------------------|---------------------|--------------------|--------------------|--------------------|---------------------|

**FY2008 - FY2012  
Summary of Capital Budget Requests**

|  | Department                         | Expenditures per Fiscal Year |                     |                    |                    |                    | Total Costs         |
|--|------------------------------------|------------------------------|---------------------|--------------------|--------------------|--------------------|---------------------|
|  |                                    | FY 2008                      | FY 2009             | FY 2010            | FY 2011            | FY 2012            |                     |
|  | Municipal Infrastructure           | \$2,500,000                  |                     |                    | \$700,000          |                    | \$3,200,000         |
|  | Municipal Buildings                | \$1,170,000                  | \$14,710,000        | \$2,615,000        | \$215,000          | \$115,000          | \$18,825,000        |
|  | COA                                |                              |                     | \$45,000           |                    |                    | \$45,000            |
|  | DPW                                | \$471,000                    | \$233,000           | \$243,000          | \$260,000          | \$355,000          | \$1,562,000         |
|  | Fire                               | \$483,435                    | \$395,000           | \$135,400          | \$159,800          | \$178,800          | \$1,352,435         |
|  | Information Systems                | \$207,500                    | \$207,500           | \$82,500           | \$82,500           | \$82,500           | \$662,500           |
|  | Police                             | \$146,959                    | \$131,237           | \$135,687          | \$140,314          | \$125,127          | \$679,324           |
|  | <b>Total Municipal Departments</b> | <b>\$4,978,894</b>           | <b>\$15,676,737</b> | <b>\$3,256,587</b> | <b>\$1,557,614</b> | <b>\$856,427</b>   | <b>\$26,326,259</b> |
|  | School Department                  | \$1,687,400                  | \$1,687,400         | \$1,705,700        | \$1,658,000        | \$1,641,300        | \$8,379,800         |
|  | Sewer                              | \$335,000                    | \$165,000           | \$450,000          | \$275,000          | \$400,000          | \$1,625,000         |
|  | <b>Total Capital Requests</b>      | <b>\$7,001,294</b>           | <b>\$17,529,137</b> | <b>\$5,412,287</b> | <b>\$3,490,614</b> | <b>\$2,897,727</b> | <b>\$36,331,059</b> |

Budget-38



**Capital Outlay Requests - FY2007**  
**Approved at 2006 Annual Town Meeting**

| <b>Item/Project</b>                            | <b>Department</b>   | <b>Cost</b>             | <b>Funding Source</b>                    |
|--|---------------------|-------------------------|--|
| 1500 GPM Engines (5th of 6 payments)           | Fire                | \$117,535               | \$56,035 Free Cash/<br>\$61,500 Taxation |
| (2) Heavy Duty Pickup & Plow                   | DPW                 | \$94,000                | Free Cash                                |
| Medical Van - Town Share                       | COA                 | \$10,000                | Free Cash                                |
| End User Technology/Application Upgrades       | Information Systems | \$92,620                | Free Cash                                |
| Replacement of Police Vehicles                 | Police              | \$102,845               | Free Cash                                |
|  | <b>Total</b>        | <b><u>\$417,000</u></b> |  |
| Sedan  | Sewer               | \$30,000                | Sewer User Fees                          |
| Line Rehabilitation and Manhole Sealing        | Sewer               | \$325,000               | Sewer User Fees                          |
|  |                     | <b><u>\$355,000</u></b> |  |
| Technology                                     | School              | \$100,000               | \$38,500 Free Cash/<br>\$61,500 Taxation |
| Furniture, Fixtures and Equipment              | ↓                   | \$70,800                | Free Cash                                |
| HVAC   |                     | \$15,000                | Free Cash                                |
| Repair and Maintenance                         |                     | \$31,000                | Free Cash                                |
| Copiers  |                     | \$51,000                | Free Cash                                |
| Thurston School Portables-Yr. 5 of 5 Yr. Lease |                     | \$138,200               | Free Cash                                |
|  | <b>Total</b>        | <b><u>\$406,000</u></b> |  |
| Sidewalk Plow                                  | Municipal/School    | \$110,000               | Overlay Surplus                          |
| Middle School Roof                             | School              | \$340,000               | Overlay Surplus                          |
|  |                     | <b><u>\$450,000</u></b> |  |



## ***Financial Overview***

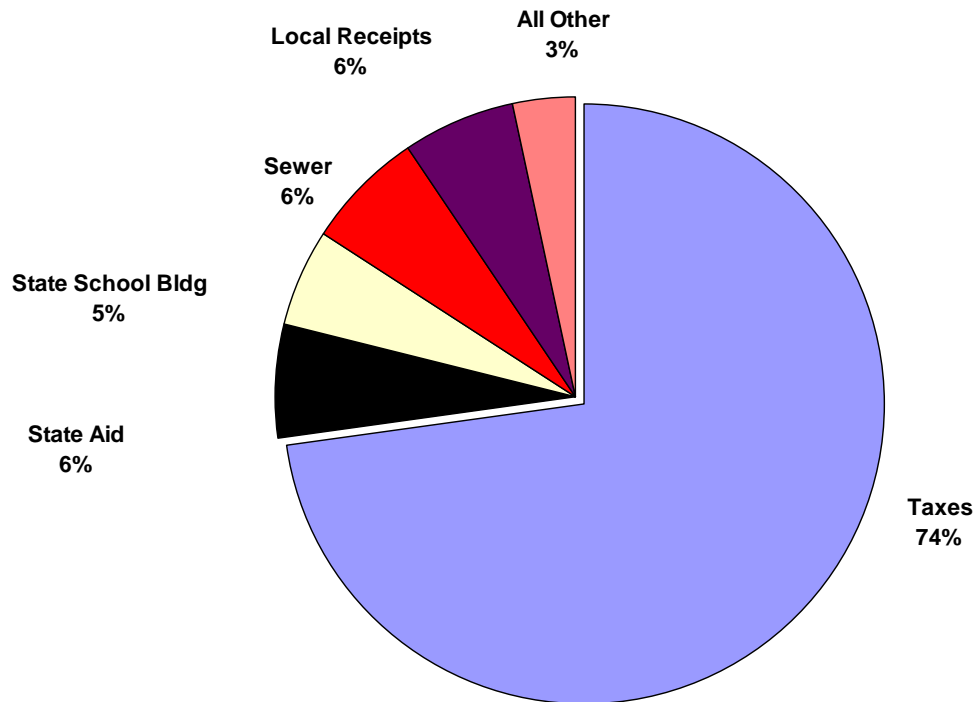
This section is intended to provide readers with the Town's current financial situation as well as the basis for the Board of Selectmen's FY08 budget recommendations.

Included is information regarding the current FY07 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.

## FY07 Revenue – Where Does the Money Come From?

**\$60,518,315**



|                                 | FY07                |
|---------------------------------|---------------------|
| Taxes                           | \$43,967,446        |
| State Aid                       | \$3,717,104         |
| State School Bldg Reimbursement | \$3,193,029         |
| Sewer                           | \$3,889,149         |
| Local Receipts                  | \$3,662,483         |
| Free Cash                       | \$1,050,000         |
| Available Funds                 | \$1,039,104         |
|                                 | <b>\$60,518,315</b> |

## FY07 State Aid – Lower Than FY02

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.

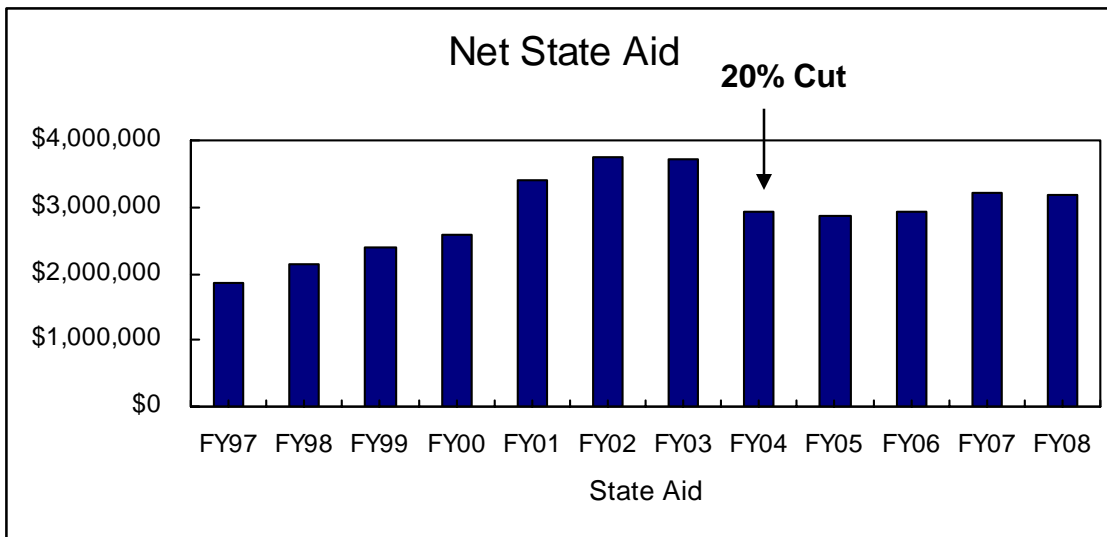
In 1993, after several years of decline, the amount of state aid stabilized and then began to again increase. The increases were primarily in the form of increased education aid and lottery receipts.

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.

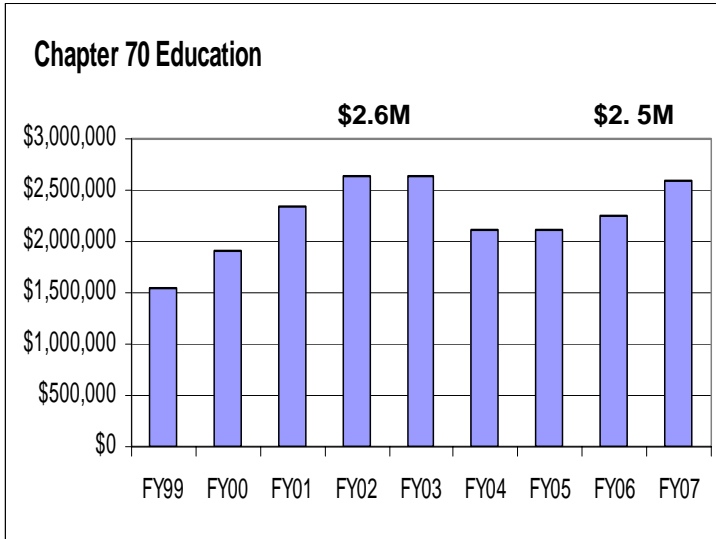
The FY07 budget included a \$337,859 increase in Chapter 70, and a \$136,079 increase in lottery. While this was the largest increase in quite some time, we are still not at the FY02 levels.

The Governor's initial FY08 budget will be released on 2/28/07. We will monitor that budget and update our state aid estimates for Town Meeting.

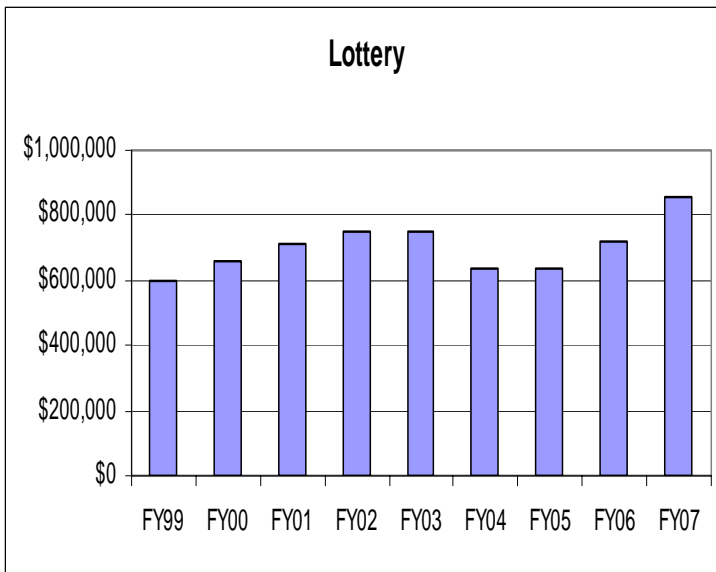


- State aid, while increased in FY07, has not recovered to FY02 levels.
- Currently assuming FY08 level funding until Governor's budget 2/28/07.

## Major Categories of State Aid – Chapter 70 and Lottery



| <b>Chapter 70</b> |             |
|-------------------|-------------|
| FY99              | \$1,539,577 |
| FY00              | \$1,908,727 |
| FY01              | \$2,345,177 |
| FY02              | \$2,635,628 |
| FY03              | \$2,635,628 |
| FY04              | \$2,108,502 |
| FY05              | \$2,108,502 |
| FY06              | \$2,250,702 |
| FY07              | \$2,588,559 |



| <b>Lottery</b> |           |
|----------------|-----------|
| FY99           | \$596,949 |
| FY00           | \$658,858 |
| FY01           | \$711,529 |
| FY02           | \$747,149 |
| FY03           | \$747,149 |
| FY04           | \$635,077 |
| FY05           | \$635,077 |
| FY06           | \$721,560 |
| FY07           | \$857,639 |

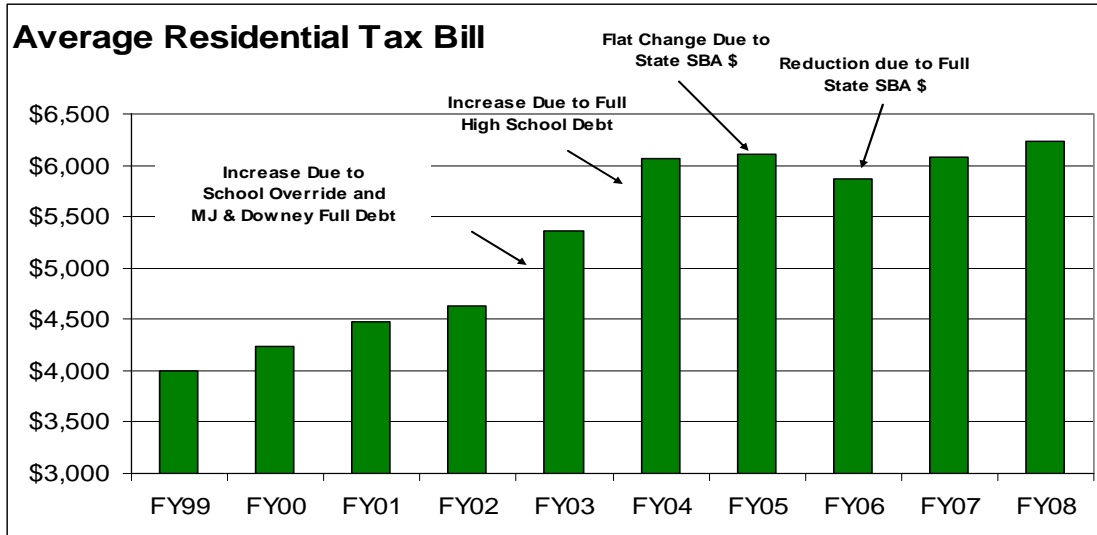


## Major Revenue Source - Taxes

- Property tax levy:
  - Revenue a community can raise through property taxes.
  - Proposition 2 ½ places constraints on the amount of the levy raised by a community and on how much the levy can be increased from year to year.
  
- There are 2 categories of taxes:
  1. General Taxes:
    - Can increase by 2.5% each year.
    - Also can include taxes from new construction.
    - Can increase more than 2.5% with a voter approved override.
  
  2. Exempt Debt:
    - Principal & interest for bonds for projects voted outside of Proposition 2 ½.
    - Exact amount of debt cost is taxed.
    - State school construction payments are applied first; only net amount allowed to be raised in taxes.
    - Not limited to 2.5% increase – It is what it is.
    - Exempt debt can rise when new debt is issued.
    - Exempt debt can decline when bond is fully paid, annual interest declines, or state money is received.

