
Town of Westwood, Massachusetts

Proposed Town Budget Summary

For The Fiscal Year

July 1, 2008 – June 30, 2009

Board of Selectmen

Nancy C. Hyde, Chairman

Patrick J. Ahearn

Anthony J. Antonellis



Westwood Town Hall

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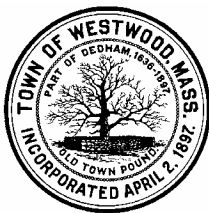
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Financial Summary

A Look at Revenue, Expenditures, State Aid, Taxes, State School Building Aid, Commercial Values, Fixed Costs, School/Municipal Operating Budgets, Debt, Stabilization Fund, Five Year Forecast



TOWN OF WESTWOOD

COMMONWEALTH OF MASSACHUSETTS

BOARD OF SELECTMEN

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

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

February 14, 2008

The Honorable Board of Selectmen,

I herewith submit for your review the Proposed FY2009 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.

FY2009 Budget Summary

The FY09 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 without a Proposition 2 ½ override. 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, without overrides, it is difficult each year to maintain the quality services that Westwood residents desire and deserve.

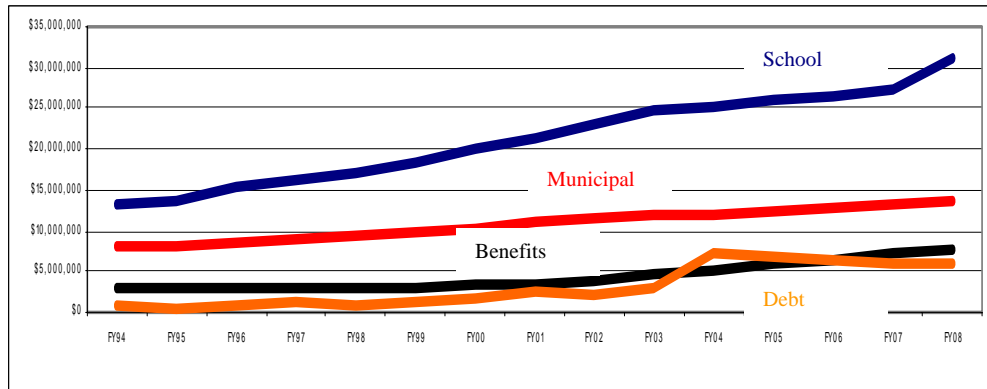
The structural deficit has been particularly difficult since FY03. During these years, state aid declined by 20% and only began to increase again in FY07. Against this decline in revenue, fixed costs greatly increased, including pension assessment increases of 17% and 13% in FY06 and FY07 and health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

During the years FY04 to FY07, against the dramatic growth in fixed costs, the school and municipal operating budgets grew only an average 2% per year. This growth has not been enough to sustain level services, resulting in a decline of service level and quality.

Only with general overrides and significant increases to state aid can operating budgets experience growth.

In FY08, the residents approved a \$2.7M school general override. This allowed for a significant 13% increase to the school budget. The municipal budget had a 3.7% increase in FY08.

The graph below shows a view of the history of budget levels for each component of the operating budget.

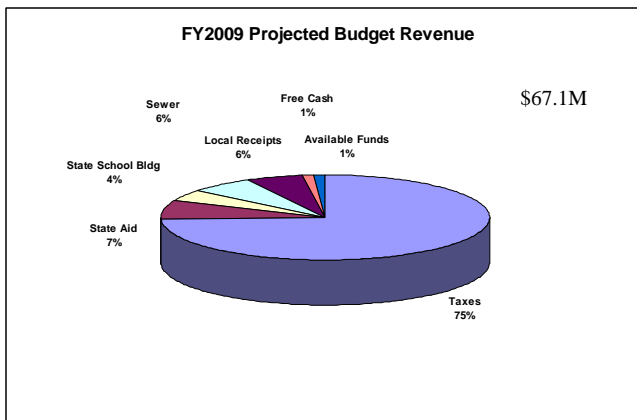


FY09 Current Budget Gap

The current budget gap for FY09 between requested expenditures and projected revenue is \$1,691,873.

Currently, the FY09 budget has a significant budgetary gap. Increases in fixed costs and debt service consume almost all of the available new revenue, leaving limited revenue available to fund increases to the school and municipal operating budgets. When comparing requested increases against estimated revenue, the gap is \$1.69M. It is important to note that this gap is based on a projected FY09 Chapter 70 state aid increase per the Governor’s January 2008 budget. If this increase does not materialize, the projected gap of revenues vs. requested increases widens even further, exceeding \$2M.

FY09 Revenue Projections



FY09 revenue projections are detailed in this summary book in the budget section. In summary, revenue for FY09 is projected to be \$67.1M, \$1.78M or 2.7% greater than FY08.

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 may not impact FY09.

It is unclear what to expect for state aid for FY09. The new Governor has been very vocal in voicing support for municipalities and looking to alleviate the pressure on the property tax bill. This was evident in the Chapter 70 and lottery increases received in FY08. However, the state is again experiencing budget problems, thereby potentially limiting the revenue available for state aid to cities and towns. Other revenue sources, including local receipts are not projected to increase in FY09.

Taxes

FY09 tax revenue will increase to the limit allowed by Proposition 2 1/2, resulting in \$1.5M in new tax revenue.

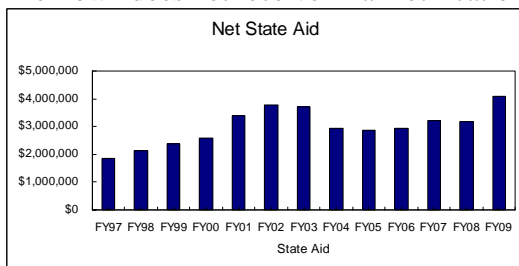
Tax Levy Calculation	Projected			
	FY2006	FY2007	FY2008	FY2009
Prior Year Levy Limit	\$38,726,265	\$40,281,755	\$41,938,657	\$46,442,531
Plus 2.5% Increase	\$968,157	\$1,007,044	\$1,048,466	\$1,161,063
Plus New Growth**	\$587,334	\$649,858	\$678,020	\$300,000
General Overrides	\$0	\$0	\$2,777,387	
Tax Levy Limit	\$40,281,755	\$41,938,657	\$46,442,531	\$47,903,594
Exempt Debt*	\$1,948,546	\$2,219,419	\$2,199,779	\$2,158,527
Levy Capacity	\$42,230,301	\$43,808,218	\$48,642,309	\$50,062,121
Actual Levy Assessed	\$42,197,019	\$43,967,446	\$48,519,937	\$50,062,121

FY09 Tax Change	
2.5/new growth/excess levy	\$1,583,436
Change in exempt debt	(\$41,252)
Total Change in taxes	\$1,542,184

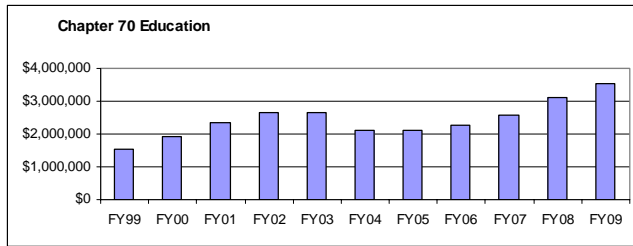
State Aid

FY09 state aid will again be difficult to predict in a timely manner.

The Town does not receive final notification of state aid funding until after the May Town Meeting process. This timing is often problematic for our budget process. Over the past few years, state aid has been an inconsistent source of revenue, with significant reductions in FY04 and FY05, and then increases in FY07 and FY08.



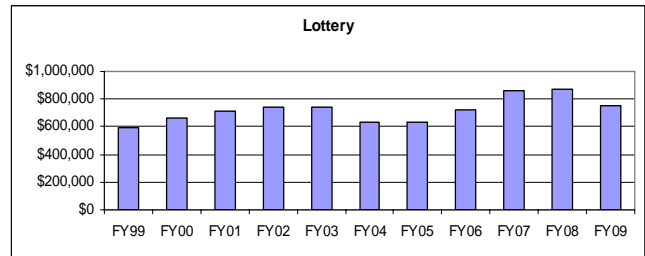
The two main sources of state revenue are the Chapter 70 education aid and the lottery receipts.



While the Town has benefited from a recent change in the Chapter 70 formula, it is unclear what will be the final FY09 amount.

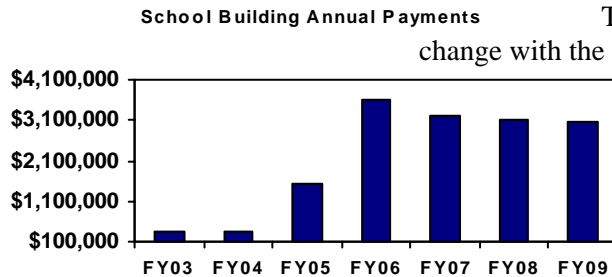
The Governor's budget includes \$3.5M, or a \$451,000 increase in Chapter 70 for FY09.

For the lottery receipts, the Governor's budget includes \$755,991, a \$115,750 reduction for FY09. The Governor's budget proposes to restore this funding to FY08 levels by appropriating new state gaming revenue receipts. The current Westwood budget conservatively uses the lower lottery estimate.



State School Building Assistance

The FY09 budget includes projected revenue of \$3,008,095 from the State School Building Authority.



The Town continues to benefit from the major change with the State School Building Assistance Program.

The Town will receive \$3.08M in FY09 from the state. Immediately upon the change in the program in 2004, 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 \$3.08 million in FY09, 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 are retired. All projects have received final audits and the payment stream is guaranteed going forward.

Free Cash

The current FY09 budget proposes to utilize \$725,000 of free cash.

The FY09 budget proposal includes \$700,000 of free cash to support the overall school and municipal capital budget. The FY09 budget proposal includes \$25,000 of free cash to be transferred into the stabilization fund. This is an annual nominal appropriation done each year at Town Meeting. Free cash is essentially the remaining retained earnings from the previous fiscal year. It is poor financial policy to appropriate free cash as a revenue source for ongoing operating budgets.

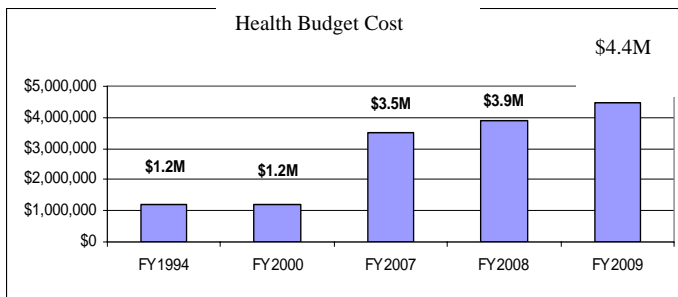
FY09 Proposed Expenditures

Fixed Costs

The total fixed costs budget is projected to increase \$967,000 or 12.3% for FY09.

There continues to be significant growth in the fixed cost budgets which cover all school and municipal employees, particularly employee costs, such as health insurance, pension assessments, and payroll taxes.

The Norfolk County pension assessment will increase by \$283,000 or 15.3% for FY09.



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. However, the total health insurance budget has more than tripled since FY2000, growing from \$1.2 million to over \$4.4 million for FY09.

The overall fixed costs budget does include a proposal to maintain the \$225,000 energy reserve account which was started in FY07. For FY09, the energy reserve account will be funded by the tax levy, not free cash.

Capital

The current budget proposal for FY09 is to level fund capital at the FY08 levels.

This level of funding only would provide \$417,000 to municipal capital, \$406,000 to school capital; and \$155,000 to sewer capital. This is an inadequate level of capital and is at less than half the level recommended by the Town's financial policies.

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 \$135 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.

Debt

The FY09 debt budget will increase by \$248,737 or 4.1% over FY08.

There are two components to the debt budget; debt voted outside of Proposition 2 ½ called exempt debt, and debt within Proposition 2 ½.

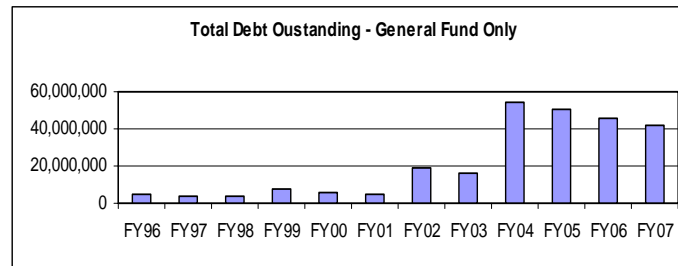
- FY09 exempt debt, and therefore exempt taxes, will decrease by \$123,428.
- FY09 debt within Proposition 2 1/2, which must be provided for in the budget, will increase by \$372,165.

The increase in non-exempt debt of \$372,165 is due to issuance of new debt for borrowings authorized by previous Town Meetings. These borrowings include:

- \$1,950,000 High School completion.
- \$195,000 High Street lighting.
- \$1,000,000 High Street construction.
- \$245,000 eminent domain land purchase.
- \$475,000 High School fields.
- **\$3,865,000 Total**

The \$372,165 of new debt consumes a significant portion of new available revenue for FY09.

The Town's current long term debt outstanding is \$41.9M and will be reduced by \$4M in principal payments in FY09.



Operating Budgets

The current requested school and municipal operating budgets exceed available revenue.

Proposed budgets have been submitted by the various areas of government.

- The current requested municipal budget is \$14,629,591, a \$825,446 or 6% increase over FY08.
- The current requested school budget is \$32,712,792, a \$1,973,280 or 6.4% increase over FY08.
- The Blue Hills Regional School FY09 assessment is \$168,144, a \$29,487 or 21.3% increase over FY08.

These budgets all strive to provide quality services to the community. However, all of these requests currently significantly exceed the funding available. Budget requests will need to be adjusted in order to achieve a balanced budget for May Town Meeting.

Reserves

The FY09 budget contains only the annual \$25,000 nominal transfer to the stabilization account.

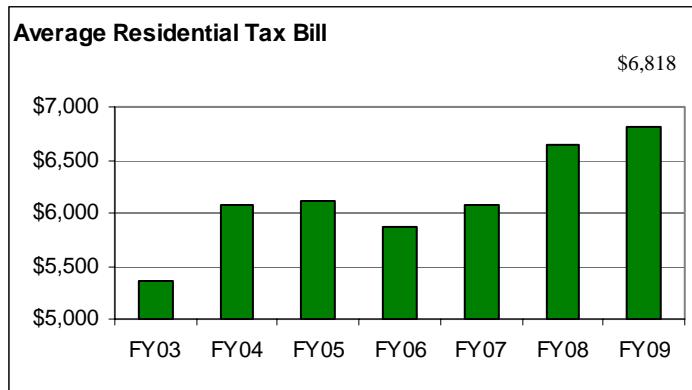
It is particularly important as the Town in recent years has taken on significant debt to maintain appropriate reserve funds in the stabilization account. These funds are vital in protecting the Town against unforeseen risks, as well as being a major component in securing a good credit rating and resulting lower 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 strongly put the Town on notice that current reserves are significantly too low and dwindling. The Town must start to build reserves, properly fund capital, and address long term post employment benefits in order to maintain our credit rating. A reduction in credit rating will increase the Town's cost to borrow money.

The current stabilization fund balance is far short of the level required by the Town's financial policies, currently at only 48% of target. In addition, there has been no funding to the capital stabilization account. Therefore, efforts must continue to build up this account, and these funds should not be used as one-time options to balance the budget.

Impact on Tax Bill

The FY09 budget proposal will increase the average tax bill by 2.56%.



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 are available to supplement the budget, but result in higher tax payments by

our residents.

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. The Town paid 100% of the costs of these projects before the state share of funding began.

As mentioned, receipt of state funding for the construction projects has had a positive impact on the tax bills and with the state payments continuing now on an annual basis, the dramatic impact on taxes from construction projects has stabilized.

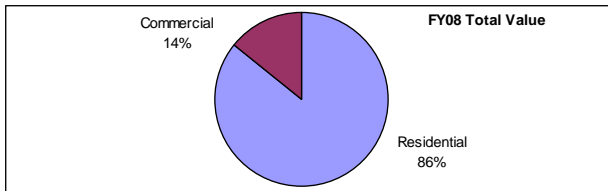
The FY08 tax bill had a significant 9% increase due to the approved school override. The FY09 projection will be the more standard 2.56% increase.

Importance of Commercial Development

FY09 current proposed budget does not include any revenue from the Westwood Station 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 FY08, commercial property will pay 23% of the overall tax levy, while representing 14% of total value. This represents a \$789 annual savings to the average home.

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



At this time, the significant new commercial development, Westwood Station, is on the horizon. While this project may not generate tax dollars for FY09, it does represent a major opportunity to enhance 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.

Commitment to Westwood

While confronting all the issues and challenges of the budget process, we must continue a unified commitment to keep Westwood a wonderful community.

Westwood officials will continue 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, safe roadways and services for our senior population. 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 and comprehensive quality of life and we must work to maintain that position despite the challenges.

Next Steps

There is significant work to be done to resolve the FY09 budget. Our challenges for FY09 are many. We must provide resources to the school and municipal budgets for FY09 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. The Town must put in place solid funding for reserves, capital, and operational budgets.

Particular steps to be accomplished include:

- Review of school and municipal operating budget requests to determine appropriate budgetary levels.
- Monitor state budget process and determine levels of state aid.
- Assess timing and impact of Westwood Station project.
- Support commitment to capital and reserves with actual appropriation increases.

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 FY2009 budget to Town Meeting in May that best balances the needs of departments against the costs to residents. This 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

FY09 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:				
FY08 Budget		FY09 Budget Can Be Funded	Current Budget Requested	Budget Gap
\$44,782,299	FY09 School/Municipal Operating Budgets	\$45,922,906	\$47,614,779	(\$1,691,873)
\$7,839,004	FY08 Fixed Costs Budget	\$8,806,037	\$8,806,037	-0-
\$6,124,069	FY08 Debt Budget	\$6,372,806	\$6,372,806	-0-
			Total Gap	\$1,691,873

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.

Current gap is dependent on FY09 Chapter 70,
per the Governor's budget.

**Town of Westwood
Summary of Budget - FY09**

	FY2006 Approved Per recap	FY2007 Approved Per recap	FY2008 Approved Per recap	FY2009 Current Proposed
BUDGET CATEGORIES				
Appropriations Made by Town Meeting:				
Operations Budget	\$55,478,712	\$57,684,185	\$62,590,973	\$66,801,185
Capital - Municipal	\$417,000	\$417,000	\$417,000	\$417,000
Capital Schools	\$406,000	\$406,000	\$406,000	\$406,000
Capital - Sewer	\$0	\$355,000	\$155,000	\$155,000
Stabilization Account Appropriation	\$25,000	\$25,000	\$25,000	\$25,000
Other Financial Warrant Articles	\$190,000	\$450,000	\$11,175	\$0
Prior yr Adjustments voted at Town Meeting	\$256,621	\$159,433	\$139,000	\$0
Library/rd improvement ATM 2005	\$224,000			
Westwood Station Permit Article			\$0	\$0
	\$56,997,333	\$59,496,618	\$63,744,148	\$67,804,185
Other Amounts to be Raised (not Voted at Town Meeting)				
State Aid Offsets (Funds which must be restricted)	\$217,988	\$29,099	\$30,678	\$30,365
State and County Charges	\$486,312	\$510,423	\$519,915	\$522,608
Overlay (Reserve for abatements/exemptions)/other-snow	\$745,750	\$482,175	\$727,648	\$500,000
	\$1,450,050	\$1,021,697	\$1,278,241	\$1,052,973
	\$58,447,383	\$60,518,315	\$65,022,389	\$68,857,158
Financial Resources				
State Revenue:				
State Aid	\$3,425,166	\$3,717,104	\$4,257,310	\$4,616,644
State School Building Assistance Funding	\$3,600,190	\$3,193,029	\$3,089,590	\$3,008,895
Local Revenue:				
Total Property Taxes	\$42,197,019	\$43,967,446	\$48,519,936	\$50,062,121
Local Receipts	\$3,573,959	\$3,662,483	\$3,812,483	\$3,812,483
Enterprise (Sewer) Funding (for all - capital , articles, etc)	\$4,025,935	\$3,889,149	\$4,000,601	\$4,162,563
Available Funds/ - for misc articles	\$451,000	\$509,433	\$139,000	\$0
Available Funds	\$288,765	\$529,671	\$428,540	\$777,579
Westwood Station Bldg Permit			\$0	\$0
Free Cash	\$885,349	\$1,050,000	\$1,131,648	\$725,000
	\$58,447,383	\$60,518,315	\$65,379,108	\$67,165,285
	(\$0)	\$0	\$356,719	(\$1,691,873)
Note: - FY08 does not include \$1.65m Westwood Station article				
Authorization to borrow (Projects approved at Town Meeting -funds are borrowed and debt service included in future budgets) :				
Approved at 2005 ATM	\$1,000,000			
Approved at 2006 ATM		\$1,950,000		
Approved at 2006 ATM		\$195,000		
Approved at Special 2007			\$475,000	

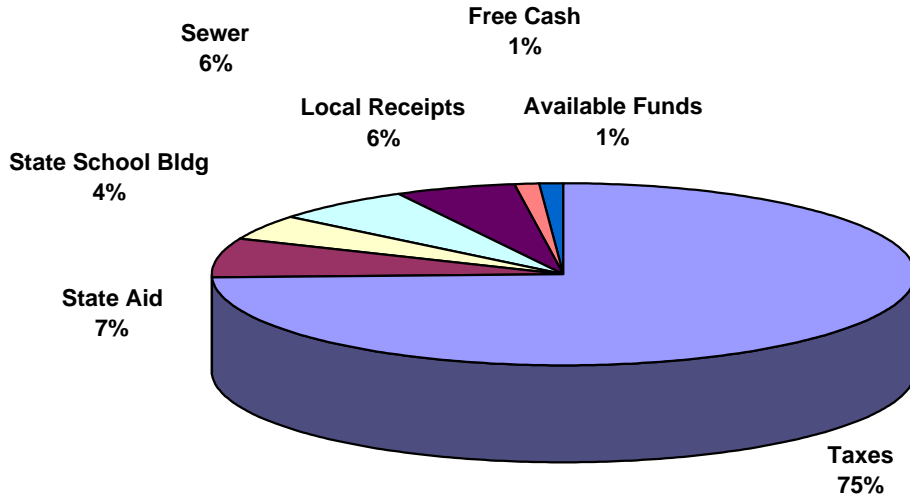
Current Gap
FY2009- Budget within the Limits of Proposition 2 1/2
FY2009 Overall Budget Detail

	FY2007	Total Revenue FY2008	Total Revenue FY2009	\$ Change	%Change
Taxes	\$43,967,446	\$48,519,937	\$50,062,121	\$1,542,184	3.2%
State Aid	\$3,717,104	\$4,257,310	\$4,616,644	\$359,334	8.4%
State School Building Assistance	\$3,193,029	\$3,089,590	\$3,008,895	(\$80,695)	-2.6%
Sewer Enterprise	\$3,889,149	\$4,000,601	\$4,162,563	\$161,962	4.0%
Local Receipts	\$3,662,483	\$3,812,483	\$3,812,483	\$0	0.0%
Available Funds	\$1,039,104	\$567,540	\$777,579	\$210,039	37.0%
Free Cash	\$1,050,000	\$1,131,648	\$725,000	(\$406,648)	-35.9%
Total Revenue	\$60,518,315	\$65,379,109	\$67,165,285	\$1,786,176	2.7%
Operations Budget Summary					
		Total Expenditures FY2008	Total Expenditures FY2009		
Municipal Departments	\$13,253,967	\$13,804,145	\$14,629,591	\$825,446	6.0%
School Budgets					
Westwood School Budget	\$27,212,126	\$30,739,512	\$32,712,792	\$1,973,280	6.4%
Blue Hills Regional School Assessment	\$136,932	\$138,657	\$168,144	\$29,487	21.3%
Traffic Supervisors	\$95,034	\$99,985	\$104,252	\$4,267	4.3%
Total School Budgets	\$27,444,092	\$30,978,154	\$32,985,188	\$2,007,034	6.5%
Sewer Enterprise	\$3,534,149	\$3,845,601	\$4,007,563	\$161,962	4.2%
Reserves/Benefits/Insurance	\$7,287,385	\$7,839,004	\$8,806,037	\$967,033	12.3%
Debt Service	\$6,164,592	\$6,124,069	\$6,372,806	\$248,737	4.1%
Total Operations Budget	\$57,684,185	\$62,590,973	\$66,801,185	\$4,210,212	6.7%
Capital Budget - Sewer	\$355,000	\$155,000	\$155,000	\$0	\$0
Capital Budget - Municipal/ School	\$823,000	\$823,000	\$823,000	\$0	0.0%
Total Capital Budget	\$1,178,000	\$978,000	\$978,000	\$0	0.0%
Overlay	\$482,175	\$727,647	\$500,000	(\$227,647)	-31.3%
State Charges/offset/other	\$539,522	\$550,593	\$552,973	\$2,380	0.4%
Stabilization Account Appropriation	\$25,000	\$25,000	\$25,000	\$0	0.0%
Misc Warrant Articles/Prior year	\$609,433	\$150,175	\$0	(\$150,175)	-100.0%
Total Other Amounts	\$1,656,130	\$1,453,415	\$1,077,973	(\$375,442)	-25.8%
Total Overall Expense Budget	\$60,518,315	\$65,022,388	\$68,857,158	\$3,834,770	5.9%
	\$0	\$356,721	(\$1,691,873)	(\$2,048,594)	

ch70 not allocated

FY08 - Does not include \$1.65 wwstation

FY2009 Projected Budget Revenue



FY2009 Projected Budget Revenue

	FY2008 Budget	FY2009 Proj	\$ Increase	% Increase
Taxes	\$48,519,937	\$50,062,121	\$1,542,184	3.2%
State Aid	\$4,257,310	\$4,616,644	\$359,334	8.4%
State School Bldg Reimbursement	\$3,089,590	\$3,008,895	(\$80,695)	-2.6%
Sewer Enterprise	\$4,000,601	\$4,162,563	\$161,962	4.0%
Local Receipts	\$3,812,483	\$3,812,483	\$0	0.0%
Available Funds	\$567,540	\$777,579	\$210,039	37.0%
Free Cash	\$1,131,648	\$725,000	(\$406,648)	-35.9%
Total Revenue	\$65,379,109	\$67,165,285	\$1,786,176	2.7%

* Tax revenue to increase by changes per Proposition 2 1/2 and estimated new growth.

* State aid estimates are based on Governor's budget released on 1/08, with reduction to lottery projections.

A Look at Taxes

Tax Levy Calculation	FY2004	FY2005	FY2006	FY2007	FY2008	Projected FY2009
Prior Year Levy Limit	\$35,065,082	\$36,916,575	\$38,726,265	\$40,281,755	\$41,938,657	\$46,442,531
Plus 2.5% Increase	\$876,627	\$922,914	\$968,157	\$1,007,044	\$1,048,466	\$1,161,063
Plus New Growth**	\$974,866	\$886,775	\$587,334	\$649,858	\$678,020	\$300,000
General Overrides	\$0	\$0	\$0	\$0	\$2,777,387	
Tax Levy Limit	\$36,916,575	\$38,726,265	\$40,281,755	\$41,938,657	\$46,442,531	\$47,903,594
Exempt Debt*	\$6,265,148	\$4,367,789	\$1,948,546	\$2,219,419	\$2,199,779	\$2,158,527
Levy Capacity	\$43,181,723	\$43,094,054	\$42,230,301	\$43,808,218	\$48,642,309	\$50,062,121
Actual Levy Assessed	\$43,112,383	\$43,092,347	\$42,197,019	\$43,967,446	\$48,519,937	\$50,062,121

FY09 Tax Change	
2.5/new growth/excess levy	\$1,583,436
Change in exempt debt	(\$41,252)
Total Taxes	\$1,542,184

*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.

