

OFFICIAL STATEMENT DATED AUGUST 10, 2016

Rating: See "Rating" herein.
Standard & Poor's Ratings Services: AAA

New Issue

In the opinion of Locke Lord 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
\$16,645,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2016 BONDS

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.

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 March 1 and September 1, commencing March 1, 2017.

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, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

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

MATURITIES, PRINCIPAL 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 maturities from 2017 to 2027.

\$1,380,000 Coupon Rate 3.00% Term Bond Maturing March 1, 2040 Yield @ 2.85% CUSIP #961777 ZZ5
\$1,375,000 Coupon Rate 3.00% Term Bond Maturing March 1, 2043 Yield @ 2.90% CUSIP #961777 A41
\$1,335,000 Coupon Rate 3.00% Term Bond Maturing March 1, 2046 Yield @ 2.95% CUSIP #961777 A74

The Bonds are offered subject to the final approving opinion of Locke Lord LLP, Boston, Massachusetts, Bond Counsel, and to certain other conditions referred to herein and in the Notice of Sale.

RAYMOND JAMES & ASSOCIATES, INC.

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The information and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this 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 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: | Wednesday, August 10, 2016 11:00 A.M. (Eastern Time) |
| Location of Sale | FirstSouthwest, a Division of Hilltop Securities Inc., 54 Canal Street, 3 rd Floor, Boston, Massachusetts. |
| Issuer: | Town of Westwood, Massachusetts (the "Town"). |
| Issue: | \$16,645,000 General Obligation Municipal Purpose Loan of 2016 Bonds. |
| Official Statement Dated: | August 10, 2016. |
| Dated Date of the Bonds: | Date of delivery. |
| Principal Due: | March 1, 2017 through March 1, 2046, inclusive, as described herein. |
| Interest Payable: | March 1 and September 1 of each year, commencing March 1, 2017. |
| Purpose and Authority: | The Bonds are authorized by the Town for public building design and construction, street light improvements and land development purposes under provisions of the Massachusetts General Laws as detailed herein. |
| Redemption: | The Bonds are subject to redemption prior to their stated maturity dates as detailed herein. |
| Security for the Bonds: | The Bonds will be valid general obligations of 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, subject to the limit imposed by Chapter 59, Section 21C of the General Laws. See "THE BONDS – Authorization and Use of Proceeds" herein |
| Credit Rating: | Standard & Poor's Ratings Services has assigned a rating of AAA to the Bonds. |
| 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. <u>BIDS MUST INCLUDE A PREMIUM OF AT LEAST \$100,000.</u> |
| 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 – Proposed Form of Continuing Disclosure Certificate" herein. |
| Bank Qualification: | The Bonds WILL NOT 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: | Locke Lord LLP, Boston, Massachusetts. |
| Financial Advisor: | FirstSouthwest, a Division of Hilltop Securities Inc., 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 September 1, 2016, 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, Managing Director, FirstSouthwest, a Division of Hilltop Securities Inc., Boston, Massachusetts. Tel: (617) 619-4409. |

NOTICE OF SALE
TOWN OF WESTWOOD, MASSACHUSETTS
\$17,095,000* GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2016 BONDS

The Town of Westwood, Massachusetts (the "Town") will receive sealed and electronic proposals (as described herein) until 11:00 A.M., Eastern Daylight Time, Wednesday, August 10, 2016, for the purchase of the following described General Obligation Municipal Purpose Loan of 2016 Bonds of the Town (the "Bonds"):

\$17,095,000* General Obligation Municipal Purpose Loan of 2016 Bonds payable March 1 of the years and in the amounts as follows:

| Due March 1 | Principal Amount* | Due March 1 | Principal Amount* |
|----------------|----------------------|----------------|----------------------|
| 2017 | \$ 770,000 | 2032 | ** \$ 475,000 |
| 2018 | 765,000 | 2033 | ** 475,000 |
| 2019 | 765,000 | 2034 | ** 475,000 |
| 2020 | 765,000 | 2035 | ** 475,000 |
| 2021 | 765,000 | 2036 | ** 475,000 |
| 2022 | 765,000 | 2037 | ** 475,000 |
| 2023 | 765,000 | 2038 | ** 475,000 |
| 2024 | 765,000 | 2039 | ** 475,000 |
| 2025 | 760,000 | 2040 | ** 475,000 |
| 2026 | 760,000 | 2041 | ** 475,000 |
| 2027 | 475,000 ** | 2042 | ** 475,000 |
| 2028 | 475,000 ** | 2043 | ** 470,000 |
| 2029 | 475,000 ** | 2044 | ** 470,000 |
| 2030 | 475,000 ** | 2045 | ** 470,000 |
| 2031 | 475,000 ** | 2046 | ** 440,000 |

*Preliminary, subject to change.

**Callable maturities. May be combined into one, two or three Term Bonds.

The Bonds will be dated their date of delivery. Principal of the Bonds will be payable on March 1 of the years in which the Bonds mature. Interest will be payable on March 1 and September 1 of each year, commencing March 1, 2017.

The Bonds will be issued by means of a book-entry system with no physical distribution of the Bonds 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 a book-entry system with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. 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 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 DTC participants will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners will be the responsibility of such participants and other nominees of 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 FirstSouthwest, a Division of Hilltop Securities Inc. and their legality will be approved by Locke Lord LLP, Boston, Massachusetts, whose opinion will be furnished to the purchaser without charge.

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 DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements 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

Bonds maturing on or prior to March 1, 2026 shall not be subject to redemption prior to their stated maturity dates. Bonds maturing on or after March 1, 2027 shall be subject to redemption prior to maturity, at the option of the Town, on or after March 1, 2026, 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, 2027, 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, two or three 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 three 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.

Bidding Parameters

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 and **(c) no coupon in excess of 4.0%.** **BIDS MUST INCLUDE A PREMIUM OF AT LEAST \$100,000.**

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.

The Town reserves the right to change the aggregate principal amount of the Bonds and the maturity schedule after the determination of the winning bid by decreasing the aggregate principal amount and the principal amount of each maturity of the Police Station Construction portion of the Bonds after taking into account the actual premium to be received by the Town on such component of the Bonds. The dollar amount bid for the Bonds by the winning bidder will be adjusted, if applicable, to reflect changes in the dollar amount of the amortization schedule. Any price that is adjusted will reflect changes in the dollar amount of the underwriter's discount and original issue premium, if any, but will not change the per bond underwriter's discount (net of insurance premium, if any) provided in such bid. Nor will it change the interest rate specified for each maturity. Any such adjustments will be communicated to the winning bidder for the Bonds by 4 P.M. on the day of the sale.

Bids must be submitted either:

- (a) In a sealed envelope marked "Proposal for Bonds" and addressed to Mr. James J. Gavin, Treasurer, Town of Westwood, Massachusetts c/o FirstSouthwest, a Division of Hilltop Securities Inc., 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 FirstSouthwest, a Division of Hilltop Securities Inc., 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 FirstSouthwest, a Division of Hilltop Securities Inc.. FirstSouthwest, a Division of Hilltop Securities Inc. will act as agent for the bidder, but neither the Town nor FirstSouthwest, a Division of Hilltop Securities Inc. 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 I-deal at 40 West 23rd Street, 5th Floor, New York, NY 10010 (212) 404-8102. 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.

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.

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

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 therefor, 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 Standard & Poor's for a rating on the Bonds. Any such fees paid to Standard & Poor's would be borne by the Town.

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that it shall be furnished, without cost, with (a) the approving opinion of the firm of Locke Lord LLP, Boston, Massachusetts, substantially in the form appearing as Appendix B of the Preliminary Official Statement dated August 3, 2016, (b) a certificate in the form satisfactory to Bond Counsel 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 signers thereof, threatened which affects 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, as of the date of sale the Preliminary Official Statement did not, and as of the date of the delivery of the Bonds, the Final Official Statement does not, contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made therein, in the 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 dated August 3, 2016.

In order to assist bidders in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will undertake to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement dated August 3, 2016.

The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 as amended (the "Code").

Additional information concerning the Town of Westwood and the Bonds is contained in the Preliminary Official Statement dated August 3, 2016, 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. Said Preliminary Official Statement is deemed final by the Town except for the omission of the reoffering price(s), interest rate(s), delivery date, the identity of the underwriter(s), and any other pertinent terms of the Bonds depending on such matters, but is subject to change without notice to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from FirstSouthwest, a Division of Hilltop Securities Inc., 54 Canal Street, Boston, Massachusetts 02114 (Telephone: 617-619-4400). Within seven (7) business days following the award of the Bonds in accordance herewith, ten (10) copies of the Final Official Statement will be available from the FirstSouthwest, a Division of Hilltop Securities Inc. to the successful bidder for use in reoffering the Bonds. Upon request, additional copies will be provided at the expense of the requester.

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 August 10, 2016 (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. 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 charge that may be imposed for the assignment of such numbers.

The Bonds in definitive form will be delivered to DTC or its custodial agent on or about September 1, 2016 for settlement in federal funds.

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

August 3, 2016

OFFICIAL STATEMENT

TOWN OF WESTWOOD, MASSACHUSETTS

\$16,645,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2016 BONDS

This 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 \$16,645,000 aggregate principal amount of its General Obligation Municipal Purpose Loan of 2016 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 various municipal purposes described herein and mature on March 1 in each of the years and in the principal amounts as set forth on the cover page of this Official Statement. Interest on the Bonds will be payable on March 1, 2017 and semiannually thereafter on each March 1 and September 1 of each year 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 physical 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

Optional Redemption

Bonds maturing on or prior to March 1, 2026 shall not be subject to redemption prior to their stated maturity dates. Bonds maturing on or after March 1, 2027 shall be subject to redemption prior to maturity, at the option of the Town, on or after March 1, 2026, 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, 2040, March 1, 2043 and March 1, 2046 (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 such Term Bonds 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.

\$1,380,000 Term Bond Maturing March 1, 2040

| <u>March 1</u> | <u>Principal Amount</u> |
|----------------|-------------------------|
| 2038 | \$460,000 |
| 2039 | 460,000 |
| 2040* | 460,000 |

\$1,375,000 Term Bond Maturing March 1, 2043

| <u>March 1</u> | <u>Principal Amount</u> |
|----------------|-------------------------|
| 2041 | \$460,000 |
| 2042 | 460,000 |
| 2043* | 455,000 |

\$1,335,000 Term Bond Maturing March 1, 2046

| <u>March 1</u> | <u>Principal Amount</u> |
|----------------|-------------------------|
| 2044 | \$455,000 |
| 2045 | 455,000 |
| 2046* | 425,000 |

*Final Maturity.

Notice of Redemption

Notice of any redemption of Bonds, prior to their dates of maturity, specifying the Bonds (or the portions 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 Direct Participants of the redemption or failure on the part of DTC's Participants, Indirect Participants or of a nominee of a Beneficial Owner having received notice from a DTC Participant or otherwise to notify the Beneficial Owners 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 preceding the interest payment date, and if such date is not a business day, the record date shall 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 each series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 a Standard & Poor's rating of AA+. 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.

Purchases of securities deposited with DTC 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 with 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 securities deposited with 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 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 nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it, 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 it unless authorized by a Direct Participant in accordance with DTC's 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 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>This Issue</u> | <u>Purpose</u> | <u>Original Bond Authorization</u> | <u>Bond Anticipation Notes Outstanding (1)</u> | <u>M.G.L. Chapter 44, Section</u> | <u>Date of Authorization</u> | <u>Article Number</u> |
|----------------------|-------------------------------------|--|--|---|----------------------------------|---------------------------|
| \$ 2,000,000 | Deerfield Road/Parking Improvements | \$ 2,000,000 | \$ 2,000,000 | s. 7(6) | 11/9/2015 | 9 |
| 890,000 | Land Acquisition | 890,000 | 890,000 | s. 7(3) | 11/9/2015 | 16 |
| 1,000,000 | Police Station Design | 1,000,000 | 1,000,000 | s. 7(3) | 11/17/2014 | 5 |
| 12,755,000 | Police Station Construction | 13,205,000 | - | s. 7(3) | 5/2/2016 | 15 |
| <u>\$ 16,645,000</u> | | | <u>\$ 3,890,000</u> | | | |

(1) Payable September 2, 2015. To be retired with bond proceeds.

Principal Payments by Purpose

| Year (March 1) | Police Station Design | Deerfield Road/Parking Improvements | Land Acquisition | Police Station Construction | Total |
|-------------------|--------------------------|---|---------------------|--------------------------------|----------------------|
| 2017 | \$ 35,000 | \$ 200,000 | \$ 90,000 | \$ 430,000 | \$ 755,000 |
| 2018 | 35,000 | 200,000 | 90,000 | 425,000 | 750,000 |
| 2019 | 35,000 | 200,000 | 90,000 | 425,000 | 750,000 |
| 2020 | 35,000 | 200,000 | 90,000 | 425,000 | 750,000 |
| 2021 | 35,000 | 200,000 | 90,000 | 425,000 | 750,000 |
| 2022 | 35,000 | 200,000 | 90,000 | 425,000 | 750,000 |
| 2023 | 35,000 | 200,000 | 90,000 | 425,000 | 750,000 |
| 2024 | 35,000 | 200,000 | 90,000 | 425,000 | 750,000 |
| 2025 | 35,000 | 200,000 | 85,000 | 425,000 | 745,000 |
| 2026 | 35,000 | 200,000 | 85,000 | 425,000 | 745,000 |
| 2027 | 35,000 | - | - | 425,000 | 460,000 |
| 2028 | 35,000 | - | - | 425,000 | 460,000 |
| 2029 | 35,000 | - | - | 425,000 | 460,000 |
| 2030 | 35,000 | - | - | 425,000 | 460,000 |
| 2031 | 35,000 | - | - | 425,000 | 460,000 |
| 2032 | 35,000 | - | - | 425,000 | 460,000 |
| 2033 | 35,000 | - | - | 425,000 | 460,000 |
| 2034 | 35,000 | - | - | 425,000 | 460,000 |
| 2035 | 35,000 | - | - | 425,000 | 460,000 |
| 2036 | 35,000 | - | - | 425,000 | 460,000 |
| 2037 | 35,000 | - | - | 425,000 | 460,000 |
| 2038 | 35,000 | - | - | 425,000 | 460,000 |
| 2039 | 35,000 | - | - | 425,000 | 460,000 |
| 2040 | 35,000 | - | - | 425,000 | 460,000 |
| 2041 | 35,000 | - | - | 425,000 | 460,000 |
| 2042 | 35,000 | - | - | 425,000 | 460,000 |
| 2043 | 30,000 | - | - | 425,000 | 455,000 |
| 2044 | 30,000 | - | - | 425,000 | 455,000 |
| 2045 | 30,000 | - | - | 425,000 | 455,000 |
| 2046 | - | - | - | 425,000 | 425,000 |
| Totals | <u>\$ 1,000,000</u> | <u>\$ 2,000,000</u> | <u>\$ 890,000</u> | <u>\$ 12,755,000</u> | <u>\$ 16,645,000</u> |

Tax Exemption

In the opinion of Locke Lord 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. 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 Bonds will not be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

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 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.

Prospective Bondholders should be aware that from time to time legislation is or may be proposed which, if enacted into law, could result in interest on the Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent Bondholders from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Bonds from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any 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 market value and marketability of, or the tax status of interest on, the Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

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, deduction or exclusion. 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 Bonds and Notes" under "INDEBTEDNESS") and setoffs of state distributions as described below (see "Use of State Distributions to Pay Debt Service" 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 payment 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" 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, 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, and 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” under (See “Types of Obligation - *Serial Bonds and Notes*” 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 Clean Water 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.

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 generally 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 purchaser will be furnished the legal opinion of the firm of Locke Lord LLP, Boston, Massachusetts (“Bond Counsel”). The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful bidder. The opinion will be substantially in the form presented in Appendix B.

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

Rating

Standard & Poor’s Ratings Services has assigned a rating of AAA to the Bonds. The rating only reflects the rating agency’s views and is subject to revision or withdrawal, which could affect the market price of the Bonds.

Financial Advisory Services of FirstSouthwest, a Division of Hilltop Securities Inc.

FirstSouthwest, a Division of Hilltop Securities Inc., Boston, Massachusetts serves as financial advisor to the Town of Westwood, Massachusetts.

First Southwest Company, LLC (“FirstSouthwest”) merged with its common control affiliate, Hilltop Securities Inc. (“HilltopSecurities”). The merger was completed at the close of business on January 22, 2016, at which time HilltopSecurities, as the surviving entity, automatically assumed all rights and obligations of FirstSouthwest. The firm’s municipal advisory business will continue to operate as FirstSouthwest, a Division of Hilltop Securities Inc.

Continuing Disclosure

In order to assist 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 significant 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 became obligated to file annual reports with each nationally recognized municipal securities information repository ("NRMSIR") in an offering that took place in 2008. Due to an administrative oversight by the filing agent, the financial statements were not timely filed with each NRMSIR for the fiscal year ending 2013. All information has since been filed including a notice of late filing. The Town has implemented procedures to ensure timely filing of all future financial information.

THE TOWN OF WESTWOOD, MASSACHUSETTS

Description

The area known as the Town of 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 2010 Federal Census, has a population of 14,618.

Local Government

The Town operates under a Board of Selectmen/Open Town Meeting/Town Administrator form of government. The elected three-member Board of Selectmen makes policy decisions and the Town Administrator 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 | Nancy C. Hyde, Chair | Elected – 3-year term | 2018 |
| | John M. Hickey | Elected – 3-year term | 2019 |
| | Michael F. Walsh | Elected – 3-year term | 2017 |
| Town Administrator | Michael A. Jaillet | Appointed by Selectmen | Indefinite under contract |
| Treasurer | James J. Gavin | Elected – 3-year term | 2018 |
| Collector | Albert Wisialko, Jr. | Elected – 3-year term | 2017 |
| Town Clerk | Dorothy Powers | Elected – 3-year term | Indefinite |
| 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 eight 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, firefighting, fire prevention and advanced 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 continues to reflect a strengthening local economy. The per capita income of \$89,407 continues to rise and outpace the state average. Westwood also has an extremely low unemployment rate of 2.9% (May, 2016) compared with the state rate of 3.8% (May, 2016).

Westwood is a desirable community with a strong residential sales market, which has risen above the pre-fiscal crisis levels. The Town offers a unique mix of proximity to Boston and major highways and transportation, while maintaining its status as a desirable residential community. The Town offers a broad range of high quality services, outstanding public education and an attractive quality of life.

The Town has experienced a major, positive change in commercial property value. In order to improve commercial development, the Town had taken steps over the last several years to enhance the desirability of its major commercial areas. The commercial area is situated in a far corner of the Town's geographical area, bordering major highways and a commuter rail system with connections to Boston as well as Amtrak and Acela speed rail service to Providence, Rhode Island, New York City and Washington DC.

Since the passage of these steps, including zoning and permitting changes, a major developer has assembled 17 parcels of land, totaling 137 acres, which is half the University Avenue Park. The approved master plan for the area contemplates over two million square feet of new mixed use development including residential, commercial, hotel, office and retail components. The developer demolished all of the existing structures, installed all utilities and laid out the new road systems and intersection improvements. All local and state approvals were given for the first phase of the project which began construction in 2014 and to date half the development has or is about to receive occupancy permits. Many of the stores and restaurants opened in 2015 and 2016, bringing a vibrant new commercial and residential area to Town.

The Town expects that the resulting economic benefits in creating employment opportunities for the Commonwealth and the region and significant new growth revenue will outweigh the additional service costs. For example, the developer has since obtained an \$85 million commitment from the Commonwealth to complete infrastructure improvements. The overall goal is to achieve a redevelopment project that mitigates any transportation and environmental concerns, provides for an enhanced and stable commercial tax base, and maintains and enhances the quality of the community.

The zoning encourages 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, as well as to Providence, Rhode Island. The station also serves as the suburban stop for the Acela high speed rail train between Boston, New York and Washington, D.C. 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.

The growth of the Town's main source of revenues, property taxes, is capped by Proposition 2 ½ and can only be overridden by a majority vote at a Town election. While tax revenue increases have been limited in recent years, other revenue sources, such as state aid and local receipts have stabilized. In addition, the Town has made significant efforts with fixed cost budgets, resulting in much improved budgets in health insurance and benefit accounts. On the Town's operating side, the 2016 budgets and service level were maintained through a modest 5% increase in the operating budget. This allowed the Town to continue to provide high quality services while minimizing the impact on the property tax burden.

The Town adopted the state local option meals tax option that should provide revenue the Town plans to reserve for capital improvements. This meals tax was implemented mid-year of fiscal 2015. Fiscal year 2015 meal tax collections of approximately \$56,000 represented pre-University Station restaurant openings. Total meals tax revenue through June 30, 2016 of \$342,000 will be reserved for future use other than for operating budgets.

The Town continues to work on the health insurance costs resulting in continued savings. The changes included plan restructuring and transition to the state GIC program. Savings from the changes has allowed the Town to build into the budget an annual OPEB appropriation of approximately \$1,350,000. The Town has made significant progress in addressing the liability and with continued work may soon reach full compliance with the annual requirement.

The Town continues to manage its financial affairs in a prudent manner, primarily through considerable long-term planning and strong financial policies. In 2015 the Town's credit rating was upgraded to AAA by Standard & Poor's. It has been able to do so by incorporating long range planning tools such as a five-year Capital Improvement Program; maintaining reserve balances and addressing long term liabilities despite tight budgets; investing in technology to ensure efficient operations; and maintaining an aggressive pay-as-you-go financing strategy for capital improvements. The Town's long-term policies will preserve its strong financial position for the foreseeable future.

In 2015, the Town continued to demonstrate its commitment to the financial policy of maintaining and building its reserve accounts. Despite a tight budget process the Town expanded its continued commitment to build the Stabilization Fund account to the policy goal level, which is 4% of general fund net operating revenues. The 2016 budget appropriated \$100,000 to the Stabilization Fund and \$1,350,000 to the OPEB Liability Account. These same amounts were also funded in the FY 2017 budget. The Town plans to continue to fund the reserves in future years.

The Town has remained dedicated to an aggressive retirement of debt policy. Whenever possible, debt is issued for shorter time periods than the maximum terms allowed, typically ten years. The Town has aggressively pursued and received state funding for all school construction projects. The state is committed to stabilized annual payments of approximately \$1.4 million which are directly applied to the High School debt service thereby limiting the burden on the taxpayers. Other ten-year municipal ten year bonds were issued in 2014. This roll over of debt enabled the Town to issue new debt for infrastructure improvements and remain within the same debt levels. The Town monitors and schedules retirement and issuance of debt to ensure that debt service does not exceed 10% of the operating budget to ensure availability of resources for ongoing operations.

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

Major initiatives for fiscal 2017 will include continued inspection and facilitation of the construction of additional pieces of the University Station project, ensuring that this exciting new development proceeds appropriately and impacts the community in a positive manner. Particular focus will be given to ensuring that new revenue from this project strengthens the reserve and capital accounts according to the Town's financial policies, as well as enhancing delivery of services.

The Town is implementing plans for significant improvements to its public safety facilities. The Public Safety Task Force has studied the issues over the last year and recommended a plan that includes designing and building of new police and fire facilities over a multiple year period. This will not only enhance current services but will allow the Town to provide additional services to meet the needs of the University Station development. The first phase of the public facility plan is to construct a new Islington fire station, at the site of the current station. Funding approval of \$8.65M was voted at the May

2015 Annual Town Meeting and the project is currently underway. At the May 2016 Annual Town Meeting, \$13,205,000 was voted to construct a new police headquarters and that project is now also underway.

Labor Force, Employment and Unemployment Rates

According to the Massachusetts Department of Employment and Training, in May 2016, the Town had a total labor force of 7,488 of whom 7,272 were employed and 216 or 2.9% were unemployed as compared to 3.8% for the Commonwealth and 5.0% for the United States. The following table sets forth the Town's average labor force and unemployment rates for calendar years 2011 through 2015 and the unemployment rates for the Commonwealth and the United States for the same period:

| Year | Town of Westwood | | | Unemployment Rate | |
|------|------------------|-----------------|-------------------|-------------------|------|
| | Labor Force | Number Employed | Unemployment Rate | Massachusetts | U.S. |
| 2015 | 7,452 | 7,190 | 3.5% | 4.9% | 5.0% |
| 2014 | 7,404 | 7,295 | 3.2 | 5.8 | 6.2 |
| 2013 | 7,015 | 6,670 | 4.9 | 7.1 | 7.4 |
| 2012 | 7,059 | 6,737 | 4.6 | 6.7 | 8.1 |
| 2011 | 6,959 | 6,623 | 4.8 | 6.6 | 8.3 |

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 2010 through 2014:

| Industry | Calendar Year Average | | | | |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| Construction | 487 | 440 | 339 | 370 | 389 |
| Manufacturing | 316 | 364 | 340 | 323 | 285 |
| Trade, Transportation and Utilities | 1,713 | 1,542 | 1,420 | 1,578 | 1,800 |
| Information | 886 | 1,134 | 1,309 | 1,378 | |
| Financial Activities | 987 | 1,036 | 1,033 | 1,030 | 1,056 |
| Professional and Business Services | 2,187 | 2,278 | 2,315 | 2,289 | 2,025 |
| Education and Health Services | 1,764 | 1,822 | 2,166 | 2,068 | 2,119 |
| Leisure and Hospitality | 337 | 357 | 360 | 362 | 350 |
| Other Services | 160 | 165 | 180 | 156 | 159 |
| Total Employment | 8,837 | 9,138 | 9,462 | 9,554 | 8,183 |
| Number of Establishments | 507 | 522 | 514 | 528 | 556 |
| Average Weekly Wages | \$ 8,945 | \$ 1,457 | \$ 1,483 | \$ 1,428 | \$ 1,460 |
| Total Wages | \$ 670,255,360 | \$ 701,033,217 | \$ 739,308,097 | \$ 719,513,499 | \$ 733,746,332 |

(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> |
|---------------------------------------|---------------------------|----------------------------|
| Eversource | Power company | 870 |
| Wegman's | Supermarket | 550 |
| John Hancock | Financial services | 450 |
| Roche Bros. | Supermarkets | 356 |
| Life Time Fitness | Health & Fitness | 315 |
| Prime Motor Group | Auto Sales | 256 |
| Meditech, Inc. | Medical information | 250 |
| Target | Department Store | 185 |
| KLA- Tenor Group | Measurement Technology | 175 |
| Fox Hill Village Retirement Community | Senior Housing | 162 |

Source: 2015 CAFR.

(1) Excluding the Town.

Population, Income and Wealth Levels

| | <u>Westwood</u> | <u>Massachusetts</u> | <u>United States</u> |
|-----------------------|-----------------|----------------------|----------------------|
| Median Age: | | | |
| 2010 | 43.9 | 39.1 | 37.2 |
| 2000 | 41.0 | 36.5 | 35.3 |
| 1990 | 39.3 | 33.6 | 32.9 |
| Median Family Income: | | | |
| 2010 | \$ 149,931 | \$ 81,165 | \$ 51,144 |
| 2000 | 103,242 | 61,664 | 50,046 |
| 1990 | 67,317 | 44,367 | 35,225 |
| Per Capita Income: | | | |
| 2010 | \$ 56,150 | \$ 33,966 | \$ 27,334 |
| 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 2011 through 2016. 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> |
| 2016 (1) | 13 | 1 | 396 | 410 | \$21,921,582 |
| 2015 | 31 | 6 | 1,005 | 1,042 | 29,751,170 |
| 2014 (2) | 380 | 11 | 649 | 1,040 | 198,594,329 |
| 2013 | 26 | 0 | 717 | 743 | 49,183,981 |
| 2012 | 10 | 1 | 673 | 684 | 33,895,865 |
| 2011 | 19 | 4 | 702 | 725 | 43,826,788 |

SOURCE: Building Inspector.

(1) Issued through June 30, 2016.

(2) Increased building permit activity includes 30 single family and two family dwellings and 350 apartments. Commercial activity includes Target, Wegmans and Life Time Fitness.

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 last five fiscal years:

| | Fiscal Year | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 |
| Appropriations (1) | \$ 71,093,986 | \$ 71,849,419 | \$ 77,665,490 | \$ 78,841,599 | \$ 85,640,435 |
| Other Local Expenditures | 29,334 | 26,770 | 26,574 | 29,080 | 192,987 |
| State and County Assessments | 560,444 | 560,670 | 580,817 | 587,372 | 581,920 |
| Overlay Reserve | 612,932 | 849,177 | 605,165 | 566,267 | 648,703 |
| Gross Amount to be Raised | <u>\$ 72,296,696</u> | <u>\$ 73,286,036</u> | <u>\$ 78,878,046</u> | <u>\$ 80,024,318</u> | <u>\$ 87,064,045</u> |
| LESS ESTIMATED RECEIPTS & OTHER REVENUE: | | | | | |
| Estimated Receipts from State (1) | \$ 7,295,530 | \$ 6,561,560 | \$ 6,715,550 | \$ 6,912,331 | \$ 7,007,459 |
| Estimated Receipts - Local | 6,797,383 | 7,101,882 | 9,913,455 | 8,115,335 | 9,801,953 |
| Available Funds Appropriated: | | | | | |
| Free Cash | 980,000 | 1,364,000 | 1,358,000 | 1,823,650 | 2,024,509 |
| Other Available Funds | 1,163,409 | 586,662 | 1,437,265 | 1,181,951 | 595,275 |
| Total Estimated Receipts & Other Revenue | <u>\$ 16,236,322</u> | <u>\$ 15,614,104</u> | <u>\$ 19,424,270</u> | <u>\$ 18,033,267</u> | <u>\$ 19,429,196</u> |
| Net Amount To Be Raised (Tax Levy) | \$ 56,060,374 | \$ 57,671,932 | \$ 59,453,776 | \$ 61,991,050 | \$ 67,634,840 |
| Property Valuation (000) | \$ 3,484,183 | \$ 3,488,168 | \$ 3,481,491 | \$ 3,660,121 | \$ 4,009,252 |
| Tax Rate per \$1,000 | | | | | |
| Residential/Open Space | \$ 14.48 | \$ 14.89 | \$ 15.40 | \$ 15.24 | \$ 14.66 |
| Personal/Commercial/Industrial | \$ 26.55 | \$ 27.28 | \$ 28.18 | \$ 28.79 | \$ 28.27 |

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 percent of its share of the total taxable valuation; the effective rate for open space must be at least 75 percent 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.

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 the Town 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 | | |
| 2016 | \$4,009,252,832 | \$58,369,200 | \$4,067,622,032 | \$3,698,071,400 | 110.0% |
| 2015 | 3,611,416,187 | 48,705,000 | 3,660,121,187 | 3,698,071,400 | 99.0 |
| 2014 | 3,434,074,387 | 47,416,300 | 3,481,490,687 | 3,702,302,900 | 94.0 |
| 2013 | 3,440,729,600 | 47,438,500 | 3,488,168,100 | 3,702,302,900 | 91.5 |
| 2012 | 3,434,960,487 | 49,223,000 | 3,484,183,487 | 3,845,002,400 | 90.6 |

(1) Source: Board of Assessors.

(2) Source: Massachusetts Department of Revenue. The equalized valuations used here are as follows: for fiscal years 2016 and 2015 equalized valuation as of January 1, 2014; fiscal years 2013 and 2014 equalized valuation as of January 1, 2012; and for fiscal year 2012 equalized valuation as of January 1, 2010.

Classification of Property

The following table sets forth a breakdown by classification of the Town's assessed valuations for the following fiscal years:

| | Fiscal 2016 | | Fiscal 2015 | | Fiscal 2014 | |
|-------------|-------------------------|----------------|-------------------------|----------------|-------------------------|----------------|
| | Assessed Valuation | % of Total | Assessed Valuation | % of Total | Assessed Valuation | % of Total |
| Residential | \$ 3,479,561,719 | 85.5 % | \$ 3,201,759,309 | 87.5 % | \$ 3,024,619,084 | 86.9 % |
| Commercial | 429,192,713 | 10.6 | 305,143,078 | 8.3 | 301,008,803 | 8.6 |
| Industrial | 100,498,400 | 2.5 | 104,513,800 | 2.9 | 108,446,500 | 3.1 |
| Personal | 58,369,200 | 1.4 | 48,705,000 | 1.3 | 47,416,300 | 1.4 |
| Total | <u>\$ 4,067,622,032</u> | <u>100.0 %</u> | <u>\$ 3,660,121,187</u> | <u>100.0 %</u> | <u>\$ 3,481,490,687</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 2016. All of these taxpayers are current in their property tax payments:

| Name | Nature of Business | Fiscal Assessed Value | 2016 Tax Levy | Percent of Total 2016 Tax Levy |
|--------------------------------|-------------------------------|-----------------------|----------------------|--------------------------------|
| Westwood Marketplace | Retail/Office Building | \$ 114,436,300 | \$ 5,656,390 | 8.4 % |
| Eversource | Office Building | 50,241,850 | 1,411,636 | 2.1 |
| Medical Information Tech. Inc. | Office Building/Medical Info. | 47,751,600 | 1,349,937 | 2.0 |
| Foxhill Village Homeowner Corp | Residential Community | 76,059,750 | 1,115,035 | 1.6 |
| AGNL Exercise LLC | Fitness Center | 39,179,100 | 1,107,593 | 1.6 |
| Westwood Gable II LLC | Residential Community | 60,690,950 | 889,729 | 1.3 |
| Gr-Highland/Westwood Glen LP | Residential Community | 45,159,850 | 662,043 | 1.0 |
| Target | Retail | 20,289,600 | 573,586 | 0.8 |
| L&B CIP 690 Canton St. LLC | Office/Research & Devlp. | 19,350,800 | 541,047 | 0.8 |
| Westwood Developer LLC | Office | 15,619,300 | 441,557 | 0.7 |
| Total | | <u>\$ 488,779,100</u> | <u>\$ 13,748,553</u> | <u>20.3 %</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:

| As of January 1 | State Equalized Valuations | % Change |
|-----------------|----------------------------|----------|
| 2014 | \$3,698,071,400 | (0.11) % |
| 2012 | 3,702,302,900 | (3.71) |
| 2010 | 3,845,002,400 | (1.56) |
| 2008 | 3,906,162,100 | 1.85 |
| 2006 | 3,834,008,100 | 12.3 |

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:

| Fiscal Year | Gross Tax Levy | Overlay Reserve for Abatements | Net Tax Levy (1) | % of Net Collected at FY End (2)(3) | % of Net Collected at June 30, 2016 |
|-------------|----------------|--------------------------------|------------------|-------------------------------------|-------------------------------------|
| 2016 | \$ 67,634,840 | \$ 648,702 | \$ 66,986,138 | 99.0 % | 99.0 % |
| 2015 | 61,991,050 | 566,267 | 61,424,783 | 99.0 | 99.0 |
| 2014 | 59,453,776 | 605,165 | 58,848,611 | 99.0 | 99.0 |
| 2013 | 57,671,932 | 849,177 | 56,822,755 | 99.0 | 99.0 |
| 2012 | 56,060,374 | 612,932 | 55,447,442 | 99.0 | 99.0 |

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.

(3) Collections for the current fiscal year are comparable to previous fiscal years.