Proposition 2 ½ governs total taxes raised by the Town, not an individual home's bill.

## A Look at Taxes

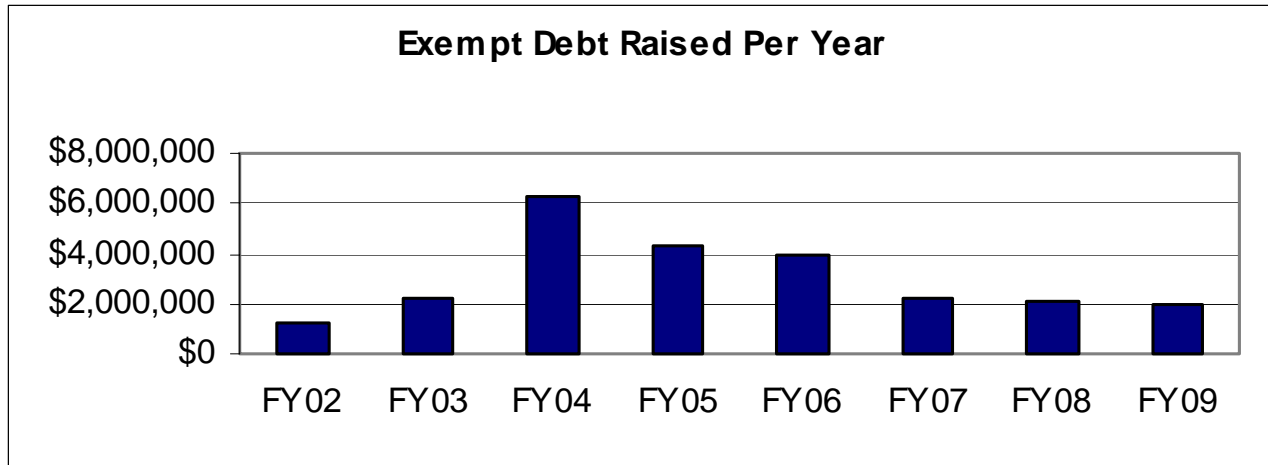


|                           | FY02    | FY03    | FY04    | FY05    | FY06     | FY07    | Projected FY08 |
|---------------------------|---------|---------|---------|---------|----------|---------|----------------|
| Average Tax Bill Increase | 3.74%   | 15.57%  | 13.2%   | 0.67%   | (-3.84%) | 3.5%    | 2.54%          |
| Average Tax Bill          | \$4,637 | \$5,319 | \$6,066 | \$6,107 | \$5,873  | \$6,076 | \$6,232        |

- Large increases in FY03 and FY04 due to school construction.
- Significant changes in SBA Program mitigated tax bill increases –
  - FY03 SBA reimbursement - \$330,466
  - FY08 SBA reimbursement - \$3,193,029
- FY03 School override \$1.6 million.
- Proposition 2 ½ limits the total taxes collected by the Town. Individual tax bills are based on value.

## 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        | FY07        | FY08        |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Exempt Debt | \$1,199,655 | \$2,257,706 | \$6,265,148 | \$4,367,789 | \$1,948,546 | \$2,219,419 | \$2,096,341 |

- 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.

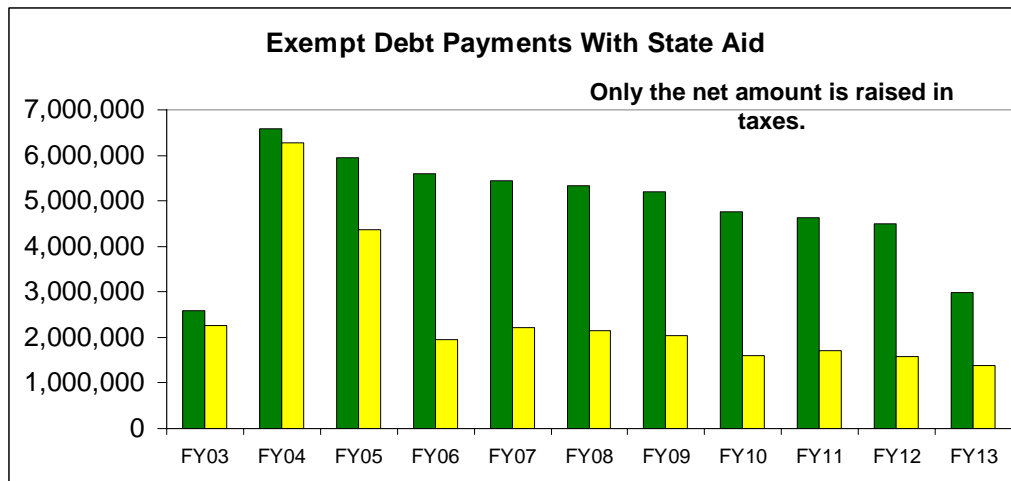
Westwood was very aggressive in pursuing all of our funding and as a result have now secured funding for all previously pending projects, including the Martha Jones, Downey and High School projects.

The current payments we are receiving are as follows:

| School Building Reimbursement |               |  |                       |
|-------------------------------|---------------|--|-----------------------|
| Project                       | Payment Years | Total State Reimbursement (59% of Project) | Annual State Payments |
| 1997 Middle School            | FY01-FY2010   | \$2,396,493                                | \$248,732/yr          |
| Downey School                 | FY05-FY2012   | \$5,006,352                                | \$625,794/yr          |
| Martha Jones School           | FY05-FY2012   | \$5,537,952                                | \$692,249/yr          |
| High School-Annual Payments   | FY06-FY2023   | \$29,254,572                               | \$1,625,254/yr        |

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.

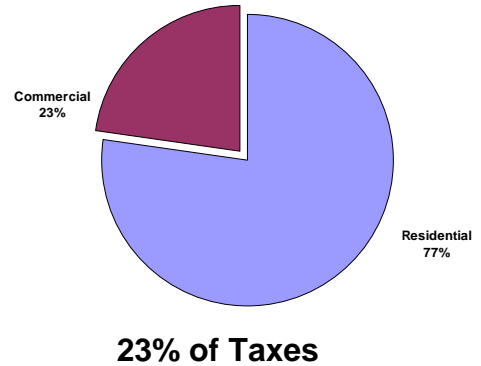
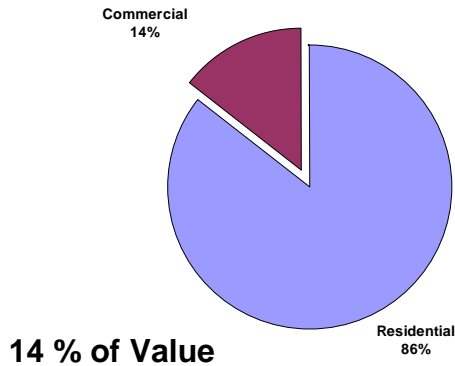
These payments have a significant positive impact on our taxes, as shown in the chart below, as residents pay only the net amount of the debt.



Net Taxes

## 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 (\$19.81 vs. \$10.73).

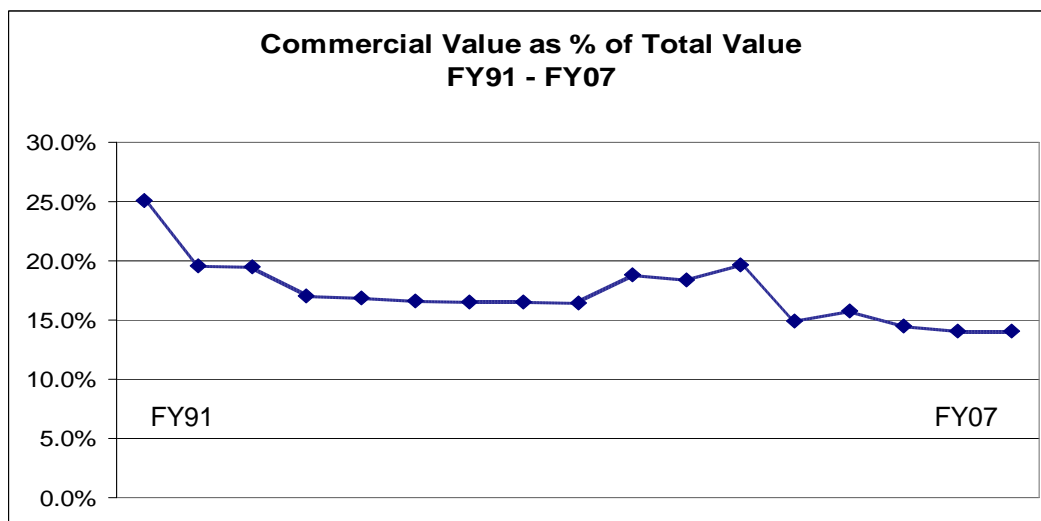


### Valuable Revenue Impact

- Commercial 14.1% of total value; but paid 23.2% of total taxes.
- Annual savings of \$725 from split tax rate in FY07.

### Limited Operating Budget Impact

- Commercial property does not use primary services:
  - School system
  - Trash services.



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

## Analysis of Average Tax Bill Increase.....

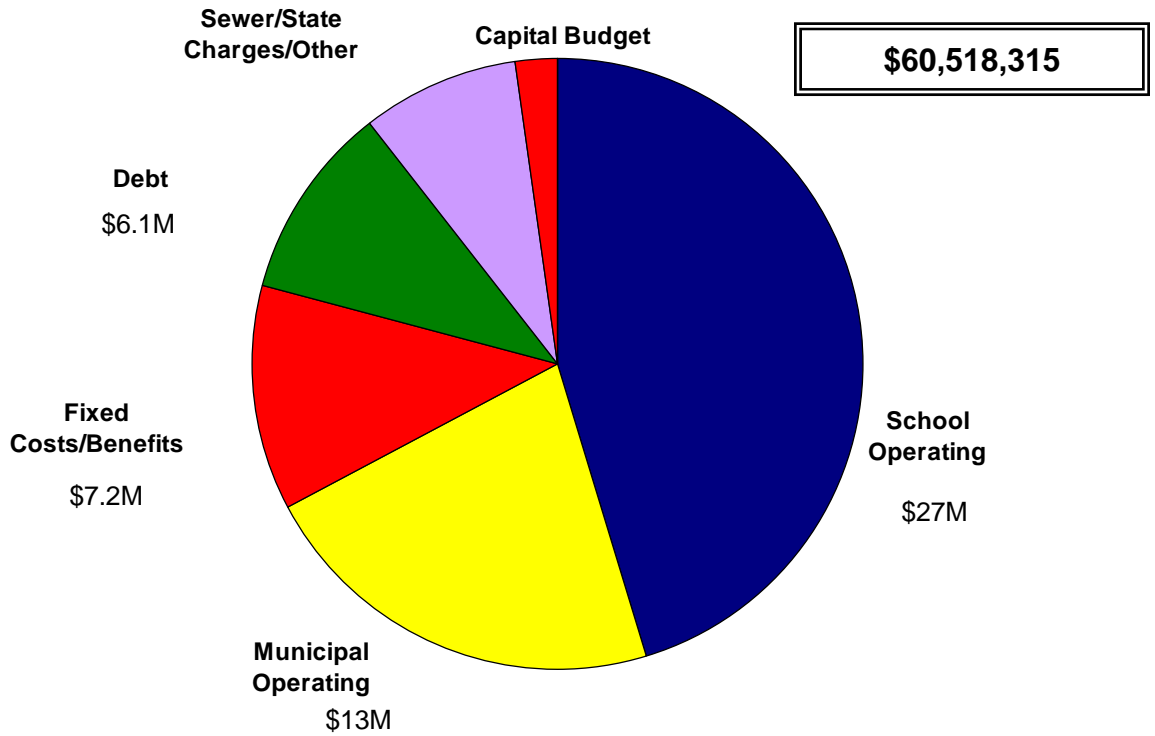
The change in taxes each year is driven by multiple factors. These include:

- 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.

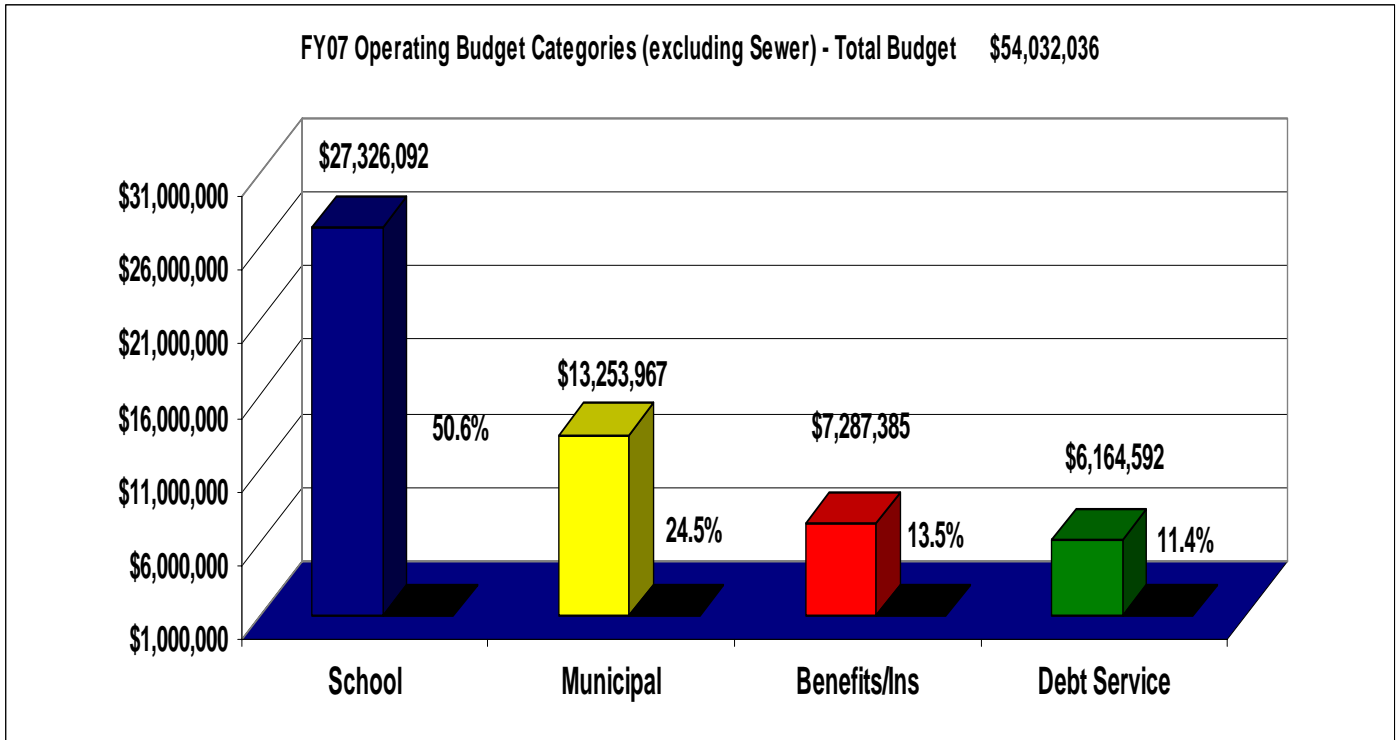
|                           | <b>FY02</b>  | <b>FY03</b>   | <b>FY04</b>  | <b>FY05</b> | <b>FY06</b>     | <b>FY07</b> | <b>Projected<br/>FY08</b> |
|---------------------------|--------------|---------------|--------------|-------------|-----------------|-------------|---------------------------|
| Proposition 2 ½ Increase  | 2.8%         | 2.5%          | 2.5%         | 2.5%        | 2.5%            | 2.5%        | 2.9%                      |
| General Overrides         | --           | 5%            | --           | --          | --              | --          |                           |
| Change in Exempt Debt     | (-1.16%)     | 3.07%         | 10.50%       | (-4.53%)    | (-5.94%)        | .6%         | (-.36%)                   |
| Effect of Value Shift     | 2.1%         | 5%            | .2%          | 2.7%        | (-.4%)          | .39         |                           |
|                           |              |               |              |             |                 |             |                           |
| <b>Total Tax Increase</b> | <b>3.74%</b> | <b>15.57%</b> | <b>13.2%</b> | <b>.67%</b> | <b>(-3.84%)</b> | <b>3.5%</b> | <b>2.54%</b>              |

