

**TOWN OF WESTBROOK, CONNECTICUT
FINANCIAL REPORT
JUNE 30, 2009**

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TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Organizational Chart - Westbrook Town Government	
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 12
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet - Governmental Funds	15
Reconciliation of Fund Balance to Net Assets of Governmental Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-General Fund	19
Statement of Net Assets-Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Fund Net Assets-Proprietary Funds	21

TOWN OF WESTBROOK, CONNECTICUT
TABLE OF CONTENTS
. . . Continued . . .

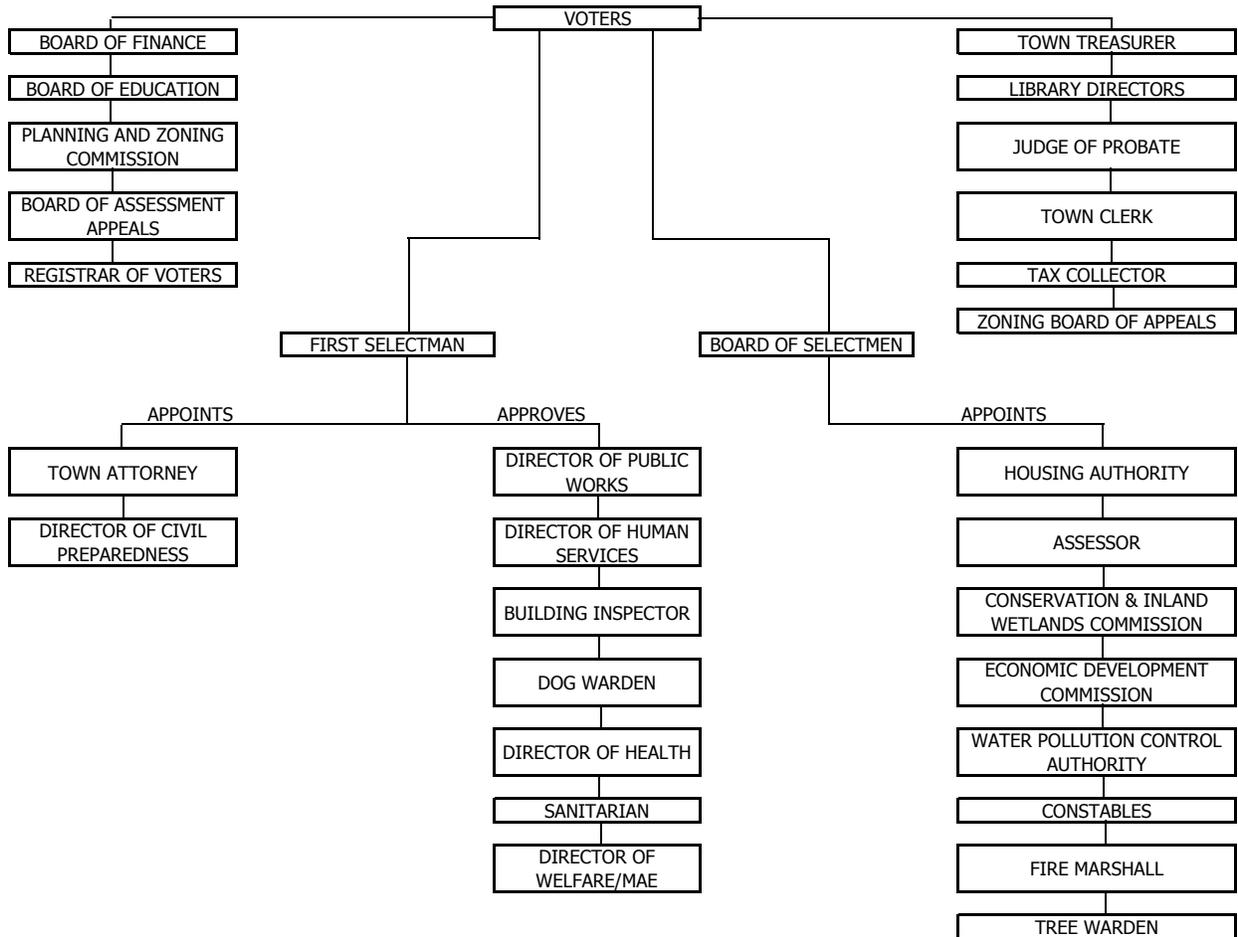
	<u>Page</u>
Statement of Cash Flows - Proprietary Funds	22
Statement of Net Assets - Fiduciary Funds	23
Statement of Changes in Net Assets - Fiduciary Funds	24
Notes to Basic Financial Statements	25 - 58
 <u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of Funding Progress - Westbrook Retirement System	59
 <u>SUPPLEMENTARY INFORMATION</u>	
General Fund	60
Schedule of Revenues and Other Financing Sources - Budget and Actual	61 - 62
Schedule of Expenditures and Other Financing Uses - Budget and Actual	63 - 67
Report of Tax Collector	68
Nonmajor Governmental Funds	69
Combining Balance Sheet	70 - 72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	73 - 75
Fiduciary Funds	76
Combining Statement of Changes in Assets and Liabilities - Agency Funds	77
Schedule of Debt Limitation	78

**TOWN OF WESTBROOK, CONNECTICUT
TABLE OF CONTENTS
. . . Continued . . .**

	<u>Page</u>
<u>TREND INFORMATION</u>	
Tables	
Net Assets by Component	79
Changes in Net Assets	80
<u>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	81 - 82
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 and on the Schedule of Expenditures of State Financial Assistance	83 - 85
Schedule of Expenditures of State Financial Assistance	86 - 87
Notes to Schedule of Expenditures of State Financial Assistance	88
Schedule of Findings and Questioned Costs	89 - 95

INTRODUCTORY SECTION

**TOWN OF WESTBROOK, CONNECTICUT
ORGANIZATIONAL CHART**



FINANCIAL SECTION

SEWARD AND MONDE

CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITORS' REPORT

To the Honorable Members
of the Board of Finance
Town of 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, 2009, 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, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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, 2009, and the respective changes in financial position for the year then ended, in conformity with U.S. generally accepted accounting principles.

As described in Note 12 to the financial statements, the Town adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* as of July 1, 2008.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated February 8, 2010 on our consideration of the Town of Westbrook, Connecticut'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 3 through 12, and page 59, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. 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, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information 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 statistical sections 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 8, 2010

**Town of Westbrook, Connecticut
Management's Discussion and Analysis
June 30, 2009**

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, 2009.

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 \$33,475,466 (net assets). Of this amount, \$7,037,766 (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 \$2,911,027. 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 \$5,071,616, an increase of \$159,397 in comparison with the prior year.
- At the end of the current fiscal year, unreserved and undesignated fund balance for the general fund was \$2,852,949, or 11.68% of total general fund expenditures and transfers out.
- The Town's total long-term obligations decreased by \$2,052,027 (6.2%) during the current fiscal year. The key factor in this was \$2,030,000 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 \$33,475,466 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 \$2,911,027, 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 \$1,619,465 primarily due to an increase in the mill rate of .98 mills.
- Charges for services decreased by \$637,661 primarily in the areas of building permits, police private duty and conveyance tax.
- Operating grants and contributions decreased by \$3,788,155 primarily due to the decrease in the State's on-behalf pension payment for Town teachers.
- Capital grants and contributions increased by \$426,718 primarily due to the final payment of the State grant for the Middle School.

Major expense factors included:

- Excluding the decrease of \$3,693,012 in the State's on-behalf pension payment for Town teachers, overall Town expenses increased \$911,460.
- The cost of education services, excluding the State's on-behalf pension payments, increased \$708,345 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 \$5,071,616, an increase of \$159,397 in comparison with the prior year. This increase can be attributed to the increase in the General Fund of \$431,662, and increase in the Bonded Projects fund of \$386,190 due to the final payment from the State for the Middle School project and the decrease in the Capital Nonrecurring Fund of \$518,217 due to approved capital outlays.

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 \$2,852,949. 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 11.68% of total General Fund expenditures and other financing uses.

The fund balance of the Town's General Fund increased by \$431,662 during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS.

Differences between the original budget and the final amended budget were \$251,773. Significantly affected line items can be briefly summarized as follows:

- \$40,000 increase to the Tax Collector for the purchase of software.
- \$71,000 increase to Legal Services for landfill and labor issues.
- \$20,000 increase for windows in the Riggio Building.
- \$30,000 increase to Public Safety for street lights and fire truck maintenance.
- \$30,000 increase to Public Works for sand and salt and landfill costs.

During the year, revenues were less than budgetary estimates by \$199,397, mainly in property tax; while expenditures were \$688,391 less than budgetary estimates, thus eliminating the need to draw upon existing fund balance.

Areas of significant savings were as follows:

- \$22,000 in Chief Elected Officer's office.
- \$30,500 in Assessor's office.
- \$24,400 in Inland Wetlands.
- \$50,500 in Constables.
- \$95,800 in Sanitation and Waste Disposal.
- \$47,400 in Public Health Nursing.
- \$37,700 in Library.
- \$37,200 in Recreation.
- \$76,800 in Debt Service.
- \$92,200 in Education.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town's investment in capital assets for its governmental activities as of June 30, 2009, amounts to \$56,069,565 (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:

- The completion of the new Library of \$463,000.
- The completion of the Daisy Ingraham roof of \$598,900.
- School security systems and Daisy Ingraham fire alarm of \$257,600.

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 \$28,890,000 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	
	2009	2008
General purposes	\$ 7,527,000	\$ 7,915,000
Schools	21,363,000	23,005,000
Total	<u>\$ 28,890,000</u>	<u>\$ 30,920,000</u>

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 \$145,705,672, 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 2009 was 7.4 %, which is an increase from a rate of 4.7% a year ago. This compares favorably to the state's average unemployment rate of 7.9% and the national average rate of 9.5%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the Town's budget for the 2009/2010 year.

