

**TOWN OF WESTPORT, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT**



For the Fiscal Year Ended June 30, 2011

The Town of Westport, Connecticut

Comprehensive Annual Financial Report

For

The Fiscal Year Ended June 30, 2011

Prepared By:

**Town of Westport
Finance Department**

**John Kondub
Finance Director**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Introductory Section

WESTPORT CONNECTICUT



FINANCE DEPARTMENT

110 MYRTLE AVENUE
WESTPORT, CT 06880

March 27, 2012

Honorable Gordon F. Joseloff, First Selectman
Shelly A. Kassen, Selectman
Charles W. K. Haberstroh, Selectman
Members of the Representative Town Meeting
Members of the Board of Finance
Citizens of the Town of Westport, Connecticut

State law requires that all general purpose local governments publish at the end of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2011.

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.

McGladrey & Pullen, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the Town of Westport, Connecticut's financial statements for the year ended June 30, 2011. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A is intended to complement this letter and should be read in conjunction with it.

Profile of the Government

The Town, incorporated in 1835, located in southwestern Connecticut, is annexed from Fairfield on the east, Weston on the north, and Norwalk on the west. The Town of Westport occupies approximately 20 square miles, located in Fairfield County, with a 2010 Census population of 26,391. The Town is empowered to levy a property tax on both real and personal properties located within its boundaries.

The Town operates under and is governed by the laws of the State of Connecticut and its own charter which was adopted by the State Legislature in 1957. The Charter provides for a Board of Selectmen - Representative Town Meeting form of government. The First Selectman, elected to a four-year term, is the chief executive officer of the Town. The First Selectman is responsible for carrying out the policies and ordinances of the Representative Town Meeting (RTM), for overseeing the day-to-day operations of the Town and appointing the heads of various departments and commissions. The RTM, which acts as the Town's policy making and legislative body, consists of thirty six (36) members elected to two-year terms. The RTM is responsible for passing ordinances, adopting the budget, ratifying labor agreements, bonding authorizations and supplemental appropriations. The last election in the Town occurred in November 2011. A major revision to the Town's Charter was presented and approved by the voters in November 2000.

The Town provides a full range of services to its citizens. These include: police and fire protection; construction and maintenance of streets and other infrastructure; sewer and sanitation; education; library; public works (highways, streets, waste disposal, engineering and infrastructure maintenance); parks and recreation (parks, beaches, golf course and tennis courts); cultural events, senior services and organizations; health and welfare; and general administrative services.

The annual budget serves as the foundation for the Town's financial planning and control. All departments of the Town are required to submit revenue estimates and requests for appropriations to the Finance Director. The Finance Director, First Selectman, and budget requesting agency review these requests and develop a budget which, along with the Board of Education budget, will be presented to the Board of Finance. The Board of Finance, with at least one public hearing, will review the requested budgets and make any reductions they deem advisable. The Board of Finance will hold at least one public meeting prior to adopting a recommended budget which will be submitted to the RTM. On the first Tuesday in May, the RTM adopts the budget for the fiscal year beginning July 1.

The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). All budgetary transfers are submitted to the Board of Finance for approval. The Board of Finance may grant additional appropriations to departments up to an accumulated total of \$20,000 per fiscal year; RTM approval is required for departmental appropriations in excess of \$20,000. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 64 and 69-73 as a part of the basic financial statements for the governmental funds. For the sewer operating fund, a major fund with an appropriated annual budget, this comparison is included on pages 65 and 84.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town operates.

Local Economy. Westport was once an artist colony. Now it has among its residents many in other fields of the arts as well – theater, publishing, television. Although it is a community with almost no industry, there are several corporate headquarters, many consulting, marketing, promotional, investment firms, commercial designers and graphic artists. While Westport is often thought of as a commuter community, increasingly its residents work in the area as corporations have moved into Fairfield County. The Town's unemployment rate, based on the Connecticut Department of Labor, as of June 30, 2011 was 6.4% compared to Fairfield county and the State respectively of 8.3% and 9.1%. Bureau of Census data for the 2010 census identifies Median Family Income in Westport of \$153,131.

Long-Term Financial Planning and Bond Issues. As a part of the annual budget process, the First Selectman prepares and presents a five year capital plan. This plan identifies costs and financing methods for those capital projects that the Town anticipates funding over the next five years. The current five year capital plan projects goes through fiscal year 2016. The plan provides for the needs not only of the general government but also the Board of Education and addresses such issues as infrastructure, major equipment replacement, educational facilities, public safety, recreation and open space. This plan projects total project costs over the five year period of approximately \$63,140,000. Financing, net of state and federal project grants, for these projects will be provided through debt proceeds of approximately \$49,250,000, while an additional \$15,855,000 is scheduled to be funded through annual appropriation in the General Fund, Sewer Fund and/or Capital and Non-Recurring Fund.

Other major projects to be bonded, net of grants, in the plan include: recreation facilities improvements (\$6,450,000); Library replacement (\$5,000,000); Saugatuck River dredging (\$1,500,000); various school ventilation upgrades (\$3,760,000); and public safety and protection building renovations (\$18,120,000). Due to current economic conditions, as well as budgetary pressures, all but the most pressing and vital projects will be placed on hold for the near term.

The financial impact of these initiatives is reviewed by the Board of Finance, RTM and management on an ongoing basis.

Risk Management. The Town's risk management objective is to provide a safe environment for both employees and members of the public who utilize the services and facilities of the Town. Various insurance carriers cover major risks, and an outside professional continually reviews risks and coverages. All insurance coverages are adjusted accordingly based on this review of risk. Ongoing efforts are directed at preventing accidents and controlling exposure and financial loss by use of outside safety consultants to review losses and develop safety programs and facilities inspection analyses for the Town safety committees.

The Town and the Board of Education have self-insured workers compensation insurance programs through the Connecticut Interlocal Risk Management Agency (CIRMA) with stop-loss coverage for claims in excess of the determined aggregate limits; the Town and the Board of Education are fully reserved for loss within the stop loss limits. CIRMA is a nonprofit, tax-exempt association of Connecticut municipalities and local public agencies. Its purpose is to establish and administer an interlocal risk management program pursuant to the Connecticut General Statutes.

The Town is fully insured through commercial insurance companies for various risks of loss related to property damage and liability with minor funded deductibles.

The Town and Board of Education are self-insured for employee health claims through two Medical Self-Insurance Funds. The Town and Board of Education also purchase stop-loss coverage for health claims in excess of determined individual and aggregate limits.

Pension Benefits. The Town has five (5) contributory pension plans covering substantially all employees who work over 20 hours per week, except certified teachers. The teachers participate in a contributory retirement plan administered by the Connecticut State Teachers' Retirement Board. The Board of Education does not contribute to the plan.

The total pension payments to retirees, widows and beneficiaries for 2010-2011 were \$9,532,133.

As of June 30, 2011, the fair market value of the Master Trust for assets in these five (5) funds was \$194,514,667.

The investment of each of the six trust funds is carried out by the "Investment Committee" (consisting of the Chair of the Board of Finance, the Finance Director and a third person chosen by the two and approved by each pension board of the various pension funds). The Investment Committee makes investment decisions based on the guidelines of the investment policy established by the pension board of each of the pension funds.

The Investment Committee has adopted an investment policy which provides for a diverse mix of assets including long duration and core fixed income, domestic and international equities, and alternative investments.

Other Post Employment Benefits. The Town provides post-retirement benefits for certain employees for current and future health insurance benefit expenses through a single-employer defined benefit plan. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations.

The Town Other Post Employment Benefits (OPEB) consists of medical benefits for retirees. The Town pays between 50-60% of the cost of medical benefits for eligible retirees with the retiree contributing the balance. The actuarial calculation of the liability for the other post employment benefits based on the most recent valuations is \$84,500,000. In fiscal year 2009, an irrevocable trust was established to begin funding of that liability. As of June 30, 2011 the trust maintains assets of \$6,152,331. For additional information please see footnote No. 9.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Westport for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the tenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance Department. I would like to express my appreciation to all the members of the Department who assisted and contributed to its preparation and our auditors McGladrey & Pullen, LLP. Special thanks is extended to John L. Kondub who recently retired as the Finance Director of Westport as he was a key person in compiling and producing this CAFR. John retired after 35 years of dedicated service to the Town of Westport. I would also like to thank the Board of Selectmen, Board of Finance, Board of Education and the RTM for their interest and support in planning and conducting the financial operations of the Town in a fiscally responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gary Conrad", written in a cursive style.

Gary Conrad
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Westport
Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



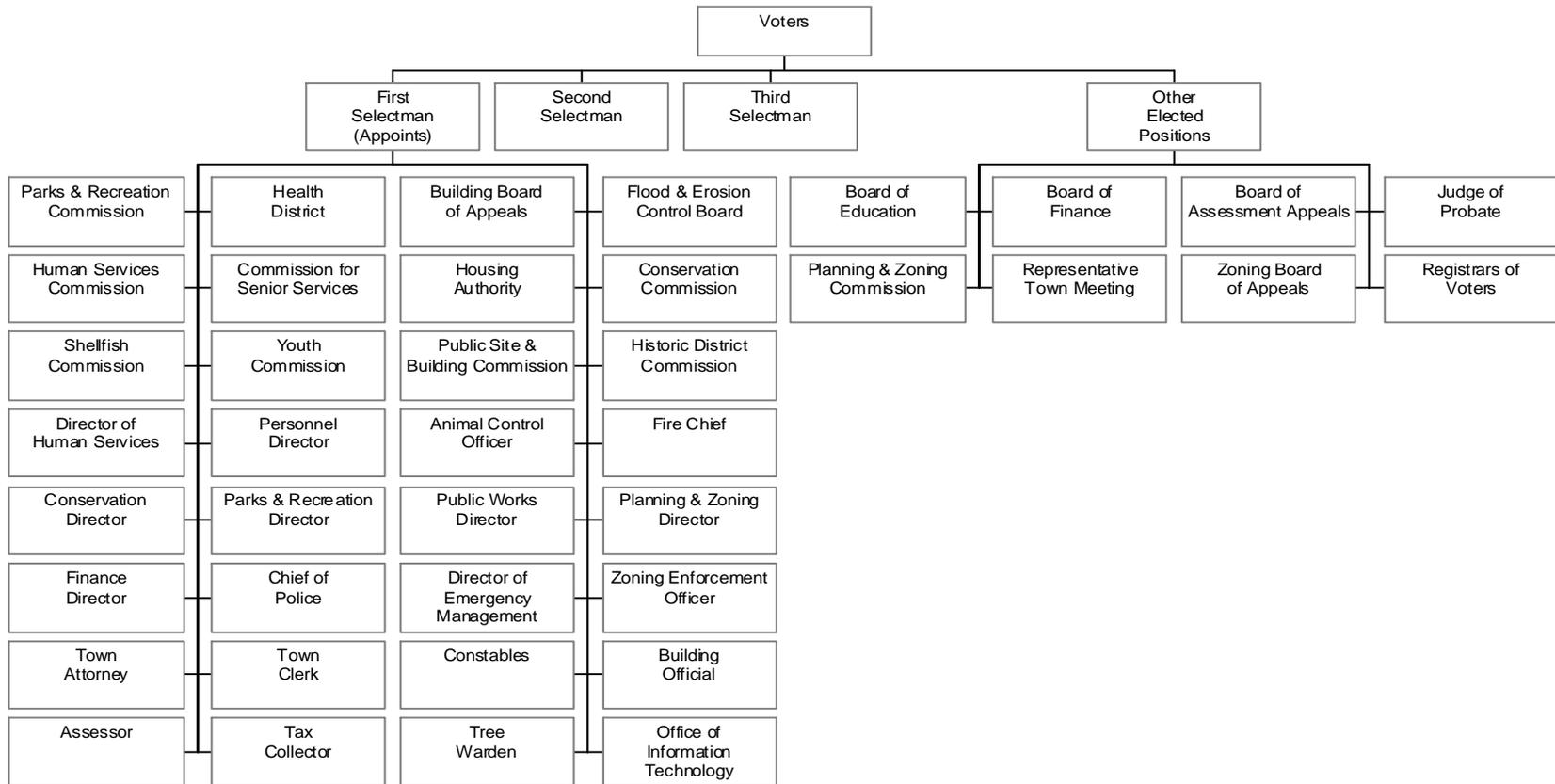
Linda C. Danison

President

Jeffrey R. Emer

Executive Director

Town of Westport, Connecticut



TOWN OF WESTPORT, CONNECTICUT

PRINCIPAL TOWN OFFICIALS

As of June 30, 2011

First Selectman	Gordon F. Joseloff
Selectwoman.....	Shelly A. Kassen
Selectman	Charles W. K. Haberstroh
Chair, Board of Finance	Helen Garten
Finance Director	John Kondub
Superintendent of Schools.....	Elliott Landon
Director of Public Works.....	Stephen Edwards
Fire Chief.....	Andrew Kingsbury
Police Chief	Alfred R. Fiore
Director of Parks & Recreation.....	Stuart S. McCarthy
Town Attorney	Ira W. Bloom

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Financial Section



INDEPENDENT AUDITOR'S REPORT

To the Honorable First Selectman and
Members of the Board of Finance
Town of Westport, Connecticut

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Westport, Connecticut, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Westport's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Westport Library Association Investment Fund, Inc., a component unit of the Town, which financial statements reflect total assets of \$3,216,579 and total revenues of \$6,200,588 of the component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the financial statements, insofar as it relates to amounts included for the Westport Library Association Investment Fund, Inc., a discretely presented component unit of the Town, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Westport Library Association Investment Fund, Inc. were not audited in accordance with "Government Auditing Standards." An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Westport, Connecticut, as of June 30, 2011, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained in Notes 12 and 13 to the basic financial statements, the Town adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which changed its method of accounting of governmental funds' fund balance classifications and restated the General Fund, Major and Nonmajor Governmental Funds' beginning fund balances.

In addition, as described in Note 9 to the basic financial statements, the beginning net assets of Governmental Activities as of July 1, 2010 have been restated for a correction of an error. We also audited the adjustment described in Note 9 that was applied to restate net assets as of July 1, 2010. In our opinion, the adjustment is appropriate and has been properly applied.

In accordance with "Government Auditing Standards," we have also issued our report dated March 27, 2012 on our consideration of the Town of Westport, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

The management discussion and analysis and the schedules of funding progress and employer contributions for the pension trust funds, other post employment benefit trust fund and the budgetary comparison information for the General Fund and Sewer Operating Fund are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, budgetary detail, combining and individual nonmajor fund statements, capital asset schedules and other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary detail, combining and individual nonmajor fund statements, capital asset schedules and other schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

New Haven, Connecticut
March 27, 2012

TOWN OF WESTPORT, CONNECTICUT
Management's Discussion and Analysis
June 30, 2011
(In Thousands)

As management of the Town of Westport, Connecticut (the "Town"), 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, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-iv of this report as well as the Town's basic financial statements that follow this section.

As we move into fiscal year 2012, many challenges still remain due to the still fragile state of the economy and the level of unemployment. These challenges may include declining non tax revenue sources, reduction of state grant monies and increasing cost of employee benefits.

Financial Highlights – Primary Government

The Town's net assets increased as a result of this year's operations. The assets of the Town of Westport exceeded its liabilities at the close of the most recent fiscal year by \$210,267 (net assets). Of this amount, \$39,369 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, the Town of Westport's governmental funds reported combined ending fund balances of \$40,227. Management has committed the maintenance of a minimum General Fund unassigned fund balance of 9.00-11.00% of the annual General Fund budget.

As of the end of the current fiscal year, unassigned fund balance for the General Fund increased by \$2,139 from the prior year. The key factor to this increase is tax collections over budget by \$2,965, conveyance tax and building permits both exceeding budget expectations by \$769 and \$696 respectively. This unassigned fund balance at June 30, 2011 is 11.2% of general fund revenues.

Overview of the Financial Statements

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

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety,

highways and streets, solid waste disposal, human services, cultural and recreation activities. Although the Town maintains no business-type activities, the Town does maintain three internal service funds which consist of the Town Health Insurance Fund, the Board of Education Health Insurance Fund and the Town Worker's Compensation Fund.

The government-wide financial statements include not only the Town itself (known as the primary government), but also a legally separate Westport Library Association Investment Fund, Inc. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. These activities are incorporated into governmental activities in the government-wide financial statements.

The government-wide financial statements can be found on pages 11-12 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 of Westport, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town 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 a government'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 for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Westport maintains twenty-three (23) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Sewer Operating Fund. Ten (10) special revenue funds, eight (8) capital project funds, two (2) permanent funds and one (1) debt service fund are combined into aggregate funds in this presentation. 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 appropriated budget for its general fund and the sewer operating fund. A budgetary comparison statement has been provided for the general fund and the sewer operating fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13-14 of this report.

Proprietary funds. The Town maintains three (3) proprietary funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for its Town Health Insurance, Board of Education Medical Insurance and Town Worker's Compensation claims. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Town Health Insurance and Worker's Compensation Funds, and the Board of Education Health Insurance

Fund. Conversely, these internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 16-18 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 of Westport's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 19-20 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 21-60 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 benefits and other post employment benefits to its employees. This information can be found on pages 61-63 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds and pension trust funds are presented immediately following the notes to basic financial statements and the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Westport, assets exceeded liabilities by \$210,267 at the close of the most recent fiscal year. This is an increase of \$3,692 from the previous year.

TOWN OF WESTPORT, CONNECTICUT
NET ASSETS
June 30, 2011 and 2010

	Governmental Activities	
	2011	2010*
Current and Other Assets	\$ 74,771	\$ 74,358
Capital Assets	328,656	334,135
Total Assets	403,427	408,493
Long-Term Liabilities	182,067	192,663
Other Liabilities	11,093	9,255
Total Liabilities	193,160	201,918
Net assets:		
Invested in capital assets, net of related debt	169,862	162,494
Restricted	1,036	-
Unrestricted	39,369	44,081
Total Net Assets	\$ 210,267	\$ 206,575

* Amount restated for OPEB accrual.

The largest portion of the Town's net assets (80.8%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town 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. The decrease in capital assets is primarily related to accumulated depreciation for buildings and machinery and equipment. Deletions of capital assets totaled \$291.

The Town also has \$1,036 of restricted net assets.

The Town's unrestricted net assets of \$39,369 may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all categories of net assets, both for the Town as a whole, as well as for its separate governmental activities. The same situation held true for the prior fiscal year.

Governmental activities. Governmental activities increased the Town's net assets by \$3,692, thereby accounting for a 1.7 percent growth. The increase of \$3,692 of net assets is \$6,143 more than the previous year decrease of \$(2,451) due to current economic conditions and a current policy allowing only essential capital project expenditures. The Town also received capital grants of \$1,792 which is \$1,498 greater than the prior year's amount of \$294.

**TOWN OF WESTPORT, CONNECTICUT
CHANGES IN NET ASSETS
Years Ended June 30, 2011 and 2010**

	2011	2010*
Revenues:		
Charges for services	\$ 30,699	\$ 30,025
Operating grants and contributions	5,832	5,260
Capital grants and contributions	1,792	294
General Revenues:		
Property taxes	164,625	158,085
Grants and contributions not restricted to specific programs	1,467	1,031
Unrestricted investment earnings	276	611
Total Revenues	204,691	195,306
Expenses:		
General Government	11,375	10,976
Public Safety	31,178	29,152
Public Works	17,830	17,478
Health and Human Services	2,421	2,283
Library	4,550	4,456
Education	120,368	119,687
Parks and Recreation	6,947	6,684
Debt Service	6,330	7,041
Total Expenses	200,999	197,757
Increase (decrease) in net assets	3,692	(2,451)
Net Assets, beginning	206,575	209,026
Net Assets, ending	\$ 210,267	\$ 206,575

* As restated for OPEB.

Key elements of this increase are as follows:

Eighty-one percent (81%) of the revenues of the Town were derived from property taxes, followed by fifteen percent (15%) from program revenues, then four percent (4%) from grants and contributions, investment earnings and other sources.

Expenses and Program Revenues – Government-Wide Activities

Major revenue factors included:

Property tax revenues recorded for the fiscal year 2011 reflect an increase in the Town's net taxable grand list approximating 1.4%. The tax rate increased to a mill rate of 14.85 mills. Total collections for the year exceeded budgetary expectations by \$2,965.

Investment earnings decreased to \$276 in the fiscal year from \$611 in the prior fiscal year due to significantly lower interest rates.

Intergovernmental revenue increased from the prior fiscal year by \$2,506 due to storm related reimbursements, increase in State grant in lieu of taxes, boat registration grant and the municipal video grant.

For Governmental Activities, 62% of the Town's expenses relate to education and library, 10% relate to public safety, health and welfare, more than 9% relate to public works/operations, 3% to Parks and Recreation activities, 3% to interest payments on the Town's long-term debt, and the remaining 13% relates to government and community services, administration and other areas.

Major expense factors include:

Pension and OPEB funding increased due to an increase in the actuarial required contribution.

Education expenses increased by \$681 for the fiscal year.

Insurance costs have increased by approximately \$458, primarily due to increased medical claims. The growth in the student population of 33% over the last ten years has resulted in continued significant adjustments to the Board of Education operating budget.

Business-type activities. The Town does not maintain any business-type activities at the present time.

Financial Analysis of the Government'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 government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$40,227, a decrease from \$44,046 as of June 30, 2010. This decrease is due to negative fund balances in certain Capital Projects Funds yet to be bonded.

General fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$21,292 (compared to \$19,153 in the prior year), while total fund balance reached \$29,506. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 11.3% of total general fund expenditures, while total fund balance represents 15.7% of that same amount. The unassigned fund balance of the Town's general fund increased by \$2,139 during the current fiscal year.

General Fund budget turnbacks were \$1,385 for the fiscal year 2011; this was led by Education at \$517; Public Safety \$343 and Public Works \$324.

Strength in the local housing market provided building permit revenue of \$1,296 and conveyance tax revenue of \$1,669, well in excess of the budgeted amounts of \$600 and \$900 respectively.

Sewer operating fund. The fund balance has decreased by \$510.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$3,284 and can be briefly summarized as follows:

- \$2,400 increase in OPEB funding;
- \$453 increase in Public Works due to snow removal and storm expenditures;
- \$141 in increases allocated to the Board of Education for accounting reclassifications of revenues;
- \$224 increase in general government expenditures; and
- \$66 in net increases allocated to all other budgetary departments.

Of this increase, \$141 was to be funded out of miscellaneous increases in various charges for services. The remaining \$3,143 was to be budgeted from available fund balance.

Capital Asset and Debt Administration

Capital assets. The Town’s investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$328,656 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities and infrastructure.

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

A general obligation refunding bond issue in the amount of \$13,235 was issued for refunding outstanding debt. This issue resulted in budgetary savings of \$582 through fiscal year 2019 and a net present value savings of \$563.

**TOWN OF WESTPORT, CONNECTICUT
CAPITAL ASSETS, GROSS**

	Governmental Activities	
	2011	2010
Land	\$ 32,452	\$ 32,452
Buildings and system	303,440	302,540
Improvements other than buildings	20,055	19,998
Machinery and equipment	32,210	31,707
Infrastructure	102,600	102,543
Construction in Progress	6,893	3,523
Total	\$ 497,650	\$ 492,763

Additional information on the Town’s capital assets can be found on page 34 of this report.

Long-term debt. At the end of the current fiscal year, the Town had total bonded debt outstanding of \$156,778, a decrease of \$13,102 from the prior year. Of this amount, \$131,045 comprises debt backed by the full faith and credit of the government, and \$25,733 is public improvement debt for which the government is liable in the event of default by the property owners subject to the assessment.

	Outstanding Debt, at Year-End	
	Governmental Activities	
	2011	2010
General obligation bonds	\$ 131,045	\$ 140,394
Public improvement bonds with government commitment	25,733	29,486
Total	\$ 156,778	\$ 169,880

The Town's total debt service expenditures decreased by \$3,444 from the prior year. The Town also issued \$13,235 of Refunding Bonds, in which there is a cash savings value of \$582 through 2019.

The Town maintains an "AAA" rating from Moody's Investors Service.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times its annual tax collections. The current debt limitation for the Town is \$1,124,515 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 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the Town as of June 30, 2011 is 6.4 percent and compares favorably to the State's average unemployment rate of 9.1 percent and the Fairfield County Labor Market of 8.3 percent. Primarily a residential community, the Town has continued to enjoy favorable Grand List growth. Inflationary trends in the region compare favorably to national indices. Trends in decreased non-tax revenue have been and will be factored into the budget calculations in future fiscal years.

All of these factors were considered in preparing the Town of Westport's annual budget. In January 2012, the Board of Finance reviewed and approved a target unassigned General Fund Balance approximating 9-11% of General Fund Expenditures.

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 Department, 110 Myrtle Avenue, Westport, CT 06880.