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 | | |
| 2016 | \$648,702 | 1.0% | \$290,664 | \$358,038 |
| 2015 | 566,267 | 0.9 | 182,596 | 383,671 |
| 2014 | 605,165 | 1.0 | 232,373 | 372,791 |
| 2013 | 849,177 | 1.5 | 533,205 | 315,972 |
| 2012 | 612,932 | 1.1 | 286,300 | 326,632 |

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:

| <u>As of 6/30</u> | <u>Aggregate Taxes Outstanding (1)</u> | <u>Tax Titles</u> |
|-----------------------|--|-----------------------|
| 2016 | \$614,348 | \$498,295 |
| 2015 | 693,687 | 448,990 |
| 2014 | 462,248 | 495,281 |
| 2013 | 510,576 | 404,713 |
| 2012 | 489,777 | 542,067 |

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 following fiscal years:

| | For Fiscal Year | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Primary Levy Limit (2) | \$101,690,551 | \$91,503,030 | \$87,037,267 | \$87,204,203 | \$87,104,587 |
| Prior Fiscal Year Levy Limit | 60,753,121 | 57,773,665 | 55,765,993 | 53,713,887 | 51,960,889 |
| 2.5% Levy Growth | 1,518,828 | 1,444,342 | 1,394,150 | 1,342,847 | 1,299,022 |
| Current Fiscal Year New Growth (3) | 4,162,264 | 1,535,114 | 613,522 | 709,259 | 453,976 |
| Current Fiscal Year Override | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Growth Levy Limit | 66,434,213 | 60,753,121 | 57,773,665 | 55,765,993 | 53,713,887 |
| Current Fiscal Year Debt Exclusions | 1,740,624 | 1,850,048 | 1,965,112 | 2,073,234 | 2,497,391 |
| Current Fiscal Year Capital Expenditures Override | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Tax Levy Limit | 68,174,837 | 62,603,169 | 59,738,777 | 57,839,227 | 56,211,278 |
| Tax Levy | <u>67,634,840</u> | <u>61,991,050</u> | <u>59,453,776</u> | <u>57,671,932</u> | <u>56,060,374</u> |
| Unused Levy Capacity (4) | <u>\$ 539,997</u> | <u>\$ 612,119</u> | <u>\$ 285,001</u> | <u>\$ 167,295</u> | <u>\$ 150,904</u> |
| Unused Primary Levy Capacity (5) | <u>\$35,256,338</u> | <u>\$30,749,909</u> | <u>\$29,263,602</u> | <u>\$31,438,210</u> | <u>\$33,390,700</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.

Proposition 2 1/2

Between the passage of Proposition 2 ½ in 1980 and December 4, 2012, the Town of Westwood has approved debt exclusions totaling \$80,404,090 in par amount of bonds for various purposes. As of June 30, 2016, the Town had \$19,775,000 excluded principal of bonds outstanding.

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, dedicate revenue (other than state or federal funds), and to receive state matching funds for (i) the acquisition, creation, preservation, rehabilitation and restoration of land for recreational use, open space, and affordable housing and (ii) the acquisition, preservation, rehabilitation and restoration of historic resources. 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% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as 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 or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see "Tax Limitations" under "PROPERTY TAX")

above). 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, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, 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 and dedication of revenue. 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 provisions 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 and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on taxes, the dedication of revenue 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 and dedicated 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 budgeted general fund expenditures by category for fiscal 2013 through 2017:

| | Fiscal Year | | | | |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| General Government | \$ 3,107,623 | \$ 2,932,242 | \$ 2,780,403 | \$ 2,707,597 | \$ 2,798,174 |
| Public Safety | 8,103,020 | 7,863,727 | 6,708,533 | 6,649,537 | 6,169,329 |
| Education | 42,276,539 | 40,078,308 | 38,066,023 | 36,524,269 | 34,994,343 |
| Public Works | 4,776,968 | 4,601,191 | 4,530,478 | 4,367,439 | 4,288,293 |
| Sewer Enterprise | 3,824,533 | 3,682,975 | 3,415,569 | 3,355,477 | 3,303,904 |
| Human Services | 990,257 | 956,988 | 834,984 | 819,095 | 778,796 |
| Culture and Recreation | 1,543,398 | 1,480,988 | 1,414,722 | 1,380,678 | 1,347,927 |
| Reserves/Benefits/Insurance | 12,357,565 | 12,097,104 | 11,054,401 | 10,478,888 | 10,222,702 |
| Debt Service | 5,421,477 | 4,894,498 | 5,007,597 | 5,126,338 | 5,379,818 |
| Other | 314,534 | 270,034 | 734,834 | 220,534 | 42,534 |
| Total | <u>\$ 82,715,914</u> | <u>\$ 78,858,055</u> | <u>\$ 74,547,544</u> | <u>\$ 71,629,852</u> | <u>\$ 69,325,820</u> |

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.

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

| <u>Fiscal Year</u> | <u>State Aid Receipts</u> |
|--------------------|---------------------------|
| 2016 | \$5,606,183 |
| 2015 | 5,511,055 |
| 2014 | 5,314,274 |
| 2013 | 5,160,284 |
| 2012 | 4,535,367 |

Source: Town Accountant.

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 maximum of reimbursement rate for new project grant applications submitted to the Authority on or after July 1, 2007 is 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: The Town has not received any significant federal financial assistance in the last five fiscal years.

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 (12%) per annum. Provision is also made, after notice to the owner, for suspension of the owner's operating license or registration by the registry of motor vehicles.

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> |
|------------------------|---------------------|
| 2016 | \$3,077,486 |
| 2015 | 3,057,593 |
| 2014 | 2,844,489 |
| 2013 | 2,396,286 |
| 2012 | 2,274,492 |

Source: Town Accountant.

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

Room Occupancy Tax: Under the room occupancy excise tax, local governments may tax the provision of hotel, motel and lodging house, and bed and breakfast rooms at a rate not to exceed six percent (6%) of the cost of renting such rooms. The tax is paid by the operator of each establishment to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located. The Town is currently levying this tax at the maximum six percent (6%) rate.

The following table presents a five-year history of room occupancy tax receipts of the Town:

| <u>Fiscal Year</u> | <u>Receipts</u> |
|------------------------|-----------------|
| 2016 | \$16,954 |
| 2015 | 19,100 |
| 2014 | 16,059 |
| 2013 | 8,836 |
| 2012 | 8,699 |

Local Options Meals Tax: In fiscal year 2015 Town adopted the local meals excise tax effective January 1, 2015. The local meals excise tax is a 0.75% tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold. The Town collected approximately \$286,420 meal tax revenue in fiscal 2016.

Audits

The Town's accounts have been audited annually by Powers and Sullivan of Boston, Massachusetts. An audit for fiscal year ended June 30, 2015 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 2015 through 2012 and Statements of Revenues, Expenditures and Changes in Fund Balances (Governmental Funds) for fiscal years 2015 through 2011. Said statements have been extracted from the Town's audited financials.

TOWN OF WESTWOOD, MASSACHUSETTS
Governmental Funds
June 30, 2015 (1)

| ASSETS | General | University Station Project | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|-------------------------------|-----------------------------------|--------------------------------|
| Cash and cash equivalents | \$ 18,087,983 | \$ 727,702 | \$ 8,747,362 | \$ 27,563,047 |
| Investments | 2,201,103 | - | 21,095 | 2,222,198 |
| Receivables, net of uncollectibles: | | | | |
| Real Estate and Personal Property taxes | 756,495 | - | - | 756,495 |
| Tax Liens | 927,305 | - | - | 927,305 |
| Motor Vehicle Excise Taxes | 294,243 | - | - | 294,243 |
| Departmental and other | 38,927 | - | 119,183 | 158,110 |
| Intergovernmental | 10,094,000 | - | 1,357,468 | 11,451,468 |
| Due from other funds | 439,304 | - | - | 439,304 |
| TOTAL ASSETS | \$ 32,839,360 | \$ 727,702 | \$ 10,245,108 | \$ 43,812,170 |
| LIABILITIES | | | | |
| Warrants payable | \$ 1,355,161 | \$ - | \$ 454,528 | \$ 1,809,689 |
| Accrued payroll | 2,013,611 | - | - | 2,013,611 |
| Tax refund payable | 653,069 | - | - | 653,069 |
| Other liabilities | 422,957 | - | - | 422,957 |
| Due to other funds | - | - | 439,304 | 439,304 |
| Notes payable | - | - | 1,000,000 | 1,000,000 |
| TOTAL LIABILITIES | 4,444,798 | - | 1,893,832 | 6,338,630 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenues | 11,624,888 | - | 1,037,347 | 12,662,235 |
| FUND BALANCES | | | | |
| Nonspendable | - | - | 361,891 | 361,891 |
| Restricted | - | 727,702 | 6,952,038 | 7,679,740 |
| Committed | 6,069,333 | - | - | 6,069,333 |
| Assigned | 1,253,232 | - | - | 1,253,232 |
| Unassigned | 9,447,109 | - | - | 9,447,109 |
| TOTAL FUND BALANCES | 16,769,674 | 727,702 | 7,313,929 | 24,811,305 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES | \$ 32,839,360 | \$ 727,702 | \$ 10,245,108 | \$ 43,812,170 |

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

TOWN OF WESTOOD, MASSACHUSETTS
Governmental Funds
June 30, 2014 (1)

| ASSETS | General | University Station Project | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|-------------------------------|-----------------------------------|--------------------------------|
| Cash and cash equivalents | \$ 18,721,660 | \$ 741,360 | \$ 9,110,075 | \$28,573,095 |
| Investments | - | - | 19,681 | 19,681 |
| Receivables, net of uncollectibles: | | | | |
| Real Estate and Personal Property taxes | 560,036 | - | - | 560,036 |
| Tax Liens | 927,636 | - | - | 927,636 |
| Motor Vehicle Excise Taxes | 316,331 | - | - | 316,331 |
| Departmental and other | 9,882 | 133,844 | 119,188 | 262,914 |
| Intergovernmental | 11,207,000 | - | 1,221,781 | 12,428,781 |
| TOTAL ASSETS | \$ 31,742,545 | \$ 875,204 | \$ 10,470,725 | \$43,088,474 |
| LIABILITIES | | | | |
| Warrants payable | \$ 1,135,838 | \$ - | \$ 506,310 | \$ 1,642,148 |
| Accrued payroll | 1,722,881 | - | 8,840 | 1,731,721 |
| Other liabilities | 470,195 | - | - | 470,195 |
| TOTAL LIABILITIES | \$ 3,328,914 | \$ - | \$ 515,150 | \$ 3,844,064 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenues | 12,796,350 | 133,844 | 1,340,969 | 14,271,163 |
| FUND BALANCES: | | | | |
| Nonspendable | \$ - | \$ - | \$ 349,547 | \$ 349,547 |
| Restricted | - | 741,360 | 8,265,059 | 9,006,419 |
| Committed | 5,431,729 | - | - | 5,431,729 |
| Assigned | 1,385,604 | - | - | 1,385,604 |
| Unassigned | 8,799,948 | - | - | 8,799,948 |
| Total Fund Balances | \$ 15,617,281 | \$ 741,360 | \$ 8,614,606 | \$24,973,247 |
| Total Liabilities, Deferred Inflows Of Resources and Fund Balances | \$ 31,742,545 | \$ 875,204 | \$ 10,470,725 | \$43,088,474 |

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

TOWN OF WESTWOOD, MASSACHUSETTS
Governmental Funds
June 30, 2013 (1)

| ASSETS | General | University Station Project | Library Project | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|-------------------------------|--------------------|-----------------------------------|--------------------------------|
| Cash and cash equivalents | \$ 13,077,491 | \$ 348,438 | \$ 601,039 | \$ 9,848,340 | \$ 23,875,308 |
| Investments | - | - | - | 15,723 | 15,723 |
| Receivables, net of uncollectibles: | | | | | |
| Real Estate and Personal Property taxes | 541,864 | - | - | - | 541,864 |
| Tax Liens | 770,371 | - | - | - | 770,371 |
| Motor Vehicle Excise Taxes | 389,879 | - | - | - | 389,879 |
| Departmental and other | 8,788 | - | - | 124,223 | 133,011 |
| Intergovernmental | 12,284,000 | - | - | 808,244 | 13,092,244 |
| TOTAL ASSETS | \$ 27,072,393 | \$ 348,438 | \$ 601,039 | \$ 10,796,530 | \$ 38,818,400 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Warrants payable | 1,809,460 | - | 388,748 | 182,588 | 2,380,796 |
| Accrued payroll | 1,493,578 | - | - | - | 1,493,578 |
| Other liabilities | 432,612 | - | - | - | 432,612 |
| Deferred revenues | 13,765,064 | - | - | 932,467 | 14,697,531 |
| TOTAL LIABILITIES | 17,500,714 | - | 388,748 | 1,115,055 | 19,004,517 |
| Fund Balances: | | | | | |
| Nonspendable | - | - | - | 356,034 | 356,034 |
| Restricted | - | 348,438 | 212,291 | 9,325,441 | 9,886,170 |
| Committed | 1,237,464 | - | - | - | 1,237,464 |
| Assigned | 1,085,504 | - | - | - | 1,085,504 |
| Unassigned | 7,248,711 | - | - | - | 7,248,711 |
| Total Fund Balances | 9,571,679 | 348,438 | 212,291 | 9,681,475 | 19,813,883 |
| Total Liabilities and Fund Balances | \$ 27,072,393 | \$ 348,438 | \$ 601,039 | \$ 10,796,530 | \$ 38,818,400 |

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

TOWN OF WESTWOOD, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
JUNE 30, 2015 (1)

| REVENUES: | General | University Station Project | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|----------------------------------|-----------------------------------|--------------------------------|
| Real and Personal Property Taxes, net of tax refunds | \$ 61,838,371 | \$ - | \$ - | \$ 61,838,371 |
| Motor vehicle excise taxes | 3,057,593 | - | - | 3,057,593 |
| Charges for services | - | - | 4,951,197 | 4,951,197 |
| University Station building permits | 905,000 | - | - | 905,000 |
| Penalties and interest on taxes | 172,557 | - | - | 172,557 |
| Fees and rentals | 379,437 | - | - | 379,437 |
| Licenses and permits | 771,232 | - | - | 771,232 |
| Fines and forfeitures | 32,464 | - | - | 32,464 |
| Intergovernmental | 11,320,048 | - | 6,690,646 | 18,010,694 |
| Departmental and other | 299,838 | 532,664 | 538,968 | 1,371,470 |
| Contributions | - | - | 266,436 | 266,436 |
| Interest income | 23,766 | - | 1,613 | 25,379 |
| TOTAL REVENUES | \$ 78,800,306 | \$ 532,664 | \$ 12,448,860 | \$ 91,781,830 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General Government | \$ 3,011,964 | \$ - | \$ 2,669,669 | \$ 5,681,633 |
| Public Safety | 7,249,060 | - | 1,549,699 | 8,798,759 |
| Education | 38,072,400 | - | 6,196,550 | 44,268,950 |
| Public Works | 5,158,045 | - | 2,034,944 | 7,192,989 |
| University Station | 1,105,567 | 546,322 | - | 1,651,889 |
| Human Services | 857,364 | - | 77,598 | 934,962 |
| Culture & Recreation | 1,449,856 | - | 892,126 | 2,341,982 |
| Pension Benefits | 7,647,979 | - | - | 7,647,979 |
| Property and Liability Insurance | 401,257 | - | - | 401,257 |
| Employee Benefits | 7,230,271 | - | - | 7,230,271 |
| State and district assessments | 591,182 | - | - | 591,182 |
| Capital outlay | 1,641,438 | - | - | 1,641,438 |
| Debt Service | | | | - |
| Principal | 3,555,000 | - | - | 3,555,000 |
| Interest | 1,146,459 | - | - | 1,146,459 |
| TOTAL EXPENDITURES | 79,117,842 | 546,322 | 13,420,586 | 93,084,750 |
| EXCESS(DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (317,536) | (13,658) | (971,726) | (1,302,920) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Issues of long-term debt | - | - | 850,000 | 850,000 |
| Transfers in | 1,469,929 | - | - | 1,469,929 |
| Transfers out | - | - | (1,178,951) | (1,178,951) |
| TOTAL OTHER FINANCING SOURCES (USES) | 1,469,929 | - | (328,951) | 1,140,978 |
| NET CHANGE IN FUND BALANCE | 1,152,393 | (13,658) | (1,300,677) | (161,942) |
| FUND BALANCE AT BEGINNING OF YEAR | 15,617,281 | 741,360 | 8,614,606 | 24,973,247 |
| FUND BALANCE AT END OF YEAR | \$ 16,769,674 | \$ 727,702 | \$ 7,313,929 | \$ 24,811,305 |

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

TOWN OF WESTWOOD, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
JUNE 30, 2014 (1)

| | General | University Station Project | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|----------------------------------|-----------------------------------|--------------------------------|
| REVENUES | | | | |
| Real and personal property taxes, net of tax refunds | \$ 58,918,129 | \$ - | \$ - | \$ 58,918,129 |
| Motor vehicle excise taxes | 2,844,489 | - | - | 2,844,489 |
| Charges for services | - | - | 4,774,815 | 4,774,815 |
| University Station mitigation | 4,400,000 | - | - | 4,400,000 |
| University Station building permits | 925,000 | - | - | 925,000 |
| Penalties and interest on taxes | 118,681 | - | - | 118,681 |
| Fees and rentals | 341,562 | - | - | 341,562 |
| Licenses and permits | 643,568 | - | - | 643,568 |
| Fines and forfeitures | 18,587 | - | - | 18,587 |
| Intergovernmental | 13,149,360 | - | 3,246,263 | 16,395,623 |
| Departmental and other | 298,525 | 1,437,838 | 382,823 | 2,119,186 |
| Contributions | - | - | 782,122 | 782,122 |
| Investment income | 30,807 | - | 4,158 | 34,965 |
| Total Revenues | \$ 81,688,708 | \$ 1,437,838 | \$ 9,190,181 | \$ 92,316,727 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | \$ 2,790,924 | \$ - | \$ 345,122 | \$ 3,136,046 |
| Public safety | 7,421,121 | - | 218,276 | 7,639,397 |
| Education | 36,269,527 | - | 6,377,628 | 42,647,155 |
| Public works | 4,727,689 | - | 2,507,960 | 7,235,649 |
| University Station | 902,343 | 1,044,916 | - | 1,947,259 |
| Human services | 763,475 | - | 48,586 | 812,061 |
| Culture & recreation | 1,392,475 | - | 1,575,141 | 2,967,616 |
| Pension benefits | 9,356,600 | - | - | 9,356,600 |
| Property and liability insurance | 290,897 | - | - | 290,897 |
| Employee benefits | 6,574,999 | - | - | 6,574,999 |
| State and county charges | 574,743 | - | - | 574,743 |
| Capital outlay | 1,437,805 | - | - | 1,437,805 |
| Debt Service: | | | | |
| Principal | 3,740,000 | - | - | 3,740,000 |
| Interest | 1,236,197 | - | - | 1,236,197 |
| Total Expenditures | \$ 77,478,795 | \$ 1,044,916 | \$ 11,072,713 | \$ 89,596,424 |
| Excess (deficiency) of revenues over (under) expenditures | 4,209,913 | 392,922 | (1,882,532) | 2,720,303 |
| Other financing sources (uses): | | | | |
| Issuance of long term debt | \$ - | \$ - | \$ 1,400,000 | \$ 1,400,000 |
| Capital lease financing | 748,083 | - | - | 748,083 |
| Transfers in | 1,087,606 | - | - | 1,087,606 |
| Transfers out | - | - | (796,628) | (796,628) |
| Total other financing sources (uses) | \$ 1,835,689 | \$ - | \$ 603,372 | \$ 2,439,061 |
| Net Change in Fund Balances | 6,045,602 | 392,922 | (1,279,160) | 5,159,364 |
| Fund Balances at Beginning of year | 9,571,679 | 348,438 | 9,893,766 | 19,813,883 |
| Fund Balances at End of year | \$ 15,617,281 | \$ 741,360 | \$ 8,614,606 | \$ 24,973,247 |

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

TOWN OF WESTWOOD, MASSACHUSETTS
STATEMENT OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2013 (1)

| REVENUES | General | University Station Project | Library Project | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|----------------------------------|--------------------|-----------------------------------|--------------------------------|
| Real and personal property taxes, net of tax refunds | \$ 57,528,131 | \$ - | \$ - | \$ - | \$ 57,528,131 |
| Motor vehicle excise taxes | 2,396,286 | - | - | - | 2,396,286 |
| Charges for services | - | - | - | 4,572,213 | 4,572,213 |
| Penalties and interest on taxes | 180,465 | - | - | - | 180,465 |
| Fees and rentals | 308,533 | - | - | - | 308,533 |
| Licenses and permits | 658,179 | - | - | - | 658,179 |
| Fines and forfeitures | 10,940 | - | - | - | 10,940 |
| Intergovernmental | 12,861,073 | - | 148,859 | 2,290,805 | 15,300,737 |
| Departmental and other | 254,599 | 1,601,661 | - | 718,088 | 2,574,348 |
| Contributions | - | - | - | 217,283 | 217,283 |
| Investment income | 50,190 | - | - | 3,102 | 53,292 |
| Total Revenues | \$ 74,248,396 | \$ 1,601,661 | \$ 148,859 | \$ 7,801,491 | \$ 83,800,407 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | \$ 2,687,636 | \$ 1,310,832 | \$ - | \$ 450,886 | \$ 4,449,354 |
| Public safety | 6,291,846 | - | - | 144,902 | 6,436,748 |
| Education | 35,170,627 | - | - | 6,534,911 | 41,705,538 |
| Public works | 4,400,302 | - | - | 2,631,115 | 7,031,417 |
| Human services | 791,381 | - | - | 48,821 | 840,202 |
| Culture & recreation | 1,283,378 | - | 3,626,915 | 698,688 | 5,608,981 |
| Pension benefits | 9,164,381 | - | - | - | 9,164,381 |
| Property and liability insurance | 325,755 | - | - | - | 325,755 |
| Employee benefits | 6,455,097 | - | - | - | 6,455,097 |
| State and county charges | 570,404 | - | - | - | 570,404 |
| Capital outlay | 1,964,049 | - | - | - | 1,964,049 |
| Debt Service: | | | | | |
| Principal | 3,740,000 | - | - | - | 3,740,000 |
| Interest | 1,327,341 | - | - | - | 1,327,341 |
| Total Expenditures | 74,172,197 | 1,310,832 | 3,626,915 | \$ 10,509,323 | \$ 89,619,267 |
| Excess (deficiency) of revenues over (under) expenditures | 76,199 | 290,829 | (3,478,056) | (2,707,832) | (5,818,860) |
| Other financing sources (uses): | | | | | |
| Issuance of long term debt | - | - | - | 4,635,000 | 4,635,000 |
| Sale of capital assets | - | - | - | 290,000 | 290,000 |
| Transfers in | 1,254,221 | - | - | - | 1,254,221 |
| Transfers out | - | - | - | (963,243) | (963,243) |
| Total other financing sources (uses) | 1,254,221 | - | - | 3,961,757 | 5,215,978 |
| Net Change in Fund Balances | 1,330,420 | 290,829 | (3,478,056) | 1,253,925 | (602,882) |
| Fund Balances at Beginning of year | 8,241,259 | 57,609 | 3,690,347 | 8,427,550 | 20,416,765 |
| Fund Balances at End of year | \$ 9,571,679 | \$ 348,438 | \$ 212,291 | \$ 9,681,475 | \$ 19,813,883 |

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

TOWN OF WESTWOOD, MASSACHUSETTS
STATEMENT OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2012 (1)

| REVENUES: | General | University Station Project | Library Project | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|----------------------------------|---------------------|-----------------------------------|--------------------------------|
| Real and personal property taxes, net of tax refunds | \$ 54,944,965 | \$ - | \$ - | \$ - | \$ 54,944,965 |
| Motor vehicle excise taxes | 2,274,492 | - | - | - | 2,274,492 |
| Charges for services | - | - | - | 4,798,942 | 4,798,942 |
| Penalties and interest on taxes | 264,092 | - | - | - | 264,092 |
| Fees and rentals | 521,268 | - | - | - | 521,268 |
| Licenses and permits | 456,436 | - | - | - | 456,436 |
| Fines and forfeitures | 12,937 | - | - | - | 12,937 |
| Intergovernmental | 13,416,197 | - | 1,109,679 | 3,240,208 | 17,766,084 |
| Departmental and other | 246,242 | - | - | 652,350 | 898,592 |
| Contributions | - | - | - | 224,819 | 224,819 |
| Investment income | 77,839 | - | - | 902 | 78,741 |
| Total Revenues | \$ 72,214,468 | \$ - | \$ 1,109,679 | \$ 8,917,221 | \$ 82,241,368 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | \$ 2,567,325 | \$ 59,244 | \$ - | \$ 751,696 | \$ 3,378,265 |
| Public safety | 6,198,337 | - | - | 150,828 | 6,349,165 |
| Education | 34,133,323 | - | - | 6,100,290 | 40,233,613 |
| Public works | 4,153,298 | - | - | 1,082,125 | 5,235,423 |
| Human services | 756,107 | - | - | 55,454 | 811,561 |
| Culture & recreation | 1,273,148 | - | 6,747,324 | 657,467 | 8,677,939 |
| Pension benefits | 8,708,603 | - | - | - | 8,708,603 |
| Property and liability insurance | 291,839 | - | - | - | 291,839 |
| Employee benefits | 5,624,542 | - | - | - | 5,624,542 |
| State and county charges | 531,795 | - | - | - | 531,795 |
| Capital outlay | 805,568 | - | - | - | 805,568 |
| Debt Service: | | | | | |
| Principal | 4,810,000 | - | - | - | 4,810,000 |
| Interest | 1,696,931 | - | - | - | 1,696,931 |
| Total Expenditures | 71,550,816 | 59,244 | 6,747,324 | \$ 8,797,860 | \$ 87,155,244 |
| Excess (deficiency) of revenues over expenditures | 663,652 | (59,244) | (5,637,645) | 119,361 | (4,913,876) |
| Other financing sources (uses): | | | | | |
| Premium from issuance of bonds | - | - | - | 110,997 | 110,997 |
| Issuance of refunding bonds | 19,095,000 | - | - | - | 19,095,000 |
| Premium from issuance of refunding bonds | 2,274,135 | - | - | - | 2,274,135 |
| Payments to refunded bond escrow agent | (21,375,114) | - | - | - | (21,375,114) |
| Sale of capital assets | - | - | - | 50,000 | 50,000 |
| Transfers in | 814,165 | - | - | - | 814,165 |
| Transfers out | - | - | - | (523,187) | (523,187) |
| Total other financing sources (uses) | 808,186 | - | - | (362,190) | 445,996 |
| Net Change in Fund Balance | 1,471,838 | (59,244) | (5,637,645) | (242,829) | (4,467,880) |
| Fund Equity - Beginning of year, as revised | 6,769,421 | 116,853 | 9,327,992 | 8,670,379 | 24,884,645 |
| Fund Equity - End of year | \$ 8,241,259 | \$ 57,609 | \$ 3,690,347 | \$ 8,427,550 | \$ 20,416,765 |

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

TOWN OF WESTWOOD, MASSACHUSETTS
STATEMENT OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2011 (1)

| REVENUES: | General | State Fiscal Stabilization Fund | Westwood Station | Library Project | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|--|---------------------|---------------------|-----------------------------------|--------------------------------|
| Real and personal property taxes, net of tax refunds | \$ 53,892,828 | \$ - | \$ - | \$ - | \$ - | \$ 53,892,828 |
| Motor vehicle excise taxes | 2,382,329 | - | - | - | - | 2,382,329 |
| Charges for services | - | - | - | - | 4,588,668 | 4,588,668 |
| Penalties and interest on taxes | 122,486 | - | - | - | - | 122,486 |
| Fees and rentals | 277,895 | - | - | - | - | 277,895 |
| Licenses and permits | 473,966 | - | - | - | - | 473,966 |
| Fines and forfeitures | 15,120 | - | - | - | - | 15,120 |
| Intergovernmental | 12,812,949 | 459,199 | - | 2,219,357 | 2,957,244 | 18,448,749 |
| Departmental and other | 258,126 | - | 168,734 | - | 372,653 | 799,513 |
| Contributions | - | - | - | - | 256,741 | 256,741 |
| Investment income | 94,980 | - | - | - | 4,381 | 99,361 |
| Total Revenues | \$ 70,330,679 | \$ 459,199 | \$ 168,734 | \$ 2,219,357 | \$ 8,179,687 | \$ 81,357,656 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | \$ 2,575,356 | \$ - | \$ 190,298 | \$ - | \$ 115,869 | \$ 2,881,523 |
| Public safety | 5,993,576 | - | - | - | 121,895 | 6,115,471 |
| Education | 33,514,415 | 459,199 | - | - | 5,249,587 | 39,223,201 |
| Public works | 4,214,477 | - | - | - | 358,910 | 4,573,387 |
| Human services | 698,835 | - | - | 2,191,365 | 64,577 | 2,954,777 |
| Culture & recreation | 1,216,204 | - | - | - | 712,394 | 1,928,598 |
| Pension benefits | 8,065,476 | - | - | - | - | 8,065,476 |
| Property and liability insurance | 271,221 | - | - | - | - | 271,221 |
| Employee benefits | 5,616,358 | - | - | - | - | 5,616,358 |
| State and county charges | 539,989 | - | - | - | - | 539,989 |
| Capital outlay | 1,165,364 | - | - | - | - | 1,165,364 |
| Debt Service: | | | | | | - |
| Principal | 4,290,000 | - | - | - | - | 4,290,000 |
| Interest | 1,609,598 | - | - | - | - | 1,609,598 |
| Total Expenditures | 69,770,869 | 459,199 | 190,298 | 2,191,365 | \$ 6,623,232 | \$ 79,234,963 |
| Excess (deficiency) of revenues over expenditures | 559,810 | - | (21,564) | 27,992 | 1,556,455 | 2,122,693 |
| Other financing sources (uses): | | | | | | |
| Issuance of long-term debt | - | - | - | 9,300,000 | - | 9,300,000 |
| Premium from issuance of bonds | - | - | - | - | 217,365 | 217,365 |
| Transfers in | 790,140 | - | - | - | - | 790,140 |
| Transfers out | - | - | - | - | (4,999,162) | (499,162) |
| Total other financing sources (uses) | 790,140 | - | - | 9,300,000 | (4,781,797) | 9,808,343 |
| Net Change in Fund Balance | 1,349,950 | - | (21,564) | 9,327,992 | 1,274,658 | 11,931,036 |
| Fund Equity - Beginning of year, as revised | 5,419,471 | - | 138,417 | - | 7,395,721 | 12,953,609 |
| Fund Equity - End of year | \$ 6,769,421 | \$ - | \$ 116,853 | \$ 9,327,992 | \$ 8,670,379 | \$ 24,884,645 |

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

Unassigned General Fund Balances and Free Cash

The following is a history of the Town's unassigned general fund balances and free cash as certified by the Department of Revenue:

| <u>Year</u> | <u>Unassigned General Fund Balance as of June 30 (1)</u> | <u>Certified Free Cash as of July 1 (2)</u> |
|-------------|--|---|
| 2015 | \$9,447,109 | \$4,961,737 |
| 2014 | 8,799,948 | 4,502,878 |
| 2013 | 7,248,711 | 3,806,582 |
| 2012 | 5,550,222 | 2,547,593 |
| 2011 | 4,568,530 | 2,572,798 |

(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> |
|------------------------|---------------------------------------|
| 2016 | \$ 2,817,303 |
| 2015 | 2,670,539 |
| 2014 | 2,575,169 |
| 2013 | 2,470,298 |
| 2012 | 1,915,961 |

Source: Finance Director.

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.)

Other Tax Increment Financing

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 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.

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, 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.

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.

Debt Limits

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 Clean Water Trust 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 2017.

**Direct Debt Summary
As of June 30, 2016**

| | | |
|---|--------------|----------------------|
| General Obligation Bonds (1) | | |
| Sewer (2) | \$ 1,484,000 | |
| School (3) | 16,634,000 | |
| MCWT | 595,600 | |
| Other | 20,891,000 | |
| Total General Obligation Bonds | | \$ 39,604,600 |
| | | |
| This Issue of Bonds | | 16,645,000 |
| | | |
| Temporary Loans | | |
| Bond Anticipation Notes Outstanding (4) | 3,890,000 | |
| To Be Retired with Bond Proceeds | (3,890,000) | |
| Short-Term Notes Outstanding | | - |
| Total Direct Debt after This Issue | | \$ 56,249,600 |

- (1) Excludes overlapping debt, lease-purchase obligations, unfunded pension liability and unfunded other post-employment benefit liability. \$19,775,000 has been excluded from the provisions of Proposition 2 ½, except as provided under Chapter 44, Section 20 of the General Laws.
- (2) Does not include Massachusetts Clean Water Trust subsidy.
- (3) The Town is receiving state school construction grants in connection with the High School construction project. The balance of unpaid grants at June 30, 2016 is approximately \$9,808,932.
- (4) Payable September 2, 2016.