## The FY07 Budget Categories – How is the Money Spent?



|                              | FY07                |
|------------------------------|---------------------|
| School & Municipal Operating | \$40,580,059        |
| Capital - Annual             | \$823,000           |
| Debt                         | \$6,164,592         |
| Fixed Costs/Benefits         | \$7,287,385         |
| Sewer/State Charges/Other    | \$5,663,279         |
|                              | <b>\$60,518,315</b> |

**A Look at  
The FY07 Operating Budget Categories.....**



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

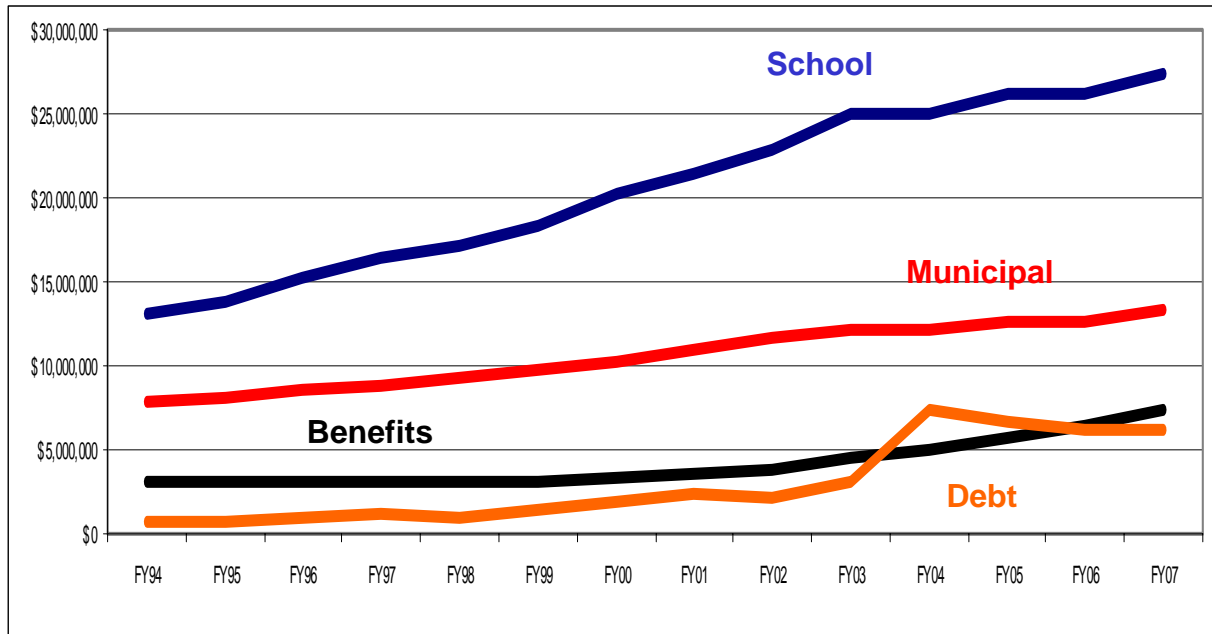
**Benefits, Insurance, and Debt Service are fixed, restricted accounts.**

|                    |             |
|--------------------|-------------|
| School Benefits    | \$3,749,056 |
| Municipal Benefits | \$2,542,329 |
| Insurance/Reserves | \$996,000   |
| Total              | \$7,287,385 |

## A Look at the Budget History.....

FY04 – FY07  
 School and Municipal  
 averaged  
 2% increase/year.

| Budget                          | % Change in Budget |       |       |       |       |
|---------------------------------|--------------------|-------|-------|-------|-------|
|                                 | FY03               | FY04  | FY05  | FY06  | FY07  |
| School Budgets                  | 8.2%               | 0.4%  | 4.7%  | .1%   | 4%    |
| Municipal Budgets               | 4.5%               | 0.0%  | 3.4%  | 1.2%  | 4.5%  |
| Benefits/Insurance/<br>Reserves | 13.4%              | 10.9% | 14.3% | 11.2% | 13.6% |
| Debt Service                    | 33.8%              | 56.7% | -7.7% | -6.3% | -2.2% |



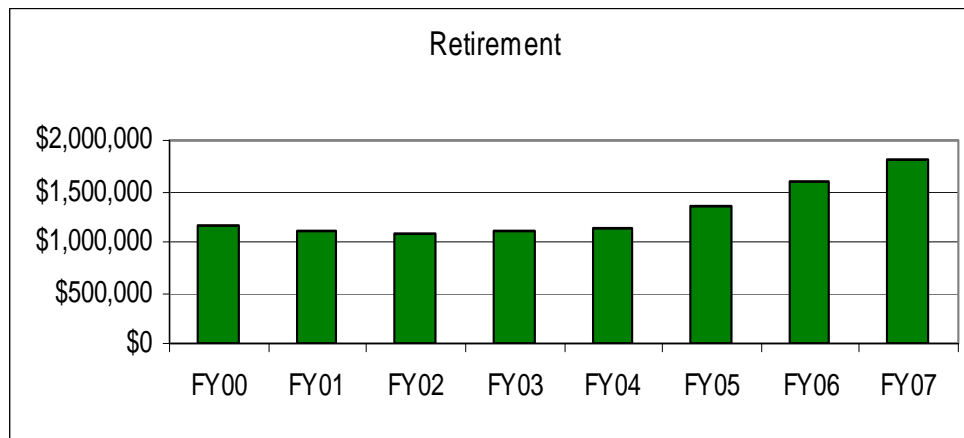
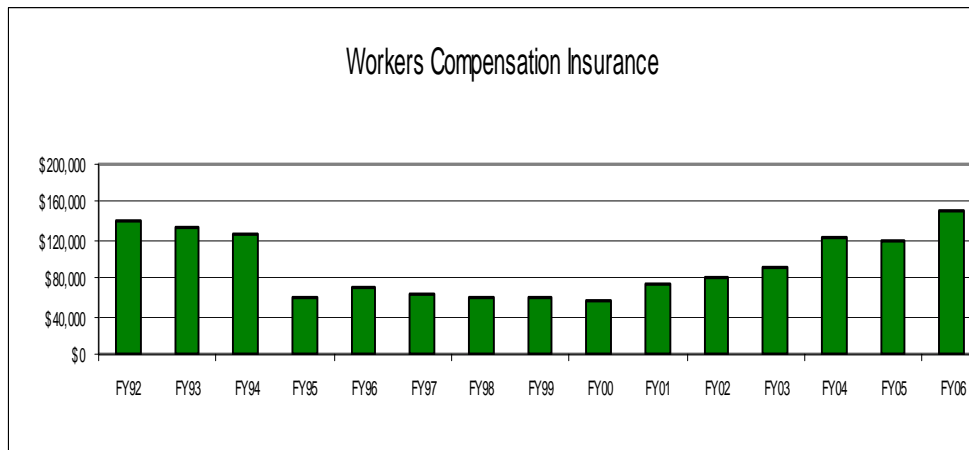
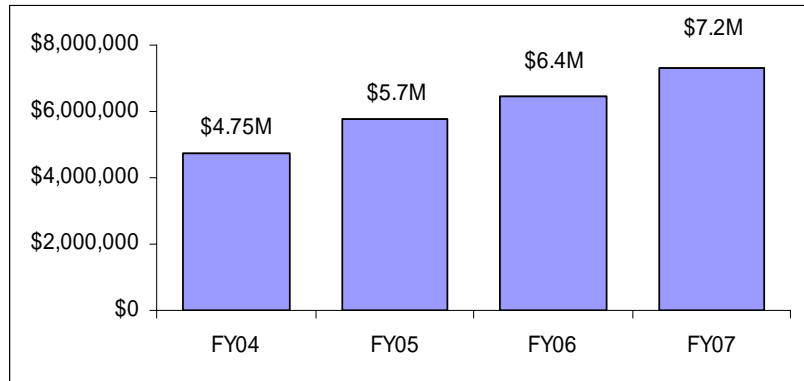
| Budget                         | \$ Budget    |              |              |              |              |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
|                                | FY03         | FY04         | FY05         | FY06         | FY07         |
| School Budgets                 | \$24,956,196 | \$25,062,489 | \$26,237,002 | \$26,268,304 | \$27,326,092 |
| Municipal Budgets              | \$12,127,081 | \$12,127,081 | \$12,540,894 | \$12,688,282 | \$13,253,967 |
| Benefits/Insurance<br>Reserves | \$4,497,240  | \$5,045,017  | \$5,767,904  | \$6,413,450  | \$7,287,385  |
| Debt Service                   | \$3,157,965  | \$7,286,431  | \$6,722,777  | \$6,302,362  | \$6,164,592  |

## Fixed Costs – Fastest Growing Component of Budget

Fixed costs increases take most of new revenue available within Proposition 2 ½. Limited revenue is available for school and municipal operating budgets. Similar issues are being experienced by many municipalities.

### Fixed Costs Category Includes:

- Health insurance.
- Pension costs.
- Payroll taxes.
- Comprehensive insurance.
- Workers' Compensation.
- Unemployment Compensation.



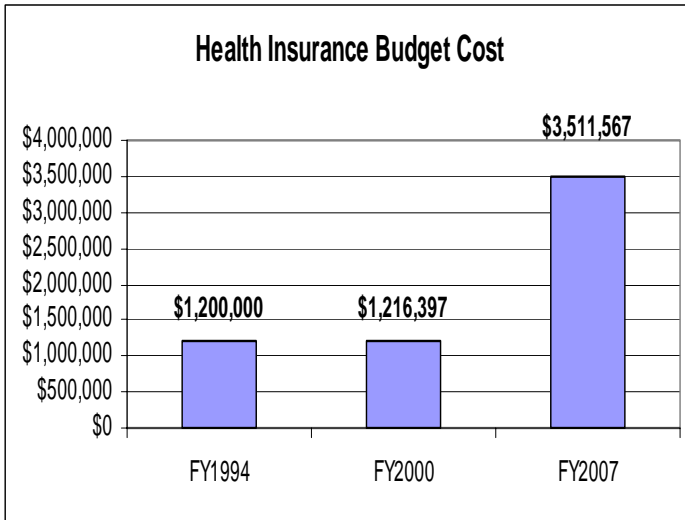
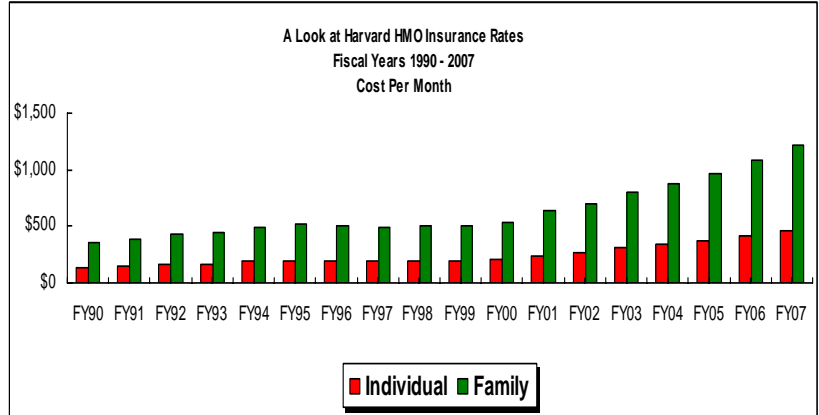
## Health Insurance – For all School and Municipal Employees and Retirees

### Health Insurance

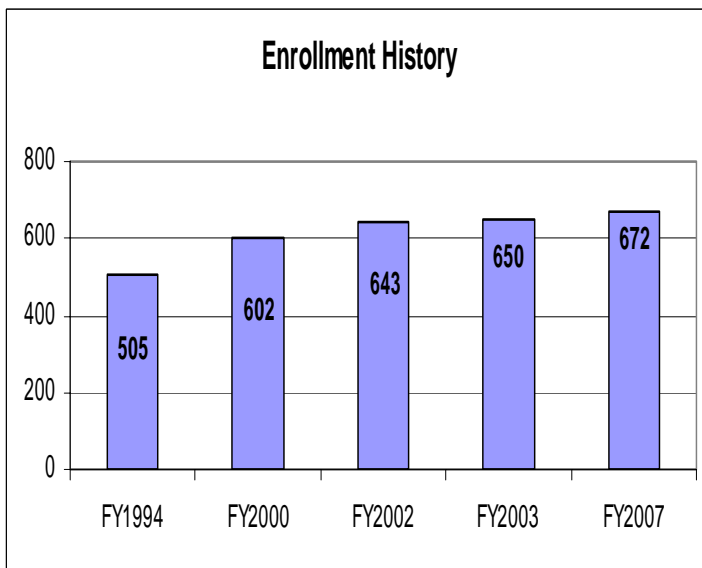
- Rising rates and
- Increasing number of retirees covered.

### Steps Taken to Control Costs

- Employees contribute 40% of HMO/50% of PPO premium cost; and
- Town benefits from joint purchasing group.



- Westwood employees contribute 40% of the cost of health insurance, a much higher % than other communities.
- As with other public and private industries, the Town is experiencing annual 5-15% rate increases for health insurance each year.
- Municipalities have additional problem of covering increasing number of individuals, as workforce turns over through retirement.







## **A Look at Recent Budget Years.....**

### **Limited revenue available for operating budgets**

- Fixed costs increases taking majority of 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)

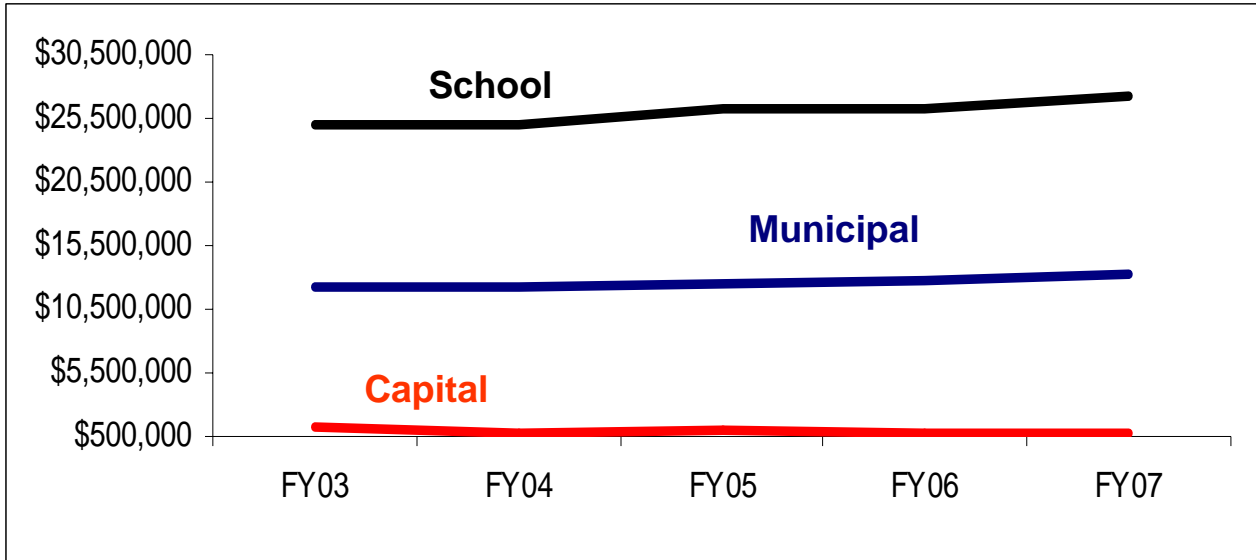
### **FY06 Budget Impact**

- 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.
- Requested override failed.