Basic Financial Statements

TOWN OF WESTPORT, CONNECTICUT

STATEMENT OF NET ASSETS

June 30, 2011

	Primary Government Governmental Activities	Component Unit Westport Library Association, Inc.
Assets		
Cash and cash equivalents	\$ 46,677,404	\$ 671,491
Investments	2,374,895	2,521,145
Receivables (net of allowance for collection losses):		
Property taxes	15,892,721	-
Sewer	6,514,286	-
Intergovernmental and other	1,220,130	23,943
Pension asset	80,000	-
Long-term intergovernmental receivable	2,011,206	-
Capital assets, non-depreciable	39,344,993	-
Capital assets, net of accumulated depreciation	289,310,745	-
Total assets	<u>403,426,380</u>	<u>3,216,579</u>
Liabilities		
Accounts payable and accruals	7,721,975	61,658
Accrued interest payable	2,076,392	-
Unearned revenues	1,293,980	-
Noncurrent liabilities:		
Due within one year	15,373,677	-
Due in more than one year	166,693,709	-
Total liabilities	<u>193,159,733</u>	<u>61,658</u>
Net Assets		
Investment in capital assets, net of related debt	169,862,108	-
Restricted	1,035,763	-
Unrestricted	39,368,776	3,154,921
Total net assets	<u>\$ 210,266,647</u>	<u>\$ 3,154,921</u>

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

TOWN OF WESTPORT, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2011

	General Fund	Sewer Operating Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 26,734,806	\$ 250	\$ 16,405,291	\$ 43,140,347
Investments	-	-	2,374,895	2,374,895
Receivables (net of allowances for collection losses):				
Property taxes	15,892,721	-	-	15,892,721
Sewer	-	6,514,286	-	6,514,286
Intergovernmental and other	3,104,318	-	127,018	3,231,336
Due from other funds	7,930,732	963,352	1,251,606	10,145,690
Total assets	\$ 53,662,577	\$ 7,477,888	\$ 20,158,810	\$ 81,299,275
Liabilities				
Accounts payable and accruals	\$ 3,776,119	\$ 94,771	\$ 679,336	\$ 4,550,226
Due to other funds	1,106,362	280,000	8,759,328	10,145,690
Deferred revenues	18,568,580	6,514,286	-	25,082,866
Unearned revenues	705,550	-	588,430	1,293,980
Total liabilities	24,156,611	6,889,057	10,027,094	41,072,762
Fund balances (deficits)				
Nonspendable	-	-	16,929	16,929
Restricted	214,547	-	821,216	1,035,763
Committed	601,408	588,831	9,800,960	10,991,199
Assigned	7,398,103	-	2,390,099	9,788,202
Unassigned	21,291,908	-	(2,897,488)	18,394,420
Total fund balances	29,505,966	588,831	10,131,716	40,226,513
Total liabilities and fund balances	\$ 53,662,577	\$ 7,477,888	\$ 20,158,810	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets, net of accumulated depreciation of \$168,993,673 purchased by governmental funds are reported as expenditures, however, the statement of net assets includes those capital assets among the assets of the Town as a whole.	328,655,738
Assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	25,082,866
Net Pension Asset.	80,000
Internal service funds are used by management to charge the costs of Town and BOE Health Insurance and Worker's Compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	365,308
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(182,067,386)
Accrued interest payable on long-term liabilities is not payable in the current period and therefore is not reported in the funds.	(2,076,392)
Net assets of governmental activities	<u>\$ 210,266,647</u>

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

TOWN OF WESTPORT, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	General Fund	Sewer Operating Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 161,327,432	\$ -	\$ -	\$ 161,327,432
Sewer assessments and usage	-	3,752,356	-	3,752,356
Intergovernmental	4,500,989	90,146	4,800,960	9,392,095
Permits, fees and other	14,184,482	94,849	2,095,873	16,375,204
Income from investments	149,225	-	121,687	270,912
Charges for services	6,069,137	-	20,104	6,089,241
Parks and recreation fees	4,395,073	-	-	4,395,073
Total revenues	190,626,338	3,937,351	7,038,624	201,602,313
EXPENDITURES				
Current:				
General government	6,153,978	-	90,721	6,244,699
Public safety	17,644,796	-	2,149,258	19,794,054
Public works	7,865,687	2,124,790	-	9,990,477
Public health	942,487	-	-	942,487
Human services	545,299	-	28,582	573,881
Library	4,144,510	-	-	4,144,510
Parks and recreation	4,188,641	-	-	4,188,641
Education	108,169,179	-	2,774,365	110,943,544
Benefits and other	21,328,147	-	-	21,328,147
Debt service:				
Principal	11,139,560	1,638,000	-	12,777,560
Interest and other charges	5,822,766	760,160	-	6,582,926
Capital outlay	533,195	-	7,386,141	7,919,336
Total expenditures	188,478,245	4,522,950	12,429,067	205,430,262
Revenue over (under) expenditures	2,148,093	(585,599)	(5,390,443)	(3,827,949)
OTHER FINANCING SOURCES (USES)				
Issuance of refunding bonds	13,235,000	-	-	13,235,000
Payment to escrow agent	(14,476,654)	-	-	(14,476,654)
Bond premium	1,383,715	-	-	1,383,715
Bond issuance costs	(133,855)	-	-	(133,855)
Transfers in	556,616	355,800	280,000	1,192,416
Transfers out	(355,800)	(280,000)	(556,616)	(1,192,416)
Total other financing sources (uses)	209,022	75,800	(276,616)	8,206
Net change in fund balances	2,357,115	(509,799)	(5,667,059)	(3,819,743)
FUND BALANCES, beginning, as restated (Note 13)	27,148,851	1,098,630	15,798,775	44,046,256
FUND BALANCES, ending	\$ 29,505,966	\$ 588,831	\$ 10,131,716	\$ 40,226,513

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

TOWN OF WESTPORT, CONNECTICUT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ (3,819,743)

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 and losses on asset disposals in the current period. (5,479,057)

Changes in revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 3,084,162

Change in net pension asset (17,000)

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. This amount is the net effect of these differences in the treatment of long-term debt and related items. 12,846,749

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. (2,075,389)

The change in net assets in governmental activities of internal service funds is reported with governmental activities. (847,987)

Change in net assets of governmental activities. \$ 3,691,735

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

TOWN OF WESTPORT, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

June 30, 2011

	Governmental Activities
	<u>Internal Service Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,537,057
Total assets	<u>3,537,057</u>
LIABILITIES	
Current liabilities:	
Accounts payable	16,262
Claims incurred but not reported	3,155,487
Total liabilities	<u>3,171,749</u>
NET ASSETS	
Unrestricted	365,308
Total net assets	<u>\$ 365,308</u>

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

TOWN OF WESTPORT, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS - PROPRIETARY FUNDS

For the Year Ended June 30, 2011

	<u>Governmental Activities</u> <u>Internal Service Funds</u>
OPERATING REVENUES	
Charges for services	\$ 20,206,369
Total operating revenues	<u>20,206,369</u>
OPERATING EXPENSES	
Claims incurred	19,551,347
Administration	1,507,775
Total operating expenses	<u>21,059,122</u>
Operating loss	<u>(852,753)</u>
NONOPERATING REVENUES	
Interest income	4,766
Total nonoperating revenues	<u>4,766</u>
Change in net assets	(847,987)
NET ASSETS, beginning	<u>1,213,295</u>
NET ASSETS, ending	<u>\$ 365,308</u>

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

TOWN OF WESTPORT, CONNECTICUT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended June 30, 2011

	Governmental Activities
	Internal Service Funds
Cash Flows From Operating Activities	
Cash received from charges for services	\$ 20,206,369
Cash paid to vendors and beneficiaries	(21,403,336)
Net cash used in operating activities	<u>(1,196,967)</u>
Cash Flows From Investing Activities	
Interest on cash and cash equivalents	4,766
Net cash provided by investing activities	<u>4,766</u>
Net decrease in cash and cash equivalents	(1,192,201)
Cash and Cash Equivalents	
Beginning	<u>4,729,258</u>
Ending	<u>\$ 3,537,057</u>
Reconciliation of Operating Loss in Net Cash Used in Operating Activities	
Operating loss	\$ (852,753)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities:	
Increase in accounts payable	13,609
Increase in claims payable	342,177
Increase in due to other funds	(700,000)
Net cash used in operating activities	<u>\$ (1,196,967)</u>

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

TOWN OF WESTPORT, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2011

	Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 3,375,294	\$ 2,441,718
Investments		
U.S. Government Securities	4,710,886	-
U.S. Government Agencies	1,099,989	-
Municipal Bonds	2,014,555	-
Corporate Bonds	11,965,644	-
Common Stocks	5,749,439	-
Mutual Funds	91,423,431	-
Other Fixed Income Securities	48,294,379	-
Preferred Convertible Securities	46,200	-
Alternative Investments	31,404,189	-
Total investments	196,708,712	-
Accrued interest	294,263	-
Pending sales	291,729	-
Total assets	200,669,998	2,441,718
LIABILITIES		
Due to student groups	-	579,597
Payable to others	-	1,862,121
Total liabilities	-	2,441,718
Net Assets Held in Trust	\$ 200,669,998	\$ -

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

TOWN OF WESTPORT, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

For the Year Ended June 30, 2011

	<u>Trust Funds</u>
Additions	
Contributions	
Employer	\$ 10,440,000
Plan members	<u>5,701,152</u>
Total contributions	<u>16,141,152</u>
Investment Income	
Net appreciation in fair value of investments	26,252,665
Interest and dividends	<u>5,404,819</u>
Net investment income	<u>31,657,484</u>
Total additions	<u>47,798,636</u>
Deductions	
Benefits	13,212,133
Management fees and other payments	<u>458,575</u>
Total	<u>13,670,708</u>
Change in net assets	34,127,928
Net Assets Held in Trust	
Beginning of year	<u>166,542,070</u>
End of year	<u>\$ 200,669,998</u>

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

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Significant Accounting Policies

Reporting entity

The Town of Westport, Connecticut (the "Town") was incorporated as a town in 1835. The Town operates under a Board of Selectmen, Representative Town Meeting, and Board of Finance form of government and provides a full range of services including public safety, roads, sanitation, health, social services, culture and recreation, education, planning, zoning, and general administrative services to its residents. The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments.

Accounting principles generally accepted in the United States of America require that the reporting entity include (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. The criteria provided in Government Accounting Standards Board Codification Section 2100 have been considered and as a result, the component unit discussed below is included in the Town's reporting entity because of its operational significance and financial relationship with the Town.

Discretely presented component unit

The component unit column in the government-wide financial statements includes financial data of the Town's component unit. This unit is reported in a separate column to emphasize that it is legally separate from the Town. The Westport Library Association Investment Fund, Inc. meets the criteria of a discretely presented component unit in that it is fiscally dependent on the Town; the Town approves and funds the Westport Library Association Investment Fund's budget.

The Westport Library Association Investment Fund, Inc. was established under Connecticut State Statutes to serve the Town of Westport. The Fund is governed by a 20 member Board of Trustees. One-half of the trustees are appointed by Westport's Representative Town Meeting, and one-half are appointed by the Board. Trustees serve a term of four (4) years. The Library provides services to the Town of Westport and its surrounding community. These services relate to the purchase and distribution of educational and recreational materials to the public. It also serves nonresident borrowers through the state-funded Connecticut program. The Fund is funded by the Town of Westport and private contributions. Financial information related to the Westport Library Association Investment Fund, Inc. is available at the Westport Library Association, Inc., 20 Jesup Road, Westport, CT 06880.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary funds. Agency fund financial statements are on the accrual basis with no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes when levied for, intergovernmental revenues when eligibility requirements are met, licenses, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable only when cash is received by the government.

The Town reports the following major governmental funds:

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

The *Sewer Operating Fund* accounts for the revenues collected by the Town and expenditures related thereto.

Additionally, the Town reports the following fund types:

Internal Service Funds are used to account for the revenues and related expenses for the Town and Board of Education health self-insurance and worker's compensation insurance plans for employees of the Town and Board of Education.

Trust Funds are used to account for the accumulation of resources to be used for retirement benefits, and include the Police, Fire, Public Works, Municipal Interim and Non-Union Funds and Other Post-Employment Trust Funds.

Agency Funds are used to account for monies held as a custodian for outside groups, student groups and escrow agencies.

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and internal service fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash equivalents

The Town classifies money market funds, Cutwater Class investments and treasury bills and certificates of deposit having original maturities of three months or less when purchased as cash equivalents.

Investments

Investments are stated at fair value as follows:

- U.S. Government Agencies, U.S. Government Securities, Sovereign Fixed Income, Municipal Bonds, Collateralized Mortgage Obligations using quoted market price.
- Common Stock, and Equity Funds - closing prices as reported on the primary market or exchange on which they trade.
- Money Market Instruments – amortized cost which approximates fair value.
- Hedge Funds may include private equity partnerships, hedge and absolute return funds for which there may be no ready market to determine fair value. These investments are valued using the most recent valuation available from the external fund manager. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a ready market for the securities existed.

The majority of the Town's investments are in the Debt Service Fund and Trust Funds.

Property taxes

Property taxes are assessed as of October 1, levied on the following July 1, and are due in four installments, July 1, October 1, January 1 and April 1. Taxes less than \$100 are due in full on July 1. Motor vehicle taxes are due in full on July 1, and supplemental motor vehicle taxes are due in full January 1. Taxes become delinquent thirty days after the installment is due. Liens are filed by the last day of the fiscal year on delinquent real estate taxes. An allowance based on historical collection experience is provided for uncollectible taxes.

Sewer assessments are levied by the Water Pollution Control Authority and assessed to the users as projects are completed. Assessments are due and payable as of September 1 following the levy, but may

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

be paid in installments with interest over the life of the bond issue less one year, usually a nineteen year period, with the prevailing interest rate. All properties are liened until the assessment is paid in full.

Capital assets

In the government-wide financial statements, capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column. Infrastructure assets acquired prior to June 30, 1980 have been reported. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for personal property and \$75,000 on all other with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Building improvements	20
Distribution and collection systems	50-100
Public domain infrastructure	50
System infrastructure	30
Machinery and equipment	5-20

In the governmental fund financial statements, capital assets are recorded as an expenditure when purchased and no depreciation expense is reported.

Compensated absences

Employees are paid by a prescribed formula for absences due to vacation or sickness. The obligation for vacation pay vests when earned. Unused sick leave may be accumulated for future absences in accordance with employee contracts and employment policies but does not vest. If an employee is retiring, limited accumulated unused sick leave is not paid but added to the credited service used to calculate pension benefits. The liability for the remainder of the accrued vacation earned is reported in the government-wide statements. In the governmental funds, the amounts are reported when paid or when payment is due. Obligations for compensated absences have typically been liquidated from the general fund in the past.

Allowance for doubtful accounts

Accounts and notes receivable for the primary government are reported net of allowance of \$1,000,000 for doubtful accounts. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon past collection history and the creditors' ability to pay.

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Long-term obligations

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

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. Debt principal payments are reported as expenditures.

Pension plan accounting

Pension Trust Funds:

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

Governmental Funds:

The net pension obligation (asset), the cumulative difference between annual pension cost and the Town's contributions to the plan since 1986, is calculated on an actuarial basis consistent with the requirements of Governmental Accounting Standards Board Statement No. 27. Expenditures are recognized when they are paid or are expected to be paid with current available resources. The pension asset is recorded as a non-current asset in the government-wide financial statements. The pension obligation is recorded as a non-current liability in the government-wide financial statements.

Funding Policy:

The Town makes contributions at the discretion of management. These contributions have been substantially the amount recommended by the Town's actuaries.

Other Post Employment Obligations (OPEB) accounting

OPEB Trust:

Employer contributions are recognized in the period in which the contributions are due, and the Town has made a formal commitment to provide the contributions.

Government-Wide Funds/Activities:

In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net OPEB obligation, the cumulative difference between annual OPEB cost and the Town's contributions to the plan since July 1, 2007, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 45. The OPEB obligation is recorded as a noncurrent liability in the government-wide financial statements.

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Funding Policy:

The Town makes annual contributions based upon management's decisions.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as assigned fund balance as they do not constitute either expenditures or liabilities.

Net Assets

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

Invested in Capital Assets, Net of Related Debt - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Restricted Net Assets - This category represents the net assets of the Town, which are restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted Net Assets - This category represents the net assets of the Town, which are not restricted for any project or other purpose.

Fund Balance

In the fund financial statements, the Town reported the following governmental fund balances:

- **Nonspendable Fund Balance** – Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted Fund Balance** - These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- **Committed Fund Balance** – This represents amounts constrained prior to year-end for a specific purpose by a government using its highest level of decision-making authority (Town of Westport Representative Town Meeting).
- **Assigned Fund Balance** – Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts.
- **Unassigned Fund Balance** - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

When both restricted and unrestricted amounts are available for use, it is the Town's practice to use restricted resources first. Additionally, the Town would first use committed, then assigned, and lastly unassigned amounts.

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds, and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Bonds payable	\$ (156,777,654)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	3,063,495
Add: Issuance premium (to be amortized)	(5,079,471)
Claims and judgments	(277,500)
Compensated absences	(2,005,256)
Net pension obligation	(3,816,000)
OPEB obligation	<u>(17,175,000)</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ (182,067,386)</u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances (deficits) and the governmental activities reported in government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances (deficits) includes a reconciliation between net changes in fund balances – total governmental funds, and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.” The details of this difference are as follows:

Capital outlay	\$ 6,859,949
Depreciation expense	(12,047,602)
Net loss on disposal of capital assets	<u>(291,404)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (5,479,057)</u>

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds), 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 this difference are as follows:

Long-term liabilities or incurred	
Issuance of refunding bonds	\$ 13,235,000
Deferred items	1,172,465
Principal repayments:	
General obligation debt	(12,777,560)
Payments to escrow agent for refunding	<u>(14,476,654)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (12,846,749)</u>

Another element of that reconciliation states that “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.” The details of this difference are as follows:

Decrease in compensated absences	\$ 126,208
Decrease in accrued interest	175,403
Decrease in net pension obligation	666,000
Increase in OPEB obligation	<u>(3,043,000)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (2,075,389)</u>

Note 3. Cash and investments

Deposits: The Town has a policy that deposits can include demand and savings accounts and certificates of deposits. The Town’s policy for custodial credit risk follows the State of Connecticut requirements 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.

Investments: The Operating and Working Capital funds are invested in accordance with the guidelines of the “Investment Policy” upon the direction of the Finance Director in the following short-term investments: (1) various certificates of deposit (C.D.) with Connecticut banks (prior to acquiring a C.D., the Finance Director requires prospective bank depositories to provide written evidence that the bank meets the collateral, risk based capital and other requirements of Qualified Public Depositories as defined in Connecticut General Statutes Section 36-382); (2) money market accounts; (3) U.S. Government Treasury Obligations; (4) Repurchase Agreements collateralized by U.S. Government Agency Obligations; (5) Cutwater Class - an investment fund managed by Cutwater Asset Management – Connecticut Class Plus which, according to Cutwater Class, invest only in: (a) high grade short-term

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

federal securities and variable rate obligations backed by federal agencies having monthly or quarterly assets based on indices like the prime rate, LIBOR, or a combination of the two; and (b) very short-term, usually overnight, repurchase agreements secured by high quality collateral which is valued daily and fully delivered to the program's custodial bank to be held for the benefit of the pool's participants. Eligible investments for Connecticut municipalities are determined by C.G.S. Section 7-400 and 7-402.

Town funds not under the direct control of the Finance Director and Controller will be the responsibility of the director or head of that department until such time the funds are disbursed or transferred to the Office of the Finance Director. The director or head of the department has established written procedures for the control of these funds. In addition, the Town monitors the risk based capital ratios and collateral requirements of the qualified public depositories, as defined in C.G. S. Section 36-382.

The investments of each of the six trust funds are carried out by the "Investment Committee" (consisting of the Chair of the Board of Finance, the Finance Director, and a third person chosen by the two and approved by each pension board of the various funds). The Investment Committee makes investment decisions based on guidelines and investment policy established by the pension board of each of the pension funds.

The pension boards have adopted an investment policy to allocate fifty-five percent of fund assets to equities with the balance invested in fixed income securities and cash equivalents.

Interest Rate Risk: The Town does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, its practice is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools. The Town's pension funds do have a policy to limit their exposure to fair market value losses arising from changes in interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for pension distributions, and monitoring the liquidity of the funds on an ongoing basis.

Concentrations: The Town's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific issuer.

Custodial credit risk:

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2011, \$45,803,903 of the Town's bank balance of \$53,349,184 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town and the pension funds do not have custodial credit risk policies for investments.

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Cash and investments of the Town consist of the following at June 30, 2011:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 51,893,877
Cutwater Asset Management - Connecticut Class Plus	600,539
Total cash and cash equivalents	<u>52,494,416</u>
Investments	
Debt Service Fund:	
U.S. Government Securities	2,374,895 *
Total government investments	<u>2,374,895</u>
Pension Trust Funds:	
U.S. Government Securities	4,710,886 *
U.S. Government Agencies	1,099,989 *
Municipal Bonds	2,014,555 *
Corporate Bonds	11,965,644 *
Common Stock	5,749,439 *
Mutual Funds	85,271,100
Other Fixed Income Securities	48,294,379 *
Preferred Convertible Securities	46,200
Alternative investments	31,404,189
Total pension investments	<u>190,556,381</u>
OPEB Trust Fund:	
Mutual Funds	6,152,331
Total investments	<u>199,083,607</u>
Total cash and investments	<u>\$ 251,578,023</u>

* *These investments are uninsured and unregistered, with securities held by a custodial trust department or agent in the Town's name.*

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Assets

Cash and cash equivalents	\$ 46,677,404
Investments	2,374,895
	<u>49,052,299</u>

Fiduciary Funds:

Cash and cash equivalents	5,817,012
Investments	196,708,712
	<u>202,525,724</u>

Total cash and investments \$ 251,578,023

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the Town's debt type investments to this risk using the segmented time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
U.S. Government Securities	\$ 7,085,781	\$ 307,623	\$ 960,219	\$ 1,215,777	\$ 4,602,162
U.S. Government Agencies	1,099,989	-	-	-	1,099,989
Corporate Bonds	11,965,644	37,310	138,819	2,123,955	9,665,560
Municipal Bonds	2,014,555	109,603	-	-	1,904,952
Other Fixed Income Securities	48,294,379	-	4,184,039	16,736,847	27,373,493
Pooled Fixed Income	600,539	600,539	-	-	-
TOTAL	<u><u>\$ 71,060,887</u></u>	<u><u>\$ 1,055,075</u></u>	<u><u>\$ 5,283,077</u></u>	<u><u>\$ 20,076,579</u></u>	<u><u>\$ 44,646,156</u></u>

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations and agencies explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Presented below is the actual rating as required for each debt type investment.

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

As indicated above, State Statutes limit the investment options of cities and towns. The Town's investment policy includes a section regarding investment guidelines that specifically defines its allowable investment choices.

Average Rating	Corporate Bonds	Pooled Fixed Income	Municipal Bonds	Other Fixed Income Securities
AAA/m	\$ -	\$ 600,539	\$ -	\$ -
AAA	158,606	-	282,173	-
AA+	341,030	-	501,968	-
AA	289,499	-	348,702	1,404,735
AA-	392,274	-	323,839	1,717,401
A+	1,084,119	-	230,018	4,706,656
A	1,869,238	-	192,794	4,983,213
A-	2,045,894	-	135,061	3,470,284
BBB+	2,187,428	-	-	14,684,798
BBB	2,017,678	-	-	9,475,296
BBB-	1,262,000	-	-	7,851,996
BB	41,564	-	-	-
Unrated	276,314	-	-	-
	<u>\$ 11,965,644</u>	<u>\$ 600,539</u>	<u>\$ 2,014,555</u>	<u>\$ 48,294,379</u>

Note 4. Unearned Revenue/Deferred Revenue

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

	Deferred Revenue	Unearned Revenue
General Fund:		
Taxes and accrued interest on delinquent property taxes	\$ 15,510,374	\$ -
School construction receivable	2,011,206	-
Other	1,047,000	705,550
Sewer Operating Fund:		
Fees and accrued interest on delinquent sewer fees	6,514,286	-
Nonmajor Funds:		
Educational grants	-	42,525
Railroad parking permits	-	545,905
	<u>\$ 25,082,866</u>	<u>\$ 1,293,980</u>

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Note 5. Interfund Receivables, Payables and Transfers

As of June 30, 2011, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 7,930,732	\$ 1,106,362
Sewer Operating Fund	963,352	280,000
Non-Major Governmental Funds	1,251,606	8,759,328
Total	\$ 10,145,690	\$ 10,145,690

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers during the year ended June 30, 2011 were as follows:

	Transfers In			Totals
	General Fund	Sewer Operating Fund	Nonmajor and Other Funds	
Transfers out:				
General Fund	\$ -	\$ 355,800	\$ -	\$ 355,800
Sewer Operating Fund	-	-	280,000	280,000
Nonmajor and Other Funds	556,616	-	-	556,616
Total	\$ 556,616	\$ 355,800	\$ 280,000	\$ 1,192,416

Transfers are used to account for: (1) financing by the General Fund of programs accounted for in other funds in accordance with budgetary amortizations; (2) sewer assessments and sewer usage charges collected in special revenue funds appropriated to General Fund to offset debt service expenditures; and (3) the one-time transfer of various residual program balances to the General and Special Revenue Funds.

