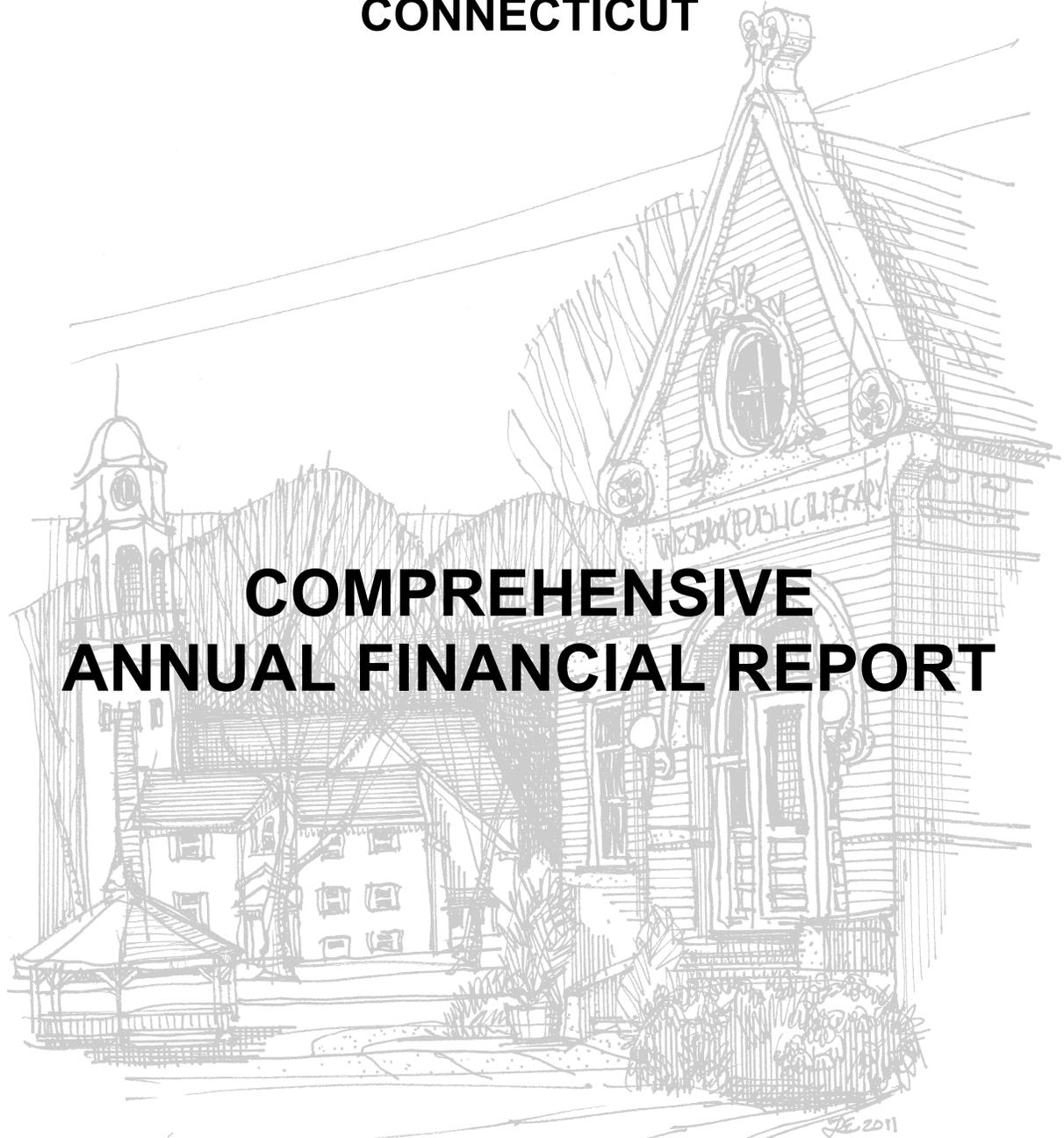


**TOWN OF WESTBROOK,  
CONNECTICUT**



**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014**

*Preserving Town Center as the Civic, Social and Commercial Core of the Community*

**TOWN OF WESTBROOK,  
CONNECTICUT**

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT

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FISCAL YEAR ENDED JUNE 30, 2014

DEPARTMENT OF FINANCE

ANDREW URBAN  
DIRECTOR OF FINANCE

**TOWN OF WESTBROOK, CONNECTICUT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT, JUNE 30, 2014  
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# **INTRODUCTORY SECTION**



# WESTBROOK, CT

**TOWN OF WESTBROOK**  
NOEL BISHOP, FIRST SELECTMAN

866 BOSTON POST ROAD  
WESTBROOK, CONNECTICUT 06498  
TEL (860) 399-3040  
FAX (860) 399-3015  
WWW.WESTBROOKCT.US

December 1, 2014

The Honorable Noel Bishop  
First Selectman  
Town of Westbrook

The Honorable Paul Connolly  
Chairman, Board of Finance  
Town of Westbrook

Gentlemen,

The Comprehensive Annual Financial Report (CAFR) of the Town of Westbrook for the fiscal year ended June 30, 2014 is hereby submitted. The purpose of this report is to provide citizens, board members, investors, grantor agencies and other interested parties with reliable information about the Town of Westbrook. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Town is required to undergo a Single Audit under Public Act 91-401 of the State of Connecticut. Information related to this single audit will be issued separately.

Seward and Monde, CPAs, have issued an unmodified ("clean") opinion on the Town of Westbrook's financial statements for the year ended June 30, 2014. The independent auditors' report is located at the front of the financial section of this report. Management's discussion and analysis (MD&A) immediately follow the independent auditor's report and provides a narrative overview of the basic financial statements. The MD&A is intended to complement this transmittal letter and should be read in conjunction with it.

This report includes all of the funds and accounts of the Town. It includes all activities controlled or dependent on the Town. The Westbrook Board of Education (grades K through 12) as well as various boards and commissions are component units of the Town; therefore, these activities are included in this report.

## **PROFILE OF THE TOWN OF WESTBROOK**

Originally a part of Old Saybrook, the Town of Westbrook was incorporated in 1840. It is located thirty-five miles east of the City of New Haven and twenty-one miles west of the City of New London on the Long Island Sound. Located in Middlesex County, Westbrook comprises approximately 16.2 square miles. The Town is bounded by Essex and Deep River on the north, Old Saybrook on the east, Clinton on the west and Long Island Sound on the south.

The Town is bisected by U.S. Route 1 and Interstate Route I-95 (the New York - Providence - Boston corridor) which has two exits to inland and shore points in Westbrook. The Town is also traversed by State Highways 145, 153 and 166. In neighboring Essex, Route 9, a limited access highway, connects to Hartford.

The Town's population has grown from 2,400 in 1960 to 6,938 in 2010, according to the 2010 Census.

Given the Town's location and accessibility to major roadways, the Town contributes a great deal of its residents to the area's labor force. On June 30, 2014, 94.7% of the Town's available labor force was employed. This compares favorably to the area rate of 93.9% and the State rate of 93.3%. The Town's per capita income was \$40,297 and its median household income was \$74,056, as reported by in the State of Connecticut Fiscal Indicators report.

The Town's position as a residential community is illustrated by the fact that approximately 82.4% of the October 2013 grand list was residential. The percentage of the 2013 grand list was 75.7%. Permits for thirteen new residential units were issued this year compared to just eleven in 2013. In the last ten years, the average number of new units per year is 11. As a percentage of the grand list, industrial and commercial property values decreased slightly from 13.6% to 13.5%.

The Town provides a full range of municipal services including public safety (police, fire, animal control and emergency management), public works (roads, building and grounds, solid waste management, engineering), health, sanitation, zoning compliance, senior citizen services, youth services, and social services; recreation; library.

## **GOVERNANCE**

The Town of Westbrook derives its power and privileges from the provisions of Connecticut General Statutes. The Town Meeting form of government includes a three member Board of Selectmen and a six member Board of Finance. The Town Meeting acts as the legislative body for all matters. The Board of Selectmen prepares the annual budget which is then presented to the Board of Finance to establish the tax rate, ascertain the need for appropriations and transfers of monies to and from Town accounts and publishes the annual report.

## **ECONOMIC CONDITIONS**

- The unemployment rate for the Town as of July 2014 was 5.3%, which is a moderate improvement from a rate of 6.1% a year ago. This compares very favorably to the state's average unemployment rate of 6.7% and the national average rate of 6.1%.
- Inflationary trends in the region compare favorably to national indices.

## **MAJOR INITIATIVES**

### **For the Year:**

Major initiatives tend to be measured by large expenditures and/or project size and are usually thought of in terms of capital projects. However, presented below are the highlights of the Town's special programmatic and service initiatives followed by the explanation of capital initiatives.

### **Programs and Services:**

#### Finance Department

The Department of Finance began formal operations on January 5, 2011 with the employment of the Town's first Director of Finance. Other than the Director, the Department is staffed with one full time and one part time employee. Some accomplishments during FY2014 include:

- Sale of \$5,000,000 general obligation bonds for 20 years at a total interest cost of just 3.27%;
- Preparation and management of the FY2014-15 annual budget process;
- Preparation of the 5 Year Capital Improvement Plan for FY2015-19;
- Adoption of the first Investment Policy Statement (IPS) for the Town's three pension plans.

#### Facilities Management Department

This past year saw improvements to several town buildings. The carpet in the lower level was replaced by tile; safety improvements were made to the Academy Building; new standby generator for the Town Library; boilers were replaced in the High School/Middle School complex; improvements in energy usage in the town buildings as a result of the installation of efficient interior lighting; and a new copier purchased for the Visiting Nurses Association.

#### Planning Commission

- Open Space Acquisition - provided staff support for negotiation of purchase & sales agreements in the amount of \$1 million for approximately 186 acres within Menunketesuck Greenway (Russo & Miele properties). Applied for CT DEEP OSWLA Grant to fund up to 50% of total acquisition cost (\$500,000) which is pending at fiscal year-end.
- Sidewalk Improvement Plan - initiated and will oversee development of a town-wide sidewalk plan to be conducted by Woodard & Curran at a cost of \$50,000 to conform with the Capital Improvement Plan.
- Hazard Mitigation Plan - worked with regional planning agency (RiverCOG) to complete Hazard Mitigation Plan to make town eligible for Hazard Mitigation grants.
- Affordable Housing - received Incentive Housing Zone adoption payment in the amount of \$20,000 for adoption of IHZ on Old Clinton Rd. enabling construction of a 20-unit incentive housing development.

- Rte. 1 Corridor Plan - working with regional planning agency (RiverCOG) along with the towns of Clinton and Old Saybrook to develop a plan that will be used by DOT for future road improvements along Rte. 1 and to make local projects eligible for DOT funding.
- Mulvey Kayak Launch/Fishing Pier - sought and obtained town funds (\$7,000) for design and permitting of kayak launch/fishing pier behind Mulvey Municipal Center.
- Applications - the Planning Commission reviewed 1 Subdivision Application, 9 Zoning Commission Referrals, 8 Regulation Amendments, and 1 Zone Change.

#### Town Center Revitalization Committee

- Town Center Parking Project - awarded STEAP grant in the amount of \$500,000 for Phase II of project which includes construction of parking lot and reconfiguration of on-street parking on Westbrook Place.
- Town Center Master Plan - continued work with the UCONN Community Research & Design Collaborative to develop Master Plan.
- Wastewater Feasibility Study - completed Phase I & II of Wastewater Feasibility Study to support Master Plan. Phase III (cost/benefit analysis) to be conducted after completion of Master Plan.
- Adopt-A-Spot - this program, in its 4<sup>th</sup> year of operation, continues to maintain over 35 "spots" in Westbrook with the help of "adopters" and additional funding from the Westbrook Foundation.

#### Economic Development Committee

- Turnpike Auto Wreckers Remediation/Redevelopment - continues to provide staff support for analysis of grant opportunities for remediation and potential redevelopment of this brownfield site.
- Funded appraisal of possible right-of-way acquisition for Town Center project.
- Continues to develop and implement Town welcome & way-finding signage program.
- Continues to work jointly with Town Center Revitalization Committee on projects listed above.

#### Zoning Commission

- A new position was created and approved for an Assistant Zoning Enforcement Officer/Wetlands Enforcement Officer who will have responsibilities involving reviewing submitted plans and thereby free up time for the ZEO/WEO to deal with other issues and violations.
- Middlesex Shoreline Clinic - construction was completed and the clinic opened in April 2014.
- Redwood Commons on Old Clinton Road, an Incentive Housing Zone, that was approved in May 2013, is still under construction
- Thirteen new residences were approved, compared to eleven last year.

## Inland Wetlands and Watercourses Commission (IWWC)

From July 1, 2013 to June 30, 2014, the Inland Wetlands & Watercourses Commission (IWWC) received 10 new applications. The IWWC granted a total of 8 approvals during this time period at its regular meetings. There were 8 residential applications and 2 commercial applications. Two applications were withdrawn. There were no denials. Additionally, there was an application for a Boy Scout Eagle project for a bridge over a brook at Chapman Mill Pond Open space for which the fees were waived.

Of note, the IWWC reviewed and approved the application for the stormwater drainage basin to accommodate the construction of a building with 24 apartments, 25 parking spaces and 30 reserve spaces and a storage/bus stop building at 1961 Boston Post Road.

## Recreation

Senior Aerobic Fitness and Yoga classes did well with new people and returning members. Summer Day Camps also did very well this past summer and we hope that trend will continue. Summer Sports Camps were down but still had quite a few children. Our income was nearly 5% greater over the previous year. Preschool and After School programs also have larger numbers than last year. Travel Soccer and Basketball have many more children participating than in 2013.

## Public Works

The Public Works Department managed several significant events during FY2014:

- Snow Removal: During FY2013 there were only nine snow events while FY2014 had sixteen. This created additional cost for labor in overtime, and in some cases, double-time for the staff; additional operating costs and repairs to the vehicles; and additional need for salt and sand.
- Storm Debris: After Storm Nemo, the Town opened the landfill and allowed citizens unlimited access for storm debris. This resulted in additional hours for the landfill staff, plus the additional cost of debris removal from the site.
- Storm Water Sampling: As a result of state stormwater permit violations, the Town was required to conduct additional stormwater discharge sampling going back to 2011. In addition, the Town was required to establish a sampling program for the Town landfill, whereas none was required before. The cost of this compliance to the notice of violation was in addition to the \$15,078 penalty the Town paid from contingency funds.

## **Budgeting Controls**

In addition to internal accounting controls, the Town maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget for the General Fund approved at the annual Town Meeting and as may be amended by the Boards of Selectmen and Finance or a Special Town Meeting during the fiscal year. The General Fund level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the division level within a department. The Town does not maintain annual budgets for any other funds. However,

periodically, Town agencies do wish to use their special funds in which case a budget is adopted by the Board of Finance if under \$20,000 and at a Town Meeting if over \$20,000. The Town also maintains project length budgets for all capital projects approved by special Town Meetings. The Town does not use an encumbrance system, but verification funds availability is required prior to the payment of invoices.

As demonstrated by the statements and schedules included in the financial section of this report, the Town continues to meet its responsibility for sound financial management.

### **Fiscal Year 2014 Financial Results**

An extensive discussion of the Town's financial results of operation is contained in the Management's Discussion and Analysis. That information is not duplicated here.

### **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Excellence in Financial Reporting to the Town of Westbrook for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013. This was the second consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Town publishes an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable program requirements.