Key Debt Ratios

| | As of June 30 | | | | |
|--|---------------|---------------|---------------|---------------|---------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Amount (1) | \$ 39,604,600 | \$ 43,187,700 | \$ 36,634,300 | \$ 37,580,600 | \$ 36,775,900 |
| Per Capita (2) | \$ 2,805 | \$ 3,059 | \$ 2,595 | \$ 2,662 | \$ 2,605 |
| Percent of Assessed Valuation (3) | 0.97% | 1.18% | 1.05% | 1.08% | 1.06% |
| Percent of Equalized Valuation (4) | 1.07% | 1.17% | 0.99% | 1.02% | 0.96% |
| Per Capita Debt as a Percent of Personal Income Per Capita (2) | 6.75% | 7.36% | 6.25% | 6.41% | 6.27% |

- (1) Excludes temporary loans, lease-purchase obligations, overlapping debt, unfunded pension liability and unfunded other post-employment benefits 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, 2016, excluding the effects of the Bonds:

| Fiscal Year | Outstanding | | This Issue | | Less School Aid (3) | Less MCWT Subsidies | Net Debt Service | Cumulative % Principal Retired |
|-------------|----------------------|---------------------|----------------------|---------------------|-----------------------|---------------------|----------------------|--------------------------------|
| | Principal | Interest | Principal | Interest (2) | | | | |
| 2017 | \$ 4,459,600 | \$ 1,410,382 | \$ 755,000 | \$ 271,338 | \$ (1,401,276) | \$ (69,274) | \$ 5,425,769 | 9.3 % |
| 2018 | 4,300,300 | 1,241,303 | 750,000 | 512,475 | (1,401,276) | (63,216) | 5,339,586 | 18.2 |
| 2019 | 4,246,100 | 1,089,598 | 750,000 | 482,475 | (1,401,276) | (58,201) | 5,108,695 | 27.1 |
| 2020 | 4,026,800 | 922,690 | 750,000 | 452,475 | (1,401,276) | - | 4,750,689 | 35.6 |
| 2021 | 4,006,800 | 770,790 | 750,000 | 422,475 | (1,401,276) | - | 4,548,789 | 44.1 |
| 2022 | 3,830,000 | 637,060 | 750,000 | 392,475 | (1,401,276) | - | 4,208,259 | 52.2 |
| 2023 | 3,345,000 | 511,430 | 750,000 | 362,475 | (1,401,276) | - | 3,567,629 | 59.5 |
| 2024 | 1,460,000 | 399,188 | 750,000 | 332,475 | - | - | 2,941,663 | 63.4 |
| 2025 | 1,165,000 | 343,025 | 745,000 | 302,475 | - | - | 2,555,500 | 66.8 |
| 2026 | 1,165,000 | 292,338 | 745,000 | 272,675 | - | - | 2,475,013 | 70.2 |
| 2027 | 1,115,000 | 248,619 | 460,000 | 242,875 | - | - | 2,066,494 | 73.0 |
| 2028 | 1,115,000 | 210,706 | 460,000 | 224,475 | - | - | 2,010,181 | 75.8 |
| 2029 | 1,115,000 | 171,519 | 460,000 | 215,275 | - | - | 1,961,794 | 78.6 |
| 2030 | 940,000 | 131,013 | 460,000 | 206,075 | - | - | 1,737,088 | 81.1 |
| 2031 | 940,000 | 98,163 | 460,000 | 196,875 | - | - | 1,695,038 | 83.6 |
| 2032 | 475,000 | 65,313 | 460,000 | 187,675 | - | - | 1,187,988 | 85.3 |
| 2033 | 475,000 | 51,063 | 460,000 | 177,900 | - | - | 1,163,963 | 86.9 |
| 2034 | 475,000 | 36,813 | 460,000 | 167,550 | - | - | 1,139,363 | 88.6 |
| 2035 | 475,000 | 22,266 | 460,000 | 157,200 | - | - | 1,114,466 | 90.2 |
| 2036 | 475,000 | 7,422 | 460,000 | 145,700 | - | - | 1,088,122 | 91.9 |
| 2037 | - | - | 460,000 | 134,200 | - | - | 594,200 | 92.7 |
| 2038 | - | - | 460,000 | 122,700 | - | - | 582,700 | 93.5 |
| 2039 | - | - | 460,000 | 108,900 | - | - | 568,900 | 94.4 |
| 2040 | - | - | 460,000 | 95,100 | - | - | 555,100 | 95.2 |
| 2041 | - | - | 460,000 | 81,300 | - | - | 541,300 | 96.0 |
| 2042 | - | - | 460,000 | 67,500 | - | - | 527,500 | 96.8 |
| 2043 | - | - | 455,000 | 53,700 | - | - | 508,700 | 97.6 |
| 2044 | - | - | 455,000 | 40,050 | - | - | 495,050 | 98.4 |
| 2045 | - | - | 455,000 | 26,400 | - | - | 481,400 | 99.2 |
| 2046 | - | - | 425,000 | 12,750 | - | - | 437,750 | 100.0 |
| Total | <u>\$ 39,604,600</u> | <u>\$ 8,660,697</u> | <u>\$ 16,645,000</u> | <u>\$ 6,468,013</u> | <u>\$ (9,808,932)</u> | <u>\$ (190,691)</u> | <u>\$ 61,378,686</u> | |

(1) Excludes temporary loans, overlapping debt, lease and installment purchase obligations, unfunded pension liability and other post-employment benefits liability.

(2) Interest estimated at current market rates, subject to change.

(3) Final school construction grants for the High School project to be paid by the Massachusetts School Building Authority.

Authorized Unissued Debt

Following delivery of the Bonds, the Town will have \$0 authorized and unissued debt outstanding.

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 6/30/2016 (1) | Estimated Share Based on Debt Service | FY 2017 Dollar Assessment for Operations & Debt Service |
|--|---|---|--|
| Norfolk County (2) | \$ 11,830,000 | 3.380 % | \$ 186,851 |
| Massachusetts Bay Transportation Authority (3) | 5,634,750,025 | 0.000 | 321,728 |
| Massachusetts Water Resource Authority (4) - Sewer | 3,797,261,000 | 0.636 | 1,774,970 |
| Blue Hills Regional Vocational-Technical School District (5) | - | 0.160 | 124,732 |

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

(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, 2015. 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, 2015. Assessment is for fiscal 2016. 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:

| Name | Nature of Service | Contract Expires | Annual Cost Fiscal 2016 | Budgeted Cost Fiscal 2017 |
|-------------------------------|------------------------------------|---------------------|----------------------------|------------------------------|
| Waste Management | Solid Waste & Recycling Collection | 4/30/2020 | \$ 864,245 | \$ 825,000 |
| Wheelabrator Millbury, Inc. | Solid Waste Disposal | 12/15/2020 | 204,112 | 280,000 |
| Michael Connolly & Sons, Inc. | School Buses | 6/30/2017 | 897,556 | 991,156 |

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.

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, 2014, the actuarial accrued liability of the County System was \$1,247,596,772 and the actuarial value of the System's assets totaled \$696,682,779, resulting in an estimated unfunded actuarial liability of \$550,913,993. As of January 1, 2014, the Town's share of the unfunded actuarial accrued liability was approximately 6% or \$33,054,855.

The following table sets forth the annual contributions of the Town to the System for the last five fiscal years and the amount budgeted for the current fiscal year:

| <u>Fiscal Year</u> | <u>Contributory</u> |
|--------------------|---------------------|
| 2017 (budget) | \$4,013,829 |
| 2016 | 3,583,777 |
| 2015 | 3,471,626 |
| 2014 | 2,865,520 |
| 2013 | 2,749,296 |
| 2012 | 2,619,736 |

Source: Town Accountant.

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.

Norfolk County Contributory Retirement System Funding Schedule

| <u>Fiscal Year Ending</u> | <u>Payroll*</u> | <u>Employer Contribution</u> | <u>Employer Normal Cost with Interest</u> | <u>Amortization Payments with Interest</u> | <u>Employer Total Cost with Interest</u> | <u>Employer Total Cost % of Payroll</u> | <u>Funded Ratio %**</u> |
|---------------------------|-----------------|------------------------------|---|--|--|---|-------------------------|
| 2015 | \$ 246,722,941 | \$ 21,275,861 | \$ 14,337,308 | \$ 34,942,692 | \$ 49,280,000 | 20.0 % | 55.8 % |
| 2016 | 257,825,473 | 22,434,875 | 14,768,458 | 39,439,542 | 54,208,000 | 21.0 | 57.4 |
| 2017 | 269,427,620 | 23,655,116 | 15,209,379 | 44,418,621 | 59,628,000 | 22.1 | 59.5 |
| 2018 | 281,551,863 | 24,939,749 | 15,660,077 | 49,931,523 | 65,591,600 | 23.3 | 61.6 |
| 2019 | 294,221,696 | 26,292,096 | 16,120,538 | 56,030,310 | 72,150,848 | 24.5 | 63.8 |
| 2020 | 307,461,673 | 27,715,652 | 16,590,729 | 60,786,186 | 77,376,915 | 25.2 | 66.0 |
| 2021 | 321,297,448 | 29,214,087 | 17,070,594 | 63,225,805 | 80,296,399 | 25.0 | 68.3 |
| 2022 | 335,755,833 | 30,791,257 | 17,560,050 | 65,763,376 | 83,323,426 | 24.8 | 70.6 |
| 2023 | 350,864,846 | 32,451,213 | 18,058,989 | 68,402,834 | 86,461,823 | 24.6 | 73.1 |
| 2024 | 366,653,764 | 34,198,213 | 18,567,273 | 71,148,272 | 89,715,545 | 24.5 | 75.7 |
| 2025 | 383,153,183 | 36,036,729 | 19,084,734 | 74,003,948 | 93,088,682 | 24.3 | 78.3 |
| 2026 | 400,395,076 | 37,971,461 | 19,611,167 | 76,974,288 | 96,585,455 | 24.1 | 81.1 |
| 2027 | 418,412,855 | 40,007,344 | 20,146,333 | 80,063,901 | 100,210,234 | 24.0 | 84.0 |
| 2028 | 437,241,433 | 42,149,564 | 20,689,951 | 83,277,577 | 103,967,528 | 23.8 | 87.0 |
| 2029 | 456,917,298 | 44,403,569 | 21,241,698 | 84,191,665 | 105,433,363 | 23.1 | 90.1 |
| 2030 | 477,478,576 | 46,775,082 | 21,801,206 | 87,559,332 | 109,360,538 | 22.9 | 93.3 |
| 2031 | 498,965,112 | 49,270,113 | 22,368,054 | 91,061,705 | 113,429,759 | 22.7 | 96.6 |
| 2032 | 521,418,542 | 51,894,978 | 22,941,772 | - | 22,941,772 | 4.4 | 100.0 |
| 2033 | 544,882,376 | 54,656,309 | 23,521,829 | - | 23,521,829 | 4.3 | 100.0 |
| 2034 | 569,402,083 | 57,561,072 | 24,107,634 | - | 24,107,634 | 4.2 | 100.0 |
| 2035 | 595,025,177 | 60,616,585 | 24,698,530 | - | 24,698,530 | 4.2 | 100.0 |
| 2036 | 621,801,310 | 63,830,533 | 25,293,788 | - | 25,293,788 | 4.1 | 100.0 |
| 2037 | 649,782,369 | 67,210,988 | 25,892,605 | - | 25,892,605 | 4.0 | 100.0 |
| 2038 | 679,022,576 | 70,766,426 | 26,494,096 | - | 26,494,096 | 3.9 | 100.0 |
| 2039 | 709,578,591 | 74,505,752 | 27,097,288 | - | 27,097,288 | 3.8 | 100.0 |
| 2040 | 741,509,628 | 77,858,511 | 28,316,666 | - | 28,316,666 | 3.8 | 100.0 |
| 2041 | 774,877,561 | 81,362,144 | 29,590,916 | - | 29,590,916 | 3.8 | 100.0 |
| 2042 | 809,747,052 | 85,023,440 | 30,922,507 | - | 30,922,507 | 3.8 | 100.0 |
| 2043 | 846,185,669 | 88,849,495 | 32,314,020 | - | 32,314,020 | 3.8 | 100.0 |
| 2044 | 884,264,024 | 92,847,723 | 33,768,151 | - | 33,768,151 | 3.8 | 100.0 |
| 2045 | 924,055,905 | 97,025,870 | 35,287,718 | - | 35,287,718 | 3.8 | 100.0 |
| 2046 | 965,638,421 | 101,392,034 | 36,875,665 | - | 36,875,665 | 3.8 | 100.0 |

Source: Actuarial Valuation Report of the Norfolk County Contributory Retirement System, PERAC.

*Calendar basis.

**Beginning of fiscal year.

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> |
|------------------------|--------------------------|
| 2017 (budgeted) | \$ 1,860,000 |
| 2016 | 1,748,442 |
| 2015 | 1,666,214 |
| 2014 | 1,592,653 |
| 2013 | 1,461,642 |
| 2012 | 1,394,544 |

The Governmental Accounting Standards Board (“GASB”) promulgated its Statement Nos. 43 and 45, which require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These 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 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 June 30, 2015. The Unfunded Actuarial Liability (‘UAL’) based on a 7.75% discount rate at full prefunding was \$35,603,338 with an Annual Required Contribution (‘ARC’) of \$3,298,515. This is a reduction in the liability from previous years, and reflects the Town’s recent switch to the State GIC. As of June 30, 2016, the Town had approximately \$3,117,929 invested in a qualified OPEB Trust invested in the state PRIT Fund. The fiscal 2017 budget includes a \$1,350,000 contribution to the OPEB Trust bringing the current balance in the Fund to approximately \$4,467,929.

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 | 6/30/16 |
| Police Lieutenants | Westwood Police Superior Officers Association | 2 | 6/30/16 |
| Firefighters | Westwood Permanent Firefighters Association, IAFF | 29 | 6/30/16 |
| Clerical | SEIU Local 888 | 21 | 6/30/16 |
| Highway | United Food & Commercial Workers Union (UFCWU) - Local 1445 | 21 | 6/30/16 |
| Traffic Supervisors | Traffic Supervisors Association | 14 | 6/30/16 |
| School: | | | |
| Teachers/Nurses | Westwood Teachers Association | 289 | 8/31/19 |
| Administrative Assistants | Westwood Administrative Asst. Assoc. | 25 | 6/30/19 |
| Instructional Aides | Westwood Instructional Assistants Association | 66 | 6/30/17 |
| Custodians | National Assoc. of Governmental Employees Local 243 | 28 | 6/30/16 |
| Cafeteria Workers | Westwood Cafeteria Employees Association | <u>20</u> | 6/30/17 |
| Total | | <u>542</u> | |

(1) Expired contracts are in negotiation.

LITIGATION

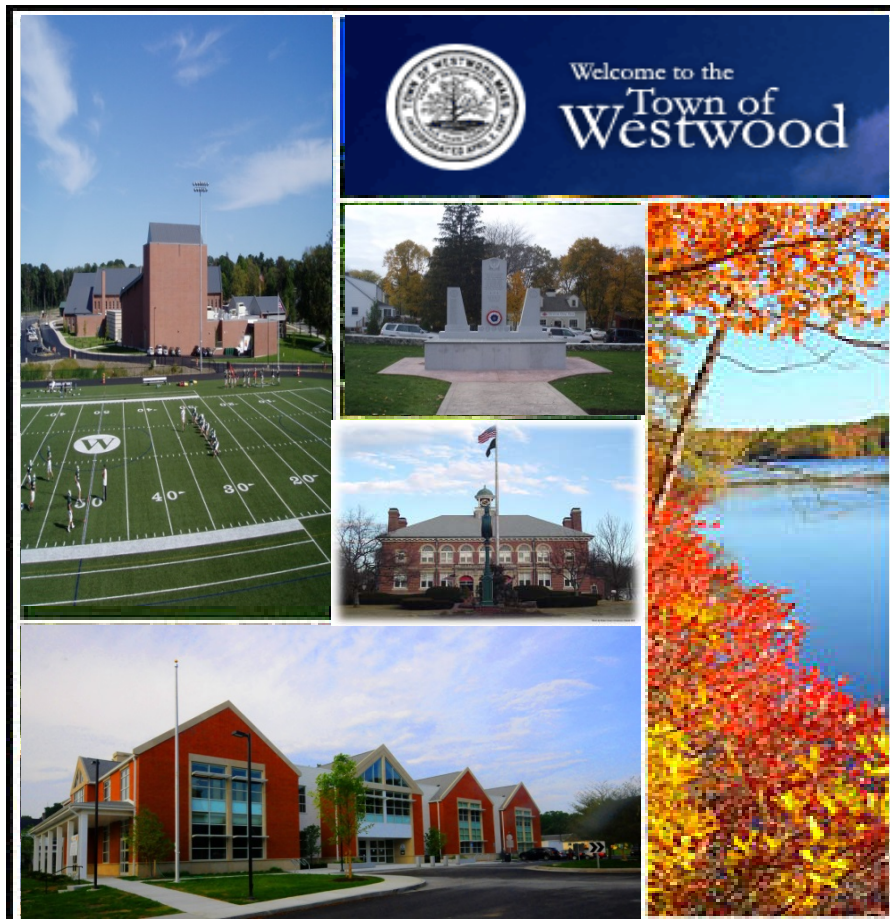
There are various suits pending in courts within the State in which the Town is a defendant. In the opinion of the Town, no litigation is pending, or to the Town's knowledge, threatened, which is likely to result, either individually or in the aggregate, in final judgments against the Town materially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

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

August 10, 2016

Town of Westwood, Massachusetts

Comprehensive Annual Financial Report Year Ended June 30, 2015



Westwood welcomes its new
commercial development....University Station!

University Station is a vibrant mixed-use development of retail,
residential, office and hotel uses in Westwood, Massachusetts,
located adjacent to the Route 128 Amtrak and MBTA Station.



The Town of Westwood, Massachusetts



Comprehensive Annual Financial Report

**For the Year
July 1, 2014 through June 30, 2015**

Board of Selectmen

Patrick J. Ahearn, Chairman

Nancy C. Hyde

Michael F. Walsh

Prepared by:

Pamela Dukeman, Finance Director

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Town of Westwood, Massachusetts
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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Introductory Section

Transmittal Letter

A Few Words About Westwood

Directory of Officials

Organization Chart

Certificate of Achievement



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

Pictured from left to right, Town Administrator Michael Jaillet, Selectman Patrick Ahearn,
Town Accountant Marie O'Leary, Finance Director Pam Dukeman,
Selectman Chairman Michael Walsh, Selectman Nancy Hyde,
Assistant Treasurer Kathryn Foley, Finance and Warrant Commission Administrator Sheila Nee

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Town of Westwood
Commonwealth of Massachusetts

Office of the Finance Director

580 High Street, Westwood, MA 02090

(781) 320-1010

Email:

PDukeman@Townhall.Westwood.MA.US

Letter of Transmittal

December 6, 2015

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

State law requires the Town of Westwood to publish at the close of each year a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, I hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Westwood, Massachusetts, for the year ending June 30, 2015 for your review.

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

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

Management of the Town is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Finance Director is responsible for evaluating the adequacy and effectiveness of the internal control structure and implementing improvements.

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

The Town of Westwood's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Westwood for the year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Westwood's financial statements for the year ended June 30, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of an MD&A. This letter of transmittal is designed to complement the MD&A where the financial analysis is presented. The Town's MD&A can be found immediately following the independent auditor's report from Powers & Sullivan, LLC.

Profile of the Town

Westwood was incorporated as a Town in 1897. With a population of approximately 15,000, Westwood is located in eastern Massachusetts, 13 miles south of Boston, with a land area of 11 square miles. Situated at the junction of Routes 95/128 and 93, Westwood provides an excellent location for its residents and its businesses. The Town offers the further convenience of two commuter rail lines, full MBTA bus service on some major routes, and Amtrak high speed rail access to Boston and New York.

Westwood is known throughout the state for its high quality school system and beautiful open space. Westwood students consistently score in the top percentiles on national tests, and the overwhelming majority of students graduating from the High School go on to higher education. Westwood High School was named a 2012 National Blue Ribbon School with a designation of Extremely High Performance by the U. S. Department of Education.

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

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

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

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

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

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

the year a transfer from a reserve fund established at Town Meeting. These controls ensure compliance with the budget approved by Town Meeting.

Information Useful in Assessing the Town's Economic Condition

The Town of Westwood continues to reflect a strengthening local economic condition since the recent fiscal crisis. The per capita income of \$89,407 continues to rise and outpace the state average. Westwood also has an extremely low comparable unemployment rate of 3.7% compared with the state rate of 6.9%.

Westwood is a very desirable community and this is reflected in the strong residential sales market, which has risen above the pre-fiscal crisis levels. The Town offers a unique mix of proximity to Boston and major highways and transportation, while maintaining a desirable residential community. The Town offers a broad range of high quality services, outstanding public education and an attractive quality of life.

Westwood has experienced a major, positive change in commercial property value. In order to improve commercial development, the Town has taken steps over the last several years to enhance the desirability of its major commercial areas. The commercial area is situated in a far corner of the Town's geographical area, bordering major highways and a commuter rail system with connections to Boston as well as Amtrak and Acela speed rail service to Providence, Rhode Island, New York City and Washington DC.

Since the passage of these steps, including zoning and permitting changes, a major developer has assembled 17 parcels, totaling 137 acres, which is half the University Avenue Park. The approved master plan for the area contemplates over two million square feet of new mixed use development including residential, commercial, hotel, office and retail components. The developer demolished all of the existing structures, installed all utilities and laid out the new road systems and intersection improvements. All local and state approvals were given for the first phase of the project which began construction in 2014 and as of this date half the development has or is about to receive occupancy permits. Many of the stores and restaurants opened in spring, 2015 with more anticipated in fall, 2015, bringing a vibrant new commercial and residential area to Town.

The Town expects that the resulting economic benefits in creating employment opportunities for the Commonwealth and the region and significant new growth revenue will outweigh the additional service costs. For example, the developer has since obtained an \$85 million commitment from the Commonwealth to complete these infrastructure improvements. The overall goal is to achieve a redevelopment project that mitigates any transportation and environmental concerns, provides for an enhanced and stable commercial tax base, and maintains and enhances the quality of the community.

The zoning encourages 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 as well as to Providence, Rhode Island. The station also serves as the suburban stop for the Acela high speed rail train between Boston, New York and Washington, D.C. 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.

The growth of the Town's main source of revenues, property taxes, is capped by Proposition 2 ½ and can only be overridden by a majority vote at a Town election. While tax revenue increases have been limited in recent years, other revenue sources, such as State aid and local receipts have stabilized. In addition, the Town has made significant efforts with fixed costs budgets, resulting in much improved budgets in health insurance and benefit accounts. On the Town's operating side, the 2015 budgets and service level were maintained through a modest 3 - 4% increase in the operating budget. This allowed the Town to continue to provide high quality services while minimizing the impact on the property tax burden.

The Town continues to work on the health insurance costs resulting in continued savings. The changes included plan restructuring and transition to the state GIC program. Savings from the changes has allowed the Town to build into the budget an annual OPEB appropriation of \$1,350,000. The Town has made significant progress in addressing the liability and with continued work may soon reach full compliance with the annual requirement.

The Town continues to manage its financial affairs in a prudent manner, primarily through considerable long-term planning and strong financial policies. In 2015 the Town's credit rating was upgraded to AAA by Standard & Poor's. It has been able to do so by incorporating long range planning tools such as a five-year Capital Improvement Program; maintaining reserve balances and addressing long term liabilities despite tight budgets; investing in technology to ensure efficient operations; and maintaining an aggressive pay as you go financing strategy for capital improvements. The Town's long-term policies will preserve its strong financial position for the foreseeable future.

In 2015, the Town continued to demonstrate its commitment to the Financial Policy of maintaining and building its reserve accounts. Despite a tight budget process the Town expanded its continued commitment to build the Stabilization account to the policy goal level, which is 4% of general fund net operating revenues. The 2015 budget appropriated \$100,000 to the Stabilization Fund and \$550,000 to the OPEB Liability Account. The Town plans to continue to fund the reserves more in future years.

The Town has remained dedicated to an aggressive retirement of debt policy. Whenever possible, debt is issued for shorter time periods than allowed, typically ten years. The Town has aggressively pursued and received state funding for all school construction projects. The state is committed to stabilized annual payments of approximately \$1.4 million which are directly applied to the High School debt service thereby limiting the burden on the taxpayers. Other municipal ten year bonds were completed in 2014. This roll over of debt will enable the Town to issue new debt for infrastructure improvements and remain within the same debt levels. The Town monitors and schedules retirement and issuance of debt to ensure that debt service does not exceed 10% of the operating budget to ensure availability of resources for ongoing operations.

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

Major initiatives for 2016 will include continuing inspecting and facilitating the construction of additional pieces of the University Station project, ensuring that this exciting new development proceeds appropriately and impacts the community in a positive manner. Particular focus will be given to ensuring that new revenue from this project strengthens the reserve and capital accounts according to the Town's Financial Policies as well as enhancing delivery of services.

The Town is implementing plans for significant improvements to its public safety facilities. The Public Safety Task Force has studied the issues over the last year and is now recommending a plan to include designing and building new police and fire facilities over a multiple year period. This will not only enhance current services but will allow the Town to provide additional services to meet the needs of the University Station development. The first phase of the public facility plan is to construct a new Islington fire station, at the site of the current station. Funding approval of \$8.7 million was voted at the May 2015 Annual Town Meeting and the project is currently underway.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Westwood for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report. Westwood has received this award annually since 1997.

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

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



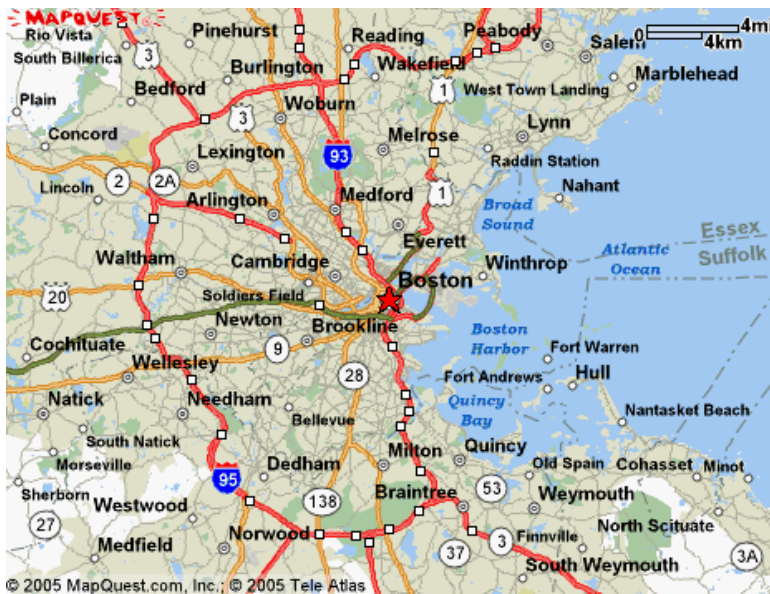
This report represents significant effort by the entire financial team of the Town, whose dedicated efforts have significantly improved the financial operations of the Town. I particularly would like to acknowledge the efforts of Sheila Nee, whose assistance was invaluable in the preparation of this Comprehensive Annual Financial Report. I would also like to thank the Town's management team for their recognition of the importance of the CAFR and the encouragement given to the financial departments.

Respectfully submitted,

A handwritten signature in cursive script that reads "Pamela Dukeman".

Pamela Dukeman
Finance Director

A Few Words About Westwood....



Westwood was incorporated as a town in 1897 and has a current population of approximately 14,876. The town is located in eastern Massachusetts, 13 miles south of its capital city of Boston. One major attraction of Westwood is its location in relation to Boston and major roadways. The commuter rail has four convenient stops within five minutes of Town, one of which doubles as an Amtrak station. The Amtrak station provides connections originating in Boston and continuing to Providence, Rhode Island and New York City.

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

Westwood operates under a Board of Selectmen/Open Town Meeting/Town Administrator form of government. The elected, three-member Board of Selectmen makes policy decisions. The Town Administrator is responsible for carrying out the policies and direction of the Board of Selectmen and for managing the day-to-day operations of the Town. An elected, five-member School Committee appoints a School Superintendent who administers the Town's public school system. School Committee members, like the Board of Selectmen, are elected at-large to three-year staggered terms.

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

From a natural perspective, the Town works very hard to conserve land. It is the hope of preservation workers that Westwood can create its own emerald necklace with its conservation land and walking paths. Hale Reservation is one of the Town's hidden gems. With 1,100 acres of wooded area and a large pond, Hale is an active part of the community. During the summer, Hale's membership beach attracts over 500 families.



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

In [March 2012, Boston Magazine](#) selected Westwood as one of the best places to live in Massachusetts.



2012 National Blue Ribbon
School of Excellence

WESTWOOD HIGH SCHOOL NAMED 2012 NATIONAL BLUE RIBBON HIGH SCHOOL

Westwood High School was named a 2012 National Blue Ribbon High School by U.S. Secretary of Education Arne Duncan on Friday, September 7, 2012.

The school is one of just 38 high schools nationwide to be identified as "Exemplary High Performing," a designation reserved for schools that are among their state's highest performing schools, as measured by state assessments or nationally-normed tests. As the name suggests, earning Blue Ribbon status is the highest honor a United States school can receive from the U.S. Department of Education.

"The entire Westwood High School community is thrilled about earning Blue Ribbon status," said Sean Bevan, Principal of Westwood High School. "It's an extraordinary achievement that speaks to our students' dedication, our faculty and staff's expertise and commitment to their work, and our families' support of education. Our students, along with their teachers, are committed to preparing for future success in college and careers; this award is a powerful reminder of the importance of that hard work."

Westwood Superintendent John J. Antonucci commented that while the Blue Ribbon designation is a reflection of a high-quality school system, it is also a reflection of a high-quality community. "The residents of Westwood share our commitment to excellence and have a long tradition of supporting their public schools. We value and appreciate that support and work hard to ensure that all Westwood students receive a first-class educational experience."

Principal Sean Bevan, along with a teacher from the WHS faculty, represented the students and staff at a recognition ceremony on November 12-13 in Washington, D.C. He said, "The event will be a proud moment to celebrate a school culture and climate that strives to nurture and support the success of all of its students. I am honored to accept the award on behalf of our students and staff."

According to the Department of Education, "A total of 417 schools nationwide may be nominated [each year], with allocations determined by the numbers of K-12 students and schools in each jurisdiction." This year, 219 public and 50 private schools from all grade levels will be awarded National Blue Ribbon status. Westwood High School is one of 47 public and private high schools earning the designation: WHS and 38 others are designated as "Exemplary High Performing", while nine others are recognized as "Exemplary Improving".



The mission of Hale is to offer educational and recreational opportunities that develop self-confidence, inspire a passion for learning, and encourage an appreciation for the natural environment.

Hale Reservation is a private, non-profit educational organization that manages over 1,100 acres of woodlands, including four ponds and over twenty miles of trails in Westwood and Dover, Massachusetts. Hale is most widely recognized for its summer day camp programs which annually serve over 4,400 children from 70 communities in the Greater Boston area. Hale Reservation also offers a family program, outdoor and environmental education experiences for children and adults, and open space for casual recreational use.

The essence of Hale Reservation can be found in Robert Sever Hale’s original desires for the organization he began in 1918. The current programs and land management practices are the legacy of his desire “to provide education which will develop intelligent, capable and responsible citizens” and to use the land “so long as it is charitable and benevolent in nature.” The goal of today’s programs is to develop intelligent leaders and environmentally educated citizens. We believe that the diversity of the natural environment must be reflected back in the diversity of the people who experience our programs and opportunities for people of any race, background, religion or economic status.



Hale operates five core programs

[Hale Day Camp](#)

[Family Membership](#)

[Agency Camps](#)

[Education, Adventure](#) and [Outings](#)

[Stewardship](#) and [Public Access](#)



Town of Westwood, Massachusetts

Principal Officials

Board of Selectmen

Patrick J. Ahearn, Chairman
Nancy C. Hyde
Michael F. Walsh

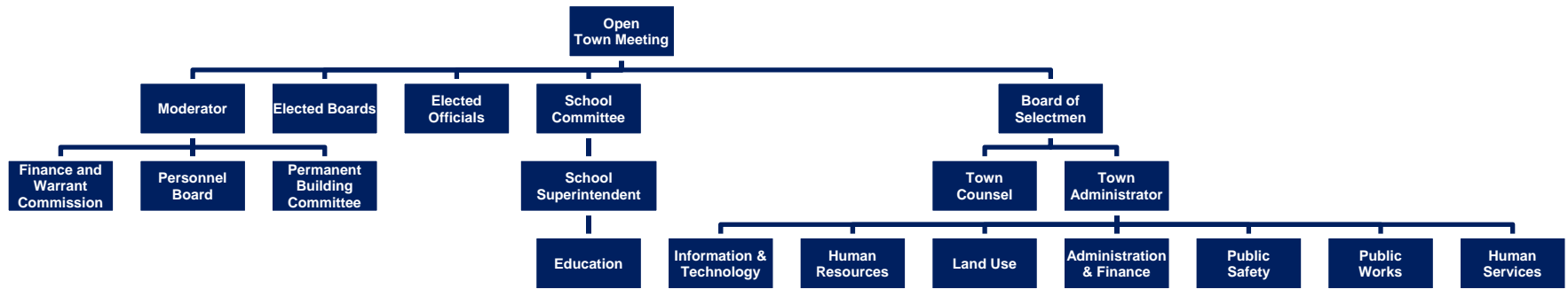
Town Administrator – Michael Jaillet
Finance Director – Pamela Dukeman
School Superintendent – John Antonucci
Town Treasurer – James Gavin
Police Chief – Jeffrey Silva
Fire Chief – William Scoble

Town of Westwood, Massachusetts

Total Budget Salaries of Principal Officials
June 30, 2015

| Position | Salary |
|---|---------------|
| School Superintendent | \$193,413 |
| School Director of Business and Finance | \$131,127 |
| Town Administrator | \$174,050 |
| Fire Chief | \$153,597 |
| Police Chief | \$152,164 |
| Finance Director | \$124,801 |
| Department of Public Works Director | \$105,334 |
| Director of Information Technology | \$101,445 |
| Library Director | \$100,474 |
| Town Counsel | \$ 95,111 |
| Town Accountant | \$ 91,582 |
| Health Director | \$ 89,362 |
| Building Commissioner | \$ 84,992 |
| Council on Aging Director | \$ 84,185 |
| Youth Director | \$ 78,779 |
| Recreation Director | \$ 78,479 |
| Town Clerk (Elected) | \$ 70,575 |
| Assistant Treasurer | \$ 70,422 |
| Tax Collector (Elected) | \$ 4,000 |
| Treasurer (Elected) | \$ 4,000 |
| Board of Selectmen (Elected) | \$ 2,000 |
| Board of Assessors (Elected) | \$ 1,800 |

The Town of Westwood



Elected Boards

- Board of Selectmen
- Regional Vocational School Representative
- Housing Authority
- Library Trustees
- Planning Board
- Board of Assessors
- Sewer Commissioners
- School Committee

Elected Officials

- Moderator
- Town Clerk
- Town Collector
- Town Treasurer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Westwood
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Financial Section

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

General Fund Budgetary Comparison Schedule, Retirement System Schedules, and other Postemployment Benefit Schedules

Combining and Individual Fund Financial Statements and Schedules



In the spring of 2010, residents approved borrowing \$9.3M for a new library project. In addition, the Town was granted approximately \$4M in Massachusetts Library and Green Incentive grants. Groundbreaking occurred on April 7, 2011.

The new 32,000 square foot library opened on July 1, 2013 to the delight of the community. The building boasts two floors along with over 30 computers and 80,000 books. It offers patrons an entire children's wing, a reading room just for teens, an art gallery and plenty of space for conferences and meetings.

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Westwood, Massachusetts

Report on the Financial Statements

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 year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Westwood, Massachusetts' basic financial statements. The introductory section, combining and individual fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2015, on our consideration of the Town of Westwood, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements 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* in considering the Town of Westwood, Massachusetts' internal control over financial reporting and compliance.



December 6, 2015

Management's Discussion and Analysis

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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 year ended June 30, 2015. 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 unmodified opinion on its financial statements since the year ended June 30, 1984.

Financial Highlights

- The governmental assets and deferred outflows of resources of the Town of Westwood exceeded its liabilities at the close of the most recent year by \$66.7 million (net position).
- As required by GASB Statement #68, in 2015 the Town recognized a net pension liability of \$35.4 million along with a deferred outflow related to pension of \$1.5 million on the statement of net position for the first time. Beginning of year net position has been revised as part of this implementation. Additional disclosures and schedules have been added to the notes to the basic financial statements and required supplementary information.
- At the close of the current year, the Town of Westwood's general fund reported an ending fund balance of \$16.8 million, an increase of \$1.2 million in comparison with the prior year. Total fund balance represents 21.2% of total general fund expenditures. Approximately \$9.4 million of this total amount is available for appropriation at the government's discretion, \$6.1 million is committed for capital articles approved by Town Meeting and \$1.3 million is assigned for encumbrances carried forward to the subsequent year.
- The Town of Westwood's total governmental debt decreased by \$2.8 million during the current year. The Town issued \$850,000 for the Islington fire station design and made \$3.6 million in principal payments.
- The Town received \$905,000 in permit revenue from the University Station project. Approximately \$1.1 million was expended and \$4.2 million has been carried over to be expended in future years.

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 are comprised of 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 Town's 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 position presents information on all of the Town of Westwood's assets and liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent year. All changes in net position 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 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, university station, 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 financial statements focus on near-term inflows and outflows, and balances of spendable resources. Such information is useful in assessing the Town of Westwood's near-term financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

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.