During the current fiscal year, unreserved fund balance in the general fund increased to \$2,852,949. The Town has appropriated \$173,643 for spending in the 2009/2010 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

	2009	2008
Current and other assets	\$ 10,886,173	\$ 10,531,314
Capital assets, net	56,069,565	55,256,710
Total assets	66,955,738	65,788,024
Long-term liabilities	28,938,003	31,019,790
Other liabilities	4,542,269	4,252,492
Total liabilities	33,480,272	35,272,282
Net assets:		
Invested in capital assets, net of related debt	26,403,626	24,336,710
Restricted	34,074	433,770
Unrestricted	7,037,766	5,745,262
Total net assets	\$ 33,475,466	\$ 30,515,742

Table 2
Town of Westbrook
Condensed Statement of Activities

	<u>2009</u>	<u>2008</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,194,838	\$ 1,832,499
Operating grants and contributions	2,072,552	5,860,707
Capital grants and contributions	876,718	450,000
General revenues:		
Property taxes	20,930,232	19,310,767
Grants and contributions not restricted to specific programs	595,026	466,731
Investment income	<u>175,614</u>	<u>376,184</u>
Total revenues	<u>25,844,980</u>	<u>28,296,888</u>
Expenses:		
General government	2,166,037	2,062,110
Public safety	1,351,058	1,324,685
Public works	1,139,920	1,143,085
Health and welfare	638,421	557,242
Culture and recreation	807,707	740,027
Education	15,535,704	18,300,874
Interest expense	<u>1,295,106</u>	<u>1,367,985</u>
Total expenses	<u>22,933,953</u>	<u>25,496,008</u>
Increase in net assets	2,911,027	2,800,880
Net assets, beginning, as previously reported	30,515,742	29,494,862
Prior period adjustment	<u>48,697</u>	<u>(1,780,000)</u>
Net assets, beginning, as restated	<u>30,564,439</u>	<u>27,714,862</u>
Net assets, ending	<u>\$ 33,475,466</u>	<u>\$ 30,515,742</u>

Table 3
Town of Westbrook
Capital Assets - Net

	<u>2009</u>	<u>2008</u>
Land	\$ 4,187,669	\$ 4,132,287
Construction in progress	257,582	4,095,463
Buildings and improvements	47,826,110	43,224,703
Machinery and equipment	1,354,761	1,334,040
Infrastructure	<u>2,443,443</u>	<u>2,470,217</u>
Total	<u>\$ 56,069,565</u>	<u>\$ 55,256,710</u>

TOWN OF WESTBROOK, CONNECTICUT
STATEMENT OF NET ASSETS
JUNE 30, 2009

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash	\$ 5,564,369
Investments	3,142,689
Receivables:	
Property taxes	336,419
Intergovernmental	10,507
Other	95,235
Bond issue costs	<u>22,326</u>
Total current assets	<u>9,171,545</u>
Noncurrent assets:	
Receivables (net):	
Property taxes	174,366
Intergovernmental	1,239,315
Bond issue costs	<u>300,947</u>
Total other noncurrent assets	<u>1,714,628</u>
Capital assets (net of accumulated depreciation):	
Land	4,187,669
Construction in progress	257,582
Buildings and improvements	47,826,110
Machinery, equipment and vehicles	1,354,761
Infrastructure	<u>2,443,443</u>
Total capital assets (net of accumulated depreciation)	<u>56,069,565</u>
Total noncurrent assets	<u>57,784,193</u>
Total assets	<u>66,955,738</u>
LIABILITIES	
Current liabilities:	
Accounts payable	776,322
Accrued liabilities	101,524
Accrued interest payable	301,443
Deferred revenue	1,920
Bond anticipation note	995,000
Bonds payable and related liabilities	2,280,000
Other liabilities	<u>86,060</u>
Total current liabilities	<u>4,542,269</u>
Noncurrent liabilities:	
Bonds payable and related liabilities	26,390,939
Other liabilities	<u>2,547,064</u>
Total noncurrent liabilities	<u>28,938,003</u>
Total liabilities	<u>33,480,272</u>
NET ASSETS	
Invested in capital assets, net of related debt	26,403,626
Restricted for:	
Nonexpendable permanent endowments	34,074
Unrestricted	<u>7,037,766</u>
Total net assets	<u>\$ 33,475,466</u>

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, 2009**

<u>Functions/Programs</u>	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 2,166,037	\$ 353,356	\$ 13,100	\$ -	(\$ 1,799,581)
Public safety	1,351,058	34,608	16,068	-	(1,300,382)
Public works	1,139,920	40,528	107,956	-	(991,436)
Health and welfare	638,421	335,964	3,203	-	(299,254)
Culture and recreation	807,707	216,471	82,568	568	(508,100)
Education	15,535,704	213,911	1,849,657	876,150	(12,595,986)
Interest expense	1,295,106	-	-	-	(1,295,106)
Total	<u>22,933,953</u>	<u>1,194,838</u>	<u>2,072,552</u>	<u>876,718</u>	<u>(18,789,845)</u>
General revenues:					
					20,930,232
					595,026
					175,614
					21,700,872
					2,911,027
					30,515,742
					48,697
					30,564,439
					\$ 33,475,466

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

**TOWN OF WESTBROOK, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>General</u>	<u>Bonded Projects</u>	<u>Capital Nonrecurring</u>	<u>Land Use Professional Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash	\$ 2,610,147	\$ 1,546,280	\$ 718,440	\$ 285,350	\$ 404,152	\$ 5,564,369
Investments	648,050	-	229,233	-	160,834	1,038,117
Receivables:						
Property taxes	425,261	-	-	-	-	425,261
Intergovernmental	-	-	-	-	10,507	10,507
Other	94,297	-	-	-	974	95,271
Due from other funds	12,654	-	4,923	-	85,155	102,732
	<u>3,790,409</u>	<u>1,546,280</u>	<u>952,596</u>	<u>285,350</u>	<u>661,622</u>	<u>7,236,257</u>
Total assets	<u>\$ 3,790,409</u>	<u>\$ 1,546,280</u>	<u>\$ 952,596</u>	<u>\$ 285,350</u>	<u>\$ 661,622</u>	<u>\$ 7,236,257</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 284,906	\$ 690	\$ 27,640	\$ 277,907	\$ 4,622	\$ 595,765
Accrued liabilities	101,524	-	-	-	-	101,524
Due to other funds	9,687	39,748	40,643	-	12,654	102,732
Deferred revenue	367,700	-	-	-	1,920	369,620
Bond anticipation note	-	-	995,000	-	-	995,000
	<u>763,817</u>	<u>40,438</u>	<u>1,063,283</u>	<u>277,907</u>	<u>19,196</u>	<u>2,164,641</u>
Total liabilities	<u>763,817</u>	<u>40,438</u>	<u>1,063,283</u>	<u>277,907</u>	<u>19,196</u>	<u>2,164,641</u>
Fund Balances (Deficits):						
Unreserved, reported in:						
Designated for subsequent year's budget	173,643	-	-	-	-	173,643
General fund	2,852,949	-	-	-	-	2,852,949
Special revenue funds	-	-	-	-	642,426	642,426
Capital projects funds	-	1,505,842	(110,687)	7,443	-	1,402,598
	<u>3,026,592</u>	<u>1,505,842</u>	<u>(110,687)</u>	<u>7,443</u>	<u>642,426</u>	<u>5,071,616</u>
Total fund balances (deficits)	<u>3,026,592</u>	<u>1,505,842</u>	<u>(110,687)</u>	<u>7,443</u>	<u>642,426</u>	<u>5,071,616</u>
Total liabilities and fund balances (deficits)	<u>\$ 3,790,409</u>	<u>\$ 1,546,280</u>	<u>\$ 952,596</u>	<u>\$ 285,350</u>	<u>\$ 661,622</u>	<u>\$ 7,236,257</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, 2009**

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	\$ 5,071,616
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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	55,256,710
Prior period adjustment	48,697
Current year additions	1,588,141
Loss on disposal of capital assets	(600)
Depreciation expense	(823,383)

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	210,300
Property tax receivable - accrual basis change	367,700
School building grant receivable	1,239,315
Allowance for doubtful accounts	(124,776)
Bond issue costs	323,273
Deferred loss on refunding	264,000

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	1,923,979
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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	(28,890,000)
Bond premiums	(44,939)
Other post employment benefits	(235,071)
Compensated absences	(30,301)
Net pension obligation	(50,254)
Landfill closure costs	(2,317,498)
Accrued interest payable	(301,443)

Net assets of governmental activities	<u>\$ 33,475,466</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 (DEFICITS)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	General	Bonded Projects	Capital Nonrecurring	Land Use Professional Services	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Property taxes	\$ 20,926,333	\$ -	\$ -	\$ -	\$ -	\$ 20,926,333
Intergovernmental	2,729,125	609,695	271,378	-	339,191	3,949,389
Charges for services	954,895	-	-	-	235,020	1,189,915
Contributions	-	-	-	-	78,373	78,373
Investment income	136,153	9,501	14,866	967	14,127	175,614
Total revenues	<u>24,746,506</u>	<u>619,196</u>	<u>286,244</u>	<u>967</u>	<u>666,711</u>	<u>26,319,624</u>
EXPENDITURES:						
Current:						
General government	2,651,407	-	-	163	42,271	2,693,841
Public safety	1,274,039	-	-	-	-	1,274,039
Public works	1,094,728	-	-	-	-	1,094,728
Health and welfare	636,717	-	-	-	1,704	638,421
Culture and recreation	744,462	-	-	-	82,715	827,177
Education	14,224,397	-	-	-	536,863	14,761,260
Capital outlay	-	398,975	1,126,301	-	-	1,525,276
Debt service	3,345,485	-	-	-	-	3,345,485
Total expenditures	<u>23,971,235</u>	<u>398,975</u>	<u>1,126,301</u>	<u>163</u>	<u>663,553</u>	<u>26,160,227</u>
Excess (deficiency) of revenues over expenditures	<u>775,271</u>	<u>220,221</u>	<u>(840,057)</u>	<u>804</u>	<u>3,158</u>	<u>159,397</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	119,441	175,000	432,250	-	30,800	757,491
Transfers out	(463,050)	(9,031)	(110,410)	-	(175,000)	(757,491)
Net other financing sources (uses)	<u>(343,609)</u>	<u>165,969</u>	<u>321,840</u>	<u>-</u>	<u>(144,200)</u>	<u>-</u>
Net change in fund balance	431,662	386,190	(518,217)	804	(141,042)	159,397
Fund balances - July 1, 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>
Fund balances (deficits) - June 30, 2009	<u>\$ 3,026,592</u>	<u>\$ 1,505,842</u>	<u>(\$ 110,687)</u>	<u>\$ 7,443</u>	<u>\$ 642,426</u>	<u>\$ 5,071,616</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, 2009**

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

Net change in fund balances - total governmental funds	<u>\$ 159,397</u>
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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	1,588,141
Loss on disposal of capital assets	(600)
Depreciation expense	<u>(823,383)</u>
Total	<u>764,158</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	(478,543)
Decrease in property tax receivable - accrual basis change	3,899
Total	<u>(474,644)</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	2,030,000
Total	<u>2,030,000</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	20,379
Amortization of bond premium	3,127
Amortization of bond issuance costs	(22,326)
Amortization of deferred charges	(24,000)
Compensated absences	3,713
Net pension obligation	13,583
Other post employment benefits (OPEB)	(235,071)
Landfill closure	41,178
Total	<u>(199,417)</u>

