

**TOWN OF WESTBROOK, CONNECTICUT
FINANCIAL REPORT
JUNE 30, 2008**

TOWN OF WESTBROOK, CONNECTICUT
Annual Financial Report
As of and For the Year Ended June 30, 2008

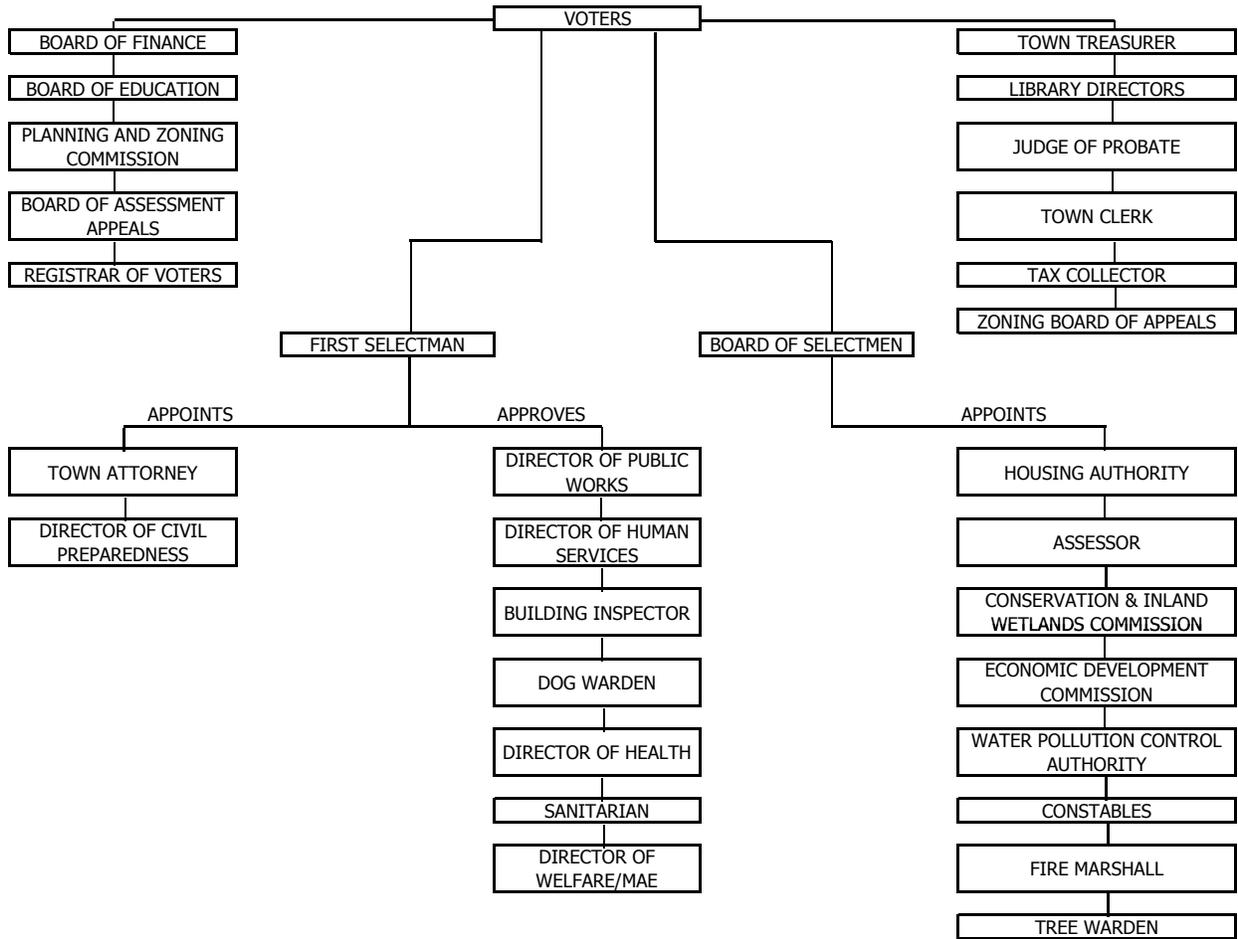
TABLE OF CONTENTS

	<u>Page</u>
<u>I. INTRODUCTORY SECTION:</u>	
Organizational Chart – Westbrook Town Government	1
<u>II. FINANCIAL SECTION:</u>	
Independent Auditors’ Report	2 - 3
Management’s Discussion and Analysis	4 - 13
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	14
Statement of Activities	15
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet - Government Funds	16
Reconciliation of Fund Balance to Net Assets of Governmental Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual-General Fund	20
Statement of Net Assets-Proprietary Funds	21
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	22
Statement of Cash Flows – Proprietary Funds	23
Statement of Fiduciary Net Assets	24
Statement of Changes in Fiduciary Net Assets	25
Notes to Basic Financial Statements	26 - 56

TOWN OF WESTBROOK, CONNECTICUT
TABLE OF CONTENTS, CONTINUED

<u>III. REQUIRED SUPPLEMENTARY INFORMATION:</u>	<u>Page</u>
Schedule of Funding Progress – Westbrook Retirement System	57
 <u>IV. SUPPLEMENTARY INFORMATION</u>	
General Fund	
Schedule of Revenues and Other Financing Sources - Budget and Actual	58 - 60
Schedule of Expenditures and Other Financing Sources - Budget and Actual	61 - 65
Report of Tax Collector	66
Nonmajor Governmental Funds	
Combining Balance Sheet	67 - 70
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	71 - 73
Fiduciary Funds	
Agency Funds – Combining Statement of Changes in Assets and Liabilities	74 - 75
Schedule of Debt Limitation	76
 <u>V. TREND INFORMATION</u>	
Tables	
Net Assets by Component	77
Changes in Net Assets	78
 <u>VI. STATE SINGLE AUDIT</u>	
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	79 - 80
Independent Auditors’ Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with the State Single Audit Act	81 - 83
Schedule of Expenditures of State Financial Assistance	84 - 85
Notes to Schedule of Expenditures of State Financial Assistance	86
Schedule of Findings and Questioned Costs	87 - 95

**TOWN OF WESTBROOK, CONNECTICUT
ORGANIZATIONAL CHART**



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INDEPENDENT AUDITORS' REPORT

Board of Finance
Town of Westbrook
Westbrook, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Westbrook, Connecticut as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Westbrook's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Westbrook, Connecticut, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated February 27, 2009 on our consideration of the Town of Westbrook's 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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Schedule of Funding Progress - Westbrook Retirement System on pages 4 through 13, and page 57, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Westbrook, Connecticut's basic financial statements. The introductory section, trend information, the combining and individual nonmajor fund financial statements, and supplemental schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is also not a required part of the basic financial statements of the Town of Westbrook, Connecticut. The combining and individual nonmajor fund financial statements, other supplemental schedules, and schedule of expenditures of state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and trend information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Seward and Monde

North Haven, Connecticut
February 27, 2009

**Town of Westbrook, Connecticut
Management's Discussion and Analysis
June 30, 2008**

As management of the Town of Westbrook, Connecticut, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2008.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$30,515,742 (net assets). Of this amount, \$5,745,262 (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors.
- On a government-wide basis, the Town's total net assets increased by \$2,800,880. The majority of the increase is attributable to capital purchases in excess of depreciation and debt service principal payments, which are budgeted as expenditures in the fund financial statements.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$4,912,219, a decrease of \$2,364,606 in comparison with the prior year.
- At the end of the current fiscal year, unreserved and undesignated fund balance for the general fund was \$2,594,930, or 9.5% of total general fund expenditures and transfers out.
- The Town's total long-term obligations decreased by \$1,936,316 (5.8%) during the current fiscal year. The key factor in this was \$1,955,000 in general obligation bond principal payments.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

Government-Wide Financial Statements. *The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. All of the resources the Town has at its disposal are shown, including major assets such as buildings and infrastructure. They provide both long-term and short-term information about the Town's overall financial status.*

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

The *statement of activities* presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The government-wide financial statements present only governmental activities whose functions are principally supported by taxes and intergovernmental revenues, since the Town does not operate any business-type activities. The government activities of the Town include general government, public safety, public works, health and welfare, culture and recreation and education.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town 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 of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

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

The Town maintains 22 individual governmental funds. Information is presented separately in the balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Bonded Projects Fund, Capital Nonrecurring Fund, and Land Use Professional Services Fund, all of which are considered to be major funds. Data from the other 18 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Fund. The Town maintains one proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its self-insured medical benefits. Because these services predominantly benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

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's own programs. The accounting used for fiduciary funds is much like that used for proprietary type funds.

Notes to the Basic 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.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets exceeded liabilities by \$30,515,742 at the close of the most recent fiscal year.

All of the Town's positive net assets reflect its investment in capital assets (e.g., land, construction in progress, buildings and improvements, machinery, equipment and infrastructure), 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 Town's investment in its capital assets is reported net of 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.

Table 1, which can be found at the end of the Management Discussion and Analysis, presents a comparative summary statement of net assets.

Governmental Activities. Governmental activities increased the Town's net assets by \$2,800,880, with a portion of the increase being to construction of assets, rather than accumulation of cash or other current assets. This is due to the use of accrual accounting at the government-wide financial statement level where capital expenditures are capitalized. Additional increases were due to principal payments made for debt service as these items are shown as expenditures in the fund financials.

Table 2, which can be found at the end of the Management Discussion and Analysis, presents a comparative change in net assets.

Major revenue factors included:

- Property tax revenues increased by \$1,354,628 primarily due to an increase in the mill rate of .98 mills and an increase to the taxable grand list of approximately \$18 million.
- Charges for services increased by \$482,760 primarily from building permits, police private duty and a refund received from Connecticut Resource Recovery Authority.
- Operating grants and contributions increased by \$4,442,800 primarily due to the increase in the State's on-behalf pension payment for Town teachers.
- Capital grants and contributions increased by \$405,000 primarily due to the State grant for Library construction.

Major expense factors included:

- Excluding the increase of \$4,242,145 in the State's on-behalf pension payment for Town teachers, overall Town expenses increased \$829,252.
- Public works expenses decreased by \$379,067 due to recognition in the prior year of \$355,000 in post closure costs associated with the town landfill.
- The cost of education services increased \$1,214,506 due to negotiated wage increases, employee health insurance cost increases, and increases in overhead and fixed costs associated with staffing.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds. The focus of the Town'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's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balance of \$4,912,219, a decrease of \$2,364,606 in comparison with the prior year. This decrease can be attributed primarily to the expenditure related to the construction of the new Library.

The General Fund is the operating fund of the Town. At the end of the current fiscal year, unreserved and undesignated fund balance for the General Fund was \$2,594,759. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 9.5% of total General Fund expenditures and other financing uses.

The fund balance of the Town's General Fund increased by \$473,171 during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS.

Differences between the original budget and the final amended budget were \$965,977. Significantly affected line items can be briefly summarized as follows:

- \$ 37,000 increase to Finance for temporary personnel in the Treasurer's Office and for legal fees related to property assessments related to the revaluation.
- \$ 22,000 increase to Police Protection for additional hours for the Constables.
- \$376,100 increase to Debt Service for unbudgeted debt service principal payments.
- \$474,800 increase to Capital Nonrecurring account transfers for Westbrook public schools and the Senior Center.

During the year, revenues exceeded budgetary estimates by \$369,294; while expenditures were \$459,661 less than budgetary estimates, thus eliminating the need to draw upon existing fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town's investment in capital assets for its governmental activities as of June 30, 2008, amounts to \$55,256,710 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure.

Major capital asset events during the current fiscal year included the following:

- Library construction in progress of \$3,039,000.
- Daisy Ingraham roof construction in progress of \$458,000.
- Purchase of a Fire boat for \$220,700.

Additional information on the Town's capital assets can be found in Note 5.

Table 3, which can be found at the end of the Management Discussion and Analysis, presents comparative schedules of capital assets.

Long-term Debt. At the end of the current fiscal year, the Town had \$32,875,000 of long-term bonded debt outstanding (excluding premium and deferred charge). All outstanding debt of the Town is general obligation debt and is backed by the full faith and credit of the Town.

TOWN OF WESTBROOK OUTSTANDING DEBT		
GENERAL OBLIGATION BONDS AND NOTES		
	Governmental Activities	
	2008	2007
General purposes	\$ 7,915,000	\$ 8,392,000
Schools	23,005,000	24,483,000
Total	\$ 30,920,000	\$ 32,875,000

The Town maintains an "A1" rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times total tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$134,834,658, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note 7.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for the Town as of June 2008 was 4.7 %, which is an increase from a rate of 3.1% a year ago. This compares favorably to the state's average unemployment rate of 5.7% and the national average rate of 5.7%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the Town's budget for the 2008/2009 year.

During the current fiscal year, unreserved fund balance in the general fund increased to \$2,594,930. The Town has not appropriated any portion of the fund balance for spending in the 2008/2009 budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town'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 Finance Office, Town of Westbrook, 866 Boston Post Road, Westbrook, CT 06498.

