

*The Town of
Westwood, Massachusetts*



*Comprehensive Annual
Financial Report*

*For the Fiscal Year
July 1, 2001 – June 30, 2002*



Westwood Town Hall

*The Town of
Westwood, Massachusetts*



**Comprehensive
Annual Financial Report**

**For the Fiscal Year
July 1, 2001 through June 30, 2002**

Board of Selectmen

Thomas J. Dunn, Chairman

Patrick J. Ahearn

Anthony J. Antonellis

Prepared by:

Pamela Dukeman, Finance Director

Town of Westwood, Massachusetts
Comprehensive Annual Financial Report
For the Year Ended June 30, 2002

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Introductory Section

Transmittal Letter

A Few Words About Westwood

Directory of Officials

Organization Chart

Certificate of Achievement



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

*Pictured from left to right: Selectman Thomas Dunn, Finance Commission Administrator
Sheila Nee, Assistant Treasurer Patricia Conley, Town Accountant Marie O'Leary, Finance
Director Pamela Dukeman, Selectmen Anthony Antonellis and Patrick Ahearn*



Town of Westwood
Commonwealth of Massachusetts

Office of the Finance Director

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December 26, 2002

Honorable Board of Selectmen
Town of Westwood
Westwood, MA 02090

The Comprehensive Annual Financial Report (CAFR) of the Town of Westwood, Massachusetts, for the fiscal year 2002 is presented for your review. The report was prepared by the Finance Department. The responsibility for the accuracy, completeness, and fairness of the data presented, including all disclosures, rests with the Town. We believe the data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Town as measured by the financial activities of its various funds and account groups.

The report is designed to be used by the elected and appointed officials of the Town and others who are concerned with its management and progress such as bond analysts, banking institutions and credit raters as well as residents and taxpayers of Westwood.

The Comprehensive Annual Financial Report is presented in three sections, as follows:

The **Introductory Section**, including this transmittal letter with economic conditions and outlook, major initiatives and financial information, the Town's organization chart and a list of principal officials.

The **Financial Section**, which contains the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the independent auditor's report on these financial statements and schedules.

The **Statistical Section**, which contains selected unaudited financial and demographic information, generally presented on a multi-year basis.

The Town of Westwood is required to undergo an annual audit of its Federal grant funds as required by the Single Audit Act of 1984 and the United States Office of Management and Budget's Circular A-128, Audits of State and Local Governments. Information associated with this single audit, including a schedule of Federal financial assistance, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings are included in a separately issued single audit report.

The report includes all funds and account groups of the Town. In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, the financial reporting entity includes both the primary government and its component units. Pursuant to these criteria, no component units have been identified for inclusion in the financial statements.

Town of Westwood Government

Westwood was incorporated as a Town in 1897. With a population of approximately 14,000, Westwood is located in eastern Massachusetts, 13 miles south of Boston, with a land area of 11 square miles. Situated at the junction of Routes 95/128 and 93, Westwood provides an excellent location for its residents and its businesses. The Town offers the further convenience of two commuter rail lines and full MBTA bus service on some major routes. Westwood is recognized for the quality of its schools. Students consistently score in the top percentiles on national tests, and the overwhelming majority of students graduating from the High School go on to higher education.

The Town 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.

The Town offers a full range of services including police and fire protection, education, maintenance of streets and infrastructure, solid waste collection and disposal, health and human services, cultural and recreational, administrative and financial services.

An elected, five-member School Committee appoints a School Superintendent who administers the public school system of the Town. School Committee members, like the Board of Selectmen, are elected at-large to three-year staggered terms.

Economic Conditions and Outlook

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

Consistent with post-industrial trends, Westwood's industrial mix has shifted from manufacturing to the retail and service sectors. The Town continues to focus on the needs of its business community, primarily in the University Avenue Park. This area represents the economic engine that drives the Town's commercial tax base. While occupancy rates in the Park are at their most favorable level since the early 1970's, the Town realizes it must continue the initiative to improve the road system and revitalize the Park in order to attract new development.

Two recent major additions have greatly enhanced the future outlook in the Park. Nstar, one of the State's largest utilities has constructed a 350,000 sq. ft. company headquarters building and the Amtrak high speed rail service to New York has begun. An Amtrak rail station is located within the business Park. Additionally, the Town has continued zoning bylaw changes which are compatible with sustaining development, but do not negatively impact the quality of life for residents. These efforts have seen increased activity in the Park and the future outlook is strong. Only through these efforts will residents receive the maximized benefit of commercial tax dollars by reducing the tax burden on the residential property owner. To solidify this effort, the Town has adopted a split tax model that will prospectively allow for the sharing of tax benefits of commercial growth between the residential and commercial taxpayers.

Major Initiatives

Fiscal Year 2002 in Review

- At a Special Town Meeting, residents voted to appropriate an additional \$8 million dollars toward the construction of a new high school; this additional appropriation will be added to the \$35 million appropriated in 2000. These additional funds will be earmarked for a field press box, concession stand and an artificial surface for a multipurpose field. This vote continued to demonstrate the Town's dedication to educational needs.

The Town is eligible to receive 59% state reimbursement toward the total cost of approximately \$43 million dollars.



Westwood's New High School.....

- The Town continued to make progress on its long-standing effort to promote the development of affordable housing. Construction was completed on a unit providing two affordable rental units.
- The Board of Selectmen and Business Development Advisory Board successfully negotiated for installation of a telecommunication conduit system in the University Avenue Park. This project was funded entirely by a private company. The Park is Westwood's major industrial district, and this new system should enhance the Town's ability to attract further office development.
- The Town, along with several neighboring communities, conducted an economic development study which proposed the establishment of a regional committee to lobby for a joint economic interest including area transportation enhancements.
- The Board of Selectmen and Conservation Commission sought and obtained an appropriation at Town Meeting to conduct a flood mitigation study and a conservation and forest management study. The objectives of the studies are to identify mitigation measures that will reduce the incidence of flooding in the community and to recommend a maintenance program for the Town's conservation and forested lands respectively.
- The Town again received the fiscal year 2001 *Certificate of Achievement for Excellence in Financial Reporting* from the Government Finance Officers Association (GFOA).
- The Town completed construction of athletic fields at two elementary schools and one on a parcel of land donated to the Town. This continues the Town's commitment to improvement of its recreational facilities.

Future Initiatives

- Begin the construction of a new 180,000 square foot high school. Along with studies by independent architects, the Town agreed a new school was the most cost effective and educationally beneficial solution to meet the facility needs of the Town's high school program. The new facility will serve the projected future enrollment of 950-1000 students, along with renovation of the existing pool and gymnasium.

With the construction of a new academic facility and the renovation of the pool and gymnasium, the Town gains a 21st century educational complex that meets all State mandated program requirements, building and life-safety codes, and Americans With Disabilities Act (ADA) accessibility requirements.

The Town is eligible to receive 59% state reimbursement toward the cost of the project.

- In 2001, the Town appropriated \$2,600,000 for the construction of municipal office and Department of Public Works garage facilities. This facility will provide space for all of the Town's land use departments. It is anticipated that construction will begin in the upcoming year.
- Continue to identify parcels of land which would be appropriate for acquisition and preservation in accordance with the Town's Master Plan.
- Complete implementation of the Road Improvement Program, including two major Town intersections; landscaping of Washington Street and University Avenue; and the installation of underground utilities along High Street.
- Continue to improve the Town's web site, with particular emphasis on making more town services available on line to residents.

Financial Information

Internal Controls

Management of the Town is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The Finance Director is responsible for evaluating the adequacy and effectiveness of the internal control structure and implementing improvements.

Budgetary Controls

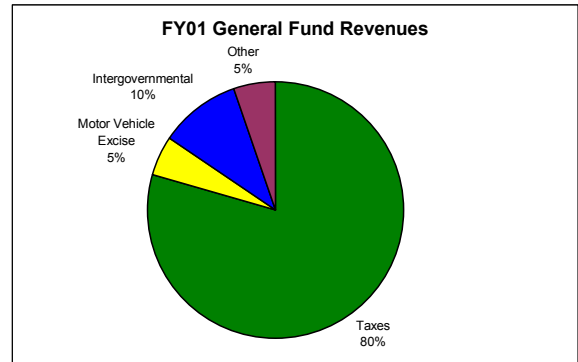
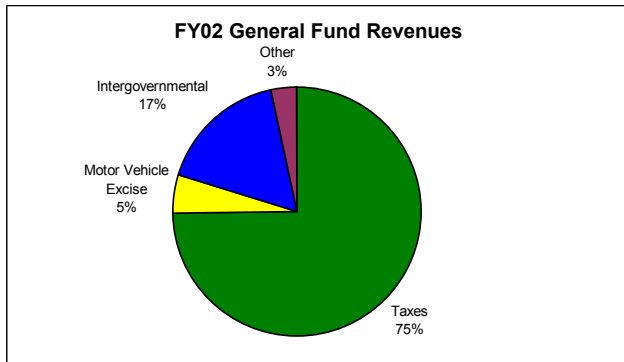
The Town Administrator is responsible for preparing and presenting the budget to the Board of Selectmen. The Selectmen review all requests and Town wide issues and present a budget to Town Meeting for approval. A fifteen member Finance Commission reviews the budget and makes recommendations to Town Meeting.

The level of budgetary control is established by Town Meeting and this approval defines the level at which expenditures may not exceed appropriations. This level is typically at the individual department salary and expense level. The Town Accountant is responsible for ensuring all payroll and invoices are within the budgetary control level before authorizing payment. Additional appropriations may be approved at subsequent Town Meetings. The Finance Commission, upon request by the Board of Selectmen, may approve during the year a transfer from a reserve fund established at Town Meeting. These controls ensure compliance with the budget approved by Town Meeting.

General Government Functions

The following schedule presents a summary of general fund revenue for the fiscal year ended June 30, 2002 and the change from the prior year.

Revenues	FY2002	Percent of Total	FY2001	Percent of Total	Amount of Incr/(Decr) \$	%
Real and Personal Property Taxes	\$ 33,058,505	74.80%	\$ 30,989,110	79.37%	\$ 2,069,395	6.68%
Motor Vehicle Excise	\$ 2,130,210	4.82%	\$ 2,034,010	5.21%	\$ 96,200	4.73%
Intergovernmental	\$ 7,576,906	17.14%	\$ 3,906,816	10.01%	\$ 3,670,090	93.94%
Penalties and Interest	\$ 80,919	0.18%	\$ 105,016	0.27%	\$ (24,097)	-22.95%
Fees	\$ 157,769	0.36%	\$ 120,902	0.31%	\$ 36,867	30.49%
Departmental and Other Revenue	\$ 163,033	0.37%	\$ 430,155	1.10%	\$ (267,122)	-62.10%
Licenses and Permits	\$ 402,773	0.91%	\$ 302,049	0.77%	\$ 100,724	33.35%
Fines	\$ 20,968	0.05%	\$ 18,505	0.05%	\$ 2,463	13.31%
Investment Income	\$ 602,882	1.36%	\$ 1,136,865	2.91%	\$ (533,983)	-46.97%
	\$ 44,193,965	100.00%	\$ 39,043,428	100.00%	\$ 5,150,537	13.19%

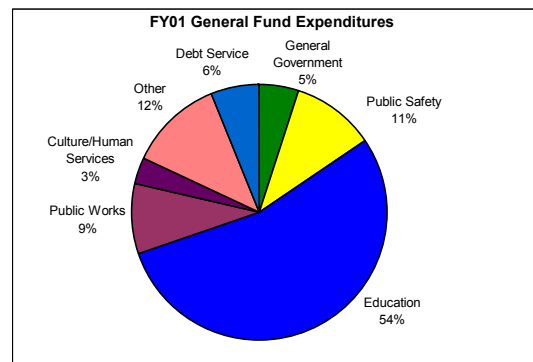
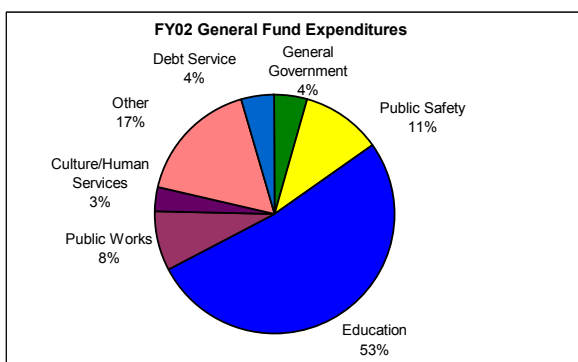


- Overall general fund revenues increased 13.19% as compared to FY01. Part of this increase is due to the inclusion of \$3.3 million in teachers' pension benefits in FY02 paid for by the State, which were not included in FY01 as the amount was not available from the State in prior years. Absent this change, the revenue increased 4.7%.
- Tax revenue continues to be the most significant revenue source for the Town, approximately 75% of total general fund revenue. Tax revenue increased in accordance with the provisions of the Massachusetts law, which limits such increase to 2 ½ % over the preceding year plus an allowance for new growth. In FY02, new growth was higher than normal due to the completion of a major new 350,000 square foot commercial building.
- Motor vehicle excise tax revenue increased by 4.73% over FY01, continuing to be a strong source of revenue. Motor vehicle revenue continues to be high, reflecting a strong economy. Motor vehicle revenue continues to represent approximately 4.82% of the total general fund revenues.
- Intergovernmental revenue increased by 93.94%, following a 25.31% increase in FY01. Most of this increase in FY02 is attributable to reformatting of information of \$3.3 million payments made by the State to the Massachusetts Teachers' Retirement Association for teachers' pension benefits. FY01 did not reflect this payment. Absent this change, intergovernmental revenue increased 7%.
- Investment income declined in FY02, reflecting lower interest rates for the year.

- License and permit revenue remained strong, reflecting strong home renovation and building activity in the Town.
- Departmental and other revenue remained stable. The chart indicates a strong decline in revenue due only to reformatting of indirect cash revenue from sewer activities.

The following table summarizes the general fund expenditures by category and the change from the prior year.

Expenditures	FY2002	Percent of Total	FY2001	Percent of Total	Amount of Incr/(Decr)	
					\$	%
General Government	\$ 2,036,456	4.47%	\$ 1,952,950	4.98%	\$ 83,506	4.28%
Public Safety	\$ 4,895,346	10.74%	\$ 4,473,180	11.40%	\$ 422,166	9.44%
Education	\$ 23,702,165	52.00%	\$ 21,495,138	54.80%	\$ 2,207,027	10.27%
Public Works	\$ 3,669,948	8.05%	\$ 3,692,030	9.41%	\$ (22,082)	-0.60%
Human Services	\$ 460,002	1.01%	\$ 449,170	1.15%	\$ 10,832	2.41%
Culture and Recreation	\$ 1,056,531	2.32%	\$ 916,125	2.34%	\$ 140,406	15.33%
Pension Benefits	\$ 4,527,122	9.93%	\$ 1,168,304	2.98%	\$ 3,358,818	287.50%
Property and Liability Insurance	\$ 194,098	0.43%	\$ 136,676	0.35%	\$ 57,422	42.01%
Employee Benefits	\$ 2,465,611	5.41%	\$ 1,974,262	5.03%	\$ 491,349	24.89%
State and District Assessments	\$ 544,893	1.20%	\$ 527,300	1.34%	\$ 17,593	3.34%
Debt Service Principal	\$ 1,290,000	2.83%	\$ 1,300,000	3.31%	\$ (10,000)	-0.77%
Debt Service Interest	\$ 737,269	1.62%	\$ 1,141,266	2.91%	\$ (403,997)	-35.40%
	\$ 45,579,441	100.00%	\$ 39,226,401	100.00%	\$ 6,353,040	16.20%



- Expenditures of the general funds increased 15.2% as compared to FY01. Part of this increase is due to the inclusion of \$3.3 million in State teachers' pension benefits in FY02, which were not included in FY01. Absent this change, the expenditures increased 6.7%.
- Significant changes in expenditures occurred in the Education, Public Safety, Pension, and Employee Benefits categories.

- Education expenditures increased by 6.97%, reflecting increased enrollment costs and additional funding provided by the State. The increase in actual dollars for the education area was by far the largest increase in expenditures (\$1,849,274 or 68%) of the total net increase reflecting the significant allocation of resources to the educational area to address increased enrollment in the public schools. The Town is committed to providing a high quality education through its public schools.
- Public Safety increase reflects an increased commitment to public safety capital purchases.
- Employee benefits increase reflects higher health insurance costs experienced throughout the State and region.

General Fund Balance

The total undesignated fund balance in the general fund decreased by \$196,109 or 13%. The FY02 activity reflected a significant addition to the stabilization reserve fund.

Undesignated fund balance at June 30, 2002 represents 3% of the general fund budget as compared with 3.8% at June 30, 2001.

The Town continues to build a strong Stabilization Fund. In FY2002, the Town transferred \$475,000 to the Stabilization Fund, building that reserve to over \$760,000. This represents an important commitment by the Town to build reserve funds.

The Town's general fund undesignated fund balance that is available for appropriation by Town Meeting is certified as "free cash" by the Department of Revenue's Bureau of Accounts. Westwood's certified "free cash" as of June 30, 2002 is \$700,938 as compared to \$1,158,195 as of June 30, 2001. The Town remains committed to conservative budgets and tight management controls. In addition, the Town is committed to increasing reserves, particularly the Stabilization Fund.

Debt Administration

The Town Treasurer has oversight of all Town debt. The Town's credit rating was improved to an Aa1 rating in the fall of 1998, a strong reflection on the financial condition and management of the Town. The Town has an aggressive repayment policy of ten year issues. This policy has worked very well in structuring a smooth debt schedule.

It is the Town's policy for sewer debt to be paid through sewer receipts. In addition, the Town has issued sewer debt through a State program with resulting interest rates of 1.26%. As of June 30, 2002, the Town has outstanding debt of \$25,719,466, with \$6,764,466 in sewer construction debt. Bonds issued for road and school improvements were approved as debt exclusions to Proposition 2 ½. The additional tax payments for the bonds will end when the bonds are repaid.

The Town has authorized and unissued debt for School expansion, land acquisition and sewer construction projects. Total authorized and unissued debt as of June 30, 2002 is \$47,986,340. The authorized and unissued debt includes a \$44,000,000 project to build a new high school. Of the \$47 million in unissued debt, approximately \$44 million qualifies for State programs that will pay for 59% of the total principal and interest costs.

Cash Management

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

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

Risk Management

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

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

The Town is a member of the Massachusetts Interlocal Insurance Association ("MIIA"), a public entity risk pool currently operating as a common risk management and insurance program for workers' compensation benefits for employees other than uniformed police and fire personnel. MIIA is self-sustaining through member premiums and reinsures through commercial companies for stop loss insurance. The total premiums assessed by MIIA to the Town in 2002 amounted to \$81,180 and were recorded in the General Fund.

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

Independent Audit

Pursuant to the Federal Single Audit Act of 1984, the Town is required to conduct an annual audit of the financial assistance it has received. The Town also has entity-wide audit of its financial statements performed by an independent public accountant on an annual basis.

The accounting firm of Powers & Sullivan, Certified Public Accountants is the Town's independent auditor. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's single audit reports for internal controls and compliance have been furnished to the Town under separate cover.

Awards

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Westwood for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2001. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report. The FY2000, FY99, FY98 and FY97 CAFR's also received this award.

In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

In addition, the Town's FY99 budget received the GFOA Distinguished Budget Presentation Award. This award is the highest form of recognition in governmental budgeting and is a significant achievement for the Town and the financial staff. The FY98 and FY97 budgets previously received the award. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories including policy documentation, finance, financial planning and organization.

