TOWN OF WESTBROOK, CONNECTICUT
FINANCIAL REPORT
JUNE 30, 2010

TOWN OF WESTBROOK, CONNECTICUT
FINANCIAL REPORT
JUNE 30, 2010

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Organizational Chart - Westbrook Town Government	
FINANCIAL SECTION	
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 . . .

	Page
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 - 56
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress and Schedule of Employer Contributions - Westbrook Retirement Systems	57 -58
Schedule of Funding Progress and Schedule of Employer Contributions - Westbrook Other Postemployment Benefits Plan	59
SUPPLEMENTARY INFORMATION	
General Fund	
Schedule of Revenues and Other Financing Sources - Budget and Actual	60 - 61
Schedule of Expenditures and Other Financing Uses - Budget and Actual	62 - 66
Report of Tax Collector	67
Nonmajor Governmental Funds	
Combining Balance Sheet	68 - 70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	71 - 73
Fiduciary Funds	
Combining Statement of Changes in Assets and Liabilities - Agency Funds	74
Schedule of Debt Limitation	75

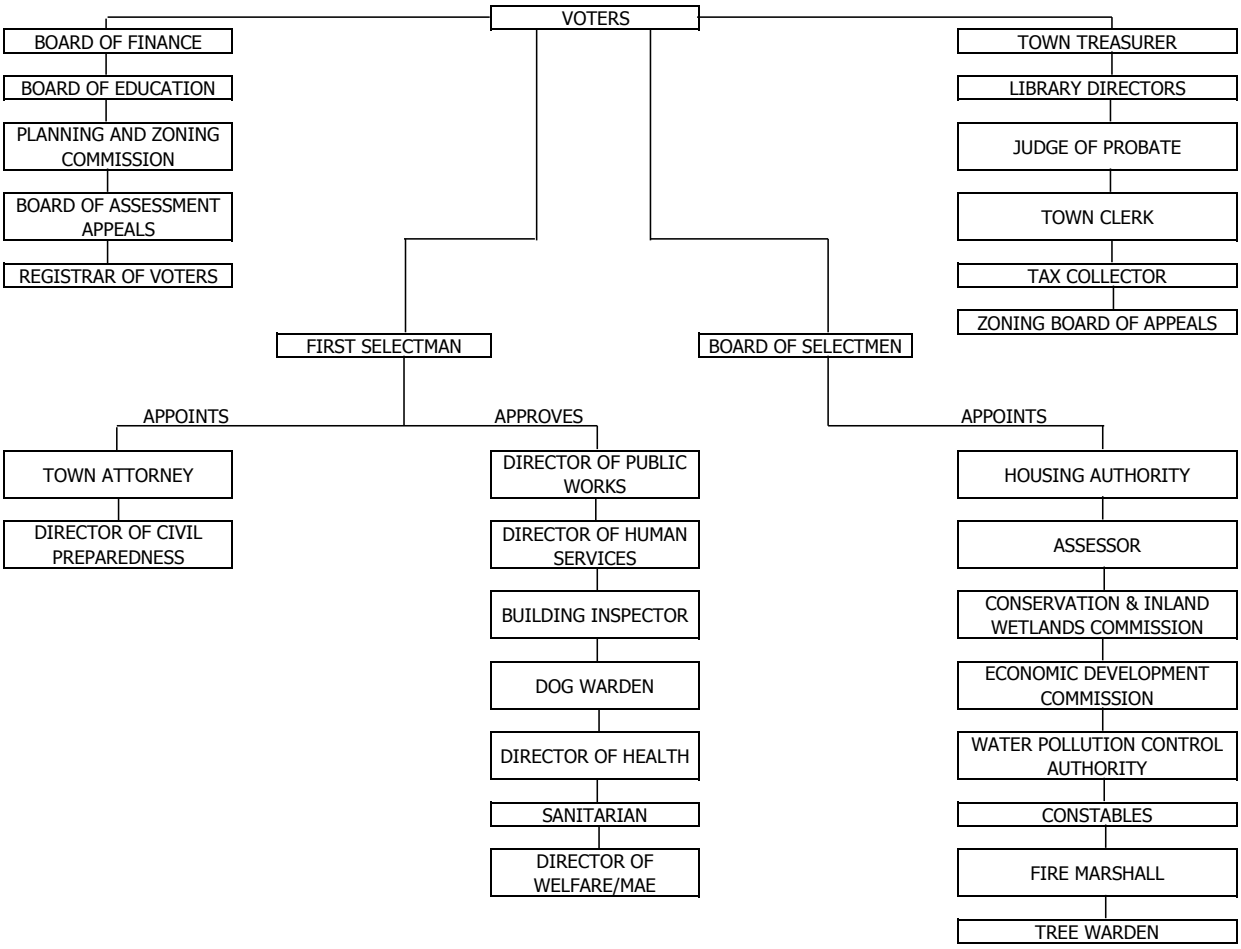
TOWN OF WESTBROOK, CONNECTICUT
TABLE OF CONTENTS
. . . Continued . . .

	Page
TREND INFORMATION	
Tables	
Net Assets by Component	76
Changes in Net Assets	77
STATE SINGLE AUDIT	
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	78 - 79
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with the State Single Audit Act	80 - 81
Schedule of Expenditures of State Financial Assistance	82 - 83
Notes to Schedule of Expenditures of State Financial Assistance	84
Schedule of Findings and Questioned Costs	85 – 89
Summary Schedule of Prior Audit Findings	90

INTRODUCTORY SECTION

TOWN OF WESTBROOK, CONNECTICUT

ORGANIZATIONAL CHART



FINANCIAL SECTION

S E W A R D A N D M O N D E
CERTIFIED PUBLIC ACCOUNTANTS
296 STATE STREET
NORTH HAVEN, CONNECTICUT 06473-2165
(203) 248-9341
FAX (203) 248-5813

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 (the Town) as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town'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, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof, for the year then ended, in conformity with U.S. generally accepted accounting principles and the respective budgetary comparison for the General Fund.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 20, 2010 on our consideration of the Town'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.

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis and the Schedules of Funding Progress and Employer Contributions on pages 3 through 12 and 57 through 59 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Government Accounting Standards Board, who considered it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during out audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Westbrook, Connecticut's financial statements as a whole. The introductory section and supplementary information is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The introductory section, supplementary information and the schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Seward and Monde

North Haven, Connecticut
December 20, 2010

Town of Westbrook, Connecticut
Management's Discussion and Analysis
June 30, 2010

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, 2010.

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 $35,635,927 (net assets). Of this amount, $6,652,732 (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 $2,160,461. 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 $5,449,723, an increase of $378,107 in comparison with the prior year.

- At the end of the current fiscal year, unreserved and undesignated fund balance for the general fund was $2,426,297, or 9.24% of total general fund expenditures and transfers out.

- The Town's total long-term obligations decreased by $2,259,129 (7.9%) during the current fiscal year. The key factor in this was $2,280,000 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, Land Use Professional Services Fund, and Special Education Grants Fund, all of which are considered to be major funds. Data from the other 17 governmental funds are combined into a single, aggregated presentation titled "Other Governmental Funds". 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 $35,635,927 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 $2,160,461, 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 $772,584 primarily due to an increase in the mill rate of .52 mills.
- Charges for services increased by $284,031 primarily in building permits, nursing fees and conveyance tax.
- Operating grants and contributions increased 4.9% or $101,232 and is not considered material.
- Capital grants and contributions decreased by $876,718 because there were no capital grants or contributions during FY2010.

Major expense factors included:

- Overall Town expenses increased $1,175,138, a 5.1% increase over FY2009.
- The cost of education services increased $680,694, a 4.4% increase over FY2009.

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 of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of $5,449,723, an increase of $378,107 compared to the prior year. This increase can be attributed to the increase in the Capital Nonrecurring Fund of $954,457, offset by a decrease in the General Fund of $600,295, a decrease in the Bonded Projects fund of $25,091, and less material changes in the Land Use Professional Services Fund and the other 17 minor governmental funds.

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 $2,426,297. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 9.24% of total General Fund expenditures and other financing uses.

The fund balance of the Town's General Fund decreased by $600,295 during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS.

Differences between the original budget and the final amended budget were $1,069,714. Significantly affected line items can be briefly summarized as follows:

- $58,399 decrease for the Chief Elected Official for reallocation of payroll funds to other departments for performance increases.
- $27,328 increase for the Finance Dept. for increases in the payroll for the Treasurer's Office, Assessor's Office and Tax Collector's office; and for additional tax refunds.
- $35,641 increase to Legal Services for various legal issues.
- $13,153 increase for Municipal Buildings for Mulvey Center DP equipment.
- $42,860 increase for Health for increased Nurses payroll and additional Sanitarian expenses.
- $10,500 increase to Public Safety for street lights and fire hydrant maintenance.
- $83,000 increase to Public Works for sand and salt and road repaving costs.
- $27,353 decrease to Waste Collection/Landfill due to lower costs for hazardous waste disposal and landfill operations.
- $17,500 increase to Youth & Family Services, funded through a State grant.
- $788,915 increase to Capital Improvements for various capital projects.

During the year, revenues were higher than budgetary estimates by $211,372, mainly in charges for services; while expenditures were $350,111 less than budgetary estimates, thus eliminating the need to draw upon existing fund balance.

