

**THE TOWN OF WESTWOOD,
MASSACHUSETTS**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR
JULY 1, 2002 – JUNE 30, 2003**



WESTWOOD TOWN HALL

*The Town of
Westwood, Massachusetts*



**Comprehensive
Annual Financial Report**

**For the Fiscal Year
July 1, 2002 through June 30, 2003**

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, 2003

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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 FY02 CAFR Award from Board of Selectmen*

*Pictured from left to right: Treasurer James Gavin, Town Accountant
Marie O'Leary, Finance Director Pamela Dukeman, Selectmen
Anthony Antonellis, Nancy Hyde, and Patrick Ahearn, Finance*



Town of Westwood
Commonwealth of Massachusetts

Office of the Finance Director

580 High Street, Westwood, MA 02090
(781)320-1010
Email:
PDukeman@Townhall.Westwood.MA.US

Letter of Transmittal

November 25, 2003

To the Honorable Board of Selectmen and Citizens of the Town of Westwood:

State law requires the Town of Westwood to publish at the close of each fiscal year a complete set of financial statements in conformity with accounting principals generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Westwood, Massachusetts, for the fiscal year ending June 30, 2003 for your review.

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.

This report consists of management's representations concerning the finances of the Town of Westwood. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Westwood's financial statements have been audited by Powers & Sullivan, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Westwood for the fiscal year ended June 30, 2003, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principals used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion the Town of Westwood's financial statements for the fiscal year ended June 30, 2003, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Westwood was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of Westwood's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is

designed to compliment MD&A and should be read in conjunction with it. The Town of Westwood's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town

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, full MBTA bus service on some major routes, and Amtrak high speed rail access to Boston and New York.

Westwood is known throughout the state for its high quality school system and beautiful open space. Westwood 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.

Westwood is recognized throughout the state for its attractive open space and rambling New England stone walls.

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.

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.

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.

Factors Affecting Financial Condition

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.

The Town continues to maintain a strong commercial tax base. In FY03, commercial property represented 15% of the total Town value. 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 relatively stable given the current economic conditions, the Town realizes it must continue the initiative to improve the road systems and revitalize the commercial areas in order to attract new and retain existing 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 which stops in the University Avenue Park has begun. 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.

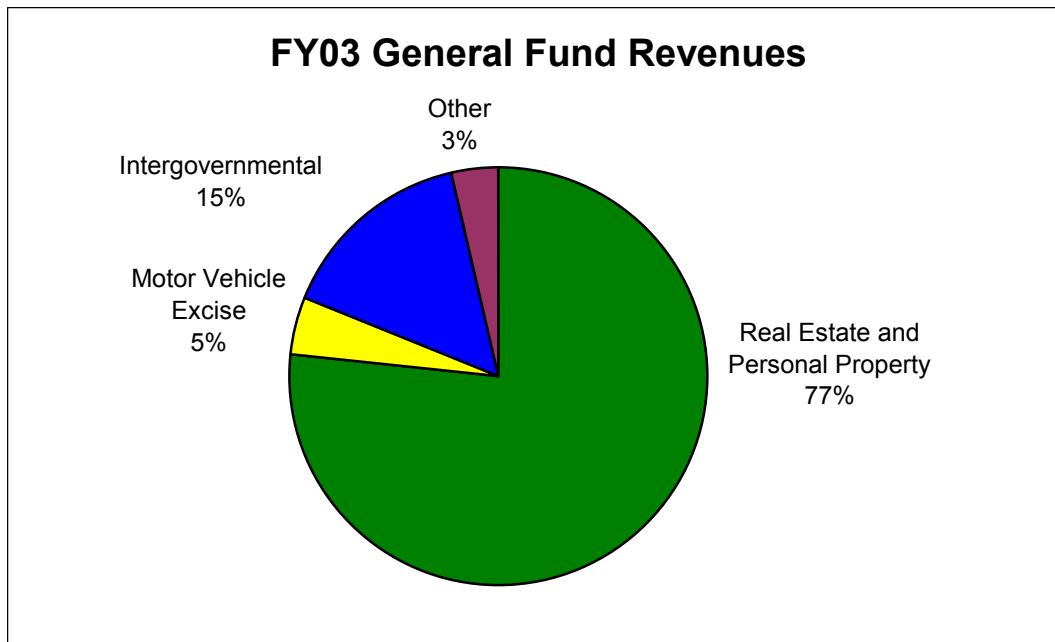
Residential values have increased approximately 40% from FY02 to FY03. The increase in values demonstrates the continued desirability of the Town.

On the Town’s operating side, the current state fiscal problems will have some impact on the delivery of Town services. State aid will at best be level funded and most likely reduced in the following years. This will leave the Town in a position of having to rely mainly on property taxes to cover the increasing cost of providing services and replace the revenue lost from the state. As the Town is not highly dependent on state aid, the Town will not be as adversely affected as other communities in the state.

The Town continues to manage its financial affairs in prudent manner. It has maintained its “*excellent*” bond rating of Aa1 even with the fiscal crisis our state is currently experiencing. It has been able to do so by incorporating long range planning tools such as a five-year Capital Improvement Program; maintaining reserve balances despite tight budgets; investing in technology to ensure efficient operations; and maintaining an aggressive pay as you go financing strategy for capital improvements.

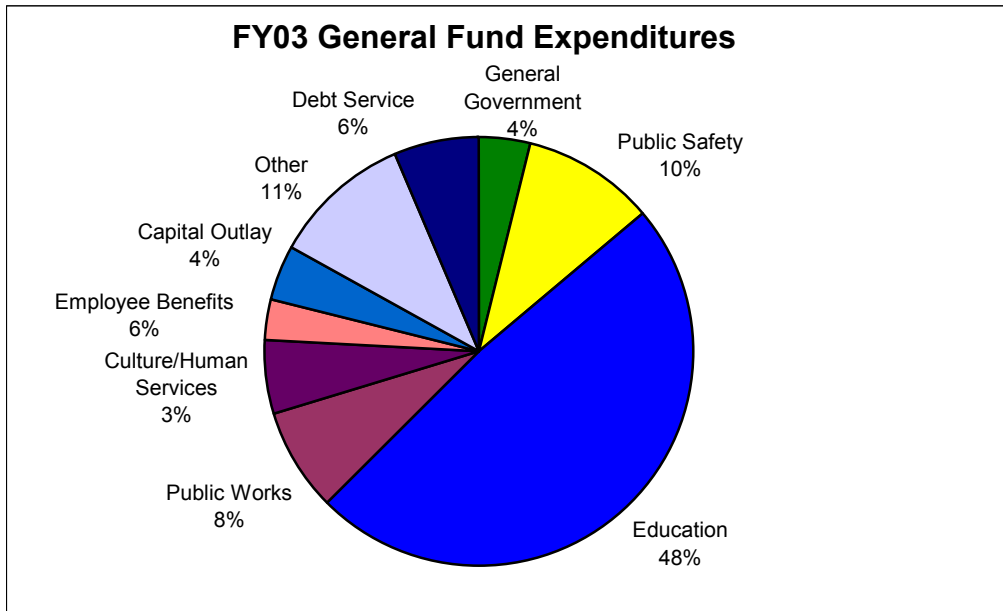
The Town of Westwood has also enhanced its revenue flexibility by establishing enterprise funds for sewer operations. This has allowed the Town to shift one hundred percent of the operating cost and capital improvements to the users of sewer services so that no tax support goes towards providing these services. All sewer related debt is related to the sewer infrastructure and is funded through sewer user fees. By doing so the Town is able to provide the maximum tax dollars available to all other services.

Financial Summary



- Tax revenue continues to be the most significant revenue source for the Town, approximately 77% 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 FY03, additional taxes were collected outside Proposition 2 ½ for debt payments related to school building projects.
- Intergovernmental revenue represents 15% of total general fund revenues. This includes state aid as well as \$3.4 million payments made by the State to the Massachusetts Teachers' Retirement Association for teachers' pension benefits.

- Motor vehicle revenue continued to be a strong source of revenue. Motor vehicle revenue continues to represent approximately 5% of the total general fund revenues.
- Investment income remains strong in FY03 despite lower interest rates, reflecting higher than average cash balances.
- License and permit revenue remained strong, reflecting strong home renovation and building activity in the Town.



- Education continues to represent the largest category of general fund expenditures, approximately 49% in FY03. The Town is committed to providing a high-quality education through its public schools.
- Public Safety and Public Works represent a combined 18% of general fund expenditures. This reflects the Town's commitment to providing a safe, secure environment and essential public services.
- Debt service costs in FY03 were 6.3% of total general fund expenditures, reflecting increased principal and interest payments associated with school building programs.
- Employee benefits will be 5.7% of total general fund expenditures in FY03, reflecting high health insurance costs experienced throughout the state and region.

The total undesignated fund balance in the general fund increased to \$1,864,039, reflecting strong revenue collections in FY03. Undesignated fund balance at June 30, 2003 represents 3.7% of the general fund expenditures as compared with 3% at June 30, 2002.

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, 2003 is \$1,498,110 as compared to \$700,938 as of June 30, 2002. The Town remains committed to conservative budgets and tight management controls. In addition, the Town is committed to maintaining reserves, particularly the Stabilization Fund. The Stabilization Fund balance at June 30, 2003 is \$773,284.

Financial and Management Systems

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 Finance Director is responsible for evaluating the adequacy and effectiveness of the internal control structure and implementing improvements.

Because the cost of internal controls should not outweigh their benefits, the Town of Westwood's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

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.

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 2003 amounted to \$83,611 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.

Debt Administration

The Town Treasurer has oversight of all Town debt. The Town's credit rating was reaffirmed as a Aa1 rating in 2003, a strong reflection on the financial condition and management of the Town.

The Town seeks to maintain a ten year repayment policy whenever possible. This policy has worked very well in structuring a smooth debt schedule. In addition, this policy permits the Town to continually address capital needs through debt replacement programs.

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, 2003, the Town has outstanding debt of \$62,241,810, of which \$5,805,810 is 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 school related debt qualifies for state programs that will pay for 59% of the total principal and interest costs.

The Town has authorized and unissued debt for school expansion and land acquisition projects. Total authorized and unissued debt as of June 30, 2003 is \$5,883,340. The authorized and unissued debt includes \$5,033,340 to complete a new high school.

The significant increase in the outstanding debt is due to debt associated with the Town's commitment to build the new high school at a cost of \$43 million. The new high school will be a state-of-the art complex providing outstanding educational facilities. In addition, it will provide significant community resources including a theater, pool, library, playing fields and meeting space facilities.

Awards and Acknowledgements

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, 2002. 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. Westwood has received this award annually since FY97.

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 FY00 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 FY99 and FY98 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.

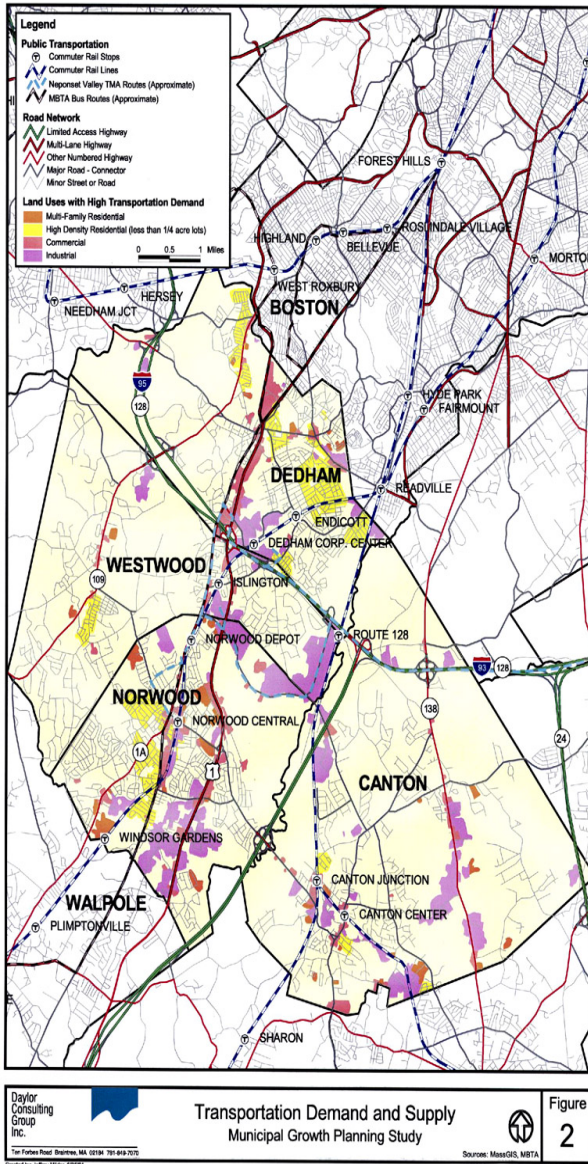
This report represents significant effort by the entire financial team of the Town, whose dedicated efforts have significantly improved the financial operations of the Town. I particularly would like to acknowledge the efforts of Sheila Nee, whose assistance was invaluable in the preparation of this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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Pamela Dukeman", with a long horizontal flourish extending to the right.

Pamela Dukeman
Finance Director

A Few Words About Westwood....



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.

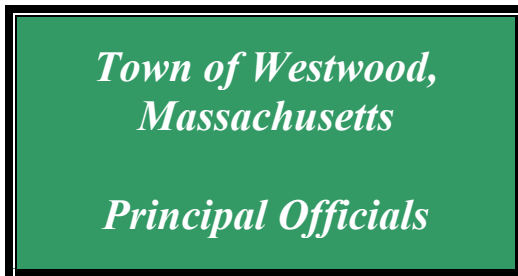
The town is recognized for the quality of its schools. Students consistently score in the top percentile on national tests, and the overwhelming majority of students graduating from the High School go on to higher education.

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.



Board of Selectmen

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

Executive Secretary – Michael Jaillet
Finance Director – Pamela Dukeman
School Superintendent – Dr. Paul Ash
Town Treasurer – James Gavin
Police Chief – William Chase
Fire Chief – William Scoble
DPW Director – Timothy Walsh

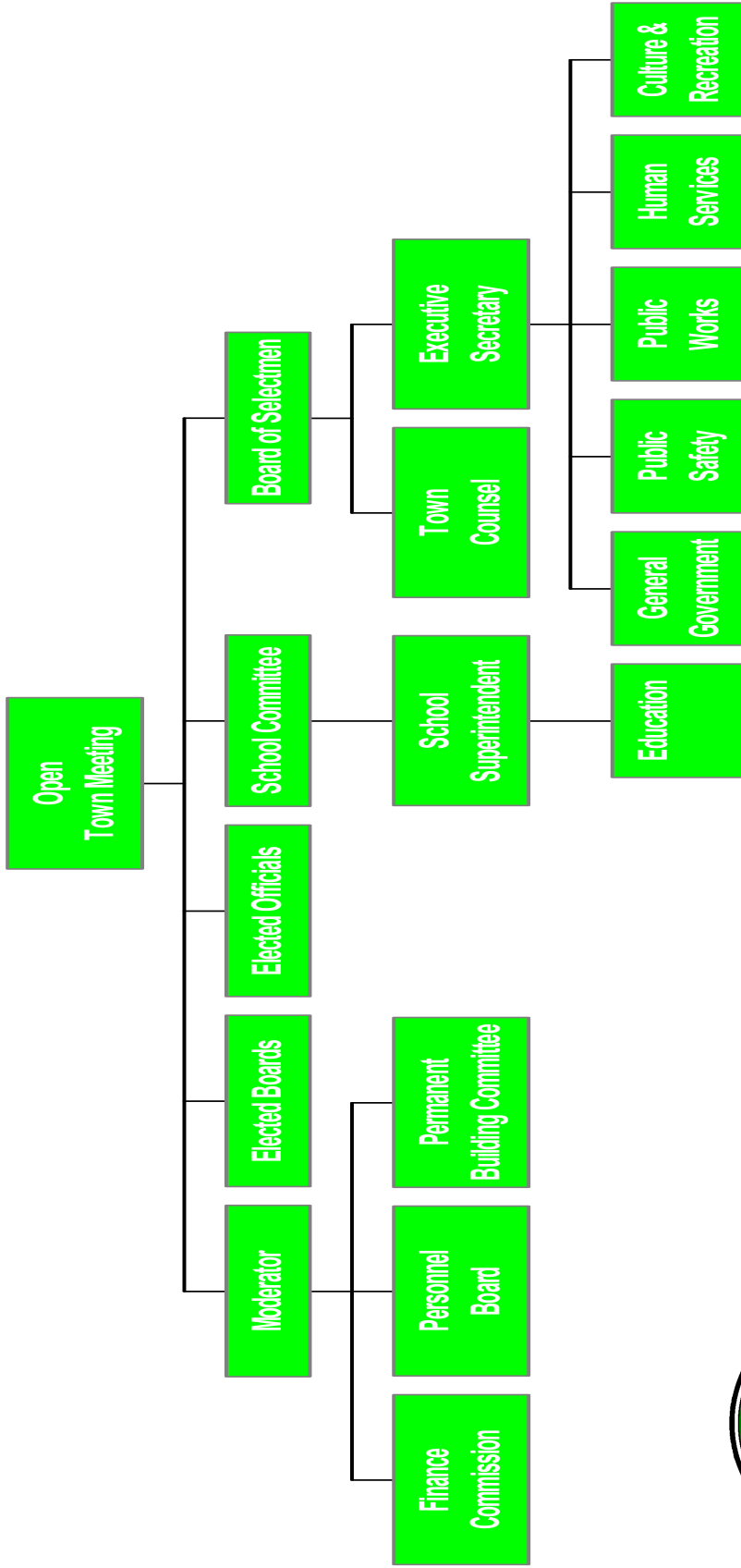
Town of Westwood, Massachusetts

Total Budget Salaries of Principal Officials

June 30, 2003

Position	Salary
School Superintendent	\$121,555
Assistant School Superintendent	\$104,162
Police Chief	\$106,683
Executive Secretary	\$ 98,949
Department of Public Works Director	\$ 90,627
Fire Chief	\$ 89,968
Finance Director	\$ 79,938
Town Counsel	\$ 74,598
Library Director	\$ 74,161
Information Systems Director	\$ 72,565
Town Accountant	\$ 65,088
Recreation Director	\$ 64,908
Town Clerk (Elected)	\$ 60,786
Health Director	\$ 59,796
Council on Aging Director	\$ 58,203
Building Inspector	\$ 57,860
Youth Director	\$ 56,278
Assistant Treasurer	\$ 48,325
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



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, 2002

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.