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 32,451,861	\$ -	\$ -	\$ -	\$ 32,451,861
Construction in progress	3,523,039	5,336,684	(93,820)	(1,872,771)	6,893,132
Total capital assets, not being depreciated	35,974,900	5,336,684	(93,820)	(1,872,771)	39,344,993
Capital assets, being depreciated:					
Land improvements	19,997,977	56,636	-	-	20,054,613
Buildings and improvements	302,540,045	5,600	-	894,016	303,439,661
Machinery and equipment	31,706,725	1,449,476	(1,879,546)	933,035	32,209,690
Infrastructure	102,543,181	11,553	-	45,720	102,600,454
Total capital assets being depreciated	456,787,928	1,523,265	(1,879,546)	1,872,771	458,304,418
Less accumulated depreciation for:					
Land improvements	7,876,302	874,553	-	-	8,750,855
Buildings and improvements	82,812,140	7,197,963	-	-	90,010,103
Machinery and equipment	19,611,890	1,829,245	(1,681,962)	-	19,759,173
Infrastructure	48,327,701	2,145,841	-	-	50,473,542
Total accumulated depreciation	158,628,033	12,047,602	(1,681,962)	-	168,993,673
Total capital assets, being depreciated, net	298,159,895	(10,524,337)	(197,584)	1,872,771	289,310,745
Governmental activities capital assets, net	\$ 334,134,795	\$ (5,187,653)	\$ (291,404)	\$ -	\$ 328,655,738

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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

Governmental Activities:	
General government services	\$ 322,720
Public safety	1,104,771
Public works, including depreciation of general infrastructure assets	3,863,510
Human services	117,282
Library	252,514
Parks and recreation	820,187
Education	5,566,618
Total depreciation expense – governmental activities	<u>\$ 12,047,602</u>

Note 7. Long-Term Obligations

Long-term liability activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
Bonds and notes	\$ 169,880,214	\$ 13,235,000	\$ 26,337,560	\$ 156,777,654	\$ 13,021,732
Add deferred amounts:					
Premiums	4,212,728	1,375,509	508,766	5,079,471	508,766
Less deferred amounts on refunding	(2,452,563)	(1,050,509)	(439,577)	(3,063,495)	(439,577)
Total bonds payable	<u>171,640,379</u>	<u>13,560,000</u>	<u>26,406,749</u>	<u>158,793,630</u>	<u>13,090,921</u>
Claims and judgments	277,500	-	-	277,500	277,500
Compensated absences	2,131,464	2,005,256	2,131,464	2,005,256	2,005,256
Net pension obligation	4,482,000	-	666,000	3,816,000	-
OPEB obligations*	14,132,000	3,043,000	-	17,175,000	-
Governmental activity long-term liabilities	<u>\$ 192,663,343</u>	<u>\$ 18,608,256</u>	<u>\$ 29,204,213</u>	<u>\$ 182,067,386</u>	<u>\$ 15,373,677</u>

* Amount restated for correction in calculation of annual required contributions in previous years' valuations.
See Note 9 for details.

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Bonds and notes

As of June 30, 2011, the outstanding long-term indebtedness of the Town was as follows:

	<u>Outstanding Amount</u>
School bond, issue of \$19,435,000; due 12/1/11; annual principal payments of \$975,500; plus interest due semiannually at 4.00%	\$ 975,500
School bond, issue of \$32,045,000; annual principal payments of \$1,615,000; plus interest due semiannually at 3.5% to 4.625%	1,615,000
School refunding bond, issue of \$44,730,000, due 8/15/21; annual principal payments ranging from \$993,000 to \$3,883,000; plus interest due semiannually at 3.00% to 5.0%	31,364,500
Public Improvement bond; issue of \$6,680,000; due 12/1/11; annual principal payment of \$344,000; plus interest due semiannually at 4.00%	344,000
Public Improvement bond; issue of \$202,000; due 2/1/12; annual principal payments of \$10,000; plus interest due semiannually at 3.5% to 4.625%	10,000
Public Improvement refunding bond; issue of \$8,872,000; due 8/15/21; annual principal payments ranging from \$350,000 to \$1,129,000; plus interest due semiannually at 3.00 to 5.0%	8,204,000
Sewer bond; issue of \$1,710,000; due 12/1/11; annual principal payments of \$85,500; plus interest due semiannually at 4.00%	85,500
Sewer bond; issue of \$90,000; due 2/1/12; annual principal payments of \$5,000; plus interest due semiannually at 3.5% to 4.625%	5,000
Sewer refunding bond; issue of \$2,948,500; due 8/15/21; annual principal payments ranging from \$87,000 to \$350,000; plus interest due semiannually at 3.0% to 5.0%	2,396,500
Sewer bond; issue of \$5,043,000 due 7/15/29; annual principal payments ranging from \$250,000 to \$255,000 plus interest semi-annually at 2.25% to 4.25%	4,790,000
Public Improvement bond; issue of \$1,091,000; due 7/15/24; annual principal payments ranging from \$35,000 to \$95,000 plus interest semi-annually at 2.25% to 4.25%	1,000,000

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

	<u>Outstanding Amount</u>
School bond; issue of \$34,197,090; due 11/1/24; annual principal payments of \$1,755,240; plus interest due semiannually at 3.0% to 4.20%	8,776,200
Public improvement bond; issue of \$4,743,000; due 11/1/24; annual principal payments of \$243,430; plus interest due semiannually at 3.0% to 4.20%	1,217,150
Sewer bond; issue of \$1,000,000; due 11/1/24; annual principal payments of \$51,330; plus interest due semiannually at 3.0% to 4.20%	256,650
Public Improvement refunding bond; due 2/1/20; annual principal payments ranging from \$41,230 to \$692,000; plus interest due semiannually at 4.00% to 5.00%	3,248,480
School refunding bond, due 2/1/20; annual principal ranging from \$1,242,940 to \$3,806,000; plus interest due semi-annually at 4.00% to 5.00%	22,079,170
Sewer refunding bond; due 2/1/20; annual principal payments ranging from \$33,610 to \$122,000 plus interest due semi-annually at 4.00% to 5.00%	702,350
School bond; issue of \$7,350,000 due 7/15/25; annual principal payments of \$395,000 plus interest due semi-annually at 3.50% to 5.50%	5,135,000
Public improvement bond; issue of \$4,050,000 due 7/15/25; annual principal payments ranging from \$215,000 to \$220,000 plus interest due semi-annually at 3.50% to 5.50%.	2,855,000
Sewer bond; issue of \$305,000 due 7/15/25; annual principal payments ranging from \$15,000 to \$20,000 plus interest due semi-annually at 3.50% to 5.50%.	200,000
Sewer WPCF; issue of \$21,310,112 due 9/1/28; monthly principal payments ranging from \$73,061 to \$1,065,506. Interest due monthly at 2.5%.	18,684,490
Public Improvement; issue of \$7,103,371 due 9/1/28; monthly principal payments ranging from \$24,354 to \$355,169. Interest due monthly at 2.5%.	6,228,164
School bond; issue of \$6,366,00 due 7/15/29; annual principal payments ranging from \$280,000 to \$356,000 plus interest semi-annually at 2.25% to 4.25%	6,010,000

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

	<u>Outstanding Amount</u>
School refunding bond Series A; issue of \$12,866,000 due 2/1/23; annual principal payments ranging from \$501,000 to \$2,137,000 plus semi-annual interest at 3.00% to 5.00%	11,292,000
Sewer refunding bond Series A; issue of \$334,000 due 2/1/23; annual principal payments ranging from \$4,000 to \$96,000 plus semi-annual interest at 3.00% to 5.00%	238,000
Public Improvement refunding bond Series A; issue of \$475,000 due 2/1/23; annual principal payments ranging from \$10,000 to \$325,000 plus semi-annual interest at 3.00% to 5.00%	150,000
School refunding bond Series B; issue of \$4,863,000 due 2/1/17; annual principal payments ranging from \$1,528,000 to \$1,687,000 plus semi-annual interest at 3.00% to 5.00%	4,863,000
Sewer refunding bond Series B; issue of \$142,000 due 2/1/17; annual principal payments ranging from \$45,000 to \$49,000 plus semi-annual interest at 3.00% to 5.00%	142,000
Public Improvement refunding bond Series B; issue of \$675,000 due 2/1/17; annual principal payments ranging from \$212,000 to \$234,000 plus semi-annual interest at 3.00% to 5.00%	675,000
Sewer refunding bond; due 11/1/21; annual principal payments ranging from \$16,000 to \$52,000, plus interest due semi-annually at 2% to 4%.	340,000
School refunding bond; due 11/1/21; annual principal payments ranging from \$320,000 to \$1,768,000, plus interest due semi-annually at 2% to 4%.	11,094,000
Public improvement refunding bond; due 11/1/21; annual principal payments ranging from \$179,000 to \$245,000, plus interest due semi-annually at 2% to 4%.	<u>1,801,000</u>
Amount to be financed and paid through the General Fund and Sewer Operating Fund.	<u><u>\$ 156,777,654</u></u>

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

The annual debt service requirements of this debt are as follows:

	Principal	Interest	Total
2012	\$ 13,021,732	\$ 6,064,803	\$ 19,086,535
2013	12,946,392	5,588,159	18,534,551
2014	12,926,549	5,064,796	17,991,345
2015	13,052,215	4,556,159	17,608,374
2016	13,063,398	3,982,944	17,046,342
2017	13,075,110	3,403,925	16,479,035
2018	12,822,359	2,810,050	15,632,409
2019	12,845,162	2,260,429	15,105,591
2020	11,198,525	1,756,089	12,954,614
2021	9,302,460	1,311,604	10,614,064
2022	7,791,978	970,148	8,762,126
2023	6,382,093	717,077	7,099,170
2024	4,832,815	491,898	5,324,713
2025	4,864,158	326,800	5,190,958
2026	2,776,133	203,468	2,979,601
2027	2,178,754	136,260	2,315,014
2028	2,212,035	81,781	2,293,816
2029	955,786	34,876	990,662
2030	530,000	11,263	541,263
	<u>\$ 156,777,654</u>	<u>\$ 39,772,529</u>	<u>\$ 196,550,183</u>

2010 General Obligation Bond – In-Substance Defeasance

On November 23, 2010, the Town issued \$13,235,000 of general obligation refunding bonds with interest rates ranging from 2.0% to 4.0% of which the proceeds were used to advance refund portions of the outstanding principal amounts of the general obligation bond of the Town dated November, 2004 and December, 2006 (the "Refunding Bonds"). Total proceeds of \$14,610,509 include \$1,375,509 net original issue premium and payment of \$131,249 in underwriters fees and other costs to arrive at net proceeds of \$14,479,260, which was placed in an irrevocable trust fund under an Escrow Agreement dated November 2010 between the Town and the Escrow Holder. The Escrow Holder used the proceeds to purchase a portfolio of primarily non-callable direct obligations of the United States of America ("Government Obligations"). The Government Obligations will have maturities and interest rates sufficient to pay principal and interest payments and redemption premiums on the Refunding Bonds on the date the payments are due.

The Town advance refunded the above bonds to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$565,740, and a cash savings of \$581,714 between the old debt payments and the new debt payments.

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

The balance in the escrow was approximately \$13,362,000 at June 30, 2011. The balance of the defeased bonds was approximately \$12,930,000 at June 30, 2011. As a result, the refunded bonds are considered defeased and the liability has been removed from the basic financial statements.

In-Substance Defeasance – Prior Years

In prior years, the Town has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Town's government-wide financial statements. As of June 30, 2011, the amount of defeased debt outstanding, but removed from the Town's government-wide financial statements was approximately \$53,610,000.

School bond reimbursements

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. The amount of reimbursement for the year ended June 30, 2011 was approximately \$401,000. Additional reimbursements of principal and interest aggregating approximately \$2,386,000 are expected to be received through the bonds' maturity dates.

Debt limitation

The Town's statement of debt limitation under Connecticut General Statutes, Section 7-374(b) as of June 30, 2011 is as follows:

Total tax collections (including interest and lien fees and net of refunds and adjustments) for the year ended June 30, 2011	\$ 160,644,933
Reimbursement for revenue loss:	
Tax relief for elderly	<u>-</u>
Base	<u><u>\$ 160,644,933</u></u>

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

The Connecticut General Statutes provide that authorized debt of the Town shall not exceed seven times the above base cash receipts, or \$1,124,514,531, 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:					
2-1/4 times base	\$ 361,451,099	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	722,902,199	-	-	-
3-3/4 times base	-	-	602,418,499	-	-
3-1/4 times base	-	-	-	522,096,032	-
3 times base	-	-	-	-	481,934,799
Total debt limitation	361,451,099	722,902,199	602,418,499	522,096,032	481,934,799
Indebtedness:					
Bonds and notes payable	27,840,490	103,204,370	25,732,794	-	-
Bonds authorized but unissued; issue dates not yet established	-	4,135,927	4,154,000	-	-
Construction grants	-	(2,011,206)	-	-	-
Total indebtedness	27,840,490	105,329,091	29,886,794	-	-
Debt limitation in excess of outstanding and authorized debt	\$ 333,610,609	\$ 617,573,108	\$ 572,531,705	\$ 522,096,032	\$ 481,934,799

Compensated absences

Included in long-term obligations in the government-wide statement of net assets is the estimated obligation for employee compensated absences in the amount of \$2,005,256 as of June 30, 2011. The general fund has typically been used to liquidate the liability for compensated absences.

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Note 8. Commitments and Contingencies

Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Lawsuits

Various litigation, principally involving claims for personal injury and contested tax assessment, is pending against the Town.

For certain cases, where it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated, a loss contingency has been accrued for in the government-wide statement of approximately \$277,500. Based upon the advice of the Town Counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on the financial statements of the Town.

Municipal Solid Waste Service Agreement

The Town has entered into a municipal solid waste service agreement, as amended (the "Service Agreement") with the Connecticut Resources Recovery Authority (the "Authority") pursuant to which it participates with eleven other Connecticut municipalities (the twelve constituting the "Contracting Municipalities"), in the Greater Bridgeport Resources Recovery System (the "System").

Under the Service Agreement, the Town is required to deliver, or cause to be delivered, to the System solid waste generated within its boundaries to its minimum commitment of 19,500 tons per year and to pay a uniform per ton disposal service payment (the "Service Payment"). The current aggregate fee is \$65.43 per ton. The aggregate minimum commitment of the twelve Contracting Municipalities is 265,000 tons per year. The Town's Service Payment commitment is a "put-or-pay" commitment, in that if the aggregate minimum commitment of the Contracting Municipalities is not met by the total deliveries of all the Contracting Municipalities in any year, the Town must pay the Service Payment for its proportionate share of the shortfall of the aggregate minimum commitment (unless it delivered its full portion).

Service Payments shall be payable so long as the System is accepting solid waste delivered by or on behalf of the Town, whether or not such solid waste is processed at the facility.

Note 9. Employee Retirement Plans

Plan Description

The Town maintains five contributory pension plans covering substantially all full-time employees and noncertified Board of Education employees. The five pension plans are single-employer contributory defined benefit plans which are part of the Town's financial reporting entity and are accounted for in five pension trust funds: police, fire, public works, municipal interim, and non-union. Stand-alone financial statements are not available. The certified faculty and administrative personnel of the Board of Education participate in a contributory retirement plan administered by the State Teachers' Retirement Board. The Town does not contribute to this plan.

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

As of June 30, 2011, the Plan's membership consisted of:

	Police	Fire	Public Works	Municipal Interim	Non-Union
Active	65	64	29	344	85
Terminated-vested	-	-	-	7	2
Retired	73	59	29	204	66
Leave of absence	-	-	1	-	-
Total	138	123	59	555	153

Police and Fire Pension Plans

All full-time firefighters and sworn police officers are eligible to participate in their respective plans from their date of hire. They are vested after 10 years of service. For participants hired before January 1, 1985, they are fully vested and may retire after 20 years of credited service. For participants hired on or after January 1, 1985, they are fully vested and may retire the later of July 1 following attainment of age 49 or the completion of 20 years of credited service. Participants must retire after 34.5 years of credited service. The benefit is payable at retirement, the earlier of age 65 or the age at which the participant would have completed 34 years had they continued to work for the town.

The retirement benefit is calculated at 2.5% of the final average compensation (Police compensation is base pay, college credit stipend and weapon qualification stipend, while Fire compensation is base pay, college credit stipend, and standby pay) multiplied by the years of credited services to a maximum of 32.5 years for fire and police. Members are required to contribute 10.0% of their annual compensation. Benefits paid to retirees of these two plans are subject to cost of living adjustments defined per the plans and plan effective dates.

Public Works Pension Plan

All members of the Public Works Union are eligible to participate in the plan as of the date the employee completes the probationary period. They are vested after 10 years of service. Participants hired prior to January 1, 1973 may retire after 25 years of service. Participants hired on or after January 1, 1973 may retire when the participant's age and years of credited service equal 75 with a minimum of age 55 and a minimum of 10 years of service. The retirement benefit is calculated at 2.5% of the average of the participant's final 12 months of compensation base pay, multiplied by the years of service to a maximum of 32.5 years. Participants in the Plan hired before July 1, 1999 contribute 9% of their annual salary to the pension plan. Participants hired on or after July 1, 1999 contribute 10% of salary to the plan.

Municipal Interim Plan

Employees that belong to the Westport Municipal Union and the four collective bargaining units associated with the Board of Education as well as the Library are covered under the Municipal Interim Plan. A participant is eligible to participate as of the date the participant completed the probationary period provided the employee works 20 or more hours per week for nine months or more per year. Full vesting for the Plan occurs after 10 years of continuous service, or 15 years of non-continuous service. An employee may retire upon reaching age 55 if fully vested; or upon completion of 25 years of credited service without age requirement.

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

The pension benefit for participants other than school cafeteria employees who completed any credited service on or after July 1, 2003, is equal to 2% of "average final compensation base pay" multiplied by the number of years for credited service for the first 20 years of service plus 2.25% for service thereafter, to a maximum of 33 years. Those participants who have not completed credited services after July 1, 2003 receive 2% of "average final compensation base pay" multiplied by years of credited service to a maximum of 33 years. Non cafeteria employee participants contribute 4% of compensation.

For school cafeteria employee participants, the plan does not recognize credited service on or after July 1, 2003 and these employees no longer contribute to the Municipal Interim Plan. School cafeteria employees receive a monthly pension equal to the sum of 1 1/6% of "average final compensation base pay" multiplied by the credited service up to 33 years and 1/6 of 1% of "average final compensation base pay" multiplied by credited service in excess of 33 years.

Non-Union Plans

The Non-Union Plans are differentiated by Supervisory and Non-Supervisory.

A non-union employee is eligible to participate as of the date the participant completed the probationary period provided the employee works 20 or more hours per week for nine months or more per year. An employee hired at age 60 has the option to waive participation by filing the appropriate form with the Town. Full vesting for the plan occurs after 10 years of continuous service for non-union non supervisory and after 5 years of continuous service for non-union supervisory participants. An employee may retire upon attainment of age 55 and completion of at least 10 years of continuous credited service; or completion of 25 years of credited service without regard to age; and for non-union supervisory employees, or age 60 and completion of 5 Years of Service.

The pension benefit for non-union supervisory employees is the greater of 2.25% times the monthly average final compensation base pay times completed years or monthly pension benefit accrued under another Town retirement plan the employee participated in immediately prior to the employee becoming a participant of the plan, plus 2.25% of the employee's average final compensation base pay multiplied by the years and months of credited service in the non-union Plan.

The pension benefit for non-union, non-supervisory employees is the greater of 2% of monthly average final compensation base pay times completed years and months of credited service not to exceed 20 years, plus 2.25% of monthly average final compensation base pay times completed years and months of credited service in excess of 20 years or the participant's accrued monthly pension under another Town retirement plan the employee participated in immediately preceding the day prior to participating in the plan, plus 1) 2% of monthly average final compensation base pay times completed years and months of credited service in the non-union Plan not to exceed 20 years, plus 2) 2.25% of monthly average final compensation base pay times completed years and months of credited service in excess of 20 years.

The monthly pension calculated cannot be more than the participant's monthly average final compensation base pay nor less than \$1,200 per year for those that completed 5 years of credited service in the Non-Union Supervisory Plan, or \$1000 per year for those that completed 10 years of credited service in the Non-Union Non-Supervisory Plan.

The rate of contribution for non-union supervisory and non-union non-supervisory employees is 4% of compensation.

All pension plans have provisions for retirement with disability and death benefits. The Town is required to contribute the remaining amount necessary (net of employee contributions) to fund the pension plans based on an actuarially sound method. Benefits and employee contribution rates are set by the Town and the bargaining unit.

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Annual Pension Cost and Net Pension Obligation (Asset)

The Town's annual pension cost and net pension obligation (asset) for the Plans for the year ended June 30, 2011 were as follows:

	Police	Fire	Public works	Municipal Interim	Non-Union	Total
Annual required contribution	\$ 1,922,000	\$ 1,535,000	\$ 378,000	\$ 1,620,000	\$ 2,144,000	\$ 7,599,000
Interest on net pension obligation (asset)	89,000	15,000	(7,000)	58,000	174,000	329,000
Adjustment to annual required contribution	(104,000)	(18,000)	11,000	(106,000)	(320,000)	(537,000)
Annual pension cost	1,907,000	1,532,000	382,000	1,572,000	1,998,000	7,391,000
Contributions made	(2,100,000)	(1,675,000)	(365,000)	(1,650,000)	(2,250,000)	(8,040,000)
Increase (decrease) in net pension obligation (asset)	(193,000)	(143,000)	17,000	(78,000)	(252,000)	(649,000)
Net pension obligation (asset), beginning of year	1,181,000	206,000	(97,000)	770,000	2,325,000	4,385,000
Net pension obligation (asset), end of year	\$ 988,000	\$ 63,000	\$ (80,000)	\$ 692,000	\$ 2,073,000	\$ 3,736,000

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Trend Information

Police

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation (Asset)	Actual Contribution
6/30/2009	\$ 815,000	4.4%	\$ 857,000	\$ 36,000
6/30/2010	1,237,000	73.8%	1,181,000	913,000
6/30/2011	1,907,000	110.1%	988,000	2,100,000

Fire

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation (Asset)	Actual Contribution
6/30/2009	\$ 91,000	158.2%	\$ 69,000	\$ 144,000
6/30/2010	1,032,000	86.7%	206,000	895,000
6/30/2011	1,532,000	109.3%	63,000	1,675,000

Public Works

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation (Asset)	Actual Contribution
6/30/2009	\$ 131,000	37.7%	\$ (223,000)	\$ 49,000
6/30/2010	250,000	49.6%	(97,000)	124,000
6/30/2011	382,000	95.5%	(80,000)	365,000

Municipal Interim

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation (Asset)	Actual Contribution
6/30/2009	\$ 599,000	33.0%	\$ 527,000	\$ 198,000
6/30/2010	1,014,000	76.0%	770,000	771,000
6/30/2011	1,572,000	105.0%	692,000	1,650,000

Non-Union

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation (Asset)	Actual Contribution
6/30/2009	\$ 1,296,000	36.4%	\$ 2,131,000	\$ 472,000
6/30/2010	1,535,000	87.4%	2,325,000	1,341,000
6/30/2011	1,998,000	112.6%	2,073,000	2,250,000

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

The following is a summary of certain significant actuarial assumptions and other information.

	Police	Fire	Public Works	Municipal ⁽¹⁾ Interim	Non-Union ⁽¹⁾
Valuation Date	June 30, 2011				
Actuarial cost method	Frozen Entry Age				
Remaining amortization Period, closed	Various	Various	N/A	N/A	N/A
Asset valuation method ⁽¹⁾	3-Year Average of Market Value				
Actuarial assumptions: Investment rate of return	7.5%	7.5%	7.5%	7.5%	7.5%
Projected salary increases	4.5%	4.5%	4.5%	4.5%	4.5%
Inflation rate	None	None	None	None	None

TOWN OF WESTPORT, CONNECTICUT

**NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Underfunded) Overfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Police						
June 30, 2011	\$ 54,799,778	\$ 66,958,711	\$ (12,158,933)	81.84%	\$ 5,294,796	229.64%
Fire						
June 30, 2011	\$ 42,797,937	\$ 45,554,846	\$ (2,756,909)	93.95%	\$ 4,641,204	59.40%
Public Works						
June 30, 2011	\$ 11,517,093	\$ 12,433,811	\$ (916,718)	92.63%	\$ 1,671,941	54.83%
Municipal Interim						
June 30, 2011	\$ 40,341,669	\$ 42,902,645	\$ (2,560,976)	94.03%	\$ 14,775,146	17.33%
Non-Union						
June 30, 2011	\$ 18,710,081	\$ 28,202,238	\$ (9,492,157)	66.34%	\$ 6,561,689	144.66%

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

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

TRUST FUNDS
SCHEDULE OF PLAN NET ASSETS
JUNE 30, 2011

	Pension Trust Funds					OPEB Trust	
	Police	Fire	Public Works	Municipal Interim	Non-Union	OPEB	Totals
ASSETS							
Cash and cash equivalents	\$ 971,771	\$ 735,027	\$ 267,110	\$ 862,552	\$ 538,834	\$ -	\$ 3,375,294
Investments, at fair value							
U.S. Government Securities	1,519,999	1,199,928	319,022	1,129,383	542,554	-	4,710,886
U.S. Government Agencies	354,919	280,182	74,492	263,710	126,686	-	1,099,989
Municipal Bonds	650,010	513,135	136,426	482,967	232,017	-	2,014,555
Corporate Bonds	3,860,796	3,047,815	810,317	2,868,630	1,378,086	-	11,965,644
Common Stocks	1,855,095	1,464,462	389,354	1,378,364	662,164	-	5,749,439
Mutual Funds	27,513,299	21,719,727	5,774,584	20,442,797	9,820,693	6,152,331	91,423,431
Other fixed Income							
Securities	15,582,509	12,301,245	3,270,510	11,578,040	5,562,075	-	48,294,379
Preferred Convertible Securities	14,906	11,768	3,129	11,076	5,321	-	46,200
Alternative Investments	10,132,774	7,999,081	2,126,701	7,528,805	3,616,828	-	31,404,189
Total investments	61,484,307	48,537,343	12,904,535	45,683,772	21,946,424	6,152,331	196,708,712
Accrued interest	94,946	74,953	19,928	70,546	33,890	-	294,263
Pending sales	94,128	74,307	19,756	69,939	33,599	-	291,729
Total Assets	62,645,152	49,421,630	13,211,329	46,686,809	22,552,747	6,152,331	200,669,998
Net Assets Held in Trust	\$ 62,645,152	\$ 49,421,630	\$ 13,211,329	\$ 46,686,809	\$ 22,552,747	\$ 6,152,331	\$ 200,669,998

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

TRUST FUNDS
SCHEDULE OF CHANGES IN
PLAN NET ASSETS
YEAR ENDED JUNE 30, 2011

	Pension Trust Funds					OPEB Trust	Totals
	Police	Fire	Public Works	Municipal Interim	Non-Union	OPEB	
Additions							
Contributions:							
Employer	\$ 2,100,000	\$ 1,675,000	\$ 365,000	\$ 1,650,000	\$ 2,250,000	\$ 2,400,000	\$ 10,440,000
Plan members	506,084	452,678	163,719	622,922	275,749	3,680,000	5,701,152
Total contributions	2,606,084	2,127,678	528,719	2,272,922	2,525,749	6,080,000	16,141,152
Investment Income							
Net appreciation in fair value of investments	8,399,442	6,568,705	1,752,523	6,162,936	2,813,288	555,771	26,252,665
Interest and dividends	1,725,782	1,352,286	360,026	1,268,974	582,843	114,908	5,404,819
Net investment income	10,125,224	7,920,991	2,112,549	7,431,910	3,396,131	670,679	31,657,484
Total	12,731,308	10,048,669	2,641,268	9,704,832	5,921,880	6,750,679	47,798,636
Deductions							
Benefits	3,282,547	2,192,926	592,451	2,128,883	1,335,326	3,680,000	13,212,133
Management fees and other payments	108,944	110,291	22,731	139,087	77,522	-	458,575
Net change in net assets	9,339,817	7,745,452	2,026,086	7,436,862	4,509,032	3,070,679	34,127,928
Net Assets Held in Trust							
Beginning of year	53,305,335	41,676,178	11,185,243	39,249,947	18,043,715	3,081,652	166,542,070
End of year	\$ 62,645,152	\$ 49,421,630	\$ 13,211,329	\$ 46,686,809	\$ 22,552,747	\$ 6,152,331	\$ 200,669,998

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Connecticut State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Section 10.183 of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited service, at least twenty-five of which are service in the public schools of Connecticut. The financial statements of the Plan are available from the Connecticut Office of the State Comptroller, 55 Elm Street, Hartford, CT 06106.