In accordance with accounting standards, the Town reports fund balance components as nonspendable, restricted, committed, assigned and unassigned. Additionally, the Town's stabilization fund is reported within the general fund as unassigned. 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 of those funds are not available to support the Town of Westwood's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Government-wide Financial Analysis

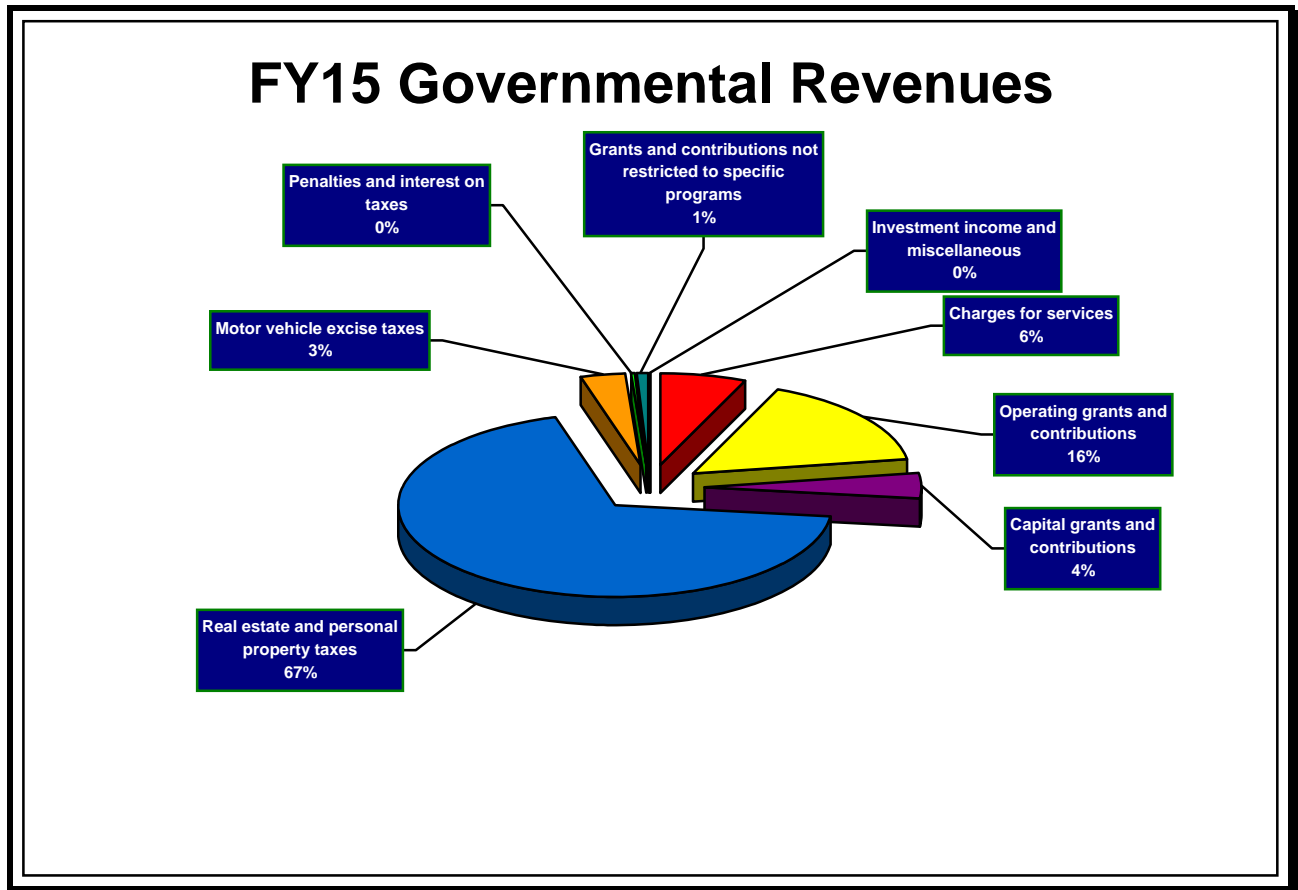
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Westwood, government-wide assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$82.3 million at the close of 2015.

Net position of \$108.5 million reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town of Westwood's net position \$1.5 million represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of unrestricted net position \$27.7 million is primarily due to the recognition of the \$35.4 million net pension liability in connection with the implementation of GASB Statement #68, *Accounting and Financial Reporting for Pensions*.

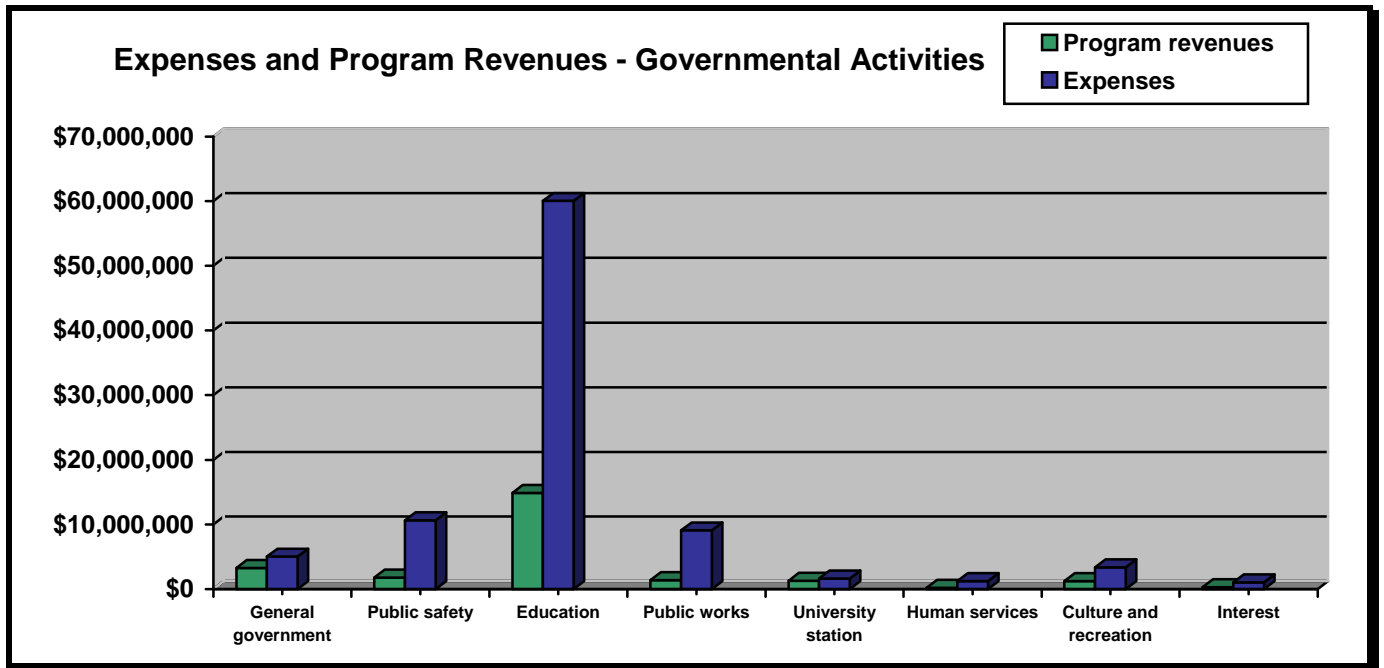
| Governmental Activities: | Balance at June 30, 2015 | (Revised) Balance at June 30, 2014 |
|--|--------------------------------|---|
| | <u>2015</u> | <u>2014</u> |
| Assets: | | |
| Current assets..... | \$ 34,425,866 | \$ 32,993,859 |
| Noncurrent assets (excluding capital)..... | 8,947,000 | 10,094,615 |
| Capital assets, not being depreciated..... | 7,200,154 | 5,858,382 |
| Capital assets, net of accumulated depreciation..... | 112,205,723 | 112,982,360 |
| Total assets..... | 162,778,743 | 161,929,216 |
| Deferred outflows of resources..... | 1,425,955 | - |
| Liabilities: | | |
| Current liabilities (excluding debt)..... | 6,469,228 | 5,292,738 |
| Noncurrent liabilities (excluding debt)..... | 58,062,224 | 53,537,798 |
| Current debt..... | 4,547,917 | 3,632,917 |
| Noncurrent debt..... | 28,470,415 | 31,603,159 |
| Total liabilities..... | 97,549,784 | 94,066,612 |
| Net Position: | | |
| Net investment in capital assets..... | 97,303,917 | 95,611,881 |
| Restricted..... | 1,533,978 | 1,655,112 |
| Unrestricted..... | (32,182,981) | (29,404,389) |
| Total net position..... | \$ 66,654,914 | \$ 67,862,604 |

- Operating grants and contributions account for 16% of the governmental activities resources. Most of these resources apply to university station and education operations.
- Capital grants and contributions account for 4% of the governmental activities resources. The increase from the prior year can be attributable to the Town receiving \$2.5 million in a MassWorks grant for the reconstruction of University Ave, along with \$600,000 in Chapter 90 reimbursements.



- Property taxes are by far the most significant revenue source for the Town's governmental activities. They comprise 67% of all resources. Real estate and personal property tax collections increased 5% from the prior year. In Massachusetts, proposition 2 ½ allows municipalities to increase tax rates up to 2 ½ percent of the prior levy limit adjusted for new construction and certain approved debt service. Other taxes and other revenues comprised a total of 4% of the governmental activities resources. These primarily include excise taxes, nonrestricted grants, and investment earnings.
- Education is by far the largest governmental activity of the Town with 65% of total governmental expenses. Program revenues of \$14.9 million provided direct support to education and \$45.1 million in taxes and other general revenue were needed to cover the remaining 2015 operating expenses.

- General government, public safety, public works and university station are significant activities of the Town. Program revenues for general government of \$3.3 million, public safety of \$1.8 million, public works of \$1.4 million and \$1.3 million in university station directly supported \$5 million, \$10.5 million, \$9 million and \$1.7 million of operating expenses, respectively. Taxes and other general revenue of \$18.6 million were needed to cover the remaining 2015 operating expenses for these activities. Combined, they represent 29% of governmental activity expenses.



Business-type activities. For sewer business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$15.7 million at the close of 2015. Net investment in capital assets totaled \$11.2 million while unrestricted net position totaled \$4.5 million. There was a net increase of \$737,000 in net position reported in connection with the sewer enterprise. Charges for services increased by \$1.4 million from 2014 due to connection fees associated with the opening of University Station. Operating and capital grants experienced a slight decrease from the prior year. The sewer fund also reported a slight increase in its operating costs.

Business-Type Activities:

| | Balance at June 30, 2015 | (Revised) Balance at June 30, 2014 |
|--|--------------------------------|---|
| Assets: | | |
| Current assets..... | \$ 5,610,004 | \$ 5,519,437 |
| Noncurrent assets (excluding capital)..... | 154,250 | 201,611 |
| Capital assets, not being depreciated..... | 350,850 | - |
| Capital assets, net of accumulated depreciation..... | 12,996,318 | 13,472,462 |
| Total assets..... | 19,111,422 | 19,193,510 |
| Deferred outflows of resources..... | 36,247 | - |
| Liabilities: | | |
| Current liabilities (excluding debt)..... | 93,883 | 543,961 |
| Noncurrent liabilities (excluding debt)..... | 1,115,866 | 1,064,754 |
| Current debt..... | 389,560 | 384,060 |
| Noncurrent debt..... | 1,888,060 | 2,277,620 |
| Total liabilities..... | 3,487,369 | 4,270,395 |
| Net Position: | | |
| Net investment in capital assets..... | 11,209,128 | 11,776,682 |
| Unrestricted..... | 4,451,172 | 3,146,433 |
| Total net position..... | \$ 15,660,300 | \$ 14,923,115 |

Business-Type Activities:

| | Year Ended June 30, 2015 | (Revised) Year Ended June 30, 2014 |
|---|--------------------------------|---|
| Program revenues: | | |
| Charges for services..... | \$ 5,175,034 | \$ 3,731,776 |
| Operating grants and contributions..... | 30,832 | 32,115 |
| Capital grants and contributions..... | 27,300 | 41,516 |
| Total revenues..... | 5,233,166 | 3,805,407 |
| Expenses: | | |
| Sewer..... | 4,205,003 | 4,135,251 |
| Excess (Deficiency) before transfers..... | 1,028,163 | (329,844) |
| Transfers..... | (290,978) | (290,978) |
| Change in net position..... | 737,185 | (620,822) |
| Net position beginning of the year (as revised)..... | 14,923,115 | 15,543,937 |
| Net position - ending..... | \$ 15,660,300 | \$ 14,923,115 |

The beginning net position of business-type activities has been revised to reflect the implementation of GASB Statements #67, #68, and #71. To reflect this change, the Town has recorded a net pension liability and a deferred outflow of resources, which has resulted in the restatement of the June 30, 2014 balance of the business-type activities by \$837,351. Previously reported net position of \$15,760,466 has been revised to \$14,923,115.

Financial Analysis of the Government's Funds

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

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

As of the end of the current year, governmental funds reported combined ending fund balances of \$24.8 million, a decrease of \$162,000 from the prior year. The university station special revenue fund reported a decrease of \$14,000 and the nonmajor governmental funds reported a decrease of \$1.3 million. The nonmajor decrease related mainly to capital projects for road improvements and facility renovations. Most of the construction costs were financed with bond proceeds and bond premiums received in the current year and prior year. For fund based reporting bond proceeds and premiums are reported as other financing sources.

The general fund is the Town's chief operating fund. The ending fund balance increased by \$1.2 million in comparison with prior year. This increase is due to stronger than expected collections in nearly all revenue categories. Another contributing factor was, with the exception of snow and ice, budgetary turn backs of appropriations by departments.

Real estate tax revenue increased from 2014 by \$2.9 million. This is due to the fact that in Massachusetts, Proposition 2 ½ allows municipalities to increase tax rates up to 2 ½ percent of the prior levy limit adjusted for new construction and certain approved debt service.

At the end of the current year, unassigned fund balance of the general fund totaled \$9.4 million, while total fund balance totaled \$16.8 million. The \$6.1 million of committed fund balance represents amounts that have been appropriated for specific purposes. The \$1.3 million of assigned fund balance represents amounts that have been encumbered at year end to meet contractual obligations at year end. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 12% of total general fund expenditures, while total fund balance represents 21% of that same amount.

The Town also maintains a stabilization fund, which has been classified within the unassigned general fund balance in the governmental funds financial statements to remain compliant with GASB 54. The stabilization fund has a year-end balance of \$2.7 million which represents 3.5% of general fund expenditures. These funds can be used for general or capital purposes upon Town Meeting approval. Please refer to Note 11 for additional information on the Town's stabilization fund.

The university station project fund is used to account for funds received in connection with the university station project. At June 30, 2015, the university station project fund had a year-end balance of \$728,000. This balance decreased by \$14,000 from prior year as the Town recognized \$533,000 in revenue related to building permit fees and recorded \$546,000 in project expenditures.

General Fund Budgetary Highlights

The final general fund appropriation budget totaled \$82.8 million, which included \$6.8 million in encumbrances and articles carried over from the prior year. The final budget also included the planned use of \$2 million in available funds. Due to positive budgetary results this reserve was not needed.

General fund revenues came in over budget by \$1.6 million. The majority of this surplus \$773,000 (47%) was generated from motor vehicle excise taxes and \$371,000 (23%) was generated through licenses and permits.

General fund expenditures and encumbrances were lower than final budget by \$802,000 (1%), with the majority of the variance occurring in the reserve fund which turned back \$302,000.

The \$740,000 increase between the original budget and the final amended budget was primarily from supplementary appropriations from free cash to fund the Town's snow and ice budget and appropriations from the ambulance fund, the reserve fund and from a release of overlay surplus to fund the capital outlay budget, the public works budget, and various salary increases. Additionally the Town voted several transfers within budgetary line items during the year.

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 year as well as summary information for the following four 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 position 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 position 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 position will be reduced through depreciation and will be increased by the revenues raised to support the debt principal payments. Net position is 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, 2015, totaled \$32 million of which, \$7.4 million is related to library projects, \$19 million is related to school projects, \$850,000 is related to public safety projects, \$2.3 million is related to roadway improvements and \$1.8 million for department equipment.

The enterprise fund has \$2.3 million in sewer enterprise debt outstanding that is fully supported by the rates and does not rely on a general fund subsidy.

The most significant capital asset additions during the year included various school building improvements, public safety and public works vehicles, school computers and equipment, and roadway improvements.

Please refer to notes 5, 6, 7, and 8 to the financial statements for further discussion of the Town's major capital and debt activity.

Capital Assets

| Governmental activities: | Cost of Capital Assets | Accumulated Depreciation at end of year | Capital Assets, net |
|--|---------------------------|--|------------------------|
| Land..... | \$ 5,858,382 | \$ - | \$ 5,858,382 |
| Construction in progress..... | 1,341,772 | - | 1,341,772 |
| Buildings and improvements..... | 108,733,085 | (36,609,261) | 72,123,824 |
| Vehicles..... | 8,305,981 | (5,502,300) | 2,803,681 |
| Machinery and equipment..... | 13,038,369 | (10,819,732) | 2,218,637 |
| Infrastructure..... | 93,115,713 | (58,056,132) | 35,059,581 |
| Total governmental activities..... | 230,393,302 | (110,987,425) | 119,405,877 |
| Business-type activities: | | | |
| Land..... | 350,850 | - | 350,850 |
| Plant and infrastructure..... | 27,717,857 | (17,459,169) | 10,258,688 |
| Other buildings and improvements.. | 6,339,070 | (3,728,803) | 2,610,267 |
| Vehicles..... | 448,343 | (425,759) | 22,584 |
| Machinery and equipment..... | 510,212 | (405,433) | 104,779 |
| Total business-type activities..... | 35,366,332 | (22,019,164) | 13,347,168 |
| Total capital assets..... | \$ 265,759,634 | \$ (133,006,589) | \$ 132,753,045 |

Governmental Bonds Payable

| Project | Maturity Through | Original Loan Amount | Interest Rate (%) | Outstanding at June 30, 2014 | Issued | Redeemed | Outstanding at June 30, 2015 |
|--|---------------------|----------------------------|----------------------|------------------------------------|-------------------|-----------------------|------------------------------------|
| Municipal Purpose Bonds of 2008..... | 2023 | \$ 3,830,000 | 3.50 - 4.00 | \$ 1,770,000 | \$ - | \$ (335,000) | \$ 1,435,000 |
| Municipal Purpose Bonds of 2009..... | 2029 | 3,500,000 | 2.13 - 5.00 | 2,625,000 | - | (175,000) | 2,450,000 |
| Municipal Purpose Bonds of 2010..... | 2031 | 9,300,000 | 3.25 - 4.00 | 7,905,000 | - | (465,000) | 7,440,000 |
| Municipal Purpose Refunding Bonds of 2012... | 2023 | 61,198,000 | 2.00 - 4.00 | 16,695,000 | - | (1,975,000) | 14,720,000 |
| Municipal Purpose Bonds of 2013..... | 2022 | 4,635,000 | 2.00 - 3.00 | 3,705,000 | - | (465,000) | 3,240,000 |
| Municipal Purpose Bonds of 2014..... | 2024 | 2,970,000 | 2.00 - 2.50 | 1,400,000 | - | (140,000) | 1,260,000 |
| Municipal Purpose Bonds of 2015..... | 2036 | 850,000 | 2.50 - 5.00 | - | 850,000 | - | 850,000 |
| Total Governmental Activities..... | | | | \$ 34,100,000 | \$ 850,000 | \$ (3,555,000) | \$ 31,395,000 |

Enterprise Bonds Payable

| Project | Maturity Through | Original Loan Amount | Interest Rate (%) | Outstanding at June 30, 2014 | Issued | Redeemed | Outstanding at June 30, 2015 |
|---|---------------------|----------------------------|----------------------|------------------------------------|-------------|---------------------|------------------------------------|
| Municipal Purpose Bonds of 1998 (MCWT)..... | 2019 | \$ 3,220,700 | 3.88 | \$ 964,300 | \$ - | \$ (181,600) | \$ 782,700 |
| MWRA Notes of 2013..... | 2017 | 212,300 | 0.00 | 127,380 | - | (42,460) | 84,920 |
| Municipal Purpose Bonds of 2014..... | 2024 | 1,570,000 | 2.00 - 2.50 | 1,570,000 | - | (160,000) | 1,410,000 |
| Total Enterprise Bonds Payable..... | | | | \$ 1,091,680 | \$ - | \$ (384,060) | \$ 2,277,620 |

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

Other Postemployment Benefits

In accordance with GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension (OPEB)*, the government-wide activities have accumulated a liability for other postemployment benefits totaling \$22.8 million as of June 30, 2015 and have pre-funded future obligations totaling approximately \$550,000 during 2015. The total assets set aside in trust for future benefits amounted to approximately \$1.7 million at year-end.

Economic Factors and Next Year's Budget and Rates

For the 2016 budget, the Town has projected the first year of significant tax revenue from the new University Station project. The town has used this funding to supplement operating budgets and build reserve accounts.

The revenue increases and improvements have allowed the Town to make the following structurally balanced budget decisions:

- The Town provided for an approximate 5% increase for the 2016 school and municipal operating budgets.
- The 2016 budget has increased capital budgets through additional use of free cash.
- The 2016 budget provides for a \$100,000 appropriation to the stabilization reserve account. This is an ongoing appropriation funded within the budget.
- The 2016 budget provides for a \$1.4 million appropriation to the OPEB Trust account. This is an ongoing appropriation funded with the budget.
- The 2016 commercial and residential tax rates are not yet finalized, but are expected to increase approximately 3%.
- The 2016 budgets provide for a \$1.7 million appropriation to the capital stabilization funds. This is a combination of use of ongoing and one-time revenue.

Requests for Information

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

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2015

| | <i>Primary Government</i> | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| CURRENT: | | | |
| Cash and cash equivalents..... | \$ 27,563,047 | \$ 3,543,649 | \$ 31,106,696 |
| Investments..... | 2,222,198 | - | 2,222,198 |
| Receivables, net of allowance for uncollectibles: | | | |
| Real estate and personal property taxes..... | 756,495 | - | 756,495 |
| Tax liens..... | 927,305 | - | 927,305 |
| Motor vehicle excise taxes..... | 294,243 | - | 294,243 |
| User charges..... | - | 2,018,994 | 2,018,994 |
| Departmental and other..... | 158,110 | - | 158,110 |
| Intergovernmental..... | 2,504,468 | 47,361 | 2,551,829 |
| Total Current Assets..... | 34,425,866 | 5,610,004 | 40,035,870 |
| NONCURRENT: | | | |
| Receivables, net of allowance for uncollectibles: | | | |
| Intergovernmental..... | 8,947,000 | 154,250 | 9,101,250 |
| Capital assets, not being depreciated..... | 7,200,154 | 350,850 | 7,551,004 |
| Capital assets, net of accumulated depreciation..... | 112,205,723 | 12,996,318 | 125,202,041 |
| Total Noncurrent Assets..... | 128,352,877 | 13,501,418 | 141,854,295 |
| TOTAL ASSETS..... | 162,778,743 | 19,111,422 | 181,890,165 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows of resources related to pensions..... | 1,425,955 | 36,247 | 1,462,202 |
| LIABILITIES | | | |
| CURRENT: | | | |
| Warrants payable..... | 1,809,689 | 48,608 | 1,858,297 |
| Accrued payroll..... | 2,013,611 | 15,899 | 2,029,510 |
| Tax refunds payable..... | 653,069 | - | 653,069 |
| Accrued interest..... | 231,947 | 10,376 | 242,323 |
| Other liabilities..... | 422,957 | - | 422,957 |
| Capital lease obligations..... | 141,955 | - | 141,955 |
| Compensated absences..... | 1,196,000 | 19,000 | 1,215,000 |
| Notes payable..... | 1,000,000 | - | 1,000,000 |
| Bonds payable..... | 3,547,917 | 389,560 | 3,937,477 |
| Total Current Liabilities..... | 11,017,145 | 483,443 | 11,500,588 |
| NONCURRENT: | | | |
| Capital lease obligations..... | 292,872 | - | 292,872 |
| Compensated absences..... | 707,000 | - | 707,000 |
| Other postemployment benefits..... | 22,531,402 | 238,096 | 22,769,498 |
| Net pension liability..... | 34,530,950 | 877,770 | 35,408,720 |
| Bonds payable..... | 28,470,415 | 1,888,060 | 30,358,475 |
| Total Noncurrent Liabilities..... | 86,532,639 | 3,003,926 | 89,536,565 |
| TOTAL LIABILITIES..... | 97,549,784 | 3,487,369 | 101,037,153 |
| NET POSITION | | | |
| Net investment in capital assets..... | 97,303,917 | 11,209,128 | 108,513,045 |
| Restricted for: | | | |
| Permanent funds: | | | |
| Expendable..... | 96,123 | - | 96,123 |
| Nonexpendable..... | 361,891 | - | 361,891 |
| Gifts..... | 299,520 | - | 299,520 |
| Grants..... | 776,444 | - | 776,444 |
| Unrestricted..... | (32,182,981) | 4,451,172 | (27,731,809) |
| TOTAL NET POSITION..... | \$ 66,654,914 | \$ 15,660,300 | \$ 82,315,214 |

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

| 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..... | \$ 4,953,798 | \$ 644,058 | \$ 105,400 | \$ 2,540,970 | \$ (1,663,370) |
| Public safety..... | 10,470,500 | 1,641,691 | 133,297 | - | (8,695,512) |
| Education..... | 59,970,747 | 2,453,507 | 12,436,707 | - | (45,080,533) |
| Public works..... | 9,028,119 | 62,730 | 20,071 | 1,319,317 | (7,626,001) |
| University Station..... | 1,651,889 | - | 1,303,820 | - | (348,069) |
| Human services..... | 1,228,151 | 83,407 | 129,067 | - | (1,015,677) |
| Culture and recreation..... | 3,308,166 | 955,603 | 84,291 | 184,946 | (2,083,326) |
| Interest..... | 1,060,200 | - | 288,276 | - | (771,924) |
| Total Governmental Activities..... | 91,671,570 | 5,840,996 | 14,500,929 | 4,045,233 | (67,284,412) |
| <i>Business-Type Activities:</i> | | | | | |
| Sewer..... | 4,205,003 | 5,175,034 | 30,832 | 27,300 | 1,028,163 |
| Total Primary Government..... | \$ 95,876,573 | \$ 11,016,030 | \$ 14,531,761 | \$ 4,072,533 | \$ (66,256,249) |

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

| | Primary Government | | |
|---|----------------------------|-----------------------------|------------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Changes in net position: | | | |
| Net (expense) revenue from previous page..... | \$ <u>(67,284,412)</u> | \$ <u>1,028,163</u> | \$ <u>(66,256,249)</u> |
| <i>General revenues:</i> | | | |
| Real estate and personal property taxes, net of tax refunds payable..... | 61,772,952 | - | 61,772,952 |
| Motor vehicle excise taxes..... | 3,035,505 | - | 3,035,505 |
| Penalties and interest on taxes..... | 172,557 | - | 172,557 |
| Grants and contributions not restricted to specific programs..... | 776,342 | - | 776,342 |
| Unrestricted investment income..... | 28,388 | - | 28,388 |
| <i>Transfers, net</i> | <u>290,978</u> | <u>(290,978)</u> | <u>-</u> |
| Total general revenues and transfers..... | <u>66,076,722</u> | <u>(290,978)</u> | <u>65,785,744</u> |
| Change in net position..... | (1,207,690) | 737,185 | (470,505) |
| <i>Net Position:</i> | | | |
| Beginning of year (as revised)..... | <u>67,862,604</u> | <u>14,923,115</u> | <u>82,785,719</u> |
| End of year..... | <u>\$ 66,654,914</u> | <u>\$ 15,660,300</u> | <u>\$ 82,315,214</u> |

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2015

| | General | University Station Project | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|----------------------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents..... | \$ 18,087,983 | \$ 727,702 | \$ 8,747,362 | \$ 27,563,047 |
| Investments..... | 2,201,103 | - | 21,095 | 2,222,198 |
| Receivables, net of uncollectibles: | | | | |
| Real estate and personal property taxes..... | 756,495 | - | - | 756,495 |
| Tax liens..... | 927,305 | - | - | 927,305 |
| Motor vehicle excise taxes..... | 294,243 | - | - | 294,243 |
| Departmental and other..... | 38,927 | - | 119,183 | 158,110 |
| Intergovernmental..... | 10,094,000 | - | 1,357,468 | 11,451,468 |
| Due from other funds..... | 439,304 | - | - | 439,304 |
| TOTAL ASSETS..... | \$ 32,839,360 | \$ 727,702 | \$ 10,245,108 | \$ 43,812,170 |
| LIABILITIES | | | | |
| Warrants payable..... | \$ 1,355,161 | \$ - | \$ 454,528 | \$ 1,809,689 |
| Accrued payroll..... | 2,013,611 | - | - | 2,013,611 |
| Tax refunds payable..... | 653,069 | - | - | 653,069 |
| Other liabilities..... | 422,957 | - | - | 422,957 |
| Due to other funds..... | - | - | 439,304 | 439,304 |
| Notes payable..... | - | - | 1,000,000 | 1,000,000 |
| TOTAL LIABILITIES..... | 4,444,798 | - | 1,893,832 | 6,338,630 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenues..... | 11,624,888 | - | 1,037,347 | 12,662,235 |
| FUND BALANCES | | | | |
| Nonspendable..... | - | - | 361,891 | 361,891 |
| Restricted..... | - | 727,702 | 6,952,038 | 7,679,740 |
| Committed..... | 6,069,333 | - | - | 6,069,333 |
| Assigned..... | 1,253,232 | - | - | 1,253,232 |
| Unassigned..... | 9,447,109 | - | - | 9,447,109 |
| TOTAL FUND BALANCES..... | 16,769,674 | 727,702 | 7,313,929 | 24,811,305 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES..... | \$ 32,839,360 | \$ 727,702 | \$ 10,245,108 | \$ 43,812,170 |

See notes to basic financial statements.

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

JUNE 30, 2015

| | | |
|---|--------------------|----------------------|
| Total governmental fund balances..... | | \$ 24,811,305 |
| Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds..... | | 119,405,877 |
| Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds..... | | 12,662,235 |
| Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions..... | | 1,425,955 |
| In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due..... | | (231,947) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds | | |
| Bonds payable..... | (32,018,332) | |
| Capital lease obligations..... | (434,827) | |
| Other postemployment benefits..... | (22,531,402) | |
| Net pension liability..... | (34,530,950) | |
| Compensated absences..... | <u>(1,903,000)</u> | |
| Net effect of reporting long-term liabilities..... | | <u>(91,418,511)</u> |
| Net position of governmental activities..... | | <u>\$ 66,654,914</u> |

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2015

| | General | University Station Project | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|----------------------------------|-----------------------------------|--------------------------------|
| REVENUES: | | | | |
| Real estate and personal property taxes, net of tax refunds..... | \$ 61,838,371 | \$ - | \$ - | \$ 61,838,371 |
| Motor vehicle excise taxes..... | 3,057,593 | - | - | 3,057,593 |
| Charges for services..... | - | - | 4,951,197 | 4,951,197 |
| University Station building permits..... | 905,000 | - | - | 905,000 |
| Penalties and interest on taxes..... | 172,557 | - | - | 172,557 |
| Fees and rentals..... | 379,437 | - | - | 379,437 |
| Licenses and permits..... | 771,232 | - | - | 771,232 |
| Fines and forfeitures..... | 32,464 | - | - | 32,464 |
| Intergovernmental..... | 11,320,048 | - | 6,690,646 | 18,010,694 |
| Departmental and other..... | 299,838 | 532,664 | 538,968 | 1,371,470 |
| Contributions..... | - | - | 266,436 | 266,436 |
| Investment income..... | 23,766 | - | 1,613 | 25,379 |
| TOTAL REVENUES..... | 78,800,306 | 532,664 | 12,448,860 | 91,781,830 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government..... | 3,011,964 | - | 2,669,669 | 5,681,633 |
| Public safety..... | 7,249,060 | - | 1,549,699 | 8,798,759 |
| Education..... | 38,072,400 | - | 6,196,550 | 44,268,950 |
| Public works..... | 5,158,045 | - | 2,034,944 | 7,192,989 |
| University Station..... | 1,105,567 | 546,322 | - | 1,651,889 |
| Human services..... | 857,364 | - | 77,598 | 934,962 |
| Culture and recreation..... | 1,449,856 | - | 892,126 | 2,341,982 |
| Pension benefits..... | 7,647,979 | - | - | 7,647,979 |
| Property and liability insurance..... | 401,257 | - | - | 401,257 |
| Employee benefits..... | 7,230,271 | - | - | 7,230,271 |
| State and county charges..... | 591,182 | - | - | 591,182 |
| Capital outlay..... | 1,641,438 | - | - | 1,641,438 |
| Debt service: | | | | |
| Principal..... | 3,555,000 | - | - | 3,555,000 |
| Interest..... | 1,146,459 | - | - | 1,146,459 |
| TOTAL EXPENDITURES..... | 79,117,842 | 546,322 | 13,420,586 | 93,084,750 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | (317,536) | (13,658) | (971,726) | (1,302,920) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Issuance of long-term debt..... | - | - | 850,000 | 850,000 |
| Transfers in..... | 1,469,929 | - | - | 1,469,929 |
| Transfers out..... | - | - | (1,178,951) | (1,178,951) |
| TOTAL OTHER FINANCING SOURCES (USES)..... | 1,469,929 | - | (328,951) | 1,140,978 |
| NET CHANGE IN FUND BALANCES..... | 1,152,393 | (13,658) | (1,300,677) | (161,942) |
| FUND BALANCES AT BEGINNING OF YEAR..... | 15,617,281 | 741,360 | 8,614,606 | 24,973,247 |
| FUND BALANCES AT END OF YEAR..... | \$ 16,769,674 | \$ 727,702 | \$ 7,313,929 | \$ 24,811,305 |

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**

YEAR ENDED JUNE 30, 2015

| | | |
|--|--------------------|------------------------------|
| Net change in fund balances - total governmental funds..... | | \$ (161,942) |
| <p>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.</p> | | |
| Capital outlay..... | 7,600,649 | |
| Depreciation expense..... | <u>(7,035,514)</u> | |
| Net effect of reporting capital assets..... | | 565,135 |
| <p>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 unavailable revenue.....</p> | | |
| | | (1,608,928) |
| <p>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 position. 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.</p> | | |
| Capital lease principal payments..... | 144,385 | |
| Proceeds from bonds and notes..... | (850,000) | |
| Debt service principal payments..... | <u>3,555,000</u> | |
| Net effect of reporting long-term debt..... | | 2,849,385 |
| <p>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.</p> | | |
| Net change in compensated absences accrual..... | (311,000) | |
| Net change in accrued interest on long-term debt..... | 86,259 | |
| Net change in other postemployment benefits..... | (2,462,493) | |
| Net change in deferred outflow/(inflow) of resources related to pensions..... | 1,425,955 | |
| Net change in net pension liability..... | <u>(1,590,061)</u> | |
| Net effect of recording long-term liabilities..... | | <u>(2,851,340)</u> |
| Change in net position of governmental activities..... | | \$ <u><u>(1,207,690)</u></u> |