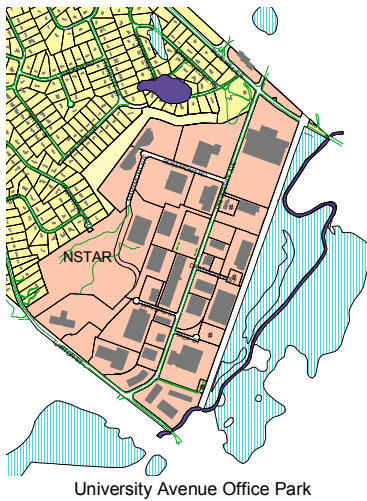


President

Executive Director

Financial Section

*Independent Auditors' Report
Management's Discussion and Analysis
Basic Financial Statements
Required Supplementary Information
Other Supplementary Information*



University Avenue Office Park



Westwood's University Avenue Office Park

At the entrance to the office park (top right photo) is the new MBTA/Amtrak Train Station at Rt. 128-I95 and University Avenue. It provides the only stop between Boston and Providence of Amtrak's ACELA speed rail connection between Boston, New York and Washington.

Lower photo is the new NSTAR office facility, completed in 2002, which generates \$1.3 million a year in tax revenue for the Town.



323 New Boston Street

Woburn, MA 01801

T 781 937 9322

F 781 937 9474

www.powersandsullivan.com

 member

Independent Auditors' Report

To the Honorable Board of Selectmen
Town of Westwood, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Westwood, Massachusetts, as of and for the fiscal year ended June 30, 2003, which comprise the Town's basic financial statements. These financial statements are the responsibility of the Town of Westwood, Massachusetts' management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Westwood, Massachusetts, as of June 30, 2003, and the respective changes in financial position and cash flows where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

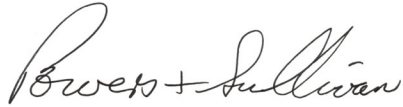
As more fully described in Note 13, the Town has implemented several Governmental Accounting Standards Board Statements, along with other adjustments, changed the beginning fund equity position of several funds and established net assets for governmental activities and business-type activities.

In accordance with Government Auditing Standards, we have also issued our report dated September 26, 2003, 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 financial statements taken as a whole. The combining and individual fund statements and schedules, as listed in the table of contents, are presented for the purpose of supplementary analysis and are not a required part of the financial statements of the Town of Westwood, Massachusetts. Such supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Management's discussion and analysis, located on the following pages, and the schedule of revenues, expenditures and changes in fund balance – general fund – budgetary basis, located after the notes to the basic financial statements, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Powers + Sullivan".

September 26, 2003

Management's Discussion and Analysis

As management of the Town of Westwood, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2003. This is the first year our financial statements have been prepared under the Governmental Accounting Standards Board Statement Number 34 – Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This new reporting model represents a major change when compared to prior financial statements. We encourage readers to consider the information presented in this report.

The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principals (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

Governments must adhere to GASB pronouncements in order to issue their financial statements in conformity with GAAP. The users of financial statements also rely on the independent auditor's opinion. If the Town of Westwood's financial statements have significant departures from GAAP the independent auditors' may issue a qualified opinion or a disclaimer (where no opinion is given). These types of opinions may have an adverse effect on the Town's bond rating and our ability to borrow money at favorable interest rates. If the Town of Westwood did not comply with GASB statement number 34 we would most likely receive a disclaimer of opinion. The Town of Westwood has enjoyed an unqualified opinion on its financial statements since the fiscal year ended June 30, 1984 and remains one of only a few communities within the Commonwealth with such an opinion.

Financial Highlights

- The governmental assets of the Town of Westwood exceeded its liabilities at the close of the most recent fiscal year by \$41,871,113 (net assets). Of this amount, 16% or \$6,972,221 (unrestricted net assets) may be used to meet the government's on-going obligations to citizens and creditors.
- At the close of the current fiscal year, the Town of Westwood's general fund reported an ending fund balance of \$3,436,348, a slight decline of \$83,701 in comparison with the prior year. Total fund balance represents 6.8% of total general fund expenditures. Approximately \$2.4 million of this total amount is available for appropriation at the government's discretion. Of this amount, \$600,000 was appropriated to balance the subsequent year's budget.
- The Town of Westwood's total governmental debt increased by \$37.4 million during the current fiscal year. The key factor in this increase was the issuance of \$39 million in general obligation bonds to finance the town's new high school project. The Commonwealth of Massachusetts is committed to provide assistance in the form of a capital grant of 59% of the cost of the project through the state's school building assistance program.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Westwood's basic financial statements. The Town of Westwood's basic financial statements comprise three components: 1) government-wide financial statements 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town of Westwood's finances, in a manner similar to private-sector business.

The statement of net assets presents information on all of the Town of Westwood's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town of Westwood is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing or the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, human services, culture and recreation, pension benefits, property and liability insurance, employee benefits, capital outlay, interest and state and county charges. The business-type activities include the activities of the sewer enterprise fund.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Westwood, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Westwood can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Westwood adopts an annual appropriated budget for its general fund. A budgetary comparison schedule is included as required supplementary information for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town maintains only one type of propriety fund.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses an enterprise fund to account for its sewer operations.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town of Westwood's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Westwood, assets exceeded liabilities by \$41,871,113 at the close of the fiscal year 2003.

Governmental net assets of \$32,916,498 (79%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net Assets

	Governmental activities	Business-type activities	Total
Current and other assets	\$ 58,320,966	\$ 4,167,921	\$ 62,488,887
Capital assets	48,253,318	17,582,823	65,836,141
Total assets	106,574,284	21,750,744	128,325,028
Long-term liabilities outstanding	53,506,041	4,823,582	58,329,623
Other liabilities	11,197,130	1,101,995	12,299,125
Total liabilities	64,703,171	5,925,577	70,628,748
Net assets:			
Invested in capital assets, net of related debt	32,916,498	11,777,013	44,693,511
Restricted	1,982,394	-	1,982,394
Unrestricted	6,972,221	4,048,154	11,020,375
Total net assets	\$ 41,871,113	\$ 15,825,167	\$ 57,696,280

An additional portion of the Town of Westwood's net assets - \$1,982,394 (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$6,972,221 (16 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

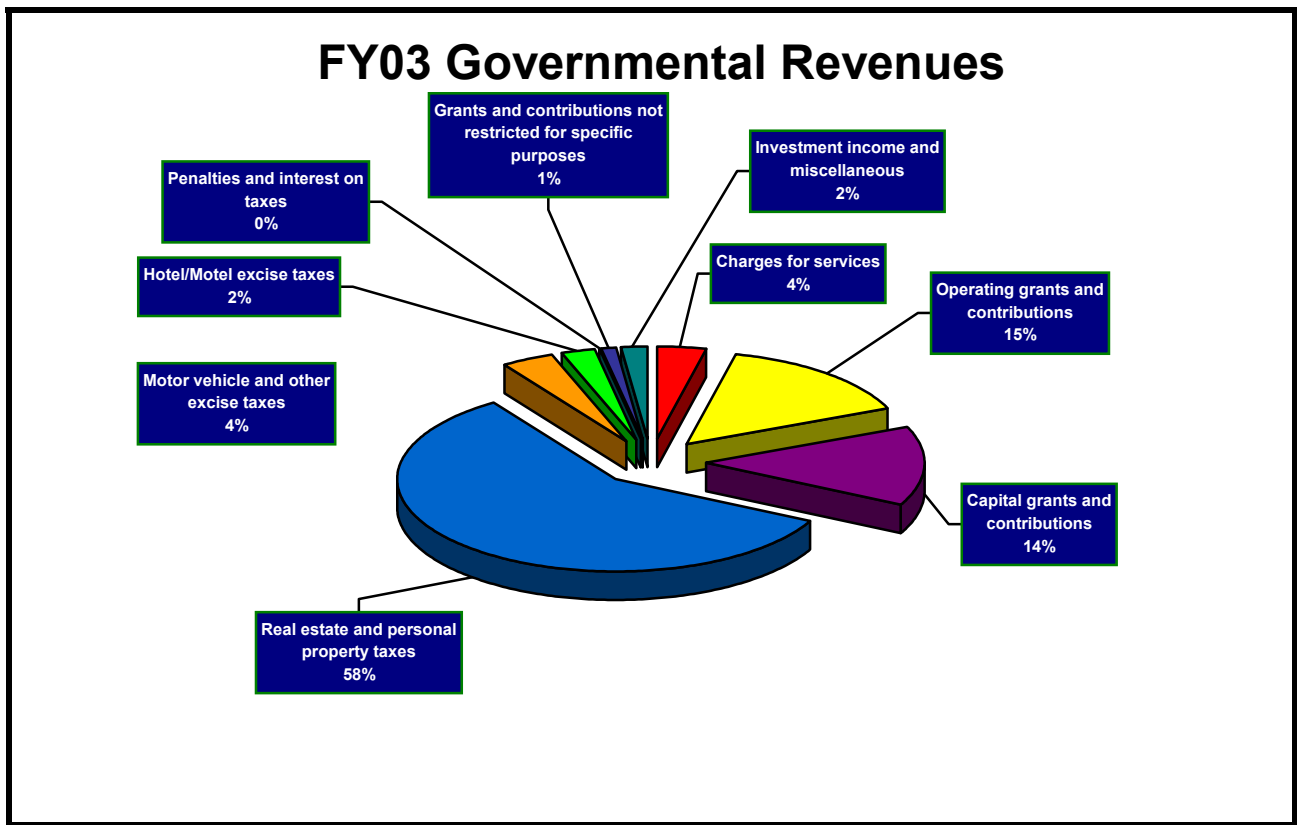
At the end of the current fiscal year, The Town of Westwood is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental activities. The governmental activities net assets increased by \$11,918,485 during the current fiscal year. The major reasons for this increase is directly attributed to the recognition of \$8,850,568 in capital grant revenue, the acquisition of approximately \$1,300,000 in capital assets from current revenues and the current reduction of debt exceeding depreciation by approximately \$800,000. All of these factors improve the Town's financial position.

Changes in Net Assets

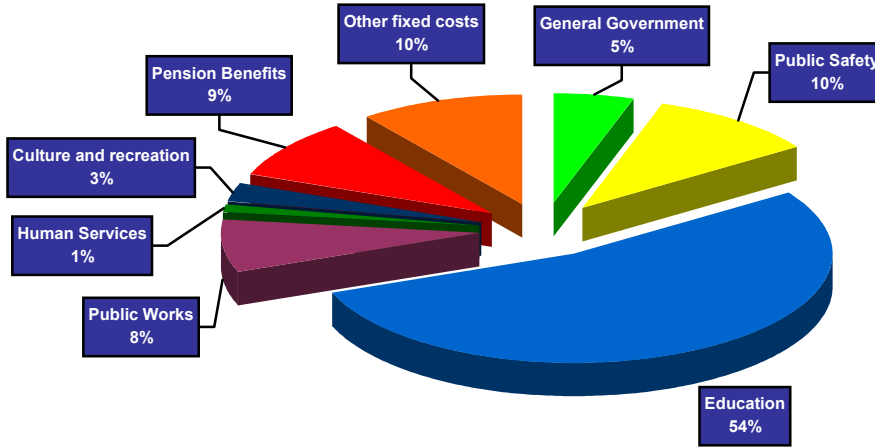
	Governmental Activities	Business-type Activities
Assets:		
Current assets.....	\$ 37,876,225	\$ 3,635,207
Noncurrent assets (excluding capital).....	20,444,741	532,714
Capital assets.....	48,253,318	17,582,823
Total assets.....	106,574,284	21,750,744
Liabilities:		
Current liabilities (excluding debt).....	6,930,306	119,767
Noncurrent liabilities (excluding debt).....	467,000	-
Current debt.....	4,266,824	982,228
Noncurrent debt.....	53,039,041	4,823,582
Total liabilities.....	64,703,171	5,925,577
Net Assets:		
Capital assets net of related debt.....	32,916,498	11,777,013
Restricted.....	1,982,394	-
Unrestricted.....	6,972,221	4,048,154
Total net assets.....	41,871,113	15,825,167
Program revenues:		
Charges for services.....	2,396,705	3,673,919
Operating grants and contributions.....	9,583,746	130,477
Capital grants and contributions.....	8,850,568	-
General Revenues:		
Real estate and personal property taxes.....	37,137,655	-
Motor vehicle and other excise taxes.....	2,417,791	-
Penalties and interest on taxes.....	95,211	-
Nonrestricted grants and contributions.....	724,330	-
Unrestricted investment income.....	731,824	-
Miscellaneous revenues.....	473,967	-
Total revenues.....	62,411,797	3,804,396
Expenses:		
General Government.....	2,568,013	-
Public Safety.....	5,298,126	-
Education.....	27,206,700	-
Public Works.....	3,920,179	-
Human Services.....	590,632	-
Culture and recreation.....	1,350,596	-
Pension benefits.....	4,623,294	-
Property and liability insurance.....	241,297	-
Employee benefits.....	2,872,277	-
Capital outlay.....	195,656	-
Interest.....	1,300,036	-
State and county charges.....	538,506	-
Sewer.....	-	3,531,101
Total expenses.....	50,705,312	3,531,101
Transfers.....	212,000	(212,000)
Change in net assets.....	\$ 11,918,485	\$ 61,295

- Charges for services represent about 4% of governmental activities resources. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the Board of Selectmen are included in this category.
- Operating and capital grants and contributions account for 29% of the governmental activities resources. Most of these resources apply to education operations. These resources offset cost within the school department in addition to their General Fund operating budget.
- Property taxes are by far the most significant revenue source for the Town's governmental activities. They comprise 58% of all resources.
- Other taxes comprise 6% of the governmental activity's resources.

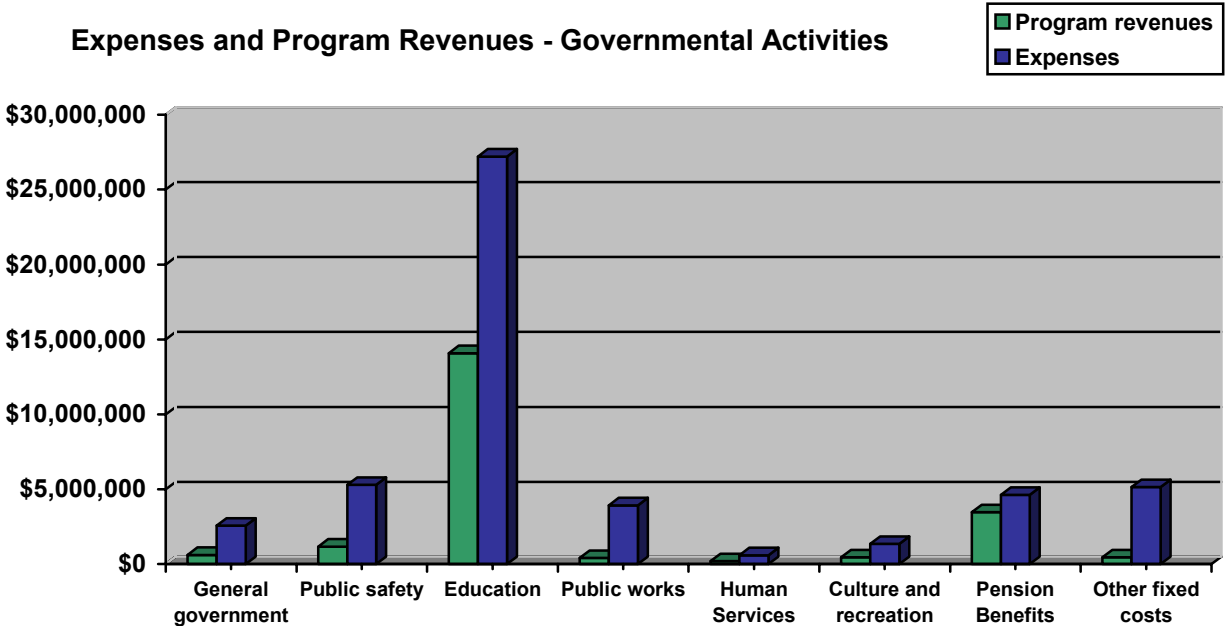


- Education is by far the largest governmental activity of the Town at 54%. Approximately \$27.2 million in taxes and other revenue were needed to cover its FY 2003 operating expenses.
- Public safety and public works are significant activities of the Town. Approximately \$5.3 million and \$3.9 million of taxes and other revenue were needed to cover their FY 2003 operating expenses, respectively. Combined, they represent 18% of governmental activity's expenses.

FY03 Governmental Expenses



Expenses and Program Revenues - Governmental Activities



Business-type activities. For sewer business-type activities assets exceeded liabilities by \$15,825,167 at the close of fiscal year 2003. Capital assets net of related debt was \$11,777,013 (74%) while unrestricted net assets was \$4,084,154 (26%). There was an increase of \$61,295 in net assets reported in connection with the sewer enterprise. This relative small change in net assets reflects management's goal of maintaining the system while only charging users for the cost of operations.

Since this is the first year of reporting under GASB #34 no meaningful historical trends have been established to draw further conclusions.

Financial Analysis of the Government's Funds

As noted earlier, The Town of Westwood uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town of Westwood's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Westwood's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$30,858,619, an increase of \$24,878,838 from the prior year. Most of the increase is attributable to the issuance of \$39,841,000 in long-term debt to finance the acquisition of capital assets. At June 30, 2003 \$21,943,519 of unspent capital projects funds represent the most significant portion of fund balance. In FY04 these funds will be reduced by the expenditures of funds to acquire capital assets and therefore the fund balance will be reduced.

