

WESTWOOD, MASSACHUSETTS



PROPOSED TOWN BUDGET SUMMARY FOR THE FISCAL YEAR JULY 1, 2010 – JUNE 30, 2011



Town Hall



The Village



First Parish Church



Washington Street

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TOWN OF WESTWOOD
COMMONWEALTH OF MASSACHUSETTS

BOARD OF SELECTMEN

Philip Shapiro, Chairman
Patrick J. Ahearn
Nancy C. Hyde

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

February 15, 2010

The Honorable Board of Selectmen,

I herewith submit for your review the Proposed FY2011 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.

FY2011 Budget Summary

The FY11 budget continues the challenges faced by Westwood and most municipalities in Massachusetts over the last several years. Westwood operates under an annual structural budget deficit. In addition, the troubled national economy of the last two years has further deteriorated our budget, causing decreases to revenue sources such as State aid and investment income and delaying much needed new commercial development. It is difficult to fund our services within these revenue constraints, yet it is a difficult time to ask residents for additional revenue.

Ongoing Structural Deficit

It is 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 simply maintain the same services year to year. This structural deficit has made the annual budget process so challenging.

FY11 Additional Budget Pressures

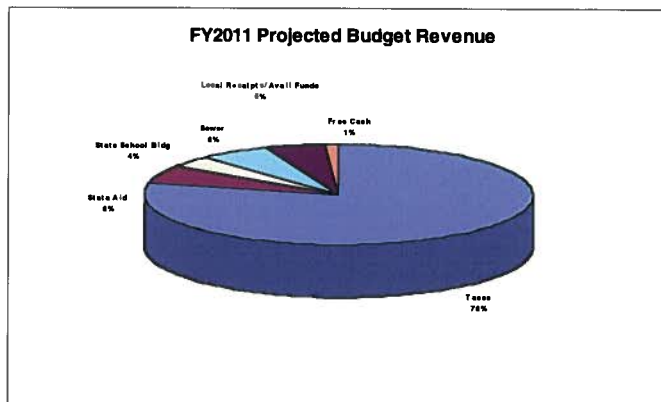
Coupled with the ongoing structural deficit, FY11 finds us faced with the continuation of a poor national economy and unsettled financial markets. This has led to budget concerns at the state level and a significant delay to the Westwood Station project. For FY11 we are projecting decreases in major revenue categories, including state aid, economic driven local receipts such as motor vehicle excise payments and investment income, and elimination of the Westwood Station guaranteed payment. All of these revenue sources are decreasing, making an extremely challenging budget year for the second consecutive year.

Since the fall of 2009, the Selectmen have been monitoring budget conditions and the economic impact on Westwood's and the state's revenue. Based upon review of information, the Selectmen determined that the prudent choice was to level fund the FY11 school and municipal operating budgets at FY10 levels, a \$0 increase to budgets. As this is the second year of \$0 increases, our school and municipal budgets for FY11 need to be at the same amounts as the FY09 levels.

The Selectmen recognize that the targets are not easy to achieve and will not come without service reductions to the community and impact on our employees. However, Westwood is simply not exempt from the tremendous financial impact being experienced throughout the state and nation. In addition, it is a difficult time to ask our residents for more revenue. Our financial condition simply does not warrant any increase to our operating budget level. In addition, the FY11 budget will level fund capital budgets and no appropriations into reserve accounts, a significant setback from the progress made in FY09.

FY11 Revenue Projections

FY11 increases to tax revenue will be offset by reductions to state aid, local receipts and elimination of the Westwood Station payment.



FY11 revenue projections are detailed in this summary book in the budget section. In summary, revenue for FY11 is projected to be \$68.1M, \$78,723 or 0.1% less than FY10. These revenue figures include a 10% reduction to state aid, although the Governor's budget proposes level funding. Actual state aid will not be known until the state budget is completed.

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 one day bring critical new commercial tax dollars to future budgets, but will not impact FY11.

The state continues to experience budget problems. The Governor's initial budget does level fund local aid for FY11. However, we need to be cautious with assuming this will be the final local aid. In FY10, the local aid projected from the state continued to decline throughout the budget process, with the final budget coming in late June and resulting in significant reductions.

Final state aid will not be known until later in the spring. The current revenue budget includes no payment from Westwood Station. This is a \$615,000 decrease from the payment made in FY10. Other revenue sources, primarily local receipts, are also projected to decrease in FY11. This is due to decreases in expected revenue from motor vehicle excise taxes and investment income.

Revenue Detail

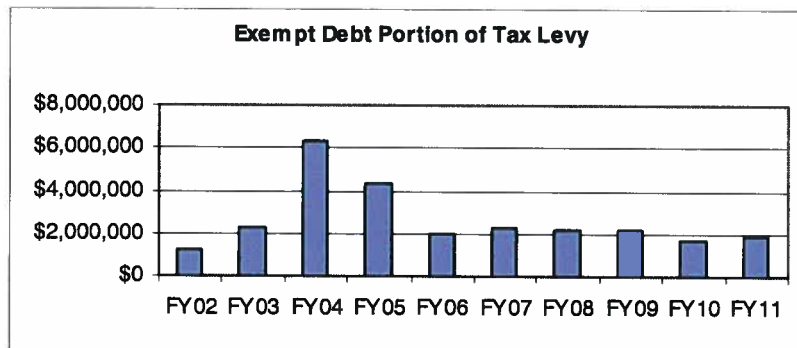
Tax Revenue

FY11 tax revenue will increase to the limit allowed by Proposition 2 1/2, resulting in \$1.6M in new tax revenue.

Tax Levy Calculation	FY2009	FY2010	Projected FY2011
Prior Year Levy Limit	\$46,442,531	\$48,296,355	\$50,161,830
Plus 2.5% Increase	\$1,161,063	\$1,207,409	\$1,254,046
Plus New Growth**	\$692,761	\$658,066	\$300,000
General Overrides	\$0	\$0	\$0
Tax Levy Limit	\$48,296,355	\$50,161,830	\$51,715,875
Exempt Debt*	\$2,158,527	\$1,722,080	\$1,838,094
Levy Capacity	\$50,454,882	\$51,883,910	\$53,553,969
Actual Levy Assessed	\$50,373,089	\$51,832,246	\$53,553,969

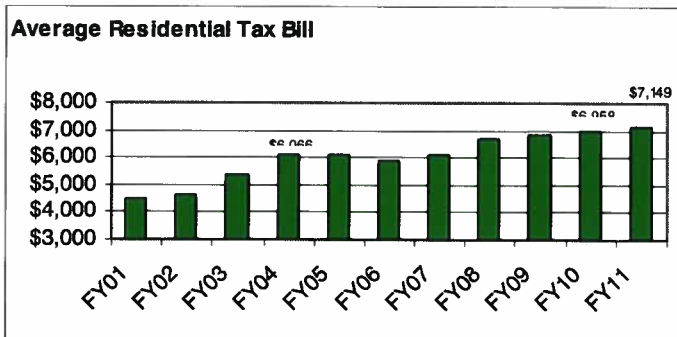
FY11 Tax Change	
2.5/new growth/excess levy	\$1,605,710
Change in exempt debt	\$116,014
Total change in taxes	\$1,721,724

The exempt debt portion of the tax levy will slightly increase, approximately \$116,000. This is due to the completion in FY10 of the State payments for the 1998 Middle School bond.



Impact on Tax Bill

The FY11 budget proposal will increase the average tax bill by 2.74%.



The average FY11 tax bill will increase by 2.74%. This is more than the approximate 2.5% due to a slight increase in exempt debt. So while the general tax levy will increase by \$1.6M, the amount residents will pay for exempt debt will increase by \$116,014 driving the 2.5% up to 2.74%. The average home valued at \$532,000 will see a \$191 increase in

their annual tax bill.

State Aid

FY11 preliminary state aid per the Governor's estimates should not be considered final amount.

The Town does often 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 – FY09, followed by a significant decrease in FY10.

The current FY11 state aid as per the Governor's January budget is shown in the table:

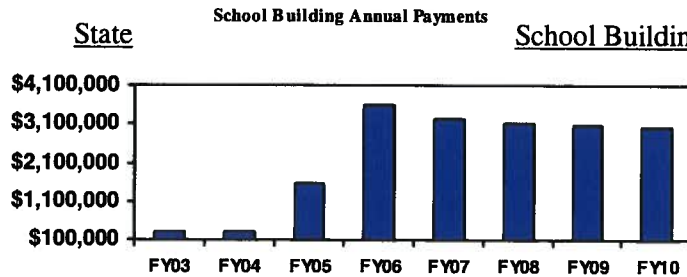
FY11 State Aid	FY10	Governor's FY11 Budget	\$ Difference
Chapter 70	\$3,476,983	\$3,476,983	\$0
Chapter 70 Federal Stimulus \$		\$513,030	\$513,030
Municipal Aid (Old Lottery and Additional Assistance)	\$642,792	\$642,792	\$0
Police Career Incentive – "Quinn Bill"	\$27,313	\$14,213	(\$13,100)
Other – reimbursement programs – i.e., veterans	\$187,063	\$194,441	\$7,378
Total	\$4,334,151	\$4,841,459	\$507,308

FY11 Governor's Budget Assumptions:

- Level fund Chapter 70 – Include funding of FY10 federal stimulus \$.
- Level fund municipal aid.
- Continue to reduce Quinn Bill funding.

The Governor's budget will undergo significant review by the legislature over the next few months. In addition, the Governor's estimate could be subject to decline if the national economy continues to decline and the State revenues do not recover. Therefore, Westwood's budget should not assume that the \$4.8M state aid will be fully realized.

Our current budget estimates for state aid include a 10% reduction to Chapter 70 and municipal aid from the FY10 final budget amounts. Being overly aggressive in our state aid projections may only set the stage for mid year cuts during FY11, which are very difficult to make.



The FY11 budget includes guaranteed revenue of \$2,760,163 from the State School Building Authority.

The Town continues to benefit from the major change with the State School Building Assistance Program in 2004. The Town will receive \$2.7M in FY11 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 the Martha Jones and Downey projects in FY05 and the high school in FY06. These significant payments, totaling \$2.7 million in FY11, flow directly to offset debt payments raised in taxes (exempt debt). 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. This funding is not part of the annual state budget and therefore is not subject to fluctuations in the State budget process.

Local Receipts

FY11 local receipts will decrease for investment income and licenses/permits.

The following chart shows actual and budget local receipts.

	FY09	FY10	FY11
	Actual	Budget	Budget
Motor Vehicle Excise Tax	\$2,242,921	\$1,985,000	\$1,985,000
Penalties and Interest	\$96,948	\$60,000	\$60,000
License/Permits	\$378,525	\$360,000	\$330,000
Departmental Receipts	\$317,845	\$277,000	\$277,000
Special Assessments		\$0	
Investment Income	\$280,677	\$280,000	\$120,000
Sewer Indirect*	\$290,978	\$0	
Recreation	\$165,000	\$160,000	\$160,000
Other	\$67,035	\$60,000	\$60,000
	\$3,839,929	\$3,182,000	\$2,992,000

The local receipts revenue category has been hurt by the decline in the national economy. The budget for FY11 does include a decrease for investment income and licenses/permits due to the current economic conditions.

Westwood Station Guaranteed Payment

The current FY11 budget does not include any payments from the Westwood Station project.

The FY09 and FY10 budgets were significantly helped by payments from the Westwood Station project. As shown on the table below, in FY09 and FY10 the funding supported the municipal and school operating budgets. In addition, in FY09 the funding was used to increase capital spending and reserve accounts. This additional revenue was helping the Town to finally increase spending in the areas of capital and reserves.

In FY11, there is no scheduled payment from the Westwood Station project.

This decrease in revenue is part of the reason that the budget targets for school and municipal operating budgets remain at FY10 levels, or a 0% increase.

It is important that Town government and its residents continue to support the Westwood Station project so that these payments and benefits for the budget will be reinstated.

Used to Fund	FY09	FY10	FY11
Operating Budget	\$1,150,000	\$615,000	\$0
Capital	\$450,000	\$0	\$0
Reserves	\$150,000	\$0	\$0
Total	\$1,750,000	\$615,000	\$0

Free Cash

The current FY11 budget proposes to utilize \$810,000 of free cash.

Current certified free cash is \$1,148,459. Free cash is essentially the remaining retained earnings from the previous fiscal year. The FY11 budget proposal includes \$700,000 of free cash to support the overall school and municipal capital budget and \$110,000 of free cash to continue to fund the energy reserve. No additional free cash should be used for the FY11 budget, leaving the remaining balance of \$338,459 available for the significant snow and ice deficit and other unforeseen events in FY10 and FY11. It is poor financial policy to appropriate free cash as a revenue source for ongoing operating budgets.

FY11 Proposed Expenditures

Operating Budgets

The Selectmen's current budget proposal is to level fund school and municipal operating budgets at FY10 levels.

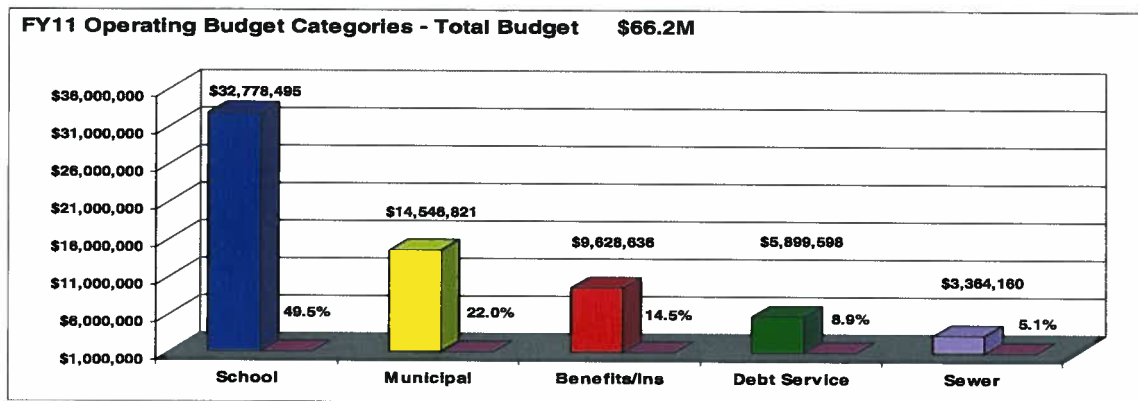
The specific targets are shown:

	FY10	FY11	\$ Change
School Operating	\$32,488,684	\$32,488,684	\$0
Municipal Operating	\$14,546,821	\$14,546,821	\$0
School and Municipal Capital	\$823,000	\$823,000	\$0

The Selectmen are aware that this 0% change, following a 0% change in FY10, will be very difficult for school and municipal departments to absorb and will have a significant impact on the services we deliver to the community.

It will be very difficult for school and municipal departments to remain at level funded budgets. Cost increases, such as step raises and utility increases must be absorbed within the total target. This will cause cuts to other program areas and decreases in services.

We are at a critical point, whereby freezing the school and municipal budgets at FY09 levels will result in lower services to the community. This bar graph shows the total budget by category in magnitude of spending. The school budget will remain still the most significant area of spending for the Town.



The Selectmen targets will be updated if there are any changes to the overall FY11 budget.

Fixed Costs

The total fixed costs budget is projected to increase \$498,207 or 5.5% for FY11.

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 \$88,520 or 3.8% for FY11.

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 quadrupled since FY2000, growing from \$1.2 million to over \$5.05 million for FY11.

The overall fixed cost budget does include \$20,000 of funding for the OPEB (Other Post Employment Benefits) costs. The \$20,000 is coming from reductions in other fixed cost accounts primarily the social security medicare tax account for school and municipal salaries. While the \$20,000 is a small amount compared to required funding, this is an initial start, or placeholder, to start funding this liability. If any other benefit account decreases, either later in the FY11 budget or in future years, the resulting decrease should be added to the OPEB funding.

Capital

The current budget proposal for FY11 is to level fund capital at the FY10 level.

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

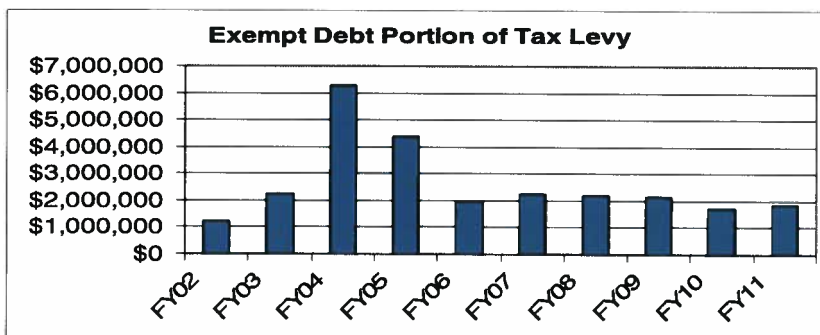
The FY09 Town Meeting budget was able to increase our level of spending on capital. Utilizing \$450,000 of the FY09 Westwood Station payment, school and municipal capital was increased for the first time in a number of years. This allowed for necessary additional equipment for the DPW and for the school department to begin the Middle School modular project.

Due to elimination in FY11 of the Westwood Station payment and the overall decline in FY11 budgets, the school and municipal capital budgets will revert back to FY08 levels. These amounts will not allow for sufficient maintenance of the Town’s assets.

The Town’s assets, including school and municipal buildings, roadways and sewer, vehicles and equipment are valued at over \$140 million. We should properly maintain these assets and not defer maintenance which delays problems for future generations. It is unfortunate that economic conditions again will cause us to cut back in this area.

Debt

The FY11 debt budget will decrease by \$227,743 or -3.7% over FY10.



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

- FY11 exempt debt, and therefore corresponding exempt taxes, will increase by \$116,014.

- FY11 debt within Proposition 2 1/2, which must be provided for in the budget, will decrease by \$93,056.

The slight increase in exempt debt is due to the completion in FY10 of the State payments for the FY98 Middle School bond. The Town's payments for this ten year bond were completed in FY09.

The non-exempt debt decrease is due to the annual decline each year in debt payments. As municipal bonds are issued on a level principal and declining interest basis, there is an annual decline to the total debt payment each year.

The Town's current long term debt outstanding is \$37M and will be reduced by \$4.29M in principal payments in FY11.