### **FY07 Budget Impact**

- Small operating increases:
  - School – 4%.
  - Municipal – 4.5%
- Utilized one-time revenue - \$142,000 Chapter 70 and ambulance.
- Continued service reductions.
- Capital remains at insufficient level.

## Continued Operating and Capital Budget Challenges



### Insufficient Revenue for Core Services

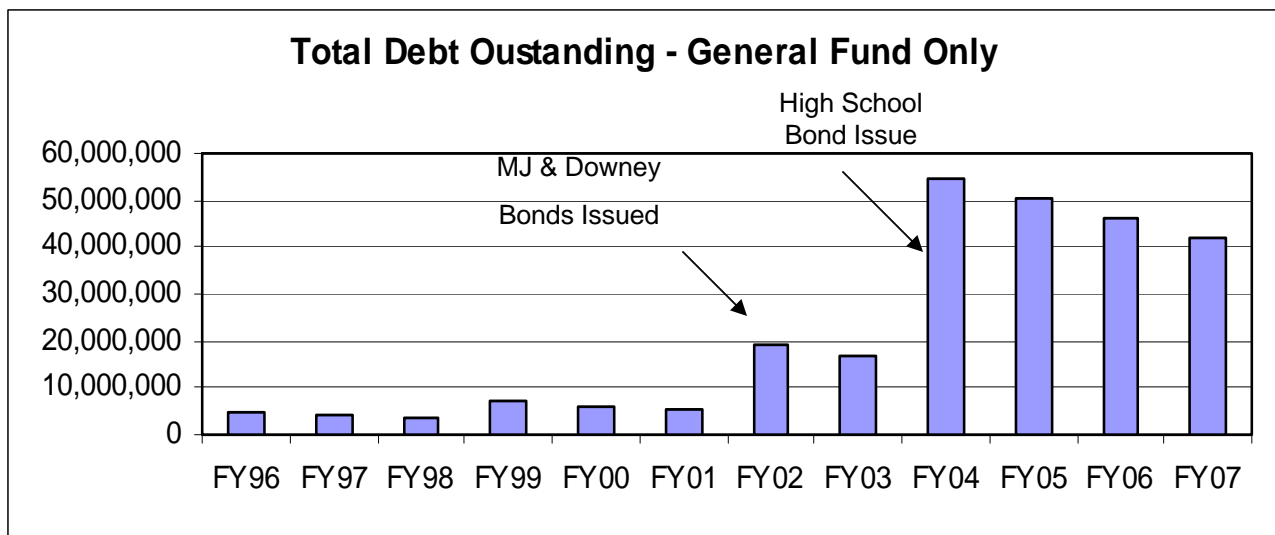
- Limited revenue within Proposition 2 ½ absorbed for increases in fixed costs.
- Cannot fund current services and programs.
- This is an ongoing structural problem, not one-time occurrence.

### Structural Imbalance – Options to Solve

- Continued reduction to services.
- New revenue options:
  - State aid.
  - Property tax override increases.
  - Commercial tax revenue.

## Important Areas .....Debt

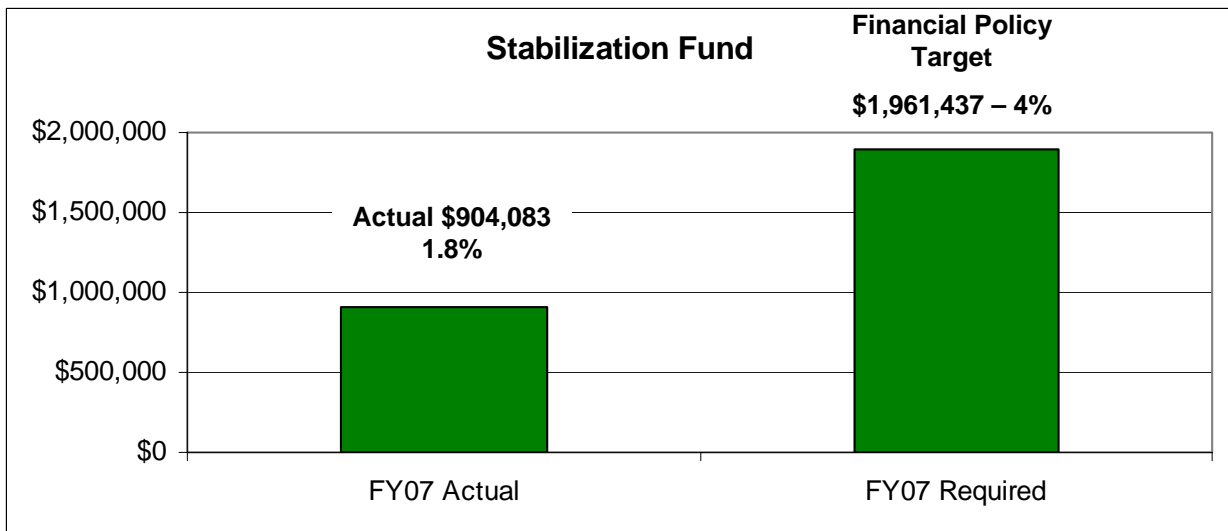
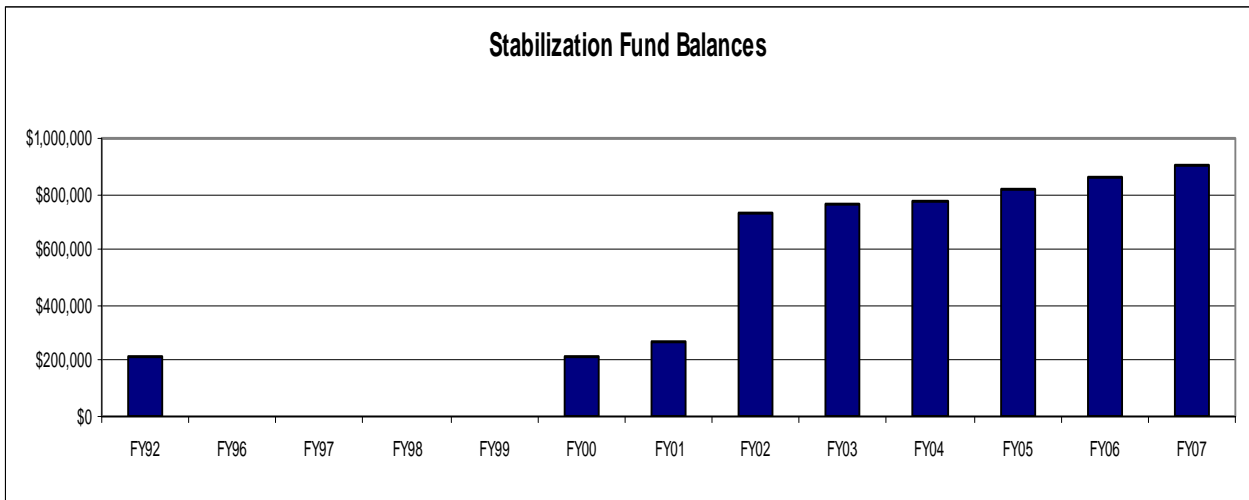
- Total general fund debt outstanding as of 6/30/07 - \$41,925,000
  - Issued \$16.6 M bond March, 2002.
  - Issued \$42.1 M bond in August, 2003.
  - Total debt remaining to be issued long term:
    - \$1,000,000 High School Reconstruction
    - \$ 245,000 Eminent Domain Land Purchase
    - \$1,950,000 High School
    - \$ 195,000 High Street Lights
  - Current BANS (short term) outstanding:
    - \$3,145,000 – Issued February, 2007.
    - \$ 245,000 – Issued September, 2006.
  - Credit rating – reaffirmed January, 2007
    - Moody’s Investor Services – AA1
    - Standard & Poor’s – AA+
    - These are the second highest ratings achievable by municipalities.



## Important Areas .....Stabilization Fund

### Stabilization Fund – Reserve Important for:

- Protect the Town in case of emergency.
- Maintain high bond rating.
- Prudent fiscal policy.
- Credit rating review February 2007 put the Town on notice that reserves are too low.



## A Look at FY08.....Another Difficult Budget Year

| January Projections-Fixed Costs |                  |
|---------------------------------|------------------|
| Benefits                        | \$783,616        |
| Debt                            | \$95,988         |
| <b>Total</b>                    | <b>\$879,604</b> |

### ■ FY08 Projections

- For FY08, there will not be sufficient new revenue for operating budget increases.
- New tax revenue – Prop 2 1/2 and new growth - million \$1.539
- Less Fixed cost growth – approx \$739,000
- \$800,000 available for school and municipal operating budgets. \$800,000

This will fund a 2% increase to the School (\$540,000) and Municipal (\$260,000) operating budgets.

### ■ Projections to update:

- State aid??? – Governor’s budget out 2/28/07.
- Energy reserve account to continue? Selectmen to review current year use.
- Update fixed costs budgets:
  - Actual health insurance rates.
  - Include estimate for new employees.
  - Finalize pension, debt budgets.

## Looking Ahead.....Five Year Forecast

If operating budgets are held to 0% increases – how much \$ is available:

|  | FY2007       | FY2008<br>Projected | FY2009<br>Projected | FY2010<br>Projected | FY2011<br>Projected | FY2012<br>Projected |
|--|--------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total Expenditures                     | \$56,629,166 | \$56,684,620        | \$57,387,231        | \$57,744,370        | \$58,623,891        | \$59,612,777        |
| Total Revenues                         | \$56,629,166 | \$57,484,620        | \$58,768,709        | \$59,746,767        | \$61,064,230        | \$62,443,085        |
| Total Revenues<br>Less<br>Expenditures | -0-          | \$800,000           | \$1,381,478         | \$2,002,396         | \$2,440,339         | \$2,830,308         |

- The forecast shows projected revenue. Expenditures increased for fixed costs only, while holding all operating budgets at a 0% increase.
- After providing for fixed costs, the available revenue is very small and not sufficient 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.
- Health insurance increase – 12%.
- Operating budget increase for all school and municipal budgets FY08-FY12 – 0%.
- Sewer enterprise not included.



## Looking Ahead.....Five Year Forecast

### With 5% Increase to School/Municipal Operating Budgets

---

|  | FY2007       | FY2008<br>Projected | FY2009<br>Projected | FY2010<br>Projected | FY2011<br>Projected | FY2012<br>Projected |
|--|--------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total Expenditures                     | \$56,629,166 | \$58,722,888        | \$61,565,681        | \$64,170,010        | \$67,409,081        | \$70,875,494        |
| Total Revenues                         | \$56,629,166 | \$57,484,620        | \$58,768,709        | \$59,746,767        | \$61,064,230        | \$62,443,085        |
| Total Revenues<br>Less<br>Expenditures | -0-          | (\$1,238,268)       | (\$2,796,971)       | (\$4,423,243)       | (\$6,344,850)       | (\$8,432,409)       |

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

#### 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.
- Health insurance increase – 12%.
- Operating budget increase for all school and municipal budgets FY08-FY12 – 5%.
- Sewer enterprise not included.

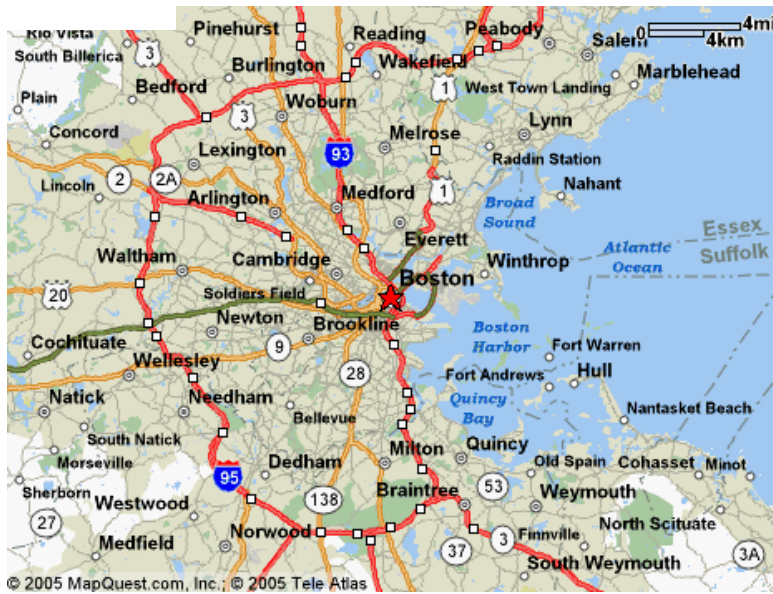
# Information to Know....

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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 13<sup>th</sup> Best Place To Live



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

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

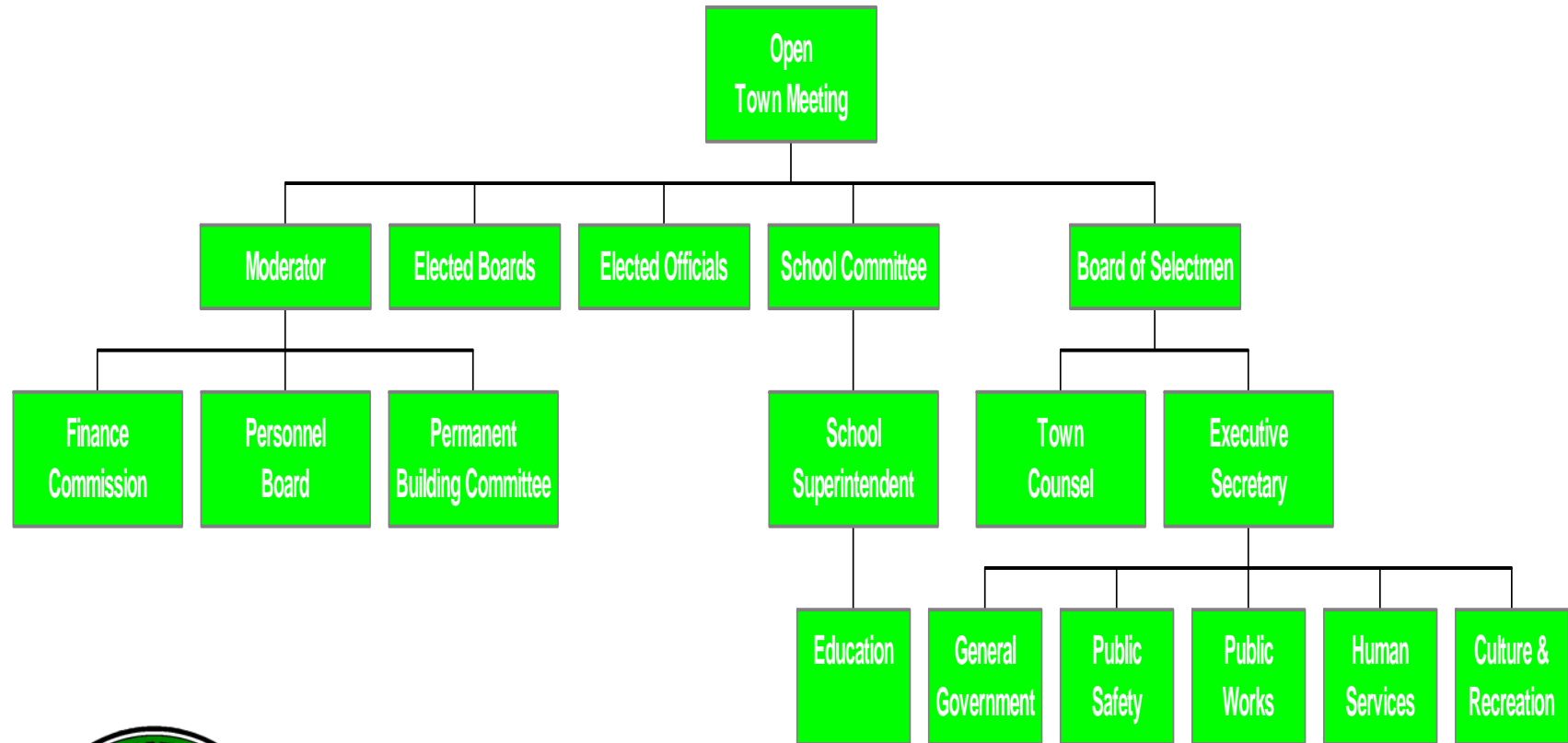
The magazine then reached its list of 100 places by limiting any metropolitan area to two places. Additional data was considered in picking the top 10 places.