A Certificate for Excellence in Financial Reporting is valid for a period of one year only. However, I believe our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and I am submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this annual financial report on a timely basis was made possible by the efficient and dedicated services of Carol Hess and Donna Hurteau in the Finance Department, to whom I extend my sincere appreciation. I should also thank you, the Board of Selectmen and the Board of Finance for the interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully Submitted,



Andrew Urban  
Director of Finance



Government Finance Officers Association

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

Presented to

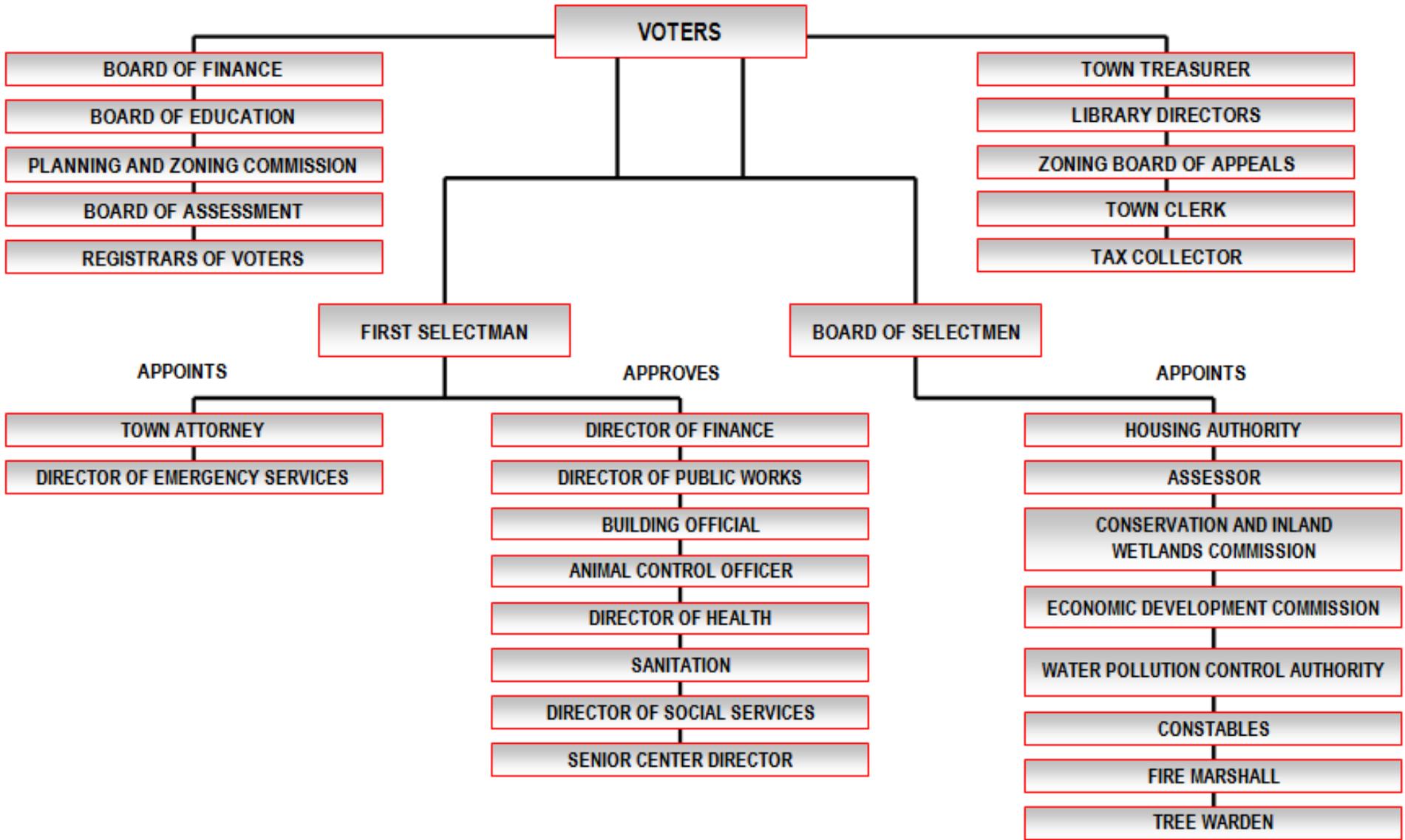
**Town of Westbrook  
Connecticut**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

**TOWN OF WESTBROOK, CONNECTICUT  
ORGANIZATIONAL CHART**



**TOWN OF WESTBROOK, CONNECTICUT  
LIST OF ELECTED AND APPOINTED OFFICIALS  
JUNE 30, 2014**

Elected Officials

Noel Bishop	First Selectman
John Hall	Selectman
Chris Ehlert	Selectman
Paul Connelly	Chairman, Board of Finance
Gary Gavigan	Board of Finance
George Pytlik	Board of Finance
John Leake	Board of Finance
Richard Westbrook	Board of Finance
Tanya Lane	Board of Finance
Jane Butterworth	Treasurer
Joan Angelini	Town Clerk
Kimberly Bratz	Tax Collector
Nancy Moore	Registrar
Mary Labaddia	Registrar

Appointed Officials

Andrew Urban	Director of Finance
Rich Annino	Director of Recreation
Jeffrey Bernstein	Director of Health
Courtney Burks	Senior Center Director
Elizabeth Carpenter	Director of Social Services
Lewis Daniels	Library Director
Pam Fogarty	Assessor
Don Izzo	Director of Emergency Services
Richard Tsou	Fire Chief
Deborah Lovelette	Director of Public Nurses
Meg Parulis	Town Planner
George Rehberg	Fire Marshall
John Riggio	Director of Public Works
Nancy Rudek	Zoning Enforcement Officer
Roger Zito	Building Official
Patricia Ciccone	Superintendent of Schools
Lesley Wysocki	Business Manager
Michael Wells	Town Attorney

## **FINANCIAL SECTION**

# SEWARD AND MONDE

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

### ***Report on the Financial Statements***

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, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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 financial statements are free from material misstatement.

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



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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Westbrook, Connecticut, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended, in accordance with U.S. generally accepted accounting principles.

### ***Other Matters***

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 to 16, the schedule of changes in the town's net pension liability and related ratios on page 63, the schedule of employer contributions on pages 64 to 66, the schedule of investment returns on page 67 and the schedules of funding progress and employer contributions - other post-employment benefits plans on page 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2014 on our consideration of the Town of Westbrook, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Westbrook, Connecticut's internal control over financial reporting and compliance.

*Seward and Monde*

North Haven, Connecticut  
December 1, 2014

**Town of Westbrook, Connecticut**  
**Management's Discussion and Analysis**  
**June 30, 2014**

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, 2014.

**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 \$44,884,210 (net position). Of this amount, \$4,946,831 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- On a government-wide basis, the Town's total net position increased by \$1,750,653. The majority of the increase is attributable to a capital grant for the construction of the Town garage.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$7,581,748, an increase of \$1,793,241 compared to the prior year.
- At the end of the current fiscal year, fund balance for the General Fund was \$3,797,815 or 13.4% of total General Fund revenue for FY2014. This is in the middle of the 12-15% fund balance margin policy established by the Board of Finance.
- The Town's total long-term obligations increased by \$3,210,000 (16.5%) during the current fiscal year. The Town issued \$5,000,000 in 20 year bonds for the purchase of a new ladder truck for the fire department, road and bridge infrastructure improvements, and school capital improvements.

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

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future 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, development and community affairs, health and welfare, culture and recreation and education.

The government-wide financial statements (statement of net position and statement of activities) can be found on pages 17 and 18 of this report.

**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 21 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, Capital and Nonrecurring Expenditure Fund, and the Bonded Projects Fund which are considered to be major funds. Data from the other 18 governmental funds are combined into a single, aggregated presentation titled "Other Governmental Funds". Individual fund data for each of these non-major 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. The Town also adopted a budget for the Library Expendable Trust Fund.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balance) can be found on pages 19 - 22 of this report.

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

The proprietary fund financial statements can be found on pages 24 - 26 of this report.

**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.

The fiduciary fund financial statements can be found on pages 27 - 28 of this report.

**Notes to the 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. The notes to the financial statements can be found on pages 29 - 62 of this report.

**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 and OPEB to its employees. Required supplementary information can be found on pages 63 - 68 of this report.

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets exceeded liabilities by \$44,884,210 at the close of the most recent fiscal year.

The Town's positive net position reflects its net 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 net 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 position.

**Governmental Activities.** Governmental activities increased the Town's net position by \$1,750,653. The majority of the increase is attributable to a capital grant received for the construction of the Town garage.

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

Major revenue factors included:

- Operating grants and contributions increased by \$472,206 due to an increase in state aid to education and a major contribution.
- Capital grants and contributions increased by \$1,105,365 due to the state grant for construction of the Town garage.

Major expense factors included:

- Overall expenses increased \$2,689,049, 10.3% greater than in FY2013. Education expenses increased by \$1,001,894 due to greater than expected special education expenses and non-departmental increased by \$1,279,255 due to an increase in self-insured medical expenses.

## **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, unassigned fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$7,581,748, an increase of \$1,793,241 in comparison with the prior year. This increase can be attributed to the issuance of \$5,000,000 in general obligation bonds less current year capital outlays for these bonded capital projects.

The General Fund is the operating fund of the Town. At the end of the current fiscal year, nonspendable and unassigned balances for the General Fund was \$3,797,815. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance, \$3,008,424 to total fund revenues. Unassigned fund balance represents 10.6% of total General Fund revenues.

The fund balance of the Town's General Fund increased by \$64,156 compared to a decrease of \$227,583 for FY2013.

### **GENERAL FUND BUDGETARY HIGHLIGHTS.**

The differences between the original budget and the final amended budget was \$2,500, due to a grant from State Department of Public Health for a lead prevention program. There was one appropriation of \$400,000 of fund balance during the fiscal year due to an unexpected increase in special education expenditures. A contingency budget of \$127,445 was included in the FY2014 adopted budget. Of this contingency budget, \$68,076 was transferred to various departmental payroll accounts as a result of a bargaining contract settlement.

During the year, revenues were higher than estimates by \$344,520, or 13.2%, mainly in intergovernmental revenues. Expenditures were \$315,527 or 1.3% less than budgetary estimates. The net increase in fund balance was \$64,156. Over the past five fiscal years from FY2010 through FY2014, actual expenditures have been lower than the adopted budget averaging 1.6%. This pattern demonstrates the good management of their budgets by town department managers.

For fiscal year 2014 on a summary basis, Town agencies delivered budgetary savings of \$201,033, nearly 2.0%, while the Board of Education provided budgetary savings of .7%. \$123,098 of the unexpended balance of \$237,592 of the Board of Education's appropriation was transferred at year end to a capital reserve account for the Board of Education in the Capital Nonrecurring Expenditures (CNRE) Fund, while \$114,494 was retained in a committed fund balance account for special education expenditures.

- Current property tax revenues were higher than estimated by \$51,081. Prior year collections were \$273,525 or 36.8% higher than estimated. In addition, the Town collected \$46,366 more than expected in interest and lien fees and \$20,719 more than expected from the supplemental motor vehicle tax. Total property tax collections were 100%, slightly higher than the 99.5% from last fiscal year.
- Intergovernmental revenues were \$249,423 greater than estimates due to an increase in municipal revenue sharing and the state excess cost education grant.
- Charges for services were greater than estimates by \$34,341 primarily due to an increase building permits.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** The Town's investment in capital assets for its governmental activities as of June 30, 2014, amounts to \$ 59,895,218 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure.

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

- The Town acquired 88 acres of open space at a cost of \$750,000. The Town's own resources of \$550,000 were supplemented by a private contribution of \$200,000.
- Replacement of the boilers at Daisy Ingraham Elementary School at a cost of \$224,795, funded from bond funds.
- Replacement of the roof at the high school at a cost of \$660,735, funded from bond funds.
- Addition of a facility standby generator at the Town Library at a cost of \$82,020
- Completion of the town's new public works facility at a preliminary cost of \$1,822,000.
- Investment of \$1,272,484 in a new ladder truck for the fire department, funded from bond funds.
- The Town added \$165,361 in machinery, equipment and vehicles to the town inventory of assets, including \$44,056 for a new public works pickup truck, \$48,503 for a new fire department safety/utility truck, and \$36,013 for a new police cruiser.

Additional information on the Town's capital assets can be found in Note 6.

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

### **Capital Financing**

The Town finances capital projects for both the Town and Board of Education through the Capital Nonrecurring (CNRE) and Bonded Projects Funds. Sources of income to the funds include annual contributions from the General Fund, state grants and debt financing. Projects are usually multi-year in nature and can include capital improvements, capital equipment, and certain non-recurring programs such as property revaluation that occurs every five years. The Town is progressing to a "pay as you go" approach to capital projects. Because of its fund classification, appropriations in the CNRE Fund do not lapse; therefore financial reporting focuses on financial results based on revenues and expenditures over the life of a project rather than a single fiscal year.

In fiscal year 2014, the Town General Fund contributed \$651,822 in planned contributions for various purposes. Additional income of \$1,442,926 in the CNRE came from a variety of state grants. Other operating transfers were \$750,000 from the bonded projects fund for land acquisition.

New appropriations for 18 projects and programs in the CNRE Fund during FY2014 totaled \$1,794,675. Expenditures by project year were:

	<u>Appropriation</u>	<u>Expended FY2014</u>	<u>Expended To Date</u>	<u>Balance</u>
FY 2011 capital projects	\$ 1,902,500	\$ 1,448,240	\$ 1,861,592	\$ 40,908
FY 2012 capital projects	758,920	23,080	677,521	81,399
FY 2013 capital projects	272,826	113,602	202,479	70,347
FY 2014 capital projects	<u>1,794,675</u>	<u>1,076,534</u>	<u>1,070,380</u>	<u>724,295</u>
Totals	<u>\$ 4,728,921</u>	<u>\$ 2,661,456</u>	<u>\$ 3,811,972</u>	<u>\$ 916,949</u>

Revenues and other financing sources exceeded expenditures and other financing uses by \$278,092. At the end of the fiscal year, the CNRE Fund had \$1,069,395 in its committed fund balance.

**Long-term Debt.** At the end of the current fiscal year, the Town had \$22,645,000 of long-term bonded debt outstanding (excluding bond premiums). All outstanding debt of the Town is general obligation debt and is backed by the full faith and credit of the Town.

On May 9, 2013 a Town Meeting approved three bond ordinances totaling \$7,090,000 for the following purposes:

- Fire Equipment: \$3,625,000 for the replacement of a 35 year old ladder truck during fiscal year 2013-14, and replacement of three pumper engines in 2016, 2018 and 2020.
- Infrastructure Improvements: \$1,540,000 for the repair or replacement of three bridges, and various road improvement projects.
- Board of Education Projects: \$1,925,000 for various school building improvements.

20 year bonds of \$5 million were sold on August 1, 2013 at a net interest cost of 3.27% for the following projects:

- Fire Equipment           \$1,725,000
- Infrastructure            1,350,000
- Board of Education      1,925,000

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 \$167,600,845, 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.

## **CASH MANAGEMENT AND INVESTMENTS**

Cash temporarily idle during the year was invested in demand deposits, time deposits, money market accounts, and an authorized statewide investment pool, the State Treasurer's Investment Fund (STIF).

Significant changes were made in the cash management and investment of town funds during the fiscal year. The concentration of cash in one town bank account allowed more efficient cash management and easier investment of funds. For example, the town's primary bank is Citizens Bank, which offers just .01% interest on the balance of Town funds. The State Treasurer's Investment Fund (STIF), however, offers .16% interest. 94.3% of the Town's funds are invested.

On June 30, 2014, the General Fund had cash and cash equivalents of \$3,878,534. There was \$844,579 in the capital nonrecurring fund, primarily for the new infrastructure and facility improvement projects approved between 2011 and 2014, and \$2,703,640 in the bonded projects fund. The Health Insurance Fund had \$2,076,986 which is exclusively reserved for the payment of health claims. The total cash and cash equivalents for all funds, exclusive of fiduciary funds, was \$10,076,774.

During the fiscal year, all cash accounts and cash equivalents were held by qualified public depositories as defined by State Statutes. Section 36-386 of the Connecticut General Statutes requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio. By itself, a bank's risk based capital ratio is an indication of the bank's strength.

The Pension Fund assets are held in trust supervised by the Town's Retirement Board and invested by various money managers selected by the Board

## **PROPRIETARY FUND OPERATIONS**

The Town is self-insured for health and dental expenses of its employees in the Health Insurance Fund. Income to the fund comes from budgetary contributions from the Town and Board of Education budgets. Additional income comes from employee and retiree contributions toward the cost of health care. During FY2014, union employees contributed 12% to the cost of health care benefits, while non-union employees contributed 11%.

Benefits are paid via a third party administrator, Anthem Blue Cross & Blue Shield. Each year during the budget process USI Consulting, the Town's benefit consultant, calculates the expected claims expense and administrative fees for budgetary purposes. At the end of the fiscal year, a reconciliation is performed with Anthem data on the year's income and expense. Any surplus or deficit is adjusted to the Health Insurance Fund's reserves. A portion of these reserves are considered to be usable and can be used to offset the subsequent year's proposed health costs. A formula allows the Town and Board to use 50% of the useable reserves to offset expenses in the next fiscal year. The Town applied \$200,000 or 36% of its usable reserve and the Board of Education applied 268,261 or 27% of their usable reserves at June 30, 2013 to offset the FY2014 health insurance budget.

The Health Insurance Fund ended the fiscal year with an operating deficit of \$666,733 due to higher than anticipated claims costs. At the end of fiscal year 2014, the reserves stood at \$1,861,884, of which \$450,000 will be used as an offset to the FY2015 health insurance costs.

## **PENSIONS AND OTHER POST EMPLOYMENT BENEFITS**

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 Retirement Board 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. The State of Connecticut contributed \$1,841,172 to the plan on behalf of the Town's members.

During fiscal year 2014, the Town contributed the actuarially required contribution (ARC) to the three Town's pension plans. Net assets of the combined plans increased from \$7,299,884 to \$8,703,062. Additions to the plan included \$457,633 in employer contributions, \$135,479 in plan member contributions, \$247,381 in interest and dividends, and a gain of \$988,932 in the net fair value of investments. Deductions included \$348,005 in benefits and \$78,242 for administration. Benefit payments totaled 81.6% of the disbursements from the Pension Funds.

Actuarial valuations were conducted on all three plans as of July 1, 2013. The results of those valuations were utilized to determine the ARC for fiscal years ending June 30, 2015 and 2016. In summary, the Town's ARC for fiscal year 2015 will increase from \$462,152 to \$549,149, a \$86,997 or 18.8% increase. This increase in the ARC was due to a large increase in the unfunded liability from 2011 to 2013 due to several factors. While the actuarial value of assets grew 17% over the past two years, liabilities also increased by nearly the same percentage.