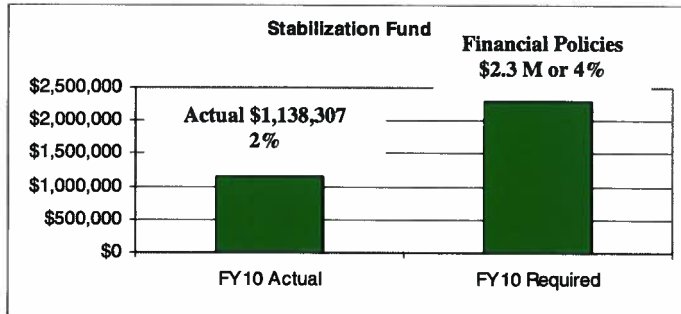
Reserves

The current FY11 budget proposal includes no appropriation to the stabilization accounts.

The Town needs to build its reserve accounts each year.

It is still important to inform our residents that since the Town in recent years has taken on significant debt it is important 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 a AAA from Standard and Poor's. This excellent rating helps lower the Town's cost of borrowing.

The credit ratings were reaffirmed in June, 2009. 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.

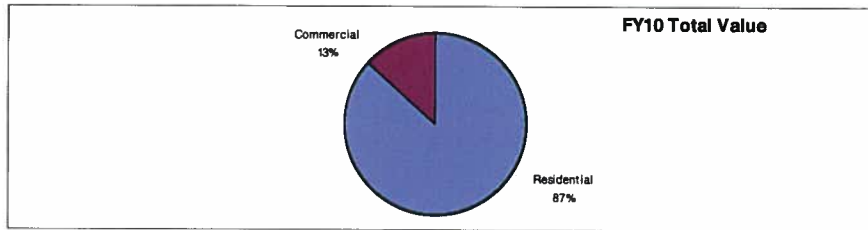
The current stabilization fund balance is far short of the level required by the Town's financial policies, currently at only **48%** of target. While there is no additional appropriation into this account for FY11, it is critical funds are not withdrawn to be used as one-time options to balance or enhance the FY11 budget.

A portion of any new revenue changes during the budget process should be allocated to the reserve account.

Importance of Commercial Development

FY11 current proposed budget does not include any new tax 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 FY10, commercial property will pay 22.12% of the overall tax levy, while representing 13.4% of total value. This represents a \$782 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 still on the horizon. This does represent a major opportunity to enhance commercial revenue that will help the Town in future years. The project has been delayed by the economic downturn and is currently on hold. Town leaders continue to work 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.

Striving to Provide Quality and Level Services to the Community

These budget challenges will test our ability to provide quality services.

All areas of Westwood's government and schools provide a high level of quality service for our residents and community. Our residents still desire this level despite the bleak economic conditions.

The financial conditions have caused a level funding of school and municipal budgets for two consecutive years. While our departments have worked hard to remain within their guidelines without significant reduction of programs and staffing levels, primarily by eliminating wage increases for employees, they simply cannot continue at the level and quality of services without additional funding. If current conditions continue, we will need to seek additional revenue or make major changes to the quality level of services offered to the community.

Next Steps

There will continue to be significant work to be done to finalize the FY11 budget before Town Meeting.

A particular challenge this year will be to determine what level of State aid to use for the Town Meeting. It is possible that the State budget will not be finalized by the May Town Meeting and the Town will need to utilize a revenue projection with which all parties are comfortable. It is not helpful to use an overly optimistic number – only to have to deal with mid year cuts in FY11.

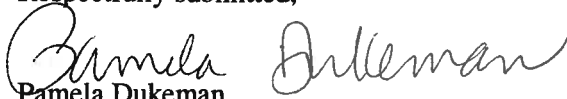
Particular budget items to monitor include:

- Monitor state budget process and determine appropriate levels of state aid to utilize for Town Meeting budget.

- Update fixed costs budget for actual health insurance rates and enrollment.
- Continue to monitor and adjust FY11 revenue projections for any changes.

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. We will continue to monitor and update the ever changing data and keep parties informed as we move forward to Town Meeting.

Respectfully submitted,


Pamela Dukeman
Finance Director

FY11 Current Budget Status.....

The Selectmen have proposed the following budgets for FY2011

FY10 Budget	Category	FY11 Selectmen Proposed	\$ Change FY11 – FY10
\$32,488,684	School Operating Budget	\$32,488,684	\$0
\$14,546,821	Municipal Operating Budget	\$14,546,821	\$0
\$173,379	Blue Hills Budget	\$185,683	\$12,304
\$106,567	Traffic Supervisors	\$104,126	(\$2,441)
\$9,130,428	Fixed Costs Budget	\$9,628,636	\$498,208
\$6,127,341	Debt Budget	\$5,899,598	(\$227,743)
\$823,000	Base Municipal & School Capital	\$823,000	\$0
\$0	Stabilization Accounts	\$0	\$0
\$3,174,752	Sewer Operating Budget	\$3,364,160	\$189,408
\$265,000	Sewer Capital	\$265,000	\$0

Based on current financial conditions and revenue projections for FY11, the Selectmen have proposed level funded school and municipal operating budgets.

Budget proposals will be updated later in Spring if any revenue projections change.

**Town of Westwood
Summary of Budget - FY11**

	FY2008 Approved Per recap	FY2009 Approved Per recap	FY2010 Approved Per recap	FY2011 Projections
BUDGET CATEGORIES				
Appropriations Made by Town Meeting:				
Operations Budget	\$62,590,973	\$65,908,869	\$65,747,972	\$66,217,708
Capital - Municipal	\$417,000	\$757,000	\$417,000	\$417,000
Capital Schools	\$406,000	\$516,000	\$406,000	\$406,000
Capital - Sewer	\$155,000	\$484,000	\$265,000	\$265,000
Stabilization Account Appropriation	\$25,000	\$175,000	\$0	\$0
Other Financial Warrant Articles	\$11,175	\$0	\$210,000	\$0
Prior yr Adjustments voted at Town Meeting	\$139,000	\$269,681	\$266,000	\$0
Reserve for Revenue Reduction	\$0	\$0	\$0	\$0
	\$63,744,148	\$68,110,550	\$67,311,972	\$67,305,708
Other Amounts to be Raised (not Voted at Town Meeting)				
State Aid Offsets (Funds which must be restricted)	\$30,678	\$30,830	\$27,313	\$25,628
State and County Charges	\$519,915	\$519,332	\$555,357	\$556,676
Overlay (Reserve for abatements/exemptions)/other-snow	<u>\$1,084,368</u>	<u>\$814,999</u>	<u>\$523,009</u>	<u>\$491,370</u>
	\$1,634,961	\$1,365,161	\$1,105,679	\$1,073,674
	\$65,379,109	\$69,475,711	\$68,417,651	\$68,379,382
Financial Resources				
State Revenue:				
State Aid	\$4,257,310	\$4,732,859	\$4,334,151	\$3,916,450
State School Building Assistance Funding	\$3,089,590	\$3,008,895	\$3,008,895	\$2,760,163
Local Revenue:				
Total Property Taxes	\$48,519,936	\$50,373,089	\$51,832,245	\$53,553,969
Local Receipts	\$3,812,483	\$3,812,483	\$3,182,000	\$2,992,000
Enterprise (Sewer) Funding (for all - capital , articles, etc)	\$4,000,601	\$3,906,125	\$3,730,730	\$3,920,138
Available Funds/ - for misc articles	\$139,000	\$141,681	\$211,000	\$0
Available Funds	\$428,540	\$787,579	\$428,631	\$426,662
Westwood Station Guaranteed Revenue	\$0	\$1,750,000	\$615,000	\$0
Free Cash	<u>\$1,131,648</u>	<u>\$963,000</u>	<u>\$1,075,000</u>	<u>\$810,000</u>
	\$65,379,108	\$69,475,711	\$68,417,652	\$68,379,382
	(\$1)	(\$0)	\$1	\$0
<p>Note: - FY08/09 does not include Westwood Station bldg permit articles - FY09 does not include Westwood Station mitigation articles - FY09 Sewer restated for MWRA final decrease - \$585,438</p>				
Authorization to borrow (Projects approved at Town Meeting -funds are borrowed and debt service included in future budgets) :				
Approved at 2006 ATM				
Approved at 2006 ATM				
Approved at Special 2007	\$475,000			
Approved at 2008 ATM		\$4,500,000		
Approved at 2009 ATM			\$150,000	

**Current FY11 Proposed Detail Budget
Budget within the Limits of Proposition 2 1/2**

Total Revenue

	FY2009	FY2010	FY2011	\$ Change	%Change
Taxes - Regular Levy	\$48,214,562	\$50,110,164	\$51,715,875	\$1,605,711	3.2%
Taxes - Exempt Debt	\$2,158,527	\$1,722,080	\$1,838,094	\$116,014	6.7%
State Aid	\$4,732,859	\$4,334,151	\$3,916,450	(\$417,701)	-9.6%
State School Building Assistance	\$3,008,895	\$3,008,895	\$2,760,163	(\$248,732)	-8.3%
Sewer Enterprise	\$3,906,125	\$3,730,730	\$3,920,138	\$189,408	5.1%
Local Receipts	\$3,812,483	\$3,182,000	\$2,992,000	(\$190,000)	-6.0%
Available Funds	\$787,579	\$428,631	\$426,662	(\$1,969)	-0.5%
Available Funds for Misc Articles/Prior Years	\$141,681	\$211,000	\$0	(\$211,000)	-100.0%
Westwood Station Guranteed Payment	\$1,750,000	\$615,000	\$0	(\$615,000)	-100.0%
Free Cash	\$963,000	\$1,075,000	\$810,000	(\$265,000)	-24.7%
Total Revenue	\$69,475,711	\$68,417,651	\$68,379,382	(\$38,269)	-0.1%

Total Expenditures

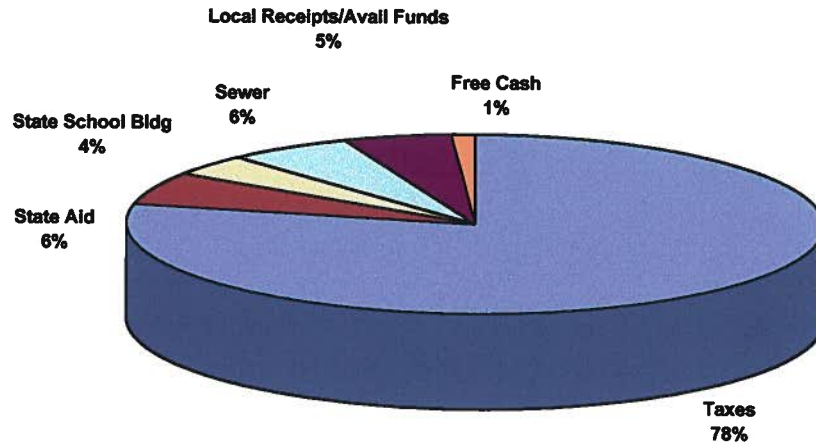
Operations Budget Summary

Municipal Departments	\$14,546,821	\$14,546,821	\$14,546,821	\$0	0.00%
School Budgets					
Westwood School Budget	\$32,488,684	\$32,488,684	\$32,488,684	\$0	0.00%
Blue Hills Regional School Assessment	\$168,144	\$173,379	\$185,683	\$12,304	7.10%
Traffic Supervisors	\$104,252	\$106,567	\$104,126	(\$2,441)	-2.29%
Total School Budgets	\$32,761,080	\$32,768,630	\$32,778,493	\$9,863	0.03%
Sewer Enterprise	\$3,422,125	\$3,174,752	\$3,364,160	\$189,408	6.0%
Reserves/Benefits/Insurance	\$8,806,037	\$9,130,428	\$9,628,636	\$498,208	5.5%
Debt Service - within Prop 2 1/2	\$1,171,525	\$1,364,735	\$1,271,679	(\$93,056)	-6.8%
Debt Service - Exempt	\$5,201,281	\$4,762,606	\$4,627,919	(\$134,687)	-2.8%
Total Operations Budget	\$65,908,869	\$65,747,972	\$66,217,708	\$469,736	0.7%
Capital Budget - Sewer	\$484,000	\$265,000	\$265,000	\$0	0.0%
Capital Budget - Municipal/ School	\$823,000	\$823,000	\$823,000	\$0	0.0%
Additional Capital with/WW station	\$450,000	\$0	\$0	\$0	#DIV/0!
Total Capital Budget	\$1,757,000	\$1,088,000	\$1,088,000	\$0	0.0%
Overlay	\$688,159	\$523,009	\$491,370	(\$31,639)	-6.0%
State Charges/offset/other	\$677,002	\$582,670	\$582,304	(\$366)	-0.1%
Stabilization Account Appropriation	\$175,000	\$0	\$0	\$0	#DIV/0!
Reserved for Revenue Reductions	\$0	\$0	\$0	\$0	
Misc Warrant Articles/Prior year	\$269,681	\$476,000	\$0	(\$476,000)	-100.0%
Total Other Amounts	\$1,809,842	\$1,581,679	\$1,073,674	(\$508,005)	-32.1%
Total Overall Expenditure Budget	\$69,475,711	\$68,417,651	\$68,379,382	(\$38,269)	-0.1%
	(\$0)	\$0	\$0	\$0	

FY09 Sewer Restated for MWRA final decrease- \$585,438

FY08/09 - Does not include Westwood station building permit article

FY2011 Projected Budget Revenue



FY2011 Projected Budget Revenue

	FY2010 Budget	FY2011 Proj	\$ Increase	% Increase
Taxes	\$51,832,246	\$53,553,969	\$1,721,723	3.3%
State Aid	\$4,334,151	\$3,916,450	(\$417,701)	-9.6%
State School Bldg Reimbursement	\$3,008,895	\$2,760,163	(\$248,732)	-8.3%
Sewer Enterprise	\$3,730,730	\$3,920,138	\$189,408	5.1%
Westwood Station Guaranteed Payment	\$615,000	\$0	(\$615,000)	-100.0%
Local Receipts	\$3,182,000	\$2,992,000	(\$190,000)	-6.0%
Available Funds	\$639,631	\$426,662	(\$212,969)	-33.3%
Free Cash	<u>\$1,075,000</u>	<u>\$810,000</u>	<u>(\$265,000)</u>	<u>-24.7%</u>
Total Revenue	\$68,417,653	\$68,379,382	(\$38,271)	-0.1%

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

State aid estimates - included 10% reduction to FY10 Chapter 70 and Municipal Aid.

A Look at Taxes

Town of Westwood History of Tax Levy

Tax Levy Calculation	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	Projected FY2011
Prior Year Levy Limit	\$36,916,575	\$38,726,265	\$40,281,755	\$41,938,657	\$46,442,531	\$48,296,355	\$50,161,830
Plus 2.5% Increase	\$922,914	\$968,157	\$1,007,044	\$1,048,466	\$1,161,063	\$1,207,409	\$1,254,046
Plus New Growth**	\$886,775	\$587,334	\$649,858	\$678,020	\$692,761	\$658,066	\$300,000
General Overrides	\$0	\$0	\$0	\$2,777,387	\$0	\$0	\$0
Tax Levy Limit	\$38,726,265	\$40,281,755	\$41,938,657	\$46,442,531	\$48,296,355	\$50,161,830	\$51,715,875
Exempt Debt*	\$4,367,789	\$1,948,546	\$2,219,419	\$2,199,779	\$2,158,527	\$1,722,088	\$1,435,094
Levy Capacity	\$43,094,054	\$42,230,301	\$44,158,076	\$48,642,309	\$50,454,882	\$51,883,910	\$53,553,969
Actual Levy Assessed	\$43,092,347	\$42,197,019	\$43,967,446	\$48,519,937	\$50,373,089	\$51,832,246	\$53,553,969

FY11 Tax Change

2.5/new growth/excess levy	\$1,605,710
Change in exempt debt	\$116,014
Total Taxes	\$1,721,724

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

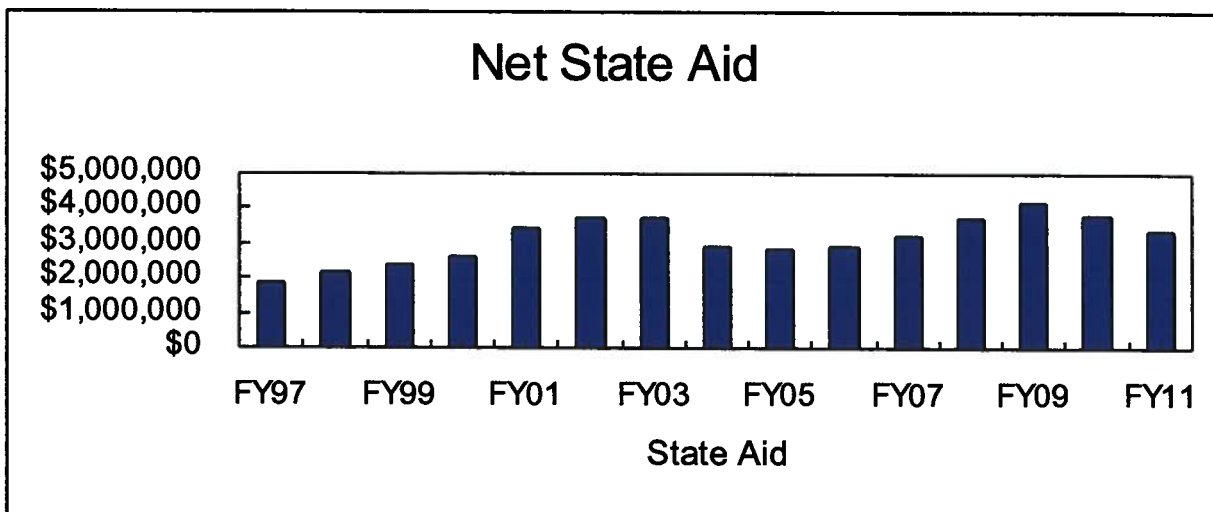
**New Growth – This represents taxes from new residential and commercial development.

	FY05	FY06	FY07	FY08	FY09	FY10	Projected FY11
Average Tax Bill Increase	0.67%	(-3.84%)	3.5%	9.4%	2.3%	2.3%	2.74%
Savings to Average Tax Bill Resulting from Split Tax Rate	\$663	\$673	\$725	\$789	\$838	\$782	
Average Residential Tax Bill Home Value	\$510,202	\$566,324	\$566,324	\$566,324	\$566,324	\$532,345	
*Average Tax Bill	\$6,107	\$5,873	\$6,076	\$6,648	\$6,802	\$6,958	\$7,149

- FY11 increase greater than 2 ½% due to slight change in exempt debt.
- FY10 increase less than 2.5% due to completion of 1998 Middle School bond.
- 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.