Internal service funds are used by management to charge costs of medical insurance premiums to individual departments	617,274
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The net revenue of the activities of the internal service fund is reported with governmental activities	<u>14,259</u>
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Change in net asset of governmental activities	<u>\$ 2,911,027</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 BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes, interest and lien fees	\$ 21,107,608	\$ 21,107,608	\$ 20,926,333	(\$ 181,275)
Intergovernmental	1,690,512	1,690,512	1,714,900	24,388
Charges for services	949,650	949,650	920,987	(28,663)
Investment income	150,000	150,000	136,153	(13,847)
Total revenues	23,897,770	23,897,770	23,698,373	(199,397)
Expenditures:				
Current:				
General government	2,699,364	2,830,423	2,651,407	179,016
Public safety	1,342,640	1,372,054	1,274,039	98,015
Public works	1,173,622	1,204,372	1,094,728	109,644
Health and welfare	644,880	692,180	636,717	55,463
Culture and recreation	821,755	821,755	744,462	77,293
Board of Education	13,268,441	13,268,441	13,176,264	92,177
Debt service	3,422,268	3,422,268	3,345,485	76,783
Total expenditures	23,372,970	23,611,493	22,923,102	688,391
Excess of revenues over expenditures	524,800	286,277	775,271	488,994
Other Financing Sources (Uses):				
Appropriation of fund balance	-	251,773	-	(251,773)
Transfers in	25,000	25,000	119,441	94,441
Transfers out	(449,800)	(463,050)	(463,050)	-
Net other financing sources (used)	(424,800)	(186,277)	(343,609)	(157,332)
Net change in fund balance	\$ 100,000	\$ 100,000	431,662	\$ 331,662
Fund Balance - July 1, 2008			2,594,930	
Fund Balance - June 30, 2009			\$ 3,026,592	

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, 2009**

		<u>Governmental Activities</u>
		<u>Internal Service Fund</u>
<u>ASSETS</u>		
Investments	\$	2,104,572
Accounts receivable		1,424
		<hr/>
Total assets		2,105,996
<u>LIABILITIES</u>		
Liability:		
Accounts payable		6,197
Claims incurred but not reported		175,820
		<hr/>
Total liabilities		182,017
		<hr/>
<u>NET ASSETS</u>		
Net Assets:		
Unrestricted	\$	1,923,979
		<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, 2009

	Governmental Activities
	Internal Service Fund
Operating Revenues:	
Charges for services	\$ 3,053,944
Operating Expenses:	
Claims incurred	1,991,915
Administration	444,755
Total Operating Expenses	2,436,670
Operating income before nonoperating revenues	617,274
Nonoperating Revenues:	
Investment income	14,259
Change in Net Assets	631,533
Net Assets - July 1, 2008	1,292,446
Net Assets - June 30, 2009	\$ 1,923,979

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

**TOWN OF WESTBROOK, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities:	
Cash received for charges for services	\$ 3,060,360
Cash paid for benefits and claims	(1,988,448)
Cash paid for administration	(444,755)
Net cash provided by operating activities	627,157
Cash Flows from Investing Activities:	
Income from investments	14,259
Net increase in cash and cash equivalents	641,416
Cash and cash equivalents - July 1, 2008	1,463,156
Cash and cash equivalents - June 30, 2009	<u>\$ 2,104,572</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 617,274
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	6,416
Decrease in accounts payable	(10,627)
Increase in claims incurred but not reported	14,094
Net cash provided by operating activities	<u>\$ 627,157</u>

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

**TOWN OF WESTBROOK, CONNECTICUT
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009**

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash	\$ 748,892	\$ 435,721
Investments at fair value:		
Mutual funds:		
Equity	2,134,779	33,443
Fixed income	1,490,143	-
Balanced	149,694	-
Certificates of deposit	-	45,066
Total investments	<u>3,774,616</u>	<u>78,509</u>
Contributions receivable	<u>20,800</u>	<u>-</u>
Total Assets	<u>4,544,308</u>	<u>\$ 514,230</u>
<u>LIABILITY</u>		
Liability:		
Accounts payable	<u>-</u>	<u>\$ 514,230</u>
Net assets held in trust for pension benefits	<u>\$ 4,544,308</u>	

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

**TOWN OF WESTBROOK, CONNECTICUT
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 305,899
Plan members	<u>96,003</u>
Total contributions	<u>401,902</u>
Investment income (loss):	
Net depreciation in fair value of investments	(1,109,874)
Interest and dividends	<u>249,720</u>
Total investment loss	(860,154)
Less investment expense	<u>7,873</u>
Net investment loss	<u>(868,027)</u>
Total Additions	<u>(466,125)</u>
Deductions:	
Benefits	312,912
Administration	<u>27,415</u>
Total deductions	<u>340,327</u>
Change in net assets	(806,452)
Net assets - July 1, 2008	<u>5,350,760</u>
Net assets - June 30, 2009	<u><u>\$ 4,544,308</u></u>

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

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

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. Exceptions to this rule are services provided by one fund used by another fund. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned. Governmental activities are normally supported by taxes and intergovernmental revenues.

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009
. . . Continued . . .

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, 2009
. . . Continued . . .

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, 2009
. . . Continued . . .

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, 2009
. . . Continued . . .

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, 2009
. . . Continued . . .

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, 2009, and are calculated based upon prior collections.

In the fund financial statements, all property taxes receivable at June 30, 2009, which have not been collected within 60 days of June 30, 2009, 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.

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

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009
. . . Continued . . .

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.

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.

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009
. . . Continued . . .

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 financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Pension Plan Accounting

Pension Trust Funds:

Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Governmental Funds:

The net pension obligation (asset), the cumulative difference between annual pension cost and the Town's contributions to the plan, is calculated on an actuarial basis consistent with the requirements of the Governmental Accounting Standards Board Statement No. 27. Expenditures are recognized when they are paid or are expected to be paid with current available resources.

Funding Policy:

The Town makes contributions in the amount recommended by the Town's actuaries.

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009
. . . Continued . . .

Other Post-Employment Benefits Accounting

In fiscal year 2009, the Town implemented GASB Statement No. 45, "Accounting and Reporting by Employers for Post-employment Benefits Other than Pensions." This pronouncement requires the Town to calculate and record a net other post-employment benefit obligation (NOPEBO) at June 30, 2009. The NOPEBO is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since July 1, 2008. The Town makes annual contributions based upon management decisions.

Subsequent Events

The Town evaluated events occurring between the end of our most recent fiscal year and February 8, 2010, the date the financial statements were available to be issued.

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.

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009
. . . Continued . . .

- Additional appropriations may be made during the year by resolution of the Board of Finance. Additional appropriations for the year ended June 30, 2009, amounted to \$251,773.
- Classifications of certain revenues and expenditures under U.S. generally accepted accounting principles 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.

Budget - GAAP Reconciliation

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

	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Budgetary basis (page 19)	\$ 23,817,814	\$ 23,386,152
State Teachers' Retirement on-behalf payment	<u>1,048,133</u>	<u>1,048,133</u>
GAAP basis (page 17)	<u>\$ 24,865,947</u>	<u>\$ 24,434,285</u>

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009
. . . Continued . . .

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, 2009, \$1,038,504 of the Town's bank balance of \$6,547,003 (including certificates of deposit recorded as investments) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	934,654
Uninsured and collateral held by the pledging bank's trust department, not in the town's name		<u>103,850</u>
Total amount subject to custodial credit risk	\$	<u><u>1,038,504</u></u>

Investments

At June 30, 2009, 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	\$ 45,066	\$ -	\$ 45,066	\$ -
Equity Mutual Funds	2,295,613	2,295,613	-	-
Fixed Income Mutual Funds	1,523,586	-	33,443	1,490,143
Balanced Mutual Funds	149,694	149,694	-	-
Pooled Fixed Income	<u>2,981,855</u>	<u>-</u>	<u>2,981,855</u>	<u>-</u>
Total	<u><u>\$ 6,995,814</u></u>	<u><u>\$ 2,445,307</u></u>	<u><u>\$ 3,060,364</u></u>	<u><u>\$ 1,490,143</u></u>

Of the \$2,981,855 of pooled fixed income, \$762,690 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.

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009
. . . Continued . . .

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, 2009, the Town has no investments subject to custodial credit risk.

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 Taxed		
	Taxes	Interest & Lien Fees	Total
Current portion	\$ 238,077	\$ 98,342	\$ 336,419
Long-term portion	\$ 187,184	\$ 111,958	\$ 299,142
Less: Allowances for uncollectibles	(63,789)	(60,987)	(124,776)
Net long-term portion	\$ 123,395	\$ 50,971	\$ 174,366

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)	\$ 367,700
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TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009
. . . Continued . . .

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance * July 1, 2008 as restated	Increases	Decreases	Balance June 30, 2009
Capital Assets, not being depreciated:				
Land	\$ 4,132,287	\$ 55,382	\$ -	\$ 4,187,669
Construction in progress	4,095,463	1,340,986	5,178,867	257,582
	<u>8,227,750</u>	<u>1,396,368</u>	<u>5,178,867</u>	<u>4,445,251</u>
Total Capital assets, not being depreciated				
Capital Assets, being depreciated:				-
Buildings and improvements	45,851,509	5,263,083	-	51,114,592
Machinery, equipment and vehicles	3,213,453	102,732	36,000	3,280,185
Infrastructure	3,024,986	4,825	-	3,029,811
	<u>52,089,948</u>	<u>5,370,640</u>	<u>36,000</u>	<u>57,424,588</u>
Total Capital Assets, being depreciated				
Total Capital Assets	<u>60,317,698</u>	<u>6,767,008</u>	<u>5,214,867</u>	<u>61,869,839</u>
Less Accumulated Depreciation for:				
Buildings and improvements	2,626,806	661,676	-	3,288,482
Machinery, equipment and vehicles	1,830,716	130,108	35,400	1,925,424
Infrastructure	554,769	31,599	-	586,368
	<u>5,012,291</u>	<u>823,383</u>	<u>35,400</u>	<u>5,800,274</u>
Total Accumulated Depreciated				
Total Capital Assets, being depreciated, net	<u>47,077,657</u>	<u>4,547,257</u>	<u>600</u>	<u>51,624,314</u>
Government Activities Capital Assets, net	<u>\$ 55,305,407</u>	<u>\$ 5,943,625</u>	<u>\$ 5,179,467</u>	<u>\$ 56,069,565</u>
* July 1, 2008 balances reflect prior period net adjustments	<u>\$ 48,697</u>			

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

General government	\$ 62,252
Public safety	85,519
Public works	76,177
Culture and recreation	46,575
Education	<u>552,860</u>
Total depreciation expense	<u>\$ 823,383</u>

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009
. . . Continued . . .

Capital Projects Authorizations

The following is a summary of Capital Projects at June 30, 2009:

<u>Capital Project</u>	<u>Bond Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2009</u>
Middle School Building Project	\$ 24,997,400	\$ 2,059	\$ 24,302,983	\$ 694,417
Library Renovation Project	4,275,000	475,006	4,188,061	86,939
Daisy Ingraham Roof	<u>1,500,000</u>	<u>598,943</u>	<u>1,061,720</u>	<u>438,280</u>
Total	<u>\$ 30,772,400</u>	<u>\$ 1,076,008</u>	<u>\$ 29,552,764</u>	<u>\$ 1,219,636</u>

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009
. . . Continued . . .