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

The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual city/town basis.

In addition, the Town has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$7,676,000 for the year ended June 30, 2011.

Other Post-Employment Benefits (OPEB)

In addition to providing pension benefits, the Town provides certain health care benefits for retired employees and their dependents. Employees may become eligible for those benefits if they retire under a normal retirement or with a disability. The OPEB Plan is a single-employer defined benefit plan, which is part of the Town reporting entity and accounted for in the OPEB Trust. The OPEB Plan does not issue stand-alone financial statements.

Post retirement benefits

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2008, the Town recognizes the cost of post-employment healthcare in the year when the employee services are received, discloses the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2008 liability.

Plan description

The Town provides post-retirement benefits for certain eligible employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2009 for all participants including eligible Town, Library and non-certified BOE employees. The latest actuarial valuation made for BOE certified employees was June 30, 2011. The post-retirement plan does not issue stand-alone financial reports.

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Membership in the plan consisted of the following at July 1, 2009 for the Town, and June 30, 2011 for the BOE Certified Employees, the dates of the last actuarial valuations.

	Town	BOE Certified Employees	Total
Retirees and beneficiaries receiving benefits	245	56	301
Active plan members	648	546	1,194
Total	893	602	1,495

The Town's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The actuarial accrued liability as of July 1, 2009 is estimated to be \$77,145,125 for all employees excluding BOE certified employees. The actuarial accrued liability for BOE certified employees is \$7,358,000 based on a June 30, 2011 valuation.

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll (Total)	UAAL as a Percentage of Payroll
<u>Town</u>						
7/1/2009	\$ 2,400,000	\$77,145,125	\$ (74,745,125)	3.11%	\$ 32,994,211	226.54%
<u>BOE Certified Employees</u>						
6/30/11	-	7,358,000	(7,358,000)	-	N/A	N/A

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation was as follows:

*Fiscal Year Ending	Annual OPEB Cost	Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/11	\$ 9,144,000	\$ (6,080,000)	67.00%	\$ 17,175,000
6/30/10	\$ 7,816,000	\$ (3,669,000)	47.00%	\$ 14,111,000
6/30/09	\$ 7,227,000	\$ (4,844,000)	67.00%	\$ 9,994,000

* Amounts adjusted for OPEB inclusion of BOE employees.

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

OPEB Obligation

	Town	BOE Certified Employees	Total
Annual required contribution	\$ 8,239,000	\$ 774,000	\$ 9,013,000
Interest on net OPEB obligation	1,058,000	-	1,058,000
Adjustment to annual required contribution	(927,000)	-	(927,000)
Annual OPEB cost	8,370,000	774,000	9,144,000
Contributions made	(5,622,000)	(458,000)	(6,080,000)
Increase in net OPEB liability	2,748,000	316,000	3,064,000
* Net OPEB obligation, beginning of year	14,111,000	-	14,111,000
Net OPEB obligation, end of year	<u>\$ 16,859,000</u>	<u>\$ 316,000</u>	<u>\$ 17,175,000</u>

* Amounts adjusted for prior year exclusion of BOE and Library personnel.

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

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

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

	Town	BOE Certified Employees
Valuation Date	July 1, 2009	June 30, 2011
Actuarial Cost Method:	Projected Unit Credit	Projected Unit Credit
Asset Valuation Method:	Market Value	Market Value
Amortization Method:	Level Percent of Pay	Level Percent
Remaining Amortization Period	30 Years	27 Years
Actuarial Assumptions:		
Discount rate	7.5%	7.5%
Salary increase rate	3.0%	3.0%
Inflation rate	None	None

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Health cost trend rates	Town average annual healthcare cost trend rates are assumed to be as follows:	
	2010	Actual
	2011	Actual
	2012	9.00%
	2013	8.00%
	2014	7.00%
	2015	6.00%
	2016	5.00%
	2017 and later	4.50%

Certified Teachers is as follows:

Initial inflation rate:	9.00%
Ultimate inflation rate:	4.50%

Years until ultimate inflation rate: 5

OPEB Restatement

In the course of preparing a new actuarial valuation in 2011 of the Town's OPEB liability, it was determined that the previous valuation had omitted certain non-certified employees of the Westport Board of Education and Westport Public Library who are eligible for other post retirement employment benefits provided by the town. The current valuation, as of July 1, 2009, includes 441 additional OPEB plan members. The current valuation also increases the discount rate from 4.5% to 7.5%. In addition, the previous valuation also did not include the actuarial accrued liability for BOE certified employees employed by the Board of Education. A separate valuation estimated this liability to be \$7,358,000 as of June 30, 2011.

As such, the calculation of the long-term liabilities in the Governmental Activities Statement of Net Assets was understated by approximately \$6.6 million due to this error. This error decreased net assets as previously reported, June 30, 2010 from approximately \$213.2 million to \$206.6 million.

Note 10. Risk Management

The Town is exposed to various risks of loss including torts, theft, damage to, and destruction of assets, errors and omissions, injuries to employees, employee health, natural disaster, public official liability and police professional liability. The Town generally obtains commercial insurance for these risks, but has chosen to retain the risks for employee health and workers' compensation. The Town has established three self-insurance funds, one for Town employees, one for Board of Education employees, and one for Worker's Compensation. All funds are accounted for as internal service funds.

Town

Under the Town's current medical insurance policy, the plan covers all employee claims submitted with stop loss coverage for claims in excess of 120% of expected claim level, determined by Blue Cross/Blue Shield at the beginning of each contract. The Town also offers a Health Maintenance Organization (HMO) as an alternative to all employees with specific limits for maximum annual benefits and co-payments.

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

The Town's approximate maximum exposure for the year ended June 30, 2011 was approximately \$7,810,000 of which approximately \$5,988,000 was paid.

The plan is funded monthly by the Town's budget appropriations and employee/retiree contributions as required.

Board of Education

Under the Board's current medical insurance policy, the plan coverages vary depending on the union agreements. The plan provides coverage for hospital, major medical and dental. The seven unions covered are teachers; administrators, secretaries; custodians, maintenance, paraprofessionals, nurses and nurses aides. Depending on the union, there are different coverages, maximum benefits, deductibles and required contributions to the plan. The Board of Education also offers HMOs as an alternative to all employees with specific limits for maximum benefits per year and co-payments.

The Board of Education's approximate maximum exposure for the year ended June 30, 2011 was approximately \$14,925,000 of which approximately \$13,696,000 was paid.

The plan is funded monthly by Board of Education budget appropriations and employee contributions as required.

Under Public Act 89-342, health insurance for retired teachers, a subsidy equal to the equivalent flat dollar premium amount for Anthem Blue Cross/Blue Shield coverage, will be paid by the State directly to local school districts, which will apply the subsidy to reduce premium payments of the retired member/spouse covered by the local school district plan. The retired member/spouse is required to pay the difference directly to the local school district. The funding for the State Teachers' Retirement Board is provided by the members' 1% supplemental contributions, which, since July 1, 1989, have been directed to a dedicated health insurance fund. There is no cost to the Town.

Worker's Compensation

The Town currently is a member in Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Connecticut General Statutes, for workers' compensation and employer liability coverage. CIRMA currently has 216 members in the workers' compensation pool. The Town pays an annual premium for its coverage. CIRMA is to be self-sustaining through members' premiums but reinsures in excess of \$300,000 for each insured occurrence and a \$500,000 annual aggregate.

Settled claims have not exceeded commercial coverage nor has coverage been materially reduced in any of the last three years.

The Town is self-insured for worker's compensation claims. The Town recognizes a liability for worker's compensation claims payable and for claims incurred but not reported based on actuarial analysis of claim history and for other self-insured claims which are probable of loss based on a case-by-case review. The Town's potential liability under this Plan is approximately \$1,427,000 for fiscal year 2011.

The Board of Education has a policy with CIRMA for Worker's Compensation coverage for all Board of Education employees.

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Claims transactions for the last two years for the Town's health and worker's compensation insurance and the Board of Education's medical insurance are as follows:

Fiscal Year Ended	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
Town:				
2011	\$ 1,586,196	\$ 5,876,236	\$ (5,534,059)	\$ 1,928,373
2010	1,120,196	5,663,545	(5,197,545)	1,586,196
Board of Education:				
2011	\$ 1,227,114	\$ 13,675,111	\$ (13,675,111)	\$ 1,227,114
2010	1,128,160	14,208,999	(14,110,045)	1,227,114

Note 11. Fund Deficits

The following funds had fund deficits as of June 30, 2011:

Educational Grants Fund	\$ 2,798
Municipal Improvements Fund Phase II	2,455,848
Education Facilities Improvement Fund	417,696
Educational Facilities Improvement Fund – Phase VII	21,146

The Town anticipates financing the deficits in the funds through authorized bond issues/revenues and grants.

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Note 12. Fund Balance

Below is a table of fund balance categories and classifications at June 30, 2011 for the Town governmental funds:

	General Fund	Sewer Operating Fund	Nonmajor Governmental Funds
Fund balances:			
Non-spendable:			
Permanent fund principal	\$ -	\$ -	\$ 16,929
Total non-spendable	-	-	16,929
Restricted:			
General government	23,930	-	35,672
Public safety	44,768	-	27,320
Public works	276	-	681,386
Human services	113,963	-	-
Education	8,001	-	-
Parks and recreation	23,609	-	-
Railroad parking operations	-	-	76,838
Total restricted	214,547	-	821,216
Committed:			
General government	381,583	-	1,011,891
Public safety	-	-	69,578
Parks and recreation	91,735	-	-
Capital projects	-	-	5,047,619
Railroad parking capital projects	-	-	294,409
Sewer operations	-	588,831	-
Sewer capital projects	128,090	-	-
Sewer capital reserves	-	-	3,377,463
Total committed	601,408	588,831	9,800,960
Assigned:			
General government	417,792	-	-
Public safety	633,840	-	-
Public works	1,293,372	-	-
Education	1,218,948	-	-
Parks and recreation	67,214	-	-
Human services	2,877	-	-
Debt service	22,991	-	2,390,099
Other purposes	291,069	-	-
Future appropriations	3,450,000	-	-
Total assigned	7,398,103	-	2,390,099
Unassigned			
	21,291,908	-	(2,897,488)
Total fund balance	\$ 29,505,966	\$ 588,831	\$ 10,131,716

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Note 13. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented as of July 1, 2010. The effect of fund type reclassification is as follows:

	General	Nonmajor Governmental Funds
Fund balance, June 30, 2010, as previously reported	\$ 25,160,901	\$ 17,786,725
Change in fund type classification per implementation of GASB Statement No. 54:		
Other Programs	1,987,950	(1,987,950)
Fund balance, July 1, 2010, as restated	<u>\$ 27,148,851</u>	<u>\$ 15,798,775</u>

Note 14. Governmental Accounting Standards Board (GASB) Statements

The Town adopted the following statements during the year ended June 30, 2011:

- **GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.** This Statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints. As explained in Notes 11 and 12 to the basic financial statements, the Town reclassified the fund balances for governmental funds and restated the General Fund and the Nonmajor Governmental fund balance by \$1,987,950 as a result of the implementation of this Statement.
- **GASB Statement No. 59, *Financial Instruments Omnibus*.** This Statement is intended to update and improve existing standards regarding financial reporting of certain financial instruments and external investment pools. Specifically, this Statement provides financial reporting guidance by emphasizing the applicability of SEC requirements to certain external investment pools, addressing the applicability of GASB 53, Accounting and Financial Reporting for Derivative Instruments, and applying the reporting provisions for interest-earning investment contracts of GASB 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- **GASB Statement 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans***, was issued in December 2009. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). This Statement amends Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, to permit certain OPEB plans to use an alternative measurement method. Consistent with this change to the employer-reporting requirements, this Statement also amends a Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, requirement that a defined benefit OPEB plan obtain an actuarial valuation. In addition, this Statement clarifies that when actuarially determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers, those measures should be determined as of a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan's financial reporting requirements. The provisions of this Statement will be effective for the Town beginning with its year ending June 30, 2012.
- **GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements***, issued November 2010, will be effective for the Town beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. Specifically, this Statement improves financial reporting by establishing recognition, measurement, and disclosure requirements SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. This Statement also improves the decision usefulness of financial reporting by requiring that specific relevant disclosures be made by transferors and governmental operators about SCAs.
- **GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34***, issued November 2010, will be effective for the Town beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The amendments to the criteria for including component units allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The amendments to the criteria for blending also improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic.

TOWN OF WESTPORT, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

- **GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements***, issued January 2011, will be effective for the Town beginning with its year ending June 30, 2013. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. This Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports.
- **GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position***, issued July 2011, will be effective for the Town beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets.
- **GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*** (an amendment of GASB Statement No. 53), issued July 2011, will be effective for the Town beginning with its year ending June 30, 2012. This Statement clarifies that when certain conditions are met, the use of hedge accounting should not be terminated. Those conditions are: (a) the collectability of swap payments is considered to be probable, (b) the replacement of the counterparty or credit support provider meets the criteria of an assignment or in-substance assignment as described in the Statement, and (c) the counterparty or counterparty credit support provider (and not the government) has committed the act of default or termination event. When all of these conditions exist, the GASB believes that the hedging relationship continues and hedge accounting should continue to be applied.

**Required Supplementary
Information**

TOWN OF WESTPORT, CONNECTICUT

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS – PENSION TRUST FUNDS
June 30, 2011**

Actuarial Valuation Date	Actuarial Value of Assets ⁽¹⁾	Actuarial Accrued Liability (AAL)	(Unfunded) Overfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage Covered Payroll
Police						
6/30/2011	\$ 54,799,778	\$ 66,958,711	\$ (12,158,933)	81.84%	\$ 5,294,796	229.64%
7/1/2009	56,989,965	59,578,231	(2,588,266)	95.66%	4,465,940	57.96%
7/1/2007	59,391,179	59,391,179	-	100.00%	4,460,137	0.00%
7/1/2005	53,591,748	53,591,748	-	100.00%	4,361,181	0.00%
7/1/2003	49,705,675	49,705,675	-	100.00%	3,251,410	0.00%
Fire						
6/30/2011	\$ 42,797,937	\$ 45,554,846	\$ (2,756,909)	93.95%	\$ 4,641,204	59.40%
7/1/2009	43,437,725	44,425,708	(987,985)	97.78%	4,413,566	22.39%
7/1/2007	44,956,343	44,956,343	-	100.00%	3,523,133	0.00%
7/1/2005	40,587,158	40,587,158	-	100.00%	3,354,697	0.00%
7/1/2003	37,358,077	37,358,077	-	100.00%	2,789,902	0.00%
Public Works						
6/30/2011	\$ 11,517,093	\$ 12,433,811	\$ (916,718)	92.63%	\$ 1,671,941	54.83%
7/1/2009	11,732,056	11,419,178	312,878	102.74%	1,732,762	0.00%
7/1/2007	11,957,887	12,833,013	(875,126)	100.00%	1,883,376	46.47%
7/1/2005	10,573,871	10,573,871	-	100.00%	1,691,264	0.00%
7/1/2003	9,758,316	9,758,316	-	100.00%	1,683,567	0.00%
Municipal Interim						
6/30/2011	\$ 40,341,669	\$ 42,902,645	\$ (2,560,976)	94.03%	\$ 14,775,146	17.33%
7/1/2009	39,993,159	36,416,904	3,756,255	109.82%	15,556,333	0.00%
7/1/2007	43,337,870	44,359,347	(1,021,477)	100.00%	12,664,307	8.07%
7/1/2005	37,590,990	33,225,563	(4,365,427)	100.00%	11,560,277	(37.76%)
7/1/2003	33,582,137	31,497,817	(2,084,320)	100.00%	11,560,277	(18.03%)
Non-Union						
6/30/2011	\$ 18,710,081	\$ 28,202,238	\$ (9,492,157)	66.34%	\$ 6,561,689	144.66%
7/1/2009	17,940,684	25,826,733	(7,886,049)	69.47%	6,825,610	115.54%
7/1/2007	19,805,032	26,834,472	(7,029,440)	100.00%	6,113,598	114.98%
7/1/2005	17,364,336	18,414,013	(1,049,677)	100.00%	4,777,631	(21.97%)
7/1/2003	16,630,394	17,473,318	(842,924)	100.00%	4,777,631	(2.41%)

TOWN OF WESTPORT, CONNECTICUT

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS – PENSION TRUST FUNDS
June 30, 2011**

Year Ended June 30,	Police		Fire		Public Works	
	Annual		Annual		Annual	
	Required Contribution	Percentage Contributed	Required Contribution	Percentage Contributed	Required Contribution	Percentage Contributed
2011	\$ 1,922,000	109.3%	\$ 1,535,000	109.1%	\$ 378,000	96.6%
2010	1,257,648	72.6%	1,034,423	86.5%	243,485	50.9%
2009	815,000	4.4%	93,000	153.9%	124,000	39.5%
2008	792,258	4.4%	771,469	12.4%	118,381	45.6%
2007	-	>100%	-	>100%	-	>100%
2006	-	>100%	-	>100%	-	>100%

Year Ended June 30,	Municipal Interim		Non-Union	
	Annual		Annual	
	Required Contribution	Percentage Contributed	Required Contribution	Percentage Contributed
2011	\$ 1,620,000	101.9%	\$ 2,144,000	104.9%
2010	1,051,966	73.3%	1,698,683	78.9%
2009	607,000	32.6%	1,376,000	34.30%
2008	581,171	34.6%	1,316,926	37.74%
2007	174,691	>100%	472,006	67.74%
2006	167,168	>100%	451,681	40.55%

TOWN OF WESTPORT, CONNECTICUT

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS TRUST
June 30, 2011**

Schedule of Funding Progress - OPEB

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (C)	UAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2009	\$ -	\$ 122,274,000	\$ (122,274,000)	0.00%	N/A	N/A
** June 30, 2009	2,400,000	83,666,000	(81,266,000)	2.95%	N/A	N/A
June 30, 2010	3,082,000	90,562,000	(87,480,000)	3.04%	N/A	N/A
* June 30, 2011	6,152,000	97,551,000	(91,399,000)	6.30%	N/A	N/A

* Based on actuarial rollforward of July 1, 2009 valuation, which reflects the Actuarial Assumptions projected to June 30, 2011 for Accrued Liabilities and is for funding purposes only.

** OPEB Trust established, which increased discount rate.

Schedule of Employer Contributions - OPEB*

Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2011	\$ 9,013,000	\$ 6,080,000	67.46%
2010	7,614,000	3,699,000	48.60%
2009	7,064,000	4,847,000	68.61%
2008	9,613,000	1,999,999	20.80%

* Based on actuarial rollforward of July 1, 2009 valuation, which reflects the Actuarial Assumptions projected to June 30, 2011 for Accrued Liabilities and is for funding purposes only.

TOWN OF WESTPORT, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES - BUDGETARY
BASIS - BUDGET AND ACTUAL - GENERAL FUND AND SEWER OPERATING FUND
For the Year Ended June 30, 2011

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Budgetary Basis	
	Original	Final		
REVENUES				
Property taxes	\$ 156,642,100	\$ 157,334,594	\$ 160,299,751	\$ 2,965,157
Education	2,299,000	2,439,825	2,139,238	(300,587)
Parks and recreation	4,616,583	4,566,083	4,397,220	(168,863)
Income from investments	150,000	150,000	145,505	(4,495)
Intergovernmental	1,521,725	1,521,725	2,190,386	668,661
Permits, fees and other	5,554,500	5,605,000	8,502,917	2,897,917
Total revenues	170,783,908	171,617,227	177,675,017	6,057,790
EXPENDITURES				
General government	5,091,252	5,224,651	5,105,321	119,330
Public safety and protection	17,878,913	17,880,174	17,537,780	342,394
Public works	8,199,566	8,652,501	8,328,964	323,537
Public health	462,429	462,429	462,405	24
Human services	942,885	960,330	945,364	14,966
Education	110,601,271	110,715,096	110,198,158	516,938
Library	4,144,510	4,144,510	4,144,510	-
Parks and recreation	4,064,018	4,124,111	4,106,639	17,472
Other	18,501,439	20,883,295	20,844,631	38,664
Debt service	3,052,065	3,043,065	3,035,648	7,417
Capital outlay	432,260	513,765	509,085	4,680
Total expenditures	173,370,608	176,603,927	175,218,505	1,385,422
Revenues over (under) expenditures	(2,586,700)	(4,986,700)	2,456,512	7,443,212
OTHER FINANCING SOURCES (USES)				
Transfers in	442,500	442,500	690,158	247,658
Transfers out	(355,800)	(355,800)	(355,800)	-
Total other financing sources (uses)	86,700	86,700	334,358	247,658
Revenues and other financing sources over (under) expenditures and other financing uses	\$ (2,500,000)	\$ (4,900,000)	\$ 2,790,870	\$ 7,690,870

See note to required supplementary information.

Sewer Operating Fund

Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
4,581,235	4,581,235	3,937,350	(643,885)
<u>4,581,235</u>	<u>4,581,235</u>	<u>3,937,350</u>	<u>(643,885)</u>
-	-	-	-
-	-	-	-
2,172,334	2,192,815	2,032,790	160,025
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,484,701	2,464,220	2,398,160	66,060
-	-	-	-
<u>4,657,035</u>	<u>4,657,035</u>	<u>4,430,950</u>	<u>226,085</u>
<u>(75,800)</u>	<u>(75,800)</u>	<u>(493,600)</u>	<u>(417,800)</u>
355,800	355,800	355,800	-
(280,000)	(280,000)	(280,000)	-
<u>75,800</u>	<u>75,800</u>	<u>75,800</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (417,800)</u>	<u>\$ (417,800)</u>

TOWN OF WESTPORT, CONNECTICUT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2011

Note 1. Budgets and Budgetary Accounting

General Fund

The Town's general budget policies in the General Fund and Sewer Operating Fund are as follows:

- A. On the first Tuesday in May, the Representative Town Meeting adopts the budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means to be utilized to finance them.
- B. The Board of Finance is authorized to transfer budgeted amounts between appropriations and can approve additional appropriations up to an aggregate of \$20,000 per year. Additional appropriations aggregating more than \$20,000 per fiscal year must be approved by the Representative Town Meeting.
- C. Formal budgetary integration is employed as a management control device during the year. The legal level of control (the level at which expenditures may not exceed appropriations) is at the department level.
- D. Budgeted amounts shown are as amended by a Representative Town Meeting or by the Board of Finance during the course of the year. Additional appropriations for the year ended June 30, 2011 aggregated approximately \$3,200,000 for the General Fund.
- E. All non-continuing appropriations lapse at year-end.
- F. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures of the current year.