FY11 Projected State Aid

					Governor Projected	Used For FY11 Initial Budget
	FY2007	FY2008	FY2009	FY2010	FY2011	
Chapter 70-Education	\$2,588,559	\$3,096,779	\$3,547,941	\$3,476,983	\$3,476,983	\$3,129,284
Chapter 70 Federal Stimulus \$					\$513,030	
Municipal Aid (Old Lottery & Add'l Assistance)	\$857,639	\$871,741	\$871,741	\$642,792	\$642,792	\$578,512
Other	\$241,807	\$258,112	\$282,347	\$187,063	\$183,026	\$183,026
Offsets (Restricted to Metco, Library, School Lunch)	\$29,099	\$30,678	\$30,830	\$27,313	\$25,628	\$25,628
Prior Year Adjustment						
Total Receipts	\$3,717,104	\$4,257,310	\$4,732,859	\$4,334,151	\$4,841,459	\$3,916,450
Charges						
County Tax	158,240	152,576	156,390	156,183	\$160,097	160,097
MBTA Assessment	271,824	279,854	278,767	286,827	\$289,409	289,409
Other	80,359	87,485	84,175	\$112,347	\$107,170	\$107,170
Prior Year Adjustment		0	0	0		
Total Charges	\$510,423	\$519,915	\$519,332	\$555,357	\$556,676	\$556,676
Net State Aid	\$3,206,681	\$3,737,395	\$4,213,527	\$3,778,794	\$4,284,783	\$3,359,774



State School Building Assistance

In 2004 the state made a major change to the school building program. Since then, Westwood continues to benefit from those changes. Payments are applied directly to the debt service.

The Town is currently receiving State School Building reimbursement on 3 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	Completed FY10
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

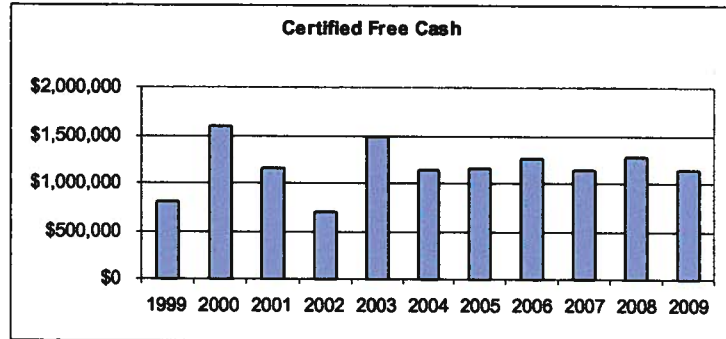
Total State Reimbursement			
FY05	\$1,544,068	FY10	\$3,008,895
FY06	\$3,600,190	FY11	\$2,760,163
FY07	\$3,193,029	FY12	\$2,760,163
FY08	\$3,089,590	FY13	\$1,522,815
FY09	\$3,008,895	FY14-FY23	\$1,522,815 Per year

These annual payments are finalized and guaranteed. They are not subject to the annual state budget process.

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, 2009 is \$1,148,459 which is approximately 2% of the FY09 budget.
- The 5-year average Free Cash has been approximately \$1.2 million.
- Financial policy not to use free cash for operating budget.
- FY10 used \$700,000 of free cash for capital, \$110,000 for energy reserve and \$60,000 for proposed new library article and \$205,000 for snow and ice.
- FY11 projections use \$700,000 for capital, \$110,000 for energy reserve

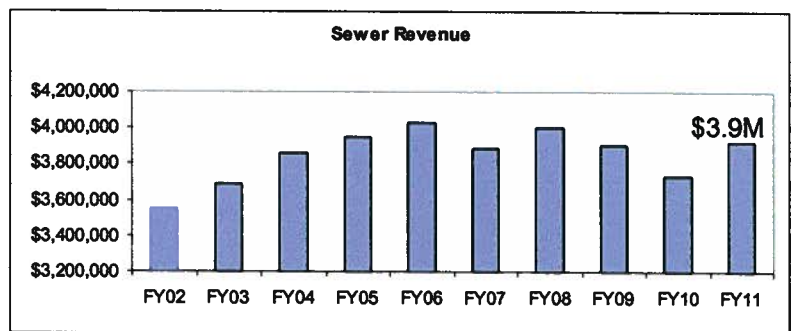


	July 2009	July 2008	July 2007	July 2006	July 2005	July 2004
Certified	\$1,148,459	\$1,274,374	\$1,142,342	\$1,266,415	\$1,154,408	\$1,138,014
Used to Fund Subsequent Budget	Proposed: Energy Reserve \$110,000 Capital \$700,000 Articles \$265,000	Energy Reserve \$110,000 Capital \$700,000 Articles \$265,000	Energy Reserve \$110,000 Capital \$700,000 Stabilization \$25,000 Articles \$128,000	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
Certified Free Cash as % of Total Budget	2%	2%	2%	2%	2%	2%

Sewer

Assumptions in FY11:

- Revenue is set to fully recover sewer operating and capital budget.
- Current revenue funds operating budget of \$3,364,160, indirect cost of \$290,978 and capital of \$265,000. If sewer capital greater than \$265,000 is approved, revenue will also need to increase.



FY2011 Local Receipts

	FY07	FY08	FY09	FY09	FY10	FY11
	Actual	Actual	Budget	Actual	Budget	Budget
Motor Vehicle Excise Tax	\$2,135,755	\$2,213,371	\$2,104,500	\$2,242,921	\$1,985,000	\$1,985,000
Penalties and Interest	\$67,238	\$96,971	\$60,000	\$96,948	\$60,000	\$60,000
License/Permits	\$438,495	\$479,822	\$360,000	\$378,525	\$360,000	\$330,000
Departmental Receipts	\$301,570	\$372,162	\$277,005	\$317,845	\$277,000	\$277,000
Special Assessments	\$219	\$0	\$0		\$0	
Investment Income	\$707,268	\$615,900	\$500,000	\$280,677	\$280,000	\$120,000
Sewer Indirect*	\$290,978	\$290,978	\$290,978	\$290,978	\$0	
Recreation	\$151,164	\$152,000	\$160,000	\$165,000	\$160,000	\$160,000
Other	\$195,757	\$123,361	\$60,000	\$67,035	\$60,000	\$60,000
	\$4,288,444	\$4,344,565	\$3,812,483	\$3,839,929	\$3,182,000	\$2,992,000

- Investment income decline due to lower interest rates.
- The FY11 motor vehicle allows for a 12% reduction from most recent actual receipts.
- Licenses and permits allows for a 10% decrease due to expected decline in permit activity.

*Sewer Indirect – format change only. Beginning in FY10, this account is no longer budgeted this way. Per the Department of Revenue, the sewer revenue budget will include this amount to be transferred directly to the general fund.

	FY09 Budget	FY09 Actual	FY10 Budget
Westwood Station Guaranteed Payment	\$1,750,000	\$1,750,000	\$615,000
Westwood Station Building Receipts	\$811,078	\$811,078	\$0

- The Westwood Station payments are part of Local Receipts for the Department of Revenue Tax Recap purposes.

FY2011 Available Funds

Available Funds Allocated	FY07	FY08	FY09	FY10	FY11
	Budget	Budget	Budget	Budget	Budget
Conservation Receipts	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000
Cemetery Trust	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Ambulance Receipts for Budget	\$323,850	\$366,200	\$370,000	\$370,000	\$370,000
High School Bond Premium	\$36,821	\$35,340	\$33,859	\$31,631	\$29,662
Prior Year/Miscellaneous Articles	\$509,433	\$21,000	\$	\$61,000	\$0
Library funds-land purchase	\$0		\$0	\$0	\$0
Prior year Ch70 not used	\$142,000	\$118,000	\$356,720	\$	\$0
Cemetery Lot Sales				\$150,000	\$0
	\$1,039,104	\$567,540	\$787,579	\$639,631	\$426,662

Available funds are transferred from these accounts to the general fund to support the corresponding appropriation.

- Major available fund is ambulance receipts – used to offset costs of providing service.
- High School bond premium - this is a required annual apportionment of bond premium received from the sale of bonds to fund the high school debt.
- In FY10, a one time use of \$150,000 of cemetery lot sales used to fund portion of cemetery barn/garage project.

Municipal Budget

***This section is a summary of the
FY11 Proposed Municipal Budget.***

Please refer to the separate document...

***FY2011 Proposed Municipal Budget
for more detail.***

TOWN OF WESTWOOD

Commonwealth of Massachusetts



Office of the Finance Director

February 4, 2010

To the Honorable Board of Selectmen:

I hereby submit to you the proposed FY11 municipal budget. This document contains the budget proposal for overall municipal operations for FY11. 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 FY11 budget proposal.

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 FY11 fixed cost budget continues to experience high growth, with a projected \$498,000 or 5.5% increase to fixed costs.

Budget Highlights

The FY11 budget has been difficult to prepare, as this is the second consecutive year of a target of \$0 increase budget. The municipal departments are continually striving to provide quality services to the community with the budget constraints the current economy has created.

The municipal budget encompasses such a wide range of services to the community. Municipal government doesn't just serve one segment of the population – we service residents of all ages in a wide range of program areas.

Public safety services, in the area of police and fire programs, are the most important area of the budget, and are often what people think of when they think of municipal government. Included in this area are

police and fire crime and fire prevention, community programs, and advance life support ambulance services. But the municipal budget consists of so many more areas of services, including the major services produced by the DPW department including weekly trash removal, plowing and upkeep of streets and roadways and maintenance of all playing fields in Town. The public works and public safety budgets comprise over 70% of the total municipal budget.

But the municipal budget goes much further in providing services to the community that enhance the lives of all residents. These include the programs offered through the public library, the Council on Aging, and the recreation departments. Residents of all ages, young and old alike, participate in these programs on a daily basis and consider them part of their daily life in Westwood.

In addition, the municipal budget is charged with carrying out many state and federal regulations. These include public health inspections, state, local and federal elections, services for our veterans, compliance with state building, zoning, planning and conservation issues.

The municipal budget covers all of these varied services – touching many aspects of the daily health, safety, and well being of Westwood residents of all ages.

Therefore, it is difficult to continually try to decrease the municipal budget, as all service areas must still be provided. The challenge has been to continuously try to become more efficient and try to maintain the services and programs – still doing it all with less funding.

To achieve the \$0 level funded target, the budget again does not include a cost-of-living wage adjustment for many employees. This is the second consecutive year of no wage increases for employees. As 70% of the municipal budget is salaries for our employees, it is impossible to not impact this segment of the budget and still meet a \$0 increase.

This budget also does not provide for a much needed Public Facilities Manager position. The maintenance of municipal buildings is an area that needs to be addressed. The town could significantly benefit from this attention to our public building maintenance and energy efficiency. Many towns have created a consolidated Town/School building maintenance program and Westwood should explore this opportunity.

The most significant cuts required to meet the \$0 target are again in the police and fire salary overtime accounts. These reductions follow a similar level of cuts in FY10. As maintaining an appropriate level of public safety is paramount to the community, these cuts should be the first to be restored by the Selectmen if additional funding becomes available.

However, this budget does contain the commitment of the department heads and staff to provide efficient quality services for the community. Our municipal staff and department heads will do their best to work through this difficult budget. We know that many of our residents are affected by these same financial conditions in their own work places and homes; our residents understand the difficulties involved with balancing our desire to provide a high level of quality service with limited available funds.

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 is within the \$0 target established by the Board of Selectmen. We will continue to review and revise the budget proposals for any changes 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. More than ever, the municipal department heads have been asked to do more with less. They remain committed to providing quality services to the community, but recognize the financial constraints the current economic climate presents. The department heads have responded to the Selectmen's request and prepared overall budgets that remain at the current budget level.

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.

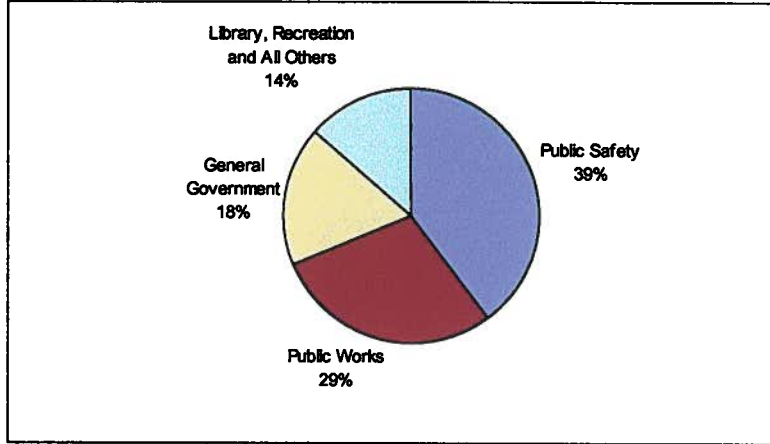
I look forward to working with the Selectmen throughout the spring as we finalize a balanced budget for Town Meeting.

Respectfully submitted,



Pamela Dukeman
Finance Director

Municipal Budget Proposed for FY11



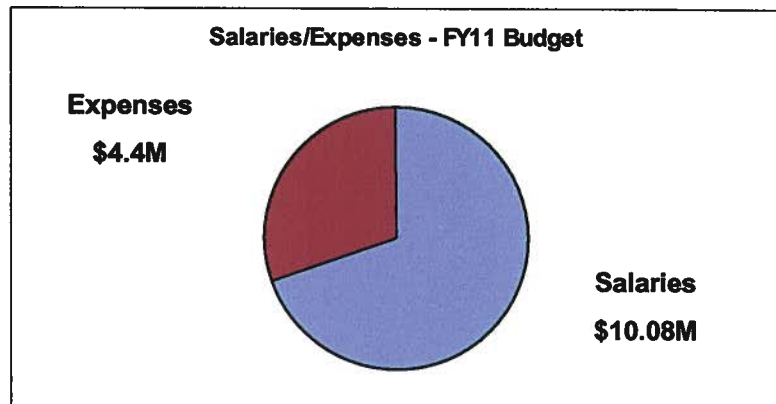
What we do:

FY11 Municipal Budget \$14.5M
70% or \$10.1M provides for:

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

FY10 Amount	Function	FY11 Amount	% of Total
\$5,778,483	Public Safety	\$5,778,735	39%
\$4,260,404	Public Works	\$4,191,404	29%
\$2,543,629	General Government	\$2,587,233	18%
\$1,964,305	Library, Recreation and All Others	\$1,989,449	14%
\$14,546,821	Total	\$14,546,821	100%

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



Salary is 69% of budget.

FY11 Municipal Budget Summary.....

	Current FY2010 Budget	FY2011 Budget	\$ Change FY11 vs. FY10	% Change FY11 vs. FY10
Salaries	\$10,053,502	\$10,086,991	\$33,489	0.3%
Expenses	\$4,493,319	\$4,459,830	(\$33,489)	-0.7%
Total	\$14,546,821	\$14,546,821	\$0	0.0%

Major Salary Changes		
Department	Item	Amount
Salary Obligations		
All Departments	FY11 COLA at 3%	\$0
	FY11 Step increases	\$40,000
Police/Fire/DPW	FY11 at 10-year step increases	\$2,000
Personnel Dept.	Increase in budget hours	\$4,800
Economic Development	Change in staffing	\$11,000
Police/Fire/Other	Other net staffing changes/turnover	\$22,000
	Total FY11 Staffing Level Changes	\$79,800
Reductions to Salary Budgets to Balance Budget		
Fire	Overtime – reduced by approximately 10% - less coverage	(\$24,000)
Police	Overtime – reduced by approximately 10% - less coverage	(\$19,000)
DPW	Reduced seasonal help for field maintenance	(\$5,500)
	Total FY11 Reductions to Salary Budgets	(\$48,500)
	FY11 Net Salary Changes	\$31,300

FY11 Municipal Budget Summary.....Continued

Major Expense Changes		
Department	Detail	Amount
Town Clerk	Election cycle increase	\$6,000
DPW – Street Lighting	Savings in program	(\$19,000)
DPW – Solid Waste	Reduction in contract/fuel charges	(\$50,000)
Veterans	Veterans benefits – increased payments for eligible recipients	\$27,000
Audit	New compliance requirements	\$2,500
Collector	Ambulance collection fees	\$6,000
Information Systems	Maintenance contracts	\$10,000
	Total FY11 Expense Changes	(\$17,500)
Reductions to Expense Budgets to Balance Budget		
Library	Reduction to expenses	(\$5,600)
All Departments	General cuts to expense budgets/programs	(\$10,800)
	Total FY11 Reductions to Expense Budgets	(\$16,400)
	FY11 Net Expense Changes	(\$33,900)

What Should FY11 Budget Really Look Like?

If not constrained by the \$0 target, the municipal budget proposal would have increased at least to \$14,981,721, a \$434,900 or 3% increase. This is a typical increase required for the municipal budget.

To meet the \$0 target, over \$430,000 was eliminated from the proposals. The largest item being approximately \$300,000 for COLA wage increases.