Areas of significant savings were as follows:

- $12,468 in Chief Elected Officer's office.
- $14,475 in the Elections office.
- $26,510 in the Finance office.
- $16,725 in the Planning and Zoning office.
- $12,139 in Inland Wetlands.
- $71,133 in Police Protection.
- $24,789 in Sanitation and Waste Disposal.
- $18,745 in Municipal Buildings.
- $10,102 in Library.
- $32,589 in Recreation.
- $12,982 in Education.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town's investment in capital assets for its governmental activities as of June 30, 2010, amounts to $56,155,931 (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:

- Various school building improvements of $124,000.
- A new public works vehicle and dump body of $105,000.
- Various road work of $364,000.

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 $26,610,000 of long-term bonded debt outstanding (excluding premiums and deferred charges). 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	
	2010	2009
General purposes	$ 7,172,000	$ 7,527,000
Schools	19,438,000	21,363,000
Total	$ 26,610,000	$ 28,890,000

Subsequent to the end of fiscal year 2010, the Town's credit rating was upgraded by Moody's Investors Service to an Aa2 from an "A1" for it general obligation debt. This upgrade was as a result of a rating review conducted in conjunction with the Town's bond refunding that took place in October, 2010.

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 $151,431,868, 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 2010 was 7.3 %, which is a slight decrease from a rate of 7.4% a year ago. This compares very favorably to the state's average unemployment rate of 8.9% and the national average rate of 9.7%.

- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the Town's budget for the 2010/2011 year.

During the current fiscal year, unreserved fund balance in the general fund was $2,426,297. The Town has not appropriated any of the fund balance for spending in the 2010/2011 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

	2010	2009
Current and other assets	$ 10,935,582	$ 10,886,173
Capital assets, net	56,155,931	56,069,565
Total assets	67,091,513	66,955,738
Long-term liabilities	26,884,162	28,938,003
Other liabilities	4,571,424	4,542,269
Total liabilities	31,455,586	33,480,272
Net assets:		
Invested in capital assets, net of related debt	28,949,121	26,403,626
Restricted	34,074	34,074
Unrestricted	6,652,732	7,037,766
Total net assets	$ 35,635,927	$ 33,475,466

Table 2
Town of Westbrook
Condensed Statement of Activities

	2010	2009
Revenues		
Program revenues:		
Charges of service	$ 1,478,869	$ 1,194,838
Operating grants and contributions	2,173,784	2,072,552
Capital grants and contributions	-	876,718
General revenues:		
Property taxes	21,702,816	20,930,232
Grants and contributions not restricted to specific programs	815,002	595,026
Investment income	99,081	175,614
Total revenues	26,269,552	25,844,980
Expenses:		
General government	2,596,749	2,166,037
Public safety	1,319,021	1,351,058
Public works	1,162,756	1,139,920
Health and welfare	754,837	638,421
Culture and recreation	846,270	807,707
Education	16,216,398	15,535,704
Interest expenses	1,213,060	1,295,106
Total expenses	24,109,091	22,933,953
Increase in net assets	2,160,461	2,911,027
Net assets, beginning	33,475,466	30,564,439
Net assets, ending	$ 35,635,927	$ 33,475,466

Table 3
Town of Westbrook
Capital Assets - Net

	2010	2009
Land	$ 4,502,669	$ 4,187,669
Construction in progress	28,846	257,582
Buildings and improvements	47,476,865	47,826,110
Machinery and equipment	1,402,267	1,354,761
Infrastructure	2,745,284	2,443,443
Total	$ 56,155,931	$ 56,069,565

TOWN OF WESTBROOK, CONNECTICUT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities
ASSETS	
Current assets:	
Cash	$ 5,406,243
Investments	3,791,678
Receivables:	
Property taxes	346,064
Intergovernmental	361,326
Other	120,677
Bond issue costs	22,326
Total current assets	10,048,314
Noncurrent assets:	
Receivables (net):	
Property taxes	179,362
Intergovernmental	429,285
Bond issue costs	278,621
Total other noncurrent assets	887,268
Capital assets (net of accumulated depreciation):	
Land	4,502,669
Construction in progress	28,846
Buildings and improvements	47,476,865
Machinery, equipment and vehicles	1,402,267
Infrastructure	2,745,284
Total capital assets (net of accumulated depreciation)	56,155,931
Total noncurrent assets	57,043,199
Total assets	67,091,513
LIABILITIES	
Current liabilities:	
Accounts payable	800,784
Accrued liabilities	115,881
Accrued interest payable	270,181
Deferred revenue	111,631
Bond anticipation note	795,000
Bonds payable and related liabilities	2,375,000
Other liabilities	102,947
Total current liabilities	4,571,424
Noncurrent liabilities:	
Bonds payable and related liabilities	24,036,810
Other liabilities	2,847,352
Total noncurrent liabilities	26,884,162
Total liabilities	31,455,586
NET ASSETS	
Invested in capital assets, net of related debt	28,949,121
Restricted for:	
Nonexpendable permanent endowments	34,074
Unrestricted	6,652,732
Total net assets	$ 35,635,927

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, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets: Total Governmental Activities
Governmental activities:					
General government	$ 2,596,749	$ 523,407	$ 17,300	$ -	($ 2,056,042)
Public safety	1,319,021	69,597	11,940	-	(1,237,484)
Public works	1,162,756	45,487	157,962	-	(959,307)
Health and welfare	754,837	414,741	603	-	(339,493)
Culture and recreation	846,270	233,799	23,951	-	(588,520)
Education	16,216,398	191,838	1,962,028	-	(14,062,532)
Interest expense	1,213,060	-	-	-	(1,213,060)
Total	24,109,091	1,478,869	2,173,784	-	(20,456,438)
General revenues:					
Property taxes					21,702,816
Grants and contributions not restricted to specific programs					815,002
Investment income					99,081
Total general revenues and contributions					22,616,899
Change in net assets					2,160,461
Nets assets - July 1, 2009					33,475,466
Net assets - June 30, 2010					$ 35,635,927

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

TOWN OF WESTBROOK, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General	Bonded Projects	Capital Nonrecurring	Land Use Professional Services	Special Education Grants	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash	$ 1,690,266	$ 1,481,220	$ 1,483,881	$ 203,471	$ 92,943	$ 454,462	$ 5,406,243
Investments	1,079,825	-	230,001	-	-	192,071	1,501,897
Receivables:							
Property taxes	426,890	-	-	-	-	-	426,890
Intergovernmental	-	-	-	-	-	10,447	10,447
Other	116,643	-	569	1,000	-	2,465	120,677
Due from other funds	14,579	-	34,846	-	30,392	47,996	127,813
Total assets	$ 3,328,203	$ 1,481,220	$ 1,749,297	$ 204,471	$ 123,335	$ 707,441	$ 7,593,967
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	$ 342,944	$ -	$ 69,884	$ 196,023	$ -	$ 14,578	$ 623,429
Accrued liabilities	115,881	-	-	-	-	-	115,881
Due to other funds	72,591	469	40,643	-	11,704	2,406	127,813
Deferred revenue	370,490	-	-	-	111,631	-	482,121
Bond anticipation note	-	-	795,000	-	-	-	795,000
Total liabilities	901,906	469	905,527	196,023	123,335	16,984	2,144,244
Fund Balances:							
Unreserved, reported in:							
General fund	2,426,297	-	-	-		-	2,426,297
Special revenue funds	-	-	-	-		690,457	690,457
Capital projects funds	-	1,480,751	843,770	8,448	-	-	2,332,969
Total fund balances	2,426,297	1,480,751	843,770	8,448	-	690,457	5,449,723
Total liabilities and fund balances	$ 3,328,203	$ 1,481,220	$ 1,749,297	$ 204,471	$ 123,335	$ 707,441	$ 7,593,967

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, 2010

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	$ 5,449,723
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Beginning net capital assets	56,069,565
Current year additions	985,052
Loss on disposal of capital assets	(9,520)
Depreciation expense	(889,166)
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	228,971
Property tax receivable - accrual basis change	370,490
School building grant receivable	780,164
Allowance for doubtful accounts	(130,435)
Bond issue costs	300,947
Deferred loss on refunding	240,000
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	2,112,426
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(26,610,000)
Bond premiums	(41,810)
Other post employment benefits	(481,852)
Compensated absences	(114,736)
Net pension obligation	(48,717)
Landfill closure costs	(2,304,994)
Accrued interest payable	(270,181)
Net assets of governmental activities	$ 35,635,927