Acknowledgments

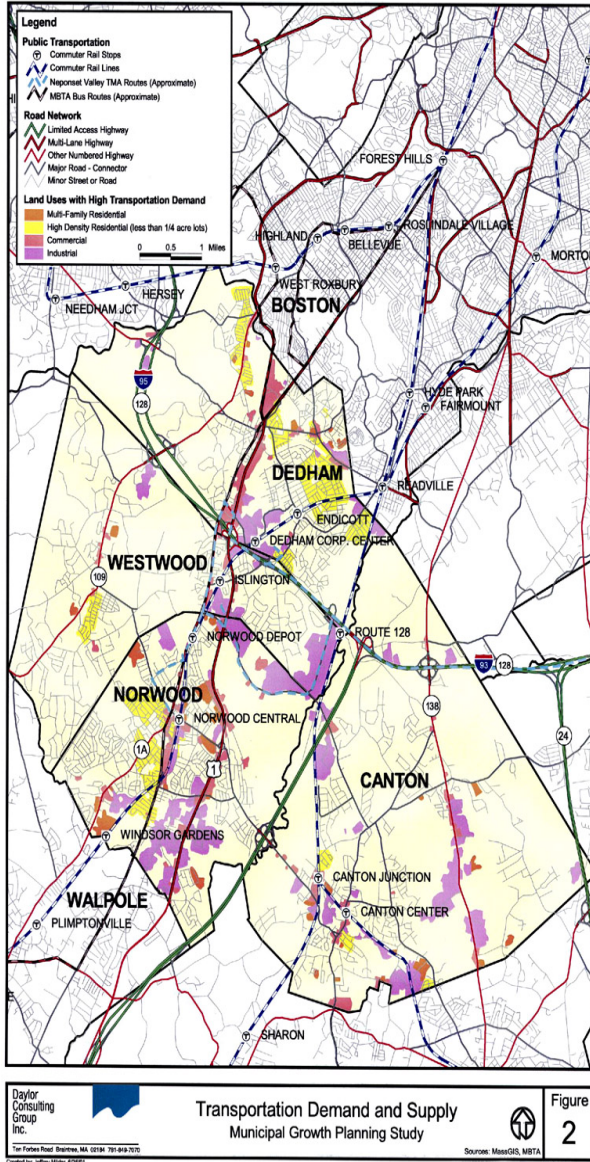
This report represents significant effort by the entire financial team of the Town, whose dedicated efforts have significantly improved the financial operations of the Town. I particularly would like to acknowledge the efforts of Sheila Nee, whose assistance was invaluable in the preparation of this Comprehensive Annual Financial Report.

I would also like to thank the Town's management team for their recognition of the importance of the CAFR and the encouragement given to the financial departments.

Sincerely,

Pamela Dukeman
Finance Director

WHERE IS WESTWOOD AND WHAT KIND OF COMMUNITY IS IT?



Westwood was incorporated as a town in 1897 and has a current population of approximately 14,000. 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.

The town 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 offers a full range of services including police and fire protection, education, maintenance of streets and infrastructure, solid waste collection and disposal, health and human services, cultural and recreational, administrative and financial services.

From a natural perspective, the town works very hard to conserve land. It is the hope of preservation workers that Westwood can create its own emerald necklace with its conservation land and walking paths. Hale Reservation is one of the town's hidden gems. With 1,200 acres of wooded area and a large pond, Hale is an active part of the community. During the summer, Hale's membership beach attracts over 500 families. Hale Reservation is the largest summer day camp in the nation with 2,025 students.

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

*Town of Westwood,
Massachusetts*

Principal Officials

Board of Selectmen

Thomas J. Dunn, Chairman
Patrick J. Ahearn
Anthony J. Antonellis

Executive Secretary – Michael Jaillet
Finance Director – Pamela Dukeman
School Superintendent – Dr. Paul Ash
Town Treasurer – John Cronin
Police Chief – Robert Haas
Fire Chief – William Scoble
DPW Director – Timothy Walsh

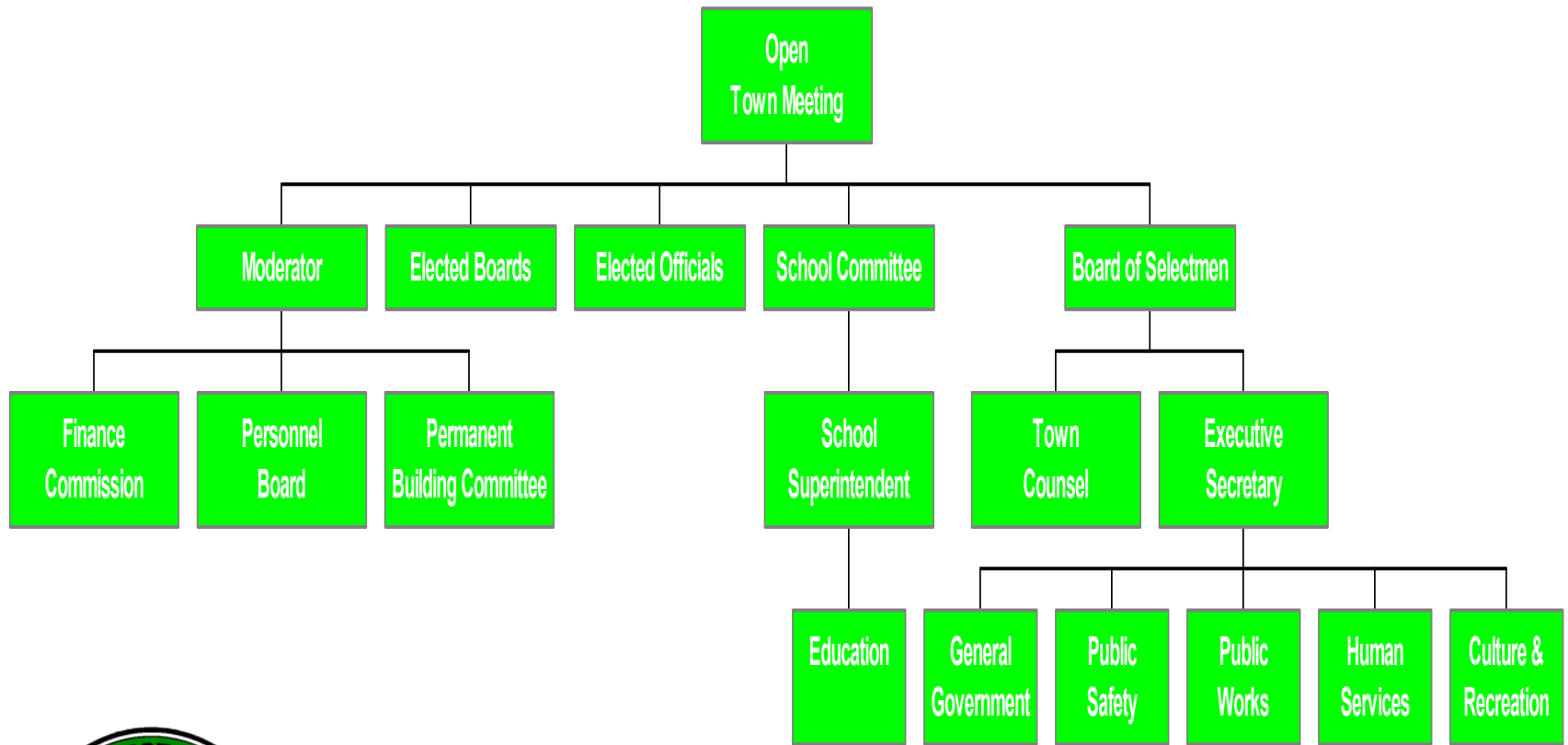
Town of Westwood, Massachusetts

Total Budget Salaries of Principal Officials

June 30, 2002

Position	Salary
School Superintendent	\$ 118,014
Assistant School Superintendent	\$ 100,156
Police Chief	\$ 105,278
Executive Secretary	\$ 96,053
Department of Public Works Director	\$ 87,969
Fire Chief	\$ 86,025
Finance Director	\$ 77,591
Town Counsel	\$ 72,164
Library Director	\$ 72,506
Information Systems Director	\$ 70,432
Recreation Director	\$ 64,220
Town Accountant	\$ 63,172
Health Director	\$ 58,035
Town Clerk (Elected)	\$ 57,891
Council on Aging Director	\$ 56,491
Youth Director	\$ 54,639
Building Inspector	\$ 55,159
Assistant Treasurer	\$ 46,909
Board of Selectmen (Elected)	\$ 2,000
Board of Assessors (Elected)	\$ 1,800
Treasurer (Elected)	\$ 4,000
Tax Collector (Elected)	\$ 4,000

The Town of Westwood



Elected Boards

Regional Vocational School Rep.

Housing Authority

Library Trustees

Planning Board

Assessors

Elected Officials

Town Clerk

Town Collector

Town Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Westwood,
Massachusetts

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

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



Thomas A. Drew
President

Jeffrey L. Essler
Executive Director

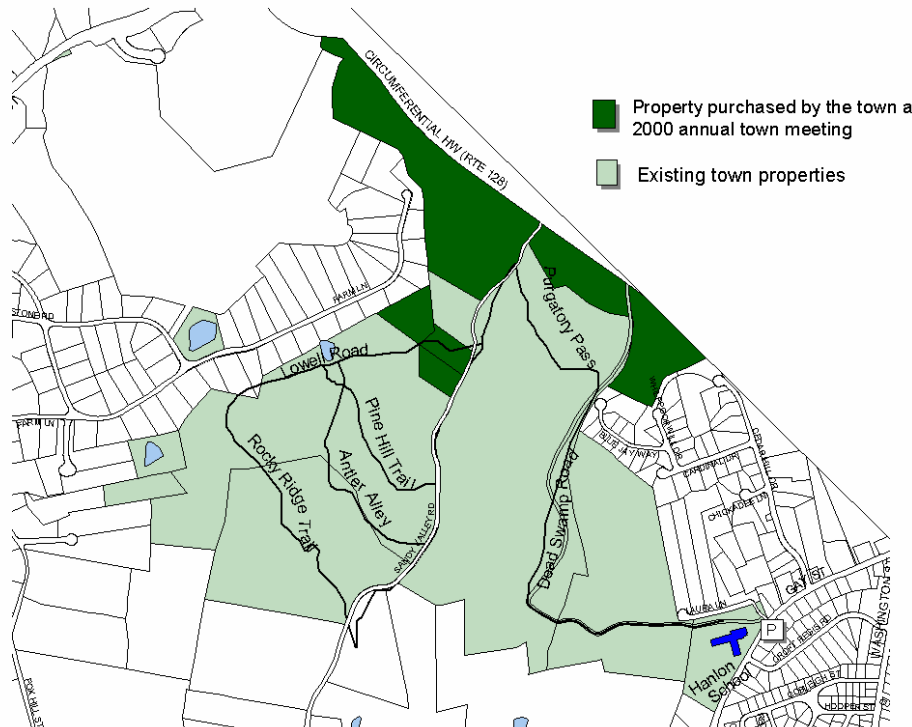
Financial Section

Independent Auditors' Report

General Purpose Financial Statements

*Combining Individual Fund and Account
Group Financial Statements and Schedules*

In May 2000, the Town voted overwhelmingly to continue its efforts to acquire open-space, recreational property. At a cost of up to \$1.7 million, abutting property to that which the Town currently owns was purchased. By preserving the parcels as open space, the character of the town is preserved; and by avoiding the development of the parcels, further strain on Westwood's schools and town services is avoided.



Independent Auditors' Report

To the Honorable Board of Selectmen
Town of Westwood, Massachusetts

We have audited the accompanying general purpose financial statements of the Town of Westwood, Massachusetts, as of and for the fiscal year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Westwood, Massachusetts' management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Westwood, Massachusetts, as of June 30, 2002, and the results of its operations and the cash flows of its Nonexpendable Trust Funds for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 9, 2002, on our consideration of the Town of Westwood, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

We did not audit the data included in the introductory and statistical sections of this report and, accordingly, we express no opinion on such data.

October 9, 2002

General Purpose Financial Statements

**ALL FUND TYPES AND ACCOUNT GROUPS
COMBINED BALANCE SHEET**

JUNE 30, 2002

ASSETS AND OTHER DEBITS	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Cash and short-term investments.....	\$ 4,479,991	\$ 3,824,604	\$ 4,060,184
Receivables:			
Real estate and personal property taxes.....	258,492	-	-
Tax liens.....	170,134	-	-
Motor vehicle and other excise taxes.....	227,511	-	-
User fees.....	-	2,459,086	-
Departmental and other.....	6,668	94,390	-
Betterments.....	7,232	-	-
Intergovernmental.....	-	1,008,917	-
Due from other funds.....	557,152	-	-
Fixed assets, net of accumulated depreciation.....	-	-	-
Amounts to be provided for retirement of long-term obligations.....	-	-	-
TOTAL ASSETS AND OTHER DEBITS.....	\$ 5,707,180	\$ 7,386,997	\$ 4,060,184
LIABILITIES, FUND EQUITY AND OTHER CREDITS			
LIABILITIES:			
Warrants payable.....	\$ 935,451	\$ 176,522	\$ 917,559
Accrued payroll.....	578,776	47,271	-
Liabilities due depositors.....	-	-	-
Other liabilities.....	101,867	-	-
Deferred revenues.....	571,037	3,266,877	-
Due to other funds.....	-	295,515	261,637
Accrued compensated absences.....	-	-	-
Bonds and notes payable.....	-	-	5,000,000
TOTAL LIABILITIES.....	2,187,131	3,786,185	6,179,196
FUND EQUITY AND OTHER CREDITS:			
Investment in general fixed assets.....	-	-	-
Fund balances:			
Reserved for:			
Encumbrances and continuing appropriations.....	1,103,884	175,089	-
Nonexpendable trusts.....	-	-	-
Stabilization.....	-	-	-
Unreserved:			
Designated for subsequent year's expenditures.....	1,131,912	70,000	-
Undesignated.....	1,284,253	3,355,723	(2,119,012)
TOTAL FUND EQUITY AND OTHER CREDITS.....	3,520,049	3,600,812	(2,119,012)
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS.....	\$ 5,707,180	\$ 7,386,997	\$ 4,060,184

See notes to general purpose financial statements.

Fiduciary Fund Types		Account Groups		Total (Memorandum Only)
Trust and Agency	General Fixed Assets	General Long-Term Obligations		
\$ 2,859,658	\$ -	\$ -	\$	15,224,437
-	-	-		258,492
-	-	-		170,134
-	-	-		227,511
-	-	-		2,459,086
64,260	-	-		165,318
-	-	-		7,232
-	-	-		1,008,917
-	-	-		557,152
-	80,415,229	-		80,415,229
-	-	27,156,735		27,156,735
<u>\$ 2,923,918</u>	<u>\$ 80,415,229</u>	<u>\$ 27,156,735</u>	<u>\$</u>	<u>127,650,243</u>
\$ 2,215	\$ -	\$ -	\$	2,031,747
-	-	-		626,047
462,849	-	-		462,849
-	-	-		101,867
700	-	-		3,838,614
-	-	-		557,152
-	-	1,437,269		1,437,269
-	-	25,719,466		30,719,466
<u>465,764</u>	<u>-</u>	<u>27,156,735</u>		<u>39,775,011</u>
-	80,415,229	-		80,415,229
-	-	-		1,278,973
460,388	-	-		460,388
761,189	-	-		761,189
-	-	-		1,201,912
<u>1,236,577</u>	<u>-</u>	<u>-</u>		<u>3,757,541</u>
<u>2,458,154</u>	<u>80,415,229</u>	<u>-</u>		<u>87,875,232</u>
<u>\$ 2,923,918</u>	<u>\$ 80,415,229</u>	<u>\$ 27,156,735</u>	<u>\$</u>	<u>127,650,243</u>

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 2002

	Governmental Fund Types			Fiduciary Fund Type	Total (Memorandum only)
	General	Special Revenue	Capital Projects	Expendable Trusts	
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 33,058,505	\$ -	\$ -	\$ -	\$ 33,058,505
Motor vehicle and other excise taxes.....	2,130,210	-	-	-	2,130,210
Charges for services.....	-	5,347,532	-	-	5,347,532
Penalties and interest on taxes.....	80,919	-	-	-	80,919
Fees and rentals.....	157,769	-	-	-	157,769
Licenses and permits.....	402,773	-	-	-	402,773
Fines and forfeitures.....	20,968	-	-	-	20,968
Intergovernmental.....	7,576,906	2,807,911	-	-	10,384,817
Departmental and other.....	163,033	285,245	-	-	448,278
Sewer betterments.....	-	302,343	-	-	302,343
Contributions.....	-	101,472	-	-	101,472
Investment income.....	602,882	1,000	-	47,410	651,292
TOTAL REVENUES.....	44,193,965	8,845,503	-	47,410	53,086,878
EXPENDITURES:					
Current:					
General government.....	2,036,456	678,399	37,015	-	2,751,870
Public safety.....	4,895,346	260,982	-	-	5,156,328
Education.....	23,702,165	2,352,378	5,583,452	-	31,637,995
Public works.....	3,669,948	1,003,143	1,385,263	-	6,058,354
MWRA assessment.....	-	1,609,715	-	-	1,609,715
Human services.....	460,002	34,692	10,048	-	504,742
Culture and recreation.....	1,056,531	296,225	42,982	-	1,395,738
Pension benefits.....	4,527,122	-	-	-	4,527,122
Property and liability insurance.....	194,098	-	-	-	194,098
Employee benefits.....	2,465,611	-	-	-	2,465,611
State and county charges.....	544,893	-	-	-	544,893
Debt service:					
Principal.....	1,290,000	850,102	-	-	2,140,102
Interest.....	737,269	315,047	-	-	1,052,316
TOTAL EXPENDITURES.....	45,579,441	7,400,683	7,058,760	-	60,038,884
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(1,385,476)	1,444,820	(7,058,760)	47,410	(6,952,006)
OTHER FINANCING SOURCES (USES):					
Proceeds from bonds and notes.....	-	-	16,600,000	-	16,600,000
Operating transfers in.....	1,173,067	-	27,850	475,000	1,675,917
Operating transfers out.....	(502,850)	(601,212)	-	(561,855)	(1,665,917)
TOTAL OTHER FINANCING SOURCES (USES).....	670,217	(601,212)	16,627,850	(86,855)	16,610,000
NET CHANGE IN FUND BALANCES.....	(715,259)	843,608	9,569,090	(39,445)	9,657,994
FUND BALANCES AT BEGINNING OF YEAR.....	4,235,308	2,757,204	(11,688,102)	2,037,211	(2,658,379)
FUND BALANCES AT END OF YEAR.....	\$ 3,520,049	\$ 3,600,812	\$ (2,119,012)	\$ 1,997,766	\$ 6,999,615

See notes to general purpose financial statements.