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

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

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

# The Town of Westwood



Information-3



## Elected Boards

- Regional Vocational School Rep.
- Housing Authority
- Library Trustees
- Planning Board
- Assessors

## Elected Officials

- Town Clerk
- Town Collector
- Town Treasurer

## Proposition 2 1/2 Overrides

### *General Overrides Approved*

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

### *Debt/Capital Exemption Overrides Approved*

|   |              |                      |  |
|---|--------------|----------------------|--|
| Vote to Exempt Sewer Construction Bonds<br>1982 Annual Town Election                        | \$4,000,000  | Debt<br>Exemption    | Completed - FY93   |
| Capital Equipment<br>1989 Annual Town Election  | \$298,000    | Capital<br>Exemption | Completed - FY90   |
| Road Improvement Program<br>1990 Special Town Election                                      | \$1,703,000  | Debt<br>Exemption    | Completed - FY2001   |
| Reconstruction of Middle School<br>1990 Special Town Election                               | \$2,282,000  | Debt<br>Exemption*   | Completed - FY2002   |
| Road Improvement Program<br>1994 Annual Town Election                                       | \$2,200,000  | Debt<br>Exemption    | Completed - FY2005   |
| Middle School/Fields<br>1997 Annual Town Election   | \$2,373,430  | Debt<br>Exemption*   | Will be completed<br>in FY2009   |
| Middle School/Gymnasium<br>1997 Annual Town Election  | \$550,000    | Debt<br>Exemption*   | Will be completed<br>in FY2009   |
| Downey School Expansion<br>1999 Annual Town Election  | \$6,500,000  | Debt<br>Exemption*   | Will be completed in FY012. Net cost to<br>average home \$480 total or \$48/yr. for<br>ten years.  |
| Martha Jones School Expansion<br>2000 Special Town Election                                 | \$7,200,000  | Debt<br>Exemption*   | Will be completed in FY012. Net cost to<br>average home \$547 total or \$54/yr. for<br>ten years.  |
| High School - New Construction<br>2000 Special Town Election                                | \$35,962,000 | Debt<br>Exemption*   | \$39,262,300 bond issued. Will be<br>completed 2023. Net cost to average<br>home \$4,693 or \$233/yr. for 20 years.<br>State reimbursement not yet received. |
| High School – Additional Appropriation for<br>New High School<br>2002 Special Town Election | \$8,333,640  | Debt<br>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<br>Land                         |
| 1993 Annual Town Election  | \$500,000   | General      | General Override to fund teaching<br>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<br>Stabilization Fund            |

**Town of Westwood  
History of Tax Levy**

| <b>Tax Levy Calculation</b>                       | <b>FY2002</b>       | <b>FY2003</b>       | <b>FY2004</b>       | <b>FY2005</b>       | <b>FY2006</b>       | <b>FY2007</b>       | <b>Projected<br/>FY2008</b> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------------|
| Prior Year Levy Limit                             | \$29,980,013        | \$32,012,390        | \$35,065,082        | \$36,916,575        | \$38,726,265        | \$40,281,755        | \$41,938,657                |
| Plus 2.5% Increase                                | \$749,500           | \$800,310           | \$876,627           | \$922,914           | \$968,157           | \$1,007,044         | \$1,048,466                 |
| Plus New Growth**                                 | \$1,282,877         | \$637,179           | \$974,866           | \$886,775           | \$587,334           | \$649,858           | \$300,000                   |
| General Overrides                                 | \$0                 | \$1,615,203         | \$0                 | \$0                 | \$0                 | \$0                 | \$0                         |
| <b>Tax Levy Limit</b>                             | <b>\$32,012,390</b> | <b>\$35,065,082</b> | <b>\$36,916,575</b> | <b>\$38,726,265</b> | <b>\$40,281,755</b> | <b>\$41,938,657</b> | <b>\$43,287,124</b>         |
| <b>Exempt Debt*</b>                               | <b>\$1,199,655</b>  | <b>\$2,257,706</b>  | <b>\$6,265,148</b>  | <b>\$4,367,789</b>  | <b>\$1,948,546</b>  | <b>\$2,219,419</b>  | <b>\$2,096,341</b>          |
| <b>Levy Capacity</b>                              | <b>\$33,212,045</b> | <b>\$37,322,788</b> | <b>\$43,181,723</b> | <b>\$43,094,054</b> | <b>\$42,230,301</b> | <b>\$44,158,076</b> | <b>\$45,383,465</b>         |
| Actual Levy Assessed                              | \$33,132,948        | \$37,288,628        | \$43,112,383        | \$43,092,347        | \$42,197,019        | \$43,967,446        | \$45,383,465                |
| Excess Levy(Taxes not raised )                    | \$79,097            | \$34,160            | \$69,340            | \$1,707             | \$33,282            | \$190,630           | \$0                         |
| Increase in Actual Levy (including<br>new growth) | 5.7%                | 12.5%               | 15.6%               | 0.0%                | -2.1%               | 4.2%                | 3.2%                        |
| <b>Increase in Levy without new<br/>growth</b>    | <b>1.63%</b>        | <b>10.62%</b>       | <b>13.00%</b>       | <b>-2.10%</b>       | <b>-3.44%</b>       | <b>2.66%</b>        | <b>2.54%</b>                |

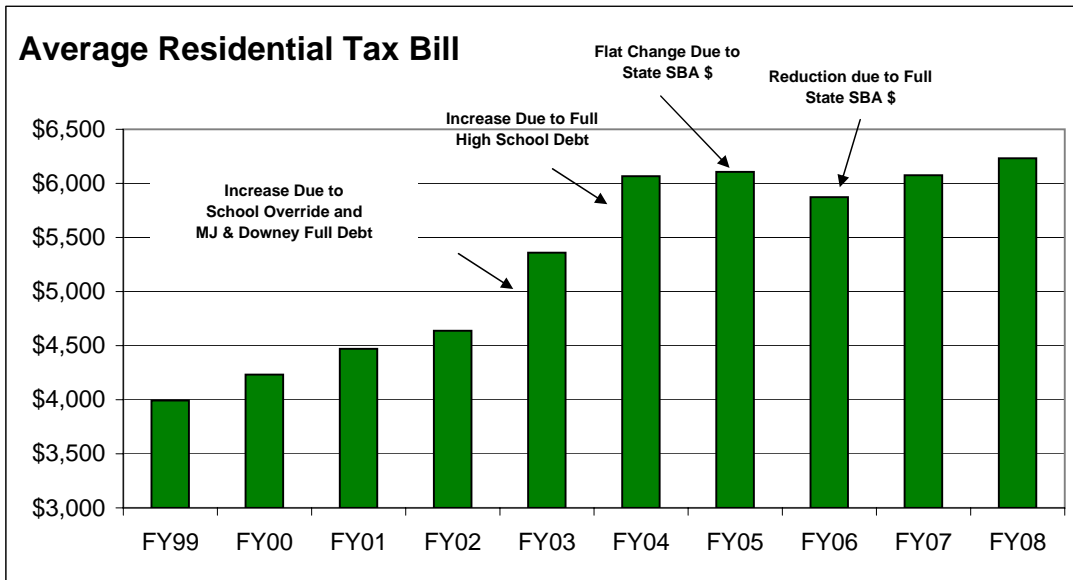
\* Exempt debt - This is the principal and interest payment required each year for borrowing projects approved outside Proposition 2 1/2.

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

| <b>FY08 Tax Change</b>     |                    |
|----------------------------|--------------------|
| 2.5/new growth/excess levy | \$1,539,096        |
| change in exempt debt      | <u>-\$123,078</u>  |
| <b>Total Taxes</b>         | <b>\$1,416,018</b> |

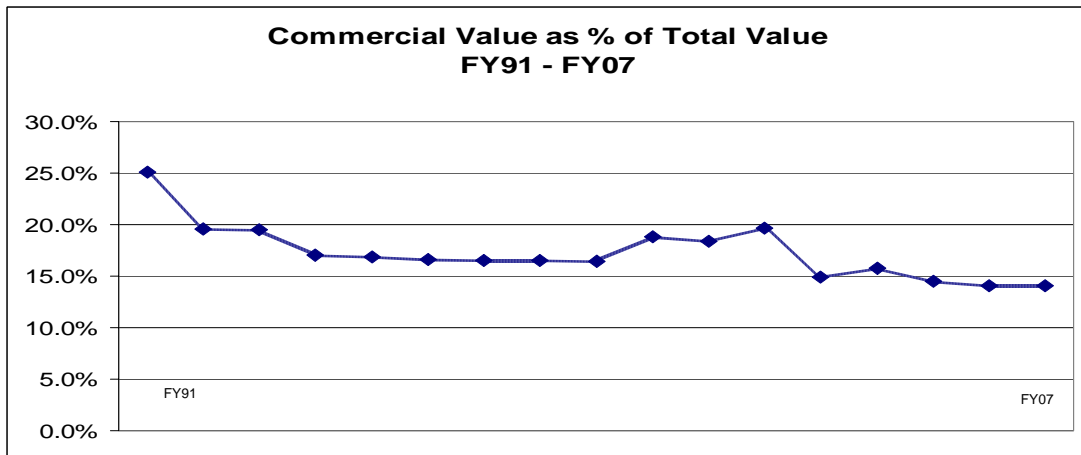
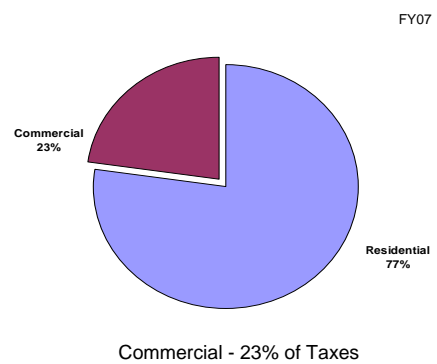
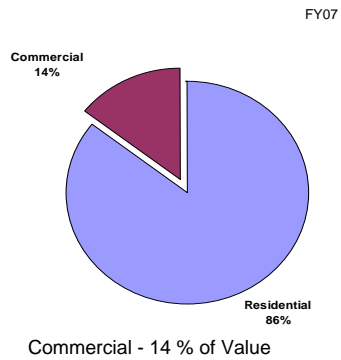
## Tax Rate/Tax Bill History

| Tax Rate per Thousand   | FY01      | FY02      | FY03      | FY04      | FY05      | FY06      | FY07      | Projected FY08 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------------|
| Residential   | \$13.37   | \$13.87   | \$11.45   | \$12.96   | \$11.97   | \$10.37   | \$10.73   |                |
| Commercial  | \$21.99   | \$21.52   | \$20.80   | \$23.36   | \$20.97   | \$18.85   | \$19.81   |                |
| <b>% of Total Town Value</b>                                  |           |           |           |           |           |           |           |                |
| Residential Property  | 81.6%     | 80.4%     | 85.1%     | 84.2%     | 85.5%     | 85.9%     | 85.9%     |                |
| Commercial Property   | 18.4%     | 19.6%     | 14.9%     | 15.8%     | 14.5%     | 14.1%     | 14.1%     |                |
| Tax Shift Factor  | 1.47      | 1.40      | 1.62      | 1.60      | 1.58      | 1.63      | 1.65      |                |
| <b>% of Total Town Taxes</b>                                  |           |           |           |           |           |           |           |                |
| Residential Properties  | 72.9%     | 72.5%     | 75.9%     | 74.7%     | 77.1%     | 77.1%     | 76.8%     |                |
| Commercial Properties   | 27.1%     | 27.5%     | 24.1%     | 25.3%     | 22.9%     | 22.9%     | 23.2%     |                |
| <b>Average Residential Tax Bill</b>                           |           |           |           |           |           |           |           |                |
| Home Value  | \$334,339 | \$334,339 | \$468,075 | \$468,075 | \$510,202 | \$566,324 | \$566,324 | \$566,324      |
| Tax Bill  | \$4,470   | \$4,637   | \$5,359   | \$6,066   | \$6,107   | \$5,873   | \$6,076   | \$6,232        |
| <b>Average Tax Bill Increase</b>                              | 5.61%     | 3.74%     | 15.57%    | 13.2%     | 0.67%     | -3.84%    | 3.50%     | 2.54%          |
| <b>Single Tax Rate</b>  | \$14.96   | \$15.37   | \$12.84   | \$14.60   | \$13.27   | \$11.56   | \$12.01   |                |
| <b>Savings to Average Tax Bill from Having Split Tax Rate</b> | \$530.4   | \$502.6   | \$651.2   | \$767.0   | \$663.0   | \$673.7   | \$725.5   |                |



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

| 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 |
| 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        | (1) \$3,135,347,507                      | \$10.37              | \$270,425,345    | \$192,667,650    | \$50,618,745      | \$513,711,740          | \$18.85             | \$3,649,059,247  |
| 2007        | \$3,147,514,446                          | \$10.73              | \$271,807,104    | \$190,849,800    | \$51,962,800      | \$514,619,704          | \$19.81             | \$3,662,134,150  |



(1) Revaluation year.  
Source: Assessor's Department, Town of Westwood

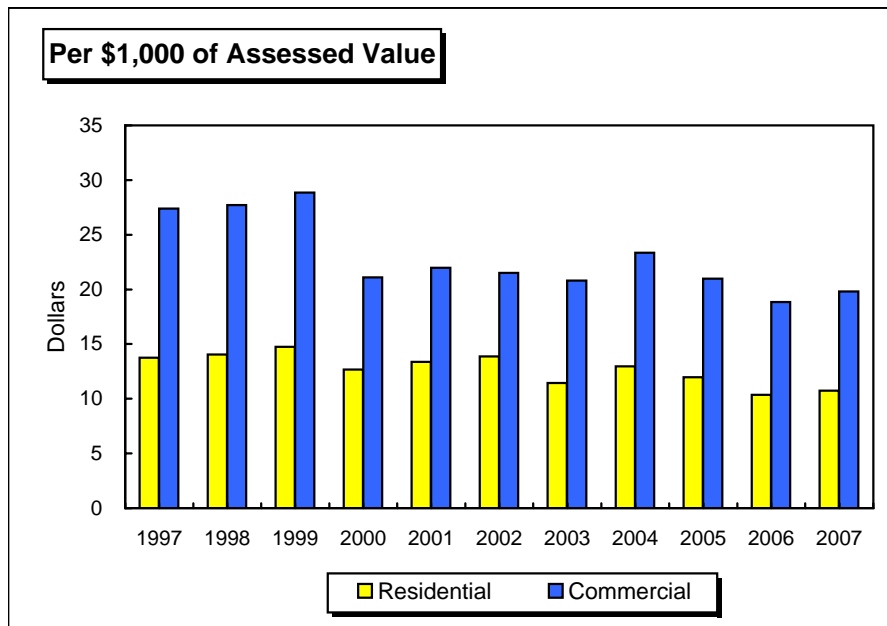
Town of Westwood, Massachusetts

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 |
|-------------|---------------------------|---|-------------------|
|-------------|---------------------------|---|-------------------|

|      |     |         |         |         |
|------|-----|---------|---------|---------|
| 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 |
| 2007 |     | \$10.73 | \$19.81 | \$19.81 |



(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.