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, 2010

	General	Bonded Projects	Capital Nonrecurring	Land Use Professional Services	Special Education Grants	Other Governmental Funds	Total Governmental Funds
REVENUES:							
Property taxes	$ 21,687,014	$ -	$ -	$ -	$ -	$ -	$ 21,687,014
Intergovernmental	2,684,738	-	55,291	-	368,236	81,414	3,189,679
Charges for services	1,133,883	-	-	-	-	270,641	1,404,524
Contributions	-	-	-	-	-	17,603	17,603
Investment income	72,415	6,132	3,830	1,005	-	15,699	99,081
Total revenues	25,578,050	6,132	59,121	1,005	368,236	385,357	26,397,901
EXPENDITURES:							
Current:							
General government	2,573,267	-	-	-	-	46,675	2,619,942
Public safety	1,302,365	-	-	-	-	-	1,302,365
Public works	1,269,697	-	-	-		-	1,269,697
Health and welfare	754,044	-	-	-		793	754,837
Culture and recreation	808,679	-	-	-	-	31,565	840,244
Education	14,639,635	-	-	-	368,236	283,293	15,291,164
Capital outlay	-	24,644	392,579	-		-	417,223
Debt service	3,524,322	-	-	-		-	3,524,322
Total expenditures	24,872,009	24,644	392,579	-	368,236	362,326	26,019,794
Excess (deficiency) of revenues over expenditures	706,041	(18,512)	(333,458)	1,005	-	23,031	378,107
OTHER FINANCING SOURCES (USES):							
Transfers in	81,579	-	1,362,915	-	-	30,000	1,474,494
Transfers out	(1,387,915)	(6,579)	(75,000)	-	-	(5,000)	(1,474,494)
Net other financing sources (uses)	(1,306,336)	(6,579)	1,287,915	-		25,000	-
Net change in fund balance	(600,295)	(25,091)	954,457	1,005	-	48,031	378,107
Fund balances (deficits) - July 1, 2009	3,026,592	1,505,842	(110,687)	7,443	-	642,426	5,071,616
Fund balances - June 30, 2010	$ 2,426,297	$ 1,480,751	$ 843,770	$ 8,448	$ -	$ 690,457	$ 5,449,723

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, 2010

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

Net change in fund balances - total governmental funds	$	378,107
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		985,052
Loss on disposal of capital assets	(	9,520)
Depreciation expense	(	889,166)
Total		86,366
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	(	459,151)
Increase in property tax receivable - accrual basis change		15,802
Total	(	443,349)
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		2,280,000
Total		2,280,000
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		31,262
Amortization of bond premium		3,129
Amortization of bond issuance costs	(	22,326)
Amortization of deferred charges	(	24,000)
Compensated absences	(	84,435)
Net pension obligation		1,537
Other post employment benefits (OPEB)	(	246,781)
Landfill closure		12,504
Total	(	329,110)
Internal service funds are used by management to charge costs of medical insurance premiums to individual departments		183,465
The net revenue of the activities of the internal service fund is reported with governmental activities		4,982
Change in net asset of governmental activities	$	2,160,461

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, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes, interest and lien fees	$ 21,788,564	$ 21,788,564	$ 21,687,014	($ 101,550)
Intergovernmental	1,575,607	1,575,607	1,598,631	23,024
Charges for services	788,400	788,400	1,133,883	345,483
Investment income	128,000	128,000	72,415	(55,585)
Total revenues	24,280,571	24,280,571	24,491,943	211,372
Expenditures:				
Current:				
General government	2,685,441	2,723,910	2,573,267	150,643
Public safety	1,367,013	1,379,200	1,302,365	76,835
Public works	1,241,033	1,320,332	1,269,697	50,635
Health and welfare	702,698	765,789	754,044	11,745
Culture and recreation	841,036	853,789	808,679	45,110
Board of Education	13,566,510	13,566,510	13,553,528	12,982
Debt service	3,526,483	3,526,483	3,524,322	2,161
Total expenditures	23,930,214	24,136,013	23,785,902	350,111
Excess of revenues over expenditures	350,357	144,558	706,041	561,483
Other Financing Sources (Uses):				
Appropriation of fund balance	173,643	1,168,357	-	(1,168,357)
Transfers in	-	75,000	81,579	6,579
Transfers out	(524,000)	(1,387,915)	(1,387,915)	-
Net other financing sources (uses)	(350,357)	(144,558)	(1,306,336)	(1,161,778)
Net change in fund balance	$ -	$ -	(600,295)	($ 600,295)
Fund Balance - July 1, 2009			3,026,592	
Fund Balance - June 30, 2010			$ 2,426,297	

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, 2010

	Governmental Activities
	Internal Service Fund
ASSETS	
Investments	$ 2,289,781
Total assets	2,289,781
LIABILITIES	
Liability:	
Accounts payable	17,325
Claims incurred but not reported	160,030
Total liabilities	177,355
NET ASSETS	
Net Assets:	
Unrestricted	$ 2,112,426

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, 2010

	Governmental Activities
	Internal Service Fund
Operating Revenues:	
Charges for services	$ 2,697,897
Operating Expenses:	
Claims incurred	2,125,175
Administration	389,257
Total Operating Expenses	2,514,432
Operating income before nonoperating revenues	183,465
Nonoperating Revenues:	
Investment income	4,982
Change in Net Assets	188,447
Net Assets - July 1, 2009	1,923,979
Net Assets - June 30, 2010	$ 2,112,426

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, 2010

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities:	
Cash received for charges for services	$ 2,699,321
Cash paid for benefits and claims	(2,129,837)
Cash paid for administration	(389,257)
Net cash provided by operating activities	180,227
Cash Flows from Investing Activities:	
Income from investments	4,982
Net increase in cash and cash equivalents	185,209
Cash and cash equivalents - July 1, 2009	2,104,572
Cash and cash equivalents - June 30, 2010	$ 2,289,781
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 183,465
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	1,424
Increase in accounts payable	11,128
Decrease in claims incurred but not reported	(15,790)
Net cash provided by operating activities	$ 180,227

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, 2010

	Pension Trust Funds	Agency Funds
ASSETS		
Cash	$ 199,762	$ 599,420
Investments at fair value:		
Mutual funds:		
Equity	2,894,600	33,477
Fixed income	1,810,512	-
Balanced	176,285	-
Certificates of deposit	-	45,220
Total investments	4,881,397	78,697
Accounts receivable	40,445	1,000
Total Assets	5,121,604	$ 679,117
LIABILITY		
Liability:		
Accounts payable	-	$ 679,117
Net assets held in trust for pension benefits	$ 5,121,604	

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, 2010

	Pension Trust Funds
Additions:	
Contributions:	
Employer	$ 250,559
Plan members	111,286
Total contributions	361,845
Investment income:	
Net appreciation in fair value of investments	454,533
Interest and dividends	122,649
Total investment income	577,182
Total Additions	939,027
Deductions:	
Benefits	332,119
Administration	29,612
Total deductions	361,731
Change in net assets	577,296
Net assets - July 1, 2009	4,544,308
Net assets - June 30, 2010	$ 5,121,604

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

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, 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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.

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. 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.

Governmental Funds

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements.

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.

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.

The Special Education Grants Fund accounts for the financial revenues received in the form of federal and state education grants.

Proprietary Funds

Proprietary fund financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows for each major proprietary fund and non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-wide Financial Statements.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with 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.

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).

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, 2010, and are calculated based upon prior collections.

In the fund financial statements, all property taxes receivable at June 30, 2010, which have not been collected within 60 days of June 30, 2010, 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:

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

Compensated Absences

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

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Net Assets/Fund Equity

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

Invested in Capital Assets, Net of Related Debt

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

Restricted Net Assets

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

Unrestricted Net Assets

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

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

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

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

Estimates

The preparation of 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.

Other Post-Employment Benefits Accounting

Governmental Funds - The net other post-employment benefit obligation (asset) (OPEB), the cumulative difference between annual OPEB cost and the Town's contributions to the plan, is calculated on a actuarial basis consistent with the requirements of the Governmental Accounting Standards Board Statement No. 45. Expenditures are recognized when they are paid or are expected to be paid with current available resources.

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 December 20, 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 submits it to the Board of Finance. The Board of Finance acts on the requests.

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

- The Board of Education may transfer unexpended balances between accounts within its total line appropriation.

- Additional appropriations may be made during the year by resolution of the Board of Finance. Additional appropriations for the year ended June 30, 2010, amounted to $994,714.

- 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:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Budgetary basis (page 19)	$ 24,573,522	$ 25,173,817
State Teachers' Retirement on-behalf payment	1,086,107	1,086,107
GAAP basis (page 17)	$ 25,659,629	$ 26,259,924

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, 2010, $730,693 of the Town's bank balance of $6,900,523 (including certificates of deposit recorded as investments) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ 657,624
Uninsured and collateral held by the pledging bank's trust department, not in the town's name	73,069
Total amount subject to custodial credit risk	$ 730,693

Investments

At June 30, 2010, 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	$ 45,220	$ -	$ 45,220	$ -
Equity Mutual Funds	3,086,671	3,086,671	-	-
Fixed Income Mutual Funds	1,843,989	-	231,175	1,612,814
Balanced Mutual Funds	176,285	-	176,285	-
Pooled Fixed Income	3,599,607	-	3,599,607	-
Total	$ 8,751,772	$ 3,086,671	$ 4,052,287	$ 1,612,814

Of the $3,599,607 of pooled fixed income, $1,194,743 was invested in Short Term Investment Fund (STIF). STIF is an investment pool managed by the State of Connecticut Office of the State Treasurer.