## **ECONOMIC FACTORS**

- The unemployment rate for the Town as of June 2014 was 5.3%, which is a moderate improvement from a rate of 6.1% a year ago. This compares very favorably to the state's average unemployment rate of 6.7% and the national average rate of 6.1%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the Town's budget for the 2014-15 year. The Town appropriated \$600,000 of its fund balance for spending in that 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, CONNECTICUT**  
**STATEMENT OF NET POSITION**

	<u>2014</u>	<u>2013</u>	<u>Change</u>
Current and other assets	\$ 12,225,269	\$ 12,054,758	\$ 170,511
Capital assets, net	<u>59,895,218</u>	<u>55,809,214</u>	<u>4,086,004</u>
Total assets	<u>72,120,487</u>	<u>67,863,972</u>	<u>4,256,515</u>
Deferred outflows of resources	<u>1,049,716</u>	<u>1,251,354</u>	<u>( 201,638)</u>
Current liabilities	4,410,259	5,101,813	( 691,554)
Noncurrent liabilities	<u>23,875,734</u>	<u>20,743,679</u>	<u>3,132,055</u>
Total liabilities	<u>28,285,993</u>	<u>25,845,492</u>	<u>2,440,501</u>
Deferred inflows of resources	<u>-</u>	<u>136,277</u>	<u>( 136,277)</u>
Net Position			
Net investment in capital assets	39,903,305	36,374,214	3,529,091
Restricted	34,074	34,074	-
Unrestricted	<u>4,946,831</u>	<u>6,725,269</u>	<u>( 1,778,438)</u>
Total net position	<u>\$ 44,884,210</u>	<u>\$ 43,133,557</u>	<u>\$ 1,750,653</u>

**Table 2**  
**Town of Westbrook**  
**Condensed Statement of Activities**

	<u>2014</u>	<u>2013</u>	<u>Change</u>
Expenses:			
General government	\$ 1,040,619	\$ 1,200,320	(\$ 159,701)
Public safety	1,604,113	1,524,669	79,444
Public works	2,232,432	1,968,481	263,951
Community development	487,239	447,095	40,144
Health and human services	688,201	644,323	43,878
Culture and recreation	762,784	685,613	77,171
Education	18,969,227	17,967,333	1,001,894
Non-departmental	2,315,793	1,036,538	1,279,255
Interest expense	768,718	705,705	63,013
Total expenses	<u>28,869,126</u>	<u>26,180,077</u>	<u>2,689,049</u>
Program Revenues:			
Charges for services	1,467,801	1,360,187	107,614
Operating grants and contributions	3,386,237	2,914,031	472,206
Capital grants and contributions	1,435,926	330,561	1,105,365
Total program revenues	<u>6,289,964</u>	<u>4,604,779</u>	<u>1,685,185</u>
Net expenses	<u>( 22,579,162)</u>	<u>( 21,575,298)</u>	<u>( 1,003,864)</u>
General Revenues:			
Governmental activities:			
Property taxes	23,900,387	23,654,089	246,298
Grants and contributions not restricted to specific programs	385,623	391,467	( 5,844)
Investment income	43,805	15,763	28,042
Total general revenues	<u>24,329,815</u>	<u>24,061,319</u>	<u>268,496</u>
Increase in net position	1,750,653	2,486,021	( 735,368)
Net position, beginning	<u>43,133,557</u>	<u>40,647,536</u>	<u>2,486,021</u>
Net position, ending	<u>\$44,884,210</u>	<u>\$43,133,557</u>	<u>\$ 1,750,653</u>

**TABLE 3**  
**TOWN OF WESTBROOK, CONNECTICUT**  
**CAPITAL ASSETS, NET**

	<u>2014</u>	<u>2013</u>
Land	\$ 5,410,055	\$ 4,660,055
Construction in progress	3,602,212	435,388
Buildings and improvements	45,900,068	45,658,720
Machinery, equipment and vehicles	1,565,354	1,592,947
Infrastructure	<u>3,417,529</u>	<u>3,462,104</u>
Total	<u>\$ 59,895,218</u>	<u>\$ 55,809,214</u>

**TOWN OF WESTBROOK, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

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	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 10,076,774
Investments	199,385
Receivables (net):	
Property taxes	337,636
Intergovernmental	327,353
Other	223,945
Due from other funds	310
Prepaid expenses	782,999
Inventory	6,392
Total current assets	11,954,794
Noncurrent assets:	
Receivables (net):	
Property taxes	270,475
Total noncurrent assets	270,475
Capital assets (net of accumulated depreciation):	
Land	5,410,055
Construction in progress	3,602,212
Buildings and improvements	45,900,068
Machinery, equipment and vehicles	1,565,354
Infrastructure	3,417,529
Total capital assets (net of accumulated depreciation)	59,895,218
Total assets	72,120,487
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	1,049,716
Total deferred outflows of resources	1,049,716
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	2,183,919
Accrued liabilities	34,302
Accrued interest payable	294,108
Unearned revenue	13,672
Bonds payable and related liabilities	1,830,000
Other liabilities	54,258
Total current liabilities	4,410,259
Noncurrent liabilities:	
Bonds payable and related liabilities	21,846,730
Other liabilities	2,029,004
Total noncurrent liabilities	23,875,734
Total liabilities	28,285,993
<b>NET POSITION</b>	
Net investment in capital assets	39,903,305
Restricted for:	
Nonexpendable permanent endowments	34,074
Unrestricted	4,946,831
Total net position	\$ 44,884,210

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, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
<b>Governmental activities:</b>					
General government	\$ 1,040,619	\$ 545,391	\$ 23,244	\$ 22,988	(\$ 448,996)
Public safety	1,604,113	47,807	-	-	( 1,556,306)
Public works	2,232,432	34,455	217,457	1,412,938	( 567,582)
Community development	487,239	75,080	-	-	( 412,159)
Health and human services	688,201	426,630	21,340	-	( 240,231)
Culture and recreation	762,784	201,614	234,048	-	( 327,122)
Education	18,969,227	136,824	2,890,148	-	( 15,942,255)
Non-departmental	2,315,793	-	-	-	( 2,315,793)
Interest expense	768,718	-	-	-	( 768,718)
<b>Total</b>	<b>28,869,126</b>	<b>1,467,801</b>	<b>3,386,237</b>	<b>1,435,926</b>	<b>( 22,579,162)</b>
<b>General revenues:</b>					
Property taxes					23,900,387
Grants and contributions not restricted to specific programs					385,623
Investment income					43,805
<b>Total general revenues</b>					<b>24,329,815</b>
Change in net position					1,750,653
Net position - July 1, 2013					43,133,557
Net position - June 30, 2014					<b>\$ 44,884,210</b>

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

**TOWN OF WESTBROOK, CONNECTICUT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	General	Capital Nonrecurring	Bonded Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,878,534	\$ 844,579	\$ 2,703,640	\$ 573,035	\$ 7,999,788
Investments	-	-	-	199,385	199,385
Receivables (net):					
Property taxes	608,111	-	-	-	608,111
Intergovernmental	18,066	300,000	-	9,287	327,353
Other	127,853	-	-	75,204	203,057
Inventory	6,392	-	-	-	6,392
Prepaid items	782,999	-	-	-	782,999
Due from other funds	4,419	-	-	-	4,419
	<u>\$ 5,426,374</u>	<u>\$ 1,144,579</u>	<u>\$ 2,703,640</u>	<u>\$ 856,911</u>	<u>\$ 10,131,504</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 1,119,593	\$ 75,184	\$ 563,535	\$ 189,617	\$ 1,947,929
Accrued liabilities	34,302	-	-	-	34,302
Unearned revenues	-	-	-	13,672	13,672
Due to other funds	-	-	-	4,109	4,109
	<u>1,153,895</u>	<u>75,184</u>	<u>563,535</u>	<u>207,398</u>	<u>2,000,012</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - property taxes	474,664	-	-	-	474,664
Unavailable revenue - loans receivable	-	-	-	75,080	75,080
	<u>474,664</u>	<u>-</u>	<u>-</u>	<u>75,080</u>	<u>549,744</u>
<b>Fund Balances (deficit)</b>					
Nonspendable	789,391	-	-	34,074	823,465
Restricted	-	-	2,140,105	446,512	2,586,617
Committed	-	1,069,395	-	53,047	1,122,442
Assigned	-	-	-	44,706	44,706
Unassigned	3,008,424	-	-	( 3,906)	3,004,518
	<u>3,797,815</u>	<u>1,069,395</u>	<u>2,140,105</u>	<u>574,433</u>	<u>7,581,748</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,426,374</u>	<u>\$ 1,144,579</u>	<u>\$ 2,703,640</u>	<u>\$ 856,911</u>	<u>\$ 10,131,504</u>

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

**TOWN OF WESTBROOK, CONNECTICUT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
JUNE 30, 2014**

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

Total fund balance	\$ 7,581,748
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Beginning net capital assets	55,809,214
Current year additions	5,074,990
Depreciation expense	( 980,986)
Loss on disposal of capital assets	( 8,000)
	59,895,218

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

Property tax receivables greater than 60 days	474,664
Loans receivable greater than 60 days	75,080
Deferred loss on refunding	1,049,716

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 position	1,861,884
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Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	( 22,645,000)
Bond premiums	( 1,031,730)
Other post employment benefits	( 836,517)
Compensated absences	( 96,286)
Net pension obligation	( 45,723)
Landfill closure costs	( 1,104,736)
Accrued interest payable	( 294,108)
	( 24,092,100)

Net position of governmental activities	\$ 44,884,210
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The notes to the financial statements are an integral part of this statement.

**TOWN OF WESTBROOK, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	General	Capital Nonrecurring	Bonded Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 24,021,456	\$ -	\$ -	\$ -	\$ 24,021,456
Intergovernmental	3,070,160	1,442,926	-	338,852	4,851,938
Charges for services	1,257,561	-	-	549,595	1,807,156
Contributions	-	2,300	261,447	25,942	289,689
Investment income	29,675	-	-	14,124	43,799
Total revenues	<u>28,378,852</u>	<u>1,445,226</u>	<u>261,447</u>	<u>928,513</u>	<u>31,014,038</u>
<b>EXPENDITURES</b>					
Current:					
General government	844,250	-	-	63,097	907,347
Public safety	1,456,759	-	-	27,642	1,484,401
Public works	1,524,770	-	-	-	1,524,770
Community development	487,239	-	-	-	487,239
Health and human services	702,425	-	-	354,155	1,056,580
Culture and recreation	680,328	-	-	17,008	697,336
Education	17,868,817	-	-	506,963	18,375,780
Non-departmental	1,556,308	-	60,660	-	1,616,968
Capital outlay	-	2,655,302	3,010,223	-	5,665,525
Debt service	2,504,301	-	-	-	2,504,301
Total expenditures	<u>27,625,197</u>	<u>2,655,302</u>	<u>3,070,883</u>	<u>968,865</u>	<u>34,320,247</u>
Excess (deficiency) of revenues over expenditures	<u>753,655</u>	<u>( 1,210,076)</u>	<u>( 2,809,436)</u>	<u>( 40,352)</u>	<u>( 3,306,209)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
General obligation bond proceeds	-	-	5,000,000	-	5,000,000
General obligation bond premium	-	-	99,450	-	99,450
Transfers in	4,109	1,494,322	6,154	41,786	1,546,371
Transfers out	( 693,608)	( 6,154)	( 750,000)	( 96,609)	( 1,546,371)
Total other financing sources (uses)	<u>( 689,499)</u>	<u>1,488,168</u>	<u>4,355,604</u>	<u>( 54,823)</u>	<u>5,099,450</u>
Net change in fund balance	64,156	278,092	1,546,168	( 95,175)	1,793,241
Fund balance - July 1, 2013	<u>3,733,659</u>	<u>791,303</u>	<u>593,937</u>	<u>669,608</u>	<u>5,788,507</u>
Fund balance - June 30, 2014	<u>\$ 3,797,815</u>	<u>\$ 1,069,395</u>	<u>\$ 2,140,105</u>	<u>\$ 574,433</u>	<u>\$ 7,581,748</u>

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

**TOWN OF WESTBROOK, CONNECTICUT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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

Net change in fund balances - total governmental funds \$ 1,793,241

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	5,074,990
Depreciation expense	( 980,986)
Loss on disposal of capital assets	( 8,000)
Total	<u>4,086,004</u>

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

Decrease in property tax interest and lien accrual	( 139,062)
Property taxes collected after 60 days	17,993
Loans collected after 60 days	75,080
Total	<u>( 45,989)</u>

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

Issuance of long-term debt:	
General obligation bonds	( 5,000,000)
General obligation bonds premium	( 99,450)
Principal repayments:	
General obligation bonds	<u>1,790,000</u>
Total	<u>( 3,309,450)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued interest payment	( 54,417)
Amortization of bond premium	97,990
Amortization of deferred charges	( 201,638)
Compensated absences	61,203
Net pension obligation	( 2,411)
Other post employment benefits (OPEB)	( 27,256)
Landfill closure	20,109
Total	<u>( 106,420)</u>

Internal service funds are used by management to charge costs of medical insurance premiums to individual departments ( 666,733)

Change in net position of governmental activities \$ 1,750,653

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, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Taxes, interest and lien fees	\$ 23,970,375	\$ 23,970,375	\$ 24,021,456	\$ 51,081
Intergovernmental	977,065	979,565	1,228,988	249,423
Charges for services	1,223,220	1,223,220	1,257,561	34,341
Investment income	20,000	20,000	29,675	9,675
	<u>26,190,660</u>	<u>26,193,160</u>	<u>26,537,680</u>	<u>344,520</u>
<b>EXPENDITURES</b>				
Current:				
General government	870,664	877,244	844,250	32,994
Public safety	1,479,557	1,479,699	1,456,759	22,940
Public works	1,568,713	1,553,509	1,524,770	28,739
Community development	506,342	514,322	487,239	27,083
Health and human services	643,523	706,144	702,425	3,719
Culture and recreation	739,370	750,419	680,328	70,091
Non-departmental	1,630,144	1,570,676	1,556,308	14,368
Education	15,865,237	16,265,237	16,150,743	114,494
Debt service	2,516,600	2,505,400	2,504,301	1,099
	<u>25,820,150</u>	<u>26,222,650</u>	<u>25,907,123</u>	<u>315,527</u>
Excess (deficiency) of revenues over expenditures	<u>370,510</u>	<u>( 29,490)</u>	<u>630,557</u>	<u>660,047</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	( 570,510)	( 570,510)	( 570,510)	-
Transfers in	<u>-</u>	<u>-</u>	<u>4,109</u>	<u>4,109</u>
Net other financing sources (uses)	<u>( 570,510)</u>	<u>( 570,510)</u>	<u>( 566,401)</u>	<u>4,109</u>
Net change in fund balance	<u>(\$ 200,000)</u>	<u>(\$ 600,000)</u>	64,156	<u>\$ 664,156</u>
Budgetary fund balance - July 1, 2013			<u>3,733,659</u>	
Budgetary fund balance - June 30, 2014			<u>\$ 3,797,815</u>	

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

**TOWN OF WESTBROOK, CONNECTICUT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2014**

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		Governmental Activities
		<u>Internal Service Fund</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$	2,076,986
Prepaid expenses		<u>20,916</u>
Total assets		<u>2,097,902</u>
<b>LIABILITIES</b>		
Current liabilities:		
Claims payable		39,018
Claims incurred but not reported		<u>197,000</u>
Total liabilities		<u>236,018</u>
<b>NET POSITION</b>		
Unrestricted	\$	<u><u>1,861,884</u></u>

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

**TOWN OF WESTBROOK, CONNECTICUT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

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	Governmental Activities
	Internal Service Fund
<b>OPERATING REVENUES</b>	
Charges for services	\$ 2,822,705
<b>OPERATING EXPENSES</b>	
Benefits and claims	2,957,747
Administration	531,691
Total operating expenses	3,489,438
Change in net position	( 666,733)
Net position - July 1, 2013	2,528,617
Net position - June 30, 2014	\$ 1,861,884

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, 2014**

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	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities:	
Cash received for charges for services	\$ 2,822,705
Cash paid for benefits and claims	( 2,889,910)
Cash paid for administration	( 551,060)
Net cash used by operating activities	( 618,265)
Net change in cash	( 618,265)
Cash - July 1, 2013	2,695,251
Cash- June 30, 2014	\$ 2,076,986
Reconciliation of change in net position to net cash used by operating activities:	
Change in net position	(\$ 666,733)
Adjustments to reconcile change in net position to net cash used by operating activities:	
Increase in prepaid expenses	( 19,369)
Increase in claims payable	12,107
Increase in claims incurred but not reported	55,730
Net cash used by operating activities	(\$ 618,265)

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

**TOWN OF WESTBROOK, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2014**

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	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 211,837	\$ 435,267
Investments at fair value:		
Mutual funds:		
Equity	5,414,330	-
Fixed income	2,604,624	-
Balanced	467,695	-
Total investments	<u>8,486,649</u>	<u>-</u>
Accrued income	<u>4,886</u>	<u>-</u>
Total assets	<u>8,703,372</u>	<u>\$ 435,267</u>
<b>LIABILITIES</b>		
Liabilities:		
Accounts payable	-	\$ 435,267
Due to other funds	<u>310</u>	<u>-</u>
Total liabilities	<u>310</u>	<u>\$ 435,267</u>
<b>NET POSITION</b>		
Net position restricted for pensions	<u>\$ 8,703,062</u>	

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

**TOWN OF WESTBROOK, CONNECTICUT  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

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	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 457,633
Plan members	<u>135,479</u>
Total contributions	<u>593,112</u>
Investment income:	
Net appreciation in fair value of investments	988,932
Interest and dividends	<u>247,381</u>
Total investment income	<u>1,236,313</u>
Total additions	<u>1,829,425</u>
<b>DEDUCTIONS</b>	
Benefits	348,005
Administration	<u>78,242</u>
Total deductions	<u>426,247</u>
Change in net position	1,403,178
Net position restricted for pensions - July 1, 2013	<u>7,299,884</u>
Net position restricted for pensions - June 30, 2014	<u><u>\$ 8,703,062</u></u>

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

**TOWN OF WESTBROOK, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

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**Note 1 - Summary of Significant Accounting Policies**

**A. Financial 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.

The Town operates under the provisions of its charter and the General Statutes of the State of Connecticut. The legislative powers of the Town are vested in the Town meeting. The executive body is made up of a Board of Selectmen, consisting of a First Selectman, who is the chief executive officer, and two other board members. A six-member Board of Finance is responsible for presenting fiscal operating budgets to the Annual Town Meeting.

The financial reporting entity consist of 1) the primary government, 2) organizations for which the primary government is financially accountable and 3) 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 as set forth by the Governmental Accounting Standards Board (GASB).

In evaluating how to define the financial reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in this reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. The criterion has been considered and there are no agencies or entities which should be presented with this government.