GENERAL FUND AND SEWER SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGETARY BASIS - BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2002

	General Fund			
	Budgeted Amounts		Actual Budgetary Amounts	Variance Positive/ (Negative)
	Original Budget	Final Budget		
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ 32,778,829	\$ 32,778,829	\$ 32,823,886	\$ 45,057
Motor vehicle and other excise taxes.....	1,839,826	1,839,826	2,130,210	290,384
Charges for services.....	-	-	-	-
Penalties and interest on taxes.....	82,000	82,000	80,919	(1,081)
Fees and rentals.....	117,465	117,465	157,769	40,304
Licenses and permits.....	320,000	320,000	402,773	82,773
Fines and forfeitures.....	15,000	15,000	20,968	5,968
Intergovernmental.....	4,076,673	4,076,673	4,204,906	128,233
Departmental and other.....	224,500	224,500	163,033	(61,467)
Sewer betterments.....	-	-	-	-
Investment income.....	759,968	759,968	602,882	(157,086)
TOTAL REVENUES.....	40,214,261	40,214,261	40,587,346	373,085
EXPENDITURES:				
Current:				
General government.....	2,789,003	2,478,788	2,278,475	200,313
Public safety.....	5,085,388	5,185,471	5,127,241	58,230
Education.....	23,990,262	24,028,262	23,970,065	58,197
Public works.....	4,055,978	4,069,982	3,969,307	100,675
MWRA assessment.....	-	-	-	-
Human services.....	481,039	536,950	511,790	25,160
Culture and recreation.....	1,096,079	1,096,165	1,067,249	28,916
Pension benefits.....	1,158,886	1,158,886	1,155,122	3,764
Property and liability insurance.....	147,295	194,295	194,098	197
Employee benefits.....	2,215,699	2,475,699	2,465,816	9,883
State and county charges.....	523,166	523,166	544,893	(21,727)
Principal.....	1,290,000	1,290,000	1,290,000	-
Interest.....	801,415	801,415	737,269	64,146
TOTAL EXPENDITURES.....	43,634,210	43,839,079	43,311,325	527,754
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(3,419,949)	(3,624,818)	(2,723,979)	900,839
OTHER FINANCING SOURCES (USES):				
Funds reserved for encumbrances and continuing appropriations.....	-	-	1,103,884	1,103,884
Operating transfers in.....	1,115,348	1,173,067	1,173,067	-
Operating transfers out.....	(450,000)	(502,850)	(502,850)	-
TOTAL OTHER FINANCING SOURCES (USES).....	665,348	670,217	1,774,101	1,103,884
NET CHANGE IN FUND BALANCES.....	(2,754,601)	(2,954,601)	(949,878)	2,004,723
BUDGETARY FUND BALANCES, Beginning of year.....	4,370,927	4,370,927	4,370,927	-
BUDGETARY FUND BALANCES, End of year.....	\$ 1,616,326	\$ 1,416,326	\$ 3,421,049	\$ 2,004,723

See notes to general purpose financial statements.

Sewer Special Revenue Fund			
Budgeted Amounts		Actual Budgetary Amounts	Variance Positive/ (Negative)
Original Budget	Final Budget		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
3,197,851	3,197,851	3,342,881	145,030
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
350,000	350,000	302,343	(47,657)
-	-	-	-
<u>3,547,851</u>	<u>3,547,851</u>	<u>3,645,224</u>	<u>97,373</u>
-	-	-	-
-	-	-	-
-	-	-	-
741,036	741,036	538,923	202,113
1,703,125	1,703,125	1,609,715	93,410
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
827,682	827,682	827,682	-
191,085	191,085	168,482	22,603
<u>3,462,928</u>	<u>3,462,928</u>	<u>3,144,802</u>	<u>318,126</u>
<u>84,923</u>	<u>84,923</u>	<u>500,422</u>	<u>415,499</u>
-	-	-	-
-	-	-	-
<u>(212,000)</u>	<u>(212,000)</u>	<u>(212,000)</u>	<u>-</u>
<u>(212,000)</u>	<u>(212,000)</u>	<u>(212,000)</u>	<u>-</u>
(127,077)	(127,077)	288,422	415,499
<u>474,158</u>	<u>474,158</u>	<u>474,158</u>	<u>-</u>
<u>\$ 347,081</u>	<u>\$ 347,081</u>	<u>\$ 762,580</u>	<u>\$ 415,499</u>

NONEXPENDABLE TRUST FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE

FISCAL YEAR ENDED JUNE 30, 2002

<u>OPERATING REVENUES:</u>	
Contributions.....	\$ <u>24,754</u>
<u>OPERATING EXPENSES:</u>	
Other.....	<u>350</u>
OPERATING INCOME (LOSS).....	<u>24,404</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>	
Investment income.....	<u>5,501</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS.....	<u>29,905</u>
<u>OPERATING TRANSFERS:</u>	
Transfers out.....	<u>(10,000)</u>
NET INCOME (LOSS).....	19,905
FUND BALANCE, Beginning of year.....	<u>440,483</u>
FUND BALANCE, End of year.....	\$ <u><u>460,388</u></u>

See notes to general purpose financial statements.

NONEXPENDABLE TRUST FUNDS
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2002

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Receipts from customers and users.....	\$ 24,754
Payments to vendors.....	<u>(350)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>24,404</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>	
Transfers out.....	<u>(10,000)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Investment income.....	<u>5,501</u>
NET CHANGE IN CASH AND SHORT-TERM INVESTMENTS.....	19,905
CASH AND SHORT-TERM INVESTMENTS AT BEGINNING OF YEAR.....	<u>440,483</u>
CASH AND SHORT-TERM INVESTMENTS AT END OF YEAR.....	\$ <u><u>460,388</u></u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u>	
<u>FROM OPERATING ACTIVITIES:</u>	
Operating income (loss).....	\$ <u><u>24,404</u></u>
<u>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</u>	
<u>TO THE COMBINED BALANCE SHEET:</u>	
Total cash and short-term investments of the fiduciary funds.....	\$ 2,859,658
Less Expendable trust and agency funds.....	<u>(2,399,270)</u>
Total nonexpendable trust funds.....	\$ <u><u>460,388</u></u>

See notes to general purpose financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the Town's general purpose financial statements to be misleading or incomplete. As required by GAAP, these general-purpose financial statements present the Town (the Primary Government) and its component units. The Town did not identify any component units requiring inclusion in the general purpose financial statements.

Joint Ventures

The Town has entered into a joint venture with other municipalities to pool resources and share the costs, risks and rewards of providing goods and services to venture participants directly, or for the benefit of the general public or specified recipients. The following is the Town's joint venture, the address where the joint venture financial statements are available, its purpose, and the assessment paid by the Town during fiscal year 2002.

<u>Joint venture and address</u>	<u>Purpose</u>	<u>2002 Assessment</u>
Blue Hills Regional Technical School District 800 Randolph Street, Canton, MA 02021	To provide vocational education	<u>\$ 42,552</u>

The Town has no equity interest in the joint venture.

Jointly Governed Organizations

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

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Town are organized and operated on the basis of Funds and Account Groups. A Fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates Funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related, legal and contractual provisions. The minimum numbers of Funds are maintained consistent with legal and managerial requirements. Account Groups are a reporting device to account for certain assets and liabilities of Governmental Funds not recorded directly in those Funds.

The Town has the following Fund Types and Account Groups:

Governmental Funds are used to account for the Town's general governmental activity. Governmental Fund Types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related Fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

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

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

Governmental Funds include the following Fund Types:

The *General Fund* is the general operating Fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another Fund.

The *Special Revenue Fund* is used to account for the proceeds of specific revenue sources (other than Expendable Trusts or Capital Projects) that are restricted by law or administrative action to expenditures for specified purposes.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Trust Funds).

Fiduciary Funds account for assets held by the Town in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the Town under the terms of a trust agreement.

The *Expendable Trust Fund* is accounted for in essentially the same manner as Governmental Fund Types, using the same measurement focus and basis of accounting. Expendable Trust Funds are used to account for trusts where both principal and earnings may be spent.

The *Nonexpendable Trust Fund* is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. The Nonexpendable Trust Fund is used to account for trusts that stipulate that only earnings, and not principal, may be spent.

The *Agency Fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency Funds are accounted for using the modified accrual basis of accounting. This Fund is used to account for assets that the Town holds for others in an agency capacity.

The **General Fixed Assets Account Group** accounts for the general fixed assets of the Town.

The **General Long-term Obligations Account Group** is used to account for general long-term bonds and notes issued by the Town and compensated absences that will be financed in future fiscal years from Governmental Funds.

C. Cash and Investments

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

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

D. Real Estate and Personal Property Taxes

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

E. Sewer Charges

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

F. Inventories

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

G. Fixed Assets

General fixed asset acquisitions are recorded as expenditures in the acquiring Fund and capitalized in the General Fixed Assets Account Group in the fiscal year purchased. General fixed assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated fixed assets are recorded at the estimated fair market value at the date of donation. In addition, interest is not capitalized on constructed general fixed assets and general fixed assets are not depreciated.

Public domain infrastructure assets, such as streets and sidewalks, drainage systems, and lighting systems, are not capitalized since they are only of value to the Town.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenditures/expenses when incurred. Improvements are capitalized.

Land acquired at the time the Town was settled is not material and therefore not reported. Land acquired subsequent to the Town's settlement is capitalized.

The Town capitalizes all purchases and construction costs in excess of \$1,000 at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

H. Interfund/Intrafund Transactions

During the course of its operations, the Town records transactions between Funds and/or between departments. Transactions of a buyer/seller nature between departments within a Fund are not eliminated from the individual Fund statements. Receivables and payables resulting from transactions between Funds are classified as "Due from other funds" or "Due to other funds" on the combined balance sheet.

I. Fund Equity

The Town reports fund balances as reserved and designated where legally restricted for a specific future use. Otherwise, these balances are considered undesignated.

Fund balances have been "reserved for" the following:

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

"Nonexpendable trusts" represents amounts held by the Town for which only investment earnings may be expended.

"Stabilization" represents the amount accumulated for general and/or capital purposes upon Town Meeting approval.

Fund balances have been "designated for" the following:

"Subsequent year's expenditures" represents amounts appropriated for the fiscal year 2003 operating budget.

J. Long-term debt

Long-term financing is recorded in the General Long-Term Obligations Account Group. Principal and interest expenditures on long-term debt are recorded in the General Fund and Special Revenue Fund.

K. Investment Income

Investment income from Special Revenue and Capital Projects Funds is legally assigned to the General Fund unless otherwise directed by Massachusetts General Law (MGL).

Investment income from the Nonexpendable Trust Fund is legally assigned to the Expendable Trust Fund.

L. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies. Vested or accumulated vacation and sick leave that are expected to be liquidated with expendable available financial resources are reported as expenditures and Fund liabilities. Amounts that are not expected to be so liquidated are reported in the General Long-Term Obligations Account Group.

M. Post Retirement Benefits

In addition to providing pension benefits, the Town provides health and life insurance coverage for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The Town recognizes the cost of providing health insurance by recording its share (50% or 60% dependent upon the plan) of insurance premiums in the General Fund in the fiscal year paid. For the fiscal year ended June 30, 2002, this expenditure totaled approximately \$442,000. There were 266 participants eligible to receive benefits at June 30, 2002.

N. Use of Estimates

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

O. Total Column (Memorandum Only)

The total column used on the Combined General Purpose Financial Statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Municipal Law requires the Town to adopt a balanced budget that is approved by Town Meeting. The Finance Committee presents an annual budget to Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between and within departments subsequent to the approval of the annual budget, requires majority Special Town Meeting approval via a special article.

The majority of the Town's appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year. These carry forwards are included as part of the subsequent fiscal year's original budget.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the Town is statutorily required to pay debt service, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of Town Meeting.

The Town adopts an annual budget for the General Fund in conformity with the guidelines described above. The original fiscal year 2002 approved budget for the General Fund authorized \$44,292,028 in appropriations and other amounts to be raised. During fiscal year 2002, Town Meeting also approved supplemental appropriations totaling \$257,719.

The Town also adopts an annual budget for the Sewer Special Revenue Fund in conformity with the guidelines described above. The Sewer Fund is the only Special Revenue Fund for which the Town adopts an annual budget approved by Town Meeting. The original fiscal year 2002 approved budget for the Sewer Special Revenue Fund authorized \$3,674,928 in appropriations.

The Town Accountant’s office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the Town’s accounting system.

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth of Massachusetts (Commonwealth)) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the General Fund and Sewer Special Revenue Fund for the fiscal year ended June 30, 2002, is presented below:

	<u>General Fund</u>	<u>Special Revenue</u>
Net change in fund balance - budgetary basis.....	\$ (949,878)	\$ 288,422
<u>Perspective difference:</u>		
Excess of revenues and other financing sources (uses) over expenditures – non-budgeted special revenue funds.....	-	555,186
<u>Basis of accounting differences:</u>		
Net change in recording 60-day receipts accrual.....	(5,108)	-
Net change in recording tax refunds payable.....	239,727	-
Recognition of encumbrances and articles as expenditures....	1,103,884	-
Use of fund balance to fund encumbrances and articles.....	(1,103,884)	-
Recognition of revenue for on-behalf payments.....	3,372,000	-
Recognition of expenditures for on-behalf payments.....	(3,372,000)	-
Recognition of revenues for WPAT loan subsidies.....	-	168,985
Recognition of expenditures for WPAT loan subsidies.....	-	(168,985)
Net change in fund balance - GAAP basis.....	<u>\$ (715,259)</u>	<u>\$ 843,608</u>

C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2002, actual expenditures and encumbrances exceeded appropriations for State and County Charges. This over-expenditure will be funded by available funds during fiscal year 2003.

D. Individual Fund Deficits

At June 30, 2002, the School Building Renovations Capital Project Fund and Facilities Renovations Capital Project Fund had deficits totaling (\$3,422,896) and (\$172,151), respectively, which will be funded through the issuance of bonds in fiscal year 2003.

NOTE 3 - CASH AND INVESTMENTS

The Town maintains a cash and investment pool that is available for use by all Funds. Each Fund Type's portion of this pool is displayed on the combined balance sheet as "Cash and Short-term Investments". The deposits and investments of the Trust Funds are held separately from those of other Town funds.

At fiscal year-end, the carrying amount of the Town's deposits totaled \$13,106,582 and the bank balance totaled \$13,503,522. Of the bank balance, \$5,280,143 was covered by Federal Depository Insurance and the Depositors Insurance Fund and \$8,223,379 was uninsured and uncollateralized.

Statutes authorize the Town to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). In addition, there are various restrictions limiting the amount and length of deposits and investments.

The Town participates in the Pool, which meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth of Massachusetts who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

Short-term investments and investments are classified as to collateral risk into the following three categories:

- Category 1: Insured or registered, or securities held by the Town or its agent in the Town's name.
- Category 2: Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Town's name.
- Category 3: Uninsured and unregistered, with securities held by the counterparty, or its trust department or agent but not in the Town's name..

Cash balances at June 30, 2002:

Checking, savings and NOW accounts.....	\$ 1,618,804
Certificates of deposit.....	1,070,968
Money market deposits.....	<u>10,416,810</u>
Total carrying amount of cash.....	<u>13,106,582</u>
 <u>Investments not subject to categorization:</u>	
MMDT.....	1,984,327
Mutual funds.....	<u>133,528</u>
Total investments.....	<u>2,117,855</u>
 Total cash and short-term investments as reported on the combined balance sheet.....	 \$ <u>15,224,437</u>

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Receivables and payables between the Town’s Funds at June 30, 2002, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue: Departmental Grants/ Other Revolving Funds.....	\$ 295,515
General Fund	Capital Projects: Facilities Improvements.....	<u>261,637</u>
	Total.....	\$ <u>557,152</u>

Interfund transfers for the fiscal year ended June 30, 2002, are summarized as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Trust Funds	
				Expendable	Non-expendable
Source/purpose of operating transfer:					
Ambulance receipts - public safety.....	\$ 280,252	\$ (280,252)	\$ -	\$ -	\$ -
Conservation Fund - conservation.....	7,000	(7,000)	-	-	-
Sale of lots - cemetery care.....	41,140	(41,140)	-	-	-
Perpetual care income - cemetery care....	10,000	-	-	-	(10,000)
Sale of land.....	60,820	(60,820)	-	-	-
Pension reserve - retirement budget.....	561,855	-	-	(561,855)	-
General Fund - stabilization fund.....	(475,000)	-	-	475,000	-
Capital - land purchase options.....	(27,850)	-	27,850	-	-
Sewer Fund - indirects.....	212,000	(212,000)	-	-	-
Total transfers, net.....	<u>\$ 670,217</u>	<u>\$ (601,212)</u>	<u>\$ 27,850</u>	<u>\$ (86,855)</u>	<u>\$ (10,000)</u>

NOTE 5 - PENSION PLAN

Plan Description - The Town contributes to the Norfolk Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan administered by the Norfolk County Retirement Board. Substantially all employees of the Town are members of the System, except for public school teachers and certain administrators who are members of the Commonwealth of Massachusetts' Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$3,372,000 for the fiscal year ended June 30, 2002, and, accordingly, are reported in the General Fund as Intergovernmental Revenues and Pension Expenditures.

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

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

Annual Pension Cost - The Town's contributions to the System for the fiscal years ended June 30, 2002, 2001, and 2000 were \$1,092,886, \$1,105,733 and \$1,164,556, respectively, which equaled its required contribution for each fiscal year.

Pension Reserve Fund – The Town has established a pension reserve fund (accounted for in the expendable trust fund) that is distinct and separate from the System. The purpose of the fund is to provide a reserve to meet future annual contributions to the System. The assets of this fund are invested in certificates of deposit.

A summary of changes in the pension reserve fund during fiscal year 2002 is as follows:

Beginning balance, July 1, 2001.....	\$	1,667,009
Interest income.....		31,642
Transfers to the general fund.....		<u>(561,855)</u>
Ending balance, June 30, 2002.....	\$	<u>1,136,796</u>

NOTE 6 – FIXED ASSETS

General Fixed Assets Account Group – Changes in general fixed assets by category at June 30, 2002, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
General government:				
Land.....	\$ 5,199,066	\$ 37,015	\$ -	\$ 5,236,081
Buildings and improvements.....	30,481,681	2,916,894	-	33,398,575
Vehicles.....	3,864,249	364,815	(265,305)	3,963,759
Machinery and equipment.....	3,061,217	772,607	-	3,833,824
Furniture and fixtures.....	159,258	58,030	-	217,288
Construction in process.....	-	2,857,510	-	2,857,510
Sub-total.....	<u>42,765,471</u>	<u>7,006,871</u>	<u>(265,305)</u>	<u>49,507,037</u>
Sewer:				
Land.....	350,850	-	-	350,850
Plant.....	24,729,899	-	-	24,729,899
Other buildings and improvements.....	4,482,506	987,140	-	5,469,646
Vehicles.....	110,930	38,227	-	149,157
Machinery and equipment.....	149,688	23,629	-	173,317
Furniture and fixtures.....	35,323	-	-	35,323
Sub-total.....	<u>29,859,196</u>	<u>1,048,996</u>	<u>-</u>	<u>30,908,192</u>
Total.....	<u>\$ 72,624,667</u>	<u>\$ 8,055,867</u>	<u>\$ (265,305)</u>	<u>\$ 80,415,229</u>

NOTE 7 – SHORT-TERM FINANCING

The Town is authorized to borrow on a temporary basis to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).
- Federal and state aided capital projects and other program expenditures prior to receiving reimbursement through issuance of federal and state aid anticipation notes (FANS and SANS).

Short-term loans are general obligations of the Town and carry maturity dates that are limited by statute. Interest expenditures for short-term borrowings are accounted for in the General Fund and Sewer Special Revenue Fund.

The Town has the following short-term debt outstanding at June 30, 2002:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2001	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2002
BAN	Land purchase - Striar Land.....	3.10%	05/29/02	\$ 1,300,000	\$ -	\$ 1,300,000	\$ -
BAN	Land purchase - Cemetery.....	3.10%	05/29/02	300,000	-	300,000	-
BAN	Sewer construction.....	3.10%	05/29/02	1,500,000	-	1,500,000	-
BAN	Downey School construction.....	3.10%	05/29/02	6,500,000	-	6,500,000	-
BAN	Martha Jones School design.....	3.10%	05/29/02	400,000	-	400,000	-
BAN	Martha Jones School construction.....	3.10%	05/29/02	7,200,000	-	7,200,000	-
BAN	High School construction.....	3.10%	05/29/02	1,950,000	-	1,950,000	-
BAN	High School construction.....	2.00%	08/07/02	-	5,000,000	-	5,000,000
Total short-term debt.....				\$ 19,150,000	\$ 5,000,000	\$ 19,150,000	\$ 5,000,000

On August 7, 2002, the Town redeemed the \$5,000,000 BAN and issued three BAN's totaling \$10,000,000, \$10,000,000 and \$19,841,000 that mature on August 7, 2003, and bear interest at a rate of 3.00%, 3.00% and 2.50%, respectively.

NOTE 8 - LONG-TERM DEBT

State law permits the Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 2 1/2% of its equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, a Town may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

Details related to the Town's outstanding indebtedness at June 30, 2002, and the debt service requirements follow.