	FY03	FY04	FY05	FY06	FY07	FY08	Projected FY09
Average Tax Bill Increase	15.57%	13.2%	0.67%	(-3.84%)	3.5%	9.4%	2.56%
Savings to Average Tax Bill Resulting from Split Tax Rate	\$651.2	\$767	\$663	\$673	\$725	\$789	
Average Residential Tax Bill Home Value	\$468,075	\$468,075	\$510,202	\$566,324	\$566,324	\$566,324	
*Average Tax Bill	\$5,359	\$6,065	\$6,107	\$5,873	\$6,076	\$6,648	\$6,818

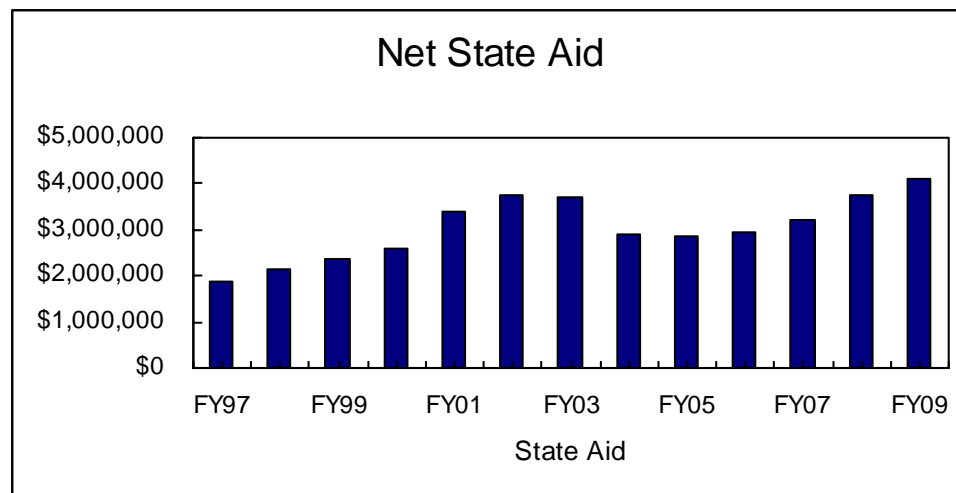
- FY08 increase greater than 2 ½ % due to school override of \$2.7M.
- FY05 increase less than 2 ½% due to receipt of state building funds for Martha Jones and Downey School projects.
- FY06 was a decrease in taxes due to completion of 1994 road improvement bond and receipt of state building funds for the High School project.

FY08 State Aid

Cherry Sheet Receipts

	FY2004	FY2005	FY2006	FY2007	FY2008	Projected FY2009
Chapter 70-Education	\$2,108,502	\$2,108,502	\$2,250,702	\$2,588,559	\$3,096,779	\$3,547,941
School Building Assistance	\$327,161	\$226,025	*\$0	*\$0	*\$0	*\$0
Lottery	\$635,077	\$635,077	\$721,560	\$857,639	\$871,741	\$755,991
Other	\$197,069	\$222,123	\$234,916	\$241,807	\$258,112	\$282,347
Offsets (Restricted to Metco, Library, School Lunch)	\$166,850	\$188,436	\$217,988	\$29,099	\$30,678	\$30,365
Prior Year Adjustment						
Total Receipts	\$3,434,659	\$3,380,163	\$3,425,166	\$3,717,104	\$4,257,310	\$4,616,644
Charges						
County Tax	153,089	156,916	154,381	158,240	152,576	156,390
MBTA Assessment	297,187	280,407	263,622	271,824	279,854	278,767
Other	64,704	77,565	68,309	80,359	87,485	87,451
Prior Year Adjustment	0	0	0	0	0	0
Total Charges	\$514,980	\$514,888	\$486,312	\$510,423	\$519,915	\$522,608
Net State Aid	\$2,919,679	\$2,865,275	\$2,938,854	\$3,206,681	\$3,737,395	\$4,094,036

- 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 (FY02 - \$2.6M).
- FY08 reflects positive change to state Chapter 70 formula.
- FY09 reflects Governor's budget, with lottery reduction.





State School Building Assistance

The Town is currently receiving State School Building reimbursement on 4 school construction projects. All audits are completed and the remaining annual payments finalized and guaranteed.

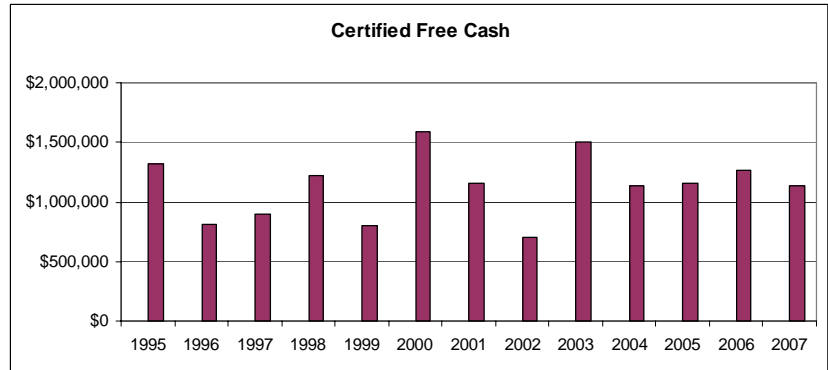
School Building Reimbursement			
Project	Payment Years	Total State Reimbursement (59% of Project)	Remaining Annual State Payments
1997 Middle School	FY01-FY2010	\$2,396,493	\$248,732/yr
Downey School	FY05-FY2012	\$4,983,848	\$620,168/yr
Martha Jones School	FY05-FY2012	\$5,237,717	\$617,180/yr
High School-Annual Payments	FY06-FY2023	\$33,092,311	\$1,522,815/yr

Total State Reimbursement	
FY05	\$1,544,068
FY06	\$3,600,190
FY07	\$3,193,029
FY08	\$3,089,590
FY09	\$3,008,895

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, 2007 is \$1,142,342, which is approximately 2% of the FY06 budget.
- The 5-year average Free Cash has been \$1.2 million.
- Financial policy not to use free cash for operating budget.
- FY08 used \$170,473 of free cash for operating budget and \$225,000 for energy reserve.
- FY09 projections use \$700,000 for capital and \$25,000 for stabilization fund.

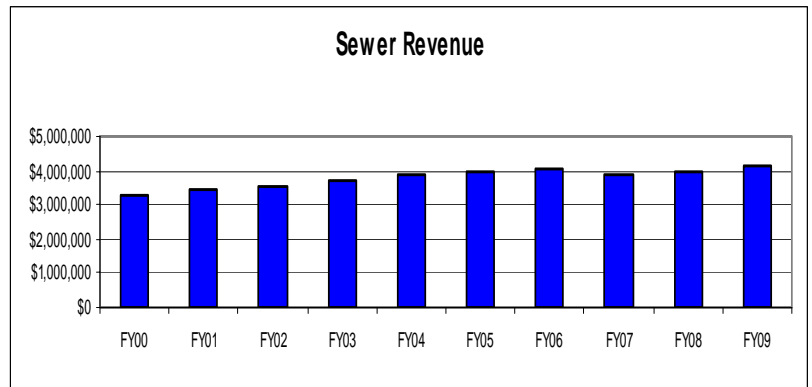


	July 2007	July 2006	July 2005	July 2004	July 2003	July 2002
Certified	\$1,142,342	\$1,266,415	\$1,154,408	\$1,138,014	\$1,498,110	\$700,938
Used to Fund Subsequent Budget	Capital \$700,000 Stabilization \$25,000	Energy Reserve \$225,000 Capital \$700,000 Stabilization \$25,000 Articles \$11,175 Budget \$170,473	Energy Reserve \$225,000 Capital \$700,000 Articles \$100,000 Stabilization \$25,000	Capital \$737,899 Budgets \$122,450 Stabilization \$25,000	Capital \$696,000 Budgets \$725,270 Article \$5,000 Stabilization \$25,000	Capital \$600,000 Articles \$100,000
Certified Free Cash as % of Total Budget	2%	2%	2%	2%	3%	2%

Sewer

Assumptions in FY09:

- Revenue is set to fully recover sewer operating and capital budget.
- Current revenue funds operating budget of \$4,162,563. If sewer capital greater than \$155,000 is approved, revenue will also increase.



FY2009 Local Receipts

	FY05	FY06	FY07	FY07	FY08	FY09
	Actual	Actual	Budget	Actual	Budget	Budget
Motor Vehicle Excise						
Tax	\$2,309,888	\$2,298,851	\$2,250,000	\$2,135,755	\$2,150,000	\$2,130,000
Penalties and Interest	\$80,853	\$55,045	\$50,000	\$67,238	\$50,000	\$60,000
License/Permits	\$488,923	\$566,317	\$338,000	\$438,495	\$360,000	\$360,000
Departmental						
Receipts	\$202,443	\$281,089	\$257,041	\$301,570	\$260,000	\$266,505
Special Assessments	\$2,196	\$227	\$200	\$219	\$0	\$0
Investment Income	\$402,355	\$688,030	\$280,100	\$707,268	\$504,505	\$500,000
Sewer Indirect	\$212,000	\$212,000	\$290,978	\$290,978	\$290,978	\$290,978
Recreation	\$145,000	\$145,000	\$151,164	\$151,164	\$152,000	\$160,000
Other	\$67,083	\$49,686	\$45,000	\$195,757	\$45,000	\$45,000
Total Local Receipts	\$3,910,741	\$4,296,245	\$3,662,483	\$4,288,444	\$3,812,483	\$3,812,483

- 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 lower balances from construction projects. (was \$731,000 in FY03).
- FY06 departmental receipts started to include anticipated rental income from the Islington Community Center.
- FY07 actual – other – included Westwood Station filing fees.

FY2009 Available Funds

Available Funds Allocated	FY05	FY06	FY07	FY08	FY09
	Budget	Budget	Budget	Budget	Budget
Conservation Receipts	\$7,000	\$17,000	\$17,000	\$17,000	\$7,000
Cemetery Trust	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Ambulance Receipts	\$223,463	\$223,463	\$323,850	\$366,200	\$370,000
Extra Circuit Breaker \$	\$200,000	\$0	\$0	\$0	\$0
Pension Reserves	\$350,000	\$0	\$0	\$0	\$0
High School Bond Premium	\$42,966	\$38,302	\$36,821	\$35,340	\$33,859
Sale of Land/Bond Premium	\$118,534	\$0	\$0	\$0	\$0
Prior Year/Miscellaneous Articles	\$46,000	\$271,000	\$509,433	\$21,000	\$0
Library funds-land purchase		\$180,000	\$0		\$0
Prior year Ch70 not used			\$142,000	\$118,000	\$356,720
	\$997,963	\$739,765	\$1,039,104	\$567,540	\$777,579

- Pension funds funding source was fully depleted in FY05.
- High School bond premium required annual apportionment to debt.

Municipal Budget

***This section is a summary of the
FY09 Proposed Municipal Budget.***

Please refer to the separate document...

***FY2009 Proposed Municipal Budget
for more detail.***

TOWN OF WESTWOOD

Commonwealth of Massachusetts



Office of the Finance Director

January 30, 2008

To the Honorable Board of Selectmen:

I hereby submit to you the proposed FY09 municipal budget. This document contains the budget proposal for overall municipal operations for FY09. Included are department narratives and detailed budget requests for all the individual municipal departments, including our main services areas of police, fire, and public works.

The budgets for each department are displayed in a clear, easy to read format, allowing readers to review several years of budget and actual expenditures and staffing levels for each department. Each department's budget page also contains a bar graph of salary and expense history, which provides a visual highlight to any significant changes in budget and expenditures.

The budget book also contains a summary section following this letter. This summary section outlines the overall dollar and percent changes to the proposed municipal budget, and quickly lists all major salary and expense items contributing to the change. Readers will find this easy to understand summary provides a concise assessment of the FY09 budget proposal. I am proud to continue with over a decade long tradition of providing clear, easy to use budgets with full disclosure. We have received tremendous positive feedback from the community over the years regarding the straightforwardness of our budget documents.

This document also contains detailed information on the Town wide fixed cost budget, including debt and employee benefits. These fixed costs cover all employees, municipal and school. The fixed cost budgets have been the fastest growing area of the overall budget, resulting in limited revenue for school and municipal operating budget increases. The FY09 fixed cost budget continues to experience high growth, with a projected \$960,000 or 12% increase to fixed costs. The debt service budget also has high growth in FY09 as bonds are issued for previously approved projects including the completion of the high school and High Street reconstruction projects.

Budget Highlights

FY09 presents another difficult year for the municipal budget. Municipal departments have strived to maintain services within limited funding. For several years Westwood, as with all communities in Massachusetts, has struggled to maintain level services, as the overall revenue is limited by Proposition 2 ½ and that limited revenue is consumed by increases in fixed costs. There has not been sufficient revenue each year for the municipal budget to maintain services. In addition, the failed override request in 2005

resulted in a reduction to many budget items in municipal departments. There have not been any funds from general overrides directed to the municipal budget. The following chart summarizes the municipal budget increases for the past few years.

	FY04	FY05	FY06	FY07	FY08
Municipal Budgets	0.0%	3.4%	1.2%	4.5%	3.7%

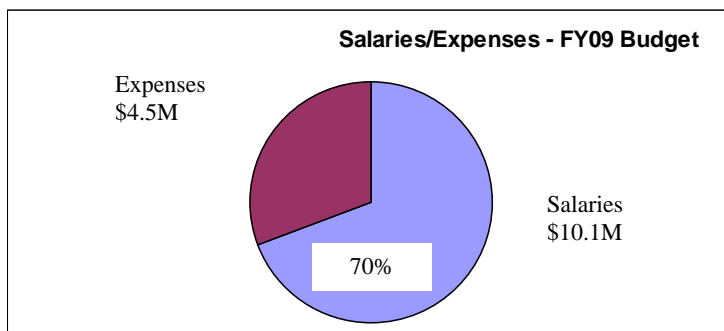
As shown in the chart, over this five-year period the municipal budget average yearly growth has been 2.5%. As these budgets must accommodate increases to salaries and utilities, the real budgets have been further constrained.

Against this past and continuing difficulty with limited funds, the municipal departments face increased potential service demand with the onset of Westwood Station. The Westwood Station development will have a significant service impact on many municipal departments. While some of this impact will not be realized until the project is built and occupied by residents, several departments are already dealing with current and imminent staffing impacts from the early phase of the project. This impact and uncertainty of timing of the projects on the municipal departments is evident throughout the municipal budget.

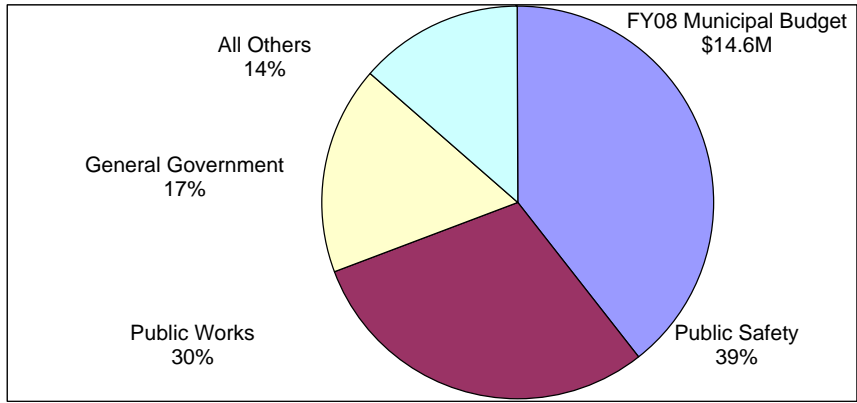
The current overall municipal FY09 budget request is:

	Expended FY2007	Current FY2008 Budget	FY2009 Budget	\$ Change FY09 vs. FY08	% Change FY09 vs. FY08
Salaries	\$9,112,422	\$9,525,728	\$10,124,779	\$599,051	6.3%
Expenses	\$4,232,910	\$4,278,417	\$4,504,812	\$226,395	5.3%
Total	\$13,345,332	\$13,804,145	\$14,629,591	\$825,446	6.0%

The budget reflects an effort to provide quality services to the community. 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 Town also must comply with numerous state regulations and mandates, in areas such as inspectional services and public health. The Town must strive to continue a high quality of service, despite the limitations to funding.



Of the \$14.6M budget request, 70% is comprised of salary. The heart of the municipal budget is our employees....the police, fire, and department of public works employees who are providing the daily services to the community.



In addition, of the \$14.6M approximately 69% is for public safety and public works, demonstrating our budget reflects our core mission of providing vital services to the community.

As the summary chart shows, the overall budget increase of 6% is comprised of increases to the salary budget of \$599,051 or 6.3% and the expense budget of \$226,395 or 5.3%.

A listing of all the major items contributing to these increases is provided on the following pages. In summary, the major salary change is comprised of:

FY09 wage and step increases for all employees	\$315,000
Personnel/contract changes approved in FY08	\$90,000
Staffing level increases approved in FY08	\$26,600
New position requests/increases for FY09	\$163,300
Major Salary change	\$594,900

As shown, \$431,600 or half of the total overall municipal budget increase is contractual obligations or approved salary changes already in place. The new positions include requests for staffing needed to handle increases in work load, as well as efforts to restore items cut during the severe reduction experienced in FY06. These include restoring the Sunday opening at the main library cut in FY06, an important service for residents, particularly school children.

On the expense side, the utility budgets continue to see high increases due to electric and gasoline rates. The expense category also includes a request to increase the snow and ice budget to \$250,000, a more reasonable amount to accommodate our annual budget expenditures. The overall expense category is helped by the significant decline, \$189,000 or 13% in the solid waste budget, due to new long term contracts in FY08 for tipping and hauling contracts.

The current municipal request of \$14.6M or 6% increase exceeds available revenue. We will continue to work with the Board of Selectmen to refine the request and present a balanced budget to Town Meeting. Balancing service demands and a desire to provide quality services to the community against limited revenue is a continuing challenge.

Next Steps

This municipal budget document will be used in conjunction with the Proposed Town Budget Summary book as the budget process moves forward. The Town Budget Summary document contains all budget requests for the school, municipal, fixed costs and capital budget areas, as well as all the revenue information and projections.

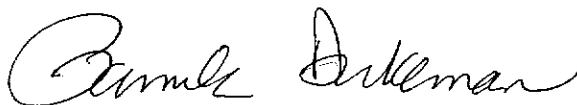
At this point, the proposed municipal budget exceeds available revenue. We will need to continue to review and revise the budget proposals as well as monitor changes in revenue projections to determine the final municipal budget to be presented to Town Meeting.

Acknowledgements

I would like to thank the municipal department heads for their cooperation and diligence in preparing their department's information. The annual budget process has been very difficult these past few years and the municipal department heads have worked hard to prepare and revise their budgets in an effort to maintain services with limited resources. They make themselves readily available throughout the budget process, including attending meetings with the Selectmen and Finance Commission; and their cooperation and openness is always appreciated and recognized by these Boards.

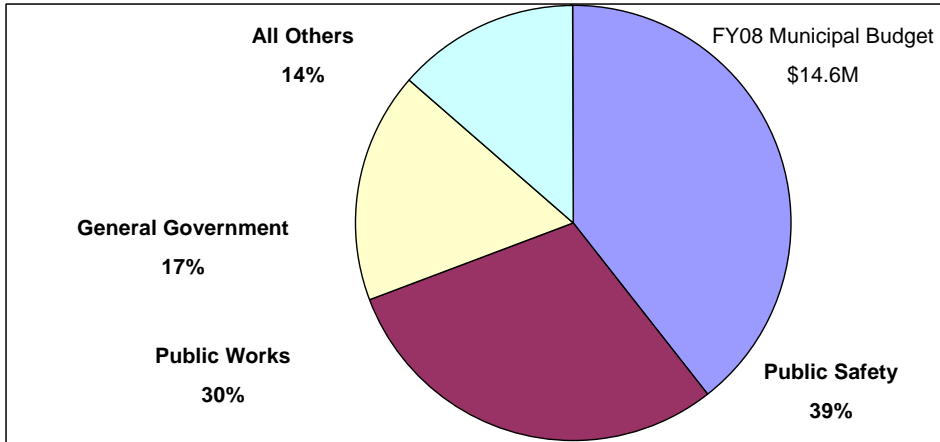
I would also like to thank Marie O'Leary, Town Accountant, Pat Conley, Assistant Treasurer, and particularly Sheila Nee, Fincom Administrator, for the significant contribution they make to this document and the overall budget process. They have shown year after year their commitment to quality, accuracy, and full public disclosure. Their efforts result in presentation of clear, accurate and easy to use financial information which provides Westwood officials and residents the tools they need to make informed, educated decisions during these difficult times.

Respectfully submitted,



Pamela Dukeman
Finance Director

Municipal Budget Proposed for FY09

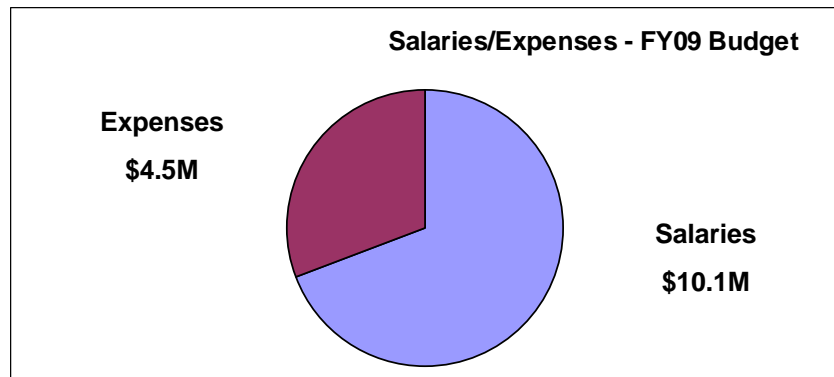


What we do:
 FY09 Municipal Budget \$14.6M
 70% or \$10.1M provides for:

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

Function	Amount	% of Total
Public Safety	\$5,764,188	39%
Public Works	\$4,337,604	30%
General Government	\$2,526,341	17%
Library, Recreation and All Others	\$2,001,458	14%
Total	\$14,629,591	100%

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



Salary is 69% of budget.

FY09 Municipal Budget Summary.....

	Expended FY2007	Current FY2008 Budget	FY2009 Budget	\$ Change FY09 vs. FY08	% Change FY09 vs. FY08
Salaries	\$9,112,422	\$9,525,728	\$10,124,779	\$599,051	6.3%
Expenses	\$4,232,910	\$4,278,417	\$4,504,812	\$226,395	5.3%
Total	\$13,345,332	\$13,804,145	\$14,629,591	\$825,446	6.0%

Major Salary Changes		
Department	Item	Amount
Contractual Obligations		
All Departments	FY09 Contract/COLA increases	\$260,000
	FY09 Step increases	\$55,000
	Position reclass/position upgrades/contract/other salary increases	\$90,000
	Total Contractual Salary Obligations	\$405,000
Staff levels changed in FY08		
Economic Devl Adv Board	Increase Business Liaison position to full time	\$10,000
COA	Increase staff by 7 hours/week - passports	\$8,000
Animal Control	Increase Animal Control Officer to full time	\$8,600
	Total FY08 Staffing Level Changes	\$26,600
New Requests		
Library	Reopen main library on Sundays - cut in FY06	\$16,000
DPW	New Town-wide Facilities Manager position	\$70,000
Accounting	Five hour/week increase to staff	\$5,600
Personnel Board	New part time position request	\$26,000
Planning Board	Increase to administrative staff	\$10,700
DPW	Request to increase overtime from \$55,000 to \$90,000	\$35,000
	Total New Requests	\$163,300
	Total Major Salary Change Items	\$594,900

FY09 Municipal Budget Summary.....Continued

Major Expense Changes		
Department	Detail	Amount
Requested expense changes – cyclical in nature		
Assessors	Revaluation costs – reval cycle	\$19,500
Legal	Labor counsel – contract cycle	\$17,000
Town Clerk	Election cycle	\$6,300
	Total cyclical expense changes	\$42,800
Changes in expenses		
Collector	Increase in ambulance collection costs	\$3,000
Library	Books/periodicals audio visual-to remain in compliance with state	\$7,000
Solid Waste	Decrease due to new contracts	(\$189,000)
	Total changes in expenses	(\$179,000)
Utilities related increases		
Police	Town wide telephone contact system/gasoline costs	\$26,000
DPW	Uniform allowance/gasoline costs	\$13,000
Building Maintenance	Utilities increase	\$80,000
Street Lights	Electricity increase	\$19,000
	Total Utilities related increases	\$138,000
New/Increases/Other		
Housing Authority/Partnership	Request to restore contract position cut in FY06	\$22,000
Training	Request to increase professional development reimbursement account from \$4,000 to \$10,000	\$6,000
Personnel	Request for consultant for positions/classification and plan review	\$12,000
Snow & Ice	Request to increase from \$141,000 to \$250,000	\$108,800
Operating Capital	Necessary to fund small operating capital items	\$51,800
	Total new increases/other	\$200,600
	Total Major Expense Change Items	\$202,400

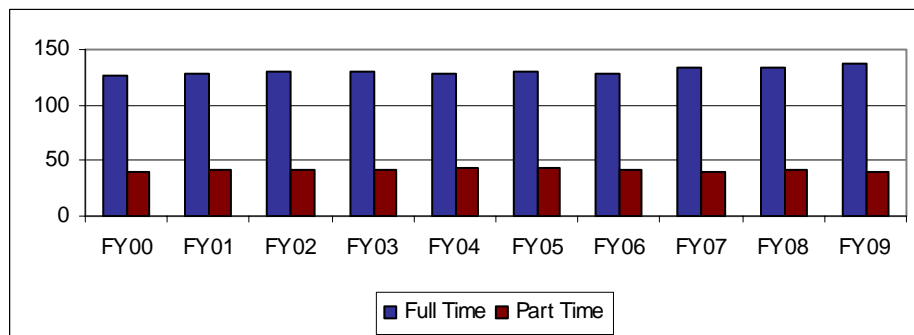
Municipal Personnel Summary

Fiscal Years 2002 – 2009

This chart outlines the staffing levels of the municipal departments over several years. The major area of growth has been in the DPW. This is due to the transfer of the field maintenance program from the school department to the DPW. Several field maintenance workers have been added to provide this service as additional fields have come under the responsibility of the DPW, including most recently the High School complex.

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. The Selectmen approve any position before the vacancy is filled.