	Expended FY2009	Current FY2010 Budget	FY2011 Level Service Budget	\$ Change FY11 vs. FY10	% Change FY11 vs. FY10
Salaries	\$10,081,545	\$10,053,502	\$10,505,491	\$451,989	4.5%
Expenses	\$4,758,340	\$4,493,319	\$4,476,230	(\$17,089)	-0.4%
Total	\$14,839,885	\$14,546,821	\$14,981,721	\$434,900	3.0%

Not included in Requested Budget	
FY11 COLA salary increase – all employees @3%	\$300,000
Town-wide Facilities Manager position	\$70,000
Total	\$370,000

Items Revised to Balance Budget	
Salary Reductions to Balance Budget	\$48,500
Expense Reductions to Balance Budget	\$16,400
Total	\$64,900

**Appendix D
Proposed FY2011 Departmental Salary/Expense Budgets**

Description	Expended FY2009	Current FY2010 Budget	Proposed FY2011 Budget	\$ Change FY11 vs FY10 vs	% Change FY11 vs FY10	Comments
Selectmen Department						
Salaries	392,876	397,732	400,275	2,543	0.6%	
Expenses	42,399	50,000	47,457	(2,543)	-5.1%	Cut expenses to level fund department budget.
	<u>435,276</u>	<u>447,732</u>	<u>447,732</u>	<u>0</u>	<u>0.0%</u>	
Finance Commission						
Salary	33,287	33,389	33,414	25	0.1%	
Expenses	21,901	22,038	22,013	(25)	-0.1%	Cut expenses to level fund department budget.
	<u>55,188</u>	<u>55,427</u>	<u>55,427</u>	<u>0</u>	<u>0.0%</u>	
Accounting Department						
Salaries	162,636	168,885	169,791	906	0.5%	
Expenses	3,904	4,800	4,800	0	0.0%	
	<u>166,539</u>	<u>173,685</u>	<u>174,591</u>	<u>906</u>	<u>0.5%</u>	
Audit - School & Municipal Financials						
Expenses	46,290	50,000	52,500	2,500	5.0%	
Assessors Department						
Salaries	164,447	165,637	166,685	1,048	0.6%	
Expenses	36,671	21,450	20,400	(1,050)	-4.9%	Cut expenses to level fund department budget.
	<u>201,118</u>	<u>187,087</u>	<u>187,085</u>	<u>(2)</u>	<u>0.0%</u>	
Treasurer's Department						
Salary	78,524	78,670	78,695	25	0.0%	
Expenses	6,635	15,130	15,105	(25)	-0.2%	Cut expenses to level fund department budget.
	<u>85,160</u>	<u>93,800</u>	<u>93,800</u>	<u>0</u>	<u>0.0%</u>	
Collector's Department						
Salaries	95,104	99,180	101,040	1,860	1.9%	
Expenses	66,641	66,950	73,850	6,900	10.3%	Ambulance collection fee increased.
	<u>161,746</u>	<u>166,130</u>	<u>174,890</u>	<u>8,760</u>	<u>5.3%</u>	
Legal Department						
Salary	86,610	86,645	86,670	25	0.0%	
Expenses	112,337	123,500	123,475	(25)	0.0%	Cut expenses to level fund department budget.
	<u>198,947</u>	<u>210,145</u>	<u>210,145</u>	<u>0</u>	<u>0.0%</u>	
Personnel Board						
Salary	113,962	129,319	134,167	4,848	3.7%	Increase in dept budget hours.
Expenses	17,798	8,395	8,395	0	0.0%	
	<u>131,761</u>	<u>137,714</u>	<u>142,562</u>	<u>4,848</u>	<u>3.5%</u>	
Information Systems Department						
Salaries	203,341	207,597	208,001	404	0.2%	
Expenses	210,000	207,812	217,812	10,000	4.8%	Software maintenance costs increased.
	<u>413,341</u>	<u>415,409</u>	<u>425,813</u>	<u>10,404</u>	<u>2.5%</u>	

Appendix D
Proposed FY2011 Departmental Salary/Expense Budgets

Description	Expended FY2009	Current FY2010 Budget	Proposed FY2011 Budget	\$ Change FY11 vs FY10 vs	% Change FY11 vs FY10	Comments
Town Clerk Department						
Salaries	126,083	131,212	130,939	(273)	-0.2%	
Expenses	40,007	45,000	51,242	6,242	13.9%	Increase due to FY11 election cycle.
	166,090	176,212	182,181	5,969	3.4%	
Conservation Commission						
Salary	38,384	39,749	39,774	25	0.1%	
Expenses	2,750	5,450	5,425	(25)	-0.5%	Cut expenses to level fund department budget.
	41,134	45,199	45,199	0	0.0%	
Planning Board						
Salaries	40,816	90,490	90,490	0	0.0%	
Expenses	3,288	3,715	3,715	0	0.0%	
	44,104	94,205	94,205	0	0.0%	
Zoning Board of Appeals						
Salaries	23,114	23,638	24,136	498	2.1%	
Expenses	828	2,865	2,367	(498)	-17.4%	Cut expenses to level fund department budget.
	23,942	26,503	26,503	0	0.0%	
Economic Development Task Force						
Salaries	31,216	70,581	81,700	11,119	15.8%	Changes in staffing.
Expenses	200	3,800	1,400	(2,400)	-63.2%	
	31,416	74,381	83,100	8,719	11.7%	
Outside Professional Services						
Expenses	36,106	38,000	38,000	0	0.0%	
Mass Housing Partnership						
Expenses	14,826	15,000	15,000	0	0.0%	
Housing Authority						
Expenses	10,000	10,000	10,000	0	0.0%	
Communications Systems						
Expenses	115,568	121,000	121,000	0	0.0%	
Training/Professional Development						
Expenses	7,379	6,000	7,500	1,500	25.0%	Requested increase.
Total General Government	2,385,931	2,543,629	2,587,233	43,604	1.7%	

Appendix D
Proposed FY2011 Departmental Salary/Expense Budgets

Description	Expended FY2009	Current FY2010 Budget	Proposed FY2011 Budget	S Change FY11 vs FY10 vs	% Change FY11 vs FY10	Comments
Police Department						
Salaries	2,618,944	2,500,900	2,500,900	0	0.0%	Includes approx. \$19,000, 10% cut to overtime coverage to balance budget.
Expenses	196,111	217,150	217,150	0	0.0%	
	<u>2,815,055</u>	<u>2,718,050</u>	<u>2,718,050</u>	<u>0</u>	<u>0.0%</u>	
Public Safety Funding	136,475	166,944	166,944	0	0.0%	
Auxiliary Police/Civil Defense						
Expenses	0	2,000	2,000	0	0.0%	
	<u>0</u>	<u>2,000</u>	<u>2,000</u>	<u>0</u>	<u>0.0%</u>	
Animal Control						
Salary	41,718	41,927	41,927	0	0.0%	
Expenses	6,078	7,500	7,500	0	0.0%	
	<u>47,796</u>	<u>49,427</u>	<u>49,427</u>	<u>0</u>	<u>0.0%</u>	
Fire Department						
Salaries	2,379,720	2,393,239	2,393,239	0	0.0%	Includes approx. \$24,000, 10% cut to overtime coverage to balance budget.
Expenses	174,846	174,950	174,950	0	0.0%	
	<u>2,554,567</u>	<u>2,568,189</u>	<u>2,568,189</u>	<u>0</u>	<u>0.0%</u>	
Building Inspection Department						
Salaries	236,287	238,923	240,675	1,752	0.7%	Cut expenses to level fund department budget.
Expenses	24,770	34,950	33,450	(1,500)	-4.3%	
	<u>261,057</u>	<u>273,873</u>	<u>274,125</u>	<u>252</u>	<u>0.1%</u>	
Total Public Safety	5,814,950	5,778,483	5,778,735	252	0.0%	

Appendix D
Proposed FY2011 Departmental Salary/Expense Budgets

Description	Expended FY2009	Current FY2010 Budget	Proposed FY2011 Budget	\$ Change FY11 vs FY10 vs	% Change FY11 vs FY10	Comments
Department of Public Works						
Salaries - admin	178,007	181,917	182,795	878	0.5%	
Salaries - operations	1,386,658	1,284,473	1,283,595	(878)	-0.1%	Cut seasonal help by \$5500.
Expenses	414,327	415,500	415,500	0	0.0%	
	1,978,992	1,881,890	1,881,890	0	0.0%	
Building Maintenance						
Salaries				0		
Expenses	579,894	601,470	601,470	0	0.0%	
		601,470	601,470	0	0.0%	
Municipal & School						
Field Maintenance	120,195	112,044	112,044	0	0.0%	
Snow & Ice	618,941	250,000	250,000	0	0.0%	
Street Lighting/ Traffic Light Maint	132,702	140,000	121,000	(19,000)	-13.6%	Decrease due to replacement of lights w/energy efficient lights & decrease in rates.
Waste Collection/Disposal Expenses	1,172,913	1,275,000	1,225,000	(50,000)	-3.9%	Decrease due to decline in disposal tonnage.
Total Public Works	4,603,637	4,260,404	4,191,404	(69,000)	-1.6%	
Health Department						
Salaries	174,178	174,750	175,356	606	0.3%	
Expenses	9,615	10,200	9,650	(550)	-5.4%	Cut expenses to level fund department budget.
	183,793	184,950	185,006	56	0.0%	
Outside Health Agencies	11,756	14,316	14,316	0	0.0%	
Disability Commission Expenses	0	500	500	0	0.0%	
Council On Aging						
Salaries	193,836	192,983	193,415	432	0.2%	
Expenses	22,941	25,535	25,535	0	0.0%	No cuts to budget.
	216,777	218,518	218,950	432	0.2%	
Youth and Family Services Commission						
Salaries	149,750	154,285	154,285	0	0.0%	
Expenses	15,282	15,282	15,282	0	0.0%	
	165,032	169,567	169,567	0	0.0%	
Veterans Services Department						
Salaries	24,093	25,185	25,623	438	1.7%	
Expenses	73,781	60,800	87,800	27,000	44.4%	Veterans' benefits increased.
	97,874	85,985	113,423	27,438	31.9%	
Total Human Services	675,232	673,836	701,762	27,926	4.1%	

Appendix D
Proposed FY2011 Departmental Salary/Expense Budgets

Description	Expended FY2009	Current FY2010 Budget	Proposed FY2011 Budget	S Change FY11 vs FY10 vs	% Change FY11 vs FY10	Comments
Public Library						
Salaries	736,936	742,527	747,839	5,312	0.7%	
Expenses	212,187	208,801	203,489	(5,312)	-2.5%	Cut expenses to level fund department budget.
Lost Books	924	850	850	0	0.0%	
	950,047	952,178	952,178	0	0.0%	
Recreation Department						
Salaries	234,541	232,725	234,621	1,896	0.8%	Cut expenses to level fund department budget.
Expenses	36,102	41,550	39,654	(1,896)	-4.6%	
	270,643	274,275	274,275	0	0.0%	
Memorial/Veteran's Day Expenses	4,446	6,700	6,700	0	0.0%	
Total Culture and Recreation	1,225,136	1,233,153	1,233,153	0	0.0%	
Other						
Operating Equipment & Projects	135,000	57,316	54,534	(2,782)	-4.9%	Cut expenses to level fund department budget. FY11 Items
Total Other	135,000	57,316	54,534	(2,782)	-4.9%	
Total Municipal Budget	14,839,885	14,546,821	14,546,821	0	0.0%	

School Budget

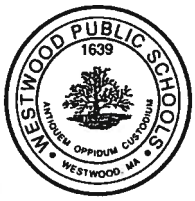
***This section is a summary of the
FY11 Recommended School Budget.***

Please refer to the separate document...

***FY2011 School Department Budget
for more detail.***

Appendix D
Proposed FY2011 Departmental Salary/Expense Budgets

Description	Expended FY2009	Current FY2010 Budget	Proposed FY2011 Budget	\$ Change FY11 vs FY10 vs	% Change FY11 vs FY10	Comments
Westwood Public Schools						
Salaries		24,979,061	26,037,631	1,058,570	4.2%	
Expenses		7,509,623	6,451,055	(1,058,568)	-14.1%	
School salaries & exps	32,396,076	32,488,684	32,488,686	2	0.0%	
Blue Hills Regional School	173,379	173,379	185,683	12,304	7.1%	Level fund at FY10 assessment.
Crossing Guards						
Salaries	89,011	101,667	99,226	(2,441)	-2.4%	
Expenses	3,186	4,900	4,900	0	0.0%	
	92,197	106,567	104,126	(2,441)	-2.3%	
Total School Budgets	32,661,652	32,768,630	32,778,495	9,865	0.0%	



WESTWOOD PUBLIC SCHOOLS
Honoring Tradition, Inspiring Excellence, Shaping the Future

JOHN J. ANTONUCCI
Superintendent of Schools

January 14, 2010

Dear School Committee Members and Westwood Residents,

On behalf of the Westwood Public Schools, I present to you the Proposed FY'11 School Department Budget. I believe you will find this document to be an excellent resource for you to learn more about our school system. The 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 well spent.

Given the importance of our public schools, and given the amount of resources necessary to run a first-class system, I am committed to an annual 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. However, 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.

BUDGET COMMENTARY

Due to the economic downturn, the level of resources available to fund school and municipal budgets continues to decline. Schools throughout the Commonwealth are struggling to balance budgets, and the level of program and staff reductions is at an all-time high. Thankfully, Westwood is positioned to weather the storm better than most communities. While we certainly have unfunded needs, our foundation has remained intact and our students are receiving an exceptional educational experience. However, we are reaching the "tipping point", and I question how long we can sustain our program levels without adequate resources.

As you read this executive summary, you will notice that, remarkably, even with a second consecutive 0% budget increase, we have been able to maintain our *core* services. For that we should be thankful. However, as you will see in the budget narrative, the only reason we were able to do so, was that my budget request contains a 0% cost-of-living increase for our 400-plus employees covered by collective bargaining agreements. You will remember that the FY'10 budget also provided employees no cost of living increase. My primary goal in developing this budget was to maintain services, but I do not believe that freezing salaries is a long-term, sustainable solution for balancing the school department budget.

In addition, it is critical that the community understand that this budget does not address several needs throughout the district. For example, we will still have high class sizes in several areas, we will not be able to address several program needs, and we will not be able to pursue many of our strategic initiatives. In short, we are holding steady but it will be difficult to move ahead. I want to bring to your attention what I believe is the most important section of this document, titled *What's Missing from the Budget*

Proposal? Here I briefly outline several requests that would have been included in a better fiscal climate. I have said repeatedly over the past four years that simply because a need goes unfunded, does not mean the need has gone away. Thus, although my FY'11 budget is "missing" several requests, I believe it is important for the School Committee and the entire school community to have dialogue about the implications of that decision.

QUALITY COMES WITH A PRICE

By virtually any measure, the Westwood Public Schools are among the best in the Commonwealth of Massachusetts. But we should not take excellence for granted; quality comes with a price. After five years as Superintendent, I can say with confidence that the Westwood community expects, and demands, a first-class school system. While I readily acknowledge the fiscal constraints we face, I am resolved to continue the dialogue about the importance of having a consistent funding stream necessary for a high-performing school district like ours. As I present to you the second consecutive 0% school budget, I am hopeful that the FY'11 budget discussion - throughout the town and by all committees - will be focused on developing a long-term funding solution for school and town services.

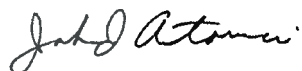
Regardless of the outcome of the FY'11 budget process, I am certain that the schools cannot provide what the community expects without an infusion of funding in the near future. In the absence of additional local revenue, or state aid, the only mechanism for increasing funding levels is with a Proposition 2 ½ tax override. Although it is over one year away, we need to start the conversation now about a possible override in FY'12.

CONCLUSION

I want to thank all of the principals, K-12 Directors, and central office staff for their contributions in developing the Proposed FY'11 Budget. Also, I also want to acknowledge Heath Petracca, the district's Director of Business and Finance, whose contributions in developing the budget document are immeasurable.

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

EXECUTIVE SUMMARY TABLE OF CONTENTS

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Reducing the Budget to 0% (graphic)	p. 5	What's Missing from this Budget Proposal?	pp. 13-14
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FY'11 BUDGET SUMMARY

I have been very vocal in the past about my responsibility to present a *needs-based budget* to the Westwood community. A needs-based budget is the level of resources *needed* to maintain the current level of services, address program needs, and keep the district moving forward. On a lesser scale, I would advocate for simply *maintaining* level services. However, my FY'11 recommended budget does neither. Simply put, the economic issues the town is facing are real, and I feel a greater responsibility to respect the guidelines set for all town departments. Thus, as the table below illustrates, my recommended budget for FY'11 totals \$32,488,686. This is a \$0, or 0%, increase over FY'10.

Final FY'10 Budget	\$ 32,488,686
Proposed FY'11 Budget	\$ 32,488,686
Increase (\$)	\$ -
Increase (%)	0.00%

BUILDING THE LEVEL SERVICES BUDGET

Each year, the budget process begins with the creation of what I call a Level Services Budget. I define that term as the following: *What amount of money do we need next year to provide the same level of service we are providing this year?* Generally speaking, the community should expect that amount to be approximately \$1.0-\$1.5 million annually, which translates into a budget increase of between 3% and 5%. However, as you can see from the chart below, this year's level services budget would have been \$756,701, or a 2.3% increase over FY'10.

Budget Drivers	Increase over FY'10
1. Salary increases for existing employees (contractual obligations)	\$ 658,896
3. Reduction to Special Education Tuition Accounts	\$ (334,737)
2. Reduction to non-local revenue (budget offsets)	\$ 419,642
4. Miscellaneous non-salary increases	\$ 12,900
Subtotal: Level Services Budget	\$ 756,701

LEVEL SERVICE BUDGET DRIVERS
SUMMARY EXPLANATIONS

1. SALARY INCREASES FOR EXISTING EMPLOYEES
TOTAL INCREASE: \$658,896

This budget amount, while accurate, does not represent a typical salary budget. The reason is that although the budget contains contractually-obligated “step” increases, it does not contain cost-of-living increases. We have only one settled contract for FY’11 (the Instructional Assistants), and will commence negotiations sometime in the near future with the rest of the bargaining units. Please note: *This is a major variable to consider as we move forward, and the end result of collective bargaining could impact the budget request. It is important to note that each 1% increase in cost-of-living translates to approximately \$200,000.*

2. SPECIAL EDUCATION TUITION
TOTAL DECREASE: \$334,737

It is an anomaly, and a tremendous advantage, that the Special Education tuition accounts decreased by over \$300,000. Nationally and statewide, the cost of providing special education services has skyrocketed in the past fifteen years. Westwood is not immune to those cost increases, and in the past we have experienced significant budget *increases* in this area. In fact, just four years ago, Westwood’s Special Education budget increased by \$644,000 in one year. Although as of today we are fortunate to show a reduction in this area, it is important to remember how volatile and unpredictable Special Education budgets can be.

[On a related note, I also want to point out that we have no increases to the *Heating Fuel, Electricity, or Transportation* accounts, all of which can be volatile depending on market conditions. These three budget drivers have the potential *every year* to adversely impact the operating budget. For the FY’11 budget, they did not].

3. NON-LOCAL REVENUE (BUDGET OFFSETS)
TOTAL REDUCTION IN REVENUE: \$419,642

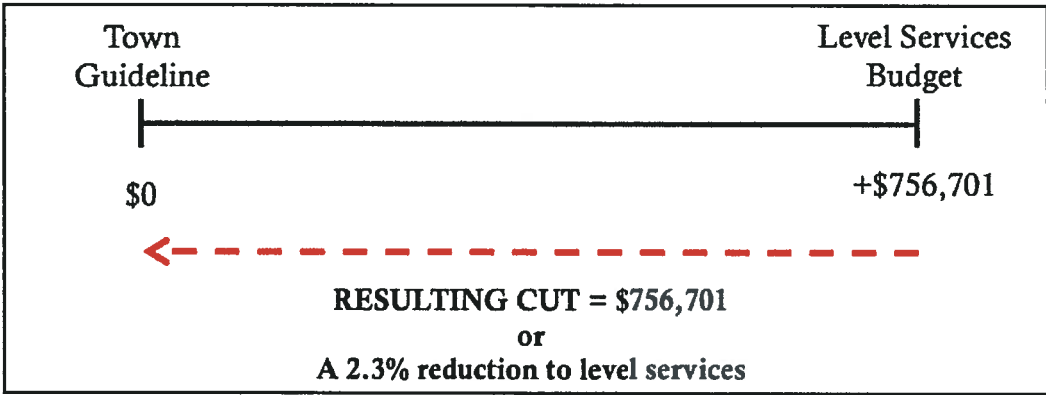
In the FY’11 budget, there are approximately \$3.3 million of outside revenue sources that offset (i.e reduce) the total cost of school department operations. These include user fees, grant monies, food service receipts, revolving account balances, etc. (the complete list of offsets can be found in Exhibit 7 of the budget document). This budget request shows a *reduction* of over \$400,000 in available revenue, meaning that it actually increases the budget request by the same amount. In short, this adversely impacts the budget. The chart below shows the five accounts that account for the total reduction.

