

OFFICIAL STATEMENT DATED MARCH 3, 2011

Ratings: See "Ratings" herein.
Moody's Investors Service: Aa1
Standard & Poor's Rating Group: AA+

New Issue

In the opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the "Code").

TOWN OF WESTWOOD, MASSACHUSETTS
\$9,300,000 GENERAL OBLIGATION LIBRARY BONDS
UNLIMITED TAX

DATED
Date of Delivery

DUE
March 1
(as shown below)

The Bonds are issuable only in fully registered form, registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds.

Principal and semiannual interest on the Bonds will be paid by U. S. Bank National Association, Boston, Massachusetts as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner.

Principal of the Bonds will be payable on March 1 of the years in which the Bonds mature. Interest on the Bonds will be payable on September 1, 2011 and semiannually thereafter on each March 1 and September 1 to the Bondowners of record.

In the opinion of Bond Counsel, the Bonds are valid general obligations of the Town of Westwood, Massachusetts (the "Town") and the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town, without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws.

The Bonds are subject to redemption prior to their stated dates of maturity as described herein.

MATURITIES, AMOUNTS, INTEREST RATES, YIELD AND CUSIPS

Table with 10 columns: Due March 1, Principal Amount, Interest Rate, Yield, CUSIP 961777, Due March 1, Principal Amount, Interest Rate, Yield, CUSIP 961777. Rows list maturity years from 2012 to 2019 with corresponding interest rates and yields.

\$930,000 Coupon Rate 4.00% Term Bond Maturing March 1, 2029 Yield @ 4.00% Cusip # 961777 WT2
\$930,000 Coupon Rate 4.00% Term Bond Maturing March 1, 2031 Yield @ 4.05% Cusip # 961777 WW7

The Bonds are offered subject to the final approving opinion of Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts, Bond Counsel, and to certain other conditions referred to herein and in the Notice of Sale. First Southwest Company, Boston, Massachusetts, has acted as Financial Advisor to the Town of Westwood, Massachusetts with respect to the Bonds.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
SUMMARY STATEMENT	3	Pledged Taxes	25
NOTICE OF SALE	4	Community Preservation Act.....	26
THE BONDS:		TOWN FINANCES:	
Description of the Bonds	7	Budget and Appropriation Process	27
Redemption Provisions	7	Operating Budget Trends	27
Record Date	8	Education Reform	27
Book-Entry Transfer System	8	Revenues	27
Authorization of the Bonds and		Property Taxes	27
Use of Proceeds	9	State Aid	28
Tax Exemption	10	State School Building Assistance Program	28
Security and Remedies	11	Federal Aid	29
Opinion of Bond Counsel	12	Motor Vehicle Excise	29
Ratings	13	Room Occupancy Tax	29
Financial Advisory Services		Audits	30
of First Southwest Company	13	Financial Statements	30
Continuing Disclosure	13	Combined Balance Sheet - Governmental Funds	
		Ending June 30, 2010	31
		Combined Balance Sheet - Governmental Funds	
		Ending June 30, 2009	32
		Combined Balance Sheet - Governmental Funds	
		Ending June 30, 2008	33
TOWN OF WESTWOOD:		Combined Statement of Revenues,	
Description	14	Expenditures and Changes in Fund	
Local Government	14	Balance - General Fund	
Principal Town Officials	14	June 30, 2006 - 2010	34
Municipal Services	14	Undesignated General Fund and Free Cash	35
Education	14	Stabilization Fund	35
Economic Conditions and Outlook	15	Investment of Town Funds	35
Unemployment Rates	16	Tax Increment Financing for Development Districts	36
Employment by Industry	17		
Major Employers	17	INDEBTEDNESS:	
Population, Income and Wealth Levels	18	Authorization Procedure and Limitations	37
Building Permits	18	Types of Obligations	37
PROPERTY TAXATION:		Direct Debt Summary	38
Tax Levy Computation	19	Key Debt Ratios	38
Assessed Valuations	20	Annual Debt Service	39
Classification of Property	20	Authorized Unissued Debt	39
Largest Taxpayers	21	Overlapping Debt	39
State Equalized Valuation	21	Contractual Obligations	40
Tax Collections	22	RETIREMENT SYSTEM	40
Abatements and Overlay	23	Other Post-Employment Benefits	42
Tax Outstanding	23	EMPLOYEE RELATIONS	42
Taxation to Meet Deficits	24	LITIGATION	43
Tax Limitations	24	APPENDIX A - Fiscal 2010 Audit	
Unused Levy Capacity	25	APPENDIX B - Proposed Form of Legal Opinion	
Sale of Tax Receivables	25	APPENDIX C - Proposed Form of	
Municipal Tax Amnesty	25	Continuing Disclosure Certificate	
Proposition 2 ½	25		

The information and expressions of opinion in this Preliminary Official Statement are subject to change without notice. Neither the delivery of this Preliminary Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Preliminary Official Statement.

SUMMARY STATEMENT

The information set forth below is qualified in its entirety by the information and financial statements appearing elsewhere in the Official Statement.

Date of Sale:	Thursday, March 3, 2011, 11:00 a.m. (Eastern Time)
Location of Sale	First Southwest Company, 54 Canal Street, 3 rd Floor, Boston, Massachusetts.
Issuer:	Town of Westwood, Massachusetts.
Issue:	\$9,300,000 General Obligation Library Bonds.
Official Statement Dated:	March 3, 2011.
Dated Date of the Bonds:	Date of delivery.
Principal Due:	March 1, 2012 through March 1, 2031, inclusive, as detailed herein.
Purpose and Authority:	The Bonds are authorized for library construction purposes by the Town under provisions of the Massachusetts General Laws as detailed herein.
Redemption:	The Bonds are subject to redemption prior to their stated maturity dates as described herein.
Security for the Bonds:	The Bonds will be valid general obligations of the Town of Westwood, Massachusetts, and the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town, without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws. See "THE BONDS – Authorization and Use of Proceeds" herein.
Credit Ratings:	Moody's Investors Service and Standard & Poor's Ratings Group have assigned ratings of Aa1 and AA+ to the Bonds, respectively.
Bond Insurance:	The Town has not contracted for the issuance of any policy of municipal bond insurance or any other credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date. BIDS MUST INCLUDE A PREMIUM OF AT LEAST \$75,000.
Tax Exemption:	Refer to "THE BONDS -Tax Exemption" herein and "APPENDIX B – Proposed Form of Legal Opinion".
Continuing Disclosure:	Refer to "THE BONDS - Continuing Disclosure" and APPENDIX C – Form of Continuing Disclosure Certificate" herein.
Bank Qualification:	The Bonds WILL BE "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.
Paying Agent:	U. S. Bank National Association, Boston, Massachusetts.
Bond Counsel:	Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts.
Financial Advisor:	First Southwest Company, Boston, Massachusetts.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry only form will be made to DTC on or about March 10, 2011, against payment in Federal Funds.
Additional Information:	Questions concerning the Official Statement should be addressed to: Mr. James J. Gavin, Treasurer, Town of Westwood, Massachusetts. Tel: (781) 326-4962 or Peter Frazier, Senior Vice President, First Southwest Company, Boston, Massachusetts. Tel: (617) 619-4409.

**NOTICE OF SALE
TOWN OF WESTWOOD, MASSACHUSETTS
\$9,300,000 GENERAL OBLIGATION LIBRARY BONDS
UNLIMITED TAX**

The Town of Westwood, Massachusetts, (the "Town") will receive sealed and electronic (as described herein) proposals until 11:00 A.M., Eastern Time, on Thursday, March 3, 2011 for the purchase of the following described General Obligation Library Bonds:

\$9,300,000 General Obligation Library Bonds (Unlimited Tax) payable as follows:

Due March 1	Principal Amount	Due March 1	Principal Amount
2012	\$ 465,000	2022	\$ 465,000 *
2013	465,000	2023	465,000 *
2014	465,000	2024	465,000 *
2015	465,000	2025	465,000 *
2016	465,000	2026	465,000 *
2017	465,000	2027	465,000 *
2018	465,000	2028	465,000 *
2019	465,000	2029	465,000 *
2020	465,000	2030	465,000 *
2021	465,000	2031	465,000 *

*Callable maturities. May be combined into one or two Term Bonds, as provided herein.

The Bonds will be dated as of their delivery date. Principal of the Bonds will be payable on March 1 of the years in which the Bonds mature. Interest will be payable semiannually on March 1 and September 1, commencing September 1, 2011.

The Bonds will be issued in fully registered form by means of a book-entry system with no physical distribution of certificates made to the public. One certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York, ("DTC"), and immobilized in its custody. Ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, will be evidenced by the book-entry system, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC. The winning bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bonds with DTC, registered in the name of Cede & Co. Principal of and semiannual interest on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to Beneficial Owners by participants of DTC will be the responsibility of such participants and other nominees of the beneficial owners. The Town will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants, or persons acting through such participants.

The original Bonds to be immobilized at DTC will be prepared under the supervision of First Southwest Company, Boston, Massachusetts and their legality approved by Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts, whose opinion will be furnished to the original purchaser without charge.

Principal of and semiannual interest on the Bonds will be paid by U. S. Bank National Association, Boston, Massachusetts, or its successor, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to DTC. The disbursement of such payments to the DTC Participants is the responsibility of DTC, and the disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds maturing on and before March 1, 2021 are not subject to redemption prior to their stated maturity dates. Bonds maturing on and after March 1, 2022 shall be subject to redemption prior to their stated maturity dates, at the option of the Town, on and after March 1, 2021, either in whole or in part at any time, and if in part, by lot within a maturity, **at the par amount of the Bonds to be redeemed**, plus accrued interest to the date set for redemption.

For Bonds maturing on and after March 1, 2022, bidders may specify that all of the principal amount of such Bonds in any two or more consecutive years may, in lieu of maturing in each such year, be combined to comprise one or two Term Bonds, and shall be subject to mandatory redemption or mature at par, as described above, in each of the years and in the principal amounts specified in the foregoing maturity schedule. Each mandatory redemption shall be allocated to the payment of the Term Bond maturing in the nearest subsequent year. Bidders may specify no more than two Term Bonds.

Term Bonds, if any, shall be subject to mandatory redemption on March 1 of the year or years immediately prior to the stated maturity of such Term Bonds (the particular Bonds of such maturity to be redeemed to be selected by lot) as indicated in the foregoing maturity schedule at the principal amount thereof plus accrued interest to the redemption date, without premium.

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/20 or 1/8 of one percent, but shall not state (a) more than one interest rate for any Bonds having a like maturity or (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3 percent. No bid of less than par and accrued interest to date of delivery, **plus a premium of at least \$75,000, will be considered.** The bid should reflect the premium required plus accrued interest.

As between proposals which comply with this Notice of Sale, the award will be to the bidder who offers to purchase all the Bonds at the lowest net effective interest rate to the Town. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of the delivery date, discounts semiannually all future payments on account of principal and interest to the price bid. In the event there is more than one proposal specifying the lowest such rate, the Bonds will be awarded to the bidder whose proposal is selected by the Town Treasurer by lot among all such proposals.

Bids must be submitted either:

- (a) In a sealed envelope marked "Proposal for Bonds" and addressed to Mr. James Gavin, Treasurer, Town of Westwood, Massachusetts, c/o First Southwest Company, 54 Canal Street, Boston, Massachusetts 02114. Signed blank bid forms may be faxed to (617) 619-4411 prior to submitting bids, and actual bids may be telephoned to First Southwest Company, telephone (617) 619-4400, at least one-half hour prior to the 11:00 A.M. sale and after receipt of the faxed bid form by First Southwest Company. **First Southwest Company will act as agent for the bidder, but neither the Town nor First Southwest Company shall be responsible for any errors in connection with bids submitted in this manner.**
- (b) Electronically via PARITY in accordance with this Notice of Sale. To the extent any instructions or directions set forth in PARITY conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about PARITY, potential bidders may contact the financial advisor to the Town or PARITY at 40 West 23rd Street, 5th Floor, New York, New York 10010, telephone (212) 404-8102.

The right is reserved to reject any or all proposals and to reject any proposal not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

The award of the Bonds to the winning bidder will not be effective until the bid has been approved by the Treasurer and the Board of Selectmen of the Town of Westwood, Massachusetts. An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town.

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that, contemporaneously with or before accepting the Bonds and paying therefore, such bidder shall be furnished, without cost, with (a) the approving opinion of the firm of Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts, substantially in the form presented in Appendix B to the Preliminary Official Statement dated February 24, 2011, (b) a certificate in form satisfactory to said firm, dated as of the date of delivery of the Bonds and receipt of payment therefor, to the effect that there is no litigation pending or, to the knowledge of the signer or signers thereof, threatened affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, (c) a certificate of the Town Treasurer to the effect that, to the best of his knowledge and belief, the Preliminary Official Statement referred to below as of the date of sale and the Final Official Statement as of the date of delivery of the Bonds, do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate in the form described in the Preliminary Official Statement to be dated as of the date of the Bonds and incorporated by reference in the Bonds.

The Town of Westwood has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefore, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds. Should the bidder purchase municipal bond insurance, all expenses associated with such policy or commitment will be borne by the bidder, except for the fees paid to Moody's Investors Service and Standard & Poor's Rating Group for ratings of the Bonds. Any such fees paid to Moody's Investors Service and Standard & Poor's Rating Group would be borne by the Town.

Additional information concerning the Town of Westwood and the Bonds is contained in the Preliminary Official Statement dated February 24, 2011, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only, and is not a part of this Notice of Sale. The Preliminary Official Statement is deemed final by the Town as of its date for purposes of SEC Rule 15c2-12(b)(1) except for the omission of the reoffering price(s), interest rate(s), delivery date and other terms of the Bonds depending on such matters and the identity of the underwriter(s), but is subject to change without notice and to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement and a suggested form of proposal for the Bonds may be obtained from First Southwest Company, 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114, telephone (617) 619-4400. Within seven business days following award of the Bonds and receipt of the necessary information from the successful bidder, 15 copies of the Final Official Statement will be available to the successful bidder. Upon request, additional copies will be provided at the expense of the requestor.

On or prior to the date of delivery of the Bonds, the successful bidder shall furnish to the Town a certificate acceptable to Bond Counsel generally to the effect that (i) as of March 3, 2011 (the "Sale Date"), the purchaser had offered or reasonably expected to offer all of the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the prices set forth in such certificate, plus accrued interest, if any, (ii) such prices represent fair market prices of the Bonds as of the Sale Date, and (iii) as of the date of such certificate, all of the Bonds have been offered to the general public in a bona fide offering at the prices set forth in such certificate, and at least 10% of each maturity of the Bonds actually has been sold to the general public at such prices. To the extent the certifications described in the preceding sentence are not factually accurate with respect to the reoffering of the Bonds, Bond Counsel should be consulted by the bidder as to alternative certifications that will be suitable to establish the "issue price" of the Bonds for federal tax law purposes. If a municipal bond insurance policy or similar credit enhancement is obtained with respect to the Bonds by the successful bidder, such bidder will also be required to certify as to the net present value savings on the Bonds resulting from payment of insurance premiums or other credit enhancement fees.

It is anticipated that CUSIP identification numbers will be printed on the Bonds but, neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Town, provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau or other charges that may be imposed for the assignment of such numbers.

The Bonds will be "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

In order to assist bidders in complying with the requirements of paragraph (b)(5)(i)(C) of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Issuer will undertake to provide notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement.

The Bonds, in definitive form, will be delivered to The Depository Trust Company on or about March 10, 2011, against payment in federal funds.

TOWN OF WESTWOOD, MASSACHUSETTS
/s/ James Gavin, Treasurer

March 3, 2011

PRELIMINARY OFFICIAL STATEMENT

TOWN OF WESTWOOD, MASSACHUSETTS

**\$9,300,000 GENERAL OBLIGATION LIBRARY BONDS
UNLIMITED TAX**

This Preliminary Official Statement is provided for the purpose of presenting certain information relating to the Town of Westwood, Massachusetts (the "Town") in connection with the sale of \$9,300,000 aggregate principal amount of its General Obligation Library Bonds (the "Bonds"). The information contained herein has been furnished by the Town, except information attributed to another governmental agency or official as the source.

THE BONDS

Description of the Bonds

The Bonds will be dated as of their delivery date. The Bonds are being issued for library construction and mature on March 1 in each of the years and in the principal amounts as set forth on the cover page of this Preliminary Official Statement. Interest on the Bonds will be payable on September 1, 2011 and semiannually thereafter on each March 1 and September 1 to the Bondowners of record.

The Bonds are issuable only in fully registered form without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000, or any integral multiple thereof. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "THE BONDS - Book-Entry Only System" herein.)

Principal and semiannual interest on the Bonds will be paid by U. S. Bank National Association, Boston, Massachusetts as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC participants is the responsibility of DTC and the disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the indirect Participants, as more fully described herein.

Redemption Provisions

The Bonds are subject to redemption prior to their stated maturity dates as described below.

Optional Redemption

The Bonds maturing on and before March 1, 2021 are not subject to redemption prior to their stated maturity dates. Bonds maturing on and after March 1, 2022 shall be subject to redemption prior to their stated maturity dates, at the option of the Town, on and after March 1, 2021, either in whole or in part at any time, and if in part, by lot within a maturity, **at the par amount of the Bonds to be redeemed**, plus accrued interest to the date set for redemption.

Mandatory Redemption

The Bonds maturing March 1, 2029 and March 1, 2031 respectively (the "Term Bonds") are subject to mandatory redemption or maturity on each of the dates and in each of the principal amounts set forth below "the particular portion of each Term Bond to be redeemed or to mature on the final maturity date to be delivered by lot), at a redemption price of par, plus accrued interest, if any, to the redemption date.

930,000 Term Bonds Maturing March 1, 2029

<u>Year</u>	<u>Principal Amount</u>
2028	\$465,000
2029 *	465,000

*Final maturity.

930,000 Term Bonds Maturing March 1, 2031

<u>Year</u>	<u>Principal Amount</u>
2030	\$465,000
2031 *	465,000

*Final maturity.

Notice of Redemption

So long as DTC is the registered owner of the Bonds, notice of any redemption of Bonds prior to their maturities, specifying the Bonds (or the portion thereof) to be redeemed shall be mailed to DTC not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the DTC Participants of the redemption or failure on the part of the DTC Participants, Indirect Participants, or of a nominee of a Beneficial Owner (having received notice from DTC Participant or otherwise) to notify the Beneficial Owner shall not affect the validity of the redemption.

Record Date

The record date for each payment of interest is the fifteenth day of the month proceeding the interest payment date (if such date is not a business day, the record date will be the next succeeding business day), provided that, with respect to overdue interest, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the Bondowners at least ten (10) days before the special record date.

Book-Entry-Transfer System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of securities under the DTC system must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited by DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the securities deposited by DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with DTC; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with DTC unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

Authorization of the Bonds and Use of Proceeds

<u>Principal Amount</u>	<u>Purpose</u>	<u>Total Original Authorization (1)</u>	<u>Statutory Reference (Ch. 44 of The Massachusetts General Laws)</u>	<u>Date of Authorization</u>	<u>Article</u>
\$9,300,000	Library Construction	\$9,300,000	44-7(3)	3/8/2010	4

(1) On April 27, 2010, the Town voted to exempt debt service on the Bonds from the limits of Proposition 2 ½, so called.