**B. Basis of Presentation**

The financial statements of the Town have been prepared in conformity with U.S. generally accepted accounting principles as applied to government units. GASB is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies used by the Town:

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
**. . . Continued . . .**

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Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. As a general rule, 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, which are normally supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents the financial position of the Town at the end of its fiscal year. 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. Property taxes and other items not properly included among program revenues are reported instead as general revenues. The Town does not allocate indirect expenses to functions in the statement of activities.

Fund Financial Statement

The 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 position presented in the government-wide financial statements. The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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.

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
**. . . Continued . . .**

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The Capital Nonrecurring Fund is a capital projects fund which is used to account for major capital asset construction and/or purchases funded substantially by grants and general fund appropriations.

The Bonded Projects Fund is a capital projects fund which is used to account for major capital asset construction and/or purchases funded substantially by general obligation bonds.

Additionally, the Town reports the following fund types:

The Special Revenue Funds are used to account for proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.

The Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs. Permanent fund restricted net position are segregated between nonexpendable and expendable. The nonexpendable portion represents the original restricted principal contribution, and the expendable represents accumulated earnings which are available to be spent based on donor restrictions.

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

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 and performance bonds.

During the course of operations the Town may have activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as gross amounts as transfers in/out. Certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
**. . . Continued . . .**

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**C. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and 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.

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. Measurable means knowing or being able to reasonably estimate the amount. 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.

Property taxes, licenses, 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. Entitlements are recorded as revenue when all eligibility requirements are met, including any time requirements and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

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. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
**. . . Continued . . .**

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Like the government-wide statements, all proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

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 fund are charges for services. Operating expenses for the internal service fund include the cost of medical claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Proprietary fund reporting focuses on changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Fiduciary fund financial statements include a statement of net position and a statement of changes in net position. 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.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance**

Cash equivalents

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

Investments for the Town are reported at fair value, generally based on quoted market prices.

Property Taxes and Other Receivables

The Town's property tax is levied and payable each July 1 on the assessed value listed as of the prior October 1 for all real and personal property located in the Town. These taxes are billed and due in two installments, July 1 and the subsequent January 1. Liens are effective on the assessment date and are continued by filing prior to the following levy date. Assessed values are established at 70 percent of estimated market value to conform to State statutes.

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
**. . . Continued . . .**

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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, 2014, and are calculated based upon prior collections.

In the fund financial statements, all property taxes receivable at June 30, 2014, which have not been collected within 60 days of June 30, 2014, have been recorded as deferred inflows of resources, 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.

State statutes require that a revaluation be done every four years. The last revaluation completed and enacted was for the list of October 1, 2011.

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).

Inventory and Prepaid Items

Inventory consists of fuel and is recorded at cost. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements.

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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. Interest incurred during the construction of capital assets is also capitalized for business-type activities.

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.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets.

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
**. . . Continued . . .**

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Useful lives for infrastructure were estimated based on the Town's historical records of necessary improvements and replacement.

Depreciation is computed using the straight-line method over the following useful lives:

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Town only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

Compensated absences of the Town consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the Town and the employee.

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
**. . . Continued . . .**

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Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Town will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at June 30, 2014 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. Town employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation at various rates.

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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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 Position/Fund Balance

Government-wide Statements

Equity in the government-wide financial statements is defined as "net position" and is classified in the following categories:

Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
**. . . Continued . . .**

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Unrestricted - Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment if capital assets or the restricted components of net position.

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

Fund Financial Statements

The equity of the fund financial statements is defined as "fund balance" and is classified in the following categories:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either (a) not in spendable form (e.g., inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance - represents amounts that are constrained for a specific purpose by either (a) external parties, such as grantors, creditors, contributors, or laws and regulation of their governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Meeting (the highest level of decision making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action.

Assigned Fund Balance - represents amounts that are constrained by the government's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts by the Town Charter.

Unassigned Fund Balance - represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
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Fund Balance Flow Assumptions - Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The Board of Finance adopted a financial policy to maintain the General Fund fund balance in the range of an amount between 12 and 15 percent of the annual General Fund revenue budget. If the fund balance drops below the minimum 12 percent in the current fiscal year, an appropriation will be made in the subsequent year's budget to bring it back to 12 percent.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues, expenses and expenditures. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated events through December 1, 2014, the date the financial statements were available to be issued.

**Note 2 - Stewardship, Compliance and Accountability**

Budgets and Budgetary Accounting

At the annual Town meeting, the Board of Finance presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by Town meeting, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at special Town meetings as required by changing conditions. In cases of extraordinary or unforeseen expenses, the Board of Finance is empowered to transfer funds from other budget line items up to \$20,000 to a departmental appropriation.

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

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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Generally, all appropriations lapse at year end, except those for the Bonded Capital Projects and the Capital Nonrecurring Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

The Town does not have legally adopted annual budgets for its special revenue funds because budgetary control is alternatively achieved by constraints imposed by the project authorization and grant awards related to these funds. The Town does not have legally adopted budgets for its internal service or fiduciary funds.

Application of Accounting Standards

For the year ended June 30, 2014, the Town implemented:

GASB Statement 67, *Financial Reporting for Pension Plans* and GASB Statement No. 50, *Pension Disclosures* as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB 67 enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans.

In the subsequent year, the Town will be required to adopt GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* will substantially change the reporting for pension liabilities and expenses. Changes in the pension liability will be immediately recognized as pension expense or reported as deferred outflows/inflows of resources depending on the nature of the changes. Substantial changes to methods and assumptions used to determine actuarial information for GAAP reporting purposes will be required. Current actuarial methods may continue to be used to determine funding amounts. Employers will report in their financial statements a net pension liability (asset) determined annually as of the fiscal year end. Net pension liability (asset) equals the total pension liability for the plan net of the plan's net position. Pension liability is the actuarial present value of projected benefits attributed to past service, and plan net position is the accumulated plan assets net of any financial statement liabilities of the plan.

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
**. . . Continued . . .**

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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 23)	\$ 26,541,789		\$ 26,477,633
State Teachers' Retirement on-behalf payment	1,841,172		1,841,172
GAAP basis (page 21)	\$ 28,382,961		\$ 28,318,805

**Note 3 - Cash, Cash Equivalents and Investments**

Cash and Cash Equivalents

The deposit of public funds is controlled by Connecticut General Statutes. Cash equivalents are defined as those liquid investments having original maturities of three months or less. The carrying amount of the Town's cash deposits with financial institutions at June 30, 2014 was \$2,178,812.

The State Short-Term Investment Fund (STIF) is an investment pool managed by the Treasurer of the State of Connecticut. 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. The pool is rated AAAM by Standard & Poor's. The carrying amount of the Town's cash equivalents (STIF) at June 30, 2014 was \$8,950,915.

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. All of the Town's deposits are in qualified public institutions as defined by state statute. Under this statute, any bank holding public deposits must at all times maintain segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. Additionally, the Town has an agreement with its primary financial institution whereby one hundred percent of the Town deposits which exceed the FDIC limits are collateralized with assets segregated from the financial institutions' assets at the Federal Reserve Bank and identified as being pledged to the Town. The Town does not have a deposit policy for custodial risk.

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
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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.

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

At June 30, 2014, 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	5-10 Years
Equity Mutual Funds	\$ 5,414,330	\$ 5,414,330	\$ -	\$ -	\$ -
Fixed Income Mutual Funds	2,804,009	-	534,236	1,963,097	306,676
Balanced Mutual Funds	467,695	-	-	467,695	-
Total	<u>\$ 8,686,034</u>	<u>\$ 5,414,330</u>	<u>\$ 534,236</u>	<u>\$ 2,430,792</u>	<u>\$ 306,676</u>

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 equity mutual funds, fixed income mutual funds and balanced mutual funds are not rated.

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
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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, 2014, the Town has no investments subject to custodial credit risk.

*Concentrations of Credit Risk* - The Town has no policy limiting the amount the Town may invest in any one issuer.

**Note 4 - Property Taxes and Other Receivables**

Receivables as of year-end for the Town's individual major and nonmajor, and fiduciary funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Property Taxes</u>	<u>Interest and Liens</u>	<u>Grants</u>	<u>Other</u>	<u>Allowance for Uncollectibles</u>	<u>Total</u>
General Fund	\$ 537,012	\$ 303,301	\$ 18,066	\$ 127,853	(\$ 232,202)	\$ 754,030
Capital Nonrecurring	-	-	300,000	-	-	300,000
Cafeteria	-	-	9,048	-	-	9,048
Special education grants	-	-	239	81	-	320
Dog fund	-	-	-	15	-	15
Small Cities repayment	-	-	-	75,080	-	75,080
Social services	-	-	-	28	-	28
Net total receivables	<u>\$ 537,012</u>	<u>\$ 303,301</u>	<u>\$ 327,353</u>	<u>\$ 203,057</u>	<u>(\$ 232,202)</u>	<u>\$ 1,138,521</u>

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
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**Note 5 - Interfund Transactions**

Interfund Balances

Interfund balances consisted of the following at June 30, 2014, as reported in the fund financial statements:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 4,419	\$ -
Nonmajor Governments Funds:		
Land Use Professional Services	-	4,109
Pension Trust Funds	<u>-</u>	<u>310</u>
Grand Total	<u><u>\$ 4,419</u></u>	<u><u>\$ 4,419</u></u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not yet received. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Internal balances between governmental funds are eliminated on the government-wide financial statements; therefore, only one interfund balance is reported on the government-wide financial statements.

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
**. . . Continued . . .**

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Interfund Transfers

Interfund transfers for the year ended June 30, 2014, consisted of the following, as reported in the fund financial statements:

	Transfer In	Transfer Out
General Fund	\$ 4,109	\$ 693,608
Major - Capital Nonrecurring	1,494,322	6,154
Major - Bonded Projects	6,154	750,000
Nonmajor Governments Funds:		
Dog Fund	25,000	-
Insurance Fund	16,786	-
Small Cities Repayment fund	-	92,500
Land Use Professional Services	-	4,109
Total Nonmajor Governmental Funds	41,786	96,609
 Grand Total	 \$ 1,546,371	 \$ 1,546,371

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
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**Note 6 - Capital Assets**

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions/</u> <u>Transfers</u>	<u>Disposals/</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 2014</u>
Capital Assets, not being depreciated:				
Land	\$ 4,660,055	\$ 750,000	\$ -	\$ 5,410,055
Construction in progress	435,388	3,284,857	118,033	3,602,212
	<u>5,095,443</u>	<u>4,034,857</u>	<u>118,033</u>	<u>9,012,267</u>
Total Capital assets, not being depreciated				
Capital Assets, being depreciated:				
Buildings and improvements	51,829,088	992,805	-	52,821,893
Machinery, equipment and vehicles	3,710,289	165,361	21,900	3,853,750
Infrastructure	4,196,863	-	-	4,196,863
	<u>59,736,240</u>	<u>1,158,166</u>	<u>21,900</u>	<u>60,872,506</u>
Total Capital Assets, being depreciated				
Total Capital Assets	<u>64,831,683</u>	<u>5,193,023</u>	<u>139,933</u>	<u>69,884,773</u>
Less Accumulated Depreciation for:				
Buildings and improvements	6,170,368	751,457	-	6,921,825
Machinery, equipment and vehicles	2,117,342	184,954	13,900	2,288,396
Infrastructure	734,759	44,575	-	779,334
	<u>9,022,469</u>	<u>980,986</u>	<u>13,900</u>	<u>9,989,555</u>
Total Accumulated Depreciated				
Total Capital Assets, being depreciated, net	<u>50,713,771</u>	<u>177,180</u>	<u>8,000</u>	<u>50,882,951</u>
Government Activities Capital Assets, net	<u>\$ 55,809,214</u>	<u>\$ 4,212,037</u>	<u>\$ 126,033</u>	<u>\$ 59,895,218</u>

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

General government	\$ 74,934
Public safety	111,712
Public works	103,667
Culture and recreation	65,448
Education	<u>625,225</u>
Total depreciation expense	<u>\$ 980,986</u>

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
**. . . Continued . . .**

**Note 7 - Long-Term Obligations**

Summary of Changes

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

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2013	Additions	Deductions / Defeasance	Balance June 30, 2014	Current Portion
General Obligation Bonds									
General Purpose:									
Open space acquisition	\$ 2,160,000	11/01/04	06/15/24	3.00%-5.00%	\$ 120,000	\$ -	\$ 120,000	\$ -	\$ -
Refunding bond	3,162,000	10/12/10	07/01/26	1.50%-4.00%	2,940,000	-	210,000	2,730,000	210,000
Refunding bond	2,841,000	12/15/11	09/15/23	2.00%-4.00%	2,290,000	-	321,000	1,969,000	271,000
Improvement bond	3,075,000	08/01/13	08/01/33	2.00%-4.00%	-	3,075,000	-	3,075,000	154,000
Total General Purpose					<u>5,350,000</u>	<u>3,075,000</u>	<u>651,000</u>	<u>7,774,000</u>	<u>635,000</u>
Schools:									
Improvement bond	11,200,000	11/01/04	06/15/24	3.00%-5.00%	600,000	-	600,000	-	-
Refunding bond	7,363,000	10/12/10	07/01/26	1.50%-4.00%	6,960,000	-	420,000	6,540,000	415,000
Refunding bond	6,769,000	12/15/11	09/15/23	2.00%-4.00%	6,525,000	-	119,000	6,406,000	684,000
Improvement bond	1,925,000	08/01/13	08/01/33	2.00%-4.00%	-	1,925,000	-	1,925,000	96,000
Total Schools					<u>14,085,000</u>	<u>1,925,000</u>	<u>1,139,000</u>	<u>14,871,000</u>	<u>1,195,000</u>
Total General Obligation Bonds					19,435,000	5,000,000	1,790,000	22,645,000	1,830,000
Bond Premiums					<u>1,030,270</u>	<u>99,450</u>	<u>97,990</u>	<u>1,031,730</u>	<u>-</u>
Total Bonds and Related Liabilities					<u>20,465,270</u>	<u>5,099,450</u>	<u>1,887,990</u>	<u>23,676,730</u>	<u>1,830,000</u>
Other Long-Term Obligations:									
Compensated Absences					157,489	21,568	82,771	96,286	19,258
Net Pension Obligation					43,312	2,411	-	45,723	-
Other Post Employment Benefits (OPEB)					809,261	27,256	-	836,517	-
Landfill Closure Costs					<u>1,124,845</u>	<u>-</u>	<u>20,109</u>	<u>1,104,736</u>	<u>35,000</u>
Total Other Long-Term Obligations					<u>2,134,907</u>	<u>51,235</u>	<u>102,880</u>	<u>2,083,262</u>	<u>54,258</u>
Total General Long-Term Obligations					<u>\$ 22,600,177</u>	<u>\$ 5,150,685</u>	<u>\$ 1,990,870</u>	<u>\$ 25,759,992</u>	<u>\$ 1,884,258</u>

All other long-term liabilities are fully liquidated from the General Fund.

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
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The following is a summary of annual debt service requirements:

Fiscal Year	Bonds Payable	
	Principal	Interest
2015	\$ 1,830,000	\$ 738,600
2016	1,830,000	686,025
2017	1,930,000	622,938
2018	1,920,000	550,438
2019	1,920,000	479,794
2020-2024	8,555,000	1,449,790
2025-2029	3,410,000	456,995
2030-2034	1,250,000	124,688
	\$ 22,645,000	\$ 5,109,268

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, 2014 the estimated monitoring costs for the next 21 years are \$1,104,736. This amount is based on estimates which are subject to change due to inflation, changes in technology or changes in applicable laws and regulations.

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
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Authorized/Unissued Bonds

At June 30, 2014, the Town had the following authorized, unissued bonds:

Project Name	Amount Unissued
Fire equipment	\$ 1,900,000
Infrastructure projects	190,000
	\$ 2,090,000

**Note 8 - Fund Balances**

	General Fund	Capital Nonrecurring	Bonded Projects	Non-major Governmental Funds	Total
Fund balances:					
Nonspendable					
Inventory	\$ 6,392	\$ -	\$ -	\$ -	\$ 6,392
Prepaid expenses	782,999	-	-	-	782,999
Nonexpendable					
permanent endowment	-	-	-	34,074	34,074
Restricted for:					
Document preservation	-	-	-	16,369	16,369
Drug prevention	-	-	-	1,555	1,555
Community development	-	-	-	26,648	26,648
Social services	-	-	-	48,711	48,711
Library	-	-	-	305,799	305,799
Recreational activities	-	-	-	12,301	12,301
Capital projects	-	-	2,140,105	35,129	2,175,234
Committed to:					
Capital projects	-	1,069,395	-	53,047	1,122,442
Assigned to:					
Insurance	-	-	-	22,838	22,838
Education	-	-	-	21,868	21,868
Unassigned	3,008,424	-	-	( 3,906)	3,004,518
Total fund balances	\$ 3,797,815	\$ 1,069,395	\$ 2,140,105	\$ 574,433	\$ 7,581,748

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
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A fund balance deficit of \$3,906 exists in the Dog Fund resulting from recognition of expenditure for the Town's share of the capital costs for a regional animal shelter. The deficit will be resolved by a contingency transfer from the General Fund during year ending June 30, 2015.

**Note 9 - Pension Plans**

The Town administers three single-employer, defined benefit public employees retirement system (PERS) plans to provide pension benefits to 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 PERS 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.

Management of the plans rest with the Retirement Board composed of members appointed by the Board of Selectmen.