	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
General Government								
Full Time	19	19	18	20	20	21	21	22
Part Time	11	11	12	11	9	8	8	7
Total	30	30	30	31	29	29	29	29
Public Safety								
Full Time	68	68	68	68	66	69	69	70
Part Time	6	6	6	6	6	6	6	5
Total	74	74	74	74	72	75	75	75
Public Works/Sewer								
Full Time	29	29	28	28	28	28	29	30
Part Time	1	1	2	2	2	2	2	2
Total	30	30	30	30	30	30	31	32
Human Services								
Full Time	6	6	6	6	6	6	6	6
Part Time	6	6	6	6	6	6	7	7
Total	12	12	12	12	12	12	13	13
Culture & Recreation								
Full Time	9	9	9	9	9	9	9	9
Part Time	18	18	18	18	18	18	18	18
Total	27	27	27	27	27	27	27	27
Totals								
Full Time	131	131	129	131	129	133	134	137
Part Time	42	42	44	43	43	40	41	39



Appendix D
FY2009 Departmental Salary/Expense Budgets

Description	Expended FY2006	Expended FY2007	Current FY2008 Budget	Proposed FY2009 Budget	\$ Change FY09 vs FY08 vs	% Change FY09 vs FY08	Comments
Selectmen							
Salaries	334,012	348,622	376,906	392,955	16,049	4.3%	
Expenses	46,944	53,635	51,700	52,500	800	1.5%	
	<u>380,956</u>	<u>402,257</u>	<u>428,606</u>	<u>445,455</u>	<u>16,849</u>	<u>3.9%</u>	
Finance Commission							
Salary	29,583	31,768	32,379	33,363	984	3.0%	
Expenses	19,732	27,200	22,064	22,064	0	0.0%	
	<u>49,315</u>	<u>58,968</u>	<u>54,443</u>	<u>55,427</u>	<u>984</u>	<u>1.8%</u>	
Accounting							
Salaries	139,406	143,687	153,634	165,806	12,172	7.9%	
Expenses	5,469	3,272	5,700	5,700	0	0.0%	
	<u>144,875</u>	<u>146,959</u>	<u>159,334</u>	<u>171,506</u>	<u>12,172</u>	<u>7.6%</u>	
Audit - School & Municipal Financials							
Expenses	45,990	45,990	50,000	50,000	0	0.0%	
Assessors							
Salaries	145,837	150,863	157,530	164,507	6,977	4.4%	
Expenses	25,730	23,319	25,390	44,950	19,560	77.0%	Cyclical reval cost
	<u>171,567</u>	<u>174,182</u>	<u>182,920</u>	<u>209,457</u>	<u>26,537</u>	<u>14.5%</u>	
Treasurer							
Salary	64,575	68,731	72,111	79,078	6,967	9.7%	Position reclassified
Expenses	13,018	5,579	15,130	15,130	0	0.0%	
	<u>77,593</u>	<u>74,310</u>	<u>87,241</u>	<u>94,208</u>	<u>6,967</u>	<u>8.0%</u>	
Collector							
Salaries	79,270	90,145	90,063	99,436	9,373	10.4%	Contractual change
Expenses	56,728	61,985	62,150	66,900	4,750	7.6%	Increase in ambulance collection
	<u>135,998</u>	<u>152,130</u>	<u>152,213</u>	<u>166,336</u>	<u>14,123</u>	<u>9.3%</u>	
Legal							
Salary	79,190	81,528	84,073	86,617	2,544	3.0%	
Expenses	55,372	56,483	56,500	73,500	17,000	30.1%	Cyclical labor counsel increase
	<u>134,562</u>	<u>138,011</u>	<u>140,573</u>	<u>160,117</u>	<u>19,544</u>	<u>13.9%</u>	
Personnel Board							
Salary	69,408	82,633	88,105	117,733	29,628	33.6%	New Part time position request
Expenses	3,921	3,398	9,300	23,850	14,550	156.5%	Position/classification plan review
	<u>73,329</u>	<u>86,031</u>	<u>97,405</u>	<u>141,583</u>	<u>44,178</u>	<u>45.4%</u>	
Information Systems							
Salaries	162,724	190,033	196,692	205,409	8,717	4.4%	
Expenses	194,011	194,935	210,000	210,000	0	0.0%	
	<u>356,735</u>	<u>384,968</u>	<u>406,692</u>	<u>415,409</u>	<u>8,717</u>	<u>2.1%</u>	

**Appendix D
FY2009 Departmental Salary/Expense Budgets**

Description	Expended FY2006	Expended FY2007	Current FY2008 Budget	Proposed FY2009 Budget	\$ Change FY09 vs FY08 vs	% Change FY09 vs FY08	Comments
Town Clerk							
Salaries	121,810	138,103	128,551	132,905	4,354	3.4%	
Expenses	24,547	51,908	43,750	50,050	6,300	14.4%	Election cycle
	146,357	190,011	172,301	182,955	10,654	6.2%	
Conservation Commission							
Salary	25,665	35,546	36,985	38,857	1,872	5.1%	
Expenses	2,196	2,445	5,300	5,550	250	4.7%	
	27,861	37,991	42,285	44,407	2,122	5.0%	
Planning Board							
Salaries	64,947	72,698	76,335	90,870	14,535	19.0%	New increase admin staff request
Expenses	2,508	2,582	3,230	3,715	485	15.0%	
	67,455	75,280	79,565	94,585	15,020	18.9%	
Zoning Board of Appeals							
Salaries	20,184	20,784	21,074	23,153	2,079	9.9%	Contractual change
Expenses	3,173	1,240	3,350	3,350	0	0.0%	
	23,357	22,024	24,424	26,503	2,079	8.5%	
Economic Development Task Force							
Salaries	48,244	51,662	54,114	69,093	14,979	27.7%	Position changed to full time in FY08
Expenses	5,252	4,644	5,300	5,300	0	0.0%	
	53,496	56,306	59,414	74,393	14,979	25.2%	
Outside Professional Services							
Expenses	34,150	33,947	35,000	38,000	3,000	8.6%	
Mass Housing Partnership							
Expenses	1,765	1,800	2,000	15,000	13,000	650.0%	Restore contract position cut in FY06
Housing Authority							
Expenses	570	1,000	1,000	10,000	9,000	900.0%	Restore contract position cut in FY06
Communications Systems							
Expenses	115,560	112,780	121,000	121,000	0	0.0%	
Training/Professional Development							
Expenses	4,000	2,931	4,000	10,000	6,000	150.0%	Increase prof development/ tuition reimbursement program
Total General Governn	2,045,491	2,197,876	2,300,416	2,526,341	225,925	9.8%	

Appendix D
FY2009 Departmental Salary/Expense Budgets

Description	Expended FY2006	Expended FY2007	Current FY2008 Budget	Proposed FY2009 Budget	\$ Change FY09 vs FY08 vs	% Change FY09 vs FY08	Comments
Police Department							
Salaries	2,129,283	2,347,086	2,425,155	2,498,945	73,790	3.0%	
Expenses	160,660	184,328	190,900	217,150	26,250	13.8%	Townwide telephone notification/ /gasoline cost increase
	<u>2,289,943</u>	<u>2,531,414</u>	<u>2,616,055</u>	<u>2,716,095</u>	<u>100,040</u>	<u>3.8%</u>	
State Funded Education I	122,506	139,759	142,966	156,717	13,751	9.6%	State share
Auxiliary Police/Civil Defense							
Expenses	231	404	2,000	2,000	0	0.0%	
	<u>231</u>	<u>404</u>	<u>2,000</u>	<u>2,000</u>	<u>0</u>	<u>0.0%</u>	
Animal Control							
Salary	29,405	30,430	31,961	41,814	9,853	30.8%	Position increased to full time in FY08
Expenses	8,256	6,611	7,000	7,500	500	7.1%	
	<u>37,661</u>	<u>37,041</u>	<u>38,961</u>	<u>49,314</u>	<u>10,353</u>	<u>26.6%</u>	
Fire Department							
Salaries	2,025,313	2,181,425	2,259,931	2,391,239	131,308	5.8%	
Expenses	161,148	168,622	170,450	174,950	4,500	2.6%	
	<u>2,186,461</u>	<u>2,350,047</u>	<u>2,430,381</u>	<u>2,566,189</u>	<u>135,808</u>	<u>5.6%</u>	
Building Inspection							
Salaries	205,398	220,996	228,843	238,923	10,080	4.4%	
Expenses	24,584	23,962	31,350	34,950	3,600	11.5%	Increased mileage reimbursement
	<u>229,982</u>	<u>244,958</u>	<u>260,193</u>	<u>273,873</u>	<u>13,680</u>	<u>5.3%</u>	
Total Public Safety	4,866,784	5,303,623	5,490,556	5,764,188	273,632	5.0%	

Appendix D
FY2009 Departmental Salary/Expense Budgets

Description	Expended FY2006	Expended FY2007	Current FY2008 Budget	Proposed FY2009 Budget	\$ Change FY09 vs FY08 vs	% Change FY09 vs FY08	Comments
Department of Public Works							
Salaries - admin	153,259	157,985	173,469	180,753	7,284	4.2%	
Salaries - operations	1,092,189	1,143,026	1,241,717	1,316,681	74,964	6.0%	Request to increase overtime
Expenses	380,548	365,680	402,100	415,500	13,400	3.3%	Uniform allowance/ /gasoline cost increase.
	1,625,996	1,666,691	1,817,286	1,912,934	95,648	5.3%	
Building Maintenance							
Salaries				70,000	70,000		New Facilities Manager position
Expenses	539,451	508,899	538,520	619,470	80,950	15.0%	Utilities increase
				689,470	150,950	28.0%	
Municipal & School							
Field Maintenance	84,899	84,999	120,200	120,200	0	0.0%	
Snow & Ice	355,845	216,192	141,200	250,000	108,800	77.1%	Increase level of original budget
Street Lighting/ Traffic Light Maint	104,236	108,320	121,000	140,000	19,000	15.7%	Utility cost increase
Waste Collection/Disposal Expenses	1,460,658	1,490,904	1,414,000	1,225,000	(189,000)	-13.4%	New contract decrease
Total Public Works	4,171,085	4,076,005	4,152,206	4,337,604	185,398	4.5%	
Health Department							
Salaries	140,426	153,374	168,030	174,221	6,191	3.7%	
Expenses	9,230	9,956	10,000	10,750	750	7.5%	
	149,656	163,330	178,030	184,971	6,941	3.9%	
Outside Health Agencies	12,556	12,796	14,316	14,316	0	0.0%	
Disability Commission E	0	0	500	500	0	0.0%	
Council On Aging							
Salaries	139,776	164,989	181,339	194,585	13,246	7.3%	Increase staff hrs approved in FY08 for passport processing
Expenses	12,405	19,394	23,935	25,535	1,600	6.7%	
	152,181	184,383	205,274	220,120	14,846	7.2%	
Youth and Family Services Commission							
Salaries	121,585	140,845	148,576	155,343	6,767	4.6%	
Expenses	15,263	14,022	15,282	15,282	0	0.0%	
	136,848	154,867	163,858	170,625	6,767	4.1%	
Veterans Services							
Salaries	22,311	22,867	23,699	24,541	842	3.6%	
Expenses	28,840	29,581	37,800	37,800	0	0.0%	
	51,151	52,448	61,499	62,341	842	1.4%	
Total Human Services	502,392	567,824	623,477	652,873	29,396	4.7%	

**Appendix D
FY2009 Departmental Salary/Expense Budgets**

Description	Expended FY2006	Expended FY2007	Current FY2008 Budget	Proposed FY2009 Budget	\$ Change FY09 vs FY08 vs	% Change FY09 vs FY08	Comments
Public Library							Includes \$16,000 to restore Sunday openings main library
Salaries	662,811	680,369	700,529	736,954	36,425	5.2%	
Expenses	196,945	198,590	204,800	214,350	9,550	4.7%	
Lost Books	818	819	850	850	0	0.0%	
	<u>860,574</u>	<u>879,778</u>	<u>906,179</u>	<u>952,154</u>	<u>45,975</u>	<u>5.1%</u>	
Recreation							
Salaries	202,450	222,468	230,961	244,281	13,320	5.8%	
Expenses	41,550	41,140	41,550	41,550	0	0.0%	
	<u>244,000</u>	<u>263,608</u>	<u>272,511</u>	<u>285,831</u>	<u>13,320</u>	<u>4.9%</u>	
Memorial/Veteran's Day Expenses	2,910	3,418	5,600	5,600	0	0.0%	
Total Culture and Recr	1,107,484	1,146,804	1,184,290	1,243,585	59,295	5.0%	
Other							
Operating Equipment & I	53,200	53,200	53,200	105,000	51,800	97.4%	
Total Other	53,200	53,200	53,200	105,000	51,800	97.4%	
Total Municipal Budget	12,746,436	13,345,332	13,804,145	14,629,591	825,446	6.0%	

School Budget

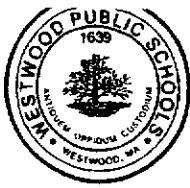
***This section is a summary of the
FY09 Recommended School Budget.***

Please refer to the separate document...

***FY2009 School Department Budget
for more detail.***

Appendix D
FY2009 Departmental Salary/Expense Budgets

Description	Expended FY2006	Expended FY2007	Current FY2008 Budget	Proposed FY2009 Budget	\$ Change FY09 vs FY08 vs	% Change FY09 vs FY08	Comments
Westwood Public Schools							
							Superintendent's Recommended Budget
Salaries			23,366,272	25,113,382	1,747,110	7.5%	
Expenses			7,373,240	7,599,410	226,170	3.1%	
School salaries & exps	26,009,280	27,352,123	30,739,512	32,712,792	1,973,280	6.4%	
Blue Hills Regional Schc	112,019	134,870	138,657	168,144	29,487	21.3%	Proposed Assessment Received from Blue Hills
Crossing Guards							
Salaries	88,150	92,234	97,185	99,352	2,167	2.2%	
Expenses	1,299	667	2,800	4,900	2,100	75.0%	Contractual expenses
	89,449	92,901	99,985	104,252	4,267	4.3%	
Total School Budgets	26,210,748	27,579,894	30,978,154	32,985,188	2,007,034	6.5%	



WESTWOOD PUBLIC SCHOOLS
THE BEST PLACE TO LEARN

DRAFT 5/122
DRAFT 5/122

JOHN J. ANTONUCCI
Superintendent of Schools

January 24, 2007

Dear School Committee Members and Westwood Residents,

On behalf of the Westwood Public Schools, I present to you the Proposed FY'09 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.

The development of the FY'09 budget was challenging, as we tried to balance the needs of the system with a still-difficult fiscal climate. Although the planned Westwood Station development may bring significant tax revenue to Westwood in the future, as of today it has yielded no relief to school or municipal operating budgets. As such, I am well aware that my recommended budget may not be realistic should no revenue from the project be allocated to the schools in FY'09.

However, regardless of the fiscal climate, I believe it is my professional obligation to present to the School Committee a needs-based budget. That is, what resources do we need to maintain our current level of services *and* keep the district moving forward? Although there are several areas of need that are not addressed in my proposal, I do believe that it meets those criteria. I will expand on that statement later in this document.

As the table below illustrates, my recommended budget for FY'09 totals \$32,712,791. This is a \$1,973,279, or 6.42% increase over FY'08.

Final FY'08 Budget	\$ 30,739,512
Proposed FY'09 Budget	\$ 32,712,791
Increase (\$)	\$ 1,973,279
Increase (%)	6.42%

Although the budget was built with the fiscal constraints of the town in mind, it proved difficult to bring the budget in below 6%. As you can see from the chart below, 5.18% of the total 6.42% increase is simply to maintain level services*. In fact, only \$380,445 of the total budget increase is classified as new (or "supplemental") requests.

	Increase over FY'08	% of Budget Increase
Increase needed to provide Level Services	\$ 1,592,834	5.18%
Total of Supplemental Budget Requests	\$ 380,445	1.24%
Total FY'09 Budget Increase (\$)	\$ 1,973,279	6.42%

*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?

THE COMPONENTS OF THE TOTAL BUDGET INCREASE

HOW DID WE ARRIVE AT \$1.9 MILLION?

The chart below attempts to break down the total budget increase of \$1.9 million into large, recognizable components. Although schools by their very nature are complex organizations, we try to simplify the school budget to create understanding and transparency.

The top half of this chart are items that are included in the level service budget; they account for \$1.59 million of the total increase. The bottom half are supplemental items (i.e. above and beyond level service), which as stated above total \$380,445. These new items represent only 1.24% of the total budget increase of 6.42%. *Each of these categories will be explained in detail on the following pages.*

Budget Action	Budget Impact: Increase over FY'08
<u>Items Included in Level Service Budget</u>	
Increase to existing salaries	\$ 1,332,007
4.73 full-time equivalent (FTE) new positions	\$ 155,524
Increase to non-salary budgets: Drivers include <i>Utilities, Regular Transportation and SPED Transportation</i>	\$ 265,033
Net Increase of all revenue offsets	\$ (159,730)
Subtotal: Level Service Budget	\$ 1,592,834
<u>Supplemental Requests</u>	
3.50 full-time equivalent (FTE) positions	\$ 223,038
Reduce Turnover account by \$20,000 to \$130,000	\$ 20,000
Increase to Repair and Maintenance budget (non-recurring items)	\$ 26,700
Increase to Fixtures, Furniture and Equipment (FF&E) budget	\$ 12,717
Increase to Supplemental Expense budget	\$ 26,990
Increase to Maintenance budget <i>(including supplies, equipment and contracted services)</i>	\$ 71,000
Subtotal: Supplemental Requests	\$ 380,445
TOTAL FY'09 BUDGET INCREASE	\$ 1,973,279

EXPLANATION OF THE LEVEL SERVICE BUDGET

One of the most difficult things for a community to understand is why municipal or school budgets rise at levels greater than 2.5%, which is the amount (via Proposition 2 ½) by which the town can increase its annual property taxes. Although it is subject to debate, I believe it is virtually impossible for any organization – public or private – to maintain existing service levels with that arbitrary cap. School systems, including Westwood’s, are no exception. The reality is that, if we want to provide the same level of service that we are providing today, we have costs that we must bear.

In the operation of a business, fixed costs are those that remain the same regardless of production or sales. Although the Westwood Public Schools are not a business in the traditional sense, (i.e. we are not selling or producing), we do have several areas of costs that are either fixed, or simply unavoidable. These unavoidable items usually impact the school budget on an annual basis, and make it difficult to cut or contain costs regardless of the fiscal climate.

For discussion purposes, I consider all of the items in the level service budget unavoidable or fixed if the Westwood Public Schools wants to maintain its current service level. Based on the feedback we received last year during the override process, and based on the overwhelmingly positive “yes” vote, I believe this community expects the same high-quality education that we are delivering today. Explanations of the level service budget drivers are below:

➤ SALARIES FOR EXISTING PERSONNEL – INCREASE OF \$1,332,007

Like most organizations, salaries represent the greatest percentage of the budget. The Westwood Public Schools is large and dynamic - we serve over 3,000 students each day in seven buildings, and it should be no surprise that the salaries of our 475 employees drive the budget increase. The total budget increase for existing employees accounts for over \$1.3 million, or 68% of the total budget increase (see chart below).

	FY'08	FY'09	Increase over FY'08
Salary Budget: <u>Existing employees</u>	\$ 23,402,812	\$ 24,734,819	\$ 1,332,007

Broken down further, one will notice that the \$1.3 million increase represents 4.33% of the total 6.42% increase. That means that without *any other changes to the budget*, our expenses will rise 4.33% in FY'09.

➤ 4.73 FTE NEW PERSONNEL - \$155,524

- **Special Education Instructional Assistants – 3.23 FTE – \$77,520:** Since we are legally mandated to provide all the services contained in students’ IEPs, these Instructional Assistants (for students who required more assistance) are included in the level service budget. The 3.23 total is the *net change* of all increases and decreases throughout our seven schools.
- **Middle School Special Education Teacher – 1.0 FTE – \$59,000:** In order to provide a continuum of services to students with significant disabilities, a new program is needed at the middle school. As students with complex special educational needs move from elementary to middle school, this new program will address their needs as well as avoid costly outside placements.
- **Pre-School Re-Organization – 0.5 FTE – \$15,915:** This is the result of separating the now-dual role of Pre-School Coordinator and Psychologist.
- **Assistant High School Swim Coach – \$3,089:** The number of student-athletes participating in swimming necessitates the addition of an assistant coach.

➤ **NON-SALARY BUDGETS – INCREASE OF \$262,710**

There are several budget line items that show moderate increases or decreases from FY'08 to FY'09. Most are for nominal amounts. However, there are three major drivers to the level service non-salary budgets that I want to highlight: Utilities, Regular Transportation and Special Education Transportation.

Utilities: The cost of Heating Fuel and Electricity continue to place great pressure on school and municipal budgets. The total utilities budget has increased by \$93,300, or 6.71% over FY'08. However, it should be noted that the increase is only 3.2% over the FY '07 *actual expenditures* in these accounts. Although we continue to aggressively manage our systems to create efficiencies, it is also our responsibility to present an adequate and realistic budget.

Transportation: Although there is no recommended change in service for FY'09, the total transportation budget has increased by \$167,250 over FY'08 due to contractual obligations *and* a reduction in fee-revenue offsets. For regular transportation (i.e. yellow buses), FY'09 is year 2 of a five-year contract. Special Education transportation is planned on an individual basis; that is, the cost and service is determined by students' required or mandated need. See the chart below for the breakdown of transportation costs:

	FY'08 Budget	FY'09 Budget	Increase over FY'08
Regular Transportation*	\$ 138,940	\$ 251,680	\$ 112,740
SPED Transportation	\$ 622,500	\$ 677,010	\$ 54,510
Total	\$ 761,440	\$ 928,690	\$ 167,250

* The actual total cost of regular transportation is \$745,200. However, the budget is offset by the revenue collected for transportation user fees. Detail of the transportation budget can be found in the budget book in section 600.

➤ **REVENUE OFFSETS – NET DECREASE OF \$159,730**

The final category in the level service budget is Revenue Offsets. On an annual basis, the school department reviews its revenue accounts and determines if there are any balances in those accounts to offset (i.e. help reduce) the operating budget. In the FY'09 budget, there are approximately \$3.65 million of outside revenue sources that offset the total cost of school department operations. These include user fees, grant monies, food service receipts, building rental revenue, etc. The complete list of offsets can be found in Exhibit 7 of the budget document.

We project that we will be able to allocate an additional \$159,730 in offsets to the FY'09 budget. Because I am recommending that we use these funds regardless of the budget scenario, they are included in the level service budget calculation.

EXPLANATION OF NEW OR SUPPLEMENTAL BUDGET ITEMS

Beyond the level service budget, there is \$380,445 of new or supplemental budget requests. Information about these items is below:

➤ **3.50 FTE NEW PERSONNEL – \$223,038**

- **High School Dean of Students – 1.0 FTE – \$84,000:** This position would support increased enrollment. Data from area high schools suggests that the typical Assistant Principal-to-student ratio is 1:500. Westwood High School, with only one Assistant Principal, is currently at 1:825. The lack of administrative staff was an area of significant concern for the NEASC accreditation team. It is highly likely that the re-accreditation report will recommend the addition of an Assistant Principal or Dean of Students.
- **High School Music Teacher – 0.4 FTE - \$23,600:** This is a continuation of the department expansion initiative funded in the FY'08 budget (0.6 FTE). This position would allow us to further expand music elective offerings to include options for students with no prior background in music. It would also allow us to more fully utilize the new piano lab.
- **Middle School Math Teacher – 1.0 FTE - \$59,000:** This position completes the restoration (from cuts two years ago) of the rotating arts blocks in grades 7 & 8. This mathematics course would replace the study that now exists in grade 7 & 8. The course would focus on geometry and other parts of the Massachusetts standards and frameworks that teachers do not have adequate time to address in regular mathematics curriculum.
- **Middle School Strings Teacher – 0.3 FTE - \$9,178:** This request will reinstate orchestra as a regularly scheduled music elective at the middle school providing a continuum from grade 5 through 12. Due to budget cuts in FY07, the middle school string classes were eliminated from the day schedule and were scheduled after school. The afternoon schedule has caused many students to drop out of the string program and has adversely impacted beginning lessons in the elementary grades.
- **District-Wide ITS Coordinator/Webmaster – 0.4 FTE - \$23,600:** With the expansion of the website, we have a greater need for more training and support. All the schools are using it for both communication and instruction. The 0.4 FTE position will include providing training to staff, implementing the video features using Flash, assisting the central office, particularly the office of Superintendent, with creation of web materials, and the posting of materials, and maintenance of the web site.
- **District-Wide Library/Media Coordinator – 0.4 FTE - \$23,600:** This restores the 0.4 position of Library/ Media Director that was eliminated during the '06 budget cycle. Restoration of the position will restore department leadership to provide: program assessment and development, personnel supervision, evaluation and scheduling, budget development and management, library/media representation on the District's directors' council, program planning with Westwood public library, and communication with parents.

➤ **REDUCE TURNOVER ACCOUNT - \$20,000**

This decreases the amount of the Turnover budget to \$130,000. This is the amount of money we need to "make up" in the hiring process, which essentially requires us to replace more experienced teachers with less experienced teachers. This is the second consecutive year we are seeking a reduction to this account, and the recommendation restores it to FY'06 levels.

➤ **INCREASE TO SUPPLEMENTAL EXPENSE BUDGET - \$26,990**

The recommended budget contains \$69,765 of supplemental expense items, which is a \$26,990 increase over FY'08. These are items that fall outside of the normal supply and equipment budgets. *Replacement textbooks are one example.* A complete list of items is available upon request.

➤ **INCREASE TO REPAIR AND MAINTENANCE BUDGET - \$26,700**

The recommended budget contains \$86,900 in repair and maintenance items, which is a \$26,700 increase over FY'08. Similar to the supplemental expense request, the repair and maintenance budget allows us to address several small – and non-recurring – projects. *Some examples are carpet replacement, fuse box replacement, and weather stripping doors.* A complete list of items is available upon request.

➤ **INCREASE TO FF&E BUDGET - \$12,717**

The recommended budget contains \$68,842 in Fixtures, Furniture and Equipment (FF&E), which is a \$12,717 increase over FY'08. Similar to the supplemental expense and repair and maintenance requests, the FF&E budget allows us to address several needs that have been deferred due to lack of funds. *Student desks are one example.* A complete list of items is available upon request.

➤ **INCREASE TO MAINTENANCE BUDGET - \$71,000**

The recommended budget for facilities maintenance, custodial and maintenance supplies and materials, and grounds supplies, totals \$550,000, which is an increase of \$71,000, or 14.8%, over FY'08. However, this amount is actually 10.8% less than actual FY'07 expenditures. The recommended increase in funding reflects our continuing effort and commitment to the care and maintenance of our school facilities.

THE BUDGET INCREASE IN HISTORICAL CONTEXT
SCHOOL DEPARTMENT BUDGET HISTORY: FY'03 TO FY'09

I think it always important to show the budget increase in historical context. The chart below shows that from FY'03 to FY'09, the school budget increased by an average of 4.77%.

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	\$30,739,512	12.96%
FY'09	\$32,712,791	6.42%

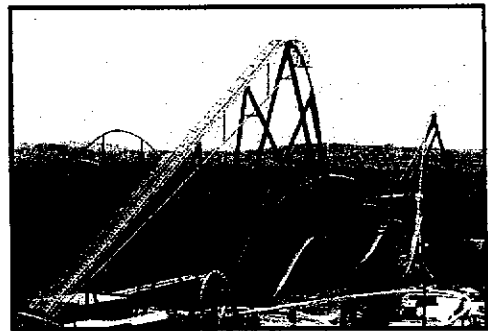
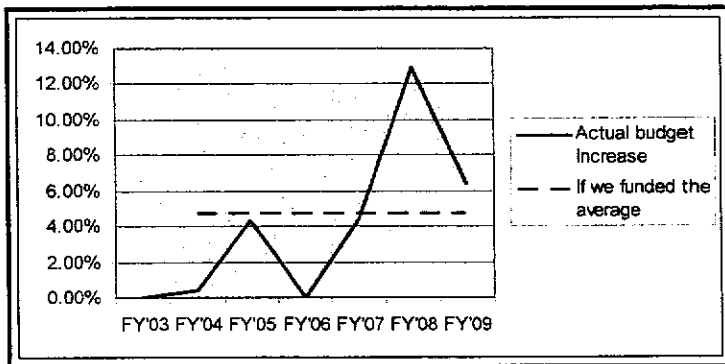
WHY THE 6.42% INCREASE?

AVOIDING THE ROLLER-COASTER

Regardless of whether or not the town can afford a 6.42% increase this year, I believe it is important to educate the community about the ebbs and flows of school budgets caused by an unstable fiscal climate, and its effect on a particular budget cycle.

As I have tried to illustrate in the previous sections, due to several unavoidable annual costs, rarely is a budget increase of 4.77% (FY'03 – FY'09 average) sufficient to maintain existing service levels. We saw that play out dramatically in past years, as the 2.3% average increase from FY'03 to FY'07 resulted in a significant erosion of services, including: Loss of staff, higher user fees, reduced program offerings, higher class sizes, and inadequate supply, equipment and maintenance budgets.