Table 1
Town of Westbrook
Statement of Net Assets

	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 10,531,314	\$ 12,493,759
Capital assets, net	<u>55,256,710</u>	<u>52,018,016</u>
Total assets	<u>65,788,024</u>	<u>64,511,775</u>
Long-term liabilities	33,136,593	33,292,908
Other liabilities	<u>2,135,689</u>	<u>1,724,005</u>
Total liabilities	<u>35,272,282</u>	<u>35,016,913</u>
Net assets:		
Invested in capital assets, net of related debt	24,336,710	19,771,746
Restricted	433,770	2,806,008
Unrestricted	<u>5,745,262</u>	<u>6,917,108</u>
Total net assets	<u>\$ 30,515,742</u>	<u>\$ 29,494,862</u>

Table 2
Town of Westbrook
Condensed Statement of Activities

	<u>2008</u>	<u>2007</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,832,499	\$ 1,349,739
Operating grants and contributions	5,860,707	1,417,907
Capital grants and contributions	450,000	45,000
General revenues:		
Property taxes	19,310,767	17,956,139
Grants and contributions not restricted to specific programs	466,731	646,795
Investment income	<u>376,184</u>	<u>477,088</u>
Total revenues	<u>28,296,888</u>	<u>21,892,668</u>
Expenses:		
General government	2,062,110	1,769,310
Public safety	1,324,685	1,507,560
Public works	1,143,085	1,522,152
Health and welfare	557,242	645,645
Culture and recreation	740,027	728,258
Education	18,300,874	12,844,223
Interest expense	<u>1,367,985</u>	<u>1,407,463</u>
Total expenses	<u>25,496,008</u>	<u>20,424,611</u>
Increase in net assets	2,800,880	1,468,057
Net assets, beginning, as previously reported	29,494,862	28,026,805
Prior period adjustment	<u>(1,780,000)</u>	<u>-</u>
Net assets, beginning, as restated	<u>27,714,862</u>	<u>-</u>
Net assets, ending	<u>\$ 58,230,604</u>	<u>\$ 29,494,862</u>

Table 3
Town of Westbrook
Capital Assets - Net

	<u>2008</u>	<u>2007</u>
Land	\$ 4,132,287	\$ 4,132,287
Construction in progress	4,095,463	598,000
Buildings and improvements	43,224,703	43,749,830
Machinery and equipment	1,334,040	1,133,412
Infrastructure	<u>2,470,217</u>	<u>2,404,487</u>
Total	<u>\$ 55,256,710</u>	<u>\$ 52,018,016</u>

TOWN OF WESTBROOK, CONNECTICUT
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities
ASSETS	
Current assets:	
Cash	\$ 5,623,060
Investments	1,968,390
Receivables:	
Property taxes	354,645
Intergovernmental	686,937
Other	129,547
Bond issue costs	22,326
Total current assets	8,784,905
Noncurrent assets:	
Receivables (net):	
Property taxes	183,811
Intergovernmental	1,239,325
Bond issue costs	323,273
Total other noncurrent assets	1,746,409
Capital assets (net of accumulated depreciation):	
Land	4,132,287
Construction in progress	4,095,463
Buildings and improvements	43,224,703
Machinery and equipment	1,334,040
Infrastructure	2,470,217
Total capital assets (net of accumulated depreciation)	55,256,710
Total noncurrent assets	57,003,119
Total assets	65,788,024
LIABILITIES	
Current liabilities:	
Accounts payable	1,716,825
Accrued liabilities	97,042
Accrued interest payable	321,822
Bonds payable and related liabilities	2,030,000
Other liabilities	86,803
Total current liabilities	4,252,492
Noncurrent liabilities:	
Bonds payable and related liabilities	28,650,066
Other liabilities	2,369,724
Total noncurrent liabilities	31,019,790
Total liabilities	35,272,282
NET ASSETS	
Invested in capital assets, net of related debt	24,336,710
Restricted for:	
Capital projects	399,696
Nonexpendable permanent endowments	34,074
Unrestricted	5,745,262
Total net assets	\$ 30,515,742

The notes to the financial statements are an integral part of this statement.

**TOWN OF WESTBROOK, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 2,062,110	\$ 876,834	\$ -	\$ -	(\$ 1,185,276)
Public safety	1,324,685	125,835	17,847	-	(1,181,003)
Public works	1,143,085	45,632	107,881	-	(989,572)
Health and welfare	557,242	362,383	1,841	-	(193,018)
Culture and recreation	740,027	214,187	98,096	450,000	22,256
Education	18,300,874	207,628	5,635,042	-	(12,458,204)
Interest expense	1,367,985	-	-	-	(1,367,985)
Total	25,496,008	1,832,499	5,860,707	450,000	(17,352,802)
General revenues:					
Property taxes					19,310,767
Grants and contributions not restricted to specific programs					466,731
Investment income					376,184
Total general revenues and contributions					20,153,682
Change in net assets					2,800,880
Nets assets - July 1, 2007, as previously reported					29,494,862
Prior period adjustment					(1,780,000)
Net assets - July 1, 2007, as restated					27,714,862
Net assets - June 30, 2008					\$ 30,515,742

The notes to the financial statements are an integral part of this statement.

**TOWN OF WESTBROOK, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	General	Bonded Projects	Capital Nonrecurring	Land Use Professional Services	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 2,858,422	\$ 1,273,307	\$ 656,613	\$ 290,276	\$ 544,442	\$ 5,623,060
Investments	128,310	-	225,871	-	151,053	505,234
Receivables:						-
Property taxes	453,173	-	-	-		453,173
Intergovernmental	-	200,000	-	-	8,404	208,404
Other	118,410	-	-	-	3,297	121,707
Due from other funds	950	-	-	-	83,037	83,987
	<u>3,559,265</u>	<u>1,473,307</u>	<u>882,484</u>	<u>290,276</u>	<u>790,233</u>	<u>6,995,565</u>
Total assets						
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 500,605	\$ 313,907	\$ 434,311	\$ 283,637	\$ 5,815	\$ 1,538,275
Accrued liabilities	97,042	-	-	-	-	97,042
Due to other funds	2,646	39,748	40,643	-	950	83,987
Deferred revenue	364,042	-	-	-	-	364,042
	<u>964,335</u>	<u>353,655</u>	<u>474,954</u>	<u>283,637</u>	<u>6,765</u>	<u>2,083,346</u>
Total liabilities						
Fund Balances:						
Reserved for:						
Commitments	-	46,396	353,300	-	-	399,696
Unreserved, reported in:						
General fund	2,594,930	-	-	-	-	2,594,930
Special revenue funds	-	-	-	-	783,468	783,468
Capital projects funds	-	1,073,256	54,230	6,639	-	1,134,125
	<u>2,594,930</u>	<u>1,119,652</u>	<u>407,530</u>	<u>6,639</u>	<u>783,468</u>	<u>4,912,219</u>
Total fund balances						
Total liabilities and fund balances	<u>\$ 3,559,265</u>	<u>\$ 1,473,307</u>	<u>\$ 882,484</u>	<u>\$ 290,276</u>	<u>\$ 790,233</u>	<u>\$ 6,995,565</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF WESTBROOK, CONNECTICUT
RECONCILIATION OF FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2008**

Amounts reported for governmental activities in the statement of net assets are different from the governmental fund balance sheet. The details of this difference are as follows:

Total fund balance		\$ 4,912,219
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Beginning net capital assets		52,018,016
Current year additions		3,994,025
Loss on disposal of capital assets	(10,426)
Depreciation expense	(744,905)

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:

Property tax interest and lien accrual		215,857
Property tax receivable - accrual basis change		364,042
School building grant receivable		1,717,858
Allowance for doubtful accounts	(130,574)
Bond issue costs		345,599
Deferred loss on refunding		288,000

Internal service funds are used by management to charge the cost of medical insurance premiums to individual departments:

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets		1,292,446
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Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable		(30,920,000)
Bond premiums	(48,066)
Compensated absences	(34,014)
Net pension obligation	(63,837)
Landfill closure costs	(2,358,676)
Accrued interest payable	(<u>321,822)</u>

Net assets of governmental activities		<u>\$ 30,515,742</u>
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The notes to the financial statements are an integral part of this statement.

**TOWN OF WESTBROOK, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	General	Bonded Projects	Capital Nonrecurring	Land Use Professional Services	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Property taxes	\$ 19,310,568	\$ -	\$ -	\$ -	\$ -	\$ 19,310,568
Intergovernmental	6,444,977	452,736	-	-	286,451	7,184,164
Charges for services	1,582,609	-	-	-	249,890	1,832,499
Contributions	-	-	-	-	91,134	91,134
Investment income	233,722	94,932	34,607	163	12,760	376,184
Total revenues	<u>27,571,876</u>	<u>547,668</u>	<u>34,607</u>	<u>163</u>	<u>640,235</u>	<u>28,794,549</u>
EXPENDITURES:						
Current:						
General government	2,344,797	-	-	4,037	48,811	2,397,645
Public safety	1,287,488	-	-	-	-	1,287,488
Public works	972,730	-	-	-	-	972,730
Health and welfare	555,776	-	-	-	1,466	557,242
Culture and recreation	706,161	-	-	-	36,488	742,649
Education	17,263,655	-	-	-	502,531	17,766,186
Capital outlay	-	3,023,334	1,066,501	-	-	4,089,835
Debt service	3,345,380	-	-	-	-	3,345,380
Total expenditures	<u>26,475,987</u>	<u>3,023,334</u>	<u>1,066,501</u>	<u>4,037</u>	<u>589,296</u>	<u>31,159,155</u>
Excess (deficiency) of revenues over expenditures	<u>1,095,889</u>	<u>(2,475,666)</u>	<u>(1,031,894)</u>	<u>(3,874)</u>	<u>50,939</u>	<u>(2,364,606)</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	316,128	-	908,846	-	30,000	1,254,974
Transfers out	(938,846)	(125,193)	(190,935)	-	-	(1,254,974)
Net other financing sources (uses)	<u>(622,718)</u>	<u>(125,193)</u>	<u>717,911</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
Net change in fund balance	473,171	(2,600,859)	(313,983)	(3,874)	80,939	(2,364,606)
Fund balances - July 1, 2007	<u>2,121,759</u>	<u>3,720,511</u>	<u>721,513</u>	<u>10,513</u>	<u>702,529</u>	<u>7,276,825</u>
Fund balances - June 30, 2008	<u>\$ 2,594,930</u>	<u>\$ 1,119,652</u>	<u>\$ 407,530</u>	<u>\$ 6,639</u>	<u>\$ 783,468</u>	<u>\$ 4,912,219</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF WESTBROOK, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

Amounts reported for governmental activities in the statement of activities are due to:

Net change in fund balances - total governmental funds (\$ 2,364,606)

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. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	3,994,025
Loss on disposal of capital assets	(10,426)
Depreciation expense	<u>(744,905)</u>
Total	<u>3,238,694</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the fund financial statements are not recognized in the statement of activities:

School building grant receipts	(497,860)
Increase in property tax receivable - accrual basis change	(11,019)
Increase in interest and lien revenue	20,696
Increase in property tax allowance for doubtful accounts	<u>(9,478)</u>
Total	<u>(497,661)</u>

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

Principal repayments:	
General obligation bonds	<u>1,955,000</u>
Total	<u>1,955,000</u>

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 governmental funds:

Accrued interest payment	22,395
Amortization of bond premium	3,129
Amortization of bond issuance costs	(22,326)
Amortization of deferred charges	(24,000)
Compensated absences	1,484
Net pension obligation	(19,955)
Landfill closure	<u>20,657</u>
Total	<u>(18,616)</u>

Internal service funds are used by management to charge costs of medical insurance premiums to individual departments 453,603

The net revenue of the activities of the internal service fund is reported with governmental activities 34,466

Change in net asset of governmental activities \$ 2,800,880

The notes to the financial statements are an integral part of this statement.

TOWN OF WESTBROOK, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes, interest and lien fees	\$ 19,576,959	\$ 19,576,959	\$ 19,310,568	(\$ 266,391)
Intergovernmental	1,490,763	1,490,763	1,829,067	338,304
Charges for services	1,014,650	1,198,715	1,457,374	258,659
Investment income	195,000	195,000	233,722	38,722
	<u>22,277,372</u>	<u>22,461,437</u>	<u>22,830,731</u>	<u>369,294</u>
Expenditures:				
Current:				
General government	2,464,819	2,526,873	2,344,797	182,076
Public safety	1,262,310	1,291,432	1,287,488	3,944
Public works	1,151,671	1,162,571	972,730	189,841
Health and welfare	585,876	598,831	555,776	43,055
Culture and recreation	746,873	746,873	706,161	40,712
Board of Education	12,522,543	12,522,543	12,522,510	33
Debt service	2,969,280	3,345,380	3,345,380	-
	<u>21,703,372</u>	<u>22,194,503</u>	<u>21,734,842</u>	<u>459,661</u>
Excess (deficiency) of revenues over expenditures	<u>574,000</u>	<u>266,934</u>	<u>1,095,889</u>	<u>828,955</u>
Other Financing Sources (Uses):				
Appropriation of fund balance	-	590,977	-	(590,977)
Transfers in	-	190,935	316,128	125,193
Transfers out	(464,000)	(938,846)	(938,846)	-
	<u>(464,000)</u>	<u>(156,934)</u>	<u>(622,718)</u>	<u>(465,784)</u>
Net other financing sources (used)	<u>(464,000)</u>	<u>(156,934)</u>	<u>(622,718)</u>	<u>(465,784)</u>
Net change in fund balance	<u>\$ 110,000</u>	<u>\$ 110,000</u>	473,171	<u>\$ 363,171</u>
Fund Balance - July 1, 2007			<u>2,121,759</u>	
Fund Balance - June 30, 2008			<u>\$ 2,594,930</u>	

The notes to the financial statements are an integral part of this statement.

**TOWN OF WESTBROOK, CONNECTICUT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2008**

	Governmental Activities
	<u>Internal Service Fund</u>
<u>ASSET</u>	
Investments	\$ 1,463,156
Accounts receivable	7,840
	<hr/>
Total assets	1,470,996
 <u>LIABILITY</u>	
Liability:	
Accounts payable	16,824
Claims incurred but not reported	161,726
	<hr/>
Total liabilities	178,550
	<hr/>
<u>NET ASSETS</u>	
Net Assets:	
Unrestricted	\$ 1,292,446
	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

**TOWN OF WESTBROOK, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	Governmental Activities
	Internal Service Fund
Operating Revenues:	
Charges for services	\$ 2,889,564
Operating Expenses:	
Claims incurred	2,017,120
Administration	418,841
Total Operating Expenses	2,435,961
Operating income before nonoperating revenues	453,603
Nonoperating Revenues:	
Investment income	34,466
Change in Net Assets	488,069
Net Assets - July 1, 2007	804,377
Net Assets - June 30, 2008	\$ 1,292,446

The notes to the financial statements are an integral part of this statement.