Revenue Source	FY’10 Revenue Offset	FY’11 Revenue Offset	Incremental Change: FY’10 vs. FY’11
Medicaid Revolving	503,939	100,000	(403,939)
Federal Stimulus Funds (ARRA)	-	250,000	250,000
Special Education Circuit Breaker	925,000	840,263	(84,737)
School Bus Transportation Revolving	295,000	220,000	(75,000)
Full-Day Kindergarten Fees	302,708	240,000	(62,708)
Athletic Revolving	323,258	280,000	(43,258)
Total	2,349,905	1,930,263	(419,642)

- **MEDICAID (-\$403,939):** For the past several years, Westwood has received a significant amount of revenue from Medicaid, which is a federal reimbursement program for providing special education services. Unfortunately, the government has effectively abandoned its commitment to the Medicaid program. As a result, we expect our revenue to decrease by over \$400,000.
- **SPECIAL EDUCATION CIRCUIT BREAKER (-\$84,737):** The Circuit Breaker is the state's Special Education reimbursement program. The reimbursement rate was reduced to 42% from 70% in FY'10. That reduction is significant, however we are able to mitigate the impact for FY'11 by using available balances in the Circuit Breaker account. I anticipate a major reduction to this revenue account in FY'12.
- **SCHOOL BUS TRANSPORTATION REVOLVING (-\$75,000):** In the past few years, we have been relying on existing balances in several of our revolving accounts to help balance the budget. However, we no longer have that option. As such, the amount of the school bus transportation offset, \$220,000, reflects our *projected* bus fee revenue in FY'11.
- **FULL-DAY KINDERGARTEN REVOLVING (-\$62,708):** In the past few years, we have been relying on existing balances in several of our revolving accounts to help balance the budget. However, we no longer have that option. As such, the amount of the Full-Day Kindergarten offset, \$240,000, reflects our *projected* Kindergarten fee revenue in FY'11.
- **ATHLETIC REVOLVING (-\$43,258):** In the past few years, we have been relying on existing balances in several of our revolving accounts to help balance the budget. However, we no longer have that option. As such, the amount of the Athletic Revolving offset, \$280,000, reflects our *projected* Athletic user fee revenue in FY'11.
- **FEDERAL STIMULUS FUNDS (+\$250,000):** Thankfully, the reduction in those five accounts is mitigated by a \$250,000 infusion of Federal Stimulus funds. Westwood was fortunate to receive a two-year funding commitment from the federal government for Special Education. The FY'10 funds are already committed. The FY'11 budget expends the majority of the stimulus fund balance, effectively replacing the loss in the Medicaid account. *However, it is important to note that this is one-time revenue. It will not be available in FY'12.*

REDUCING THE BUDGET TO 0%

Although we had to complete the exercise of developing a level-services budget, this year it served simply to determine just how much we needed to *cut* from existing services. Meaning, we needed to determine what were our total program costs, then begin working backwards to reach the Town's 0% guideline. A basic illustration shows this below.



GUIDING PRINCIPLES

HOW DO WE PRIORITIZE?

Our administrators (cost center leaders) take the responsibility of budget development very seriously. The resources they are able to secure for their schools and programs directly impact their ability to serve the district's 3,100 students in grades PK-12. Unlike a normal year, this year they were tasked with *cutting* their budgets from the start. Knowing that virtually any budget scenario would result in some decrease in services, they took a thoughtful approach and developed some "guiding principles" by which they would approach the task. For example, the building principals set forth trying to 1.) Maintain class sizes to the extent possible; 2.) Protect programs; 3.) Look critically at essential textbook and supply line items; and, 4.) Keep a district perspective. Not surprisingly, our talented administrators did a tremendous job this year with their budgets. They were realistic, they were willing to make difficult decisions, they thought long-term, and they stayed focused on the core mission of educating students.

The administrators and I work very closely to develop what ultimately becomes the Superintendent's Recommended Budget. It is a team effort in the truest sense of the word. However, as Superintendent, I must also consider other guiding principles focused on district-wide and town-wide needs. Several of them are worth noting here – it will help you understand why certain things are in the budget, and why certain things are not.

- **SUSTAINABILITY:** In a world of always-limited resources, we run the risk of over-using the word, and concept of, sustainability. It is often used in a manner that asks the question: *Can we live with that in the long term?* Meaning, if we add something to the budget this year, can we afford it in the future. As I developed my final recommendations to present to the School Committee, I asked myself a different question. That is: *If we make a budget cut, can we really live without it in the long-term?*
- **IN SEPTEMBER, SCHOOL WILL BE IN SESSION:** Regardless of what happens during a particular budget cycle, school will *still* open the following September. Meaning, our 3,100 students in grades PK-12 will still require things like textbooks, school supplies, technology, paper, etc. From a budgeting standpoint, I need to consider whether or not the organization can still run effectively without certain non-salary items. For example, faced with the option of cutting supply accounts by 75%, or cutting a teacher, there may be times when I recommend cutting the teacher. It all goes back to sustainability: Can we really live without 75% of our supply budget? The answer is no, at least not long term.
- **INVESTMENT IN TECHNOLOGY REMAINS A TOP PRIORITY:** I believe strongly that in 21st century public schools, investment in technology is critical. Over the past two years, we have used School Committee meetings as a platform for Westwood teachers to demonstrate how technology is improving – and transforming – teaching and learning in our public schools. The Westwood Public Schools is on its way to becoming the Commonwealth's leader in the area of technology. To accomplish that goal, and to maintain our status as a first-class school district, we cannot abandon our financial commitment. To that end, my recommended budget keeps the technology budget intact.
- **WE HAVE A RESPONSIBILITY TO MAINTAIN OUR BUILDINGS REGARDLESS OF THE BUDGET SITUATION:** In the last ten years, the Town of Westwood has made a significant investment in its school buildings, and I have an obligation to ensure that they remain properly cleaned and maintained. Thus, my recommended budget keeps the custodial and maintenance budget intact. Although these costs do compete with our educational and academic programs, they are nonetheless a top priority.

Exhibit 1
FY'10 vs. FY '11 Budget Summary by Major Category

	FY'10 Appropriation	FY'11 Proposed Budget	Increase/ Decrease (\$)	Increase/ Decrease (%)
I. INSTRUCTIONAL				
Salary	\$ 23,245,109	\$ 23,690,487	\$ 445,378	1.92%
Non-Salary	2,283,262	2,095,848	(187,414)	-8.21%
<i>Instructional Sub-total</i>	\$ 25,528,371	\$ 25,786,335	\$ 257,964	1.01%
II. CENTRAL ADMINISTRATION				
Salary	859,758	\$ 861,649	\$ 1,891	0.22%
Non-Salary	260,975	260,975	-	0.00%
<i>Administration Sub-total</i>	\$ 1,120,733	\$ 1,122,624	\$ 1,891	0.17%
III. OPERATIONS				
Salary	1,449,778	\$ 1,485,495	\$ 35,717	2.46%
Non-Salary	2,260,295	2,251,503	(8,792)	-0.39%
<i>Operations Sub-total</i>	\$ 3,710,073	\$ 3,736,997	\$ 26,924	0.73%
Sub-Total Sections I-III.	\$ 30,359,177	\$ 30,645,956	\$ 286,779	0.94%
IV. SPED TUITION AND TRANSP.				
Out-of-district Tuition	1,458,699	\$ 1,208,699	\$ (250,000)	-17.14%
Sped Transportation	670,810	634,031	(36,779)	-5.48%
<i>Spec. Ed. Tuition and Transp. Sub-total</i>	\$ 2,129,509	\$ 1,842,730	\$ (286,779)	-13.47%
Sub-Total Section IV.	\$ 2,129,509	\$ 1,842,730	\$ (286,779)	-13.47%
TOTAL OPERATING BUDGET				
	\$ 32,488,686	\$ 32,488,686	\$ (0)	0.00%

Budget-27

Exhibit 7
Capital Budget Summary

Item	Description	Actual FY '04	Actual FY '05	Actual FY '06	Actual FY '07	Actual FY '08	Actual FY '09	Actual FY '10	Proposed FY '11
1.	Technology	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 183,500	\$ 185,000	\$ 199,600	\$ 308,000
2.	FF&E	\$ -	\$ 3,500	\$ 22,300	\$ 70,800	\$ 16,500	\$ 7,000	\$ -	\$ -
3.	HVAC	\$ 70,000	\$ -	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ 18,000	\$ 18,000
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	\$ 80,000	\$ 80,000
7.	Vehicles	\$ -	\$ 26,000	\$ -	\$ -		\$ -	\$ 30,000	\$ -
8.	Modulars - Hanlon	\$ -	\$ -	\$ -	\$ -	\$ 78,400	\$ 78,400	\$ 78,400	\$ -
9.	M. S. - Modulars	\$ 138,200	\$ 138,200	\$ 138,200	\$ 138,200		\$ 110,000		
Total		\$ 306,000	\$ 406,000	\$ 406,000	\$ 746,000	\$ 406,000	\$ 516,000	\$ 406,000	\$ 406,000
Requested Annual Amounts From School Ten-Year Capital Plan and Town of Westwood Five-Year Plan		\$ 1,190,000	\$ 1,451,500	\$ 1,701,500	\$ 1,822,500	\$ 1,687,400	\$ 1,711,400	\$ 2,207,400	\$ 2,207,400
Cumulative Shortfall from Plan		\$ 884,000	\$ 1,929,500	\$ 3,225,000	\$ 4,301,500	\$ 5,582,900	\$ 6,778,300	\$ 8,579,700	\$ 10,381,100

* Thurston Roof funded by separate ATM article

Budget-28

Fixed Costs/Other Budgets

Debt

Reserves/Benefits/Insurance

Sewer

Appendix D
Proposed FY2011 Departmental Salary/Expense Budgets

Description	Expended FY2009	Current FY2010 Budget	Proposed FY2011 Budget	S Change FY11 vs FY10 vs	% Change FY11 vs FY10	Comments
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Fixed Costs Budgets - School and Municipal

Municipal Employee Benefits/Costs

Retirement Assessment	1,494,903	1,630,909	1,692,885	61,976	3.8%	
Non-Contrib Pension	54,740	56,383	58,076	1,693	3.0%	
Worker's Compensation	53,267	65,827	65,827	0	0.0%	
Unemployment Compensation	9,966	12,000	12,000	0	0.0%	
Health Insurance	1,221,530	1,170,513	1,250,107	79,594	6.8%	
Life Insurance	3,012	4,200	4,200	0	0.0%	
Pre-Hire/EAP/Payroll	65,737	74,244	75,331	1,087	1.5%	
Public Safety Medical/111F ins	56,270	54,064	63,326	9,262	17.1%	
Medicare Part B Refund	32,246	35,100	53,365	18,265	52.0%	
Social Security Tax	8,433	23,000	15,000	(8,000)	-34.8%	
Medicare Payroll Tax	132,319	124,178	142,842	18,664	15.0%	
OPEB			8,000	8,000	#DIV/0!	
Municipal Employee Benefits/Costs	3,132,424	3,250,418	3,440,959	182,541	5.9%	

School Employee Benefits/Costs

Retirement Assessments	640,283	698,514	725,058	26,544	3.8%	
Worker's Compensation	103,459	139,779	139,779	0	0.0%	
Unemployment Compensation	59,845	75,000	75,000	0	0.0%	
Health Insurance	2,751,730	3,402,412	3,633,776	231,364	6.8%	
Life Insurance	6,203	7,550	7,550	0	0.0%	
EAP/Payroll service	17,541	21,226	22,293	1,067	5.0%	
Medicare Part B Refund	83,338	90,150	120,672	30,522	33.9%	
Social Security Tax	13,137	30,000	18,000	(12,000)	-40.0%	
Medicare Payroll Tax	338,370	363,380	381,549	18,169	5.0%	
OPEB			12,000			
School Employee Benefits/Costs	4,013,904	4,828,011	5,135,677	307,666	6.4%	
Total Benefits/Costs	7,146,328	8,078,429	8,576,636	498,207	6.2%	

Insurance/Reserves

Comprehensive And Liability Insurance - School & Municipal

Expenses	317,418	402,000	402,000	0	0.0%	
Energy/Utility Reserve Fund*	0	225,000	225,000	0		
Special Town Mtg/Charter Review		25,000	25,000			
Reserve Fund	0	400,000	400,000	0	0.0%	
Total Ins./Reserve	317,418	1,052,000	1,052,000	0	0.0%	

Total Fixed Costs Budget	7,463,746	9,130,429	9,628,636	498,207	5.5%	
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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 FY10/FY11 utility costs.

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	862,545	744,525	716,426	(28,099)	-3.8%	
School Related Debt Service	5,498,300	5,382,816	5,183,172	(199,644)	-3.7%	
Total Debt Budget	6,360,845	6,127,341	5,899,598	(227,743)	-3.7%	

FY10 Debt Change

Change in Debt within Prop 2 1/2 (593,056)

Change in Debt-outside Prop 2 1/2 (\$134,687)

Total Debt Change (\$227,743)

**Appendix D
Proposed FY2011 Departmental Salary/Expense Budgets**

Description	Expended FY2009	Current FY2010 Budget	Proposed FY2011 Budget	\$ Change FY11 vs FY10 vs	% Change FY11 vs FY10	Comments
Sewer Enterprise						
Salaries	311,623	336,040	336,040	0	0.0%	Cut to seasonal help \$1576.
Expenses	115,039	116,900	116,900	0	0.0%	
Pumping Stations	141,309	150,900	150,900	0	0.0%	
MWRA Assessment	1,964,562	2,114,039	2,310,267	196,228	9.3%	
Mandated Inspections	116,827	120,000	120,000	0	0.0%	
Indirect Costs	290,978	0	0	0	#DIV/0!	
Sewer Debt & Int	438,777	311,873	305,053	(6,820)	-2.2%	
System Ext./Repairs	25,000	25,000	25,000	0	0.0%	
Total Sewer Enterprise**	3,404,116	3,174,752	3,364,160	189,408	6.0%	Note - Sewer Revenue will be Operating Budget + \$290,978 for indirect

Capital

This section is a summary of the
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

	FY05	FY06	FY07	FY08	FY09	FY10
Tax Revenue	\$142,000	\$85,101	\$123,000	\$123,000	\$573,000	\$123,000
Free Cash	\$696,000	\$737,899	\$700,000	\$700,000	\$700,000	\$760,000
Borrowing Within Proposition 2 ½	\$600,000	\$1,000,000	\$2,145,000	\$475,000	\$4,500,000	\$150,000
Exempt Debt						
Sewer Enterprise Funds	\$133,000		\$355,000	\$155,000	\$484,000	\$265,000
Sewer Enterprise Borrowing	\$750,000					
Other Sources	\$200,000	\$370,000	\$450,000			\$150,000

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.

FY11 CAPITAL DISCUSSION

FY11 continues to be a difficult budget year for municipalities across the state of Massachusetts. Limited new revenue growth, reduced 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. These ongoing concerns with our structural deficit are now coupled with the unprecedented problems of the national economy.

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 has demonstrated that a portion of new tax revenue from new commercial development could be dedicated to capital financing as was done in FY09. This would also provide for a long term, consistent method of funding necessary for capital improvements and maintenance when the Westwood Station project moves forward.

In addition, in FY06 the LRF 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. The 2008 Annual Town Meeting appropriated \$75,000 into this fund. Voters are guaranteed that these funds can only be used for capital. The Town must continue to guide new commercial revenue to capital projects and the Capital Stabilization Fund.

FY11 Recommendations

Capital appropriations in FY09 were significantly higher than recent years due to a guaranteed payment from the Westwood Station developer. The Town took approximately 25% of the first \$1.75M of guaranteed payment from Westwood Station and devoted it to additional capital projects. This provided a one-time boost of \$450,000 in much needed capital spending. Specifically, an additional \$110,000 was provided to the schools and \$341,000 to municipal capital needs. However, the current financial projections for FY11 indicate that there will only be funding within Proposition 2 ½ to support FY11 capital at the FY08 level. To support capital above these minimum levels would require new funding sources. Therefore, without significant new funding, the capital budget will continue below what is necessary to properly maintain the Town's assets.

**Capital Outlay Requests - FY2011
For Approval at the 2010 Annual Town Meeting**

Current Availability for Funding - FY2011

At this time, available funds within Proposition 2 1/2 only allow for funding for capital at the same level as FY08.

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

	FY08	FY09	FY10	FY11
School Capital	\$406,000	\$516,000	\$406,000	\$406,000
Municipal Capital	\$417,000	\$757,000	\$417,000	\$417,000

The School Committee and Board of Selectmen will identify specific recommendations for items to be approved with the capital targets.