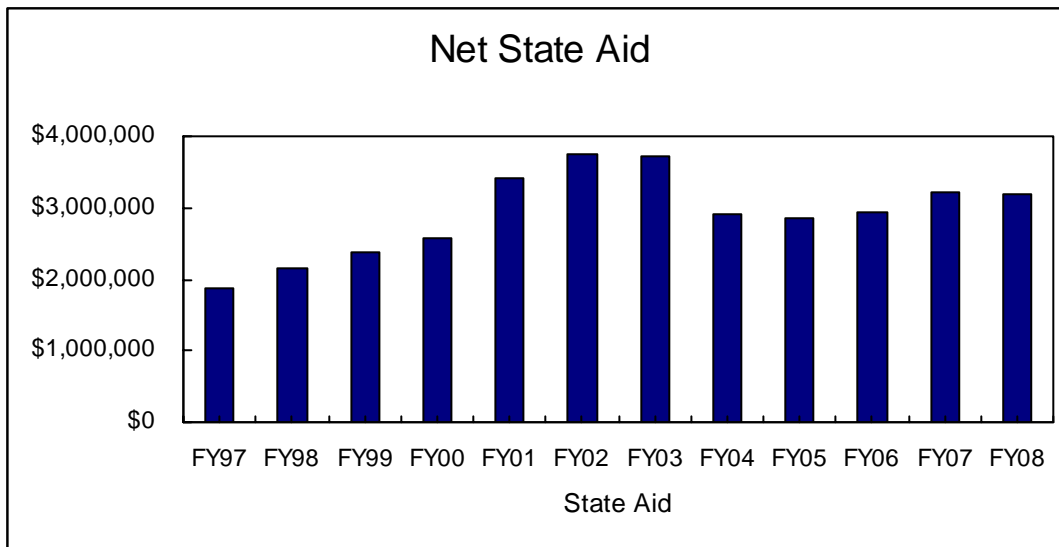
In 1993, after several years of decline, the amount of state aid stabilized and then began to again increase. The increases were primarily in the form of increased education aid and lottery receipts.

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 FY07 budget included a \$337,859 increase in Chapter 70, and a \$136,079 increase in lottery. While this was the largest increase in quite some time, we are still not at the FY02 levels.

The Governor's initial FY08 budget will be released on 2/28/07. We will monitor that budget and update our state aid estimates for Town Meeting.



| Cherry Sheet Receipts                                   |                    |                    |                    |                    |                    |                    |                    |                     |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
|   | FY2001             | FY2002             | FY2003             | FY2004             | FY2005             | FY2006             | FY2007             | Projected<br>FY2008 |
| Chapter 70 - Education                                  | \$2,345,177        | \$2,635,628        | \$2,635,628        | \$2,108,502        | \$2,108,502        | \$2,250,702        | \$2,588,559        | \$2,588,559         |
| School Building Assistance                              | \$339,308          | \$330,466          | \$330,466          | \$327,161          | \$226,025          | *\$0               | *\$0               | *\$0                |
| Lottery   | \$711,159          | \$747,149          | \$747,149          | \$635,077          | \$635,077          | \$721,560          | \$857,639          | \$857,639           |
| Other   | \$356,045          | \$397,989          | \$362,908          | \$197,069          | \$222,123          | \$234,916          | \$241,807          | \$241,807           |
| Offsets (Restricted to Metco,<br>Library, School Lunch) | \$163,605          | \$173,683          | \$185,679          | \$166,850          | \$188,436          | \$217,988          | \$29,099           | \$29,099            |
| Prior Year Adjustment                                   | \$12,966           |                    |                    |                    |                    |                    |                    |                     |
| <b>Total Receipts</b>                                   | <b>\$3,928,260</b> | <b>\$4,284,915</b> | <b>\$4,261,830</b> | <b>\$3,434,659</b> | <b>\$3,380,163</b> | <b>\$3,425,166</b> | <b>\$3,717,104</b> | <b>\$3,717,104</b>  |
| <b>Charges</b>  |                    |                    |                    |                    |                    |                    |                    |                     |
| County Tax  | \$136,468          | \$151,824          | \$155,619          | \$153,089          | \$156,916          | \$154,381          | \$158,240          | \$166,152           |
| MBTA Assessment   | \$346,579          | \$329,893          | \$314,096          | \$297,187          | \$280,407          | \$263,622          | \$271,824          | \$285,415           |
| Other   | \$39,004           | \$37,029           | \$55,012           | \$64,704           | \$77,565           | \$68,309           | \$80,359           | \$84,377            |
| Prior Year Adjustment                                   | \$4,500            | \$4,420            | \$19,254           | \$0                | \$0                | \$0                |                    | \$0                 |
| <b>Total Charges</b>                                    | <b>\$526,551</b>   | <b>\$523,166</b>   | <b>\$543,981</b>   | <b>\$514,980</b>   | <b>\$514,888</b>   | <b>\$486,312</b>   | <b>\$510,423</b>   | <b>\$535,944</b>    |
| <b>Net State Aid</b>                                    | <b>\$3,401,709</b> | <b>\$3,761,749</b> | <b>\$3,717,849</b> | <b>\$2,919,679</b> | <b>\$2,865,275</b> | <b>\$2,938,854</b> | <b>\$3,206,681</b> | <b>\$3,181,160</b>  |

FY08 Assumptions -

The Governor's initial budget will be released on February 28, 2007. We are assuming no increase at this point, and will update with the Governor's budget at that time.

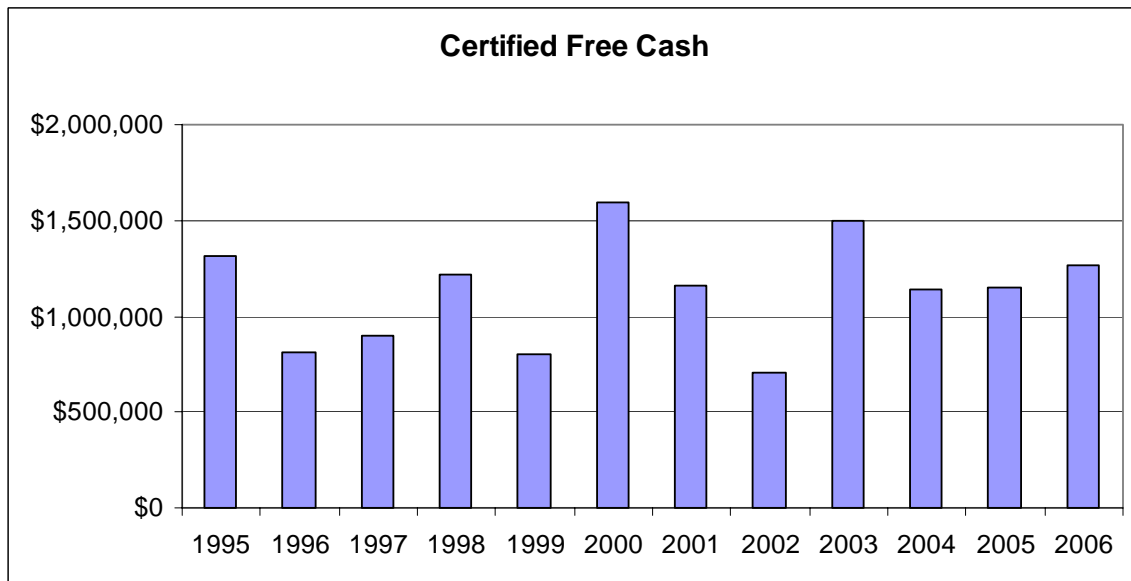
\*school building assistance - no longer considered a cherry sheet item

| School Building Reimbursement |               |  |                          |
|-------------------------------|---------------|--|--------------------------|
| Project                       | Payment Years | Total State<br>Reimbursement<br>(59% of Project) | Annual State<br>Payments |
| 1997 Middle School            | FY01-FY2010   | \$2,396,493                                      | \$248,732/yr             |
| Downey School                 | FY05-FY2012   | \$5,006,352                                      | \$625,794/yr             |
| Martha Jones School           | FY05-FY2012   | \$5,537,952                                      | \$692,249/yr             |
| High School-Annual Payments   | FY06-FY2023   | \$29,254,572                                     | \$1,625,254/yr           |

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

# Free Cash

- Certified Free Cash as of July 1, 2006 is \$1,266,415 which is approximately 2% of the FY06 budget.
- The 5-year average Free Cash has been \$1.1 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 FY08 budget proposal at this time continues the use of \$225,000 of free cash to fund an energy reserve account.
- Free cash is primarily used each year to fund the capital budget and miscellaneous articles.



|  | July 2006  | July 2005   | July 2004  | July 2003   | July 2002   | July 2001  | July 2000   |
|--|--|---|--|---|---|--|---|
| Certified                                | \$1,266,415  | \$1,154,408   | \$1,138,014  | \$1,498,110   | \$700,938   | \$1,158,195  | \$1,591,553   |
| Used to Fund Subsequent Budget           | Proposed:<br><b>Energy Reserve</b><br>\$225,000<br><b>Capital</b><br>\$700,000<br><b>Stabilization</b><br>\$25,000 | <b>Energy Reserve</b><br>\$225,000<br><b>Capital</b><br>\$700,000<br><b>Articles</b><br>\$100,000<br><b>Stabilization</b><br>\$25,000 | <b>Capital</b><br>\$737,899<br><b>Budgets</b><br>\$122,450<br><b>Stabilization</b><br>\$25,000 | <b>Capital</b><br>\$696,000<br><b>Budgets</b><br>\$725,270<br><b>Article</b><br>\$5,000<br><b>Stabilization</b><br>\$25,000 | <b>Capital</b><br>\$600,000<br><b>Articles</b><br>\$100,000 | <b>Capital/Budget</b><br>\$896,912<br><b>Articles</b><br>\$235,000 | <b>Capital</b><br>\$1,265,000<br><b>Articles</b><br>\$320,500 |
| Certified Free Cash as % of Total Budget | 2%   | 2%  | 2%   | 3%  | 2%  | 3.7%   | 3%  |

## Reserve Fund Transfer History Fiscal Years 1995 – 2007

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.

| <b>Fiscal Year</b> | <b>Original Budget</b> | <b>Transfers</b>  | <b>Total Used</b> | <b>Remaining Funds</b> |
|--------------------|------------------------|---|-------------------|------------------------|
|                    |                        |   |                   |                        |
| FY07               | \$400,000              | None to date.   |                   | <b>\$400,000</b>       |
| FY06               | \$400,000              | \$90,727 Annual Town Meeting Transfer to supplement FY06 budgets<br>\$75,000 snow and ice   | \$165,727         | <b>\$234,273</b>       |
| FY05               | \$420,000              | \$50,192 Annual Town Meeting Transfer to supplement FY05 budgets<br>\$360,000 snow and ice  | \$410,192         | <b>\$9,808</b>         |
| FY04               | \$400,000              | \$287,833 Annual Town Meeting Transfer to supplement FY04 budgets   | \$287,833         | <b>\$112,167</b>       |
| 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         | <b>\$78,000</b>        |
| FY02               | \$375,000              | \$259,600 Annual Town Meeting Transfer to supplement FY02 budgets, primarily snow and ice and health insurance.                                     | \$259,600         | <b>\$115,400</b>       |
| FY01               | \$350,000              | \$300,000 Annual Town Meeting Transfer to supplement FY01 budgets.  | \$300,000         | <b>\$50,000</b>        |
| FY00               | \$300,000              | \$220,000 Annual Town Meeting Transfer to supplement FY00 budgets.  | \$220,000         | <b>\$80,000</b>        |
| FY99               | \$300,000              | \$50,000 – MBTA Garage Potential Litigation<br>\$225,000 Annual Town Meeting Transfer to supplement FY99 budgets.                                   | \$275,000         | <b>\$25,000</b>        |
|                    |                        |   |                   |                        |
| FY98               | \$300,000              | \$ 35,000 – Snow & Ice<br>\$100,000 - School  | \$135,000         | <b>\$165,000</b>       |
|                    |                        |   |                   |                        |
| FY97               | \$300,000              | \$149,000 – Snow & Ice<br>\$ 25,700 - Fire  | \$174,700         | <b>\$125,300</b>       |
|                    |                        |   |                   |                        |
| FY96               | \$300,000              | \$162,900 – Snow & Ice<br>\$108,367 - School  | \$271,267         | <b>\$28,733</b>        |
|                    |                        |   |                   |                        |
| FY95               | \$300,000              | \$90,000 - School   | \$90,000          | <b>\$210,000</b>       |

# 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.

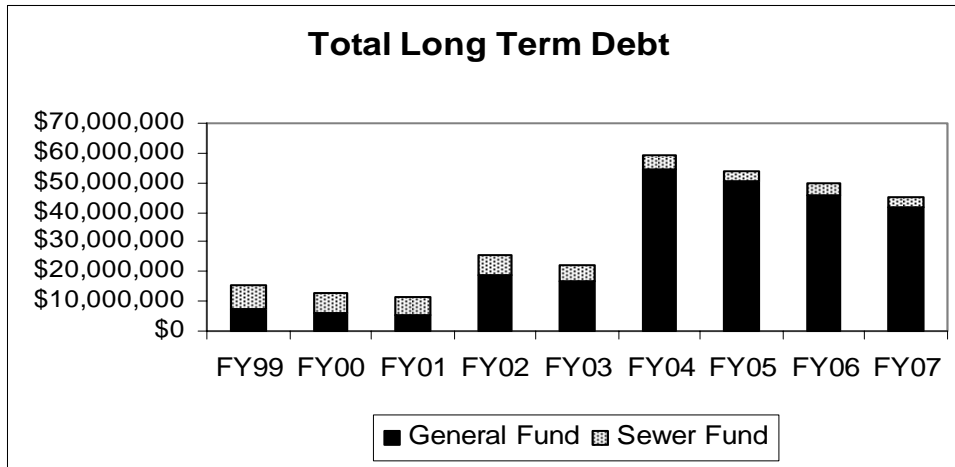
As with a personal credit rating, the Town's credit rating is a statement of its overall fiscal health as a government and as a community. The benefit of a strong credit rating is realized in lower interest costs on the Town's long-term debt issues.

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 February 2007, these credit ratings were reaffirmed by Moody's and Standard & Poor's. However, the agencies expressed concern with the Town's low level of reserves.