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

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

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

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

Custodial credit risk - The Town has no formal policy regarding custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At June 30, 2010, 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 Taxes		
	Taxes	Interest & Lien Fees	Total
Current portion	$ 238,991	$ 107,073	$ 346,064
Long-term portion	$ 187,900	$ 121,898	$ 309,798
Less: Allowances for uncollectibles	(64,034)	(66,402)	(130,436)
Net long-term portion	$ 123,866	$ 55,496	$ 179,362

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)	$ 370,490

Note 5 - Capital Assets

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

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Capital Assets, not being depreciated:				
Land	$ 4,187,669	$ 315,000	$ -	$ 4,502,669
Construction in progress	257,582	55,740	284,476	28,846
Total Capital assets, not being depreciated	4,445,251	370,740	284,476	4,531,515
Capital Assets, being depreciated:				
Buildings and improvements	51,114,592	371,544	-	51,486,136
Machinery, equipment and vehicles	3,280,185	192,244	103,500	3,368,929
Infrastructure	3,029,811	335,000	-	3,364,811
Total Capital Assets, being depreciated	57,424,588	898,788	103,500	58,219,876
Total Capital Assets	61,869,839	1,269,528	387,976	62,751,391
Less Accumulated Depreciation for:				
Buildings and improvements	3,288,482	720,789	-	4,009,271
Machinery, equipment and vehicles	1,925,424	135,218	93,980	1,966,662
Infrastructure	586,368	33,159	-	619,527
Total Accumulated Depreciated	5,800,274	889,166	93,980	6,595,460
Total Capital Assets, being depreciated, net	51,624,314	9,622	9,520	51,624,416
Government Activities Capital Assets, net	$ 56,069,565	$ 380,362	$ 293,996	$ 56,155,931

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

General government	$ 120,581
Public safety	80,438
Public works	85,090
Culture and recreation	6,026
Education	597,031
Total depreciation expense	$ 889,166

Capital Projects Authorizations

The following is a summary of Capital Projects at June 30, 2010:

Capital Project	Bond Authorization	Current Year Expenditures	Cumulative Expenditures	Balance June 30, 2010
Library Renovation Project	$ 4,275,000	$ 41,947	$ 4,230,008	$ 44,992
Daisy Ingraham Roof	1,500,000	33,584	1,095,304	404,696
Total	$ 5,775,000	$ 75,531	$ 5,325,312	$ 449,688

Note 6 - Interfund Accounts

A summary of interfund balances as of June 30, 2010 is as follows:

	Corresponding Fund	Due From	Due To
General Fund:			
Bonded Projects	NA	$ 469	$ -
Special Education Grants	NA	11,704	30,392
Recreation Concert Series	NA	950	-
Dog Fund	NA	1,456	2,810
Capital Nonrecurring	NA	-	34,846
Document Preservation	NA	-	1,934
Westbrook Nurses	NA	-	2,609
Total General Fund		14,579	72,591
Major - Bonded Projects:	General Fund	-	469
Major - Capital Nonrecurring:			
Capital Nonrecurring	General Fund	34,846	-
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		34,846	40,643
Major - Special Education Grants	General Fund	30,392	11,704
Nonmajor Governments Funds:			
Recreation Concert Series	General Fund	-	950
Westbrook Nurses	General Fund	2,609	-
Dog Fund	General Fund	2,810	1,456
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	-
Document Preservation		1,934	
Total Nonmajor Governmental Funds		47,996	2,406
Grand Total		$ 127,813	$ 127,813

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, 2010 is as follows:

	Corresponding Fund	Transfer In	Transfer Out
General Fund:			
Bonded Projects	N/A	$ 6,579	$ -
Capital Nonrecurring	N/A	75,000	1,357,915
Dog Fund	N/A	-	20,000
Insurance Fund	N/A	-	10,000
Total General Fund		81,579	1,387,915
Major - Bonded Projects	General Fund	-	6,579
Major - Capital Nonrecurring	General Fund	1,357,915	75,000
	Open Space	5,000	-
		1,362,915	75,000
Nonmajor Governments Funds:			
Dog Fund	General Fund	20,000	-
Open Space	Capital Nonrecurring	-	5,000
Insurance Fund	General Fund	10,000	-
Total Nonmajor Governmental Funds		30,000	5,000
Grand Total		$ 1,474,494	$ 1,474,494

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

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, 2009	Additions	Deductions	Balance June 30, 2010	Current Portion
General Obligation Bonds									
General Purpose:									
Open space acquisition	$ 2,160,000	11/01/04	06/15/24	3.00%-5.00%	$ 1,640,000	$ -	$ 120,000	$ 1,520,000	$ 120,000
Refunding bond	3,064,000	01/19/06	09/15/19	3.50%-4.00%	2,337,000	-	85,000	2,252,000	154,000
Library project	3,550,000	03/15/07	03/15/27	4.00%-4.50%	3,550,000	-	150,000	3,400,000	150,000
Total General Purpose					7,527,000	-	355,000	7,172,000	424,000
Schools:									
Improvement bond	12,575,000	03/15/92	03/15/12	5.50%-7.50%	1,860,000	-	630,000	1,230,000	630,000
Improvement bond	5,980,000	01/15/94	06/15/13	3.60%-5.60%	1,260,000	-	315,000	945,000	315,000
Improvement bond	11,200,000	11/01/04	06/15/24	3.00%-5.00%	9,000,000	-	600,000	8,400,000	600,000
Refunding bond	1,106,000	01/19/06	09/15/19	3.50%-4.00%	843,000	-	30,000	813,000	56,000
Improvement bond	8,400,000	01/01/06	01/01/26	4.00%-5.63%	8,400,000	-	350,000	8,050,000	350,000
Total Schools					21,363,000	-	1,925,000	19,438,000	1,951,000
Total General Obligation Bonds					28,890,000	-	2,280,000	26,610,000	2,375,000
Bond Premiums					44,939	-	3,129	41,810	-
Deferred Loss on Refunding					(264,000)	-	(24,000)	(240,000)	-
Total Bonds and Related Liabilities					28,670,939	-	2,259,129	26,411,810	2,375,000
Other Long-Term Obligations:									
Compensated Absences					30,301	99,215	14,780	114,736	22,947
Net Pension Obligation					50,254	-	1,537	48,717	-
Other Post Employment Benefits (OPEB)					235,071	246,781	-	481,852	-
Landfill Closure Costs					2,317,498	-	12,504	2,304,994	80,000
Total Other Long-Term Obligations					2,633,124	345,996	28,821	2,950,299	102,947
Total General Long-Term Obligations					$ 31,304,063	$ 345,996	$ 2,287,950	$ 29,362,109	$ 2,477,947

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

	Bonds Payable		Amounts to be Provided by the State	
Fiscal Year	Principal	Interest	Principal	Interest
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	3,780
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	-	-
	$ 26,610,000	$ 8,007,551	$ 725,732	$ 54,432

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.

As of June 30, 2010 the estimated monitoring costs for the next 26 years are $2,304,994. 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, 2010, the town had the following authorized, unissued bonds:

Project Name	Amount Unissued
School Improvements:	
New middle school	$ 87,446
Daisy Ingraham roof	260,251
	$ 347,697

Note 8 - Short-Term Obligation

On July 23, 2009 the Town issued $795,000 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 22, 2010.

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, trends in the insurance claims and estimates for administration. The claims liability reported in the fund is based upon the requirements of GASB Statements No. 10 and 30, which require that a liability for estimated claims incurred but not reported be recorded.

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

Fiscal Year	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2007-2008	$ 198,357	$ 2,017,120	$ 2,053,751	$ 161,726
2008-2009	161,726	1,991,915	1,977,821	175,820
2009-2010	175,820	2,125,175	2,140,965	160,030

Retrospectively Rated Policy

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

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

Commitments and Litigation

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

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

Note 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

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.

Schedule of Employer Contributions and Net Pension Obligation (Asset)

Year Ended June 30,	Actual Contribution	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Asset) Obligation
Town Plan						
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
2010	156,475	156,475	100.0	156,308	100.1	4,023

Year Ended June 30,	Actual Contribution	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Asset) Obligation
Firefighters' Plan						
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
2010	86,736	86,736	100.0	85,470	101.5	34,578

Year Ended June 30,	Actual Contribution	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Annual Pension Costs (APC)	Percentage of APC Contributed	Net Pension (Asset) Obligation
Constables' Plan						
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
2010	7,348	7,348	100.0	7,244	101.4	10,116

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	$ 156,475	$ 86,736	$ 7,348
Interest on net pension obligation	314	2,688	766
Adjustment to annual required contribution	(481)	(3,954)	(870)
Annual pension cost	156,308	85,470	7,244
Contributions made	156,475	86,736	7,348
Increase (decrease) in net pension obligation'	(167)	(1,266)	(104)
Net pension obligation, July 1, 2009	4,190	35,844	10,220
Net pension obligation, June 30, 2010	$ 4,023	$ 34,578	$ 10,116

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:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarially 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)
Town Plan						
7/1/09	$4,885,841	$ 5,166,533	$ 280,692	94.57 %	$ 2,664,933	10.53 %
Firefighters' Plan						
7/1/09	$ 542,369	$ 1,135,667	$ 593,298	47.76 %	N/A	N/A
Constables' Plan						
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.