Note 6 - Interfund Accounts

A summary of interfund balances as of June 30, 2009 is as follows:

	Corresponding Fund	Due From	Due To
General Fund:			
Special Education Grants	NA	\$ 11,704	\$ -
Recreation Concert Series	NA	950	-
Dog Fund	NA	-	1,852
Capital Nonrecurring	NA	-	4,923
Westbrook Nurses	NA	-	2,912
Total General Fund		12,654	9,687
Major - Bonded Projects:	Westbrook Library	-	39,748
Major - Capital Nonrecurring:			
Capital Nonrecurring	General Fund	4,923	-
Capital Nonrecurring	Conservation Fund	-	298
Capital Nonrecurring	Town Improvement Fund	-	35,529
Capital Nonrecurring	Recreation Concert Series	-	2,307
Capital Nonrecurring	Weatherhead Medical	-	2,509
Total Major - Capital Nonrecurring		4,923	40,643
Nonmajor Governments Funds:			
Special Education Grants	General Fund		11,704
Recreation Concert Series	General Fund		950
Westbrook Nurses	General Fund	2,912	
Dog Fund	General Fund	1,852	
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	Bonded Projects	39,748	
Total Nonmajor Governmental Funds		85,155	12,654
Grand Total		\$ 102,732	\$ 102,732

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009
. . . Continued . . .

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

Interfund Transfers

A summary of interfund transfers as of June 30, 2009 is as follows:

	Corresponding Fund	Transfer In	Transfer Out
General Fund:			
Bonded Projects	N/A	\$ 9,031	\$ -
Capital Nonrecurring	N/A	110,410	432,250
Dog Fund	N/A	-	20,800
Insurance Fund	N/A	-	10,000
Total General Fund		119,441	463,050
Major - Bonded Projects	Westbrook Library Fund	175,000	9,031
Major - Capital Nonrecurring	General Fund	432,250	110,410
Nonmajor Governments Funds:			
Dog Fund	General Fund	20,800	-
Westbrook Library Fund	Bonded Projects	-	175,000
Insurance Fund	General Fund	10,000	-
Total Nonmajor Governmental Funds		30,800	175,000
Grand Total		\$ 757,491	\$ 757,491

Transfers 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, 2009
. . . Continued . . .

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 July 1, 2008	Additions	Deductions	Balance June 30, 2009	Current Portion
General Obligation Bonds									
General Purpose:									
Open space acquisition	\$ 2,160,000	11/01/04	06/15/24	3.00%-5.00%	\$ 1,760,000	\$ -	\$ 120,000	\$ 1,640,000	\$ 120,000
Refunding bond	3,064,000	01/19/06	09/15/19	3.50%-4.00%	2,605,000	-	268,000	2,337,000	85,000
Library project	3,550,000	03/15/07	03/15/27	4.00%-4.50%	3,550,000	-	-	3,550,000	150,000
Total General Purpose					7,915,000	-	388,000	7,527,000	355,000
Schools:									
Improvement bond	12,575,000	03/15/92	03/15/12	5.50%-7.50%	2,490,000	-	630,000	1,860,000	630,000
Improvement bond	5,980,000	01/15/94	06/15/13	3.60%-5.60%	1,575,000	-	315,000	1,260,000	315,000
Improvement bond	11,200,000	11/01/04	06/15/24	3.00%-5.00%	9,600,000	-	600,000	9,000,000	600,000
Refunding bond	1,106,000	01/19/06	09/15/19	3.50%-4.00%	940,000	-	97,000	843,000	30,000
Improvement bond	8,400,000	01/01/06	01/01/26	4.00%-5.63%	8,400,000	-	-	8,400,000	350,000
Total Schools					23,005,000	-	1,642,000	21,363,000	1,925,000
Total General Obligation Bonds					30,920,000	-	2,030,000	28,890,000	2,280,000
Bond Premiums					48,066	-	3,127	44,939	-
Deferred Loss on Refunding					(288,000)	-	(24,000)	(264,000)	-
Total Bonds and Related Liabilities					30,680,066	-	2,009,127	28,670,939	2,280,000
Other Long-Term Obligations:									
Compensated Absences					34,014	-	3,713	30,301	6,060
Net Pension Obligation					63,837	-	13,583	50,254	-
Other Post Employment Benefits (OPEB)					-	235,071	-	235,071	-
Landfill Closure Costs					2,358,676	-	41,178	2,317,498	80,000
Total Other Long-Term Obligations					2,456,527	235,071	58,474	2,633,124	86,060
Total General Long-Term Obligations					\$ 33,136,593	\$ 235,071	\$ 2,067,601	\$ 31,304,063	\$ 2,366,060

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009
. . . Continued . . .

The following is a summary of amounts 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>
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>\$ 28,890,000</u>	<u>\$ 9,215,984</u>	<u>\$ 1,135,063</u>	<u>\$ 104,252</u>

Landfill Closure and Postclosure Care Costs

State and Federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. An expense provision and related liability should be recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year. The Town landfill has been closed. The estimated total current cost of the landfill closure and post-closure care is based on the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfill were acquired currently.

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009
. . . Continued . . .

As of June 30, 2009 the estimated monitoring costs for the next 27 years are \$2,317,498. This amount is based on estimates which are subject to change due to inflation, changes in technology or changes in applicable laws and regulations.

Authorized/Unissued Bonds

At June 30, 2009, 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	505,000

Note 8 - Short-Term Obligation

On July 24, 2008 the Town issued \$995,000 in general obligation bond anticipation notes in order to finance the Daisy Ingraham Elementary School roof project. The notes bear interest at 2.25% and are due on July 23, 2009.

Note 9 - 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.

Health Insurance Fund

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 vender 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.

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009
. . . Continued . . .

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.

Fiscal Year	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2006-2007	\$ 172,735	\$ 1,871,285	\$ 1,845,663	\$ 198,357
2007-2008	198,357	2,017,120	2,053,751	161,726
2008-2009	161,726	1,991,915	1,977,821	175,820

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.

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009
. . . Continued . . .

Note 10 - 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.

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, 2009)

	Town	Firefighters	Constables
Retirees and beneficiaries currently receiving benefits	37	11	-
Terminated employees entitled to benefits but not yet receiving them	9	6	1
Active plan members	74	60	7
Total Plan Participants	120	77	8

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009
. . . Continued . . .

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.

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 monthly retirement benefit for life, in an amount equal to \$15 per month times 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, 2009
. . . Continued . . .

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>						
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
2009	188,414	176,748	106.6	176,092	107.0	4,190

<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>						
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
2009	79,026	79,026	100.0	77,859	101.5	35,844

<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
2009	10,400	10,400	100.0	10,306	100.9	10,220

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009
. . . Continued . . .

Annual Pension Cost and Net Pension Obligation (NPO)

The changes in the NPO were as follows:

	Town Plan	Firefighters' Plan	Constables' Plan
Annual required contribution	\$ 176,748	\$ 79,026	\$ 10,400
Interest on net pension obligation	1,238	2,776	774
Adjustment to annual required contribution	(1,894)	(3,943)	(868)
Annual pension cost	176,092	77,859	10,306
Contributions made	188,414	79,026	10,400
Increase (decrease) in net pension obligation ¹	(12,322)	(1,167)	(94)
Net pension obligation, July 1, 2008	16,512	37,011	10,314
Net pension obligation, June 30, 2009	<u>\$ 4,190</u>	<u>\$ 35,844</u>	<u>\$ 10,220</u>

Three Year Trend Information

Year Ending June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Asset) Obligation
<u>Town Plan</u>			
2009	\$ 176,092	107.0 %	\$ 4,190
2008	195,705	96.6	16,512
2007	185,454	93.9	9,939
<u>Firefighters' Plan</u>			
2009	\$ 77,859	101.5 %	\$ 35,844
2008	78,068	96.1	37,011
2007	69,074	101.3	33,943
<u>Constables' Plan</u>			
2009	\$ 10,306	100.9 %	\$ 10,220
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, 2009
. . . Continued . . .

Funding Status and Funding Progress

The funding status of each plan as of July 1, 2009, the most recent actuarial valuation date, is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarially Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL(UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b - a) / c)</u>
<u>Town Plan</u>						
7/1/09	\$4,885,841	\$ 5,166,533	\$ 280,692	94.57 %	\$ 2,664,933	10.53 %
<u>Firefighters' Plan</u>						
7/1/09	\$ 542,369	\$ 1,135,667	\$ 593,298	47.76 %	N/A	N/A
<u>Constables' Plan</u>						
7/1/09	\$ 20,800	\$ 65,249	\$ 44,449	31.88 %	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, 2009
. . . Continued . . .

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, 2009
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	15 years
Constables' plan	27 years

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009
. . . Continued . . .

Plan Statements

Combining Statement of Fiduciary Fund Net Assets
Fiduciary Funds
June 30, 2009

	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	\$ 660,653	\$ 88,239	\$ -	\$ 748,892
Investments at fair value:				
Mutual funds	3,410,881	363,735	-	3,774,616
Contributions receivable	-	-	20,800	20,800
Total Assets	4,071,534	451,974	20,800	4,544,308
<u>Net Assets</u>				
Net assets held in trust for pension benefits	\$ 4,071,534	\$ 451,974	\$ 20,800	\$ 4,544,308

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009
. . . Continued . . .

Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2009

	<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	\$ 216,473	\$ 79,026	\$ 10,400	\$ 305,899
Plan members	96,003	-	-	96,003
Total contributions	<u>312,476</u>	<u>79,026</u>	<u>10,400</u>	<u>401,902</u>
Investment income:				
Net depreciation in fair value of investments	(1,002,426)	(107,448)	-	(1,109,874)
Interest and dividends	228,853	20,867	-	249,720
Total investment income	<u>(773,573)</u>	<u>(86,581)</u>	<u>-</u>	<u>(860,154)</u>
Less investment expense	6,697	1,176	-	7,873
Net investment income	<u>(780,270)</u>	<u>(87,757)</u>	<u>-</u>	<u>(868,027)</u>
Total Additions	<u>(467,794)</u>	<u>(8,731)</u>	<u>10,400</u>	<u>(466,125)</u>
Deductions:				
Benefits	255,312	57,600	-	312,912
Administration	25,250	2,165	-	27,415
Total Deductions	<u>280,562</u>	<u>59,765</u>	<u>-</u>	<u>340,327</u>
Changes in net assets	(748,356)	(68,496)	10,400	(806,452)
Net Assets - July 1, 2008	<u>4,819,890</u>	<u>520,470</u>	<u>10,400</u>	<u>5,350,760</u>
Net Assets - June 30, 2009	<u>\$ 4,071,534</u>	<u>\$ 451,974</u>	<u>\$ 20,800</u>	<u>\$ 4,544,308</u>

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009
. . . Continued . . .