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

FY2011 - 2015 Capital Improvement Plan

Capital Project Requests	FY2011 Request	FY2012 Request	FY2013 Request	FY2014 Request	FY2015 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		\$0		\$0		\$3,200,000
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Municipal Buildings

Design Plans for Senior Center Addition			\$35,000			\$35,000
Senior Center Addition					\$600,000	\$600,000
DPW Equipment Storage/Lunch Room Facility	\$480,000					\$480,000
Fire Station 1 Renovations	\$100,000	\$2,000,000				\$2,100,000
Fire Station 2 Renovations	\$150,000	\$3,000,000				\$3,150,000
Main Library Building Project	\$9,300,000					\$9,300,000
Repairs to Town Clock Structure	\$25,000					\$25,000
Town Hall Renovation	\$200,000	\$1,800,000				\$2,000,000
Town Hall Landscaping	\$250,000					\$250,000
Islington Community Center Lift				\$125,000		\$125,000
Colburn School Renovations		\$260,000	\$2,500,000			\$2,760,000
Islington Community Center Kitchen/Theater	\$100,000					\$100,000
Tennis Courts at Morrison Field	\$100,000					\$100,000
Municipal Building Maintenance	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000

Category Subtotal	\$10,805,000	\$7,160,000	\$2,635,000	\$225,000	\$700,000	\$21,525,000
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COA

Medical Van	\$35,000					\$35,000
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Department Total		\$0	\$0			\$35,000
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DPW

(2) 35,000 GVW Dump, Sander & Plow Truck	\$320,000					\$320,000
One Ton Dump & Plow	\$60,000					\$60,000
Superintendent Sedan	\$28,000					\$28,000
Street Sweeper	\$210,000					\$210,000
Nahatan St. Retaining Wall - Cemetery	\$35,000					\$35,000
Cemetery Road Paving	\$35,000					\$35,000
Heavy Duty Truck, Sander, & Plow		\$160,000				\$160,000
Heavy Duty Pickup Truck & Plow		\$60,000				\$60,000
8 Garage Doors - Maintenance		\$55,000				\$55,000
(2) Heavy Duty Dump Truck, Sander, & Plow			\$370,000			\$370,000
(3) One Ton Dump Trucks & Plows			\$180,000			\$180,000
One Tow Dump Truck			\$55,000			\$55,000
One Ton Dump & Plow				\$65,000		\$65,000
One Medium Dump & Plow				\$85,000		\$85,000
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	\$688,000	\$275,000	\$605,000	\$450,000	\$700,000	\$2,718,000
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FY2011 - 2015 Capital Improvement Plan

Capital Project Requests	FY2011 Request	FY2012 Request	FY2013 Request	FY2014 Request	FY2015 Request	Total
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Fire

Deputy Chief's Vehicle	\$34,000					\$34,000
Chief's Vehicle	\$34,000					\$34,000
Engines - Overhaul	\$30,000					\$30,000
S.C.B.A. Upgrade & Replacement	\$17,100	\$17,300	\$17,500	\$17,700	\$17,900	\$87,500
Radio Upgrade & Replacement	\$7,200	\$7,400	\$7,600	\$7,800	\$8,000	\$38,000
Rescue Equipment	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$60,000
Ladder Truck	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000
Ambulance					\$300,000	\$300,000

Department Total	\$234,300	\$136,700	\$137,100	\$137,500	\$437,900	\$1,083,500
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Information Technology

End User Technology	\$25,000	\$50,000	\$75,000	\$75,000	\$75,000	\$300,000
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Department Total	\$25,000	\$50,000	\$75,000	\$75,000	\$75,000	\$300,000
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Police

Replacement of Police Vehicles	\$120,314	\$125,127	\$130,132	\$135,337	\$140,750	\$651,660
Radio Infrastructure Plan	\$20,000	\$20,000	\$20,000			\$60,000
Communications Radio Console	\$150,000					\$150,000
Animal Control Officer Vehicle	\$30,000					\$30,000

Department Total	\$320,314	\$145,127	\$150,132	\$135,337	\$140,750	\$891,660
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School

Technology	\$800,000	\$800,000	\$800,000	\$500,000	\$500,000	\$3,400,000
Furniture, Fixtures, Equipment	\$325,000	\$325,000	\$325,000	\$325,000	\$325,000	\$1,625,000
HVAC and Controls	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000
Roofing	\$378,400	\$378,400	\$378,400	\$378,400	\$378,400	\$1,892,000
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			\$24,000			\$24,000

Department Total	\$2,048,400	\$2,048,400	\$2,072,400	\$1,748,400	\$1,748,400	\$9,666,000
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FY2011 - 2015 Capital Improvement Plan

Capital Project Requests	FY2011 Request	FY2012 Request	FY2013 Request	FY2014 Request	FY2015 Request	Total
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Sewer

Sewer Garage	\$550,000					\$550,000
Pipe Lining	\$475,000					\$475,000
Service Truck	\$45,000					\$45,000
Pump Replacement		\$60,000				\$60,000
Flow Metering		\$265,000				\$265,000
Superintendent Sedan		\$30,000				\$30,000
Generator Replacement Phase 2		\$80,000				\$80,000
Pipe Lining		\$475,000				\$475,000
Sewer Camera			\$140,000			\$140,000
Motor/Pump Replacement			\$175,000			\$175,000
Sewer Main Repairs			\$100,000			\$100,000
Station Overhaul Far Reach			\$300,000			\$300,000
Flow Analysis of System			\$100,000			\$100,000
Pipe Lining			\$475,000			\$475,000
2nd Meter System - Phase 1				\$80,000		\$80,000
Station Overhaul				\$300,000		\$300,000
Pump Replacement				\$60,000		\$60,000
Pipe Lining				\$475,000		\$475,000
Sewer Main Repairs					\$100,000	\$100,000
2nd Meter System - Phase 1					\$80,000	\$80,000
Pipe Lining					\$475,000	\$475,000

Department Total	\$1,070,000	\$910,000	\$1,290,000	\$915,000	\$655,000	\$4,840,000
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Totals 5-Year Capital Requests All Departments	\$15,181,014	\$10,725,227	\$8,804,832	\$2,688,237	\$4,457,050	\$44,256,160
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Capital Outlay Requests - FY2010
Approved at 2009 Annual Town Meeting

Item/Project	Department	Cost	Funding Source
3 Yard Loader (2nd of 2 payments)	DPW	\$52,500	Free Cash
Heavy Duty Dump Truck, Sander, & Plow (2nd of 2 payments)	DPW	\$75,000	Free Cash
Brook Street Bridge Repair	DPW	\$50,000	Free Cash
Service Truck	Fire	\$45,000	Free Cash
Command Vehicle	Fire	\$29,000	Free Cash
Vehicles (3)	Police	\$108,000	\$61,500 Taxation/\$46,500 Free Cash
Student Information Mgmt System Program	IT	\$25,000	Free Cash
Town Hall Heating System	DPW	\$32,500	Free Cash
	Total	\$417,000	
Flow Metering	Sewer	\$265,000	Sewer User Fees
	Total	\$265,000	
Technology	School	\$199,600	\$61,500 Taxation/\$138,100 Free Cash
HVAC	School	\$18,000	Free Cash
Copiers	School	\$80,000	Free Cash
Vehicles	School	\$30,000	Free Cash
Modulars - Hanlon (3rd of 3 payments)	School	\$78,400	Free Cash
	Total	\$406,000	
Additional Articles:			
Design Plan and Project Budget Estimate - New Library	Library	\$60,000	Free Cash
Cemetery Barn	DPW/Cemetery	\$150,000	Cemetery Funds
		\$150,000	Borrowing

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.

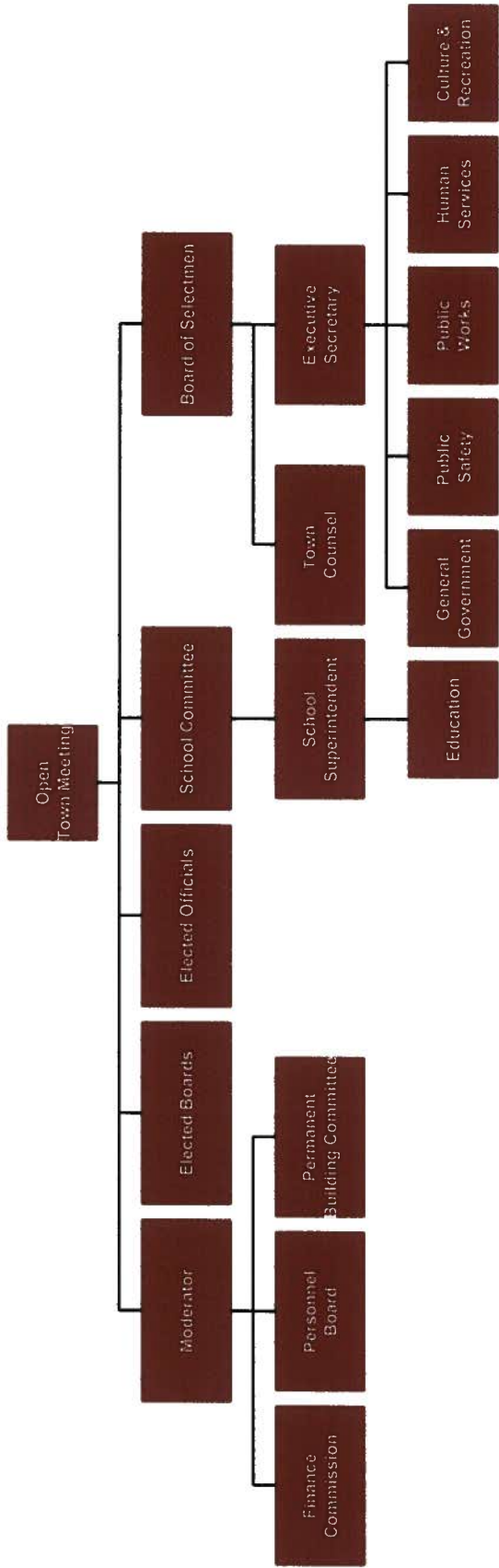
Westwood operates under a Board of Selectmen/Open Town Meeting/Executive Secretary form of government. The elected, three-member Board of Selectmen makes policy decisions. The Executive Secretary is responsible for carrying out the policies and direction of the Board of Selectmen and for managing the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



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 Annual 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 & Still Ongoing

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*	Will be completed in 2023. Net cost to average home \$4,693 or \$233/yr. for 20 years.
High School – Additional Appropriation for New High School 2002 Annual 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.

Debt/Capital Exemption Overrides Completed

Vote to Exempt Sewer Construction Bonds 1982 Annual Town Election	\$4,000,000	Debt Exemption	Completed – FY1993
Capital Equipment 1989 Annual Town Election	\$298,000	Capital Exemption	Completed – FY1990
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*	Completed – FY2009
Middle School/Gymnasium 1997 Annual Town Election	\$550,000	Debt Exemption*	Completed – FY2009

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	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	Projected FY2011
Prior Year Levy Limit	\$36,916,575	\$38,726,265	\$40,281,755	\$41,938,657	\$46,442,531	\$48,296,355	\$50,161,830
Plus 2.5% Increase	\$922,914	\$968,157	\$1,007,044	\$1,048,466	\$1,161,063	\$1,207,409	\$1,254,046
Plus New Growth**	\$886,775	\$587,334	\$649,858	\$678,020	\$692,761	\$658,066	\$300,000
General Overrides	\$0	\$0	\$0	\$2,777,387	\$0	\$0	\$0
Tax Levy Limit	\$38,726,265	\$40,281,755	\$41,938,657	\$46,442,531	\$48,296,355	\$50,161,830	\$51,715,875
Exempt Debt*	\$4,367,799	\$1,948,546	\$2,219,619	\$2,199,779	\$2,158,527	\$1,722,080	\$1,838,894
Levy Capacity	\$43,094,054	\$42,230,301	\$44,158,076	\$48,642,309	\$50,454,882	\$51,883,910	\$53,553,969
Actual Levy Assessed	\$43,092,347	\$42,197,019	\$43,967,446	\$48,519,937	\$50,373,089	\$51,832,246	\$53,553,969
Excess Levy (Taxes not raised)	\$1,707	\$33,282	\$190,630	\$122,373	\$81,793	\$51,664	\$0
Increase in Actual Levy (including new growth)	0.0%	-2.1%	4.2%	10.4%	3.8%	2.9%	3.3%
Increase in Levy without new growth	-2.10%	-3.44%	2.66%	8.81%	2.39%	1.59%	2.74%

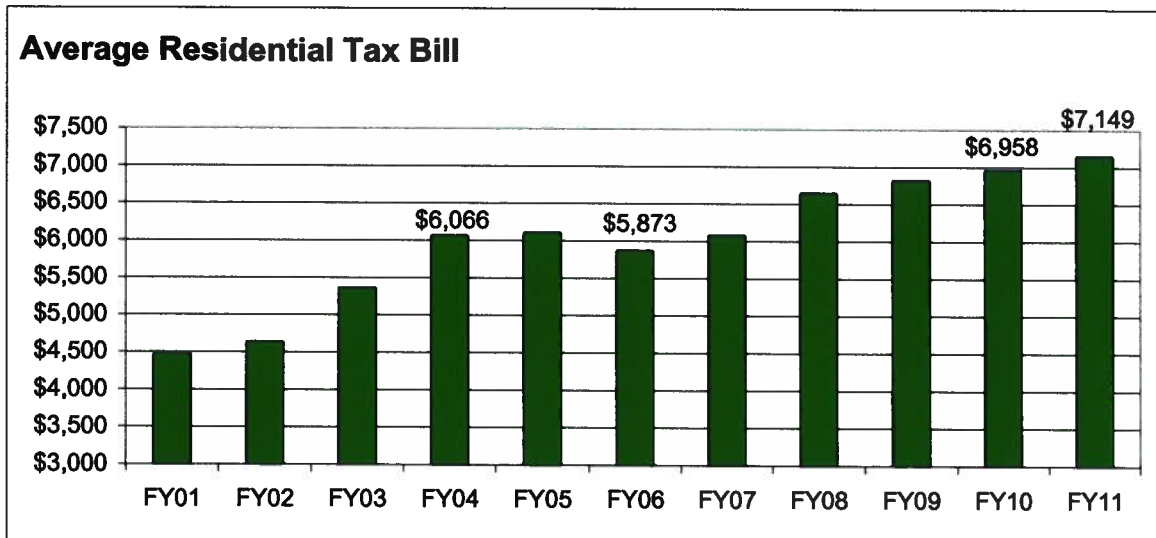
* Exempt debt - This is the net principal and interest payment required each year for borrowing projects approved outside Proposition 2 1/2.

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

FY2011 Tax Change Detail	
2.5/new growth	\$1,554,046
FY10 excess levy	\$51,664
change in exempt debt	<u>\$116,014</u>
Total Change in Taxes	\$1,721,723

Tax Rate/Tax Bill History

Tax Rate per Thousand	FY04	FY05	FY06	FY07	FY08	FY09	FY10	Projected FY11
Residential	\$12.96	\$11.97	\$10.37	\$10.73	\$11.74	\$12.01	\$13.07	
Commercial	\$23.36	\$20.97	\$18.85	\$19.81	\$21.67	\$22.25	\$23.99	
% of Total Town Value								
Residential Property	84.2%	85.5%	85.9%	85.9%	85.9%	85.6%	86.6%	
Commercial Property	15.8%	14.5%	14.1%	14.1%	14.0%	14.3%	13.4%	
Tax Shift Factor	1.60	1.58	1.63	1.65	1.65	1.65	1.65	
% of Total Town Taxes								
Residential Properties	74.7%	77.1%	77.1%	76.8%	76.8%	76.2%	77.9%	
Commercial Properties	25.3%	22.9%	22.9%	23.2%	23.2%	23.7%	22.1%	
Average Residential Tax Bill								
Home Value	\$468,075	\$510,202	\$566,324	\$566,324	\$566,324	\$566,324	\$532,345	
Tax Bill	\$6,066	\$6,107	\$5,873	\$6,076	\$6,648	\$6,802	\$6,958	\$7,149
Average Tax Bill Increase	13.2%	0.67%	-3.84%	3.50%	9.40%	2.3%	2.3%	2.74%
Single Tax Rate	\$14.60	\$13.27	\$11.56	\$12.01	\$13.13	\$13.49	\$14.54	
Savings to Average Tax Bill from Having Split Tax Rate	\$767.0	\$663.0	\$673.7	\$725.5	\$789.8	\$838.0	\$782	

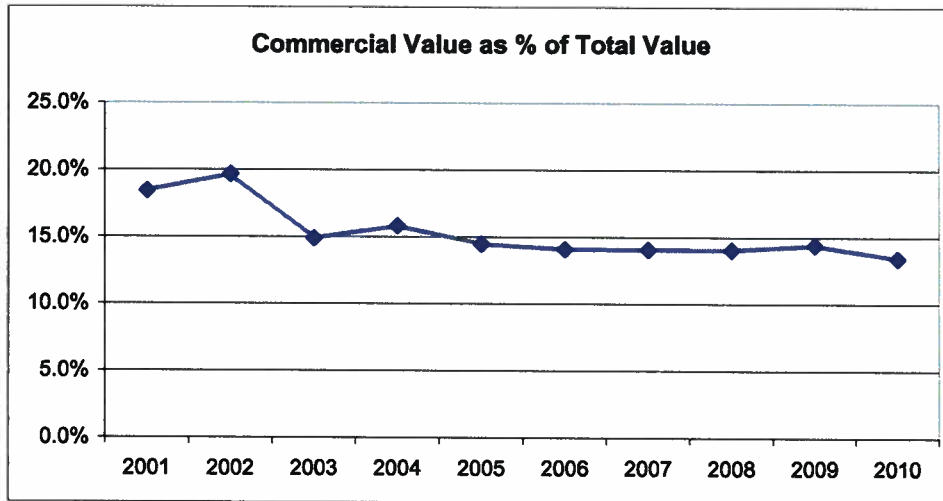
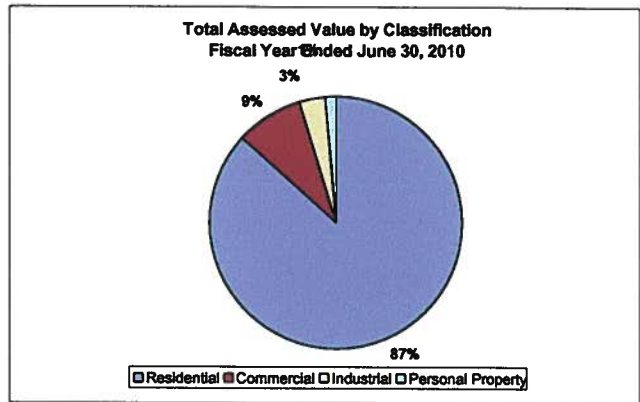
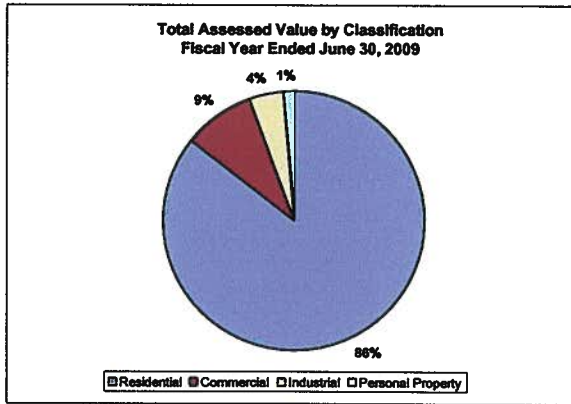


- FY03/FY04 - Increases due to school override and full debt for MJ, Downey and High School.
- FY05/FY06 - State School Building funding for debt allowed bill to decline.
- FY08 - Increase due to School override.