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2015

| | Business-type Sewer Enterprise |
|---|--------------------------------------|
| ASSETS | |
| CURRENT: | |
| Cash and cash equivalents..... | \$ 3,543,649 |
| Receivables, net of allowance for uncollectibles: | |
| User fees..... | 2,018,994 |
| Intergovernmental..... | 47,361 |
| Total current assets..... | 5,610,004 |
| NONCURRENT: | |
| Receivables, net of allowance for uncollectibles: | |
| Intergovernmental..... | 154,250 |
| Capital assets, not being depreciated..... | 350,850 |
| Capital assets, net of accumulated depreciation..... | 12,996,318 |
| Total noncurrent assets..... | 13,501,418 |
| TOTAL ASSETS..... | 19,111,422 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows of resources related to pensions..... | 36,247 |
| LIABILITIES | |
| CURRENT: | |
| Warrants payable..... | 48,608 |
| Accrued payroll..... | 15,899 |
| Accrued interest..... | 10,376 |
| Compensated absences..... | 19,000 |
| Bonds payable..... | 389,560 |
| Total current liabilities..... | 483,443 |
| NONCURRENT: | |
| Other postemployment benefits..... | 238,096 |
| Net pension liability..... | 877,770 |
| Bonds payable..... | 1,888,060 |
| Total noncurrent liabilities..... | 3,003,926 |
| TOTAL LIABILITIES..... | 3,487,369 |
| NET POSITION | |
| Net invested in capital assets..... | 11,209,128 |
| Unrestricted..... | 4,451,172 |
| TOTAL NET POSITION..... | \$ 15,660,300 |

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2015

| | <u>Business-type Sewer Enterprise</u> |
|--|---|
| <u>OPERATING REVENUES:</u> | |
| Charges for services | \$ <u>5,175,034</u> |
| <u>OPERATING EXPENSES:</u> | |
| Cost of services and administration | 938,247 |
| MWRA assessment..... | 2,426,073 |
| Depreciation..... | <u>768,174</u> |
| TOTAL OPERATING EXPENSES | <u>4,132,494</u> |
| OPERATING INCOME (LOSS)..... | <u>1,042,540</u> |
| <u>NONOPERATING REVENUES (EXPENSES):</u> | |
| Interest expense..... | (72,509) |
| Intergovernmental..... | <u>30,832</u> |
| TOTAL NONOPERATING REVENUES (EXPENSES), NET..... | <u>(41,677)</u> |
| INCOME/(LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS.. | <u>1,000,863</u> |
| <u>CAPITAL CONTRIBUTIONS:</u> | |
| Sewer betterments..... | <u>27,300</u> |
| <u>TRANSFERS:</u> | |
| Transfers out..... | <u>(290,978)</u> |
| CHANGE IN NET POSITION..... | 737,185 |
| NET POSITION AT BEGINNING OF YEAR (as revised)..... | <u>14,923,115</u> |
| NET POSITION AT END OF YEAR..... | <u>\$ <u>15,660,300</u></u> |

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2015

| | <u>Business-type Sewer Enterprise</u> |
|---|---|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | |
| Receipts from customers and users..... | \$ 4,822,720 |
| Payments to vendors..... | (3,465,807) |
| Payments to employees..... | <u>(332,167)</u> |
| NET CASH FROM OPERATING ACTIVITIES..... | <u>1,024,746</u> |
| <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u> | |
| Transfers out..... | <u>(290,978)</u> |
| NET CASH FROM NONCAPITAL FINANCING ACTIVITIES..... | <u>(290,978)</u> |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u> | |
| Acquisition and construction of capital assets..... | (642,880) |
| Capital contributions..... | 27,300 |
| Principal payments on bonds and notes..... | (337,264) |
| Interest expense..... | <u>(43,236)</u> |
| NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES..... | <u>(996,080)</u> |
| NET CHANGE IN CASH EQUIVALENTS..... | (262,312) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR..... | <u>3,805,961</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR..... | <u>\$ 3,543,649</u> |
| <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u> | |
| Operating income (loss)..... | \$ <u>1,042,540</u> |
| Adjustments to reconcile operating income (loss) to net cash from operating activities: | |
| Depreciation..... | 768,174 |
| Deferred (outflows)/inflows related to pensions..... | (36,247) |
| Changes in assets and liabilities: | |
| User fees..... | (352,314) |
| Warrants payable..... | (450,682) |
| Accrued payroll..... | 163 |
| Accrued compensated absences..... | 2,000 |
| Other postemployment benefits..... | 10,693 |
| Net pension liability..... | <u>40,419</u> |
| Total adjustments..... | <u>(17,794)</u> |
| NET CASH FROM OPERATING ACTIVITIES..... | <u>\$ 1,024,746</u> |
| <u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u> | |
| Intergovernmental debt service subsidy..... | <u>\$ 77,628</u> |

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2015

| | Other Postemployment Benefit Trust Fund | Private Purpose Trust Funds | Agency Fund |
|---|--|-----------------------------------|----------------|
| ASSETS | | | |
| Cash and cash equivalents..... | \$ 336,112 | \$ 302,538 | \$ 394,801 |
| Investments: | | | |
| PRIT..... | 1,388,028 | - | - |
| Receivables, net of allowance for uncollectibles: | | | |
| Departmental and other..... | - | - | 158,887 |
| TOTAL ASSETS..... | 1,724,140 | 302,538 | 553,688 |
| LIABILITIES | | | |
| Liabilities due depositors..... | - | - | 553,688 |
| NET POSITION | | | |
| Held in trust for OPEB and other purposes..... | \$ <u>1,724,140</u> | \$ <u>302,538</u> | \$ <u>-</u> |

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2015

| | Other Postemployment Benefit Trust Fund | Private Purpose Trust Funds |
|--|--|-----------------------------------|
| ADDITIONS: | | |
| Contributions: | | |
| Employer..... | \$ 550,000 | \$ - |
| Private donations..... | - | 79,505 |
| Total contributions..... | 550,000 | 79,505 |
| Net investment income: | | |
| Net change in fair value of investments..... | 56,028 | - |
| Interest..... | 808 | 2,224 |
| Total investment income (loss)..... | 56,836 | 2,224 |
| TOTAL ADDITIONS..... | 606,836 | 81,729 |
| DEDUCTIONS: | | |
| Educational scholarships..... | - | 82,900 |
| TOTAL DEDUCTIONS..... | - | 82,900 |
| CHANGE IN NET POSITION..... | 606,836 | (1,171) |
| NET POSITION AT BEGINNING OF YEAR..... | 1,117,304 | 303,709 |
| NET POSITION AT END OF YEAR..... | \$ 1,724,140 | \$ 302,538 |

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, 2015, the District has no significant unassigned fund balance and has no outstanding long-term bonds. The following is the address where the District’s financial statements are available, its purpose, and the assessment paid by the Town during 2015.

| <u>Joint Venture and Address</u> | <u>Purpose</u> | <u>2015 Assessment</u> |
|--|---------------------------------|----------------------------|
| Blue Hills Regional Technical School District 800 Randolph Street, Canton, MA 02021 | To provide vocational education | <u>\$ 105,640</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 position and the statement of changes in net position) 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 and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets and deferred outflows of resources, liabilities and deferred inflows of resources, etc.) for all fund of that category or type (total governmental or total enterprise funds), *and*
- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, 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 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 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 *university station project fund* is used to account for the funds received in connection with 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 and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental 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 *other postemployment benefit trust fund* is used to account for and accumulate resources to provide funding for future OPEB (other postemployment benefit) liabilities.

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.

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 Assessors 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 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 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 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 Fees

Sewer fees 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 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 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 |
| Infrastructure..... | 5-50 |

H. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Town reported deferred outflows of resources related to pensions in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town did not have any items that qualify for reporting in this category.

Governmental Fund Financial Statements

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

I. Interfund Receivables and Payables

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

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances".

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

J. 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 activities. 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.

K. Net Position and Fund Equity*Government-Wide Financial Statements (Net Position)*

Net position reported as "net investment in capital assets" 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 position is reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position has 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.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Financial Statements (Fund Balances)

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments’ or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Town Meeting is the highest level of decision making authority that can, by Town Meeting vote, commit funds for a specific purpose. Once voted, the limitation imposed by the vote remains in place until the funds are used for their intended purpose or a Town Meeting vote is taken to rescind the commitment.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. The Town’s by-laws authorize the Town Accountant to assign fund balance. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The Town’s spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation.

Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

L. 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 position. 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.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Norfolk County Contributory Retirement System and Massachusetts Teachers Retirement System and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. 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.

O. 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.

P. 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 year. Actual results could vary from estimates that were used.

Q. 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 (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.

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 in each institution are limited to no more than 5% of an institution’s assets and no more than 20% of the Town’s total cash. At year-end, the carrying amount of deposits totaled \$29,645,000 and the bank balance totaled \$29,811,417. Of the bank balance, \$2,250,000 was covered by Federal Depository Insurance, \$3,018,876 was covered by the Depositors Insurance Fund, \$52,538 was covered by the Share Insurance Fund, \$219,437 was covered by Securities Investor Protector Corporation, \$15,146,895 was collateralized and \$9,123,671 was subject to custodial credit risk because it was uninsured and uncollateralized.

Investments

As of June 30, 2015, the Town had the following investments:

| Investment Type | Fair Value | Maturity 1-5 Years |
|-------------------------------------|--------------|-----------------------|
| <u>Debt Securities</u> | | |
| Government Sponsored Enterprises... | \$ 1,535,586 | \$ 1,535,586 |
| Corporate Bonds..... | 401,562 | 401,562 |
| Total Debt Securities..... | 1,937,148 | \$ 1,937,148 |
| <u>Other Investments</u> | | |
| Equity Mutual Funds..... | \$ 285,050 | |
| MMDT..... | 2,159,035 | |
| Total Investments..... | \$ 4,381,233 | |

In addition to the Town’s investments reported above, the OPEB Trust held \$1,724,140 at June 30, 2015, of which \$336,112 was invested in MMDT and \$1,388,028 was invested in PRIT. The effective weighted duration rate for PRIT investments ranged from 1.33 to 21.81 years.

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, 2015, 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, 2015.

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.

The Town’s investments at June 30, 2015, are rated as follows:

| Investment Type | Fair Value | Quality Ratings | | |
|-------------------------------------|---------------------|---------------------|-------------------|-------------------|
| | | AAA | A | BBB |
| <u>Debt Securities:</u> | | | | |
| Government Sponsored Enterprises... | \$ 1,535,586 | \$ 1,535,586 | \$ - | \$ - |
| Corporate Bonds..... | 401,562 | - | 267,447 | 134,115 |
| Total Debt Securities..... | \$ <u>1,937,148</u> | \$ <u>1,535,586</u> | \$ <u>267,447</u> | \$ <u>134,115</u> |

Concentration of Credit Risk

The Town limits the amount that may be invested in any one issuer, except for MMDT, to no more than 5% of an institution’s assets and no more than 30% of the Town’s total investments. At June 30, 2015, the Town did not have more than 5% of the Town’s investments in with any one issuer.

NOTE 3 – RECEIVABLES

At June 30, 2015, receivables for the individual major governmental funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | Gross Amount | Allowance for Uncollectibles | Net Amount |
|--|--------------------------|------------------------------------|--------------------------|
| <u>Receivables:</u> | | | |
| Real estate and personal property taxes..... | \$ 756,495 | \$ - | \$ 756,495 |
| Tax liens..... | 927,305 | - | 927,305 |
| Motor vehicle excise taxes..... | 385,243 | (91,000) | 294,243 |
| Departmental and other..... | 210,110 | (52,000) | 158,110 |
| Intergovernmental..... | <u>11,451,468</u> | <u>-</u> | <u>11,451,468</u> |
| Total..... | <u>\$ 13,730,621</u> | <u>\$ (143,000)</u> | <u>\$ 13,587,621</u> |

At June 30, 2015, receivables for the fiduciary funds consist of the following:

| | Gross Amount | Allowance for Uncollectibles | Net Amount |
|-----------------------------|-------------------|------------------------------------|-------------------|
| <u>Receivables:</u> | | | |
| Departmental and other..... | \$ <u>158,887</u> | \$ <u>-</u> | \$ <u>158,887</u> |

At June 30, 2015, receivables for the enterprise fund consist of the following:

| | Gross Amount | Allowance for Uncollectibles | Net Amount |
|------------------------|-------------------------|------------------------------------|-------------------------|
| <u>Receivables:</u> | | | |
| Sewer fees..... | \$ 2,018,994 | \$ - | \$ 2,018,994 |
| Intergovernmental..... | <u>201,611</u> | <u>-</u> | <u>201,611</u> |
| Total..... | <u>\$ 2,220,605</u> | <u>\$ -</u> | <u>\$ 2,220,605</u> |

Governmental funds report *unavailable 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 year, the various components of *unavailable revenue* reported in the governmental funds were as follows:

| <u>Receivable type:</u> | <u>General Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Total</u> |
|--|-------------------------|--|----------------------|
| Real estate and personal property taxes..... | \$ 270,415 | \$ - | \$ 270,415 |
| Tax liens..... | 927,303 | - | 927,303 |
| Motor vehicle excise taxes..... | 294,243 | - | 294,243 |
| Departmental and other..... | 38,927 | 119,183 | 158,110 |
| Intergovernmental..... | 10,094,000 | 918,164 | 11,012,164 |
| Total..... | <u>\$ 11,624,888</u> | <u>\$ 1,037,347</u> | <u>\$ 12,662,235</u> |

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables for the year ended June 30, 2015 are summarized as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|--------------------------|-----------------------|
| General Fund..... | Highway Improvement..... | <u>\$ 439,304</u> (1) |

(1) Represents an advance to the Highway Improvement fund to meet temporary cash flow needs.

Interfund transfers for the year ended June 30, 2015, are summarized as follows:

| <u>Transfers Out:</u> | <u>Transfers In:</u> | |
|---------------------------------|-------------------------|-----|
| | <u>General Fund</u> | |
| Nonmajor Governmental Fund..... | \$ 39,451 | (A) |
| Nonmajor Governmental Fund..... | 17,000 | (B) |
| Nonmajor Governmental Fund..... | 846,500 | (C) |
| Nonmajor Governmental Fund..... | 275,000 | (D) |
| Nonmajor Governmental Fund..... | 1,000 | (E) |
| Sewer Enterprise Fund..... | 290,978 | (F) |
| Total..... | <u>\$ 1,469,929</u> | |

- (A) - Transfer from Special Revenue Bond Premiums Fund to support debt service expenditures.
- (B) - Transfer from Special Revenue Revolving Funds to support conservation expenditures.
- (C) - Transfer from Special Revenue Ambulance Receipts for ambulance operations.
- (D) - Transfer from Special Revenue Sale of Lots for cemetery operations.
- (E) - Transfer from Cemetery Perpetual Care Fund to support cemetery expenditures.
- (F) - Transfer from Sewer Fund to the General Fund.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, 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 |
| Construction in progress..... | - | 1,341,772 | - | 1,341,772 |
| Total capital assets not being depreciated..... | 5,858,382 | 1,341,772 | - | 7,200,154 |
| <u>Capital assets being depreciated:</u> | | | | |
| Buildings and improvements..... | 108,128,925 | 604,160 | - | 108,733,085 |
| Vehicles..... | 8,233,798 | 385,208 | (313,025) | 8,305,981 |
| Machinery and equipment..... | 12,259,279 | 779,090 | - | 13,038,369 |
| Infrastructure..... | 88,625,294 | 4,490,419 | - | 93,115,713 |
| Total capital assets being depreciated..... | 217,247,296 | 6,258,877 | (313,025) | 223,193,148 |
| <u>Less accumulated depreciation for:</u> | | | | |
| Buildings and improvements..... | (33,775,911) | (2,833,350) | - | (36,609,261) |
| Vehicles..... | (4,889,807) | (925,518) | 313,025 | (5,502,300) |
| Machinery and equipment..... | (9,942,572) | (877,160) | - | (10,819,732) |
| Infrastructure..... | (55,656,646) | (2,399,486) | - | (58,056,132) |
| Total accumulated depreciation..... | (104,264,936) | (7,035,514) | 313,025 | (110,987,425) |
| Total capital assets being depreciated, net..... | 112,982,360 | (776,637) | - | 112,205,723 |
| Total governmental activities capital assets, net..... | \$ 118,840,742 | \$ 565,135 | \$ - | \$ 119,405,877 |

| | 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..... | 27,074,977 | 642,880 | - | 27,717,857 |
| Other buildings and improvements..... | 6,339,070 | - | - | 6,339,070 |
| Vehicles..... | 448,343 | - | - | 448,343 |
| Machinery and equipment..... | 510,212 | - | - | 510,212 |
| Total capital assets being depreciated..... | 34,372,602 | 642,880 | - | 35,015,482 |
| <u>Less accumulated depreciation for:</u> | | | | |
| Plant and infrastructure..... | (16,930,446) | (528,723) | - | (17,459,169) |
| Other buildings and improvements..... | (3,605,255) | (123,548) | - | (3,728,803) |
| Vehicles..... | (411,176) | (14,583) | - | (425,759) |
| Machinery and equipment..... | (304,113) | (101,320) | - | (405,433) |
| Total accumulated depreciation..... | (21,250,990) | (768,174) | - | (22,019,164) |
| Total capital assets being depreciated, net..... | 13,121,612 | (125,294) | - | 12,996,318 |
| Total business-type activities capital assets, net..... | \$ 13,472,462 | \$ (125,294) | \$ - | \$ 13,347,168 |

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

Governmental Activities:

| | |
|-----------------------------|------------|
| General government..... | \$ 212,205 |
| Public safety..... | 451,426 |
| Education..... | 2,869,148 |
| Public works..... | 2,804,985 |
| Human services..... | 25,805 |
| Culture and recreation..... | 671,945 |

Total depreciation expense - governmental activities..... \$ 7,035,514

Business-Type Activities:

| | |
|------------|-------------------|
| Sewer..... | \$ <u>768,174</u> |
|------------|-------------------|

NOTE 6 – CAPITAL LEASES

The Town has entered into a lease agreement for financing the acquisition of a fire truck. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The asset acquired through a capital lease is as follows:

| <u>Asset:</u> | | <u>Governmental Activities</u> |
|-------------------------------|--------|------------------------------------|
| Vehicles..... | \$ | 748,083 |
| Accumulated depreciation..... | | <u>(224,425)</u> |
| Total..... | \$ | <u><u>523,658</u></u> |

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2015, are as follows:

| <u>Years Ending June 30</u> | | <u>Governmental Activities</u> |
|--|--------|------------------------------------|
| 2016..... | \$ | 151,043 |
| 2017..... | | 151,043 |
| 2018..... | | <u>151,042</u> |
| Total minimum lease payments..... | | 453,128 |
| Less: amounts representing interest..... | | <u>(18,301)</u> |
| Present value of minimum lease payments..... | \$ | <u><u>434,827</u></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.

Details related to the short-term debt activity for the year ended June 30, 2015, is as follows:

| Type | Purpose | Issue Date | Maturity Date | Interest Rate (%) | Outstanding at June 30, 2014 | Issued | Retired | Outstanding at June 30, 2015 |
|-------------------------|------------------------------|------------|---------------|-------------------|------------------------------|--------------|--------------|------------------------------|
| BAN | Police Station Planning..... | 6/18/15 | 09/02/15 | 1.50 | \$ - | \$ 1,000,000 | \$ - | \$ 1,000,000 |
| BAN | Fire Station Planning..... | 6/18/15 | 09/02/15 | 1.50 | - | 850,000 | (850,000) | - |
| Total Governmental..... | | | | | \$ - | \$ 1,850,000 | \$ (850,000) | \$ 1,000,000 |

On September 2, 2015, the Town rolled \$850,000 of BANS outstanding into a \$10,450,000 long-term bond. The \$850,000 has been recorded as long-term debt as of year-end. The remaining \$1,000,000 BAN was rolled into a BAN with interest of .45% due on September 2, 2016.

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, 2015, and the debt service requirements follow.

| Project | Maturity Through | Original Loan Amount | Interest Rate (%) | Outstanding at June 30, 2014 | Issued | Redeemed | Outstanding at June 30, 2015 |
|--|------------------|----------------------|-------------------|------------------------------|------------|----------------|------------------------------|
| Municipal Purpose Bonds of 2008..... | 2023 | \$ 3,830,000 | 3.50 - 4.00 | \$ 1,770,000 | \$ - | \$ (335,000) | \$ 1,435,000 |
| Municipal Purpose Bonds of 2009..... | 2029 | 3,500,000 | 2.13 - 5.00 | 2,625,000 | - | (175,000) | 2,450,000 |
| Municipal Purpose Bonds of 2010..... | 2031 | 9,300,000 | 3.25 - 4.00 | 7,905,000 | - | (465,000) | 7,440,000 |
| Municipal Purpose Refunding Bonds of 2012... | 2023 | 19,095,000 | 2.00 - 4.00 | 16,695,000 | - | (1,975,000) | 14,720,000 |
| Municipal Purpose Bonds of 2013..... | 2022 | 4,635,000 | 2.00 - 3.00 | 3,705,000 | - | (465,000) | 3,240,000 |
| Municipal Purpose Bonds of 2014..... | 2024 | 1,400,000 | 2.00 - 2.50 | 1,400,000 | - | (140,000) | 1,260,000 |
| Municipal Purpose Bonds of 2015..... | 2036 | 850,000 | 2.5 - 5.00 | - | 850,000 | - | 850,000 |
| Total Future Debt Service Requirements..... | | | | 34,100,000 | 850,000 | (3,555,000) | 31,395,000 |
| Unamortized Premium on Bonds..... | | | | 701,249 | - | (77,917) | 623,332 |
| Total Governmental Bonds Payable..... | | | | 34,801,249 | 850,000 | (3,632,917) | 32,018,332 |
| Municipal Purpose Bonds of 1998 (MCWT)..... | 2019 | 3,220,700 | 3.88 | 964,300 | - | (181,600) | 782,700 |
| MWRA Notes 2013..... | 2017 | 212,300 | 0.00 | 127,380 | - | (42,460) | 84,920 |
| Municipal Purpose Bonds of 2014..... | 2024 | 1,570,000 | 2.00 - 2.50 | 1,570,000 | - | (160,000) | 1,410,000 |
| Total Enterprise Bonds Payable..... | | | | 2,661,680 | - | (384,060) | 2,277,620 |
| Total General Obligation Bonds Payable..... | | | | \$ 37,462,929 | \$ 850,000 | \$ (4,016,977) | \$ 34,295,952 |

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

| Year | Principal | Interest | Total |
|------------|----------------------|---------------------|----------------------|
| 2016..... | \$ 3,470,000 | \$ 1,075,506 | \$ 4,545,506 |
| 2017..... | 3,487,500 | 985,534 | 4,473,034 |
| 2018..... | 3,322,500 | 861,346 | 4,183,846 |
| 2019..... | 3,267,500 | 746,810 | 4,014,310 |
| 2020..... | 3,252,500 | 616,735 | 3,869,235 |
| 2021..... | 3,232,500 | 496,560 | 3,729,060 |
| 2022..... | 3,192,500 | 392,305 | 3,584,805 |
| 2023..... | 2,707,500 | 293,900 | 3,001,400 |
| 2024..... | 822,500 | 208,882 | 1,031,382 |
| 2025..... | 682,500 | 180,332 | 862,832 |
| 2026..... | 682,500 | 153,770 | 836,270 |
| 2027..... | 682,500 | 127,518 | 810,018 |
| 2028..... | 682,500 | 100,419 | 782,919 |
| 2029..... | 682,500 | 73,125 | 755,625 |
| 2030..... | 507,500 | 45,594 | 553,094 |
| 2031..... | 507,500 | 25,719 | 533,219 |
| 2032..... | 42,500 | 5,844 | 48,344 |
| 2033..... | 42,500 | 4,569 | 47,069 |
| 2034..... | 42,500 | 3,294 | 45,794 |
| 2035..... | 42,500 | 1,992 | 44,492 |
| 2036..... | 42,500 | 664 | 43,164 |
| Total..... | \$ <u>31,395,000</u> | \$ <u>6,400,415</u> | \$ <u>37,795,415</u> |

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

| Year | Principal | Interest | Total |
|------------|---------------------|-------------------|---------------------|
| 2016..... | \$ 389,560 | \$ 61,142 | \$ 450,702 |
| 2017..... | 395,260 | 48,904 | 444,164 |
| 2018..... | 358,500 | 32,639 | 391,139 |
| 2019..... | 359,300 | 24,096 | 383,396 |
| 2020..... | 155,000 | 15,888 | 170,888 |
| 2021..... | 155,000 | 12,788 | 167,788 |
| 2022..... | 155,000 | 9,688 | 164,688 |
| 2023..... | 155,000 | 6,588 | 161,588 |
| 2024..... | 155,000 | 3,488 | 158,488 |
| Total..... | \$ <u>2,277,620</u> | \$ <u>215,217</u> | \$ <u>2,492,837</u> |

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 2015, approximately \$1,401,000 of such assistance was received. Approximately \$11,210,000 will be received in future years. Of this amount, approximately \$1,116,000 represents reimbursement of long-term interest costs, and approximately \$10,094,000 represents reimbursement of approved construction costs. Accordingly, a \$10,094,000 intergovernmental receivable and corresponding

unavailable 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 scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$201,611 and interest costs for \$62,351. The principal subsidies are guaranteed and therefore a \$201,611 intergovernmental receivable has been recorded in the sewer enterprise fund at June 30, 2015. Net MCWT loan repayments, including interest, are scheduled to be \$590,367. Since the Town is legally obligated for the total amount of the debt, such amounts have been recorded in the accompanying basic financial statements. During 2015 the principal subsidy totaled \$46,796 and the interest subsidy totaled \$30,832.

The Town is a member of the Massachusetts Water Resources Authority (MWRA) which offers its members interest free loans for various purposes. The Town has \$84,920 in loans outstanding at June 30, 2015. The imputed interest on this loan is immaterial and has not been recognized by the Town.

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, 2015, the Town had the following authorized and unissued debt:

| Purpose | Date Voted | Article | Amount Authorized and Unissued |
|-------------------------|------------|---------|--------------------------------------|
| Fire Construction..... | 5/4/2015 | 11 | \$ 8,650,000 |
| LED Street Lights..... | 5/4/2015 | 13 | 500,000 |
| Cemetery Expansion..... | 5/4/2015 | 14 | 450,000 |
| Total..... | | | <u>\$ 9,600,000</u> |

Changes in Long-Term Liabilities

During the year ended June 30, 2015, the following changes occurred in long-term liabilities:

| | Balance at June 30, 2014 | Additions | Retirements and Other | Balance at June 30, 2015 | Current Portion |
|-------------------------------------|--------------------------------|---------------------|--------------------------|--------------------------------|---------------------|
| Governmental Activities: | | | | | |
| Long-Term Bonds..... | \$ 34,100,000 | \$ 850,000 | \$ (3,555,000) | \$ 31,395,000 | \$ 3,470,000 |
| Unamortized Premium on Bonds..... | 701,249 | - | (77,917) | 623,332 | 77,917 |
| Other Postemployment Benefits..... | 20,068,909 | 5,065,429 | (2,602,936) | 22,531,402 | - |
| Capital Lease Obligations..... | 579,212 | - | (144,385) | 434,827 | 141,955 |
| Compensated Absences..... | 1,592,000 | 1,375,000 | (1,064,000) | 1,903,000 | 1,196,000 |
| Net Pension Liability..... | 32,940,889 | 1,590,061 | - | 34,530,950 | - |
| Total Governmental Activities..... | <u>89,982,259</u> | <u>8,880,490</u> | <u>(7,444,238)</u> | <u>91,418,511</u> | <u>4,885,872</u> |
| Business-Type Activities: | | | | | |
| Long-Term Bonds..... | 2,661,680 | - | (384,060) | 2,277,620 | 389,560 |
| Other Postemployment Benefits..... | 237,244 | 156,663 | (155,811) | 238,096 | - |
| Compensated Absences..... | 17,000 | 19,000 | (17,000) | 19,000 | 19,000 |
| Net Pension Liability..... | 837,351 | 40,419 | - | 877,770 | - |
| Total Business-Type Activities..... | <u>3,753,275</u> | <u>216,082</u> | <u>(556,871)</u> | <u>3,412,486</u> | <u>408,560</u> |
| Total..... | <u>\$ 93,735,534</u> | <u>\$ 9,096,572</u> | <u>\$ (8,001,109)</u> | <u>\$ 94,830,997</u> | <u>\$ 5,294,432</u> |

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

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town classifies fund balances according to the constraints imposed on the use of those resources. There are two major types of fund balances, which are nonspendable and spendable.

GASB 54 provides for two major types of fund balance, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

In addition to the nonspendable fund balances, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

The Town's spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

Massachusetts General Law Ch.40 §5B allows for the establishment of Stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any changes to the purpose of the fund along with any additions to or appropriations from the fund required a two-thirds vote of the legislative body. At year end the balance of the General Stabilization fund is \$2.7 million and is reported as unassigned fund balance within the General Fund.

As of June 30, 2015, the governmental fund balance consisted of the following:

| | General | University Station | Nonmajor Governmental Funds | Total Governmental Funds |
|--|--------------------------|-----------------------|-----------------------------------|--------------------------------|
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Permanent fund principal..... \$ | - | - | 361,891 | \$ 361,891 |
| Restricted for: | | | | |
| University station..... | - | 727,702 | - | 727,702 |
| Town grants and revolving funds..... | - | - | 2,529,708 | 2,529,708 |
| School lunch..... | - | - | 138,086 | 138,086 |
| Ambulance fund..... | - | - | 477,622 | 477,622 |
| School grants and revolving funds..... | - | - | 3,253,078 | 3,253,078 |
| Expendable governmental trusts..... | - | - | 80,265 | 80,265 |
| Roadway improvements..... | - | - | 84,968 | 84,968 |
| School building renovations..... | - | - | 23,349 | 23,349 |
| Facility renovations..... | - | - | 268,839 | 268,839 |
| Cemetery..... | - | - | 19,678 | 19,678 |
| Other nonexpendable trust funds..... | - | - | 76,445 | 76,445 |
| Committed to: | | | | |
| Selectmen..... | 100,704 | - | - | 100,704 |
| Assessors department..... | 40,967 | - | - | 40,967 |
| Information systems..... | 323,961 | - | - | 323,961 |
| University Station..... | 4,222,086 | - | - | 4,222,086 |
| Police department..... | 190,565 | - | - | 190,565 |
| Fire department..... | 528,901 | - | - | 528,901 |
| Education..... | 357,371 | - | - | 357,371 |
| Public works equipment..... | 167,515 | - | - | 167,515 |
| Municipal buliding repairs..... | 126,823 | - | - | 126,823 |
| Cemetery..... | 10,440 | - | - | 10,440 |
| Assigned to: | | | | |
| Selectmen..... | 115 | - | - | 115 |
| Information systems..... | 3,795 | - | - | 3,795 |
| Town clerk..... | 1,346 | - | - | 1,346 |
| Economic development task force..... | 461 | - | - | 461 |
| Police department..... | 1,012 | - | - | 1,012 |
| Fire department..... | 270 | - | - | 270 |
| Education salaries..... | 1,135,599 | - | - | 1,135,599 |
| Education expenses..... | 57,233 | - | - | 57,233 |
| Public works..... | 4,460 | - | - | 4,460 |
| School and field maintenance..... | 2,625 | - | - | 2,625 |
| Street lighting..... | 18,105 | - | - | 18,105 |
| Waste/collection/disposal..... | 24,239 | - | - | 24,239 |
| Human services..... | 512 | - | - | 512 |
| Library expenses..... | 3,460 | - | - | 3,460 |
| Unassigned..... | 9,447,109 | - | - | 9,447,109 |
| TOTAL FUND BALANCES..... \$ | <u>16,769,674</u> | <u>727,702</u> | <u>7,313,929</u> | <u>\$ 24,811,305</u> |

NOTE 10 – RISK FINANCING

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

On July 1, 2015, the Town joined the Commonwealth of Massachusetts' Group Insurance Commission (GIC) which offers premium based insurance plans to GIC members. The GIC sets the rates for participating municipalities annually. Municipalities participating in the GIC plans are assessed a .05% administrative fee on their premium over what the State employees pay.

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 2015 totaled \$246,000 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, 2015, and therefore is not reported.

The Town is self-insured for unemployment compensation. During 2015, the Town appropriated \$112,000 to provide for anticipated costs of unemployment benefits. During 2015, claims related to unemployment compensation totaled \$50,000. The liability for unemployment compensation was not material at June 30, 2015, and therefore is not reported.

NOTE 11 – STABILIZATION FUND

The Town has \$2.7 million in a stabilization fund classified as part of the general fund in the governmental funds financial statements. The stabilization fund may be used for general and/or capital purposes upon Town Meeting approval.

NOTE 12 – PENSION PLAN*Plan Description*

The Town is a member of the Norfolk County Retirement System (NCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 41 member units. The system is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. A copy of their audited financial report may be obtained by visiting <http://www.norfolkcountyretirement.org>.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2014. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$4,390,899 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$63,201,321 as of the measurement date.

Benefits Provided

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

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 Board and are borne by the System.

There were no changes of benefit terms that affected measurement of the total pension liability since the prior measurement date.

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the NCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution equaled its actual contribution for the year ended December 31, 2014 was \$3,303,348, 19.60% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities

At June 30, 2015, the Town reported a liability of \$35,408,720 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2014, the Town's proportion was 6.83%, which did not change from its proportion measured at December 31, 2013.

Pension Expense

For the year ended June 30, 2015, the Town recognized a pension expense of \$3,471,626. At June 30, 2015, the Town reported deferred outflows of resources related to pensions of \$1,462,202, from the net difference between projected and actual investment earnings on pension plan investments. Since the System performs an actuarial valuation bi-annually, there are not reported differences between expected and actual experience or a change of assumptions as of December 31, 2014.