Note 11 - 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, 765 Asylum Avenue, Hartford, CT 06105.

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 \$539,302,674, of which \$1,048,133 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, 2009, Town teachers contributed \$492,161 to the plan and covered Board of Education payroll for the year was approximately \$6,788,000.

Note 12 - Other Postemployment Benefits (OPEB)

The Town and the Board of Education (the Board) provide post-employment medical benefits to eligible retirees and their spouses through a single-employer, contributory, defined benefit OPEB plan. The OPEB plan provides medical coverage to eligible retirees and their spouse. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2008. The OPEB plan does not issue a separate, stand-alone, financial report.

Town employees are eligible for medical coverage upon retirement at age 55 with 20 years of service.

Board teachers and administrators are eligible for medical coverage upon retirement at age 55 with 20 years of service or at any age with 25 years of service. Board hourly employees are eligible for medical coverage upon retirement at age 55 with 15 years of service or age 65 with 5 years of service.

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009
. . . Continued . . .

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting GASB Statement No. 45 during the year ended June 30, 2009, the Town recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

The contribution requirement of plan members, the Town and the Board are established and may be amended by the Town or the Board. The Town and the Board currently contribute enough money to the plan to satisfy the current obligations on a pay-as-you go basis.

Town retirees pay 100% of the premium; however, the Town pays \$200 per month towards the cost of the retirees' medical premium upon reaching 65. The Town also contributes \$100 per month towards the cost of a surviving spouse's medical premium upon reaching age 65. Board retirees pay 100% of the premium.

Membership in the plan consisted of the following at of July 1, 2008, the date of the last actuarial valuation:

	Town	Board
Active members	34	147
Retirees and dependents	6	11
Total	40	158

The Town and Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance within the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if it were paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The actuarial accrued liability as of July 1, 2008 for the Town is estimated to be \$319,991. The Town's contributions represent payments made for premiums for insured individuals. The actuarial accrued liability as of July 1, 2008 for the Board is estimated to be \$1,562,290. The Board's contributions represent payments made for premiums for insured individuals.

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009
. . . Continued . . .

The calculation of the change in the net OPEB obligation for the year ended June 30, 2009 follows:

	Town	Board
Annual required contribution (ARC)	\$ 32,374	\$ 245,473
Interest on net OPEB obligation	-	-
Adjustment to annual required contribution	-	-
	32,374	245,473
Annual OPEB cost	32,374	245,473
Contributions made	16,800	25,976
	15,574	219,497
Increase in net OPEB obligation	15,574	219,497
Net OPEB obligation, beginning of year	-	-
	\$ 15,574	\$ 219,497
Net OPEB obligation, end of year		

The annual OPEB cost, the percentage of annual OPEB costs contributed to the plan and the net OPEB obligation (three-year trend information *) is as follows:

Fiscal Year Ending	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
<u>Town</u>				
6/30/2009	\$ 32,374	\$ 16,800	51.89%	\$ 15,574
<u>Board</u>				
6/30/2009	\$ 245,473	\$ 25,976	10.58%	\$ 219,497

* June 30, 2009 is the first year in which the ARC and the net OPEB obligation calculation has been completed.

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009
. . . Continued . . .

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>Town</u>						
7/1/2008	\$ -	\$ 319,991	\$ 319,991	0.00%	\$ 1,358,901	23.55%
<u>Board</u>						
7/1/2008	\$ -	\$ 1,562,290	\$ 1,562,290	0.00%	N/A	N/A

The schedule of funding progress, which will be presented as required supplementary information (RSI) following the notes to financial statements after the second year, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AAL for benefits.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimated are made about the future.

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

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009
. . . Continued . . .

The information presented was determined as part of the actuarial valuation. Additional information as of the last actuarial valuation follows:

Valuation Date	July 1, 2008
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Actuarial Cost Method
Amortization Method	Level Percent
Remaining Amortization Period	30 years
Actuarial Assumptions:	
Discount rate	4.0%
Investment rate of return	4.0%
Inflation rate	3.5%
Medical cost trend rates	10.0% graded to 5.0% over 6 years

Note 13 - Prior Period Adjustment

The following beginning balances of capital assets were restated as follows:

Machinery and equipment	\$ 155,106
Machinery and equipment-accumulated depreciation	<u>(106,409)</u>
Total restated amount	<u><u>\$ 48,697</u></u>

Note 14 - Subsequent Event

On July 23, 2009 the Town issued \$795,000 in general obligation bond anticipation notes in order to refund a portion of the \$995,000 general obligation bond anticipation notes issued July 24, 2008 that were maturing. The additional \$200,000 was paid by the General Fund. The new notes bear interest at 1.35% and are due on July 22, 2010.

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009
. . . Continued . . .

Note 15 - New GASB Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2009 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. 51, "Accounting and Financial Reporting for Intangible Assets", issued June 2007, will be effective for the fiscal year ending June 30, 2010.

Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", issued June 2008, will be effective for the fiscal year ending June 30, 2010.

Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", issued March 2009, will be effective for the fiscal year ending June 30, 2011.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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

TOWN EMPLOYEES' RETIREMENT SYSTEM

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
July 1, 2004	\$ 3,729,011	\$ 3,767,642	\$ 38,631	99.00 %	\$ 2,040,654	1.89 %
2005	4,034,627	4,075,099	40,472	99.01	2,184,912	1.85
2006	4,379,128	4,342,928	(36,200)	100.83	2,112,093	(1.71)
2007	5,324,031	5,585,365	261,334	95.32	2,274,681	11.49
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	4,885,841	5,166,533	280,692	94.57	2,664,933	10.53

VOLUNTEER FIREFIGHTERS' PENSION

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
July 1, 2004	\$ 411,558	\$ 954,483	\$ 542,925	43.12 %	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	45.05	N/A	N/A
2007	526,511	1,089,161	562,650	48.34	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	542,369	1,135,667	593,298	47.76	N/A	N/A

CONSTABLES' PENSION

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
July 1, 2007	\$ -	\$ 58,151	\$ 58,151	0.00 %	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	20,800	65,249	44,449	31.88	N/A	N/A

N/A - Not Available

SUPPLEMENTARY INFORMATION

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, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Taxes, Interest and Lien Fees:				
General property taxes	\$ 20,987,608	\$ 20,987,608	\$ 20,747,803	(\$ 239,805)
Interest and lien fees	70,000	70,000	132,522	62,522
Telecommunication tax	50,000	50,000	46,008	(3,992)
Total Taxes, Interest and Lien Fees	21,107,608	21,107,608	20,926,333	(181,275)
Intergovernmental:				
Mashantucket Pequot funds	31,503	31,503	29,082	(2,421)
Grant in lieu of taxes	119,649	119,649	46,630	(73,019)
Elderly tax relief	35,000	35,000	41,435	6,435
Boat tax reimbursements	111,911	111,911	111,912	1
Property tax relief - vets	4,000	4,000	8,755	4,755
Town aid road fund	107,881	107,881	107,956	75
Educational equalization (ECS)	427,677	427,677	423,969	(3,708)
Adult education	1,257	1,257	1,592	335
School building grants	478,542	478,542	478,543	1
Miscellaneous state revenues	10,000	10,000	100,992	90,992
PILOT: manufacturers' machinery	200,000	200,000	257,720	57,720
Private duty reimbursement	25,000	25,000	33,908	8,908
Special education	100,000	100,000	32,748	(67,252)
School transportation	12,025	12,025	11,592	(433)
DUI enforcement	10,000	10,000	16,068	6,068
Federal wildlife	6,067	6,067	7,398	1,331
Payment in lieu of taxes	10,000	10,000	4,600	(5,400)
Total Intergovernmental	1,690,512	1,690,512	1,714,900	24,388
Charges for Services:				
Fees:				
Town clerk fees	60,000	60,000	60,384	384
Conveyance tax	125,000	125,000	82,567	(42,433)
Conservation land records	-	-	6,012	6,012
Bulky waste	30,000	30,000	40,528	10,528
Planning and zoning	25,000	25,000	10,777	(14,223)
Nursing fees	325,000	325,000	335,964	10,964
Library fees and fines	1,000	1,000	1,118	118
Board of recreation fees	195,000	195,000	205,758	10,758
Riggio building rent	12,000	12,000	12,784	784
Boca education fee	-	-	719	719
Total Fees	773,000	773,000	756,611	(16,389)
Licenses and Permits:				
Building permits	150,000	150,000	107,455	(42,545)
Sanitation permits	10,000	10,000	7,355	(2,645)
Beach permits	5,500	5,500	9,970	4,470
Miscellaneous	500	500	2,345	1,845
Total Licenses and Permits	166,000	166,000	127,125	(38,875)

. . . Continued . . .

**TOWN OF WESTBROOK, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
. . . Continued . . .**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other Revenues:				
Motor vehicle fines	\$ 650	\$ 650	\$ 700	\$ 50
Miscellaneous	10,000	10,000	36,551	26,551
Total Other Revenues	<u>10,650</u>	<u>10,650</u>	<u>37,251</u>	<u>26,601</u>
Total Charges for Services	<u>949,650</u>	<u>949,650</u>	<u>920,987</u>	<u>(28,663)</u>
Investment Income:				
Interest income	150,000	150,000	136,153	(13,847)
Total Revenues	<u>23,897,770</u>	<u>23,897,770</u>	<u>23,698,373</u>	<u>(199,397)</u>
Other Financing Sources:				
Appropriation of fund balance	-	251,773	-	(251,773)
Transfer in	25,000	25,000	119,441	94,441
Total Other Financing Sources	<u>25,000</u>	<u>276,773</u>	<u>119,441</u>	<u>(157,332)</u>
Total Revenues and Other Financing Sources	<u>\$ 23,922,770</u>	<u>\$ 24,174,543</u>	<u>\$ 23,817,814</u>	<u>(\$ 356,729)</u>

**TOWN OF WESTBROOK, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
General Government:				
Legislative:				
Town meeting	\$ 4,000	\$ 4,000	\$ 4,000	\$ -
Executive:				
Chief elected officer	367,955	382,138	360,070	22,068
Total Chief Elected Official	367,955	382,138	360,070	22,068
Judicial:				
Probate court	3,380	3,380	2,059	1,321
Elections:				
Administration	26,255	26,255	25,134	1,121
Primary elections	2,710	2,710	-	2,710
General elections	9,875	9,875	7,509	2,366
Special elections	7,100	7,100	3,537	3,563
Total Elections	45,940	45,940	36,180	9,760
Finance:				
Treasurer	71,243	61,852	60,661	1,191
Assessor	129,283	129,283	98,728	30,555
Tax collector	111,362	151,446	143,988	7,458
Total Finance	311,888	342,581	303,377	39,204
Law:				
Legal services	35,000	106,000	95,845	10,155
Recording and Reporting:				
Town clerk	93,941	93,941	92,328	1,613
Recording	26,800	26,800	24,500	2,300
Total Recording and Reporting	120,741	120,741	116,828	3,913
Administrative Boards and Commissions:				
Board of tax review	4,117	4,117	1,370	2,747
Board of finance	42,975	53,158	53,147	11
ADA compliance	750	750	382	368
Total Administrative Boards and Commissions	47,842	58,025	54,899	3,126
Civil Preparedness:				
Emergency management	15,673	15,673	15,905	(232)

. . . Continued . . .