Plan Description

Retirement Provisions

Town Plan

The Town Plan provides retirement and survivorship benefits for eligible employees of the Town. 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 with reduced benefits. 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. Active plan members are required to contribute 4.0% of compensation with a maximum of 30 years of contributions to the Plan. If an employee leaves covered employment or dies before meeting the vesting requirement, accumulated employee contributions and 5.0% interest thereon are refunded. The Town is required to contribute the remaining amounts necessary to finance the benefits for its employees as are actuarially determined.

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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Firefighters' Plan

The Firefighters' Plan provides retirement, disability, and survivorship benefits to eligible volunteer firefighters of the Town. 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. Active plan members do not contribute. The Town is required to contribute the amounts necessary to finance the benefits for its employees as are actuarially determined.

Constables' Plan

The Constables' Plan provides retirement benefits for all active employees performing constables' duties for the Town. 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 or any age with 25 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. Active plan members do not contribute. The Town is required to contribute the amounts necessary to finance the benefits for its employees as are actuarially determined.

At July 1, 2013, plan membership consisted of the following:

	<u>Town</u>	<u>Firefighters</u>	<u>Constables</u>
Inactive plan members or beneficiaries currently receiving benefits	38	14	1
Inactive plan members entitled to but not yet receiving benefits	10	6	1
Active plan members	80	56	7
 Total Plan Participants	128	76	9

Summary of Significant Accounting Policies

The Plans' financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plans are recognized when due and the employer 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.

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

Administrative costs of the Plan are financed through investment earnings.

The individual plan net position at June 30, 2014 and changes in net position for the year then ended are as follow:

	Town Employees' Pension Trust Fund	Volunteer Firefighters' Pension Trust Fund	Constables' Pension Trust Fund	Total Pension Trust Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 185,896	\$ 24,456	\$ 1,485	\$ 211,837
Investments at fair value:				
Mutual funds	7,447,383	979,777	59,489	8,486,649
Accrued income	4,287	565	34	4,886
Total assets	7,637,566	1,004,798	61,008	8,703,372
<b>Liabilities</b>				
Due to other funds	310	-	-	310
<b>Net Position</b>				
Net position restricted for pensions	\$ 7,637,256	\$ 1,004,798	\$ 61,008	\$ 8,703,062

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
**. . . Continued . . .**

	Town Employees' Pension Trust Fund	Volunteer Firefighters' Pension Trust Fund	Constables' Pension Trust Fund	Total Pension Trust Funds
<b>Additions</b>				
Contributions:				
Employer	\$ 316,917	\$ 117,870	\$ 22,846	\$ 457,633
Plan members	<u>135,479</u>	<u>-</u>	<u>-</u>	<u>135,479</u>
Total contributions	<u>452,396</u>	<u>117,870</u>	<u>22,846</u>	<u>593,112</u>
Investment earnings:				
Net appreciation in fair value of investments	866,276	115,733	6,923	988,932
Interest and dividends	<u>216,422</u>	<u>29,159</u>	<u>1,800</u>	<u>247,381</u>
Total investment earnings	<u>1,082,698</u>	<u>144,892</u>	<u>8,723</u>	<u>1,236,313</u>
Total additions	<u>1,535,094</u>	<u>262,762</u>	<u>31,569</u>	<u>1,829,425</u>
<b>Deductions</b>				
Benefits	273,905	68,100	6,000	348,005
Administration	<u>68,380</u>	<u>8,594</u>	<u>1,268</u>	<u>78,242</u>
Total deductions	<u>342,285</u>	<u>76,694</u>	<u>7,268</u>	<u>426,247</u>
Change in net position	1,192,809	186,068	24,301	1,403,178
Net position - July 1, 2013	<u>6,444,447</u>	<u>818,730</u>	<u>36,707</u>	<u>7,299,884</u>
Net position - June 30, 2014	<u>\$7,637,256</u>	<u>\$1,004,798</u>	<u>\$ 61,008</u>	<u>\$8,703,062</u>

Investments

Investment policy - the pension plan's policy in regard to the allocation of invested assets is established and amended by the Board of Selectmen. It is the policy of the Board of Selectmen to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
**. . . Continued . . .**

The following was the Board's adopted asset allocation policy for all plans as of June 30, 2014:

Asset Class	Target Allocation
Domestic equity	50.00 %
International developed markets equity	10.00
Fixed income	40.00
	100.00 %

Rate of return - For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows:

Town Employees	16.21 %
Firefighters	16.21
Constables	16.21

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Liability**

In accordance with GASB Statement No. 67, the components of the net pension liability of the Town at June 30, 2014, were as follows:

	Town Employees	Volunteer Firefighters	Constables
Total pension liability	\$ 7,902,956	\$ 1,620,749	\$ 231,365
Plan fiduciary net position	7,637,256	1,004,798	61,008
Town's net pension liability	\$ 265,700	\$ 615,951	\$ 170,357
Plan fiduciary net position as a percentage of the total pension liability	96.64 %	62.00 %	26.37 %

The Town's net pension liability will be required to be recorded on the government-wide statement of net position at June 30, 2015.

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
**. . . Continued . . .**

Actuarial assumptions - the total pension liability was determined by an actuarial valuation as of July 1, 2013 and increased by service cost and interest and decreased by benefit payments to estimate the total pension liability as of June 30, 2014. Actuarial assumptions were as follows:

	<u>Town Employees</u>	<u>Volunteer Firefighters</u>	<u>Constables</u>
Inflation	2.50%	2.50%	2.50%
Salary increases	4.00%	N/A	N/A
Investment rate of return	7.00%	7.00%	7.00%

Mortality rates were based on the RP-2000 combined annuitant and non-annuitant tables with static projection. Mortality is projected through the valuation date plus another 7 years for annuitants and through the valuation date plus another 15 years for non-annuitants.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	6.20%
International developed markets equity	6.70%
Fixed income	1.80%

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
**. . . Continued . . .**

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Discount rate - the discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Town contributions will be made at rates equal to the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate - the following presents the net pension liability of the Town, calculated using the discount rate of 7.0%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Town employees' net pension liability	\$ 1,088,930	\$ 265,390	(\$ 470,406)
Firefighters' net pension liability	811,594	615,951	451,539
Constables' net pension liability	197,095	170,357	147,562

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
**. . . Continued . . .**

Annual Pension Cost and Net Pension Obligation (NPO)

The annual pension cost and net pension obligation of the Plans' as of June 30, 2014 were as follows:

	<u>Town Plan</u>	<u>Firefighters' Plan</u>	<u>Constables' Plan</u>
Annual required contribution	\$ 321,436	\$ 117,870	\$ 22,846
Interest on net pension obligation	249	2,102	681
Adjustment to annual required contribution	( 396)	( 3,903)	( 841)
Annual pension cost	321,289	116,069	22,686
Contributions made	<u>316,917</u>	<u>117,870</u>	<u>22,846</u>
Increase (decrease) in net pension obligation	4,372	( 1,801)	( 160)
Net pension obligation, July 1, 2013	<u>3,556</u>	<u>30,028</u>	<u>9,728</u>
Net pension obligation, June 30, 2014	<u>\$ 7,928</u>	<u>\$ 28,227</u>	<u>\$ 9,568</u>

Three-year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
<u>Town Plan</u>				
6/30/2012	\$ 264,141	\$ 264,294	100.1 %	\$ 3,711
6/30/2013	313,119	313,274	100.0	3,556
6/30/2014	321,289	316,917	98.6	7,928
<u>Firefighters' Plan</u>				
6/30/2012	\$ 91,686	\$ 93,175	101.6 %	\$ 31,715
6/30/2013	116,183	117,870	101.5	30,028
6/30/2014	116,069	117,870	101.6	28,227
<u>Constables' Plan</u>				
6/30/2012	\$ 5,976	\$ 6,100	102.1 %	\$ 9,879
6/30/2013	22,695	22,846	100.7	9,728
6/30/2014	22,686	22,846	100.7	9,568

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
**. . . Continued . . .**

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**Note 10 - On-Behalf Payments**

The faculty and professional personnel of the Board of Education participate in a multiple employer contributory cost-sharing defined benefit plan with a special funding situation, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. The financial statements of the plan are available from the State of Connecticut State Teachers' Retirement Board, 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 \$948,540,000, of which \$1,841,172 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, 2014, Town teachers contributed \$538,463 to the plan and covered Board of Education payroll for the year was approximately \$7,427,000.

**Note 11 - 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. 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, 2011. The OPEB plan does not issue a separate, stand-alone, financial report.

Benefit Provisions

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

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

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
**. . . Continued . . .**

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Plan Membership

Membership in the plan consisted of the following at of July 1, 2011, the date of the last actuarial valuation:

	<u>Town</u>	<u>Board</u>
Active members	37	140
Retirees and dependents	<u>4</u>	<u>16</u>
Total	<u><u>41</u></u>	<u><u>156</u></u>

Funding Policy

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

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

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

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
**. . . Continued . . .**

Annual OPEB Cost and Net OPEB Obligation

The annual OPEB cost and net OPEB obligation of the plan as of June 30, 2014 were as follows:

	Town	Board
Annual required contribution (ARC)	\$ 43,296	\$ 54,886
Interest on net OPEB obligation	4,307	28,063
Adjustment to annual required contribution	( 5,054)	( 34,603)
Annual OPEB cost	42,549	48,346
Contributions made	12,868	50,771
Increase (decrease) in net OPEB obligation	29,681	( 2,425)
Net OPEB obligation, July 1, 2013	107,677	701,584
Net OPEB obligation, June 30, 2014	\$ 137,358	\$ 699,159

Three-Year Trend Information

The Town's annual OPEB cost, the percentage of annual OPEB costs contributed to the plan, and the net OPEB obligation three-year trend information is presented below:

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
<u>Town</u>				
6/30/2012	\$ 38,632	\$ 12,211	31.61%	\$ 79,518
6/30/2013	40,504	12,345	30.48%	107,677
6/30/2014	42,549	12,868	30.24%	137,358
<u>Board</u>				
6/30/2012	\$ 46,173	\$ 41,067	88.94%	\$ 699,266
6/30/2013	46,766	44,448	95.04%	701,584
6/30/2014	48,346	50,771	105.02%	699,159

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
**. . . Continued . . .**

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Funding Status and Funding Progress

The funded status of the plan as of July 1, 2011, the most recent actuarial valuation date, is as follows:

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>Town</u>						
7/1/2011	\$ -	\$ 349,552	\$ 349,552	0.00%	\$ 1,714,614	20.39%
<u>Board</u>						
7/1/2011	\$ -	\$ 1,075,642	\$ 1,075,642	0.00%	N/A	N/A

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future.

The schedules of funding progress and employer contributions, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
**. . . Continued . . .**

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The annual required contribution for the current year for both the Town and Board plans was determined as part of the July 1, 2011 actuarial valuations. The actuarial assumptions included:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Actuarial Cost Method
Amortization Method	Level percent of payroll, closed
Remaining Amortization Period - Town	24.27
Remaining Amortization Period - Board	22.92
Actuarial Assumptions:	
Discount rate	4.0%
Investment rate of return	4.0%
Inflation rate	3.5%
Medical cost trend rates	8.0% graded to 5.0% over 6 years

**Note 12 - 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. During the year ended June 30, 2014, deductibles paid by the Town were insignificant. Settled claims, for all types of commercial coverage, have not exceeded commercial insurance coverage during any of the past three fiscal years.

**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 \$125,000 for hospital and 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.

**TOWN OF WESTBROOK, CONNECTICUT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
**. . . Continued . . .**

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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
2011-2012	\$ 146,176	\$ 2,880,600	\$ 2,801,569	\$ 225,207
2012-2013	225,207	2,222,624	2,306,561	141,270
2013-2014	141,270	2,945,640	2,889,910	197,000

**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.

**Note 13 - Commitments and Contingencies**

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.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**TOWN OF WESTBROOK, CONNECTICUT  
SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY  
AND RELATED RATIOS  
LAST FISCAL YEAR**

	2014		
	Town Employees	Firefighters	Constables
<b>Total pension liability</b>			
Service cost	\$ 351,113	\$ 25,466	\$ 6,953
Interest	525,975	108,258	15,332
Benefit payments, including refunds of member contributions	( 273,905)	( 68,100)	( 6,000)
Net change in total pension liability	603,183	65,624	16,285
Total pension liability - beginning	<u>7,299,773</u>	<u>1,555,125</u>	<u>215,080</u>
Total pension liability - ending (a)	<u>\$ 7,902,956</u>	<u>\$ 1,620,749</u>	<u>\$ 231,365</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 316,917	\$ 117,870	\$ 22,846
Contributions - members	135,479	-	-
Net investment income	1,082,698	144,892	8,723
Benefit payments, including refunds of member contributions	( 273,905)	( 68,100)	( 6,000)
Administrative expenses	( 68,380)	( 8,594)	( 1,268)
Net change in plan fiduciary net position	1,192,809	186,068	24,301
Plan fiduciary net position - beginning	<u>6,444,447</u>	<u>818,730</u>	<u>36,707</u>
Plan fiduciary net position - ending (b)	<u>\$ 7,637,256</u>	<u>\$ 1,004,798</u>	<u>\$ 61,008</u>
Town's net pension liability - ending (a) - (b)	<u>\$ 265,700</u>	<u>\$ 615,951</u>	<u>\$ 170,357</u>
Plan fiduciary net position as a percentage of the total pension liability	96.64 %	62.00 %	26.37 %
Covered-employee payroll	\$ 3,202,773	N/A	N/A
Net pension liability as a percentage of covered-employee payroll	8.30 %	N/A	N/A

**TOWN OF WESTBROOK, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
TOWN EMPLOYEES**

**LAST FISCAL YEAR**

	2014
Actuarially determined contribution	\$ 321,436
Contribution in relation to the actuarially determined contribution	316,917
Contribution deficiency (excess)	\$ 4,519
Covered-employee payroll	\$ 3,202,773
Contributions as a percentage of covered-employee payroll	9.90 %

**Notes to Schedule**

Valuation date: July 1, 2013  
 Measurement date: June 30, 2014  
 Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization period	Level dollar, open
Remaining amortization period	14 years
Asset valuation method	Expected asset value plus 20% of the difference between the expected value and the market value of assets
Inflation	2.50%
Salary increases	4.00% per annum
Investment rate of return	7.00%
Retirement age	100% at age 65 and 5 years of service
Mortality	RP-2000 combined annuitant and non-annuitant tables with static projection. Mortality is projected through the valuation date plus another 7 years for annuitants and through the valuation date plus another 15 years for non-annuitants.

**TOWN OF WESTBROOK, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FIREFIGHTERS**

**LAST FISCAL YEAR**

	2014
Actuarilly determined contribution	\$ 117,870
Contribution in relation to the actuarilly determined contribution	117,870
Contribution deficiency (excess)	\$ -
Covered-employee payroll	N/A
Contributions as a percentage of covered-employee payroll	N/A

**Notes to Schedule**

Valuation date: July 1, 2013  
 Measurement date: June 30, 2014  
 Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization period	Level Percentage of inflation, closed
Remaining amortization period	11 years
Asset valuation method	Expected asset value plus 20% of the difference between the expected value and the market value of assets
Inflation	2.50%
Salary increases	N/A
Investment rate of return	7.00%
Retirement age	Age 65 and 20 years of service
Mortality	RP-2000 combined annuitant and non-annuitant tables with static projection. Mortality is projected through the valuation date plus another 7 years for annuitants and through the valuation date plus another 15 years for non-annuitants.

**TOWN OF WESTBROOK, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
CONSTABLES**

**LAST FISCAL YEAR**

	2014
Actuarilly determined contribution	\$ 22,846
Contribution in relation to the actuarilly determined contribution	22,846
Contribution deficiency (excess)	\$ -
Covered-employee payroll	N/A
Contributions as a percentage of covered-employee payroll	N/A

**Notes to Schedule**

Valuation date: July 1, 2013  
 Measurement date: June 30, 2014  
 Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization period	Level Percentage of inflation, closed
Remaining amortization period	23 years
Asset valuation method	Expected asset value plus 20% of the difference between the expected value and the market value of assets
Inflation	2.50%
Salary increases	N/A
Investment rate of return	7.00%
Retirement age	Earlier of age 65 with 20 years of service or any age with 25 years of service
Mortality	RP-2000 combined annuitant and non-annuitant tables with static projection. Mortality is projected through the valuation date plus another 7 years for annuitants and through the valuation date plus another 15 years for non-annuitants.