TOWN OF WESTPORT, CONNECTICUT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION, Continued
June 30, 2011

- G. A reconciliation of General Fund and Sewer Operating Fund operations presented in accordance with accounting principles generally accepted in the United States of America ("GAAP") to the amounts presented on the budgetary basis is as follows:

	General Fund		Sewer Operating Fund
	Revenues, Transfers, and Other Financing Sources	Expenditures and Transfers	Expenditures and Transfers
Balance, GAAP basis	\$ 205,801,669	\$ 203,444,554	\$ 4,802,950
Special Revenue Funds rolled into the General Fund	(5,362,381)	(5,184,925)	-
State Teachers' Retirement payments made by State Department of Education on behalf of the Town, not recognized for budgetary purposes	(7,676,000)	(7,676,000)	-
Issuance cost	-	(133,855)	-
Issuance of refunding bonds	(13,235,000)	-	-
Payment to escrow agent	-	(14,476,654)	-
Bond premium	(1,375,510)		-
Unliquidated prior year encumbrances	212,397	510,783	5,095
Encumbrances:			
June 30, 2010	-	(1,168,017)	(332,232)
June 30, 2011	-	260,509	235,137
Continued in force:			
June 30, 2010	-	(2,340,233)	-
June 30, 2011	-	2,338,143	-
Balance, budgetary basis	<u>\$ 178,365,175</u>	<u>\$ 175,574,305</u>	<u>\$ 4,710,950</u>

- H. Classifications of certain revenues and expenditures under GAAP differ from classifications utilized for budgetary purposes.

Special revenue funds

The Town does not have legally adopted annual budgets for its special revenue funds, other than the Sewer Operating Fund. Budgets for the various special revenue funds that are utilized to account for specific grant programs are established in accordance with the requirements of the State or other grantor agencies. Such budgets are non-lapsing and may comprise more than one fiscal year.

TOWN OF WESTPORT, CONNECTICUT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION, Continued
June 30, 2011

Capital projects funds

Legal authorization for expenditures of the capital projects funds is provided by the related bond ordinances and/or intergovernmental grant agreements or Connecticut General Statutes. Capital appropriations do not lapse until completion of the applicable projects.

**SUPPLEMENTAL AND COMBINING
FUND STATEMENTS AND SCHEDULES**

General Fund

TOWN OF WESTPORT, CONNECTICUT

GENERAL FUND REVENUES AND TRANSFERS IN -
BUDGETARY BASIS - BUDGET AND ACTUAL

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
PROPERTY TAXES				
Current levy	\$ 155,892,100	\$ 156,584,594	\$ 158,440,196	\$ 1,855,602
Prior levies	750,000	750,000	1,859,555	1,109,555
Total property taxes	156,642,100	157,334,594	160,299,751	2,965,157
EDUCATION				
Staples trust fund	19,000	19,000	17,316	(1,684)
Sundries	-	140,825	155,825	15,000
Tuition	300,000	300,000	186,939	(113,061)
Total education	319,000	459,825	360,080	(99,745)
PARKS AND RECREATION	4,616,583	4,566,083	4,397,220	(168,863)
INCOME FROM INVESTMENTS	150,000	150,000	145,505	(4,495)
INTERGOVERNMENTAL				
Boat registration	125,000	125,000	129,094	4,094
Elderly tax relief	95,000	95,000	125,873	30,873
Emergency management	10,000	10,000	12,233	2,233
Historical Preservation Grant	10,000	10,000	6,900	(3,100)
Housing Authority Pilot Grant	22,000	22,000	34,107	12,107
In lieu of taxes	816,225	816,225	817,793	1,568
Miscellaneous state grants	65,000	65,000	180,921	115,921
New Machinery Grant	1,000	1,000	-	(1,000)
Pequot Indian grant	20,000	20,000	25,764	5,764
School construction grants	350,000	350,000	407,831	57,831
Shellfish Commission	3,000	3,000	8,161	5,161
State education grants	1,980,000	1,980,000	1,779,158	(200,842)
Veterans' exemption	4,500	4,500	5,435	935
Municipality video	-	-	115,674	115,674
State reimbursements (March 13, 2010 Storm)	-	-	320,600	320,600
Total intergovernmental	3,501,725	3,501,725	3,969,544	467,819
PERMITS, FEES AND OTHER				
Licenses and Permits				
Building Inspector	600,000	600,000	1,296,143	696,143
Burglar alarms	60,000	60,000	60,690	690
Conservation Commission	20,000	20,000	85,400	65,400
Fire Department permits, etc.	10,000	10,000	5,848	(4,152)
Planning and Zoning	150,000	150,000	398,595	248,595
Town Clerk conveyance tax	900,000	900,000	1,668,752	768,752
Town Clerk licenses	8,000	8,000	14,852	6,852
Zoning Board of Appeals	15,000	15,000	20,750	5,750
Total licenses and permits	1,763,000	1,763,000	3,551,030	1,788,030

(Continued)

TOWN OF WESTPORT, CONNECTICUT

GENERAL FUND REVENUES AND TRANSFERS IN -
 BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
PERMITS, FEES AND OTHER, Continued				
Fines and Penalties				
Tax Collector - interest/liens	700,000	700,000	1,027,681	327,681
Police fines	160,000	160,000	239,827	79,827
Total fines and penalties	860,000	860,000	1,267,508	407,508
Current Service Charges				
Bulky waste charges	40,000	40,000	28,125	(11,875)
EMS reimbursements	800,000	800,000	834,810	34,810
Fire Department Commercial Plan Review	25,000	25,000	81,397	56,397
Housing Authority loan payment	115,000	115,000	115,821	821
Housing Authority PILOT - Canal St.	31,000	31,000	36,649	5,649
Police Vehicle Reimbursement	2,500	2,500	14,036	11,536
Public Works permits, etc.	20,000	20,000	41,084	21,084
Public Works refuse collection	15,000	15,000	18,025	3,025
Rental of facilities	735,000	785,500	920,829	135,329
Solid waste tipping fees	350,000	350,000	400,567	50,567
Town attorney reimbursement	10,000	10,000	2,231	(7,769)
Town Clerk recording fees	200,000	200,000	353,667	153,667
Workers' compensation payments	100,000	100,000	185,815	85,815
Youth services	7,000	7,000	15,900	8,900
Total current services charges	2,450,500	2,501,000	3,048,956	547,956
Miscellaneous				
Insurance Reimbursement	150,000	150,000	281,752	131,752
Other	51,000	51,000	20,906	(30,094)
Income from financing activities	-	-	8,206	8,206
Sale of surplus property	5,000	5,000	6,842	1,842
Telephone access line grant	175,000	175,000	105,320	(69,680)
Unexpended prior year encumbrances	100,000	100,000	212,397	112,397
Total miscellaneous	481,000	481,000	635,423	154,423
Total permits, fees and other	5,554,500	5,605,000	8,502,917	2,897,917
TRANSFERS IN	442,500	442,500	690,158	247,658
Total	\$ 171,226,408	\$ 172,059,727	\$ 178,365,175	\$ 6,305,448

TOWN OF WESTPORT, CONNECTICUT

GENERAL FUND EXPENDITURES AND TRANSFERS OUT -
 BUDGETARY BASIS - BUDGET AND ACTUAL
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
GENERAL GOVERNMENT				
Representative Town Meeting	\$ 39,142	\$ 39,142	\$ 34,246	\$ 4,896
Selectmen	241,084	244,317	244,100	217
Probate Court	15,910	15,910	15,910	-
Registrars	119,774	119,774	97,256	22,518
Elections	94,000	141,754	114,785	26,969
Board of Finance	1,600	1,750	1,750	-
Finance Department	756,639	769,884	769,880	4
Audit	159,050	161,098	160,600	498
Personnel	235,558	242,079	240,777	1,302
Assessor	423,058	430,093	429,697	396
Tax Collector	290,371	292,696	283,291	9,405
Information services	673,251	681,403	660,884	20,519
Board of Assessment Appeal	1,725	1,725	1,046	679
Town Attorney	758,567	758,567	740,780	17,787
Town Clerk	358,874	363,462	353,768	9,694
Historic District	55,107	87,207	87,204	3
Conservation	323,537	328,334	328,326	8
Planning and Zoning	486,553	516,956	512,521	4,435
Zoning Board of Appeals	57,452	28,500	28,500	-
Total general government	5,091,252	5,224,651	5,105,321	119,330
PUBLIC SAFETY AND PROTECTION				
Police Department	7,382,534	7,400,125	7,121,412	278,713
Police Vehicle Maintenance	313,492	318,212	318,203	9
Dog Warden	119,642	119,642	117,448	2,194
Emergency Medical Service	1,174,826	1,126,351	1,065,945	60,406
Fire Department	7,502,651	7,514,798	7,514,096	702
Water Service - Fire	990,000	1,001,960	1,001,956	4
Building inspection	283,106	285,190	285,155	35
Public Site and Building Commission	77,392	78,666	78,648	18
Westport emergency management	35,270	35,230	34,917	313
Total public safety and protection	17,878,913	17,880,174	17,537,780	342,394
PUBLIC WORKS				
Engineering	752,046	764,135	754,698	9,437
Highway	1,525,088	1,955,798	1,925,901	29,897
Equipment maintenance	315,603	320,603	316,555	4,048
Roadway maintenance	1,111,815	1,106,815	1,106,737	78
Street lighting	250,000	250,000	240,939	9,061

(Continued)

TOWN OF WESTPORT, CONNECTICUT

GENERAL FUND EXPENDITURES AND TRANSFERS OUT -
 BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
PUBLIC WORKS, Continued				
Solid waste disposal	2,290,436	2,300,286	2,081,526	218,760
Building maintenance	1,161,449	1,188,635	1,173,376	15,259
Building custodians	352,588	315,688	306,597	9,091
Maintenance of property	21,000	21,000	19,428	1,572
Maintenance parks and recreation	323,297	323,297	298,231	25,066
Tree maintenance	96,244	106,244	104,976	1,268
Total public works	8,199,566	8,652,501	8,328,964	323,537
PUBLIC HEALTH				
Health District	458,729	458,729	458,705	24
Health Services	3,700	3,700	3,700	-
Total public health	462,429	462,429	462,405	24
HUMAN SERVICES				
Youth Services	247,855	252,525	241,765	10,760
Social Services	296,539	303,136	300,222	2,914
Commission for the Elderly	398,491	404,669	403,377	1,292
Total human services	942,885	960,330	945,364	14,966
EDUCATION				
Board of Education	96,377,916	96,377,916	95,880,635	497,281
BOE Rentals/ Reimbursement	-	140,825	140,825	-
Aid to Pvt & Parochial Sc	277,029	277,029	277,029	-
Debt service - Long Term	13,946,326	13,919,326	13,899,669	19,657
Debt service - Bond Antic.				-
Total education	110,601,271	110,715,096	110,198,158	516,938
LIBRARY	4,144,510	4,144,510	4,144,510	-
PARKS AND RECREATION				
Administration	487,700	507,032	507,025	7
Guest Services	234,073	201,404	201,402	2
Maintenance and Development	435,547	507,706	507,496	210
Boating	178,600	203,169	203,167	2
Parks Maintenance	330,445	329,942	328,862	1,080
Golf	793,784	781,166	772,384	8,782
Athletic Fields Maintenance	333,259	329,313	326,448	2,865
Tennis	68,225	68,225	68,218	7
Skating	34,163	39,280	39,279	1
Beach and Pool	249,474	254,344	254,332	12
Miscellaneous Programs	910,348	894,130	889,709	4,421
Memorial Day	8,400	8,400	8,317	83
Total parks and recreation	4,064,018	4,124,111	4,106,639	17,472

TOWN OF WESTPORT, CONNECTICUT

GENERAL FUND EXPENDITURES AND TRANSFERS OUT -
 BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
OTHER				
Pensions	7,972,650	10,462,650	10,462,601	49
Insurance	8,612,961	8,635,007	8,634,866	141
Social Security	1,000,000	969,475	969,470	5
Unemployment compensation	55,000	99,466	99,465	1
Earthplace	81,560	81,560	81,560	-
Miscellaneous	333,000	342,800	305,436	37,364
Transportation Service	281,158	281,158	281,158	-
Reserve: Salary Adjustments	151,610	245	-	245
Employee Productivity	8,500	5,934	5,075	859
Accrued Vacation	5,000	5,000	5,000	-
Total other	18,501,439	20,883,295	20,844,631	38,664
DEBT SERVICE				
Interest on Bonds	1,041,245	1,038,245	1,030,828	7,417
Bond Anticipation Financing	6,000	-	-	-
Bond Principal Payments	2,004,820	2,004,820	2,004,820	-
Total debt service	3,052,065	3,043,065	3,035,648	7,417
CAPITAL OUTLAY				
General Government	46,200	51,250	50,150	1,100
Public Safety	252,310	302,166	300,114	2,052
Public Works	45,000	45,000	45,000	-
Human Services	750	750	620	130
Recreation	88,000	114,599	113,201	1,398
Total capital outlay	432,260	513,765	509,085	4,680
TRANSFERS OUT	355,800	355,800	355,800	-
Total	\$ 173,726,408	\$ 176,959,727	\$ 175,574,305	\$ 1,385,422

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Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Shellfish Commission Fund - is used to account for the revenues generated from the sale of licenses and for the expenditures as required by the State of Connecticut for maintaining shellfish beds.

Railroad Parking Reserve Fund- is used to account for the revenues transferred from the Railroad Parking Fund and expenditures as required by the State of Connecticut pursuant to a lease agreement between the Town of Westport and the Department of Transportation.

Railroad Parking Fund - is used to account for the revenues and expenditures related to the Railroad Parking operation.

Dog License Fund - is used to account for revenue from dog license fees and related expenditures.

State Aid for Town Highways Fund- is used to account for grant revenues from the State of Connecticut and expenditures allowable under the State Highway Grant program.

Youth Service Fund - is used to account for the grant revenues from the State of Connecticut and expenditures related thereto.

Educational Grants Fund - is used to account for U.S. and Connecticut Department of Education grants relating to education that are administered by the Superintendent's office.

Police Fund - is used to account for revenues related to sales of abandoned property programs.

Insurance Reserve Fund - is used to account for insurance reimbursement revenues transferred from the General Fund used to pay deductibles for liability and property claims.

Public Protection Outside Fund - is used to account for revenue and expenditures incurred from the use of Town police officers by outside parties.

Capital Projects Funds

Capital projects funds are used to account for the acquisition of major capital facilities other than those financed by proprietary funds.

Real Property Fund - is used to account for revenues generated from the sale of surplus properties in the Town and expenditures to reacquire other real property.

Sewer Reserve Fund - is used to account for revenues transferred in from the Sewer Operating Fund. These revenues are generated through user fees and expenditures for renovations to existing sewers.

Capital and Nonrecurring Fund - accounts for various acquisitions, renovations and construction projects, as outlined in the State of Connecticut statutes.

Municipal Improvement Phase II Fund - is used to account for borrowed funds which are used to pay for capital expenditures.

Educational Facilities Improvement Fund - accounts for proceeds of borrowed funds to be used for capital expenditures for education facilities improvements.

Capital Projects Funds, Continued

Educational Facilities Improvement - Fund Phase IV – is used to account for borrowed funds which are used to pay for the fourth phase of educational facility improvements.

Educational Facilities Improvement - Fund Phase V – is used to account for borrowed funds which are used to pay for the fifth phase of educational facility improvements.

Educational Facilities Improvement - Fund Phase VII – is used to account for borrowed funds which are used to pay for the seventh phase of educational facility improvements.

Debt Service Fund

The Debt Service Fund is used to invest proceeds from refunding issues and premiums paid on new bond issues to offset costs for the years the refinancings are applicable.

Permanent Funds

Mary A. Bedford Trust Fund – is used to account for a donation to support the Board of Education.

E.A. Nash Trust Fund – is used to account for a donation to support welfare payments.

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TOWN OF WESTPORT, CONNECTICUT

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2011

	Special Revenue						
	Shellfish Commission Fund	Railroad Parking Reserve Fund	Railroad Parking Fund	Dog License Fund	State Aid For Town Highways Fund	Youth Services Fund	Educational Grants Fund
ASSETS							
Cash and cash equivalents	\$ 36,137	\$ 444,688	\$ 2,578,955	\$ 4,107	\$ 396,386	\$ 16,204	\$ 2,901,703
Investments	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	1,014
Due from other funds	-	-	150,279	21,108	289,496	-	-
Total assets	\$ 36,137	\$ 444,688	\$ 2,729,234	\$ 25,215	\$ 685,882	\$ 16,204	\$ 2,902,717
LIABILITIES AND FUND BALANCES (DEFICITS)							
Liabilities							
Accounts payable	\$ 465	\$ -	\$ 29,825	\$ 16,215	\$ -	\$ 1,000	\$ 7,561
Unearned revenue	-	-	545,905	-	-	-	42,525
Due to other funds	-	150,279	2,076,666	9,000	4,496	-	2,855,429
Total liabilities	465	150,279	2,652,396	25,215	4,496	1,000	2,905,515
Fund balances (deficits)							
Nonspendable	-	-	-	-	-	-	-
Restricted	35,672	-	76,838	-	681,386	-	-
Committed	-	294,409	-	-	-	-	-
Assigned	-	-	-	-	-	15,204	-
Unassigned	-	-	-	-	-	-	(2,798)
Total fund balances (deficits)	35,672	294,409	76,838	-	681,386	15,204	(2,798)
Total liabilities and fund balances (deficits)	\$ 36,137	\$ 444,688	\$ 2,729,234	\$ 25,215	\$ 685,882	\$ 16,204	\$ 2,902,717

Special Revenue			Capital Projects			
Police Fund	Insurance Reserve Fund	Public Protection Fund	Real Property Fund	Sewer Reserve Fund	Capital and Nonrecurring Fund	Municipal Improvements Fund Phase II
\$ 27,320	\$ 1,011,891	\$ 227,285	\$ 236,236	\$ 3,097,463	\$ 5,306,853	\$ 96,277
-	-	-	-	-	-	-
-	-	126,004	-	-	-	-
-	-	-	487,571	280,000	-	-
<u>\$ 27,320</u>	<u>\$ 1,011,891</u>	<u>\$ 353,289</u>	<u>\$ 723,807</u>	<u>\$ 3,377,463</u>	<u>\$ 5,306,853</u>	<u>\$ 96,277</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 205,974	\$ 257,329
-	-	-	-	-	-	-
-	-	283,711	-	-	777,067	2,294,796
-	-	283,711	-	-	983,041	2,552,125
-	-	-	-	-	-	-
27,320	-	-	-	-	-	-
-	1,011,891	69,578	723,807	3,377,463	4,323,812	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(2,455,848)
<u>27,320</u>	<u>1,011,891</u>	<u>69,578</u>	<u>723,807</u>	<u>3,377,463</u>	<u>4,323,812</u>	<u>(2,455,848)</u>
<u>\$ 27,320</u>	<u>\$ 1,011,891</u>	<u>\$ 353,289</u>	<u>\$ 723,807</u>	<u>\$ 3,377,463</u>	<u>\$ 5,306,853</u>	<u>\$ 96,277</u>

TOWN OF WESTPORT, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	Capital Projects			
	Educational Facilities Improvement Fund	Educational Facilities Improvement Fund-Phase IV	Educational Facilities Improvement Fund-Phase V	Educational Facilities Improvement Fund-Phase VII
ASSETS				
Cash and cash equivalents	\$ 4,297	\$ -	\$ -	\$ -
Investments	-	-	-	-
Other receivables	-	-	-	-
Due from other funds	14,608	4,441	4,103	-
Total assets	\$ 18,905	\$ 4,441	\$ 4,103	\$ -
LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities				
Accounts payable	\$ 160,967	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-
Due to other funds	275,634	4,441	4,103	21,146
Total liabilities	436,601	4,441	4,103	21,146
Fund balances (deficits)				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(417,696)	-	-	(21,146)
Total fund balances (deficits)	(417,696)	-	-	(21,146)
Total liabilities and fund balances (deficits)	\$ 18,905	\$ 4,441	\$ 4,103	\$ -

<u>Debt Service</u>	<u>Permanent Funds</u>		
Debt Service Fund	Mary A. Bedford Trust	E.A. Nash Trust	Totals
\$ -	\$ 16,865	\$ 2,624	\$ 16,405,291
2,374,895	-	-	2,374,895
-	-	-	127,018
-	-	-	1,251,606
<u>\$ 2,374,895</u>	<u>\$ 16,865</u>	<u>\$ 2,624</u>	<u>\$ 20,158,810</u>
\$ -	\$ -	\$ -	\$ 679,336
-	-	-	588,430
-	2,116	444	8,759,328
<u>-</u>	<u>2,116</u>	<u>444</u>	<u>10,027,094</u>
-	14,749	2,180	16,929
-	-	-	821,216
-	-	-	9,800,960
2,374,895	-	-	2,390,099
-	-	-	(2,897,488)
<u>2,374,895</u>	<u>14,749</u>	<u>2,180</u>	<u>10,131,716</u>
<u>\$ 2,374,895</u>	<u>\$ 16,865</u>	<u>\$ 2,624</u>	<u>\$ 20,158,810</u>

TOWN OF WESTPORT, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES (DEFICITS)
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2011

	Special Revenue						
	Shellfish Commission Fund	Railroad Parking Reserve Fund	Railroad Parking Fund	Dog License Fund	State Aid For Town Highways Fund	Youth Services Fund	Educational Grants Fund
REVENUES							
Intergovernmental	\$ -	\$ -	\$ 18,890	\$ -	\$ 193,305	\$ 28,469	\$ 2,767,817
Permits, fees and other	17,567	-	1,182,692	-	-	1,000	-
Income from investments	-	29	-	-	1,569	-	-
Charges for services	-	-	-	20,104	-	-	-
Total revenues	17,567	29	1,201,582	20,104	194,874	29,469	2,767,817
EXPENDITURES							
General government	21,190	-	-	-	-	-	-
Public safety	-	-	1,600,525	20,104	-	-	-
Human services	-	-	-	-	-	28,582	-
Education	-	-	-	-	-	-	2,774,365
Capital outlay	-	-	-	-	-	-	-
Total expenditures	21,190	-	1,600,525	20,104	-	28,582	2,774,365
Total revenues over (under) expenditures	(3,623)	29	(398,943)	-	194,874	887	(6,548)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(1,569)	-	-
Total other financing sources (uses)	-	-	-	-	(1,569)	-	-
Net change in fund balances (deficits)	(3,623)	29	(398,943)	-	193,305	887	(6,548)
FUND BALANCES (DEFICITS), beginning	39,295	294,380	475,781	-	488,081	14,317	3,750
FUND BALANCES (DEFICITS), ending	\$ 35,672	\$ 294,409	\$ 76,838	\$ -	\$ 681,386	\$ 15,204	\$ (2,798)

Special Revenue			Capital Projects			
Police Fund	Insurance Reserve Fund	Public Protection Fund	Real Property Fund	Sewer Reserve Fund	Capital and Nonrecurring Fund	Municipal Improvements Fund Phase II
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,792,479	\$ -
-	91,428	775,660	-	-	27,526	-
59	4,454	-	2,642	15,356	29,451	-
-	-	-	-	-	-	-
59	95,882	775,660	2,642	15,356	1,849,456	-
-	69,531	-	-	-	-	-
-	-	528,629	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	2,814,363	3,710,172
-	69,531	528,629	-	-	2,814,363	3,710,172
59	26,351	247,031	2,642	15,356	(964,907)	(3,710,172)
-	-	-	-	280,000	-	-
-	-	(247,031)	-	-	-	-
-	-	(247,031)	-	280,000	-	-
59	26,351	-	2,642	295,356	(964,907)	(3,710,172)
27,261	985,540	69,578	721,165	3,082,107	5,288,719	1,254,324
\$ 27,320	\$ 1,011,891	\$ 69,578	\$ 723,807	\$ 3,377,463	\$ 4,323,812	\$ (2,455,848)

TOWN OF WESTPORT, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES (DEFICITS)
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2011

	Educational Facilities Improvement Fund	Educational Facilities Improvement Fund-Phase IV	Educational Facilities Improvement Fund-Phase V	Educational Facilities Improvement Fund-Phase VII
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Permits, fees and other	-	-	-	-
Income from investments	-	-	-	-
Charges for services	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Human services	-	-	-	-
Education	-	-	-	-
Capital outlay	861,606	-	-	-
Total expenditures	861,606	-	-	-
Total revenues over (under) expenditures	(861,606)	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances (deficits)	(861,606)	-	-	-
FUND BALANCES (DEFICITS), beginning	443,910	-	-	(21,146)
FUND BALANCES (DEFICITS), ending	\$ (417,696)	\$ -	\$ -	\$ (21,146)

Debt Service		Permanent Funds		
Debt Service Fund	Mary A. Bedford Trust	E.A. Nash Trust		Totals
\$ -	\$ -	\$ -		\$ 4,800,960
-	-	-		2,095,873
68,111	10	6		121,687
-	-	-		20,104
<u>68,111</u>	<u>10</u>	<u>6</u>		<u>7,038,624</u>
-	-	-		90,721
-	-	-		2,149,258
-	-	-		28,582
-	-	-		2,774,365
-	-	-		7,386,141
-	-	-		<u>12,429,067</u>
<u>68,111</u>	<u>10</u>	<u>6</u>		<u>(5,390,443)</u>
-	-	-		280,000
<u>(308,000)</u>	<u>(10)</u>	<u>(6)</u>		<u>(556,616)</u>
<u>(308,000)</u>	<u>(10)</u>	<u>(6)</u>		<u>(276,616)</u>
(239,889)	-	-		(5,667,059)
<u>2,614,784</u>	<u>14,749</u>	<u>2,180</u>		<u>15,798,775</u>
<u>\$ 2,374,895</u>	<u>\$ 14,749</u>	<u>\$ 2,180</u>		<u>\$ 10,131,716</u>

TOWN OF WESTPORT, CONNECTICUT

SCHEDULE OF REVENUES, EXPENDITURES AND
 TRANSFERS - BUDGETARY BASIS - BUDGET AND ACTUAL
 SEWER OPERATING FUND
 For the Year Ended June 30, 2011

	Sewer Operating Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES AND TRANSFERS				
Sewer assessment - current	\$ 731,235	\$ 731,235	\$ 613,098	\$ (118,137)
Sewer user charges - current	3,510,000	3,510,000	2,870,542	(639,458)
Sewer dumping fees - connection permits	10,000	10,000	89,510	79,510
Sewer interest	40,000	40,000	52,904	12,904
Sewer carrying charges	250,000	250,000	215,812	(34,188)
General Fund Debt Service contribution	75,000	75,000	75,000	-
General Fund Sewer Operations contribution	280,800	280,800	280,800	-
Sewer Other Revenues	40,000	40,000	95,484	55,484
Total revenues	4,937,035	4,937,035	4,293,150	(643,885)
EXPENDITURES AND TRANSFERS OUT				
Interest on bonds	761,701	761,871	760,160	1,711
Insurance	305,180	325,661	325,661	-
Bond principal payments	1,638,000	1,638,000	1,638,000	-
Bond anticipation-financial	85,000	64,349	-	64,349
Sewage treatment budget	1,125,450	1,125,450	1,020,740	104,710
Sewer collection budget	629,204	629,204	573,889	55,315
Pension	112,500	112,500	112,500	-
Transfers out	280,000	280,000	280,000	-
Total expenditures	4,937,035	4,937,035	4,710,950	226,085
Revenues and transfers in over (under) expenditures and transfers out	\$ -	\$ -	\$ (417,800)	\$ (417,800)

Internal Service Funds

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for financing of goods or services provided by one department or agency to other departments or agencies of the Town on a cost reimbursement basis. The Town has three such funds.