Last year, I repeatedly described that cycle as a “roller coaster” because by the time we developed the FY'08 budget, the problems had gotten so severe, and so many needs had been deferred, that the only “fix” was a very large 12.96% increase. Had the Town been able to fund the average 4.4% increase on an annual basis from FY'03 to FY'07 (the dotted line in the graph below), we would have avoided last year's large spike and the resulting override.



This budget was developed with an eye towards consistency, and the hope that we can avoid the roller-coaster effect in the future. Last year our voters strongly signaled their belief that they support our current level of services. Our goal should be to maintain and improve upon that level.

UPDATE ON “CHAPTER 70” EDUCATION AID

THE GOOD NEWS (AND THE REALITY)

Last year we made a concerted effort to educate the community about Chapter 70 Educational Aid, which is an important source of revenue for towns throughout the Commonwealth. Much of our discussion focused on the perceived inequity in the funding formula, since Westwood seemed to receive a relatively small amount compared to towns with similar demographics. But maybe more relevant to our needs was the fact the state legislature simply was not allocating *enough* education aid to cities and towns.

The good news is that in FY'08 the legislature adopted a revised funding formula that appeared to address our concerns. In fact, Westwood received an increase of \$508,220 over FY'07. However, since our Town Meeting occurred before the state budget was approved, we didn't reap the benefits of that increase in last year's budget cycle. As was widely communicated, we used the Governors budget estimate of \$150,000.

The \$350,000 difference between our estimate and the final Chapter 70 allocation is being applied to the town and school budgets for the FY'09 budget cycle.

Although we are grateful to our legislators for their strong advocacy of public education, the reality is that towns like Westwood still must rely heavily on local property taxes to fund school and municipal services. The chart below illustrates that point. *Even with the increase in FY'08*, Westwood still receives only 10% of its total operating budget from Chapter 70 funds.

Fiscal Year	Total Budget	Chapter 70 Aid	Chapter 70 Aid as a % of Total Budget
FY'03	\$24,862,000	\$2,635,628	10.6%
FY'04	\$24,966,760	\$2,108,502	8.4%
FY'05	\$26,060,095	\$2,108,502	8.1%
FY'06	\$26,060,095	\$2,250,702	8.6%
FY'07	\$27,212,125	\$2,588,559	9.5%
FY'08	\$30,739,512	\$3,096,779	10.1%
FY'09	\$32,712,791	n/a	n/a

WHAT'S MISSING FROM THIS BUDGET PROPOSAL?

Like every organization, the Westwood Public Schools wrestles with competing priorities as the budget is developed. Several budget items are proposed by administrators and left out of my Superintendent's recommended budget, or there are known needs that simply are not requested at all. Both outcomes are due to the very-real fiscal constraints of local government. However, I frequently say that *because a need is not funded in a particular budget cycle, it does not mean the need has gone away*. As such, I think it is very important to highlight the following items that are *not* in this budget request:

- **Elementary Math Specialists:** Last year, the voters approved adding 2.7 FTE math specialists. We believe strongly in this math-support model, and in the future would like to increase the number of specialists that serve our five elementary schools.
- **Classroom Teachers:** There are three elementary classes in the district that are currently at the upper end of the School Committee guideline of 22-24 students/class. In a better fiscal climate, we likely would have requested additional classroom teachers to ensure these classes do not move above their current levels.
- **Middle School Special Education Teacher:** The middle school still has one fewer special education teacher than it did in FY'06 – three budget cycles ago.
- **High School Foreign Language Teacher:** Due to last years successful override, class sizes at Westwood High School have dramatically improved. Foreign Language is one exception, where the range of class sizes is less than desirable.
- **User Fees:** Although this budget does not *increase* user fees, we still rely on over \$900,000 in user-fee revenue from School Bus Transportation, High School Athletics and Full-Day Kindergarten.
- **Capital Budget:** Although we tend to place a more public focus on the operating budget, the school and municipal *capital budgets* are extremely important. Exhibit 8 in the budget document illustrates that the school's capital budget has not increased for five years, with the one exception being FY'07 when the Middle School roof was funded in a separate town meeting article. In that same exhibit, we highlight that our FY'09 capital budget request is \$1.7 million. That means that over \$1.3 million of identified needs will go unfunded in this fiscal year (the cumulative impact over the last six years is over \$6.8 million)

WHAT COULD CHANGE?

The budgeting process, at both the school and municipal level, is fluid. Since our budgets are developed so early in the year, 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. 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 is the contribution we receive from the town. As the budget process evolves, the size and scope of the budget may change based on what the town is able to contribute.

CONCLUSION

I hope this overview has been helpful to you. The annual development of the school budget is 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.


Given the importance of our public schools, and given the amount of resources necessary to run a first-class system, I am committed to a budget process that is transparent and thorough. I want to ensure that Westwood residents have budget information readily available, and that I meet my stated goal of leaving *no question unanswered*. Toward that end, I encourage all residents to attend School Committee meetings or other budget forums when possible.

In recognition of the fact that busy schedules do not always allow residents to attend meetings, I have also made all of the budget documents available on-line at www.westwood.k12.ma.us. There are several documents available for your review including: Budget detail pages, Power Point presentations, this Executive Summary and much more. I encourage you to visit our website.

I want to thank all of the principals, K-12 Directors, and central office staff for their contributions in developing the Proposed FY'09 Budget. I also want to acknowledge Ed Kazanjian, Assistant Superintendent, for his work in developing a professional and thorough document.

Please let me know if you have any questions about this budget or any other school related matter. I can be reached by e-mail at jantonucci@westwood.k12.ma.us, or by phone at 781-326-7500 x1341. Thank you for your continued support.

Sincerely,



John J. Antonucci

Exhibit 1
FY '08 Appropriation vs. FY '09 Superintendent's Recommended Budget

	FY'08 Appropriation	FY'09 Proposed Budget	Increase/ Decrease (\$)	Increase/ Decrease (%)
I. INSTRUCTIONAL				
Personal Services	\$ 21,251,210	\$ 22,807,276	\$ 1,556,066	7.32%
Expenses	2,496,510	2,556,803	60,293	2.42%
<i>Instructional Sub-total</i>	\$ 23,747,720	\$ 25,364,079	\$ 1,616,359	6.81%
II. CENTRAL ADMINISTRATION				
Personal Services	807,248	\$ 880,594	\$ 73,346	9.09%
Expenses	193,050	204,500	11,450	5.93%
<i>Administration Sub-total</i>	\$ 1,000,298	\$ 1,085,094	\$ 84,796	8.48%
III. OPERATIONS				
Personal Services	1,344,354	\$ 1,425,512	\$ 81,158	6.04%
Expenses	2,337,140	2,654,097	316,957	13.56%
<i>Operations Sub-total</i>	\$ 3,681,494	\$ 4,079,608	\$ 398,114	10.81%
Sub-Total Sections I.-III.	\$ 28,429,512	\$ 30,528,781	\$ 2,099,269	7.38%
IV. SPECIAL TUITION AND TRANSP.				
Tuition	1,687,500	\$ 1,507,000	\$ (180,500)	-10.70%
Transportation	622,500	677,010	54,510	8.76%
<i>Spec. Ed. Tuition and Transp. Sub-total</i>	\$ 2,310,000	\$ 2,184,010	\$ (125,990)	-5.45%
Sub-Total Section IV.	\$ 2,310,000	\$ 2,184,010	\$ (125,990)	-5.45%
TOTAL OPERATING BUDGET	\$ 30,739,512	\$ 32,712,791	\$ 1,973,279	6.42%

**Exhibit 8
Capital Budget Summary**

Item	Description	Actual FY '04	Actual FY '05	Actual FY '06	Actual FY '07	Actual FY '08	Proposed FY '09
1	Technology	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 183,500	\$ 185,000
2	FF&E	\$ -	\$ 3,500	\$ 22,300	\$ 70,800	\$ 16,500	\$ 7,000
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	\$ 59,300
6	Copiers	\$ 70,000	\$ 87,300	\$ 66,500	\$ 51,000	\$ 77,600	\$ 76,300
7	Vehicles	\$ -	\$ 26,000	\$ -	\$ -	\$ -	\$ -
8	Modulars - Hanlon	\$ -	\$ -	\$ -	\$ -	\$ 78,400	\$ 78,400
9	M. S. - Modulars	\$ 138,200	\$ 138,200	\$ 138,200	\$ 138,200	\$ -	\$ -
	Modulars						
	Total	\$ 306,000	\$ 406,000	\$ 406,000	\$ 746,000	\$ 406,000	\$ 406,000
<small> Plan 2004-2008 Capital Budget from 2004-2008 Capital Budget Plan Town of Westwood Five Year Plan </small>		\$ 175,000	\$ 145,000	\$ 170,000	\$ 172,500	\$ 170,000	\$ 170,000
Cumulative Shortfall from Plan		\$ 884,000	\$ 1,929,500	\$ 3,225,000	\$ 4,301,500	\$ 5,582,900	\$ 6,888,300

* Thurston Roof funded by separate ATM article

Fixed Costs/Other Budgets

Debt

Reserves/Benefits/Insurance

Sewer

Appendix D
FY2009 Departmental Salary/Expense Budgets

Description	Expended FY2006	Expended FY2007	Current FY2008 Budget	Proposed FY2009 Budget	\$ Change FY09 vs FY08 vs	% Change FY09 vs FY08	Comments
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Fixed Costs Budgets - School and Municipal

Municipal Employee Benefits/Costs

Retirement Assessment	1,113,493	1,267,592	1,296,702	1,494,903	198,201	15.3%
Non-Contrib Pension	50,095	51,598	53,146	54,740	1,594	3.0%
Worker's Compensation	49,334	58,234	63,910	65,827	1,917	3.0%
Unemployment Comp	46,461	13,093	12,000	12,000	0	0.0%
Health Insurance	893,098	974,631	1,020,606	1,143,079	122,473	12.0%
Life Insurance	3,149	2,610	3,500	3,675	175	5.0%
Pre-Hire/EAP/Payroll	49,610	59,812	53,830	85,149	31,319	58.2%
Public Safety Medical	2,645	7,994	16,000	30,000	14,000	87.5%
Medicare Part B Refund	26,506	28,003	27,000	30,510	3,510	13.0%
Social Security	14,212	13,527	23,000	23,000	0	0.0%
Medicare Payroll Tax	99,424	110,549	112,942	118,589	5,647	5.0%
Municipal Employee Benefits/Costs	2,348,027	2,587,643	2,682,636	3,061,472	378,836	14.1%

School Employee Benefits/Costs

Retirement Assessments	477,251	543,235	555,399	640,283	84,884	15.3%
Worker's Compensation	103,173	123,745	135,703	139,774	4,071	3.0%
Unemployment Comp	34,962	55,198	75,000	75,000	0	0.0%
Health Insurance	2,293,153	2,498,892	2,890,534	3,321,398	430,864	14.9%
Life Insurance	4,870	5,386	5,680	5,964	284	5.0%
EAP/Payroll	28,023	34,983	33,775	37,155	3,380	10.0%
Medicare Part B Refund	68,871	70,873	68,870	77,823	8,953	13.0%
Social Security	19,418	17,758	30,000	30,000	0	0.0%
Medicare Payroll Tax	264,702	273,894	329,597	346,077	16,480	5.0%
School Employee Benefits/Costs	3,294,423	3,623,964	4,124,558	4,673,474	548,916	13.3%
Total Benefits/Costs	5,642,450	6,211,607	6,807,194	7,734,946	927,752	13.6%

Insurance/Reserves

Comprehensive And Liability Insurance - School & Municipal							
Expenses	324,298	335,255	406,810	446,091	39,281	9.7%	
Mandated Post employm	25,000	0			0		
Energy/Utility Reserve F	0	0	225,000	225,000	0		
Reserve Fund	0	0	400,000	400,000	0	0.0%	
Total Ins./Reserve	349,298	335,255	1,031,810	1,071,091	39,281	3.8%	

Total Fixed Costs Budg	5,991,748	6,546,862	7,839,004	8,806,037	967,033	12.3%
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Reserve Accounts -Actual expenditures are shown in the budgets to which transfers were made.

* This energy reserve account has been established in order to handle FY08/FY09 utility costs.

The account contains \$175,000 of school and \$50,000 of municipal utility/energy budget requests.

The \$225,000 energy reserve account was fully expended in FY07.

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 Debt Service	668,717	659,032	685,321	887,713	202,392	29.5%
School Related Debt Service	5,636,499	5,494,317	5,438,748	5,485,093	46,345	0.9%
Total Debt Budget	6,305,216	6,153,349	6,124,069	6,372,806	248,737	4.1%

FY09 Debt Change

Change in Debt within Prop 2 1/2	\$372,165
Change in Exempt Debt	(\$123,428)
Total Debt Change	\$248,737

Appendix D
FY2009 Departmental Salary/Expense Budgets

Description	Expended FY2006	Expended FY2007	Current FY2008 Budget	Proposed FY2009 Budget	\$ Change FY09 vs FY08 vs	% Change FY09 vs FY08	Comments
Sewer Enterprise							
Salaries	293,332	297,281	309,432	311,805	2,373	0.8%	
Expenses	77,929	92,979	108,500	118,900	10,400	9.6%	
Pumping Stations	130,326	138,200	158,000	150,900	(7,100)	-4.5%	
MWRA Assessment	1,872,424	1,973,685	2,384,200	2,550,000	165,800	7.0%	Preliminary Estimate
Mandated Inspections	120,000	107,170	120,000	120,000	0	0.0%	
Indirect Costs	212,000	290,978	290,978	290,978	0	0.0%	
Sewer Debt & Int	1,021,295	460,848	449,491	439,980	(9,511)	-2.1%	
System Ext./Repairs	25,000	25,000	25,000	25,000	0	0.0%	
Total Sewer Enterprise	3,752,306	3,386,141	3,845,601	4,007,563	161,962	4.2%	

Capital

This section is a summary of the
Capital Improvement Plan.

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

FY2009 – FY2013
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

	FY03	FY04	FY05	FY06	FY07	FY08
Tax Revenue	\$394,840	\$176,000	\$142,000	\$85,101	\$123,000	\$123,000
Free Cash	\$871,912	\$600,000	\$696,000	\$737,899	\$700,000	\$700,000
Borrowing Within Proposition 2 ½			\$600,000	\$1,000,000	\$2,145,000	\$475,000
Exempt Debt						
Sewer Enterprise Funds	\$70,000	\$0	\$133,000		\$355,000	\$155,000
Sewer Enterprise Borrowing			\$750,000			
Other Sources	\$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.

FY09 CAPITAL DISCUSSION

FY09 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 1/2 for capital and operating budget needs. In FY05 through FY08 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 and these payments will continue for the life of the bonds.

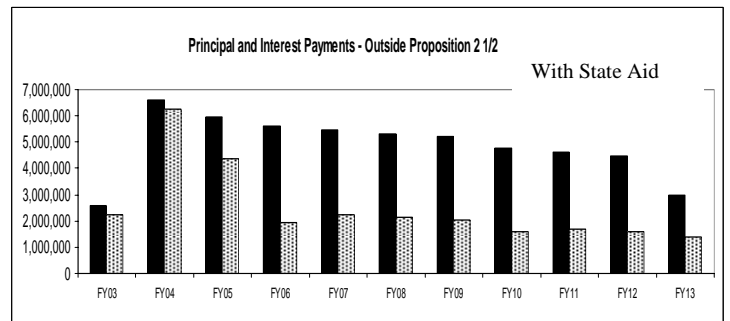
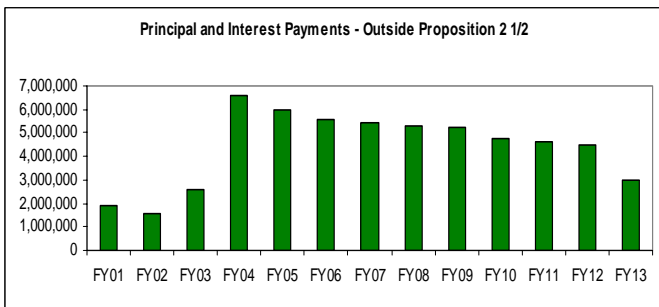
The Town has been operating in prior years with funding capital on a pay-as-you-go basis, with limited capital needs being annually funded from free cash. Debt financing has been used only for very large land purchases, road renovation, and school construction projects. This policy of balancing debt 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 significantly 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.



Total debt payments
 Net payments, after State share

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 LRFP 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.

FY09 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 FY09 indicate that there will only be funding within Proposition 2 ½ to support FY09 capital at the current FY08 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.

The Westwood Station development presents a unique opportunity for the Town to significantly increase the level of capital appropriation such new commercial tax allows. It is imperative that new funds be targeted to capital before addressing other needs. The Town will not regain this opportunity to properly structure capital funding.

Capital Outlay Requests - FY2009
For Approval at the 2008 Annual Town Meeting

Current Availability for Funding - FY2009

At this time, available funds within Proposition 2 1/2 only allow for funding for capital at the same level as FY08. This does not include any new commercial tax revenue from Westwood Station. If that were to occur in FY09, new tax revenue should be targeted to the capital budget and Capital Stabilization Fund.

In summary, the current funding would provide the following capital level:

	FY08	FY09
School Capital	\$406,000	\$406,000
Municipal Capital	\$417,000	\$417,000

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

FY2009 - 2013 Capital Improvement Plan

Capital Project Requests	FY2009 Request	FY2010 Request	FY2011 Request	FY2012 Request	FY2013 Request	Total
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Municipal Infrastructure

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

Category Subtotal		\$2,500,000		\$700,000		\$3,200,000
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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
DPW Equipment Storage/Lunch Room Facility	\$480,000					\$480,000
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
Main Library Building Project	\$7,700,000					\$7,700,000
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
Islington Community Center Kitchen/Theater	\$100,000					\$100,000
Municipal Building Maintenance	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000

Category Subtotal	\$9,425,000	\$7,110,000	\$2,615,000	\$215,000	\$115,000	\$19,480,000
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COA

Van		\$50,000				\$50,000
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Department Total		\$50,000	\$0			\$50,000
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DPW

3 Yard Loader	\$185,000					\$185,000
Superintendent Sedan	\$28,000					\$28,000
Heavy Duty Dump Truck, Sander, & Plow	\$150,000					\$150,000
Service Truck	\$26,000					\$26,000
Backhoe	\$98,000					\$98,000
Heavy Duty Truck, Sander & Plow		\$150,000				\$150,000
One Ton Dump Truck & Plow		\$55,000				\$55,000
(2) Heavy Duty Pickup Trucks & Plows		\$100,000				\$100,000
Street Sweeper		\$180,000				\$180,000
8 Garage Doors - Maintenance Garage		\$55,000				\$55,000
(2) Heavy Duty Pick-up Truck, Sander & Plow			\$300,000			\$300,000
(3) One Ton Dump Trucks & Plows			\$180,000			\$180,000
One Ton Dump Truck			\$55,000			\$55,000
One Ton Dump & Plow				\$65,000		\$65,000
One Medium Dump & Plow				\$85,000		\$85,000
One Heavy Duty Dump Truck, Sander & Plow				\$150,000		\$150,000
One Hook Lift Truck, Sander & Plow				\$150,000		\$150,000
(2) Heavy Duty Dump Truck, Sander & Plow					\$300,000	\$300,000
Side Walk Tractor					\$125,000	\$125,000
3 Yard Loader					\$200,000	\$200,000
Wood Chipper					\$30,000	\$30,000
Skid Loader					\$45,000	\$45,000

Department Total	\$487,000	\$540,000	\$535,000	\$450,000	\$700,000	\$2,712,000
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FY2009 - 2013 Capital Improvement Plan

Capital Project Requests	FY2009 Request	FY2010 Request	FY2011 Request	FY2012 Request	FY2013 Request	Total
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Fire

Command Vehicle	\$29,000					\$29,000
Pickup Truck	\$47,300					\$47,300
Deputy Chief's Vehicle	\$26,000					\$26,000
S.C.B.A. Upgrade & Replacement	\$16,200	\$16,400	\$16,600	\$16,800	\$17,000	\$83,000
Chief's Vehicle	\$26,000					\$26,000
Radio Upgrade & Replacement	\$6,800	\$7,000	\$7,200	\$7,400	\$7,600	\$36,000
Rescue Equipment	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$60,000
Replace Squad Truck Pumps	\$70,000					\$70,000
Ladder Truck	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000
Fire Alarm Wireless Control	\$30,000	\$30,000				\$60,000
Ambulance		\$230,000				\$230,000
Engines - Overhaul			\$30,000			\$30,000

Department Total	\$363,300	\$395,400	\$165,800	\$136,200	\$136,600	\$1,197,300
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Information Technology

End User Technology	\$75,000	\$77,000	\$80,000	\$82,500	\$85,000	\$399,500
Municipal Software Upgrade	\$185,000					\$185,000
Library Public Access	\$15,000	\$8,000	\$8,250	\$8,500	\$8,750	\$48,500
Permitting Software	\$40,000					\$40,000
Senior Center Equipment Upgrade	\$5,000	\$2,500	\$2,750	\$3,000	\$3,250	\$16,500

Department Total	\$320,000	\$87,500	\$91,000	\$94,000	\$97,000	\$689,500
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Police

Replacement of Police Vehicles	\$111,237	\$115,687	\$120,314	\$125,127	\$130,132	\$602,497
Radio Infrastructure Plan	\$20,000	\$20,000	\$20,000			\$60,000
Safety Officer Vehicle	\$35,000					\$35,000
Livescan Digital Fingerprint System	\$20,000					\$20,000
CCTV Security System	\$10,000					\$10,000
Communications Console Replacement		\$150,000				\$150,000

Department Total	\$196,237	\$285,687	\$140,314	\$125,127	\$130,132	\$877,497
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School

Technology	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$2,500,000
Furniture, Fixtures, Equipment	\$275,000	\$325,000	\$325,000	\$325,000	\$325,000	\$1,575,000
HVAC and Controls	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000
Roofing	\$169,000	\$145,000	\$124,000	\$151,000	\$151,000	\$740,000
Repair Items	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$1,750,000
Copiers/Duplicators	\$95,000	\$95,000	\$95,000	\$95,000	\$95,000	\$475,000
Vehicles/Equipment	\$24,000	\$14,000	\$29,000	\$39,000	\$39,000	\$145,000
Modulars - lease purchase Hanlon	\$78,400	\$78,400				\$156,800
Modulars/Improvements M.S.	\$120,000	\$600,000	\$600,000	\$600,000	\$600,000	\$2,520,000

Department Total	\$1,711,400	\$2,207,400	\$2,123,000	\$2,160,000	\$2,160,000	\$10,361,800
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FY2009 - 2013 Capital Improvement Plan

Capital Project Requests	FY2009 Request	FY2010 Request	FY2011 Request	FY2012 Request	FY2013 Request	Total
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Sewer

Sewer Vacuum Truck	\$300,000					\$300,000
Replace Pipe and Controls (oil tanks)	\$35,000					\$35,000
Pump Replacements	\$44,000					\$44,000
Electrical Control System Upgrade	\$25,000					\$25,000
Generator Replacement - Phase 1	\$80,000					\$80,000
Pump Replacement - Far Reach PS			\$40,000			\$40,000
2nd Meter System - Phase 1			\$80,000			\$80,000
Service Truck				\$60,000		\$60,000
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
Pump Replacement					\$50,000	\$50,000
Arcadia Road Pump Station Overhaul					\$320,000	\$320,000

Department Total	\$484,000	\$120,000	\$335,000	\$400,000	\$370,000	\$1,709,000
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Totals 5-Year Capital Requests All Departments	\$12,986,937	\$13,295,987	\$6,005,114	\$4,280,327	\$3,708,732	\$40,277,097
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**FY2009 - FY2013
Summary of Capital Budget Requests**

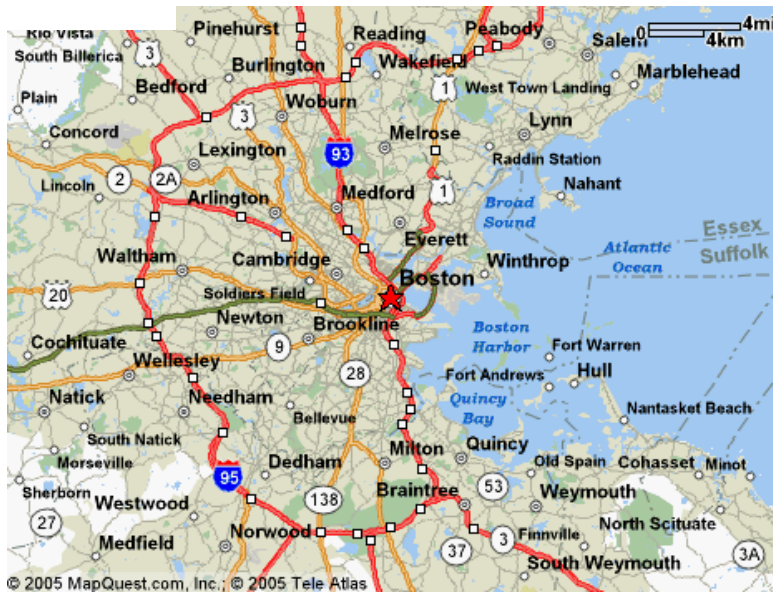
Budget-43

	Department	Expenditures per Fiscal Year					Total Costs
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	
	Municipal Infrastructure		\$2,500,000		\$700,000		\$3,200,000
	Municipal Buildings	\$9,425,000	\$7,110,000	\$2,615,000	\$215,000	\$115,000	\$19,480,000
	COA		\$50,000				\$50,000
	DPW	\$487,000	\$540,000	\$535,000	\$450,000	\$700,000	\$2,712,000
	Fire	\$363,300	\$395,400	\$165,800	\$136,200	\$136,600	\$1,197,300
	Information Systems	\$320,000	\$87,500	\$91,000	\$94,000	\$97,000	\$689,500
	Police	\$196,237	\$285,687	\$140,314	\$125,127	\$130,132	\$877,497
	Total Municipal Departments	\$10,791,537	\$10,968,587	\$3,547,114	\$1,720,327	\$1,178,732	\$28,206,297
	School Department	\$1,711,400	\$2,207,400	\$2,123,000	\$2,160,000	\$2,160,000	\$10,361,800
	Sewer	\$484,000	\$120,000	\$335,000	\$400,000	\$370,000	\$1,709,000
	Total Capital Requests	\$12,986,937	\$13,295,987	\$6,005,114	\$4,280,327	\$3,708,732	\$40,277,097

Capital Outlay Requests - FY2008
Approved at 2007 Annual Town Meeting

Item/Project	Department	Cost	Funding Source
1500 GPM Engines (6th of 6 payments)	Fire	\$117,535	\$56,035 Free Cash/ \$61,500 Taxation
(2) Dump Truck & Plow & Sanders	DPW	\$124,000	Free Cash
End User Technology/Software Upgrades	Information Systems	\$75,000	Free Cash
Replacement of Police Vehicles	Police	\$100,465	Free Cash
	Total	<u>\$417,000</u>	
Service Vehicle	Sewer	\$55,000	Sewer User Fees
Pump Replacement	Sewer	\$70,000	Sewer User Fees
Sewer Utility Vehicle	Sewer	\$30,000	Sewer User Fees
		<u>\$155,000</u>	
Technology	School	\$183,500	\$122,000 Free Cash/ \$61,500 Taxation
Furniture, Fixtures and Equipment	↓	\$16,500	Free Cash
Repair and Maintenance		\$50,000	Free Cash
Copiers		\$77,600	Free Cash
Modulars - Hanlon	↓	\$78,400	Free Cash
	Total	<u>\$406,000</u>	

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.