**TOWN OF WESTBROOK, CONNECTICUT  
SCHEDULE OF INVESTMENT RETURNS  
TOWN PENSION PLANS**

**LAST FISCAL YEAR**

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	<u>2014</u>
Annual money weighted rate of return, net of investment expenses	
Town employees	16.21 %
Firefighters	16.21
Constables	16.21

**TOWN OF WESTBROOK, CONNECTICUT  
SCHEDULE OF FUNDING PROGRESS AND SCHEDULE OF EMPLOYER CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFITS PLANS**

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**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)
<u>Town</u>						
7/1/2008	\$ -	\$ 319,991	\$ 319,991	0.00 %	\$ 1,358,901	23.55%
7/1/2011	-	349,552	349,552	0.00	1,714,614	20.39%
<u>Board</u>						
7/1/2008	\$ -	\$ 1,562,290	\$ 1,562,290	0.00 %	N/A	N/A
7/1/2011	-	1,075,642	1,075,642	0.00	N/A	N/A

**Schedule of Employer Contributions**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
<u>Town</u>		
2010	\$ 33,868	47.38 %
2011	37,227	42.06
2012	38,943	31.36
2013	41,055	30.07
2014	43,296	29.72
<u>Board</u>		
2010	\$ 260,833	12.06 %
2011	277,137	10.87
2012	51,593	79.60
2013	53,283	83.42
2014	54,886	92.50

## **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, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Taxes, Interest and Lien Fees:</b>				
Current property taxes	\$ 23,564,375	\$ 23,564,375	\$ 23,475,378	(\$ 88,997)
Prior year collections	200,000	200,000	273,525	73,525
Interest and lien fees	105,000	105,000	151,366	46,366
Supplemental motor vehicle	100,000	100,000	120,719	20,719
Collections from suspensions	1,000	1,000	468	( 532)
<b>Total Taxes, Interest and Lien Fees</b>	<b>23,970,375</b>	<b>23,970,375</b>	<b>24,021,456</b>	<b>51,081</b>
<b>Intergovernmental:</b>				
Mashantucket Pequot funds	12,163	12,163	14,942	2,779
PILOT - state owned property	29,950	29,950	28,184	( 1,766)
Elderly tax relief	40,000	40,000	46,320	6,320
Property tax relief - vets	14,800	14,800	13,327	( 1,473)
Town aid road fund	217,445	217,445	217,457	12
Educational cost sharing	427,677	427,677	452,108	24,431
Adult education	1,670	1,670	1,665	( 5)
Telecommunication tax	25,000	25,000	26,183	1,183
Miscellaneous state revenues	-	-	19,244	19,244
Municipal revenue sharing	151,793	151,793	251,494	99,701
Special education	-	-	115,233	115,233
Public school transportation	-	-	5,379	5,379
DUI enforcement	16,000	16,000	-	( 16,000)
Federal wildlife	5,000	5,000	4,903	( 97)
Payment in lieu of taxes	4,600	4,600	4,600	-
Youth and family services	17,300	17,300	17,259	( 41)
Property tax relief - disabled	667	667	573	( 94)
Department of Public Health grant	-	2,500	-	( 2,500)
Motor Vehicle Fines	13,000	13,000	10,117	( 2,883)
Emergency management	-	-	-	-
<b>Total Intergovernmental</b>	<b>977,065</b>	<b>979,565</b>	<b>1,228,988</b>	<b>249,423</b>
<b>Charges for Services:</b>				
<b>Fees:</b>				
Town Clerk	79,000	79,000	55,980	( 23,020)
Conveyance tax	90,000	90,000	110,170	20,170
Conservation land records	5,500	5,500	4,686	( 814)
Bulky waste	44,000	44,000	34,455	( 9,545)
Planning and zoning	10,800	10,800	23,175	12,375
Harbor management fees	-	-	300	300
Nursing fees	415,000	415,000	423,484	8,484
Library fees and fines	3,000	3,000	2,264	( 736)
Board of recreation fees	120,000	120,000	110,508	( 9,492)
P&R youth programs	100,000	100,000	74,681	( 25,319)
After school program	25,000	25,000	-	( 25,000)
Board of education tuition	-	-	28,000	28,000
Riggio building rent	6,000	6,000	3,300	( 2,700)
Senior center	8,500	8,500	12,161	3,661
Private duty reimbursement	70,000	70,000	44,242	( 25,758)
Land Use	2,500	2,500	2,702	202
IWWC Fees	5,500	5,500	2,476	( 3,024)
Rent/lease of property	-	-	350	350
Social services	-	-	260	260
<b>Total Fees</b>	<b>984,800</b>	<b>984,800</b>	<b>933,194</b>	<b>( 51,606)</b>

... Continued ...

**TOWN OF WESTBROOK, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
. . . Continued . . .**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Licenses and Permits:				
Building permits	\$ 200,000	\$ 200,000	\$ 293,874	\$ 93,874
Sanitation permits	11,000	11,000	12,925	1,925
Beach permits	9,000	9,000	8,960	( 40)
Pistol permits	-	-	2,790	2,790
Lodging permits	-	-	400	400
Miscellaneous	5,000	5,000	385	( 4,615)
Total Licenses and Permits	<u>225,000</u>	<u>225,000</u>	<u>319,334</u>	<u>94,334</u>
Other Revenues:				
Motor vehicle fines	500	500	475	( 25)
Miscellaneous	10,520	10,520	4,558	( 5,962)
Non-Government Grants	2,400	2,400	-	( 2,400)
Total Other Revenues	<u>13,420</u>	<u>13,420</u>	<u>5,033</u>	<u>( 8,387)</u>
Total Charges for Services	<u>1,223,220</u>	<u>1,223,220</u>	<u>1,257,561</u>	<u>34,341</u>
Investment Income:				
Interest income	20,000	20,000	29,675	9,675
Total Revenues	<u>26,190,660</u>	<u>26,193,160</u>	<u>26,537,680</u>	<u>344,520</u>
Other Financing Sources:				
Use of fund balance	200,000	600,000	-	( 600,000)
Transfers in	-	-	4,109	4,109
Total Other Financing Sources	<u>200,000</u>	<u>600,000</u>	<u>4,109</u>	<u>( 595,891)</u>
Total Revenues and Other Financing Sources	<u>\$ 26,390,660</u>	<u>\$ 26,793,160</u>	<u>\$ 26,541,789</u>	<u>(\$ 251,371)</u>

**TOWN OF WESTBROOK, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget
General Government:				
Executive	\$ 155,169	\$ 158,796	\$ 152,137	\$ 6,659
Elections	49,131	39,183	37,016	2,167
Finance:				
Treasurer	13,608	13,945	13,867	78
Assessor	122,402	124,245	121,979	2,266
Tax collector	110,575	106,127	105,332	795
Tax refunds	20,000	28,500	28,478	22
Finance department	171,283	174,580	166,267	8,313
Total Finance	437,868	447,397	435,923	11,474
Law	64,500	64,500	58,360	6,140
Recording and Reporting	126,721	130,011	130,001	10
Boards and Commissions:				
Board of tax review	1,950	1,975	369	1,606
Board of finance	35,325	35,382	30,444	4,938
Total Boards and Commissions	37,275	37,357	30,813	6,544
Total General Government	870,664	877,244	844,250	32,994
Public Safety:				
Public safety	439,181	449,481	448,204	1,277
Police Protection:				
Police - protection	19,140	19,618	19,613	5
Resident troopers	398,500	400,000	393,724	6,276
Harbor patrol	11,825	12,036	11,483	553
Police vehicles	23,500	23,500	18,241	5,259
Constables	219,100	204,700	195,569	9,131
Police advisory/traffic	2,080	2,107	1,312	795
Total Police Protection	674,145	661,961	639,942	22,019
Fire Protection:				
Training	20,495	20,495	19,934	561
Fire prevention	3,000	3,000	2,997	3
Fire protection	231,525	225,224	228,550	( 3,326)
Fire station	63,186	71,686	71,198	488
Fire marshal	20,500	19,590	18,666	924
Fire commissioner	770	787	-	787
Open burning official	1,000	1,025	1,000	25
Total Fire Protection	340,476	341,807	342,345	( 538)
Emergency management	25,755	26,450	26,268	182
Total Public Safety	1,479,557	1,479,699	1,456,759	22,940

... Continued ...

**TOWN OF WESTBROOK, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
... Continued ...**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Public Works:				
Public Works Department:				
Administration	\$ 393,429	\$ 421,201	\$ 420,814	\$ 387
Roads	248,300	259,300	259,016	284
Garage	30,900	38,900	35,566	3,334
Landfill	82,430	75,276	73,482	1,794
Equipment maintenance	67,050	74,050	96,075	( 22,025)
Property maintenance	22,750	22,750	22,236	514
Waste collection	63,000	89,000	70,077	18,923
Parks	199,140	206,240	203,098	3,142
Total Public Works Department	<u>1,106,999</u>	<u>1,186,717</u>	<u>1,180,364</u>	<u>6,353</u>
Water pollution control commission	<u>99,063</u>	<u>25,813</u>	<u>25,633</u>	<u>180</u>
Facilities Management:				
Town Hall	57,615	57,615	50,653	6,962
Academy building	10,500	9,990	9,488	502
Riggio building	24,401	24,953	24,947	6
Old library	13,800	13,800	6,582	7,218
Mulvey Center	256,335	234,621	227,103	7,518
Total Municipal Buildings	<u>362,651</u>	<u>340,979</u>	<u>318,773</u>	<u>22,206</u>
Total Public Works	<u>1,568,713</u>	<u>1,553,509</u>	<u>1,524,770</u>	<u>28,739</u>
Community Development:				
Planning and Zoning:				
Planning	121,476	115,921	105,883	10,038
Zoning	85,695	87,286	85,512	1,774
Zoning board of appeals	18,203	18,357	12,887	5,470
Total Planning and Zoning	<u>225,374</u>	<u>221,564</u>	<u>204,282</u>	<u>17,282</u>
Town Center	<u>6,690</u>	<u>6,725</u>	<u>5,580</u>	<u>1,145</u>
Land Use	<u>87,969</u>	<u>89,949</u>	<u>89,900</u>	<u>49</u>
Conservation	<u>10,797</u>	<u>17,517</u>	<u>16,622</u>	<u>895</u>
Economic Development	<u>5,194</u>	<u>5,211</u>	<u>2,800</u>	<u>2,411</u>
Inlands Wetlands	<u>61,623</u>	<u>62,859</u>	<u>62,200</u>	<u>659</u>
Inspections	<u>98,203</u>	<u>99,977</u>	<u>97,155</u>	<u>2,822</u>
Harbor Commissions	<u>10,492</u>	<u>10,520</u>	<u>8,700</u>	<u>1,820</u>
Total Community Development	<u>506,342</u>	<u>514,322</u>	<u>487,239</u>	<u>27,083</u>

... Continued ...

**TOWN OF WESTBROOK, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
... Continued ...**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Health and Human Services:				
Health:				
Director of Health	\$ 25,888	\$ 27,135	\$ 24,085	\$ 3,050
Public health nurses	435,310	467,334	467,091	243
Sanitarian	103,405	112,372	112,231	141
Total Health	<u>564,603</u>	<u>606,841</u>	<u>603,407</u>	<u>3,434</u>
Human Services:				
Social services	24,005	34,020	33,735	285
Senior Center	54,915	65,283	65,283	-
Total Human Services	<u>78,920</u>	<u>99,303</u>	<u>99,018</u>	<u>285</u>
Total Health and Human Services	<u>643,523</u>	<u>706,144</u>	<u>702,425</u>	<u>3,719</u>
Culture and Recreation:				
Library	<u>367,630</u>	<u>373,280</u>	<u>371,845</u>	<u>1,435</u>
Recreation:				
Recreation	138,671	141,288	133,264	8,024
Activities	215,689	218,078	163,685	54,393
Swimming	17,380	17,773	11,534	6,239
Total Recreation	<u>371,740</u>	<u>377,139</u>	<u>308,483</u>	<u>68,656</u>
Total Culture and Recreation	<u>739,370</u>	<u>750,419</u>	<u>680,328</u>	<u>70,091</u>
Non-Departmental:				
Employee benefits	1,033,183	1,052,141	1,052,054	87
Insurance	223,824	237,063	236,984	79
Dues and contributions	238,692	234,692	224,070	10,622
Legislative	7,000	11,000	4,226	6,774
Judicial	-	-	3,194	( 3,194)
Contingency	127,445	35,780	35,780	-
Total Non-Departmental	<u>1,630,144</u>	<u>1,570,676</u>	<u>1,556,308</u>	<u>14,368</u>
Debt Service	<u>2,516,600</u>	<u>2,505,400</u>	<u>2,504,301</u>	<u>1,099</u>
Board of Education	<u>15,865,237</u>	<u>16,265,237</u>	<u>16,150,743</u>	<u>114,494</u>
Total Expenditures	<u>25,820,150</u>	<u>26,222,650</u>	<u>25,907,123</u>	<u>315,527</u>
Other Financing Uses:				
Capital contributions	553,724	553,724	553,724	-
Transfers to other funds	16,786	16,786	16,786	-
Total Other Financing Uses	<u>570,510</u>	<u>570,510</u>	<u>570,510</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 26,390,660</u>	<u>\$ 26,793,160</u>	<u>\$ 26,477,633</u>	<u>\$ 315,527</u>

**TOWN OF WESTBROOK, CONNECTICUT  
REPORT OF TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2014**

Grand List Year	Uncollected Taxes July 1, 2013	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2014
			Additions	Deductions			Taxes	Interest & Lien Fees	Total	
1997	\$ 6,888	\$ -	\$ -	\$ 6,888	* \$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1998	6,113	-	-	-	-	6,113	-	-	-	6,113
1999	7,176	-	-	-	-	7,176	-	-	-	7,176
2000	6,365	-	-	-	-	6,365	-	-	-	6,365
2001	4,986	-	-	-	-	4,986	( 65)	-	( 65)	5,051
2002	1,934	-	-	-	-	1,934	-	-	-	1,934
2003	4,583	-	-	-	-	4,583	-	-	-	4,583
2004	25,510	-	-	-	-	25,510	104	176	280	25,406
2005	28,389	-	-	-	-	28,389	995	1,382	2,377	27,394
2006	14,225	-	-	-	-	14,225	509	81	590	13,716
2007	13,039	-	-	30	-	13,009	666	975	1,641	12,343
2008	18,110	-	-	30	-	18,080	1,622	2,449	4,071	16,458
2009	43,429	-	-	452	-	42,977	20,044	4,367	24,411	22,933
2010	96,685	-	19,057	-	-	115,742	53,193	27,559	80,752	62,549
2011	263,094	-	14,816	-	-	277,910	188,096	35,514	223,610	89,814
Total Prior Years	540,526	-	33,873	7,400	-	566,999	265,164	72,503	337,667	301,835
2012	-	23,769,114	5,208	11,712	-	23,762,610	23,527,433	77,878	23,605,311	235,177
Total	\$ 540,526	\$ 23,769,114	\$ 39,081	\$ 19,112	\$ -	\$ 24,329,609	\$ 23,792,597	\$ 150,381	\$ 23,942,978	\$ 537,012

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

**TOWN OF WESTBROOK, CONNECTICUT  
SCHEDULE OF DEBT LIMITATION  
FOR THE YEAR ENDED JUNE 30, 2014**

Total Tax Collections (including interest and lien fees) for the year ended June 30, 2014:	\$ 23,942,978
Reimbursement for Revenue Loss: Tax relief for elderly	-
Base for Debt Limitation Computation	<u>\$ 23,942,978</u>

The Connecticut General Statutes provide that the total authorized debt of the Town shall not exceed seven times the above base cash receipts, of \$167,600,846, nor shall the total authorized particular purpose debt exceed the individual debt limitations reflected in the table below:

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation: (1)					
2 1/4 times base	\$ 53,871,701	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	107,743,401	-	-	-
3 3/4 times base	-	-	89,786,168	-	-
3 1/4 times base	-	-	-	77,814,679	-
3 times base	-	-	-	-	71,828,934
Total Debt Limitation	<u>53,871,701</u>	<u>107,743,401</u>	<u>89,786,168</u>	<u>77,814,679</u>	<u>71,828,934</u>
Indebtedness:					
Bonds payable	7,774,000	14,871,000	-	-	-
Authorized and unissued bonds	<u>2,090,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Indebtedness	<u>9,864,000</u>	<u>14,871,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding Debt	<u>\$ 44,007,701</u>	<u>\$ 92,872,401</u>	<u>\$ 89,786,168</u>	<u>\$ 77,814,679</u>	<u>\$ 71,828,934</u>
(1) The total of the above net indebtedness amounts to:					<u>\$ 24,735,000</u>

There is no overlapping debt.

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

School Cafeteria Fund - to account for the activity of the schools' cafeterias.

Special Education Grants - to account for State and Federal education grants.

Dog Fund - to account for dog license fees and receipts and expenditures of the Dog Warden and Dog Pound.

Insurance Fund - to account for Unemployment Compensation claims and the deductible costs of other town insurance plans.

Open Space Preservation Fund - to account for funds for the acquisition of land for open space, protection of natural resources, preservation of Westbrook's small town character.

Westbrook Library Fund - to account for donations made to the Library which could be spent on items, other than those budgeted in the General Fund.

Detention Ponds Fund - to account for all detention pond funds for the purpose of making repairs and replacements to the detention basins or outlet structures.

Westbrook Nurses Fund - to account for all activity of Nurses, including any donations and distribution of scholarships.

Small Cities Repayment Fund - to account for funds the Town received from the Small Cities Program from the Connecticut Department of Housing as a vehicle for loan recipients to repay their loans.

Document Preservation Fund - to account for funds received for the preservation of land records.

Family Fun Day Fund - to account for donations in order to hold two events: Family Fun Day and the Halloween bash.

Land Use Professional Services - to account for funds to pay for hired Professional Service for services required to process all Planning/Zoning/ZBA/IWWC applications.

Local Prevention Council - to account for grants from the Connecticut Department of Mental Health and Addiction Services.

West Beach Playground Fund - to account for donations for the renovations of two playgrounds: Westbrook Beach Playground and the Wren Park Playground.

Senior Center Fund - to account for donations from citizens and organizations that are to be used to provide support to the operations of the Senior Center.

Social Services Fund - to account for donations from citizens and organizations that are to be used to provide emergency assistance to senior citizens.

Town Clerk Fund - to account for fees collected to be used for the preservation and management of historic documents.

### Permanent Fund

The permanent fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the Town's programs.

Library Restricted Gift Fund - to account for various endowments whose earnings are restricted to expenditures for the Library.