Town Health Insurance Fund - is used to account for the revenues and related expenses for the health self-insurance plan for employees of the Town.

Worker's Compensation Fund – is used to account for the revenues and related expenses for worker's compensation for employees of the Town.

Board of Education Health Insurance Fund - is used to account for the revenues and related expenses for the health self-insurance plan for employees of the Board of Education.

TOWN OF WESTPORT, CONNECTICUT

COMBINING STATEMENT OF NET ASSETS (DEFICITS)

INTERNAL SERVICE FUNDS

June 30, 2011

	Town Health Insurance	Worker's Compensation	Board of Education Health Insurance	Totals
ASSETS				
Cash and cash equivalents	\$ 831,922	\$ 516,014	\$ 2,189,121	\$ 3,537,057
Total assets	831,922	516,014	2,189,121	3,537,057
LIABILITIES				
Accounts payable	16,262	-	-	16,262
Claims incurred but not reported	501,000	1,427,373	1,227,114	3,155,487
Total liabilities	517,262	1,427,373	1,227,114	3,171,749
Net Assets (Deficits)	\$ 314,660	\$ (911,359)	\$ 962,007	\$ 365,308

TOWN OF WESTPORT, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET ASSETS (DEFICITS)
 INTERNAL SERVICE FUNDS
 For the Year Ended June 30, 2011

	Town Health Insurance	Worker's Compensation	Board of Education Health Insurance	Totals
OPERATING REVENUES				
Charges for services	\$ 5,704,440	\$ -	\$ 14,501,929	\$ 20,206,369
Total operating revenues	5,704,440	-	14,501,929	20,206,369
OPERATING EXPENSES				
Claims incurred	5,534,059	342,177	13,675,111	19,551,347
Administration	697,476	-	810,299	1,507,775
Total operating expenses	6,231,535	342,177	14,485,410	21,059,122
Operating income (loss)	(527,095)	(342,177)	16,519	(852,753)
NONOPERATING INCOME				
Interest income	1,962	722	2,082	4,766
Total nonoperating income	1,962	722	2,082	4,766
Change in net assets (deficits)	(525,133)	(341,455)	18,601	(847,987)
NET ASSETS (DEFICITS), beginning	839,793	(569,904)	943,406	1,213,295
NET ASSETS (DEFICITS), ending	\$ 314,660	\$ (911,359)	\$ 962,007	\$ 365,308

TOWN OF WESTPORT, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2011

	Town Health Insurance	Workers' Compensation	Board of Education Health Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from charges for services	\$ 5,704,440	\$ -	\$ 14,501,929	\$ 20,206,369
Cash paid to vendors and beneficiaries	(6,917,926)	-	(14,485,410)	(21,403,336)
Net cash (used in) provided by operating activities	(1,213,486)	-	16,519	(1,196,967)
CAPITAL FLOWS FROM INVESTING ACTIVITIES				
Interest on cash and cash equivalents	1,962	722	2,082	4,766
Net cash provided by investing activities	1,962	722	2,082	4,766
Net (decrease) increase in cash and cash equivalents	(1,211,524)	722	18,601	(1,192,201)
CASH AND CASH EQUIVALENTS				
Beginning	2,043,446	515,292	2,170,520	4,729,258
Ending	\$ 831,922	\$ 516,014	\$ 2,189,121	\$ 3,537,057
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:				
Operating (loss) income	\$ (527,095)	\$ (342,177)	\$ 16,519	\$ (852,753)
Adjustments to reconcile operating loss to net cash (used in) provided by operating activities:				
Changes in assets and liabilities:				
Increase in accounts payable	13,609	-	-	13,609
Increase in claims payable	-	342,177	-	342,177
Decrease in due to other fund	(700,000)	-	-	(700,000)
Net cash (used in) provided by operating activities	\$ (1,213,486)	\$ -	\$ 16,519	\$ (1,196,967)

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Fiduciary Funds

Fiduciary Funds

Fiduciary Funds are used to account for assets held in a trustee capacity for others, and include Pension Trusts and Agency Funds.

- ii. **Agency Funds** – Agency funds are custodial in nature (assets equal liabilities). The Town's Agency Funds are listed below:

P&Z Escrow Fund

Senior Citizen Escrow Fund

Tri-Centennial Fund

Student Activities Fund

Performance Bonds Fund

Hillspoint School Escrow Fund

TOWN OF WESTPORT, CONNECTICUT

COMBINING STATEMENT OF ASSETS AND LIABILITIES - AGENCY FUNDS

June 30, 2011

	Agency Funds						
	P&Z Escrow	Senior Citizen Escrow	Tri- Centennial Fund	Student Activities	Performance Bonds	Hillspoint School Escrow	Total Agency Funds
ASSETS							
Cash and cash equivalents	\$ 1,122,087	\$ 92,408	\$ 4,565	\$ 579,597	\$ 546,436	\$ 96,625	\$ 2,441,718
Total assets	\$ 1,122,087	\$ 92,408	\$ 4,565	\$ 579,597	\$ 546,436	\$ 96,625	\$ 2,441,718
LIABILITIES							
Liabilities							
Due to student groups	\$ -	\$ -	\$ -	\$ 579,597	\$ -	\$ -	\$ 579,597
Payable to others	1,122,087	92,408	4,565	-	546,436	96,625	1,862,121
Total liabilities	\$ 1,122,087	\$ 92,408	\$ 4,565	\$ 579,597	\$ 546,436	\$ 96,625	\$ 2,441,718

TOWN OF WESTPORT, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS

For the Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
STUDENT ACTIVITIES FUNDS				
Assets				
Cash	\$ 612,541	\$ 1,451,672	\$ (1,484,616)	\$ 579,597
Liabilities				
Due to student groups	\$ 612,541	\$ 1,451,672	\$ (1,484,616)	\$ 579,597
OTHER FUNDS				
Assets				
Cash	\$ 2,315,782	\$ 801,738	\$ (1,255,399)	\$ 1,862,121
Due from other funds	47,814	-	(47,814)	-
	<u>\$ 2,363,596</u>	<u>\$ 801,738</u>	<u>\$ (1,303,213)</u>	<u>\$ 1,862,121</u>
Liabilities				
Payable to others	\$ 2,363,596	\$ 801,738	\$ (1,303,213)	\$ 1,862,121
TOTAL AGENCY FUNDS				
Assets				
Cash	\$ 2,928,323	\$ 2,253,410	\$ (2,740,015)	\$ 2,441,718
Due from other funds	47,814	-	(47,814)	-
	<u>\$ 2,976,137</u>	<u>\$ 2,253,410</u>	<u>\$ (2,787,829)</u>	<u>\$ 2,441,718</u>
Liabilities				
Due to student groups	\$ 612,541	\$ 1,451,672	\$ (1,484,616)	\$ 579,597
Payable to others	2,363,596	801,738	(1,303,213)	1,862,121
	<u>\$ 2,976,137</u>	<u>\$ 2,253,410</u>	<u>\$ (2,787,829)</u>	<u>\$ 2,441,718</u>

**Capital Assets Used in the Operation
of Governmental Funds**

TOWN OF WESTPORT, CONNECTICUT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY CATEGORY
June 30, 2011

Governmental funds capital assets:	
Land	\$ 32,451,861
Buildings	303,439,661
Land improvements	20,054,613
Infrastructure	102,600,454
Machinery and equipment	32,209,690
Construction in progress	6,893,132
Total governmental funds capital assets	\$ 497,649,411

TOWN OF WESTPORT, CONNECTICUT

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
June 30, 2011**

	Land	Buildings	Land Improvements	Infrastructure	Machinery and Equipment	Construction in Progress	Total
General Government	\$ 1,105,000	\$ 2,635,714	\$ 292,841	\$ -	\$ 3,479,867	\$ -	\$ 7,513,422
Public Safety	318,501	6,016,980	537,540	-	13,355,017	31,074	20,259,112
Public Works/Sewer	13,570,156	54,221,250	1,041,996	99,277,554	6,726,436	6,565,978	181,403,370
Human Services	-	4,366,435	-	-	126,827	-	4,493,262
Education	991,503	222,266,494	7,361,312	-	5,407,393	296,080	236,322,782
Library	1	9,365,905	161,743	-	686,597	-	10,214,246
Parks and Recreation	16,466,700	4,566,883	10,659,181	3,322,900	2,427,553	-	37,443,217
Total	\$ 32,451,861	\$ 303,439,661	\$ 20,054,613	\$ 102,600,454	\$ 32,209,690	\$ 6,893,132	\$ 497,649,411

TOWN OF WESTPORT, CONNECTICUT

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES
For the Year Ended June 30, 2011**

	Governmental Funds			Governmental Funds
	Capital Assets July 1, 2010	Additions/ Transfers	Deletions/ Transfers	Capital Assets June 30, 2011
General Government	\$ 8,289,345	\$ 44,987	\$ 820,910	\$ 7,513,422
Public Safety	19,605,153	1,785,339	1,131,380	20,259,112
Public Works	177,452,523	3,950,847	-	181,403,370
Human Services	4,493,262	-	-	4,493,262
Education	235,380,042	942,740	-	236,322,782
Library	10,196,588	17,658	-	10,214,246
Parks and Recreation	37,345,915	118,377	21,075	37,443,217
Total	\$ 492,762,828	\$ 6,859,948	\$ 1,973,365	\$ 497,649,411

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Other Schedules

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TOWN OF WESTPORT, CONNECTICUT

BALANCE SHEET - BY ACCOUNT - GENERAL FUND
 June 30, 2011

	General Fund	Heart and Hypertension Fund	Recreation Program Fund
ASSETS			
Cash and cash equivalents	\$ 23,480,699	\$ 636,173	\$ 27,650
Receivables (net of allowances for collection losses):			
Property taxes	15,892,721	-	-
Intergovernmental and other receivables	3,103,690	-	-
Due from other funds	7,930,732	-	-
Total assets	\$ 50,407,842	\$ 636,173	\$ 27,650
LIABILITIES AND FUND BALANCES (DEFICITS)			
LIABILITIES			
Accounts payable	\$ 3,255,954	\$ -	\$ 1,122
Deferred revenue	18,568,580	-	-
Unearned revenue	259,999	-	-
Due to other funds	982,749	121,268	1,700
Total liabilities	23,067,282	121,268	2,822
FUND BALANCES			
Restricted	-	-	-
Committed	-	-	-
Assigned	6,048,652	514,905	24,828
Unassigned	21,291,908	-	-
Total fund balances	27,340,560	514,905	24,828
Total liabilities and fund balances	\$ 50,407,842	\$ 636,173	\$ 27,650

Adult and Continuing Education Fund	Cafeteria Fund	Escrow Fund	Combined Totals
\$ 1,097,414	\$ 610,856	\$ 882,014	\$ 26,734,806
-	-	-	15,892,721
-	628	-	3,104,318
-	-	-	7,930,732
<u>\$ 1,097,414</u>	<u>\$ 611,484</u>	<u>\$ 882,014</u>	<u>\$ 53,662,577</u>

\$ 203,695	\$ 296,517	\$ 18,831	\$ 3,776,119
-	-	-	18,568,580
445,551	-	-	705,550
-	-	645	1,106,362
<u>649,246</u>	<u>296,517</u>	<u>19,476</u>	<u>24,156,611</u>

-	-	214,547	214,547
-	-	601,408	601,408
448,168	314,967	46,583	7,398,103
-	-	-	21,291,908
<u>448,168</u>	<u>314,967</u>	<u>862,538</u>	<u>29,505,966</u>

<u>\$ 1,097,414</u>	<u>\$ 611,484</u>	<u>\$ 882,014</u>	<u>\$ 53,662,577</u>
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TOWN OF WESTPORT, CONNECTICUT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BY ACCOUNT - GENERAL FUND
 For the Year Ended June 30, 2011

	General Fund	Heart and Hypertension Fund	Recreation Program Fund
REVENUES			
Property taxes	\$ 161,327,432	\$ -	\$ -
Intergovernmental	4,217,756	-	-
Permits, fees and other	13,049,288	49,294	52,118
Income from investments	145,505	-	-
Charges for services	2,128,903	-	-
Parks and recreation fees	4,395,073	-	-
Total revenues	185,263,957	49,294	52,118
EXPENDITURES			
General government	5,266,680	7,635	-
Public safety	17,613,994	-	-
Public works	7,865,687	-	-
Public health	942,487	-	-
Human services	462,405	-	-
Library	4,144,510	-	-
Parks and recreation	4,106,780	-	44,161
Education	104,067,109	-	-
Benefits and other	21,328,147	-	-
Debt service:			
Principal	11,139,560	-	-
Interest and other charges	5,822,766	-	-
Capital outlay	533,195	-	-
Total expenditures	183,293,320	7,635	44,161
Revenues over (under) expenditures	1,970,637	41,659	7,957
OTHER FINANCING SOURCES (USES)			
Issuance of refunding bonds	13,235,000	-	-
Payment to escrow agent	(14,476,654)	-	-
Bond premium	1,383,715	-	-
Bond issuance costs	(133,855)	-	-
Transfers in	556,616	-	-
Transfers out	(355,800)	-	-
Net other financing sources (uses)	209,022	-	-
Net change in fund balances	2,179,659	41,659	7,957
FUND BALANCES, beginning of year	25,160,901	473,246	16,871
FUND BALANCES, end of year	\$ 27,340,560	\$ 514,905	\$ 24,828

Adult and Continuing Education Fund	Cafeteria Fund	Escrow Fund	Combined Totals
\$ -	\$ -	\$ -	\$ 161,327,432
-	176,918	106,315	4,500,989
-	-	1,033,782	14,184,482
1,280	71	2,369	149,225
1,279,484	2,565,100	95,650	6,069,137
-	-	-	4,395,073
<u>1,280,764</u>	<u>2,742,089</u>	<u>1,238,116</u>	<u>190,626,338</u>
-	-	879,663	6,153,978
-	-	30,802	17,644,796
-	-	-	7,865,687
-	-	-	942,487
-	-	82,894	545,299
-	-	-	4,144,510
-	-	37,700	4,188,641
1,399,847	2,702,223	-	108,169,179
-	-	-	21,328,147
-	-	-	11,139,560
-	-	-	5,822,766
-	-	-	533,195
<u>1,399,847</u>	<u>2,702,223</u>	<u>1,031,059</u>	<u>188,478,245</u>
(119,083)	39,866	207,057	2,148,093
-	-	-	13,235,000
-	-	-	(14,476,654)
-	-	-	1,383,715
-	-	-	(133,855)
-	-	-	556,616
-	-	-	(355,800)
-	-	-	209,022
(119,083)	39,866	207,057	2,357,115
567,251	275,101	655,481	27,148,851
<u>\$ 448,168</u>	<u>\$ 314,967</u>	<u>\$ 862,538</u>	<u>\$ 29,505,966</u>

TOWN OF WESTPORT, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
For the Year Ended June 30, 2011

Grand List Year	Balance Uncollected July 1, 2010	Current Levy	Lawful Corrections		Transfers to Suspense	Balance to be Collected
			Additions	Deletions		
2009	\$ -	\$ 161,331,453	\$ 330,880	\$ 300,473	\$ -	\$ 161,361,860
2008	2,720,013	-	18,057	57,353	157,516	2,523,201
2007	1,623,383	-	24,363	49,914	-	1,597,832
2006	1,007,707	-	67,498	32,504	-	1,042,701
2005	795,809	-	38,479	10,087	-	824,201
2004	526,743	-	36,831	9	-	563,565
2003	389,759	-	44,159	8	-	433,910
2002	348,895	-	83,667	8	-	432,554
2001	167,911	-	168,978	7	-	336,882
2000	160,717	-	44,342	7	-	205,052
1999	76,920	-	69,217	6	-	146,131
1998	55,670	-	48,669	3	-	104,336
1997	45,904	-	45,464	2	-	91,366
1996	29,941	-	56,861	2	-	86,800
1995	46,061	-	36,447	-	-	82,508
1994	74,519	-	-	-	-	74,519
	<u>\$ 8,069,952</u>	<u>\$ 161,331,453</u>	<u>\$ 1,113,912</u>	<u>\$ 450,383</u>	<u>\$ 157,516</u>	<u>\$ 169,907,418</u>

Collections						Balance
Taxes	Refunds	Interest	Fees	Total		Uncollected
						June 30, 2011
\$ 157,993,811	\$ 166,515	\$ 466,553	\$ 9,695	\$ 158,303,544		\$ 3,368,049
781,427	20,439	174,850	4,748	940,586		1,741,774
277,376	14,688	96,138	721	359,547		1,320,456
126,500	5,400	58,371	360	179,831		916,201
118,496	1,930	47,692	216	164,474		705,705
82,917	-	28,001	144	111,062		480,648
46,035	-	15,049	-	61,084		387,875
46,535	-	18,138	-	64,673		386,019
13,158	-	8,319	-	21,477		323,724
19,701	-	9,739	-	29,440		185,351
18,083	-	8,792	-	26,875		128,048
-	-	-	-	-		104,336
7,324	-	4,740	-	12,064		84,042
6,989	-	5,202	-	12,191		79,811
3,325	-	5,960	-	9,285		79,183
8,697	-	7,910	-	16,607		65,822
<u>\$ 159,550,374</u>	<u>\$ 208,972</u>	<u>\$ 955,454</u>	<u>\$ 15,884</u>	<u>\$ 160,312,740</u>		<u>\$ 10,357,044</u>

TOWN OF WESTPORT, CONNECTICUT

**SCHEDULE OF CHANGES IN SEWER ASSESSMENTS AND
SEWER USE CHARGES RECEIVABLE
For the Year Ended June 30, 2011**

	Balance Uncollected July 1, 2010	Current Year Levy	Lawful Corrections	Adjusted Amount Collectible	Assessments Collections
SEWER ASSESSMENTS:					
Project #1	\$ 72,434	\$ -	\$ -	72,434	\$ 220
Project #2	31,408	17,597	-	49,005	9,128
Project #3	40,835	-	-	40,835	3,503
Project #4	505,413	1,017	-	506,430	4,565
Project #5	384,336	2,033	-	386,369	41,184
Project #6	3,355	15,830	-	19,185	38,341
Project #7	10,037	-	-	10,037	279
Project #8	4,143	-	-	4,143	122
Project #9	168,123	4,945	-	173,068	1,694
Project #10	344,814	-	-	344,814	55,743
Project #11	775,939	12,824	-	788,763	90,944
Project #12	881,508	24,572	-	906,080	131,822
Project #13	229,542	-	-	229,542	92,982
Project #14	742,774	-	-	742,774	19,801
Project #15	886,456	9,041	-	895,497	56,416
Project #80	172,310	-	-	172,310	63,513
Non	3,638	-	-	3,638	11,874
Total	5,257,065	87,859	-	5,344,924	622,131
SEWER USE CHARGES:					
Non-Designated Project	-	493	-	493	888
Project #1	56,307	913,459	-	969,766	871,359
Project #2	19,371	327,525	-	346,896	316,833
Project #3	42,753	439,173	-	481,926	444,067
Project #4	22,463	487,276	-	509,739	474,422
Project #5	29,155	365,946	-	395,101	356,585
Project #6	2,411	14,442	-	16,853	15,274
Project #7	2,694	14,634	-	17,328	14,234
Project #8	382	33,032	-	33,414	31,770
Project #9	374	66,766	-	67,140	57,003
Project #10	8,208	120,982	-	129,190	118,621
Project #11	11,021	119,027	-	130,048	115,872
Project #12	4,097	67,156	-	71,253	64,651
Project #13	382	14,870	-	15,252	14,424
Project #14	864	28,764	-	29,628	27,418
Project #15	-	3,207	-	3,207	3,228
Non	2,824	7,494	-	10,318	6,737
Total	203,306	3,024,246	-	3,227,552	2,933,386
CARRYING CHARGES					
Project #3	416	1,479	-	1,895	1,389
Project #4	7,818	20,217	-	28,035	18,794
Project #5	2,329	14,984	-	17,313	14,415
Project #6	-	201	-	201	201
Project #7	9,805	602	-	10,407	-
Project #8	32	520	-	552	520
Project #9	3,072	9,081	-	12,153	8,748
Project #10	9,639	18,695	-	28,334	18,524
Project #11	11,571	41,778	-	53,349	42,847
Project #12	10,724	39,215	-	49,939	36,932
Project #13	1	10,329	-	10,330	9,781
Project #14	1,339	27,871	-	29,210	27,442
Project #15	-	31,559	-	31,559	28,774
Project #80	-	7,324	-	7,324	7,245
Non	1,546	200	-	1,746	200
Total	58,292	224,055	-	282,347	215,812
SHERWOOD MILL POND	25,016	-	-	25,016	-
Total	25,016	-	-	25,016	-
	\$ 5,543,679	\$ 3,336,160	\$ -	\$ 8,879,839	\$ 3,771,329

Refunds	Charges Waived	Balance Uncollected June 30, 2011
\$ -	\$ -	\$ 72,214
-	-	39,877
-	-	37,332
-	-	501,865
-	-	345,185
-	-	(19,156)
-	-	9,758
-	-	4,021
-	-	171,374
(690)	-	288,381
-	-	697,819
(8)	-	774,250
-	-	136,560
-	-	722,973
-	-	839,081
-	-	108,797
-	-	(8,236)
<u>(698)</u>	<u>-</u>	<u>4,722,095</u>
-	-	(395)
(8,849)	-	89,558
(2,072)	-	27,991
(20)	-	37,839
(5,072)	-	30,245
(1,287)	-	37,229
-	-	1,579
-	-	3,094
-	-	1,644
(72)	-	10,065
(15)	-	10,554
(357)	-	13,819
-	-	6,602
-	-	828
(357)	-	1,853
-	-	(21)
(382)	-	3,199
<u>(18,483)</u>	<u>-</u>	<u>275,683</u>
-	-	506
-	-	9,241
-	-	2,898
-	-	-
-	-	10,407
-	-	32
-	-	3,405
(77)	-	9,733
(147)	-	10,355
(99)	-	12,908
-	-	549
-	-	1,768
-	-	2,785
-	-	79
-	-	1,546
<u>(323)</u>	<u>-</u>	<u>66,212</u>
-	-	25,016
<u>-</u>	<u>-</u>	<u>25,016</u>
<u>\$ (19,504)</u>	<u>\$ -</u>	<u>\$ 5,089,006</u>

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Statistical Section

Statistical Section

This part of the Town of Westport, Connecticut'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.

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

These schedules contain service and infrastructure 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.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

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TOWN OF WESTPORT CONNECTICUT

Net Assets By Component - Governmental Activities (amounts in \$000's)

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2002	2003	2004	2005
Governmental activities:				
Invested in capital assets, net of related debt	\$ 107,638	\$ 112,345	\$ 114,566	\$ 116,904
Restricted	-	-	-	-
Unrestricted	45,534	44,185	50,781	57,936
Total governmental activities net assets	\$ 153,172	\$ 156,530	\$ 165,347	\$ 174,840

Source: Town CAFR.

* As restated for OPEB calculation.