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

Plan Statements

Combining Statement of Fiduciary Fund Net Assets
Fiduciary Funds
June 30, 2010

	Town Employees' Pension Trust Fund	Volunteer Firefighters' Pension Trust Fund	Constables' Pension Trust Fund	Total Pension Trust Funds
Assets				
Cash and cash equivalents	$ 178,217	$ 20,784	$ 761	$ 199,762
Investments at fair value:				
Mutual funds	4,354,935	507,869	18,593	4,881,397
Contributions receivable	40,445	-	-	40,445
Total Assets	4,573,597	528,653	19,354	5,121,604
Net Assets				
Net assets held in trust for pension benefits	$ 4,573,597	$ 528,653	$ 19,354	$ 5,121,604

Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2010

	Town Employees' Pension Trust Fund	Volunteer Firefighters' Pension Trust Fund	Constables' Pension Trust Fund	Total Pension Trust Funds
Additions:				
Contributions:				
Employer	$ 156,475	$ 86,736	$ 7,348	$ 250,559
Plan members	111,286	-	-	111,286
Total contributions	267,761	86,736	7,348	361,845
Investment income:				
Net appreciation (depreciation) in fair value of investments	413,960	41,262	(689)	454,533
Interest and dividends	111,026	11,434	189	122,649
Total investment income	524,986	52,696	(500)	577,182
Total Additions	792,747	139,432	6,848	939,027
Deductions:				
Benefits	266,019	60,600	5,500	332,119
Administration	24,664	2,154	2,794	29,612
Total Deductions	290,683	62,754	8,294	361,731
Changes in net assets	502,064	76,678	(1,446)	577,296
Net Assets - July 1, 2009	4,071,534	451,974	20,800	4,544,308
Net Assets - June 30, 2010	$ 4,573,598	$ 528,652	$ 19,354	$ 5,121,604

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 $559,224,244, of which $1,086,107 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, 2010, Town teachers contributed $511,109 to the plan and covered Board of Education payroll for the year was approximately $7,021,000.

Note 12 - Other Postemployment Benefits (OPEB)

Plan Description

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 triennial 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.

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.

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

Funding Policy

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.

Contributions

The Town and Board's contributions represent payments made for premiums for insured individuals.

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 calculation of the change in the net OPEB obligation for the year ended June 30, 2010 follows:

	Town	Board
Annual required contribution (ARC)	$ 33,868	$ 260,833
Interest on net OPEB obligation	623	8,780
Adjustment to annual required contribution	(652)	(9,178)
Annual OPEB cost	33,839	260,435
Contributions made	16,046	31,447
Increase in net OPEB obligation	17,793	228,988
Net OPEB obligation, beginning of year	15,574	219,497
Net OPEB obligation, end of year	$ 33,367	$ 448,485

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
Town				
6/30/2009	$ 32,374	$ 16,800	51.89%	$ 15,574
6/30/2010	33,839	16,046	47.42%	33,367
Board				
6/30/2009	$ 245,473	$ 25,976	10.58%	$ 219,497
6/30/2010	260,435	31,447	12.07%	448,485

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the

employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AAL for benefits.

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)
Town						
7/1/2008	$ -	$ 319,991	$ 319,991	0.00%	$ 1,358,901	23.55%
Board						
7/1/2008	$ -	$ 1,562,290	$ 1,562,290	0.00%	N/A	N/A

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.

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 - Subsequent Event

On July 22, 2010 the Town issued $595,000 in general obligation bond anticipation notes in order to refund a portion of the $795,000 general obligation bond anticipation notes issued July 24, 2009 that were maturing. The additional $200,000 was paid by the General Fund. The new notes bear interest at 1.0% and are due on July 21, 2011.

In October 2010, the Town issued $10,525,000 of General Obligation Refunding Bonds, with interest rates of 1.5% to 4.0% to advance refund $7,350,000 and $3,100,000 of the outstanding principal amounts of the Town's general obligation bond issues of $8,400,000, dated January 1, 2006 and $3,550,000, dated March 15, 2007, respectively (Refunded Bonds). This advance refunding will reduce total debt service payments by $256,707 over the next 15 years.

Note 14 - New GASB Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2010 that has effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statement may have on the financial statements of the Town:

> 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

TOWN OF WESTBROOK, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
WESTBROOK RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS

TOWN EMPLOYEES' RETIREMENT SYSTEM

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2005	$ 81,600	102.40 %
2006	177,500	80.70
2007	185,400	93.90
2008	196,100	96.40
2009	176,748	106.60
2010	156,475	100.00

VOLUNTEER FIREFIGHTERS' PENSION

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2005	$ 33,012	100.00 %
2006	69,956	100.00
2007	69,956	48.60
2008	79,026	94.90
2009	79,026	100.00
2010	86,736	100.00

CONSTABLES' PENSION

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2007	$ 10,400	0.00 %
2008	10,400	100.00
2009	10,400	100.00
2010	7,348	100.00

TOWN OF WESTBROOK, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
WESTBROOK OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

Schedule of Funding Progress

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)
Town						
7/1/2008	$ -	$ 319,991	$ 319,991	0.00 %	$ 1,358,901	23.55%
Board						
7/1/2008	$ -	$ 1,562,290	$ 1,562,290	0.00 %	N/A	N/A

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
Town		
2009	$ 32,374	51.89 %
2010	33,868	47.42
Board		
2009	$ 245,473	10.58 %
2010	260,833	12.06

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, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Taxes, Interest and Lien Fees:				
General property taxes	$ 21,668,564	$ 21,668,564	$ 21,553,776	($ 114,788)
Interest and lien fees	70,000	70,000	102,625	32,625
Telecommunication tax	50,000	50,000	30,613	(19,387)
Total Taxes, Interest and Lien Fees	21,788,564	21,788,564	21,687,014	(101,550)
Intergovernmental:				
Mashantucket Pequot funds	20,433	20,433	10,462	(9,971)
Grant in lieu of taxes	41,192	41,192	41,262	70
Elderly tax relief	35,000	35,000	39,550	4,550
Boat tax reimbursements	111,911	111,911	57,340	(54,571)
Property tax relief - vets	4,000	4,000	9,931	5,931
Town aid road fund	79,168	79,168	107,944	28,776
Educational equalization (ECS)	427,677	427,677	365,478	(62,199)
Adult education	1,409	1,409	1,845	436
School building grants	459,150	459,150	459,151	1
Miscellaneous state revenues	10,000	10,000	100,685	90,685
PILOT: manufacturers' machinery	225,000	225,000	253,472	28,472
Private duty reimbursement	25,000	25,000	69,072	44,072
Special education	100,000	100,000	53,161	(46,839)
School transportation	9,667	9,667	5,787	(3,880)
DUI enforcement	10,000	10,000	11,940	1,940
Federal wildlife	6,000	6,000	6,951	951
Payment in lieu of taxes	10,000	10,000	4,600	(5,400)
Total Intergovernmental	1,575,607	1,575,607	1,598,631	23,024
Charges for Services:				
Fees:				
Town clerk fees	25,000	25,000	58,461	33,461
Conveyance tax	54,000	54,000	119,951	65,951
Conservation land records	-	-	5,784	5,784
Bulky waste	30,000	30,000	45,487	15,487
Planning and zoning	12,500	12,500	11,580	(920)
Nursing fees	335,000	335,000	414,741	79,741
Library fees and fines	750	750	2,389	1,639
Board of recreation fees	195,000	195,000	196,659	1,659
Riggio building rent	12,000	12,000	11,022	(978)
Senior center	-	-	4,235	4,235
Boca education fee	-	-	133	133
Total Fees	664,250	664,250	870,442	206,192
Licenses and Permits:				
Building permits	100,000	100,000	168,277	68,277
Sanitation permits	6,500	6,500	9,745	3,245
Beach permits	6,500	6,500	12,160	5,660
Miscellaneous	500	500	2,435	1,935
Total Licenses and Permits	113,500	113,500	192,617	79,117

. . . Continued . . .

TOWN OF WESTBROOK, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
. . . Continued . . .

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other Revenues:				
Motor vehicle fines	$ 650	$ 650	$ 525	($ 125)
Miscellaneous	10,000	10,000	70,299	60,299
Total Other Revenues	10,650	10,650	70,824	60,174
Total Charges for Services	788,400	788,400	1,133,883	345,483
Investment Income:				
Interest income	128,000	128,000	72,415	(55,585)
Total Revenues	24,280,571	24,280,571	24,491,943	211,372
Other Financing Sources:				
Appropriation of fund balance	173,643	1,168,357	-	(1,168,357)
Transfer in	-	75,000	81,579	6,579
Total Other Financing Sources	173,643	1,243,357	81,579	(1,161,778)
Total Revenues and Other Financing Sources	$ 24,454,214	$ 25,523,928	$ 24,573,522	($ 950,406)

TOWN OF WESTBROOK, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General Government:				
Legislative:				
Town meeting	$ 4,000	$ 4,000	$ 2,890	$ 1,110
Executive:				
Chief elected officer	477,763	419,364	406,896	12,468
Total Chief Elected Official	477,763	419,364	406,896	12,468
Judicial:				
Probate court	2,300	4,300	3,907	393
Elections:				
Administration	24,800	25,445	22,598	2,847
Primary elections	2,735	2,775	-	2,775
General elections	8,700	8,740	4,648	4,092
Special elections	6,400	6,520	1,759	4,761
Total Elections	42,635	43,480	29,005	14,475
Finance:				
Treasurer	49,543	58,053	56,790	1,263
Assessor	108,363	109,605	87,641	21,964
Tax collector	111,309	128,885	125,602	3,283
Total Finance	269,215	296,543	270,033	26,510
Law:				
Legal services	65,000	100,641	99,885	756
Recording and Reporting:				
Town clerk	93,509	96,126	91,570	4,556
Recording	26,300	26,300	24,058	2,242
Total Recording and Reporting	119,809	122,426	115,628	6,798
Administrative Boards and Commissions:				
Board of tax review	4,117	4,117	795	3,322
Board of finance	39,475	42,678	42,677	1
ADA compliance	750	750	-	750
Total Administrative Boards and Commissions	44,342	47,545	43,472	4,073
Civil Preparedness:				
Emergency management	15,673	15,882	15,883	(1)

. . . Continued . . .