**TOWN OF WESTBROOK, CONNECTICUT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	Special Revenue Funds						
	School Cafeteria Fund	Special Education Grants	Dog Fund	Insurance Fund	Open Space Preservation Fund	Westbrook Library Fund	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 19,103	\$ 18,554	\$ -	\$ 22,838	\$ 35,129	\$ 106,424	\$ 53,047
Investments	-	-	-	-	-	199,385	-
Receivables:							
Intergovernmental	9,048	239	-	-	-	-	-
Other	-	81	15	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 28,151</u>	<u>\$ 18,874</u>	<u>\$ 15</u>	<u>\$ 22,838</u>	<u>\$ 35,129</u>	<u>\$ 305,809</u>	<u>\$ 53,047</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities							
Accounts payable	\$ 6,283	\$ 5,202	\$ 3,921	\$ -	\$ -	\$ 16	\$ -
Unearned revenues	-	13,672	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>6,283</u>	<u>18,874</u>	<u>3,921</u>	<u>-</u>	<u>-</u>	<u>16</u>	<u>-</u>
Deferred Inflow of Resources							
Unavailable revenue - loans receivable	-	-	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Fund Balances							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	35,129	305,793	-
Committed	-	-	-	-	-	-	53,047
Assigned	21,868	-	-	22,838	-	-	-
Unassigned	-	-	( 3,906)	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>21,868</u>	<u>-</u>	<u>( 3,906)</u>	<u>22,838</u>	<u>35,129</u>	<u>305,793</u>	<u>53,047</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 28,151</u>	<u>\$ 18,874</u>	<u>\$ 15</u>	<u>\$ 22,838</u>	<u>\$ 35,129</u>	<u>\$ 305,809</u>	<u>\$ 53,047</u>

... Continued ...

**TOWN OF WESTBROOK, CONNECTICUT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014  
...Continued...**

	Special Revenue Funds					
	Westbrook Nurses Fund	Small Cities Repayment Fund	Document Preservation Fund	Family Fun Day Fund	Land Use Professional Services	Local Prevention Council
<b>ASSETS</b>						
Cash and cash equivalents	\$ 8,829	\$ 26,648	\$ 3,588	\$ 286	\$ 177,457	\$ 1,555
Investments	-	-	-	-	-	-
Receivables:						
Intergovernmental	-	-	-	-	-	-
Other	-	75,080	-	-	-	-
Total assets	<u>\$ 8,829</u>	<u>\$ 101,728</u>	<u>\$ 3,588</u>	<u>\$ 286</u>	<u>\$ 177,457</u>	<u>\$ 1,555</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ -	\$ -	\$ 847	\$ -	\$ 173,348	\$ -
Unearned revenues	-	-	-	-	-	-
Due to other funds	-	-	-	-	4,109	-
Total liabilities	<u>-</u>	<u>-</u>	<u>847</u>	<u>-</u>	<u>177,457</u>	<u>-</u>
Deferred Inflow of Resources						
Unavailable revenue - loans receivable	-	75,080	-	-	-	-
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	8,829	26,648	2,741	286	-	1,555
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>8,829</u>	<u>26,648</u>	<u>2,741</u>	<u>286</u>	<u>-</u>	<u>1,555</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,829</u>	<u>\$ 101,728</u>	<u>\$ 3,588</u>	<u>\$ 286</u>	<u>\$ 177,457</u>	<u>\$ 1,555</u>

... Continued ...

**TOWN OF WESTBROOK, CONNECTICUT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014  
...Continued...**

	Special Revenue Funds				Total	Permanent Fund	Total Non Major Governmental Funds
	West Beach Playground Fund	Senior Center Fund	Social Services Fund	Town Clerk Fund		Library Restricted Gift Fund	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 9,387	\$ 2,628	\$ 39,854	\$ 13,628	\$ 538,955	\$ 34,080	\$ 573,035
Investments	-	-	-	-	199,385	-	199,385
Receivables:							
Intergovernmental	-	-	-	-	9,287	-	9,287
Other	-	-	28	-	75,204	-	75,204
Total assets	<u>\$ 9,387</u>	<u>\$ 2,628</u>	<u>\$ 39,882</u>	<u>\$ 13,628</u>	<u>\$ 822,831</u>	<u>\$ 34,080</u>	<u>\$ 856,911</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 189,617	\$ -	\$ 189,617
Unearned revenues	-	-	-	-	13,672	-	13,672
Due to other funds	-	-	-	-	4,109	-	4,109
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,398</u>	<u>-</u>	<u>207,398</u>
Deferred Inflow of Resources							
Unavailable revenue - loans receivable	-	-	-	-	75,080	-	75,080
Fund Balances							
Nonspendable	-	-	-	-	-	34,074	34,074
Restricted	9,387	2,628	39,882	13,628	446,506	6	446,512
Committed	-	-	-	-	53,047	-	53,047
Assigned	-	-	-	-	44,706	-	44,706
Unassigned	-	-	-	-	( 3,906)	-	( 3,906)
Total fund balances	<u>9,387</u>	<u>2,628</u>	<u>39,882</u>	<u>13,628</u>	<u>540,353</u>	<u>34,080</u>	<u>574,433</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,387</u>	<u>\$ 2,628</u>	<u>\$ 39,882</u>	<u>\$ 13,628</u>	<u>\$ 822,831</u>	<u>\$ 34,080</u>	<u>\$ 856,911</u>

**TOWN OF WESTBROOK, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Special Revenue Funds						
	School Cafeteria Fund	Special Education Grants	Dog Fund	Insurance Fund	Open Space Preservation Fund	Westbrook Library Fund	Detention Ponds Fund
<b>REVENUES</b>							
Intergovernmental	\$ 75,859	\$ 258,993	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	187,116	-	1,515	-	-	-	-
Contributions	-	-	-	-	-	5,750	-
Investment income	-	-	-	-	-	10,000	-
<b>Total revenues</b>	<b>262,975</b>	<b>258,993</b>	<b>1,515</b>	<b>-</b>	<b>-</b>	<b>15,750</b>	<b>-</b>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	15,877	19,000	-	-
Public safety	-	-	27,642	-	-	-	-
Health and human services	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	13,900	-
Education	247,970	258,993	-	-	-	-	-
<b>Total expenditures</b>	<b>247,970</b>	<b>258,993</b>	<b>27,642</b>	<b>15,877</b>	<b>19,000</b>	<b>13,900</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures	15,005	-	( 26,127)	( 15,877)	( 19,000)	1,850	-
Other financing sources (uses):							
Transfers in	-	-	25,000	16,786	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses):</b>	<b>-</b>	<b>-</b>	<b>25,000</b>	<b>16,786</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>15,005</b>	<b>-</b>	<b>( 1,127)</b>	<b>909</b>	<b>( 19,000)</b>	<b>1,850</b>	<b>-</b>
Fund balances - July 1, 2013	6,863	-	( 2,779)	21,929	54,129	303,943	53,047
<b>Fund balances - June 30, 2014</b>	<b>\$ 21,868</b>	<b>\$ -</b>	<b>(\$ 3,906)</b>	<b>\$ 22,838</b>	<b>\$ 35,129</b>	<b>\$ 305,793</b>	<b>\$ 53,047</b>

... Continued ...

**TOWN OF WESTBROOK, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
... Continued ...

	Special Revenue Funds					
	Westbrook Nurses Fund	Small Cities Repayment Fund	Document Preservation Fund	Family Fun Day Fund	Land Use Professional Services	Local Prevention Council
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ -	\$ 4,000	\$ -	\$ -	\$ -
Charges for services	348,270	-	1,562	-	-	-
Contributions	389	-	-	2,000	-	2,635
Investment income	15	-	-	-	4,109	-
<b>Total revenues</b>	<u>348,674</u>	<u>-</u>	<u>5,562</u>	<u>2,000</u>	<u>4,109</u>	<u>2,635</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	10,148	-	-	-
Public safety	-	-	-	-	-	-
Health and human services	349,281	-	-	-	-	1,808
Culture and recreation	-	-	-	3,108	-	-
Education	-	-	-	-	-	-
<b>Total expenditures</b>	<u>349,281</u>	<u>-</u>	<u>10,148</u>	<u>3,108</u>	<u>-</u>	<u>1,808</u>
Excess (deficiency) of revenues over expenditures	( 607)	-	( 4,586)	( 1,108)	4,109	827
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	( 92,500)	-	-	( 4,109)	-
<b>Total other financing sources (uses):</b>	<u>-</u>	<u>( 92,500)</u>	<u>-</u>	<u>-</u>	<u>( 4,109)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>( 607)</u>	<u>( 92,500)</u>	<u>( 4,586)</u>	<u>( 1,108)</u>	<u>-</u>	<u>827</u>
Fund balances - July 1, 2013	<u>9,436</u>	<u>119,148</u>	<u>7,327</u>	<u>1,394</u>	<u>-</u>	<u>728</u>
Fund balances - June 30, 2014	<u>\$ 8,829</u>	<u>\$ 26,648</u>	<u>\$ 2,741</u>	<u>\$ 286</u>	<u>\$ -</u>	<u>\$ 1,555</u>

... Continued ...

**TOWN OF WESTBROOK, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
... Continued ...

	Special Revenue Funds				Total	Permanent Fund	Total Non Major Governmental Funds
	West Beach Playground Fund	Senior Center Fund	Social Services Fund	Town Clerk Fund		Library Restricted Gift Fund	
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 338,852	\$ -	\$ 338,852
Charges for services	-	-	-	11,132	549,595	-	549,595
Contributions	-	1,067	14,095	-	25,936	6	25,942
Investment income	-	-	-	-	14,124	-	14,124
Total revenues	<u>-</u>	<u>1,067</u>	<u>14,095</u>	<u>11,132</u>	<u>928,507</u>	<u>6</u>	<u>928,513</u>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	18,072	63,097	-	63,097
Public safety	-	-	-	-	27,642	-	27,642
Health and human services	-	-	3,066	-	354,155	-	354,155
Culture and recreation	-	-	-	-	17,008	-	17,008
Education	-	-	-	-	506,963	-	506,963
Total expenditures	<u>-</u>	<u>-</u>	<u>3,066</u>	<u>18,072</u>	<u>968,865</u>	<u>-</u>	<u>968,865</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>1,067</u>	<u>11,029</u>	<u>( 6,940)</u>	<u>( 40,358)</u>	<u>6</u>	<u>( 40,352)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	41,786	-	41,786
Transfers out	-	-	-	-	( 96,609)	-	( 96,609)
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 54,823)</u>	<u>-</u>	<u>( 54,823)</u>
Net change in fund balances	-	1,067	11,029	( 6,940)	( 95,181)	6	( 95,175)
Fund balances - July 1, 2013	<u>9,387</u>	<u>1,561</u>	<u>28,853</u>	<u>20,568</u>	<u>635,534</u>	<u>34,074</u>	<u>669,608</u>
Fund balances - June 30, 2014	<u>\$ 9,387</u>	<u>\$ 2,628</u>	<u>\$ 39,882</u>	<u>\$ 13,628</u>	<u>\$ 540,353</u>	<u>\$ 34,080</u>	<u>\$ 574,433</u>

## **Fiduciary Funds**

### Agency Funds

Agency funds are used to account for short-term custodial collections on resources on behalf of another individual, entity, or government.

Student Activities Fund was established to receive student funds and promote the educational and student activities of students.

Performance Bonds Fund was established to receive deposits from contractors and others.

**TOWN OF WESTBROOK, CONNECTICUT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014**

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	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>
<b>ASSETS</b>				
Cash and cash equivalents:				
Student activities	\$ 147,553	\$ 461,753	\$ 442,318	\$ 166,988
Performance bonds	<u>328,751</u>	<u>16,365</u>	<u>76,837</u>	<u>268,279</u>
Total cash	<u>476,304</u>	<u>478,118</u>	<u>519,155</u>	<u>435,267</u>
Total Assets	<u>\$ 476,304</u>	<u>\$ 478,118</u>	<u>\$ 519,155</u>	<u>\$ 435,267</u>
<b>LIABILITIES</b>				
Accounts payable:				
Student activities	\$ 147,553	\$ 461,753	\$ 442,318	\$ 166,988
Performance bonds	<u>328,751</u>	<u>16,365</u>	<u>76,837</u>	<u>268,279</u>
Total Liabilities	<u>\$ 476,304</u>	<u>\$ 478,118</u>	<u>\$ 519,155</u>	<u>\$ 435,267</u>

## **STATISTICAL SECTION**

## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	83 - 86
Revenue Capacity <i>These schedules present information to help the reader assess the government's most significant local revenue source, the property tax.</i>	87 - 90
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.</i>	91 - 92
Demographic and Economic Information <i>This schedule helps the reader understand the environment within which the government's financial activities take place.</i>	93
Operating Information <i>This schedule contains service data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs</i>	94 - 95

**TOWN OF WESTBROOK, CONNECTICUT  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)**

	<b>Fiscal Year</b>									
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Governmental Activities:										
Net investment in capital assets	\$ 39,903,305	\$ 36,374,214	\$ 34,429,651	\$ 31,186,356	\$ 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	34,074	34,074	34,074	34,074	-	-	-
Unrestricted	4,946,831	6,725,269	6,331,956	7,734,747	6,652,732	7,037,766	5,745,262	6,917,108	6,437,602	2,838,697
Total Net Position	<u>\$ 44,884,210</u>	<u>\$ 43,133,557</u>	<u>\$ 40,795,681</u>	<u>\$ 38,955,177</u>	<u>\$ 35,635,927</u>	<u>\$ 33,475,466</u>	<u>\$ 30,515,742</u>	<u>\$ 29,494,862</u>	<u>\$ 28,026,805</u>	<u>\$ 20,167,790</u>

**TOWN OF WESTBROOK, CONNECTICUT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)**

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses:										
Governmental activities:										
General government	\$ 1,040,619	\$ 1,200,320	\$ 1,215,658	\$ 2,652,059	\$ 2,596,749	\$ 2,166,037	\$ 2,062,110	\$ 1,769,310	\$ 1,747,589	\$ 1,511,043
Public safety	1,604,113	1,524,669	1,457,600	1,668,253	1,319,021	1,351,058	1,324,685	1,507,560	1,412,971	1,402,775
Public works	2,232,432	1,968,481	1,599,754	241,464	1,162,756	1,139,920	1,143,085	1,522,152	1,176,565	1,187,238
Community development	487,239	447,095	465,112	405,808	-	-	-	-	-	-
Health and human services	688,201	644,323	689,382	651,167	754,837	638,421	557,242	645,645	642,175	629,105
Culture and recreation	762,784	685,613	876,824	832,379	846,270	807,707	740,027	728,258	628,710	717,494
Education	18,969,227	17,967,333	17,105,639	16,863,986	16,216,398	15,535,704	18,300,874	12,844,223	12,144,473	11,048,686
Non-departmental	2,315,793	1,036,538	1,952,931	-	-	-	-	-	-	-
Interest expense	768,718	705,705	868,249	950,424	1,213,060	1,295,106	1,367,985	1,407,463	1,309,007	1,034,958
Total expenses	<u>28,869,126</u>	<u>26,180,077</u>	<u>26,231,149</u>	<u>24,265,540</u>	<u>24,109,091</u>	<u>22,933,953</u>	<u>25,496,008</u>	<u>20,424,611</u>	<u>19,061,490</u>	<u>17,531,299</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	545,391	563,186	479,453	431,768	523,407	353,356	876,834	525,715	555,726	495,314
Public safety	47,807	42,406	88,123	50,719	69,597	34,608	125,835	6,732	7,570	6,144
Public works	34,455	43,708	61,880	38,606	45,487	40,528	45,632	43,510	51,603	45,322
Community development	75,080	26,635	-	-	-	-	-	-	-	-
Health and human services	426,630	373,256	402,691	489,478	414,741	335,964	362,383	346,992	402,162	426,971
Culture and recreation	201,614	191,642	219,525	200,174	233,799	216,471	214,187	213,928	177,414	176,055
Education	136,824	119,354	147,926	189,668	191,838	213,911	207,628	212,862	224,499	210,540
Operating grants and contributions	3,386,237	2,914,031	3,024,113	2,173,670	2,173,784	2,072,552	5,860,707	1,417,907	1,335,872	970,430
Capital grants and contributions	1,435,926	330,561	390,059	527,923	-	876,718	450,000	45,000	5,445,527	1,011,600
Total program revenues	<u>6,289,964</u>	<u>4,604,779</u>	<u>4,813,770</u>	<u>4,102,006</u>	<u>3,652,653</u>	<u>4,144,108</u>	<u>8,143,206</u>	<u>2,812,646</u>	<u>8,200,373</u>	<u>3,342,376</u>
Net Expenses:										
Governmental activities	<u>( 22,579,162)</u>	<u>( 21,575,298)</u>	<u>( 21,417,379)</u>	<u>( 20,163,534)</u>	<u>( 20,456,438)</u>	<u>( 18,789,845)</u>	<u>( 17,352,802)</u>	<u>( 17,611,965)</u>	<u>( 10,861,117)</u>	<u>( 14,188,923)</u>
General Revenues:										
Governmental activities:										
Property taxes	23,900,387	23,654,089	22,801,513	22,970,748	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	385,623	391,467	402,673	480,546	815,002	595,026	466,731	646,795	608,357	531,525
Investment income	43,805	15,763	21,194	31,490	99,081	175,614	376,184	477,088	319,624	213,612
Total general revenues	<u>24,329,815</u>	<u>24,061,319</u>	<u>23,225,380</u>	<u>23,482,784</u>	<u>22,616,899</u>	<u>21,700,872</u>	<u>20,153,682</u>	<u>19,080,022</u>	<u>17,993,008</u>	<u>16,418,638</u>
Change in net position	<u>\$ 1,750,653</u>	<u>\$ 2,486,021</u>	<u>\$ 1,808,001</u>	<u>\$ 3,319,250</u>	<u>\$ 2,160,461</u>	<u>\$ 2,911,027</u>	<u>\$ 2,800,880</u>	<u>\$ 1,468,057</u>	<u>\$ 7,131,891</u>	<u>\$ 2,229,715</u>