Tax Exemption

In the opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel to the Town ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. The Bonds are "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The Town has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion regarding any other Massachusetts tax consequences or as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds ("Premium Bonds"), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Further, no assurance can be given that pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the value of, or the tax status of interest on, the Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

Security and Remedies

Full Faith and Credit. General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" as described below (see "TYPES OF OBLIGATIONS – Serial Notes" under "INDEBTEDNESS" below) and setoffs of state distributions as described below (see "State Distributions" below), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for [and] all amounts necessary to satisfy final judgments". Specific provision is also made for including in the next tax levy payments of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid, if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation. (See "Tax Limitations" Under "PROPERTY TAXATION" below.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See "Debt Limits" under "INDEBTEDNESS" below.) Subject to the approval of the State Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

Court Proceedings. Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law. (See "Tax Limitations" under "PROPERTY TAXATION" below.) In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

Restricted Funds. Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry fee, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, community preservation and affordable housing purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately-held property in the city or town for certain energy conservation and renewable energy projects, and may borrow to establish such a fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual

allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

State Distributions. State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on "qualified bonds" (See "TYPES OF OBLIGATIONS - Serial Bonds and Notes" under "INDEBTEDNESS" below) and any other sums due and payable by the city or town to the Commonwealth or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority if the city or town is within the territory served by the Authority, for any debt service due on obligations issued to the Massachusetts School Building Authority, or for charges necessary to meet obligations under the Commonwealth's Water Pollution Abatement or Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Bankruptcy. Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of Federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not currently authorized by the Massachusetts General Laws to file a petition for bankruptcy under Federal Bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth's oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

Opinion of Bond Counsel

The unqualified approving opinion as to the validity of the Bonds will be rendered by Edwards Angell Palmer & Dodge LLP, of Boston, Massachusetts, Bond Counsel. The opinion will be dated the date of the original delivery of the Bonds and will speak only as of such date. A copy of the legal opinion of the firm of Edwards Angell Palmer & Dodge LLP, of Boston, Massachusetts, will be printed on the Bonds. The proposed form of legal opinion is set forth in Appendix B hereto.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel are not passing upon and do not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same.

Ratings

Moody's Investors Service and Standard & Poor's Rating Group have assigned ratings of Aa1 and AA+ on the Bonds. The ratings are printed on the cover of the Final Official Statement. The ratings reflect only the views of the respective rating agency and will be subject to revision or withdrawal, which could affect the market price of the Bonds.

Financial Advisory Services of First Southwest Company

First Southwest Company, Boston, Massachusetts serves as financial advisor to the Town. The Town has consented to the Firm's participation in the public bidding on the Bonds if it so desires.

Continuing Disclosure

In order to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"), the Town will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Town by not later than 270 days after the end of each fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. Other than the Town, there are no obligated persons with respect to the Bonds within the meaning of the Rule. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix C. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds. The Town has never failed to comply in all material respects with any previous undertakings to provide annual reports or notices of significant events in accordance with the Rule.

THE TOWN OF WESTWOOD, MASSACHUSETTS

Description

The area known as Westwood today was settled in 1640 as a part of the Town of Dedham and was incorporated as a separate town in 1897. The Town is located in Norfolk County approximately 13 miles from Boston. It is bordered on the north and northeast by Needham and Dedham, on the east by Canton, on the south by Norwood and Walpole, and on the west by Dover. Situated at the junction of Interstate Routes 95/128 and 93, Westwood provides an excellent location for its residents and its businesses. It is approximately 11 square miles in area and, according to the 2000 Federal Census, has a population of 14,117.

Local Government

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 and 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 staggered three-year terms.

Local taxes are assessed by a board of three assessors elected for staggered three-year terms.

Principal Executive Officers

<u>Office</u>	<u>Name</u>	<u>Term and Manner of Selection</u>	<u>Term Expires</u>
Selectmen	Philip N. Shapiro - Chair	Elected – 3-year term	2011
	Patrick J. Ahearn	Elected – 3-year term	2013
	Nancy C. Hyde	Elected – 3-year term	2012
Town Administrator	Michael A. Jaillet	Appointed by Selectmen	Indefinite under contract
Treasurer	James J. Gavin	Elected – 3-year term	2012
Collector	Albert Wisialko, Jr.	Elected – 3-year term	2011
Town Clerk	Dorothy Powers	Elected – 3-year term	2013
Town Accountant	Marie O'Leary	Appointed by Selectmen	Indefinite
Finance Director	Pamela Dukeman	Appointed by Selectmen	Indefinite
Superintendent of Schools	John J. Antonucci	Appointed by School Committee	Indefinite under contract

Municipal Services

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

Education

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

The school system is comprised of seven buildings: Five elementary schools with a total capacity of 1,400 students; a middle school with a capacity of 700 students; a high school with a capacity of 800 students; and an administration building. All of the buildings are in good condition. The school staff totals 501 employees, 259 of whom are employed in teaching positions, yielding a student to teacher ratio of 12 to 1. Over the last five years, 93% of Westwood high school graduates have gone on to pursue a four-year college education.

Public Safety - The Town's Police and Fire Departments provide crime prevention, fire fighting, fire prevention and advance life support. The Building Department provides inspection services.

Public Works - Through its Public Works Department, the Town constructs and maintains highways and sidewalks, including snow removal, and maintains street lighting, parks, and cemeteries. Solid waste removal, including recycling, is provided through a contracted service.

Sewer - The Sewer Commission maintains and operates a sewer enterprise system, which provides sewer services to approximately 90% of the Town. The Town's residential and industrial sewage flows to the Nut Island Treatment Plant of the Massachusetts Water Resources Authority.

Water - At a Special Town Meeting on September 30, 1985, the Town voted to establish the Dedham-Westwood Water District, which operates as a separate unit of regional government and supplies water to the Towns of Dedham and Westwood.

Transportation – The Town offers the convenience of two commuter rail lines and full MBTA bus service on some major routes. Commuter rail service to South Station and Back Bay Station in Boston is available, and Amtrak's passenger service between Boston and New York stops at the Route 128 station in Westwood.

Recreation - The Town maintains many recreational areas and facilities, including numerous conservation areas, playgrounds, ball fields and an indoor sport facility. It has two libraries, a senior center and numerous community-sponsored events for the Town's residents.

Economic Conditions and Outlook

The Town of Westwood continues to reflect positive market conditions, especially when compared with other communities. Even through the recent financial crisis, the Town continues to exhibit a strong local economic condition. Per capita income continues to rise and remain above statewide averages, and the Town holds an extremely low comparable unemployment rate.

Westwood continues to actively encourage and pursue commercial development. The Town successfully revamped its zoning regulations over the last several years making them more responsive to market conditions.

Major Initiatives – Following are some of the actions taken to maintain quality of life in the Town:

The Board of Selectmen established the Organization for the Preservation of the Environment and Nature to work with the privately established Westwood Land Trust in order to address the need to conserve open space in a controlled development.

The Town's Economic Development Advisory Board has spent considerable effort discussing further zoning changes to a 50 acre commercial area on Route 1 that has a significant potential of supporting commercial redevelopment.

The Town's Economic Development Advisory Board, established in 1993, has long endeavored to encourage the redevelopment of University Avenue Park, a 250 acre commercial area adjacent to I-95, I-93, Route 128, and the MBTA Amtrak train station. The committee's efforts to encourage office development resulted in the development of a 380,000 square foot headquarters facility for NSTAR, formally known as Boston Edison. Annual additional tax revenue from the facility exceeds \$1 million.

The University Avenue Park primarily consisted of warehouse and light manufacturing facilities developed in the late 1960's and early 1970's, many of which were converted to office facilities. The redevelopment of the park, however, required the assemblage of multiple parcels in order to achieve the development and parking ratios prescribed in the existing zoning regulations for office development. In order to encourage this redevelopment, the Economic Development Advisory Board proposed a creation of a Mixed Use Overlay District as an alternative zoning regulation to the existing zoning in the park. Specifically, these new regulations allowed a developer proposing the redevelopment of 50 or more acres to be able to propose a Master Plan for a Mixed Use Development that could include residential retail and office development. Shortly after the adoption of the Mixed Use Overlay District, Cabot, Cabot & Forbes and Commonfund assembled 17 individually owned parcels and structures, totaling 137 acres, for which they developed a Master Plan for a 4.5 million square foot Mixed Use Development including 1.4 million square feet of retail, 1.8 million square feet of office space, 1,000 residential units and 2 hotels in close proximity to the commuter rail station that serves MBTA and Amtrak Acela (a speed rail service between Boston, New York and Washington).

The Westwood Planning Board recently approved a Special Permit for a Master Plan Mixed Use Development in the University Avenue Park which, when fully built out, is estimated to add \$15 million in net new annual tax revenue. In addition, as part of the mitigation the developer is providing \$11.5 million to fund capital infrastructure improvements and operating costs. In exchange, the Town has negotiated a Tax Increment Financing program that will provide annual tax relief to the development once the Town has reached specified tax increases. The tax savings to the developer are being fully used to service the debt on specific mitigations agreed to as part of the permitting process.

The Westwood Planning Board most recently approved the Environmental Impact Design Review for Phase 1A (half of the proposed 1.4 million square feet of retail and 495 residential units) and expects to approve Phase 1B (the other half of the first phase of the development) within the next few months. In anticipation of these approvals, the developer has demolished most of the existing structures and begun the installation of all utilities and layouts of the new road systems. Further, the developer has received a \$55 million commitment from the Commonwealth to complete these infrastructure improvements, which will be partially funded by the I-Cubed (Infrastructure Investment Incentive) Program administered by the Commonwealth.

The Mixed Use Project, known as Westwood Station, includes a total of 1,000 proposed residential units strategically located within walking distance of the train station. The Route 128/University Park train station, which includes a 2,700 vehicle parking center, provides MBTA commuter service to the Back Bay and South Station in Downtown Boston. The station also serves as the suburban stop for the Acela speed rail train between Boston, New York and Washington, D.C. Further, half of the residential units are being constructed above the retail core of the development and the other half are being constructed in stand alone buildings adjacent to the retail core. With current and forecasted trends in the price of gasoline, these units with access to commuter service, employment opportunities and shopping and leisure activities, are expected to be extremely desirable.

Additionally, the Town currently has approval for one Tax Increment Financing (see "TIF" herein) District, and is seeking approval for a second District. See "TOWN FINANCES - Tax Increment Financing for Development Districts below" for a more detailed discussion.

Unemployment Rates

According to the Massachusetts Department of Employment and Training, in December 2010, the Town had a total labor force of 6,881 of whom 6,527 were employed and 354 or 5.1% were unemployed as compared to 8.0% for the Commonwealth and 9.1% for the United States. The following table sets forth the Town's average labor force and unemployment rates for calendar years 2005 through 2009 and the unemployment rates for the Commonwealth and the nation as a whole for the same period:

<u>Year</u>	<u>Town of Westwood</u>			<u>Unemployment Rate</u>	
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Unemployment Rate</u>	<u>Massachusetts</u>	<u>U.S.</u>
2009	6,837	6,441	5.8%	9.1%	9.7%
2008	6,772	6,522	3.7%	5.3	5.8
2007	6,687	6,480	3.1	4.5	4.6
2006	6,741	6,515	3.4	4.9	4.6
2005	6,682	6,652	3.5	4.8	4.6

Source: Massachusetts Department of Employment and Training. Data based upon place of residence, not place of employment.

Employment by Industry (1)

Following is a summary of the major categories of income and employment from 2005 through 2009:

Industry	Actual				
	2005	2006	2007	2008	2009
Construction	625	669	523	561	390
Manufacturing	661	638	633	417	351
Trade, Transportation and Utilities	2,023	2,019	1,896	592	1,687
Information	926	960	1,021	1,081	1,034
Financial Activities	683	1,005	961	1,029	1,019
Professional and Business Services	2,018	1,916	2,053	2,279	2,209
Education and Health Services	1,488	1,562	1,619	1,570	1,586
Leisure and Hospitality	275	347	465	392	360
Other Services	169	165	163	191	187
Total Employment	8,868	9,281	9,334	8,112	8,823
Number of Establishments	515	514	511	503	498
Average Weekly Wages	\$1,290	\$1,406	\$1,394	\$ 1,433	\$ 1,381
Total Wages	\$602,002,017	\$686,000,455	\$683,833,036	\$ 702,892,496	\$ 640,816,355

(1) Due to the reclassification the U.S. Department of Labor now uses the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.

Major Employers (1)

<u>Name</u>	<u>Nature of Business</u>	<u>Number of Employees</u>
NStar	Power company	1,115
State Street Bank	Financial services	700
Meditech, Inc.	Medical information	435
New York Life Insurance	Life Insurance	325
Roche Bros.	Supermarkets	280
Turnbine, Inc.	Video Games	250
ADE Corporation	Measurement Technology	200
MIB	Medical information	176
Northrop Grumman	Electronics	150
Clair Motors	Car dealer	111

Source: Selectmen's Office.

(1) Excluding the Town.

Population, Income and Wealth Levels

	<u>Westwood</u>	<u>Massachusetts</u>	<u>United States</u>
Median Age:			
2000	41.0	36.5	35.3
1990	39.3	33.6	32.9
Median Family Income:			
2000	\$ 103,242	\$ 61,664	\$ 50,046
1990	67,317	44,367	35,225
Per Capita Income:			
2000	\$ 41,553	\$ 25,952	\$ 21,587
1990	26,241	17,224	14,420

SOURCE: U.S. Bureau of the Census.

Building Permits

The following table sets forth the number of building permits issued and the estimated dollar value of new construction and alterations for calendar years 2005 through 2010. The estimated dollar values are builders' estimates and are generally considered to be conservative. Estimated valuations include both private construction and Town projects:

<u>Calendar Year</u>	<u>New Dwellings</u>	<u>Commercial Foundations</u>	<u>Additions/ Alterations</u>	<u>Totals</u>	
				<u>No.</u>	<u>Value</u>
2010	12	1	683	696	\$30,639,594
2009	13	1	598	612	25,288,627
2008	12	0	675	687	35,752,828
2007	10	0	697	707	35,739,326
2006	22	2	675	699	47,663,306
2005	4	0	238	242	24,681,150

SOURCE: Building Inspector.

PROPERTY TAXATION

Tax Levy Computation

The principal revenue source of the Town is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits, see "Tax Limitations," below.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements (see "Overlay and Abatements," below), no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see "Taxation to Meet Deficits," below).

The following table illustrates the manner in which the tax levy was determined for the current and last four fiscal years:

	Fiscal Year				
	2007	2008	2009	2010	2011
Appropriations (1)	\$ 59,378,618	\$ 65,394,148	\$ 84,021,988	\$ 67,311,973	\$ 67,909,406
Other Local Expenditures	93,744	30,678	157,670	27,313	86,793
State and County Assessments	510,423	519,915	519,332	555,357	554,546
Overlay Reserve	535,530	1,084,368	688,159	523,009	1,121,203
Gross Amount to be Raised	<u>\$ 60,518,315</u>	<u>\$ 67,029,109</u>	<u>\$ 85,387,149</u>	<u>\$ 68,417,652</u>	<u>\$ 69,671,948</u>
LESS ESTIMATED RECEIPTS & OTHER REVENUE:					
Estimated Receipts from State (1)	\$ 6,910,113	\$ 7,346,900	\$ 7,741,754	\$ 7,343,046	\$ 7,341,725
Estimated Receipts - Local	7,551,632	9,463,084	25,380,046	7,527,730	6,739,334
Available Funds Appropriated:					
Free Cash	1,050,000	1,131,648	963,000	1,075,000	985,000
Other Available Funds	1,039,104	567,540	929,260	639,631	1,034,662
Total Estimated Receipts & Other Revenue	<u>\$ 16,550,849</u>	<u>\$ 18,509,172</u>	<u>\$ 35,014,060</u>	<u>\$ 16,585,407</u>	<u>\$ 16,100,721</u>
Net Amount To Be Raised (Tax Levy)	\$ 43,967,466	\$ 48,519,937	\$ 50,373,089	\$ 51,832,245	\$ 53,571,227
Property Valuation (000)	3,662,134	3,694,294	3,687,886	3,518,301	3,429,914
Tax Rate per \$1,000					
Residential/Open Space	\$ 10.73	\$ 11.74	\$ 12.01	\$ 13.07	\$ 13.83
Personal/Commercial/Industrial	\$ 19.81	\$ 21.67	\$ 22.25	\$ 23.98	\$ 25.38

Source: Board of Assessors

(1) Estimated by the State Department of Revenue and required by law to be used in setting of the tax rate. Actual state aid payments may vary upward or downward from said estimates, and the State may withhold payments pending receipt of State and County assessments.

NOTE: Property tax rates may not be set by the local assessors until they have been approved by the Commissioner of Revenue.

Assessed Valuation

Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every three years, or pursuant to a revised schedule as may be issued by the Commissioner.

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes his own redetermination of the fair cash value of the taxable property in each municipality. This is known as the "equalized value". See "DEBT LIMITS" above.

The Town assesses all classes of property at the same tax rate.

Related statutes provide that certain forest land, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

Valuation of real and personal property in Westwood is established by the Board of Assessors.

The following table sets forth the trend in the Town's assessed and equalized valuations (see "State Equalized Valuation," below):

Fiscal Year	Assessed Valuation (1)			Equalized Valuation (2)	Assessed Valuation as a Percent of Equalized Valuation
	Real Estate	Personal Property	Total		
2011	\$3,429,913,655	\$52,502,700	\$3,482,416,355	\$3,845,002,400	90.6%
2010	3,518,301,121	48,381,800	3,566,682,921	3,906,162,100	91.3
2009	3,687,886,752	47,784,400	3,735,651,152	3,906,162,100	95.6
2008	3,642,338,949	51,955,500	3,694,294,449	3,834,008,100	96.4
2007	3,610,171,350	51,962,800	3,662,134,150	3,834,008,100	95.5

(1) Source: Board of Assessors.

(2) Source: Massachusetts Department of Revenue. The equalized valuations used here are as follows: for fiscal year 2011 equalized valuation as of January 1, 2010; 2010 and 2009, equalized valuation as of January 1, 2008; for fiscal years 2007 and 2008, equalized valuation as of January 1, 2006.

Classification of Property

Following is a breakdown by classification of the Town's assessed valuations for the current and last two fiscal years:

	Fiscal 2011		Fiscal 2010		Fiscal 2009	
	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total
Residential	\$ 3,014,069,261	86.6 %	\$ 3,088,616,907	86.6 %	\$ 3,197,768,457	85.6 %
Commercial	303,956,394	8.7	313,502,764	8.8	325,730,795	8.7
Industrial	111,888,000	3.2	116,181,450	3.3	164,387,500	4.4
Personal	52,502,700	1.5	48,381,800	1.4	47,764,400	1.3
Total	<u>\$ 3,482,416,355</u>	<u>100.0 %</u>	<u>\$ 3,566,682,921</u>	<u>100.0 %</u>	<u>\$ 3,735,651,152</u>	<u>100.0 %</u>

Source: Board of Assessors.