**TOWN OF WESTBROOK, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities:	
Cash received for charges for services	\$ 2,889,564
Cash paid for benefits and claims	(2,036,927)
Cash paid for administration	(426,681)
Net Cash Provided by Operating Activities	425,956
Cash Flows from Investing Activities:	
Income from investments	34,466
Net Increase in Cash and Cash Equivalents	460,422
Cash and Cash Equivalents - July 1, 2007	1,002,734
Cash and Cash Equivalents - June 30, 2008	\$ 1,463,156
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 453,603
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in accounts receivable	(7,840)
Increase in accounts payable	16,824
Decrease in claims incurred but not reported	(36,631)
Net Cash Provided by Operating Activities	\$ 425,956

The notes to the financial statements are an integral part of this statement.

**TOWN OF WESTBROOK, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2008**

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash	\$ 296,072	\$ 558,239
Investments at fair value:		
Mutual funds:		
Equity	2,962,622	32,899
Fixed income	1,920,634	-
Balanced	161,032	-
Certificates of deposit	-	61,532
Total investments	<u>5,044,288</u>	<u>94,431</u>
Contributions receivable	<u>10,400</u>	<u>-</u>
Total Assets	<u>5,350,760</u>	<u>\$ 652,670</u>
<u>LIABILITY</u>		
Liability:		
Accounts payable	<u>-</u>	<u>\$ 652,670</u>
Net Assets Held in Trust for Pension Benefits	<u>\$ 5,350,760</u>	

The notes to the financial statements are an integral part of this statement.

**TOWN OF WESTBROOK, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	Pension Trust Funds
Additions:	
Contributions:	
Employer	\$ 275,336
Plan members	95,078
Total contributions	370,414
Investment income (loss):	
Net depreciation in fair value of investments	(768,152)
Interest and dividends	440,547
Total investment loss	(327,605)
Less investment expense	9,118
Net investment loss	(336,723)
Total Additions	33,691
Deductions:	
Benefits	277,705
Administration	51,921
Total deductions	329,626
Change in net assets	(295,935)
Net Assets - July 1, 2007	5,646,695
Net Assets - June 30, 2008	\$ 5,350,760

The notes to the financial statements are an integral part of this statement.

**TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

Note 1 - Reporting Entity and Summary of Significant Accounting Policies

Reporting Entity

The Town of Westbrook, Connecticut (the "Town") was incorporated in 1840. The Town covers 16.2 square miles located in Middlesex County. The Town operates under a Town Meeting/Board of Selectmen form of government under the provisions of the general statutes of the State of Connecticut. The Town operates under the Town Meeting/Selectmen form of government and provides a full range of services including public safety, roads, sanitation, planning and zoning, health and social services, public library, parks and recreation, education and general administrative services to its residents.

Financial information for the Town is accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board (GASB). The reporting entity includes the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Management has considered all potential component units and determined that there are no other entities that are required to be presented in the accompanying financial statements of the Town of Westbrook, Connecticut.

Basis of Accounting and Measurement Focus

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-wide Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Town. The effect of interfund balances and activity has been eliminated in preparation of these statements. The effect of internal services provided and used has not been eliminated in preparation of these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

The statement of activities demonstrates the degree to which the direct expenses of a given 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 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town has elected not to follow subsequent private-sector guidance.

Separate financial statements are provided for governmental, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds do not have a measurement but are accounted for on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, expenditure reimbursement type grants, certain intergovernmental revenues, transfers, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Governmental Funds

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Bonded Projects Fund accounts for the financial revenues to be used for major capital asset construction and/or purchases.

The Capital Nonrecurring Fund accounts for the financial revenues to be used for major capital asset construction and/or purchases funded substantially by grants and general fund appropriations.

The Land Use Professional Services Fund accounts for the financial resources received from Planning and Zoning, Zoning Board of Appeals, and Inland Wetlands Watercourse Commission applicants to provide funds for professional services required to process applications.

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Proprietary Funds

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 a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service funds are charges to customers for sales and services. Operating expenses for the internal service fund include the cost of medical insurance and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following proprietary fund type:

The Internal Service Fund accounts for risk financing activities for medical insurance benefits.

Fiduciary Funds

Fiduciary Fund Financial Statements include a statement of net assets and a statement of changes in net assets. The Town's Fiduciary funds represent Pension Trust Funds and Agency Funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are accounted for on a spending of current financial resources measurement focus and the modified accrual basis of accounting as are the governmental funds explained above.

The Pension Trust Funds account for the activities of the Town Employees' Retirement System, the Firefighters' Retirement System and the Constables' Retirement System, which accumulate resources for pension benefit payments to qualified employees.

The Agency Funds account for monies held on behalf of students, other community groups and performance bonds.

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Deposits and Investments

Deposits - The Town considers cash equivalents as cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

Investments - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the capital nonrecurring fund, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

The Pension Trust Funds are also authorized to invest in corporate stocks and bonds and mutual funds.

Investments for the Town are reported at fair value. State Treasurers Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c – 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares. The balance of the pooled fixed income investments were invested in a 2a-7 like pool, which operates within State Statutes. The fair value of the position in the pool is the same as the value of the pool shares.

Receivables and Payables

Interfunds - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Property Taxes and Other Receivables

In the government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 15% to 29% of outstanding receivable balances at June 30, 2008, and are calculated based upon prior collections.

In the fund financial statements, all property taxes receivable at June 30, 2008, which have not been collected within 60 days of June 30, 2008, have been recorded as deferred revenue, since they are not considered to be available to finance expenditures of the current fiscal year. Taxes collected during the 60 day period have been recorded as revenue.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, July 1. Liens are effective on the assessment date and are continued by filing before the end of the fiscal year following the due date.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Property, plant, and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10 - 80
Machinery, equipment and vehicles	5 - 25
Infrastructure	50 - 90

Compensated Absences

Employees are paid by a prescribed formula for absence due to vacation and sickness based upon the various union contracts and the Town's personnel policies. The eligibility for vacation pay in some instances does vest.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Fund Equity

In the Government-wide Financial Statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt

This category presents the net assets that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purpose is excluded.

Restricted Net Assets

This category presents the net assets restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted Net Assets

This category presents the net assets of the Town which are not restricted.

In the fund financial statements, fund balances of governmental funds are classified in the following categories:

Reserved Fund Balance - This category represents the portion of fund equity which has been legally segregated for a specific purpose or is not appropriable for expenditure because the underlying asset is not a financial resource available for current expenditure.

Unreserved Fund Balance - This category represents the portion of fund equity which is available for appropriation and expenditure in future periods.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year.

**TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

Note 2 - Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

The Town establishes its general fund budget in accordance with provisions of the Connecticut General Statutes.

- A budget for the general fund is authorized annually by the Board of Finance. The Board of Finance follows these procedures in establishing the budgetary data reflected in the financial statements:
 - Department heads submit to the Board of Finance detailed estimates of expenditures.
 - The Board of Finance acts upon the department requests and approves the departmental budgets to be forwarded to the Town Meeting.
 - The citizens of the Town vote on the recommended budget.
 - The Board of Finance sets the tax rate for the fiscal year.
- During the year, additional appropriation requests are submitted by the department heads to the Board of Selectmen who in turn submit it to the Board of Finance. The Board of Finance acts on the requests.

All budget transfers must be approved by the Board of Finance. The Board of Finance may transfer unexpended balances between departments.

- The Board of Education may transfer unexpended balances between accounts within its total line appropriation.
- Additional appropriations may be made during the year by resolution of the Board of Finance. Additional appropriations for the year ended June 30, 2008, amounted to \$590,977.
- Classifications of certain revenues and expenditures under accounting principles generally accepted in the United States of America differ from classifications utilized for budgetary purposes.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

**TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

Budget - GAAP Reconciliation

A reconciliation of revenues, expenditures, and fund balance between the accounting treatment required by GAAP, and budgetary requirements, is as follows:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Budgetary basis (page 20)	\$ 23,146,859	\$ 22,673,688
State Teachers' Retirement on-behalf payment	4,741,145	4,741,145
GAAP basis (page 18)	\$ 27,888,004	\$ 27,414,833

Note 3 - Cash and Investments

Deposits - Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2008, \$5,966,714 of the Town's bank balance of \$6,469,044 (including certificates of deposit recorded as investments) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 5,370,043
Uninsured and collateral held by the pledging bank's trust department, not in the town's name	596,671
Total amount subject to custodial credit risk	\$ 5,966,714

**TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

Investments

At June 30, 2008, the Town's investments consisted of the following types and maturities. Specific identification was used to determine maturities.

Type of Investment	Fair Value	Investment Maturities (In Years)		
		N/A	Less Than 1	1-5 Years
Certificates of Deposit	\$ 61,532	\$ -	\$ 61,532	\$ -
Equity Mutual Funds	3,113,675	3,113,675	-	-
Fixed Income Mutual Funds	1,953,533	-	32,899	1,920,634
Balanced Mutual Funds	161,032	161,032	-	-
Pooled Fixed Income	<u>1,817,337</u>	<u>-</u>	<u>1,817,337</u>	<u>-</u>
Total	<u><u>\$ 7,107,109</u></u>	<u><u>\$ 3,274,707</u></u>	<u><u>\$ 1,911,768</u></u>	<u><u>\$ 1,920,634</u></u>

Of the \$1,817,337 of pooled fixed income, \$272,767 was invested in Short Term Investment Fund (STIF). STIF is an investment pool managed by the State of Connecticut Office of the State Treasurer.

The Town's investments in the Pension Trust funds are covered by the Securities Investor Protection Corporation (SIPC) up to \$500,000, including \$100,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest.

Interest rate risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

The Town's investments in pooled fixed income had ratings of AAAM by Standard & Poor's. The equity mutual funds, fixed income mutual funds and balanced mutual funds are not rated.

Custodial credit risk - The Town has no formal policy regarding custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At June 30, 2008, the Town has no investments subject to custodial credit risk.

**TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

Note 4 - Receivables

Receivables as of year end for the Town's government-wide financial statements by type, including the applicable allowances for uncollectibles, are as follows:

	Property Taxes		
	Taxes	Interest & Lien Fees	Total
Current Portion	\$ 253,704	\$ 100,941	\$ 354,645
Long-term Portion	\$ 199,469	\$ 114,917	\$ 314,386
Less Allowance for Uncollectibles	(67,976)	(62,599)	(130,575)
Net Long-term Portion	\$ 131,493	\$ 52,318	\$ 183,811

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Deferred Revenue:	
Delinquent property taxes receivable (general fund)	\$ 364,042

**TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Balance July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>
<u>Capital Assets, not being depreciated:</u>				
Land	\$ 4,132,287	\$ -	\$ -	\$ 4,132,287
Construction in progress	<u>598,000</u>	<u>3,497,463</u>	<u>-</u>	<u>4,095,463</u>
Total Capital Assets, not being depreciated	<u>4,730,287</u>	<u>3,497,463</u>	<u>-</u>	<u>8,227,750</u>
<u>Capital Assets, being depreciated:</u>				
Buildings and improvements	45,776,252	75,257	-	45,851,509
Machinery and equipment	2,817,634	324,913	84,200	3,058,347
Infrastructure	<u>2,928,594</u>	<u>96,392</u>	<u>-</u>	<u>3,024,986</u>
Total Capital Assets, being depreciated	<u>51,522,480</u>	<u>496,562</u>	<u>84,200</u>	<u>51,934,842</u>
Total Capital Assets	<u>56,252,767</u>	<u>3,994,025</u>	<u>84,200</u>	<u>60,162,592</u>
<u>Less Accumulated Depreciation for:</u>				
Buildings and improvements	2,026,422	600,384	-	2,626,806
Machinery and equipment	1,684,222	113,859	73,774	1,724,307
Infrastructure	<u>524,107</u>	<u>30,662</u>	<u>-</u>	<u>554,769</u>
Total Accumulated Depreciation	<u>4,234,751</u>	<u>744,905</u>	<u>73,774</u>	<u>4,905,882</u>
Total Capital Assets, being depreciated, net	<u>47,287,729</u>	<u>(248,343)</u>	<u>10,426</u>	<u>47,028,960</u>
Governmental Activities Capital Assets, net	<u>\$ 52,018,016</u>	<u>\$ 3,249,120</u>	<u>\$ 10,426</u>	<u>\$ 55,256,710</u>

**TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

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

General government	\$	57,419
Public safety		78,289
Public works		69,848
Culture and recreation		13,259
Education		<u>526,090</u>
Total depreciation expense	\$	<u><u>744,905</u></u>

Construction Commitments

The Town has active construction projects as of June 30, 2008. At year end, the Town's commitments with contractors are as follows:

Library Renovation Project	\$	46,396
Daisy Ingraham School		353,300

Capital Projects Authorizations

The following is a summary of Capital Projects at June 30, 2008:

<u>Capital Project</u>	<u>Bond Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2008</u>
Middle School Building Project	\$ 24,997,400	\$ -	\$ 24,300,924	\$ 696,476
Library Renovation Project	4,275,000	3,039,440	3,713,055	561,945
Daisy Ingraham Roof	<u>1,500,000</u>	<u>462,777</u>	<u>462,777</u>	<u>1,037,223</u>
Total	<u><u>\$ 30,772,400</u></u>	<u><u>\$ 3,502,217</u></u>	<u><u>\$ 28,476,756</u></u>	<u><u>\$ 2,295,644</u></u>

**TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

Note 6 - Interfund Accounts

Interfund Payables and Receivables

A summary of interfund balances as of June 30, 2008 is as follows:

	Corresponding Fund	Due From	Due To
General Fund:			
Recreation concert series	N/A	\$ 950	\$ -
Westbrook nurses	N/A	-	2,646
Total General Fund		950	2,646
Major - Bonded Projects:			
Bonded projects	Westbrook Library Fund	-	39,748
Total Major - Bonded projects		-	39,748
Major - Capital Nonrecurring:			
Capital nonrecurring	Conservation Fund	-	298
Capital nonrecurring	Town Improvement Program	-	35,529
Capital nonrecurring	Recreation Concert Series	-	2,307
Capital nonrecurring	Weatherhead Medical	-	2,509
Total Major - Capital Nonrecurring		-	40,643
Nonmajor Governmental Funds:			
Recreation concert series	General Fund	-	950
Westbrook nurses	General Fund	2,646	-
Conservation fund	Capital Nonrecurring	298	-
Town improvement program	Capital Nonrecurring	35,529	-
Recreation concert series	Capital Nonrecurring	2,307	-
Weatherhead medical	Capital Nonrecurring	2,509	-
Westbrook library fund	Bonded Projects	39,748	-
Total Nonmajor Governmental Funds		83,037	950
Grand Total		\$ 83,987	\$ 83,987

All interfund balances resulted from the time lag between the dates payments occurred between funds for short-term internal financing.

**TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

Interfund Transfers

A summary of interfund transfers as of June 30, 2008 is as follows:

	Corresponding Fund	Transfer In	Transfer Out
General Fund:			
Bonded projects	N/A	\$ 125,193	\$ -
Capital nonrecurring	N/A	190,935	908,846
Dog fund	N/A	-	20,000
Insurance fund	N/A	-	10,000
Total General Fund		316,128	938,846
Major - Bonded Projects:			
Bonded projects fund	General Fund	-	125,193
Total Major - Bonded Projects		-	125,193
Major - Capital Nonrecurring:			
Capital nonrecurring fund	General Fund	908,846	190,935
Total Major - Capital Nonrecurring		908,846	190,935
Nonmajor Governmental Funds:			
Dog fund	General Fund	20,000	-
Insurance fund	General Fund	10,000	-
Total Nonmajor Governmental Funds		30,000	-
Grand Total		\$ 1,254,974	\$ 1,254,974

Transfers are used to account for the financing by the general fund of various program and activities in other funds.

**TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

Note 7 - Long-Term Obligations

Summary of Changes

The following is a summary of changes in long-term obligations during the fiscal year:

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance	Additions	Deductions	Balance	Current Portion
					July 1, 2007 As restated			June 30, 2008	
General Obligation Bonds									
General Purpose:									
Open space acquisition	\$ 2,160,000	11/01/04	06/15/24	3.00%-5.00%	\$ 1,870,000	\$ -	\$ 110,000	\$ 1,760,000	\$ 120,000
Refunding bond	3,064,000	01/19/06	09/15/19	3.50%-4.00%	2,972,000	-	367,000	2,605,000	268,000
Library project	3,550,000	03/15/07	03/15/27	4.00%-4.50%	3,550,000	-	-	3,550,000	-
Total General Purpose					8,392,000	-	477,000	7,915,000	388,000
Schools:									
Improvement bond	12,575,000	03/15/92	03/15/12	5.50%-7.50%	3,120,000	-	630,000	2,490,000	630,000
Improvement bond	5,980,000	01/15/94	06/15/13	3.60%-5.60%	1,890,000	-	315,000	1,575,000	315,000
Improvement bond	11,200,000	11/01/04	06/15/24	3.00%-5.00%	10,000,000	-	400,000	9,600,000	600,000
Refunding bond	1,106,000	01/19/06	09/15/19	3.50%-4.00%	1,073,000	-	133,000	940,000	97,000
Improvement bond	8,400,000	01/01/06	01/01/26	4.00%-5.63%	8,400,000	-	-	8,400,000	-
Total Schools					24,483,000	-	1,478,000	23,005,000	1,642,000
Total General Obligation Bonds					32,875,000	-	1,955,000	30,920,000	2,030,000
Bond Premiums					51,195	-	3,129	48,066	-
Deferred Loss on Refunding					(312,000)	-	(24,000)	(288,000)	-
Total Bonds and Related Liabilities					32,614,195	-	1,934,129	30,680,066	2,030,000
Compensated Absences					35,498	7,101	8,585	34,014	6,803
Net Pension Obligation					43,882	19,955	-	63,837	-
Landfill Closure Costs					2,379,333	-	20,657	2,358,676	80,000
Total General Long-Term Obligations					\$ 35,072,908	\$ 27,056	\$ 1,963,371	\$ 33,136,593	\$ 2,116,803

**TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

The following is a summary of accounts to be provided by the State of Connecticut for the retirement of school bonds and bond maturities.

<u>Fiscal Year</u>	<u>Bonds Payable</u>		<u>Amounts to be Provided by the State</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 2,030,000	\$ 1,303,716	\$ 409,331	\$ 69,212
2010	2,280,000	1,208,433	409,331	49,819
2011	2,375,000	1,098,952	318,199	32,681
2012	2,475,000	985,851	307,796	17,971
2013	2,320,000	853,894	99,737	3,781
2014	1,765,000	758,216	-	-
2015	1,550,000	697,537	-	-
2016	1,565,000	639,307	-	-
2017	1,665,000	577,669	-	-
2018	1,660,000	511,169	-	-
2019	1,660,000	444,638	-	-
2020	1,655,000	377,944	-	-
2021	1,440,000	315,387	-	-
2022	1,440,000	256,869	-	-
2023	1,440,000	198,218	-	-
2024	1,350,000	138,675	-	-
2025	750,000	82,125	-	-
2026	750,000	51,075	-	-
2027	750,000	20,025	-	-
	<u>\$ 30,920,000</u>	<u>\$ 10,519,700</u>	<u>\$ 1,544,394</u>	<u>\$ 173,464</u>

**TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

Landfill Closure and Postclosure Care Costs

State and Federal laws and regulations require landfill closures to meet certain standards. The Town landfill has been closed. The estimated monitoring costs for the next 28 years are \$2,358,676. This amount is based on estimates which are subject to change due to inflation, technology or applicable laws and regulations.

A prior period adjustment of \$1,780,000 was made to this estimate.

Authorized/Unissued Bonds

At June 30, 2008, the town had the following authorized, unissued bonds:

<u>Project Name</u>	<u>Amount Unissued</u>
School Improvements:	
New middle school	\$ 5,397,400
Daisy Ingraham roof	1,500,000

**TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

Note 8 - Risk Management

The Town is exposed to various risks of loss related to public official liability, police professional liability, theft or impairment of assets, errors and omissions, injury to employees, natural disasters, and owners and contractor's protective liability.

The Town established as an internal service fund, the health insurance fund, to account for and finance the retained risk of loss for Town employee medical benefits coverage. A third party venter administers the plan for which the fund pays a fee. The health insurance fund provides coverage for all eligible full time employees.

The Town has purchased a stop loss policy for individual claims exceeding \$50,000 for hospital and \$50,000 for major medical.

Health insurance premiums are based upon estimates by number of employees and type of coverage (single or family), trends in the insurance claims and estimates for administration. The claims liability reported in the fund is based upon the requirements of GASB Statements No. 10 and 30, which require that a liability for estimated claims incurred but not reported be recorded.

The internal service fund liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used to compute claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, including the effects of specific, incremental claim adjustment expenditures, salvage and subrogation; allocated claim adjustment expenditures are not included.

<u>Fiscal Year</u>	<u>Claims Payable July 1</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable June 30</u>
2005-2006	\$ 134,583	\$ 1,940,280	\$ 1,902,128	\$ 172,735
2006-2007	172,735	1,871,285	1,845,663	198,357
2007-2008	198,357	2,017,120	2,053,751	161,726

**TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

Retrospectively Rated Policy

The commercial insurance carried for workers' compensation is a retrospectively rated policy for which the Town's contribution is based on the Town's loss experience. It is not possible to estimate the possible loss.

The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three years and there has been no significant reduction of insurance coverage from amounts held in prior years.

Commitments and Litigation

The Town has been named as defendant in various claims and legal actions. The Town's attorney estimates that the potential claims against the Town covered by insurance resulting from such claims and legal actions would not materially affect the financial condition of the Town.

The Town has received Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based upon prior experience, Town management believes such disallowances, if any, will not be material.

Note 9 - Pension Plans

The Town administers three single-employer, defined benefit pension plans (Town of Westbrook Retirement Plan, Town of Westbrook Volunteer Firefighters' Pension Fund and Town of Westbrook Constables' Pension Plan) covering substantially all Town employees with the exception of certified teachers and administrative personnel at the Board of Education. The plans were established through ordinances adopted July 1, 1971, August 10, 1993 and April 24, 2007, respectively. The Pension Commission makes recommendations for plan provisions which are approved by the Board of Finance and/or Board of Selectmen. The plans are considered to be a part of the Town's financial reporting entity and are included in the Town's financial statements as pension trust funds. The plans do not issue separate, stand alone, financial reports. The certified faculty and administrative personnel of the Board of Education participate in a contributory retirement plan administered by the State Teachers Retirement Board. The Town does not contribute to this plan.

**TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The Town's pension trust funds' financial statements are prepared on the accrual basis of accounting. Contributions are recognized when due, pursuant to formal commitments and contractual requirements and investment income is recognized when earned and expenses (benefits and administration) are recognized when due and payable in accordance with the terms of the plan.

Valuation of Investments

Investments are valued at fair value. Securities traded on a national exchange are valued at the last reported sales price. There are no investments of 5% or greater in any one organization.

Plan Participants (July 1, 2007)

	Town	Firefighters	Constables
Retirees and beneficiaries currently receiving benefits	31	10	-
Terminated employees entitled to benefits but not yet receiving them	10	5	-
Active plan members	70	61	9
Total Plan Participants	111	76	9

Employer Contributions

Recommended contributions to each of the plans are determined each year as part of the actuarial valuation using the entry age normal cost method.

Employee Contributions

Plan members are not required to contribute to the plans.

**TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

Retirement Benefits

Town Plan

The Town Plan provides retirement benefits and death and disability benefits. Benefits vest after 5 years of service. Members may retire at age 65 with 5 years of service or at age 55 with 15 years of service. Members are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.75% of final average compensation per year of credited service up to 30 years. Final average compensation is defined as the average annual compensation for the five highest consecutive years of the last ten years immediately preceding retirement.

Firefighters' Plan

The Firefighters' Plan provides retirement benefits and death and disability benefits. Benefits vest after 20 years of service. Members may retire at age 65 with 20 years of service. Members are entitled to a monthly retirement benefit for life, in an amount equal to \$25 per month times years of service. The maximum benefit is \$500 per month.

Constables' Plan

The Constables' Plan provides retirement benefits and death and disability benefits. Benefits vest after 20 years of service. A year of service is a year in which the participant performed 440 hours of service. Members may retire at age 65 with 20 years of service. Members are entitled to a retirement benefit for life of \$300 per month.

**TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

Schedule of Employer Contributions and Net Pension Obligation (Asset)

<u>Year Ended June 30,</u>	<u>Actual Contribution</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension (Asset) Obligation</u>
<u>Town Plan</u>						
2003	\$ 65,371	\$ 58,300	112.1%	\$ 59,139	110.5%	(\$ 27,362)
2004	80,019	74,600	107.3%	75,687	105.7%	(31,694)
2005	87,382	81,600	107.1%	81,930	106.7%	(37,146)
2006	143,182	177,500	80.7%	178,975	80.0%	(1,353)
2007	174,162	185,400	93.9%	185,454	93.9%	9,939
2008	189,132	196,100	96.4%	195,705	96.6%	16,512

<u>Year Ended June 30,</u>	<u>Actual Contribution</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension (Asset) Obligation</u>
<u>Firefighters' Plan</u>						
2003	\$ 35,900	\$ 34,300	104.7%	\$ 34,310	104.6%	(\$ 1,190)
2004	33,012	33,012	100.0%	33,034	99.9%	(1,168)
2005	33,012	33,012	100.0%	33,027	100.0%	(1,153)
2006	34,000	69,956	48.6%	69,978	48.6%	34,825
2007	69,956	69,956	100.0%	69,074	101.3%	33,943
2008	75,000	79,026	94.9%	78,068	96.1%	37,011

<u>Year Ended June 30,</u>	<u>Actual Contribution</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Annual Pension Costs (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension (Asset) Obligation</u>
<u>Constables' Plan</u>						
2007	\$ -	\$ 10,400	0.0%	\$ 10,400	0.0%	\$ 10,400
2008	10,400	10,400	100.0%	10,314	100.8%	10,314

**TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

Annual Pension Cost and Net Pension Obligation (NPO)

The changes in the NPO were as follows:

	<u>Town Plan</u>	<u>Firefighters' Plan</u>	<u>Constables' Plan</u>
Annual required contribution	\$ 196,100	\$ 79,026	\$ 10,400
Interest on net pension obligation	745	2,546	780
Adjustment to annual required contribution	<u>(1,140)</u>	<u>(3,504)</u>	<u>(866)</u>
Annual pension cost	195,705	78,068	10,314
Contributions made	<u>189,132</u>	<u>75,000</u>	<u>10,400</u>
Increase (decrease) in net pension obligation	6,573	3,068	(86)
Net pension obligation, July 1, 2007	<u>9,939</u>	<u>33,943</u>	<u>10,400</u>
Net pension obligation, June 30, 2008	<u><u>\$ 16,512</u></u>	<u><u>\$ 37,011</u></u>	<u><u>\$ 10,314</u></u>

Three Year Trend Information

<u>Year Ending June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension (Asset) Obligation</u>
<u>Town Plan</u>			
2008	\$ 195,705	96.6%	\$ 16,512
2007	185,454	93.9%	9,939
2006	178,975	80.0%	(1,353)
<u>Firefighters' Plan</u>			
2008	\$ 78,068	96.1%	\$ 37,011
2007	69,074	101.3%	33,943
2006	69,978	48.6%	34,825
<u>Constables' Plan</u>			
2008	\$ 10,314	100.8%	\$ 10,314
2007	10,400	0.0%	10,400

**TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

Funding Status and Funding Progress

The funding status of each plan as of July 1, 2007, the most recent actuarial valuation date, is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarially Accrued Liability (AAL) Projected Unit Credit</u>	<u>(Over) Under Funded AAL</u>	<u>Funded AAL Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Accrued Over/Under Funded AAL as a Percentage of Covered Payroll</u>
<u>Town Plan</u>						
7/1/07	\$5,324,031	\$ 5,585,365	\$261,334	95.32 %	\$2,274,681	11.49 %
<u>Firefighters' Plan</u>						
7/1/07	\$ 526,511	\$ 1,089,161	\$562,650	48.34 %	N/A	N/A
<u>Constables' Plan</u>						
7/1/07	\$ -	\$ 58,151	\$ 58,151	0.00 %	N/A	N/A

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

**TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

Actuarial Assumptions

The information presented as historical trend information was determined as part of the actuarial valuation as of the date indicated in the tabulation. Additional information as of the latest valuation is as follows:

Valuation date	July 1, 2007
Actuarial cost method	Entry age normal cost
Asset valuation method	5 year smoothed market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases:	
Town retirement plan	5.00%
Volunteer firefighters' plan	N/A
Constables' plan	N/A
Amortization method:	
Town retirement plan	Level dollar open
Volunteer firefighters' plan	Level dollar closed
Constables' plan	Level dollar closed
Remaining amortization period (closed):	
Town retirement plan	14 years
Volunteer firefighters' plan	17 years
Constables' plan	29 years

**TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

Plan Statements

Combining Statement of Fiduciary Fund Net Assets
Fiduciary Funds
June 30, 2008

	Town Employees' Pension Trust Fund	Volunteer Firefighters' Pension Trust Fund	Constables' Pension Trust Fund	Total Pension Trust Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 285,096	\$ 10,976	\$ -	\$ 296,072
Investments at fair value:				
Mutual funds	4,534,794	509,494	-	5,044,288
Contributions receivable	-	-	10,400	10,400
Total Assets	4,819,890	520,470	10,400	5,350,760
<u>Net Assets</u>				
Net assets held in trust for pension benefits	\$ 4,819,890	\$ 520,470	\$ 10,400	\$ 5,350,760

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2008

	<u>Town Employees' Pension Trust Fund</u>	<u>Volunteer Firefighters' Pension Trust Fund</u>	<u>Constables' Pension Trust Fund</u>	<u>Total Pension Trust Funds</u>
Additions:				
Contributions:				
Employer	\$ 189,936	\$ 75,000	\$ 10,400	\$ 275,336
Plan members	95,078	-	-	95,078
Total contributions	<u>285,014</u>	<u>75,000</u>	<u>10,400</u>	<u>370,414</u>
Investment income:				
Net depreciation in fair value of investments	(691,901)	(76,251)	-	(768,152)
Interest and dividends	396,986	43,561	-	440,547
Total investment income	<u>(294,915)</u>	<u>(32,690)</u>	<u>-</u>	<u>(327,605)</u>
Less investment expense	7,751	1,367	-	9,118
Net investment income	<u>(302,666)</u>	<u>(34,057)</u>	<u>-</u>	<u>(336,723)</u>
Total Additions	<u>(17,652)</u>	<u>40,943</u>	<u>10,400</u>	<u>33,691</u>
Deductions:				
Benefits	225,505	52,200	-	277,705
Administration	48,599	3,322	-	51,921
Total Deductions	<u>274,104</u>	<u>55,522</u>	<u>-</u>	<u>329,626</u>
Changes in net assets	(291,756)	(14,579)	10,400	(295,935)
Net Assets - July 1, 2007	<u>5,111,646</u>	<u>535,049</u>	<u>-</u>	<u>5,646,695</u>
Net Assets - June 30, 2008	<u>\$ 4,819,890</u>	<u>\$ 520,470</u>	<u>\$ 10,400</u>	<u>\$ 5,350,760</u>

**TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

Note 10 - On-Behalf Payments

The faculty and professional personnel of the Board of Education participate in a multiple employer contributory cost-sharing defined benefit plan with a special funding situation, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. The financial statements of the plan are available from the State of Connecticut State Teachers' Retirement Board, 21 Grand Street, Hartford, CT 06106.

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not and is not legally responsible to contribute to the plan.

The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual entity basis. Total contributions made by the State of Connecticut were \$2,518,560,263, of which \$4,741,145 benefited Town employees, and has been included in intergovernmental revenues and education expenditures in the accompanying combined statement of revenues, expenditures and changes in fund balances. For the year ended June 30, 2008, Town teachers contributed \$464,504 to the plan and covered Board of Education payroll for the year was approximately \$6,407,000.

Note 11 - New GASB Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2008 that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the Town:

Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions", issued June 2004, will be effective for the fiscal year ending June 30, 2009. This statement establishes standards for the measurement, recognition, and display of other post employment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial report.

**TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008**

Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", issued November 2006, will be effective for the fiscal year ending June 30, 2009. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of *existing* pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the document excludes pollution *prevention* or *control* obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and postclosure care and nuclear power plant decommissioning.

Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", issued June 2007, will be effective for the fiscal year ending June 30, 2010. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets.

Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", issued November 2007, will be effective for the fiscal year ending June 30, 2009. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value.

Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", issued June 2008, will be effective for the fiscal year ending June 30, 2010. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments.

**TOWN OF WESTBROOK, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
WESTBROOK RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS**

TOWN EMPLOYEES' RETIREMENT SYSTEM

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarially Accrued Liability (AAL) Projected Unit Credit (b)	(Over) Under Funded AAL (a-b)	Funded AAL Ratio (a-b)	Covered Payroll (d)	Unfunded Actuarial Accrued Over/Under Funded AAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2002	\$ 3,612,351	\$ 3,017,771	(\$ 594,580)	119.7 %	\$ 1,554,029	(38.3) %
2003	N/A	N/A	N/A	N/A	N/A	N/A
2004	3,729,011	3,767,642	38,631	99.0	2,040,654	1.9
2005	4,034,627	4,075,099	40,472	99.0	2,184,912	1.9
2006	4,379,128	4,342,928	(36,200)	100.8	2,112,093	(1.7)
2007	5,324,031	5,585,365	261,334	95.3	2,274,681	11.5

VOLUNTEER FIREFIGHTERS' PENSION

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarially Accrued Liability (AAL) Projected Unit Credit (b)	(Over) Under Funded AAL (a-b)	Funded AAL Ratio (a-b)	Covered Payroll (d)	Unfunded Actuarial Accrued Over/Under Funded AAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2002	\$ 352,552	\$ 597,737	\$ 245,185	59.0 %	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A	N/A
2004	411,558	954,483	542,925	43.1	N/A	N/A
2005	N/A	N/A	N/A	N/A	N/A	N/A
2006	463,015	1,027,805	564,790	45.0	N/A	N/A
2007	526,511	1,089,161	562,650	48.3	N/A	N/A

CONSTABLES' PENSION

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarially Accrued Liability (AAL) Projected Unit Credit (b)	(Over) Under Funded AAL (a-b)	Funded AAL Ratio (a-b)	Covered Payroll (d)	Unfunded Actuarial Accrued Over/Under Funded AAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2007	\$ -	\$ 58,151	\$ 58,151	0.0 %	N/A	N/A

N/A - Not Available

GENERAL FUND

The general fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the town (i.e., general government, public safety, public works, health, social services, recreation, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

**TOWN OF WESTBROOK, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Taxes, Interest and Lien Fees:				
General property taxes	\$ 19,456,959	\$ 19,456,959	\$ 19,172,135	(\$ 284,824)
Interest and lien fees	70,000	70,000	97,536	27,536
Telecommunication tax	50,000	50,000	40,897	(9,103)
Total Taxes, Interest and Lien Fees	19,576,959	19,576,959	19,310,568	(266,391)
Intergovernmental:				
Mashantucket Pequot funds	23,214	23,214	31,824	8,610
Grant in lieu of taxes	48,260	48,260	52,798	4,538
Elderly tax relief	35,000	35,000	43,545	8,545
Boat tax reimbursements	111,911	111,911	111,912	1
Property tax relief - vets	4,000	4,000	6,578	2,578
Town aid road fund	79,143	79,143	107,881	28,738
Educational equalization (ECS)	321,122	321,122	443,092	121,970
Adult education	930	930	1,287	357
School building grants	497,859	497,859	497,860	1
Miscellaneous State revenues	10,000	10,000	21,764	11,764
PILOT: manufacturers' machinery	200,000	200,000	182,267	(17,733)
Private duty reimbursement	25,000	25,000	125,235	100,235
Special education	85,000	85,000	151,601	66,601
School transportation	12,724	12,724	11,466	(1,258)
DUI enforcement	15,000	15,000	17,847	2,847
Federal wildlife	7,000	7,000	6,067	(933)
Payment in lieu of taxes	14,600	14,600	16,043	1,443
Total Intergovernmental	1,490,763	1,490,763	1,829,067	338,304
Charges for Services:				
Fees:				
Town clerk fees	60,000	60,000	79,287	19,287
Conveyance tax	125,000	125,000	174,275	49,275
Conservation land records	-	-	7,563	7,563
Bulky waste	30,000	30,000	45,632	15,632
Planning and zoning	25,000	25,000	33,324	8,324
Nursing fees	390,000	390,000	362,383	(27,617)
Library fees and fines	1,000	1,000	2,438	1,438
Board of recreation fees	195,000	195,000	203,760	8,760
Riggio building rent	12,000	12,000	13,530	1,530
Boca education fee	-	-	682	682
Total Fees	838,000	838,000	922,874	84,874
Licenses and Permits:				
Building permits	150,000	150,000	315,483	165,483
Sanitation permits	10,000	10,000	10,715	715
Beach permits	5,500	5,500	6,400	900
Miscellaneous	500	500	1,405	905
Total Licenses and Permits	166,000	166,000	334,003	168,003

. . . Continued . . .

**TOWN OF WESTBROOK, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008
... Continued ...**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other Revenues:				
Motor vehicle fines	\$ 650	\$ 650	\$ 600	(\$ 50)
Miscellaneous	10,000	194,065	199,897	5,832
Total Other Revenues	<u>10,650</u>	<u>194,715</u>	<u>200,497</u>	<u>5,782</u>
Total Charges for Services	<u>1,014,650</u>	<u>1,198,715</u>	<u>1,457,374</u>	<u>258,659</u>
Investment Income:				
Interest income	175,000	175,000	233,722	58,722
School building bond interest	20,000	20,000	-	(20,000)
Total Investment Income	<u>195,000</u>	<u>195,000</u>	<u>233,722</u>	<u>38,722</u>
Total Revenues	<u>22,277,372</u>	<u>22,461,437</u>	<u>22,830,731</u>	<u>369,294</u>
Other Financing Sources:				
Appropriation of fund balance	-	590,977	-	(590,977)
Transfer in	-	190,935	316,128	125,193
Total Other Financing Sources	<u>-</u>	<u>781,912</u>	<u>316,128</u>	<u>(465,784)</u>
Total Revenues and Other Financing Sources	<u>\$ 22,277,372</u>	<u>\$ 23,243,349</u>	<u>\$ 23,146,859</u>	<u>(\$ 96,490)</u>

**TOWN OF WESTBROOK, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
General Government:				
Legislative:				
Town meeting	\$ 3,500	\$ 3,500	\$ 3,500	\$ -
Executive:				
Chief elected officer	302,483	313,983	299,790	14,193
Total Chief Elected Official	302,483	313,983	299,790	14,193
Judicial:				
Probate court	3,380	3,380	1,900	1,480
Elections:				
Administration	23,264	22,215	16,564	5,651
Primary elections	2,650	4,552	4,433	119
General elections	8,375	7,522	7,494	28
Special elections	7,400	7,400	2,335	5,065
Total Elections	41,689	41,689	30,826	10,863
Finance:				
Treasurer	55,622	73,622	71,667	1,955
Assessor	97,210	116,210	107,787	8,423
Tax collector	107,102	107,102	90,868	16,234
Total Finance	259,934	296,934	270,322	26,612
Law:				
Legal services	40,000	43,500	43,260	240
Recording and Reporting:				
Town clerk	90,197	89,316	88,090	1,226
Recording	23,135	29,016	29,015	1
Total Recording and Reporting	113,332	118,332	117,105	1,227
Administrative Boards and Commissions:				
Board of tax review	2,723	2,873	2,869	4
Board of finance	41,475	41,475	38,641	2,834
ADA compliance	500	500	360	140
Total Administrative Boards and Commissions	44,698	44,848	41,870	2,978
Civil Preparedness:				
Emergency management	14,272	14,272	14,173	99

. . . Continued . . .