Fiscal Year					
2006	2007	2008	2009	2010*	2011
\$ 145,846	\$ 173,215	\$ 157,894	\$ 161,774	\$ 162,494	\$ 169,862
-	-	-	-	-	1,036
43,258	30,187	50,670	47,252	44,081	39,369
\$ 189,104	\$ 203,402	\$ 208,564	\$ 209,026	\$ 206,575	\$ 210,267

TOWN OF WESTPORT CONNECTICUT

Changes In Net Assets - Governmental Activities
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2002	2003	2004	2005
Expenses:				
Governmental activities:				
General Government	\$ 7,589,066	\$ 5,457,409	\$ 7,968,215	\$ 10,578,056
Education	71,905,892	77,742,983	87,973,022	91,603,615
Public safety	17,336,555	17,681,452	17,189,469	17,793,738
Public works	7,756,440	14,353,685	12,341,834	13,527,504
Public Health	433,824	411,412	423,529	436,124
Human Services	1,048,404	1,172,228	1,326,081	1,218,509
Library	3,261,892	3,366,414	3,548,942	3,651,598
Parks and recreation	4,624,559	4,628,100	4,939,551	4,884,069
Interest on long-term debt	5,454,064	1,576,276	1,415,937	1,532,186
Total governmental activities expenses	119,410,696	126,389,959	137,126,580	145,225,399
Program revenue:				
Charges for services:				
General Government	3,143,074	3,682,323	4,824,791	5,372,582
Education	6,061,786	5,850,706	5,974,481	6,144,753
Public safety	1,803,501	2,080,628	2,337,513	2,575,690
Public works	149,692	158,368	185,228	597,533
Public health	-	-	-	-
Human Services	2,100	-	-	-
Library	-	-	-	-
Parks and recreation	3,551,509	3,333,952	3,473,490	3,638,076
Operating grants and contributions:				
General Government	1,020,840	1,344,580	1,378,640	1,376,913
Education	635,206	1,126,525	1,179,206	1,404,301
Public safety	154,213	317,142	334,080	91,801
Public works	-	210,936	23,568	166,785
Public health	-	-	-	-
Human services	22,258	21,466	21,485	22,042
Library	-	-	-	-
Parks and recreation	5,442	-	1,550	-
Capital grants and contributions:				
General Government	100,000	-	864,764	238,202
Education	2,548,876	1,441,479	3,050,558	5,201,524
Public safety	-	-	-	-
Public works	225,590	104,671	82,957	130,764
Public Health	-	-	-	-
Human Services	-	500,000	500,000	-
Total governmental activities program revenue	19,424,087	20,172,776	24,232,311	26,960,966
Net expense: Governmental activities	(99,986,609)	(106,217,183)	(112,894,269)	(118,264,433)

TOWN OF WESTPORT CONNECTICUT

Changes In Net Assets - Governmental Activities, Continued
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year			
	2002	2003	2004	2005
General revenues and other changes in net assets:				
Property taxes	97,312,479	106,845,615	119,056,374	123,861,301
Grants and contributions not restricted to specific programs	3,018,068	2,239,464	1,962,855	2,277,121
Investment earnings	2,457,585	1,160,965	1,205,179	1,619,190
Loss on disposal	-	(670,348)	(513,534)	-
Total governmental activities general revenue	102,788,132	109,575,696	121,710,874	127,757,612
Changes in Net Assets:	2,801,523	3,358,513	8,816,605	9,493,179
Governmental activities	\$ 2,801,523	\$ 3,358,513	\$ 8,816,605	\$ 9,493,179

TOWN OF WESTPORT CONNECTICUT

Changes In Net Assets - Governmental Activities, Continued

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year					
	2006	2007	2008	2009	2010	2011
Expenses:						
Governmental activities:						
General Government	\$ 9,578,299	\$ 11,567,492	\$ 12,617,158	\$ 9,852,083	\$ 10,975,715	\$ 11,374,983
Education	98,379,924	96,186,377	* 110,101,139	* 110,630,097	* 118,321,399	120,367,980
Public safety	18,217,392	21,342,572	24,331,387	27,957,161	29,151,534	31,177,644
Public works	14,433,874	11,370,516	14,724,492	15,495,836	17,477,526	17,830,375
Public Health	449,097	462,469	380,154	462,459	919,000	942,487
Human Services	1,377,170	1,727,457	1,757,647	1,761,349	1,364,063	1,478,767
Library	3,774,015	3,983,028	3,749,404	4,360,884	4,456,497	4,550,012
Parks and recreation	4,946,083	5,901,674	6,069,819	6,622,664	6,684,295	6,947,130
Interest on long-term debt	1,710,093	7,416,503	7,099,026	7,862,532	7,041,180	6,330,128
Total governmental activities expenses	152,865,947	159,958,088	180,830,226	185,005,065	196,391,209	200,999,506
Program revenue:						
Charges for services:						
General Government	4,804,010	4,462,553	7,591,913	4,045,980	4,643,601	4,239,889
Education	8,956,477	9,581,462	11,012,028	12,059,075	11,413,044	11,676,409
Public safety	2,884,667	2,476,645	2,938,472	2,809,108	2,920,687	2,011,739
Public works	1,546,324	1,623,047	4,240,155	4,204,845	6,247,419	7,288,085
Public health	-	-	-	2,888	-	-
Human Services	-	22,206	-	25,282	100,000	-
Library	-	-	-	8,477	-	-
Parks and recreation	3,759,047	4,140,193	4,753,945	4,389,314	4,699,734	5,483,119
Operating grants and contributions:						
General Government	1,369,154	1,405,417	1,489,903	53,835	239,989	469,109
Education	1,470,077	1,581,764	1,503,541	3,428,646	4,663,949	5,030,762
Public safety	105,008	191,988	224,424	48,233	-	-
Public works	292,508	457,758	104,704	270,911	278,084	302,341
Public health	-	-	-	29,925	-	-
Human services	22,131	-	32,379	2,856	25,000	-
Library	-	-	-	8,518	-	-
Parks and recreation	-	-	-	11,310	53,464	29,469
Capital grants and contributions:						
General Government	4,156,661	3,925,456	1,347,245	802,670	294,034	-
Education	2,153,502	483,327	143,057	1,054,194	-	-
Public safety	-	-	-	183,000	-	-
Public works	445,452	193,137	193,142	-	-	1,792,479
Public Health	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Total governmental activities program revenue	31,965,018	30,544,953	35,574,908	33,439,067	35,579,005	38,323,401
Net expense: Governmental activities	(120,900,929)	(129,413,135)	(145,255,318)	(151,565,998)	(160,812,204)	(162,676,105)

TOWN OF WESTPORT CONNECTICUT

Changes In Net Assets-Governmental Activities, Continued
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year					
	2006	2007	2008	2009	2010	2011
General revenues and other changes in net assets:						
Property taxes	131,735,933	137,853,097	142,537,842	151,356,844	158,085,030	164,625,209
Grants and contributions not restricted to specific programs	1,972,129	3,156,030	1,696,180	1,317,643	1,031,079	1,466,953
Investment earnings	1,457,328	2,701,593	2,683,477	1,487,694	610,670	275,678
Loss on disposal	-	-	-	-	-	-
Total governmental activities general revenue	135,165,390	143,710,720	146,917,499	154,162,181	159,726,779	166,367,840
Changes in Net Assets:	14,264,461	14,297,585	1,662,181	2,596,183	(1,085,425)	3,691,735
Governmental activities	\$ 14,264,461	\$ 14,297,585	\$ 1,662,181	\$ 2,596,183	\$ (1,085,425)	\$ 3,691,735

* Amounts restated for inclusion in BOE OPEB.

TOWN OF WESTPORT CONNECTICUT

**Program Revenues by Function/Program
Last Ten Fiscal Years*
(accrual basis of accounting)**

Function / Program	Fiscal Year			
	2002	2003	2004	2005
Primary government:				
General Government	\$ 4,263,914	\$ 5,026,903	\$ 7,068,195	\$ 6,987,697
Education	9,245,868	8,418,710	10,204,245	12,750,578
Public safety	1,957,714	2,397,770	2,671,593	2,667,491
Public works	375,282	473,975	291,753	895,082
Public health	-	-	-	-
Human Services	24,358	521,466	521,485	22,042
Library	-	-	-	-
Parks and recreation	3,556,951	3,333,952	3,475,040	3,638,076
Total governmental activities program revenue	\$ 19,424,087	\$ 20,172,776	\$ 24,232,311	\$ 26,960,966

Source: Town CAFR

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 10,329,825	\$ 9,793,426	\$ 10,429,061	\$ 4,902,485	\$ 5,177,624	\$ 4,708,998
12,580,056	11,646,553	12,658,626	16,541,915	16,076,993	16,707,171
2,989,675	2,668,633	3,162,896	3,040,341	2,920,687	2,011,739
2,284,284	2,273,942	4,538,001	4,475,756	6,525,503	9,382,905
-	-	-	32,813	-	-
22,131	22,206	32,379	11,333	125,000	-
-	-	-	33,800	-	-
3,759,047	4,140,193	4,753,945	4,400,624	4,753,198	5,512,588
\$ 31,965,018	\$ 30,544,953	\$ 35,574,908	\$ 33,439,067	\$ 35,579,005	\$ 38,323,401

TOWN OF WESTPORT CONNECTICUT

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	2002	2003	2004	2005
General Fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved or designated	2,952,216	3,360,600	4,736,196	5,414,238
Unreserved, undesignated	12,397,130	10,259,259	11,225,239	12,869,982
Total General Fund	\$ 15,349,346	\$ 13,619,859	\$ 15,961,435	\$ 18,284,220
All Other Governmental Funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved or designated	9,041,052	14,435,386	44,275,606	44,835,997
Unreserved, undesignated, reported in:				
Special revenue funds	3,471,938	3,051,206	3,068,128	4,645,164
Debt service funds	1,911,953	2,699,642	2,324,452	3,617,937
Capital projects funds	1,822,449	20,953,658	(35,496,494)	(31,627,218)
Permanent fund	16,897	16,897	16,897	16,897
Total all other government funds	\$ 16,264,289	\$ 41,156,789	\$ 14,188,589	\$ 21,488,777

* GASB 54 was implemented in Fiscal Year 2011.

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	214,547
-	-	-	-	-	601,408
-	-	-	-	-	7,398,103
-	-	-	-	-	21,291,908
6,787,491	7,261,103	7,618,009	6,442,444	1,168,017	-
11,889,515	14,024,019	15,914,778	15,789,521	23,992,884	-
\$ 18,677,006	\$ 21,285,122	\$ 23,532,787	\$ 22,231,965	\$ 25,160,901	\$ 29,505,966
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,929
-	-	-	-	-	821,216
-	-	-	-	-	10,389,791
-	-	-	-	-	2,390,099
-	-	-	-	-	(2,897,488)
21,185,851	4,683,349	3,991,911	2,236,997	5,910,888	-
5,493,908	5,483,489	4,848,524	5,307,584	4,985,328	-
2,975,179	2,896,537	2,898,033	2,709,664	2,614,784	-
(24,782,912)	(22,325,764)	(24,821,250)	721,256	5,357,426	-
16,897	16,897	16,897	16,897	16,929	-
\$ 4,888,923	\$ (9,245,492)	\$ (13,065,885)	\$ 10,992,398	\$ 18,885,355	\$ 10,720,547

TOWN OF WESTPORT CONNECTICUT

**Changes In Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	Fiscal Year			
	2002	2003	2004	2005
Revenues:				
Property taxes, interest and liens, net	\$ 95,154,436	\$ 102,751,594	\$ 114,641,421	\$ 121,001,803
Intergovernmental	5,755,087	4,764,697	7,025,221	7,855,848
Charges for services	4,339,069	4,736,018	4,891,213	5,377,348
Interest and dividends	1,685,856	1,124,070	1,171,923	1,534,717
Other	16,646,796	17,206,609	17,825,732	19,945,476
Total revenues	123,581,244	130,582,988	145,555,510	155,715,192
Expenditures:				
General Government	4,684,960	5,630,980	7,943,478	5,492,124
Public safety	13,792,800	13,668,339	14,132,320	13,949,133
Public works	8,376,698	8,389,036	8,616,639	9,771,595
Public health	433,824	411,412	423,529	436,124
Human services	666,361	736,888	780,471	791,203
Library	2,886,526	2,987,656	3,165,258	3,292,008
Parks and recreation	3,404,080	3,354,424	3,517,889	3,562,901
Education	69,243,565	69,909,013	77,823,624	82,111,476
Benefits and other	6,622,471	7,228,520	7,500,819	9,115,590
Capital outlay	26,990,529	14,539,228	31,882,835	42,133,902
Debt service:				
Principal	5,437,600	6,915,000	8,050,000	8,915,000
Interest and other charges	5,474,978	5,928,806	6,345,271	7,326,017
Total expenditures	148,014,392	139,699,302	170,182,133	186,897,073
Excess of revenues (under) expenditures	(24,433,148)	(9,116,314)	(24,626,623)	(31,181,881)
Other financing sources (uses):				
Transfers in	2,560,809	2,899,851	5,252,517	3,162,981
Transfers out	(2,590,109)	(2,899,851)	(5,252,517)	(3,162,981)
Issuance of long-term debt	27,825,000	32,045,000	-	39,940,000
Proceeds of refunding bonds	-	44,730,000	-	-
Payment to refunded bond escrow agent	-	(48,857,408)	-	-
Premium (discount) on long-term debt	-	4,361,735	-	864,854
Total other financing sources (uses)	27,795,700	32,279,327	-	40,804,854
Net changes in fund balance	\$ 3,362,552	\$ 23,163,013	\$ (24,626,623)	\$ 9,622,973
Debt service as a percentage of noncapital expenditures	9.9%	11.4%	11.6%	12.6%

Fiscal Year						
2006	2007	2008	2009	2010	2011	
\$ 126,695,262	\$ 132,883,582	\$ 141,064,308	\$ 151,452,153	\$ 155,340,454	\$ 161,327,432	
10,180,367	7,940,238	6,872,673	7,777,703	6,886,580	9,392,095	
5,890,472	6,435,494	6,978,208	5,955,655	6,314,037	6,089,241	
1,278,005	2,312,735	2,560,532	1,453,765	599,902	270,912	
22,005,740	22,973,310	24,415,887	21,392,514	23,271,793	24,522,633	
166,049,846	172,545,359	181,891,608	188,031,790	192,412,766	201,602,313	
5,779,470	6,386,543	6,193,465	5,928,650	6,358,457	6,244,699	
14,974,359	17,122,350	17,895,446	20,574,482	19,368,191	19,794,054	
10,936,896	7,485,342	10,564,915	10,583,559	10,476,953	9,990,477	
449,097	462,469	380,154	462,459	919,000	942,487	
928,662	958,565	996,016	1,217,726	610,357	573,881	
3,447,396	3,681,562	3,940,588	3,978,035	4,068,152	4,144,510	
3,769,340	4,079,103	4,347,801	4,635,087	4,262,817	4,188,641	
88,987,874	92,539,559	101,335,131	103,600,802	108,825,724	110,943,544	
9,265,366	10,186,912	10,195,795	13,135,461	14,759,082	21,328,147	
37,360,753	22,952,033	9,160,999	11,707,853	4,518,529	7,919,336	
10,270,000	10,974,850	11,355,000	11,155,000	13,768,269	12,777,560	
7,792,701	7,428,580	7,099,026	6,708,698	7,003,393	6,582,926	
193,961,914	184,257,868	183,464,336	193,687,812	194,938,924	205,430,262	
(27,912,068)	(11,712,509)	(1,572,728)	(5,656,022)	(2,526,158)	(3,827,949)	
2,614,886	2,395,446	2,471,423	1,639,535	1,848,484	1,192,416	
(2,614,886)	(2,395,446)	(2,471,423)	(1,639,535)	(1,148,484)	(1,192,416)	
11,705,000	-	-	28,413,483	12,500,000	-	
-	26,460,000	-	-	19,575,000	13,235,000	
-	(28,026,668)	-	-	(21,374,493)	(14,476,654)	
-	1,752,878	-	-	1,947,544	1,249,860	
11,705,000	186,210	-	28,413,483	13,348,051	8,206	
\$ (16,207,068)	\$ (11,526,299)	\$ (1,572,728)	\$ 22,757,461	\$ 10,821,893	\$ (3,819,743)	
13.0%	12.9%	11.8%	10.9%	12.2%	10.9%	

TOWN OF WESTPORT CONNECTICUT

**Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)**

Fiscal Year	Real Estate	Personal Property	Motor Vehicle	Total
2002	n/a	n/a	n/a	\$ 93,745,150
2003	n/a	n/a	n/a	101,646,031
2004	105,789,192	2,328,034	5,036,963	113,154,189
2005	110,027,984	2,512,436	5,926,843	118,467,263
2006	116,003,174	2,545,936	6,336,320	124,885,430
2007	125,024,706	1,554,710	4,180,033	130,759,449
2008	135,660,458	1,923,981	4,616,816	142,201,255
2009	143,053,722	2,591,413	4,865,489	150,510,624
2010	146,268,621	3,086,300	4,592,327	153,947,248
2011	152,263,103	3,609,993	4,726,810	160,599,906
Change 2004-2011	43.93%	55.07%	-6.16%	41.93%

Source: Town Tax Office

n/a: Information not available.

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TOWN OF WESTPORT, CONNECTICUT

**Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Residential Property	Commercial Property	Miscellaneous Land	Personal Property	Motor Vehicle
2002	\$ 4,474,623,200	\$ 842,182,400	\$ 30,432,400	\$ 134,806,617	\$ 263,606,359
2003	4,505,369,500	679,535,200	28,916,000	148,949,231	271,397,174
2004	4,586,423,006	676,699,800	27,885,100	134,850,106	274,873,192
2005	4,676,605,410	694,643,210	24,010,200	136,130,010	268,720,359
2006	4,808,448,212	681,905,830	69,645,000	130,420,696	288,870,284
2007*	8,356,731,869	1,373,342,900	179,582,758	129,621,182	294,529,873
2008	8,410,220,950	1,381,063,780	189,880,058	141,408,255	292,863,073
2009	8,610,860,982	1,371,963,960	156,834,958	180,461,823	305,860,770
2010	8,789,034,831	1,352,101,849	130,990,168	208,293,325	291,794,465
2011	8,894,264,509	1,358,598,769	133,636,189	248,799,018	284,705,800

Source: Assessor's Office

* Revaluation

	Total Taxable Assessed Value	Actual Taxable Value	Value as a Percentage of Actual Value
\$	5,745,650,976	\$ 8,208,072,823	70.00%
	5,634,167,105	8,048,810,150	70.00%
	5,700,731,204	8,143,901,720	70.00%
	5,800,109,189	8,285,870,270	70.00%
	5,979,290,022	8,541,842,889	70.00%
	10,333,808,582	14,762,583,689	70.00%
	10,415,436,116	14,879,194,451	70.00%
	10,625,982,493	15,179,974,990	70.00%
	10,772,214,638	15,388,878,054	70.00%
	10,920,004,285	15,600,006,121	70.00%

TOWN OF WESTPORT CONNECTICUT

Principal Property Taxpayers
Current Year and Ten Years Ago
(Unaudited)

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Connecticut Light & Power	\$ 115,676,470	1	1.06%	\$ 26,022,860	2	0.85%
Nayala Farms Inc.	78,266,540	2	0.72%	61,382,410	1	1.99%
Lasry M & C	22,607,600	3	0.21%	-	-	0.00%
Riverside Office 285 & 355 LLC	21,990,600	4	0.20%	-	-	0.00%
Estate of R & S Heyman	19,994,700	5	0.18%	-	-	0.00%
Roseville Estates, Inc.	19,826,500	6	0.18%	-	-	0.00%
Allianz Life Insurance Company	19,075,500	7	0.17%	-	-	0.00%
Byelas, Irving Irrevocable Trust	17,112,200	8	0.16%	8,636,800	8	0.28%
Bridgewater Associates Inc	15,818,830	9	0.14%	10,875,140	7	0.35%
Westjust LLC	14,519,200	10	0.13%	-	-	0.00%
TIAA Realty, Inc.	-	-	0.00%	19,849,700	3	0.64%
Metropolitan Life Ins. Co.	-	-	0.00%	19,845,920	4	0.64%
Heyman, Samuel J. Trustee	-	-	0.00%	14,473,500	5	0.47%
Greens Farm LLC	-	-	0.00%	13,158,000	6	0.43%
BP Westport Inn, LLC & Benenson Westport Trust	-	-	0.00%	8,542,100	9	0.28%
Davis L.W.	-	-	0.00%	8,476,600	10	0.28%
Total	\$ 344,888,140		3.16%	\$ 191,263,030		6.21%

Source: Town Records

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TOWN OF WESTPORT CONNECTICUT

Property Tax Levies And Collections
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year Ended June 30:	Grand List Year	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy	
			Amount	Percentage of Levy
2002	2000	\$ 95,134,094	\$ 93,745,150	98.54%
2003	2001	103,068,764	101,369,885	98.35%
2004	2002	115,443,952	113,154,189	98.02%
2005	2003	120,636,091	118,467,264	98.20%
2006	2004	126,849,557	124,885,430	98.45%
2007	2005	131,793,074	130,610,794	99.10%
2008	2006	142,201,255	139,791,382	98.31%
2009	2007	152,127,173	149,456,246	98.24%
2010	2008	154,608,436	152,030,726	98.33%
2011	2009	161,331,453	157,993,811	97.93%

Source: Town Tax Records

n/a: Information not applicable.

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
\$ 1,093,938	\$ 94,839,088	99.69%
1,279,733	102,649,618	99.59%
1,617,883	114,772,072	99.42%
1,492,632	119,959,896	99.44%
1,597,350	126,482,780	99.71%
1,000,181	131,610,978	99.86%
966,849	140,758,231	98.99%
924,801	150,381,048	98.85%
781,427	152,812,153	98.84%
n/a	n/a	n/a

TOWN OF WESTPORT CONNECTICUT

**Ratios of Net General Bonded Debt Outstanding by Type
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Governmental Activities			Percentage of Actual Property Value	Net Debt Per Capita ⁽²⁾
	General Obligation Bonds	Less Amount Available in Debt Service	Net General Bonded Debt ⁽¹⁾		
2002	\$ 127,170,000	\$ 1,911,953	\$ 125,258,047	1.588%	\$ 4,786.14
2003	152,710,000	2,699,642	150,010,358	1.864%	5,699.48
2004	144,660,000	2,324,452	142,335,548	1.743%	5,358.21
2005	175,685,000	3,617,937	172,067,063	2.079%	6,477.45
2006	177,120,000	2,975,179	174,144,821	1.172%	6,555.67
2007*	165,865,000	2,820,143	163,044,857	1.097%	6,119.84
2008	154,530,000	2,976,675	151,553,325	1.020%	5,705.21
2009	171,788,483	2,709,664	169,078,819	1.114%	6,460.16
2010	169,880,214	2,614,784	167,265,430	1.082%	6,222.00
2011	156,777,654	2,374,895	154,402,759	0.990%	5,850.58

* Revaluation

⁽¹⁾ Non-restricted assets.

⁽²⁾ State of Connecticut Department of Public Health July 1, 2009.

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TOWN OF WESTPORT CONNECTICUT

**Direct Governmental Activities Debt
For the Year Ended June 30, 2011
(Unaudited)**

Governmental Unit	Debt Outstanding
General obligation debt	\$ 156,777,654
Less school construction grants receivable - principal portion only	<u>(2,011,206)</u>
Total direct debt	<u><u>\$ 154,766,448</u></u>

Sources: Town records

Note: The Town is not subject to the debt of overlapping governments.

Note: School construction grants are receivable in substantially equal installments over the life of outstanding school bonds, obtained from the Office of Policy and Management, State of Connecticut.

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TOWN OF WESTPORT CONNECTICUT

Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)
(Unaudited)

	2002	2003	2004	2005
Debt limit	\$ 670,861	\$ 721,115	\$ 812,127	\$ 850,737
Total net debt applicable to limit	123,140	145,874	143,536	174,172
Legal debt margin	\$ 547,721	\$ 575,241	\$ 668,591	\$ 676,565
Total net debt applicable to the limit as a percentage of debt limit	22.482%	25.359%	21.468%	25.744%

	2006		2007		2008		2009		2010		2011
\$	894,388	\$	937,237	\$	993,171	\$	1,056,150	\$	1,086,199	\$	1,124,514
	174,167		162,407		151,351		169,175		167,568		154,812
\$	720,221	\$	774,830	\$	841,820	\$	886,975	\$	918,631	\$	969,702
	24.182%		20.960%		17.979%		19.073%		18.241%		15.965%

TOWN OF WESTPORT CONNECTICUT

COMPUTATION OF LEGAL DEBT LIMITATION

June 30, 2011

Total tax collections (including interest and lien fees) for the year ended June 30, 2011	\$ 160,644,933
Reimbursement for revenue loss: Tax relief for Elderly Homeowner Freeze	<u>-</u>
Base	<u>\$ 160,644,933</u>
Debt limit	<u><u>\$ 1,124,514,531</u></u>

Debt Limitation	General Purpose	Schools	Sewer	Urban Renewal	Unfunded Pension Benefit Obligation
2-1/4 times base	\$ 361,451,099	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	722,902,199	-	-	-
3-3/4 times base	-	-	602,418,499	-	-
3-1/4 times base	-	-	-	522,096,032	-
3 times base	-	-	-	-	481,934,799
Total debt limitation	<u>361,451,099</u>	<u>722,902,199</u>	<u>602,418,499</u>	<u>522,096,032</u>	<u>481,934,799</u>
Debt as defined by statute:					
Bonds payable	27,840,490	103,204,370	25,732,794	-	-
Bond anticipation notes payable	-	-	-	-	-
Capital leases	-	-	-	-	-
Bonds authorized but not issued, issue dates not yet established	-	4,135,927	4,154,000	-	-
Construction grants	-	(2,011,206)	-	-	-
Total indebtedness	<u>27,840,490</u>	<u>105,329,091</u>	<u>29,886,794</u>	<u>-</u>	<u>-</u>
Debt Limitation in excess of indebtedness	<u><u>\$ 333,610,609</u></u>	<u><u>\$ 617,573,108</u></u>	<u><u>\$ 572,531,705</u></u>	<u><u>\$ 522,096,032</u></u>	<u><u>\$ 481,934,799</u></u>

TOWN OF WESTPORT CONNECTICUT

Pledged-Revenue Coverage

Last Nine Fiscal Years

(dollars in thousands)

(Unaudited)

Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2003	\$ 2,633,605	\$ 1,355,077	\$ 1,278,528	\$ 785,050	\$ 436,320	96%
2004	2,813,059	1,689,808	1,123,251	606,500	362,140	86%
2005	2,802,051	1,447,814	1,354,237	773,900	373,065	85%
2006	3,290,784	1,617,336	1,673,448	789,950	507,602	77%
2007	3,377,640	1,783,179	1,594,461	794,410	657,915	91%
2008	3,245,121	1,916,572	1,328,549	826,980	315,413	86%
2009	3,404,158	1,801,859	1,602,299	783,580	293,605	67%
2010*	3,592,427	1,714,641	1,877,786	2,551,131	756,698	176%
2011	3,937,351	2,124,790	1,812,561	1,638,000	760,160	132%

* The significant increase in debt service, on a GAAP basis, is due to the initial payment on September 1, 2009 on a loan from the State of Connecticut for the Water Pollution Control Facility of \$1,704,809, subsequently monthly payments of \$142,402 will be made through September 2028.