The general fund is the chief operating fund. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,864,039, while total fund balance reached \$3,436,348. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 3.73% of total general fund expenditures, while total fund balance represents 6.88% of that same amount.

The fund balance of the general fund decreased by (\$83,701) which represents management's intention to maintain sufficient reserves while maintain a structural balanced budget each fiscal year.

The Town also maintains a stabilization fund, which management has classified as a major governmental fund. The stabilization fund has a year end balance of \$773,284 which represents 1.52% of general fund expenditures. These funds can be used for general or capital purposes upon Town Meeting approval. Please refer to Note 11 for additional information on the Town's stabilization fund.

The New High School fund is used to account for the construction of a new High School facility. This fund had a year end fund balance of \$18,688,941 which is the unspent proceeds of the FY03 bond issuance of \$37,000,300 to finance the project. The town expects to complete this project during FY04.

General Fund Budgetary Highlights

The \$127,544 increase between the original budget and the final amended budget was due to supplementary appropriations to fund capital outlay and health and liability insurance budgets.

All of this increase was funded out of the town's available fund balances.

Capital Assets and Debt Management

In conjunction with the operating budget, the Town annually prepares a capital budget which includes detailed information concerning those capital requests for the upcoming fiscal year as well as summary information for the following four fiscal years to identify current projections of what level of capital outlay will be required in future years.

As part of the capital plan the Town has historically financed the acquisition of some capital assets from current revenue. As noted above, this policy will continue to improve the financial position as net assets will increase by the amount of acquisitions less the current depreciation.

Major capital assets are funded by the issuance of long-term debt. The effect on net assets during the construction phase of the project is neutral since the Town increases its assets and associated liability by the same amount. In subsequent years the net assets will be reduced through depreciation and will be increased by the revenues raised to support the debt principal payments. Outstanding long-term debt of the general government, as of June 30, 2003, totaled \$56,436,000, of which, approximately \$51,000,000 is related to school projects, leaving a balance of only approximately \$5,000,000 for other non-school related projects.

The enterprise fund has \$5,805,810 in sewer enterprise debt that is fully supported by the rates and do not rely on a general fund subsidy.

The Town's major capital project is used to account for the Town's new high school construction project which is anticipated to cost approximately \$45,000,000. To fund the project, the Town has issued \$39,262,300 in long term bonds in FY04. At June 30, 2003 the Town had \$37,000,300 of bond anticipation notes outstanding that were retired subsequent to year-end with the proceeds from the FY04 debt issue. Therefore the Town has classified these BAN's as long-term obligations in these basic financial statements. The Commonwealth of Massachusetts is committed to provide assistance in the form of a capital grant of 59% of the cost of the project through the state's school building assistance program. The Town has recorded \$20,075,000 of capital grants during FY03 and FY02 equal to 59% the allowable capital expenses incurred each year.

Please refer to notes 6, 7, 8 and 9 for further discussion of the major capital and debt activity.

CAPITAL ASSETS

	Cost of Capital Assets at end of year	Accumulated Depreciation at end of year	Capital Assets, net
Governmental activities:			
Land.....	\$ 5,273,382	\$ -	\$ 5,273,382
Construction in progress.....	17,840,827	-	17,840,827
Buildings and improvements.....	34,786,270	(14,199,029)	20,587,241
Vehicles.....	4,604,907	(2,622,341)	1,982,566
Machinery and equipment.....	4,072,436	(2,109,828)	1,962,608
Furniture and fixtures.....	174,936	(83,231)	91,705
Infrastructure.....	542,094	(27,105)	514,989
Total governmental activities.....	67,294,852	(19,041,534)	48,253,318
Business-type activities:			
Land.....	350,850	-	350,850
Plant and infrastructure.....	24,729,899	(11,260,175)	13,469,724
Other buildings and improvements...	5,469,646	(1,929,774)	3,539,872
Vehicles.....	190,130	(90,903)	99,227
Machinery and equipment.....	230,326	(107,176)	123,150
Furniture and fixtures.....	35,323	(35,323)	-
Total business-type activities.....	31,006,174	(13,423,351)	17,582,823
Total capital assets.....	98,301,026	(32,464,885)	65,836,141

GOVERNMENTAL BONDS PAYABLE

Project	Interest Rate (%)	Outstanding at June 30, 2002	Issued	Redeemed	Outstanding at June 30, 2003
Roads.....	4.40-5.70%	\$ 660,000	\$ -	\$ 220,000	\$ 440,000
Land acquisition.....	4.40-5.70%	90,000	-	30,000	60,000
Middle school/gym.....	3.50-4.00%	1,650,000	-	241,000	1,409,000
Middle school/gym.....	3.50-4.00%	385,000	-	55,000	330,000
Land acquisition.....	3.50-4.00%	280,000	-	40,000	240,000
School planning.....	3.50-4.00%	63,000	-	63,000	-
Senior center.....	3.50-4.00%	168,000	-	24,000	144,000
School fields.....	3.50-4.00%	133,000	-	19,000	114,000
Middle school/gym completion.....	3.50-4.00%	105,000	-	15,000	90,000
Middle school/gym completion.....	3.50-4.00%	51,000	-	8,000	43,000
Lowell land purchase.....	4.89%	270,000	-	135,000	135,000
Martha Jones School construction.....	3.90-5.00%	7,200,000	-	720,000	6,480,000
Downey School construction.....	3.90-5.00%	6,300,000	-	630,000	5,670,000
Striar land purchase.....	3.90-5.00%	1,300,000	-	130,000	1,170,000
Cemetery land purchase.....	3.90-5.00%	300,000	-	30,000	270,000
New high school.....	2.50-5.38%	-	39,262,300	-	39,262,300
Public building.....	3.00-5.00%	-	2,600,000	-	2,600,000
Public building.....	3.00-5.00%	-	240,700	-	240,700
Subtotal.....		<u>18,955,000</u>	<u>42,103,000</u>	<u>2,360,000</u>	<u>58,698,000</u>
Less amounts issued in fiscal year 2004..... (1)		<u>-</u>	<u>(2,262,000)</u>	<u>-</u>	<u>(2,262,000)</u>
Total governmental bonds payable.....		<u>18,955,000</u>	<u>39,841,000</u>	<u>2,360,000</u>	<u>56,436,000</u>

(1) Subsequent to year end, the Town issued \$42,103,000 in general obligation bonds for various municipal purposes. Of these bonds, \$39,841,000 was used to retire BAN's outstanding at June 30, 2003. The \$39,841,000 has been recorded as a permanently financed long-term liability in fiscal year 2003.

ENTERPRISE BONDS PAYABLE

Project	Interest Rate (%)	Outstanding at June 30, 2002	Issued	Redeemed	Outstanding at June 30, 2003
Sewer (WPAT).....	1.26%	18,040	-	5,728	12,312
Sewer (WPAT).....	1.26%	1,278,709	-	410,936	867,773
Sewer.....	4.40-5.70%	255,000	-	85,000	170,000
Sewer.....	4.40-5.70%	90,000	-	30,000	60,000
Sewer.....	3.50-4.00%	560,000	-	80,000	480,000
Sewer.....	3.50-4.00%	280,000	-	40,000	240,000
Sewer (MWRA).....	0.00%	41,228	-	20,614	20,614
Sewer (WPAT).....	3.88%	2,741,489	-	136,378	2,605,111
Sewer.....	3.90-5.00%	1,500,000	-	150,000	1,350,000
Total enterprise bonds payable.....		6,764,466	-	958,656	5,805,810

The Town of Westwood maintains an “AA+” rating from Standard & Poor’s and a AA1 from Moody’s for general obligation debt.

Economic Factors and Next Year’s Budget and Rates

- The Commonwealth of Massachusetts is currently experiencing a significant budget deficit for fiscal year 2004. This deficit will significantly affect local aid. The Town budgeted a 20% reduction in local aid for FY04.
- The operating budget increased 3.5% over the FY03 budget. The increase is attributable to a level funding for school and municipal operating budgets; a 12% increase in employee health insurance; and a debt service increase of 28.9%. The debt increase is due to the debt associated with the new high school project.

All these factors were considered in preparing the Town of Westwood’s budget for fiscal year 2004.

The Town’s residential tax rate for fiscal year 2004 will increase \$1.51 from \$11.45 per thousand of valuation to \$12.96, a 13% increase. The increase is primarily due to the issuance of debt for the new high school project.

The Town’s commercial tax rate will increase \$2.56 from \$20.80 to \$23.36.

Sewer rates will increase by 5% for fiscal year 2004. The increase is primarily due to the increase in the assessment charged by the state for the Massachusetts Water Resource Authority (MWRA).

Requests for Information

This financial report is designed to provide a general overview of the Town of Westwood’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Town Hall, 580 High Street, Westwood, Massachusetts 02090

Basic Financial Statements

STATEMENT OF NET ASSETS

JUNE 30, 2003

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and short-term investments.....	\$ 36,332,698	\$ 1,201,379	\$ 37,534,077
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	28,181	-	28,181
Tax liens.....	210,479	-	210,479
Motor vehicle excise taxes.....	218,197	-	218,197
User charges.....	-	2,407,963	2,407,963
Departmental and other.....	131,998	-	131,998
Special assessments.....	4,887	-	4,887
Intergovernmental.....	949,785	25,865	975,650
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	20,444,741	532,714	20,977,455
Capital assets, net of accumulated depreciation.....	48,253,318	17,582,823	65,836,141
TOTAL ASSETS.....	106,574,284	21,750,744	128,325,028
LIABILITIES			
CURRENT:			
Warrants payable.....	4,566,241	54,157	4,620,398
Accrued payroll.....	671,833	-	671,833
Tax refunds payable.....	57,300	-	57,300
Accrued interest.....	647,227	57,149	704,376
Other liabilities.....	200,705	-	200,705
Capital lease obligations.....	238,824	-	238,824
Compensated absences.....	787,000	8,461	795,461
Bonds and notes payable.....	4,028,000	982,228	5,010,228
NONCURRENT:			
Capital lease obligations.....	631,041	-	631,041
Compensated absences.....	467,000	-	467,000
Bonds and notes payable.....	52,408,000	4,823,582	57,231,582
TOTAL LIABILITIES.....	64,703,171	5,925,577	70,628,748
NET ASSETS			
Invested in capital assets, net of related debt.....	32,916,498	11,777,013	44,693,511
Restricted for:			
Permanent funds:			
Expendable.....	188,960	-	188,960
Nonexpendable.....	282,479	-	282,479
Other purposes.....	1,510,955	-	1,510,955
Unrestricted.....	6,972,221	4,048,154	11,020,375
TOTAL NET ASSETS.....	\$ 41,871,113	\$ 15,825,167	\$ 57,696,280

See notes to basic financial statements.

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STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2003

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 2,568,013	\$ 225,633	\$ 385,198	\$ -	\$ (1,957,182)
Public safety.....	5,298,126	719,892	449,712	-	(4,128,522)
Education.....	27,206,700	938,178	4,563,938	8,578,054	(13,126,530)
Public works.....	3,920,179	37,030	96,959	272,514	(3,513,676)
Human services.....	590,632	48,333	148,791	-	(393,508)
Culture and recreation.....	1,350,596	427,639	24,014	-	(898,943)
Pension benefits.....	4,623,294	-	3,462,000	-	(1,161,294)
Property and liability insurance.....	241,297	-	-	-	(241,297)
Employee benefits.....	2,872,277	-	-	-	(2,872,277)
Non capitalizable capital outlay.....	195,656	-	-	-	(195,656)
Interest.....	1,300,036	-	453,134	-	(846,902)
State and county charges.....	538,506	-	-	-	(538,506)
Total Governmental Activities.....	50,705,312	2,396,705	9,583,746	8,850,568	(29,874,293)
<i>Business-Type Activities:</i>					
Sewer.....	3,531,101	3,673,919	130,477	-	273,295
Total Primary Government.....	\$ 54,236,413	\$ 6,070,624	\$ 9,714,223	\$ 8,850,568	\$ (29,600,998)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES (Continued)

FISCAL YEAR ENDED JUNE 30, 2003

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net assets:			
Net (expense) revenue from previous page.....	\$ (29,874,293)	\$ 273,295	\$ (29,600,998)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	37,137,655	-	37,137,655
Motor vehicle and other excise taxes.....	2,417,791	-	2,417,791
Penalties and interest on taxes.....	95,211	-	95,211
Grants and contributions not restricted to specific programs.....	724,330	-	724,330
Unrestricted investment income.....	731,824	-	731,824
Miscellaneous.....	473,967	-	473,967
<i>Transfers, net</i>	212,000	(212,000)	-
Total general revenues and transfers.....	41,792,778	(212,000)	41,580,778
Change in net assets.....	11,918,485	61,295	11,979,780
<i>Net Assets:</i>			
Beginning of year.....	29,952,628	15,763,872	45,716,500
End of year.....	\$ 41,871,113	\$ 15,825,167	\$ 57,696,280

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2003

ASSETS	General	Stabilization	New High School	Nonmajor Governmental Funds	Total Governmental Funds
Cash and short-term investments.....	\$ 5,338,398	\$ 773,284	\$ 22,018,993	\$ 8,202,023	\$ 36,332,698
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	28,181	-	-	-	28,181
Tax liens.....	210,479	-	-	-	210,479
Motor vehicle and other excise taxes.....	218,197	-	-	-	218,197
Departmental and other.....	4,660	-	-	127,338	131,998
Special assessments.....	4,887	-	-	-	4,887
Intergovernmental.....	20,775,182	-	-	619,344	21,394,526
TOTAL ASSETS.....	\$ 26,579,984	\$ 773,284	\$ 22,018,993	\$ 8,948,705	\$ 58,320,966
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 994,212	\$ -	\$ 3,330,052	\$ 241,977	\$ 4,566,241
Accrued payroll.....	671,833	-	-	-	671,833
Tax refunds payable.....	57,300	-	-	-	57,300
Other liabilities.....	200,705	-	-	-	200,705
Deferred revenues.....	21,219,586	-	-	746,682	21,966,268
TOTAL LIABILITIES.....	23,143,636	-	3,330,052	988,659	27,462,347
FUND BALANCES:					
Reserved for:					
Encumbrances and continuing appropriations.....	972,309	-	-	-	972,309
Perpetual permanent funds.....	-	-	-	282,479	282,479
Unreserved:					
Designated for subsequent year's expenditures.....	600,000	-	-	-	600,000
Undesignated, reported in:					
General fund.....	1,864,039	-	-	-	1,864,039
Special revenue funds.....	-	773,284	-	4,234,029	5,007,313
Capital projects funds.....	-	-	18,688,941	3,254,578	21,943,519
Permanent funds.....	-	-	-	188,960	188,960
TOTAL FUND BALANCES.....	3,436,348	773,284	18,688,941	7,960,046	30,858,619
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 26,579,984	\$ 773,284	\$ 22,018,993	\$ 8,948,705	\$ 58,320,966

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET ASSETS**

FISCAL YEAR ENDED JUNE 30, 2003

Total governmental fund balances.....		\$ 30,858,619
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		48,253,318
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		21,966,268
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(647,227)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds and notes payable.....	(56,436,000)	
Capital lease obligations.....	(869,865)	
Compensated absences.....	<u>(1,254,000)</u>	
Net effect of reporting long-term liabilities.....		<u>(58,559,865)</u>
Net assets of governmental activities.....		<u>\$ 41,871,113</u>

See notes to basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 2003

	General	Stabilization	New High School	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 37,231,915	\$ -	\$ -	\$ -	\$ 37,231,915
Motor vehicle and other excise taxes.....	2,268,563	-	-	-	2,268,563
Charges for services.....	-	-	-	2,136,492	2,136,492
Penalties and interest on taxes.....	95,211	-	-	-	95,211
Fees and rentals.....	194,161	-	-	-	194,161
Licenses and permits.....	389,218	-	-	-	389,218
Fines and forfeitures.....	22,131	-	-	-	22,131
Intergovernmental.....	7,446,384	-	-	2,091,984	9,538,368
Departmental and other.....	254,273	-	-	569,888	824,161
Special assessments.....	2,635	-	-	-	2,635
Contributions.....	-	-	-	254,579	254,579
Investment income.....	731,824	12,095	-	20,916	764,835
TOTAL REVENUES.....	48,636,315	12,095	-	5,073,859	53,722,269
EXPENDITURES:					
Current:					
General government.....	1,992,367	-	-	514,219	2,506,586
Public safety.....	5,100,926	-	-	407,613	5,508,539
Education.....	24,687,088	-	14,539,074	2,526,245	41,752,407
Public works.....	3,875,532	-	-	608,414	4,483,946
Human services.....	481,554	-	-	110,271	591,825
Culture and recreation.....	1,055,615	-	-	267,851	1,323,466
Pension benefits.....	4,623,294	-	-	-	4,623,294
Property and liability insurance.....	241,297	-	-	-	241,297
Employee benefits.....	2,872,277	-	-	-	2,872,277
State and county charges.....	538,506	-	-	-	538,506
Capital outlay.....	2,129,695	-	-	-	2,129,695
Debt service:					
Principal.....	2,360,000	-	-	-	2,360,000
Interest.....	834,458	-	-	-	834,458
TOTAL EXPENDITURES.....	50,792,609	-	14,539,074	4,434,613	69,766,296
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(2,156,294)	12,095	(14,539,074)	639,246	(16,044,027)
OTHER FINANCING SOURCES (USES):					
Proceeds from bonds and notes.....	-	-	37,000,300	2,840,700	39,841,000
Capital lease financing.....	869,865	-	-	-	869,865
Transfers in.....	1,202,728	-	-	-	1,202,728
Transfers out.....	-	-	-	(990,728)	(990,728)
TOTAL OTHER FINANCING SOURCES (USES).....	2,072,593	-	37,000,300	1,849,972	40,922,865
NET CHANGE IN FUND BALANCES.....	(83,701)	12,095	22,461,226	2,489,218	24,878,838
FUND BALANCES AT BEGINNING OF YEAR.....	3,520,049	761,189	(3,772,285)	5,470,828	5,979,781
FUND BALANCES AT END OF YEAR.....	\$ 3,436,348	\$ 773,284	\$ 18,688,941	\$ 7,960,046	\$ 30,858,619

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FISCAL YEAR ENDED JUNE 30, 2003

Net change in fund balances - total governmental funds..... \$ 24,878,838

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay.....	18,697,399
Depreciation expense.....	<u>(1,698,770)</u>

Net effect of reporting capital assets..... 16,998,629

Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....