The deferred outflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|---------------------|---------------------|
| Year ended June 30: | |
| 2016..... | \$ 365,551 |
| 2017..... | 365,551 |
| 2018..... | 365,550 |
| 2019..... | <u>365,550</u> |
| Total..... | <u>\$ 1,462,202</u> |

Actuarial Assumptions - The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2014:

| | |
|------------------------------------|---|
| Valuation date..... | January 1, 2014 |
| Actuarial cost method..... | Entry Age Normal Actuarial Cost Method. |
| Amortization method..... | Payments increase at 4.0%, except for 2002 and 2003 Early Retirement Incentive, which is 4.5. |
| Remaining amortization period..... | Full funding to be achieved by 2031. |
| Asset valuation method..... | Market value as reported by the Public Employees' Retirement Administration (PERAC) |
| Inflation rate..... | 4.50% |
| Projected salary increases..... | 4.00% |
| Cost of living adjustments..... | 3.0% of the first \$15,000 of retirement income. |
| Rates of retirement..... | Varies based upon age for general employees, police and fire employees. |

| | |
|--|--|
| Rates of disability..... | For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected). |
| Mortality Rates: | |
| Pre-Retirement and Post-Retirement..... | The RP-2000 Employee Mortality Table for males and females, adjusted to 2015 with a Scale AA. |
| Disabled Retiree..... | The RP-2000 Mortality Table set forward two years. |
| Investment rate of return/Discount rate..... | 8.25% |

Investment policy

The pension plan’s policy in regard to the allocation of invested assets is established by PRIT. Plan assets are managed on a total return basis with a long-term objective of achieving a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of January 1, 2014, are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|--------------------------|---|
| Domestic equity..... | 32.00% | 7.70% |
| International equities..... | 17.50% | 6.40% |
| Fixed income..... | 19.00% | 1.90% |
| Real estate..... | 9.00% | 5.20% |
| Real assets..... | 5.00% | 5.50% |
| Hedge funds..... | 9.00% | 5.50% |
| Private equity..... | 8.50% | 11.90% |

Rate of return

For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.07%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

The discount rate used to measure the total pension liability was 8.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net position liability to changes in the discount rate

The following presents the net position liability, calculated using the discount rate of 8.25%, as well as what the net position liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.25%) or 1-percentage-point higher (9.25%) than the current rate:

| | 1% Decrease (7.25%) | Current Discount (8.25%) | 1% Increase (9.25%) |
|--|-----------------------------|--------------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| The Town's proportionate share of the net pension liability..... | \$ 44,436,385 | \$ 35,408,720 | \$ 27,649,966 |

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Norfolk County Retirement System financial report.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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 2015, the Town contributed approximately \$2.7 million 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:

| | |
|---|----------------------|
| Annual required contribution..... | \$ 4,977,500 |
| Interest on net OPEB obligation..... | 1,065,556 |
| Amortization of net OPEB obligation..... | <u>(820,964)</u> |
| Annual OPEB cost (expense)..... | 5,222,092 |
| Contributions made..... | <u>(2,748,906)</u> |
| Increase/(Decrease) in net OPEB obligation..... | 2,473,186 |
| Net OPEB obligation-beginning of year..... | <u>20,296,312</u> |
| Net OPEB obligation-end of year..... | <u>\$ 22,769,498</u> |

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for years 2013, 2014 and 2015 were as follows:

| <u>Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|-------------------|-------------------------|---|----------------------------|
| 6/30/2015 | \$ 5,222,092 | 53% | \$ 22,769,498 |
| 6/30/2014 | 4,952,164 | 51% | 20,296,312 |
| 6/30/2013 | 5,240,423 | 36% | 17,848,642 |

Funded Status and Funding Progress – As of June 30, 2013, the most recent actuarial valuation date, the actuarial value of assets totaled \$612,433, the actuarial accrued liability for benefits totaled \$56,528,705 and \$55,916,272 was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$40,499,858, and the ratio of the UAAL to the covered payroll was 138%.

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, 2013 actuarial valuation, actuarial liabilities were determined using the projected unit credit cost method. Plan membership includes 421 active members and 400 retirees, beneficiaries and dependents. The actuarial assumptions included a discount rate of 5.25%; a 7.75% asset rate of 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 healthcare cost trend rate of 7.5% initially, graded to 5.0% inflation rate over 5 years; and a 6.0% increase per year in the part B premium trend rate. The 5.25% partially funded discount rate is based on the blending of a funded discount rate of 7.75% and a pay-as-you-go discount rate of 4.00%. The UAAL is being amortized over a 30 year open period using a level percentage of projected payroll with amortization payments increasing at 4.0% per year. The asset valuation method used is market value. The remaining amortization period at June 30, 2015 is 30 years.

NOTE 13 – COMMITMENTS

University Station Project

University Station, the Town's high profile commercial development project, significantly advanced in 2015. The project is scheduled to include over two million square feet of new mixed use development including residential, commercial, hotel, office, and retail components. The developer demolished all the existing structures and completed the installation of all utilities and layouts of the new road systems and intersection improvements. At year end, construction of residential and retail units is well under way. All local and state approvals were given for the first phase of the project which began construction in 2014 and as of year-end half the development has or is about to receive occupancy permits. Many of the stores and restaurants opened in spring 2015 with more anticipated in fall 2015. Advancement of this project will significantly enhance the town's tax base.

The Town expects that the resulting economic benefits in creating employment opportunities for the Commonwealth and the region and significant new growth revenue will outweigh the additional service costs. For example, the developer has since obtained an \$85 million commitment from the Commonwealth to complete these infrastructure improvements. The overall goal is to achieve a redevelopment project that mitigates any transportation and environmental concerns, provides for an enhanced and stable commercial tax base, and maintains and enhances the quality of the community.

NOTE 14 – 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, 2015, 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, 2015, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2015.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 6, 2015, which is the date the financial statements were available to be issued. On September 2, 2015, the Town rolled \$850,000 of BANS outstanding into a \$10,450,000 long-term bond. The \$850,000 has been recorded as long-term debt as of year-end. The remaining \$1,000,000 BAN was rolled into a BAN with interest of .45% due on September 2, 2016.

NOTE 16 – REVISION OF STATEMENT OF NET POSITION

In accordance with GASB 68, the Town has recorded its net pension liability for the first time in 2015 and has revised the beginning net position of both the governmental and business-type activities as follows:

| Description | 6/30/2014 Previously Reported Balances | Implementation of GASBS 68, & 71 | 6/30/2014 Revised Balances |
|-------------------------------|---|--|----------------------------------|
| Governmental activities..... | \$ 100,803,493 | \$ (32,940,889) | \$ 67,862,604 |
| Business-type activities..... | <u>15,760,466</u> | <u>(837,351)</u> | <u>14,923,115</u> |
| Total..... | <u>\$ 116,563,959</u> | <u>\$ (33,778,240)</u> | <u>\$ 82,785,719</u> |

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2015, the following GASB pronouncements were implemented:

- GASB Statement #67, Financial Reporting for Pension Plans; GASB Statement #68, Accounting and Financial Reporting for Pensions; and GASB Statement #71 Pension Transition for Contributions Made Subsequent to the Measurement Date. Financial statement changes include the recognition of a net pension liability, pension expense and deferred outflows/inflows of resources depending on the nature of the change each year. The financial statements also recognized a restatement of the beginning net position to reflect the net pension liability at the beginning of the year. The notes to the basic financial statements and the required supplementary information were expanded to include additional required schedules and disclosures.
- GASB Statement #69, Governmental Combinations and Disposals of Government Operations. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #72, Fair Value Measurement and Application, which is required to be implemented in 2016.
- The GASB issued Statement #73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. The provisions of this Statement are effective for 2016—except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68, which is required to be implemented in 2017.

- The GASB issued Statement #74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in 2017.
- The GASB issued Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented in 2018.
- The GASB issued Statement #76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which is required to be implemented in 2016.
- The GASB issued Statement #77, *Tax Abatement Disclosures*, which is required to be implemented in 2017.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

Required Supplementary Information

General Fund

Budgetary Comparison Schedule

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

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

YEAR ENDED JUNE 30, 2015

| | 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..... | \$ 61,424,783 | \$ 61,424,783 | \$ 61,576,826 | \$ - | \$ 152,043 |
| Motor vehicle excise taxes..... | 2,285,000 | 2,285,000 | 3,057,593 | - | 772,593 |
| University Station permits..... | 905,000 | 905,000 | 905,000 | - | - |
| Penalties and interest on taxes..... | 80,000 | 80,000 | 172,557 | - | 92,557 |
| Fees and rentals..... | 259,000 | 259,000 | 379,437 | - | 120,437 |
| Licenses and permits..... | 400,000 | 400,000 | 771,232 | - | 371,232 |
| Fines and forfeitures..... | 10,000 | 10,000 | 32,464 | - | 22,464 |
| Intergovernmental..... | 6,883,251 | 6,883,251 | 6,929,149 | - | 45,898 |
| Departmental and other..... | 253,000 | 253,000 | 299,838 | - | 46,838 |
| Investment income..... | 25,000 | 25,000 | 28,388 | - | 3,388 |
| TOTAL REVENUES..... | 72,525,034 | 72,525,034 | 74,152,484 | - | 1,627,450 |
| EXPENDITURES: | | | | | |
| SELECTMEN | | | | | |
| Salaries..... | 484,333 | 484,333 | 483,262 | - | 1,071 |
| Expenditures..... | 53,820 | 53,820 | 53,152 | 115 | 553 |
| TOTAL..... | 538,153 | 538,153 | 536,414 | 115 | 1,624 |
| FINANCE COMMISSION | | | | | |
| Salaries..... | 42,141 | 66,141 | 65,244 | - | 897 |
| Expenditures..... | 21,763 | 24,763 | 24,043 | - | 720 |
| TOTAL..... | 63,904 | 90,904 | 89,287 | - | 1,617 |
| ACCOUNTING | | | | | |
| Salaries..... | 208,534 | 208,534 | 208,434 | - | 100 |
| Expenditures..... | 5,300 | 5,300 | 4,748 | - | 552 |
| TOTAL..... | 213,834 | 213,834 | 213,182 | - | 652 |
| AUDIT-SCHOOL & MUNICIPAL FINANCIALS | | | | | |
| Professional Services..... | 57,750 | 57,750 | 49,930 | - | 7,820 |
| ASSESSORS | | | | | |
| Salaries..... | 193,209 | 201,909 | 200,511 | - | 1,398 |
| Expenditures..... | 21,432 | 21,432 | 16,576 | - | 4,856 |
| TOTAL..... | 214,641 | 223,341 | 217,087 | - | 6,254 |
| TREASURER | | | | | |
| Salaries..... | 92,324 | 92,324 | 89,188 | - | 3,136 |
| Expenditures..... | 12,250 | 12,250 | 10,412 | - | 1,838 |
| TOTAL..... | 104,574 | 104,574 | 99,600 | - | 4,974 |
| COLLECTOR | | | | | |
| Salaries..... | 111,741 | 114,541 | 114,494 | - | 47 |
| Expenditures..... | 74,775 | 74,775 | 74,578 | - | 197 |
| TOTAL..... | 186,516 | 189,316 | 189,072 | - | 244 |
| LEGAL | | | | | |
| Salaries..... | 95,111 | 95,111 | 94,792 | - | 319 |
| Expenditures..... | 104,500 | 104,500 | 103,700 | - | 800 |
| TOTAL..... | 199,611 | 199,611 | 198,492 | - | 1,119 |

(Continued)

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

YEAR ENDED JUNE 30, 2015

| | Budgeted Amounts | | Actual Budgetary Amounts | Amounts Carried Forward To Next Year | Variance To Final Budget |
|--|--------------------|-----------------|--------------------------------|--|--------------------------------|
| | Original Budget | Final Budget | | | |
| PERSONNEL BOARD | | | | | |
| Salaries..... | 198,302 | 198,302 | 197,761 | - | 541 |
| Expenditures..... | 7,500 | 7,500 | 2,609 | - | 4,891 |
| TOTAL..... | 205,802 | 205,802 | 200,370 | - | 5,432 |
| INFORMATION SYSTEMS | | | | | |
| Salaries..... | 262,243 | 262,243 | 245,757 | - | 16,486 |
| Expenditures..... | 66,902 | 66,902 | 58,957 | 3,795 | 4,150 |
| TOTAL..... | 329,145 | 329,145 | 304,714 | 3,795 | 20,636 |
| TOWN CLERK | | | | | |
| Salaries..... | 145,464 | 145,464 | 139,170 | 1,000 | 5,294 |
| Expenditures..... | 61,552 | 61,552 | 51,550 | 346 | 9,656 |
| TOTAL..... | 207,016 | 207,016 | 190,720 | 1,346 | 14,950 |
| CONSERVATION COMMISSION | | | | | |
| Salaries..... | 48,051 | 48,051 | 47,063 | - | 988 |
| Expenditures..... | 10,784 | 10,784 | 3,188 | - | 7,596 |
| TOTAL..... | 58,835 | 58,835 | 50,251 | - | 8,584 |
| PLANNING BOARD | | | | | |
| Salaries..... | 112,719 | 112,719 | 74,137 | - | 38,582 |
| Expenditures..... | 3,100 | 3,100 | 2,819 | - | 281 |
| TOTAL..... | 115,819 | 115,819 | 76,956 | - | 38,863 |
| ZONING BOARD OF APPEALS | | | | | |
| Salaries..... | 28,266 | 28,266 | 27,414 | - | 852 |
| Expenditures..... | 1,867 | 1,867 | 493 | - | 1,374 |
| TOTAL..... | 30,133 | 30,133 | 27,907 | - | 2,226 |
| ECONOMIC DEVELOPMENT TASK FORCE | | | | | |
| Salaries..... | 105,093 | 105,093 | 101,313 | - | 3,780 |
| Expenditures..... | 42,250 | 42,250 | 41,515 | 461 | 274 |
| TOTAL..... | 147,343 | 147,343 | 142,828 | 461 | 4,054 |
| OUTSIDE PROFESSIONAL SERVICES | | | | | |
| Expenditures..... | 52,000 | 52,000 | 50,798 | - | 1,202 |
| MASS HOUSING PARTNERSHIP/ HOUSING AUTHORITY | | | | | |
| Salaries..... | 24,667 | 24,667 | 24,080 | - | 587 |
| Expenditures..... | 1,200 | 1,200 | 290 | - | 910 |
| | 25,867 | 25,867 | 24,370 | - | 1,497 |
| OFFICE COMMUNICATIONS | | | | | |
| Expenditures..... | 145,000 | 145,000 | 144,600 | - | 400 |
| TRAINING | | | | | |
| Expenditures..... | 15,000 | 15,000 | 14,045 | - | 955 |
| CHARTER COMMISSION | | | | | |
| Expenditures..... | 25,000 | 25,000 | 12,784 | - | 12,216 |
| Total General Government..... | 2,935,943 | 2,974,443 | 2,833,407 | 5,717 | 135,319 |

(Continued)

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

YEAR ENDED JUNE 30, 2015

| | Budgeted Amounts | | Actual Budgetary Amounts | Amounts Carried Forward To Next Year | Variance To Final Budget |
|---------------------------------|--------------------|-------------------|--------------------------------|--|--------------------------------|
| | Original Budget | Final Budget | | | |
| PUBLIC SAFETY | | | | | |
| POLICE DEPARTMENT | | | | | |
| Salaries..... | 3,167,512 | 3,167,512 | 3,167,285 | - | 227 |
| Expenditures..... | 242,425 | 242,425 | 220,215 | 1,012 | 21,198 |
| TOTAL..... | 3,409,937 | 3,409,937 | 3,387,500 | 1,012 | 21,425 |
| ANIMAL CONTROL | | | | | |
| Salaries..... | 50,602 | 50,602 | 50,110 | - | 492 |
| Expenditures..... | 9,050 | 9,050 | 4,542 | - | 4,508 |
| TOTAL..... | 59,652 | 59,652 | 54,652 | - | 5,000 |
| CROSSING GUARDS | | | | | |
| Salaries..... | 101,709 | 101,709 | 96,270 | - | 5,439 |
| Expenditures..... | 4,900 | 4,900 | 1,799 | - | 3,101 |
| TOTAL..... | 106,609 | 106,609 | 98,069 | - | 8,540 |
| FIRE DEPARTMENT | | | | | |
| Salaries..... | 3,106,850 | 3,106,850 | 3,105,653 | - | 1,197 |
| Expenditures..... | 304,674 | 304,674 | 303,154 | 270 | 1,250 |
| TOTAL..... | 3,411,524 | 3,411,524 | 3,408,807 | 270 | 2,447 |
| BUILDING INSPECTION | | | | | |
| Salaries..... | 286,794 | 286,794 | 281,380 | - | 5,414 |
| Expenditures..... | 35,025 | 35,025 | 18,362 | - | 16,663 |
| TOTAL..... | 321,819 | 321,819 | 299,742 | - | 22,077 |
| CIVIL DEFENSE..... | 3,000 | 3,000 | 290 | - | 2,710 |
| Total Public Safety..... | 7,312,541 | 7,312,541 | 7,249,060 | 1,282 | 62,199 |
| EDUCATION | | | | | |
| PUBLIC SCHOOLS | | | | | |
| Salaries and expenditures..... | 39,043,802 | 39,043,802 | 37,827,228 | 1,192,832 | 23,742 |
| BLUE HILLS REGIONAL..... | 109,523 | 109,523 | 105,640 | - | 3,883 |
| Total Education..... | 39,153,325 | 39,153,325 | 37,932,868 | 1,192,832 | 27,625 |

(Continued)

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

YEAR ENDED JUNE 30, 2015

| | 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..... | 1,594,320 | 1,720,620 | 1,719,286 | - | 1,334 |
| Expenditures..... | 498,350 | 498,350 | 490,119 | 4,261 | 3,970 |
| TOTAL..... | 2,092,670 | 2,218,970 | 2,209,405 | 4,261 | 5,304 |
| BUILDING MAINTENANCE | | | | | |
| Expenditures..... | 706,336 | 706,336 | 689,483 | 199 | 16,654 |
| MUNICIPAL & SCHOOL FIELD MAINTENANCE | | | | | |
| Expenditures..... | 120,000 | 120,000 | 117,372 | 2,625 | 3 |
| SNOW & ICE | | | | | |
| Expenditures..... | 250,000 | 625,000 | 798,826 | - | (173,826) |
| STREET LIGHTING | | | | | |
| Expenditures..... | 140,000 | 140,000 | 118,636 | 18,105 | 3,259 |
| WASTE/COLLECTION/DISPOSAL | | | | | |
| Expenditures..... | 1,249,000 | 1,249,000 | 1,224,323 | 24,239 | 438 |
| Total Public Works..... | 4,558,006 | 5,059,306 | 5,158,045 | 49,429 | (148,168) |
| HEALTH AND HUMAN SERVICES | | | | | |
| HEALTH DIVISION | | | | | |
| Salaries..... | 252,473 | 252,473 | 252,445 | - | 28 |
| Expenditures..... | 9,300 | 9,300 | 7,363 | 177 | 1,760 |
| TOTAL..... | 261,773 | 261,773 | 259,808 | 177 | 1,788 |
| OUTSIDE HEALTH AGENCIES..... | 13,416 | 13,416 | 12,436 | - | 980 |
| DISABILITY COMMISSION | | | | | |
| Expenditures..... | 500 | 500 | - | - | 500 |
| COUNCIL ON AGING | | | | | |
| Salaries..... | 235,766 | 243,766 | 243,426 | - | 340 |
| Expenditures..... | 27,032 | 27,032 | 26,978 | - | 54 |
| TOTAL..... | 262,798 | 270,798 | 270,404 | - | 394 |
| YOUTH COMMISSION | | | | | |
| Salaries..... | 189,887 | 212,887 | 212,244 | - | 643 |
| Expenditures..... | 16,793 | 16,793 | 14,715 | 335 | 1,743 |
| TOTAL..... | 206,680 | 229,680 | 226,959 | 335 | 2,386 |
| VETERANS SERVICES | | | | | |
| Salaries..... | 29,557 | 29,557 | 28,916 | - | 641 |
| Expenditures..... | 92,300 | 92,300 | 60,634 | - | 31,666 |
| TOTAL..... | 121,857 | 121,857 | 89,550 | - | 32,307 |
| Total Health and Human Services..... | 867,024 | 898,024 | 859,157 | 512 | 38,355 |

(Continued)

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

YEAR ENDED JUNE 30, 2015

| | Budgeted Amounts | | Actual Budgetary Amounts | Amounts Carried Forward To Next Year | Variance To Final Budget |
|---|---------------------|---------------------|--------------------------------|--|--------------------------------|
| | Original Budget | Final Budget | | | |
| CULTURE AND RECREATION | | | | | |
| RECREATION | | | | | |
| Salaries..... | 273,550 | 273,550 | 273,446 | - | 104 |
| Expenditures..... | 15,784 | 15,784 | 15,720 | - | 64 |
| TOTAL..... | 289,334 | 289,334 | 289,166 | - | 168 |
| PUBLIC LIBRARY | | | | | |
| Salaries..... | 880,038 | 923,038 | 920,425 | - | 2,613 |
| Expenditures..... | 237,656 | 237,656 | 229,008 | 3,460 | 5,188 |
| Lost Books..... | 1,525 | 1,525 | 1,525 | - | - |
| TOTAL..... | 1,119,219 | 1,162,219 | 1,150,958 | 3,460 | 7,801 |
| MEMORIAL DAY | | | | | |
| Expenditures..... | 12,050 | 12,050 | 7,939 | - | 4,111 |
| Total Culture and Recreation..... | 1,420,603 | 1,463,603 | 1,448,063 | 3,460 | 12,080 |
| PENSION BENEFITS | | | | | |
| Contributory Pension..... | 3,223,709 | 3,223,709 | 3,223,173 | - | 536 |
| Non-Contributory Pension..... | 34,000 | 34,000 | 33,907 | - | 93 |
| Total Pension Benefits..... | 3,257,709 | 3,257,709 | 3,257,080 | - | 629 |
| INSURANCE | | | | | |
| General Liability..... | 402,000 | 402,000 | 401,257 | - | 743 |
| UNIVERSITY STATION..... | 5,327,657 | 5,327,657 | 1,105,567 | 4,222,086 | 4 |
| CAPITAL OUTLAY..... | 3,222,156 | 3,671,665 | 1,819,994 | 1,847,247 | 4,424 |
| EMPLOYEE BENEFITS..... | 7,294,997 | 7,294,997 | 7,230,271 | - | 64,726 |
| RESERVE FUND..... | 625,000 | 301,717 | - | - | 301,717 |
| STATE AND COUNTY ASSESSMENTS..... | 587,371 | 587,371 | 591,182 | - | (3,811) |
| DEBT SERVICE PRINCIPAL..... | 3,861,138 | 3,861,138 | 3,555,000 | - | 306,138 |
| DEBT SERVICE INTEREST..... | 1,146,459 | 1,146,459 | 1,146,459 | - | - |
| TOTAL EXPENDITURES..... | 81,971,929 | 82,711,955 | 74,587,410 | 7,322,565 | 801,980 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES..... | (9,446,895) | (10,186,921) | (434,926) | (7,322,565) | 2,429,430 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in..... | 1,338,929 | 1,469,929 | 1,469,929 | - | - |
| Transfers out..... | (100,000) | (100,000) | (100,000) | - | - |
| TOTAL OTHER FINANCING SOURCES (USES)..... | 1,238,929 | 1,369,929 | 1,369,929 | - | - |
| NET CHANGE IN FUND BALANCE..... | (8,207,966) | (8,816,992) | 935,003 | (7,322,565) | 2,429,430 |
| BUDGETARY FUND BALANCE, Beginning of year..... | 13,737,520 | 13,737,520 | 13,737,520 | - | - |
| BUDGETARY FUND BALANCE, End of year..... | \$ 5,529,554 | \$ 4,920,528 | \$ 14,672,523 | \$ (7,322,565) | \$ 2,429,430 |

See notes to required supplementary information.

(Concluded)

Retirement System Schedules

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the City along with related ratios.

These schedules are intended to present information for ten years. Until a ten year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
NORFOLK COUNTY CONTRIBUTORY RETIREMENT SYSTEM**

| | December 31, 2014 |
|--|----------------------|
| Town's proportion of the net pension liability (asset)..... | 6.827% |
| Town's proportionate share of the net pension liability (asset)..... \$ | 35,408,720 |
| Town's covered employee payroll (*)..... \$ | 16,856,918 |
| Net pension liability as a percentage of covered-employee payroll..... | 210.05% |
| Plan fiduciary net position as a percentage of the total pension liability..... | 60.10% |

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for
which information is available.

*Covered employee payroll as reported in the January 1, 2014 funding
valuation report.

See notes to required supplementary information.

SCHEDULE OF CONTRIBUTIONS

| | December 31, 2014 |
|--|----------------------|
| Actuarially determined contribution (a)..... \$ | 3,303,348 |
| Contributions in relation to the actuarially determined contribution..... | (3,303,348) |
| Contribution deficiency (excess)..... \$ | - |
| Covered-employee payroll (*)..... \$ | 16,856,918 |
| Contributions as a percentage of covered- employee payroll..... | 19.60% |

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

(a) Based on the results of the January 1, 2012 actuarial valuation (including assumptions and methods) which determined budgeted appropriations for fiscal 2015.

*Covered employee payroll as reported in the January 1, 2014 funding valuation report.

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS
OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense

| <u>Fiscal Year</u> | <u>Commonwealth's 100% Share of the Net Pension Liability Associated with the Town</u> | <u>Town's Expense and Revenue Recognized for the Commonwealth's Support</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u> |
|--------------------|--|---|---|
| 2015..... | \$ 63,201,321 | \$ 4,390,899 | 61.64% |

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

Other Postemployment Benefits Plan Schedules

The Schedule of Funding progress compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

The Schedule of Employer Contributions compares, overtime, the Annual Required Contributions to the Actual Contributions made.

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (A) | Actuarial Accrued Liability (AAL) Projected Unit Credit (B) | Unfunded AAL (UAAL) (B-A) | Funded Ratio (A/B) | Covered Payroll (C) | UAAL as a Percentage of Covered Payroll ((B-A)/C) |
|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|---|
| 6/30/2013 | \$ 612,433 | \$ 56,528,705 | \$ 55,916,272 | 1% | \$ 40,499,858 | 138.1% |
| 6/30/2011 | - | 59,054,291 | 59,054,291 | 0% | 37,620,046 | 157.0% |
| 6/30/2009 | - | 49,334,499 | 49,334,499 | 0% | 39,100,816 | 126.2% |
| 7/1/2006 | - | 53,091,156 | 53,091,156 | 0% | 29,437,171 | 180.4% |

Schedule of Employer Contributions

| Year Ended | Annual Required Contribution | Actual Contributions Made | Percentage Contributed |
|---------------|------------------------------------|---------------------------------|---------------------------|
| 2015 | \$ 4,977,500 | \$ 2,748,906 | 55% |
| 2014 | 4,737,069 | 2,504,494 | 53% |
| 2013 | 5,143,808 | 1,884,014 | 37% |
| 2012 | 4,891,733 | 1,751,826 | 36% |
| 2011 | 4,502,956 | 1,156,674 | 26% |
| 2010 | 4,260,901 | 1,078,212 | 25% |

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFITS PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods:

| | |
|------------------------------------|---|
| Valuation date..... | June 30, 2013 |
| Actuarial cost method..... | Projected credit unit |
| Amortization method..... | 30 year level percent of pay assuming a 4.0% annual increase, open. |
| Remaining amortization period..... | 30 years as of June 30, 2014 |
| Asset valuation method | Market Value |

Actuarial Assumptions:

| | |
|---------------------------------|------------------------------------|
| Investment rate of return..... | 7.75% |
| Discount rate..... | 5.25% |
| Healthcare cost trend rate..... | 7.5%, graded to 5.0% over 5 years. |
| Part B premium trend rate..... | 6.00% |

Plan Membership:

| | |
|--|-------------------|
| Current retirees, beneficiaries, and dependents..... | 400 |
| Current active members..... | <u>421</u> |
| Total..... | <u><u>821</u></u> |

See notes to required supplementary information.

NOTE A – BUDGETARY BASIS OF ACCOUNTING1. Budgetary Information

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

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

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

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

The Town adopts an annual budget for the General Fund in conformity with the guidelines described above. The original 2015 approved budget for the General Fund authorized approximately \$75 million in appropriations and other amounts to be raised and \$6.8 million in encumbrances and appropriations carried over from previous years. During 2015, the Town increased the original budget by \$740,000, which was primarily due to the supplementary appropriations from free cash to fund the Town's snow and ice budget and appropriations from the ambulance fund, the reserve fund and from a release of overlay surplus to fund the capital outlay budget, the public safety budget, the public works budget, and various salary increases.

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

2. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth of Massachusetts (Commonwealth)) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the General Fund for the year ended June 30, 2015, is presented below:

| | |
|--|-------------------------|
| Net change in fund balance - budgetary basis..... | \$ 935,003 |
| <u>Perspective difference:</u> | |
| Activity of the stabilization fund recorded in the general fund for GAAP..... | 95,378 |
| <u>Basis of accounting differences:</u> | |
| Net change in recording 60-day receipts accrual..... | 261,545 |
| Net change in expenditure accruals..... | (139,533) |
| Recognition of revenue for on-behalf payments..... | 4,390,899 |
| Recognition of expenditures for on-behalf payments..... | <u>(4,390,899)</u> |
| Net change in fund balance - GAAP basis..... | <u>\$ 1,152,393</u> |

NOTE B – PENSION PLAN

Pension Plan Schedules

Schedule of the Town’s Proportionate Share of the Net Pension Liability

The Schedule of the Town’s Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability (asset), the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

Schedule of Town’s Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member’s retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system’s funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the “total appropriation”. The pension fund appropriation is allocated to the Town based on covered payroll.

Schedule of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth’s 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan’s fiduciary net position as a percentage of the total liability.

Changes in Assumptions - None

Changes in Plan Provisions - None

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The Town administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare for eligible retirees and their spouses through the Town’s health insurance plan, which covers both active and retired members, including teachers.

The Town currently finances its other postemployment benefits (OPEB) on a pay-as-you-go basis. As a result, the funded ratio (actual value of assets expressed as a percentage of the actuarial accrued liability) is 0%. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

The Schedule of Funding Progress presents multiyear trend information which compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

The Schedule of Employer Contributions presents multi-year trend information for required and actual contributions relating to the plan.

Projections of benefits for financial reporting purposes are based on the substantive plan and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost 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.

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

Other Supplementary Information

Combining and Individual Fund Statements and Schedules

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

- ***School Lunch Fund*** – accounts for the operations of the public school lunch program.
- ***Ambulance Fund*** – accounts for the fees collected for ambulance services which can legally only be appropriated for costs to provide the service, such as Emergency Medical Technician firefighter stipend and ambulance supplies.
- ***Departmental Grants/Other Revolving Funds*** – accounts for various grants and legally restricted revenues for special programs administered by Town departments.
- ***Educational Grants Funds*** – accounts for all educational programs specially financed by grants and other restricted revenues.
- ***Educational Revolving Funds*** – accounts for educational programs financed by non-grant revenues and gifts.
- ***Expendable Governmental Trusts*** – accounts for contributions where both principal and investment earnings may be spent to support the government.
- ***Highway Improvement Fund*** – accounts for funds received from the State Highway Department which is used for construction, reconstruction and improvements of roadways.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition, construction or improvement of major capital assets (other than those financed by enterprise funds). Such resources are derived principally from proceeds of general obligation bonds and grants. The Town's grouping for non-major capital project funds is as described as follows:

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

Permanent Funds

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

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

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**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2015

| | Special Revenue Funds | | | | | | | Sub-total |
|--|-----------------------|-------------------|---|--------------------|-----------------------|--------------------------------|---------------------|---------------------|
| | School Lunch | Ambulance | Departmental Grants/ Other Revolving | Educational Grants | Educational Revolving | Expendable Governmental Trusts | Highway Improvement | |
| ASSETS | | | | | | | | |
| Cash and cash equivalents..... | \$ 143,138 | \$ 477,622 | \$ 2,579,972 | \$ 667,076 | \$ 2,656,100 | \$ 80,265 | \$ - | \$ 6,604,173 |
| Investments..... | - | - | - | - | - | - | - | - |
| Receivables, net of uncollectibles: | | | | | | | | |
| Departmental and other..... | - | 119,183 | - | - | - | - | - | 119,183 |
| Intergovernmental..... | - | - | - | - | - | - | 1,357,468 | 1,357,468 |
| TOTAL ASSETS..... | \$ 143,138 | \$ 596,805 | \$ 2,579,972 | \$ 667,076 | \$ 2,656,100 | \$ 80,265 | \$ 1,357,468 | \$ 8,080,824 |
| LIABILITIES | | | | | | | | |
| Warrants payable..... | \$ 5,052 | \$ - | \$ 50,264 | \$ 9,301 | \$ 60,797 | \$ - | \$ - | \$ 125,414 |
| Due to other funds..... | - | - | - | - | - | - | 439,304 | 439,304 |
| Notes payable..... | - | - | - | - | - | - | - | - |
| TOTAL LIABILITIES..... | 5,052 | - | 50,264 | 9,301 | 60,797 | - | 439,304 | 564,718 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | |
| Unavailable revenues..... | - | 119,183 | - | - | - | - | 918,164 | 1,037,347 |
| FUND BALANCES | | | | | | | | |
| Nonspendable..... | - | - | - | - | - | - | - | - |
| Restricted..... | 138,086 | 477,622 | 2,529,708 | 657,775 | 2,595,303 | 80,265 | - | 6,478,759 |
| TOTAL FUND BALANCES..... | 138,086 | 477,622 | 2,529,708 | 657,775 | 2,595,303 | 80,265 | - | 6,478,759 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES... | \$ 143,138 | \$ 596,805 | \$ 2,579,972 | \$ 667,076 | \$ 2,656,100 | \$ 80,265 | \$ 1,357,468 | \$ 8,080,824 |

(Continued)

| Capital Projects Funds | | | | Permanent Funds | | | Total Nonmajor Governmental Funds |
|------------------------|-----------------------------|------------------------|---------------------|-------------------|---------------------------------|-------------------|-----------------------------------|
| Roadway Improvements | School Building Renovations | Facilities Renovations | Sub-total | Cemetery | Other Nonexpendable Trust Funds | Sub-total | |
| \$ 84,968 | \$ 23,349 | \$ 1,597,953 | \$ 1,706,270 | \$ 381,569 | \$ 55,350 | \$ 436,919 | \$ 8,747,362 |
| - | - | - | - | - | 21,095 | 21,095 | 21,095 |
| - | - | - | - | - | - | - | 119,183 |
| - | - | - | - | - | - | - | 1,357,468 |
| <u>\$ 84,968</u> | <u>\$ 23,349</u> | <u>\$ 1,597,953</u> | <u>\$ 1,706,270</u> | <u>\$ 381,569</u> | <u>\$ 76,445</u> | <u>\$ 458,014</u> | <u>\$ 10,245,108</u> |
| \$ - | \$ - | \$ 329,114 | \$ 329,114 | \$ - | \$ - | \$ - | \$ 454,528 |
| - | - | - | - | - | - | - | 439,304 |
| - | - | 1,000,000 | 1,000,000 | - | - | - | 1,000,000 |
| - | - | 1,329,114 | 1,329,114 | - | - | - | 1,893,832 |
| - | - | - | - | - | - | - | 1,037,347 |
| - | - | - | - | 361,891 | - | 361,891 | 361,891 |
| 84,968 | 23,349 | 268,839 | 377,156 | 19,678 | 76,445 | 96,123 | 6,952,038 |
| <u>84,968</u> | <u>23,349</u> | <u>268,839</u> | <u>377,156</u> | <u>381,569</u> | <u>76,445</u> | <u>458,014</u> | <u>7,313,929</u> |
| <u>\$ 84,968</u> | <u>\$ 23,349</u> | <u>\$ 1,597,953</u> | <u>\$ 1,706,270</u> | <u>\$ 381,569</u> | <u>\$ 76,445</u> | <u>\$ 458,014</u> | <u>\$ 10,245,108</u> |

(Concluded)

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

YEAR ENDED JUNE 30, 2015

| | Special Revenue Funds | | | | | | | Sub-total |
|---|-----------------------|-------------------|--------------------------------------|--------------------|-----------------------|--------------------------------|---------------------|---------------------|
| | School Lunch | Ambulance | Departmental Grants/ Other Revolving | Educational Grants | Educational Revolving | Expendable Governmental Trusts | Highway Improvement | |
| REVENUES: | | | | | | | | |
| Charges for services..... | \$ 1,063,524 | \$ 627,182 | \$ 808,743 | \$ - | \$ 2,451,748 | \$ - | \$ - | \$ 4,951,197 |
| Intergovernmental..... | 120,513 | - | 2,751,782 | 2,010,471 | - | - | 1,039,124 | 5,921,890 |
| Departmental and other..... | - | - | 538,968 | - | - | - | - | 538,968 |
| Contributions..... | - | - | 154,166 | - | 104,020 | - | - | 258,186 |
| Investment income..... | - | - | - | - | - | 158 | - | 158 |
| TOTAL REVENUES..... | 1,184,037 | 627,182 | 4,253,659 | 2,010,471 | 2,555,768 | 158 | 1,039,124 | 11,670,399 |
| EXPENDITURES: | | | | | | | | |
| Current: | | | | | | | | |
| General government..... | - | - | 2,644,149 | - | - | 25 | - | 2,644,174 |
| Public safety..... | - | - | 207,927 | - | - | - | - | 207,927 |
| Education..... | 1,135,436 | - | - | 2,172,668 | 2,888,446 | - | - | 6,196,550 |
| Public works..... | - | - | 260,791 | - | - | - | 1,039,949 | 1,300,740 |
| Human services..... | - | - | 77,598 | - | - | - | - | 77,598 |
| Culture and recreation..... | - | - | 817,489 | - | - | - | - | 817,489 |
| TOTAL EXPENDITURES..... | 1,135,436 | - | 4,007,954 | 2,172,668 | 2,888,446 | 25 | 1,039,949 | 11,244,478 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | 48,601 | 627,182 | 245,705 | (162,197) | (332,678) | 133 | (825) | 425,921 |
| OTHER FINANCING SOURCES (USES): | | | | | | | | |
| Proceeds from bonds and notes..... | - | - | - | - | - | - | - | - |
| Transfers out..... | - | (846,500) | (331,451) | - | - | - | - | (1,177,951) |
| TOTAL OTHER FINANCING SOURCES (USES)... | - | (846,500) | (331,451) | - | - | - | - | (1,177,951) |
| NET CHANGE IN FUND BALANCES..... | 48,601 | (219,318) | (85,746) | (162,197) | (332,678) | 133 | (825) | (752,030) |
| FUND BALANCES AT BEGINNING OF YEAR..... | 89,485 | 696,940 | 2,615,454 | 819,972 | 2,927,981 | 80,132 | 825 | 7,230,789 |
| FUND BALANCES AT END OF YEAR..... | \$ 138,086 | \$ 477,622 | \$ 2,529,708 | \$ 657,775 | \$ 2,595,303 | \$ 80,265 | \$ - | \$ 6,478,759 |

(Continued)

| Capital Projects Funds | | | | Permanent Funds | | | Total Nonmajor Governmental Funds |
|-------------------------|--------------------------------|---------------------------|--------------------|-------------------|---------------------------------------|-------------------|--|
| Roadway Improvements | School Building Renovations | Facilities Renovations | Sub-total | Cemetery | Other Nonexpendable Trust Funds | Sub-total | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,951,197 |
| 583,810 | - | 184,946 | 768,756 | - | - | - | 6,690,646 |
| - | - | - | - | - | - | - | 538,968 |
| - | - | - | - | 8,250 | - | 8,250 | 266,436 |
| - | - | - | - | 37 | 1,418 | 1,455 | 1,613 |
| <u>583,810</u> | <u>-</u> | <u>184,946</u> | <u>768,756</u> | <u>8,287</u> | <u>1,418</u> | <u>9,705</u> | <u>12,448,860</u> |
| - | - | 25,495 | 25,495 | - | - | - | 2,669,669 |
| - | - | 1,341,772 | 1,341,772 | - | - | - | 1,549,699 |
| - | - | - | - | - | - | - | 6,196,550 |
| 554,848 | - | 179,356 | 734,204 | - | - | - | 2,034,944 |
| - | - | - | - | - | - | - | 77,598 |
| - | - | 74,210 | 74,210 | - | 427 | 427 | 892,126 |
| <u>554,848</u> | <u>-</u> | <u>1,620,833</u> | <u>2,175,681</u> | <u>-</u> | <u>427</u> | <u>427</u> | <u>13,420,586</u> |
| <u>28,962</u> | <u>-</u> | <u>(1,435,887)</u> | <u>(1,406,925)</u> | <u>8,287</u> | <u>991</u> | <u>9,278</u> | <u>(971,726)</u> |
| - | - | 850,000 | 850,000 | - | - | - | 850,000 |
| - | - | - | - | (1,000) | - | (1,000) | (1,178,951) |
| - | - | 850,000 | 850,000 | (1,000) | - | (1,000) | (328,951) |
| 28,962 | - | (585,887) | (556,925) | 7,287 | 991 | 8,278 | (1,300,677) |
| 56,006 | 23,349 | 854,726 | 934,081 | 374,282 | 75,454 | 449,736 | 8,614,606 |
| <u>\$ 84,968</u> | <u>\$ 23,349</u> | <u>\$ 268,839</u> | <u>\$ 377,156</u> | <u>\$ 381,569</u> | <u>\$ 76,445</u> | <u>\$ 458,014</u> | <u>\$ 7,313,929</u> |

(Concluded)

Agency 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.