Other debt information:

- Total Legal Debt Limit - approx. \$190 Million.
- The Town's general fund debt service is approximately 10.7 % of the operating budget for FY07.
- The Town currently has \$3.4 million in authorized debt remaining to be issued.



| Total Long Term Debt Issued and Outstanding | FY07       | FY06       | FY05       | FY04       | FY03       | FY02       | FY01       | FY00         |
|---|------------|------------|------------|------------|------------|------------|------------|--------------|
| General Fund                                | 41,925,000 | 46,090,000 | 50,255,000 | 54,670,000 | 16,595,000 | 18,955,000 | 5,145,000  | \$6,035,000  |
| Sewer Fund                                  | 3,022,828  | 3,440,498  | 3,854,664  | 4,823,582  | 5,872,408  | 6,786,885  | 6,114,567  | \$7,068,972  |
| Total                                       | 44,947,828 | 49,530,498 | 54,109,664 | 59,493,582 | 22,467,408 | 25,741,885 | 11,259,567 | \$13,103,972 |

**Long Term General Fund Debt Outstanding as of June 30, 2007**

| Description                  | Rate of Interest | Date Issued | Maturity Date | Amount Issued | Total Outstanding 30-Jun-07 |
|------------------------------|------------------|-------------|---------------|---------------|-----------------------------|
| <b>General Fund</b>          |                  |             |               |               |                             |
| 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   | \$580,000                   |
| Land Acquisition             | 3.79             | 12/98       | 12/2008       | \$400,000     | \$80,000                    |
| Senior Center                | 3.79             | 12/98       | 12/2008       | \$239,000     | \$48,000                    |
| School Fields                | 3.79             | 12/98       | 12/2008       | \$189,000     | \$38,000                    |
| Middle School/Gym Completion | 3.79             | 12/98       | 12/2008       | \$225,000     | \$44,000                    |
| Martha Jones Construction    | 4.04             | 3/21/02     | 3/21/2012     | \$7,200,000   | \$3,600,000                 |
| Downey Construction          | 4.04             | 3/21/02     | 3/21/2012     | \$6,300,000   | \$3,150,000                 |
| Land Acquisition             | 4.04             | 3/21/02     | 3/21/2012     | \$1,300,000   | \$650,000                   |
| Land Acquisition             | 4.04             | 3/21/02     | 3/21/2012     | \$300,000     | \$150,000                   |
| High School Project          | 4.25             | 8/01/03     | 06/01/2023    | \$39,262,300  | \$31,600,000                |
| Municipal DPW Building       | 4.25             | 8/01/03     | 06/81/2014    | \$2,600,000   | \$1,820,000                 |
| Public Building              | 4.25             | 8/01/03     | 06/08/2014    | \$240,700     | \$165,000                   |
| <b>Total General Fund</b>    |                  |             |               |               | <b>\$41,925,000</b>         |

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

|      |             |         |              |
|------|-------------|---------|--------------|
|      |             | FY10    | \$5,293,056  |
|      |             | 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 \$61,638,719**

**General Fund Debt authorized - Not Yet Issued Long Term**

|                              |          |                    |
|------------------------------|----------|--------------------|
| High Street Construction     | ATM 5/05 | \$1,000,000        |
| High Street Lighting         | ATM 5/06 | \$195,000          |
| High School Consturction     | ATM 5/06 | \$1,950,000        |
| Eminent Domain Land Purchase | ATM 5/01 | \$275,000          |
| <b>Total</b>                 |          | <b>\$3,420,000</b> |

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

**General Fund Debt**

|   | <b>Outstanding as of<br/>30-Jun-07</b> | <b>FY05<br/>For Comp.</b> | <b>FY06<br/>For Comp.</b> | <b>FY07</b>      | <b>FY08</b>      | <b>FY09</b>      | <b>FY10</b>      | <b>FY11</b>      | <b>FY12</b>      | <b>FY13-23</b>    | <b>Total<br/>FY07-FY23</b> |
|---|--|---------------------------|---------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|----------------------------|
| <b>Principal and Interest for Current Long term Debt Outstanding</b>    |  |                           |                           |                  |                  |                  |                  |                  |                  |                   |                            |
| 1994 Road Improvement (Exempt)  | 0                                      | 231,000                   | 0                         | 0                |                  |                  |                  |                  |                  |                   | \$0                        |
| Middle School/Gym (Exempt)  | 580,000                                | 340,388                   | 329,658                   | 318,638          | 307,328          | 295,800          | 0                | 0                | 0                |                   | \$921,766                  |
| 1994 Land Acquisition-YMCA  | 0                                      | 31,500                    |                           |                  |                  |                  |                  |                  |                  |                   | \$0                        |
| Land Acquisition  | 80,000                                 | 46,950                    | 45,470                    | 43,950           | 42,390           | 40,800           | 0                | 0                | 0                |                   | \$127,140                  |
| Senior Center   | 48,000                                 | 28,170                    | 27,282                    | 26,370           | 25,434           | 24,480           | 0                | 0                | 0                |                   | \$76,284                   |
| School Fields   | 38,000                                 | 22,301                    | 21,598                    | 20,876           | 20,135           | 19,380           | 0                | 0                | 0                |                   | \$60,391                   |
| Lowell State house notes  | 0                                      |                           |                           |                  |                  |                  |                  | 0                | 0                |                   | \$0                        |
| Additional Middle School /Gym   | 44,000                                 | 25,822                    | 25,008                    | 24,172           | 23,314           | 22,440           | 0                | 0                | 0                |                   | \$69,926                   |
| Downey Construct (Exempt)   | 3,150,000                              | 848,295                   | 816,795                   | 785,295          | 760,095          | 735,525          | 710,325          | 684,338          | 657,563          | 0                 | \$4,333,141                |
| MJ school Construct (exempt)  | 3,600,000                              | 969,480                   | 933,480                   | 897,480          | 868,680          | 840,600          | 811,800          | 782,100          | 751,500          | 0                 | \$4,952,160                |
| Strair Land Purchase  | 650,000                                | 175,045                   | 168,545                   | 162,045          | 156,845          | 151,775          | 146,575          | 141,213          | 135,688          | 0                 | \$894,141                  |
| Cemetery Land Purchase  | 150,000                                | 40,395                    | 38,895                    | 37,395           | 36,195           | 35,025           | 33,825           | 32,588           | 31,313           | 0                 | \$206,341                  |
| High School Constuct (Exempt)   | 31,600,000                             | 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        | \$47,265,203               |
| Municipal Building  | 1,820,000                              | 362,700                   | 354,900                   | 347,100          | 339,300          | 331,500          | 319,800          | 309,400          | 299,000          | 559,000           | \$2,505,100                |
| Obed Baker  | 165,000                                | 35,096                    | 33,625                    | 32,875           | 32,125           | 31,375           | 30,250           | 29,250           | 28,250           | 43,000            | \$227,125                  |
| <b>Total General Fund Debt</b>  | <b>41,925,000</b>                      | <b>6,722,777</b>          | <b>6,302,362</b>          | <b>6,144,052</b> | <b>6,000,447</b> | <b>5,858,056</b> | <b>5,293,056</b> | <b>5,140,370</b> | <b>4,985,795</b> | <b>28,216,942</b> | <b>\$61,638,718</b>        |
| Total Exempt Debt   |  | 5,954,798                 | 5,587,039                 | 5,449,269        | 5,324,709        | 5,201,281        | 4,762,606        | 4,627,919        | 4,491,544        | 27,614,942        | 57,472,270                 |
| <b>Current State Reimbursement Being Received - for School Projects</b> |  |                           |                           |                  |                  |                  |                  |                  |                  |                   |                            |
| 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        |                            |
| Total State annual payments   |  | <b>1,566,775</b>          | <b>3,193,029</b>          | <b>3,193,029</b> | <b>3,193,029</b> | <b>3,193,029</b> | <b>3,193,029</b> | <b>2,944,297</b> | <b>2,944,297</b> | <b>17,888,794</b> |                            |
| Net annual Exempt Debt  |  | 4,388,023                 | 2,394,010                 | 2,256,240        | 2,131,680        | 2,008,252        | 1,569,577        | 1,683,622        | 1,547,247        | 9,726,148         |                            |

Information-16

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

**Sewer Fund Debt**

|  | <b>Outstanding as of<br/>June 30,2007</b> | <b>FY04<br/>For comp.</b> | <b>FY05<br/>For comp.</b> | <b>FY06<br/>Fo For comp.</b> | <b>FY07</b>    | <b>FY08</b>    | <b>FY09</b>    | <b>FY10</b>    | <b>FY11-19</b>    | <b>Total</b>     |
|--|---|---------------------------|---------------------------|------------------------------|----------------|----------------|----------------|----------------|-------------------|------------------|
| <b>Principal and Interest payments for current Sewer Debt Outstanding</b>  |   |                           |                           |                              |                |                |                |                |                   |                  |
|  |   |                           |                           |                              |                |                |                |                | <b>FY07- FY19</b> |                  |
| Sewer -Bond 4/95   | 0   | 126,385                   | 120,750                   |                              |                |                |                |                |                   | \$0              |
| Sewer - Abatement Trust 2/94   | 0   | 456,581                   | 451,198                   |                              |                |                |                |                |                   | \$0              |
| Sewer -Bond 12/98  | 240,000                                   | 145,200                   | 140,850                   | 136,410                      | 131,850        | 127,170        | 122,400        |                |                   | \$381,420        |
| Sewer - Abatement Trust 11/98  | 2,032,828                                 | 141,349                   | 141,577                   | 141,759                      | 142,027        | 142,247        | 142,455        | 142,748        | 1,317,561         | \$1,887,038      |
| MWRA no interest loans   | 0   | 20,614                    |                           |                              |                |                |                |                |                   | \$0              |
| Sewer - \$1.5 m bond 4/02  | 750,000                                   | 209,475                   | 201,975                   | 194,475                      | 186,975        | 180,975        | 175,125        | 169,125        | 319,500           | \$1,031,700      |
| Sewer - Auth 5/04 ATM not issued as long term debt**   |   |                           | 200,000                   | 550,000                      | 0              | 0              | 0              | 0              | 0                 | \$0              |
| <b>Total Sewer Debt</b>  | <b>3,022,828</b>                          | <b>1,099,604</b>          | <b>1,256,350</b>          | <b>1,022,644</b>             | <b>460,852</b> | <b>450,392</b> | <b>439,980</b> | <b>311,873</b> | <b>1,637,061</b>  | <b>3,300,158</b> |
| All debt funded by sewer user fees   |   |                           |                           |                              |                |                |                |                |                   |                  |
| ** This is the \$750,000 borrowing authorization approved at the 2004 Annual Town Meeting.<br>The \$750,000 was never issued as long term debt, but rather paid off in appropriations as shown.<br>The debt was paid through appropriations due to the decline in the debt schedule and the drop off of the 1994 abatement trust loan. |   |                           |                           |                              |                |                |                |                |                   |                  |



**Town of Westwood, Massachusetts**

**Computation of Legal Debt Margin**

**June 30, 2006**

|  |                        |
|--|------------------------|
| Fiscal Year 2006 equalized valuation   | <u>\$3,834,008,100</u> |
| Debt Limit - 5% of equalized valuation | \$191,700,405          |
| Less:                                  |                        |
| Total debt applicable to limitation    | \$49,530,498           |
| Authorized and unissued debt           | <u>\$3,445,000</u>     |
| Legal debt margin                      | <u>\$138,724,907</u>   |

## Cost of Local Government Typical Residential Taxpayer

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

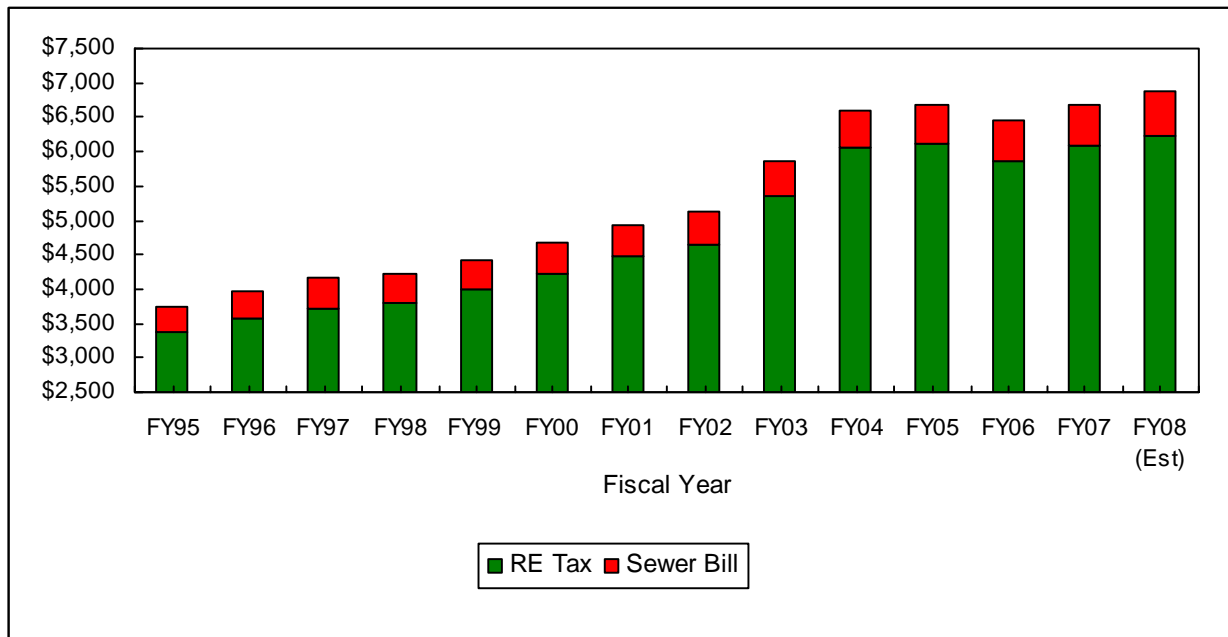
- 1st Quarter Due August 1
- 2nd Quarter Due November 1
- 3rd Quarter Due February 1
- 4th Quarter Due May 1

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.



|                          | FY98    | FY99    | FY00    | FY01    | FY02    | FY03    | FY04    | FY05    | FY06    | FY07    | FY08 (Est) |
|--------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|------------|
| <b>Tax Bill</b>          | \$3,804 | \$3,993 | \$4,233 | \$4,470 | \$4,637 | \$5,359 | \$6,065 | \$6,107 | \$5,873 | \$6,076 | \$6,232    |
| <b>Tax Rate/Thousand</b> | \$14.05 | \$14.75 | \$12.66 | \$13.37 | \$13.87 | \$11.45 | \$12.96 | \$11.97 | \$10.37 | \$10.73 |            |
| <b>Annual Sewer Bill</b> | \$420   | \$430   | \$450   | \$470   | \$500   | \$510   | \$535   | \$560   | \$580   | \$610   | \$640      |

# Municipal Personnel Summary

## Fiscal Years 2000 – 2008

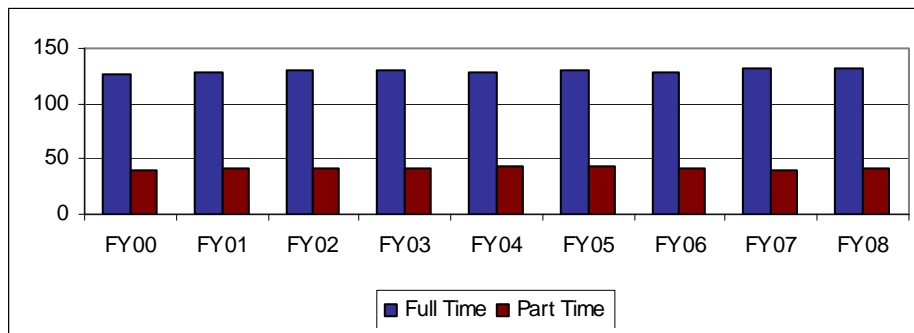
This chart outlines the staffing levels of the municipal departments over several years. The major area of growth has been in the DPW. This is due to the transfer of the field maintenance program from the school department to the DPW. Several field maintenance workers have been added to provide this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

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.