8,689,528

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Capital lease financing.....	(869,865)
Proceeds from bonds and notes.....	(39,841,000)
Debt service principal payments.....	<u>2,360,000</u>

Net effect of reporting long-term debt..... (38,350,865)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Net change in compensated absences accrual.....	167,933
Net change in accrued interest on long-term debt.....	<u>(465,578)</u>

Net effect of recording long-term liabilities..... (297,645)

Change in net assets of governmental activities..... \$ 11,918,485

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2003

	<u>Business-type Sewer Enterprise</u>
ASSETS	
CURRENT:	
Cash and short-term investments.....	\$ 1,201,379
Receivables, net of allowance for uncollectibles:	
User fees.....	2,407,963
Intergovernmental.....	<u>25,865</u>
Total current assets.....	<u>3,635,207</u>
NONCURRENT:	
Receivables, net of allowance for uncollectibles:	
Intergovernmental.....	532,714
Capital assets, net of accumulated depreciation.....	<u>17,582,823</u>
Total noncurrent assets.....	<u>18,115,537</u>
TOTAL ASSETS.....	<u>21,750,744</u>
LIABILITIES	
CURRENT:	
Warrants payable.....	54,157
Accrued interest.....	57,149
Compensated absences.....	8,461
Bonds and notes payable.....	<u>982,228</u>
Total current liabilities.....	<u>1,101,995</u>
NONCURRENT:	
Bonds and notes payable.....	<u>4,823,582</u>
TOTAL LIABILITIES.....	<u>5,925,577</u>
NET ASSETS	
Invested in capital assets, net of related debt.....	11,777,013
Unrestricted.....	<u>4,048,154</u>
TOTAL NET ASSETS.....	<u>\$ 15,825,167</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2003

	<u>Business-type Sewer Enterprise</u>
OPERATING REVENUES:	
Charges for services	\$ 3,320,350
Sewer betterments.....	<u>353,569</u>
TOTAL OPERATING REVENUES	<u>3,673,919</u>
OPERATING EXPENSES:	
Cost of services and administration	624,937
MWRA Assessment.....	1,819,031
Depreciation.....	<u>648,062</u>
TOTAL OPERATING EXPENSES	<u>3,092,030</u>
OPERATING INCOME (LOSS).....	<u>581,889</u>
NONOPERATING REVENUES (EXPENSES):	
Interest expense.....	(245,883)
Non capitalizable capital outlay.....	(193,188)
Intergovernmental.....	<u>130,477</u>
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	<u>(308,594)</u>
INCOME/(LOSS) BEFORE TRANSFERS.....	<u>273,295</u>
TRANSFERS:	
Transfers out.....	<u>(212,000)</u>
CHANGE IN NET ASSETS.....	61,295
NET ASSETS AT BEGINNING OF YEAR.....	<u>15,763,872</u>
NET ASSETS AT END OF YEAR.....	<u>\$ 15,825,167</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2003

		Business-type Sewer Enterprise
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Receipts from customers and users.....	\$	3,725,042
Payments to vendors.....		(2,357,282)
Payments to employees.....		(257,239)
NET CASH FROM OPERATING ACTIVITIES.....		1,110,521
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Transfers out.....		(212,000)
Intergovernmental subsidy.....		155,114
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....		(56,886)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Acquisition and construction of capital assets.....		(291,170)
Principal payments on bonds and notes.....		(958,656)
Interest expense.....		(300,490)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....		(1,550,316)
NET CHANGE IN CASH AND SHORT-TERM INVESTMENTS.....		(496,681)
CASH AND SHORT-TERM INVESTMENTS AT BEGINNING OF YEAR.....		1,698,060
CASH AND SHORT-TERM INVESTMENTS AT END OF YEAR.....	\$	1,201,379
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>		
Operating income (loss).....	\$	581,889
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation.....		648,062
Changes in assets and liabilities:		
User fees.....		51,123
Warrants payable.....		(162,998)
Accrued liabilities.....		(680)
Accrued compensated absences.....		(6,875)
Total adjustments.....		528,632
NET CASH FROM OPERATING ACTIVITIES.....	\$	1,110,521

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2003

	Private Purpose Trust Funds	Agency Funds
ASSETS		
CURRENT:		
Cash and short-term investments.....	\$ 327,219	\$ 106,061
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	-	46,201
TOTAL ASSETS	<u>327,219</u>	<u>152,262</u>
LIABILITIES		
Liabilities due depositors.....	-	152,262
NET ASSETS	<u>\$ 327,219</u>	<u>\$ -</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2003

	<u>Private Purpose Trust Funds</u>
<u>ADDITIONS:</u>	
Contributions:	
Private donations.....	\$ 51,955
Net investment income:	
Interest.....	<u>18,499</u>
TOTAL ADDITIONS.....	<u>70,454</u>
<u>DEDUCTIONS:</u>	
Educational scholarships.....	<u>77,743</u>
CHANGE IN NET ASSETS.....	(7,289)
NET ASSETS AT BEGINNING OF YEAR.....	<u>334,508</u>
NET ASSETS AT END OF YEAR.....	<u>\$ 327,219</u>

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic 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 basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the Primary Government) and its component units. The Town did not identify any component units requiring inclusion in the basic 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 2003.

<u>Joint venture and address</u>	<u>Purpose</u>	<u>2003 Assessment</u>
Blue Hills Regional Technical School District 800 Randolph Street, Canton, MA 02021	To provide vocational education	<u>\$ 56,623</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. Government-Wide and Fund Financial Statements*Government-Wide Financial Statements*

The government-wide financial statements (i.e., statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

Major Fund Criteria

Major funds must be reported if the following criteria are met:

- If the total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all fund of that category or type (total governmental or total enterprise funds), *and*
- If the total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Internal service funds and fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and sewer enterprise fund. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental fund financial statements are reported using 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.

Real estate and personal property tax revenues are considered 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 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.

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *stabilization fund* is used to account for the accumulation of resources to provide general and/or capital reserves.

The *new high school fund* is used to account for financial resources to expand and upgrade the high school facilities.

The nonmajor governmental funds consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) 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 Enterprise Funds).

The *permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

Proprietary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary fund is reported:

The *sewer enterprise fund* is used to account for the sewer activities.

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments. The Town's educational scholarships are accounted for in this fund.

The *agency fund* is used to account for assets held in a purely custodial capacity. The Town's agency funds consist primarily of public safety and custodial details, performance bonds, student activity accounts and fees collected on behalf of other governments.

Government-Wide and Fund Financial Statements

For the government-wide financial statements, and proprietary and fiduciary fund accounting, all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, are applied, unless those pronouncements conflict with or contradict GASB pronouncements.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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.

E. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary funds and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

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.

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 full 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 basic financial statements and therefore are not reported.

G. Capital Assets

Capital assets, which include land, land improvements, buildings, machinery and equipment, and infrastructure (e.g., roads, street lights, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements. Capital assets are recorded at historical cost, or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

All purchases and construction costs in excess of \$1,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land) are depreciated on a straight-line basis. The estimated useful lives of fixed assets are as follows:

<u>Capital Asset Type</u>	Estimated Useful Life (in years)
Buildings and improvements.....	7-40
Vehicles.....	5-10
Machinery and equipment.....	5-50
Furniture and fixtures.....	5-20
Infrastructure.....	5-50

H. Interfund Transfers

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transfers between and within governmental funds and are eliminated from the governmental activities in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

Fund Financial Statements

Transfers between and within funds are *not* eliminated from the individual fund statements and are reported as transfers in and transfers out.

I. Net Assets and Fund Equity

Government-Wide Financial Statements (Net Assets)

Net assets are reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net assets have been "restricted for" the following:

"Permanent funds - expendable" represents the expendable resources generated by amounts held in trust which stipulate that only earnings may be used for purposes that support governmental programs.

"Permanent funds - nonexpendable" represents the permanently restricted portion of amounts held in trust which stipulate that only earnings may be used for purposes that support governmental programs.

"Other purposes" – represents restrictions placed on assets from outside parties.

Fund Financial Statements (Fund Balances)

Fund balances are reserved for amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use. Designations of fund balance represent tentative management plans that are subject to change.

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.

"Perpetual permanent funds" represents the permanently restricted portion of amounts held in trust which stipulate that only earnings may be used for purposes that support governmental programs.

Fund balances have been "designated for" the following:

"Subsequent year's expenditures" represents amounts appropriated for the fiscal year 2004 operating budget.

J. Long-term debt*Government-Wide and Proprietary Fund Financial Statements*

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net assets. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

K. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

Investment income from proprietary funds is voluntarily assigned and transferred to the general fund.

L. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

Government-Wide and Proprietary Fund Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Fund Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities.

M. Post Retirement Benefits*Government-Wide and Fund Financial Statements*

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance is recognized by recording the employer's 50-60% share of insurance premiums in the general fund in the fiscal year paid. For the fiscal year ended June 30, 2003, this expenditure totaled approximately \$630,000. There were approximately 270 participants eligible to receive benefits at June 30, 2003.

N. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of basic 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 basic 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

Government-Wide Financial Statements

The total column presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

NOTE 2 – 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 \$36,809,143 and the bank balance totaled \$38,267,696. Of the bank balance, \$4,112,998 was covered by Federal Depository Insurance and the Depositors Insurance Fund and \$34,154,698 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.

	<u>Cash and Short-term Investments</u>
Checking, savings and NOW accounts.....	\$ 1,768,486
Certificates of deposit.....	13,216,803
Money market deposits.....	<u>21,823,855</u>
Total carrying amount of cash.....	<u>36,809,144</u>
<u>Investments not subject to categorization:</u>	
MMDT.....	1,024,458
Mutual funds.....	<u>133,755</u>
Total investments.....	<u>1,158,213</u>
<i>Total cash and short-term investments.....</i>	<u><u>\$ 37,967,357</u></u>

NOTE 3 – RECEIVABLES

At June 30, 2003, receivables for the individual major governmental funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 28,181	\$ -	\$ 28,181
Tax liens.....	210,479	-	210,479
Motor vehicle and other excise taxes.....	263,745	(45,548)	218,197
Departmental and other.....	131,998	-	131,998
Special assessments.....	4,887	-	4,887
Intergovernmental.....	<u>21,394,526</u>	<u>-</u>	<u>21,394,526</u>
Total.....	<u>\$ 22,033,816</u>	<u>\$ (45,548)</u>	<u>\$ 21,988,268</u>

At June 30, 2003, receivables for the fiduciary funds consist of the following:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Details.....	<u>\$ 46,201</u>	<u>\$ -</u>	<u>\$ 46,201</u>

At June 30, 2003, receivables for the enterprise funds consist of the following:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Sewer fees.....	\$ 2,407,963	\$ -	\$ 2,407,963

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<u>Receivable type:</u>			
Real estate and personal property taxes.....	\$ 6,181	\$ -	\$ 6,181
Tax liens.....	210,479	-	210,479
Motor vehicle and other excise taxes.....	218,197	-	218,197
Departmental and other.....	4,660	127,338	131,998
Special assessments.....	4,887	-	4,887
Intergovernmental.....	20,775,182	619,344	21,394,526
Total.....	<u>\$ 21,219,586</u>	<u>\$ 746,682</u>	<u>\$ 21,966,268</u>

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2003, there were no interfund receivables or payables.

Interfund transfers in for the fiscal year ended June 30, 2003, are summarized as follows:

	<u>General</u>
Nonmajor Governmental Funds:	
Budgeted appropriations from pension reserve funds.....	\$ 461,855
Budgeted appropriations from ambulance fund.....	350,463
Budgeted appropriations from Town revolving funds.....	168,410
Budgeted appropriations from cemetery permanent funds.....	<u>10,000</u>
Total Nonmajor Governmental funds.....	990,728
Sewer Enterprise Fund, indirect charges.....	<u>212,000</u>
Total.....	<u>\$ 1,202,728</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 \$3,462,000 for the fiscal year ended June 30, 2003, 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, 2003, 2002, and 2001 were \$1,101,179, \$1,092,886 and \$1,105,733 respectively, which equaled its required contribution for each fiscal year.

Noncontributory Retirement Allowance – The Town pays the entire retirement allowance for certain retirees who are eligible for noncontributory benefits and are not members of the System. The general fund expenditure for fiscal year 2003 totaled approximately \$60,000.

Pension Reserve Fund – The Town has established a pension reserve fund (accounted for in the nonmajor governmental funds) 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 2003 is as follows:

Beginning balance, July 1, 2002.....	\$	1,136,796
Interest income.....		13,828
Transfers to the general fund.....		<u>(461,855)</u>
Ending balance, June 30, 2003.....	\$	<u><u>688,769</u></u>

NOTE 6 – CAPITAL ASSETS

The Town has elected to delay the retrospective reporting of general infrastructure assets as allowed by GASB Statement #34.

Capital asset activity for the fiscal year ended June 30, 2003, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 5,236,081	\$ 37,301	\$ -	\$ 5,273,382
Construction in progress.....	2,857,510	14,983,317	-	17,840,827
Total capital assets not being depreciated.....	<u>8,093,591</u>	<u>15,020,618</u>	<u>-</u>	<u>23,114,209</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	33,398,575	1,387,695	-	34,786,270
Vehicles.....	3,587,082	1,017,825	-	4,604,907
Machinery and equipment.....	3,371,287	701,149	-	4,072,436
Furniture and fixtures.....	146,918	28,018	-	174,936
Infrastructure.....	-	542,094	-	542,094
Total capital assets being depreciated.....	<u>40,503,862</u>	<u>3,676,781</u>	<u>-</u>	<u>44,180,643</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	13,407,920	791,109	-	14,199,029
Vehicles.....	2,251,198	371,143	-	2,622,341
Machinery and equipment.....	1,622,704	487,124	-	2,109,828
Furniture and fixtures.....	60,942	22,289	-	83,231
Infrastructure.....	-	27,105	-	27,105
Total accumulated depreciation.....	<u>17,342,764</u>	<u>1,698,770</u>	<u>-</u>	<u>19,041,534</u>
Total capital assets being depreciated, net.....	<u>23,161,098</u>	<u>1,978,011</u>	<u>-</u>	<u>25,139,109</u>
Total governmental activities capital assets, net.....	<u>\$ 31,254,689</u>	<u>\$ 16,998,629</u>	<u>\$ -</u>	<u>\$ 48,253,318</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 350,850	\$ -	\$ -	\$ 350,850
<u>Capital assets being depreciated:</u>				
Plant and infrastructure.....	24,729,899	-	-	24,729,899
Other buildings and improvements.....	5,469,646	-	-	5,469,646
Vehicles.....	149,157	40,973	-	190,130
Machinery and equipment.....	173,317	57,009	-	230,326
Furniture and fixtures.....	35,323	-	-	35,323
Total capital assets being depreciated.....	30,557,342	97,982	-	30,655,324
<u>Less accumulated depreciation for:</u>				
Plant and infrastructure.....	10,761,061	499,114	-	11,260,175
Other buildings and improvements.....	1,820,381	109,393	-	1,929,774
Vehicles.....	69,355	21,548	-	90,903
Machinery and equipment.....	89,169	18,007	-	107,176
Furniture and fixtures.....	35,323	-	-	35,323
Total accumulated depreciation.....	12,775,289	648,062	-	13,423,351
Total capital assets being depreciated, net.....	17,782,053	(550,080)	-	17,231,973
Total business-type activities capital assets, net.....	\$ 18,132,903	\$ (550,080)	\$ -	\$ 17,582,823

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General government.....	\$ 160,866
Public safety.....	270,791
Education.....	933,061
Public works.....	301,328
Human services.....	5,003
Culture and recreation.....	27,721
Total depreciation expense - governmental activities.....	\$ 1,698,770

Business-Type Activities:

Sewer.....	\$ 648,062
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NOTE 7 – CAPITAL LEASES

The Town has entered into lease agreements as lessee for financing the acquisition of an Aerial Ladder Fire Apparatus and six relocatable classroom buildings with downpayments of \$254,515 and \$135,000, respectively. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

<u>Asset:</u>	<u>Governmental Activities</u>
Vehicles.....	\$ 625,000
Buildings and improvements.....	634,380
Accumulated depreciation.....	<u>(179,241)</u>
Total.....	<u>\$ 1,080,139</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2003, were as follows:

<u>Fiscal Years Ending June 30</u>	<u>Governmental Activities</u>
2004.....	\$ 271,102
2005.....	271,102
2006.....	271,102
2007.....	<u>138,195</u>
Total minimum lease payments.....	951,501
Less: amounts representing interest.....	<u>(81,636)</u>
Present value of minimum lease payments.....	<u>\$ 869,865</u>

NOTE 8 – 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 Enterprise Fund.

The Town has the following short-term debt outstanding at June 30, 2003:

Governmental Funds

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2002	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2003
BAN	High School Construction.....	2.00	08/07/02	\$ 5,000,000	\$ -	\$ 5,000,000	\$ -
BAN	* High School Construction.....	2.5 - 3.0	08/07/03	-	37,000,300	37,000,300	-
BAN	* Municipal Office Building.....	2.5 - 3.0	08/07/03	-	2,600,000	2,600,000	-
BAN	* Municipal Office Space Relocation.....	2.5 - 3.0	08/07/03	-	240,700	240,700	-
Total short-term debt.....				\$ 5,000,000	\$ 39,841,000	\$ 44,841,000	\$ -

*At June 30, 2003, The Town had \$39,841,000 of BANS outstanding for various municipal projects. On August 1, 2003, the Town issued \$42,103,000 of general obligation bonds of which \$39,841,000 was used to retire the outstanding BANS. Accordingly, the Town has recorded the \$39,841,000 as a permanently financed long-term liability in fiscal year 2003.