**TOWN OF WESTBROOK, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008
... Continued ...**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Planning and Zoning:				
Planning commission	\$ 113,020	\$ 113,020	\$ 65,751	\$ 47,269
Zoning commission	77,829	80,207	80,206	1
Zoning board of appeals	12,590	12,590	8,063	4,527
Total Planning and Zoning	<u>203,439</u>	<u>205,817</u>	<u>154,020</u>	<u>51,797</u>
Town Center	<u>1,600</u>	<u>1,600</u>	<u>893</u>	<u>707</u>
Land Use	<u>52,900</u>	<u>55,426</u>	<u>55,289</u>	<u>137</u>
Housing:				
Housing Authority	250	250	-	250
Fair rent	100	100	-	100
Total Housing	<u>350</u>	<u>350</u>	<u>-</u>	<u>350</u>
Conservation Commission	<u>11,244</u>	<u>11,244</u>	<u>10,118</u>	<u>1,126</u>
Economic Development	<u>1,327</u>	<u>1,327</u>	<u>1,123</u>	<u>204</u>
Inlands Wetlands	<u>44,429</u>	<u>44,429</u>	<u>40,361</u>	<u>4,068</u>
Pension Contributions:				
Town	107,800	107,800	100,905	6,895
Police department	10,400	10,400	10,400	-
Fire department	75,000	75,000	75,000	-
Total Pension Contributions	<u>193,200</u>	<u>193,200</u>	<u>186,305</u>	<u>6,895</u>
Social Security	<u>163,659</u>	<u>163,659</u>	<u>156,847</u>	<u>6,812</u>
Workers' Compensation	<u>95,800</u>	<u>95,800</u>	<u>86,865</u>	<u>8,935</u>
Life Insurance	<u>13,200</u>	<u>13,200</u>	<u>6,579</u>	<u>6,621</u>
Health/Dental Insurance	<u>618,783</u>	<u>618,783</u>	<u>618,783</u>	<u>-</u>
Municipal Insurance	<u>241,600</u>	<u>241,600</u>	<u>204,868</u>	<u>36,732</u>
Total General Government	<u>2,464,819</u>	<u>2,526,873</u>	<u>2,344,797</u>	<u>182,076</u>
Public Safety:				
Public Safety:				
Street lighting	75,000	81,292	81,421	(129)
Fire hydrants	202,120	202,592	202,635	(43)
Communications	90,703	90,703	90,702	1
Traffic signals	2,200	2,599	2,319	280
Total Public Safety	<u>370,023</u>	<u>377,186</u>	<u>377,077</u>	<u>109</u>

... Continued ...

**TOWN OF WESTBROOK, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008
... Continued ...**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Police Protection:				
Protection and training	\$ 16,245	\$ 16,245	\$ 16,214	\$ 31
Resident State trooper	315,250	315,068	314,909	159
Harbor patrol	7,600	7,600	7,170	430
Police vehicle service	21,100	24,200	24,155	45
Constables	247,350	266,391	266,391	-
ADV-traffic authority	1,400	1,400	898	502
Game warden	300	300	-	300
Total Police Protection	609,245	631,204	629,737	1,467
Fire Protection:				
Training	14,495	12,495	11,809	686
Fire prevention	3,000	3,000	2,997	3
Fire protection	185,127	188,127	187,822	305
Fire station building	59,950	58,950	58,083	867
Fire marshal	18,721	18,721	18,695	26
Fire commissioners	749	749	268	481
Open burning official	1,000	1,000	1,000	-
Total Fire Protection	283,042	283,042	280,674	2,368
Total Public Safety	1,262,310	1,291,432	1,287,488	3,944
Public Works:				
Public Works Department:				
Public works	311,721	311,721	299,420	12,301
Roads	186,500	186,500	182,030	4,470
Total Public Works Department	498,221	498,221	481,450	16,771
Sanitation and Waste Disposal:				
Water pollution control commission	63,754	63,754	6,312	57,442
Waste disposal engineering	15,000	15,000	4,413	10,587
Waste collection and disposal	96,000	96,000	51,716	44,284
Landfill	109,838	109,838	79,246	30,592
Total Sanitation and Waste Disposal	284,592	284,592	141,687	142,905
General Engineering	3,000	3,000	-	3,000
Municipal Buildings:				
Mulvey center	242,122	242,122	229,507	12,615
Garage	12,700	13,700	13,332	368
Community center	1,745	1,745	-	1,745
Academy building	9,800	9,800	7,064	2,736
Riggio	21,816	31,716	27,403	4,313
Town buildings and land	23,825	23,825	22,550	1,275
Total Municipal Buildings	312,008	322,908	299,856	23,052
Equipment Maintenance and Repair	53,850	53,850	49,737	4,113
Total Public Works	1,151,671	1,162,571	972,730	189,841

... Continued ...

**TOWN OF WESTBROOK, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008
... Continued ...**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Health and Welfare:				
Inspections:				
Building inspections	\$ 72,964	\$ 74,364	\$ 73,179	\$ 1,185
Harbor Commissions	3,918	3,918	2,762	1,156
Shellfish Commissions	85	85	-	85
Health:				
Director of health	6,240	6,240	6,240	-
Remediation/testing	10,400	10,880	10,880	-
Public health nursing	376,998	376,998	337,471	39,527
Sanitarian	60,500	63,500	63,400	100
Total Health	454,138	457,618	417,991	39,627
Human Resources:				
Social services	4,550	4,550	4,457	93
Elderly Programs	50,221	58,296	57,387	909
Total Human Resources	54,771	62,846	61,844	1,002
Total Health and Welfare	585,876	598,831	555,776	43,055
Culture and Recreation:				
Libraries	296,742	296,742	273,466	23,276
Recreation:				
Recreation administration	89,132	86,932	85,289	1,643
Activities	160,325	162,525	162,350	175
Swimming	23,176	23,176	19,421	3,755
Total Recreation	272,633	272,633	267,060	5,573
Parks	177,498	177,498	165,635	11,863
Total Culture and Recreation	746,873	746,873	706,161	40,712

... Continued ...

**TOWN OF WESTBROOK, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008
... Continued ...**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Board of Education	12,522,543	12,522,543	12,522,510	33
Debt Services:				
Bonding Administration Fees	-	1,100	1,100	-
Debt Payment - Interest:				
1992 school bonds	198,450	198,450	198,450	-
1994 school bonds	92,610	92,610	92,610	-
2004 school bonds	383,250	383,250	383,250	-
2004 open space bonds	70,863	70,863	70,863	-
2006 school bonds	36,843	36,843	36,843	-
2006 general purpose bonds	102,076	102,076	102,076	-
2007 middle school bonds	360,938	360,938	360,938	-
2007 Library Interest	144,250	144,250	144,250	-
Total Debt Payment - Interest	1,389,280	1,389,280	1,389,280	-
Debt Payment - Principal:				
1992 school bonds	630,000	630,000	630,000	-
1994 school bonds	315,000	315,000	315,000	-
2004 school bonds	400,000	400,000	400,000	-
2004 open space bonds	110,000	110,000	110,000	-
2006 school bonds	33,000	133,000	133,000	-
2006 general purpose bonds	92,000	367,000	367,000	-
Total Debt Payment - Principal	1,580,000	1,955,000	1,955,000	-
Total Debt Service	2,969,280	3,345,380	3,345,380	-
Total Expenditures	21,703,372	22,194,503	21,734,842	459,661
Other Financing Uses:				
Transfers out - capital nonrecurring fund	195,000	270,151	270,151	-
Transfers out - capital nonrecurring fund	219,000	618,695	618,695	-
Transfers out - assessor's evaluation	20,000	20,000	20,000	-
Transfers out - dog fund	20,000	20,000	20,000	-
Transfers out - insurance fund	10,000	10,000	10,000	-
Total Other Financing Uses	464,000	938,846	938,846	-
Total Expenditures and Other Financing Uses	\$ 22,167,372	\$ 23,133,349	\$ 22,673,688	\$ 459,661

**TOWN OF WESTBROOK, CONNECTICUT
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2008**

Grand List Year	Uncollected Taxes July 1, 2007	Current Year Levy	Lawful Corrections		Transfers to Suspende	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2008
			Additions	Deductions			Taxes	Interest & Lien Fees	Total	
1991	\$ 4,916	\$ -	\$ -	\$ 4,916	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1992	5,403	-	-	-	-	5,403	-	-	-	5,403
1993	5,634	-	-	-	-	5,634	-	-	-	5,634
1994	5,546	-	-	-	-	5,546	-	-	-	5,546
1995	5,576	-	-	-	-	5,576	-	-	-	5,576
1996	5,441	-	-	-	-	5,441	-	-	-	5,441
1997	7,156	-	-	-	-	7,156	-	-	-	7,156
1998	6,302	-	-	-	-	6,302	-	-	-	6,302
1999	35,890	-	-	-	27,514	8,376	368	475	843	8,008
2000	21,596	-	-	-	14,322	7,274	680	583	1,263	6,594
2001	19,576	-	-	-	11,246	8,330	-	8	8	8,330
2001	24,822	-	-	-	17,727	7,095	1,502	980	2,482	5,593
2003	26,528	-	-	422	16,167	9,939	2,650	2,044	4,694	7,289
2004	53,085	-	3,266	752	-	55,599	14,351	5,156	19,507	41,248
2005	202,522	-	3,597	2,198	-	203,921	115,270	27,141	142,411	88,651
Total Prior Years	429,993	-	6,863	8,288	86,976	341,592	134,821	36,387	171,208	206,771
2006	-	19,310,150	4,350	71,987	-	19,242,513	18,996,111	58,576	19,054,687	246,402
Total	<u>\$ 429,993</u>	<u>\$ 19,310,150</u>	<u>\$ 11,213</u>	<u>\$ 80,275</u>	<u>\$ 86,976</u>	<u>\$ 19,584,105</u>	<u>\$ 19,130,932</u>	<u>\$ 94,963</u>	19,225,895	<u>\$ 453,173</u>

* Uncollected taxes eliminated pursuant to Section 12-165 of the CT General Statutes.

Property taxes considered available

June 30, 2007	(54,932)
June 30, 2008	89,131

Total Property Tax Revenues \$ 19,260,094

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are designated or legally restricted to expenditures for specific purposes.

**TOWN OF WESTBROOK, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2008**

	Special Revenue Funds					
	School Cafeteria Fund	Dog Fund	Insurance Fund	Conservation Fund	Open Space Preservation Fund	Westbrook Library Fund
<u>ASSETS</u>						
Cash	\$ 9,304	\$ 18,566	\$ 59,529	\$ -	\$ 60,205	\$ 232,011
Investments	-	-	-	-	-	151,053
Receivables:						
Intergovernmental	7,997	-	-	-	-	-
Other	-	2,616	-	-	-	475
Due from other funds	-	-	-	298	-	39,748
	<u>\$ 17,301</u>	<u>\$ 21,182</u>	<u>\$ 59,529</u>	<u>\$ 298</u>	<u>\$ 60,205</u>	<u>\$ 423,287</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liability:						
Accounts payable	\$ -	\$ 4,630	\$ 855	\$ -	\$ -	\$ -
Unearned revenues	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
	<u>-</u>	<u>4,630</u>	<u>855</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	-	4,630	855	-	-	-
Fund Balances:						
Unreserved and undesignated	17,301	16,552	58,674	298	60,205	423,287
	<u>17,301</u>	<u>16,552</u>	<u>58,674</u>	<u>298</u>	<u>60,205</u>	<u>423,287</u>
Total liabilities and fund balances	<u>\$ 17,301</u>	<u>\$ 21,182</u>	<u>\$ 59,529</u>	<u>\$ 298</u>	<u>\$ 60,205</u>	<u>\$ 423,287</u>

... Continued ...

**TOWN OF WESTBROOK, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2008
...Continued...**

	Special Revenue Funds					
	Detention Ponds Fund	Town Improvement Program	Special Education Grants	Westbrook Nurses Fund	Small Cities Repayment Fund	DEP Conservation Fund
<u>ASSETS</u>						
Cash	\$ 52,550	\$ -	\$ -	\$ 9,501	\$ 72,179	\$ 2,729
Investments	-	-	-	-	-	-
Receivables:						
Intergovernmental	-	-	-	-	-	407
Other	-	-	-	-	-	-
Due from other funds	-	35,529	-	2,646	-	-
	-	35,529	-	2,646	-	-
Total assets	\$ 52,550	\$ 35,529	\$ -	\$ 12,147	\$ 72,179	\$ 3,136
<u>LIABILITIES AND FUND BALANCES</u>						
Liability:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned revenues	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-
Fund Balances:						
Unreserved and undesignated	52,550	35,529	-	12,147	72,179	3,136
Total liabilities and fund balances	\$ 52,550	\$ 35,529	\$ -	\$ 12,147	\$ 72,179	\$ 3,136

... Continued ...

TOWN OF WESTBROOK, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2008
...Continued...

	Special Revenue Funds						Total
	Recreation Concert Series	Weatherhead Medical Fund	Document Preservation Fund	Family Fun Day Fund	West Beach Playground Fund	Evictions Fund	
<u>ASSETS</u>							
Cash	\$ -	\$ -	\$ 20,194	\$ 4,594	\$ 1,918	\$ 1,162	\$ 544,442
Investments	-	-	-	-	-	-	151,053
Receivables:							
Intergovernmental	-	-	-	-	-	-	8,404
Other	-	-	206	-	-	-	3,297
Due from other funds	<u>2,307</u>	<u>2,509</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,037</u>
Total assets	<u>\$ 2,307</u>	<u>\$ 2,509</u>	<u>\$ 20,400</u>	<u>\$ 4,594</u>	<u>\$ 1,918</u>	<u>\$ 1,162</u>	<u>\$ 790,233</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ 330	\$ -	\$ -	\$ 5,815
Unearned revenues	-	-	-	-	-	-	-
Due to other funds	<u>950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>950</u>
Total Liabilities	950	-	-	330	-	-	6,765
Fund Balances:							
Unreserved and undesignated	<u>1,357</u>	<u>2,509</u>	<u>20,400</u>	<u>4,264</u>	<u>1,918</u>	<u>1,162</u>	<u>783,468</u>
Total liabilities and fund balances	<u>\$ 2,307</u>	<u>\$ 2,509</u>	<u>\$ 20,400</u>	<u>\$ 4,594</u>	<u>\$ 1,918</u>	<u>\$ 1,162</u>	<u>\$ 790,233</u>

TOWN OF WESTBROOK, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue Funds					
	School Cafeteria Fund	Dog Fund	Insurance Fund	Conservation Fund	Open Space Preservation Fund	Westbrook Library Fund
Revenues:						
Intergovernmental	\$ 73,955	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	207,628	6,989	805	-	-	4,245
Contributions	-	-	-	-	-	89,293
Investment income	-	131	318	-	86	11,533
Total revenues	281,583	7,120	1,123	-	86	105,071
Expenditures:						
Current:						
General government	-	26,333	13,222	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	33,004
Education	290,035	-	-	-	-	-
Total expenditures	290,035	26,333	13,222	-	-	33,004
Excess (deficiency) of revenues over expenditures	(8,452)	(19,213)	(12,099)	-	86	72,067
Other financing sources:						
Transfers in	-	20,000	10,000	-	-	-
Net change in fund balances	(8,452)	787	(2,099)	-	86	72,067
Fund balances - July 1, 2007	25,753	15,765	60,773	298	60,119	351,220
Fund balances - June 30, 2008	<u>\$ 17,301</u>	<u>\$ 16,552</u>	<u>\$ 58,674</u>	<u>\$ 298</u>	<u>\$ 60,205</u>	<u>\$ 423,287</u>

. . . Continued . . .