Largest Taxpayers

Following is a list of the ten largest taxpayers in the Town based upon assessed valuations for fiscal 2011. All of these taxpayers are current in their property tax payments:

<u>Name</u>	<u>Nature of Business</u>	<u>Fiscal Assessed Value</u>	<u>2011 Tax Levy</u>	<u>Percent of Total 2011 Tax Levy</u>
Medical Information Tech. Inc.	Office Building/Medical Info.	\$ 48,816,650	\$ 1,238,967	2.3 %
NSTAR	Office Building	48,120,100	1,213,867	2.3
Foxhill	Residential Community	79,337,300	1,121,769	2.1
CFRI/Doherty WW Station	Office Building/Warehouse	42,006,800	1,066,133	2.0
CFRI/Doherty WW Station	Office Building/Warehouse	35,556,700	897,370	1.7
CFRI Doherty Rosemont	Residential Community	22,348,000	567,192	1.1
CRP Holdings	Office/Research & Development	29,040,650	435,443	0.8
Gr-Highland/Westwood Glen LP	Residential Community	17,156,950	401,632	0.7
346 University LLC	Office Building	9,897,350	251,195	0.5
Fairlane Westwood LLC	Office/Warehouse/Leasing	9,357,100	237,483	0.4
	Total	<u>\$ 424,776,550</u>	<u>\$ 9,228,324</u>	<u>17.2 %</u>

Source: Board of Assessors.

State Equalized Valuation

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality as of January 1 of even numbered years for the next two years. This is known as "equalized value." The following table sets forth the trend in equalized valuations of the Town:

<u>As of January 1</u>	<u>State Equalized Valuations</u>	<u>% Change</u>
2010	\$3,845,002,400	(1.56)%
2008	3,906,162,100	1.85
2006	3,834,008,100	12.3
2004	3,415,448,600	22.2
2002	2,795,016,900	12.8

Source: Massachusetts Department of Revenue.

Tax Collections

The Town has accepted a statute providing for quarterly tax payments; under the statute, preliminary tax payments are due on August 1 and November 1 with payment of the actual tax bill (after credit is given for the preliminary payments) in installments on February 1 and May 1 if actual tax bills are mailed by December 31. Interest accrues on delinquent taxes at the rate of 14 percent per annum retroactive to one month before the due date.

Real property (land and buildings) is subject to a lien for the taxes assessed upon it, subject to any paramount federal lien and subject to bankruptcy and insolvency laws. (In addition, real property is subject to a lien for certain unpaid municipal charges or fees.) If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment. Based on the Town's experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

The Town is authorized to increase each tax levy by an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the excess is required to be added to the next tax levy.

Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with approval of the State Commissioner of Revenue. But uncollected real property taxes are not ordinarily written off until they become municipal "tax titles" by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The following table presents tax collections of the Town for the last five fiscal years:

<u>Fiscal Year</u>	<u>Gross Tax Levy</u>	<u>Overlay Reserve for Abatements</u>	<u>Net Tax Levy (1)</u>	<u>% of Net Collected at FY End (2)</u>
2010	\$ 51,832,245	\$ 523,009	\$ 51,309,236	97.8 %
2009	50,373,089	688,159	49,684,930	97.8
2008	48,519,937	1,084,368	47,435,569	101.0
2007	43,967,446	535,530	43,431,916	99.5
2006	42,197,020	492,206	41,704,814	99.6

Source: Board of Assessors as to rates and levies; Town Accountant as to tax collections.

(1) Net of overlay reserve for abatements.

(2) I.e., at the end of the fiscal year for which levied.

Abatements and Overlay

The following table sets forth the amount of overlay reserve for the last five fiscal years and abatements or exemptions granted through June 30 of each fiscal year:

Fiscal Year	Overlay Allowance		Abatements Granted as of June 30 (1)	Overlay Excess (Deficit)
	Dollar Amount	Percent of Total Levy		
2010	\$ 523,009	1.0%	\$ 584,174	\$ 61,165
2009	688,159	1.4	479,690	208,469
2008	1,084,368	2.2	239,144	845,224
2007	535,530	1.2	377,910	157,610
2006	492,206	1.2	496,952	4,746

Source: Town Collector.

(1) Includes real estate and personal property tax abatements for five prior fiscal years.

Taxes Outstanding

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for nonpayment of taxes. In either case, the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right to redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments) it can be foreclosed or taken by the municipality, becoming a "tax possession," which may be held and disposed of in the same manner as other land held for municipal purposes. Uncollectible real property taxes are ordinarily not written off until they become municipal tax titles (either by purchase at the public sale or by taking), at which time the tax is written off in full by reserving the amount of tax and charging surplus.

The following table presents aggregate taxes outstanding for the last five fiscal years:

As of 6/30	Aggregate Taxes Outstanding (1)	Tax Titles
2010	\$1,191,936	\$133,912
2009	630,607	113,050
2008	480,232	96,100
2007	523,210	47,090
2006	279,947	49,800

Source: Town Collector.

(1) For five prior fiscal years. Excludes abated taxes. Includes taxes in litigation if any.

Taxation to Meet Deficits

Overlay deficits, i.e., tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e., those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates, and certain established salaries, e.g. civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as "free cash" deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

Tax Limitations

Chapter 59, Section 21C of the General Laws, also known as Proposition 2½, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year's valuation.

This "growth" limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the "growth" limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit "to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year".

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or for the city or town's apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option". Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

Unused Levy Capacity (1)

The following table sets forth the Town's tax levy limits and unused levy capacity for the current and last four fiscal years:

	For Fiscal Year				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Primary Levy Limit (2)	\$87,060,409	\$89,167,073	\$93,391,279	\$92,357,361	\$91,553,354
Prior Fiscal Year Levy Limit	50,167,618	48,296,355	46,442,531	41,938,658	40,281,756
2.5% Levy Growth	1,254,190	1,207,409	1,161,063	1,048,466	1,007,044
Current Fiscal Year New Growth (3)	539,081	658,066	692,761	678,020	649,858
Current Fiscal Year Override	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,777,387</u>	<u>0</u>
Growth Levy Limit	51,960,889	50,161,830	48,296,355	46,442,531	41,938,658
Current Fiscal Year Debt Exclusions	1,838,094	1,722,080	2,158,527	2,199,778	2,219,418
Current Fiscal Year Capital Expenditures Override	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Tax Levy Limit	53,798,983	51,883,910	50,454,882	48,642,309	44,158,076
Tax Levy	<u>53,571,227</u>	<u>51,832,246</u>	<u>50,373,089</u>	<u>48,519,937</u>	<u>43,967,446</u>
Unused Levy Capacity (4)	<u>\$ 227,756</u>	<u>\$ 51,664</u>	<u>\$ 81,793</u>	<u>\$ 122,372</u>	<u>\$ 190,630</u>
Unused Primary Levy Capacity (5)	<u>\$35,099,520</u>	<u>\$39,005,243</u>	<u>\$45,094,924</u>	<u>\$45,914,830</u>	<u>\$49,614,696</u>

(1) Source: Massachusetts Department of Revenue.

(2) 2.5% of assessed valuation.

(3) Allowed increase for new valuations - certified by the Department of Revenue.

(4) Tax Levy Limit Less Tax Levy.

(5) Primary Levy Limit Less Growth Levy Limit.

Sale of Tax Receivables

Cities and towns are authorized to sell delinquent property tax receivables by public sale or auction, either individually or in bulk.

Municipal Tax Amnesty

Pursuant to recent legislation, a municipality may establish a municipal tax amnesty program expiring not later than June 30, 2011. Under such program, the municipality may waive, during the amnesty period, certain penalties, fees, charges and accrued interest, provided the taxpayer pays the amount of the tax to which such penalties, fees, charges, and accrued interest relates.

Proposition 2 1/2

Between the passage of Proposition 2 ½ in 1980 and February 24, 2011, the Town of Westwood has approved debt exclusions totaling \$80,404,090 in par amount of bonds, for various purposes.

Pledged Taxes

Taxes on the increased value of certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes.

Community Preservation Act

The Massachusetts Community Preservation Act (the "CPA") permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy and to receive state matching funds for the acquisition, creation, preservation, rehabilitation and restoration of open space, historic resources and affordable housing. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% of the real property tax levy, and it may accept one or more exemptions to the surcharge under the CPA, including an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property, and an exemption for commercial and industrial properties in cities and towns with classified tax rates. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2 ½ (see "Tax Limitations" under "PROPERTY TAX"). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge on the real property tax levy. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provision of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula which requires that 80% of the amount in the state trust fund be used to match an equal percentage of the amount raised locally by each city and town, and that the remaining 20% of the amount in the fund be distributed only to those cities and towns that levy the maximum 3% surcharge base on a formula which takes into account equalized property valuation and population, resulting in larger distributions to those communities with low valuations and small populations. The total state distribution made to any city or town may not, however, exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on real property taxes and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

The Town has not adopted the Community Preservation Act.

TOWN FINANCES

The Budget and Appropriation Process

The annual appropriations of the Town are ordinarily made at the Annual Town Meeting, which generally takes place in May. Appropriations may also be voted at Special Town Meetings. 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 presents a budget to the Town Meeting for approval. A 15-member Finance Commission reviews the budget and makes recommendations to Town Meeting.

The school budget is limited to the total amount appropriated by the town meeting, but the school committee retains full power to allocate the funds appropriated. (See "Education Reform," below.)

State and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for, and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget, but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy.

Operating Budget Trends

The following table sets forth the trend in general fund expenditures by category for fiscal 2007 through 2011:

	Fiscal Year				
	2011	2010	2009	2008	2007
General Government	\$ 2,587,233	\$ 2,543,629	\$ 2,576,341	\$ 2,300,416	\$ 2,215,612
Public Safety	5,778,735	5,778,483	5,764,188	5,490,556	5,256,142
Education	32,778,495	32,768,630	32,761,080	30,978,154	27,326,092
Public Works	4,191,404	4,260,404	4,204,834	4,152,206	4,026,688
Sewer Enterprise	3,211,356	3,174,752	4,007,563	3,845,601	3,534,149
Human Services	701,762	673,836	652,873	623,477	549,059
Culture and Recreation	1,233,153	1,233,153	1,243,585	1,184,290	1,153,266
Reserves/Benefits/Insurance	9,628,636	9,187,745	8,911,037	7,892,204	7,340,585
Debt Service	5,899,598	6,127,341	6,372,806	6,124,069	6,164,592
Other	54,534	-	-	-	-
Total	\$ 66,064,906	\$ 65,747,973	\$ 66,494,307	\$ 62,590,973	\$ 57,566,185

Source: Town Accountant.

Education Reform

State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education and related programs, and may affect the level of state aid to be received for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors.

Since its passage, the Town has complied with the Act and appropriations for education have exceeded the minimum required level.

Revenues

Property Taxes: Property taxes are the major source of revenue of the Town. The total amount levied is subject to certain limits prescribed by law; for a description of those limits, see "Tax Limitations," above.

State Aid - In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use, and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. The formulas for determining a municipality's state aid entitlement are subject to amendment by the state legislature and, while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

In the fall of 1986, both the State Legislature (by statute, repealed as of July 1, 1999) and the voters (by initiative petition) placed limits on the growth of state tax revenues. Although somewhat different in detail, each measure essentially limited the annual growth in state tax revenues to an average rate of growth in wages and salaries in the Commonwealth over the three previous calendar years. If not amended, the remaining law could restrict the amount of state revenues available for state aid to local communities.

Legislation was enacted in 1991 to help municipalities compensate for additional local aid reductions by the Commonwealth for fiscal year 1992. Under that law, municipalities were allowed to defer budgeting for teacher's summer compensation payable by the end of the fiscal years 1992 and 1993. Municipalities that chose to defer such amounts are required to amortize the resulting budget deficiency by raising at least one fifteenth of the deferred amount in each of the fiscal years 1997 through 2011, or in accordance with a more rapid amortization schedule.

Following are state aid payments received by the Town for the current and last five fiscal years.

<u>Fiscal Year</u>	<u>State Aid Receipts</u>
2011 (est.)	\$4,581,562
2010	4,290,440
2009	4,735,987
2008	4,239,632
2007	3,717,104
2006	3,425,166

Source: Town Accountant.

The State legislature authorized cuts in state aid for fiscal 2010 of \$445,547, or approximately 9%, after the tax rate and levy had been set using the estimated amount shown above. The Town was able to close the gap created by this loss of revenue by level funding the school and municipal operating budgets. The Town does not anticipate any further cuts in state aid during fiscal 2011; however the Town level funded the school and municipal operating budgets and gave 0% COLA wage increases. For fiscal 2012, the Town is planning to increase the school and municipal budgets by 2% of the current fiscal year's budget.

State School Building Assistance Program: Under its school building assistance program, the Commonwealth of Massachusetts provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "Authority") to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program.

Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the Authority based on the approved project cost and reimbursement rate applicable under the prior law. The Authority has paid and is expected to continue to pay the remaining amounts of the grants for such projects either in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects, or as lump sum payments to contribute to the defeasance of such bonds.

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the Authority based on the eligible project costs and reimbursement rates applicable under the prior law. With limited exceptions, the Authority is required to fund the grants for such projects in the order in which they appear on the waiting list. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the Authority in lump sum payments, thereby eliminating the need for the Authority to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the Authority's share of such project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, is included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway have been and are expected to continue to be paid by the Authority as project costs are incurred by the municipality pursuant to a project funding agreement between the Authority and the municipality, eliminating the need for the municipality to borrow even on a temporary basis to finance the Authority's share of the project costs in most cases.

The range of reimbursement rates for new project grant applications submitted to the Authority on or after July 1, 2007 has been reduced to between 40% and 80% of approved project costs. The Authority promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

Federal Aid: During the years ending June 30, 2009 and June 30, 2010, the Town received no significant federal financial assistance. During the year ending June 30, 2011, the Town does not expect to receive significant federal financial assistance.

Motor Vehicle Excise Tax: An excise is imposed on the registration of motor vehicles (subject to exemptions) at a rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is customarily kept. Valuations are determined by a statutory formula based on manufacturers' list price and year of manufacture. Bills not paid when due bear interest at 12 percent per annum. Provision is also made for suspension of registration by the registrar of motor vehicles, who may also after a hearing suspend the owner's operating license.

The following table presents a five-year history of motor vehicle excise tax receipts of the Town:

<u>Fiscal Year</u>	<u>Receipts (1)</u>
2010	\$2,131,252
2009	2,242,921
2008	2,202,799
2007	2,184,300
2006	2,335,270

Source: Town Accountant.

(1) Net after refunds. Includes receipts from prior years' levies.

Room Occupancy Tax: In 1985 the State legislature made available a room occupancy excise tax as an additional source of revenue for municipalities. Under this tax, local governments may tax the provision of hotel, motel and lodging house rooms at a rate not to exceed four percent (4%) of the cost of renting such rooms. The tax is paid by the operator of the hotel, motel or lodging house to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located in quarterly distributions. The Town is currently levying this tax at the maximum four percent rate. In fiscal 2009 and fiscal 2010, receipts totaled approximately \$9,185 and \$8,374, respectively.

Audits

The Town's accounts have been audited annually by Powers and Sullivan, of Boston, Massachusetts. An audit for fiscal year ended June 30, 2010 is attached hereto as Appendix A.

The attached report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Financial Statements

Set forth on the following pages are Governmental Funds Balance Sheets for fiscal years ended 2008 through 2010, and a Comparative Statement of Revenues and Expenditures (General Fund) for fiscal years 2006 through 2010. Said statements have been extracted from the Town audited financials.

TOWN OF WESTWOOD, MASSACHUSETTS
Governmental Funds
June 30, 2010 (1)

ASSETS	General	Stabilization	Westwood Station	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 7,670,976	\$ 1,216,020	\$ 138,417	\$ 7,513,360	\$ 16,538,773
Investments	-	-	-	9,402	9,402
Receivables, net of uncollectibles:					
Real Estate and Personal Property taxes	1,191,936	-	-	-	1,191,936
Tax Liens	387,612	-	-	-	387,612
Motor Vehicle Excise Taxes	107,637	-	-	-	107,637
Departmental and other	7,184	-	-	116,309	123,493
Intergovernmental	17,676,000	-	-	662,605	18,338,605
TOTAL ASSETS	\$ 27,041,345	\$ 1,216,020	\$ 138,417	\$ 8,301,676	\$ 36,697,458
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Warrants payable	1,082,425	-	-	96,581	1,179,006
Accrued payroll	1,273,056	-	-	30,460	1,303,516
Other liabilities	1,229,121	-	-	-	1,229,121
Deferred revenue	19,253,292	-	-	778,914	20,032,206
TOTAL LIABILITIES	22,837,894	-	-	905,955	23,743,849
Fund Balances					
Encumbrances and Continuing Appropriations	1,855,781	-	-	-	1,855,781
Perpetual permanent funds	-	-	-	325,949	325,949
Unreserved:					
Designated for subsequent year's expenditures	810,000	-	-	-	810,000
Undesignated, reported in:					
General Fund	1,537,670	-	-	-	1,537,670
Special Revenue Funds	-	1,216,020	138,417	5,512,635	6,867,072
Capital Projects Funds	-	-	-	1,356,217	1,356,217
Permanent Funds	-	-	-	200,920	200,920
Total Fund Balances:	4,203,451	1,216,020	138,417	7,395,721	12,953,609
Total liabilities and fund balances	\$ 27,041,345	\$ 1,216,020	\$ 138,417	\$ 8,301,676	\$ 36,697,458

(1) Extracted from the audited financial statements of the Town.

TOWN OF WESTWOOD, MASSACHUSETTS
Governmental Funds
June 30, 2009 (1)

ASSETS	General	Stabilization	Westwood Station	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 7,518,060	\$ 1,210,708	\$ 172,088	\$ 10,791,539	\$ 19,692,395
Investments	-	-	-	8,114	8,114
Receivables, net of uncollectibles:					
Real Estate and Personal Property taxes	440,273	-	-	-	440,273
Tax Liens	309,110	-	-	-	309,110
Motor Vehicle Excise Taxes	86,647	-	-	-	86,647
Departmental and other	16,673	-	-	170,930	187,603
Special Assessments	162	-	-	-	162
Intergovernmental	19,832,000	-	-	954,724	20,786,724
TOTAL ASSETS	\$ 28,202,925	\$ 1,210,708	\$ 172,088	\$ 11,925,307	\$ 41,511,028
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Warrants payable	946,750	-	-	175,813	1,122,563
Accrued payroll	1,065,336	-	-	-	1,065,336
Tax refunds payable	153,895	-	-	-	153,895
Other liabilities	1,164,995	-	-	-	1,164,995
Deferred revenue	20,481,192	-	-	1,125,654	21,606,846
TOTAL LIABILITIES	23,812,168	-	-	1,301,467	25,113,635
Fund Balances					
Encumbrances and Continuing Appropriations	1,450,831	-	-	-	1,450,831
Perpetual permanent funds	-	-	-	314,274	314,274
Unreserved:					
Designated for subsequent year's expenditures	870,000	-	-	-	870,000
Undesignated, reported in:					
General Fund	2,069,926	-	-	-	2,069,926
Special Revenue Funds	-	1,210,708	172,088	5,562,959	6,945,755
Capital Projects Funds	-	-	-	4,536,063	4,536,063
Permanent Funds	-	-	-	210,544	210,544
Total Fund Balances:	4,390,757	1,210,708	172,088	10,623,840	16,397,393
Total liabilities and fund balances	\$ 28,202,925	\$ 1,210,708	\$ 172,088	\$ 11,925,307	\$ 41,511,028

(1) Extracted from the audited financial statements of the Town.