NOTE 9 – 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, 2003, and the debt service requirements follow.

Project	Interest Rate (%)	Outstanding at June 30, 2002	Issued	Redeemed	Outstanding at June 30, 2003
Roads.....	4.40-5.70%	\$ 660,000	\$ -	\$ 220,000	\$ 440,000
Land acquisition.....	4.40-5.70%	90,000	-	30,000	60,000
Middle school/gym.....	3.50-4.00%	1,650,000	-	241,000	1,409,000
Middle school/gym.....	3.50-4.00%	385,000	-	55,000	330,000
Land acquisition.....	3.50-4.00%	280,000	-	40,000	240,000
School planning.....	3.50-4.00%	63,000	-	63,000	-
Senior center.....	3.50-4.00%	168,000	-	24,000	144,000
School fields.....	3.50-4.00%	133,000	-	19,000	114,000
Middle school/gym completion.....	3.50-4.00%	105,000	-	15,000	90,000
Middle school/gym completion.....	3.50-4.00%	51,000	-	8,000	43,000
Lowell land purchase.....	4.89%	270,000	-	135,000	135,000
Martha Jones School construction.....	3.90-5.00%	7,200,000	-	720,000	6,480,000
Downey School construction.....	3.90-5.00%	6,300,000	-	630,000	5,670,000
Striar land purchase.....	3.90-5.00%	1,300,000	-	130,000	1,170,000
Cemetery land purchase.....	3.90-5.00%	300,000	-	30,000	270,000
New high school.....	2.50-5.38%	-	39,262,300	-	39,262,300
Public building.....	3.00-5.00%	-	2,600,000	-	2,600,000
Public building.....	3.00-5.00%	-	240,700	-	240,700
Subtotal.....		<u>18,955,000</u>	<u>42,103,000</u>	<u>2,360,000</u>	<u>58,698,000</u>
Less amounts issued in fiscal year 2004..... (1)		<u>-</u>	<u>(2,262,000)</u>	<u>-</u>	<u>(2,262,000)</u>
Total governmental bonds payable.....		<u>18,955,000</u>	<u>39,841,000</u>	<u>2,360,000</u>	<u>56,436,000</u>
Sewer (WPAT).....	1.26%	18,040	-	5,728	12,312
Sewer (WPAT).....	1.26%	1,278,709	-	410,936	867,773
Sewer.....	4.40-5.70%	255,000	-	85,000	170,000
Sewer.....	4.40-5.70%	90,000	-	30,000	60,000
Sewer.....	3.50-4.00%	560,000	-	80,000	480,000
Sewer.....	3.50-4.00%	280,000	-	40,000	240,000
Sewer (MWRA).....	0.00%	41,228	-	20,614	20,614
Sewer (WPAT).....	3.88%	2,741,489	-	136,378	2,605,111
Sewer.....	3.90-5.00%	1,500,000	-	150,000	1,350,000
Total enterprise bonds payable.....		<u>6,764,466</u>	<u>-</u>	<u>958,656</u>	<u>5,805,810</u>
Total bonds and notes payable.....		<u>\$ 25,719,466</u>	<u>\$ 39,841,000</u>	<u>\$ 3,318,656</u>	<u>\$ 62,241,810</u>

(1) Subsequent to year end, the Town issued \$42,103,000 in general obligation bonds for various municipal purposes. Of these bonds, \$39,841,000 was used to retire BAN's outstanding at June 30, 2003. Accordingly, the \$39,841,000 has been recorded as a permanently financed long-term liability in fiscal year 2003.

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>
2004.....	\$ 4,028,000	\$ 2,654,166	\$ 6,682,166
2005.....	4,415,000	2,307,775	6,722,775
2006.....	4,165,000	2,137,364	6,302,364
2007.....	4,165,000	1,979,048	6,144,048
2008.....	4,165,000	1,835,447	6,000,447
2009.....	4,165,000	1,693,057	5,858,057
2010.....	3,770,000	1,523,055	5,293,055
2011.....	3,770,000	1,370,367	5,140,367
2012.....	3,770,000	1,215,793	4,985,793
2013.....	2,255,000	1,036,731	3,291,731
2014.....	2,255,000	923,981	3,178,981
2015.....	1,975,000	811,231	2,786,231
2016.....	1,975,000	712,481	2,687,481
2017.....	1,975,000	629,531	2,604,531
2018.....	1,975,000	523,375	2,498,375
2019.....	1,975,000	436,475	2,411,475
2020.....	1,975,000	347,600	2,322,600
2021.....	1,975,000	258,725	2,233,725
2022.....	1,975,000	167,875	2,142,875
2023.....	1,975,000	83,938	2,058,938
Total.....	\$ <u>58,698,000</u>	\$ <u>22,648,015</u>	\$ <u>81,346,015</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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.....	204,300	5,108	209,408
Total.....	\$ <u>5,805,810</u>	\$ <u>1,604,671</u>	\$ <u>7,410,481</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 \$558,579 and interest costs for \$923,146. Thus, net WPAT loan repayments including interest are scheduled to be \$3,219,503. Since the Town is legally obligated for the total amount of the debt, such amounts have been recorded in the accompanying basic financial statements. The fiscal year 2003 principal and interest subsidy totaled approximately \$24,000 and \$132,000, respectively.

The Commonwealth has approved school construction assistance. The assistance program, which is administered by the School Building Assistance Bureau (SBAB), provides resources for construction costs and debt service interest of general obligation school bonds outstanding. During fiscal year 2003, approximately \$330,000 of such assistance was received. Approximately \$24,476,000 will be received in future fiscal years. Of this amount, approximately \$3,701,000 represents reimbursement of long-term interest costs, and \$20,775,182 represents reimbursement of approved construction costs. Accordingly, a \$20,775,182 intergovernmental receivable and corresponding deferred revenue has been recognized as revenue in the conversion to the government-wide financial statements.

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, 2003, the Town had the following authorized and unissued debt:

Purpose	Date Voted	Article	Amount Authorized	Amount Unissued
Additional high school construction.....	STM 2/2002	5 & 6	\$ 8,333,640	\$ 5,033,340
Eminent domain land purchase.....	ATM 5/2001	15	300,000	300,000
Purchase street lights.....	ATM 5/2002	12	225,000	225,000
University Avenue landscaping.....	ATM 5/2002	13	325,000	325,000
Total.....			<u>\$ 9,183,640</u>	<u>\$ 5,883,340</u>

Changes in Long-Term Liabilities

During the fiscal year ended June 30, 2003, the following changes occurred in long-term liabilities:

	Balance at June 30, 2002	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Net Increase (Decrease)	Balance at June 30, 2003	Current Portion
Governmental Funds:						
Long-Term Bonds and Notes....	\$ 18,955,000	\$ 39,841,000	\$ (2,360,000)	\$ -	\$ 56,436,000	\$ 4,028,000
Capital Lease Obligations.....	-	-	-	869,865	869,865	238,824
Compensated Absences.....	1,421,933	-	-	(167,933)	1,254,000	787,000
Total Governmental Funds.....	<u>20,376,933</u>	<u>39,841,000</u>	<u>(2,360,000)</u>	<u>701,932</u>	<u>58,559,865</u>	<u>5,053,824</u>
Business Type Activities:						
Long-Term Bonds and Notes....	6,764,466	-	(958,656)	-	5,805,810	982,228
Compensated Absences.....	15,336	-	-	(6,875)	8,461	8,461
Total Business Type Activities...	<u>6,779,802</u>	<u>-</u>	<u>(958,656)</u>	<u>(6,875)</u>	<u>5,814,271</u>	<u>990,689</u>
Total.....	<u>\$ 27,156,735</u>	<u>\$ 39,841,000</u>	<u>\$ (3,318,656)</u>	<u>\$ 695,057</u>	<u>\$ 64,374,136</u>	<u>\$ 6,044,513</u>

NOTE 10 – 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 Group is self-sustaining through member premiums. 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. In the event the group is terminated, the Town is obligated to pay its prorata share of a deficit, should one exist.

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 2003 totaled \$90,265 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, 2003, and therefore is not reported.

The Town is self-insured for unemployment compensation. During fiscal year 2003, the Town appropriated \$75,000 to provide for anticipated costs of unemployment benefits. During fiscal year 2003, claims related to unemployment compensation totaled \$83,467. The liability for unemployment compensation was not material at June 30, 2003, and therefore is not reported.

NOTE 11 – STABILIZATION FUND

The Town has \$773,284 in a stabilization fund classified as a major governmental fund in the fund-based statements. The stabilization fund may be used for general and/or capital purposes upon Town Meeting approval. During fiscal year 2003, the stabilization fund earned investment income of approximately \$12,000.

NOTE 12 – COMMITMENTS

During fiscal year 2003, the Town continued construction of a new high school, with an expected total cost of approximately \$45,000,000. The Town has been approved for school construction assistance from the SBAB for 59% of the total costs of the project.

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

NOTE 13 – 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, 2003, 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, 2003, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2003.

NOTE 14 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2003, the following GASB pronouncements were implemented:

- 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 pronouncements identified above are all related to the new financial reporting requirements as defined in Statement #34. Fiscal year 2003 is the required implementation date. The most significant changes required by the new financial reporting standards are as follows:

- Management’s discussion and analysis.
- Basic financial statements, which include:
 - Government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting.
 - Fund financial statements, consisting of a series of statements that focus on major governmental and enterprise funds.
 - Schedules to reconcile the fund financial statements to the government-wide financial statements.
 - Notes to the basic financial statements.

As a result of implementing these pronouncements, the following restatements have been made to beginning fund balances and net assets:

Fund Financial Statements

The following beginning fund balances have been restated to reflect the change in focus of reporting from generic fund types to major funds and to report the sewer activities as an enterprise fund:

Description	6/30/2002 Previously Reported Balances	Reclass to Major and Nonmajor Governmental Funds	Reclass to Sewer Enterprise Fund	Record Debt, Capital Assets, and revenue on full accrual basis in Sewer Enterprise	Record Private- Purpose Trust Fund	6/30/2002 Restated Balances
Special Revenue Fund.....	\$ 3,600,812	\$ (2,838,232)	\$ (762,580)	\$ -	\$ -	\$ -
Capital Projects Fund.....	(2,119,012)	2,836,657	(717,645)	-	-	-
Expendable Trust Fund.....	1,997,766	(1,997,766)	-	-	-	-
Nonexpendable Trust Fund.....	460,388	(460,388)	-	-	-	-
Stabilization Fund.....	-	761,189	-	-	-	761,189
New High School Fund.....	-	(3,772,285)	-	-	-	(3,772,285)
Nonmajor Governmental Funds....	-	5,470,825	-	-	-	5,470,825
Private Purpose Trust Fund.....	-	-	-	-	334,508	334,508
Sewer Enterprise Fund.....	-	-	1,480,225	14,283,647	-	15,763,872
Total.....	\$ <u>3,939,954</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>14,283,647</u>	\$ <u>334,508</u>	\$ <u>18,558,109</u>

Future Implementation of GASB Pronouncements

During fiscal year 2002, the GASB issued Statement #39, Determining Whether Certain Organizations are Component Units, an amendment of GASB Statement #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.

The GASB has issued Statement #40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement #3, which is required to be implemented during fiscal year 2005. The implementation of this statement will require changes to the note disclosures only. It will not effect the financial statements.

The GASB issued Statement #41, Budgetary Comparison Schedule—Perspective Differences which is required to be implemented during fiscal year 2005. This statement will not effect the financial statements.

Required Supplementary Information

General Fund

Budgetary Comparison Schedule

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

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2003

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Original Budget	Final Budget			
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 36,941,288	\$ 36,941,288	\$ 37,366,215	\$ -	\$ 424,927
Motor vehicle excise.....	1,947,794	1,947,794	2,268,563	-	320,769
Penalties and interest on taxes.....	82,000	82,000	95,211	-	13,211
Fees.....	117,465	117,465	194,161	-	76,696
Licenses and permits.....	320,000	320,000	389,218	-	69,218
Fines and forfeitures.....	16,000	16,000	22,131	-	6,131
Intergovernmental.....	4,076,151	4,076,151	3,984,384	-	(91,767)
Departmental and other.....	221,000	221,000	254,273	-	33,273
Special assessments.....	2,500	2,500	2,635	-	135
Investment income.....	602,000	602,000	731,824	-	129,824
TOTAL REVENUES.....	44,326,198	44,326,198	45,308,615	-	982,417
EXPENDITURES:					
GENERAL GOVERNMENT					
SELECTMEN					
Salaries.....	306,796	315,828	315,713	-	115
Expenditures.....	49,851	49,851	49,216	-	635
TOTAL.....	356,647	365,679	364,929	-	750
FINANCE COMMISSION					
Salaries.....	27,581	32,312	32,223	-	89
Expenditures.....	20,000	20,000	19,509	-	491
TOTAL.....	47,581	52,312	51,732	-	580
ACCOUNTING					
Salaries.....	148,712	150,166	150,160	-	6
Expenditures.....	5,900	5,900	5,861	-	39
TOTAL.....	154,612	156,066	156,021	-	45
AUDIT-SCHOOL & MUNICIPAL FINANCIALS					
Professional Services.....	48,000	48,000	41,951	6,035	14
ASSESSORS					
Salaries.....	94,804	95,812	95,668	-	144
Expenditures.....	75,494	75,494	51,854	20,500	3,140
Revaluation.....	59,000	59,000	37,092	20,000	1,908
TOTAL.....	229,298	230,306	184,614	40,500	5,192
TREASURER					
Salaries.....	52,325	53,254	53,164	-	90
Expenditures.....	21,411	21,411	19,211	2,000	200
TOTAL.....	73,736	74,665	72,375	2,000	290
COLLECTOR					
Salaries.....	81,326	83,510	83,442	-	68
Expenditures.....	51,570	51,570	51,497	-	73
TOTAL.....	132,896	135,080	134,939	-	141
LEGAL					
Salaries.....	74,598	74,598	74,572	-	26
Expenditures.....	58,039	58,039	57,618	350	71
TOTAL.....	132,637	132,637	132,190	350	97
PERSONNEL BOARD					
Salaries.....	38,444	38,813	38,628	-	185
Expenditures.....	16,150	16,150	10,355	-	5,795
TOTAL.....	54,594	54,963	48,983	-	5,980
INFORMATION SYSTEMS					
Salaries.....	186,946	190,452	182,404	-	8,048
Expenditures.....	160,021	160,021	160,019	-	2
TOTAL.....	346,967	350,473	342,423	-	8,050

(Continued)

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2003

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Original Budget	Final Budget			
TOWN CLERK					
Salaries.....	119,517	120,198	114,242	-	5,956
Expenditures.....	53,220	53,220	38,820	-	14,400
TOTAL.....	172,737	173,418	153,062	-	20,356
CONSERVATION COMMISSION					
Salaries.....	28,366	28,366	26,221	-	2,145
Expenditures.....	2,550	2,550	2,513	-	37
TOTAL.....	30,916	30,916	28,734	-	2,182
PLANNING BOARD					
Salaries.....	65,421	66,557	63,543	-	3,014
Expenditures.....	3,230	3,230	1,914	1,300	16
TOTAL.....	68,651	69,787	65,457	1,300	3,030
ZONING BOARD OF APPEALS					
Salaries.....	21,570	21,570	18,320	-	3,250
Expenditures.....	3,500	3,500	2,710	-	790
TOTAL.....	25,070	25,070	21,030	-	4,040
BUSINESS DEVELOPMENT TASK FORCE					
Expenditures.....	25,141	26,575	25,799	-	776
OUTSIDE PROFESSIONAL SERVICES					
Expenditures.....	31,250	31,250	30,601	-	649
MASS HOUSING PARTNERSHIP					
Expenditures.....	11,800	11,800	11,800	-	-
HOUSING AUTHORITY					
Expenditures.....	5,000	5,000	4,913	-	87
OFFICE COMMUNICATIONS					
Expenditures.....	118,885	118,885	117,606	-	1,279
TRAINING					
Expenditures.....	4,000	4,000	3,208	-	792
MERIT INCREASE					
Expenditures.....	91,000	1,418	-	-	1,418
Reserve Fund.....	400,000	78,000	-	-	78,000
Total General Government.....	2,561,418	2,176,300	1,992,367	50,185	133,748
PUBLIC SAFETY					
POLICE DEPARTMENT					
Salaries.....	2,104,339	2,109,968	2,067,679	-	42,289
Expenditures.....	136,757	136,757	135,179	537	1,041
TOTAL.....	2,241,096	2,246,725	2,202,858	537	43,330
CAREER INCENTIVE PROGRAM.....					
	117,034	117,034	99,679	-	17,355
ANIMAL CONTROL					
Salaries.....	27,217	27,723	27,723	-	-
Expenditures.....	6,201	6,201	4,196	-	2,005
TOTAL.....	33,418	33,924	31,919	-	2,005
CROSSING GUARDS					
Salaries.....	84,756	84,756	82,092	-	2,664
Expenditures.....	4,400	4,400	-	-	4,400
TOTAL.....	89,156	89,156	82,092	-	7,064
FIRE DEPARTMENT					
Salaries.....	1,953,203	1,978,987	1,978,947	-	40
Expenditures.....	131,957	131,957	129,260	-	2,697
TOTAL.....	2,085,160	2,110,944	2,108,207	-	2,737

(Continued)