Bonds and Notes Payable Schedule

Project	Interest Rate (%)	Outstanding at June 30, 2001	Issued	Redeemed	Outstanding at June 30, 2002
Roads.....	4.40-5.70%	\$ 880,000	\$ -	\$ 220,000	\$ 660,000
Land acquisition.....	4.40-5.70%	120,000	-	30,000	90,000
School remodeling.....	5.30-5.70%	395,000	-	395,000	-
Cemetery.....	5.30-5.70%	40,000	-	40,000	-
Middle school/gym.....	3.50-4.00%	2,331,000	-	296,000	2,035,000
Land acquisition.....	3.50-4.00%	320,000	-	40,000	280,000
School planning.....	3.50-4.00%	126,000	-	63,000	63,000
Senior center.....	3.50-4.00%	192,000	-	24,000	168,000
School fields.....	3.50-4.00%	152,000	-	19,000	133,000
Middle school/gym completion.....	3.50-4.00%	179,000	-	23,000	156,000
Lowell land purchase.....	4.89%	410,000	-	140,000	270,000
Martha Jones School construction...	3.90-5.00%	-	7,200,000	-	7,200,000
Downey School construction.....	3.90-5.00%	-	6,300,000	-	6,300,000
Striar land purchase.....	3.90-5.00%	-	1,300,000	-	1,300,000
Cemetery land purchase.....	3.90-5.00%	-	300,000	-	300,000
Total general fund.....		<u>5,145,000</u>	<u>15,100,000</u>	<u>1,290,000</u>	<u>18,955,000</u>
Sewer (WPAT).....	1.26%	23,496	-	5,456	18,040
Sewer (WPAT).....	1.26%	1,670,078	-	391,369	1,278,709
Sewer (MWRA).....	0.00%	28,815	-	28,815	-
Sewer.....	4.40-5.70%	340,000	-	85,000	255,000
Sewer.....	4.40-5.70%	120,000	-	30,000	90,000
Sewer.....	3.50-4.00%	645,000	-	85,000	560,000
Sewer.....	3.50-4.00%	320,000	-	40,000	280,000
Sewer.....	3.50-4.00%	30,000	-	30,000	-
Sewer (MWRA).....	0.00%	61,842	-	20,614	41,228
Sewer (WPAT).....	3.88%	2,875,337	-	133,848	2,741,489
Sewer.....	3.90-5.00%	-	1,500,000	-	1,500,000
Total sewer special revenue fund....		<u>6,114,568</u>	<u>1,500,000</u>	<u>850,102</u>	<u>6,764,466</u>
Total bonds and notes payable.....		<u>\$ 11,259,568</u>	<u>\$ 16,600,000</u>	<u>\$ 2,140,102</u>	<u>\$ 25,719,466</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003.....	\$ 2,360,000	\$ 815,290	\$ 3,175,290
2004.....	2,290,000	709,719	2,999,719
2005.....	2,155,000	604,344	2,759,344
2006.....	1,905,000	501,733	2,406,733
2007.....	1,905,000	411,217	2,316,217
2008.....	1,905,000	335,416	2,240,416
2009.....	1,905,000	260,826	2,165,826
2010.....	1,510,000	192,524	1,702,524
2011.....	1,510,000	130,236	1,640,236
2012.....	<u>1,510,000</u>	<u>66,062</u>	<u>1,576,062</u>
Total.....	\$ <u>18,955,000</u>	\$ <u>4,027,367</u>	\$ <u>22,982,367</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003.....	\$ 958,656	\$ 301,564	\$ 1,260,220
2004.....	982,228	259,154	1,241,382
2005.....	968,918	214,172	1,183,090
2006.....	414,166	168,651	582,817
2007.....	417,670	150,014	567,684
2008.....	421,953	131,845	553,798
2009.....	425,750	114,115	539,865
2010.....	309,838	98,312	408,150
2011.....	314,687	83,806	398,493
2012.....	319,700	68,863	388,563
2013.....	90,300	137,859	228,159
2014.....	176,300	53,434	229,734
2015.....	181,600	44,263	225,863
2016.....	187,100	34,816	221,916
2017.....	192,800	25,081	217,881
2018.....	198,500	15,178	213,678
2019.....	<u>204,300</u>	<u>5,108</u>	<u>209,408</u>
Total.....	\$ <u>6,764,466</u>	\$ <u>1,906,235</u>	\$ <u>8,670,701</u>

The Town is scheduled to be subsidized by the Massachusetts Water Pollution Abatement Trust (WPAT) on a periodic basis for principal in the amount of \$583,216 and interest costs for \$1,054,694. Thus, net WPAT loan repayments including interest are scheduled to be \$2,400,328. Since the Town is legally obligated for the total amount of the debt, such amounts have been recorded in the accompanying general purpose financial statements. The fiscal year 2002 principal and interest subsidy totaled approximately \$22,000 and \$147,000, respectively.

The Commonwealth has approved school construction assistance. The assistance program, which is administered by the School Building Assistance Bureau (SBAB), provides resources for future debt service of general obligation school bonds outstanding. During fiscal year 2002, approximately \$330,000 of such assistance was received. Approximately \$2,017,000 will be received in future fiscal years. Of this amount, approximately \$160,000 represents reimbursement of long-term interest costs, and approximately \$1,857,000 represents reimbursement of approved construction costs.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2002, the Town had the following authorized and unissued debt:

Purpose	Date Voted	Article	Amount Authorized	Amount Unissued
School construction - new high school.....	STM 2/2000	2	\$ 35,962,000	\$ 35,962,000
Additional high school construction.....	STM 2/2002	5 & 6	8,333,640	8,333,640
Municipal office space/DPW facility.....	ATM 5/2001	7	2,600,000	2,600,000
Eminent domain land purchase.....	ATM 5/2001	15	300,000	300,000
Municipal office space relocation/construction.....	ATM 5/2001	8	240,700	240,700
Purchase street lights.....	ATM 5/2002	12	225,000	225,000
University Avenue landscaping.....	ATM 5/2002	13	325,000	325,000
 Total.....			 <u>\$ 47,986,340</u>	 <u>\$ 47,986,340</u>

General Long-Term Obligations Account Group

The Town records its Governmental Funds liability for long-term bonds and notes in the General Long-Term Obligations Account Group. Other general long-term obligations recognized by the Town are its obligations under compensated absence benefits (sick and vacation pay). These liabilities will be liquidated in the future from Governmental Funds.

During the fiscal year ended June 30, 2002, the following changes occurred in liabilities reported in the General Long-Term Obligations Account Group:

	Balance June 30, 2001	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Net Increase (Decrease)	Balance June 30, 2002
Long-Term Bonds and Notes.....	\$ 11,259,568	\$ 16,600,000	\$ (2,140,102)	\$ -	\$ 25,719,466
Compensated Absences.....	731,975	-	-	705,294	1,437,269
Total.....	<u>\$ 11,991,543</u>	<u>\$ 16,600,000</u>	<u>\$ (2,140,102)</u>	<u>\$ 705,294</u>	<u>\$ 27,156,735</u>

NOTE 9 – RISK FINANCING

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

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

The Town is a member of the Massachusetts Interlocal Insurance Association (MIIA), a public entity risk pool currently operating as a common risk management and insurance program for workers' compensation benefits for employees other than uniformed police and fire personnel. MIIA is self-sustaining through member premiums and reinsures through commercial companies for stop loss insurance. The total premiums assessed by MIIA to the Town during fiscal year 2002 totaled \$81,180 and are recorded in the general fund.

The Town is self-insured for the workers' compensation claims of police officers and firefighters and are paid on a pay-as-you-go basis from the General Fund. The estimated liability for workers' compensation claims is based on history and injury type. The Town's liability is not material at June 30, 2002, and therefore is not reported.

The Town is self-insured for unemployment compensation. During fiscal year 2002, the Town appropriated \$55,000 to provide for anticipated costs of unemployment benefits. During fiscal year 2002, claims related to unemployment compensation totaled \$53,233. The liability for unemployment compensation was not material at June 30, 2002, and therefore is not reported.

NOTE 10 - STABILIZATION FUND

The Town has \$761,189 in a stabilization fund classified in the Expendable Trust Fund, which may be used for general and/or capital purposes upon Town Meeting approval. During fiscal year 2002, Town Meeting approved transfers from the general fund to the stabilization fund totaling \$475,000.

NOTE 11 - COMMITMENTS

During fiscal year 2002, the Town began construction of a new high school, with an expected total cost of approximately \$45,000,000. The Town has applied for school construction assistance from the SBAB and is currently on the waiting list for approval. If approved, the Town expects to be reimbursed for 59% of the total debt service costs of the project.

The Town has entered into, or is planning to enter into, contracts totaling approximately \$3,700,000 for the relocation and construction of municipal office space, land acquisition, and other public works projects.

The Town has also entered into, or is planning to enter into, contracts totaling approximately \$10,000,000 for sewer, school, roadway, public building and other governmental projects in accordance with its five-year Capital Improvement Plan.

NOTE 12 - CONTINGENCIES

The Town participates in a number of federal award programs. Although the Town grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2002, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Various legal actions and claims are pending against the Town. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2002, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2002.

NOTE 13 – FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS

The GASB has issued the following pronouncements:

- Statement #34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments (Statement #34)*.
- Statement #37, *Basic Financial Statements – and Management’s Discussion and Analysis - for State and Local Governments; Omnibus*
- Statement #38, *Certain Financial Statement Note Disclosures*

The significant changes related to the implementation of these statements include the following:

- For the first time the financial statements will include:
 - A Management Discussion and Analysis (MD&A) section that provides an analysis of the overall financial position and results of operations.
 - Financial statements prepared using full accrual accounting for all of the non-fiduciary activities, including reporting all capital assets.
 - A change in the fund financial statements to focus on the major funds.

The Town's implementation date is fiscal year 2003.

During fiscal year 2002, the GASB issued Statement #39, *Determining Whether Certain Organizations are Component Units, an amendment of GASB Statement No. 14*, which is required to be implemented during fiscal year 2004. It is expected that this pronouncement will not significantly impact the basic financial statements.

Combining and Individual Fund Statements and Schedules, and Account Group Schedule

The combining financial statements provide a more detailed view of the “General Purpose Financial Statements” presented in the preceding subsection.

Combining statements are presented when there are more than one fund of a given fund type.

Schedules, although not necessary for fair presentation in conformity with accounting principles generally accepted in the United States of America, are presented to provide more detailed information than the combining statements.

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General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund.

GENERAL FUND
COMPARATIVE BALANCE SHEET

JUNE 30, 2002
(With Comparable Totals for June 30, 2001)

ASSETS	<u>2002</u>	<u>2001</u>
Cash and short-term investments.....	\$ 4,479,991	\$ 5,556,703
Receivables:		
Real estate and personal property taxes.....	258,492	247,131
Tax liens.....	170,134	190,828
Motor vehicle and other excise taxes.....	227,511	246,853
Departmental and other.....	6,668	9,729
Betterments.....	7,232	3,460
Due from other funds.....	<u>557,152</u>	<u>87,707</u>
TOTAL ASSETS.....	\$ <u>5,707,180</u>	\$ <u>6,342,411</u>
 LIABILITIES AND FUND EQUITY		
LIABILITIES:		
Warrants payable.....	\$ 935,451	\$ 1,273,482
Accrued payroll.....	578,776	-
Tax refunds payable.....	-	239,728
Other liabilities.....	101,867	-
Deferred revenues.....	<u>571,037</u>	<u>593,893</u>
TOTAL LIABILITIES.....	<u>2,187,131</u>	<u>2,107,103</u>
FUND EQUITY:		
Fund balances:		
Reserved for:		
Encumbrances and continuing appropriations.....	1,103,884	1,276,946
Unreserved:		
Designated for subsequent year's expenditures.....	1,131,912	1,478,000
Undesignated.....	<u>1,284,253</u>	<u>1,480,362</u>
TOTAL FUND EQUITY.....	<u>3,520,049</u>	<u>4,235,308</u>
TOTAL LIABILITIES AND FUND EQUITY.....	\$ <u>5,707,180</u>	\$ <u>6,342,411</u>

GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FISCAL YEAR ENDED JUNE 30, 2002
(With Comparative Totals for June 30, 2001)

	2002	2001
REVENUES:		
Real estate and personal property taxes, net of tax refunds.....	\$ 33,058,505	\$ 30,989,110
Motor vehicle and other excise taxes.....	2,130,210	2,034,010
Penalties and interest on taxes.....	80,919	105,016
Fees and rentals.....	157,769	120,902
Licenses and permits.....	402,773	302,049
Fines and forfeitures.....	20,968	18,505
Intergovernmental.....	7,576,906	3,906,816
Departmental and other.....	163,033	430,155
Investment income.....	602,882	1,136,865
	44,193,965	39,043,428
EXPENDITURES:		
Current:		
General government.....	2,036,456	1,952,950
Public safety.....	4,895,346	4,473,180
Education.....	23,702,165	21,495,138
Public works.....	3,669,948	3,692,030
Human services.....	460,002	449,170
Culture and recreation.....	1,056,531	916,125
Pension benefits.....	4,527,122	1,168,304
Property and liability insurance.....	194,098	136,676
Employee benefits.....	2,465,611	1,974,262
State and county charges.....	544,893	527,300
Debt service:		
Principal.....	1,290,000	1,300,000
Interest.....	737,269	1,141,266
	45,579,441	39,226,401
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(1,385,476)	(182,973)
OTHER FINANCING SOURCES (USES):		
Operating transfers in.....	1,173,067	938,135
Operating transfers out.....	(502,850)	(405,000)
	670,217	533,135
NET CHANGE IN FUND BALANCES.....	(715,259)	350,162
FUND BALANCES AT BEGINNING OF YEAR.....	4,235,308	3,885,146
FUND BALANCES AT END OF YEAR.....	\$ 3,520,049	\$ 4,235,308

GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGETARY BASIS - BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2002

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
<u>EXPENDITURES:</u>				
GENERAL GOVERNMENT				
SELECTMEN				
Salaries	\$ 292,164	\$ 299,224	\$ 299,184	\$ 40
Expenses	48,300	48,300	44,951	3,349
Capital	50,000	50,000	50,000	-
TOTAL	390,464	397,524	394,135	3,389
FINANCE COMMISSION				
Salaries	26,254	29,061	28,906	155
Expenses	19,000	25,300	22,994	2,306
Capital	-	-	-	-
TOTAL	45,254	54,361	51,900	2,461
ACCOUNTING				
Salaries	142,687	145,228	144,117	1,111
Expenses	5,900	5,900	3,944	1,956
Capital	-	-	-	-
TOTAL	148,587	151,128	148,061	3,067
AUDIT-SCHOOL & MUNICIPAL FINANCIALS				
Professional Services	51,000	51,000	50,927	73
ASSESORS				
Salaries	98,014	98,990	96,791	2,199
Expenses	75,494	75,494	65,156	10,338
Capital	-	-	-	-
Revaluation	60,000	60,000	60,000	-
TOTAL	233,508	234,484	221,947	12,537
TREASURER				
Salaries	49,173	50,909	50,683	226
Expenses	21,159	21,159	19,058	2,101
Capital	-	-	-	-
TOTAL	70,332	72,068	69,741	2,327
COLLECTOR				
Salaries	77,830	78,513	78,302	211
Expenses	49,570	49,570	49,521	49
Capital	-	-	-	-
TOTAL	127,400	128,083	127,823	260
LEGAL				
Salaries	72,164	72,164	72,164	-
Expenses	57,329	57,329	57,325	4
Professional Services	-	-	-	-
TOTAL	129,493	129,493	129,489	4
PERSONNEL BOARD				
Salaries	32,366	37,155	37,155	-
Expenses	28,251	28,251	15,337	12,914
Capital	-	-	-	-
TOTAL	60,617	65,406	52,492	12,914
INFORMATION SYSTEMS				
Salaries	175,153	179,673	179,673	-
Expenses	160,695	160,695	160,560	135
Capital	240,243	220,893	220,893	-
TOTAL	576,091	561,261	561,126	135

GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGETARY BASIS - BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2002

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
TOWN CLERK				
Salaries	112,457	113,108	110,576	2,532
Expenses	36,150	58,150	39,318	18,832
Capital	-	-	-	-
TOTAL	148,607	171,258	149,894	21,364
CONSERVATION COMMISSION				
Salaries	28,025	28,025	22,306	5,719
Expenses	2,647	2,647	2,511	136
Capital	25,000	25,000	25,000	-
TOTAL	55,672	55,672	49,817	5,855
PLANNING BOARD				
Salaries	62,486	63,568	60,680	2,888
Expenses	3,230	3,230	2,875	355
Capital	-	-	-	-
TOTAL	65,716	66,798	63,555	3,243
ZONING BOARD OF APPEALS				
Salaries	20,688	20,688	18,324	2,364
Expenses	3,499	3,499	3,499	-
Capital	-	-	-	-
TOTAL	24,187	24,187	21,823	2,364
BUSINESS DEVELOPMENT TASK FORCE				
Expenses	23,775	24,439	23,995	444
OUTSIDE PROFESSIONAL SERVICES				
Expenses	31,250	31,250	29,017	2,233
MASS HOUSING PARTNERSHIP				
Expenses	11,800	11,800	11,667	133
HOUSING AUTHORITY				
Expenses	5,000	5,000	1,873	3,127
OFFICE COMMUNICATIONS				
Expenses	118,250	118,250	117,193	1,057
TRAINING				
Expenses	4,000	4,000	2,000	2,000
MERIT INCREASE				
Salaries	93,000	5,926	-	5,926
Reserve Fund	375,000	115,400	-	115,400
Total General Government	2,789,003	2,478,788	2,278,475	200,313

(Continued)

GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGETARY BASIS - BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2002

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
PUBLIC SAFETY				
POLICE DEPARTMENT				
Salaries	2,129,123	2,135,644	2,119,520	16,124
Expenses	129,167	129,167	121,382	7,785
Capital	149,012	149,012	149,012	-
TOTAL	2,407,302	2,413,823	2,389,914	23,909
AUXILIARY POLICE/CIVIL DEFENSE				
Expenses	2,000	2,000	-	2,000
ANIMAL CONTROL				
Salaries	25,895	26,378	26,378	-
Expenses	8,124	8,124	7,279	845
Capital	-	-	-	-
TOTAL	34,019	34,502	33,657	845
CROSSING GUARDS				
Salaries	77,425	77,425	76,001	1,424
Expenses	5,950	5,950	-	5,950
Capital	-	-	-	-
TOTAL	83,375	83,375	76,001	7,374
FIRE DEPARTMENT				
Salaries	1,836,790	1,917,300	1,917,300	-
Expenses	119,793	130,801	130,801	-
Capital	388,780	388,780	388,753	27
TOTAL	2,345,363	2,436,881	2,436,854	27
BUILDING INSPECTION				
Salaries	189,669	191,230	171,128	20,102
Expenses	23,660	23,660	19,687	3,973
Capital	-	-	-	-
TOTAL	213,329	214,890	190,815	24,075
Total Public Safety	5,085,388	5,185,471	5,127,241	58,230
EDUCATION				
PUBLIC SCHOOLS				
Salaries and expenses	23,310,062	23,310,062	23,256,412	53,650
Capital	675,190	675,190	671,101	4,089
TOTAL	23,985,252	23,985,252	23,927,513	57,739
BLUE HILLS REGIONAL				
	5,010	43,010	42,552	458
Total Education	23,990,262	24,028,262	23,970,065	58,197
PUBLIC WORKS				
DEPARTMENT OF PUBLIC WORKS				
Salaries-admin	146,275	147,946	132,219	15,727
Salaries-operations	1,017,315	1,029,648	1,029,645	3
Expenses	349,965	349,965	346,518	3,447
Capital	465,490	465,490	465,120	370
TOTAL	1,979,045	1,993,049	1,973,502	19,547

GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGETARY BASIS - BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2002