**TOWN OF WESTBROOK, CONNECTICUT  
FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)**

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 173,643	\$ -	\$ -	\$ -	\$ -
Unreserved:										
Designated	-	-	-	-	-	-	-	-	27,031	-
Undesignated	-	-	-	-	2,426,297	2,852,949	2,594,930	2,121,759	1,530,339	1,182,060
Nonspendable	789,391	18,932	10,167	214,825	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	2,213	-	-	-	-	-	-
Unassigned	3,008,424	3,714,727	3,951,075	2,956,343	-	-	-	-	-	-
Total general fund	<u>\$ 3,797,815</u>	<u>\$ 3,733,659</u>	<u>\$ 3,961,242</u>	<u>\$ 3,173,381</u>	<u>\$ 2,426,297</u>	<u>\$ 3,026,592</u>	<u>\$ 2,594,930</u>	<u>\$ 2,121,759</u>	<u>\$ 1,557,370</u>	<u>\$ 1,182,060</u>
All other governmental funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 399,696	\$ 2,806,008	\$ 190,918	\$ 1,913,188
Unreserved, reported in:										
Special revenue funds	-	-	-	-	690,457	642,426	783,468	713,042	551,103	604,554
Capital projects funds	-	-	-	-	2,332,969	1,402,598	1,134,125	1,636,016	1,216,735	( 10,833,599)
Nonspendable	34,074	34,074	34,074	34,074	-	-	-	-	-	-
Restricted	2,586,617	1,150,411	1,151,111	1,687,392	-	-	-	-	-	-
Committed	1,122,442	844,350	904,215	1,011,371	-	-	-	-	-	-
Assigned	44,706	28,792	48,496	755,265	-	-	-	-	-	-
Unassigned	( 3,906)	( 2,779)	( 1,560)	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 3,783,933</u>	<u>\$ 2,054,848</u>	<u>\$ 2,136,336</u>	<u>\$ 3,488,102</u>	<u>\$ 3,023,426</u>	<u>\$ 2,045,024</u>	<u>\$ 2,317,289</u>	<u>\$ 5,155,066</u>	<u>\$ 1,958,756</u>	<u>(\$ 8,315,857)</u>

**TOWN OF WESTBROOK, CONNECTICUT  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)**

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Revenues:</b>										
Property taxes	\$ 24,021,456	\$ 23,608,365	\$ 22,821,938	\$ 22,869,340	\$ 21,687,014	\$ 20,926,333	\$ 19,310,568	\$ 18,094,883	\$ 16,910,927	\$ 15,665,750
Intergovernmental	4,851,938	3,609,245	4,122,906	3,525,018	3,189,679	3,949,389	7,184,164	2,483,964	7,563,207	3,071,476
Charges for services	1,807,156	1,668,136	1,736,175	1,366,681	1,404,524	1,189,915	1,832,499	1,349,739	1,418,974	1,360,346
Contributions	289,689	79,436	22,151	41,669	17,603	78,373	91,134	142,580	-	-
Investment income	43,799	15,756	21,183	31,554	99,081	175,614	376,184	441,131	310,321	211,656
Total revenues	<u>31,014,038</u>	<u>28,980,938</u>	<u>28,724,353</u>	<u>27,834,262</u>	<u>26,397,901</u>	<u>26,319,624</u>	<u>28,794,549</u>	<u>22,512,297</u>	<u>26,203,429</u>	<u>20,309,228</u>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	2,524,315	2,612,120	2,549,778	2,513,272	2,619,942	2,693,841	2,397,645	2,217,576	2,114,720	1,908,785
Public safety	1,484,401	1,422,751	1,380,145	1,397,483	1,302,365	1,274,039	1,287,488	1,181,281	1,073,123	1,042,498
Public works	1,524,770	1,466,927	1,136,419	1,139,858	1,269,697	1,094,728	972,730	920,203	890,291	936,552
Community development	487,239	447,095	465,112	406,106	-	-	-	-	-	-
Health and human services	1,056,580	928,092	1,028,393	651,167	754,837	638,421	557,242	522,248	525,448	525,614
Culture and recreation	697,336	679,587	870,798	829,627	840,244	827,177	742,649	674,020	579,294	559,332
Education	18,375,780	17,375,704	16,510,399	15,939,968	15,291,164	14,761,260	17,766,186	12,753,028	12,240,296	11,199,316
Capital outlay	5,665,525	1,079,924	1,611,915	983,048	417,223	1,525,276	4,089,835	882,937	3,356,881	17,101,978
<b>Debt service:</b>										
Principal	1,790,000	2,557,250	2,980,000	2,575,000	2,280,000	2,030,000	1,955,000	1,580,000	1,922,900	1,905,000
Interest	714,301	720,559	908,993	1,059,816	1,244,322	1,315,485	1,390,380	1,572,103	1,359,668	1,142,401
Total expenditures	<u>34,320,247</u>	<u>29,290,009</u>	<u>29,441,952</u>	<u>27,495,345</u>	<u>26,019,794</u>	<u>26,160,227</u>	<u>31,159,155</u>	<u>22,303,396</u>	<u>24,062,621</u>	<u>36,321,476</u>
Excess (deficiency) of revenues over expenditures	<u>( 3,306,209)</u>	<u>( 309,071)</u>	<u>( 717,599)</u>	<u>338,917</u>	<u>378,107</u>	<u>159,397</u>	<u>(2,364,606)</u>	<u>208,901</u>	<u>2,140,808</u>	<u>(16,012,248)</u>
<b>Other Financing Sources (Uses):</b>										
Transfers in	1,546,371	414,815	962,610	886,802	1,474,494	757,491	1,254,974	480,235	342,398	356,462
Transfers out	( 1,546,371)	( 414,815)	( 962,610)	( 886,802)	( 1,474,494)	( 757,491)	( 1,254,974)	( 480,235)	( 342,398)	( 356,462)
Proceeds from issuance of bonds	5,000,000	-	9,610,000	10,525,000	-	-	-	3,550,000	12,570,000	13,360,000
Payments to escrow agents	-	-	( 10,224,130)	( 10,914,326)	-	-	-	-	( 4,069,018)	49,929
Bond premiums	99,450	-	735,321	467,169	-	-	-	1,798	8,133	-
Total other financing sources (uses)	<u>5,099,450</u>	<u>-</u>	<u>121,191</u>	<u>77,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,551,798</u>	<u>8,509,115</u>	<u>13,409,929</u>
Net change in fund balance	<u>\$ 1,793,241</u>	<u>(\$ 309,071)</u>	<u>(\$ 596,408)</u>	<u>\$ 416,760</u>	<u>\$ 378,107</u>	<u>\$ 159,397</u>	<u>\$ (2,364,606)</u>	<u>\$ 3,760,699</u>	<u>\$ 10,649,923</u>	<u>(\$ 2,602,319)</u>
Debt Service as Percentage of Noncapital Expenditures	8.56%	11.45%	13.79%	13.47%	14.08%	13.61%	12.31%	14.13%	13.64%	8.39%

**TOWN OF WESTBROOK, CONNECTICUT**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**(dollars in thousands)**

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<u>Fiscal Year</u> <u>Ended June</u> <u>30</u>	<u>Grand List</u> <u>Year</u>	<u>Residential</u>	<u>Commercial</u> <u>and</u> <u>Industrial</u>	<u>Total Real</u> <u>Estate</u>	<u>Personal</u> <u>Property</u>	<u>Motor</u> <u>Vehicle</u>	<u>Less Tax</u> <u>Exempt</u> <u>Property</u>	<u>Total Taxable</u> <u>Assessed</u> <u>Value</u>	<u>Total Direct</u> <u>Tax Rate</u>	<u>Estimated</u> <u>Actual Taxable</u> <u>Value</u>	<u>Taxable Assessed</u> <u>Value As a</u> <u>Percentage of</u> <u>Actual Value</u>
2014	2012	\$ 868,334	\$ 193,267	\$ 1,061,601	\$ 32,989	\$ 53,909	(\$ 36,664)	\$ 1,111,835	\$ 21.79	\$ 1,588,336	70.00%
2013	2 2011	910,346	143,027	1,053,373	32,715	52,615	( 36,307)	1,102,396	20.98	1,574,851	70.00%
2012	2010	905,028	141,681	1,046,709	53,468	50,726	( 29,793)	1,121,110	16.96	1,601,586	70.00%
2011	2009	1,097,805	169,390	1,267,195	53,107	50,383	( 28,783)	1,341,902	17.25	1,917,003	70.00%
2010	2008	1,091,951	167,110	1,259,061	54,186	48,768	( 27,014)	1,335,001	16.30	1,907,144	70.00%
2009	2007	1,086,916	164,801	1,251,717	52,503	51,157	( 24,660)	1,330,717	15.78	1,901,024	70.00%
2008	1 2006	1,082,987	160,197	1,243,184	49,941	50,264	( 19,249)	1,324,140	14.80	1,891,629	70.00%
2007	2005	1,072,148	155,809	1,227,957	53,451	49,339	( 14,572)	1,316,175	22.22	1,880,250	70.00%
2006	2004	604,661	114,996	719,657	45,840	46,645	( 12,772)	799,370	21.43	1,141,957	70.00%
2005	2003	599,939	111,571	711,510	40,716	43,848	( 14,042)	782,032	20.18	1,117,189	70.00%

Source: Assessor's Office - Town of Westbrook

Notes:

- (1) Revaluation October 1, 2006
  - (2) Revaluation October 1, 2011
- Tax rates are per \$1,000 of assessed value.

**TOWN OF WESTBROOK, CONNECTICUT  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES  
 LAST TEN FISCAL YEARS  
 (rate per \$1,000 of assessed value)**

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Fiscal Year	Operating Millage	Total Direct Tax Rate
2014	\$ 21.79	\$ 21.79
2013	20.98	20.98
2012	16.96	16.96
2011	17.25	17.25
2010	16.30	16.30
2009	15.78	15.78
2008	14.80	14.80
2007	22.22	22.22
2006	21.43	21.43
2005	20.18	20.18

Note: The Town has no overlapping property tax rates.

**TOWN OF WESTBROOK, CONNECTICUT  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO**

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Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Lee Company	\$ 28,379,130	1	2.55%	\$ 29,049,710	1	3.71%
COROC I	24,276,640	2	2.18%	23,100,000	2	2.95%
DGG Properties Company	22,488,900	3	2.02%	13,929,520	3	1.78%
Pilots Point Marina Inc.	15,288,330	4	1.38%	8,562,620	4	1.09%
Connecticut Light & Power Company	8,892,850	5	0.80%	6,144,796	6	0.79%
Connecticut Water Company	6,993,340	6	0.63%	2,173,246	9	0.28%
IPC Information Systems	4,088,570	7	0.37%	3,411,770	8	0.44%
Jensens Inc.	3,810,210	8	0.34%	3,835,320	7	0.49%
Westbrook Properties	3,201,390	9	0.29%	1,844,440	10	0.24%
80 Flat Rock Place LLC	2,603,010	10	0.23%	6,566,450	5	0.84%
	<u>\$ 120,022,370</u>		<u>10.79%</u>	<u>\$ 98,617,842</u>		<u>8.53%</u>

Source: Assessor's Office - Town of Westbrook

**TOWN OF WESTBROOK, CONNECICUT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

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Fiscal Year Ended June 30	Grand List Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount Collected	Percent of Levy		Amount	Percent of Levy
2014	2012	\$ 23,762,610	\$ 23,527,433	99.01%	\$ -	\$ 23,527,433	99.01%
2013	2011	23,482,906	23,219,812	98.88%	173,280	23,393,092	99.62%
2012	2010	22,650,090	22,361,075	98.72%	226,466	22,587,541	99.72%
2011	2009	22,892,909	22,596,679	98.71%	273,297	22,869,976	99.90%
2010	2008	21,550,048	21,343,627	99.04%	189,963	21,533,590	99.92%
2009	2007	20,726,781	20,494,764	98.88%	219,674	20,714,438	99.94%
2008	2006	19,242,513	18,996,111	98.72%	232,686	19,228,797	99.93%
2007	2005	17,804,376	17,601,854	98.86%	175,128	17,776,982	99.85%
2006	2004	16,887,242	16,639,806	98.53%	222,030	16,861,836	99.85%
2005	2003	15,503,530	15,318,649	98.81%	180,298	15,498,947	99.97%

Source: Tax Collector's Report; Annual Financial Report

**TOWN OF WESTBROOK, CONNECTICUT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

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Governmental Activities					
Fiscal Year	General Obligation Bonds (1) (2)	Percentage of Personal Income (3)	Population	Debt per Capita	Percentage of Estimated Actual Taxable Value of Property (4)
2014	\$ 23,676,730	8.50%	6,906	\$ 3,428	1.49%
2013	20,465,270	7.35%	6,906	2,963	1.30%
2012	22,918,289	8.20%	6,903	3,320	1.43%
2011	24,792,671	9.75%	6,769	3,663	1.29%
2010	26,651,810	9.99%	6,685	3,987	1.40%
2009	28,934,939	15.84%	6,663	4,343	1.52%
2008	30,968,066	16.30%	6,626	4,674	1.64%
2007	32,926,195	17.41%	6,596	4,992	1.75%
2006	22,505,000	11.89%	6,599	3,410	1.97%
2005	24,060,000	12.76%	6,575	3,659	2.15%

- Notes:
- (1) The Town has no debt other than general obligation bonds of the primary government unit. There is no overlapping debt.
  - (2) Presented net of original issue discounts and premiums
  - (3) Personal income is disclosed on page 93.
  - (4) Estimated actual taxable value of property is disclosed on page 87.

**TOWN OF WESTBROOK, CONNECTICUT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(dollars in thousands)**

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Legal Debt Margin Calculation for Fiscal Year 2014:

Revenue Base	<u>\$ 23,943</u>
Debt limit (Revenue Base x 7)	<u>\$ 167,601</u>
Debt applicable to limit:	
General obligation bonds	22,645
Bonds, authorized, unissued	<u>2,090</u>
	<u>24,735</u>
Legal Debt Margin	<u><u>\$ 142,866</u></u>

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt limit	\$ 167,601	\$ 165,110	\$ 159,119	\$ 159,835	\$ 151,432	\$ 145,706	\$ 134,835	\$ 126,372	\$ 117,907	\$ 108,958
Total net debt applicable to limit	<u>24,735</u>	<u>26,525</u>	<u>22,234</u>	<u>24,823</u>	<u>26,973</u>	<u>34,652</u>	<u>36,273</u>	<u>30,921</u>	<u>28,542</u>	<u>29,684</u>
Legal debt margin	<u><u>\$ 142,866</u></u>	<u><u>\$ 138,585</u></u>	<u><u>\$ 136,885</u></u>	<u><u>\$ 135,012</u></u>	<u><u>\$ 124,459</u></u>	<u><u>\$ 111,054</u></u>	<u><u>\$ 98,562</u></u>	<u><u>\$ 95,451</u></u>	<u><u>\$ 89,365</u></u>	<u><u>\$ 79,274</u></u>
Total net debt applicable to the limit as a percentage of debt limit	14.76%	16.07%	13.97%	15.53%	17.81%	23.78%	26.90%	24.47%	24.21%	27.24%

**TOWN OF WESTBROOK, CONNECTICUT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

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<b>Fiscal Year</b>	<b>Population<sup>1</sup></b>	<b>Median Age<sup>3</sup></b>	<b>Per Capita Income<sup>2</sup></b>	<b>Median Household Income<sup>3</sup></b>	<b>Personal Income</b>	<b>School Enrollment<sup>4</sup></b>	<b>Unemployment Rate<sup>3</sup></b>	<b>Municipal Employees<sup>5</sup></b>
2014	6,906	47	\$ 40,297	\$ 74,056	\$ 278,291,082	802	5.3%	264
2013	6,906	47	40,297	74,056	278,291,082	833	6.1%	258
2012	6,903	42	40,506	72,688	279,612,918	966	7.2%	263
2011	6,769	46	37,576	77,193	254,351,944	922	7.1%	256
2010	6,685	46	39,899	72,387	266,724,815	974	7.5%	252
2009	6,663	45	27,414	69,302	182,659,482	966	6.9%	252
2008	6,626	45	28,680	64,682	190,033,680	980	4.6%	254
2007	6,596	45	28,680	64,181	189,173,280	995	3.5%	232
2006	6,599	43	28,680	62,404	189,259,320	1,016	3.5%	232
2005	6,575	43	28,680	56,835	188,571,000	1,026	4.2%	240

Source: <sup>1</sup> U.S. Department of Commerce, Bureau of Census 1960-2013  
<sup>2</sup> U.S. Census Bureau, Census 2008-2012 American Community Survey.  
<sup>3</sup> Connecticut Dept. of Labor, CY2014 Town Unemployment Rates  
<sup>4</sup> Westbrook Board of Education  
<sup>5</sup> Westbrook Department of Finance

**TOWN OF WESTBROOK, CONNECTICUT  
 FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS**

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<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
General government	41	40	43	43	42	43	42	42	42	43
Public safety	7	6	6	6	5	5	6	6	6	5
Public works	7	8	9	9	9	9	9	9	9	9
Development and community affairs	6	7	8	8	7	7	8	8	8	7
Health and welfare	7	7	7	7	6	6	7	7	7	6
Culture and recreation	8	8	8	8	8	8	8	8	8	8
Education	188	182	182	175	175	174	174	152	152	162
	264	258	263	256	252	252	254	232	232	240

Source: Town Department of Finance and Board of Education Business Office.

**TOWN OF WESTBROOK, CONNECTICUT  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

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<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
General government:										
Number of building permits	674	612	512	531	400	263	302	328	318	302
Value of building permits	\$ 29,513,128	\$ 34,151,508	\$ 20,044,205	\$ 17,195,407	\$ 15,954,885	\$ 9,137,297	\$ 23,126,529	\$ 24,597,682	\$ 17,489,152	\$ 20,393,234

Source: Various Town departments