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2015

| | <u>July 1, 2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>June 30, 2015</u> |
|--|---------------------|---------------------|-----------------------|----------------------|
| ASSETS | | | | |
| Cash and cash equivalents..... | \$ 744,211 | \$ 1,458,863 | (1,808,273) | \$ 394,801 |
| Receivables, net of allowance for uncollectibles: | | | | |
| Departmental and other..... | <u>89,002</u> | <u>809,100</u> | <u>(739,215)</u> | <u>158,887</u> |
| TOTAL ASSETS..... | <u>\$ 833,213</u> | <u>\$ 2,267,963</u> | <u>\$ (2,547,488)</u> | <u>\$ 553,688</u> |
| LIABILITIES | | | | |
| Liabilities due depositors - Student Activities..... | \$ 221,540 | \$ 484,617 | \$ (535,000) | \$ 171,157 |
| Liabilities due depositors - Planning Deposits..... | <u>611,673</u> | <u>1,783,346</u> | <u>(2,012,488)</u> | <u>382,531</u> |
| TOTAL LIABILITIES..... | <u>\$ 833,213</u> | <u>\$ 2,267,963</u> | <u>\$ (2,547,488)</u> | <u>\$ 553,688</u> |

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Statistical Section

*Ten Year History of the Following
Major Categories:*

Expenditures

Revenues

Property Tax Collections

Debt

Town Demographics and Economic Information

General Information



Westwood Town Hall

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Statistical Section

This part of the Town of Westwood comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Town of Westwood, Massachusetts

Net Position By Component

Last Ten Years

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-----------------------------|-----------------------------|
| Governmental activities: | | | | | | | | | | |
| Invested in capital assets..... | \$ 98,408,025 | \$ 98,291,275 | \$ 98,219,632 | \$ 97,986,113 | \$ 97,375,492 | \$ 99,380,376 | \$ 99,367,799 | \$ 96,462,678 | \$ 95,611,881 | \$ 97,303,917 |
| Restricted..... | 1,964,324 | 2,460,440 | 2,422,271 | 2,591,376 | 2,172,033 | 1,735,851 | 1,878,233 | 1,806,455 | 1,655,112 | 1,533,978 |
| Unrestricted..... | <u>7,056,149</u> | <u>6,676,163</u> | <u>8,255,277</u> | <u>4,689,882</u> | <u>2,354,269</u> | <u>1,827,050</u> | <u>60,536</u> | <u>(125,175)</u> | <u>(29,404,389)</u> | <u>(32,182,981)</u> |
| Total governmental activities net position..... | \$ <u>107,428,498</u> | \$ <u>107,427,878</u> | \$ <u>108,897,180</u> | \$ <u>105,267,371</u> | \$ <u>101,901,794</u> | \$ <u>102,943,277</u> | \$ <u>101,306,568</u> | \$ <u>98,143,958</u> | \$ <u>67,862,604</u> | \$ <u>66,654,914</u> |
| Business-type activities: | | | | | | | | | | |
| Invested in capital assets, net of related debt..... | 13,291,362 | 13,471,826 | 13,521,282 | 13,678,560 | 13,318,644 | 12,998,106 | 12,371,623 | 12,309,207 | 11,776,682 | 11,209,128 |
| Unrestricted..... | <u>3,151,996</u> | <u>3,067,928</u> | <u>3,813,896</u> | <u>3,620,615</u> | <u>3,871,320</u> | <u>4,228,836</u> | <u>4,558,778</u> | <u>4,072,081</u> | <u>3,146,433</u> | <u>4,451,172</u> |
| Total business-type activities net position..... | \$ <u>16,443,358</u> | \$ <u>16,539,754</u> | \$ <u>17,335,178</u> | \$ <u>17,299,175</u> | \$ <u>17,189,964</u> | \$ <u>17,226,942</u> | \$ <u>16,930,401</u> | \$ <u>16,381,288</u> | \$ <u>14,923,115</u> | \$ <u>15,660,300</u> |
| Primary government: | | | | | | | | | | |
| Invested in capital assets..... | 111,699,387 | 111,763,101 | 111,740,914 | 111,664,673 | 110,694,136 | 112,378,482 | 111,739,422 | 108,771,885 | 107,388,563 | 108,513,045 |
| Restricted..... | 1,964,324 | 2,460,440 | 2,422,271 | 2,591,376 | 2,172,033 | 1,735,851 | 1,878,233 | 1,806,455 | 1,655,112 | 1,533,978 |
| Unrestricted..... | <u>10,208,145</u> | <u>9,744,091</u> | <u>12,069,173</u> | <u>8,310,497</u> | <u>6,225,589</u> | <u>6,055,886</u> | <u>4,619,314</u> | <u>3,946,906</u> | <u>(26,257,956)</u> | <u>(27,731,809)</u> |
| Total primary government net position..... | \$ <u>123,871,856</u> | \$ <u>123,967,632</u> | \$ <u>126,232,358</u> | \$ <u>122,566,546</u> | \$ <u>119,091,758</u> | \$ <u>120,170,219</u> | \$ <u>118,236,969</u> | \$ <u>114,525,246</u> | \$ <u>82,785,719</u> | \$ <u>82,315,214</u> |

The Town implemented GASB 68 and recorded their Net Pension Liability for the first time in 2015.

Town of Westwood, Massachusetts

Changes in Net Position

Last Ten Years

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government..... | \$ 4,050,919 | \$ 6,876,348 | \$ 8,392,072 | \$ 7,984,596 | \$ 4,745,598 | \$ 4,670,650 | \$ 5,135,899 | \$ 6,151,299 | \$ 4,921,812 | \$ 4,953,798 |
| Public safety..... | 6,681,974 | 7,571,002 | 7,851,039 | 8,778,769 | 8,490,129 | 8,969,089 | 9,391,010 | 9,735,929 | 10,215,841 | 10,470,500 |
| Education..... | 40,436,635 | 41,522,952 | 45,462,795 | 52,088,397 | 52,200,467 | 52,489,520 | 54,472,071 | 57,774,167 | 58,068,384 | 59,970,747 |
| Public works..... | 6,870,792 | 6,025,150 | 7,193,036 | 7,037,271 | 7,425,668 | 7,472,604 | 7,204,025 | 8,351,807 | 8,697,469 | 9,028,119 |
| University Station..... | - | - | - | - | - | - | - | - | 1,947,259 | 1,651,889 |
| Human services..... | 676,238 | 844,529 | 833,985 | 942,357 | 1,052,991 | 1,047,144 | 1,157,238 | 1,218,894 | 1,138,997 | 1,228,151 |
| Culture and recreation..... | 1,476,621 | 1,880,631 | 2,376,794 | 2,468,819 | 2,378,042 | 2,371,894 | 2,386,859 | 2,801,155 | 3,394,657 | 3,308,166 |
| Interest..... | 2,115,474 | 1,966,558 | 1,983,060 | 1,692,305 | 1,750,493 | 1,475,733 | 1,542,158 | 1,216,381 | 1,137,383 | 1,060,200 |
| Total government activities expenses..... | 62,308,653 | 66,687,170 | 74,092,781 | 80,992,514 | 78,043,388 | 78,496,634 | 81,289,260 | 87,249,632 | 89,521,802 | 91,671,570 |
| Business-type activities: | | | | | | | | | | |
| Sewer..... | 3,472,503 | 3,944,791 | 3,734,283 | 3,761,813 | 3,670,498 | 3,653,546 | 4,149,346 | 3,913,703 | 4,135,251 | 4,205,003 |
| Total primary government expenses..... | \$ 65,781,156 | \$ 70,631,961 | \$ 77,827,064 | \$ 84,754,327 | \$ 81,713,886 | \$ 82,150,180 | \$ 85,438,606 | \$ 91,163,335 | \$ 93,657,053 | \$ 95,876,573 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Education charges for services..... | \$ 2,266,074 | \$ 2,281,378 | \$ 2,448,952 | \$ 2,187,026 | \$ 2,360,978 | \$ 2,364,662 | \$ 2,455,709 | \$ 2,444,072 | \$ 2,463,005 | \$ 2,453,507 |
| Public Safety charges for services..... | 978,855 | 1,032,522 | 1,208,295 | 1,282,996 | 1,064,513 | 1,217,831 | 1,177,994 | 1,414,033 | 1,370,625 | 1,641,691 |
| Other charges for services..... | 1,674,457 | 4,098,574 | 5,601,007 | 4,866,297 | 1,810,492 | 1,705,581 | 1,901,613 | 3,358,796 | 1,584,341 | 1,745,798 |
| Operating grants and contributions..... | 11,286,009 | 11,341,858 | 13,597,090 | 15,435,834 | 14,179,816 | 14,570,871 | 14,155,121 | 14,617,337 | 22,271,886 | 14,500,929 |
| Capital grant and contributions..... | 3,890,753 | 255,834 | 405,154 | 404,240 | 416,865 | 2,752,205 | 1,110,679 | 682,003 | 1,474,068 | 4,045,233 |
| Total government activities program revenues..... | 20,096,148 | 19,010,166 | 23,260,498 | 24,176,393 | 19,832,664 | 22,611,150 | 20,801,116 | 22,516,241 | 29,163,925 | 24,387,158 |
| Business-type activities: | | | | | | | | | | |
| Charges for services..... | 3,682,473 | 3,788,725 | 4,276,856 | 3,623,588 | 3,756,083 | 3,895,027 | 3,677,221 | 3,525,289 | 3,731,776 | 5,175,034 |
| Operating grants and contributions..... | 76,158 | 72,022 | 200,163 | 54,547 | - | 45,563 | 31,638 | 85,164 | 32,115 | 30,832 |
| Capital grant and contributions..... | - | - | 52,688 | 47,675 | 96,182 | 40,912 | 222,624 | 45,115 | 41,516 | 27,300 |
| Total business-type activities program revenues..... | 3,758,631 | 3,860,747 | 4,529,707 | 3,725,810 | 3,852,265 | 3,981,502 | 3,931,483 | 3,655,568 | 3,805,407 | 5,233,166 |
| Total primary government program revenues..... | \$ 23,854,779 | \$ 22,870,913 | \$ 27,790,205 | \$ 27,902,203 | \$ 23,684,929 | \$ 26,592,652 | \$ 24,732,599 | \$ 26,171,809 | \$ 32,969,332 | \$ 29,620,324 |
| Net (Expense)/Program Revenue | | | | | | | | | | |
| Governmental activities..... | \$ (40,253,294) | \$ (47,677,004) | \$ (50,832,283) | \$ (56,816,121) | \$ (58,210,724) | \$ (55,884,484) | \$ (60,488,144) | \$ (64,733,391) | \$ (60,357,877) | \$ (67,284,412) |
| Business-type activities..... | 286,128 | 96,396 | 795,424 | (36,003) | 181,767 | 327,956 | (5,563) | (258,135) | (329,844) | 1,028,163 |
| Total primary government net (expense)/program revenue..... | \$ (39,967,166) | \$ (47,580,608) | \$ (50,036,859) | \$ (56,852,124) | \$ (58,028,957) | \$ (55,556,528) | \$ (60,493,707) | \$ (64,991,526) | \$ (60,687,721) | \$ (66,256,249) |
| General Revenues and other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Real estate and personal property taxes, net of tax refunds payable..... | \$ 41,634,700 | \$ 43,748,150 | \$ 48,295,949 | \$ 49,761,536 | \$ 51,462,011 | \$ 53,365,772 | \$ 55,088,302 | \$ 57,531,776 | \$ 59,098,869 | \$ 61,772,952 |
| Motor vehicle excise taxes..... | 2,226,361 | 2,138,434 | 2,245,316 | 2,164,294 | 2,152,241 | 2,408,095 | 2,335,495 | 2,591,759 | 2,770,941 | 3,035,505 |
| Penalties and interest on taxes..... | 55,045 | 67,239 | 96,970 | 96,949 | 105,602 | 122,486 | 264,092 | 180,465 | 118,681 | 172,557 |
| Grants and contributions not restricted to specific programs..... | 789,487 | 945,762 | 962,617 | 882,855 | 723,159 | 647,232 | 748,294 | 639,972 | 712,014 | 776,342 |
| Unrestricted investment income..... | 688,030 | 707,268 | 615,900 | 280,678 | 111,156 | 91,404 | 74,274 | 45,831 | 25,929 | 28,388 |
| Gain of sale of capital assets..... | - | - | - | - | - | - | 50,000 | 290,000 | - | - |
| Miscellaneous..... | 69,957 | 69,531 | 84,833 | - | - | - | - | - | - | - |
| Transfers..... | - | - | - | - | 290,978 | 290,978 | 290,978 | 290,978 | 290,978 | 290,978 |
| Total governmental activities..... | 45,463,580 | 47,676,384 | 52,301,585 | 53,186,312 | 54,845,147 | 56,925,967 | 58,851,435 | 61,570,781 | 63,017,412 | 66,076,722 |
| Business-type activities: | | | | | | | | | | |
| Transfers..... | - | - | - | - | (290,978) | (290,978) | (290,978) | (290,978) | (290,978) | (290,978) |
| Total primary government general revenues and other changes in net position..... | \$ 45,463,580 | \$ 47,676,384 | \$ 52,301,585 | \$ 53,186,312 | \$ 54,554,169 | \$ 56,634,989 | \$ 58,560,457 | \$ 61,279,803 | \$ 62,726,434 | \$ 65,785,744 |
| Changes in Net Position | | | | | | | | | | |
| Governmental activities..... | \$ 5,210,286 | \$ (620) | \$ 1,469,302 | \$ (3,629,809) | \$ (3,365,577) | \$ 1,041,483 | \$ (1,636,709) | \$ (3,162,610) | \$ 2,659,535 | \$ (1,207,690) |
| Business-type activities..... | 286,128 | 96,396 | 795,424 | (36,003) | (109,211) | 36,978 | (296,541) | (549,113) | (620,822) | 737,185 |
| Total primary government changes in net position..... | \$ 5,496,414 | \$ 95,776 | \$ 2,264,726 | \$ (3,665,812) | \$ (3,474,788) | \$ 1,078,461 | \$ (1,933,250) | \$ (3,711,723) | \$ 2,038,713 | \$ (470,505) |

The Town implemented GASB 68 and recorded their Net Pension Liability for the first time in 2015.

Town of Westwood, Massachusetts
Fund Balances, Governmental Funds
Last Ten Years

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---------------------|---------------------|---------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | | | | | | | |
| Committed..... | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 850,479 | \$ 1,518,171 | \$ 1,237,464 | \$ 5,431,729 | \$ 6,069,333 |
| Assigned..... | 545,225 | 795,859 | 1,041,648 | 1,450,831 | 1,855,781 | 1,350,412 | 1,172,866 | 1,085,504 | 1,385,604 | 1,253,232 |
| Unassigned..... | 3,111,460 | 2,383,588 | 3,148,155 | 2,939,926 | 2,347,670 | 4,568,530 | 5,550,222 | 7,248,711 | 8,799,948 | 9,447,109 |
| Total general fund..... | \$ 3,656,685 | \$ 3,179,447 | \$ 4,189,803 | \$ 4,390,757 | \$ 4,203,451 | \$ 6,769,421 | \$ 8,241,259 | \$ 9,571,679 | \$ 15,617,281 | \$ 16,769,674 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved..... | \$ 276,663 | \$ 292,110 | \$ 300,298 | \$ 314,274 | \$ 325,949 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds..... | 5,513,725 | 5,402,561 | 6,408,669 | 6,945,755 | 6,867,072 | - | - | - | - | - |
| Capital projects funds..... | 736,508 | (686,881) | 1,661,627 | 4,536,063 | 1,356,217 | - | - | - | - | - |
| Permanent funds..... | 104,165 | 205,104 | 214,874 | 210,544 | 200,920 | - | - | - | - | - |
| Nonspendable..... | - | - | - | - | - | 346,050 | 346,034 | 356,034 | 349,547 | 361,891 |
| Restricted..... | - | - | - | - | - | 17,769,174 | 11,829,474 | 9,886,170 | 9,006,419 | 7,679,740 |
| Total all other governmental funds.... | \$ 6,631,061 | \$ 5,212,894 | \$ 8,585,468 | \$ 12,006,636 | \$ 8,750,158 | \$ 18,115,224 | \$ 12,175,508 | \$ 10,242,204 | \$ 9,355,966 | \$ 8,041,631 |

The Town implemented GASB 54 in fiscal 2011, fund balances prior to fiscal year 2011 have been reported in the pre-GASB 54 format.

Town of Westwood, Massachusetts

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

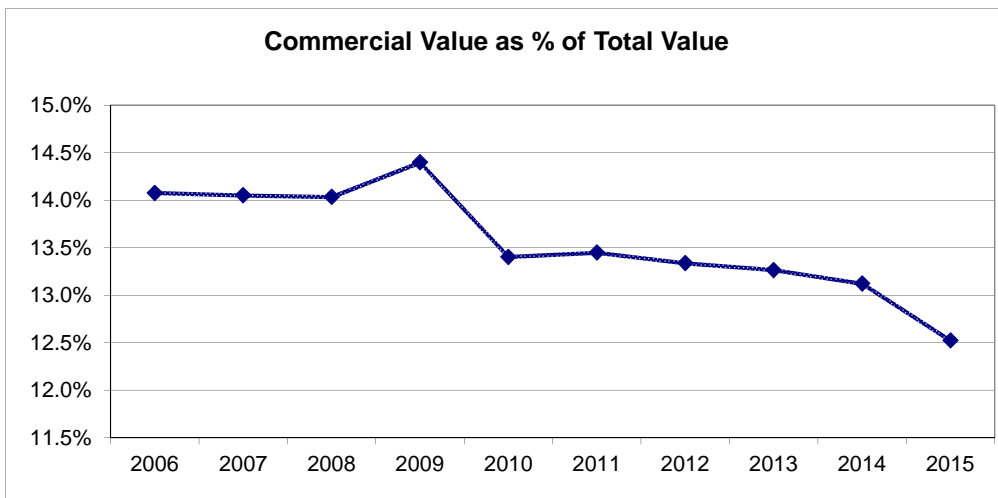
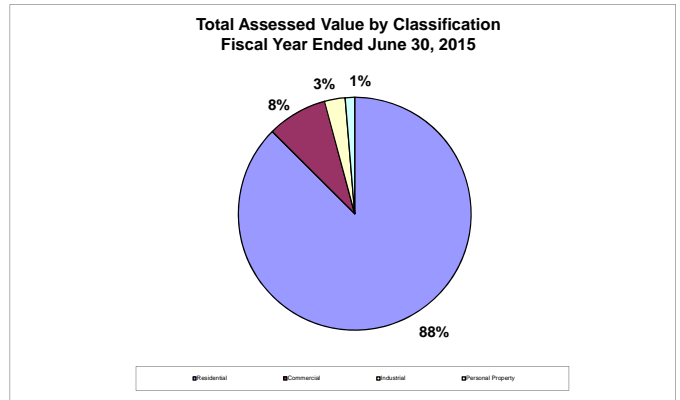
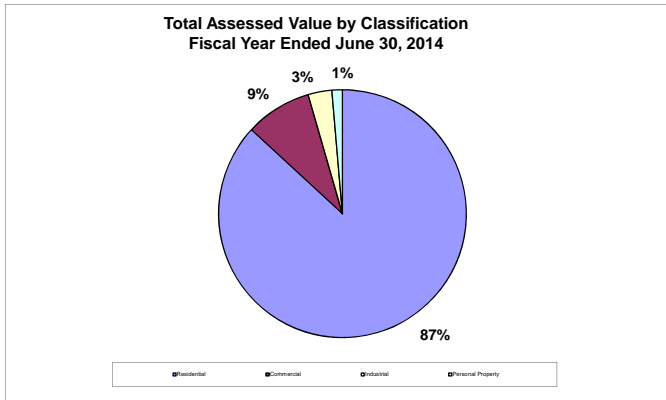
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---------------------|-----------------------|---------------------|---------------------|-----------------------|----------------------|-----------------------|---------------------|---------------------|---------------------|
| Revenues: | | | | | | | | | | |
| Real estate and personal property taxes, net of tax refunds..... | \$ 41,656,689 | \$ 43,390,323 | \$ 48,329,364 | \$ 49,655,987 | \$ 50,545,249 | \$ 53,892,828 | \$ 54,944,965 | \$ 57,528,131 | \$ 58,918,129 | \$ 61,838,371 |
| Motor vehicle excise taxes..... | 2,298,852 | 2,135,754 | 2,213,371 | 2,242,922 | 2,131,252 | 2,382,329 | 2,274,492 | 2,396,286 | 2,844,489 | 3,057,593 |
| Charges for Service..... | 3,935,558 | 4,126,579 | 4,391,067 | 4,366,363 | 4,671,063 | 4,588,668 | 4,798,942 | 4,572,213 | 4,774,815 | 4,951,197 |
| University Station guaranteed tax payment..... | - | - | - | 1,750,000 | 615,000 | - | - | - | - | - |
| University Station mitigation funds..... | - | - | - | - | - | - | - | - | 4,400,000 | - |
| University Station permits..... | - | - | - | 811,079 | - | - | - | - | 925,000 | 905,000 |
| Penalties and interest on taxes..... | 55,045 | 67,239 | 96,970 | 96,949 | 105,602 | 122,486 | 264,092 | 180,465 | 118,681 | 172,557 |
| Fees and rentals..... | 159,315 | 310,687 | 279,096 | 251,898 | 233,430 | 277,895 | 521,268 | 308,533 | 341,562 | 379,437 |
| Licenses and permits..... | 563,180 | 438,345 | 479,822 | 378,525 | 403,405 | 473,966 | 456,436 | 658,179 | 643,568 | 771,232 |
| Fines and forfeitures..... | 20,233 | 20,030 | 16,825 | 16,982 | 17,521 | 15,120 | 12,937 | 10,940 | 18,587 | 32,464 |
| Intergovernmental..... | 18,939,179 | 14,204,828 | 15,026,293 | 15,663,177 | 15,877,013 | 18,448,749 | 17,766,084 | 15,300,737 | 16,395,623 | 18,010,694 |
| Departmental and other..... | 424,170 | 989,379 | 1,130,800 | 962,503 | 522,101 | 630,779 | 898,592 | 972,687 | 681,348 | 838,806 |
| Departmental and other - University Station..... | 695,000 | 2,214,230 | 3,853,037 | 2,508,971 | 424,882 | 168,734 | - | 1,601,661 | 1,437,838 | 532,664 |
| Contributions..... | 278,475 | 209,027 | 1,232,407 | 257,657 | 293,161 | 256,741 | 224,819 | 217,283 | 782,122 | 266,436 |
| Investment income..... | 737,541 | 875,775 | 788,518 | 318,376 | 121,794 | 99,361 | 78,741 | 53,292 | 34,965 | 25,379 |
| Total Revenue..... | 69,763,237 | 68,982,196 | 77,837,570 | 79,281,389 | 75,961,473 | 81,357,656 | 82,241,368 | 83,800,407 | 92,316,727 | 91,781,830 |
| Expenditures: | | | | | | | | | | |
| General government..... | 2,198,819 | 2,733,190 | 2,650,320 | 3,496,046 | 2,670,152 | 2,786,584 | 3,344,297 | 2,946,533 | 3,164,539 | 3,089,254 |
| Public safety..... | 5,532,508 | 5,864,064 | 6,028,392 | 6,152,929 | 5,920,912 | 6,263,893 | 6,416,397 | 6,569,032 | 7,184,612 | 7,813,058 |
| Education..... | 31,290,271 | 32,129,154 | 34,626,723 | 36,684,935 | 37,717,356 | 37,617,989 | 38,925,806 | 41,347,249 | 41,863,435 | 43,665,556 |
| Public works..... | 4,160,299 | 3,259,828 | 4,365,544 | 3,672,775 | 4,178,898 | 4,130,176 | 3,807,414 | 4,577,562 | 4,816,935 | 5,534,486 |
| University Station..... | 573,703 | 2,758,642 | 4,438,354 | 2,328,458 | 458,553 | 190,298 | 59,244 | 1,310,832 | 1,947,259 | 1,651,889 |
| Human services..... | 542,579 | 679,913 | 677,563 | 685,177 | 788,912 | 754,398 | 811,561 | 840,202 | 812,061 | 934,962 |
| Culture and recreation..... | 1,226,874 | 1,607,006 | 2,097,742 | 2,079,125 | 1,969,701 | 1,931,934 | 1,930,615 | 1,982,066 | 2,220,899 | 2,222,748 |
| Pension benefits..... | 6,087,190 | 6,521,911 | 6,705,488 | 7,294,027 | 7,557,081 | 8,065,476 | 8,708,603 | 9,164,381 | 9,356,600 | 7,647,979 |
| Property and liability insurance..... | 324,298 | 335,255 | 371,053 | 317,418 | 278,318 | 271,221 | 291,839 | 325,755 | 290,897 | 401,257 |
| Employee benefits..... | 3,962,780 | 4,349,031 | 4,788,339 | 5,323,520 | 5,453,428 | 5,616,358 | 5,624,542 | 6,455,097 | 6,574,999 | 7,230,271 |
| State and M/WRA assessments..... | 496,993 | 508,634 | 514,316 | 521,780 | 536,238 | 539,989 | 531,795 | 570,404 | 574,743 | 591,182 |
| Capital outlay..... | 5,327,301 | 4,163,245 | 3,920,736 | 4,367,254 | 6,093,652 | 5,167,049 | 10,196,200 | 8,462,813 | 5,813,248 | 7,600,649 |
| Debt service: | | | | | | | | | | |
| Principal..... | 4,165,000 | 4,165,000 | 4,165,000 | 4,515,000 | 4,295,000 | 4,290,000 | 4,810,000 | 3,740,000 | 3,740,000 | 3,555,000 |
| Interest..... | 2,140,218 | 1,988,350 | 1,959,070 | 1,810,846 | 1,778,034 | 1,609,598 | 1,696,931 | 1,327,341 | 1,236,197 | 1,146,459 |
| Total Expenditures..... | 68,028,833 | 71,063,223 | 77,308,640 | 79,249,290 | 79,696,235 | 79,234,963 | 87,155,244 | 89,619,267 | 89,596,424 | 93,084,750 |
| Excess of revenues over (under) expenditures..... | 1,734,404 | (2,081,027) | 528,930 | 32,099 | (3,734,762) | 2,122,693 | (4,913,876) | (5,818,860) | 2,720,303 | (1,302,920) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Issuance of debt..... | - | - | 3,830,000 | 3,500,000 | - | 9,300,000 | - | 4,635,000 | 1,400,000 | 850,000 |
| Issuance of debt refunding..... | - | - | - | - | - | - | 19,095,000 | - | - | - |
| Premium from issuance of refunding bonds..... | - | - | - | - | - | - | 2,274,135 | - | - | - |
| Payments to refunded bond escrow agents..... | - | - | - | - | - | - | (21,375,114) | - | - | - |
| Premium from issuance of bonds..... | - | - | - | 90,023 | - | 217,365 | 110,997 | - | - | - |
| Sale of capital assets..... | - | - | - | - | - | - | 50,000 | 290,000 | - | - |
| Capital lease financing..... | - | 185,622 | 24,000 | - | - | - | - | - | 748,083 | - |
| Transfers in..... | 543,198 | 433,671 | 535,221 | 676,859 | 1,598,609 | 790,140 | 814,165 | 1,254,221 | 1,087,606 | 1,469,929 |
| Transfers out..... | (543,198) | (433,671) | (535,221) | (676,859) | (1,307,631) | (499,162) | (523,187) | (963,243) | (796,628) | (1,178,951) |
| Total other financing sources (uses)..... | - | 185,622 | 3,854,000 | 3,590,023 | 290,978 | 9,808,343 | 445,996 | 5,215,978 | 2,439,061 | 1,140,978 |
| Net change in fund balance..... | \$ 1,734,404 | \$ (1,895,405) | \$ 4,382,930 | \$ 3,622,122 | \$ (3,443,784) | \$ 11,931,036 | \$ (4,467,880) | \$ (602,882) | \$ 5,159,364 | \$ (161,942) |
| Debt service as a percentage of noncapital expenditures..... | 10.06% | 9.20% | 8.34% | 8.45% | 8.25% | 7.97% | 8.46% | 6.24% | 5.94% | 5.50% |

Town of Westwood, Massachusetts

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

Last Ten Years

| Year | Assessed and Actual Values and Tax Rates | | | | | | | | | |
|----------|--|----------------------|------------------|------------------|-------------------|------------------------|---------------------|-----------------------------|-----------------|------------------|
| | Residential Value | Residential Tax Rate | Commercial Value | Industrial Value | Personal Property | Total Commercial Value | Commercial Tax Rate | Commercial % of Total Value | Direct Tax Rate | Total Town Value |
| 2006 (1) | \$3,135,347,507 | \$10.37 | \$270,425,345 | \$192,667,650 | \$50,618,745 | \$513,711,740 | \$18.85 | 14.1% | \$11.56 | \$3,649,059,247 |
| 2007 | \$3,147,514,446 | \$10.73 | \$271,807,104 | \$190,849,800 | \$51,962,800 | \$514,619,704 | \$19.81 | 14.1% | \$12.01 | \$3,662,134,150 |
| 2008 | \$3,175,772,814 | \$11.74 | \$272,818,535 | \$193,747,600 | \$51,955,500 | \$518,521,635 | \$21.67 | 14.0% | \$13.13 | \$3,694,294,449 |
| 2009 (1) | \$3,197,768,457 | \$12.01 | \$325,730,795 | \$164,387,500 | \$47,764,400 | \$537,882,695 | \$22.25 | 14.4% | \$13.48 | \$3,735,651,152 |
| 2010 | \$3,088,616,907 | \$13.07 | \$313,502,764 | \$116,181,450 | \$48,381,800 | \$478,066,014 | \$23.98 | 13.4% | \$14.53 | \$3,566,682,921 |
| 2011 | \$3,014,069,261 | \$13.83 | \$303,956,394 | \$111,888,000 | \$52,502,700 | \$468,347,094 | \$25.38 | 13.4% | \$15.38 | \$3,482,416,355 |
| 2012 (1) | \$3,019,444,695 | \$14.48 | \$298,952,742 | \$116,563,050 | \$49,223,000 | \$464,738,792 | \$26.55 | 13.3% | \$16.09 | \$3,484,183,487 |
| 2013 | \$3,025,447,435 | \$14.89 | \$305,246,315 | \$110,035,850 | \$47,438,500 | \$462,720,665 | \$27.28 | 13.3% | \$16.53 | \$3,488,168,100 |
| 2014 | \$3,024,619,084 | \$15.40 | \$301,008,803 | \$108,446,500 | \$47,416,300 | \$456,871,603 | \$28.18 | 13.1% | \$17.08 | \$3,481,490,687 |
| 2015 (1) | \$3,201,759,309 | \$15.24 | \$305,143,078 | \$104,513,800 | \$48,705,000 | \$458,361,878 | \$28.79 | 12.5% | \$16.94 | \$3,660,121,187 |



(1) Revaluation year.