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
BUILDING MAINTENANCE				
Expenses	308,221	308,221	296,821	11,400
Capital	35,500	35,500	35,500	-
TOTAL	343,721	343,721	332,321	11,400
MUNICIPAL & SCHOOL FIELD MAINTENANCE				
Expenses	114,212	114,212	114,200	12
Capital	-	-	-	-
TOTAL	114,212	114,212	114,200	12
SNOW & ICE				
Expenses	141,200	141,200	141,140	60
Capital	-	-	-	-
TOTAL	141,200	141,200	141,140	60
STREET LIGHTING				
Expenses	214,000	214,000	174,255	39,745
Capital	-	-	-	-
TOTAL	214,000	214,000	174,255	39,745
CEMETARY COMMISSION				
Expenses	300	300	-	300
WASTE COLLECTION/DISPOSAL				
Expenses	1,263,500	1,263,500	1,233,889	29,611
Capital	-	-	-	-
TOTAL	1,263,500	1,263,500	1,233,889	29,611
Total Public Works	4,055,978	4,069,982	3,969,307	100,675
HEALTH AND HUMAN SERVICES				
HEALTH DIVISION				
Salaries	127,474	128,905	128,904	1
Expenses	12,260	12,260	10,592	1,668
Capital	-	-	-	-
TOTAL	139,734	141,165	139,496	1,669
OUTSIDE HEALTH AGENCIES	14,316	14,316	12,886	1,430
DISABILITY COMMISSION				
Expenses	500	500	50	450
COUNCIL ON AGING				
Salaries	122,900	125,688	125,509	179
Expenses	15,935	15,935	15,709	226
Capital	-	50,000	50,000	-
TOTAL	138,835	191,623	191,218	405
YOUTH COMMISSION				
Salaries	125,701	127,393	126,833	560
Expenses	14,172	14,172	13,506	666
Capital	-	-	-	-
TOTAL	139,873	141,565	140,339	1,226
VETERANS SERVICES				
Salaries	20,756	20,756	17,601	3,155
Expenses	27,025	27,025	10,200	16,825
Capital	-	-	-	-
TOTAL	47,781	47,781	27,801	19,980
Total Health and Human Services	481,039	536,950	511,790	25,160

(Continued)

GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGETARY BASIS - BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2002

	Original Budget	Final Budget	Actual	Variance Positive/ (Negative)
CULTURE AND RECREATION				
RECREATION				
Salaries	195,945	197,998	192,204	5,794
Expenses	40,400	40,400	40,398	2
Capital	-	-	-	-
TOTAL	236,345	238,398	232,602	5,796
PUBLIC LIBRARY				
Salaries	595,239	601,772	600,209	1,563
Expenses	178,942	178,942	177,810	1,132
Capital	82,403	73,903	53,505	20,398
Lost books	850	850	823	27
TOTAL	857,434	855,467	832,347	23,120
MEMORIAL DAY				
Expenses	2,300	2,300	2,300	-
Total Culture and Recreation	1,096,079	1,096,165	1,067,249	28,916
PENSION BENEFITS				
Contributory Pension	1,092,886	1,092,886	1,092,886	-
Non-Contrib Pension	66,000	66,000	62,236	3,764
Total Pension Benefits	1,158,886	1,158,886	1,155,122	3,764
INSURANCE				
Property	101,970	127,683	127,683	-
Liability	45,325	66,612	66,415	197
Total Insurance	147,295	194,295	194,098	197
EMPLOYEE BENEFITS	2,215,699	2,475,699	2,465,816	9,883
STATE AND COUNTY ASSESSMENTS	523,166	523,166	544,893	(21,727)
DEBT SERVICE PRINCIPAL	1,290,000	1,290,000	1,290,000	-
DEBT SERVICE INTEREST	801,415	801,415	737,269	64,146
TOTAL EXPENDITURES	\$ 43,634,210	\$ 43,839,079	\$ 43,311,325	\$ 527,754

(Concluded)

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to specific purposes.

- ***School Lunch Fund*** – accounts for the operations of the public school lunch program.
- ***Ambulance Fund***- accounts for the fees collected for ambulance services which can legally only be appropriated for costs to provide the service, such as Emergency Medical Technician firefighter stipend, ambulance supplies, etc.
- ***Departmental Grants/Other Revolving Funds*** – accounts for various grants and legally restricted revenues for special programs administered by Town departments.
- ***Educational Grants/Other Revolving Funds*** – accounts for all educational programs specially financed by grants and other restricted revenues.
- ***Sewer Fund*** – accounts for operations of the sewer system. User charges are set to recover operating and capital costs of the system.

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2002
(With Comparative Totals for June 30, 2001)

ASSETS	School Lunch	Ambulance	Departmental Grants/ Other Revolving
Cash and short-term investments.....	\$ 148,879	\$ 560,711	\$ 1,456,513
Receivables:			
User fees.....	-	-	-
Departmental and other.....	-	78,145	1,300
Intergovernmental.....	-	-	1,008,917
TOTAL ASSETS.....	\$ 148,879	\$ 638,856	\$ 2,466,730
 LIABILITIES AND FUND EQUITY			
LIABILITIES:			
Warrants payable.....	\$ 24,549	\$ -	\$ 30,205
Accrued payroll.....	10,864	-	-
Deferred revenues.....	-	78,145	714,701
Due to other funds.....	-	-	295,515
TOTAL LIABILITIES.....	35,413	78,145	1,040,421
FUND EQUITY:			
Reserved for:			
Encumbrances and continuing appropriations.....	-	-	-
Unreserved:			
Designated for subsequent year's expenditures.....	-	-	-
Undesignated.....	113,466	560,711	1,426,309
TOTAL FUND EQUITY.....	113,466	560,711	1,426,309
TOTAL LIABILITIES AND FUND EQUITY.....	\$ 148,879	\$ 638,856	\$ 2,466,730

Educational Grants/ Other Revolving	Sewer	Total	
		2002	2001
\$ 838,524	\$ 819,977	\$ 3,824,604	\$ 2,908,883
-	2,459,086	2,459,086	1,496,812
14,945	-	94,390	116,477
-	-	1,008,917	-
<u>\$ 853,469</u>	<u>\$ 3,279,063</u>	<u>\$ 7,386,997</u>	<u>\$ 4,522,172</u>
\$ 65,051	\$ 56,717	\$ 176,522	\$ 151,679
35,727	680	47,271	-
14,945	2,459,086	3,266,877	1,613,289
-	-	295,515	-
<u>115,723</u>	<u>2,516,483</u>	<u>3,786,185</u>	<u>1,764,968</u>
-	175,089	175,089	-
-	70,000	70,000	59,000
<u>737,746</u>	<u>517,491</u>	<u>3,355,723</u>	<u>2,698,204</u>
<u>737,746</u>	<u>762,580</u>	<u>3,600,812</u>	<u>2,757,204</u>
<u>\$ 853,469</u>	<u>\$ 3,279,063</u>	<u>\$ 7,386,997</u>	<u>\$ 4,522,172</u>

SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 2002
 (With Comparative Totals for June 30, 2001)

	<u>School Lunch</u>	<u>Ambulance</u>	
REVENUES:			
Charges for services.....	\$ 628,286	\$ 268,138	\$
Fees and rentals.....	-	-	
Intergovernmental.....	60,967	-	
Departmental and other.....	-	-	
Sewer betterments.....	-	-	
Contributions.....	-	-	
Investment income.....	-	-	
	<u>689,253</u>	<u>268,138</u>	
TOTAL REVENUES.....			
EXPENDITURES:			
Current:			
General government.....	-	-	
Public safety.....	-	-	
Education.....	648,075	-	
Public works.....	-	-	
MWRA assessment.....	-	-	
Human services.....	-	-	
Culture and recreation.....	-	-	
Capital outlay.....	-	-	
Debt service:			
Principal.....	-	-	
Interest.....	-	-	
	<u>648,075</u>	<u>-</u>	
TOTAL EXPENDITURES.....			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	<u>41,178</u>	<u>268,138</u>	
OTHER FINANCING SOURCES (USES):			
Operating transfers out.....	-	(280,252)	
	<u>-</u>	<u>(280,252)</u>	
TOTAL OTHER FINANCING SOURCES (USES).....			
NET CHANGE IN FUND BALANCES.....	41,178	(12,114)	
FUND BALANCES AT BEGINNING OF YEAR.....	<u>72,288</u>	<u>572,825</u>	
FUND BALANCES AT END OF YEAR.....	<u>\$ 113,466</u>	<u>\$ 560,711</u>	\$

Departmental Grants/ Other Revolving
311,686
-
1,450,391
285,245
-
79,769
1,000
2,128,091

678,399
260,982
-
464,220
-
34,692
296,225
-
-
-
1,734,518

393,573

(108,960)

(108,960)

284,613

1,141,696

1,426,309

Educational Grants/ Other Revolving	Sewer	Total	
		2002	2001
\$ 796,541	\$ 3,342,881	\$ 5,347,532	\$ 5,076,944
-	-	-	202,714
1,127,568	168,985	2,807,911	1,906,715
-	-	285,245	218,472
-	302,343	302,343	-
21,703	-	101,472	189,225
-	-	1,000	-
<u>1,945,812</u>	<u>3,814,209</u>	<u>8,845,503</u>	<u>7,594,070</u>
-	-	678,399	107,386
-	-	260,982	196,158
1,704,303	-	2,352,378	2,148,898
-	538,923	1,003,143	729,814
-	1,609,715	1,609,715	1,702,795
-	-	34,692	27,637
-	-	296,225	220,221
-	-	-	237,240
-	850,102	850,102	855,196
-	315,047	315,047	142,546
<u>1,704,303</u>	<u>3,313,787</u>	<u>7,400,683</u>	<u>6,367,891</u>
<u>241,509</u>	<u>500,422</u>	<u>1,444,820</u>	<u>1,226,179</u>
-	(212,000)	(601,212)	(623,433)
-	(212,000)	(601,212)	(623,433)
241,509	288,422	843,608	602,746
<u>496,237</u>	<u>474,158</u>	<u>2,757,204</u>	<u>2,154,458</u>
<u>\$ 737,746</u>	<u>\$ 762,580</u>	<u>\$ 3,600,812</u>	<u>\$ 2,757,204</u>

SEWER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS - BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2002
(With Comparative Totals for June 30, 2001)

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance Positive/ (Negative)	2001 Actual Budgetary Amounts
REVENUES:					
Charges for services.....	\$ 3,197,851	\$ 3,197,851	\$ 3,342,881	\$ 145,030	\$ 3,259,276
Departmental and other.....	-	-	-	-	17,670
Sewer betterments.....	350,000	350,000	302,343	(47,657)	-
TOTAL REVENUES.....	3,547,851	3,547,851	3,645,224	97,373	3,276,946
EXPENDITURES:					
Current:					
Salaries.....	233,939	233,939	218,719	15,220	233,503
Expenses.....	91,782	91,782	88,688	3,094	70,466
Pumping stations, inspections and repairs.....	283,624	283,624	167,760	115,864	412,730
MWRA assessment.....	1,703,125	1,703,125	1,609,715	93,410	1,584,968
Capital outlay.....	131,691	131,691	63,756	67,935	54,000
Debt service:					
Principal.....	827,682	827,682	827,682	-	855,196
Interest.....	191,085	191,085	168,482	22,603	142,546
TOTAL EXPENDITURES.....	3,462,928	3,462,928	3,144,802	318,126	3,353,409
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	84,923	84,923	500,422	415,499	(76,463)
OTHER FINANCING SOURCES (USES):					
Operating transfers out.....	(212,000)	(212,000)	(212,000)	-	(100,000)
TOTAL OTHER FINANCING SOURCES (USES)...	(212,000)	(212,000)	(212,000)	-	(100,000)
NET CHANGE IN FUND BALANCES.....	(127,077)	(127,077)	288,422	415,499	(176,463)
FUND BALANCES AT BEGINNING OF YEAR.....	474,158	474,158	474,158	-	650,621
FUND BALANCES AT END OF YEAR.....	\$ 347,081	\$ 347,081	\$ 762,580	\$ 415,499	\$ 474,158

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition, construction or improvement of major capital assets (other than those financed by trust funds). Such resources are derived principally from proceeds of general obligation bonds, grants and sewer revenues.

- ***Roadway Improvements*** – accounts for construction, reconstruction and improvements of roadways, streets and sidewalks. Funding is provided primarily by bond proceeds, various grants and legally restricted revenues for special programs administered by Town departments.
- ***School Building Renovations*** – accounts for renovation, improvements and capital equipment associated with public school buildings.
- ***Facilities Renovations*** – accounts for renovation, improvements and capital equipment associated with town buildings and facilities.
- ***Sewer Construction*** – accounts for sewer line installation and system improvements. Funding is provided by bond proceeds, grants and transfers in from the sewer fund.

CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2002
(With Comparative Totals for June 30, 2001)

ASSETS	Roadway	School Building	Facilities	Sewer	Total	
	Improvements	Renovations	Renovations	Construction	2002	2001
Cash and short-term investments.....	\$ 759,069	\$ 2,328,297	\$ 94,735	\$ 878,083	\$ 4,060,184	\$ 7,496,205
Receivables:						
Intergovernmental.....	-	-	-	-	-	9,765
TOTAL ASSETS.....	\$ 759,069	\$ 2,328,297	\$ 94,735	\$ 878,083	\$ 4,060,184	\$ 7,505,970
LIABILITIES AND FUND EQUITY						
LIABILITIES:						
Warrants payable.....	\$ 679	\$ 751,193	\$ 5,249	\$ 160,438	\$ 917,559	\$ 44,072
Due to other funds.....	-	-	261,637	-	261,637	-
Bonds and notes payable.....	-	5,000,000	-	-	5,000,000	19,150,000
TOTAL LIABILITIES.....	679	5,751,193	266,886	160,438	6,179,196	19,194,072
FUND EQUITY:						
Fund balances:						
Unreserved:						
Undesignated.....	758,390	(3,422,896)	(172,151)	717,645	(2,119,012)	(11,688,102)
TOTAL FUND EQUITY.....	758,390	(3,422,896)	(172,151)	717,645	(2,119,012)	(11,688,102)
TOTAL LIABILITIES AND FUND EQUITY.....	\$ 759,069	\$ 2,328,297	\$ 94,735	\$ 878,083	\$ 4,060,184	\$ 7,505,970

CAPITAL PROJECTS FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 2002
 (With Comparative Totals for June 30, 2001)

	Roadway	School Building	Facilities	Sewer	Total	
	Improvements	Renovations	Renovations	Construction	2002	2001
REVENUES:						
Intergovernmental.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000
Departmental and other.....	-	-	-	-	-	150,000
TOTAL REVENUES.....	-	-	-	-	-	400,000
EXPENDITURES:						
Current:						
General government.....	-	-	37,015	-	37,015	-
Education.....	-	5,583,452	-	-	5,583,452	7,936,410
Public works.....	24,378	-	213,742	1,147,143	1,385,263	3,540,963
Human services.....	-	-	10,048	-	10,048	-
Culture and recreation.....	-	-	42,982	-	42,982	-
TOTAL EXPENDITURES.....	24,378	5,583,452	303,787	1,147,143	7,058,760	11,477,373
EXCESS (DEFICIENCY) OF REVENUES						
OVER EXPENDITURES.....	(24,378)	(5,583,452)	(303,787)	(1,147,143)	(7,058,760)	(11,077,373)
OTHER FINANCING SOURCES (USES):						
Proceeds from bonds and notes.....	-	13,500,000	1,600,000	1,500,000	16,600,000	-
Operating transfers in.....	-	-	27,850	-	27,850	675,000
TOTAL OTHER FINANCING SOURCES (USES).....	-	13,500,000	1,627,850	1,500,000	16,627,850	675,000
NET CHANGE IN FUND BALANCES.....	(24,378)	7,916,548	1,324,063	352,857	9,569,090	(10,402,373)
FUND BALANCES AT BEGINNING OF YEAR.....	782,768	(11,339,444)	(1,496,214)	364,788	(11,688,102)	(1,285,729)
FUND BALANCES AT END OF YEAR.....	\$ 758,390	\$ (3,422,896)	\$ (172,151)	\$ 717,645	\$ (2,119,012)	\$ (11,688,102)

Trust and Agency Funds

Expendable Trust Funds

- ***Stabilization Fund*** – accounts for the Town’s reserve for funding or supplementing the cost associated with capital improvements and major projects.
- ***Pension Reserve Fund*** – accounts for Town funding targeted to offset future cost impact of Norfolk County Contributory Retirement System.
- ***Other Funds*** – accounts for bequests donor-designated purposes.

Nonexpendable Trust Funds

- ***Cemetery Fund*** – accounts for contributions associated with cemetery care and maintenance.
- ***Other Funds*** – accounts for bequests with income restricted to donor-designated purposes.

Agency Funds

- ***Town Funds*** – accounts for funds temporarily held by the Town in an agency capacity.

TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2002
(With Comparative Totals for June 30, 2001)

	Expendable Trusts		
	Stabilization Fund	Pension Reserve	Other
ASSETS			
Cash and short-term investments.....	\$ 761,189	\$ 1,136,796	\$ 99,781
Receivable:			
Departmental and other.....	-	-	-
TOTAL ASSETS	<u>\$ 761,189</u>	<u>\$ 1,136,796</u>	<u>\$ 99,781</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES:			
Warrants payable.....	\$ -	\$ -	\$ -
Liabilities due depositors.....	-	-	-
Deferred revenues.....	-	-	-
Due to other funds.....	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY:			
Fund balances:			
Reserved for:			
Nonexpendable trusts.....	-	-	-
Stabilization.....	761,189	-	-
Undesignated.....	-	1,136,796	99,781
TOTAL FUND EQUITY	<u>761,189</u>	<u>1,136,796</u>	<u>99,781</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 761,189</u>	<u>\$ 1,136,796</u>	<u>\$ 99,781</u>

Nonexpendable Trusts		Agency Funds	Total	
Cemetery	Other	Town	2002	2001
\$ 264,588	\$ 195,800	\$ 401,504	\$ 2,859,658	\$ 2,546,812
700	-	63,560	64,260	135,984
<u>\$ 265,288</u>	<u>\$ 195,800</u>	<u>\$ 465,064</u>	<u>\$ 2,923,918</u>	<u>\$ 2,682,796</u>
\$ -	\$ -	\$ 2,215	\$ 2,215	\$ 117,398
-	-	462,849	462,849	-
700	-	-	700	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,707</u>
700	-	465,064	465,764	205,105
264,588	195,800	-	460,388	440,483
-	-	-	761,189	272,290
-	-	-	1,236,577	1,764,918
<u>264,588</u>	<u>195,800</u>	<u>-</u>	<u>2,458,154</u>	<u>2,477,691</u>
<u>\$ 265,288</u>	<u>\$ 195,800</u>	<u>\$ 465,064</u>	<u>\$ 2,923,918</u>	<u>\$ 2,682,796</u>

EXPENDABLE TRUST FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 2002
 (With Comparative Totals for June 30, 2001)

	Stabilization Fund	Pension Reserve	Other Expendable Trust Funds	Totals	
				2002	2001
REVENUES:					
Investment income.....	\$ 13,900	\$ 31,642	\$ 1,868	\$ 47,410	\$ 118,486
EXPENDITURES:					
Current:					
Culture and recreation.....	-	-	-	-	10,064
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....					
	13,900	31,642	1,868	47,410	108,422
OTHER FINANCING SOURCES (USES):					
Operating transfers in.....	475,000	-	-	475,000	70,064
Operating transfers out.....	-	(561,855)	-	(561,855)	(634,702)
TOTAL OTHER FINANCING SOURCES (USES).....	475,000	(561,855)	-	(86,855)	(564,638)
NET CHANGE IN FUND BALANCES.....	488,900	(530,213)	1,868	(39,445)	(456,216)
FUND BALANCES AT BEGINNING OF YEAR.....	272,289	1,667,009	97,913	2,037,211	2,493,427
FUND BALANCES AT END OF YEAR.....	\$ 761,189	\$ 1,136,796	\$ 99,781	\$ 1,997,766	\$ 2,037,211