**TOWN OF WESTBROOK, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
. . . Continued . . .**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Planning and Zoning:				
Planning commission	\$ 108,600	\$ 108,600	\$ 89,877	\$ 18,723
Zoning commission	85,754	85,754	91,147	(5,393)
Zoning board of appeals	11,982	11,982	6,152	5,830
Total Planning and Zoning	<u>206,336</u>	<u>206,336</u>	<u>187,176</u>	<u>19,160</u>
Town Center	<u>1,734</u>	<u>1,734</u>	<u>205</u>	<u>1,529</u>
Land Use	<u>66,790</u>	<u>71,790</u>	<u>70,243</u>	<u>1,547</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>11,530</u>	<u>11,530</u>	<u>8,323</u>	<u>3,207</u>
Economic Development	<u>8,846</u>	<u>8,846</u>	<u>5,180</u>	<u>3,666</u>
Inlands Wetlands	<u>80,950</u>	<u>80,950</u>	<u>56,564</u>	<u>24,386</u>
Pension Contributions:				
Town	101,203	101,203	101,203	-
Police department	10,400	10,400	10,400	-
Fire department	79,026	79,026	79,026	-
Total Pension Contributions	<u>190,629</u>	<u>190,629</u>	<u>190,629</u>	<u>-</u>
Social Security	<u>172,970</u>	<u>172,970</u>	<u>160,177</u>	<u>12,793</u>
Workers' Compensation	<u>95,800</u>	<u>95,800</u>	<u>93,155</u>	<u>2,645</u>
Life Insurance	<u>13,500</u>	<u>13,500</u>	<u>6,071</u>	<u>7,429</u>
Health/Dental Insurance	<u>655,910</u>	<u>655,910</u>	<u>657,893</u>	<u>(1,983)</u>
Municipal Insurance	<u>241,600</u>	<u>241,600</u>	<u>226,628</u>	<u>14,972</u>
Total General Government	<u>2,699,364</u>	<u>2,830,423</u>	<u>2,651,407</u>	<u>179,016</u>
Public Safety:				
Public Safety:				
Street lighting	76,000	86,381	86,378	3
Fire hydrants	215,800	219,950	219,920	30
Communications	94,173	94,173	94,173	-
Traffic signals	2,300	2,794	2,789	5
Total Public Safety	<u>388,273</u>	<u>403,298</u>	<u>403,260</u>	<u>38</u>

. . . Continued . . .

**TOWN OF WESTBROOK, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
... Continued ...**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Police Protection:				
Protection and training	\$ 16,900	\$ 16,900	\$ 16,892	\$ 8
Resident State trooper	343,250	343,250	334,536	8,714
Harbor patrol	7,800	7,800	4,756	3,044
Police vehicle service	23,500	23,500	16,038	7,462
Constables	263,850	263,850	213,342	50,508
ADV-traffic authority	11,408	11,408	1,647	9,761
Game warden	300	300	-	300
Total Police Protection	667,008	667,008	587,211	79,797
Fire Protection:				
Training	14,495	14,495	10,342	4,153
Fire prevention	3,000	3,000	2,477	523
Fire protection	188,738	203,127	194,843	8,284
Fire station building	59,950	59,950	55,476	4,474
Fire marshal	19,400	19,400	19,027	373
Fire commissioners	776	776	403	373
Open burning official	1,000	1,000	1,000	-
Total Fire Protection	287,359	301,748	283,568	18,180
Total Public Safety	1,342,640	1,372,054	1,274,039	98,015
Public Works:				
Public Works Department:				
Public works	333,649	333,649	328,822	4,827
Roads	207,300	226,720	220,439	6,281
Total Public Works Department	540,949	560,369	549,261	11,108
Sanitation and Waste Disposal:				
Water pollution control commission	63,772	63,772	22,664	41,108
Waste disposal engineering	10,000	10,000	9,338	662
Waste collection and disposal	87,000	87,000	47,898	39,102
Landfill	85,177	103,177	88,253	14,924
Total Sanitation and Waste Disposal	245,949	263,949	168,153	95,796
General Engineering	3,000	3,000	-	3,000
Municipal Buildings:				
Mulvey center	261,949	261,949	272,850	(10,901)
Garage	12,700	12,700	11,986	714
Community center	-	-	-	-
Academy building	10,300	10,300	8,001	2,299
Riggio	23,775	23,775	19,944	3,831
Town buildings and land	22,850	16,180	15,281	899
Total Municipal Buildings	331,574	324,904	328,062	(3,158)
Equipment Maintenance and Repair	52,150	52,150	49,252	2,898
Total Public Works	1,173,622	1,204,372	1,094,728	109,644

... Continued ...

**TOWN OF WESTBROOK, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
... Continued ...**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Health and Welfare:				
Inspections:				
Building inspections	\$ 78,535	\$ 78,535	\$ 76,334	\$ 2,201
Harbor Commissions	5,857	5,857	6,120	(263)
Shellfish Commissions	85	85	-	85
Health:				
Director of health	6,240	6,240	6,240	-
Remediation/testing	13,560	13,560	13,615	(55)
Public health nursing	381,984	381,984	334,585	47,399
Sanitarian	77,310	107,310	106,358	952
Total Health	479,094	509,094	460,798	48,296
Human Resources:				
Social services	8,300	8,300	6,982	1,318
Elderly Programs	42,405	42,405	41,412	993
Senior Center	30,604	30,604	27,771	2,833
Total Human Resources	81,309	81,309	76,165	5,144
Youth and Family Services	-	17,300	17,300	-
Total Health and Welfare	644,880	692,180	636,717	55,463
Culture and Recreation:				
Libraries	343,118	343,118	305,429	37,689
Recreation:				
Recreation administration	99,465	99,465	92,695	6,770
Activities	171,315	171,315	143,363	27,952
Swimming	21,776	21,776	19,300	2,476
Total Recreation	292,556	292,556	255,358	37,198
Parks	186,081	186,081	183,675	2,406
Total Culture and Recreation	821,755	821,755	744,462	77,293

... Continued ...

**TOWN OF WESTBROOK, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
... Continued ...**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Board of Education	\$ 13,268,441	\$ 13,268,441	\$ 13,176,264	\$ 92,177
Debt Services:				
Bonding Administration Fees	75,550	75,550	11,768	63,782
Debt Payment - Interest:				
1992 school bonds	158,130	158,130	158,130	-
1994 school bonds	77,805	77,805	77,805	-
2004 school bonds	371,250	371,250	371,250	-
2004 open space bonds	67,563	67,563	67,563	-
2006 school bonds	32,818	32,818	32,818	-
2006 general purpose bonds	90,964	90,964	90,963	1
2007 middle school bonds	360,938	360,938	360,938	-
2007 Library Interest	144,250	144,250	144,250	-
Daisy roof - short term interest	13,000	13,000	-	13,000
Total Debt Payment - Interest	1,316,718	1,316,718	1,303,717	13,001
Debt Payment - Principal:				
1992 school bonds	630,000	630,000	630,000	-
1994 school bonds	315,000	315,000	315,000	-
2004 school bonds	600,000	600,000	600,000	-
2004 open space bonds	120,000	120,000	120,000	-
2006 school bonds	97,000	97,000	97,000	-
2006 general purpose bonds	268,000	268,000	268,000	-
Total Debt Payment - Principal	2,030,000	2,030,000	2,030,000	-
Total Debt Service	3,422,268	3,422,268	3,345,485	76,783
Total Expenditures	23,372,970	23,611,493	22,923,102	688,391
Other Financing Uses:				
Transfers out - capital nonrecurring fund	155,000	163,250	163,250	-
Transfers out - capital nonrecurring fund	244,000	249,000	249,000	-
Transfers out - assessor's evaluation	20,000	20,000	20,000	-
Transfers out - dog fund	20,800	20,800	20,800	-
Transfers out - insurance fund	10,000	10,000	10,000	-
Total Other Financing Uses	449,800	463,050	463,050	-
Total Expenditures and Other Financing Uses	\$ 23,822,770	\$ 24,074,543	\$ 23,386,152	\$ 688,391

**TOWN OF WESTBROOK, CONNECTICUT
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2009**

Grand List Year	Uncollected Taxes July 1, 2008	Current Year Levy	Lawful Corrections		Transfers to Suspend	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2009
			Additions	Deductions			Taxes	Interest & Lien Fees	Total	
1992	\$ 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	8,008	-	48	-	-	8,056	48	-	48	8,008
2000	6,594	-	45	-	-	6,639	45	-	45	6,594
2001	8,330	-	-	19	-	8,311	193	248	441	8,118
2001	5,593	-	190	-	-	5,783	402	371	773	5,381
2003	7,289	-	252	24	-	7,517	1,880	841	2,721	5,637
2004	41,248	-	255	572	-	40,931	3,795	1,945	5,740	37,136
2005	88,651	-	74	1,559	-	87,166	38,427	15,836	54,263	48,739
2006	246,402	-	-	31,982	-	214,420	176,444	40,891	217,335	37,976
Total Prior Years	453,173	-	864	39,559	-	414,478	221,234	60,132	281,366	193,244
2007	-	20,792,368	-	65,587	-	20,726,781	20,494,764	70,536	20,565,300	232,017
Total	<u>\$ 453,173</u>	<u>\$ 20,792,368</u>	<u>\$ 864</u>	<u>\$ 105,146</u>	<u>\$ -</u>	<u>\$ 21,141,259</u>	<u>\$ 20,715,998</u>	<u>\$ 130,668</u>	20,846,666	<u>\$ 425,261</u>

Property taxes considered available

June 30, 2008	(89,131)
June 30, 2009	<u>57,561</u>

Total Property Tax Revenues \$ 20,815,096

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

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, 2009**

	Special Revenue Funds					
	School Cafeteria Fund	Dog Fund	Insurance Fund	Conservation Fund	Open Space Preservation Fund	Westbrook Library Fund
<u>ASSETS</u>						
Cash	\$ 15,932	\$ 20,407	\$ 53,226	\$ -	\$ 58,823	\$ 65,017
Investments	-	-	-	-	-	160,834
Receivables:						
Intergovernmental	10,040	-	-	-	-	-
Other	-	15	-	-	-	-
Due from other funds	-	1,852	-	298	-	39,748
	<u>\$ 25,972</u>	<u>\$ 22,274</u>	<u>\$ 53,226</u>	<u>\$ 298</u>	<u>\$ 58,823</u>	<u>\$ 265,599</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liability:						
Accounts payable	\$ -	\$ -	\$ 1,202	\$ -	\$ -	\$ 1,460
Deferred revenues	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>1,202</u>	<u>-</u>	<u>-</u>	<u>1,460</u>
Total Liabilities	-	-	1,202	-	-	1,460
Fund Balances:						
Unreserved and undesignated	25,972	22,274	52,024	298	58,823	264,139
	<u>25,972</u>	<u>22,274</u>	<u>52,024</u>	<u>298</u>	<u>58,823</u>	<u>264,139</u>
Total liabilities and fund balances	<u>\$ 25,972</u>	<u>\$ 22,274</u>	<u>\$ 53,226</u>	<u>\$ 298</u>	<u>\$ 58,823</u>	<u>\$ 265,599</u>

. . . Continued . . .