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2003

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Original Budget	Final Budget			
BUILDING INSPECTION					
Salaries.....	196,573	197,157	185,184	-	11,973
Expenditures.....	25,416	25,416	18,502	-	6,914
TOTAL.....	221,989	222,573	203,686	-	18,887
CIVIL DEFENSE.....	2,000	2,000	2,000	-	-
Total Public Safety.....	4,789,853	4,822,356	4,730,441	537	91,378
EDUCATION					
PUBLIC SCHOOLS					
Salaries and expenditures.....	25,319,361	25,319,361	24,630,465	547,185	141,711
BLUE HILLS REGIONAL.....	5,010	57,010	56,623	-	387
Total Education.....	25,324,371	25,376,371	24,687,088	547,185	142,098
PUBLIC WORKS					
DEPARTMENT OF PUBLIC WORKS					
Salaries-admin.....	148,586	150,340	149,446	-	894
Salaries-operations.....	1,050,771	1,063,631	1,062,884	-	747
Expenditures.....	323,900	323,900	323,256	-	644
TOTAL.....	1,523,257	1,537,871	1,535,586	-	2,285
BUILDING MAINTENANCE					
Expenditures.....	340,508	340,508	322,052	50	18,406
MUNICIPAL & SCHOOL FIELD MAINTENANCE					
Expenditures.....	100,000	100,000	99,788	-	212
SNOW & ICE					
Expenditures.....	141,200	341,200	354,365	-	(13,165)
STREET LIGHTING					
Expenditures.....	217,675	217,675	214,948	-	2,727
CEMETERY COMMISSION					
Expenditures.....	300	300	-	-	300
WASTE/COLLECTION/DISPOSAL					
Expenditures.....	1,368,504	1,368,504	1,348,793	-	19,711
Total Public Works.....	3,691,444	3,906,058	3,875,532	50	30,476
HEALTH AND HUMAN SERVICES					
HEALTH DIVISION					
Salaries.....	134,154	135,655	135,563	-	92
Expenditures.....	9,700	9,700	8,326	1,000	374
TOTAL.....	143,854	145,355	143,889	1,000	466
OUTSIDE HEALTH AGENCIES	14,316	14,316	11,886	-	2,430
DISABILITY COMMISSION					
Expenditures.....	500	500	-	-	500
COUNCIL ON AGING					
Salaries.....	129,405	131,900	131,765	-	135
Expenditures.....	16,660	16,660	16,640	-	20
TOTAL.....	146,065	148,560	148,405	-	155
YOUTH COMMISSION					
Salaries.....	132,525	134,298	133,997	-	301
Expenditures.....	14,315	14,315	13,757	138	420
TOTAL.....	146,840	148,613	147,754	138	721
VETERANS SERVICES					
Salaries.....	21,213	21,213	21,202	-	11
Expenditures.....	27,025	27,025	8,418	330	18,277
TOTAL.....	48,238	48,238	29,620	330	18,288
Total Health and Human Services.....	499,813	505,582	481,554	1,468	22,560

(Continued)

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2003

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Original Budget	Final Budget			
CULTURE AND RECREATION					
RECREATION					
Salaries.....	202,252	204,383	204,335	-	48
Expenditures.....	41,550	41,550	39,404	-	2,146
TOTAL.....	243,802	245,933	243,739	-	2,194
PUBLIC LIBRARY					
Salaries.....	628,476	636,577	627,560	-	9,017
Expenditures.....	183,468	183,468	181,351	1,376	741
TOTAL.....	811,944	820,045	808,911	1,376	9,758
MEMORIAL DAY					
Expenditures.....	3,600	3,600	2,965	-	635
Total Culture and Recreation.....	1,059,346	1,069,578	1,055,615	1,376	12,587
PENSION BENEFITS					
Contributory Pension.....	1,101,179	1,101,179	1,101,179	-	-
Non-Contributory Pension.....	64,098	64,098	60,115	-	3,983
Total Pension Benefits.....	1,165,277	1,165,277	1,161,294	-	3,983
INSURANCE					
General Liability.....	208,350	248,350	241,297	-	7,053
CAPITAL OUTLAY	2,355,348	2,367,687	1,630,315	711,000	26,372
EMPLOYEE BENEFITS.....	2,723,818	2,868,818	2,872,277	-	(3,459)
STATE AND COUNTY ASSESSMENTS.....	543,982	543,982	538,506	-	5,476
DEBT SERVICE PRINCIPAL.....	2,360,000	2,360,000	2,360,000	-	-
DEBT SERVICE INTEREST.....	834,458	834,458	834,458	-	-
TOTAL EXPENDITURES.....	48,117,478	48,244,817	46,460,744	1,311,801	472,272
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES..	(3,791,280)	(3,918,619)	(1,152,129)	(1,311,801)	1,454,689
OTHER FINANCING SOURCES (USES):					
Transfers in.....	1,197,728	1,202,728	1,202,728	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	1,197,728	1,202,728	1,202,728	-	-
NET CHANGE IN FUND BALANCE.....	(2,593,552)	(2,715,891)	50,599	(1,311,801)	1,454,689
BUDGETARY FUND BALANCE, Beginning of year.....	3,778,802	3,778,802	3,778,802	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 1,185,250	\$ 1,062,911	\$ 3,829,401	\$ (1,311,801)	\$ 1,454,689

See notes to required supplementary information

(Concluded)

NOTE A – BUDGETARY BASIS OF ACCOUNTING

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 2003 approved budget for the General Fund authorized \$46,655,840 in appropriations and other amounts to be raised and \$1,461,638 in encumbrances and appropriations carried over from previous fiscal years. During fiscal year 2003, Town Meeting also approved supplemental appropriations totaling \$127,339.

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 for the fiscal year ended June 30, 2003, is presented below:

	<u>General Fund</u>
Net change in fund balance - budgetary basis.....	\$ 50,599
<u>Basis of accounting differences:</u>	
Net change in recording 60-day receipts accrual.....	(77,000)
Net change in recording tax refunds payable.....	(57,300)
Recognition of revenue for on-behalf payments.....	3,462,000
Recognition of expenditures for on-behalf payments.....	<u>(3,462,000)</u>
Net change in fund balance - GAAP basis.....	<u>\$ (83,701)</u>

C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2003, actual expenditures and encumbrances exceeded appropriations for snow and ice and employee benefits. These over-expenditures will be funded by available funds during fiscal year 2004.

Other Supplementary Information

Combining and Individual Fund Statements and Schedules

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

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

Nonmajor Governmental Funds

Fund Description

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than permanent funds or major capital project funds) that are restricted by law or administrative action to expenditures for specific purposes. The Town's special revenue funds are grouped into the following categories:

- **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 and ambulance supplies.
- **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.
- **Pension Reserve Fund** – accounts for Town funding targeted to offset future cost impact of Norfolk County Contributory Retirement System.
- **Expendable Governmental Trusts** – accounts for contributions where both principal and investment earnings may be spent to support the government.

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 enterprise funds). Such resources are derived principally from proceeds of general obligation bonds and grants. The Town's grouping for non-major capital project funds is as described as follows:

- **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.

Permanent Funds

Permanent Funds are used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

- ***Cemetery Fund*** – accounts for contributions associated with cemetery care and maintenance.
- ***Other Nonexpendable Trust Funds*** – accounts for various contributions associated with the public library, schools and veterans services.

**NONMAJOR GOVERNMENTAL FUNDS
COMBINED BALANCE SHEET**

JUNE 30, 2003

Special Revenue Funds							
ASSETS	School Lunch	Ambulance	Departmental Grants/ Other Revolving	Educational Grants/ Other Revolving	Pension Reserve	Expendable Governmental Trusts	Sub-total
Cash and short-term investments.....	\$ 203,216	\$ 459,279	\$ 1,870,820	\$ 1,153,541	\$ 688,769	\$ 96,271	\$ 4,471,896
Departmental and other.....	-	-	104,881	21,407	-	-	126,288
Intergovernmental.....	-	-	619,344	-	-	-	619,344
TOTAL ASSETS.....	\$ 203,216	\$ 459,279	\$ 2,595,045	\$ 1,174,948	\$ 688,769	\$ 96,271	\$ 5,217,528
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Warrants payable.....	\$ -	\$ -	\$ 174,614	\$ 63,253	\$ -	\$ -	\$ 237,867
Deferred revenues.....	-	-	724,225	21,407	-	-	745,632
TOTAL LIABILITIES.....	-	-	898,839	84,660	-	-	983,499
FUND BALANCES:							
Reserved for:							
Perpetual permanent funds.....	-	-	-	-	-	-	-
Unreserved:							
Undesignated, reported in:							
Special revenue funds.....	203,216	459,279	1,696,206	1,090,288	688,769	96,271	4,234,029
Capital projects funds.....	-	-	-	-	-	-	-
Permanent funds.....	-	-	-	-	-	-	-
TOTAL FUND BALANCES.....	203,216	459,279	1,696,206	1,090,288	688,769	96,271	4,234,029
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 203,216	\$ 459,279	\$ 2,595,045	\$ 1,174,948	\$ 688,769	\$ 96,271	\$ 5,217,528

(Continued)

Capital Projects Funds				Permanent Funds			Total Nonmajor Governmental Funds
Roadway Improvements	School Building Renovations	Facilities Renovations	Sub-total	Cemetery	Other Nonexpendable Trust Funds	Sub-total	
\$ 663,734	\$ 90,033	\$ 2,504,921	\$ 3,258,688	\$ 270,154	\$ 201,285	\$ 471,439	\$ 8,202,023
-	-	-	-	1,050	-	1,050	127,338
-	-	-	-	-	-	-	619,344
<u>\$ 663,734</u>	<u>\$ 90,033</u>	<u>\$ 2,504,921</u>	<u>\$ 3,258,688</u>	<u>\$ 271,204</u>	<u>\$ 201,285</u>	<u>\$ 472,489</u>	<u>\$ 8,948,705</u>
\$ 4,110	\$ -	\$ -	\$ 4,110	\$ -	\$ -	\$ -	\$ 241,977
-	-	-	-	1,050	-	1,050	746,682
<u>4,110</u>	<u>-</u>	<u>-</u>	<u>4,110</u>	<u>1,050</u>	<u>-</u>	<u>1,050</u>	<u>988,659</u>
-	-	-	-	237,000	45,479	282,479	282,479
-	-	-	-	-	-	-	4,234,029
659,624	90,033	2,504,921	3,254,578	-	-	-	3,254,578
-	-	-	-	33,154	155,806	188,960	188,960
<u>659,624</u>	<u>90,033</u>	<u>2,504,921</u>	<u>3,254,578</u>	<u>270,154</u>	<u>201,285</u>	<u>471,439</u>	<u>7,960,046</u>
<u>\$ 663,734</u>	<u>\$ 90,033</u>	<u>\$ 2,504,921</u>	<u>\$ 3,258,688</u>	<u>\$ 271,204</u>	<u>\$ 201,285</u>	<u>\$ 472,489</u>	<u>\$ 8,948,705</u>

(Concluded)

NONMAJOR GOVERNMENTAL FUNDS
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 2003

	Special Revenue Funds						
	School Lunch	Ambulance	Departmental Grants/ Other Revolving	Educational Grants/ Other Revolving	Pension Reserve	Expendable Governmental Trusts	Sub-total
REVENUES:							
Charges for services.....	\$ 653,543	\$ 249,031	\$ 302,280	\$ 931,638	\$ -	\$ -	\$ 2,136,492
Intergovernmental.....	61,737		1,029,030	1,001,217	-	-	2,091,984
Departmental and other.....	-		569,888	-	-	-	569,888
Contributions.....	-		182,533	61,046	-	-	243,579
Investment income.....	-		-	-	13,828	(3,513)	10,315
TOTAL REVENUES.....	715,280	249,031	2,083,731	1,993,901	13,828	(3,513)	5,052,258
EXPENDITURES:							
Current:							
General government.....	-	-	476,918	-	-	-	476,918
Public safety.....	-	-	407,613	-	-	-	407,613
Education.....	625,530	-	-	1,641,359	-	-	2,266,889
Public works.....	-	-	383,436	-	-	-	383,436
Human services.....	-	-	110,156	-	-	-	110,156
Culture and recreation.....	-	-	267,301	-	-	-	267,301
TOTAL EXPENDITURES.....	625,530	-	1,645,424	1,641,359	-	-	3,912,313
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	89,750	249,031	438,307	352,542	13,828	(3,513)	1,139,945
OTHER FINANCING SOURCES (USES):							
Proceeds from bonds and notes.....	-	-	-	-	-	-	-
Transfers out.....	-	(350,463)	(168,410)	-	(461,855)	-	(980,728)
TOTAL OTHER FINANCING SOURCES (USES)	-	(350,463)	(168,410)	-	(461,855)	-	(980,728)
NET CHANGE IN FUND BALANCES.....	89,750	(101,432)	269,897	352,542	(448,027)	(3,513)	159,217
FUND BALANCES AT BEGINNING OF YEAR.....	113,466	560,711	1,426,309	737,746	1,136,796	99,784	4,074,812
FUND BALANCES AT END OF YEAR.....	\$ 203,216	\$ 459,279	\$ 1,696,206	\$ 1,090,288	688,769	96,271	4,234,029

(Continued)

Capital Projects Funds				Permanent Funds			Total Nonmajor Governmental Funds
Roadway Improvements	School Building Renovations	Facilities Renovations	Sub-total	Cemetery	Other Nonexpendable Trust Funds	Sub-total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,136,492
-	-	-	-	-	-	-	2,091,984
-	-	-	-	-	-	-	569,888
-	-	-	-	11,000	-	11,000	254,579
-	-	-	-	4,566	6,035	10,601	20,916
-	-	-	-	15,566	6,035	21,601	5,073,859
-	-	37,301	37,301	-	-	-	514,219
-	-	-	-	-	-	-	407,613
-	259,356	-	259,356	-	-	-	2,526,245
98,766	-	126,212	224,978	-	-	-	608,414
-	-	115	115	-	-	-	110,271
-	-	-	-	-	550	550	267,851
98,766	259,356	163,628	521,750	-	550	550	4,434,613
(98,766)	(259,356)	(163,628)	(521,750)	15,566	5,485	21,051	639,246
-	-	2,840,700	2,840,700	-	-	-	2,840,700
-	-	-	-	(10,000)	-	(10,000)	(990,728)
-	-	2,840,700	2,840,700	(10,000)	-	(10,000)	1,849,972
(98,766)	(259,356)	2,677,072	2,318,950	5,566	5,485	11,051	2,489,218
758,390	349,389	(172,151)	935,628	264,588	195,800	460,388	5,470,828
659,624	90,033	2,504,921	\$ 3,254,578	270,154	201,285	471,439	\$ 7,960,046

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Statistical Section

*Ten Year History of the Following
Major Categories:*

Expenditures

Revenues

Property Tax Collections

Debt

Town Demographics

General Information

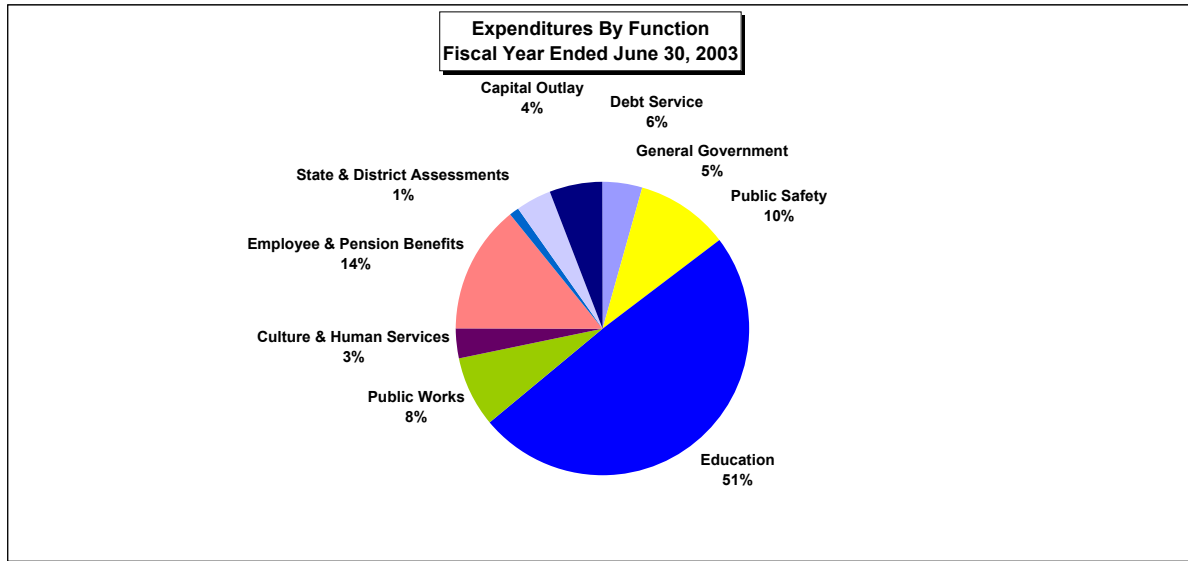


*Westwood's Senior Center
Constructed in 1999*

General Government Expenditures by Function (1) - Fund Based

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 (2)	\$2,154,608	\$0 (3)	\$3,192,418	\$52,980,122
2003	\$2,469,285	\$5,508,539	\$26,953,977	\$4,258,968 (5)	\$591,710	\$1,322,916	\$7,736,868	\$538,506 (4)	\$2,129,695	\$3,194,458	\$54,704,922

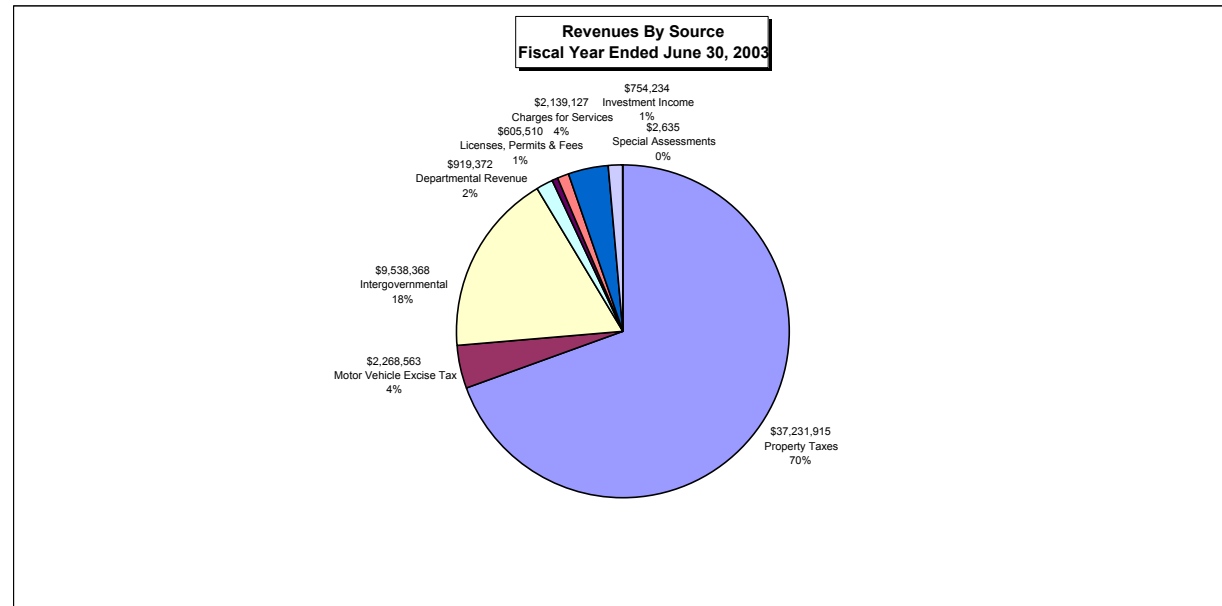


- (1) Includes General and Special Revenue Funds.
- (2) In Fiscal Year 2002 the on-behalf payments by the Commonwealth for teachers pension benefits were reported for the first time.
- (3) In Fiscal Year 2002 capital outlay was reported by function.
- (4) In Fiscal Year 2003, the MWRA assessment was reclassified to the Sewer Enterprise Fund which was established in accordance with GASB 34.
- (5) In Fiscal Year 2003, sewer expenditures were reclassified to the Sewer Enterprise Fund which was established in accordance with GASB 34.