NONEXPENDABLE TRUST FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 2002
 (With Comparative Totals for June 30, 2001)

	Cemetery	Other Non-Expendable Funds	Totals	
			2002	2001
OPERATING REVENUES:				
Contributions.....	\$ 12,775	\$ 11,979	\$ 24,754	\$ 14,025
OPERATING EXPENSES:				
Other.....	-	350	350	-
OPERATING INCOME (LOSS).....	12,775	11,629	24,404	14,025
NONOPERATING REVENUES (EXPENSES):				
Investment income.....	4,081	1,420	5,501	23,189
INCOME (LOSS) BEFORE OPERATING TRANSFERS.....	16,856	13,049	29,905	37,214
OPERATING TRANSFERS:				
Transfers out.....	(10,000)	-	(10,000)	(20,063)
NET INCOME (LOSS).....	6,856	13,049	19,905	17,151
FUND BALANCES, Beginning of year.....	257,732	182,751	440,483	423,332
FUND BALANCES, End of year.....	\$ 264,588	\$ 195,800	\$ 460,388	\$ 440,483

NONEXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2002
(With Comparative Totals for June 30, 2001)

	Cemetery	Other Non-Expendable Funds	Totals	
			2002	2001
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Receipts from customers and users.....	\$ 12,775	\$ 11,979	\$ 24,754	\$ 14,025
Payments to vendors.....	-	(350)	(350)	-
NET CASH FROM OPERATING ACTIVITIES.....	12,775	11,629	24,404	14,025
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>				
Transfers out.....	(10,000)	-	(10,000)	(20,064)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Investment income.....	4,081	1,420	5,501	23,189
NET CHANGE IN CASH AND SHORT-TERM INVESTMENTS.....	6,856	13,049	19,905	17,150
CASH AND SHORT-TERM INVESTMENTS AT BEGINNING OF YEAR.....	257,731	182,751	440,482	423,332
CASH AND SHORT-TERM INVESTMENTS AT END OF YEAR.....	\$ <u>264,587</u>	\$ <u>195,800</u>	\$ <u>460,387</u>	\$ <u>440,482</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u>				
<u>FROM OPERATING ACTIVITIES:</u>				
Operating income (loss).....	\$ <u>12,775</u>	\$ <u>11,629</u>	\$ <u>24,404</u>	\$ <u>14,025</u>

AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

JUNE 30, 2002

ASSETS	Balance July 1, 2001	Additions	Deductions	Balance June 30, 2002
Cash and short-term investments.....	\$ 69,121	\$ 1,203,250	\$ (870,867)	\$ 401,504
Receivables:				
Departmental and other.....	135,984	387,952	(460,376)	63,560
TOTAL ASSETS.....	\$ 205,105	\$ 1,591,202	\$ (1,331,243)	\$ 465,064
 LIABILITIES				
LIABILITIES:				
Warrants payable.....	\$ 117,398	\$ 2,215	\$ (117,398)	\$ 2,215
Liabilities due depositors.....	-	1,197,859	(735,010)	462,849
Due to other funds.....	87,707	-	(87,707)	-
TOTAL LIABILITIES.....	\$ 205,105	\$ 1,200,074	\$ (940,115)	\$ 465,064

General Fixed Assets Account Group

The General Fixed Assets Account Group is used to account for the fixed assets owned by the Town, exclusive of general infrastructure (i.e., streets, sidewalks, etc.). Assets are recorded at cost or at amounts considered by management to represent estimated historical cost. In accordance with accounting principles generally accepted in the United States of America, depreciation is not required to be recorded on general fixed assets.

GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE

JUNE 30, 2002
 (With Comparative Totals for June 30, 2001)

GENERAL FIXED ASSETS:	2002
TOWN:	
Land.....	\$ 5,236,081 \$
Buildings and improvements.....	33,398,575
Vehicles.....	3,963,759
Machinery and equipment.....	3,833,824
Furniture and fixtures.....	217,288
Construction in process.....	2,857,510
TOTAL TOWN.....	49,507,037
SEWER:	
Land.....	350,850
Plant.....	24,729,899
Other buildings and improvements.....	5,469,646
Vehicles.....	149,157
Machinery and equipment.....	173,317
Furniture and fixtures.....	35,323
TOTAL SEWER.....	30,908,192
TOTAL GENERAL FIXED ASSETS.....	\$ 80,415,229 \$

*The sources of funds used to acquire fixed assets were impractical to ascertain; therefore, the sources assets were not presented.

2001
5,199,066
30,481,681
3,864,249
3,061,217
159,258
-
42,765,471
350,850
24,729,899
4,482,506
110,930
149,688
35,323
29,859,196
72,624,667

s of fixed

GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY

FISCAL YEAR ENDED JUNE 30, 2002

Function and activity:	General Fixed Assets July 1, 2001	Additions	Retirements	
General government				
Planning.....	\$ 2,499,660	\$ 20,980	\$ (17,000)	\$
Information systems.....	118,564	130,238		
Total General government	<u>2,618,224</u>	<u>151,218</u>	<u>(17,000)</u>	
Public safety				
Fire department.....	172,483	215,544	(24,198)	
Police department.....	170,828	111,720		
Total Public safety	<u>343,311</u>	<u>327,264</u>	<u>(24,198)</u>	
Education				
School department.....	11,800,423	3,243,366	(59,267)	
Total Education	<u>11,800,423</u>	<u>3,243,366</u>	<u>(59,267)</u>	
Public works				
Department of public works.....	1,394,371	322,870	(164,840)	
Total Public works	<u>1,394,371</u>	<u>322,870</u>	<u>(164,840)</u>	
Health and human services				
Council on aging.....	79,580	15,050	-	
Total Health and human services	<u>79,580</u>	<u>15,050</u>	<u>-</u>	
Culture and recreation				
Library.....	68,020	52,578	-	
Total Culture and recreation	<u>68,020</u>	<u>52,578</u>	<u>-</u>	
Fixed assets unallocated.....	26,461,542	-	-	
Construction in progress.....	-	2,894,525		
Total general fixed assets by function.....	42,765,471	7,006,871	(265,305)	
Sewer	29,859,196	1,048,996	-	
Total general fixed assets.....	<u>\$ 72,624,667</u>	<u>\$ 8,055,867</u>	<u>\$ (265,305)</u>	\$

<hr/> <hr/>	
General Fixed	
Assets	
June 30, 2002	
	<hr/>
2,503,640	
248,802	
	<hr/>
2,752,442	
	 <hr/>
363,829	
282,548	
	<hr/>
646,377	
	 <hr/>
14,984,522	
	<hr/>
14,984,522	
	 <hr/>
1,552,401	
	<hr/>
1,552,401	
	 <hr/>
94,630	
	<hr/>
94,630	
	 <hr/>
120,598	
	<hr/>
120,598	
	 <hr/>
26,461,542	
	<hr/>
2,894,525	
	<hr/>
49,507,037	
	 <hr/>
30,908,192	
	<hr/>
80,415,229	
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Statistical Section

*Ten Year History of the Following
Major Categories:*

Expenditures

Revenues

Property Tax Collections

Debt

Town Demographics

General Information

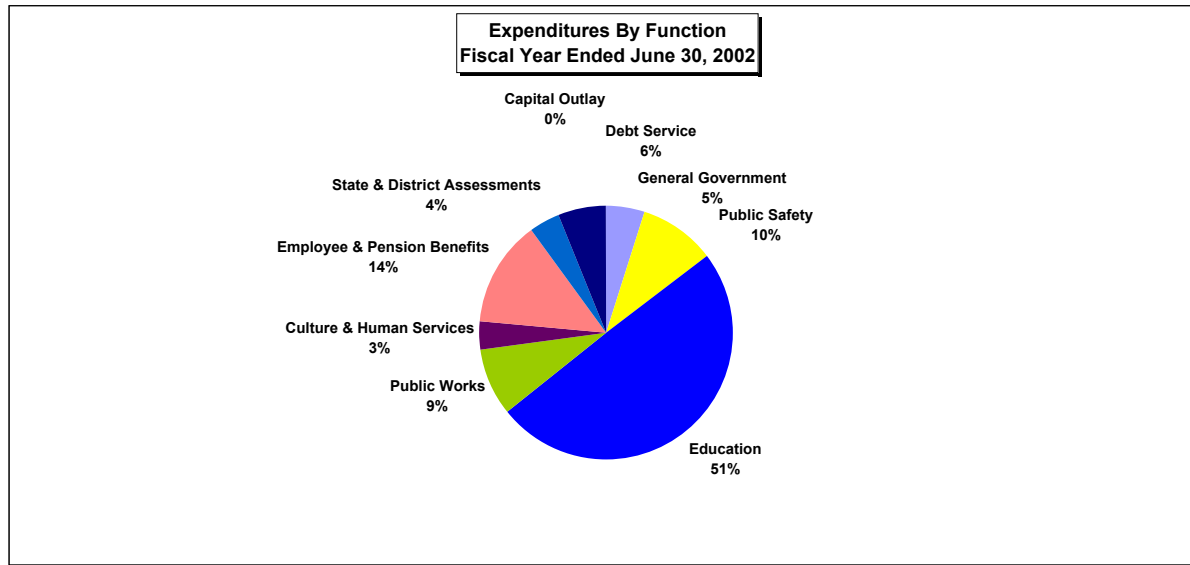


*Westwood's Senior Center
Constructed in 1999*

General Government Expenditures by Function (1) - GAAP Basis

Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Education	Public Works	Human Services	Culture & Recreation	Employee and Pension Benefits	State & District Assessments	Capital Outlay	Debt Service	Total
1993	\$1,357,758	\$3,136,505	\$13,752,816	\$3,043,557	\$304,540	\$791,331	\$2,001,400	\$1,685,228	\$1,132,820	\$1,952,885	\$29,158,840
1994	\$1,480,507	\$3,193,624	\$14,337,268	\$3,287,903	\$321,389	\$815,469	\$2,644,744	\$1,694,539	\$652,596	\$1,340,406	\$29,768,445
1995	\$1,422,866	\$3,235,230	\$14,972,080	\$3,001,144	\$311,643	\$845,360	\$2,552,762	\$1,769,376	\$988,484	\$1,388,881	\$30,487,826
1996	\$1,386,688	\$3,542,953	\$16,516,675	\$3,432,673	\$345,277	\$972,372	\$2,631,220	\$1,674,484	\$789,710	\$2,029,417	\$33,321,469
1997	\$1,581,873	\$3,779,534	\$17,540,574	\$3,460,106	\$383,659	\$990,688	\$2,697,306	\$1,875,572	\$613,524	\$1,999,577	\$34,922,413
1998	\$1,764,063	\$4,019,515	\$18,642,936	\$3,344,459	\$400,514	\$1,152,375	\$2,659,014	\$2,065,711	\$863,915	\$1,519,076	\$36,431,578
1999	\$2,178,962	\$4,375,431	\$20,080,024	\$4,114,487	\$451,433	\$1,030,684	\$2,759,375	\$1,959,361	\$1,275,520	\$1,748,285	\$39,973,562
2000	\$1,945,303	\$4,611,266	\$21,646,822	\$3,617,940	\$470,190	\$1,064,374	\$3,008,991	\$2,276,877	\$1,089,708	\$2,808,273	\$42,539,744
2001	\$2,023,982	\$4,419,718	\$23,370,411	\$4,163,417	\$458,134	\$1,136,346	\$3,186,542	\$2,230,095	\$1,174,189	\$3,439,008	\$45,601,842
2002	\$2,714,855	\$5,156,328	\$26,054,543	\$4,673,091	\$494,694	\$1,352,756	\$7,186,831 (3)	\$2,154,608	\$0 (2)	\$3,192,418	\$52,980,121

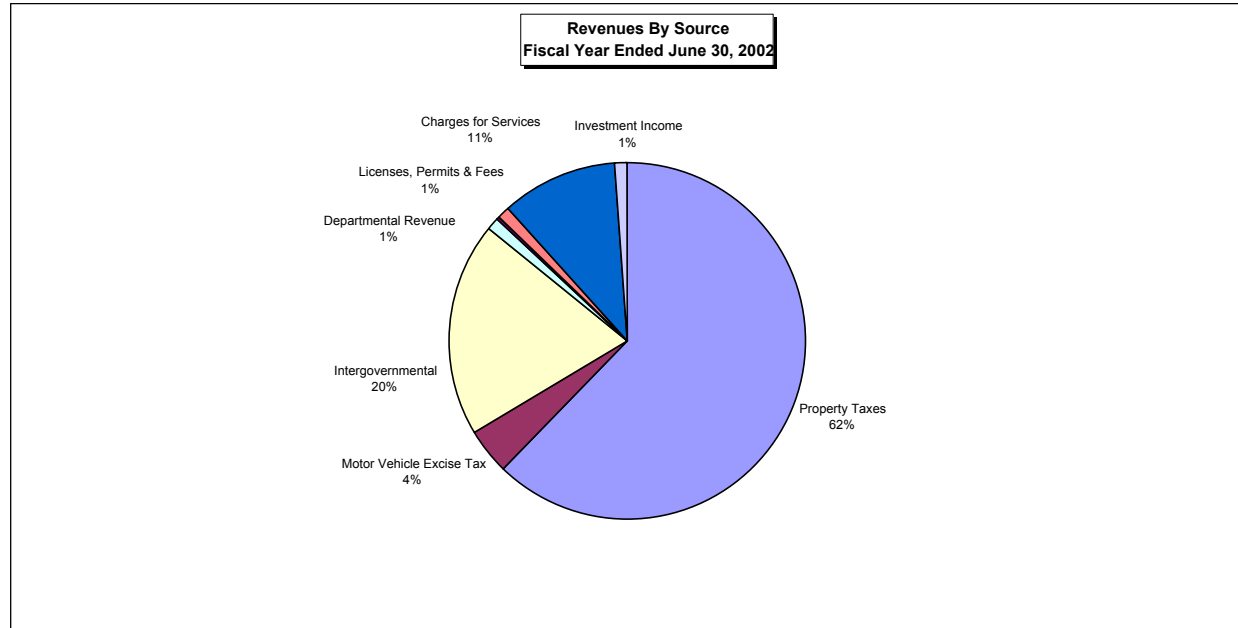


- (1) Includes General and Special Revenue Funds.
- (2) In Fiscal Year 2002 capital outlay was reported function.
- (3) In Fiscal Year 2002 the on-behalf payments by the Commonwealth for teachers pension benefits are reported for the first time.

General Government Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	Property Taxes	Motor Vehicle Excise Tax	Intergovernmental	Departmental and Other Revenue	Payments in-lieu of Taxes	Licenses, Permits & Fees	Charges for Services	Investment Income	Misc	Special Assessments	Contributions & Donations
1993	\$20,794,793	\$1,256,814	\$1,920,833	\$434,582	\$123,629	\$236,046	\$3,577,542	\$179,824	\$414,677	\$505,340	
1994	\$21,284,066	\$1,218,067	\$1,890,017	\$1,321,621	\$111,818	\$289,844	\$2,749,373	\$160,033			\$67,891
1995	\$21,812,835	\$1,494,431	\$2,294,298	\$1,337,219	\$110,893	\$316,400	\$2,695,466	\$276,896			\$77,533
1996	\$23,371,134	\$1,323,908	\$2,591,243	\$1,163,636	\$117,365	\$366,954	\$3,638,370	\$356,722			\$101,386
1997	\$24,772,492	\$1,496,775	\$3,041,296	\$775,993	\$122,283	\$463,268	\$3,994,807	\$394,963			\$546,517
1998	\$25,374,757	\$1,778,859	\$3,740,648	\$756,986	\$134,044	\$512,997	\$4,100,589	\$417,220			\$224,283
1999	\$27,138,931	\$1,684,385	\$4,537,876	\$886,551	\$195,832	\$588,663	\$4,049,877	\$500,551			\$331,355
2000	\$29,203,012	\$1,881,612	\$4,470,631	\$923,297	\$0	\$718,664	\$4,564,588	\$871,423			\$108,497
2001	\$30,989,110	\$2,034,010	\$5,813,531	\$789,819	\$0	\$625,665	\$5,059,274	\$1,136,865			\$189,225
2002	\$33,058,505	\$2,130,210	\$10,384,817 (2)	\$529,197	\$0	\$581,510	\$5,649,875	\$603,882			\$101,472



(1) Includes General and Special Revenue.

(2) In Fiscal Year 2002 the on-behalf payments by the Commonwealth for teachers pension benefits are reported for the first time.

Note: Certain functions have been reclassified to conform with the more recent fiscal years' presentations.

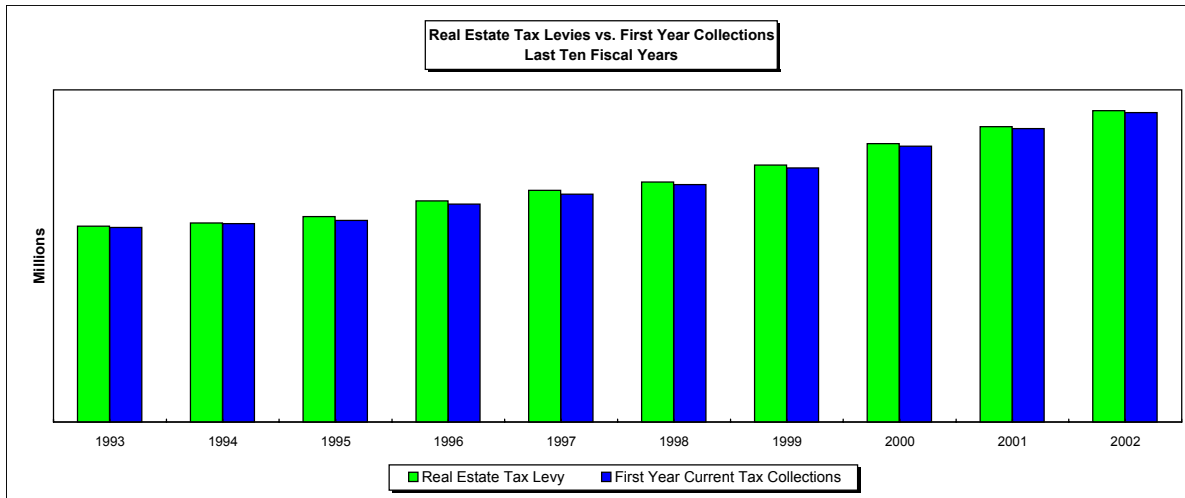
Total

\$29,444,080
\$29,092,730
\$30,415,971
\$33,030,718
\$35,608,394
\$37,040,383
\$39,914,021
\$42,741,724
\$46,637,499
\$53,039,466

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	(2) Total Tax Levy	Less Actual Abatements & Exemptions	(3) Net Tax Levy	Net as % of Total	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Tax to Net Tax Levy
1993	\$20,997,723	\$377,187	\$20,620,536	98.20%	\$20,496,813	99.4%	\$122,919	\$20,619,732	100.00%	\$804	0.00%
1994 (1)	\$21,307,619	\$329,656	\$20,977,963	98.45%	\$20,894,051	99.6%	\$80,077	\$20,974,128	99.98%	\$3,835	0.02%
1995	\$21,903,026	\$245,016	\$21,658,010	98.88%	\$21,237,952	98.1%	\$417,939	\$21,655,891	99.99%	\$2,119	0.01%
1996	\$23,452,925	\$146,348	\$23,306,577	99.38%	\$22,950,757	98.5%	\$349,588	\$23,300,345	99.97%	\$6,232	0.03%
1997 (1)	\$24,547,793	\$147,817	\$24,399,976	99.40%	\$24,012,330	98.4%	\$379,318	\$24,391,648	99.97%	\$8,328	0.03%
1998	\$25,421,010	\$129,295	\$25,291,715	99.49%	\$25,015,911	98.9%	\$249,891	\$25,265,802	99.90%	\$25,913	0.10%
1999	\$27,199,262	\$125,686	\$27,073,576	99.54%	\$26,784,772	98.9%	\$257,300	\$27,042,072	99.88%	\$31,504	0.12%
2000 (1)	\$29,610,189	\$274,448	\$29,335,741	99.07%	\$29,058,196	99.1%	\$233,045	\$29,291,241	99.85%	\$44,500	0.15%
2001	\$31,336,191	\$198,411	\$31,137,780	99.37%	\$30,935,846	99.4%	\$122,650	\$31,058,496	99.75%	\$79,284	0.25%
2002	\$33,126,601	\$309,793	\$32,816,808	99.06%	\$32,592,848	99.3%	\$0	\$32,592,848	99.32%	\$223,960	0.68%

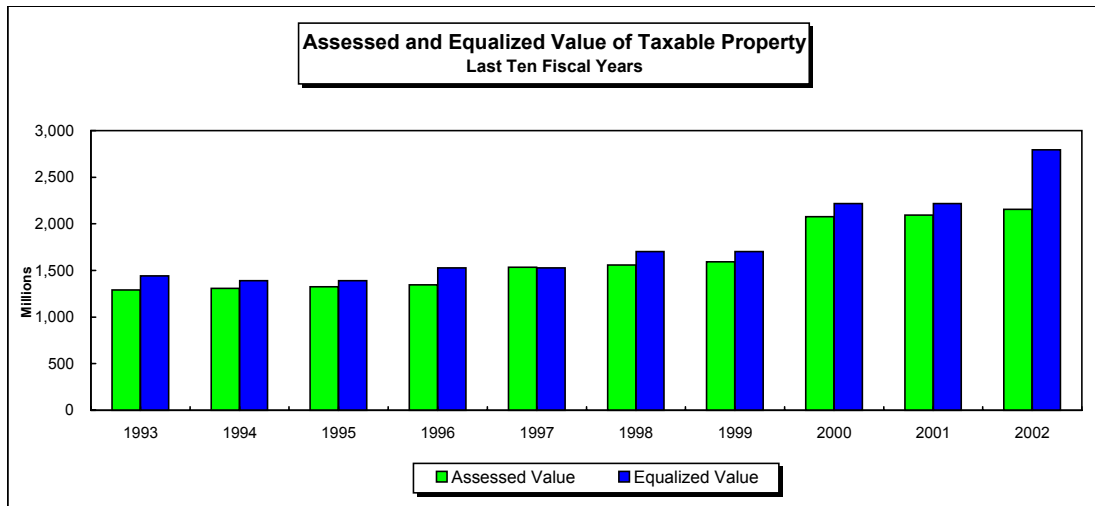


(1) Revaluation year.
 (2) Includes omitted and revised assessments.
 (3) Includes tax liens.