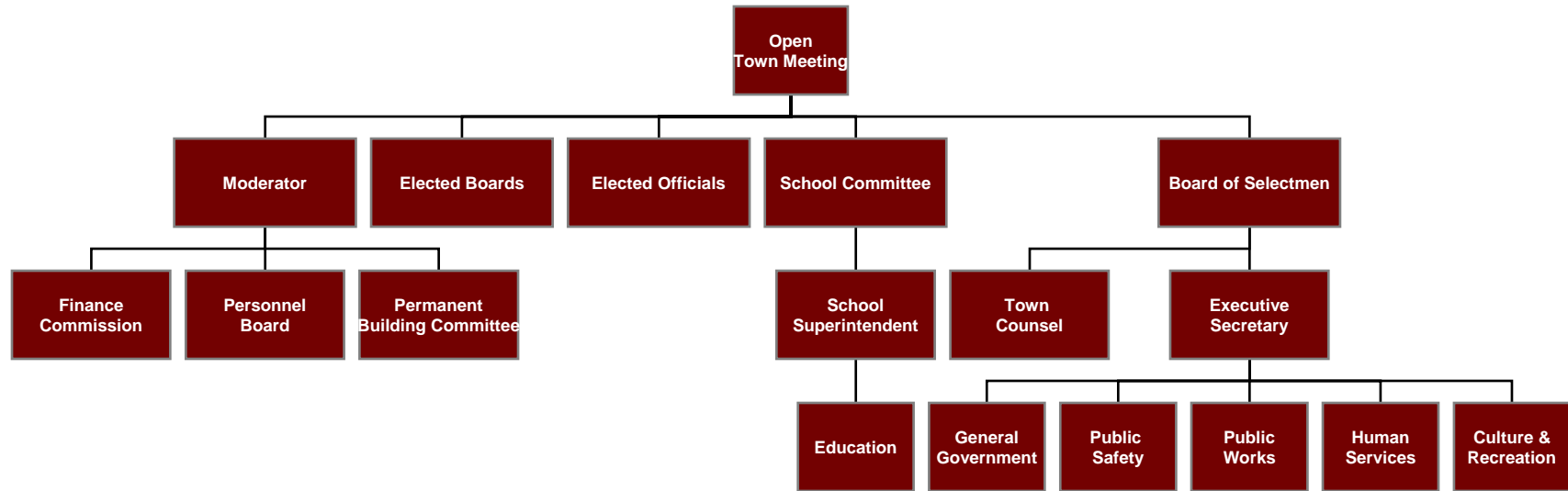
Westwood operates under a Board of Selectmen/Open Town Meeting/Executive Secretary form of government. The elected, three-member Board of Selectmen makes policy decisions. The Executive Secretary is responsible for carrying out the policies and direction of the Board of Selectmen and for managing the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

The Town of Westwood



Information-2



Elected Boards

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

Elected Officials

Town Clerk
 Town Collector
 Town Treasurer

The Tax Levy

Proposition 2 ½

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

Overrides

What is a General Override?

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

What is a Debt Exclusion?

What is a Capital Outlay Expenditure Exclusion?

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

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

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

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

Proposition 2 1/2 Overrides

General Overrides Approved

Project Date of Vote	Amount	Type of Override	Year Cost Impact to be Completed
School Override 1995 Annual Town Election	\$560,413	General Override	Permanent change to the allowable taxation levy limits
School Override 1999 Special Town Election	\$999,164	General Override	Permanent change to the allowable taxation levy limits.
School Override 2002 Special Town Election	\$1,615,203	General Override	Permanent change to the allowable taxation levy limits.
School Override 2007 Annual Town Election	\$2,777,387	General Override	Permanent change to the allowable taxation levy limits.

Debt/Capital Exemption Overrides Approved

Vote to Exempt Sewer Construction Bonds 1982 Annual Town Election	\$4,000,000	Debt Exemption	Completed - FY93
Capital Equipment 1989 Annual Town Election	\$298,000	Capital Exemption	Completed - FY90
Road Improvement Program 1990 Special Town Election	\$1,703,000	Debt Exemption	Completed - FY2001
Reconstruction of Middle School 1990 Special Town Election	\$2,282,000	Debt Exemption*	Completed - FY2002
Road Improvement Program 1994 Annual Town Election	\$2,200,000	Debt Exemption	Completed - FY2005
Middle School/Fields 1997 Annual Town Election	\$2,373,430	Debt Exemption*	Will be completed in FY2009
Middle School/Gymnasium 1997 Annual Town Election	\$550,000	Debt Exemption*	Will be completed in FY2009
Downey School Expansion 1999 Annual Town Election	\$6,500,000	Debt Exemption*	Will be completed in FY012. Net cost to average home \$480 total or \$48/yr. for ten years.
Martha Jones School Expansion 2000 Special Town Election	\$7,200,000	Debt Exemption*	Will be completed in FY012. Net cost to average home \$547 total or \$54/yr. for ten years.
High School - New Construction 2000 Special Town Election	\$35,962,000	Debt Exemption*	\$39,262,300 bond issued. Will be completed 2023. Net cost to average home \$4,693 or \$233/yr. for 20 years.
High School – Additional Appropriation for New High School 2002 Special Town Election	\$8,333,640	Debt Exemption*	

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

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

Overrides Not Approved

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

**Town of Westwood
History of Tax Levy**

Tax Levy Calculation	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	Projected FY2009
Prior Year Levy Limit	\$32,012,390	\$35,065,082	\$36,916,575	\$38,726,265	\$40,281,755	\$41,938,657	\$46,442,531
Plus 2.5% Increase	\$800,310	\$876,627	\$922,914	\$968,157	\$1,007,044	\$1,048,466	\$1,161,063
Plus New Growth**	\$637,179	\$974,866	\$886,775	\$587,334	\$649,858	\$678,020	\$300,000
General Overrides	\$1,615,203	\$0	\$0	\$0	\$0	\$2,777,387	\$0
Tax Levy Limit	\$35,065,082	\$36,916,575	\$38,726,265	\$40,281,755	\$41,938,657	\$46,442,531	\$47,903,594
Exempt Debt*	\$2,257,706	\$6,265,148	\$4,367,789	\$1,948,546	\$2,219,419	\$2,199,779	\$2,158,527
Levy Capacity	\$37,322,788	\$43,181,723	\$43,094,054	\$42,230,301	\$44,158,076	\$48,642,309	\$50,062,121
Actual Levy Assessed	\$37,288,628	\$43,112,383	\$43,092,347	\$42,197,019	\$43,967,446	\$48,519,937	\$50,062,121
Excess Levy(Taxes not raised)	\$34,160	\$69,340	\$1,707	\$33,282	\$190,630	\$122,373	\$0
Increase in Actual Levy (including new growth)	12.5%	15.6%	0.0%	-2.1%	4.2%	10.4%	3.2%
Increase in Levy without new growth	10.62%	13.00%	-2.10%	-3.44%	2.66%	8.81%	2.56%

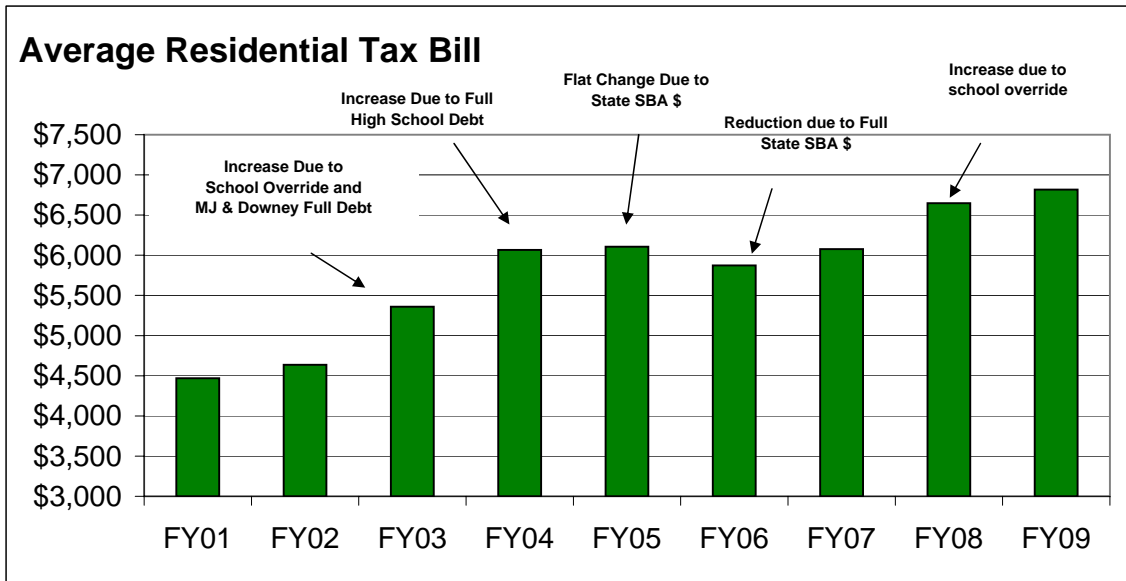
* Exempt debt - This is the principal and interest payment required each year for borrowing projects approved outside Proposition 2 1/2.

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

FY09 Tax Change	
2.5/new growth	\$1,461,063
FY08 excess levy	\$122,373
change in exempt debt	<u>-\$41,252</u>
Total Taxes	\$1,542,184

Tax Rate/Tax Bill History

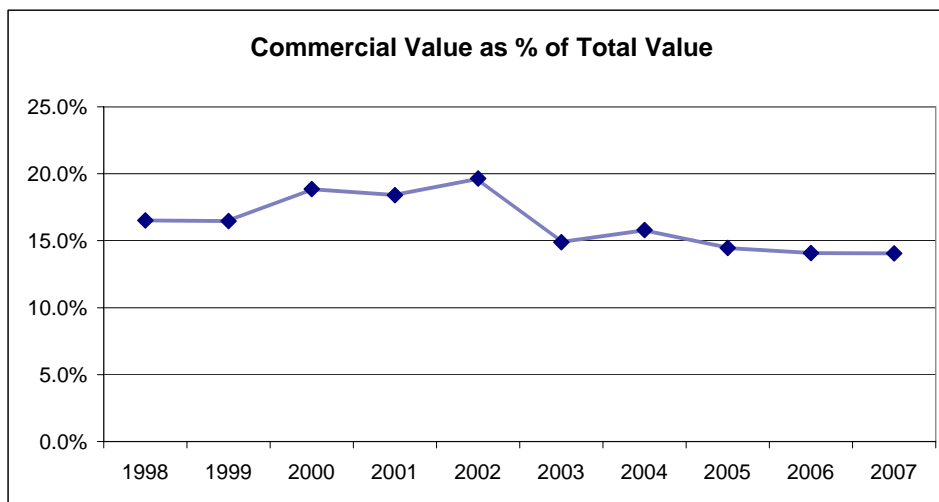
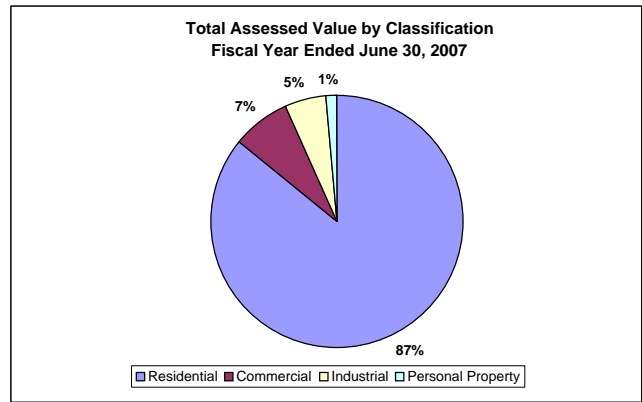
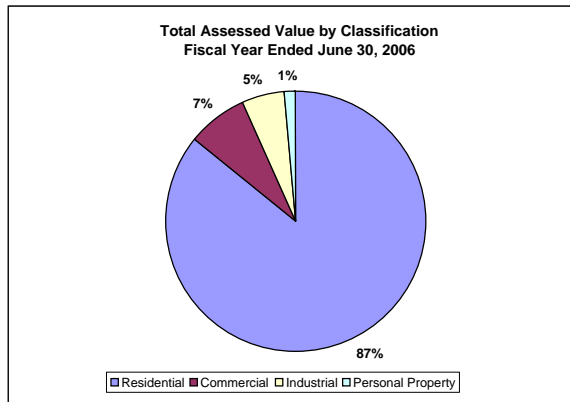
Tax Rate per Thousand	FY02	FY03	FY04	FY05	FY06	FY07	FY08	Projected FY09
Residential	\$13.87	\$11.45	\$12.96	\$11.97	\$10.37	\$10.73	\$11.74	
Commercial	\$21.52	\$20.80	\$23.36	\$20.97	\$18.85	\$19.81	\$21.67	
% of Total Town Value								
Residential Property	80.4%	85.1%	84.2%	85.5%	85.9%	85.9%	85.9%	
Commercial Property	19.6%	14.9%	15.8%	14.5%	14.1%	14.1%	14.0%	
Tax Shift Factor	1.40	1.62	1.60	1.58	1.63	1.65	1.65	
% of Total Town Taxes								
Residential Properties	72.5%	75.9%	74.7%	77.1%	77.1%	76.8%	76.8%	
Commercial Properties	27.5%	24.1%	25.3%	22.9%	22.9%	23.2%	23.2%	
Average Residential Tax Bill								
Home Value	\$334,339	\$468,075	\$468,075	\$510,202	\$566,324	\$566,324	\$566,324	
Tax Bill	\$4,637	\$5,359	\$6,066	\$6,107	\$5,873	\$6,076	\$6,648	\$6,818
Average Tax Bill Increase	3.74%	15.57%	13.2%	0.67%	-3.84%	3.50%	9.40%	2.56%
Single Tax Rate	\$15.37	\$12.84	\$14.60	\$13.27	\$11.56	\$12.01	\$13.13	
Savings to Average Tax Bill from Having Split Tax Rate	\$502.6	\$651.2	\$767.0	\$663.0	\$673.7	\$725.5	\$789.8	



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

Last Ten Fiscal Years

Fiscal Year	Assessed and Actual Values and Tax Rates							Total Town Value
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	
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

All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value.

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

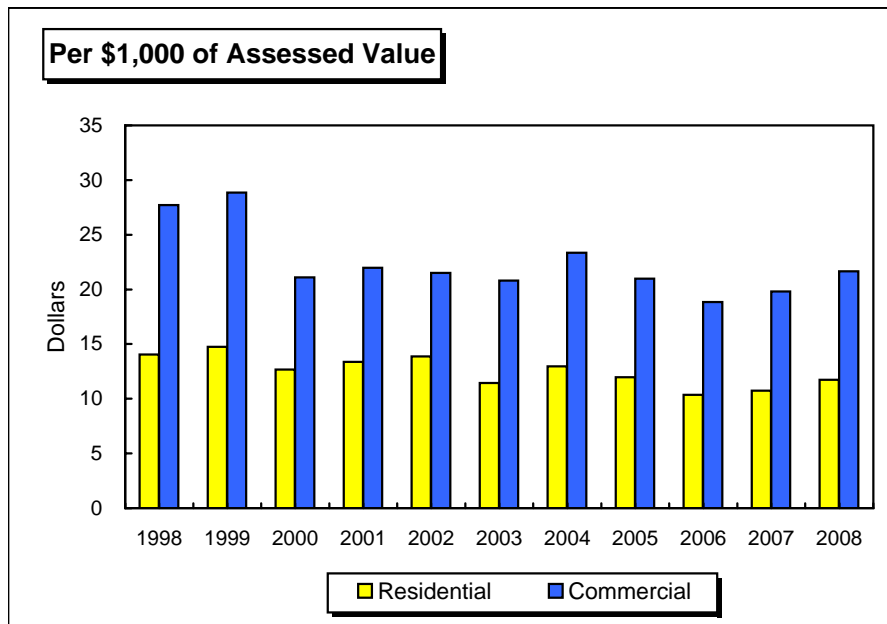
Town of Westwood, Massachusetts

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
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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
2008	\$11.74	\$21.67	\$21.67



(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.

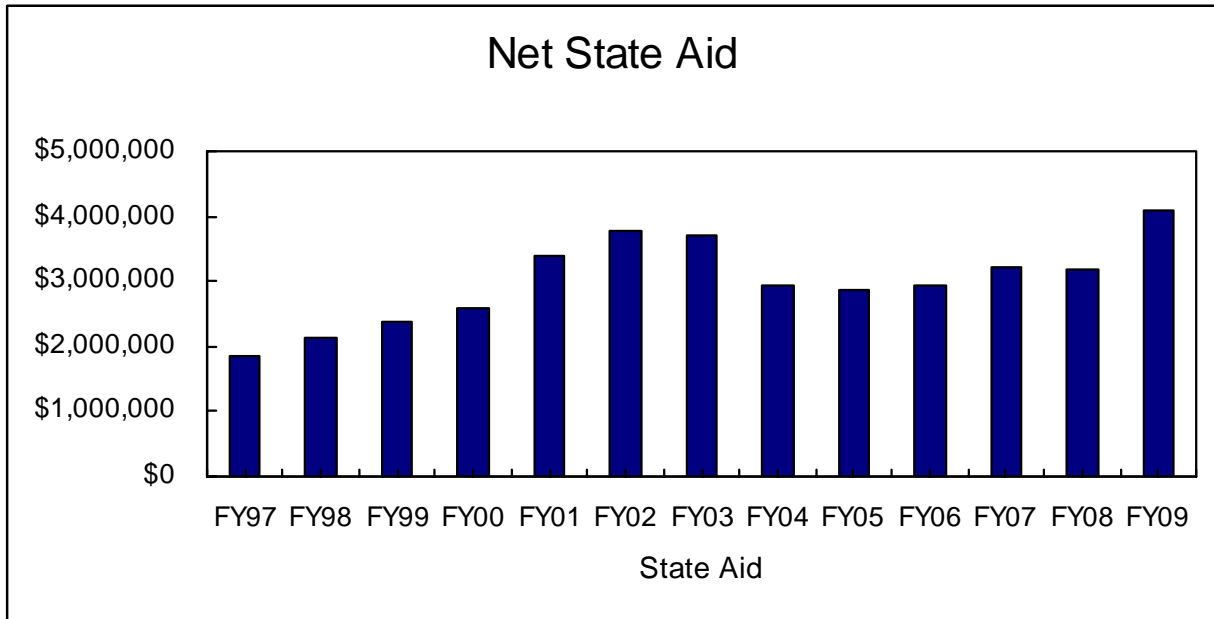
State aid, once a reliable source of budget income, has recently become an inconsistent and volatile account.

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. This continued until FY02.

State budget problems in FY03 caused a level funding of state aid followed by a drastic 20% cut in FY04. In the years since we have experienced great inconsistency in state aid.

In FY07, the Town received larger increases in Chapter 70 and lottery. The Chapter 70 increase reflects a change in the statewide distribution of Chapter 70 funds. While the lottery increase reflected a change in the formula in total distribution, lottery receipts are now expected to decrease due to an overall decline in the statewide lottery program.

The Governor's initial FY09 budget was released in January. We are using the Governor's estimate for state aid, incorporating the estimated reduction in lottery receipts. While the Governor's budget shows an estimated level funding of lottery receipts with casino license fees, we will not factor that in until the state budget is complete. We will monitor the state budget process and update our state aid estimates for Town Meeting.



Cherry Sheet Receipts							
	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	Projected FY2009
Chapter 70 - Education	\$2,635,628	\$2,108,502	\$2,108,502	\$2,250,702	\$2,588,559	\$3,096,779	\$3,547,941
School Building Assistance	\$330,466	\$327,161	\$226,025	*\$0	*\$0	*\$0	*\$0
Lottery	\$747,149	\$635,077	\$635,077	\$721,560	\$857,639	\$871,741	\$755,991
Other	\$362,908	\$197,069	\$222,123	\$234,916	\$241,807	\$258,112	\$282,347
Offsets (Restricted to Metco, Library, School Lunch) Prior Year Adjustment	\$185,679	\$166,850	\$188,436	\$217,988	\$29,099	\$30,678	\$30,365
Total Receipts	\$4,261,830	\$3,434,659	\$3,380,163	\$3,425,166	\$3,717,104	\$4,257,310	\$4,616,644
Charges							
County Tax	\$155,619	\$153,089	\$156,916	\$154,381	\$158,240	\$152,576	\$156,390
MBTA Assessment	\$314,096	\$297,187	\$280,407	\$263,622	\$271,824	\$279,854	\$278,767
Other	\$55,012	\$64,704	\$77,565	\$68,309	\$80,359	\$87,485	\$87,451
Prior Year Adjustment	\$19,254	\$0	\$0	\$0	\$0	\$0	\$0
Total Charges	\$543,981	\$514,980	\$514,888	\$486,312	\$510,423	\$519,915	\$522,608
Net State Aid	\$3,717,849	\$2,919,679	\$2,865,275	\$2,938,854	\$3,206,681	\$3,737,395	\$4,094,036

FY09 assumptions - currently utilizing the Governor's budget released in January of 2008, with a reduction to lottery.

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

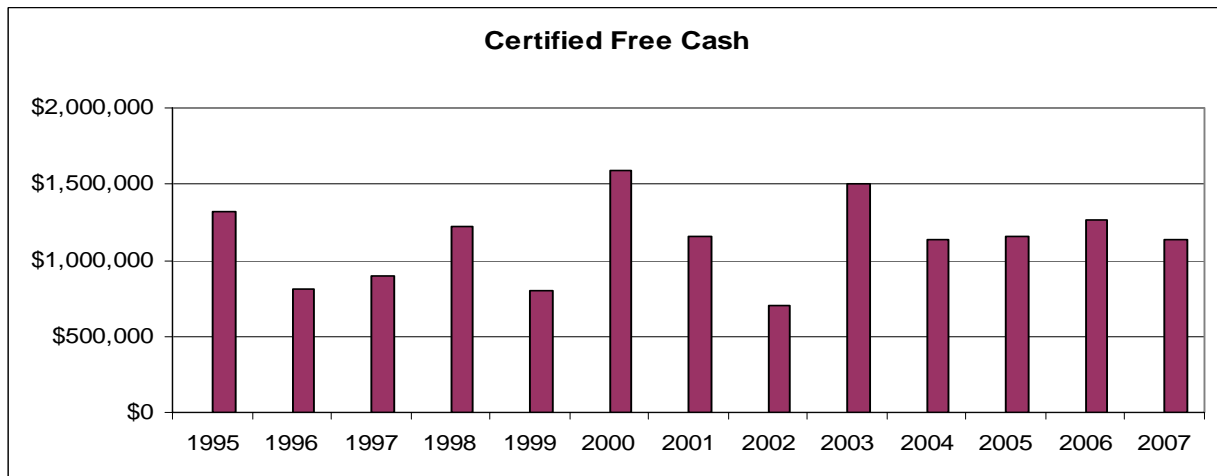
School Building Reimbursement			
Project	Payment Years	Total State Reimbursement (59% of Project)	Remaining Annual State Payments
1997 Middle School	FY01-FY2010	\$4,983,848	\$248,732/yr
Downey School	FY05-FY2012	\$5,006,352	\$620,168/yr
Martha Jones School	FY05-FY2012	\$5,237,717	\$617,180/yr
High School-Annual Payments	FY06-FY2023	\$33,092,311	\$1,522,815/yr

All projects have been audited and payment streams are finalized.

Total State SBA Reimbursement	
FY05	\$1,544,068
FY06	\$3,600,190
FY07	\$3,193,029
FY08	\$3,089,590
FY09	\$3,008,895

Free Cash

- Certified Free Cash as of July 1, 2007 is \$1,142,342. which is approximately 2% of the FY06 budget.
- The 5-year average Free Cash has been \$1.2 million.
- Financial policy not to use free cash for operating budget.
- FY08 used \$170,473 of free cash for operating budget and \$225,000 for energy reserve.
- FY09 projections use \$700,000 for capital and \$25,000 for stabilization fund.



	July 2007	July 2006	July 2005	July 2004	July 2003	July 2002
Certified	\$1,142,342	\$1,266,415	\$1,154,408	\$1,138,014	\$1,498,110	\$700,938
Used to Fund Subsequent Budget	Capital \$700,000 Stabilization \$25,000	Energy Reserve \$225,000 Capital \$700,000 Stabilization \$25,000 Articles \$11,175 Budget \$170,473	Energy Reserve \$225,000 Capital \$700,000 Articles \$100,000 Stabilization \$25,000	Capital \$737,899 Budgets \$122,450 Stabilization \$25,000	Capital \$696,000 Budgets \$725,270 Article \$5,000 Stabilization \$25,000	Capital \$600,000 Articles \$100,000
Certified Free Cash as % of Total Budget	2%	2%	2%	2%	3%	2%

Reserve Fund Transfer History Fiscal Years 1995 – 2008

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

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

A history of reserve fund transfers appears below.

Fiscal Year	Original Budget	Transfers	Total Used	Remaining Funds
FY08	\$400,000	None to date.		\$400,000
FY07	\$400,000	\$133,922 Annual Town Meeting Transfer to supplement FY07 budgets \$65,000-Colburn School building \$30,543 Special Town Meeting Transfer to supplement FY07 budgets	\$229,465	\$170,535
FY06	\$400,000	\$90,727 Annual Town Meeting Transfer to supplement FY06 budgets \$75,000 snow and ice	\$165,727	\$234,273
FY05	\$420,000	\$50,192 Annual Town Meeting Transfer to supplement FY05 budgets \$360,000 snow and ice	\$410,192	\$9,808
FY04	\$400,000	\$287,833 Annual Town Meeting Transfer to supplement FY04 budgets	\$287,833	\$112,167
FY03	\$400,000	\$322,000 Annual Town Meeting Transfer to supplement FY03 budgets for Snow and ice, Blue Hills Regional School and School Unemployment Compensation	\$322,000	\$78,000
FY02	\$375,000	\$259,600 Annual Town Meeting Transfer to supplement FY02 budgets, primarily snow and ice and health insurance.	\$259,600	\$115,400
FY01	\$350,000	\$300,000 Annual Town Meeting Transfer to supplement FY01 budgets.	\$300,000	\$50,000
FY00	\$300,000	\$220,000 Annual Town Meeting Transfer to supplement FY00 budgets.	\$220,000	\$80,000
FY99	\$300,000	\$50,000 – MBTA Garage Potential Litigation \$225,000 Annual Town Meeting Transfer to supplement FY99 budgets.	\$275,000	\$25,000
FY98	\$300,000	\$ 35,000 – Snow & Ice \$100,000 - School	\$135,000	\$165,000
FY97	\$300,000	\$149,000 – Snow & Ice \$ 25,700 - Fire	\$174,700	\$125,300
FY96	\$300,000	\$162,900 – Snow & Ice \$108,367 - School	\$271,267	\$28,733
FY95	\$300,000	\$90,000 - School	\$90,000	\$210,000

Debt Management

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

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

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

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

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

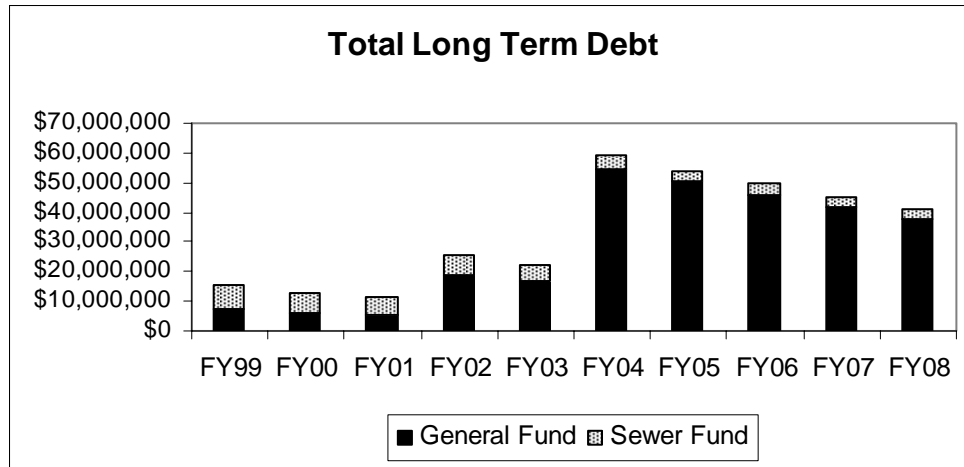
During the summer of 2003, the Town underwent a major credit review in preparation for the sale of the High School bond. Moody's Investor Service reaffirmed the Town's credit rating of Aa1. In addition, Standard & Poor's issued the Town an Aa+ rating. These excellent ratings place Westwood in the top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

In 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. \$191 Million.
- The Town's general fund debt service is approximately 10.7 % of the operating budget for FY07.