TOWN OF WESTBROOK, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
. . . Continued . . .

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Planning and Zoning:				
Planning commission	$ 110,560	$ 112,557	$ 96,560	$ 15,997
Zoning commission	80,071	81,043	80,471	572
Zoning board of appeals	11,582	14,711	14,555	156
Total Planning and Zoning	202,213	208,311	191,586	16,725
Town Center	1,734	1,755	890	865
Land Use	71,421	73,311	64,163	9,148
Housing:				
Housing Authority	250	250	-	250
Fair rent	200	200	6	194
Total Housing	450	450	6	444
Conservation Commission	11,530	11,566	10,555	1,011
Economic Development	8,700	8,700	4,635	4,065
Inlands Wetlands	59,362	60,752	48,613	12,139
Pension Contributions:				
Town	80,889	80,889	80,889	-
Police department	7,348	7,348	7,348	-
Fire department	86,736	86,736	86,736	-
Total Pension Contributions	174,973	174,973	174,973	-
Social Security	179,000	175,022	171,811	3,211
Workers' Compensation	102,506	102,506	97,000	5,506
Life Insurance	13,500	13,500	6,204	7,296
Health/Dental Insurance	565,610	565,610	565,610	-
Municipal Insurance	253,705	253,705	230,054	23,651
Contingency	-	19,568	19,568	-
Total General Government	2,685,441	2,723,910	2,573,267	150,643
Public Safety:				
Public Safety:				
Street lighting	76,000	83,500	82,322	1,178
Fire hydrants	217,958	220,458	221,229	(771)
Communications	99,743	99,743	99,743	-
Traffic signals	2,300	2,800	2,521	279
Total Public Safety	396,001	406,501	405,815	686

. . . Continued . . .

TOWN OF WESTBROOK, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
. . . Continued . . .

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Police Protection:				
Protection and training	$ 16,892	$ 17,437	$ 17,437	$ -
Resident State trooper	366,250	366,250	330,385	35,865
Harbor patrol	7,800	7,905	5,231	2,674
Police vehicle service	23,500	23,500	21,464	2,036
Constables	264,850	264,850	240,411	24,439
ADV-traffic authority	6,508	6,508	689	5,819
Game warden	300	300	-	300
Total Police Protection	686,100	686,750	615,617	71,133
Fire Protection:				
Training	14,495	14,495	11,599	2,896
Fire prevention	3,000	3,000	2,998	2
Fire protection	187,838	188,364	188,111	253
Fire station building	58,607	58,607	58,573	34
Fire marshal	19,200	19,690	18,347	1,343
Fire commissioners	772	793	305	488
Open burning official	1,000	1,000	1,000	-
Total Fire Protection	284,912	285,949	280,933	5,016
Total Public Safety	1,367,013	1,379,200	1,302,365	76,835
Public Works:				
Public Works Department:				
Public works	343,217	351,990	346,005	5,985
Roads	260,300	343,300	342,784	516
Total Public Works Department	603,517	695,290	688,789	6,501
Sanitation and Waste Disposal:				
Water pollution control commission	63,754	63,754	41,948	21,806
Waste disposal engineering	10,000	12,540	12,504	36
Waste collection and disposal	78,000	60,000	58,054	1,946
Landfill	80,767	68,874	67,873	1,001
Total Sanitation and Waste Disposal	232,521	205,168	180,379	24,789
General Engineering	3,000	3,000	2,400	600
Municipal Buildings:				
Mulvey center	57,450	57,450	50,083	7,367
Garage	14,400	14,400	11,732	2,668
Academy building	10,800	7,900	6,897	1,003
Riggio	23,425	23,470	20,386	3,084
Town buildings and land	22,750	22,750	18,321	4,429
Mulvey buildings and land	221,020	237,028	236,834	194
Total Municipal Buildings	349,845	362,998	344,253	18,745
Equipment Maintenance and Repair	52,150	53,876	53,876	-
Total Public Works	1,241,033	1,320,332	1,269,697	50,635

. . . Continued . . .

TOWN OF WESTBROOK, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
. . . Continued . . .

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Health and Welfare:				
Inspections:				
Building inspections	$ 79,035	$ 80,884	$ 77,069	$ 3,815
Harbor Commissions	5,857	5,857	1,980	3,877
Shellfish Commissions	85	85	-	85
Health:				
Public health nursing	381,272	384,218	383,628	590
Sanitarian	154,990	194,904	194,903	1
Total Health	536,262	579,122	578,531	591
Human Resources:				
Social services	8,300	8,300	7,933	367
Elderly Programs	42,405	42,765	42,431	334
Senior Center	30,754	31,276	28,800	2,476
Total Human Resources	81,459	82,341	79,164	3,177
Youth and Family Services	-	17,500	17,300	200
Total Health and Welfare	702,698	765,789	754,044	11,745
Culture and Recreation:				
Libraries	346,317	352,713	342,611	10,102
Recreation:				
Recreation administration	106,034	108,330	97,109	11,221
Activities	176,155	177,895	156,256	21,639
Swimming	21,776	24,097	24,098	(1)
Total Recreation	303,965	310,322	277,463	32,859
Parks	190,754	190,754	188,605	2,149
Total Culture and Recreation	841,036	853,789	808,679	45,110

. . . Continued . . .

TOWN OF WESTBROOK, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
. . . Continued . . .

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Board of Education	$ 13,566,510	$ 13,566,510	$ 13,553,528	$ 12,982
Debt Services:				
Bonding Administration Fees	15,550	15,550	13,564	1,986
Debt Payment - Interest:				
1992 school bonds	117,810	117,810	117,810	-
1994 school bonds	62,685	62,685	62,685	-
2004 school bonds	353,250	353,250	353,250	-
2004 open space bonds	63,963	63,963	63,963	-
2006 school bonds	30,595	30,595	30,595	-
2006 general purpose bonds	84,786	84,786	84,786	-
2007 middle school bonds	351,094	351,094	351,094	-
2007 Library Interest	144,250	144,250	144,250	-
Daisy roof - short term interest	22,500	22,500	22,325	175
Total Debt Payment - Interest	1,230,933	1,230,933	1,230,758	175
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	380,000	380,000	380,000	-
2006 general purpose bonds	85,000	85,000	85,000	-
2007 general purpose bonds	150,000	150,000	150,000	-
Total Debt Payment - Principal	2,280,000	2,280,000	2,280,000	-
Total Debt Service	3,526,483	3,526,483	3,524,322	2,161
Total Expenditures	23,930,214	24,136,013	23,785,902	350,111
Other Financing Uses:				
Transfers out - capital nonrecurring fund	100,000	963,915	963,915	-
Transfers out - capital nonrecurring fund	174,000	174,000	174,000	-
Daisy roof - short term principal	200,000	200,000	200,000	-
Transfers out - assessor's evaluation	20,000	20,000	20,000	-
Transfers out - dog fund	20,000	20,000	20,000	-
Transfers out - insurance fund	10,000	10,000	10,000	-
Total Other Financing Uses	524,000	1,387,915	1,387,915	-
Total Expenditures and Other Financing Uses	$ 24,454,214	$ 25,523,928	$ 25,173,817	$ 350,111

TOWN OF WESTBROOK, CONNECTICUT
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2010

Grand List Year	Uncollected Taxes July 1, 2009	Current Year Levy	Lawful Corrections: Additions	Lawful Corrections: Deductions	Transfers to Suspense	Adjusted Taxes Collectible	Collections: Taxes	Collections: Interest & Lien Fees	Collections: Total	Uncollected Taxes June 30, 2010
1993	$ 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	-	-	1	-	7,155	-	-	-	7,155
1998	6,302	-	-	-	-	6,302	-	-	-	6,302
1999	8,008	-	-	-	-	8,008	-	-	-	8,008
2000	6,594	-	-	4	-	6,590	(4)	-	(4)	6,594
2001	8,118	-	19	33	-	8,104	(14)	-	(14)	8,118
2001	5,381	-	190	261	-	5,310	(51)	37	(14)	5,361
2003	5,637	-	252	252	-	5,637	37	25	62	5,600
2004	37,136	-	573	572	-	37,137	2,462	1,722	4,184	34,675
2005	48,739	-	219	94	-	48,864	6,829	4,878	11,707	42,035
2006	37,976	-	-	5,429	-	32,547	7,880	4,779	12,659	24,667
2007	232,017	-	-	4,800	-	227,217	171,826	31,313	203,139	55,391
Total Prior Years	425,261	-	1,253	17,080	-	409,434	188,965	42,754	231,719	220,469
2008	-	21,503,139	46,909	-	-	21,550,048	21,343,627	57,778	21,401,405	206,421
Total	$ 425,261	$ 21,503,139	$ 48,162	$ 17,080	$ -	$ 21,959,482	$ 21,532,592	$ 100,532	21,633,124	$ 426,890

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

Property taxes considered available	
June 30, 2009	(57,561)
June 30, 2010	56,400
Total Property Tax Revenues	$ 21,631,963

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, 2010

	Special Revenue Funds					
	School Cafeteria Fund	Dog Fund	Insurance Fund	Conservation Fund	Open Space Preservation Fund	Westbrook Library Fund
ASSETS						
Cash	$ 5,891	$ 23,973	$ 61,892	$ -	$ 54,053	$ 104,596
Investments	-	-	-	-	-	192,071
Receivables:						
Intergovernmental	10,040	-	-	-	-	-
Other	-	15	-	-	-	-
Due from other funds	-	2,810	-	298	-	-
Total assets	$ 15,931	$ 26,798	$ 61,892	$ 298	$ 54,053	$ 296,667
LIABILITIES AND FUND BALANCES						
Liability:						
Accounts payable	$ -	$ -	$ 1,252	$ -	$ -	$ 2,004
Deferred revenues	-	-	-	-	-	-
Due to other funds	-	1,456	-	-	-	-
Total Liabilities	-	1,456	1,252	-	-	2,004
Fund Balances:						
Unreserved and undesignated	15,931	25,342	60,640	298	54,053	294,663
Total liabilities and fund balances	$ 15,931	$ 26,798	$ 61,892	$ 298	$ 54,053	$ 296,667

. . . Continued . . .