TOWN OF WESTBROOK, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR YEAR ENDED JUNE 30, 2008
... Continued ...

	Special Revenue Funds					
	Detention Ponds Fund	Town Improvement Program	Special Education Grants	Westbrook Nurses Fund	Small Cities Repayment Fund	DEP Conservation Fund
Revenues:						
Intergovernmental	\$ -	\$ -	\$ 212,496	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	19,830	2,280
Contributions	-	-	-	1,841	-	-
Investment income	268	-	-	-	298	-
Total revenues	<u>268</u>	<u>-</u>	<u>212,496</u>	<u>1,841</u>	<u>20,128</u>	<u>2,280</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	522
Health and welfare	-	-	-	1,466	-	-
Culture and recreation	-	-	-	-	-	-
Education	-	-	212,496	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>212,496</u>	<u>1,466</u>	<u>-</u>	<u>522</u>
Excess (deficiency) of revenues over expenditures	268	-	-	375	20,128	1,758
Other financing sources:						
Transfers in	-	-	-	-	-	-
Net change in fund balances	268	-	-	375	20,128	1,758
Fund balances - July 1, 2007	<u>52,282</u>	<u>35,529</u>	<u>-</u>	<u>11,772</u>	<u>52,051</u>	<u>1,378</u>
Fund balances - June 30, 2008	<u>\$ 52,550</u>	<u>\$ 35,529</u>	<u>\$ -</u>	<u>\$ 12,147</u>	<u>\$ 72,179</u>	<u>\$ 3,136</u>

... Continued ...

TOWN OF WESTBROOK, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR YEAR ENDED JUNE 30, 2008
. . . Continued . . .

	Special Revenue Funds						Total
	Recreation Concert Series	Weatherhead Medical Fund	Document Preservation Fund	Family Fun Day Fund	West Beach Playground Fund	Evictions Fund	
Revenues:							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 286,451
Charges for services	-	-	2,569	3,744	1,400	400	249,890
Contributions	-	-	-	-	-	-	91,134
Investment income	-	-	113	-	9	4	12,760
	<u>-</u>	<u>-</u>	<u>2,682</u>	<u>3,744</u>	<u>1,409</u>	<u>404</u>	<u>640,235</u>
Total revenues							
Expenditures:							
Current:							
General government	-	-	7,234	-	1,500	-	48,811
Health and welfare	-	-	-	-	-	-	1,466
Culture and recreation	-	-	-	3,484	-	-	36,488
Education	-	-	-	-	-	-	502,531
	<u>-</u>	<u>-</u>	<u>7,234</u>	<u>3,484</u>	<u>1,500</u>	<u>-</u>	<u>589,296</u>
Total expenditures							
Excess (deficiency) of revenues over expenditures	-	-	(4,552)	260	(91)	404	50,939
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	30,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Net change in fund balances	-	-	(4,552)	260	(91)	404	80,939
Fund balances - July 1, 2007	1,357	2,509	24,952	4,004	2,009	758	702,529
Fund balances - June 30, 2008	<u>\$ 1,357</u>	<u>\$ 2,509</u>	<u>\$ 20,400</u>	<u>\$ 4,264</u>	<u>\$ 1,918</u>	<u>\$ 1,162</u>	<u>\$ 783,468</u>

Fiduciary Funds

Fiduciary funds are used to account for assets held by the town in a trustee capacity for individuals, private organizations or other governments.

Agency Funds

Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

**TOWN OF WESTBROOK, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2008</u>
<u>ASSETS</u>				
Cash:				
Student activities	\$ 82,942	\$ 356,432	\$ 371,673	\$ 67,701
Performance bonds	<u>371,771</u>	<u>214,980</u>	<u>96,213</u>	<u>490,538</u>
Total cash	<u>454,713</u>	<u>571,412</u>	<u>467,886</u>	<u>558,239</u>
Investments:				
Student activities	61,621	1,111	1,200	61,532
Westbrook library	<u>31,600</u>	<u>1,299</u>	<u>-</u>	<u>32,899</u>
Total investments	<u>93,221</u>	<u>2,410</u>	<u>1,200</u>	<u>94,431</u>
Total Assets	<u>\$ 547,934</u>	<u>\$ 573,822</u>	<u>\$ 469,086</u>	<u>\$ 652,670</u>
<u>LIABILITIES</u>				
Accounts Payable:				
Student activities	\$ 144,563	\$ 357,543	\$ 372,873	\$ 129,233
Performance bonds	371,771	214,980	96,213	490,538
Westbrook library	<u>31,600</u>	<u>1,299</u>	<u>-</u>	<u>32,899</u>
Total Liabilities	<u>\$ 547,934</u>	<u>\$ 573,822</u>	<u>\$ 469,086</u>	<u>\$ 652,670</u>

**TOWN OF WESTBROOK, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2008**

Total Tax Collections (including interest and lien fees) for the year ended June 30, 2008: Town of Westbrook	\$ 19,260,094
Reimbursement for Revenue Loss: Tax relief for elderly freeze	<u>2,000</u>
Base for Debt Limitation Computation	<u><u>\$ 19,262,094</u></u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation: (1)					
2 1/4 times base	\$ 43,339,712	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	86,679,423	-	-	-
3 3/4 times base	-	-	72,232,853	-	-
3 1/4 times base	-	-	-	62,601,806	-
3 times base	-	-	-	-	57,786,282
 Total Debt Limitation	 <u>43,339,712</u>	 <u>86,679,423</u>	 <u>72,232,853</u>	 <u>62,601,806</u>	 <u>57,786,282</u>
 Indebtedness:					
Bonds payable	7,915,000	23,005,000	-	-	-
Authorized and unissued bonds	-	6,897,400	-	-	-
Less school building grants	-	(1,544,394)	-	-	-
 Net Indebtedness	 <u>7,915,000</u>	 <u>28,358,006</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Debt Limitation in Excess of Outstanding Debt	 <u><u>\$ 35,424,712</u></u>	 <u><u>\$ 58,321,417</u></u>	 <u><u>\$ 72,232,853</u></u>	 <u><u>\$ 62,601,806</u></u>	 <u><u>\$ 57,786,282</u></u>

(1) The total of the above net indebtedness amounts to: \$ 36,273,006

In no event shall total indebtedness exceed seven times the base debt limitation computation: \$ 134,834,658

There is no overlapping debt.

TOWN OF WESTBROOK, CONNECTICUT
NET ASSETS BY COMPONENT
LAST FIVE YEARS
(UNAUDITED)

	Fiscal Year Ended				
	2008	2007 As restated	2006	2005	2004
Governmental Activities:					
Invested in capital assets, net of related debt	\$ 24,336,710	\$ 19,771,746	\$ 21,398,285	\$ 15,415,905	\$ 18,823,243
Restricted for capital projects	399,696	2,806,008	190,918	1,913,188	-
Restricted for nonexpendable permanent endowments	34,074	-	-	-	-
Unrestricted	5,745,262	5,137,018	6,437,602	2,838,697	(807,729)
Total Net Assets	\$ 30,515,742	\$ 27,714,772	\$ 28,026,805	\$ 20,167,790	\$ 18,015,514

TOWN OF WESTBROOK, CONNECTICUT
CHANGES IN NET ASSETS
LAST FIVE YEARS
(UNAUDITED)

	Fiscal Year Ended				
	2008	2007	2006	2005	2004
Expenses:					
Governmental activities:					
General government	\$ 1,143,085	\$ 1,769,310	\$ 1,747,589	\$ 1,511,043	\$ 1,995,202
Public safety	557,242	1,507,560	1,412,971	1,402,775	1,276,318
Public works	740,027	1,522,152	1,176,565	1,187,238	971,263
Health and welfare	18,300,874	645,645	642,175	629,105	496,847
Culture and recreation	1,367,985	728,258	628,710	717,494	633,494
Education	0	12,844,223	12,144,473	11,048,686	11,215,803
Interest expense	25,496,008	1,407,463	1,309,007	1,034,958	848,386
Total expenses	<u>47,605,221</u>	<u>20,424,611</u>	<u>19,061,490</u>	<u>17,531,299</u>	<u>17,437,313</u>
Program Revenues:					
Governmental activities:					
Charges for services:					
General government	45,632	525,715	555,726	495,314	635,195
Public safety	362,383	6,732	7,570	6,144	6,556
Public works	214,187	43,510	51,603	45,322	37,132
Health and welfare	207,628	346,992	402,162	426,971	380,895
Culture and recreation	-	213,928	177,414	176,055	168,619
Education	-	212,862	224,499	210,540	197,824
Operating grants and contributions	-	1,417,907	1,335,872	970,430	1,158,264
Capital grants and contributions	-	45,000	5,445,527	1,011,600	374,535
Total program revenues	<u>829,830</u>	<u>2,812,646</u>	<u>8,200,373</u>	<u>3,342,376</u>	<u>2,959,020</u>
Net Expenses:					
Governmental activities	<u>(46,775,391)</u>	<u>(17,611,965)</u>	<u>(10,861,117)</u>	<u>(14,188,923)</u>	<u>(14,478,293)</u>
General Revenues and Other Changes in Net Assets:					
Governmental activities:					
Property taxes	376,184	17,956,139	17,065,027	15,673,501	14,519,299
Grants and contributions not restricted to specific programs	0	646,795	608,357	531,525	517,360
Investment income	20,153,682	477,088	319,624	213,612	65,433
Total governmental activities	<u>20,529,866</u>	<u>19,080,022</u>	<u>17,993,008</u>	<u>16,418,638</u>	<u>15,102,092</u>
Change in Net Assets	<u>(\$ 26,245,525)</u>	<u>\$ 1,468,057</u>	<u>\$ 7,131,891</u>	<u>\$ 2,229,715</u>	<u>\$ 623,799</u>

S E W A R D A N D M O N D E
CERTIFIED PUBLIC ACCOUNTANTS
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Finance
Town of Westbrook
Westbrook, Connecticut

Dear Board Members:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Westbrook, Connecticut as of and for the year ended June 30, 2008 which collectively comprise the Town of Westbrook, Connecticut's basic financial statements and have issued our report thereon dated February 27, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Westbrook, Connecticut's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Westbrook, Connecticut's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and a deficiency that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Westbrook, Connecticut's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Westbrook, Connecticut's financial statements that is more than inconsequential will not be prevented or detected by the Town of Westbrook, Connecticut's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. The deficiencies are described in items No. 2008-02 and No. 2008-07.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Westbrook, Connecticut's internal control. The material weakness is described in item No. 2008-01.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Westbrook, Connecticut's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Town of Westbrook, Connecticut in a separate letter dated February 27, 2009.

This report is intended solely for the information and use of management, the Board of Finance the Office of Policy and Management, and State of Connecticut awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Seward and Monde

North Haven, Connecticut
February 27, 2009

SEWARD AND MONDE
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE STATE
SINGLE AUDIT ACT, AND ON THE SCHEDULE OF EXPENDITURES
OF STATE FINANCIAL ASSISTANCE

Board of Finance
Town of Westbrook
Westbrook, Connecticut

Compliance

We have audited the compliance of the Town of Westbrook, Connecticut with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that are applicable to each of its major state programs for the year ended June 30, 2008. The Town of Westbrook, Connecticut's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Town of Westbrook, Connecticut's management. Our responsibility is to express an opinion on the Town of Westbrook, Connecticut's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Westbrook, Connecticut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Westbrook, Connecticut's compliance with those requirements.

In our opinion, the Town of Westbrook, Connecticut complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the Town of Westbrook, Connecticut is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Town of Westbrook, Connecticut's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Westbrook, Connecticut's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of State Financial Assistance

We have audited the financial statements of the government activities, each major fund, and the aggregate remaining fund information of the Town of Westbrook, Connecticut as of and for the year ended June 30, 2008, and have issued our report thereon dated February 27, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Town of Westbrook, Connecticut's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The report is intended solely for the information and use of management, the Board of Finance, the Office of Policy and Management, and State awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Seward and Monde

North Haven, Connecticut
February 27, 2009

TOWN OF WESTBROOK
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2008

State Grantor Pass-Through Grantor Program Title	State Grant Program Core-CT Number	Expenditures
<u>Department of Education:</u>		
Child Nutrition Program-School Lunch-State Match	11000-SDE64000-16073	\$ 3,462
Healthy Food Certification	11000-SDE64000-16072	7,636
Adult Education	11000-SDE64000-17030	1,287
Youth Service Bureau	11000-SDE64000-17052	14,000
Youth Service Bureau Enhancement	11000-SDE64000-16201	3,000
<u>Office of Policy and Management:</u>		
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17011	622
Property Tax Relief for Elderly Homeowners-Freeze Program	11000-OPM20600-17018	40,923
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17021	2,000
Property Tax Relief for Veterans	11000-OPM20600-17024	6,578
PILOT-Property Tax Relief for Manufacturing Machinery and Equipment and Commercial Vehicles	11000-OPM20600-17031	182,267
<u>Department of Environmental Protection</u>		
Environmental Conservation	12027-DEP44165-40205	719
<u>Department of Transportation:</u>		
Town Aid Road Grants Transportation Fund	12001-DOT57000-17036	107,881
<u>Connecticut State Library:</u>		
Construction Grants to Public Libraries	12060-CSL66094-35150	450,000
State Grants to Public Libraries	11000-CSL66051-17003	1,392
Connecticard Payments	11000-CSL66051-17010	567
<u>Office of State Comptroller:</u>		
Payment in Lieu of Taxes (PILOT) on State Owned Property	11000-OSC15910-17004	52,798
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	31,824
Boat Grant	12027-OSC15910-40211	111,912

. . . Continued . . .