The Town currently has \$3.8 million in authorized debt remaining to be issued.



Total Long Term Debt Issued and Outstanding	FY08	FY07	FY06	FY05	FY04	FY03	FY02	FY01
General Fund	37,760,000	41,925,000	46,090,000	50,255,000	54,670,000	16,595,000	18,955,000	5,145,000
Sewer Fund	2,600,875	3,022,828	3,440,498	3,854,664	4,823,582	5,872,408	6,786,885	6,114,567
Total	40,360,875	44,947,828	49,530,498	54,109,664	59,493,582	22,467,408	25,741,885	11,259,567

Long Term General Fund Debt Outstanding as of June 30, 2008

Description	Rate of Interest	Date Issued	Maturity Date	Amount Issued	Total Outstanding 30-Jun-08
General Fund					
Roads	4.40 - 5.70	04/95	04/2005	\$2,200,000	\$0
Land Acquisition	4.40 - 5.70	04/95	04/2005	\$300,000	\$0
Middle School/Gym	3.79	12/98	12/2008	\$2,923,000	\$290,000
Land Acquisition	3.79	12/98	12/2008	\$400,000	\$40,000
Senior Center	3.79	12/98	12/2008	\$239,000	\$24,000
School Fields	3.79	12/98	12/2008	\$189,000	\$19,000
Middle School/Gym Completion	3.79	12/98	12/2008	\$225,000	\$22,000
Martha Jones Construction	4.04	3/21/02	3/21/2012	\$7,200,000	\$2,880,000
Downey Construction	4.04	3/21/02	3/21/2012	\$6,300,000	\$2,520,000
Land Acquisition	4.04	3/21/02	3/21/2012	\$1,300,000	\$520,000
Land Acquisition	4.04	3/21/02	3/21/2012	\$300,000	\$120,000
High School Project	4.25	8/01/03	06/01/2023	\$39,262,300	\$29,625,000
Municipal DPW Building	4.25	8/01/03	06/81/2014	\$2,600,000	\$1,560,000
Public Building	4.25	8/01/03	06/08/2014	\$240,700	\$140,000
Total General Fund					\$37,760,000

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

FY08	\$6,000,447	FY13	\$3,291,731
FY09	\$5,858,057	Fy14	\$3,178,981
FY10	\$5,293,055	FY15	\$2,786,231
FY11	\$5,140,367	FY16	\$2,687,481
FY12	\$4,985,793	Fy17-23	\$16,272,519

Total repayment of Long Term Debt Currently Issued \$55,494,662

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
High School Fields	STM 6/07	\$475,000
Eminent Domain Land Purchase	ATM 5/01	\$245,000
Total		\$3,865,000

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

General Fund Debt

	Outstanding as of 30-Jun-08	FY05 For Comp.	FY06 For Comp.	FY07	FY08	FY09	FY10	FY11	FY12	FY13-23	Total FY08-FY23
Principal and Interest for Current Long term Debt Outstanding											
1994 Road Improvement (Exemp	0	231,000	0	0							\$0
Middle School/Gym (Exempt)	290,000	340,388	329,658	318,638	307,328	295,800	0	0	0		\$603,128
1994 Land Acquisition-YMCA	0	31,500									\$0
Land Acquisition	40,000	46,950	45,470	43,950	42,390	40,800	0	0	0		\$83,190
Senior Center	24,000	28,170	27,282	26,370	25,434	24,480	0	0	0		\$49,914
School Fields	19,000	22,301	21,598	20,876	20,135	19,380	0	0	0		\$39,515
Lowell State house notes	0							0	0		\$0
Additional Middle School /Gym	22,000	25,822	25,008	24,172	23,314	22,440	0	0	0		\$45,754
Downey Construct (Exempt)	2,880,000	848,295	816,795	785,295	760,095	735,525	710,325	684,338	657,563	0	\$3,547,846
MJ school Construct (exempt)	2,520,000	969,480	933,480	897,480	868,680	840,600	811,800	782,100	751,500	0	\$4,054,680
Strair Land Purchase	520,000	175,045	168,545	162,045	156,845	151,775	146,575	141,213	135,688	0	\$732,096
Cemetery Land Purchase	120,000	40,395	38,895	37,395	36,195	35,025	33,825	32,588	31,313	0	\$168,946
High School Constuct (Exempt)	29,625,000	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	\$43,817,347
Municipal Building	1,560,000	362,700	354,900	347,100	339,300	331,500	319,800	309,400	299,000	559,000	\$2,158,000
Obed Baker	140,000	35,096	33,625	32,875	32,125	31,375	30,250	29,250	28,250	43,000	\$194,250
Total General Fund Debt	37,760,000	6,722,777	6,302,362	6,144,052	6,000,447	5,858,056	5,293,056	5,140,370	4,985,795	28,216,942	\$55,494,666
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	52,023,001
State Reimbursement Being Received - for School Projects - all project audits completed											
1990 Middle School (FY95-FY2004)		0	0								
1997 Middle School - FY2001 - FY2010		226,025	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	620,168	620,168	620,168	620,168	0	
2000 Martha Jones School -FY2005 - FY2012		692,249	692,249	692,249	692,249	617,180	617,180	617,180	617,180	0	
High School Project - FY06 - FY23			2,033,416	1,626,254	1,522,815	1,522,815	1,522,815	1,522,815	1,522,815	16,750,965	
High School Bond Premium		42,956	38,302	36,821	35,340	33,859	31,631	29,662	27,687	147,308	
Total State/Premium annual payments		1,587,024	3,638,493	3,229,850	3,124,930	3,042,754	3,040,526	2,789,825	2,787,850	16,898,273	
Net annual Exempt Debt		4,367,774	1,948,546	2,219,419	2,199,779	2,158,527	1,722,080	1,838,094	1,703,694	10,716,669	

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

Sewer Fund Debt

	Outstanding as of June 30,2007	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11-19	Total
Principal and Interest payments for current Sewer Debt Outstanding										
									FY07- FY19	
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
Total Sewer Debt	3,022,828	1,099,604	1,256,350	1,022,644	460,852	450,392	439,980	311,873	1,637,061	3,300,158
All debt funded by sewer user fees										
** This is the \$750,000 borrowing authorization approved at the 2004 Annual Town Meeting. The \$750,000 was never issued as long term debt, but rather paid off in appropriations as shown. The debt was paid through appropriations due to the decline in the debt schedule and the drop off of the 1994 abatement trust loan.										

Town of Westwood, Massachusetts

Computation of Legal Debt Margin

June 30, 2007

Fiscal Year 2007equalized valuation	<u><u>\$3,834,008,100</u></u>
Debt Limit - 5% of equalized valuation	\$191,700,405
Less:	
Total debt applicable to limitation	\$44,947,828
Authorized and unissued debt	<u><u>\$3,865,000</u></u>
Legal debt margin	<u><u>\$142,887,577</u></u>

Cost of Local Government Typical Residential Taxpayer

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

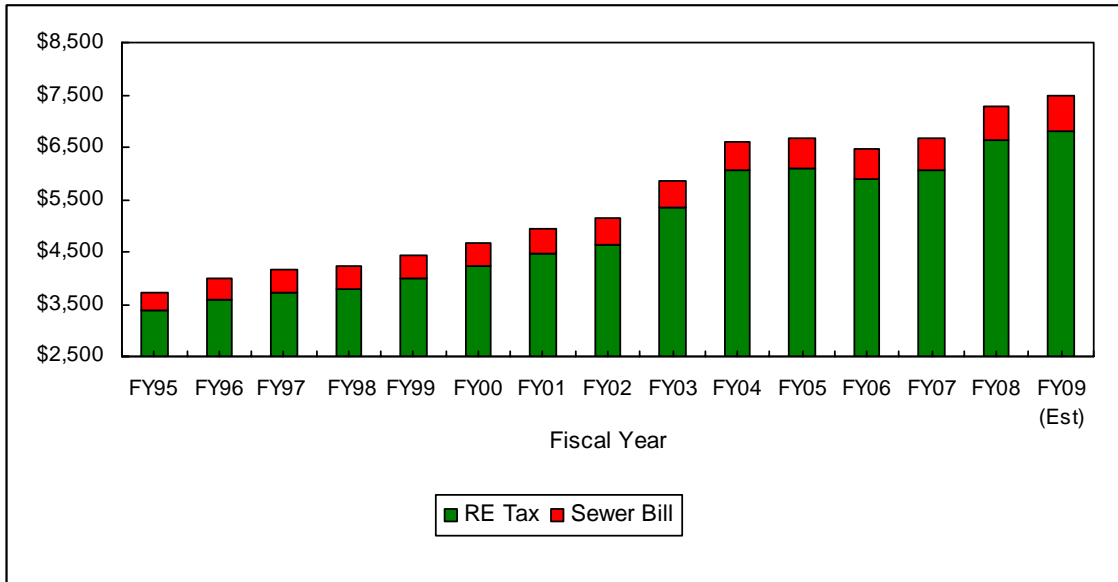
- 1st Quarter Due August 1
- 2nd Quarter Due November 1
- 3rd Quarter Due February 1
- 4th Quarter Due May 1

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

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

The following chart tracks the real estate tax bill the average Westwood homeowner has paid over the past few years. The total bill is based on an average assessment of \$270,000 for FY97 - FY99; \$335,000 for FY2000-FY2002; \$468,000 for FY03-04; and \$510,000 for FY05; \$566,324 for FY06-FY08.

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



	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09 (Est)
Tax Bill	\$3,993	\$4,233	\$4,470	\$4,637	\$5,359	\$6,065	\$6,107	\$5,873	\$6,076	\$6,648	\$6,818
Tax Rate/Thousand	\$14.75	\$12.66	\$13.37	\$13.87	\$11.45	\$12.96	\$11.97	\$10.37	\$10.73		
Annual Sewer Bill	\$430	\$450	\$470	\$500	\$510	\$535	\$560	\$580	\$610	\$635	\$660

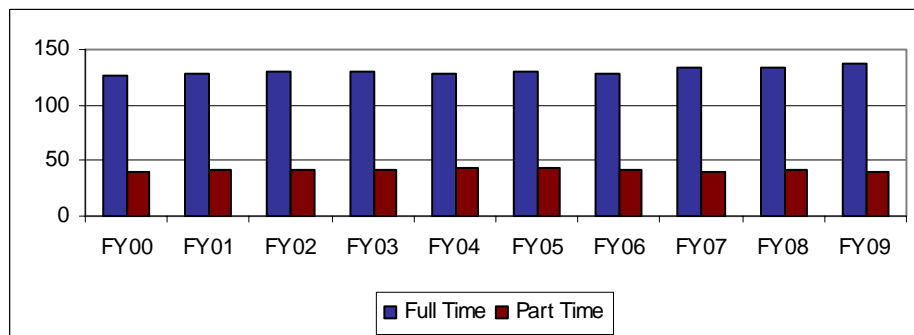
Municipal Personnel Summary

Fiscal Years 2002 – 2009

This chart outlines the staffing levels of the municipal departments over several years. The major area of growth has been in the DPW. This is due to the transfer of the field maintenance program from the school department to the DPW. Several field maintenance workers have been added to provide this service as additional fields have come under the responsibility of the DPW, including most recently the High School complex.

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. The Selectmen approve any position before the vacancy is filled.

	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
General Government								
Full Time	19	19	18	20	20	21	21	22
Part Time	11	11	12	11	9	8	8	7
Total	30	30	30	31	29	29	29	29
Public Safety								
Full Time	68	68	68	68	66	69	69	70
Part Time	6	6	6	6	6	6	6	5
Total	74	74	74	74	72	75	75	75
Public Works/Sewer								
Full Time	29	29	28	28	28	28	29	30
Part Time	1	1	2	2	2	2	2	2
Total	30	30	30	30	30	30	31	32
Human Services								
Full Time	6	6	6	6	6	6	6	6
Part Time	6	6	6	6	6	6	7	7
Total	12	12	12	12	12	12	13	13
Culture & Recreation								
Full Time	9	9	9	9	9	9	9	9
Part Time	18	18	18	18	18	18	18	18
Total	27	27	27	27	27	27	27	27
Totals								
Full Time	131	131	129	131	129	133	134	137
Part Time	42	42	44	43	43	40	41	39



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.

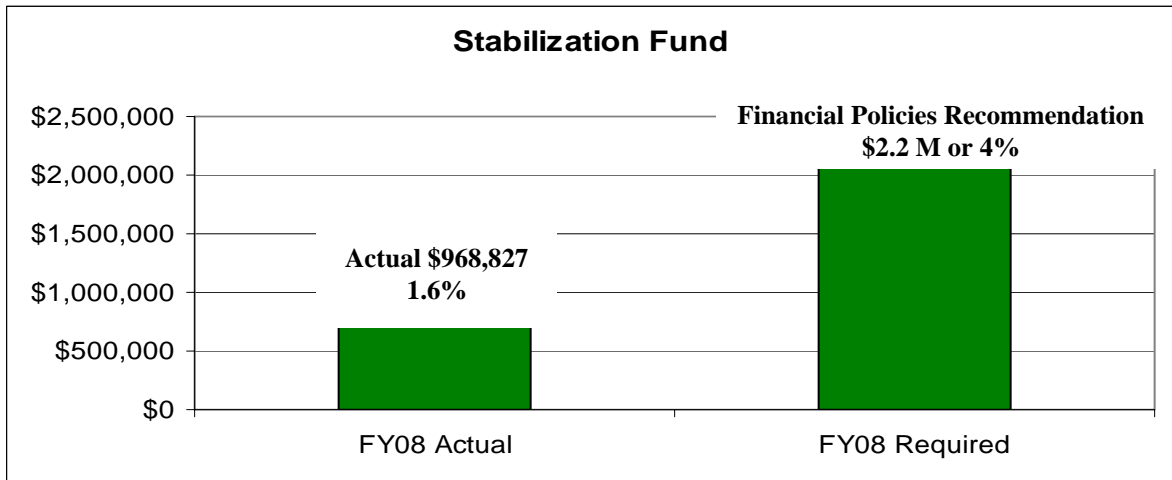
As with any business, it is important for the Town to have a reserve account to provide for unforeseen emergencies or future expenditures. As like most communities, Westwood was not able in the late '80's and early '90's to continue the practice of appropriating funds in to the Stabilization account.

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, 2006, and 2007 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 \$2.2 million. The current balance, at 1.6% 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.



	FY2007	FY2006	FY2005	FY2004	FY2003	FY2002	FY2001	FY99
Town Meeting Appropriated Into Fund	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$450,000	\$50,000	0
Balance	\$968,827	\$904,083	\$848,225	\$782,142	\$760,200	\$735,200	\$270,000	\$4,003

Summary of Grants Received by Municipal Departments

Fiscal Year 2007		
COA	Executive Office of Elderly Affairs	20,815
DPW	Road improvement – Chapter 90	255,832
Fire	Ambulance Task Force Grant	1,000
Fire	FEMA Fire Equipment Grant	5,300
Fire	Safe Program	4,971
Health	Bioterrorism Health Grant	6,093
Police	“Click-It or Ticket” Enforcement	8,350
Police	Community Policing Grant	18,024
Police	Local Preparedness Grant	7,223
Town Clerk	Poll Grant	6,186
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
Westwood		14,020	243,613	41,553

Fiscal Year 2007				
Municipality	Residential Tax Rate	Commercial Tax Rate	Tax Levy	Taxes As % of Total Revenue
Canton	8.88	17.94	\$45,760,358	62.66
Concord	10.56	10.56	\$56,065,720	79.83
Holliston	13.35	13.35	\$29,356,767	56.80
Medfield	12.27	12.27	\$29,706,074	63.79
Sharon	14.16	14.16	\$42,463,818	68.46
Sudbury	13.12	20.29	\$57,246,758	74.29
Wayland	13.82	13.82	\$46,081,060	78.55
Weston	10.26	10.26	\$51,442,333	70.04
Westwood	10.73	19.81	\$43,967,446	72.65

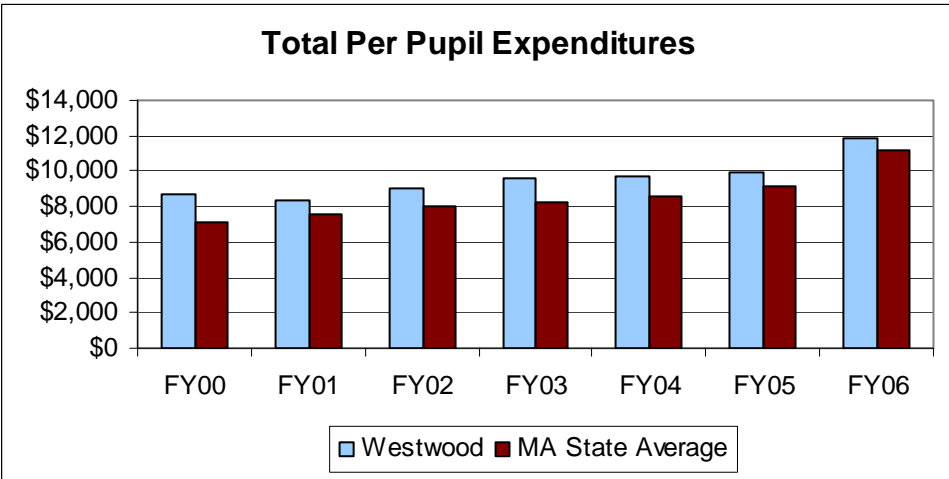
Municipality	Fiscal Year 2007			Fiscal Year 2006	2006
	Average Single Family Tax Bill	State Hi-Lo Rank	Free Cash	Stabilization Fund	Moody's Bond Rating*
Canton	\$4,509	84	\$1,571,013	\$2,102,590	Aa2
Concord	\$9,740	6	\$5,730,609	\$2,213	Aaa
Holliston	\$5,810	43	\$1,094,909	\$313,188	A1
Medfield	\$7,635	17	\$1,605,738	\$1,709,604	Aa2
Sharon	\$7,025	25	\$926,507	\$108,269	Aa3
Sudbury	\$9,221	8	\$1,916,902	\$1,597,992	Aa1
Wayland	\$9,548	7	\$2,293,518	\$163,344	Aaa
Weston	\$13,739	1	\$2,366,638	\$16,974	Aaa
Westwood	\$7,005	26	\$1,266,415	\$904,084	Aa1

Some Facts About Westwood

Form of Government	Board of Selectmen, Executive Secretary, Open Town Meeting				
Population Trends	1990		2000		
	12,557		14,117		
Registered Voters (2007)	Total	Democrats	Republicans	Unenrolled	Other
	9,584	2,701	1,765	5,088	30

Westwood Schools

At Town Meetings in 2000, 2002, and 2006, Westwood residents reaffirmed their commitment to education by approving a total of \$46.2 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 – February, 2008

Policy	Target	Actual	Comments	Target Status
B. 2. Operating Reserve Fund – shall be 1% of total general fund operating budget, net of debt service.	\$522,213 1%	FY08 Budget \$400,000	Close to target; 76% of target.	Not Met
B. 3. Free Cash – shall maintain at 4% of general fund operating budget, net of debt service.	\$2,088,852 4%	\$1,142,342 2.1%	Actual is at 54% of goal, approximately \$946,000 short of goal. This would be <u>before</u> use of any free cash	Not Met
D. 3. Reserve accounts – shall maintain at 8% of general fund operating revenues, net of debt service. Total reserve goals should be maintained at 4% in general fund and 4% in stabilization account.	Stabilization Target 4% \$2,175,598 Total 8% or \$4,351,196	Stabilization Actual 1.7% \$968,827 Total 3.8% or \$2,111,169	Stabilization approximately \$1.2M short of target. Total is at 48% of target. This would be <u>before</u> use of free cash.	Not Met
E. 4. General fund nonexempt debt service should not exceed 8% of net general fund revenues.	Not exceed 8% Or \$4,351,196	Actual 1.4%	Target is met.	✓
E. 4. Total General fund exempt and nonexempt debt should not exceed 10-12% of net general fund revenues.	Not exceed 12% Or \$6,526,194	Actual 11.2% \$6,124,069	Actual is within target by .8%.	✓
F. 5. Investment in capital stock – will maintain 3% of general fund operating budget, net of debt, on ongoing capital maintenance and replacement.	\$1,566,639 3%	\$823,000 1.6%	Actual is approximately \$740,000 short of target. Actual at 52% of target.	Not Met
G. 5. Maintain sewer retained earnings – will maintain 10% of sewer fund revenues.	\$400,060 10%	\$463,909 1.1%	Actual is approximately at target.	✓

Financial Policies Status Update Cont'd....

Other Policies	Comments	Target Status
<p>B.1. General Fund – Annual budget should be prepared covering operating expenditures with current operating revenue, not non-recurring revenue sources.</p>	<p>As part of FY08 budget solution, \$395,473 of Free Cash was used to support operating budget (\$76,000 school benefits and \$94,475 school and municipal operating – \$225,000 energy reserve.)</p>	<p>Not Met</p>
<p>D.5. Reserves – 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>✓</p>
<p>F.2. Capital Planning – 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>	<p>✓</p>

What Do Those Financial Terms Really Mean?

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

What Do Those Financial Terms Really Mean?

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

Budget Procedure

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

Budget Schedule

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

Individual School principals begin preparation of their budgets.

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

The School Superintendent reviews school budget submissions.

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

The School Committee reviews the School budget.

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

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

Budget Appropriation and Amendment

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

Budget Basis

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

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

Capital Budget

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

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

Warrant Article Capital Projects/Equipment - requests for major construction, repair projects or large equipment which are over \$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.



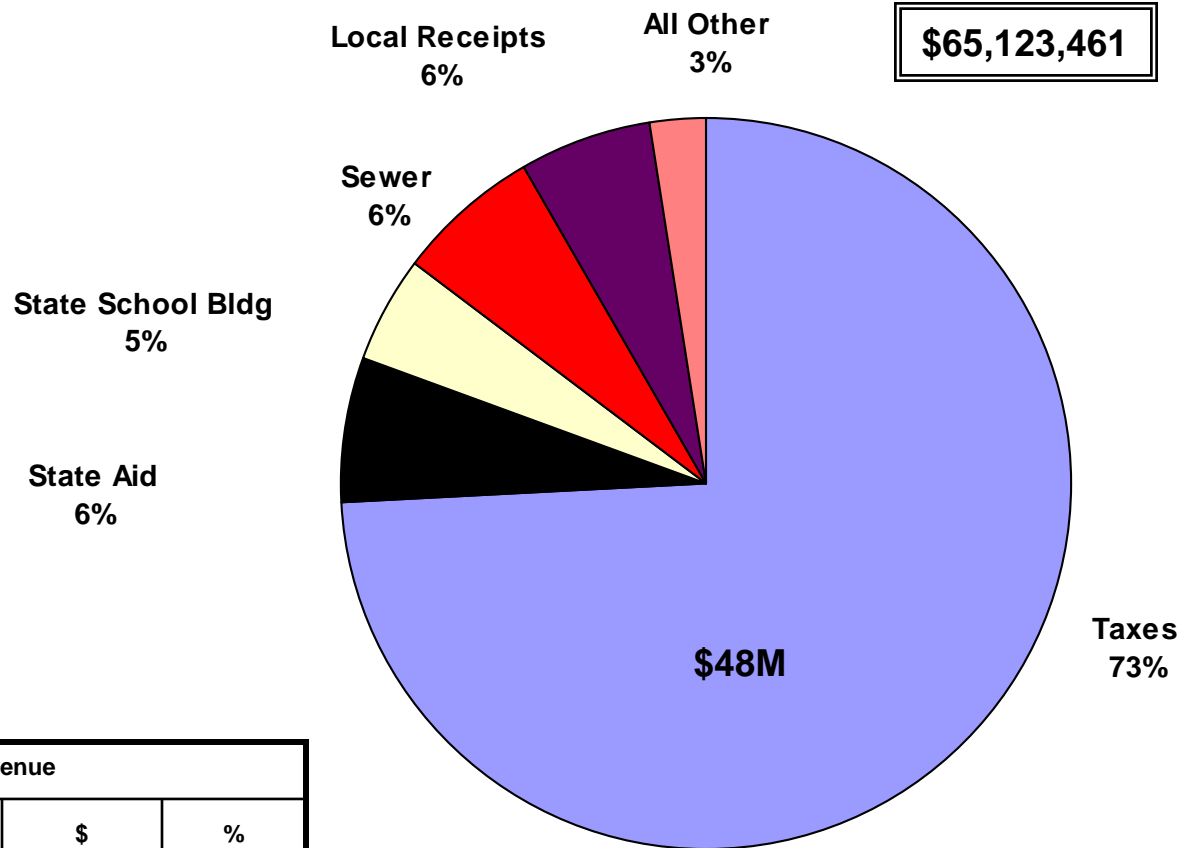
Financial Overview

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 FY09 budget recommendations.

Included is information regarding the current FY08 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.

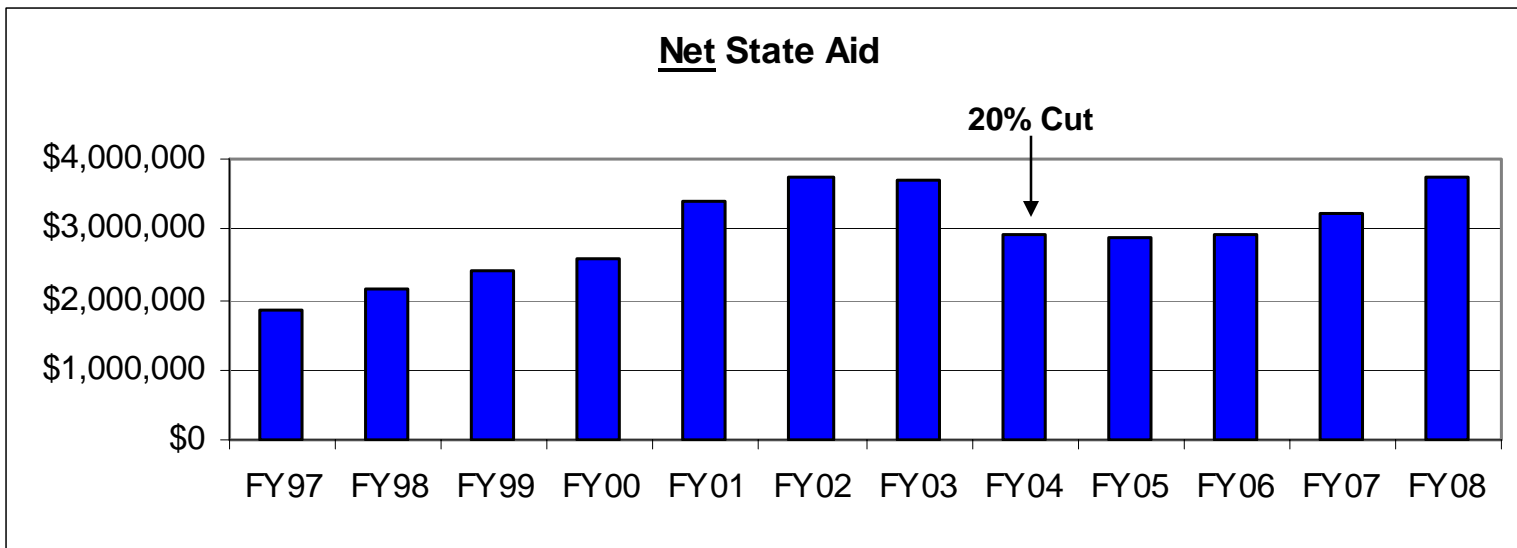
FY08 Budget Revenue – Where Does the Money Come From?