Assessed Value and Equalized Valuation of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Assessed Value			U. S. Census Population	Total Assessed Value Per Capita	(2) Equalized Value	Ratio of Assessed to Equalized Value
	Real Property	Personal Property	Total				
1993	\$1,279,590,800	\$12,468,500	\$1,292,059,300	12,557	\$102,896	\$1,440,795,000	89.68%
1994 (1)	\$1,294,185,600	\$15,202,130	\$1,309,387,730	12,557	\$104,276	\$1,390,737,200	94.15%
1995	\$1,310,014,400	\$14,952,980	\$1,324,967,380	12,557	\$105,516	\$1,390,737,200	95.27%
1996	\$1,331,281,800	\$15,673,060	\$1,346,954,860	12,557	\$107,267	\$1,526,558,000	88.23%
1997 (1)	\$1,516,294,150	\$17,021,650	\$1,533,315,800	12,557	\$122,108	\$1,526,558,000	100.44%
1998	\$1,540,564,050	\$18,123,340	\$1,558,687,390	12,557	\$124,129	\$1,701,499,600	91.61%
1999	\$1,570,917,200	\$21,639,140	\$1,592,556,340	12,557	\$126,826	\$1,701,499,600	93.60%
2000 (1)	\$2,047,864,800	\$29,756,990	\$2,077,621,790	12,557	\$165,455	\$2,218,233,000	93.66%
2001	\$2,063,818,900	\$31,531,378	\$2,095,350,278	14,117	\$148,427	\$2,218,233,000	94.46%
2002	\$2,122,766,700	\$32,480,313	\$2,155,247,013	14,117	\$152,670	\$2,795,016,900	77.11%



(1) Revaluation year.

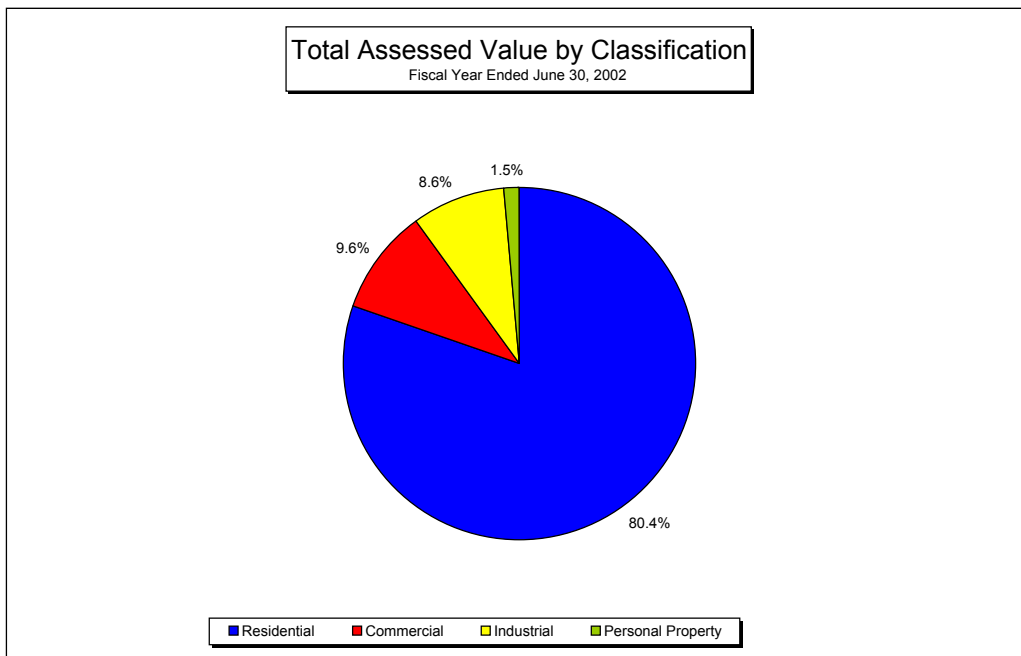
(2) Equalized valuations are determined biennially by the Commissioner of Revenue.

Sources: Assessor's Department, Town of Westwood
U. S. Census

Assessed Value of Taxable Property by Classification

Last Ten Fiscal Years

Fiscal Year	Assessed Value							
	Residential Value	Residential % of Total Value	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial % of Total Value	Total Town Value
1993	\$1,040,589,200	80.5%	\$123,109,300	\$115,892,300	\$12,468,500	\$251,470,100	19.5%	\$1,292,059,300
1994 (1)	\$1,085,852,150	82.9%	\$99,233,650	\$109,099,800	\$15,202,130	\$223,535,580	17.1%	\$1,309,387,730
1995	\$1,101,119,750	83.1%	\$101,545,350	\$107,349,300	\$14,952,980	\$223,847,630	16.9%	\$1,324,967,380
1996	\$1,122,897,150	83.4%	\$101,025,350	\$107,359,300	\$15,673,060	\$224,057,710	16.6%	\$1,346,954,860
1997 (1)	\$1,280,058,250	83.5%	\$112,180,800	\$124,055,100	\$17,021,650	\$253,257,550	16.5%	\$1,533,315,800
1998	\$1,301,083,000	83.5%	\$111,953,750	\$127,527,300	\$18,123,340	\$257,604,390	16.5%	\$1,558,687,390
1999	\$1,330,319,200	83.5%	\$112,066,200	\$128,531,800	\$21,639,140	\$262,237,140	16.5%	\$1,592,556,340
2000 (1)	\$1,685,949,500	81.1%	\$171,721,300	\$190,194,000	\$29,756,990	\$391,672,290	18.9%	\$2,077,621,790
2001	\$1,709,699,250	81.6%	\$162,673,650	\$191,446,000	\$31,531,378	\$385,651,028	18.4%	\$2,095,350,278
2002	\$1,731,760,550	80.4%	\$205,967,250	\$185,038,900	\$32,480,313	\$423,486,463	19.6%	\$2,155,247,013



(1) Revaluation year.

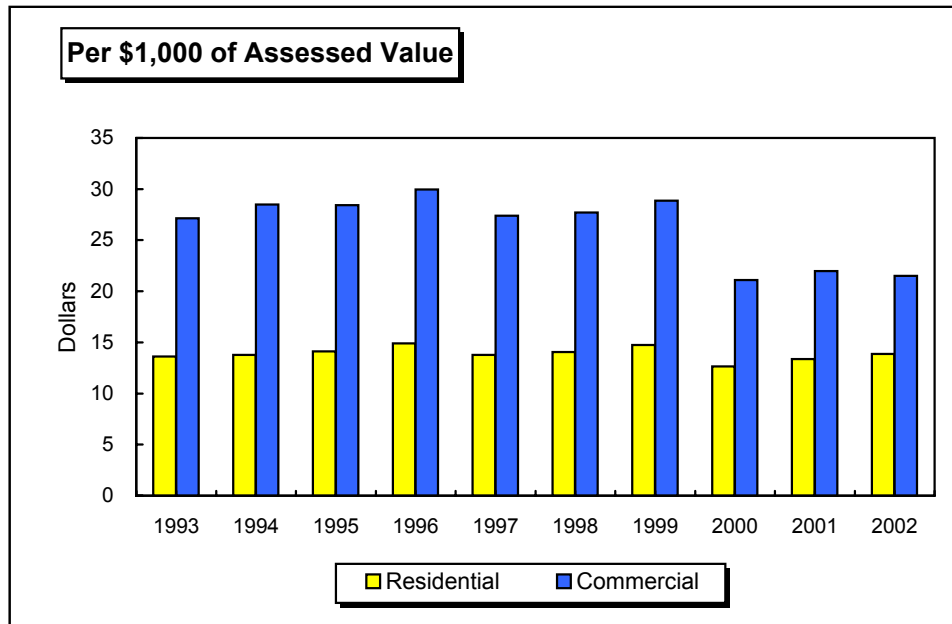
Source: Assessor's Department, Town of Westwood

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
--------------------	----------------------------------	--	--------------------------

1993	\$13.62	\$27.14	\$27.14
1994 (1)	\$13.76	\$28.48	\$28.48
1995	\$14.11	\$28.44	\$28.44
1996	\$14.91	\$29.95	\$29.95
1997 (1)	\$13.76	\$27.38	\$27.38
1998	\$14.05	\$27.72	\$27.72
1999	\$14.75	\$28.85	\$28.85
2000 (1)	\$12.66	\$21.09	\$21.09
2001	\$13.37	\$21.99	\$21.99
2002	\$13.87	\$21.52	\$21.52



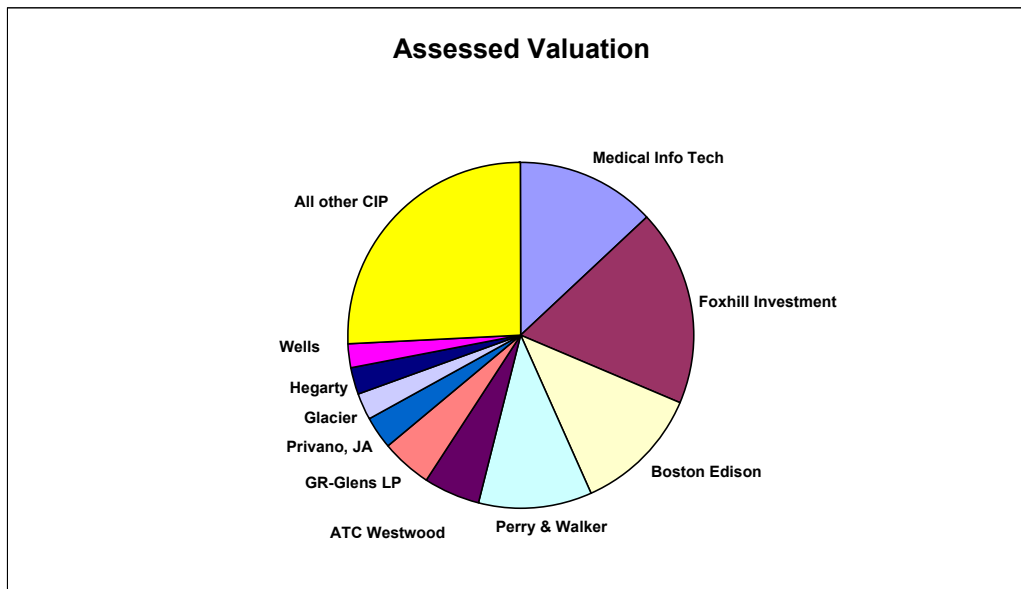
(1) Revaluation Year.

Source: Assessor's Department, Town of Westwood

Principal Taxpayers

June 30, 2002

Name	Nature of Business	Assessed Valuation	Amount of Tax	% of Total Tax Levy
Medical Info. Tech	Office Building/Medical Information Systems	\$51,375,000	\$1,105,590	3.3%
Foxhill Investment Corporation	Retirement Community	\$71,675,000	\$1,027,649	3.1%
Boston Edison Company	Office Building	\$46,905,000	\$1,009,396	3.0%
Perry and Walker	Office Building/Financial Services	\$40,331,000	\$867,923	2.6%
ATC Westwood	Office Building/Administration	\$21,474,000	\$462,120	1.4%
GR-Highland/Westwood Glen LP	Residential Community	\$18,448,000	\$255,874	0.8%
Piravano, John A. Trustee	Warehouse Storage	\$11,600,000	\$249,632	0.8%
Glacier Limited Partnership	Office Building	\$10,000,000	\$215,200	0.6%
Hegarty D J & Saini A Trustees	Warehouse/Research	\$9,187,000	\$197,704	0.6%
Wells Ave Sr. Holdings LLC	Office/Research & Development	\$8,589,000	\$184,835	0.6%
Totals		\$289,584,000	\$5,575,923	16.8%



- (1) Source: Assessor's Department, Town of Westwood
- (2) Total Commercial, Industrial & Personal Property (CIP) Valuation \$391,006,150
- (3) Total Valuation of All Property \$2,155,247,013

Computation of Legal Debt Margin

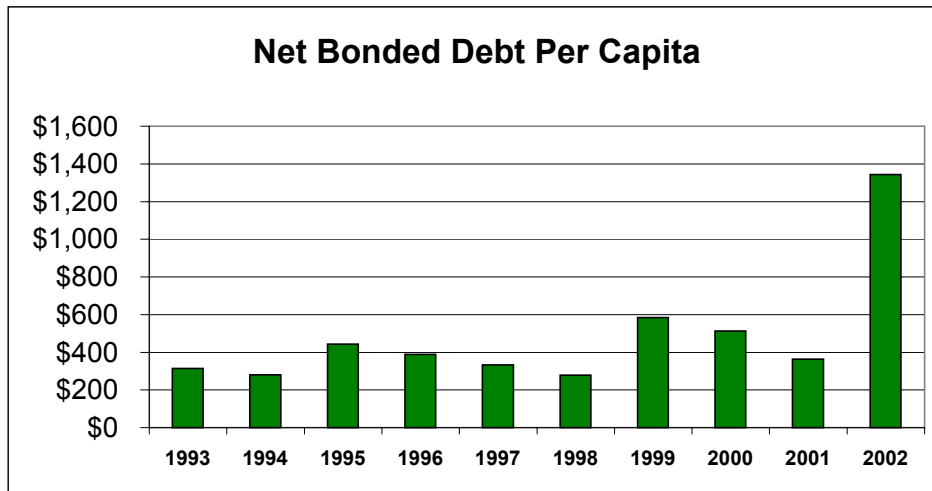
June 30, 2002

Fiscal Year 2002 equalized valuation.....	\$	<u>2,795,016,900</u>
Debt Limit - 5% of equalized valuation.....		139,750,845
Less:		
Total debt applicable to limitation.....		25,719,466
Authorized and unissued debt.....		<u>47,986,340</u>
Legal debt margin.....	\$	<u>66,045,039</u>

**Ratio of Net General Obligation Bonded Debt
to Equalized Value and Net Bonded Debt per Capita**

Last Ten Fiscal Years

Fiscal Year	U. S. Census Population	State Equalized Value	Outstanding Gross Bonded Debt	Less: Self-Supporting Debt (1)	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
1993	12,557	\$1,440,795,000	\$6,000,000	\$2,055,000	\$3,945,000	0.27%	\$314
1994	12,557	\$1,390,737,200	\$5,062,200	\$1,537,200	\$3,525,000	0.25%	\$281
1995	12,557	\$1,390,737,200	\$11,420,337	\$5,855,337	\$5,565,000	0.40%	\$443
1996	12,557	\$1,526,558,000	\$9,833,986	\$4,958,986	\$4,875,000	0.32%	\$388
1997	12,557	\$1,526,558,000	\$8,395,137	\$4,210,137	\$4,185,000	0.27%	\$333
1998	12,557	\$1,701,499,600	\$7,212,284	\$3,717,284	\$3,495,000	0.21%	\$278
1999	12,557	\$1,701,499,600	\$13,283,340	\$5,947,640	\$7,335,700	0.43%	\$584
2000	12,557	\$2,218,233,000	\$13,475,548	\$7,030,548	\$6,445,000	0.29%	\$513
2001	14,117	\$2,218,233,000	\$11,259,568	\$6,114,568	\$5,145,000	0.23%	\$364
2002	14,117	\$2,795,016,900	\$25,719,466	\$6,764,466	\$18,955,000	0.68%	\$1,343



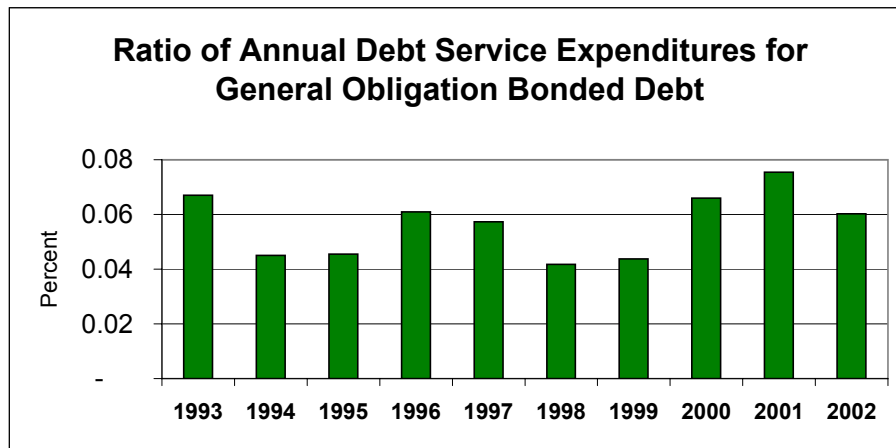
(1) Sewer Fund

Source: Audited Financial Statements, U. S. Census

**Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt
to Total General Government Expenditures (1)**

Last Ten Fiscal Years

Fiscal Year	Annual Debt Service	Total General Governmental Expenditures	Ratio of Bonded Debt Service to General Government Expenditures
1993	\$1,952,885	\$29,158,840	6.70%
1994	\$1,340,406	\$29,768,445	4.50%
1995	\$1,388,881	\$30,487,826	4.56%
1996	\$2,029,417	\$33,321,469	6.09%
1997	\$1,999,577	\$34,922,413	5.73%
1998	\$1,519,076	\$36,431,579	4.17%
1999	\$1,748,285	\$39,973,562	4.37%
2000	\$2,808,273	\$42,539,745	6.60%
2001	\$3,439,008	\$45,601,842	7.54%
2002	\$3,192,418	\$52,980,121 (2)	6.03%



(1) Includes general and special revenue funds.