TOWN OF WESTWOOD, MASSACHUSETTS
Governmental Funds
June 30, 2008 (1)

ASSETS	<u>General</u>	<u>Stabilization</u>	<u>New High School</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and short-term investments	\$ 6,587,426	\$ 1,037,354	\$ 301,667	\$ 8,419,330	\$ 16,345,777
Receivables, net of uncollectibles:					
Real Estate and Personal Property taxes	371,917	-	-	-	371,917
Tax Liens	211,231	-	-	-	211,231
Motor Vehicle and Other Excise Taxes	165,277	-	-	-	165,277
Departmental and other	14,081	-	-	134,378	148,459
Special Assessments	243	-	-	-	243
Intergovernmental	21,917,000	-	-	854,393	22,771,393
Total Assets:	<u>\$ 29,267,175</u>	<u>\$ 1,037,354</u>	<u>\$ 301,667</u>	<u>\$ 9,408,101</u>	<u>\$ 40,014,297</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Warrants payable	1,123,872	-	-	1,137,443	2,261,315
Accrued payroll	1,010,322	-	-	440	1,010,762
Other liabilities	406,418	-	-	-	406,418
Deferred revenue	22,536,760	-	-	988,771	23,525,531
Notes payable	-	-	-	35,000	35,000
Total Liabilities:	<u>25,077,372</u>	<u>-</u>	<u>-</u>	<u>2,161,654</u>	<u>27,239,026</u>
Fund Balances/Reserved For:					
Encumbrances and Continuing Appropriations	1,041,648	-	-	-	1,041,648
Perpetual permanent funds	-	-	-	300,298	300,298
Unreserved:					
Designated for subsequent year's expenditures	1,166,720	-	-	-	1,166,720
Undesignated, reported in:					
General Fund	1,981,435	-	-	-	1,981,435
Special Revenue Funds	-	1,037,354	-	5,371,315	6,408,669
Capital Projects Funds	-	-	301,667	1,359,960	1,661,627
Permanent Funds	-	-	-	214,874	214,874
Total Fund Balances:	<u>4,189,803</u>	<u>1,037,354</u>	<u>301,667</u>	<u>7,246,447</u>	<u>12,775,271</u>
Total liabilities and fund balances	<u>\$ 29,267,175</u>	<u>\$ 1,037,354</u>	<u>\$ 301,667</u>	<u>\$ 9,408,101</u>	<u>\$ 40,014,297</u>

(1) Extracted from the audited financial statements of the Town.

**TOWN OF WESTWOOD, MASSACHUSETTS
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE--GENERAL FUND(1)**

REVENUES:	June 30,				
	2006	2007	2008	2009	2010
Real and Property Taxes	\$ 41,656,689	\$ 43,390,323	\$ 48,329,364	\$ 49,655,987	\$ 50,545,249
Motor vehicle excise	2,298,852	2,135,754	2,213,371	2,242,922	2,131,252
Westwood Station guaranteed tax payment	-	-	-	1,750,000	615,000
Westwood Station building permits	-	-	-	811,079	-
Intergovernmental	11,281,625	11,564,211	12,129,464	12,372,131	12,445,401
Penalties and interest on taxes	55,045	67,239	96,970	96,949	105,602
Fees	159,315	310,687	279,096	251,898	233,430
Special Assessments	227	219	94	91	-
Offset receipts - recreation	-	-	-	-	-
Departmental and other revenue	299,369	609,175	637,043	571,888	255,382
Licenses and permits	563,180	438,345	479,822	378,525	403,405
Fines	20,233	20,030	16,825	16,982	17,521
Investment income	688,030	707,268	615,900	280,678	111,156
Total Revenues	<u>\$ 57,022,565</u>	<u>\$ 59,243,251</u>	<u>\$ 64,797,949</u>	<u>\$ 68,429,130</u>	<u>\$ 66,863,398</u>
 EXPENDITURES:					
Current:					
General Government	\$ 1,925,251	\$ 2,201,667	\$ 2,217,133	\$ 2,443,455	\$ 2,478,371
Public Safety	4,922,315	5,422,500	5,712,133	5,899,945	5,943,746
Education	26,243,473	27,559,834	30,591,159	32,407,192	32,676,099
Public Works	4,140,533	4,068,829	4,463,733	4,574,961	4,208,842
Human Services	501,705	566,943	623,576	675,853	700,964
Culture & Recreation	1,104,643	1,153,346	1,180,194	1,225,317	1,241,405
Pension Benefits	6,087,190	6,521,911	6,705,488	7,294,027	7,557,081
Property and Liability Insurance	324,298	335,255	371,053	317,418	278,318
Employee Benefits	3,962,780	4,349,031	4,788,339	4,950,403	5,379,428
State and district assessments	496,993	508,634	514,316	521,780	536,238
Capital outlay	1,269,732	1,448,482	1,005,620	1,106,238	1,302,387
Capital outlay - Westwood Station	-	-	-	792,600	18,400
Debt Service	6,305,218	6,153,350	6,124,070	6,325,846	6,073,034
Total Expenditures	<u>57,284,131</u>	<u>60,289,782</u>	<u>64,296,814</u>	<u>68,535,035</u>	<u>68,394,313</u>
Excess (deficiency) of revenues over expenditures	(261,566)	(1,046,531)	501,135	(105,905)	(1,530,915)
Other financing sources (uses):					
Capital Lease Financing	-	185,622	24,000	-	-
Operating transfers in	348,198	408,671	510,221	491,859	1,471,109
Operating transfers out	(195,000)	(25,000)	(25,000)	(185,000)	(127,500)
Total other financing sources (uses)	<u>153,198</u>	<u>569,293</u>	<u>509,221</u>	<u>306,859</u>	<u>1,343,609</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses:	(108,368)	(477,238)	1,010,356	200,954	(187,306)
Fund Equity - Beginning of year	3,765,053	3,656,685	3,179,447	4,189,803	4,390,757
Fund Equity - End of year	<u>\$ 3,656,685</u>	<u>\$ 3,179,447</u>	<u>\$ 4,189,803</u>	<u>\$ 4,390,757</u>	<u>\$ 4,203,451</u>

(1) Extracted from the audited financial statements of the Town.

Undesignated General Fund Balances and Free Cash

Following is a five-year history of the Town's undesignated general fund balances and free cash as certified by the Department of Revenue:

<u>Year</u>	<u>Undesignated General Fund Balance as of June 30 (1)</u>	<u>Certified Free Cash as of July 1 (2)</u>
2010	\$1,537,670	\$985,616
2009	2,069,926	1,148,459
2008	1,981,435	1,274,374
2007	1,276,940	1,142,342
2006	1,594,460	1,266,415

(1) Source: Audited financial statements.

(2) Source: As certified by the Massachusetts Department of Revenue.

Stabilization Fund

The Town maintains a stabilization fund, which is accounted for in the Trust Funds. Funded by an annual appropriation, the stabilization fund plus interest income may be appropriated by a two-thirds vote at an annual or special town meeting for any municipal purpose.

<u>Fiscal Year</u>	<u>Stabilization Fund Balance</u>
2010	\$ 1,216,020
2009	1,210,708
2008	1,037,354 (1)
2007	968,827
2006	904,084

(1) Includes an additional Town Meeting Contribution of \$75,000 effective July 1, 2008.

Investment of Town Funds

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws, Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee, and the funds are managed under contract by an investment firm under the supervision of the State Treasurer's office. According to the State Treasurer the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with Section 54 of Chapter 44, which permits a broader range of investments than Section 55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by Sections 54 and 55 do not apply to city and town retirement systems.

Tax Increment Financing for Development Districts

Massachusetts recently adopted legislation authorizing cities and towns in the Commonwealth to establish development districts to encourage residential, industrial, and commercial development. All or a portion of the net new tax growth in such districts may be pledged and used to finance infrastructure improvements to support the economic development projects in the district. This includes pledging such “tax increments” for the payment of bonds issued to finance the infrastructure improvements for the project. As a result of any such pledge, tax increments raised from new growth in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2 ½ (see “Tax Limitations” under “PROPERTY TAXATION” above.)

In 2007, the Town received the approval of the creation of an Economic Opportunity Area (EOA) within Massachusetts Economic Development Incentive Program (EDIC) in order to qualify to provide Tax Increment Financing (TIF) incentives to be eligible for development districts. The Town of Westwood and Cabot, Cabot & Forbes negotiated a TIF Agreement for a Mixed Use Redevelopment of over half of the 250 acre University Office Park, known as Westwood Station (see “Economic Conditions and Outlook – *Major Initiatives*” above). The negotiated TIF Agreement provides tax incentives over 20 years that will be used by the developer to service some of the debt incurred to build out all of the mitigation for the project. The actual tax exemptions only begin once the Town has achieved a specific predetermined level of increase in new tax revenue from the project after the commencement and completion of vertical construction. The first phase has been permitted and the permit was recently extended, while the developer is pursuing recapitalization. (See below for subsequent financing opportunities for this project.)

At its 2010 Annual Town Meeting, the Town approved an alternative approach to public financing of regional infrastructure improvements known as I-Cubed (Infrastructure Investment Incentive), which would provide state bond funding for the Westwood Station project discussed above, which would provide for the reconfiguration of the Route 128 ramp at Blue Hill Drive, expansion of the Dedham/Canton Street corridor, the construction of Westwood Station Boulevard and the reconstruction of the Canton Street/University Avenue intersection. The total cost of the regional infrastructure was estimated at approximately \$55 million and would be funded through various sources, \$6 million of which would come from I-Cubed funding. This approach to public financing would allow debt service to be paid from the marginal increase in tax revenue realized by the Commonwealth. The current I-Cubed regulations do not allow a project to use both TIF and I-Cubed, except if the TIF had been approved prior to the adoption of I-Cubed. Therefore, the TIF described above is not likely to be implemented; however, in order to preserve the Town’s ability to utilize this approach, the Town is holding this in abeyance until such time as plans are finalized with the Commonwealth.

At its 2008 Annual Town Meeting, the Town approved a TIF Agreement with Romanow Container, a manufacturer of corrugated boxes and materials located in the Economic Opportunity Area, for a proposed 67,300 square foot addition to its existing 145,320 square foot industrial building located at 346 University Avenue.

INDEBTEDNESS

Authorization of General Obligation Bonds and Notes

Bonds and notes are generally authorized on behalf of a town by a two-thirds vote of the town meeting, subject to a referendum vote if a petition therefore is timely filed. Borrowings for certain purposes require state administrative approval. Temporary loans in anticipation of current revenues and certain state and county reimbursements are generally authorized by majority vote, but provision is made for temporary loans in anticipation of current revenues and federal grants and for other purposes in certain circumstances without town meeting authorization.

The general debt limit of the Town consists of a normal debt limit and a double debt limit. The normal debt limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The Town can authorize debt up to this amount without state approval. It can authorize debt up to twice this amount (the double debt limit) with the approval of the State's Municipal Finance Oversight Board.

There are many categories of general obligation debt which are exempt from and do not count against either the normal debt limit or the double debt limit. Among others, these exempt categories include temporary loans in anticipation of current revenues, temporary loans in anticipation of grants and reimbursements, certain school bonds, sewer bonds and solid waste disposal facility bonds, and subject to special debt limits, bonds for water (limited to 10 percent of equalized valuation), housing, urban renewal and economic development (subject to various debt limits) and electric and gas (subject to a separate limit equal to the normal debt limit, including the same doubling provision). Industrial revenue bonds, electric revenue bonds and water pollution abatement revenue bonds are not subject to these debt limits. The normal debt limit and the special debt limit for water bonds apply at the time debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

Types of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue ("DOR"). Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as "qualified bonds" with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as "tax credit bonds" to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed five years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. For certain school projects, however, notes may be refunded from time to time for a period not to exceed seven years without having to pay any portion of the principal of the notes from revenue funds. The maximum term of bonds issued to refund bond anticipation notes is measured (except for certain school projects) from the date of the original issue of the notes.

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements. They must generally mature within two years, but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities and for projects financed under the Commonwealth's Water Pollution Abatement or Drinking Water Revolving Loan Programs and for certain economic development projects supported by the increment financings. In addition, cities and towns having electric departments may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy.

The Town has not borrowed against current revenues for the last five fiscal years, and does not anticipate the need to do so in fiscal 2011.

**Direct Debt Summary
As of June 30, 2010**

General Obligation Bonds (1)		
Sewer (2)	\$	1,865,287
Land Acquisition		320,000
School (3)		33,765,000
Other		2,195,000
Total General Obligation Bonds		\$ 38,145,287
This Issue of Bonds to be Dated March 10, 2011		9,300,000
Total Direct Debt		\$ 47,445,287

(1) Excludes overlapping debt, lease-purchase obligations and unfunded pension liability.

(2) Does not include Massachusetts Water Pollution Abatement Trust subsidy.

(3) The Town is receiving state school construction grants in connection with the recent Downey Elementary, Martha Jones Elementary and High School construction projects. \$28,375,000 has been excluded from the provisions of Proposition 2 ½, except as provided under Chapter 44, Section 20 of the General Laws.

Key Debt Ratios

	As of June 30				
	2010	2009	2008	2007	2006
Amount (1)	\$ 38,145,287	\$ 42,750,125	\$ 40,360,875	\$ 44,947,828	\$ 49,530,498
Per Capita (2)	\$ 2,702.08	\$ 3,028.27	\$ 2,859.03	\$ 3,233.66	\$ 3,563.35
Percent of Assessed Valuation (3)	1.07%	1.16%	1.09%	1.23%	1.36%
Percent of Equalized Valuation (4)	0.98%	1.09%	1.05%	1.17%	1.45%
Per Capita Debt as a Percent of Personal Income Per Capita (2)	6.50%	7.29%	6.88%	7.78%	8.58%

(1) Excludes temporary loans, lease-purchase obligations, overlapping debt, unfunded pension liability, and other liabilities or contractual obligations not more than 90 days past due.

(2) Source: U.S. Department of Commerce, Bureau of the Census.

(3) Source: Board of Assessors. Assessed valuation as of the prior January 1.

(4) Source: Massachusetts Department of Revenue - Equalized valuation in effect for that fiscal year. (Equalized valuations are established as of January 1 of even-numbered years for the next two fiscal years.)

Annual Debt Service (1)

The following table sets forth annual principal and interest payments to retire all general obligation long-term debt as of June 30, 2010, including this issue:

Fiscal Year	Outstanding		Less School Aid (2)	Less MWPAT Subsidies	Net Debt Service	Cumulative % Principal Retired
	Principal	Interest				
2011	\$ 4,604,687	\$ 1,691,649	\$ (2,760,163)	\$ (91,686)	\$ 3,444,487	9.7 %
2012	5,069,700	1,826,037	(2,760,163)	(83,362)	4,052,211	20.4
2013	3,325,300	1,708,813	(1,522,815)	(85,164)	3,426,134	27.4
2014	3,406,300	1,477,301	(1,522,815)	(80,058)	3,280,728	34.6
2015	3,131,600	1,323,570	(1,522,815)	(77,628)	2,854,727	41.2
2016	3,107,100	1,178,901	(1,522,815)	(73,271)	2,689,914	47.7
2017	3,112,800	1,050,863	(1,522,815)	(69,274)	2,571,574	54.3
2018	2,988,500	902,128	(1,522,815)	(63,216)	2,304,597	60.6
2019	2,949,300	783,973	(1,522,815)	(58,201)	2,152,256	66.8
2020	2,745,000	652,790	(1,522,815)	-	1,874,975	72.6
2021	2,745,000	531,365	(1,522,815)	-	1,753,550	78.4
2022	2,745,000	409,585	(1,522,815)	-	1,631,770	84.2
2023	2,745,000	299,368	(1,522,815)	-	1,521,553	89.9
2024	640,000	187,988	-	-	827,988	91.3
2025	640,000	164,713	-	-	804,713	92.6
2026	640,000	140,275	-	-	780,275	94.0
2027	640,000	115,619	-	-	755,619	95.3
2028	640,000	89,581	-	-	729,581	96.7
2029	640,000	63,456	-	-	703,456	98.0
2030	465,000	37,200	-	-	502,200	99.0
2031	465,000	18,600	-	-	483,600	100.0
Total	\$ 47,445,287	\$ 14,653,773	\$ (22,271,291)	\$ (681,861)	\$ 39,145,909	

(1) Excludes temporary loans, overlapping debt, lease and installment purchase obligations and unfunded pension liability.

(2) Final school construction grants for the Downey Elementary, Martha Jones Elementary, Middle School and High School projects to be paid by the Massachusetts School Building Authority.

(3) Assuming 4.50% estimated interest rate.

Authorized Unissued Debt

Following delivery of the Bonds, the Town will have approximately \$340 in authorized and unissued debt for improvements to the High School.

Overlapping Debt

The following are the principal entities whose indebtedness is chargeable to the Town of Westwood or payable from taxation of property within the Town:

	Outstanding Bonded Debt as of 6/30/10 (1)	FY 2011 Dollar Assessment for Operations & Debt Service	
		%	\$
Norfolk County (2)	\$ 900,000	3.380 %	\$ 160,097
Massachusetts Bay Transportation Authority (3)	5,522,119,947	0.000	289,409
Massachusetts Water Resource Authority (4) - Sewer	3,902,910,000	0.636	2,158,037
Blue Hills Regional Vocational-Technical School District (5)	340,000	0.160	185,683

(1) Excludes temporary loans in anticipation of revenue. Omits debt of the Commonwealth.

(Footnotes continued on following page.)

- (2) Source: County Treasurer's Office. County expenses, including operating costs and debt service on County bonds, if applicable, are assessed upon cities and towns within the county in proportion to their valuation of taxable property as last equalized by the State Commissioner of Revenue.
- (3) Source: Massachusetts Bay Transportation Authority. Outstanding bonded debt as of June 30, 2010. The MBTA is comprised of cities and towns in the Greater Boston area. The Commonwealth pays approximately 90 percent of the debt service on MBTA Bonds. It has also been state practice in recent years to absorb enough of the net cost of service of the MBTA to assure that the total assessments on the cities and towns within the territory of the MBTA will not exceed 102 ½ percent of the prior year's assessments. The remainder of the net cost of service is assessed on those cities and towns.
- (4) Source: Massachusetts Water Resources Authority ("MWRA"). Outstanding bonded debt as of June 30, 2010. The MWRA was established in January, 1985 to succeed to the waterworks and sewer operations of the Metropolitan Sewerage District, the Metropolitan Water District and the Metropolitan Parks District, each district consisting of the City of Boston and other cities and towns in the Boston area. The MWRA commenced operations on July 1, 1985. Under its enabling legislation, as amended, the MWRA may borrow up to \$3.91 billion for its corporate purposes. Its obligations are secured by revenues of the MWRA. The MWRA assesses member cities and towns, which continue to provide direct retail water and sewer services to users. The cities and towns collect fees from the users to pay all or part of the assessments; some municipalities levy property taxes to pay part of the amounts assessed upon them.
- (5) Source: Treasurer, Blue Hills Regional Vocational-Technical School District. The assessment indicated is for the District's fiscal 2011 operating budget, only, as debt service is paid entirely by the Commonwealth, which purchased the building for which the debt was originally issued. Under the Education Reform Act, the Commonwealth mandates amount to be assessed to each member community.