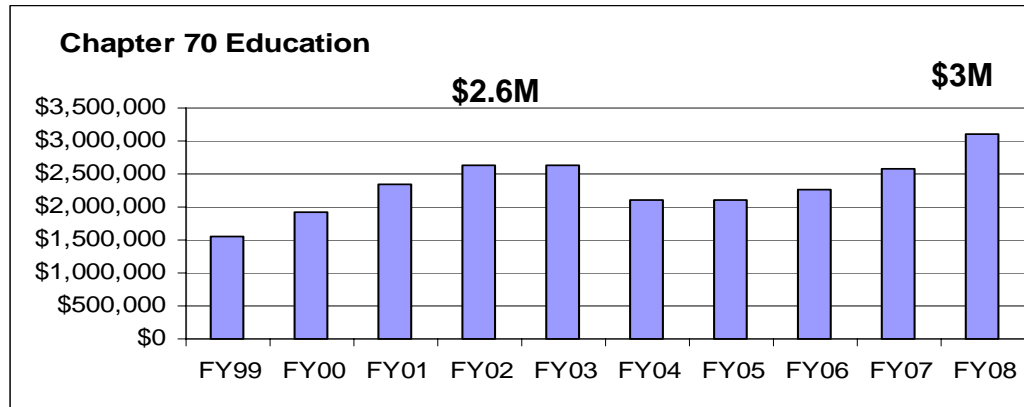
FY2008 Projected Budget Revenue				
	FY2007 Budget	FY2008 Projected	\$ Increase	% Increase
Taxes	\$43,967,446	\$48,264,289	\$4,296,843	9.8%
State Aid	\$3,717,104	\$4,257,310	\$540,206	14.5%
State School Bldg Reimbursement	\$3,193,029	\$3,089,590	(\$103,439)	-3.2%
All Other	\$9,640,736	\$9,512,272	(\$128,464)	-1.3%
Total Revenue	\$60,518,315	\$65,123,461	\$4,605,146	7.6%

FY08 State Aid

- State aid as a budget item – Difficult to predict in a timely manner.
 - Timing
 - Not final until after May Town Meeting.
 - Initial Governor's budget late January.
 - Not stable/consistent.
 - State budget problems affect state aid distribution.



Major Categories of State Aid – Chapter 70

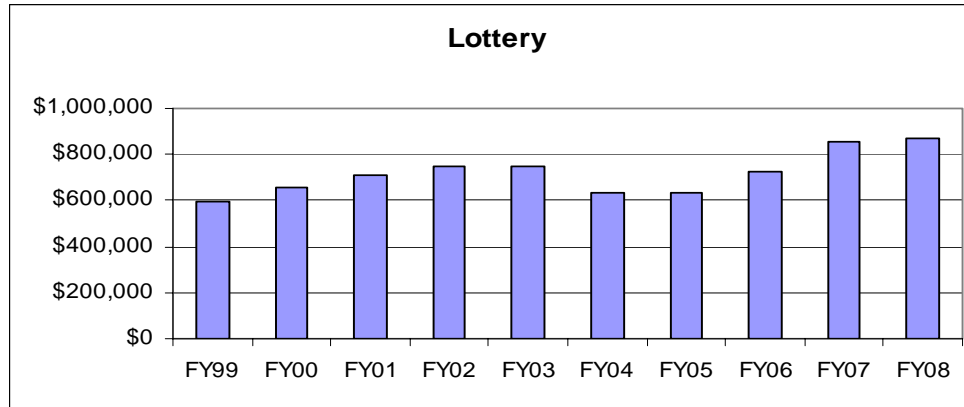


Chapter 70	
FY99	\$1,539,577
FY00	\$1,908,727
FY01	\$2,345,177
FY02	\$2,635,628
FY03	\$2,635,628
FY04	\$2,108,502
FY05	\$2,108,502
FY06	\$2,250,702
FY07	\$2,588,559
FY08	\$3,096,779
FY09	?

FY09 Budget Implications:

- FY08 change in formula benefited Westwood.
- FY09 – will state have \$?
- Additional \$356,720 from FY08 will be applied in FY09.

Major Categories of State Aid and Lottery



Lottery	
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
FY08	\$871,741
FY09	?

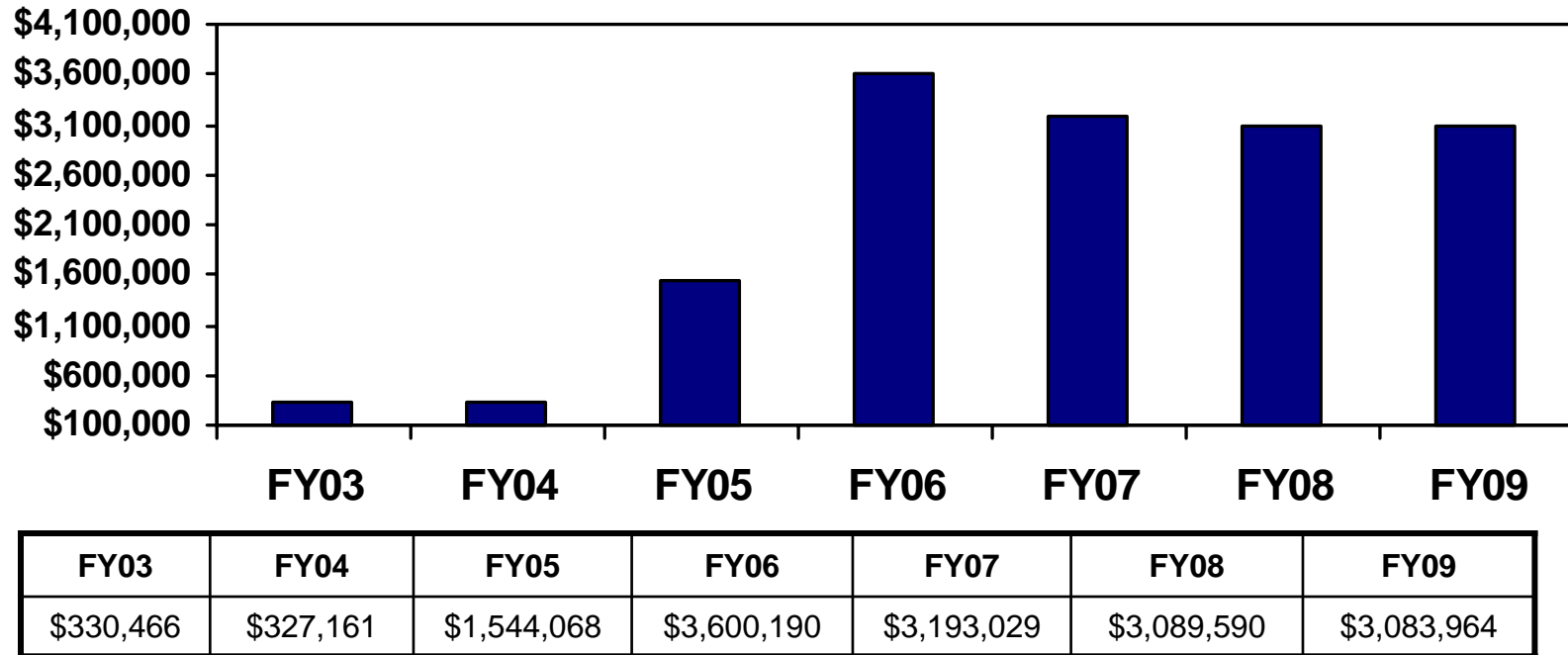
FY09 Budget Implications:

- State wide lottery \$ decline.

State School Building Reimbursement – Directly Pays the Debt Cost

School Building Annual Payments

FY09 Budget Implication:
 ■ Stable going forward.



- We are now receiving payments for all of our projects:
 - Middle School
 - Martha Jones
 - Downey
 - High School
- All audits are completed.

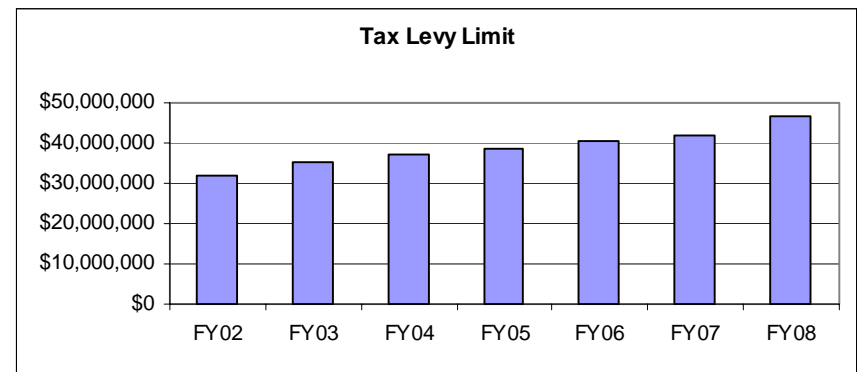
Major Revenue Source - Taxes

- 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:

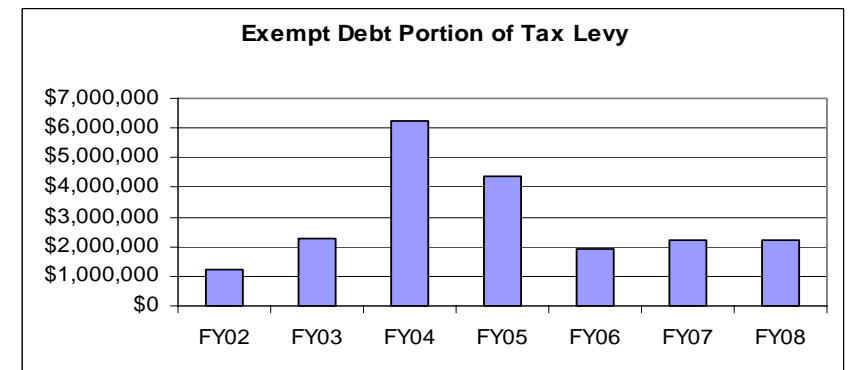
1. General Taxes:

- 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.



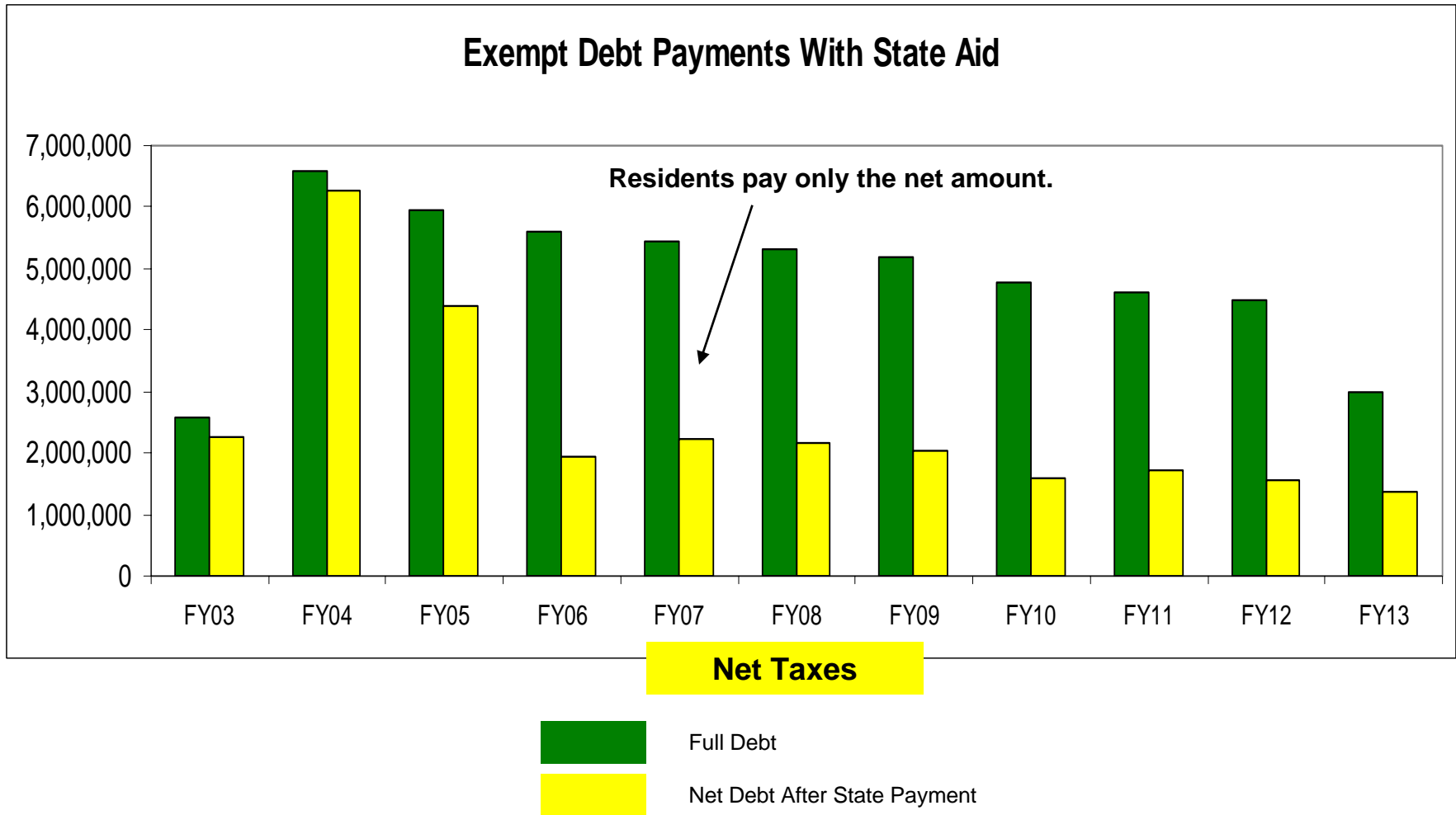
2. Exempt Debt:

- Principal & interest for bonds for projects voted outside of Proposition 2 ½.
- Exact amount of debt cost is taxed.
- Not limited to 2.5% increase – It is what it is.



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

School Building Reimbursement – Impact on Taxes



State payments directly reduce debt portion of residents' property taxes.

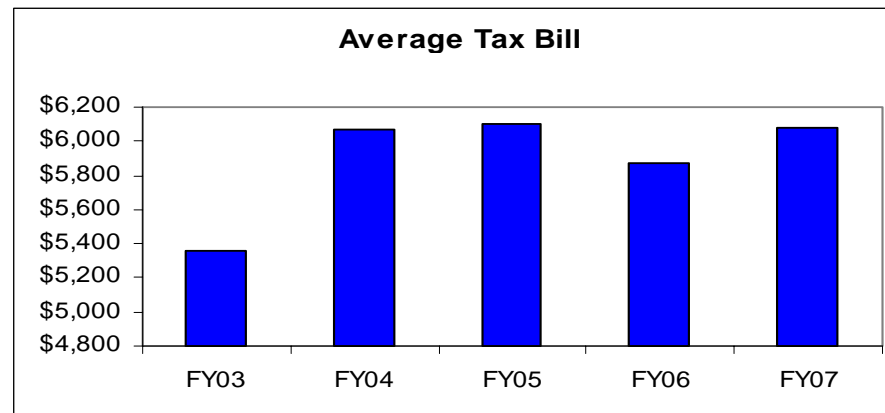
Taxes – A Look at History

	FY03*	FY04	FY05	FY06	FY07
Average Residential Home Value	\$468,075	\$468,075	\$510,202	\$566,324	\$566,324
Tax Bill	\$5,359	\$6,066	\$6,107	\$5,873	\$6,076
Average Tax Bill Increase	15.57%	13.2%	.67%	(-3.8%)	3.5%

State Average Tax Bill Hi-Lo Ranking Town of Westwood	
Fiscal Year	State Ranking
FY07	26
FY06	25
FY05	19
FY04	14
FY03	21
FY02	31

- Tax increase has been high due to debt for construction projects, general override in FY03, and commercial/residential shift.
- Tax increases have been mitigated due to receipt of state MSBA funds.

*Year of general override.

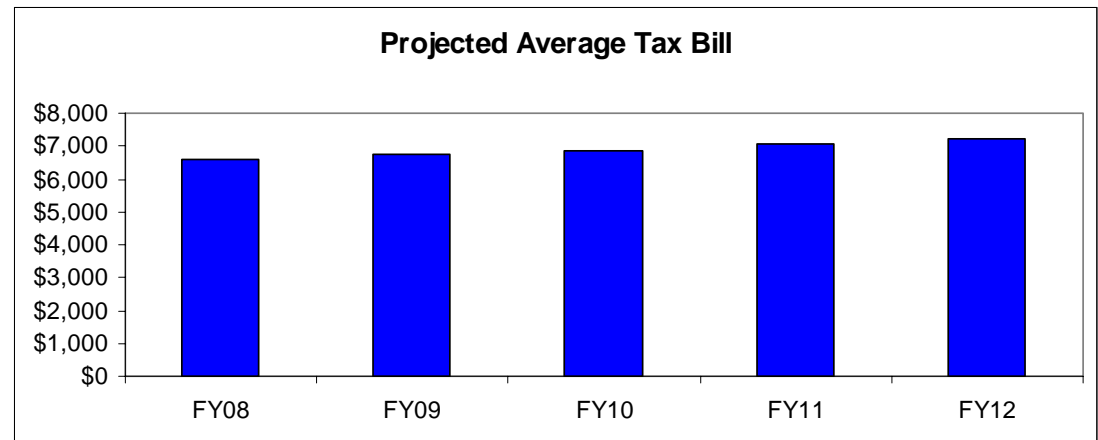


Taxes – Projections Going Forward

	Projected FY08*	Projected FY09	Projected FY10	Projected FY11	Projected FY12
Average Residential Home Value					
Tax Bill	\$6,623	\$6,765	\$6,867	\$7,048	\$7,200
Average Tax Bill Increase	9%	2.15%	1.52%	2.65%	2.16%

- Assumes no new overrides.
- Tax increase will be less than 2.5% because of natural decline in exempt debt interest payments.
- Projections are based on total taxes only; do not include impact of any revaluation or commercial tax shift.

*Year of general override.



Analysis of Average Tax Bill Increase.....

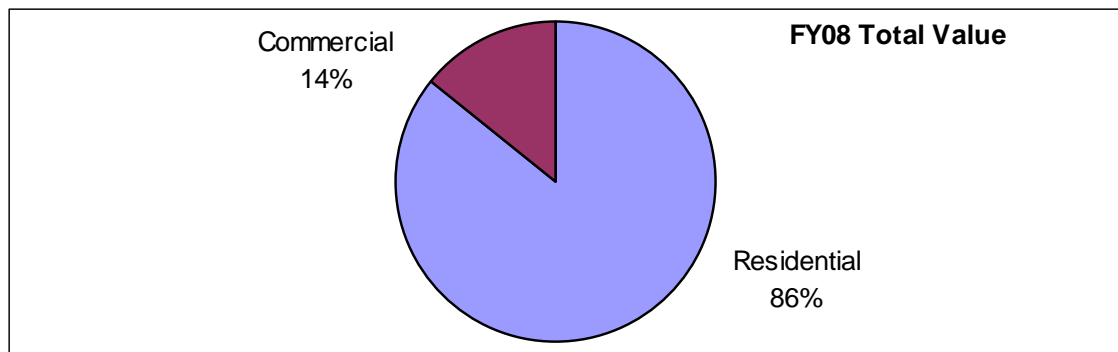
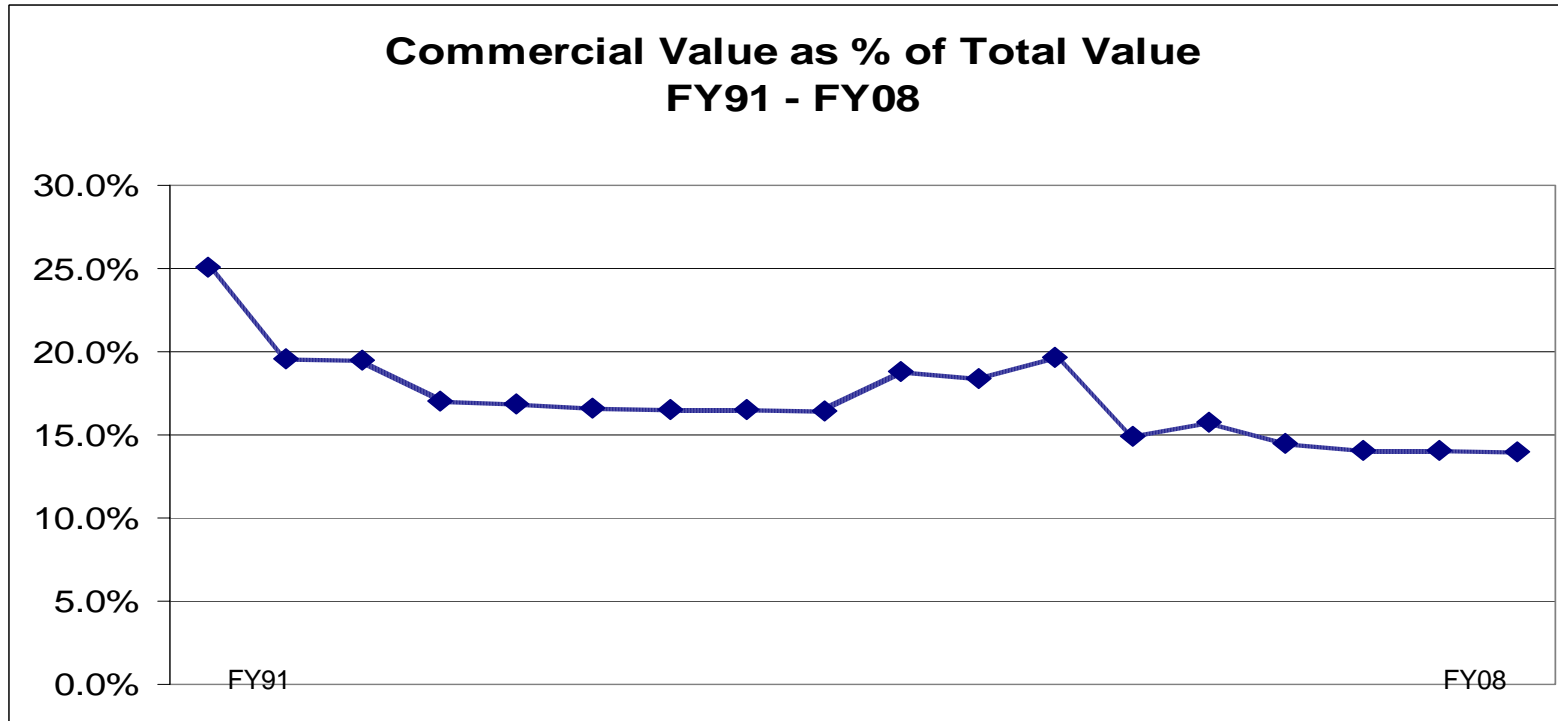
The change in taxes each year is driven by multiple factors. These include:

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

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

	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Proposition 2 ½ Increase	2.8%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
General Overrides	--	5%	--	--	--	--	6.5%
Change in Exempt Debt	(-1.16%)	3.07%	10.50%	(-4.53%)	(-5.94%)	.6%	
Effect of Value Shift	2.1%	5%	.2%	2.7%	(-.4%)	.39	.4%
Total Tax Increase	3.74%	15.57%	13.2%	.67%	(-3.84%)	3.5%	9.4%

Commercial as % of Total Town Value – Has Been Declining



- FY08 – Commercial pay 23% of taxes.
- Split rate saves average home \$789 in FY08.



Tax Levy – FY09 Projections

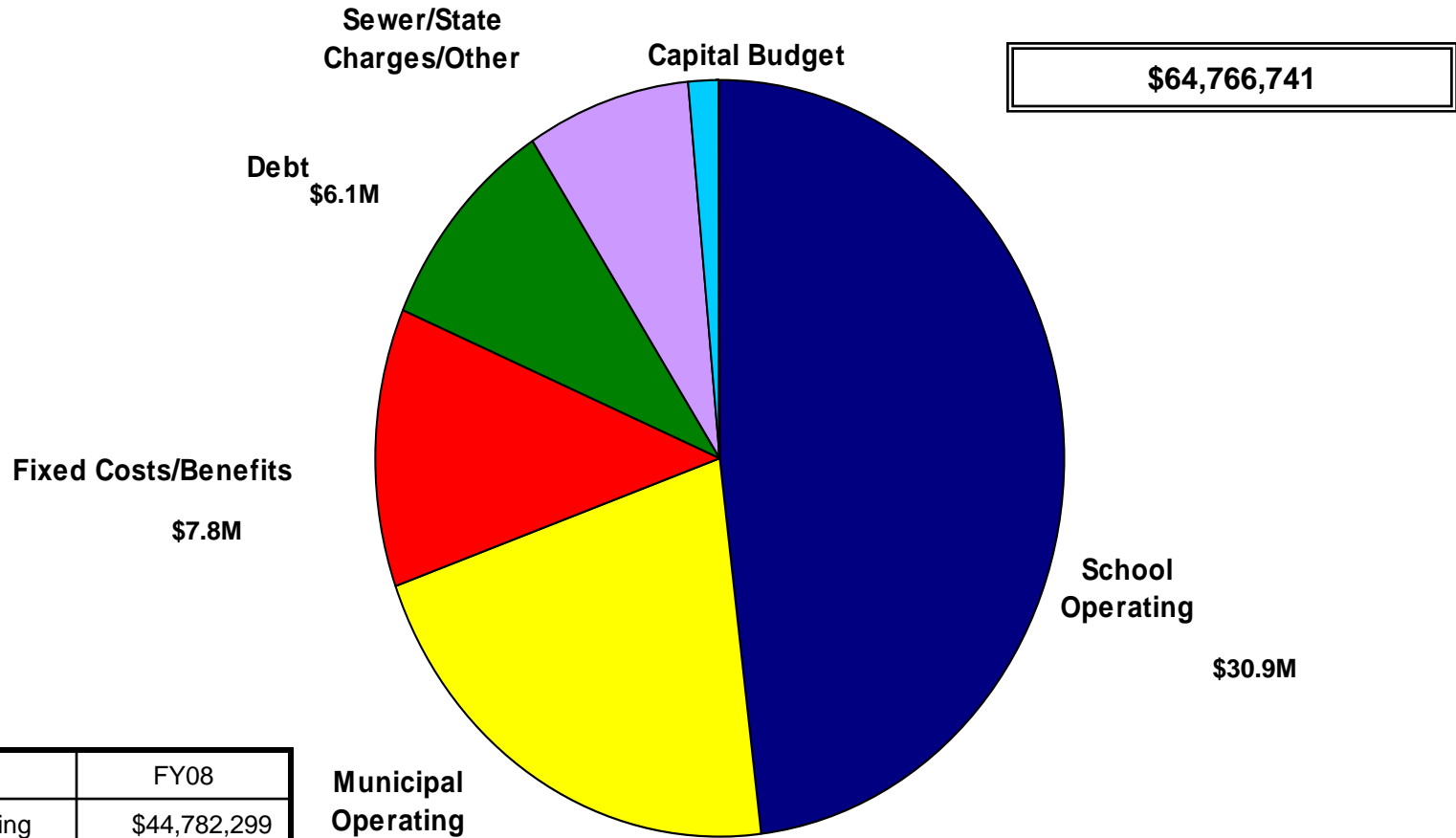
- **Baseline**

- Proposition 2 ½ increase – Approximately \$1.1M.
- Budget \$300,000 new growth.