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	
2001	\$1,709,698,250	\$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	\$3,147,514,448	\$10.73	\$271,807,104	\$190,849,800	\$51,962,800	\$514,619,704	\$19.81	\$3,662,134,150
2008	\$3,175,772,814	\$11.74	\$272,818,535	\$193,747,600	\$51,955,500	\$518,521,635	\$21.67	\$3,694,294,449
2009	(1) \$3,197,768,457	\$12.01	\$325,730,795	\$164,387,500	\$47,764,400	\$537,882,695	\$22.25	\$3,735,651,152
2010	\$3,088,616,907	\$12.87	\$313,502,764	\$116,181,450	\$48,381,800	\$478,066,014	\$25.31	\$3,566,682,921



(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.

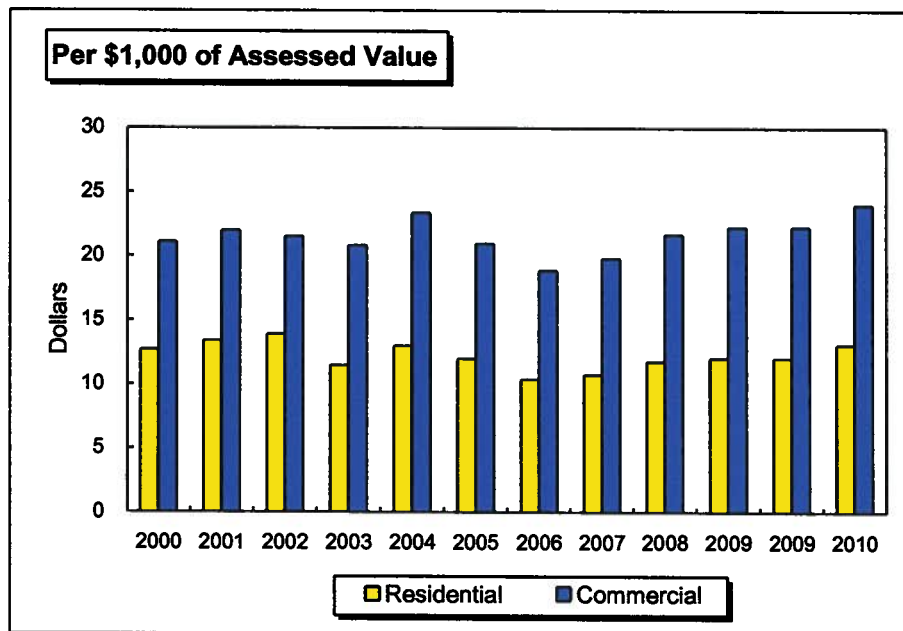
Town of Westwood, Massachusetts

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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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
2009	(1)	\$12.01	\$22.25	\$22.25
2010		\$13.07	\$23.99	\$23.99



(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 general municipal aid.

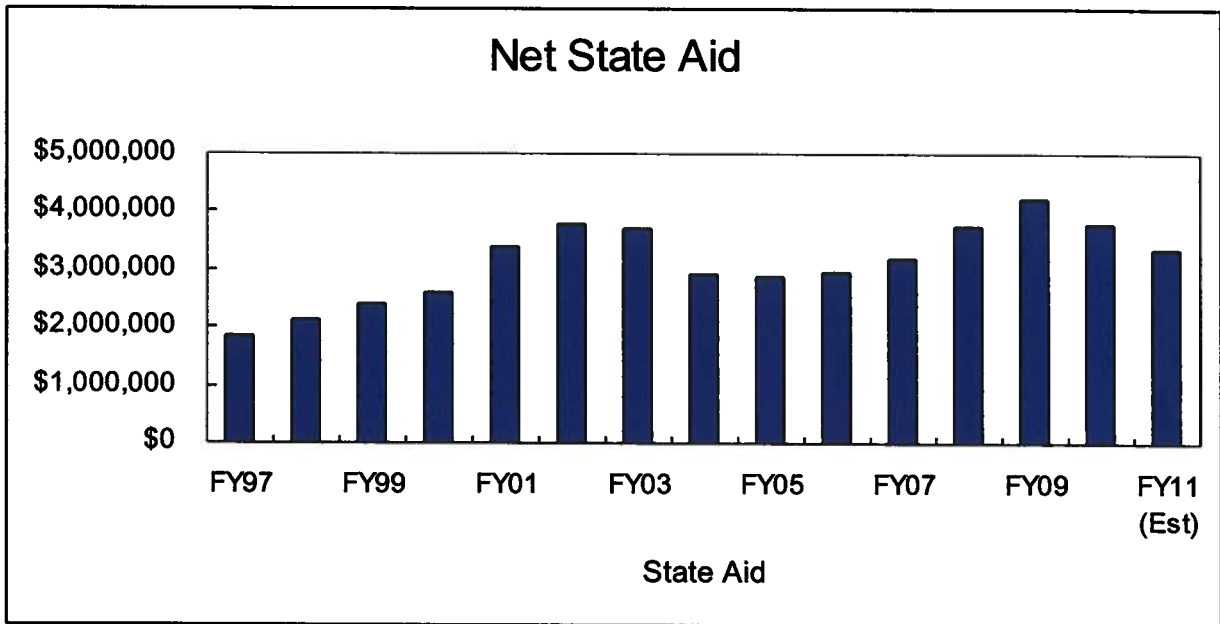
State aid, once a reliable source of budget income, has recently become an inconsistent and volatile account. Every year, State aid is subject to the State budget process and often amounts are not known until very late in the Spring.

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 and FY08, the Town received larger increases in Chapter 70. The Chapter 70 increase reflected a change in the statewide distribution of Chapter 70 funds. In FY10, the final budget cut Chapter 70 by 2% and municipal aid by 30%.

The FY11 state aid estimate per the Governor's budget is shown on the following page. The Governor's budget would level fund Chapter 70, and municipal aid. However, the initial Town budget is based on a 10% state aid reduction. The Governor's numbers are all subject to change during the state budget process and should not be considered actual amounts for budget purposes. We will monitor the state budget process and update our state aid estimates for Town Meeting.



Cherry Sheet Receipts								
	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	Governor's Projected Budget FY2011	Used For FY11 Initial Budget
Chapter 70 - Education	\$2,108,502	\$2,250,702	\$2,588,559	\$3,096,779	\$3,547,941	\$3,476,983	\$3,476,983	\$3,129,284
Federal Education Stimulus \$							\$513,030	
School Building Assistance	\$226,025	*\$0	*\$0	*\$0	*\$0	*\$0	*\$0	
Municipal Aid (Old Lottery & Add'l Assistance)	\$635,077	\$721,580	\$857,639	\$871,741	\$871,741	\$642,792	\$642,792	\$578,512
Other	\$222,123	\$234,916	\$241,807	\$258,112	\$282,347	\$187,063	\$183,026	\$183,026
Offsets (Restricted to Metco,** Library, School Lunch)	\$188,436	\$217,988	\$29,099	\$30,678	\$30,830	\$27,313	\$25,628	\$25,628
Total Receipts	\$3,380,163	\$3,425,166	\$3,717,104	\$4,257,310	\$4,732,859	\$4,334,151	\$4,841,459	\$3,916,450
Charges								
County Tax	\$156,916	\$154,381	\$158,240	\$152,576	\$156,390	\$156,183	\$160,097	\$160,097
MBTA Assessment	\$280,407	\$263,622	\$271,824	\$279,854	\$278,767	\$286,827	\$289,409	\$289,409
Other	\$77,565	\$68,309	\$80,359	\$87,485	\$84,175	\$112,347	\$107,170	\$107,170
Prior Year Adjustment	\$0	\$0	\$0				\$0	
Total Charges	\$514,888	\$486,312	\$510,423	\$519,915	\$519,332	\$555,357	\$556,676	\$556,676
Net State Aid	\$2,865,275	\$2,938,854	\$3,206,681	\$3,737,395	\$4,213,527	\$3,778,794	\$4,284,783	\$3,359,774

*School Building Assistance is no longer a cherry sheet item. This revenue is now a separate state category. See next page for more detail.

**Metco - In 2007, the state changed Metco payments from cherry sheet offset to a separate grant program, no longer on cherry sheet.

FY10

Lottery and additional assistance accounts were combined into a "Municipal Aid" account.

FY11

The FY11 state aid will change throughout the spring as the Governor's budget undergoes review by the state legislature. Therefore, it should not be assumed that the current cherry sheet funds shown will be our final amounts for FY11. The state aid estimates will be updated throughout the spring as the state budget process proceeds.

Federal Education Stimulus \$ - In FY10, in addition to the Chapter 70 funds shown, the State distributed to Westwood \$513,030 as part of federal education stimulus funds. This funding was in the form of a federal grant and was separate and in addition to the State and Town budget funds. The Governor's budget for FY11 proposes to provide this \$513,030 as part of the State Chapter 70 funding, not utilizing federal stimulus funds.

State School Building Assistance

In 2004 the state made a major change to the school building program. Since then, Westwood continues to benefit from those changes. Payments are applied directly to the debt service.

The Town is currently receiving State School Building reimbursement on 3 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	Completed FY10
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

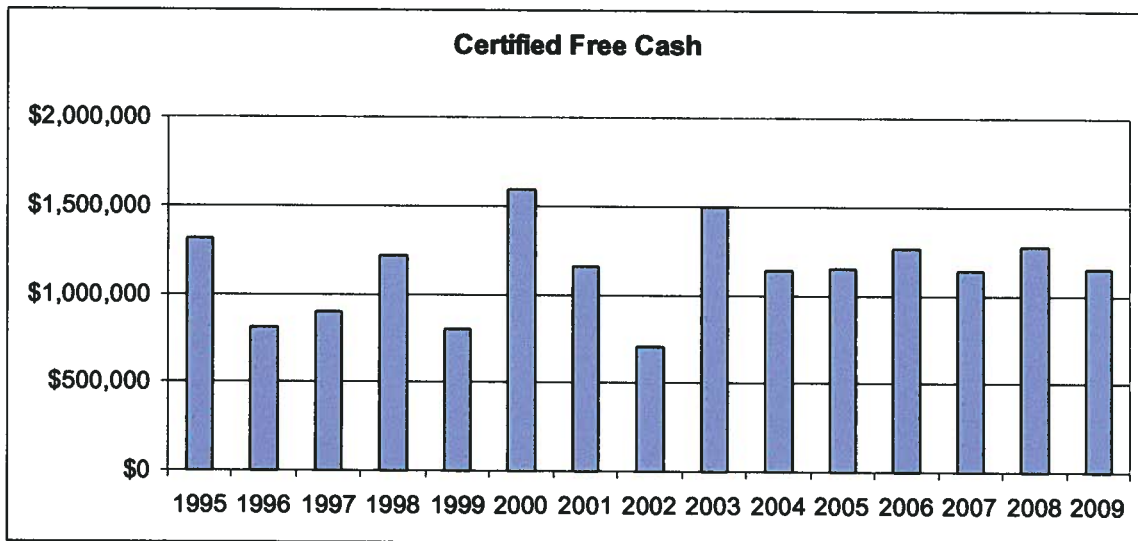
Total State Reimbursement			
FY05	\$1,544,068	FY10	\$3,008,895
FY06	\$3,600,190	FY11	\$2,760,163
FY07	\$3,193,029	FY12	\$2,760,163
FY08	\$3,089,590	FY13	\$1,522,815
FY09	\$3,008,895	FY14-FY23	\$1,522,815 Per year

These annual payments are finalized and guaranteed. They are not subject to the annual state budget process.

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.

Free Cash

- Certified Free Cash as of July 1, 2009 is \$1,148,459 which is approximately 2% of the FY09 budget.
- The 5-year average Free Cash has been approximately \$1.2 million.
- Financial policy not to use free cash for operating budget.
- FY10 used \$700,000 of free cash for capital, \$110,000 for energy reserve, \$60,000 for proposed new library article, and \$205,000 for snow and ice.
- FY11 projections use \$700,000 for capital and \$110,000 for energy reserve.



	July 2009	July 2008	July 2007	July 2006	July 2005	July 2004
Certified	\$1,148,459	\$1,274,374	\$1,142,342	\$1,266,415	\$1,154,408	\$1,138,014
Used to Fund Subsequent Budget	Proposed: Energy Reserve \$110,000 Capital \$700,000	Energy Reserve \$110,000 Capital \$700,000 Articles \$265,000	Energy Reserve \$110,000 Capital \$700,000 Stabilization \$25,000 Articles \$128,000	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 Budgets \$737,899 Stabilization \$122,450 \$25,000
Certified Free Cash as % of Total Budget	2%	2%	2%	2%	2%	2%

Reserve Fund Transfer History Fiscal Years 1995 – 2010

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
FY10	\$400,000		None to Date	
FY09	\$400,000	\$30,000 Transfer to Library capital article \$269,000 snow and ice	\$299,000	\$101,000
FY08	\$400,000	\$60,000 Planning Board Special Counsel \$100,000 Annual Town Meeting Transfer to supplement FY08 snow & ice budget \$20,000 High School litigation legal expenses	\$180,000	\$220,000
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.

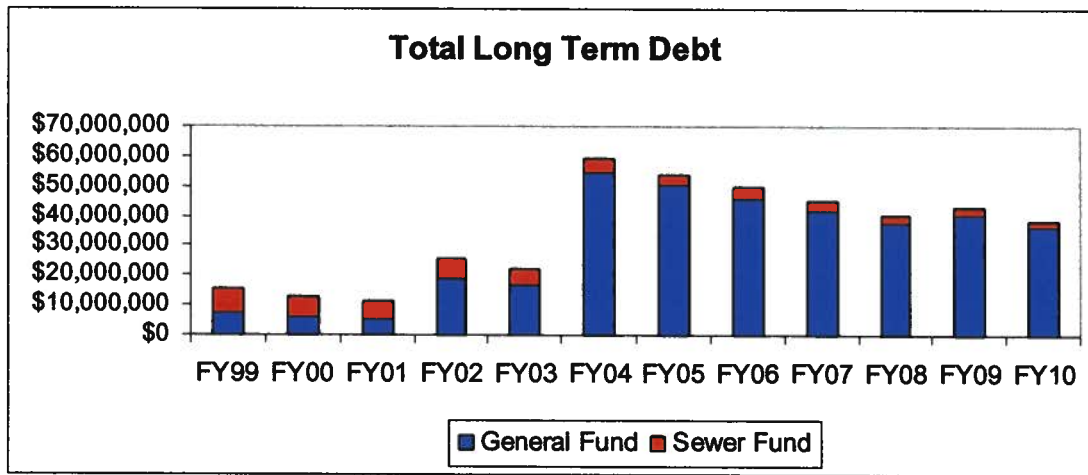
As with a personal credit rating, the Town's credit rating is a statement of its overall fiscal health as a government and as a community. The benefit of a strong credit rating is realized in lower interest costs on the Town's long-term debt issues.

In June of 2009, the Town underwent a credit review in preparation for the sale of a \$3.5M bond. The Town's credit ratings were reaffirmed at AAA from Standard & Poor's and Moody's Investor Service at Aa1. These excellent ratings place Westwood in the top 5% of Massachusetts communities.

However, the agencies expressed concern with the Town's low level of reserves. In order to maintain high credit ratings, the Town must continue to increase reserve funds to meet stated goals.

Other debt information:

- Total Legal Debt Limit - approx. \$195 Million.
- The Town's general fund debt service is approximately 9.3 % of the operating budget for FY10.



Total Long Term Debt Issued and Outstanding	FY10	FY09	FY08	FY07	FY06	FY05	FY04	FY03
General Fund	36,280,000	40,575,000	37,760,000	41,925,000	46,090,000	50,255,000	54,670,000	16,595,000
Sewer Fund	1,865,287	2,175,125	2,600,875	3,022,828	3,440,498	3,854,664	4,823,582	5,872,408
Total	38,145,287	42,750,125	40,360,875	44,947,828	49,530,498	54,109,664	59,493,582	22,467,408

Long Term General Fund Debt Outstanding as of June 30, 2010

Description	Rate of Interest	Date Issued	Maturity Date	Amount Issued	Total Outstanding 30-Jun-10
General Fund					
Martha Jones Construction	4.04	3/21/02	3/21/2012	\$7,200,000	\$1,440,000
Downey Construction	4.04	3/21/02	3/21/2012	\$6,300,000	\$1,260,000
Land Acquisition	4.04	3/21/02	3/21/2012	\$1,300,000	\$260,000
Land Acquisition	4.04	3/21/02	3/21/2012	\$300,000	\$60,000
High School Project	4.25	8/01/03	06/01/2023	\$39,262,300	\$25,675,000
Municipal DPW Building	4.25	8/01/03	06/81/2014	\$2,600,000	\$1,040,000
Public Building	4.25	8/01/03	06/08/2014	\$240,700	\$90,000
Land Acquisition	3.19	8/01/08	02/01/2015	\$210,000	\$150,000
High Street Reconstruction	3.40	8/01/08	02/01/2017	\$1,000,000	\$770,000
High Street Lights	3.39	8/01/08	02/01/2017	\$195,000	\$145,000
High Street Fields	3.84	8/01/08	02/01/2018	\$475,000	\$375,000
High School Completion	3.48	8/01/08	02/01/2023	\$1,950,000	\$1,690,000
Middle Sch Modular Construction	3.79	6/15/09	06/15/2029	\$3,500,000	\$3,325,000
Total General Fund					\$36,280,000

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

FY10	\$6,073,034	FY15	\$3,471,016
FY11	\$5,899,596	Fy16	\$3,324,671
FY12	\$5,724,227	FY17	\$3,225,999
FY13	\$4,014,327	FY18	\$2,972,027
FY14	\$3,880,303	Fy19-29	\$14,311,383

Total repayment of Long Term Debt Currently Issued \$52,896,583

General Fund Debt authorized - Not Yet Issued Long Term

Middle School Modular Expansion	ATM 5/08	\$1,000,000 *
Cosntruction of Barn/Gargae	ATM 5/09	\$150,000
Total		\$1,150,000

*Special Town Meeting of 3/8/2010 will rescind this unissued balance of \$1,000,000