Contractual Obligations

Obligations to make payments on account of municipal contracts are generally limited to currently available appropriations. A Massachusetts city or town has general statutory authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interests, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally will be expressly subject to availability and appropriations of funds. Specific authority exists in relatively few cases for long-term contractual obligations that are not subject to annual appropriations, including contracts for refuse disposal (20 year maximum term). Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There is implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases. The Town is currently a participant in the following long-term contracts:

<u>Name</u>	<u>Nature of Service</u>	<u>Contract Expires</u>	<u>Annual Cost Fiscal 2010</u>	<u>Estimated Cost Fiscal 2011</u>
Waste Management	Solid Waste Collection	06/30/12	\$196,800	\$202,400
Waste Management	Recycling Collection	06/30/12	198,000	208,000
Wheelabrator Millbury, Inc.	Solid Waste Disposal	12/15/17	295,200	303,600
Michael Connolly & Sons, Inc.	School Buses	06/30/12	600,480	606,960

RETIREMENT SYSTEM

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

Recent legislation provides that upon local acceptance and subject to certain conditions and limitations, a municipality may establish and implement an early retirement incentive program. Any plan for such program must have been submitted to PERAC by September 27, 2010.

The Town participates in the Norfolk County Retirement System which has adopted a schedule, approved by the Public Employee Retirement Administration, which provides for the normal cost plus funding of the unfunded actuarial liability. As of January 1, 2008, the Retirement System was approximately 65% funded with an estimated unfunded actuarial accrued liability of \$311,561,977 based on an actuarial value of assets of \$596,157,147. As of January 1, 2010, the Town's share of the unfunded actuarial accrued liability was approximately 5.49% or \$17.1 million. The following table sets forth the annual contributions of the Town to the retirement system for the last five fiscal years and an estimate for the current fiscal year:

<u>Fiscal Year</u>	<u>Contributory</u>
2011 (budget)	\$2,417,221
2010	2,329,423
2009	2,135,186
2008	1,852,101
2007	1,810,783
2006	1,591,120

Source: Town Accountant.

In addition to pension benefits, the Town provides health benefits to retirees, their dependents and beneficiaries. As of June 30, 2010, approximately 310 retirees were eligible to receive such benefits. Specific benefit provisions and contribution rates are established by collective bargaining agreements, state law and Town ordinance. Expenditures were \$1,379,488 for these health care benefits to retirees for 2010, are accounted for on a pay-as-you-go basis.

The foregoing data do not include the retirement system costs or liabilities of any larger entity of which the Town is a constituent part and for which it is assessed a share of expenses.

Other Post-Employment Benefits

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis. The pay-as-you-go cost to the Town for such benefits in recent years has been as follows:

<u>Fiscal Year</u>	<u>Benefit Costs</u>
2010	\$ 1,379,488
2009	1,302,000
2008	1,162,000
2007	1,042,000
2006	956,000

The Governmental Accounting Standards Board ("GASB") recently promulgated its Statement Nos. 43 and 45, which will for the first time require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These new accounting standards do not require pre-funding the payment of these costs as the liability for such costs accrues, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if the cost of such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. In addition, cities and towns may establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

The Town was required to implement the new GASB reporting requirements for other post-employment benefits beginning in fiscal year 2009. The Town has most recently completed an actuarial valuation of its post-employment benefit liability as of July 1, 2009. The Unfunded Actuarial Liability based on an 8% discount rate was \$23,875,677 and \$49,339,499 based on a discount rate of 3.5%. The Town's Annual Required Contribution for fiscal 2010 was \$4,260,901 which was approximately 25% funded with actual contributions made by the Town.

EMPLOYEE RELATIONS

Employees of Massachusetts municipalities (other than managerial and confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment. Provisions for compulsory arbitration or labor disputes involving firefighters and police officers were repealed by the Proposition 2 1/2 legislation.

The Town employs approximately 810 persons on a full or part-time basis, including those in the School Department. Approximately 67 percent belong to unions or other collective bargaining groups as shown below:

<u>Employee Category</u>	<u>Represented by</u>	<u>Number of Employees</u>	<u>Contract Expires (1)</u>
Town:			
Police	Mass Coalition of Police	23	6/30/13
Police Lieutenants	Westwood Police Superior Officers Association	2	6/30/07
Firefighters	Westwood Permanent Firefighters Association, IAFF	29	6/30/12
Clerical	SEIU Local 888	21	6/30/09
Highway	United Food & Commercial Workers Union (UFCWU) - Local 1445	21	6/30/09
Traffic Supervisors	Traffic Supervisors Association	14	6/30/10
School:			
Teachers/Nurses	Westwood Teachers Association	289	8/31/13
School Administrators	Westwood Administrators Association, Unit B	4	6/30/11
Administrative Assistants	Westwood Administrative Asst. Assoc	25	6/30/13
Instructional Aides	Westwood Instructional Assistants Association	66	6/30/11
Custodians	National Assoc. of Governmental Employees Local 243	28	6/30/13
Cafeteria Workers	Westwood Cafeteria Employees Association	<u>20</u>	6/30/11
Total		542	

(1) Expired contracts are currently in negotiations.

LITIGATION

There are various suits pending in courts within the State in which the Town is a defendant. In the opinion of the Town, no litigation is pending, or to the Town's knowledge, threatened, which is likely to result, either individually or in the aggregate, in final judgments against the Town materially affecting its financial position.

TOWN OF WESTWOOD, MASSACHUSETTS
/s/ James J. Gavin, Treasurer

March 3, 2011

THIS PAGE INTENTIONALLY LEFT BLANK

**The Town of
Westwood, Massachusetts**



**Comprehensive
Annual Financial Report**

**For the Fiscal Year
July 1, 2009 through June 30, 2010**

Board of Selectmen

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

**Prepared by:
Pamela Dukeman, Finance Director**

Town of Westwood, Massachusetts
Comprehensive Annual Financial Report
For the Year Ended June 30, 2010

Table of Contents

	Page
Independent Auditors' Report	A-1
Management's Discussion and Analysis.....	A-3
Basic Financial Statements.....	A-15
Government-wide Financial Statements	A-15
Statement of Net Assets	A-17
Statement of Activities.....	A-18
Fund Financial Statements.....	A-20
Governmental Funds – Balance Sheet.....	A-20
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Assets.....	A-21
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances	A-22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	A-23
Proprietary Funds – Statement of Net Assets	A-24
Proprietary Funds – Statement of Revenues, Expenditures, and Changes in Fund Net Assets	A-25
Proprietary Funds – Statement of Cash Flows	A-26
Fiduciary Funds – Statement of Net Assets.....	A-27
Fiduciary Funds – Statement of Changes in Fiduciary Net Assets	A-28
Notes to Basic Financial Statements.....	A-29
Required Supplementary Information	A-53
General Fund Budgetary Comparison Schedule	A-54
Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund – Budget and Actual.....	A-55
Retirement System Schedules.....	A-61
Retirement System Schedule of Funding Progress	A-62
Retirement System Schedule of Employer Contributions	A-63



100 Quannapowitt Parkway
Suite 101
Wakefield, MA 01880
T. 781-914-1700
F. 781-914-1701
www.powersandsullivan.com

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, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Westwood, Massachusetts' management. Our responsibility is to express opinions 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 the standards applicable to financial audits contained in *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 opinions.

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, 2010, 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.

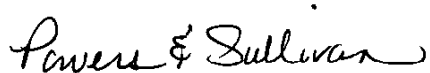
In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2010, on our consideration of the Town of Westwood, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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, retirement system schedule of employer contributions, retirement system schedule of funding progress, other postemployment benefit plan schedule of funding progress and schedule of employer contributions, and other postemployment benefit plan actuarial methods and assumptions, 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 accounting principles

generally accepted in the United States of America. 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 sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

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

December 8, 2010

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, 2010. We encourage readers to consider the information presented in this report in conjunction with additional information that we have furnished in our letter of transmittal.

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 principles (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 auditors' 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. The Town of Westwood has enjoyed an unqualified opinion on its financial statements since the fiscal year ended June 30, 1984.

Financial Highlights

- The governmental assets of the Town of Westwood exceeded its liabilities at the close of the most recent fiscal year by \$102 million (net assets).
- Of this amount, 2.3% or \$2.4 million (unrestricted net assets) may be used to meet the government's ongoing 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 \$4.2 million, a decrease of \$187,000 in comparison with the prior year. Total fund balance represents 6.1% of total general fund expenditures. Approximately \$1.5 million of this total amount is available for appropriation at the government's discretion and \$2.7 million is reserved for the subsequent fiscal year as articles and encumbrances carried forward and appropriations to balance the subsequent year's budget.
- The Town of Westwood's total governmental debt decreased by \$4.3 million during the current fiscal year. This was all the result of principal payments on long-term debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Westwood's basic financial statements. The Town of Westwood's basic financial statements comprises three components: 1) government-wide financial statements 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements provide both long-term and short-term information about the Town as a whole. The fund financial statements focus on the individual components of the Town government, reporting the Towns' operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the Town's accountability. An additional part of the basic financial statements are the 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 of 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 and interest. The business-type activities include the activities of the sewer enterprise fund.

Fund financial statements. A fund is a grouping of related accounts that are 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, uses 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.

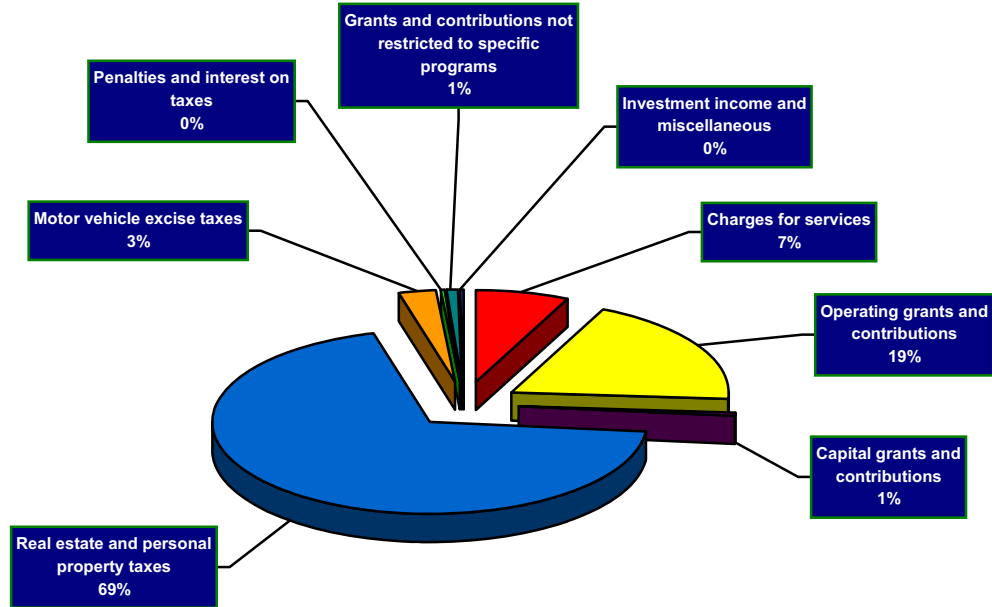
The Town of Westwood adopts an annual appropriated budget for its general fund. A budgetary comparison schedule is included as required supplementary information for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town maintains one type of proprietary fund.

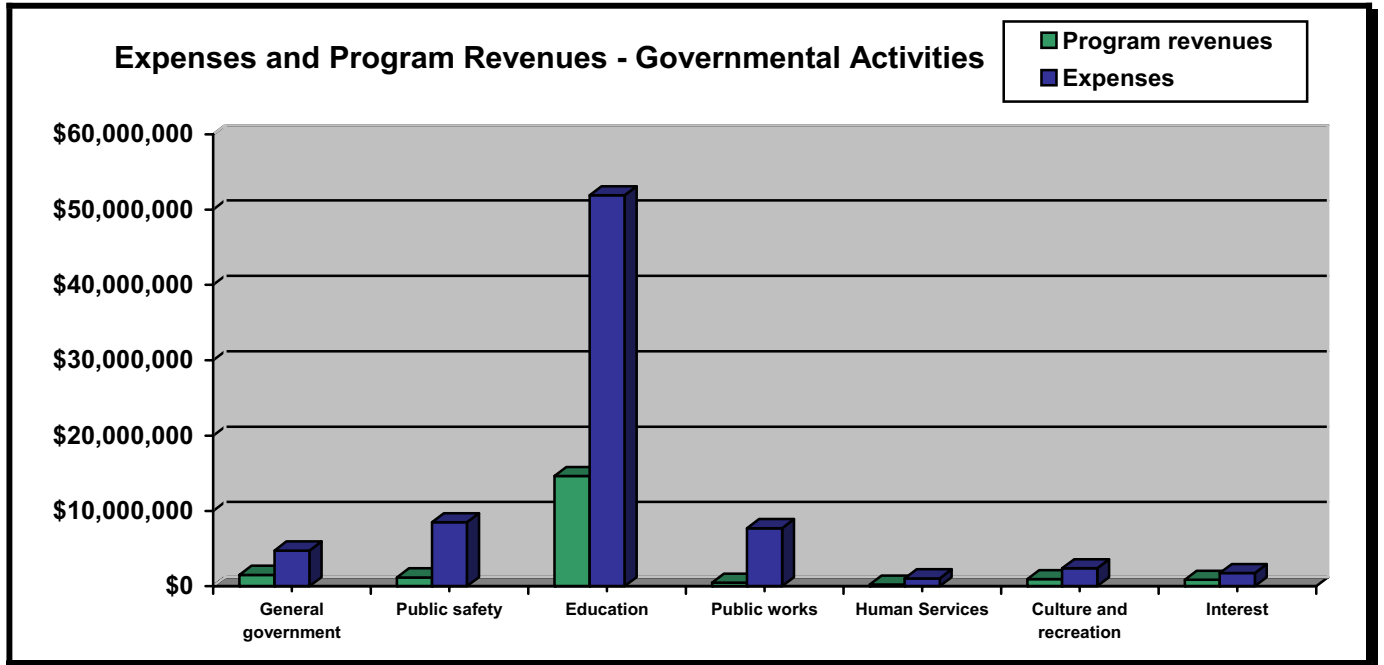
Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses an enterprise fund to account for its sewer operations.

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

FY10 Governmental Revenues



- Education is by far the largest governmental activity of the Town at 67%. Program revenues of \$14.6 million provided direct support to education and \$37.3 million in taxes and other general revenue were needed to cover the remaining fiscal year 2010 operating expenses.
- Public safety and public works are significant activities of the Town. Program revenues for public safety of \$1.2 million and \$483,000 in public works directly supported \$8.5 million and \$7.7 million of operating expenses, respectively. Taxes and other general revenue of \$14.5 million were needed to cover the remaining fiscal year 2010 operating expenses. Combined, they represent 21% of governmental activity expenses.



Business-type activities. For sewer business-type activities, assets exceeded liabilities by \$17.2 million at the close of fiscal year 2010. Capital assets net of related debt totaled \$13.3 million (77%) while unrestricted net assets totaled \$3.9 million (23%). There was a decrease of \$109,000 in net assets reported in connection with the sewer enterprise. Charges for services increased from prior year by \$133,000 which was primarily due to an increase in sewer usage revenue. Capital grants experienced a slight decline from the prior year. The sewer fund also reported a liability for other postemployment benefits totaling \$82,000, which is a result of the GASB Statement #45.

Comparative Assets, Liabilities and Net Assets – Business-type

	Balance at June 30, 2010	Balance at June 30, 2009
Assets:		
Current assets.....	\$ 3,662,911	\$ 3,460,433
Noncurrent assets (excluding capital).....	348,074	394,197
Capital assets, not being depreciated.....	350,850	350,850
Capital assets, net of accumulated depreciation.....	14,833,081	15,502,835
Total assets.....	19,194,916	19,708,315
Liabilities:		
Current liabilities (excluding debt).....	57,468	186,683
Noncurrent liabilities (excluding debt).....	81,900	47,332
Current debt.....	314,687	309,838
Noncurrent debt.....	1,550,600	1,865,287
Total liabilities.....	2,004,655	2,409,140
Net Assets:		
Capital assets net of related debt.....	13,318,644	13,678,560
Unrestricted.....	3,871,617	3,620,615
Total net assets.....	\$ 17,190,261	\$ 17,299,175

The Westwood Station fund is used to account for funds for the Westwood Station Project. At June 30, 2010, the Westwood Station fund had a year end balance of \$138,000. The Westwood Station fund balance decreased \$34,000 from prior year. Departmental receipts decreased by \$2.1 million during the fiscal year which was the result to a delay in the project caused by the economic downturn. Subsequent to year end, an agreement has been reached for the project to be purchased in an effort to re-energize the project and move forward.

General Fund Budgetary Highlights

Actual revenues were lower than budgeted for real estate and personal property taxes by \$831,000 because Westwood Station did not pay their fourth quarter real estate tax bill.

Actual general fund expenditures and encumbrances are lower than final budget by 2%, with the majority of the variance occurring in the reserve fund, which turned back \$360,000, as reserve funds were not fully required to fund unanticipated events, also the general fund employee benefits expenditures were lower than the final budget by approximately \$328,000. This is partially due to conservative budgeting.

The \$649,000 increase between the original budget and the final amended budget was primarily due to the supplementary appropriations to fund the police department budget (\$120,000), the department of public works snow and ice budget (\$100,000) and the capital outlay budget (\$480,000.)

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. 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 and short-term debt and capital grants. The effect on net assets during the construction phase of the project is neutral for assets acquired with debt 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. Net assets are increased for assets acquired with grant funds since there is no corresponding liability incurred.

Outstanding long-term debt of the general government, as of June 30, 2010, totaled \$36.3 million of which, \$33.8 million is related to school projects, leaving a balance of only \$2.5 million for other non-school related projects.

The enterprise fund has \$1.9 million in sewer enterprise debt outstanding that is fully supported by the rates and do not rely on a general fund subsidy.

The most significant capital asset additions during the year included various school improvements, roadway improvements, and ball-field lights and fields.

Please refer to notes 6, 7, and 8 to the financial statements for further discussion of the Town's major capital and debt activity.