Source: Assessor's Department, Town of Westwood

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

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

Town of Westwood, Massachusetts

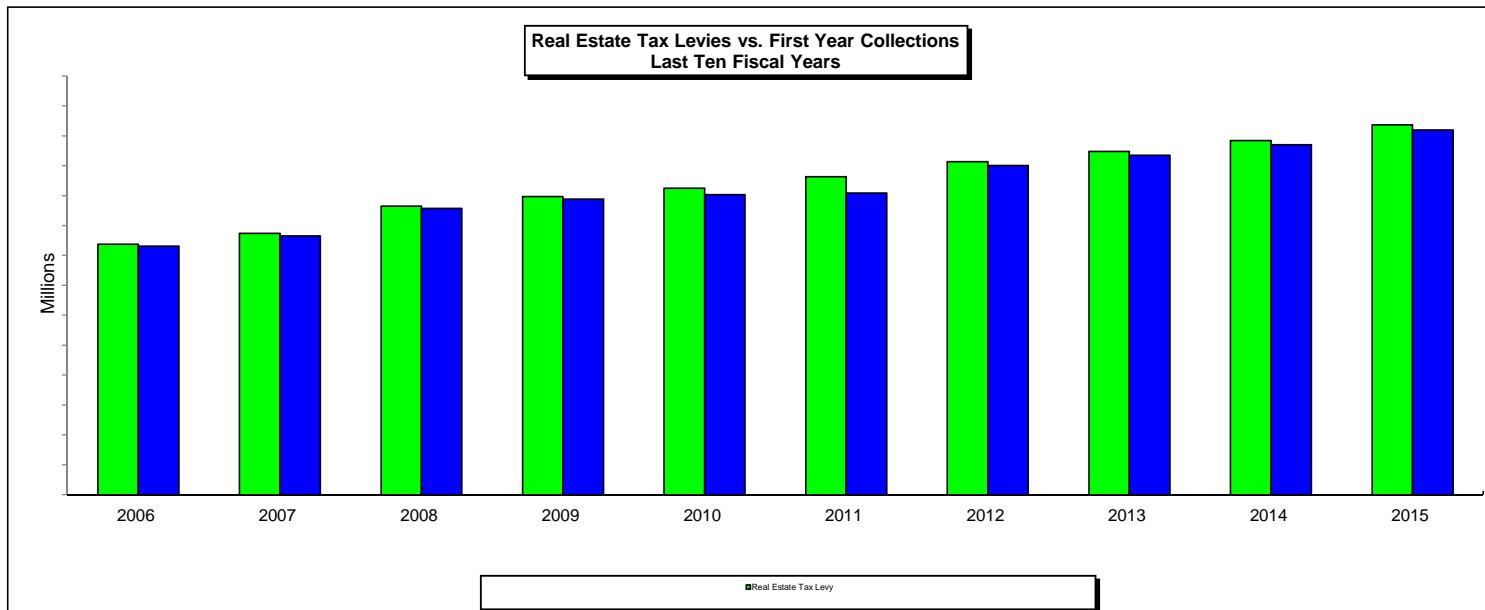
Principal Taxpayers

Current Year and Nine Years Ago

| Name | Nature of Business | 2015 | | | 2006 | | |
|---|--------------------------------|----------------------|------|--|----------------------|------|--|
| | | Assessed Valuation | Rank | Percentage of Total Taxable Assessed Value | Assessed Valuation | Rank | Percentage of Total Taxable Assessed Value |
| Foxhill Investment Corporation | Residential Community | \$ 76,059,750 | 1 | 1.9% | \$ 80,748,000 | 2 | 2.2% |
| Medical Information Tech Inc. | Office Building/Medical Info | \$ 46,641,150 | 2 | 2.2% | \$ 52,617,450 | 4 | 1.4% |
| Eversource Utility Company | Office Building | \$ 46,159,900 | 3 | 2.1% | - | - | - |
| Westwood Marketplace | Retail/Office Building | \$ 42,794,350 | 4 | 1.9% | - | - | - |
| GR-Highland/Westwood Glen LP | Residential Community | \$ 44,361,700 | 5 | 1.1% | \$ 36,545,450 | 5 | 1.0% |
| University Station Senior Housing | Residential Community | \$ 23,401,200 | 6 | 1.1% | - | - | - |
| L&B CIP 690 Canton St LLC | Office/Research & Development | \$ 17,552,300 | 7 | 0.8% | - | - | - |
| Westwood Developer LLC | Office Building | \$ 15,537,750 | 8 | 0.5% | - | - | - |
| Fairlane Westwood LLC | Office Building | \$ 11,312,500 | 9 | 0.5% | - | - | - |
| 346 University LLC | Office Building | \$ 9,697,200 | 10 | 50.0% | - | - | - |
| CFRI/Doherty | Office Building/Warehouse | - | - | - | \$ 108,837,750 | 1 | 3.0% |
| Boston Edison Company | Office Building | - | - | - | \$ 53,118,250 | 3 | 1.5% |
| Westwood Investors LLC | Office Building/Administration | - | - | - | \$ 17,679,300 | 6 | 0.5% |
| Clair Limited Partnership | Car Dealership | - | - | - | \$ 11,028,450 | 7 | 0.3% |
| Osborn Corporate Trust | Office Building | - | - | - | \$ 9,772,050 | 8 | 0.3% |
| Westwood Nominee Trust | Office Building | - | - | - | \$ 9,528,600 | 9 | 0.3% |
| Glacier Limited Partnership | Office Building | - | - | - | \$ 9,127,500 | 10 | 0.3% |
| Totals | | <u>\$333,517,800</u> | | <u>62.1%</u> | <u>\$389,002,800</u> | | <u>10.8%</u> |
| Source: Town of Westwood, Assessor Department | | | | | | | |

Town of Westwood, Massachusetts
Property Tax Levies and Collections
Last Ten Years

| Year | (2) Total Tax Levy | Less Abatements & Exemptions | (2) Net Tax Levy | First Year Current Tax Collections | Percent of Net Levy Collected | Delinquent Tax Collections | Total Tax Collections | Percent of Total Tax Collections to Net Tax Levy |
|------|--------------------------|------------------------------------|------------------------|--|-------------------------------------|----------------------------------|-----------------------------|---|
| 2006 | (1) \$42,197,020 | \$345,192 | \$41,851,828 | \$41,549,899 | 99.28% | \$207,375 | \$41,757,274 | 99.77% |
| 2007 | \$43,967,446 | \$265,101 | \$43,702,345 | \$43,236,824 | 98.93% | \$353,812 | \$43,590,636 | 99.74% |
| 2008 | \$48,519,937 | \$269,741 | \$48,250,196 | \$47,864,756 | 99.20% | \$211,765 | \$48,076,521 | 99.64% |
| 2009 | (1) \$50,373,089 | \$554,555 | \$49,818,534 | \$49,418,485 | 99.20% | \$219,456 | \$49,637,941 | 99.64% |
| 2010 | \$51,832,246 | \$580,906 | \$51,251,340 | \$50,187,397 | 97.92% | \$365,302 | \$50,552,699 | 98.64% |
| 2011 | \$53,571,227 | \$417,348 | \$53,153,879 | \$50,453,631 | 94.92% | \$2,610,683 | \$53,064,314 | 99.83% |
| 2012 | (1) \$56,060,374 | \$366,520 | \$55,693,854 | \$55,028,113 | 98.80% | \$137,394 | \$55,165,507 | 99.05% |
| 2013 | \$57,671,932 | \$308,035 | \$57,363,897 | \$56,720,328 | 98.88% | \$370,257 | \$57,090,585 | 99.52% |
| 2014 | \$59,453,776 | \$232,373 | \$59,221,403 | \$58,534,283 | 98.84% | \$407,455 | \$58,941,738 | 99.53% |
| 2015 | (1) \$61,991,050 | \$182,597 | \$61,808,453 | \$60,957,134 | 98.62% | \$0 | \$60,957,134 | 98.62% |



- (1) Revaluation year.
- (2) Includes tax liens.
- (3) Source: Town of Westwood Collectors Department and Town Records

Town of Westwood, Massachusetts

Ratios of Outstanding Debt and General Bonded Debt

Last Ten Years

| Year | Population Estimates | Personal Income | Assessed Value | Governmental Activities Debt | | | | |
|------|----------------------|-----------------|-----------------|------------------------------|----------------|------------|-------------------------------|------------------------------|
| | | | | General Obligation Bonds (2) | Capital Leases | Per Capita | Percentage of Personal Income | Percentage of Assessed Value |
| 2006 | 15,418 | \$764,022,810 | \$3,649,059,247 | \$46,090,000 | \$ 245,668 | \$3,005 | 6.06% | 1.27% |
| 2007 | 15,485 | \$813,383,500 | \$3,662,134,150 | \$41,925,000 | \$ 185,622 | \$2,719 | 5.18% | 1.15% |
| 2008 | 15,648 | \$871,262,158 | \$3,694,294,449 | \$41,590,000 | \$ 146,004 | \$2,667 | 4.79% | 1.13% |
| 2009 | 15,680 | \$925,426,513 | \$3,735,651,152 | \$40,575,000 | \$ 74,737 | \$2,592 | 4.39% | 1.09% |
| 2010 | 15,715 | \$983,141,729 | \$3,566,682,921 | \$36,280,000 | \$ - | \$2,309 | 3.69% | 1.02% |
| 2011 | 14,618 | \$969,383,375 | \$3,482,416,355 | \$41,290,000 | \$ - | \$2,825 | 4.26% | 1.19% |
| 2012 | 14,618 | \$1,027,546,378 | \$3,484,183,487 | \$36,042,083 | \$ - | \$2,466 | 3.51% | 1.03% |
| 2013 | 14,618 | \$1,059,322,606 | \$3,488,168,100 | \$37,219,166 | \$ - | \$2,546 | 3.51% | 1.07% |
| 2014 | 14,618 | \$1,403,985,810 | \$3,481,490,687 | \$34,801,249 | \$ 579,212 | \$2,420 | 2.52% | 1.02% |
| 2015 | 14,876 | \$1,330,018,532 | \$3,660,121,187 | \$32,018,332 | \$ 434,827 | \$2,182 | 2.44% | 0.89% |

| Year | Business-type Activities (1) | | Total Primary Government | | | |
|------|------------------------------|----------------|--------------------------|------------|-------------------------------|------------------------------|
| | General Obligation Bonds (2) | Capital Leases | Total Debt Outstanding | Per Capita | Percentage of Personal Income | Percentage of Assessed Value |
| 2006 | \$3,440,498 | \$ - | \$49,776,166 | \$3,228 | 6.52% | 1.36% |
| 2007 | \$3,022,828 | \$ - | \$45,133,450 | \$2,915 | 5.55% | 1.23% |
| 2008 | \$2,600,875 | \$ - | \$44,336,879 | \$2,833 | 5.09% | 1.20% |
| 2009 | \$2,175,125 | \$ - | \$42,824,862 | \$2,731 | 4.63% | 1.15% |
| 2010 | \$1,865,287 | \$ - | \$38,145,287 | \$2,427 | 3.88% | 1.07% |
| 2011 | \$1,550,600 | \$ - | \$42,840,600 | \$2,931 | 4.42% | 1.23% |
| 2012 | \$1,443,200 | \$ - | \$37,485,283 | \$2,564 | 3.65% | 1.08% |
| 2013 | \$1,310,440 | \$ - | \$38,529,606 | \$2,636 | 3.64% | 1.10% |
| 2014 | \$2,661,680 | \$ - | \$38,042,141 | \$2,602 | 2.71% | 1.09% |
| 2015 | \$2,277,620 | \$ - | \$34,730,779 | \$2,335 | 2.61% | 0.95% |

(1) Sewer Fund

(2) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

Source: Audited Financial Statements, U. S. Census

Town of Westwood, Massachusetts

Direct and Overlapping Governmental Activities Debt

As of June 30, 2015

| <u>Town of Westwood, Massachusetts</u> | <u>Debt Outstanding (1)</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Overlapping Debt</u> |
|--|---------------------------------|--|--|
| Debt repaid with property taxes | | | |
| Norfolk County..... \$ | 12,235,000 | 3.13% | \$ 382,588 |
| Direct debt: | | | |
| Capital Lease Obligations..... | | | 434,827 |
| General Governmental Debt..... | | | <u>32,018,332</u> |
| Town total direct debt..... | | | <u>32,453,159</u> |
| Total direct and overlapping debt..... | | | <u>\$ 32,835,747</u> |

(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

Source: Town of Westwood, Finance Department and related organizations.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the taxpayers of Town. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Town of Westwood, Massachusetts

Computation of Legal Debt Margin

Last Ten Years

| | Year | | | | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
| Equalized Valuation..... | \$ 3,834,008,100 | \$ 3,834,008,100 | \$ 3,906,162,100 | \$ 3,906,162,100 | \$ 3,845,002,400 | \$ 3,845,002,400 | \$ 3,702,302,900 | \$ 3,702,302,900 | \$ 3,698,071,400 | \$ 3,698,071,400 |
| Debt Limit -5% of Equalized Valuation..... | \$ 191,700,405 | \$ 191,700,405 | \$ 195,308,105 | \$ 195,308,105 | \$ 192,250,120 | \$ 192,250,120 | \$ 185,115,145 | \$ 185,115,145 | \$ 184,903,570 | \$ 184,903,570 |
| Less: | | | | | | | | | | |
| Outstanding debt applicable to limit..... | \$ 49,530,498 | \$ 44,947,828 | \$ 44,190,875 | \$ 42,750,125 | \$ 38,145,287 | \$ 42,840,600 | \$ 36,988,200 | \$ 37,750,440 | \$ 36,761,680 | \$ 33,672,620 |
| Authorized and unissued debt..... | \$ 3,445,000 | \$ 3,865,000 | \$ 4,535,000 | \$ 1,150,000 | \$ 9,450,000 | \$ 910,000 | \$ 6,245,000 | \$ 2,970,000 | \$ - | \$ 9,600,000 |
| Legal debt margin..... | <u>\$ 138,724,907</u> | <u>\$ 142,887,577</u> | <u>\$ 146,582,230</u> | <u>\$ 151,407,980</u> | <u>\$ 144,654,833</u> | <u>\$ 148,499,520</u> | <u>\$ 141,881,945</u> | <u>\$ 144,394,705</u> | <u>\$ 148,141,890</u> | <u>\$ 141,630,950</u> |
| Total debt applicable to the limit as a percentage of debt limit..... | 27.63% | 25.46% | 24.95% | 22.48% | 24.76% | 22.76% | 23.35% | 22.00% | 19.88% | 23.40% |

Source: Town of Westwood, Finance Department

Town of Westwood, Massachusetts

Demographic and Economic Statistics

Last Ten Years

| Year | Population Estimates | Personal Income | Per Capita Personal Income | Median Age | School Enrollment | Unemployment Rate |
|------|-------------------------|--------------------|-------------------------------------|---------------|----------------------|----------------------|
| 2006 | 15,418 | \$ 764,022,810 | \$ 49,554 | 41.0 | 2,915 | 2.7% |
| 2007 | 15,485 | \$ 813,383,500 | \$ 52,527 | 41.0 | 3,023 | 3.0% |
| 2008 | 15,648 | \$ 871,262,158 | \$ 55,679 | 41.0 | 3,008 | 2.7% |
| 2009 | 15,680 | \$ 925,426,513 | \$ 59,020 | 41.0 | 3,012 | 5.7% |
| 2010 | 15,715 | \$ 983,141,729 | \$ 62,561 | 41.0 | 3,184 | 6.1% |
| 2011 | 14,618 | \$ 969,383,375 | \$ 66,314 | 41.0 | 3,180 | 4.5% |
| 2012 | 14,618 | \$ 1,027,546,378 | \$ 70,293 | 41.0 | 3,019 | 4.3% |
| 2013 | 14,618 | \$ 1,059,322,606 | \$ 72,467 | 41.0 | 3,206 | 4.1% |
| 2014 | 14,618 | \$ 1,403,985,810 | \$ 96,045 | 41.0 | 3,213 | 3.9% |
| 2015 | 14,876 | \$ 1,330,018,532 | \$ 89,407 | 41.0 | 3,521 | 3.7% |

Source: U. S. Census, Division of Local Services
 Median age is based on most recent census data
 MA Department of Elementary and Secondary Education
 School and Town Clerk Departments, Town of Westwood
 MA Office of Workforce Development

Town of Westwood, Massachusetts
Principal Employers (excluding Town)
Current Year and Nine Years Ago

| Employer | Nature of Business | 2015 | | | 2006 | | |
|---------------------------------------|--|-----------|------|-------------------------------------|-----------|------|-------------------------------------|
| | | Employees | Rank | Percentage of Total Town Employment | Employees | Rank | Percentage of Total Town Employment |
| Eversource Energy | Utility - Gas & Electric | 870 | 1 | 9.1% | - | | - |
| Wegmans | Supermarket | 550 | 2 | 5.7% | - | | - |
| John Hancock retirement Plan Services | Financial Services | 450 | 3 | 4.7% | - | | - |
| Roche Brothers | Supermarkets | 356 | 4 | 3.7% | 390 | 4 | 6% |
| Life Time Fitness | Health & Fitness | 315 | 5 | 3.3% | - | | - |
| Prime Motor Group | Automobile Sales | 256 | 6 | 2.7% | - | | - |
| Meditech, Inc * | Healthcare Technology | 250 | 7 | 2.6% | 450 | 3 | 7% |
| Target | Department Store | 185 | 8 | 1.9% | - | | - |
| KLA - Tenor Corp* | Measurement Technology | 175 | 9 | 1.8% | - | | - |
| Fox Hill Village Retirement Community | Senior Housing | 162 | 10 | 1.7% | - | | - |
| Nstar | Power Company | - | | - | 1,100 | 1 | 16% |
| State Street Bank | Financial Services | - | | - | 750 | 2 | 11% |
| LTX Corporation | Test Equipment for Computer Components | - | | - | 350 | 5 | 11% |
| RCN | Communications | - | | - | 300 | 6 | 4% |
| ADE Corporation | Measurement Technology | - | | - | 300 | 7 | 4% |
| General Motors Corp | Auto Parts Distribution | - | | - | 200 | 8 | 3% |
| MIB | Medical Information | - | | - | 200 | 9 | 3% |
| Quebecor | Print Production | - | | - | 130 | 10 | 2% |

Source: Massachusetts Workplace Development

* Estimated employee counts for these businesses are unverified.

Town of Westwood, Massachusetts
Full-time Equivalent Town Employees by Function
Last Ten Years

| Function | Year | | | | | | | | | |
|-----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| General government..... | 20 | 21 | 21 | 22 | 22 | 22 | 22 | 22 | 21 | 22 |
| Public Safety..... | 66 | 69 | 69 | 70 | 70 | 70 | 72 | 72 | 76 | 88 |
| Education..... | 431 | 488 | 493 | 513 | 512 | 476 | 479 | 496 | 501 | 515 |
| Public works..... | 28 | 28 | 29 | 29 | 29 | 29 | 29 | 30 | 29 | 29 |
| Human services..... | 6 | 6 | 6 | 6 | 6 | 6 | 9 | 9 | 9 | 10 |
| Culture and recreation..... | 9 | 9 | 9 | 10 | 10 | 10 | 13 | 13 | 13 | 13 |
| Total | 560 | 621 | 627 | 650 | 649 | 613 | 624 | 642 | 649 | 677 |

Source: Town Records

Town of Westwood, Massachusetts
Operating Indicators by Function/Program
Last Ten Years

| Function/Program | Year | | | | | | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| General Government | | | | | | | | | | |
| Population..... | 15,418 | 15,485 | 15,648 | 15,680 | 15,584 | 14,618 | 14,618 | 14,618 | 14,618 | 14,618 |
| Registered Voters, Annual Town Election..... | 9,323 | 9,353 | 9,584 | 10,040 | 10,182 | 9,450 | 9,926 | 10,553 | 10,639 | 10,511 |
| Town Clerk | | | | | | | | | | |
| Births..... | 135 | 158 | 143 | 117 | 113 | 94 | 111 | 105 | 110 | 114 |
| Marriages..... | 53 | 44 | 36 | 42 | 36 | 47 | 73 | 56 | 66 | 73 |
| Deaths..... | 146 | 145 | 145 | 156 | 163 | 154 | 142 | 162 | 167 | 151 |
| Dogs licensed..... | 1,000 | 1,138 | 1,098 | 1,239 | 1,213 | 1,331 | 1,382 | 1,387 | 1,439 | 1,477 |
| Police | | | | | | | | | | |
| Documented calls for police services..... | 15,300 | 15,993 | 16,234 | 12,819 | 14,464 | 12,913 | 12,800 | 14,089 | 15,819 | 17,669 |
| Uniform crimes reported..... | 214 | 238 | 263 | 237 | 254 | 259 | 191 | 235 | 195 | 169 |
| Arrests..... | 126 | 155 | 153 | 90 | 76 | 89 | 86 | 127 | 139 | 134 |
| Traffic citations issued..... | 1,666 | 2,042 | 2,583 | 1,816 | 2,191 | 988 | 1,130 | 1,666 | 1,729 | 1,694 |
| Parking tickets issued..... | 82 | 129 | 74 | 4 | 46 | 14 | 54 | 42 | 172 | 99 |
| False burglary alarms..... | 1,135 | 1,091 | 846 | 829 | 788 | 843 | 912 | 769 | 949 | 817 |
| Total number of animal complaints..... | 621 | 572 | 458 | 467 | 938 | 372 | 415 | 478 | 546 | 615 |
| Fire | | | | | | | | | | |
| Inspections..... | 839 | 939 | 840 | 716 | 701 | 736 | 779 | 839 | 839 | 779 |
| Plan reviews..... | 96 | 105 | 106 | 75 | 69 | 81 | 77 | 106 | 106 | 142 |
| Permits/certificates issued..... | 408 | 418 | 242 | 362 | 330 | 405 | 524 | 566 | 566 | 609 |
| Emergency responses..... | 2,798 | 2,680 | 2,767 | 3,015 | 2,841 | 3,039 | 3,064 | 2,837 | 2,862 | 2,820 |
| Building Department | | | | | | | | | | |
| Permits issued..... | 1,784 | 1,992 | 1,899 | 1,897 | 1,601 | 1,821 | 1,823 | 1,935 | 2,185 | 2,275 |
| Education | | | | | | | | | | |
| Public school enrollment..... | 2,867 | 3,023 | 3,008 | 3,024 | 3,079 | 3,178 | 3,213 | 3,209 | 3,213 | 3,253 |
| Public Works | | | | | | | | | | |
| Cemetery | | | | | | | | | | |
| Lots sold..... | 60 | 36 | 51 | 32 | 54 | 32 | 43 | 70 | 31 | 35 |
| interments..... | 68 | 62 | 66 | 72 | 76 | 69 | 72 | 51 | 74 | 71 |
| Recycling/tons..... | 1,764 | 1,656 | 1,595 | 1,501 | 1,329 | 1,324 | 1,297 | 1,439 | 1,764 | 1,841 |
| Hazardous Waste Day Participants..... | 513 | 336 | 344 | 276 | 292 | 343 | 250 | 187 | 140 | 195 |
| Human Services | | | | | | | | | | |
| Board of Health | | | | | | | | | | |
| Permits issued..... | 343 | 354 | 375 | 324 | 317 | 356 | 326 | 376 | 240 | 351 |
| Inspections..... | 426 | 505 | 422 | 431 | 321 | 300 | 288 | 284 | 210 | 298 |
| Council on Aging | | | | | | | | | | |
| Home delivered meals served..... | 15,898 | 19,603 | 19,576 | 19,878 | 19,988 | 19,638 | 19,404 | 19,528 | 16,505 | 13,014 |
| Medical-van trips..... | 2,347 | 4,182 | 7,561 | 6,088 | 8,422 | 6,876 | 7,025 | 7,132 | 7,098 | 4,424 |
| Libraries | | | | | | | | | | |
| Volumes in collection..... | 109,304 | 111,646 | 120,148 | 115,214 | 111,114 | 115,131 | 115,131 | 128,680 | 143,913 | 156,574 |
| Circulation..... | 243,811 | 235,964 | 242,464 | 265,772 | 288,241 | 280,422 | 277,941 | 192,958 | 267,582 | 262,598 |
| Program attendance..... | 12,274 | 11,217 | 11,136 | 11,522 | 10,824 | 10,058 | 8,791 | 5,776 | 9,783 | 9,762 |
| Youth & Family Services | | | | | | | | | | |
| Misc resident clinical consultation hours..... | 1,500 | 683 | 822 | 726 | 677 | 889 | 987 | 1,003 | 1,052 | 1,052 |
| Recreation | | | | | | | | | | |
| Participants..... | 6,950 | 7,967 | 7,327 | 7,877 | 8,327 | 8,013 | 7,264 | 8,248 | 9,564 | 8,526 |
| Special Events Participants..... | - | - | - | - | - | - | 4,850 | 5,750 | 13,700 | 14,000 |
| Pool Admittance..... | - | - | - | - | - | - | - | - | - | 15,426 |

NA: Information not available
Note: 2015 information not available
Source: Various Town Departments

Town of Westwood, Massachusetts
Capital Asset Statistics by Function/Program

Last Ten Years

Year

| <u>Function/Program</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General Government | | | | | | | | | | |
| Number of Buildings..... | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Police | | | | | | | | | | |
| Number of Stations..... | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire | | | | | | | | | | |
| Number of Stations..... | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Education | | | | | | | | | | |
| Number of elementary schools..... | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Number of middle schools..... | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of high schools..... | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Human Services | | | | | | | | | | |
| Senior Center Facility..... | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Culture and Recreation | | | | | | | | | | |
| Libraries..... | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Conservation land (acreage)..... | N/A | 700 | 700 | 700 | 700 | 700 | 700 | 700 | 700 | 700 |

Source: Various Town Departments

How Does Westwood Compare with Other Communities?

In determining the list of communities with which to compare Westwood, three factors were considered: location, population, and per capita equalized valuation (EQV).

Location - Communities within a 30 mile radius of Westwood were considered.

Population - Towns with a population significantly smaller than Westwood probably do not have similar service demands; one larger in population will have increased service delivery demands.

Source: MA Department of Revenue

Per Capita Equalized Valuation (EQV) - This factor measures the relative "wealth" of a community by dividing property valuations by population. Per capita valuation is directly related to the amount of revenue that a community can raise via the property tax. It offers some comparison of a community's "ability to pay."

| Municipality | Miles from Westwood | 2013 Population | 2012 EQV Per Capita | 2011 Income Per Capita |
|-----------------|---------------------|-----------------|---------------------|------------------------|
| Canton | 8 | 21,932 | \$188,365 | \$48,593 |
| Concord | 24 | 19,285 | \$283,524 | \$100,013 |
| Holliston | 14 | 14,162 | \$151,561 | \$47,765 |
| Medfield | 6 | 12,313 | \$194,310 | \$77,499 |
| Sharon | 9 | 18,027 | \$162,378 | \$56,677 |
| Sudbury | 21 | 18,367 | \$226,856 | \$93,407 |
| Wayland | 17 | 13,444 | \$233,597 | \$133,867 |
| Weston | 15 | 11,853 | \$477,539 | \$267,636 |
| Westwood | | 14,876 | \$250,698 | \$89,407 |

| 2015 | | | | |
|-----------------|----------------------|---------------------|---------------------|-----------------------------|
| Municipality | Residential Tax Rate | Commercial Tax Rate | Tax Levy | Taxes As % of Total Revenue |
| Canton | 12.82 | 26.36 | \$64,629,621 | 67 |
| Concord | 14.29 | 14.29 | \$77,341,747 | 81.41 |
| Holliston | 19.38 | 19.38 | \$40,577,504 | 63.29 |
| Medfield | 16.04 | 16.04 | \$38,320,353 | 66.79 |
| Sharon | 20.30 | 20.30 | \$60,056,129 | 74.57 |
| Sudbury | 17.60 | 24.88 | \$73,549,581 | 80.12 |
| Wayland | 18.39 | 18.39 | \$59,586,292 | 75.09 |
| Weston | 12.28 | 12.28 | \$68,920,999 | 72.32 |
| Westwood | 15.24 | 28.79 | \$61,991,050 | 77.47 |

| Municipality | 2015 | | | 2014 | 2014 | |
|-----------------|--------------------------------|-----------------------|--------------------|--------------------|---------------------|------------|
| | Average Single Family Tax Bill | 2015 State Hi-Lo Rank | 7-1-14 Free Cash | Stabilization Fund | Moody's Bond Rating | S&P |
| Canton | \$6,066 | 75 | \$3,271,361 | \$5,074,180 | | AAA |
| Concord | \$12,890 | 7 | \$11,084,916 | \$5,324,810 | Aaa | |
| Holliston | \$7,495 | 46 | \$690,000 | \$5,884,487 | Aa2 | Aa+ |
| Medfield | \$9,554 | 21 | \$2,426,282 | \$2,922,469 | Aa1 | |
| Sharon | \$9,617 | 20 | \$-281,078 | \$400,522 | Aa2 | Aa |
| Sudbury | \$11,598 | 10 | \$3,322,365 | \$4,128,451 | Aa1 | AAA |
| Wayland | \$12,049 | 9 | \$6,384,312 | \$1,585,335 | Aaa | |
| Weston | \$18,059 | 1 | \$4,039,334 | \$0 | Aaa | AAA |
| Westwood | \$9,999 | 17 | \$4,502,878 | \$2,651,292 | Aa1 | AAA |

Some Facts About Westwood

| | | | | |
|---------------------------------|--|------------------|--------------------|-------------------------|
| Form of Government | Board of Selectmen, Executive Secretary, Open Town Meeting | | | |
| Population Trends | 2000 | | 2013 | |
| | 14,117 | | 14,876 | |
| Registered Voters (2014) | Total | Democrats | Republicans | Unenrolled/Other |
| | 10,511 | 2,726 | 1,595 | 6,190 |

Westwood Schools

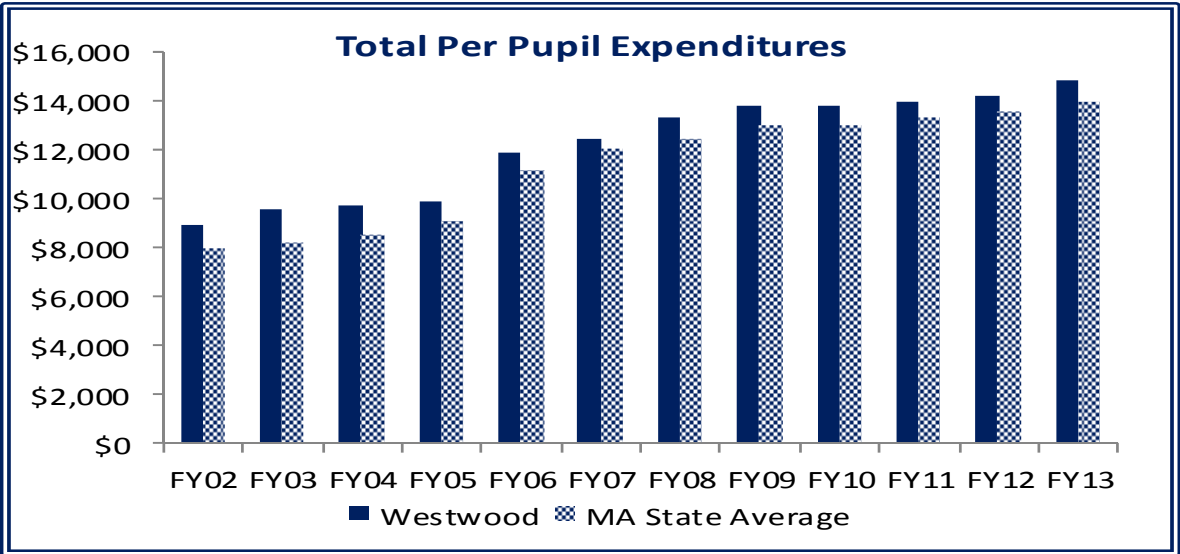
In April, 2005 the new high school and recreational sports fields were opened for students. The new school features beautiful classroom facilities, a state of the art media center, and a new performing arts facility.

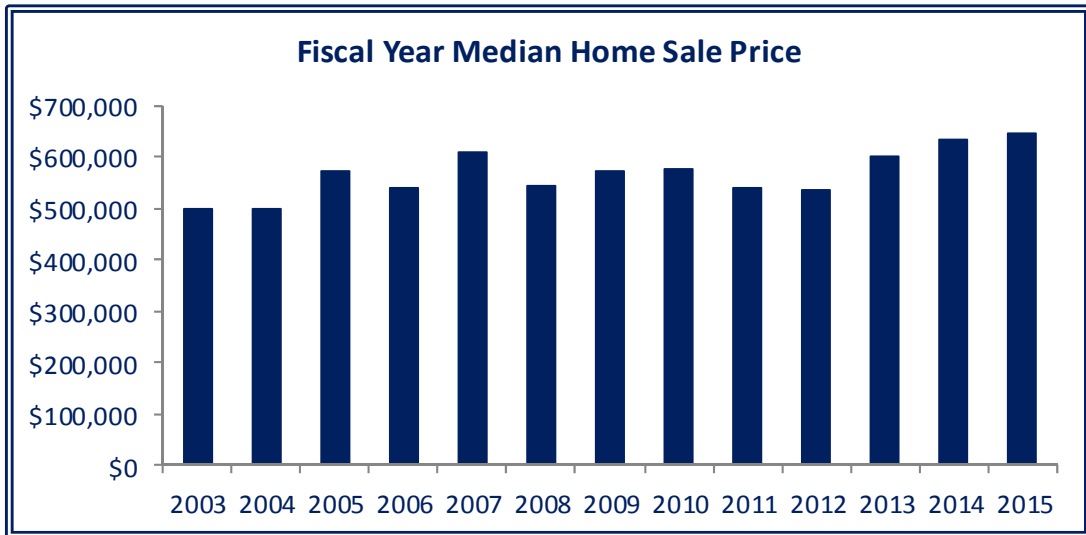


2012 National Blue Ribbon School of Excellence



Westwood High School was named a 2012 National blue Ribbon High School by U. S. Secretary of Education Arne Duncan on September 7, 2012. The school is one of just 38 high schools nationwide to be identified as “Exemplary High Performing,” a designation reserved for schools that are among their state’s highest performing schools.





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

Important Links...

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

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

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111 Huntington Avenue
Boston, MA 02199
Telephone: 617-239-0100
Fax: 617-227-4420
www.lockelord.com

(Date of Delivery)

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

\$16,645,000
Town of Westwood, Massachusetts
General Obligation Municipal Purpose Loan of 2016 Bonds
Dated September 1, 2016

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, subject to the limit imposed by Chapter 59, Section 21C 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. 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.

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.

/s/ LOCKE LORD 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 \$16,645,000 General Obligation Municipal Purpose Loan of 2016 Bonds dated September 1, 2016 (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.

“Obligated Person” shall mean the Issuer.

“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 August 10, 2016 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 determinations 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 Obligated Person.*
13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, 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) Upon the occurrence of a Listed Event, 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.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the 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(b).

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

* 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 Obligated Person 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 Obligated Person, 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 Obligated Person.

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: September 1, 2016

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]