**TOWN OF WESTBROOK
SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2008
. . . Continued . . .**

State Grantor Pass-Through Grantor Program Title	State Grant Program Core-CT Number	Expenditures
<u>Department of Public Health:</u>		
Local and district Departments of Health	11000-DPH48558-17009	<u>3,234</u>
<u>Department of Special Revenue:</u>		
Bingo Payment	34000-DSR18309-42350	<u>24</u>
<u>Judicial Branch:</u>		
Parking Fines	34000-JUD95162-40001	<u>14,210</u>
<u>Secretary of State:</u>		
Other Expenses	11000-SOS12500-10020	<u>3,031</u>
Total State Financial Assistance Before Exempt Programs		<u>1,039,367</u>
EXEMPT PROGRAMS:		
Transportation of School Children	11000-SDE64000-17027	11,466
Education Cost Sharing	11000-SDE64000-17041	443,092
Special Education: Excess Costs Student Based and Equity	11000-SDE64000-17047	151,601
School Construction Projects - Interest Subsidy	13009-SDE64000-40896	88,528
School Construction Projects - Principal Subsidy	13010-SDE64000-40901	<u>409,331</u>
		<u>\$ 1,104,018</u>

**TOWN OF WESTBROOK
STATE FINANCIAL ASSISTANCE PROGRAMS
NOTES TO SCHEDULE
For the Year Ended June 30, 2008**

Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Westbrook through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including property tax relief, education, road and highway maintenance, and library construction.

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Westbrook conform to accounting principles generally accepted in the United States of America, as applicable to governments. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of Accounting

The Government funds and the accompanying Schedule of Expenditures of State Financial assistance are presented on the modified accrual basis of accounting and a current financial resources measurement focus. The following is a summary of such a basis:

- Revenues are recognized when they become both measurable and available.
- Expenditures are recorded when a liability is incurred, except for debt service expenditures, compensated absences expenditures and claims and judgments, which are recorded when payment is due.

The government-wide, proprietary funds, and fiduciary funds financial statements contained in the Town of Westbrook's annual audit report are prepared on the accrual basis of accounting. The following is a summary of such basis:

- Revenues and gains are recognized when earned.
- Expenses and losses are recognized when incurred.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

**TOWN OF WESTBROOK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2008**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? X yes none reported

Noncompliance material to financial statements noted? yes X no

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes X none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? yes X no

- The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	<u>State Grant Program Identification Number</u>	<u>Expenditures</u>
<u>Office of Policy and Management</u>		
Pilot - Property Tax Relief for Manufacturing and Equipment and Commercial Vehicles	11000-OPM20600-17031	\$ 182,267
<u>Office of the State Comptroller</u>		
Boat Grant	12027-OSC15910-40211	111,912
<u>Department of Transportation</u>		
Town Aid Road Grants	12001-DOT57000-17036	107,881
<u>Connecticut State Library</u>		
Construction Grants to Public Libraries	11000-CSL66051-42758	450,000

II. FINANCIAL STATEMENT FINDINGS

- We issued reports, dated February 27, 2009 on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated the following material weakness:

2008-01 - RISK MANAGEMENT - ASSESSMENT, DOCUMENTATION AND MONITORING (CONTROL DEFICIENCY IN DESIGN AND OPERATION)

Condition - We did not find evidence that those charged with governance effected an adequate process to assess, document and monitor internal controls.

Criteria - Components of an entity's risk management as defined by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which is considered a recognized standard for internal control, states the following:

Enterprise risk management consists of eight interrelated components. These are derived from the way management runs an enterprise and are integrated with the management process. These components are:

- *Internal Environment* - The internal environment encompasses the tone of an organization, and sets the basis for how risk is viewed and addressed by an entity's people, including risk management philosophy and risk appetite, integrity and ethical values, and the environment in which they operate.
- *Objective Setting* - Objectives must exist before management can identify potential events affecting their achievement. Enterprise risk management ensures that management has in place a process to set objectives and that the chosen objectives support and align with the entity's mission and are consistent with its risk appetite.
- *Event Identification* - Internal and external events affecting achievement of an entity's objectives must be identified, distinguishing between risks and opportunities. Opportunities are channeled back to management's strategy or objective-setting processes.
- *Risk Assessment* - Risks are analyzed, considering likelihood and impact, as a basis for determining how they should be managed. Risks are assessed on an inherent and a residual basis.
- *Risk Response* - Management selects risk responses – avoiding, accepting, reducing, or sharing risk - developing a set of actions to align risks with the entity's risk tolerances and risk appetite.
- *Control Activities* - Policies and procedures are established and implemented to help ensure the risk responses are effectively carried out.
- *Information and Communication* - Relevant information is identified, captured, and communicated in a form and timeframe that enable people to carry out their responsibilities. Effective communication also occurs in a broader sense, flowing down, across, and up the entity.
- *Monitoring* - The entirety of enterprise risk management is monitored and modifications made as necessary. Monitoring is accomplished through ongoing management activities, separate evaluations, or both.

Context - We observed a variety of clerical errors, questionable business practices, control deficiencies and the lack of documentation or evidence of authorized procedures or processes effected for proper internal control including checks and balances. We noted that controls that were in use were more so self developed and initiated by employees, rather than through a proper risk assessment, design, documentation and monitoring process.

Effect - This matter is considered a material weakness whereby there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented or detected and corrected on a timely basis.

Cause - We surmise that adequate internal control may be too costly of a priority for the Town. The Town's present' capacity for delegating proper risk assessment, control design, documentation and monitoring is limited by part-time positions and budgetary constraints.

Recommendation - We recommend that the overall process for internal control over financial reporting be effected by those charged with governance. We would recommend that the responsibility for the design and operation be centralized along with delegating other primary responsibilities for various aspects amongst board members; management and department heads. This involvement would include the assessment of existing controls, design of controls, documentation of controls, and monitoring controls on a department by department basis.

We suggest that internal control elements would include for example:

- Documented narrative (also flow chart) of the accounting system and procedures for each department and Town as a whole and the incorporated internal control features.
- Written job descriptions for each department.
- Written procedural manuals for each department.
- Processing forms, checklists and documents that accompany the flow of transactions/documents from department to department and ultimately to the Treasurer's Office including review and approval by Department Head, evidenced by sign-off.
- Separation of duties.
- Internal Control Protocols established by the Boards and disseminated accordingly.
- Employee manuals.
- Documented and disseminated fraud policy.
- Conflict of interest statements.
- Written fraud policy, code of ethics and conduct.
- Boards and/or sub committee agendas that would include the discussion of internal control and management information reports that monitor controls.

Town Action - We advised the Town of this finding in the early stages of the audit process. We observed that the Town took corrective action to the extent practical under the circumstances. Outside consultants were engaged by the Town to assist the Treasurer's Office to identify any possible misstatements in the accounts and records of the Town. The newly elected Treasurer instituted new and expanded procedures to begin checking the accuracy and propriety of transactions. We understand that the Town intends to evaluate our findings and recommendations contained herein resulting from the completed audit process for possible further action.

- Our report on internal control over financial reporting identified the following significant deficiencies:

2008-02 - PREPARATION OF FINANCIAL STATEMENTS (repeat 2007-01)

Condition - The Town does not maintain a sufficient complement of personnel and appropriate skills, training and specific experience in the selection, application and implementation of generally accepted accounting principles commensurate with financial reporting requirements. This is common to organizations with a small staff.

Criteria - The Town does not prepare complete financial statements and notes to the financial statements in preparation of the audit in accordance with generally accepted accounting principles.

Context - The Town does not maintain a sufficient complement of personnel and appropriate skills, training and specific experience in the selection, application and implementation of generally accepted accounting principles commensurate with financial reporting requirements.

Effect - There is no effect.

Cause - There is a control deficiency that is a significant deficiency as defined by the current auditing literature regarding the preparation of financial statements.

Recommendation - None

2008-03 - INTERNAL CONTROL ENVIRONMENT – COMMUNICATION, COOPERATION AND TRUST (CONTROL DEFICIENCY IN OPERATION)

Condition - There appeared to be a disconnect and a lack of coordination amongst those responsible for the flow, authorization and approval of documentation including the procedures that make up the process of gathering and recording transactions for financial statement presentation. Authorization for establishing controls may have been misplaced or non existent. We suspected an environment of divisive factors including a lack of communication, cooperation and possibly trust, amongst those responsible for financial accountability.

Criteria - Proper internal controls require authorized systems and procedures based on assessment, design, documentation and monitoring together with suitable environment that includes communication, cooperation and trust.

Context - Very early on in the audit process we developed concerns about elements of the internal control environment (coordination, communication, cooperation and possibly trust). This concern evolved during interviews and inquiries conducted with various individuals to document and assess the accounting systems, procedures and internal controls.

Effect - This situation could adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

Cause - Cause not determined

Recommendation - We recommend that the Town consider a "self evaluation" of its office environment and morale in order to substantiate our concerns. The Town may wish to seek professional human resource / or workplace consultants. We believe that if such a situation exists long-term, that it is introduces a qualitative element that could have adverse effects on organizational structure and an impact on proper internal controls.

2008-04 - CLERICAL ERRORS (CONTROL DEFICIENCY IN DESIGN)

Condition - We noted various clerical errors and uncustomary business practices in the processing of transactions.

Criteria - Those in charge of governance must be able to rely on financial information being correct and that business practices are sound. Employees should be made familiar with policies and procedures.

Context - None

Effect - Inaccurate processing of transactions

Cause - No authorized written procedural manual and checklist for assuring accuracy.

Recommendation - We recommend the following:

- Check payment amounts should not differ from to invoice amount.
- Check payments should be issued based on the individual invoice amount and not the statement balances.
- Payment checks to vendors should not be made in advance or without an invoice, and paid in arrears after service or goods received and upon receiving an invoice.
- Payment checks for fuel should be based on invoices and not gas pump slips.
- Invoices should be recalculated and proven before payment checks are issued.

2008-05 - FINANCE PERSON (CONTROL DEFICIENCY DESIGN)

Condition - We observed that the Town's financial oversight function is presently concentrated as part of the part-time Treasurer's duties, initiated more so by the Treasurer's efforts than by the design of those charged with governance.

Criteria - Financial oversight requires a level of effort relative to the level of financial activity.

Context - We believe the level of financial activity warrants a full time financial person (e.g. Finance Director).

Effect - The lack of a full-time finance person diminishes the capacity and capability of the Town to properly fulfill its obligation for oversight and internal control over financial reporting.

Cause - Not addressed.

Recommendation - We recommend that the Town consider establishing a full-time finance person position (e.g. Finance Director) for financial oversight and the town-wide design and operation of internal controls. We believe that internal control responsibility may be presently misplaced solely in the hands of the Treasurer and the First Selectmen and that office's accounting clerks, and should involve all departments individually and collectively.

2008-06 - PURCHASE ORDER (P.O.) SYSTEM

Condition - There is no purchase order system.

Criteria - A purchase order system provides for authorization and scrutiny of intended purchases prior to ordering goods and services and is a good internal control procedure.

Context - Purchases or initiated without a pre approved purchase order.

Effect - Purchases could be made without the proper authorization and oversight from management.

Cause - Not determined

Recommendation - We recommend that the Town implement a purchase order system.

2008-07 - TOWN CLERK'S OFFICE

Condition - There is an inadequate separation of duties in the collection, processing and deposit of receipts in the Town Clerk's office. Also we noted that certain tasks do not include verification to source documents (resulting in a control deficiency). Bad checks are being remitted to the Clerk's Office. There are control weaknesses in the computer system transaction processing.

Criteria - Having practically unlimited access to resources and receipts and also to the records that account for such assets is a deficiency in internal control design. Controls should be adequate in design. The business practice of accepting personal checks rather cash, certified checks or money orders, etc. may be practical but is not a best practices policy. Data back-up and disaster planning is a best practices policy.

Context - We found that the following tasks require segregation amongst personnel:

Town Clerk tasks can personally include deposit of receipts, writing of checks, and reconciliation of bank account.

Town Clerk and Staff tasks can each include:

Unlimited access to COTT accounting system and practically to the BAS system by all employees (even though someone is specifically assigned to the BAS system).

Voids can be processed by Town Clerk and Staff (plus there is no matching of the licenses issued to the amount reported as collected). Void recordings are not reviewed or scrutinized.

Licenses and customer receipts can be issued and then voids can be entered, after the fact (plus voids are not scrutinized and there is no reconciliation to the BAS system). Issued licenses recorded by the BAS system are not compared to the recorded collections in the COTT system (should probably be done by the Treasurer's Office).

We found control weaknesses in the computer system transaction processing:

There is no disaster back-up operating plan.

There is no employee log-on requirement for the COTT system.

The BAS system accounts for licenses etc. and records such activity. The Town Clerk takes a physical inventory of Licenses as an internal control procedure. However, as a practical matter, all office employees have access to this system and underlying documents which provides the opportunity to circumvent/alter system transactions.

Effect - A small office environment can present limitations for achieving best practices internal control design, especially with regard to the segregation of duties and employing checks and balances. However the present situation does present a more than a remote likelihood that a misstatement of the entity's financial statements (that is more than inconsequential) will not be prevented or detected by the entity's internal control.

Cause - We believe that this situation is caused by a small office environment. We also believe that this situation is also caused by a lack of internal control assessment, documentation, design and monitoring by those charged with governance.

Recommendation - We recommend that those charged with governance assess the internal control risk, document controls and design adequate control features for the Town Clerk's Office as is practical under the circumstances.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

- No findings or questioned costs are reported relating to State Financial Assistance Programs.