(2) In Fiscal Year 2002 the on-behalf payments by the Commonwealth for teachers pension benefits are reported for the first time.

Source: Audited Financial Statements.

**Computation of Direct and Overlapping Bonded Debt
General Obligation Bonds**

June 30, 2002

Jurisdiction	General Obligation Bonded Debt Outstanding	Percentage Applicable to Town of Westwood	Amount Applicable to Town of Westwood
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Direct:

Town of Westwood	\$18,955,000	100%	\$18,955,000
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Overlapping:

MWRA	\$3,408,921,000	.642%	\$21,885,273
Norfolk County	\$4,142,101	3.665%	\$151,824
Total Overlapping Debt	\$3,413,063,101		\$22,037,097

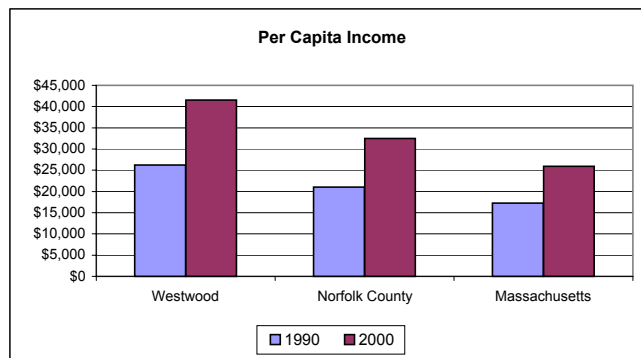
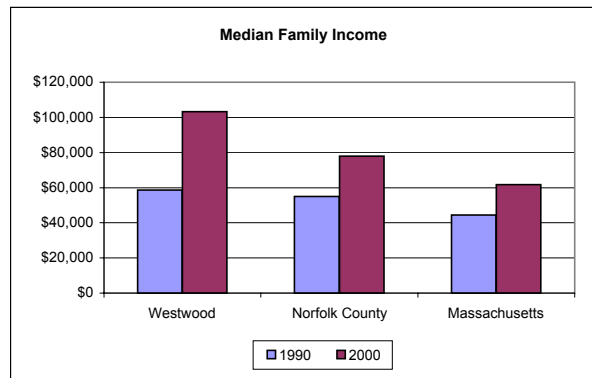
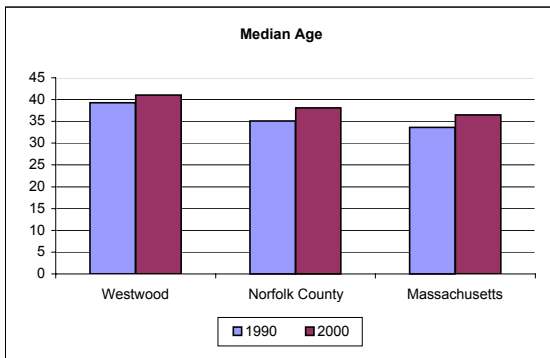
Total Direct and Overlapping Debt	\$3,432,018,101		\$40,992,097
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Source: Audited Financial Statements

Age, Income and Wealth Levels (1)

1990 - 2000

Category	Year	Westwood	Norfolk County	Massachusetts
Median Age	1990	39.3	35.1	33.6
	2000	41.0	39.1	36.5
Median Family Income	1990	\$58,559	\$54,915	\$44,367
	2000	\$103,242	\$77,847	\$61,664
Per Capita Income	1990	\$26,241	\$21,019	\$17,224
	2000	\$41,553	\$32,474	\$25,952

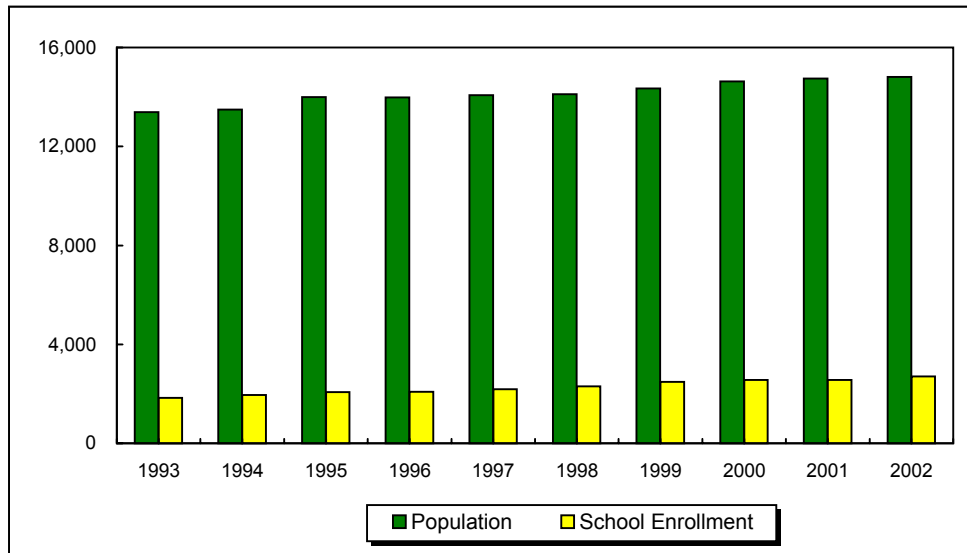


Source: MA Department of Revenue, Division of Local Services
U. S. Census

Population and School Enrollment Changes

Last Ten Calendar Years

Year	Population	Increase/ -Decrease	School Enrollment	Increase/ -Decrease
1993	13,386	125	1,840	44
1994	13,486	100	1,949	109
1995	13,997	511	2,071	122
1996	13,987	-10	2,085	14
1997	14,077	90	2,191	106
1998	14,114	37	2,299	108
1999	14,347	233	2,488	189
2000	14,626	279	2,562	74
2001	14,745	119	2,556	-6
2002	14,807	62	2,698	142

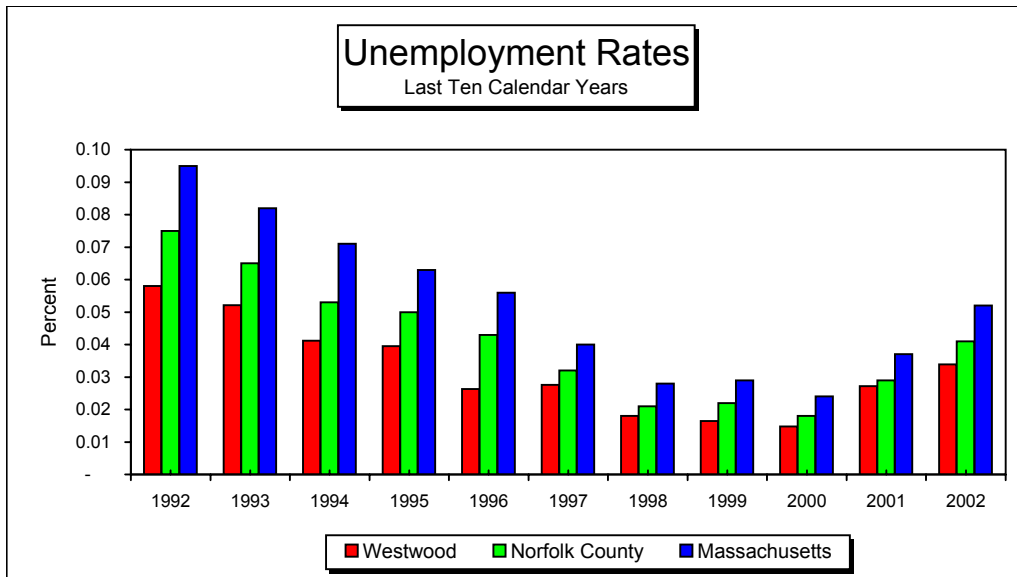


Sources: Town Clerk, Town of Westwood
 School Department, Town of Westwood

Annual Unemployment Rates (1)

Last Ten Calendar Years
As of January 1

Calendar Year	Labor Force	Employment	Westwood	Norfolk County	Massachusetts
1993	6,735	6,384	5.2%	6.5%	8.2%
1994	6,849	6,567	4.1%	5.3%	7.1%
1995	6,906	6,633	4.0%	5.0%	6.3%
1996	6,868	6,687	2.6%	4.3%	5.6%
1997 (2)	7,285	7,084	2.8%	3.2%	4.0%
1998 (2)	7,053	6,926	1.8%	2.1%	2.8%
1999 (2)	7,043	6,927	1.6%	2.2%	2.9%
2000 (2)	7,181	7,075	1.5%	1.8%	2.4%
2001 (2)	7,354	7,154	2.7%	2.9%	3.7%
2002 (2)	7,287	7,040	3.4%	4.1%	5.2%



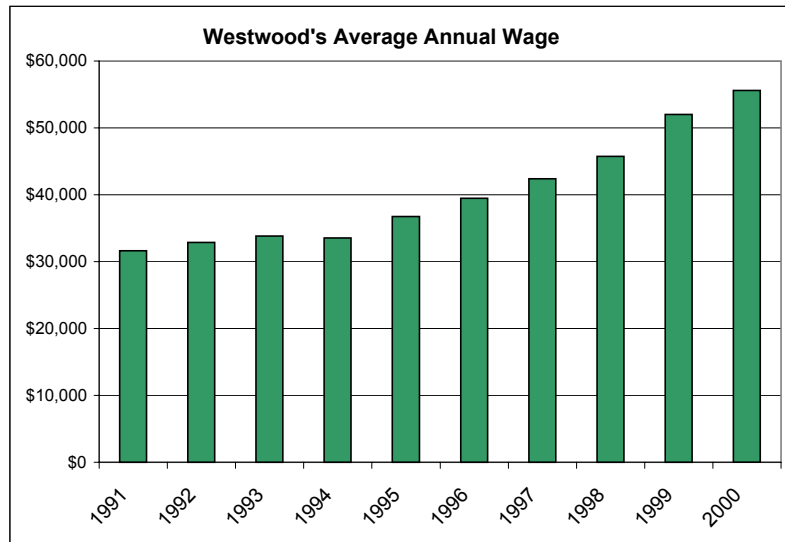
(1) Source: MA Department of Employment and Training

(2) Data as of September 1

**Employment by Industry (1)
Last Ten Calendar Years**

Category	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Agriculture	16	28	28	30	26	34	*Conf	36	35	37
Construction	137	207	221	253	235	312	361	342	247	252
Finance/Insurance/Real Estate	1023	1236	975	1044	1065	932	748	732	714	728
Government	581	551	672	733	733	727	733	685	699	620
Transportation/Communication/ Utilities	649	330	310	652	668	795	878	942	977	962
Wholesale/Retail Trade	2630	2572	2907	2944	3033	2707	2576	2274	2374	2621
Services	2843	2760	2810	2698	2681	2684	2823	2647	2988	3370
Manufacturing and Other	894	796	799	1106	968	1087	1379	1485	1721	1951

Total Employment	8,773	8,480	8,722	9,460	9,409	9,278	9,498	9,143	9,755	10,541
Average Annual Wage	\$31,645	\$32,870	\$33,846	\$33,541	\$36,754	\$39,455	\$42,380	\$45,722	\$52,022	\$55,619
Total Annual Payroll	\$277,621,585	\$278,737,600	\$295,204,812	\$317,297,860	\$345,818,386	\$366,063,490	\$402,525,240	\$418,036,246	\$507,474,610	\$586,279,879



(1) Source: MA Department of Employment and Training.

* Data suppressed due to confidentiality. This reflects the most recent available data.

Property Value, Construction (1) and Bank Deposits

Last Ten Calendar Years

Calendar Year	Real Property Assessed Value	Building Permits Issued (3)	(2) Bank Deposits
1993	\$1,279,590,800	26	\$770,788,000
1994	\$1,294,185,600	31	\$791,964,000
1995	\$1,310,014,400	47	\$808,458,000
1996	\$1,331,281,800	56	\$851,886,000
1997	\$1,516,294,150	58	\$887,125,000
1998	\$1,540,564,050	50	\$956,347,000
1999	\$1,570,917,200	45	\$1,021,759,000
2000	\$2,047,864,800	17	\$1,034,459,000
2001	\$2,063,818,900	22	\$1,154,147,000
2002	\$2,122,766,700	12	\$1,249,278,000

(1) Not Available.

(2) Source: Federal Deposit Insurance Corporation. These figures represent deposits in Westwood area banks; they do not include deposits in credit unions and savings and loan institutions.

(3) New Dwelling Permits.

Source: Building Inspection Department, Town of Westwood.

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."

The following communities were selected for this comparison:

Bedford	Canton
Concord	Holliston
Medfield	Sharon
Sudbury	Wayland

Weston

Municipality	Miles from Westwood	2000 Population	2000 EQV Per Capita	2000 Income Per Capita
Bedford	24	12,595	142,491	39,212
Canton	8	20,775	102,763	33,510
Concord	24	16,993	180,105	51,477
Holliston	14	13,801	85,812	32,116
Medfield	6	12,273	108,118	42,891
Sharon	9	17,408	91,979	41,323
Sudbury	21	16,841	143,417	53,285
Wayland	17	13,100	151,281	52,717
Weston	15	11,469	239,331	79,640
Westwood		14,117	157,132	41,553

Fiscal Year 2002						
Municipality	Residential Tax Rate	Commercial Tax Rate	Tax Levy	Taxes As % of Total Revenue	Average Single Family Tax Bill	Moody's Bond Rating*
Bedford	10.64	24.94	31,266,438	61.4	4,089	Aa2
Canton	12.24	22.20	35,616,912	63.0	3,482	Aa2
Concord	9.83	9.83	39,068,687	78.6	6,633	Aaa
Holliston	17.64	17.64	23,660,165	55.6	4,716	A1
Medfield	14.91	14.91	21,977,379	63.6	5,654	Aa2
Sharon	17.85	17.85	30,593,680	65.7	5,082	Aa2
Sudbury	17.09	23.09	44,823,263	73.6	7,399	Aa1
Wayland	16.18	16.18	32,206,775	68.2	6,505	Aaa
Weston	10.14	10.14	36,205,314	72.7	9,893	Aaa
Westwood	13.87	21.52	33,132,947	69.8	4,967	Aa1

Source: MA Department of Revenue Division of Local Services

(Continued)

Other Financial Comparisons*

Fiscal Year 2001

	Canton	Concord	Holliston	Medfield	Sharon	Sudbury	Wayland	Weston	Westwood
Total General Fund Expenditures	\$41,929,845	\$42,346,103	\$29,205,606	\$28,776,131	\$40,231,658	\$45,438,982	\$35,277,263	\$38,770,606	\$36,626,401
Police	\$2,757,849	\$2,261,948	\$1,639,953	\$1,600,758	\$2,071,508	\$1,901,644	\$1,681,852	\$2,347,137	\$2,174,681
% of Total	7%	5%	6%	6%	5%	4%	5%	6%	6%
Fire	\$2,824,107	\$2,292,699	\$495,282	\$525,848	\$1,158,627	\$2,518,933	\$1,431,504	\$2,115,455	\$1,823,481
% of Total	7%	5%	2%	2%	3%	6%	4%	5%	5%
Education	\$18,857,144	\$24,731,250	\$19,106,516	\$15,545,629	\$21,118,435	\$27,296,063	\$19,127,250	\$18,944,369	\$21,433,951
% of Total	45%	58%	65%	54%	52%	60%	54%	49%	59%
Public Works	\$2,837,619	\$2,066,452	\$2,148,163	\$1,993,716	\$3,231,905	\$1,844,501	\$1,532,888	\$3,926,162	\$2,969,368
% of Total	7%	5%	7%	7%	8%	4%	4%	10%	8%
All Other	\$14,653,126	\$10,993,754	\$5,815,692	\$9,110,180	\$12,651,183	\$11,877,841	\$11,503,769	\$11,437,483	\$8,224,920
% of Total	35%	26%	20%	32%	31%	26%	33%	30%	22%
Stabilization Fund	\$810,807	\$1,974	\$10,170	\$262,742	\$5,727	\$897,346	\$137,716	\$10,919	\$210,441
Free Cash (7/01/00)	\$2,581,342	\$3,837,770	\$2,000,000	\$2,188,756	\$1,702,072	\$2,036,997	\$4,696,787	\$1,427,227	\$1,591,533
Bond Rating (4/05/01)	Aa2	Aaa	A1	Aa2	Aa2	Aa1	Aaa	Aaa	Aa1

Source: MA Department of Revenue, Division of Local Services.

* Information as provided in State of MA end of year report.

Some Facts About Westwood

Form of Government	Board of Selectmen, Executive Secretary, Open Town Meeting				
Population Trends	1990		2000		
	12,557		14,117		
Age Distribution (2000)	Under 5	5 – 14	15-44	45-64	65 & over
	7.8%	16.2%	32.7%	24.2%	19.1%

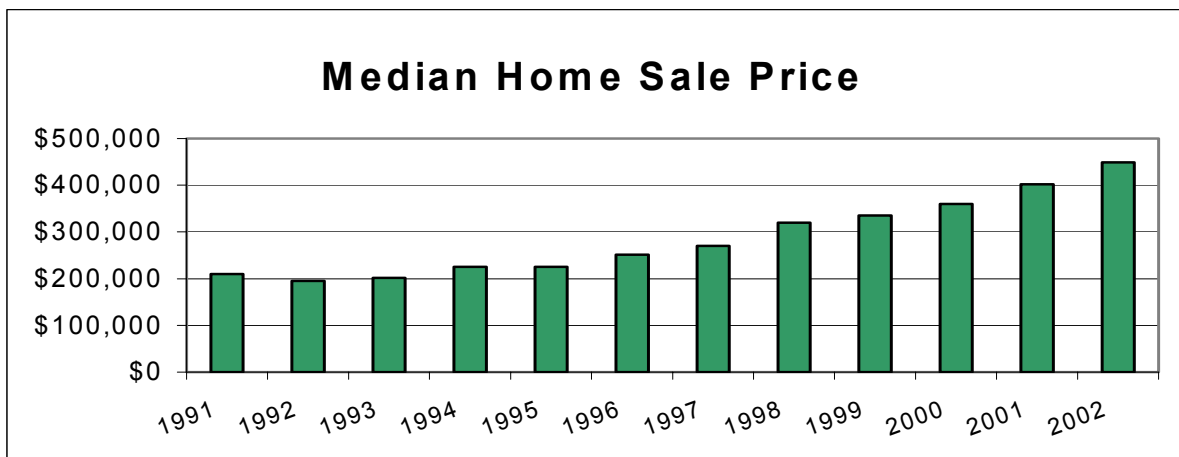
Westwood Schools

- In April, 2002 Westwood began construction of a new, 1000 student High School; renovation of existing gymnasium and swimming pool; and construction of an artificial surface multipurpose field. Residents approved funding for this project totaling approximately \$44 million dollars.



New High School

Student Population 2002	2,698	
Per Pupil Expenditure Total Day – 2000	Westwood \$8,730	State Average \$7,149
Dropout Rate (%) - 1999	Westwood 0%	State Average 3.6%
Plans of High School Graduates	Westwood	State Average
4-Year College	93.9%	52.8%
2-Year College	0.8%	20.6%
Work	2.3%	16.0%



(Concluded)

Find out the latest information around Town instantaneously.

- * Meetings posted weekly with agendas.
- * Get the Recreation bulletin on-line before it comes in the mail.
- * What's for lunch at the Council on Aging?
- * What programs are available for my pre-schooler?
- * Link to the Westwood Public S
- * Sign up for CPR classes on-line.
- * Find out about the preservation of Westwood's open space (OPEN).
- * Search Westwood's library collection on-line.
- * Read minutes from past meetings around Town.
- * How is the Town spending your money? - budget documents available.

To get on-line point your browser to **www.townhall.westwood.ma.us** and explore, be informed and stay current.



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