CAPITAL ASSETS

	Cost of Capital Assets	Accumulated Depreciation at end of year	Capital Assets, net
Governmental activities:			
Land.....	\$ 5,858,382	\$ -	\$ 5,858,382
Buildings and improvements.....	90,429,950	(23,708,187)	66,721,763
Vehicles.....	5,922,343	(4,227,968)	1,694,375
Machinery and equipment.....	8,878,007	(6,198,665)	2,679,342
Furniture and fixtures.....	261,123	(226,797)	34,326
Infrastructure.....	<u>84,391,777</u>	<u>(46,278,876)</u>	<u>38,112,901</u>
Total governmental activities.....	<u>195,741,582</u>	<u>(80,640,493)</u>	<u>115,101,089</u>
Business-type activities:			
Land.....	350,850	-	350,850
Plant and infrastructure.....	25,690,432	(14,838,713)	10,851,719
Other buildings and improvements...	6,339,070	(2,901,420)	3,437,650
Vehicles.....	503,246	(257,653)	245,593
Machinery and equipment.....	483,709	(185,590)	298,119
Furniture and fixtures.....	<u>35,323</u>	<u>(35,323)</u>	<u>-</u>
Total business-type activities.....	<u>33,402,630</u>	<u>(18,218,699)</u>	<u>15,183,931</u>
Total capital assets.....	\$ <u><u>229,144,212</u></u>	\$ <u><u>(98,859,192)</u></u>	\$ <u><u>130,285,020</u></u>

GOVERNMENTAL BONDS PAYABLE

Project	Interest Rate (%)	Outstanding at June 30, 2009	Issued	Redeemed	Outstanding at June 30, 2010
Martha Jones School Construction.....	3.90-5.00	\$ 2,160,000	\$ -	\$ 720,000	\$ 1,440,000
Downey School Construction.....	3.90-5.00	1,890,000	-	630,000	1,260,000
Striar Land Purchase.....	3.90-5.00	390,000	-	130,000	260,000
Cemetery Land Purchase.....	3.90-5.00	90,000	-	30,000	60,000
School Planning.....	2.50-5.38	27,650,000	-	1,975,000	25,675,000
Public Building.....	3.00-5.00	1,415,000	-	285,000	1,130,000
Land Acquisition.....	3.50-4.00	180,000	-	30,000	150,000
High Street Reconstruction.....	3.50-4.00	885,000	-	115,000	770,000
High Street Lights.....	3.50-4.00	170,000	-	25,000	145,000
High School Supplement.....	3.50-4.00	1,820,000	-	130,000	1,690,000
High School Fields.....	3.50-4.00	425,000	-	50,000	375,000
Middle School Modular Classrooms.....	2.13-5.00	3,500,000	-	175,000	3,325,000
Total Governmental Bonds Payable.....		\$ 40,575,000	\$ -	\$ 4,295,000	\$ 36,280,000

ENTERPRISE BONDS PAYABLE

Project	Interest Rate (%)	Outstanding at June 30, 2009	Issued	Redeemed	Outstanding at June 30, 2010
Sewer (MWPAT).....	3.88	\$ 1,725,125	\$ -	\$ 159,838	\$ 1,565,287
Sewer.....	3.90-5.00	450,000	-	150,000	300,000
Total Enterprise Bonds Payable.....		\$ 2,175,125	\$ -	\$ 309,838	\$ 1,865,287

The Town of Westwood maintained an “AAA” rating from Standard & Poor’s and an “Aa1” from Moody’s for general obligation debt.

Economic Factors and Next Year's Budget and Rates

For the fiscal year 2011 budget, the Town has projected decreases in major revenue categories, including state aid, economic driven local receipts; such as motor vehicle excise payments and the Westwood Station guaranteed payment. The fiscal year 2011 budget has been prepared in a manner that will provide some flexibility to absorb continued reductions to revenue throughout the fiscal year. The Town has prepared for continued state aid reductions in light of a continually deteriorating national economy and unsettled financial markets.

In response to anticipated revenue constraints, the Town has made the following conservative budget decisions:

- The Town level funded the fiscal year 2011 school and municipal operating budgets at fiscal year 2010 levels.
- Favorable settlement of labor contracts allowed the Town to remain at fiscal year 11 budget levels and retain services.
- The fiscal year 2011 budget has level funded capital budgets and no appropriation to the reserve accounts.

The budget decision will allow the Town to retain staffing levels and quality services for the community during this difficult financial year.

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.

THIS PAGE INTENTIONALLY LEFT BLANK

Basic Financial Statements

THIS PAGE INTENTIONALLY LEFT BLANK

STATEMENT OF NET ASSETS

JUNE 30, 2010

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 16,538,773	\$ 1,798,581	\$ 18,337,354
Investments.....	9,402	-	9,402
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,191,936	-	1,191,936
Tax liens.....	387,612	-	387,612
Motor vehicle excise taxes.....	107,637	-	107,637
User charges.....	-	1,818,207	1,818,207
Departmental and other.....	123,493	-	123,493
Intergovernmental.....	2,648,605	46,123	2,694,728
Total Current Assets.....	21,007,458	3,662,911	24,670,369
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	15,690,000	348,074	16,038,074
Capital assets, not being depreciated.....	5,858,382	350,850	6,209,232
Capital assets, net of accumulated depreciation.....	109,242,707	14,833,081	124,075,788
Total Noncurrent Assets.....	130,791,089	15,532,005	146,323,094
TOTAL ASSETS.....	151,798,547	19,194,916	170,993,463
LIABILITIES			
CURRENT:			
Warrants payable.....	1,179,006	17,056	1,196,062
Accrued payroll.....	1,303,516	8,101	1,311,617
Accrued interest.....	182,567	13,311	195,878
Other liabilities.....	1,229,121	-	1,229,121
Compensated absences.....	1,336,000	19,000	1,355,000
Bonds and notes payable.....	4,290,000	314,687	4,604,687
Total Current Liabilities.....	9,520,210	372,155	9,892,365
NONCURRENT:			
Compensated absences.....	586,000	-	586,000
Other postemployment benefits.....	7,800,543	82,197	7,882,740
Bonds and notes payable.....	31,990,000	1,550,600	33,540,600
Total Noncurrent Liabilities.....	40,376,543	1,632,797	42,009,340
TOTAL LIABILITIES.....	49,896,753	2,004,952	51,901,705
NET ASSETS			
Invested in capital assets, net of related debt.....	97,375,492	13,318,644	110,694,136
Restricted for:			
Permanent funds:			
Expendable.....	200,920	-	200,920
Nonexpendable.....	325,949	-	325,949
Gifts.....	266,157	-	266,157
Grants.....	1,379,007	-	1,379,007
Unrestricted.....	2,354,269	3,871,320	6,225,589
TOTAL NET ASSETS.....	\$ 101,901,794	\$ 17,189,964	\$ 119,091,758

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2010

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.....	\$ 4,745,598	\$ 802,302	\$ 715,214	\$ -	\$ (3,228,082)
Public safety.....	8,490,129	1,064,513	123,093	-	(7,302,523)
Education.....	52,200,467	2,360,978	12,275,504	-	(37,563,985)
Public works.....	7,425,668	30,321	36,007	416,865	(6,942,475)
Human services.....	1,052,991	67,114	150,340	-	(835,537)
Culture and recreation.....	2,378,042	910,755	26,763	-	(1,440,524)
Interest.....	1,750,493	-	852,895	-	(897,598)
Total Governmental Activities.....	78,043,388	5,235,983	14,179,816	416,865	(58,210,724)
<i>Business-Type Activities:</i>					
Sewer.....	3,670,498	3,756,083	-	96,182	181,767
Total Primary Government.....	\$ 81,713,886	\$ 8,992,066	\$ 14,179,816	\$ 513,047	\$ (58,028,957)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net assets:			
Net (expense) revenue from previous page.....	\$ (58,210,724)	\$ 181,767	\$ (58,028,957)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	51,462,011	-	51,462,011
Motor vehicle excise taxes.....	2,152,241	-	2,152,241
Penalties and interest on taxes.....	105,602	-	105,602
Grants and contributions not restricted to specific programs.....	723,159	-	723,159
Unrestricted investment income.....	111,156	-	111,156
<i>Transfers, net</i>	290,978	(290,978)	-
Total general revenues and transfers.....	54,845,147	(290,978)	54,554,169
Change in net assets.....	(3,365,577)	(109,211)	(3,474,788)
<i>Net Assets:</i>			
Beginning of year.....	105,267,371	17,299,175	122,566,546
End of year.....	\$ <u>101,901,794</u>	\$ <u>17,189,964</u>	\$ <u>119,091,758</u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2010

ASSETS	General	Stabilization	Westwood Station	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents.....	\$ 7,670,976	\$ 1,216,020	\$ 138,417	\$ 7,513,360	\$ 16,538,773
Investments.....	-	-	-	9,402	9,402
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	1,191,936	-	-	-	1,191,936
Tax liens.....	387,612	-	-	-	387,612
Motor vehicle excise taxes.....	107,637	-	-	-	107,637
Departmental and other.....	7,184	-	-	116,309	123,493
Intergovernmental.....	17,676,000	-	-	662,605	18,338,605
TOTAL ASSETS.....	\$ 27,041,345	\$ 1,216,020	\$ 138,417	\$ 8,301,676	\$ 36,697,458
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 1,082,425	\$ -	\$ -	\$ 96,581	\$ 1,179,006
Accrued payroll.....	1,273,056	-	-	30,460	1,303,516
Other liabilities.....	1,229,121	-	-	-	1,229,121
Deferred revenues.....	19,253,292	-	-	778,914	20,032,206
TOTAL LIABILITIES.....	22,837,894	-	-	905,955	23,743,849
FUND BALANCES:					
Reserved for:					
Encumbrances and continuing appropriations.....	1,855,781	-	-	-	1,855,781
Perpetual permanent funds.....	-	-	-	325,949	325,949
Unreserved:					
Designated for subsequent year's expenditures.....	810,000	-	-	-	810,000
Undesignated, reported in:					
General fund.....	1,537,670	-	-	-	1,537,670
Special revenue funds.....	-	1,216,020	138,417	5,512,635	6,867,072
Capital projects funds.....	-	-	-	1,356,217	1,356,217
Permanent funds.....	-	-	-	200,920	200,920
TOTAL FUND BALANCES.....	4,203,451	1,216,020	138,417	7,395,721	12,953,609
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 27,041,345	\$ 1,216,020	\$ 138,417	\$ 8,301,676	\$ 36,697,458

See notes to basic financial statements.

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

JUNE 30, 2010

Total governmental fund balances.....		\$ 12,953,609
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		115,101,089
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		20,032,206
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(182,567)
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.....	(36,280,000)	
Other postemployment benefits.....	(7,800,543)	
Compensated absences.....	<u>(1,922,000)</u>	
Net effect of reporting long-term liabilities.....		<u>(46,002,543)</u>
Net assets of governmental activities.....		<u>\$ 101,901,794</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2010

	General	Stabilization	State Fiscal Stabilization Fund	Westwood Station	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Real estate and personal property taxes, net of tax refunds.....	\$ 50,545,249	\$ -	\$ -	\$ -	\$ -	\$ 50,545,249
Motor vehicle excise taxes.....	2,131,252	-	-	-	-	2,131,252
Charges for services.....	-	-	-	-	4,671,063	4,671,063
Westwood Station guaranteed tax payment.....	615,000	-	-	-	-	615,000
Penalties and interest on taxes.....	105,602	-	-	-	-	105,602
Fees and rentals.....	233,430	-	-	-	-	233,430
Licenses and permits.....	403,405	-	-	-	-	403,405
Fines and forfeitures.....	17,521	-	-	-	-	17,521
Intergovernmental.....	12,445,401	-	74,000	-	3,357,612	15,877,013
Departmental and other.....	255,382	-	-	424,882	266,719	946,983
Contributions.....	-	-	-	-	293,161	293,161
Investment income.....	111,156	5,312	-	-	5,326	121,794
TOTAL REVENUES.....	66,863,398	5,312	74,000	424,882	8,593,881	75,961,473
EXPENDITURES:						
Current:						
General government.....	2,478,371	-	-	458,553	268,341	3,205,265
Public safety.....	5,943,746	-	-	-	154,721	6,098,467
Education.....	32,676,099	-	-	-	8,700,206	41,376,305
Public works.....	4,208,842	-	-	-	829,857	5,038,699
Human services.....	700,964	-	-	-	87,948	788,912
Culture and recreation.....	1,241,405	-	-	-	728,296	1,969,701
Pension benefits.....	7,557,081	-	-	-	-	7,557,081
Property and liability insurance.....	278,318	-	-	-	-	278,318
Employee benefits.....	5,379,428	-	74,000	-	-	5,453,428
State and county charges.....	536,238	-	-	-	-	536,238
Capital outlay.....	1,302,387	-	-	-	-	1,302,387
Capital outlay - Westwood Station.....	18,400	-	-	-	-	18,400
Debt service:						
Principal.....	4,295,000	-	-	-	-	4,295,000
Interest.....	1,778,034	-	-	-	-	1,778,034
TOTAL EXPENDITURES.....	68,394,313	-	74,000	458,553	10,769,369	79,696,235
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(1,530,915)	5,312	-	(33,671)	(2,175,488)	(3,734,762)
OTHER FINANCING SOURCES (USES):						
Transfers in.....	1,471,109	-	-	-	127,500	1,598,609
Transfers out.....	(127,500)	-	-	-	(1,180,131)	(1,307,631)
TOTAL OTHER FINANCING SOURCES (USES).	1,343,609	-	-	-	(1,052,631)	290,978
NET CHANGE IN FUND BALANCES.....	(187,306)	5,312	-	(33,671)	(3,228,119)	(3,443,784)
FUND BALANCES AT BEGINNING OF YEAR.....	4,390,757	1,210,708	-	172,088	10,623,840	16,397,393
FUND BALANCES AT END OF YEAR.....	\$ 4,203,451	\$ 1,216,020	\$ -	\$ 138,417	\$ 7,395,721	\$ 12,953,609

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, 2010

Net change in fund balances - total governmental funds..... \$ (3,443,784)

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.....	6,075,252
Depreciation expense.....	<u>(5,606,339)</u>

Net effect of reporting capital assets..... 468,913

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..... (1,574,640)

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 payments.....	74,737
Debt service principal payments.....	<u>4,295,000</u>

Net effect of reporting long-term debt..... 4,369,737

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.....	(37,000)
Net change in accrued interest on long-term debt.....	27,541
Net change in other postemployment benefits.....	<u>(3,176,344)</u>

Net effect of recording long-term liabilities..... (3,185,803)

Change in net assets of governmental activities..... \$ (3,365,577)

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2010

	<u>Business-type Sewer Enterprise</u>
ASSETS	
CURRENT:	
Cash and cash equivalents.....	\$ 1,798,581
Receivables, net of allowance for uncollectibles:	
User fees.....	1,818,207
Intergovernmental.....	<u>46,123</u>
Total current assets.....	<u>3,662,911</u>
NONCURRENT:	
Receivables, net of allowance for uncollectibles:	
Intergovernmental.....	348,074
Capital assets, not being depreciated.....	350,850
Capital assets, net of accumulated depreciation.....	<u>14,833,081</u>
Total noncurrent assets.....	<u>15,532,005</u>
TOTAL ASSETS.....	<u>19,194,916</u>
LIABILITIES	
CURRENT:	
Warrants payable.....	17,056
Accrued payroll.....	8,101
Accrued interest.....	13,311
Compensated absences.....	19,000
Bonds and notes payable.....	<u>314,687</u>
Total current liabilities.....	<u>372,155</u>
NONCURRENT:	
Other postemployment benefits.....	82,197
Bonds and notes payable.....	<u>1,550,600</u>
Total noncurrent liabilities.....	<u>1,632,797</u>
TOTAL LIABILITIES.....	<u>2,004,952</u>
NET ASSETS	
Invested in capital assets, net of related debt.....	13,318,644
Unrestricted.....	<u>3,871,320</u>
TOTAL NET ASSETS.....	<u>\$ 17,189,964</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Sewer Enterprise
OPERATING REVENUES:	
Charges for services	\$ 3,756,083
OPERATING EXPENSES:	
Cost of services and administration	692,464
MWRA Assessment.....	2,072,034
Depreciation.....	814,664
TOTAL OPERATING EXPENSES	3,579,162
OPERATING INCOME (LOSS).....	176,921
NONOPERATING REVENUES (EXPENSES):	
Interest expense.....	(91,336)
Intergovernmental.....	44,968
Sewer betterments.....	51,214
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	4,846
INCOME/(LOSS) BEFORE TRANSFERS.....	181,767
TRANSFERS:	
Transfers out.....	(290,978)
CHANGE IN NET ASSETS.....	(109,211)
NET ASSETS AT BEGINNING OF YEAR.....	17,299,175
NET ASSETS AT END OF YEAR.....	\$ 17,189,964

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2010

		Business-type Sewer Enterprise
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Receipts from customers and users.....	\$	3,784,811
Payments to vendors.....		(2,527,401)
Payments to employees.....		(331,449)
		925,961
<u>NET CASH FROM OPERATING ACTIVITIES.....</u>		
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Transfers out.....		(290,978)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Acquisition and construction of capital assets.....		(144,910)
Sewer betterments.....		51,214
Principal payments on bonds and notes.....		(262,019)
Interest expense.....		(46,366)
		(402,081)
<u>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</u>		
NET CHANGE IN CASH EQUIVALENTS.....		232,902
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....		1,565,679
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$	1,798,581
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>		
Operating income (loss).....	\$	176,921
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation.....		814,664
Changes in assets and liabilities:		
User fees.....		28,728
Warrants payable.....		(133,951)
Accrued payroll.....		1,734
Accrued compensated absences.....		3,000
Other postemployment benefits.....		34,865
Total adjustments.....		749,040
NET CASH FROM OPERATING ACTIVITIES.....	\$	925,961
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>		
Intergovernmental debt service subsidy.....	\$	92,787

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2010

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and cash equivalents.....	\$ 363,554	\$ 326,466
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	-	76,662
TOTAL ASSETS	363,554	403,128
LIABILITIES		
Warrants payable.....	-	1,984
Liabilities due depositors.....	-	401,144
TOTAL LIABILITIES	-	403,128
 NET ASSETS	 \$ 363,554	 \$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2010

	<u>Private Purpose Trust Funds</u>
ADDITIONS:	
Contributions:	
Private donations.....	\$ 68,795
Net investment income:	
Interest.....	<u>8,659</u>
TOTAL ADDITIONS.....	<u>77,454</u>
DEDUCTIONS:	
Educational scholarships.....	<u>88,525</u>
CHANGE IN NET ASSETS.....	(11,071)
NET ASSETS AT BEGINNING OF YEAR.....	<u>374,625</u>
NET ASSETS AT END OF YEAR.....	<u><u>\$ 363,554</u></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, 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 the Towns of Avon, Canton, Dedham, Braintree, Holbrook, Milton, Norwood, and Randolph to pool resources and share the costs, risks and rewards of providing vocational education through the Blue Hills Regional Technical School District (District). As of June 30, 2010, the District has no significant unreserved fund balance and has approximately \$340,000 in outstanding long-term bonds related to capital improvements. The following is the address where the District’s financial statements are available, its purpose, and the assessment paid by the Town during fiscal year 2010.

<u>Joint venture and address</u>	<u>Purpose</u>	<u>2010 Assessment</u>
Blue Hills Regional Technical School District 800 Randolph Street, Canton, MA 02021	To provide vocational education	<u>\$ 185,683</u>

The Town has no equity interest in the District.

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.

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. However, the effect of interfund services provided and used between functions is not eliminated as the 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, and 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 *state fiscal stabilization fund* is used to account for the Town's use of the federal state fiscal stabilization program which was awarded to Governors to help stabilize State and local budgets in order to minimize and avoid reductions in education and other essential services.

The *Westwood Station fund* is used to account for the funds used in the development and renovation of the new train station as well as residential, commercial, and retail units.

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 Town's sewer activities.

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting except for the agency fund, which has no measurement focus. 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 that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The donor restrictions and trustee policies only allows the trustees to authorize spending of the realized investment earnings. The Town's educational scholarship trusts 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 fund consists primarily of student activities and planning deposits.