- **What Will Westwood Station Bring?**

- Timing is significant issue.
- Potential new tax growth?
- Potential change in residential/commercial split of taxes?

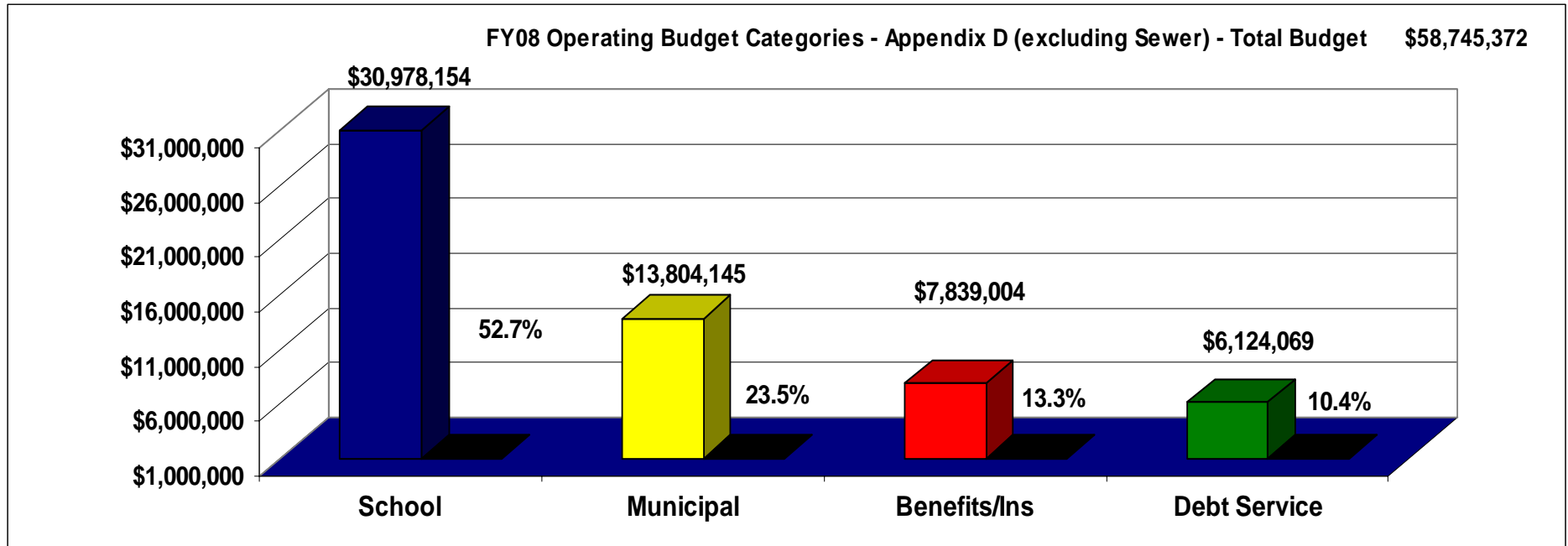
The FY08 Budget Categories – How is the Money Spent?



	FY08
School & Municipal Operating	\$44,782,299
Capital - Annual	\$823,000
Debt	\$6,124,069
Fixed Costs/Benefits	\$7,839,004
Sewer/State Charges/Other	\$5,198,369
	\$64,766,741

70% Spent on Direct Operating Costs

A Look at The FY08 Operating Budget Categories.....



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

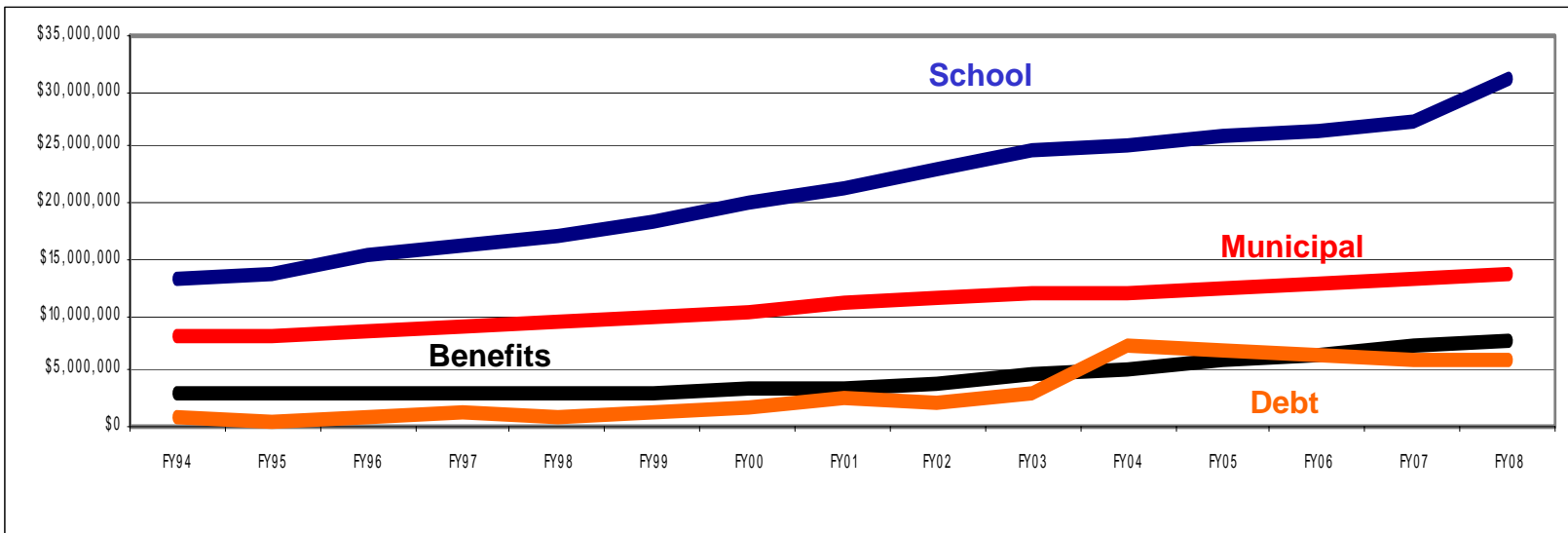
Benefits, Insurance, and Debt Service are fixed, restricted accounts.

School Benefits	\$4,124,558
Municipal Benefits	\$2,682,636
Insurance/Reserves	\$1,031,810
Total	\$7,839,004

A Look at the Budget History.....

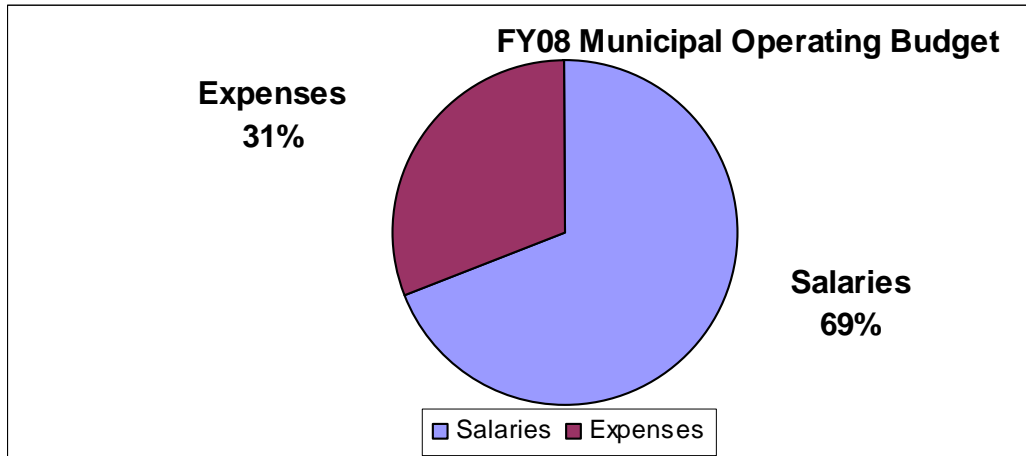
FY04 – FY07
 School and Municipal averaged
 2% increase/year.

Budget	% Change in Budget					
	FY03	FY04	FY05	FY06	FY07	FY08
School Budgets	8.2%	0.4%	4.7%	.1%	4%	12.9%
Municipal Budgets	4.5%	0.0%	3.4%	1.2%	4.5%	3.7%
Benefits/Insurance/ Reserves	13.4%	10.9%	14.3%	11.2%	13.6%	7.6%
Debt Service	33.8%	56.7%	-7.7%	-6.3%	-2.2%	-0.7%

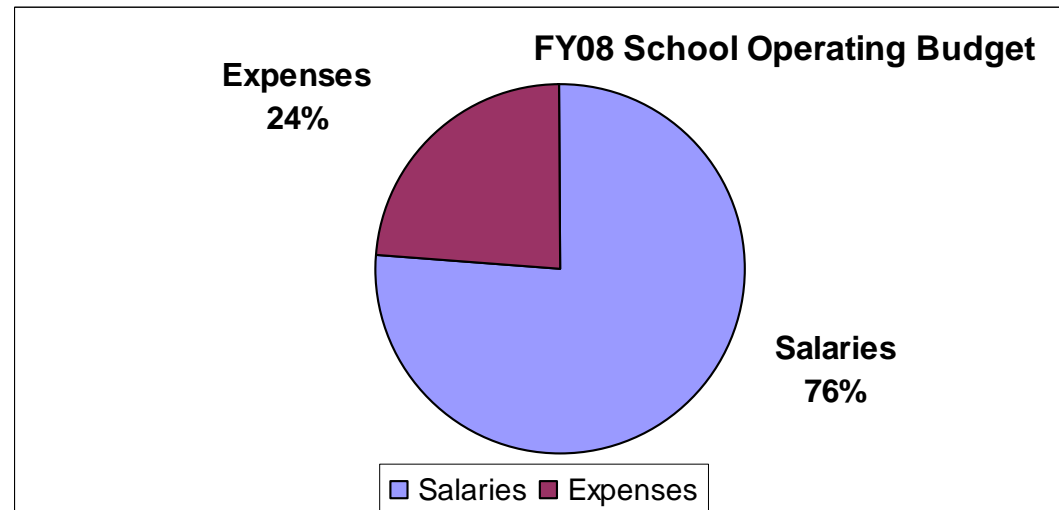


Budget	\$ Budget					
	FY03	FY04	FY05	FY06	FY07	FY08
School Budgets	\$24,956,196	\$25,062,489	\$26,237,002	\$26,268,304	\$27,444,091	\$30,978,154
Municipal Budgets	\$12,127,081	\$12,127,081	\$12,540,894	\$12,688,282	\$13,311,360	\$13,804,145
Benefits/Insurance Reserves	\$4,497,240	\$5,045,017	\$5,767,904	\$6,413,450	\$7,287,385	\$7,839,004
Debt Service	\$3,157,965	\$7,286,431	\$6,722,777	\$6,302,362	\$6,164,592	\$6,124,069

Salaries as Component of Budgets

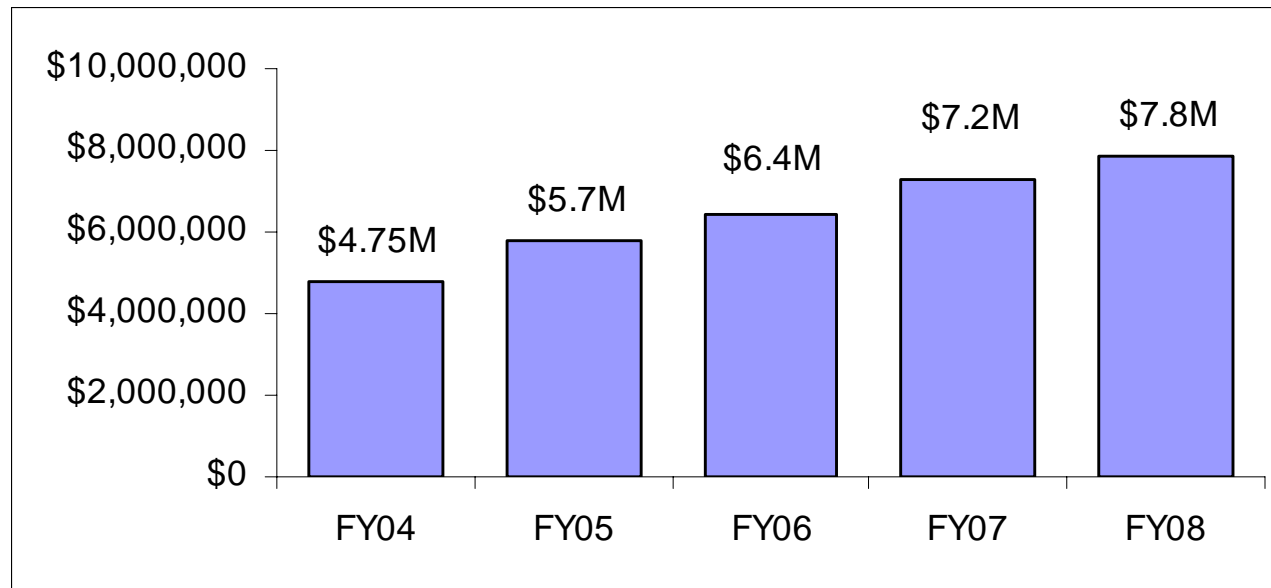


- Salary driven organization.
- Salary increase typically the largest component of school/municipal growth each year.



Fixed Costs – Fastest Growing Component of Overall 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 increases:

- Health insurance.
- Pension costs.
- Payroll taxes.
- Comprehensive insurance.

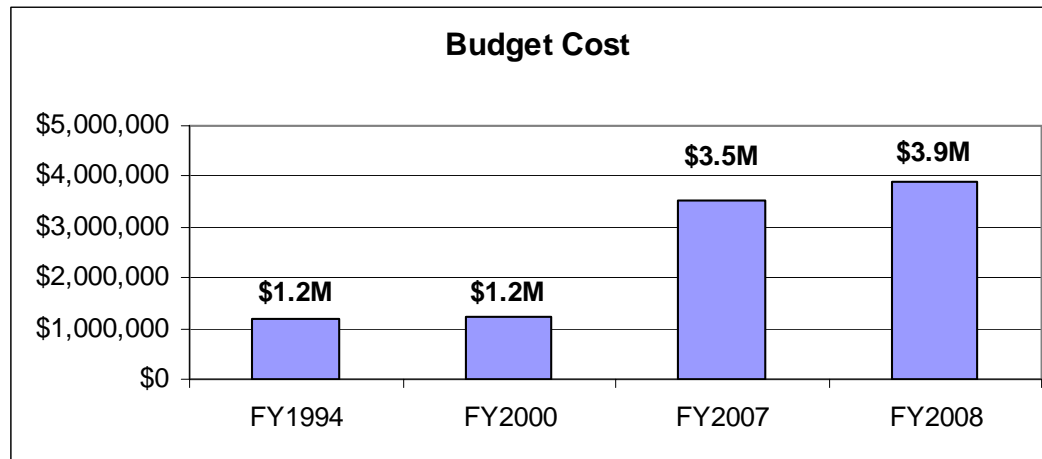
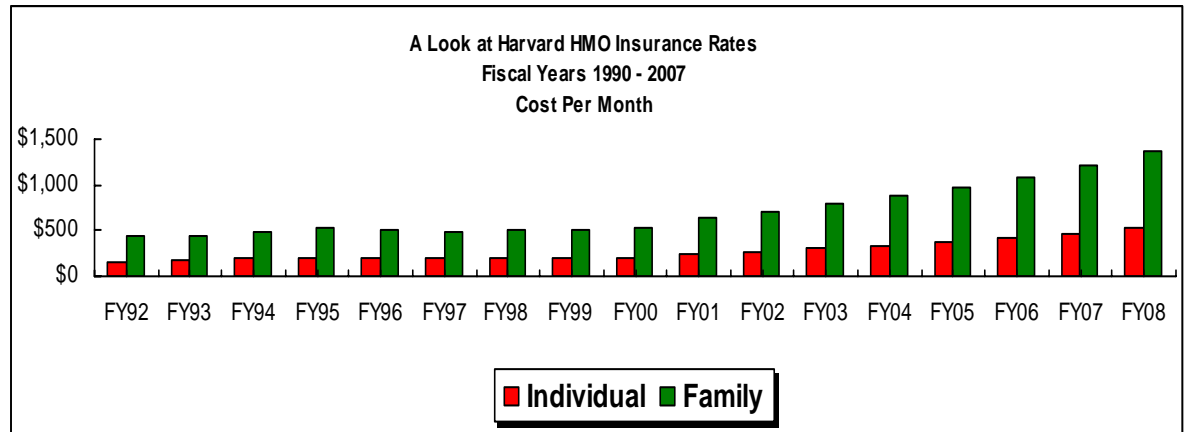
Health Insurance – For all School and Municipal Employees and Retirees

Health Insurance

- Rising rates.
- Increasing number of retirees covered.

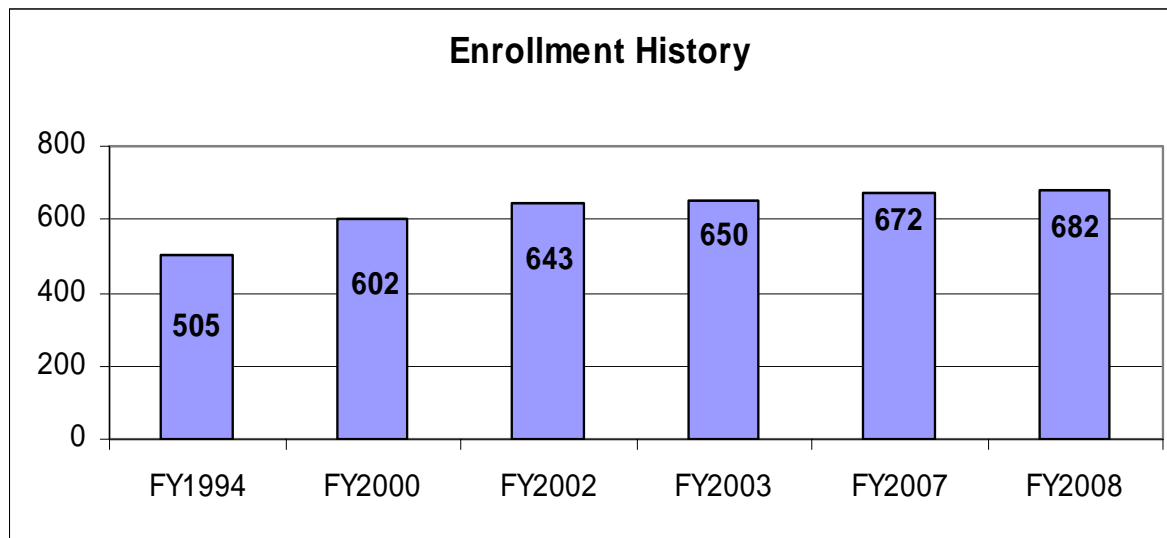
Steps Taken to Control Costs

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



Health Insurance – Enrollment Continues to Grow

- Total enrollment continues to grow.
 - Retirees covered as well as current employees.
 - FY08 added new teachers due to override.
- Increasing number of retirees covered.



Long Term General Fund Debt

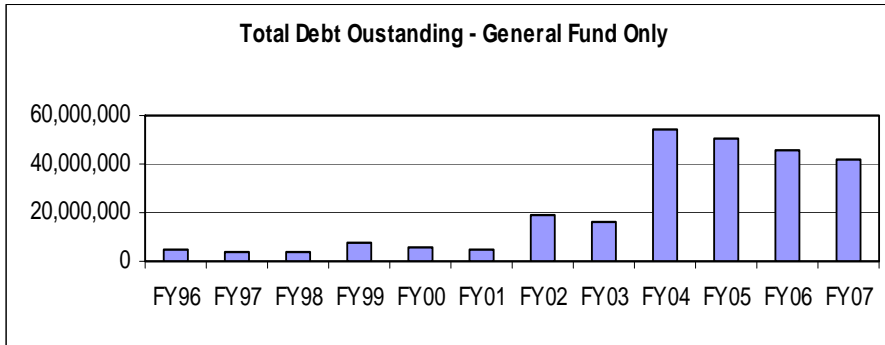
Description	Rate of Interest	Date Issued	Maturity Date	Amount Issued	Total Outstanding 30-Jun-07
General Fund					
Roads	4.40 - 5.70	04/95	04/2005	\$2,200,000	\$0
Land Acquisition	4.40 - 5.70	04/95	04/2005	\$300,000	\$0
Middle School/Gym	3.79	12/98	12/2008	\$2,923,000	\$580,000
Land Acquisition	3.79	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
Total General Fund					\$41,925,000

General Fund Debt authorized - Not Yet Issued Long Term

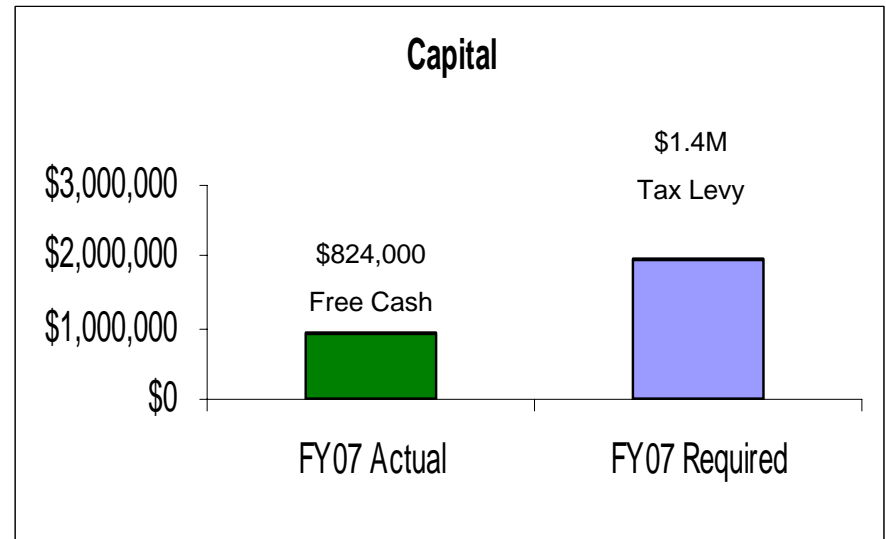
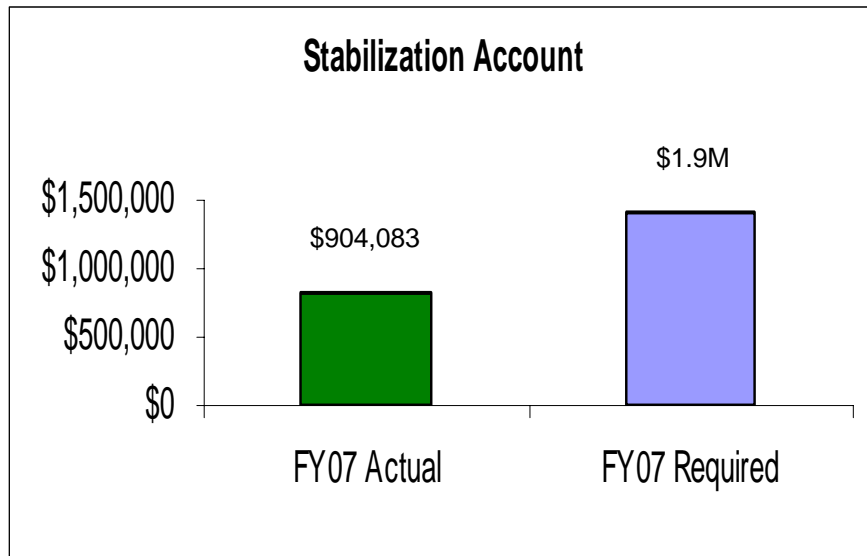
High Street Construction	ATM 5/05	\$1,000,000
High Street Lighting	ATM 5/06	\$195,000
High School Consturction	ATM 5/06	\$1,950,000
Eminent Domain Land Purchase	ATM 5/01	\$245,000
High School Fields	STM 6/07	\$475,000
Total		\$3,865,000

■ Currently Bans issued - \$3,390,000

- Must issue long term debt.
- FY09 budget to include new debt issued.



Areas to Address – Reserves and Capital – Not Meeting Targets



- ❑ Must improve or credit rating could be downgraded.
- ❑ Financial Policies target new tax revenue.



Town's Excellent Credit Rating – Reaffirmed in January, 2007

- Moody's – Aa1
- Standard & Poor's – Aa+

2nd Highest Ratings Obtainable

- Top 5% of Massachusetts communities.
- High credit rating reduces costs to borrow money.

“Narrow reserve levels expected to stabilize....Moody's expects the town's narrowed financial position to stabilize and notes that new revenue from the Westwood Station development have the potential to augment reserves beginning in fiscal 2009.”

“Future rating actions will incorporate on Westwood's ability to comply with its financial policies and maintain adequate reserves.”



A Look at FY09.....And Forward.....

■ **FY09 Budget:**

- Within Proposition 2 ½, will not be able to maintain current services or fund requests for school and municipal budgets.
- Timing of Westwood Station will be critical.
- Utilize baseline vs. Westwood Station budgets.
- If Westwood Station \$, earmark some for capital/reserves.

■ **Next Budget Update:**

- Revenues updated for:
 - State aid – Governor’s budget.
 - Final FY08 tax levy.
 - Westwood Station?
- Expenditures updated for:
 - Fixed costs – health and Norfolk County.
 - Operating budget requests.
 - Debt to be issued.

Five Year Forecast - Baseline With 3% Increase to School/Municipal Operating Budgets

Assumptions:

- Tax revenue calculated per levy limit. New growth assumption of \$300,000 per year.
- State aid level funded at FY08 level.
- Debt – per current schedules – and new debt issued, payments start FY09.
- Capital level funded at FY08 level.
- Health insurance increase – 12%.
- Operating budget increase for all school and municipal budgets FY09-FY13 – 3%.
- FY08 budget problems addressed (free cash).

	FY2008	FY2009 Projected	FY2010 Projected	FY2011 Projected	FY2012 Projected	FY2013 Projected
Total Expenditures	\$60,766,140	\$63,108,312	\$64,841,236	\$67,129,541	\$69,571,648	\$70,643,904
Total Revenues	\$61,122,860	\$62,252,117	\$62,944,625	\$64,335,038	\$65,761,891	\$65,856,388
Total Revenues Less Expenditures	\$356,720	(\$856,195)	(\$1,896,611)	(\$2,794,503)	(\$3,809,756)	(\$4,787,516)

There would be insufficient revenue in each of the years to fund increases in the school and municipal operating budgets at this level.

Five Year Forecast - Baseline With 6% Increase to School/Municipal Operating Budgets

Assumptions:

- Tax revenue calculated per levy limit. New growth assumption of \$300,000 per year.
- State aid level funded at FY08 level.
- Debt – per current schedules – and new debt issued, payments start FY09.
- Capital level funded at FY08 level.
- Health insurance increase – 12%.
- Operating budget increase for all school and municipal budgets FY09-FY13 – 6%.
- FY08 budget problems addressed (free cash).
- Apply Additional FY08 Ch 70 - \$356,720 - to FY09 budget

	FY2008	FY2009 Projected	FY2010 Projected	FY2011 Projected	FY2012 Projected	FY2013 Projected
Total Expenditures	\$60,766,140	\$64,451,781	\$67,649,086	\$71,530,148	\$75,705,396	\$78,657,764
Total Revenues	\$61,122,860	\$62,252,117	\$62,944,625	\$64,335,038	\$65,761,891	\$65,856,388
Total Revenues Less Expenditures	\$356,720	(\$2,199,664)	(\$4,704,461)	(\$7,195,110)	(\$9,943,505)	(\$12,801,376)

There would be insufficient revenue in each of the years to fund increases in the school and municipal operating budgets at this level.