TOWN OF WESTBROOK, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010
...Continued...

	Special Revenue Funds					
	Detention Ponds Fund	Town Improvement Program	Westbrook Nurses Fund	Small Cities Repayment Fund	DEP Conservation Fund	Recreation Concert Series
ASSETS						
Cash	$ 52,973	$ -	$ 10,847	$ 92,305	$ 7,139	$ -
Investments	-	-	-	-	-	-
Receivables:						
Intergovernmental	-	-	-	-	407	-
Other	-	-	-	75	-	-
Due from other funds	-	35,529	2,609	-	-	2,307
Total assets	$ 52,973	$ 35,529	$ 13,456	$ 92,380	$ 7,546	$ 2,307
LIABILITIES AND FUND BALANCES						
Liability:						
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -
Deferred revenues	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	950
Total Liabilities	-	-	-	-	-	950
Fund Balances:						
Unreserved and undesignated	52,973	35,529	13,456	92,380	7,546	1,357
Total liabilities and fund balances	$ 52,973	$ 35,529	$ 13,456	$ 92,380	$ 7,546	$ 2,307

. . . Continued . . .

TOWN OF WESTBROOK, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010
...Continued...

	Special Revenue Funds					
	Weatherhead Medical Fund	Document Preservation Fund	Family Fun Day Fund	West Beach Playground Fund	Evictions Fund	Total
ASSETS						
Cash	$ -	$ 26,715	$ 5,109	$ 7,798	$ 1,171	$ 454,462
Investments	-	-	-	-	-	192,071
Receivables:						
Intergovernmental	-	-	-	-	-	10,447
Other	-	-	500	1,875	-	2,465
Due from other funds	2,509	1,934	-	-	-	47,996
Total assets	$ 2,509	$ 28,649	$ 5,609	$ 9,673	$ 1,171	$ 707,441
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ -	$ 9,604	$ 1,718	$ -	$ -	$ 14,578
Deferred revenues	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	2,406
Total Liabilities	-	9,604	1,718	-	-	16,984
Fund Balances:						
Unreserved and undesignated	2,509	19,045	3,891	9,673	1,171	690,457
Total liabilities and fund balances	$ 2,509	$ 28,649	$ 5,609	$ 9,673	$ 1,171	$ 707,441

TOWN OF WESTBROOK, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue Funds					
	School Cafeteria Fund	Dog Fund	Insurance Fund	Conservation Fund	Open Space Preservation Fund	Westbrook Library Fund
Revenues:						
Intergovernmental	$ 81,414	$ -	$ -	$ -	$ -	$ -
Charges for services	191,838	6,748	8,987	-	-	27,596
Contributions	-	-	-	-	-	17,000
Investment income	-	108	224	-	230	14,484
Total revenues	273,252	6,856	9,211	-	230	59,080
Expenditures:						
Current:						
General government	-	23,788	10,595	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	28,556
Education	283,293	-	-	-	-	-
Total expenditures	283,293	23,788	10,595	-	-	28,556
Excess (deficiency) of revenues over expenditures	(10,041)	(16,932)	(1,384)	-	230	30,524
Other financing sources:						
Transfers in (out)	-	20,000	10,000	-	(5,000)	-
Net change in fund balances	(10,041)	3,068	8,616	-	(4,770)	30,524
Fund balances - July 1, 2009	25,972	22,274	52,024	298	58,823	264,139
Fund balances - June 30, 2010	$ 15,931	$ 25,342	$ 60,640	$ 298	$ 54,053	$ 294,663

. . . Continued . . .

TOWN OF WESTBROOK, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010
. . . Continued . . .

	Special Revenue Funds					
	Detention Ponds Fund	Town Improvement Program	Westbrook Nurses Fund	Small Cities Repayment Fund	DEP Conservation Fund	Recreation Concert Series
Revenues:						
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ -
Charges for services	-	-	-	19,515	3,090	-
Contributions	-	-	603	-	-	-
Investment income	207	-	-	314	-	-
Total revenues	207	-	603	19,829	3,090	-
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Health and welfare	-	-	793	-	-	-
Culture and recreation	-	-	-	-	-	-
Education	-	-	-	-	-	-
Total expenditures	-	-	793	-	-	-
Excess (deficiency) of revenues over expenditures	207	-	(190)	19,829	3,090	-
Other financing sources:						
Transfers in (out)	-	-	-	-	-	-
Net change in fund balances	207	-	(190)	19,829	3,090	-
Fund balances - July 1, 2009	52,766	35,529	13,646	72,551	4,456	1,357
Fund balances - June 30, 2010	$ 52,973	$ 35,529	$ 13,456	$ 92,380	$ 7,546	$ 1,357

. . . Continued . . .

TOWN OF WESTBROOK, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010
. . . Continued . . .

	Special Revenue Funds					
	Weatherhead Medical Fund	Document Preservation Fund	Family Fun Day Fund	West Beach Playground Fund	Evictions Fund	Total
Revenues:						
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ 81,414
Charges for services	-	1,934	2,920	8,013	-	270,641
Contributions	-	-	-	-	-	17,603
Investment income	-	110	-	18	4	15,699
Total revenues	-	2,044	2,920	8,031	4	385,357
Expenditures:						
Current:						
General government	-	10,605	-	1,687	-	46,675
Health and welfare	-	-	-	-	-	793
Culture and recreation	-	-	3,009	-	-	31,565
Education	-	-	-	-	-	283,293
Total expenditures	-	10,605	3,009	1,687	-	362,326
Excess (deficiency) of revenues over expenditures	-	(8,561)	(89)	6,344	4	23,031
Other financing sources (uses):						
Transfers in (out)	-	-	-	-	-	25,000
Net change in fund balances	-	(8,561)	(89)	6,344	4	48,031
Fund balances - July 1, 2009	2,509	27,606	3,980	3,329	1,167	642,426
Fund balances - June 30, 2010	$ 2,509	$ 19,045	$ 3,891	$ 9,673	$ 1,171	$ 690,457

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, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
ASSETS				
Cash:				
Student activities	$ 73,778	$ 431,222	$ 428,297	$ 76,703
Performance bonds	361,943	307,195	146,421	522,717
Total cash	435,721	738,417	574,718	599,420
Investments:				
Student activities	45,066	154	-	45,220
Westbrook library	33,443	34	-	33,477
Total investments	78,509	188	-	78,697
Accounts receivable	-	1,000	-	1,000
Total Assets	$ 514,230	$ 739,605	$ 574,718	$ 679,117
LIABILITIES				
Accounts Payable:				
Student activities	$ 118,844	$ 431,376	$ 428,297	$ 121,923
Performance bonds	361,943	308,195	146,421	523,717
Westbrook library	33,443	34	-	33,477
Total Liabilities	$ 514,230	$ 739,605	$ 574,718	$ 679,117

TOWN OF WESTBROOK, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2010

Total Tax Collections (including interest and lien fees) for the year ended June 30, 2010:	$ 21,633,124
Reimbursement for Revenue Loss:	
Tax relief for elderly	-
Base for Debt Limitation Computation	$ 21,633,124

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation: (1)					
2 1/4 times base	$ 48,674,529	$ -	$ -	$ -	$ -
4 1/2 times base	-	97,349,058	-	-	-
3 3/4 times base	-	-	81,124,215	-	-
3 1/4 times base	-	-	-	70,307,653	-
3 times base	-	-	-	-	64,899,372
Total Debt Limitation	48,674,529	97,349,058	81,124,215	70,307,653	64,899,372
Indebtedness:					
Bonds payable	7,172,000	19,438,000	-	-	-
Bond anticipation notes	-	795,000			
Authorized and unissued bonds	-	347,697	-	-	-
Less school building grants	-	(780,164)	-	-	-
Net Indebtedness	7,172,000	19,800,533	-	-	-
Debt Limitation in Excess of Outstanding Debt	$ 41,502,529	$ 77,548,525	$ 81,124,215	$ 70,307,653	$ 64,899,372

(1) The total of the above net indebtedness amounts to:	$ 26,972,533
In no event shall total indebtedness exceed seven times the base debt limitation computation:	$ 151,431,868

There is no overlapping debt.