Government-Wide and Fund Financial Statements

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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, Personal Property Taxes and Tax Liens

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.

Real estate tax liens are processed six months after the close of the valuation year on delinquent properties and are recorded as receivables in the fiscal year they are processed.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Motor Vehicle Excise Taxes

Motor vehicle excise taxes are assessed annually for each vehicle registered and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

User 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.

Departmental and Other

Departmental and other receivables consist primarily of police details, ambulance fees and school rentals and are recorded as receivables in the fiscal year accrued. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Intergovernmental

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred and all other grant requirements are met. These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

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, buildings and improvements, vehicles, machinery and equipment, furniture and fixtures, 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 \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

The Town has included all general infrastructure assets regardless of their acquisition date or amount. The Town was able to estimate the historical cost for the initial reporting of these assets through backtracking.

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Buildings and improvements.....	7-40
Plant and infrastructure.....	7-40
Other 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 reported as "invested in capital assets, net of related debt" includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt related to future reimbursements from the state's school building program is not considered to be capital related debt.

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 amount of realized and unrealized investment earnings of donor restricted trusts. The donor restrictions and trustee policies only allows the trustees to approve spending of the realized investment earnings that support governmental programs.

"Permanent funds – nonexpendable" represents the endowment portion of donor restricted trusts that support governmental programs.

"Gifts and Grants" – 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 2011 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.

Compensated absences are reported in the governmental funds only if they have matured.

M. 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.

N. 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

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Cash Equivalents". The deposits and investments of the trust funds are held separately from those of other Town funds.

The Town follows internal investment policies as well as investment policies established under Massachusetts General Laws. The Commonwealth's statutes authorize the investment 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). Additionally, they allow the Town to invest trust funds in trust companies incorporated under the laws of the Commonwealth, banking companies incorporated under the laws of the Commonwealth which are members of the Federal Deposit Insurance Corporation (FDIC), national banks, in participation units in combined investment funds, in paid-up shares and accounts of and in cooperative banks, in shares of savings and loan associations, in shares or savings deposits of federal savings and loan associations doing business in the Commonwealth to an amount not exceeding one hundred thousand dollars, and in bonds or notes which are legal investments for savings banks. Municipalities having trust funds in the custody of the Treasurer in an aggregate amount in excess of two hundred and fifty thousand dollars may also invest trust funds in securities, other than mortgages and collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth provided that not more than fifteen percent of any such trust funds shall be invested in bank stocks and insurance company stocks, nor shall more than one and one-half percent of such funds be invested in the stock of any one bank or insurance company.

The Pool 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.

MMDT maintains a cash portfolio and a short-term bond portfolio with combined average maturities of approximately 3 months. Credit ratings associated with the Town's investment in MMDT ranged from A1/P1 to unrated; with approximately 98% rated A1/P1 and approximately 2% rated A2/P2.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's deposit and investment policy allows for unlimited investments in MMDT, U.S. Treasuries and

Agencies that will be held to maturity with maturities up to one year from the date of purchase, and bank accounts and Certificates of Deposit with maturities up to one year which are fully collateralized or fully insured.

Additionally, the Town’s policy allows for investments in unsecured bank deposits such as checking, savings, money market or Certificates of Deposit with maturities up to three months. Unsecured deposits are limited to no more than 5% of an institution’s assets and no more than 20% of the Town’s total cash. At fiscal year-end, the carrying amount of deposits totaled \$13,834,344 and the bank balance totaled \$13,546,437. Of the bank balance, \$2,114,955 was covered by Federal Depository Insurance, \$356,726 was covered by the Depositors Insurance Fund, \$113,554 was covered by the Share Insurance Fund, \$5,762,821 was collateralized and \$5,198,381 was subject to custodial credit risk because it was uninsured and uncollateralized.

Investments

As of June 30, 2010, the Town had the following investments:

Equity Mutual Funds.....	\$	9,402
MMDT		<u>5,193,030</u>
 Total Investments.....	 \$	 <u><u>5,202,432</u></u>

The Town participates in MMDT, which maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately 3 months.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of the outside party. At June 30, 2010, the Town does not have any custodial credit risk exposure for its investments since open-end mutual funds and MMDT deposits are not subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. In addition to the deposit and investment restrictions listed above, the Town’s investment policies allow for trust funds to be invested in any instruments allowed by the Legal List issued by the Banking Commissioner each July. Stabilization funds may be invested in National Banks, Savings Banks, Cooperative banks or trust companies organized under Massachusetts laws, Securities legal for savings banks (i.e. those included in the Legal List issued annually by the Banking Commissioner), Federal Savings and Loan Associations situated in the Commonwealth and the MMDT.

Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect the fair value of the Town’s investments. The Town manages its exposure to fair value losses arising from increasing interest rates by limiting the allowable maturities of investments. The Town’s investment policy limits the maturities of investments in U.S. Treasuries, U.S. Agencies and secured Certificates of Deposit to a maximum of one year from the date of purchase. Negotiable Certificates of Deposit are limited to a maximum of three months. The Town had no debt securities as of June 30, 2010.

Credit Risk

The Town’s policy for Credit Risk requires all brokerage houses and broker/dealers wishing to do business with the Town to supply the Treasurer with audited financial statements, proof of National Association of Security Dealers certification, a statement that the dealer has read the Town’s investment policy and will comply with it and

proof of credit worthiness with minimum standards of at least five years in operation and a minimum capital of \$10 million. All of the Town’s investments are unrated.

Concentration of Credit Risk

The Town limits the amount that may be invested in any one issuer, except for MMDT as mentioned earlier, to no more than 5% of an institution’s assets and no more than 30% of the Town’s total investments. At June 30, 2010, the Town did not have more than 5% of the Town’s investments in with any one issuer.

NOTE 3 – RECEIVABLES

At June 30, 2010, 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.....	\$ 1,191,936	\$ -	\$ 1,191,936
Tax liens.....	387,612	-	387,612
Motor vehicle excise taxes.....	164,637	(57,000)	107,637
Departmental and other.....	159,493	(36,000)	123,493
Intergovernmental.....	<u>18,338,605</u>	<u>-</u>	<u>18,338,605</u>
Total.....	<u>\$ 20,242,283</u>	<u>\$ (93,000)</u>	<u>\$ 20,149,283</u>

At June 30, 2010, 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>\$ 76,662</u>	<u>\$ -</u>	<u>\$ 76,662</u>

At June 30, 2009, receivables for the enterprise fund consist of the following:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Sewer fees.....	\$ 1,818,207	\$ -	\$ 1,818,207
Intergovernmental.....	<u>394,197</u>	<u>-</u>	<u>394,197</u>
Total.....	<u>\$ 2,212,404</u>	<u>\$ -</u>	<u>\$ 2,212,404</u>

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:

	General Fund	Nonmajor Governmental Funds	Total
<u>Receivable type:</u>			
Real estate and personal property taxes.....	\$ 1,074,859	\$ -	\$ 1,074,859
Tax liens.....	387,612	-	387,612
Motor vehicle excise taxes.....	107,637	-	107,637
Departmental and other.....	7,184	116,309	123,493
Intergovernmental.....	<u>17,676,000</u>	<u>662,605</u>	<u>18,338,605</u>
 Total.....	 <u>\$ 19,253,292</u>	 <u>\$ 778,914</u>	 <u>\$ 20,032,206</u>

NOTE 4 – INTERFUND TRANSFERS

At June 30, 2010, the Town did not have any interfund receivables or payables.

Interfund transfers for the fiscal year ended June 30, 2010, are summarized as follows:

Transfers Out:	Transfers In:		
	General Fund	Capital Projects	Total
General fund.....	\$ -	\$ 127,500	\$ 127,500 (A)
Nonmajor Governmental Fund.....	10,000	-	10,000 (B)
Nonmajor Governmental Fund.....	971,500	-	971,500 (C)
Nonmajor Governmental Fund.....	17,000	-	17,000 (D)
Nonmajor Governmental Fund.....	31,631	-	31,631 (E)
Nonmajor Governmental Fund.....	150,000	-	150,000 (F)
Sewer Enterprise Fund.....	<u>290,978</u>	<u>-</u>	<u>290,978 (G)</u>
 Total.....	 <u>\$ 1,471,109</u>	 <u>\$ 127,500</u>	 <u>\$ 1,598,609</u>

- (A) - Transfer from General Fund to Capital Projects Funds for the purchase of DPW equipment.
- (B) - Transfer from Cemetery Permanent Fund to support cemetery expenditures.
- (C) - Transfer from Special Revenue Ambulance Receipts for capital purchases.
- (D) - Transfer from Special Revenue Conservation Fund to support conservation expenditures.
- (E) - Transfer from Special Revenue Bond Premiums Fund to support debt service expenditures.
- (F) - Transfer from Special Revenue Sale of Lots Fund to support cemetery expenditures.
- (G) - Transfer from Sewer Fund to the General Fund for indirect cost reimbursements.

NOTE 5 – PENSION PLAN

Plan Description - The Town contributes to the Norfolk County Contributory 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 \$5,173,000 for the fiscal year ended June 30, 2010, 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, 2010, 2009, and 2008 were \$2,329,423, \$2,135,190, and \$1,852,100 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 2010 totaled approximately \$56,000.

The schedule of funding progress, presented as required supplementary information, following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Additionally, the schedule of employer contributions, presented as required supplementary information, following the notes to the basic financial statements, presents multiyear trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the Town is one participating employer, as well as the Town's proportionate share of the plan's annual contributions. This information is designed to be helpful for understanding the scale of the information presented relative to the Town.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 5,858,382	\$ -	\$ -	\$ 5,858,382
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	86,376,405	4,053,545	-	90,429,950
Vehicles.....	5,872,748	153,695	(104,100)	5,922,343
Machinery and equipment.....	7,729,308	1,148,699	-	8,878,007
Furniture and fixtures.....	261,123	-	-	261,123
Infrastructure.....	83,672,464	719,313	-	84,391,777
Total capital assets being depreciated.....	183,912,048	6,075,252	(104,100)	189,883,200
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(21,491,584)	(2,216,603)	-	(23,708,187)
Vehicles.....	(3,930,035)	(402,033)	104,100	(4,227,968)
Machinery and equipment.....	(5,496,548)	(702,117)	-	(6,198,665)
Furniture and fixtures.....	(212,072)	(14,725)	-	(226,797)
Infrastructure.....	(44,008,015)	(2,270,861)	-	(46,278,876)
Total accumulated depreciation.....	(75,138,254)	(5,606,339)	104,100	(80,640,493)
Total capital assets being depreciated, net.....	108,773,794	468,913	-	109,242,707
Total governmental activities capital assets, net.....	\$ 114,632,176	\$ 468,913	\$ -	\$ 115,101,089

	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.....	25,653,132	37,300	-	25,690,432
Other buildings and improvements.....	6,293,795	45,275	-	6,339,070
Vehicles.....	503,246	-	-	503,246
Machinery and equipment.....	421,374	62,335	-	483,709
Furniture and fixtures.....	35,323	-	-	35,323
Total capital assets being depreciated.....	<u>32,906,870</u>	<u>144,910</u>	<u>-</u>	<u>33,051,780</u>
<u>Less accumulated depreciation for:</u>				
Plant and infrastructure.....	(14,325,277)	(513,436)	-	(14,838,713)
Other buildings and improvements.....	(2,706,591)	(194,829)	-	(2,901,420)
Vehicles.....	(174,278)	(83,375)	-	(257,653)
Machinery and equipment.....	(162,566)	(23,024)	-	(185,590)
Furniture and fixtures.....	(35,323)	-	-	(35,323)
Total accumulated depreciation.....	<u>(17,404,035)</u>	<u>(814,664)</u>	<u>-</u>	<u>(18,218,699)</u>
Total capital assets being depreciated, net.....	<u>15,502,835</u>	<u>(669,754)</u>	<u>-</u>	<u>14,833,081</u>
Total business-type activities capital assets, net.....	<u>\$ 15,853,685</u>	<u>\$ (669,754)</u>	<u>\$ -</u>	<u>\$ 15,183,931</u>

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

Governmental Activities:	
General government.....	\$ 169,808
Public safety.....	285,755
Education.....	2,534,938
Public works.....	2,583,796
Human services.....	25,682
Culture and recreation.....	<u>6,360</u>
Total depreciation expense - governmental activities.....	<u>\$ 5,606,339</u>
Business-Type Activities:	
Sewer.....	<u>\$ 814,664</u>

NOTE 7 – SHORT-TERM FINANCING

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

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

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

The Town did not have any short-term debt activity during fiscal 2010.

NOTE 8 – LONG-TERM DEBT

State law permits the Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5% 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 general obligation indebtedness at June 30, 2010, and the debt service requirements follow.

Project	Interest Rate (%)	Outstanding at June 30, 2009	Issued	Redeemed	Outstanding at June 30, 2010
Martha Jones School Construction.....	3.90-5.00	\$ 2,160,000	\$ -	\$ 720,000	\$ 1,440,000
Downey School Construction.....	3.90-5.00	1,890,000	-	630,000	1,260,000
Striar Land Purchase.....	3.90-5.00	390,000	-	130,000	260,000
Cemetery Land Purchase.....	3.90-5.00	90,000	-	30,000	60,000
School Planning.....	2.50-5.38	27,650,000	-	1,975,000	25,675,000
Public Building.....	3.00-5.00	1,415,000	-	285,000	1,130,000
Land Acquisition.....	3.50-4.00	180,000	-	30,000	150,000
High Street Reconstruction.....	3.50-4.00	885,000	-	115,000	770,000
High Street Lights.....	3.50-4.00	170,000	-	25,000	145,000
High School Supplement.....	3.50-4.00	1,820,000	-	130,000	1,690,000
High School Fields.....	3.50-4.00	425,000	-	50,000	375,000
Middle School Modular Classrooms.....	2.13-5.00	3,500,000	-	175,000	3,325,000
Total Governmental Bonds Payable.....		40,575,000	-	4,295,000	36,280,000
Sewer (MWPAT).....	3.88	1,725,125	-	159,838	1,565,287
Sewer.....	3.90-5.00	450,000	-	150,000	300,000
Total Enterprise Bonds Payable.....		2,175,125	-	309,838	1,865,287
Total General Obligation Bonds and Notes Payable.....		\$ 42,750,125	\$ -	\$ 4,604,838	\$ 38,145,287

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>
2011.....	\$ 4,290,000	\$ 1,609,596	\$ 5,899,596
2012.....	4,285,000	1,439,227	5,724,227
2013.....	2,770,000	1,244,327	4,014,327
2014.....	2,765,000	1,115,303	3,880,303
2015.....	2,485,000	986,016	3,471,016
2016.....	2,455,000	869,671	3,324,671
2017.....	2,455,000	770,999	3,225,999
2018.....	2,325,000	647,027	2,972,027
2019.....	2,280,000	547,003	2,827,003
2020.....	2,280,000	442,378	2,722,378
2021.....	2,280,000	339,553	2,619,553
2022.....	2,280,000	236,373	2,516,373
2023.....	2,280,000	140,106	2,420,106
2024.....	175,000	43,838	218,838
2025.....	175,000	36,838	211,838
2026.....	175,000	29,838	204,838
2027.....	175,000	22,618	197,618
2028.....	175,000	15,182	190,182
2029.....	175,000	7,656	182,656
Total.....	\$ <u>36,280,000</u>	\$ <u>10,543,547</u>	\$ <u>46,823,547</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>
2011.....	\$ 314,687	\$ 82,051	\$ 396,738
2012.....	319,700	58,112	377,812
2013.....	90,300	136,660	226,960
2014.....	176,300	48,124	224,424
2015.....	181,600	42,279	223,879
2016.....	187,100	32,554	219,654
2017.....	192,800	23,516	216,316
2018.....	198,500	10,451	208,951
2019.....	204,300	5,108	209,408
Total.....	\$ <u>1,865,287</u>	\$ <u>438,855</u>	\$ <u>2,304,142</u>

The Town is scheduled to be subsidized by the Massachusetts Water Pollution Abatement Trust (MWPAT) on a periodic basis for principal in the amount of \$394,197 and interest costs for \$287,664. Thus, net MWPAT loan repayments including interest are scheduled to be \$1,302,783. 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 2010 principal and interest subsidy totaled approximately \$47,819 and \$44,968, respectively.

The Town has been approved to receive school construction assistance through the Massachusetts School Building Authority (MSBA). The MSBA provides resources for eligible construction costs and debt interest and borrowing costs. During fiscal year 2010, approximately \$3,009,000 of such assistance was received. Approximately \$22,271,000 will be received in future fiscal years. Of this amount, approximately \$4,595,000 represents reimbursement of long-term interest costs, and approximately \$17,676,000 represents reimbursement of approved construction costs. Accordingly, \$17,676,000 intergovernmental receivable and corresponding deferred revenue has been recorded in the fund based financial statements and the change in the receivable 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, 2010, the Town had the following authorized and unissued debt:

Purpose	Date Voted	Article	Amount Authorized	Amount Unissued
Construction of Barn/Garage.....	ATM 5/2009	10	\$ 150,000	\$ 150,000
New Library.....	ATM 3/2010	4	<u>9,300,000</u>	<u>9,300,000</u>
Total.....			<u>\$ 9,450,000</u>	<u>\$ 9,450,000</u>

Changes in Long-Term Liabilities

During the fiscal year ended June 30, 2010, the following changes occurred in long-term liabilities:

	Balance at June 30, 2009	Additions	Retirements and Other	Balance at June 30, 2010	Current Portion
Governmental Activities:					
Long-Term Bonds and Notes.....	\$ 40,575,000	\$ -	\$ (4,295,000)	\$ 36,280,000	\$ 4,290,000
Other Postemployment Benefits.....	4,624,199	4,244,693	(1,068,349)	7,800,543	-
Capital Lease Obligations.....	74,737	-	(74,737)	-	-
Compensated Absences.....	1,885,000	1,334,000	(1,297,000)	1,922,000	1,336,000
Total Governmental Activities.....	\$ 47,158,936	\$ 5,578,693	\$ (6,735,086)	\$ 46,002,543	\$ 5,626,000
Business-Type Activities:					
Long-Term Bonds and Notes.....	\$ 2,175,125	\$ -	\$ (309,838)	\$ 1,865,287	\$ 314,687
Other Postemployment Benefits.....	47,332	44,728	(9,863)	82,197	-
Compensated Absences.....	16,000	19,000	(16,000)	19,000	19,000
Total Business-Type Activities.....	\$ 2,238,457	\$ 63,728	\$ (335,701)	\$ 1,966,484	\$ 333,687
Total.....	\$ 49,397,393	\$ 5,642,421	\$ (7,070,787)	\$ 47,969,027	\$ 5,959,687

Compensated absence liabilities related to both governmental and business-type activities are normally paid from the general fund and sewer enterprise funds, respectively.

NOTE 9 – RISK FINANCING

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

The Town provides health insurance to its employees through its participation in the West Suburban Health Group (the Group), a non-profit trust comprised of eleven towns, one school district and two educational collaboratives. The 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 prorate 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 2010 totaled \$146,500 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, 2010, and therefore is not reported.

The Town is self-insured for unemployment compensation. During fiscal year 2010, the Town appropriated \$87,000 to provide for anticipated costs of unemployment benefits. During fiscal year 2010, claims related to unemployment compensation totaled \$81,000. The liability for unemployment compensation was not material at June 30, 2010, and therefore is not reported.