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

General Fund Debt

	Outstanding as of 30-Jun-10	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16-29	Total FY10-FY29
Principal and Interest for Current Long term Debt Outstanding										
Middle School/Gym (Exempt)	0	295,800	0	0	0	0	0	0	0	\$0
Land Acquisition	0	40,800	0	0	0	0	0	0	0	\$0
Senior Center	0	24,480	0	0	0	0	0	0	0	\$0
School Fields	0	19,380	0	0	0	0	0	0	0	\$0
Additional Middle School /Gym	0	22,440	0	0	0	0	0	0	0	\$0
Downey Construct (Exempt)	1,260,000	735,525	710,325	684,338	657,563	0	0	0	0	\$2,052,226
MJ school Construct (exempt)	1,440,000	840,600	811,800	782,100	751,500	0	0	0	0	\$2,345,400
Strair Land Purchase	260,000	151,775	146,575	141,213	135,688	0	0	0	0	\$423,476
Cemetery Land Purchase	60,000	35,025	33,825	32,588	31,313	0	0	0	0	\$97,726
High School Constact (Exempt)	25,675,000	3,329,356	3,240,481	3,161,481	3,082,481	2,983,731	2,884,981	2,786,231	18,960,000	\$37,099,387
Municipal Building	1,040,000	331,500	319,800	309,400	299,000	286,000	273,000	0	0	\$1,487,200
Obed Baker	90,000	31,375	30,250	29,250	28,250	22,000	21,000	0	0	\$130,750
Eminnet domain	150,000	33,563	36,225	35,325	34,275	33,225	32,175	31,125	0	\$202,350
High Street Lights	145,000	28,413	31,075	30,325	24,450	23,750	23,050	22,350	42,400	\$197,400
High Street Construction	770,000	132,613	146,775	138,325	134,475	130,625	126,775	122,925	233,200	\$1,033,100
High School field	375,000	58,456	65,413	63,913	62,163	60,413	53,663	52,088	145,800	\$503,450
High Scool Completion	1,690,000	166,433	198,965	195,065	190,515	185,965	181,415	176,865	1,229,930	\$2,358,720
Middle Sch Modular Construct	3,325,000	0	301,525	296,275	292,556	288,619	284,244	279,431	3,217,419	\$4,960,069
Total General Fund Debt	36,280,000	6,277,532	6,073,034	5,899,598	5,724,229	4,014,328	3,880,303	3,471,015	23,828,749	52,891,253
Total Exempt Debt		5,201,281	4,762,606	4,627,919	4,491,544	2,983,731	2,884,981	2,786,231	18,960,000	41,497,013
Change in Gross Exempt Debt			(438,675)	(134,687)	(136,375)	(1,507,813)	(98,750)	(98,750)		
State Reimbursement Being Received - for School Projects - all project audits completed										
1997 Middle School - FY2001 - FY2010		248,732	248,732	0	0	0	0	0	0	
1999 Downey School -FY2005 - FY2012		620,168	620,168	620,168	620,168	0	0	0	0	
2000 Martha Jones School -FY2005 - FY2012		617,180	617,180	617,180	617,180	0	0	0	0	
High School Project - FY06 - FY23		1,522,815	1,522,815	1,522,815	1,522,815	1,522,815	1,522,815	1,522,815	12,182,520	
High School Bond Premium		33,859	31,631	29,662	27,687	25,278	22,750	20,281	78,999	
Total State/Premiu annual payments		3,042,754	3,040,526	2,789,825	2,787,850	1,548,093	1,545,565	1,543,096	12,261,519	
Net annual Exempt Debt		2,158,527	1,722,080	1,838,094	1,703,694	1,435,638	1,339,416	1,243,135	6,698,481	
Change in annual Exempt Debt			(436,447)	116,014	(134,400)	(268,056)	(96,222)	(96,281)		

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

Sewer Fund Debt

	Outstanding as of June 30,2009	FY09	FY10	FY11	FY12	FY13	FY14	FY15-19	Total
Principal and Interest payments for current Sewer Debt Outstanding									
								Total FY10 -19	
Sewer -Bond 4/95	0	0							\$0
Sewer - Abatement Trust 2/94	0	0							\$0
Sewer -Bond 12/98	0	122,400	0	0	0	0			\$0
Sewer - Abatement Trust 11/98	1,725,125	142,455	142,748	142,117	137,887	141,796	144,365	736,619	\$1,445,533
MWRA no interest loans	0								\$0
Sewer - \$1.5 m bond 4/02	450,000	175,125	169,125	162,936	156,563	0	0	0	\$488,623
Total Sewer Debt	2,175,125	439,980	311,873	305,052	294,450	141,796	144,365	736,619	1,934,156
All debt funded by sewer user fees									
** There was \$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. \$200,000 was appropriated in FY05 and \$500,000 in FY06 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, 2009

Fiscal Year 2009 equalized valuation	<u><u>\$3,906,162,100</u></u>
Debt Limit - 5% of equalized valuation	\$195,308,105
Less:	
Total debt applicable to limitation	\$42,750,125
Authorized and unissued debt	<u>\$1,150,000</u>
Legal debt margin	<u><u>\$151,407,980</u></u>

Cost of Local Government Typical Residential Taxpayer

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

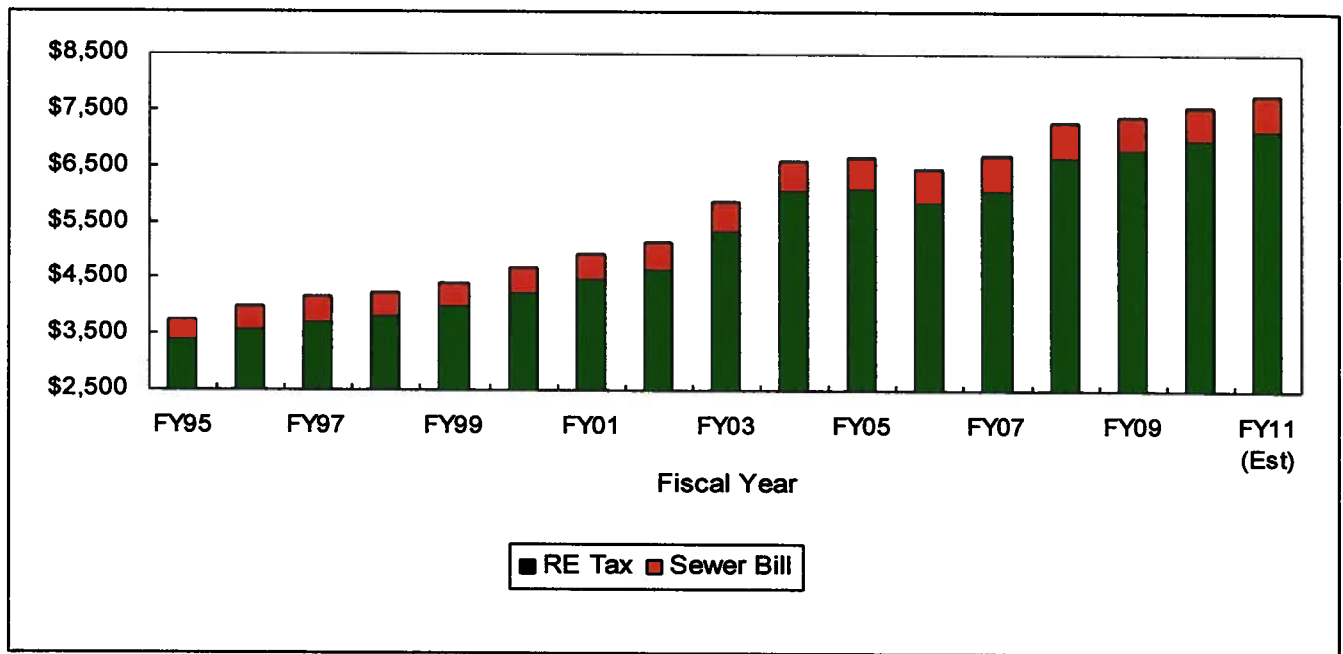
- 1st Quarter Due August 1
- 2nd Quarter Due November 1
- 3rd Quarter Due February 1
- 4th Quarter Due May 1

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; \$510,000 for FY05; \$566,324 for FY06-FY09 and \$532,345 for FY10 and FY11.

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



	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11 (Est)
Tax Bill	\$4,233	\$4,470	\$4,637	\$5,359	\$6,065	\$6,107	\$5,873	\$6,076	\$6,648	\$6,802	\$6,958	\$7,149
Tax Rate/Thousand	\$12.66	\$13.37	\$13.87	\$11.45	\$12.96	\$11.97	\$10.37	\$10.73	\$11.74	\$12.01	\$13.07	
Annual Sewer Bill	\$450	\$470	\$500	\$510	\$535	\$560	\$580	\$610	\$635	\$605	\$590	\$620

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.

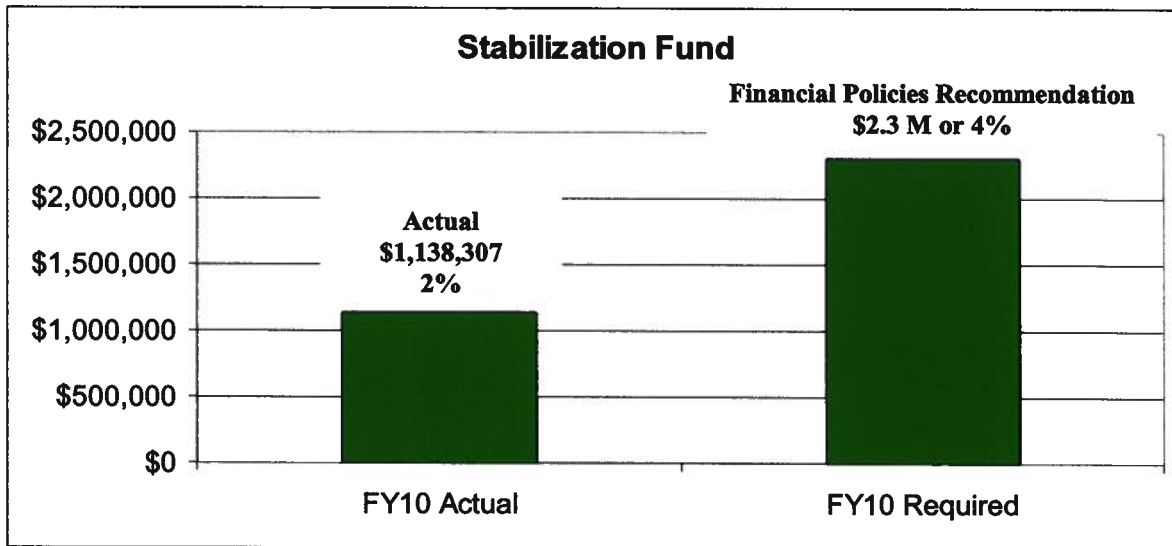
As with any business, it is important for the Town to have a reserve account to provide for unforeseen emergencies or future expenditures. As like most communities, Westwood was not able in the late '80's and early '90's to continue the practice of appropriating funds in to the Stabilization account.

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 \$2.3 million. The current balance, at 2% 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.



	FY2010	FY2009	FY2008	FY2007	FY2006	FY2005	FY2004	FY99
Balance								
Stabilization Fund	\$1,138,307	\$1,125,790	\$1,037,359	\$968,827	\$904,083	\$848,225	\$782,142	\$4,003
Capital Improvement Stabilization Fund	\$75,889	\$75,000	0	0	0	0	0	0

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 2009				
Municipality	Residential Tax Rate	Commercial Tax Rate	Tax Levy	Taxes As % of Total Revenue
Canton	9.98	19.68	\$50,759,822	65.76
Concord	11.90	11.90	\$62,648,642	78.03
Holliston	15.46	15.46	\$32,014,905	61.97
Medfield	13.85	13.85	\$31,881,066	60.16
Sharon	17.72	17.72	\$49,091,464	68.71
Sudbury	15.29	19.30	\$63,263,123	77.65
Wayland	16.37	16.37	\$51,751,542	78.08
Weston	11.02	11.02	\$56,998,334	72.58
Westwood	12.01	22.25	\$50,373,089	58.99

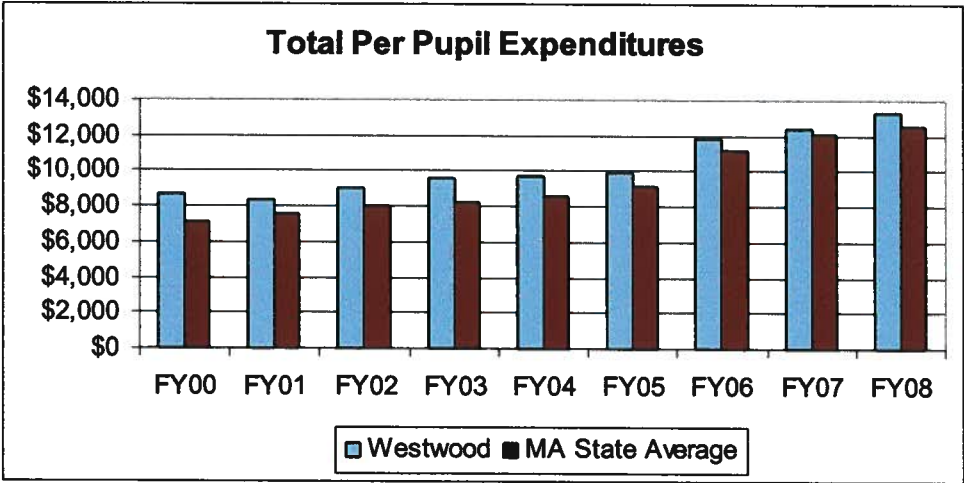
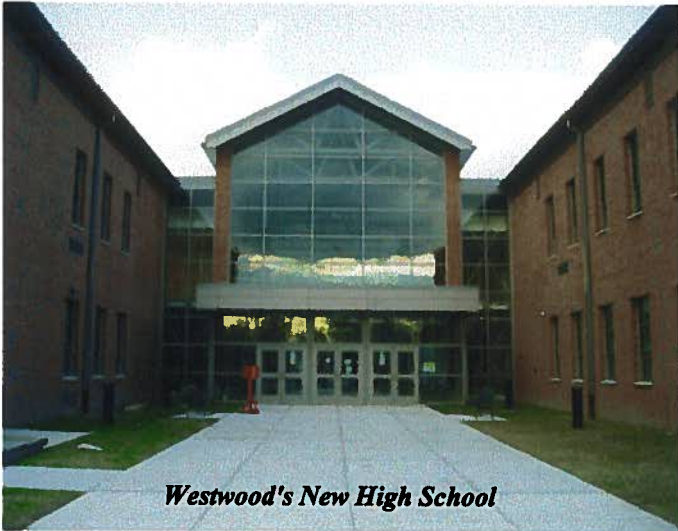
Municipality	Fiscal Year 2009			Fiscal Year 2008	December, 2008
	Average Single Family Tax Bill	State Hi-Lo Rank	Free Cash	Stabilization Fund	Moody's Bond Rating
Canton	\$4,894	90	\$2,014,294	\$2,636,393	Aa2
Concord	\$10,708	6	\$7,371,061	\$488,353	Aaa
Holliston	\$6,157	43	\$582,828	\$385,281	A1
Medfield	\$8,057	21	\$1,393,769	\$2,531,861	Aa2
Sharon	\$7,833	23	\$3,053,062	\$117,823	Aa3
Sudbury	\$10,123	8	\$15,235	\$1,796,148	Aa1
Wayland	\$10,603	7	\$6,185,780	\$949,915	Aaa
Weston	\$15,293	1	\$3,153,673	\$16,974	Aaa
Westwood	\$7,928	20	\$1,274,374	\$1,037,354	Aa1

Some Facts About Westwood

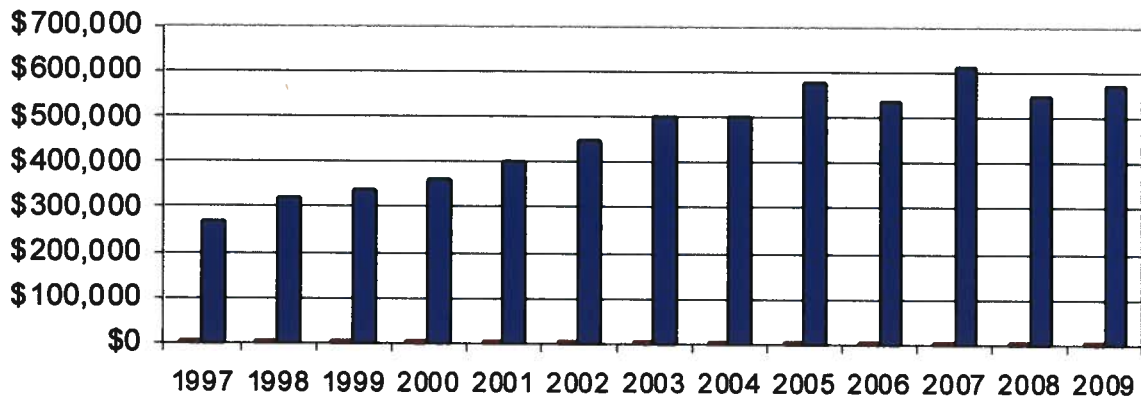
Form of Government	Board of Selectmen, Executive Secretary, Open Town Meeting			
Population Trends	1990		2000	
	12,557		14,117	
Registered Voters (2009)	Total	Democrats	Republicans	Unenrolled/Other
	10,040	2,787	1,679	5,574

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.



Fiscal Year Median Home Sale Price



Visit Westwood's Web Site!
<http://www.townhall.westwood.ma.us/>



Important Links...

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



Questions/Comments?
 Contact us online....

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

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, 2010

Policy	Target	Actual	Comments	Target Status
B. 2. Operating Reserve Fund – shall be 1% of total general fund operating budget, net of debt service.	\$560,458 1%	FY10 Budget \$400,000	Close to target; 71.5% of target.	Not Met
B. 3. Free Cash – shall maintain at 4% of general fund operating budget, net of debt service.	\$2,241,835 4%	\$1,148,459 2%	Actual is at 51% of goal, approximately \$1,093,000 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% \$2,305,052 Total 8% or \$4,610,105	Stabilization Actual 2% \$1,138,307 Total 4% or \$2,286,766	Stabilization approximately \$1. 16M short of target. Total is at 49% 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 \$4,610,105	Actual 2.4%	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 \$6,915,157	Actual 10.6% \$6,127,341	Actual is within target by 1.4%.	✓
F. 5. Investment in capital stock – will maintain 3% of general fund operating budget, net of debt, on ongoing capital maintenance and replacement.	\$1,681,376 3%	\$823,000 1.5%	Actual is approximately \$858,000 short of target. Actual at 50% of target.	Not Met
G. 5. Maintain sewer retained earnings – will maintain 10% of sewer fund revenues.	\$373,073 10%	\$818,403 22%	Actual is above 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 FY10 budget solution, \$110,000 of Free Cash was used to support energy reserve account.</p>	<p>Not Met</p>
<p>D.5. Reserves – Town will strive to make annual appropriation to the Stabilization Fund</p>	<p>\$75,000 appropriated at 2008 Annual Town Meeting; no appropriation to reserve at 2009 Annual Town Meeting; Town must make appropriations going forward.</p>	<p>Not Met</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.