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.

|                                 | FY02       | FY03       | FY04       | FY05       | FY06       | FY07       | FY08       |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|
| <b>General Government</b>       |            |            |            |            |            |            |            |
| Full Time                       | 19         | 19         | 18         | 20         | 20         | 21         | 21         |
| Part Time                       | 11         | 11         | 12         | 11         | 9          | 8          | 8          |
| <b>Total</b>                    | <b>30</b>  | <b>30</b>  | <b>30</b>  | <b>31</b>  | <b>29</b>  | <b>29</b>  | <b>29</b>  |
| <b>Public Safety</b>            |            |            |            |            |            |            |            |
| Full Time                       | 68         | 68         | 68         | 68         | 66         | 68         | 68         |
| Part Time                       | 6          | 6          | 6          | 6          | 6          | 6          | 6          |
| <b>Total</b>                    | <b>74</b>  | <b>74</b>  | <b>74</b>  | <b>74</b>  | <b>72</b>  | <b>74</b>  | <b>74</b>  |
| <b>Public Works/Sewer</b>       |            |            |            |            |            |            |            |
| Full Time                       | 29         | 29         | 28         | 28         | 28         | 28         | 29         |
| Part Time                       | 1          | 1          | 2          | 2          | 2          | 2          | 2          |
| <b>Total</b>                    | <b>30</b>  | <b>30</b>  | <b>30</b>  | <b>30</b>  | <b>30</b>  | <b>30</b>  | <b>31</b>  |
| <b>Human Services</b>           |            |            |            |            |            |            |            |
| Full Time                       | 6          | 6          | 6          | 6          | 6          | 6          | 6          |
| Part Time                       | 6          | 6          | 6          | 6          | 6          | 6          | 7          |
| <b>Total</b>                    | <b>12</b>  | <b>12</b>  | <b>12</b>  | <b>12</b>  | <b>12</b>  | <b>12</b>  | <b>13</b>  |
| <b>Culture &amp; Recreation</b> |            |            |            |            |            |            |            |
| Full Time                       | 9          | 9          | 9          | 9          | 9          | 9          | 9          |
| Part Time                       | 18         | 18         | 18         | 18         | 18         | 18         | 18         |
| <b>Total</b>                    | <b>27</b>  | <b>27</b>  | <b>27</b>  | <b>27</b>  | <b>27</b>  | <b>27</b>  | <b>27</b>  |
| <b>Totals</b>                   |            |            |            |            |            |            |            |
| <b>Full Time</b>                | <b>131</b> | <b>131</b> | <b>129</b> | <b>131</b> | <b>129</b> | <b>132</b> | <b>133</b> |
| <b>Part Time</b>                | <b>42</b>  | <b>42</b>  | <b>44</b>  | <b>43</b>  | <b>43</b>  | <b>40</b>  | <b>41</b>  |



# 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 2/3 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.

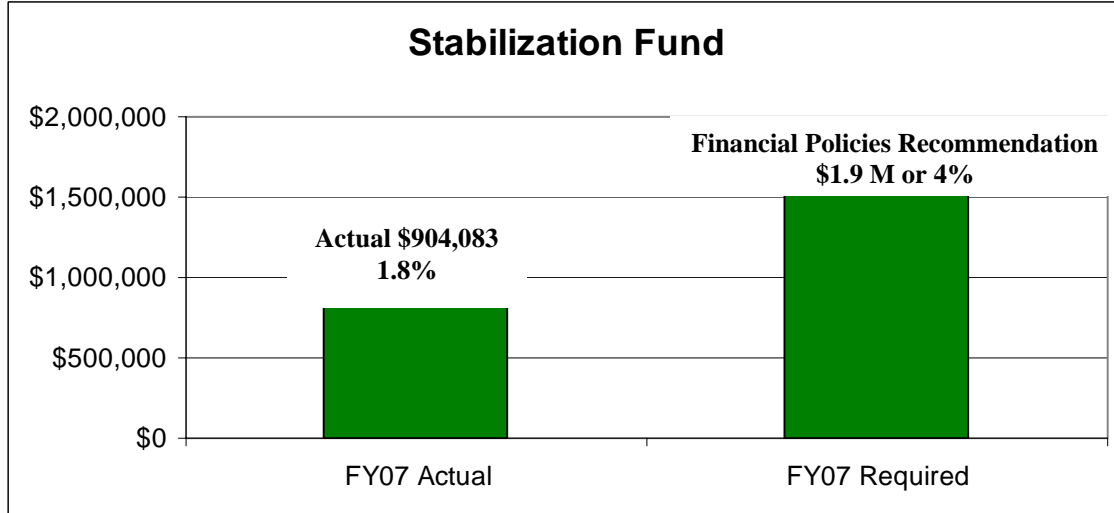
As with any business, it is important for the Town to have a reserve account to provide for unforeseen emergencies or future expenditures. As like most communities, Westwood was not able in the late '80's and early '90's to continue the practice of appropriating funds in to the Stabilization account.

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.

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, 2005, and 2006 Annual Town Meetings.

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.

This account must start to reach the policy targets, or the Town's credit rating may drop.



|                                     | FY2006    | FY2005    | FY2004    | FY2003    | FY2002    | FY2001    | FY2000    | FY99    |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------|
| Town Meeting Appropriated Into Fund | \$25,000  | \$25,000  | \$25,000  | \$25,000  | \$450,000 | \$50,000  | \$200,000 | 0       |
| Balance                             | \$904,083 | \$848,225 | \$782,142 | \$760,200 | \$735,200 | \$270,000 | \$211,441 | \$4,003 |

## Summary of Grants Received by Municipal Departments

### Fiscal Year 2006

| Department | Project                             | Amount  |
|------------|-------------------------------------|---------|
| COA        | Executive Office of Elderly Affairs | 19,394  |
| DPW        | Road Improvement – Chapter 90       | 557,193 |
| Fire       | Safe Program                        | 4,532   |
| Fire       | Ambulance Task Force Grant          | 1,000   |
| Fire       | Homeland Security 04                | 12,820  |
| Fire       | Radio Fire Grant                    | 101,415 |
| Fire       | Stroke Victim Software Grant        | 6,600   |
| Health     | Bioterrorism Health Grant           | 6,093   |
| Health     | Tobacco Mini-Health Grant           | 440     |
| Police     | “Click-It or Ticket” Enforcement    | 7,373   |
| Police     | Community Policing Grant            | 18,024  |
| Police     | Local Preparedness Grant            | 12,820  |

### Fiscal Year 2005

|            |                                     |         |
|------------|-------------------------------------|---------|
| 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   |

## 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."

Source: MA Department of Revenue

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

| Fiscal Year 2006 |                      |                     |                     |                             |
|------------------|----------------------|---------------------|---------------------|-----------------------------|
| Municipality     | Residential Tax Rate | Commercial Tax Rate | Tax Levy            | Taxes As % of Total Revenue |
| Canton           | 9.33                 | 19.39               | \$44,103,411        | 62.55                       |
| Concord          | 10.23                | 10.23               | \$53,273,087        | 83.19                       |
| Holliston        | 14.16                | 14.16               | \$27,913,207        | 60.51                       |
| Medfield         | 12.66                | 12.66               | \$28,346,678        | 64.08                       |
| Sharon           | 15.11                | 15.11               | \$41,234,357        | 68.42                       |
| Sudbury          | 13.55                | 21.71               | \$55,432,935        | 75.72                       |
| Wayland          | 12.54                | 12.54               | \$42,135,219        | 74.55                       |
| Weston           | 9.95                 | 9.95                | \$48,312,623        | 73.48                       |
| <b>Westwood</b>  | <b>10.37</b>         | <b>18.85</b>        | <b>\$42,197,020</b> | <b>72.20</b>                |

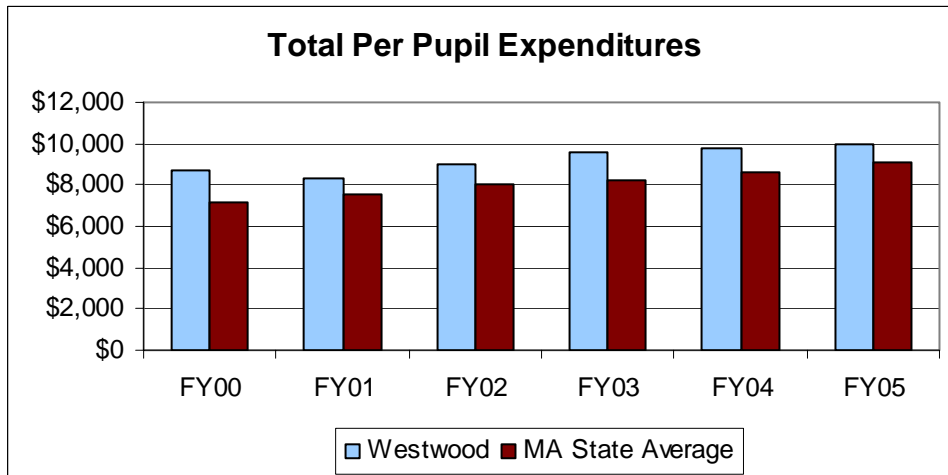
| Municipality    | Fiscal Year 2006               |                  |                    | Fiscal Year 2005   | 6-06                 |
|-----------------|--------------------------------|------------------|--------------------|--------------------|----------------------|
|                 | Average Single Family Tax Bill | State Hi-Lo Rank | Free Cash          | Stabilization Fund | Moody's Bond Rating* |
| Canton          | \$4,445                        | 73               | \$1,518,847        | \$951,646          | Aa2                  |
| Concord         | \$9,271                        | 6                | \$4,880,193        | \$2,171            | Aaa                  |
| Holliston       | \$5,548                        | 42               | \$758,141          | \$339,247          | A1                   |
| Medfield        | \$7,290                        | 17               | \$1,761,225        | \$2,126,405        | Aa2                  |
| Sharon          | \$6,839                        | 24               | \$1,594,240        | \$6,428            | Aa3                  |
| Sudbury         | \$8,956                        | 7                | \$1,475,243        | \$1,555,863        | Aa1                  |
| Wayland         | \$8,693                        | 8                | \$1,125,228        | \$156,665          | Aaa                  |
| Weston          | \$12,865                       | 1                | \$1,248,088        | \$12,421           | Aaa                  |
| <b>Westwood</b> | <b>\$6,770</b>                 | <b>25</b>        | <b>\$1,154,408</b> | <b>\$848,225</b>   | <b>Aa1</b>           |

## Some Facts About Westwood

|                                 |  |                  |                    |                         |
|---------------------------------|--|------------------|--------------------|-------------------------|
| <b>Form of Government</b>       | Board of Selectmen, Executive Secretary, Open Town Meeting |                  |                    |                         |
| <b>Population Trends</b>        | <b>1990</b>  |                  | <b>2000</b>        |                         |
|                                 | 12,557   |                  | 14,117             |                         |
| <b>Registered Voters (2006)</b> | <b>Total</b>   | <b>Democrats</b> | <b>Republicans</b> | <b>Unenrolled/Other</b> |
|                                 | 9,431  | 2,682            | 1,799              | 4,950                   |

### 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.***

## Financial Policies Status Update – December 6, 2006

| Policy  | Target  | Actual  | Comments  | Target Status |
|---|---|---|---|---------------|
| <b>B. 2. Operating Reserve Fund</b> – shall be 1% of total general fund operating budget, net of debt service.  | \$474,674<br>1%   | FY07 Budget<br>\$400,000  | Close to target; 84% of target.   |               |
| <b>B. 3. Free Cash</b> – shall maintain at 4% of general fund operating budget, net of debt service.  | \$1,898,697<br>4%   | \$1,266,415<br>2.7%   | Actual is at 66% of goal, approximately \$630,000 short of goal.<br>This would be <u>before</u> use of any free cash                    |               |
| <b>D. 3. Reserve accounts</b> – 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<br>Target 4%<br>\$1,961,437<br><br>Total 8% or<br>\$3,922,274 | Stabilization<br>Actual 1.8%<br>\$904,083<br><br>Total 4% or<br>\$2,170,498 | Stabilization<br>approximately \$1M short of target.<br><br>Total is at 55% of target.<br>This would be <u>before</u> use of free cash. |               |
| <b>E. 4. General fund nonexempt debt service</b> should not exceed 8% of net general fund revenues.   | Not exceed 8%<br>Or \$3,922,274   | Actual<br>1.5%  | Target is met.  | ✓             |
| <b>E. 4. Total General fund exempt and nonexempt debt</b> should not exceed 10-12% of net general fund revenues.  | Not exceed<br>12%<br>Or \$5,883,411   | Actual 12.6%<br>\$6,164,592   | Actual exceeds target by .6%.   |               |
| <b>F. 5. Investment in capital stock</b> – will maintain 3% of general fund operating budget, net of debt, on ongoing capital maintenance and replacement.  | \$1,424,023<br>3%   | \$824,000<br>1.8%   | Actual is approximately \$600,000 short of target. Actual at 42% of target.   |               |
| <b>G. 5. Maintain sewer retained earnings</b> – will maintain 10% of sewer fund revenues.   | \$388,914<br>10%  | \$194,558<br>5.7%   | Actual is at approximately 50% of target.   |               |

## Financial Policies Status Update Cont'd....

| Other Policies  | Comments  | Target Status |
|---|---|---------------|
| <p><b>B.1. General Fund</b> – Annual budget should be prepared covering operating expenditures with current operating revenue, not non-recurring revenue sources.</p> | <p>As part of FY07 budget solution, \$225,000 of Free Cash was used to support operating budget – energy reserve.</p>       |               |
| <p><b>D.5. Reserves</b> – Town will strive to make annual appropriation to the Stabilization Fund</p>   | <p>\$25,000 appropriated at 2006 Annual Town Meeting; will continue making appropriations going forward.</p>                | ✓             |
| <p><b>F.2. Capital Planning</b> – Town will develop a multi-year plan for capital improvements.</p>   | <p>Produced 5-year Capital Improvement Plan document; will continue to improve document and produce on an annual basis.</p> | ✓             |

## What Do Those Financial Terms Really Mean?

|                            |  |
|----------------------------|--|
| <b>Abatement:</b>          | A complete or partial cancellation of a levy imposed by a governmental unit; applicable to tax levies and special assessments.   |
| <b>Appropriation:</b>      | 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.   |
| <b>Assessed valuation:</b> | 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.   |
| <b>Audit:</b>              | 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. |
| <b>Balance sheet:</b>      | A statement that discloses the assets, liabilities, reserves and equities of a fund or government unit at a specified date.  |
| <b>Budget:</b>             | 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).  |
| <b>Capital budget:</b>     | A plan of proposed capital outlays and the means of financing them for the current fiscal period.  |
| <b>Cherry sheet:</b>       | 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.   |
| <b>Classification:</b>     | 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.   |
| <b>Debt service:</b>       | Payment of interest and principal related to long-term debt.   |
| <b>Encumbrance:</b>        | 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.  |
| <b>Enterprise fund:</b>    | 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?

|  |  |
|--|--|
| <b>Expenditure:</b>  | The spending of money by the town for the programs or projects within the approved budget.   |
| <b>Fiscal year:</b>  | 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.                             |
| <b>Free cash:</b>  | 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.                                      |
| <b>Fund:</b>   | 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.   |
| <b>General fund:</b>   | The fund into which the general (non-earmarked) revenues of the town are deposited and from which money is appropriated to pay expenses.   |
| <b>Overlay:</b>  | The amount raised in excess of appropriations and other charges. It is used to cover abatements and exemptions granted locally or on appeal.   |
| <b>Override:</b>   | A vote to increase the amount of property tax revenue that may be raised over the levy limit.  |
| <b>Personal services:</b>                                    | The cost of salaries, wages and related employment benefits.   |
| <b>Property tax levy:</b>                                    | 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:<br><i>House value:</i> \$200,000<br><i>Tax rate:</i> \$10 (which means \$10 per thousand)<br><i>Levy:</i> \$10 multiplied by \$200,000 and divided by \$1,000<br><i>Result:</i> \$2,000        |
| <b>Reserve fund:</b>   | 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.   |
| <b>Revolving fund:</b>                                       | 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.  |
| <b>Tax levy:</b>   | Total amount of dollars assessed in property taxes imposed by the Town each fiscal year.   |
| <b>Undesignated fund balance or surplus revenue account:</b> | 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) |
| <b>Warrant:</b>  | A list of items to be voted on at Town Meeting.  |

# Budget Procedure

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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 \$15,000 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.