NOTE 10 – STABILIZATION FUND

The Town has \$1.2 million 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 2010, the stabilization fund earned investment income of approximately \$5,000.

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

In fiscal year 2009 the Town has implemented GASB Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45). As allowed by GASB 45, the Town established the net Other Postemployment Benefits (OPEB) obligation at zero at the beginning of the transition year and applied the measurement and recognition requirements of GASB 45 on a prospective basis.

Plan Description – The Town of Westwood administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 60 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 40 percent of their premium costs. For fiscal year 2010, the Town contributed approximately \$1,078,000 to the plan.

Annual OPEB Cost and Net OPEB Obligation – The Town’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town’s net OPEB obligation are summarized in the following table:

Normal cost.....	\$	2,735,371
Amortization of unfunded actuarial accrued liability.....		1,525,530
Interest on net OPEB obligation.....		163,504
Amortization of net OPEB obligation.....		<u>(134,984)</u>
Annual OPEB cost (expense).....		4,289,421
Contributions made.....		<u>(1,078,212)</u>
Increase in net OPEB obligation.....		3,211,209
Net OPEB obligation-beginning of year.....		<u>4,671,531</u>
Net OPEB obligation-end of year.....	\$	<u><u>7,882,740</u></u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2009 and 2010 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2010	\$ 4,289,421	25%	\$ 7,882,740
6/30/2009	5,973,531	22%	4,671,531

Funded Status and Funding Progress – As of June 30, 2009, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$49,334,499, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$39,100,816, and the ratio of the UAAL to the covered payroll was 126.2 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2009 actuarial valuation, actuarial liabilities were determined using the projected unit credit cost method. The actuarial assumptions included a 3.5% investment return assumption, which is based on the expected yield on the assets of the Town, calculated based on the funded level of the plan at the valuation date, and an annual medical/drug cost trend rate of 9% initially, graded to 5% over 7 years. The UAAL is being amortized over a 30 year open period using a level percentage of projected payroll with amortization payments increasing at 4.5% per year. The remaining amortization period at June 30, 2010 is 28 years.

NOTE 12 – COMMITMENTSWestwood Station:

The Town's high profile commercial development project, known as Westwood Station, has stalled in recent years due to the economic downturn. The project originally planned to include in excess of 4.5 million square feet of retail, office, residential, and hotel space to be sited on the Town's former industrial park known as University Ave Park. Subsequent to year end, an agreement was reached for the project to be purchased in an effort to re-energize the project and move forward. Advancement of this project has the potential to significantly enhance the Town's tax base.

Library Construction:

During fiscal year 2010, the Town approved construction of a new 32,000 square foot main library located adjacent to the current library. The two-year project, which is scheduled to begin in fiscal year 2011, includes relocating a historic building on this site, all costs associated with the construction of the new facility, and the demolition of the current library. The Town project is estimated to cost \$13.85 million, with \$9.3 million to be financed by the Town, \$4 million to be financed by the Massachusetts Library and Green Incentive Grants, and the remainder to be financed through private donations.

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, 2010, 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, 2010, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2010.

NOTE 14 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2010, the following GASB pronouncements were implemented:

- The GASB issued Statement #57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. The standards in this statement permits an agent employer that has an individual employer OPEB plan with fewer than 100 members to use an alternative measurement method to produce actuarially based information for purposes of financial reporting, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. Management elected to implement this standard early and this standard did not impact the basic financial statements.
- The GASB issued Statement #58, Accounting and Financial Reporting for Chapter 9 Bankruptcies. The standards in this statement provide guidance for bankrupt state and local governments by establishing requirements for recognizing and measuring the effects of the bankruptcy process on assets and liabilities and for classifying changes in those items and related costs. Management elected to implement this standard early and this standard did not impact the basic financial statements.

Future Implementation of GASB Pronouncements:

- The GASB issued Statement #54, Fund Balance Reporting and Governmental Fund Type Definitions, which is required to be implemented in fiscal year 2011. The implementation of this GASB will impact the Town's financial statements, as it changes fund balance components into Nonspendable; Restricted; Committed; Assigned; and Unassigned.

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, 2010

	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.....	\$ 51,309,236	\$ 51,309,236	\$ 50,477,953	\$ -	\$ (831,283)
Motor vehicle excise taxes.....	1,985,000	1,985,000	2,131,252	-	146,252
Westwood Station.....	615,000	615,000	615,000	-	-
Penalties and interest on taxes.....	60,000	60,000	105,602	-	45,602
Fees.....	222,000	222,000	233,430	-	11,430
Licenses and permits.....	360,000	360,000	403,405	-	43,405
Fines and forfeitures.....	15,000	15,000	17,521	-	2,521
Intergovernmental.....	7,315,733	7,316,194	7,272,483	-	(43,711)
Departmental and other.....	260,000	260,000	255,382	-	(4,618)
Special assessments.....	-	-	-	-	-
Investment income.....	280,000	280,000	111,156	-	(168,844)
TOTAL REVENUES.....	62,421,969	62,422,430	61,623,184	-	(799,246)
EXPENDITURES:					
SELECTMEN					
Salaries.....	397,797	397,797	385,736	-	12,061
Expenditures.....	50,000	50,000	45,588	-	4,412
TOTAL.....	447,797	447,797	431,324	-	16,473
FINANCE COMMISSION					
Salaries.....	33,389	33,389	33,341	-	48
Expenditures.....	22,048	22,048	20,596	-	1,452
TOTAL.....	55,437	55,437	53,937	-	1,500
ACCOUNTING					
Salaries.....	168,885	168,885	168,478	-	407
Expenditures.....	5,020	5,020	4,713	-	307
TOTAL.....	173,905	173,905	173,191	-	714
AUDIT-SCHOOL & MUNICIPAL FINANCIALS					
Professional Services.....	50,000	50,000	50,000	-	-
ASSESSORS					
Salaries.....	165,637	165,637	163,827	-	1,810
Expenditures.....	21,450	21,450	19,979	-	1,471
TOTAL.....	187,087	187,087	183,806	-	3,281
TREASURER					
Salaries.....	78,670	78,670	77,729	-	941
Expenditures.....	15,130	15,130	5,772	-	9,358
TOTAL.....	93,800	93,800	83,501	-	10,299
COLLECTOR					
Salaries.....	99,180	99,180	95,163	-	4,017
Expenditures.....	66,950	73,950	73,299	650	1
TOTAL.....	166,130	173,130	168,462	650	4,018
LEGAL					
Salaries.....	86,645	86,645	86,645	-	-
Expenditures.....	123,500	123,500	116,455	7,036	9
TOTAL.....	210,145	210,145	203,100	7,036	9

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Original Budget	Final Budget			
PERSONNEL BOARD					
Salaries.....	129,319	129,319	127,090	-	2,229
Expenditures.....	8,395	8,395	6,315	248	1,832
TOTAL.....	137,714	137,714	133,405	248	4,061
INFORMATION SYSTEMS					
Salaries.....	207,597	207,597	204,156	-	3,441
Expenditures.....	225,330	225,330	211,514	13,800	16
TOTAL.....	432,927	432,927	415,670	13,800	3,457
TOWN CLERK					
Salaries.....	131,212	131,212	127,824	-	3,388
Expenditures.....	45,000	45,000	29,192	250	15,558
TOTAL.....	176,212	176,212	157,016	250	18,946
CONSERVATION COMMISSION					
Salaries.....	39,749	39,749	38,221	-	1,528
Expenditures.....	5,450	5,450	2,301	-	3,149
TOTAL.....	45,199	45,199	40,522	-	4,677
PLANNING BOARD					
Salaries.....	90,490	60,490	56,704	-	3,786
Expenditures.....	3,715	3,715	2,067	-	1,648
TOTAL.....	94,205	64,205	58,771	-	5,434
ZONING BOARD OF APPEALS					
Salaries.....	23,638	23,638	23,635	-	3
Expenditures.....	2,865	2,865	505	-	2,360
TOTAL.....	26,503	26,503	24,140	-	2,363
ECONOMIC DEVELOPMENT TASK FORCE					
Salaries.....	70,581	70,581	70,530	-	51
Expenditures.....	3,800	3,800	-	-	3,800
TOTAL.....	74,381	74,381	70,530	-	3,851
OUTSIDE PROFESSIONAL SERVICES					
Expenditures.....	51,405	51,405	45,475	-	5,930
MASS HOUSING PARTNERSHIP					
Expenditures.....	15,000	15,000	15,000	-	-
HOUSING AUTHORITY					
Expenditures.....	10,000	10,000	7,191	-	2,809
OFFICE COMMUNICATIONS					
Expenditures.....	121,000	121,000	120,862	-	138
TRAINING					
Expenditures.....	6,000	6,000	6,000	-	-
Total General Government.....	2,574,847	2,551,847	2,441,903	21,984	87,960

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Original Budget	Final Budget			
PUBLIC SAFETY					
POLICE DEPARTMENT					
Salaries.....	2,500,900	2,620,900	2,620,900	-	-
Expenditures.....	217,150	217,150	213,186	156	3,808
TOTAL.....	2,718,050	2,838,050	2,834,086	156	3,808
CAREER INCENTIVE PROGRAM.....	166,944	166,944	59,841	107,103	-
ANIMAL CONTROL					
Salaries.....	41,927	41,927	41,776	-	151
Expenditures.....	7,500	7,500	4,449	-	3,051
TOTAL.....	49,427	49,427	46,225	-	3,202
CROSSING GUARDS					
Salaries.....	101,667	101,667	91,101	-	10,566
Expenditures.....	4,900	4,900	3,086	-	1,814
TOTAL.....	106,567	106,567	94,187	-	12,380
FIRE DEPARTMENT					
Salaries.....	2,393,239	2,393,239	2,367,149	-	26,090
Expenditures.....	178,991	178,991	178,673	-	318
TOTAL.....	2,572,230	2,572,230	2,545,822	-	26,408
BUILDING INSPECTION					
Salaries.....	239,476	239,476	236,675	-	2,801
Expenditures.....	34,950	34,950	25,312	-	9,638
TOTAL.....	274,426	274,426	261,987	-	12,439
CIVIL DEFENSE.....	2,000	2,000	500	-	1,500
Total Public Safety.....	5,889,644	6,009,644	5,842,648	107,259	59,737
EDUCATION					
PUBLIC SCHOOLS					
Salaries and expenditures.....	33,714,905	33,881,005	32,333,296	1,400,143	147,566
BLUE HILLS REGIONAL.....	173,379	185,683	185,683	-	-
Total Education.....	33,888,284	34,066,688	32,518,979	1,400,143	147,566

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Original Budget	Final Budget			
PUBLIC WORKS					
DEPARTMENT OF PUBLIC WORKS					
Salaries-admin.....	182,448	182,448	181,793	-	655
Salaries-operations.....	1,284,473	1,359,473	1,350,688	-	8,785
Expenditures.....	441,796	441,796	416,126	12,175	13,495
TOTAL.....	1,908,717	1,983,717	1,948,607	12,175	22,935
BUILDING MAINTENANCE					
Expenditures.....	624,524	624,524	535,937	9,296	79,291
MUNICIPAL & SCHOOL FIELD MAINTENANCE					
Expenditures.....	112,044	112,044	102,336	-	9,708
SNOW & ICE					
Expenditures.....	250,000	350,000	339,182	-	10,818
STREET LIGHTING					
Expenditures.....	149,991	149,991	105,893	-	44,098
WASTE/COLLECTION/DISPOSAL					
Expenditures.....	1,275,042	1,275,042	1,153,823	-	121,219
Total Public Works.....	4,320,318	4,495,318	4,185,778	21,471	288,069
HEALTH AND HUMAN SERVICES					
HEALTH DIVISION					
Salaries.....	174,750	174,750	174,746	-	4
Expenditures.....	10,200	10,200	7,560	435	2,205
TOTAL.....	184,950	184,950	182,306	435	2,209
OUTSIDE HEALTH AGENCIES					
	14,316	14,316	12,636	-	1,680
DISABILITY COMMISSION					
Expenditures.....	500	500	-	-	500
COUNCIL ON AGING					
Salaries.....	192,983	194,983	194,954	-	29
Expenditures.....	25,535	25,535	24,318	-	1,217
TOTAL.....	218,518	220,518	219,272	-	1,246
YOUTH COMMISSION					
Salaries.....	154,285	154,285	152,880	-	1,405
Expenditures.....	15,537	15,537	14,936	596	5
TOTAL.....	169,822	169,822	167,816	596	1,410
VETERANS SERVICES					
Salaries.....	25,185	25,185	25,181	-	4
Expenditures.....	60,800	85,800	82,953	-	2,847
TOTAL.....	85,985	110,985	108,134	-	2,851
Total Health and Human Services.....	674,091	701,091	690,164	1,031	9,896

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Original Budget	Final Budget			
CULTURE AND RECREATION					
RECREATION					
Salaries.....	233,225	233,225	232,660	-	565
Expenditures.....	41,550	41,550	39,472	-	2,078
TOTAL.....	274,775	274,775	272,132	-	2,643
PUBLIC LIBRARY					
Salaries.....	742,527	749,527	741,182	-	8,345
Expenditures.....	211,326	211,326	204,661	6,296	369
TOTAL.....	953,853	960,853	945,843	6,296	8,714
MEMORIAL DAY					
Expenditures.....	6,700	6,700	5,297	-	1,403
Total Culture and Recreation.....	1,235,328	1,242,328	1,223,272	6,296	12,760
WESTWOOD STATION					
Expenditures.....	18,400	18,400	18,400	-	-
PENSION BENEFITS					
Contributory Pension.....	2,329,423	2,329,423	2,329,423	-	-
Non-Contributory Pension.....	56,383	56,383	54,740	-	1,643
Total Pension Benefits.....	2,385,806	2,385,806	2,384,163	-	1,643
INSURANCE					
General Liability.....	402,000	352,000	278,318	-	73,682
CAPITAL OUTLAY.....	1,870,219	2,350,219	1,302,387	1,047,309	523
EMPLOYEE BENEFITS.....	5,698,623	5,698,623	5,370,428	627	327,568
RESERVE FUND.....	650,000	384,596	9,000	16,000	359,596
STATE AND COUNTY ASSESSMENTS.....	555,357	555,357	536,238	-	19,119
DEBT SERVICE PRINCIPAL.....	4,349,307	4,349,307	4,295,000	-	54,307
DEBT SERVICE INTEREST.....	1,778,034	1,778,034	1,778,034	-	-
TOTAL EXPENDITURES.....	66,290,258	66,939,258	62,874,712	2,622,120	1,442,426
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(3,868,289)	(4,516,828)	(1,251,528)	(2,622,120)	643,180
OTHER FINANCING SOURCES (USES):					
Transfers in.....	869,609	1,471,109	1,471,109	-	-
Transfers out.....	(127,500)	(127,500)	(127,500)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	742,109	1,343,609	1,343,609	-	-
NET CHANGE IN FUND BALANCE.....	(3,868,289)	(3,173,219)	92,081	(2,622,120)	643,180
BUDGETARY FUND BALANCE, Beginning of year.....	5,023,902	5,023,902	5,023,902	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 1,155,613	\$ 1,850,683	\$ 5,115,983	\$ (2,622,120)	\$ 643,180

See notes to required supplementary information.

(Concluded)

THIS PAGE INTENTIONALLY LEFT BLANK

Retirement System Schedules of Funding Progress and Employer Contributions

The Retirement System Schedule of Funding Progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The Retirement System Schedule of Employer Contributions presents multiyear trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the Town is one participating employer, as well as the Town's proportionate share of the plan's annual contributions.

**Norfolk County Contributory Retirement System
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
01/01/08	\$ 596,157,147	\$ 907,719,124	\$ 311,561,977	65.7%	\$ 223,814,977	139.2%
01/01/07	533,077,948	855,677,413	322,599,465	62.3%	219,620,865	146.9%
01/01/05	467,186,566	762,900,650	295,714,084	61.2%	196,639,163	150.4%
01/01/03	415,150,776	675,275,257	260,124,481	61.5%	185,281,985	140.4%
01/01/00	371,646,793	533,959,970	162,313,177	69.6%	163,542,978	99.2%
01/01/97	258,771,070	392,463,080	133,692,010	65.9%	126,219,194	105.9%
01/01/93	151,546,609	291,472,940	139,926,331	52.0%	107,482,975	130.2%

The Town's share of the UAAL, as of January 1, 2010, is approximately 5.49%.

See notes to required supplementary information.

**Norfolk County Contributory Retirement System
Schedule of Employer Contributions**

Plan Year Ended December 31	System Wide			Town of Westwood	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contributions	(B/A) Town's Percentage of System Wide Actual Contributions
2009	\$ 38,920,499	\$ 38,920,499	100%	\$ 2,135,190	5.49%
2008	33,104,903	33,104,903	100%	1,852,100	5.59%
2007	32,877,890	32,877,890	100%	1,810,830	5.51%
2006	31,755,708	31,755,708	100%	1,590,774	5.01%
2005	28,238,996	28,238,996	100%	1,349,590	4.78%

The Town's Actual Contributions equaled 100% of its Required Contributions for each year presented.

See notes to required supplementary information.

THIS PAGE INTENTIONALLY LEFT BLANK

EDWARDS ANGELL PALMER & DODGE LLP

111 Huntington Avenue Boston, MA 02199 617.239.0100 fax 617.227.4420 eapdlaw.com

(Date of Delivery)

James J. Gavin, Treasurer
Town of Westwood
Westwood, Massachusetts

\$9,300,000
Town of Westwood, Massachusetts
General Obligation Library Bonds
Dated March 10, 2011

We have acted as bond counsel to the Town of Westwood, Massachusetts (the “Town”) in connection with the issuance by the Town of the above-referenced bonds (the “Bonds”). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the Town contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the Town and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Town with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure by the Town to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. Except as expressed in paragraph 4 below, we express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

4. The Bonds are qualified tax-exempt obligations within the meaning of Section 265(b)(3) of the Code.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Edwards Angell Palmer & Dodge LLP

**PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of Westwood, Massachusetts (the “Issuer”) in connection with the issuance of its \$9,300,000 General Obligation Library Bonds dated March 10, 2011 (the “Bonds”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted when available separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB, in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated March ____, 2011 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

(b) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles, with certain exceptions permitted by the Massachusetts Uniform Municipal Accounting System promulgated by the Department of Revenue of the Commonwealth. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of the Owners of the Bonds, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.*
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in Subsections (a)(2), (6), (7), (8) (with respect to bond calls), (10), (13) or (14), the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) Upon the occurrence of a Listed Event described in subsections (a)(1), (3), (4), (5), (6), (8) (with respect to tender offers), (9), (11) or (12), and in the event the Issuer determines that the occurrence of a Listed Event described in subsections (a)(2), (6), (7), (8) (with respect to bond calls), (10), (13) or (14) is material under applicable federal securities laws, the Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance in accordance with the terms of the Bonds, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action for specific performance of the Issuer's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: _____, 2011

TOWN OF WESTWOOD,
MASSACHUSETTS

By _____
Treasurer

Selectmen

[EXHIBIT A: Filing Information for the MSRB]
[EXHIBIT B: Form of Notice of Failure to File Annual Report]