**TOWN OF WESTBROOK, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009
...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	\$ 52,766	\$ -	\$ 13,624	\$ 10,734	\$ 72,551	\$ 3,989
Investments	-	-	-	-	-	-
Receivables:						
Intergovernmental	-	-	-	-	-	467
Other	-	-	-	-	-	-
Due from other funds	-	35,529	-	2,912	-	-
	<u>-</u>	<u>35,529</u>	<u>-</u>	<u>2,912</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 52,766</u>	<u>\$ 35,529</u>	<u>\$ 13,624</u>	<u>\$ 13,646</u>	<u>\$ 72,551</u>	<u>\$ 4,456</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liability:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenues	-	-	1,920	-	-	-
Due to other funds	-	-	11,704	-	-	-
	<u>-</u>	<u>-</u>	<u>11,704</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	-	-	13,624	-	-	-
Fund Balances:						
Unreserved and undesignated	<u>52,766</u>	<u>35,529</u>	<u>-</u>	<u>13,646</u>	<u>72,551</u>	<u>4,456</u>
Total liabilities and fund balances	<u>\$ 52,766</u>	<u>\$ 35,529</u>	<u>\$ 13,624</u>	<u>\$ 13,646</u>	<u>\$ 72,551</u>	<u>\$ 4,456</u>

... Continued ...

**TOWN OF WESTBROOK, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009
...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	\$ -	\$ -	\$ 28,930	\$ 4,057	\$ 2,929	\$ 1,167	\$ 404,152
Investments	-	-	-	-	-	-	160,834
Receivables:							
Intergovernmental	-	-	-	-	-	-	10,507
Other	-	-	14	545	400	-	974
Due from other funds	<u>2,307</u>	<u>2,509</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,155</u>
Total assets	<u>\$ 2,307</u>	<u>\$ 2,509</u>	<u>\$ 28,944</u>	<u>\$ 4,602</u>	<u>\$ 3,329</u>	<u>\$ 1,167</u>	<u>\$ 661,622</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 1,338	\$ 622	\$ -	\$ -	\$ 4,622
Deferred revenues	-	-	-	-	-	-	1,920
Due to other funds	<u>950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,654</u>
Total Liabilities	950	-	1,338	622	-	-	19,196
Fund Balances:							
Unreserved and undesignated	<u>1,357</u>	<u>2,509</u>	<u>27,606</u>	<u>3,980</u>	<u>3,329</u>	<u>1,167</u>	<u>642,426</u>
Total liabilities and fund balances	<u>\$ 2,307</u>	<u>\$ 2,509</u>	<u>\$ 28,944</u>	<u>\$ 4,602</u>	<u>\$ 3,329</u>	<u>\$ 1,167</u>	<u>\$ 661,622</u>

TOWN OF WESTBROOK, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds					
	School Cafeteria Fund	Dog Fund	Insurance Fund	Conservation Fund	Open Space Preservation Fund	Westbrook Library Fund
Revenues:						
Intergovernmental	\$ 80,609	\$ -	\$ -	\$ -	\$ -	\$ 568
Charges for services	213,911	6,795	475	-	-	5,254
Contributions	-	-	-	-	-	75,170
Investment income	-	104	231	-	218	12,950
Total revenues	<u>294,520</u>	<u>6,899</u>	<u>706</u>	<u>-</u>	<u>218</u>	<u>93,942</u>
Expenditures:						
Current:						
General government	-	21,977	17,356	-	1,600	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	78,090
Education	285,849	-	-	-	-	-
Total expenditures	<u>285,849</u>	<u>21,977</u>	<u>17,356</u>	<u>-</u>	<u>1,600</u>	<u>78,090</u>
Excess (deficiency) of revenues over expenditures	8,671	(15,078)	(16,650)	-	(1,382)	15,852
Other financing sources:						
Transfers in (out)	-	20,800	10,000	-	-	(175,000)
Net change in fund balances	8,671	5,722	(6,650)	-	(1,382)	(159,148)
Fund balances - July 1, 2008	<u>17,301</u>	<u>16,552</u>	<u>58,674</u>	<u>298</u>	<u>60,205</u>	<u>423,287</u>
Fund balances - June 30, 2009	<u>\$ 25,972</u>	<u>\$ 22,274</u>	<u>\$ 52,024</u>	<u>\$ 298</u>	<u>\$ 58,823</u>	<u>\$ 264,139</u>

. . . Continued . . .

TOWN OF WESTBROOK, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009
... 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	\$ -	\$ -	\$ 251,014	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	75	1,320
Contributions	-	-	-	3,203	-	-
Investment income	216	-	-	-	297	-
Total revenues	<u>216</u>	<u>-</u>	<u>251,014</u>	<u>3,203</u>	<u>372</u>	<u>1,320</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Health and welfare	-	-	-	1,704	-	-
Culture and recreation	-	-	-	-	-	-
Education	-	-	251,014	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>251,014</u>	<u>1,704</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	216	-	-	1,499	372	1,320
Other financing sources:						
Transfers in (out)	-	-	-	-	-	-
Net change in fund balances	216	-	-	1,499	372	1,320
Fund balances - July 1, 2008	<u>52,550</u>	<u>35,529</u>	<u>-</u>	<u>12,147</u>	<u>72,179</u>	<u>3,136</u>
Fund balances - June 30, 2009	<u>\$ 52,766</u>	<u>\$ 35,529</u>	<u>\$ -</u>	<u>\$ 13,646</u>	<u>\$ 72,551</u>	<u>\$ 4,456</u>

... Continued ...

TOWN OF WESTBROOK, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009
... 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	\$ -	\$ -	\$ 7,000	\$ -	\$ -	\$ -	\$ 339,191
Charges for services	-	-	1,449	4,341	1,400	-	235,020
Contributions	-	-	-	-	-	-	78,373
Investment income	-	-	95	-	11	5	14,127
Total revenues	<u>-</u>	<u>-</u>	<u>8,544</u>	<u>4,341</u>	<u>1,411</u>	<u>5</u>	<u>666,711</u>
Expenditures:							
Current:							
General government	-	-	1,338	-	-	-	42,271
Health and welfare	-	-	-	-	-	-	1,704
Culture and recreation	-	-	-	4,625	-	-	82,715
Education	-	-	-	-	-	-	536,863
Total expenditures	<u>-</u>	<u>-</u>	<u>1,338</u>	<u>4,625</u>	<u>-</u>	<u>-</u>	<u>663,553</u>
Excess (deficiency) of revenues over expenditures	-	-	7,206	(284)	1,411	5	3,158
Other financing sources (uses):							
Transfers in (out)	-	-	-	-	-	-	(144,200)
Net change in fund balances	-	-	7,206	(284)	1,411	5	(141,042)
Fund balances - July 1, 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>
Fund balances - June 30, 2009	<u>\$ 1,357</u>	<u>\$ 2,509</u>	<u>\$ 27,606</u>	<u>\$ 3,980</u>	<u>\$ 3,329</u>	<u>\$ 1,167</u>	<u>\$ 642,426</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, 2009**

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
<u>ASSETS</u>				
Cash:				
Student activities	\$ 67,701	\$ 334,962	\$ 328,885	\$ 73,778
Performance bonds	<u>490,538</u>	<u>80,911</u>	<u>209,506</u>	<u>361,943</u>
Total cash	<u>558,239</u>	<u>415,873</u>	<u>538,391</u>	<u>435,721</u>
Investments:				
Student activities	61,532	1,155	17,621	45,066
Westbrook library	<u>32,899</u>	<u>544</u>	<u>-</u>	<u>33,443</u>
Total investments	<u>94,431</u>	<u>1,699</u>	<u>17,621</u>	<u>78,509</u>
Total Assets	<u><u>\$ 652,670</u></u>	<u><u>\$ 417,572</u></u>	<u><u>\$ 556,012</u></u>	<u><u>\$ 514,230</u></u>
<u>LIABILITIES</u>				
Accounts Payable:				
Student activities	\$ 129,233	\$ 336,117	\$ 346,506	\$ 118,844
Performance bonds	490,538	80,911	209,506	361,943
Westbrook library	<u>32,899</u>	<u>544</u>	<u>-</u>	<u>33,443</u>
Total Liabilities	<u><u>\$ 652,670</u></u>	<u><u>\$ 417,572</u></u>	<u><u>\$ 556,012</u></u>	<u><u>\$ 514,230</u></u>

**TOWN OF WESTBROOK, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2009**

Total Tax Collections (including interest and lien fees)
for the year ended June 30, 2009: \$ 20,815,096

Reimbursement for Revenue Loss:
Tax relief for elderly -

Base for Debt Limitation Computation \$ 20,815,096

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation: (1)					
2 1/4 times base	\$ 46,833,966	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	93,667,932	-	-	-
3 3/4 times base	-	-	78,056,610	-	-
3 1/4 times base	-	-	-	67,649,062	-
3 times base	-	-	-	-	62,445,288
 Total Debt Limitation	<u>46,833,966</u>	<u>93,667,932</u>	<u>78,056,610</u>	<u>67,649,062</u>	<u>62,445,288</u>

Indebtedness:					
Bonds payable	7,527,000	21,363,000	-	-	-
Bond anticipation notes	-	995,000	-	-	-
Authorized and unissued bonds	-	5,902,400	-	-	-
Less school building grants	-	(1,135,063)	-	-	-
 Net Indebtedness	<u>7,527,000</u>	<u>27,125,337</u>	<u>-</u>	<u>-</u>	<u>-</u>

Debt Limitation in Excess of Outstanding Debt	<u>\$ 39,306,966</u>	<u>\$ 66,542,595</u>	<u>\$ 78,056,610</u>	<u>\$ 67,649,062</u>	<u>\$ 62,445,288</u>
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(1) The total of the above net indebtedness amounts to: \$ 34,652,337

In no event shall total indebtedness exceed seven times the base debt limitation computation: \$ 145,705,672

There is no overlapping debt.