TREND INFORMATION

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

	Fiscal Year Ended					
	2010	2009	2008	2007 As restated	2006	2005
Governmental Activities:						
Invested in capital assets, net of related debt	$ 28,949,121	$ 26,403,626	$ 24,336,710	$ 19,771,746	$ 21,398,285	$ 15,415,905
Restricted for capital projects	-	-	399,696	2,806,008	190,918	1,913,188
Restricted for nonexpendable permanent endowments	34,074	34,074	34,074	-	-	-
Unrestricted	6,652,732	7,037,766	5,745,262	5,137,018	6,437,602	2,838,697
Total Net Assets	$ 35,635,927	$ 33,475,466	$ 30,515,742	$ 27,714,772	$ 28,026,805	$ 20,167,790

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

	Fiscal Year Ended					
	2010	2009	2008	2007	2006	2005
Expenses:						
Governmental activities:						
General government	$ 2,596,749	$ 2,166,037	$ 2,062,110	$ 1,769,310	$ 1,747,589	$ 1,511,043
Public safety	1,319,021	1,351,058	1,324,685	1,507,560	1,412,971	1,402,775
Public works	1,162,756	1,139,920	1,143,085	1,522,152	1,176,565	1,187,238
Health and welfare	754,837	638,421	557,242	645,645	642,175	629,105
Culture and recreation	846,270	807,707	740,027	728,258	628,710	717,494
Education	16,216,398	15,535,704	18,300,874	12,844,223	12,144,473	11,048,686
Interest expense	1,213,060	1,295,106	1,367,985	1,407,463	1,309,007	1,034,958
Total expenses	24,109,091	22,933,953	25,496,008	20,424,611	19,061,490	17,531,299
Program Revenues:						
Governmental activities:						
Charges for services:						
General government	523,407	353,356	876,834	525,715	555,726	495,314
Public safety	69,597	34,608	125,835	6,732	7,570	6,144
Public works	45,487	40,528	45,632	43,510	51,603	45,322
Health and welfare	414,741	335,964	362,383	346,992	402,162	426,971
Culture and recreation	233,799	216,471	214,187	213,928	177,414	176,055
Education	191,838	213,911	207,628	212,862	224,499	210,540
Operating grants and contributions	2,173,784	2,072,552	5,860,707	1,417,907	1,335,872	970,430
Capital grants and contributions	-	876,718	450,000	45,000	5,445,527	1,011,600
Total program revenues	3,652,653	4,144,108	8,143,206	2,812,646	8,200,373	3,342,376
Net Expenses:						
Governmental activities	(20,456,438)	(18,789,845)	(17,352,802)	(17,611,965)	(10,861,117)	(14,188,923)
General Revenues and Other Changes in Net Assets:						
Governmental activities:						
Property taxes	21,702,816	20,930,232	19,310,767	17,956,139	17,065,027	15,673,501
Grants and contributions not restricted to specific programs	815,002	595,026	466,731	646,795	608,357	531,525
Investment income	99,081	175,614	376,184	477,088	319,624	213,612
Total governmental activities	22,616,899	21,700,872	20,153,682	19,080,022	17,993,008	16,418,638
Change in Net Assets	$ 2,160,461	$ 2,911,027	$ 2,800,880	$ 1,468,057	$ 7,131,891	$ 2,229,715

STATE SINGLE AUDIT

S E W A R D A N D M O N D E
CERTIFIED PUBLIC ACCOUNTANTS
296 STATE STREET
NORTH HAVEN, CONNECTICUT 06473-2165
(203) 248-9341
FAX (203) 248-5813

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, 2010 which collectively comprise the Town of Westbrook, Connecticut's (the Town) basic financial statements and have issued our report thereon dated December 20, 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'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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2010-01 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2010-02 though 2010-04 to be significant deficiencies.

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 December 20, 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
December 20, 2010

S E W A R D A N D M O N D E
CERTIFIED PUBLIC ACCOUNTANTS
296 STATE STREET
NORTH HAVEN, CONNECTICUT 06473-2165
(203) 248-9341
FAX (203) 248-5813

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE STATE SINGLE AUDIT ACT

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

Compliance

We have audited the Town of Westbrook, Connecticut with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that could have a direct and material effect on each of the Town of Westbrook, Connecticut's major state programs for the year ended June 30, 2010. The 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 U.S. generally accepted auditing standards; 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 could have a direct and material effect on each of its major state programs for the year ended June 30, 2010.

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 deficiency in 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 and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

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 over compliance that might be deficiencies, 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.

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
December 20, 2010

TOWN OF WESTBROOK, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2010

State Grantor Pass-Through Grantor Program Title	State Grant Program Core-CT Number	Expenditures
Department of Education:		
Child Nutrition Program-School Lunch-State Match	11000-SDE64370-16072-82051	$ 3,447
Healthy Food	11000-SDE64370-16072-82010	7,499
Adult Education	11000-SDE64370-17030	1,845
Youth Service Bureau	11000-SDE64370-17052	14,000
Youth Service Bureau Enhancement	11000-SDE64370-16201	3,300
Office of Policy and Management:		
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17011	700
Property Tax Relief for Elderly Homeowners-Freeze Program	11000-OPM20600-17019	38,850
Property Tax Relief for Veterans	11000-OPM20600-17024	9,931
PILOT-Property Tax Relief for Manufacturing Machinery and Equipment and Commercial Vehicles	11000-OPM20600-17031	253,472
Local Capital Improvement Program	12050-OPM20600-40254	118,318
Department of Environmental Protection:		
Long Island Sound	12027-DEP44165-40203	4,923
Boat Grant	12060-DEP44434-35403	57,340
Environmental Quality Control Fees	12060-DEP43970-12501	799
Department of Transportation:		
Town Aid Road Grants Transportation Fund	12001-DOT57000-17036	107,944
Connecticut State Library:		
Historic Document Preservation	11000-CSL66094-35150	5,662
State Grants to Public Libraries	11000-CSL66051-17003	1,437
Connecticard Payments	11000-CSL66051-17010	692

. . . Continued . . .

TOWN OF WESTBROOK, CONNECTICUT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2010
. . . Continued . . .

State Grantor Pass-Through Grantor Program Title	State Grant Program Core-CT Number	Expenditures
Office of State Comptroller:		
Payment in Lieu of Taxes (PILOT) on State Owned Property	11000-OSC15910-17004	$ 41,262
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	10,462
Department of Special Revenue:		
Bingo Payment	34003-DSR18309-42350	20
Judicial Branch:		
Parking Fines	34001-JUD95162-40001	12,524
Total State Financial Assistance Before Exempt Programs		694,427
Exempt Programs:		
Department of Education:		
Transportation of School Children	11000-SDE64370-17027	5,787
Education Cost Sharing	11000-SDE64370-17041	365,478
Special Education: Excess Costs Student Based	11000-SDE64370-17047	53,161
School Construction Projects - Interest Subsidy	13009-SDE64370-40896	49,819
School Construction Projects - Principal Subsidy	13009-SDE64370-40901	409,331
Total Exempt Programs		883,576
Total State Financial Assistance		$ 1,578,003

See notes to schedule.

TOWN OF WESTBROOK, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2010

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, 2010

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:
- Material weakness(es) identified? __X_ yes ____no
- Significant deficiency(ies) identified? __X_ yes ____none reported
- Noncompliance material to financial statements noted? ____ yes __X_no

State Financial Assistance

Internal control over major programs:
- Material weakness(es) identified? ____yes __X__no
- Significant deficiency(ies) identified? ____yes __X__none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? ____yes __X__no

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

State Grantor and Program	State Core-CT Number	Expenditures
Office of Policy and Management		
Pilot - Property Tax Relief for Manufacturing and Equipment and Commercial Vehicles	11000-OPM20600-17031	$ 253,472
Department of Transportation		
Town Aid Road Grants	12001-DOT57000-17036	107,944
Office of Policy and Management		
Local Capital Improvement Grant	12050-OPM20600-40254	118,318

- Dollar threshold used to distinguish between type A and type B programs. $100,000

II. FINANCIAL STATEMENT FINDINGS

Our report on internal control over financial reporting indicated the following material weakness:

2010-01 - RISK MANAGEMENT - ASSESSMENT, DOCUMENTATION AND MONITORING (Repeat 2009-01 & 2008-01)

Condition - This condition existed during the prior years (FY08 & FY09) audit and remained uncorrected during our current (FY10) 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.

We noted during our audit that 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:

2010-02 - PREPARATION OF FINANCIAL STATEMENTS (repeat 2009-02 & 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 deficiency that is a significant deficiency as defined by the current auditing literature regarding the preparation of financial statements.

Recommendation **-** None

2010-03 - FINANCE PERSON (Repeat 2009-03 & 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 hired a part-time Finance Director who will begin in January 2011.

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

2010-04 - PURCHASE ORDER (P.O.). SYSTEM (Repeat 2009-04 & 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 are 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.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

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

TOWN OF WESTBROOK, CONNECTICUT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2010

Finding No. 2008-01 & 2009-01

Condition: Those charged with governance have not affected an adequate process to assess, document and monitor internal controls.

Current status: Repeated as 2010-01.

Finding No. 2008-02 & 2009-02

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.

Current status: Repeated as 2010-02.

Finding No. 2008-05 & 2009-03

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.

Current status: See finding 2010-03 in the schedule of findings and questioned costs.

Finding No. 2008-06 & 2009-04

Condition: There is no purchase order system.

Current status: See finding 2010-04 in the schedule of findings and questioned costs.

Finding No. 2008-07 & 2009-05

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.

Current status: The finding has been corrected.