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	Total
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		\$29,444,080
1994	\$21,284,066	\$1,218,067	\$1,890,017	\$1,321,621	\$111,818	\$289,844	\$2,749,373	\$160,033			\$67,891	\$29,092,730
1995	\$21,812,835	\$1,494,431	\$2,294,298	\$1,337,219	\$110,893	\$316,400	\$2,695,466	\$276,896			\$77,533	\$30,415,971
1996	\$23,371,134	\$1,323,908	\$2,591,243	\$1,163,636	\$117,365	\$366,954	\$3,638,370	\$356,722			\$101,386	\$33,030,718
1997	\$24,772,492	\$1,496,775	\$3,041,296	\$775,993	\$122,283	\$463,268	\$3,994,807	\$394,963			\$546,517	\$35,608,394
1998	\$25,374,757	\$1,778,859	\$3,740,648	\$756,986	\$134,044	\$512,997	\$4,100,589	\$417,220			\$224,283	\$37,040,383
1999	\$27,138,931	\$1,684,385	\$4,537,876	\$886,551	\$195,832	\$588,663	\$4,049,877	\$500,551			\$331,355	\$39,914,021
2000	\$29,203,012	\$1,881,612	\$4,470,631	\$923,297	\$0	\$718,664	\$4,564,588	\$871,423			\$108,497	\$42,741,724
2001	\$30,989,110	\$2,034,010	\$5,813,531	\$789,819	\$0	\$625,665	\$5,059,274	\$1,136,865			\$189,225	\$46,637,499
2002	\$33,058,505	\$2,130,210	\$10,384,817 (2)	\$529,197	\$0	\$581,510	\$5,649,875	\$603,882			\$101,472	\$53,039,466
2003	\$37,231,915	\$2,268,563	\$9,538,368	\$919,372	\$0	\$605,510	\$2,139,127 (3)	\$754,234		\$2,635	\$243,579	\$53,703,300



(1) Includes General and Special Revenue.

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

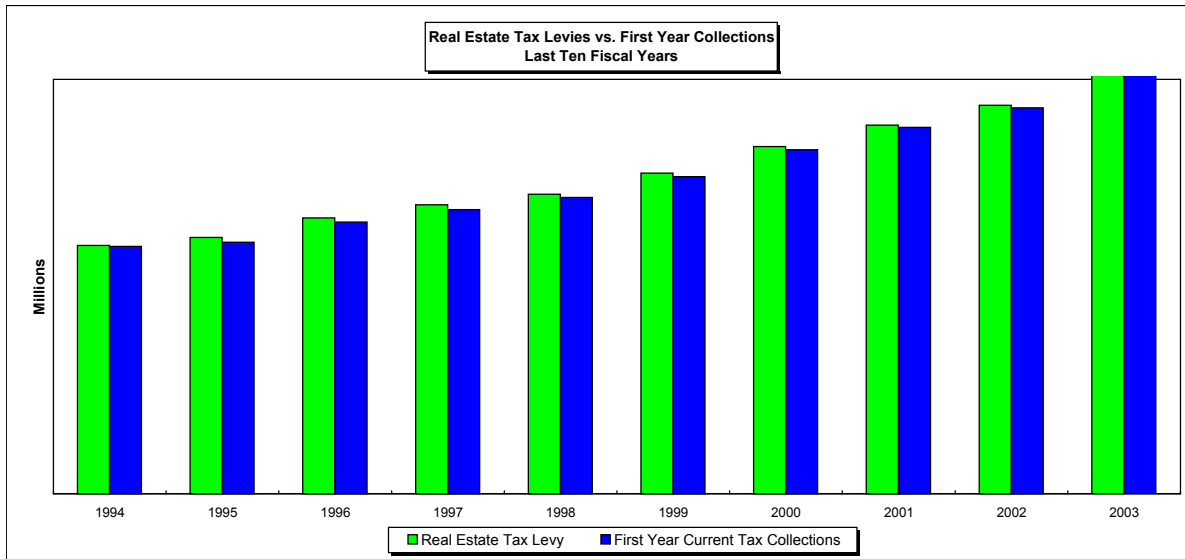
(3) In Fiscal Year 2003, sewer charges for services were reclassified to the Sewer Enterprise Fund which was established in accordance with GASB 34.

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

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
1991	(1) \$18,786,412	\$318,959	\$18,467,453	98.30%	\$17,544,080	95.0%	\$923,104	\$18,467,184	100.00%	\$269	0.00%
1992	\$19,700,136	\$269,366	\$19,430,770	98.63%	\$18,945,001	97.5%	\$483,623	\$19,428,624	99.99%	\$2,146	0.01%
1993	\$20,997,723	\$377,187	\$20,620,536	98.20%	\$20,496,813	100.0%	\$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%
2003	\$37,288,629	\$128,647	\$37,159,982	99.65%	\$37,036,617	99.7%	\$0	\$37,036,617	99.67%	\$123,365	0.33%

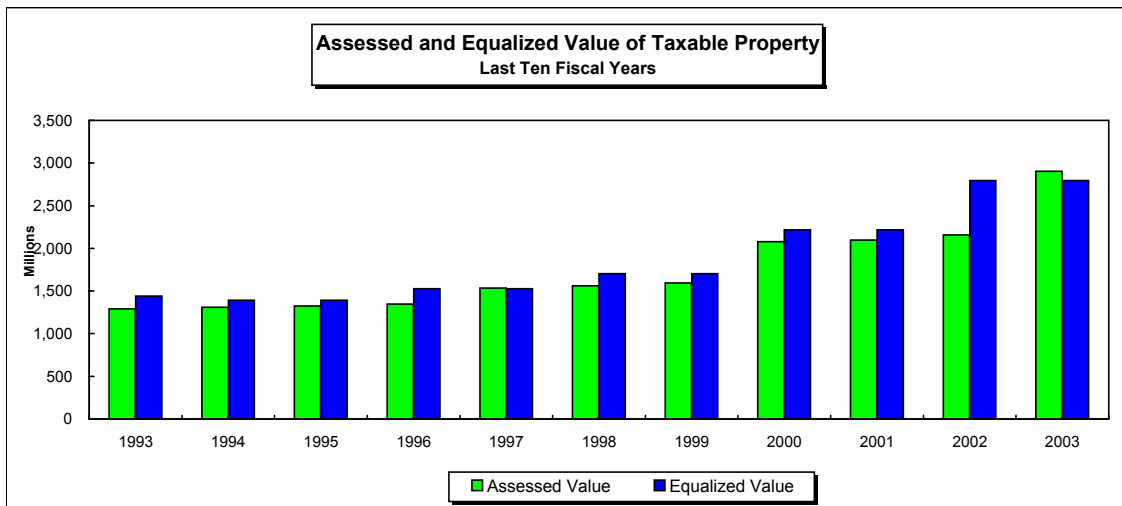


- (1) Revaluation year.
- (2) Includes omitted and revised assessments.
- (3) Includes tax liens.

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%
2003	(1) \$2,875,571,950	\$28,226,499	\$2,903,798,449	14,117	\$205,695	\$2,795,016,900	103.89%



(1) Revaluation year.

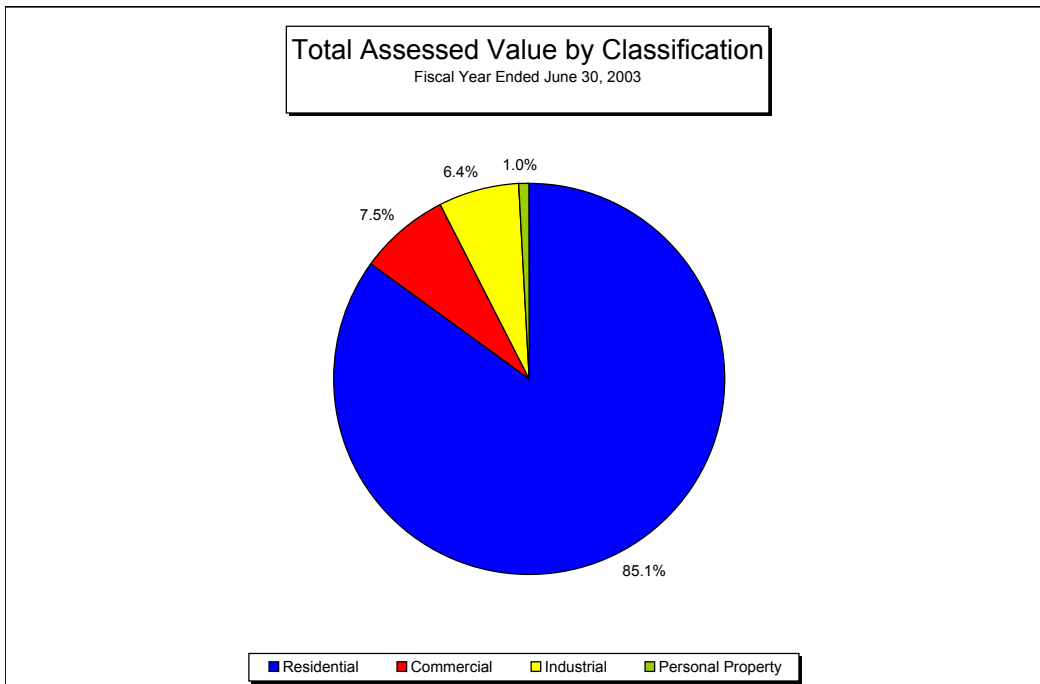
(2) Equalized valuations are determined biennially by the Commissioner of Revenue.

Sources: MA Department of Revenue
U. S. Census

Assessed Value of Taxable Property by Classification

Last Ten Fiscal Years

Fiscal Year	Assessed Value							Total Town Value
	Residential Value	Residential % of Total Value	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial % of Total 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
2003 (1)	\$2,471,698,300	85.1%	\$217,111,450	\$186,762,200	\$28,226,499	\$432,100,149	14.9%	\$2,903,798,449



(1) Revaluation year.

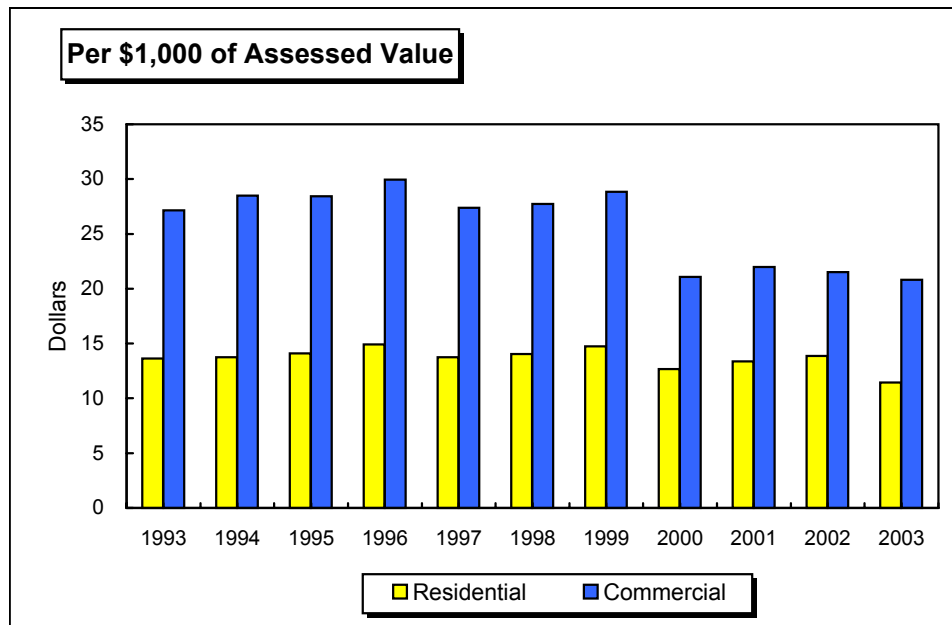
Source: Assessor's Department, Town of Westwood

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
2003 (1)	\$11.45	\$20.80	\$20.80



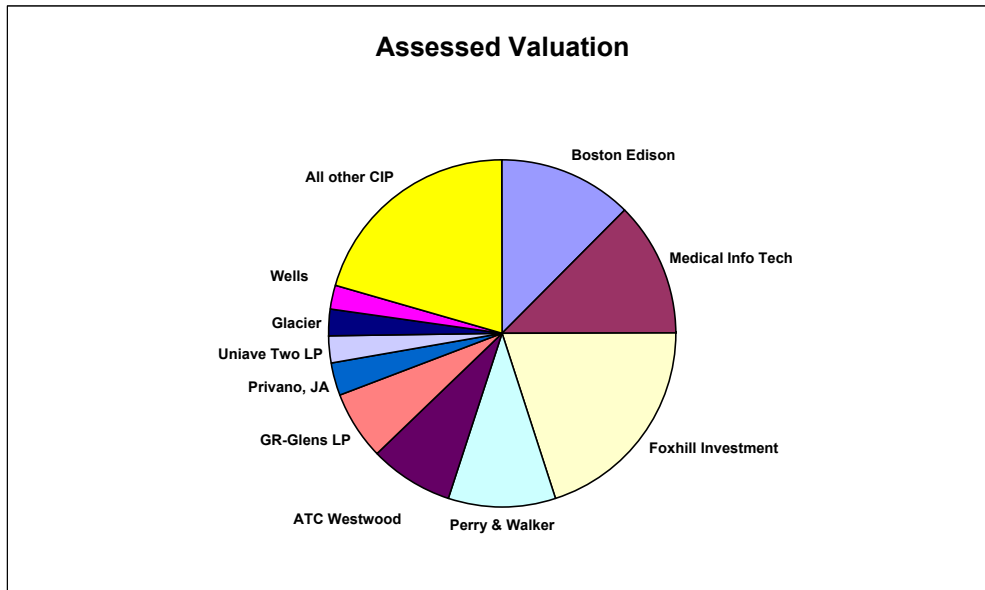
(1) Revaluation Year.