TREND INFORMATION

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

	Fiscal Year Ended					
	2009	2008	2007 As restated	2006	2005	2004
Governmental Activities:						
Invested in capital assets, net of related debt	\$ 26,403,626	\$ 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	34,074	-	-	-	-
Unrestricted	7,037,766	5,745,262	5,137,018	6,437,602	2,838,697	(807,729)
Total Net Assets	\$ 33,475,466	\$ 30,515,742	\$ 27,714,772	\$ 28,026,805	\$ 20,167,790	\$ 18,015,514

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

	Fiscal Year Ended					
	2009	2008	2007	2006	2005	2004
Expenses:						
Governmental activities:						
General government	\$ 2,166,037	\$ 2,062,110	\$ 1,769,310	\$ 1,747,589	\$ 1,511,043	\$ 1,995,202
Public safety	1,351,058	1,324,685	1,507,560	1,412,971	1,402,775	1,276,318
Public works	1,139,920	1,143,085	1,522,152	1,176,565	1,187,238	971,263
Health and welfare	638,421	557,242	645,645	642,175	629,105	496,847
Culture and recreation	807,707	740,027	728,258	628,710	717,494	633,494
Education	15,535,704	18,300,874	12,844,223	12,144,473	11,048,686	11,215,803
Interest expense	1,295,106	1,367,985	1,407,463	1,309,007	1,034,958	848,386
Total expenses	<u>22,933,953</u>	<u>25,496,008</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	353,356	876,834	525,715	555,726	495,314	635,195
Public safety	34,608	125,835	6,732	7,570	6,144	6,556
Public works	40,528	45,632	43,510	51,603	45,322	37,132
Health and welfare	335,964	362,383	346,992	402,162	426,971	380,895
Culture and recreation	216,471	214,187	213,928	177,414	176,055	168,619
Education	213,911	207,628	212,862	224,499	210,540	197,824
Operating grants and contributions	2,072,552	5,860,707	1,417,907	1,335,872	970,430	1,158,264
Capital grants and contributions	876,718	450,000	45,000	5,445,527	1,011,600	374,535
Total program revenues	<u>4,144,108</u>	<u>8,143,206</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>(18,789,845)</u>	<u>(17,352,802)</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	20,930,232	19,310,767	17,956,139	17,065,027	15,673,501	14,519,299
Grants and contributions not restricted to specific programs	595,026	466,731	646,795	608,357	531,525	517,360
Investment income	175,614	376,184	477,088	319,624	213,612	65,433
Total governmental activities	<u>21,700,872</u>	<u>20,153,682</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>\$ 2,911,027</u>	<u>\$ 2,800,880</u>	<u>\$ 1,468,057</u>	<u>\$ 7,131,891</u>	<u>\$ 2,229,715</u>	<u>\$ 623,799</u>

SEWARD AND MONDE

CERTIFIED PUBLIC ACCOUNTANTS
296 STATE STREET
NORTH HAVEN, CONNECTICUT 06473-2165
(203) 248-9341
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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*

To the Honorable Members
of the Board of Finance
Town of Westbrook, Connecticut

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, 2009 which collectively comprise the Town of Westbrook, Connecticut's basic financial statements and have issued our report thereon dated February 8, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 the 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.

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 as items 2009-01 through 2009-05 to be significant deficiencies in internal control over financial reporting.

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.

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 that might be significant deficiencies and, accordingly would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2009-01 to be a 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 8, 2010.

This report is intended solely for the information and use of management, the Board of Finance, the Office of Policy and Management, 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 8, 2010

SEWARD AND MONDE

CERTIFIED PUBLIC ACCOUNTANTS
296 STATE STREET
NORTH HAVEN, CONNECTICUT 06473-2165
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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

To the Honorable Members
of the Board of Finance
Town of 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, 2009. 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, 2009.

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, 2009, and have issued our report thereon dated February 8, 2010. 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, State 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 8, 2010

TOWN OF WESTBROOK, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2009

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-SDE64370-16073	\$ 3,483
Healthy Food	11000-SDE64370-16072	7,689
Adult Education	11000-SDE64370-17030	1,592
Youth Service Bureau	11000-SDE64370-17052	14,000
Youth Service Bureau Enhancement	11000-SDE64370-16201	3,300
<u>Office of Policy and Management:</u>		
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17011	568
Property Tax Relief for Elderly Homeowners- Freeze Program	11000-OPM20600-17019	40,867
Property Tax Relief for Veterans	11000-OPM20600-17024	8,754
PILOT-Property Tax Relief for Manufacturing Machinery and Equipment and Commercial Vehicles	11000-OPM20600-17031	257,720
Heating Assistance - Schools	11000-OPM20600-17096	11,704
Prepare/Revise Municipal Plans	12052-OPM20600-43129	20,000
<u>Department of Environmental Protection:</u>		
Long Island Sound	12027-DEP44165-40203	4,923
<u>Department of Transportation:</u>		
Town Aid Road Grants Transportation Fund	12001-DOT57000-17036	107,956
<u>Connecticut State Library:</u>		
Historic Document Preservation	11000-CSL66094-35150	1,338
State Grants to Public Libraries	11000-CSL66051-17003	1,400
Connecticard Payments	11000-CSL66051-17010	568
<u>Department of Education and Services for the Blind:</u>		
Education Aid Blind/Visually Impaired Children	11000-ESB65020-12060	1,398

. . . Continued . . .

**TOWN OF WESTBROOK, CONNECTICUT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2009**

. . . Continued . . .

State Grantor Pass-Through Grantor Program Title	State Grant Program Core-CT Number	Expenditures
<u>Office of State Comptroller:</u>		
Payment in Lieu of Taxes (PILOT) on State Owned Property	11000-OSC15910-17004	\$ 46,630
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	29,082
Boat Grant	12027-OSC15910-40211	111,912
<u>Department of Public Health:</u>		
Local and District Departments of Health	11000-DPH48500-17009	3,242
<u>Department of Special Revenue:</u>		
Bingo Payment	34003-DSR18309-42350	34
<u>Judicial Branch:</u>		
Parking Fines	34001-JUD95162-40001	13,585
<u>Department of Emergency Management and Homeland Security</u>		
Emergency Homeland Security	12060-EHS99530-90516	<u>61,233</u>
Total State Financial Assistance Before Exempt Programs		<u>752,978</u>
Exempt Programs:		
<u>Department of Education:</u>		
Transportation of School Children	11000-SDE64370-17027	11,592
Education Cost Sharing	11000-SDE64370-17041	423,969
Special Education: Excess Costs Student Based and Equity	11000-SDE64370-17047	31,350
School Construction Projects - Interest Subsidy	13009-SDE64370-40896	69,212
School Construction Projects - Principal Subsidy	13009-SDE64370-40901	<u>1,263,775</u>
Total Exempt Programs		<u>1,799,898</u>
Total State Financial Assistance		<u>\$ 2,552,876</u>

See notes to schedule.

**TOWN OF WESTBROOK, CONNECTICUT
STATE FINANCIAL ASSISTANCE PROGRAMS
NOTES TO SCHEDULE
For the Year Ended June 30, 2009**

Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Westbrook, Connecticut 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, Connecticut conform to U.S. generally accepted accounting principles, 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, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2009**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

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

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes 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 no

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

<u>State Grantor and Program</u>	<u>State Core-CT 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	\$ 257,720
<u>Department of Transportation</u> Town Aid Road Grants	12001-DOT57000-17036	107,956
<u>Office of the State Comptroller</u> Boat Grant	12027-OSC15910-40211	111,912

II. FINANCIAL STATEMENT FINDINGS

- We issued reports, dated February 8, 2010 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:

2009-01 - RISK MANAGEMENT - ASSESSMENT, DOCUMENTATION AND MONITORING (Repeat 2008-01)

Condition - This condition existed during the prior year (FY08) audit and remained uncorrected during our current (FY09) audit. Those charged with governance have not affected 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 - Control deficiencies and the lack of documentation or evidence of authorized procedures or processes effected for proper internal control including checks and balances continue to exist in the current audit year.

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 surmised 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 further limited by part-time positions and budgetary constraints.

Town Action - We had advised the town of this finding in the early stages of the initial year audit process (FY08). We then observed that the Town began a process for corrective action to the extent practical under the circumstances. An outside consultant was engaged by the Town during early fall 2009 to assist the Town in addressing items contained in the FY08 management letter. However this process was ongoing during the current audit year (FY09).

We were informed that subsequent to the FY09 audit a number of matters relating to items in our FY08 management letter were resolved with the assistance of the outside consultant such as: instituting an employee manual; addressing policy and procedures for: accounts payable transactions; cash receipts transactions; and bill payment authorization.

However, in addition to those matters that we understand have been resolved, the absence of a fundamental internal control process/system over financial reporting continues to exist during our current audit and it does not appear to have been addressed subsequent to that time.

We therefore cite this matter again with emphasis on the following recommendation.

Recommendation - We continue to 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 recommend that the internal control elements include, among others, the following:

- Documented narrative (also flow chart) of the accounting system and procedures for each department and the 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 the Department Head, evidenced by sign-off.
- Separation of duties.
- Internal Control Protocols established by the Board of Selectmen and Finance 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.

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

2009-02 - PREPARATION OF FINANCIAL STATEMENTS (repeat 2008-02)

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

2009-03 - FINANCE PERSON (Repeat 2008-05)

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.

Town Action - We are aware that subsequent to our audit, the Town established a full-time Finance Director position and is currently conducting interviews for this position.

Recommendation - We therefore recommend that the Town complete this process.

2009-04 - PURCHASE ORDER (P.O.). SYSTEM (Repeat 2008-06)

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.

2009-05 TOWN CLERK'S OFFICE (Repeat 2008-07)

Condition - There is an inadequate separation of duties in the collection and processing 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). There are control weaknesses in the computer system transaction processing.

Criteria - Office employees practically have unlimited access to collections and also to the records that account for them. This is a deficiency in internal control design. Controls should be adequate in design. The business practice of accepting personal checks rather than cash, certified checks or money orders, etc. may be practical but is not a best practices policy.

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

Town Clerk and Staff tasks can each include:

Unlimited access to COTT accounting system and the BAS system by all employees.

Voids can be processed by Town Clerk and Staff. Void recordings are not reviewed or scrutinized.

Licenses and customer receipts can be issued and then voids can be entered, after the fact.

We found control weaknesses in the computer system transaction processing:

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

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 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.

Town Action - We are aware that subsequent to our audit, procedures have been implemented to provide more adequate segregation of duties, as well as the development of reconciliation procedures from the COTT accounting system to customer receipts and voids processed within the system.

Recommendation - We recommend that those charged with governance continue to 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.