TOWN OF WESTPORT CONNECTICUT

**Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year Ended June 30	Population*	Per Capita Income**	Median Age**	School Enrollment	Unemployment(*) Rate
2002	26,171	73,664	39.4	5,124	3.6%
2003	26,320	73,664	39.4	5,225	4.0%
2004	26,564	73,664	39.4	5,281	3.8%
2005	26,615	73,664	39.4	5,460	3.8%
2006	26,642	73,664	39.4	5,573	3.4%
2007	26,508	73,664	39.4	5,618	3.2%
2008	26,592	73,664	39.4	5,706	4.1%
2009	26,799	73,664	39.4	5,764	6.3%
2010	26,393	73,664	39.4	5,788	6.0%
2011	26,391	88,775 ***	44.0	5,770	6.4%

*State of Connecticut Dept of Health (July 1 Data)

** Source: CERC.

***City-Data.com

n/a: Information not available.

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TOWN OF WESTPORT CONNECTICUT

Full-Time Equivalent Town Government Employees By Functions/Programs
 Last Ten Fiscal Years
 (Unaudited)

Functions/Program	Full-Time Equivalent Employees as of June 30,			
	2002	2003	2004	2005
Governmental Services:				
Selectmans Office	4	4	4	4
Town Clerk	5	5	5	5
Finance	13	10	11	11
Internal Audit	-	-	-	-
Information Technology	3	3	3	3
Legal	1	1	1	1
Building Department	5	5	5	5
Personnel	3	3	3	3
Planning & Zoning	8	8	8	8
Historic District	-	-	-	-
Conservation	4	4	4	4
Human Services	10	9	9	9
Assessor	6	6	6	6
Tax collector	5	5	5	5
Registrar	1	1	1	1
Parks and Recreation:				
General & Administrative	8	8	8	8
Program managers	2	2	2	2
Field Maintenance	4	4	4	4
Park Maintenance	3	3	3	3
Maintenance & development	5	5	5	5
Golf Course(s)	7	7	7	7
Boating	1	1	1	1
Police:				
Officers	70	70	69	64
Civilians	17	18	15	16
Fire:				
Firefighters and Officers	56	58	56	56
Civilians	8	8	8	8
Public Works:				
Engineering	11	11	11	11
Highway	18	18	18	18
Equipment Maintenance	2	2	2	2
Solid waste disposal	4	4	4	4
Building Maintenance	6	6	6	6
Custodians	6	6	6	7
Sewage treatment	5	5	4	4
Sewage collection	3	3	3	3
Other Programs/Functions:				
Library	50	50	49	49
Total	354	353	346	343

Sources: Town and Library Records

Full-Time Equivalent as of June 30,

2006	2007	2008	2009	2010	2011
4	4	4	4	4	2
5	5	5	5	6	5
11	10	11	9	9	8
-	-	-	-	1	1
4	3	2	3	3	2
1	1	1	1	1	1
5	5	5	5	4	4
3	3	3	3	3	3
8	9	9	9	8	7
-	-	-	1	1	1
4	5	5	5	5	5
9	12	14	14	14	14
7	7	7	8	7	6
5	5	5	5	5	5
1	1	1	1	1	1
8	9	8	8	8	6
2	1	2	2	2	2
4	4	4	4	4	4
3	3	4	4	2	2
5	4	4	4	4	3
7	8	8	7	6	6
1	1	1	1	1	1
67	65	70	70	70	67
17	22	22	24	24	24
55	60	63	67	66	66
8	7	7	7	8	6
11	10	11	11	10	9
18	17	18	18	18	16
2	2	2	2	1	2
4	3	4	4	3	3
6	6	6	6	6	6
7	7	7	7	6	4
5	4	5	5	5	5
3	3	3	3	3	3
49	49	53	52	51	52
349	355	374	379	370	352

TOWN OF WESTPORT CONNECTICUT

**Operating Indicators By Function/Program
Last Ten Calendar Years
(Unaudited)**

Function/Program	Fiscal Year				
	2002	2003	2004	2005	2006
Police:					
Calls for service	21,796	21,671	20,837	19,646	19,828
Adult arrest	853	841	796	701	637
Juvenile referrals	25	32	46	23	33
Speeding citations only	1,290	901	550	403	455
Traffic citations	2,705	2,746	2,448	2,196	2,670
EMS Patients	2,031	2,156	2,005	2,250	1,613
Fire:					
Total emergency service calls	3,515	2,554	3,198	3,578	2,721
Property loss	\$ 1,312,360	\$ 465,326	\$ 222,955	\$ 263,076	\$ 438,125
Building safety:					
Total building permits	3,903	3,974	4,296	4,268	3,980
Total value all permits (\$000)	\$ 108,808	\$ 145,064	\$ 180,867	\$ 155,988	\$ 134,279
Library, volumes in collection	217,372	220,889	226,703	220,819	224,235
Public works:					
Solid waste collected (ton)	16,411	16,314	16,735	16,974	18,735
Recycle collected (ton)	3,998	5,068	5,518	6,217	6,792
Parks and Recreation:					
Recreation program attendance	6,672	5,933	6,059	6,684	9,832
Aquatics program attendance	657	663	697	710	683
Golf rounds played	44,105	39,914	41,769	38,992	36,351

Source: Town Records

n/a: Information not available.

* Based on calendar year.

		Fiscal Year				
		2007	2008	2009	2010	2011
		22,540	21,707	21,304	24,718	24,920
		893	895	839	822	723
		55	38	14	42	38
		923	1,303	999	621	582
		4,904	2,482	5,709	6,208	5,911
		1,705	1,989	1,680	1,807	1,737
		3,668	3,730	3,354	3650*	3,971
\$		190,196	n/a	n/a	n/a	n/a
		3,797	3,897	2,754	3,325	4,198
\$	\$	127,895	169,305	70,872	96,925	122,111
		223,025	225,704	224,094	224,094	231,577
		18,906	19,566	18,222	19,163	17,892
		6,571	4,215	1,358	1,312	1,268
		9,744	9,866	9,561	10,048	10,370
		764	698	714	951	883
		35,005	36,332	36,969	37,756	34,456

TOWN OF WESTPORT CONNECTICUT

**Capital Asset Statistics By Function/Program
Last Ten Fiscal Years
(Unaudited)**

Function/Program	2002	2003	2004	2005	2006
Police:					
Stations	1	1	1	1	1
Fire, Fire Stations	4	4	4	4	4
Public Works:					
Public Works Vehicles	50	50	50	50	50
Streets (Miles)	123	123	123	124	124
Traffic Signals	2	2	2	2	2
Parks & Recreation:					
Acreage	400	419	419	419	419
Parks	21	22	22	22	22
Golf Course	1	1	1	1	1
Baseball/Softball Diamonds	21	22	22	24	24
Soccer/Football Fields	12	12	12	12	12
Basketball Courts	2	2	2	2	2
Tennis Courts	26	26	23	23	23
Swimming pools	2	2	2	2	2
Parks with Playground Equipment	4	4	4	4	4
Picnic Shelters	2	2	2	2	2
Library:					
Facilities	1	1	1	1	1
Volumes	217,372	220,889	226,703	220,819	224,235
Wastewater:					
Sanitary Sewers (miles)	69	70	72	73	74
Storm Sewers (miles)	44	44	44	44	44
Combination Sanitary and Storm (miles)	113	114	116	117	118

Source: Town Records

n/a: Information not available.

2007	2008	2009	2010	2011
1	1	1	1	1
4	4	4	4	4
50	50	49	49	49
124	124	124	124	124
2	2	2	4	4
419	419	419	419	419
22	22	22	22	22
1	1	1	1	1
24	24	24	24	24
12	12	12	12	12
2	2	2	2	2
23	23	23	23	23
2	2	2	2	2
4	4	4	4	4
2	2	2	2	2
1	1	1	1	1
223,025	225,704	224,094	226,417	225,615
75	76	81	81	86
44	44	44	45	45
119	120	125	126	131

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TOWN OF WESTPORT, CONNECTICUT

FEDERAL AND STATE FINANCIAL
AND COMPLIANCE REPORT
Fiscal Year Ended June 30, 2011

TOWN OF WESTPORT, CONNECTICUT

FEDERAL AND STATE FINANCIAL AND COMPLIANCE REPORT

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133 AND ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the Honorable First Selectman and
Members of the Board of Finance
Town of Westport, Connecticut

Compliance: We have audited the Town of Westport, Connecticut's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Westport, Connecticut's major federal programs for the year ended June 30, 2011. The Town of Westport, Connecticut's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of Westport, Connecticut's management. Our responsibility is to express an opinion on the Town of Westport, Connecticut's compliance based on our audit.

The Town of Westport, Connecticut's basic financial statements include the operations of the Westport Library Association Investment Fund, Inc., a component unit of the Town. Our audit, described below, did not include this component unit because it was not required to be audited in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Westport, Connecticut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Westport, Connecticut's compliance with those requirements.

In our opinion, the Town of Westport, Connecticut complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance: Management of the Town of Westport, Connecticut is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Westport, Connecticut's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Westport, Connecticut's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

Schedule of Expenditures of Federal Awards: We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Westport, Connecticut, as of and for the year ended June 30, 2011, and have issued our report thereon dated March 27, 2012. We did not audit the financial statements of the Investment Fund of the Westport Library Association, inc., a component unit of the Town. Our audit includes a reference to other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Westport, Connecticut's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Finance, the Audit Subcommittee and management of the Town of Westport, Connecticut, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

New Haven, Connecticut
March 27, 2012

TOWN OF WESTPORT, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity's Identifying Number	Federal Expenditures
U.S. Department of Agriculture/ Passed through the State of Connecticut Department of Education Child Nutrition Cluster:			
Food Distribution	10.555	N/A	\$ 112,962
National School Lunch Program	10.555	12060-SDE64370-20560	156,745
Total Child Nutritional Cluster			<u>269,707</u>
U.S. Department of Education/ Passed through the State of Connecticut Department of Education			
Title I	84.010A	12060-SDE64370-20679	<u>178,965</u>
Special Education Cluster:			
IDEA, Part B, Sec. 611	84.027A	12060-SDE64370-20977	1,024,051
IDEA, Part B Preschool	84.173A	12060-SDE64370-20983	23,609
ARRA - IDEA, Part B, Sec. 611	84.391A	12060-SDE64370-29011	627,223
ARRA - IDEA, Part B Preschool	84.392A	12060-SDE64370-29012	15,052
Total Special Education Cluster			<u>1,689,935</u>
Title II - Part A - Teachers	84.367A	12060-SDE64370-20858	<u>114,726</u>
Vocational Education - Perkins Act	84.048A	12060-SDE64370-20742	<u>39,224</u>
Title IV - Safe and Drug Free Schools Act	84.186A	12060-SDE64370-20873	<u>7,657</u>
Title II Education Technology Cluster:			
Title II - Part D - Technology	84.318X	12060-SDE64370-20826	29,689
ARRA - Educational Technology	84.386	12060-SDE64370-29063	207
Total Title II Education Technology Cluster			<u>29,896</u>
Title III - Part A - English Language Acquis.	84.365A	12060-SDE64370-20868	<u>14,758</u>
Immigrant & Youth Education Program	84.365A	12060-SDE64370-20868	<u>37,143</u>
Stabilization Fund Cluster:			
ARRA - Stabilization Education Grants	84.394	12060-SDE64370-29054	<u>283,654</u>
Education Jobs Fund	84.410	12060-SDE64370-22405	<u>116,255</u>
Total U.S. Department of Education			<u>2,512,213</u>

See Notes to Schedule

(Continued)

TOWN OF WESTPORT, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
 For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Entity's Identifying Number	Federal Expenditures
U.S. Department of Transportation/ Passed Through the State of Connecticut Department of Transportation			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	12062-DOTS57191-22086	<u>6,319</u>
Highway Planning & Construction Cluster:			
Highway Planning & Construction	20.205	12062-DOT57161-22108	54,020
Highway Planning & Construction	20.205	12062-DOT57191-22108	20,499
ARRA Pavement Preservation	20.205	12062-DOT57161-29015	<u>1,728,209</u>
Total Highway Planning and Construction Cluster			<u>1,802,728</u>
Total U.S. Department of Transportation			<u>1,809,047</u>
U.S. Department of Homeland Security/ Passed through the State of Connecticut Emergency & Homeland Security			
State Homeland Security SHS	97.067	12060-EHS99530-21877	494
Emergency Management Performance Grant	97.067	12060-EHS99660-21881	12,233
FEMA Public Assistance	97.036	12060-EJS99690-21891	<u>442,338</u>
Total U.S. Department of Homeland Security			<u>455,065</u>
Total Expenditures of Federal Awards			<u>\$ 5,046,032</u>

See Notes to Schedule

TOWN OF WESTPORT, CONNECTICUT

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Westport, Connecticut, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Contributions

U.S.D.A. Contributions

The United States Department of Agriculture makes available commodities for donations to schools. The amount of \$112,962 represents the market value of such commodities used during the period. This amount is included in the Child Nutrition Cluster.

TOWN OF WESTPORT, CONNECTICUT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified

Internal Control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major programs: unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? Yes No

Identification of Major Programs

CFDA Numbers	Name of Federal Program or Cluster
84.027/84.173/84.391/84.392	Special Education Cluster
20.205	ARRA Paving Preservation
97.036	FEMA Public Assistance
Dollar threshold used to distinguish between type A and type B programs	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

TOWN OF WESTPORT, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
For the Year Ended June 30, 2011

II. FINANCIAL STATEMENT FINDINGS

A. Deficiencies in Internal Control

Material Weakness in Internal Control

IC11-1. Financial Reporting

Criteria

Auditing standards require internal control policies and procedures to enable the preparation of financial statements in accordance with generally accepted accounting principles (GAAP).

Condition

The Town's internal control procedures did not prevent a misapplication of GAAP, in regards to properly presenting the annual required contribution and actuarial accrued liabilities associated with the Town's OPEB plan, which resulted in a restatement of the prior year's financial statements.

Context

Although the Town made every effort to present their financial statements in accordance with GAAP, they incorrectly applied GAAP related to reporting of liabilities and disclosures related to their OPEB plan.

Effect

The Town's financial statements had to be restated.

Recommendation

Management should develop a process for reviewing and verifying all required information is provided to the actuary for proper calculation of OPEB liabilities and disclosures.

View of Responsible Officials and Planned Corrective Action

The Town has established a procedure to ensure their financial statements are in accordance with GAAP, and that all required information is reviewed for completeness and accuracy prior to providing the information to their actuary.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**TOWN OF WESTPORT, CONNECTICUT
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2011**

There were no findings relative to federal awards in the prior year.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"**

To the Honorable First Selectman and
Members of the Board of Finance
Town of Westport, Connecticut

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Westport, Connecticut, as of and for the year ended June 30, 2011, which collectively comprise the Town of Westport, Connecticut's basic financial statements, and have issued our report thereon dated March 27, 2012. Our report includes a reference to other auditors. In addition, our report includes modifications related to the adoption of a new accounting standard and for the correction of an error in previously issued financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States. The financial statements of the Investment Fund of the Westport Library Association, Inc. were not audited in accordance with "*Government Auditing Standards*".

Internal Control Over Financial Reporting: Management of the Town of Westport, Connecticut is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Westport, Connecticut's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Westport, Connecticut's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Westport, Connecticut's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying *Schedule of Findings and Questioned Costs* to be a material weakness IC11-1.

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

We noted certain matters that we reported to management of the Town of Westport, Connecticut, in a separate letter dated March 27, 2012.

This report is intended solely for the information and use of the Board of Finance, the Audit Subcommittee and management of the Town of Westport, Connecticut, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

New Haven, Connecticut
March 27, 2012

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH THE STATE SINGLE AUDIT ACT AND ON THE SCHEDULE
OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

To the Honorable First Selectman and
Members of the Board of Finance
Town of Westport, Connecticut

Compliance: We have audited the compliance of the Town of Westport, Connecticut's with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that could have a direct and material effect on each of the Town of Westport, Connecticut's major state programs for the year ended June 30, 2011. The Town of Westport, Connecticut's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of the Town of Westport, Connecticut's management. Our responsibility is to express an opinion on the Town of Westport, Connecticut's compliance based on our audit.

The Town of Westport, Connecticut's basic financial statements include the operations of the Westport Library Association Investment Fund, Inc., a component unit of the Town. Our audit, described below, did not include this component unit because it was not required to have an audit in accordance with the State Single Audit Act.

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

In our opinion, the Town of Westport, Connecticut, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2011.

Internal Control Over Compliance: Management of the Town of Westport, Connecticut, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered the Town of Westport, Connecticut's internal control over compliance with the requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Westport, Connecticut's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

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

Schedule of Expenditures of State Financial Assistance: We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Westport, Connecticut, as of and for the year ended June 30, 2011, and have issued our report thereon dated March 27, 2012. We did not audit the financial statements of the Investment Fund of Westport Library Association, Inc., a component unit of the Town. Our audit report includes a reference to other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Westport, Connecticut's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

McGladrey & Pullen, LLP

New Haven, Connecticut
March 27, 2012

TOWN OF WESTPORT, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2011

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core-CT Number	Expenditures
State Department of Education:		
Adult Education	11000-SDE64370-17030	\$ 2,043
Non-Public Health Services	11000-SDE64370-17034	4,236
Youth Services Bureaus	11000-SDE64370-17052	22,219
Youth Services Bureau-Enhancement	11000-SDE64370-16201	6,250
Child Nutrition	11000-SDE64370-16211	18,868
Open Choice Program	11000-SDE64370-17053	111,663
		<u>165,279</u>
State Judicial Department:		
Distribution to Towns	34001-JUD95162-40001	<u>28,056</u>
State Office of Policy and Management:		
Property Tax Relief for Disability Exemption	11000-OPM20600-17011	446
Property Tax Relief for Elderly Circuit Breaker	11000-OPM20600-17018	125,428
Property Tax Relief for Veterans	11000-OPM20600-17024	5,435
Municipal Video Competition	12060-OPM20600-35362	115,674
Prepare/Revise - Municipal Plans	12052-OPM20600-43129	12,000
		<u>258,983</u>
State Department of Transportation:		
Town Aid Road Grants - Transportation Fund	12052-DOT57131-43455	51,548
Town Aid Road - STO	13033-DOT57131-43459	141,757
		<u>193,305</u>
State Department of Economic and Community Development:		
Payment in Lieu of Taxes (PILOT)	11000-ECD46400-17012	<u>34,107</u>
State Comptroller:		
Boat Grant	12027-OSC15910-40211	129,094
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OSC15910-17004	645,919
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OSC15910-17006	171,874
		<u>946,887</u>
Connecticut Department of Agriculture:		
Agricultural Viability	12060-DAG42710-90456	11,614
Shellfish Taxes and Rent	34003-DAG42660-42337	8,161
		<u>19,775</u>

See Notes to Schedule

(Continued)

TOWN OF WESTPORT, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued
 For the Year Ended June 30, 2011

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core-CT Number	Expenditures
State Department of Environmental Protection:		
Nitrogen Credit Exchange Program	21016-OTT14230-42407	90,146
Environmental Conservation Fund	11000-DEP44331-12491	10,261
State Department of Public Safety		
Securing the Cities Program	12060-DPS32550-34906	1,501
Connecticut State Library		
Historic Documents Preservation Grants	12060-CSL66094-35150	6,000
TOTAL STATE FINANCIAL ASSISTANCE BEFORE EXEMPT PROGRAMS		1,754,300
EXEMPT PROGRAMS		
Office of State Comptroller:		
Mashantucket Pequot Fund	12009-OSC15910-17005	25,764
Department of Education:		
Education Equalization Grants	11000-SDE64370-17041	1,774,525
Transportation of School Children	11000-SDE64370-17027	397
Excess Cost - Student Based	11000-SDE64370-17047	911,778
School Construction Projects - Interest	13009-SDE64370-40896	100,004
School Construction Projects - Principal	13010-SDE64370-40901	300,982
Total Exempt Programs		3,113,450
TOTAL STATE FINANCIAL ASSISTANCE		\$ 4,867,750

See Notes to Schedule

TOWN OF WESTPORT, CONNECTICUT

**NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2011**

Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Westport, Connecticut, through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. The financial assistance programs fund several programs including education, public works, social services, property tax relief, and public safety.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

The financial statements for the governmental fund types contained in the Town of Westport, Connecticut's basic financial statements are prepared on the modified accrual basis of accounting.

- Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period.
- Expenditures are generally recorded when a liability is incurred, except for debt service expenditures, as well as expenditures related to compensated absences, pension obligations, claims and judgments, and other post-employment benefits, which are recorded only when payment is due (matured).

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

2. LOAN PROGRAMS

In accordance with Section 4-236-23(a)(4)(F) of the regulations to the State Single Audit Act, the notes to the Schedule of Expenditures of State Financial Assistance shall include loans and loan activities. The following is a summary of the loan program activity for the year ended June 30, 2011:

Department of Environmental Protection:

Clean Water Funds 21014-OTT14230-42318:

	Balance July 1, 2010	Issued	Retired	Balance June 30, 2011
550-DC	\$26,110,216	\$0	\$1,197,560	\$24,912,656

TOWN OF WESTPORT, CONNECTICUT

**SCHEDULE OF STATE SINGLE AUDIT COMPLIANCE FINDINGS
AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified.

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major programs: unqualified.

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

The following schedule reflects the major programs in the State Single Audit:

State Grantor and Program	State Core-CT Number	Expenditures
Department of Transportation:		
Town Aid Road Grants - Municipal	12052-DOT57131-43455	\$ 51,548
Town Aid Road Grants - STO	13033-DOT57131-43459	141,757
State Comptroller- (PILOT) on State Owned Property	11000-OSC15910-17004	645,919
Municipal Video Competition	12060-OPM20600-35362	115,674
Dollar threshold used to distinguish between type A and type B programs		<u>\$ 200,000</u>

Auditee qualified as low-risk auditee? Yes No

TOWN OF WESTPORT, CONNECTICUT

**SCHEDULE OF STATE SINGLE AUDIT COMPLIANCE FINDINGS AND
QUESTIONED COSTS, Continued
For the Year Ended June 30, 2011**

II. FINANCIAL STATEMENT FINDINGS

- We issued reports, dated March 27, 2012, on compliance and on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with "Government Auditing Standards."
- Our report on internal control over financial reporting indicates one material weakness (IC11-1.).

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No matters were reported.

To the Board of Finance
Town of Westport, Connecticut

In connection with our audit of the basic financial statements of the Town of Westport, Connecticut, as of and for the year ended June 30, 2011, we identified deficiencies in internal control over financial reporting (control deficiency).

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Following are descriptions of other identified control deficiencies that we determined did not constitute significant deficiencies or material weaknesses:

1. ACCOUNTS PAYABLE*

Observation:

During our testing of encumbrances, we noted that some of the purchase orders were issued after the invoice date.

Recommendation:

It is recommended that purchase orders are created either prior to or when an order is placed.

2. M-1 REPORT

Observation:

The M-1 Report of Municipal Tax Collections is to be filed with the Secretary of the Office of Policy and Management on or before July 1. The Motor Vehicle Tax levy for the Grand List 2009 was not properly reported on the M-1.

Recommendation:

It is recommended that the Town properly review the M-1 prior to submission and ensure a corrected version was properly submitted to the State of Connecticut in order to comply with Connecticut State Statute.

3. PERSONNEL DEPARTMENT INTERNAL AUDIT

Observation:

In September 2011, an internal audit of the Personnel department was performed by the Town's internal auditor. The report discovered findings including the following:

- a. The Town should draft and complete an employee handbook and a policy and procedures manual for the Personnel Department.
- b. The payroll accountant has the authority and the ability to make pay raise changes in the MUNIS system and that same position also administers the payroll, therefore, there is an inadequate segregation of duties.

Recommendation:

All accounting and internal control related findings reported in the internal audit report of the Personnel department should be completely addressed, corrective actions documented, and follow-up work performed, as necessary.

4. RAILROAD PARKING INTERNAL AUDIT

Observation:

In January 2012, an internal audit of Railroad Parking was performed by the Town's internal auditor. The report discovered findings including the following:

- a. Deposits are not always timely deposited. They are held in a safe for up to a week.
- b. The financial activity is maintained on excel spreadsheets and then entered into MUNIS via a summary journal entry.
- c. There is a lack of segregation of duties whereas the same individual collects revenues, reconciles the bank statement and records the transactions on the MUNIS system.

Recommendation:

All accounting and internal control related findings reported in the internal audit report of Railroad Parking should be completely addressed, corrective actions documented, and follow-up work performed, as necessary.

Items noted by "" were also included in the 2010 Letter to Management.

We appreciate the cooperation and courtesy extended to us by Town and Board of Education personnel during the course of the audit.

This report is intended solely for the information and use of the Board of Finance, the management of the Town Westport, Connecticut and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

New Haven, Connecticut
March 27, 2012