Source: Assessor's Department, Town of Westwood

Principal Taxpayers

June 30, 2003

Name	Nature of Business	Assessed Valuation	Amount of Tax	% of Total Tax Levy
Boston Edison Company	Office Building	\$50,360,000	\$1,047,488	2.8%
Medical Information Tech Inc.	Office Building/Medical Information	\$50,161,000	\$1,043,348	2.8%
Foxhill Investment Corporation	Retirement Community	\$81,095,000	\$969,603	2.6%
Perry and Walker	Office Building/Financial Services	\$40,993,000	\$852,654	2.3%
ATC Westwood	Office Building/Administration	\$31,300,000	\$443,040	1.2%
GR-Highland/Westwood Glen LP	Residential Community	\$25,250,000	\$289,112	0.8%
Piravano, John A. Trustee	Warehouse Storage	\$12,350,000	\$256,880	0.7%
Uniave Two Limited Partnership	Office/Research & Development	\$10,142,000	\$210,954	0.6%
Glacier Limited Partnership	Office Building	\$9,737,000	\$202,530	0.5%
Wells Ave Sr. Holdings LLC	Office/Research & Development	\$9,448,000	\$196,518	0.5%
Totals		\$320,836,000	\$5,512,127	14.8%



(1) Source: Assessor's Department, Town of Westwood
 (2) Total Commercial, Industrial & Personal Property (CIP) Valuation \$432,100,149
 (3) Total Valuation of All Property \$2,903,798,449

Computation of Legal Debt Margin

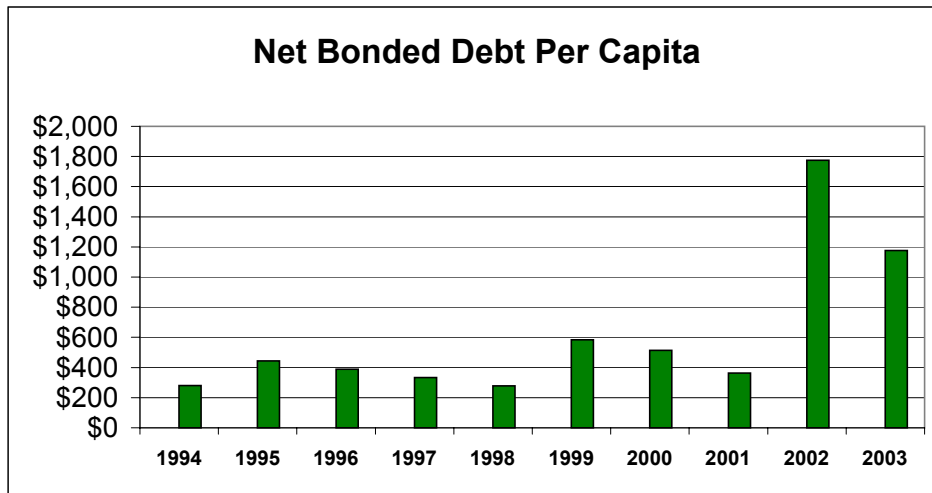
June 30, 2003

Fiscal Year 2003 equalized valuation.....	\$	<u>2,795,016,900</u>
Debt Limit - 5% of equalized valuation.....		139,750,845
Less:		
Total debt applicable to limitation.....		22,400,810
Authorized and unissued debt.....		<u>47,986,340</u>
Legal debt margin.....	\$	<u>69,363,695</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
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	\$31,834,034	\$6,764,466	\$25,069,568	0.90%	\$1,776
2003	14,117	\$2,795,016,900	\$22,400,810	\$5,805,810	\$16,595,000	0.59%	\$1,176



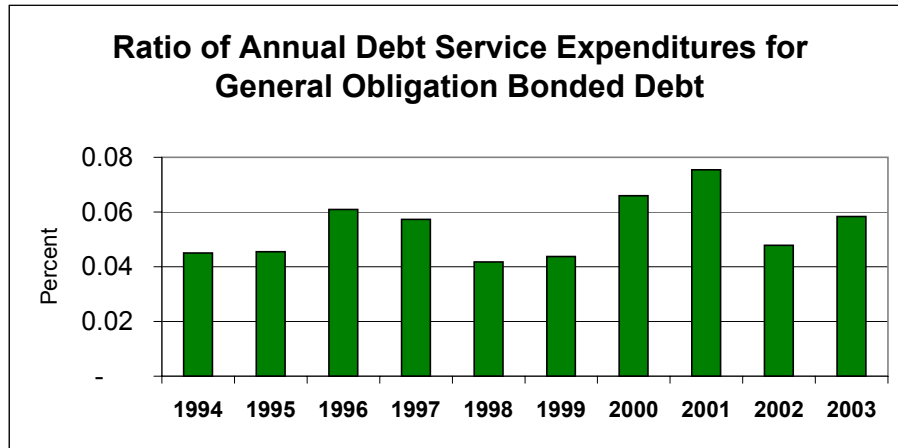
(1) Sewer Enterprise Fund

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
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	\$2,537,157	\$52,980,121 (2)	4.79%
2003	\$3,194,458	\$54,704,922	5.84%



(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.

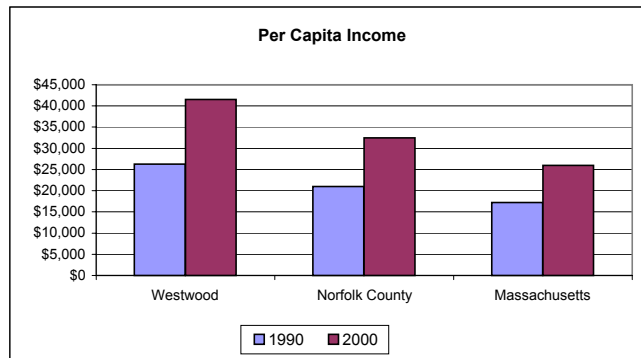
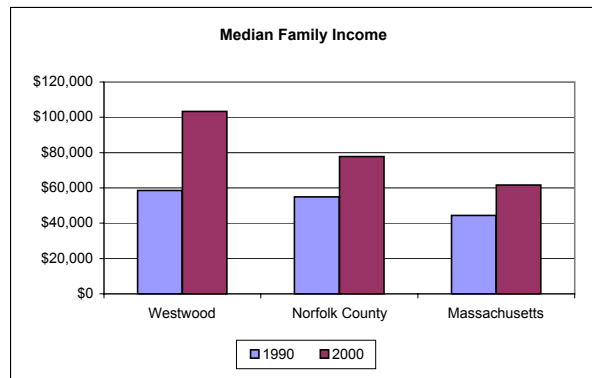
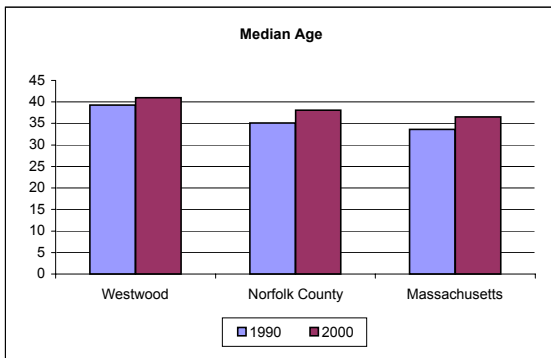
Source: Audited Financial Statements.

Town of Westwood, Massachusetts

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

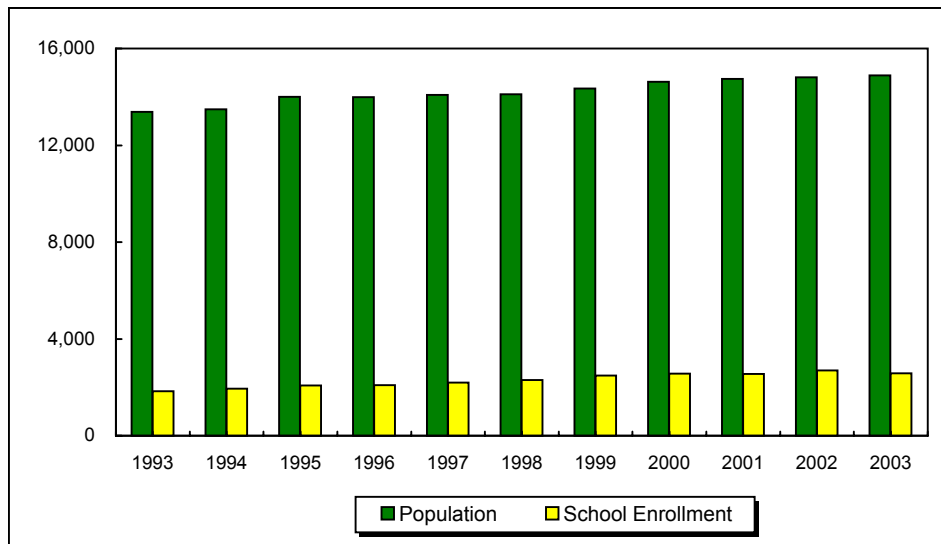


Source: MA Department of Revenue, Division of Local Services
U. S. Census

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
2003	14,885	78	2,573	-125

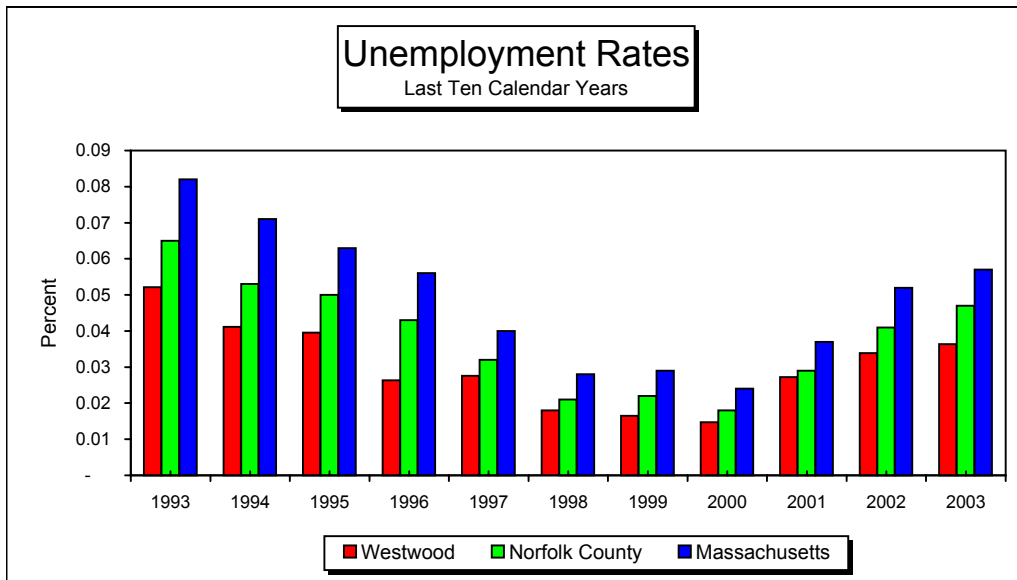


Sources: Town Clerk, Town of Westwood
 School Department, Town of Westwood
 2003 School Enrollment - Estimate

Annual Unemployment Rates (1)

Last Ten Calendar Years

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	7,285	7,084	2.8%	3.2%	4.0%
1998	7,053	6,926	1.8%	2.1%	2.8%
1999	7,043	6,927	1.6%	2.2%	2.9%
2000	7,181	7,075	1.5%	1.8%	2.4%
2001	7,354	7,154	2.7%	2.9%	3.7%
2002	7,287	7,040	3.4%	4.1%	5.2%
2003	(2) 7,365	7,097	3.6%	4.7%	5.7%



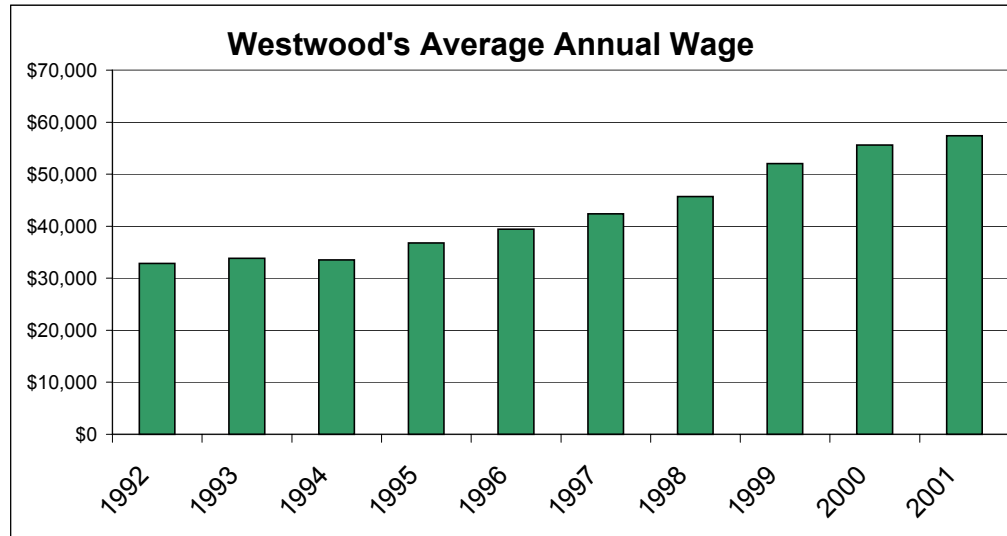
(1) Source: MA Department of Employment and Training

(2) Data as of June, 2003

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

Category	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Agriculture	28	28	30	26	34	*Conf	36	35	37	49
Construction	207	221	253	235	312	361	342	247	252	227
Finance/Insurance/Real Estate	1236	975	1044	1065	932	748	732	714	728	543
Government	551	672	733	733	727	733	685	699	620	606
Transportation/Communication/ Utilities	330	310	652	668	795	878	942	977	962	730
Wholesale/Retail Trade	2572	2907	2944	3033	2707	2576	2274	2374	2621	2045
Services	2760	2810	2698	2681	2684	2823	2647	2988	3370	2958
Manufacturing and Other	796	799	1106	968	1087	1379	1485	1721	1951	2121

Total Employment	8,480	8,722	9,460	9,409	9,278	9,526	9,143	9,755	10,541	9,279
Average Annual Wage	\$32,870	\$33,846	\$35,541	\$36,754	\$39,455	\$42,380	\$45,722	\$52,022	\$55,619	\$57,411
Total Annual Payroll	\$278,740,143	\$295,204,812	\$336,215,569	\$345,818,386	\$366,066,274	\$403,712,718	\$418,036,246	\$507,477,285	\$586,284,422	\$532,716,669



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

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

Town of Westwood, Massachusetts

Property Value, Construction (1) and Bank Deposits

Last Ten Calendar Years

Calendar Year	Real Property Assessed Value	Building Permits Issued (3)	(2) Bank Deposits
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
2003	\$2,875,571,950	9	\$1,338,727,000

(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:

- | | |
|----------|-----------|
| Canton | Holliston |
| Concord | Sharon |
| Medfield | Wayland |
| Sudbury | Weston |

Municipality	Miles from Westwood	2000 Population	2000 EQV Per Capita	2000 Income Per Capita
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 2003						
Municipality	Residential Tax Rate	Commercial Tax Rate	Tax Levy	Taxes As % of Total Revenue	Average Single Family Tax Bill	Moody's Bond Rating*
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 2002

	Canton	Concord	Holliston	Medfield	Sharon	Sudbury	Wayland	Weston	Westwood
Total General Fund Expenditures	\$44,533,192	\$48,730,172	\$38,037,335	\$31,212,549	\$43,480,205	\$58,370,642	\$42,189,484	\$46,253,728	\$40,677,951
Police	\$2,957,750	\$2,504,178	\$1,714,411	\$1,646,439	\$2,229,823	\$1,974,527	\$1,777,206	\$2,320,063	\$2,313,121
% of Total	7%	5%	5%	5%	5%	3%	4%	5%	6%
Fire	\$3,213,093	\$2,502,481	\$498,943	\$460,857	\$1,234,530	\$2,165,208	\$1,570,628	\$2,407,789	\$2,034,193
% of Total	7%	5%	1%	1%	3%	4%	4%	5%	5%
Education	\$20,941,508	\$28,682,194	\$24,050,867	\$17,247,699	\$23,803,702	\$32,379,270	\$22,779,597	\$21,644,688	\$23,024,420
% of Total	47%	59%	63%	55%	55%	55%	54%	47%	57%
Public Works	\$3,065,395	\$2,387,303	\$2,305,625	\$1,947,162	\$2,152,177	\$1,935,095	\$1,665,396	\$3,733,811	\$3,102,186
% of Total	7%	5%	6%	6%	5%	3%	4%	8%	8%
All Other	\$14,355,446	\$12,654,016	\$9,467,489	\$9,910,392	\$14,059,973	\$19,916,542	\$14,396,657	\$16,147,377	\$10,204,031
% of Total	32%	26%	25%	32%	32%	34%	34%	35%	25%
Stabilization Fund (FY02)	\$897,550	\$2,115	\$2,264,914	\$721,725	\$6,206	\$1,480,767	\$149,686	\$11,700	\$272,289
Free Cash (7/01/02)	\$6,371,924	\$4,066,404	\$574,474	\$1,673,319	\$992,118	\$944,818	\$3,789,072	\$1,676,247	\$700,938
Bond Rating (1/1/03)	Aa2	Aaa	A1	Aa2	Aa3	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%

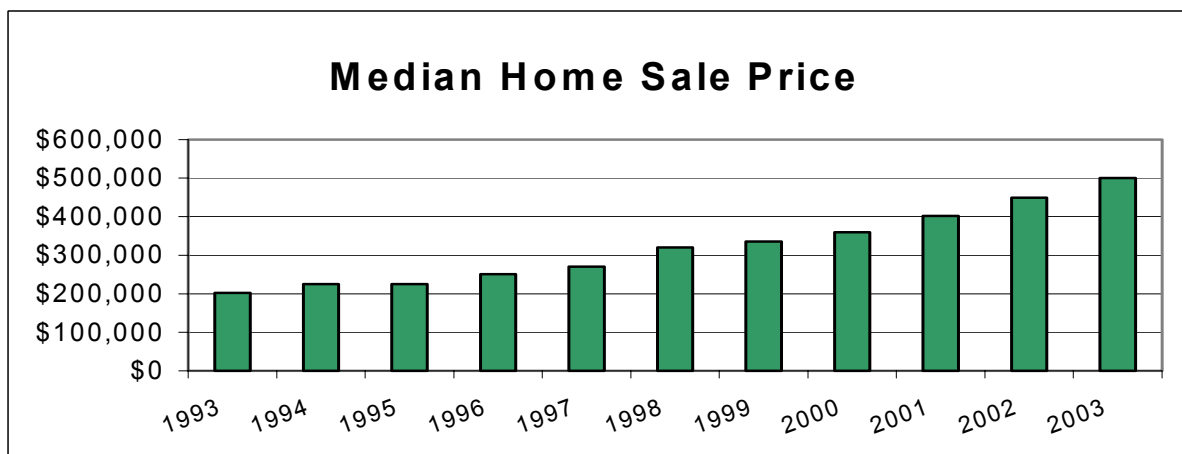
Westwood Schools

- 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. Occupancy is expected sometime in 2004.



New High School

Student Population 2002	2,698	
Per Pupil Expenditure Total Day – 2001	Westwood	State Average
	\$8,976	\$7,960
Dropout Rate (%) - 2001	Westwood	State Average
	0%	3.5%
Plans of High School Graduates - 2000	Westwood	State Average
4-Year College	95%	54%
2-Year College	1%	21%
Work	1%	15%
Military/Other	3%	5%



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 Schools.
- * Sign up for CPR classes on-line.
- * Find out about the preservation of Westwood's open space.
- * 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